

**The Strategic Use of Public Higher Education to Reduce Individual Poverty,
Spur Economic Development, and Increase Social Capital:
Exploring the District of Columbia and its public university as a Case Study**

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Executive Summary

A strong public institution of higher education offers an unparalleled ability to reduce poverty, spur economic development, and increase social capital through:

- 1) Improved earning capacity of local residents, also resulting in a strengthened local tax base;
- 2) The development and use of applied research to identify and offer solutions to the problems facing urban communities; and
- 3) The ripple effect on communities and local institutions (i.e. – public schools, community-organizations, etc.) occurring when individuals transform themselves and eventually their communities.

The one common legacy of the myriad approaches to poverty¹ over time has been the continuation of poverty. Another common element is that while these approaches may have varied they were generally single-focused in nature.² Nor should it be expected that current approaches to economic development would be any more successful at adequately addressing problems of poverty. These approaches have increasingly been “project oriented” with the prospect of “job creation” as an added enticement. Too often, however, the jobs “created” tend to be temporary or seasonal, offering at best short-term solutions. This paper proposes a new paradigm directed towards leveraging the resources of the District of Columbia government and investing in its residents.

The University of the District of Columbia is a part of the District government and an integral part of this city. Effective utilization of this resource is imperative in the successful implementation of a long-term strategy to reduce poverty in the District of Columbia, spur economic development, and increase the social capital of this city’s residents, organizations, and institutions.

¹ The 19th century and the “workhouse” movement represented the notion of keeping the poor out of sight. From charitable approaches which provided food to the “deserving” poor, to the social uplift approaches of the 20th century, and the 1960’s “War on Poverty”, to the Reaganomic-Bush economic doctrine that “a rising tide lifts all boats” we have gone full circle back to the notion that the poor are to blame for their plight. Whether it is attributable to character flaws such as laziness, irresponsibility, etc., or religious reasons, i.e. – sufficient lack of devotion to God, lack of virtue, poor behavior in a previous life, etc. the reality is that blaming the poor for their plight absolves the larger society of any responsibility to address this issue.

² For example, the goal of charitable models is to provide food, clothing or shelter to address an immediate individual or family need. The goal of social service type models is to improve the condition of individuals/families through providing job training, jobs, education, etc. The goal of the economic-development or business model is premised on the notion that supporting businesses will lead to job creation, therefore decreasing unemployment.

Background

The District of Columbia is unique within the United States. It operates simultaneously as a city, county, and state, as well as the seat of the national government. This presents agencies in the District of Columbia with a variety of roles to be filled. Its population of 550,521 residents³ is larger population than 63 countries.⁴ With a landmass of the District of Columbia of 61 square miles and a resulting population density in excess of 8,000 persons per square mile, the District of Columbia's population density far exceeds that of every state in the nation.

The earliest residents of the District of Columbia settled in the Brookland neighborhood in 1688. Following passage of the Organic Act of June 1878, Congress stripped District of Columbia residents of all local self-government. Passage of the District of Columbia Self-Government and Reorganization Act of 1973 (also known as the Home Rule Charter) restored some measure of local self-government. However, Congress retained the power to review all legislation passed by the Council of the District of Columbia. Congress also retained a line item veto over each item in the City's budget even though approximately 90% of those items were funded by with District of Columbia taxes paid by city residents.

Following the restoration of home rule after more than 100 years, it is significant that among the first pieces of legislation passed by the Council of the District of Columbia was D.C. Law 1-36 establishing the University of the District of Columbia.⁵ Incorporating three

³Table 1: Annual Estimates of the Population for the United States and States, and for Puerto Rico: April 1, 2000 to July 1, 2005 (NST-EST2005-01). Source: Population Division, U.S. Census Bureau. Release Date: December 22, 2005.

⁴"Countries Ranked by Population." Source: U.S. Census Bureau, International Data Base. Note: Data updated 4-26-2005 (Release notes). <http://www.census.gov/cgi-bin/ipc/idbrank.pl>

⁵The Committee on Higher Education, chaired by Councilmember William R. Spaulding had but one purpose, which was to establish a comprehensive system of higher education for the District of Columbia. Passed by the Council on first and second readings on July 15, 1975 and July 29, 1975 the Bill was signed by Mayor Walter Washington on August 25, 1975 designated as Act No. 1-50 and transmitted to the Congress of the United States for review. The Committee on Higher Education had the added distinction of being the first and only committee of one in the history of the Council of the District of Columbia.

predecessor institutions,⁶ the University of the District of Columbia was legislatively mandated “... to offer a comprehensive program of public postsecondary education ...”⁷ signifying that this University was intended to be more than the sum of its parts. The University’s status as the nation’s only “urban” land grant university further speaks to its unique role and to the legislative vision underlying its establishment.

Established pursuant to the First Morrill Act⁸ of 1862, land grant universities and colleges were legislatively mandated by Congress “... to teach agriculture, military tactics, and the mechanic arts as well as classical studies so that members of the working classes could obtain a liberal, practical education.”⁹ Each state has at least one land grant university or college.¹⁰ In addition to teaching, these institutions have an applied research focus directly responsible for the development of major advances in agricultural production and animal husbandry that were then conveyed to farmers and ranchers through the state.

As the nation’s only “urban” land grant University, the crop the University of the District is meant to develop is the “human capital” of the residents of this city. It is a comprehensive public institution of higher education that offers: professional, graduate, four-year and two-year

⁶ The predecessor institutions consisted of Federal City College opened in 1968 as a four-year liberal arts college; Washington Technical Institute also opened in 1968 as a two-year vocational school, and the District of Columbia Teachers College which itself consisted of two predecessor institutions formed in 1955 from the merger of the black Minor Teachers College (previously Minor Normal School, and originally Minor School for Colored Girls) which opened in 1853 and the white Wilson Teachers College (originally named Washington Normal School) which opened in 1873 and was renamed the Wilson Normal School in 1913. In 1929 an Act of Congress converted Minor Normal School and Wilson Normal School into four-year teachers colleges and renamed them Minor Teachers College and Wilson Teachers College respectively. (Catalog, University of the District of Columbia).

⁷ See, D.C. Code 38-1202.05

⁸ See, (7 U.S.C. §§ 301 to 305, 307, and 308)

⁹ See, National Association of State Universities and Land Grant Colleges, http://www.nasulgc.org/publications/Land_Grant/land.htm

¹⁰ Some southern states have two land grant institutions, while some western and plains states have as many as three land grant institutions. The Second Morrill Act (7 U.S.C. §§ 321 to 326, and 328) prohibited funds to states making race-based distinctions in admissions. As a result, those states that precluded blacks from attending the state university started black institutions in which case funds were awarded to both. In 1994 the Act was extended to include Tribal Colleges. See also, National Association of State Universities and Land Grant Colleges, http://www.nasulgc.org/publications/Land_Grant/land.htm

undergraduate programs, certificate programs, as well as technical and vocational training. As the nation's only "urban" land grant institution that is also coupled with its location in the nation's capital, the University of the District of Columbia is uniquely poised to offer practical solutions to the pressing problems facing this country's urban areas. Most importantly for the city, effective utilization of this University by the government of the District of Columbia offers the best long-term strategy for strengthening the city's social and institutional capacities.

Economists often speak of the "multiplier" effect, which refers to the fact that expenditures of money are often re-spent, thus increasing their original value.¹¹ Traditional applications of the multiplier effect, do not necessarily work for the District of Columbia, because approximately 70% of the District government employees live outside of the District of Columbia, which is Congressionally prohibited from taxing any District government money paid to non-residents. What is being advocated in this paper is a shift in the way in which the multiplier effect is considered.

Rather than tracing the effect from the initial recipient of the money, the effect should be traced from third party recipient of the services provided by the receiver of the money. In other words, assuming that the District funds provided to the University are \$45 million for the fiscal year, the question should not be - how does that money multiply in the District of Columbia's economy when only about 30% of the University's employees are District of Columbia's residents? Instead, the question should be – what benefits are generated for the city as a whole, as a result of its annual \$9,000 expenditure per student?¹²

¹¹ An individual is paid a salary. They go to the store and buy food, clothing, etc. The store takes that money and pays the salary of its employees; and pays their suppliers for the merchandise received. The employees then go spend their money. The suppliers pay their employees and the cycle continues. Theoretically, everyone pays taxes on the money that passes through their hands.

¹² Based upon 5,000 students annually

Strategic Thrust

Improving individual earning capacity and strengthening the local tax base

The District of Columbia is a jurisdiction of contrasts. It leads the nation with a personal income of \$48,944.¹³ However, the District's median household income of \$42,118 falls below that of 23 states and just below the national average of 43,564.¹⁴ Approximately 18% of the

Income and Benefits in Adjusted 2004 Dollars	Number of Households	Percentage
Less than \$10,000	31,271	13%
\$10,000 - \$14,999	13,544	5%
\$15,000 - \$24,999	24,905	10%
\$25,000 - \$34,999	24,852	10%
\$35,000 - \$49,999	37,233	15%
\$50,000 - \$74,999	39,522	16%
\$75,000 - \$99,999	25,288	10%
\$100,000 - \$149,999	25,044	10%
\$150,000 - \$199,999	11,199	5%
\$200,000 or more	15,705	6%

Total Households = 248,563

households in the District of Columbia have a household income under \$15,000, with 70% of those households (under \$15,000) having an annual income under \$10,000.¹⁵

This is particularly striking when it is considered that in the District of Columbia 67.2% of children under the age of six have all parents working either full or part-time. This is the sixth highest percentage in the nation. It suggests that significant numbers of households are operating below this income level despite having at least one working adult.

Among the 248,563 housing units in the District of Columbia, 108,437 are owner occupied, and 140,126 are renter occupied.¹⁶ The median monthly owner cost for households with a mortgage is \$1,612 as compared to the median gross monthly rent¹⁷ in the District of

¹³ Source: U.S. Bureau of Economic Analysis, See also Table 662, Statistical Abstract of the United States, 2006 <http://www.bea.doc.gov/bea/regional/data.htm>

¹⁴ Source: U.S. Census Bureau, See table 689, Statistical Abstract of the United States, 2006. <http://www.census.gov/hhes/www/income.html>

¹⁵ "District of Columbia General Selected Economic Characteristics." 2004 American Community Survey

¹⁶ "District of Columbia General Selected Housing Characteristics." 2004 American Community Survey.

¹⁷ Includes utility costs averaged on a monthly basis

Columbia of \$799¹⁸. Even using the median monthly rental cost, this represents, \$9,588 annually leaving less than \$34 per month for food, transportation, clothing, day care costs, etc., if you are one of those households with a household income under \$10,000 per year.

An examination of selected poverty indicators is also illustrative of the plight of many residents in the nation’s capital. When compared to the states, the District of Columbia has both the highest infant mortality rate¹⁹ at 11.3²⁰ and the highest unemployment rate at 8.2%.²¹ The District’s poverty rate of 19.9% is tied with the State of Mississippi, and ranked second only to a pre-Katrina Louisiana.²²

Table 2
Selected Poverty Indicators

Indicator	Percentage		State Comparison Ranking
	District of Columbia	National	
People below the poverty level	19.9%	13.1%	4 th
Persons under the age of 18 living below the poverty level	33.9%	18.4%	1 st
Persons 65 and over living below the poverty level	14.4%	9.4%	3 rd
Unemployment Rate	8.2%	5.5%	1 st
Infant Mortality Rate	11.3 (per 1,000 live births)		1 st

The poverty indicators in this city are related to the educational levels of its residents. Despite having one of the largest percentages of college-educated adults in the nation, the District of Columbia also has one of the lowest high school completion rates. Almost 46% of the residents of the District of Columbia age 25 and over have a bachelors degree or higher.²³

¹⁸ “District of Columbia General Selected Housing Characteristics.” 2004 American Community Survey.

¹⁹ Deaths of infants under the age of 1 per 1,000 live births.

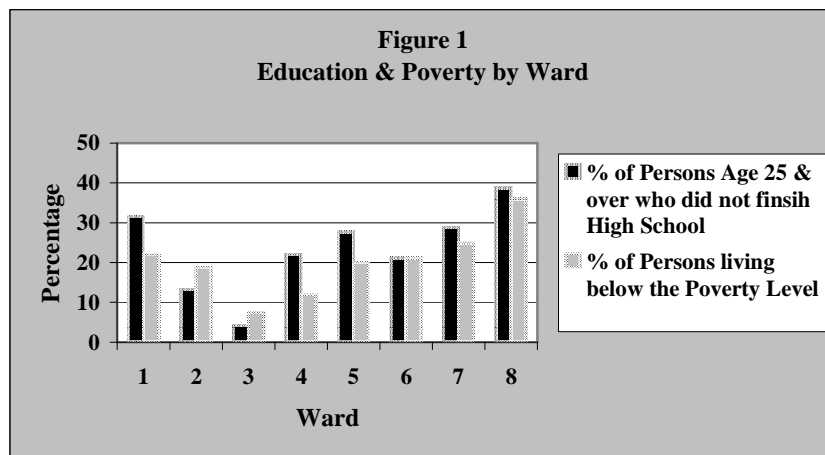
²⁰ Source: U.S. National Center for Health Statistics. See table 105, Statistical Abstract of the United States, 2006 <http://www.cdc.gov/nchs/default.htm>

²¹ Source: U.S. Census Bureau, See Table 699, Statistical Abstract of the United States, 2006. <http://www.census.gov/hhes/www/poverty.html>

²² Source: U.S. Census Bureau, See table 699, Statistical Abstract of the United States, 2006 <http://www.census.gov/hhes/www/poverty.html>

²³ “District of Columbia General Social Profile 2004.” 2004 American Community Survey.

However, 15% of the city’s residents over the age of 25 have neither finished high school nor earned a GED, and one-third of those residents have less than a ninth grade education.²⁴ In some sections of the city the percentage of residents over 25 who have not finished high school exceeds 30%.²⁵ Coincidentally those are also the areas of the city with the largest percentage of people living below the poverty level.²⁶



Globalization and an increasingly technological society means that the opportunities that once existed in the United States for under-skilled and undereducated people no longer exist. Inadequate education will increasingly condemn individuals to the bottom rungs of a society, which has no jobs they can perform, except to fill prison cells and thereby provide employment opportunities for others.

In addition to employability, there are significant financial advantages to attending college, both at the micro and the macro level. Average annual earnings for individuals with a four-year, bachelor’s degree working full-time year-round is \$52,200, as compared to \$30,400

²⁴ *Id.*

²⁵ “2000 Educational Level by Ward.” Prepared by: D.C. Office of Planning/State Data Center. Source: US Census Bureau, Census 2000 SF3 Data.

²⁶ “1999 Percent of Population below Poverty Level by Ward.” Prepared by: DC Office of Planning/State Data Center. Source of Data: US Census Bureau, Census 2000 SF3 Data.

for a high school graduate, and compared to \$23,00 for those who have not finished high school.²⁷ Advanced and professional degrees boast that difference even higher.

Over the course of a lifetime, bachelor’s degree recipients could expect to earn approximately \$2.1 million

as compared to \$1.2 million for a high school graduate and \$1 million for someone who did not finish high school (Day and Newburger, 2002). When it is considered that the annual earnings

Table 3
Earnings Comparison by Degree Attained

Highest Education Level Attained	Average Annual Earnings	Annual Lifetime Earnings
Four-Year Bachelors Degree	\$52,200	\$2.1 million
High School Graduate	\$30,400	\$1.2 million
Non-High School Graduate	\$23,000	\$1 million

difference between attending college and not attending college has increased significantly over the past twenty-five years (Day and Newburger, 2002), it should be expected that the difference in lifetime earnings would also widen.

The financial benefits accruing to the individual and their family represent a micro level impact. A macro impact is represented not only by the increased purchasing power generated from that higher income feeding into the larger economy, but also by the fact that rather than being primarily consumers of city services, through government financed or subsidized health care, housing subsidies, and other types of public assistance; these individuals are now becoming providers of city services through paying taxes.

Excluding the 8,837 students who have received an Associate degree, and the 53,901 who have taken some college classes, there are still another 73,873 residents of the District of

²⁷Day, Jennifer Cheeseman and Newburger, Eric C. “The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings.” Special Studies. (Issued: July 2002). US Department of Commerce; Economics and Statistics Administration. US Census Bureau. P23-210.

Columbia over the age of 25 who have a high school diploma or a GED, but have not been to college.²⁸ That represents a cumulative annual salary difference of \$1,610,431,400. Even if only 10% of that potential target population received a bachelor's degree it still represents an annual cumulative salary difference of \$1.6 million.

Developing and implementing applied research to identify and offer solutions to problems facing urban communities

To envision a dynamic mutually supportive partnership between government and an institution of higher education with the institution of higher education leading the way in directing attention and bringing solutions to bear on the complex issues of cities, is to envision the type of relationship that should exist between a government and its public institution of higher education. When that public institution of higher education is also the nation's only urban land grant institution, it means to envision a reality where the entire city is a laboratory in which the faculty, staff and students bring their energies to bear in creative problem solving.

It is the University's Center for Applied Research and Urban Policy conducting studies on "boarder babies" and asthma for the city's social service agencies. It is the engineering program conducting transportation studies of traffic on the city's streets. It is the Institute for Public Safety and Justice responding to a request from the city's Division of Protective Services to develop and implement a WMD certificate training program for all personnel providing security at District government buildings. It could be the University's education department working with DCPS to research the most effect strategies in teaching K - 12 students, many of whom should be clinically diagnosed as suffering from Post Traumatic Stress Disorder attributable to the violence surrounding them on a daily basis. It could also be the State Education Agency, based at the University, grappling with the issue of adult literacy by

²⁸“District of Columbia General Social Profile 2004.” 2004 American Community Survey

conducting research on the best way to teach adults how to read. In short, the University of the District of Columbia should be the repository of practice and knowledge on strengthening the nation's urban areas.

The dividends recouped by the city in working with its University, far exceed the return that would be received from contracting a private vendor to provide the service. Contracting with a private vendor produces a finished product. Procuring these services through the University of the District of Columbia, not only produces a finished product, but also represents a reinvestment of city resources through the experiences and opportunities provided to the students who are District of Columbia residents and will one day be serving the city in these various areas.

Transformations of community, social, governmental, and local institutions through transformations of individuals

The majority of students at the University of the District of Columbia are working adults with children who reside in the District of Columbia. While the degree offers tangible financial benefits to the student and their family, the student's enrollment also provides a set of intangible benefits. While a multiplier value can be calculated based on the dollar value of the potential earnings difference, what is more difficult to measure are those incalculable increases in social capital. For instance, how do you measure the value of a parent who because of taking a course in general college math now feels confident enough to assist their child with their math homework? Among the intangibles that these university student-parents then transmit to their own children include things like the fact that reading is important, or the ability to defer immediate gratification in pursuit of a greater benefit, or the value of proper nutrition.

No dollar amount can be attached to the transformative impact of a parent sitting down and struggling with homework, while their children are also doing homework. That sends a

powerful message to those children about the value of education, and the importance of perseverance. These working adult students bring their new sense of empowerment and confidence into their communities as they work to improve them.

In addition to the direct benefit generated to the student, and the residual benefit for their family, community, and others they encounter, there is also a direct benefit to the city. The overwhelming majority of the university’s students are not only District of Columbia residents, but the nature of their ties to the city, either through children, employment, aged parents or grandparents are such that when they graduate most of them remain in the city, many of their same neighborhoods. This benefits the city on several levels. The University is able to provide education in critical areas for the city knowing that the vast majority of the students will remain in the city once they receive their degree; not only paying taxes, but also providing needed services.

**Table 4
Academic Degrees Awarded 1994 – 2001***

Level	Number	Percentage in Areas of Critical Need or High Employability	
Graduate	623	83%	Speech Language Pathology Counseling Clinical Psychology Business Administration
Bachelors	3,366	60%	Business Management Computer Science Biology Applied Computer Science Accounting Mass Media Psychology Administration of Justice Finance Social Work
Associates	1,334	84%	Nursing Respiratory Therapy Computer Accounting Medical Radiography Mortuary Science Business Technology Law Enforcement Computer Science Tech. Electronics Engineering Child Development & Nursery School Education

* This listing does not include degrees awarded by the David A. Clarke School of Law; nor does it include certificates or diplomas awarded by the technical or vocational programs offered through the University’s Division of Community Outreach and Cooperative Extension Services.

There is also a benefit to the larger community and the city as a whole. Among the responsibilities of a land grant university is a service function. Similar to the other land grant universities and colleges, the University has an active and vibrant Agricultural Experiment Station and Water Resource Center. Its activities are shaped around the needs of an urban community, i.e. – urban gardens, addressing the pollution in the Anacostia River, or working with DCPS teachers to strengthen the environmental science curriculum in city schools. As distinct from county extension agents going out across the state to explain to farmers how to protect their chickens from the Avian Flu, the service delivery of an urban land grant university is particularly tied to its urban nature. For example:

- The graduate program in Cancer Biology has undertaken an aggressive research and outreach program to address the causes of cancer in the African-American community in the District of Columbia;
- Recognizing the importance of early identification of barriers to school success, the Speech and Hearing clinic provides hearing screenings to some District of Columbia pre-schoolers enrolled in head start programs;
- The Institute for Public Safety and Justice has partnered with community-based Collaboratives to assist them in addressing issues of juvenile violence in their communities and schools;
- The Institute for Gerontology continues to provide services and produce trained care providers this city's senior citizens;
- The David A. Clarke School of Law is the only public interest law school in the country. Its clinics not only provide a needed service to the resident's served, but also contribute to expanding the limited pool of legal service availability to our most distressed residents.

Conclusion

It can be argued, that in a jurisdiction facing dire problems in health care, crime, deteriorating and unsafe public schools, high unemployment, and a myriad of other issues, that public higher education is a luxury. What has to be understood is that a strong University of the District of Columbia is vital to the city's ability to address these problems in a long-term constructive manner. The University must be an essential component of the District's investment in its own residents and in its future. An effective strategy to reduce individual poverty, spur economic development, and increase social capital, requires that the government fully invest in its public institution of higher education.