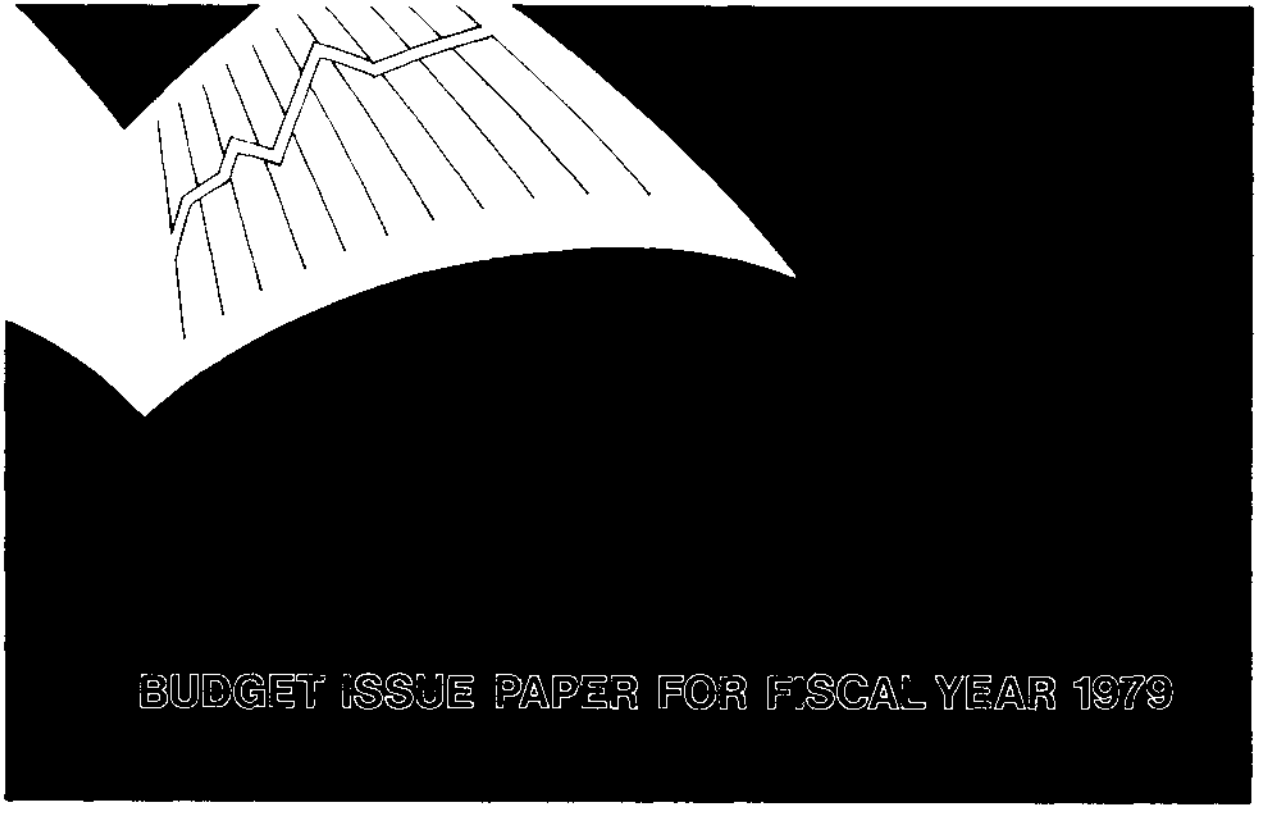
Youth Unemployment: The Outlook and Some Policy Strategies

April 1978



CONGRESSIONAL BUDGET OFFICE
CONGRESS OF THE UNITED STATES

YOUTH UNEMPLOYMENT: THE OUTLOOK AND SOME POLICY STRATEGIES

The Congress of the United States
Congressional Budget Office

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NOTE

Throughout this paper, unless otherwise noted, the term "white" applies to Caucasians, including those of Hispanic heritage. The term "nonwhite" applies to blacks (which may include some persons of Hispanic heritage), American Indians, and Orientals.

PREFACE

Youth Unemployment: The Outlook and Some Policy Strategies was prepared in response to a request from the Senate Committee on the Budget for further analysis of youth unemployment. It is one of several papers by the Congressional Budget Office on the subject of youth unemployment in the last two years. This study focuses on the outlook for youth unemployment and on differences in unemployment among different groups of youths. In keeping with CBO's mandate to provide nonpartisan and objective analysis of issues before the Congress, the paper offers no recommendations.

George Iden and Toni Gibbons of CBO's Fiscal Analysis Division prepared the paper under the supervision of William Beeman. Marvin Phaup and Rebecca Summerville also made significant contributions. Portions of the manuscript were edited by Marion F. Houstoun and Robert L. Faherty; it was typed by Debra M. Blagburn.

Alice M. Rivlin
Director

March 1978

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SUMMARY

Nearly one-half of all unemployed persons in the United States today are between the ages of 16 and 24, even though that age group accounts for only one-fourth of the total labor force. Unemployment among 16- to 19-year-olds is currently more than 15 percent, and among 20- to 24-year-olds it exceeds 10 percent. These numbers, however, mask vast differences among subgroups of youths; unemployment rates for nonwhite youths, for example, are more than double those for white youths. Hence, both youths and subgroups of youths have become significant in policy planning for full employment.

The social costs of current youth unemployment are difficult to evaluate. On the one hand, youth unemployment is associated with relatively short periods of job search after entry into the labor market. Further, many unemployed youths are full-time students who share in the incomes of their families. Yet, for thousands of others, unemployment results in severe frustration, economic deprivation, and possible impairment to their futures.

THE OUTLOOK FOR YOUTH UNEMPLOYMENT

If current policies are continued, not much change is expected in youth unemployment in the near future. The state of the economy is an important influence on youth employment, but economic growth is expected to be sufficient to produce only a slow improvement in the overall unemployment rate over the next year. Furthermore, demographic factors, particularly the projected decline in the size of the youth population, will not significantly affect youth unemployment until approximately 1980, and even then the impact will not be sudden or dramatic.

NONWHITE YOUTH UNEMPLOYMENT

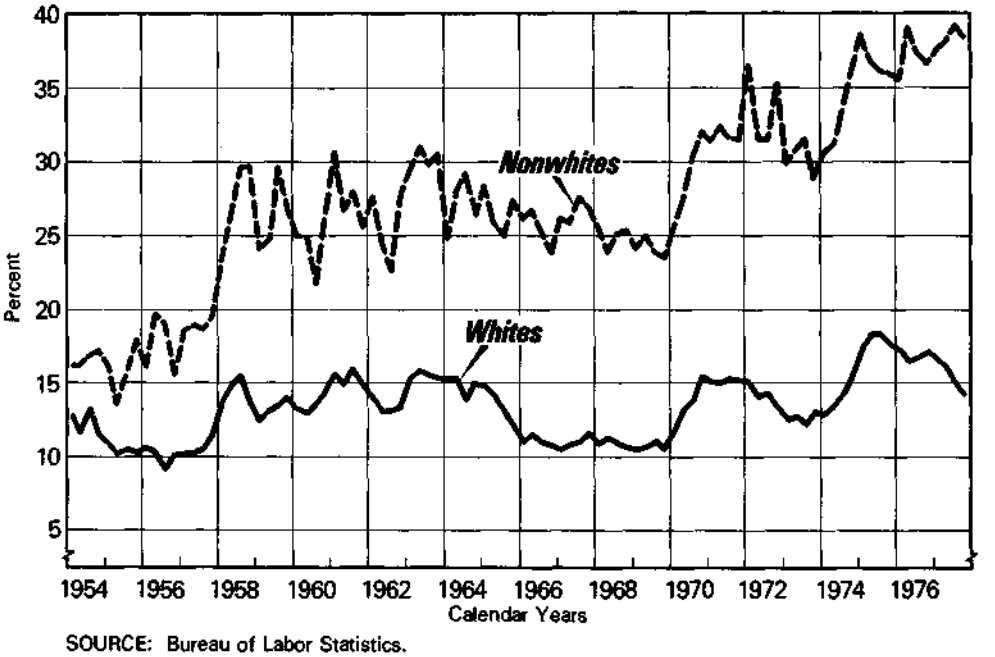
Unemployment among nonwhite youths is much higher than among whites. At present, the unemployment rate for nonwhite teenagers is almost three times the rate for white teenagers. In addition, while the white teenage unemployment rate has declined significantly since the 1975 recession, the rate for nonwhite teenagers

has not declined at all. Moreover, the differences in unemployment rates understate the deteriorating situation of nonwhite teenagers, since the labor force participation rates for that group (that is, the proportion of nonwhite teenagers who are in the job market) have been declining, except for the last few months, and they are currently far below those of white teenagers.

There has been an underlying upward trend in the nonwhite teenage unemployment rate for more than two decades now (see Summary Figure). Nevertheless, that rate is also related to overall unemployment: holding other factors constant, a decline in the unemployment rate has generally been associated with a larger decline in nonwhite than white teenage unemployment. There is also some evidence suggesting that nonwhite teenage employment increases more in the later phases of a business expansion, when labor markets have substantially tightened. Indeed, in this recovery, nonwhite teenagers do seem to be "the last to be hired."

Summary Figure

Teenage Unemployment Rates, Age 16-19, By Race, First Quarter of 1954 to Fourth Quarter of 1977



SOURCE: Bureau of Labor Statistics.

The precise causes of such high and increasing unemployment among nonwhite teenagers are not easy to identify. Racial discrimination, inadequate skills and education, location in economically depressed areas, and intensified competition as a result of the rapid influx of white teenagers and adult women into the labor market are contributing factors. Location is a partial explanation; but it should not be overemphasized, since unemployment rates among nonwhite teenagers are very high in all types of locations--including the suburbs. Over time, increasing skill requirements in the urban labor market may also be making entry more difficult for inexperienced youths with limited training and credentials. In sum, the competition for unskilled entry-level jobs has been intense, and large numbers of nonwhite teenagers have lost out in this struggle.

YOUTH UNEMPLOYMENT BY SUBGROUPS

Unemployment among different subgroups of youths varies sharply according to education, income, location, and race.

The chances of a youth being unemployed in 1976 were about 1 in 7 (see the Summary Table). If that youth was a school dropout, however, his chances were about 1 in 4. They were about 1 in 3 if he was a nonwhite school dropout. Similarly, a poor youth's chances of being unemployed were about 1 in 3; and if poor and nonwhite, 1 in 2. Finally, a teenage worker living in a poverty area of a central city was about twice as likely to be unemployed as a teenage worker in the labor force in general, and a nonwhite teenager in a poverty area of a central city was more than twice as likely to be unemployed.

POLICY OPTIONS

The results of this study may help policymakers determine the most effective mix of strategies for dealing with unemployment.

First, the analysis suggests that youth unemployment is more responsive to the state of the economy than unemployment in general, especially after labor markets begin to tighten. Hence, to the extent that monetary and fiscal policies can influence the economy, they can be used to reduce youth unemployment, as well as unemployment in general.

SUMMARY TABLE. THE CHANCES OF BEING UNEMPLOYED FOR VARIOUS GROUPS OF YOUTHS IN 1976

If You Were:	Your Chances of Being Unemployed Were About:
Age	
16 to 24	1 in 7
16 to 19	1 in 5
20 to 24	1 in 8
Age 16 to 24, Not in School, and a	
Nonwhite college graduate	1 in 14
College graduate	1 in 14
High school graduate (no college)	1 in 8
Nonwhite high school graduate (no college)	1 in 4
School dropout	1 in 4
Nonwhite school dropout	1 in 3
Age 16 to 24, and Family Income of	
More than the Labor Department's lower living standard budget (LLSB)	1 in 8
Less than LLSB, but more than poverty standard	1 in 5
More than LLSB and nonwhite	1 in 5
Less than poverty standard	1 in 3
Less than poverty standard and nonwhite	1 in 2
Age 16 to 19, and Living in a	
Suburban area	1 in 6
Central city	1 in 4
Poverty area of central city	1 in 3
Central city and nonwhite	2 in 5
Poverty area of central city and nonwhite	2 in 5

SOURCE: U.S. Bureau of Labor Statistics, Employment and Earnings (January 1977); Students, Graduates, and Dropouts in the Labor Market, October 1976, Special Labor Force Report 200 (1977); and unpublished data. Department of Health, Education and Welfare, "Survey of Income and Education," data file.

Second, government policies established for other purposes, such as increases in the minimum wage and in payroll taxes, reduce employment opportunities for teenagers. These side-effects need to be weighed in determining the final policy mix.

Third, the data presented in this study on differences in unemployment rates among subgroups of youths may be useful in targeting youth employment programs. For example, a program directed at unemployed youths living in poverty areas of central cities might have a significant impact on a particularly severe aspect of the problem yet cost considerably less than a program for unemployed youths in general.

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CHAPTER I. INTRODUCTION

More than 12 percent of all 16- to 24-year-olds in the U.S. labor force today are unemployed. 1/ Indeed, nearly one-half of the unemployed in this country are in this age group. Policy planners concerned with the general issue of unemployment, therefore, will need to take into account the characteristics and needs of this important component of the unemployed both now and in the future. This paper analyzes the outlook for youth unemployment and discusses some policy strategies. Chapter II analyzes the causes of youth unemployment. Chapter III projects the future impact of these factors if current policies are continued. Chapter IV focuses on the extremely high unemployment among nonwhite and Spanish-origin youths. Chapter V examines differences in unemployment among youths according to their education, income, and location; and Chapter VI discusses some of the available policy strategies for dealing with youth unemployment.

The overall youth unemployment rate has declined considerably in the United States since the 1975 recession, but the unemployment rate for nonwhite teenagers has not declined. The unemployment rate for youths aged 16 to 24 averaged 16.1 percent in 1975, 14.7 percent in 1976, and 12.3 percent in December 1977. In stark contrast, the unemployment rate for nonwhite teenagers averaged 36.9 percent in 1975, 37.1 percent in 1976, and 38.0 percent in December 1977.

The social and human costs of youth unemployment are difficult to evaluate. On the one hand, a considerable part of youth unemployment--approximately 70 percent in the case of teenage unemployment--is associated with entry or re-entry into the labor market, and the duration of spells of unemployment among youths tends to be somewhat less than that for unemployed workers in general. In addition, a sizable proportion of unemployed youths are going to school full-time and are still living with their parents. Thus, in October 1977 about one-third of unemployed 16- to 24-year-olds were seeking only part-time jobs. On the

1/ This paper focuses on unemployment among the 16- to 24-year-old group; however, there are major differences in skills and job interests between younger and older youths and between youths enrolled in school and those not enrolled.

other hand, the inability of some youths to find work has serious implications. It may be associated with current economic hardship, and it can impair their futures. Moreover, unemployment figures do not include discouraged workers. Thus, youths who are not searching for a job because they have little hope of getting one and those who want a full-time job but can only find a part-time job do not appear in the unemployment statistics.

Table 1 presents a profile of youths in the United States in October 1977. In that month, approximately 2.9 million youths between the ages of 16 and 24 were counted as unemployed. About one-fourth of all unemployed youths--but only 12 percent of the youth labor force--were nonwhite. Some 1.9 million youths were unemployed and not enrolled in regular school; about one-half million of them were nonwhite. In addition, more than three-quarters of a million nonwhite 16- to 24-year-olds (168,000 nonwhite males and 591,000 females) were neither in the labor force nor in school.

TABLE 1. PROFILE OF U.S. YOUTHS 16 TO 24 YEARS OF AGE, OCTOBER 1977: NUMBERS IN THOUSANDS

	White		Nonwhite	
	Number	Percent	Number	Percent
Total Noninstitutional Population	31,387	100.0	5,425	100.0
Not Enrolled in School	18,263	58.2	2,998	55.3
Unemployed	1,396	4.4	529	9.8
Employed, civilian	12,760	40.7	1,481	27.3
Employed, armed forces	925	2.9	229	4.2
Not in school and not in labor force	3,184	10.1	758	13.8
Males	460	1.5	168	3.1
Females	2,724	8.7	591	10.9
Enrolled in School	13,124	41.8	2,428	44.8
Unemployed	744	2.4	203	3.7
Employed	5,833	18.6	511	9.4
Not in labor force	6,548	20.9	1,714	31.6
Civilian Unemployment Rate				
Not enrolled in school		9.9		26.3
Enrolled in school		11.3		28.4

NOTE: Component parts may not add to totals because of rounding.

SOURCES: U.S. Bureau of Labor Statistics, Employment and Earnings (November 1977); Employment Situation for School Age Youth, News Release, January 6, 1978.

CHAPTER II. CAUSES OF HIGH YOUTH UNEMPLOYMENT

The causes of high youth unemployment include the following: 1/

- o Job search--associated with recent entry into the labor market and with frequent job changing;
- o Business cycle;
- o Demography--in particular, changes in the number and racial composition of youths;
- o Government policies that increase the cost of hiring youths, such as increases in the minimum wage.

JOB SEARCH

Youths characteristically enter and leave the labor market and change jobs more frequently than mature workers; their unemployment rates are thus almost invariably higher. In many cases, youths combine working part-time with going to school full-time, which restricts the types of jobs open to them. In addition, youths are frequently part of a family unit with one or more working members, which means that having a job may not be economically necessary. Thus, even in periods of strong economic expansion, youth unemployment is more than double the

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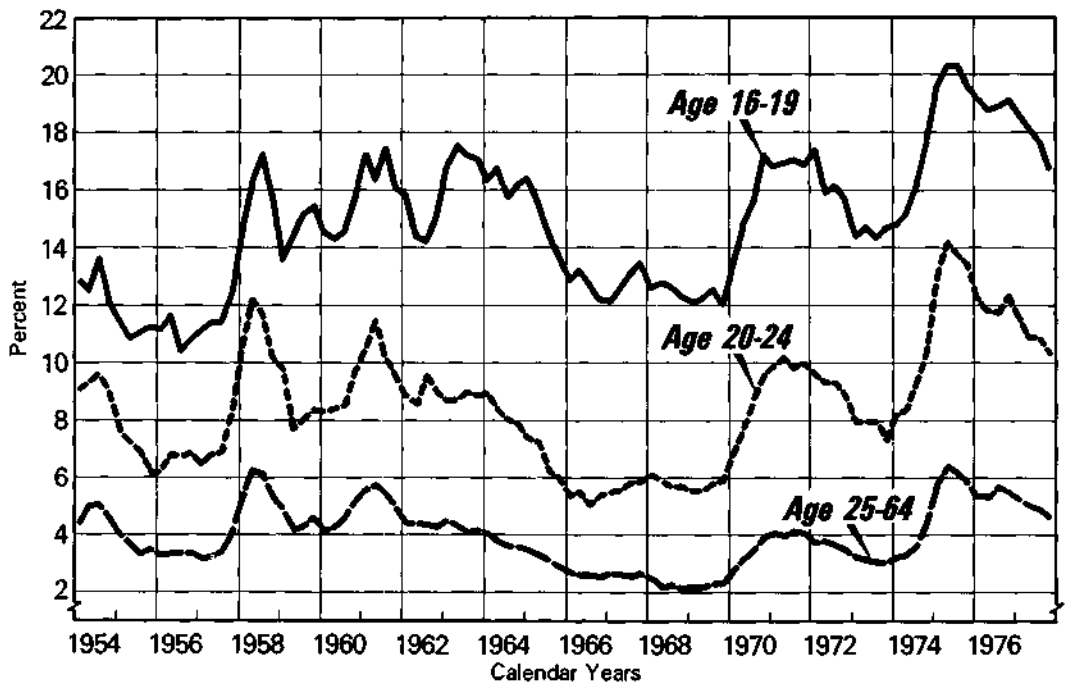
1/ For a more detailed discussion of factors causing high unemployment rates among teenagers, see the following CBO studies: Policy Options for the Teenage Unemployment Problem, Background Paper (1976); The Teenage Unemployment Problem: What are the Options? Report on Conference (1976); and Budget Options for the Youth Employment Problem, Background Paper (1977).

rate of unemployment for those aged 25 to 64. Further, as an individual grows older, his chances of being unemployed lessen. 2/

Nevertheless, as Figure 1 shows, youth unemployment has become relatively worse in recent years. Note, for example, that during the 1974-1975 recession, when unemployment among those aged 25 to 64 was only slightly above the 1958 peak, the rates for both 16- to 19-year-olds and 20- to 24-year-olds definitely broke through the earlier peaks of the previous 24-year period.

Figure 1.

Unemployment Rates, by Age Group, First Quarter of 1954 to Fourth Quarter of 1977



SOURCE: Bureau of Labor Statistics.

2/ Recent unemployment rates for those aged 16 to 17 are 17.8 percent; for those aged 18 to 19, 13.7 percent; and for those aged 20 to 24, 10.2 percent. Bureau of Labor Statistics, seasonally adjusted data for December, The Employment Situation: January 1977.

BUSINESS CYCLE

Figure 1 also correctly implies that unemployment rates for all age groups--including youths--vary with economic conditions. If the unemployment rate for all workers were to fall, say to 5 percent, then the same economic expansion would probably reduce the youth unemployment rates to roughly 15 percent for teenagers and 8 percent for 20- to 24-year-olds. Put another way, every 1.0 percentage point decline in the overall unemployment rate has on average been associated with about a 1.5 percentage point decline in the unemployment rate for youths. 3/

DEMOGRAPHIC FACTORS

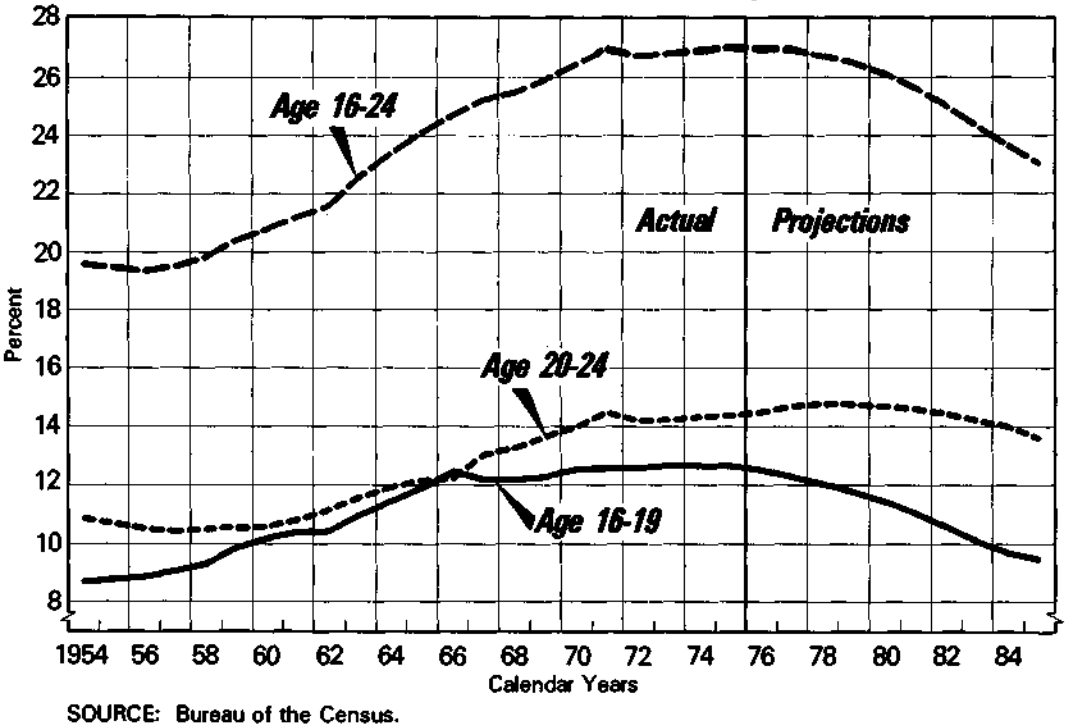
Figure 2 shows that a bulge in the youth population has occurred, and this bulge has added to youth unemployment rates. Beginning in the late 1950s, the proportion of 16- to 24-year-olds in the working-age population (aged 16 to 64) increased from about 20 percent to about 27 percent today. Based on average relationships of the past, the population bulge added perhaps 4 percentage points to the teenage unemployment rate and 1 percentage point to the unemployment rate for 20- to 24-year-olds.

The nonwhite youth population has been increasing at a faster rate than the white youth population. In addition, nonwhite youth unemployment rates are approximately twice those of white youths, and the unemployment rate for nonwhite teenagers has been increasing relative to the rate for white teenagers. Racial differences in youth unemployment rates are so stark that Chapter IV focuses almost exclusively on that subject.

3/ The estimates of the effects of the business cycle and of demographic factors are based on multiple regression analysis of annual data for the period 1954 to 1976. The dependent variable was the youth unemployment rate, and the explanatory variables were the unemployment rate for males aged 25 to 54 and the size of the youth population as a proportion of the population aged 16 to 64. A change in the unemployment rate of 0.85 for males aged 25 to 54 was assumed to be associated with a change in the overall unemployment rate of 1.0 percent--also based on regression analysis.

Figure 2.

Youth Population as a Percent of Total Population, Age 16-64, 1954 to 1976 Actual and 1977 to 1985 Projections



SOURCE: Bureau of the Census.

The adverse impact of the demographic bulge on youth unemployment has been exacerbated by increases in the labor force participation rates of youth and women, which heighten competition for entry-level and part-time jobs. During the period 1970 to 1975, for example, the civilian labor force participation rate for youths increased from 59.1 percent of the population to 64.5 percent. Similarly, the participation rate for women aged 25 to 64 increased from 48.3 to 52.0 percent. 4/

4/ Similarities in the types of jobs held by teenagers and adult women suggest that, to a significant extent, they are competing in the same job market. For example, relatively large proportions of both groups are employed in the retail trade and services sector. Both groups tend to be concentrated in jobs paying relatively low wages and in part-time jobs.

GOVERNMENT POLICIES

Some government policies adopted for other reasons--minimum wage laws and payroll tax increases are two examples--increase the cost of hiring labor. Increasing the minimum wage and extending minimum wage provisions to cover more types of employment may benefit substantial numbers of people, but these measures also increase labor costs. As a result, it may be no longer profitable for a firm to hire some marginally productive workers. Such government policies increase the cost of hiring all low-skilled workers. Nevertheless, since youths are generally less skilled and less stable employees than more mature workers, they are more likely to suffer losses in employment as a result of these laws than most other groups. Furthermore, the minimum wage may interact with the increases in the size of the youth labor force in a way that reduces the proportion of youths with jobs. If wages were allowed to be flexible, a larger proportion of the increased supply of young workers might be employed at lower wages, rather than unemployed or out of the labor force.

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CHAPTER III. THE OUTLOOK FOR YOUTH UNEMPLOYMENT

BUSINESS CONDITIONS

The state of the economy is one of the factors that could most affect youth unemployment in the next few years. If overall unemployment were to decrease to more normal levels (say, to the average of the 1960-1974 period, 5.0 percent), youth unemployment would probably drop significantly.

Most forecasts of economic growth over the next four quarters suggest, however, that labor markets, as measured by the overall unemployment rate, will not improve greatly. For example, CBO's February 1978 report on the economy suggests that the unemployment rate may range between 6.0 and 6.5 percent by the last quarter of 1978, if current policies are continued. 1/ If accurate, this means that the youth unemployment rate would be expected to fall by no more than 1 percentage point from the current level as a result of improvement in the economy. Nor can much improvement in youth unemployment rates be expected for the following year, inasmuch as the CBO current policy forecast shows the overall unemployment rate relatively unchanged (in the 6.1 to 6.6 percent range) from the fourth quarter of 1978 to the fourth quarter of 1979. CBO estimates that the Administration's proposed changes in current policy would reduce the overall unemployment rate by something like 0.2 to 0.4 percent by the end of 1979, compared with the current policy forecast.

DEMOGRAPHIC FACTORS

The proportion of youths in the total working-age population (aged 16 to 64) has reached a peak and will be falling between now and 1985 (see Figure 2). The decline in the proportion of teenagers has already begun, while the decline for 20- to

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1/ Congressional Budget Office, The Economic Outlook: A Report to the Senate and House Budget Committees, Part II (1978).

24-year-olds will not occur until after 1980. Based on past relationships, the decline in the share of teenagers in the population may reduce the teenage unemployment rate by something less than 1 percentage point by 1980, and by perhaps another 1 to 2 percentage points between 1980 and 1985. The decline in the share of youths aged 20 to 24 between 1980 and 1985 will reduce the unemployment rate for this group only slightly (less than 0.5 percentage points).

At least two caveats must be added; both tend to mute the favorable effect of declining numbers of youths on youth unemployment. First, the trend in the youth labor force participation rate has been clearly upward and some further, though more moderate, increase seems a reasonable expectation. Second, the number of nonwhite youths, whose unemployment rates are substantially higher than those of white youths, will continue increasing relative to the number of white youths.

GOVERNMENT POLICIES

Some projected changes in government policies will tend to raise youth unemployment; others will tend to reduce it.

The basic federal minimum wage rose from $2.30 to $2.65 on January 1, 1978. Although that represents a 15 percent increase, the increase relative to average wages is less than that because average wages seem likely to increase by approximately 7 percent between 1977 and 1978. Thus, as measured from July 1977 to July 1978, the implied increase in the ratio of minimum wage to average wage is approximately 8 percent. If past relationships continue to hold, 2/ that size increase could reduce teenage

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2/ For a review of several recent studies, see Robert S. Goldfarb, "The Policy Content of Quantitative Minimum Wage Research," Industrial Relations Research Association Series, Proceedings of the 27th Annual Winter Meeting (1974); and more recently, Edward Gramlich, "Impact of Minimum Wages on Other Wages, Employment and Family Incomes," Brookings Papers on Economic Activity, 1976, No. 2, pp. 409-61. For a more detailed discussion of the possible effects of the minimum wage on teenage unemployment, see CBO, Policy Options for the Teenage Unemployment Problem, pp. 32-39.

employment by perhaps 0.5 to 2.0 percent (40,000 to 150,000 jobs) below what it would be if the minimum wage ratio had been kept constant. Further increases in the minimum wage are scheduled for 1979 through 1981: to $2.90 in January 1979, to $3.10 in January 1980, and to $3.35 in January 1981. The 9.4 percent increase in 1979 seems likely to exceed the increase in average wages, which may cause some further loss of jobs for youths.

On the other hand, current policy calls for an increase in youth training and public service jobs. Although a definitive estimate of the increase in the number of slots available to youths as a result of the economic stimulus program is unavailable, the order of magnitude may be 200,000 to 250,000 slots by the end of fiscal year 1978 for the Youth Employment and Demonstration Projects Act and the increase in the Job Corps. 3/ Except for the Job Corps, these are new programs, and thus the phase-in could be slower. The expansion under way in the countercyclical public service employment program (Titles II and VI of the Comprehensive Employment and Training Act) will also increase job opportunities for youths, but much of this expansion has already taken place.

SUMMARY: FACTORS AFFECTING THE OUTLOOK

In short, youth unemployment is not expected to change much during the coming year. A continued but slow decline in overall unemployment is generally forecast, but the outlook is not buoyant. The impact of general economic expansion on youth unemployment seems likely to range from near zero to a reduction of perhaps 1 percentage point. On the demographic side, the proportion of youths in the population will not change much before the 1980-1985 period. The impacts of changes in government policies--other than monetary and fiscal policies--are mixed. On the one hand, the scheduled increases in the minimum wage that took place on January 1, 1978, are likely to affect adversely teenage employment; on the other hand, the new federal manpower initiatives for youths will add significantly to youth

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3/ See statement of Robert McConnon, Deputy Assistant Secretary for Employment and Training, before the U.S. House of Representatives, Committee on Education and Labor, Subcommittee on Employment Opportunities, November 10, 1977.

employment and training opportunities. While subject to a great deal of uncertainty, the net effect of changes in these government policies (minimum wage plus youth policies) may be to reduce the youth unemployment rate by perhaps 0.1 to 0.6 percentage points from what it would be without these policy changes. Thus, taken together, the expansion in the economy and changes in government policies may reduce the youth unemployment rate by 0.1 to 1.6 percentage points by the last quarter of 1978.

Over a longer period of time, by 1980 or 1985, there are reasons to be more optimistic about youth unemployment. The overall unemployment rate may then be substantially lower than in the recent past, and the number of youths will be declining significantly. That demographic change should not be overemphasized, however, since it is not likely to have a dramatic effect on youth unemployment rates.

CHAPTER IV. NONWHITE AND SPANISH-ORIGIN YOUTH UNEMPLOYMENT

A single number almost never adequately describes an economic phenomenon. The youth unemployment rate is no exception, since that number masks vast differences in the incidence of unemployment according to such characteristics as race, education, income, and location. This chapter focuses on the racial dimensions of youth unemployment and on the unemployment situation of Spanish-origin youths. Chapter V examines education, income, and location as factors associated with variations in youth unemployment rates. 1/

RACIAL DIFFERENCES IN LABOR FORCE STATUS

Unemployment rates among nonwhite youths far exceed the high unemployment rates of white youths. As shown in Figure 3, in 1977 the unemployment rate for 20- to 24-year-olds was approximately 20 percent for nonwhites and 10 percent for whites. 2/ The racial differential in unemployment rates was even greater for teenagers, with the nonwhite rate near 40 percent and the white rate, 15 percent. From the figure, an upward trend in the unemployment rates of nonwhite teenagers relative to white teenagers is evident. Indeed, the unemployment rate for nonwhite

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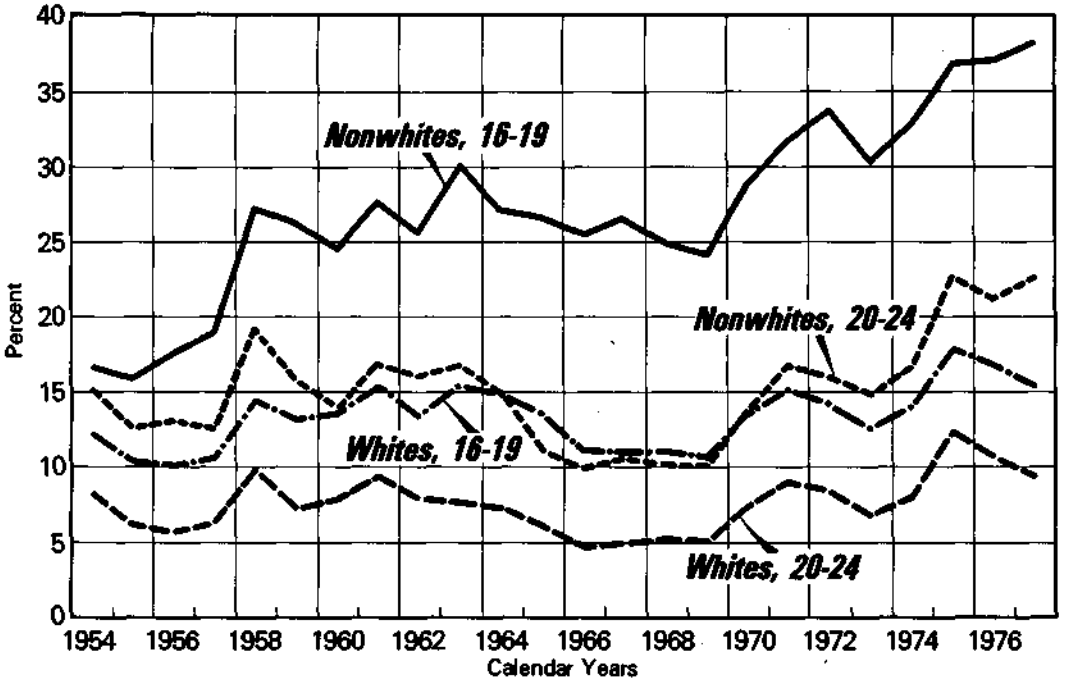
1/ These characteristics of race, income, education, and location are, of course, intricately interrelated; hence, there is some inescapable overlap between this and the following chapter.

2/ For recent discussions of the status of inner city youths in the labor force, see Bernard Anderson, "Youth Employment Problems in the Inner City," in the CBO Conference on Teenage Unemployment (1976), pp. 18-26; and Vocational Foundation, Our Turn to Listen, A White Paper on Unemployment, Education and Crime Based on Extensive Interviews with New York City Dropouts, New York, 1977. For an analysis of nonwhite unemployment in general (not limited to teenagers), see Congressional Budget Office, The Unemployment of Nonwhite Americans, Background Paper (1976).

Figure 3.

Youth Unemployment Rates, by Age and Race, 1954 to 1977 (Annual Data)



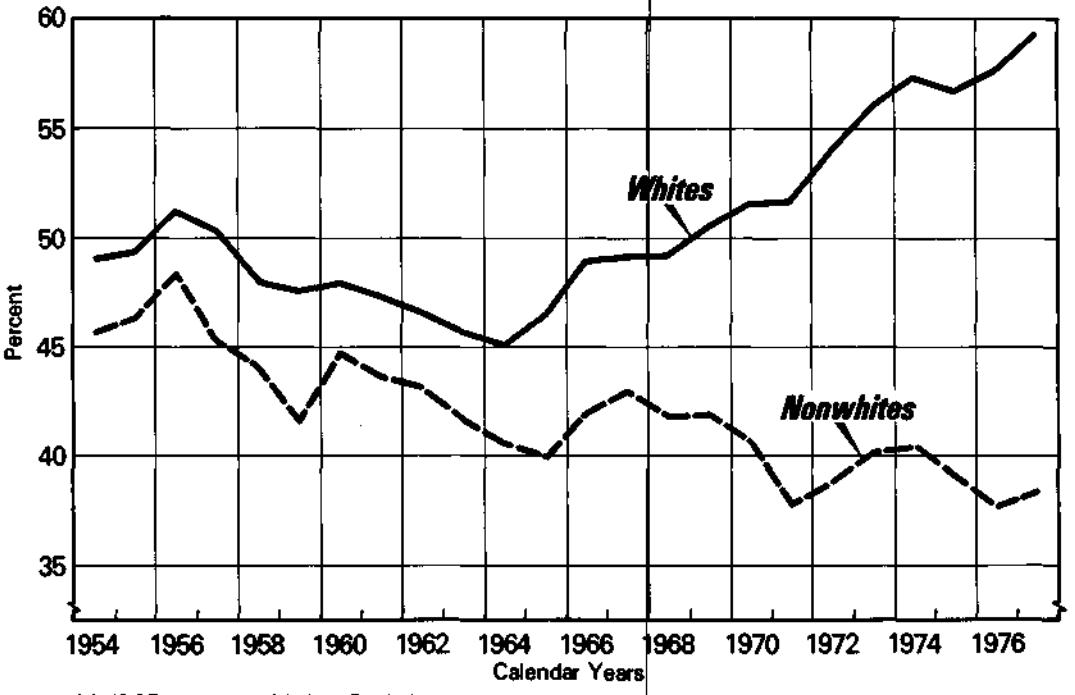
teenagers has increased from approximately double that of white teenagers in 1965 and earlier, to nearly three times the white rate in recent months.

Moreover, a comparison of unemployment rates understates racial differences in the labor force status of youths. Labor force participation rates of nonwhite teenagers have shown a long-term downward trend, and they are substantially below those of white teenagers (see Figure 4).

Unemployment among black youths is even higher than is indicated by the unemployment statistic for nonwhite youths as a group. Approximately 89 percent of nonwhites are black, but the group also includes American Indians and Orientals. In 1976, unemployment averaged 37.1 percent for nonwhite teenagers; it averaged 39.3 percent for black teenagers.

Figure 4.

Civilian Labor-Force Participation Rates of Teenagers, Age 16-19, by Race, 1954-1977 (Annual Data)



SOURCE: Bureau of Labor Statistics.

CAUSES OF HIGH UNEMPLOYMENT AMONG NONWHITE YOUTHS

The precise causes of such high unemployment rates among nonwhite youths and of the strong upward trend in nonwhite teenage unemployment are difficult to identify. Nevertheless, some of the general contributing causes can be identified without separating their individual effects. These include:

- Racial prejudice and discrimination;
- Business cycle, which has large effects on nonwhite youths relative to other groups in the labor force;
- Location in poverty areas;

- o Characteristics of jobs available to nonwhite youths and the declining availability of unskilled, entry-level jobs in the central city;

- o Education and training inadequacies;

- o Population growth (growth in the number of nonwhite youths is more rapid than for white youths);

- o Increased supply of white youths and adult women in competition for unskilled, entry-level jobs.

Racial Prejudice and Discrimination

Racial prejudice and discrimination is the most general explanation for high unemployment among nonwhite youths. For one thing, this factor interacts with other seemingly more immediate causes, such as poor education, segregation in poverty areas of cities, lack of success models, and lack of job contacts. Some of the differences between white and nonwhite unemployment may be because of more immediate discrimination in the job market whereby nonwhites are not hired simply because of racial considerations. Some discrimination in the job market may also be because of what economists refer to as "statistical discrimination." That is, without going to the trouble and expense of reaching decisions on the basis of information about individual applicants, employers may use race to screen applicants because they feel that nonwhite youths as a group are less qualified or less reliable than white youths. In addition, some job-market discrimination may be because of an interaction between the poor quality of jobs open to many nonwhite youths and their perceived behavior patterns, which may in turn result from the type of jobs available.

Discrimination is especially difficult to measure as a separate cause. Thus, it is difficult to determine whether discrimination is becoming more or less important as an explanation for high unemployment among nonwhites. Several recent studies have cited developments which suggest that discrimination over the past 15 to 20 years has lessened, albeit slowly. More specifically, there does seem to be a modest trend toward greater representation of nonwhites in professions and skilled trades.

In addition, recent data suggest that education, especially a college degree, does pay off for blacks. 3/

Because other factors do not remain constant, discrimination could be declining slowly and yet still be a partial explanation for high and even rising unemployment among nonwhite youths. Job requirements have changed and the qualifications and supply of other groups in the job market have also changed.

Business Cycle

Figure 3 might seem to suggest that the business cycle has little effect on the unemployment rate of nonwhite youths, particularly, nonwhite teenagers; that would be incorrect. A statistical analysis of the period 1954 to 1976, which holds other factors constant, indicates that unemployment rates for nonwhite youths are even more responsive to changes in business conditions than the rates for white youths. 4/

Two reasons account for the false impression given by Figure 3. First, there has been a long-term increase in unemployment rates for nonwhite teenagers, and this trend tends to obscure the effects of the business cycle. Second, nonwhite teenage unemployment may be less responsive to economic conditions when there is considerable slack in the labor market than when labor markets tighten significantly.

At least some evidence, including recent experience, supports the adage that nonwhite teenagers are the first fired and the last hired. The percentage loss of jobs associated with the

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3/ See, for example, Andrew F. Brimmer, "Economic Growth and Employment and Income Trends among Black Americans," in Eli Ginzberg, ed., Jobs for Americans (Prentice-Hall, 1976); and Richard B. Freeman, "Changes in the Labor Market for Black Americans, 1948-72," Brookings Papers on Economic Activity, 1973, No. 1, pp. 67-131.

4/ For more detail, see George Iden, "Business Conditions, Demography, and the Teenage Unemployment Problem" (unpublished paper presented at the Annual Conference of the Southern Economic Association, November 1977).

recession of 1974-1975 was more severe for nonwhite teenagers than for other demographic groups, including white teenagers. Since the recession year 1975, the unemployment rate for nonwhite teenagers has not come down, while the unemployment rates for white teenagers and for most other groups have declined substantially. The December 1977 reading of the unemployment rate for white teenagers showed it at the average level for 1973, while the rate for nonwhite teenagers was far above its 1973 level.

Location and Job Characteristics

Nonwhite youths are concentrated in low-income sections of large metropolitan areas with stagnant local economies. Hence, location explains some of the racial differential in the labor force status of youths--but not the bulk of the difference. The unemployment rates of nonwhite teenagers in suburban areas are still very high. In 1976, the unemployment rate for nonwhite teenagers was 40.8 percent in central cities, 33.0 percent in the suburbs, and 32.6 percent in nonmetropolitan areas. The labor force participation rates of nonwhite teenagers were, however, about 6 percentage points higher in the suburbs than in the central cities and approximately 5 percentage points higher than in nonmetropolitan areas.

While nonwhite youths are concentrated in central cities, jobs have been shifting to the suburbs. This long-term trend has been especially pronounced in retail trade--an industry that employs large numbers of teenagers. Thus, it is not surprising that in 1973 a smaller proportion of nonwhite teenagers was employed in retail trade than white teenagers. In addition, a trend toward fewer unskilled entry-level jobs in the central cities--especially jobs for which physical strength is a primary requirement--also contributes to the rising unemployment rates of nonwhite teenagers.

A shorter-term aspect of unemployment differences related to location is that the labor market has not fully recovered from the recession and this has a disproportionate effect on unemployment in mature urban industrial centers where many nonwhites are concentrated.

The net result of those forces has been severe deterioration in some central-city labor markets. Philadelphia and

Milwaukee are two cases in point. In those cities the decline in the ratio of employment to population for nonwhite teenagers far exceeded the national average between 1970 and 1976. 5/

Another reason unemployment among nonwhite youths is high is that the jobs available to them are disproportionately the least desirable. Those low-skilled, low-wage jobs in the urban labor market do not offer strong incentives for either employers or employees to attempt long-term job relationships. As a result, job turnover and the unemployment associated with it are very high, even when unemployment is low nationally.

Education and Training Inadequacies

The preparation of nonwhite youths for the job market is generally less adequate than that received by white youths. First, the educational achievement of nonwhite youths, in terms of grade levels of formal schooling, is less than that for white youths, although this gap has been declining over the years. 6/

5/ Labor force data for nonwhite teenagers by city have very large margins of error. Nevertheless, nonwhite teenagers employment-to-civilian-population ratios for the central cities of Philadelphia and Milwaukee are illustrative:

	1970 (percent)	1976 (percent)
Philadelphia	28	16
Milwaukee	25	13
U.S. Average	29	24

6/ For example, in 1960, 42 percent of black youths aged 20 to 24 had completed four or more years of high school, compared with 66 percent for whites. In 1974, these statistics were 72 and 85 percent, respectively. See Bureau of the Census, The Social and Economic Status of the Black Population in the United States in 1974 (1975), p. 97.

Second, although much more difficult to quantify, the quality of education received by nonwhite youths generally seems to be inferior to that received by white youths. 7/

The gradual narrowing in the quantitative gap in schooling seems to be at odds with the widening gap in nonwhite and white teenage unemployment rates. As with discrimination, however, educational disadvantages may interact with other changes in ways that produce a rising trend in the unemployment rate of nonwhite teenagers.

Finally, nonwhite youths may be at a disadvantage in the job market because they have acquired less on-the-job experience than their white counterparts. For example, the proportion of the nonwhite youth population who have jobs is considerably below that of white youths; that difference may inhibit nonwhite youth skill development, which may in turn impair their ability to compete successfully for jobs.

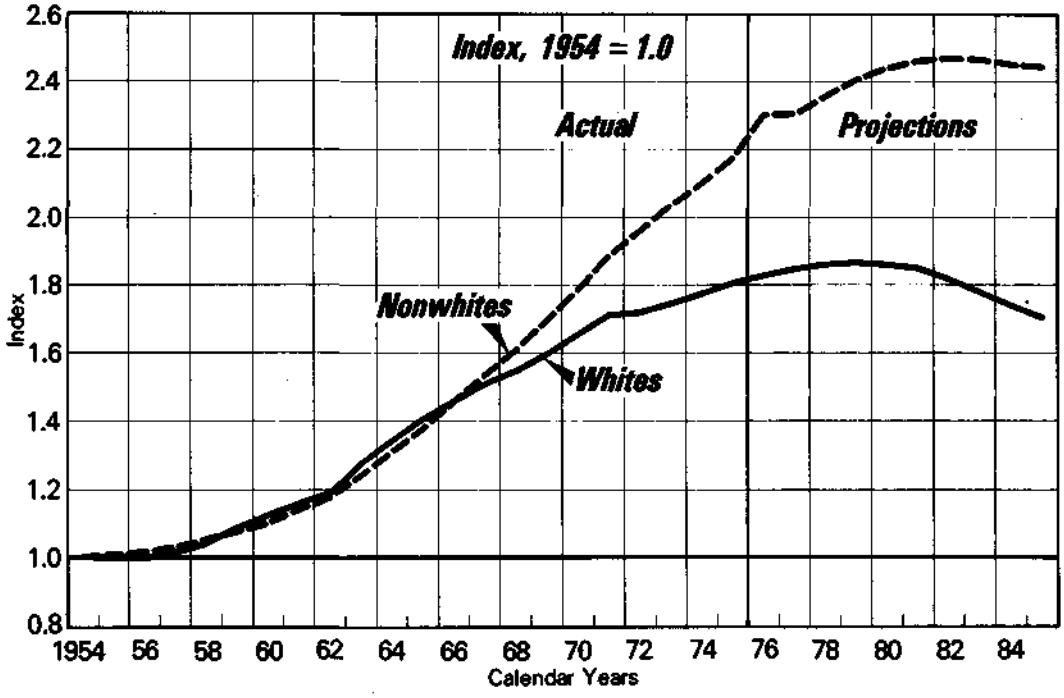
Population Growth

Population growth has been more rapid for nonwhite than for white youths, and projections show this trend continuing (see Figure 5). If nonwhite and white youths were homogeneous groups in the labor market (that is, if there were no discrimination, differences in location, or differences in preparation for the job market), the more rapid growth of the former group would be irrelevant to the unemployment experience of the two groups. But, because the nonwhite group faces additional obstacles in the labor market, their rapid growth has been a significant factor in explaining their high unemployment.

7/ One admittedly imperfect indicator of a gap in educational quality is based on performance on standardized tests. See, for example, U.S. Department of Health, Education and Welfare, Equality of Educational Opportunity (1966). For a recent analysis of racial differences in education, see Congressional Budget Office, Inequalities in the Educational Experiences of Black and White Americans, Background Paper (1977).

Figure 5.

Growth of Youth Population by Race, Age 16-24, 1954 to 1976 Actual and 1977 to 1985 Projections



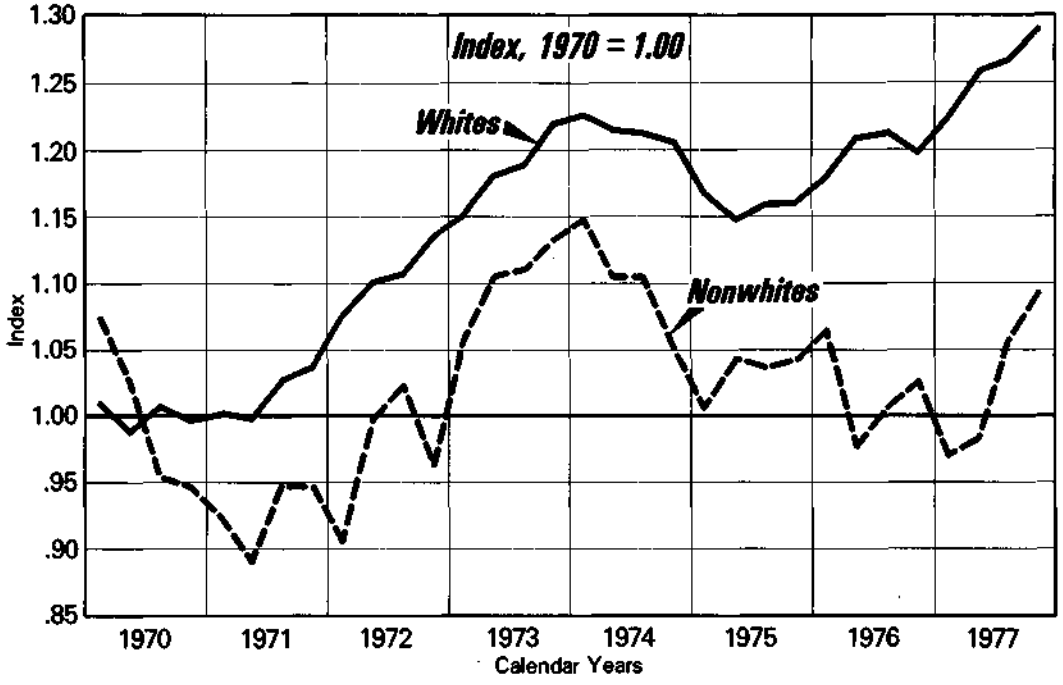
SOURCE: Bureau of the Census.

Growth in the Supply of White Youths and Adult Females

The supply of unskilled workers seeking entry-level and part-time jobs has been increased by the demographic bulge in the number of both nonwhite and white youths and by rising labor force participation rates for adult women and white teenagers. To a significant degree, these groups of workers compete for the same types of jobs. Because of discrimination and a relative lack of training, nonwhite teenagers have fared the worst in this competition. Indeed, as shown in Figure 6, the level of employment of nonwhite teenagers is now little higher than it was in early 1970. Meanwhile, employment of white teenagers has increased approximately 25 percent.

Figure 6.

Indexes of Teenage Employment, Age 16-19, by Race, First Quarter of 1970 to Fourth Quarter of 1977



SOURCE: Bureau of Labor Statistics.

UNEMPLOYMENT AMONG SPANISH-ORIGIN YOUTHS

The unemployment rate for Spanish-origin youths tends to be higher than that for all youths but much lower than the rate for black youths. For example, in October 1977, the unemployment rate for Spanish-origin 16- to 24-year-olds was 13.8 percent, compared with 12.2 percent for all youths and 29.2 percent for black youths. 8/

8/ Bureau of Labor Statistics, Employment Situation for School Age Youth, various reports, 1976-1978.

There are substantial differences in unemployment within the group of Spanish-origin youths. Data for October 1976 suggest that the unemployment rate for Puerto Rican youths tends to be quite close to that for black youths. While still higher than the average for all youths, the unemployment rate for Mexican-American youths is much closer to the average for all youths. Finally, Spanish-origin youths of neither Puerto Rican nor Mexican descent had an unemployment rate lower than the average for all youths. 9/

Some of the reasons for the above-average unemployment among most groups of Spanish-origin youths include educational disadvantages, language barriers, discrimination, and location. In addition, a significant number of Mexican-American youths are employed as migratory farm workers--a sector of the economy that has high frictional and high seasonal unemployment.

9/ Ibid.

CHAPTER V. YOUTH UNEMPLOYMENT BY EDUCATION, INCOME, AND LOCATION

Whether white or nonwhite, a youth's chances of being unemployed increase very sharply if he or she has little education, comes from a poor family, or lives in a poverty area of a central city (see Table 2).

EDUCATION

That school dropouts have higher unemployment rates than youths in general is well known. Nevertheless, the full extent of this difference in the incidence of unemployment among youths, especially during periods of slack economic conditions, may not be fully realized. For example, in October 1976, there were 795,000 unemployed school dropouts between the ages of 16 and 24; the unemployment rate for the group was approximately 25 percent. The unemployment rate among the 16- to 17-year-old dropouts was roughly 37 percent. 1/

The unemployment rate for dropouts is highly sensitive to business conditions (even though it does not always move in the same direction as the overall unemployment rate). In addition, there appears to be a long-term upward trend in the unemployment rate for 16- to 17-year-old dropouts. For example, the unemployment rate for this group was 24.4 percent in October 1973; in October 1965, it was 20.8 percent.

While nonwhite youth unemployment rates are higher than those of whites for all education categories except the college graduate group, recent high school graduates seem to have had a particular problem finding employment in the slack labor market since 1975. In October 1976, the unemployment rate for nonwhite youths who had graduated from high school in 1976 but were not enrolled in college was 45 percent. The comparable rate for whites was 15 percent. Nevertheless, high school graduation

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1/ For a study of the employment problems of dropouts based on extensive interviews, see Vocational Foundation, Our Turn To Listen.

TABLE 2. THE CHANCES OF BEING UNEMPLOYED FOR VARIOUS GROUPS OF YOUTHS IN 1976

If You Were:	Your Chances of Being Unemployed Were About:
Age	
16 to 24	1 in 7
16 to 19	1 in 5
20 to 24	1 in 8
Age 16 to 24, Not in School, and a	
School dropout	1 in 4
Recent school dropout 1/	1 in 3
High school graduate (no college)	1 in 8
Recent high school graduate 2/	1 in 6
College graduate	1 in 14
Nonwhite school dropout	1 in 3
Recent nonwhite school dropout 1/	1 in 2
Nonwhite high school graduate (no college)	1 in 4
Recent high school graduate and nonwhite 2/	1 in 2
Nonwhite college graduate	1 in 14
Age 16 to 24, and Family Income of	
Less than poverty standard	1 in 3
More than poverty standard, less than Labor Department's lower living standard budget (LLSB)	1 in 5
More than LLSB	1 in 8
Less than poverty standard and nonwhite	1 in 2
More than poverty standard, less than LLSB, and nonwhite	1 in 3
More than LLSB and nonwhite	1 in 5
Age 16 to 19, and Living in a	
Suburban area	1 in 6
Central city	1 in 4
Poverty area of suburb	1 in 4
Poverty area of central city	1 in 3
Central city and nonwhite	2 in 5
Poverty area of central city and nonwhite	2 in 5

SOURCES: U.S. Bureau of Labor Statistics, Employment and Earnings (January 1977); Students, Graduates, and Dropouts in the Labor Market, October 1976, Special Labor Force Report 200 (1977); and unpublished data. Department of Health, Education and Welfare, "Survey of Income and Education," data file.

1/ Based on unemployment rates in October 1976 of persons who had dropped out of primary or secondary school in 1975 or 1976.

2/ Based on unemployment rates in October 1976, of 1976 high school graduates.

does reduce the chances of unemployment for nonwhite youths. Among youths not in school, the unemployment rate for all nonwhite high school graduates, while still very high at 23 percent, was considerably below the 36 percent rate for nonwhite school dropouts.

Youths with a college education have considerably lower unemployment rates than youths in general. In October 1976, the unemployment rate for the group was 7.1 percent, or about 100,000 youths. Nevertheless, unemployment among young college graduates is notably higher in recent years than it was in the 1960s. 2/

FAMILY INCOME

Unemployment among youths from low-income families is a special hardship since the family already suffers from economic privation. In addition, the chances for such youths to be unemployed are much greater than the average for all youths.

In the spring of 1976, a youth in the labor force was twice as likely to be unemployed if he was a member of a family unit with an income below the government's poverty standard. If that youth was nonwhite, he was more than three times as likely to be unemployed as were all youths generally. 3/

LOCATION

The highest unemployment rates for teenagers are found in poverty areas of cities. A "poverty area" is a census tract

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2/ For a recent discussion of the labor market for young college graduates, see Richard Freeman and J. Herbert Holloman, "The Declining Value of College Going," Change, September 1975.

3/ The interrelation between race and income is illustrated by the fact that 46 percent of unemployed nonwhite youths had family incomes below the poverty standard, while approximately 20 percent of unemployed white youths were in that income category.

in which the income of at least 20 percent of the population in 1970 was below the poverty standard. 4/

If a teenager in the labor force lives in a poverty area of a central city, his chances of being unemployed are roughly double those of a teenager living in a nonpoverty area in the suburbs. If the teenager is nonwhite and lives in a poverty area of a central city, his chances of being unemployed are almost three times greater than for a white youth living in the suburbs. The unemployment rate for white teenagers in central-city poverty areas was approximately 24 percent, or about half again as high as the rate for all white teenagers.

Moreover, unemployment rates understate differences in the labor force status of youths living in poverty areas compared with youths in more prosperous areas, since labor force participation rates are comparatively lower in the depressed labor markets.

Substantial variations in teenage unemployment rates also exist among states and among standard metropolitan areas. For example, in 1976, teenage unemployment rates were relatively low in some states in the agricultural Midwest, such as Iowa, Nebraska, and Minnesota. States with relatively high teenage unemployment rates were not, however, limited to any single region of the country. In addition, variations in teenage unemployment by states are only roughly correlated with variations in overall unemployment rates by states. For example, in some states, such as Texas, the overall--but not the teenage--unemployment rate is among the lowest in the nation. Such discrepancies are significant for policymaking because funds for certain youth programs are distributed to states on the basis of overall rather than youth unemployment.

4/ This discussion of youth unemployment by location is limited to teenagers since comparable data for the 20- to 24-year-old group are unavailable without special tabulations.

CHAPTER VI. POLICY DISCUSSION

This last chapter discusses some of the possible policy strategies for dealing with youth unemployment. Four kinds of general causes of high youth unemployment were analyzed in Chapter II: the large proportion of young workers searching for jobs, the business cycle, demography, and government policies such as those that increase the cost of employing youths. One of these causes--demography--cannot be affected by government action, at least not in the short run. But the other three causes, to varying degrees, could be affected by government action. In addition, without regard to causes of youth unemployment, targeted manpower policies and programs could be used to lower youth unemployment. Each strategy discussed, however, has certain advantages and disadvantages.

THE BUSINESS CYCLE AND AGGREGATE ECONOMIC POLICIES

The state of the economy is one of the most significant factors affecting youth unemployment that is susceptible to governmental influence, principally through its monetary and fiscal policies. Employment and unemployment of youths--black or white--are much affected by the state of the economy.

An important advantage of an approach that seeks to reduce youth unemployment by focusing on its general economic causes and adopting more expansionary monetary and fiscal policies is that this strategy affects the youth unemployment rate more than it affects general unemployment, but it can also be used to expand job opportunities for all workers.

Such an approach is not, however, without its disadvantages. In addition to the problem of some trade-off with inflation, moderately expansionary monetary and fiscal policies by themselves would still leave the unemployment rate for nonwhite teenagers at very high levels--probably above 30 percent at least through 1979.

In its report on the economy and fiscal policy published in February 1978, CBO analyzed the impacts of several illustrative economic stimulus packages, consisting of varying combinations of

tax cuts and increases in spending. 1/ The results indicate that a $15 to $30 billion fiscal stimulus of tax cuts and increases in spending could moderately change the outlook under current policy, which shows essentially no change in the unemployment situation between the end of 1978 and the end of 1979. For example, a $24 billion package of tax reductions--most of which would be effective on October 1, 1978--was estimated to decrease the overall unemployment rate by approximately 0.4 percentage points by the end of 1979 and raise the price level by approximately 0.2 to 0.4 percent by the end of 1980. 2/ It is especially difficult to gauge how a reduction of this magnitude in overall unemployment would be reflected in the unemployment rate for youths 16 to 24 years old, but the statistical analysis reported earlier suggests that the impact on youth unemployment may be half again as large as the impact on the overall unemployment rate.

GOVERNMENT POLICIES

Some government policies adopted for other reasons have the unfortunate side effect of reducing youth employment opportunities. For example, increases in the minimum wage or in payroll taxes increase the cost of hiring unskilled labor; policies encouraging later retirement of older workers may increase the competition from other groups in the labor market; and child labor provisions limit the types or conditions of employment of youths. Such policies involve difficult trade-offs since they have both desirable as well as undesirable effects. Policymaking is made even more difficult by inadequate information concerning the full impacts of such measures.

As discussed earlier, increases in the minimum wage and extensions in coverage to other sectors of the economy can price some unskilled workers--among whom youths are disproportionately represented--out of a job. Thus, while increases in the minimum wage protect and benefit some low-wage workers, they also make it more difficult for other workers to find employment.

1/ CBO, The Economic Outlook.

2/ For a more detailed discussion of these stimulus packages and estimates of their economic impact, see ibid.

A youth differential in the minimum wage has been proposed as a means of avoiding or minimizing these adverse effects on youth employment. One of the arguments for increasing the minimum wage--that it is needed to support a family--is less applicable to teenagers since a large proportion of them do not have dependents. On the other hand, a principal drawback to the youth differential approach is that it could displace some older unskilled workers.

Other approaches might be used to reduce the net cost of hiring youths in the private sector, such as wage or training subsidies or partial exemption from payroll taxes. These approaches are also likely to cause some displacement of other unskilled workers, since they reduce the cost of employing youths relative to other groups of workers. 3/ In general, however, the problem of possible displacement would be less severe in a high-employment economy than in one with considerable slack, and displacement might be partially counteracted by somewhat more expansionary aggregate policies.

Policy changes that encourage older workers to postpone retirement may also cause some reductions in labor market opportunities for younger workers. Currently, the Age Discrimination in Employment Act of 1967, as amended, prohibits age discrimination in employment against workers aged 40 to 64. The Congress recently passed a bill that would extend coverage to workers aged 65 to 69. In addition, under the social security amendments passed in late 1977, the increase in the earnings exemption for social security beneficiaries could encourage older persons to work more. Unfortunately, there is little information on the impact of these measures on employment opportunities for youths, and this area may warrant further research and analysis.

UNEMPLOYMENT ASSOCIATED WITH JOB SEARCH

Government policies might have some effect in reducing high youth unemployment associated with entering the labor market and with frequent job changing. For example, policies for

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3/ For a discussion of policies for lowering the cost to employers of employing youths, see CBO, Policy Options for the Teenage Unemployment Problem, Chapter V.

helping youths make the transition from school to their first post-school job may be feasible. 4/ More counseling and job-market information, as well as more job-related experience and education might help. One of the difficulties with such a general attack on high youth unemployment is that much of this type of unemployment can be viewed as productive job search. Nevertheless, it may be possible to reduce some aspects of unemployment that are associated with job search without sacrificing either economic efficiency or the freedom and opportunity of youths.

TARGETING MANPOWER POLICIES AND PROGRAMS

A major issue in determining the policy mix to combat unemployment concerns how much to focus on unemployed youths and, within the youth group, how much to concentrate on groups with especially high incidence of unemployment. 5/ A major purpose of the previous two chapters has been to contribute to this decision-making process by identifying differences in the incidence of unemployment among subgroups of youths. Subgroups with relatively high unemployment include nonwhite and Spanish-origin youths, school dropouts, youths from low-income families, and youths living in poverty areas of cities. 6/ While race or membership in an ethnic group may not be an appropriate criterion for eligibility for most employment programs, much the same result could be achieved by using income or location as the criterion.

4/ On this topic see statements by Richard B. Freeman and James S. Coleman in the CBO conference The Teenage Unemployment Problem.

5/ For a discussion of particular policy options for dealing with youth employment problems, see the CBO reports on youth unemployment cited earlier.

6/ Another criterion for eligibility for youth unemployment programs that has been suggested is long spells of unemployment. See Sar Levitan, "Coping with Teenage Unemployment," in the CBO conference The Teenage Unemployment Problem, 1976.

A major advantage of focusing on these subgroups of unemployed youths is that an additional $1 or $2 billion might make a significant difference on some of the most severe aspects of youth unemployment if the resources could be effectively concentrated on hardship cases. Youth unemployment in general is such a large, multifaceted phenomenon that a relatively small increase in program levels is not likely to have a measurable effect on overall youth unemployment, at least not very quickly.

Some of the subgroups of unemployed youths with especially high unemployment rates are not large. For example, only about 8 percent af all unemployed teenagers in 1976 (or approximately 140,000) were located in poverty areas of central cities; 46,000 lived in suburban poverty areas; 174,000 were in rural poverty areas. Similarly, while the incidence of unemployment among poverty youths was approximately double that for all youths, only about a fourth of unemployed youths were poor. Thus, a policy option with a relatively small budgetary impact might have a large impact on jobs for these subgroups if the program could be effectively targeted.

The disadvantages of targeting programs on subgroups include the problem of establishing appropriate criteria for eligibility. For one thing, attributes such as income, location, or duration of unemployment can sometimes be modified by persons wishing to qualify for a targeted program. For another, the application of eligibility tests could add to administrative burdens. Finally, unemployment is a common experience among youths, so that it may be hard to justify singling out some groups for special attention even though their problems may be especially severe.

APPENDIX: STATISTICAL TABLES

TABLE A-1. SIZE OF THE CIVILIAN LABOR FORCE AND NUMBER UNEMPLOYED FOR DIFFERENT GROUPS OF YOUTHS IN 1976: IN THOUSANDS

Labor Force Group	Labor Force	Unemployed
Age		
16 to 24	22,916	3,371
16 to 19	8,970	1,701
20 to 24	13,946	1,670
Age 16 to 24, Not in School, and a		
School dropout	3,228	795
Recent school dropout 1/	693	218
High school graduate (no college)	8,408	1,018
Recent high school graduate 2/	1,285	232
1-3 years of college	2,505	249
College graduate	1,406	100
Nonwhite school dropout	541	196
Recent nonwhite school dropout 1/	96	55
Nonwhite high school graduate (no college)	927	211
Recent high school graduate and nonwhite 2/	128	57
1-3 years of college and nonwhite	285	66
Nonwhite college graduate	116	8
Age 16 to 24, and Family Income of		
Less than poverty standard	3,201	1,004
More than poverty standard, less than Labor Department's lower living standard budget (LLSB)	3,610	716
More than LLSB	17,247	2,166
Less than poverty standard and nonwhite	888	449
More than poverty standard, less than LLSB, and nonwhite	695	236
More than LLSB and nonwhite	1,361	299
Age 16 to 19, and Living in a		
Suburban area	3,843	687
Poverty area of suburb	164	46
Central city	2,285	535
Poverty area of central city	403	142
Central city and nonwhite	483	197
Poverty area of central city and nonwhite	232	101
Nonmetropolitan poverty area	933	174

SOURCES: U.S. Bureau of Labor Statistics, Employment and Earnings (January 1977); Students, Graduates, and Dropouts in the Labor Market, October 1976, Special Labor Force Report 200 (1977); and unpublished data. Department of Health, Education and Welfare, "Survey of Income and Education," data file.

1/ Based on unemployment rates in October 1976 of persons who had dropped out of school in 1975 or 1976.

2/ Based on unemployment rates in October 1976, of 1976 high school graduates.

TABLE A-2. UNEMPLOYMENT BY EDUCATION AND RACE, AGES 16 TO 24, OCTOBER 1976

	Unemployment (Percent Distribution)	Unemployment Rates (Percent)		
		Total	White	Nonwhite
Not Enrolled in School				
Attended less than 12 years	25.2	24.6	22.3	36.2
Recent dropouts		31.5	27.4	57.3
High school graduates with no college	32.3	12.1	10.8	22.8
Recent graduates		18.1	15.1	44.5
College 1-3 years	7.9	9.9	8.2	23.2
College graduates	3.2	7.1	7.1	6.9
Enrolled in School				
Elementary and high school	20.1	19.0	17.3	36.9
College	11.2	9.5	8.2	21.1
Total	100.0			

SOURCE: U.S. Bureau of Labor Statistics, Students, Graduates and Dropouts in the Labor Market, October 1976, Special Labor Force Report 200 (1977).

TABLE A-3. UNEMPLOYMENT RATES AND EMPLOYMENT-TO-POPULATION RATIOS BY TYPE OF AREA AND RACE, AGES 16 TO 19, 1976 AVERAGE

	Unemployment Rates (Percent)			Employment:Population Ratios (Percent)		
	Total	White	Nonwhite	Total	White	Nonwhite
Total	19.0	16.9	36.9	44.3	47.9	23.6
Central City	23.4	18.8	40.8	38.7	46.1	21.4
Poverty	35.2	24.0	43.5	24.9	36.0	19.1
Nonpoverty	20.9	18.2	38.2	42.9	47.4	23.8
Suburbs	17.9	17.0	33.0	47.4	49.0	27.8
Poverty	28.0	21.4	42.3	33.9	40.9	22.6
Nonpoverty	17.4	16.9	30.0	48.2	49.3	29.7
Nonmetropolitan	16.9	15.4	32.6	45.0	47.7	25.2
Poverty	18.6	15.7	33.8	39.3	44.2	22.9
Nonpoverty	16.0	15.3	30.5	48.3	49.3	30.8

SOURCE: U.S. Bureau of Labor Statistics, unpublished data.

TABLE A-4. UNEMPLOYMENT RATES AND EMPLOYMENT-TO-POPULATION RATIOS FOR CENSUS REGIONS AND DIVISIONS BY RACE, AGES 16 TO 19, 1976 AVERAGE

Census Regions and Divisions	Unemployment Rates (Percent)			Employment:Population Ratios (Percent)		
	Total	White	Nonwhite	Total	White	Nonwhite
Northeast	21.1	19.8	41.2	40.6	43.4	17.5
New England	19.6	19.3	28.6	49.8	51.0	23.8
Middle Atlantic	21.7	19.9	42.9	37.5	40.6	16.8
North Central	15.7	14.1	37.5	50.2	53.2	25.1
East North Central	17.8	15.9	38.7	48.2	51.6	24.0
West North Central	11.0	9.9	35.1	55.2	56.9	29.3
South	19.2	15.5	36.2	41.3	46.5	24.6
South Atlantic	20.0	16.2	35.1	41.9	47.0	27.1
East South Central	19.6	15.8	37.9	36.8	43.9	18.0
West South Central	17.7	14.5	37.4	43.5	47.2	25.8
West	20.2	19.0	32.9	45.3	48.0	25.9
Mountain	17.3	16.5	33.3	50.1	51.5	29.2
Pacific	21.4	20.1	32.8	43.5	46.6	25.4

SOURCE: U.S. Bureau of Labor Statistics, unpublished data.

TABLE A-5. UNEMPLOYMENT OF YOUTHS, BY FAMILY INCOME AND RACE, AGES 16 TO 24

Family Income	Unemployment Rates (Percent)			Distribution of Unemployment (Percent)		
	Total	White	Nonwhite	Total	White	Nonwhite
Less than Poverty Level	31.2	24.1	50.6	25.8	19.1	45.6
Poverty to 0.7 LLSB	20.5	16.3	36.5	5.7	4.7	8.6
0.7 to 1.0 LLSB	19.5	16.8	32.7	12.7	11.8	15.4
1.0 to 1.25 LLSB	15.2	13.3	30.4	9.9	10.1	9.4
1.25 LLSB and higher	12.1	11.7	19.7	45.8	54.3	21.0
Total	16.2	13.9	33.5	100.0	100.0	100.0

NOTES: 1. "Unemployment" refers to the period during which the survey was taken: April, May, and June 1976.

2. "Income" refers to calendar year 1975.

3. "LLSB" refers to the "lower living standard budget" compiled by the Bureau of Labor Statistics.

4. "Poverty" refers to the Census Bureau's definition of poverty.

SOURCE: Department of Health, Education and Welfare, "Survey of Income and Education," data file.

TABLE A-6. EMPLOYMENT STATUS OF SPANISH-ORIGIN YOUTHS, AGES 16 TO 24, OCTOBER 1976

	Unemployment (Thousands)	Unemployment Rate (Percent)
Total	202	17.4
Place of Origin		
Mexican	136	17.8
Puerto Rican	33	27.5
Other Spanish-origin	33	11.7
School Status		
Enrolled	70	21.7
Not enrolled	132	15.8

SOURCE: U.S. Bureau of Labor Statistics, Students, Graduates, and Dropouts in the Labor Market, October 1976, Special Labor Force Report 200 (1977).

TABLE A-7. INDUSTRY OF EMPLOYMENT OF TEENAGERS BY RACE, AND OF WORKERS OF ALL AGES, 1976 ANNUAL AVERAGES: PERCENT DISTRIBUTIONS

Industry	Total All Ages	Age 16-19	White Age 16-19	Nonwhite Age 16-19
Agriculture	3.8	5.9	6.0	4.8
Mining	.9	.4	.4	.3
Construction	5.9	4.4	4.5	3.8
Manufacturing	22.9	13.1	13.0	14.0
Durable	13.7	6.4	6.4	6.1
Nondurable	9.2	6.7	6.6	7.8
Transportation and Public Utilities	6.5	2.1	2.1	2.9
Trade	20.6	42.9	43.6	35.0
Wholesale	4.0	2.5	2.5	1.9
Retail	16.6	40.4	41.0	33.1
Finance, Insurance, and Real Estate	5.5	3.3	3.4	2.6
Services Except Private Household	28.5	21.0	20.4	28.5
Private Household	1.6	4.8	5.0	3.1
Public Administration	5.5	2.0	1.8	5.1
Total	100.0	100.0	100.0	100.0

NOTE: Component parts may not add to totals because of rounding.

SOURCES: U.S. Bureau of Labor Statistics, Employment and Earnings (January 1977); and unpublished data.

TABLE A-8. OCCUPATION OF EMPLOYMENT OF TEENAGERS BY RACE, AND OF WORKERS OF ALL AGES, 1976 ANNUAL AVERAGES: PERCENT DISTRIBUTIONS

Occupation	Total All Ages	Ages 16-19	White Ages 16-19	Nonwhite Ages 16-19
White Collar Workers	50.0	31.4	31.8	27.6
Professional and technical	15.2	2.4	2.3	3.1
Managers, admin. except farm	10.6	1.1	1.2	.3
Sales workers	6.3	8.7	9.0	5.1
Clerical workers	17.8	19.2	19.2	19.3
Blue Collar Workers	33.1	33.8	33.7	34.3
Craft and kindred workers	12.9	5.7	5.9	2.7
Operatives except transport	11.5	11.6	11.5	12.6
Transportation equipment operators	3.7	2.5	2.6	2.0
Nonfarm laborers	4.9	14.0	13.8	16.9
Service Workers Including Private Household	13.7	29.9	29.5	33.6
Farm Workers	3.2	4.9	5.0	4.3
Total	100.0	100.0	100.0	100.0

NOTE: Component parts may not add to totals because of rounding.

SOURCES: U.S. Bureau of Labor Statistics, Employment and Earnings (January 1977); and unpublished data.

TABLE A-9. MEDIAN HOURLY EARNINGS BY AGE, RACE, AND SEX, MAY 1976: IN DOLLARS

	White	Nonwhite
Males		
16 to 19	2.48	2.40
20 to 24	3.80	3.54
25 and older	5.44	4.45
Females		
16 to 19	2.33	2.33
20 to 24	2.92	2.70
25 and older	3.11	2.88

NOTE: The median hourly earnings figure means that one-half of the group earns less and one-half earns more than the figure.

SOURCE: U.S. Bureau of Labor Statistics, Weekly and Hourly Earnings Data, from the Current Population Survey, Special Labor Report 195 (1977).