



Exercise 7D:

How Much Is Attending Class Worth?

Calculate how much getting that high school diploma is worth.

Given the average lifetime earnings for:¹

Professional Degree	\$3,296,840
College graduate with bachelor's degree	\$1,878,760
Two-year college associate's degree	\$1,455,960
High school diploma (or GED)	\$1,167,480
Ninth-grade education or less	\$ 787,400

- 1 Figure the difference in potential income between a high school graduate and someone who did not finish the ninth grade:

$$\begin{aligned} & \$ 1,167,480 \text{ average lifetime earnings (high school diploma)} \\ & - \quad 787,400 \text{ average lifetime earnings (ninth-grade education or less)} = \\ & \$ \underline{\hspace{2cm}} \text{ Potential extra future earnings (PEFE) for a high school graduate (a)} \end{aligned}$$

- 2 Divide the PEFE for a high school graduate (a) by the number of years typically spent in high school:

$$\begin{aligned} & \$ \underline{\hspace{2cm}} \text{ PEFE earnings for a high school graduate (a)} \div 4 \text{ years} = \\ & \$ \underline{\hspace{2cm}} \text{ PEFE per year for a high school graduate (b).} \end{aligned}$$

- 3 Divide the PEFE per year for a high school graduate (b) by the average number of school days per school year (c):

$$\begin{aligned} & \$ \underline{\hspace{2cm}} \text{ PEFE per year for a high school graduate (b)} \div 180 \text{ days per school year (c)} = \\ & \$ \underline{\hspace{2cm}} \text{ value of a day's education for a high school graduate.} \end{aligned}$$

¹2002 Current Population Survey



Assignment 7-2:

My Career Prep

Estimate the costs of preparing for at least two careers in which you're interested. List possible opportunity costs of training for each one.