

NEETs in the U.S. & the Great Recession

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What is a NEET?

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The term NEET was originally coined in a 1999 report published in the United Kingdom. It is an acronym (Not in Education, Employment, or Training) used to describe young people (ages 16-24) who were unemployed and not in school. In Japan, it has been broadened to encompass those aged 15 to 34 as well as those who are not seeking work. The term's popularity is evidenced in the 2005 Urban Diction definition submission of NEET as a "sociological term applicable to a social under-class lacking drive, motivation or ambition."

The onset of the Great Recession (December 2007 - June 2009) brought even more attention to the phenomenon, particularly among OECD countries. Most recently, the Population Reference Bureau included NEETs in their 2017 World Population Data Sheet. Despite increasing global recognition of NEETs, estimates from the United States were not included in the PRB Data Sheet, and little attention has been given among population researchers in the U.S.

While the term NEET has not flourished on our side of the pond, some in the U.S. have focused efforts on the study of "disconnected youth" (Fernandes and Gabe 2009; Burd-Sharps and Lewis 2012; Lewis and Burd-Sharps 2013), "opportunity youth" (Belfield et al. 2012), "disengaged youth" (Levine 2005), youth not participating in "gainful activity" (Manning et al), or the slightly more pejorative "idle youth." These young adults are of concern because they represent a population particularly vulnerable at arguably the most demographically dense time of their lives. The life-course perspective asserts that patterns in young adulthood set the stage for future trajectories (Elder & Rockwell, 1979; Shanahan, 2000). This places them at risk of social exclusion and disconnection (OECD, 2018). As argued by Bray et al (2016), attention by U.S. researchers have lagged behind the efforts of policy. The first aim of this investigation is to identify NEETs in the U.S. and situate the U.S. globally by answering the question:

- What is the prevalence of NEETs in the U.S. and how do we compare to other countries? Next, informed by research done in the UK, Australia, and Japan (among others), I seek to answer the questions:
- What micro and macro factors affect a young adult's risk of becoming a NEET?
- Further, is there an effect of the Great Recession on the incidence of NEETs in the U.S.?

Data

I will use data from the October Education Supplement of the Current Population Survey (CPS) from 2007-2016 of the integrated public use microdata series-CPS (IPUMS CPS) (Flood et al. 2018). The CPS is a nationally representative survey jointly sponsored by the Bureau of Labor Statistics and the U.S. Census Bureau. It is the primary source of labor force statistics for the U.S. population. These data provide extensive information on employment and earnings as well as social and demographic characteristics. Furthermore, the October Educational Supplement provides additional details on school enrollment and vocational or on-the-job training making it ideal for an investigation of NEETs.

Analytic Sample

These analyses focus on young adults aged 19-26. As indicated earlier, different age groups have been used to examine NEETs—in the UK they focus on youth aged 16-24 and in Japan those aged 15-34. Given high rates of compulsory education completion in the U.S. (Public High School Graduation Rate of 84%; National Center for Education Statistics, 2018) and that the majority of those who graduate from high school in the U.S. do so at the age of 18, we opted for a more narrowed age range of 19-26. The resulting unweighted sample size spanning the years 2007-2016 is 130,952 (for unweighted sample size of individual years, see Table 1).

Dependent Variable

For this investigation, I define a NEET as a young adult aged 19 to 26 who meets ALL of the following criteria:

- Unemployed
- Not in the labor force (does not include those who are "taking care of house or family")
- Not currently enrolled in school
- Not currently enrolled in vocational training

The unweighted sample size for each individual year by NEET status are given in Table 1.

Table 1. Unweighted Frequencies of NEETs Aged 19-26 by Survey Year, 2007-2016

Year	Not a NEET	NEET	Total
2007	12,343	1,080	13,423
2008	12,002	1,264	13,266
2009	11,775	1,601	13,376
2010	11,905	1,543	13,448
2011	11,855	1,494	13,349
2012	11,605	1,364	12,969
2013	11,221	1,370	12,591
2014	11,748	1,376	13,124
2015	11,405	1,193	12,598
2016	11,646	1,162	12,808

Independent Variables

Gender is operationalized as a dummy variable *MEN* where all men are coded as 1 and women are coded as 0.

Race/Ethnicity is a five category variable distinguishing between non-Hispanic Whites (henceforth, Whites), non-Hispanic Blacks (henceforth, Blacks), non-Hispanic Asians (henceforth, Asians), Hispanics, and Other/2+ races. Hispanic ethnicity is preferenced in the coding of this variable.

Nativity disaggregates between those who are native-born to the U.S. and foreign born. Further, it distinguishes between those who are native-born to foreign-born parents (e.g. 1st generation) and those who are native-born to native-born parents.

Child identifies Respondents with a biological, adopted, or step child in their household.

Relationship status is a four category variable that incorporates information on marital status as well as whether the respondent reports a cohabiting partner in the household. Those who are married include those with a spouse present OR absent. The previously married include those who report being separated, widowed, or divorced. The final category identifies those who are currently single and never-married.

Divisions is a nine category variable identifying Census divisions per the U.S. Department of Commerce Economics and Statistics Administration. This is the smallest geographic unit we are able to identify and maintain sufficient sample sizes. The fifty states and Washington D.C. are broken into the following divisions; New England, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central, Mountain, and Pacific.

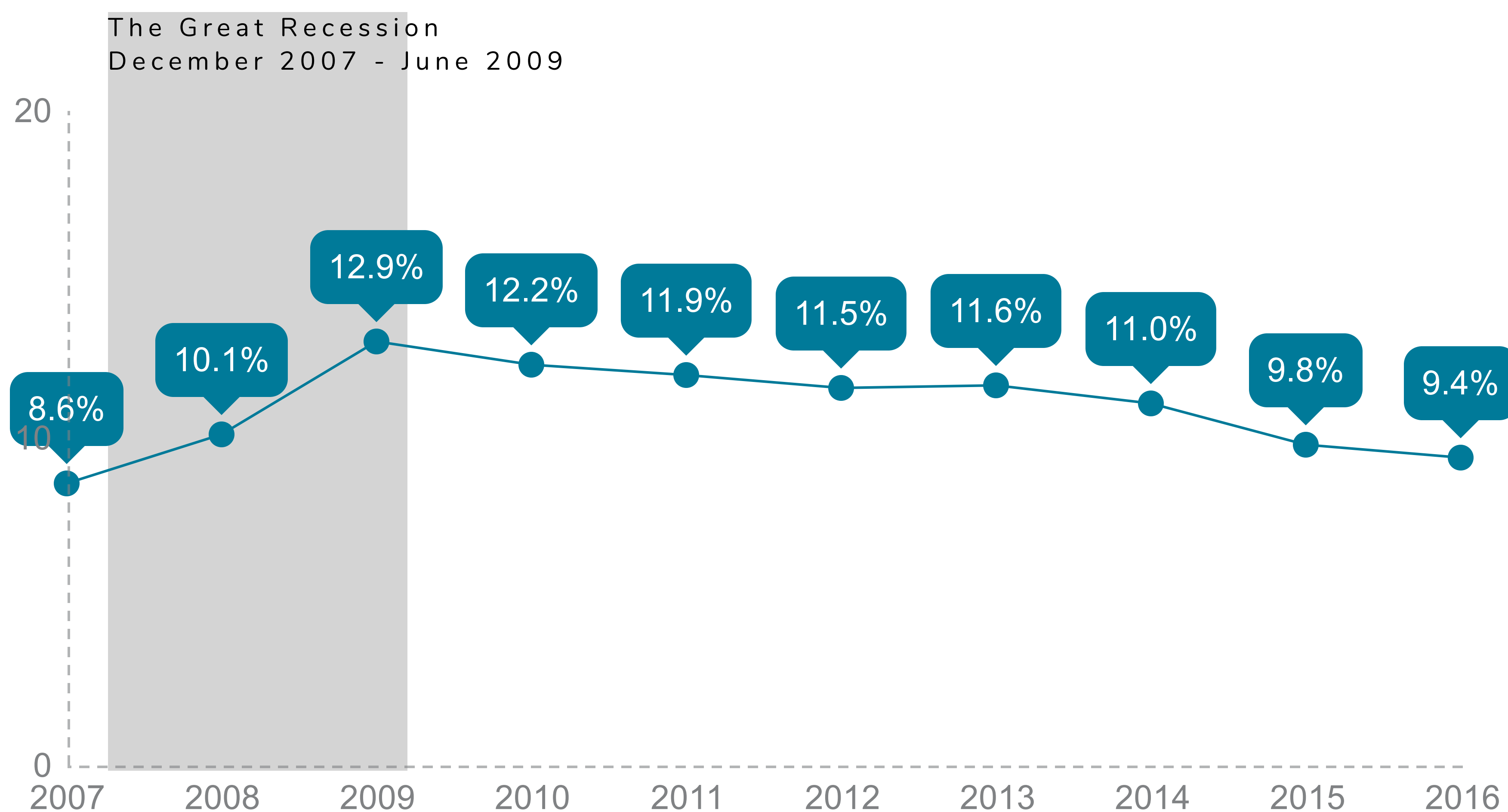
Metro is a dummy variable distinguishing between respondents who live in non-metro versus metro areas.

Analytic Strategy

My first step is to provide an estimate of NEETs in the U.S.—situating the U.S. globally—before, during, and after the Great Recession. Next, I provide a descriptive profile of young adults classified as NEETs by sociodemographic characteristics and geographic context. Finally, sets of logistic regression models will be estimated to predict the likelihood of being a NEET. I will also estimate spline regression models to investigate the effect of the Great Recession on the likelihood of being a NEET controlling for sociodemographic characteristics and geographic context. Given the data are restricted to the October CPS Education Supplement, all analyses will employ the IPUMS-CPS person-level education supplement-specific weight (to adjust for complex stratified sample) allowing for the generation of nationally representative estimates.

Sociodemographics

Figure 1. Percentage of Young Adults Aged 19-26 Classified as NEETs in the United States, 2007-2016

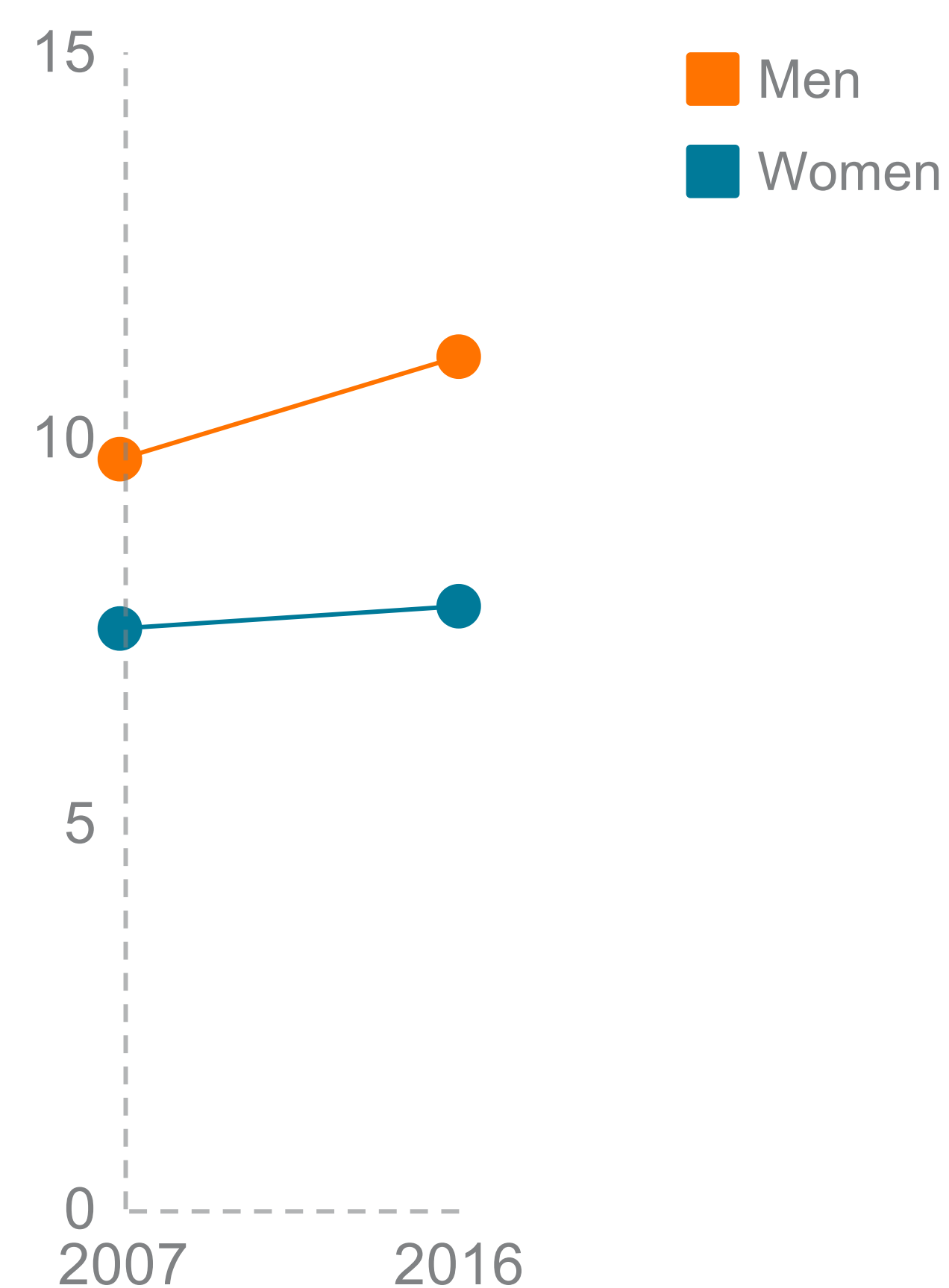


Note: Data on NEETs was collected in October of Calendar year.
Source: IPUMS-CPS, University of Minnesota

Figure 1 shows the prevalence of NEETs in the U.S. from 2007 through 2016. Immediately preceding the on-set of the Great Recession (October of 2007) we observe 8.6% of young adults aged 19-26 are not working, enrolled in school, or a training program. This percentage increases to a high-point of 12.9% observed in October of 2009—three months following the official end of the Recession. Since 2009, the percentage of young adults classified as a NEET has declined such that by October of 2016 9.4% are classified as such. The prevalence has yet to reach it's pre-Recession rate.

Figure 2 shows the percentage of NEETs by gender for the bookend years (2007 & 2016) of this investigation. The prevalence is higher among young men at both time points, with gender differences increasing over the past ten years. Among young men, the rate increased from 9.7% in 2007 to 11% in 2016.

Figure 2. Percentage NEETs by Gender, 2007 & 2016



The percentage of NEETs by race/ethnicity is illustrated in Figure 3. At both time points, Blacks have the highest prevalence of NEETs at about 15% and Asians have the lowest at about 6%. All but two groups had returned to pre-Recession rates (within rounding error); Whites and those reporting a race/ethnic status of "Other" or "2+ race groups." The difference is most dramatic among the "Others" who had 11% NEET in 2007 and 14% in 2016.

Figure 4 shows the trend by nativity. Interestingly, native-born young adults of native-born parents have the highest rate of NEET at both time points. Further, while the rate of NEET decreased among native-born young adults with foreign-born parents and foreign-born young adults, it remains higher in 2016 than 2007 among the native-born of native-born parents. In the months before the onset of the Recession 9% of native-born young adults were not enrolled in school, training, or working and ten years later 10.2% were not.

Figure 3. Percentage NEETs by Race/Ethnicity, 2007 & 2016

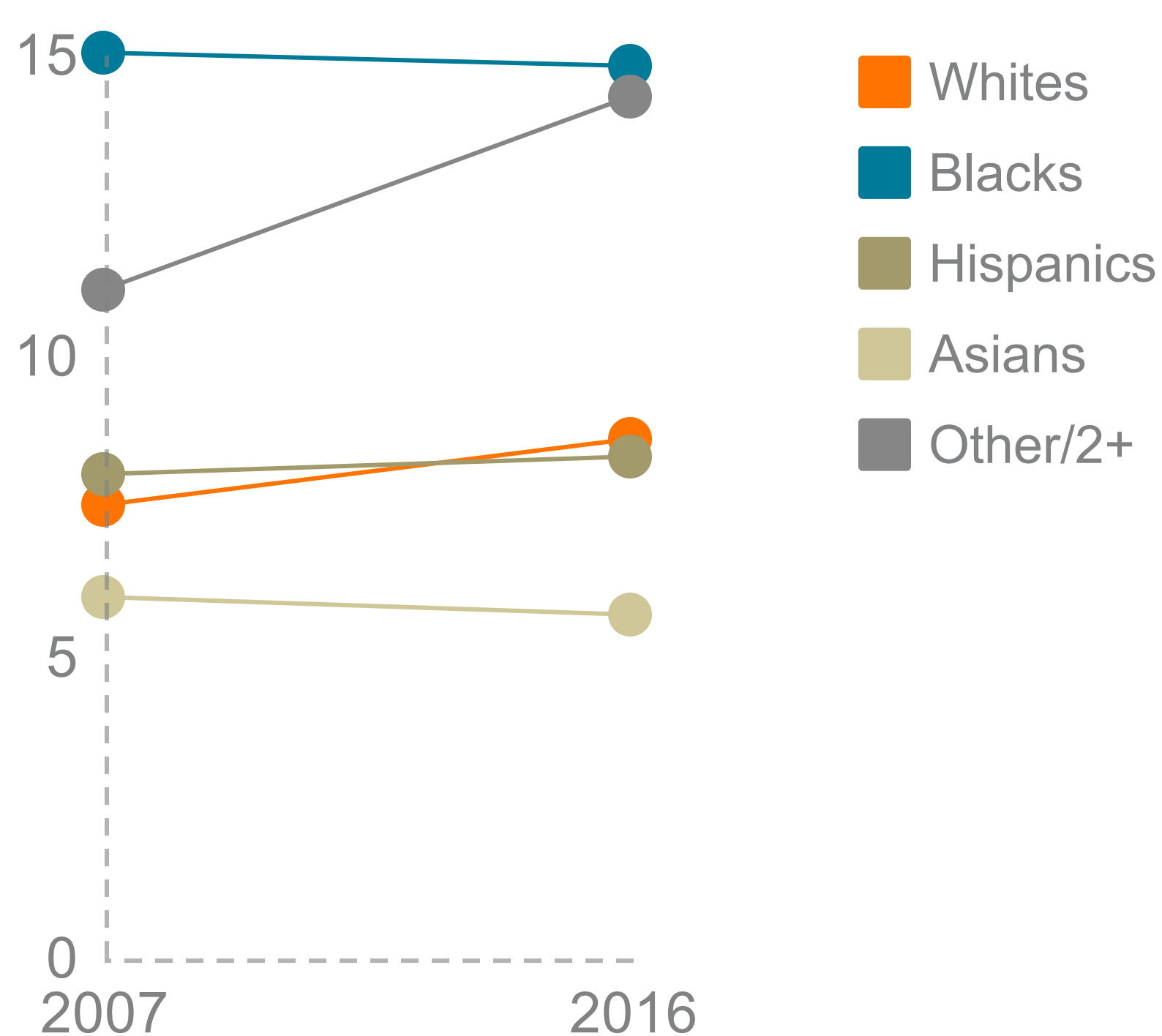


Figure 4. Percentage NEETs by Nativity, 2007 & 2016

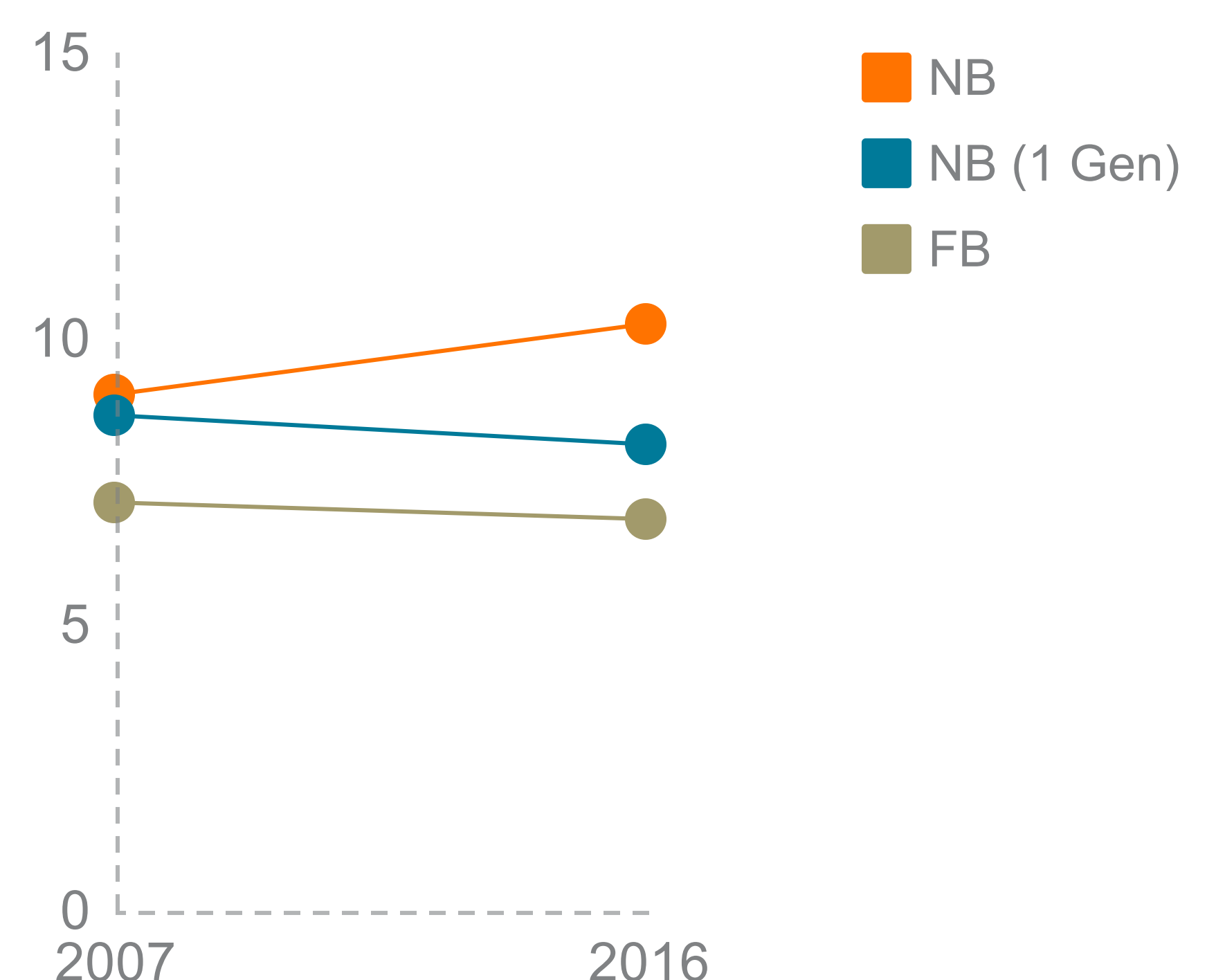
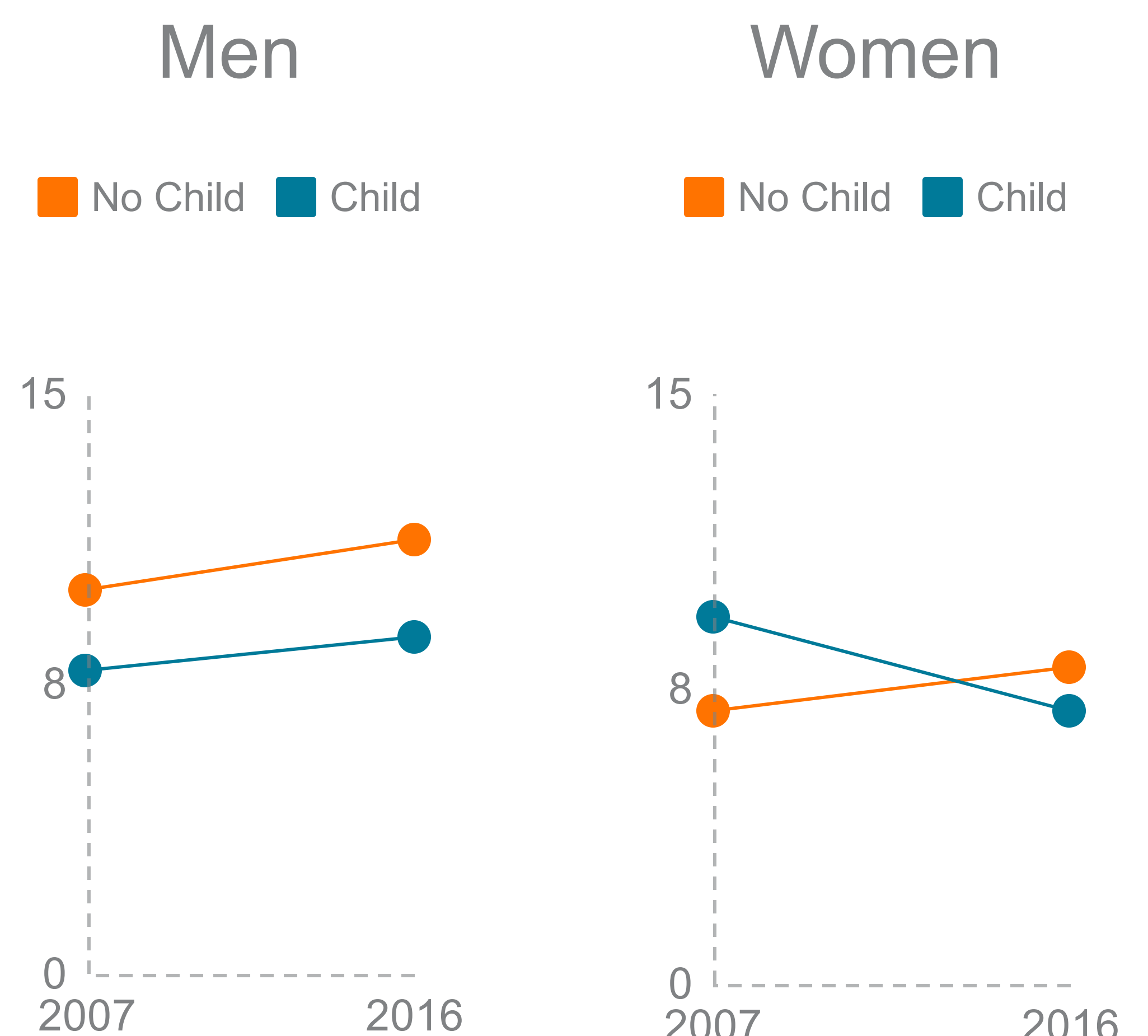


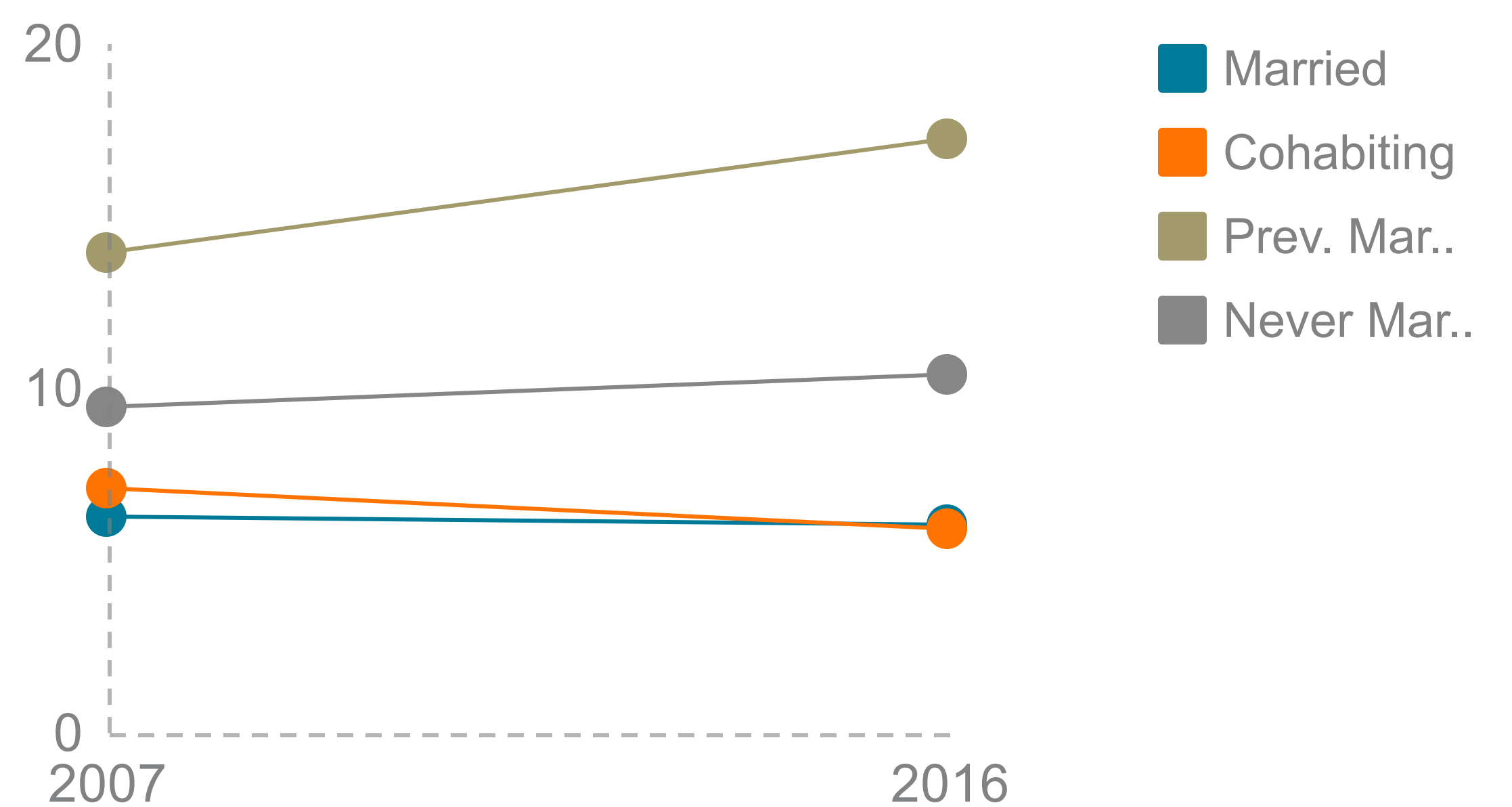
Figure 5 implies an interaction effect of the presence of an own-child in the household by gender over time. Consistent with prior research on fathers and labor force attachment (cite), men with a child have lower NEET prevalence at both time-points. Further, the gap has grown modestly over the past ten years. Women show a slightly different pattern—pre-Recession, women with a child had higher rates of NEET, whereas seven years following the end of the Recession those with children have lower levels. Remember, those who report not being in the labor force because they are "taking care of house or family" are not identified as NEETs. However, if we classify those individuals as such, the patterns persist (not shown).

Figure 5. Percentage NEETs by Presence of Own Child and Gender, 2007 & 2016



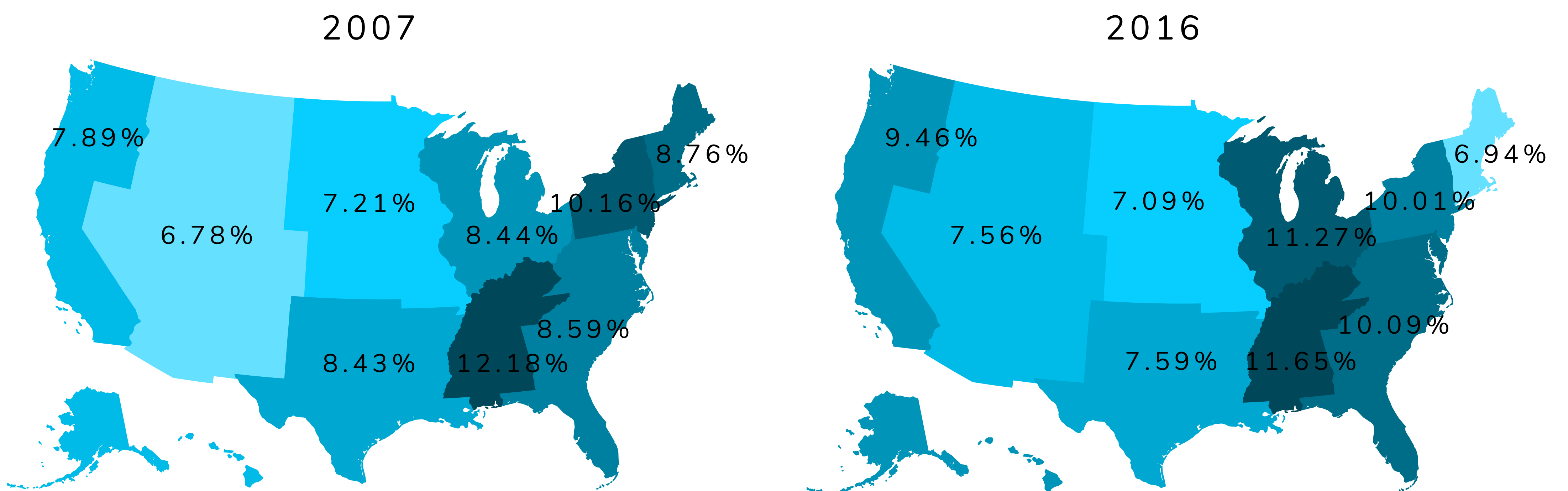
Prevalence of NEETs is lowest among young adults in residential partnerships at both time points (see Figure 6). There is little change among the currently married with rates hovering around 6%. Currently cohabiting young adults have a pre-Recession rate of 7.1% dropping to 5.9% seven years post-Recession. Rates are highest at both time points among the previously married. Prior to the start of the Recession they had rates close to 14% and seven-years-post this has climbed to slightly more than 17%. Rates increased only modestly among the single/never-married (9.4% vs. 10.4%).

Figure 6. Percentage NEETs by Relationship Status, 2007 & 2016



Geographic Variation

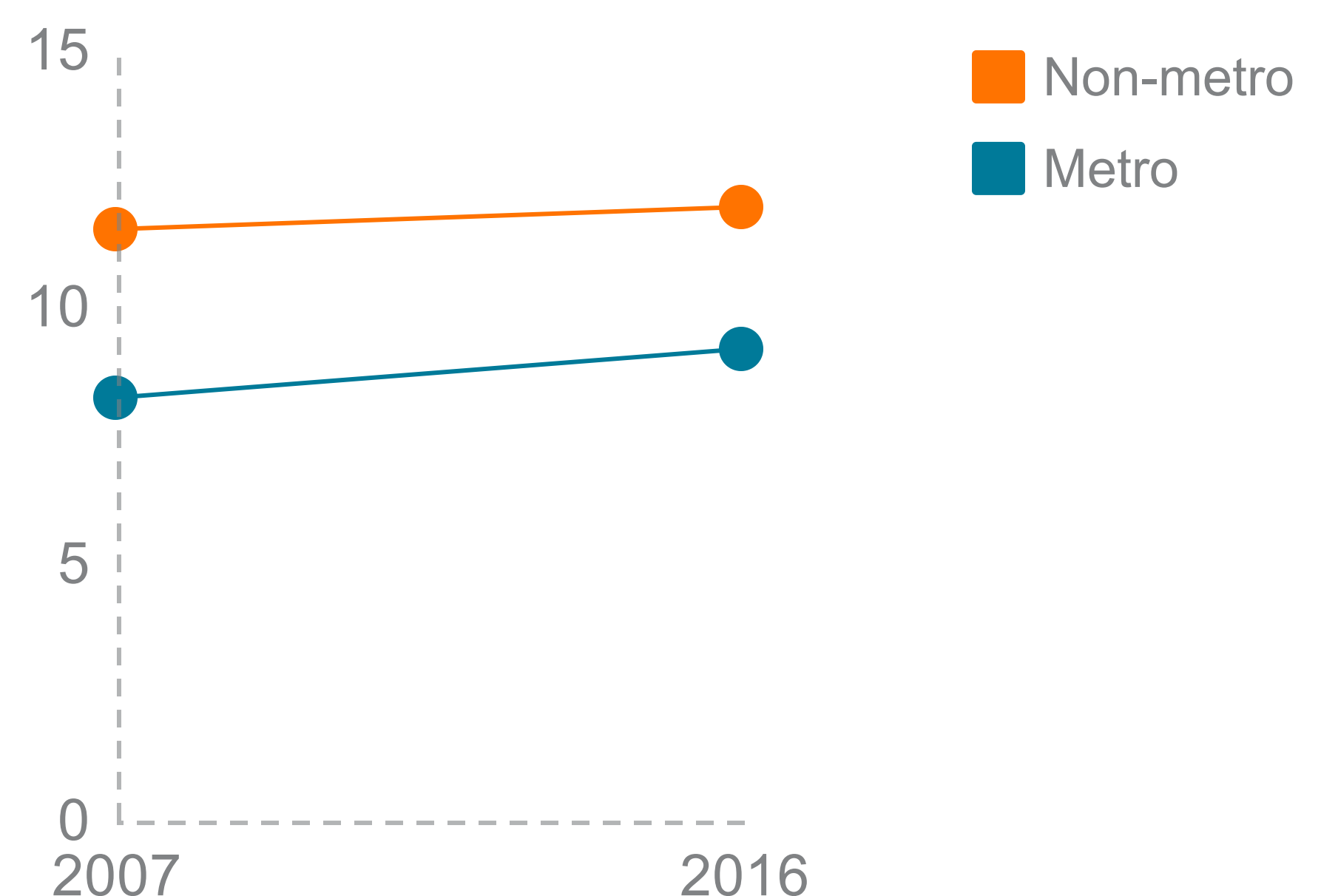
Figure 7. Percentage NEETs by Census Division, 2007 & 2016



In both 2007 and 2016, the East South Central portion of the U.S. (Kentucky, Tennessee, Mississippi, and Alabama) had the highest rate of NEETs (see Figure 7). In 2007 the Mountain division had the lowest (6.78%), whereas in 2016 the New England states take the spot at 6.94%. Four of the nine divisions experience higher rates in 2016 compared to 2007 (East North Central, South Atlantic, Mountain, and Pacific).

Figure 8 illustrates that young adults living in non-metro areas have higher percentages of NEETs at both time points.

Figure 8. Percentage NEETs by Metro Status, 2007 & 2016



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