

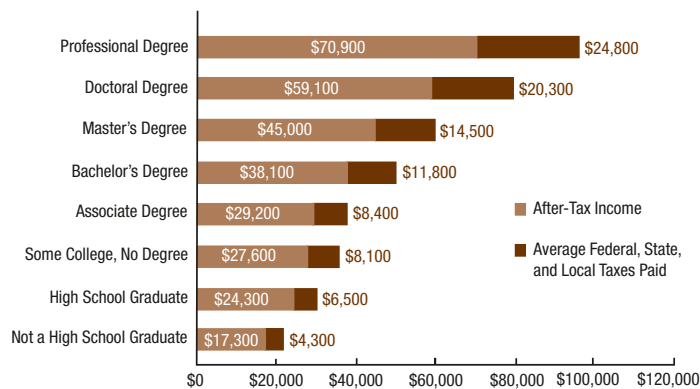
The Benefits of Higher Education

A new report from the College Board makes the case that higher education benefits all U.S. citizens by documenting the high rates of return on investments in higher education both for individuals who enroll and succeed in college and for society as a whole. In addition to examining both the monetary and nonmonetary benefits that result from public and private investment in higher education, *Education Pays Update 2005*, part of the College Board's Trends in Higher Education Series, argues that the magnitude of these benefits makes the persistent gap in educational opportunities for different segments of the U.S. population particularly costly.

Highlights from *Education Pays Update*:

- College graduates working full time year-round paid more than 100 percent more in federal income taxes and about 82 percent more in federal, state, and local taxes combined than high school graduates in 2003.
- Increases in the proportion of the workforce holding college degrees help raise the earnings of those with lower levels of education. Controlling for other differences, a 1 percentage point increase in the proportion of four-year college graduates in a city increases the wages of workers without a high school diploma by 1.9 percent and the wages of high school graduates by 1.6 percent.
- Unemployment rates are significantly lower for individuals with higher levels of education. In August 2005, the unemployment rate for adults aged 25 and older without a high school diploma was 7 percent, the rate for high school graduates was 4.5 percent, the rate for those with some college was 3.5 percent, and the rate for those with a bachelor's degree or higher was 2.4 percent.
- Among entry-level, private-sector employees working at least 20 hours per week, 68 percent of four-year college graduates had health insurance in 2002 and 48 percent received pension benefits at least partially funded by employers. But only 35 percent of the high school graduates in this group had employer-provided health insurance coverage and 20 percent had pension benefits.
- Between 1980 and 2004, the voting rate for high school graduates declined more than the voting rate for those with higher levels of education. While the differences in voting patterns among the college educated and others cannot be attributed entirely to education, estimates suggest that when controlling for other factors, enrolling in college increases the probability of registering to vote by 18 percent and the probability of voting in a presidential election by 29 percent.
- Twenty-six percent of four-year college graduates, 37 percent of those with some college, 44 percent of high school graduates, and 53 percent of those without a high school diploma have at least two of the following health risk factors: high blood pressure, high cholesterol, diabetes, obesity, current smoking, and physical inactivity.

Median Earnings and Average Tax Payments, by Level of Education: 2003



Note: Includes full-time year-round workers aged 25 and older.
Sources: U.S. Census Bureau, 2004a, PINC-03; Internal Revenue Service, 2004, Table 3; McIntyre, et al., 2003, cited in *Education Pays Update 2005*.

An electronic copy of this report, along with other reports in the series (including *Education Pays 2004*) and additional data tables, can be downloaded at www.collegeboard.com/trends. ■