

Lasting Connections: Using Internships to Retain Recent College Graduates in New England

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The skilled labor force of the future—recent college graduates, or individuals aged 22 to 27 with a bachelor’s degree or higher—is growing more slowly in New England than in the rest of the nation. Since 2000, this group has expanded by less than 9 percent in New England, roughly half the overall U.S. increase. This is better than the 11 percent drop in the number of recent college graduates that the region experienced 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.

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. This policy brief discusses one promising short-term strategy for retaining a higher percentage of recent college graduates: expanding the use of internships within the region to help college students—including non-native—learn more about local job opportunities. This strategy is already bearing fruit in some parts of New England.

Surveys find that recent college graduates leave New England primarily for jobs elsewhere

As a result, the need to attract and retain recent college graduates has become a salient issue in every New England state. Even with the current economic downturn, policymakers and business leaders alike realize the need to keep a long-term perspective to ensure a sufficient pipeline of skilled workers who can fill the region’s high-growth, high-demand jobs when the economy recovers. Many of these jobs are likely to require postsecondary education and training.

One of the most immediate ways a region can increase its population of recent college graduates is by influencing their migration decisions. It can do this by retaining

Victim of our own success

In some sense, New England is a victim of its own success. First, the region attracts a relatively high share of students from outside New England, with more students arriving to attend college than leaving to attend college elsewhere. This makes the region one of the largest importers of college students in the country. Second, our colleges and universities excel at producing highly skilled college graduates—both native and non-native—who are likely to have job opportunities in any number of locations.

While this combination reflects the strength of New England’s higher education industry, it makes it more difficult to retain students upon graduation compared with other regions. Roughly 70 percent of students in the graduating class of 2000 were still living in New England one year after graduation, compared with 80 percent in the Mid-Atlantic region and almost 90 percent

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in the Pacific region. This lower retention rate primarily reflects the high share of non-native students who migrate into New England to attend school. Having already migrated once to attend college, non-native 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, just 20 percent of those who had migrated into the

Internships present a win-win-win situation: students gain experience, employers lower their recruiting costs, and academic institutions enhance their reputations

region to attend college were still living here one year after graduation, compared with more than 90 percent of native graduates. New England also has a high share of private and very selective institutions, whose graduates are more likely to migrate to reap the benefits of their high-quality education, further lowering the region's retention rate.

What factors affect the migration decisions of recent college graduates? Survey evidence consistently reveals that recent college grads leave New England primarily for job-related reasons. For example, the U.S. Census Bureau's Current Population Survey shows that about half of the recent college grads leaving New England during the past decade cited employment-related reasons—far higher than the proportion leaving for any other reason. Likewise, a 2003 study by the Greater Boston Chamber of Commerce reported that recent college grads were leaving the region primarily for more desirable and more easily available jobs elsewhere. Similarly, respondents to a 2002 survey of recent college grads in Maine attested that the level of pay and quality and availability of jobs were top influences on their decisions to remain in that state.

Promoting retention through internships
More formal and widespread use of internship programs across New England could po-

tentially be a win-win-win situation: allowing students to gain experience, lowering recruiting costs for employers, and enhancing the reputation of the region's colleges and universities. In particular, such efforts would help all graduates—and especially non-natives, who have lower retention rates—learn more about local job opportunities and form networks in the region. Although some graduates will inevitably choose to relocate, internships are one way to engage students and make it less likely that they will leave because of lack of information or misperceptions about the job market. Yet with few exceptions, employers and colleges seem to be making these connections on an ad-hoc basis—such as through employee alumni contacts—rather than on a systematic or wide scale basis.

Though recent college graduates cite the availability of good jobs as their most important concern when deciding where to locate, they are often unaware of local employment opportunities. According to a 2005 survey of graduating students by the Worcester Regional Research Bureau (WRRB), 70 percent cited career opportunities and associated pay and benefits as important factors in their decisions on where to locate. Yet only 8 percent of respondents gave the highest rating of “excellent” when asked to rate opportunities to learn about local employers and job opportunities. Given that two-thirds of respondents who were looking for employment said they planned to leave central Massachusetts after graduating, WRRB concluded that students needed to learn more about opportunities in the region if it hoped to boost retention. WRRB also found that firsthand experience was an important factor in those decisions: students who either worked off-campus or participated in an internship or co-op—a program that offers academic credit for structured job experience—were more likely to stay in the area than students who did not take advantage of such opportunities.

An effective internship program can also provide a pipeline that helps firms fill full-time positions. The National Association of Colleges and Employers (NACE) reports that a recent increase in internships reflects the fact that employers are using such formal programs to test out potential hires. And employers have recently converted a greater percentage of interns into full-time employees. NACE estimates that roughly 70 percent

of internships in the Northeast led to full-time job offers in 2008. About three-quarters of those job offers were accepted, so a little more than half of all internships resulted in full-time employment last year. NACE also found that just over 90 percent of new recruits at firms with formal internships program were still employed after one year, compared with only 60 percent of new recruits at firms without a formal program. Of course, firms hosting internships may also offer other advantages—such as higher wages and more generous benefits—that affect retention.

However, despite the obvious benefits of internship programs, their use is far from universal among employers—particularly small firms. Among a representative sample of 25 employers, WRRB found that only half had used student interns or viewed internships as a way to evaluate potential hires. Many smaller companies lacked the time and resources to recruit and supervise interns. Forging relationships with colleges and universities by recruiting on campus and cultivating key faculty contacts is effective but can be time-intensive. Crafting effective internship experiences that include on-the-job learning, mentoring, and leadership opportunities often requires the dedication of full-time staff. In addition, the need to pay students for internships can also be a significant hurdle for smaller companies looking to vie for talent.

Bringing students and employers together

Some areas within New England have sought to expand the use of internships by providing an online clearinghouse that helps students and firms connect. For example, in 2007 the Colleges of Worcester Consortium—a 40-year-old alliance of 13 colleges in central Massachusetts—developed an online internship database, to enable employers of all sizes to tap the area’s pool of educated workers. Consortium CEO Mark Bilotta estimates that more than 1,000 students used the online database last year to review postings by some 250 companies. The consortium also helped place 9,900 students in community service, work study, and research internships through its community placement program. Although the consortium does not collect statistics on the conversion rate of its internships into full-time employment, career advisors recount numerous stories of students and employers

alike that have benefited from the program.

According to Bilotta, a key component to the success of this initiative was the Career Services Directors Committee, composed of career services officers from each school. The committee works as a collective unit to provide career-related programs and services among participating schools that could not otherwise be offered to their students. The existence of the committee was instrumental in getting buy-in from all the local schools and laying the groundwork for a sustained effort. The fact that the schools banded together and were able to use the resources of the consortium made the creation of the online database more cost-effective than it would have been if undertaken by a single member college.

Bilotta also points to communication and promotion aimed at both students and employers as another key factor that helped ensure the success of the online database. For example, the Worcester Regional Research Bureau hosted several focus groups to learn what features college students and recent graduates would find most useful and attractive. The consortium also promoted the database to firms through events such as its annual Consortium Career Fair, which typically draws roughly 100 local employers and 700 students, as well as its more targeted Working in Worcester Open House.

Helping firms to forge stronger ties with specific academic institutions may also expand the use of internship programs. Bentley University excels at this approach, fostering close connections with a host of employers, and giving them a menu of opportunities to raise their visibility among students. These include both curricular and extracurricular activities designed to span the entire academic year and to include students from freshmen to seniors, as well as graduate students and faculty. Bentley also sponsors a program that enables companies to establish an on-campus presence as an “employer-in-residence,” by designating a senior employee to visit the university weekly to consult with students.

According to Len Morrison, Bentley’s executive director of corporate relations, companies need to identify which educational institutions are good matches, to ensure that there will be a high yield from internships into full-time employment. When the goals of a school are aligned with those of the employer, collaborative relationships form between fac-

ulty members and company managers, yielding more meaningful internships that include experiential learning, coaching, leadership development, and evaluation. To foster such relationships, companies should work with university staff, faculty, and alumni to designate internal “school champions” and establish a campus “brand.” Morrison also urges employers to maintain relationships with core schools even when they face a downturn in hiring, or when the job of career services officer on campus turns over.

Finally, providing financial assistance may also encourage more employers to offer internships, particularly smaller firms. According to NACE, more than 90 percent of employers with internship programs offered paid positions in 2008, with an average wage of \$16.33 per hour. Some states help companies fund these internships. For example, in FY 2009, Vermont awarded 14 grants totaling \$530,000 to help both public and private organizations offer paid positions to roughly 450 high school and college students.

Alternatively, it has been suggested that states could also encourage more colleges and universities to offer academic credit for internships in lieu of pay. With academic credit on the line, faculty members are more likely to help students plan their internships, resulting in higher-quality experiential learning. Yet according to NACE, only 35 percent of students who participated in an internship in 2008 did so for college credit.

Next steps

These findings suggest that there are some tangible steps that states can take in the near term to address students’ concerns about finding employment, and thus retain more recent college graduates. Surveys reveal that these graduates leave New England primarily for employment opportunities, and that many are unfamiliar with or have misperceptions about the local job market. Internships can help educate students about local job opportunities, give firms a vehicle for identifying new talent, and enhance the reputation of the region’s col-

leges and universities. Efforts to brand New England as a place to “work, play, and stay” can also make recent college graduates more aware of the region’s job opportunities and recreational amenities.

The Federal Reserve Bank of Boston and the Greater Boston Chamber of Commerce have begun to explore ways to use internships more effectively to expose college students to job opportunities and other attractions of the Boston area. This joint effort—now in the planning stage—was prompted by a Boston Fed report exploring the supply of recent college grads, and by a report commissioned by the chamber on employers’ workforce needs. This initiative may provide a model for the region, and shed light on how it can better meet employers’ need for educated workers.

Resources

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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/>.