

Value of education in today's economy

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The great recession not only made Americans rethink the inner workings of our economy, it also caused many workers to reassess the true value of their education. Many assumptions we made about the workforce were upended, and suddenly a college degree felt less powerful in the labor market. This new economy left many students feeling their degrees didn't give them the skills to find a secure job, particularly after they had taken out student loans to pay high tuition fees. Although our education system has room to evolve alongside our changing economy, education is still an essential way to strengthen your career.

In "The Talent Equation," a new book I authored with Lorin Hitt (Wharton School, University of Pennsylvania) and Prasanna Tambe (Stern School, New York University), we examine what employers can do to change the hiring environment and why education is fundamental to strengthening our labor force. Even today, in our recovering economy, education has retained its high value and is still the greatest step you can take in your career.

LOWER CHANCES OF UNEMPLOYMENT

Between 2007 and 2012, the unemployment level of workers rose as the nation grappled with the recession, but some workers fared better than others. In 2007, the unemployment rate for workers ages 25 and older with less than a high school degree was 7.6 percent, jumping to 11.3 percent in 2012, according to the Bureau of Labor Statistics. Yet, workers with a high school diploma or equivalent had slightly better odds of employment, with 4.5 percent unemployment in 2007 and 8.7 percent in



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Even in a recovering economy, education plays a valuable role in career advancement and is one of the most important things you can do for your future.

2012. Compare those figures to workers with some college or an associate degree, who were at 3.4 percent unemployment in 2007 and 6.5 percent in 2012. Workers who held a bachelor's degree or higher experienced the lowest unemployment levels — 2 percent in 2007 and 4.1 percent in 2012.

At the surface level, we learn two important lessons: First, the recession affected each group significantly. Second, continuing your education beyond high school has a positive effect on your likelihood of employment. Pair these lessons with recent CareerBuilder findings that 32 percent of

diploma, that figure was \$652. Workers with a bachelor's earned \$1,066 and those with a professional degree earned \$1,735.

LIFELONG RETURNS ON YOUR INVESTMENT

These higher weekly earnings translate to a lifetime of benefits when you look at accumulated earnings over an entire career. Over a 40-year career, the median earnings for a worker with a bachelor's degree will be about \$2.4 million, according to the Census Bureau's 2012 data. Workers who earned a bachelor's degree in the following programs can expect to earn more than \$2.4 million over the course of their careers:

- Engineering: \$3.5 million
- Computers and math: \$3.1 million
- Business: \$2.6 million
- Physical science: \$2.6 million
- Social science: \$2.5 million

The above Census Bureau study only accounts for workers with a bachelor's degree (and no additional degree attainment). When we factor in the returns of advanced degrees, the wage premium only looks better. Presently, the median wages for those with a bachelor's plus a master's, doctorate or professional degree are approximately 30 percent higher than workers with just a bachelor's.

Workers in today's economy might feel frustrated with the competition they're facing, especially if they've been in the workforce long enough to remember when unemployment figures were lower. Still, in a job market that too often feels uncertain, an education remains one item that rewards you today and continues to gain value as the years go by.

Matt Ferguson is the CEO of CareerBuilder and author of "The Talent Equation: Big Data Lessons for Navigating the Skills Gap and Building a Competitive Workforce."
(talentequationbook.com)