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K2.5 What do 17-year-olds who don't go to school do?

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As we have seen in subchapter 2.5, the rising trend of the share of those in formal education was broken in 2012, and participation dropped to the level of ten years before by 2016.

What do 17-year-olds who don't go to school do? It is shown in the two panels of *Figure K2.5.1.* The proportion of those in employment within the age group can be seen in the left panel, distinguishing (starting with May 2000) market-based employment from total employment that includes public works. It can be seen that employment rates do start to increase in parallel to the decrease of participation in education; it rose from a rate of just above zero to a rate of 1.5–2%, or 2–2.5%, including public works. However, this could not offset the decrease in educational participation: as it is shown in the right panel, the share of seventeen-year-olds not in education, employment, or training rose to a rate of 5–6 percent, from a rate of 3 percent observed before the lowering of the school leaving age.[1]
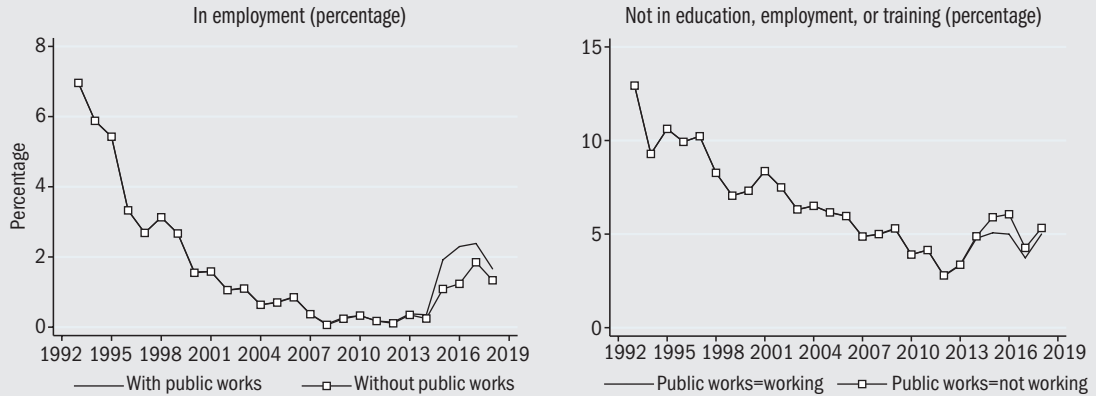
The rise in the share of passive 17-year-olds (NEETs) is a worrying development since the unemployment risk of this group is very high and stays so into adulthood, as early school leavers typically do not proceed with education at later ages either.[2] The average NEET rate of five percent cannot be deemed negligible, especially since it hides significant regional differences (see subchapter 6.2). The problem is not only that 17-year-olds who do not go to school do not acquire vocational or secondary school qualifications (significant numbers did not acquire them even when the school leaving age was 18 years), but the so-called "incapacitation effect" as well, that is, the fact that youth spend their time at school. See the works of *Machin et al* (2011) and *Adamecz–Scharle* (2018) on the preventive effects of this with regard to criminal activity and teenage pregnancy.

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1 There is hardly any difference between the shares of the genders.

2 Also according to the data of the labour force survey, an average of less than six percent of seventeen-year-olds not in education, employment, or training participated in non-formal training between 2011–2018. (The rate was calculated for a longer period because of the low number of cases.) This is approximately 0.3 percent of the entire cohort, which does not influence the proportions shown in the figure significantly.

Figure K2.5.1: The share of 17-year-olds in employment, and not in education, employment, or training (NEET), 1992–2018

In employment (percentage)

Not in education, employment, or training (percentage)

——— With public works   —□— Without public works

——— Public works=working   —□— Public works=not working

Note: The annual rate is calculated as the arithmetic mean of the rates of the first, second and fourth quarters. Because of the changes in the administration of the summer holidays, the data of the third quarter cannot be examined in a long time series model, and are a *priori* uncertain. The data are representative of those who reached the age of 17 by the date of the survey (but have not reached the age of 18), and have not attained a level of education higher than elementary.

In employment: employed as defined in the ILO-OECD convention.

Source: Authors' calculations, based on the version of the labour force survey of *KSH* handled in the Databank of *MTA KRTK*.

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