What's a Dropout to Do? Coping with the Deterioration of the Low-Skilled Labor Market (with Henry Farber)

**Abstract:** We use data from the National Longitudinal Surveys of Young Men (NLS-YM) and of Youth (NLSY-79) to examine the labor market experience and post-dropout educational attainment of high school dropouts over the past forty years. Dropouts fared far worse in the labor market in the 1980s and 1990s than in the 1960s and 1970s. However, dropouts in the later cohort return to school at higher rates. Indeed, the likelihood that an individual dropout returns to school is related to his recent labor market experience. Dropouts are more likely to return to school after a spell of unemployment.