

FREQUENTLY ASKED QUESTIONS: “THE MEASURE OF AMERICA”

I. HUMAN DEVELOPMENT AND THE HUMAN DEVELOPMENT INDEX

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I. HUMAN DEVELOPMENT AND THE HUMAN DEVELOPMENT INDEX

What is the definition of “human development?”

Human development is defined as a process of enlarging people’s freedoms and opportunities and improving their well-being. Human development is about the real freedom ordinary people have to decide who to be, what to do, and how to live.

The human development concept was developed by economist Mahbub ul Haq. At the World Bank in the 1970s, and later as minister of finance in his own country, Pakistan, Dr. Haq argued that existing measures of human progress failed to account for the true purpose of development—to improve people’s lives. In particular, he believed that the commonly used measure of Gross Domestic Product failed to adequately measure well-being. Working with Nobel laureate Amartya Sen and other gifted economists, in 1990 Dr. Haq published the first *Human Development Report*, which was commissioned by the United Nations Development Programme.

What is a Human Development (HD) Index?

An HD Index is an easily-understood numerical measure that reflects what most people believe are the very basic ingredients of human well-being: health, education, and income.

The first Human Development Index was presented in 1990. It has been an annual feature of every *Human Development Report* since, ranking nearly every country in the world. The HD Index has become one of the most widely used indices of well-being and has succeeded in broadening the measurement and discussion of well-being beyond the important, but nevertheless narrow, confines of income.

The modified American Human Development Index measures the same three basic dimensions as the standard HD Index – health, knowledge, and standard of living – but it uses different indicators to better reflect the U.S. context and to maximize use of available data. Health is measured in the modified American HD Index by life expectancy. Knowledge is measured by a combination of educational attainment and school enrollment. Standard of living is measured using median earnings. All data are from official 2005 U.S. government sources.

How has the HD Index been used in other countries?

HoHHHMore than 150 countries have presented the Human Development Index in their national reports, sometimes using the standard HD Index formula seen in the annual global Human Development Report, and in other cases modifying the formula to suit an individual country's situation.

In many countries, the HD Index has become a staple of the national development dialogue. For example, in Brazil, the television channel that covered World Cup soccer matches displayed the flags as well as the HD Index rankings of the competing teams alongside the score on screen during the games.

When ranked according to geographic or other groupings, such as race, religion, gender, or ethnicity, the index can highlight striking contrasts and stimulate debate about why such different results have been achieved. These rankings have on many occasions assumed enormous political significance. In India, HD Index rankings have become a source of competition among the governments of different Indian states and a powerful advocacy tool for civil society; in the Philippines, district HD Index rankings are a basis for government budgetary allocations; in Brazil, the HD Index prepared for the over 5,000 municipalities has become an important tool for business decisions on the location of new plant facilities.

Is the HD Index a fair and accurate way to gauge well-being? Is the HDI the best way to categorize this information, or are there better methods?

There are many ways to assess well-being. But most people would agree that health, knowledge, and adequate material resources are the basic ingredients of a decent life. In addition, measurable, easy-to-compare, and easily understood proxy indicators exist for these three areas.

Additional important aspects and measures of well-being, such as community safety, empowerment, environmental sustainability, societal respect and others are discussed in the report, but the American HD Index is restricted to hard data on these three core dimensions.

Of course, no one indicator can fully measure complex concepts like health, knowledge, and standard of living. But people studying large populations use simple, easy-to-collect proxy indicators to represent complex phenomena that cannot be measured directly. For large populations, life expectancy is a generally accepted proxy for health, though the length of a person's life does not tell us everything about the *quality* of that person's health. Similarly, degree attainment and school enrollment are reasonable stand-ins for the broad and elusive concept of knowledge. Income is a valuable proxy for living standards.

The American HD Index, like many composite measures, has some limitations. It does not capture information on important areas of human development beyond health, education, and income. The index cannot be used to measure the short-term impacts of policy changes, since its indicators do not change quickly.

II. RESULTS OF THE AMERICAN HUMAN DEVELOPMENT INDEX

What's the good news?

The Report presents human development progress since 1960. It is remarkable to see how far we have come as a nation on critical benchmarks: from an average life expectancy of under 70 in 1960, we are living more than 8 additional years today; while only 41.1 percent of adults had at least a high school diploma in 1960, more than 84 percent do today.

Another piece of good news is that if American history is any guide, our country has always been tremendously imaginative in developing practical policies to make aspects of the American Dream a possibility for more Americans, policies the rest of the world has often followed. From Social Security to the GI Bill to the Earned Income Tax Credit, these policies have helped to distribute economic opportunity and the building blocks of participation in our society, increasing the likelihood that every person has a chance to live up to his or her full potential.

Why should people in the U.S. care what the national HDI is? Why should they care what other Congressional Districts' HDI scores are?

The American HD Index can help to gauge the relative well-being of groups of Americans as well as different parts of the country. It provides a snapshot of how different groups stack up today and sets a benchmark by which to evaluate progress in the future.

By knowing what the national American HD Index is, people can see if their own congressional district or state is doing better or worse than average. Knowing today's score also allows for comparisons with the past. Knowing the scores of other congressional districts helps people understand how different parts of the country are doing compared to others in terms of progress and opportunity.

How could this Report and data become part of the presidential and congressional races this fall?

It is hoped this work will enable people to raise questions on the basis of objective, fact-based “apples-to-apples” comparisons, and will give candidates a tool for assessing relative progress and setbacks. It will provoke discussion on issues Americans really care about—the well-being of our communities, our global competitiveness, and the situation of the disadvantaged in our society. And it will counter a widespread and very unproductive sense of hopelessness among many Americans about what can be done to solve the “big” problems we face— such as health coverage, employment in a globalizing world, educational quality, and others – by highlighting successful approaches from different U.S. states and cities as well as from other countries.

What are the biggest human development problems in the U.S. today?

The U.S. is #1 when it comes to our economic standing. What will it take to be #1 in Human Development alongside our #1 economic status? The Report ends with an 8-point human development agenda that touches on the major areas where action is needed in order to bring up our HD Index score in the coming years. These are:

1. Promote prevention in public health efforts
2. Make health care affordable for all Americans.
3. Modernize K–12 education
4. Invest in at-risk kids, the earlier the better
5. Strengthen and support families through public and private sector efforts that allow working families to better balance their work and family responsibilities

6. Boost incomes and aid asset-building
7. Launch a Marshall Plan for the Gulf
8. Take responsibility for the most vulnerable

A second important challenge is to narrow the gaps between different groups. Extreme and growing disparities between geographic, racial and ethnic groups in the U.S. is not only bad for those at the very bottom, whose lives can be blighted by poverty and a lack of choices and opportunities, but these gaps can be bad for our society as a whole. There is evidence that extremely unequal conditions can affect community cohesion and stable neighborhoods, can dampen children's aspirations and achievements, and can impact our nation's economic competitiveness and productivity. Investing in everyone builds people's capabilities, enabling them to take advantage of the full range of opportunities offered in the United States.

Which geographic region has the highest HD Index and why?

The Northeast has the highest HDI because this group of states has the highest earnings and educational attainment and enrollment, and the second highest life expectancy of the four U.S. Census regions.

Which region has the lowest HDI and why?

The South has the lowest HD Index because people living there live, on average, the shortest lives, have lower levels of educational attainment and enrollment, and earn less, on average, than do Americans in other parts of the country.

Which states have the highest scores?

The top five states on the American HD Index are Connecticut, Massachusetts, New Jersey and Washington D.C. (tied), and Maryland.

Which states have the lowest scores?

The lowest-scoring state is Mississippi. West Virginia, Louisiana, Arkansas, and Alabama are in the bottom five.

Is there a way to measure inequality (social, economic, HDI) in the U.S., and compare that measure with other countries? If so, where do we rank on the inequality index?

There are several widely accepted ways to measure economic inequality. The most widely used measure is the Gini Coefficient of Income Inequality, with values ranging between 0 and 1. A low Gini coefficient (closer to 0) indicates more equal income or wealth distribution, while a higher Gini coefficient indicates more unequal distribution. Zero corresponds to perfect equality (everyone having exactly the same income) and one corresponds to perfect inequality (where one person has all the income, while everyone else has zero income).

In the year 2000, the U.S ranked number fourth among 26 OECD countries (the fourth highest Gini coefficient), with a Gini coefficient of 0.357. The only countries with higher income inequality were Poland, Turkey, and Mexico. (SOURCE: OECD Factbook: <http://fiordiliji.sourceoecd.org/pdf/fact2006pdf/10-03-02.pdf>).

CONGRESSIONAL DISTRICTS:

How many people are in a Congressional District?

Each of the country's 436 congressional districts has approximately 650,000 inhabitants, except for a few districts located in states with small populations.

What do these data tell us about racial inequalities in the U.S.?

When disaggregated by racial and ethnic group, the American HD Index reveals large gaps in human development among different groups of Americans. Asians Americans are doing the best, followed by whites, Latinos, Native Americans, and African Americans.

How can this report help direct public and private funding to areas in need?

Areas at the bottom of the congressional and state American HD Index lists are not there only because of low earnings, though that is one reason; they are also there because the average educational attainment of their residents is, on average, limited, and because they are generally living shorter lives than other Americans.

It is clear from the index that in terms of health, access to knowledge, and income, large segments of our population are being left behind. The Index scores of these areas signal to policy-makers, government agencies, non-profit organizations, and individuals who want to make a difference, where the need lies.

In addition, looking at the three indices – health, education, and earnings – separately reveals areas of critical concern for certain groups. Latinos, for instance, are doing comparatively well in health, but very badly in education – pointing to the need for greater attention to issues like high school graduation rates among Latinos.

What is the best educated district in America?

Washington D.C. has the highest score on the education index.

GENDER AND THE HD INDEX:

Overall, do men and women have a different HD Index in America?

Men have a slightly higher HD Index than women, but the difference is small; American men and women have virtually the same human development level.

However, examining each of the three dimensions of the HD Index individually, outcomes for men and women are anything but equal. Women have a higher education index (mostly due to higher rates of enrollment in school from ages three to twenty-four) and live, on average, about five years longer. But advantages in education and health are wiped out by lower earnings. American men earn 50 percent more than American women, on average.

In which parts of the country are gender disparities most notable, in terms of health, education and income?

Within regions, states, and congressional districts, we did not disaggregate the data by gender or by racial/ethnic group. The scores we have for these groupings are only at the national level. For future volumes, we will disaggregate further.

What does it mean to "live 30 years behind" in human development, and how is that measured?

In the Report, we present the HD Index for the U.S. as a whole, calculated for the years 1960, 1970, 1980, 1990, 2000 and 2005. For states, congressional districts, and racial/ethnic groups, the Index is calculated for 2005. When making comparisons across groups (for instance, the states with the highest and lowest HD Index) we also compare them against the historical HDI values, using a simple linear interpolation to obtain an approximation of the year in which America as a whole had a specific HDI value.

So, when we say that there is a 30 year human development gap between Connecticut and Mississippi, that's because Mississippi had, in 2005, a Human Development Index similar to the HD Index for America as whole in 1990, while Connecticut's HD Index, on the other hand, will be the average HD Index for America in the year 2020, given the current trends.

Can we break down the HD Index along racial and ethnic lines? Is there an overall ranking for each? Who is doing well and who is at the bottom?

We have disaggregated the Index by gender, race and ethnicity at the national level; the picture is highly uneven.

Overall, Asians have the highest HD Index, outperforming the other ethnic groups in all three human development dimensions. They earn slightly more than whites, the second-ranked group, but have a large advantage in health and education.

Latinos have the lowest ranking for education—more than 40 percent don't have a high school diploma—and income, but score well on health, resulting in a number-three ranking overall. African Americans, on the other hand, rank third in income and education, but have a large gap in life expectancy—five years less than American Indians, the second lowest-ranking group on health, and more than thirteen years less than Asians. These factors result in a bottom ranking overall when compared by ethnic grouping.

When you combine **gender with race/ethnicity**, more differences emerge.

At the top of the scale, Asian and white men have an income advantage over their female counterparts that more than compensates for their relative disadvantages in health (Asians and whites) and education (whites only).

At the lower end of the spectrum, the opposite is the case. Among African Americans, American Indians, and Latinos, men all have lower HD Indices than women in the same racial/ethnic group. While men's earnings are higher than those of women, the female advantages in education or longevity, or a combination of the two, outweigh superior earnings to yield a higher HD Index for women.

Looking in more depth, Asian males rank first mostly because of educational differences. While Asian and white males have similar high school graduation rates, 53 percent of Asian males have at least a college degree, compared to 32 percent of white males. Asian females have the highest health index and rank second overall, followed by white males, who have the highest earned income.

Latino males score last on education (with less than 60 percent graduating from high school and only 12 percent graduating from college) and rank ninth out of ten overall; African American males have the lowest health index, and occupy the number-ten overall ranking, in spite of being ranked fourth in income.

Is education related directly to income, by district?

Yes, education and income have a high correlation. People with more education are able to command higher salaries. At the Congressional District level, higher percentages of college graduates and people with graduate degrees may reflect more the labor market of the district (districts in large metropolitan areas usually have more demanding labor markets, offering higher salaries and thus attracting college graduates) than the district's educational policies.

Is there a direct correlation between income and HD INDEX, or are other factors also at play?

There is a very high correlation between income and the HDI, for two reasons. First, income is one of the HDI components, so this alone is sufficient to warrant a high correlation. Second, income is correlated with education and, to a lesser degree, with health, the other HDI components. Higher income levels are usually associated with higher educational levels; thus a high income has a direct effect on the HDI, thru the income component, and an indirect effect, thru the education component. However, there are other factors at play, namely, the education and the health components. Sometimes regions or groups with similar incomes have very different HDIs. For example, Vermont's only congressional district has about the same average income as Nevada's First District, about \$26,300 per year. However, they are separated by 223 places on the HD Index. Why? Vermont residents can expect to live on average three and a half more years, and about 90 percent of Vermont's residents graduated from high school; in Nevada's First District, only 75 percent did. College and graduate school completion rates are higher as well in Vermont.

What do these data tell us about policy levers in the United States, in terms of improving quality of life for all Americans?

Americans have long accepted extreme inequality in outcomes because of a shared commitment to and belief in equality of opportunity. But the data in this report show that the very basic ingredients required to live a life of choice and value, such as education and good health, are not available to everyone. There are congressional districts in which nearly half the adult population doesn't have a high school diploma, for instance. The infant mortality rate for African American babies is more than twice that of both whites and Latinos. For everyone to have the chance to fulfill their potential and seize opportunities, policies must be directed at closing wide gaps in fundamental capabilities.

III. DATA ISSUES

Besides the HD Index, what other data are available in the Report?

The Report contains social, economic, political, environmental and military data distilled from a vast array of primary sources and not found together anywhere else. These data are presented by state such that one can learn, for example, average teacher salaries, SAT scores, crime rates, and hazardous waste sites in each state. In addition, there are a set of tables comparing the U.S. to the 29 other affluent countries in these same areas: where do we rank on health expenditure, tobacco consumption, performance on standardized tests, spending on R&D and much more?

What is the American Community Survey (ACS)?

The American Community Survey, the source of data for the American HD Index, is a nationwide U.S. government survey of the U.S. Census Bureau designed to provide communities a look at how they are changing. It will replace the decennial long form in future censuses and is a critical element in the Census Bureau's reengineered 2010 census.

Since the census is done only once every 10 years, long-form information eventually becomes out of date. Planners and other data users are reluctant to rely on it for decisions that are expensive and affect the quality of life of thousands of people. The American Community Survey is a way to provide the data communities need every year.

Is the ACS as reliable as the 2000 Census for this work?

Absolutely. The information collected by the ACS is the same information collected by the decennial census long form. The ACS is designed in such a way that over a 5 year period the sampling rate is equivalent to the decennial census sampling rate.

Why did we use 2005 data for the American HD Index instead of more recent data?

Mortality data needed to calculate life expectancy was released in December 2007 by the Centers for Disease Control and Prevention for 2005. Thus, in order to maintain a consistent base year for all the data used in the calculation of the American HD Index, we have used the 2005 ACS.

Does the American HD Index include illegal immigrants?

Yes. The population surveyed by the Census Bureau includes all people who indicated that the United States was their usual place of residence on the survey date. The foreign-born population includes naturalized U.S. citizens, Lawful Permanent Residents (immigrants), temporary migrants (e.g., foreign students), humanitarian migrants (e.g., refugees), and unauthorized migrants (people illegally present in the United States).

Why didn't we calculate the American HD Index for counties?

The 2005 ACS only has data for larger counties (at least 65,000 inhabitants). This leaves out more than 75 percent of all U.S. counties.

Why did we choose *median* earnings instead of the higher *mean* earnings for the American HD Index?

The median was chosen for two reasons. First, it is much less sensitive to extreme values than the mean, and thus it provides a better estimate of what a "typical" person earns. Consider a hypothetical distribution where nine people earn \$10,000 and one person earns \$1,000,000. The mean is \$109,000 – more than

10x too high for 90 percent of the group and almost 10x too low for the millionaire. The median is \$10,000. This is a better representation of what the “typical” person in this group earns. Second, median earnings is the only income indicator provided by the ACS for all the groupings used in the American HD Index (region, state, congressional district, gender, race/ethnicity, and race/ethnicity by gender).

Does the HD Index education dimension measure educational outcomes?

The education dimension has two components, the enrollment index and the educational attainment index. The enrollment index is an input indicator: it gives an indication of the future level of educational attainment for a given community. The educational attainment index, on the other hand, measures the present stock of education of a given community, and is an outcome indicator; reflecting the effectiveness of educational policies, market incentives for the pursuit of higher education, the value placed on education by society, and other factors. However, caution must be used when analyzing smaller geographical units, such as congressional districts, because highly educated people tend to move to large metropolitan areas where there is more demand for their skills. In this case, a high concentration of highly educated people has less to do with any specific educational policies than with a more demanding labor market.

Do preschool and nursery school enrollment figure into the HD Index?

Yes, they do. One part of the HD Index is enrollment. The American Community Survey, when presenting enrollment data by race/ethnicity, considers nursery school, pre-kindergarten and kindergarten together. Enrollment data used to calculate the HD Index applies to the population 3 to 24 years of age.