Research Review
University System of Georgia — Strategic Research and Analysis

Does College Matter?
Key Findings from *The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education*

What impact does going to college have on an individual? How does earning a bachelor's degree impact society? In recent years, many national organizations have focused greater attention on identifying the benefits that result from investment in higher education. Studies by such organizations as the College Board and the National Center for Public Policy and Higher Education have shown that going to college has far-reaching national effects. Across the country, individuals with college degrees earn higher salaries, enjoy improved health, and depend less on social services, to name only a few benefits of higher education.

The Institute for Higher Education Policy recently sought to expand the research on the benefits of a college degree to include evidence of the impact of higher education at the state level. The 2005 report *The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education* details the social and economic benefits of college, at both the private and public levels, for each of the 50 states.[1] This *Research Review* summarizes the major findings from the Institute's study and provides information specific to Georgia.

Table 1 shows the array of higher education benefits. The purpose of this study was to quantify six indicators of the public and private, social and economic benefits of higher education for all states. The public economic benefit measured in this study is decreased reliance on public assistance; the public social benefits are increased volunteerism and increased voting participation. The private economic benefits measured are higher personal income and lower unemployment; the private social benefit is better health.

For each indicator, at the state level, the impact of a college degree varies widely. Yet the data show that "for the vast majority of states, some college is good, and more college is even better."[2]

For the purpose of this research review, each indicator will be discussed in general, but specific attention will be given to the benefits of higher education in the state of Georgia.

Please refer to the end of this document for a detailed explanation of the methodology used in this study.[3]

Educational Attainment by State

Nationally, based on 2004 U.S. Census estimates, 27.7 percent of the population age 25 and older have at least a bachelor's degree, 18.1 percent hold a bachelor's degree only, and an additional 9.6 percent hold an advanced degree.[4]

State-by-state, the percentage of the population age 25 and older with a bachelor's degree varies widely. Among the fifty states, Colorado has the highest percentage of individuals with a college

Table 1. The Benefits of Higher Education[5]

	Public	Private
Economic	Increased tax revenues	Higher salaries and benefits
	Greater productivity	Employment
	Increased consumption	Higher savings levels
	Increased workforce flexibility	Improved working conditions
	Decreased reliance on government financial support	Personal/professional mobility
Social	Reduced crime rates	Improved health/life expectancy
	Increased charitable giving/community service	Improved quality of life for offspring
	Increased quality of civic life	Better consumer decision-making
	Social cohesion/appreciation of diversity	Increased personal status
	Improved ability to use technology	More hobbies, leisure activities

degree, with 35.6 percent of its population holding a bachelor's degree. West Virginia has the lowest proportion of individuals with a college degree, with 15.3 percent of its population holding a bachelor's degree.

Georgia's bachelor's degree educational attainment rate, 27.6 percent, falls just below the national average of 27.7 percent. In Georgia, 18.6 percent of the population has only a bachelor's degree, and an additional 9.0 percent has earned an advanced degree.

The Six Indicators of the Value of Higher Education

Personal Income

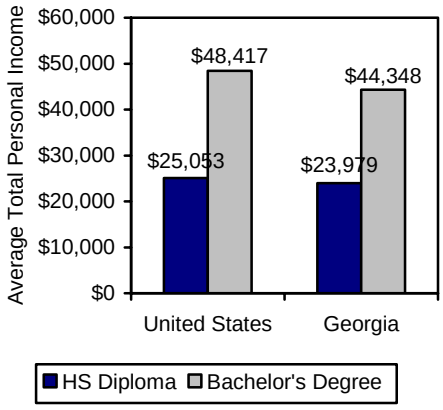
Individuals with a college degree (and no advanced degree) earn more in lifetime earnings and average annual total personal income than individuals with a high school diploma.[6] Nationally, the average total personal income of workers 25 and older with a bachelor's degree was $48,417, approximately $23,000 more than the income of workers with only a high school diploma.

States varied in the average income for those with a bachelor's degree, those with high school diplomas, and in the percentage difference in average incomes between the two attainment levels. The state with the highest average annual personal income is Connecticut. In Connecticut, average annual income was $56,211 for individuals with a bachelor's degree, which was $27,000 higher than income for those with a high school diploma. The marginal percentage difference in income of workers with a high school diploma and those with a college degree also varied from a 47 percent difference in Alaska to a 147 percent difference in Arkansas.

Figure 1 shows that in Georgia, an individual with a high school diploma had an annual income of $23,979. The average annual income of those with college degrees

was $20,369 higher, so that a worker with a bachelor's degree earned an average of $44,348. Thus, for Georgia, the percentage difference between income of high school graduates and college graduates was 84.9, which was slightly lower than the national average percentage difference of 93.3.

Figure 1. Average total personal income among people age 25 and older in 2003: US and Georgia.



Labor and Unemployment

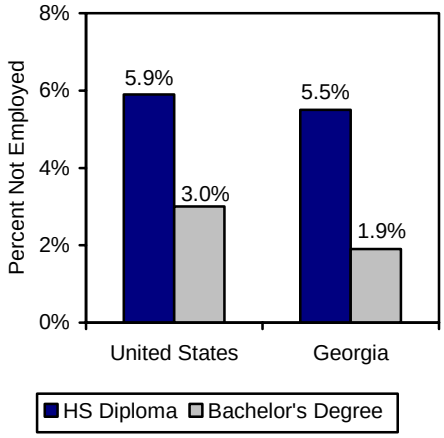
In all 50 states, there is a positive correlation between educational attainment and lower levels of unemployment. Nationally, in March 2004, of the population age 25 and older in the labor force, 6 percent with a high school diploma were unemployed, compared to 3 percent of those with a bachelor's degree.

The unemployment rate of individuals with a high school diploma was lowest in Mississippi, at 2 percent, and highest in Alaska, at 12 percent. Yet for each state, the unemployment rates were much lower for individuals with a bachelor's degree: 0 percent in Mississippi and 3 percent in Alaska.

The average percentage difference in unemployment between those with a diploma and those with a college degree in Georgia was -48.1. West Virginia stood out as the state with the greatest percentage difference in unemployment rates of those with a high school diploma and those with a bachelor's degree. In this state, the percentage difference was -100. This high negative percentage difference means that unemployment rates dropped drastically with the added benefit of a college degree: as education level increased, unemployment decreased. The smallest percentage difference, -10.0, was in the state of New Jersey.

In Georgia, the unemployment rate of those with a high school diploma was 5.5 percent, as shown in Figure 2. The unemployment rate for individuals with a bachelor's degree was 1.9 percent. The percentage difference in unemployment between those with a high school diploma and those with a college degree in Georgia was -65.9.

Figure 2. Percentage of people age 25 and older who were in the labor force and not employed: US and Georgia.



Reduced Reliance on Public Assistance

Higher educational attainment leads to lower unemployment rates, which in turn means

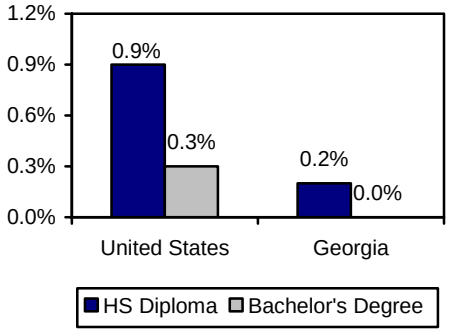
that individuals depend less on welfare assistance and other social services. Nationally, 1 percent of those with a high school diploma, and less than one-half percent of those with a bachelor's degree, received some form of public assistance in the year 2003. The study reports that overall, "more people with a high school diploma reported receiving public assistance in every state than those with a bachelor's degree, and in 28 states no one with a bachelor's degree reported receiving public assistance in the prior year."[7]

Notable among the fifty states was Alaska, which had the greatest percentage of individuals with a high school diploma receiving public assistance (3.5 percent), yet also had 0 percent of those with a bachelor's degree receiving assistance. The percentage of those with a high school diploma receiving public assistance was lowest in Louisiana (0.1 percent), where the percentage of those with bachelor's degrees on assistance was also 0.

Twenty-seven states had a percentage difference of -100 percent between those with a high school diploma and those with a bachelor's degree. This means that in over half of the states, reliance on public assistance was substantially reduced by an individual's obtaining a college degree. In three states, New Mexico, New Hampshire, and Hawaii, the percentage difference between those with a high school diploma and those with a bachelor's degree receiving public assistance was positive, which means that a greater percentage of those with bachelor's degrees than those with a high school diploma received public assistance. Yet in each of these states, it must be noted that the actual number of those with bachelor's degrees receiving public assistance was lower than the number of recipients with only a high school diploma.

Georgia had one of the lowest proportions of individuals with high school diplomas receiving public assistance. Figure 3 shows that in Georgia, 0.2 percent of high school graduates received public assistance as compared to 0 percent of individuals with a bachelor's degree. Georgia was one of 27 states with a -100 percent difference between reliance on public assistance by individuals with a high school diploma and those with a college degree.

Figure 3. Percentage of population age 25 and older who received some form of public assistance in 2003: US and Georgia.



Better Health

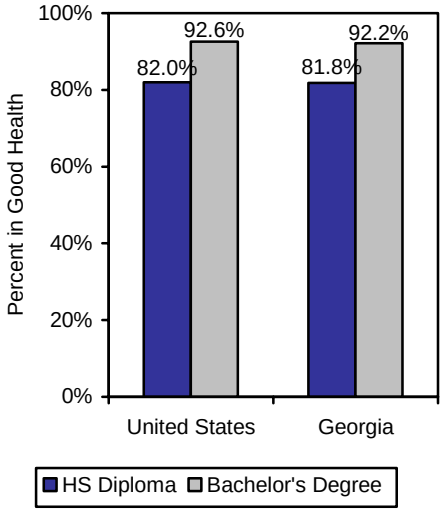
Nationally, 82 percent of those with a high school diploma reported being in "excellent, very good, or good" health, compared to 93 percent of those with a bachelor's degree, as reported in the March 2004 Current Population Survey.

The states of Virginia, Iowa, Rhode Island, Utah, and Minnesota had the highest percentages of individuals with a bachelor's degree reporting good health (with a range of 95 percent to 97 percent).[8] The percentage differences between high school graduates and bachelor's degree recipients reporting good health ranged from 5 to 32 percent. Improved health was consistently

correlated with higher educational attainment.

As Figure 4 illustrates, in Georgia, 81.8 percent of individuals with a high school diploma reported good health, and 92.2 percent of those with a bachelor's degree reported the same.

Figure 4. Percentage of population age 25 and older who reported being in good, very good, or excellent health: US and Georgia.



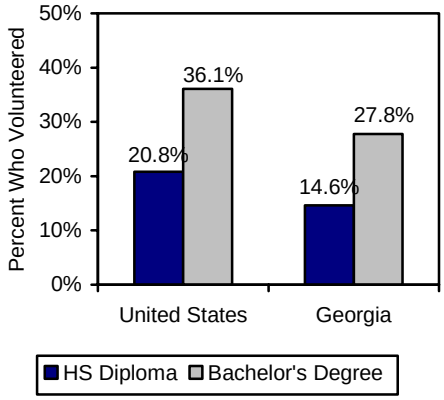
Increased Volunteerism

Individual involvement in the community and concern for the social well-being of all citizens increase with higher education levels. This report uses self-reported volunteerism as a measure of community involvement. Nationally, in September 2004, 21 percent of individuals in the United States aged 25 and older with a high school diploma reported ever volunteering. For individuals of the same age with a bachelor's degree or higher, the proportion of those volunteering increased to 36 percent.

In all fifty states, increased levels of education correlated with an increased tendency to volunteer. Wyoming had the highest percentage of those with a bachelor's degree who had ever volunteered (58 percent). The percentage difference between individuals with a high school diploma and those with a college degree was highest in Mississippi (199 percent) and lowest in Florida (29 percent).

In Georgia, as in all other states, higher levels of education increased the likelihood of volunteerism, as shown in Figure 5. Of those with a high school diploma, 14.6 percent had ever volunteered, while 27.8 percent of those with a bachelor's degree reported volunteering. The percentage difference in volunteering between those with a high school diploma and those with a college degree in Georgia is 90.3 percent, well above the national percentage difference of 73.3 percent.

Figure 5. Percentage of people age 25 and older who reported ever volunteering: US and Georgia.



Increased Voting Participation

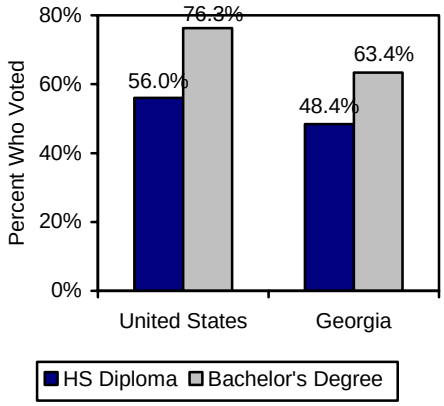
One measure of individuals' involvement in democratic society is in voting patterns. This study found that in all fifty states, the likelihood of voting in elections increases

substantially with higher levels of education. In November 2000, 56 percent of U.S. citizens aged 25 and older who held a high school diploma reported voting in the presidential election. Of those 25 and older who had a college degree, 76 percent reported voting in the same election.

As with the other indicators, the differences in voting rates for citizens with high school diplomas and those with bachelor's degrees varied state-to-state. For example, in Hawaii, the difference between the voting rates of the two groups was 78 percent, while in Massachusetts, it was only 12 percent. Across the nation, the conclusion was clear: higher education correlates with increased voter participation.

While Georgia was reported as having the lowest percentage among all states of individuals with a bachelor's degree having voted in the November 2000 election, the state still showed higher levels of voting with increased levels of education. Figure 6 shows that in Georgia, 48.4 percent of those with a high school diploma voted in the election as compared to 63.4 percent of those with a bachelor's degree. The percentage difference in voting between those with a high school diploma and those with a bachelor's degree was 31.0 percent in Georgia, which was just slightly less than the national percentage difference, 36.1 percent.

Figure 6. Percentage of the population age 25 and older who voted in the November 2000 election: US and Georgia.



Conclusion

Earlier research and reports have articulated the *national* benefits of individuals' investment in higher education. In this report, the Institute of Higher Education Policy clearly shows how higher education has significant, measurable benefits at the *state* level. Understanding the value and payoffs from higher education investment at the state level could have a profound influence on higher education spending and policy decisions made within each of the fifty states.

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[1]Institute for Higher Education Policy (2005); accessed at http://www.ihep.org/Pubs/PDF/InvestmentPayoff2005.pdf. The Institute for Higher Education Policy is a non-profit, non-partisan organization in Washington, DC that performs public policy research on access and success in postsecondary education.

[2]Institute for Higher Education Policy. 2005. *The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education*, p. 4.

[3] To calculate the state-level benefits, the Institute for Higher Education Policy used the U.S. Census Bureau's Current Population Survey (CPS), which surveys a sample of individuals in all 50 states and the District of Columbia. Researchers looked specifically at three supplements of the CPS: the March 2004 Supplement, the September 2004 Volunteer Supplement, and the November 2004 Voting Supplement. From this CPS data, the study sought to measure, for each of the 6 indicators, the added benefit to an individual and to society from obtaining a bachelor's degree in addition to a high school diploma. This concept is called the *marginal difference* of a bachelor's degree as compared to a high school diploma. The study also reports the *marginal percentage difference* of a bachelor's degree compared to a high school diploma, a measure which shows the difference between those with a college degree and those with a high school diploma as a percentage of the total number of individuals with a high school diploma. Thus, for each indicator, the study reports both the marginal difference and the marginal percentage difference to show the added benefits of a college degree.

[4] Ibid, pp.22-23. The estimates are from the March 2004 Supplement of the Current Population Survey, U.S. Census Bureau.

[5] Institute for Higher Education Policy. 1998. *Reaping the Benefits: Defining the Public and Private Value of Going to College*. Washington, DC: Institute for Higher Education Policy.

[6] Ibid, p. 7. The Institute used U.S. Census Bureau data from the March 2004 CPS Supplement.

[7] Institute for Higher Education Policy (2005), *The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education*, p. 11.

[8] Ibid., p. 14.