

Outmigration and Human Capital: Homeward Bound or Gone for Good?

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RESEARCH HIGHLIGHTS 2014-1

Rationale:

Illinois has a long and well documented history of exporting significantly more of its high school graduates to out-of-state colleges than Illinois higher education institutions are able to attract from outside the state (Barbett, 1996; Gossman, Nobbe, & Patricelli, 1968; Johns & Viehland, 1989; NCES, 2010; U.S. Department of Education, 1998; U.S. Department of Education, 2010). It has long been assumed that states with high rates of outmigration suffer in the long term as students who outmigrate are more likely to stay out of state upon graduation than their counterparts who enrolled at in-state institutions. This represents a significant loss of tax revenue for the state (Smith & Wall, 2006). Research has also shown that the students most likely to outmigrate are those deemed most ready for college. Given the level of students' academic and workforce potential, outmigration represents a significant loss of human capital (Smalley, Lichtenberger, & Brown, 2010). Through this study we determine the extent to which outmigrants return to the state of Illinois for employment.

Purpose:

To examine the impact of outmigration on Illinois-specific employment outcomes and earnings.

Methods:

Data Sources: Data from ACT and the National Student Clearinghouse specific to bachelor's degree earners from 2006-2010 emanating from the Illinois high school graduating class of 2003 (graduates from both public and private high schools were included). Illinois-specific earnings outcomes were tracked from bachelor's degree completion until the end of 2012.

Participants: Prior to propensity score matching, 19,503 bachelor's degree earners were followed for up to five years: included 6,087 outmigrants and 13,416 individuals who earned their degree at an Illinois-based college (stayers). After matching, the study group included 4,400 outmigrants and 4,400 stayers.

Research Design: Quantitative and quasi-experimental; nearest neighbor propensity score matching with a post-treatment adjustment. Matching with replacement was used.

Analysis: Estimates of treatment effect made by matching outmigrants with a group of observationally equivalent stayers. Each outmigrant was matched to one stayer who originally emanated from the same geographic area in Illinois, graduated from an equally selective four-year college, and earned the same degree (based on major).

Findings:

Who Outmigrates?

- Outmigrants tended to demonstrate stronger academic qualifications than their peers who attended Illinois-based colleges.
- Outmigrants were much more likely to emanate from high schools with better aggregate test scores and relatively fewer low income students.

Who Returns to Illinois for Work?

- Although two-thirds of the outmigrants eventually returned to Illinois for work, as a group they were significantly less likely to gain employment in Illinois relative to stayers who experienced an Illinois employment rate of 92%.
- Among the outmigrants with bachelor's degrees, those with stronger academic profiles were less likely to obtain Illinois employment upon graduation.
- Further, the outmigrants with the degrees deemed most important for the Illinois economy (namely STEM degrees), were even less likely to return to Illinois for employment.

Consequences of Outmigration to Illinois

- Although the cumulative rate of employment in Illinois among outmigrants was somewhat higher than what was established with previous research using a nationally representative sample (Adelman, 2004), outmigrants experienced significantly lower rates of Illinois-specific employment relative to the stayers. This resulted in substantially lower aggregate Illinois wages among the outmigrant group.

- Relatedly, substantially fewer outmigrants reached the various Illinois-specific earnings thresholds.
- This in turn, represents some of the negative economic impact that outmigration has on the state of Illinois.

Policy Recommendations:

Illinois should consider the following:

- Entering into data sharing agreements with neighboring states to provide a more complete picture of the workforce outcomes of all of its high school graduates.
- Increasing affordable postsecondary options for Illinois students. Dean, Hunt, and Smith (2006) found that both parents and students believe that there are few Illinois institutions that provide affordable, quality education.
- Actively recruiting outmigrants to return to Illinois for work, especially those with degrees in critical areas, such as STEM or Health Science.