

Being Educated Works:

A Look at Educational Attainment and Unemployment

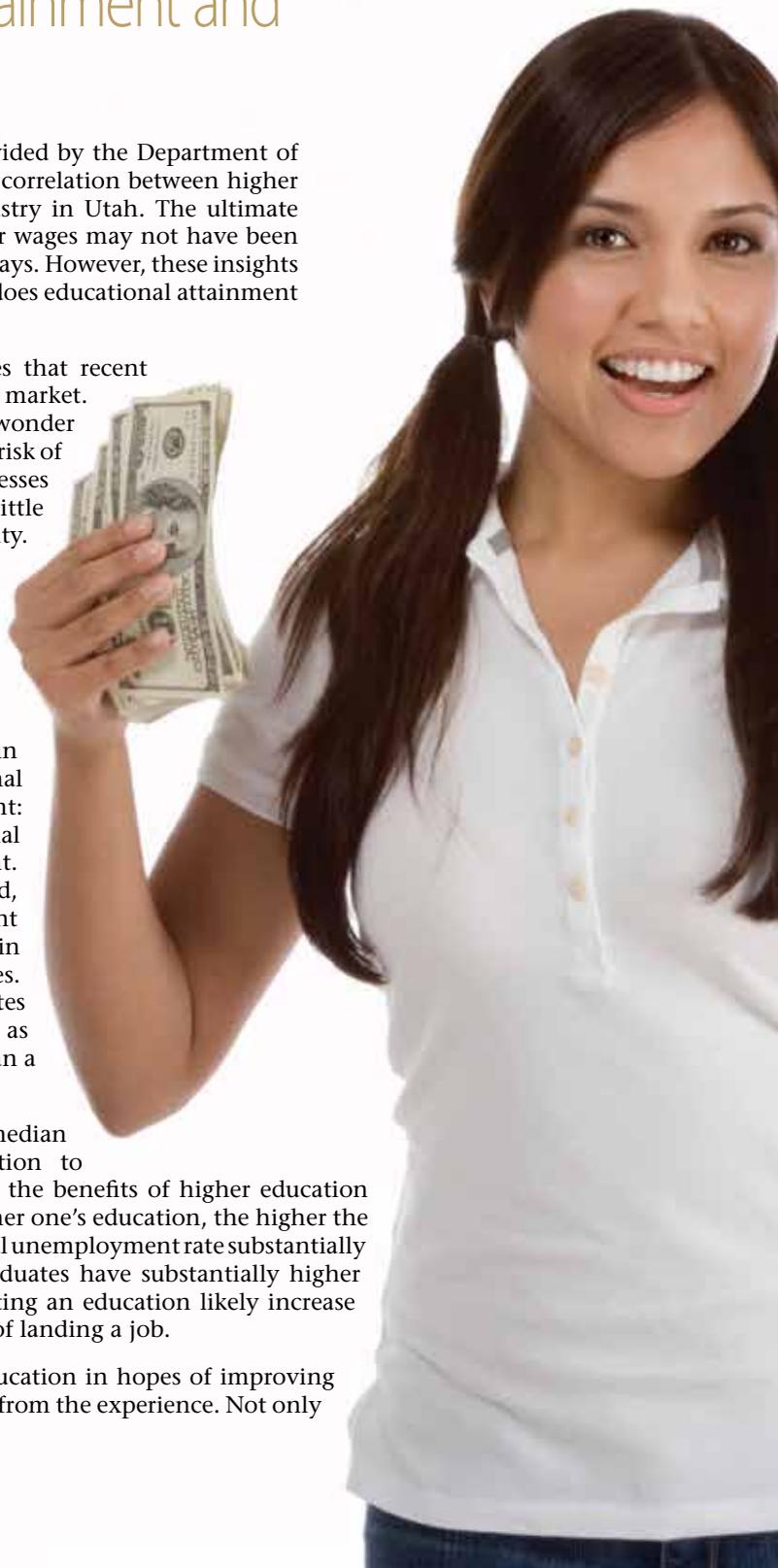
In *Local Insights*, a new quarterly publication provided by the Department of Workforce Services, recent articles emphasize the correlation between higher education and higher wages by region and industry in Utah. The ultimate finding that higher education typically means higher wages may not have been surprising, but it reaffirms the notion that education pays. However, these insights represent employed individuals. What impact, then, does educational attainment have on employability?

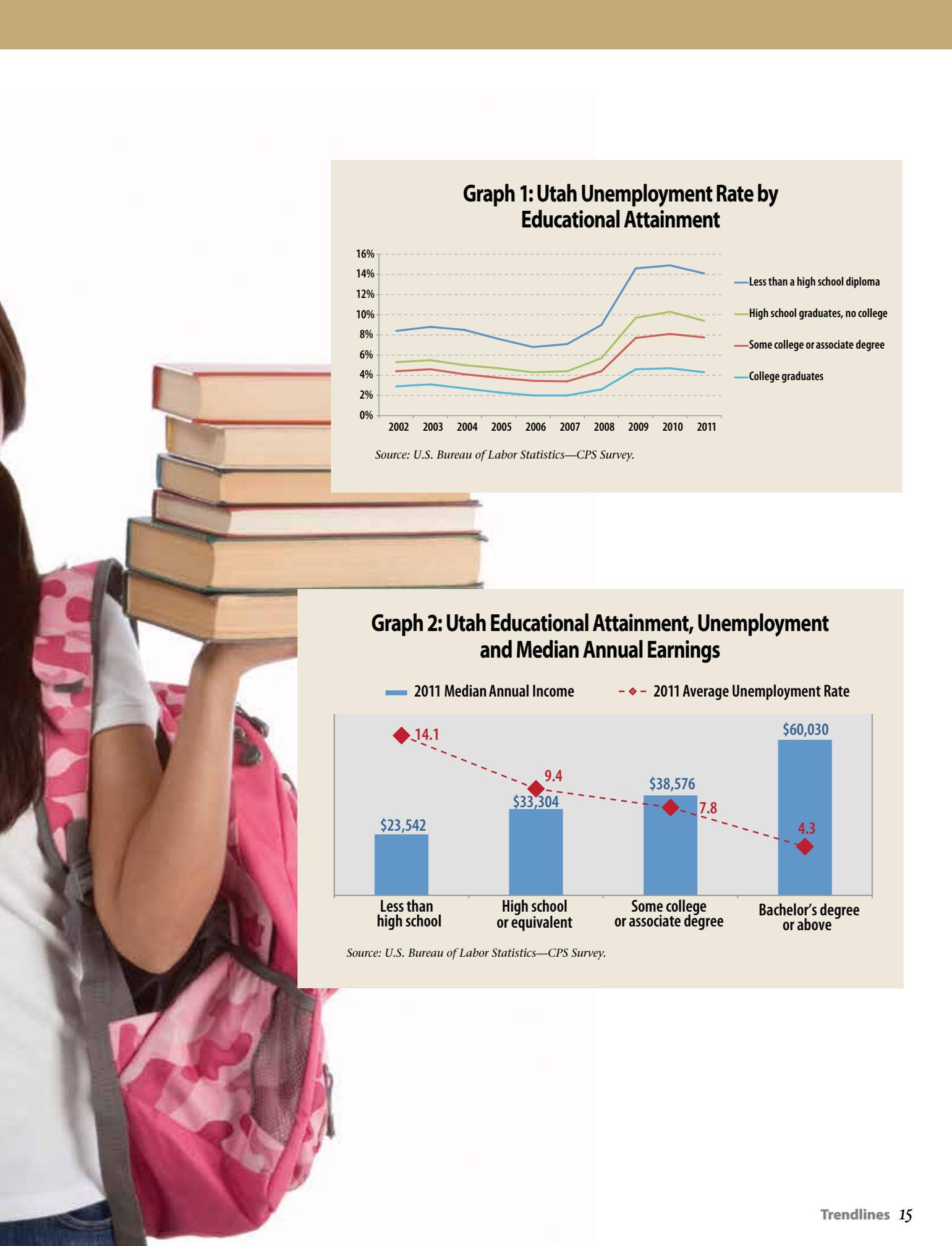
Reports across the country highlight the challenges that recent college graduates face in finding a job in today's labor market. Many prospective college students in Utah may wonder whether the expense of higher education is worth the risk of facing unemployment. After all, knowing that businesses place a higher premium on college degrees is of little comfort unless there is some certainty of employability. The following graphs may inform prospective students of the value of education on employability. It is important to note that these data represent the labor force aged 25 years or older, an age by which one can reasonably expect to have finished her or his undergraduate studies.

Graph 1 shows the annual unemployment rate in Utah from 2002 to 2011 according to educational attainment. There are two findings that are apparent: First, the higher an individual's level of educational attainment, the lower the risk of facing unemployment. This is true regardless of economic conditions. Second, while the recent recession impacted employment at all levels of educational attainment, volatility in employment decreases as level of education increases. While the unemployment rate among college graduates increased in 2008–2009, it did not increase as much as did unemployment among those groups with less than a college degree.

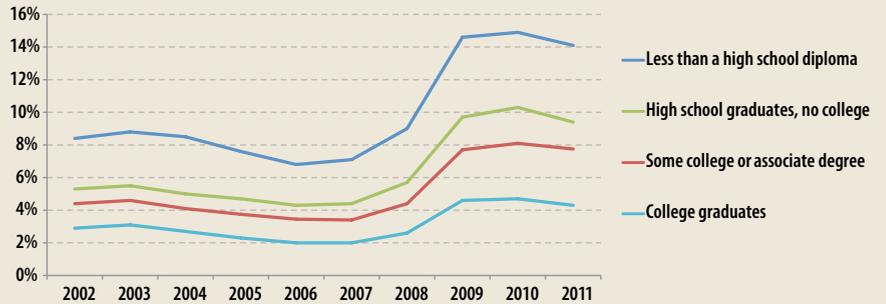
Graph 2 measures the unemployment rate and median annual income in Utah in 2011, both in relation to educational attainment. This information illustrates the benefits of higher education on employability and also demonstrates that the higher one's education, the higher the individual's annual income. Not only is the 2011 annual unemployment rate substantially lower among college graduates, but also college graduates have substantially higher average incomes. In other words, not only does getting an education likely increase income, it also significantly increases the likelihood of landing a job.

Anyone who is considering advancing her or his education in hopes of improving income and employment prospects will likely benefit from the experience. Not only does education pay, it works. ●



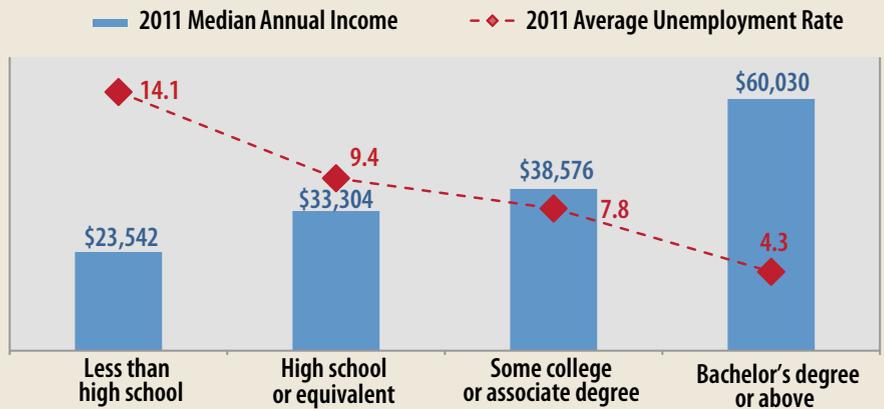


Graph 1: Utah Unemployment Rate by Educational Attainment



Source: U.S. Bureau of Labor Statistics—CPS Survey.

Graph 2: Utah Educational Attainment, Unemployment and Median Annual Earnings



Source: U.S. Bureau of Labor Statistics—CPS Survey.