The Future of the Skilled Labor Force

New England’s supply of recent college graduates

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One of New England’s greatest assets is its skilled labor force, which has historically been an engine of economic growth in the region. But the skilled labor force of the future is growing more slowly in New England than in the rest of the United States. Since 2000, the population of “recent college graduates” — individuals ages 22 to 27 with a bachelor’s degree or higher — has grown by less than 9% in New England, roughly half the U.S. increase. This is better than the 11% drop in the number of recent college graduates that the region faced in the previous decade. But the increase since 2000 has not offset those earlier losses, making New England the only region to see a decline in this population since 1990. [See Figure 1.]

The need to attract and retain recent college graduates has become a salient issue in every New England state. Policymakers and business leaders alike are concerned that an inadequate supply of skilled workers will hamper economic growth by creating barriers for companies looking to locate or expand in New England. Yet few steps have been taken to tackle this challenge.

Factors Affecting Stock of Recent Grads
Every year, the region adds to its stock of recent college graduates, as each successive cohort of young adults flows through the education pipeline: entering college, completing degrees and choosing where to locate. Three main factors affect the stock of recent college graduates:

- The supply of young adults to be educated at New England institutions — whether native to the region, from other parts of the United States or from abroad — is the primary source of growth for the region’s...
population of recent college graduates. Students who attend college in New England account for more than three-quarters of the recent college graduates living in the region.

- The rate of educational attainment among native young adults — or the percentage of high school graduates who choose to go on to college — is also key because native New Englanders account for roughly 70% of college enrollments within the region.

- The migration decisions of individuals also apply. Regions may increase the size of this population by either retaining those educated within the region or by attracting those who have received degrees elsewhere. Retention is especially important in New England because the region imports a relatively high share of its student body from other parts of the country — about 30% of the incoming class each year.

**Figure 1: Slower Growth**
The population of recent college graduates is growing more slowly in New England than elsewhere in the United States.

How These Factors Have Changed
The supply of young adults fell sharply in New England during the 1980s and has been growing more slowly than nationally since then. This trend primarily reflects a period of low birth rates during the 1970s. The result is that New England had roughly 25% fewer native young adults of college-going age during the 1990s than in the 1980s.

Since then, the number of young adults of college-going age in New England has grown at a slower rate than in other parts of the country. Moreover, despite a growing number of students coming from elsewhere in the United States and abroad, the increases from these two groups were a drop in the bucket compared with the sharp drop in the number of native young adults. Essentially, the region has not been producing enough of the basic input — young adults — to put through the education pipeline.

With no way to reverse the effects of a decade of lower birth rates, New England has had to rely on increasing the rate of educational attainment among young adults. The share of high school graduates attending college in the ’90s rose sharply across the United States, but even more in New England — going from one-third of high school graduates at the start of the decade to just over one-half at the end.

Despite a growing number of students coming from outside the region, New England has not been producing enough young adults to put through the education pipeline.

As a result, the educational attainment of native young adults increased more rapidly in New England than in most other parts of the nation — with nearly one in three native young adults having a college degree in 2006. In comparison, slightly more than one in five young adults was a college graduate for the nation as a whole. Thus, despite the sharp drop in the number of young adults in New England (25%), the decline in the number of recent college graduates was only half as steep (11%), because of the rising share of young adults receiving a college education.

Despite New England’s higher educational attainment, some are concerned that the region retains too few college graduates or at least fewer than in the past. Migration patterns have changed little for this group, but the situation is more complex. Typical migration rates for New England often show net out-migration among recent college graduates — meaning that more individuals are leaving than entering the region. This is because 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 New England to attend college.

Why is this important? As a net importer of college students, these inflows are sizeable and more than offset the negative outflows of those who leave upon graduation. More students come to New England for college than leave to attend college elsewhere. And though the region holds on to only a fraction of that net influx, it still comes out ahead. So when analyzing migration patterns of recent college graduates, it is important to account for where students came from, where they received their degrees and where they chose to locate after graduating.

Although the region adds to the number of recent college graduates with each graduating class, New England retains a lower share of students upon graduation compared with other regions. For the graduating class of 2000, roughly 70% of recent college graduates were still living in New England one year after graduation, compared with about 80% for the Mid-Atlantic region and 88% for the Pacific region. [See Figure 2.]