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# BARRIERS TO ENTRY

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*The Increasing Challenges Faced by Young Adults  
In the New York City Labor Market*

PREPARED FOR AND WITH THE SUPPORT OF JOBSFIRSTNYC BY:

*The Fiscal Policy Institute  
The Community Service Society of New York*

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# INTRODUCTION

In New York City, despite over a decade of public policies intended to support out-of-school and out-of-work young adults, among them the funds allocated from the Workforce Investment Act, 20 percent of New Yorkers between the ages of 18 and 24—in other words, 172,000 young people—have remained on the fringes of the labor market, unable to substantially participate in the city’s economic life. While this population’s plight has recently begun to gain national traction and focus, particularly through the Opportunity Nation movement, the reality is that the labor market opportunities for these young people have declined over time: the two recessions and weak recoveries in the past decade have held wages down, and labor demand has shifted to low-wage sectors, where older and more skilled workers now actively compete. While we as a field recognize that the needs of these young people are great, the precise nature of their circumstances has, to date, not been fully understood.

Inspired by our organizational mission to leverage *all available resources* to advance the economic prospects of New York City’s young adults, coupled with the overwhelming persistence of the young adult unemployment crisis, JobsFirstNYC conceived of a research project that we hope will deepen the field’s understanding of the demographics of this group of young people, as well as the labor market that confronts them. We asked two leading experts in the field, James Parrott of the Fiscal Policy Institute and Lazar Treschan of Community Service Society, to join us in an effort to better understand the impacts that the economy has had on this group of young people and, through the lens of the research, consider the next steps that we should take as a field.

*Barriers to Entry: The Increasing Challenges Faced by Young Adults in the New York City Labor Market* examines the important trends within the New York City labor market as they relate to young adults’ ability to find and advance in jobs. The report also considers the key characteristics of young people, including demographics, where they live, their skills, and barriers they face to connecting to employment opportunities. This analysis simultaneously integrates aspects of the labor market’s “supply” (of young workers) and its “demand” (for their labor).

Our primary goal for this report is to surface relevant information and to inspire thoughtful discussion about how these findings can inform our collective work to support this vulnerable and vital group of young people. It is our hope that through this analysis, we as a field—practitioners, policy makers and influencers, public funders, philanthropists, employers, and others—can begin a dialogue that considers effective and scalable approaches to addressing the issue of persistent young adult unemployment in the months and years ahead, and that fosters policies and practices that can help change the fortunes of these young adults.



Lou Miceli  
*Executive Director*  
JobsFirstNYC  
May 2, 2013





The **Community Service Society of New York** (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers. Lazar Treschan, co-author of this report, is Director of Youth Policy at CSS, where he conducts research and advocacy to raise awareness about and develop solutions for young people who face challenges transitioning to economic independence. [www.cssny.org](http://www.cssny.org)



The **Fiscal Policy Institute** (FPI) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared. James Parrott, co-author of this report, is Deputy Director and Chief Economist at FPI. Parrott directs FPI's economic and labor market analyses and works on New York City and State budget and tax policies. [www.fiscalpolicy.org](http://www.fiscalpolicy.org)



**JobsFirstNYC** (JFNYC) is a nonprofit intermediary organization whose mission is to leverage all available community, corporate, human, organizational, private, and public resources to bring out-of-school and out-of-work young adults into the economic life of New York City. One of JFNYC's strategic goals is to decrease the number of young New Yorkers aged 18–24 who are out of work and out of school by 5% by 2017. JFNYC was created in 2006 with an initial investment from the New York City Workforce Funders. [www.jobsfirstnyc.org](http://www.jobsfirstnyc.org)



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# I. EXECUTIVE SUMMARY

## *The Purpose of This Report*

JobsFirstNYC (JFNYC) commissioned and contributed to this study of how young adults aged 18 to 24 are faring in the New York City labor market. It provides an analysis of current levels and recent trends in the demand for young adult labor, as distinguished by the employment and wage patterns of the jobs available to young people, and of the key characteristics of the supply of young adult labor, as represented by the demographics of 18- to 24-year-olds. Throughout the analysis, we place particular emphasis on the population of 18- to 24-year-olds who are out of school and out of work (OSOW). The report also attempts to provide, through a discussion of key labor market concepts and measurements, insight into how to best understand levels and trends related to young adult employment.

The purpose of this study is to raise questions through an in-depth analysis of labor market data and, based on our findings, offer a set of implications for policymakers concerned with reducing the numbers of OSOW young adults. We hope that it can serve as a vehicle for discussions about how JFNYC's partners in the public, private, and nonprofit sectors can make use of this data to advance their work.

## *Why Should We Care about Young Adult Employment?*

Young adult employment is a complicated subject that often inspires conflicting opinions. On the one hand, many believe that work is a good thing in and of itself, for straightforward reasons such as income generation and the development of skills and habits that will be useful over a lifetime. On the other hand, there are reasons why we might think about employment for young people differently than we would for adults. Young adulthood is the time when most individuals finish their education, and some youth choose not to work in order to focus on their studies. In addition, many young people do not yet bear the responsibility of providing income

for their households (although a significant number do).

Regardless, the period between the ages of 18 and 24 is of fundamental importance, in part because it generally represents the time when individuals finish their education and take their first steps in the labor market. Yet the reality in New York City is that the employment and wage picture for young adult workers has worsened considerably over the past decade. And while we might be less concerned about joblessness for young people who are enrolled in school, there are still approximately 172,000 young adults in New York City who are neither in school nor working. These OSOW young people, who make up about 20 percent of all 18- to 24-year-olds, are the focus of this report. Better understanding the job market challenges facing this group gives us an opportunity to improve the city's economy and civic life: we can invest in young adults now and reap the benefits of their contributions, or we can pay far more later if they are unable to get on a path to success.

## *Key Findings*

Our analysis of recent trends in the supply of and demand for young adult labor in New York City leads us to the following set of conclusions:

- Young adults as a whole in New York City are working less but receiving more schooling; yet OSOW rates remain high.
- More competition from older workers is making it harder for young workers to find jobs.
- Less educated young workers are finding it harder to progress out of the lowest-paying jobs.
- The recession has led to significant increases in the portion of OSOW young people who are unemployed or discouraged workers, as jobs have become even scarcer for young people.
- Certain communities show alarmingly high

concentrations OSOW youth; 18 of the city's 55 neighborhoods are home to over half of the city's OSOW young adults.

- A significant portion of the OSOW population faces major barriers to obtaining and succeeding in employment.

## ***Implications for Policy***

An examination of the labor market shifts that have created these conditions leads us to offer the following considerations for policy for reconnecting OSOW youth. It is important to note that in order for any policy aimed at reconnecting young people to be successful, it must be both age and stage appropriate.

### ***1. Increase the educational attainment of young adults.***

Ensuring that more young people have academic skills and certifications that carry value in the labor market will reduce the number of young people struggling to compete for jobs.

### ***2. Raise the quality of the jobs that employ young people.***

Increasing the minimum wage and extending the Earned Income Tax Credit to young workers will provide greater incentives for young people to work and will help keep them out of poverty.

### ***3. Expand childcare availability.*** Too many young adults (nearly 65,000) are out of the labor market due to caretaking responsibilities, which stand in the way of obtaining and succeeding in the jobs that can be a foundation for their career development. New York City should expand the availability of subsidized, quality childcare supports to young adults in poor neighborhoods.

### ***4. Invest in more intensive workforce development efforts aimed at communities with high concentrations of OSOW young people.***

Government and private funders should increase their investment in programs that support the employability and employment of young adults, particularly in the handful of communities with high concentrations of OSOW young people. These efforts must be diverse in order to assist young people at

different stages of career readiness. Broadly, funders should seek to differentiate options for those who may be job ready but lacking an opportunity to find work from options for young people who need more comprehensive skill development before they are able to succeed in a job or internship.

These key findings and policy considerations are explained in greater depth in the report brief and the conclusions section of this version of the report.

This project was supported by JobsFirstNYC, a New York City-based organization dedicated to improving outcomes for young adults in New York City who are neither in school nor working.

## II. AN OVERVIEW OF LABOR MARKET TERMS AND CONCEPTS

### *How to Discuss the Employment of Young Adults*

This report seeks to provide clarity on how to think about youth employment and offers a comprehensive analysis of current and recent government survey data on the New York City young adult labor market. Our research brings together major findings from two separate analyses: an examination of the demographic characteristics of New York City's young adult population (the supply side) and an analysis of employment and wage trends affecting young workers (the demand side.)

The report pays particular attention to OSOW young adults and the barriers that stand in the way of their successful connection to the labor market and development of sustainable economic livelihoods. We use several different terms and concepts to explain the labor market and to carefully delineate the OSOW segment of the young adult workforce. These terms and concepts include the following:

- *Unemployment rate:* The traditional measure of unemployment, this statistic represents the ratio of individuals actively seeking work but unable to find it (the numerator), to individuals who are working or actively seeking work (the denominator). Although the unemployment rate is perhaps the most commonly used labor market concept, it does not capture a large segment of the population that is not in the labor force (NILF), since many individuals are not actively seeking work. This NILF group is particularly large for young adults, many of whom do not seek work because they are in school full time.
- The unemployment rate for 18- to 24-year-olds in New York City for the first half of 2012 was 17 percent, far above the 8.7 percent unemployment

rate for individuals aged 25 and older.<sup>1</sup> Youth unemployment, which is typically much higher than unemployment for older workers, rose sharply during the recession, but has since declined, while unemployment among older workers has not receded very much. However, even at the high point of the last economic cycle, when unemployment among workers aged 25 and older fell to 3.8 percent, it was nearly 13 percent for 18- to 24-year-olds.

- The unemployment-to-population ratio measures the number of those unemployed and seeking employment relative to the entire population—for 2010/11, it was 7.6 percent for 18- to 24-year-olds.
- *Labor force participation and those not in the labor force:* Labor force participation encompasses all individuals who are working or actively seeking work, even if they are unable to find it. The labor force participation rate measures the number either working or looking for work as a ratio of the population—in this case, the 18- to 24-year-old population. Everyone else is collectively referred to as those “not in the labor force,” or “NILF” for short.
- Just under half (48 percent, or 420,900) of 18- to 24-year-olds in New York City are in the labor force. The rest (52 percent, or 449,900) cite three main reasons for not seeking work (and thus being out of the labor force):
  1. About 40 percent (or 343,800) of those aged 18–24 are not in the labor force because they are **students**. This is not to say that there are not students who

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<sup>1</sup> The analysis in this section on labor market terms and concepts is based on the Current Population Survey (CPS), the pre-eminent government monthly data source for labor market analysis. Except where noted otherwise, data presented here are based on CPS data for two years, 2010/11. In the next section, comparisons are made to earlier periods, with each period based on two years of CPS data.

do seek work, but many students do not. We might be less concerned about individuals who are not seeking work because they are in school.

2. A little over 7 percent (or 64,500) of the 18–24 cohort are not in the labor force because they have **family-care responsibilities**. Of those who cite family-care responsibilities that keep them from seeking work, roughly 40 percent are caring for their own children; the rest care for others, whether siblings, parents, or other family members. How we think about these individuals may vary. Although we recognize the importance of caretaking, particularly for young children, we want to ensure that individuals have the opportunity to gain skills and re-enter the workforce.
3. Five percent (or 41,500) of 18- to 24-year-old young adults are not in the labor force **due to other reasons**. About one-eighth of the 41,500 (roughly 4,800) report illness or disability as the reason for not being in the labor force. In addition, about half of the 41,500 (roughly 21,000) are “discouraged” or “marginally attached.”<sup>2</sup> About one-third of these marginally attached workers are NILF due to family-care reasons, one-third are NILF due to school enrollment, and the remaining third are NILF due to other reasons. We might think of the discouraged/marginally attached subgroup as we would unemployed individuals, because they want to work, are available for work, and have previously looked for work, but have given up looking for work due to their inability to find it.

Based on data from the Current Population Survey (CPS), the table below reports the estimated values for the key labor force characteristics of New York City’s young adult residents for the 2010/11 period.

- *Employment-to-population rate:* This compares the number of employed individuals to the number of all

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<sup>2</sup> The U.S. Bureau of Labor Statistics considers a person “discouraged” if he or she did not actively look for work in the prior four weeks due to the belief that no work is available. A person is considered “marginally attached” if he or she wants a job, is available for work, and has searched for work during the prior 12 months, but has not looked for work in the past four weeks. The “discouraged” category is a subset of the “marginally attached” category.

individuals in the population. This statistic gives a sense of the magnitude of employment in relation to broader decisions facing the working-age population. The employment-to-population ratio (or EPOP for short) for young people is traditionally lower than it is for adults over the age of 24, who are less likely to attend school full time.

- For 2010/11, 40.7 percent of 18- to 24-year-olds were working. This includes young people who are working full time or part time. Part-time work is more prevalent among younger workers: 54 percent of 18- to 24-year-olds work part time, whereas 22 percent of those 25 and older work part time. This is likely due to the fact that many students work part time (one-quarter of employed young adults are students) and that younger workers, who often have less experience, are more likely than older workers to be offered part-time work even when they want to work full time.
- Almost all employed young adults are wage and salary workers; about three percent are self-employed. Among employed New York City residents aged 25 and older, the American Community Survey (ACS) indicates that 11 percent are self-employed.<sup>3</sup>
- *School enrollment rate:* This is the percentage of individuals who are enrolled in school, regardless of whether they are working. It includes individuals enrolled in high school, college, or graduate school. Of all 18- to 24-year-olds in 2010/11, half were in school, making the school enrollment rate 50 percent. About one in five of those attending school were working.
- *Joblessness:* This concept is broader than that of unemployment, and it is more a term of popular usage than a formal measure employed by labor market analysts. By definition, joblessness is the share of the population that is not working, for whatever reason, whether the individuals are unemployed, in school, or not in the labor force for some other reason. Unlike the concept of unemployment, joblessness includes

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<sup>3</sup> With regard to self-employment among city residents, the CPS reports a lower incidence than the ACS.

## Major Labor Force Terms Pertinent to NYC’s Young Adult Population, with data for 2010/11

Population and Labor Force Status	2010/11 Level	% of the 18-24 yo. Population	Labor Market Terms
Population, age 18-24	870,700	100.0%	
Labor force	420,900	48.3%	Labor force participation rate
Employed	354,600	40.7%	EPOP rate
<i>employed and in school</i>	91,300	10.5%	Working and in school rate
Unemployed	66,300	7.6%	Unemployment to population rate
Not in the Labor Force (NILF)	449,900	51.7%	NILF to population rate
NILF because in school	343,800	39.5%	Not working but in school rate
NILF due to family care responsibilities	64,500	7.4%	Not working but family care responsibility rate
Other reasons for NILF	41,500	4.8%	Other NILF to population rate

Source: FPI analysis of 2010 and 2011 Current Population Survey, adjusted for 2010 decennial population census weights.

individuals who are not seeking work.

- The “jobless rate” among New York City’s young adult population is 59 percent. When used to represent the extent of young adult unemployment, this statistic can be misleading since it includes many who are in school and not actively seeking employment. In fact, two-thirds of “jobless” workers are in school.

Rather than focusing on the broad “joblessness” concept, it makes more sense to focus on the out-of-school, out-of-work population. OSOW individuals represent about one-third of the “jobless” and about 20 percent of the overall young adult population.

- *Out of School, Out of Work:* This includes those who are unemployed and those who are NILF but not in school. As discussed earlier, “the NILF but not in school” category includes those who are NILF either for family-care reasons or for “other reasons.” The “other reasons” category includes individuals who are discouraged or marginally attached to the labor force; unfortunately, the

CPS does not provide a sense of why such individuals are not working or looking for work.

- For 2010/11, OSOW individuals represented 19.8 percent (or 172,300) of the 18–24 population. The OSOW population comprises three subgroups: the **unemployed** (38 percent); **those not working for family-care reasons** (37 percent); and **those NILF for other reasons**, including discouragement (24 percent).
- Another way to look at it is that nearly half (47 percent) of the OSOW population is either officially unemployed (having looked for work in the four weeks prior to the survey) or discouraged/marginally attached.<sup>4</sup>

<sup>4</sup> This estimate includes those reported as discouraged or marginally attached who are NILF for family-care reasons or “other reasons.” It does not include those who are discouraged or marginally attached but report that they are NILF due to school enrollment. The calculation is 38.4 percent of OSOW youth who are officially unemployed and 8.6 percent of OSOW youth who are discouraged or marginally attached and NILF due to family-care or other reasons.

## Out of School-Out of Work Component of New York City Young Adult (18-24) Population, 2010/2011

	2010/11 Level	% of the 18-24 yo. Population	Share of OSOW
<b>Population, age 18-24</b>	<b>870,700</b>	<b>100.0%</b>	
<b>Out of School and Out of Work (OSOW)</b>	172,300	19.8%	100%
Unemployed	66,300	7.6%	38%
NILF, but not in school	106,000	12.2%	62%
NILF due to family care responsibilities	64,500	7.4%	37%
Other reasons for NILF	41,500	4.8%	24%
<b>OSOW minus those with family care responsibilities</b>	107,700	12.4%	63%

Source: FPI analysis of 2010 and 2011 Current Population Survey, adjusted for 2010 decennial population census weights.  
 Note: Percentages in this chart do not equal 100 because "employed" and "in school" percentages are not listed in the table.

### III. HIGHLIGHTS OF THE SUPPLY-SIDE ANALYSIS OF THE YOUNG ADULT LABOR MARKET

Our analysis of the supply side of New York City’s young adult labor market begins with an examination of trends in labor force participation, school enrollment, and educational attainment over the last decade. We then focus on the population of 18- to 24-year-olds in New York City who are neither in school nor employed. A deeper understanding of this group will allow policy makers and workforce development professionals to more effectively tailor interventions aimed at helping young adults succeed in jobs and careers.

#### *Increasing School Enrollment, Declining Labor Force Participation, and Declining Employment-to-Population Ratio*

New York City’s 18–24 young adult population has grown nearly 10 percent over the past decade, yet there are fewer young adults in the city’s labor force than ten years ago and 8 percent fewer employed. To some extent, this is part of a broader national trend toward reduced young adult labor force participation, a phenomenon discussed further below.<sup>1</sup> The city’s 18–24 labor force participation rate declined from 55 percent in 2000/01 to 48 percent in 2010/11. This fall-off can be explained by the increase in school enrollment among those not in the labor force. The share of the 18–24 population not in the labor force but in school increased by more than a quarter, rising from 31 percent in 2000/01 to 40 percent in 2010/11.

The chart on the following page shows the trend over the past decade: a declining employment-to-population ratio, steadily rising school enrollment among those not in the labor force,

<sup>1</sup> Teen employment-to-population ratios have dropped sharply in the 2000s compared to the three prior decades. In New York State, for example, the employment-to-population ratio for ages 16–19 reached 37 percent or higher at business cycle peaks and never dropped below 32 percent between 1970 and 2002. However, it then fell steadily to 21 percent in 2010. New York State Department of Labor.

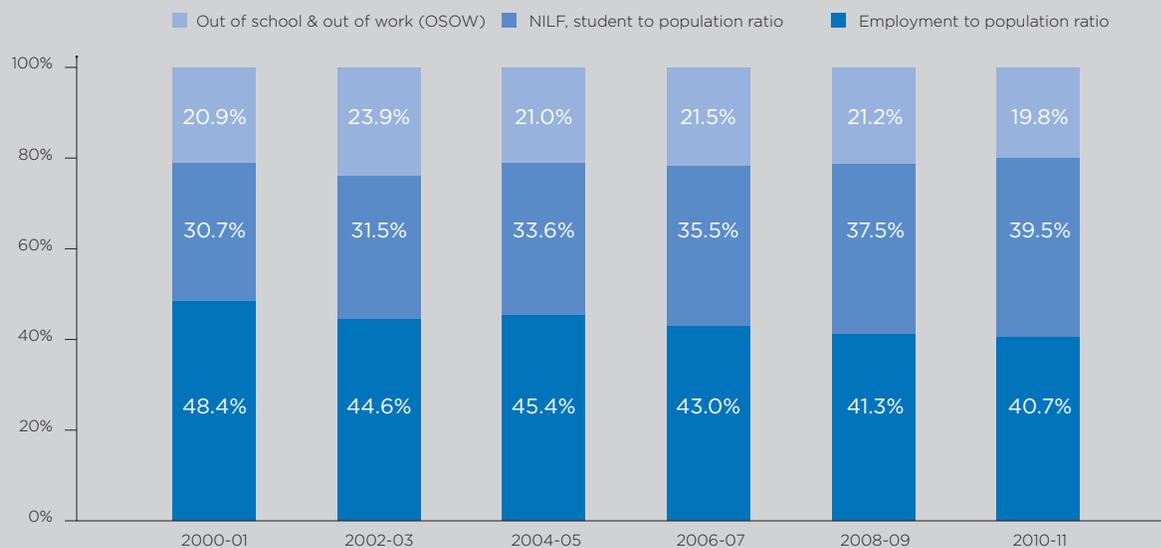
While New York City’s 18–24 young adult population has grown **nearly 10 percent** over the past decade, there are **8 percent fewer employed**. However, many more are in school.

and a slightly declining OSOW population. Counting those who are simultaneously working and attending school, half of the city’s 18–24 population is in school.

The past ten years have seen significant increases in school enrollment (high school and college) among young people. Data from the New York City Department of Education (NYCDOE) show slow but steadily increasing high school graduation rates over the last several years. The four-year graduation rate for the class of 2010 was 61 percent, up from 56 percent in 2008 and 47 percent in 2005.

The alternative for individuals who do not complete high school but seek a credential that might improve their chances of entering college or working has been the General Educational Development (GED) test, for which New York State awards a High School Equivalency Diploma. Approximately 10,000 individuals in New York City pass the GED exam each year, but this figure is consistently less than half of those who take the exam, and a small fraction of the one million working-age New Yorkers without a high school diploma. Approximately 60,000 New Yorkers take some form

## Change in Young Adult Labor Force, 2000/01 to 2010/11, NYC: Declining Employment-to-Population Ratio Offset by Rising School Enrollment



Source: FPI analysis of CPS data for NYC, data for 2010-11 adjusted to 2010 Census

of literacy or GED preparation class each year; of these, about 18,000 are under 25.

Along with the increase in high school graduation rates, there has also been greater interest in college among New York City youth. More young people from the city's public schools are taking the SAT exam—the traditional signal of intention to enroll in a four-year college—than before, with the increase being led by black and Latino students. This ten-year trend is likely due to a combination of school improvement efforts within the NYCDOE, the increasing importance of post-secondary education in the labor market, and the difficulties faced by many young people in finding work. Due to changing types of jobs and changes in the supply of educated workers, a high school diploma is no longer enough to secure a job that pays middle-class wages; most projected growth in these types of jobs will come from positions requiring post-secondary education.<sup>2</sup>

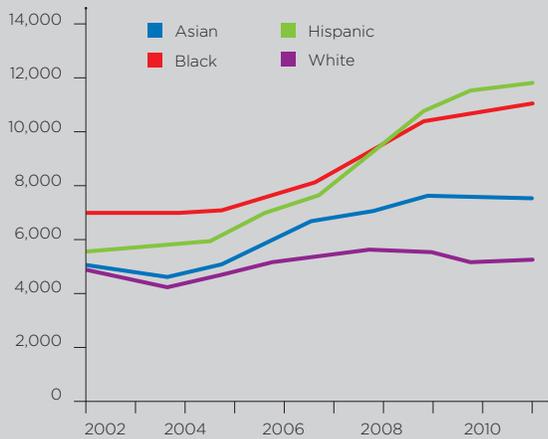
<sup>2</sup> Harvard Graduate School of Education. "Pathways to Prosperity." February 2011.

Since 2001, the City University of New York (CUNY)—the city's public system of community, four-year, and graduate-degree-granting colleges and universities—has admitted significantly more students to meet this increased demand. Between 2001 and 2008, CUNY enrollment increased by 37 percent. Since 2008, applications to CUNY have continued to increase, but the senior colleges have limited freshman enrollment in favor of accepting higher numbers of transfer applicants. At the same time, more students are being accepted into CUNY community colleges.

In theory, community colleges represent an entry point for students to progress directly into jobs or on to four-year colleges, but recent research indicates that fewer than one in three New York City community college students completes any kind of degree within six years.<sup>3</sup> This suggests that increased community college enrollment may not be a very promising indicator. With the surge in applications that

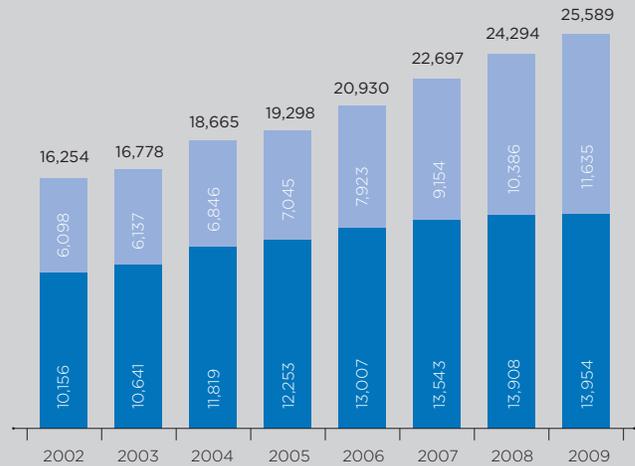
<sup>3</sup> Tom Hilliard. Mobility Makers. Center for an Urban Future. November 2011.

## SAT Test Takers from NYC Public Schools



\* NYC Department of Education website.

## NYC Student Enrollment at CUNY



\* NYC Department of Education website.

CUNY has experienced since the recession, along with more difficult admissions requirements, many black and Latino students who may have previously enrolled at a four-year CUNY school are starting off in community colleges instead.<sup>4</sup>

Overall, educational attainment levels have risen over the past decade. The share of the city's population 16 and older with a four-year college degree rose from 26 to 31 percent, while the share of those with less than a high school education declined from 27 percent to 21 percent. Among the 21–24 age group, changes in educational attainment have been slightly more pronounced: the share of individuals with a four-year college degree or better rose from 25 percent to 37 percent, while that of those with less than a high school education fell from 18 percent to 12 percent.

### *Stable Young Adult OSOW Rate over the Past Decade, but Unemployment Increasingly the Reason for OSOW*

The city's OSOW rate was slightly lower (19.8 percent) in

<sup>4</sup> Lazar Treschan and Apurva Mehrotra. Unintended Impacts: Fewer Black and Latino Freshmen at CUNY Senior Colleges After the Recession. Community Service Society, May 2012.

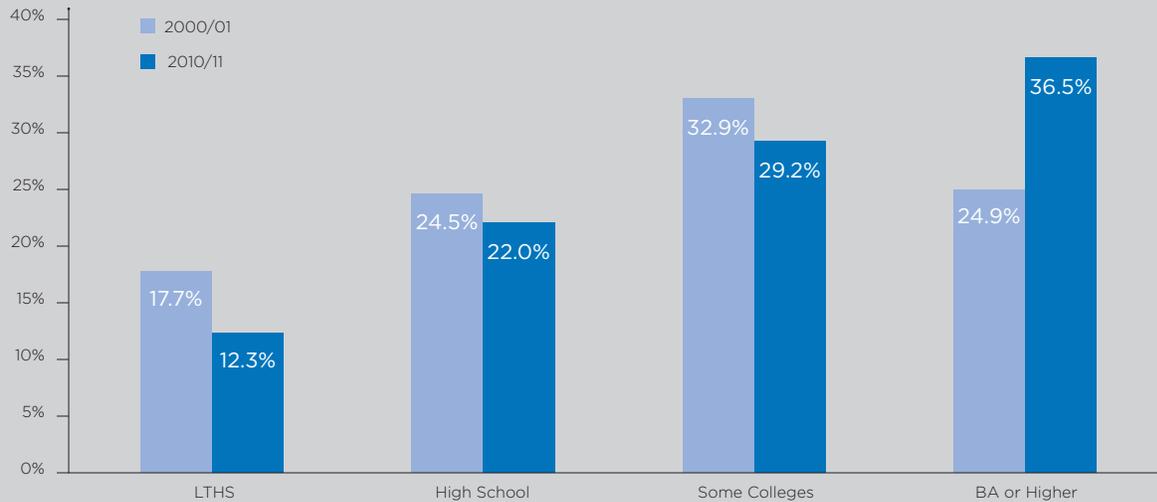
2010/11 than it was in 2000/01 (20.9 percent), despite two sharp recessions. While the absolute number of OSOW young adults was 4 percent greater in 2010/11 than in 2000/01, this was due to the overall increase in the young adult population. The OSOW rate declined a little because the population grew faster than the number of OSOW youth.

As noted earlier, of OSOW young adults, roughly equal shares comprised those who are unemployed (38 percent) and those who are not in the labor force due to family-care

**Educational attainment is rising** among young adults, raising the bar for those at the end of the job queue.

responsibilities (37 percent). For the most part, this latter group includes young parents caring for young children.

## Share of the 21-24 age NYC Labor Force with a 4-year College Degree has Increased Considerably Over the Past Decade



Source: FPI analysis of CPS data for New York City

While family-care responsibilities keep them out of the labor force for some period of time, eventually this population will be seeking employment, making it important to include them in the definition of OSOW. Most people in this group are less educated and thus more likely to face an uphill climb in the labor market when they start looking for work.

Besides the young adults who are unemployed or caring for family members, the remaining quarter of OSOW individuals are not in the labor force for “other reasons.” Among this group, which numbered 41,500 in 2010/11, about 12 percent are disabled or not working or looking for work due to illness. About one in six, or 7,000, are discouraged/marginally attached and NILF for “other reasons.” (Nearly 8,000 are discouraged or marginally attached but report that they are NILF for family-care reasons.) We do not know much from the CPS or the ACS about the other 30,000 young adults. On the positive side, this residual unknown category is about 30 percent smaller than it was in 2000/01.

But if one adds together the discouraged or marginally

attached workers and those officially considered unemployed, these individuals represent 47 percent of the OSOW population. This share is up from less than 41 percent in 2000/01. Thus, while the overall share of the young adult OSOW population is slightly lower today than a decade ago, unemployment is far more prevalent as the explanation for OSOW status.

### *Other Trends Affecting Labor Market Participation*

A number of other recent trends have affected the labor market participation of young people in New York City.

#### *Criminal Justice*

Another factor relating to employment for young people is involvement in the criminal justice system. Court-involved youth can find it much more difficult to land jobs, either because incarceration has led to a long spell without work

or because employers tend to not want to hire individuals with a criminal record. In New York City, young people with criminal justice involvement often have the same characteristics as OSOW youth; in addition, they are much more likely to be black or Latino. In 2010, black youth in New York City were nearly ten times more likely than white youth to be arrested for a felony, while Latino youth were four times more likely. Data also shows that black and Latino youth are

much more likely to be readmitted to jail within one year of their release.<sup>5</sup>

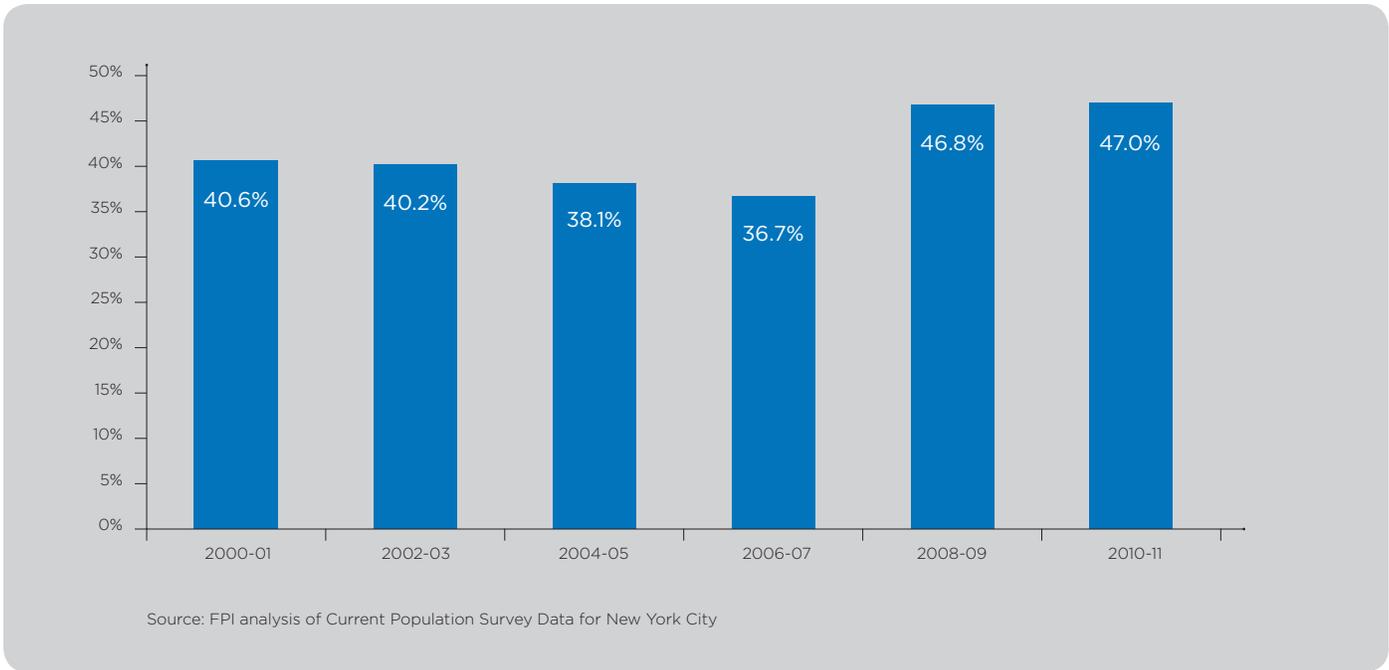
Another policy affecting youth is known as “stop and frisk,” whereby officers can stop anyone on the street, ask for identification, and search the person’s pockets. In 2009, there were 210,648 stops of 18- to 24-year-olds. Of these youth, 53 percent were black and 32 percent were Latino. Nine out of ten stops resulted in neither an arrest nor a summons, meaning that the individual was doing nothing wrong at the time and possessed nothing illegal.<sup>6</sup> Although stops that do not lead to arrest do not appear on one’s record, they can have a profound negative impact on a young person’s psychosocial development and his or her perception of formal authority.<sup>7</sup>

While the overall share of the young adult OSOW population has decreased, **unemployment is becoming far more prevalent** as the explanation for OSOW status.

### Summer Youth Employment Program

<sup>5</sup> Young Men’s Initiative Advisory Board Meeting. January 18, 2012. [http://www.nyc.gov/html/ceo/downloads/pdf/yml\\_advisory\\_board\\_presentation\\_012012.pdf](http://www.nyc.gov/html/ceo/downloads/pdf/yml_advisory_board_presentation_012012.pdf).  
<sup>6</sup> New York Civil Liberties Union. “NYCLU Analysis Reveals NYPD Street Stops Soar 600% Over Course of Bloomberg Administration.” February 14, 2012. <http://www.nyclu.org/news/nyclu-analysis-reveals-nypd-street-stops-soar-600-over-course-of-bloomberg-administration>.  
<sup>7</sup> Nicholas K. Peart. “Why is the NYPD After Me?” The New York Times. December 17, 2011. <http://www.nytimes.com/2011/12/18/opinion/sunday/young-black-and-frisked-by-the-nypd.html?pagewanted=all>.

## Unemployed, Including Discouraged Workers, as a Share of OSOW, NYC



The city's Summer Youth Employment Program (SYEP) is often the first program that individuals think about with regard to young adult employment. However, since most SYEP participants are enrolled full-time in high school or college, SYEP is largely not a targeted program that will help OSOW young people connect to the labor market. Still, it is an important program that provides work experience (20 hours per week, for seven weeks) and a modest stipend to young people aged 14–21. Participants are placed in entry-level jobs in the for-profit, nonprofit, and public sectors, and also receive five hours per week of training in work readiness, career exploration, post-secondary education options, and financial literacy. In 2010, teenagers made up 87 percent of participants, and youth of color made up 85 percent. In the summer of 2010, nearly 36,000 applicants held jobs, yet four times that number—143,000—applied. Early paid employment has been shown to be extremely important in determining labor market outcomes later in life, especially for individuals who do not pursue four-year degrees.<sup>8</sup> Between 2005 and 2008, enrollment levels averaged 42,000; and enrollment reached 52,300 in the summer of 2009, when federal American Recovery and Reinvestment Act funds supplemented the program. In recent years, the program has suffered from budget cuts. By 2011, SYEP was serving fewer than 30,000 youth.

### *Race, Geography, Education, Poverty, and the Recession*

The following discussion explores the rise in the number of OSOW young people in New York City during the recession, while also examining some of the key characteristics of this population—namely, low levels of educational attainment and high levels of poverty. We also look at OSOW young adults in a geographical context, with a particular focus on those areas in the city that are home to a large share of the OSOW population. In examining the number of OSOW young adults and their educational attainment levels, we use the 2006/07 CPS for pre-recession analysis, the 2008/09 CPS for the recession, and the 2010/11 CPS for the beginning of the economic recovery. Later

subsections on the geographical and income breakdowns of OSOW young people rely on the 2007/08 ACS for pre-recession analysis and the 2009/10 ACS for the recession period. We use the ACS in those sections because its larger sample size allows us to conduct analyses on specific neighborhoods and subgroups that the CPS does not allow.

### *Geography of OSOW Young Adults*

OSOW young adults are not spread out equally across the city—certain areas are home to much larger shares of the OSOW population than others. In each borough, at least 16 percent of the 18–24 population is OSOW, but there are far greater numbers of OSOW young adults in the Bronx and Brooklyn than there are in Manhattan, Queens, or Staten Island. In the Bronx, three out of ten 18- to 24-year-olds are OSOW. And in Brooklyn—home to one-third of the city's OSOW population, the largest share of any borough—23 percent of 18- to 24-year-olds are OSOW.

### *High Concentration of OSOW Young Adults Points to Structural Issues*

The concentration of OSOW young adults in certain areas supports the idea that not working can have effects that ripple through communities and generations. The areas with the highest concentrations of OSOW young adults also tend to be areas of high poverty, high overall unemployment, and lower levels of educational attainment. That these areas are also predominately black and Latino speaks to the long-term structural issues that these communities have dealt with and are struggling to overcome.

For young people, living in communities where bleak prospects stem from past (and present) injustices can create a disconnection from mainstream institutions, such as school and the labor market. For these young people, their family, peer networks, and communities can negatively reinforce the idea that academic or professional success simply is not possible for them. This is why it is so important to connect these young people to the labor market now: their success will not only benefit them and their families but will help break patterns of inequity that have been ingrained over decades.

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<sup>8</sup> Andrew Sum. *Leaving Young Workers Behind*. National League of Cities Institute for Youth, Education, and Families. 2003.

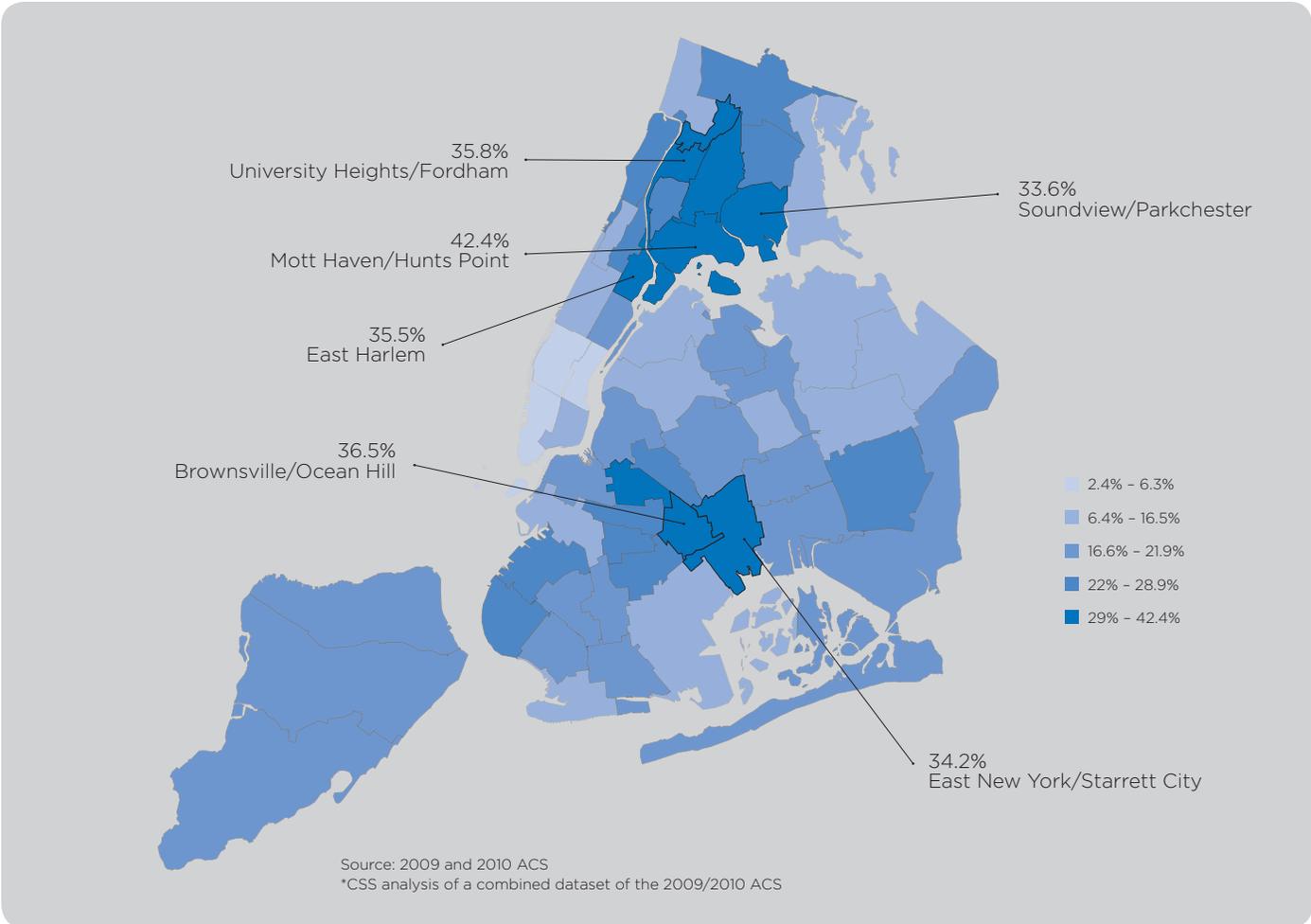
OSOW young adults are highly concentrated in specific communities. Just 18 of New York City's 55 neighborhoods are home to over half of all OSOW young adults in the city. As the table below shows, the rates of OSOW young adults in these neighborhoods are far above the citywide average.

In the Bronx, **three out of ten** 18- to 24-year-olds are out of school and out of work.

***OSOW Youth Levels Rose During the Recession***

During the recession, the number of OSOW young people in New York City increased significantly. There were over 172,000 OSOW young adults in the city in 2010/11, up from just under 148,000 before the recession—representing a 16 percent increase in the overall number of OSOW young people. This increase was due to the overall expansion of the young adult population; the OSOW rate actually declined slightly, from 22 percent before the recession to 20 percent today. More young people who are neither in school nor working puts a strain on the city in a number of ways, including, but not limited to, greater costs in the form of public benefits, lower tax revenue, and decreased demand for goods and services from those with less income. As

**Map of Community Districts by OSOW Rate**



## Top 18 NYC Neighborhoods by OSOW Rate

Neighborhood	OSOW Rate	Number of OSOW	% of City's OSOW	% of City's 18-24s	18-24 Poverty Rank
Mott Haven/Hunts Point (BX)	42.4%	8,601	4.9%	2.5%	1 <sup>st</sup>
Brownsville/Ocean Hill (BK)	36.5%	4,661	2.6%	1.6%	4 <sup>th</sup>
University Heights/Fordham (BX)	35.8%	7,177	4.1%	2.4%	2 <sup>nd</sup>
East Harlem (M)	35.5%	5,477	3.1%	1.9%	12 <sup>th</sup>
East New York/Starrett City (BK)	34.2%	6,273	3.5%	2.2%	13 <sup>th</sup>
Soundview/Parkchester (BX)	33.6%	6,408	3.6%	2.3%	9 <sup>th</sup>
Bedford Stuyvesant (BK)	32.1%	4,649	2.6%	1.8%	5 <sup>th</sup>
Kingsbridge Heights/Mosholu (BX)	31.3%	4,195	2.4%	1.6%	23 <sup>rd</sup>
Morrisania/E. Tremont (BX)	30.6%	6,646	3.8%	2.6%	3 <sup>rd</sup>
Central Harlem (M)	28.9%	3,965	2.2%	1.7%	14 <sup>th</sup>
Bushwick (BK)	28.3%	5,451	3.1%	2.4%	11 <sup>th</sup>
Williamsbridge/Baychester (BX)	27.8%	3,587	2.0%	1.6%	34 <sup>th</sup>
N. Crown Heights/Prospect Hts (BK)	27.1%	3,592	2.0%	1.6%	15 <sup>th</sup>
Pelham Parkway (BX)	25.9%	3,149	1.8%	1.5%	42 <sup>nd</sup>
Highbridge/S. Concourse (BX)	24.9%	3,848	2.2%	1.9%	17 <sup>th</sup>
Sunset Park (BK)	24.6%	3,741	2.1%	1.9%	22 <sup>nd</sup>
S. Crown Heights (BK)	23.6%	2,958	1.7%	1.5%	24 <sup>th</sup>
Washington Hts/Inwood (M)	23.4%	5,310	3.0%	2.8%	21 <sup>st</sup>
<b>Total of Top 18 Neighborhoods</b>	<b>30.6%</b>	<b>89,691</b>	<b>50.7%</b>	<b>35.7%</b>	<b>--</b>
<b>Rest of New York City (37 remaining PUMA/neighborhoods)</b>	<b>16.5%</b>	<b>87,154</b>	<b>49.3%</b>	<b>64.3%</b>	<b>--</b>
<b>NYC Total</b>	<b>21.6%</b>	<b>176,845</b>	<b>100%</b>	<b>100%</b>	<b>--</b>

\*CSS analysis of a combined dataset of the 2009 and 2010 ACS.

importantly, the more young people there are out of work, the harder it will be for those facing the greatest obstacles to employment to gain a foothold in the labor market. Spells of unemployment for young people can contribute to higher rates of unemployment and lower wages in the long term; but they also have negative short-term effects, including too much time spent idly and an interruption or delay in a young person's acquisition of meaningful skills and overall development.

The increase in the number of OSOW young people occurred despite greater levels of school enrollment. School enrollment rates have been increasing across the country for several years now, as the relative benefits of education as it relates to employment and income are greater and more well publicized than ever. The increase in school enrollment was also likely an effect of the recession, as more young people who were unable to find jobs opted to enroll in school instead. However, the increase in school enrollment was outweighed by the increase in young people who were either unemployed or not in the labor force.

### *The Recession Affected Certain Populations and Areas More Than Others*

The recession saw an increase in OSOW young adults in New York City as a whole. But these increases were more pronounced among certain groups in specific regions of the city. Latino males in Northern Manhattan and North Brooklyn suffered the greatest increases in OSOW young adults, due largely to heavy job losses. For the most part, many areas with high OSOW rates saw only modest increases during the recession, due to the fact that their rates were so high to begin with.

The recession also resulted in an increase in OSOW young adults in areas that have traditionally had very low OSOW rates. These areas—such as the Upper East Side and Upper West Side in Manhattan—continue to enjoy some of the lowest rates in the city, but nonetheless experienced significant increases. OSOW young adults from these neighborhoods are more likely to be white, from higher-income families, and better educated than their more traditional OSOW peers. As is the case with OSOW young adults with higher levels of educational attainment, these young people will have significant advantages in finding employment and regaining their foothold in the labor market, in some cases taking positions for which they are overqualified. This will make it even more difficult for traditional OSOW young adults to find jobs.

### *Educational Attainment Strongly Predicts OSOW Status*

A lack of education is a clear barrier to connecting to the labor market. The relationship between higher levels of education and higher rates of employment is well documented. Furthermore, the need for not only a high school degree but at least some post-secondary education has grown in recent years and is likely to continue to grow. The effects of low levels of education are exacerbated during a recession, when even higher-qualified individuals can have trouble finding work and thus often take positions meant for less qualified individuals. This means that during and immediately after a recession, those with lower levels of educational attainment will have even more difficulty connecting to the labor market than they normally would.

Compared to the general youth population, OSOW youth have significantly lower levels of educational attainment. Almost two-thirds (65 percent) of OSOW youth have no more than a high school diploma: 28 percent of this group (47,817) have less than a high school diploma, while 37 percent (63,292) have only a high school diploma. These less educated young adults face major challenges to developing a successful economic livelihood. Meanwhile, compared to the overall 18- to 24-year-old population, only a fraction of OSOW youth have attended some college or earned a bachelor’s degree. Those with higher levels of educational attainment, particularly if they are currently in school or attached to the labor market, are more successful in navigating

## New York City Young Adults: More in School and More OSOW

	Employed (whether or not in school)	In School (not employed)	Not in School, Unemployed	Not in School, Not in Labor Force	Out of School, Out of Work
2006/07	295,501	244,391	<b>46,911</b>	<b>100,987</b>	<b>147,898</b>
2008/09	334,220	303,887	<b>68,291</b>	<b>103,565</b>	<b>171,856</b>
2010/11	354,609	343,845	<b>66,339</b>	<b>105,932</b>	<b>172,271</b>

\*FPI analysis of combined datasets of the 2006/07, 2008/09, and 2010/11 CPS.

short-term or cyclical labor market trends and thus avoiding the same long-term impacts of a recession as suffered by those with lower levels of education.

### *Differences in Educational Attainment across Races/Ethnicities*

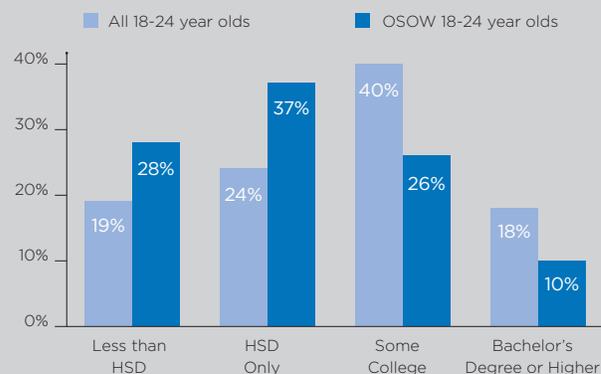
Clear racial disparities come to light when looking at the education levels of OSOW young people. For young people of color, OSOW status appears to present a longer-term challenge. This is due largely to lower levels of educational attainment among OSOW youth of color. Of the nearly 48,000 OSOW young adults without a high school diploma, 83 percent (nearly 40,000) are black or Latino. These young people will confront some of the greatest challenges in making meaningful connections to the labor market. Indeed, OSOW young adults with lower levels of education are much more likely to be out of the labor force rather than unemployed, suggesting that they either have not previously held a job or have gone a longer duration without work than those who are unemployed and are, by definition, looking for work. These young people are at serious risk of long-term unemployment that affects not only the individual but potentially generations to follow. And, as we will discuss later, the concentration of long-term unemployed individuals in certain areas can have impacts on entire communities that extend well into the future.

For young people without a high school diploma, the chances of acquiring a diploma or its equivalent lessen as they get older. Older young people often do not have the same options as younger youth with regard to educational opportunities, and in some cases have family responsibilities that prioritize finding paid work over investing in a credential that will pay dividends in the future. It is therefore critical that OSOW youth without a high school diploma be reached at the earliest possible point, increasing the likelihood that they will be able to acquire this all-important credential.

### *A High School Diploma Provides Hope, Not Promises*

It is an encouraging sign that high school graduation rates in New York City have improved, meaning fewer young people without a high school diploma. It is also a positive sign that

## Education Levels of OSOW Young Adults



\*FPI analysis of a combined dataset of the 2010/11 CPS.

there are fewer people now than before the recession who have only a high school diploma, without at least some post-secondary education. As mentioned above, post-secondary education is becoming increasingly important for landing jobs that pay middle-class wages.

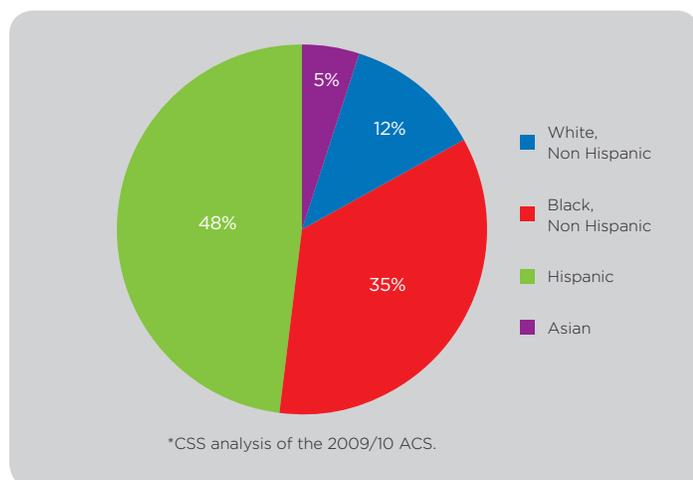
OSOW youth with only a high school diploma are still at risk of never fully realizing their potential in the labor market and earning family-sustaining wages. As was the case with OSOW youth without a high school diploma, blacks and

Of the nearly 48,000 OSOW young adults without a high school diploma, **83 percent are black or Latino**. These young people will face some of the greatest challenges in making meaningful connections to the labor market.

Latinos make up a disproportionately large share of youth with only a high school diploma, at 79 percent.

Young people with a high school diploma may be out of school and out of work for a number of reasons. Clearly, the recession had a negative impact on youth employment, particularly for those without advanced levels of educational attainment. Also, the ever-increasing costs of college may play some role in the decision making of young people who have finished high school. If college were more affordable, it is possible that more young people, particularly those unable to find work, would enroll in college.

### Race/Ethnicity of OSOW Young Adults with a High School Diploma or Less



### *The Recession Brought Changes to OSOW Distribution*

OSOW young adults remain disproportionately less educated, but the educational attainment distribution has changed since the recession to include more better-educated youth. Those with a bachelor's degree or higher went from representing 8 percent of the OSOW young adult population before the recession to 10 percent in 2010/11. Whites make up a disproportionately high share of OSOW young adults with a bachelor's degree or higher, given the relatively low levels of OSOW white young adults. The significant increase in OSOW young adults with higher levels of educational attainment means that it will be even more difficult for OSOW young adults who have a high school diploma or less to make up the job losses incurred during the recession.

Higher-educated OSOW young adults are more likely to be unemployed than out of the labor force, leading one to believe that their OSOW status can be more easily addressed.

The increase in more highly educated OSOW young adults means that there are more young people accepting positions for which they are traditionally overqualified. Not only is this a negative for the overqualified individual, but it also means fewer positions available to those with a more appropriate level of educational attainment. The higher level of educational attainment for OSOW young adults also presents a problem for black and Latino youth who are having trouble competing for jobs with whites who have the same level of educational attainment. Indeed, unemployment rates for black and Latino young adults are largely comparable to the unemployment rate of white young adults with less education. Being in competition with individuals with even higher levels of education—who are predominately white—will only decrease their odds of finding employment.

As mentioned earlier, the sections below on the geography and income levels of OSOW young adults rely on the ACS, the most recent data for which is through the end of 2010 and which, unlike the CPS, includes institutionalized populations. As such, the figures in these discussions are slightly different from those in earlier sections, in large part because the data do not include the economic recovery of 2011.

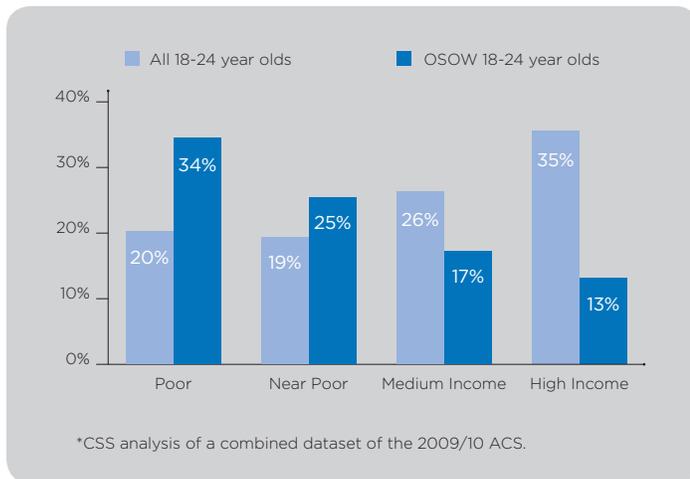
### *OSOW Status and Poverty*

OSOW status has a clear relationship with household income and poverty status. Thirty-eight percent of OSOW young adults live in households with incomes under 100 percent of the federal poverty line, which is just \$19,090 for a family of three. This is nearly double the overall poverty rate for New York City, which was 19.8 percent in 2010. Nearly two-thirds (64 percent) of OSOW young adults live in households that are poor or near poor (under 200 percent of the poverty line). Unsurprisingly, the map of young people who live in households with incomes under 100 percent of the federal poverty line looks very similar to the map of OSOW rates across New York City communities.

### *Poor OSOW Youth Are More Likely to Be Black or Latino*

The relationship between poverty and OSOW status again points to the structural factors facing OSOW young adults. Poor OSOW youth are disproportionately black and Latino and have lower levels of education than the overall population and the population of OSOW youth. One of the reasons for this is that poor white youth are much more likely to be enrolled in school than poor blacks and Latinos. Sixty-two percent of poor whites are enrolled in school, compared to 45 percent of poor blacks and 44 percent of poor Latinos.

#### Distribution of OSOW Young Adult Population by Income Level



OSOW rate speaks to the severity of the recent recession. However, the problems that the recession caused for these better-prepared populations cannot compare to the problems caused for those less equipped. Without income, education, past work experience, and family/community networks to fall back on—not to mention surrounded by communities that have always experienced difficulty in connecting to the labor market and escaping poverty—these young people with the greatest obstacles to employment are at high risk of knowing the recession but never knowing a recovery.

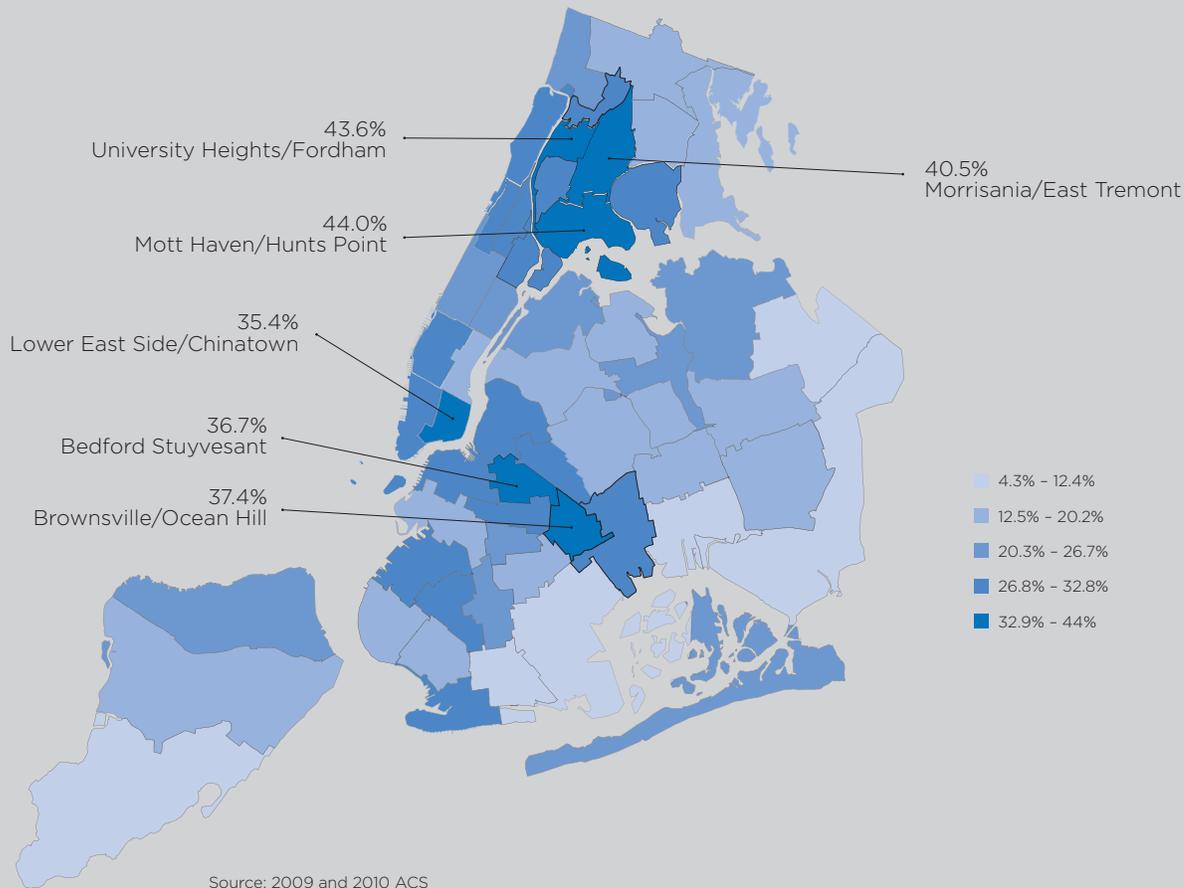
Poor white youth are much more likely to be enrolled in school than poor black and Latino youth. **Sixty-two percent** of poor whites are enrolled in school, compared to 45 percent of poor blacks and 44 percent of poor Latinos.

### *Recession Led to Increase in High-Income OSOW Young Adults*

Despite a decrease in the number of high-income youth in the city, the number of high-income OSOW young adults increased significantly. Not unlike OSOW young adults with a college education, these young people are arguably in a better position to recover from the recession than poor OSOW young people. High-income OSOW young people are more likely to be white, have higher levels of educational attainment, and be unemployed rather than out of the labor force.

The fact that even high-income, highly educated, predominately white youth experienced increases in their

# Percentage of 18- to 24-year-olds in Poverty



Source: 2009 and 2010 ACS  
\*CSS analysis of a combined dataset of the 2009/2010 ACS



# IV. HIGHLIGHTS OF THE DEMAND-SIDE ANALYSIS OF THE YOUNG ADULT LABOR MARKET

Labor demand refers to the character and composition of jobs and the level of employment. In order to better understand the state of labor demand for young adult workers in the New York City job market, we want to know several things, including the following:

- the sectors that employ young workers
- the most prevalent occupations
- the education level of workers by sector and occupation (since education is a general indication of skill requirements)
- the location within New York City of the most prevalent occupations
- the relative pay for different jobs (since pay is often considered the best gauge of the relative desirability of different jobs)

We are also interested in the broad contours of changes in labor demand over the past decade in the overall New York City labor market since that plays a key role in shaping the young adult labor market.

In analyzing the overall labor demand picture, we draw on the monthly government survey of payroll employment. To map the characteristics of labor demand for young adults, we use the ACS for New York City residents. By pooling three years of ACS data for 2008, 2009, and 2010 (the latest available), we can examine job holding by sector and occupation, as well as consider differences based on the demographics of the workforce. Where possible, we subdivide the 18- to 24-year-old young adult population into two groups, ages 18–20 and 21–24, to better identify differences in job patterns as workers move beyond strictly entry-level jobs into more permanent positions, and possibly ones that constitute the first step of a career ladder.

## *General Trends in the New York City Labor Market since 2000*

At the end of 2011, New York City’s total payroll job level was 3.8 million, up slightly (50,000 jobs, or 1.3 percent) from its 2000 level. Payroll jobs are the wage and salary jobs located in New York City, regardless of whether they are held by city residents or commuters.<sup>1</sup>

Between 2000 and 2011, the city experienced two sharp recessions. Payroll employment fell by 6 percent from January 2001 to August 2003 and by 3.5 percent from July 2008 to September 2009. While the city has recouped the 133,000 payroll jobs lost during the 2008–2009 recession, unemployment during the first half of 2012 was still well over 9 percent, twice its level before the recession. Also, the city resident employment-to-population ratio was 54.1 percent, down more than two percentage points from the level that prevailed before the recession. The city’s labor force was 66,000 (1.7 percent) greater in the first half of 2012 than it was in early 2008 before the recession.

Most of the payroll jobs added in New York City during the past decade have been concentrated in three sectors—retail trade, education/health/social services, and food services. Combined, these sectors added 224,000 jobs from 2000 to 2011, an increase of 17 percent. All other sectors in the city economy, taken together, lost 174,000 jobs (7 percent) over the December 2000–December 2011 period, with the four sectors with predominantly blue-collar jobs in New York City—manufacturing, construction, wholesale trade, and transportation—losing a total of 144,000 jobs (25 percent of their 2000 combined total). The combined share of the three growth sectors—retail trade, education/health/social

<sup>1</sup> Non-resident commuters hold slightly under 22 percent of all jobs in New York City. They hold less than 8 percent of jobs in social assistance, 14 percent of jobs in retail, 30 percent of jobs in professional services, and 33 percent of jobs in the finance, insurance, and real estate sector. FPI analysis of 2008/10 ACS.

services, and food services—increased from 34 percent in 2000 to 40 percent at the end of 2011.

Job growth over the past decade has occurred primarily in low-paying sectors, while middle-paying and high-paying sectors generally have lost jobs. As noted above, employment in blue-collar sectors that often provide middle-paying jobs to less educated workers declined sharply over the past decade. These job shifts have intensified the crowding of both

NYC job growth over the past decade has occurred primarily in low-paying sectors, while middle-paying and high-paying sectors generally have lost jobs.

young and older workers in the fast-growing lower-wage sectors. Proportionately fewer young adults are employed, but increasingly they are employed in these lower-wage sectors alongside a growing number of older workers. This phenomenon appears to be more pronounced in New York City than is generally the case across the country. Nationally, workers 25 and older represent 61 percent of all workers in selected low-wage occupations, while in New York City workers 25 and older hold 73 percent of these low-wage jobs.<sup>2</sup>

### ***Wages Faltering for All Workers, but Especially for Young Workers***

The shift toward lower-paying jobs and two sharp recessions over the past decade have contributed to a 3.4 percent decline in real median hourly wages for New York City workers from 2000/02 to 2009/11. This decline occurred despite a steady increase in educational attainment in recent years. For the city's young adults, the wage picture has worsened even more

<sup>2</sup> FPI analysis of 2009 ACS data.

over the past decade than it has for all resident workers. Real median hourly wages fell by 11 percent (from \$9.66 to \$8.64) for workers aged 18–20 and by six percent (from \$10.56 to \$9.92) for 21- to 24-year-olds over the 2000/02–2009/11 span. This trends holds true for young adults, regardless of educational attainment, and across almost all age subgroups, race-ethnic groups, and gender groups. Hourly wages dropped the most—by 16 percent (from \$14.52 to \$12.20)—for those with a four-year college degree or better.

### ***Young Adult Workers in the Great Recession and the Current Weak Recovery***

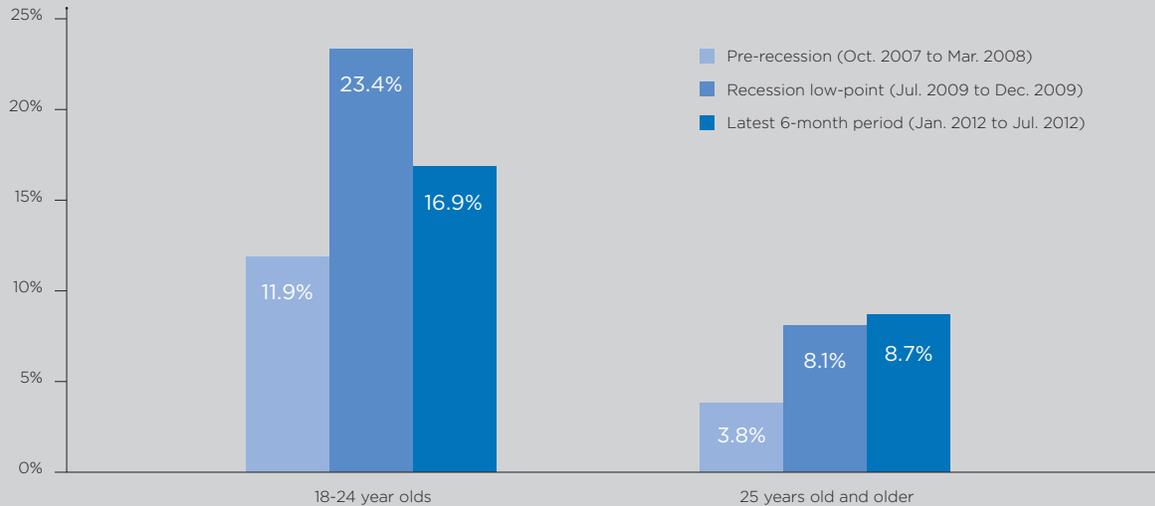
Turning to the most recent period, unemployment among New York City 18- to 24-year-olds averaged almost 17 percent for the first six months of 2012, compared to an 8.7 percent unemployment rate for workers 25 and older. During the recession, the young adult unemployment rate nearly doubled, reaching 23.4 percent in the last half of 2009. While the unemployment rate has declined more for young adults during the recovery than it has for older workers, since the recession began, both the employment-to-population ratio and the labor force participation rate have fallen more for young adults than for the city's workers overall. Because there has been a sizable increase in the number of discouraged workers and those working part time involuntarily, the unemployment rate that adds in these two factors was still 29 percent in the first half of 2012.<sup>3</sup> Thus, more than two years following the end of the recession, the main labor market indicators suggest that the employment prospects facing young adults still suffer from the lingering effects of the recession and weak recovery.

### ***Major Sectors Where Young Adults Work in New York City***

To begin to examine the labor demand for New York City's young adults, we must turn our attention to the sectors where young workers are employed. In order to simplify the analysis, industries that are similar in character (occupations,

<sup>3</sup> For workers 25 and older, the underemployment rate for the first half of 2012 was 14 percent. FPI analysis of the CPS for the first half of 2012.

## Unemployment Rates in NYC before, during and after the Recession



Source: FPI analysis of CPS data for New York City adjusted to NYC LAUS

wage levels, and educational requirements) are grouped into five broad sectors, as indicated in the following table. The five sectors are blue collar, retail trade, high-paying services, education/health/social services, and low-paying services. Public administration, which is a subset of government, is not included among the five sectors since it is somewhat distinct from the others and a relatively small employer of young adults—fewer than 9,000 (about 2.2 percent) of employed young adults work in public administration.

More than three out of four 18- to 20-year-olds are employed in three major sectors—retail, education/health/social services, and low-paying services, a sector consisting largely of restaurants. Over the course of the past decade, 18- to 20-year-old employment has become more concentrated in these three sectors, rising from 65 percent in 2000 to 78 percent in 2008/10.

Over the last decade, the share of jobs held by 18- to 20-year-olds rose from 26 to 29 percent in retail trade, from 17 to 21 percent in education/health/social services, and from 22 to 28 percent in low-paying services. For higher-paying white-collar

services, employment shares among 18- to 20-year-olds fell from 21 to 12 percent, and for blue-collar jobs from 14 to 10 percent.

For **21- to 24-year-olds**, the top three employment sectors remain the same as for 18- to 20-year-olds. However, their share of each sector is less pronounced, as other sectors, especially higher-paying white-collar jobs (which includes professional services and finance and insurance), take on more importance as a source of employment.

Similar to the 18- to 20-year-old cohort, the combined share of 21- to 24-year-olds employed in retail, education/health/social services, and low-paying services increased from 48 percent in 2000 to 58 percent in 2008/10, with roughly comparable increases occurring in each of the three sectors.

An examination of the two young adult age cohorts together reveals that nearly two-thirds (63 percent) of employed young adults worked in retail, education/health/social services, and low-paying services in 2008/10. Yet these sectors—which are predominant as a place for a first or early job for young workers—are becoming increasingly important as a source of employment for workers over 25. These three sectors

## Industry Groupings Used in Sector Analysis of Young Adult Labor Market

*Showing employment shares by sector within each age group*

Sector/Industry	Shares of employment within each age group				2008/10 employment
	18-20	21-24	25+	All 16+	All 16+
<b>Blue Collar</b>	<b>10%</b>	<b>13%</b>	<b>20%</b>	<b>19%</b>	<b>678,241</b>
Construction					
Manufacturing					
Wholesale trade					
Utilities					
Transportation					
<b>Retail Trade</b>	<b>29%</b>	<b>18%</b>	<b>9%</b>	<b>10%</b>	<b>359,023</b>
Retail trade					
<b>High-paying Services</b>	<b>12%</b>	<b>29%</b>	<b>28%</b>	<b>28%</b>	<b>995,623</b>
Information					
Finance and Insurance					
Real Estate					
Management of Comps.					
Professional Services					
Administrative Services					
<b>Education-Health-Social Services</b>	<b>21%</b>	<b>20%</b>	<b>28%</b>	<b>27%</b>	<b>978,567</b>
Educational Services					
Health Care					
Social Assistance					
<b>Low-paying Services</b>	<b>28%</b>	<b>20%</b>	<b>16%</b>	<b>16%</b>	<b>587,698</b>
Arts, Entertainment and Recreation					
Accommodation and Food Services					
Other Services					
<b>All Sectors, excluding Pub. Admin.</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>3,599,152</b>
<b>Employment total for each age group</b>	<b>100,886</b>	<b>284,419</b>	<b>3,200,471</b>	<b>3,599,152</b>	
<b>share of all 16+ employment</b>	<b>2.8%</b>	<b>7.9%</b>	<b>88.9%</b>	<b>100.0%</b>	

Source: FPI analysis of American Community Survey, 2008/10 microdata

accounted for 45 percent of jobs held by older workers in 2000, but this share rose to 52 percent in 2008/10.

In summary, the data reveal distinct patterns regarding the age of the city’s workers and their distribution among the broad industry sectors. The probability of employment in low-paying services declines sharply with age. By contrast, blue-collar and higher-paying white-collar employment increases with age.

18- to 20-year-olds who are working are more likely to work in retail, education/health/social services, and low-paying services than they were a decade ago.

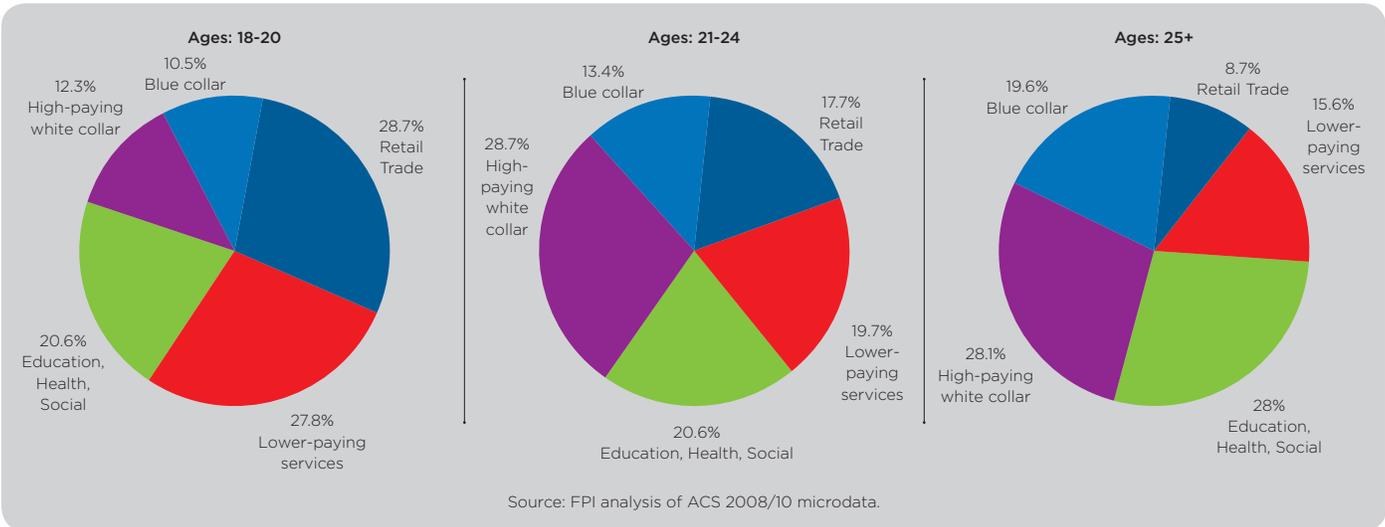
working part time, defined here as working fewer than 50 weeks a year and 35 hours per week on average. Among those employed, nearly half (46 percent) of those 21–24 work part time, while 22 percent of workers 25 and older work part time. Not all part-time workers have that status by choice. CPS data indicate that the percentage of all employed young adults who are involuntarily working part time and who want full-time work has doubled over the past decade, to 7.5 percent in 2010/11. Particularly in the wake of the 2008–2009 recession, there has been an increase in involuntary part-time work among older workers.

For both the 18–20 and 21–24 age groups, education/health/social services and retail trade have by far the highest incidence of part-time employment. For example, 83 percent of 18- to 20-year-old workers with jobs in education/health/social services work part time, as do 55 percent of 21- to 24-year-olds in this sector. These part-time shares are slightly higher than in retail trade. The blue-collar sector has the lowest incidence of part-time employment among young workers.

***Young Adult Workers More Likely to Work Part Time, and Involuntary Part-Time Work Has Increased***

Since many New York City workers in the 18–20 age group are still going to school, 75 percent of those employed are

**NYC Resident Employment by Broad Sector, Organized by Age Cohort**



Young adults face increasing competition from older workers in the sectors where young workers are typically concentrated.

### *Less Educated Young Adults Are Largely Black or Latino and More Likely to Work in Retail and Low-Paying Services*

Young adults of color—black, Latino, Asian, and other—who represent two-thirds of all young adults and are disproportionately among the less educated, are over-represented among those working in retail trade, the blue-collar sector, and low-paying services. They are also under-represented in higher-paying white-collar jobs and in education/health/social services.

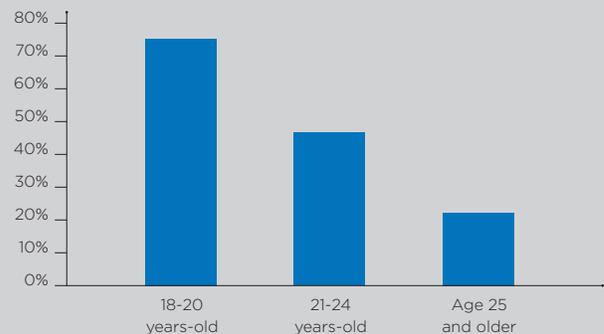
### *Employment Progression by Sector Based on Educational Attainment*

In the following analysis, we look further at the sectoral distribution of jobs held by young adults by examining these workers' education attainment levels. We focus on employment progressions for those with no more than a high school education, since two-thirds of the OSOW population has a high school diploma/GED or less.

Over 63 percent of 18- to 20-year-olds with **less than a high school education** work in low-paying services and retail trade. For the 21–24 age bracket, the combined shares in these two sectors declines slightly but remains around 53 percent. The share working in the blue-collar sector increases to nearly one in four, while the share working in higher-paying service rises a little and the share in education-health-social stays relatively flat, at around 11–12 percent each.

Fifty-six percent of 18- to 20-year-olds with a **high school**

### Percent Who Work Part-Time, NYC



Source: FPI analysis of 2008-2010 American Community Survey microdata

**diploma** work in low-paying services and retail trade. In the 21–24 year age range, the combined share of those finding work in these two sectors declines slightly but remains at a relatively high 47 percent. Workers with a high school education nearly double their share in blue-collar jobs, to 22 percent, in moving to the 21–24 age bracket. The combined shares in the middle-paying education/health/social services sector and in the higher-paying white-collar sectors remains roughly the same, at around 31 percent. Compared to workers aged 25 and older, workers with a high school education in the 21–24 age group remain over-represented in retail trade and low-paying services.

In contrast to the first two educational attainment groups, those with **some college** are more likely to be employed in the education/health/social services sector as 18- to 20-year-olds. One out of every four works in that sector in both the 18–20 and the 21–24 age groups. But like the first two educational groups, those with some college are heavily represented among retail and low-paying service jobs as 18- to 20-year-olds, and those shares decline as they move into the 21–24 age range. They are more likely to be employed in higher-paying white-collar jobs as 18- to 20-year-olds, and that share increases to 20 percent as 21- to 24-year-olds. Their blue-collar employment share doubles but reaches only 13 percent in the 21–24 age range.

Nearly half (47 percent) of those aged 21–24 with **four-year**

## Type of Work Performed by Workers with Less Than a High School Diploma

	18-20 Years of Age	21-24 Years of Age	18 to 24 Years of Age	25+ Years of Age	Total
<b>Less than high school</b>					
Blue Collar	18.2%	24.4%	22.2%	29.4%	28.2%
Retail Trade	28.3%	21.2%	23.8%	11.1%	12.5%
High-paying White Collar	7.8%	11.3%	10.0%	12.5%	12.2%
Education-Health-Social Services	10.5%	10.1%	10.3%	19.8%	19.0%
Lower-paying Services	35.2%	32.9%	33.7%	27.2%	28.2%
<b>Total of 5 Broad Sectors</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: FPI analysis of the 2008/10 ACS

**college degrees<sup>4</sup>**—that is, newly minted college graduates—are employed in the higher-paying white-collar sectors. In fact, they are slightly over-represented in the higher-paying white-collar sector compared to workers aged 25 and older. Those with a four-year degree also are slightly over-represented, compared to workers aged 25 and older, in

<sup>4</sup> There are too few college graduates in the 18-20 age bracket to meaningfully analyze data for that group.

low-paying services and in retail trade, and slightly under-represented in the two remaining sectors: blue-collar jobs and education/health/social services.

### *Employment Progression by Occupation*

We now turn from the sectors in which young New Yorkers are employed to the occupations they hold. For each

## Type of Work Performed by Workers with a High School Diploma

	18-20 Years of Age	21-24 Years of Age	18 to 24 Years of Age	25+ Years of Age	Total
<b>High School</b>					
Blue Collar	11.6%	22.2%	18.3%	28.0%	26.9%
Retail Trade	26.9%	20.6%	22.9%	11.4%	12.7%
High-paying White Collar	13.8%	14.9%	14.5%	17.9%	17.5%
Education-Health-Social Services	18.9%	15.7%	16.9%	23.8%	23.1%
Lower-paying Services	28.9%	26.5%	27.4%	18.9%	19.9%
<b>Total of 5 Broad Sectors</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: FPI analysis of the 2008/10 ACS

educational attainment level, young adults are concentrated in a relatively small number of occupational groups. For example, given the number of jobs in retail and food services, it is not surprising that food preparation services and sales clerks and cashiers are among the most frequent occupations held by young adults, with the exception of those with a four-year college degree. Many of the most common occupational categories among young workers also tend to be among the lowest paying. Some of the more skilled and better-paying jobs are in occupations that employ fewer workers and held largely by workers 25 and older. Thus, one promising employment strategy for less educated young workers is to identify and seek more specialized and better-paying occupations that older workers with less education are more likely to hold.

For workers with **less than a high school education**, occupations that become more prevalent among older workers include building service workers and guards, personal service workers, health and nursing aides, and drivers. These are occupational categories that less educated young workers might strive for where the potential exists for higher wages.

Among those with a **high school education**, personal service workers, health and nursing aides, and drivers are three occupational categories that become more prevalent among older workers.

### *Wage Differences as Workers Move into Older Age Groups*

As workers move from the 18–20 age group to the 21–24 age bracket within educational attainment levels, median wages generally rise, particularly for those with some college (+37 percent), and less so for those with only a high school education (+6 percent). This indicates not only that wages will rise with age and experience but that the potential for advancement is greater with some college than with only a high school diploma or less.

The pattern of annual wages for full-time, year-round young adult New York City workers clearly shows the advantages of increased educational attainment. For 21- to 24-year-olds, those with a high school education have a median annual

Jobs such as health aides and drivers offer the potential for higher wages over time for workers with less education.

wage that is 12 percent greater (\$20,800) than that of those with less than a high school education (\$18,500). Having attended some college raises median earnings by 20 percent (\$25,000) over those with a high school education, and a four-year college degree boosts median wages to \$40,500, or 62 percent greater than those with some college but not a four-year degree. Note that the “some college” category includes those who have earned an associate’s degree. That makes the median annual earnings of those with a four-year college degree nearly twice that of 21- to 24-year-old workers with less than a high school education. In terms of total annual earnings, those with a four-year college degree or better in the 21–24 age group earn \$20,000 more a year than those with a high school education.

Among the five broad employment sectors, the hierarchy of relative median wages for young adults aged 21–24 across education levels is fairly consistent: higher-paying white-collar sectors have the highest wages, followed by blue-collar jobs, education/health/social services, and, finally, retail trade and low-paying services. This hierarchy is basically the same for 21- to 24-year-olds as for workers aged 25 and older.

In terms of gender, the wage progression as education increases is similar for males and females, except that a four-year college degree or better provides a greater differential for males than for females: males with a four-year college degree or better have median wages 105 percent greater than males with only a high school diploma; for females, the differential is only 91 percent. Women at all education levels earn less than men, but the ratio of female-to-male earnings is highest at 96 percent for 21- to 24-year-olds with some college, while it is lowest at 86 percent for those with a four-year college

## Leading occupations by education attainment level, NYC, 2008-10

	18-20 Years of Age	21-24 Years of Age	18 to 24 Years of Age	25+ Years of Age	Total
<b>Less than high school</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Food preparation services	16.1%	16.6%	16.4%	12.6%	13.0%
Sales (clerks & cashiers)	24.7%	11.3%	16.1%	6.5%	7.7%
Construction laborers & other material handlers	10.1%	15.0%	13.3%	8.4%	8.8%
Administrative support (incl. clerical)	11.7%	11.2%	11.4%	7.1%	7.6%
Private household & personal service	6.9%	9.4%	8.5%	11.7%	11.4%
Guards, cleaning and building services	6.9%	7.7%	7.4%	9.9%	9.6%
Dental, health & nursing aides	4.0%	5.3%	4.9%	10.6%	9.9%
Construction trades	4.0%	5.3%	4.8%	5.3%	5.2%
Drivers (incl. heavy equipment operators)	3.8%	4.9%	4.5%	8.1%	7.7%
Teachers, social workers & artists	5.6%	3.0%	3.9%	1.7%	2.1%
Machine operators	1.5%	2.2%	1.9%	5.0%	4.7%
Sales (supervisors, real est., finance & ins.)	0.7%	1.7%	1.4%	1.9%	1.8%
Mechanics & repairers	1.0%	1.4%	1.2%	2.7%	2.6%
<b>subtotal, these 13 occupations</b>	<b>97.1%</b>	<b>95.0%</b>	<b>95.8%</b>	<b>91.5%</b>	<b>92.0%</b>
<b>High school</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Sales (clerks & cashiers)	24.9%	16.2%	19.4%	6.2%	7.6%
Administrative support (incl. clerical)	19.6%	18.5%	18.9%	17.0%	17.2%
Food preparation services	12.6%	13.5%	13.1%	6.5%	7.2%
Teachers, social workers & artists	9.4%	5.9%	7.2%	4.2%	4.5%
Guards, cleaning and building services	4.9%	7.5%	6.5%	7.8%	7.6%
Private household & personal service	7.8%	4.9%	6.0%	9.7%	9.3%
Construction laborers & other material handlers	4.9%	6.6%	6.0%	5.3%	5.3%
Dental, health & nursing aides	2.0%	4.6%	3.6%	8.9%	8.3%
Construction trades	1.7%	4.5%	3.4%	4.6%	4.4%
Drivers (incl. heavy equipment operators)	1.2%	3.7%	2.8%	8.0%	7.5%
Mechanics & repairers	2.6%	2.8%	2.7%	3.5%	3.4%
Executive, administrative, managerial	2.2%	2.9%	2.7%	5.6%	5.3%
Sales (supervisors, real est., finance & ins.)	1.3%	2.4%	2.0%	3.5%	3.3%
<b>subtotal, these 13 occupations</b>	<b>95.1%</b>	<b>94.1%</b>	<b>94.5%</b>	<b>90.6%</b>	<b>91.0%</b>
<b>Some college</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Administrative support (incl. clerical)	22.6%	28.3%	26.2%	22.0%	22.7%
Sales (clerks & cashiers)	27.8%	17.3%	21.1%	6.0%	8.3%
Teachers, social workers & artists	13.4%	9.7%	11.0%	8.3%	8.7%
Food preparation services	9.4%	7.1%	7.9%	3.9%	4.5%
Private household & personal service	5.4%	5.0%	5.2%	5.6%	5.5%
<b>subtotal, top 5 occupations</b>	<b>78.5%</b>	<b>67.4%</b>	<b>71.4%</b>	<b>45.8%</b>	<b>49.8%</b>
<b>BA or more</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Executive, administrative, managerial	13.9%	25.0%	24.9%	25.9%	25.8%
Teachers, social workers & artists	26.6%	20.6%	20.7%	23.8%	23.6%
Administrative support (incl. clerical)	19.6%	15.8%	15.8%	9.1%	9.5%
Sales (clerks & cashiers)	20.4%	6.9%	7.1%	3.6%	3.8%
Technicians (incl. health, engineering & science)	0.0%	6.9%	6.8%	3.7%	3.9%
<b>subtotal, top 5 occupations</b>	<b>80.5%</b>	<b>75.3%</b>	<b>75.3%</b>	<b>66.1%</b>	<b>66.6%</b>

Source: FPI analysis of ACS 2008/10

degree or better.

Educational attainment also clearly affects the potential for wage gains as young adults aged 21–24 move into the 25–29 group. The median wage increase is greatest among those with some college or a four-year college degree (34 and 33 percent increases, respectively). High school graduates see a 22 percent median wage increase as they move from 21–24 to 25–29. Those with less than a high school education see only a 10 percent median wage increase as they move into the 25–29 age group.

### ***Best Outcomes for Young Workers with a High School Education or Less***

How well can young New Yorkers facing labor market obstacles do in the labor market? Two of the most salient labor market impediments for disconnected youth are lack of employment experience and inadequate soft skills, but neither of these variables are captured in the ACS, which might permit an analysis here. However, low educational attainment is another relevant factor, and it is one that is identified in the ACS. Therefore, for young New Yorkers with low educational attainment, we look at relative earnings to identify the sector(s) where outcomes appear to be best—that is, where earnings are highest. Across all sectors, the median wages for 21- to 24-year-olds with less than a high school education is \$18,500. The sectors that offer the potential for the best earnings for workers with limited education are the blue-collar and higher-paying white-collar sectors. Indeed, 42 percent of those 25 and older with less than a high school education were employed in these two sectors in 2008/10. Even if these opportunities are not readily available to young adults, young workers should seek out jobs in those sectors in their late 20s or early 30s. Both of these sectors have 90th percentile earnings of \$36,100, nearly twice the median for all workers with less than a high school education. The lowest 90th percentile earnings for 21- to 24-year-olds with less than a high school education are in education/health/social services, at \$23,900.

For those with a high school education, the overall median wage for 21- to 24-year-olds is \$20,800. The blue-collar sector offers the highest earnings potential for such workers—the

90th percentile wage is \$41,250, considerably better than the 90th percentile in higher-paying white-collar positions of \$39,200. Retail and low-paying services offer the lowest 90th percentile wages for 21- to 24-year-olds with a high school education. Among those with some college but not an associate's degree, public administration has the highest 90th percentile wage, at \$41,400. Interestingly, four of the five main broad sectors have 90th percentile wages that are lower for those with some college than for those with only a high school education. Only retail has a higher 90th percentile wage for those with some college compared to those with a high school education.

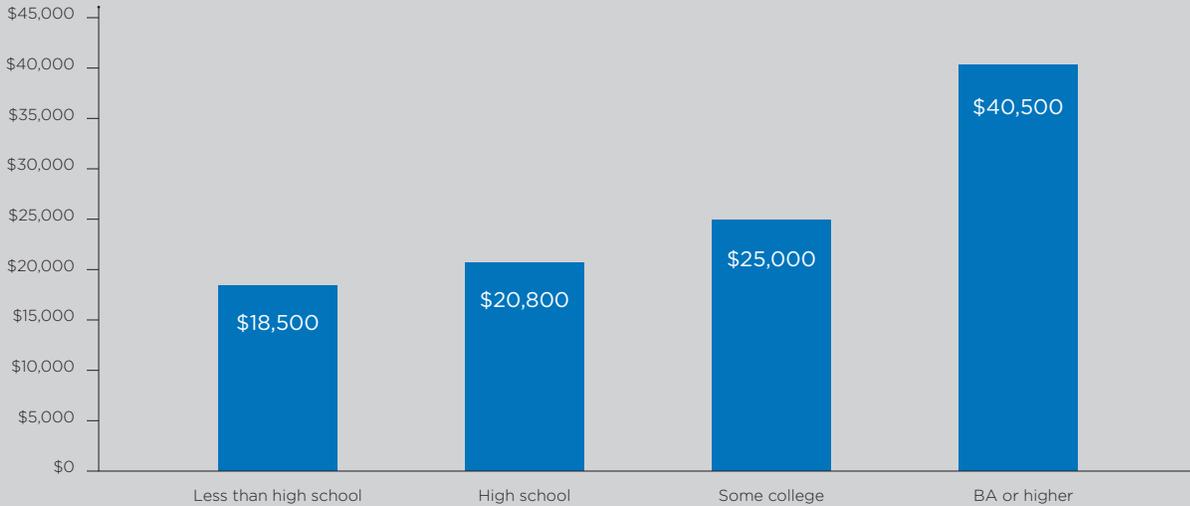
### ***Wages Are Much Higher in Manhattan Than in the Other Four Boroughs***

Almost across the board, young adults earn higher wages working in Manhattan than in Brooklyn, Queens, the Bronx, or Staten Island. The sole exception is for females of color working in retail—Manhattan median wages for full-time workers were 90 percent of wages paid in the other boroughs. For all other statuses (gender, sector, race/ethnicity), median wages were higher in Manhattan. White females working in Manhattan were paid median wages 50 percent greater than in the other boroughs, while females of color had wages that were 42 percent higher in Manhattan than in the other boroughs. Among males, whites were paid 36 percent more in Manhattan and males of color were paid 10 percent more.

### ***Nearly Half of 21- to 24-Year-Olds Work in Manhattan***

While nearly half of the jobs held by 21- to 24-year-olds are in Manhattan, two-thirds of those with a four-year college degree or better work in Manhattan. However, Manhattan also has a greater share than the other boroughs of jobs held by those with less than a high school education or only a high school diploma. The other boroughs all have an over-representation of jobholders with some college or less education.

## Median Annual Wages for Full-Time NYC Workers Aged 21-24, according to Education Level



Source: FPI analysis of 2008/10 American Community Survey

For the 21- to 24-year-olds reporting the borough of their employment, half of the 180,000 residing in the boroughs outside of Manhattan work in their home borough. Forty-three percent of non-Manhattan city residents aged 21–24 work in Manhattan. Nine out of every ten employed 21- to 24-year-olds residing in Manhattan work in that borough. Nearly two thirds of employed Staten Island 21- to 24-year-old residents work in their home borough, and half of employed Brooklyn 21- to 24-year-old residents work in Brooklyn.

Young adults earn higher wages if they work in Manhattan compared to Brooklyn, Queens, the Bronx, or Staten Island.



## V. CONCLUSIONS

The 18–24 age span constitutes a formative period for young people as they finish their education, take their first important steps in the labor market, and begin to assume the full responsibilities of adulthood and citizenship. The labor market faced by young adults in New York City has changed substantially over the past decade. New York City is still home to high numbers of youth who are out of school and out of work. While this issue has been recognized as a problem in the past, current trends speak to an even deeper level of challenges facing young people, particularly those from poor communities, in successfully connecting to the labor market and forging a path to economic sustainability.

### ***Key Findings***

Our analysis of recent trends in the supply of and demand for young adult labor in New York City leads us to the following set of conclusions:

- *Young adults in New York City are working less but receiving more schooling; yet OSOW rates remain very high.*

Over the past decade, school enrollment has soared while young adult labor force participation and the employment-to-population ratio have dropped sharply. Approximately 172,000 18- to 24-year-olds are OSOW, and many of them face barriers that stand in the way of their successful connection to the labor market and promising economic livelihoods. This represents 19.8 percent of New York City's young adult population—and while this share is down slightly from a decade ago, it is a status that is disproportionately found among young people who are less educated, of color, and geographically concentrated in poorer neighborhoods.

- *More competition from older workers is making it harder for young workers to find jobs.*

The past decade has seen a continuation of a marked longer-

term shift in the composition of city employment, with job growth concentrated in sectors paying lower-than-average wages while sectors employing predominantly blue-collar workers, which have traditionally provided middle-paying jobs to less educated workers, have shed a substantial share of their jobs. This sectoral employment change has brought more adult workers into the part of the labor market where less educated and less experienced young workers typically find jobs. Such crowding makes it harder for young adults to advance in these sectors.

- *Less educated young workers are finding it harder to progress out of the lowest-paying jobs.*

The rising educational attainment of workers in most sectors means that it is increasingly difficult for less educated workers to move up the pay scale. College represents the most promising way forward: young adults aged 21–24 with a four-year college degree or better earn \$20,000 more a year than those with only a high school education. As workers move from the 21–24 age group to the 25 and older group, wages tend to rise faster for those with more education.

- *The recession led to significant increases in the portion of OSOW youth who are unemployed or discouraged workers, as jobs became even scarcer for young people.*

Even though school attendance kept rising through the years of the latest recession, the sharp increase in young adult unemployment during the Great Recession of 2008–2009 prevented the city's OSOW rate from declining. The number of young people who were either unemployed or so discouraged about their prospects of finding employment that they stopped looking grew by nearly 50 percent from 2006/07 to 2008/09.

- *Certain communities show alarmingly high concentrations of OSOW youth.*

OSOW youth are not distributed equally across the city. Indeed, over half of all OSOW youth in New York City reside in just 18 of the city's 55 neighborhoods.

- *A significant portion of the OSOW population faces major barriers to obtaining and succeeding in employment.*

Even though educational attainment has been rising steadily in New York City in recent years, OSOW youth have significantly lower levels of educational attainment compared to the general youth population. Clear racial disparities come to light when looking at the education levels of OSOW youth. Black and Latino youth make up five out of every six of OSOW youth with no more than a high school diploma. These young people will face some of the greatest challenges in making meaningful connections to the labor market.

## ***Implications for Policy***

For the city's young adult workers, the employment and wage picture has worsened considerably over the past ten years, and numbers of OSOW youth remain alarmingly high. An examination of the labor market shifts that have created these conditions leads us to offer the following considerations for policy for reconnecting OSOW youth. It is important to note that in order for any policy aimed at reconnecting young people to be successful, it must be both age and level appropriate.

### ***1. Increase the educational attainment of young adults.***

Ensuring that more young people have academic skills and certifications that carry value in the labor market will reduce the number of young people struggling to compete for jobs.

### ***2. Raise the quality of the jobs that employ young people.***

Increasing the minimum wage and extending the Earned Income Tax Credit to young workers will provide greater incentives for young people to work and will help keep them out of poverty.

### ***3. Expand childcare availability.*** Too many young adults (nearly 65,000) are out of the labor market due to caretaking responsibilities, which stand in the way of obtaining and succeeding in the jobs that can be a foundation for their career development. New York

City should expand the availability of subsidized, quality childcare supports to young adults in poor neighborhoods.

***4 Invest in more intensive workforce development efforts aimed at communities with high concentrations of OSOW young people.*** Government and private funders should increase their investment in programs that support the employability and employment of young adults, particularly in the handful of communities with high concentrations of OSOW young people. These efforts will need to be diverse in order to assist young people at different stages of career readiness. Broadly, policy makers funders should seek to differentiate options for those who may be job ready but lacking an opportunity to find work from programs for young people who need more comprehensive skill development before they are able to succeed in a job or internship.

## VI. APPENDIX

### New York City Young Adult (18-24) Population and Labor Force Status, based on the Current Population Survey, 2010/2011

Row # (to show relationship between concepts)	Population and Labor Force Status	2010/11 Level'	Ratio to 18-24 population**	labor market terms	
(1)	Population, age 18-24	870,700	100.0%		
(2)	Labor force	420,900	48.3%	Labor force participation rate	
(3)	Employed	354,600	40.7%	EPOP rate	
(3a)	employed and in school	91,300	10.5%	Working and in school rate	
(4)	Unemployed	66,300	7.6%	Unemployment to population rate	
(5)=(1)-(2)	Not in the Labor Force (NILF)	449,900	51.7%	NILF to population rate	
(6)	NILF because in school	343,800	39.5%	Not working but in school rate	
(7)	NILF due to family care responsibilities	64,500	7.4%	Not working but family care responsibility rate	
(8)	Other reasons for NILF	41,500	4.8%	Other NILF to population rate	
(9)=(4) divided by (2)	Unemployment rate (unemployed relative to labor force)		15.7%**		
(10)=(3a)+(6)	Total in school, whether working or not working	435,200	50.0%	School enrollment rate	
(11)=(4)+(7)+(8)	<b>Out of School and Out of Work (OSOW)</b>	172,300	19.8%	<b>share of OSOW</b>	
(4)	Unemployed	66,300	7.6%	38%	
(12)=(7)+(8)	NILF, but not in school	106,000	12.2%	62%	
(7)	NILF due to family care responsibilities	64,500	7.4%	37%	
(8)	Other reasons for NILF	41,500	4.8%	24%	
(13)=(4)+(8) or (11)-(7)	<b>OSOW minus those with family care responsibilities</b>	107,700	12.4%	63%	
	<b>An expansive, but sometimes misleading, view of young adult joblessness</b>		<b>Rates relative to young adult population for expansive view of joblessness, and by major component</b>		<b>share of jobless</b>
(14)=(4)+(5)	Expansive figure for "joblessness" (also population minus employed)	516,100	"Jobless rate" (seen as 1 minus EPOP)	59.3%	100%
(4)	officially unemployed	66,300	Unemployment-to-population rate	7.6%	13%
(6)	not working but in school	343,800	NILF but school enrollment rate	39.5%	67%
(7)	NILF due to family care responsibilities	64,500	Family care rate	7.4%	13%
(8)	other NILF	41,500	Other NILF rate	4.8%	8%

\*rounded to nearest hundred; \*\*except for row 9, unemployment rate is ratio of unemployed to the labor force  
Source: FPI analysis of 2010 and 2011 Current Population Survey, adjusted for 2010 decennial population census weights



## VII. NOTES ON THE TWO MAJOR SURVEYS ANALYZED IN THIS REPORT

Two major public datasets were used in this project. The **Current Population Survey (CPS)** is a monthly survey conducted by the United States Census Bureau focusing on labor market and other socioeconomic information. The government uses CPS as the basis for reporting monthly unemployment and labor force statistics. The CPS has the advantages of being current, with a very short lag time between when it is conducted and when it is publicly available. Since the CPS is administered by Census Bureau employees, its results are more likely to be methodologically consistent across respondents. It also has the advantage of asking more detailed questions regarding labor force status and hourly pay. Its limitations for the analysis in this report are that the sizes of its samples for New York City are somewhat small and do not allow for deeper demographic cross-tabulations or geographic analyses below the city level.

On the other hand, the **American Community Survey (ACS)**, an annual survey of the Census Bureau, provides sample sizes large enough for examination at the community level and across a deeper set of demographic variables. Unlike the CPS, the ACS dataset includes individuals in institutionalized living situations, including dormitories and incarceration facilities. Responses in the ACS are self-reported, so there is the potential for greater error with respect to how certain questions are answered, particularly concerning labor market status. The ACS is also limited by the fact that it is not available for at least nine months after each calendar year. As such, for this report, we were able to use CPS data through 2011 and ACS data only through 2010.

We used the microdata from both the CPS and the ACS and, where useful, made comparisons to earlier years; in the case of the ACS, comparison was made to the 2000 census. Our data analysis sought to capitalize on the strengths of each dataset. To set the broad parameters of the young adult labor market and the OSOW population, we utilized two-year pooled

CPS data because of its more rigorous labor force data. The most recent two-year CPS pooled data was for 2010/11. For comparison purposes, we also looked at 2000/01, 2002/03, 2004/05, 2006/07, and 2008/09 to see how the young adult labor force changed over the past decade, particularly right before, during, and right after the severe 2008–2009 recession.

Our demand-side analysis used a three-year pool of ACS responses for 2008/10 to examine the contours of employment demand by sector, occupation, and demographic category. While we could identify community of residence for individuals in the ACS, we could identify only borough of employment; community of employment was not available. We used the ACS to analyze wage differences across groups of workers for the 2008/10 period and used the CPS to examine wage changes over time. To shed light on changes over the past decade in broad employment demand in New York City, we also utilized payroll employment data from the New York State Department of Labor. Our supply-side analysis, which went into greater depth regarding the demographics and geography of the young adult population for the 2008/10 period, used two two-year pooled datasets from 2007/8 and 2009/10 in order to examine pre- and late-recession time periods in New York City.



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