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Global and Local Youth Unemployment: Dislocation and Pathways

Ramon Borges-Mendez, Lillian Denhardt, and Michelle Collett

The impact of economic recessions is not felt uniformly across demographic groups, and the detrimental effects of the one-time dislocations can significantly shift the long-term prospects of human development for many years to come. The current recession has been hard on young people in the United States between the ages of 16 and 24, especially minorities (Latino or African American). Labor force participation rates have dropped dramatically and unemployment has reached as high as 30% in some states. Long spells of unemployment and adverse conditions for labor market incorporation further increase the likelihood of other poor life outcomes, such as problems with the legal system, low-wage employment, and little socioeconomic mobility. Preventing such eroding effects requires legislative and programmatic interventions to help youths into positive labor market and education pathways, among them workforce development, enhanced vocational training, and reduction of education costs. The article outlines some of such interventions and programs in Massachusetts and in other countries.

The chance of finding employment depends largely on one's employment history. Employment history is especially important for young people. National studies have shown that early employment experiences shape a young person's earning potential for the rest of his or her life.¹ Youth unemployment rates, however, have recently reached highs that have not been seen since 1948. Unemployment rates for workers ages 16–24 peaked at 19.2% in September 2009. Youths, defined in this report as those between the ages of 16 and 24, are now two times more likely to be unemployed than adult workers, and though youths comprise only 13.5% of the workforce, they comprise 26.4% of the unemployed.² Today's young people may feel the effects of the current recession for the rest of their working lives.

The purpose of this report on the state of youth unemployment in the current recession is to help policy makers critically consider their options. We discuss the characteristics of the young people who are disproportionately affected by unemployment and the detrimental effects of unemployment.

We then summarize the recommendations made in a 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 bills that are being debated by the Massachusetts state legislature.

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How Has This Recession Differed from Others?

In the first two years of the current recession (December 2007 to January 2010), youth unemployment increased 7.4%. This substantial increase in unemployment is worse than the increase in unemployment in any of the three recessions in the past thirty years (see Figure 1).

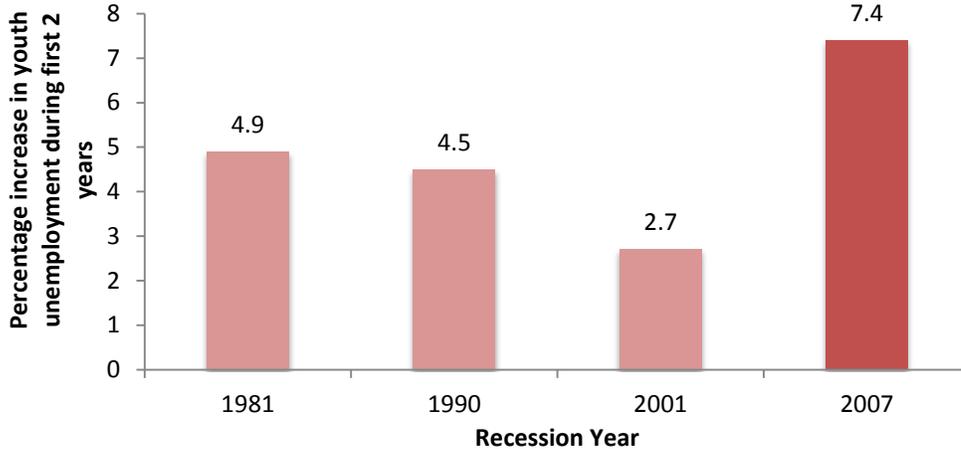


Figure 1. Youth unemployment rates in the United States in the first two years of the current and three previous recessions. (Data from U.S. Department of Labor, Bureau of Labor Statistics, as cited in Edwards and Hertel-Fernandez, *Kids Aren't Alright*.)

In addition to facing harsh employment prospects, many youths are falling out of the labor force entirely. Between December 2007 and January 2010, 1.5 million youths left the labor force. Though adult unemployment also rose during that time, the adult labor force remained relatively stable.³ Overall, 6.5% of the youth labor force actively stopped looking for work during this time.

Some argue that increased enrollment in higher education facilities accounts for many of the youths who leave the labor force. But that argument does not consider that many students also hold jobs while they study. Ultimately, because of their nonparticipation in the labor force today, this 6.5%, or 1.5 million youths across the country, like the vast population of unemployed youths, may be exposed to financial and psychological risks tomorrow.

Who Is Affected by Mass Youth Unemployment?

Minority Youths

Rising unemployment rates do not affect all youths equally. The recession has exacerbated racial disparities, putting minority youths out of work more often than their white peers.⁴ Many studies have revealed disparities between the outcomes for African American youths compared with those for white youths. Latino youths, however, also deserve our attention, especially in Massachusetts, where Latino residents outnumber African American residents.

In 2010, almost 10% of Massachusetts' population—or over 600,000 people—identified as Latino. 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 more than 12 years younger than that of the general population.⁵ 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.

This concern would be irrelevant if Latino youths participated in the labor force as often as their white peers. But they do not. Although their labor force participation rates have been increasing since 1970, Latino youths are still less likely to be in the labor force at any given time than white or African American youths.⁶ Thus, they are at a disadvantage when it comes to building skills that will help them increase their lifetime earning potential.

Youth labor force participation rates also vary by Latino subgroup (see Figure 2). In 2010, just over 40% of the state’s Latino population had Puerto Rican origins. Nationally, Puerto Rican youths compared with other Latino youth are the least likely to be in school, to be employed, or to be actively looking for work (see Figure 3). These youths are therefore especially at risk.

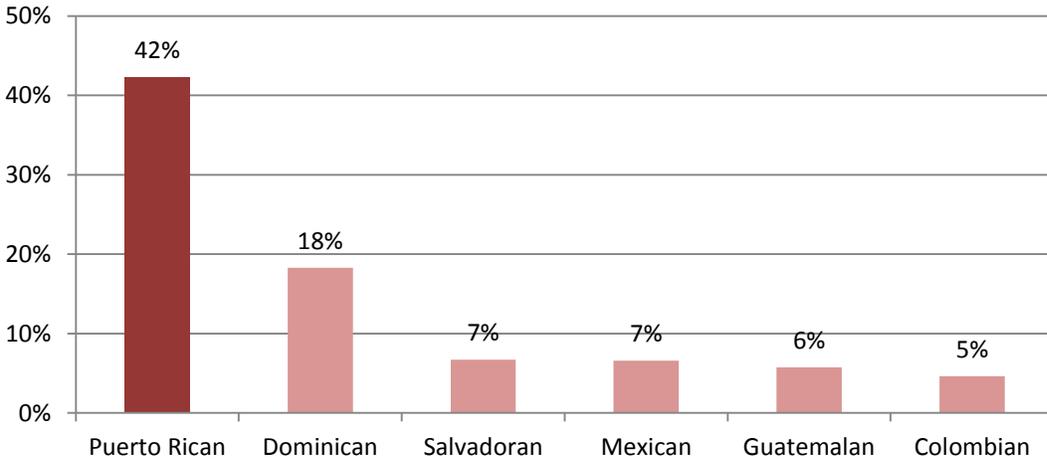


Figure 2. Distribution of the Latino population in Massachusetts by ethnic group in 2010. Figures do not total 100% because some respondents identify more than one origin. (U.S. Bureau of the Census, 2008–2010 American Community Survey.)

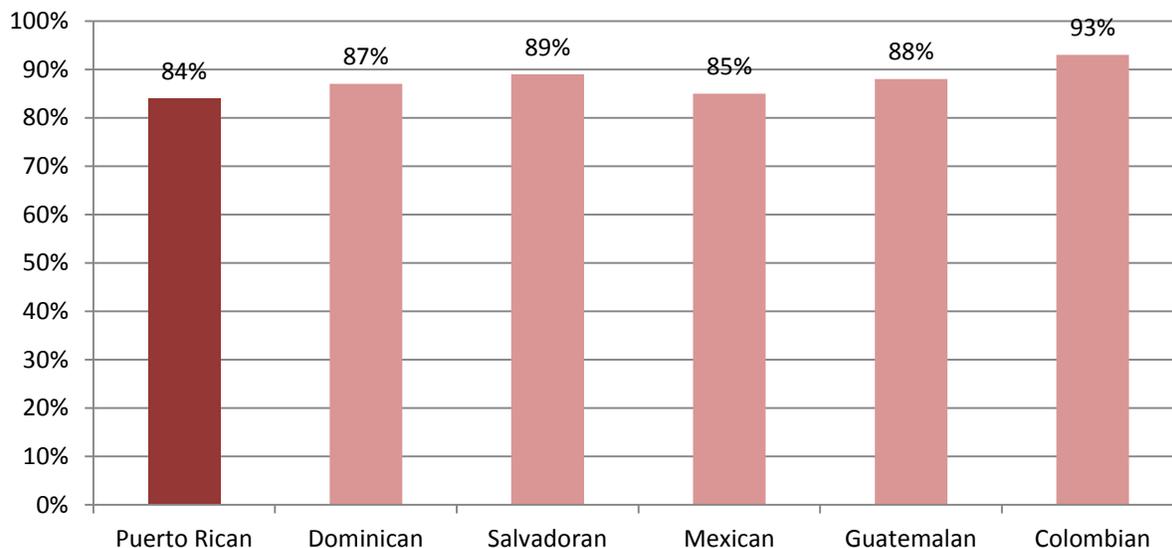


Figure 3. Participation by U.S. Latino youths in the labor force and/or in school in 2010. (Adapted from Fry, *Changing Pathways*.)

Researchers have found that young Latino women are more at risk of falling off the pathways to work or school 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.”⁷ Many of these young women are mothers, but even more are not.

Youths Involved with the Justice System

In 2009, the United States had the highest incarceration rate in the world.⁸ The growth in the prison population has been most significant among young men, especially young men of color, and incarceration rates are still on the rise for young African American men. Also:

- Half of those imprisoned have not finished high school.
- One in four African Americans born in 2009 can expect to go to prison.
- Six in ten African American men without a high school diploma will go to prison.
- 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.
- Latino men are two times more likely to be incarcerated than white, non-Latino men.
- African Americans are almost six times more likely to be incarcerated than white men.

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

Furthermore, when considering youths at risk, policy makers should be aware that three in four minority men in prison are fathers. Thus, the “mass incarceration” of young men of color

affects more than just the men who are incarcerated. It also has lasting effects on those who are left behind.

In one study of two neighborhoods in Tallahassee, Florida, the researchers found that at least one member of every family in both neighborhoods was or had been in prison. They found too that incarceration affects the communities that those in prison leave behind. For example:

- It weakens the “earning power of people who cycle through the prison system,” making it more difficult to support a family when they return.⁹
- “It has reduced the rate of marriage among African Americans,” which introduces the economic disadvantage of growing up in a single-female household.¹⁰
- It puts an “increased economic strain on families” because of the loss of wages and the cost of staying connected to the incarcerated person.¹¹

Additionally, incarceration of a parent damages children’s and youths’ life chances. Compared with 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, and they are 2.5 times more likely to develop a serious mental disorder.

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

What Happens When Youths Cannot Find Work?

A substantial literature supports 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 teenagers 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 him or her more susceptible to negative health effects, such as malnutrition. Unemployment can also reduce a person’s life expectancy and increase the likelihood that he or she will have a heart attack later in life. More alarming still, the same data shows that people who are jobless are more likely to commit suicide.¹²

Being unemployed as a young person, especially for a long time, “causes permanent scars rather than temporary blemishes.” 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.¹³

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 youths.
2. Organize and strengthen collaboration among education, workforce, and human service agencies at 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 youths.¹⁴

The first recommendation addresses the notion that youths who are given the chance to work at a young age will have an easier time finding good-quality employment later in life. Research has shown that a teenager who does not have a job during high school is more likely to be disconnected from the labor market after high school.¹⁵ 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.¹⁶ Being involved in the program gives young people legitimacy in their applications for future jobs. Additionally, human resources managers see the program as an incentive to hire young workers. The Massachusetts Workforce Investment 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.”¹⁷

The second recommendation addresses the “lack of alignment between workforce activities and the other systems that serve youth, particularly the education and human service systems.”¹⁸ Other studies have documented the poor alignment of programs, especially to address the needs of low-wage workers.¹⁹ The board found that many good programs are already in place in Massachusetts. Unfortunately, agencies that serve youths find it difficult to weave their services together into a “continuum of care” so that youths stay in the program.

The final recommendation is meant to provide a safety net before and after youths either leave school or fall behind academically. The board acknowledges that though traditional academic excellence is not the only path to success for youth, programs have not yet adequately call 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.”²⁰ The following section outlines programs that are currently in place in Massachusetts (see Table 1) and abroad to address youth unemployment.

Programs Overview

Table 1. Programs in Massachusetts to Target Youth Unemployment

Program	Liaison department	Year established	Program overview	Youths who were served	Lessons learned
Bridging the Opportunity Gap Initiative	Youth Services (DYS) (administered by grantee organizations)	2006	<ul style="list-style-type: none"> • Provides employment-related services to DYS youths reentering the community after being involved with the juvenile justice agency • Targets non-court-involved youths • Encourages youths to return to their home communities • Trains through three pathways <ul style="list-style-type: none"> ○ Vocational ○ Workplace learning: certifications, career readiness training, and subsidized employment ○ Entrepreneurship/micro-enterprise: entrepreneurship training and subsidized employment, ideally in a youth-developed or -operated small business • Places youths in subsidized employment on completion of vocational training 	<ul style="list-style-type: none"> • 311 youths in 2010, of whom 84% were male • A higher percentage were Latino/Hispanic than the DYS caseload at large • 85% had neither a GED nor a high school diploma • 13% were parents • 19% were English language learners • 31% had an individual education plan • Only 8% were placed in the industry for which they received vocational training 	<ul style="list-style-type: none"> • Youth report that they benefit from learning soft skills • Youth who received a certification reported higher levels of satisfaction with the program and were more likely to find a job
Community Reentry Grant Initiative	DYS	2009	<p>Provides:</p> <ul style="list-style-type: none"> • Community-oriented activities to DYS clients • Services for education, the arts, mentoring, training, and workforce development • Direct services that meet the career-readiness, pre-employment, and employment needs of youths in the custody of DYS • Direct services that support pre-GED, customized tutoring directed at improving literacy skills, and programming that enables youths to obtain their GEDs • Programming for out-of-school-time experiences, such as mentoring, community service learning, leadership and advocacy training, arts and cultural opportunities • Work-based learning opportunities, including 	Youths in the custody of DYS	

			<p>internships, entrepreneurship training</p> <ul style="list-style-type: none"> • Stipends or tuition to support one or more youths within a targeted training program (such as YouthBuild or Job Corp) 		
Dropout Reduction and Multiple Pathways Development Virtual Toolshed	Elementary and Secondary Education, Executive Office of Education		Collects and shares tools for practitioners in the field who are working on improving graduation rates and developing multiple pathways to graduation		
Education Quality Assurance Initiative	DYS	2008, pilot in 2010	<ul style="list-style-type: none"> • Establishes, communicates, and disseminates a set of core education program standards that define education program quality in DYS residential programs. • Ensures that teachers obtain and maintain certification in at least one subject that they teach over the next five years • Helps teachers develop individual professional development plans 	Youths in DYS residential programs	
Summer Youth Employment Programs		2009	<ul style="list-style-type: none"> • Offers 6–7 weeks of employment, about 30 hours a week • Follows (almost always) paid orientation and work-readiness training • Offers many jobs in community service 	12,000 youths in 2009 (making it the largest program in the state in over 20 years, with 7,000 jobs provided by American Recovery and Reinvestment Act funds)	<ul style="list-style-type: none"> • “Youth want to work”; they asked for more hours, more pay, more jobs, etc. • More widespread recruitment is needed to reach out to disconnected youth • Still reached only 10% of income-eligible youths
Transitional Employment Grants			<ul style="list-style-type: none"> • Helps at-risk youth and the chronically unemployed acquire skills training • Awards grants to organizations to deliver programs, designed with the input and participation of employers and businesses, in: <ul style="list-style-type: none"> ○ Hospitality ○ Food services ○ Maintenance ○ Media arts and technology ○ GED attainment ○ Nurse’s aide training ○ Building services for men with a felony 		

			charge		
YouthWorks	Office of Labor and Workforce Development		<ul style="list-style-type: none"> • Subsidizes wages for low-income youths aged 14–21 for summer and year-round jobs • Provides services to youth living in targeted cities • Provides employment for up to 25 hours a week • Requires a 20% private sector match 	Income-eligible youths (3,735 youths in 29 cities in 2011 of whom 15% were high-risk, i.e., homeless, in foster care, court-involved, on juvenile probation, or gang involved)	

Source: “Multiple Education and Employment Pathways Initiative,” Commonwealth Corporation,
<http://64.78.33.48/downloads/MP%20One%20Pager%202.2011.pdf>.

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, youths are three times as likely as adults to be unemployed.²¹ In addition, the International Labor Organization’s economic projections predict a longer recovery time for youth unemployment than for the adult unemployment. Youths in the most developed nations have been hardest hit, in part because the years leading up to the current recession saw substantial growth in the developed world.

The one bright side of the continuing recession is that, as in the United States, legislative bodies around the world are working to give youths a better foothold in the labor market (see Table 2).

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

Country	Approach
Australia	Offers preferential treatment for government contracts if a firm employs apprentices
Australia, Canada	Pays bonuses for firms when their apprentices successfully complete their program
Canada	Allocates funds to support high-tech graduate internships and to provide assistance to youths seeking summer jobs
France, Switzerland	Pays bonuses to firms that hire apprentices
New Zealand	Offers wage subsidies to employers who hire 16–24-year-olds with “limited skills”; subsidy is paid in two installments: NZ\$3,000 up front and NZ\$2,000 after six months
Republic of South Korea	Offers wage subsidies to employers who hire interns on contract when they complete their internships
United Kingdom	Requires successful public contractors to employ a certain proportion of apprentices

Source: International Labour Institute, *Global Employment Trends*.

Policy Overview

The Massachusetts state legislature is currently considering bills to help young people advance in the workforce by focusing on education.

The Youth Solutions Act of 2011, Bill H.540, promotes and supports programs in Massachusetts that will increase the education, skills, and employment of youths.

Bill H.2712 proposes a task force that recommends policies benefiting at-risk groups, including young people between the ages of 16 and 21 who are at risk of not completing the requirements for high school graduation or at risk of dropping out of school.

Bill H.2871 declares it a policy of the state to provide low-income, disadvantaged youths with high-impact programs that offer educational and job skills that promote long-term economic success.

Bill S.971 amends Chapter 25A of the General Laws to further enhance training and career opportunities for young workers by calling for the establishment of apprentice training programs.

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

By supporting programs that help young people enter the labor market, state governments are boosting the economy.

Notes

¹ Massachusetts Workforce Investment Board, *Preparing Youth for Work and Learning in the 21st Century Economy* (Boston: Executive Office of Labor and Workforce Development, 2010).

² Kathryn Anne Edwards and Alexander Hertel-Fernandez, *The Kids Aren't Alright: A Labor Market Analysis of Young Workers* (Washington, DC: Economic Policy Institute, 2010).

³ Ibid.

⁴ T. R. Clear, "The Collateral Consequences of Mass Incarceration" (paper presented at the School of Criminology and Criminal Justice at Arizona State University, Phoenix, April 3, 2009).

⁵ U.S. Bureau of the Census, *2008–2010 American Community Survey 3-Year Estimates* (Washington, DC: U.S. Government Printing Office, 2010).

⁶ Richard Fry, *The Changing Pathways of Hispanic Youth into Adulthood* (Washington, DC: Pew Hispanic Center, 2009).

⁷ Ibid.

⁸ The data in this section are drawn from Clear, "Collateral Consequences," and Fry, *Changing Pathways*.

⁹ Clear, "Collateral Consequences."

¹⁰ Ibid.

¹¹ Ibid.

¹² D. N. F. Bell and D. G. Blanchflower, *Youth Unemployment: Déjà Vu?* (Bonn: Institute for the Study of Labor [IZA], 2010).

¹³ Ibid.

¹⁴ Massachusetts Workforce Investment Board, *Preparing Youth*.

¹⁵ Edwards and Hertel-Fernandez, *Kids Aren't Alright*.

¹⁶ International Labour Office, *Global Employment Trends for Youth: Special Issue on the Impact of the Global Economic Crisis on Youth* (Geneva: Author, 2010).

¹⁷ Massachusetts Workforce Investment Board, *Preparing Youth*.

¹⁸ Ibid.

¹⁹ Ramon Borges-Mendez, "Stateside Puerto Ricans and the Public Workforce Development System: New York City, Hartford, Springfield/Holyoke," *Centro Journal* 23 (2011): 65–93.

²⁰ Massachusetts Workforce Investment Board, *Preparing Youth*.

²¹ International Labour Office, *Global Employment Trends*.