

Evidence from Florida on the Labor Market Attachment of Male Dropouts Who Attempt the GED

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Key Findings

Male GED holders...

- have a higher probability of being employed one year after passing the tests than do high school dropouts who do not attain a GED, and
- this difference persists two years later.

Male dropouts attempting to pass the GED...

- who are unemployed in the quarter during which they pass the tests* find jobs more quickly than those who are unemployed in the quarter during which they take and fail to pass the tests.
- who are employed when passing the GED tests and who are white are less likely to leave their current jobs for either another job or for a period of unemployment than males of color who are employed when passing the GED tests.

Key Recommendations

- Continue to support GED programs for males as a step towards employment.
- Fund research that explores why the GED does not play as strong a role in positive labor market attachment for males of color as it does for white males.

* In Florida about 95% of the test takers take all tests at the same time: GED program providers are encouraged across the state to prepare their students to take all tests at once.

This Research Brief highlights key findings from a study that examined the labor market attachment of male dropouts who obtained the GED credential in Florida between 1994 and 1998. I compared these credentialed dropouts to the men who attempted, but failed, the GED exam during the same period. Credentialed dropouts had a higher probability of being employed one year after the exam—a difference that persisted two years later. Among individuals who were unemployed in the quarter during which they took the tests, GED passers found jobs faster. I also found that passing the tests is linked with more stable work histories for white dropouts.

Data and Methods

The Florida Education and Training Placement Information Program constructed the data set used in this study by linking GED test information with quarterly earnings records collected by Florida's Unemployment Insurance (UI) system. This study matched the GED records of all GED candidates who last tested in the years 1994 through 1998 with the UI earnings records of these same individuals from the first quarter of 1993 through the last quarter of 1999.

Although the data set I used includes only individuals from the state of Florida, it has certain characteristics that make it preferable to a sample from a national dataset like the National Longitudinal Survey of Youth (NLSY). The Florida data set provides a universe of 99,986 males who attempted the GED. By comparison, the NLSY sample has only a few hundred GED holders. In the NLSY, it is only possible to identify individuals who passed the GED exam. Individuals who attempt the GED and fail are a better comparison group—they are more likely to have unobservable characteristics similar to those of passers—than the entire population of uncredentialed dropouts. Finally, the labor market histories of young, low-skilled males are quite tumultuous. Because the NLSY depends upon self-reported earnings by young males, who may find it difficult to recall accurately their various jobs and earnings, its earnings data may not be as reliable. By contrast, the Florida data set draws earnings information from state administrative data, capturing every employment spell, even if it lasted only one week.

The analytic sample consisted of 86,543 males who were between the ages of 16 and 44 when they attempted the GED. I excluded those who attempted the GED exams while incarcerated for two reasons. First, many of these individuals may still be in prison instead of the regular labor market months or even years after they attempt the GED. Second, any relationship between the GED and labor market outcomes may be quite different for dropouts who enter the labor market with both a GED and a criminal record (see Tyler, J. & Kling, J. "Prison-Based Education and Re-Entry Into The

Mainstream Labor Market." Available at: www.brown.edu/Departments/Education/facpages/j_tyler/pdfs/papers/Prison_d11_sage2_brownWP.pdf).

In this analysis, employment served as the main variable of interest. I classified an individual as employed if he had positive earnings during the quarter. Using a logit model, I investigated whether individuals who passed the GED exam had a higher probability of employment, looking at this question both in the short-term—one year after the exam—and in the long-term—three years after the exam.

I also investigated the speed of labor market transitions. Did individuals who were unemployed when they attempted and passed the GED tests have faster transitions into employment? Did those who were employed in the quarter in which they passed their final GED tests leave those jobs more quickly than those who failed? Were they more likely to have a job-to-job transition without a quarter of unemployment between jobs? To answer these questions, I estimated proportional hazards models.

Results

Overall, individuals who obtained the GED were more likely to be employed than individuals who failed the exam. GED holders who were unemployed in the quarter of exam found employment more quickly. Among individuals who were employed at the time of the GED exam, white GED holders were less likely to leave their current job either for another job or to enter a period of unemployment. I found no significant differences between the job exit rates of males of color with the credential and those without.

Using logit models, I found that the predicted probability of a GED holder being employed in the quarter one year after his exam was 1.2 percentage points greater than for his fellow test takers who did not pass the exam. After three years, this difference in employment probability increases another 2 percentage points. These models controlled for age, race, education, testing year, and whether multiple attempts were necessary to pass.

For those unemployed at the GED exam, individuals who received the credential had a higher probability of finding a job and finding it more quickly than those who took the exam but did not pass.

For those employed at the GED exam, individuals who acquired the credential were less likely to end their current spell of employment than those who did not pass. The effect differed by race. While white GED passers were, by a factor of about 2 percentage points, less likely to leave their jobs than white failers, the difference between men of color who passed and those who failed was not statistically significant. These results did not distinguish between individuals who had a quarter of earnings followed by a quarter with no earnings and individuals who had two consecutive quarters of earnings from different primary employers.

Limitations

This research design has certain limitations. My earlier work found that the labor market value of the GED credential depends on the skills with which dropouts left school. The Florida data does not offer a measure of basic cognitive skills. Without that, these results may be understating the true impact of the GED credential on the labor market trajectories of low-skilled dropouts.

The second limitation stems from the use of individuals who failed the exam as a comparison group to measure the impact of the GED credential. While such individuals may have made for a better option than the entire dropout population, they are certainly not ideal. Individuals who fail to obtain the GED may have lower levels of human capital and motivation. Although the study controlled for observable demographic differences, these two groups (i.e., those who took the exam and passed and those who took the exam and did not pass) may still differ on unobservable characteristics.

Implications

The results of this study suggest that acquisition of a GED is associated with better employment outcomes for individuals who lack a high school diploma. Past research has found that the GED credential has some positive effect on earnings; this research supports the

proposition that a large portion of the GED “earnings effect” is related to the increased employment of school dropouts.

Recommendations

While these results present encouraging information regarding how the GED relates to the employment prospects of dropouts, it is likely that more can be done to strengthen this relationship. In particular it is important for GED programs to help students to view the GED as not an end in itself, but as a step into the world of work or postsecondary education. Regarding the former, GED programs should develop strong networks with local employers, and work with local employers in getting the word to recently “minted” GED holders that success in today’s labor market will likely require continued learning and updating of skills.

Future Research

The Florida data did not enable me to estimate whether the GED credential has a larger impact on the labor market trajectories of low-skilled dropouts. But a different research design may allow a better comparison group to be constructed. One possibility is to focus on individuals who have scores just below and above the passing threshold. It is possible to argue that these individuals have equivalent levels of human capital and “random exam day luck” determined whether or not they received a GED. Comparing the labor market histories of these individuals may give us a clearer idea of the impact of the GED credential.

In addition to new identification strategies, many additional research questions remain to be addressed. In this work, I have defined employment as any level of earnings in a given quarter. It would be interesting to attempt to define a measure of full-time work and model transitions into and out of full-time employment. The question why the GED credential does not appear to alter the job transitions of men of color also warrants further investigation.

This research has focused on the strength of labor force attachment. My past research indicates that much of the positive impact of the GED credential

on earnings may operate through moving dropouts from unemployment to employment. In the future, I hope to examine whether differences in the types of jobs held by credentialed and uncredentialed GED candidates can be discerned. More specifically, I can examine the distribution of workers across industries and ask whether credentialed dropouts are working in industries different from their similarly skilled uncredentialed counterparts.

I also plan to analyze the “between job” and “within job” wage growth by GED status. Does the GED credential give dropouts access to jobs that offer potential for wage growth? While earlier research reveals that credentialed dropouts have higher earnings than uncredentialed GED candidates, I believe that these research ideas will help us to understand the mechanism driving this earnings differential.

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