

**Who Is Buying My Company’s Products and Services?**

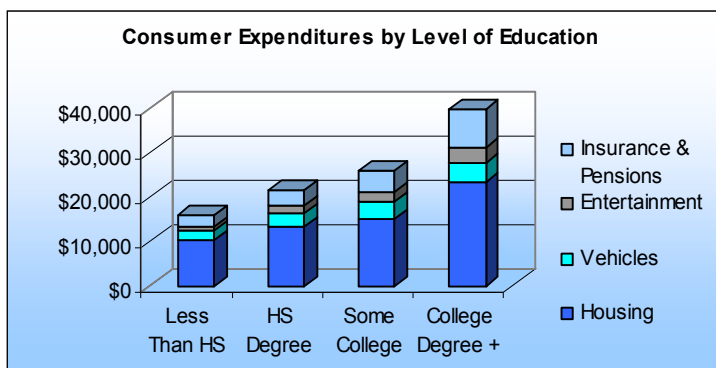
Whether your company sells light bulbs or software, your bottom line will benefit from a more educated public. With more education comes more buying power. The average annual spending of a household headed by a high school dropout is almost \$29,000. A household headed by a bachelor’s degree holder, on the other hand, spends *more than double* that amount each year on goods and services.

EDUCATION LEVEL OF HEAD OF HOUSEHOLD	AVERAGE HOUSEHOLD PRE-TAX INCOME	AVERAGE ANNUAL CONSUMPTION
High School Dropout	\$31,775	\$28,760
High School Diploma	\$45,962	\$39,305
Associate Degree	\$67,353	\$52,272
Bachelor’s Degree	\$82,860	\$63,864

**How Does Education Impact Consumer Decisions?**

Not only does education impact how *much* people spend each year, but it also impacts *how* they spend their money.

Individuals with more education are more likely to make long-term investments in durable goods (like a new car or home) because they are more confident in their jobs’ security and their own ability to pay for those goods over time. College graduates also invest more in intangibles that improve their quality of life and protect them from the unexpected, such as insurance and pensions, and are able spend more on clothing, electronics, and entertainment.



If your company makes products or services available online, you are likely reaching a more educated consumer base, as both internet usage and e-commerce increase dramatically with education attainment.

**Is the U.S. Education System Making the Grade?**

**High school dropouts spend 55% less on housing and 75% less on insurance than college graduates.**

Citizens benefit from a rigorous education. Using higher-order and critical thinking to make sound and logical decisions based on available information in daily life is the hallmark of a quality education—and of a savvy consumer.

Unfortunately for all, the American public education system is not adequately preparing students to participate in the information-based marketplace. Too many students are failing to earn high school or college degrees. About 30% of teenagers fail to finish high school, and fewer than half of students that enroll in college go on to earn their degree. High school students are not getting the

higher-order thinking skills they need. For example, 24 out of 40 nations outscored the U.S. on math problem solving, among fifteen year olds on the international PISA comparison. Young American adults have also failed to earn bachelor’s degrees at the same pace as students internationally: today, 25-34 year-olds in the U.S. rank 7<sup>th</sup> globally in degree attainment, while previous generations were leaders.

**How Can Companies Help Produce a Generation of Savvy Consumers?**

By partnering with policymakers and educators to raise graduation standards for all and achieve excellence in math and science, businesses can ensure that more graduates are able to make sound consumer decisions. Companies should advocate for higher graduation standards, assessments and courses, particularly in English, math and science, which are rigorous and relevant to the realities of the knowledge-based economy; align charitable giving with data-driven education programs that raise achievement; and make the case to the public for education reform.

**What’s the Bottom Line?**

Removing the cracks in the education pipeline and ensuring more students attain higher levels of education will strengthen individual decision making, corporate markets and the U.S. economy.

Sources: Bureau of Labor Statistics, 2006; Institute for Higher Education Policy, 2005; Employment & Training Administration, U.S. Dept. of Labor, 2005; Pew Center For Internet & Society, 2007.

Updated June 2008