



The Daily Dish

The Economic Benefits of Educational Attainment

DOUGLAS HOLTZ-EAKIN | JUNE 5, 2019

Eakinomics: The Economic Benefits of Educational Attainment

Everyone knows that a good education lays the foundation for economic success. Indeed, every month the government puts out a tremendous advertisement for the importance of education: the Labor Department's National Employment Report (next due out this Friday). In April it showed that the unemployment rate for those with less than a high school education was 5.4 percent, while those with a college degree or more had a rate of 2.1 percent. Still, it is useful to put a little quantitative evidence to this basic intuition.

AAF's Tom Lee and I do just that in a new [paper](#), entitled "The Economic Benefits of Educational Attainment." We begin by looking at the relationship between schooling and employment and find that those with bachelor's degrees are 12.96 percent more likely to be employed than those with at most a high school diploma or GED. At the other end of the spectrum, a high school dropout is 29.8 percent less likely to be employed than a worker with a high school diploma. Notably, a professional certification represents a substantial employment advantage for those who don't obtain bachelor's degrees; a high school dropout with a professional certification is 19.36 percent more likely to be employed than a high school graduate without a professional certification.

We then turn to looking at wages and find similar results. Those with an associate degree earn on average 18.68 percent more per week than those with at most a high school diploma, and for those attaining a bachelor's degree that figure jumps to 44.7 percent. In contrast, a high school dropout will make about 35.18 percent less than a worker with a high school diploma, but a high school dropout with a certification will make about 19.59 percent more than a worker with a high school diploma.

We think that the findings particularly for those who do not obtain a bachelor's degree — the employment and wage impacts of obtaining a certification, associate degree, or vocational qualification — are significant enough to merit increased policy attention.

The aggregate impacts of educational attainment are quite significant. For example, if everyone who has at most a high school diploma (or a GED) went on to receive an associate or vocational degree, 5.9 million more people would be employed, and their annual wages would rise by \$592 billion in aggregate. Moreover, a 1 percentage-point increase in the growth rate of a state's population with bachelor's degrees is associated with about a 0.08 percentage-point increase in the state's real gross domestic product growth rate.

Trade, immigration, and health policies dominate the headlines and discussions. But there is no policy area that is likely more powerful for the economy than reforms that improve educational attainment in the United States.