

STATE of the UNION

A stylized graphic of the American flag, featuring a blue field with white stars and red and white horizontal stripes.

EMPLOYMENT

Harry Holzer
Georgetown University

Declining Employment and Labor Force Activity among Millennials

Harry J. Holzer

Georgetown University

June 2019

Outline

- What are the Trends?
- What are their Causes?
- Policy Implications

Trends in Labor Force Activity

- Among Prime-Age Workers: 25-34 v. 35-54 year olds (Millennials v. Gen X)
- Not Youth – 16-24
- Not Cyclical Changes – 1996-2006-2016
- Variation by Gender and Education
- Not Wages (except indirectly)

4 Main Trends

1. Declines among Millennials – A bit more than older prime-age workers
2. Greater Declines among Males than Females – esp. among Millennials
3. Male Labor Force Activity Remains Much Higher than Female
4. Large Differences by Education in Levels and Trends

The Basic Numbers (Fig. 1)

- Declines in LFP: 2.5 pp for Millennials overall, 1.8 for older prime-age workers
- Before and esp. After Great Recession (Hysteresis)
- Male Millennials: 4.4 pp decline in LFP
- Female Millennials: A bit over 1 pp decline
- But Female LFP remains nearly 15 pp below than of Males! Slight decline stands in sharp contrast to increases in earlier decades and other industrial countries

LFP By Gender and Education (Fig. 2)

- Large variation by educational attainment – both genders but esp. females!
- College grads work at very high rates
- Female HS Grads and Dropouts: 68% and 50%
- Male HS Grads and Dropouts: 85% and 70%
- Other data: Declines among less-educated

Causes of LFP Trends and Levels

- Lower Levels among Females: Childbearing and Childrearing; No Federal Paid Family Leave
- Declines for Less-Educated Men:
 - Declining Wages – Labor Supply Effect
 - Non-Labor Market Income – SSDI etc.
 - Barriers – Criminal Records, Opioids
 - Regional Differences – Declining Regions

Policy Implications

- Make Work Pay – Paid Family Leave, EITC (Minimum Wage)
- Increase Attainment of Sub-BA Credentials with Labor Market Value
- Reduce Numbers and Stigma of Criminal Records; Address Opioid Dependency
- Subsidize Jobs in Depressed Regions
- SSDI Reform