Not finishing high school can cost workers thousands

A recent study by the Arkansas Research Center in Conway shows that students who completed even a few college courses will make more money than if they never went to college.

The report, "Education & Wage Outcomes for the Arkansas Workforce," identified nearly 70,000 Arkansans who stopped their formal education in 2006 and then averaged out what their wages were in 2011, said ARC Director Neal Gibson.

The study showed that those people who either dropped out of high school or only finished high school will have a tough financial road ahead of them. Their average wage after five years was just $12,500.

"Can you imagine trying to make a living with $12,500, especially if you have children and especially if you're a single mom?" Gibson said. "The future's pretty bleak."

The good news is that more education means more money. The average wage for someone with even a little college after five years was $23,000.

"There is some value in getting 30 hours or 60 hours of college credit rather than not to go at all," said Greg Holland, director of research at ARC.

Those who finished a bachelor's degree in 2006 earned $38,900 five years later, and those who completed more than a bachelor's degree earned $52,500.

Gibson said the point of the study was to get the word out to high school students that they probably will struggle financially in Arkansas if they don't get more education or some sort of credential.

"Every high school student should be made aware, in as practical terms as possible, exactly what their economic future will look like if they do not graduate high school and they do not continue their education," the report said. "Arkansas should be committed to encouraging current workers to continue their education as well."

A Matter of Timing

The study looked at 68,515 Arkansans who stopped their education in 2006, when the economy was thriving thanks to the housing bubble.

"The relative boom simply seemed the new normal," the report said. "In addition, work was just beginning on what would be another economic driver in the state: fracking of the Fayetteville Shale." So there were plenty of jobs for people who just had a high school diploma or less. "Any deficiencies in skills a worker might have could quickly be made up on an actual job site," the report said.

In 2006, more than a third of the sample, or 36.9 percent, stopped going to school after receiving their high school diplomas — or didn't bother to complete high school at all. Another 31.3 percent stopped after attending some college but without completing a certificate or degree program, while the remaining 31.8 percent completed a certificate or degree in 2006.

But in the five years after 2006, the country experienced the Great Recession and its sluggish recovery.

"Could we have convinced a graduating senior in 2006 that if they did not continue their education their expected annual salary would be only $12,495 five years later?" the report asked.

Gibson told Arkansas
Business that he would like the statistics to be turned into post-ers and placed in high school counselors' offices. "So when kids come in to talk about their future, they can see what kind of wages they can expect for that future," Gibson said.

In 2011, the difference in average wages between an Arkansan who got his bachelor's degree in 2006 compared with someone who stopped after graduating from high school that year was $38,872 vs. $14,972.

High School Dropouts

The high school seniors who dropped out of school in 2006 were earning an average of $1,254 five years later. And those who didn't complete the ninth grade were earning less than $7,000 annually.

But if a person received a GED diploma in 2006, the average wage was $15,620. That was slightly more than the $14,972 earned by the workers who had completed high school in 2006, but those who got GEDs in 2006 were, on average, 10 years older than those who graduated from high school. They had been in the workforce longer, which explained why they have a larger paycheck, the report said.

Still, "five years after their last education attainment, these Arkansas workers are making very low wages, and the prospects for a higher paying job given this level of educational achievement are very low," the report said.

Holland said the point of the study was to look only at the wages made, not what industries the people went into. He said he hopes to expand the study later to include more information.

College Dropouts

The numbers indicate that the longer students stay in college — even if they have no credentials or degrees to show for it — the better off they'll be financially.

The salary for someone who quit after one year of college was a little more than $20,000 five years later. But someone who quit college as a senior in 2006 earned an average of $31,500 five years later.

"Unfortunately, almost 70 percent of this group is made up of those who went to college for a single year or less," the report said.

Those college freshman, however, are earning more than $6,000 a year more than those who stopped going to school after receiving their high school diplomas. "That's kind of shocking," Gibson said. "We don't have enough details to understand everything that's going on there, but it is interesting."

He said the study didn't try to determine whether going to college was worth the investment. However, the Hamilton Project at the Brookings Institution calculated that the return on the investment of a bachelor's degree was 15.2 percent.

"We can have this debate on whether college is worth it or not," Gibson said. "The grim truth is if you're a high school graduate five years later only making $15,000, people need to be aware of that."

The Arkansas Research Center was established in 2009 using funding from a National Center for Education Statistics grant to the Arkansas Education Department. II

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