GEORGETOWN STUDY FINDS THE AGE AT WHICH YOUNG ADULTS GET TRACTION IN THEIR CAREERS HAS INCREASED FROM AGE 26 TO 30, AND TO AGE 33 FOR AFRICAN AMERICANS

(Washington, D.C., September 30, 2013) – New economic realities have changed the traditional life cycle of learning, work and retirement, lengthening the time it takes for young people to settle into a career and the age at which older workers retire. Moreover, no longer is the relationship between education, work and retirement strictly linear, according to a new Georgetown University Center on Education and the Workforce report.

Over the past 30 years, the age at which young workers reach financial independence, the median wage, has increased from age 26 to age 30; for young African Americans, the age has increased to 33. At the same time, older Americans are working longer. But older workers aren’t crowding out younger workers. It is the increasing need for skill development after high school that has delayed young adults’ careers.

The new knowledge economy has created a new phase in the transition from youth dependency to adult independence. Many young Americans are now struggling to make the transition.

- Only one out of three adults in their early 20s and just over half of adults in their late 20s are employed in full-time jobs.
- Young adults’ labor force participation rate has returned to its 1972 level, a decline that started in the late 1990s and accelerated beginning in 2000.

The result of these trends, in combination with the Great Recession, has been a lost decade for young people, marked by declining access to full-time jobs. Between 2000 and 2012, the employment rate for young fell from 84 percent to 72 percent. It has been especially difficult for:

- Young men, whose rate of full-time employment fell from 80 to 65 percent;
- Young adults with no education past high school, whose employment fell from 66 percent to 53 percent;
- Young African Americans, whose peak post-recession unemployment rate was 30 percent, twice as high as that of young whites.

Meanwhile college-educated older workers, especially women, are staying in the labor market longer:

- Sixty-two percent of women 55 and older were employed in 2010, compared to 42 percent in 1987.
- Among adults 65 and older, those with a graduate degree are twice still to be working as those with just a high school diploma. Workers with at least some postsecondary education and training represent 62 percent of workers above the retirement age of 65, compared to 38 percent for those with a high school education or less.

Despite the divergent trends, the report’s authors find the increased employment of older adults has not caused to declining employment of young adults. In fact, the large number of retirements of baby boomers is creating more job openings per young person today than there were in the 1990s, when employment of young people was more robust.

However, future prospects for young adults may be compromised by a generational imbalance in resources between young and old. Between 1970 and 2010, Medicare and Social Security nearly doubled as a share of public spending (from 12 percent to 23 percent), while spending on education and training programs fell from 19 percent to 15 percent of public spending.

As a result of increasing human capital requirements for both young and old, the education and labor market institutions that were the foundation of the 20th century industrial system are out of sync with the 21st
century economy. The first step to a modernized system of work and learning is greater transparency in the alignment between postsecondary programs and career pathways. In addition, young adults will need to mix work and learning at earlier stages in the on-ramp to careers and older adults need a less abrupt transition from working to retirement.

The report also includes an analysis of employment rates for young people in metropolitan areas.

- Minneapolis-St. Paul, MN (80 percent); Columbus, OH (78 percent); and Washington, DC (77 percent) are the three areas with the highest employment rates for young people.
- On the other hand, Miami, FL (63 percent); Detroit, MI (65 percent); New York (67 percent); and Los Angeles, CA (67 percent) are among the 10 metro areas with the worst youth employment rates.


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