

FIGHT FOR THE FUTURE:

HOW LOW WAGES ARE FAILING CHILDREN IN CHICAGO'S SCHOOLS



Executive Summary

“If every child arrived in school well-nourished, healthy and ready to learn, from a family with a stable home and a steady income, many of our educational problems would be solved. *And that would be a miracle.*”

Diane Ravitch,
education historian
and former U.S.
Assistant Secretary
of Educationⁱ

This is the second in a series of reports commissioned by Stand Up! Chicago to address the crisis of low-wage work facing Chicago’s communities. This report, produced in partnership with the Chicago Teachers Union (CTU), draws upon current academic research in the field of education policy to provide a comprehensive analysis of the relationship between low wages and educational attainment for students in Chicago Public Schools (CPS). Our research reveals that raising wages for low-income families in Chicago would lead to higher test scores, graduation rates and college admission rates for CPS students, and would have a direct positive impact on school performance as a whole.

Specifically, this report finds that:

- Chicago’s education crisis remains intractable, despite decades of new strategies and programs to improve academic outcomes. CPS students continue to fall below national benchmarks in a variety of measures. **In 2012, the high school dropout rate for CPS students was 35%—more than double the national average—**and reading and math test scores, as well as college readiness rates, fell significantly below national averages.
- Chicago is also facing a poverty crisis that has intensified since the Great Recession began in 2008. According to U.S. Census data, the child poverty rate in Chicago increased by nearly 20% between 2008 and 2011, and now **well over one-third of Chicago’s children live below the federal poverty line.** CPS data shows that 87% of students come from households with incomes low enough to qualify for free or reduced school lunches, and 4% of the student population is homeless.
- Our analysis shows that **a one parent/one child family in Chicago would have to earn an annual income of about \$35,859, or the equivalent of \$17.24 per hour for a full-time worker, to be able to meet their basic needs.** This is more than double the earnings of a minimum wage worker earning \$8.25 per hour, and significantly more than a low-wage worker, defined as a worker earning \$12.00 per hour or less.ⁱⁱ
- There is a direct relationship between Chicago’s education and poverty crises. Students living in or experiencing childhood poverty are much more likely to face significant unaddressed obstacles to classroom learning than their middle- and upper-income counterparts, and this impacts educational outcomes. In fact, data shows that **family income is now the most significant predictor of academic success among students in the U.S.**ⁱⁱⁱ
- **Current policy endorsed by CPS and other proponents of education “reform” fails to take poverty into account.** Instead, these policymakers endorse policies that wrongly blame teachers for out-of-school factors, redirect resources away from the neediest students, and contribute to the expansion of charter schools that on average lag behind traditional neighborhood schools in measures of academic performance. These policies have proven ineffective in addressing the city’s education crisis.

Educational policy needs to address poverty and support the creation of living wage jobs.

- Lifting families out of poverty through increased wages would have a significant positive impact on academic outcomes for low-income students. Studies have shown **that every additional \$1,000 in annual income translates into a one point increase in an intelligence test**, leading to significantly higher math and reading test scores. Raising income levels above the federal free or reduced lunch thresholds would also have a dramatic positive impact on graduation and college readiness rates.

RECOMMENDATIONS

- 1) **Education policy must acknowledge the fundamental role that income plays in educational outcomes.** It is imperative that policymakers abandon failed education “reform” policies and ensure that future educational policy changes include strategies to address poverty and support the creation of living wage jobs and better working conditions for working families.
- 2) **CPS and proponents of education “reform” must prioritize addressing Chicago’s poverty crisis as the most effective means of improving academic performance for the city’s public school students.** These policymakers should support efforts to raise wages for low-wage workers in Chicago, along with other economic development policies that create good, living wage jobs and lift working families out of poverty.



PARTHENIA BARNES

West Englewood

Parthenia is a West Englewood resident and a mother of four children. Parthenia values education and plays a very active role in her children’s schooling. She has been a member of the Local School Council for her children’s school for four years and often volunteers to help out at the school by tutoring or helping with events.

As a seasonal worker at Macy’s making \$9 per hour, she faces a large number of challenges on a daily basis. Her wages are not enough to cover her cost of living and she depends on public assistance programs in order to be able to afford the basics. She is also not able to afford after-school care and must ask family members to watch her children.

Parthenia is subject to erratic scheduling by Macy’s; her requests not to be scheduled on nights that her Local School

Council meets are often ignored by management. This has been especially hard for her because missing three meetings can result in termination from the council, where she feels empowered to help bring about positive changes

Higher wages and better working conditions would help Parthenia and other parents in the community be more involved in their children’s schools, and bring more stability to their families. According to Parthenia, earning a living wage would mean that, “We’ll be able to do more. We’ll be able to better provide for our children...and not just what they want, but what they need. Because right now with our low wages we have to worry about even paying bills [on time].”

Introduction

This is the second in a series of reports commissioned by Stand Up! Chicago to address the crisis of low-wage work facing Chicago's communities. This report, produced in partnership with the Chicago Teachers Union (CTU), draws upon current academic research in the field of education policy to provide a comprehensive analysis of the relationship between low wages and educational attainment for students in Chicago Public Schools (CPS).

Chicago is facing an education crisis which, despite decades of new strategies and programs to improve academic outcomes, remains intractable. CPS students continue to fall below national benchmarks on reading and math test scores, graduation rates and college admission, and this is especially true of students attending low-income neighborhood schools.

Chicago is also facing a poverty crisis, with most recent data showing that one third of the city's children live in poverty. Poverty is especially prevalent in Chicago's public schools, where 87% of students come from households with incomes low enough to qualify for free or reduced school lunches, and 4% of the student population is homeless, according to CPS data.

Our analysis shows that there is a direct relationship between Chicago's education and poverty crises. Students living in or experiencing childhood poverty are much more likely to face significant unaddressed obstacles to classroom learning than their middle- and upper-income counterparts, and this impacts educational outcomes. In fact, data shows that family income is now the most significant predictor of academic success among students in the U.S.ⁱⁱⁱ

While it is evident that poverty is the root cause of poor classroom performance in the U.S., current policy endorsed by CPS and other proponents of education "reform" fails to take this into account, instead enforcing policies that wrongly blame teachers for out-of-school factors, redirect



One-third of Chicago's children live in poverty.

resources away from the neediest students, and contribute to the expansion of charter schools that on average lag behind traditional neighborhood schools in measures of academic performance.

Just as poverty is the main factor contributing to Chicago's low test scores, high dropout rates and low college entrance rates, there is a wealth of data suggesting that these academic outcomes can improve dramatically through policies that address the needs of low-income families. This report finds that lifting families out of poverty through increased wages would have a significant positive impact on low-income students' academic achievement, and on school performance as a whole.

Based upon the research outlined in this report, we conclude that in order for education policy to be effective, it must first and foremost address the issue of poverty in our communities. We recommend that CPS and other stakeholders in Chicago's public education system adopt and promote policies that raise wages for families and improve the socioeconomic condition of the city's struggling neighborhoods.

4% of CPS students are homeless.

In order for education policy to be effective, it must first and foremost address the issue of poverty in our communities.

The impact of poverty in the classroom

The first report in this series, *A Case for 15: A Low Wage Work Crisis*, examines the economic impact of low wages on families, communities, and the economy as a whole. The report finds that the proliferation of low-wage, mostly service industry jobs over the past several decades has caused Chicago's middle class to shrink, placing economic recovery at risk and hindering economic growth. However, the impact of low wages on our communities goes beyond economic considerations. This report is concerned with examining the relationship between low wages and educational outcomes.

The poverty of low wages

The research in this report draws upon a broad selection of academic research analyzing the impact of poverty on academic achievement. The authors we cite employ a variety of measures of poverty, including the federal poverty level and proxy measures such as eligibility for free or reduced school lunches. These measures vary; for example, the poverty level in terms of annual income for a one parent/one child household is \$15,130 under the federal poverty guidelines,^{iv} and is \$27,991 in order to be eligible for a free or reduced school lunch.^v

The various measures of poverty cited in this paper all fall under the Self-Sufficiency Standard threshold, which measures the amount a household would have to earn in order to meet all basic expenses without relying on public assistance, informal assistance, or private charity.^{vi} Using this measure of poverty, a one parent/one child family in Chicago would have to earn an annual income of about \$35,859, or the equivalent of about \$17.24 per hour for a full time worker, to be considered non-poor; notably, this is more than double the earnings of a full-time minimum wage worker.^{vii} Therefore, the terms "poverty," "poor," "low-income," and "low-wage" used throughout this report may be understood to refer generally to falling below the Self-Sufficiency Standard threshold.



Poverty affects the educational outcome of our students.

Poverty in the classroom

A review of the existing academic research reveals that when students live in poverty, they are much more likely to face significant obstacles to classroom learning than their middle- and upper-income counterparts. These obstacles impact educational outcomes directly. The following list describes some of the challenges facing low-income students in the classroom:

• Health

Children who are born into poverty or experience poverty in early childhood have a higher probability of experiencing health conditions that impact their ability to learn or attend school regularly. Low-income mothers are more likely to lack access to quality prenatal care, which contributes to a higher incidence of low birth weight babies among this population.^{viii} Research has shown that children who were low birth weight infants are more likely to exhibit serious physical and learning disabilities and repeat grades in school than those who were not low weight infants; this contributes to the higher incidence of grade repetition and lower levels of reading and math achievement associated with low birth weight children.^{ix}

In addition to prenatal factors, illness and injury experienced in childhood also affect school performance.^x Low-income children experience significantly higher rates of asthma than other children, which can lead to missed days of school.^{xi} Lack of access to primary care services among poor families means that low-income children are more likely to experience undiagnosed ear infections and vision problems, both of which have been shown to interfere with learning in the classroom.^{xii}

Poverty is also associated with mental and behavioral health problems in children. Studies have demonstrated that poverty is positively associated with emotional/behavioral problems, such as depression, anxiety, hyperactivity and peer conflict.^{xiii}

For low-income families, moving is generally not a sign of upward mobility.

• **Hunger**

Low-income children are much more likely to experience food insecurity and hunger than higher-income children. In addition to the impact of malnutrition on birth weight discussed above, hunger also impacts a child's ability to pay attention in the classroom.^{xiv} Lower attentiveness can impact academic performance: a longitudinal study by economists at the American Institutes for Research and the Economic Research Service found that children from households with any amount of food insecurity have lower test scores and learn less over the course of a school year than children from food-secure households.^{xv}

• **Unstable learning environment**

Children living in poverty are more likely to experience residential instability than non-poor children^{xvi}—in fact, poor families move 50-100% more often than those living above the poverty line. For low-income families, moving is generally not a sign of upward mobility, but rather an unplanned event^{xvii} due to difficulties paying rent or mortgage or other financial constraints.^{xviii} Frequent relocation often requires students to switch schools regularly, interrupting the academic experience.^{xix}

Research has demonstrated that students who are highly mobile acquire basic skills at a slower pace, exhibit higher levels of behavioral and interpersonal problems, and are more likely to receive failing grades or drop out. In fact, moving more than three times over a period of six years can cause a student to lose a full academic year of learning compared to their classmates.^{xx}

• **Learning resources**

Low-income parents have fewer resources available to them to enhance their children's learning. These resources may be physical, such as computers and books,^{xxi} or they may take the form of enriching out-of-school activities.^{xxii} Research shows that poorer families are more likely to lack access to after school and summer programs, which offer students the opportunity to learn more, and sometimes to learn more easily. Low-income families are also more likely to lack access to quality early learning programs, which set the stage for academic performance during the school years.^{xxiii} This disparity in educational resources between poor and non-poor families contributes to the differences in academic outcomes between these groups.

Parental involvement in children's schooling has also been shown to relate positively to academic progress. However, low-income parents often face barriers to monitoring their children's school progress, due to conditions associated with low-wage work such as erratic work schedules and long or inflexible work hours.^{xxiv}

• **Low expectations for future rewards**

Low-income students are often acutely aware of the economic conditions in which they live, and may consider chances for future rewards—such as college or a middle-income job—to be low; research has demonstrated that students who express this outlook tend to have lower levels of achievement.^{xxv}

Poverty Limits the Power of Education

Clearly, children from low-income households face a broad range of obstacles to classroom learning, which, taken together, place them at a significant disadvantage compared to higher-income students. This disadvantage is expressed in measurable outcomes such as test scores, attendance, graduation rates and college entry, all of which show poor students lagging behind non-poor students. As education psychologist David Berliner notes in an essay on the relationship between poverty and education, "[T]he out-of-school factors associated with poverty play both a powerful and a limiting role in what can actually be achieved" in the classroom.^{xxvi}

Chicago's public schools in crisis

Chicago's public schools face a persistent crisis. Despite extensive and numerous "reform" efforts, vigorous public debate, and heightened media attention, basic educational outcomes have shown little improvement over the last several decades. Measures such as test scores, graduation rates, and numbers of students prepared for and admitted to college remain low, especially when compared with national trends and other large metropolitan school districts.

Test scores

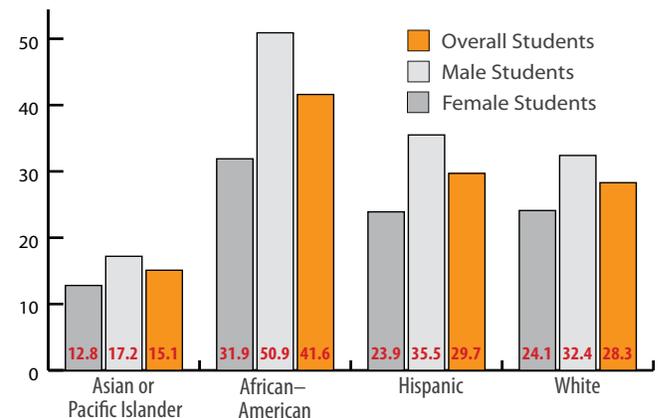
CPS ranks low compared with other large urban school districts on National Assessment of Educational Progress (NAEP) assessments. Compared with 20 other large districts, every score in every subject area (reading, math, science, and writing) in each test year since 2002 was below the large-district average. Nearly all percentages for students at basic or proficient achievement levels were below average as well.^{xxvii}

Test scores like this translate into negative performance assessments for Chicago schools. On the Annual Yearly Progress scoring required by No Child Left Behind, the district had a "composite percent meets and exceeds" measure for all tests of 67%, well below the state average of 77%.^{xxviii} On its own Performance Policy levels, the district gave one-third of rated schools its lowest rating and placed 44% on probation.^{xxix}

Graduation rates

The high school dropout rate in Chicago was 35.3% in 2012,^{xxx} this is more than double the dropout rate nationally in recent years of around 16%.^{xxxi} For African-American students, these numbers are even more pronounced, with 41.6% of African-American students and 51% of African-American males dropping out, respectively--the highest dropout rate of any subgroup in the city.

High school dropout rates by gender and race/ethnicity



College enrollment

Of CPS's 2011 graduating class, 60% enrolled in college,^{xxxii} which is lower than the national figure of 68%.^{xxxiii} Data also shows that a far lower percentage of CPS students are equipped academically to succeed. On the ACT College Readiness Benchmarks 2006-2012, only 22% of CPS 11th graders met the readiness benchmark for reading and 22% met the readiness benchmark for math. Statewide 40% of 11th graders met the readiness benchmark for reading and 39% met the readiness benchmark for math.^{xxxiv}

Catalyst Chicago, which has covered the annual release of CPS college enrollment figures in the past, points out the inconsistency in these numbers. In 2010, according to *Catalyst*, one-third of high schools saw less than half of graduates enroll and one-third saw enrollment rates for their graduates decrease from the year before; last year these numbers were 34% and 36%, respectively. According to *Catalyst* in 2010 only 44% of Latino male CPS graduates enrolled in college.^{xxxv} Researchers from the Consortium for Chicago School Research, writing for Center for American Progress, raise concerns about whether subgroups of CPS students are able to navigate the college enrollment process equally well and whether overall results include too few students attending four-year institutions that are appropriately selective.^{xxxvi}



SELINA BROWN

South Shore

Selina is a mother of four children, ages 2 to 9. She commutes from the South Shore area to work at an Epic Burger restaurant located downtown. Even though Selina is technically a full-time worker, she typically gets no more than 30 hours of work per week, is paid minimum wage and receives no benefits. This year she was told by her managers that their Epic Burger had no money for raises. Like many other low-wage workers in the restaurant industry, she depends on public assistance programs in order to get by.

Selina must budget for every dollar that she spends. Sometimes even

small but unexpected expenses can be difficult for her to deal with. "This year the uniforms went up in price and sometimes it feels like everything comes in at the same time. My children only have one pair of shoes and my son needs a haircut...and it's hard because I have to worry about paying all the bills."

Selina wishes that she had a higher income so that she could afford to purchase a car, which would allow her to take her children to school and not worry about walking in the cold to catch the bus, especially because occasionally her children lose a hat or gloves and it is difficult for her to replace them.

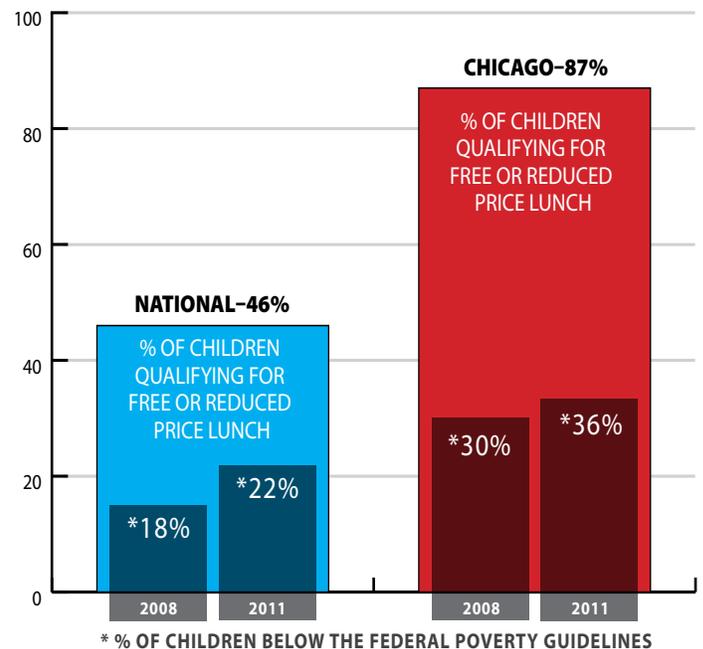
Selina regrets that she is not able to afford many of the things sold at downtown stores. "My kids ask me for things that they see on commercials, and I know that they sell them [downtown], but all I can do is look at them at the windows because I cannot afford to get them. I cannot even afford to buy myself a \$5 shirt because I need that money towards my bus pass."

Poverty in our schools

According to U.S. Census data, the child poverty rate in Chicago has increased from 30.3% in 2008 to about 36.1% in 2011. Child poverty nationally was 22.0% in 2011, up from 18.2% in 2008. Many more CPS students live in households not considered poor by federal poverty thresholds but unable to afford basic necessities. Furthermore, CPS data shows that about 86% of all students in CPS come from low-income households as measured by the number of students who qualify for free or reduced lunch. This compares to a national figure of 46% of students qualifying for free or reduced lunch.^{xviii}

The education crisis in CPS is the result of the crisis of poverty in Chicago's neighborhoods. Based on what we know about the struggles children from low-income families face in school it should not be a surprise that the district is hard-pressed to address these issues. When the vast majority of students at CPS come from households considered poor or low-income, this must be considered among the most serious challenges facing the district.

Measures of child poverty in Chicago



Facing Big Challenges

Chicago public schools have for many decades faced the problems of segregation and poverty, partially the remnants of the dramatic shift in demographics when a generation of middle-class families left the city for the suburbs, leaving behind a poorer and proportionally more African-American and Latino school-age population.

The failure of current education policy

“Educational reforms cannot compensate for the ravages of society.”

Jean Anyon,
leading researcher
in education ^{xxxix}

Despite the clear evidence demonstrating the influence of socioeconomic factors on academic performance, current education policy enacted by Chicago Public Schools fails to acknowledge the fundamental link between wages and educational outcomes. The following describes three principal ways in which CPS has attempted to “reform” the city’s public schools, along with an analysis of how each approach is insufficient in addressing the impact of poverty in the classroom.

1) Holding teachers solely responsible for educational outcomes influenced in large part by socioeconomic factors

In 2010, the Illinois legislature passed legislation requiring a portion of all teacher evaluations to be based on student standardized test scores. Chicago was the first district to implement these changes, which for CPS teachers meant that test scores would account for 25% of evaluations, moving to 40% after five years.^{xi} This issue was central during the September 2012 CTU strike, with teachers expressing opposition to being held accountable for a measure that is largely influenced by out-of-school factors such as poverty.

A recent report by the Economic Policy Institute analyzes the practice of test-based teacher evaluations and concludes that such policies unjustly hold teachers accountable for socioeconomic factors beyond their control.^{xii} Teaching occurs in a classroom setting, and implicit in test-based teacher evaluation policy is the assumption that controlling what happens in the classroom is the only way to affect academic performance. This fails to recognize the reality that students spend about five times as much time outside the classroom (i.e., in their neighborhoods and with their families) as they do inside the classroom.^{xiii}



For 75 years the Chicago Teachers Union has been in the forefront of education advocacy and public school reform in Chicago. CTU is an organization of educators dedicated to advancing and promoting quality public education, improving teaching and learning conditions, and protecting members’ rights.

CTU is the third largest teachers local in the country and the largest local union in Illinois.

Even the most highly trained and experienced teachers cannot change the fact that many of their students go home to unstable environments in unsafe neighborhoods, to parents whose jobs do not pay enough for them to meet their basic needs. As Alex Kotlowitz states in a recent *New York Times* opinion piece entitled “Are We Asking Too Much From Our Teachers?”:

“We need to demand the highest performances from our teachers while we also grapple with the forces that bear down on the lives of their students, from families that have collapsed under the stress of unemployment to neighborhoods that have deteriorated because of violence and disinvestment.”^{xliii}

2) Shifting resources away from—instead of toward—low-income schools

In 2004, CPS launched the Renaissance 2010 initiative (Ren10), an attempt to improve public schools by closing 60 neighborhood schools the district deemed “low-performing” and opening 100 new schools in their place. This effort was based on federal guidelines and recommendations from the Civic Committee of the Commercial Club of Chicago, and represents, according to a recent report released by CTU, “a strategy to attract and retain middle-class families in the city, while controlling and closing schools in low-income communities of color.”^{xliv}

CPS School Actions 2002-2012

BOARD ACTION	STATED REASONS					TOTAL
	Performance	Enrollment/ utilization	Facility issues	Other	(blank)	
Closure	18	19	4	2	4	47
Consolidation	4	2	0	0	0	6
Closure and Consolidation	2	9	0	0	0	11
Phase Out	6	7	0	0	1	14
Reconstitution ("Turnaround")	26	0	0	0	0	26

Based on information from: Linda Lutton, Sarah Karp, Elliott Ramos. “Mapping 10 years of school closures.” <http://www.wbez.org/no-sidebar/Chicago-school-closings>

This policy of school closings—along with phase-outs and turnarounds—has been implemented overwhelmingly in the city’s poorest and most segregated neighborhoods. According to the CTU report, three out of every four schools affected by these policies over the last ten years were economically poor and intensely segregated African-American schools.^{xlv}

Closing down low-income schools brings more instability to the lives of students living in poverty, a population that already faces significant obstacles to learning. An analysis by CTU shows that this policy disrupts important relationships between students, parents and teachers, and removes an important source of stability and safety for many vulnerable students. Furthermore, the CPS school closure policy has had “a disproportionately negative impact on the students who most need policies that actually improve the quality of their education.”^{xlvi}

3) Charter schools as a failed solution

For over a decade, CPS has pursued a policy of expanding charter schools, which are funded by taxpayer dollars but administered privately, as a means of improving educational outcomes. Currently, charter schools represent about one-sixth of CPS schools, but in May 2012 CPS announced plans to create 60 new charters over the next five years.^{xlvii}

Despite CPS’s endorsement of charter schools as a solution to low-performing neighborhood schools, an analysis of CPS test scores shows that neighborhood schools serving low-income students outperform charter schools serving the same populations; this is especially notable considering that neighborhoods schools have a higher proportion of students with learning and behavioral challenges than do charter schools.^{xlviii} Moreover, charter schools have been shown to contribute to instability for low-income students, by increasing student mobility,^{xlix} using selective enrollment procedures and sending low-performing students back to neighborhood schools.^l

The CPS school closure policy has not improved academic outcomes.

Charter schools represent an attractive opportunity for many investors (see below), which is one of the reasons why what CTU describes as the “myth” of charter school performance persists. Yet it is clear that Chicago’s charter schools have not been effective in improving academic outcomes. The reason, as described by Richard Rothstein, lies in the “social and economic conditions that bring many children to schools, regular and charter, unprepared to take sufficient advantage of what even the most dedicated and inspired teachers can offer.”¹ Charter schools fail to address these conditions, and therefore charter school expansion as a policy is not a viable option for improving academic outcomes.

Policies That Fail the Students

Taken together, it is evident that attempts to “reform” our schools through test-based teacher evaluations, school closings and charter school proliferation have failed—and will continue to fail—because they are inattentive to the fundamental impacts of poverty in the classroom. Helen Ladd, a leading researcher in educational policy, describes this failure of policy:

“These current policy initiatives are misguided because they either deny or set to the side a basic body of evidence documenting that students from disadvantaged households on average perform less well in school than those from more advantaged families. Because they do not directly address the educational challenges experienced by disadvantaged students, these policy strategies have contributed little – and are not likely to contribute much in the future – to raising overall student achievement or to reducing achievement and educational attainment gaps between advantaged and disadvantaged students. Moreover, such policies have the potential to do serious harm.”ⁱⁱ



**BRUCE
RAUNER**
Chicago

In Chicago, private equity magnate Bruce Rauner is the most public face of the charter school proliferation movement that has had a significant impact on CPS policy. In addition to serving on the boards of New Schools for Chicago and the Noble Network of Charter Schools (one of which bears his name) and chairing the education panel of the Civic Committee of the Commercial Club of Chicago,^{lxi} he was a very vocal and public opponent of the CTU strike in September 2012, running an Op Ed in the *Chicago Tribune*^{lxii} and appearing as a panelist on the local news show *Chicago Tonight*.^{lxiii}

It is not surprising that the charter school business would be of interest to Rauner, who has made millions as a private equity firm principal. As a recent Reuters article points out, the U.S. spends over half a trillion dollars each year on K-12 education, and when college and mid-career training are taken into account, education spending represents 9% of gross domestic product. Private equity investors view this pool of money as a potential source for lucrative profits.^{lxiv}

In 2010, Rauner proposed a scheme that would, according to a CTU investigation, “raise about \$200 million in equity, borrow \$600 million and purchase 100 CPS schools that the investor group would then lease to charter operators.” This plan would allow investors to collect a reliable stream of revenue from the leases, as well as benefit from significant tax credits from depreciation on the buildings.^{lxv}

Efforts like Rauner’s serve to transfer public funds intended for supporting schools and neighborhoods into private hands. As Diane Ravitch describes it in an interview with Reuters, private equity firms are “taking education, which ought to be in a different sphere where we’re constantly concerned about raising quality, and they’re applying a business metric: How do we cut costs?”^{lxvi} As an ardent charter school supporter, Rauner clearly stands to profit from investing in and guiding charter school operations. Yet as CPS data reveals, charter schools continue to lag behind neighborhood schools on average. The charter school expansion policies championed by Rauner do not address the underlying issue of poverty facing many CPS schools, and therefore are insufficient in bringing about the kind of “reform” their supporters promise.

How higher wages can improve educational outcomes

Popular education policy, such as that endorsed by CPS and charter school companies, has clearly failed to make any significant progress toward addressing the education crisis in Chicago's public schools. This is mainly attributable to the fact that current policy has not taken into account the wealth of research demonstrating poverty to be at the root of poor academic outcomes.

Academic research establishes clearly a relationship between poverty and many educational outcome measures. The following review of literature reveals that an increase in wages for parents is among the most effective ways to improve student achievement.

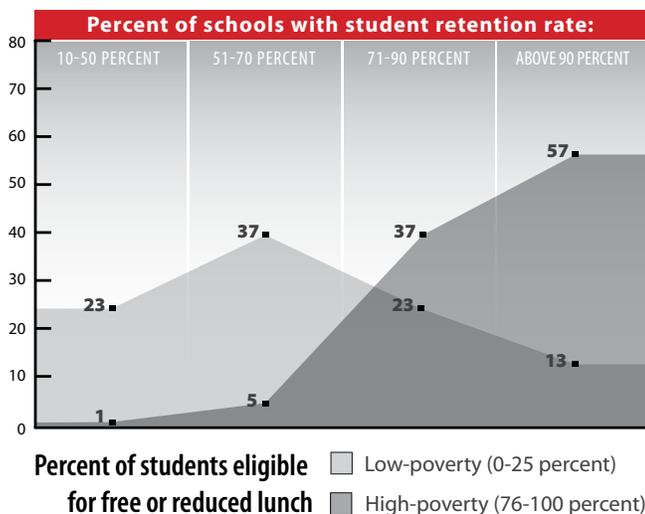
Test scores

The relationship between test scores and family incomes is significant, with one recent research summary concluding that "students in the bottom quintile of family socioeconomic status score more than a standard deviation below those in the top quintile on standardized tests of math and reading when they enter kindergarten" and that these difference appear to remain consistent over a student's academic career.^{lii} This immense disparity casts a long shadow on the education system nationally: "Data from the National Assessment of Educational Progress show that more than 40 percent of the variation in average reading scores and 46 percent of the variation in average math scores across states is associated with variation in child poverty rates."^{liii} The same data set shows across grade levels that schools

where less than 25% of students were eligible for free or reduced lunch had significantly higher reading and math scores than those at schools where more than 75% of students were eligible for free or reduced lunch.^{liv}

The positive effect of even modest increases in family income on student test scores is well-established, as well. Every additional \$1,000 in annual income translates into a one point increase in an IQ-style test, according to a review of data on similar groups of families receiving differently-structured income supplements or no supplement at all.^{lv} In another study, children of families receiving earnings supplements designed to raise their incomes above the poverty level, plus subsidized health insurance and child-care, had standardized broad reading scores 12% of a standard deviation higher than those who did not. Parents also reported that their children received higher grades in reading and showed improved literacy skills when their earnings were subsidized enough to lift them out of poverty.^{lvi}

Student retention at high-poverty vs low-poverty high schools



Based on information from: Ladd, HF and Fiske, EB. "Class Matters. Why Won't We Admit It?" *The New York Times*, December 11, 2011

Graduation rates

Increases in parent wages are associated with higher graduation rates: high levels of student retention (above 90%) from 9th grade to 12th grade occur almost four and one-half times more frequently at high schools where fewer than 25% of students were eligible for free or reduced lunch than at high schools where more than 75% of students were eligible, according to National Center for Education Statistics data. The same group of high-poverty schools were 10 times more likely than the low-poverty schools to report student retention below 70%, and an astonishing 23 times more likely to report retention of 50% or below.^{lvii} A similar pattern appears to hold true at the family level as well: students from families with the highest 20% of incomes were over five times less likely to drop out of high school than students from families with the lowest 20% of incomes.^{lviii}

College attendance

The relationship between family income and student achievement also persists in college enrollment. While 84% of graduates from families with the top 20% of incomes enroll in college immediately after completing high school, only 54% of graduates from families with the lowest 20% of incomes do so.^{ix} Scholarship using detailed data from earlier years found this dynamic between the highest and lowest income families persisted even when other factors were held constant, and that it is likely composed of two elements: the continuing effects of family poverty on student performance and challenges with how to pay for college.^{ix}

RECOMMENDATIONS

Given the strength of the evidence linking income to educational outcomes, it is clear that moving families out of poverty can have a significant positive impact on the most common measures of academic achievement. This report makes the following recommendations with respect to education policy:

- 1) **Education policy must acknowledge the fundamental impact of income on educational outcomes.** It is imperative that policymakers abandon failed education “reform” policies and ensure that future educational policy changes include strategies to address poverty and support the creation of living wage jobs and better working conditions for working families.
- 2) **CPS and proponents of education “reform” must prioritize addressing Chicago’s poverty crisis as the most effective means of improving academic performance for the city’s public school students.** These policymakers should support efforts to raise wages for low-wage workers in Chicago, along with other economic development policies that create good, living wage jobs and lift working families out of poverty.

The Workers Organizing Committee of Chicago (WOCC) is a new union formed in November 2012 by retail and restaurant workers in downtown Chicago.

WOCC

**FIGHT
FOR 15**

Their campaign, Fight for 15, demands that wages for these workers be raised to a minimum of \$15 per hour, and that they have the right to join a union without employer interference.

The vast majority of workers in Chicago’s retail and restaurant industries are paid wages that hover right above the minimum wage, work on a part-time basis and are offered little to no benefits by their employers. In the first report of this series, *A Case for 15: A Low Wage Work Crisis in Chicago*, we found that increasing the wages of all the workers in the retail and restaurant industries in Chicago to \$15 per hour would not only be affordable to employers, but also would spur up to \$179 million in economic activity in Chicago’s neighborhoods and create thousands of new jobs.

Because of the likely citywide benefits of increasing the wages of workers in these industries, Stand Up! Chicago and CTU fully endorse the work of WOCC not just as an economic development program, but also as an important education program. Our analysis shows that increasing wages for Chicago’s 18,800 retail and restaurant workers will lift these workers and their families out of poverty, and will lead to improved educational outcomes for their children. Fight for 15 is a campaign that addresses directly the crisis of low wages and poverty in our city, and as such serves as an effective means of improving our public schools.

Stand Up! Chicago and CTU fully endorse the work of WOCC.

Endnotes

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