The Talent Dividend

Sponsored by:

[Logos for Lumina Foundation for Education and DeVry]

[Logo for CEOs for Cities: Inspire - Connect - Succeed]
City Dividends

1% point
college attainment

1 mile
per day
vehicle miles traveled

1% point
poverty

Talent

Green

Opportunity
National Gains

Talent × Green × Opportunity × Core Vitality = $166 Billion

CEOs FOR CITIES
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Talent

$124 Billion

Increase in college attainment

Thriving Cities

years

1

2

3

4

CEOs FOR CITIES
INSPIRE · CONNECT · SUCCEED
Talent retention is key.

Quality of place
Quality of opportunity
The Approach

• Cities differ in educational attainment
• Differences reveal opportunities for improvement
• Improvement gains estimated from evidence
• Gains represent potential payback from better policies
The Hypothesis

• Better-educated = higher incomes
• Better-skilled = more innovation and productivity
The Evidence

Education Explains Most Differences in Metro Income
Annual Per Capita Income, 2005

Sources: BEA (Income), Census (Education)
Estimating the Gain

• Each 1 percentage point increase associated with $763 increase in per capita income or about $1,900 to $2,290 per year for average household (2.5-3 people)

• Important to note: education gains are product of shift in entire skill distribution - not just moving a certain number of people from no degree to college graduation
Shifting the Distribution

Dropouts

Advanced Degrees
# Educational Attainment

<table>
<thead>
<tr>
<th>Talent Measures</th>
<th>%</th>
<th>No. of People</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Educational Attainment (Population 25 and Older)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than High School</td>
<td>10.2%</td>
<td>168,577</td>
</tr>
<tr>
<td>High School Only</td>
<td>37.5%</td>
<td>619,769</td>
</tr>
<tr>
<td>Some College/AA</td>
<td>24.7%</td>
<td>408,221</td>
</tr>
<tr>
<td>Four-year Degree</td>
<td>27.6%</td>
<td>456,150</td>
</tr>
<tr>
<td><strong>Educational Attainment of Young Adults (25 to 34)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than High School</td>
<td>5.3%</td>
<td>13,245</td>
</tr>
<tr>
<td>Four-year Degree</td>
<td>37.4%</td>
<td>93,461</td>
</tr>
<tr>
<td><strong>Talent Dividend</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal</td>
<td>28.6%</td>
<td></td>
</tr>
<tr>
<td>Additional degree holders</td>
<td></td>
<td>16,527</td>
</tr>
</tbody>
</table>

Source: 2007 American Community Survey
Why Focus on Educational Attainment?

<table>
<thead>
<tr>
<th>Unemployment by Education Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>9.8%</td>
</tr>
<tr>
<td>Less than High School</td>
<td>15.0%</td>
</tr>
<tr>
<td>High School Only</td>
<td>10.8%</td>
</tr>
<tr>
<td>Some College/AA</td>
<td>8.5%</td>
</tr>
<tr>
<td>Four-year Degree</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

Three-quarters of the workers that were fired over the last year were let go on a permanent, not a temporary basis.

-- David Rosenberg, July 2009
Pittsburgh’s Talent Dividend

If we increase Pittsburgh’s college attainment rate from 27.6 percent to 28.6 percent (16,527 additional new grads)...

The Pittsburgh Talent Dividend = $1.8 billion annually
Capturing the Talent Dividend

**Strategy Buckets:**

- Re-engage adults with some college, no 4-year degree
- Increase transfer rate of students in 2-year institutions to 4-year institutions
- Retain current students for timely completion
- Increase college-going behavior of high school students