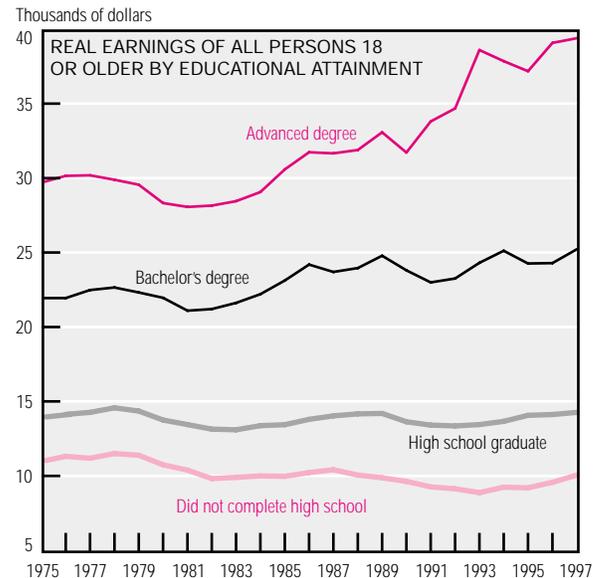
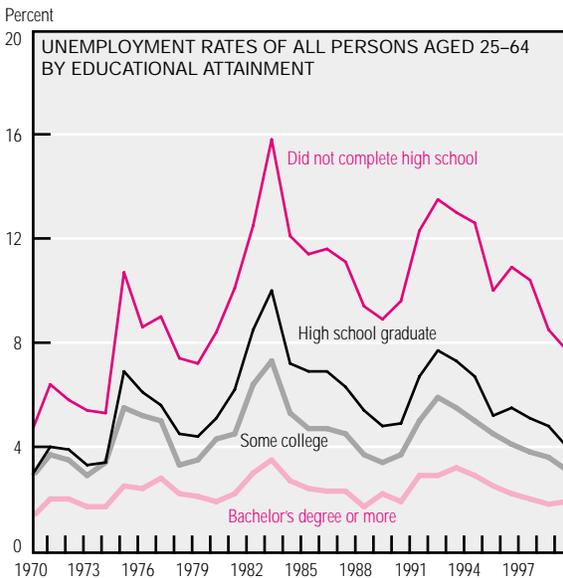
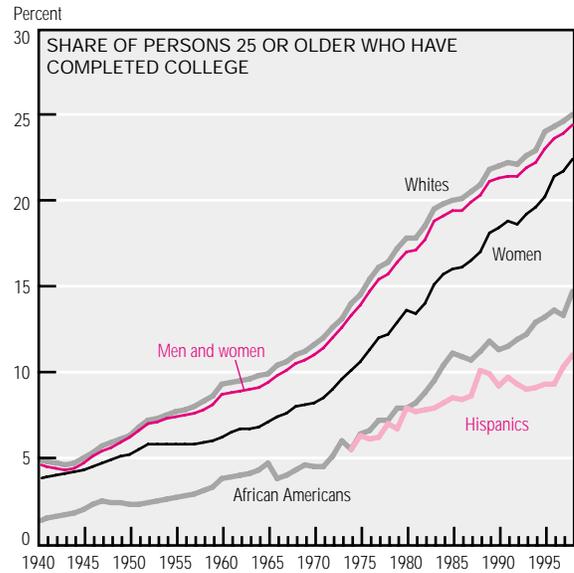
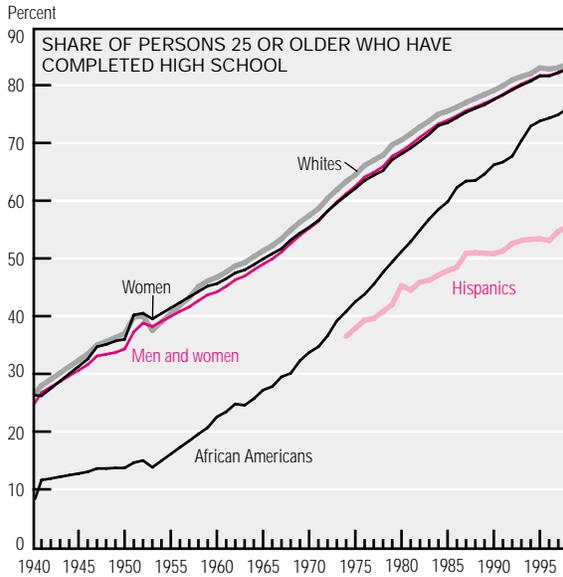


Education and Earnings in the U.S.



SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureau of the Census.

Americans have made remarkable gains in educational attainment over the last half-century. In 1940, only a quarter of the population aged 25-64 had graduated from high school; by 1998, over 80% had. Even more remarkable has been the proportional increase in the share of the population that attained a college or graduate degree—five times greater in 1998 than in 1940.

Such attainment successes, however, have not been shared equally. While less than 10% of African

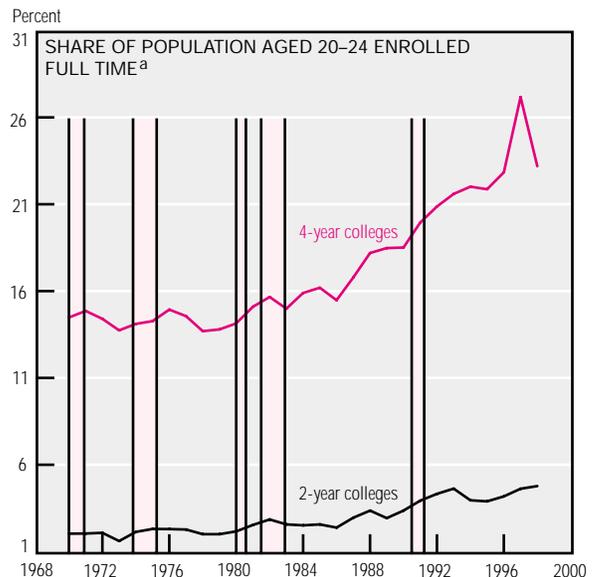
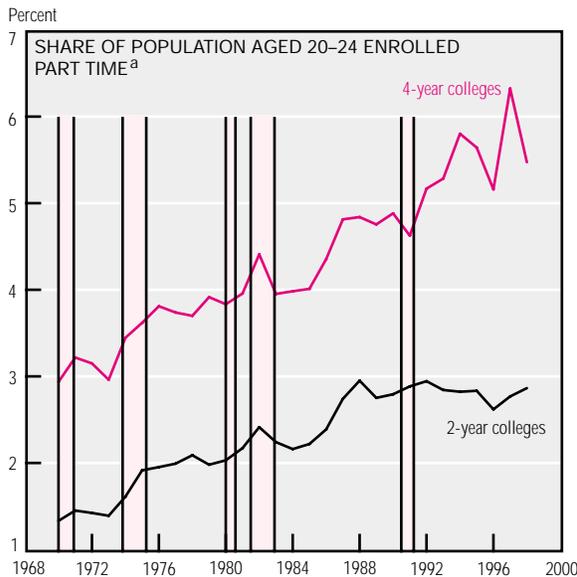
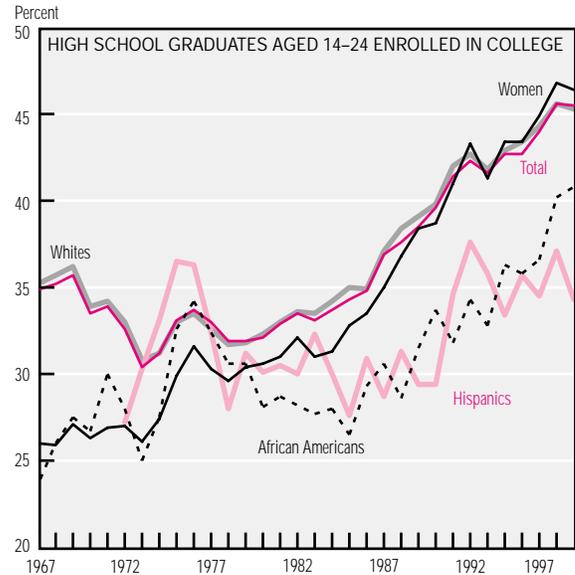
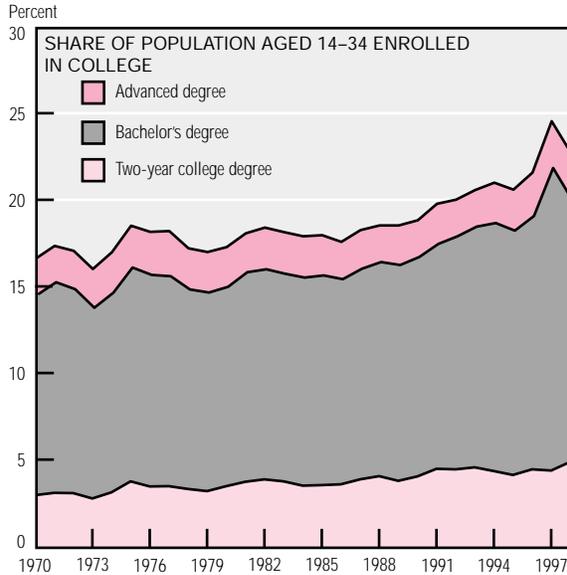
Americans completed high school in 1940, roughly three-quarters graduated some 50 years later. Hispanics also raised their educational attainment, but at a substantially slower pace than African Americans. In 1972, the share graduating from high school was about the same for both groups; by 1998, however, only slightly more than 50% of Hispanics had a high school diploma, compared to 75% of African Americans.

Moreover, it is evident that education affects both employment and

income. In 1999, workers without high school diplomas were four times more likely to be unemployed than those with at least a bachelor's degree—and twice as likely to be unemployed as those with a high school education. The cyclical variation in unemployment rates also differs significantly by education group. The employment status of individuals with at least a college degree is far less volatile than that of workers with less schooling.

(continued on next page)

Education and Earnings in the U.S. (cont.)



a. Shaded areas indicate recessions.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureau of the Census.

Although real (inflation-adjusted) earnings of nearly all groups declined in the late 1970s and early 1980s, earnings of those with advanced degrees have risen markedly since. Earnings of individuals with a bachelor's degree have risen more modestly. But real earnings of workers with less than a high school diploma declined until 1993 and still remain slightly below their 1974 levels.

The share of the population aged

14-34 that was enrolled in four-year colleges and graduate schools held fairly constant between the mid-1970s and the late 1980s. After 1985, enrollment rates began to climb, reaching 25% in 1997. College enrollment rates of those holding a high school diploma show variation among ethnic groups. While whites, African Americans, and Hispanics had roughly similar proportions enrolled in the mid-1970s to mid-1980s (with virtually no growth during that

period), they diverged afterward. Whites' enrollment rates rose substantially, while those of African Americans and Hispanics continued unchanged until 1990.

In addition, the share attending two- and four-year colleges part time doubled over a span of 30 years. The same pattern does not hold for full-time students, whose shares remained fairly constant until the mid-1980s before rising to their current levels.