

The Labor Market for Millennials in North America (US): Demand, Supply and Policy

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Employment Outcomes of Millennials

- Weak outcomes (relative to earlier cohorts):
Earnings, Employment, Labor Force Activity
- Huge Variation by Education Level and Field of Study
- Also Variation by Race/Gender – Worst Trends for Less-Educated Men

What Causes These Outcomes

- Labor Demand: Aggregate Economy; Polarization - Driven by Skill-Biased Tech. Change (SBTC), Globalization, Institutions
- Labor Supply: Education and Skills; Demographics

Labor Demand: Aggregate

- 2000-07: Bursting of Dot-Com Bubble, Imports from China and elsewhere
- 2008-15: Great Recession, Slow Recovery
- Strongest Effects on the Most Marginal Workers – Young! Even Those with BAs

Labor Demand: Polarization

- Shrinking Nos. of Middle-Paying (Mid-Skill) Jobs
- Why? Recession Effects (Construction, Mfg.)
Decline of Routine Work (SBTC)
- Old v. New Middles
- Explains Paradox: Declining Employment Yet Difficulty Filling Jobs by Employers!
- Also: Rising Skill Requirements for Middle Skill Jobs: Sub-BA to BA – Cyclical? Permanent?
- Are More Employers Choosing “Low Road”? Responses to Weak Skills (US v. Germany, etc.)

Labor Supply

- Educational Attainment: One-Third BA+, One-Eighth Sub-BA Credentials
- High Rates of College Enrollment
- But: 1) Low Completion
2) Fields of Study w/o LM Value
3) Hi Debts
- Worst Outcomes: Low Achievers, Low-Income Students

Explanations: Student Characteristics

- Weak Academic Preparation (PISA, PIAAC)
- Financial Constraints
- Weak Information (Social Capital)
- Pressure to Earn and Part-Time Attendance

Explanations: Institutional Characteristic

- Many Kinds of College: Private v. Public, 2-Yr v. 4-Yr, For Profit v. NFP
- Low-Income Students: Public Lower Tier 4-Yr, 2-Yr; Also FP (Affordability, Proximity)
- Low Resources, Low Outcomes
- Rising Costs (Gross v. Net)

Institutional Characteristics (Cont'd): Community Colleges

- Open Access but Developmental Education; Lack of Guidance or Structure (T. Bailey)
- Dual Mission: Academic v. Workforce
- Workforce: Sector Partnerships, Career Pathways – Promising but Often Marginal
- AA Degrees instead of AS, Technical Certificates

Institutional Characteristics (Cont'd): Lower-Tier Institutions

- Also: Institutional Incentives Very Weak – Little Reward for Success; Expensive STEM Courses but Same Subsidies/Tuition
- For-Profits: Hi Cost but Worse Outcomes
- Debt – Bad for Those with Poor Outcomes

One Other Factor: CTE in High School and Beyond

- Little Hi-Quality CTE in US
- Bad History of Tracking, Low Quality
- Newer Models: Prepare for College or Career, More Universal, Strong Academics (Contextualized Learning)
- Career Academies! Also HSTW, Linked Learning, P-Tech
- Work-Based Learning: Apprenticeship!

Policy: Pre-College

- Pre-K thru 12: Stronger Basic Skills - Reforms
- CTE: Start in Middle School; More HiQuality Pathways, More Work Experience – Expand Apprenticeships

Policy: Higher Education

- Targeted Institutional Assistance, But More Accountability – Performance-Based Financing!
- Supports, Reforms in Remediation, More Structure, Expand Capacity in High-Demand Fields
- Raise Access of Poor to Higher-Tier Institutions (or More Equity across Institutions)
- Reduce Costs – Income Based Repayment v. Free CC
- Incentives to Contain Costs - MOOCs?
- Regulation for For-Profits

Additional Labor Market Policies

- Raise Minimum Wage: \$10 but not \$15
- Unions???. Continuing Decline Most Likely
- For Low-Wage Workers: Expand Work Supports – EITC, Paid Leave
- Incentives and Assistance for High-Road Employers! What Works?

What Does the Future Hold?

- Supply: Baby-Boomers Retire, Replace by Immigrants....Can We Improve Their Skills?
- Demand: Recovery from Great Recession
- Demand: Future of SBTC and Globalization? Is This Time Different? Adjustment Processes... For Whom?