

## Labour Force Statistics ♦ February 2001

### HIGHLIGHTS

- **BC's seasonally adjusted employment levels rose by 6,900 in February, partially offsetting an employment decline of 29,800 in January.** Youth aged 15 to 24 accounted for three-fifths of February's employment gain.
- **BC full-time employment rose in February by 10,900 and part-time employment fell by 3,900.** Women accounted for most of the full-time gains and all of the part-time employment decrease.
- **BC and Nova Scotia were the only provinces in February where Youth saw both a fall in their unemployment rate and a rise in their employment rate.** Youth unemployment rates ranged from a low of 8.6 per cent in Manitoba to a high of 25.8 per cent in Newfoundland.
- **Employment gains were seen in just half the provinces in February: Quebec, BC, Nova Scotia, Alberta, and PEI.** Ontario's employment fell by 37,700, the first monthly decrease after steady gains totalling 297,000 since June 1999.

Selected Statistics (SA)*	Feb 2001	Jan 2001	Feb 2000
B.C. Unemployment Rate	7.3%	7.4%	7.0%
Canada Unemployment Rate	6.9%	6.9%	6.8%
B.C. Help Wanted Index (1996=100)	137.0	145.0	146.0
B.C. Employment - Monthly Change	0.4%	-1.5%	-
B.C. Labour Force - Monthly Change	0.2%	-1.2%	-
B.C. Participation Rate	64.5%	64.4%	65.0%

\* Unless otherwise indicated, all labour force variables are seasonally adjusted.

*Labour Force Statistics is a joint compilation and review by BC STATS of the Ministry of Finance and Corporate Relations and the Youth and Labour Market Services Branch of the Ministry of Advanced Education, Training and Technology of the results of the monthly Labour Force Survey conducted by Statistics Canada. For more information, call BC STATS (250) 387-0327 or Youth and Labour Market Services (250) 952-6776.*

## Earnings Premium for Younger Workers with Post-Secondary Education

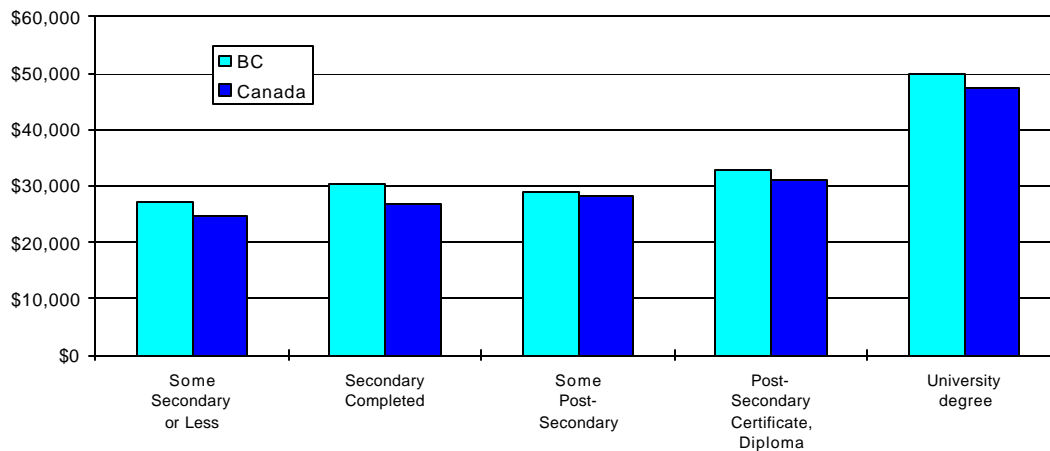
Last month's article focused on the rising educational attainment of BC's core adult labour force (aged 25-54) and the earnings gap between the relatively educated compared to their less educated counterparts. This month's article looks at young adults aged 20 to 34 and the earnings premiums of those with a post-secondary education.

Educational attainment along with work experience has a significant and positive effect on average full-time, full-year earnings of young workers. Figure 1 shows that the average earnings of young adults increase with the attainment of a post-secondary certificate, diploma or degree. Average earnings for young adults in B.C. exceed the Canadian average in each of the educational attainment categories, but it is evident that those who have post-secondary education have a clear earnings premium over young workers with less education. It is interesting to note that young adults within the broad category of *post-secondary certificate or diploma*, earn only slightly more than those with high-school

completion. This slight advantage may in small part be because resource-based jobs provide workers who have relatively less education with good earnings. Most of the reason for the small earnings premium is due to the fact that this is a very broad category ranging from those with very short post-secondary or industry certificate programs, to those with three year nursing diplomas and four year apprenticeship completion. The much higher earnings for these latter groups are masked by the large group of those with very short duration certificates.

*The Survey of Labour and Income Dynamics (SLID) is a longitudinal household survey conducted by Statistics Canada. It is designed to capture the economic well-being of individuals and families over time and the determinants of their well-being. Individuals originally selected for the survey are interviewed once or twice per year for six years to collect information about their labour market experiences, income and family circumstances. The first reference year of the survey was 1993.*

**Figure 1: Average Full-Time, Full-Year Earnings by Educational Attainment, Persons Aged 20 to 34, B.C. and Canada, 1998**



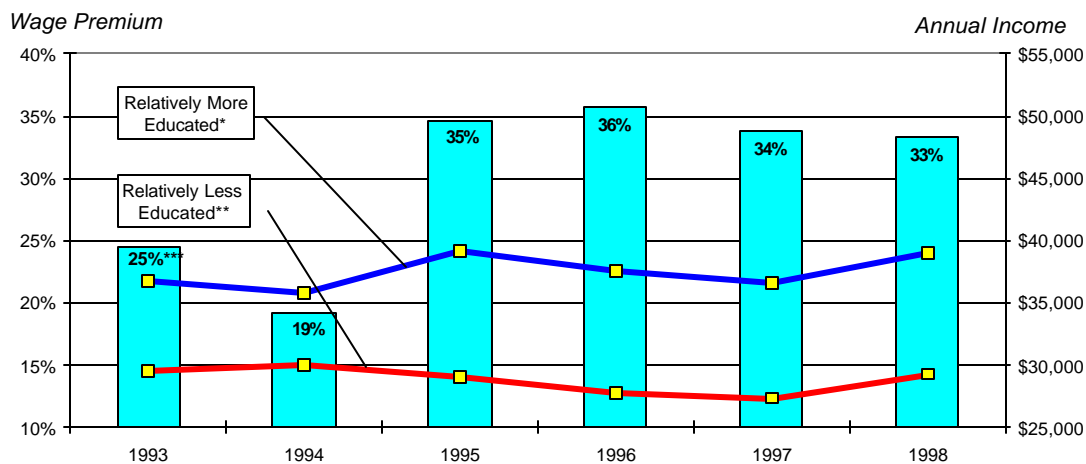
Source: Statistics Canada, Survey of Labour and Income Dynamics

**The earnings gap between young workers with and without post-secondary completion is growing . . .**

This is despite the growing proportion of young adults seen over the 1990s who have post-secondary completion. From 1993 to 1998, the difference in average full-time, full-year earnings between those who have and those who have not completed a post-secondary

education program grew from 25 to 33 per cent. This strongly suggests the importance of post-secondary education to earnings. Also, young adults with higher levels of education continue to see lower unemployment rates and higher employment rates than those without post-secondary education completion.

**Figure 2: Average Full-time, Full-year Earnings of young Adults aged 20-34 and Their Wage Premium\*\*\* for Holding a Post-Secondary Certificate, Diploma or University Degree, 1993 to 1998**



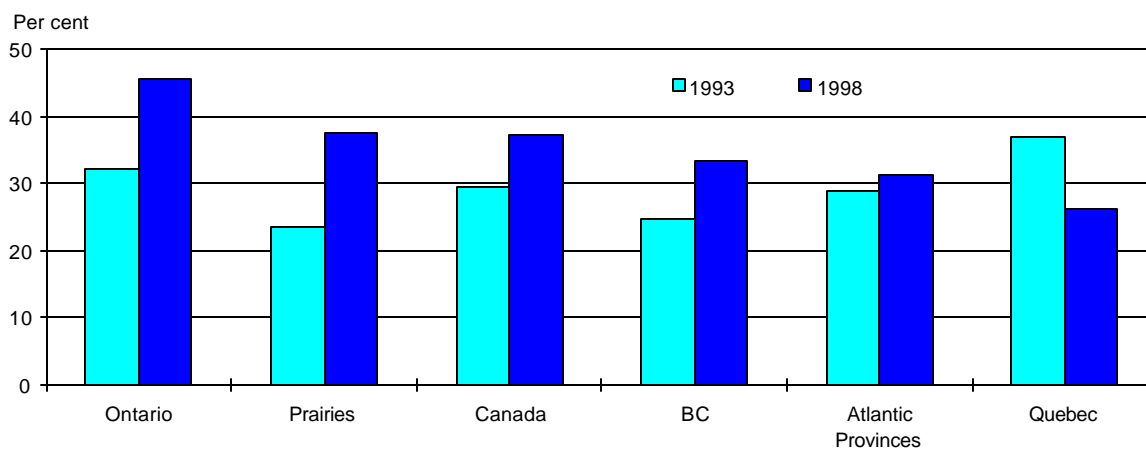
Source: Statistics Canada, Survey of Labour and Income Dynamics

**Educational earnings premiums vary by province . . .**

Figure 3 illustrates that the gap between earnings of young adults who have post-secondary completion compared to those who do not is widening over time. Between 1993 and 1998 all regions except Quebec showed an increase in the earnings premium of young adults with post-secondary completion. The largest gap in 1998 was seen in Ontario with a 46 per cent premium for those attaining post-secondary completion compared to 32 per cent in 1993. The prairie provinces and BC

also show a significant increase in the earnings premium of educated young adults since 1993. Conversely, Quebec has seen a narrowing of the education earnings premium among young adults, which was the highest in Canada in 1993 at almost 37 per cent, but narrowed to 26 per cent in 1998. This was the lowest earnings premium of any region in 1998, and may suggest growth in demand for more educated workers is weaker relative to supply in Quebec.

**Figure 3 - Education Earning Premium for Holding a Post-secondary Certificate, Diploma or University Degree, Young Adults Aged 20 to 34, by Province**



It remains to be seen whether earnings inequalities between the relatively more educated and the relatively less educated continue to grow, remain constant, or if they may actually begin to decrease. It can be argued that skills, abilities and competencies, however learned, and in their relationship to relative demands by employers for them, may be a stronger factor in terms of explaining differences in future employment outcomes than educational attainment. Yet it appears that post-secondary education is well accepted as a vehicle for developing skills, abilities and competencies. The 1990s saw a considerable

boost in the numbers and proportion of workers with post-secondary completion. Yet both earnings and other labour market outcomes for those with post-secondary education improved relative to those without. This suggests the demand for relatively more educated workers has increased faster than the supply increase. This demand for more educated workers has been driven by technology and an information and knowledge intensive economy, and it appears this is likely to continue. Whether increases in supply of educated workers can keep pace is difficult to predict.

### Recent Feature Articles

**February 2000** BC Educational Attainment and Labour Market Outcomes of Persons Aged 25-54

**March 2000** The British Columbia Labour Market - 1<sup>st</sup> Quarter 2000

**April 2000** BC Labour Market Update for Youth Aged 15 to 24

**May 2000** Labour Force Participation Rates of B.C. Women, 1976 to 1999

**June 2000** The British Columbia Labour Market - 2nd Quarter 2000

**July 2000** British Columbia Summer Student labour Market - July 2000

**August 2000** B.C. Employment by Industry - A Ten Year Perspective

**September 2000** The British Columbia Labour Market 3<sup>rd</sup> Quarter, 2000

**October 2000** Labour Market Demand in British Columbia 1998-2008

**November 2000** Trends in Full-time and Part-time Employment in British Columbia

**December 2000** The British Columbia Labour Market in 2000

**January 2001** Demand and Supply Indicators for Workers with Post-Secondary Education