The Continued Crisis in Teen Employment in the U.S. and Massachusetts: The Absence of Any Teen Job Growth in the Recovery from the Great Recession, Low Income and Minority Youth Fare Worst

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“There is no major economic or social problem that cannot be solved by work”.
Thomas Carlyle

“He that lives upon hope will die fasting”.
Benjamin Franklin

The past decade (2000-2010) dubbed by a number of economists as “the lost decade” was marked by few to no gains for America’s workers.1 Overall employment stagnated, labor force attachment declined, unemployment and underemployment problems were substantially higher at the end of the decade than at the beginning, and real wages for most workers were left unchanged, with the lowest paid workers actually losing ground over the decade.

The nation’s youngest workers (16-19 year olds) fared the worst. Their employment rates plummeted throughout most of the decade, dropping to post-World War Two historical lows in 2011. While the nation’s labor markets have been adding jobs since early 2010, the nation’s teens have not captured any of them. Total civilian employment (16+) in the U.S. declined sharply during the Great Recession of 2007-09, falling by 6.3 million from the cyclical peak in December 2007 to the cyclical trough in June 2009 and continued to fall by another 1.5 million until the beginning of 2010. From January-February 2010 to the same two month period in 2012, the total number of employed civilians in the U.S. increased by 3.269 million (See Table 1). Over this same two year period, teen employment (16-19 year olds) in the nation fell by 74,000. The nation’s teens did not capture any of the net new jobs generated by the labor market.

Table 1:
Trends in Total Civilian Employment (16+) and Teen Employment in the U.S.
From January – February 2010 to January – February 2012
(Numbers in Millions)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>(A)</th>
<th>(B)</th>
<th>(C)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January – February 2010</td>
<td>January – February 2012</td>
<td>Absolute Change</td>
</tr>
<tr>
<td>16+</td>
<td>138.582</td>
<td>141.851</td>
<td>+3.269</td>
</tr>
<tr>
<td>16 – 19</td>
<td>4.455</td>
<td>4.380</td>
<td>-.074</td>
</tr>
<tr>
<td>16 – 19 Share of Change</td>
<td>0</td>
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The employment rates of the nation’s and state’s teens have declined steeply over the past 12 years, reaching new historical lows in recent years. Tracking teen employment for the January-February period of each year since 2000, we found a marked decline in teen employment rates during recessions and early jobless recoveries and little to no growth during the recovery period (Chart 1). In January-February 2000, 45% of teens held some type of job. Their employment rate dropped sharply to 37.9% in 2003 and failed to grow during the 2003-07 national labor market recovery, falling to 36% in 2007. Over the next three years, the teen employment rate declined very steeply falling by 10 percentage points to 26% in 2010 and declining further to only 25.6% in the first two months of this year. This 25.6% teen employment rate was tied with last year, marking three back to back years of historically low teen employment rates. Only 1 of every 4 American teens worked in the first two months of 2012, and among low income, minority teens the employment rate was as low as 1 in 10.

Chart 1: Trends in Teen Employment Rates in the U.S., January – February 2000 to January – February 2012, Selected Years (in %, Seasonally Adjusted)

Teens in Massachusetts also experienced a severe deterioration in their employment rates over the past decade and again in recent years. During the 1999-2000 time period, a slight majority (51%) of Massachusetts teens worked. That employment rate dropped down to 39% by
2006-07 and fell further to 31% in 2009-2010 (Chart 2). The 31% employment rate in 2009-2010 was the lowest over the past 35 years for which CPS employment data exist.

Chart 2: Trends in Teen Employment Rates in Massachusetts, Selected Years, 1999-2010, Annual Averages (in %)

Teen employment data for the first three months of selected years from 1999 to 2012 are displayed in Chart 3. Back in 1999, nearly half of the state’s teens held some type of job. By 2006 well before the national recession set in, the teen E/P rate averaged only 33% and would decline to slightly below 30% in 2009. In 2011, the teen employment rate in Massachusetts actually improved, rising to 32% in the first quarter of the year and increasing through the summer (Chart 3).

Unfortunately, the teen employment rate began to deteriorate in the Fall of 2011 and has remained very weak in the first few months of this year, reaching only 26% in 2012, tying with 2010 as the two lowest teen employment rates on record in the past 35 years. Our relative teen employment position also has deteriorated over the past decade. Back in 1999, Massachusetts ranked 14th highest among the 50 states. Our 25.8% teen employment rate in 2012 ranked only 26th highest among the 50 states about right in the middle of the distribution, and about only half of its value in 1999.
Who Works in Massachusetts? Variations Across Race/Ethnic and Family Income Groups

Similar to findings for the nation as a whole, teen employment rates in Massachusetts vary quite widely by race-ethnic group, family income group, and schooling status. In 2010, only 23 to 25 per cent of Black, Asian, and Hispanic teens worked in our state versus 36 per cent of White, non-Hispanics (Chart 4). Low income Black and Hispanic youth were the least likely to work especially when enrolled in high school.

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Note: (1) Data for 2012 are only for the January – February period.

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2 The estimates of teen employment rates for this year are based on the American Community Surveys which include interviews with more than 30,000 households.
Teen employment rates in Massachusetts also varied widely by family income in 2010. The lower the family income, the less likely teens were to work (Chart 5). Only 1 of every 5 teens living in families with incomes under $20,000 had a job versus 27% of those in families with incomes between $20 and $40,000, and highs of 38 to 39 per cent among teens living in households with incomes between $80,000 and $150,000. Massachusetts teens from upper middle income families were twice as likely to work as low income youth in 2010.
The link between family income and teen employment was especially strong among high school students (Chart 6). The 2010 employment rates of Massachusetts high school students, (16 and older), ranged from lows of 11 to 13 per cent among the lower income families (under $40,000) to highs of 30% for those in upper middle income families, a relative difference of three to one from top to bottom. The gaps are even larger when we take both race and family income jointly into consideration. Only 6 to 7 per cent of low income Black and Hispanic high school students worked in 2010 versus 32% of upper middle income White, students. The relative gap in teen employment rates between these two groups was more than five to one.
Why We Should Care? The Case for the Youth Workforce Solutions Act

Evidence in favor of the case for the Youth Workforce Solutions Act has been building for the past few years, and the above recent findings on teen labor market developments make the case even stronger. Similar to their national counterparts, the state’s teens are working at historically low rates. Youth from minority backgrounds, low income families, one parent households, and high poverty and high unemployment areas are finding it increasingly difficult to find any type of work, employed teens are being increasingly confined to jobs in a smaller subset of industries and occupations.

Teen employment is highly path dependent. The more work a teen performs this year, the more likely he is to work next year and the following year. Work in high school also improves the transition from high school to the world of work upon graduation, and teen employment in the late teen years helps raise employability and real weekly earnings in the early 20s, especially when jobs are full-time and offer opportunities to learn new skills. Young adults in their early 20s with more years of cumulative work experience are more likely to receive formal training and apprenticeship training from their employers.

In school employment also helps achieve a number of other important educational and social goals. Among low and middle income youth, work in high school helps lower the high school dropout rate, especially among males. Work based learning also improves youths’ ability to see the connection between school work and the demands of the labor market and improve career choices. Women from
many families who work in high school are less likely to become teen mothers, and lower income males are less likely to become involved with crime and the juvenile justice system. Work works! We need a lot more of it, especially for our low income, minority, and central city youth. The need for major provisions of the Youth Workforce Solutions Act is immediate, and the programs are needed more than ever before as the personal and social costs of dropping out of high school and failing to secure work build inexorably. The time for action is now!