

EDUCATION

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EFP Takeaways

Link between the Local Labor Market and Postsecondary Education

Background

Following the Great Recession, there has been renewed interest in worker adjustment following job loss. While some people are able to quickly find new employment opportunities, others leave the job market entirely. Some people enter higher education in response to labor market downturns. The majority of the research on labor market shifts and postsecondary education focus on larger, macroeconomic changes to industries or workers. However, there is a scarcity of research on how small scale labor market shifts affect human capital investment. Further, even less is known about the new fields that people enter following these changes. To address this gap, Andrew Foote and Michel Grosz measure the extent to which enrollment in postsecondary education, particularly community colleges, shifts following job displacement after labor market changes in *Education Finance & Policy*, vol. 15, issue 4.

The Study

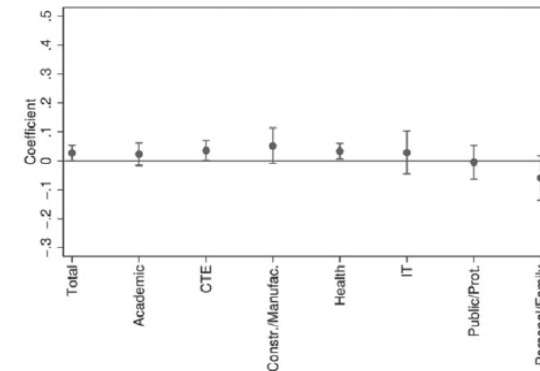
The authors combined multiple data sources for their analysis. Mass layoffs were used to measure local labor market downturns. Data for mass layoffs were drawn from monthly Bureau of Labor Statistics reports detailing unemployment claims between 1996 and 2013. These data were employed to understand the level of local labor demand changes at the county level. Next, these data were paired with enrollment data obtained from the U.S. Department of Education. Lastly, county level demographic data were used to supplement analyses by commuting zone.

For more details:

- View the [full issue](#).
- See the full [article](#) in Education Finance and Policy.
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- Summary of:
Foote, A., & Grosz, M. (2020). The effect of local labor market downturns on postsecondary enrollment and program choice. *Education Finance and Policy*, 15(4), 593-622.

Findings

The authors found substantial increases in community college enrollment and completions following large layoff events in the local labor market. This large increase in enrollment accounted for nearly half of the observed increase in labor force nonparticipation after mass layoffs. Most of the new completions were in short certificate programs, especially in fields like manufacturing and healthcare. While authors find suggestive evidence that that students seek degrees and certificates in fields with higher labor market returns, the relationship between degree receipt and labor market returns is weak. The figure below shows the increase in completions following layoff events, by field of study.



These findings suggest that colleges and policymakers could do more to inform students, especially recently displaced workers, about which programs of study lead to higher returns in the labor market. In the context of the current COVID-19 pandemic and recession, these findings serve as a reminder that community colleges will likely see increased enrollment, especially in career-technical programs, in the next few years.