

"Returns to college degrees for millennials: A cross-cohort analysis of young workers from the largest two living generations"

Kristen Roche, Ph.D.

Mount Mary University

Abstract

Millennials are the most educated generation but also have the most college loan debt and many young workers are overeducated and underemployed. This paper uses two single-cohort longitudinal surveys, the NLSY79 and NLSY97, to investigate the returns to college degrees, primarily bachelor's and master's degrees, for young workers from the largest two living generations, baby boomers and millennials. When compared to young workers without a college degree in their generation, millennials fare better than baby boomers in their returns to degrees, especially millennial men with bachelor's degrees and millennial women with master's degrees. Quantile regression results indicate increasing returns to college degrees across the earnings distribution for women in both generations, but a falling return to college degrees for high-earning men. However, while the returns to degrees are higher for young working millennials, they earn similar adjusted mean hourly earnings and lower median adjusted hourly earnings than baby boomers did when they were young workers. These findings suggest that while a college degree plays a larger role in determining earnings for young working millennials than it did for young working baby boomers, millennials face a labor market with greater income inequality.