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NEWS RELEASE
NEW REPORT HIGHLIGHTS LOST TAX REVENUES FROM OUT-OF-WORK
YOUTH WITHOUT HIGH SCHOOL DIPLOMAS AMIDST NATIONAL LABOR SHORTAGE
Durbin, Kelly, Gainer & O'Connor Highlight Costs of & Solutions to Youth Unemployment

CHICAGO – Illinois and the U.S. are losing an estimated \$9.5 billion in future tax revenue, as tens of thousands of out-of-school youth who lack a high school diploma can't find work. Today a news conference with **U.S. Sen. Dick Durbin (D-IL); U.S. Representative Robin Kelly (D-2); Cook County Commissioner Bridget Gainer (D-10); and Chicago Ald. Patrick O'Connor (Ward 40)** addressed findings in the report *The High Costs for Out of School & Jobless Youth in Chicago and Cook County*.

"The best anti-poverty, anti-crime, anti-violence program is a job," Durbin said. "That's why Congresswoman Kelly and I introduced legislation to help provide our nation's youth with increased opportunities for employment. Chicago needs the federal government to be an engaged partner when it comes to expanding economic opportunity, and I will continue working to achieve this goal."

The report, by the UIC Great Cities Institute (GCI) and commissioned by the Alternative Schools Network (ASN), studies the relationship between education and unemployment; education and wages; and taxes paid. The report calls for substantive policy solutions to address underlying factors.

The report paints a grim picture of employment prospects for people ages 16 to 24 in Chicago, Cook County and Illinois. Those entities consistently approached or surpassed the nation's jobless rate for the age group.

When the rates are broken down by race and ethnicity, the picture becomes starker for some. Nationwide 30 percent of whites ages 20 to 24 are out of work, slightly higher than in Illinois and in Cook County. Chicago's pain subsides a bit, with 24 percent of people in that age group that were out of work.

While 77 percent of 16- to 19-year-old blacks in the U.S. are out of work, 85 percent of Chicago blacks in that age group are out of work. The gap between out of work rates for white and black 16- to 19-year-olds was higher in Illinois than in the nation, Cook County or Chicago -- 16.2 percentage points separated the out-of-work rates for the two groups. The largest gap between white and Hispanic or Latino out-of-work rates was in Chicago, where 8.1 percentage points separated the two groups.

For 20- to 24-year-olds, the U.S. had higher out-of-work rates for whites and Hispanic or Latinos than Chicago, Cook County or Illinois, while Chicago had the higher rates for blacks. The gaps in out-of-work rates between all racial/ethnic groups were greater in Chicago than in Cook County, Illinois or the rest of the nation.

Ultimately, taxpayers feel the impact. Based on extrapolations from figures in the report, **Illinois and the U.S. lose an estimated \$197,055 in future tax revenue** over the working life of each of the 48,108 jobless out-of-school youth who lacks a diploma, **totaling nearly \$9.5 billion**.

"Our young people need to know that they too can live the American Dream. Far too often, they are faced with bleak statistics and mantras of 'you can't do it.' Instead, let's embolden them with the skills needed for the good-paying jobs of today and tomorrow so they can achieve economic security for themselves and their families," said Kelly. "It's past time to start creating good-paying jobs by reinvesting in Illinois and our communities. We have legislation to achieve our goals, we just need the political will from our colleagues."



At-Risk Youth Still Struggle Despite Growing Labor Market

Ironically, youth joblessness comes as the U.S. economy is experiencing growing labor shortages in certain types of skilled labor and Illinois' unemployment rate is at its lowest in more than a decade. According to the Illinois Department of Employment Services, the state's April unemployment rate was 4.4 percent. However, joblessness figures, which is based on employment to population ratios, for some sections of the population is nearly 70 percent, according to the GCI report.

"Given reports that job openings are near all-time highs, it suggests that businesses are struggling to fill these positions," Beth Ann Bovino, U.S. chief economist for S&P Global Ratings, told the *Washington Post* in an article dated June 2. The Post noted that a variety of factors are at work, including companies' increasing trend to seek workers with college degrees. Discouraged diploma-less jobseekers give up searching for work, and this shrinks the unemployment rate because people who are not looking for work are not counted as unemployed.

Men ages 25 to 54, the prime age range for employment, are especially hard hit, according to a 2016 report by White House economists. Among members of the Organization for Economic Co-operation and Development (OECD), the United States has the third-lowest labor force participation rate of so-called prime-age men, and that rate has been dropping since 1954. The fall in participation for prime-age men has largely been concentrated among those with a high school degree or less, and participation rates have declined more steeply for black men, the federal report notes.

Unless something is done, the trend will continue, if Illinois is a guide. State residents ages 16 to 24 face jobless rates up to 70 percent, the GCI study reveals.

Chicago & Cook County have the single largest share of these youth: 44 percent of the 16- to 19-year-olds in Illinois who are out of school and out of work with no high school diploma are from Cook County. For 20- to 24-year-olds, 45 percent live in Cook County.

That translates to lower tax receipts for the state and federal governments. An Illinois resident without a high school diploma on average contributes \$989 a year in taxes while those with a high school diploma or equivalent on average contribute \$5,368. Those with some college experience but no degree add an average of \$8,424 to state coffers, while those with a master's degree or higher contribute \$26,084.

"Nothing builds a future like a job," Gainer said. "Think about your first job. The experience and relationships young people build at their first jobs lead to lifelong success. Jobs establish roots in communities and strengthen entire neighborhoods."

"We must prepare the next generation for work and we will, because their future is our future," O'Connor said. "And I am determined to make that future positive for them and for Chicago."

Among the study's other key findings:

- **Cook County has large numbers of 16- to 24-year-olds Who are Out of School, Out of Work and Have No High School Diploma:** In Cook County, 16- to 19-year-olds and 20- to 24-year-olds who were out of school and out of work and did not have a high school diploma amounts to 21,518 (6,551 youth ages 16 to 19 and 14,967 residents ages 20 to 24).

| Percentages of Populations Who are Out of School and Out of Work and Without a High School Diploma, 2015 | | |
|--|---------|-------------|
| Ages 16 to 19 | Chicago | Cook County |
| | 30.7% | 33.5% |
| Ages 20 to 24 | Chicago | Cook County |
| | 23.5% | 21.2% |

- **City and County Have Remarkably Similar Out of School & Out of Work Rates:** While there is some variation between groups at various points in time, since 1960, out of school & out of work rates in Chicago and Cook County follow similar trend lines even when segmenting by race.
 - In Cook County black 16- to 19-year-olds had an out of school and out of work rate decrease from 29.2 percent in 1960 to 12.0 percent in 2015. In Chicago, the figures were 29.2 percent in 1960 and 12.9 percent in 2015. Rates were slightly lower for Latinos but also decreased sharply from 1960 to 2015.



- **Jobs are Far Away:** Jobs are concentrated in the Chicago Loop and northwest suburbs, yet community areas in Chicago with high rates of joblessness have the fewest jobs within walking distance or a 30-minute commute on public transit.
- **Where the jobless youth are:**
 - Jobless rates for Chicago's 16- to 19-year-olds were highest in community areas on the Far South, Far Southeast and West Sides. Many of those community areas had over 90 percent jobless rates. In Cook County outside of Chicago, jobless 16- to 19-year-olds were concentrated in the southern portion of Cook County. One census area, Olympia Fields, had a 100 percent jobless rate.
 - Among Chicago's 20- to 24-year-olds, community areas on the predominately black South and West Sides had the highest jobless rates. The highest was East Garfield Park with 72 percent jobless 20- to 24-year-olds.
- **Where the jobs are:**
 - In Chicago, jobs are heavily concentrated in and around the Loop. The Loop (408,334 jobs) the Near North Side (163,920 jobs), and the Near West Side (138,316) had 51.4 percent of all the jobs in Chicago in 2014 despite being just three of Chicago's 77 community areas. While most community areas on the North Side of Chicago range between 10,362 jobs in North Center and 31,437 jobs in Lincoln Park, no area south of Hyde Park in Chicago has more than 6,692 jobs.
 - In Cook County outside of Chicago, Schaumburg (93,235 jobs), Elgin (59,121), and Elk Grove (56,079) -- all in the northwestern portion of Cook County -- had the highest number of jobs. Meanwhile, in the southern portion of Cook County -- south of Chicago's southern border to Cook County's western border -- only Orland Park (25,414) and Tinley Park (20,412) have more than 20,000 jobs.
- **Getting to the jobs:**
 - The number of jobs available by public transit in Chicago are highest near the Loop and surrounding areas, with access to between 739,426 jobs in the Loop to 313,439 in Lakeview, 298,745 in Fuller Park, and 322,083 in East Garfield Park.
 - The number of jobs accessible by public transit decreases as one moves away from the Loop and is the lowest on the Far South Side. Most community areas on the Far South and Far South Sides had access to fewer than 30,000 jobs.

"This report includes longitudinal employment data, geographic data, as well as fiscal and demographic data to show us where Illinois, Cook County and Chicago stand in terms of the current and future impacts of high youth jobless rates," said Dr. Teresa Córdova, Director of GCI. "These numbers again remind us of the urgent need to address the devastating conditions of joblessness."

"This is a countrywide issue and poses a significant risk to the economy of our country – you could say we are a nation at risk," said Jack Wuest, executive director of the Alternative Schools Network. "But, there is a great opportunity here to martial and build a campaign to prepare and employ the jobless youth and young adults that our economy needs now and will need in a much greater way in the future."

Earlier this spring, Durbin and Kelly jointly introduced two pieces of legislation to expand and increase access to employment opportunities for at-risk youth. The *Helping to Encourage Real Opportunity (HERO) for At-Risk Youth Act* and the *Creating Pathways for Youth Employment Act* will increase federal resources for communities seeking to create or grow employment programs and provide tax incentives to businesses and employers to hire and retain youth from economically distressed areas.

Speakers at the news conference held on Chicago's South Side at Youth Connection Leadership Academy included:

- **U.S. Sen. Dick Durbin**
- **U.S. Representative Robin Kelly, D-2**
- **Cook County Commissioner Bridget Gainer, D-10**
- **Chicago Ald. Patrick O'Connor, Ward 40**
- **Dr. Teresa Córdova, Director, Great Cities Institute, University of Illinois at Chicago**
- **Jack Wuest, Executive Director, Alternative Schools Network**
- **Keisha Davis-Johnson, Principal, Youth Connection Leadership Academy**
- **Students of Youth Connection Leadership Academy**



ABOUT ALTERNATIVE SCHOOLS NETWORK

The Alternative Schools Network (ASN) is a not-for-profit organization in Chicago working to provide quality education with a specific emphasis on inner-city children, youth and adults. Since 1973, ASN has been supporting community based and community-run programs to develop and expand training and other educational services in Chicago's inner-city neighborhoods. In addition to supporting direct services, ASN has been a consistent and effective advocate for community-based services whereby the people involved are active participants in developing and running programs – not passive recipients of services. To shape policies and programs, ASN has built an impressive track record of operating successful education, employment and support service programs. For more information please visit www.asnchicago.org.

ABOUT THE GREAT CITIES INSTITUTE

UIC Great Cities Institute's goal is to link its academic resources with a range of partners to address urban issues by providing research, policy analysis and program development. Tied to the University of Illinois at Chicago's Great Cities Commitment, the Institute is a research hub for scholars, policymakers and stakeholders who share an interest in finding answers to the question, "What can cities and regions do to make themselves into great places?" For copies of this and previous reports, visit <https://greatcities.uic.edu>.

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