



## **Has the First Job Disappeared? Connecting Young Workers to Employers and Career-Building Work Experiences**

### **Data Summary**

High unemployment rates among teens and young adults have caught the attention of the popular press, policymakers, and many others. In the years since the Great Recession, the unemployment rate has been dropping for the workforce as a whole. But unemployment for young people remains high. Unemployment is most acute for young people of color. Research shows that unemployment and underemployment for young adults will have lasting consequences in the form of diminished wages, decreased upward mobility, and lessened productivity throughout their work lives. Society at large loses too, in terms of lost tax revenues and productivity and increased expenditures for public benefits.

- Young people ages 16-24 number almost 40 million and represent 12.3 percent of the nation's population. Overall, this age group is more diverse than the general population. Forty-two percent are part of a minority racial or ethnic group (that is, a group other than non-Hispanic, single-race white).<sup>1</sup>
- The unemployment rate for 16-19 year olds was 15.8 percent in September 2016, and for young adults ages 20-24, the unemployment rate was 8.1 percent. This compares to 5.0 percent for the workforce overall.<sup>2</sup>
- Unemployment rates for young people of color are much higher. Twenty-four percent of Black teens ages 16-19 were unemployed in 2015. Hispanic teens had an unemployment rate of 19.3 percent. The unemployment rate of white teens was 14.8 percent.<sup>3</sup>
- Young males of color have the highest unemployment rates. As of 2014, 33 percent of Black males ages 16-19 were unemployed. For Hispanic males ages 16-19, the unemployment rate was 22.5 percent.<sup>4</sup>
- In April 2012, 32 percent of workers ages 18-29 were *underemployed*, when measured without seasonal adjustment. At the same time, the underemployment rate for all US workers was 18.2 percent.<sup>5</sup>
- Youth and young adults ages 16-24 are much less likely than older adults to be self-employed. In 2015, 2.8 percent of workers in this age group reported being self-employed. This compares to about 9.5 percent of the total workforce.<sup>6</sup>
- Young people ages 16-24 who are neither working nor in school are labeled with a variety of terms: disconnected, idle, out-of-school and out-of-work (OSOW), and Opportunity Youth. In 2014 approximately 5.5 million young people ages 16-24 were neither working nor in school at some point during the year.<sup>7</sup> Between 1999

and 2010, the percentage of young people who were Opportunity Youth — neither in school nor working — *during the entire year* fluctuated from a low of 3.9 percent in 1999 and a high of 7.5 percent in 2010.<sup>8</sup>

- In 2015, 19 percent of individuals ages 18-24 were living in poverty — the highest poverty rate among adult age groups.<sup>9</sup>
- The gap in earnings between college graduates and those without a college degree is greater today than it has been for any generation in recent times. In 1979, a high school graduate earned, on average, 75 percent of what a college graduate earned at that time. Today a high school graduate earns about 62 percent of what a college graduate earns.<sup>10</sup>
- Young people who are unemployed for a period of six months or longer in the beginning of their work lives will earn approximately \$22,000 less over the following ten years (compared to what they would have earned had they not experienced a long-term unemployment spell). Some estimate that the cohort of young workers ages 20-24 will lose about \$21.4 billion in earnings over the next 10 years.<sup>11</sup>
- Research shows that the diminished lifetime earnings for workers who face a slow start will lead to lower tax revenues and higher safety net expenditures for the nation over time. One estimate is that one unemployed 18-24 year old will cost governments on average \$4,100 annually — most of this (93 percent) due to lost tax revenue.<sup>12</sup>

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<sup>1</sup> United States Census Bureau, “Annual Estimates of the Resident Population by Single Year of Age and Sex for the United States: April 1, 2010 to July 1, 2015,” available at: <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>, and United States Census Bureau, “Annual Estimates of the Resident Population by Sex, Single Year of Age, Race Alone or in Combination, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2015,” available at: <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

<sup>2</sup> Bureau of Labor Statistics, “Unemployment Rates by Age, Sex, and Marital Status, Seasonally Adjusted,” available at: <http://www.bls.gov/web/empsit/cpseea10.htm>.

<sup>3</sup> Bureau of Labor Statistics, “Employment Status of the Civilian Non-institutional Population by Sex, Age, and Race,” available at: <http://www.bls.gov/cps/cpsaat05.htm> and Bureau of Labor Statistics, “Employment Status of the Hispanic or Latino Population by Age and Sex,” available at: <http://www.bls.gov/cps/cpsaat04.htm>.

<sup>4</sup> Bureau of Labor Statistics, “Employment Status of the Civilian Non-institutional Population by Age, Sex, and Race,” available at: <http://www.bls.gov/cps/aa2014/cpsaat03.htm> and Bureau of Labor Statistics, “Employment Status of the Hispanic or Latino Population by Age and Sex,” available at: <http://www.bls.gov/cps/aa2014/cpsaat04.htm>.

<sup>5</sup> Jacobs, Dennis, “One in Three Young Workers are Underemployed,” Gallup.com, May 9, 2012, available at: <http://www.gallup.com/poll/154553/one-three-young-underemployed.aspx>.

<sup>6</sup> Hipple, Steven F. and Laurel A. Hammond, “Self-employment in the United States,” March 2016, Bureau of Labor Statistics, available at: <http://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/pdf/self-employment-in-the-united-states.pdf>.

<sup>7</sup> Opportunity Nation, The Opportunity Index 2015, available at: <http://opportunityindex.org/app/uploads/2015/10/2015-Opportunity-Index-Report.pdf>.

<sup>8</sup> Congressional Research Service, “Disconnected Youth: A Look at 16 to 24 Year Olds Who Are Not Working or In School,” October 1, 2015, available at: <http://www.policyarchive.org/handle/10207/18714>.

<sup>9</sup> Children under the age of five have the highest poverty rate (21 percent) in the US. See: United States Census Bureau, “POV01: Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race: 2015,” available at: <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pov/pov-01.html>.

<sup>10</sup> Pew Research Center, “The Rising Cost of Not Going to College,” February 11, 2014, available at: <http://www.pewsocialtrends.org/files/2014/02/SDT-higher-ed-FINAL-02-11-2014.pdf>.

<sup>11</sup> Ayres, Sarah, “The High Cost of Youth Unemployment,” April 5, 2013, Center for American Progress, available at: <https://cdn.americanprogress.org/wp-content/uploads/2013/04/AyresYouthUnemployment1.pdf>.

<sup>12</sup> O’Sullivan, Rory, Konrad Mugglestone, and Tom Allison, “In This Together: The Hidden Cost of Young Adult Unemployment,” January 2014, Young Invincibles, available at: <http://younginvincibles.org/wp-content/uploads/2014/01/In-This-Together-The-Hidden-Cost-of-Young-Adult-Unemployment.pdf>.