



The Uphill Employment Battle for New York's Recent College Graduates

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Prior to the past few years, there was an expectation that earning a college degree was the path to a decent job with benefits. This is not the case in today's post-Great Recession environment, where student loan debt has reached an all-time high, and more young adults are living at home longer and are unable to purchase homes, cars, and other assets because of persistent unemployment or underemployment. In fact, many young would-be workers are returning to school or taking unpaid internships, and forgoing the job market altogether.

Eight years after the Great Recession, young adults looking to enter the workforce after college are asking: What does the job market look like for New York's recent graduates? Have job prospects improved for young New York resident graduates? How many young workers are unemployed or underemployed? What kind of incomes are they earning?

In general, the Fiscal Policy Institute found job market prospects for recent graduates are neither dismal nor encouraging. Most data show that these prospects have substantially improved since the Great Recession, but have not recovered to the "full-employment" levels from the year 2000.

High Unemployment, Low Wages, and Crippling Student Loan Debt

The Fiscal Policy Institute's analysis focuses on the job market facing current college graduates. There is no data about college students graduating this spring, but the Fiscal Policy Institute examined their peers, recent New York resident college graduates (ages 21 to 24) who are not currently enrolled in further schooling.

In general, young workers have a harder time finding work than their elders.¹ New York State unemployment rates for 17- to 25-year-olds are more than double the overall national rates. On top of that, the slow recovery from the Great Recession has made the job search for young workers even harder. In New York, more than one in ten young adults were officially unemployed in 2016. See Fig 1.

While a college degree helps, it is no longer an automatic entrée to a decent, stable job. The underemployment chart below shows that thousands of recent college graduates in New York are struggling to find full-time work or have essentially given up on finding work at all. See Fig 2.

¹ See, for example, "I Am a Young Worker," UCLA Labor Center 2015, at <https://www.labor.ucla.edu/publication/i-am-a-youngworker/>

Figure 1.

New York State and National Unemployment Rates, 2000 – 2016²				
	2000	2007	2015	2016
<i>New York, all workers over 16 years</i>	4.6%	4.6%	5.3%	4.8%
<i>New York, workers aged 17-25 years</i>	10.4%	11.9%	14.2%	10.5%
<i>Nationally, all workers over 16 years</i>	4.0%	4.6%	5.3%	4.9%
<i>Nationally, workers aged 17-25 years</i>	9.3%	10.5%	11.6%	10.4%

These rates, known as U-3 by labor statisticians, do not fully show the difficulty young people (or anyone, for that matter) have finding decent jobs. Like their elders, those under the age of 25 may give up on finding work after some unsuccessful searching, return to school, or accept an unpaid role caring for a younger sibling or an ailing elder, all the while eager to find a job if one were to become available. Since these individuals are no longer actively looking for work, they are not counted as “unemployed.”

Figure 2.

New York State and National Underemployment Rates, 2000 - 2016³				
	2000	2007	2015	2016
<i>New York, all workers over 16 years</i>	7.9%	8.1%	10.6%	9.4%
<i>New York, workers aged 17 – 25 years</i>	17.2%	18.5%	25.4%	20.6%
<i>Nationally, all workers over 16 years</i>	7.0%	8.3%	10.5%	9.6%
<i>Nationally, workers aged 17 – 25 years</i>	14.9%	17.3%	21.0%	19.1%

Those who have found part-time work but still want a full-time job are not considered “unemployed,” nor are those who want a job but have given up on trying to find one. The “underemployment rate” or U-6 includes these people. As with the U-3, younger people have approximately double the overall underemployment rate. In New York, more than one in five young people were in this group in 2016.

Even those young people with full-time jobs cannot really get by

The Fiscal Policy Institute found that recent college graduates in New York are (at median) earning no more than \$16.00 an hour, signifying that even an individual with full-time, year-round work would gross only \$33,280 a year. This level of income is hardly enough to get by, especially with college loan debt among New Yorkers averaging \$32,200.⁴

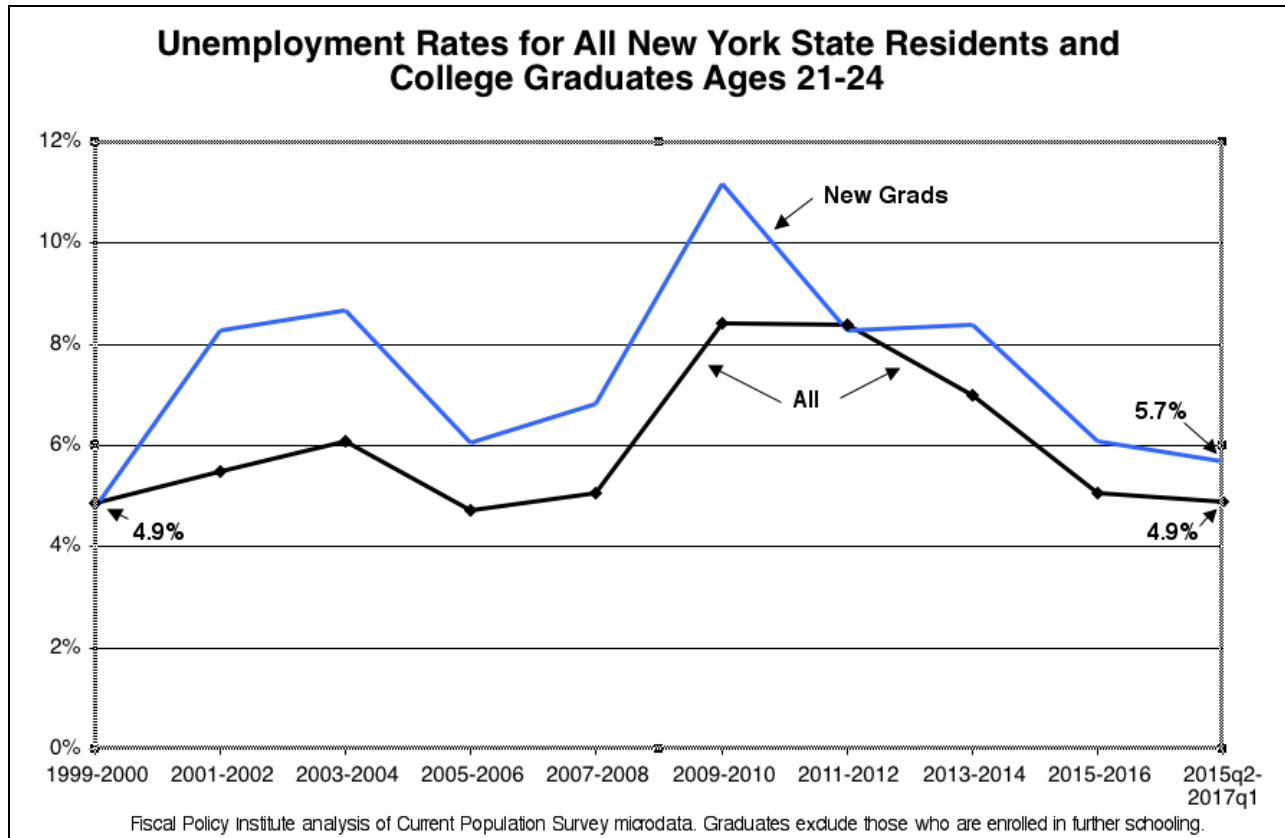
² Teresa Kroeger and Elise Gould, Economic Policy Institute, “The Class of 2017,” May 4, 2017, at epi.org/124859, appendix 1.

³ EPI, *ibid.*, appendix 2.

⁴ This is 48% more than a decade ago. “Student Loan Debt in New York State,” Office of the New York State Comptroller, September 2016, cover note.

The Unemployment Rate for New Graduates in New York Is Still Above its 1999-2000 Level

The overall unemployment rate for New York residents has recovered from its recession level and returned to its “full-employment” levels from 1999-2000. But while the rate for recent college graduates has recovered from its recession level, it is still substantially higher than its 1999-2000 level.⁵ In the latest 24-month period of available data, over 12,000 recent graduates (out of 240,000)—more than one in seventeen—are officially unemployed.⁶

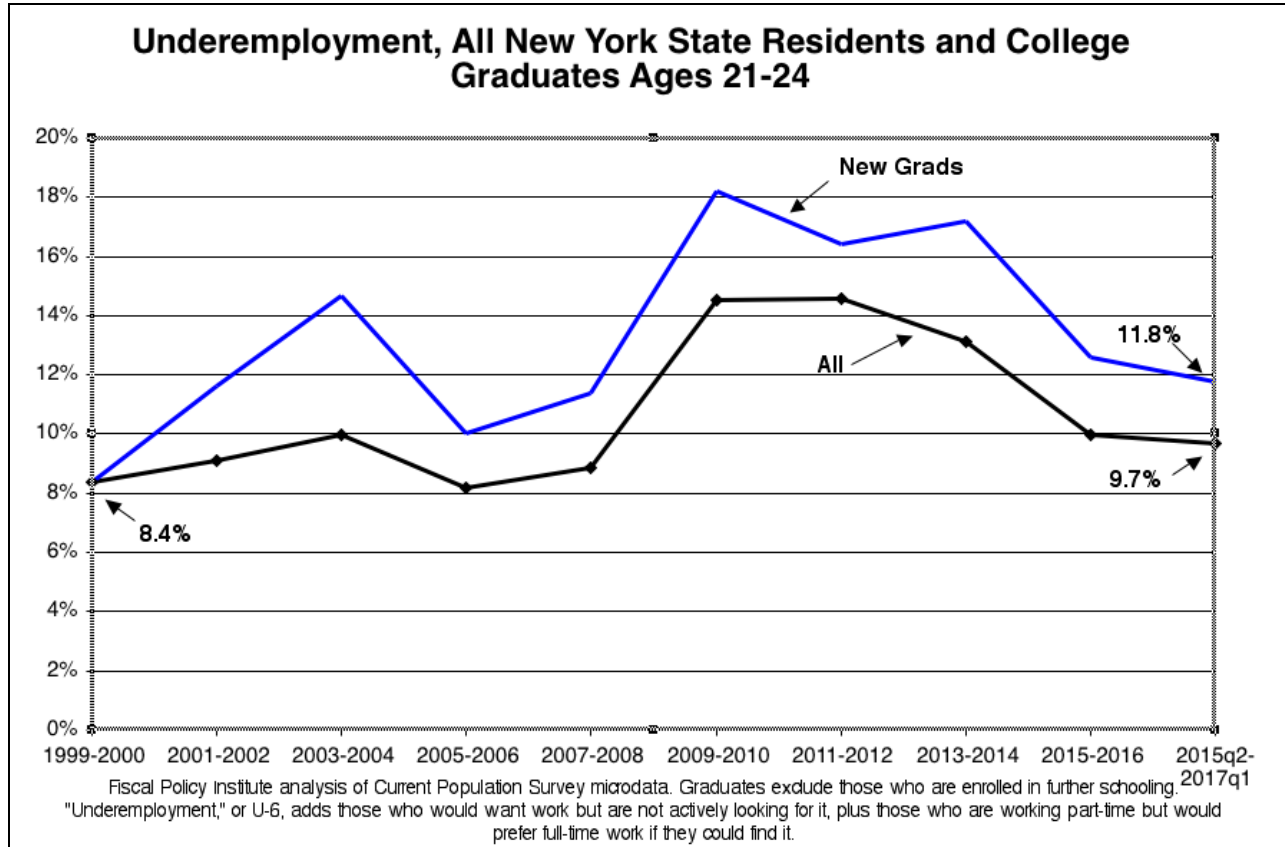


⁵ See the end note for an explanation of the overlap in time periods.

⁶ Fiscal Policy Analysis of Current Population Survey microdata.

More Than One in Eight Recent Graduates Are Underemployed

Like the unemployment rate, the underemployment rates for both all New Yorkers and recent college graduates have recovered from their recession spikes, and are on a downward path. But neither of them have returned to their 1999-2000 levels. In the most recent 24-month period, of the 209,000 recent graduates who are officially employed, over 12,000 are working only part-time because they have not been able to find full-time work. Altogether, more than one in eight recent graduates in New York are underemployed.⁷



⁷ FPI, *ibid.*

New Yorkers Have Higher Educational Attainment Than the National Average

New York residents have substantially higher educational attainment than the national average. Even among those aged 21 to 24, 32 percent (nearly half a million) have finished college, compared with 19.3 percent nationally. And among those ages 25 to 54, 43.2 percent held an undergraduate degree (or higher), compared with the U.S. average of 36.7 percent. As is the case nationally, more women than men have college degrees. Altogether, among those ages 54 or younger, over 5 million New York residents have four-year college degrees.

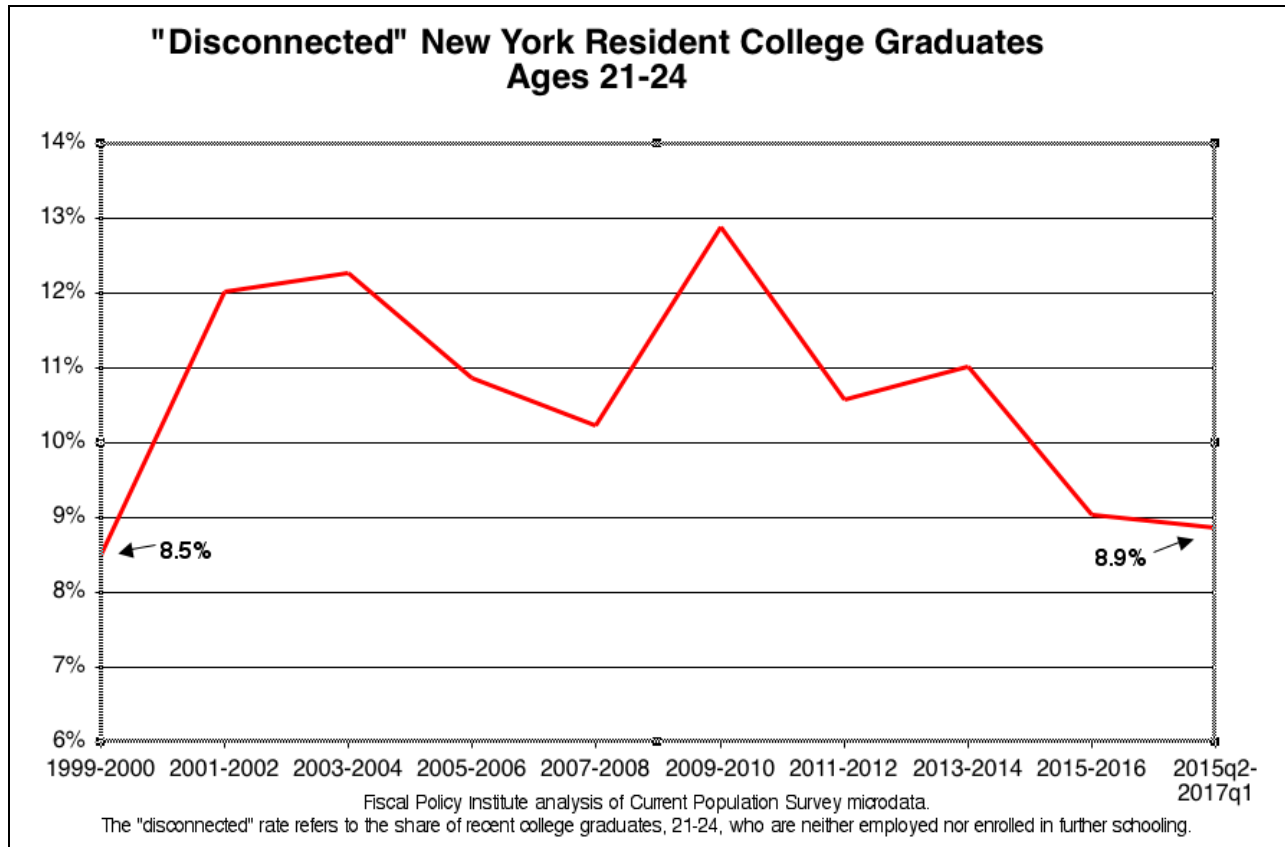
Share of Population with Given Level of Education, by Age and Gender, 2017

	Ages 21-24			Ages 25-54		
	All	Men	Women	All	Men	Women
United States						
Less than high school	7.7%	8.7%	6.6%	9.7%	10.5%	8.8%
High school	29.6%	33.4%	25.8%	26.6%	29.5%	23.8%
Some college	43.5%	41.8%	45.1%	27.1%	25.7%	28.5%
Bachelor's or higher	19.3%	16.1%	22.5%	36.7%	34.2%	38.9%
New York						
Less than high school	6.6%	7.0%	6.2%	9.4%	9.9%	8.8%
High school	21.8%	24.6%	18.9%	24.1%	26.9%	21.5%
Some college	39.6%	41.2%	37.9%	23.3%	22.4%	24.2%
Bachelor's or higher	32.0%	27.2%	37.0%	43.2%	40.8%	45.4%

National data from EPI, *ibid.*, table 1. Current Population Survey data from March 2016 - February 2017
 State data analysis by Fiscal Policy Institute. Current Population Survey data from April 2015 - March 2017

Too Many Recent Graduates Are Neither Working nor Attending School

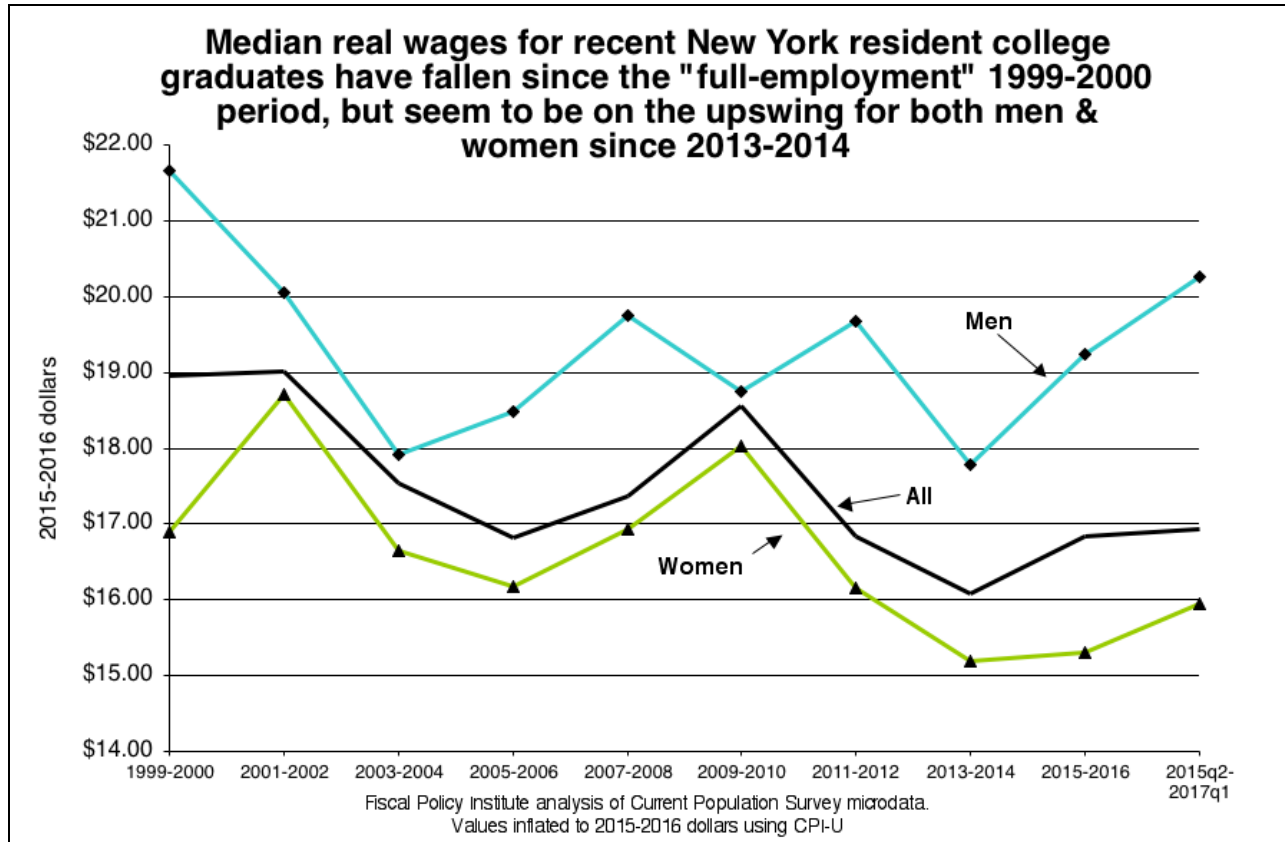
Another way to look at the situation recent graduates face is to see how many of them have become “disconnected” from both employment and further schooling. As with the underemployment rate, this rate has come down from its recession peak, but is still above the 1999-2000 rate. Out of about 360,000 college graduates, ages 21-24 in the latest 24-month period, nearly 32,000 (one in eleven) was neither working nor in school.⁸



⁸ FPI, *ibid.*

Wages for All Recent Graduates Have Stagnated for Over Ten Years

Like wages in general, real wages for new college graduates have stagnated since 2000. For young college graduates in New York, real median wages are still below what they were in 1999-2000 for both men and women. However, it appears there might be a real recovery for this group as the latest trend continues moving upward.



Employment Trends Show Some Positive Signs for New York’s Graduates

The crippling effects of the Great Recession on the labor market affected millions of workers throughout the United States. New college graduates have usually had more difficulty finding gainful employment than their elders, and the Great Recession exacerbated that difficulty. Through the Great Recession, recent resident college graduates faced increasing rates of unemployment and underemployment, but those rates are decreasing and approaching their 1999-2000 levels. Additionally, New York resident college graduates have higher levels of educational attainment than the national average, and the level of “disconnected” college graduates is beginning to decrease. These findings are encouraging for New York’s workforce as more workers from older generations begin to retire and the landscape of the job market changes.

New York State made some recent efforts to improve all workers’ prospects through increasing the state minimum wage for most workers. These increases will aid college graduates who hover at or near the minimum wage while they gain experience and tenure. However, the continuance of state fiscal austerity – the cap on budget increases, the failure to make income taxes more progressive,⁹ the underfunding of education at every level – works against these efforts. These policies severely limit the growth in the state’s economy, hindering job prospects for everyone and not just recent graduates.

For the job market to improve for recent college graduates and everyone else, New York should continue investing in its workforce through full funding of every level of education, increasing income taxes, and eliminating the irrational state budget cap.

END NOTE

In early May 2017, the Economic Policy Institute issued [“The Class of 2017,”](#) detailing current national labor market prospects for new high school and college graduates. We recommend perusing that report for valuable discussion and recommendations.

The Fiscal Policy Institute decided to look at how some of EPI’s analyses apply to college graduates entering the labor market in New York State.

Because most of EPI’s analysis used data from the Current Population Survey, and looking just at recent college graduates in New York provides weak sample sizes for annual estimates, our analysis was done for two-year periods, from the “full-employment” years 1999-2000, through the pre-recession years 2007-2008, and to the latest available data, for 2015 to the first quarter of 2017.¹⁰ We also discovered that even with two-year or three-year data pooling, statewide sample sizes for all race/ethnic groups other than non-Hispanic whites were too small for valid estimates, and we thus report no results by race/ethnicity.

⁹ See FPI’s program for more progressive state taxes, March 2016, <http://fiscalspolicy.org/wealthy-nyers-urge-governor-legislature-to-enact-1-percent-plan-for-ny-tax-fairness>

¹⁰ To avoid seasonality issues while including the latest data, this period is shown both as calendar years 2015-2016 and 2015 second quarter to 2017 first quarter.