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EDUCATIONAL ATTAINMENT BY WAGE OR SALARY INCOME: 1940

The accompanying data on wage or salary income in 1939 by years of school completed are based on an analysis of 1940 census statistics. In releasing these data, Director J. C. Capt of the Bureau of the Census, Department of Commerce, stated that work on this subject was laid aside during the war because of shortage of manpower and pressure for other types of statistics. Some of the basic tables are now completed, and because of the wide interest in statistics of income by education and repeated requests currently coming from many quarters, the data are now being made available.

This release deals with only native white and Negro males 25 to 64 years old whose income came almost wholly from wages or salary, that is, those who received less than \$50 from sources other than wages or salary. Among such native white males completing only 7 or 8 years of grade school, almost a fifth received less than \$500 in wages or salary and about one twentieth earned \$2,500 and over. In contrast, of those completing college, about 4 percent earned less than \$500, and over a third earned \$2,500 and over.

There was also an increase in income with educational attainment among Negro males in the United States in 1940. In this group, however, there was a much greater concentration in the lower income classes. Negroes earned markedly less than native whites of similar residence, age, and grade of school completed. Yet education had an important influence. Of those completing only 7 or 8 years of grade school, more than a third earned less than \$500 and only two-tenths of one percent earned \$2,500 and over. On the other hand, about an eighth of Negro college graduates earned less than \$500 and approximately 4 percent earned \$2,500 and over. In the comparison of income for native whites and Negroes, it should be noted that Negroes are concentrated in the southern States, where wage rates tend to be relatively low.

Table 1 shows the percent distribution of native white and Negro males 25 to 64 years old by cumulative income classes in selected education groups. These proportions are based on data for those persons who reported a wage or salary income of \$1 or more in 1939.

Table 1.—PERCENT DISTRIBUTION BY CUMULATIVE INCOME CLASSES IN SELECTED EDUCATION GROUPS OF NATIVE WHITE AND NEGRO MALES 25 TO 64 YEARS OLD WITHOUT OTHER INCOME IN 1939, FOR THE UNITED STATES: 1940

(Statistics based on a 5-percent sample. Percentages relate to number of persons reporting a wage or salary income of \$1 or more in 1939)

WAGE OR SALARY INCOME IN 1939	NATIVE WHITE					NEGRO				
	Total	Years of school completed				Total	Years of school completed			
		None	Grade school, 7 and 8 years	High school, 4 years	College, 4 years or more		None	Grade school, 7 and 8 years	High school, 4 years	College, 4 years or more
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Less than \$500.....	16.7	52.9	18.6	8.1	3.7	48.5	68.6	36.7	25.4	12.7
Less than \$1,000.....	39.7	79.9	44.8	26.3	12.3	85.2	93.9	79.3	70.1	47.5
Less than \$1,500.....	63.4	91.3	69.8	52.4	27.9	96.6	99.1	95.7	90.4	73.8
\$1,500 and over.....	36.6	8.7	30.2	47.6	72.1	3.4	0.9	4.3	9.6	26.2
\$2,000 and over.....	18.6	5.3	13.3	25.3	51.6	1.1	0.2	1.0	4.5	13.1
\$2,500 and over.....	9.0	1.5	5.4	12.3	34.0	0.2	0.1	0.2	0.6	3.9

Median wage or salary income (see table 5) increased with added educational attainment almost without exception in every age group shown for the United States and for urban and rural-nonfarm areas. For example, native white males

25 to 29 years old who did not finish a single year of school had a median wage or salary income of only \$407, those completing only 7 or 8 years of grade school, had a median of \$820, those dropping out after completing high school had a

median of \$1,176, and those completing college had a median of \$1,567. The corresponding medians for Negro males in the same age groups were \$316, \$522, \$689, and \$882. Median wage or salary income may be defined as the amount which divides the wage or salary income group into two equal parts, one having incomes above the median, and the other having incomes below the median.

Within each age group and race, the median income levels are lower among rural-nonfarm males than among males in urban areas. Statistics for rural-farm males are not shown separately because most of the workers living on farms are either self-employed or have income from sources other than wages or salary. They have, however, been included in the figures for the United States as a whole.

For a fixed amount of education, median income also increases with an increase in age through the group 45 to 54 years old. This increase may be attributed to the normal increase in wages or salary resulting from experience gained with added years of employment. It is, however, not so marked nor so uniform as is the increase in income in relation to education. The decrease in income in the group 55 to 64 years old results from the fact that many persons in this age group have passed the peak of their earning power and some have begun to drop out of the labor force.

Table 2 of this release presents statistics on wage or salary income in 1939 for native white males 25 to 64 years old, by years of school completed and age, for the United States and for urban and rural-nonfarm areas. Comparable data for Negroes are shown in table 3. Table 4 shows

the percent distribution by income for native white and Negro males 25 to 64 years old in the United States, and table 5 shows median wage or salary income for males having an income of \$1 or more and without other income in 1939, for the various groups shown in the other tables.

Wage or salary income, as defined for the 1940 census, includes all money received in 1939 in compensation for work or services performed as an employee, including commissions, tips, piece-rate payments, bonuses, etc., as well as receipts commonly referred to as wages or salary. The value of income received "in kind" is not included. The income reported was the total wages or salary before deductions.

The statistics presented in this release are based upon tabulations of returns from a five-percent sample of the population enumerated in the 1940 census. These statistics based on a sample population are expected to differ somewhat from those which would have been obtained from a complete count of the population. An analysis of the figures for items that were tabulated both in the complete count and on the five-percent sample basis indicates that in 95 percent of the cases the sample statistics differ from the complete census statistics by less than 5 percent for all numbers of 10,000 or more, by less than 10 percent for numbers between 10,000 and 1,000, and by less than 20 percent for numbers between 2,000 and 5,000. Somewhat larger variations may be expected in numbers below 2,000. Even for these small numbers, however, the majority of the differences between the sample and complete statistics are less than 10 percent, although much larger differences occasionally occur.