

**The Deterioration in Teen Employment
Rates in Massachusetts in Recent Years and
the Case for the Youth Solutions Act**

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Introduction

The nation's and state's teens have faced extremely depressed labor market conditions in recent years, both during the summer and the rest of the calendar year. Over the past nine years, the employment rates of the nation's teens have declined steadily and dramatically to new post-World War II lows. Males, most minority teens, and lower income youth have encountered the most severe problems in finding work, leaving many of them unemployed (both open and hidden unemployment) and underemployed.¹ During the winter of 2009, the U.S. Congress passed the American Recovery and Reinvestment Act, which provided \$1.2 billion to state and local Workforce Investment Agencies to create summer and year-round jobs for low income 14-24 year olds across the country. Here in Massachusetts, the state government also provided monies to support summer jobs for young adults (14-21) under the YouthWorks program.² Despite the existence of these summer jobs programs, both the nation's and state's teens encountered severe problems in finding jobs during the summer months, with record low employment rates for teens in both geographic areas.³ This paper is designed to provide a brief overview of key developments in Massachusetts teen labor markets during 2009 and to compare findings for this year with those of earlier years during this decade. The findings will reveal a clear need for public policy interventions at both the federal and state government levels to boost both the quantity and quality of employment opportunities for teens across the state.

Teen Employment/Population Ratios in Massachusetts, All and By Gender and Race-Ethnic Group

During 1999 in the midst of the state and national economic expansion of the 1990s, the state's annual average teen employment rate was 53%.⁴ Teen employment rates in Massachusetts fell sharply during the national recession of 2001 and the national/ state jobless recovery of

¹ For further details on the employment situation among the nation's teens and their labor underutilization problems, see: Andrew Sum, Ishwar Khatiwada, Joseph McLaughlin with Allison Beard, [The Historically Low 2009 Summer Teen Employment Rate: The Massive Rate of Teen Labor Underutilization and the Case for a New, More Comprehensive Set of Youth Jobs Programs](#), Prepared for the Charles S. Mott Foundation, Flint, August 2009.

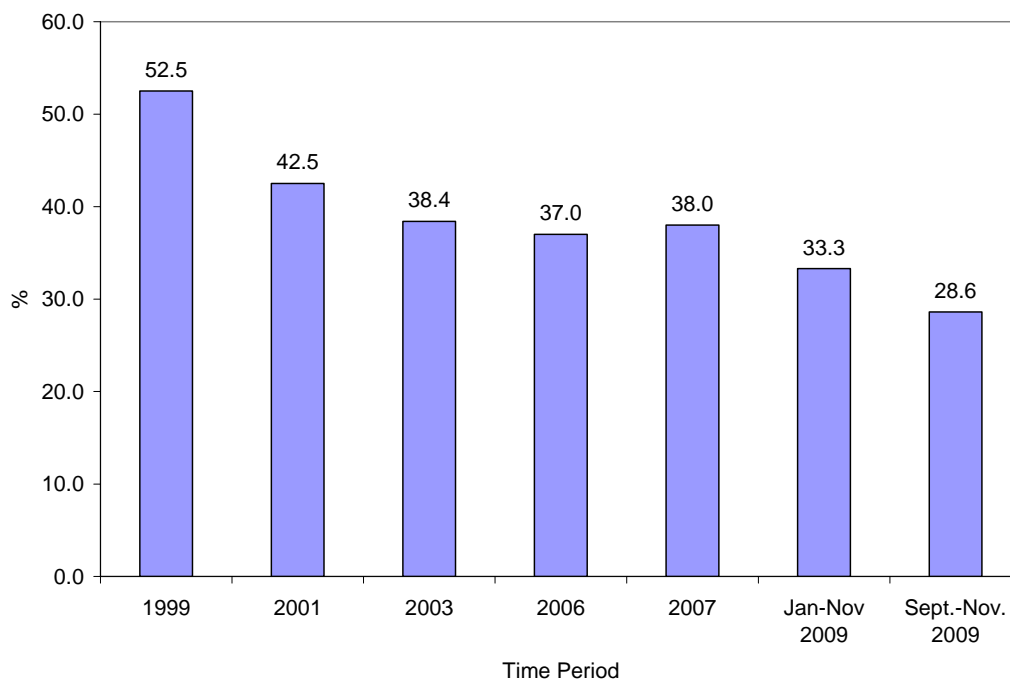
² More than 10,000 summer job slots were supposedly made available to youth in Massachusetts under the ARRA and YouthWorks programs. Not all of these jobs went to 16-19 year olds. Information on the age characteristics of these youth is not currently available. See: Office of the Governor, "Patrick Administration Surpasses Goal of 10,000 Youth Employed in Summer Jobs," Press Release: August 10, 2009.

³ For the U.S., data on teen summer employment rates are available from the CPS household survey back to 1948. For Massachusetts, teen employment data are available back to 1973.

⁴ The employment/population ratio (E/P) for teens represents the fraction of teens in the civilian non-institutional population who were employed during a given month or year. It is a far better measure of their labor market conditions than the official unemployment rate.

2002-2003, declining to 42% in 2001 and further to 38% in 2003. The employment rate of state teens hovered in the 37-38 percent range during the 2003-2007 time period. Since 2007, however, the teen employment rate in Massachusetts and the U.S. fell continuously and steeply, dropping to 29% in the fall of 2009, a new 35 year low.⁵ Only 29 of every 100 teens in the state held any type of job. The fall 2009 teen employment rate in Massachusetts was 24 percentage points below its value in 1999.

Chart 1:
Trends in Teen Employment/Population Ratios in Massachusetts,
Selected Time Periods (1999-2009, in %)

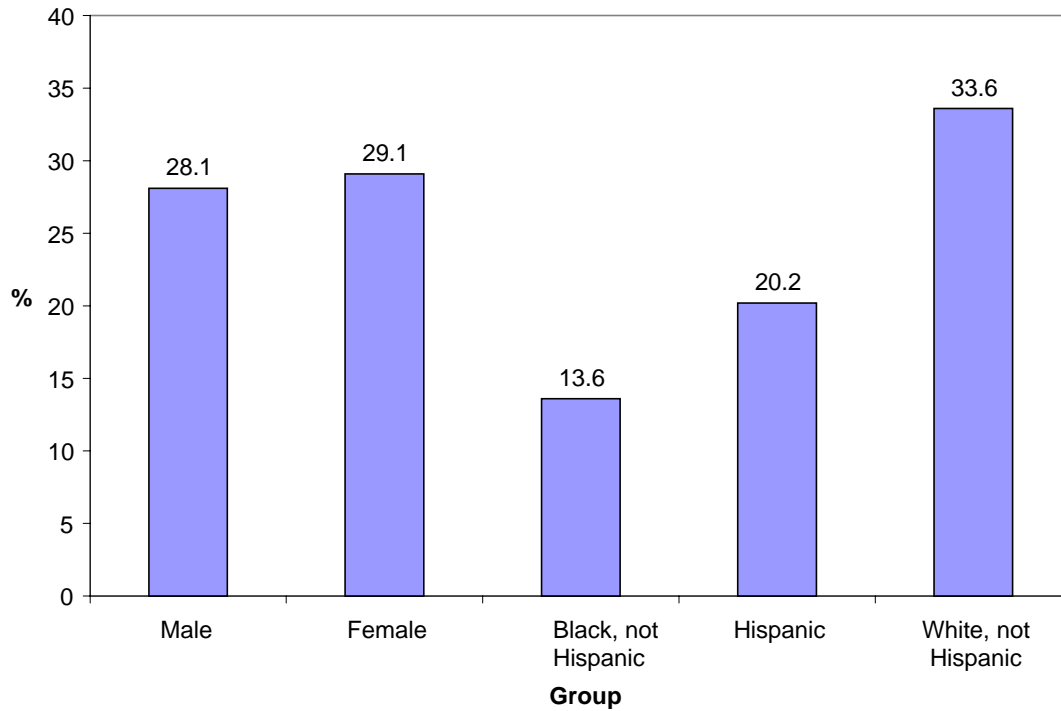


By the fall of 2009, labor market conditions for the state’s teens had deteriorated considerably in each gender and race-ethnic group. This pattern closely followed that for the nation as a whole. Only 28 to 29 percent of teenaged boys and girls in the state were working in the fall of 2009 (September-November 2009). Teen employment rates, however, varied quite considerably across major race-ethnic groups, ranging from a low of slightly under 14% for

⁵ Teen employment data for Massachusetts youth from the monthly Current Population Survey are available back to 1973. The estimate of the 2009 fall employment rate, however, is based only on findings for the months of September, October, and November.

Black youth to 20% for Hispanics and 33% for Whites, non-Hispanics. Again, this race-ethnic pattern of teen employment rates closely matched that for the nation as a whole.

Chart 2:
Employment Rates of Massachusetts Teens (16-19) in the Fall of 2009 By Gender and Race-Ethnic Group (in %)

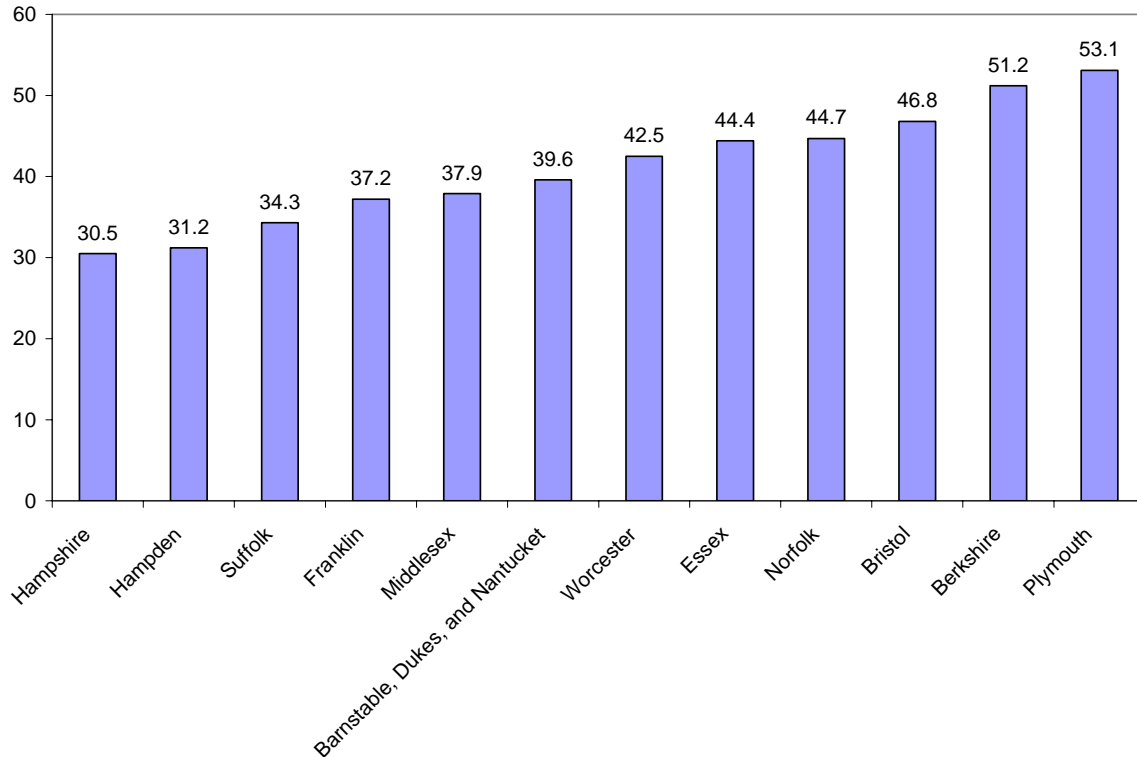


Employment/Population Ratios of Teens Across Counties in Massachusetts

The monthly CPS household surveys provide only limited sample coverage of teen employment behavior in major substate areas. To obtain insights into teen employment rates in key substate areas, we analyzed the findings of the 2008 American Community Surveys, which involved with about 37,000 households in our state. The 2008 American Community Surveys allow us to estimate employment rates of 16-19 year olds in counties of Massachusetts. The findings reveal that there were fairly wide variations in employment rates across Massachusetts counties in 2008. Employment rates of teens range from lows of 31 percent in Hampshire and Hampden counties to highs of 51 and 53 percent in Berkshire and Plymouth counties. Suffolk County, which contains the city of Boston, had the third lowest employment rate for teens during 2008. The ability of teens to find work in Massachusetts in 2008 depended to a substantial

degree on where they resided within the state. The range in employment rates from the top to bottom county performers was 22 percentage points.

Chart 3:
Employment/Population Ratios of Teens (16-19) By County, in Massachusetts,
(2008 Annual Averages, in %)



Estimating the Incidence of Labor Underutilization Problems Among Teens (16-19) in Massachusetts During 2009

The labor market problems of all workers and especially teens and young adults (20-24) go well beyond the official unemployment statistics, including hidden unemployment and underemployment problems, i.e., working part-time while desiring full-time work. We estimated the number of 16-19 year olds who experienced one of the following three, mutually exclusive labor market problems during the January – November period of 2009:

- Official unemployment. This pool of youth consists of those who were jobless but actively looking for work and available for work at the time of the CPS household surveys.

- Labor force reserve. This group of underutilized youth consists of those jobless persons not actively looking for work, but desiring immediate employment.
- Underemployed. This group of youth were employed part-time at the time of the CPS survey but desired full-time employment; i.e., 35 or more hours of work per week. On average, those persons employed part-time for economic reasons worked on average for only 22 hours per week versus a mean of 41 hours for those working full-time. Their weekly earnings are well below those of their full-time employed counterparts due to a combination of lower hourly wages and considerably fewer hours of work per week.

The average monthly number of 16-19 year olds in Massachusetts who were unemployed, members of the labor force reserve, or underemployed during the January-November period of 2009 are displayed in Table 1. We have combined the number of youth in these three labor market problem groups to form a combined pool of unutilized and underutilized youth and calculated their share of the adjusted civilian labor force. The adjusted civilian labor force consists of all members of the civilian labor force plus the labor force reserve.

Table 1:
Labor Underutilization Rates of Massachusetts Teens (16-19) in 2009 (January-November)

Group	Value
Civilian Labor Force	154,652
Unemployed	24,261
Underemployed	11,283
Labor Force Reserve	16,421
Total Underutilized Pool	51,965
Adjusted Civilian Labor Force	171,073
Labor Underutilization Rate, all	30.4%
• Males	30.7%
• Females	30.4%
• Black and Hispanic	60.4%

Source: January – November 2009, CPS public use files, tabulations by authors.

There were on average approximately 52,000 underutilized or unutilized 16-19 year olds in the state during the first eleven months of 2009. This group of youth was equivalent to just slightly over 30 percent of the adjusted civilian labor force of 16-19 year olds in the state.

Underutilization rates were quite similar for men and women, but Black and Hispanic teens combined faced an underutilization rate of slightly over 60%, more than two times as high as that of White, non-Hispanic teens.

Conclusion

Even with the federal and state jobs stimulus this summer, both the nation's and state's teen employment rates hit new record lows.⁶ The bleak national and state employment outlook for the remainder of 2010 and possibly 2011 suggests that teen employment rates will continue to fall in the absence of new large scale federal and state public policy efforts to boost teen employment, both year-round and during the summer. The state's Congressional delegation should support a second round of ARRA stimulus with strong youth (16-24) job components, including the hiring of career specialists to support Connecting Activities programs, tax credits and wage subsidies to private sector employers hiring youth, and both year-round and summer job creation programs for youth in all income groups not just low income youth.

The Massachusetts legislature also should enact the Youth Solutions Act to provide a more comprehensive, integrated, and efficient approach to supporting youth programs that improve academic performance, help reduce dropout problems, and boost the number of employment opportunities available to youth. Such programs are crucial for helping youth transition from high school to the labor market and/or college upon graduation. The YouthWorks and Connecting Activities programs can expose young people to a wider array jobs in both occupations and industries than they would normally obtain on their own and also help to reduce the large gaps in employment opportunities for teens across race-ethnic groups, family income groups, and geographic areas of the state.

Teen employment is very path dependent with one's employment behavior today having large effects on their work behavior tomorrow and in future years. Their lack of broad-based work exposure today is harming both their immediate and longer term job prospects and earnings. Employers are increasingly critical of the lack of employability skills among young workers and their poor work behavior, but they can only gain such skills through work itself. The need for comprehensive and coordinated policy actions to bolster jobs for teens is now rather than waiting for the numbers of jobless youth to build to new historical highs.

⁶ The national and state youth jobs programs also served youth outside of the 16-19 year old age group.