

Minnesota Legislative Commission on the Economic Status of Women

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Cheryl Hoium, *Assistant Director*
Michelle (Adamiak) Pryce,
Communications & Policy Specialist

CONTACT INFORMATION

LCESW
85 State Office Building
St. Paul, MN 55155

PHONE: 651-296-8590 or 1-800-657-3949

FAX: 651-297-3697

E-MAIL:
lcesw@commissions.leg.state.mn.us

INTERNET:
<http://lcesw.leg.mn>

TTY/TTD COMMUNICATION:
contact us through the Minnesota Relay
Service at 1-800-627-3529

EDUCATION AND EARNINGS

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DATA SOURCES

Data compiled from U.S. Bureau of the Census:

- ♦ Current Population Reports, *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings: July 2002.*
- ♦ Current Population Reports, *Educational Attainment in the United States: March 2000.*
- ♦ Current Population Reports, *Money Income in the United States: 2000.*

DEFINITIONS

Median earnings: The amount that divides the earnings distribution into two equal groups, half having earnings above the median, half having earnings below the median.

Mean or average earnings: The amount obtained by dividing the total aggregate earnings of a group by the number of units in that group.

Full-time, year-round workers: Persons working 35 and more hours a week for at least 50 weeks in a year.

Work-life earnings: Estimated earnings during a hypothetical 40-year work-life period from age 25 years through age 64 years.

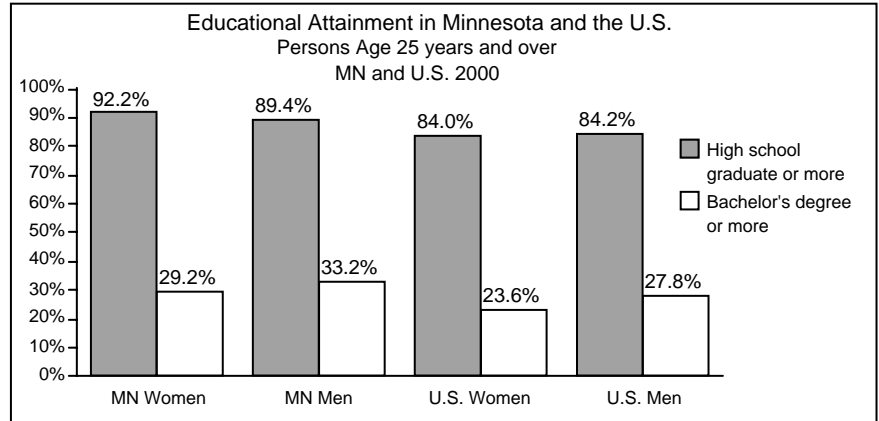
ANNOUNCEMENT

The Commission staff would like to thank readers who completed the newsletter reader survey for providing helpful feedback to us. We will be implementing many of your suggestions in upcoming newsletters.

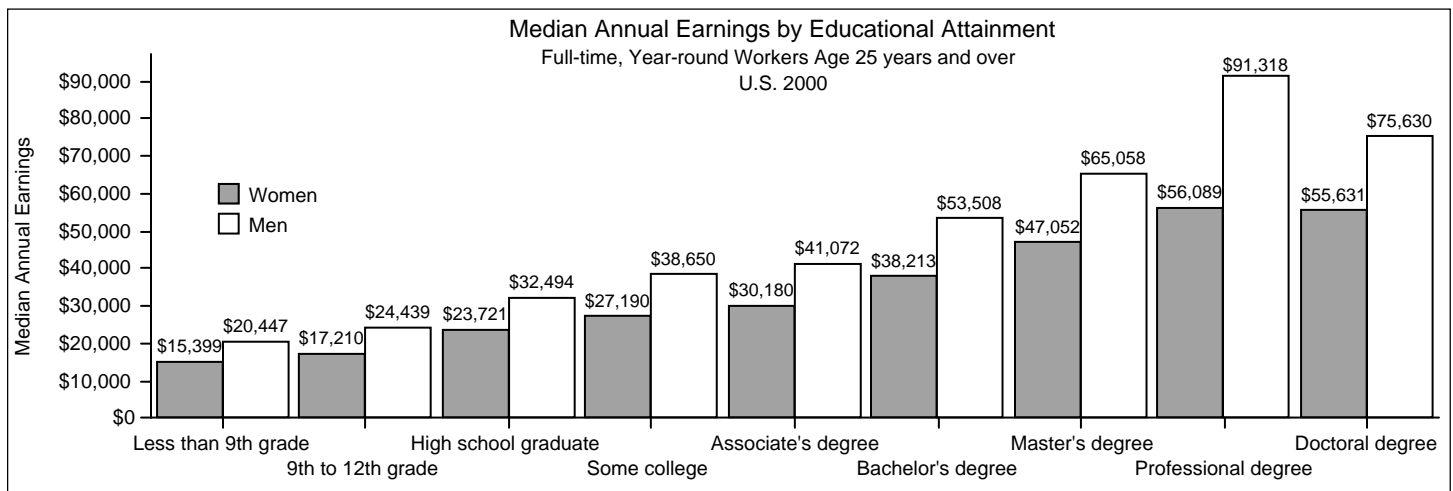
EDUCATIONAL ATTAINMENT BY SEX IN MINNESOTA AND THE UNITED STATES

Women and men in Minnesota had significantly higher educational attainment than the United States averages.

- ◆ The percentage of Minnesota women with at least a high school diploma was slightly higher than that of Minnesota men (92.2 % and 89.4%, respectively) in 2000.
- ◆ In Minnesota, more than 9 in 10 women (92.2%) age 25 years and over had at least a high school diploma (or GED) in 2000. In the U.S., 84 percent of both women (84.0%) and men (84.2%) had at least a high school diploma in 2000.
- ◆ Women age 25 years and over were less likely than their male counterparts to have attained at least a bachelor’s degree. In Minnesota, nearly 3 in 10 (29.2%) women age 25 years and over had a bachelor’s degree or more, compared to one-third (33.2%) of men in 2000. In the U.S., less than one-quarter (23.6%) of women and 27.8 percent of men had at least a bachelor’s degree in 2000.



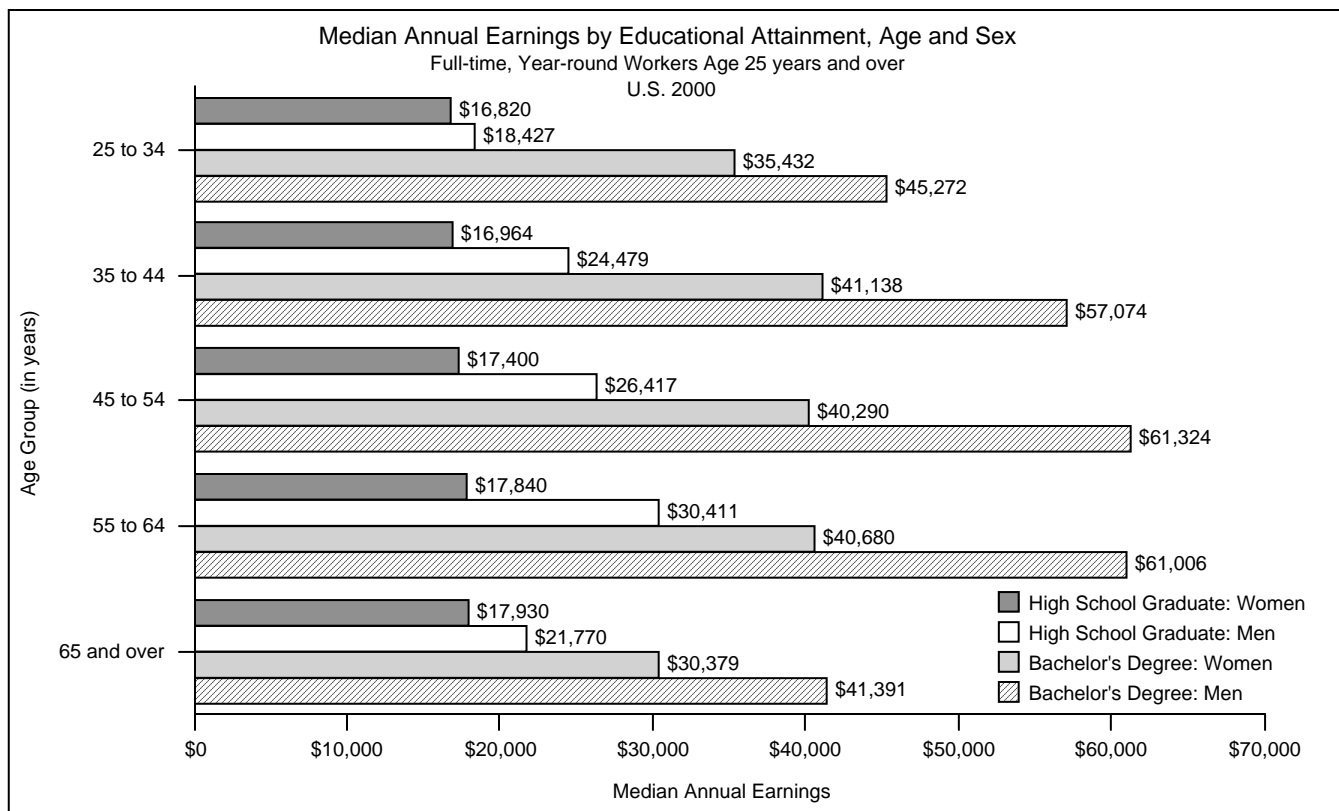
ANNUAL EARNINGS BY EDUCATIONAL ATTAINMENT AND SEX



Median annual earnings of full-time, year-round workers age 25 years and over increased as education levels increased.

- ◆ Median earnings were lowest for workers with less than a 9th grade education. At this level of educational attainment, women full-time, year-round workers had median earnings of \$15,399 in 2000.
- ◆ Women full-time, year-round workers with a professional degree had the highest median earnings (\$56,089), followed by those with a doctorate degree (\$55,631) in 2000.
- ◆ Median earnings of women full-time, year-round workers with a high school diploma (or GED) were \$23,721 in 2000, nearly 40 percent (37.8%) higher than the earnings of their counterparts with a 9th to 12th grade education.
- ◆ In 2000, median annual earnings of women full-time, year-round workers with an associate’s degree were \$30,180, 27.2 percent higher than comparable women workers with a high school diploma (or GED).
- ◆ Median annual earnings of women full-time, year-round workers with a bachelor’s degree were \$38,213 in 2000, just over 60 percent (61.1%) higher than their counterparts with a high school diploma (or GED).

ANNUAL EARNINGS BY EDUCATIONAL ATTAINMENT, AGE AND SEX



Median annual earnings of women full-time, year-round workers age 25 years and over varied by age and educational attainment. Women's median earnings were lower than men's median earnings at all ages and educational levels.

- ◆ Earnings did not vary widely by age for women high school graduates who worked full-time, year-round. In 2000, the difference between the lowest and highest median earnings by age group was \$1,110, ranging from \$16,820 for women age 25 to 34 years to \$17,930 for women age 65 years and over.
- ◆ Median earnings of full-time, year-round women workers with a bachelor's degree were lowest for women in the younger (age 25 to 34 years) and older (age 65 years and over) age groups.
- ◆ Median earnings of full-time, year-round women workers with a bachelor's degree were highest for workers age 35 to 44 years, although women in the age groups of 45 to 54 years and 55 to 64 years had earnings only slightly lower. For women full-time, year-round workers with a bachelor's degree, the difference between the lowest and highest median earnings by age group was \$10,759, ranging from \$30,379 for women age 65 years and over to \$41,138 for women age 35 to 44 years.

The earnings gap, or ratio of female-to-male median earnings, also varied by level of educational attainment and age.

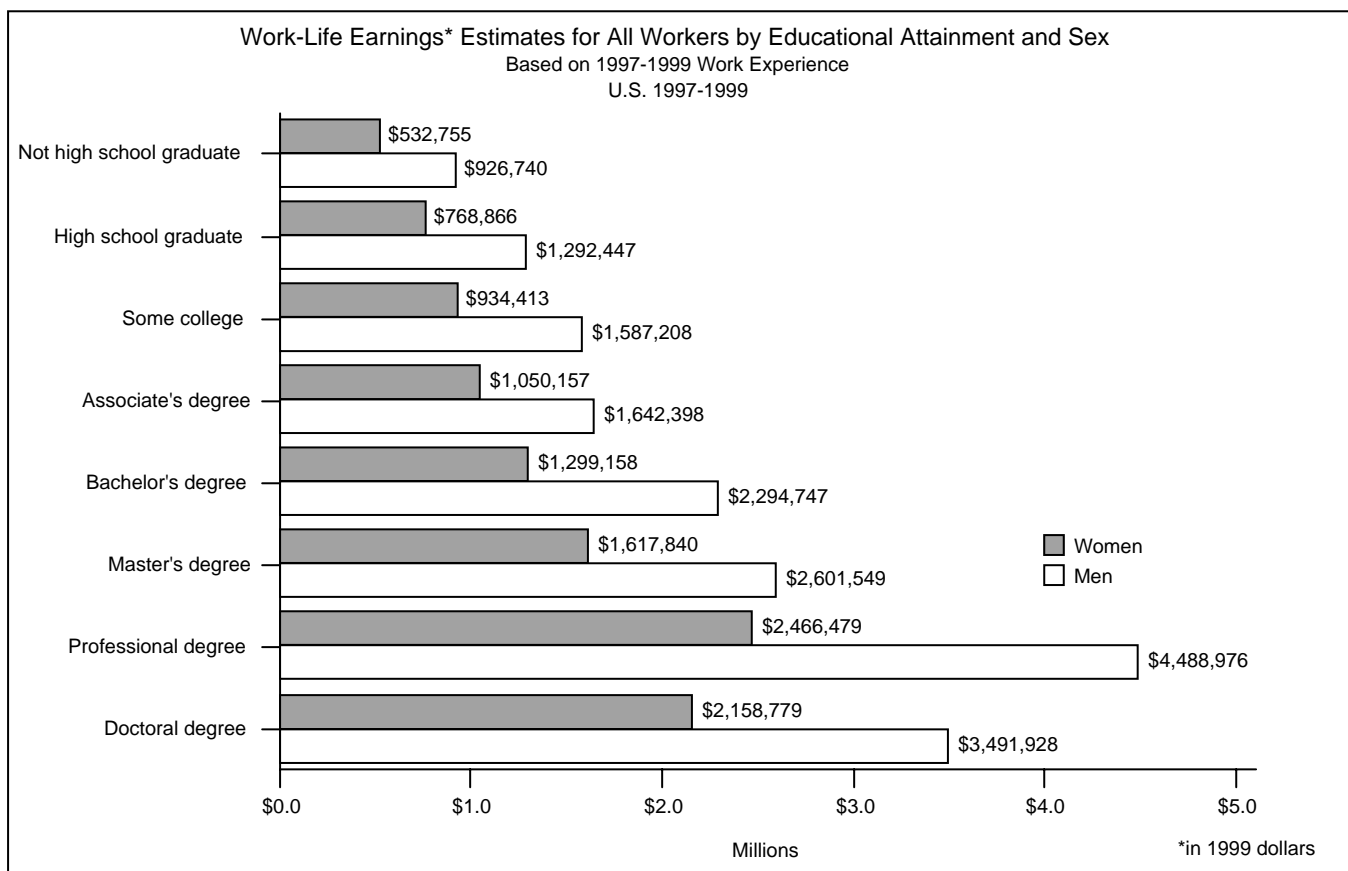
- ◆ The earnings gap was smallest for women high school graduates in the 25 to 34 years age group. Women full-time, year-round workers in this group had median earnings that were 91.3 percent of their male counterparts in 2000.
- ◆ The earnings gap was greatest for women high school graduates in the 55 to 64 years age group. Women full-time, year-round workers in this group had median earnings that were less than three-fifths (58.7%) of the earnings of men in the same age and educational attainment group in 2000.
- ◆ The earnings gap between men and women full-time, year-round workers with a bachelor's degree was smallest (78.3%) for women in the 25 to 34 years age group in 2000.
- ◆ The earnings gap was greatest for women full-time, year-round workers with a bachelor's degree in the 45 to 54 years age group. Women in this group had median earnings that were less than two-thirds (65.7%) of the median earnings of their male counterparts in 2000.

WORK-LIFE EARNINGS BY EDUCATIONAL ATTAINMENT AND SEX

Synthetic work-life earnings (formerly referred to as life-time earnings) are estimates of the total average earnings adults are likely to accumulate over the course of their working lives based on a hypothetical 40-year working life from ages 25 through 64 years. Work-life estimates are created by using the working population's one-year annual average earnings and summing their age-specific average earnings for people ages 25 to 64 years. The earnings presented in the following charts are illustrative and do not predict actual future earnings. All estimates are based on average or mean earnings and are in 1999 dollars. The estimates reflect earnings at different levels of educational attainment but do not account for differences in the earning potential of various fields of study within the levels, an individual's work history, or the motivation and effort put in at work by an individual.

ALL WORKERS

The chart below contains work-life estimates for all workers (which includes workers who work part-time or for part of the year). Historically, women's labor force attachment has been more variable than men's due mostly to competing family caregiving responsibilities. Earnings estimates based on all workers include some of this variability in work experience.



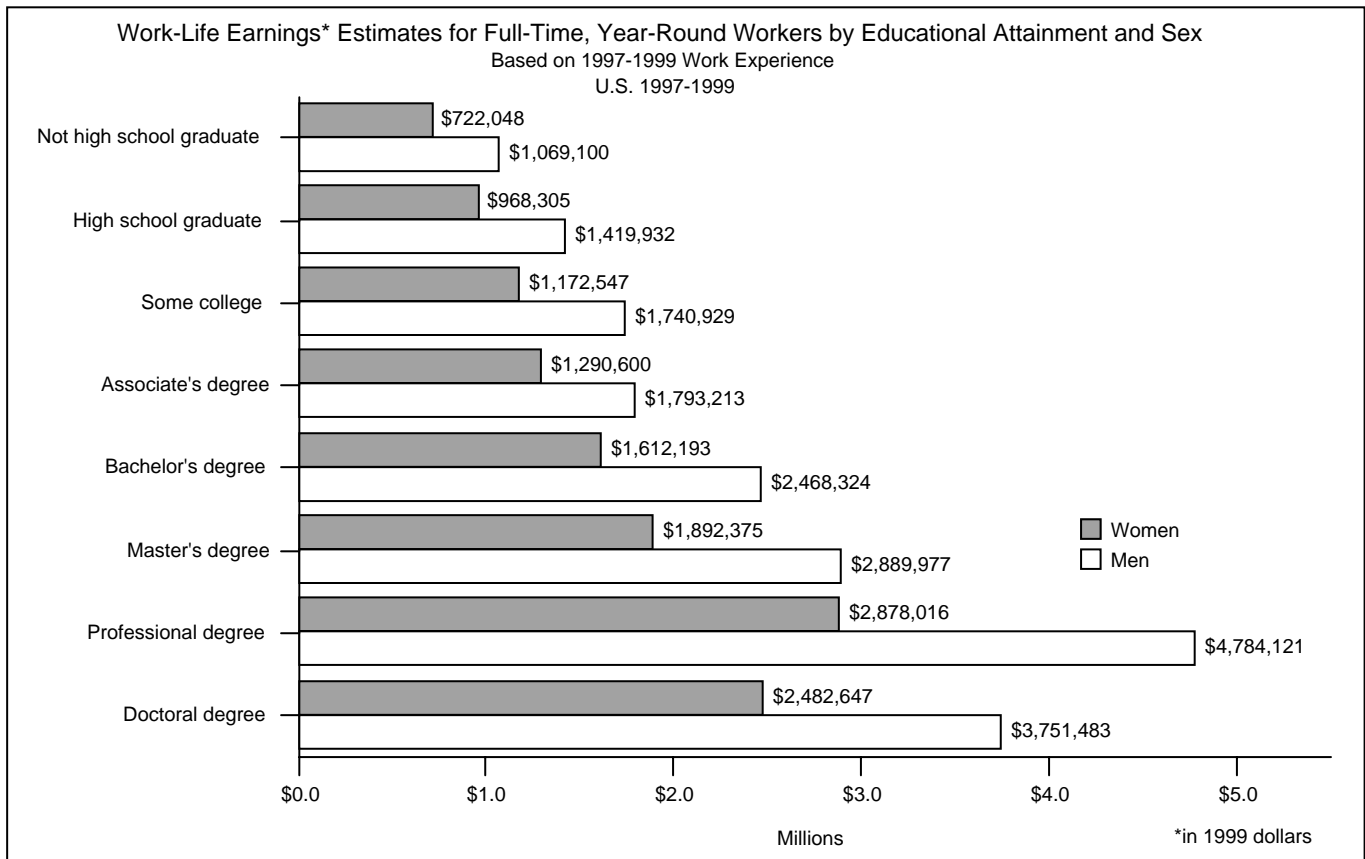
Educational attainment has a major impact on earnings over a work-life as earnings differences compound over time. In general, each increasing level of attainment has higher earnings than the one below it for both men and women. The exception is workers with professional degrees (e.g., physicians, lawyers, veterinarians) who have the highest earnings. Men's work-life earnings were higher than women's work-life earnings for workers at all levels of educational attainment.

- ◆ Work-life earnings ranged from just over one-half million dollars for women workers with no high school diploma (or GED) to \$2.5 million for women workers with a professional degree.
- ◆ Women workers with an associate's degree are estimated to earn \$1.1 million, nearly double the work-life earnings of a women who is not a high school graduate.
- ◆ Women full-time, year-round workers with a bachelor's degree are estimated to earn \$1.3 million, nearly 1.7 times the work-life earnings of a high school graduate.

WORK-LIFE EARNINGS BY EDUCATIONAL ATTAINMENT AND SEX

FULL-TIME, YEAR-ROUND WORKERS

The chart below contains synthetic work-life estimates for full-time, year-round workers (which include people who work 35 and more hours a week for at least 50 weeks in a year) assuming full employment throughout one's work-life. These estimates do not account for an individual's past partial employment or unemployment, which may reduce current full-time earnings. Earnings estimates based on full-time, year-round workers provide a more comparable view of potential earnings.



Work experience influences earnings. The work-life earnings of full-time, year-round workers were higher than the work-life earnings of all workers at all levels of educational attainment.

- ◆ On average, women full-time, year-round workers with a high school education will earn less than \$1 million from ages 25 to 64 years. This compares to work-life earnings of \$1.3 million for women with an associate's degree and \$1.6 million for women with a bachelor's degree
- ◆ The educational payoff is most noticeable at the highest educational levels. Women full-time, year-round workers with a professional degree have the highest work-life earnings and may earn \$2.9 million from ages 25 to 64 years. Women full-time, year-round workers with a doctoral degree have estimated work-life earnings of \$2.5 million.

Men earn more than women at each education level. The earnings gap between the work-life earnings of women and men full-time, year-round workers is substantial.

- ◆ Disparities in work-life earnings are greatest among workers with higher degrees. Women full-time, year-round workers with a professional degree may expect to earn \$1.9 million less from ages 25 to 64 years than men with the same level of educational attainment.

Economic Status of Women
on the
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