

EDUCATION AND THE ECONOMY

The Economic Need for Higher Education

- * Ninety percent of the fastest growing jobs in America require a postsecondary credential or training (US Department of Education, 2007). Despite this, only 41% of 18-24 year-olds were enrolled in college in 2012. (National Center for Education Statistics, 2013)
- * By all measurements, college-educated adults out-earn those without college credentials:
 - In 2012, the median annual earnings for workers with a Bachelor's degree or higher were 56% greater than for workers holding only a high school diploma (\$46,000 compared to \$30,000), and 105% better than for workers without a high school diploma (\$46,000 compared to \$22,900). (National Center for Education Statistics, 2014)
 - Median weekly earnings for full-year, full-time workers aged 25+ was \$1,108 for those with a Bachelor's degree, compared to only \$651 for those with a high school diploma — a 70% difference, up from a difference of 64% in 2011. (Bureau of Labor Statistics, 2014)
 - Even excluding advanced degree holders, hourly wages for college graduates are 98% higher than hourly wages for non-college graduates — an increase in disparity of 10% from five years ago. (*New York Times* analysis of data from the Economic Policy Institute, 2014)
 - Ultimately, graduates who earn a Bachelor's degree or higher can be expected to earn \$800,000 more over a lifetime than those who only earn a high school diploma. (Federal Reserve Bank of San Francisco, 2014)
- * Bachelor's degree holders pay 78% (\$5,000) more annually in federal, state, and local taxes than the typical high school graduate. (College Board, 2013)
- * Higher education is vital for intergenerational mobility. Of adults who grew up in the bottom income quintile, 47% of those without a Bachelor's degree remained in the bottom quintile between 2000 and 2008, compared to 10% of those with a four-year college degree (College Board, 2013).
- * In 2000, 31% of adults surveyed said a college education is necessary for economic success; in 2008, 55% said a college education is necessary for economic success (Public Agenda, 2009). A separate survey in 2010 found that 89% of voters agreed with the statement that “to really get ahead in life a person needs at least some college education beyond high school, whether that means university, community college, technical or vocational school” (Achieve, 2010).

Effect of Inaction on American Society and Economy

- * Though the US was once the leader in college attainment for adults aged 25-34, it now ranks 12th (OECD, 2013). In 2001, 28% of US adults had completed a tertiary degree, compared to the OECD average of 15%. In 2011, the US percentage had risen to 32%, while the OECD average rose much more steeply to 23% -- twice the rate of increase as the US. (National Center for Education Statistics, 2014)
- * America's economic competitiveness depends on its workforce's educational attainment. It has been estimated that by 2020, the US economy will face a shortage of at least 5 million post-secondary degrees (Georgetown Center for Education and the Workforce, 2013).
- * In 2013, six years after the recession, the unemployment rate for adults aged 25-34 without a high school diploma or equivalent was 15.1% and 12.1% for those with a high school diploma or equivalent. Meanwhile, only 3.6% of adults with a Bachelor's degree or higher were unemployed. (National Center for Education Statistics, 2014)
- * In 2011, four years after the recession, the unemployment rate for high school dropouts was 14.3% compared to 4.3% for individuals with a Bachelor's degree or higher (US Department of Labor, 2011)
- * An estimated 1.3 million students across the nation dropped out from the high school class of 2010. Reducing the dropout rate by 50% for a single graduating class would result in an increase of \$19 billion in home sales and an annual increase of \$741 million in auto sales by the midpoint of their careers. State tax revenues would increase annually by \$713 million, while GDP would increase by \$9.6 billion by their career midpoints. Economic benefits would be even higher if these students went on to earn a college degree. (Alliance for Excellent Education, 2011)
- * The poverty rate for families of college graduates is only 4%; for families with less than a high school diploma the rate jumps to 26%; for single-mother families without a high school diploma the rate doubles to 56% (College Board, 2010). It has been projected that by 2018 only 37% of all jobs will require a high school diploma or less; of those, only one-third will pay \$35,000 or more. (Institute for Higher Education Policy, 2012)
- * In 2011, the percentages of high school graduates ages 25 and older living in households receiving benefits from SNAP (the Supplemental Nutrition Assistance Program) and from the free and reduced-price school lunch program were about six times as high as the percentages of those with a Bachelor's degree or higher participating in these programs (College Board, 2013).