



## Education and Income: The Haves and the Have-Nots

*Incomes have been rising in recent decades, taken on average. That's the good news. The bad news is that these increases are terribly uneven, based largely on the educational level the wage-earners in each household have reached. In fact, families with lower educational achievement have actually lost ground substantially since the early 70's. And the income gap is getting wider.*

*There's no doubt that earning capacity is closely linked to the schooling a person has completed. It's a message we've got to get out to students and parents, as many ways as we can: staying in school pays off, big time!*

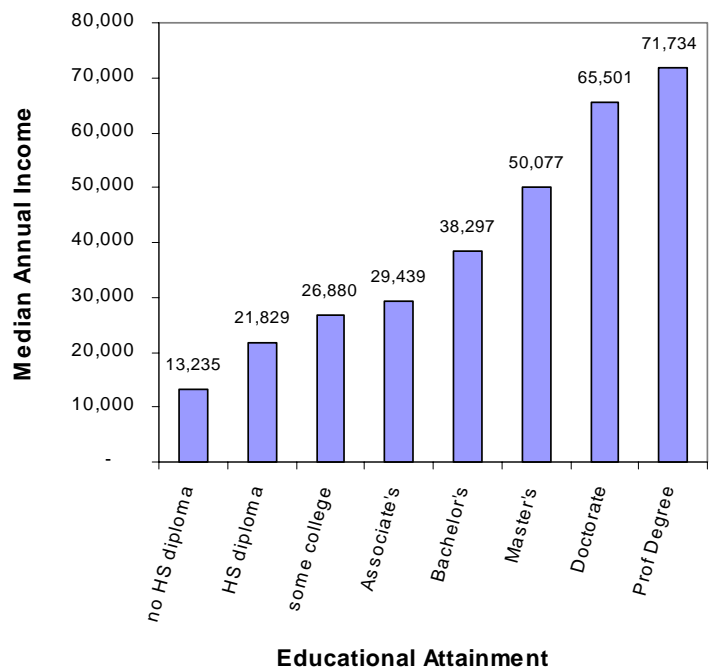
### What the numbers tell us

As the chart on the right shows, the link between a person's highest educational level and his or her typical income couldn't be more obvious. The longer the person has stayed in school, the higher the median income.

Just look at that first step. What do those numbers mean? They mean that, on average, staying in school to earn a high school diploma **now** translates into earning over \$8,500 more each year **for the rest of the student's working life.** That's vital information for students on the brink

of dropping out so that they can get jobs. The message is clear: Stay in school, make the most of the opportunities here, and make much more for years to come. And of course we also need to remind these students that the high school diploma is the necessary first step to move up into the other earnings columns.

**Median Annual Income  
of Individuals Aged 25-64,  
by Educational Attainment, 1999**



Source: Thomas Mortenson, Postsecondary Education Opportunity, 2001 (based on U.S. Census Bureau data)

## A bleak picture growing bleaker

In the 1950's and 60's, income levels for families at all educational attainment levels rose steadily at roughly parallel rates. This pattern broke down in the 70's. As shown on the chart below, families with less-educated wage-earners have fallen far behind since then. Four of the six educational categories show decreases in median income since 1973. And these declines are likely to continue.

**Less than 9th grade** ➤ At the bottom of the income scale to begin with, people who have never gone beyond junior high school have lost ground since the early 1970's. They are generally limited to low-paying jobs as custodians, dishwashers, agricultural labor, etc. Because there are fewer and fewer jobs for them at anything more than minimum wage, which has stagnated in recent years, this group has seen a 17.5% loss of income since 1973.

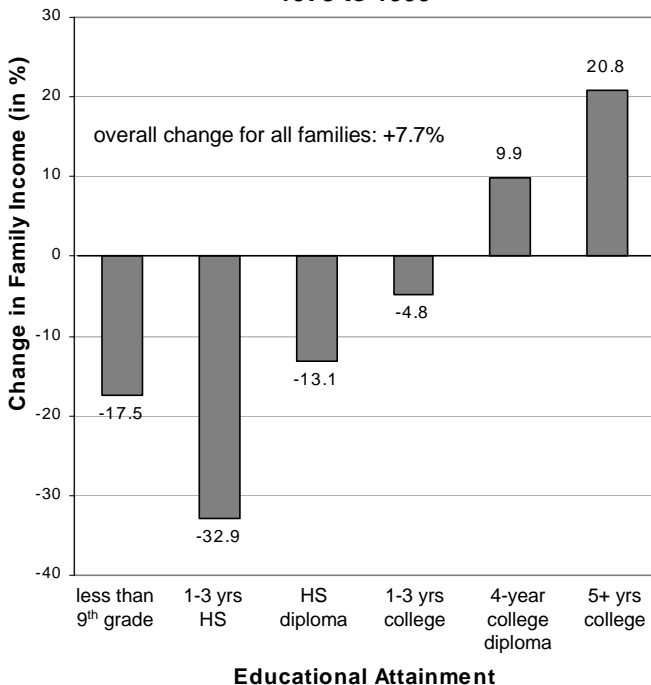
**1-3 years of High School** ➤ The group showing the most dramatic, most disturbing change is the group with some high school but no diploma—high school dropouts, in fact. **This group's average income has fallen by almost one-third in recent decades, and is**

**continuing to decline. This is by far the most troubling fact on the chart.**

In the 40's, 50's, and 60's, heavy industry provided many fairly well-paying jobs which did not require the training and skills represented by a high-school diploma. But high-wage, low-skilled work has largely disappeared in this country. In the early 70's, one out of every four jobs was in factory or manufacturing work. There are 12 to 15 million fewer of these jobs in the U.S. today. The result? Many people in this second group—some high school, but no diploma or GED—are now competing with the first group for lower-paid or minimum-wage work.

**High School diploma** ➤ People who finish high school but don't go on to college have also lost ground since 1973. These are people who find work as telephone operators, clerical or data-entry workers, licensed practical nurses, and so on. But many of the jobs that were open to these people 30 years ago now call for more training. Office jobs, bookkeeping, sales, and marketing now require higher-level skills if not a college degree. And the coming of the computer age has changed the rules and raised the requirements for many, many jobs.

**Changes in Median Family Income  
by Educational Attainment of Householder,  
1973 to 1999**



Source: Thomas Mortenson, "The Condition of Access: What the Enrollment Numbers Say," Postsecondary Education Opportunity, 2001

## Conclusion

The only winners on these charts—and in life—are people with strong technical training and/or college degrees, especially in professional fields. In fact, it seems that the American workplace has gone through a kind of credentials inflation, with job requirements ratcheting up over time. Jobs that called for a high school education a generation ago now typically call for some college education.

The moral of the story is: in order to compete for good incomes, young people must earn a high school diploma (preferably a "regular" high school diploma instead of GED equivalency), backed up with good skills, and must continue on to post-secondary training that matches their specific career goals.

Educators and parents who allow students to drop out of high school are condemning those students to fall farther and farther behind. The doors are closing for these students early in their lives.