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College degree worth extra \$23,000/year

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WASHINGTON -- How much is a bachelor's degree worth? About \$23,000 a year, the government said in a report released Thursday.

That is the average gap in earnings between adults with bachelor's degrees and those with high school diplomas, according to data from the Census Bureau.

College graduates made an average of \$51,554 in 2004, the most recent figures available, compared with \$28,645 for adults with a high school diploma. High school dropouts earned an average of \$19,169 and those with advanced college degrees made an average of \$78,093.

"There appear to be strong incentives to get a college degree, given the gaps that we observe," said Lisa Barrow, senior economist at the Federal Reserve Bank of Chicago.

The income gap narrowed slightly from five years earlier, when college graduates made nearly twice as much as high school graduates. But the differences remained significant for men and women of every racial and ethnic group.

Eighty-five percent of people 25 and older had at least a high school diploma or the equivalent in 2005, according to the Census Bureau's 2005 Current Population Survey. In 2000, 80 percent had a high school diploma or the equivalent, and a little more than half did in 1970.

Twenty-eight percent had at least a bachelor's degree, compared with about 24 percent in 2000 and 11 percent in 1970.

"I think we've done a very good job of getting individuals into college," said Cecilia Rouse, professor of economics and public affairs at Princeton University. "But we don't fully understand why we don't do as good a job of graduating them."

Chester Finn, president of the Thomas B. Fordham Institute in Washington, said too many high school graduates are unprepared to succeed in college.

"If you don't emerge from high school having done at least the equivalent of advanced algebra, you are not going to be ready for college math," Finn said. "You can make similar points about English."

Among the other findings in the report:

-Minnesota, Utah, Montana, New Hampshire and Alaska had the highest proportions of adults with at least a high school diploma - all at about 92 percent.

-Texas had the lowest proportion of adults with at least a high school diploma, about 78 percent. It was followed closely by Kentucky and Mississippi.

-Connecticut was the state with the highest proportion of adults with at least a bachelor's degree, nearly 37 percent. It was followed closely by Massachusetts, Maryland and New Jersey.

-Nearly 47 percent of adults in Washington, D.C., had at least a bachelor's degree.

-West Virginia had the lowest proportion of college graduates, at 15 percent. It was followed at the bottom by Arkansas, Kentucky and Louisiana.

On The Net:

Census Bureau: <http://www.census.gov>