



November 2004, Issue 17

Earnings by Education for Young Workers, 1975 & 2002

Based on research by Sheldon Danziger, University of Michigan

During the last 25 years, technological changes, globalization, a decline in the value of the minimum wage, and the shrinking reach of unions have all eroded the growth in earnings and widened the gap between the most- and the least-educated workers. The youngest workers, those in their late teens and early 20s, often earn the lowest wages and experience more instability in their jobs than the general population. Now, even those in their mid-20s and early-30s are having difficulty in the labor market.

As this data brief shows, the benefits to higher education have risen. Where once a high school degree launched a young adult on the path to a solid middle-class living standard, today, even a college degree does not always guarantee success.

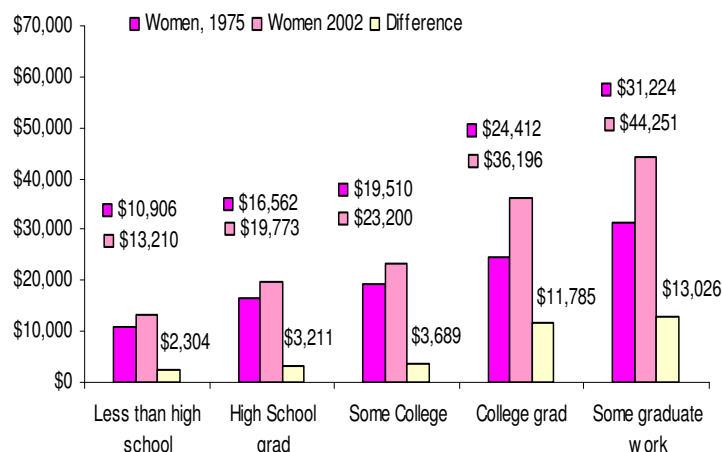
Young males (aged 25-34) with less than a high school degree or just a high school degree earned about \$4,000 less in 2002 than in 1975 (all earnings have been adjusted for inflation). Young men with some college also lost ground, earning about \$3,500 less annually in 2002 than in 1975. Even college graduates made only small gains, earning about \$5,000 more in 2002 than in 1975. The big winners were males who had completed some graduate school, whose earnings increased by about \$19,000.

Women fared better than men over the quarter century. Working women at all education levels earned more per hour in 2002 than in 1975 and worked more hours per year. In 1975, a female high school graduate earned about 46% as much during the year as a male; by 2002, she earned 62% as much. As with men, the largest earnings gains were among the most educated.

Finally, the annual earnings gap between the highest and lowest male earners has widened within each educational group. That is, for each group except those with some graduate work, a greater percentage in 2002 did not earn enough to support a family of four at the poverty line (about \$19,000 in 2002).

Women's (aged 25-34) Earnings by Education, 1975 & 2002

(Data exclude nonearners; 2002 dollars)



Men's Earnings (aged 25-34) by Education, 1975 & 2002

(Data exclude nonearners; 2002 dollars)

