

Widest earnings gap for college grads in 48 years

WASHINGTON (AP) — The earnings gap between young adults with and without bachelor's degrees has stretched to its widest level in nearly half a century. It's a sign of the growing value of a college education despite rising tuition costs, according to an analysis of census data released Tuesday.

Young adults with just a high-school diploma earned 62 percent of the typical salary of college graduates. That's down from 81 percent in 1965, the earliest year for which comparable data are available.

The analysis by the Pew Research Center shows the increasing economic difficulties for young adults who lack a bachelor's degree in today's economy that's polarized between high- and low-wage work. As a whole, high-school graduates were more likely to live in poverty and be dissatisfied with their jobs, if not unemployed.

In contrast, roughly nine in 10 college graduates ages 25 to 32 said that their bachelor's degree had paid off or will pay off in the future, according to Pew's separate polling conducted last year. Even among the two-thirds of young adults who borrowed money for college, about 86 percent said their degrees have been, or will be, worth it.

"In today's knowledge-based economy, the only thing more expensive than getting a college education is not getting one," said Paul Taylor, Pew's executive vice president and co-author of the report. "Young adults see significant economic gains from getting a college degree regardless of the level of student debt they have taken on."

The latest findings come amid rising college tuition costs, which have saddled young adults in the so-called Millennial generation with heavy debt amid high unemployment. Noting the increasing importance of a college education, President Barack Obama and Republicans such as Sen. Marco Rubio of Florida have pushed proposals to make higher education more affordable as a way to promote upward mobility and bolster America's shrinking middle class.

The report found that not only does a college degree typically yield much more inflation-adjusted earnings than before, but a high-school diploma also is now worth less. That adds to a widening earnings gap that Pew researchers found mirrors the U.S. gap between rich and poor.

For instance, college graduates ages 25 to 32 who were working full time now typically earn about \$17,500 more annually than employed young adults with just a high school diploma (\$45,500 vs. \$28,000); those with a two-year degree or some college training earned \$30,000. In 1965, before globalization and automation wiped out many middle-class jobs in areas such as manufacturing, the

inflation-adjusted gap was just \$7,449.

Meanwhile, median earnings for high-school graduates have fallen more than \$3,000, from \$31,384 in 1965 to \$28,000 last year.

Young adults with just high-school diplomas now are also much more likely to live in poverty, at 22 percent compared to 7 percent for their counterparts in 1979.

"Despite their higher levels of college completion, today's young adults overall are doing no better — and on many key indicators of economic well-being, they're doing worse — than older generations were doing when they were the same age that Millennials are now," Taylor said. "This is mainly because the economic penalties for not getting a college degree are so much stiffer now than in the past."

Other findings:

—Young employed college graduates are more likely than those with just a high school diploma or less to say their job is a career or stepping stone to a career. In contrast, those with just a high school diploma or less were three times more likely than college graduates to say their work is "just a job" to help them get by — 42 percent vs. 14 percent.

—The field of study in college does seem to matter. Those who studied science or engineering were most likely to say that their current job is "very closely" related to their college or graduate field of study, at 60 percent, compared to 43 percent for both liberal arts and business majors.

—About three-fourths of all college graduates say they regretted not doing more during school to better prepare themselves to find a job, such as getting more work experience, studying harder or looking for work sooner.

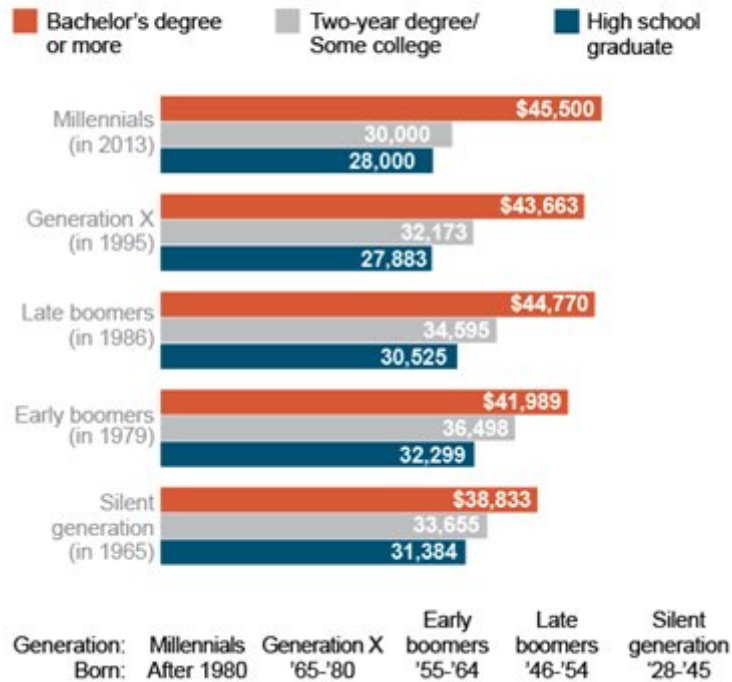
Pew based its findings on the Census Bureau's Current Population Survey as of March 2013, as well as its own survey of 2,002 adults interviewed by cellphone or landline from Oct. 7-27, 2013. The Pew poll has a margin of error of plus or minus 2.7 percentage points.

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Millennials face earnings gap

Less-educated members of the millennial generation face a larger earnings gap than previous generations at similar times in their careers.

Median annual earnings among full-time workers ages 25 to 32 by generation and education level, in 2012 dollars:



SOURCE: Pew Research Center

AP