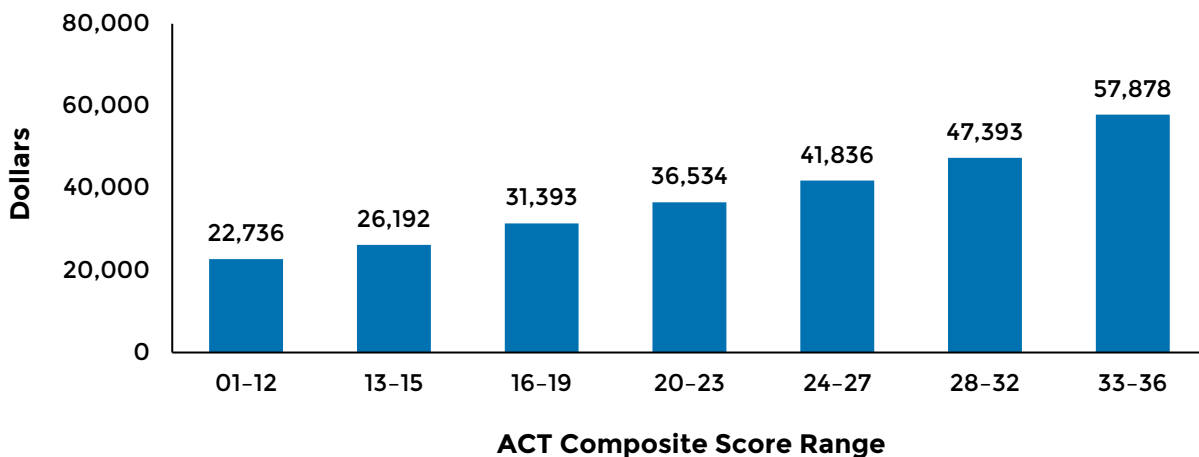


The Importance of Graduating from High School College and Career Ready: The Positive Relationship between ACT Score and Future Earnings

Krista D. Mattern, PhD, and Ty M. Cruce, PhD

Previous research has linked higher levels of academic preparation as measured by the ACT® to postsecondary success, such as earning higher college grades and completing a college degree in a timely manner.¹ This ACT Data Byte extends these findings, illustrating the positive relationship between graduating from high school college and career ready and future annual earnings. Data from a collaboration between ACT and Opportunity Insights—a non-profit organization located at Harvard University—show that the annual earnings individuals report during their late 20s are positively related to their academic achievement level measured during high school.²

Figure 1. Mean Annual Earnings (in 2016 dollars) at Age 28 by ACT Composite Score Range



Notes: Based on over 9.1 million ACT-tested individuals who were born between 1979 and 1987. Mean annual earnings are calculated using all ACT-tested individuals, including those individuals (9%) who reported *no* positive income at the age of 28. The positive relationship between ACT Composite score range and mean annual earnings remains when the sample is limited to only those individuals who reported positive income at the age of 28.



Figure 1 provides the mean annual earnings of ACT-tested individuals at the age of 28 by the range of their ACT Composite score. As seen in the figure, annual earnings increase as test scores increase. Compared with the average annual earnings of individuals who scored between 1 and 12 on the ACT, individuals who scored between 28 and 32 had mean earnings that were over twice as high, whereas individuals who scored between 33 and 36 had mean earnings that were more than 2.5 times higher. The findings underscore the importance of students acquiring the foundational knowledge and skills taught during primary and secondary schooling for future education and workplace success.

Notes

1. Refer to the ACT Technical Manual for complete information on the validity of ACT scores for predicting postsecondary outcomes; ACT. (2020). *The ACT technical manual*. Iowa City, IA: ACT.
2. These statistics were calculated as part of the collaboration between Opportunity Insights and ACT on the project 'Income Segregation and Intergenerational Mobility Across Colleges in the United States.' Annual earnings at age 28 are the individual's total pre-tax earnings in 2016 dollars. For a single filer, individual earnings are defined as the sum of the individual's W-2 wage earnings and net self-employment income, if positive (i.e., net of one-half of the self-employment tax). For a joint filer, individual earnings are defined as the sum of the individual's W-2 wage earnings, net self-employment income, if positive, and half of the additional wage earnings relative to the sum of their spouse's W-2 wage earnings. For a non-filer, individual earnings are defined as the sum of wage earnings reported on the individual's W-2 forms.