

The Relationship Between Education and Unemployment and Earnings

There is a strong consensus that formal education is an important determinant of individual earnings as well as labor force status. Educated workers have three advantages relative to less-educated workers: higher wages, greater employment stability, and greater upward mobility in income. Education is becoming increasingly important to meet the demands of tomorrow's jobs.

- *The unemployment rate falls as education rises.* While Maine residents aged 25 and over participating in the labor force with no diploma had an unemployment rate of 9.5 percent in 2003, those with a bachelor's degree or higher had an unemployment rate of 2.4 percent.

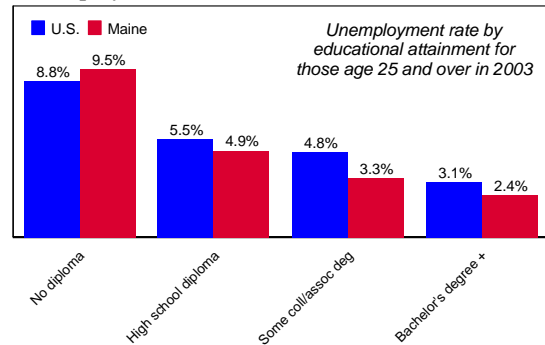
- *Earnings rise as education rises.* As the education of full-time workers in Maine rose, earnings increased in 1999. Maine workers with no diploma earned an average of \$22,244. With more education earnings rose, peaking at an average of \$44,913 for workers with an advanced degree.

- Relative to the nation, Maine had a lower share of its labor force without a high school diploma, but also a lower share with a bachelor's degree or higher in 2003.

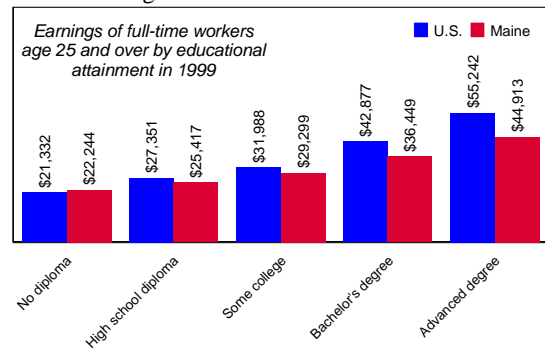
- As the mix of jobs in Maine increasingly shifts towards managerial, professional, and technical work, the education and training requirements of the labor force are rising, because those occupations generally require some form of post-secondary education or training. The number of jobs in occupations requiring post-secondary education or training is expected to rise by 16 percent between 2002 and 2012, while the number not requiring education beyond high school is expected to rise by eight percent. The jobs at the upper end of the educational/training spectrum generally offer higher-than-average wages.

Prepared by Maine Dept. of Labor, Labor Market Information Services.

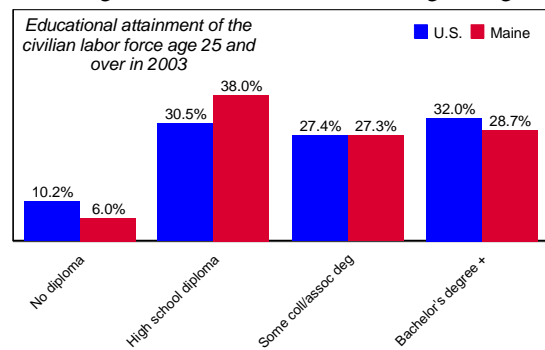
Unemployment declines with educational attainment



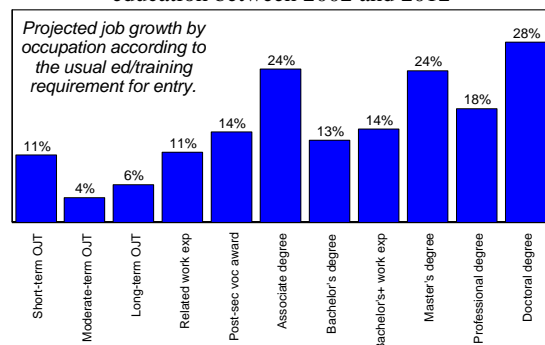
Earnings rise with educational attainment



Maine lags the nation in bachelor's and higher degrees



Job growth in Maine is expected to be fastest among occupations requiring post-secondary education between 2002 and 2012



OJT: on-the-job training