

**Pay gap between college grads and everyone else at a record**

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Washington • Americans with no more than a high school diploma have fallen so far behind college graduates in their economic lives that the earnings gap between college grads and everyone else has reached its widest point on record.

The growing disparity has become a source of frustration for millions of Americans worried that they — and their children — are losing economic ground.

College graduates, on average, earned 56 percent more than high school grads in 2015, according to data compiled by the Economic Policy Institute. That was up from 51 percent in 1999 and is the largest such gap in EPI’s figures dating to 1973.

Since the Great Recession ended in 2009, college-educated workers have captured most of the new jobs and enjoyed pay gains. Non-college grads, by contrast, have faced dwindling job opportunities and an overall 3 percent decline in income, EPI’s data shows.

“The post-Great Recession economy has divided the country along a fault line demarcated by college education,” Anthony Carnevale, director of Georgetown University’s Center on Education and the Workforce, said in a report last year.

College grads have long enjoyed economic advantages over Americans with less education. But as the disparity widens, it is doing so in ways that go beyond income, from homeownership to marriage to retirement. Education has become a dividing line that affects how Americans vote, the likelihood that they will own a home and their geographic mobility.

The dominance of college graduates in the economy is, if anything, accelerating. Last year, for the first time, a larger proportion of workers were college grads (36 percent) than high school-only grads (34 percent), Carnevale’s research found. The number of employed college grads has risen 21 percent since the recession began in December 2007, while the number of employed people with only a high school degree has dropped nearly 8 percent.

Behind the trend is a greater demand for educated workers, and the retirement of older Americans, who are more likely to be high school-only graduates.

The split is especially stark among white men. For middle-age white men with only high school degrees — the core of President-elect Donald Trump’s support — inflation-adjusted income fell 9 percent from 1996 through 2014, according to Sentier Research, an analytics firm. By contrast, income for white men in the same age bracket who are college graduates jumped 23 percent.

Long after the recession ended, many young college graduates struggled to find well-paying jobs in a slowly recovering economy, and stories about graduates working as coffee shop baristas abounded. But data collected by the New York Federal Reserve suggests that trend has faded as the economy has improved.

Yet few experts think the solution is simply to send more students to four-year colleges. Many young people either don’t want to spend more years in school or aren’t prepared to do so. Already, four in every 10 college students drop out before graduating — often with debt loads they will struggle to repay without a degree.

Rather, labor economists say, many high school grads would benefit from a more comprehensive approach to obtaining skills, especially involving technology, that are increasingly in demand.

“If the only path you offer them is a traditional college path, they’re not going to be successful,” says Harry Holzer, an economist at Georgetown University.

Helping lift high school graduates’ skill levels is critical, given the many ways they are lagging behind their college-educated peers:

— They’re less likely to have a job. Just two-thirds of high school-only grads ages 25 through 64 were employed in 2015, down sharply from 73 percent in 2007. For college graduates in the same age group, employment dipped only slightly from 84 percent to 83 percent.

— They’re less likely to be married. In 2008, marriage rates for college-educated 30-year olds surpassed those of high-school-only grads for the first time. And women with college diplomas enjoy an 8-in-10 chance of their first marriage lasting 20 years, according to the Center for Disease Control’s National Center for Health Statistics. That’s double the odds for women with just high school degrees.

— High school-only grads are less likely to own homes. Sixty-four percent are current homeowners, down from 70 percent in 2000. By contrast, three-quarters of bachelor’s degree holders are homeowners, down slightly from 77 percent in 2000, according to real estate data firm Zillow.

— A college-educated worker is now more likely to belong to a labor union than a high-school-only worker is, according to Pew Research Center. Unions have played a key role in raising pay for members. Yet just 6 percent of workers with only a high school degree now belong to one. Public employee unions, which often represent teachers and others with college educations, have generally maintained staying power while large industrial unions have deteriorated.

— College grads are more likely than high school-only graduates to contribute to a 401(k)-style retirement plan, according to research by Christopher Tamborini of the Social Security Administration and Changhwan Kim, a sociology professor at the University of Kansas. College grads contributed 26 percent more even when members of both groups had similar incomes and access to such plans, their research found.

Participation in 401(k)-style plans requires decisions — whether and how much to contribute and how to invest — that can become barriers for the less educated. That contrasts with traditional pensions, which automatically enrolled everyone eligible and provided defined benefits. But traditional pensions have been rapidly phased out.

— College graduates are more likely to move to find work than high-school-only workers are, says Enrico Moretti, an economist at the University of California, Berkeley. Companies tend to recruit more broadly for high-skilled jobs than for low-skilled work.

“College graduates are essentially in a nationwide labor market,” Moretti said.

All of this contributed to a sharp political split in the presidential election. College graduates favored Hillary Clinton by 9 percentage points. Non-college grads chose Donald Trump by 8 points, according to exit polls. That was the largest disparity between the two groups on record since 1980, according to the Pew Research Center.

“These are some of the largest (demographic) shifts in recent years,” said Jocelyn Kiley, an associate director at Pew.

The gap is most pronounced among whites: Nearly two-thirds of white non-college grads voted for Trump, compared with just 45 percent of whites with college degrees.

Some of these trends might eventually reverse themselves if more high school grads acquire the skills needed for higher-paying work. Though many middle-income jobs don’t require college, nearly all require some post-high school education or training.

What Holzer calls the “new middle” includes such health care jobs as X-ray technicians and phlebotomists, as well as computer-controlled manufacturing and some office occupations, like paralegals.

A typical X-ray technician, for example, earns nearly $60,000 a year and needs only a two-year degree, according to government data.

And these “new middle” positions are typically the same jobs for which employers have complained that they can’t find enough qualified people to fill. Labor experts say the U.S. educational system is failing to help young people acquire such skills.

If they know where to look, high school graduates can choose from among numerous options for vocational skills training — from two-year programs to online courses to for-profit schools. Yet many aren’t likely to get much help from high school guidance counselors.

Joseph Fuller, a professor at Harvard Business School, says counselors increasingly focus on things like substance abuse, discipline and standardized testing, rather than on career advice.

Nor do U.S. high schools funnel students into the kind of on-the-job apprenticeships that exist in some countries. Instead, Fuller says, U.S. apprentices are typically older workers upgrading their skills in areas like construction. The average age of an apprentice in Germany is 17, he notes; in the United States, it’s 27.

“We have a very limited vision of how to get people from their graduation in high school onto a path that’s going to lead them to have a successful, independent life,” Fuller said.

Asia Howard, 26, of Jacksonville, Florida, is navigating that path right now. She was stuck in mostly retail and fast-food jobs after graduating high school, unable to get a job in banking, a profession she prized for its steady hours. A friend told her about a nonprofit called Year Up, which teaches such career skills as resume writing, interview techniques and time management.

Year Up participants also typically receive internships, which Howard spent at Everbank. She also took classes to upgrade her computer skills. Early last year, she began a job in mortgage lending at PNC Financial that pays nearly twice what she earned in previous jobs. She saw many people lose homes during the financial crisis. Now, she helps people buy them.

“It gives me a chance to see what that side of life is like,” Howard said. And unlike in her previous jobs, “I can see a lot of room to grow.” She is also studying for an associate’s degree in business administration at Florida State College at Jacksonville.

The driving force for many of these changes was the recession, which reshaped the job market in ways that left far fewer opportunities for workers like Howard. Many routine jobs were replaced by computers or robots or were outsourced overseas.

There are nearly 1.5 million fewer office administrative and clerical jobs now than there were before the recession, according to an analysis by Georgetown’s Center on Education and the Workforce. That narrowed a long-time path to the middle class for high school graduates, particularly women.

Manufacturing employment is also 1.5 million lower than when the recession began in 2007. The construction industry had offered a lifeline to many high-school educated workers, particularly men, during the housing boom in the 2000s. Yet construction now employs 840,000 fewer people than it did nine years ago.

Since the recession, the fastest-growing industry for high school-only grads has been a mostly low-paying sector that includes restaurants, hotels, and amusement parks, according to Georgetown’s analysis.

Those are the types of jobs that Crystal Thompson, 35, of Seattle, has held since she finished high school. She has worked at Domino’s Pizza for seven years.

“The only jobs that are out there are pretty much minimum wage jobs — coffee shops, restaurants, things like that,” she said. “I’m pretty much stuck in fast food for now.”

Her raises have come from minimum wage increases. She went on strike twice during Seattle’s recent “Fight for $15” campaign, which led the City Council to approve a citywide $15 minimum wage.

Thompson, who has three children, wants to return to school to become a translator. She is mostly fluent in Spanish. Yet she has found it hard to do so in part because her work schedule can fluctuate and is typically distributed just a day in advance.

The closest community college lacks the classes in medical and legal translation she needs. Those classes are offered at another community college a half hour away, so she needs to buy a car to attend them.

“It’s definitely one of my goals, to get some kind of career going,” she says. “I want to be a productive member of society.”

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# By the Numbers: Dropping Out of High School

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by [JASON M. BRESLOW](https://www.pbs.org/wgbh/frontline/person/jason-m-breslow/) Digital Editor



How costly is the decision to drop out of high school? Consider a few figures about life without a diploma:

### $20,241

The average dropout can expect to earn an annual income of $20,241, according to the [U.S. Census Bureau](http://www.census.gov/compendia/statab/2012/tables/12s0232.pdf) (PDF). That’s a full $10,386 less than the typical high school graduate, and $36,424 less than someone with a bachelor’s degree.

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Of course, simply finding a job is also much more of a challenge for dropouts. While the national [unemployment rate](http://www.bls.gov/news.release/empsit.nr0.htm) stood at 8.1 percent in August, joblessness among those without a high school degree measured 12 percent. Among college graduates, it was 4.1 percent.

### 30.8

The challenges hardly end there, particularly among young dropouts. Among those between the ages of 18 and 24, dropouts were more than twice as likely as college graduates to live in poverty according to [the Department of Education](http://nces.ed.gov/pubs2012/2012026/chapter3_31.asp). Dropouts experienced a poverty rate of 30.8 percent, while those with at least a bachelor’s degree had a poverty rate of 13.5 percent.

### 63

Among dropouts between the ages of 16 and 24, incarceration rates were a whopping 63 times higher than among college graduates, according to [a study](http://www.northeastern.edu/clms/wp-content/uploads/The_Consequences_of_Dropping_Out_of_High_School.pdf) (PDF) by researchers at Northeastern University. To be sure, there is no direct link between prison and the decision to leave high school early. Rather, the data is further evidence that dropouts are exposed to many of the same socioeconomic forces that are often gateways to crime.

### $292,000

[The same study](http://www.northeastern.edu/clms/wp-content/uploads/The_Consequences_of_Dropping_Out_of_High_School.pdf) (PDF) found that as a result — when compared to the typical high school graduate — a dropout will end up costing taxpayers an average of $292,000 over a lifetime due to the price tag associated with incarceration and other factors such as how much less they pay in taxes.

# The High Cost of High School Dropouts: The Economic Case for Reducing the High School Dropout Rate

Designed for an era long since passed, many of the country’s high schools no longer serve the needs of a nation powered by innovation and fueled by knowledge and skills.

Fifty years ago, the nation could afford to lose large numbers of students before graduation because high school dropouts could still land well-paying jobs and support their families. But times have changed. Today, jobs that require relatively little education are increasingly done by machines or shipped overseas, and individuals who fail to earn a high school diploma are at a great disadvantage.

Based on [recent data from the U.S. Bureau of Labor Statistics](http://www.bls.gov/news.release/empsit.t04.htm), high school dropouts are nearly three times more likely to be unemployed than college graduates. Even when employed, high school dropouts earn about $8,000 a year less than high school graduates and approximately $26,500 a year less than college graduates, based on [calculations by the Alliance for Excellent Education](https://all4ed.org/reports-factsheets/education-and-the-economy-boosting-the-nations-economy-by-improving-high-school-graduation-rates/).

Looking into the future, the job prospects aren’t getting any brighter for individuals with lower levels of education. According to [research by the Georgetown Center on Education and the Workforce](http://cew.georgetown.edu/recovery2020), 65 percent of all jobs in 2020 will require some form of education after high school.

Most people understand the heavy yoke that high school students place around their own necks when they drop out of school, but few understand that the drag goes far beyond the impact on the individuals. As research by the Alliance for Excellent Education has found, high school dropouts also influence a community’s economic, social, and civic health.

While data on the education attainment of inmates is sparse, a 2004 survey of inmates in state and federal correctional facilities by the U.S. Bureau of Justice Statistics finds that 67 percent of inmates in America’s state prisons, 56 percent of federal inmates, and 69 percent of inmates in local jails are high school dropouts.

According to an [Alliance for Excellent Education report](https://all4ed.org/reports-factsheets/saving-futures-saving-dollars-the-impact-of-education-on-crime-reduction-and-earnings-2/), the nation could save as much as $18.5 billion in annual crime costs if the high school male graduation rate increased by only 5 percentage points. In addition to the cost savings, the nation would also see a decrease in annual incidences of assault by nearly 60,000; larceny by more than 37,000; motor vehicle theft by more than 31,000; and burglaries by more than 17,000. It would also prevent nearly 1,300 murders, more than 3,800 occurrences of rape, and more than 1,500 robberies.

The disparity between annual federal spending on students and inmates is staggering: the national average for educating a student is $12,643 per year while the annual state average cost to house an inmate is more than double that amount, at $28,323. If the nation made a comparable investment in schools as it does in jails and prisons, the return would be decreased levels of criminal activity and incarceration as well as significant and life-changing impacts for individuals and the nation as a whole.

High school dropouts are also generally less healthy, require more medical care, and die earlier. In fact, cutting the number of high school dropouts in half nationally would save $7.3 billion in annual Medicaid spending, according to an [Alliance report on the subject](https://all4ed.org/reports-factsheets/well-and-well-off-decreasing-medicaid-and-health-care-costs-by-increasing-educational-attainment/). When you add in projected savings to society through improved productivity at work, decreased health problems, and the freedom from pain and suffering caused by illness and disease, you get even higher benefits: Nearly $12 billion in heart disease-related savings, $11.9 billion in obesity-related savings, $6.4 billion in alcoholism-related savings, and $8.9 billion in smoking-related savings.

On the other hand, ensuring that more students graduate from high school with the knowledge and skills necessary to succeed in college and career would have tremendous benefits for the national economy. In fact, increasing the national high school graduation rate to 90 percent for just one high school class would create as many as 65,700 new jobs and boost the national economy by as much as $10.9 billion. The nation would also see increases in home and automobile sales of as much as $16.8 billion and $877 million, respectively, and an annual increase in federal and state tax revenues of as much as $1.3 billion and $661 million, respectively. See the economic benefit for your state or metro area by visiting [http://impact.all4ed.org](http://impact.all4ed.org/).

Without systemic reform, the nation’s economic future could be severely threatened; today’s dropouts and undereducated graduates will become tomorrow’s poorly educated workers, struggling to find jobs and support their families. Large numbers of high school dropouts will make it difficult for cities and states to attract new business. At the same time, additional spending on social programs and the criminal justice system will drain state and federal coffers. Increasing numbers of dropouts translate not only into lost human potential and lower tax revenues, but also a vitiated democracy and a weakened ability to compete in the global economy.

Instead of an education system that ensures that every child is a high school graduate prepared for college and success in life, the nation will be left with middle and high schools that typify the old adage, “You get what you pay for.”

The stunning potential economic benefit to the nation, as well as individual states and communities, of improving outcomes for America’s youth should be a wake-up call. The importance of reforming America’s high schools cannot be understated; the nation truly needs the economic and social contributions these young people can make. The realities of global competitiveness, the rapidly diminishing prospects of those students whose high schools fail to prepare them for college and work, and the resulting widening opportunity gap all make high school reform an imperative from an economic, national security, and civil rights perspective.

The time to act is now. In an increasingly global economy, American high school students must achieve at increasingly higher levels to allow the country to maintain its competitive advantage. Ensuring that all secondary students are prepared to succeed in college and work is a giant step in the right direction and will benefit individuals and society for decades to come.

# HIGH SCHOOL DROPOUT RATE: CAUSES AND COSTS

BY [MATTHEW LYNCH](https://www.theedadvocate.org/author/the-edvocate/)

AUGUST 2, 2016



On Monday I dug into the current state of high school dropouts and where American students today stand in historic statistics. In my research, I discovered that while dropout percentages are much lower today than they were a few decades ago, there is still a lot of room for improvement.

Today I want to look at the underlying causes of the dropout mentality and how every student who does not earn a high school diploma hurts society as a whole. My hope is that in discovering shared traits among dropouts, we can achieve higher high school graduation rates as a nation.

**Why are students dropping out?**

One unchanging factor when it comes to the dropout rate is socioeconomic background. Since the National Center for Education Statistics first started tracking different groups of high school students in the late 1960s, the socioeconomic status of each pupil has impacted the graduation rate. Students from low-income families are 2.4 times more likely to drop out than middle-income kids, and over 10 times more likely than high-income peers to drop out.

Household income is the not the only disadvantage many dropouts have, though. Students with learning or physical disabilities drop out at a rate of 36 percent. Some behaviors that are often characteristic in dropouts include being retained from advancing a grade level with peers, relocating during the high school years and the general feeling of being left out or alienated by peers or adults at the school. Overall, a student who does not fit the traditional classroom mold, or who falls behind for some reason, is more likely to lose motivation when it comes to high school and decide to give up altogether.

**How valuable is a high school diploma?**

The U.S. Census Bureau estimates that dropouts bring in just $20,241 annually, which is $10,000 less than high school graduates and over $36,000 less than a person holding a bachelor’s degree. The poverty rate for dropouts is over twice as high as college grads, and the unemployment rate for dropouts is generally 4 percentage points higher than the national average. In the end, the lifetime earnings of high school dropouts are $260,000 LESS than peers who earn a diploma.

**Why should I care?**

The financial ramifications of dropping out of high school hurt more than the individual. It’s estimated that half of all Americans on public assistance are dropouts. If all of the dropouts from the class of 2011 had earned diplomas, the nation would benefit from an estimated $154 billion in income over their working lifetimes. Potentially feeding that number is the fact that young women who give up on high school are nine times more likely to be, or become, young single mothers. A study out of Northeastern University found that high school dropouts cost taxpayers $292,000 over the course of their lives.

It’s not just about the money though. Over 80 percent of the incarcerated population is high school dropouts – making this an issue that truly impacts every member of the community. Numbers are higher for dropouts of color; 22 percent of people jailed in the U.S. are black males who are high school dropouts. As a society, we are not just paying into public assistance programs for dropouts, but we are paying to protect ourselves against them through incarceration.