

The Workplace

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A Fact Sheet

Highlights

Educational choices determine earning power.

1. *Your career choice ultimately decides the type of lifestyle you will be able to enjoy.*
2. *High school graduates earn as much as 48% more than dropouts.*
3. *Earning power for female dropouts is either below or near the poverty level*
4. *Earning power increases as the level of educational attainment increases.*

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Do You Want to Be a Millionaire?

Decisions made during high school can literally make or break you. Your career choices such as where to go to school and what type of degree or certification to pursue determine how much money you will make during your lifetime. Your career choice ultimately decides the type of lifestyle you will be able to enjoy.

When comparing the average annual income of dropouts who are 25 years old and over to the annual income of high school graduates in the same age bracket, the wage gap between the two continues to be almost double. In 1999, the most recent year for which data have been analyzed, the difference between annual wages earned by those who dropped out in the ninth grade and those who completed high school was 48%, down almost one percent from the previous two years. In other words, high school graduates earned an average of \$20,968 annually compared to those who dropped out in the ninth grade who earned \$10,838. Those who remained in school longer, but failed to get a diploma or GED earned slightly more (Figure 1).

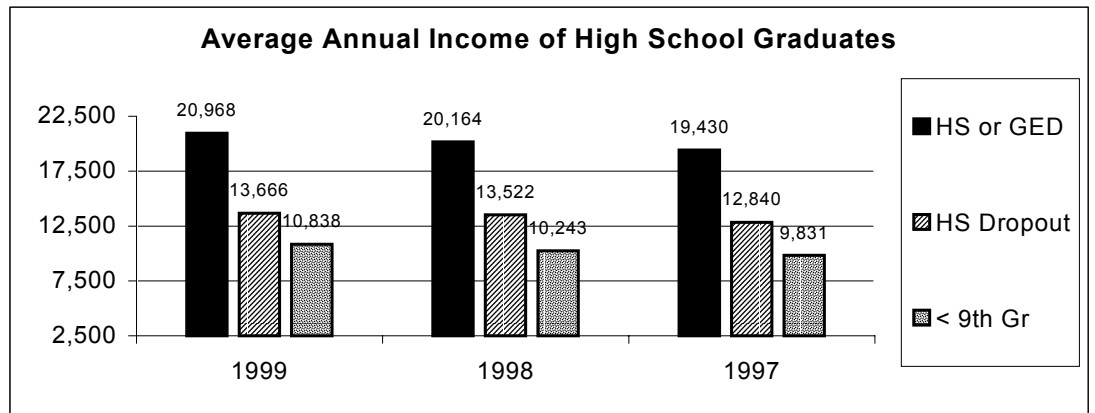


Figure 1. Earning potential for a high school graduate is up to almost twice that of a high school dropout.

The difference in earnings between male and female graduates and dropouts is even more dramatic. Females who drop out of school in the ninth grade or earlier can expect to make only 56% as much as their male

counterparts (Table 1). For these young women, their average annual earning power is either below or near the poverty level that is \$8,501 for a single person.

Educational Attainment	Males	Females
< 9th Grade	\$13,438	\$8,238
HS Dropout	\$17,707	\$9,625
HS or GED	\$27,240	\$14,695

Table 1. Earning potential increases proportionally with educational attainment.

Average annual income can be expected to increase as the level of educational attainment increases. In other words, typically a higher level of completion improves your earning potential. The average annual income for a person with a four-year degree is approximately 1.8 times that of a high school graduate. If you assume a modest four percent

inflation rate, the difference in earnings between a person with a college degree and a person with a high school diploma over a 30-year work life will amount to over a million dollars. This means that if college graduates simply saved the difference between what they earn as a result of their degree and what they would have earned if they had stopped their education after high school, they would have saved over a million dollars by the time they retire. If they invested this difference, they could easily have several million dollars in their portfolio at retirement.

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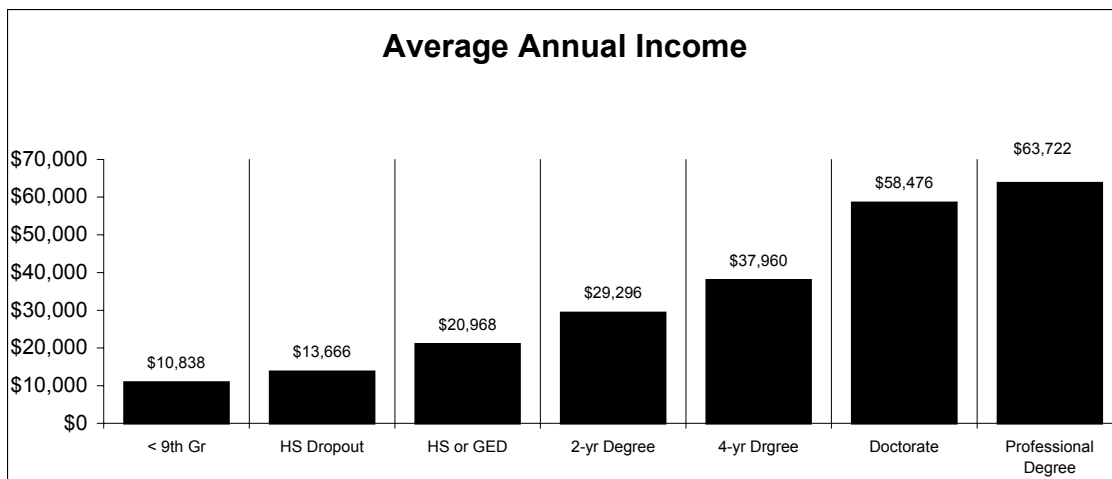


Figure 2. Earning power increases as the level of educational attainment increases.

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Sources:

U.S. Bureau of Census (1999).



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