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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.¹

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.²

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


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.3

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Not a high school graduate</td>
<td>High school graduate (or equiv.)</td>
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<tr>
<td>2003</td>
<td>21,447</td>
<td>33,265</td>
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<tr>
<td>2002</td>
<td>22,091</td>
<td>32,673</td>
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<td>2001</td>
<td>21,508</td>
<td>32,363</td>
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<tr>
<td>2000</td>
<td>21,007</td>
<td>31,446</td>
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<tr>
<td>1999</td>
<td>18,855</td>
<td>30,414</td>
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<td>1998</td>
<td>19,155</td>
<td>28,742</td>
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<td>1997</td>
<td>19,574</td>
<td>28,307</td>
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<tr>
<td>1996</td>
<td>17,826</td>
<td>27,642</td>
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<td>1995</td>
<td>16,747</td>
<td>26,333</td>
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<td>16,633</td>
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<td>14,946</td>
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<td>14,747</td>
<td>22,811</td>
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<tr>
<td>1990</td>
<td>14,991</td>
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<td>1989</td>
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<td>1988</td>
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<td>1987</td>
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<td>1975</td>
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Source: Created by the Congressional Research Service from U.S. Bureau of the Census data.