

Global and Local Youth Unemployment:

Dislocations and Pathways

Ramon Borges-Mendez, PhD

Clark University-IDCE

April 4, 2012

Massachusetts Family Impact Seminar
Mosakowski Institute for Public Enterprise

Youth in the Current Recession

- Recession will not last forever, but may affect their entire lives: Labor market entry and attachment.
- Especially hard on youth workers: Worse than any three previous recessions-highest percentage increase in two years.
- Large numbers leaving the labor force and becoming discouraged workers.
- Greater mid-long-term financial and psychological vulnerabilities.

Who is affected by youth unemployment?

- Rising Unemployment Rates do not affect youth equally: Exacerbated racial disparities—Worse for Latinos and African-American than for Whites (also high)
- Latino Youth: Half of the Latino population is under 24 years.
- Low Labor force Participation Rates, and tracking into low-pay service jobs.
- Latino youth of different ethnic sub-groups have different experiences of risk.

Youth Involved with the Justice System

- In 2009 US had the highest incarceration rate in the world.
- Highest rates for young men of color.
- Half of those imprisoned have not finished HS.
- One in four African-Americans born in 2009 can expect to go to prison.
- Latino men are twice as likely to be incarcerated as White, non-Latino male.

What Does All This Mean for MA?

- Damages to self-esteem, depression, detachment from labor force and education.
- Long-term health problems and co-morbidity.
- Social costs of devalued human capital.
- Economic losses in productivity.
- Critical shortages in key sectors such as health.

Programs

- Bridging the Opportunity Gap Initiative
- Community Reentry Grant Initiative
- Education Quality Assurance Initiative
- Summer Youth Employment Programs
- Dropout Reduction and Multiple Pathways Development
- Youth Works
- Transitional Employment Grants

International Approaches

Approach-Country

- Preferential treatment for government contracts if a firm employs apprentices: **Australia**
- Successful public contractors are required to employ a certain proportion of apprentices: **United Kingdom**
- Bonuses for firms who hire apprentices: **France, Switzerland**
- Bonuses for firms when their apprentices successfully complete their program: **Australia, Canada**
- Funds allocated to support high-tech graduate internships: **Canada**
- Funds allocated to provide assistance to youth seeking summer jobs: **Canada**
- Wage subsidies offered to employers who hire interns on a contract-basis when they
- complete their internships: **Republic of South Korea**
- Wage subsidies to employers who hire 16-24 year olds with 'limited skills;' Subsidy is paid in two installments: NZ\$3000 up front and NZ\$2000 after six months: **New Zealand**

Policy Overview: Bills to Improve Youth Employment Opportunities.

- **The Youth Solutions Act of 2011:** To promote and support programs to increase the education skills and employment of youth.
- **H.2712 (2011):** Reduce risk of dropping out.
- **H. 2871 (2011):** Provide low-income, disadvantage youth with high impact programs that offer education and skills.
- **S. 971 (2011):** Enhance training and career opportunities.

Thank You

Ramon Borges-Mendez:

Rborgesmendez@clarku.edu