

The Steep Deterioration in Teen Employment
Opportunities in Massachusetts and the U.S.,
1999-2010: The Continued Trend Toward
New Historical Low Teen Employment Rates and
the Need for New Federal/State/Local Policy Response

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Executive Summary and Action Plan Recommendations

During the past decade, 2000-2010, teens in both the U.S. and Massachusetts have experienced a range of very severe labor market problems that have intensified in recent years. They include substantially reduced employment levels, rising open and hidden unemployment, declining labor force attachment, increasing underemployment, and increasing confinement to a narrow range of jobs across industries and occupations. During the past four years, the employment rates of teens in both Massachusetts and the nation have declined to new post-World War II lows, with males, high school students, Black and Hispanic youth, and low income youth typically faring the worst. During 2010, despite a modest improvement in payroll jobs in the nation and the state, the teen employment rate continued to decline to new historical lows. The federal stimulus and modest recovery in the job market completely bypassed the nation's teens.

This policy relevant, research report is designed to track and assess teen employment developments across the nation, our state, and all other states over the 1999-2010 period and make timely concrete policy recommendations to address the issue. We will emphasize changes in the teen employment/population ratio (E/P) as the key labor market outcome measure. The E/P ratio is influenced by both the civilian labor force participation rate of teens (L/P) and their unemployment rate (U/L). The teen employment rate over the past decade has been declining steeply due to a drop in their labor force participation rate and their rising unemployment rates.

Policy Recommendations:

- The jobs crisis for teens exists on a year-round basis. Job deficits are not confined to one time of the year.
- Summer jobs programs including active private sector involvement can help fill a part of the large jobs gap but they are no substitute for year-round employment. Governor Patrick's proposal to fund summer jobs at \$8 million this summer should be enacted and expanded to including year-round work for youth. Closer ties between summer and year-round job are needed.
- Employed youth are being concentrated in a smaller number of industrial sectors and occupations. We need to expand both the number of teen jobs and their industrial/occupational diversity modeled on the Connecting Activities program which provides high school youth with year-round and summer work opportunities.
- Mayors and chief local officials throughout the state need to play an active role similar to that of Boston Mayor Thomas M. Menino in promoting summer jobs for teenagers in the private sector.
- The state's members of Congress should both provide continued support for the funding of youth programs under the Workforce Investment Act and play a leadership role in recruiting employers in their districts.

- Congress should pass legislation that would provide firms hiring new workers that were 16-21 years old a tax credit up to 25% of the wage bill for the first 9 months of employment.
- Chambers of Commerce across the state should be asked to participate in a campaign to put the state's teens to work including local initiatives to work closely with high schools, Workforce Investment Boards, and local WIA One-Stop Career center staff to promote the employment of job ready youth. Participating private employers should be recognized publicly for their contributions.
- The federal, state, and local governments should play a more active role in the hiring of teenagers on a year-round basis. They currently hire teens at a ratio far below that of the private sector.

Introduction

During the past decade, 2000-2010, teens in both the U.S. and Massachusetts have experienced a range of very severe labor market problems that have intensified in recent years.¹ They include substantially reduced employment levels, rising open and hidden unemployment, declining labor force attachment, increasing underemployment, and confinement to a narrow range of jobs across industries and occupations. During the past four years, the employment rates of teens in both Massachusetts and the nation have declined to new post-World War II lows, with high school students, Black and Hispanic youth, and low income youth typically faring the worst. During 2010, despite a modest improvement in payroll jobs in the nation and the state, the teen employment rate continued to decline to new historical lows. The federal stimulus and modest recovery in the job market completely bypassed the nation's teens.

This policy relevant, research report is designed to track and assess teen employment developments across the nation, our state, and all other states over the 1999-2010 period. We will emphasize changes in the teen employment/population ratio (E/P) as the key labor market outcome measure. The E/P ratio is influenced by both the civilian labor force participation rate of teens (L/P) and their unemployment rate (U/L). The teen employment rate over the past decade has been declining steeply due to a drop in their labor force participation rate and their rising unemployment rates.²

Trends in Teen Employment Rates in Massachusetts and the U.S., 1999-2010

Over the past decade, teen employment rates in Massachusetts and the U.S. have declined precipitously with no period of sustained growth at any time over this 11 year period. In 1999, the teen employment rate in Massachusetts stood at 54.3%, nearly 10 full percentage points above that of the nation and ranking 13th highest in the nation. This E/P ratio marked the high point for the state over the past two decades. During the recession of 2001 and the jobless recovery of 2002-03, the teen employment rate in the state fell very sharply, dropping to 38.4%

¹ For a more detailed overview of teen labor market developments in the U.S. over the past decade and recent years, See: (i) Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, The Vanishing Teen Labor Market: The Need for New Workforce Development Responses, Report Prepared for the Charles S. Mott Foundation, Flint, Michigan, 2010; (ii) Andrew Sum, Ishwar Khatiwada, and Jack Wuest, Double Vision? The Move to Equality in the Teen Employment and Unemployment Rates and the Continuing Historical Collapse of the Teen Labor Market in the U.S., HuffingtonPost.com, February 2011.

² The E/P ratio of any demographic group is the product of its civilian labor force participation rate (L/P) and its unemployment rate. Algebraically, $E/P = L/P * E/L$ where $E/L = 1 - U/L$ where $U/L =$ unemployment rate.

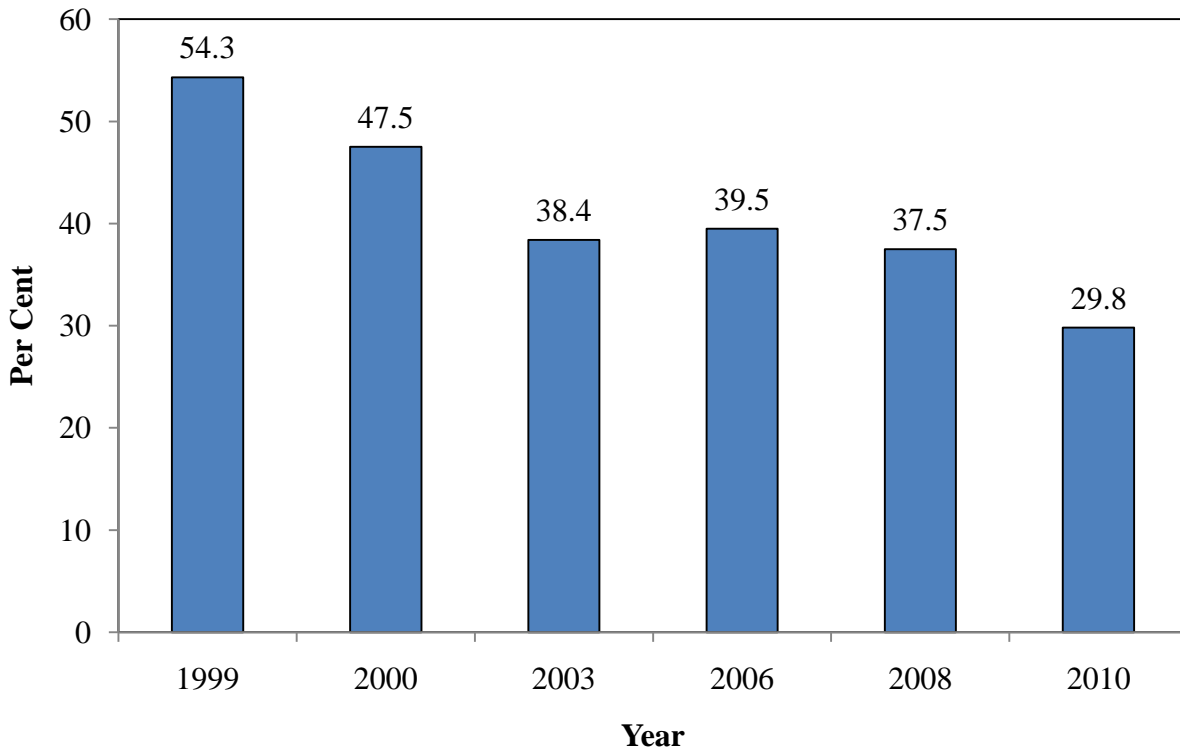
by 2003, a decline of 16 percentage points and only 1.6 percentage points above the nation. The state ranked only 25th highest among the 50 states in 2003, right in the middle of the distribution, a mediocre performance at best.

Table 1:
Trends in Teen Employment Rates in Massachusetts and the U.S., Selected Years, 1999-2010
(Annual Averages in %)

| | (A) | (B) | (C) | (D) |
|-------------|-------------------|-------------------|-------------------------|--|
| Year | Massachusetts | U.S. | Massachusetts – U.S. | Massachusetts Rank Among 50 States |
| 1999 | 54.3 | 44.7 | +9.6 | 13 th |
| 2000 | 47.5 | 45.2 | +2.3 | 25 th |
| 2003 | 38.4 | 36.8 | +1.6 | 25 th |
| 2006 | 39.5 | 36.9 | +2.6 | 27 th |
| 2007 | 38.6 | 34.8 | +3.8 | 23 rd |
| 2008 | 37.5 | 32.6 | +4.9 | 20 th |
| 2009 | 32.7 | 28.4 | +4.3 | 21 st |
| 2010 | 29.8 | 25.9 | +3.9 | 25 th |
| Δ 1999-2010 | -24.5 | -18.8 | -5.7 | -12 |
| | percentage points | percentage points | percentage points | Ranks |

Sources: (i) U.S. Bureau of Labor Statistics, Geographic Profiles of Employment and Unemployment; 1999 and 2003; (ii) Monthly CPS surveys, 2000, 2006, 2007, 2008, 2009, 2010, public use files, tabulations by authors.

Chart 1:
Teen Employment Rates in Massachusetts, Selected Years, 1999 to 2010
(Annual Averages, in %)

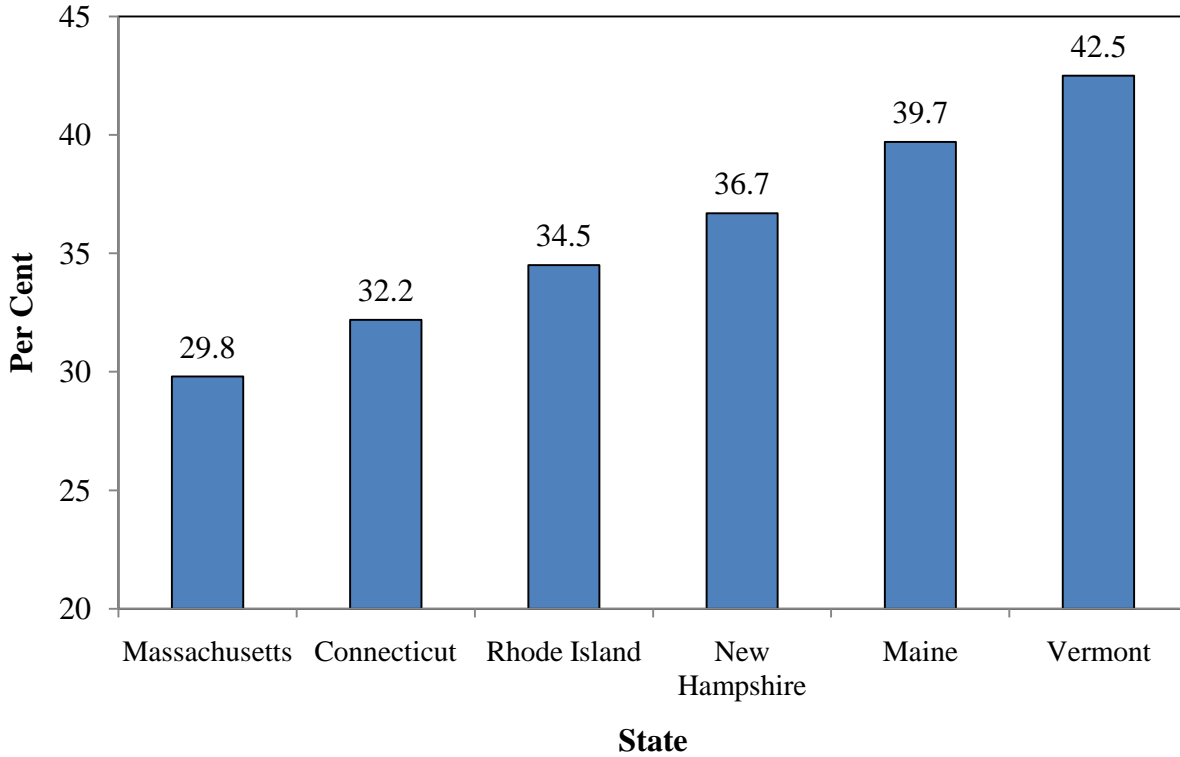


Similar to developments in the nation as a whole, the teen employment rate in Massachusetts barely budged during the jobs recovery from 2004 to 2006, a radical departure from past economic recoveries when teens tended to achieve above average gains in employment. The teen employment rate in our state and the nation fell steadily and very strongly from 2006 to 2010. In Massachusetts, the teen E/P ratio fell by 10 percentage points from 2006-2010, setting new historical lows from 2008 onward. By 2010, the teen employment rate fell slightly below 30% for the first time in post-World War II history. The state's teen E/P ratio in that year was nearly four percentage points above the U.S. rate, but we only ranked 25th highest among the 50 states, again right in the middle of the distribution.

The labor market fate of teens in each of the six New England states during 2010 is depicted in Chart 2. The teen E/P rate in each of the six New England states was above the national average; however, Massachusetts ranked dead last among the six New England states despite higher unemployment rates for all workers in Connecticut and Rhode Island. Teen

employment rates in the northern tier of three New England states ranged from 37% in New Hampshire to 42% in Vermont.

Chart 2:
2010 Teen Employment Rates in Each New England State, Annual Averages
(in %)



Estimating 2010 Teen Employment Levels in Massachusetts Under Three Alternative Scenarios

Teen employment levels in Massachusetts in 2010 remained well below the levels that would have prevailed if the teen employment rates of the late 1990s had held constant. To illustrate the magnitude of the job gains among Massachusetts teens that would have occurred in 2010 under alternative scenarios, we estimated the hypothetical number of employed teens under three alternative scenarios.

Table 2:
Hypothetical 2010 Teen Employment Levels in
Massachusetts Under Three Alternative Scenarios

| Teen Employment In 2010 | (A) Level of Teen Employment | (B) Hypothetical Minus Actual |
|--|------------------------------------|-------------------------------------|
| Actual 2010 | 116,700 | -- |
| Hypothetical 2010 (Massachusetts matches average E/P of top 5 states) | 173,900 | +57,200 |
| Hypothetical 2010 (Massachusetts matches its own performance in 1999-2000) | 199,400 | +82,700 |
| Hypothetical 2010 (Massachusetts matches its 1999 performance) | 212,700 | +96,000 |

Under the first scenario, the 2010 teen employment rate in Massachusetts would have been equal to the simple average employment rate of teens in the five states with the highest teen employment rates during that year, (North Dakota, Iowa, Nebraska, South Dakota, and Vermont). The hypothetical teen employment rate of 44.4% would have yielded 173,900 employed teens, a gain of 57,200 (See Table 2). Under our second scenario, the teen employment rate in Massachusetts in 2010 would have been equal to its approximately 51.0% average in 1999-2000. Under this scenario, the level of teen employment would have been just under 200,000, representing a gain of nearly 83,000 employed teens in the past year. Under our third scenario, the teen employment rate in 2010 would have held at its 54.3% rate in 1999. The number of employed teens under this scenario would have been just short of 213,000, representing a gain of 96,000 employed teens. The substantial loss in teen work experience in our state over the past decade has been overwhelming with dire effects for their future labor market well being.

Trends in the Employment Rates of Male and Female Teens in Massachusetts, 1999-2010

Over the past decade, male teens in the U.S. have fared less well than their female peers in obtaining employment. Between 1999 and 2010, the male teen E/P ratio in the U.S. declined dramatically, falling from nearly 46% to 28%, a reduction of 18 percentage points (Chart 2). For the last four years in a row, the male teen employment rate in the U.S. has fallen to new post-

World War II lows. The steep drop in male teen employment has been due to a variety of demand, supply, and institutional forces, including above average rises in the federal and state minimum wages.³ Young males have faced steep competition from younger adults (20-29), older workers (60+), seeking part-time jobs, and young immigrants with limited formal schooling, especially illegal immigrants. The deep surplus in most labor markets across the country have created enormous difficulties for young teenaged men in finding any type of employment over most of the past decade, especially since the end of 2006.

Table 3:
Trends in the Employment Rates of Male Teens (16-19) in Massachusetts and the U.S.,
Selected Years 1999 to 2010 (in %)

| Year | (A) Massachusetts | (B) U.S. | (C) Massachusetts – U.S. | (D) Massachusetts Rank Among 50 States |
|---------------|----------------------|-------------------|--------------------------------|---|
| 1999 | 51.2 | 45.9 | +5.3 | 13 th highest |
| 2003 | 37.3 | 36.6 | +.7 | 27 th highest |
| 2006 | 40.6 | 37.0 | +3.6 | 21 st tied |
| 2008 | 33.9 | 32.2 | +1.7 | 25 th tied |
| 2010 | 26.0 | 25.7 | +.3 | 27 th |
| Δ 1999 – 2010 | -25.2 | -20.2 | -5.0 | -14 ranks |
| | percentage point | percentage points | percentage points | |

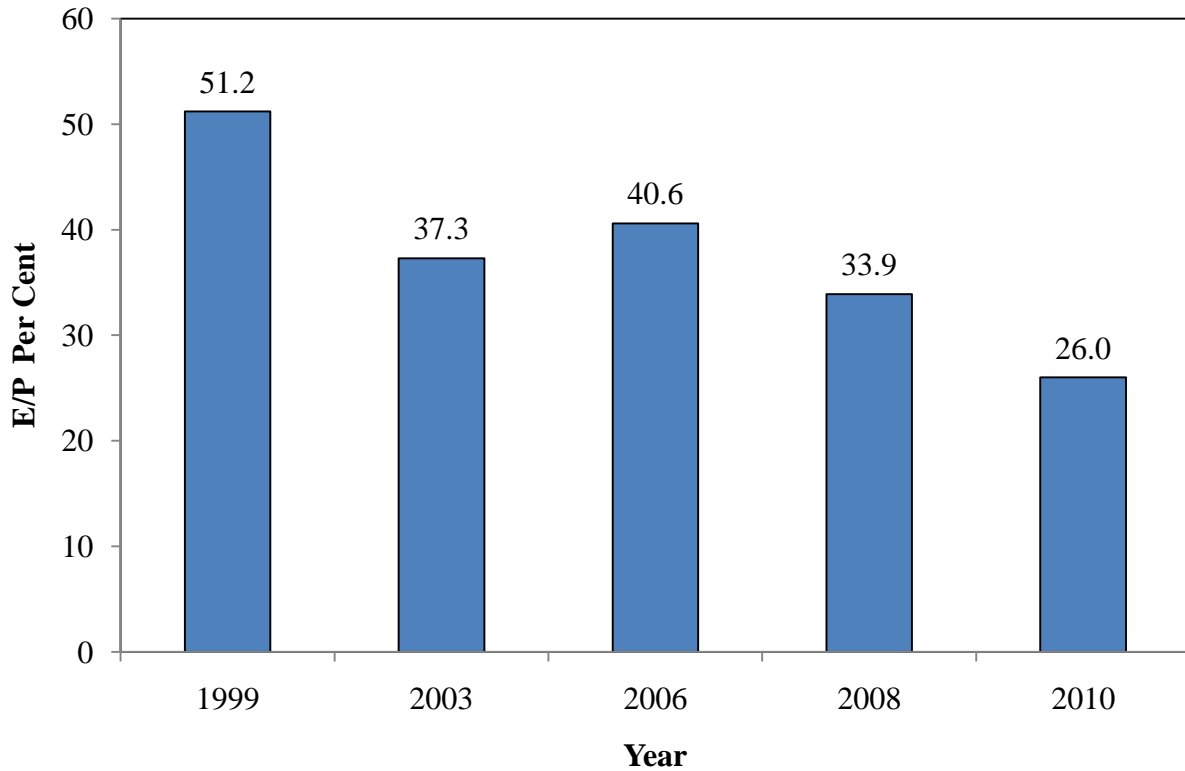
Source: Monthly CPS surveys, 1999-2010, public use files, tabulations by authors.

Male teens in Massachusetts also have fared extremely poorly in the labor markets of the state since the late 1990s. In 1999, the male teen employment rate was slightly over 51%, five percentage points above the U.S. average and ranking 13th highest among the 50 states (Table 3 and Chart 3). During the recessionary period of 2001-2003, the male teen employment dropped steeply falling to 37%. There was a slight improvement in that rate over the job growth period from 2003 to 2006 followed by four years of consecutive decline. By 2010, the male teen employment rate had fallen well below 30% to 26%, the lowest ever recorded for the state since the CPS statistics for Massachusetts became available in the early 1970s. This decline represented a 25 percentage point drop from 1999, a halving of the male teen employment rate in

³ See: (i) David Neumark and William Wascher, Minimum Wages, The MIT Press, Cambridge, 2008; (ii) Manfred Keil, Donald Robertson, and James Symons, Univariate Recession of Employment on Minimum Wages in the Panel of U.S. States, Robert Day School of Economics and Finance, Claremont McKenna College, Claremont, California, February 2009.

11 years, a true labor market catastrophe. The state ranked only 27th highest on this key employment measure in 2010.

Chart 3:
Trends in the Employment/Population Ratios of Male Teens (16-19) in
Massachusetts, Selected Years, 1999 to 2010



Female teens in Massachusetts also have experienced severe problems in capturing employment in recent years; however, in every year but one over the past 12 years, female teens in Massachusetts were more likely to be employed than their male counterparts. For example, in 2010, 34% of female teens in the state were working versus only 26% of their male peers.

Table 4:
Trends in the Employment Rates of Female Teens (16-19) in Massachusetts and the U.S.,
Selected Years 1999 to 2010 (in %)

| | (A) | (B) | (C) | (D) |
|---------------|-------------------|-------------------|-------------------------|--|
| Year | Massachusetts | U.S. | Massachusetts – U.S. | Massachusetts Rank Among 50 States |
| 1999 | 57.5 | 45.9 | +11.6 | 5 th highest |
| 2003 | 40.6 | 37.9 | +2.7 | 23 rd highest |
| 2006 | 38.1 | 38.2 | -.1 | 32 nd highest |
| 2008 | 41.4 | 34.1 | +7.3 | 19 th tie |
| 2010 | 33.7 | 27.9 | +5.8 | 21 st tie |
| Δ 1999 – 2010 | -23.8 | -18.0 | -5.8 | -16 ranks |
| | percentage points | percentage points | percentage points | |

Source: Monthly CPS surveys, selected years 1999-2010, public use files, tabulations by authors.

In 1999, nearly 58 of every 100 female teens in Massachusetts were employed. This employment rate was nearly 12 percentage points above the U.S. average, and the state ranked 5th highest in the nation. Similar to our earlier findings for male teens, the employment rate of female teens in our state also declined dramatically (by 17 percentage points) between 1999 and 2003 then stabilized briefly over the next five years before falling below 34% in 2010 (Table 4). The female teen employment rate in 2010 was 24 percentage points or more than 40% below its rate in 1999. Female teens in our state ranked only 21st highest among the 50 states well below the fifth place ranking in 1999.

Trends in the Employment Rates of 16-19 Year Olds Enrolled in High School

To identify changes in the labor market position of teens in different school enrollment/ educational attainment groups, we tracked changes in their E/P ratios over the 1999-2010 period. One subgroup of teens that has been of particular interest to workforce development policy makers in previous years is high school students. Several youth programs, particularly those serving at-risk youth, aim to improve the school-to-work transition for high school students by providing school-year work opportunities and jobs during the summer months. We used the

Current Population Survey (CPS) to estimate the employment rates of high school students in each state in 2010 and earlier years.⁴

In both Massachusetts and the entire nation, the employment rate of high school students (16-19 years old) fell by more than half between 1999 and 2010. In 1999, the employment rate of Massachusetts high school students was 49 percent, ranking 9th highest among the 50 U.S. states. By 2003, the employment rate of high school students had declined to 33%. The state's ranking on this measure slipped to 19th. In 2007, just prior to the onset of the Great Recession, only 30 of every 100 Massachusetts high school students worked during an average month. The employment rate of high school students in Massachusetts fell further over the past three years to 23% in 2010. Over the 1999-2010 period, the employment rate of high school students in Massachusetts fell by more than 26 percentage points while the employment rate for the nation's high school students declined by 18.4 percentage points. The state's ranking on this measure improved to 16th highest in 2010 since many states experienced even more substantial declines in their high school students' employment rates between 2007 and 2010. However, in 1999, Massachusetts high school students had an employment rate that exceeded the national average by 14 percentage points. That advantage fell to 6 percentage points in 2010. Today, a high share of our state's high school students will graduate from high school with little to no work experience. This development will reduce their ability to find employment, especially, full-time employment upon graduation and reduce their earnings in their late teen years.

Findings of the labor market behaviors of high school students in Massachusetts in 2009 based on the larger samples in the ACS surveys reveal that teens from race-ethnic minority groups, especially Blacks and Hispanics, and low income families are much less likely to work than their peers from White non-Hispanic and more affluent families. Across the country, high school students in the nation's largest cities work at extraordinarily low rates. In 2009-2010, less than 8 per cent of high school students in 22 of the nation's largest cities worked during an average month. In Atlanta, Detroit, Los Angeles, Sacramento, and New York City, only 3 to 5 percent of high school students were at work in 2010.⁵

⁴ Due to small sample sizes for these educational subgroups, one must be cautious in interpreting the year-to-year changes in the E/P ratio. The decline in teen E/P rates for dropouts are also found in the ACS data.

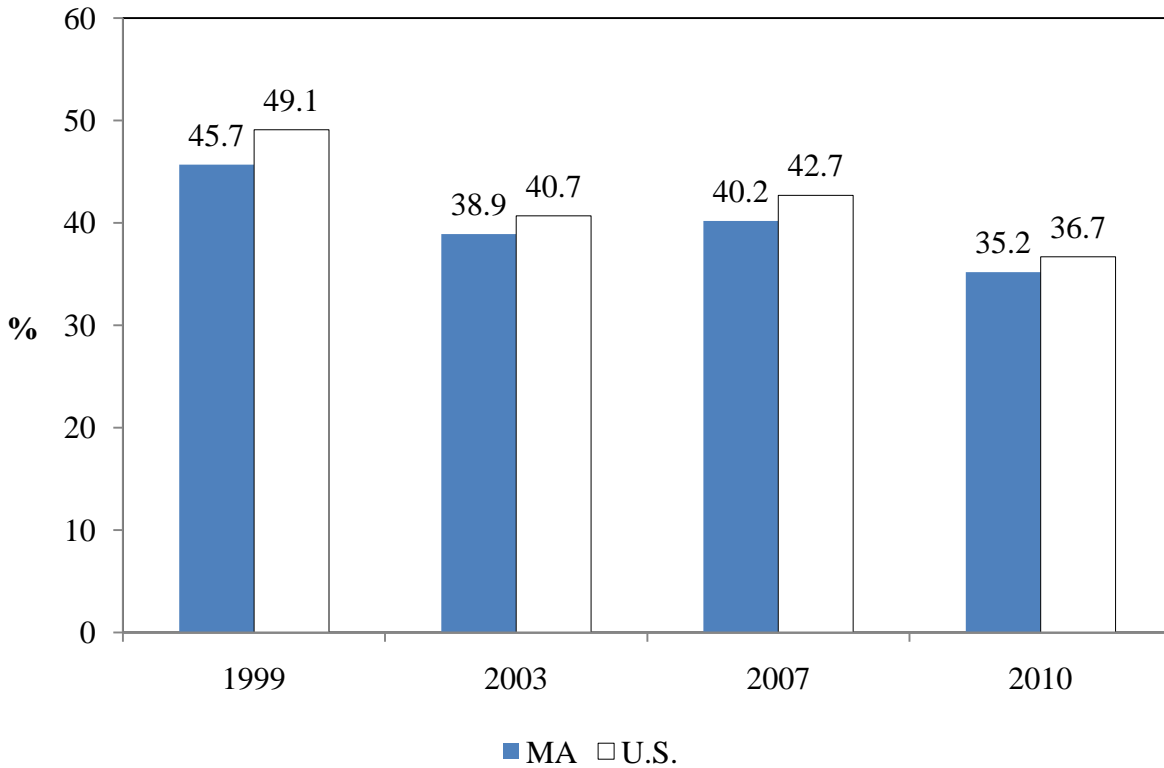
⁵ These findings are based on the 2009 and 2010 monthly CPS surveys.

Table 5:
Employment Rates of Enrolled 16-19 Year Old High School Students in
Massachusetts and the U.S., Selected Years 1999-2010, Annual Averages

| | (A) | (B) | (C) | (D) |
|------|--------------|----------------|-----------------------------------|--|
| Year | MA (in %) | U.S. (in %) | Percentage Point Difference | Massachusetts Rank Among the 50 States |
| 1999 | 48.9 | 34.8 | 14.1 | 9th |
| 2003 | 33.1 | 27.1 | 6.0 | 19th |
| 2007 | 29.7 | 25.1 | 4.6 | 22nd |
| 2010 | 22.6 | 16.4 | 6.2 | 16th |

The employment rates of teenaged college students in Massachusetts also have declined over the past decade, though the magnitude of the change was less than that for high school students. In 2010, the employment rate of teenaged college students in Massachusetts was 35 percent, down from 40 percent in 2007 and from nearly 46 percent in 1999 (Chart 4). The employment rates of teenaged college students in the entire U.S. also fell during this period from 49 percent in 1999 to 37 percent in 2010, a decline of 12 percentage points. In 2010, the employment rate of Massachusetts college students was 1.5 percentage points below the national average. Massachusetts ranks in the bottom half of the state distribution on the employment rate of teenaged college students with a ranking of 36th highest.

Chart 4:
Trends in the Employment Rates of Teenaged College Students in Massachusetts and the U.S., 1999-2010 (Annual Averages, in %)⁶



The Employment Rates of Out-of-School Teens in the U.S. and Massachusetts

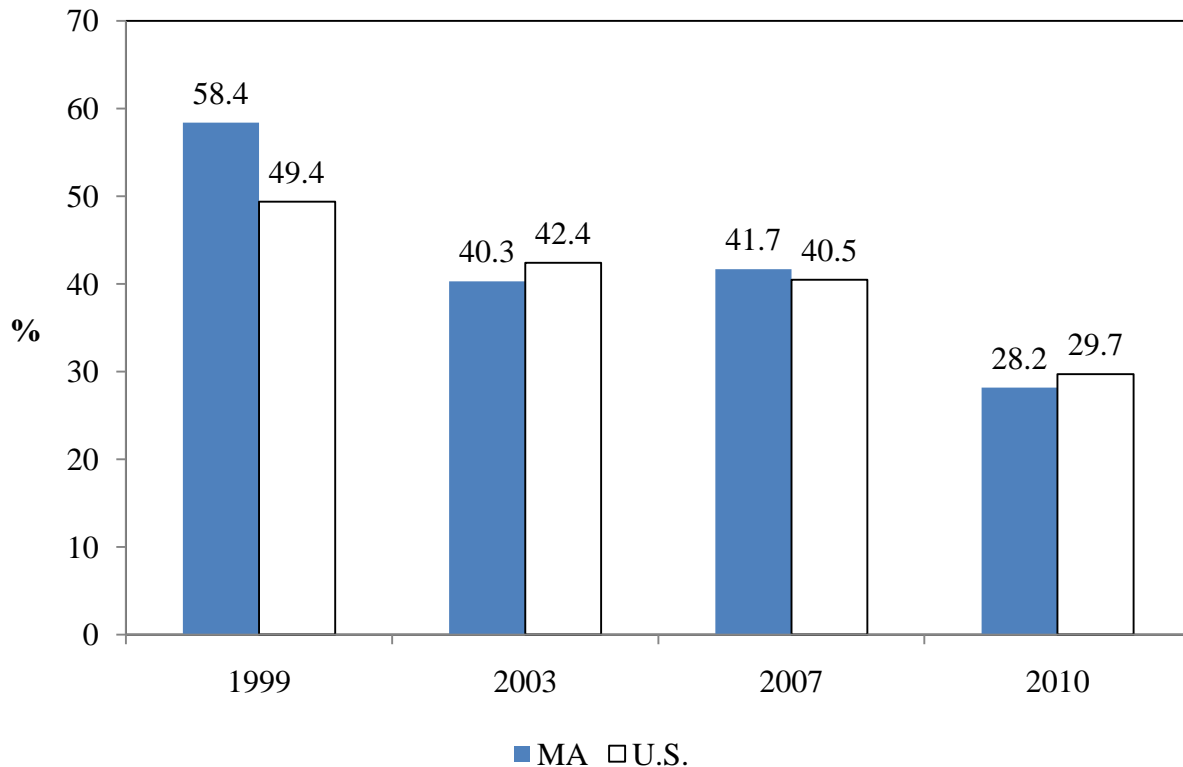
Both nationally and in Massachusetts, it has become increasingly difficult for young high school dropouts to obtain any type of employment. Their labor market problems persist throughout their adult life. The Great Recession of 2007-2009 exacerbated the labor market difficulties experienced by teenaged high school dropouts. During 2010, only 28 percent of 16-19 year old high school dropouts in Massachusetts were employed, an employment rate similar to the national average of just under 30 percent (See Chart 5). For Massachusetts, this employment rate implies that 72 of every 100 teenaged high school dropouts were jobless on an average month during 2010.

The 2010 employment rate of young high school dropouts in Massachusetts was less than half of the 1999 employment rate for this group. Over the past 11 years, the employment rate of dropouts fell from 58.4 percent to 28.2 percent, a decline of 30 percentage points. The decline for

⁶ The sample sizes in the CPS survey for young high school dropouts in Massachusetts are small in any one year. However, the employment rate results hold true in findings from the larger American Community Surveys.

the nation’s dropouts over this time period was 20 percentage points. In 1999, Massachusetts high school dropouts had an employment rate that was 9 percentage points above the national average. By 2010, that employment rate advantage disappeared, and instead the state’s dropouts were slightly less likely to be employed than their national counterparts.

Chart 5:
Employment Rates of Teenaged High School Dropouts in Massachusetts and
the U.S., Selected Years 1999-2010



A goal of some of the nation’s high schools is to prepare high school students for the world of work after graduation. However, high school graduates who do not enroll in college immediately upon graduation from high school have found it increasingly difficult to obtain post-high school employment.⁷ In February 2011, the Harvard Graduate School of Education released a report titled, Pathways to Prosperity.⁸ The authors of this 2011 study argue that the nation is failing to prepare youth, especially those not going onto college after high school, for the careers of the 21st century. They call this challenge the “Persistence of the Forgotten Half,” a

⁷ See: Andrew Sum, Ishwar Khatiwada, and Sheila Palma, The Transition from high School to the World of Work: A Bridge Too Far, Center for Labor Market Studies, Northeastern University, Boston, 2010.

⁸ Harvard Graduate School of Education, Pathways to Prosperity: Meeting the Challenge of Preparing Young Americans for the 21st Century, Cambridge, Massachusetts, February 2011.

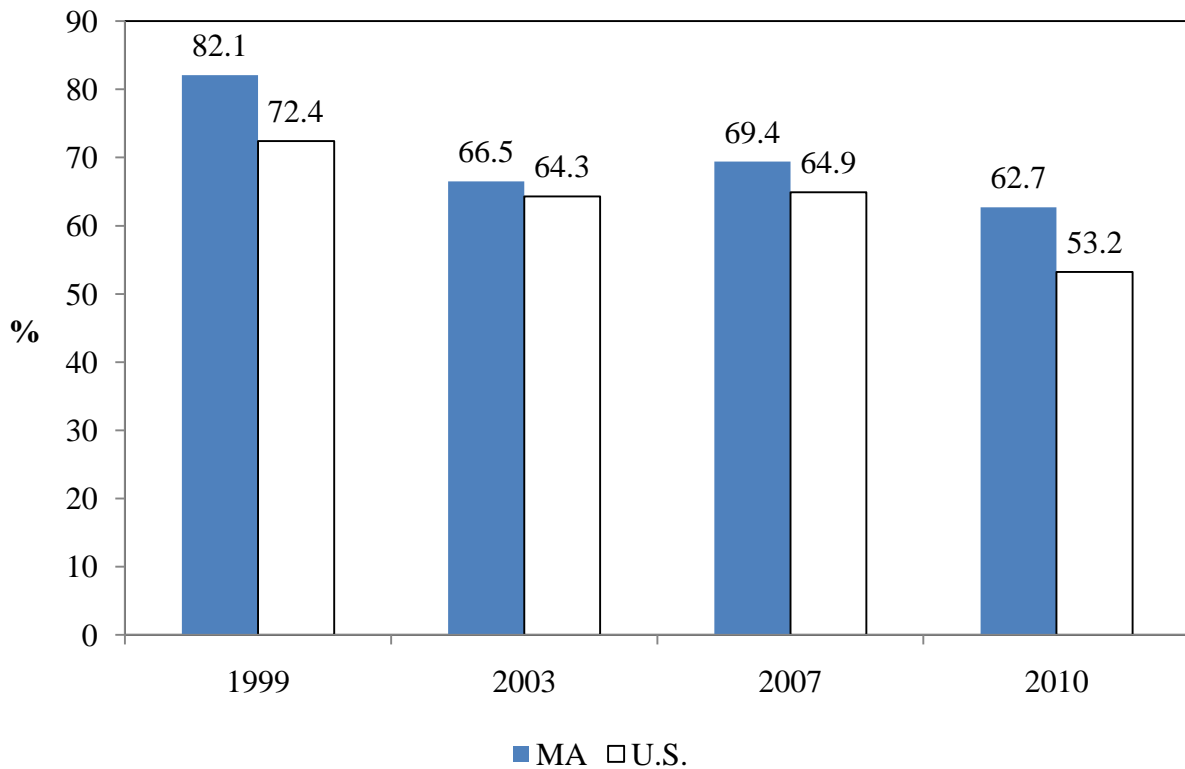
reference to an earlier report of the W.T. Grant Commission on Youth, Family, and Citizenship, titled: The Forgotten Half.⁹

We estimated the employment rates of teenaged high school graduates who were not enrolled in college in 2010 and in earlier years. The trends in the employment rates of Massachusetts' and all U.S. high school graduates not enrolled in college are displayed in Chart 6. In 1999 near the peak of the economic boom of that decade, 82 percent of Massachusetts high school graduates (16-19 years old) who were not enrolled in college were employed. The state's non-college enrolled high school graduates had an employment rate advantage of 10 percentage points above their national peers in 1999. During and after the national economic recession of 2001, the employment rates of high school graduates fell considerably, especially in Massachusetts. The employment rate of 16-19 year old non-enrolled high school graduates in Massachusetts fell to 66.5% in 2003, only 2 percentage points above the national average. Massachusetts graduates slightly improved their employment rate to over 69 percent by 2007, but it still remained nearly 13 percentage points below their employment rate in 1999. Over the next three years, the employment rate of non-enrolled Massachusetts high school graduates fell to 62.7 percent, nearly 20 percentage points below their rate in 1999. A recent October 2009 U.S. Bureau of Labor Statistics survey of the nation's high school graduates from the Class of 2009 indicated that only 20% of those not enrolled in college held a full-time job in the fall after high school.¹⁰ On average, part-time employed high school graduates work far fewer hours per week than their full-time counterparts (22 vs. 41 hours) and obtain mean weekly earnings well under half that of their full-time peers (\$192 vs. \$426).

⁹ An update of the original late 1980s report was titled The Forgotten Half Revisited, Samuel Halperin (Editor), The Forgotten Half Revisited, American Youth Policy Forum, Washington, D.C., 1998.

¹⁰ Andrew Sum, Ishwar Khatiwada, et. al., The Transition from High School to the World of Work: A Bridge Too Far, Prepared for the Boston Private Industry Council, Research Report #3, September 2010.

Chart 6:
Trends in the Employment Rates of 16-19 Year Old Non-Enrolled High School Graduates,
Massachusetts and the U.S., Selected Years 1999-2010 (Annual Averages in %)



Declining Teen Employment in Massachusetts: Why We Should Care

The continued, steep deterioration in teen employment opportunities in our state should be of concern to state and local public policymakers, businesses, and the public at large as well as the youths themselves and their families.¹¹ Sharply lower teen employment rates also have been accompanied by declining labor force attachment, a reduced range of jobs by industry and occupation, and rising underemployment problems among those employed teens that are out-of-school. Some youth analysts have voiced little concern about such problems as long as youth remain in school. It is true that being jobless and out-of-school is a double whammy with severe long-term consequences for youth but we should be deeply concerned about the substantial loss in work opportunities for all of our teens.¹² This is especially true for those youth who are out-of-

¹¹ For a recent summary of these arguments in favor of expanding teen employment, See: Andrew Sum, Ignore the Teen Employment Problem at Your Peril, www.huffingtonpost.com, February 2011.

¹² For a review of the labor market and social problems of disconnected youth,

school and for men, low income youth, especially Blacks and Hispanics, who are the least likely to be employed.

Teen employment in the U.S. and Massachusetts is highly path dependent. The employment behavior of youth today is strongly influenced by their behavior in the previous year, and work today will significantly influence work behavior next year and in future years.¹³ Work behavior in the junior and senior years of high school has a significant impact on the success of youth in making the early transition to the labor market for those not enrolling directly in college, and both cumulative work experience in the teen years and early 20s have strong effects on the employability, annual earnings, and training experiences of young adults in their mid-20s. Early work experience is an extremely valuable form of human capital.

Work in high school and during the later teen years also has a number of educational and social advantages. Male high school students who do some work in high school are more likely to persist in high school than their peers with no work through graduation.¹⁴ Teenaged women who work in high school and who live in areas with higher teen employment rates are less likely to become pregnant. Work in the teen years also reduces the likelihood of delinquent and criminal behavior among male teens. Higher earnings of some low income teens help their families escape from poverty and other forms of income inadequacy. For individual states, higher rates of employment among teens today will be associated with significantly higher employment rates among 20-24 year olds five years from today.¹⁵ Employers are considerably more likely to invest in the training of their workers in their early to mid-20s when they have completed more years of work experience. Teens who work more achieve higher earnings and pay more in Social Security taxes, federal and state income taxes, states sale taxes, and their employers will contribute more to the unemployment insurance fund and to Social Security.¹⁶

See: Douglas Besharov (Editor), Disconnected Youth, American Enterprise Institute and American Public Welfare Research Institute, Washington, D.C., 1999.

¹³ See: Andrew Sum and Robert Taggart, The Path Dependency of Teen Employment in the U.S.: Implications for Youth Workforce Development Policy, Paper Presented to the U.S. Conference of Mayors Workshop on Workforce Development, Washington, D.C., 2008.

¹⁴ See: Marta Tienda and Avner Ahituv, "Ethnic Differences in School Departure," Of Heart and Mind (Editors: Garth Mangum and Stephen Mangum), W.E. Upjohn Institute for Employment Research, Kalamazoo, 1995.

¹⁵ Evidence for the 1995-2000, the 2000-2004 period, and the 2006-2010 period reveals that a one percentage point higher employment rate for teens today will be associated with a .45 percentage point higher employment rate for 20-24 year olds five years from today.

¹⁶ Since employer contributions to the Social Security system are frequently shifted back onto the employee in the form of low wages, the employed teens also finance the employer contributions to Social Security.

Employed teens, thus, can help contribute to the fiscal well-being of state and federal governments both today and tomorrow by increasing future earnings' capacities.

Where Do We Go From Here?

The continued deterioration in teen employment in both Massachusetts and the U.S. has been both deep and widespread across nearly all age, gender, race-ethnic, family income, schooling, and geographic areas. The state's youngest teens (16-17), men, Blacks, low income youth, and central city residents have been most adversely affected. A wide array of public policy and private sector actions will be needed to reverse course. There is no single silver bullet solution.

First, the declines in teen employment have taken place during the entire year. They are not confined to either the school year or the summer months only. Summer jobs programs can help fill a part of the large jobs gap but they are no substitute for the year-round employment gap. Previous national and state/local research has shown that among high school students work during the regular school year rather than the summer has more substantial effects on longer-term employment and earnings. Close ties between summer and year-round work should be promoted.¹⁷

Second, while the recent Great Recession clearly exacerbated the labor market difficulties of teens in the state, evidence for the earlier growth periods of 2003-2007 in both the state and the nation revealed that economic and job growth by themselves were not sufficient to substantively boost teen employment opportunities. Economic growth is necessary but not sufficient. A series of supplementary structural policies will be needed to boost teen employment in our state.

Third, employed youth are being concentrated in a smaller number of industrial sectors and occupations. This development is reducing their access to a broader array of jobs and occupational job duties. We need to expand both the number of teen jobs and their industrial/occupational diversity. The current Connecting Activities program which provides high school youth with year-round and summer work opportunities should be supported and substantially expanded. More detailed tracking of employer involvement in the program by

¹⁷ See: Christopher J. Ruhm, "The Extent and Consequences of High School Employment," Journal of Labor Research, Summer 1995, pp. 293-303.

industry and geographic area should be conducted, with longer-term follow-ups of the employment and earnings experiences of program participants.

Fourth, the existing Youth Works program also should be expanded to provide additional summer job opportunities for youth, but the program should be supplemented with a year-round jobs effort especially for out-of-school youth. Impact evaluations using random assignment of the effects of year-round programs for these youth should be conducted by the Commonwealth Corporation. There is a lack of existing information on the employment and earnings impacts of youth programs.

Fifth, the experiences of teens applying for services in the WIA One-Stop Career Centers should be tracked more carefully, including the use of the UI wage records to identify their employment and earnings outcomes in the year following their initial application. Findings of effective service approaches for teens should be identified and then implemented in all other service delivery areas of the state. We need to know what works for placing more teens in jobs.

Sixth, there is a need for more mayors and chief local officials throughout the state to play an active role similar to that of Boston Mayor Menino in promoting summer jobs for teenagers in the private sector. All job placements of teens should be documented including the types of jobs held, the duration of their employment spells, and the industries of their employers. The educational and labor market status of each participant in the fall following their summer job experience should be tracked with common follow-up surveys allowing comparisons of outcomes across cities.

Seventh, many more local school districts should follow the example of the Boston public schools in annually tracking the post-high school college and employment experiences of each year's graduating class. Too many high schools simply rely on in-school surveys of students' college plans upon graduation from high school rather than on their actual post-graduation behavior especially in the labor market. Knowledge of the success of the non-college attendees in obtaining employment in the first year following graduation is crucial.

Eighth, there is a need for the state's Congressional representatives and U.S. Senators to provide continued support for the funding of youth programs under the Workforce Investment Act and call for more enriched services. The recently passed U.S. House bill on the FY 11 budget would provide serious cuts in youth funding for the remainder of the existing fiscal year.

The WIA youth program needs to be strengthened not eliminated especially at a time when low income youth in both Massachusetts and the U.S. face very severe problems in the labor market.

Ninth, the U.S. Congress should pass legislation that would provide firms hiring new workers that were 16-21 years old a tax credit up to 25% of the wage bill for the first 9 months of employment. The tax credit would only apply to those situations in which the firm added to the number of workers on its payroll above the previous year.

Tenth, every local Chamber of Commerce across the state should be asked to participate in a campaign to put the state's teens to work including local initiatives to work closely with high schools, Workforce Investment Boards, and local WIA One-Stop Career center staff to promote the employment of job ready youth. Innovative efforts for hiring and retaining teens should be documented, and disseminated across the state. The Governor, Mayors, and other local chief elected officials should undertake efforts to officially recognize local employers who play active and visible roles in promoting youth employment.

Eleventh, the federal, state, and local governments should play a more active role in the hiring of teenagers on a year-round basis. Governments hire a considerably lower share of teens relative to the size of their payroll workers than the private sector. In Massachusetts, only 5% of teens worked for government versus 14% of adults 20 and older. Government should be a model employer of teens not a laggard.

Finally, there is a need to expand cooperative education and college labor market-oriented internships for college students, especially those attending community colleges where graduation rates remain quite low. Cooperative education may help improve persistence rates, strengthen the link between work and school, reduce competition for entry level jobs with high school graduates, and improve the access of college graduates to jobs related to their major fields of study. Colleges need to play a more proactive role in this area.