



## Higher Education Drives Up Earnings for Kentucky Graduates

*The first of three research briefs on lifetime earnings in Kentucky*

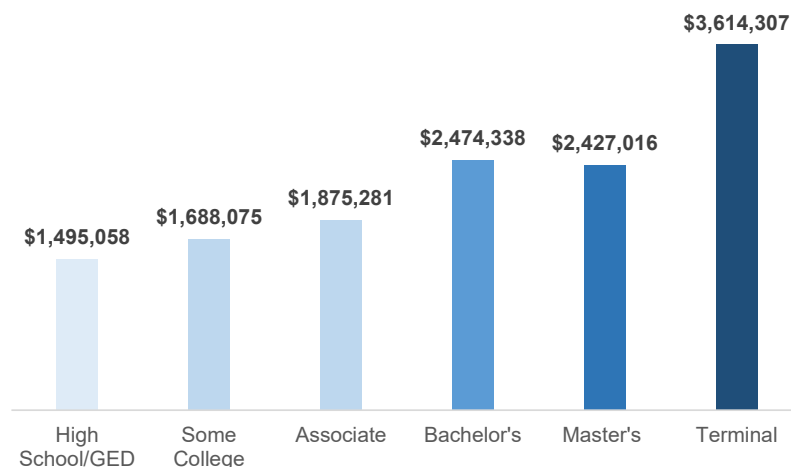
### How does earning a postsecondary credential impact lifetime earnings?

Studies have consistently shown that postsecondary education positively affects earnings<sup>1</sup>; however, outcomes vary greatly depending on the degree type and the student's gender and race/ethnicity. This is the first of three research briefs examining differences in lifetime earnings in Kentucky across six levels of educational attainment, from a high school diploma to a terminal degree<sup>2</sup>. The second and third research briefs will examine how lifetime earnings vary by gender and race/ethnicity. Data were derived from the 2016-2018 American Community Surveys<sup>3</sup> and limited to Kentuckians ages 25-64 who achieved at least a high school diploma and were employed full time<sup>4</sup> in the last year.

### Higher education levels improve earning potential dramatically

As figure 1 shows, median lifetime earnings rise steadily for Kentucky workers with increased educational attainment. Having some postsecondary education, even without a degree, adds nearly \$200,000 to the median lifetime earnings of a high school graduate. Earning an associate degree adds a bump of nearly \$200,000, while a bachelor's degree adds nearly \$600,000.

**Figure 1. Median lifetime earnings by level of educational attainment, 2019 dollars<sup>5</sup>**



1. U.S. Bureau of Labor Statistics, May 2020. "Learn more, earn more: Education leads to higher wages, lower unemployment." Career Outlook, U.S. Bureau of Labor Statistics, May 2020.

2. Individuals earning a professional degree or a doctoral degree were combined into a single group labeled "terminal degree." Terminal degree is used as a convenient variable label, but excludes cases where a terminal degree may be awarded with a master's degree (e.g., MFA). Such cases would be included in the master's degree group.

3. The original dataset included 225,040 Kentuckians, which was then limited to 57,824 cases that fit the age, education, employment criteria for inclusion.

4. Full-time is defined as people were employed for at least 50 weeks and worked at least 35 hours per week in the last year.

5. ACS does not include salary data for certificate holders, so data for some college might include this group.

Over a lifetime, workers with a bachelor's degree earn a median 31.9% more than those with an associate degree, 46.9% more than those with some postsecondary education but no degree, and 65.5% more than those with only a high school diploma. Workers with a doctoral or professional degree realized the largest gains with median lifetime earnings totaling more than \$3.6 million. That is nearly double the median lifetime earnings for workers with an associate degree, and a 47.2% increase over those with a bachelor's degree.

## Summary

This analysis demonstrates the significant financial benefits for Kentuckians who obtain higher levels of education. Even small gaps in annual earnings accumulate to considerable differences over a lifetime. For example, Kentuckians with a terminal degree may expect to earn \$2 million more than workers with only a high school diploma, as measured by the median lifetime earnings. A bachelor's degree may result in close to \$1 million more in work-life earnings than a high school diploma. Taking the long view clearly demonstrates the magnitude of financial advantages that accompany greater educational attainment. Kentuckians should factor these differences into any decisions about pursuing postsecondary degrees and credentials.

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