



# EPI BRIEFING PAPER

ECONOMIC POLICY INSTITUTE • OCTOBER 28, 2010 • BRIEFING PAPER #282

## GRADUATE EMPLOYMENT GAP Students of Color Losing Ground

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“For the class of 2010, it will be one of the worst years to graduate high school or college . . . possibly the worst since the end of World War II” concludes Bivens et al. (2010).<sup>1</sup> This Briefing Paper further explores the racial and ethnic variation in the employment situation for recent high school and college graduates.

By race, all groups of recent high school graduates have seen a large increase in their unemployment rate. Immediately prior to the recession, Hispanic and Asian American high school graduates had lower unemployment rates than white high school graduates. The large increases in unemployment among Hispanic and Asian American youth, however, have eliminated their unemployment rate advantage relative to whites.

Although recent college graduates have lower unemployment rates than high school graduates, they have nonetheless seen a significant increase in their unemployment rate over the recession. All of the nonwhite groups of college graduates showed a much stronger increase than white college graduates in unemployment over the recession.

Recent black high school and college graduates face a considerable disadvantage. Black high school graduates were much less likely than their nonblack peers to find work. Black college graduates experienced the double whammy of the highest unemployment rates and the highest student loan debt levels.

For 16 to 24 year olds, this Briefing Paper finds:

- In the first half of 2007, even before the recession began, one in five black high school graduates were unemployed. It would take two years of the Great Recession for the unemployment rates of white and Hispanic high school graduates to reach this level.
- By the first half of this year, the white unemployment rate for recent high school graduates had more than doubled what it was in the first half of 2007.
- Asian American high school graduates experienced the largest increase in unemployment among recent high school graduates from the first half of 2007 to the first half of this year.
- Hispanic high school graduates saw the largest decline in their employment-to-population ratio from the first half of 2007 to the first half of this year.

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- In the first half of this year, the black employment-to-population ratio for recent high school graduates dropped to 49.7%. Thus, only half of black recent high school graduates are working.
- From the second half of 2007 to the second half of 2009, Asian American recent college graduates experienced the largest increase in unemployment.
- The Hispanic unemployment rate for recent college graduates, in the first half of 2007, was basically equal to the white rate. By the second half of 2009, the Hispanic rate was nearly double the white rate.
- Black bachelor's degree recipients were the worst off in terms of education loan debt. More than a quarter of black bachelor's degree recipients had over \$30,000 in debt in 2008.

## High school graduates

High school graduates continue to make up a large share of the workforce. In 2007, nearly a third of people working had only a high school diploma (Mishel, Bernstein, and Shierholz 2009). Thus, for many, the high school diploma is their final educational credential. For these recent high school graduates, the Great Recession has been a major stumbling block at the start of their careers.

The employment data analyzed in this report is restricted to 16 to 24 years old. This report differs from the typical youth labor market report, focusing only on high school and college graduates *who are not enrolled in school*. These recent graduates should be strongly interested in finding work. The youth who are pursuing additional education are omitted from this job market analysis.<sup>2</sup>

### Unemployment rates

Unemployment rates for 16 to 24 year olds are usually higher than for the population as a whole, and they have increased across the board during the recession. The nationwide unemployment rate for 16 to 24 year olds increased from 10.9% in the first half of 2007 to 20.4% in the first half of this year. In comparison, the unemployment for the population as a whole averaged 4.6% in the first half of 2007 and 9.9% in the first half

of this year. For many communities, the increase has been even more pronounced.

Like African American workers generally, black youth have the highest unemployment rate of the major racial and ethnic groups. Even before the recession began, in the first half of 2007, one in five black high school graduates age 16 to 24 years old and not enrolled in school were unemployed (see **Figure A**). It would take two years of the Great Recession for the unemployment rates of white and Hispanic high school graduates to reach this level. From the first half of 2007 to the first half of this year, the unemployment rate for black high school graduates increased 11 percentage points to 31.3%.

In the first half of 2007, white high school graduates had the second highest unemployment rate among recent high school graduates. But at 9.5%, it was less than half the black rate. By the first half of this year, the white unemployment rate had more than doubled, rising to 21.4%.

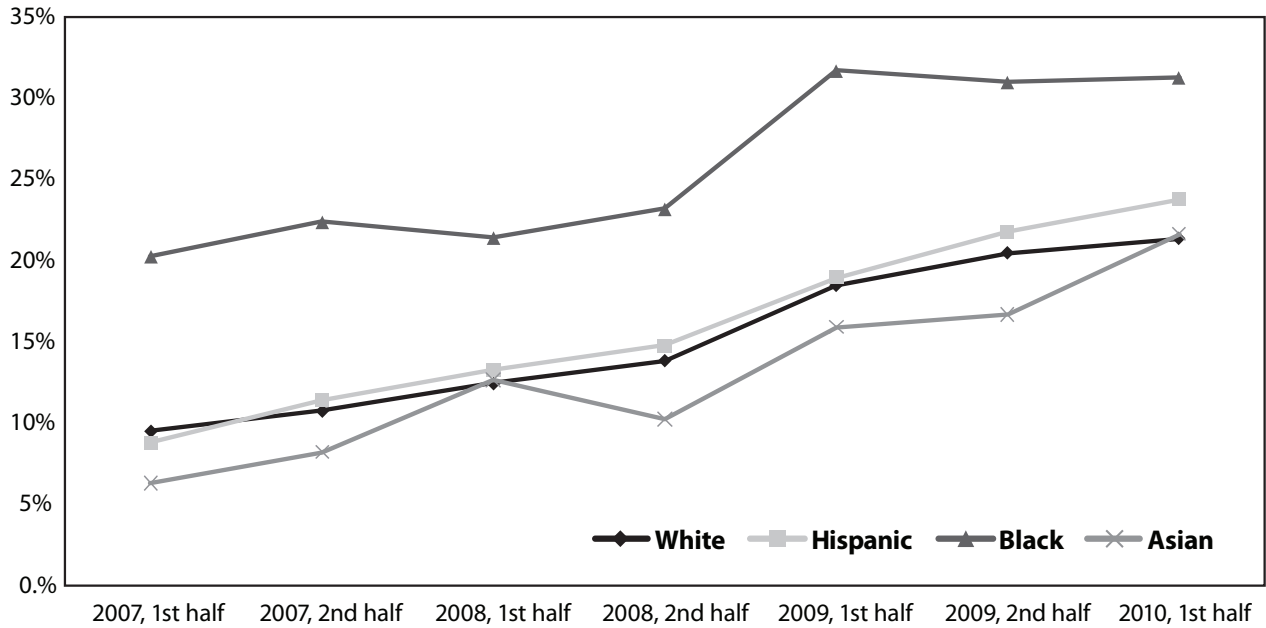
Hispanic<sup>3</sup> high school graduates had the third highest unemployment rate in the first half of 2007. Although their unemployment rate was lower than whites', they have since seen a larger increase in unemployment—15 percentage points in comparison with whites' 11 percentage points. The Hispanic unemployment rate rose from 8.8% in the first half of 2007 to 23.8% in the first half of this year.

Asian American high school graduates also had a lower unemployment rate than whites in the first half of 2007. The white rate was 9.5% and the Asian American rate was 6.3%, substantially lower. Asian American high school graduates, however, experienced the largest increase in unemployment—15.3 percentage points. This strong rise in unemployment among Asian American high school graduates eliminated the Asian American-white gap in unemployment rates. In the first half of this year, the unemployment rate for Asian American high school graduates was 21.6% in comparison to whites' 21.4%.

By race, all groups of recent high school graduates have seen a large increase in their unemployment rate. Immediately prior to the recession, in the first half of 2007, Hispanic and Asian American high school graduates had lower unemployment rates than white high school graduates. Since the recession, however, these groups have seen larger than average increases

FIGURE A

**Unemployment rates for 16-24 year old high school graduates not enrolled in school, 2007-10**  
(not seasonally adjusted)



SOURCE: Author's analysis of BLS data.

in unemployment. These increases have eliminated their unemployment-rate advantage relative to whites. Black high school graduates had the highest unemployment rates before the recession began and they continue to do so today.

### **Employment-to-population ratios**

The unemployment rate can sometimes hide as much as it reveals. To be counted as unemployed in the Bureau of Labor Statistics' Current Population Survey, the source of data for this analysis, one has to be actively looking for work in the four weeks prior to being surveyed. Workers who stop looking for work because of their poor job prospects are not counted as being unemployed even though they are jobless. Young workers are often in this situation.

An alternative measure of the labor market is the share of people who are employed for a given population. This measure is called the employment-to-population ratio or the employment rate. The advantage of this measure is

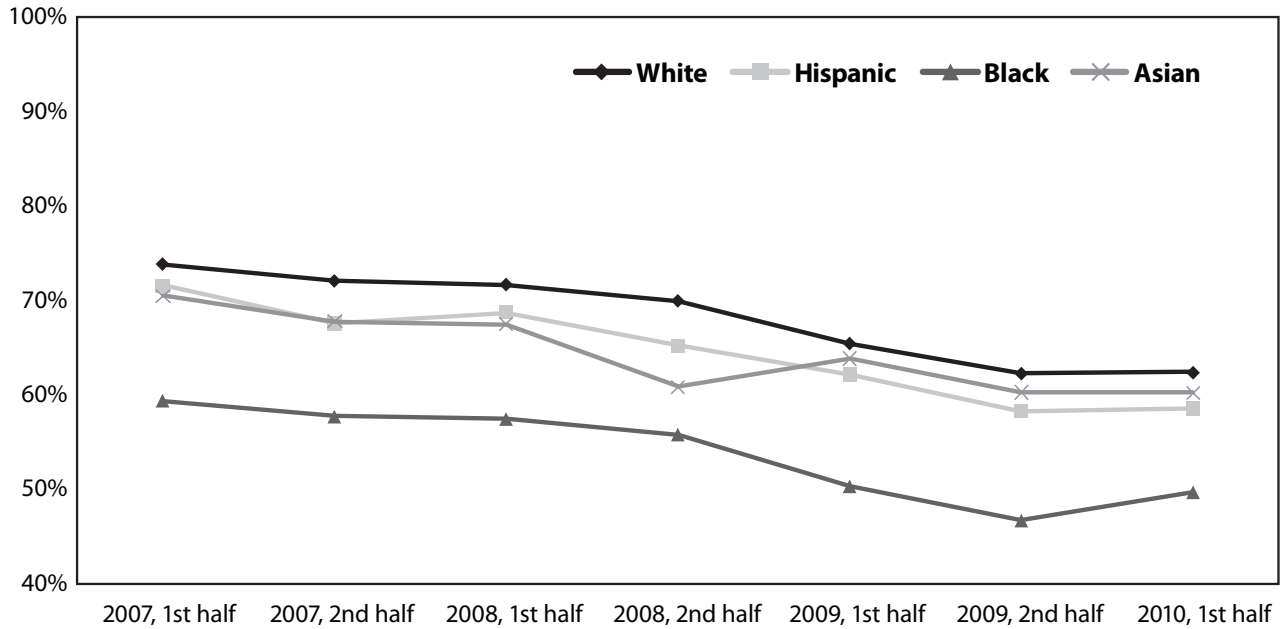
that all of the jobless, regardless of whether or not they are actively looking for work, are counted as not employed. Thus, the employment rate provides a better picture of the extent to which a population is working or not working.

We should not expect 100% of a population to be employed. Some people are retired. Some people have disabilities that prevent them from working. Some have caregiving responsibilities that prevent them from working. For 16 to 24 year old recent graduates, however, the numbers in these situations would be comparatively small. For this population the employment rate should be high especially since we exclude those enrolled in school. In recent years, high school graduates were able to achieve an employment rate of 70% (see **Figure B**) and college graduates were able to achieve an employment rate of 90% (see **Figure D**).

Examining the employment rate for 16 to 24 year old high school graduates who are not enrolled in school, again African American youth have the worst statistics. In the

**FIGURE B**

**Share of 16-24 year old high school graduates employed and not enrolled in school, 2007-10**  
(not seasonally adjusted)



SOURCE: Author's analysis of BLS data.

first half of 2007, only 59.4% of black recent high school graduates were employed. In the first half of this year, that share had dropped to 49.7% (see Figure B). Thus, only half of recent black high school graduates are working.

In the first half of 2007, Asian American recent high school graduates had the second lowest employment rate of the four major groups. The Asian American rate was 70.5%, which although the second lowest was still more than 10 percentage points higher than the black rate. The Asian American employment rate for recent high school graduates declined 10.3 percentage points to reach 60.2% in the first half of this year.

In the first half of 2007, 71.6% of Hispanic recent high school graduates were employed. This was the second best rate. Although Hispanic high school graduates were not doing too bad relatively in 2007, by the first half of this year, they had experienced the largest decline in employment. Their employment rate dropped 13.0 percentage points to 58.6%.

From 2007 to 2010, white recent high school graduates have consistently had the highest employment-to-population ratio. Although white high school graduates experienced the second largest decline in their employment rate from 2007 to 2010—a drop of 11.5 percentage points—they were still able to maintain their favorable position. In the first half of 2007, the employment rate for white recent high school graduates was 73.8%. In the first half of 2010, it was 62.4%. In other words, nearly 40% of white high school graduates are jobless.

Although white 16 to 24 year old high school graduates did not consistently have the lowest unemployment rate from 2007 to 2010, their employment-to-population ratio shows that they were the most likely to be employed. A white jobless rate of nearly 40% in the first half of this year, however, is a dismal economic statistic, not something to brag about.

Asian American high school graduates most often had the lowest unemployment rate from 2007 to 2010. But

examining the Asian American employment-to-population ratio shows that the Asian American unemployment rate is misleading. Asian American high school graduates were less likely to be employed than white high school graduates. The low Asian American unemployment rate therefore is partially an artifact of a larger share of Asian American youth who are not actively looking for work.

## College graduates

The employment situation for 16 to 24 year old college graduates who are not enrolled in school is much better than for high school graduates. Nonetheless, even recent college graduates have seen a significant decline in their likelihood of finding work since 2007.<sup>4</sup>

## Unemployment rates

Among recent college graduates, once again African Americans are the worst off. In the first half of 2007, the unemployment rate for black recent college graduates was

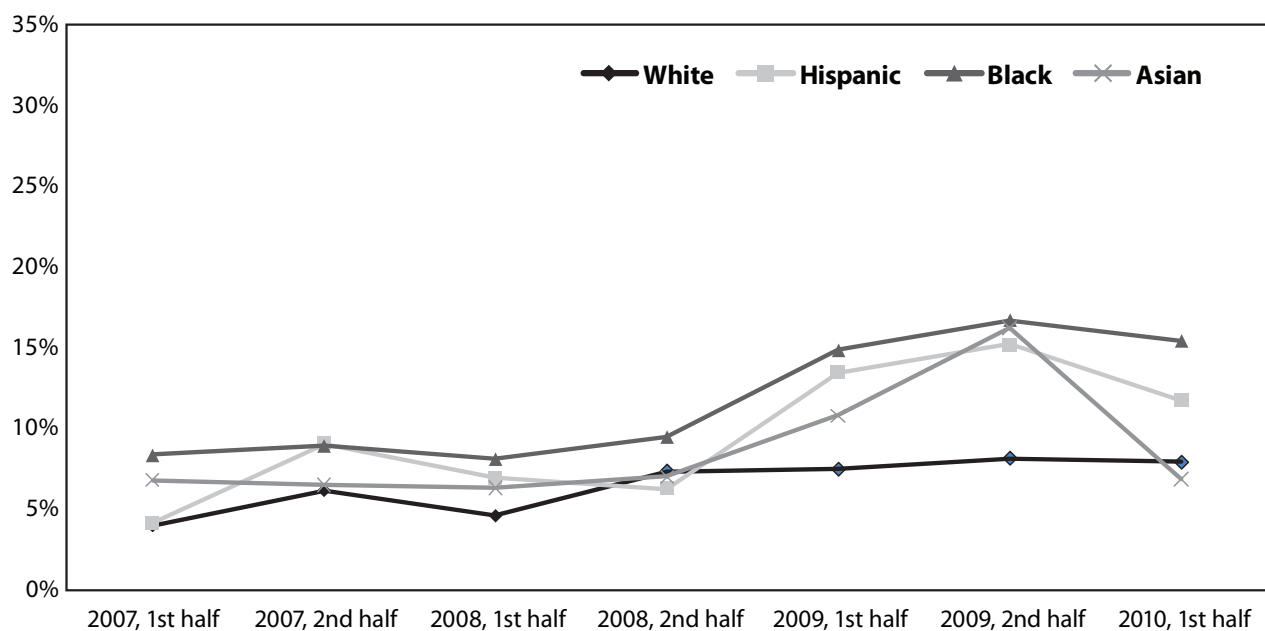
8.4%. The unemployment rate for this group peaked in the last half of 2009 at 16.7%. In the first half of this year it has fallen to 15.4% (see **Figure C**).

In the first half of 2007, Asian American recent college graduates had the second highest unemployment rate, 6.8%. For most of the periods measured, the Asian American college graduate unemployment rate is higher than the white rate.<sup>5</sup> Over the recessionary period,<sup>6</sup> from the second half of 2007 to the second half of 2009, Asian American recent college graduates experienced the largest increase in unemployment—9.8 percentage points—from 6.5% to 16.2%. But it appears that Asian American college graduates saw a strong recovery by the first half of this year with their unemployment rate falling sharply to 6.9%.

The Hispanic unemployment rate for recent college graduates, at 4.1% in the first half of 2007, was basically equal to the white rate. The Hispanic unemployment rate, however, grew more rapidly than the white rate. By the

**FIGURE C**

**Unemployment rates for 16-24 year old college graduates not enrolled in school, 2007-10**  
(not seasonally adjusted)



SOURCE: Author's analysis of BLS data.

second half of 2009, the Hispanic rate was nearly double the white rate. In the first half of this year, the Hispanic rate has dropped to 11.8%, 1.5 times the white rate.

For most of 2007 to 2010, white recent college graduates had the lowest unemployment rate. The white rate has doubled from the first half of 2007 to the first half of this year. It rose from 4.0% to 7.9%. The Great Recession has pushed up the white recent college graduate unemployment rate, but it is still lower than the black rate before the recession began.

Although 16 to 24 year old college graduates have lower unemployment rates than high school graduates, they have nonetheless seen a significant increase in their unemployment rate over the recession. All of the non-white groups of college graduates showed a much stronger increase than white college graduates in unemployment over the recessionary period from the second half of 2007 to the second half of 2009. Asian American recent college graduates had a relatively high unemployment rate before

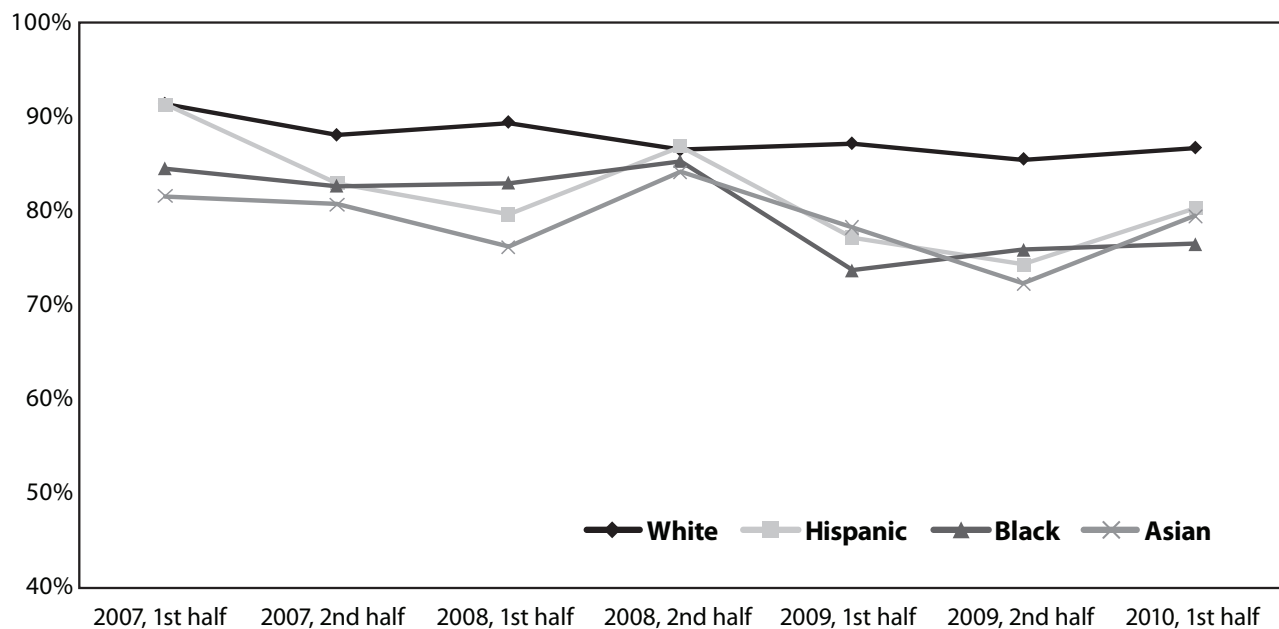
the recession began and also experienced the strongest unemployment increase over the recessionary period. Recent college graduates showed declines in their unemployment rate from the last half of 2009 to the first half of 2010. The unemployment rate for recent high school graduates shows no such decline.

### Employment-to-population ratios

Asian American recent college graduates had the worst employment-to-population ratio in the first half of 2007, 81.6% (see **Figure D**). Their employment rate was consistently lower than the comparable African American rate for all of 2007 and 2008. Although black recent college graduates had the highest unemployment rate, the employment-to-population ratio shows that for 2007 and 2008 there was greater joblessness among Asian American recent college graduates. The differences between the two groups, however, are not very large. In the first half of this year, the Asian American employment rate for recent

**FIGURE D**

**Share of 16-24 year old college graduates employed and not enrolled in school, 2007-10**  
(not seasonally adjusted)



SOURCE: Author's analysis of BLS data.

college graduates, 79.5%, is higher than the comparable black rate.

In the first half of 2007, the black employment rate for recent college graduates was 84.5%. In the first half of this year, the black employment rate was 76.5%, 8 percentage points lower. This rate gives black college graduates the worst employment rate for the first half of this year.

Hispanic and white recent college graduates had exactly the same employment rate—91.3%—in the first half of 2007. By the first half of this year, however, a significant gap had emerged. The white rate dropped 4.6 percentage points to 86.7%. The Hispanic rate dropped the most of all four groups—11 percentage points—to 80.3%.

Again, the employment rate paints a less rosy picture of the Asian American employment situation than the unemployment rate. The unemployment rate suggests that generally Asian American recent college graduates are more successful at finding work than blacks, but the employment rate suggests that Asian American recent college graduates experience similar levels of joblessness as blacks.

Overall, the employment rate for recent college graduates, like the unemployment rate for recent college graduates, shows small signs of recovery in the job market for this population.

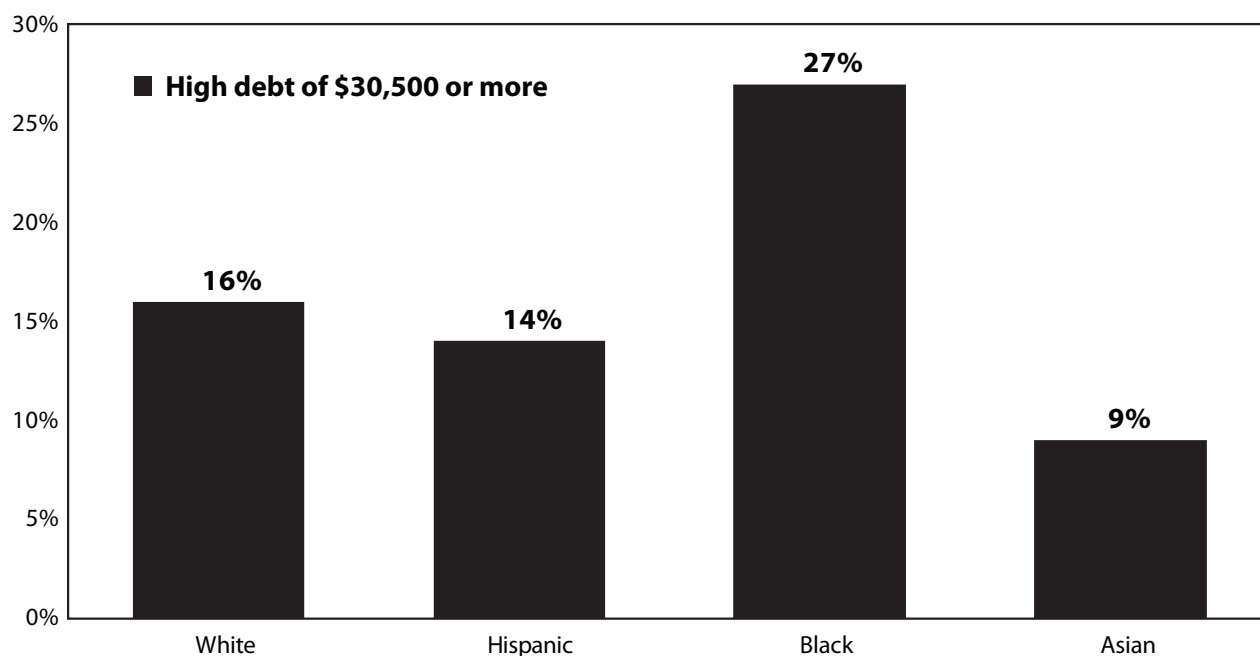
## Education loan debt

Recent college graduates have a high level of educational debt. As Bivens et al. (2010) illustrated, the average education loan debt burden for college graduates grew by over 30% from 2001 to 2008. It is useful to examine debt levels by race. This examination will look at bachelor's degree recipients with high educational loan debt. "High education loan debt" will refer to the 75th percentile or higher of bachelor's degree recipients with educational loan debt. This translates to college graduates with a debt of \$30,500 or more (Baum and Steele 2010).

Figure E shows that black bachelor's degree recipients were the worst off in terms of education loan debt. More than a quarter of black bachelor's degree recipients had a

FIGURE E

### Share of bachelor's degree recipients with high educational loan debt by race, 2007-08



SOURCE: Baum and Steele (2010).

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high level of debt in 2008. This was the largest share of high education loan debt for the four groups.

The education loan debt profile for white and Hispanic bachelor's degree recipients is quite similar. Less than one-in-seven of both groups had a high level of education loan debt. This similarity between white and Hispanic college graduates is surprising because whites and Hispanics usually differ greatly on socioeconomic measures.

Asian American students had the best standing regarding education loan debt. They had the lowest rate of bachelor's degree recipients with high education loan debt, 9%.

## **Conclusion**

The Great Recession has created a very difficult labor market for recent graduates. This conclusion is particularly

true for high school graduates, and for black graduates. Black college graduates have the misfortune of having the highest unemployment rates and the largest share of graduates with high education loan debt. These facts bode ill for black wealth creation.

Unemployment data for the entire labor force would lead one to expect Asian American graduates to be ranked best on all employment measures. The data on Asian American graduates does not live up to these expectations. In particular, the employment-to-population ratio for Asian American graduates is surprisingly low. Further research is necessary to fully understand this phenomenon.

The labor market profile of Hispanic graduates was very similar to white graduates before the recession started. But the recession has hurt Hispanic graduates more than white graduates. Hopefully, as the economy recovers, the Hispanic-white gaps will close again.



## Appendix

**TABLE A 1**

### Unemployment rates for high school and college graduates not enrolled in school, 16-24 years old, 2007-10

	High school graduates			
	<i>White</i>	<i>Hispanic</i>	<i>Black</i>	<i>Asian</i>
<i>2007, 1st half</i>	9.5%	8.8%	20.3%	6.3%
<i>2007, 2nd half</i>	10.8	11.5	22.4	8.2
<i>2008, 1st half</i>	12.5	13.3	21.4	12.7
<i>2008, 2nd half</i>	13.9	14.8	23.2	10.3
<i>2009, 1st half</i>	18.5	19.0	31.7	15.9
<i>2009, 2nd half</i>	20.5	21.8	31.0	16.7
<i>2010, 1st half</i>	21.4	23.8	31.3	21.6

	College graduates			
	<i>White</i>	<i>Hispanic</i>	<i>Black</i>	<i>Asian</i>
<i>2007, 1st half</i>	4.0%	4.1%	8.4%	6.8%
<i>2007, 2nd half</i>	6.2	9.1	9.0	6.5
<i>2008, 1st half</i>	4.6	6.9	8.1	6.3
<i>2008, 2nd half</i>	7.4	6.3	9.5	7.0
<i>2009, 1st half</i>	7.5	13.5	14.9	10.8
<i>2009, 2nd half</i>	8.2	15.2	16.7	16.2
<i>2010, 1st half</i>	7.9	11.8	15.4	6.9

SOURCE: Author's analysis of BLS data.

**TABLE A 2**

**Employment-to-population ratios for high school and college graduates  
not enrolled in school, 16-24 years old, 2007-10**

	High school graduates			
	<i>White</i>	<i>Hispanic</i>	<i>Black</i>	<i>Asian</i>
<i>2007, 1st half</i>	73.8%	71.6%	59.4%	70.5%
<i>2007, 2nd half</i>	72.1	67.6	57.7	67.8
<i>2008, 1st half</i>	71.7	68.7	57.5	67.5
<i>2008, 2nd half</i>	70.0	65.2	55.8	60.9
<i>2009, 1st half</i>	65.5	62.1	50.3	63.9
<i>2009, 2nd half</i>	62.3	58.3	46.7	60.3
<i>2010, 1st half</i>	62.4	58.6	49.7	60.2

	College graduates			
	<i>White</i>	<i>Hispanic</i>	<i>Black</i>	<i>Asian</i>
<i>2007, 1st half</i>	91.3%	91.3%	84.5%	81.6%
<i>2007, 2nd half</i>	88.1	83.0	82.7	80.7
<i>2008, 1st half</i>	89.4	79.6	83.0	76.2
<i>2008, 2nd half</i>	86.6	86.9	85.3	84.2
<i>2009, 1st half</i>	87.2	77.2	73.7	78.3
<i>2009, 2nd half</i>	85.5	74.3	75.9	72.3
<i>2010, 1st half</i>	86.7	80.3	76.5	79.5

**SOURCE:** Author's analysis of BLS data.

## Endnotes

1. David Rosnick (2010) points out that for 16 to 19 year olds the unemployment rate is now over 2 percentage points higher than during the prior 1982–83 peak. He also shows that, if adjusted for changes in the age composition of the labor force, the current national unemployment rate is actually higher.
2. Because the focus is on such small slices of the workforce, the unemployment and employment-to-population ratio statistics are presented in half-year intervals. By combining a half-year of data, the estimates are made more accurate.
3. This Briefing Paper follows the Bureau of Labor Statistics conventions for racial and ethnic categorization. “Whites,” “African Americans,” and “Asian Americans” include Hispanics of these races. “Hispanics” includes individuals of any race and is not mutually exclusive to the other categories.
4. The sample sizes for recent college graduates of color are quite small. As a result, the estimates in this analysis are less precise than for high school graduates. For both African American and Asian American college graduates, two months of unemployment data are missing. For Asian American high school graduates one month of unemployment data is missing.
5. This finding matches what Austin (2010) found.
6. By the technical definition of a recession, the Great Recession began late in 2007 and ended in the middle of 2009 (see Bivens and Shierholz 2010). If one uses “recession” to refer to a period of high unemployment, then we are still in a recession. In May of this year, 54% of the public said that the country was still in recession (Pew Research Center 2010).

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