

## Retention of Recent College Graduates in New England

by Alicia Sasser

The population of recent college graduates has been growing more slowly in New England than in the rest of the United States. Since 2000, the number of individuals aged 22–27 years with a bachelor’s degree or higher has risen only 8.7 percent in New England—roughly half the national increase. “Factors Affecting the Supply of Recent College Graduates in New England,” a related policy brief, shows that most of this slower growth reflects the fact that the region has experienced lower fertility rates, leaving fewer native students of college-going age. Fortunately, because a growing share of these individuals is attending college, the region’s slower growth is better than it would have been otherwise. Yet New England states are still concerned that an inadequate supply of skilled workers may hamper economic growth.

One of the most immediate ways a region can increase its population of recent college graduates is by trying to influence their migration decisions. This can be achieved either by retaining graduates educated within the region, or by attracting those who received their degrees elsewhere. Retention is especially important in New England because it imports a relatively high share of its student body—about 30 percent of the incoming class each year—from other parts of the country.

Policymakers and business leaders in every New England state are beginning to focus on retaining more recent college graduates educated within their borders. Drawing on the findings of *The Future of the Skilled Labor Force in New England: The Supply of Recent College Graduates*, a recent NEPPC

report, this policy brief outlines some basic facts about the retention of recent college graduates. It shows, for example, how New England stacks up compared with other regions, what factors affect its ability to retain graduates, and the reasons why recent college graduates choose to leave New England. These findings can help policymakers, business leaders, and college officials weigh the effectiveness of policy options and collective actions that aim to retain recent college graduates.

### How does New England compare with other regions?

Some New England leaders are concerned that, despite a high rate of educational attainment, the region retains too few college graduates—or at least fewer than it did in the past. In fact, migration patterns have changed little over time for this group. Still, the situation is more complex than it might appear.

For example, typical migration rates for New England often show net out-migration among recent college graduates—meaning that more individuals appear to be leaving than entering the region. However, such rates reflect only moves made upon graduation from region of institution to region of adult residence, failing to capture the earlier in-migration of students to attend college.

Why is that important? New England attracts a relatively high share of students from outside the region, with more students arriving to attend college than leaving to attend college elsewhere (see Table 1, column 2). Even though the region holds onto only a fraction of those incoming students after

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they graduate, they more than offset the number of graduates who do leave, so the region comes out ahead for a given class.

However, although this phenomenon adds to the *number* of recent college graduates with each graduating class, New England retains a lower *share* of students upon graduation than other regions. For the graduating class of 2000, 70.5 percent of recent college graduates were still living in New England one year after graduation, compared with 79.9 percent for the Mid-Atlantic region and 87.5 percent for the Pacific region (see Table 1, column 2). This pattern has changed very little since the early 1990s.

In addition, the share of a given class of college graduates that a region retains declines over time, but less so in New England than most other regions. For the 1993 graduating class, the share of college graduates who stayed in New England fell from 67 percent one year after graduation to roughly 60 percent 10 years out. Only the West fared better: its retention rate fell by just 5 percentage points.

Finally, New England ranks near the bottom in retaining graduates in most fields. However, health care is an exception: more than 90 percent of this field's graduates remain in New England. Graduates in some other fields also had retention rates above the region's overall average. For example, nearly 77 percent of education majors and 73 percent of business majors stayed in the region after graduation—

likely reflecting the strength of the region's academic and professional services sectors. In contrast, only 64 percent of science/technology/engineering/ and mathematics majors remained in New England after graduating. Although this is certainly a concern, it is perhaps not surprising, as these individuals are in high demand throughout the country.

### What factors affect the region's ability to retain recent college graduates?

New England's lower retention rate partly reflects the high share of non-native students who migrate into the region to attend school. Having already migrated once to attend college, these students have a higher propensity to relocate after graduation—often to return home—whether to take a job or be closer to family. For example, only 23 percent of those migrating into the region to attend college were still living here one year after graduation, compared with 91 percent of native graduates. And New England's retention of non-native graduates is relatively low. So, besides having a greater share of non-native graduates, New England is less likely to retain them than other regions (see Table 1, columns 3 and 4).

The high share of students graduating from private and very selective institutions in New England also lowers the region's retention rate. For a given class, more than half of recent college graduates in New England

**Table 1. New England attracts a relatively high share of non-native students, many of whom leave the region when they graduate.**

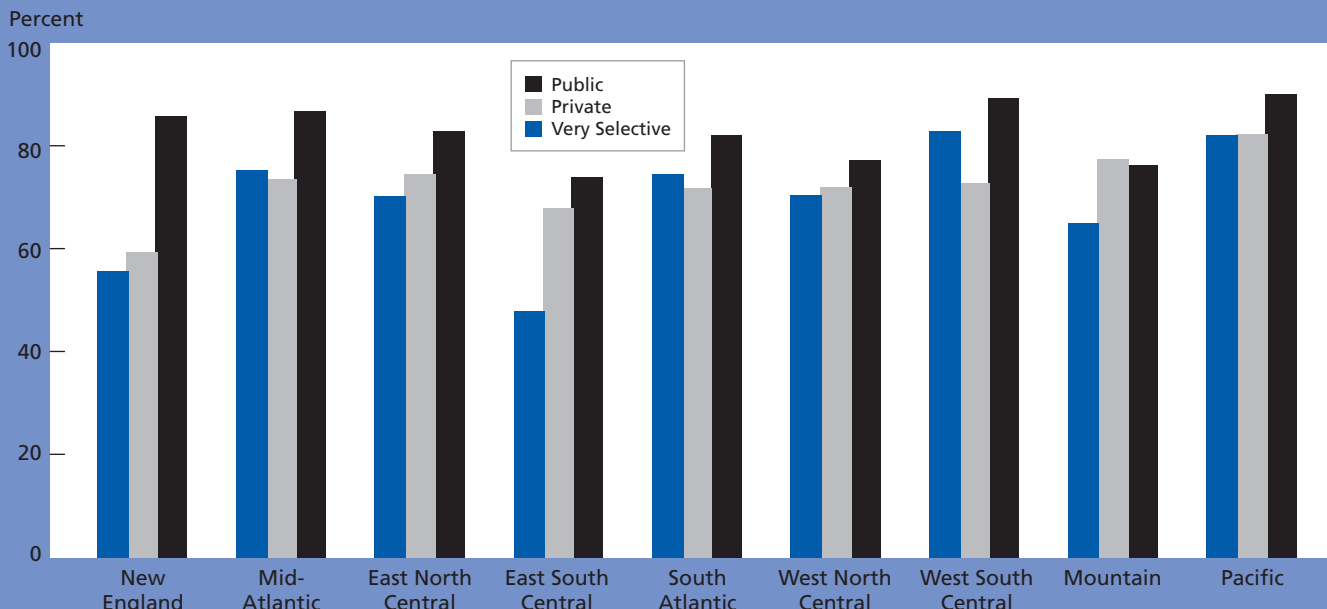
	Share of college students who are non-native	Share of graduates living in same region as B.A. institution one year after graduation		
		All graduates	Non-native graduates	Native graduates
<b>New England</b>	<b>28.5%</b>	<b>70.5%</b>	<b>22.7%</b>	<b>91.0%</b>
Mid-Atlantic	14.3%	79.9%	28.6%	88.7%
East North Central	11.6%	79.7%	18.0%	87.8%
East South Central	15.5%	72.2%	15.3%	82.8%
South Atlantic	16.2%	79.1%	29.2%	89.1%
West North Central	18.4%	74.9%	21.5%	86.9%
West South Central	9.4%	85.1%	24.2%	91.4%
Mountain	14.2%	76.4%	26.2%	84.8%
Pacific	6.0%	87.5%	32.3%	91.0%

Source: 2000/01 Baccalaureate and Beyond Longitudinal Survey, NCES, U.S. Department of Education.

Note: Data are for the graduating class of 2000 unless otherwise indicated.

**Figure 1: The high share of students graduating from private and very selective institutions, who are more likely to migrate than other graduates, also lowers the region’s retention rate.**

Share of graduates living in same region as BA institution one year after graduation



Source: 2000/01 Baccalaureate and Beyond Longitudinal Survey, NCES, U.S. Department of Education.

Note: Data are for the graduating class of 2000.

earned their degree from a private or a very selective institution—a far higher share than in most other regions. These graduates, able to reap the benefits of their high-quality education by moving to any number of locations, have low retention rates in general across all Census divisions. For example, only 59 percent of students graduating from private institutions in New England were still living in the region one year after graduation, compared with 86 percent of graduates of public institutions (see Figure 1).

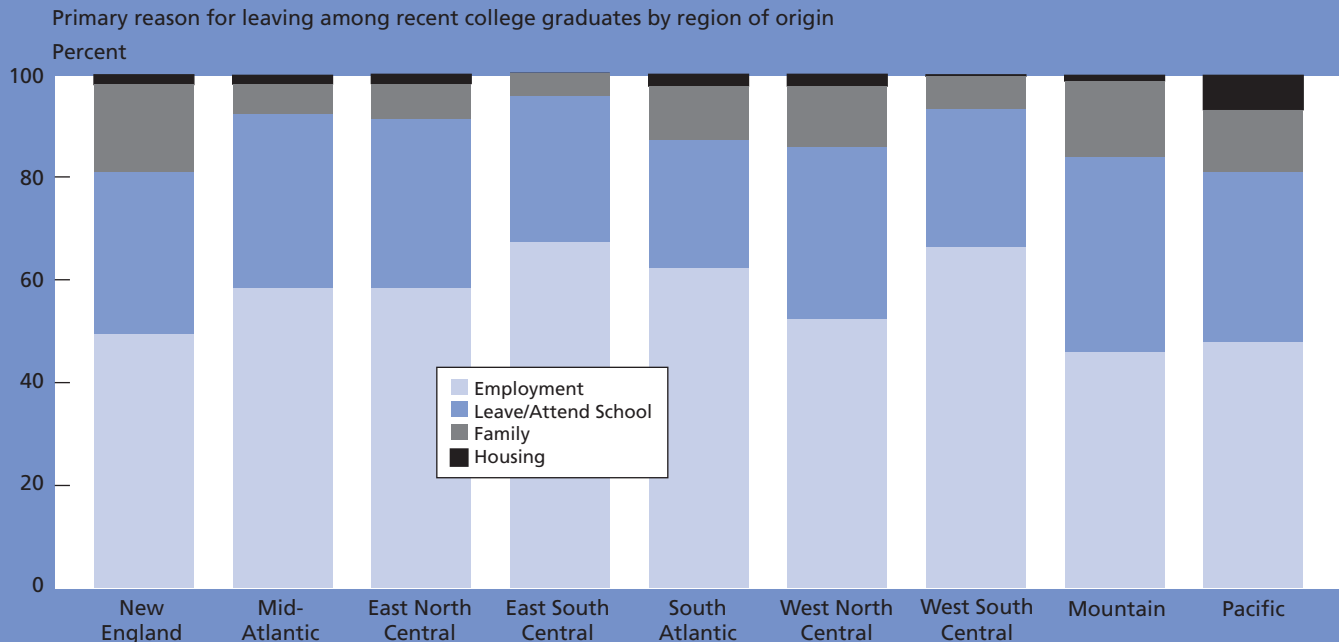
However, as with non-native graduates, New England’s retention rates for graduates of private and very selective institutions are lower than those of other regions. For example, only 56 percent of students graduating from very selective institutions in New England were still living in the region one year after graduation, compared with 75 percent of graduates in the Mid-Atlantic region (see Figure 1). So, besides having a greater share of graduates from private or very selective institutions—who have low overall retention rates—New England is less likely to retain those graduates than other regions.

### Why do recent college graduates leave New England?

These individuals are voting with their feet—they have decided to relocate based on a variety of factors. Those include economic factors, such as the availability of jobs, compensation levels, and the cost of living; and non-economic factors, such as proximity to family, educational opportunities, and local amenities such as weather, culture, and recreational activities.

Contrary to conventional wisdom, recent college graduates are leaving New England primarily for job-related reasons—not housing costs. According to the Current Population Survey, about half of those leaving New England during the past decade cited employment-related reasons. Just under one-third left for “other” reasons—almost exclusively to attend or leave college—reflecting the large share of non-native students who leave upon graduation. Another 17 percent left for family-related reasons, such as a change in marital status or to establish their own household. In contrast, housing-related reasons accounted for less than 2 percent of moves from New England among recent college graduates (see Figure 2).

**Figure 2: Recent college graduates leave New England primarily for job-related reasons—few cite housing as their motivation.**



Source: Author's calculations from the Current Population Survey, 1999-2007.

On second glance, this is perhaps not surprising, given that recent college graduates are more likely to be seeking rental rather than owner-occupied housing. “The New England Rental Market,” an earlier NEPPC policy brief, showed that rental housing, unlike owner-occupied housing, is relatively affordable in New England compared with other regions. Indeed, the Mid-Atlantic and Pacific regions—both with relatively high housing costs—were two of the three top destinations for recent college graduates leaving New England.

### What can states do to retain recent college graduates?

In some sense, New England is a victim of its own success. The region's colleges and universities excel at producing highly skilled college graduates who are likely to have job opportunities in any number of locations. Yet New England will likely face even greater competition for college graduates in the future—particularly in a global economy where workers and jobs are more mobile.

Still, contrary to the usual reasons offered to explain why individuals leave the Bay State, recent college graduates appear to be moving primarily to seek the best job opportunities. That suggests that states can take tangible steps to retain more recent college graduates.

One potential solution is to build stronger ties between colleges and local employers, to help graduates, particularly non-natives, learn about local job opportunities and form networks in the region. For example, the Colleges of Worcester Consortium in Massachusetts has expanded internship opportunities through an online regional database that students can tap into from any of the consortium's 15 member institutions. Internships create a win-win-win situation, because they allow students to try out a job or firm, lower recruiting costs for employers, and enhance the reputation of a college or university.

And as Bentley College economics professor Patricia Flynn observed in the *Boston Globe* earlier this year, “Being offered a really good job will override housing costs, snow, and a lot of other issues.”

This policy brief describes findings from *The Future of the Skilled Labor Force in New England: The Supply of Recent College Graduates*, by Alicia C. Sasser, a senior economist at the New England Public Policy Center. The full report, including more information for each New England state, is available at <http://www.bos.frb.org/economic/neppc/>.