Research Links Education Levels with Economic, Social Well-Being

The benefits of postsecondary education accrue not only to individuals, but also to families, communities, states and the nation as a whole. Policymakers increasingly recognize that improving educational attainment is a key ingredient in their efforts to enhance quality of life and strengthen economic competitiveness.

Low levels of education among the adult population in a state have been shown to negatively affect the following:

- Per-capita income and the strength of the state’s economy
- Health of the state’s population
- The well-being of children
- The rate of violent crime
- Voting rates
- Preparation level of the workforce.

This issue of *The Progress of Education Reform* offers a brief review of recent research findings on the correlation between educational attainment and economic and social well-being. It also provides links to Web sites that feature state rankings on health, crime rates, voting participation, workforce preparation, per-capita income and tax revenues, and other key indicators.
Research Looks at Earnings, Quality of Life

The recent reports reviewed for this issue included the following:


This 11-page report presents data on the educational attainment of Americans 25 years and older, by regions, states, counties and cities, and by age, sex and race. Among the major findings:

- Education levels in the United States are high and rising. In 2000, four out of five adults had completed high school (contrasted with only 24% of the population in 1940 and just over 50% in 1970), and more than half the U.S. population 25 and over had completed at least some college education.

- Growth in educational attainment from 1990 to 2000 occurred throughout the nation, narrowing differences across regions and among states. For example, the six states with the lowest high school completion rates in 1990 (Mississippi, Kentucky, West Virginia, Arkansas, Alabama and Tennessee) were among the states with the largest growth in percentage of people 25 and over who had completed high school or more.

- California, Texas, Florida and New Jersey were home to places with a large percentage of people with less than a high school diploma. One population characteristic shared by most of these places was a large and growing percentage of Hispanics and foreign-born residents.


This report focuses on the relationship between educational attainment and earnings, and examines how the relationship has changed over the last 25 years. It also provides, by level of education, estimates of the average total earnings adults are likely to accumulate over the course of their working lives.

Since the mid-1970s, earnings differences have grown among workers with different levels of education. In 1975, for example, full-time, year-round workers with a bachelor’s degree had 1.5 times the annual earnings of workers with only a high school diploma. By 1999, the ratio had risen to 1.8 times. Workers with an advanced degree, who earned 1.8 times the earnings of high school graduates in 1975, averaged 2.6 times the earnings of workers with a high school diploma in 1999.

The historical change in relative earnings by educational attainment may be explained by both the supply of labor and the demand for skilled workers. In the 1970s, the premiums paid to college graduates dropped because of an increase in their numbers, which kept the relative earnings range among education levels rather narrow.

Recently, however, technological changes favoring more-skilled workers have tended to increase earnings among adults with higher educational attainment while, simultaneously, the decline of labor unions and a decline in the minimum wage in constant dollars have contributed to a relative drop in the wages of less-educated workers.

The report also finds that while the education gap between men and women is narrowing, men earn more than women at each education level. Men with professional degrees may expect to earn almost $2 million more than their female counterparts over their 40-year work life.
Hot Off the Press

ECS’ Closing the College Participation Gap initiative shows who is participating in postsecondary education, and who is – and is not – likely to have access to a college education in the future. The results show that America is falling alarmingly behind other industrialized countries in sending its citizens to college.

Included in the study are individual profiles of all 50 states, a U.S. profile, a national summary of findings and two policy analyses. To see the state profiles, visit www.ecs.org/ccpaccess. To order copies of the other publications, contact the ECS Distribution Center at 700 Broadway, Suite 1200, Denver, CO 80203-3460, call 303.299.3692 or e-mail jivey@ecs.org.


The first in a series of monographs based on data from national and international literacy surveys, this report focuses on the performance of U.S. adults in comparison to adults in other advanced countries. It finds that the nation’s overall performance is mediocre at best and that the United States is among the world’s leaders in the degree of inequality between its best and poorest performers. According to the report:

- The United States spends more per capita on education than nearly all other high-income countries and sends far more of its population on to higher education, but average literacy proficiency scores at best only match the world average. “Our education system is clearly less productive in raising the literacy skills of students per dollar spent,” the report says, and this inefficiency “is a major drain on our economy.”

- While the United States ranks high on overall education expenditures, spending for adult basic education, job training and other programs for the low skilled is below average. Changing demographics likely will exacerbate the literacy skill deficit in the coming years since most of the fastest-growing population groups are those with below-average skills.

- While skills influence success in the labor market everywhere in the world, this is especially true in the United States and other English-speaking countries. America’s skills “underclass” is larger and also relatively worse off, generating much higher wage and income inequality.

- Mediocre skills and inequality in the distribution of skills may have worked reasonably well in recent years, but are likely in the future to become a drag on the nation’s economy.

The dual tasks of improving overall literacy performance and reducing the inequality in literacy skills “presents formidable challenges to the nation’s formal and informal educational systems at all levels over the coming decade,” the report says. But failing to address these challenges will have profoundly negative impacts on schools, the economy, the labor market and the nation’s social and civic life, it concludes.

The focus of this international study is the correlation between human capital – the knowledge and skills derived from education, training and experience – and national well-being: economic growth, better health, lower crime, political and community participation, and social cohesion.

The study found, for example, that one extra year of education leads – on average and in the long run – to an increase in output per capita of 4% to 7%. Human capital also has a wide range of non-economic benefits, according to the study. Education tends to improve health, promotes the education of the next generation and is associated with higher civic participation, volunteering and charity giving, and a lower risk of criminal activity.

Because human capital is created in diverse contexts – in schools, in the family and home, in communities, in the workplace and in other social settings – the arena for policy intervention is wide. The report recommends increased support for and investment in the following:

- The provision and quality of early childhood education and care
- Programs to assist struggling K-12 students
- Education curricula and teaching methods that give more weight to “soft” skills – such as teamwork, flexibility and communication skills - that are in increasing demand in the workplace
- Incentives for adults – particularly those with low educational attainment – to participate in on-the-job training, part-time continuing education, alternation of work and study, and distance-learning opportunities.

State Rankings: How Education Levels Affect Quality of Life and Economic Strength

The ranking of states in terms of the percentage of the adult population with less than a high school diploma or equivalent is highly correlated with rankings on other critical measures. For example:

- **Per-capita** income and economic strength as measured by gross state product, tax revenues per capita and other indices. See “Benefits” on the home page of the National Information Center for Higher Education Policymaking and Analysis: http://www.higheredinfo.org

- **Health** of the state’s population: http://www.unitedhealthfoundation.org/shr/book.pdf


- Civic participation in terms of the eligible population that votes: http://www.census.gov/population/www/socdemo/voting.html

- Preparation of the workforce for employment in the “New Economy”: http://www.neweconomyindex.org/index_nei.html

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