



Where Do Young Adults Work?

by Tom Allison and Konrad Mugglestone of Young Invincibles

The great recession hit young workers hard, leaving roughly five million young adults unemployed¹ five years after the downturn officially ended. However, nearly 50 million Millennials (young adults aged 18 to 34)² are currently working across the nation, comprising a third of the workforce today. Eventually, that will grow to half by 2020.³ Where young people work and how their earnings have fared since the economic downturn have enormous implications for our economy's future.

In some states, most Millennials work in sectors with real wage growth, such as healthcare, while other common jobs in the service industry fail to provide reliable income that our generation desperately needs. Below is a snapshot of the present economic landscape for America's young working adults, illustrating where our generation works by sector and geography as well as how the most popular sectors have fared since the economic downturn.

Key Findings

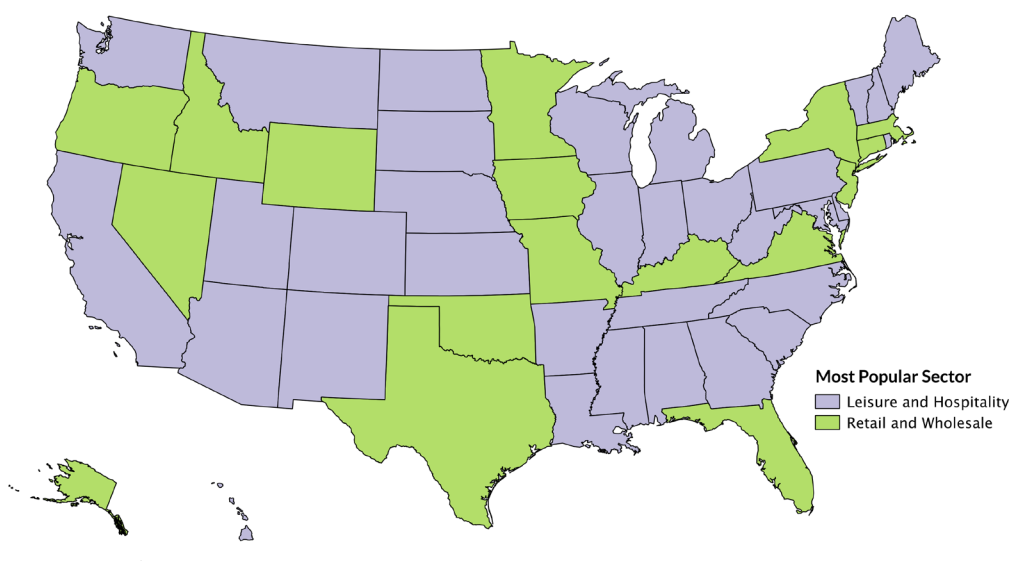
- Younger Millennials (18 to 24 year-olds) predominantly work in service industries: leisure and hospitality or retail and wholesale.
- Median wages have declined or remained unchanged in the last decade in four out of the top five industry sectors employing 18 to 24 year-olds.
- Older Millennials (25 to 35 year-olds) work in a diverse set of jobs, largely driven by geography.
- Health care is the only sector out of the top five most popular sectors to pay Millennials a higher median wage than 10 years ago -- \$30,000 per year for older Millennials. It is already the most popular sector for older Millennials in 16 states, and is expected to continue growing.
- Manufacturing is a surprisingly popular sector for Millennial workers. It is the largest sector in nine states, and the median wage in this sector has nearly recovered from the recession.

The following analysis uses data from the Census Bureau's Current Population Survey.⁴ We calculated which sector employs the greatest number of Millennial workers by state to try to identify geographic trends. We also stratified Millennial workers by age, examining job trends among our peers, ages 18 to 24 and 25 to 34, respectively, to explore differences both within and between those age groups. The data has important policy implications for our education system.

Where Younger Millennials Work (18 to 24 year-olds)

As our first map shows, 18 to 24 year-olds are most likely to work in the leisure and hospitality or retail and wholesale sectors in every state in the country. Numerous factors explain this: for one, many of these workers are also in school. In recent years, young adults have enrolled in college at historically high levels, with over 40 percent of 18 to 24 year-olds currently enrolled in institutions across the country.⁵ At the same time, student workers and young adults who choose to move directly to the work force instead of attend college will likely work in lower-skilled positions that do not require advanced training or a postsecondary degree. Hospitality and retail represent 22.9 percent and 21.5 percent of the 18 to 24 year-old labor force, respectively, encompassing those who work in shops, supermarkets, fast food chains, restaurants, and hotels. As this map shows, there is no clear geographic pattern, likely due to the importance of these sectors to every state's economy.

Where Younger Millennials Work (18-24)

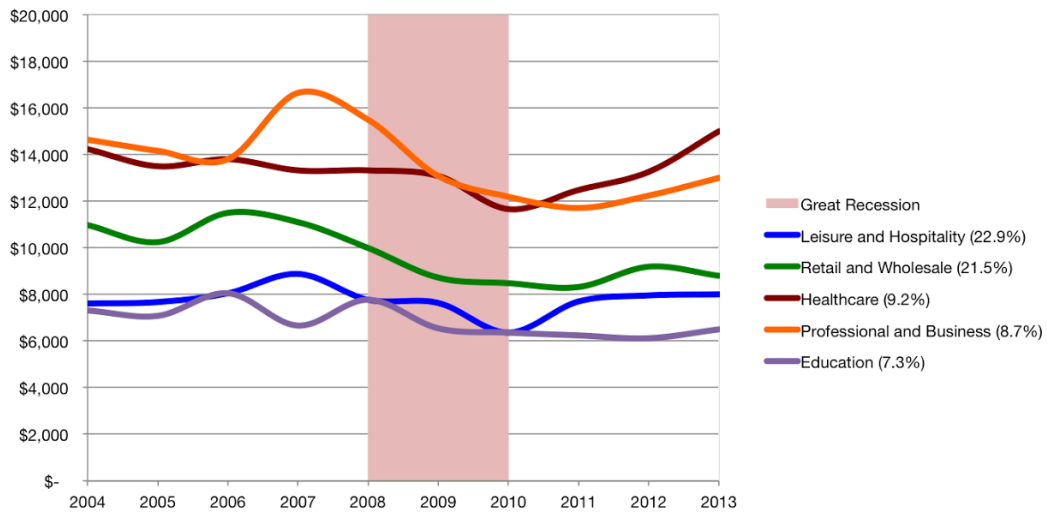


Source: U.S. Census Bureau, CPS ASEC, 2014



The top five sectors employing 18 to 24 year-olds (Figure 1) represent the first jobs of nearly 70 percent of America's young adults. Unfortunately, for most of these sectors, median wages have stagnated or decreased over the past 10 years through the recession and subsequent recovery. As demonstrated in Figure 1, after adjustment for inflation, median wages have declined or remained unchanged in four out of the top five industry sectors employing 18 to 24 year-olds. Worse, in retail and wholesale -- one of the two sectors employing the greatest number of young Millennials -- workers have faced significant pay drops. These workers saw a decrease of \$2,000 per year, compared to what they would have brought home a decade ago. These funds would have gone a long way toward paying for rising college costs and living expenses.

Figure 1: Median Wage of Top Five Sectors Among 18 to 24 Year-Olds



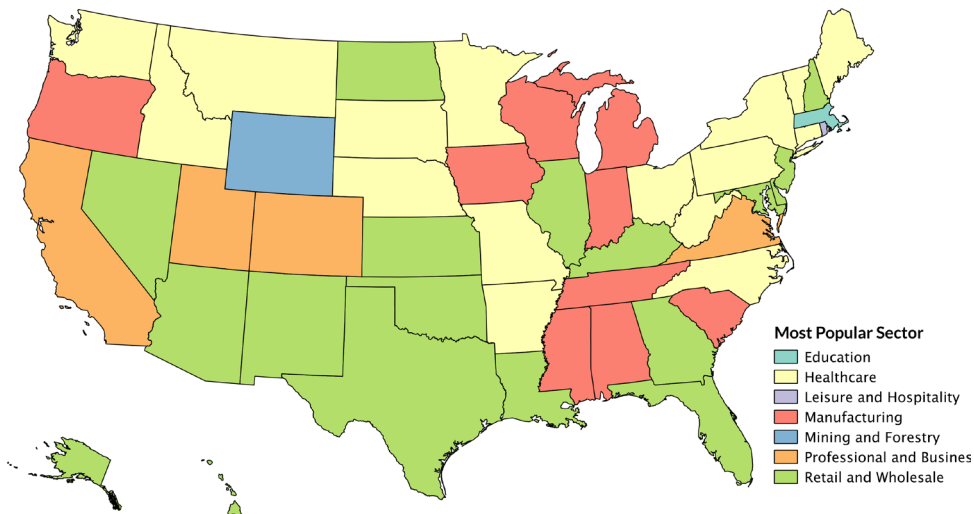
Data: In constant 2014 dollars. Data source: 2005-2014 CPS ASEC, United States Census Bureau.
 Note: Wage implies earned income from employment. Analysis conducted by Young Invincibles' Konrad Mugglestone



Where Older Millennials Work (25 to 34 year-olds)

The workforce for older Millennials, aged 25 to 34, is more complex and diverse (shown in Figure 2 and the following map). Retail and wholesale is the largest sector nationally, and is the strongest sector across many states in the Southwest and Southeast, including Texas. The healthcare sector employs the greatest number of older Millennials across much of the Northeast and across into the Midwest and Pacific Northwest, and is the second largest sector nationally. Manufacturing, the fifth largest sector for older Millennials, is important to several state economies in the historically manufacturing-centered Midwest and the growing Southeast.

Where Older Millennials Work (25-34)

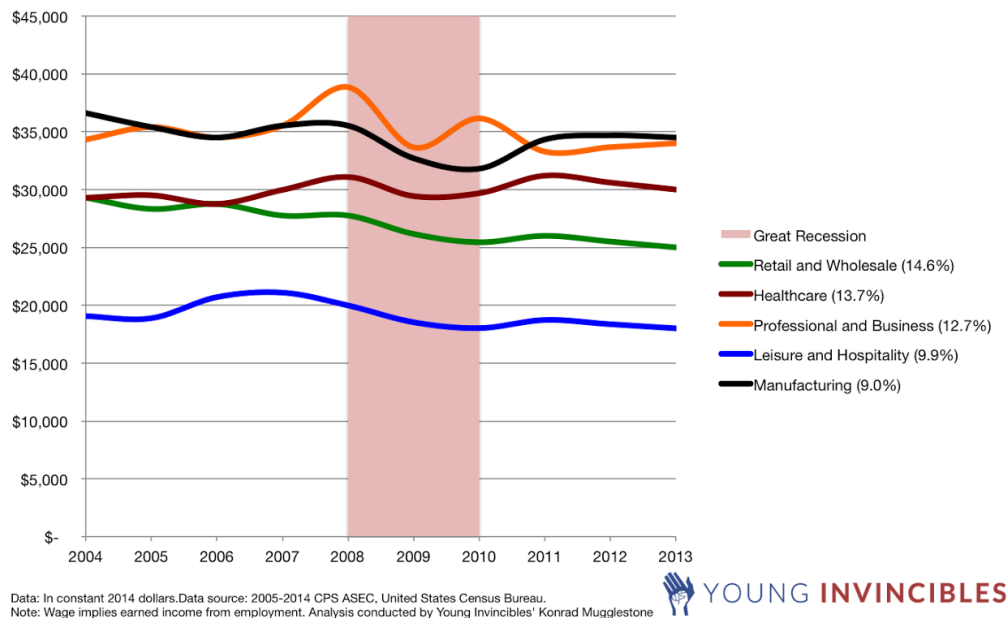


Source: U.S. Census Bureau, CPS ASEC, 2014



Beyond these broader trends, a few states stand out. Massachusetts, home to many colleges and universities, employs more older Millennials in education than any other sector. Wyoming, a resource rich mountain state, is the only state to employ more Millennials in mining and forestry than any other sector. And a few states, including historically entrepreneurial states like California and Colorado, employ many 25 to 34 year-olds in professional and business settings.

Figure 2: Median Wage of Top Five Sectors Among 25 to 34 Year-Olds



Unfortunately, the recession has impacted the wages of older Millennials just as it did younger workers (Figure 2). Among the top five sectors for 25 to 34 year-olds, after adjusting for inflation, median wages decreased dramatically among those working low-skill jobs, such as those found in the retail and leisure and hospitality sectors. The professional and business sector, unsurprisingly, experienced some volatility, but ended approximately where it began, and the manufacturing sector also saw some decline in median wages, but has rebounded in the recovery.

Healthcare

Of the top five sectors, only the healthcare sector has experienced a significant rise in income. The sector is also creating jobs - a good sign for Millennial workers. The healthcare sector saw a double-digit increase in the employment of 18 to 34 year-olds between 2004 and 2013,⁶ mostly because Baby Boomers working in the sector were ageing and retiring, resulting in a shortage of medical personnel. The flipside of that same coin is the overall increase of retirees, raising demand for healthcare services, making professions in this sector more desirable and driving up wages.⁷

Manufacturing

The sector that pays the highest salaries among the most popular is manufacturing, and it is an important sector for Millennials, especially in the South. Low tax rates, generous incentive packages, and a hostile environment for labor organizations have attracted new factories to the South.⁸ Many manufacturing jobs require skills that may come from a technical college, certification program, or another training pathway.

Policy Implications

The trends above have important implications for education policy. America's economy depends on young adult workers having opportunities for economic success, good wages, and room for growth now and in the future. By some estimates, 65 percent of jobs will require a post-secondary degree by 2020, and this country is falling far short of that goal.⁹ Furthermore, between 2007 and 2013, employers hired more workers with post-secondary education in virtually all sectors and occupations.¹⁰ Beyond the economics, workers with post-secondary degrees are more satisfied with their jobs than those with a high school diploma.¹¹ Despite being the most educated generation in history, the U.S. still fails to produce enough college-educated adults to meet demand.

However, simply producing more graduates with post-secondary credentials will not be enough. In order to ensure degrees confer economic opportunities, we must make higher education not only more accessible, affordable, but also better-aligned to the workforce. That means ensuring that students can attain degrees in growing fields with well-paid jobs. To increase access and success in higher education and beyond, Young Invincibles recommends a number of policy solutions:

- Give students and families the best information (in the best format) to help them make good decisions about where to go to college, how to pay for it, and how that education relates to high-demand fields in the workforce.
- Increase the number of registered apprenticeship positions nationwide and publicize these programs as a solid career pathway for success, particularly in growing fields.
- Boost the Pell grant to match the true cost of college and index it to inflation.
- Hold institutions accountable so that degrees lead to quality jobs.
- Increase the number of high school counselors that focus on financial aid literacy and career success to better prepare students for college and the workforce.

Conclusion

This early analysis shows that many young adults have found work in sectors where median wages are declining. This will almost certainly have lasting effects on our economy. In addition to declining wages in some sectors, research has shown that Millennials are staying with their employers for a longer time than previous generations did at the same age, locking them into lower wage positions.¹² While these early-career positions are vital for job training,

decreased job mobility may also reduce opportunities for wage growth in our generation, repressing incomes for years to come.¹³ Commonsense workforce training programs and better alignment between the workforce and education may help to ameliorate these trends, driving young adults into more secure, higher-paying positions.

Citations

¹ Data derived from: CPS Table Creator 2014, US Census Bureau, accessed November 12, 2014, <http://www.census.gov/cps/data/cpstablecreator.html>.

² Ibid.

³ Jessica Brack, *Maximizing Millennials in the Workplace*, (Chapel Hill, NC: University of North Carolina Kenan-Flagler Business School, 2012), 2, accessed November 4, 2014, <http://www.kenan-flagler.unc.edu/executive-development/custom-programs/~media/DF1C11C056874DDA8097271A1ED48662.ashx>.

⁴ For this analysis, we examined 2004-2014 Current Population Survey data, accessed from Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. Integrated Public Use Microdata Series, Current Population Survey: Version 3.0. [Machine-readable database]. Minneapolis: University of Minnesota, 2010. We grouped industries into sectors using groupings provided by the Census Bureau, and used weighted tabulations to calculate the top sectors. For any further questions about the methodology, please contact the authors.

⁵ National Center for Education Statistics, 2013 Digest of Education Statistics, Table 302.60 (Washington, DC: Department of Education, 2014), Table 302.60, accessed October 28, 2014, http://nces.ed.gov/programs/digest/d13/tables/dt13_302.60.asp.

⁶ Analysis of 2013 Current Population Survey Data, U.S. Census Bureau. Data accessed from: Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. Integrated Public Use Microdata Series, Current Population Survey: Version 3.0. [Machine-readable database]. Minneapolis: University of Minnesota, 2010.

⁷ Peter I. Buerhaus, David I. Auerbach, and Douglas O. Staiger. "The recent surge in nurse employment: Causes and implications." *Health Affairs* 28, no. 4 (2009): w657-w668.

⁸ Matthew Philips, "The U.S. South Rises as a Manufacturing Hub", *BloombergBusinessweek*, September 4, 2014, accessed November 4, 2014, <http://www.businessweek.com/articles/2014-09-04/u-dot-s-dot-south-draws-global-manufacturers-with-low-taxes-cheap-labor>.

⁹ Anthony Carnevale, Nicole Smith, and Jeff Strohl, *Recovery: Job Growth and Education Requirements Through 2020*, (Washington, DC: Georgetown Center for Education and the Workforce, 2013), accessed May 27, 2014, <http://cew.georgetown.edu/recovery2020>.

¹⁰ Anthony Carnevale, Tamara Jayasundera, Ban Cheah, *The College Advantage: Weathering the Economic Storm*, (Washington, DC: Georgetown Center for Education and the Workforce, 2012), 16-17, accessed November 30, 2014, <https://georgetown.app.box.com/s/1fj5qqnkyp4mnf2mush>.

¹¹ Sandy Baum, Jennifer Ma, and Kathleen Payea, *Education Pays 2013: The Benefits of Higher Education for Individuals and Society*, (New York: The College Board, 2013), 21, accessed November 30, 2014, <https://secure-media.collegeboard.org/digitalServices/misc/trends/education-pays-2013-full-report-022714.pdf>.

¹² The Council of Economic Advisors, 15 Economic Facts about Millennials, 29.

¹³ Ibid.