

Tennessee's Post-Pandemic Workforce

Implications for the Value of Going to College

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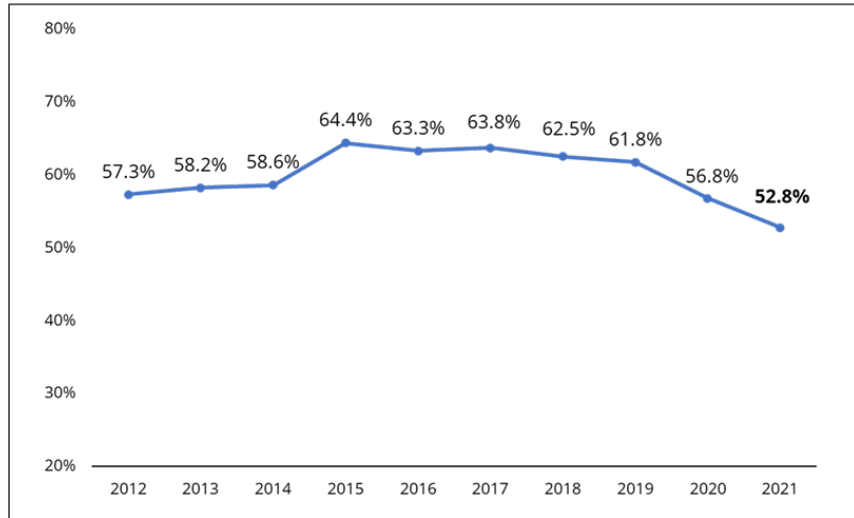
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Fewer Tennesseans are Going to College

12th Grade College-Going Rate



Source: THEC/TSAC College-Going Report

- In Tennessee and the U.S., falling college enrollment was most concentrated in community colleges

Worker shortages just forced employers to give out the biggest raises in 20 years

BY MEGAN LEONHARDT

January 31, 2022 6:22 PM EST



By [Ashley Bohle](#)

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LOUDON, Tenn. (WVLT) - Loudon High School and [Malibu Boats](#) have partnered to recruit students to work for the company in an effort to avoid the labor shortage.

It's something neither Loudon High nor Malibu, the boat manufacturing company, have done before. On May 5 a couple students signed their intent to work for the company, similar to a college sports signing day.

Brady Fields is a soon-to-be graduate at Loudon High. He'd thought about going to college, but didn't feel like that was the best fit for him. Fields has a cousin who works for Malibu.

"I feel like it's going to be a good career for me," Fields said.

In his first executive order, Shapiro removes degree requirement for thousands of state jobs

Employers Rethink Need for College Degrees in Tight Labor Market

Google, Delta Air Lines and IBM have reduced requirements for some positions

On the one hand, ...

- The labor market is very tight. Lower-wage workers are seeing strong wage growth.
- Returns to an AA/AS and to enrolling without completing college are falling.
- Tennessee is outpacing the nation in HS-level job *availability*.
- Employers are providing in-house credentials and relaxing education requirements.

But on the other hand, ...

- Earnings and unemployment continue to favor college-educated workers.
- Lifetime earnings are \$1.5M higher with a BA/BS than with HS, \$375K higher with an AA/AS, \$224 higher with some college.
- Tennessee is growing college-level jobs faster than high school-level jobs.
- Workers with a high school education are not yet moving into college-level jobs in large numbers.

There are about twice as many openings as job seekers in Tennessee and the U.S.

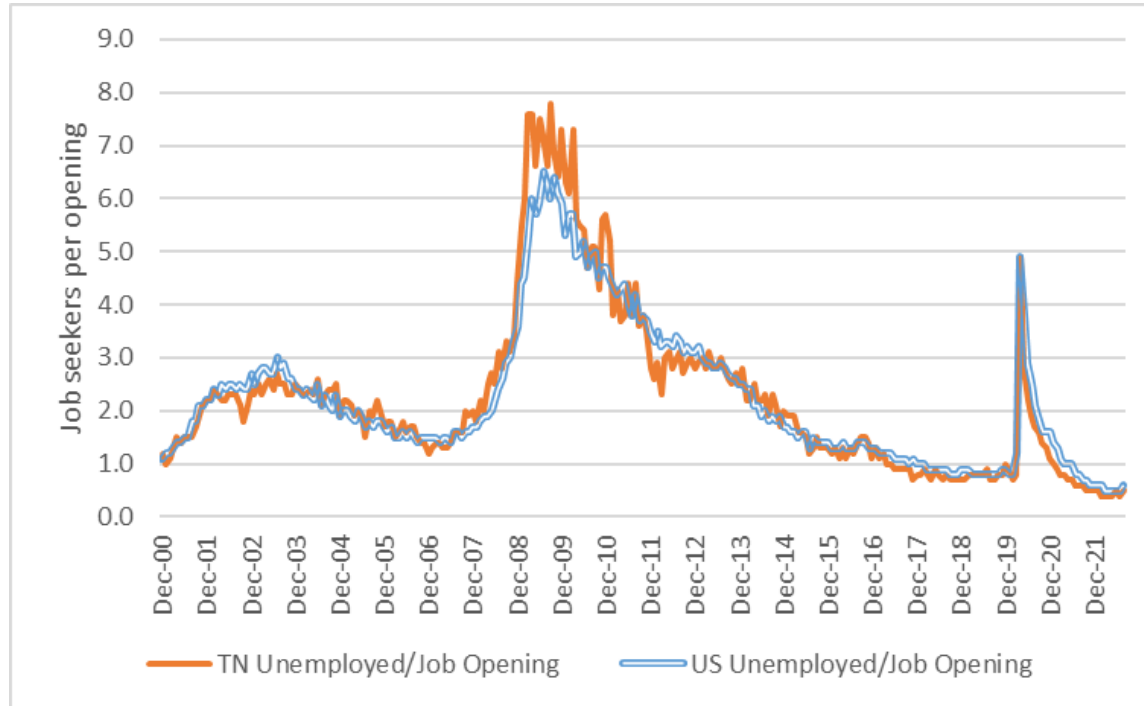


Figure 8D, Source: BLS JOLTS

Nationwide, post-pandemic earnings continue to favor college-educated workers

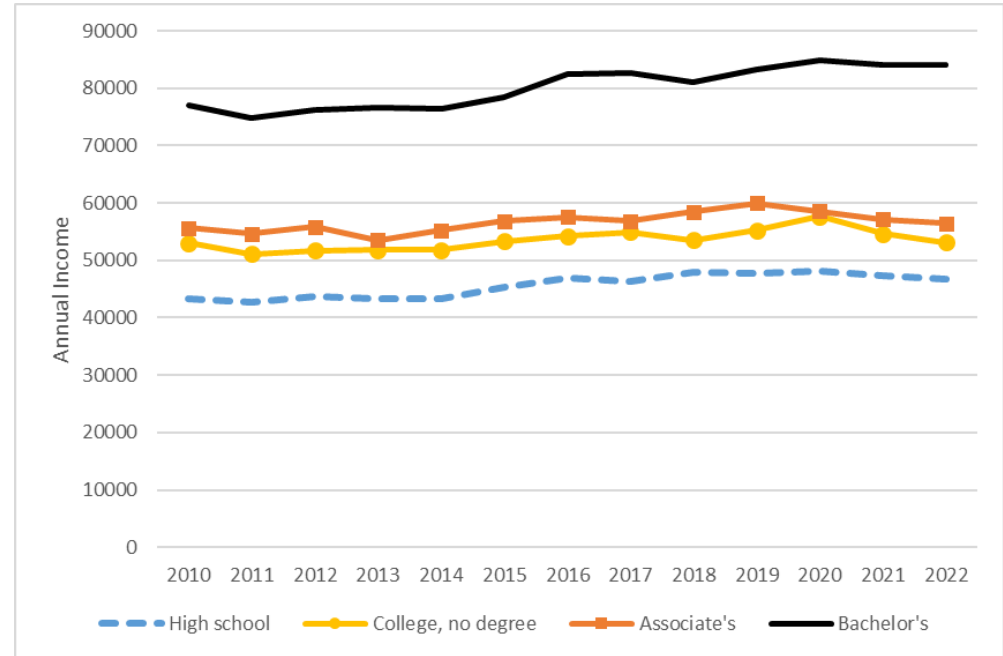
Annual Wage and Salary Income by Education (2022\$)

Less than High School	\$35,619
High School Graduate	\$45,919
Some College, No Degree	\$53,198
Associate's Degree	\$56,291
Bachelor's Degree	\$86,554
Graduate or Professional Degree	\$116,796

Source: March CPS for 18-64 year-olds working full-time and not enrolled in school or college when surveyed. See Table 1 in the report.

Nationwide, post-pandemic earnings continue to favor college-educated workers

- Average annual income for U.S. 18-64 year-old HS grads working FT, not attending college (Figure 3)
- Adjusted for demographic and regional changes in workers.



Source: March CPS, 2010-2022, 2022\$, 18-64 year-old HS graduates working FT

Unemployment rates also continue to favor college-educated workers

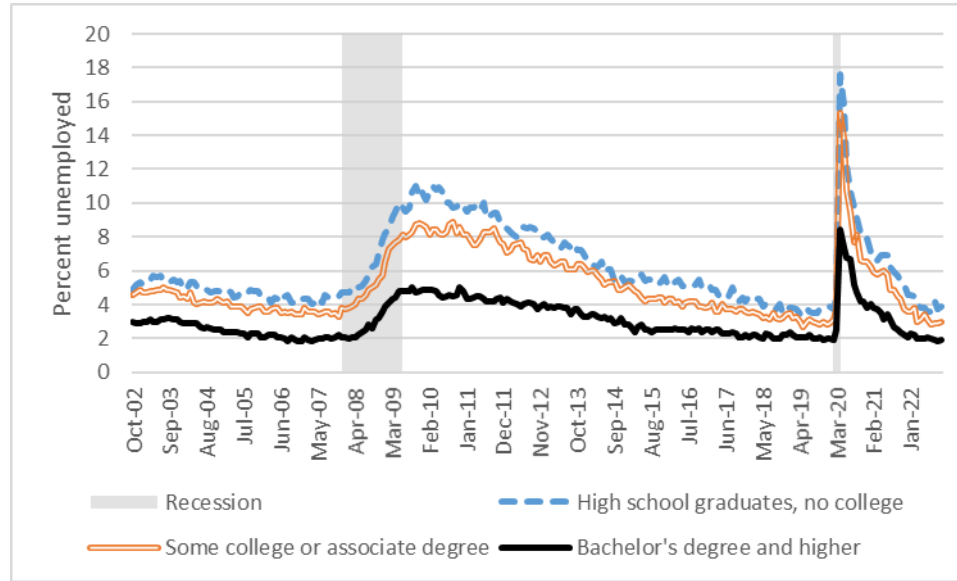
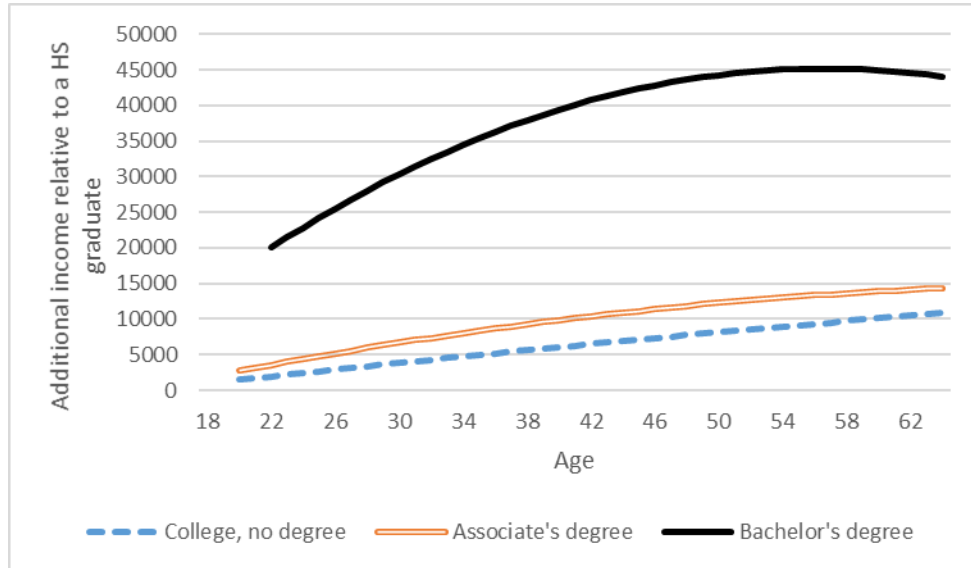


Figure 2 source: BLS Employment Situation. Limited to U.S. persons in the labor force age 25 and older.

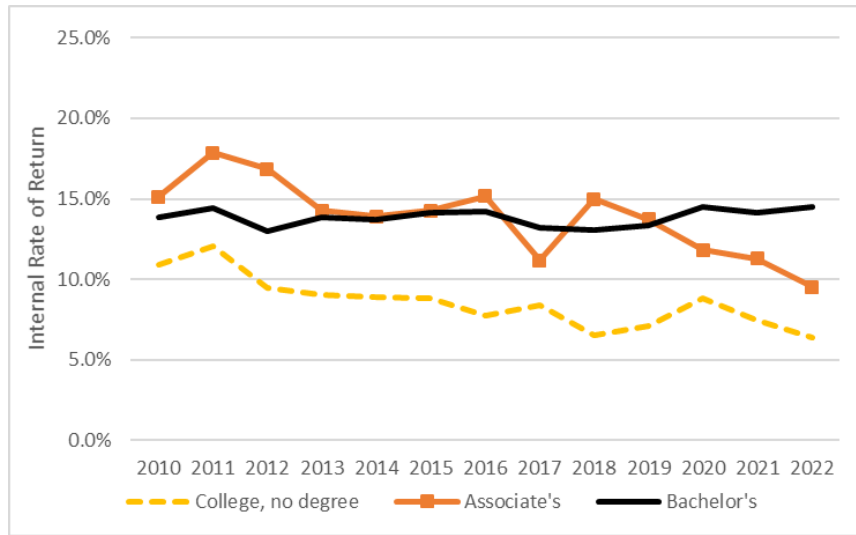
Lifetime returns to college remain high



- Additional lifetime earnings over the average worker with a HS education (Figure 4):
 - Some college, no degree: \$224,000
 - Associate's degree: \$375,000
 - Bachelor's degree: \$1.5M

Source: March CPS, 2022\$, U.S. 18-64 year-old HS graduates working fulltime

Going to college usually pays off, but an investment in higher education is not guaranteed.



- Internal rate of return estimates (Figure 5A)
 - 14.5% for BA/BS in 2022
 - 9.5% for AA/AS
 - 6.4% for some college, no degree
- Replicating and extending pre-pandemic NY Fed estimates

Source: March CPS, 2010-2022, 2022\$, 18-64 year-old HS graduates working FT

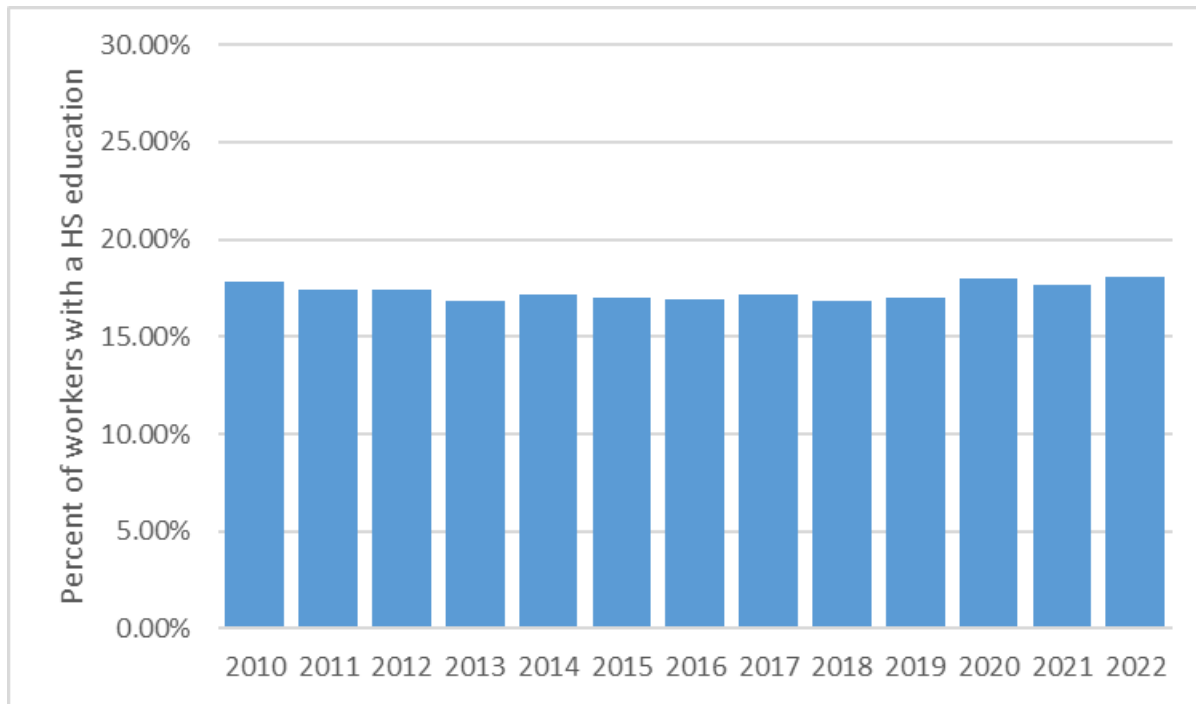
Tennessee is growing HS-level jobs, but growing college-level jobs faster

Tennessee and U.S. job growth by typical entry-level education

Typical Entry-Level Education	Tennessee		
	High School	Up to Associate's	Bachelor's-Plus
2015/16 - 2018/19 Growth	2.3%	5.4%	10.1%
2018/19 - 2021 Growth	-2.0%	0.3%	7.0%
2015/16 - 2021 Growth	0.2%	5.7%	17.7%

Source: Aggregations of BLS OEWS, matched to 2019 typical entry-level education by detailed occupation code. OEWS data omit self-employed workers, farm workers, owners, and household workers. See Table 3.

18% of HS educated workers in the U.S. have college-level jobs, up from 17% in 2019



Source: CPS Earner Study, 18-54 high school graduates working full time

Select insights from Boyd CBER's 2023 *Economic Report to the Governor*

- 1.4% TN 2021-2032 employment projections
—versus 0.6% for the U.S.
- An aging population will reshape the economy and higher education
—High rates of migration to TN offset demographic decline to some extent.
- Fast-growing industries in TN:
 - Leisure & hospitality (2.99% growth expected) has low education requirements and low pay.
 - Professional & business services (1.90% growth expected) has varied education requirements and high pay.

Takeaways

- The short-term value of a high school education has improved since the onset of the pandemic in 2020.
 - This has cut into but not minimized the return to an associate's degree, and the return to enrolling in college without completing a degree.
- Estimated returns to a bachelor's degree remain high.
- Tennessee job growth and pay continue to favor college graduates.
- We are not yet seeing workers with HS move into college-level jobs in large numbers.

Thank you

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