



# College INTERNSHIPS & FIRST JOBS IN VERMONT

## SUMMARY OF CURRENT STATE

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## 1. Executive Summary

The Vermont Futures Project promotes the long-term economic health of Vermont. Through leadership, research, and education, the Vermont Futures Project seeks to inform interested parties about Vermont's economic future and demonstrate how a healthy economy contributes to Vermont's vibrant communities and unique quality of life.

The Vermont Futures Project launched a two-part research project to evaluate whether internships held during student's time in Vermont colleges might provide a way to engage and retain these students as they considered post-graduation plans. Vermont graduates approximately 7,000 students from its colleges, ranking it first in the US in college students per capita. But many of these students do not stay in the state post-graduation. Internships with Vermont employers have been suggested by multiple parties as a potential avenue to connect students with Vermont employers and develop a talent pipeline to address Vermont's annual demand for 10,000 new workers.

The first portion of the [research project](#) was completed in May 2018. The study found that 99% of the Vermont college students who want internships (or practicums) find them, thus it was our conclusion that there is not an internship supply problem. The study also found that Vermont internships convert to full time post-college jobs below the national conversion rate.<sup>1</sup>

This paper is the second part of the internship research project and examines the employer side of the equation to assess what can be done to convert more private sector employer internships into "first jobs" in the state.

The summary findings of this internship project part two are:

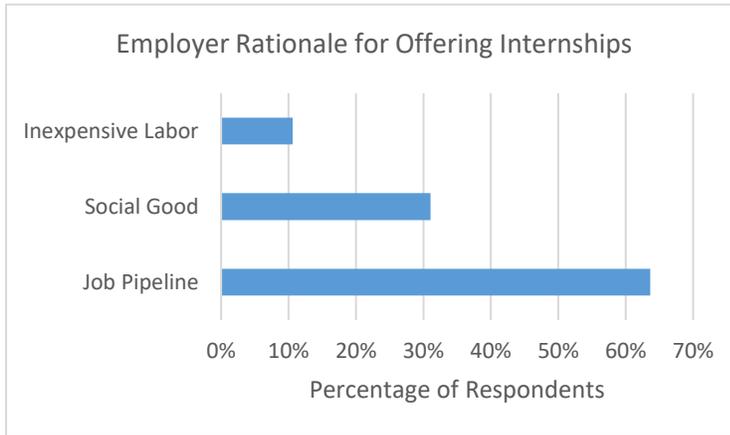
- Most Vermont mid-size and large private sector employers offer solid internship programs founded on best practices.
- However, too few internships convert to job offers. The reason? These companies do not have enough "college-degree required" openings. The quality of the internships is not the main problem. The quantity of college-degree-required jobs is the problem.
- Vermont wages are lower than nearby MA, yet the cost of living and taxes are high, which drives some college students out of state for their first jobs, independent of the employer connection developed during an internship.
- However, internship programs do have long-term benefit in "boomerang candidates". Several companies mentioned benefits from "boomerang" college graduates coming back to the state after working and living in other places.

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<sup>1</sup> <https://docs.vtfuturesproject.org/vfp-report-internships-in-vermont-colleges-and-universities.pdf>

## 2. Do Vermont Employers Offer Internships?

Yes. Of the 66 companies contacted, representing about 10% of the state's private sector employment across multiple industries, 72% offer formal internship programs to college students.<sup>2</sup> Reasons for offering internships vary and can have multiple drivers as shown in the graphic below: 63% for job



pipeline to recruit the next generation of employees, 31% for social good to offer experiences to students, and 10% for inexpensive labor to augment their labor force.

As shown in the graph, the majority of respondents contacted intend the internships to turn into job offers. They have formal programs, following best practice guidelines set by the National Association of Colleges and Employers

(NACE),<sup>3</sup> such as paid internships, mentoring during the intern's time, specific projects for the student to drive, interaction with senior management, etc. Almost all these Vermont employers offer jobs to a percentage of their interns, based on available or forecasted openings at the company.

## 3. Are Vermont Internships Attracting Students?

Yes. All companies interviewed reported success being able to fill their internship programs, often with a competitive process. In addition to the standard best practices, here are some unique examples that companies shared with us:

- Engage early
  - Many companies report early engagement, starting with the summer after sophomore year and bringing the student back after junior year as well (two internship rotations).
  - Offer early; some companies are willing to make job offers as early as the fall of senior year, beating the potential competition.
  - Some companies will hold a job open (not recruit to fill the position) until an intern graduates from college and can fill the role.
- Stay in touch
  - Many internship programs start in the summer after sophomore year. As these students mature, companies stay in touch via holiday parties, emails, and outreach from managers in order to deepen the bond with the student.
  - Some companies extend this communication even after graduation and a move out-of-state, hoping that the student might "boomerang" back later.
- Use the interns to help run the program

<sup>2</sup> For the other 28%; reasons for not offering internships include: small size of company, not enough mentors, too few college roles, no job openings expected

<sup>3</sup> <http://www.naceweb.org/talent-acquisition/internships/>

- One company hires an HR intern who helps organize the intern program (tracking, social activities, paperwork, etc.). This is a great way to expand the HR workforce in order to offer an internship program.
- Involve the parents in the internship
  - Several companies mentioned including parents in the internship process, introducing the parents to the company and/or industry as a means to promote the company and attract the intern, since they are often key influencers in post-college job selection.
  - Invite internship candidates and parents in for a tour, meet the company and learn about the industry.
  - Issue “report cards” at the end of internships so parents can evaluate the impact.
- Offer social connections
  - Students want both work experience as well as networking connections. Many companies offer social opportunities for an internship team. (Small companies with 1-2 interns apiece could band together to make a social team across more than one company.)
  - One company brings back “older” interns to have them connect with the current ones.
- Favor New England
  - Most companies report a better conversion rate (from intern to job offer acceptance) when the student has ties to New England, or better yet, Vermont.
  - Some companies are biasing intern selection based on students they feel are more likely to stay in Vermont.

#### 4. So What’s the Problem?

While it’s true that Vermont private sector employers offer internships and do convert a percentage of them into jobs after college graduation, there are two issues that prevent this tactic from greatly raising the numbers of students staying in state after graduation:

1. The number of internships is small, and
2. The number of offered jobs is even smaller.

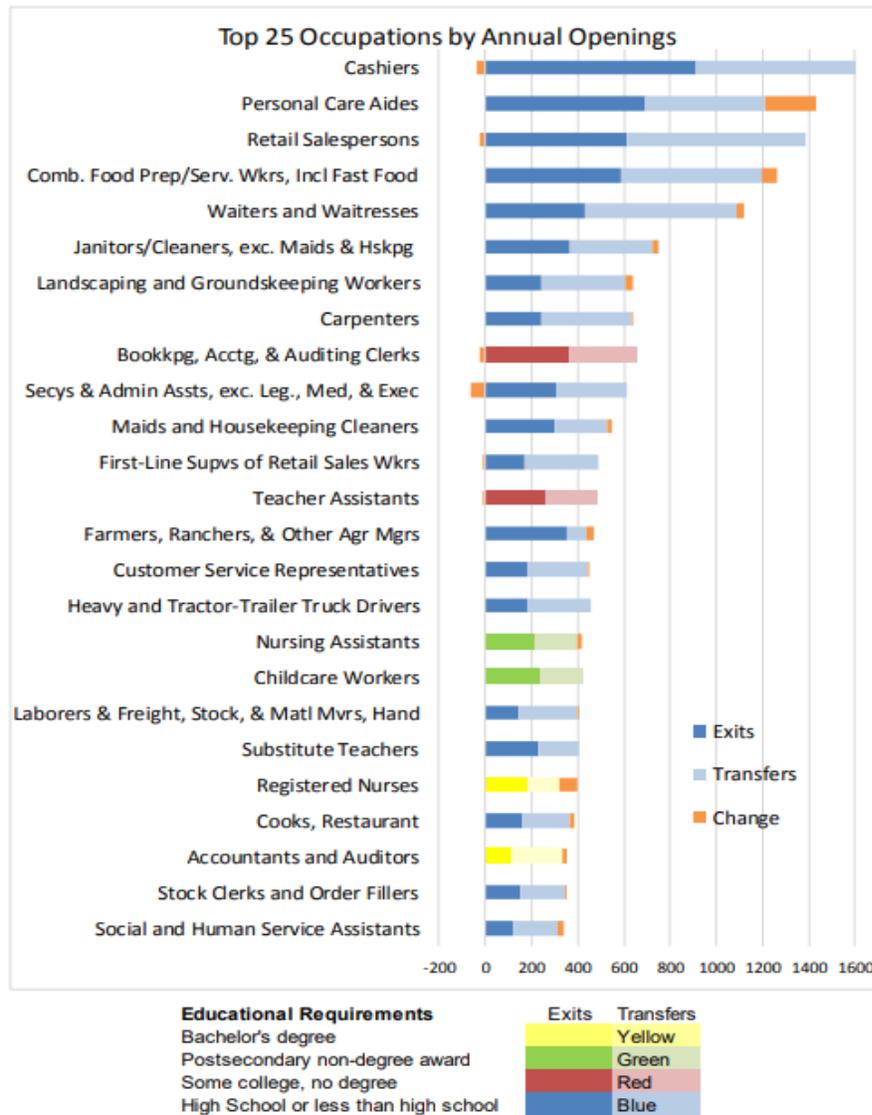
These numbers are too small to move the employment needle. This observation is confirmed by other sources of data. There just aren’t enough entry-level jobs for 4-year college graduates in Vermont.

For point number one, based on the interview data, the internship cohort at a private sector employer is typically small. On average, it is 1%<sup>4</sup> of their Vermont-based employee base, due to the internal resources, budget required to run the program, and anticipated future employment demand.

For point number two, not all internships convert to jobs, further reducing an already small number. Based on the interview data, Vermont private sector employers offer college jobs at <1% of their total employees annually.

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<sup>4</sup> The reported range is 0.2%-6%



Other data sources corroborate these findings: the Vermont Department of Labor reports that 26%<sup>5</sup> of total jobs in the state require a college degree (which is identical to the national average).<sup>6</sup> The chart above shows the jobs with the highest annual openings in the state.<sup>4</sup> Note that only two of them require college degrees (nursing and accounting/auditing.)

And while, data does not exist for the number of post-college jobs available in the state, we can triangulate to an approximate number in two ways.

<sup>5</sup> Vermont Department of Labor; Economic and Labor Market Information; 2016-2026 Long Term Occupational Projections

<sup>6</sup> <https://www.bls.gov/opub/ted/2017/37-percent-of-may-2016-employment-in-occupations-typically-requiring-postsecondary-education.htm>

There are about 317,000<sup>7</sup> total jobs in the state: 260,000 jobs private sector jobs and 56,000 in state government. Since 26% of the jobs require college degrees (or higher), this equals 82,400 jobs maximum<sup>8</sup> for 4-year college degree holders. Obviously, there is a distribution over time (flat rate over 30 years would be about 2,700 jobs per year), so the total annual number of jobs openings requiring a college degree is between 2,500-4,000 using this data<sup>9</sup>.

With another source, we can examine private sector job growth in June. Since 2008, there is new private sector job growth of about 6,500<sup>10</sup> jobs in Vermont every year in June at the time of graduation.



Of course, these jobs include summer work, high school jobs, as well as ones requiring college degrees. If 26% require college degrees, then Vermont private sector employers offer about 1,690 jobs in June each year. With an annual graduating class of 7,000 college students, only 24% can stay in state in the private sector.<sup>11</sup>

Anecdotal, this is borne out in the employer interviews; very few employers have long-term trouble filling college-level degree jobs.<sup>12</sup> All of them had trouble filling non-4-year-college degree jobs, such as service workers, assembly line personnel, and technicians.

Thus, although the data sources are not perfect, they all point to the same result... there are only in-state private sector jobs for about 25% of our college graduates.

## 5. Is Vermont Competitive?

The second issue hampering post-college retention is student life choices. Even when employers offer jobs, they told us that students do not always accept. The reasons most often cited include: desire to live in a larger city; desire to work at a large company; desire to work in an area with more career growth potential; attraction to higher salaries out of state; and concern on the high cost of living in Vermont.

<sup>7</sup> <https://www.bls.gov/eag/eag.vt.htm>; total non-farm employment for the state in February 2019 was 317,100 with 56,500 state jobs and 260,600 in non-state jobs.

<sup>8</sup> 317,100 times 26% = 82,446 4 year college jobs

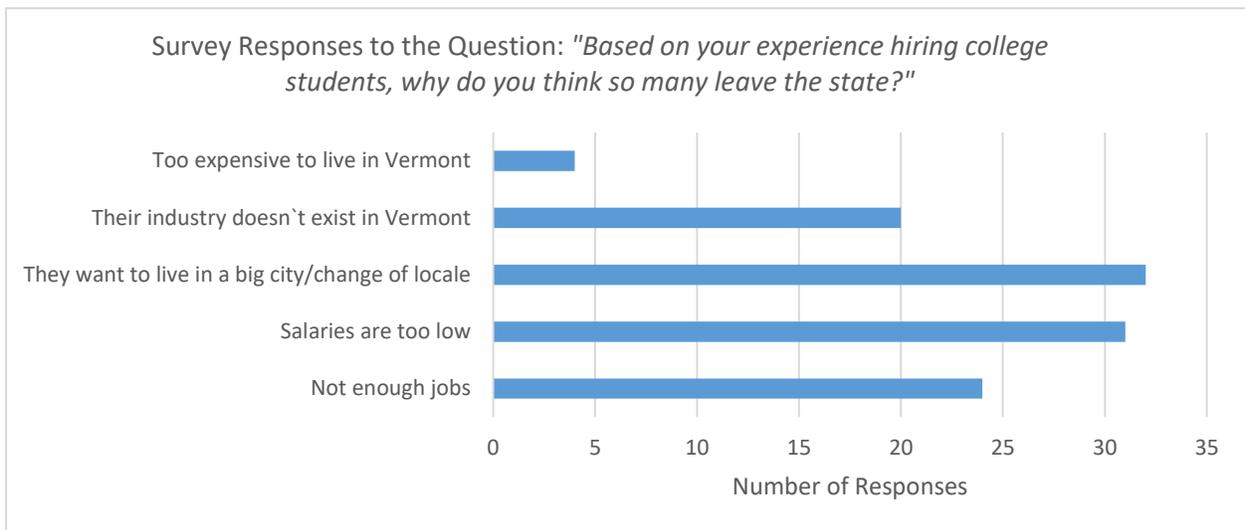
<sup>9</sup> 82,446 jobs assuming a 20 year job span is 4122 replacement jobs per year; with a 30 year job span, it's 2748 jobs per year.

<sup>10</sup> US Department of Labor: Private sector gross job gains and job losses, 1992-2017. The June growth of 6500 jobs is significantly higher than the Vermont total annual job growth of about 2000 jobs since 2010; but the author believes the June data to be the best proxy for post-graduation jobs.

<sup>11</sup> This is directly in line with the prior Vermont Future Project study where colleges estimated about 2350 students stay in state after graduation: about 1690 in private sector and the rest in government jobs or post-college studies.

<sup>12</sup> One recruiter at a very large Vermont employer said 100 resumes come in for every open college job; while hundreds of service worker roles go unfilled constantly.

Survey results agreed with this data, showing that over 60% of HR professionals believe that salaries are too low and that students often want to live in larger cities post-graduation.



While the state cannot change its location, we can look at the other factors.

A comparison of wage data for college-level degree positions between Vermont, Massachusetts, and New Hampshire shows that for over 177 occupations that require college degrees, MA salaries are 19% higher than Vermont, and NH salaries are 4% higher than Vermont. Vermont is not competitive against MA on salaries.

On the cost side, one source<sup>13</sup> lists Vermont at 1.6% above national average for living essentials (housing, food, energy, transportation and healthcare expenditures), which is above national average, but slightly better than NH at 5% and much better than MA at 7%. (In general, New England is an expensive area of the country to live.) Another source cites MA as the most expensive in New England, ranked 47<sup>th</sup> in the nation (Hawaii is perennially the most expensive), with Vermont, NH, and ME all clustered at 39<sup>th</sup>, 38<sup>th</sup>, and 37<sup>th</sup> respectively.

When taxes are added to the cost of living calculation, Vermont costs goes up. Vermont ranks 4<sup>th</sup> as the highest taxed state (10.94%), with only New York, Hawaii and Maine having a higher rate.

As a summary, Vermont has moderate wages, high cost of living, and very high taxes. The net of this dissuades college graduates from staying in Vermont.

## 6. Recommendations & Learnings

Thanks to all the employers who helped shaped the data for this report. The recommendations below are both the result of the data as well as suggested by Human Resource professionals across the state:

<sup>13</sup> <https://www.fool.com/slideshow/15-states-highest-cost-living>

#### Recommendations for college-degree jobs:

- Bring more industry to the state. Attract industries that demand college-degrees. We can't rely only on growth from within the existing employment base to hire an increased number of graduates.
- We can't keep everyone, but we can stay in touch. Create a mechanism via opt-in social media that enables post-graduates to stay in touch with future job openings in Vermont; "boomerangs" are important source of labor supply.
- Continue to encourage HR professionals to share best practice and innovative ideas on recruiting and retaining post-college talent.
- Create a single source of Vermont job openings to help match the college graduates who want to stay with a job in the state; college job-fair days are less efficient for a college student schedule. The single source will also help the small Vermont employers' market themselves to the student base.
- Proactively support the college graduates who are employed in Vermont
  - Promote professional organizations
  - Promote social organizations
  - Promote opportunities for continuous education and training
- Address cost of living concerns for recent college graduates, specifically for housing and taxes
- Create employer-based programs that attract younger workers. Suggestions included:
  - "Employer-sponsored scholarships with a service commitment upon graduation." Several employers also mentioned student-loan reduction programs as a potential positive force for retention.
  - "Raise starting salaries"
  - "Offer flexible schedules, and more diversified benefits"
  - "Provide more affordable housing options (or cost offsets) for a young person beginning their career"
  - "Provide affordable health insurance to employees age 62-65 which would allow those folks to retire, making room for up and coming new talent"

#### Recommendations for non 4-year college-degree jobs:

- 74% of the jobs in the state do not require a college degree.
  - There are more non-college degree opportunities in the state than college ones
  - Although not the focus of this study, anecdotal evidence reports that these jobs are hard to fill; suggesting that opportunities are plentiful for these occupations.

## 7. Appendix: Methodology

This data is aggregated from two direct sources: online survey results from 48 Human Resource managers<sup>14</sup> that represent about 6100 employees in the states and in-depth interviews with Human Resource executives at 18 employers across the state. In total, about 25,000 Vermont employees were represented which represents about 10% of Vermont's private sector employee base. Interview and survey data were combined with public information and aggregated into Vermont-wide numbers.

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<sup>14</sup> Members of Vermont chapter of the Society for Human Resource Management and Windham Country HR Network.

Reports from the Vermont Department of Labor, the US Department of Labor, the US Census Bureau and multiple public sources were also used.

## 8. Researcher: Judy Beningson



This research initiative was conducted by Judy Beningson, pro bono, on behalf of the Vermont Futures Project. Judy is a technology business leader with deep expertise in strategic planning and product management. Over her 30-year career, she held roles at internet tech companies, most recently at Juniper Networks, a \$4B public company, where she led a wide range of development efforts from billion-dollar product lines to start-up growth efforts in cloud computing and virtualization. She is President of Resolved Projects, L.L.C., a Vermont-based company, which provides strategic and product management consulting for technology firms who need to drive decisions.



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