

The Face of Gen Z

February, 2012

Jane is 18. She'll text instead of call you, and if you can't answer her question right away, she'll Google it on her smart phone. Jane will buy music, customize it into her own playlists and then design the cover for her iPod while she listens. She'll spend more time looking at Facebook photos of an outdoor trip than going on one herself. She's not sure what she wants to do after graduation, but knows she wants to be passionate about her career path even as she gets ready to take on significant student loan debt.

Jane is part of Generation Z, today's 9-21 year olds. In 2020, she and her peers will be the 18-30 year olds comprising the emerging core of our state's workforce.

Jane and her cohort look and act differently than past generations. They are the most ethnically diverse and technologically sophisticated generation in our state's history and, to date, they have shown far less inclination than their parents toward the traditional "American Dream" of a family, house and car in the suburbs.

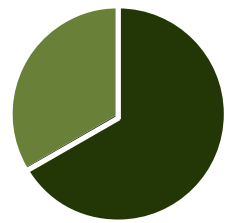
Helping Jane realize her full potential is an investment in our state's future. As a group, Gen Z faces significant challenges even as their distinctive interests and youthful optimism create new opportunities for individual and collective progress. If North Carolina can make smart investments now, Jane, her generation, and North Carolina stand to reap the returns for decades to come.

ECONOMIC AND WORKFORCE FUTURE

North Carolina's transformation from a low skill, low wage economy has been fueled by improvements in the education of its workforce. Today, however, our challenges are: too few students are prepared with the necessary skills and knowledge to compete effectively for jobs in a global economy, the Great Recession is making things difficult even for young people with all the right skills to find a job, and many young people would prefer to work for themselves.

Higher education levels lead to better paying jobs. Jane must learn more to earn more. Compared to a high school diploma, the annual wage premium for an associate's degree in North Carolina is an estimated \$9,151, rising to \$19,549 for a bachelor's degree.

Researchers at Georgetown University's Center for Education and the Workforce projected that 59 percent of new jobs in North Carolina in a ten year period to 2018 would require some level of post-secondary education. However, in 2008, only 38.5 percent of North Carolinians age 25 and older had an associate's degree or higher.



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Raising the percentage of our state's population with higher education credentials will be difficult given the state's leaky education pipeline. In a study of students who were 9th graders in 1996 and college graduates in 2006, fewer than 20 out of 100 earned a degree after four to six years in college. Indeed, 35 percent failed to graduate high school in four years, 22.5 percent of those who graduated high school did not go directly to college and 13.5 percent who did enroll failed to finish their second year.

The good news is four-year high school graduation rates are rising in our state--to 77.9 percent for the year 2010-2011. However, work remains to be done, particularly when it comes to closing long standing racial and ethnic performance gaps. This is particularly

the case for Latino students, a population in which only 68.8 percent of ninth graders have a high school degree within four years, and for black students (71.5 percent). The achievement gap based on race and ethnicity is important. Our Latino population in North Carolina has exploded over the past 20 years to now stand at 8.4 percent of the state's population. This population is a young one and, thus, is an even higher proportion of Gen Z. In 2018, Latinos are expected to represent 35 percent of the state's high school graduates. The 29 percent gap in college enrollment between whites and Latinos between the ages of 18 and 24 years represents a significant challenge and one the state must close.



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Further challenges await Jane as she tries to learn more to earn more. College tuition is rising at an annual rate of 5% nationally and cash-strapped parents are less able to help finance their kids' higher education costs. Some two-thirds of graduates from four-year colleges and universities had student loan debt in 2008, a 27 percent increase from 2004. Average debt levels rose 24 percent to \$23,200 during that same period, even as employment prospects were seriously eroded by the current recession.

Coming into the job market in one of the most difficult economic periods in recent memory, young people have been hit especially hard. At the height of the current recession, approximately one out of every four North Carolina residents aged 16 to 19 actively searching for a job could not find one. As the recession reluctantly ebbs, the effects will linger far longer, particularly in the form of reduced salaries from delayed entry into desired careers.

This is not to say that Jane won't eventually find a job in North Carolina: projections for job growth for 2011-2020 shows employment opportunities in health and medical services and professional services, wholesale retail trade, and construction industries. The fastest growing

opportunities will be in healthcare, educational services and professional occupations.

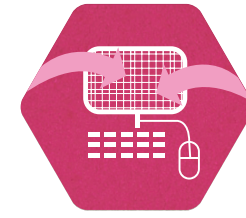
If she is a typical member of Gen Z, Jane is likely to be more interested in creating a job than finding one. Over the next decade, growth of new and small businesses is expected to be a major source of the state's job growth. Research shows that 54 percent of those aged 18-34 want to start their own business rather than work for someone else. An even higher percentage of young people of color – 64 percent of Latinos and 63 percent of African-Americans – expressed a desire to start their own companies.

Whether she enters the workplace as an entrepreneur or employee, Jane will bring new traits and expectations with her. She will be less interested in doing things the way they have always been done, paying her dues for any uncertain reward, or abiding by a work ethic that demands one-sided loyalty. Gen Z will favor jobs that have societal benefits, and they will strive to make an impact while maintaining a work-life balance foreign to their parents. They will expect a business culture that promotes creative ideas and innovation, and they will demand options to work remotely and with flexible schedules.

CONNECTIVITY

Jane grew up in an age when computers and the Internet always existed. Of teens aged 13-18, 93 percent go online on a regular basis and 74 percent have broadband in their home. Over 70 percent of teens own a laptop, 69 percent own a portable MP3 player, and 63 percent own a gaming console. Technology is in Jane's DNA, and it shows in the way she lives, works and desires products. Within these characteristics lie opportunities for improving the state's future.

Generation Zers are a Do-It-Yourself generation. Like Jane's smart phone, which she can constantly update, design and personalize, cutting-edge technology and products that allow Gen Zers to customize to their personal tastes are attractive to these young consumers. The explosive growth in the market for apps reflects these preferences. Since the launch of the Apple App Store in July 2008, the number of apps has increased from 25,000 to over 500,000 (fall 2011), with some 131,000 active publishers and developers.



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Generation Z has a casual, personal and direct way of communicating, and social networking is a central part of their lives. In education, North Carolina may need increased options to embed ever-changing technology. Of the teens online, 78 percent (about 16 million students) say they use the Internet at school. This translates into 68 percent of all teenagers, up from 47 percent in 2000. Most teens also believe that the Internet helps them do better in school. Technological developments, fueled by these internet-savvy Gen Zers, are slowly steering education toward project-based learning. Teachers that facilitate peer learning through technology and put more emphasis on critical thinking and problem solving will play a pivotal role in producing graduates ready to take on innovation and entrepreneurship once they hit the work force.

Civic engagement will not be a given for Gen Z, however. According to the 2010 North Carolina Civic Health Index, Generation Z is the least civically engaged of any age group in a state that is in the bottom 50 percent in major civic health indicators, such as time spent volunteering or being otherwise involved in the local community. It is possible that these disappointing numbers on civic involvement reflect how Gen Z's connectivity has changed what they see as engagement.

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Extreme connectivity places these youth in a global network. As a result, Jane's idea of "community" has been altered beyond notions of geography. Jane is now connected to communities of shared interest, where members might live anywhere. Literally. As such, Jane may volunteer during spring break trips abroad, choose

to purchase local foods and products or just grow her own foods and make her own products with support from a virtual network.

WELLBEING

Generation Z's constant connectivity draws them to screens constantly. Jane would rather watch TV or play Xbox than participate in organized sports. She would rather text her sibling in the next room than have a face to face conversation.

While current recommendations from the U.S. Department of Health and Human Services call for at least 60 minutes of moderate to vigorous physical activity daily, most Gen Zers are getting far less. Only about two in five North Carolina youth are meeting this standard. This lack of physical activity is putting Generation Z at risk of being the first generation to live shorter, less healthy lives than their parents.



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North Carolina has the 11th highest childhood obesity rate in the nation, with nearly 32% of children ages 10-17 in North Carolina overweight or obese. Rates are even higher for children living in poverty and in certain ethnic populations. For some families, having sufficient food on the table is a challenge, let alone healthy food. The Food Research and Action Center ranks North Carolina seventh highest in the nation for families having difficulty purchasing food, with three metropolitan areas in the top twenty nationally: Greensboro-High Point (10), Winston-Salem (13), and Charlotte-Gastonia-Concord (19). In a time of shrinking family budgets, the cheapest food options are often the most unhealthy. This exacerbates the state's struggle with chronic diseases, including type II diabetes and cardiovascular disease.

Overweight youth are at risk for a host of physical ailments such as hypertension, type II diabetes, stroke, asthma and cancer. The number of North Carolina public school students who have chronic health conditions has risen dramatically. In the 2007-2008

school year, 17 percent of public school students were identified as having chronic health conditions, compared with just 6 percent in 1997-1998.

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As Jane spends more time in front of computers, televisions, and other screens, the bond between her and the natural world may be eroding, leading to what some are calling "nature deficit disorder." This is occurring at a time when the increasing complexity of problems related to sustainability and the environment requires more of our attention and ingenuity. The challenge lies in discovering ways to spark Jane's interest and creativity, to engage them in ways that not only create a more sustainable future, but one that brings jobs and economic growth with it.

Jane is the face for millions of youth in North Carolina. She may develop innovative healthcare technology, find ways to provide clean energy to our cities, or create a new program that enables more students to graduate from our schools. The possibilities are endless, but we need to help Jane accomplish her goals. If our state is going to position itself for global success in the years to come, we must create the conditions needed to support Jane and other Gen Zers in pursuing their aspirations.

Established in 2002, the Institute for Emerging Issues (IEI) is an organization dedicated to North Carolina's future competitiveness. By supporting collaboration among individuals from all sectors and areas of the state, IEI builds an enduring capacity for progress. For more information on IEI's work, visit www.emergingissues.org.