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# Education Matters: Earnings by Educational Attainment Over Three Decades

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*Congressional Research Service*

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# Education Matters: Earnings by Educational Attainment Over Three Decades

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## Education Matters: Earnings by Educational Attainment Over Three Decades

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The amount of education that individuals accumulate has an important influence on their experience in the labor market. Workers with more years of education typically encounter less unemployment. Conversely, as educational attainment increases, earnings typically rise. These relationships have held up over time, and in some periods, have intensified. College graduates' earnings grew so much more rapidly than those of less educated workers during the 1980s, for example, that it prompted ongoing interest in the extent of wage inequality among U.S. workers.<sup>1</sup>

Workers with a bachelor's degree are much better off today, compared to less educated workers, than they were some three decades ago. As shown in **Table 1**, the average wage advantage of male college graduates over male high school graduates grew from about 50% in the latter half of the 1970s to at least 90% thus far in the current decade. The average premium paid to female college over female high school graduates similarly increased, going from about 40% to about 80% during the same period.

Workers with the least education generally have experienced the slowest wage growth. This has been particularly true for men. Weakness in comparatively high-paid male-dominated industries in which many jobs typically require 12 or fewer years of schooling (e.g., manufacturing) likely explains some of the relatively meager wage gains among less educated men.

Over the years, women's wages have increased to a much greater degree than men's wages at each educational level. Nonetheless, men who lack high school diplomas continue to earn slightly more than female high school graduates and slightly less than women who have some postsecondary education.<sup>2</sup>

These one-year earnings differences by education level are estimated to produce markedly wider disparities over an individual's working life. Among full-time year-round

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<sup>1</sup> For information on wage inequality see CRS Report RL31616, *The Distribution of Earnings of Wage and Salary Workers in the United States, 1994-2002*, by Gerald Mayer.

<sup>2</sup> For information on the gender wage gap see CRS Report 98-273, *The Gender Wage Gap and Pay Equity: Is Comparable Worth the Next Step?*, by Linda Levine.

workers, high school dropouts might have average earnings totaling \$1.0 million (in 1999 dollars) over a 40-year working life; high school graduates, \$1.2 million; those with some college or an associate's degree, \$1.5-\$1.6 million; and college graduates, \$2.1 million.<sup>3</sup>

**Table 1. Mean Earnings of Workers 18 Years or Older by Highest Level of Educational Attainment**

Year	Not a high school graduate	High school graduate (or equiv.)	Some college or Assoc. Degree	Bachelor's Degree only	Not a high school graduate	High school graduate (or equiv.)	Some college or Assoc. Degree	Bachelor's Degree only
	Male				Female			
2003	21,447	33,265	38,451	63,084	14,214	21,659	24,848	38,448
2002	22,091	32,673	38,377	63,503	13,459	21,141	23,905	37,909
2001	21,508	32,363	37,428	63,354	14,523	20,489	24,268	36,913
2000	21,007	31,446	37,373	62,609	12,739	19,162	22,779	35,328
1999	18,855	30,414	35,326	57,706	12,145	18,092	21,644	32,546
1998	19,155	28,742	34,179	55,057	11,353	17,898	21,056	31,452
1997	19,574	28,307	32,641	50,056	10,725	16,906	19,856	30,119
1996	17,826	27,642	31,426	46,702	10,421	16,161	18,933	28,701
1995	16,747	26,333	29,851	46,111	9,790	15,970	17,962	26,841
1994	16,633	25,038	27,636	46,278	9,189	14,955	16,928	26,483
1993	14,946	23,973	26,614	43,499	9,462	14,446	16,555	25,232
1992	14,747	22,811	25,366	40,039	9,248	14,073	15,922	23,991
1991	15,056	22,663	25,345	38,484	8,818	13,523	15,643	22,802
1990	14,991	22,378	26,120	38,901	8,808	12,986	15,002	21,933
1989	14,727	22,508	25,555	38,692	8,268	12,468	14,688	21,089
1988	14,551	21,481	23,827	35,906	7,711	11,857	14,009	19,216
1987	14,544	20,364	22,781	33,677	7,504	11,309	13,158	18,217
1986	13,703	19,453	21,784	33,376	7,109	10,606	12,029	17,623
1985	13,124	18,575	20,698	31,433	6,874	10,115	11,504	16,114
1984	12,775	18,016	18,863	29,203	6,644	9,561	10,614	14,865
1983	12,052	16,728	18,052	27,239	6,292	9,147	9,981	13,808
1982	11,513	16,160	17,108	25,758	5,932	8,715	9,348	12,511
1981	11,668	15,900	16,870	24,353	5,673	8,063	8,811	11,384
1980	11,042	15,002	15,871	23,340	5,263	7,423	8,256	10,628
1979	10,628	14,317	14,716	21,482	4,840	6,741	7,190	9,474
1978	9,894	13,188	13,382	19,861	4,397	6,192	6,441	8,408
1977	8,939	12,092	12,393	18,187	4,032	5,624	5,856	7,923
1976	8,522	11,189	11,376	16,714	3,723	5,240	5,301	7,383
1975	7,843	10,475	10,805	15,758	3,438	4,802	5,109	6,963

**Source:** Created by the Congressional Research Service from U.S. Bureau of the Census data.

<sup>3</sup> U.S. Census Bureau, *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings*, P23-210, July 2002.