

# How does a college degree improve graduates' employment and earnings potential?

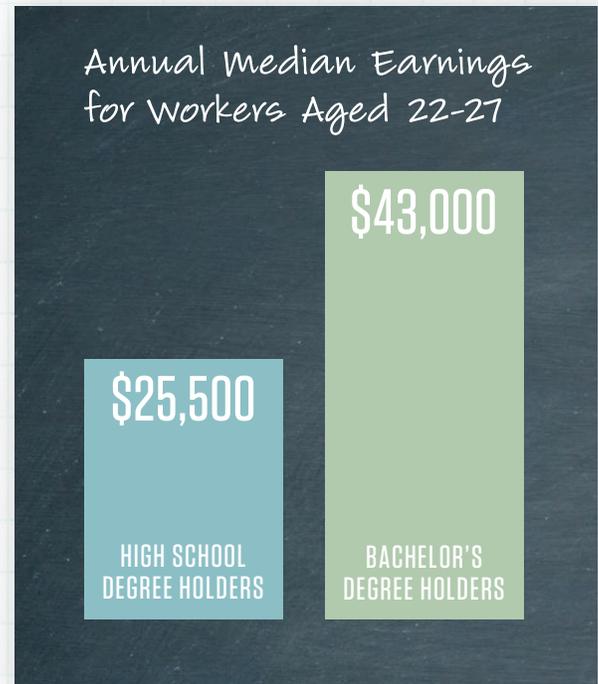
The evidence that a college degree significantly improves one's employment prospects and earnings potential is overwhelming. Bachelor's degree holders are half as likely to be unemployed as their peers who only have a high school degree and they make \$1 million in additional earnings on average over their lifetime.<sup>1,2</sup>

## BOLSTERED PROSPECTS

Sixty percent of bachelor's degrees in the United States are awarded by public institutions. College-educated workers enjoy a substantial earnings premium. On an annual basis, bachelor's degree holders earn about \$32,000 more than those whose highest degree is a high school diploma.<sup>3</sup> The earnings gap between college graduates and those with less education continues to widen. Today, Millennials with a high school diploma earn 62 percent of what the typical college graduate earns.<sup>4</sup> In 2016, recent graduates' income reached its highest level in over a decade—a median of \$43,000 a year for bachelor's degree holders aged 22–27. For high school graduates the same age, median earnings are \$25,000 a year.<sup>5</sup>

Recent college graduates also weathered the Great Recession better than their peers with a high school diploma. When unemployment reached its peak in 2010, recent college graduates experienced an unemployment rate of 6.9 percent, compared with a jobless rate of 15.8 percent for all young workers. Today, the jobless rate for bachelor's degree holders is just 2.5 percent.<sup>6</sup> And the incidence of poverty among bachelor's degree holders is 3.5 times lower than it is for those who hold high school degrees.<sup>7</sup>

A college education is expected to become even more valuable. Some 99 percent of jobs created since the recession went to individuals with at least some postsecondary education.<sup>8</sup>

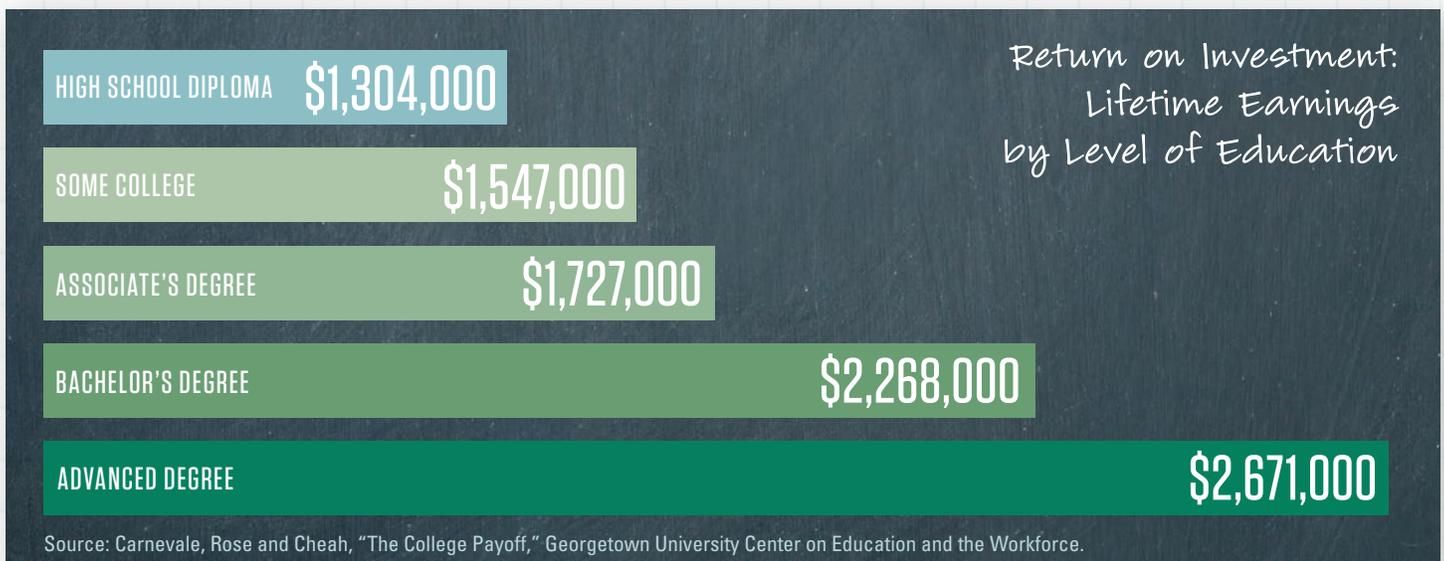
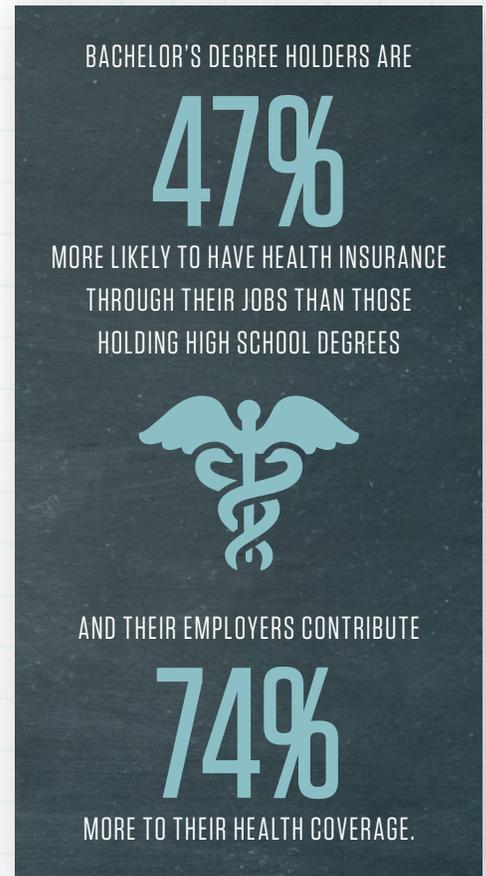


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LOWER POVERTY RATE  
FOR BACHELOR'S DEGREE  
HOLDERS VERSUS THOSE  
WITH ONLY A HIGH  
SCHOOL DEGREE

## ADDITIONAL BENEFITS TO GRADUATES

Of course, a college education is about more than just securing a job and a steady income. Consider health and safety, prerequisites for leading a fulfilling life. Bachelor's degree holders are 47 percent more likely to have health insurance provided through their job and their employers contribute 74 percent more to their health coverage. Life expectancy is also longer for those who attend college. Studies suggest that those who have attended at least some college can expect to live seven years longer than their peers with no postsecondary education.<sup>3</sup>



1. Abel and Deitz, "Do the Benefits of College Still Outweigh the Costs," Current Issues in Economics and Finance, 2014.
2. Timiraos and Zumbrun "The July Jobs Report in 15 Charts," Wall Street Journal, 2016.
3. Trostel, Lumina Foundation, "It's Not Just the Money," 2015.
4. Pew Research Center, The Rising Cost of Not Going to College, 2014.
5. Zumbrun, "Income for Recent Graduates the Highest in Over a Decade," Wall Street Journal.
6. "The Labor Market for Recent College Graduates," The Federal Reserve Bank of New York."
7. Trostel, Lumina Foundation, "It's Not Just the Money," 2015.
8. Carnevale, Jayasundera & Gulish, "America's Divided Recovery: College Haves and Have Nots," 2016.