

FAILURE TO LAUNCH

Structural Shift and the New Lost Generation



TUITION	ON TIME
GRADUATION	ON TIME
CAREER	DELAYED
401K	DELAYED
RETIREMENT	DELAYED

EXECUTIVE SUMMARY

Anthony P. Carnevale
Andrew R. Hanson
Artem Gulish

The
Generations
Initiative
IGNITING THE POWER OF WE

GEORGETOWN UNIVERSITY



Georgetown Public
Policy Institute

Center on Education and the Workforce

SEPTEMBER 2013

FAILURE TO LAUNCH

Structural Shift and the New Lost Generation

EXECUTIVE SUMMARY

September 2013

Anthony P. Carnevale
Andrew R. Hanson
Artem Gulish

The lockstep march from school to work and then on to retirement no longer applies for a growing share of Americans.



NEW MODEL FOR LEARNING, EARNING AND RETIREMENT



EDUCATION

**LEARNING
AND
EARNING**

**FULL-TIME
ON-THE-JOB
TRAINING**

**TRANSITION
TO
RETIREMENT**

**FULL
RETIREMENT**

New economic realities have created additional phases in the life cycle of learning, work and retirement. Moreover, the relationship between these phases is no longer linear.

Young adults are launching their careers later.

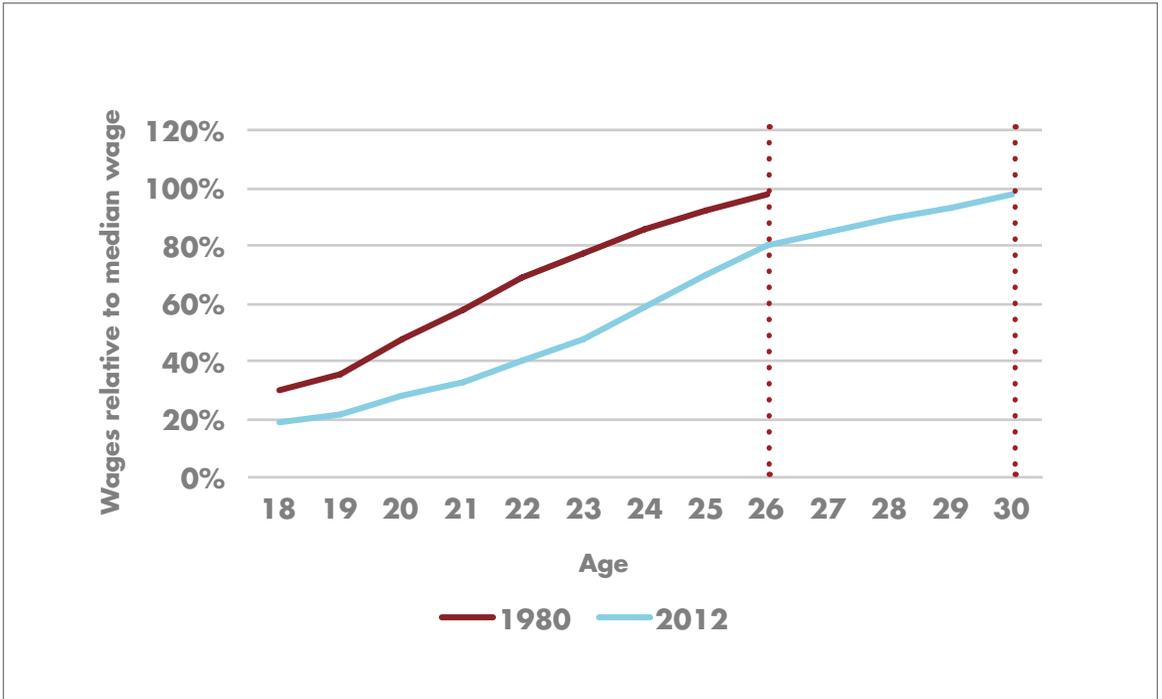
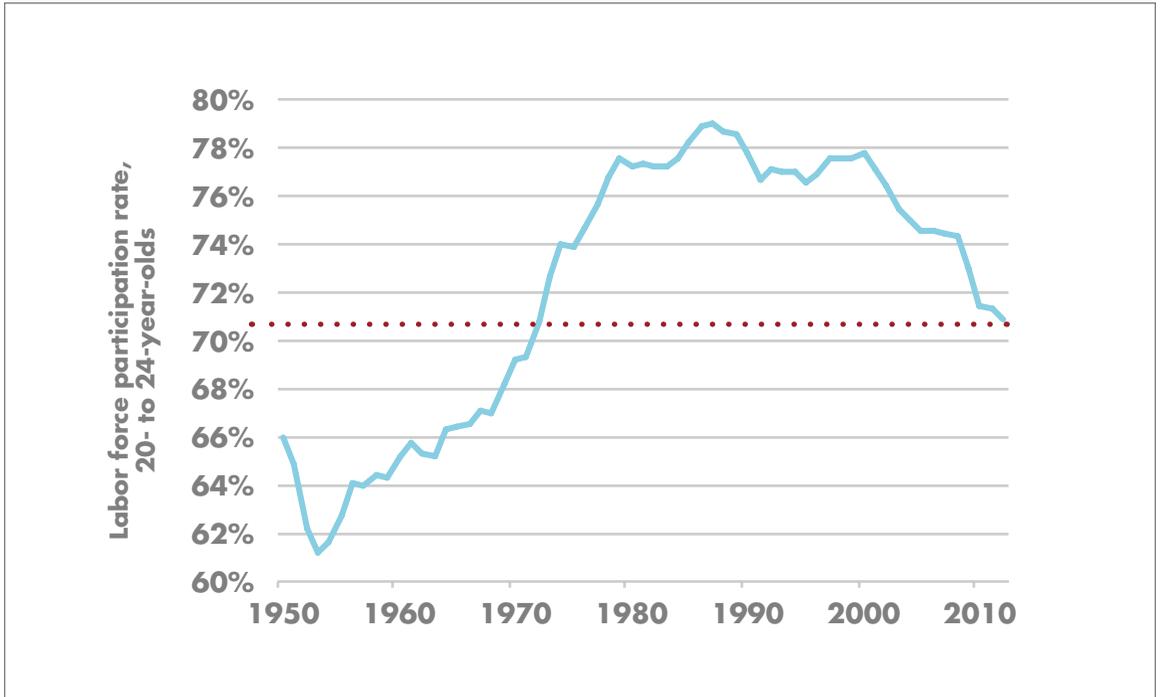


Figure 1. The age at which young adults reach the median wage increased from 26 to 30 between 1980 and 2012.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 1980, 2012, CPS UTILITIES, UNICON RESEARCH CORP.



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF DATA FROM THE FEDERAL RESERVE BANK OF ST. LOUIS, 1947-2012

Figure 2. The labor force participation rate for young adults has declined since the 1990s, and is now at its lowest point since 1972.

As blue-collar jobs have disappeared, young men have had an especially difficult time gaining traction in the labor market.

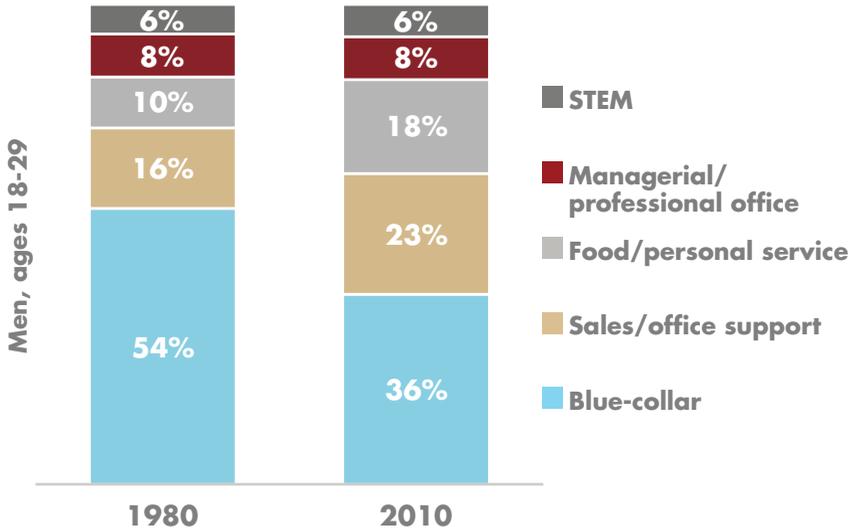
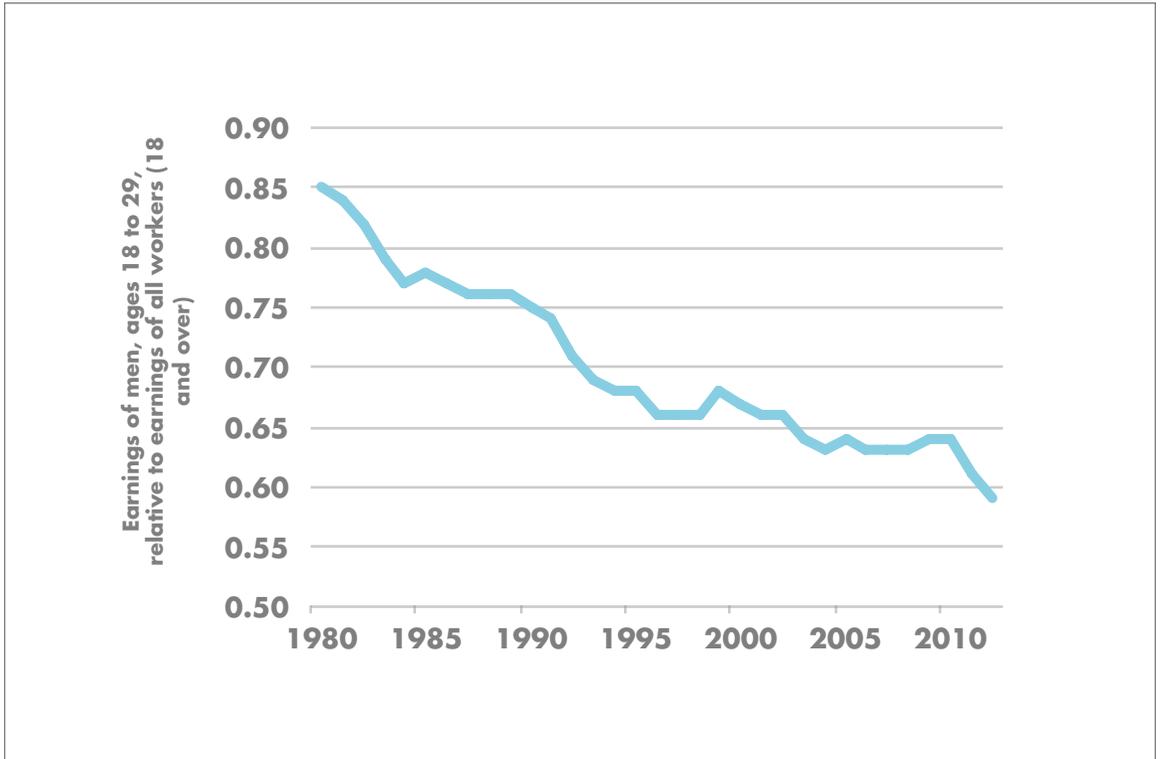


Figure 3. Between 1980 and 2010, the share of young men in blue-collar occupations declined from 54 percent to 36 percent, while the share in food/personal service occupations increased from 10 percent to 18 percent.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF IPUMS DATA



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 1980-2011, CPS UTILITIES, UNICON RESEARCH CORP.

Figure 4. In 1980, young men made 85 percent of the mean wage; in 2012, they earn only 58 percent of the mean wage.

The first decade of the 21st century was a lost decade for young adults, especially young men.

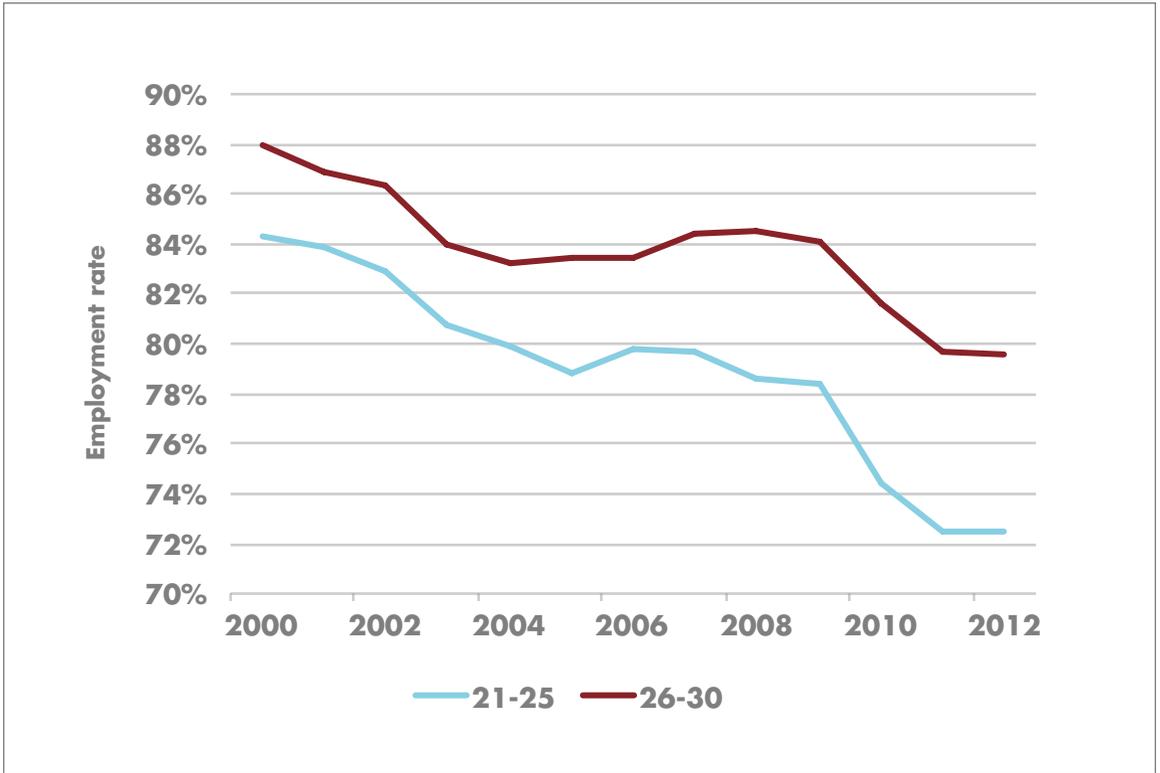
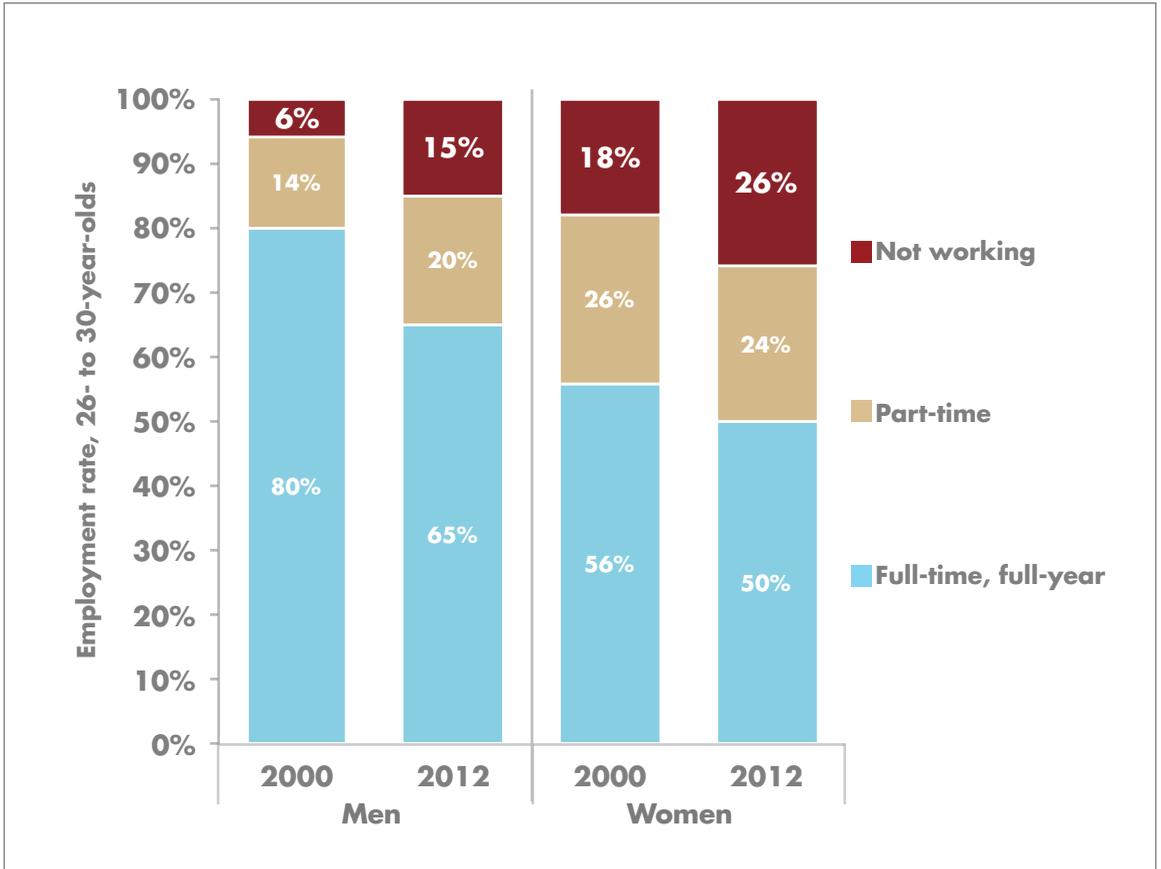


Figure 5. The employment rate for young adults (ages 21 to 25) declined from 84 percent to 72 percent between 2000 and 2012.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2000-2012, CPS UTILITIES, UNICON RESEARCH CORP.



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2000-2012, CPS UTILITIES, UNICON RESEARCH CORP.

Figure 6. The share of men in their late 20s who work full-time declined from 80 percent to 65 percent between 2000 and 2012.

While young adults at all education levels suffered, BA and graduate degree-holders suffered the least from the shocks of the lost decade.

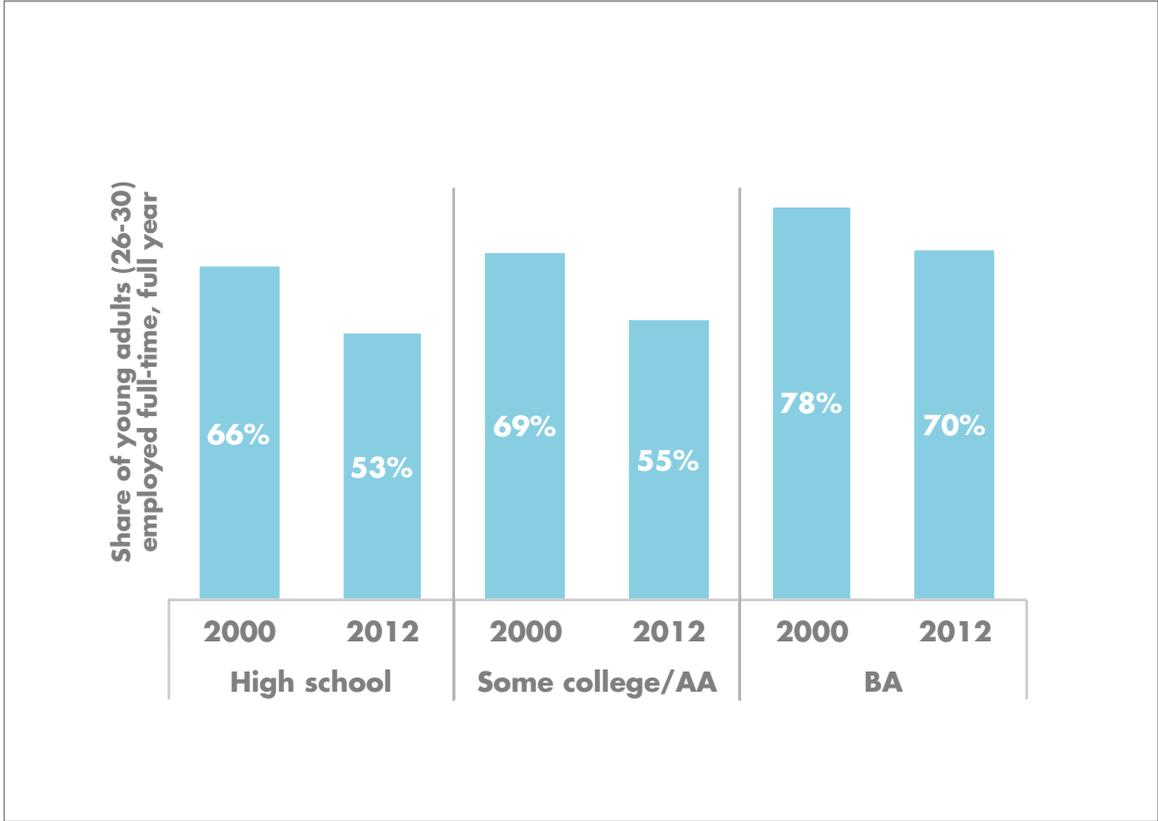
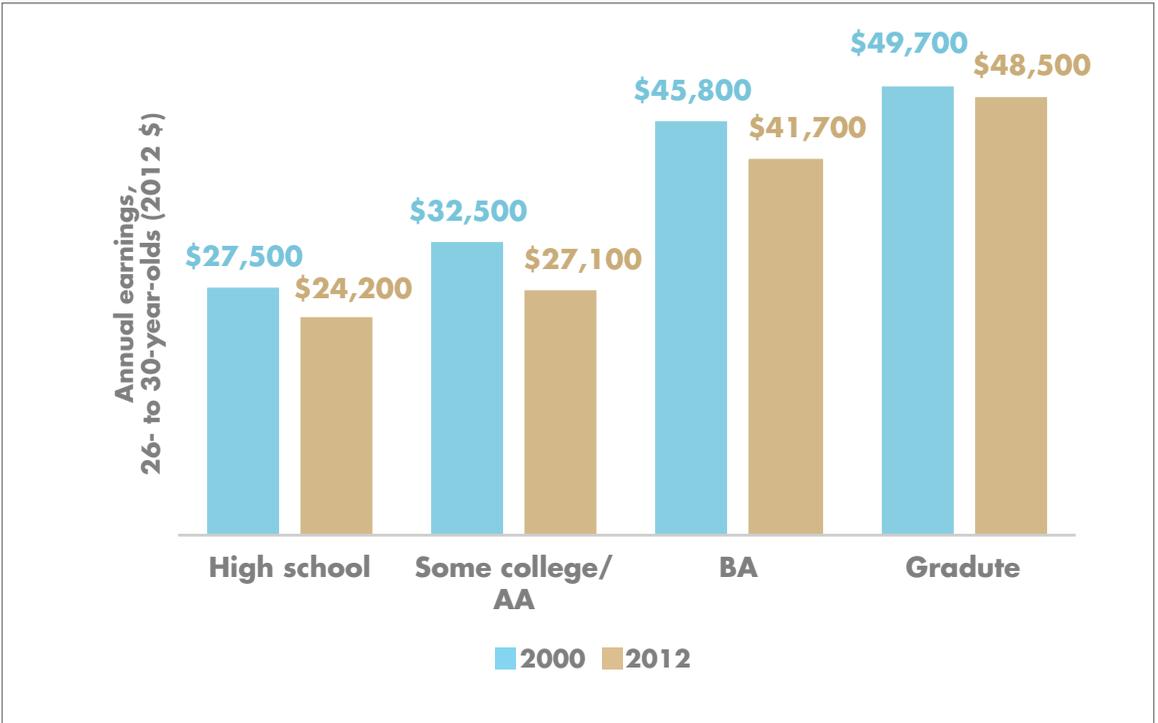


Figure 7. High school graduates’ full-time employment rate declined 13 percentage points between 2000 and 2012, compared to 8 points for BA-holders.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2000-2012, CPS UTILITIES, UNICON RESEARCH CORP.



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORK-FORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2000-2012, CPS UTILITIES, UNICON RESEARCH CORP.

Figure 8. Young workers’ earnings declined across education levels between 2000 and 2012, but by less for college-educated workers.

The lost decade exacerbated racial inequalities between young whites and young African Americans.

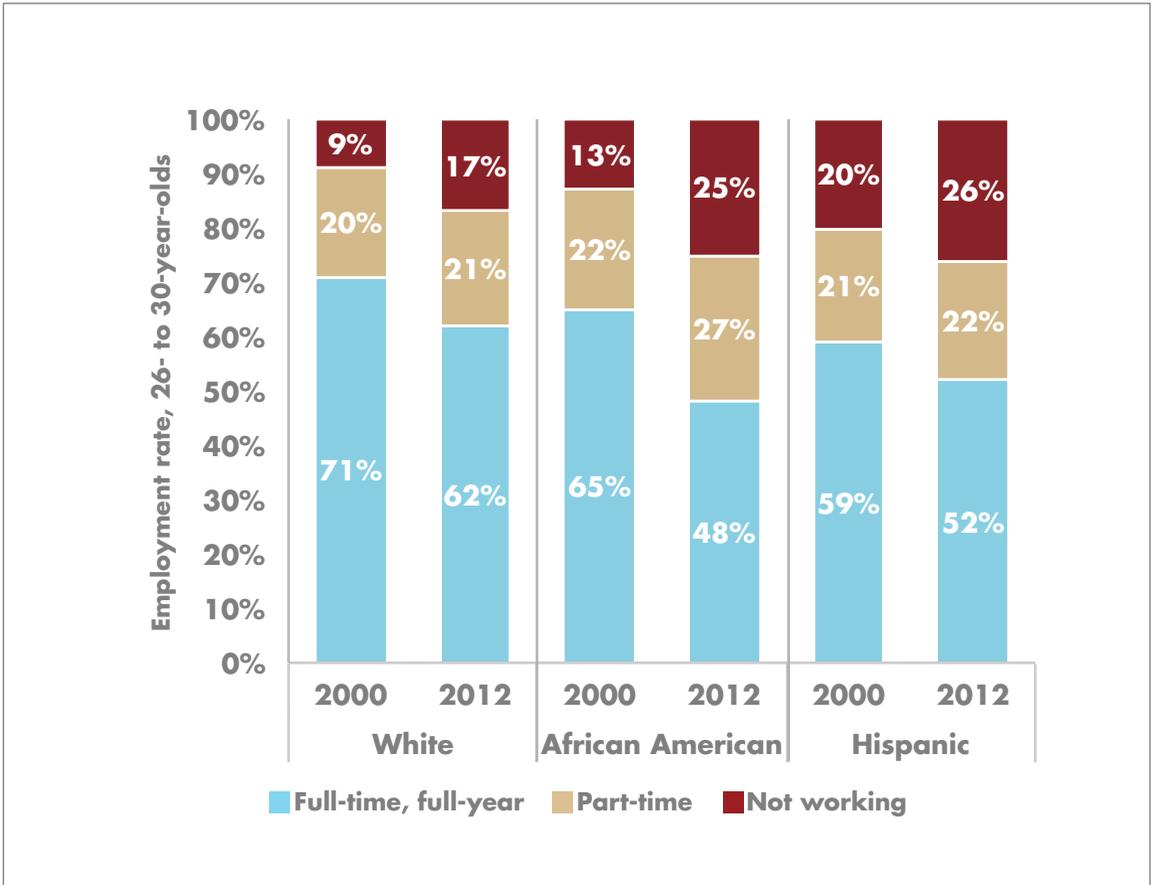
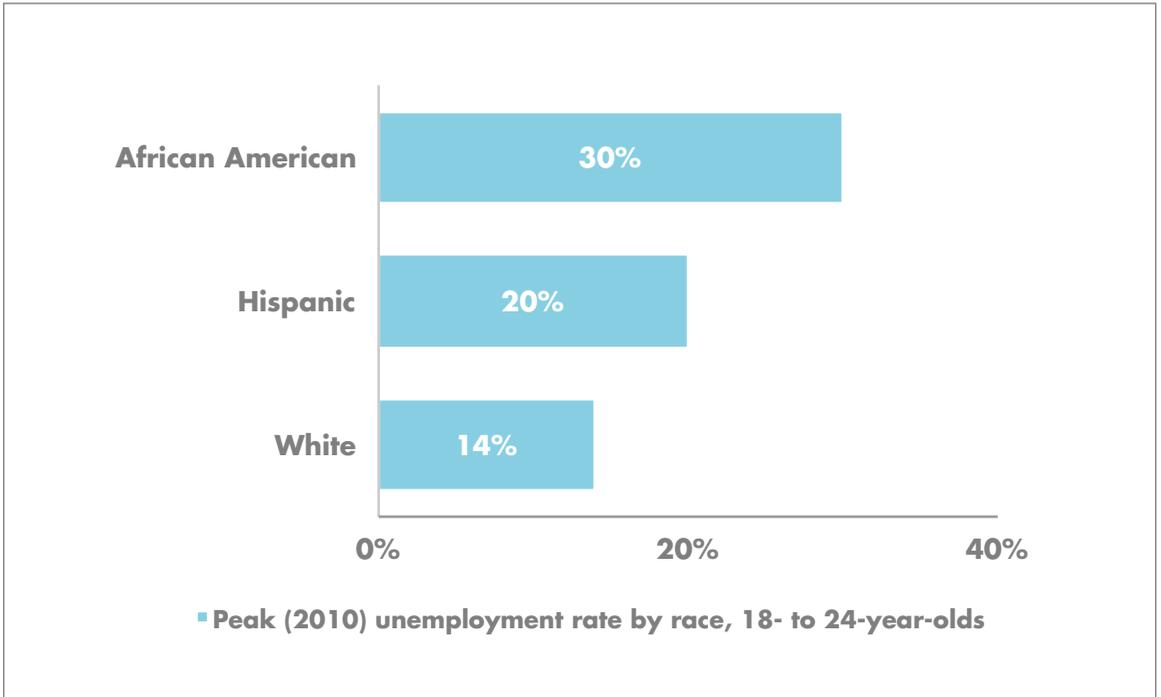


Figure 9. The white-African American full-time employment gap grew from 6 percentage points to 14 percentage points between 2000 and 2012.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2000-2012, CPS UTILITIES, UNICON RESEARCH CORP.



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2010, CPS UTILITIES, UNICON RESEARCH CORP.

Figure 10. Following the Great Recession of 2007, the peak unemployment rate for young African Americans was more than twice as high as the peak unemployment rate for whites.

35%

African American-white wage gap in 2012 for adults 26 to 30, up from 23% in 2000

In contrast to young adults, older adults are working into later ages and earning more.

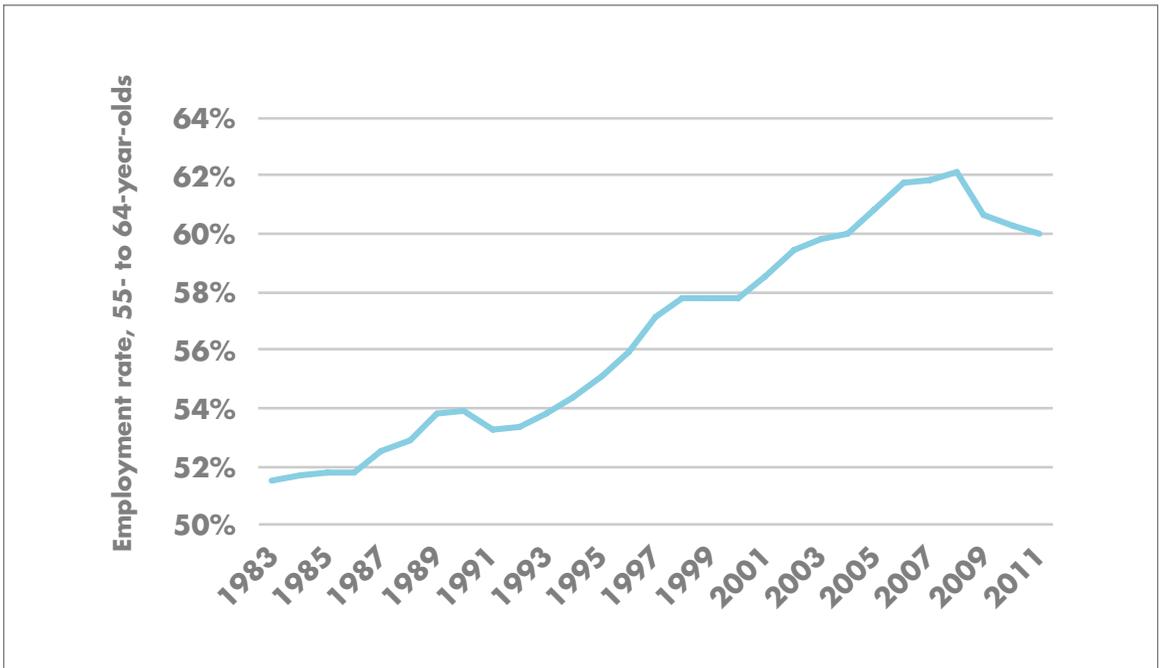
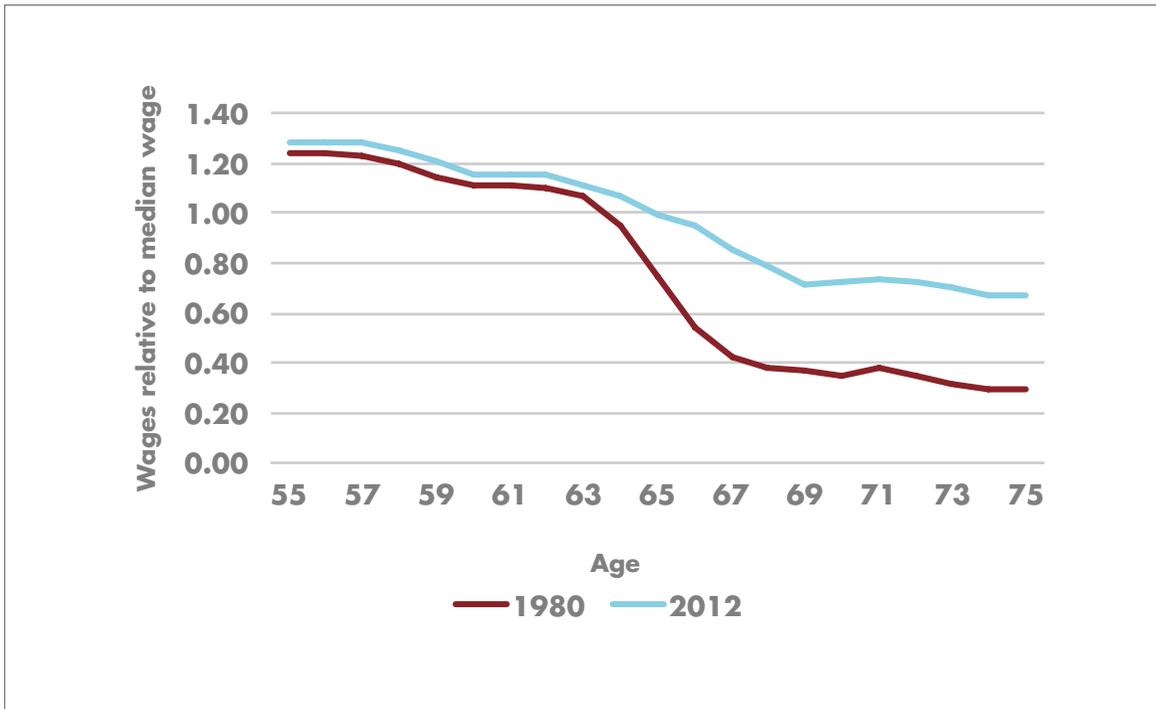


Figure 11. Between 1983 and 2012, the employment rate of 55- to 64-year-olds increased from 52 percent to 61 percent.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF DATA FROM THE FEDERAL RESERVE BANK OF SAINT LOUIS, 1983-2012



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 1980, 2012, CPS UTILITIES, UNICON RESEARCH CORP.

Figure 12. The relative wages of workers 65 and older were substantially higher in 2012 than 1980.

Older women and college-educated adults are working at higher rates and delaying retirement.

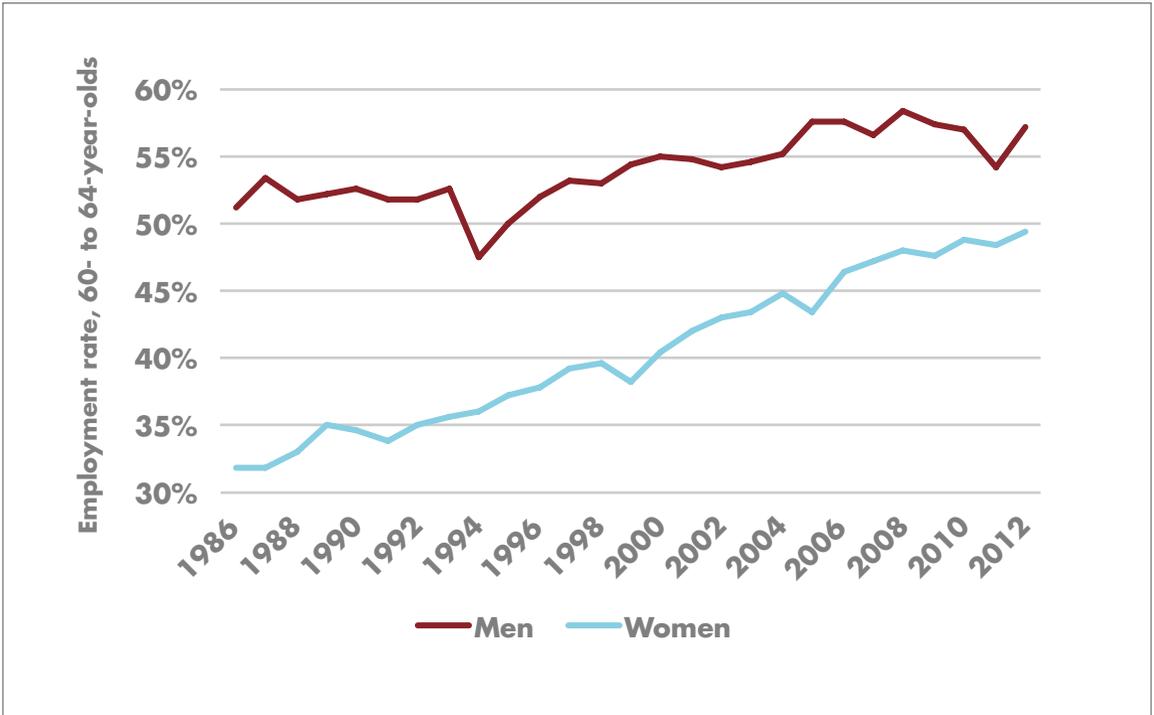
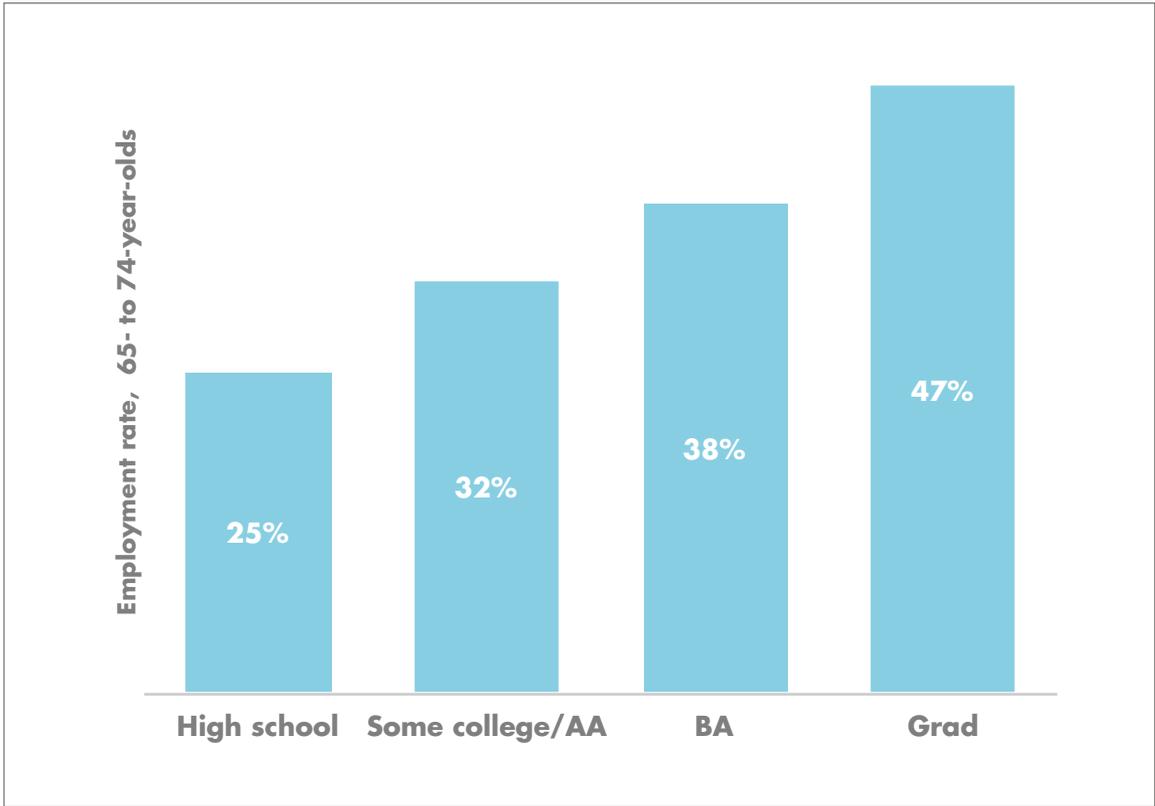


Figure 13. Between 1986 and 2012, older women’s employment rate increased by 17 percentage points, compared to 4 percentage points for men.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 1986-2012, CPS UTILITIES, UNICON RESEARCH CORP.



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 2012, CPS UTILITIES, UNICON RESEARCH CORP.

Figure 14. Among 65- to 74-year-olds, nearly half of graduate degree-holders are employed, compared to one-quarter of high school graduates.

While older adults are working into later ages, they aren't crowding younger workers out of the labor market. However, entitlements for seniors are putting increasing pressure on investments in education and training.

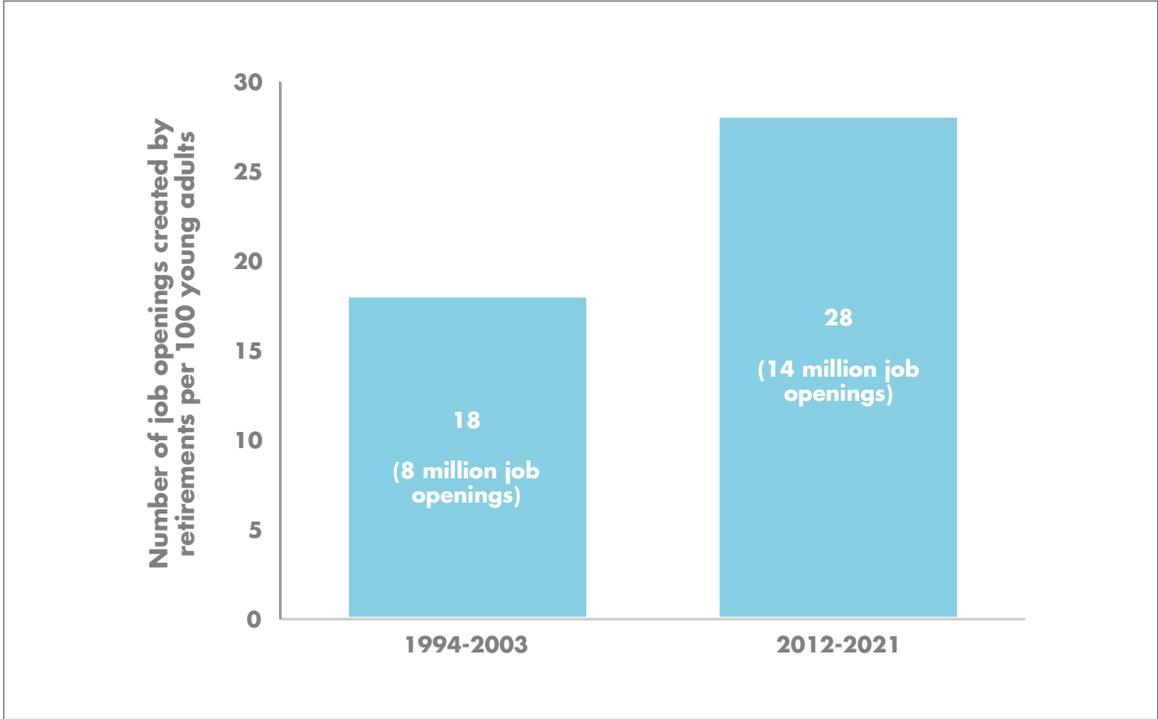
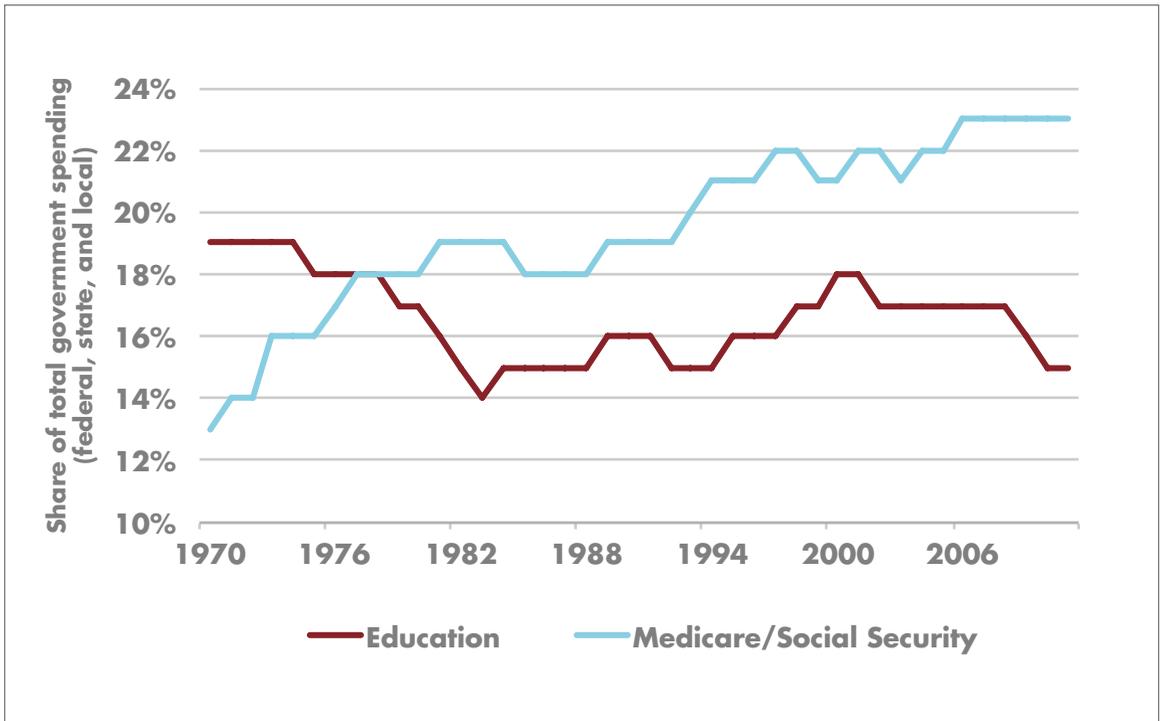


Figure 15. There are more job openings created by retirements per young person today than there were in the 1990s, when young people had high rates of employment.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF CURRENT POPULATION SURVEY, MARCH, 1994, 2012, CPS UTILITIES, UNICON RESEARCH CORP.



SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF DATA FROM THE BUREAU OF ECONOMIC ANALYSIS, 1970-2011

Figure 16. Between 1970 and 2010, the share of public spending on Medicare and Social Security increased from 13 percent to 23 percent, while the share of public spending on education and training fell from 19 percent to 15 percent.



Encouraging older adults to retire early wouldn't help young adults looking for work, it would hurt them. When older adults delay retirement, they are healthier, consume less public benefits, pay more taxes, and contribute to higher levels of economic growth. The relationship between young and old is positive sum, not zero or negative sum. To adapt to the new phases in the lifecycle of work and learning, the United States needs a new generational social compact for both young and older adults. The on-ramps and off-ramps into and out of the labor market need to be smoother and more efficient:

- Young adults will need to mix work and learning at earlier stages to accelerate their launch into full-time careers;
- Older adults need a less abrupt transition out of careers and into retirement that features a more flexible phase of work before full-fledged retirement.

11th In postsecondary attainment
among young adults (ages 25 to 34)

1st In total (public and private) spending
on postsecondary education



At current productivity levels, the United States cannot afford all the postsecondary education it needs. Our ability to increase our postsecondary attainment rate depends on reforms that enhance the productivity of our education and training system.

The first step toward higher productivity in the postsecondary system is greater transparency in the alignment between postsecondary programs and labor market outcomes. Greater transparency between postsecondary education and training curricula and career pathways is a relatively low-cost, self-regulating way to get more bang for the educational buck.



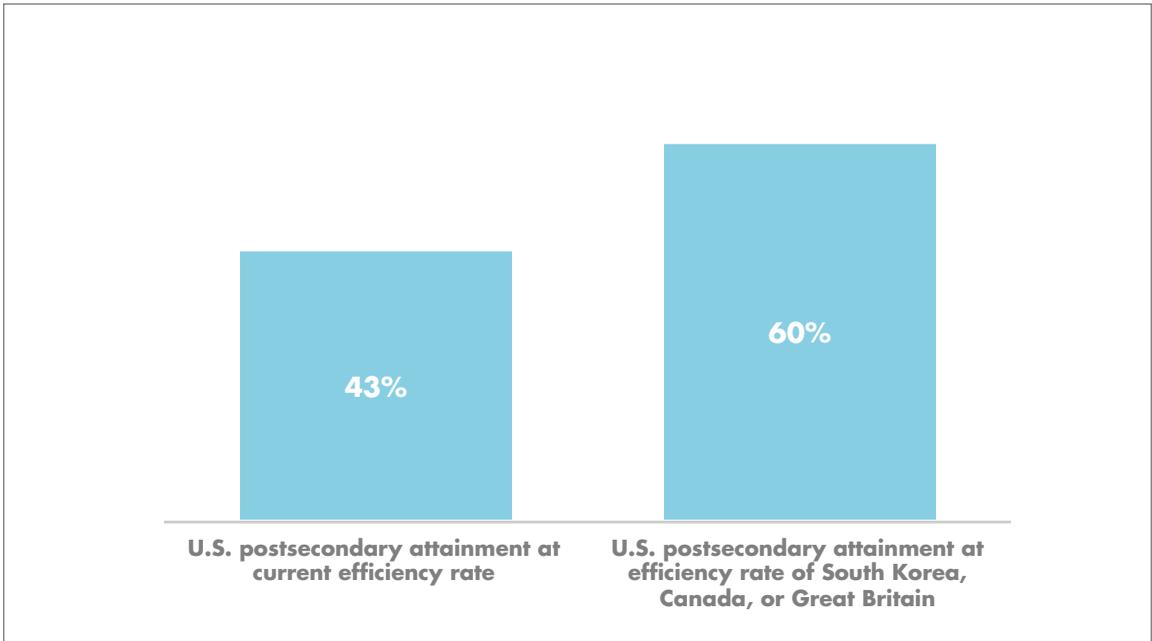


Figure 17. If U.S. postsecondary education were as efficient as South Korea, Canada, or Great Britain, the postsecondary attainment rate would increase from 43 percent to 60 percent.

SOURCE: GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE ANALYSIS OF DATA FROM OECD, EDUCATION AT A GLANCE, 2012 (DATA FROM 2010)



Failure to Launch: Structural Shift and the New Lost Generation is composed of a full report and an executive summary.

All can be accessed at
cew.georgetown.edu/failuretolaunch.



GEORGETOWN UNIVERSITY



Georgetown Public
Policy Institute

Center on Education and the Workforce

3300 Whitehaven Street NW, Suite 5000

Washington, DC 20007

Mail: Campus Box 571444,

Washington, DC 20057

cew.georgetown.edu