



# The Role of Internships in Addressing Regional Labor Market Challenges

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# Federal Reserve officials expect the U.S. unemployment rate to come down but remain elevated through 2014.

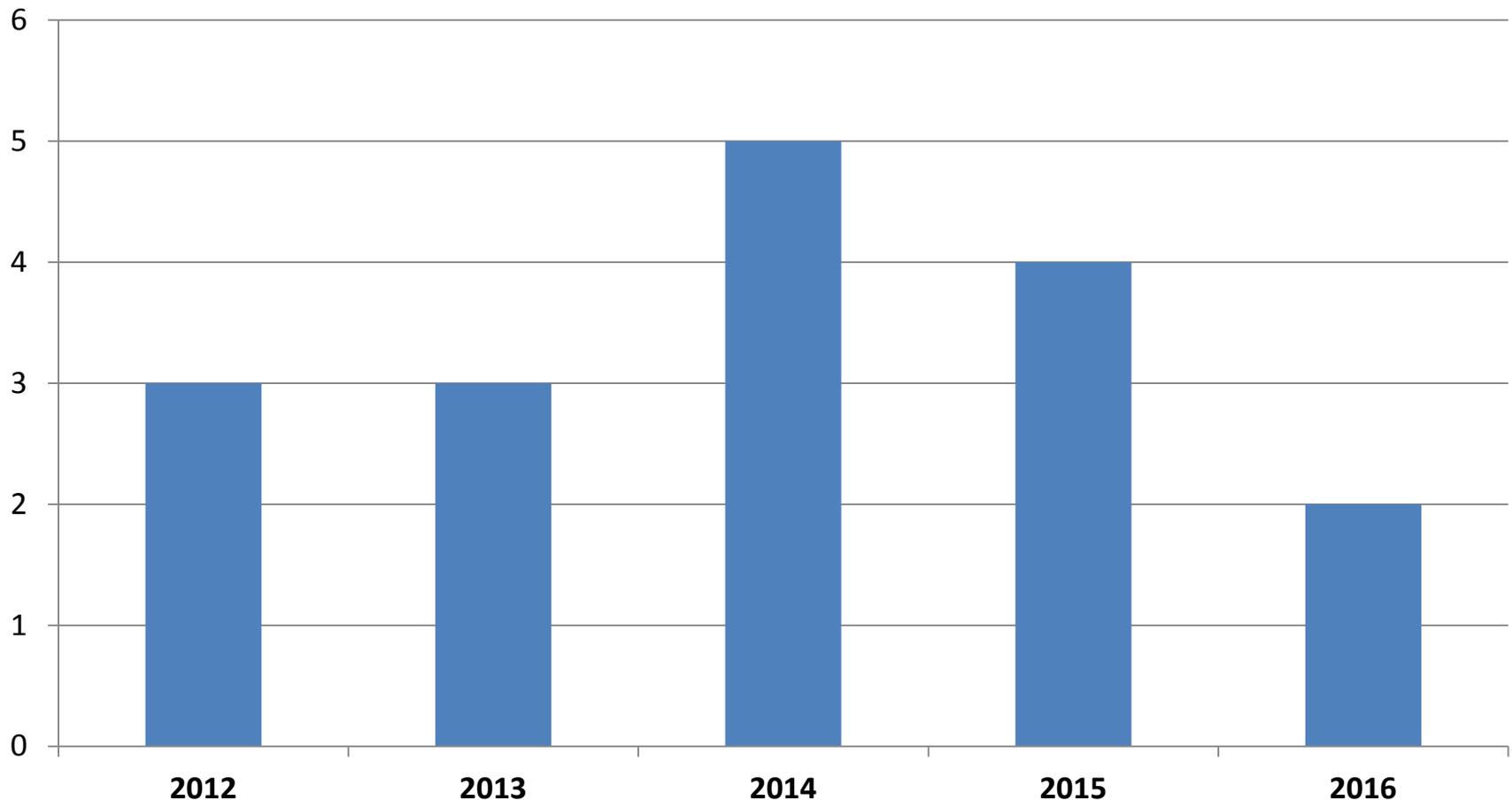
	<b>Actual</b>	<b>January 2012 Forecast</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Longer Run</b>
<b>Real GDP growth (%)</b>	1.6	2.2 to 2.7	2.8 to 3.2	3.3 to 4.0	2.3 to 2.6
<b>Unemployment rate (%)</b>	8.7	8.2 to 8.5	7.4 to 8.1	6.7 to 7.6	5.2 to 6.0
<b>PCE inflation (%)</b>	2.6	1.4 to 1.8	1.4 to 2.0	1.6 to 2.0	2.0

Source: Federal Open Market Committee, Summary of Economic Projections for the Meeting of January 24-25, 2012. Bureau of Labor Statistics and Bureau of Economic Analysis/Haver Analytics. Table shows central tendencies among the Federal Reserve Board governors and Federal Reserve Bank presidents.

Note: Table entries are fourth-quarter-to-fourth-quarter growth rates except for the unemployment rate, which is the fourth quarter level. PCE = personal consumption expenditures.

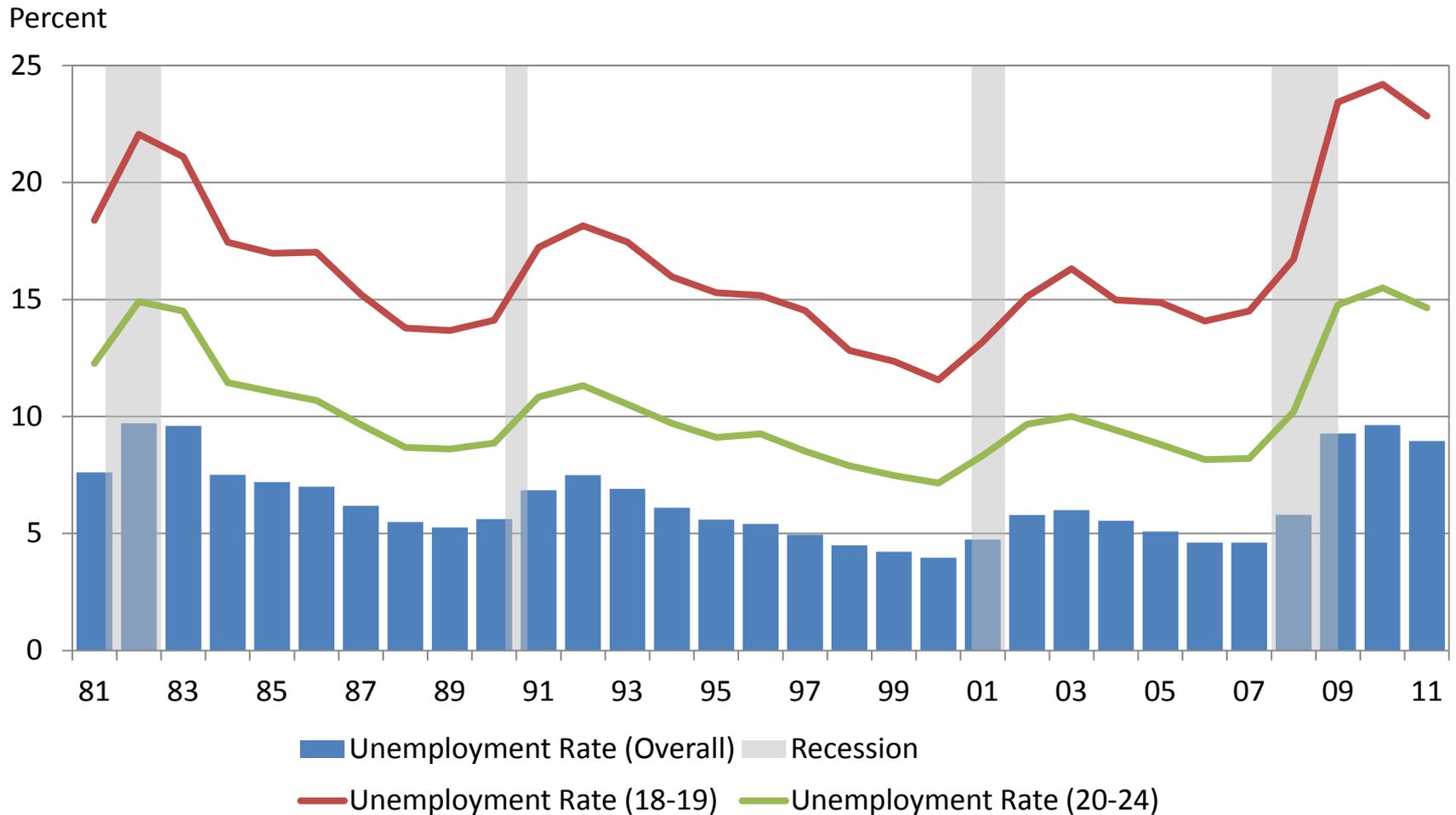
# A majority of FOMC participants expect to delay monetary policy tightening until 2014 or later.

Number of Participants (Total = 17)

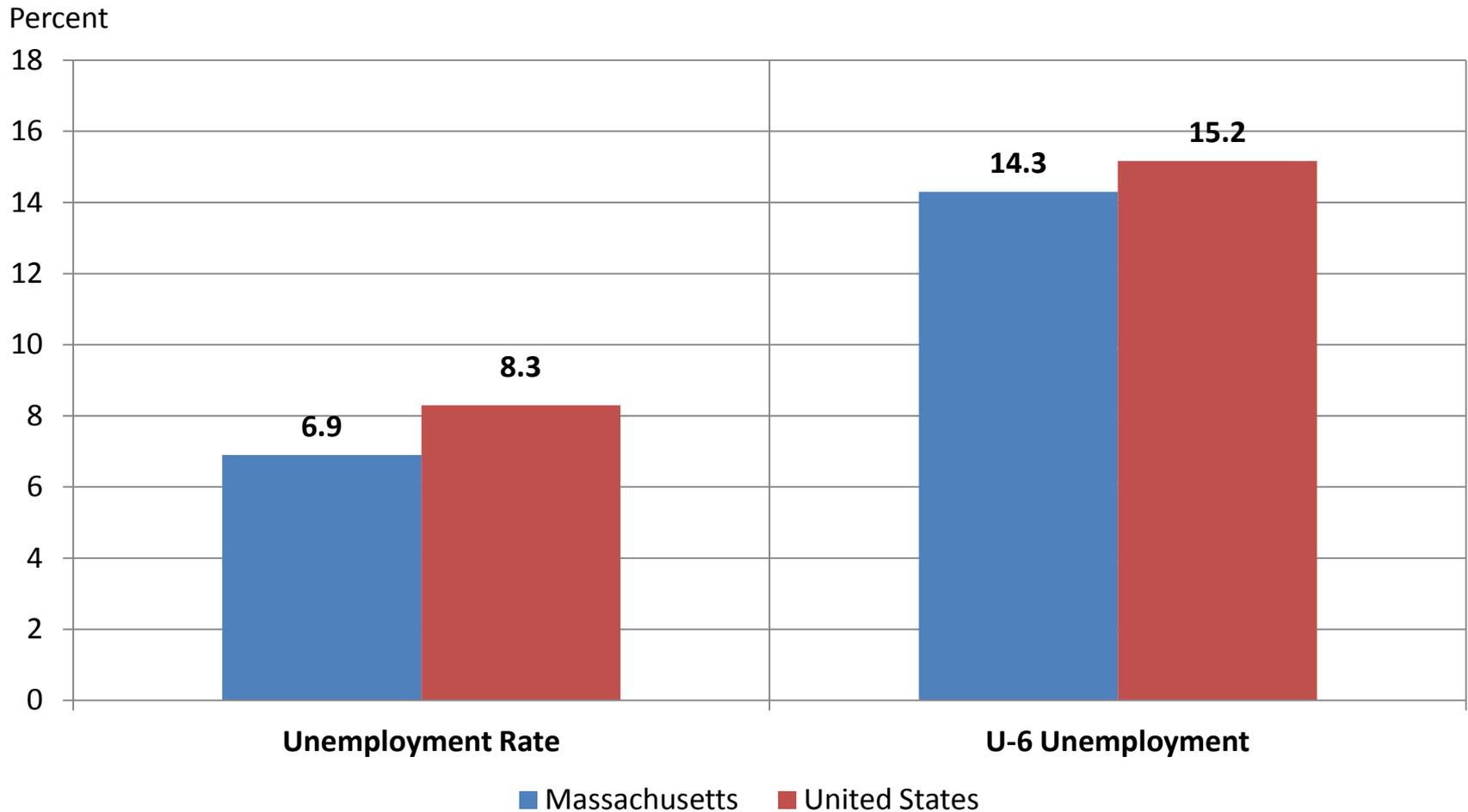


Source: Federal Open Market Committee, Summary of Economic Projections for the Meeting of January 24-25, 2012.

# The extended weak demand for labor is hurting workers of all ages, but especially the young.



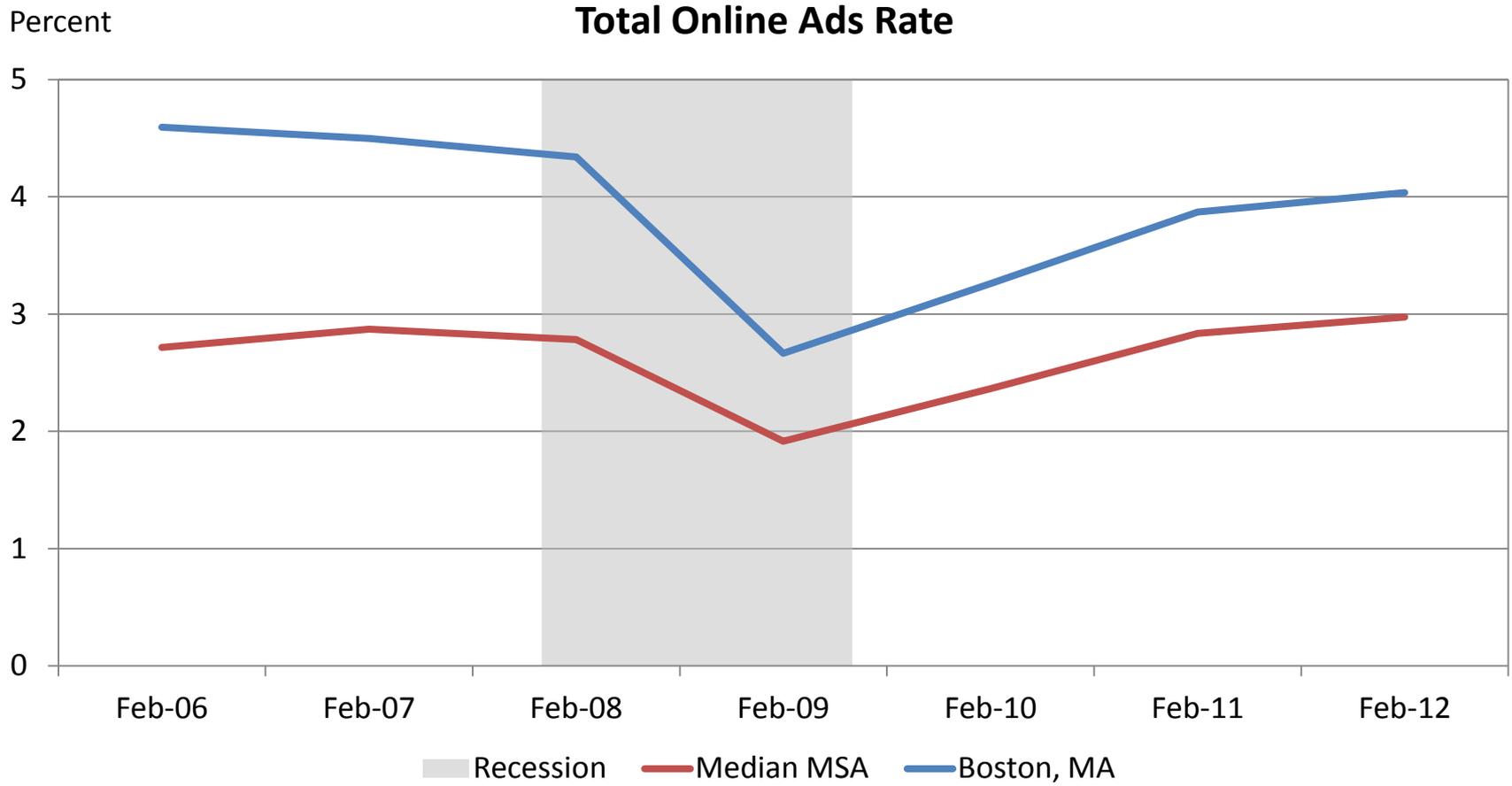
# In Massachusetts, labor market conditions are somewhat better than they are nationally.



Note: Unemployment Rate is seasonally adjusted and represents January 2012. U-6 Unemployment Rate represents Q4 2011.

Source: MA Executive Office of Labor and Workforce Development & BLS/Haver Analytics

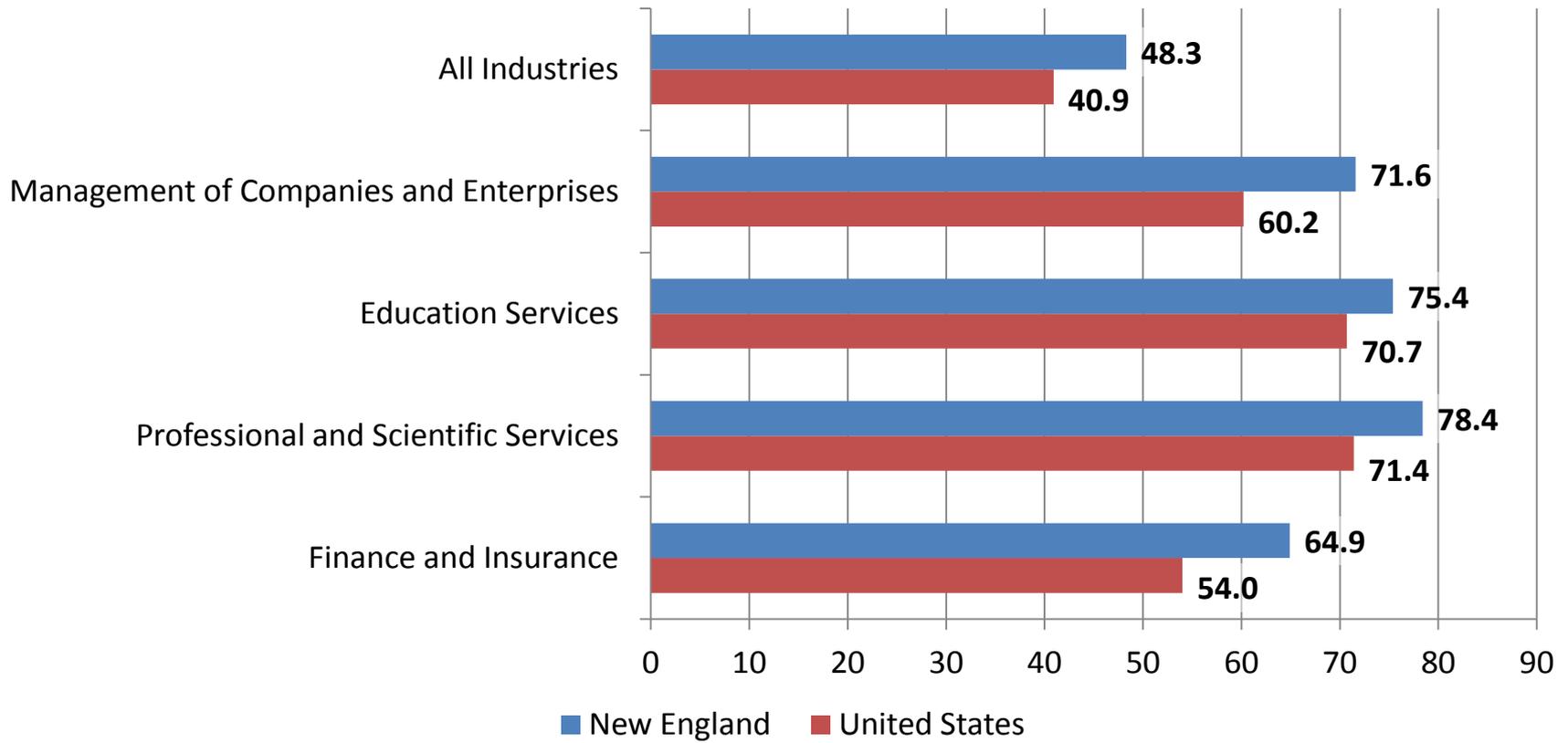
# Employer recruitment rates are higher in the Boston area than in other metros.



Note: Total online ads rate is calculated as a percent of the most currently available BLS civilian labor force data.

# The Massachusetts and New England economies are built around highly educated workers.

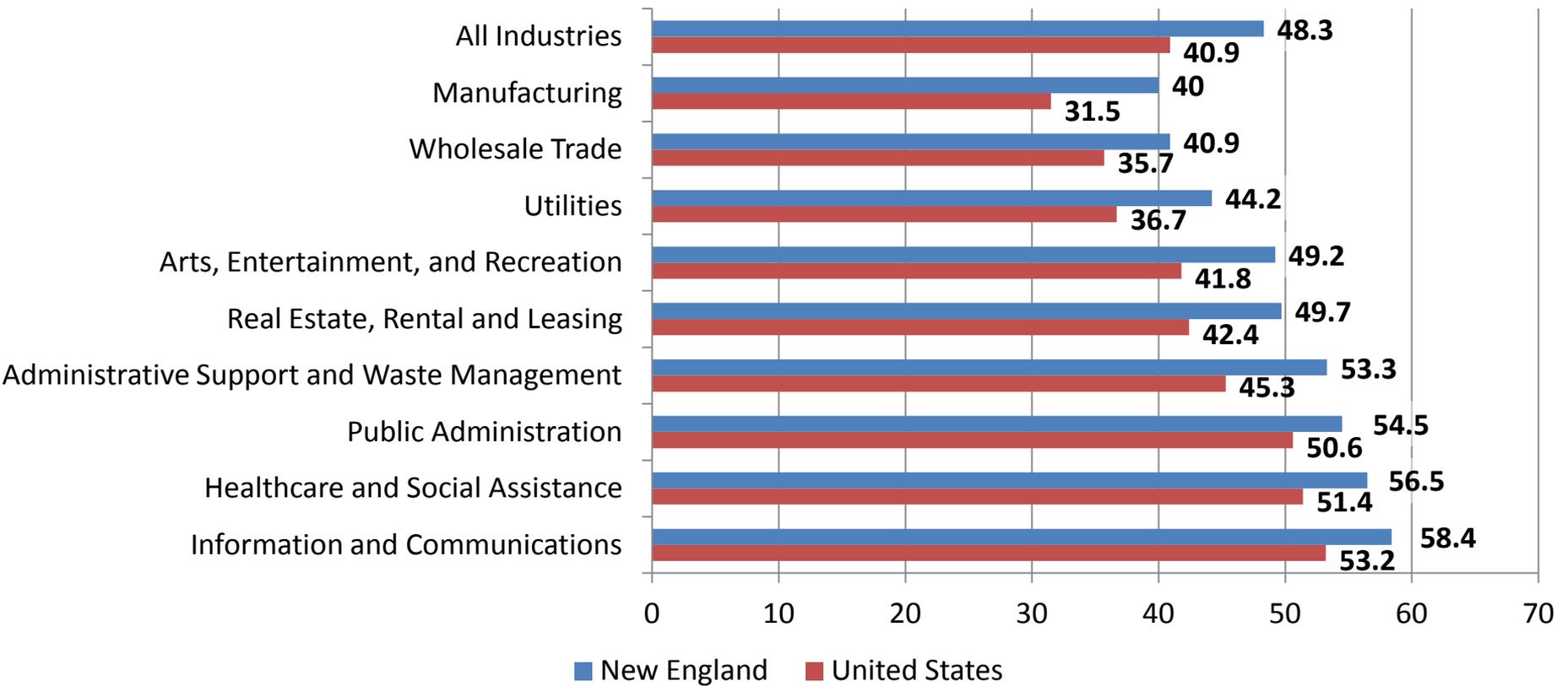
## Percent College Educated in All Industries and “High-Skill” Industries



Note: Calculated as percentage of workers age 25-64 years who have at least some college education; 2006.

# The Massachusetts and New England economies are built around highly educated workers.

## Percent College Educated in All Industries and “Middle-Skill” Industries



Note: Calculated as percentage of workers age 25-64 years who have at least some college education; 2006.

# Comparing sources and strategies for attracting a high-end workforce:

- Of bachelor's degree holders, an estimated
  - 65 to 75% grew up in the region
  - 10 to 20% came to the region for college
  - 15 to 25% came to the region sometime after college.
- Improving access to college for current K-12 students is very important but takes time.
- Increasing retention of college graduates is a strategy that may bear fruit more quickly.

# New England colleges attract a large share of their students from outside the region.

Share of college students who are non-native	
New England	28.5%
Mid-Atlantic	14.3%
East North Central	11.6%
East South Central	15.5%
South Atlantic	16.2%
West North Central	18.4%
West South Central	9.4%
Mountain	14.2%
Pacific	6.0%

Note: Data are for the graduating class of 2000.

Source: 2000/01 Baccalaureate and Beyond Longitudinal Survey, NCES, U.S. Department of Education

# Retaining non-native graduates is challenging everywhere.

Share of graduates living in same region as B.A. institution one year after graduation			
	All graduates	Non-native graduates	Native graduates
New England	70.5%	22.7%	91.0%
Mid-Atlantic	79.9%	28.6%	88.7%
East North Central	79.7%	18.0%	87.8%
East South Central	72.2%	15.3%	82.8%
South Atlantic	79.1%	29.2%	89.1%
West North Central	74.9%	21.5%	86.9%
West South Central	85.1%	24.2%	91.4%
Mountain	76.4%	26.2%	84.8%
Pacific	87.5%	32.3%	91.0%

Note: Data are for the graduating class of 2000.

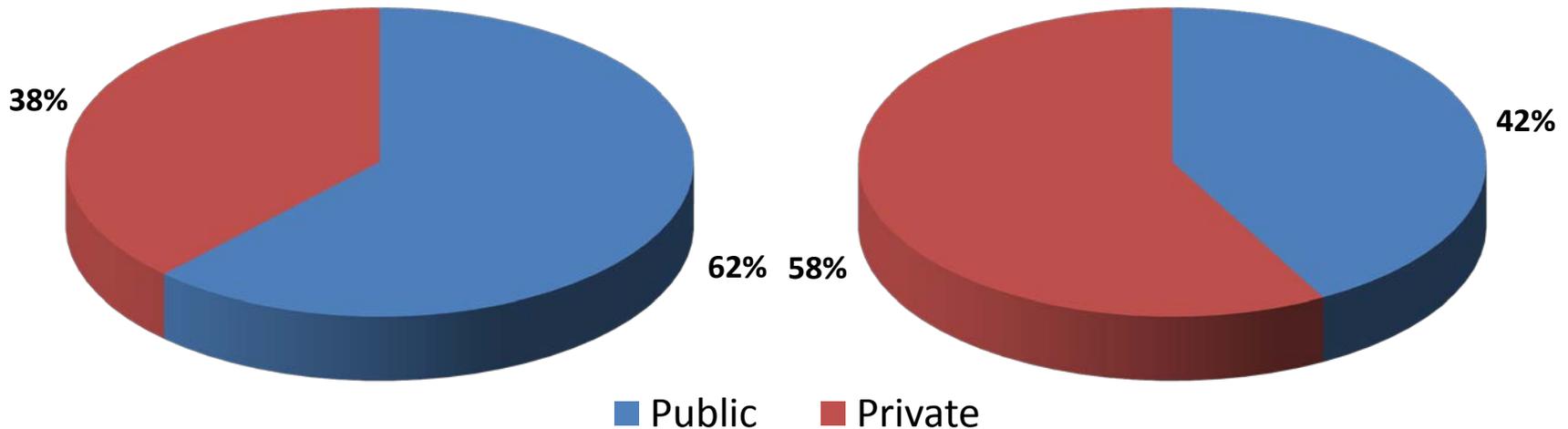
Source: 2000/01 Baccalaureate and Beyond Longitudinal Survey, NCES, U.S. Department of Education

The high share of students graduating from private and very selective institutions lowers New England's retention rate.

2009 Full-Time Enrollment at Four Year B.A. Granting Institutions

**United States**

**New England**

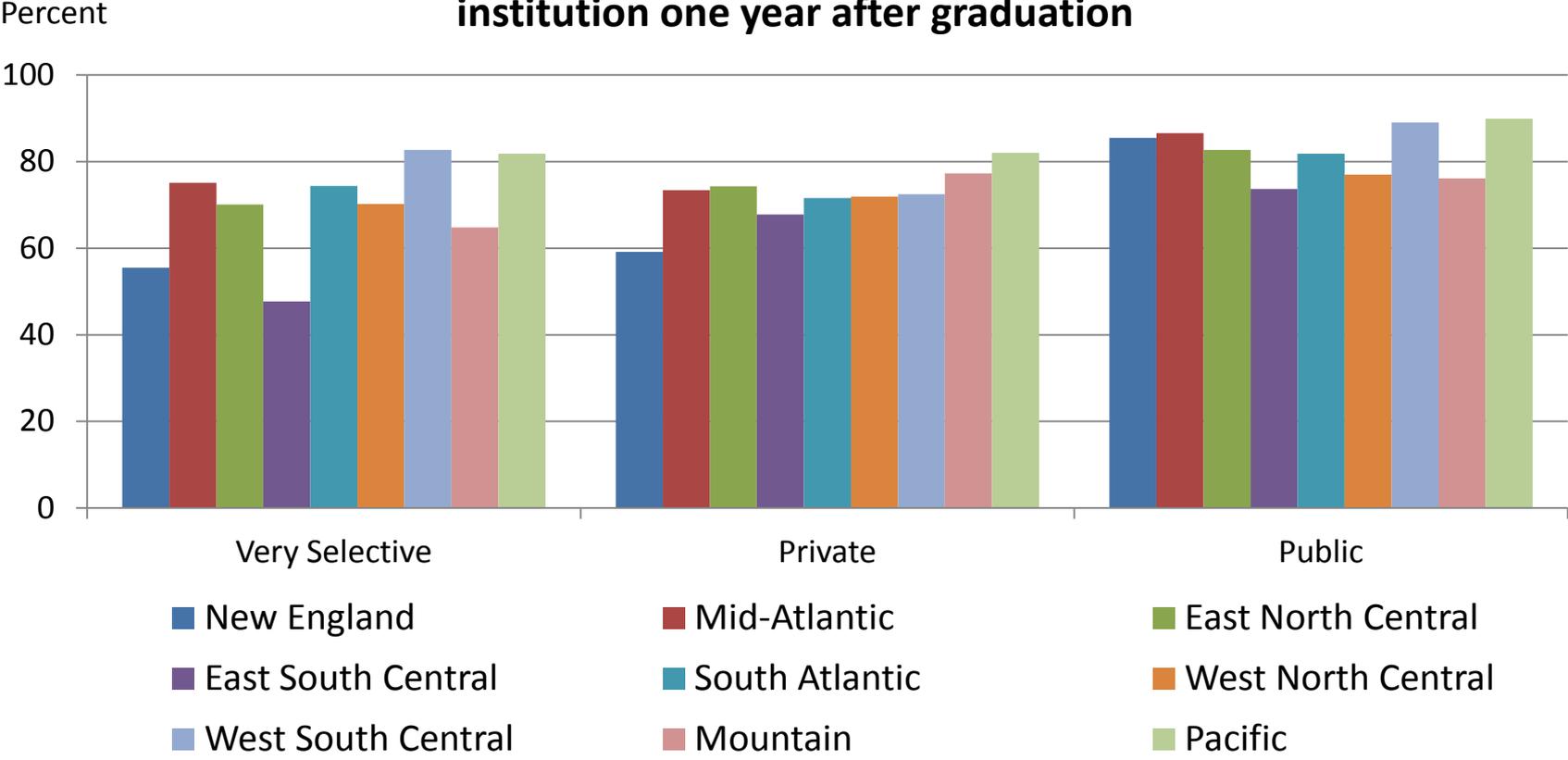


Share of New England graduates living in New England one year after graduation		
Public Schools	Private Schools	Very Selective Schools
85.5%	59.2%	55.5%

Source: 2000/01 Baccalaureate and Beyond Longitudinal Survey, NCES, U.S. Department of Education

# New England retains smaller percentages of private and very selective college graduates than other regions do.

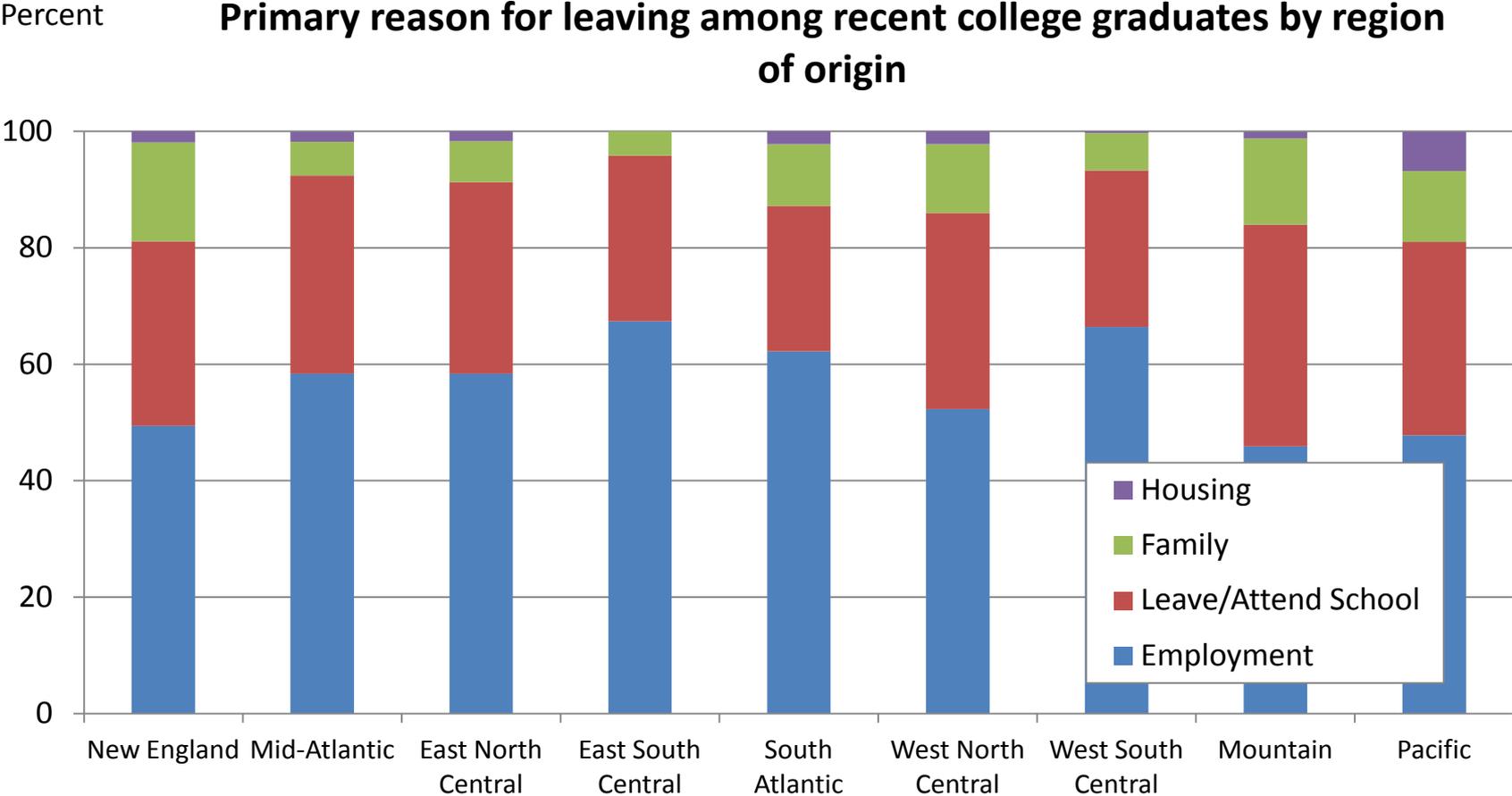
**Share of graduates living in same region as B.A. institution one year after graduation**



Note: Data are for the graduating class of 2000.

Source: 2000/01 Baccalaureate and Beyond Longitudinal Survey, NCES, U.S. Department of Education

# Graduates of New England colleges cite jobs as their leading reason for leaving the region.



Other New England states have also stepped up their efforts to compete for recent college graduates.

- New Hampshire's 55% Initiative
  - Marketing campaign to retain college graduates
- Maine's Opportunity Tax Credit
  - 10 year tax credit against student loan payments for graduates that stay in the state

# Boston Fed has made active use of internships.

- Of our 947 current employees, 44 (4.6%) started as interns.
  - Including 5 officers
- Internships have helped to diversity our workforce.
  - 22 of the 44 are non-white

# Personal reflections of Boston Fed officers who started as interns:

“I was an intern in the check collection department the summer before my senior year of college ... After getting my MBA and working for a public accounting firm for a couple of years, I recognized a need for a change in my work environment. What drew me back to FRB Boston was the fond memories of the wonderful people ... who genuinely had an interest in me as a person and who appreciated the value I brought during that summer... I rejoined the Bank in a very different area, banking supervision and regulation, and then later moved to financial management.”

# Personal reflections of Boston Fed officers who started as interns:

“My economics professor encouraged me to look for internship opportunities at the Fed. I applied and fortunately landed an opportunity in the bank monitoring unit of the supervision and regulation department. **That amazing experience opened my eyes to the considerable array of career opportunities at the Bank...** This is a great place to work if you’re curious, a little entrepreneurial, have a bias for public service and you like being a part of a team keenly focused on making an impactful and measurable difference in the region and nationally.”

## These observations are echoed in nationwide surveys.

- 80% of employers rate the return on investment for internships as “good to excellent,” making it the highest rated recruiting strategy.
- 50.5% of interns were converted to full-time employees in 2008.
- 35.3% of employers' fulltime, entry-level college hires came from their internship programs

# Summary and Conclusions

- Finding an adequate supply of skilled workers will become more challenging as the unemployment rate declines.
- Employers in this area have to recruit more intensely than their counterparts elsewhere in the U.S.
- “Educating our own” is critical in the long-run.
- Well-designed internship programs can help employers meet their labor force goals in a timely manner.