The American workforce is becoming increasingly educated as younger generations replace older ones. Over the past 30 years, the fraction of American workers who did not graduate from high school plummeted from about 36% in 1970 to 10% in 2003. Meanwhile, the share of workers with at least a college degree more than doubled, rising from about 14% to 32%. In 2003, the proportion of workers in Fourth District states who had at least a college degree was below the U.S. average, while the proportion of workers with a high school diploma was above average.

Real (inflation-adjusted) average annual earnings vary substantially by education level, suggesting that more schooling and degrees translate into higher income. The real average annual earnings of high school dropouts and high school graduates have remained relatively stagnant since 1975; in contrast, earnings have increased about 44% for college graduates and 51% for advanced degree recipients. Moreover, the earnings disparity between individuals without a high school diploma and college graduates—including those with advanced degrees—has widened. In 1975, the average earnings of those who continued beyond college were about $2\frac{1}{2}$ times more than those of high school dropouts—by 2003, this had increased to roughly four times more.

Variation in earnings by education may also result partly from differences in unemployment rates. The more educated individuals have a better chance of being employed. Workers without a high school diploma are about four times more likely to be unemployed than those who continued their studies beyond college.