

Economic Impact of the GED Credential Research Quick Facts (2011)



Economic impact, particularly labor market outcomes, of the GED credential continues to be one of the most debated topics for labor economists and adult educators (Heckman, Humphries, & Mader, 2010).

Key Findings: GED credential recipients take a “middle” position for labor market impact among high school dropouts, GED credential recipients, and traditional high school graduates, according to 1997 National Longitudinal Study of Youth (NLSY97) data. High school dropouts tend to earn lower average wages and work fewer hours, and traditional high school graduates tend to earn higher average wages and work more hours, than GED credential recipients (Song & Patterson, 2011).

Economic Impact - Many Points of View: What are some of the claims within this debate? Cameron and Heckman (1993), using earlier 1979 NLSY data, originally argued that GED credential recipients were “indistinguishable in many relevant labor market dimensions” from uncredentialed high school dropouts. Later studies found that GED credential holders have higher wages and personal income than uncredentialed high school dropouts (Boesel, Alsalam, & Thomas, 1998; Song & Hsu, 2008; Tyler, 2002; Tyler & Berk, 2008). While numerous studies found that economic benefits of the GED credential were primarily for adults with low cognitive skills (Clark & Jaeger, 2002; Heckman, Hsueh, & Rubenstein, 2000; Murnane, Willett, & Boudett, 1999; Murnane, Willett, & Tyler, 2000; Tyler, Murnane, & Willett, 2001), another study indicated that non-cognitive skills actually explained more wage variation between GED credential recipients and traditional high school graduates than cognitive skills did (Bowles, Gintis, & Osborne, 2001).

After at least five years since graduating, traditional high school graduates and GED credential recipients earned about the same hourly wage.

Timing Is Critical: When labor market impact is measured may also make a difference. Tyler, Murnane, and Willett (2000) found that the economic benefits of the GED credential take time to accrue. Clark and Jaeger (2006) examined a sample across a long age span (20 to 64 years) and found substantial economic benefits to obtaining a GED credential later in a career. Song and Patterson (2011) found that after at least five years since graduating or earning the GED credential, respectively, traditional high school graduates and GED credential recipients earned about \$15 per hour on average.

Using These Findings: Adult educators can use this information to counsel adult learners on their options. Some, particularly very young, adults still have an opportunity to complete high school and earn a traditional diploma. For those who cannot do so, whether for family, work, or personal reasons, these findings offer an opportunity for a frank conversation about work and earnings goals. That conversation could include identifying the adult learner’s long- and short-term employment goals, exploring potential occupations which would be open to him or her as a GED credential holder, and discussing how to transition to further education to expand career possibilities – and earnings potential – even further.

How do these findings benefit adult learners? On average adults taking the GED test have been out of school for nine years and are approximately 26 years old (American Council on Education, 2011). Adults who are already out of high school and preparing for testing need to know that if they pass the GED test, they have a stronger possibility to earn higher wages than as a high school dropout. At the same time, they realistically could expect that their initial wages after passing will not tend to be as high as if they had stayed in school, and that without further education, it may take five years or more for their earnings levels to catch up with peers who graduated from high school.