Declining Employment and Labor Force Activity among Millennials

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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