

The Benefits of Higher Education

Students who attend institutions of higher education obtain a wide range of personal, financial, and other lifelong benefits; likewise, taxpayers and society as a whole derive a multitude of direct and indirect benefits when citizens have access to postsecondary education. Accordingly, uneven rates of participation in higher education across different segments of US society should be a matter of urgent concern not only to the individuals directly affected, but also to public policymakers at the federal, state, and local levels.



This report presents detailed evidence of the private and public benefits of higher education. It also sheds light on the distribution of these benefits by examining both the increases and the persistent disparities in college participation and completion. The following are some key ideas of the benefits of higher education.

Individuals with higher levels of education earn more and are more likely than others to be employed.

- Median earnings of bachelor's degree recipients working full-time year-round in 2008 were \$55,700, \$21,900 more than median earnings of high school graduates.
- Individuals with some college but no degree earned 17% more than high school graduates working full-time year-round. Their median after-tax earnings were 16% higher.
- For young adults between the ages of 20 and 24, the unemployment rate in the fourth quarter of 2009 for high school graduates was 2.6 times as high as that for college graduates.

The financial return associated with additional years of schooling beyond high school and the gaps in earnings by education level has increased over time.

- In 2008, median earnings for women ages 25-34 with a bachelor's degree or higher were 79% higher than median earnings for women with a high school diploma. The earnings premium for men was 74%. These earnings differentials were 60% and 54%, respectively, a decade earlier.
- The median hourly wage gain attributable to the first year of college, adjusted for race, gender, and work experience, increased from an estimated 8% in 1973 to about 10% in 1989, and 11% in 2007.

Federal, state, and local governments enjoy increased tax revenues from college graduates and spend less on income support programs for them, providing a direct financial return from investments in postsecondary education.

- In 2008, 8% of high school graduates ages 25 and older lived in households that relied on the Food Stamp Program, compared to just over 1% of those with at least a bachelor's degree. The pattern was similar for the National School Lunch Program.
- Spending on social support programs and incarceration costs are much lower for college graduates than for high school graduates. Estimated lifetime savings range from \$32,600 for white women to \$108,700 for black men. The gains in tax revenues produced by a more educated population are even greater.

College-educated adults are more likely than others to receive health insurance and pension benefits from their employers and be satisfied with their jobs.

- In 2008, about 58% of college graduates and individuals with some college education or an associate degree reported being very satisfied with their jobs, while 50% of high school graduates and 40% of individuals without a high school diploma reported being very satisfied.

Adults with higher levels of education are more active citizens than others.

- Both the percentage of people who donate their time to organizations and the number of hours people spend in volunteer activities are higher among individuals with higher levels of education.

College education leads to healthier lifestyles, reducing health care costs for individuals and for society.

- Within each age group, college-educated adults are less likely than others to be obese. In addition, children living in households with more educated parents are less likely than other children to be obese.
- During the decade from 1998 to 2008, the smoking rate declined from 14% to 9% among adults with at least a bachelor's degree, while the rate for high school graduates declined from 29% to 27%.



College-educated parents engage in more educational activities with their children, who are better prepared for school than other children.

- Among parents whose highest degree was a bachelor's degree, 68% read to their children daily in 2007. This compares to 57% of parents with an associate degree, 47% of parents with some college but no degree, 41% of high school graduates, and 26% of parents who did not complete high school.

Substantial evidence indicates that the associations described here are the result of increased educational attainment, not just individual characteristics.

Participation and Success in Higher Education

Although college enrollment rates continue to rise, large gaps persist across demographic groups.

- The college enrollment rate of high school graduates from the lowest family income quartile increased from 51% in 1998 to 55% in 2008. The rate for middle-income students declined from 63% to 61%, while 79% of the highest-income high school graduates enrolled in college in 1998 and 80% enrolled in 2008.
- From 1998 to 2004, the gap between proportions of white and black high school graduates who enrolled in college within a year fluctuated between 8 and 10 percentage points. By 2008, the gap had grown to about 14 percentage points.
- From 2000 to 2004, the gap between proportions of white and Hispanic high school graduates who enrolled in college within a year narrowed from 19 to 10 percentage points. By 2008, the gap had declined to 8 percentage points.

Enrollment patterns differ across income groups, and graduation rates vary by institution type.

- About 40% of dependent undergraduate students from families with income levels below \$40,000 enrolled in public two-year colleges in 2007-08, and 8% enrolled in for-profit institutions. In contrast, 17% of undergraduate students from families with incomes of \$120,000 or higher enrolled in public two-year colleges, and 1% attended for-profit institutions.
- Of first-time full-time students who began studying for a bachelor's degree at a four-year institution in 2002, 57% earned this degree within six years from the institution at which they began their studies. Completion rates averaged 65% at private not-for-profit, 55% at public four-year, and 22% at private for-profit institutions.

College completion rates differ considerably by family income, parental education level, and type of institution attended.

The proportion of adults in the US between the ages of 25 and 34 with a four-year college degree held steady at 24% in the 1980s, but grew from 29% in 2009 to 32% in 2009.