

October 25, 2011

Taking a Hard Look at Youth Employment

JobsFirstNYC

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What We'll Talk About Today

Changes affecting the Young Adult Workforce, including a look at:

- **Effects of the Recession**
- **Off shoring and Technological Replacement**
- **Demographic Shifts**
- **Good literacy skills and why they matter more today**
- **The American Jobs Act**
- **So What Do We Do About It..... (this won't happen overnight)**

Young People Are Not Getting Work Experience

- **Labor force participation rate U.S. is 25% this year**
- Lowest since 1948 when they started tracking it
- *We are sending a whole generation of high school and college graduates into the workplace without any work experience or understanding of what a J-O-B requires*
- Unemployment Rate people under 25 yrs old (WSJ 8/2/11)
 - Spain 45.7%
 - Greece 38.5%
 - Italy 27.8%
 - Ireland 26.9%
 - Portugal 26.8%
 - Euro Zone 20.3%
 - Germany 9.1%

So Why Aren't More Young People Working

- What do you think?



So Why Aren't More Young People Working

- 4 jobseekers for every job opening (Duh!)
- 14 Mil unemployed + 11 Mil discouraged workers for 3.2 Mil job vacancies
- Unskilled jobs are disappearing at an alarming rate
- Technological replacement is eliminating High School Grad-only jobs, forcing them into labor pool that youth used to start out in
- Workers over age 55+ are taking jobs teenagers used to do
- College Grads can't find "normal" College grads jobs, so they are taking HSG-only jobs, pushing the high school grads lower
- Banks aren't lending, hence no new small business start ups, who tend to hire young people

The Jobs Picture in 2011

“The United States faces an immediate challenge: finding employment for **7 million people still out of work** from the 2008–09 recession and reviving robust job creation in the decade to come. But simply employing a nation’s people is not enough. In a globalized, information-age economy, there is no more important economic priority than building a strong workforce.”

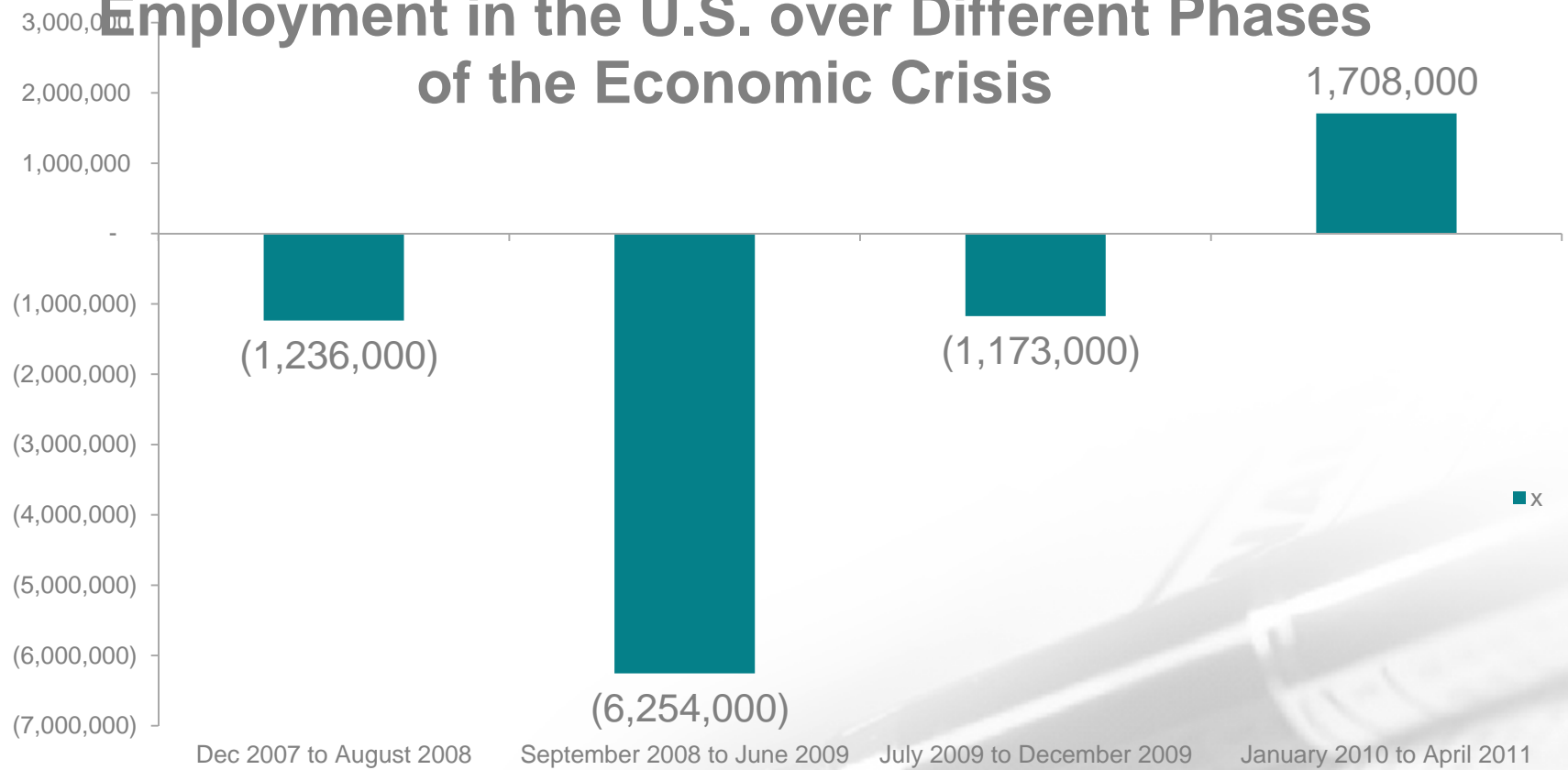
The jobs picture in 2011

- 60 months - Projected length of “jobless recovery”
- 7 Million - Decline in the number of US jobs since December 2007
- 20% - Proportion of men in the population not working today, up from 7% in 1970
- 1 in 10 - The number of Americans who move annually, down from 1 in 5 in 1985
- 23% - Drop in rate of new business creation since 2007, resulting in as many as 1.8 million fewer jobs

the challenges ahead

- **21 million Jobs** - Needed by 2020 to return to full employment
- **9.3–22.5 million** - Range of jobs created in low- and high-job-growth scenarios
- **1.5 Million** - Estimated shortage of college graduates in the workforce in 2020
- **At the same time, nearly 6 million Americans without a high school diploma are likely to be without a job.**
- **40%** - Proportion of companies planning to hire that have had openings for 6 months
- **58%** - Employers who say that they will hire more temporary and part-time workers

Total Change in Non Farm Wage and Salary Employment in the U.S. over Different Phases of the Economic Crisis



Dr. Paul Harrington, Center for Labor Market Studies, Drexel

Payroll Employment by Major Industry in the USA,
December 2007 to December 2009 (in 000's)

	Dec-07	Dec-09	Absolute Change	Relative Change
Total Nonfarm	137,983	129,320	-8,663	-6.3%
Construction	7,487	5,647	-1,840	-24.6%
Manufacturing	13,740	11,456	-2,284	-16.6%
Durable Goods	8,702	6,984	-1,718	-19.7%
Nondurable Goods	5,038	4,472	-566	-11.2%
Trade, transportation, and utilities	26,731	24,561	-2,170	-8.1%
Wholesale Trade	6,038	5,472	-565	-9.4%
Retail Trade	15,581	14,348	-1,233	-7.9%
Transportation and Warehousing	4,556	4,186	-370	-8.1%
Information	3,024	2,742	-282	-9.3%
Financial Activities	8,225	7,682	-543	-6.6%
Professional and business services	18,052	16,482	-1,570	-8.7%
Education and health services	18,555	19,352	797	4.3%
Leisure and hospitality	13,538	12,932	-606	-4.5%
Other Services	5,514	5,319	-195	-3.5%
Government	22,377	22,485	108	0.5%

Ratio of Experienced Unemployed to Job Vacancies, By Major Industry, U.S., 2011

	Jan-11	Feb-11
Total Non Farm	4.1	3.8
Construction	33.6	31.4
Manufacturing	4.3	4.9
Transportation and Utilities	6.3	4.6
Wholesale and Retail Trade	5.0	5.7
Information	2.7	2.4
Financial Activities	2.6	3.7
Professional and Business Services	2.9	2.2
Education and Health Services	2.4	2.1
Leisure and Hospitality	6.3	4.8
Other Services	3.9	4.1
Government	3.4	2.9

National Unemployment Rates by Educational Level

Educational Attainment	12-month period ending:		
	June 2011	May 2011	June 2010
Less than High School	12.2%	12.3%	11.7%
HS Diploma/GED	8.6%	8.7%	8.3%
Some College/Associate Degree	7.6%	7.5%	7.7%
Bachelor's Degree	6.1%	6.2%	6.2%
Master's Degree or Higher	3.2%	3.2%	3.7%

Dr. Paul Harrington, Ctr. for Labor Market Studies, Drexel U.

the challenges ahead

- Six sectors illustrate the potential for job growth in this decade:

health care, business services, leisure and hospitality, construction, manufacturing, and retail.

- These six account for **66 percent** of employment today, and we project that **they will account for up to 85 percent of new jobs created through the end of the decade.**
- To reverse the recent pattern of slow job growth, businesses, government leaders, educational institutions, and workers themselves will need the courage to consider bold new approaches and must work together for such approaches to succeed.

the challenges ahead

Our research indicates that progress on **four** **dimensions** is needed: *ensuring that the workforce acquires skills needed for the jobs* that will be in demand; finding *ways for US workers to win “share”* in the global economy; *encouraging innovation*, new business creation, and the scaling up of industries in the United States; and *removing unnecessary impediments* that slow business investment and job creation.

My Premise is that

1. If you don't think you have a problem you will have no urgency to correct it
2. **New York City won't have a skilled workforce until you both**
 - A) **improve the results of our K-12 system; and**
 - B) **address the quality of our working age population**

This means only fixing one part won't solve the problem

3. Your competition isn't just in China and India, but in the other 49 States.

New York's demographic shift much faster than the overall United States

New York State	1980	2000	2020
White (non- Hispanic)	76%	64%	56%
All Minorities	24%	36%	44%
African Americans	12%	15%	15%
Hispanics/ Latinos	9%	15%	20%
Asian Americans	0.2%	5%	10%
Source: Census			

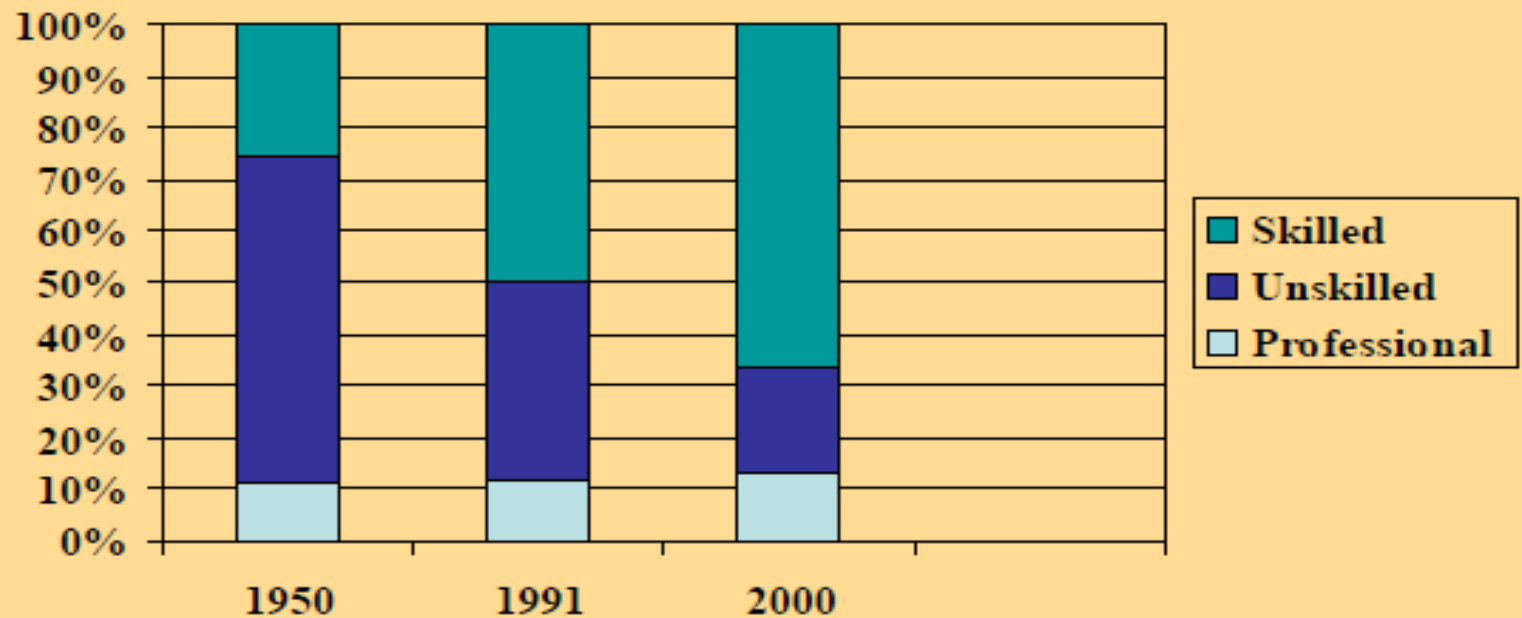
Could You Find a Better Use for this Money??

- National estimate is that **\$1.4 Billion** is spent providing remedial education to college students
- The estimate as to potential revenue lost to U.S. economy, according to Alliance for Excellent Education is **\$2.3 Billion**
- In Business we'd set an goal of eliminating this "rework"

Can We Really Increase the Quality of the Labor Force by Just Improving the K-12 System??

- If I had a *magic wand* today, and as of this year every High school graduate in New York was world class it wouldn't make a difference for many, many years:
- (NYS) **2010** workforce is still **88%** of **2015** workforce
- (NYS) **2010** workforce is still **77%** of **2020** workforce
- (NYS) **65%** of the **2010** workforce will still be working in **2025**, were already working adults —long past the reach of the traditional high school-to-college pipeline.
- So making K-12 graduates world class is essential but without also addressing the skills of people already working we cannot succeed

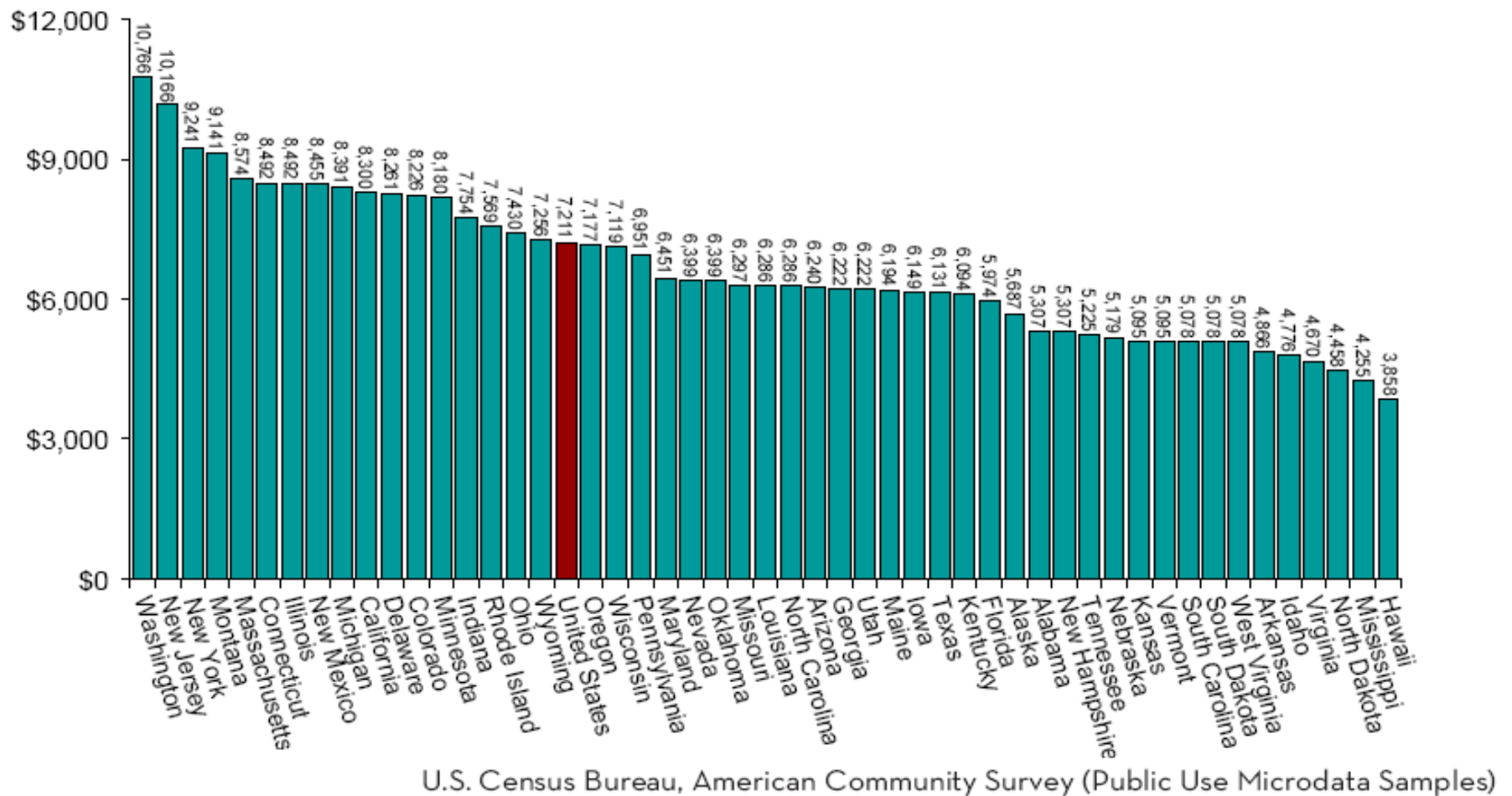
Unskilled Jobs Are Disappearing



Source: Center for Economic Development, Carnegie-Mellon, 2003

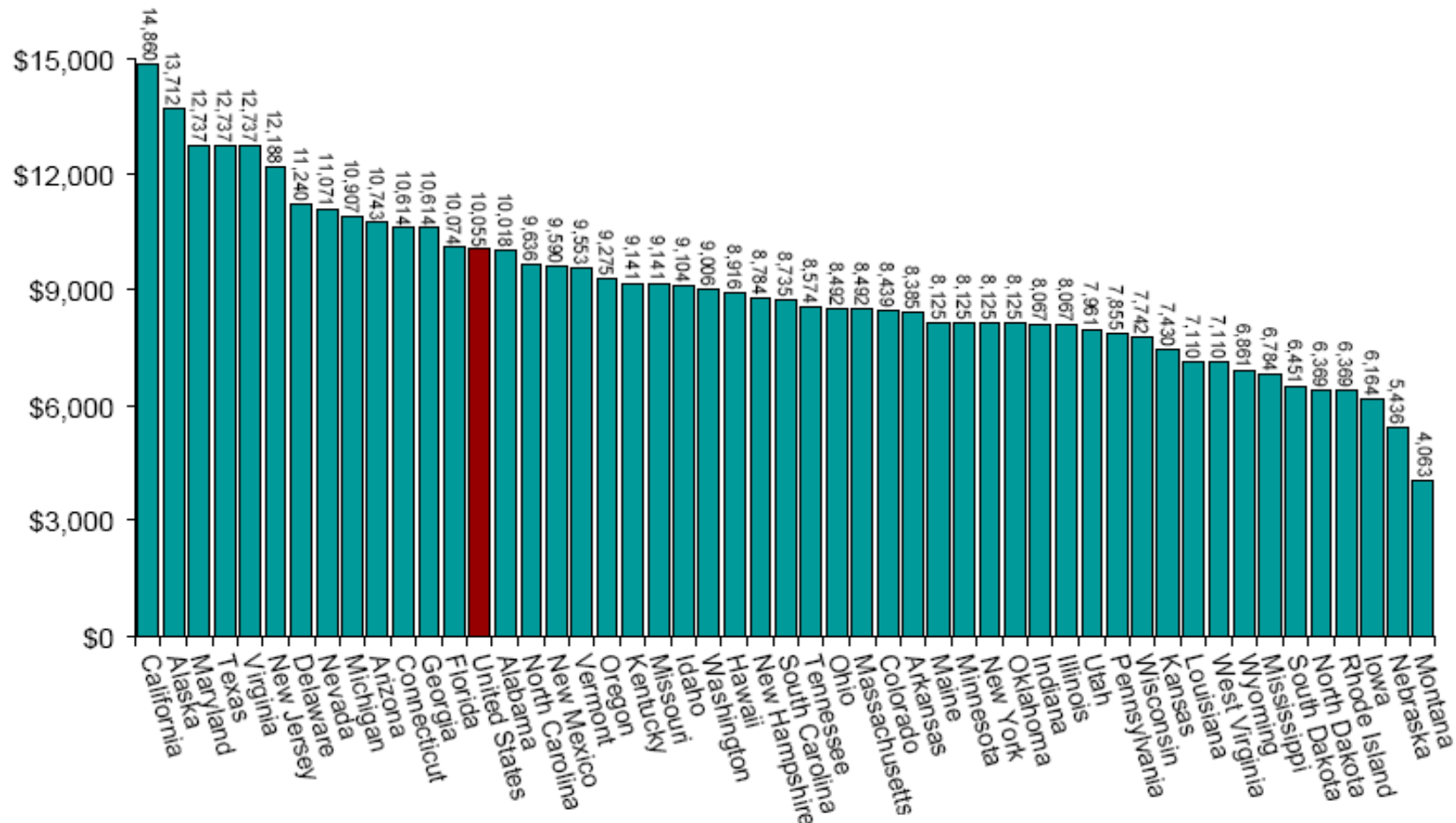
Earnings Gain HSDO to GED/HSD

Figure 4. Difference in Median Earnings Between Less than a High School Diploma and a High School Diploma, 2006



Earnings Gains HSD to Associate's

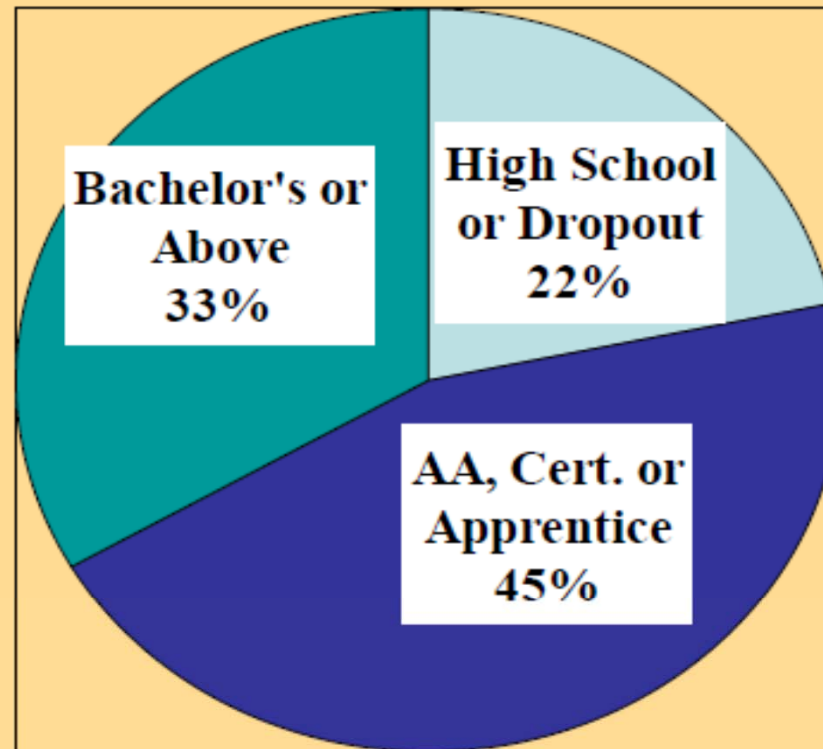
Figure 5. Difference in Median Earnings Between a High School Diploma and an Associate's Degree, 2006



U.S. Census Bureau, American Community Survey (Public Use Microdata Samples)

Job Openings by Skill Level

Job Openings by Skill Level, 2004-2014



Source: Holzer & Lerman, Brookings Institute, 2009

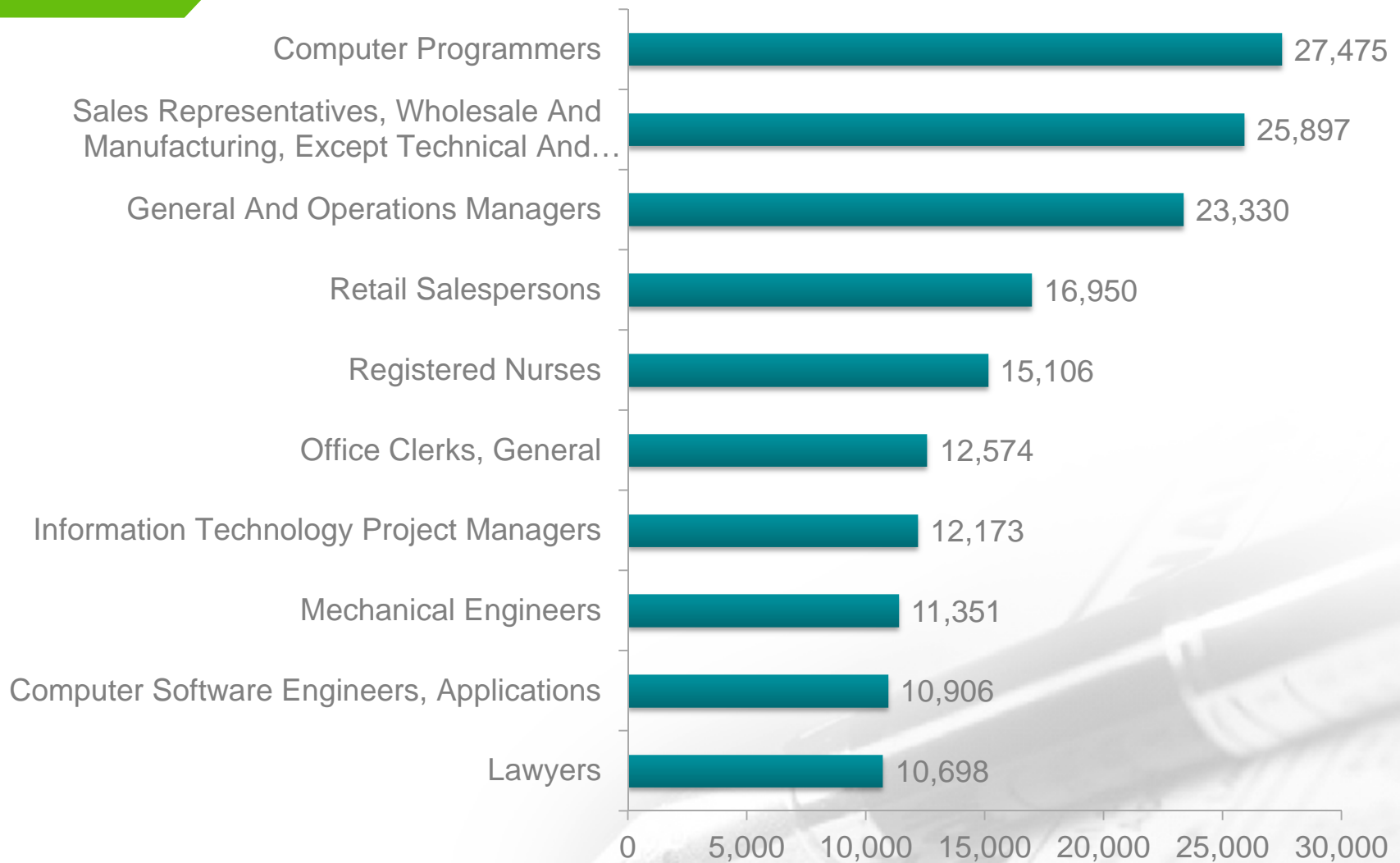
National Assessment of Adult Literacy Skills

- 14% of United States working age people are in NAALS Level 1 status
- NAALS Level 1 – can't balance a checkbook, either totally illiterate or maybe can read a sentence.
52 counties in New York have over 10% of their workforce in NAALS Level 1
- **New York NAALS Level 1 statewide percentage is 22%**
Queens= 46%; Bronx= 41%; Brooklyn= 37%; Manhattan= 25%; SI = 14%
- **New York ranks 49th of 50 states**
(Vt= 7%, Mass = 10%, CT = 9%, NJ = 17%, and Penn = 13%)
- Here is the NAALS Level % information by county:
<http://www.nces.ed.gov/naal/estimates/StateEstimates.aspx>

Okay, so let me get this straight

- Only **22%** of job openings (nationally) are available to High School Dropouts and High School Grads only
- In New York State, **13%** of working age people (25-64) are dropouts
- Another **28.3%** have only completed High School
- That is **41.3%**, trying to fit into a size **22%** slipper
- **In New York City, according to the NYC LMIS project, the HSDO + HSG-only number is 43%**
- Something has got to give
- So how do we address this??

GAUGING THE LABOR MARKET IN REAL TIME, N.Y.S. Top Ten Job Openings from 699,355 job postings



**Burning Glass, 1/1/11- 10/11/11 Jobs For The Future Workshop at
NYATEP Fall Workforce Conference 10/18/11**

GAUGING THE LABOR MARKET IN REAL TIME, N.Y.S. 699,355 job postings

- So those top 10 job openings today add up to 166,460
- That is 25.4% of the total
- So for a high school dropout in the Bronx (Name your Borough):
 - Could get- Sales Representatives, Retail Sales persons, and Office Clerks
 - Unlikely to get- Computer Programmers, Operations Managers, Registered Nurses, Information Technology Project Managers, Mechanical Engineers, Computer Software Engineers, and Lawyers

A Detour to the American Jobs Act

- If enacted in its entirety, AJA would drop the unemployment rate by 1.5%. Its components include:
 - Payroll Tax Relief
 - Temporary Tax Credit for Increased Payroll
 - Veteran's Hiring Preferences
 - Teacher/ First Responder Stabilization
 - School Modernization
 - Community College Modernization

A Detour to the American Jobs Act

- Immediate Transportation Infrastructure Investments
- National Wireless Initiative
- Emergency Unemployment Compensation
 - Extension of emergency UI
 - Self-employment assistance
 - Reemployment NOW Program
 - Bridge to Work Program (based on Georgia Model)
 - Wage Insurance for UI recipients who are ages 50 and up
 - Enhanced Reemployment Strategies
 - Shared Work
 - Long Term Unemployed Workers Work Opportunity Tax Credits. @ \$4,000
- **Pathways Back to Work**

A Detour to the American Jobs Act

Pathways Back to Work

- would establish a **\$5 billion** fund to support subsidized employment opportunities, summer and year-round youth employment, and work-based training and education programs for unemployed, low-income adults and low-income youth.
 - **\$2 billion** would be available for subsidized employment for unemployed, low-income adults
 - **\$1.5 billion** would be available to provide summer and year-round employment opportunities to low-income youth
 - **\$1.5 billion** would be available for competitive grants to local entities to carry out work-based training for unemployed, low-income adults and low-income youth



So, high unemployment but millions of unfilled jobs

- At the height of the recession in 2009,
 - 2 Million unfilled jobs in the United States
 - 2.5 Million unfilled jobs in the European Union
 - Today, 3.2 Million unfilled jobs in the U.S.



So What Has to Happen

1. Note: (a) It is mostly above our pay grade, and (b) there will not be any increases in Federal and State funding for 4 or 5 years
2. Standalone interventions don't work anymore; i.e. Getting someone a GED is a very positive thing but it can't be the last stop on the career train
3. Need to better link occupational training with literacy enhancement
4. Need Micro PELL and better part-time TAP
5. Low skilled/ low income need a post secondary navigator like IBEST (Note- for someone who got a GED, that goes top community college, only 5% to 10% complete even one year)

So What Has to Happen

6. More Sectoral/ Career Ladder
7. More Pre-Apprenticeships
8. More exposure to world of work (but again not as the last stop) coupled with educational attainment, including:
 - * Work Experience
 - * OJT
 - * Try Out Employment
 - * Career Exploration
 - * Subsidized Work
 - * Internships
9. Better, more widely available Real Time LMI

So What Has to Happen

10. More Accelerated Learning and E-Learning
11. Faster broadband (US now 18th in world speed) , an effort to close the digital divide
12. At some point the Federal, State, and City investments will have to increase; you can't build a world class workforce on the cheap
13. School Reform has to succeed
14. Summer Youth Employment Programs need to be expanded
15. We all must be Paul Revere on the workforce crisis
16. More STEM graduates

State vs. State; County vs. County

- The Virginia Higher Education Opportunity Act of 2011 was introduced to the Virginia General Assembly on January 21.
- establishing 100,000 new postsecondary degrees in 20 years
- Making higher education more affordable and accessible for Virginia students is a top priority of our Administration. **It will grow our economy, create new jobs and ensure a prosperous and dynamic Commonwealth for generations to come.”**
 - Gov. Bob McConnell
- CEOs for Cities Launches \$1 Million Talent Dividend Competition to Boost Talent in America's Cities
- **Prize Will Go to City with Greatest Increase in College Degrees by 2014**
- “Thanks to CEOs for Cities, we now know that for every one percentage point increase in our college graduation rate, New Yorkers will earn an additional \$17.5 billion each year. - SUNY Chancellor Nancy Zimpher

Next Steps



- But Albany & Washington are broke...
- If we wait to address these challenges, what happens?
- **If we ignore all this, will it go away?**
- **What else can we do??**

For More Information

- We can't fix New York City's Workforce without doing two things:
 - Improve the quality of K – 12 graduates **AND**
 - Increase the Literacy Skills & Educational Levels of our Incumbent workers , both youth and adults

For More Information

- Contact John Twomey at 518 433 1200 x2

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