

The Declining Teen Labor Force

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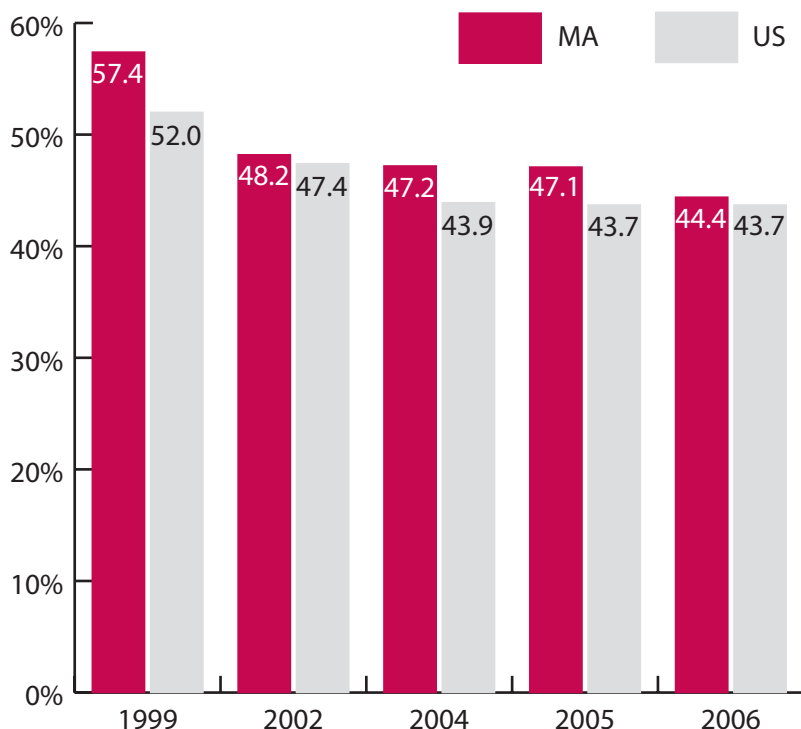
Report Focus

Tracking and Assessing the Steep Declines in the Massachusetts Teen Labor Force and the Employed Teen Population, 1999–2006: The Case for a Comprehensive Workforce Development Response

Introduction

Massachusetts was the only state in the nation to have experienced a decline in the number of working-age adults (16+) either working or actively looking for work during 2002–2005. High levels of domestic out-migration were a key factor underlying the stagnation of the overall resident labor force. In addition, declines in labor force attachment among teens, 20–24 year olds without four-year college degrees, and less educated, native-born males also played a role in holding down growth of the state's labor force.

Chart 1: Trends in the Annual Average Civilian Labor Force Participation Rates of Teens in Massachusetts and the U.S., 1999–2006 (in Percent)



This brief focuses on key trends in employment and labor force participation for teens, aged 16 to 19 in Massachusetts. The employment status of working age high school students is also examined in detail to explore effects of race/ethnicity and family income.

Analyses show that the Massachusetts labor force participation rate for teens has declined from 57% in 1999 to 44% in 2006 and the employment rate has declined from 53% in 1999 to 39% in 2004. With the exception of Worcester, there is a steep decline in the teen employment rate in all large cities in Massachusetts. Among high school students in 2005, women, white, non-Hispanic, older teens from higher-income families are the most likely to be working.

The estimates of teen labor force participation rates and employment rates are based upon several different data sources. The estimates of annual

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average participation rates for all teens are based on the monthly Current Population Surveys (CPS) of households for selected years from 1988 to 2006, including the CPS public use data files for calendar years 2005 and 2006. Estimates of employment rates of high school students in 2000 are derived from the 2000 Census of Population and Housing, based on the long-form questionnaires. The third data set is the American Community Surveys (ACS) for 2005, when nearly 34,000 households in Massachusetts completed questionnaires as part of the ACS survey.

Trends in the Labor Force Attachment of Teens

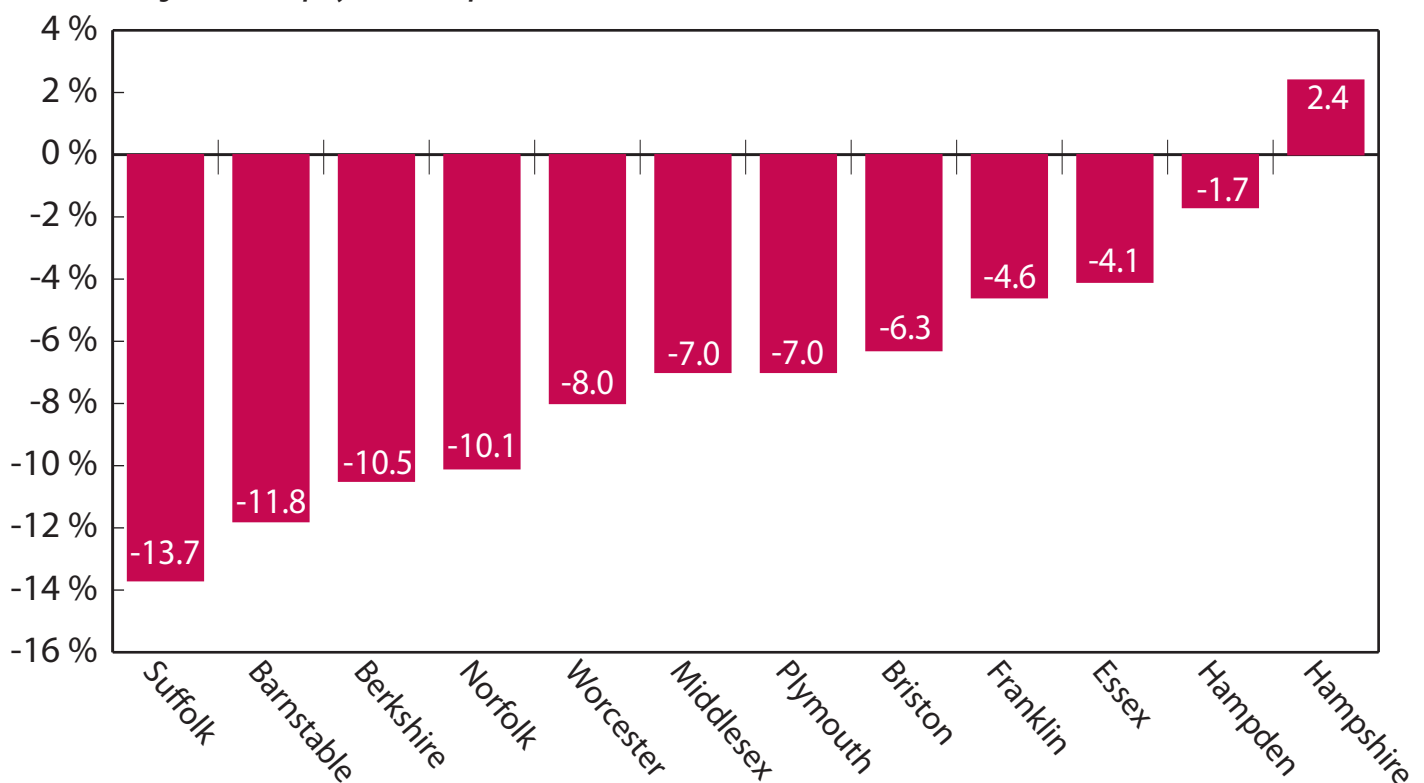
The labor force attachment of the state's teens (16–19), including both in-school and out-of-school youth, has declined considerably since the late 1980s, and the state's comparative position in teen labor force attachment relative to the nation and other states has deteriorated substantially. A modest part of the drop in teen labor force attachment in Massachusetts over this period is attributable to higher rates of school enrollment among teens, especially of college students; however, the bulk of the decline is due to steep drops in labor force attachment among both in-school and out-of-school youth, especially high school students, dropouts, males, lower income youth, and minority youth.

At the end of the state labor market boom of the 1980s,

slightly more than 61 of every 100 teens were active in the state's labor force, either working or actively looking for work. The civilian labor force participation rate of the state's teens in 1988 exceeded the U.S. average by 6.1 percentage points, and the state ranked 10th highest among the 50 states on this measure. During the severe recessionary conditions of the late 1980s and early 1990s, the labor force participation rate of state teens declined sharply, falling to an average of around 55% in 1991 and 1992, with employment rates dropping even more sharply due to high unemployment rates. The annual average teen unemployment rate in 1991–92 was 20%. During the state's economic recovery from 1992 to 1999, more teens entered the labor market and found jobs. However, by 1999, the Massachusetts teen participation rate had risen back to 57.4% and exceeded the national rate by 5.4 percentage points.

Since 1999, the labor force participation rates of teens have declined markedly, both in Massachusetts and nationally. (See Chart 1.) By 2002, the Massachusetts teen participation rate had declined to 48.2% and would fall further to 44% by 2006. The annual average teen participation rate in 2006 in Massachusetts was 13 percentage points below that of 1999 and 17 percentage points below that of 1988. Rather than being well above the national average as it was in 1988, the state's teen labor force participation rate in 2006 was about the same as the national average, and the state ranked only 37th highest among the 50 states, falling far behind the lead-

Chart 2: Changes in the Employment to Population Ratios of Teens in Selected Massachusetts Counties, 2000–2005 (In Percent)



ing states whose teen participation rates exceeded Massachusetts' by 15 to 21 percentage points. If the state's teen labor force participation rate in 2006 had matched the average of the top five states, there would have been an additional 67,000 teens in the state's labor force during the past year.

The employment rates of the state's teens have plummeted even more rapidly over the past seven years due to rising unemployment rates. In 1999, the teen unemployment rate in Massachusetts was only 6.8% versus an average of 12.2% in 2005–2006. The estimated employment rate of the state's teens, thus, fell from 53.5% in 1999 to only 39.4% in 2006, a drop of 14 percentage points over this seven year period, representing a relative decline of 26%. If the 1999 employment rate of teens had prevailed in 2006, there would have been nearly 200,000 employed teens in the state during that year versus the 146,600 actual number of employed youth, a difference of nearly 54,000 additional youth with jobs. This represents an extraordinary job deficit for teens, whose lack of work experience will hamper their future employability and wage growth, especially for those who do not enroll in four-year colleges and universities after high school graduation.

In addition to the 18,500 average monthly number of unemployed teens in 2006, there were nearly another 18,000 who wanted a job but were not actively looking for work, and close to 7,500 who were only working part-time because of reduced work at their firms or an inability to find a regular full-time job. By combining these three groups of unutilized or underutilized youth, we end up with a combined pool of 43,800 teens experiencing underutilization and some type of labor market problem during an average month in 2006, representing nearly one-fourth of all teens in the adjusted labor force. The underutilization rate of teens was two and one-half times as high as that of all working-age adults (16 and older) in the state in 2006, and nearly four times as high as that of 45–54 year olds.

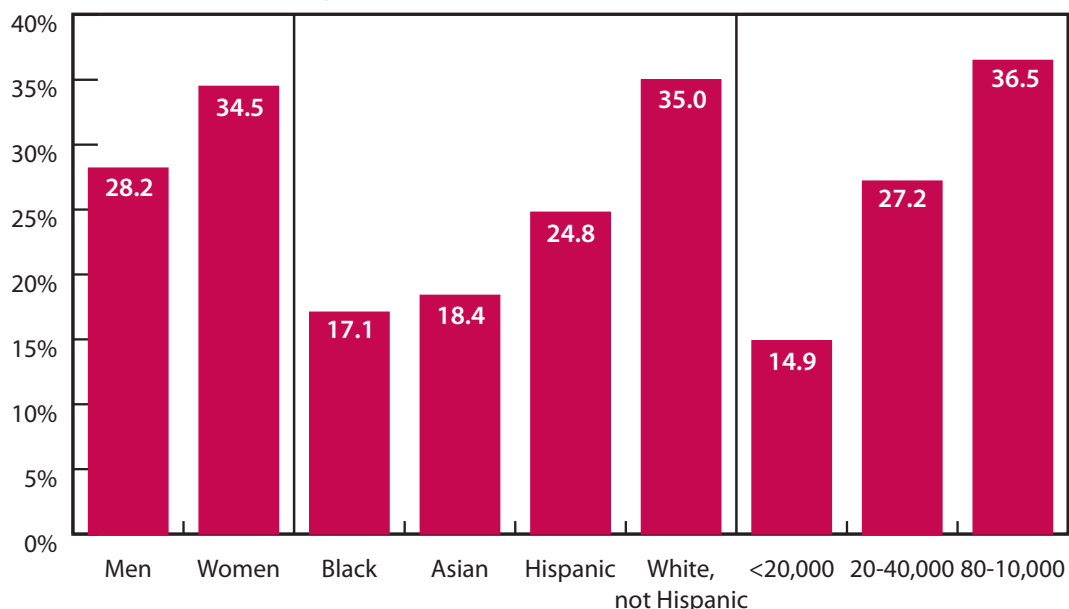
The declines in teen employment rates over the

2000–2005 period were geographically widespread across counties and large cities in the state. Teen employment rate declines were largest in the three more populous counties of the state (Suffolk, Norfolk, Middlesex) and Barnstable County. (See Chart 2) Teens in most of the large cities of the state, except Worcester, also experienced steep declines in their employment rates.

Employment rates of high school students in 2005 varied widely across gender, age, race-ethnic and family income subgroups. (See Chart 3.) Women, white, non-Hispanics, older teens, and those living in higher income families were more likely to be working than each of their respective counterparts. Findings of a multivariate statistical analysis of the employment status of teenaged high school students revealed that gender, age, race-ethnic origin, parents' employment status, and family income had large significant impacts on their probability of employment in 2005. Gaps in the predicted employment status between low income, minority male high school students and affluent, white females were extraordinarily large (35 percentage points). Specifically:

- Male high school students were significantly less likely (-8 percentage points) to be employed than their female counterparts.
- Both black and Hispanic students (-12 percentage points) were significantly less likely to be working than white, non-Hispanic youth.

Chart 3: Employment Rates of High School Students 16 and Older in Massachusetts by Gender, Race-Ethnic Group and Family Income



Source: Family Income Information from 2005 American Community Surveys, public use files, and tabulations by authors

- Older high school students (those 17, 18, and 19) were significantly more likely to work than their 16 year old peers. The probability of working in high school increased strongly with the age of the students.
- Students who lived with both parents, of whom either only one or no parent worked, were less likely to be employed than their peers with both parents who worked. The estimated impact of no parent working was a large -17 percentage points. Those students who lived with only one parent (typically the mother) that was not working were also significantly less likely (-11 percentage points) to be working than their fellow students who lived with two working parents.
- Those youth living in families with annual incomes greater than \$40,000 were significantly more likely to be employed than their peers living in families with an income under \$20,000. The estimated impacts of higher family incomes on work probabilities increased in size until the \$80,000-100,000 income bracket was reached. Students with such family incomes were 14 percentage points more likely to be at work than those students living in low income families.

Implications for Workforce Development

The above findings have a number of important implications for the state's youth workforce development system. Actions on a variety of fronts are needed to boost the short and long run employment prospects of the state's teens, including both in-school and out-of-school youth as early work experiences are more likely to lead to long-term labor force participation. First, Connecting Activities programs should be strengthened to develop paid internships and other paid positions for high school students during the school year and the summer months. This program appears to have been successful in developing jobs for high school students in a wider array of industries and occupations than students might obtain for themselves. A uniform, comprehensive information base on the jobs obtained for high school youth and the characteristics of the youth placed in these jobs needs to be developed.

All state agencies should boost their hiring of teens during the summer months, especially youth in the state's central cities and those belonging to low-income families. Local

leaders and officials should take the lead to work with private industry to create jobs for local youth during both the summer months and the regular school year as has been done by the City of Boston.

Additionally, there is a need for strengthening the transition of new high school graduates to the labor market upon graduation, especially among those new graduates who will not enroll full-time in college in the fall immediately following graduation from high school. There is a clear need for boosting the employment rates of high school graduates from low-income families and from the state's large cities (Boston, Lowell, Fall River, New Bedford and Springfield). It is also important to focus on outreach and program efforts for high school dropouts to boost their employment unsubsidized jobs and enrollment in alternative education programs. More dropouts need to combine education with real world work experience.

One possibility might be through the creation of a Youth Apprenticeship Program capable of providing high school youth and community college attendees with apprenticeship training in new and emerging occupational fields not currently covered by the registered apprenticeship system. There is a recent example from the state of Wisconsin, which has engaged in a number of pioneering efforts in youth apprenticeship and currently provides training in 21 occupational fields to high school students and graduates. Existing youth apprenticeship efforts in Massachusetts, and innovative efforts in other states, such as Wisconsin, should be reviewed to develop recommendations for a revitalized youth apprenticeship system in Massachusetts to foster skill development and access to higher skilled jobs for recent and future high school graduates.

This brief is an update to the June 2006 Commonwealth Corporation Research and Evaluation Brief, "Employment Prospects for Teens."

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