

Executive Summary | The Effects of Race, Class, and Gender

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The economic and social landscape that young people encounter today is substantially more complex and challenging than the one faced by earlier generations. Technological change and globalization have transformed the labor market, increasing the value of postsecondary education and hollowing out industries that once employed many workers who had no more than a high school diploma. While access to postsecondary education has expanded, gaps in educational attainment and access to good jobs among demographic groups persist. Together, these factors limit opportunity for many young workers. In addition, structural, economic, and institutional biases and discrimination ensure that Black/African American, Hispanic/Latino, American Indian/Alaska Native, and Native Hawaiian/Pacific Islander young adults are less likely to have a good job than their White and Asian/Asian American peers. Within each racial/ethnic group, women are less likely to have a good job than men.

Many young people seeking to secure a good job find themselves on winding pathways rife with barriers. Among these barriers are three major hurdles: (1) the rising cost of postsecondary education, (2) limited access to high-quality work-based learning (WBL), and (3) an absence of comprehensive counseling and career navigation services. These three hurdles, exacerbated by discrimination, have heightened disparities in educational attainment and financial security by race, class, and gender. Finally, they have slowed young adults' ability to accumulate wealth, especially for those who acquire substantial debt to cover the rising costs of postsecondary education.

Young adults who are able to overcome these barriers find that it takes longer to latch on to a good job than it used to. While most young adults in the 1970s and 1980s had a good job by age 27, today it takes the majority until age 30. It takes even longer for most Black/African American young adults to reach this milestone than it takes most White young adults, and most Hispanic/Latino young adults don't reach it at all by age 35.

The pathways to good jobs available to today's youth are complex. The economic strength of any pathway depends on many factors, including level of education as well as postsecondary field of study in both degree programs and training programs. Available evidence suggests that while the institution a student attends matters to their earnings potential, the program of study often matters more. The bottom line on economic value is that specific occupational education and general education—involving learning in a broad range of subjects, including the liberal arts—are both complements and substitutes in terms of earnings potential. A worker can use specific occupational training to out-earn many workers with degrees from selective institutions. At the same time, another worker might use the general skills associated with a good liberal arts degree to out-earn many workers with training in specific occupational programs. At the end of the day, the richest mix of specific and general education often yields the highest earnings, especially in the longer term.

Young adults who have bachelor's or graduate degrees—especially in fields such as science, technology, engineering, and mathematics (STEM); health professions; or business and communications—are most likely to have a good job. Those who work full-time in high-paying

occupations, such as STEM or managerial and professional office occupations, are also more likely than those in other occupations to have a good job. But some groups—Black/African American, Hispanic/Latino, American Indian/Alaska Native, and Native Hawaiian/Pacific Islander young adults; young adults from families of lower socioeconomic status; and young women—are likely to face substantial barriers to good jobs stemming from discrimination and other accumulated disadvantages that constrain their access to opportunity and affect their choices across education and career dimensions.

Young adults' financial struggles harm their ability to pursue their aspirations and lower their own and their families' satisfaction with the social and public policy system that brought us to this juncture. The education gap affecting the likelihood of having a good job is calcifying socioeconomic divides between college haves and have-nots, limiting upward mobility, and feeding into class resentments. And the persistence of gaps by race/ethnicity and gender in the likelihood of having a good job speaks to the stratification of opportunity across identity groups, a harsh reality that undermines the pursuit of a just society. If left unaddressed, these patterns could have serious consequences for our country.

Ignoring these patterns won't make them go away. Broad and targeted reforms will be necessary to improve opportunity for all young Americans while simultaneously addressing persistent opportunity gaps by race/ethnicity, class, and gender. We describe seven such reforms at the end of this executive summary. To explain the need for these reforms, we detail the decline of American economic opportunity over the past 50 years, and we outline the persistent equity gaps that continue to divide Americans.

What Is a Good Job?

In these reports, we explore the pathway from youth economic dependency to a good job. We consider a good job to be one that meets a minimum earnings standard for economic self-sufficiency. Many good jobs provide room for growth toward a higher salary, but at a baseline, they allow workers to support themselves in the modern economy.

At the national level, we define a good job as one that pays at least \$35,000 for workers younger than age 45 and at least \$45,000 for workers ages 45 and older. These good jobs pay \$57,000 at the median for young workers (ages 25 to 35) nationwide. There is substantial variation in earnings associated with good jobs for young workers: for workers born between 1981 and 1985, one-quarter of good jobs pay from \$35,000 to \$45,000, while one-quarter pay more than \$80,000.

Depending on the local cost of living, the minimum earnings necessary to achieve economic independence may be higher or lower than \$35,000. To account for geographical differences in cost of living, we adjusted the \$35,000 threshold by state using the living wage in each state and the District of Columbia. We found that the minimum earnings associated with a good job varied by more than \$17,000, from \$29,700 in South Dakota to \$47,400 in the District of Columbia (Table 1). We take these differences into account in the data analysis underlying our discussions in these reports.

While our good jobs definition does not include employer benefits, the vast majority of workers who have good jobs (89 percent) have access to health insurance coverage at work, compared to a lower share (63 percent) of workers who don't have good jobs. Workers with good jobs are also much more likely to have access to an employer-sponsored retirement plan.*

TABLE 1. The minimum threshold of earnings associated with a good job varies geographically.

State	Adjusted minimum good jobs threshold
Highest good jobs thresholds	
1 District of Columbia	\$47,400
2 Hawaii	\$44,300
3 New York	\$43,600
4 Massachusetts	\$43,300
5 California	\$42,000
Lowest good jobs thresholds	
47 Kansas	\$30,400
48 Ohio	\$30,400
49 West Virginia	\$30,300
50 Arkansas	\$29,900
51 South Dakota	\$29,700

Source: Georgetown University Center on Education and the Workforce estimates based on data from the Massachusetts Institute of Technology (MIT), "Living Wage Calculator," 2020.

* Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and Bureau of Labor Statistics, Current Population Survey (CPS), 2020. While the CPS data show that workers with good jobs are twice as likely to have access to an employer-sponsored retirement plan as workers without good jobs, we do not report the exact estimates because they appear to significantly understate retirement plan coverage. Based on data from the Bureau of Labor Statistics, National Compensation Survey, 2021, more than 70 percent of civilian workers have access to a retirement plan at work, and the group of workers most likely to lack access to a retirement plan are those in the bottom quartile of earnings.

Economic opportunity has changed dramatically for young people in the United States.

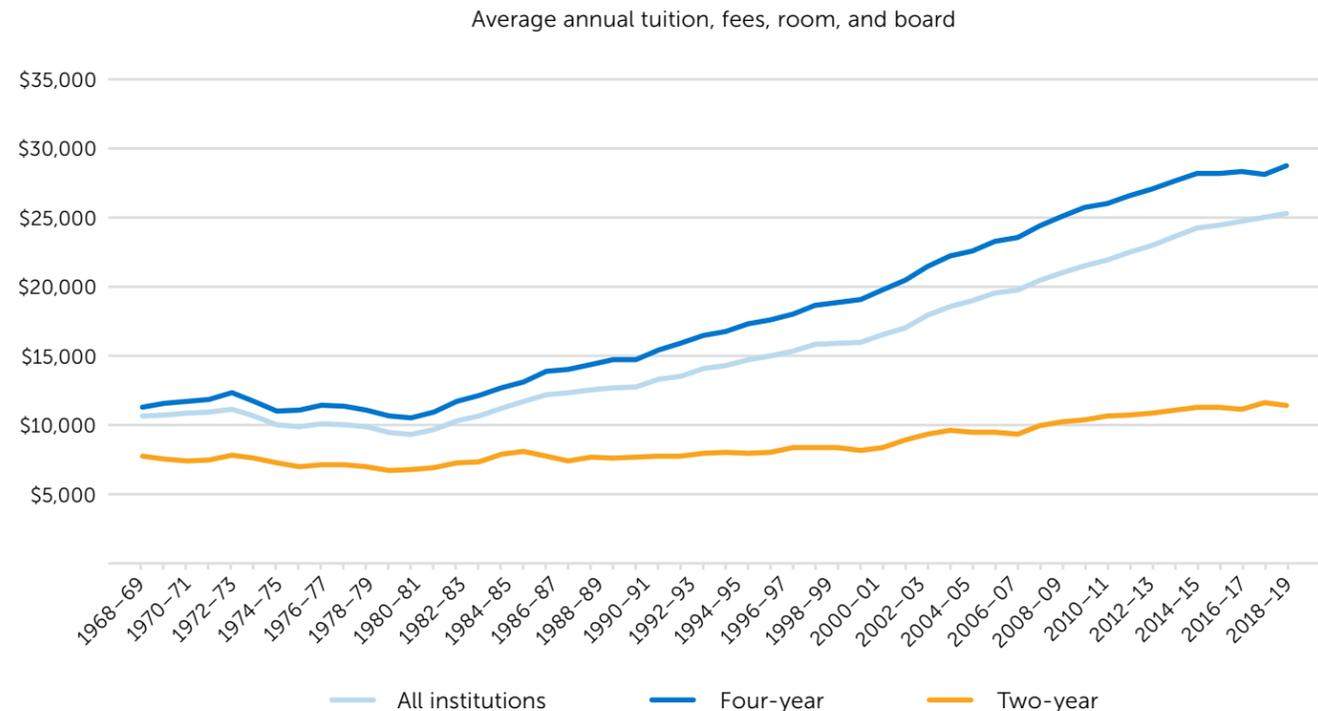
The United States is still a land of opportunity for some young people, but the pathway to opportunity has grown longer and more difficult.

Over the course of a generation, structural economic change has transformed the global economy, driven largely by the increasing use of new technologies to perform routine tasks and connect businesses across long distances. The hierarchies and networks of the old manufacturing and service economies have given way to the knowledge economy, resulting in an increased demand for workers who are able to perform complex, non-routine tasks.

As a result of these changes, young people need more education and work experience than they did in the past to launch their careers and get good jobs in the labor market. Instead of having easy access to the education and work experience they need, however, young people are encountering three major hurdles:

1. The rising cost of postsecondary education (Figure 1)
2. Limited access to work-based learning (Figure 2)
3. Insufficient guidance on navigating the increasingly complex landscape of education and work (Figure 3)

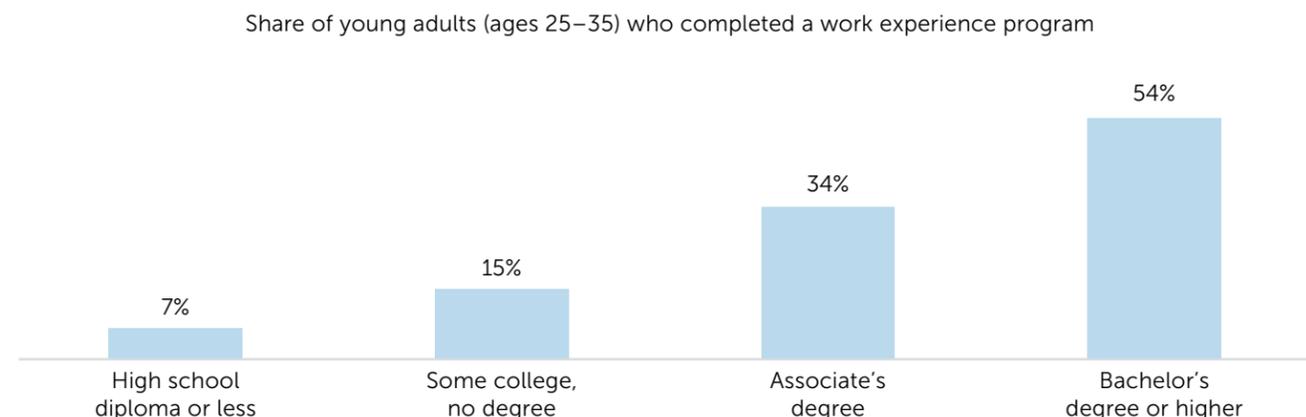
FIGURE 1. The annual cost of attendance at four-year institutions has risen precipitously.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, *Digest of Education Statistics*, 2020, Table 330.10.

Note: The figure shows the average annual undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting postsecondary institutions (in 2019–20 dollars).

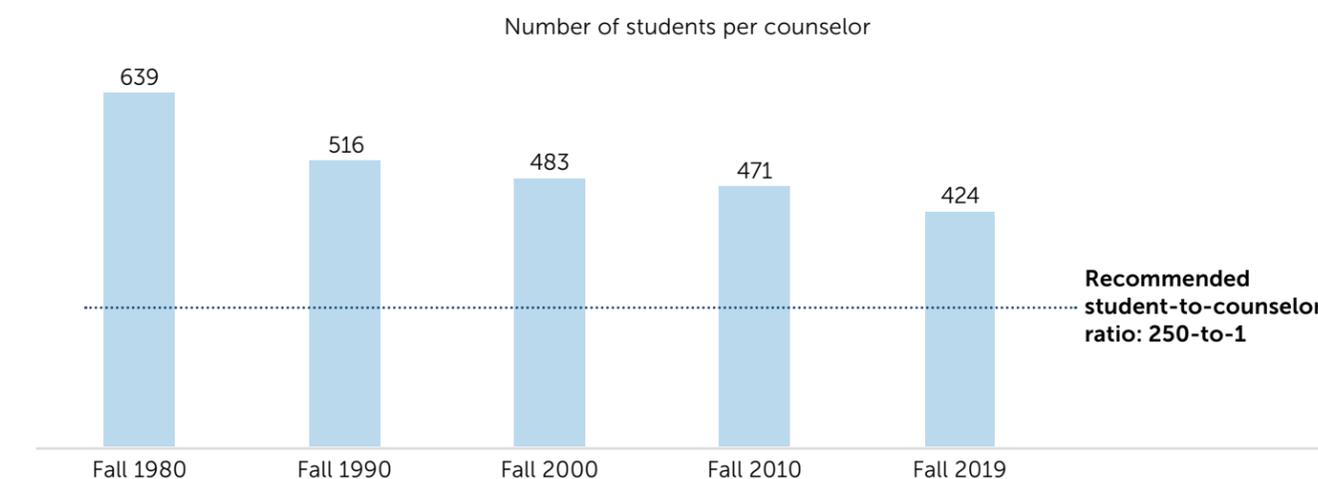
FIGURE 2. Access to work-based learning is limited for young adults with less education.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, Adult Training and Education Survey (ATES), 2016.

Note: The figure shows the share of young adults ages 25–35 who have completed a work experience program, such as an internship, apprenticeship, co-op, externship, practicum, residency, clinical experience, or similar program.

FIGURE 3. There are not enough guidance counselors to meet students' needs.

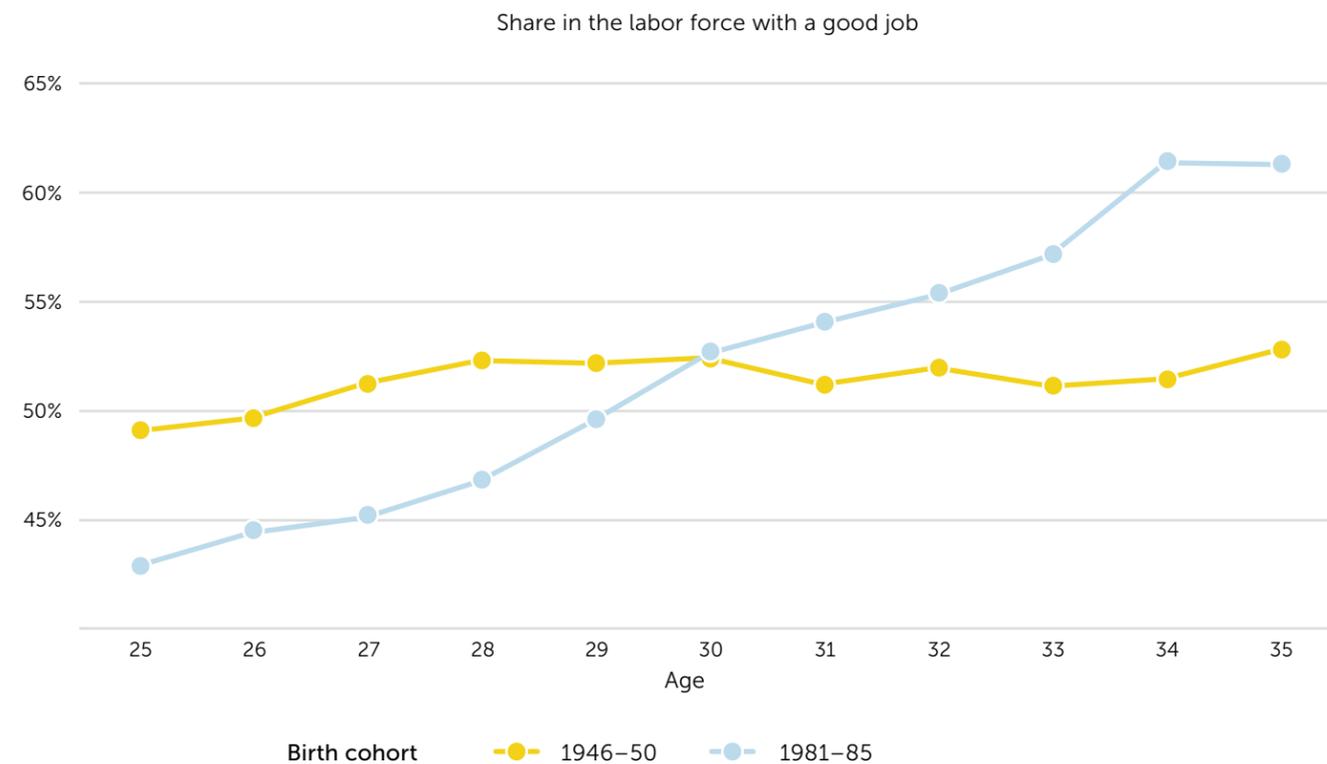


Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, *Digest of Education Statistics*, 2020, Table 213.10, and the US Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "State Nonfiscal Public Elementary/Secondary Education Survey," 2019–20 v.1a. The recommended student-to-counselor ratio is from the American School Counselor Association (ASCA), "Student-to-School-Counselor Ratio 2019–2020," n.d.

With these hurdles adding additional complications, it takes time for young people to acquire the education and work experience that lead to a good job in the modern economy. As a result, most young adults need more time today than young adults did in the past to acquire the additional education and job experience they need to land a good job. By age 30, however, today's young adults are more likely to have a good job than their counterparts were in the past (Figure 4).

These averages conceal major differences by gender and race/ethnicity. Young women's chances of having a good job have improved over time but have not caught up with those of young men of the same age. Meanwhile, young men's chances of having a good job aren't as high as those of their counterparts from the earlier generation until they reach their mid-30s (Figure 5). In addition, more than half of young White workers have a good job by age 25, but young Black/African American workers don't reach that milestone until age 34, and young Hispanic/Latino workers don't reach it as young adults (Figure 6).

FIGURE 4. While the majority of young workers once had a good job by their late 20s, most young adults today do not reach this milestone until age 30.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and Bureau of Labor Statistics, Current Population Survey (CPS), 1972-86, 2007-20.

Note: Data are for 25-to-35-year-olds in the labor force. Young workers with good jobs are those with earnings of \$35,000 or more nationwide. We adjusted the good jobs threshold based on cost-of-living differences among states using 2018-19 data from the Massachusetts Institute of Technology (MIT), "Living Wage Calculator," 2020.

FIGURE 5. Young women's chances of having a good job have improved over time, but young men have been consistently more likely to have a good job than young women.

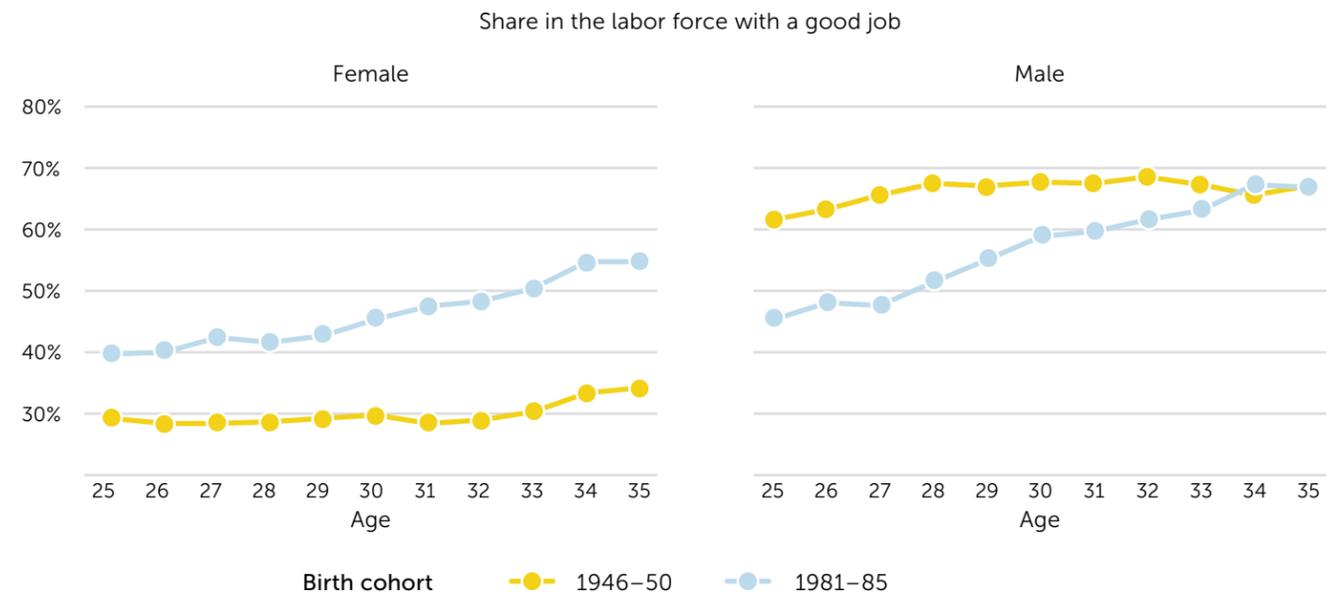
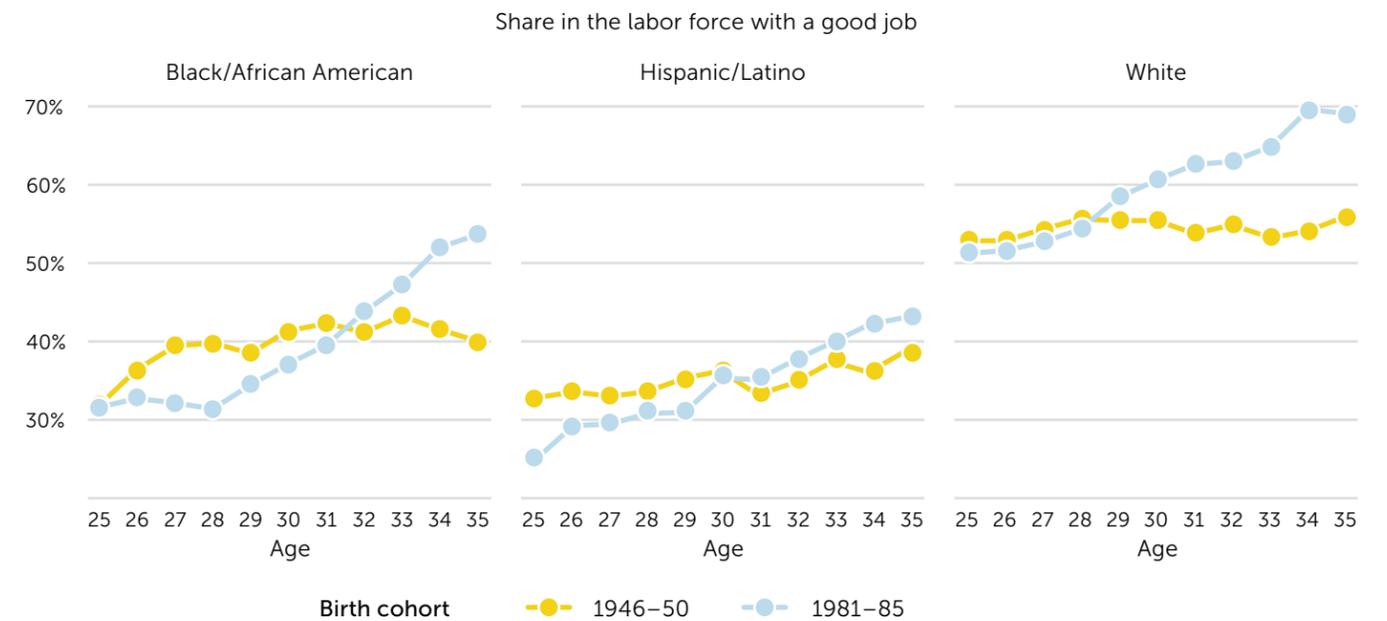


FIGURE 6. Young White workers are more likely to have a good job than young Black/African American or young Hispanic/Latino workers.



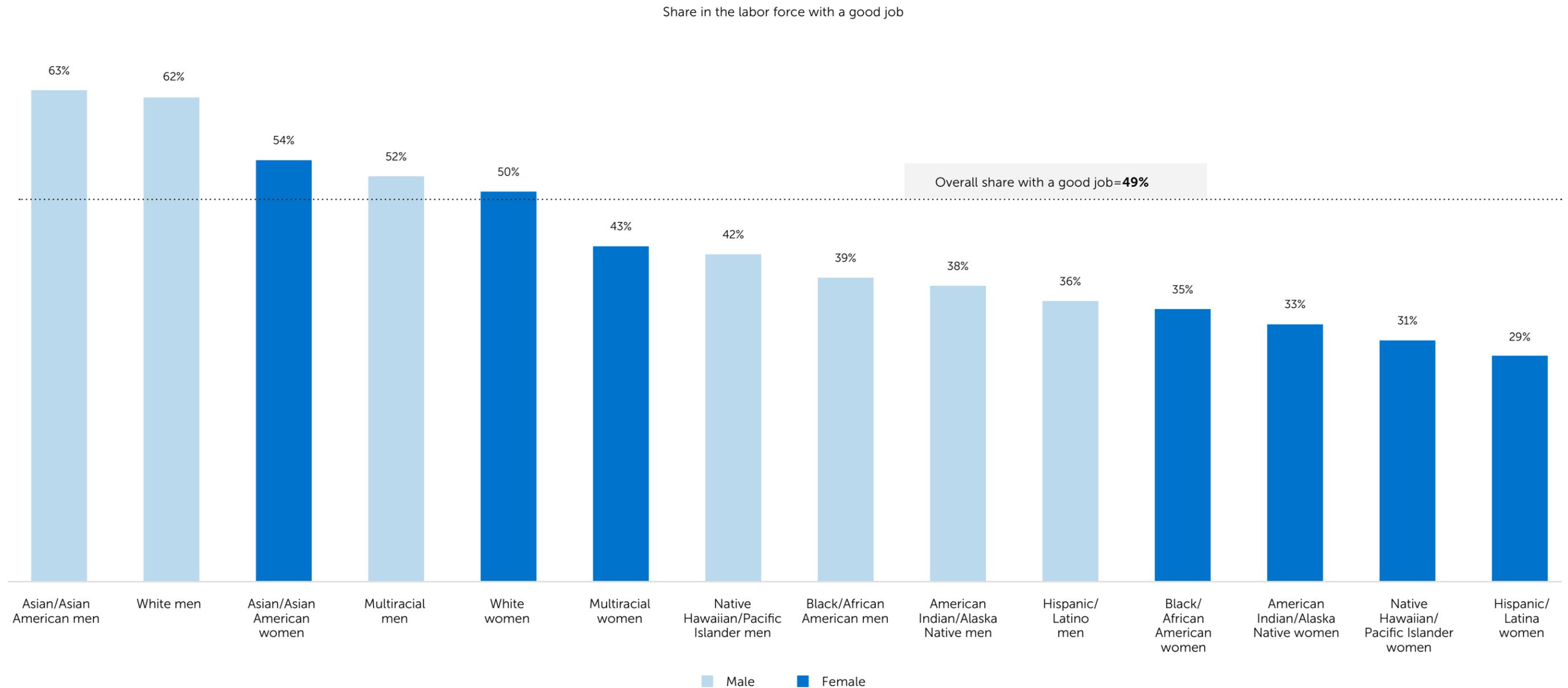
Source for Figure 5 and Figure 6: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and Bureau of Labor Statistics, Current Population Survey (CPS), 1972-86, 2007-20.

Note for Figure 5 and Figure 6: Data are for 25-to-35-year-olds in the labor force. Young workers with good jobs are those with earnings of \$35,000 or more nationwide. We adjusted the good jobs threshold based on cost-of-living differences among states using 2018-19 data from the Massachusetts Institute of Technology (MIT), "Living Wage Calculator," 2020.

Race/ethnicity and gender unjustly influence a person’s likelihood of having a good job. The resulting hierarchy reflects differences in access to opportunity all along young people’s education and career pathways, beginning in early childhood and extending into their careers. Educational disadvantage translates into disadvantage in the workforce. Labor-market discrimination further constrains opportunity for many women and members of

underrepresented racial and ethnic groups. While 63 percent of young Asian/Asian American men and 62 percent of young White men in the workforce have a good job, young Hispanic/Latina women in the workforce are less than half as likely (29 percent) to have a good job (Figure 7).

FIGURE 7. Young Hispanic/Latina, Native Hawaiian/Pacific Islander, and American Indian/Alaska Native women are least likely to have a good job.



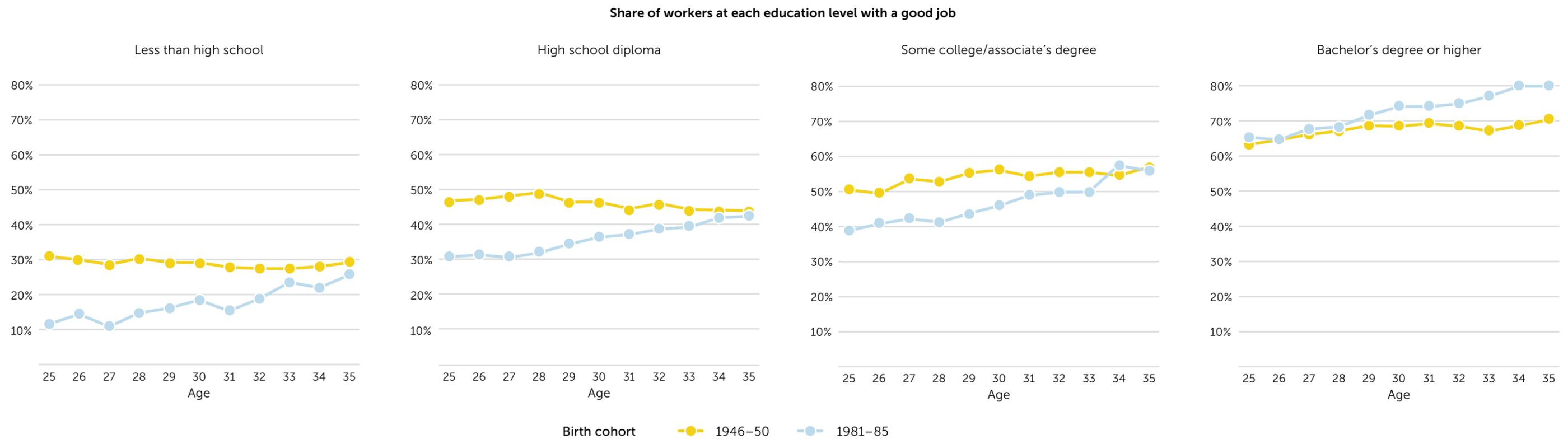
Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau, American Community Survey (ACS), 2009–19 (pooled).

Note: Data are for young adults in the labor force who were born from 1981 to 1985 and who ranged in age from 25 to 35 during the survey years. Young workers with good jobs are those with earnings of \$35,000 or more nationwide. We adjusted the good jobs threshold based on cost-of-living differences among states using 2018–19 data from the Massachusetts Institute of Technology (MIT), “Living Wage Calculator,” 2020.

Education has become the defining factor in access to good jobs—and the cornerstone of unequal opportunity.

The era of the high school economy is over. Young adults generally need at least some postsecondary education and preferably a four-year degree, along with at least some work experience, to have a decent chance of attaining a good job. In fact, throughout young adulthood, only workers with a bachelor’s degree or higher are more likely than their counterparts in the earlier generation to have a good job (Figure 8).

FIGURE 8. Only young workers with a bachelor’s degree or higher are consistently more likely than those in the earlier generation to have a good job.

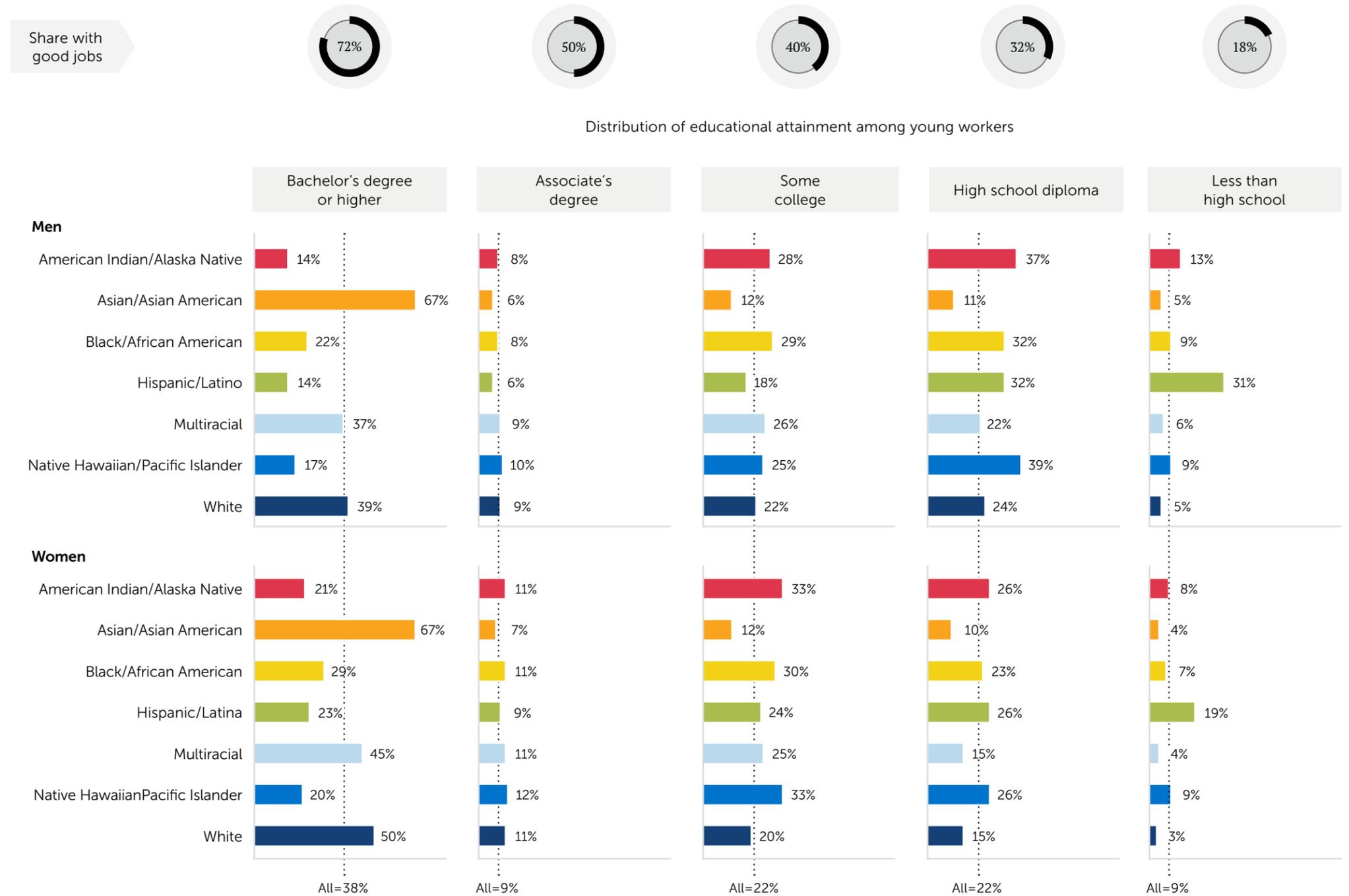


Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and Bureau of Labor Statistics, Current Population Survey (CPS), 1972-86, 2007-20.

Note: Data are for 25-to-35-year-olds in the labor force. Nationwide, young workers with good jobs are those with earnings of \$35,000 or more. The good jobs threshold has been adjusted based on cost-of-living differences among states, using 2018-19 data from the Massachusetts Institute of Technology (MIT), "Living Wage Calculator," 2020.

Because education is an increasingly important element of economic opportunity, educational disparities by race/ethnicity and gender are increasingly consequential. Individuals in the groups that are most likely to have a good job—Asian/Asian American men and women, White men and women, and Multiracial men—are also the ones most likely to have a bachelor’s degree or higher. Multiracial women are also more likely than young adults overall to have bachelor’s degree or higher, although they are less likely than young adults overall to have a good job (Figure 9).

FIGURE 9. Among young adults (ages 25 to 35), Hispanic/Latino men and American Indian/Alaska Native men are least likely to have a bachelor’s degree or higher, one of the primary obstacles in their access to good jobs.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau, American Community Survey (ACS), 2009–19 (pooled).

Note: Data are for young adults in the labor force who were born from 1981 to 1985 and who ranged in age from 25 to 35 during the survey years. Young workers with good jobs are those with earnings of \$35,000 or more nationwide. We adjusted the good jobs threshold based on cost-of-living differences among states using 2018–19 data from the Massachusetts Institute of Technology (MIT), "Living Wage Calculator," 2020. Values may not sum to 100 percent due to rounding.

Education is fundamental to getting a good job, but other factors also contribute to young workers' odds of reaching this milestone.



College major

Among young workers (ages 25 to 35) with bachelor's degrees, the choice of college major makes a difference in earnings potential. Among young workers with a bachelor's degree or higher, 78 percent who majored in science, technology, engineering, or mathematics (STEM) have a good job, compared to 77 percent who majored in health; 74 percent who majored in business and communications; 71 percent who majored in social sciences; 69 percent who majored in education or public service-oriented fields of study;¹ 68 percent who majored in career-focused fields of study;² and 59 percent who majored in the arts, liberal arts, or humanities.

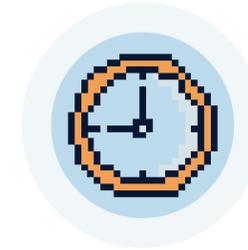
Differences among groups in the likelihood of majoring in lucrative fields like STEM contribute to good jobs gaps. With the exception of Asian/Asian American women and Native Hawaiian/Pacific Islander women, young women of all races and ethnicities remain less likely than young men to major in STEM. While differences in field of study among workers with bachelor's degrees are most pronounced between men and women, there are also notable differences by race/ethnicity among men and women. For example, while few men major in health, the share of Black/African American men who major in health (4 percent) is double the share of White men who major in health (2 percent).



Occupation

Influenced by but separate from field of study, occupational choice can be a major driver in determining a worker's prospects of having a good job. Among young workers (ages 25 to 35) in STEM occupations, 83 percent have good jobs, compared to 76 percent of workers in managerial and professional office occupations; 74 percent in healthcare practitioner and technical occupations; 58 percent in education occupations; 56 percent in community services and arts occupations; 42 percent in blue-collar occupations; 41 percent in sales and office support occupations; 22 percent in food and personal services occupations; and 22 percent in healthcare support occupations.

The likelihood of being in a high-paying or a low-paying occupation also varies by race/ethnicity and gender. For example, young Black/African American, Hispanic/Latino, American Indian/Alaska Native, and Native Hawaiian/Pacific Islander men are concentrated in blue-collar and food and personal services occupations, in which the likelihood of having a good job is low. In contrast, young Asian/Asian American men and women and young White men are more likely than young workers in general to work in STEM and managerial and professional office occupations, in which the likelihood of having a good job is high.



Full-time work

A full 97 percent of young people with good jobs work full time. Differences in who works full time by race/ethnicity and gender therefore affect differences in the likelihood of having a good job. Regardless of race or ethnicity, young women are less likely than young men to work full time.

¹ Education and public service majors include education, law, public policy, psychology, and social work.

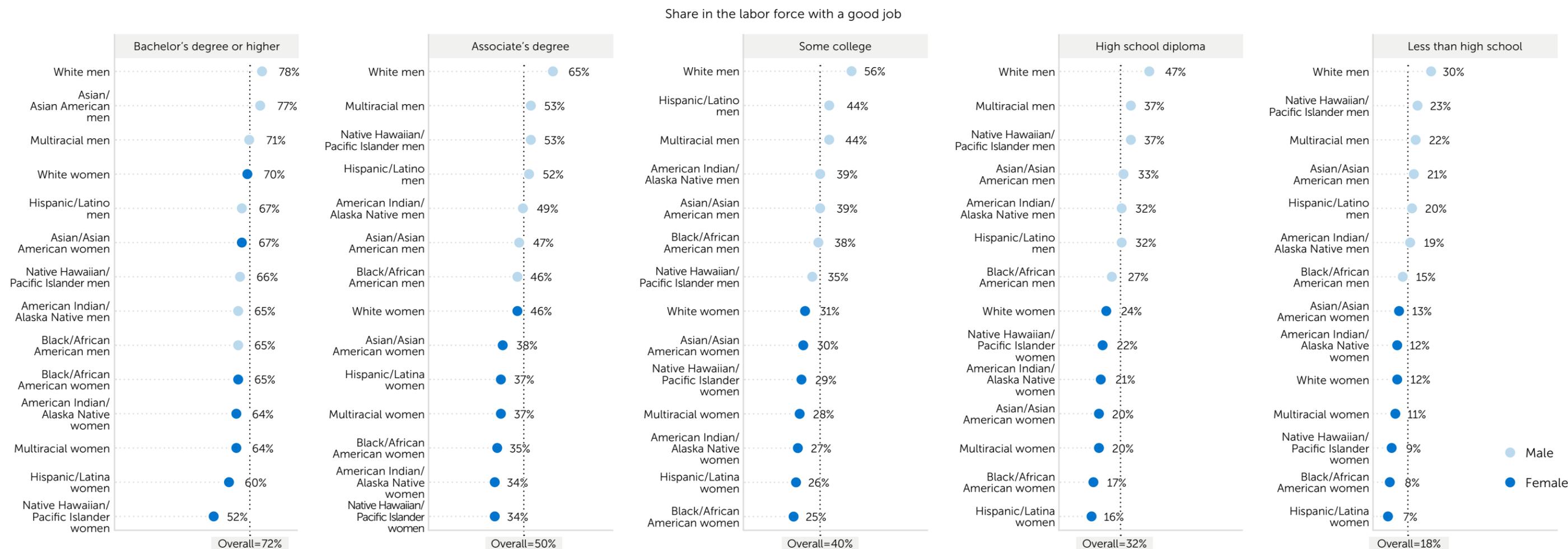
² Career-focused fields include agricultural and natural resources and industrial arts, consumer services, and recreation.

The education and career pathways that young workers choose affect their chances of landing a good job—but societal barriers connected to race, gender, and class constrain their choices and outcomes.

Young people’s chances of having a good job generally increase with higher educational attainment. Higher chances of having a good job typically correlate with higher-paying majors and occupations and are bolstered by working full time. But none of these factors fully explains the gaps in the likelihood of having a good job. Equally qualified workers do not have equal chances of having a good job, in part due to factors like concentration within lower-paying subfields and labor-market discrimination reflecting sexism and racism. For example,

women generally need more education than men to have the same chances of having a good job: within the same education levels and the same racial/ethnic groups, men are more likely to have a good job than women. Young workers from minority racial/ethnic groups also face substantial opportunity gaps, even when they have qualifications similar to those of young White workers. Among male workers, White men are the only group that is more likely than the general population to have a good job at every education level (Figure 10).

FIGURE 10. At every education level, White men have the highest likelihood of having a good job, and young women are less likely than young men of the same race/ethnicity to have a good job.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau, American Community Survey (ACS), 2009–19 (pooled).

Note: Data are for young adults in the labor force who were born from 1981 to 1985 and who ranged in age from 25 to 35 during the survey years. Young workers with good jobs are those with earnings of \$35,000 or more nationwide. We adjusted the good jobs threshold based on cost-of-living differences among states using 2018–19 data from the Massachusetts Institute of Technology (MIT), "Living Wage Calculator," 2020.

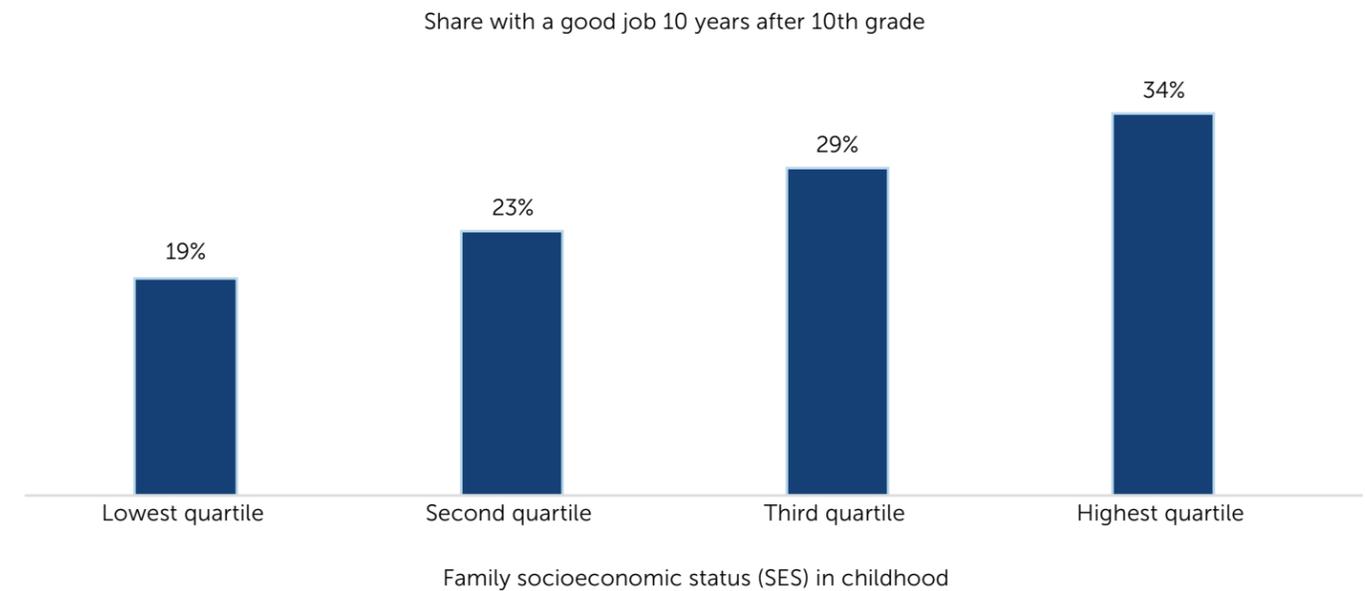
Interlocking forms of discrimination contribute to these differences in outcomes among equally qualified young adults. While explicit employment discrimination on the basis of race/ethnicity and gender is generally illegal, discrimination still occurs, often in ways that are difficult to identify or litigate. Prejudices and biases can be conscious or unconscious, leading to explicit or implicit discrimination. This discrimination can operate at the individual, institutional, and systemic levels.

At the individual level, the most explicit form of discrimination is “taste discrimination,” which occurs when employment decisions are affected by the explicit or implicit prejudices of employers, clients, or coworkers against members of specific demographic groups. “Statistical discrimination,” which is based on stereotyping and in some cases risk aversion, involves making assumptions about members of a group based on the group’s perceived average attributes or variation of attributes within a group. For example, employers may assume that workers from one group are more likely to display conscientiousness, and thus may be more inclined to hire from that group. “Institutional discrimination” occurs when the rules, norms, laws, regulations, or practices that govern organizations result in restricted opportunity for some groups, even when the governing principles seem to be race-neutral or gender-neutral. For example, employers who rely on referrals to fill open positions and whose current workforce is made up primarily of White workers will be disproportionately likely to hire White workers. “Structural discrimination” describes how a country’s economic, political, and cultural

systems disadvantage certain groups. This form of discrimination reflects both present-day prejudices and historical injustices that framed the organization of society, such as current school and neighborhood segregation stemming from the legacy of redlining in housing policies. In addition to being affected by societal dynamics related to race/ethnicity and gender, young people’s prospects are constrained by the socioeconomic status (SES) of their childhood homes. Having a parent with higher socioeconomic status dramatically increases a young adult’s chances of having a good job. Ten years after tenth grade, 34 percent of young people whose parental SES was in the highest quartile have a good job, compared to 19 percent whose parents were in the lowest SES quartile (Figure 11).

Affluent parents are in the best position to ensure that their children have all the social and academic supports they need to meet their full academic and earnings potential. These parents can afford to live in neighborhoods with well-funded public schools, invest more time and money in their children’s social and academic development, and model and reinforce the expectation that their children will go to college. Meanwhile, children whose parents have fewer financial resources and less experience with college are left to rely on the weakest links of our unequal and often inadequate public education system for crucial social and academic supports. Moreover, Black/African American, Hispanic/Latino, and American Indian/Alaska Native children are overrepresented among low-income groups, and thus are disproportionately harmed by the disparities that harm low-income American families.

FIGURE 11. Young adults from high-SES backgrounds are almost twice as likely to have a good job as those from low-SES backgrounds.



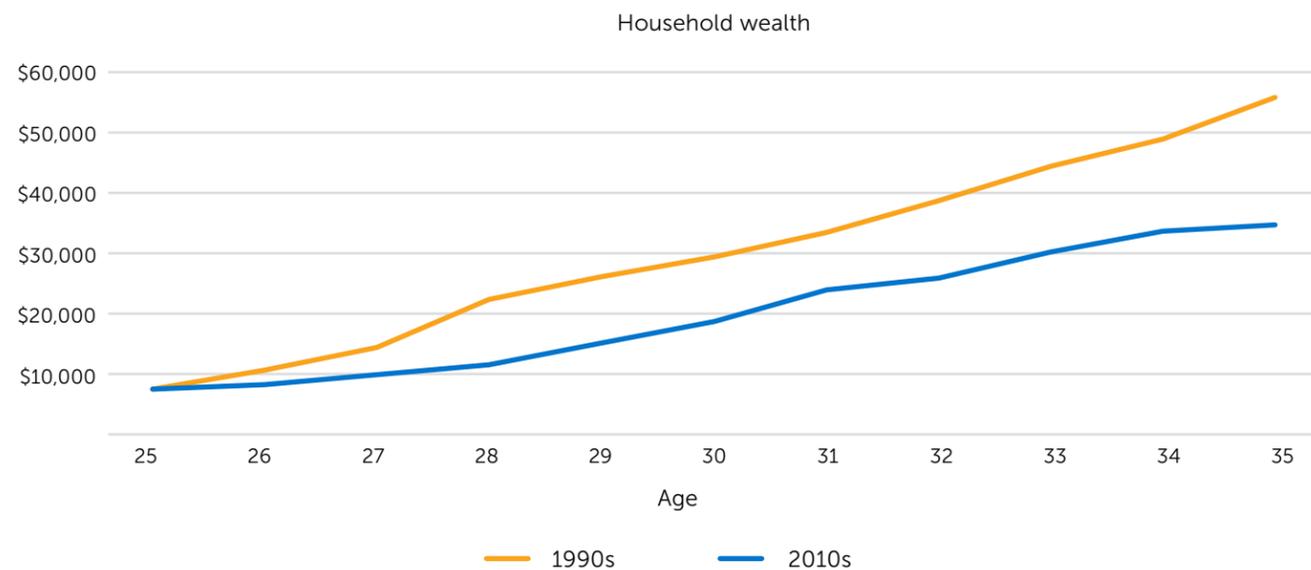
Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, Education Longitudinal Study of 2002 (public use data), 2014.

The elongated pathway to good jobs combines with economic disparities by race, gender, and class to constrain opportunity and contribute to societal divisions.

Today's young adults are more likely to have a good job in their 30s than similar young adults in the earlier generation. Nonetheless, the elongated pathway to good jobs has concrete consequences for long-term financial stability. The delay in securing a job that pays sufficient wages for financial self-sufficiency represents a missed opportunity to build a nest egg that could enable young adults to lead the lives they choose for themselves. In fact, households led by young adults have less than two-thirds the wealth of similar households in the past (Figure 12).

Higher educational attainment corresponds with more wealth. Yet at every level of educational attainment, today's young adults have less wealth than similarly educated young adults did in the 1990s (Figure 13). Thus, higher educational attainment appears to add value to young people's net worth. But it also comes at a cost, prompting serious concerns about affordability. And as the costs of postsecondary education have risen over time, so have young people's tendency to take on debt and their debt loads (Figure 14).

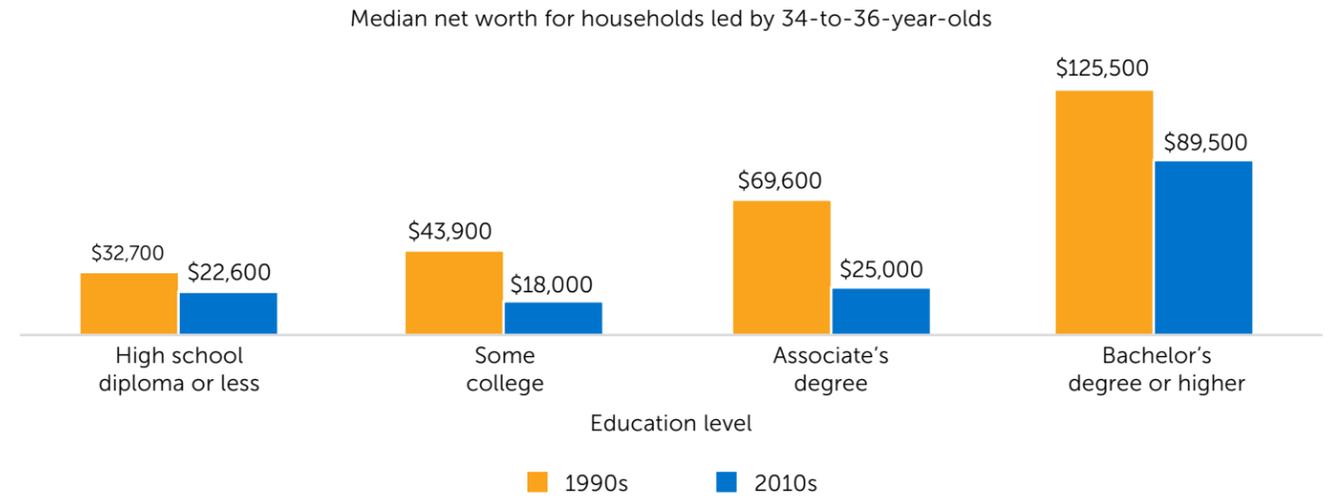
FIGURE 12. Households led by 35-year-olds have less than two-thirds the net worth of similar households in the past.



Source: Georgetown University Center on Education and the Workforce analysis of data from the Board of Governors of the Federal Reserve System, Survey of Consumer Finances (SCF), 1989, 1992, 1995, 1998, 2010, 2013, 2016, 2019.

Note: The data have been smoothed using a three-year moving average and inflation-adjusted to 2019 dollars. The line labeled "1990s" shows the data for 1989, 1992, 1995, and 1998 (pooled); the line labeled "2010s" shows the data for 2010, 2013, 2016, and 2019 (pooled).

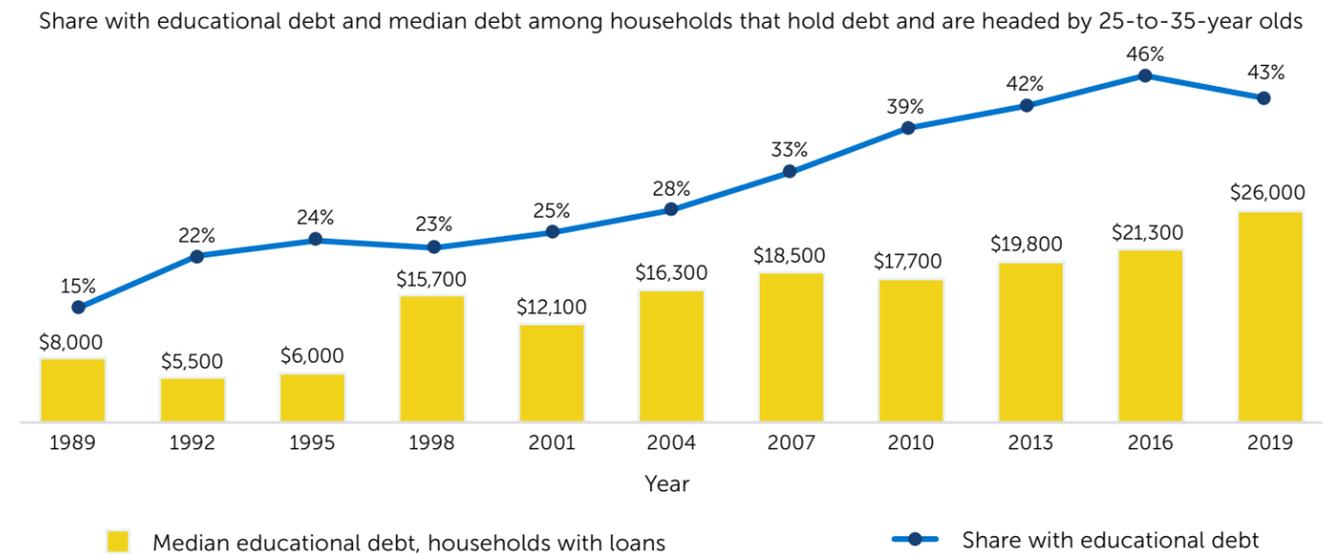
FIGURE 13. The wealth advantage of households led by young adults with a bachelor's degree or higher over households led by young adults with less education has increased, even though households led by young adults at all levels of education have less wealth than similar households had in the 1990s.



Source: Georgetown University Center on Education and the Workforce analysis of data from the Board of Governors of the Federal Reserve System, Survey of Consumer Finances (SCF), 1989, 1992, 1995, 2013, 2016, 2019.

Note: The data are restricted to 34-to-36-year-old adults and inflation-adjusted to 2019 dollars. The series labeled "1990s" shows the data for 1989, 1992, 1995, and 1998 (pooled); the series labeled "2010s" shows the data for 2010, 2013, 2016, and 2019 (pooled).

FIGURE 14. The share of young households having educational debt and the median debt among those who hold it have both risen substantially over the past three decades.

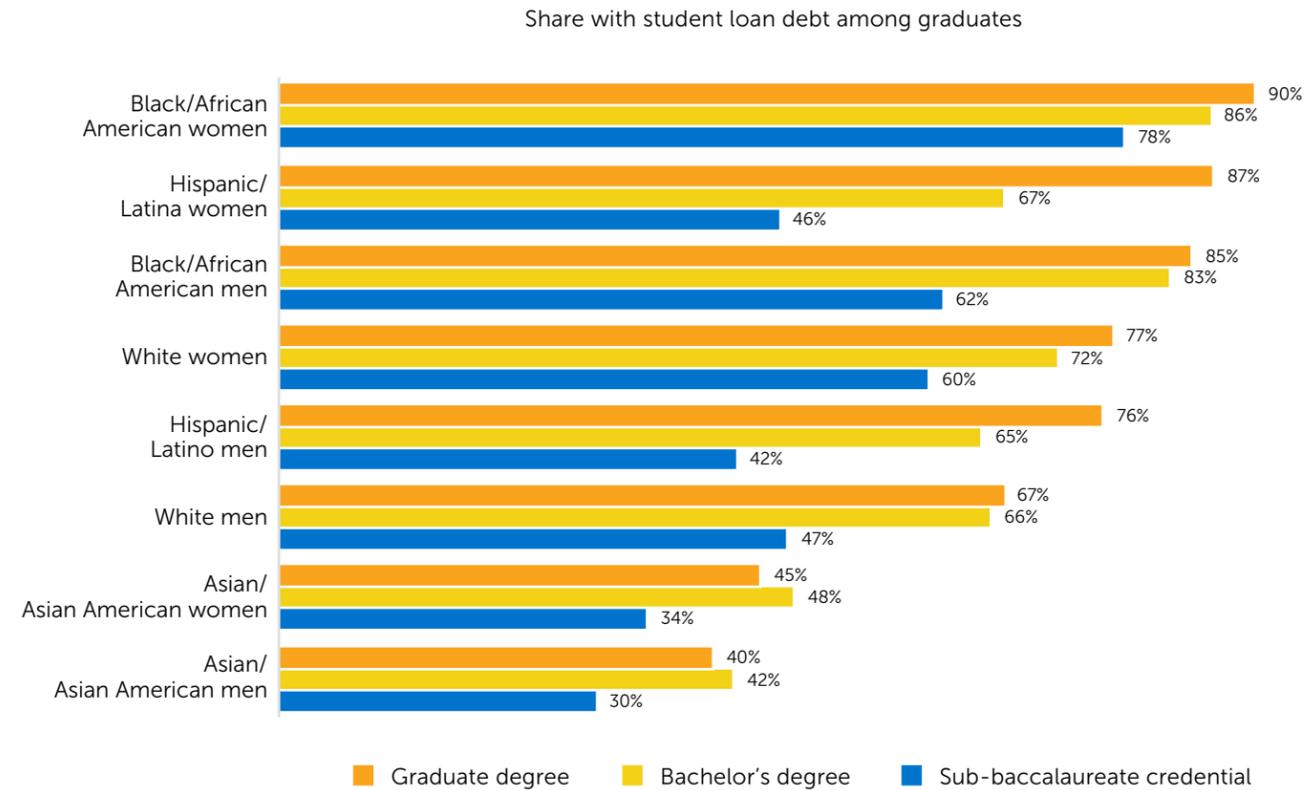


Source: Georgetown University Center on Education and the Workforce analysis of data from the Board of Governors of the Federal Reserve System, Survey of Consumer Finances (SCF), 1989, 1992, 1995, 1998, 2001, 2004, 2007, 2010, 2013, 2016, and 2019.

Note: The data are inflation-adjusted to 2019 dollars.

These debt burdens are not distributed equally among men and women or across racial and ethnic groups. Black/African American women are the group that is most likely to have educational debt (Figure 15) and the group that has the highest student loan debt (Figure 16).

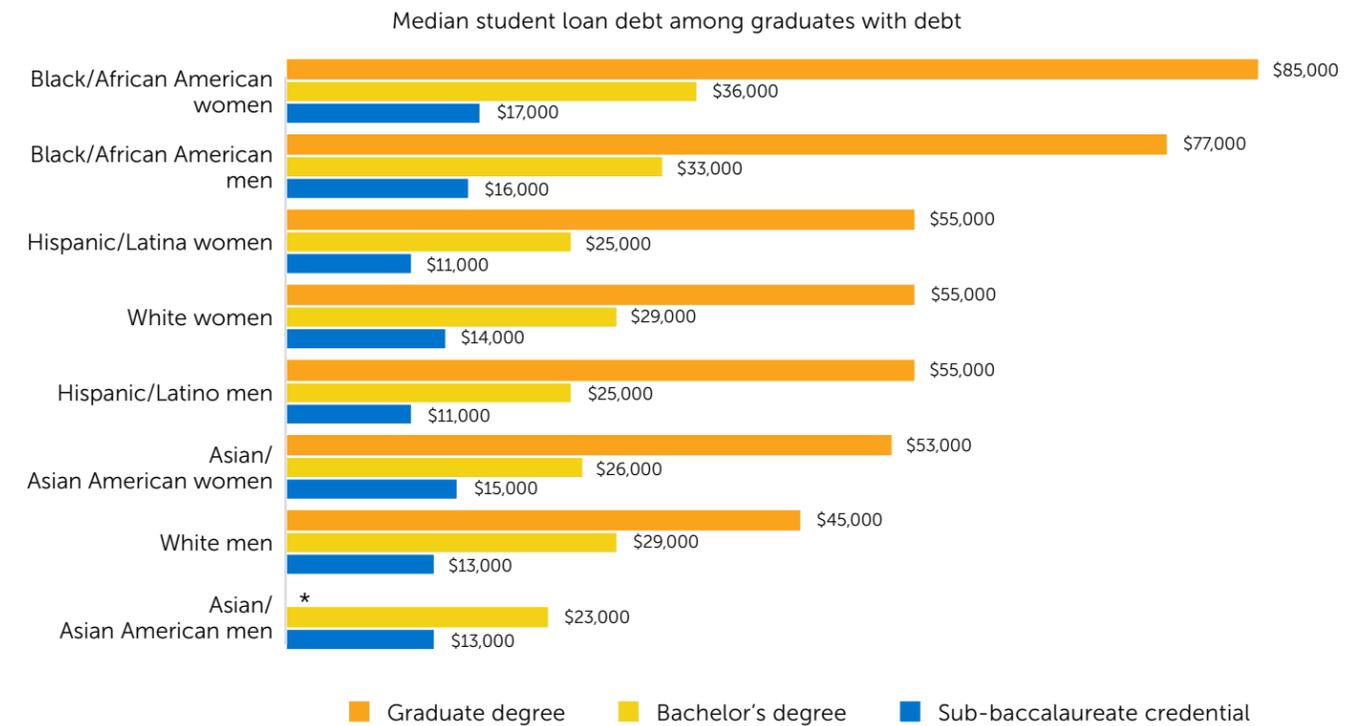
FIGURE 15. Black/African American women are most likely to need loans to finance their education at every level of postsecondary attainment.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS), 2016.

Note: This chart shows the share of graduates with educational debt at the time they completed their credentials. For graduate degree completers, student loan debt includes undergraduate and graduate debt; for sub-baccalaureate and bachelor's degree completers, it includes only undergraduate student loan debt. In this section of the report, we have excluded data on the wealth of American Indian/Alaska Native and Native Hawaiian/Pacific Islander young adults due to small sample sizes in many of our data sets.

FIGURE 16. Black/African American graduates have the largest median amounts of educational loan debt.



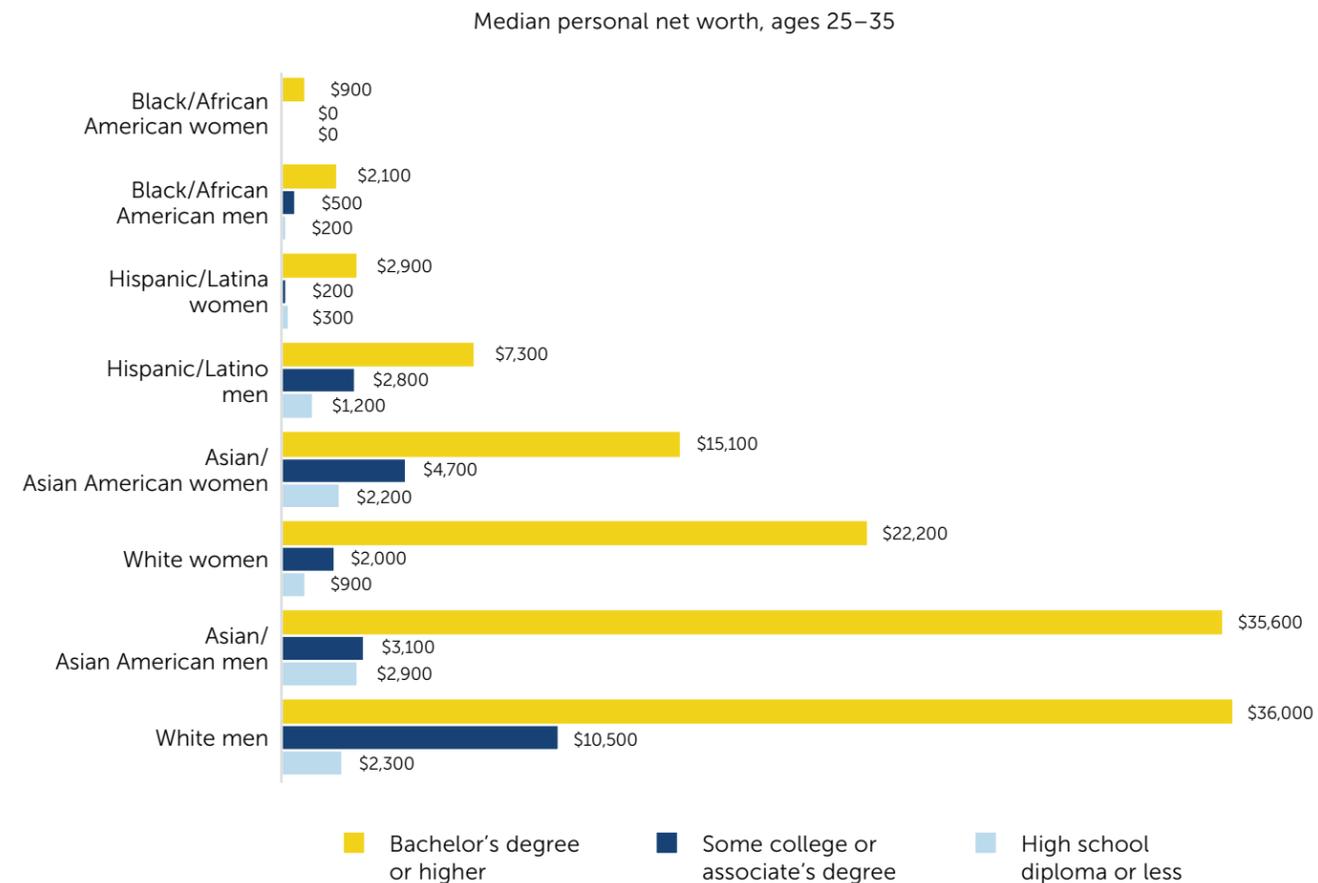
Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS), 2016.

Note: This chart shows the cumulative student debt balances of graduates with educational debt at the time they completed their credentials. The data are inflation-adjusted to 2019 dollars. For graduate degree completers, student loan debt includes undergraduate and graduate debt (with graduate debt representing 78 percent of the cumulative debt at the median); for sub-baccalaureate and bachelor's degree completers, it includes only undergraduate student loan debt. In this section of the report, we have excluded data on the wealth of American Indian/Alaska Native and Native Hawaiian/Pacific Islander young adults due to small sample sizes in many of our data sets.

* We have omitted graduate debt for Asian/Asian American men due to small sample size.

Equity gaps in young people’s earning power and debt loads have real-world consequences for their ability to equitably accrue or retain personal wealth (Figure 17). Longstanding racial/ethnic gaps in the intergenerational transmission of wealth—tied to the pernicious history of race-based discrimination and oppression—further compound the problem.

FIGURE 17. Young Black/African American women have less than \$1,000 median net worth at all levels of educational attainment.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau, Survey of Income and Program Participation (SIPP), 2014 (wave 1) and 2018 (wave 1).

Note: The data are inflation-adjusted to 2019 dollars. In this section of the report, we have excluded data on the wealth of American Indian/Alaska Native and Native Hawaiian/Pacific Islander young adults due to small sample sizes in many of our data sets.

Thus, high debt and low net worth create a self-perpetuating cycle that prevents some groups from building wealth and establishing financial security. The wealth gaps among young adults result in part from differences in wealth among their parents, which affect their financial needs and propensity to take out student loans. And wealth gaps generally extend beyond one generation.

Racial wealth disparities in particular are based on centuries of discrimination and oppression. The wealth gap between Black/African Americans and White Americans originated in American slavery and the Jim Crow laws that arose after the Civil War, and it was preserved through the school segregation and discriminatory lending practices of the 20th century. The wealth gap between Hispanic/Latino Americans and White Americans stems from both the long history of prejudice that Hispanic/Latino Americans have faced in the United States and the barriers to accumulating wealth associated with immigrant status, as 35 percent of the Hispanic/Latino American population in 2019 was born outside the United States. Immigrants often face many economic barriers in their new country, such as the devaluation of their prior education, training, and work experience; their unfamiliarity with the dominant language and culture; and discrimination in the labor market. Indigenous peoples have been systematically denied access to wealth as the US government seized their lands and assets, forced them to relocate to more remote geographic areas, and denied their right to self-determination. Regardless of the cause, wealth disadvantages often persist across generations.

By young adulthood, wealth gaps between men and women and among different racial and ethnic groups are already evident. While educational attainment is associated with greater wealth, educational attainment alone can't close the substantial wealth gaps that exist among groups, especially given the wage gaps that exist among equally qualified workers.

Leveling the chances of getting a good job may help reduce wealth gaps among groups. But educational opportunity is not, by itself, sufficient to close these gaps. To equalize young people’s chances of reaching a financially stable future regardless of their race/ethnicity or gender, we will need comprehensive reforms across the policy landscape.

Addressing these challenges will require comprehensive reforms that promote equity and opportunity for young people along their education and career pathways.

To improve opportunity for all young Americans, we need a comprehensive set of changes to policy and practice:

1 Embrace our country's diversity, including through investments in culturally responsive teaching and counseling. Diversity is one of our country's great cultural and economic strengths. The variety of talents, perspectives, and life experiences of the American people enriches the public sphere. Some researchers have identified a positive relationship between cultural diversity and economic development. Others have argued that the costs associated with discrimination offer a strong case for inclusion. Thus, there is an economic and moral argument for capitalizing on our diversity and ensuring that the benefits are shared equitably across groups.

This means that we need culturally responsive teaching and counseling that embrace the potential of youth from diverse racial, ethnic, and economic backgrounds and provide the positive supports that all youth need to succeed in education and the economy. We need positive engagement between our educational and economic institutions and the diverse communities they serve, strengthening opportunities for young people to connect with role models and build a sense of purpose. We also need to diversify the pre-K–12 and postsecondary teaching, training, and counseling workforces to better reflect the composition of the students, clients, and workers these professionals serve. And we need to promote efforts to integrate schools and colleges, neighborhoods, communities, and social networks.

2 Apply an equity lens to all policy and programmatic reforms by measuring inequality and crafting policies and programs designed to address it. Achieving racial/ethnic and gender justice will require us to invest in equity. We can't expect equal outcomes without funding the programs that are necessary to achieve those outcomes, including programs that provide targeted resources to close opportunity gaps for underserved groups. Equity gaps will continue to grow as long as the greatest public and private investments go to the people with the least need.

To identify where investments in equity are merited, we need to take stock of where gaps by race/ethnicity and gender exist across the education system and labor market, and we need to evaluate the possible contributors to those gaps. Where are traditionally underserved students overrepresented and underrepresented? What are the educational and economic consequences of those representation gaps? These reports are one step in an ongoing and necessary process of assessment.

Once we have identified equity gaps, we need to seek solutions. We need to identify the changes that would be needed to reduce inequality in who gets a good job as a young adult. Some of those changes will require us to look beyond traditional education and training solutions to address skewed social structures, cultural biases, ethnocentrism, workplace discrimination affecting pay and hiring, attrition of people from underrepresented groups from high-paying fields like STEM, disparate treatment by the criminal justice system, residential segregation, disproportional exposure to poverty, lack of access to relatable role models for young people from marginalized groups, insufficient support for entrepreneurs from underrepresented groups, and differential access to borrowing and financial services. We also need to anticipate the equity implications of any proposed reforms, including the potential unintended consequences.

3 Dismantle funding inequality and provide targeted, wraparound educational and social supports to young people from cradle to career, including high-quality universal pre-kindergarten and equitably funded public schools. An opportunity gap exists for young people as soon as they are born, based on factors like their parents' income and substantial funding disparities in public schools. These disparities disproportionately harm Black/African American, Hispanic/Latino, and American Indian/Alaska Native children, who are overrepresented among low-income groups.

For many children, the opportunity gap widens as they travel through the education system. Tracking by race and gender begins early, and on- and off-ramps between paths become more difficult to navigate as children age. We need to guard against tracking by race, ethnicity, and gender at every step of the school-to-career pipeline, including by equipping teachers and administrators with the tools to overcome personal and systemic bias.

To give every child the best chance at educational and economic success, we need to ensure universal access to free, high-quality education beginning before kindergarten. We need to dismantle funding inequality in our public school systems so children don't have to live in the wealthiest zip codes—or the Whitest neighborhoods—to get the best possible public education. And we need to make sure that all children have the material supports they need to thrive, including access to healthy food and good jobs for their parents and guardians.

To achieve equitable outcomes, funding for these wraparound supports should be distributed based on need. Judicial intervention may be necessary to make equitable funding a reality. The US Supreme Court has denied that Americans have a Constitutional right to an equal and adequate education, but legal action in state courts could be a path toward ensuring the equitable distribution of resources.

4 Invest in programs that treat education and labor markets as a single system extending from early childhood to the first good job, including programs with strong employer involvement.

We need to connect the institutional and policy silos that span cradle to career while integrating supports at each stage of the pipeline. To ensure that all young people have equal opportunities to travel successfully from youth dependency to adult economic independence, we must match resources to needs and implement targeted and affirmative efforts to counter existing inequities by race, class, and gender. One potential way to ensure equity and accountability would be to create a formalized youth cabinet within the federal government with representation from agencies and departments whose work touches on the youth-to-adulthood transition.

Taking an all-one-system approach to education and work means breaking down the artificial pedagogical barriers between education and training as well as the artificial institutional barriers between education and labor markets. For example, we need to recognize that classroom learning, applied learning, occupational exploration, and work-based learning (WBL) are complementary approaches. We also need to expand successful models for linking secondary education to postsecondary education and careers and ensure equitable access to these opportunities. These models include broad approaches like career academies, guided pathways, Linked Learning, apprenticeships, and school-to-work programs, as well as specific programs like Year Up and Braven.

To break down pedagogical barriers, we need to involve employers in developing and providing work-based learning. Especially in the postsecondary system, work-based learning programs and internships should parallel fields of study as much as possible. We need more employer-based models like apprenticeships, more paid internships so youth from low-income backgrounds can participate, and more programs like those sponsored by the National Academy Foundation, the Pathways to Prosperity Network, and P-TECH. Practices like dual credit, early-college high schools, Advanced Placement, International Baccalaureate, and dual-enrollment programs also let young people start earning college credit before they even leave high school.

5 Help young people—especially those who are most marginalized by the education and employment system—pursue and attain their education and career goals simultaneously using career exposure and work-based learning (WBL). America’s education system is increasingly our primary means of providing workforce training, but the connections between education and work are too often an afterthought. We need to provide more career exposure to all young people beginning in middle school and continuing through college, and we need to help all young people develop their interests and aptitudes while engaging in the general education and specific skills-based learning opportunities that will benefit them in the labor market.

Expanded work-based learning opportunities are crucial to meeting this goal. Work-based learning expands human networks and positive relationships, yielding social and cultural capital that helps young people navigate the workforce. It also provides hands-on work experience and hands-on learning. The opportunity for participants to reflect on the experience and its meaning for their futures is critical to successful work-based learning programs.

Work-based learning can have positive effects on career outcomes. But while participation in work-based learning seems to increase the chances of securing a well-paid job, work-based learning opportunities seem to benefit those with bachelor’s degrees or higher more than those with sub-baccalaureate credentials. Access to work-based learning and the benefits of participating in work-based learning also differ substantially by gender and race/ethnicity. For example, among young adults without a bachelor’s degree, it appears that men benefit significantly more from work-based learning than women. Providers need to disclose the earnings outcomes of program completers by field and by race/ethnicity and gender, while a policy approach that expands work-based learning must ensure that these opportunities are of high quality, are equally accessible across demographic groups, and have equitable earnings outcomes for young adults of all races and ethnicities. In addition, providers of sub-baccalaureate WBL programs need to successfully recruit and train more women in fields that offer better pay and greater access to good jobs. Public policy also needs to address the fact that as long as the jobs in which women are overrepresented—such as healthcare support and education—remain undercompensated relative to their true economic and societal value, fair pay at a societal level will remain elusive.

6 Create a transparent, data-based education and career navigation system that is accountable for making outcomes more effective and equitable. That means a counseling system that provides the information and mentorship that students and workers need to plan and pursue their educational and career goals. Both high schools and postsecondary institutions should offer required credit-bearing courses in which students formulate data-based plans for their own education and career pathways.

To ensure that students have accurate information about possible pathways, all publicly funded postsecondary education and training programs should be transparent about completion rates and employment and earnings outcomes. From an accountability standpoint, career-specific job training programs should receive public subsidies only if they fill the needs of both employers and workers and meet an established standard for employment and earnings. Moreover, all programs should disaggregate their data by race/ethnicity and gender and use this information to ensure that participation and outcomes are equitable across demographic groups.

Crucially, academic and career exposure opportunities need to be equally available to all students, regardless of their gender and race/ethnicity. In providing access to these opportunities, teachers, administrators, and counselors must guard vigilantly against tracking students toward pathways based on their social identities. All students should receive complete information about the educational and career pathways available to them and the likely outcomes of those pathways. All students also should be exposed to role models and mentors who share their social identities, understand their communities, and are invested in their success over the long term, not just on the next step of their education pathway.

To incentivize educational institutions to ensure that students receive this counseling, we need to hold institutions accountable for students’ long-term outcomes, at both the institutional and the program level. We need to connect the dots from kindergarten to college to the workforce, using shared data on outcomes and transitions to treat educational institutions and employers as a single ecosystem with a shared stake in young people’s attainment of economic independence.

7 Make college more accessible and narrow the racial/ethnic gaps in college financing by investing in free college, incremental credentialing, community college baccalaureate programs, and better transfer pathways. Everyone who wants to pursue postsecondary education should be able to do so without taking on enormous amounts of debt. Educational debt is a particularly heavy burden for Black/African American women, who have the highest student loan debt burden, the greatest likelihood of having educational debt, and the lowest net worth of all race/gender groups. Therefore, we need to address college affordability as a matter of racial and gender justice. Free-college plans like the ones already implemented in many states can help make college more affordable. Institutional policies that prioritize need-based aid over merit aid can help interrupt intergenerational privilege. Any plan to improve college affordability should consider potential impacts on race, class, and gender equality.

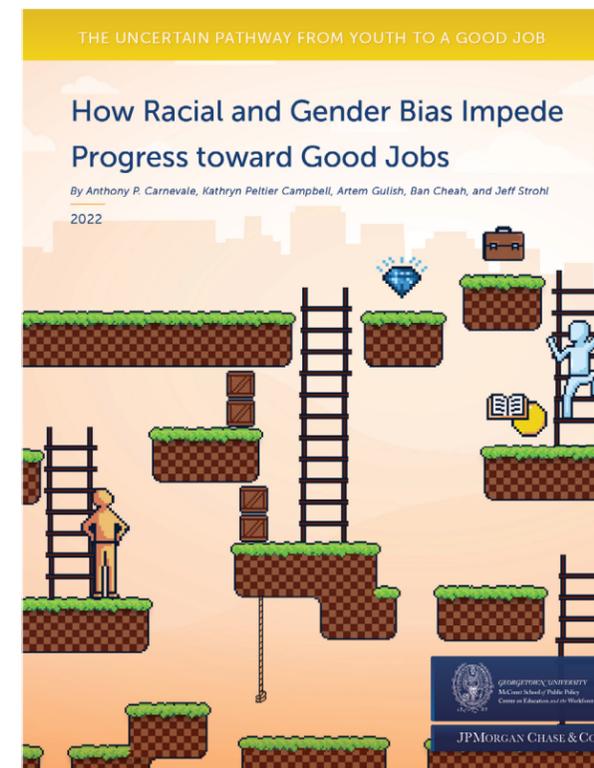
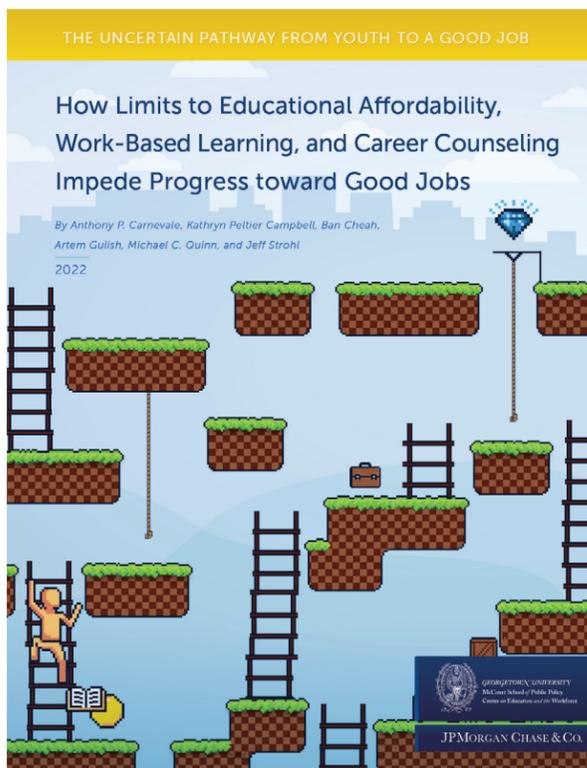
In addition, we need to reform the student loan system to ensure that low-income borrowers from marginalized groups do not end up in default because of administrative burdens and procedural confusion. The freeze on student loan payments during the COVID-19 pandemic has demonstrated that the Department of Education is able to provide relief without requiring borrowers to navigate a complex maze of requirements. Moreover, the evidence in these reports indicates that marginalized groups bear a disproportionate amount of the student loan burden, suggesting the need for policy approaches that would target relief to borrowers from these groups.

We also need to create more opportunities for people to stop out and reenter postsecondary education and training on their own timetable. Postsecondary institutions should improve credit articulation to facilitate the creation of more flexible pathways. In addition, four-year colleges should reserve one-fifth of the seats in their undergraduate junior cohort for transfer students from community colleges. Incremental credentialing is another approach that would improve flexibility and equity by enabling students who complete a portion of their studies to demonstrate their knowledge and skills to potential employers and to receive academic credit for that work if they later resume their studies.³ Colleges and universities need to be held accountable for racial/ethnic and gender equity in transfer and

completion, which will require transparency about racial/ethnic and gender gaps in outcomes.

At the same time, we need to make all options equally available to young people regardless of their race/ethnicity or gender, and we need to ensure that young people from underserved groups are not concentrated in parts of the system in which opportunity is scarce. To make opportunity more fully available, we need to simultaneously improve educational quality at institutions across the selectivity spectrum and broaden access to the most well-resourced schools. We also need to breach the boundaries between community colleges and four-year institutions while discouraging tracking by race and class. This can be accomplished in part by tying federal dollars to policies that improve transfer rates and by allowing community colleges to grant bachelor's degrees, especially in fields important for local and regional labor markets, as 24 states already do.

To learn more, read our reports:



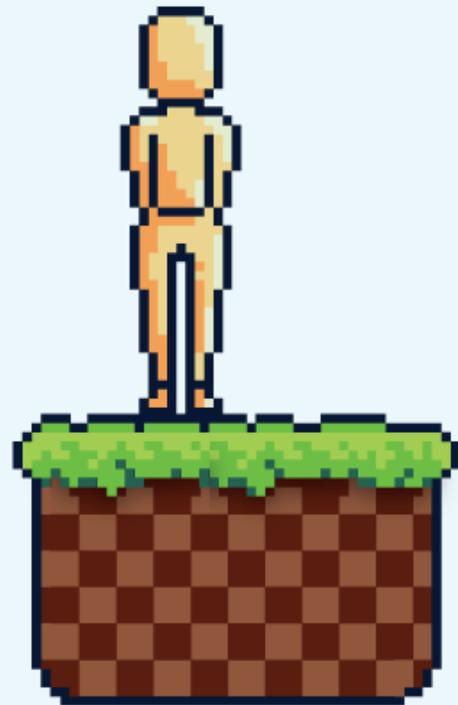
³ Examples of incremental credentialing programs include the Credential as You Go initiative at the State University of New York (SUNY) Empire State College and the Western Interstate Commission for Higher Education (WICHE)'s Interstate Passport.



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The Uncertain Pathway from Youth to a Good Job: Executive Summary | The Effects of Race, Class, and Gender can be accessed online at cew.georgetown.edu/pathway.



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