

**THE SURVEY OF INCOME AND
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**ARE COLLEGE-EDUCATED YOUNG
PERSONS FINDING GOOD JOBS? A
LOOK AT SOME OF THE EVIDENCE**

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ARE COLLEGE-EDUCATED YOUNG PERSONS FINDING GOOD JOBS?
A LOOK AT SOME OF THE EVIDENCE

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Background

Media reports of poor employment prospects for our college-educated youths are among the many disturbing stories to have emerged from the past recession. For example, Kevin Phillips, writing recently in The New York Times Magazine, referred to the poor job market for college graduates in New York City as one of the "economic circumstances" threatening the prosperity of the middle class. 1/

The basis for many of these reports, of course, rests largely on anecdotal information. We've all heard references to the "boomerang kids"--the young college graduates that come back to their Moms and Dads because they can't find jobs. And we've all heard about how the past recession took a heavy toll on white-collar workers--especially the high paid corporate executives who have been laid off as a result of "downsizing" and "restructuring". As a result, the notion has emerged that even for our brightest and most promising young persons, a cloud of economic uncertainty has rolled in.

Recently, this general impression became more concrete. In testimony before the House Committee on Ways and Means, Lawrence Mishel, Research Director of the Economic Policy Institute, produced statistical evidence showing that "...the trend towards higher wages for college graduates ended in 1987, when the wages of college graduates began falling." 2/ Much has been

made, of course, about the growing pay gap between college-educated and high school-educated workers during the 1980's and its impact on growing income inequality. But according to Mishel all was not well with the economic situation for college graduates either.

In the following descriptive analysis, an attempt is made to look at the kinds of jobs young persons, who are college educated, have moved into in recent years and to determine if they have indeed changed in a qualitative sense. The data that are analyzed come from two nationally representative surveys: the monthly Current Population Survey (CPS) (as well as the March supplement on income and work experience) and the Survey of Income and Program Participation (SIPP). CPS data are first used to set the stage, that is, to examine various aspects of the work activities of college-educated young persons. What indeed do the data show regarding their unemployment situation, their rates of labor force participation, their earnings experience, and so on.

Data from SIPP are then presented to examine the kinds of jobs such individuals have moved into during recent years. SIPP is a longitudinal survey that follows persons for approximately two and one-half years. Data from SIPP's 1984 panel (covering the 1984-86 period), the 1987 panel (covering the 1987-89 period), and part of the 1990 panel (covering the 1990-91 period) are analyzed. As will be explained, job quality is examined from several different perspectives.

Symptoms of a Problem

From the CPS, bits and pieces of data relating to college-educated young persons can be assembled which suggest that their job market situation deteriorated as the Nation's economy entered the 1990-91 recession. 3/

As can be seen in Table 1, joblessness among college-educated men age 16 to 24 who were not enrolled in school rose sharply between 1988 and 1991, from 4.8 to 7.9 percent. 4/ Among women, the rate rose from 4.7 to 6.1 percent. These increases were greater, in percentage terms, than the increases in the overall unemployment rate over the comparable periods. 5/

As is well known, one alternative for young people when the job market grows tight is to stay in school or return to school. This phenomenon is typically reflected in declining rates of labor force participation. While information is not available on the labor force participation of young college graduates, we can examine the rates for all young persons age 20 to 29, which includes persons of all educational levels. As shown in Table 2, between 1989 and 1991 their overall participation rate fell from 81.3 percent to 80.2 percent, while the percentage reporting they were not in the labor force but rather in school increased from 5.2 to 5.8 percent. Obviously, not all of this increase in school attendance was due to returning college graduates, but nevertheless it is highly likely that some of it was.

Another fragment of evidence that young college-educated persons may be having trouble finding good jobs is when the occupational distribution of those who were employed is examined.

Table 1. Unemployment Rates for Men and Women Age 16 to 24 Who Completed College or More and Were Not Enrolled in School, 1985 to 1991
(In percent)

Year	Men, 16 to 24	Women, 16 to 24	All persons, 16+
1991	7.9	6.1	6.7
1990	5.5	5.1	5.5
1989	6.1	4.2	5.3
1988	4.8	4.7	5.5
1987	5.7	5.3	6.2
1986	6.0	5.9	7.0
1985	7.0	5.2	7.2

Source: Current Population Survey

Table 2. Labor Force Participation of Persons Age 20 to 29, 1989 and 1991

Labor force status	1989	1991
Civilian noninst. pop. (000)	39,171	38,122
Civilian labor force (000)	31,864	30,581
Participation rate (%)	81.3	80.2
Not in labor force (000)	7,307	7,541
In school (000)	2,056	2,202
Enrollment rate (as % of pop.)	5.2	5.8

Source: Current Population Survey

Table 3 indicates that, as would be expected, a large proportion of these individuals are in two broad occupation categories: executive, administrative, and managerial occupations and the professional specialty occupations. These are typically high paying occupations and a college education is usually a requirement for entry. The Table also indicates, however, that the proportion of young persons with college educations employed in these occupations fell from 53.6 percent to 48.4 percent between the March's of 1989 and 1991--a period which encompasses the recent economic downturn.

At the same time, the proportion of young college-educated workers in the technical, sales, and administrative support (including clerical) occupations--occupations which pay far less than the above mentioned occupations--increased. 6/ The proportion increased from 33.4 percent to 38.2 percent.

The earnings of young college-educated workers in recent years have also reflected a deteriorating labor market situation. As is well known, the real earnings of college-educated workers increased rapidly during the 1980's compared to high school educated workers, as exemplified by the data in Chart 1 for 25 to 29 year old men. 7/ However, as Mishel pointed out, towards the end of the decade wages for these workers began to decline. 8/ Indeed, he refers to the wage decline among college graduates as the end of the "white-collar" employment boom. The data shown in Chart 1 for 25 to 29 year old college-educated men show that their mean earnings dropped from \$31,829 to \$27,782 between 1989 and 1991 and were at about their same level as in 1983.

Table 3. Occupational Distribution of Employed Men and Women Age 16 to 24 Who Completed College or More and Were Not Enrolled in School, March 1989 and March 1991
(In percent)

Occupation group	March 1989		March 1991	
	No. (000)	Percent	No. (000)	Percent
Both sexes, 18 to 24	<u>1,586</u>	<u>100.0</u>	<u>1,498</u>	<u>100.0</u>
Executive, managerial, & prof. specialty	850	53.6	726	48.4
Tech., sales, & admin. support (incl. cler.)	530	33.4	572	38.2
All other occupations	206	13.0	200	13.4

Source: Current Population Survey

Charts 2 and 3 present the trends in real mean earnings for two age groups of men and women from 1983 to 1991. Among the younger men age 18 to 24 who were college graduates, the drop in earnings between 1989 and 1991 was also substantial, as it was for the men age 25 to 29 (Chart 2). For young college-educated women age 18 to 24, the decline in real earnings was not statistically significant but it was for women age 25 to 29.

Given this, admittedly, fragmentary evidence, one should at least be curious about the kinds of jobs college-educated young persons have been moving into in recent years. Are they commensurate with the skill and education levels they bring to the labor market? Are they adequate for establishing a foothold on a career path? Are they further evidence of an economy with serious job creating problems?

Data on Job Accessions from SIPP and Job Quality

A recent Census Bureau report examined the kinds of jobs persons of all ages and educational backgrounds had moved into during the 1987-89 period. 2/ The data for the report were obtained from the 1987 panel of SIPP, the longitudinal survey designed to monitor the economic well-being of persons, families, and households over approximately two and one-half year periods. In this survey, it is possible to identify individuals who in one month did not have a job, but in the following month did--a job accession. In other words, the report focused on only one aspect--the "inflow"--of the dynamic process of job creation. The report was concerned only with wage and salary jobs that may

have been either full time (35 hours a week or more) or part time (less than 35 hours a week) and concentrated primarily on the first job accession persons had experienced during the two-and one-half year period. Many persons, of course, "job shop" and experience a number of job accessions, even in a short period of time such as two and one-half years.

Although many of the jobs workers move into last for only a short period of time, this job inflow provides another perspective from which the issue of job quality can potentially be addressed. Most studies rely on cross-sectional estimates over time which represent net changes in the "stocks" of employed persons, in other words, they are the result of the job accession and job separation process. But even these estimates include persons who have just moved into jobs which last for only a short period.

For the purposes of this article, similar data on job accessions were obtained from the 1984 SIPP panel, which covers the 1984-86 period, and the 1990 SIPP five-wave longitudinal panel which covers all of 1990 and the first half of 1991. ^{10/} Along with data from the 1987 panel, some insight could be obtained as to the kinds of jobs college-educated young persons were moving into during the business expansion of the 1980's and the recession of 1990-91. ^{11/}

Relative to the CPS, SIPP is a small sample survey. ^{12/} Consequently, when analyzing a small subgroup of the population from SIPP, such as college-educated young persons, great care must be taken regarding the reliability of the estimates. For

this reason, we define the age cohort of college-educated young persons rather broadly: individuals age 21 to 29 who have attended four or more years of college. As will be shown, the standard errors of the estimates are relatively large and in a number of instances while intuition suggests that the estimates are plausible, little confidence can be placed in them. Nevertheless, some of the SIPP data relating to the kinds of jobs college-educated young persons moved into are reliable.

Assessing the quality of the kinds of jobs persons moved into, of course, is no easy matter and many factors are involved. While pay or remuneration is perhaps the first to come to mind, other elements such as fringe benefits, working conditions, job security, and so forth are no less important. In addition, assessing the quality of a job can be very subjective. For example, some persons may value the various elements that make up a job quite differently.

In the following analysis, we examine the jobs that college-educated young persons moved into in the 1984-86, 1987-89, and 1990-91 periods. Five different characteristics of the job are used to assess quality: hourly paid vs. salaried, the occupation, the industry, health insurance provisions, and pay. Clearly, there are many more which could be included.

Job Accessions of College-Educated Young Persons

Table 4 shows the number of persons who moved into jobs (as defined for this analysis) in the 1984-86 period, the 1987-89 period, and the 1990-91 period as well as the number of college-

Table 4. Job Accessions of Persons Age 16 and Over, Persons Age 21 and Over, and Persons Age 21 to 29 Who Were College Educated, 1984-86, 1987-89, and 1990-91

Group	1984-86	1987-89	1990-91
Both sexes, 16+ (000)	46,839	41,485	30,061
Both sexes, 21+ (000)	34,146	30,277	20,549
Both sexes, 21 to 29 and college educated (000)	2,027	1,868	1,234
Men	942	735	597
Women.	1,085	1,134	637

Source: Survey of Income and Program Participation

NOTE: Some individuals may have had more than one job accession during these periods. The accessions here represent only the first job accession.

educated persons age 21 to 29 finding jobs. As mentioned, some of these persons had more than one job accession during the survey period but in the following analysis only the first is examined.

Over the three different periods, young college-educated persons with job accessions made up a small, but constant proportion of all adult job accessions--about 6.0 percent. Total job accessions, of course, are greatly affected by the large numbers of youths moving into and out of jobs, and as is well known, a significant amount of jobshopping takes place among the young, even college graduates. It is assumed, however, that the first job taken by college graduates would not differ substantially from subsequent job accessions.

Hourly vs. Salaried Workers. Workers who are paid by the hour typically have lower annual earnings than do workers who are salaried. Hourly paid workers are employed most often in the blue-collar and service occupations, although significant proportions are employed in the technical, sales, and administrative support occupations (including clerical). ^{13/} The lowest proportions are found among the executive and professional specialty occupations. If indeed young college-educated workers were experiencing greater difficulty in finding good jobs in the executive and professional specialty occupations, one might anticipate a shifting in the proportions of workers moving into salaried jobs and hourly paid jobs.

The estimates from the SIPP panels shown in Table 5 would support this hypothesis in the absence of any statistical

Table 5. Job Accessions of Persons Age 21 to 29 Who Were College Educated by Whether the Jobs Were Hourly Paid or Salaried, 1984-86, 1987-89, and 1990-91 (In percent)

Group	1984-86	1987-89	1990-91
Both sexes, 21 to 29	100.0	100.0	100.0
Hourly	40.6	42.9	46.0
Salaried	59.4	57.1	54.0
Men, 21 to 29	100.0	100.0	100.0
Hourly	35.7	31.3	40.2
Salaried	64.3	68.7	59.8
Women, 21 to 29	100.0	100.0	100.0
Hourly	44.9	50.5	51.4
Salaried	55.1	49.5	48.6

Source: Survey of Income and Program Participation

NOTE: Some individuals may have had more than one job accession during these periods. The accessions here represent only the first job accession.

testing. A greater proportion of the jobs young college-educated persons were moving into during the 1990-91 period tended to be hourly paid rather than salaried compared to earlier periods. However, it is also important to note that these proportions who were paid by the hour were not statistically different from those in the earlier periods at the 90-percent confidence level. Consequently, this evidence is not very reliable.

Related to the hourly vs. salaried job issue is whether the job was part-time or full-time. Here to the data (not presented) showed no statistically significant changes across the periods. In each period, roughly one-third of the jobs that young college-educated persons were moving into were part-time, that is, less than 35 hours a week. Women were more likely than men to have moved into part-time jobs.

Occupation. As the CPS data showed earlier, college educated workers, age 18 to 24, tend to be employed in executive, managerial, and professional specialty occupations. Chart 4 presents the occupations that college-educated workers age 21 to 29 moved into during the 1987-89 period.

The chart shows, not unexpectedly, that almost half of all the job accessions these workers experienced during the 1987-89 period were in the executive, managerial, and professional specialty occupations. These are such jobs as purchasing agent, personnel manager, account executive in advertising, health director, accountant, securities trader, loan officer, electrical engineer, computer scientist, physician, lawyer, teacher, editor, and so on. They tend to be regarded as well-paying and the

domain of highly skilled and educated persons.

A second large proportion of the job accessions--over one-third--occurred in the technical, sales, and administrative support occupations (including clerical). These jobs tend to pay somewhat less than those above, but are often a stepping stone to the higher level occupations. They are represented by such diverse occupations as air traffic controller, computer programmer, stock broker, legal assistant, cashier, ticket and reservation agent, and payroll clerk.

The remaining job accessions of college-educated young persons--only about 16 percent--were in the service and blue-collar occupations. While there are many good, high paying jobs among these occupations, such as in the protective service, craft, and supervisory areas, college-educated workers typically do not seek employment in these fields.

By comparing the occupational distributions of the job accessions of these workers from the 1984-86, 1987-89, and 1990-91 panels, it is possible to obtain some idea as to whether or not the occupations young college-educated persons were moving into changed in recent years.

As shown in Table 6, when the detailed occupations are collapsed into the three broad groups discussed above, some interesting patterns emerge. Among men, the SIPP estimates of job accessions show that there was a greater proportion of job accessions in the executive, managerial, and professional specialty occupations and a smaller proportion in the service and blue-collar occupations. These proportions, however, were not

**Table 6. Job Accessions of Employed Men and Women Age
21 to 29 Who Were College-Educated by Occupation, 1984-
86, 1987-89 and 1990-91
(In percent)**

Occupation group	1984-86	1987-89	1990-91
Men, 21 to 29	100.0	100.0	100.0
Executive, managerial, & prof. specialty	33.2	42.2	42.1
Tech., sales, & admin.	40.9	38.0	39.5
All other occupations	25.9	19.8	18.4
Women, 21 to 29	100.0	100.0	100.0
Executive, managerial, & prof. specialty	59.1	52.3	47.3
Tech., sales, & admin.	29.3	34.9	41.2
All other occupations	11.6	12.8	11.5

Source: Survey of Income and Program Participation

NOTE: Some individuals may have had more than one job accession during these periods. The accessions here represent only the first job accession.

statistically different from one another at the 90-percent confidence level.

For young college-educated women, however, there were statistically significant signs of shifting in terms of the occupations which provided jobs. Almost 60 percent of the women moved into the executive and professional occupations in the 1984-86 period, but by 1990-91 the proportion had dropped to 47 percent; the proportions moving into the technical, sales, and clerical occupations rose from 29 to 41 percent. Clearly, job openings had changed for women over this period of time.

Industry. Considerable attention in recent years has been directed to the industrial restructuring of the economy from goods-producing industries to service-producing industries and its resulting impact on job creation. Chart 5 presents the distribution of job accessions of young college-educated workers by the detailed industries comprising both sectors as of the 1987-89 period.

One industry group stands out as the source of over one-third of all the job openings of these workers in the 1987-89 period--professional and related services. This large component of the service-producing industries consists of a variety of institutions and enterprises: hospitals and health care facilities, schools and universities, libraries, social service agencies, engineering and architectural firms, and accounting and bookkeeping services. Other relatively large employers were retail trade (13 percent), finance, insurance, and real estate (11 percent), business and repair services (11 percent), and

manufacturing (10 percent).

Just as there is a wide diversity in the average pays received by workers across occupations, the same is true across the goods-producing and service-producing industries. Indeed, for many years there was a general impression that goods-producing industries paid more than service-producing industries. More recently, it has been recognized that many of the service-producing industries have relatively high average earnings as well. To examine if there have been any significant changes for young college-educated workers in the industrial distribution of their job accessions, the detailed industries were divided into goods-producing industries, and high paying and low paying service-producing industries. The average earnings of men employed full-time, year-round in 1987 were used to classify these industries. 14/

Table 7 shows that there was significant shifting in the industrial distribution of job accessions for college-educated young workers in recent years. A smaller proportion moved into the high paying service-producing industries between the 1984-86 and 1990-91 period (from 58.1 to 49.1 percent) and a greater proportion moved into the low paying service-producing industries (from 27.7 to 36.1 percent).

Although similar shifts were also occurring among men and women over this same period, the proportions in question were not significantly different from one another at the 90-percent level. (The change for men moving into high paying service-producing industries was on the borderline of statistical significance.)

**Table 7. Job Accessions of Employed Men and Women Age
21 to 29 Who Were College-Educated by Industry, 1984-
86, 1987-89 and 1990-91
(In percent)**

Industry group	1984-86	1987-89	1990-91
Both sexes, 21 to 29	100.0	100.0	100.0
Goods-prod. industries	14.2	15.0	14.8
H.P. Serv. prod. ind.	58.1	56.2	49.1
L.P. Serv. prod. ind.	27.7	28.8	36.1
Men, 21 to 29	100.0	100.0	100.0
Goods-prod. industries	20.3	21.0	21.8
H.P. Serv. prod. ind.	53.8	46.8	43.9
L.P. Serv. prod. ind.	25.9	32.2	34.3
Women, 21 to 29	100.0	100.0	100.0
Goods-prod. industries	8.9	11.0	8.2
H.P. Serv. prod. ind.	61.8	62.4	54.0
L.P. Serv. prod. ind.	29.3	26.7	37.8

Source: Survey of Income and Program Participation

NOTE: Some individuals may have had more than one job accession during these periods. The accessions here represent only the first job accession.

When individual industries are examined, there is one change in the industrial distribution of job accessions for these workers that stands out: the decline in young college educated workers entering professional and related services. This single industry accounted for 41 percent of all the job accessions in the 1984-86 period; by the 1990-91 period, in contrast, the proportion had dropped to 32 percent, and much of this drop was accounted for by the declining accessions of men into this industry.

Health Insurance. A job that provides some sort of health insurance coverage is often thought of as a good job. The SIPP collects much information on health insurance coverage provided through the private and public sector. In an analysis of this kind, where the emphasis is on the movement of persons into jobs, it is difficult to clearly see the relationship between changes in health insurance coverage and a job accession. This is because a person's health insurance coverage is often taken care of by someone else's plan (a parent, a wife, a husband) or it may be provided by a previous employer or through some other arrangement which is not related to the job accession.

The data presented in Table 8 show what the health insurance coverage arrangement was for those young college-educated workers age 21 to 29 who moved into job during the 1984-86, 1987-89, and 1990-91 periods. Among men who found jobs in the 1990-91 period, a larger proportion--54 percent--had health insurance coverage through their own name than in the 1984-86 period when only 43 percent had. (This may have been related to a greater increase

Table 8. Private Health Insurance Status of College-Educated Men and Women Age 21 to 29 With Job Accessions, 1984-86, 1987-89, and 1990-91
(In percent)

Status	1984-86	1987-89	1990-91
Men, 21 to 29	100.0	100.0	100.0
Own health insur. cover.	43.2	56.3	53.7
Through pvt. employer	30.8	34.3	37.2
Other's name H.I. cover.	26.2	27.8	16.8
No. Pvt. H.I. cover.	30.6	15.9	29.5
Women, 21 to 29	100.0	100.0	100.0
Own health insur. cover.	28.3	39.1	44.1
Through pvt. employer	16.9	22.8	31.2
Other's name H.I. cover.	48.9	44.6	43.5
No. Pvt. H.I. cover.	22.7	16.3	12.2

Source: Survey of Income and Program Participation

NOTE: Some individuals may have had more than one job accession during these periods. The accessions here represent only the first job accession.

in persons moving into jobs where the employer provided coverage, however, the SIPP data would not support this conclusion at the 90-percent confidence level. Furthermore, the increase could have been related to factors not associated with the job accession.)

Perhaps a more interesting development was the increase in the proportion of young men who experienced job accessions and had no private health insurance coverage--from 16 percent in the 1987-89 period to 30 percent during the 1990-91 period. This sharp increase appears to be associated with the decline in the proportion of young men who had health insurance coverage provided through someone else, most likely a parent or wife.

According to the SIPP data, the situation among young women appeared more sanguine. A greater proportion of the job accessions in the 1990-91 period than the 1984-86 period involved health insurance coverage through an employer--31 percent vs. 17 percent, respectively. In addition, the proportion of these women with job accessions who had no private health insurance coverage fell from 23 percent in the first half the 1980's to 12 percent in the 1990-91 period.

Earnings. One of the more commonly thought of measures of job quality is the pay or remuneration the job provides the worker. Earnings data associated with job accessions are available from SIPP for college-educated young persons. It should be remembered that these individuals, at this point in their lives, have undergone, or are continuing to undergo, transitions in life styles. That is, many have just left college to take "career"

path jobs, others are in the process of "job shopping" and trying to find the right job, and still others are well established in their careers and are "stepping up" to better jobs.

Consequently, it is not surprising to see a wide range in their earnings.

Table 9 presents mean weekly earnings (in 1990 dollars) of young college-educated workers who found jobs in which they worked full-time (35 hours a week or more) in the 1984-86, 1987-89, and 1990-91 periods. ^{15/} It also presents a distribution of these persons' earnings which identifies how many were working in jobs which paid weekly earnings that, when annualized, would either have fallen below the Federal government's poverty level for a four-person family or in some multiple of that level. ^{16/} Those persons moving into jobs with annualized earnings below the poverty level are referred to as workers in low paying jobs.

As shown in the Table, the real mean weekly earnings of college-educated persons age 21 to 29 who found jobs in the 1987-89 period was just shy of \$400 a week, or around \$20,000 in terms of annual earnings. The average at that time was not statistically different from what was being received in the earlier part of the 1980's (\$403) and during the recession years of 1990-91 (\$469).

The proportions of young college-educated persons who entered low paying jobs over these time periods also did not change. In the 1984-86 period, 32.2 percent entered low paying jobs, approximately the same proportion as in the 1990-91 period. The one statistically significant change that occurred between

Table 9. Distribution of Real Weekly Earnings (in 1990 dollars) of Young College-Educated Workers Who Found Jobs in Which They Worked Full-Time (35 hours a week or more), by Their Relationship to a "Low-Pay Level"--1984-86, 1987-89, and 1990-91

Period	1984-86	1987-89	1990-91
Both sexes (000)	985	1,097	606
Both sexes (%)	100.0	100.0	100.0
Low pay level or less ^{1/}	32.2	32.8	33.1
1.01-2.00 x L.P. level	43.2	44.7	37.6
2.01-3.00 x L.P. level	18.1	15.2	15.1
3.01 x L.P. level or greater	6.4	7.3	14.2
Mean weekly earnings (in 1990 dollars)	\$403	\$395	\$469

Source: Survey of Income and Program Participation

NOTE: Some individuals may have had more than one job accession during these periods. The accessions here represent only the first job accession.

^{1/} The "low pay level" is defined as working in a wage or salary job which paid weekly earnings that, when annualized, would have fallen below the Federal government's poverty level for a four-person family. The poverty level for a four person family in nominal dollars in 1984 was \$10,527 (or \$210 a week for 50 weeks of work), \$11,519 (or \$230 a week) in 1987, and \$13,254 (or \$265 a week) in 1990.

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the 1984-86 and 1990-91 period was an increase in the proportion who entered jobs paying three times or more the "low pay level", from 6.4 percent to 14.2 percent. In 1990-91 this threshold was \$795 a week and in 1984-86 it was \$630 a week.

Conclusions

Although this article opened with a simple question (Are college-educated young persons finding good jobs?), it is obvious from the above that a simple answer is not possible. And if one thinks about it for a moment, that should not be surprising. First, there is the normative issue: What is a good job? In this discussion, a number of dimensions of what might make up a good job have been mentioned, but by no means is this a comprehensive list. Many other factors are associated with job quality. A second more practical issue concerns data: Ideally, to address this question one would like a large longitudinal data base that focuses just on recent college graduates. As has been seen, the SIPP sample relating to college-educated persons age 21 to 29 is very small which creates problems of statistical reliability.

Despite these issues, the foregoing descriptive analysis of the job accession patterns of young college educated workers has uncovered some interesting findings. As the CPS indicated, toward the end of the 1980's and into the 1990's, the job market for these workers did begin to change as it did for other workers. Their unemployment rate began to rise and their real earnings began to fall. It might be likely, therefore, to see

some changes in the kinds of jobs these persons moved into as well, changes that might be suggestive of a qualitative deterioration.

Even as the CPS data had suggested, the occupational distribution of young college-educated young persons was shifting towards technical, sales, and administrative support type occupations and away from the executive, managerial, and professional specialty occupations. This development was seen quite clearly in the SIPP data on job accessions for young women, especially between the 1984-86 period and 1990-91 period. Industrially, it was evident that the enterprises encompassing professional and related services activities was shrinking as a primary source of jobs for young college-educated workers of both sexes. More generally, job accessions in the high paying service-producing industries became proportionally less important while those in the low paying service-producing industries grew in importance. Consequently, some restructuring of job opportunities had taken place between the 1980's and early 1990's.

Whether or not this restructuring represented a decline in the quality of jobs available to this group of individuals, however, is still open to debate. As was indicated, the proportion of young men without private health insurance coverage increased, but for women it decreased. However, the relationship between the SIPP information on health insurance coverage and job accessions is weak at best. And the proportion of young college-educated persons moving into "low paying" jobs did not change

significantly either; indeed, there was some evidence of a greater proportion of them in the early 1990's relative to the late 1980's finding jobs at the upper end of the earnings distribution.

Based on the evidence presented here, a judgement about the quality of the jobs this cohort has been moving into in recent years should be deferred until the economy begins experiencing sustained rates of growth like those of the mid-1980's. Much of the restructuring along occupational and industrial lines reported here may only reflect the economic downturn in 1990 and 1991. But if then the pattern of job accessions for these workers remains as it was in the 1990-91 period, and their entry pay levels do not increase, the case for declining employment prospects of college-educated young persons will become more credible.

FOOTNOTES

- 1/ Phillips, Kevin, "Down and Out: Can the Middle Class Rise Again," The New York Times Magazine (Section 6), January 10, 1993.
- 2/ Mishel, Lawrence, Testimony before the Committee on Ways and Means, U.S. House of Representatives, Subcommittee on Human Resources, Hearing to Examine the Recent Changes in the Poverty Rate and Distribution of Income, September 10, 1992.
- 3/ At this stage of the research, no conclusions are reached as to whether or not the deterioration has been worse relative to past recessions or whether or not it has been worse relative to other groups in the population.
- 4/ All changes have been tested at the 90-percent confidence level and are statistically significant unless otherwise indicated. Standard errors for the CPS estimates were obtained from the Explanatory Notes (pp. 252-257) of Employment and Earnings, U.S. Department of Labor, Bureau of Labor Statistics, January 1992. Variance parameters for the SIPP estimates were obtained from the "Source and Accuracy Statements for the Survey of Income and Program Participation (SIPP) 1984 (and 1987) Longitudinal Panel File," an internal document of the Demographic Statistical Methods Division of the Bureau of the Census (preliminary parameters for 1990-91 SIPP estimates were provided by the same organization).
- 5/ Another indication of the sharp rise in unemployment for the college educated was the increase in the rate for men age 25 to 34 who had completed four or more years of college. Between

March 1989 and March 1991, their unemployment rate rose from 2.3 to 3.6 percent, or by 57 percent. Although this rate is very low, the increase was larger than for any other education group in this age category.

6/ In 1989, men employed full-time (35 hours or more) full-year (50 to 52 weeks) had the following average earnings in these occupations: executive, administrative, managerial, \$40,189; professional specialty, \$38,791; and technical, sales, and administrative support occupations, \$25,198.

7/ These historical earnings series were deflated by the Bureau of Labor Statistics' CPI-U-X1. In addition, the CPS earnings data by educational attainment for 1991, unlike those for earlier years, relate to specific levels of education or degrees completed. Before 1991, educational attainment classifications were based only on years of school completed.

8/ Mishel says the decline in wages for college workers began in 1987.

9/ Ryscavage, Paul, Job Creation During the Late 1980's: Dynamic Aspects of Employment Growth, U.S. Bureau of the Census, Current Population Reports, Series P-70, No. 27, January, 1992.

10/ Specifically, the 1984 longitudinal file covers the period from June 1983 to July 1986; the 1987 longitudinal file covers the period from October 1986 to April 1989; and the 1990 five wave longitudinal file covers the period from October 1989 to August 1991. Data from the full 1990 panel was not available at the time of this writing. All estimates have been weighted so as to represent the noninstitutional population. Estimates from the

1984 file and 1987 file use longitudinal panel weights, while estimates from the 1990 panel use 1990 calendar year weights.

11/ According to the National Bureau of Economic Research, the the peak of the last business cycle was reached in July of 1990 and the trough was reached in April of 1991.

12/ The 1984 SIPP longitudinal file contained approximately 32,000 individuals age 15 and over who were fully interviewed, the 1987 panel file, 24,000 individuals, and the 1990 five-wave panel file, 36,000 individuals. In contrast, the CPS sample contains approximately 60,000 households.

13/ Mellor, Earl F. and Haugen, Steven E., "Hourly Paid Workers: Who They Are and What They Earn," Monthly Labor Review, February, 1986, pp. 20-26.

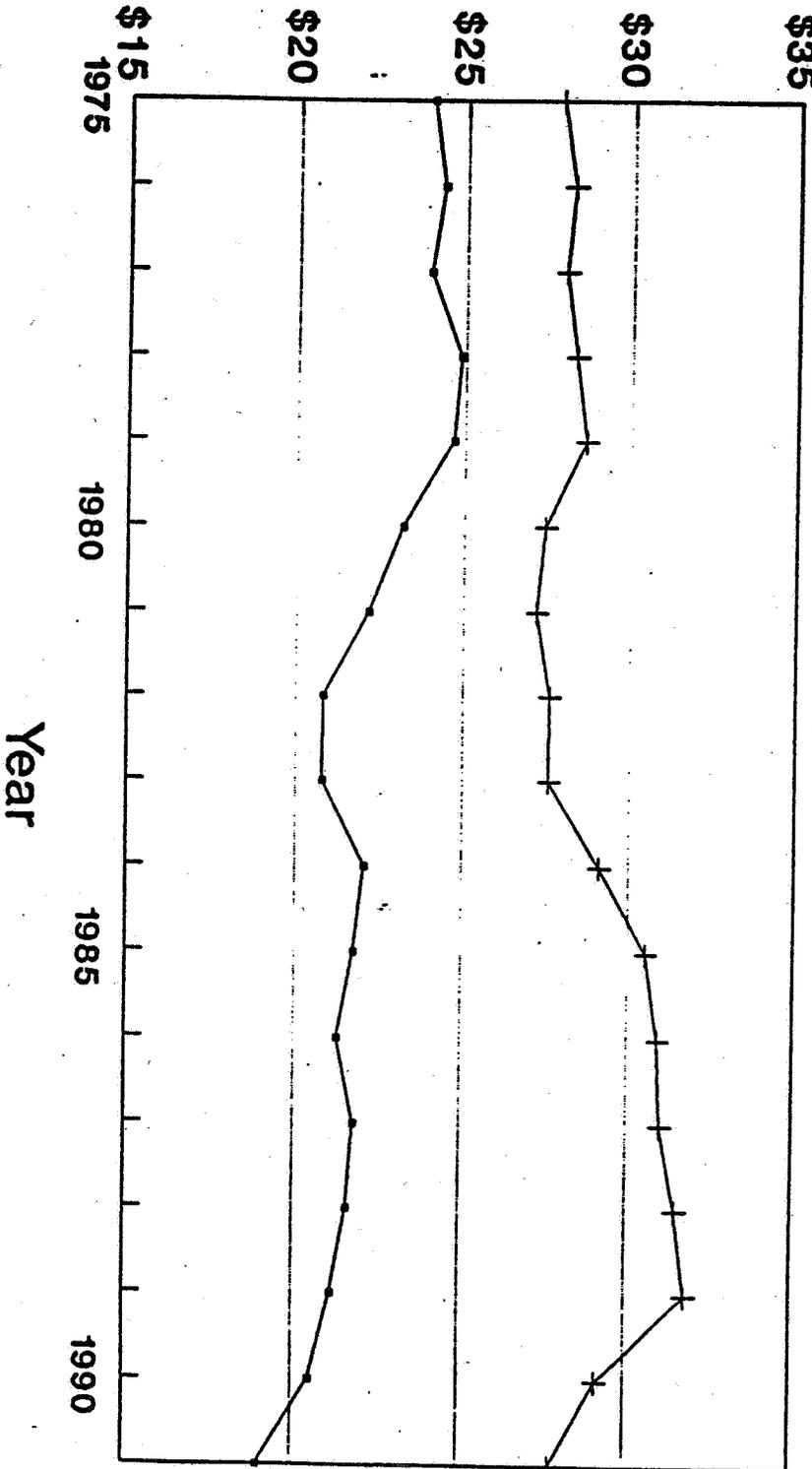
14/ In 1987, according to the March 1988 CPS, the mean annual earnings of men employed full-time, year-round was \$29,866. The comparable mean earnings levels for men in the component industries are as follows: Goods-producing--agriculture, forestry, and fisheries, \$17,261; mining, \$35,800; construction, \$25,960; manufacturing (durable goods), \$31,049; manufacturing (nondurable goods), \$29,863; high paying service producing industries--transportation, communication, and other public utilities, \$31,547; wholesale trade, \$30,352; finance, insurance, and real estate, \$41,211; professional and related services, \$36,413; public administration, \$30,898; low paying service-producing industries--retail trade, \$23,242; business and repair services, \$28,390; personal services, \$19,485; entertainment and recreation services, \$26,257.

15/ The CPI-U was used to deflate the nominal weekly earnings. The proportions of these persons moving into full-time jobs over these periods did not vary significantly and averaged approximately 66 percent.

16/ Single-year poverty levels were chosen rather than attempting to average the levels corresponding to the lengths of the SIPP panels. The poverty level for a four person family in nominal dollars in 1984 was \$10,527 (or \$210 a week for 50 weeks of work), \$11,519 (or \$230) in 1987, and \$13,254 (or \$265) in 1990.

Real Mean Earnings of College and High School Educated Men Age 25 to 29, 1975 to 1991

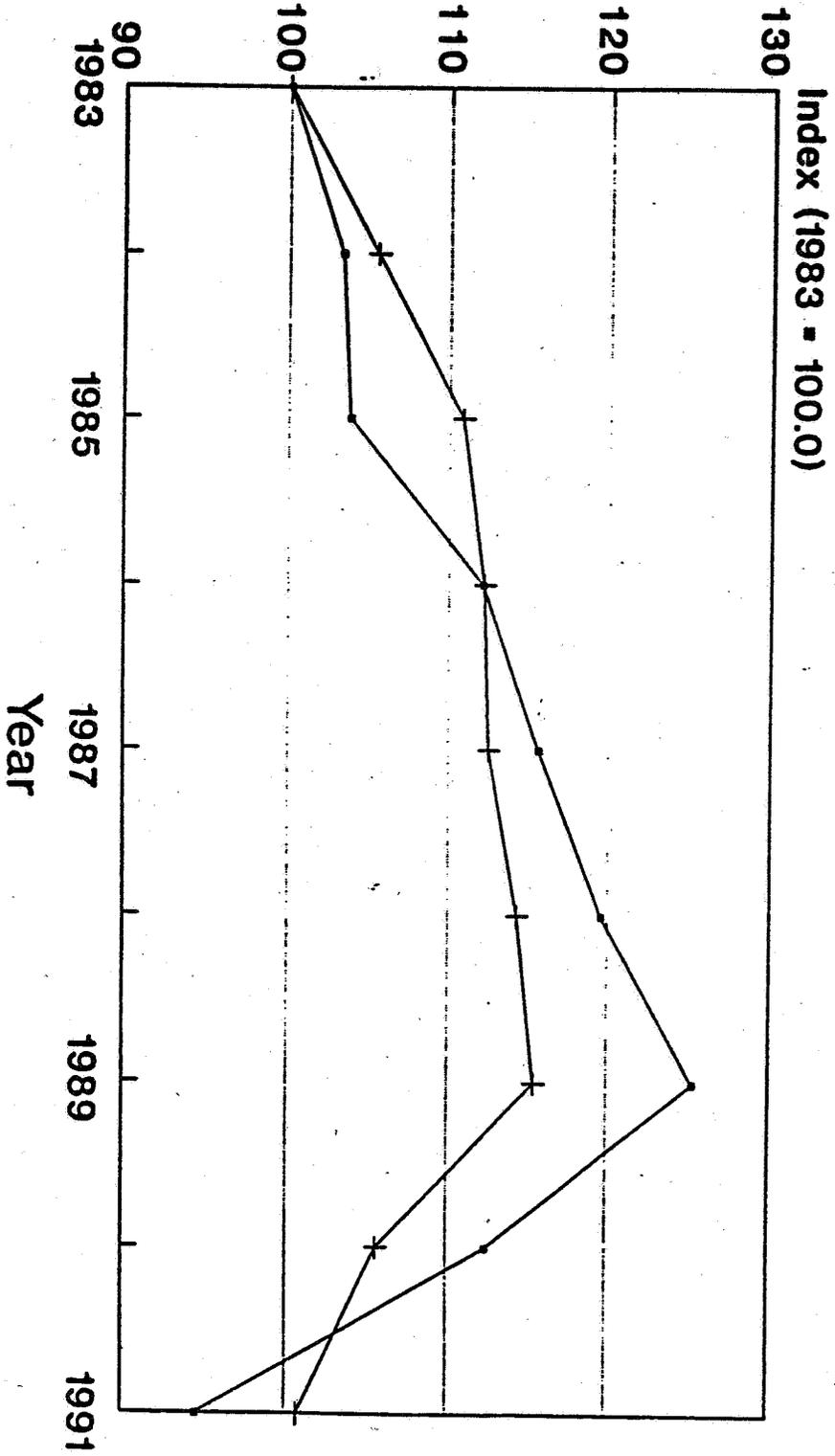
Real 1991 Dollars (in thousands)



Source: Current Population Survey

—■— High School —+— College or more

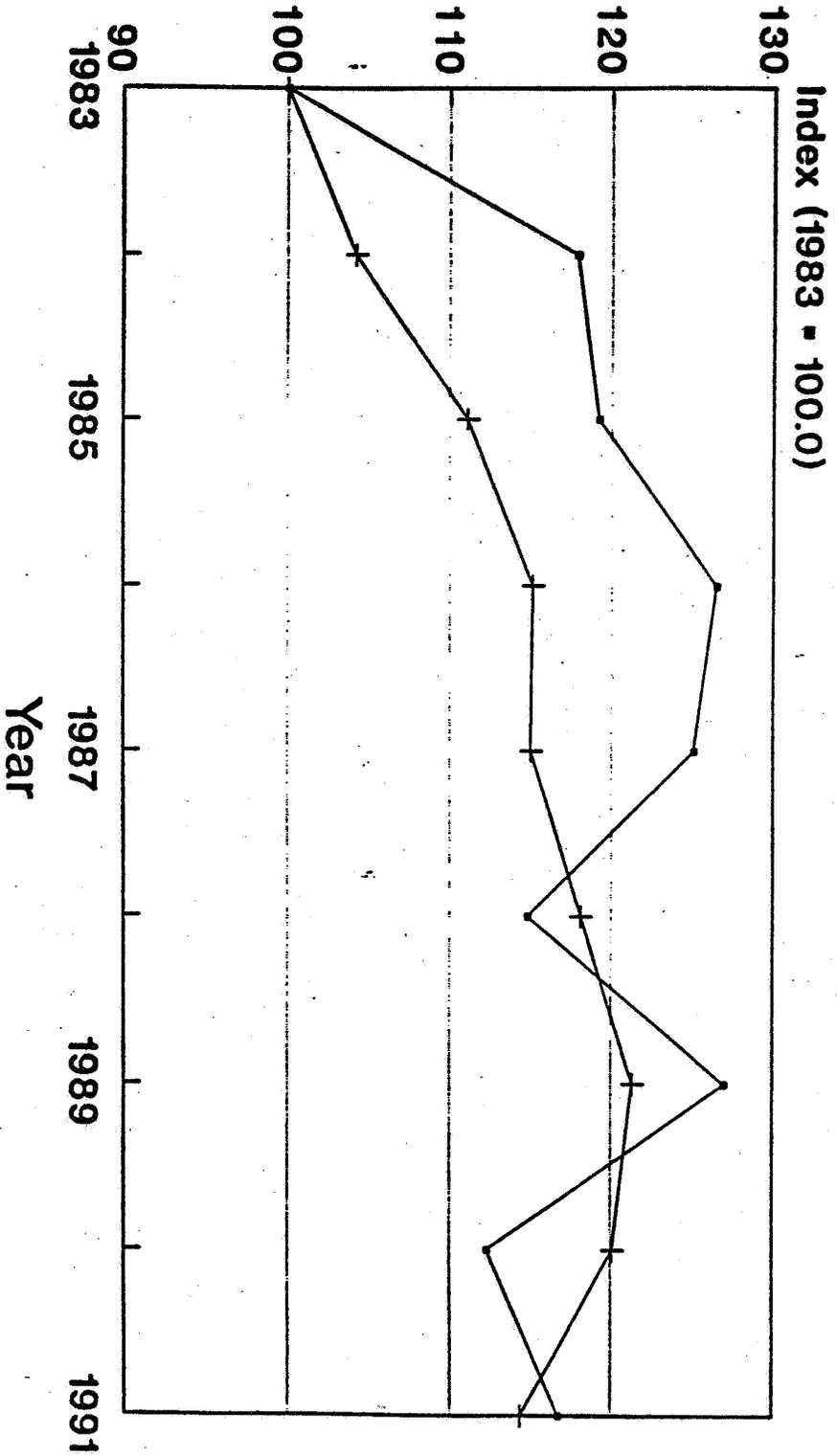
Trend in Real Mean Earnings of College-Educated Men Age 18 to 24 and 25 to 29, 1983 to 1991



—●— Men, Age 18 to 24 —+— Men, Age 25 to 29

Source: Current Population Survey

Trend in Real Mean Earnings of College-Educated Women Age 18 to 24 and Age 25 to 29, 1983 to 1991

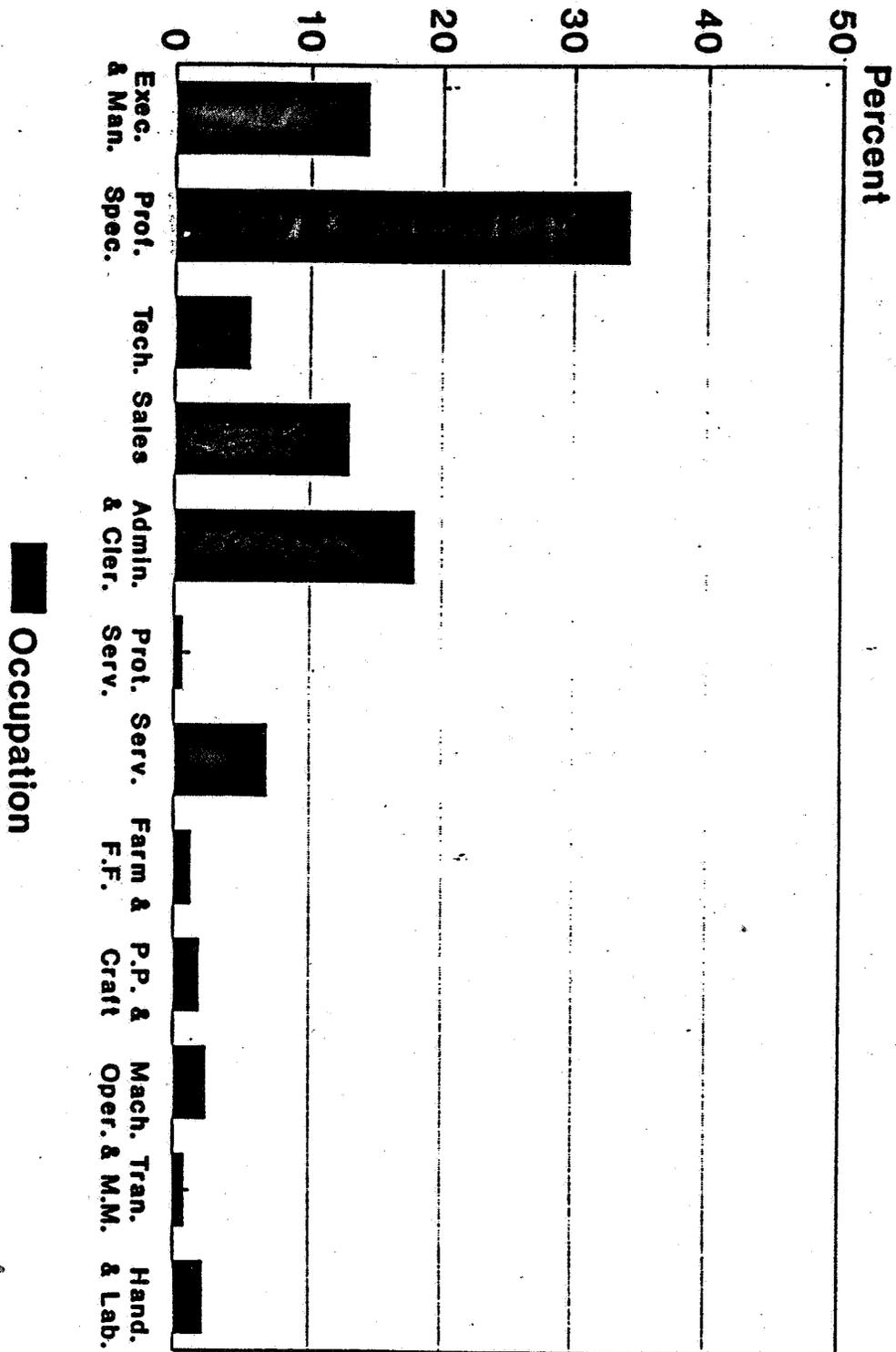


—•— Women, Age 18 to 24 —+— Women, Age 25 to 29

Source: Current Population Survey

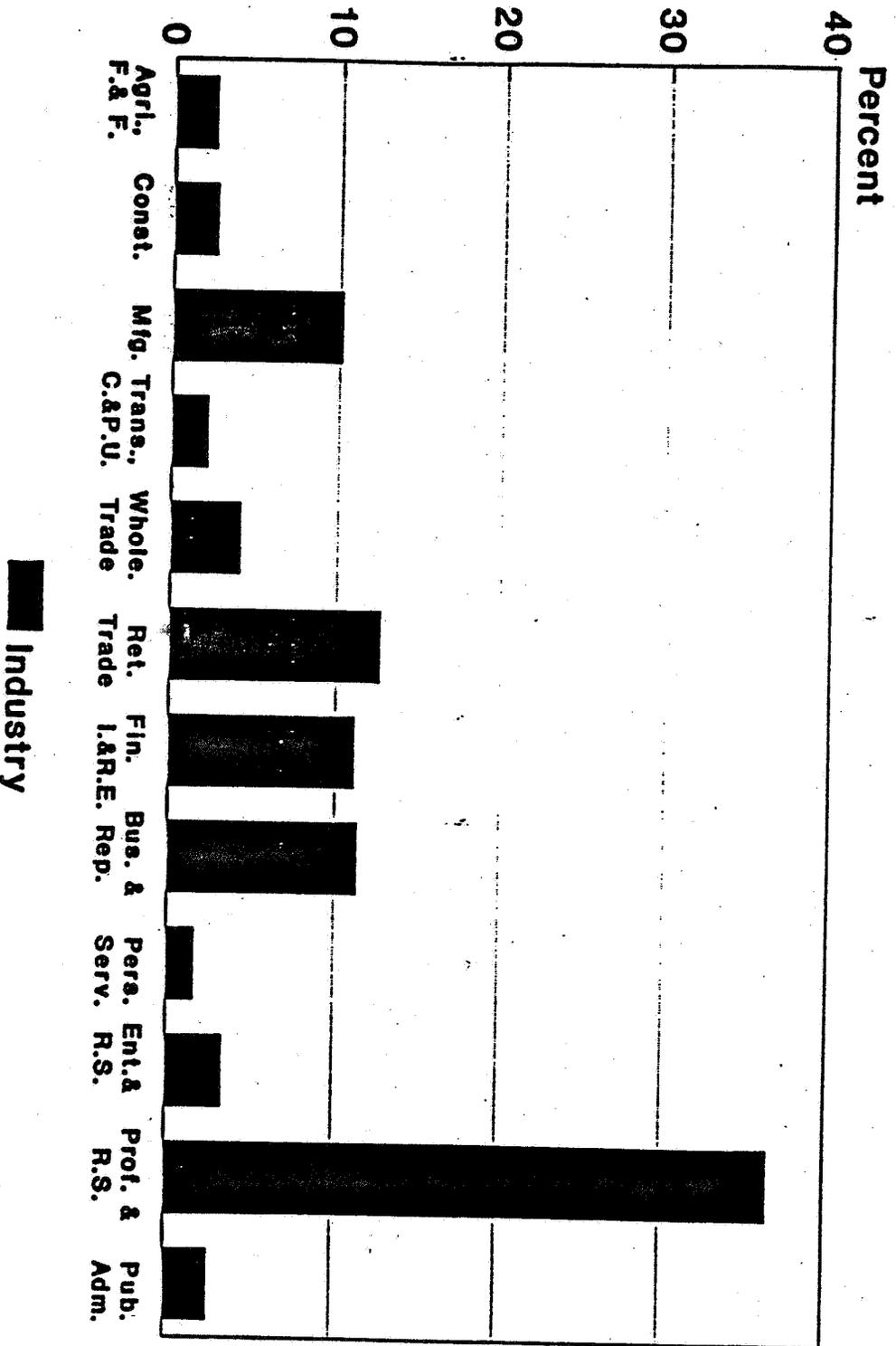
CHART 4

Job Accessions of College-Educated Young Persons Age 21 to 29 by Occupation, 1987-89 Period



Source: Survey of Income and Program Participation

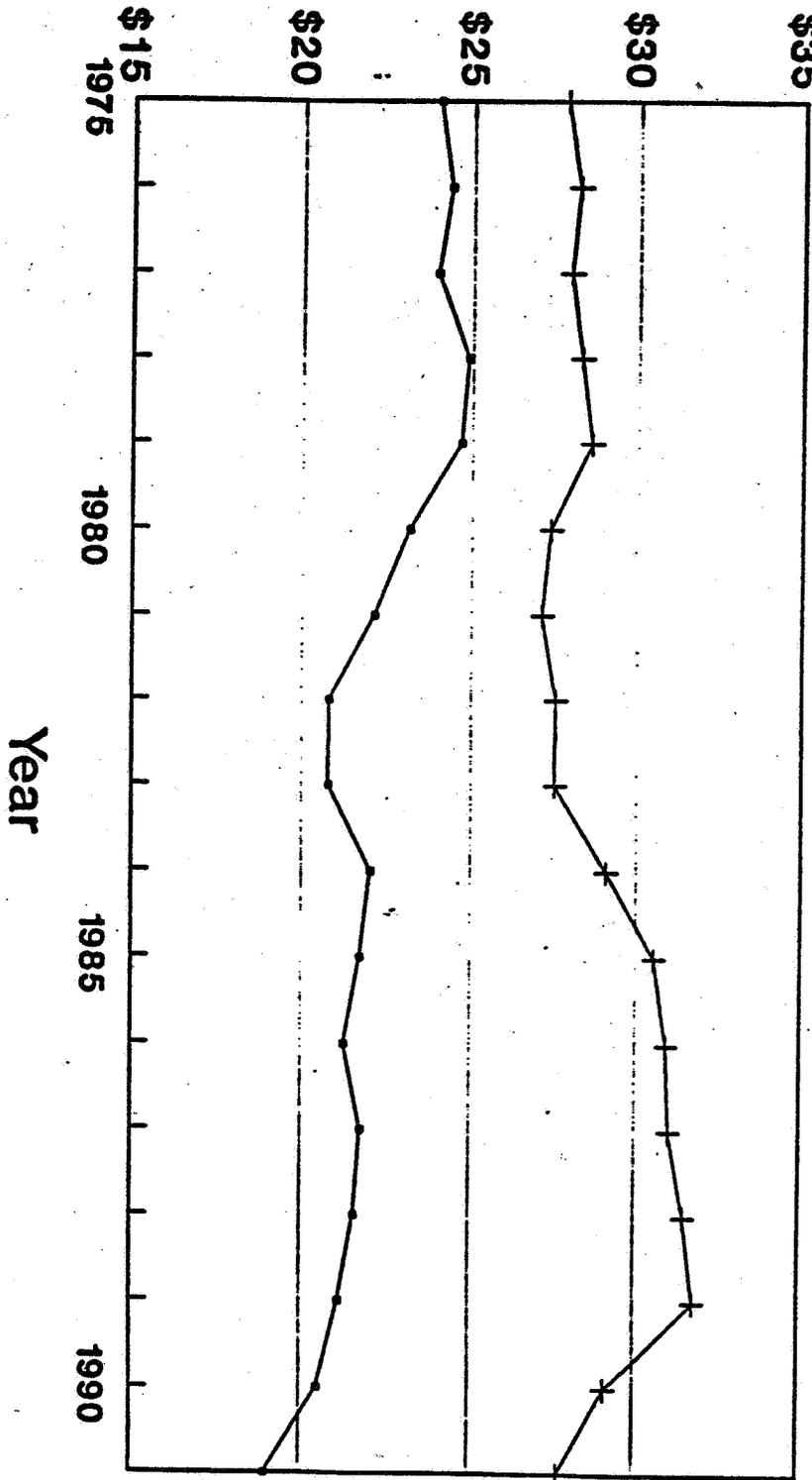
Job Accessions of College-Educated Young Persons Age 21 to 29 by Industry, 1987-89 Period



Source: Survey of Income and Program Participation

Real Mean Earnings of College and High School Educated Men Age 25 to 29, 1975 to 1991

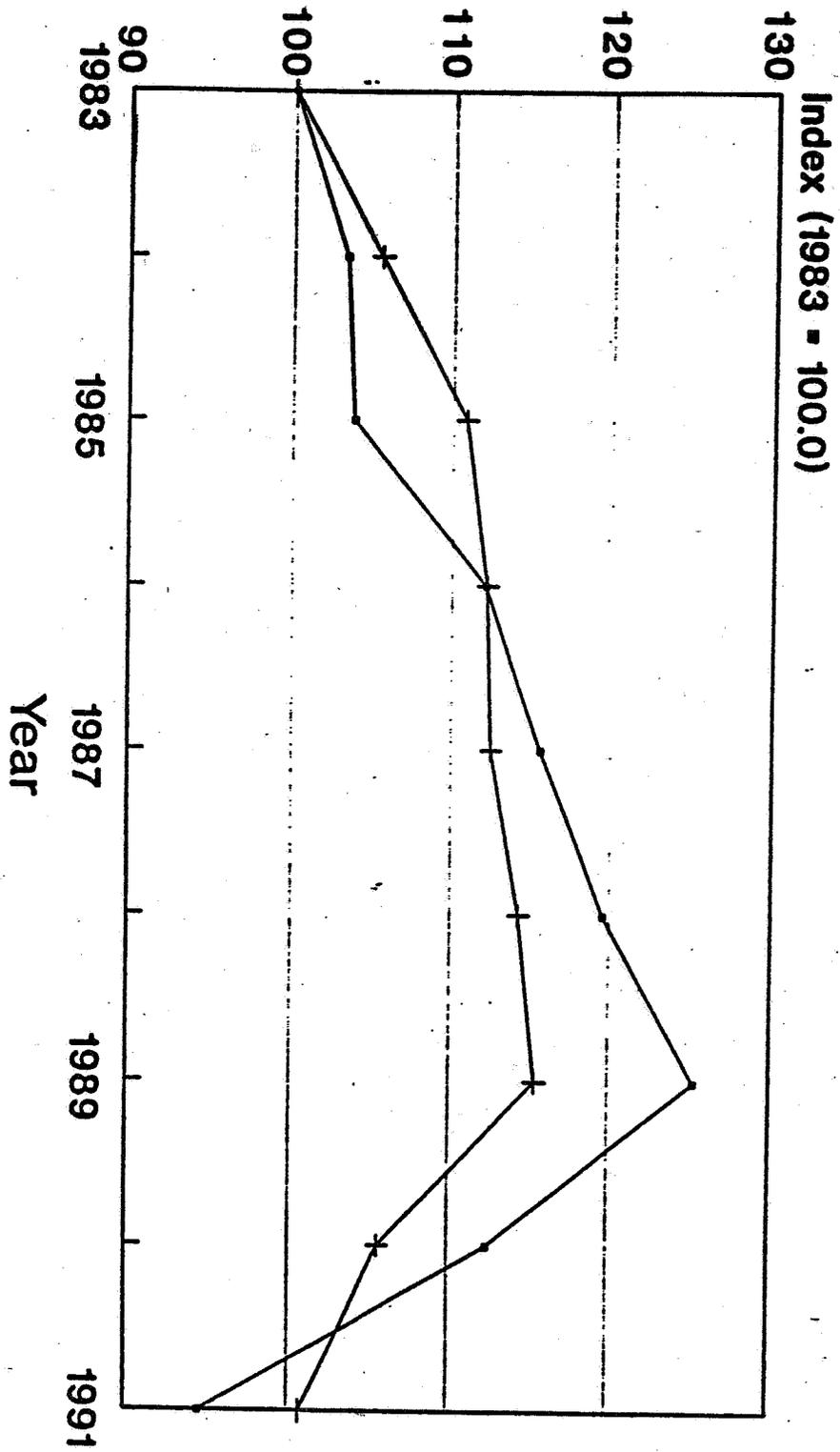
Real 1991 Dollars (in thousands)



—●— High School —+— College or more

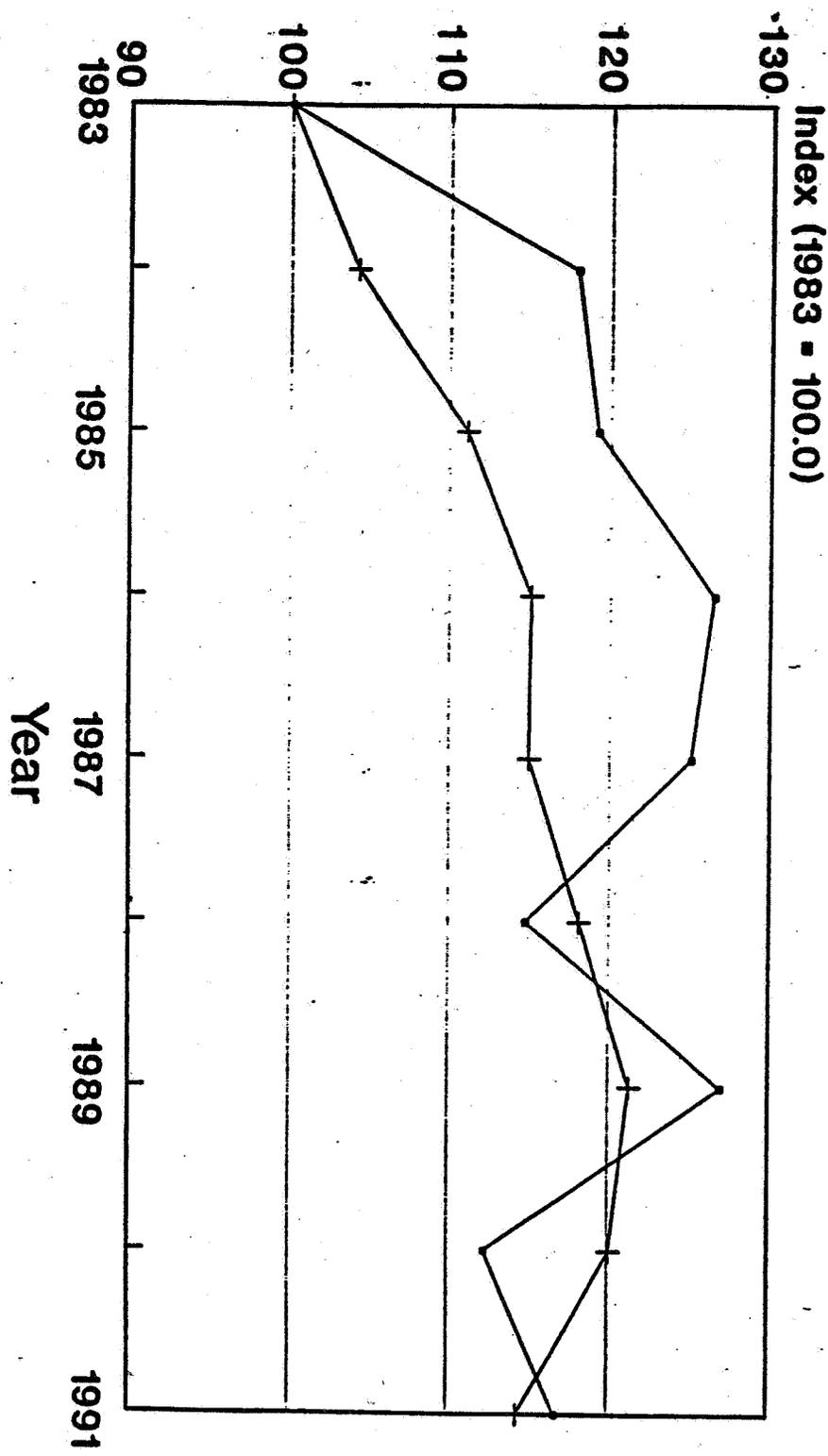
Source: Current Population Survey

Trend in Real Mean Earnings of College-Educated Men Age 18 to 24 and 25 to 29, 1983 to 1991



—■— Men, Age 18 to 24 —+— Men, Age 25 to 29
Source: Current Population Survey

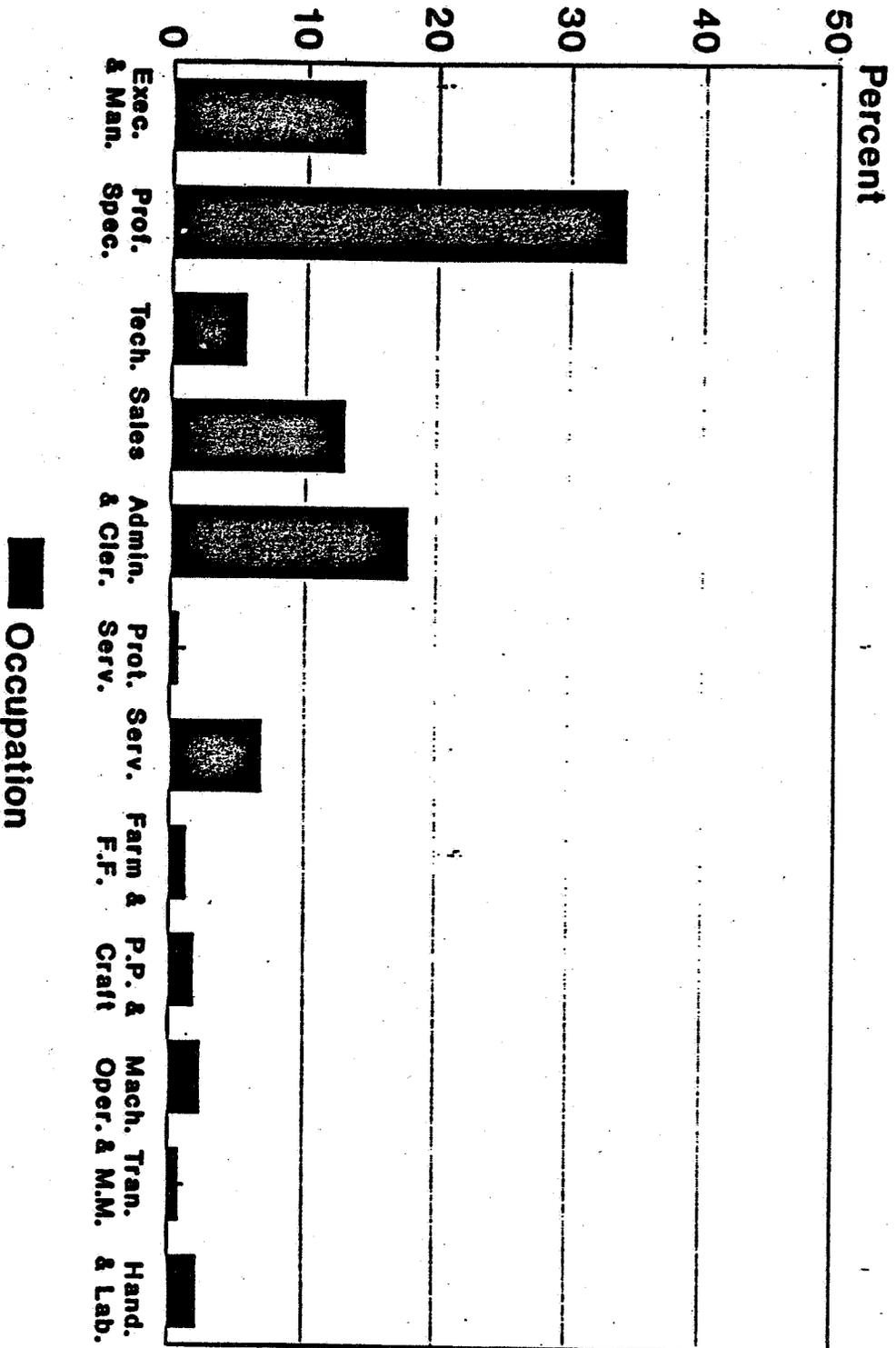
Trend in Real Mean Earnings of College-Educated Women Age 18 to 24 and Age 25 to 29, 1983 to 1991



—•— Women, Age 18 to 24 —+— Women, Age 25 to 29

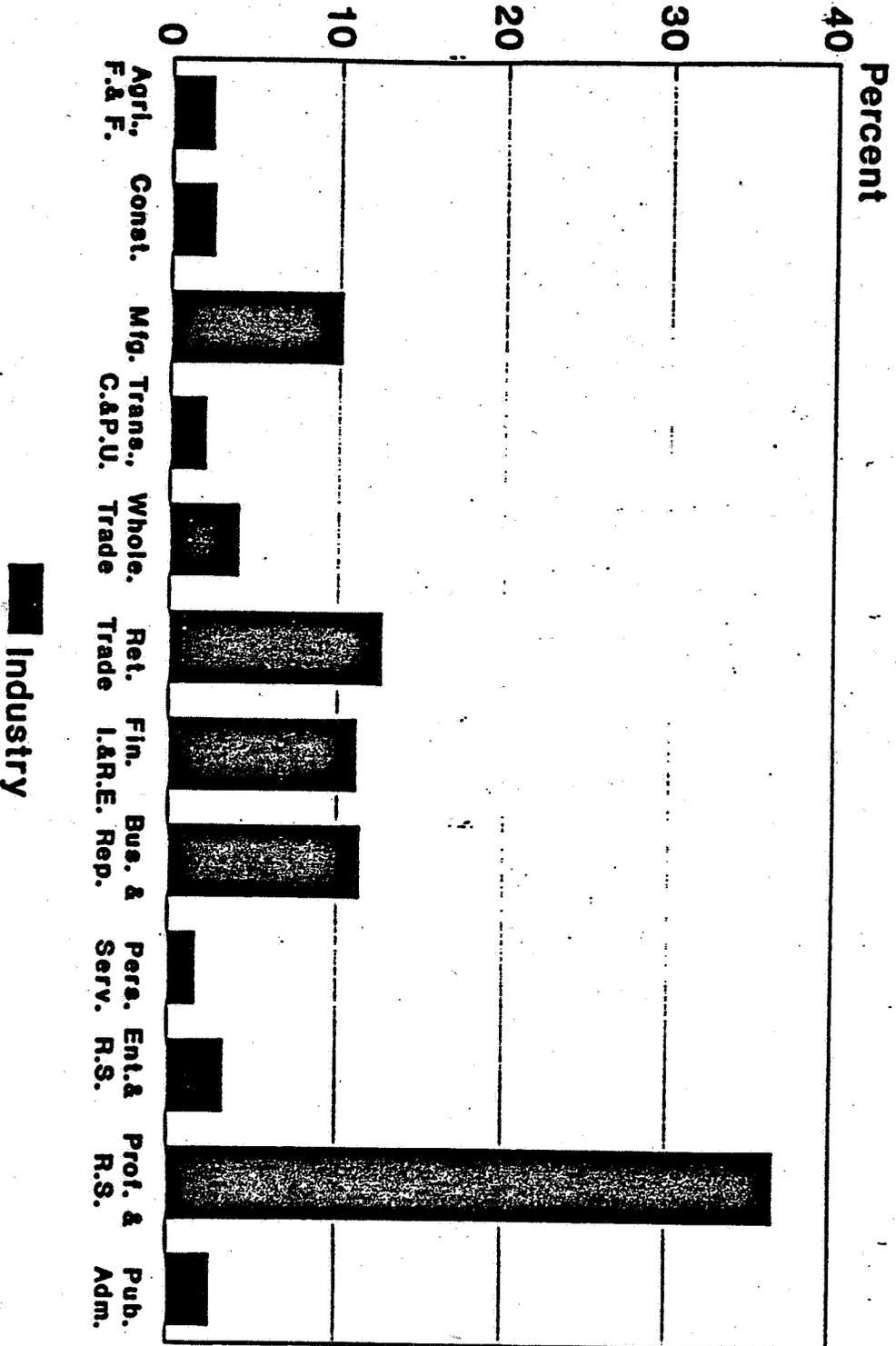
Source: Current Population Survey

Job Accessions of College-Educated Young Persons Age 21 to 29 by Occupation, 1987-89 Period



Source: Survey of Income and Program Participation

Job Accessions of College-Educated Young Persons Age 21 to 29 by Industry, 1987-89 Period



Source: Survey of Income and Program Participation