



NEWS RELEASE

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Youth Disconnection Costs U.S. \$55 Billion per Year in Foregone Tax Revenue

Strikingly divergent outcomes in education, earnings, homeownership, employment, and health between disconnected and connected youth emerge in their thirties

NEW YORK — The starkest differences in education, earnings, home ownership, employment, and health outcomes between disconnected and connected youth occur when they are in their thirties, reveals groundbreaking research from [Measure of America](#) of the Social Science Research Council released today at the [Aspen Institute Opportunity Youth Forum](#).

Building on Measure of America's [Disconnected Youth Series](#), [Two Futures: The Economic Case for Keeping Youth on Track](#) finds that by the time they reach their thirties, those who had been working or in school as teens and young adults earn \$31,000 more per year and are 45 percent more likely to own a home, 42 percent more likely to be employed, and 52 percent more likely to report excellent or good health than those who had been disconnected as young people.

Disconnected youth, also called "opportunity youth," are teens and young adults ages 16 to 24 who are neither working nor in school.

Given the difference in earnings between the connected and disconnected, Measure of America estimates that the federal government would eventually gain, on average, \$11,900 per year in additional tax revenue for each young person who remains connected. That adds up to roughly \$55 billion in potential federal revenue gain per year when multiplied by the 4.6 million teenagers and young adults ages 16-24 who are neither in school nor working. *Two Futures* also goes further to estimate the potential economic gain of reconnecting young people in four cities—Atlanta, Dallas, Los Angeles, and Washington, DC—factoring in tax revenue, public health and housing assistance, and justice costs.

"Deploying state-of-the-art longitudinal data, *Two Futures* sounds the alarm on the disconnected youth in our society, said Dalton Conley, Henry Putnam University Professor in Sociology at Princeton University and a Research Associate at the National Bureau of Economic Research. "The report shows that a lack of integration into school and the world of work during the critical period of ages 16 to 24 evinces enormous personal and societal costs that persist for decades. The effects of (dis-)connection persist even when comparing adolescents and young adults from families with the same income level and demographic characteristics. That is, a disconnected youth will suffer an earnings penalty of over \$30,000 per year in middle adulthood as compared to someone who came from a family *with the same income* but who was in school or working those critical, transitional years to adulthood. Luckily, *Two*

Futures goes beyond diagnosing the problem and lays out solutions that the private and public sectors can pursue so that America can make maximal use of its human capital in this era of global competitiveness.”

“The impact of disconnection on well-being and life outcomes is severe and measurable and snowballs over time, and the costs to society are similarly high,” said Kristen Lewis, Director, Measure of America. “*Two Futures* seeks to quantify those costs and then reframe the dialogue to start a conversation about the benefits to society of investing in young people, and the steps the business community can take.”

“*Two Futures* brings into focus the long-term struggles of a segment of the population that hasn't received nearly enough attention: young people who lose a connection to two core institutions, the education system and the labor market, in the period of early adulthood,” added Patrick Sharkey, Professor and Chair of the Department of Sociology at New York University. “The report provides a warning signal that if we don't pay closer attention to this crucial period of the life course, the consequences of disconnection can linger on for decades.”

The report makes the case that investing in early-career workers can provide positive returns, laying out the following agenda for action:

- Listen and respond to the views and voices of youth themselves.
- Support at-risk, first-time workers with training and policies that help them stay employed.
- Work together across fractured systems. Businesses can support and even spur collective action among schools, the criminal justice system, health-care systems, financial systems, philanthropy, workforce development boards, and others to tackle the unequal conditions of daily life that persist in high-disconnection communities.
- Set data-driven goals and measure progress toward them.

Two Futures builds on previous studies of youth disconnection in a way that is unique in the current literature. It uses data from two Panel Study of Income Dynamics (PSID) cohorts to follow a specific group of youth over time. The University of Michigan's PSID has been called “one of the most remarkable surveys of American families ever conducted” because it enables researchers to analyze change over generations in American households. Begun in 1968, the survey asks the same questions to the same households each time, and when children in these households grow up and start their own households, those new households are added to the survey. For the first time, Measure of America uses the PSID to determine the impacts of youth disconnection on key markers of a successful transition to productive adulthood, including health status, educational attainment, labor market participation, poverty status, homeownership, and other factors.

Two Futures also breaks ground in investigating the share of disconnected youth who reported that they were disconnected for more than two years or more than three years.

“The data show disconnection was not just a one-year event for the majority of young adults surveyed, which is troubling because the longer the duration of disconnection, the harder it is to reconnect to school or work,” said Rebecca Gluskin, Deputy Director and Chief Statistician, Measure of America. “Ultimately, *Two Futures* reveals the magnification of inequality as disconnected youth move into adulthood. We offer an evidence-based agenda for action to reduce youth disconnection. The question is will we as businesses, governments, philanthropists, and advocates act to ensure that the youth in our

communities have a fair shot at a bright future? The data tell us that it's in the economic interest of our communities to provide the opportunity for a better future."

Two Futures was made possible by the generous support of The Schultz Family Foundation.

About Measure of America

An initiative of the **Social Science Research Council**, [Measure of America](#) provides easy-to-use yet methodologically sound tools for understanding the distribution of well-being and opportunity in America and stimulating fact-based dialogue about issues we all care about: health, education, and living standards.

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