MORE THAN JUST POCKET MONEY

WHY THE SURGE IN YOUTH UNEMPLOYMENT SHOULD CONCERN US ALL

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WHILE WE’VE RALLIED AS A NATION to make significant – if imperfect – investments in unemployed workers, small businesses, and critical industries during the unprecedented COVID-19 crisis, we have failed to respond to the immediate needs of young people. Young people – especially those from under-resourced communities and communities of color – have always needed guidance and support as they navigate the complex transition from adolescence to adulthood, and their needs have only grown more complex as the pandemic has disrupted their educational and employment opportunities. Rather than mobilizing to meet their needs, we have cancelled internship programs, scaled back summer job opportunities, and indefinitely paused career awareness and outreach programs, which provide critical sources of income, exposure, and support for youth.

The roughly 42 million American young people ages 16-24 play a vital role in our economy. By overlooking or discounting young people, we risk further damaging our current and future labor market and undermining our chances of realizing greater equity and shared prosperity in the decades ahead. Young people’s education, employment, and economic security must be at the center of employer practices and investments now more than ever. It’s not too late to steer back on course, but we must act now. This series examines the important role that youth play in our society and why their well-being must be included in all levels of decision-making when reimagining a post-COVID world. Beginning with immediate, actionable steps that individual leaders can adopt now and then progressing to longer-term, big-picture solutions in subsequent articles, this series will offer employers strategies for ensuring that youth – particularly young people of color and those from under-resourced communities – are not left behind.
THE ONGOING COVID-19 PANDEMIC has had far-reaching global impacts, with the virus infecting millions, devastating economies, and disrupting day-to-day life. In the U.S., the disproportionate impact upon communities of color, alongside the uncertainty of navigating shelter-in-place orders, phased re-openings, and abrupt reversals caused by the re-emergence of the virus has resulted in nationwide economic instability, with more than 100,000 small businesses projected to permanently close and nearly 50 million Americans filing for unemployment insurance as of June 2020. While some job losses are likely temporary, millions of workers will be unable to return to the jobs they held before the pandemic.

Alongside COVID-19’s dramatic social upheavals, the killing of George Floyd in May 2020 sparked a national resurgence and expansion of the Black Lives Matter movement. Across the country, millions of demonstrators poured into the streets to protest for racial justice. Many of these uprisings – from Los Angeles to Houston to Nashville to New York – were led by young people of color who have personally experienced the systemic racism that persists in our country today. Their leadership has helped create an opening for change that few could have predicted. Indeed, over the course of the spring and summer, companies from every sector expressed their commitment to racial equity, including by pledging to improve their business practices toward this end.

IMPACT ON OUR FUTURE WORKFORCE

The advantages of early employment have been extensively studied over several decades and clearly extend beyond basic economic benefits: Employment as a young adult is predictive of employment as an adult, while unemployment as a young adult increases the likelihood of future difficulty navigating the labor market, poverty, and dependency on public benefits. Not only is youth employment predictive of future employment, but also of higher-quality future jobs and higher wages later in life.

Like adults, young people gain confidence and a sense of accomplishment as they develop and apply new skills. They also reap the psychological benefits of being more self-sufficient and contributing to their families’ welfare. In addition, working can improve their mental health and well-being over the long-term, increasing their resilience.
Taken together, 2020’s economic and social disruptions have the potential to inflict long-term damage on an entire generation. COVID-19 has disrupted young adults’ post-secondary education and employment plans, disconnecting them from critical sources of income and mentors or coaches who can help youth stay in school and access greater career exposure and professional opportunity. Young people have also been acutely impacted by social distancing measures and disruptions to social supports and activities, which can be associated with greater anxiety, loneliness, and depression; more than half of young adults in a recent survey reported feeling worried about their mental health as a result of the pandemic. For the many youth who have witnessed or been the target of injustice or police misuse of force, the experience has been traumatic, impacting their health and well-being over the long term.

In addition, young workers have been the hardest hit by the economic impacts of COVID-19, with unemployment rates for those ages 16-24 more than doubling in just two months from 10% in March 2020 to over 25% by May 2020. Summer 2020 was marked by stubbornly high youth unemployment at a time when communities traditionally see an uptick in the number of young people who are working. Key industries in which youth commonly work, including retail and hospitality, were among the hardest hit by social distancing measures – and most entry-level positions held by youth in these and other industries cannot be done from home. Finally, the prevailing workplace culture of “last hired, first fired” placed many new workers at a disadvantage relative to their co-workers.

Ultimately, 28% of youth are unemployed as a result of COVID-19, whether due to a direct COVID-related job loss or other COVID-related reason such as personal illness or having to care for a sick family member – a significantly higher proportion than any other age group. As a result, the youth labor force participation rate in July 2020 was the lowest ever recorded since the Bureau of Labor Statistics began reporting such data in 1948.
Early, meaningful, and paid work experiences, along with skills training and mentoring, play an important role in advancing racial equity. A 2018 Brookings Institution study found that though there is a gap in job quality between Black and white adults overall, equal access to education, training, and employment erases that gap. Specifically, structured work-based learning experiences during high school such as internships and apprenticeships together with mentoring, positively impact job quality for young adults who face systemic barriers to economic opportunity a decade later.

Yet, the challenges wrought by the pandemic have only emphasized the existing inequities that young people of color face. While white youth unemployment fell in May 2020 as some states began to re-open, unemployment for young adults of color continued to rise. And white youth have continued to have lower unemployment rates than other groups since then: In July 2020, 15% of white youth were unemployed compared to 21% of Latinx youth and 26% of Black youth. With the majority of young people already identifying as people of color and on track to comprise 60% of all American youth by 2050, this represents a potentially enormous loss of individual and economic potential unless more youth gain access to the tools needed to overcome systemic racism in the job market.

Among the diverse young workers who are still employed during the pandemic, almost half are front-line “essential workers” putting themselves at greater risk of contracting the virus in order to keep the economy running for those able to work remotely. Coupled with the fact that Black and Latinx communities are already hardest-hit by COVID-19 with infection and death rates disproportionally higher than their share of the U.S. population, it is no wonder that more than half of Black and Latinx youth report feeling that “the worst is yet to come” during this pandemic.
The benefits of youth employment are not limited to young workers themselves: In the near-term, youth employment can help reduce crime, improve school attendance, and increase household income, while contributing toward shared economic prosperity.

Increased youth employment opportunities are beneficial for all communities but offer a particularly critical lifeline for the families of young people of color or from low-income communities. For these youth — whose living circumstances are often highly complex and who frequently shoulder family caregiving responsibilities — a job is not just “nice to have,” it is a critical source of income required to help meet their families’ basic needs. Young adults’ families have experienced significant financial instability during the pandemic: six out of 10 youth live in households experiencing a loss of employment income after COVID-19, which may have lasting impacts on families’ assets and debt. A 2016 study found that youth workers contribute, on average, about 24% of household income, making them critical financial contributors in many lower-income households.

As young people are laid off from jobs, graduate into the worst job market since the Great Recession, and defer post-secondary education, those who were previously on track for economic self-sufficiency are now joining the ranks of the disconnected. Between February and June 2020, the share of young adults ages 16-24 who were “disconnected” — meaning they were neither enrolled in school nor employed — more than doubled, growing from 12% to 28%. By comparison, 14.7% of youth were neither working nor in school during and in the years following the Great Recession.

Low-income Black, Indigenous, and Latinx young people were already disconnected from school and work at much higher rates than their white peers before the pandemic. Even as the overall rate of youth disconnection improved over the last decade, racial and ethnic gaps remained, and in some cases, widened. According to Measure of America, “Teens and young adults who were already out of work and school are more likely to face myriad barriers to reconnection today. As before, they are more likely to live in poverty, to have a disability, and to lack a high school degree, among other obstacles, and now they will face an economy that has no room for them and a method of delivering education that vastly favors the affluent.”

As illustrated, the COVID-19 pandemic has caused rates of disconnection to skyrocket for young people, particularly young people of color. Youth disconnection doesn’t simply result in a loss of individual potential, it has a staggering economic cost to society: Over $1 trillion in lost earnings, lower economic growth, lower tax revenue, and higher government spending. Disconnected young people are also less likely to own a home, less likely to be employed, and less likely to report good or excellent health when they reach adulthood than those who were connected to work or school during adolescence.

If young adults’ current high unemployment rate follows them across their work lives, funding retiree pensions and healthcare may be even more challenging, as those with fewer opportunities to earn a living wage will be asked to support the growing share of older Americans who are no longer working. In addition, as both Social Security and Medicare are financed through payroll taxes, the long-term viability of these critical safety net programs may also be affected by high rates of youth unemployment.
The availability of youth employment and skill-building opportunities has important implications for American businesses and U.S. economic sustainability. High youth unemployment rates reduce teens’ future productivity, leading to decreased Gross Domestic Product (GDP) growth over time. And with more than 75% of U.S. human resources professionals citing difficulty finding skilled candidates for jobs they were seeking to fill prior to COVID-19, it’s clear that we must do more to proactively develop talent – and do it now.

Preparing today’s young people to step into tomorrow’s corporate and civic leadership positions is critical to the continued competitiveness of American industry. Quality early work experiences help young adults learn and practice important and transferable professional skills such as communicating with colleagues and supervisors; handling feedback constructively; and negotiating relationships with both clients and co-workers. Further, these experiences help young adults gain exposure to different careers and workplace environments, learn specific occupational skills, receive meaningful mentorship, and expand their social networks to better position themselves for upwardly-mobile careers.

Hiring young adults offers employers a valuable opportunity to diversify their workforce since America’s youngest generation of workers is more racially and ethnically diverse than their older counterparts. Increasing workforce diversity is not just ethically sound, it’s also good business. Compelling research shows that diverse companies are 35% more likely to financially outperform their peers. A diverse workforce helps boost revenue and innovation, increase employee engagement, and enhance a company’s ability to compete for talent. Companies that invest in diverse talent pipelines can reduce recruiting, on-boarding, training, and turnover costs, making their overall cost-per-hire more efficient. Cultivating diverse talent also has important macroeconomic implications, with one study finding that GDP would have been $2.4 trillion higher in 2014 if people of color had earned the same wages as their white counterparts.

In addition to building a diverse pipeline of future talent, employers who hire and invest in young workers also gain new perspectives, insights, and ideas through the integration of diverse perspectives that help reach new demographic markets. Further, U.S. Chamber of Commerce members that have brought on young adults in internships and entry-level positions have realized revenue increases, cash savings, and tangible workforce improvements.

American companies have a vested interest in cultivating the next generation of consumers, yet youth unemployment and disconnection erodes future spending power. A study conducted shortly after the Great Recession found that a young person who experiences unemployment for six months or more will have an estimated $22,000 less income in the decade that follows. Further analysis shows that young people who are not in school or working during their critical, transitional years to adulthood earn $30,000 less a year during middle adulthood when compared with a peer from a similar socioeconomic background who was in school or working.
THE VALUE OF YOUTH EMPLOYMENT

- **Reduced unemployment**
- **Increased household income**
- **Reduced crime**
- **Improved diversity, equity, and inclusion**
- **Increased revenue**
- **Reduced skills gap**
- **Reduced on-boarding, recruiting, training, and turnover costs**
- **Increased innovation**
- **Increased employee engagement**
- **Improved ability to compete for talent**
- **Higher future wages**
- **Decreased risk of poverty**
- **Increased future productivity**
- **Improved mental health, well-being, and resilience**
- **Reduced systemic racial barriers**
- **Improved school attendance**
- **Growth in professional skills and confidence**
- **Higher GDP**
- **Reduced government spending**
- **Increased tax revenue**

**Impact on Communities**
**Impact on Youth**
**Impact on Economy**
**Impact on Businesses**
U.S. employers have an important opportunity to demonstrate their commitment to creating a more equitable economy by responding to the critical, time-sensitive needs that youth are facing as a result of COVID-19. Without significant and immediate action, we risk sacrificing the talent, innovation, and future leadership of an entire generation. To capitalize on this opportunity for action, employers can:

1. Provide youth employment opportunities – particularly for youth of color – or invest in programs that do.
2. Create more equitable access to available job opportunities
3. Cultivate cross-generation professional networks

The most impactful and straightforward way that employers can leverage their time, talent, and resources to provide an immediate, positive impact on young people is to offer opportunities for paid work experience, virtually or in-person, via time-limited internships or full- or part-time jobs – particularly for youth of color facing both a disproportionately high unemployment rate and historically limited access to workforce opportunities.

The shortage of youth employment opportunities is severe: As of July 2020, the United States would have needed to create an additional 1.8 million jobs for youth and young adults just to catch up with July 2019 employment levels, and that doesn’t account for the fact that there was already an insufficient supply of summer jobs, internships, and entry-level employment opportunities in the years prior to COVID-19.

Not every employer is in a position to hire young workers, whether it’s due to pandemic-related financial circumstances or simply the nature of their business. However, these companies can still support youth employment by partnering with youth workforce development programs in their communities like Urban Alliance, YouthForceNOLA, or NAF. These programs help keep young people connected to school, training, and work, while providing young workers and their employers with comprehensive support to ensure employment experiences are successful for everyone involved. In the case of Urban Alliance, high school youth from low-income communities receive long-term paid internships, job skills training, and one-on-one mentoring to support their professional growth and connection to economically-mobile post-high school pathways, while enabling companies to develop stronger and more diverse local talent pipelines for entry-level jobs.

Businesses can partner with youth workforce development programs by providing financial contributions and in-kind donations, or by lending skilled employees to serve as volunteers, guest instructors, or mentors (see below). These investments help civic-minded companies advance their broader philanthropic goals as youth employment has a positive impact on families and communities that extends far beyond the individual youth worker.
America’s history of racial segregation, unequal access to quality education and professional training, exclusive professional networks, and other roadblocks caused by systemic racism has created an opportunity gap that has resulted in a dysfunctional labor market in which many talented young people who are Black, Latinx, Indigenous, or from low-income communities never have a real opportunity to compete for many upwardly-mobile, living wage jobs. Employers can break down these barriers and throw open the doors to opportunity to the next generation of workers by updating hiring and employment practices to be more equitable and inclusive – and more conducive to the development of diverse talent pipelines.

At the most basic level, employers should intentionally recruit young people of color and those from lower-income communities. Historically, many companies have relied on employee networks or established pipelines from top-tier colleges to fill open positions. To advance diversity, equity, and inclusion goals, employers must cast a much broader net. A simple option for engaging young people of color is by partnering with organizations that – like Urban Alliance, Year Up, Per Scholas, and others – specialize in connecting diverse, homegrown talent to local businesses.

Businesses can also reduce job market barriers by assessing their hiring and employment practices for equity and inclusivity, including by reflecting on questions like:

- Does our hiring process require applicants to submit materials via PDF or other formats that may be difficult for mobile-only internet users to adhere to?
- If our virtual hiring process requires a video interview, can we offer flexible scheduling to accommodate applicants who may be sharing a single laptop or internet device with other members of their household who are engaged in remote work or schooling?
- Can we furnish laptops and mobile hotspots for our interns so that we can ensure that digital access isn’t a barrier to recruiting youth employees from low-income or marginalized backgrounds who may not otherwise have access to these devices?

Employers should also take steps to ensure that the digital divide isn’t limiting who is able to apply and work for your company. COVID-19 has resulted in a significant share of the American workforce working remotely, compounding the importance of ensuring that every community has equitable access to the internet, which is now a critical lifeline to both school and work. Yet digital access remains strikingly inequitable:

- 61% of Latinx households and 66% of Black households have home broadband access, compared to 79% of white homes.
- Over a quarter of adults living in households earning less than $30,000 per year were “smartphone-dependent” internet users who rely on mobile devices alone to access the internet.
- 40% of low-income families are likely to rely on public Wi-Fi, which is often less stable and secure, due to unreliable home internet connections.

Employers can help eliminate the digital divide in their communities by offering cash support – or equipment donations – to schools and nonprofits so that they can provide devices and internet access to the young people they serve and by using their influence to advocate for public investments in broadband infrastructure.
Research has shown that adolescents thrive in safe, stable, and nurturing relationships with supportive adults. Young people need contact with caring, inspiring role models who can help them learn about career options, share the story of their experiences, and offer education and career guidance. While some youth already struggled to develop these connections in their own families or communities, COVID-19 further disrupted their access to a range of critical adult relationships, including with teachers, professors, guidance counselors, mentors, and supervisors. Recent research from the Bill and Melinda Gates Equitable Futures Project found a substantial decline among youth who know what career they want to pursue and how to get there, from almost half of respondents in 2019 to just a third in 2020 – a decline most pronounced for Black and Latinx students. It is clear that youth are experiencing a lack of professional guidance that increased mentorship can help to fill.

The rewards of mentoring programs are well-documented – for both youth and companies. Mentoring increases the likelihood that young people will attend college, hold a leadership position with a school group such as a club or sports team, and engage in regular volunteer work. An Ernst & Young study found that mentoring initiatives at companies bolstered employee engagement, satisfaction, and retention; helped to cultivate and develop companies’ future workforces; and promoted vibrant communities.

Successful professional mentoring programs like Urban Alliance include: (1) Structured, frequent one-on-one meetings; (2) A combination of formal and informal opportunities to provide consistent feedback and measure progress over time; and (3) Safe environments for youth to learn and grow. To learn more about developing an effective mentoring program, explore resources from the Center for Evidence-Based Mentoring at the University of Massachusetts Boston or MENTOR: The National Mentoring Partnership, which offers a Guide to Mentoring Boys and Young Men of Color developed in partnership with the My Brother’s Keeper Alliance. Businesses can also partner with organizations like Braven or Urban Alliance that can provide hands-on assistance in developing a quality mentoring initiative within an organization.

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The RCF and the FOC have committed to providing paid internships to another 85 students over the next two years, demonstrating a deep commitment to racial justice and economic opportunity..
YOUNG PEOPLE ARE A VITAL DRIVER of the US economy and should be a key part of the rebuilding process for business leaders. Research has shown that the best way to build a lasting, equitable, and diverse next-generation workforce is to start early, before the barriers to opportunity grow too large for youth from under-resourced communities. Right now, as millions of youth struggle with disconnection from the economic stream, the loss of critical support systems and income, and so many more consequences of the global pandemic, employers must step up to ensure that an entire generation – tomorrow’s workforce – is not at risk of being left behind as the country moves toward recovery.

This paper has laid out some immediate steps that employers can take right now to stem the growing opportunity gap for youth, but that's only part of the picture. The next two papers in the series will put forward longer-term solutions for lasting change.

ABOUT URBAN ALLIANCE

Urban Alliance is building a diverse next-generation workforce by providing job skills training, mentoring, and paid internships to young people of color during high school. Since 1996, we’ve provided over 5,700 internships to underserved youth across Washington, DC (including Montgomery County and Prince George’s County, MD), Northern Virginia, Baltimore, Chicago, and Detroit. We fight for equity by empowering students to access upwardly-mobile careers, expanding their idea of what’s possible for the future while supporting the development of diverse talent pipelines and preventing disconnection from school or the workforce. In partnership with over 200 employers, we level the playing field for young people of color by equipping them with the tools to overcome the systemic barriers that prevent them from equitably accessing economic opportunity.
REFERENCES


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**FURTHER READING**

**Job Training Starts Now: Why High School Students Need Youth Employment Opportunities**

**Who Will Succeed in Tomorrow’s Job Market? Bridging the Soft Skills Gap for a More Equitable Talent Pipeline**