

Name:

Date:

Period:

### Activity 1.2: The Benefits of Education

For this activity, you will examine two tables on annual earnings of young adults. Through investigation of salary figures, you will learn about the benefits of investing in human capital by staying in school. Table 1 shows the median annual earnings of all full-time, full-year wage and salary workers, ages 25-34. Table 2 shows ratios calculated from the same information.

**Questions: (Highlight or Bold your answers and Show your work)**

**A.** In the year 2002, which group of males had the highest median salary (Hint: what is their college degree?) How much money was that?

**B.** Write down the salary of the highest-salaried male group in 2002. Now divide it by the salary of the males who had a high school diploma or GED that year. Use two decimal places. What number did you get? In which year is it listed in Table 2?

**C.** In Table 2, what do the entries “**greater** than 1.00” represent? What about “**less** than 1.00”?

**D.** Why would a business pay more to hire an employee with more education, instead of saving money by hiring someone with less education?

**E.** In Table 2, has the earnings advantage of degree holders gone up or gone down since 1971? How can you tell? (Show from what number to what number)

**F.** On average, how much does:

1) A male high school dropout earn per year.

2) A male with a high school diploma.

3) A male with an undergraduate degree?