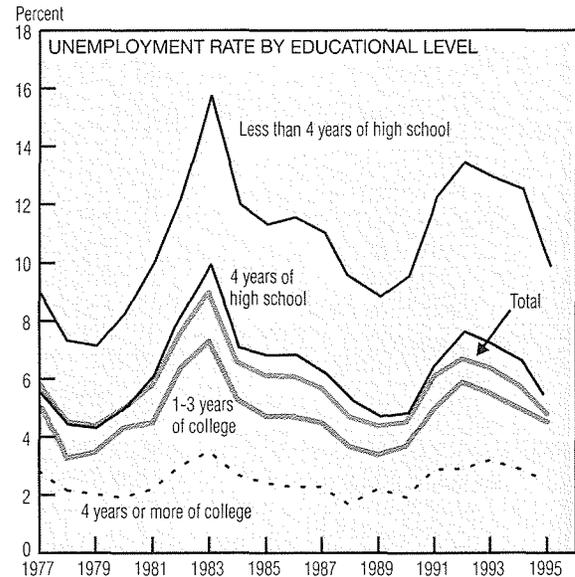
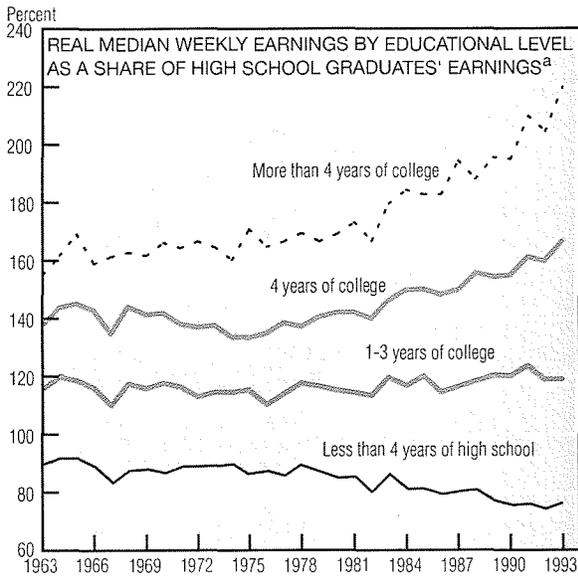
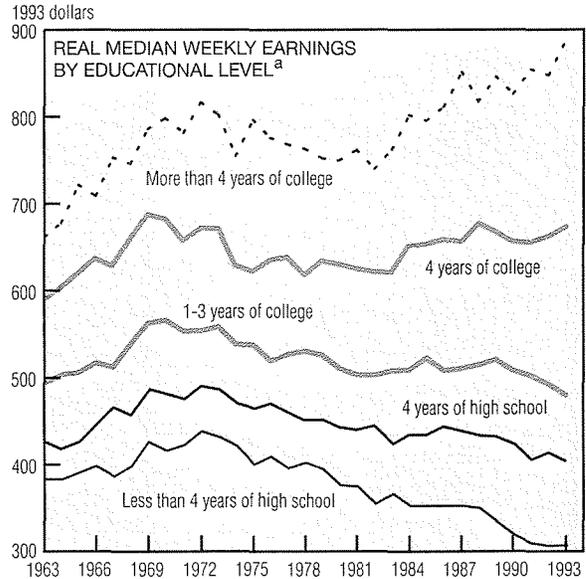
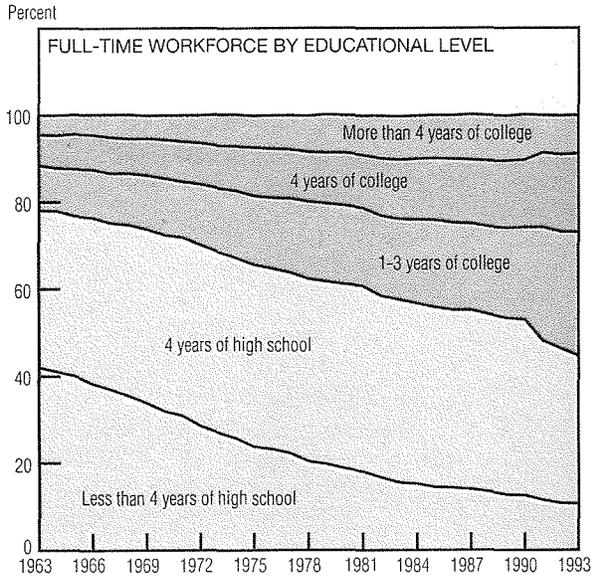


Education and Earnings



a. Refers to full-time workforce.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureau of the Census.

American workers are becoming more educated. Between 1963 and 1993, the fraction of the full-time workforce without a high school diploma fell from about 40% to around 10%, while the share of college graduates rose from approximately 10% to about 25%.

Weekly median earnings vary widely by educational group, reinforcing the common belief that more schooling means larger paychecks. While the real (inflation-adjusted) median weekly earnings of those with less than a college de-

gree have been falling since the early 1970s, the opposite is true for those who have earned at least a bachelor's degree.

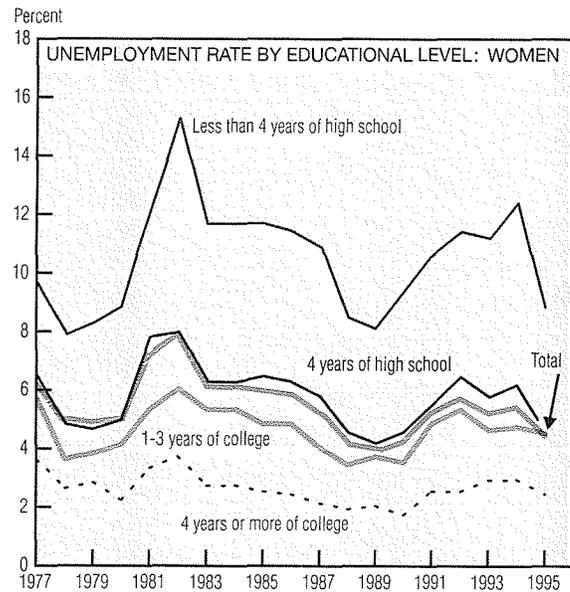
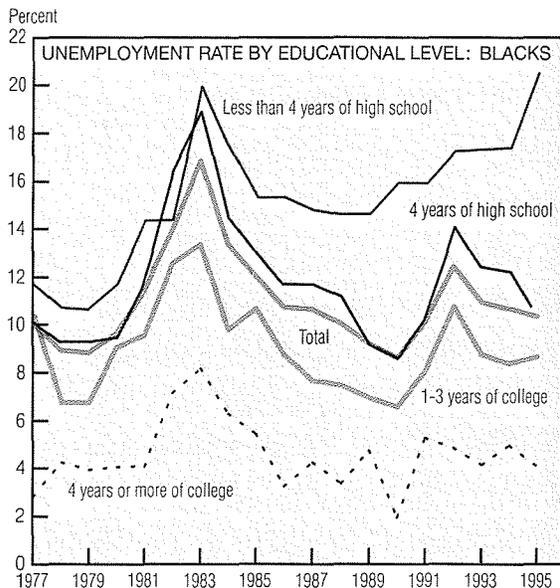
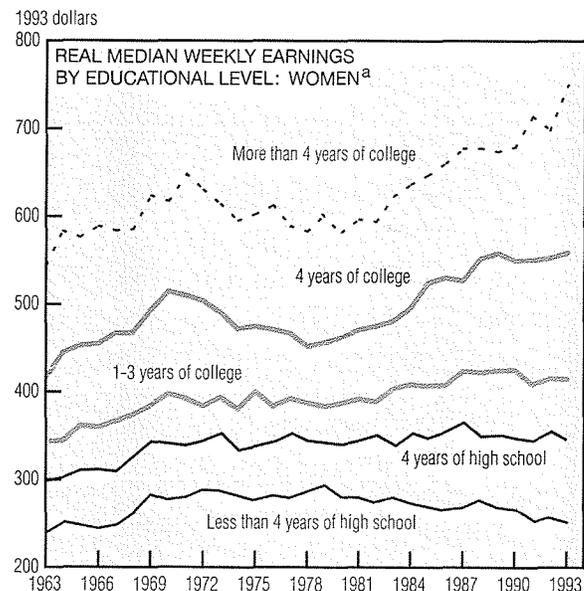
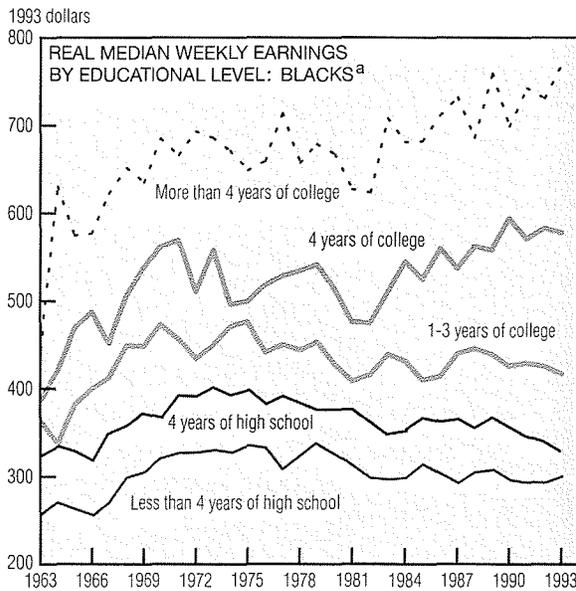
Moreover, the earnings disparity between college graduates (including those with advanced degrees) and other workers has widened. In the early 1960s, the median earnings of a person who continued past college were about 1.6 times more than those of an individual with less than four years of high school. By 1993, that gap had more than doubled.

Earnings differences across edu-

cational groups, however, reveal only part of the variation in gross returns from education. Substantial differences also exist in unemployment rates. Workers who failed to finish high school are roughly five times more likely to be jobless than those who continued their education past college. In other words, higher education leads to both higher wages and a better probability of being employed.

The trends in educational attainment by various race and sex
(continued on next page)

Education and Earnings (cont.)



a. Refers to full-time workforce.
 SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureau of the Census.

groups follow much the same pattern. Over the past three decades, more full-time workers have completed high school, and more have at least some college credits. However, there are notable differences in the effect of education on both the earnings and unemployment level of blacks and females.

For the entire full-time workforce, the earnings gap between "more than college" and "less than high school" was about double in 1993. For blacks, however, the difference

was already nearly double in 1963 and was even higher in 1993 (about 2.6 times). As the median weekly earnings of those with advanced degrees approached \$800 (in 1993 dollars), workers lacking a high school diploma were taking home about \$300. For females, the difference is larger yet. Note also that the disparity is still increasing for both of these groups. For blacks and women, the wage premium due to education is greater than it is for white males.

This education premium for

blacks and females does not show up as strongly in unemployment rates. Here again, persons who never graduated from high school are about four times more likely to find themselves without a job than those who hold at least a bachelor's degree. Furthermore, since the mid-1980s, unemployment rates for women and blacks with a college degree or postgraduate work have been much less volatile than for those who never finished high school.