Slide 1

What are the Emerging Labor Markets?
What Does that Mean for Programs
Community Colleges Should Offer?

Clive Belfield
June 2017

Slide 2

1. **The** emerging labor market?
   1. Evidence on *where earnings gains are high* for students
   2. Predictions using labor market evidence and **trend studies**

Slide 3

**Declining Labor Force Participation**

- Robots
- China/Mexico
- Gig economy
- Antiwork tax code
- AA labor compliance
- Wealth inequality
- Baby boomers
- HS graduates

1991 2000 2010 2017
From CAPSEE evidence across 9 statewide community college systems for millions of students in the labor market post-2010:

1) Earnings gains from health (related) awards are almost always highest
2) Other vocational awards yield relatively high earnings, but gains vary by program, award, and gender
3) No difference between completing an AA in Arts and dropping out

Relying on evidence from labor market studies is problematic:

1) Labor market contexts are volatile
2) Jobs are “dynamic skill-task combos”
3) Occupation is vague/heterogeneous
4) Loose predictions/models
5) Productivity is diverging from wages

Earnings of Community College Graduates with Vocational Certificates

- Nursing: $36,250
- Healthcare: $37,030
- Anything: $25,210
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Earnings of Community College Graduates with Vocational Certificates

- $25,210
- $36,250
- $37,030
- $29,010
- $37,170
- $39,240
- $41,350

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Baby boomers are retiring until 2029:
- Retirees are now 15% of population
- Their expenditures on health are double the population average (with total annual spending ~$1 trillion)

By 2050, retirees as % of population:
- U.S. 21%
- Brazil 21%
- China 27%
- Russia 26%
- India 15%

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Earnings gains are especially strong for community college students who complete awards in health, nursing (and health-related) fields

What else do we need to know?
Surplus Material

Following slides show:

• Volatile labor market
• Growing education of labor force
• Generality of tasks performed by workers
• Skills required by employers
• Skill mix desired by employers
• Poverty of occupational models

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Employment shares: more educated labor force

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<th>Post BA</th>
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</tbody>
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Valletta (2015)
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Tasks Performed by Workers

- Physical tasks: Almost all
- Repetitive tasks: Almost all
- Managing/supervising: Almost all
- Problem-solving: 30+ minutes daily
- Use high school math: Daily
- College+
- Some college

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Skills Required by Employers

Table 1: Descriptive Job Skills

- Deming and Kahn (2017)

- Substantial variation in skill requirements across ads
- Cognitive and social skills are complementary

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Skill Mix Employers Want

Deming and Kahn (2017):
- Percent of job ads requiring skill:
  - Cognitive 37%
  - Social 36%
  - Cognitive and social 25%
- “Substantial variation in skill requirements across ads”
- Cognitive and social skills are complementary
Substantial Variation **Within** Occupations

Deming and Kahn (2017):
- Occupations do not map to skills: Less than 10% of variance explained by occupation
- For each occupation skill differences matter: skill requirements explain wages within occupations

Occupational Mapping Suggests a **Lot of Over-Education**

See Gittelman, Monaco, & Nestoriak (2016)

Handel (2016): 32% of US workforce is overeducated: too many BA+, BA, and some college

Completely at odds with evidence on returns to college