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?