



Analytics

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RE: A Tale of Two Societies

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Any discussion of job creation in Delaware must start with the recognition of the existence of the two distinct societies in Delaware: persons with limited education (a high school degree or less) and persons with ample education (a college degree or more).

The limited education folks are being hammered by the current economy while the ample education crowd barely knows there has been a recession. The ample education crowd dominates policy decision making and that is to the distinct disadvantage of the limited education folks.

First, let's discuss the distribution of the burden of Delaware's current economic struggles.

While other factors may come into play, in today's labor market formal education is the primary determinant of employment and earnings. Delawareans with less education have an unemployment rate three to five times higher than workers with ample education. They are two to three times more likely to be underemployed or working part-time despite wanting full time employment.

Over half of Delaware's 34,000 unemployed are persons with less education, while only 15% are persons with ample education. More than one-fifth of Delaware's unemployed live in households that fall below the poverty line. The poverty rate for Delawareans with limited education is three to seven times higher than among those with ample education. Only 4% percent of Delawareans with ample education lack health insurance compared to 11% of high school graduates and 22% of dropouts.

Second, the ample education crowd's domination of the public policy process reflects the reality that they live in a different and more advantaged world. The two clearest examples are the focus of the ample education folks on the environment and quality of life issues at the expense of economic growth and their unwillingness to confront Delaware's mediocre public education system. Let's briefly discuss both.

An early major quality of life initiative was the passage of New Castle County's Uniform Development Act (UDC) land use regulations in 1998. The UDC language was clear: "growth management," "control density," "preserve agriculture," and "protect from adverse consequences (of development)." A clear no-growth, quality of life enhancing regulation.

The UDC has worked almost exactly as intended. Since 1998 job growth in NCC has ground to a halt. Residential construction has collapsed and, with little growth in the tax base, property taxes and user fees have soared. The UDC, for whatever modest impacts it has had on the quality of life, has come at great economic cost.

Recently the quality of life thrust has been centered on green energy. The state enacted an aggressive Renewable (Energy) Portfolio Standard, requiring power companies to shift to more expensive solar and wind power sources. Delaware joined RGGI, a regional carbon cap and trade program that has cost the power companies in the 10 member states \$912 million from 2009 to date. Aggressive subsidies to power cell converter producer, Bloom Energy, will be paid for by Delmarva Power customers.

Energy costs are already a serious economic disadvantage for Delaware. These green energy policies, regardless of their merit, are driving up the cost of electricity and making it less likely that Delaware will be able to attract businesses that provide decent employment opportunities for workers with limited education.

Public education in Delaware is tightly controlled by a large teachers' union made up almost entirely of folks with ample education. Despite mediocre performance that seriously disadvantages the children of parents with limited education, any serious efforts at public education reform have been thwarted. The ample education policy makers have been intimidated by union threats of lost votes and campaign funds.

Parents with ample education are able to opt out if they wish. Among the school age children of parents who stay in Delaware, more than one out of six attend private school. This rises to one out four in New Castle County. Alternatively, parents with ample education can avoid private school costs by moving to such nearby high performing public school districts as Unionville-Chadds Ford, Wallingford-Swarthmore, or Avon Grove. Much of the \$2.7 billion of wages currently exported from Delaware by commuters is accounted for by such parents.

Delaware parents with limited education are knocking down the doors of the available charter schools. While enrollment in Delaware's public schools has risen 9% in eight years, enrollment in Delaware's charter schools is up 228%. The fastest growth in charter school enrollment is among African-Americans and today 58% of the state's charter school students are nonwhite.

The Delaware State Education Association, the teachers union, favors more regulations to slow the growth of charter schools. State government has ignored the Race to the Top recommendation to fund construction of charter schools.

The availability and ability to compete for jobs is a critical issue for Delaware residents with limited education. Delaware's "ample education" policy makers need to begin to recognize the economic hardship their single-minded pursuit of the environment and quality of life are imposing on folks with limited education. These same policy makers, including the teachers' union, should push for education reforms that emphasize choice and options for parents, curtail social promotions, introduce performance pay for teachers, and give school administrators and teachers the latitude to try new approaches to education.

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