

TAX REFORM AND HIGHER EDUCATION

WHAT STUDENTS, FAMILIES, AND INSTITUTIONS NEED TO KNOW

Talking Points: Higher Education as a Private Good

A college degree has been and continues to be the best ticket to a better, more prosperous life. A degree has been shown to improve economic, social, and personal outcomes.

- Individuals with degrees tend to earn substantially more during their lives than those without degrees.
- Research shows that people with college degrees have higher career satisfaction, better health, and greater overall happiness.
- Access to higher education—and the plentiful benefits that come with a degree—is a hallmark of America’s diverse system of higher education. While work to expand opportunities to meet the needs of students is ongoing, education beyond high school has only become more widely available to all who choose to pursue it.

College graduates tend to have higher job satisfaction and earn significantly more over their lifetimes than people without a degree.

- Individuals with degrees tend to earn considerably more during their lives than those without degrees. On average, a college graduate’s lifetime earnings are more than twice the lifetime earnings of a typical high school graduate.¹
- Annual wages for recent college graduates are about 67 percent higher than peers without a degree.² The wage gap between recent college and high school graduates has been widening for decades.³
- College graduates have higher rates of employment, more job opportunities, are more likely to own a business, and are more likely to be satisfied with their job.⁴

College graduates tend to live happier, healthier, and more social lives.

- College graduates report having higher levels of health and satisfaction with life and are less likely to report feeling negative emotions.⁵
- College graduates are more likely to volunteer, vote, and participate in recreational activities, religious organizations, and community associations.

¹ Career Earnings by College Major, The Hamilton Project, 8 October 2020, <https://www.hamiltonproject.org/data/career-earnings-by-college-major/>.

² The Labor Market for Recent College Graduates, Federal Reserve Bank of New York, 22 February 2024, <https://www.newyorkfed.org/research/college-labor-market#--:explore:wages>.

³ Show This Chart to Anyone Who Tells You College Isn’t Worth it, *Axios*, 4 March 2024, <https://www.axios.com/2024/03/04/college-graduates-median-annual-wage-difference>.

⁴ *Education for What?*, Lumina Foundation and Gallup, 2023, <https://www.gallup.com/file/analytics/510092/Gallup-Lumina Education for What Report.pdf>.

⁵ *Education for What?*

Access is a feature of America’s diverse higher education system, and colleges and universities are constantly working to ensure everyone has the opportunity to receive a degree and the benefits that come with it.

- Higher education is an incredibly diverse sector with a wide array of offerings to meet the needs of students from all backgrounds.
 - From local community colleges to large research universities, residential liberal arts colleges to online professional programs, doctoral programs to short-term credential programs, higher education offers programs to meet the needs of any and all students.
 - Most college students today are nontraditional students, many of whom are older, from low-income backgrounds, and/or are the first in their family to attend college.⁶
- Colleges and universities are investing in ways to make college more accessible for all students.
 - The total amount of grant aid supporting postsecondary students, adjusting for inflation, nearly doubled between 2003-04 and 2023-24.
 - Of the \$153.3 billion in grant aid given to students in 2023-2024, more than half was provided by colleges and universities.⁷
- The higher education sector recognizes the concerns expressed by the American public and by state and national elected leaders and is working to build trust.
 - Despite declines, higher education is still valued. According to Pew Research, more than half of bachelor’s degree holders said their education was extremely or very useful in preparing them for a well-paying job, compared to just 1 in 4 people with only a high school diploma. Fewer than 1 in 3 people said college was not worth the cost.⁸
 - Colleges and universities are working systemically to improve student outcomes by enhancing student advising and counseling, implementing programs to ensure the seamless transfer of credit, and providing resources for nontraditional students.

⁶ Today’s Students, Lumina Foundation, <https://www.luminafoundation.org/topics/todays-students/>.

⁷ Jennifer Ma, Matea Pender, and Meghan Oster, Trends in College Pricing and Student Aid 2024, College Board, <https://research.collegeboard.org/trends/student-aid>.

⁸ Richard Fry, Dana Braga, and Kim Parker, Public Views on The Value of a College Degree, Pew Research, 23 May 2024, <https://www.pewresearch.org/social-trends/2024/05/23/public-views-on-the-value-of-a-college-degree/>.