



The Value of Education

November 2007

DATA SPOTLIGHT

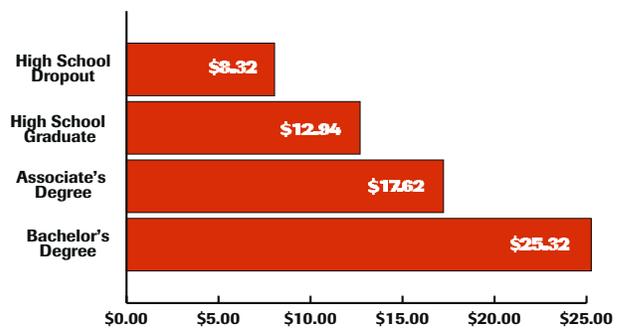
Today's workplace pays a premium for education – more skills and training correlate with higher earnings and better positions. The majority of job growth today and in the future is taking place in fields requiring more education, training and technical/vocational certification, beyond high school.

Education: Earnings and Savings

- Higher levels of education and career skills certifications lead to significantly higher earnings (Figure 1).
- High school graduates earn significantly higher earnings than dropouts.
- Dropouts also have an unemployment rate that is almost double of high school graduates.
- Earning differences have grown among workers with distinct levels of educational attainment.
 - Workers with the least education generally have experienced the slowest wage growth.
 - In 1975 those without a high school diploma earned 10% less than those with a high school diploma, and in 2005 they earned 30% less than those with a high school diploma.
 - Workers in 1975 with a bachelor's degree earned 150% of the wages of workers with only a high school diploma; by 2005, this increased to 175%.
 - Only college graduates have experienced growth in real median weekly earnings since 1979.
 - High school dropouts have seen real earnings decline by about 20%.

Figure 1

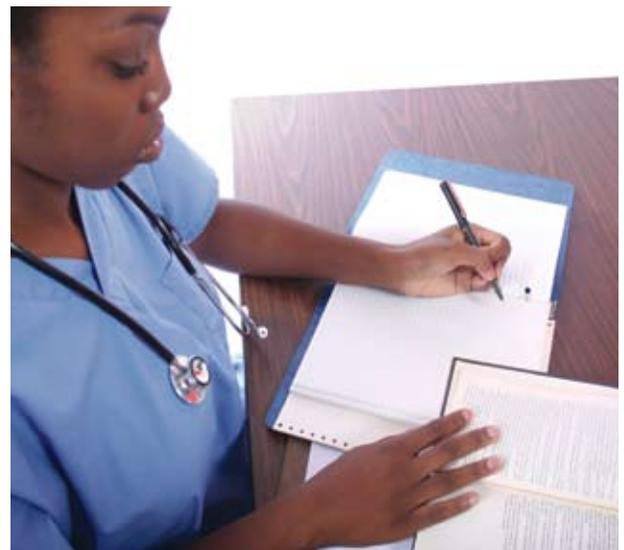
US Average Hourly Earnings by Educational Attainment



Source: US Census Bureau, 2006.

A person needs to make on average \$15 per hour, working full time, to afford a two bedroom apartment.

- High school graduation is associated with higher incomes, better health, lower criminal activity, and lower welfare receipt.
 - States would save an average of \$13,706 in Medicaid and uninsured care for every high school student that graduated instead of dropping out, adding up to \$17 billion for every class of students who graduate rather than dropping out.
 - Dropouts make up over 50% of the state prison inmate population.
- A student drops out of high school every nine seconds, costing the nation \$260 billion annually. This must change to meet the demand for skilled workers.



Job Growth: Past and Present

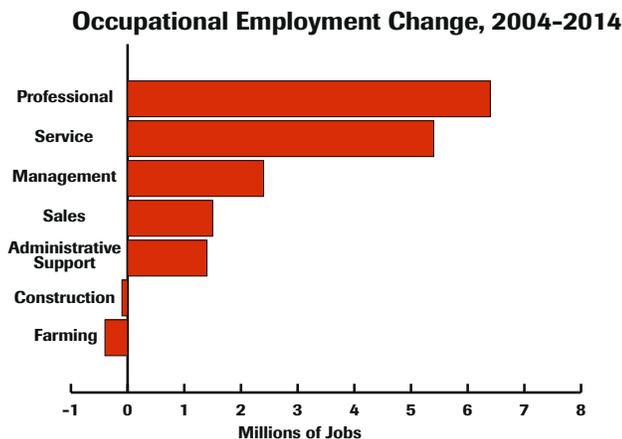
- The economy expanded between 1995 and 2005, increasing the number of jobs by 16 million (Figure 2).
- The greatest job growth, ending in 2005, has been and will continue to be concentrated in jobs that require higher levels of educational attainment.
 - Jobs increased for those with less than a high school diploma by only 5% from 1995 to 2005.
 - Jobs for individuals with only a high school diploma increased by 9% from 1995 to 2005.
 - Jobs for individuals with an associate’s degree or higher increased by 80% over the last decade.
 - About 32% of jobs in 2005 were held by those with at least a bachelor’s degree.

Looking Ahead: Labor Market and Growth

This country is about to see its greatest shortage of workers.

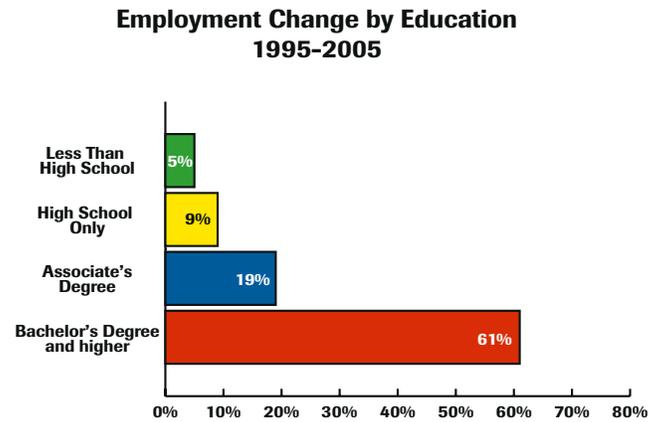
- Growth in the number of employees will slow substantially over the next several decades, increasing 0.6% annually between 2000 and 2050. The number of jobs, however, continues to grow at a much higher rate (Figure 3).
- Education attainment has decreased while academic and skill requirements for employment have increased.
 - The segments of the population with the lowest level of education are increasing.
 - The highly educated baby boomer generation is preparing to retire.
- A relative decline in the skilled workforce will result. The number of the most qualified workers will shrink, spurring greater competition for them.

Figure 4



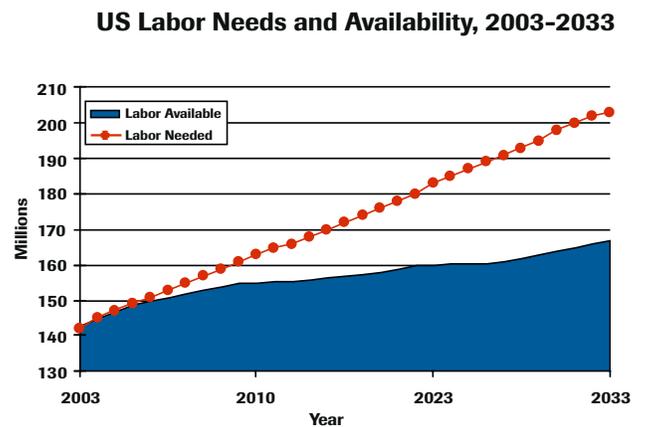
Source: Bureau of Labor Statistics, Occupational Outlook Handbook.

Figure 2



Source: Bureau of Labor Statistics, Census Current Population Survey data.

Figure 3



Source: Employment Policy Foundation analysis and projections of Census, BLS, and BEA data.

- Through 2014, most of the jobs in the fastest growing fields will require a high school diploma or GED and bachelor’s or associate’s degree (Figure 4).
- The economy is expected to grow 13% between 2004 and 2014, adding an estimated 18.9 million new jobs.
- 36% of new jobs are projected to be filled by those with at least a bachelor’s degree.
- Computer and health care occupations will grow the fastest, with health care occupations making up 12 of the 20 fastest growing occupations and computer another 5.
- Health care practitioner and technical occupations are projected to add 1.8 million jobs by 2014 and grow twice as fast as the average.
- Professional and service occupations will significantly increase their relative shares of employment.

2014 Job Outlook for Specific Occupations

Occupation	Carpenters	Electricians	Medical Assistants	Automotive Mechanics	Licensed Practical Nurses	Dental Hygienists	Registered Nurses	Accountants	Computer Software Engineers
Type	Construction	Construction	Service	Service	Service	Service	Service	Professional	Professional
Average Number of New Jobs per Month to 2014	18,274	8,738	7,012	11,060	10,119	2,690	36,857	17,143	8,119
Education Required*	Advanced Training	Advanced Training	Certification	Certification	Certification	Certification or Associate's degree	Certification or Associate's degree	Bachelor's degree	Bachelor's degree
2004 Average Earnings per Week	\$671	\$813	\$473	\$624	\$653	\$1,122	\$1,006	\$976	\$1,442

*Education required begins with a high school diploma or GED.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, MTC Institute

How to Achieve a More Educated Workforce

- All students must be ready to enter the workforce upon high school graduation.
 - Some students will be ready quickly, while others will require more help and greater resources to achieve readiness.
- The bar of expectation needs to be raised for all youth.
 - No longer are people competing with people in their own communities for jobs but are competing with people throughout the world.
 - Because of increases in globalization of economies, workers will be called upon to do more and more.
- There needs to be an increase in the level of reading comprehension.
 - Reading is becoming more important in all career fields.
 - The US lags behind other countries when it comes to reading comprehension.
- Education must be a lifelong process.
 - Education does not end with a diploma, or degree.
 - Because of the ever changing dynamic of the global economy and technology a person must learn and relearn, again and again.
 - Soon employees will have a lifelong learning account that resembles a 401K, and is not employer specific.

For every ten students who start high school
Eight will get a diploma
Only six will enroll in a post-secondary institution
Fewer than three will complete a Bachelor's degree within ten years

Given the tight labor market and continued demand for a high skilled workforce, the current and future value of education and training is greater than ever before. Tomorrow's workforce must be educated to perform in a high-tech and competitive marketplace.

References to data can be obtained by contacting the MTC Institute or by visiting mtctrains.com/institute/.



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Management & Training Corporation (MTC) is an international private contractor that manages and operates Job Corps centers and correctional facilities.

MTC Institute is dedicated to examining data and projecting trends relevant to job training and corrections programs.

The Data Spotlight is a periodic publication highlighting issues that impact the future of young people and inmates.

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