

# Higher Education Credentials, Higher Skills, and Lost Purchasing Power: A Dilemma for Workforce Development Policy and Practice

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Not long ago the thinking in the Adult Education and Literacy System (AELS) of the United States was that adults with literacy skills below the high school level and who lacked a high school diploma could enter into ABE (adult basic education), learn enough to work up to ASE (adult secondary education), and then study hard to get a high school diploma or General Educational Development (GED) certificate. That was the end of the education provision in the AELS. In effect, this sequence of ABE to ASE to "graduation" was meant to replicate the K-12 system of the public schools for children. In ABE the adults got primary school and middle school education (completion of the 8th grade) then in ASE they got secondary (high) school education (9th to 12th grades) and then they graduated from high school or its "equivalent" in the case of the GED.

In the last few years this view of the AELS has changed. In many programs it is no longer considered sufficient for the AELS to provide a K-12 "equivalency" education and provide a high school diploma or GED certificate. Instead, many are calling for the AELS to provide a college preparatory education so that AELS students can get their HS diploma or GED and then qualify for and transition into college, and acquire a two- or four-year college degree.

The reason generally stated for wanting to shift the goal of the AELS from the terminal GED to the "transitional" GED is because some labor market analysts think it is necessary for adults to have post-secondary education and a higher education degree of some kind to earn enough to be self-sufficient in today's economy. For adults to meet college entry requirements means that they must perform well above the minimal passing scores for the GED, which have typically been set "...so that about one-third of the norming sample would not meet the passing threshold" (Tyler, 2005, p. 47). In this case, the "norming sample" refers to high school students who took the GED as part of its development.

## **The Education/Literacy Skill Trade-Off**

The idea that one needs a higher education degree to be successful in today's labor market economy is complicated by the findings by Kirsch, Braun, Yamamoto, & Sum (2007) of the Educational Testing Service. They present data showing that the mean weekly earnings of U. S. full-time employed adults ages 16 and older vary by both education level and Prose literacy level as measured by the National Adult Literacy Survey (NALS) of 1992.

Interestingly, some adults with two year college degrees were earning \$386 weekly while some other adults with only 9-12 years of education, and no high school diploma, earned \$414 weekly. So in this case adults with less education earned more than those with two year degrees. Why? The two year degree holders were in NALS literacy level 1, the lowest level of literacy, while those with less than a high school education were in NALS literacy level 3, the mid-level of literacy for adults in the NALS. Here, then, having a higher level of literacy was more important than having completed high school and gone on to post-

secondary education and getting a two year college degree. Skill and not education credentials appear to be the factor producing higher income here.

On the other hand, some adults at NALS literacy level 4, the next to the highest level of literacy, earned \$493 weekly, while some at NALS level 1 earned \$586 weekly. Why? The level 4 literates had only a high school diploma while the level 1 literates had somehow acquired four year or higher education degrees. So a higher education degree for those near the bottom of the literacy scale can offset the benefits of having literacy skills near the top of the scale for those without a higher education degree. Degrees and not skills seem to be in play here.

## **Real Income and Education Credentials**

Barton (2000) reported that more people have completed high school and acquired some college over the last quarter century yet real hourly wages (i.e., adjusted for inflation) for both men and women with less than high school, high school, and some college have declined. For men, even college graduate's real hourly wages declined 4 percent, while for women they increased. Only for those with advanced degrees have real hourly wages increased for both men and women (p. 34).

Kirsch, Braun, Yamamoto, & Sum (2007) present data showing that in constant 2005 dollars ("real income") the mean lifetime earnings of 18 to 64 year old males in the United States has declined from 1979 to 2004, except for those with a Master's Degree or higher. For those men without a high school diploma or GED, the drop in lifetime earnings was -39 percent, for those with a high school diploma but no college, the decline was -29 percent, for those with 1-3 years of college, including an Associate's Degree the decline was -13 percent and for those with a Bachelor's degree the decline was -1.2 percent. For those with a Master's degree, the increase from 1979 to 2004 was +15 percent (Table A12 p. 31).

These data suggest that if more and more men attain higher levels of education, then in wages adjusted for annual inflation from 1979, there is likely to be an additional drop in the lifetime wages for men with education up through a Bachelor's degree. Following this trend, if more and more men attain a Master's degree, then we should observe a decline in the inflation adjusted wages for those men with Master's degrees in the coming years. Presumably, as Barton's (2000) report suggests, as more and more women acquire higher education degrees this will eventually have some deleterious effect on women's real income at higher education levels, too.

These kinds of trade-offs among skills and credentials and their effects on income call for caution in our approach to workforce development policies and practices. We need to make certain that our educational efforts lead to both better skills and higher education credentials for maximum returns on investments in education. But we also need to be concerned that by enlarging the pool of both a better educated and more highly literate workforce, there are real increases in the economic purchasing power for those who make a considerable investment of time and effort in achieving both higher credentials and higher skills. Otherwise we run the risk of seeing more and more highly educated and skilled citizens without the capacity for self-sufficiency nor the sustainability of the means of providing not just for themselves but also for their families.

We are presently in the United Nation's Decade of Sustainable Development and the United Nation's Decade of Literacy.

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