

DATE: April 24, 2008

SUBJECT: Employment and Earnings Trends for Tennessee’s Public Higher Education Graduates

ACTION RECOMMENDED: Information

BACKGROUND INFORMATION: Dr. Bill Fox, Director of the University of Tennessee Center for Business and Economic Research (CBER), will present an overview of findings from three reports on Tennessee public higher education graduates’ participation in the state’s workforce. The reports represent the collaborative effort of THEC, CBER, and the Department of Labor and Workforce Development. Results are reported in the aggregate, with cells containing fewer than 20 individuals suppressed for privacy purposes. Results are delineated by institution and by field of study.

School-to-Work: Do Tennessee's Higher Education Graduates Work in Tennessee?

THEC commissioned the University of Tennessee Center for Business and Economic Research (CBER) to study the workforce outcomes of Tennessee's public higher education graduates. The researchers combined THEC data covering ten years of public higher education graduates with unemployment insurance (UI) wage records covering 80 percent of the Tennessee workforce.

The reports were produced in three volumes, first identifying the employment status and earnings of all graduates, then further delineating those results by institution and field of study. Findings were reported in the aggregate, and cells containing fewer than 20 individuals were suppressed for privacy purposes. The full reports are accessible from the CBER website at <http://cber.utk.edu/tnhe.htm>.

Part 1: State-Level Employment and Earnings Trends

- Overall, 67 percent of graduates were found working in Tennessee one quarter after graduation.
- An additional 5 to 6 percent of graduates remained in Tennessee attending a higher education institution after earning a degree.
- Over time, fewer of Tennessee's graduates remained in the state, but this trend was tempered by new graduates working in the state.
- The vast majority of working graduates were employed full-time.
- Students who were Tennessee residents at the time of graduation were more likely to work in Tennessee than their out-of-state counterparts.
- In 2005, the nearly 120,000 Tennessee higher education graduates working in Tennessee earned over \$4.4 billion.
- Seven years after graduation, public higher education graduates working full-time in Tennessee earned an average annual wage of \$50,418.
- Students with out-of-state residency at graduation earned more on average than in-state students.
- Seven years after graduation, bachelor's degree holders earned almost \$7,000 more annually than associate's degree holders. Bachelor's degree holders' wages grew at a 7.3 percent compound annual growth rate compared with a 2.5 percent inflation rate. Associate's degree holders' wages grew faster than inflation as well, at 4.3 percent.

Part 2: Employment and Earnings Trends by Institution

- Community college graduates were the most likely to work in Tennessee immediately following graduation (75 percent), and University of Tennessee graduates were the least likely (59 percent), even after controlling for type of degree.
- Associate's degree earners were the most likely to work in Tennessee and doctoral degree earners the least likely.
- For Associate's degree holders, TBR university graduates had higher wages immediately following graduation than TBR community college graduates, and their wages increased at the same rate.
- For Bachelor's degree holders, wages for TBR university graduates were slightly higher than those of UT graduates, but UT graduates experienced a greater growth in wages and out-earned TBR university graduates in the long run.
- Graduates with advanced degrees started with higher earnings than those with Associate's or Bachelor's degrees but experienced slower wage growth. Institutional differences in the earnings of advanced degree holders were minimal.

Part 3: Employment and Earnings Trends by Field of Study

- The fields most likely to result in employment in Tennessee varied by degree level. Across all degree levels, graduates in educational fields and the health professions were most likely to work in Tennessee.
- Wages for Bachelor's degree graduates started lower than those of Associate's degree graduates but grew much more quickly.
- Doctorate degree earners had the highest average wage of all degree earners.
- The fields with the highest average wage varied by degree level. Across degree levels, the fields with the highest starting salary were engineering and business.
- The fields with the fastest wage growth varied by degree level and did not coincide with the fields with the highest wages.