RUTGERS–NEW BRUNSWICK
Institute for the Study of Employee Ownership and Profit Sharing
School of Management and Labor Relations

Beyond the College Pathway:

ESOPs, Pay, and Financial Security for Workers Without a Four-Year College Degree

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Executive Summary

At a time when more Americans are questioning whether a four-year college degree should be treated as the main route to economic security, policymakers are paying renewed attention to the quality of jobs available to workers without bachelor's degrees. The question is critical because workers without bachelor's degrees are not a small or marginal group; they make up the majority of the American workforce—about 55% of employed workers in 2024—and are central to the country's manufacturing, construction, logistics, service, and industrial base.[1]

Across the political spectrum, policymakers and workforce leaders are showing renewed interest in rebuilding pathways to good jobs for workers without college degrees. Recent bipartisan efforts have emphasized national workforce strategy, apprenticeships, and the removal of unnecessary degree requirements as ways to expand access to stable, well-paying work.[2]

But the question is not only how workers get trained. It is also what kinds of jobs they enter once they are trained. Do those jobs offer solid pay and a real chance to build wealth?

> *ESOPs allow workers to share in the value they help create.*

There is reason to think that Employee Stock Ownership Plans, or ESOPs, may be one piece of the solution. ESOPs allow workers to share in the value they help create by giving them an ownership stake in the companies where they work. Prior research has shown they are associated with higher job quality overall. For workers without four-year degrees, this raises an important policy question: **Can ESOPs help strengthen pay and long-term financial stability for American workers without college degrees?**

This report offers the first national analysis of how Employee Stock Ownership Plans (ESOPs) shape pay outcomes for employees without college degrees. It then examines whether those earnings differences are accompanied by stronger access to employer-provided benefits and

[1] U.S. Census Bureau, "Educational Attainment in the United States: 2024," September 3, 2025, https://www.census.gov/data/tables/2024/demo/educational-attainment/cps-detailed-tables.html; find press release at https://www.census.gov/newsroom/press-releases/2025/educational-attainment-data.html
[2] Bipartisan Policy Center, "A Nation at Risk to A Nation at Work: The Case for a National Talent Strategy," March 11, 2026, https://bipartisanpolicy.org/report/a-nation-at-risk-to-a-nation-at-work-the-case-for-a-national-talent-strategy

higher household net worth, while recognizing that household wealth reflects many factors beyond a worker's current job.

To examine this relationship, this brief uses data from the National Longitudinal Survey of Youth 1997 cohort to compare workers without a bachelor's degree in ESOP and non-ESOP jobs in 2023 across annual earnings, access to employer-provided benefits, and household net worth.

The findings suggest that ESOP jobs are associated with stronger earnings, greater access to employer-provided benefits, and higher household net worth for workers without bachelor's degrees. Together, these patterns point to employee ownership as a relevant part of current policy debates about how to create better jobs, strengthen retirement security, and broaden economic opportunity for working-class Americans.

Key Highlights

- **Full-time workers without a bachelor's degree earn more in ESOP jobs.** They earn an average of **$80,091 per year**, compared with **$69,458** for similar workers in non-ESOP jobs—an annual difference of **$10,633**, or about **15.3%**.

- **The ESOP earnings advantage is broad-based.** ESOP earnings advantages appear across gender, race and ethnicity, and rural and urban areas, suggesting that ESOP jobs a re associated with higher earnings on average for workers without college degrees across demographic and geographic groups—although disparities remain.

- **ESOP workers report greater household wealth.** Workers without bachelor's degrees who have access to ESOPs report higher median household net worth, suggesting that employee ownership may contribute not only to better pay, but also to longer-term financial security.

Introduction

In the United States, workers with higher levels of education often have higher earnings. In 2024, full-time workers age 25 and older with a bachelor's degree earned median weekly wages of $1,543, compared with $930 among workers with only a high school diploma, a difference of roughly 66%.[3]

But college completion is not equally accessible. For example, among students who were ninth-graders in 2009, 78% of those from the highest socioeconomic status group were enrolled in postsecondary education by 2016, compared with only 28% of those from the lowest socioeconomic status group.[4] These disparities make good paying jobs for non-college workers critically important.

Employee Stock Ownership Plans (ESOPs) offer one possible pathway to higher paying jobs and long-term wealth building. ESOPs are federally regulated retirement plans in which companies establish a trust to hold company shares on behalf of eligible employees.

Unlike other forms of equity compensation which may be targeted more narrowly to executives, managers, or higher-wage employees, ESOPs are federally regulated retirement plans designed to provide broad-based employee ownership through a qualified benefit structure.[5]

These plans already represent a substantial part of the employee-ownership landscape: the Rutgers Institute for the Study of Employee Ownership and Profit Sharing estimates that ESOPs cover 15.2 million participants, including more than 11 million active participants, and hold more than $475 billion in company stock.[6]

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[3] U.S. Bureau of Labor Statistics, "Education Pays, 2024," Career Outlook, 2025, https://www.bls.gov/careeroutlook/2025/data-on-display/education-pays
[4] National Center for Education Statistics, "Young Adult Educational and Employment Outcomes by Family Socioeconomic Status," Condition of Education, U.S. Department of Education, Institute of Education Sciences, accessed May 11, 2026, https://nces.ed.gov/programs/coe/indicator/tbe/outcomes-by-socioeconomic-status
[5] Internal Revenue Service, "Employee Stock Ownership Plans (ESOPs)," updated August 26, 2025, https://www.irs.gov/retirement-plans/employee-stock-ownership-plans-esops
[6] Joseph R. Blasi and Douglas L. Kruse, "Employee Ownership and ESOPs–What We Know from Recent Research," Aspen Institute, 2025, https://www.aspeninstitute.org/publications/employee-ownership-and-esops-what-we-know-from-recent-research-2025

Emerging work has linked employee ownership to higher pay, stronger benefits, greater job stability, improved retention, and better firm performance.[7 8]

Building on that literature, this analysis asks whether workers without a bachelor's degree in jobs with stock-ownership benefits experience stronger outcomes than similar workers in jobs without such benefits. Using data from the National Longitudinal Survey of Youth 1997 (NLSY97) cohort, the analysis compares ESOP and non-ESOP workers without a bachelor's degree across pay, access to employer-provided benefits, and household net worth.

Because of the limits of the NLSY97 data, the term "ESOP worker" refers to employed survey respondents who indicate that their current job offers an employee stock ownership plan benefit. This measure should not be interpreted as a direct administrative measure of formal ESOP participation. Instead, it captures whether the respondent reports access to a stock-ownership benefit in their current job. For more information, see the appendix.

The analysis begins by asking who has access to stock-ownership benefits, comparing workers with and without bachelor's degrees and full-time and part-time workers. The rest of the brief focuses on full-time workers without bachelor's degrees, where pay and benefits are easier to compare. It then examines whether ESOP workers differ from non-ESOP workers in earnings, benefits, and household wealth, and whether these patterns vary by gender, race and ethnicity, and rural or urban status.

Workers Without College Degrees Report Comparable or Greater Access to ESOPs

In 2023, workers without a bachelor's degree were slightly more likely than workers with a bachelor's degree or more to report access to a stock-ownership benefit. Among employed workers, regardless of part-time or full-time status, 28.2% of workers without a bachelor's degree reported stock-ownership benefit access, compared with 24.1% of workers with a bachelor's degree or more.

This finding is important because stock-ownership benefits are often assumed to be concentrated among more highly educated workers. Other forms of stock compensation are skewed toward the more educated and higher paid. ESOPs, however, are designed with broad-

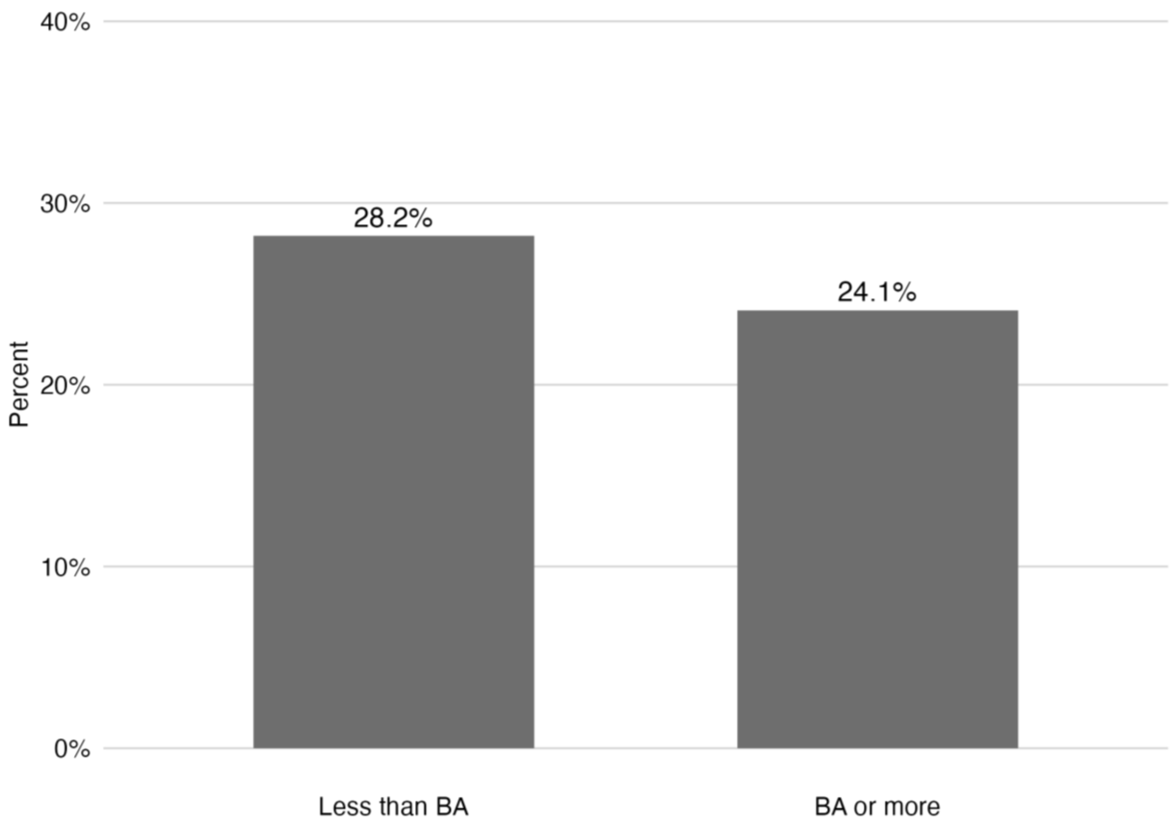
[7] Adria Scharf, "The Impact of Employee Share Ownership on Job Quality: Insights from Closely Held Businesses," International Review of Applied Economics 39, nos. 4–5 (2025): 692–716, https://doi.org/10.1080/02692171.2025.2488767

[8] Douglas Kruse, "Does Employee Ownership Improve Performance?" IZA World of Labor 2022, no. 311 (2022), https://eohub.rutgers.edu/wp-content/uploads/2026/03/does-employee-ownership-improve-performance-1.pdf

based coverage rules and include workers across pay levels and ranks. In this NLSY97 sample, workers without bachelor's degrees report access at comparable or slightly higher rates than college-educated workers.

> *ESOPs include workers across pay levels and ranks.*

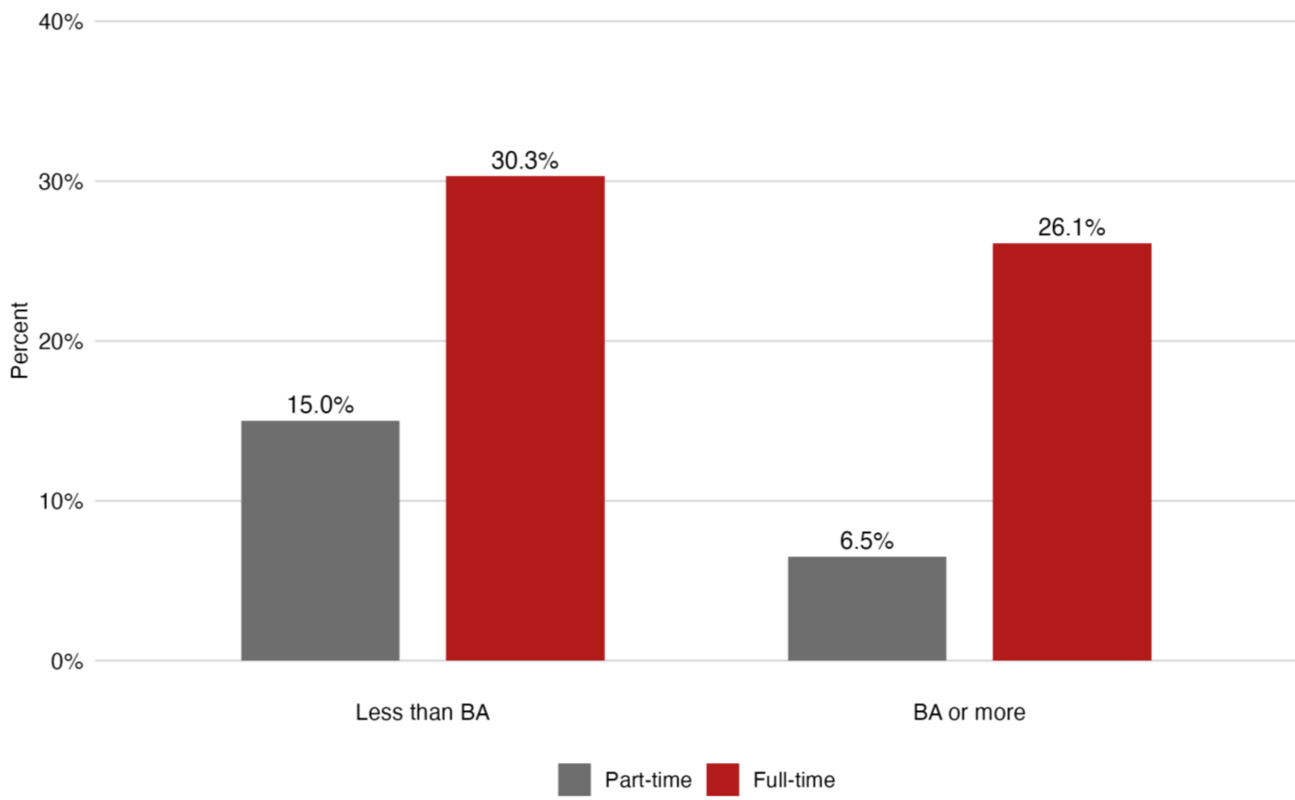
Figure 1. Workers Without College Degrees Report Comparable or Greater Access to ESOPs, 2023



Note: Sample includes employed NLSY97 respondents ages 25 to 45 in 2023 with nonmissing education and ESOP access. Sample sizes: Less than BA n=3,488; BA or more n=791. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

Access to stock-ownership benefits, however, does vary by work status. As expected, full-time workers are more likely than part-time workers to report access to a stock-ownership benefit regardless of education level. Among workers without a bachelor's degree, 30.3% of full-time workers report access to a stock-ownership benefit, compared with 15.0% of part-time workers. Among workers with a bachelor's degree or more, 26.1% of full-time workers report access, compared with 6.5% of part-time workers.

Figure 2. Across Education Levels, Full-Time Workers Report Greater ESOP Access, 2023



Note: Sample includes employed NLSY97 respondents ages 25 to 45 in 2023 with nonmissing education, ESOP access, and work-status information. Full-time is defined as 35 or more hours per week. Sample sizes: Less than BA part-time n=466; Less than BA full-time n=3,012; BA+ part-time n=77; BA+ full-time n=713. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

ESOP Jobs Are Associated with Higher Earnings for Full-Time Workers Without College Degrees

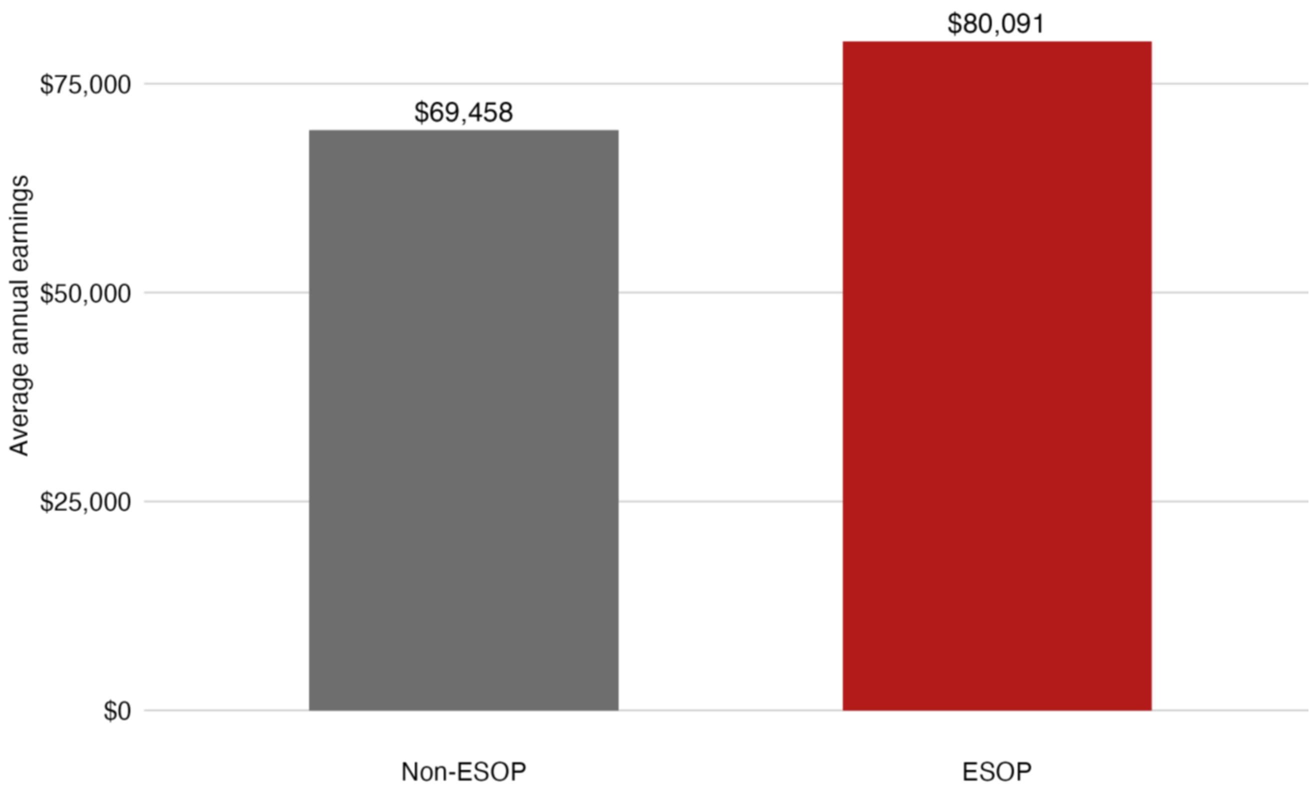
This section examines annual earnings among full-time workers without a bachelor's degree.

Among the 3,012 full-time workers without a bachelor's degree in the sample, 913 workers, or about 30.3%, reported access to an employee stock ownership plan benefit in their current job, while 2,099 workers, or about 69.7%, did not.

As shown in Figure 3, workers in ESOP jobs earned more, on average, than comparable workers in non-ESOP jobs. In 2023, full-time workers without a bachelor's degree in non-ESOP jobs earned an average of $69,458, compared with $80,091 among workers in ESOP jobs. This represents an average earnings difference of $10,633 per year, or roughly 15.3%, for ESOP workers.

> *Full-time workers without a bachelor's degree earn an average of $10,633 more per year in ESOP jobs—a difference of about 15.3%.*

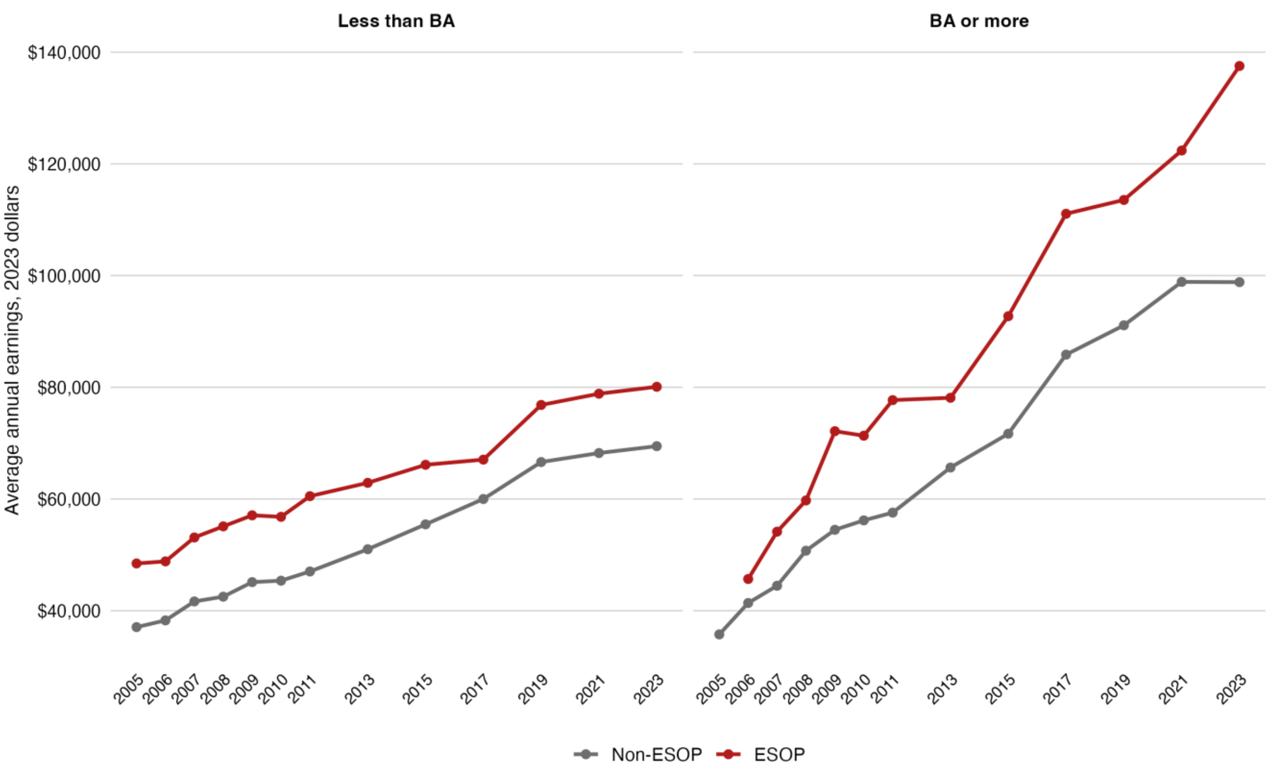
Figure 3. Full-Time Workers Without College Degrees Have Higher Annual Earnings in ESOP Jobs, 2023



Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 in 2023 without a bachelor's degree and with nonmissing ESOP access. Full-time is defined as 35 or more hours per week. Sample sizes: Non-ESOP n=2,077; ESOP n=900. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

This earnings difference is not limited to the 2023 cross-section. As the figure below shows, the ESOP earning advantage has persisted over time for workers without a bachelor's degree. It has also persisted, and grown, over time for workers with degrees.

Figure 4. ESOP Earnings Advantages Have Persisted Over Time Across Education Levels



Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 with nonmissing education, ESOP access, and earnings. Full-time is defined as 35 or more hours per week. Earnings are adjusted to 2023 dollars. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

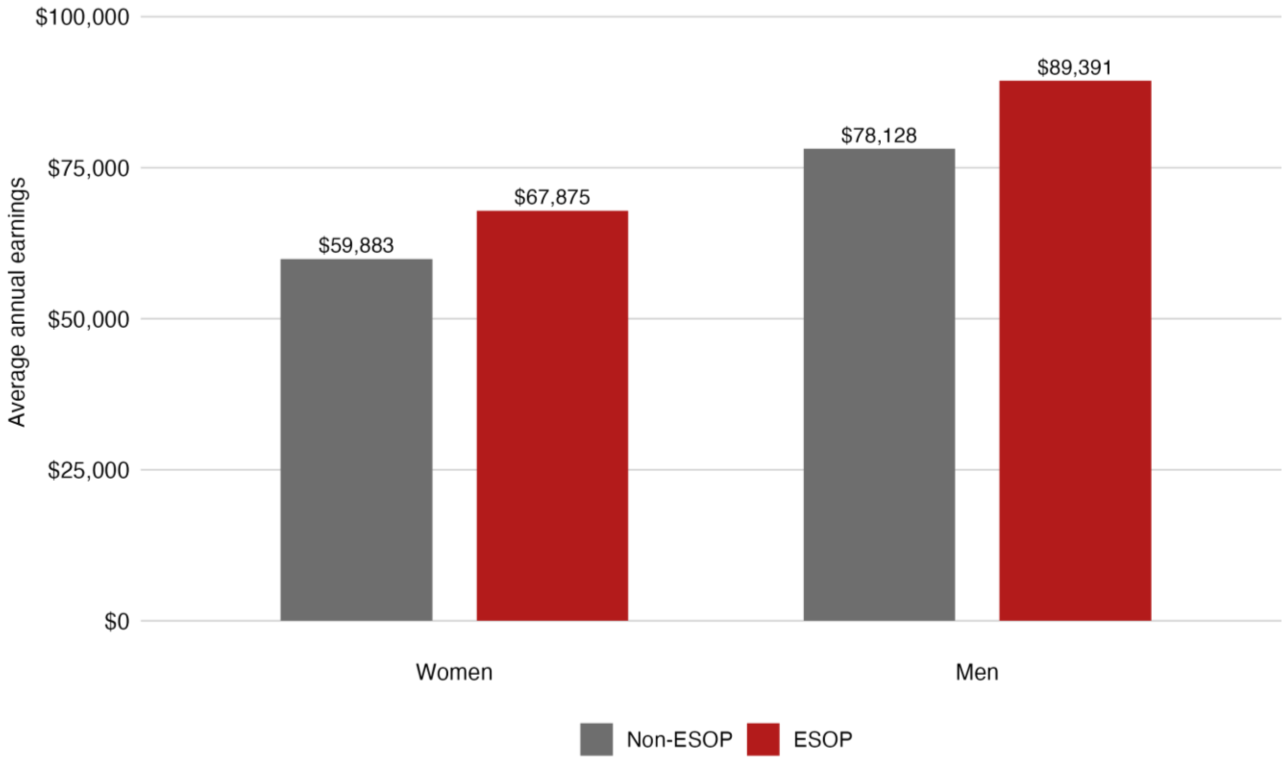
The ESOP Earnings Advantage is Broad-based

The findings discussed above suggest that full-time workers without bachelor's degrees earn more on average when they work in ESOP jobs.

This section asks whether these patterns vary across different groups of workers. It examines differences by gender, race and ethnicity, and rural or urban status. These comparisons help show whether ESOP advantages are shared across groups of workers without a Bachelor's degree.

For full-time workers without a bachelor's degree, ESOP employment is associated with higher average annual earnings for both women and men. Women in ESOP jobs earn $67,875 on average, compared with $59,883 among women in non-ESOP jobs. Men in ESOP jobs earn $89,391 on average, compared with $78,128 among men in non-ESOP jobs. Although gender earnings gaps remain, these findings suggest that ESOP jobs are associated with an earnings advantage across gender groups.

Figure 5. ESOP Jobs Are Associated with Higher Earnings for Both Women and Men Without Bachelor's Degrees, 2023



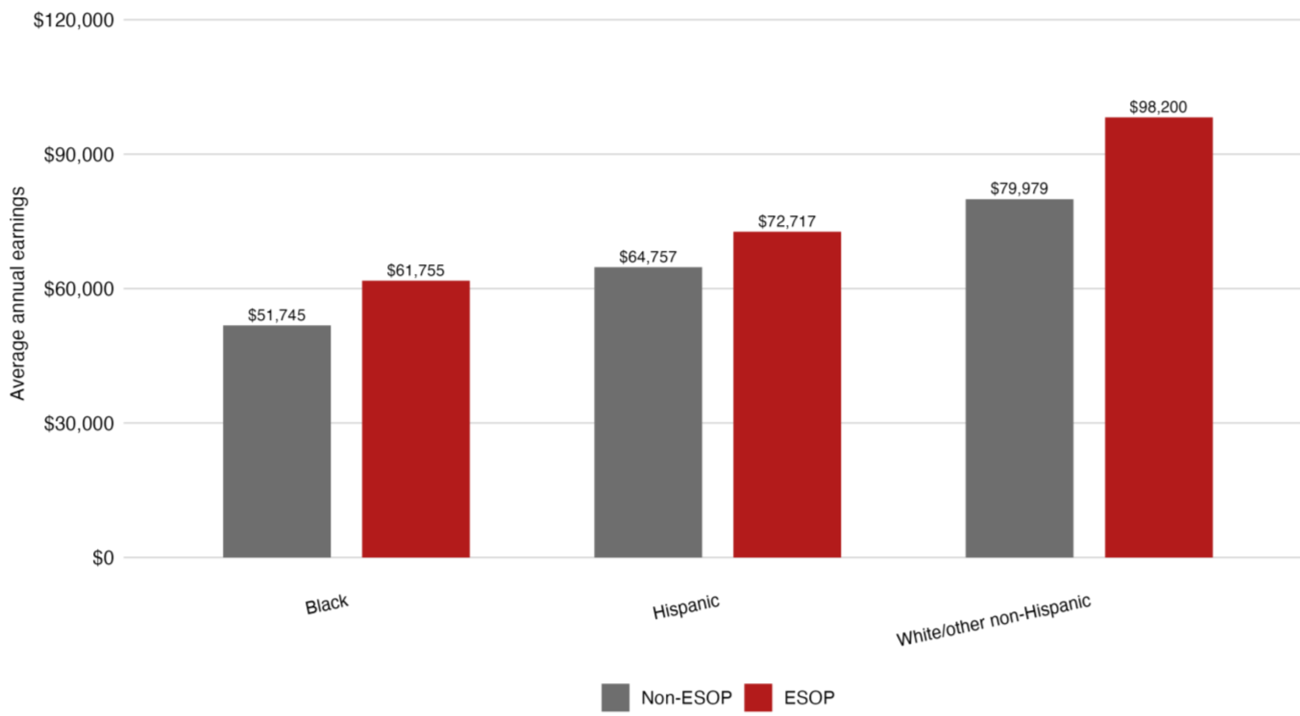
Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 in 2023 without a bachelor's degree and with nonmissing ESOP access. Full-time is defined as 35 or more hours per week. Sample sizes: Women / Non-ESOP n=987; Women / ESOP n=389; Men / Non-ESOP n=1,090; Men / ESOP n=511. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort

The ESOP earnings advantage is also visible across racial and ethnic groups.

Among full-time workers without a bachelor's degree, Black workers in ESOP jobs earn an average of $61,755, compared with $51,745 among Black workers in non-ESOP jobs. Hispanic workers in ESOP jobs earn $72,717 on average, compared with $64,757 among Hispanic workers in non-ESOP jobs. White and other non-Hispanic workers in ESOP jobs earn $98,200 on average, compared with $79,979 among their non-ESOP counterparts.

These findings suggest that the ESOP earnings advantage is not limited to one racial or ethnic group. At the same time, earnings differences across racial and ethnic groups remain substantial.

Figure 6. ESOP Jobs Are Associated with Higher Earnings Across Race and Ethnicity Groups Among Workers Without a Bachelor's Degree, 2023

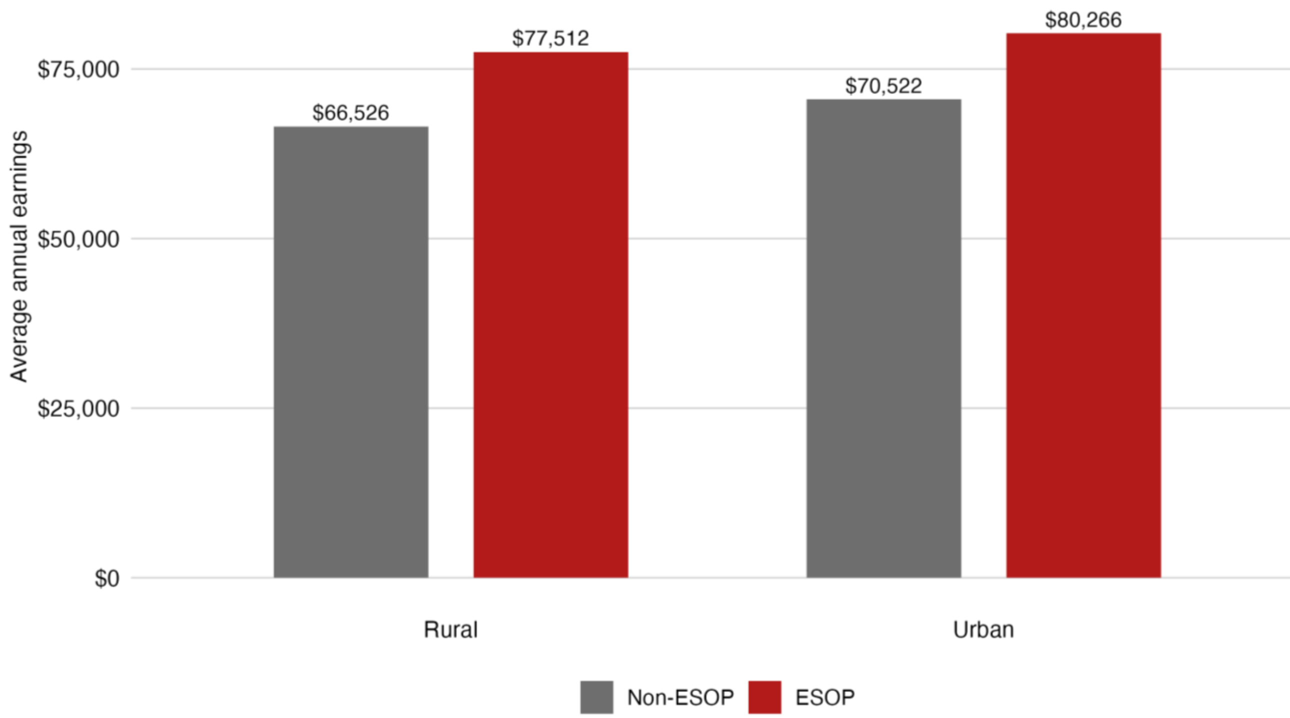


Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 in 2023 without a bachelor's degree and with nonmissing ESOP access. Full-time is defined as 35 or more hours per week. Mixed-race non-Hispanic respondents are excluded because of small cell sizes. Sample sizes: Black / Non-ESOP n=508; Black / ESOP n=317; Hispanic / Non-ESOP n=486; Hispanic / ESOP n=187; White/other non-Hispanic / Non-ESOP n=1,065; White/other non-Hispanic / ESOP n=392. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

The analysis also compares workers in rural and urban areas. Among full-time workers without a bachelor's degree, ESOP workers report higher average annual earnings in both rural and urban areas. Rural ESOP workers earn an average of $77,512, compared with $66,526 among rural non-ESOP workers. Urban ESOP workers earn an average of $80,266, compared with $70,522 among urban non-ESOP workers. These differences suggest that the ESOP earnings advantage is not limited to one type of community. It appears among workers in both rural and urban areas.

> *The ESOP earnings advantage appears across gender, race and ethnicity, and rural and urban communities.*

Figure 7. Workers Without College Degrees Earn More in ESOP Jobs in Both Rural and Urban Areas, 2023

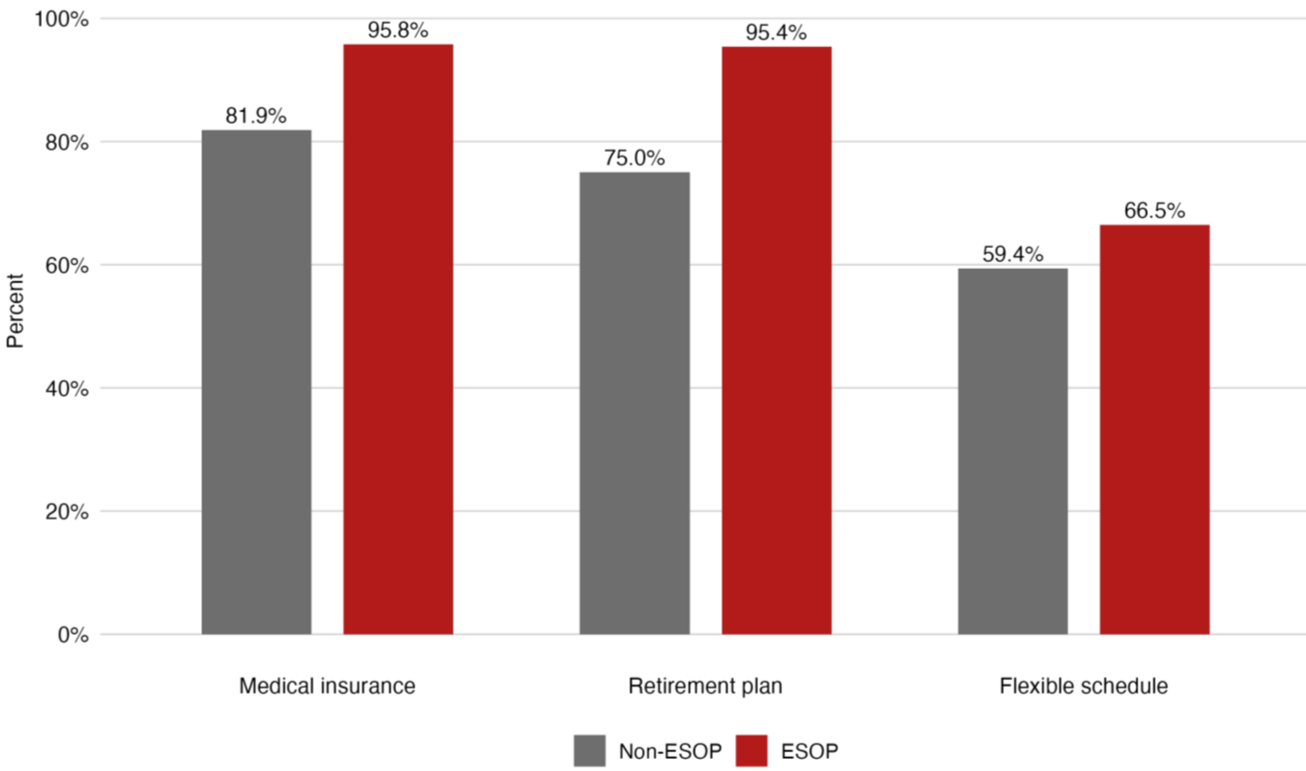


Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 in 2023 without a bachelor's degree and with nonmissing ESOP access. Full-time is defined as 35 or more hours per week. Sample sizes: Rural / Non-ESOP n=436; Rural / ESOP n=149; Urban / Non-ESOP n=1,600; Urban / ESOP n=737. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

ESOP Workers Report Stronger Access to Employer-Provided Benefits

Beyond higher average annual earnings, workers without a bachelor's degree in ESOP companies also report greater access to other employer-provided benefits. As shown in Figure 8, 95.8% have access to medical insurance, compared with 81.9% of workers without an ESOP. ESOPs also appear to supplement rather than replace other retirement benefits. Among workers with an ESOP, fully 95.4% also have access to an additional employer-provided retirement plan. Only 4.6% say they have access to the ESOP alone. By comparison, just 75% of workers without an ESOP have access to any employer-provided retirement plan, and fully 25% have no retirement plan at all. Access to flexible schedules is also more common among workers with an ESOP—66.5% have access, compared with 59.4% of those without one.

Figure 8. Among Workers Without a Bachelor's Degree, ESOP Workers Report Stronger Access to Employer-Provided Benefits, 2023



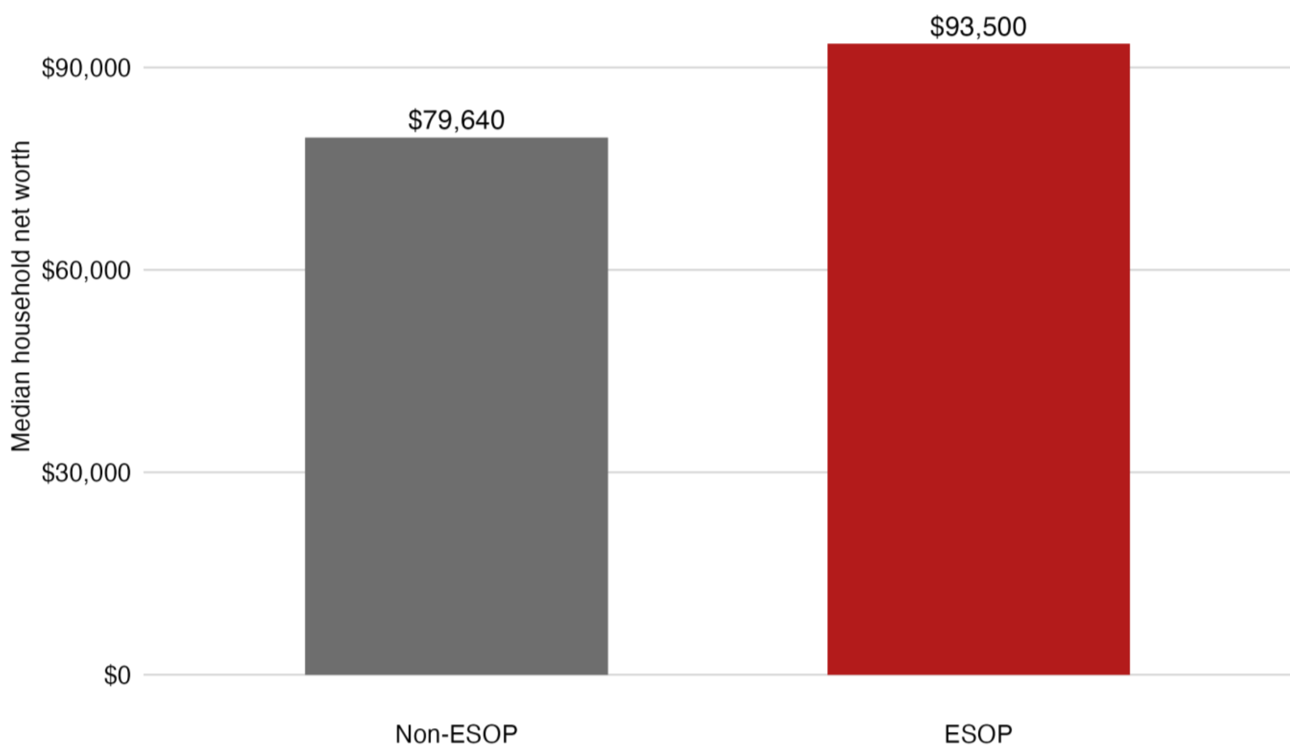
Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 in 2023 without a bachelor's degree and with nonmissing ESOP access. Full-time is defined as 35 or more hours per week. Sample sizes: Non-ESOP n=2,099; ESOP n=913.
Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

ESOP Workers Report Higher Household Wealth

Finally, the brief considers whether ESOP differences extend to household wealth. These findings should be interpreted cautiously because household wealth reflects many factors beyond a respondent's current job. Still, the comparison offers useful insight for understanding whether workers in ESOP jobs also appear to have stronger wealth-building outcomes.

As shown in the figure below, full-time workers without a bachelor's degree in ESOP jobs report markedly higher median household net worth than their non-ESOP counterparts. Median household net worth is $93,500 among ESOP workers, compared with $79,640 among non-ESOP workers.

Figure 9. Median Household Net Worth Among Full-Time Workers Without Bachelor's Degrees: ESOP Workers Compared with Non-ESOP Workers, 2023



Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 in 2023 without a bachelor's degree and with nonmissing ESOP access. Full-time is defined as 35 or more hours per week. Household net worth uses age-40 values when available and age-35 values otherwise. Sample sizes: Non-ESOP n=1,982; ESOP n=852. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

Conclusion

At a time when policymakers, educators, and business leaders are paying renewed attention to the economic prospects of workers without four-year college degrees, this brief finds that employee ownership deserves closer consideration as a potential pathway to stronger job quality and long-term economic security.

The findings show that access to stock-ownership benefits is not limited to college-educated workers. In 2023, workers without a bachelor's degree were slightly more likely than workers with a bachelor's degree or higher to report access to a stock-ownership benefit. Access was also substantially higher among full-time workers than part-time workers across education groups, suggesting that stock-ownership benefit access is shaped not only by education, but also by job structure and labor market attachment.

> *Jobs with ESOPs may be linked to higher pay and expanding wealth-building opportunities for non-college-degree workers.*

Among full-time workers without a bachelor's degree, ESOP jobs are associated with a stronger overall job-quality package. ESOP workers report higher average annual earnings and greater access to key benefits compared to non-ESOP workers. These differences are visible across gender, race and ethnicity, and rural or urban status, suggesting that the ESOP advantage is not confined to a single subgroup of workers without bachelor's degrees.

The analysis also points to possible longer-term economic security differences. Full-time workers without a bachelor's degree in ESOP jobs report higher median household net worth than their non-ESOP counterparts. These household wealth findings should be interpreted cautiously because wealth reflects many factors beyond a respondent's current job. Still, they provide useful context for understanding whether ESOP jobs may be connected to broader wealth-building outcomes.

Taken together, these findings suggest an important policy and research implication: jobs with ESOPs may be linked to higher pay and expanding wealth-building opportunities for non-college-degree workers. This is especially important in a labor market where many workers without bachelor's degrees face limited access to stable, well-paying jobs with benefits and opportunities to build assets over time.

Future research should examine whether these differences persist after adjusting for industry, occupation, firm size, region, and worker characteristics. Additional research should also distinguish more clearly between general stock-ownership benefit access and formal ESOP participation and should examine whether participation in an ESOP is associated with similar or stronger outcomes.

Appendix

Supplemental Figures

The figures in the appendix provide additional longitudinal context for the main findings. While the body of the brief focuses primarily on 2023 comparisons among workers without a bachelor's degree, these supplemental figures show how stock-ownership benefit access, earnings, and benefit access have changed over time by education group and ESOP status.

Figure A1: Stock-Ownership Benefit Access Over Time by Education

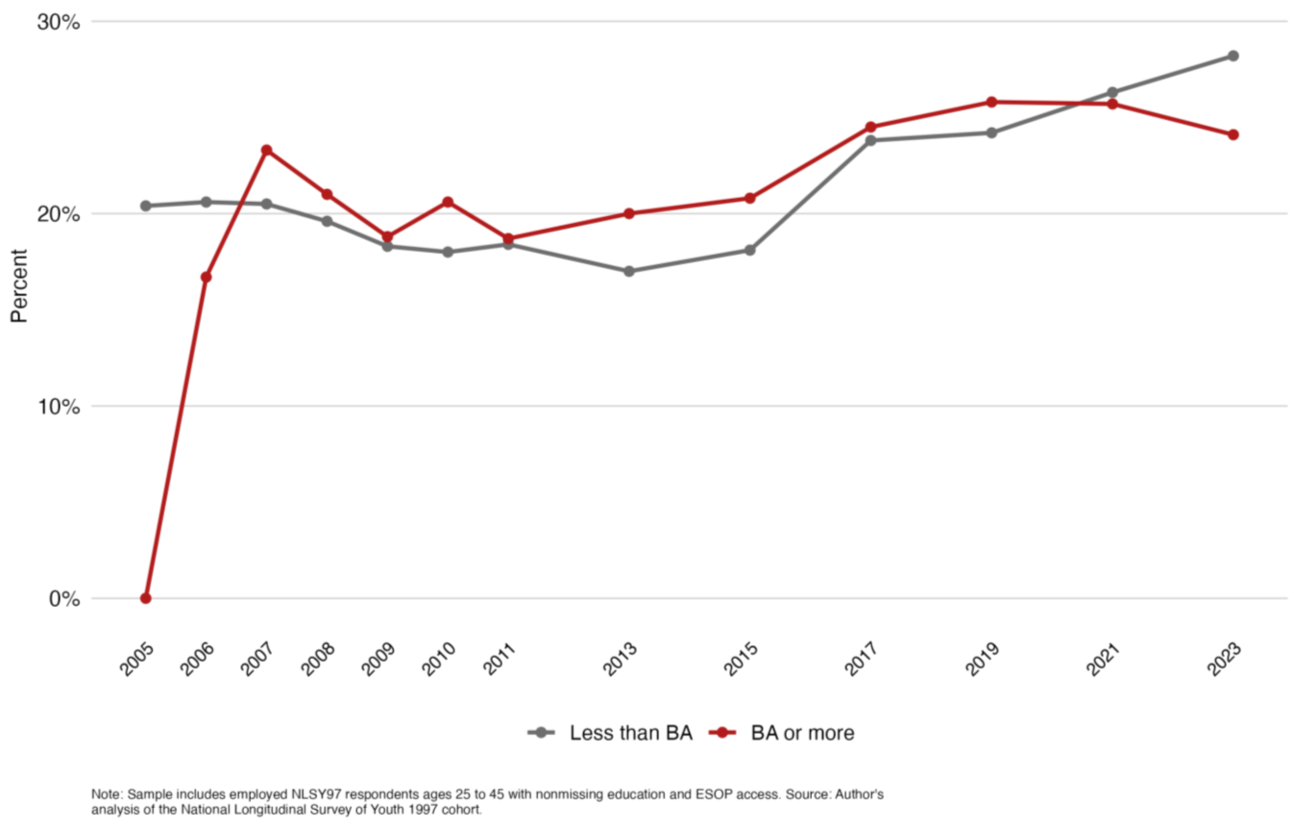
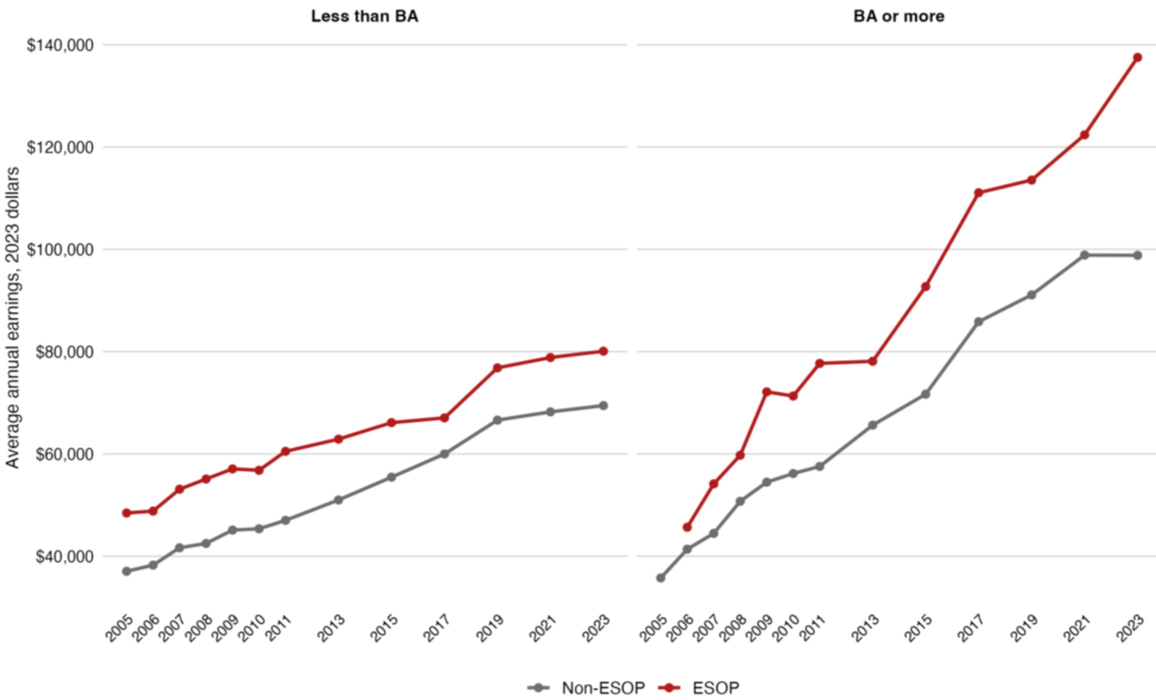
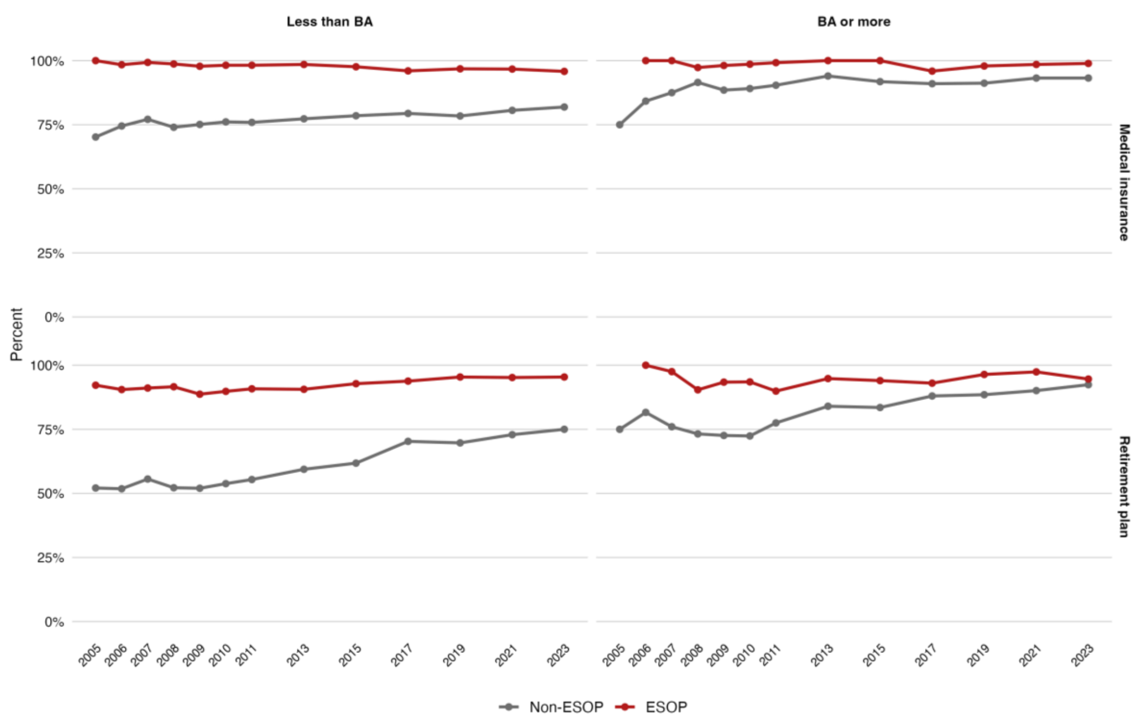


Figure A2: Real Annual Earnings Over Time by Education and Stock-Ownership Benefit



Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 with nonmissing education, ESOP access, and earnings. Earnings are adjusted to 2023 dollars. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

Figure A3: Medical Insurance and Retirement Plan Access Over Time



Note: Sample includes employed full-time NLSY97 respondents ages 25 to 45 with nonmissing education and ESOP access. Medical insurance and retirement plan access are shown because they are the most consistently available benefit measures over time. Source: Author's analysis of the National Longitudinal Survey of Youth 1997 cohort.

Data and Methodology

The analysis uses data from the National Longitudinal Survey of Youth 1997 cohort, a nationally representative longitudinal survey that follows a cohort of young people born between 1980 and 1984 as they move through school, work, family formation, and adulthood. Given that the main goal of this brief is to compare job-quality outcomes among workers whose educational attainment and labor market attachment are more stable, respondents are restricted to ages 25 to 45 in each survey year, helping ensure that the comparison between workers with and without a bachelor's degree reflects a more settled point in respondents' education and employment trajectories.

Education is coded into two groups: less than a bachelor's degree and bachelor's degree or more. Education is treated cumulatively across waves, so once a respondent is observed with a bachelor's degree or higher, they remain in the BA-or-more group in later rounds. Employment is determined by whether a respondent received income from a job in the past year or had positive wage and salary income, and full-time employment is defined as working 35 or more hours per week.

The main stock-ownership measure is a benefit-availability variable on the respondent's current job. Workers whose current job offers a stock-ownership benefit are classified as ESOP workers, while workers whose current job does not offer such a benefit are classified as non-ESOP workers. Respondents with missing stock-ownership benefit status or missing education group are excluded from the main comparison figures. Because this measure is self-reported, it should be interpreted as reported access to an ESOP or similar stock-ownership benefit rather than administrative confirmation of formal ESOP participation.

The NLSY97 survey question used to capture stock ownership is as follows. Respondents who selected option 10 below are counted as ESOP workers.

"Please look at the following list of benefits which employers sometimes make available to their employees. [at this time/at the time R left], which of the benefits on this list would it [be/have been] possible for you to receive as part of your job with [employer's name()]?

(SELECT ALL THAT APPLY.)

☐	0	None
☐	1	Medical, surgical or hospitalization insurance which covers injuries or major illnesses off the job
☐	2	Life insurance that would cover your death for reasons not connected with your job
☐	3	Dental benefits
☐	4	Paid maternity or paternity leave
☐	5	Unpaid maternity or paternity leave which would allow you to return to the same job, or one similar to it
☐	6	A retirement plan other than Social Security
☐	7	A flexible work schedule
☐	8	Tuition reimbursement for certain types of schooling
☐	9	Company provided or subsidized childcare
☐	10	Employee Stock Ownership Plan(s)