Generation Jobless
The Unemployment Crisis of Millennials

A REPORT BY ERIC A. RUARK, DIRECTOR OF RESEARCH
FEDERATION FOR AMERICAN IMMIGRATION REFORM

FAIR
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February 2014
NEED WORK!
Executive Summary

The Millennial Generation, sometimes referred to as Generation Y, is well on its way to becoming a “lost generation” as many politicians continue to push for amnesty and massive increases in immigration levels, putting the special interests of a narrow economic and political elite above the needs of the American people. Facing chronic unemployment and underemployment, Millennials are confronted with a future that is anything but bright. Many Millennials are failing to establish stable careers, while shouldering sizeable student loan debts. Those who do not graduate from college face a labor market in which there are few available jobs paying a living wage.

• The U.S. economy would have to produce 300,000 jobs every month for the next five years in order to return to pre-recession employment levels. The U.S. economy has averaged 42,000 new jobs a month over the last five years and 107,000 jobs a month over the last 25 years.

• In October 2013, half of all unemployed workers were Millennials (16- to 34-year olds).

• The Millennial population of working age in the United States increased by 2.6 million between 2007 and 2012, while the number in this age cohort who were working decreased by 2.9 million.

• Thirty-nine percent of 18- to 34-year olds were not in the workforce in 2012.

• Between 2003 and 2012, the number of unemployed 18- to 34-year olds increased 37 percent, up to 5.7 million. The only reason this number is not higher is that during the same period 3.3 million 18- to 34-year olds dropped out of the labor force.

• The labor participation rate for teenagers is at an historic low, down a third since 1970.

• Native-born Hispanic Millennials at all education levels are the group most negatively affected by competition from foreign workers.
Immigration and the Economy: Youth Unemployment and Underemployment

The leadership of both parties, at the behest of business, ethnic, and religious lobbies, are calling for blanket amnesty and massive increases in annual immigrant and guest worker admissions under the guise of “comprehensive immigration reform,” or the newest catchphrase “piecemeal approach.” The main argument put forth for these policies is that they will “grow the economy” and by extension result in greater prosperity for all Americans.

Despite the more than 21 million people in the United States currently looking for full-time work, the proponents of amnesty and mass immigration argue that there are lots of jobs that Americans won’t, or can’t, do, despite all evidence to the contrary. Americans are willing and able to do any job vital to the U.S. economy, proven by the fact that there exists no job in the United States that native-born Americans are not currently performing in large numbers. Rewarding those who have broken the law and adding tens of millions of new immigrants to the U.S. population would exacerbate the already chronic unemployment and underemployment crises.

Arguably, the group hardest hit are Millennials, whose current employment plight shows no sign of relenting. There are several factors working against Millennials, but the greatest problem they face is that the size of the U.S. working-age population is growing faster than jobs are being created — and faster than jobs could conceivably be created even under the most fortuitous economic circumstances.

In fact, to offset current U.S. population growth, the economy would have

<table>
<thead>
<tr>
<th>Age</th>
<th>Number Unemployed</th>
<th>Percentage of Unemployed</th>
<th>Unemployment Rate</th>
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<tr>
<td>16 and older</td>
<td>11.3 million</td>
<td>100%</td>
<td>7.3%</td>
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<tr>
<td>Millennials</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>16 to 17 years</td>
<td>475,000</td>
<td>4.2%</td>
<td>24.1%</td>
</tr>
<tr>
<td>18 to 19 years</td>
<td>788,000</td>
<td>7.0%</td>
<td>21.1%</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>1.9 million</td>
<td>16.8%</td>
<td>12.5%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>2.4 million</td>
<td>21.2%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Total</td>
<td>5.6 million</td>
<td>49.2%</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Labor Statistics
**Millennials** are generally classified as the generation born roughly between 1980 and 2000. Following Generation X, circa 1960 to 1980, this generational cohort was originally referred to as Generation Y, until Millennials became a more popular term.

To have sustained job creation at a rate higher than any period since this data began to be collected in 1939. Just to get back to the employment and labor participation rates at the levels they were before the recession, the economy would need to produce approximately 300,000 jobs a month every month for the next 5 years. At the current rate of job creation, it would take over 12 years (145 months) to return to pre-recession employment levels.

With a rapidly growing population and a greater number of older workers financially unable to retire, there are simply not enough jobs available to younger workers. For the Millennial generation, be they college graduates or high school dropouts, the experience of the past half-decade has been characterized by increasing unemployment and underemployment, along with wage depression.
The overall economic situation for Millennials is a gloomy one at best. For example, according to the Pew Research Center, in 2012, 63 percent of 18-to 31-year-olds were employed, down from 70 percent of this cohort who were employed in 2007 before the onset of the recession.\textsuperscript{3} Forty-five percent of these unemployed Millennials were living with their parents in 2012, compared to 29 percent in 2007. The number of all Millennials living with their parents has risen steadily, reaching 21.6 million or 32 percent of all 18-to 31-year-olds.

**FIGURE 3**
LABOR PARTICIPATION RATE, 16 TO 19 YEAR OLDS—1970 TO 2012

Source: U.S. Bureau of Labor Statistics
Post-secondary enrollment increased 37 percent from 2000 to 2010, going from 15.3 million to 21 million, according to National Center for Education Statistics. During that same period, the 18- to 24-year-old population increased 12 percent, from 27.3 to 30 million. Overall the percentage of 18- to 24-year-olds enrolled rose from 35 percent to 41 percent between 2000 and 2010, a 6 percent increase. The increase in post-secondary students over 25 years old was even larger, increasing 42 percent between 2000 and 2010.

There are three major trends in post-secondary education in the United States. The first is that the number and percentage of Americans attending post-secondary institutions has increased over the past forty years. The second is the rising number of students over 25 who are going back to school in order to boost their appeal to employers. The third is the rapid increase in foreign students enrolled at U.S. universities. Between 2000 and 2010, the number of foreign students enrolled in post-secondary institutions went from 547,897 to 723,277, a 32 percent increase, and that trend has continued, with 819,644 foreign students enrolled in 2013.

The increase in the number of Millennials enrolled in institutions of higher learning does not account for the corresponding decrease of their labor participation rate. Many post-secondary students work part-time in order to pay for their education, or attend school part-time while working full-time. An August 2013 survey found that four out of five college students were working while attending school.

The U.S. immigration system makes it difficult for these individuals to find jobs that students have traditionally held, such as in the restaurant industry. It also hinders the ability of graduates to secure employment at their education and skill level. The result is that many students are struggling to find employment, and a large number of post-secondary graduates, many of whom have accumulated substantial debt, are underemployed and unemployed.
Note: The Current Population Survey (CPS) is used to calculate monthly employment numbers. The CPS excludes from employment statistics those who are not in the labor force because they are incarcerated or institutionalized in mental facilities or homes for the aged, and those who are on active military duty. These individuals are not counted in calculating the size of the working-age population and they are not counted as employed, unemployed, etc. The U.S. prison population in December 2012 was 1.6 million. Approximately 47 percent of prisoners in the United States are between 18 and 24 years old.

FIGURE 4
EMPLOYMENT STATUS, 18 TO 34 YEAR OLDS—2003 TO 2012 (MILLIONS)
Unemployed. adj. 1 without a paid job but available to work. 2 not able to get paid employment. 3 (of a thing) not in use. 4 the state of being unemployed.
FIGURES 7 to 9
18 TO 34 YEAR OLDS, UNEMPLOYMENT BY ETHNICITY (MILLIONS)

Unemployed  Not in Labor Force

FIGURE 7 — WHITES

FIGURE 8 — BLACKS

FIGURE 9 — HISPANICS

**Underemployment** occurs when an individual is employed in a job that is below his/her education or skill level, or when an individual is working part-time because he/she cannot find full-time work.

**Good Jobs in Short Supply**

Generation Opportunity, a group that focuses on the economic prospects of Millennials, reported that the combined unemployment and underemployment for 18- to 29-year-olds in October 2013 was 15.9 percent. Underemployment is a severe problem for those recent college graduates who have found work. A recent study found that just 53 percent of college graduates since 2011 had found jobs in their field of study following graduation. Another study found that 52 percent of recent graduates under 25 were working in jobs that did not require a college degree, and this group earns $3,200 less annually in inflation adjusted dollars than the same cohort did in 2000.

In addition, recent graduates also face substantial student loan debt. The average student loan debt for a 2011 college graduate was $26,000. Even an advanced degree does not ensure a well-paying job. *The Chronicle of Higher Education* reported that between 2007 and 2010, the number of people with master's degrees who received food stamps and other income-based government assistance increased from 101,682 to 293,029, and the number of people with Ph.D.'s on government assistance increased from 9,776 to 33,655.

The economic outcomes for those with only a high school degree are even bleaker. According to a 2013 Rutgers University study, “only 3 in 10 high school graduates are employed full time, compared to college graduates who are employed at nearly twice that rate.” In addition, most recent high school graduates who are employed are estimated to be making below the federal poverty level. Ninety percent of recent high school graduates reported being paid on an hourly basis with the median hourly wage being $7.50, 25 cents above the federal minimum wage. This reflects a ten percent drop in real wages between 2007 and 2010.

In addition to the problem of stagnating wages and high unemployment, high school graduates who are unemployed also spend considerable time finding employment.
Almost half of recent high school graduates reported looking for work for more than six months, and 3 in 10 reported looking for work for more than a year. In addition, when unemployed recent graduates were asked when they believed they would find a job, half stated they were hopeful they would find a job within one year while the other half could not give an estimate about when they expected to be employed.

**TABLE 2**

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Total</th>
<th>2006 to 2008</th>
<th>2009 to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed, looking for work</td>
<td>30%</td>
<td>23%</td>
<td>37%</td>
</tr>
<tr>
<td>Unemployed, not looking for work</td>
<td>14%</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Working part-time, not looking for full-time work</td>
<td>8%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Working part-time, looking for full-time work</td>
<td>15%</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Employed full time</td>
<td>27%</td>
<td>37%</td>
<td>16%</td>
</tr>
<tr>
<td>Military</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: John J. Heldrich Center for Workforce Development, Rutgers University

**FIGURE 8**

Employment Rate, New High School Graduates—2007 to 2012

Source: Professor Andrew Sum, Center for Labor Market Studies
Hire Me!
FIGURE 9
EMPLOYMENT LOSSES BY EDUCATION LEVEL — 2005 TO 2011

FIGURE 10
WAGE DECREASES BY EDUCATION LEVEL — 2005 TO 2011

Source, Figures 9–10: The Pew Charitable Trusts
Little Hope for the Most Vulnerable Americans

In addition to an overall decline in employment for American youths, the decline for minorities has been even more pronounced. For example, during the summer of 2011, only 35 percent of native-born blacks aged 16 to 24 worked, as well as only 38 percent of native-born Hispanic youths 16 to 24, compared to 54 percent of native-born white youths. The entry of foreign-born individuals into the U.S. labor market not only has a negative effect upon the whole of the unskilled labor market within the country, it takes a particularly heavy toll on native-born minorities. One of the best examples of this is

TABLE 3
UNEMPLOYMENT RATE BY NATIVITY, 16 TO 29 YEAR OLDS APRIL TO JUNE 2013

<table>
<thead>
<tr>
<th></th>
<th>Unemployment %</th>
<th>U-6%</th>
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<tbody>
<tr>
<td></td>
<td>Native-Born</td>
<td>Foreign-Born</td>
<td>Native-Born</td>
<td>Foreign-Born</td>
</tr>
<tr>
<td>Teens (16-17)</td>
<td>28.7%</td>
<td>31.6%</td>
<td>37.3%</td>
<td>42.1%</td>
</tr>
<tr>
<td>Less Than High School, 18+</td>
<td>18.3%</td>
<td>7.5%</td>
<td>29.4%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Less Than High School, 18-29</td>
<td>27.7%</td>
<td>7.6%</td>
<td>40.5%</td>
<td>21.1%</td>
</tr>
<tr>
<td>High School Only, 18+</td>
<td>9.1%</td>
<td>7.0%</td>
<td>16.9%</td>
<td>15.6%</td>
</tr>
<tr>
<td>High School Only, 18-29</td>
<td>16.0%</td>
<td>10.7%</td>
<td>29.2%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Some College, 18-29</td>
<td>10.0%</td>
<td>11.2%</td>
<td>19.2%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Bachelor’s Degree, 21-29</td>
<td>5.9%</td>
<td>8.4%</td>
<td>11.6%</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

Source: Center for Immigration Studies
the lack of employment amongst young black males, particularly those who have dropped out of high school. According to Andrew Sum, of the Center for Labor Market Studies at Northeastern University, there is only a 5 percent chance that a black male high school dropout in his teens will be working.

High School dropouts who do work struggle to make ends meet. The most recent Census Bureau survey found that the average high school dropout can expect to earn just $20,241 per year. In addition to a very low average annual salary, dropouts also face a much higher unemployment rate than the national average. While the national unemployment rate in October 2013 was 7.3 percent, it was 10.9 percent for those without a high school diploma. It is this group, high school dropouts, who face competition for jobs most directly from illegal aliens. Tellingly, from 2007 to 2013, the number of unemployed native-born persons without a high school diploma increased by 18.7 percent while the number of unemployed foreign-born persons decreased by 24.8 percent (see Figure 16). This indicates that during the “recovery” following the Great Recession, employers continued to favor illegal alien labor despite millions of less-educated Americans who were unemployed.

One might argue that the number of unemployed foreign-born workers without a high school diploma decreased because many illegal aliens returned to their home country because of the recession in 2007. Illegal immigration did decrease from 2007 to 2009 but most illegal aliens remained. Moreover, during and after that time illegal aliens still
continued to come into the country and find employment because the U.S. border remained porous and interior enforcement was effectively dismantled. President Obama admitted that his administration’s claims of recorded deportations of illegal aliens were “deceptive.” According to the Department of Homeland Security, the size of the illegal alien population remained statistically unchanged during President Obama’s first term, and the Pew Hispanic Center estimated that the illegal alien population increased 400,000 from 2009 to 2012.  

**FIGURE 11**  
**EMPLOYMENT RATE OF 20-24 YEAR OLDS — 2000 vs. 2012**  

Source: Professor Andrew Sum, Center for Labor Market Studies

**FIGURE 12**  
**PERCENTAGE INCREASE IN UNEMPLOYED 16-29 YEAR OLDS — 2007 TO 2013**  

Source: Center for Immigration Studies
FIGURES 13 to 15
PERCENTAGE INCREASE IN 16 TO 29 YEAR OLDS NOT IN THE LABOR FORCE
BY AGE, EDUCATION AND NATIVITY — 2007 TO 2013

Source, Figures 13-15: Center for Immigration Studies

Generation Jobless: The Unemployment Crisis of Millennials
Politicians who turn a blind eye to continuing illegal immigration are complicit in the impoverishment of America’s less-educated and less-skilled population, and for the costs to taxpayers who pay a high price to supply unscrupulous employers with cheap labor. High school dropouts have a poverty rate of 30.8 percent compared to 13.5 percent for those holding at least a Bachelor’s degree. High school dropouts also pose a great fiscal burden, costing taxpayers a net average of $292,000 over their individual lifetimes due to their consumption of tax revenues and incarceration costs. With regard to incarceration, the statistics are sobering: dropouts between the ages of 16 and 24 are sixty-three times more likely to be incarcerated than their fellow citizens with a bachelor’s degree.

The reason behind the decline in employment for the lesser-skilled can largely be traced to our present immigration policy, which favors the importation of low-cost foreign labor and fails to deter illegal foreign workers at the expense of American workers. For example, Steven Camarota of the Center for Immigration Studies has estimated that between the years 2000 and 2011, the number of immigrants without a college education who were seeking work in America increased by over three million people. At the same time, the number of youths between the ages of 16 and 24 who were not working increased by 7.2 million.

There has not been a “recovery” from the Great Recession for Millennials, and the difficulties facing young Americans who are struggling to find stable, well-paying jobs has long-term consequences. While younger people have always been more likely to be unemployed or to earn less than older workers, the lingering crisis they are now facing will likely extend that into their later years. Being unemployed as a young adult can greatly reduce lifetime earnings, and research shows that it also is more likely to lead to greater job dissatisfaction and physical and mental health problems. The unemployment situation for native-born teens is truly a national crisis. In 2008, just 32.7 percent of teens held a summer job, which was a 60 year low. Fourteen percent of all 16 to 24 year olds are neither in school nor in the workforce. Continuing to flood the labor market with immigrants, both legal and illegal, will also continue to have negative effects on teenaged Americans. Teens who are not in school and who do not enter the workforce often remain unemployed through much of their adult life and have much higher rates of teen pregnancy, welfare use, and criminal activity.
Conclusion

With low skilled Americans out of work and dropping out of the labor force at record numbers, and recent college graduates unemployed and underemployed, the economic and social consequences of illegal immigration and mass immigration are clearly adding to the difficulties faced by native-born Americans. Proposed immigration “reforms,” which grant amnesty to individuals here illegally while also doubling legal immigration and the annual admission of guest-workers, will only continue to make life worse for native-born Americans who are seeking employment.

The inability of so many Millennials to establish themselves in stable, well-paying careers has broad economic consequences for all Americans. Many younger Americans are unable to buy homes or cars, or to provide a consumer base for a domestic manufacturing base. There are also major fiscal implications. The survival of the government safety nets of Social Security and Medicare depend on a strong middle class being able to finance them. Increasingly, Millennials are falling out of the middle class, or were never able to get there in the first place.

The soundest means of ending the economic and social consequences of the current failed immigration system necessarily involves bringing about a change in the status quo by opposing any effort that promotes amnesty or legalization of the current illegal alien workforce, while also working to promote true immigration reform that puts the American worker first.
Tables and Figures
Tables


TABLE 2: Carl Van Horn, Cliff Zukin, Mark Szeltner, and Charley Stone, “Left Out. Forgotten?: Recent High School Graduates and the Great Recession,” John J. Heldrich Center for Workforce Development, Edward J. Bloustein School of Planning and Public Policy, Rutgers, the State University of New Jersey, June 2012, p. 3 (http://www.heldrich.rutgers.edu/sites/default/files/content/Left_Out_Forgotten_Work_Trends_June_2012.pdf).


Figures


Endnotes


22. Ibid.


FAIR is dedicated to promoting public understanding and critical thinking about immigration’s impact on every aspect of life in America.

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