

Retaining Recent College Graduates in New England: An Update on Current Trends

By Alicia Sasser Modestino

Over the past two decades, the population of recent college graduates has been growing more slowly in New England than in the rest of the United States. Between 1990 and 2010, the number of individuals aged 22–27 years with a bachelor’s degree or higher grew by only 12.1 percent in New England—less than one-third the national increase. Most of this slower growth reflects the region’s lower fertility rates, leaving fewer native students of college age to advance through the education pipeline.¹ Fortunately, a growing share of these individuals is attending and completing college, helping the region to swim against the tide of slower population growth. Yet rising educational attainment has not been enough to prevent New England’s population of recent college graduates from lagging behind the rest of nation. As a result, policymakers and business leaders remain concerned that an inadequate supply of skilled workers may hamper the region’s economic growth.

One of the most immediate ways a region can increase its population of recent college graduates is by influencing 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 and around the world.

Over the past several years, each of the New England states has taken action aimed at retaining a greater share of the recent college

graduates educated within its borders. This policy brief presents some basic facts about the retention of recent college graduates and changes in retention over time, updating an earlier report on this topic. It shows, for example, how New England compares with other Census divisions, 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 aimed at retaining recent college graduates. To illustrate this, we highlight one recent initiative that draws directly on our earlier research by fostering greater collaboration and coordination between colleges and employers aimed at expanding the pool of internship opportunities for students in the greater Boston area—a promising strategy that other localities across New England could pursue.

How Does New England Compare with Other Divisions?

When comparing the movements of recent college graduates across divisions, it is important to distinguish between *retention* rates and *migration* rates. 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 division. However, such rates reflect only moves made upon graduation from division of institution to division of adult residence, and fail to capture the earlier in-migration of students to attend college.

Why is this important? New England attracts a relatively high share of students from outside the division, with more students arriving to attend college than leaving to attend college elsewhere. Among the class of 2008, 33.6 percent were non-natives—a far higher

Staff

Robert Clifford
Angela Cools
Julia Dennett
Jingyi Huang
Nina Johnson
Yolanda Kodrzycki
Darcy Rollins Saas
Alicia Sasser Modestino
Jennifer Weiner
Bo Zhao

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1 For further discussion of long-term trends see Sasser, Alicia C. “The Future of the Skilled Labor Force in New England: The Supply of Recent College Graduates.” (NEPPC Research Report No. 08-1, Federal Reserve Bank of Boston, 2008.)

Table 1. Attraction and Retention of Students Who Are Native versus Non-Native to New England (Graduating Class of 2008)

Division of Institution	Share of College Students who are Non-Natives (Percent)	Share of College Graduates Living in Same Division as B.A. Institution One Year After Graduation (Percent)		
		All Graduates	Natives	Non-Natives
New England Graduating Class of 2000	33.6 29.5	63.6 70.5	85.7 91.0	19.8 21.6
Middle Atlantic	8.2**	82.7**	87.0	34.9
East North Central	10.8**	78.4**	85.3	21.7
West North Central	18.5**	69.6	82.2	14.0
South Atlantic	15.0**	79.0**	87.8	28.8
East South Central	13.4**	71.7	79.7	19.8
West South Central	6.5**	83.9**	87.1	37.8
Mountain	19.8**	67.6	80.0	17.1
Pacific	6.0**	88.0**	90.3	52.0**

Source: Baccalaureate & Beyond Longitudinal Study, National Center for Education Statistics, U.S. Department of Education, 2008–2009 and 2000–2001.

Note: Retention for New England is calculated as the share of graduates educated within the division who are still living in New England one year after graduation.

** Indicates that the difference between New England and that division for the class of 2008 is statistically significant at the 5 percent level.

percentage than in any other division in the nation (see Table 1, column 2).² These inflows are sizable and more than offset the outflows of non-native students who leave New England upon graduation, making the division a net importer of college students—although the division retains only a small fraction of these incoming students after they graduate. Moreover, the division’s ability to attract college graduates educated elsewhere in the nation is comparable to that of other Census divisions. Thus, for a given college class the division comes out ahead, actually adding each year to the number of recent college graduates beyond what it would have if it educated only its native population.³

While New England adds to its population of recent college graduates with each successive class, it retains a lower *share* of students upon graduation than other Census divisions. Retention rates measure the fraction of a graduating class that stay in the division after graduation. Only 63.6 percent of the 2008 graduating class were still living in New England one year after graduation—the lowest retention rate in the nation (see Table 1, column 3). Retention was significantly lower than in “competitor” divisions such as the Middle Atlantic (82.7

2 “Non-natives” include students from other parts of the nation as well as foreign students from outside the United States.

3 See Sasser, NEPPC Research Report No. 08-1.

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

percent) and the Pacific (88.0 percent). Although data for the graduating class of 2000 suggest that retention in New England may be decreasing over time, this change is not statistically significant. In fact, retention rates by division have changed very little since the early 1990s.⁴

Finally, while New England does a better job of retaining graduates in some fields than in others, the division’s retention still ranks below that of most other divisions within each field.⁵ For example, New England retained 80.8 percent of 2008 graduates who majored in education yet still ranked sixth out of the nine Census divisions (see Figure 1). Similarly, retention rates for business (72.6 percent), health (69.5 percent), and STEM-related fields (68.5 percent) were slightly above the overall average for New England—yet lagged behind the comparable figures for most other divisions.⁶

Although policymakers are particularly concerned about retaining STEM graduates, the small sample size by field of study makes it difficult to say whether New England’s retention rate is significantly below that of other divisions. With the exception of the West South Central and Pacific divisions, most places have relatively low STEM retention rates, as these individuals are in high demand throughout the country.

What Factors Affect New England’s Ability to Retain Recent College Graduates?

New England’s lower retention rate partly reflects the high share of students who migrate into the division 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 19.8 percent of students who migrated into New England to attend college were still living here one year after graduation, compared with 85.7 percent of native graduates. In addition, New England’s retention of non-native graduates is relatively low compared with the rates observed in other parts of the United States (see Table 1, columns 4 and 5). Again, sample size restrictions make it difficult to say whether retention of non-natives is significantly

4 See Sasser, NEPPC Research Report No. 08-1.

5 A similar pattern of retention across fields was also observed for the class of 2000. See Sasser, NEPPC Research Report No. 08-1.

6 STEM-related fields are defined as science, technology, engineering, and mathematics.

lower than in other places with the exception of the Pacific division, which retains more than half of its non-native students.⁷ Regardless, retention of non-natives is important to New England given that the division has a significantly higher share of students who attend college from outside the division.

The high share of students graduating from private institutions in New England also lowers the division's retention rate. For a given class, roughly 70 percent of recent college graduates in New England earned their degree from a private institution—a far higher share than in most other divisions. These graduates are more likely to leave the division where they studied than public school graduates across all Census divisions. Yet the retention gap between public and private graduates is larger in New England than in most other Census divisions. For example, 80.6 percent of students graduating from public institutions in New England were still living in the division one year after graduation, compared with only 56.7 percent of graduates of private institutions. So, besides having a greater share of private institution graduates—who tend to be more mobile across divisions in general—New England is less likely than other divisions to retain these graduates.

Why Do Recent College Graduates Leave New England?

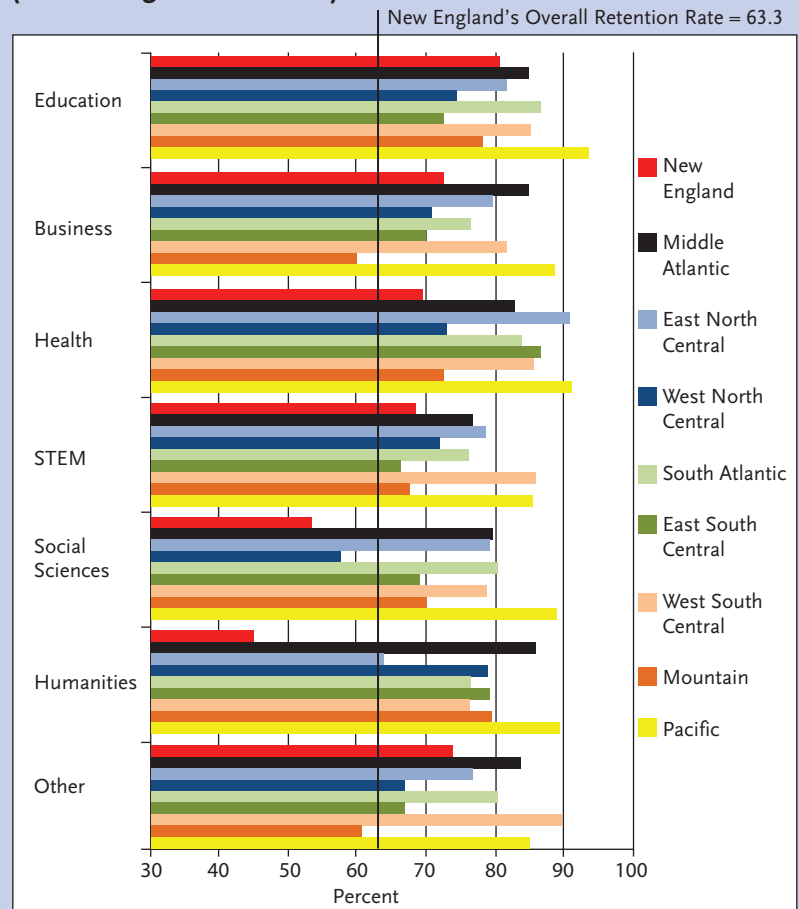
Recent college graduates who leave New England are voting with their feet—they have decided to relocate based on a variety of factors. These include economic factors, such as the availability of jobs, compensation levels, and the cost of living; and noneconomic factors, such as proximity to family, educational opportunities, and local amenities, such as weather, culture, and recreational activities.

While New England does better at retaining graduates in some fields, it still lags most regions in every major field

Contrary to conventional wisdom, recent college graduates are leaving New England primarily for job-related reasons—not housing costs—and this trend has been exacerbated by the Great Recession. According to the Current Population Survey, nearly 60 percent of those leaving New England during the past decade cited employment-related reasons (see Table 2). Another 11 percent left for family-related reasons, such as a change in marital status or to establish their own

7 Note that geography is another factor that might serve to lower New England's retention rate relative to larger divisions as students can move to a neighboring division (for example, the Mid-Atlantic) by moving only a short distance.

Figure 1. Share of College Graduates Living in Same Division as B.A. Institution One Year After Graduation, by Field of Study (Graduating Class of 2008)



Source: Baccalaureate & Beyond Longitudinal Study, National Center for Education Statistics, U.S. Department of Education, 2008-2009.

household. In contrast, fewer than 2 percent of moves from New England among recent college graduates occurred for housing-related reasons—a significantly lower share than in the Middle Atlantic or Pacific divisions.⁸

On second glance, this is perhaps not surprising, since recent college graduates are more likely to be seeking rental rather than owner-occupied housing. Rental housing, unlike owner-occupied housing, is relatively affordable in New England compared with other divisions.⁹ Indeed, the Mid-Atlantic and Pacific divisions—both with relatively high housing costs—were two of the three top destinations for recent college graduates leaving New England.

8 Just under 30 percent left for “other” reasons, including 21.4 percent who left “to attend or leave college” and 2.4 percent who left for a “change of climate.”

9 See Sasser, Alicia C., “The New England Rental Market.” (NEPPC Policy Brief 07-1, Federal Reserve Bank of Boston, 2007), and more recently, Clifford, Robert, “The Housing Bust and Housing Affordability in New England.” (NEPPC Discussion Paper 10-1, Federal Reserve Bank of Boston, 2010).

Table 2. Recent College Graduates' Primary Reason for Leaving, by Division, 1998 - 2011 (Percent)

	Employment	Family	Housing	Other
Division-to-Division Moves: New England	57.9	11.3	1.6	29.2
Middle Atlantic	54.0	9.6	5.2*	31.1
East North Central	61.0	10.0	3.3	25.7
West North Central	57.7	10.6	3.2	28.5
South Atlantic	58.6	14.2	3.2	24.0
East South Central	70.1*	9.1	2.8	18.1*
West South Central	66.6	9.8	4.1	19.5*
Mountain	49.8	13.5	2.3	34.5
Pacific	52.5	15.5	6.7**	25.3
United States	58.1	11.6	3.7*	26.6

Source: March Current Population Survey (Annual Demographic File), 1999-2012.

* Indicates that the difference between New England and the division is statistically significant at the 10-percent level and ** at the 5-percent level.

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 attracting college students from outside the region. They also produce highly skilled college graduates who are likely to have job opportunities in any number of locations. Yet there are multiple opportunities to engage students during the course of their college tenure and make it less likely that they will leave due to lack of information or misperceptions about the job market, cost of living, or quality of life here.

Contrary to the usual reasons offered to explain the exodus of graduates from the region, recent college graduates appear to be moving primarily to seek the best job opportunities. This suggests that states can take tangible steps to retain more recent

college graduates by building stronger ties between colleges and local employers to help graduates, particularly non-natives, learn about local

job opportunities and form networks in the region. One way to build such ties is to expand the use of internship and cooperative learning opportunities throughout the region. Internships and co-ops can be particularly effective because they provide work experience for students, lower recruiting costs for employers, and enhance the reputation of a college or university.

However, these types of opportunities require a collective effort to bring students, employers, and higher education institutions together. For example, the Greater Boston Chamber of Commerce and the Federal Reserve Bank of Boston launched an online database in 2011 "Chamber Intern Connect" (<http://intern.bostonchamber.com/blog>) that enables all Chamber members to post internship positions for free. Students in the Boston area can view these postings for free through either the Chamber web site, their own college career center websites, or the statewide site (Mass Stay Here Internships) hosted by the Commonwealth as part of the "It's All Here" campaign. The goal of the initiative is to allow students to engage with the region's business community and develop valuable career skills, while simultaneously allowing employers to fill current workforce needs. To date, roughly 3,300 students have registered to use the site, giving them access to 270 firms and over 480 job postings.¹⁰ The Chamber and the Boston Fed hope to expand the site to include more Boston-area companies over the coming year, particularly small employers who have fewer resources to dedicate towards finding student interns.

New England is likely to face even greater competition for college graduates in the future—particularly in a global economy where workers and jobs are increasingly mobile. Yet given current economic conditions, students are apt to be receptive to efforts aimed at engaging them in the workplace. Across the nation, unemployment among youth—including recent college graduates—remains high, and their labor force participation is at an all-time low.¹¹ At the same time, economic conditions have been better in most New England states than in the nation, and they continue to improve. Our hope is that business leaders, policymakers, and universities—armed with a better understanding of the factors affecting the retention of recent college graduates—can identify and mobilize joint initiatives targeted at efficiently and effectively expanding the region's supply of skilled workers.

Recent college graduates leave New England primarily for job-related reasons—not high housing costs

This policy brief updates the findings from an earlier report: "The Future of the Skilled Labor Force in New England: The Supply of Recent College Graduates," by Alicia C. Sasser. The full report, including more information for each New England state, is available at <http://www.bostonfed.org/neppc>.

¹⁰ Email dated 3/7/13 from Emily Dahlgard of the Greater Boston Chamber of Commerce.

¹¹ Spreen, Thomas Luke. "Recent college graduates in the U.S. labor force: data from the Current Population Survey." (*Monthly Labor Review*, U.S. Bureau of Labor Statistics, February 2013.)