

# Global and Local Youth Unemployment: Dislocation and Pathways

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We know that a person's chance of finding employment depends largely on their employment history. This is especially true for youth. National studies have shown that early employment experiences shape youth's earning potential for the rest of their lifetime [1]. Youth unemployment rates, however, have recently reached highs that have not been seen since 1948. Youth unemployment rates for workers ages 16-24 peaked at 19.2% in September of 2009 [2]. Youth are now two times more likely to be unemployed than adult workers, and although youth only comprise 13.5% of the workforce, they represent 26.4% of the unemployed [2]. We know that the recession will not last forever, but today's youth may feel its effects for the rest of their working lives.

This report discusses the current state of youth unemployment so that policy makers can critically consider their options. First, we cover youth's position in the current recession. We then discuss the characteristics of youth who are disproportionately affected by unemployment and the detrimental effects that unemployment can have. Next, we summarize the key recommendations made in the 2009 report by the Massachusetts Workforce Investment Board, part of the Executive Office of Labor and Workforce Development. Finally, we report on programs and policies that are already in place and provide information on bills currently being debated by the Massachusetts State Legislature.

## HOW HAS THIS RECESSION BEEN DIFFERENT THAN OTHERS?

This recession has been especially hard on youth workers. Youth faced a 7.4% increase in unemployment in the first two years of the recession (December 2007 to January 2010) [2]. Figure 1 shows that this substantial increase in unemployment is worse in this recession than it was in any of the three recessions in the past 30 years.

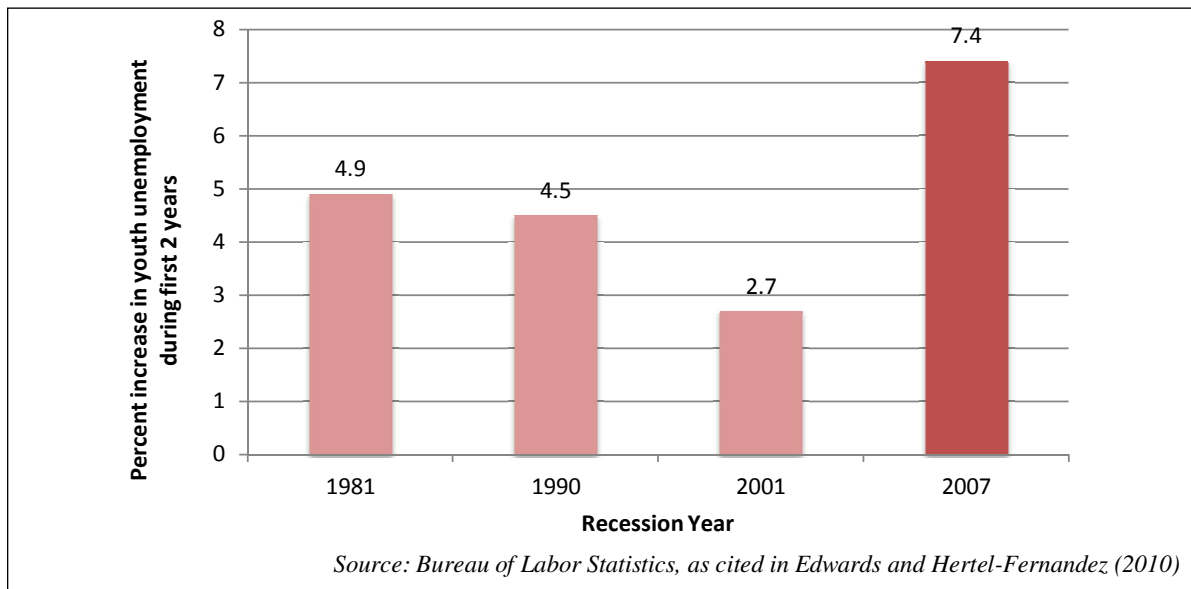


Figure 1: Youth unemployment rates rose more in the first two years of this recession than in any other recession for the past 30 years

In addition to facing harsher employment prospects, many youth are falling out of the labor force entirely. In the two years between December 2007 and January 2010, 1.5 million youth left the labor force. Though adult unemployment also rose during that time, the adult labor force remained relatively stable [2]. Overall, 6.5% of the youth labor force stopped looking for work during this time period.

Some argue that enrollment increases in higher education facilities accounts for many youth who leave the labor force, but that argument does not consider that many students also hold jobs while they study. Ultimately, what this means is that in addition to the vast population of unemployed youth, another 1.5 million youth across the country may be exposed to financial and psychological risks tomorrow because of their non-participation in the labor force today.

## WHO IS AFFECTED BY MASS YOUTH UNEMPLOYMENT?

### Minority Youth

Rising unemployment rates do not affect all youth equally. The recession has exacerbated racial disparities, putting minority youth out of work more often than their white peers [3]. Research has often pointed out disparities between the outcomes for African-American youth versus White youth, but Latino youth also deserve our attention.

This is particularly true in Massachusetts, where Latino residents outnumber African-American residents. As of 2010, almost 10% of Massachusetts' population – or over 600,000 people – identified as Latino [4]. Half of Massachusetts' Latino residents are under the age of 24. In contrast, just under one-third of the state's population is under 24. The median age of a Latino resident is over 12 years younger than that of the general population [4]. These figures tell us that providing pathways for Massachusetts' 300,000 Latino young people to succeed in the work world is more important now than it ever was.

All this would be irrelevant if Latino youth participated in the labor force as often as their White peers. However, they do not. Although their labor force participation rates have been increasing since 1970, Latino youth are still less likely to be in the labor force at any given time than White or African-American youth [5]. This means that they are at a disadvantage when it comes to building skills that will help them increase their lifetime earning potential.

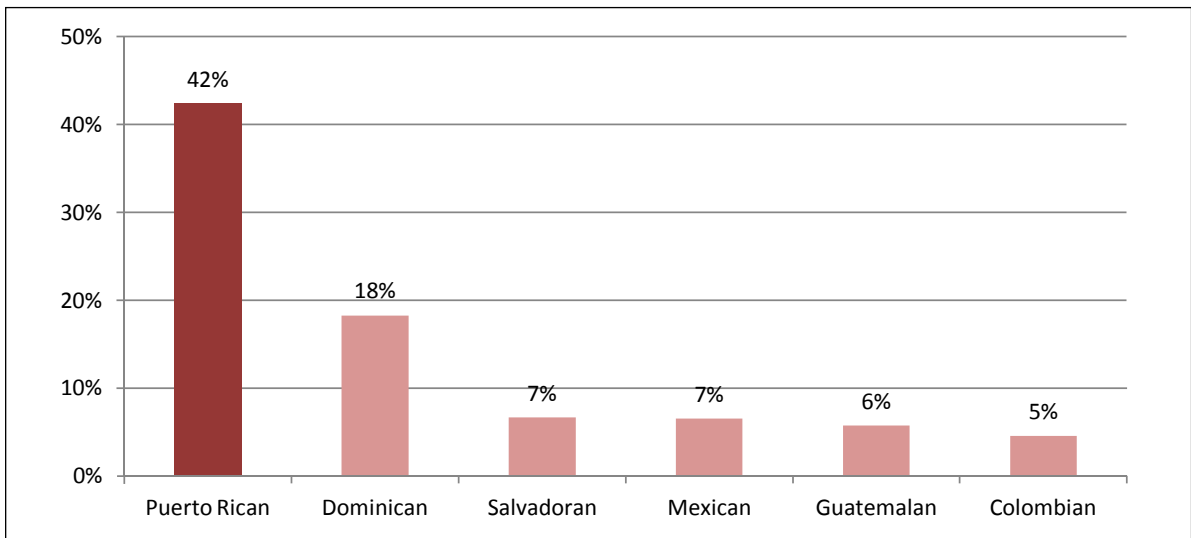


Figure 2: Origins of the Latino Population (MA)  
 Source: U.S. Census Bureau 2010

Youth labor force participation rates also vary by Latino sub-group. Figure 2 shows the distribution of the Latino population in Massachusetts by ethnic group. In 2010, just over 40% of the state's Latino population had Puerto Rican origins. As shown in Figure 3, nationally Puerto Rican youth are the least likely to be in school, be employed, or to be actively looking for work. These youth are therefore especially at risk.

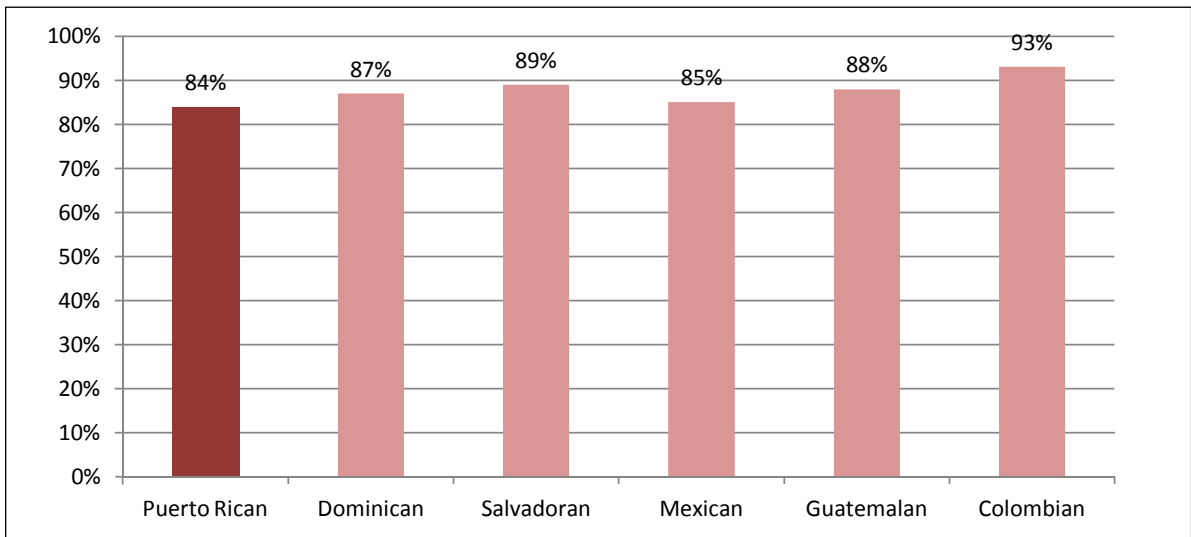


Figure 3: Participation in either the labor force or in school (U.S.)  
 Source: Adapted from Fry (2009)

Researchers have found that young Latino women are especially in danger of falling off the pathways to work or school [5]. They are even more at risk than young African-American men, a group that has traditionally experienced significant detachment. Fry states, “Detachment from school and work was particularly pronounced among foreign-born Latino females. More than three-in-ten foreign-born Latino females were neither in school nor the labor force” [5]. Many of these young women are mothers, but even more are not.

### **Youth involved with the justice system**

In 2009, the U.S. had the highest incarceration rate in the world. The growth in the prison population has been most significant amongst young men, especially young men of color [3], and incarceration rates are still on the rise for young African-American men [5]. Other important facts about incarceration include:

- Half of those imprisoned have not finished high school [3];
- One in four African-Americans born in 2009 can expect to go to prison [3];
- Six in ten African-American men without a high school diploma will go to prison [3];
- Half of the prison population is under the age of 35, which means that the impacts of their incarceration will be felt for a large portion of their working lives [3];
- Latino men are twice as likely to be incarcerated as White, non-Latino men [5];
- African-Americans are almost six times more likely to be incarcerated than White men [3].

Many of these young men face employment challenges that can contribute to their criminal behavior. When they get out, their criminal history often complicates their employment prospects even more [5].

Furthermore, three in four minority men in prison are fathers [3], which is especially important when considering youth at risk. The “mass incarceration” of young men of color affects more than just the men who are incarcerated. It also has lasting impacts on those who are left behind.

In one study of two neighborhoods in Tallahassee, the researchers found that every family in both neighborhoods had a loved one who was or had been in prison [3]. Incarceration impacts the communities that those in prison leave behind in a number of ways:

- It weakens the “earning power of people who cycle through the prison system,” making it more difficult to support a family when they return [3];
- “It has reduced the rate of marriage among African Americans,” which introduces the economic disadvantage of growing up in a single-female household [3];
- It puts an “increased economic strain on families” because of the loss of wages and the cost of staying connected to the incarcerated person [3].

Additionally, it damages children’s life chances when a parent goes to prison. In comparison to children whose parents never went to prison, children of parents who have been in prison are 3 to 4 times more likely to have a juvenile delinquency record, which in turn damages their school prospects. In addition, they are 2.5 times more likely to develop a serious mental disorder [3].

Thus, youth can feel the negative impacts of being involved with the justice system even if they themselves have done nothing wrong. These impacts often carry into their working lives, making them more likely to face economic hardship later in life.

### WHAT HAPPENS WHEN YOUTH CANNOT FIND WORK?

There is substantial literature to support the argument that periods of unemployment create problems that can be difficult to overcome. Almost no one benefits from being unemployed, but the effects are most lasting for teens and young adults.

Data from the Bureau of Labor Statistics suggests that unemployment damages self-esteem, increases the likelihood that a person will become depressed, and makes them more susceptible to negative health effects like malnutrition [6]. Unemployment can also reduce a person's life expectancy and increase the likelihood that they will have a heart attack later in life [6]. More alarming still, the same data shows that people who are jobless are more likely to commit suicide [6].

Being unemployed as a young person, especially for a long time, "causes permanent scars rather than temporary blemishes" [6]. While a young person may eventually find a job, having been unemployed raises the probability that they will become unemployed again. Instability like this damages their lifetime earning potential more than it would for an adult who experiences a period of unemployment [6].

### WHAT DOES ALL THIS MEAN FOR MASSACHUSETTS?

In 2009, the Massachusetts Workforce Investment Board released a report that made three recommendations:

1. Increase the number and quality of work experiences and career exploration activities for both in-school and out-of-school youth.
2. Organize and strengthen collaboration among education, workforce, and human service agencies at both the state and regional levels.
3. Pilot a "multiple pathways" approach in selected regions that combines the education, workforce development, and human service support necessary to address the state's dropout crisis by creating new avenues to educational attainment, economic security, and upward mobility for all youth [1].

The first recommendation addresses the notion that youth who are given the chance to work at a young age will have an easier time finding quality employment later in life. If a teen does not have a job during high school, research has shown that they are more likely to be disconnected from the labor market after high school [2]. Today, fewer young people are being prepared for a life of steady employment.

Evaluations of the Youth Corps program show that young people who participate have better employment prospects when they complete the program and are able to earn more money [7]. Being involved in the program gives young people legitimacy in their applications for future jobs. Additionally, hiring managers see the program as an incentive to hire young workers. The Board writes, "Employers are more likely to participate in a youth program when an adult will vouch for the young person's preparedness for the experience and his/her level of commitment to gaining employment" [1].

The second recommendation aims to address the "lack of alignment between workforce activities and the other systems that serve youth, particularly the education and human service systems" [1]. Other studies have documented the poor alignment of programs, especially to address the needs of low wage workers [9]. The Board found that many good programs are already in place in Massachusetts. Unfortunately, agencies that serve youth find it difficult to weave their services together into a "continuum of care" so that youth do not fall through the cracks.

The final recommendation is meant to provide a safety net before and after youth either leave school or fall behind academically. The Board acknowledges that traditional academic excellence is not the only path to success for youth, but as yet, programs have not adequately allowed for other paths. They charge new policies to increase agencies' capacity to coordinate with each other and innovate new program models "that will address the needs of youth who have fallen behind academically and those who have left school altogether" [1]. The following section outlines programs that are currently in place to address youth unemployment.

**PROGRAMS OVERVIEW**

**Massachusetts**

Table 1 provides information from the Commonwealth Corporation summarizing programs in Massachusetts that aim to develop pathways to young adulthood for youth [8].

Program	MA Dept Liason	Year Established	Program Overview	Who was served?
Bridging the Opportunity Gap Initiative	Youth Services (DYS)	2006	<ul style="list-style-type: none"> <li>Provides employment-related services to DYS youth reentering the community after being involved with the juvenile justice agency</li> <li>Targets non-court-involved youth</li> <li>Encourages youth to return to their home communities</li> <li>Administered by grantee organizations</li> <li>Trains through 3 pathways                             <ul style="list-style-type: none"> <li>Vocational</li> <li>Workplace Learning: Certifications, career readiness training, and subsidized employment</li> <li>Entrepreneurship/Microenterprise: Entrepreneurship training and subsidized employment – ideally in a youth developed or operated small business</li> </ul> </li> <li>Youth placed in subsidized employment upon completion of vocational training</li> </ul>	<ul style="list-style-type: none"> <li>311 youth in 2010</li> <li>Most participants (84%) were male</li> <li>Program served a higher percentage of Latino/Hispanic youth than the DYS caseload at large</li> <li>85% of participants had neither a GED nor a high school diploma</li> <li>13% of participants were parents</li> <li>19% were English language learners</li> <li>31% had an Individual Education Plan</li> <li>Only 8% of youth were placed in the industry for which they received vocational training</li> <li>Youth who received a certification reported higher levels of satisfaction with the program and were more likely to find a job after</li> </ul>
Community Reentry Grant Initiative	Youth Services (DYS)	2009	<ul style="list-style-type: none"> <li>Provides community oriented activities to DYS clients</li> <li>Services for education, arts, mentoring, training, and workforce development</li> <li>Direct services that meet the career readiness, pre-employment and employment needs of youth in the custody of DYS</li> <li>Direct services that support pre-GED, customized tutoring directed at improving literacy skills, and programming that enables youth to obtain their GED</li> <li>Programming for a range of out of school time experiences such as mentoring, community service learning, leadership and advocacy training, arts and cultural opportunities</li> <li>Work-based learning opportunities including internships, entrepreneurship training</li> <li>Stipends or tuition to support one or more youth within a targeted training program (such as YouthBuild or Job Corp)</li> </ul>	<ul style="list-style-type: none"> <li>Youth in the custody of DYS</li> </ul>
Education Quality Assurance Initiative	Youth Services (DYS)	2008, pilot in 2010	<ul style="list-style-type: none"> <li>The purpose of the EQA Initiative is to establish, communicate and disseminate a set of core education program standards that define education program quality in DYS residential programs.</li> <li>Making sure that teachers obtain and maintain certification in at least one subject that they teach over the next five years</li> <li>Develop Individual Professional Development Plan for teachers</li> </ul>	<ul style="list-style-type: none"> <li>Youth in DYS residential programs</li> </ul>
Summer Youth Employment Programs (SYEP)		2009	<ul style="list-style-type: none"> <li>Offers 6-7 weeks of employment, about 30 hours per week</li> <li>Almost always preceded by paid orientation and work readiness training</li> <li>Many jobs in community service</li> </ul>	<ul style="list-style-type: none"> <li>Put almost 12,000 youth to work in 2009</li> <li>Largest program in MA in over 20 years</li> <li>7,000 jobs provided by ARRA funds</li> </ul>
Dropout Reduction and Multiple Pathways Development Virtual Toolshed	Elementary and Secondary Education, Executive Office of Education		<ul style="list-style-type: none"> <li>Designed to collect and share effective tools for practitioners in the field working on improving graduation rates and developing multiple pathways to graduation</li> </ul>	

Table 1 continued on next page

Program	MA Dept Liason	Year Established	Program Overview	Who was served?
YouthWorks	Office of Labor and Workforce Development		<ul style="list-style-type: none"> <li>• Subsidizes wages for low-income youth aged 14-21 for summer and year-round jobs</li> <li>• Available to youth living in targeted cities</li> <li>• 25 hours per week</li> <li>• Requires a 20% private sector match</li> </ul>	<ul style="list-style-type: none"> <li>• Income-eligible youth</li> <li>• Served 3,745 youth in 29 cities in 2011</li> <li>• 15% were high-risk (homeless, in foster care, court-involved, on juvenile probation, or gang involved)</li> </ul>
Transitional Employment Grants			<ul style="list-style-type: none"> <li>• Designed to help at-risk youth and the chronically unemployed acquire skills training</li> <li>• Awards grants to organizations to deliver programs designed with the input and participation of employers and businesses</li> <li>• Grantees provided programs in                             <ul style="list-style-type: none"> <li>- Hospitality</li> <li>- Food services</li> <li>- Maintenance</li> <li>- Media arts and technology</li> <li>- GED attainment</li> <li>- Nurse's Aide training</li> <li>- Building services for men with a felony charge</li> </ul> </li> </ul>	

Table 1: Approaches in Massachusetts to Target Youth Unemployment

### International approaches

Although each country faces its own unique set of challenges, most countries have had to address the growing ranks of the unemployed brought on by the worldwide economic downturn. Globally, youth are three times as likely to be unemployed as adults [7].

In addition, the International Labor Organization's economic projections predict a longer recovery time for youth unemployment than for the adult labor force. Youth in the most developed nations have been hardest hit. This is in part due to the fact that the years leading up to the current recession saw substantial growth in the developed world.

The bright side of this is that we are not alone. Legislative bodies around the world are working to give youth a better foothold in the labor market. Table 2 briefly summarizes some anti-recession approaches that other developed nations have taken to target youth unemployment.

Approach	Country
Preferential treatment for government contracts if a firm employs apprentices	Australia
Successful public contractors are required to employ a certain proportion of apprentices	United Kingdom
Bonuses for firms who hire apprentices	France, Switzerland
Bonuses for firms when their apprentices successfully complete their program	Australia, Canada
Funds allocated to support high-tech graduate internships	Canada
Funds allocated to provide assistance to youth seeking summer jobs	Canada
Wage subsidies offered to employers who hire interns on a contract-basis when they complete their internships	Republic of South Korea
Wage subsidies to employers who hire 16-24 year olds with 'limited skills;' Subsidy is paid in two installments: NZ\$3000 up front and NZ\$2000 after six months	New Zealand

Table 2: International Approaches to Youth Unemployment in the Current Recession

Source: *International Labour Institute (2010)*

## POLICY OVERVIEW

There are many bills currently being considered in Massachusetts that focus on improving youth employment opportunities. These bills focus on increasing the education of youth and assisting those who are at risk of not completing high school. By raising the education level of youth, they have the opportunity to advance in the workforce.

The Youth Solutions Act of 2011, H.540, was created to promote and support programs in Massachusetts that will increase the education, skills and employment of youth. By supporting agency programs that benefit youth education, the government is able to assist teens entering the labor market while boosting the economy.

H.2712 (2011) proposes a task force that would recommend policies benefitting at risk groups, including youth between the ages of 16 and 21 who are at risk of dropping out of school or who are academically at risk of not completing requirements for high school graduation.

H.2871 (2011) was written with the intention of providing low-income, disadvantaged youth with high impact programs that offer educational and job skills that promote long-term economic success.

S.971 (2011) was created after Section 1. Chapter 25A of the General Laws was amended to further enhance training and career opportunities for young workers. All of these bills aim to focus on areas that the research deems as necessary foci to address this problem of youth unemployment.

Bills currently being debated in neighboring states focus on training high school students and graduates in job skills, and could also be considered for adoption by Massachusetts in its efforts to combat youth unemployment.

For example, there are programs in New York established to help youth find employment opportunities. New York's A01733 would create a youth employment and career development program in New York City high schools. It would be administered by the New York City Board of Education to encourage the development of part- and full-time jobs for high school students and graduates; to provide students with job training, placement services and career counseling; and to assist high school faculty in developing and implementing a curriculum to provide students with work-competency training.

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