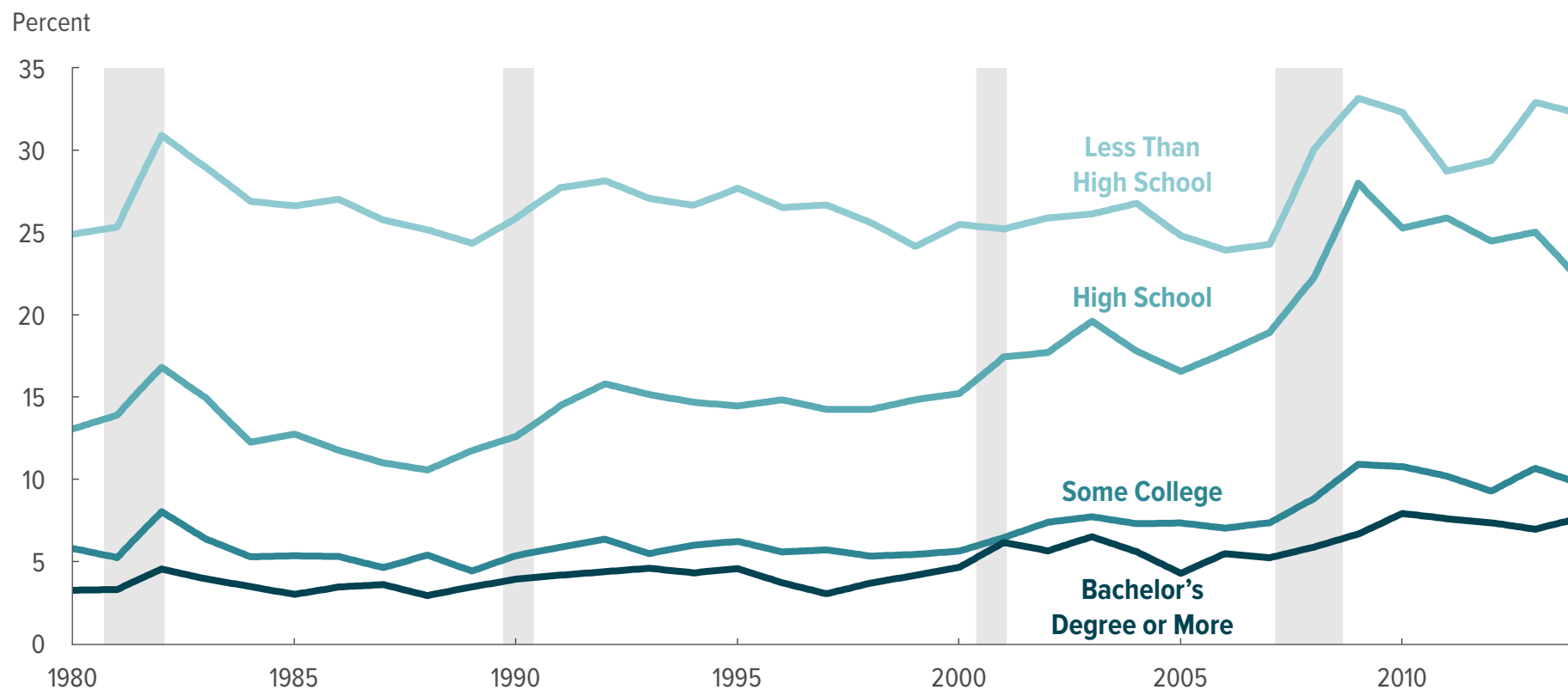


# CBO

## Trends in the Joblessness and Incarceration of Young Men



Share of Young Men With Various Levels of Education Who Were Jobless or Incarcerated

MAY 2016

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## Notes

Unless otherwise indicated, all years referred to in this report are calendar years, not fiscal years.

The data used in the report begin in 1980 and end in 2014, the last year for which those data are consistently available.

In this report, young men who passed the General Educational Development (GED) test are grouped with those who completed high school.

Numbers in the text and exhibits may not add up to totals because of rounding.

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# Introduction

In 2014, there were 38 million men in the United States between the ages of 18 and 34; about 5 million of those young men were jobless, and 1 million were incarcerated.<sup>1</sup> Those numbers and some related longer-term trends have significant economic and budgetary implications. Young men who are jobless or incarcerated can be expected to have lower lifetime earnings and less stable family lives, on average, than their counterparts who are employed or in school. In the short term, their lower earnings will reduce tax revenues and increase spending on income support programs, and the incarceration of those in federal prison imposes costs on the federal government. Farther in the future, they will probably earn less than they would have if they had gained more work experience or education when young, resulting in a smaller economy and lower tax revenues.

The share of young men who are jobless or incarcerated has been rising. In 1980, 11 percent of young men were jobless or incarcerated; in 2014,

16 percent were (see the figure on page 3). Specifically, 10 percent of young men were jobless in 1980, and 1 percent were incarcerated; those shares rose to 13 percent and 3 percent in 2014.

## Trends in Joblessness and Incarceration

Rates of joblessness and incarceration differ among young men with different levels of education. In every year between 1980 and 2014, young men with less education were likelier than those with more to be jobless or incarcerated. For example, in 2014, about 1 in 5 young men with only a high school education was jobless or incarcerated; among young men with a bachelor's degree or more, the share was 1 in 13. That difference was larger in 2014 than in 1980 because the rate of joblessness and incarceration for young men with only a high school education rose considerably over that period, growing much closer to the rate for those without a high school education. (The incarceration rate grew more slowly for young men with a high school education than for young men without one, but the rate of joblessness grew much more quickly for the first group than for the second.)

Rates of joblessness and incarceration also differ among racial and ethnic groups. Throughout the period from 1980 to 2014, young black men were more likely than other young men to be jobless or incarcerated. In 2014, they were roughly twice as likely to be jobless or incarcerated as young Hispanic men or young white men were. The differences in incarceration were particularly stark: Roughly 8 percent of young black men were incarcerated in 2014, whereas about 1 percent of young white men and 3 percent of young Hispanic men were. The racial and ethnic differences in rates of joblessness and incarceration grew over the period—primarily because of a large increase in the incarceration of young black men, though reduced rates of military employment among black men also played a role.

And throughout the period, among young men lacking a high school education, those who were black were particularly likely to be without a job or incarcerated. More than half of young black men without a high school education were either jobless or incarcerated in almost every year between 1993 and 2014. By contrast, among young white men without a high school education, the share who were jobless or incarcerated peaked in 2009, after the recent recession, at about one-third, and fell

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1. In this report, jobless men include not only those who are not employed and are looking for work (that is, unemployed) but also those who are not employed and are *not* looking for work (that is, out of the labor force). Jobless men do not include men who are in school.

slightly after that. The share of young Hispanic men without a high school education who were jobless or incarcerated also peaked in 2009, at about one-quarter, though it was still close to that level in 2014. The differences were largely because of differences in incarceration: In 2014, for example, young black men without a high school education were four times as likely to be incarcerated as their white or Hispanic counterparts.

### Why Joblessness and Incarceration Increased Among Young Men

Changes of at least three kinds contributed to the increase in joblessness and incarceration among young men between 1980 and 2014: economic changes, including the recent recession and slow recovery; policy changes at the federal, state, and local levels; and changes in the skills of young men with less education.

#### Economic Changes

Several economic factors contributed to the increase in the share of young men who are jobless. Among them were longer-run trends in the economy, such as increases in the employment of women and the movement of some jobs to other countries.<sup>2</sup> The especially large increase in joblessness among less educated young men may be partly attributable to changes in technology that have reduced demand for the labor of those young men.<sup>3</sup> Some research suggests that a subset of that group—less educated young men who are native

born—may have seen increased joblessness because of an influx of young immigrant men with little education and high rates of employment, but the evidence is mixed.<sup>4</sup>

In addition to those long-run factors, the recent recession and slow recovery have also increased joblessness (though not incarceration) among young men. The unemployment rate of young men increased from 3.1 percent in 2006 to 7.9 percent in 2009, and the rate rose still more for young men without a high school education.

#### Policy Changes

Changes in federal policy have contributed to the increased joblessness among some young men since 1980. First, employment in the military, which had long been an important source of work for less skilled young men, fell significantly during the

1990s; also, the military now employs more young women than it did in the 1980s, and it has stopped accepting people who have not graduated from high school. Second, the federal government has increased its efforts to elicit child support payments from noncustodial fathers (who now account for a larger fraction of young men than they did in 1980), and that increased enforcement has probably made employment less attractive to some young fathers, because they can now keep less of their earnings.<sup>5</sup> Third, federal spending on means-tested benefits—that is, cash payments or other benefits for people with relatively low income or few assets—increased substantially between 1980 and 2014, possibly reducing young men's incentives to work.<sup>6</sup>

Higher minimum wages may also have increased joblessness among young men.<sup>7</sup> The federal minimum wage, adjusted for inflation, has not

2. See Robert A. Moffitt, "The Reversal of the Employment-Population Ratio in the 2000s: Facts and Explanations," *Brookings Papers on Economic Activity* (Fall 2012), pp. 201–250, <http://tinyurl.com/ccu2sgb>.

3. See David Autor and Melanie Wasserman, *Wayward Sons: The Emerging Gender Gap in Labor Markets and Education* (Third Way, March 2013), <http://tinyurl.com/pz26mdf>.

4. For a description of the characteristics of immigrant workers, see Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers" (press release, May 21, 2015), [www.bls.gov/news.release/forbrn.htm](http://www.bls.gov/news.release/forbrn.htm). One recent paper has found that large-scale immigration of less educated foreign-born workers may have reduced the earnings of less educated native-born workers; see George J. Borjas, "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market," *Quarterly Journal of Economics*, vol. 118, no. 4 (November 2003), pp. 1335–1374, <http://dx.doi.org/10.1162/003355303322552810>. However, another recent paper argues that immigration has only small effects on the earnings of less educated native-born workers; see David Card, *Immigration and Inequality*, Working Paper 14683 (National Bureau of Economic Research, January 2009), [www.nber.org/papers/w14683](http://www.nber.org/papers/w14683).

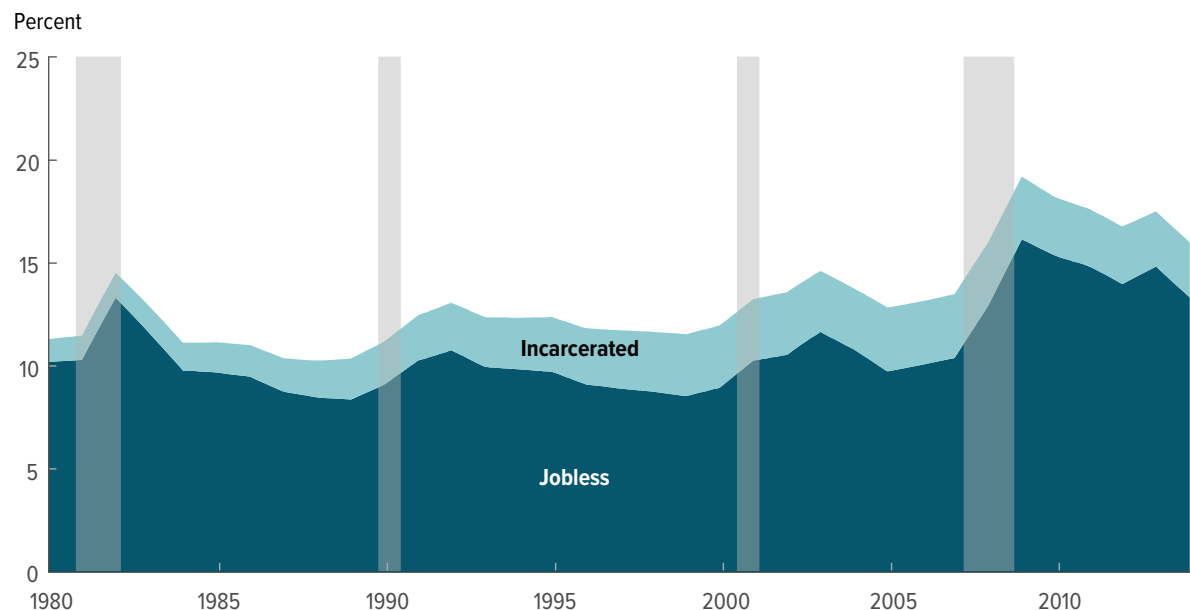
5. The increased enforcement raised the effective marginal tax rate—the percentage of an additional dollar of earnings that is unavailable to a worker—that noncustodial fathers face. Higher effective marginal tax rates generally discourage employment. See Harry J. Holzer, Paul Offner, and Elaine Sorensen, "Declining Employment Among Young Black Less-Educated Men: The Role of Incarceration and Child Support," *Journal of Policy Analysis and Management*, vol. 24, no. 2 (Spring 2005), pp. 329–350, <http://dx.doi.org/10.1002/pam.20092>.

6. See Congressional Budget Office, *Growth in Means-Tested Programs and Tax Credits for Low-Income Households* (February 2013), [www.cbo.gov/publication/43934](http://www.cbo.gov/publication/43934); and Casey B. Mulligan, *The Redistribution Recession* (Oxford University Press, 2012), <http://tinyurl.com/hp4wu98>.

7. See Congressional Budget Office, *The Effects of a Minimum-Wage Increase on Employment and Family Income* (February 2014), [www.cbo.gov/publication/44995](http://www.cbo.gov/publication/44995).



## Share of Young Men Who Were Jobless and Share Who Were Incarcerated



Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

consistently risen since 1980, but there has been an increase in the number of state and local minimum-wage laws in recent years.

As for the increase in incarceration among young men, most of it is not due to an increase in crime, which has declined since the early 1990s.<sup>8</sup> Rather,

it is largely due to the same policy changes, such as changes in sentencing rules, that have made nationwide incarceration rates about four times as high as they were in 1980.<sup>9</sup> Because roughly 90 percent of all inmates are held in state prisons or local jails, most of the policy changes that have led to increased incarceration have been at the state

and local levels. Though incarceration rates have increased for young men in all of the racial, ethnic, and educational groups examined in this report, the effect has been strongest for those who are less educated and those who are black, who already had higher rates of incarceration at the beginning of the period.

The increased incarceration of young men is itself another factor in the increased joblessness of young men. People who are incarcerated are less likely than others to be employed in the future, both because they have a more tenuous connection to employment and because they have a criminal record, which employers generally avoid. That avoidance may have increased of late, as searchable databases have improved employers' ability to identify people who have been incarcerated.<sup>10</sup>

## Changes in the Skills of Less Educated Young Men

Also possibly contributing to the increase in joblessness is that more young men may have been entering adulthood without the cognitive and non-cognitive skills that employers want.<sup>11</sup> Cognitive skills are generally equivalent to academic skills, whereas noncognitive skills include such "soft skills" as diligence, punctuality, and teamwork. If mismatches between young men and employers

8. See Bureau of Justice Statistics, *Criminal Victimization, 2014* (September 2015), [www.bjs.gov/content/pub/pdf/cv14.pdf](http://www.bjs.gov/content/pub/pdf/cv14.pdf) (749 KB); and Federal Bureau of Investigation, *Crime in the United States, 2014* (Fall 2015), Table 1, <http://go.usa.gov/cGUdW>.

9. See Becky Pettit, *Invisible Men: Mass Incarceration and the Myth of Black Progress* (Russell Sage Foundation, June 2012), [www.russellsage.org/publications/invisible-men](http://www.russellsage.org/publications/invisible-men); and Derek Neal and Armin Rick, "The Prison Boom and Sentencing Policy," *Journal of Legal Studies* (forthcoming).

10. See Harry J. Holzer, Steven Raphael, and Michael A. Stoll, "Perceived Criminality, Criminal Background Checks, and the Racial Hiring Practices of Employers," *Journal of Law and Economics*, vol. 49, no. 2 (October 2006), pp. 451–480, <http://dx.doi.org/10.1086/501089>.

11. See James J. Heckman, Jora Stixrud, and Sergio Urzua, "The Effects of Cognitive and Noncognitive Abilities on Labor Market Outcomes and Social Behavior," *Journal of Labor Economics*, vol. 24, no. 3 (July 2006), pp. 411–482, <http://dx.doi.org/10.1086/504455>.

have indeed been growing more common, it could be either because the young men have fewer of the skills that employers have traditionally sought or because the employers are seeking different skills.<sup>12</sup>

Among young men with less education, another reason that joblessness and incarceration have become more common is that those men have, on average, lower skills, in relation to *all* young men, than their counterparts in 1980 had—and those with lower skills are more likely to be jobless or incarcerated.<sup>13</sup> Also, young men who are categorized as high school graduates are increasingly likely to have passed the General Educational Development (GED) test in lieu of having completed high school—and such people's employment status resembles that of people who did not complete high school more closely than that of people who have completed high school.<sup>14</sup>

12. See David J. Deming, *The Growing Importance of Social Skills in the Labor Market*, Working Paper 21473 (National Bureau of Economic Research, August 2015), [www.nber.org/papers/w21473](http://www.nber.org/papers/w21473).

13. See, for example, Christopher R. Taber, "The Rising College Premium in the Eighties: Return to College or Return to Unobserved Ability?" *Review of Economic Studies*, vol. 68, no. 3 (July 2001), pp. 665–691, <http://restud.oxfordjournals.org/content/68/3/665>.

14. See James J. Heckman, John Eric Humphries, and Nicholas S. Mader, *The GED*, Working Paper 16064 (National Bureau of Economic Research, June 2010), [www.nber.org/papers/w16064](http://www.nber.org/papers/w16064).

## The Implications of Joblessness and Incarceration

The increase in the joblessness and incarceration of young men between 1980 and 2014 has immediate implications for the federal budget. Jobless young men have no earnings on which to pay taxes, for one thing. Also, they and their families receive more federal benefits—such as benefits from Medicaid, unemployment insurance, and the Supplemental Nutrition Assistance Program—than employed young men and their families do, on average. And increased incarceration in federal prisons directly imposes significant costs on the federal government.

There are also future implications for the federal budget. Young men who are neither employed nor in school today are less likely to work when they are older. Among those who work in the future, estimates suggest, a lost year of schooling will lower annual earnings by roughly 10 percent, on average, and a lost year of work experience will lower earnings by roughly 3 percent.<sup>15</sup> Those lower future earnings will yield a smaller economy and lower tax revenues than would have existed otherwise.

By adversely affecting future rates of marriage and family formation, joblessness and incarceration may have budgetary implications still farther in the future. Young men who are jobless or incarcerated today are less likely to marry, less likely to stay married, and less likely to have children who live in two-parent households than their counterparts who are employed or in school.<sup>16</sup> Because the

earnings of the next generation are likely to be affected by the families in which they grow up, adverse consequences for today's families can have long-run economic impacts.<sup>17</sup>

15. For a discussion of the effect of schooling on earnings, see David Card, "The Causal Effect of Education on Earnings," in Orley C. Ashenfelter and David Card, eds., *Handbook of Labor Economics*, vol. 3, part A (Elsevier, 1999), pp. 1801–1863, <http://tinyurl.com/zctdzrg>; and Philip Oreopoulos and Uros Petronijevic, "Making College Worth It: A Review of the Returns to Higher Education," *The Future of Children*, vol. 23, no. 1 (Spring 2013), pp. 41–65, <http://tinyurl.com/jj5koly>. For a discussion of the effect of work experience on earnings, see Carl Sanders and Christopher Taber, "Life-Cycle Wage Growth and Heterogeneous Human Capital," *Annual Review of Economics*, vol. 4 (September 2012), pp. 399–425, <http://dx.doi.org/10.1146/annurev-economics-080511-111011>.
16. See Kerwin Kofi Charles and Ming Ching Luoh, "Male Incarceration, the Marriage Market, and Female Outcomes," *Review of Economics and Statistics*, vol. 92, no. 3 (August 2010), pp. 614–627, <http://tinyurl.com/puxlb2c>; Bruce Western and Christopher Wildeman, "The Black Family and Mass Incarceration," *Annals of the American Academy of Political and Social Science*, vol. 621, no. 1 (January 2009), pp. 221–242, <http://dx.doi.org/10.1177/0002716208324850>; Isabel V. Sawhill, *Generation Unbound* (Brookings Institution, 2014), <http://tinyurl.com/pzdbjno>; and Sara McLanahan, Laura Tach, and Daniel Schneider, "The Causal Effects of Father Absence," *Annual Review of Sociology*, vol. 39 (July 2013), pp. 399–427, <http://tinyurl.com/ncszstr>.
17. See Jonathan Gruber, "Is Making Divorce Easier Bad for Children? The Long-Run Implications of Unilateral Divorce," *Journal of Labor Economics*, vol. 22, no. 4 (October 2004), pp. 799–833, <http://dx.doi.org/10.1086/423155>.

### **The Scope of This Analysis**

The Congressional Budget Office analyzed trends for young *men* because those trends are considerably less favorable than the corresponding trends for young women. The share of young men who were jobless or incarcerated increased from 11 percent to 16 percent between 1980 and 2014, whereas the corresponding share of young women declined from 31 percent to 22 percent (see Exhibit A-4 in Appendix A). That decline was partly attributable to an increase in school attendance; since 1988, the share of young women who are in school has exceeded the corresponding share of young men. Furthermore, the large increase in incarceration

since 1980 had a far smaller impact on women than on men. (It is true that the share of young women who are jobless or incarcerated remains higher than the corresponding share of young men—but that is largely because many more young women than young men are spending their time caring for other people, particularly children, which drives up their rate of joblessness.)

This analysis focuses on young men instead of older ones because the consequences of joblessness and incarceration can be much greater for young men. A young man has, on average, many more years of prospective work ahead of him than an older man does.

### **Sources of Data**

For this analysis, CBO used data from the Current Population Survey, which is sponsored jointly by the Census Bureau and the Bureau of Labor Statistics; data on the incarcerated population from the Bureau of Justice Statistics; and data on the military population from the Department of Defense. Immigrants, documented and undocumented alike, are included in the analysis. For more information about data and methods, see Appendix B. ♦



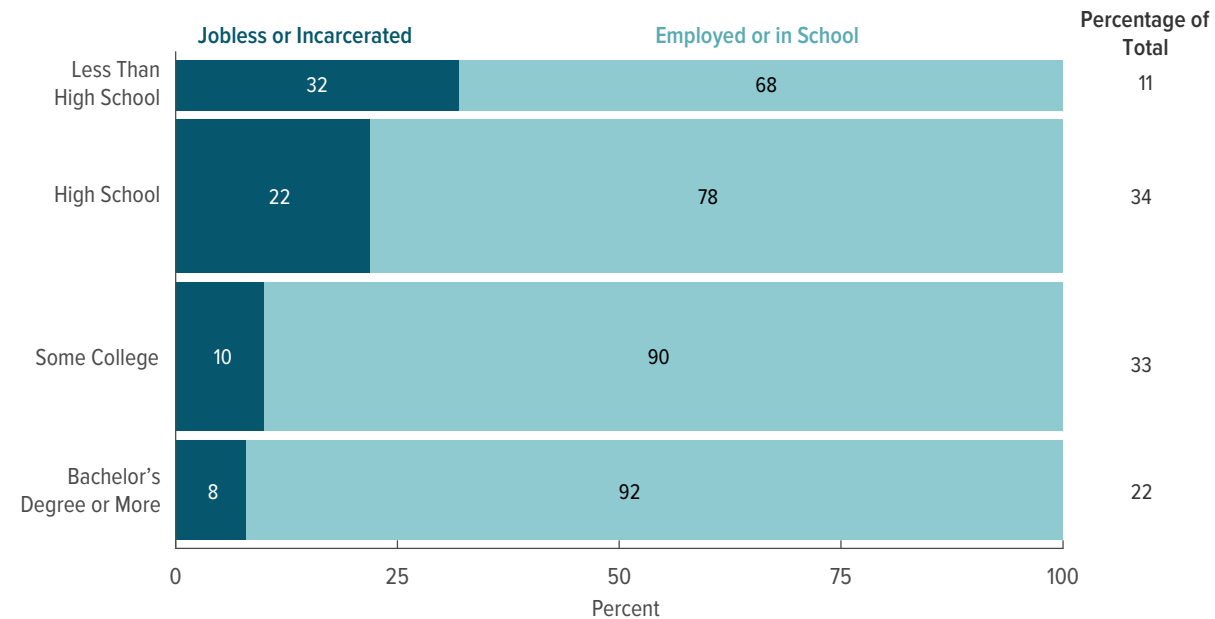
## **Joblessness and Incarceration Among Young Men, by Educational Attainment**



The five exhibits that follow show the rates of joblessness and incarceration among young men with various levels of education. Jobless men comprise men who are unemployed (that is, those who are not employed and are looking for work) and men who are out of the labor force (those who are not employed and are *not* looking for work), but the category does not include men who are in school.

In 2014, the latest full year for which data are available, there were 37.8 million young men—that is, men between the ages of 18 and 34—in the United States, including those who were in the military or incarcerated. Of those, 4.3 million had not finished high school; 12.7 million either had a high school diploma or had passed the General Educational Development (GED) test; 12.3 million had some college education, including an associate’s degree; and 8.4 million had at least a bachelor’s degree.

Exhibit 1.

**Status of Young Men, by Level of Education, 2014**

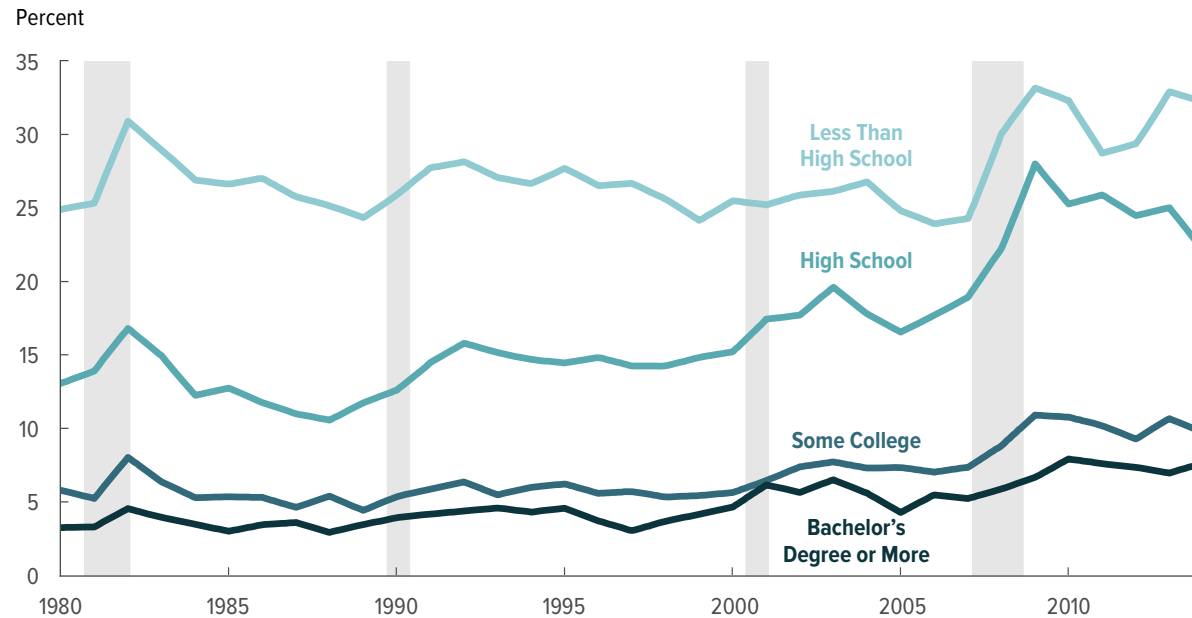
In 2014, of the 38 million young men in the United States, 1 in 6 was jobless or incarcerated. However, the combined rate of joblessness and incarceration was much higher for young men with no more than a high school education than for those with at least some college education. Nearly one-third of young men without a high school education were jobless or incarcerated, as were more than one-fifth of young men with only a high school education. For young men with more education, the share was only about one-tenth. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work. People are counted as employed or in school whether they do those activities full time or part time.

The height of the bars represents the share of young men in each education category.

Exhibit 2.

**Share of Young Men With Various Levels of Education Who Were Jobless or Incarcerated**

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

In every year between 1980 and 2014, young men with less education were more likely than young men with more education to be jobless or incarcerated. During the recent recession and ensuing slow recovery, the gap widened between young men with a high school education or less and young men with some college education or more. Over the 35-year period, the rate of joblessness and incarceration for young men with only a high school education gradually came to resemble more closely the corresponding rate for young men without a high school education. ♦

Exhibit 3.

### Share of Young Men With Various Levels of Education Who Were Jobless and Share Who Were Incarcerated



Joblessness increased substantially among young men during the recent recession, and it remained relatively high during the subsequent slow recovery. The share of young men without a high school education who were jobless in 2014 was roughly on par with the share in 1980. For young men with at least a high school education, however, joblessness was higher in 2014 than it had been at any time between 1980 and the recession.

The share of young men with a high school education or less who were incarcerated increased substantially during the 1980s and 1990s. In 1980, about 3 percent of young men without a high school education were incarcerated; in 1999, about 8 percent were. Over the same period, the rate of incarceration for young men with a high school education rose from 1 percent to 4 percent. For both groups, however, the rate did not change significantly between 2000 and 2014. And incarceration rates for young men with at least some college education did not change substantially during the 35-year period. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

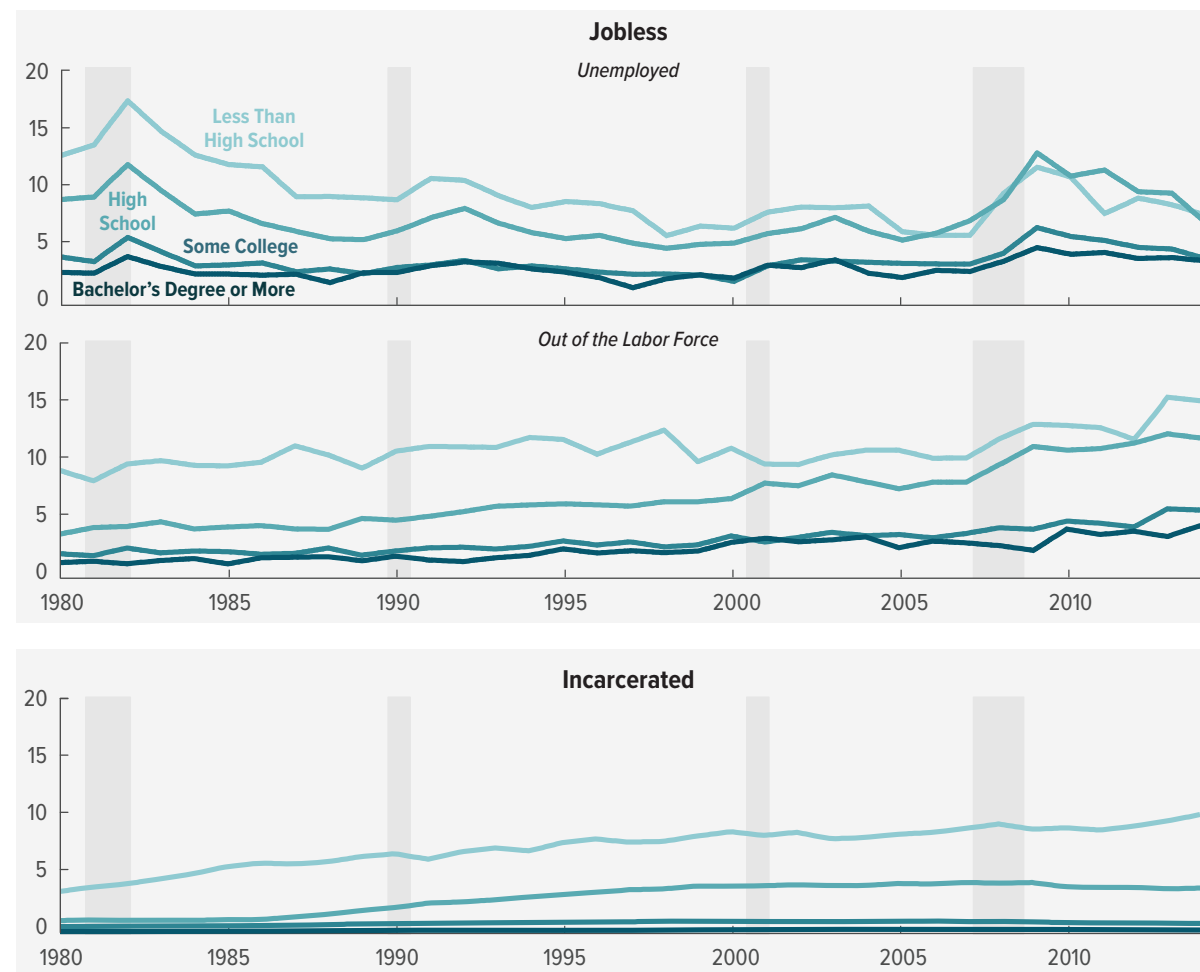
People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

Exhibit 4.

### Share of Young Men With Various Levels of Education Who Were Unemployed, Out of the Labor Force, or Incarcerated

Percent



Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as out of the labor force if they are not in school, not working, and not looking for work. People are counted as unemployed if they are not in school, not working, and looking for work.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

From 1980 to 2014, unemployment rates for young men fluctuated but generally declined. By contrast, the share of young men who were either out of the labor force or incarcerated generally rose.

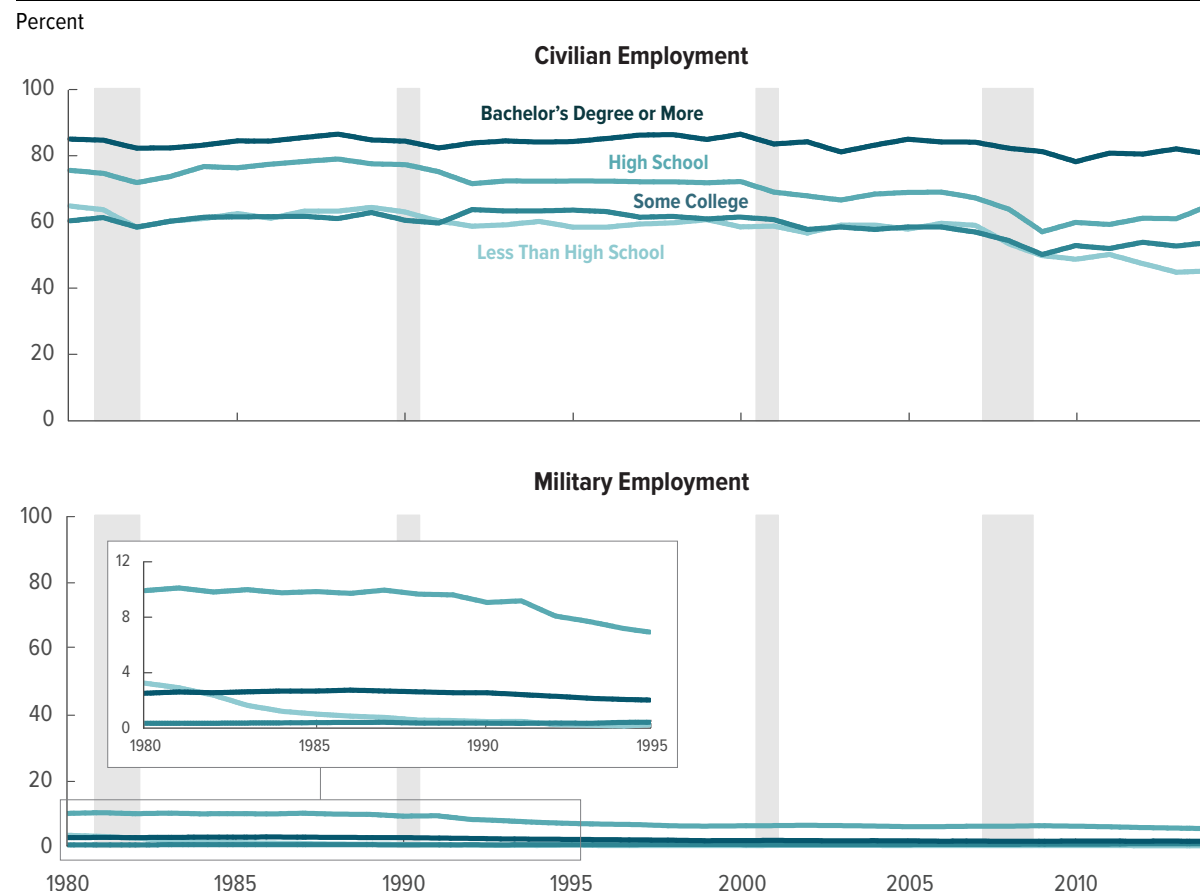
Among young men with no more than a high school education, the unemployment rate fluctuated between 1980 and 2014, winding up somewhat lower than it started. However, that decline was more than offset by a rise in the share of young men who were out of the labor force. Therefore, among young men with no more than a high school education, the increased joblessness by 2014 was not because they were increasingly unemployed; it was because they were increasingly out of the labor force altogether.

The increase in labor force nonparticipation was steeper for young men with a high school education than for those without one. By contrast, the incarceration rate—which also rose for all young men with no more than a high school education—rose more steeply among those who had not finished high school. ♦



Exhibit 5.

### Share of Young Men With Various Levels of Education Who Were Employed Civilians or in the Military



Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as employed whether they are employed full time or part time.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

Another way to analyze the increasing joblessness of young men is to examine the declining share of young men who do have jobs. Of young men with no more than a high school education, the share who were employed in civilian jobs fell between 1980 and 2014; much of that decline occurred during the recent recession and slow recovery. The share who were employed in the military also fell—partly because the U.S. armed forces shrank in the 1990s, partly because the military was employing more young women, and partly because the military stopped employing people without a high school education in the mid-1980s.

The percentage of people in civilian employment has consistently been lower among young men with some college education than among young men with a high school education. The main reason is that young men with some college education are more likely to be in school. ♦



## **Joblessness and Incarceration Among Young Men, by Racial and Ethnic Group**

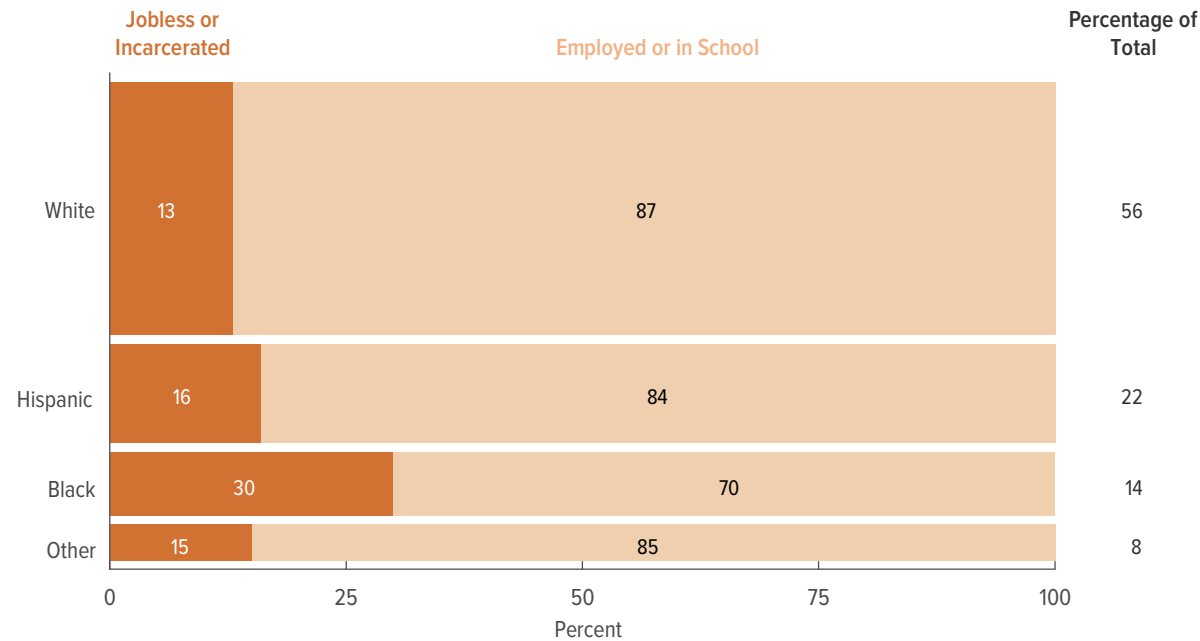


The next five exhibits show the rates of joblessness and incarceration among young men of various races and ethnicities.

In 2014, of the 37.8 million young men in the country (a figure that includes those who were in the military or incarcerated), about 21.2 million were white, 8.2 million were Hispanic, 5.2 million were black, and 3.1 million were of another race or ethnicity. Between 1980 and 2014, the share of young men who were white declined substantially (from 80 percent to 56 percent), and the share who were Hispanic more than tripled (from 7 percent to 22 percent). The share of young men who were black rose slightly, from 12 percent to 14 percent. (For more detail, see Exhibit A-2 in Appendix A.)

In this analysis, people are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported. The analysis includes immigrants, documented and undocumented alike.

Exhibit 6.

**Status of Young Men, by Racial and Ethnic Group, 2014**

In 2014, young black men were much likelier to be jobless or incarcerated than their counterparts in other racial and ethnic groups. Nearly one-third of all young black men were jobless or incarcerated in that year, a share roughly twice as large as that of any other racial or ethnic group examined here. Young white men were somewhat less likely than young Hispanic men to be jobless or incarcerated. ♦

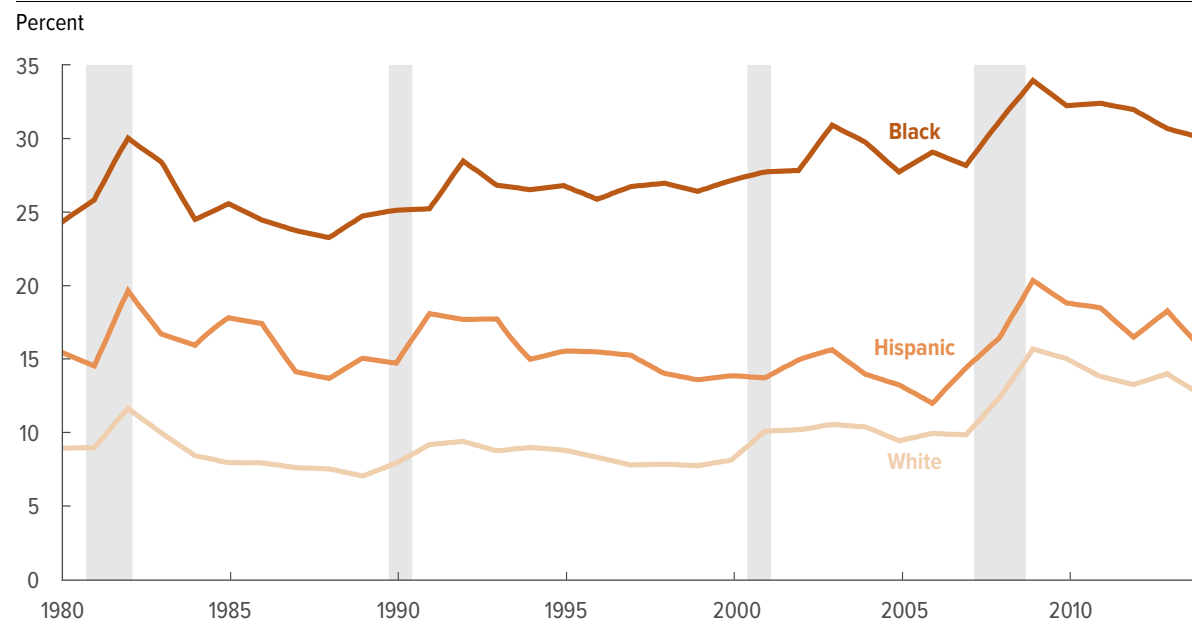
Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work. People are counted as employed or in school whether they do those activities full time or part time.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

The height of the bars represents the share of young men in each racial or ethnic group.

Exhibit 7.

**Share of Young Men in Various Racial and Ethnic Groups Who Were Jobless or Incarcerated**

Throughout the 1980–2014 period, young black men were much likelier than young men of other racial or ethnic backgrounds to be jobless or incarcerated. Young Hispanic men were the next likeliest group, though the gap between them and young white men shrank substantially between the mid-1990s and 2014.

Each racial and ethnic group experienced an increase in joblessness and incarceration during the recent recession. And for each group, the rate of joblessness and incarceration remained higher in 2014 than it had been before the recession. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

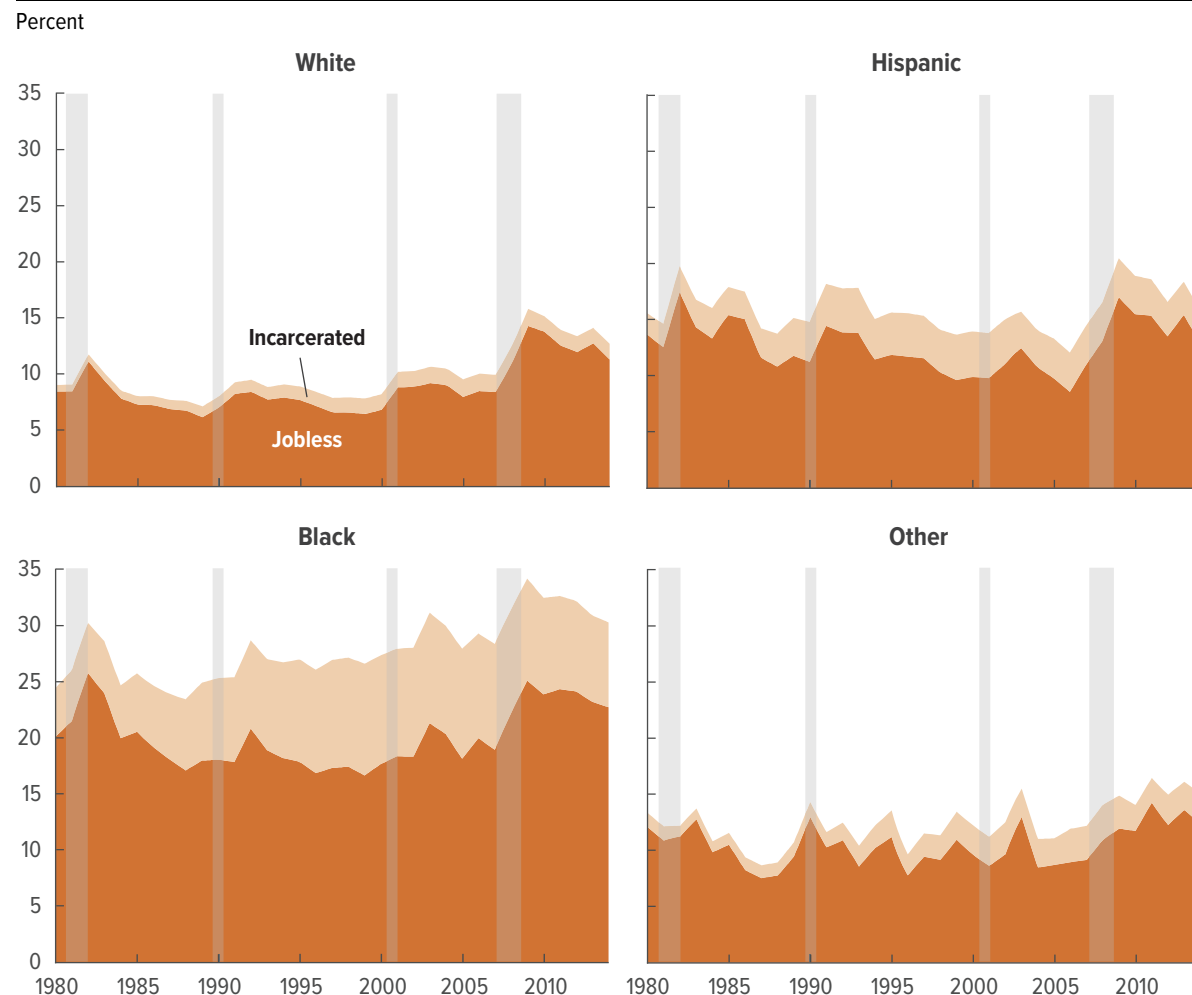
People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

Exhibit 8.

### Share of Young Men in Various Racial and Ethnic Groups Who Were Jobless and Share Who Were Incarcerated



In 1980, both joblessness and incarceration were more prevalent among young black men than among young men in the other racial or ethnic groups examined here. Over the 35-year period—and particularly during the first two decades of that period—rates of incarceration increased for all young men, but most rapidly for young black men. And for all groups of young men, joblessness increased after 2007 and then fell again after 2009, though not to its prerecession level. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

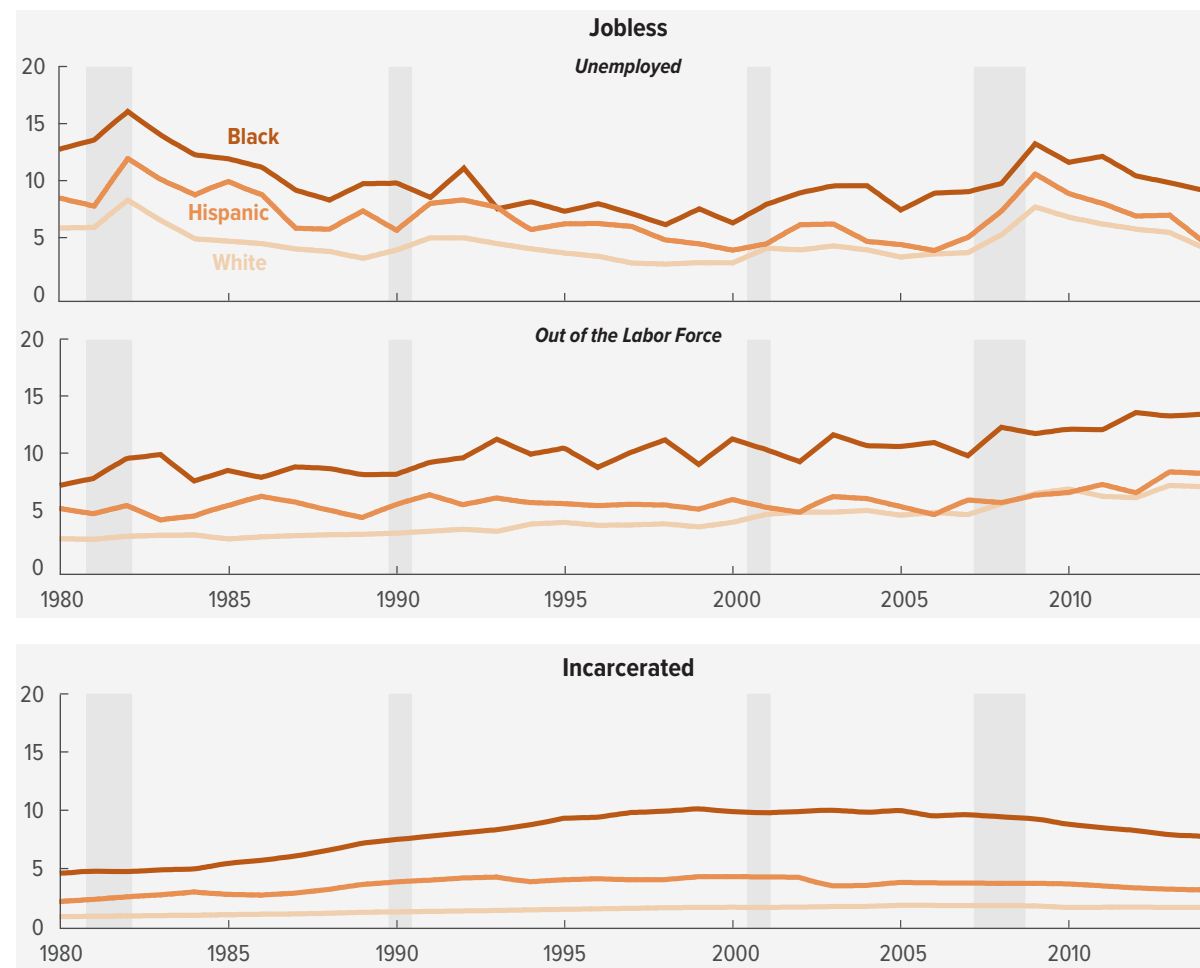
People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

Exhibit 9.

### Share of Young Men in Various Racial and Ethnic Groups Who Were Unemployed, Out of the Labor Force, or Incarcerated

Percent



Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as out of the labor force if they are not in school, not working, and not looking for work. People are counted as unemployed if they are not in school, not working, and looking for work.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

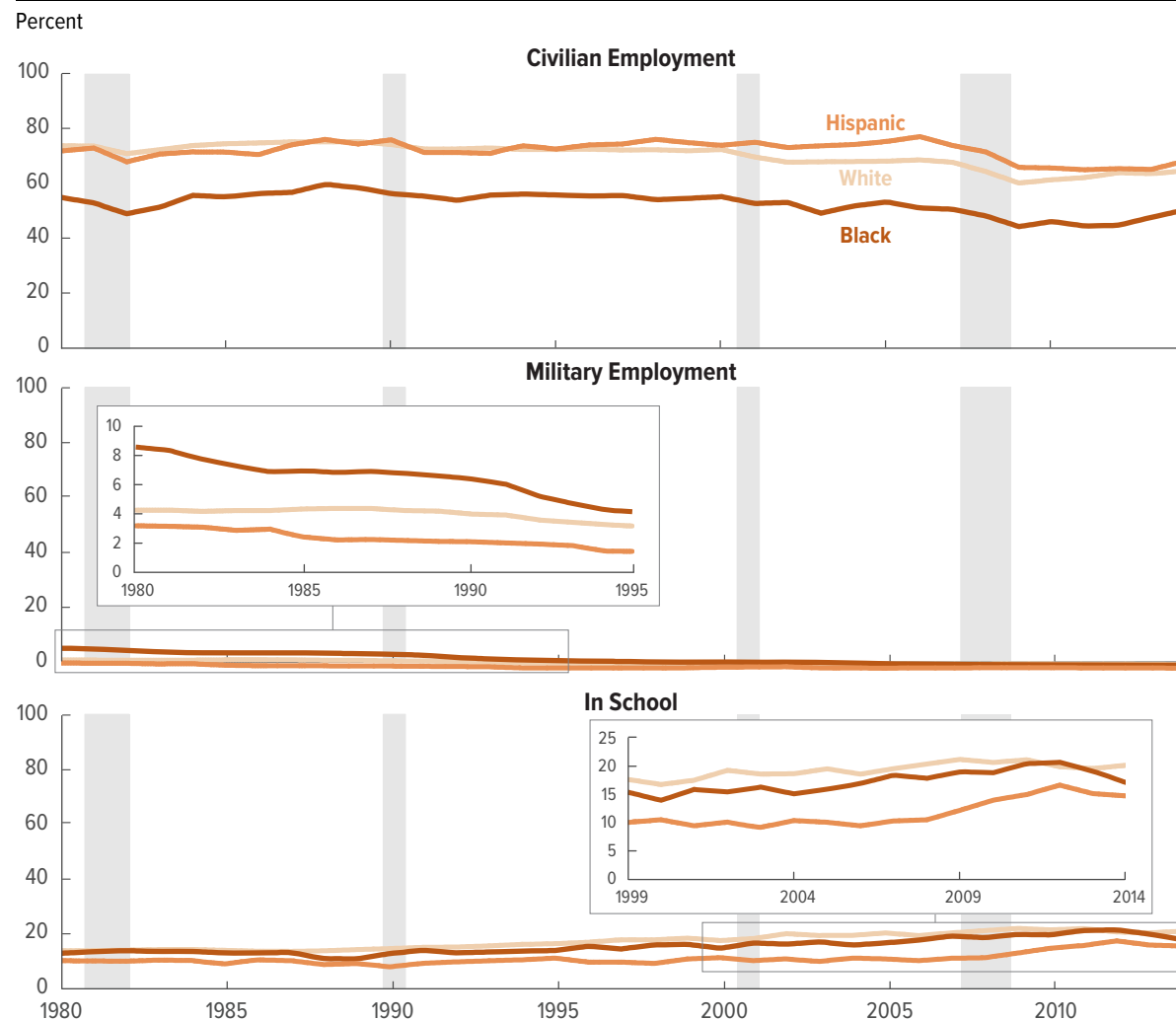
Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

The share of young men who were out of the labor force—that is, who were not working, not in school, not looking for a job, and not incarcerated—increased for all racial and ethnic groups examined here between 1980 and 2014. The share increased more for whites and blacks than for Hispanics, and by 2014, it was much higher for blacks—at about 14 percent—than for the other groups. Unemployment rates for young men as a whole were lower from the 1990s through 2007 than they had been in the 1980s, though they were higher for blacks than for members of the other groups.

Incarceration rates for young men of all racial and ethnic groups increased between 1980 and 2000 and then declined somewhat through 2014. Nevertheless, the overall incarceration rate—the share of the entire population that is incarcerated, regardless of age—remained roughly unchanged after 2000, because the incarceration rate for older men rose as prisoners aged. ♦

Exhibit 10.

### Share of Young Men in Various Racial and Ethnic Groups Who Were Employed Civilians, in the Military, or in School



Throughout the period studied here, the shares of young white men and young Hispanic men who were in civilian employment were roughly equal, and both were higher than the equivalent share of young black men. Civilian employment fell for young men in all racial and ethnic groups during the recent recession.

Between 1980 and the mid-1990s, military employment fell for young men in all groups. The decline was particularly steep for young black men.

Young Hispanics had the lowest rate of school enrollment in every year between 1980 and 2014. Their rate increased substantially after the recent recession, but not enough to offset their concurrent decline in employment. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as employed or in school whether they do those activities full time or part time.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.



## **Joblessness and Incarceration Among Young Men Without a High School Education, by Racial and Ethnic Group**

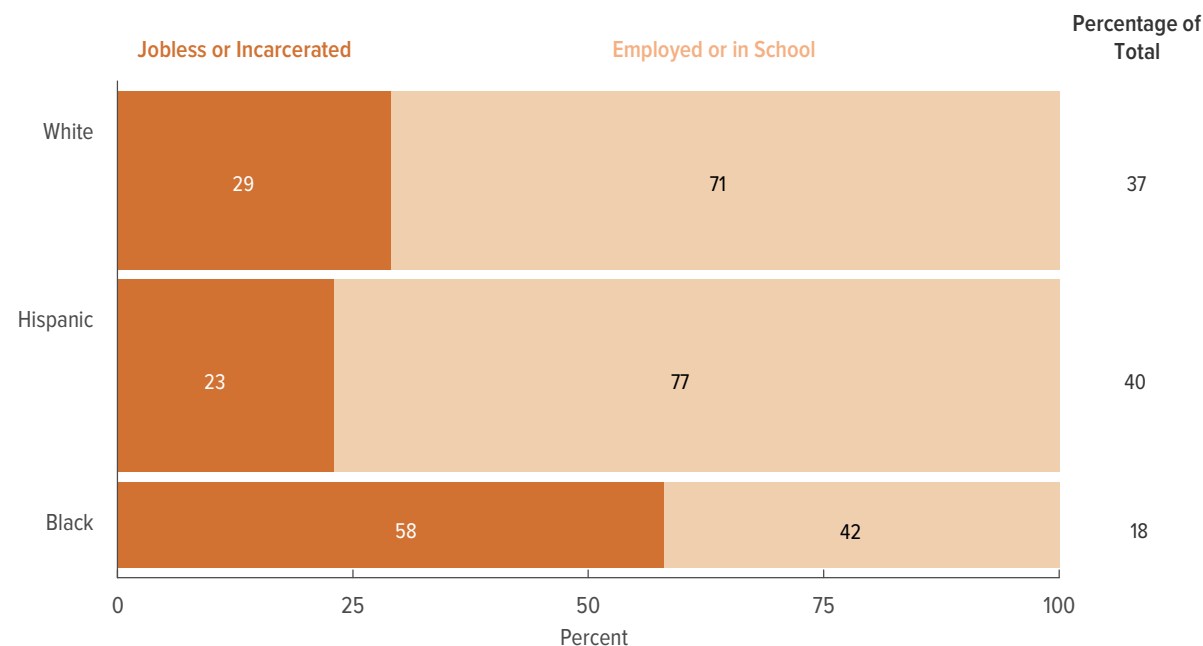


The five exhibits that follow examine the activities of young men without a high school education. Those young men have historically experienced high rates of joblessness and incarceration, and their employment was particularly affected by the recent recession.

In 2014, there were 4.5 million young men without a high school education—including those who were incarcerated—in the United States. Of those, 1.6 million were white, 1.9 million were Hispanic, 0.8 million were black, and 0.2 million were of another race or ethnicity. Between 1980 and 2014, the share of young men without a high school education declined from 17 percent to 11 percent. The share of those men who were white declined from 62 percent to 37 percent, while the share who were Hispanic increased from 18 percent to 42 percent. The share who were black did not change appreciably. (For more detail, see Exhibit A-3 in Appendix A.) This analysis includes immigrants, documented and undocumented alike.



Exhibit 11.

**Status of Young Men Without a High School Education, by Racial and Ethnic Group, 2014**

In 2014, young black men without a high school education were much likelier to be jobless or incarcerated than their white counterparts—who were, in turn, likelier to be jobless or incarcerated than their Hispanic counterparts. In that year, 58 percent of young black men without a high school education were either jobless or incarcerated; the shares were 29 percent for whites and 23 percent for Hispanics. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work. People are counted as employed or in school whether they do those activities full time or part time.

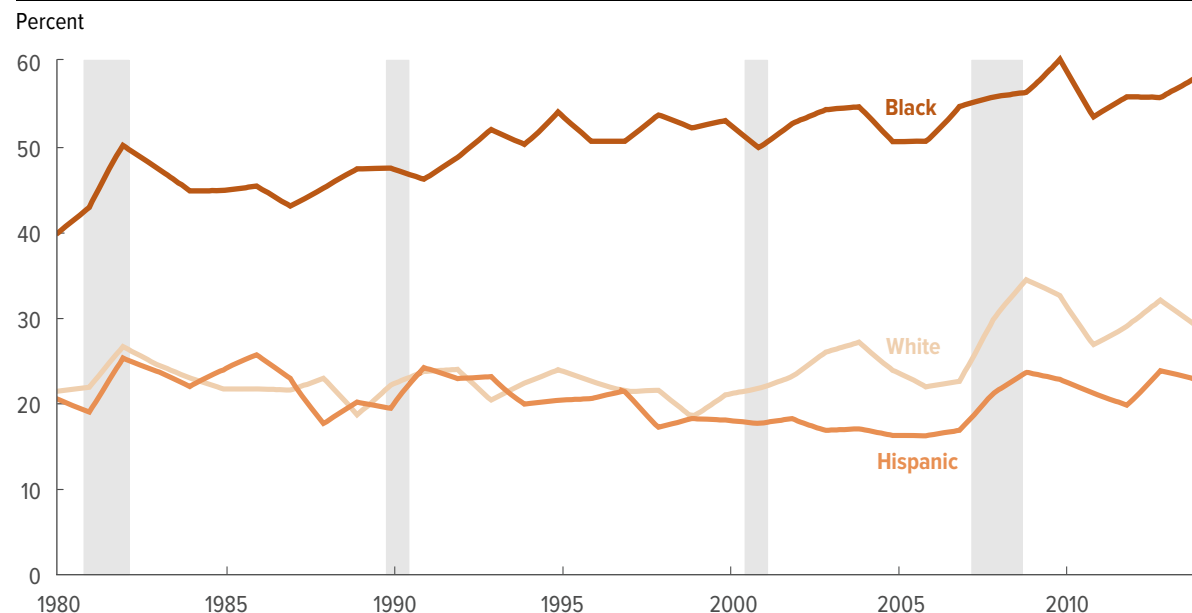
People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

The height of the bars represents each racial or ethnic group's share of all young men with less than a high school education. An additional 5 percent of the total consists of young men in racial or ethnic groups not shown here.

The young men shown here do not have a high school diploma and have not passed the General Educational Development (GED) test.

Exhibit 12.

### Of Young Men Without a High School Education, Share in Various Racial and Ethnic Groups Who Were Jobless or Incarcerated



Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

The young men shown here do not have a high school diploma and have not passed the General Educational Development (GED) test.

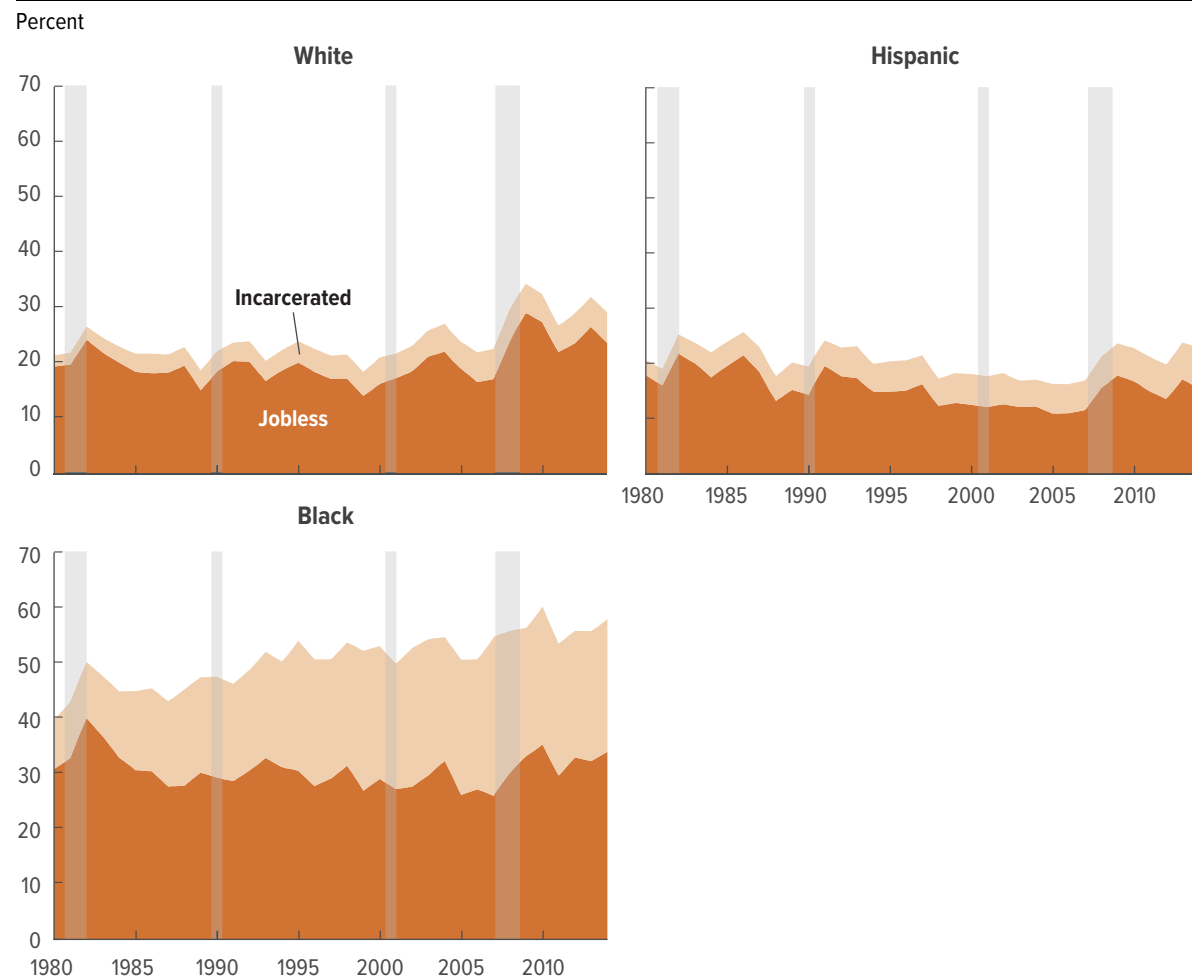
The share of young black men without a high school education who were jobless or incarcerated gradually increased between 1980 and 2014. Starting in 1993, that share was more than 50 percent in almost every year; it was 58 percent in 2014.

The share of young white men without a high school education who were jobless or incarcerated increased substantially during the recent recession. In 2014, though it remained high by historical standards—29 percent—it was still lower than the rate for comparably educated young black men.

The share of young Hispanic men without a high school education who were jobless or incarcerated also increased during the recession and fell afterward. Among the three groups examined here, Hispanics have been the least likely to be jobless or incarcerated in recent years. ♦

Exhibit 13.

### Of Young Men Without a High School Education, Share in Various Racial and Ethnic Groups Who Were Jobless and Share Who Were Incarcerated



During the recession that began in December 2007, the share of young men without a high school education who were jobless or incarcerated increased among all racial and ethnic groups examined here. Most of that increase was because of an increase in joblessness.

Before 2007, however, the increase in joblessness and incarceration among young black men without a high school education was largely because of an increase in their rate of incarceration. In 1980, less than 10 percent of young black men without a high school education were incarcerated; by 2007, the share had risen to 29 percent. The incarceration rate has fallen somewhat since then, but it remains high by historical standards. Furthermore, because many young men cycle in and out of jail and prison, such estimates of point-in-time incarceration understate the extent to which young men have spent at least some time incarcerated. For example, one study estimated that in 2009, of black men 30 to 34 years old who had less than a high school education, 68 percent had spent at least some time incarcerated. (See Bruce Western and Becky Pettit, "Incarceration and Social Inequality," *Daedalus*, vol. 139, no. 3 [Summer 2010], pp. 8–19, <http://tinyurl.com/jg8tb8a>.) ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as jobless if they are neither in school nor working, whether or not they are looking for work.

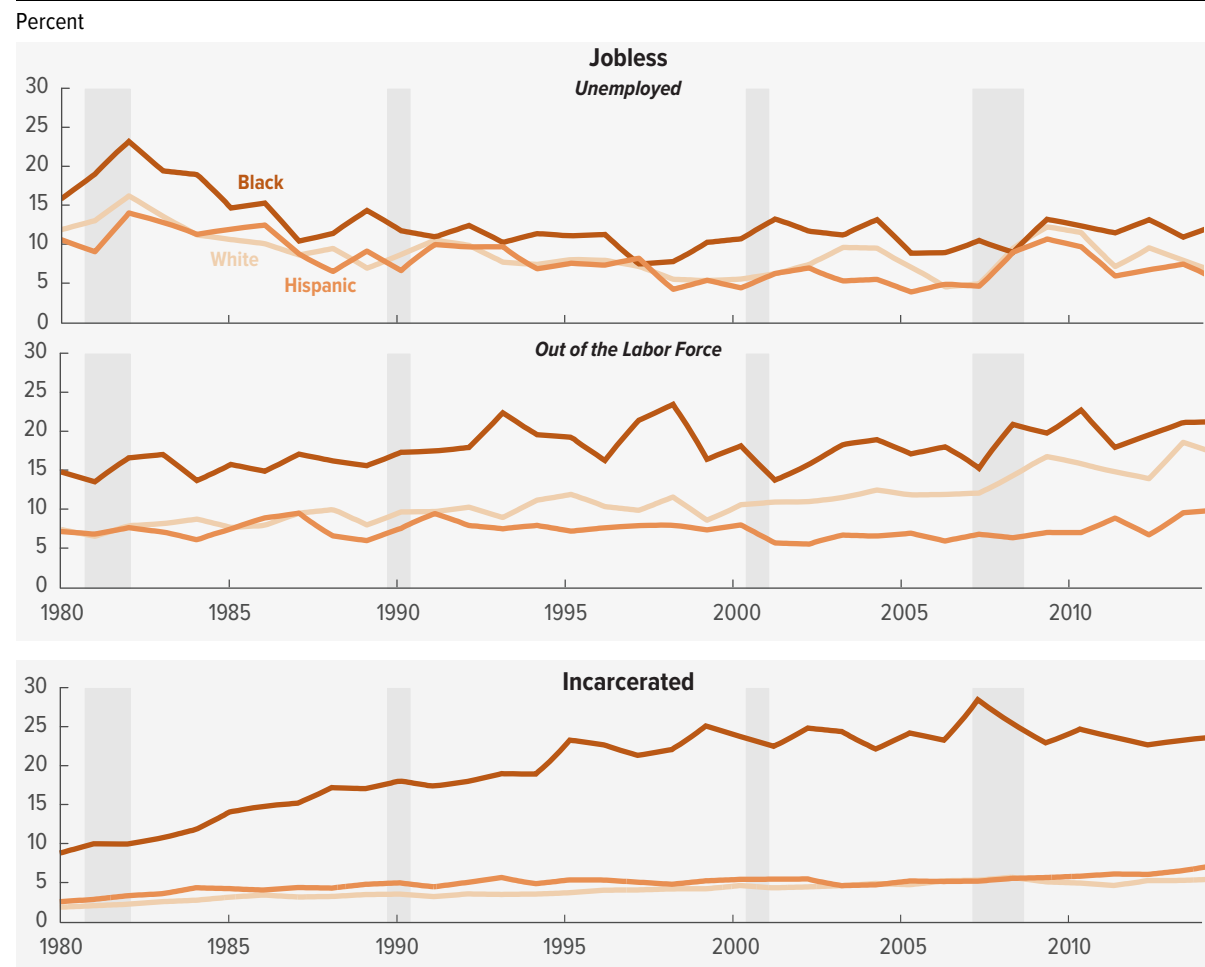
People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

The young men shown here do not have a high school diploma and have not passed the General Educational Development (GED) test.

Exhibit 14.

### Of Young Men Without a High School Education, Share in Various Racial and Ethnic Groups Who Were Unemployed, Out of the Labor Force, or Incarcerated



Between 1980 and 2014, the share of young men without a high school education who were out of the labor force was stable and low for Hispanics. For blacks, however, that share grew (by 6 percentage points), and for whites, it grew steeply (by 10 percentage points). The groups' unemployment rates, by contrast, did not demonstrate a long-run pattern, though they fluctuated with recessions and recoveries. Incarceration rates increased for all of the groups between 1980 and 2014, but particularly for blacks.

Therefore, among young men without a high school education, the long-run increase in joblessness and incarceration was largely because of increases in incarceration and being out of the labor force altogether. Those two factors may be related to each other, because people with criminal records often have a hard time finding employment. That is, some of the increase in labor force nonparticipation among young men with less than a high school education may have been due to the increase in past incarceration among those young men. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as out of the labor force if they are not in school, not working, and not looking for work. People are counted as unemployed if they are not in school, not working, and looking for work.

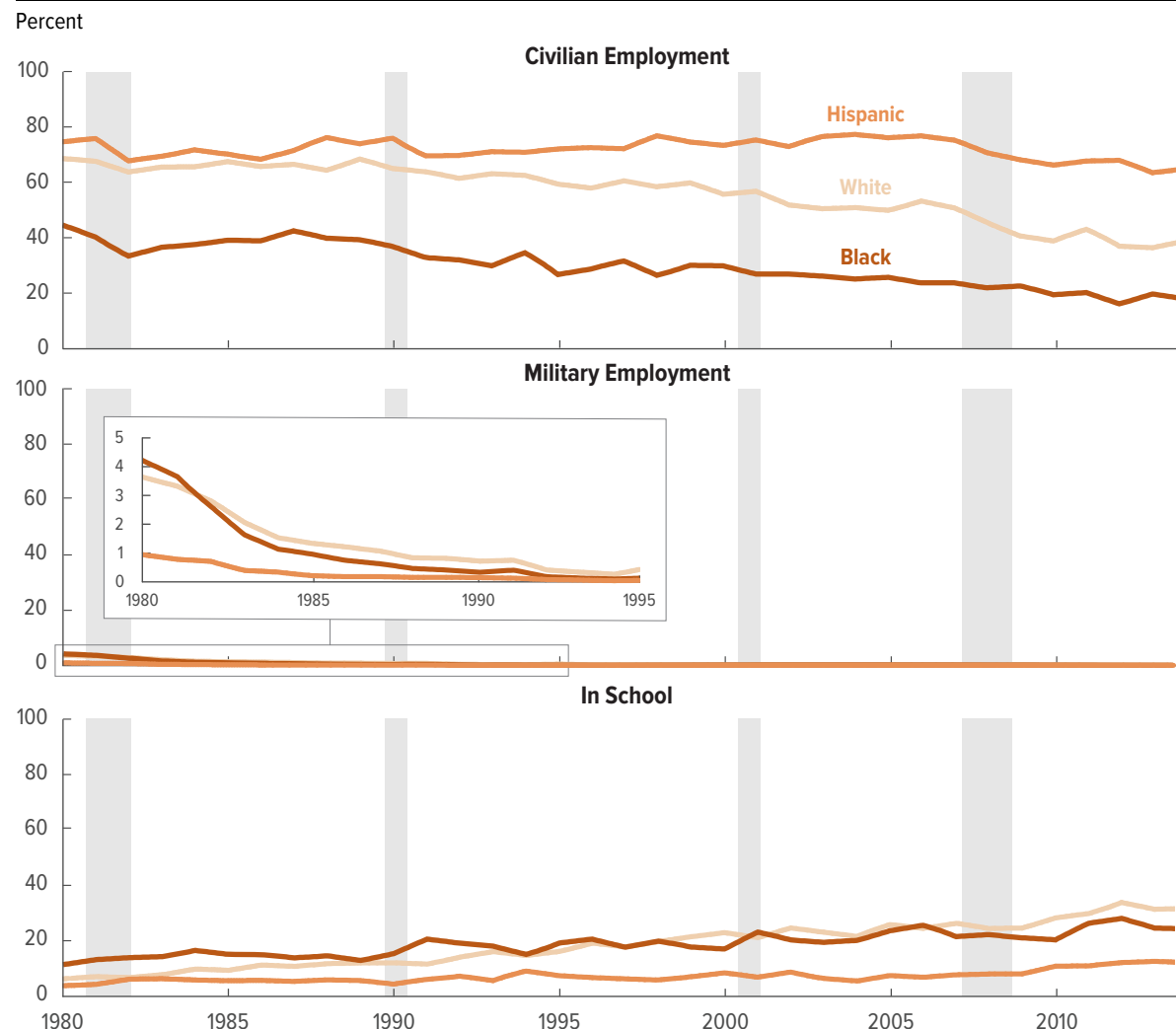
People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

CBO The young men shown here do not have a high school diploma and have not passed the General Educational Development (GED) test.

Exhibit 15.

### Of Young Men Without a High School Education, Share in Various Racial and Ethnic Groups Who Were Employed Civilians, in the Military, or in School



Between 1980 and 2014, the share of young white men without a high school education who had civilian employment fell steadily, as did the share of similarly educated young black men—though the former remained likelier to be employed than the latter. Throughout that period, young Hispanic men without a high school education were the likeliest of the three groups to have civilian employment.

The share of young men without a high school education in the military, though never high, was almost zero by 1990, because the military stopped enlisting young men without a high school education.

The shares of young white men and of young black men without a high school education who reported that they were in school increased steadily between 1980 and 2014, particularly after the recent recession. The corresponding share for young Hispanic men remains small. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are counted as employed or in school whether they do those activities full time or part time.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

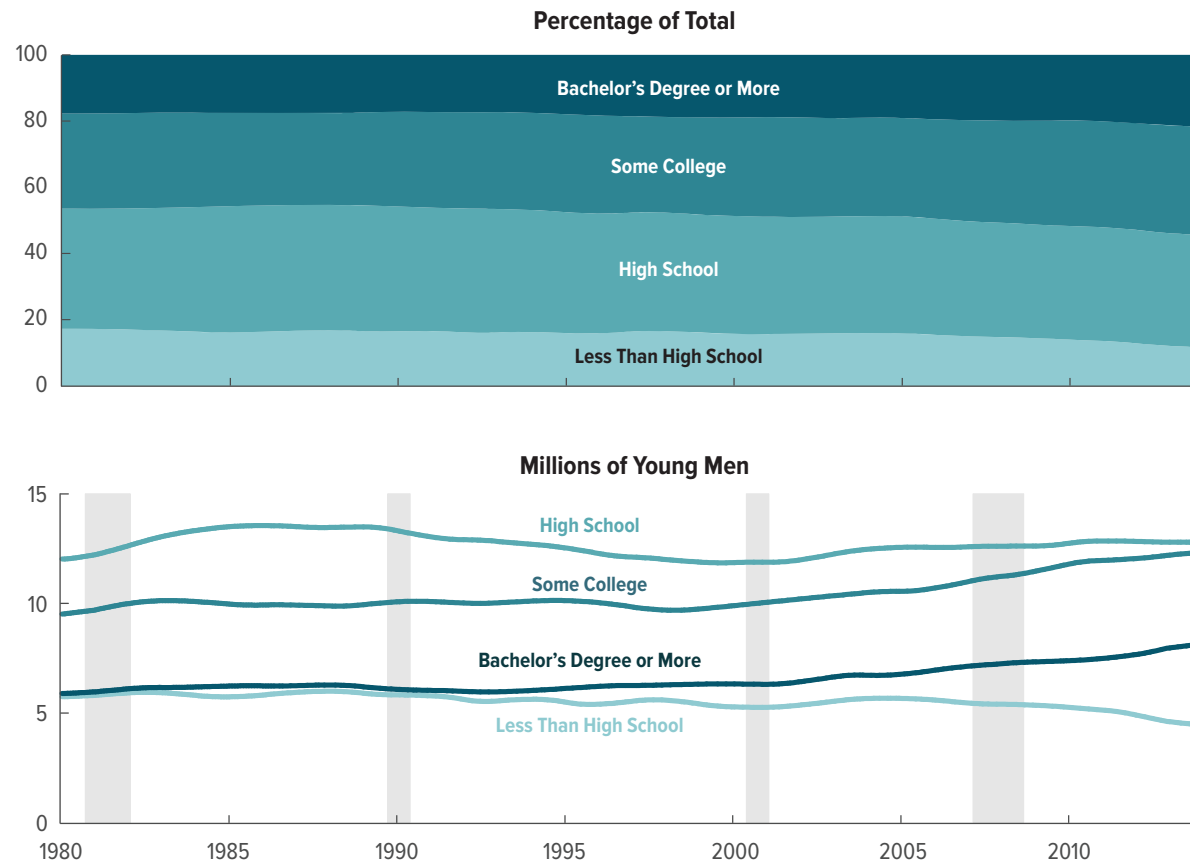
The young men shown here do not have a high school diploma and have not passed the General Educational Development (GED) test.



## **Appendix A: Supplemental Information**

This appendix provides information about the demographic characteristics of young men between 1980 and 2014 (see Exhibits A-1, A-2, and A-3). It also compares the joblessness and incarceration of young men with the joblessness and incarceration of young women (see Exhibit A-4). And it divides the young men studied in this report into two age groups, comparing the joblessness and incarceration of men from 18 to 24 years old with the joblessness and incarceration of men from 25 to 34 years old (see Exhibit A-5).

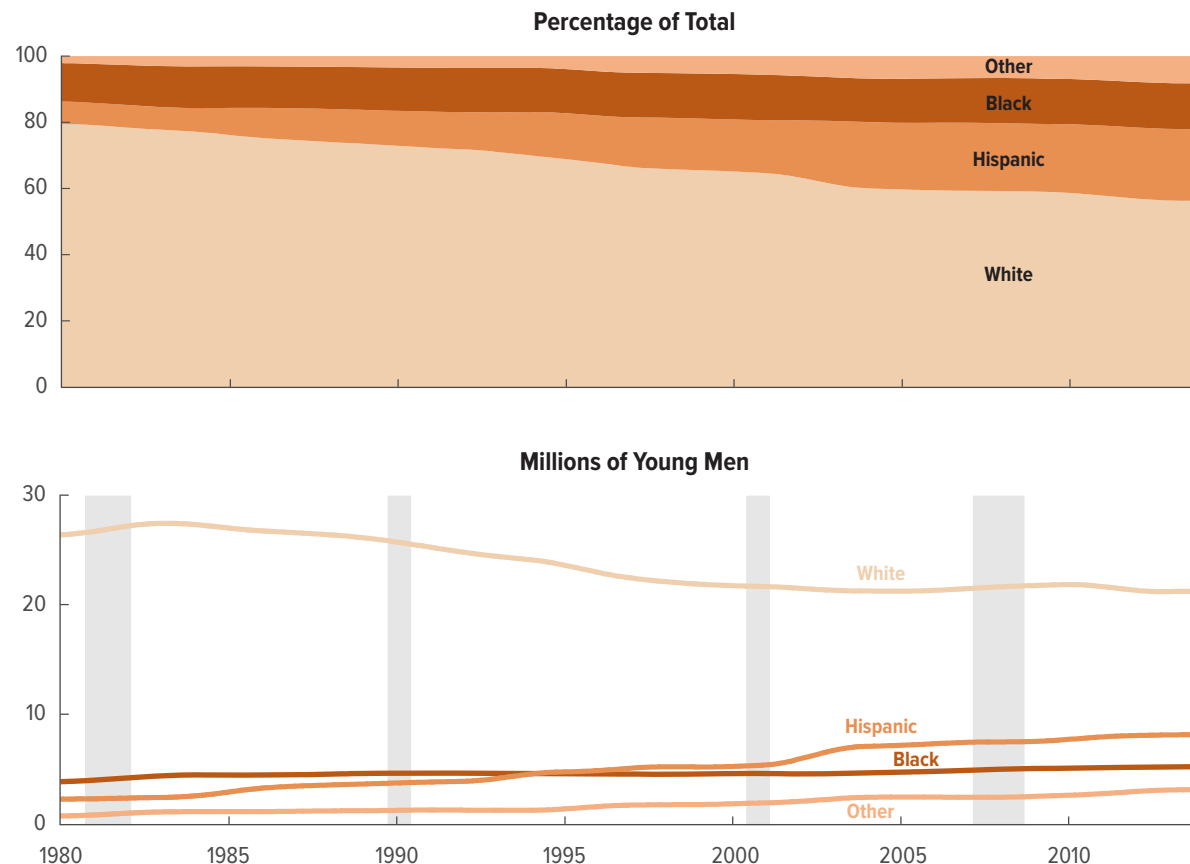
Exhibit A-1.

**Educational Attainment of Young Men**

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense. Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

The share of all young men with less than a high school education fell from 17 percent to 11 percent between 1980 and 2014, mostly following the recent recession in 2007. The share of young men with only a high school education also fell between 1980 and 2014, from 36 percent to 34 percent, though that decline had been happening fairly steadily since the late 1980s. In contrast, the share of young men who had some college education grew during the 35-year period under consideration, from 28 percent to 33 percent, especially after 2000; so did the share who had a bachelor's degree or more, from 18 percent to 22 percent. ♦

Exhibit A-2.

**Race and Ethnicity of Young Men**

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

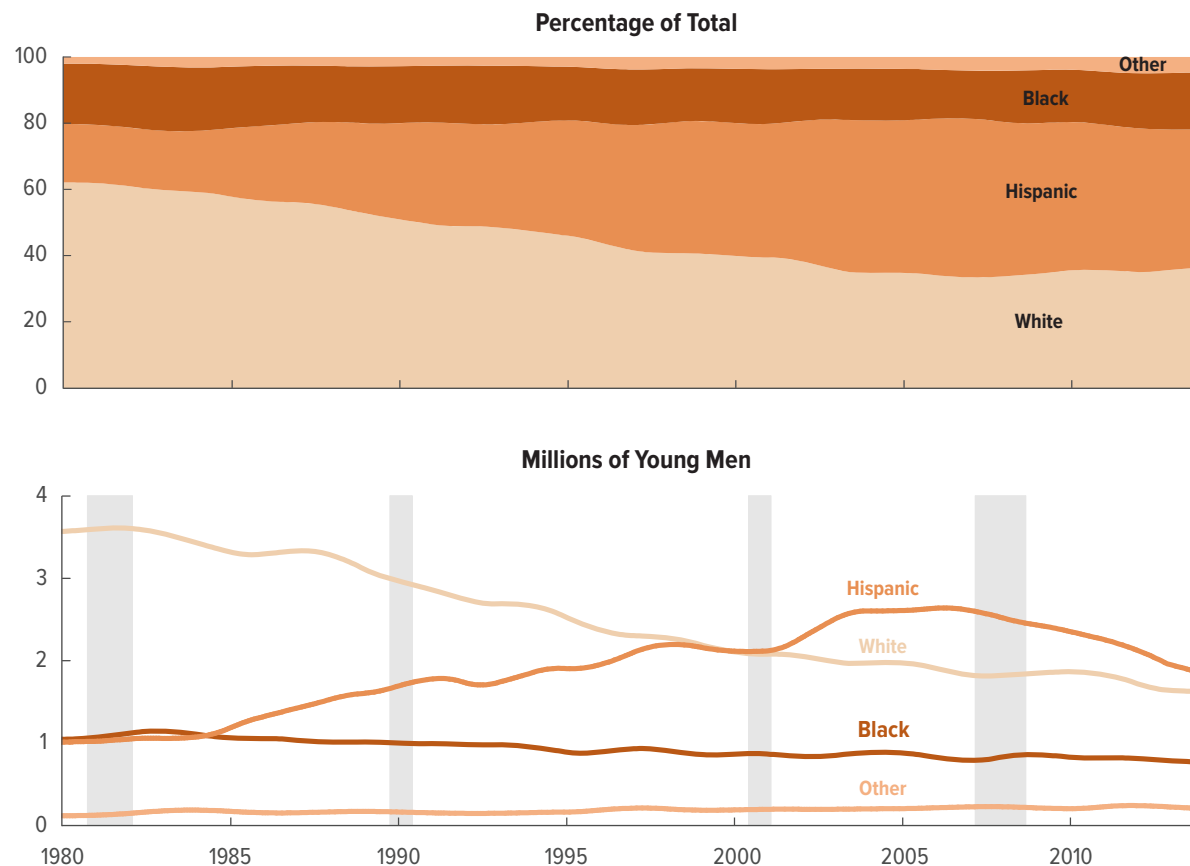
The share of all young men who were white fell from about 80 percent in 1980 to about 60 percent in 2014. Among the other racial and ethnic groups, the largest change was among Hispanics, who grew from about 5 percent of young men in 1980 to about 20 percent in 2014. The share of young men in the group called “other” also increased, primarily because of an increase in the share of young men classified as Asian American.

Some of those changes happened because of two changes in 2002 in the Current Population Survey’s questions about race and ethnicity. The first change was that the questions were reordered so that the question about ethnicity preceded the question about race, which had the effect of reducing the number of respondents who identified their race as “other.” The second change was that respondents were allowed to identify with more than one race.

Because of that second change, CBO had to assign each respondent to a single group to avoid counting respondents twice. Respondents who identified their ethnicity as Hispanic were classified as Hispanic, regardless of which race or races they identified. Of respondents not already classified as Hispanic, those who identified their race as African-American were classified as black, regardless of whether they identified other races as well. Of respondents not already classified as Hispanic or black, those who identified a race other than white were classified as “other.” Finally, respondents not classified as Hispanic, black, or “other” were classified as white. ♦



Exhibit A-3.

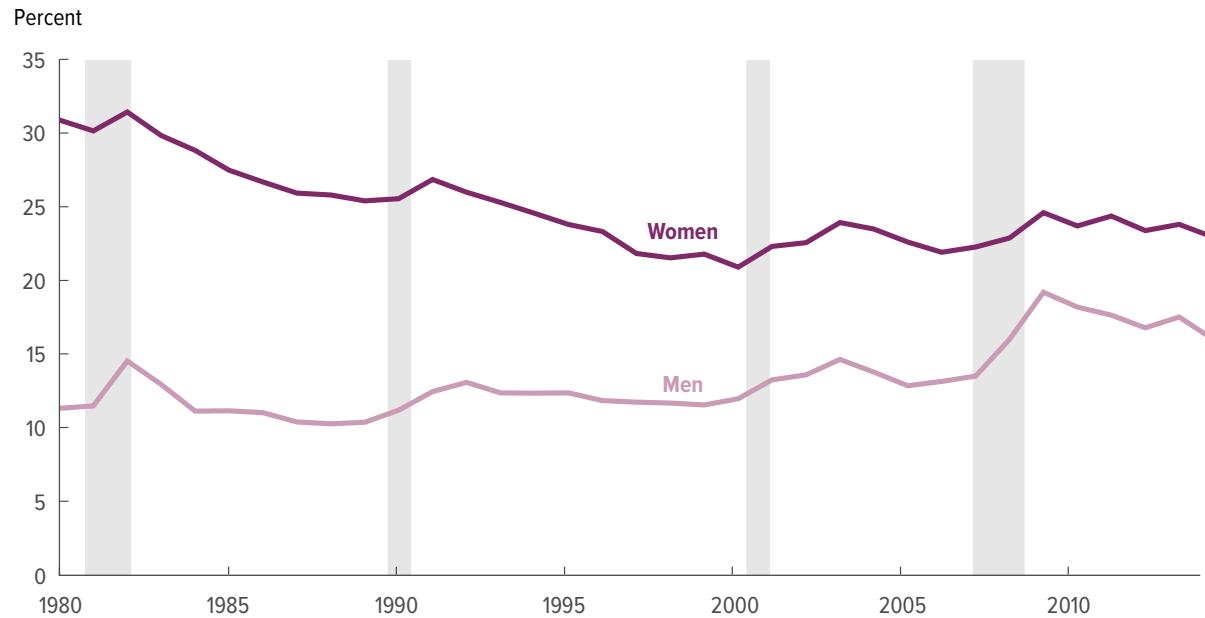
**Race and Ethnicity of Young Men With Less Than a High School Education**

Between 1980 and 2014, among young men with less than a high school education, there were substantial changes in the shares accounted for by different racial and ethnic groups. The main change was a large increase in the share who were Hispanic—from under 20 percent in 1980 to over 40 percent in 2014. Most of the corresponding decrease occurred among young white men. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense. People are classified as Hispanic if they have described themselves as Hispanic, regardless of any racial background that they have also reported.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

Exhibit A-4.

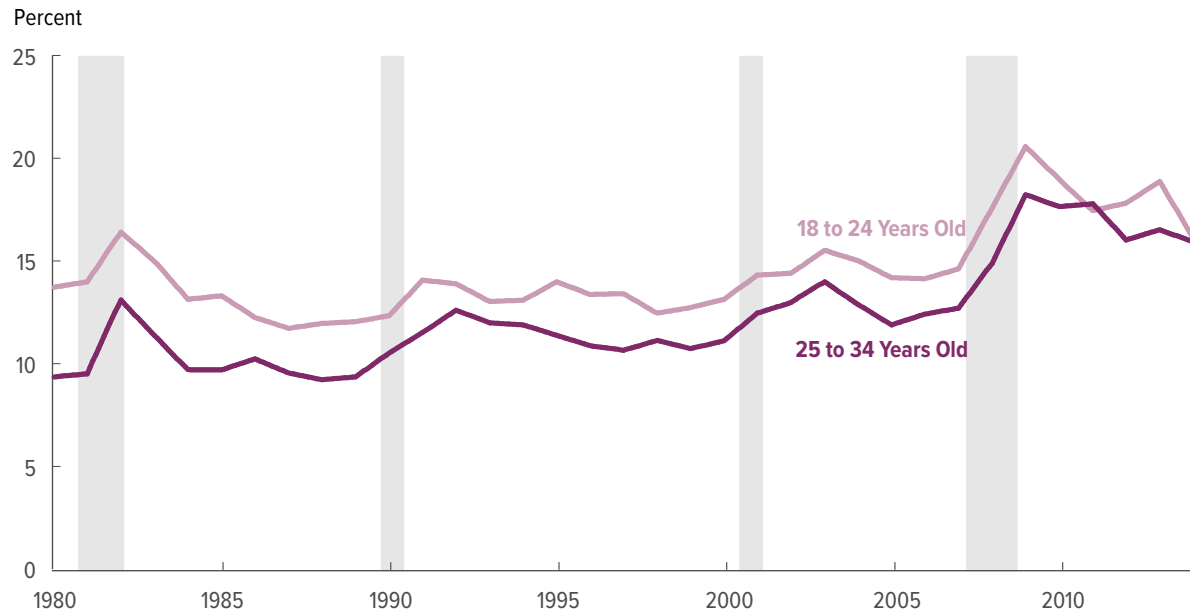
**Share of Young People Who Were Jobless or Incarcerated, by Sex**

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.

The share of young women who are jobless or incarcerated exceeds the corresponding share of young men, mostly because many more young women than young men spend their time caring for other people, particularly children. However, the gap narrowed substantially between 1980 and 2014, as the share of young women who were employed or in school rose while the corresponding share of young men fell. Incarceration played a role in those trends, because the percentage of young men who were in prison or jail rose much more quickly than the corresponding percentage of young women did. Furthermore, the recent recession was characterized by higher rates of job loss among men than among women. ♦

Exhibit A-5.

**Share of Young Men in Two Age Groups Who Were Jobless or Incarcerated**

In this report, young men are defined as those between the ages of 18 and 34. Within that range, in nearly every year between 1980 and 2014, a slightly larger share of younger men than of older men were jobless or incarcerated. The two age groups followed similar trends, however. ♦

Source: Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.



## Appendix B: Data and Methods

Many widely cited employment statistics are based on the Current Population Survey (CPS), which is jointly sponsored by the Census Bureau and the Bureau of Labor Statistics. That survey covers the noninstitutionalized civilian population living in housing units, as well as members of the armed forces living either in a civilian housing unit on a military base or in a household not on a military base. However, it does not cover other members of the armed forces or people who are incarcerated.<sup>1</sup> Therefore, for this analysis, the Congressional Budget Office supplemented the CPS with data on the incarcerated population from the Bureau of Justice Statistics (BJS) and with data on the military population from the Department of Defense.

Immigrants, both documented and undocumented, are included in this analysis. However, the data that CBO used do not include homeless people. To the extent that homeless people have lower rates of employment than other people do, the estimates of employment presented in this report may

be overstated—but only slightly, because only a small share of the population is homeless.

### Noninstitutionalized Civilians

The data on the noninstitutionalized civilian population that CBO used are from the CPS. That survey omits people who are living in “institutional settings,” such as prisons, jails, hospitals, mental institutions, and military barracks. Though a basic version of the CPS is conducted every month, there are also supplemental surveys on various topics that differ from month to month and year to year. One of them, conducted each October, is the only one that asks all adult respondents about their labor force status and whether they are in school. CBO used that supplement.

For this analysis, CBO categorized noninstitutionalized civilians into four groups:

- **Employed people** are those who work full time, regardless of whether they are in school, and those who work part time and are not in school. However, the group does not include respondents who report “armed forces” as their primary

industry or occupation, because those people are accounted for separately in the military data discussed below.

- **People who are in school** are those who report being in school—including those who also work part time, but excluding those who also work full time. CBO did not distinguish between people who were enrolled in school full time or part time.
- **Unemployed people** are those who are not working but are looking for work. In this analysis, people who report being in school are not considered unemployed, even if they are looking for work.
- **People who are out of the labor force** are those who are not working, not looking for work, and not in school.

This report calls people “jobless” if they belong to either the third group or the fourth—that is, if they are either unemployed or out of the labor force.

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1. See Becky Pettit, *Invisible Men: Mass Incarceration and the Myth of Black Progress* (Russell Sage Foundation, June 2012), [www.russellsage.org/publications/invisible-men](http://www.russellsage.org/publications/invisible-men).

## Incarcerated Men

CBO used several sources of data from the BJS, an agency within the Department of Justice, to estimate the number of incarcerated men by age, educational attainment, and race and ethnicity.<sup>2</sup> The information available varied depending on whether an inmate was held in a federal prison, a state prison, or a local jail.

For estimates of the total number of federal and state inmates, CBO relied on the National Prisoner Statistics (NPS), which are collected by the BJS. However, those statistics do not include information about inmates' sex, age, or race and ethnicity in years before 1999, and they do not include information about inmates' level of education in any year. Therefore, CBO supplemented the NPS with two BJS surveys: the Survey of Inmates at Federal Correctional Facilities (which was administered in 1991, 1997, and 2004) and the Survey of Inmates at State Correctional Facilities (which was administered in 1979, 1986, 1991, 1997, and 2004). CBO used those surveys to apportion the pre-1999 NPS prisoner counts into groups defined by age, race and ethnicity, sex, and education. For 1999 and later years, because the NPS prisoner counts are already broken down by age, race and

ethnicity, and sex, the surveys are used to apportion those data into groups further defined by level of education. For the years that were not covered by the surveys, CBO extrapolated estimates from the years that were.

For estimates of the total number of inmates in jails, CBO used data from the Annual Survey of Jails. That survey collects data about local jails, regional jails, and privately contracted jails within selected jurisdictions. CBO excluded parolees from its estimates, because they are covered by the CPS. To apportion inmates in jails by sex, age, race and ethnicity, and educational attainment, CBO used data from the Survey of Inmates in Local Jails, which was administered in 1978, 1983, 1989, 1996, and 2002. Once again, CBO extrapolated estimates for years that were not covered by the survey.

## Military

The CPS does not survey active military personnel living in military barracks or outside the United States. CBO therefore obtained data about those groups from the Department of Defense. Those data consisted of the number of active military personnel in the Army, Navy, Air Force, and Marines for each year from 1980 through 2014, by sex, age, educational attainment, and race and ethnicity.

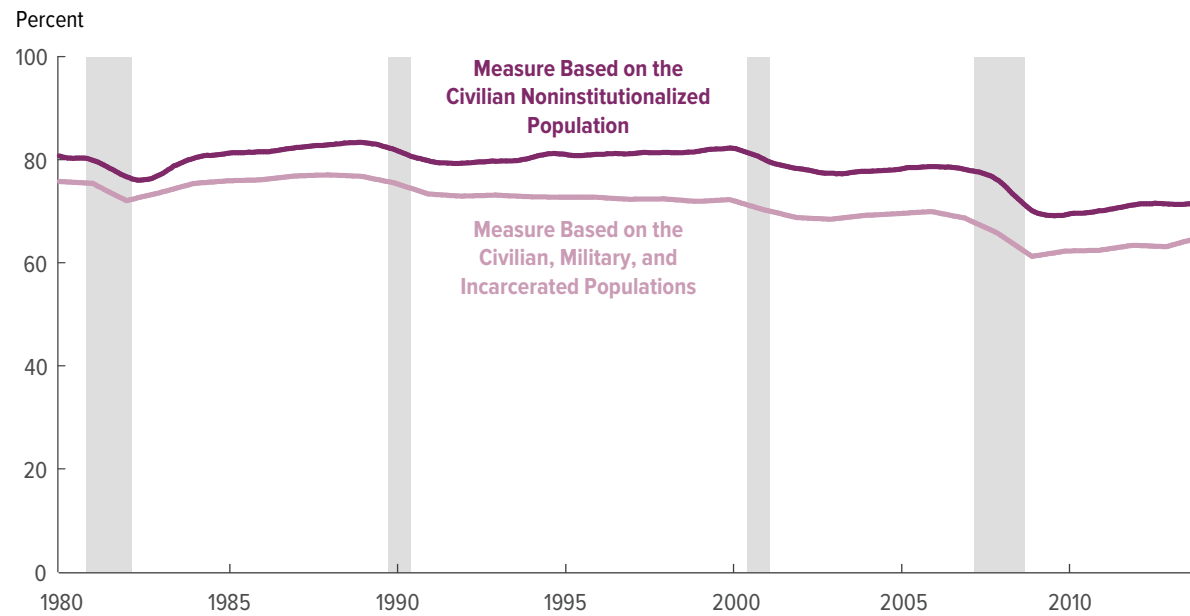
## Comparisons With the CPS

The employment rate from the Bureau of Labor Statistics, which is based on the CPS, generally applies to the civilian noninstitutionalized population; that is, it does not account for most people in the military or for incarcerated people. The employment rate from the Bureau of Labor Statistics was higher for young men, throughout the 35-year period examined in this report, than the equivalent rate resulting from this analysis, which accounts for those two groups (see the figure on page 32).

The gap between the two rates widened over the 1980–2014 period. That happened because the mix of young men not covered by the CPS shifted. In 1980, they were split about equally between those who were in the military (and therefore employed) and those who were incarcerated, so the two groups nearly canceled each other out. But the prison population grew and the share of young men in the military shrank, increasing the number of jobless people who were not covered by the CPS—and thus the difference between CPS-based estimates of employment and those in this report. ♦

2. That approach is similar to the one described in Becky Pettit, *Invisible Men: Mass Incarceration and the Myth of Black Progress* (Russell Sage Foundation, June 2012), [www.russellsage.org/publications/invisible-men](http://www.russellsage.org/publications/invisible-men).

### Share of Young Men Who Were Employed, According to Two Measures



Sources: Bureau of Labor Statistics; Congressional Budget Office, using data from the Census Bureau, the Bureau of Justice Statistics, and the Department of Defense.

Shaded vertical bars indicate periods of recession, which extend from the peak of a business cycle to its trough. Tick marks correspond to October of the year indicated.



## About This Document

This report was prepared in response to Congressional interest. In keeping with the Congressional Budget Office's mandate to provide objective, impartial analysis, the report makes no recommendations.

William Carrington and Molly Dahl wrote the report with assistance from Chung Kim and Michael Levine (both formerly of CBO) and from Lucille Msall and with guidance from Joseph Kile. Comments were provided by David Austin, Linda Bilheimer, Sheila Campbell, Manasi Deshpande, Wendy Edelberg, Douglas Elmendorf (formerly of CBO), Justin Falk, Kathleen FitzGerald, Janet Holtzblatt, Justin Humphrey, Nadia Karamcheva, Noah Meyerson, Joshua Montes, Jonathan Schwabish (formerly of CBO), Chad Shirley, and Emily Stern.

Harry Holzer of Georgetown University, Casey Mulligan of the University of Chicago, and Becky Pettit of the University of Texas at Austin also commented. The assistance of external reviewers implies no responsibility for the final product, which rests solely with CBO.

Jeffrey Kling and Robert Sunshine reviewed the report, Benjamin Plotinsky edited it, and Maureen Costantino and Jeanine Rees prepared it for publication. An electronic version is available on CBO's website ([www.cbo.gov/publication/51495](http://www.cbo.gov/publication/51495)).

Keith Hall  
Director

May 2016