

HIGHER ED MATTERS

Utah System of Higher Education, March 2013

The Economic Benefit of Postsecondary Degrees

A recent report issued by the State Higher Education Executive Officers provides strong evidence at both the state and national levels for the continued value of a postsecondary education. Data from this report bolsters the importance of Utah achieving its 66by2020 Goal of having 66% of adults in the state hold a degree or certificate by 2020.

The key finding of the report entitled, *The Economic Benefit of Postsecondary Degrees*, is that median income increases for those who obtain degrees beyond a high school diploma. Specifically, an associate's degree leads to a median income of more than \$9,000 higher than holding just a high school diploma, and those with a bachelor's degree have a median income an additional \$11,753 higher.

The report looks at degrees and earnings across disciplines and across different types of degree-granting institutions and finds that the subject area in which a graduate earns his or her credential significantly impacts the amount of wage premium realized between the various credentials. According to the report, "[t]he data suggest that both student choice and institutional degree production are being influenced by higher wage premiums."

The report provides state-level data in seven broad discipline categories in order to give a more detailed look at the degrees produced and the economic value of those degrees in each state.

In Utah, across all degree disciplines, students who earn an associate's degree will see an increase in median income of \$7,803 over those who earn just a high school diploma. Students who obtain a bachelor's degree will see an additional \$9,776 increase in their median income.

As we look at wage increases across the seven degree disciplines, we see a fair amount of variation in the economic value of those degrees, but consistently higher educational attainment pays off for every discipline.

Higher earnings in a given discipline tend to correlate with increases in the number of degrees obtained in that discipline. In Utah, between 2004-05 and 2009-10, there was a 64% increase in the number of health-related bachelor's degrees granted. This is not surprising if we consider that this field has the highest wage premium over a high school diploma.

"Expanding higher education degree attainment is clearly an essential and powerful strategy for economic development in a state. The mixture of degrees produced is influenced by student choice and the programmatic offerings of institutions; both should be informed by the demand for educated people in different fields and by the value they add to the economy."

To view the entire report, visit sheeo.org

UTAH COMPARISON OF INCOME BY DEGREE & FIELD OF STUDY, 2006-10

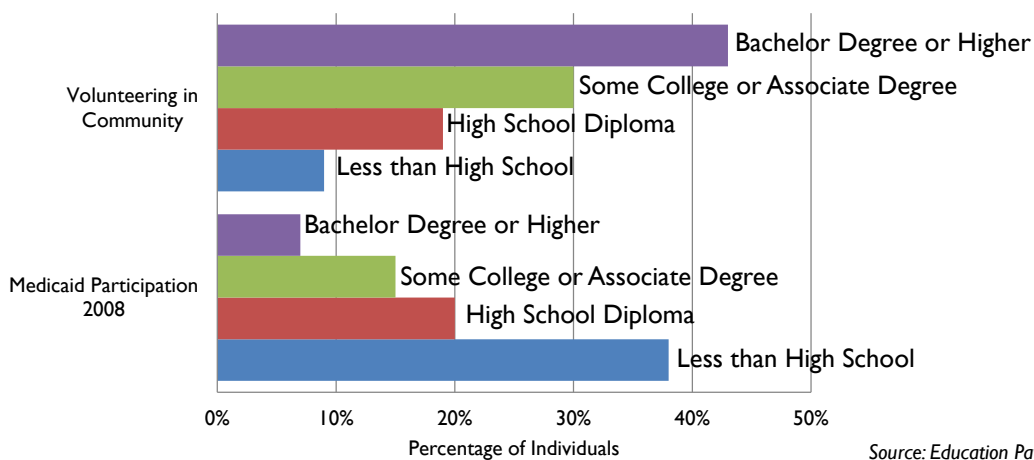
	Arts & Humanities	Business & Communications	Education	Health	Social & Behavioral Sciences	STEM	Trades
Median Income HS Diploma	\$24,383	\$28,447	\$16,256	\$21,657	\$25,399	\$32,076	\$28,667
Median Income AA/AS Degree	\$28,447	\$35,267	\$21,384	\$45,343	\$31,969	\$43,934	\$38,290
Wage Premium AA/AS over HS	\$4,064 17%	\$6,820 24%	\$5,128 32%	\$23,686 109%	\$6,570 26%	\$11,858 37%	\$9,623 34%
Median Income BA/BS Degree	\$35,559	\$47,862	\$37,591	\$49,783	\$39,561	\$60,409	\$38,607
Wage Premium BA/BS over HS	\$11,176 46%	\$19,415 68%	\$21,335 131%	\$28,126 130%	\$14,162 56%	\$28,333 88%	\$9,940 35%

Postsecondary Attainment also Tied to Societal Benefits

In addition to higher earnings that are tied to degree attainment, research has also found non-economic benefits to both the individual and the larger society. Societal benefits include decreased reliance on government assistance programs, higher rates of volunteerism, and greater contribution to the income tax base by individuals with higher levels of education. On the individual level, those with higher levels of education report greater personal health and happiness, better relationships with family members, and greater levels of success by their children.

The first chart shows that the degree to which an individual is likely to volunteer in his/her community increases from 9% for those with less than a high school education to 43% for individuals with a bachelor degree or higher. Inversely, Medicaid participation rates decrease with more education, from 38% for those with less than high school to 7% for those with bachelor degree or more.

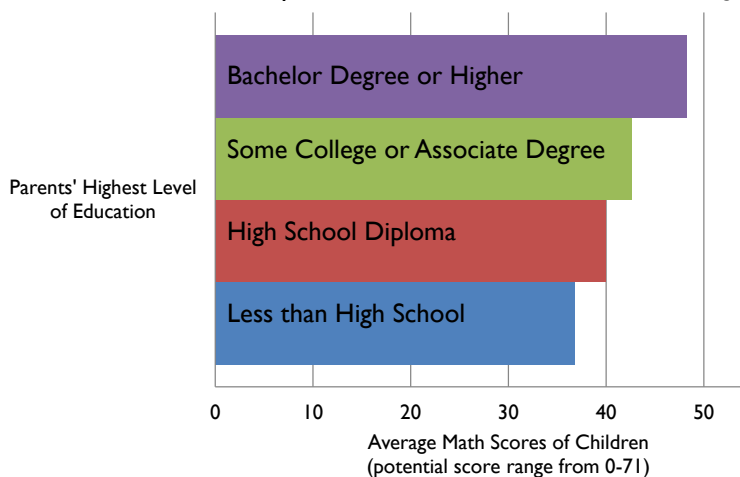
Relationship between Education Levels, Volunteering, & Medicaid Participation



Source: Education Pays 2010, The College Board

The second chart shows the relationship between a parent's education and his or her child's school readiness. Children whose parents had higher levels of education scored better on math tests upon entering kindergarten than those whose parents had lower levels of educational attainment.

Relationship between Parental Education Levels & Kindergarten Math Scores



Source: National Center for Education Statistics, Digest of Education Statistics, 2011, Table 122.