

Does Education Pay for Youth Formerly in Foster Care?

Comparisons of Employment Outcomes with a National Sample

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Over the past 15 years, several federal and California state laws have been enacted to support older adolescents in foster care with completing a high school credential and gaining access to higher education. Promoting educational attainment is particularly important for these young people. Since they often do not have the same level of family support and resources to rely on as they enter adulthood, completing a high school or college degree could be a deciding factor in finding stable employment and establishing self-sufficiency.

While research has shown how increased educational attainment improves earnings from employment for young adults in the general US population, few studies have examined this link among young adults who were in foster care as adolescents. Since tens of millions of public dollars are invested each year in promoting the secondary and postsecondary attainment of these youth, it is important to estimate the extent to which different levels of education pay for them. We analyzed data on adults in their mid-twenties who had been in foster care as teenagers in three Midwest states.

Similar to findings from studies of the general population, there were only small differences in employment rates and annual earnings between former foster care youth with no credential and those with a GED. Completing a high school diploma was associated with a substantially larger return, completing some college yielded an additional benefit, and those with the highest earnings and employment rates were youth who with a college degree.

On average, youth formerly in foster care earned about half that of young adults in the general population. There was a 22-point gap in the rate of current employment between the two groups. However, when the two groups were matched by level of education, gaps in earnings and employment rates were largest for those with lower levels of attainment but narrowed with college degree completion. We found that advancing levels of education actually had a larger relative impact on employment for youth formerly in care than for their peers in the general population.

Finally, we estimated the annual earnings and likelihood of employment of youth with foster care experience after adjusting for a number of factors such as reading ability, number of foster care placements, and delinquency. Mirroring findings from studies of the general population, we found that the earnings and employment rates of young adults who had completed a GED were virtually indistinguishable from youth with no high school credential. Earning a high school diploma resulted in higher earnings, and completing some college or a college degree predicted both higher earnings and a greater likelihood of being employed. When we compared two-year and four-year college degree holders with those who had only completed some college, the degree

holders earned significantly more.

Overall, our findings provide support for the direction of recent California legislation to promote high school completion and college participation as a means to self-sufficiency among older youth in care. Since a high school diploma is associated with greater earnings than an equivalency credential, perhaps emphasis should be placed on supporting high school completion whenever possible. If outcomes from other states where the age limit of foster care was extended to 21 hold in California, then the enactment of the California Fostering Connections Act should usher more youth into and through college. But since finishing college yields significantly higher earnings than merely competing at least one year of college, current laws may need to be reexamined or public-private partnerships may need to be expanded and formalized to ensure that vital supports are not withdrawn when youth are in the middle of completing their degree.

*The [full study](#) can be found in Nathanael J. Okpych and Mark E. Courtney, "Does Education Pay for Youth Formerly in Foster Care? Comparisons of Employment Outcomes with a National Sample," *Children and Youth Services Review*, Volume 43, August 2014, 18-28.*

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