

JOBS AND THE ECONOMY

THE STATE OF
YOUNG AMERICA

JOBS AND THE ECONOMY



Our nation has experienced profound economic change over the last three decades. Globalization, new technologies, and deliberate public policies shifted our economy from the production of goods to the production of knowledge and services. As millions of unionized factory jobs moved overseas, our nation lost a primary source of middle-class jobs for people without college degrees. Less-educated workers now have few options outside of non-unionized, low-wage service occupations.

FINDINGS AT A GLANCE

FALLING BEHIND: EARNINGS FOR YOUNG WORKERS

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The tumultuous economic environment has taken a serious toll on young Americans. Paychecks have shrunk for all but the best-educated young workers. At the same time that the wage premium increased for educated workers, our nation decreased its investment in education and training—putting a college degree out of reach of lower-income and middle-class families. These two changes have made it ever more difficult for young people to either work or educate their way into the middle class.

And then the Great Recession hit, intensifying these trends, and raising another major obstacle between

young people and economic opportunity. Unemployment and underemployment rates for young Americans remain dangerously high—a situation that will drag down their earnings for years to come.

This generation confronts an increasingly polarized economy—characterized by declining job quality for less-educated workers and growing inequality. In 1980, a young man with a bachelor's degree earned roughly \$9,100 more than a young man with a high school degree. Today, he earns \$20,000 more. The trends are similar among women: in 1980, a young woman with a bachelor's degree earned roughly \$9,400 more than a young woman with a high school degree. Today, she earns \$19,000 more. (See the Data Appendix for our detailed tables)

Without increasing educational attainment and improving job quality at the lowest rungs of the labor market this generation will continue to struggle to match their parent's living standards. As the wage premium on education demonstrates and many predict, industries requiring relatively more educated workers will grow faster than ones that do not. According to one projection, the majority of the 14 million new jobs created in the next decade will require some type of college or training, though often an associate's degree will suffice.¹ With falling wages and benefits in service-level jobs, the message is clear: right now, the only path to economic opportunity for this generation runs through the doors of higher education.

FALLING BEHIND: EARNINGS FOR YOUNG WORKERS

MALES SEE LARGE DROP IN WAGES

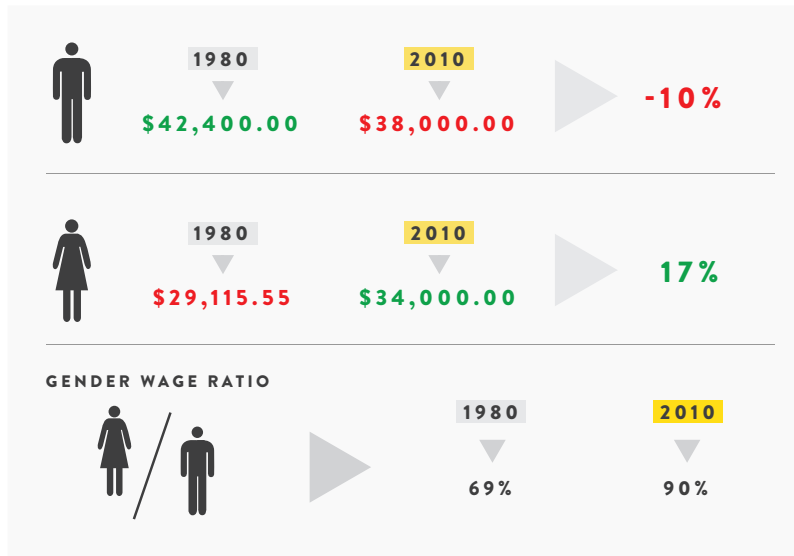
Young men and women experienced dramatically different earnings trends over the last generation. Overall, young men lost ground while women's paychecks grew steadily as more women earned college degrees, worked longer hours, and their career opportunities increased.

- Median earnings for young men who work full-time have declined over the course of a generation, falling 10 percent between 1980 and 2010 (Figure 1.1).

- Median earnings for young women who work full-time increased by 17 percent over the same period, delivering an additional \$4,880 more per year in their paycheck in 2010 than in 1980 (Figure 1.1).

- The gender gap in pay narrowed substantially over the last generation. In 1980, young women who worked full-time earned only 69 percent of what young men earned. By 2010, young women earned almost 90 percent of what young men earned. Young women earn less than their male counterparts at every level of education; however, some of the narrowing of this gap is due to the much greater increase in the proportion of young women with bachelor's degrees than men (Figure 1.1).

figure 1.1 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, 1980 AND 2010 (2010 DOLLARS)



SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement. All CPS and ACS data extracts from IPUMS, Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. Integrated Public Use Microdata Series, Current Population Survey: Version 3.0. [Machine-readable database]. Minneapolis: University of Minnesota, 2010

PAY GAP BY RACE

The racial pay gap is evident among young workers with the widest gap between young Latino and white workers.

- Median earnings for young full-time workers are highest among Asian Americans at \$43,500, followed by whites at \$40,000 (Figure 1.2).
- The racial pay gap is evident among young workers, with African Americans earning only 75 cents for every dollar earned by young whites, while Latinos earn only 68 cents for every dollar earned by young whites (Figure 1.2).

figure 1.2 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, AGES 25-34, BY RACE/ETHNICITY, 2010 (2010 DOLLARS)



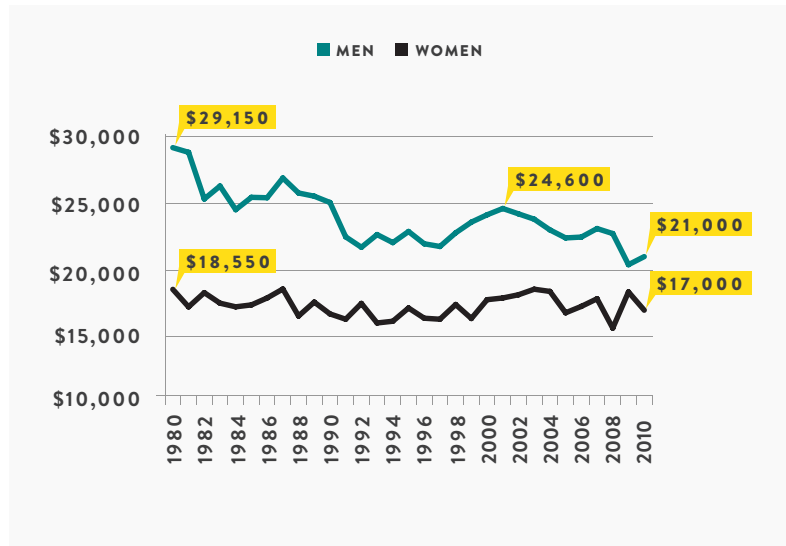
SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

ONLY COLLEGE-EDUCATED PULL AHEAD

Only workers with at least a bachelor's degree experienced substantial increases in earnings over the last generation.

- The median earnings for young men without a high school diploma are \$8,150 less (28 percent) in 2010 than they were in 1980 (Figure 1.3).
- Median earnings for young women without a high school diploma have fluctuated modestly with the health of the overall economy. As a result, they earn less today (down \$1,550) than in 1980 (Figure 1.3).

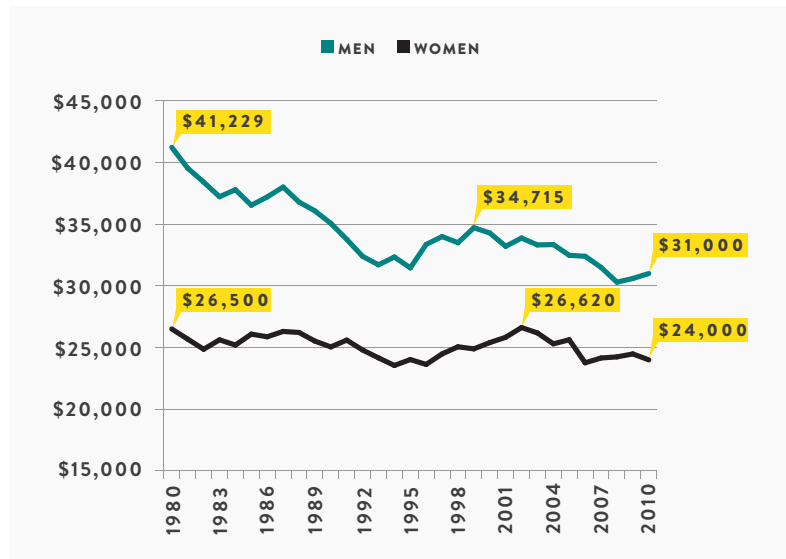
figure 1.3 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, LESS THAN A HIGH SCHOOL DIPLOMA, 1980-2010 (2010 DOLLARS)



SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

- Young men with only a high school education are earning 25 percent less today than they did in 1980, a loss of over \$10,000 (Figure 1.4).
- Young women with only a high school diploma earned \$2,500 less in 2010 than they did in 1980 (Figure 1.4).

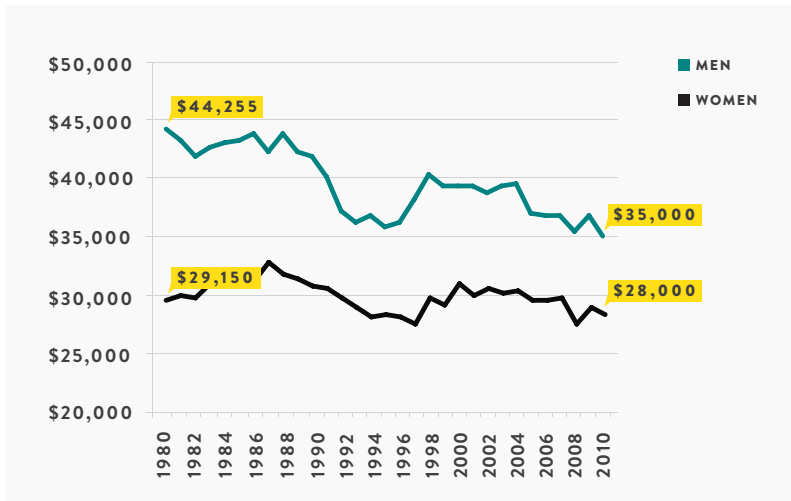
figure 1.4 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, HIGH SCHOOL GRADUATES, 1980-2010 (2010 DOLLARS)



SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

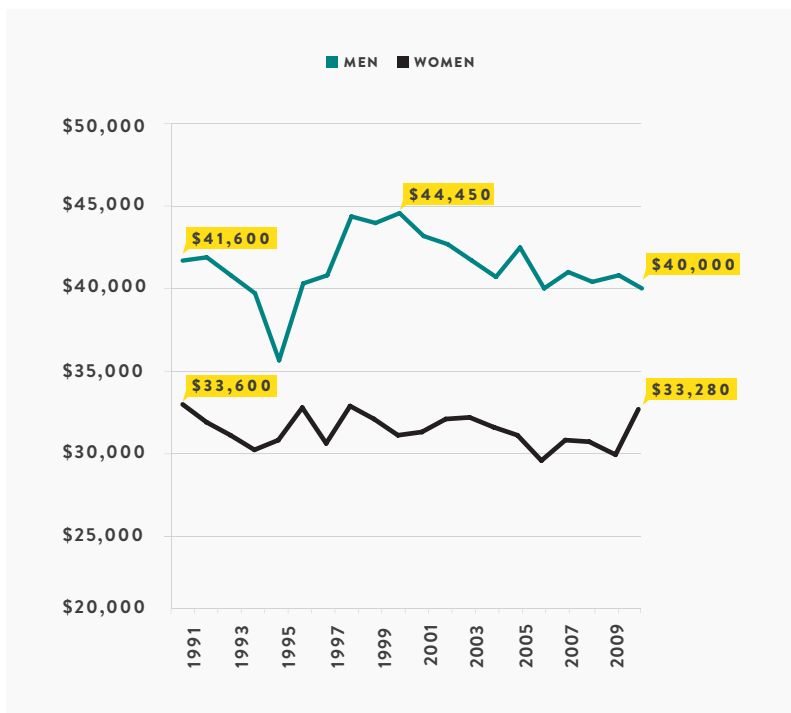
- The typical earnings for young men with some college are 21 percent below where they were in 1980. Their earnings dropped steadily between 1988 and 1991, rose in the late 1990s as the economy boomed, then dropped again in the early 2000s (Figure 1.5).
- The typical earnings for young women with some college are slightly lower (4 percent) than they were in 1980. Their earnings fluctuated modestly throughout the decades, after climbing steadily through the early 1980s (Figure 1.5).
- The typical earnings for young men with associate's degrees have dropped 4 percent since 1991, the first year data was collected for this category of education (Figure 1.6).
- Young women with associate's degrees earn approximately the same as they did in 1991, declining by 1 percent (Figure 1.6).

figure 1.5 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, SOME COLLEGE,* 1980-2010 (2010 DOLLARS)



*DATA FOR SOME COLLEGE INCLUDES THOSE WITH ASSOCIATE'S DEGREES BEFORE 1991
SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

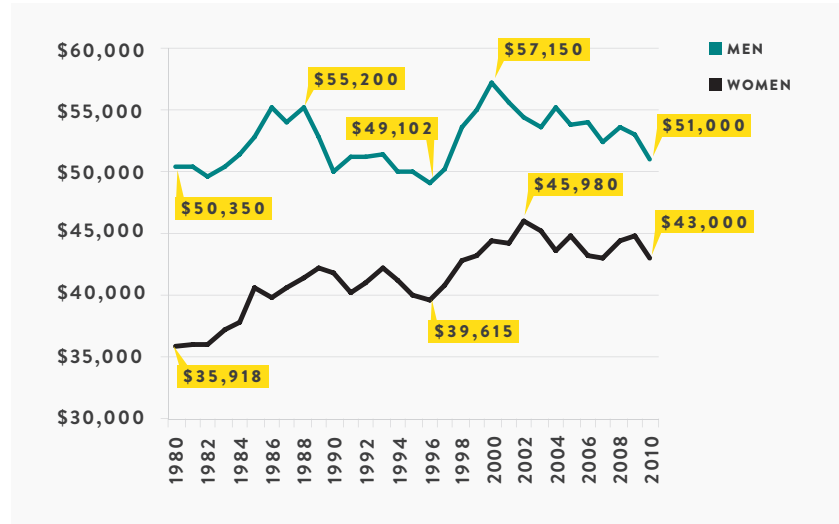
figure 1.6 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, ASSOCIATE'S DEGREE, 1991-2010 (2010 DOLLARS)



SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

- The median earnings for young women with at least a bachelor's degree rose 20 percent over the last 30 years, earning \$7,000 more per year in 2010 than in 1980 (Figure 1.7).
- Young men with at least a bachelor's degree rose only 1 percent, an increase in earnings of less than \$700 (Figure 1.7).

figure 1.7 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, BACHELOR'S DEGREE OR MORE, 1980-2010 (2010 DOLLARS)



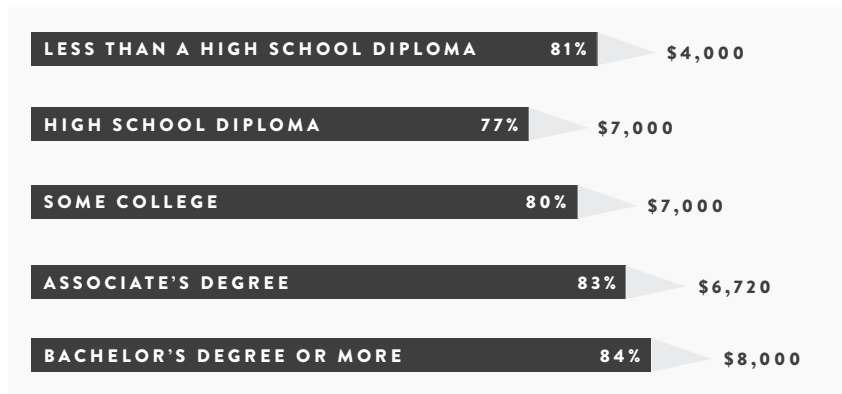
SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

THE GENDER PAY GAP

While a pay gap still exists at all levels of education, much of the growth among college-educated women is due to more steady labor force participation and better access to well-paying occupations.

- The gender pay gap is widest among young workers with a high school diploma, with women earning 77 cents for every dollar earned by men (Figure 1.8).
- The gender pay gap among college-educated young workers is the lowest of any educational level—with women earning 84 cents for every dollar earned by men (Figure 1.8).

figure 1.8 | GENDER PAY GAP, AGES 25-34, BY LEVEL OF EDUCATION, 2010



SOURCE: Dēmos analysis of Current Population Survey Annual Social and Economic Supplement

IN FOCUS: EX-OFFENDERS

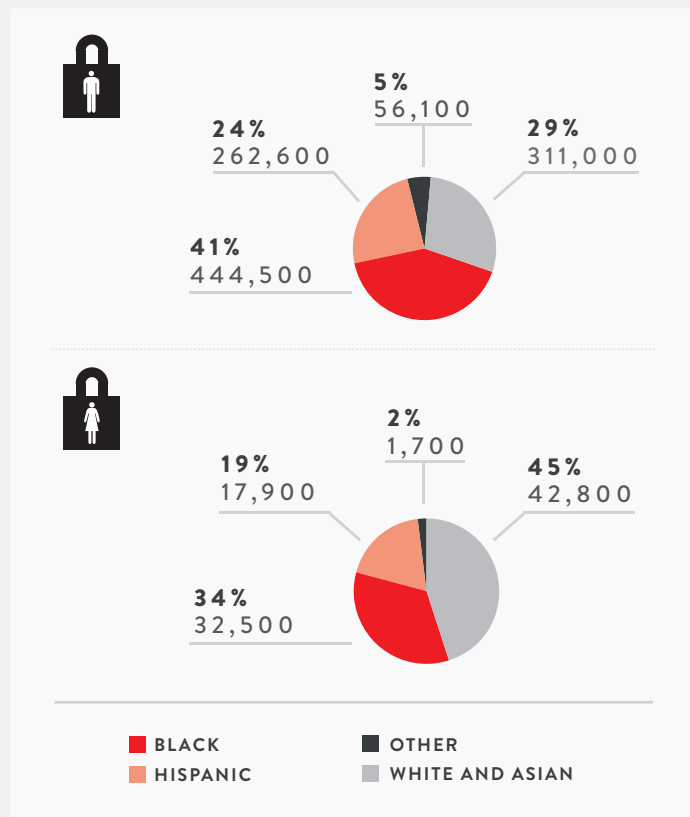
Incarceration rates for young people are staggering, particularly for young males of color. The overall incarceration rate has skyrocketed in the past three decades, increasing from 139 prisoners per 100,000 U.S. residents in 1980 to 502 prisoners per 100,000 U.S. residents in 2009, a 260 percent increase. Radical changes in drug and sentencing laws, along with a decline in employment opportunities in central cities, have contributed to the rapid rise in incarceration rates, particularly among young people of color, who make up a disproportionate share of prisoners. The young adults that get released after serving their time face even steeper odds of finding any economic security.

- One in nine black males aged 25 to 29 was in prison or jail in 2009, as were 1 in 27 Hispanic males and 1 in 60 white males in the same age group.
- Over 1 million young men (18 to 34) were incarcerated in 2010. Whites made up 29 percent of the young male incarcerated population, blacks 41 percent, and Latinos 24 percent (Figure 1.a).
- After leaving prison, finding a job is often difficult. According to one study that tracked men as they were released from prison, just 46 percent of ex-offenders were employed 7 months after being released from prison. 71 percent of these men said that their criminal record had affected their job search.

As a result, an enormous cohort of young adults—predominantly male minorities—actually leaves prison each year and attempts to successfully navigate an often difficult reentry into society. They generally hold a high school degree at most, and will often have to check a box on job applications declaring their criminal conviction. That one check mark means that more than 60 percent of employers are likely to reject their application outright. According to one study, serving time reduces the likelihood of a job offer by 50 percent for white men and by two-thirds for African Americans.

Studies also show that those who do find a job work fewer weeks each year and earn far less than if they had not been convicted of a crime. With limited job prospects offering low wages, providing for themselves, let alone their children, is at best a significant challenge for young ex-offenders.

figure 1.a | NUMBER OF INCARCERATED MEN AND WOMEN, AGES 18-34, JUNE 2009



SOURCE: Bureau of Justice Statistical Tables Inmates at Mid-year 2009 Table 17, Published June 2011 Includes Prisoners at State and Federal Prisons and Local Jails as of June 30, 2009

These tough odds all existed before the recession. Now, ex-offenders face even more hurdles in the labor market as they run up against education barriers, stigma, and disappearing jobs. And because more than half of the more than 2.2 million inmates are under 35, their low employment and earnings could plague them for their whole lives, leaving them with few options to make ends meet. ●

ETIENNE'S STORY

AGE 22 | PALO ALTO, CA



Etienne grew up in a bad neighborhood outside of Palo Alto, California. Things were tough from the start. The dysfunctional schools in his area were discouraging and by age 16 he had dropped out of high school to join the family construction business. They managed to make ends meet until the stock market crashed in 2008, taking the construction industry down with it. Etienne's family lost their house along with their business. Amid severe economic stress Etienne found himself at odds with his father, who kicked him out. At age 19 Etienne was homeless with no job and only a GED that he had earned in 2005.

With the poor economy, no one was hiring, and Etienne had another strike against him: like many young men from tough neighborhoods, he has a criminal record. A couple of arrests for minor offenses during his youth have forever scarred Etienne's employability. Even after acing interviews, he says, he has been repeatedly rejected from jobs for which he is qualified, all because of his background.

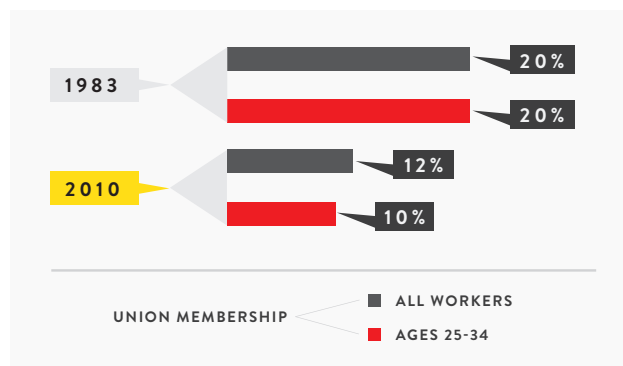
Facing these extensive employment barriers and desperate for options, Etienne knew he needed to add to his credentials and he enrolled at a local community college in nearby Los Altos Hills, California. His first attempt at higher education ended—with debt—when tuition became overwhelming, but his continued unemployment sent him back to campus once more. It's unclear how his record—and the recession—will affect his employability when he graduates, but for now all he can do is work hard. ●

DECLINE IN UNIONIZED JOBS

Young workers are less likely to work in unionized jobs than older workers—one factor contributing to the decline in job quality among occupations not requiring an advanced degree.

- A generation ago, young workers had similar rates of belonging to a union as all workers—with 20 percent in a union (Figure 1.9).
- Union membership has declined steadily every year since 1983, with younger workers experiencing a slightly bigger decline in union membership (Figure 1.9).
- As of 2010, only 12 percent of all workers belonged to a union, compared to 10 percent of young workers aged 25 to 34 (Figure 1.9).

figure 1.9 | UNION MEMBERSHIP, 1983 AND 2010



SOURCE: Dēmos Analysis of CPS Outgoing Rotation Group. 1983-2010 data extracted from: Center for Economic and Policy Research. 2011. CPS ORG Uniform Extracts, Version 1.6. Washington, DC

YOUNG PEOPLE HIT HARD BY THE GREAT RECESSION

HIGH UNEMPLOYMENT

Even during a boom economy, younger workers have higher levels of unemployment than those 35 and older. But the gap has widened as a result of the Great Recession. Rising unemployment and underemployment levels have hit all groups of young people, but certain groups have been hit hardest, experiencing Depression-era levels of joblessness.

- In 2010, nearly two years after the Great Recession, the youngest workers still face high levels of joblessness, particularly among African American men (Figure 1.10).
- Among young men aged 18 to 24, one out of three African Americans are unemployed and one out of five Latinos are unemployed (Figure 1.10).
- Among young women aged 18 to 24, one out of four African Americans and nearly 1 out of five Latinas are unemployed (Figure 1.10).
- Joblessness declines for those in their mid-twenties and early thirties, though both African Americans and Latinos continue to experience double-digit rates of unemployment at this age (Figure 1.10).

figure 1.10 | UNEMPLOYMENT RATE, BY AGE, GENDER, AND RACE/ETHNICITY, 2010

| | MEN | | | WOMEN | | | ALL | | |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 18-24 | 25-34 | 35+ | 18-24 | 25-34 | 35+ | 18-24 | 25-34 | 35+ |
| ALL | 19.7% | 10.9% | 8.3% | 14.6% | 9.1% | 6.9% | 17.3% | 10.1% | 7.6% |
| WHITE, NON-HISPANIC | 17.5% | 9.9% | 7.7% | 12.6% | 7.7% | 6.5% | 15.2% | 8.9% | 7.1% |
| BLACK, NON-HISPANIC | 32.6% | 19.3% | 14.0% | 25.2% | 16.0% | 9.6% | 28.8% | 17.6% | 11.6% |
| HISPANIC (ANY RACE) | 21.2% | 11.6% | 10.4% | 18.6% | 10.9% | 10.6% | 20.1% | 11.3% | 10.5% |
| ASIAN | 14.2% | 6.2% | * | 10.2% | 7.8% | * | 13.8% | 6.9% | 6.7% |

* UNEMPLOYMENT RATES NOT AVAILABLE FOR ASIAN POPULATION 35 AND OLDER
SOURCE: Dēmos Analysis of Bureau of Labor Statistics Data

IN FOCUS: A NEW GENERATION OF VETERANS

Post-9/11 veterans enlisted knowing that they would likely see active duty, and many of them did: since 9/11, more than 2.2 million Americans have been deployed to Iraq or Afghanistan. Unfortunately, our nation has not rewarded their service with economic opportunity and stability. In fact, the opposite is true. The weak economy and the lasting mental and physical effects of combat service have left today's young vets in a deeply troubling economic condition.

- The unemployment rate for Gulf War-era II veterans aged 18 to 24 was 20.9 percent in 2010—3.6 percentage points higher than the unemployment rate for all 18 to 24 year-olds, and over 11 percentage points higher than the unemployment rate for the general population in 2010 (Figure 1.b).
- Those young veterans fortunate enough to have jobs earn on average close to the median wages for young people as a whole: veterans aged 18 to 24 earned on average \$1,200 less per year than the median 18 to 24 year-old, while veterans aged 25 to 34 earned \$5,000 more (Figure 1.b).

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“I HAVE A LOT OF FRIENDS WHO RECENTLY LEFT THE ARMY ... I’D SAY ONLY ABOUT 25 PERCENT OF THEM HAVE JOBS.”

— SOLDIER, BETHESDA, MARYLAND

A confluence of factors seems to drive this high unemployment rate: the prevalence and stigma of mental health disorders, difficulties transitioning into civilian work, a bad economy, and experience in struggling sectors.

Mental health disorders are common among veterans returning from active duty.² Surveys show that employers see these mental health issues as a challenge in hiring veterans,³ and soldiers who have mental health problems recognize this—one in three worry about the effect it could have on their career.⁴ Surveys also show that veterans struggle to translate their unique skills to today's job climate, and employers often do not have a complete understanding of the qualifications they offer.⁵ Moreover, veterans were often working in areas with declining labor trends that were then hit hard by the recession, such as manufacturing.⁶

It is not all bad news. The GI Bill of Rights had lost much of its purchasing power until it was recently expanded to cover state tuition, provide grants for apprenticeship and training programs, and transfer benefits to family members.⁷ The additional aid should help this generation of veterans to attain the skills needed for civilian work. Whether it will help them over other steep economic hurdles remains to be seen. ●

figure 1.b | UNEMPLOYMENT AND WAGES OF VETERANS VERSUS THE POPULATION, YOUNG ADULTS, 2010

| AGE GROUP | GULF WAR-ERA II VETERANS | POPULATION | FULL-TIME EMPLOYED VETS | FULL-TIME, POPULATION |
|-------------------|--------------------------|-----------------|-------------------------|-----------------------|
| UNEMPLOYMENT RATE | | MEDIAN EARNINGS | | |
| 18-24 | 20.9% | > 17.3% | \$18,800 | < \$20,000 |
| 25-34 | 13.1% | > 10.1% | \$40,000 | > \$35,000 |

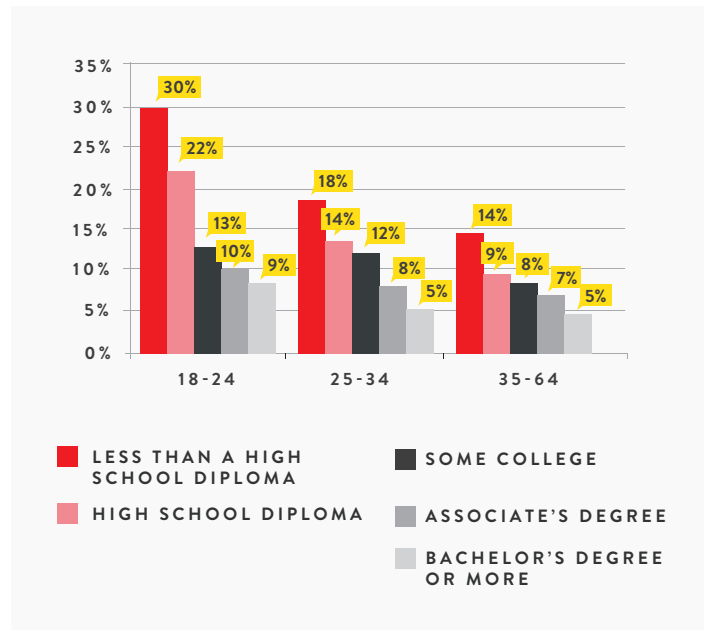
SOURCE: Labor Force Statistics, Source: Bureau of Labor Statistics, Employment Situation of Veterans, 2010, Table 2 Median Earnings, Source: Dèmos Analysis of Current Population Survey March 2011 Annual Social and Economic Supplement

UNEMPLOYMENT BY EDUCATION

Young people without bachelor's degrees are much more likely to be jobless.

- Among 18 to 24 year-olds, one out of five people with only a high school diploma were unemployed, compared to less than one out of 10 with at least a bachelor's degree (Figure 1.11).
- Among 25 to 34 year-olds, 14 percent of people with only a high school diploma were unemployed, compared to just 5 percent among those with a bachelor's degree or more (Figure 1.11).

figure 1.11 | UNEMPLOYMENT RATE, BY AGE AND EDUCATIONAL ATTAINMENT, 2010



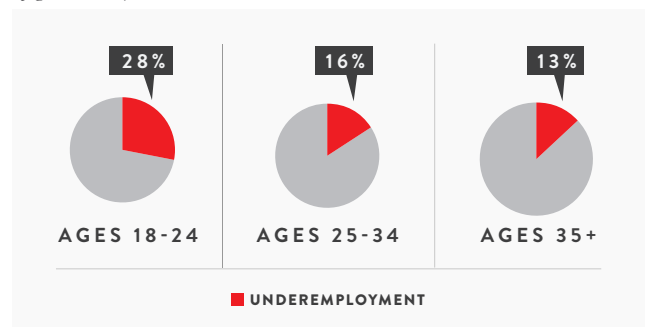
SOURCE: Dēmos Analysis of Current Population Survey Basic Monthly

UNDEREMPLOYED: WANTING MORE WORK BUT CAN'T FIND IT

Young workers are more likely to be stuck in part-time jobs than older workers, particularly those just starting out in the labor market.

- As of August 2011, more than a quarter of 18 to 24 year-olds are underemployed, compared to just 13 percent of older workers (Figure 1.12).

figure 1.12 | UNDEREMPLOYMENT RATE, BY AGE, AUGUST 2011*



*DATA FOR SOME COLLEGE INCLUDES THOSE WITH ASSOCIATE'S DEGREES BEFORE 1991
SOURCE: Dēmos analysis of Current Population Survey Monthly Data

“I’M REALLY STRUGGLING RIGHT NOW.
I’M PART OF THE UNEMPLOYED POPULATION.”

- MILWAUKEE, WISCONSIN

BRANDON'S STORY

AGE 29 | DETROIT, MI



When Brandon J. finished college at Eastern Michigan University he returned to his native Detroit only to find that his background in business and technology was not enough to guarantee employment, much less a good job. Despite the relative prosperity of 2005, Brandon encountered a lesson learned by millions of other young workers: navigating the 21st century American economy can be hard for young people.

Even workers like Brandon who hold a college degree—and are overall much more likely to be employed—struggle in the labor market. Minority men, as Brandon can attest, face a particularly tough time finding work. And while Brandon came from a union family, union jobs were not there for him or his friends. With some persistence Brandon found work. In the supposedly bullish market, Brandon helped to improve the job prospects of people who were having an even harder time finding a job: those workers without a post-secondary degree. Brandon maintained a computer lab that retrained displaced workers in the latest technology for the growing health care field.

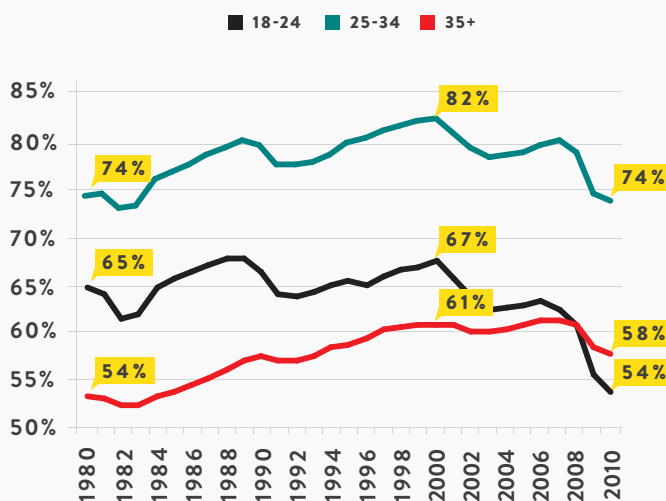
But when the housing bubble burst in late 2007 and the stock market tanked Brandon was no exception to the fallout of an economic decline. The program he helped to run lost its funding and ended his contract in 2009. Brandon returned to the job search with one million other young adults. He, like many others, faced the prospect of long-term unemployment. Instead, Brandon recently applied the skills he learned in college to start his own business: entrepreneurship is one of the few positive by-products of the recession for struggling young people. Now, despite facing an extremely fickle boss—the struggling Detroit economy—Brandon is hopeful about his current path. •

YOUNG PEOPLE NEVER RECOVERED FROM THE 2001 RECESSION

In the year 2000, the percentage of people employed in the United States hit an all-time high, with over 64 percent of the population employed. The recession in 2001 caused that number to decline, but then the percentage of the population with jobs recovered for most workers by 2004 with one exception: the percentage of young people with jobs never rebounded. This meant that heading into the Great Recession, there were already fewer jobs available for young workers.

- Among the population ages 25 to 34, the percentage with jobs is at levels not seen since the early 1980s. For 18 to 24 year-olds, it is lower now than at any time in the past 30 years (Figure 1.13).
- Older Americans gained back their jobs after the 2001 recession—and then some—reaching an even higher employment ratio in 2004 (Figure 1.13).

figure 1.13 | EMPLOYMENT-POPULATION RATIO, BY AGE, 1980-2010



SOURCE: Dēmos Analysis of Bureau of Labor Statistics Data

ENDNOTES

1. Anthony P. Carnevale, Nicole Smith, Jeff Strohl, “Help Wanted: Projection of Jobs and Education Requirements through 2018,” Georgetown University Center on Education and the Workforce (2010). <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/FullReport.pdf>.
2. RAND study showing that 1 in 5 new vets have PTSD or depression. Terri Tanielian and Lisa H. Jaycox, Eds., “Invisible Wounds of War: Psychological and Cognitive Injuries, Their Consequences, and Services to Assist Recovery,” RAND, 2008, p. 96. <http://www.rand.org/pubs/monographs/MG720/>.
3. See e.g., Society for Human Resource Management, SHRM Poll: Employing Military Personnel and Recruiting Veterans: Attitudes and Practices, June 23, 2010.
4. Mental Health Advisory (MHAT) IV, Final Report: Operation Iraqi Freedom 05-07, Nov.17, 2006, p. 25.
5. Military.com, “Military.com Study Reveals Profound Disconnect between Employers and Transitioning Military Personnel,” November 5, 2007. See also Society for Human Resource Management, SHRM Poll: Employing Military Personnel and Recruiting Veterans: Attitudes and Practices, June 23, 2010.
6. BLS Employment Situation of Veterans: 2007. CPS numbers.
7. 38 USC §§ 3301 – 3324.

