

**Special Report**

# Today's Youth: Where are the jobs?

July 2012

## **Unemployment Rate at Crisis Level for Young People**

Each year, a huge army of young people—new high school and college graduates and drop-outs—enters the job market for the first time. It now appears most of them are not going to be successful in what is still an ailing economy mired in a sluggish recovery. Such a large influx annually contributes significantly to the debilitating and ominous joblessness that continues for this substantial segment of the nation’s potential workforce.

The unemployment rate, according to the U.S. Bureau of Labor Statistics, for recent high school graduates (June 2011) stands at a crisis-level 26.7 percent, and is even much higher if you factor in dropouts.

Meanwhile, employment rates for new college graduates have declined steeply in the last two years, as have starting salaries for those lucky enough to find work. A recent report from the Economic Policy Institute found that over the past year, unemployment for college graduates under 25 averaged 9.4 percent, but that more than 19 percent of graduates in that age category are underemployed, working only part time.

Further compounding their misery are astronomic college loan obligations now in excess of one trillion dollars, exceeding total outstanding U.S. credit card debt.

Moreover, college graduates who did manage to enter the workforce all-too- frequently, as noted, did so at lower wages and in lower-quality jobs than they were trained and qualified for. Today’s college degrees for many, though more costly than ever in our history, do not appear to be paying off in the marketplace as they once did.

Without minimizing the value of arts and humanities in the U.S. educational system, the realities of today’s global economy demand very specific skills—often of a technical nature. A national study by Georgetown University earlier this year

found that recent holders of college degrees in the arts and humanities, and even architecture, are experiencing significantly greater rates of joblessness than other graduates in the current, fiercely competitive work climate.

## **Untraditional Approaches to Joblessness**

It’s also noteworthy that in response to a lingering weak economic recovery, recent college graduates, unable to find paying jobs, are increasingly accepting unpaid internships—especially in the professional job arena. That non-paying approach might now also be employed lower on the job food chain with so-called apprenticeships. Yet another path being widely pursued by Generation Y, faced with poor prospects on the traditional job front, is self-employment through entrepreneurship. According to the Kauffman Foundation, the country’s largest entrepreneurial promotion organization, roughly 160,000 start-ups a month in 2011 were led by young people—mostly in their 20s. This is a positive trend that businesses, small and big, should be encouraging to meet the current crisis.

Additionally, in a time of persistent economic hardship, job barriers for young people have been aggravated by a concurrent “unretirement” trend. Unexpectedly large numbers of seniors are now working well beyond the traditional 65 retirement age, effectively closing out openings for new workers.

## **Vocational Education Tied to Businesses**

Since most young people come out of high school lacking marketable skills, training and education remain core solutions. Giving a major boost to vocational education must become a national priority. The recent increase in this country of relatively affordable, two-year community colleges, focusing on preparing young people for very specific trades and occupations, is a critically important step in that direction.

At present, there are some 1,600-plus (including branches) such two-year institutions in the U.S. with over two million students—and growing. Scores of those community colleges, like Indiana’s large Ivy Tech Community College, have also forged cooperative ties with local businesses and become a reliable source of needed skilled labor.

Along with support for community colleges, a national effort could be launched to reintroduce the apprentice/journeyman model in this country. Long-established in many European nations—notably, Germany and France, as well as Canada and Australia—entry-level learning where employers provide valuable on-the-job training in exchange for labor at no, or very minimal, cost to them is a job-creation system that has never taken hold in America.

In the successful German model, for example, young people spend some 70 percent of their time learning on the job as apprentices and 30 percent in formal education at nearby institutions. Any such wider adoption of an apprenticeship system will, in many industries, require not only the support of business owners, but of labor unions.

### **Confronting the “Skills Gap”**

Manufacturing in this country has, indeed, picked up somewhat during the past two years, adding hundreds of thousands of jobs. Nonetheless, many employers in the industries that “make things” still say they lack skilled applicants for scores of those jobs. The shortfall has been labeled the “skills gap” and affords another compelling reason why expanding training and education are central to coping with the youth unemployment crisis.

As an emergency measure, some kind of major national infrastructure-rebuilding program—ideally through public/private partnerships—could provide meaningful employment opportunities, not only for skilled construction workers, but for

unskilled young people in the numerous construction tasks that simply require muscle-power. No matter the ideological side one subscribes to these days, all agree that this nation’s crumbling, long-ignored infrastructure is badly in need of massive repairs.

**Bottom Line:** The job crisis for our young people is ongoing and urgent and needs to be seriously addressed by whatever administration holds power—both nationally and locally. By any measure and for whichever causes, youth unemployment in this country can have grave consequences for the nation’s stability and economic health. Social unrest always looms. It is no coincidence that the vast majority of protesters who made up the “Occupy” movement were and are young people. Attention must be paid!

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