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Race, Space and Youth Labor Market Opportunities in the Capital Region

EXECUTIVE SUMMARY

This Working Paper Executive Summary is a product of Healthy Youth/ Healthy Regions, a collaborative partnership of the UC Davis Center for Regional Change, Sierra Health Foundation and The California Endowment. Healthy Youth/Healthy Regions was commissioned and funded by Sierra Health Foundation with additional funding from The California Endowment to document the connections between youth well-being and regional prosperity in the nine-county Capital Region of Northern California.

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There are significant racial disparities in the labor market outcomes for young adults in the region with African-American and Hispanic young adults having higher unemployment levels and lower wages than white and Asian youth. These disparities exist within disconnected populations, in levels of pay for employed young adults, in the industries that young adults are employed in, and the impact that space and proximity to jobs has on job availability. This analysis assesses the extent to which structural characteristics of the Sacramento regional labor market can explain these disparate outcomes for young adults aged 20-24. Are these disparities getting better or worse, and why?

Labor market (dis)connection

Patterns of youth disconnection (from both school and work) differ substantially by race, as well as by geography, with young adults living in certain unincorporated areas of the region seemingly facing disproportionately higher levels of disconnection.

- There has been some modest improvement between 1990 and 2008 in the proportion of young adults who are enrolled in school and/or working and are thus not entirely disconnected from productive work related opportunities.
- In 2008, 21% of African-American young adults were disconnected from school or work, down from 35% in 1990, and a total of 42% were in school, up from 29% in 1990. For Hispanic young adults, 26% were out of work and school in 2008, up from 24% in 1990.
- The proportions of disconnected African-Americans and Hispanics are particularly high in unincorporated parts of Sacramento County. Over 50% of African-American young adults and over 40% of Hispanic young adults in these areas were neither in school or working in 2008. This suggests a need to further understand the role of local government in shaping levels of connection to school and the labor market.

Employment and Earnings

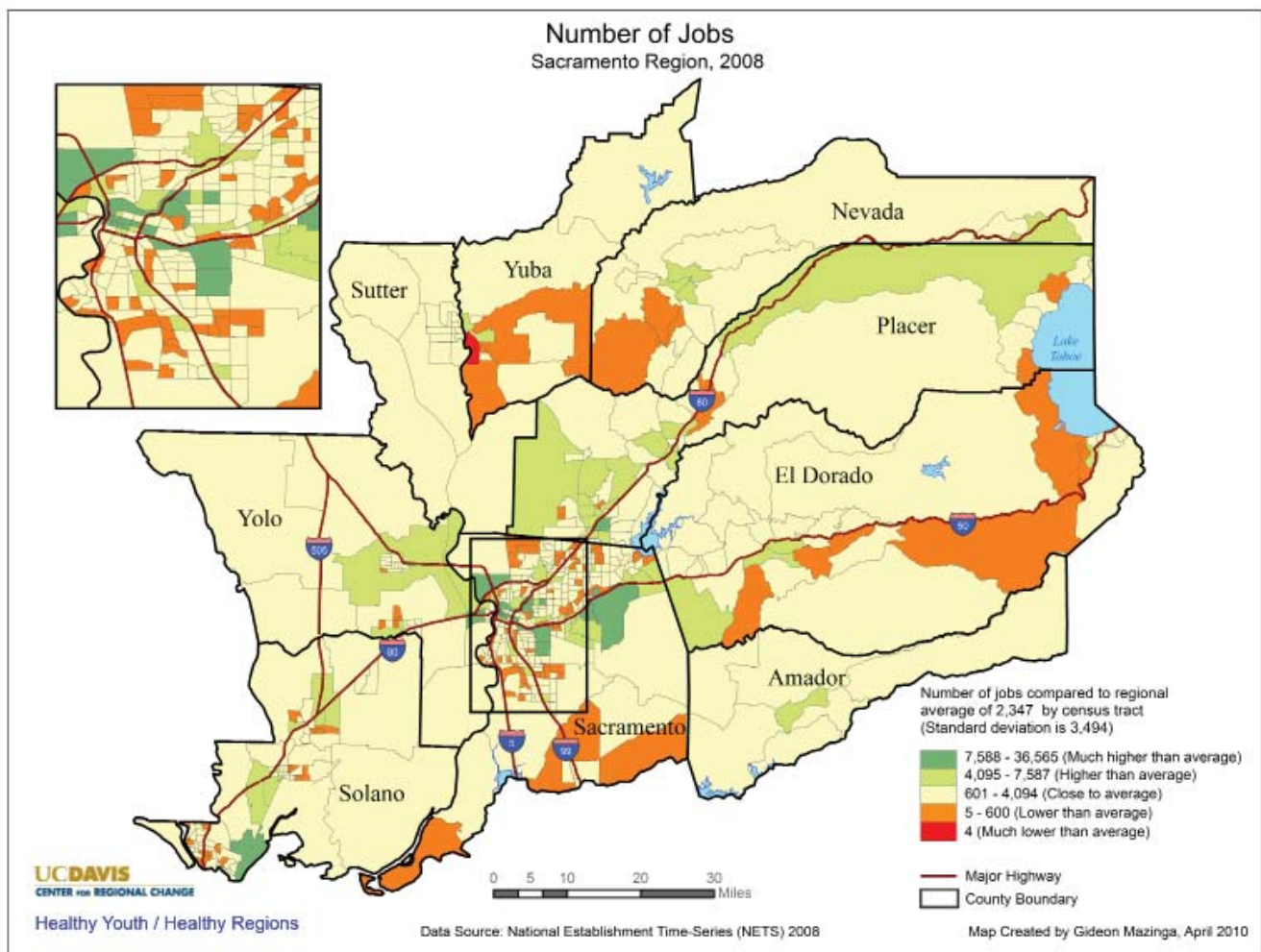
Broad changes in the industrial structure of employment in the region over the past two decades have had substantially more negative consequences on African-American and Hispanic young adult employment than on white or Asian employment.

- Average earnings for all youth decreased between 1990 and 2008, both in absolute terms and particularly in relation to the overall labor market.
- Earnings for African-American and Hispanic youth have deteriorated relative to white youth, and relative to wages of older workers.
- African-American young adults were disproportionately hurt by military base closures and shrinking public administration, declining from 16% employment in 1990 to 5% in 2008. By 2008, 52% of all African-American young adults were employed in the retail sector. Hispanic young adults were particularly hurt by the decline in non-durable manufacturing, from 11% to 4% employment. White and Asian young adults experienced substantial growth in the rapidly growing professional and related service industries (including health care and education). For whites, 22% of young adults were employed in professional and related services in 2008, up from 14% in 1990. For Asians, 26% of young adults were employed in this sector in 2008, up from 23% in 1990.

Spatial mismatch?

One of the key policy debates about the causes of persistent disparities in labor market opportunities for African-Americans and Hispanics is the extent to which segregation in residential spaces combines with uneven geographies of job growth to create a 'spatial mismatch' in which these population groups are living further from decent job opportunities than other workers.

- There is evidence of some modest spatial mismatch characteristics for African-American and Hispanic young adults in Sacramento at a neighborhood level. The average black young adult in the region in 2008 lived in a census tract with 17% fewer jobs than the average white young adult.
- Beyond the neighborhood level, jobs do seem to be accessible but only with adequate transportation. African-American and Hispanic young adults are not spatially disadvantaged compared to white young adults, but they generally have lower levels of automobile ownership and thus are more highly dependent on the quality of transit service to take advantage of those jobs.



There are a number of key insights and recommendations that emerge from this analysis.

- Given the increased importance of higher education, there is a need for more resources to help young adults not just get into college, but to stay in and finish college.
- To address the racial disparities in employment in different industries, targeted workforce development programs focused on increasing African-American and Hispanic access to valuable jobs in education and health care fields should be a high priority.
- There is a need to target job creation in African-American and Hispanic neighborhoods, and to improve the quality of transit access to jobs from these neighborhoods.