



UNIT 2 – 2

Learning and Earning

In order to be a successful homeowner or tenant, you must be able to earn an income high enough to afford the type of housing you desire. How do you earn that income? The career path you choose will impact your earnings. Those who choose to pursue educational training along their path will more likely earn higher incomes compared to those who do not.

According to the last US Census in 2000, there was a substantial earnings difference between those who had completed some high school with no diploma (\$21,400) and those who had the highest levels of education—professional degrees (\$80,200) and doctorates (\$70,500). This is a difference of at least \$49,000 per year! Or another way to look at it—workers with professional degrees earned more than 3½ times those of high school dropouts.

Another factor to consider is the unemployment rate associated with the level of education that one has. The more education you have, the less likely you will be unemployed. Why is this? Employers believe that educated workers are better organized and master tasks easier than those who are not educated. Keep in mind though; there will be variations at all educational levels. The reason for this is the different occupations that people select based on their education. Different occupations have different earnings and unemployment figures.

However you look at it, there is a definitive relationship between your education, your employment, your earnings, and your success on the pathway to home ownership.

Case Study Application

In this lesson, we will be examining the role of education and its relationship to one's earnings. As we go along, we will examine the following case study which introduces us to Matthew's decisions for furthering his education after high school graduation and the potential impact on his future earnings.



CASE STUDY: MATTHEW SETS HIS GOALS

Matthew is currently a high school junior. He enjoys school, but is looking forward to the day when he can get out and have his own home and make his own decisions.

Recently, Matthew's school held a career and college fair. He was able to speak with professionals from different occupations as well as representatives from several colleges and universities. He knows that now is the time to begin thinking about his future and what type of career he will pursue.

Selecting an Occupation

There are many things to consider when selecting an occupation—the nature of the work, the earnings, the number of hours worked, the job prospects, required experience, the geographic location, along with other factors. While all of these things are important, the most important consideration in selecting an occupation is to find an occupation or career that you find enjoyable and fulfilling. Remember that if you really like your job or occupation, your job will never feel like work! However, if you don't like the job or occupation you get, going to work every day will be no fun at all.

In the past, most adults would select a job or career and stay with it until they retired. Today, it is not uncommon for adults to change companies and/or careers. According to the Employee Benefits Research Institute, the average job tenure is about four years. It is a good idea to do a little research about the careers you are considering and the future projections for that occupation.

An excellent source of occupational information is the Bureau of Labor Statistics' Occupational Outlook Handbook which can be found online at <http://www.bls.gov/oco/home.htm>. This handbook describes what workers do on the job, their working conditions, the training and education needed, earnings, and expected job prospects in a wide range of occupations (management, professional, service, sales, administrative, farming, construction, installation, production, transportation, and the armed forces). The Occupational Outlook Handbook is revised every two years and includes approximately 250 occupations, accounting for 9 out of every 10 jobs in the United States' economy! It can provide you with a good general idea of the nature of the occupations you are considering.

Take a few moments to explore the Handbook's information for several occupations that you might want to pursue in the future. Then, answer the following questions:

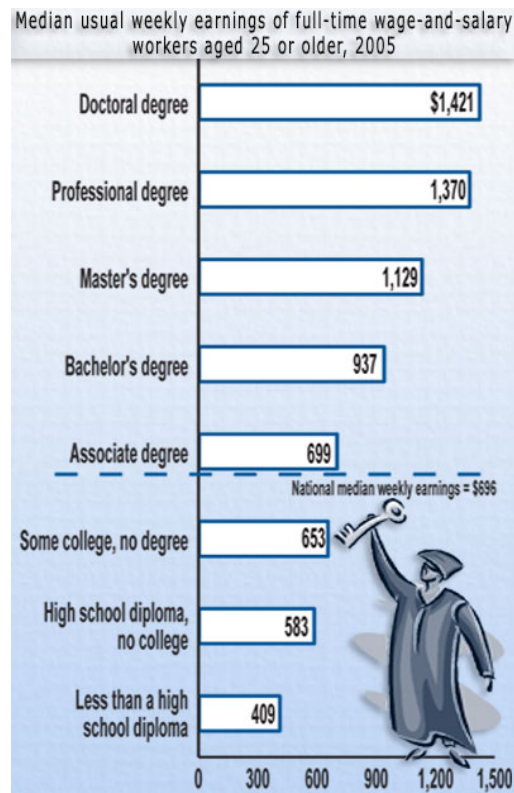


- What occupations did you review?
- What characteristics of the occupations did you find surprising?
- What did you notice about the relationship between the earnings for the occupations and the training and qualifications for the occupations?
- What further information would you like to know about the occupations?

Education and Income

Another consideration in setting your financial goals is your level of education and training. Education is linked to the amount of income you will earn. The more education you have, the more money you are likely to earn. Education can include higher education degrees (bachelor's, master's, professional, and doctoral degrees) as well as apprenticeships and other types of long-term on-the-job training. Investment in your **human capital**—the sum of all of your education, training, abilities, health, and motivation—is well worth the time and effort.

The U.S. Bureau of Labor Statistics (BLS) tracks data related to the median income for every level of education and type of occupation. **Median income** is the midpoint at which half of all workers in a group have lower levels of income and half have higher levels. It can provide you with a good idea of what your salary would be if you pursue that particular occupation.



For example, the median income for an industrial engineer is currently \$73,490. Some industrial engineers would earn more than this amount, whereas others would earn less. In comparison, the median income for an athletic trainer is \$40,720. You will certainly want to investigate all aspects of the job, but the median income will provide you with a good base from which to begin.

Bureau of Labor Statistics data shows that median earnings increase for every level of education. In 2005, people who finished high school earned \$175 more per week compared to those who dropped out! This is more than \$9,000 annually. Those who earned master's degrees earned \$546 more weekly than those holding a high school diploma and no college training—this adds up to \$28,392 more annually!

The prior chart presents a view of the weekly median earnings. Now, let's examine the Bureau of Labor Statistics' data for median yearly earnings based on levels of education. This chart also shows that with an increase in education (or investment in one's human capital), your income is likely to be higher. There is a substantial difference from the highest levels of educational attainment to the lowest levels. Those who were dropouts earned 3 ½ times less than those who had a professional degree!



The BLS also provides many other excellent and up-to-date research publications to assist you in your decisions in selecting a possible occupation and future career. This includes the Occupational Outlook Quarterly (OOQ) found at <http://www.bls.gov/opub/ooq/ooqhome.htm>. The OOQ is published four times a year and is available in both print and electronic formats. It is well worth the time to explore the OOQ website and read some of the presented materials.



- What other information can you find in the BLS chart of median weekly earnings for different levels of education?

Other Considerations

There are other factors that you will need to consider in terms of learning and earning. The most important one is to finish high school. Almost EVERY job requires basic math and communication skills. High school dropouts have a very difficult time getting and keeping jobs. They also have much lower lifetime earnings.

The next consideration is to make plans for your career. Set short term and long term goals. You should seek out information about occupations with favorable prospects, high earnings, or other factors that are important to you. Having a solid career plan can impact your future prospects more than any other factor. You will want to research different occupations. Examine your personal interests and abilities using the research materials that are available to you such as the Occupational Outlook Handbook that we explored earlier in this lesson. A small investment of your time will help you to make an informed decision regarding your career path. This investment of time now will pay off in the future.

You will also want to reflect on your personal interests and abilities. What really interests you? What are your strengths and areas for improvement? If your interests and abilities draw you to a field that is highly competitive, that is fine. You'll just need to prepare yourself for the challenges that you may find along the road of your career. Make efforts to gain experience early in your career. You could volunteer, work part-time, or participate in an internship. All of these will help you to build your marketability and also to help you make smarter career decisions. Never underestimate the value of work-related experience.

Finally, you will need to keep learning. When given the chance to learn new skills or information, take advantage of it. The more you invest in your human capital the more marketable you will be. You will be more able to adapt to changes and innovations in your field.

- In addition to potential salaries for a career, what are other factors about the occupation that you will want to consider?

