The Continued Collapse of the Nation's Teen Summer Job Market: Who Worked in the Summer of 2011?

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Introduction

Labor market conditions for most demographic groups of U.S. workers have been quite weak in recent years (2008-2010) due to the adverse employment impacts of the Great Recession of 2007-2009 and the anemic job recovery during the first 18 months following the trough of the recession in June 2009. Every age group of workers under 55 years old was less likely to be employed in 2010 than they were in 2000, with the nation's younger adults under 30 years of age faring the worst. Teenagers (16-19) experienced the greatest percentage point decline in their employment/population ratio over the decade. The nation's teens have encountered severe problems in finding employment during the summer as well as during the year as a whole.

This paper is focused on an assessment of developments in the teen summer labor market during the June-July period of 2011. Recently released data from the monthly Current Population Survey[1] for those two months will be used to examine the employment rates of teens in these two months and compare them to findings over the past two decades to put these results into proper comparative perspective. It is quite likely that the September release by the U.S. Bureau of Labor Statistics of the teen employment data for August will reveal that this summer will tie last year's terrible performance in producing the lowest teen summer employment rate since the end of World War Two.

The findings on the employment rates for all teens will be supplemented by similar data for gender, race-ethnic, and family income groups of teens across the nation with some breakouts for gender/race/family income subgroups. Estimates of summer 2011 teen employment rates for key states across the country with the highest and lowest teen employment rates also will be presented. The degree of geographic variability in teen employment rates is quite substantial, exceeding that for all other age groups.

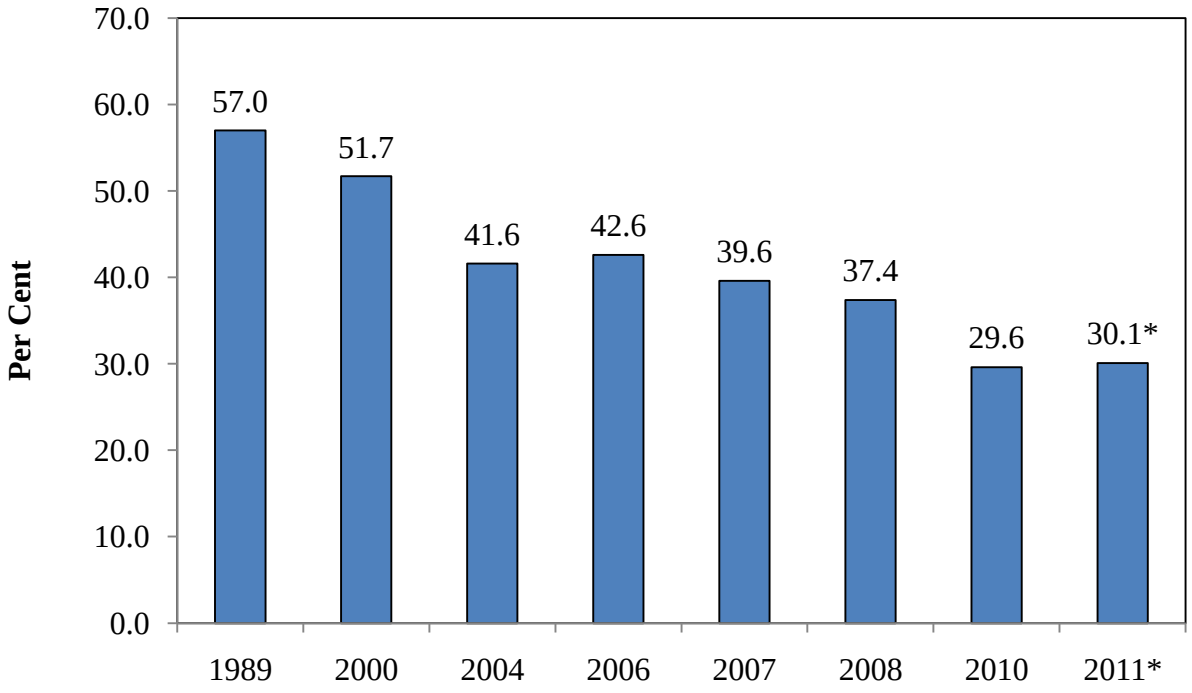
The Teen Summer Job Market in June-July 2011

During the months of June and July of this year, the teen employment rate (not seasonally adjusted) averaged only 30.1%, implying that only 30 of every 100 teens (16-19) in the civilian

[1] The Current Population Survey is a national household survey conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics. It is the source of data on the monthly number of employed and unemployed persons and the monthly unemployment rate.

non-institutional population held any type of paid job, either part-time or full-time.[2] Given typically lower employment rates for teens in August, this employment rate is on track for setting a new record low for the nation's teens.[3]

Chart 1:
Trends in the Summer Teen Employment Rates (June-August Averages) of U.S. Teens 16-19 Years Old for Selected Years from 1989 to 2011
(Not Seasonally Adjusted, in %)



Note: 2011 data are for June-July only. August data will not be available until early September from the U.S. Bureau of Labor Statistics.
Source: U.S. Bureau of Labor Statistics, www.bls.gov.

The summer teen employment rate has been on a near steady down course since the end of the national labor market boom in 2000. The summer 2000 teen employment rate was just under 52% falling five percentage points short of its all time high of 57% in the summer of 1989. During the recessionary year of 2001 and the largely jobless recovery of 2002-2003, the teen employment rate declined sharply, falling to just 41.6% in the summer of 2004. This 2004 teen

[2] The civilian non-institutional population excludes those persons serving in a branch of the nation's armed forces, the homeless, and those residing in institutional settings, such as juvenile homes, jails, prisons, and mental hospitals.
[3] During the past four summers, the August employment rate for teens was 2.7 percentage points below the June-July average. If a similar result prevailed this August, the summer 2011 teen employment rate would be only 29.2%, a new record low.

E/P ratio was 10 percentage points below where it was in 2000. During the national economic recovery from 2004-2007, the teen summer employment rate barely budged, rising only to 42.6% in the summer of 2006 before declining steeply over the next four summers to a new all time low of just 29.6% in the summer of 2010. This summer's teen employment rate was 22 percentage points below its value in 2000 and 27 percentage points below its all time high of 57.0% in the summer of 1989. This summer's teen employment rate for the entire June-August period will likely come in at only 29.5%, barely half its rate in the summer of 1989, an extraordinary decline in teen employment.

To place the size of these teen summer job losses in perspective, we conducted a relatively simple set of simulations. Our two scenarios involve comparing the actual June-July 2011 teen employment level with the number of teens that would have been employed this summer if (i) the June-July teen E/P rate for 2000 had prevailed, (ii) the June-July teen E/P rate for 1989 had prevailed. Results of our simulations are displayed in Table 1.

Table 1:
Comparing Actual Teen Employment in June-July 2011 with the
Number of Teens that Would Have Been Employed this Summer if the Summer 2000 and
Summer 1989 Teen Employment Rates Had Been Achieved

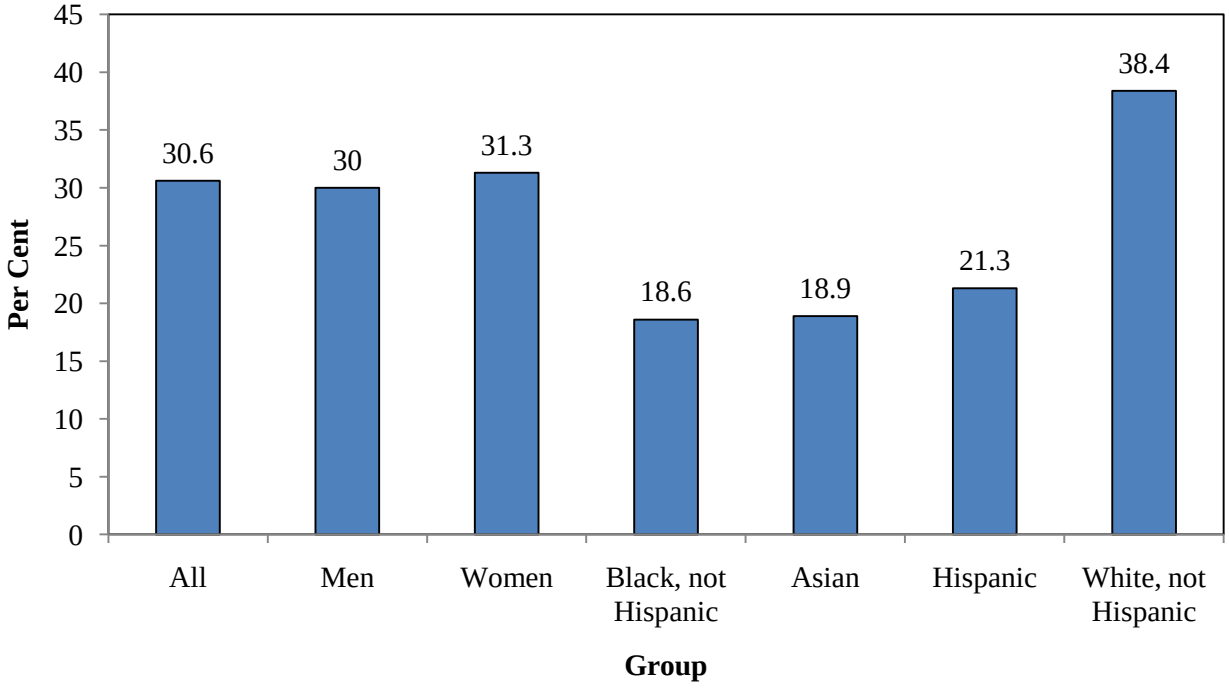
Scenario	(A) Actual Teen Employment	(B) Hypothetical Teen Employment	(C) Hypothetical Minus Actual
Summer 2000 E/P Rate Achieved	5.148 million	8.669 million	3.521 million
Summer 1989 E/P Rate Achieved	5.148 million	9.558 million	4.410 million

During this summer, only 5.148 million teens were employed on average during the June-July period. If the summer 2000 teen E/P rate had existed this summer, then 8.669 million teens or 3.521 million more teens would have gained some work experience. Under Scenario Two, the summer 1989 teen employment rate would have prevailed. If this scenario had held true, then 9.558 million teens would have been at work this summer, a gain of 4.41 million more working teens, many of whom would have been minority teens from low to low middle income families (incomes under $40,000 per year).

Who Worked During the Summer of 2011?

The CPS survey data on the demographic characteristics of respondents and their family's annual incomes can be combined with the information on the employment status of teens to generate estimate of employment rates across gender, race-ethnic, and family income groups. During the June-July period, female teens were modestly more likely to be employed than their male peers (31.3% vs. 30.0%). Since the summer of 2002, female teens have been more likely to work than males for 8 of these 10 summers with one tie. This gender reversal in teen employment rates is a major new development in teen labor markets. Male teens have been adversely affected by both the deterioration in blue collar employment opportunities and by increased competition for jobs from older males (60+) and young immigrants, especially undocumented immigrants.

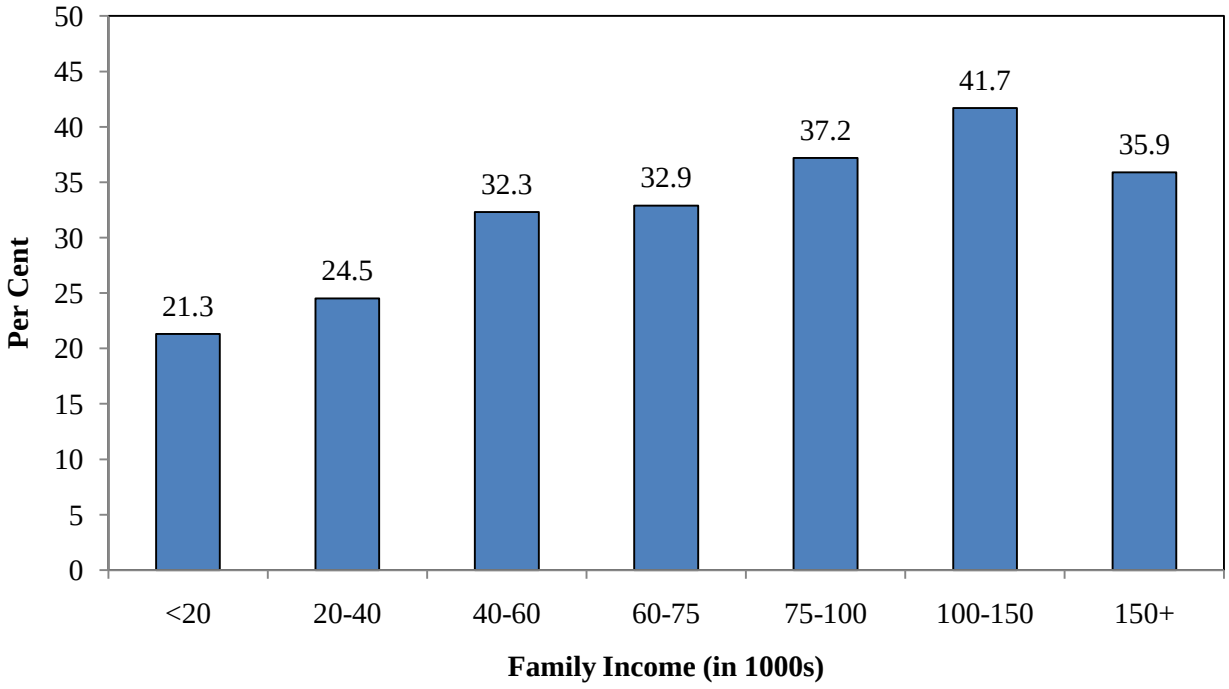
Chart 2:
Employment/Population Ratios of U.S. Teens 16-19 Years Old in June-July 2011, All and by Gender and Race-Ethnic Group (in %)



Teen employment rates continue to vary widely across race-ethnic groups. During the current summer, teen E/P ratios have ranged from lows of 18 to 19 per cent for Blacks and Asians to 21% for Hispanics and to a high of over 38% for White, non-Hispanics. Both Blacks and Asians were only one half as likely to work as White, non-Hispanics. Black males (17%) were characterized by the lowest teen employment rate for any gender/race-ethnic group.

Similar to findings for many previous years teen employment rates also varied widely by their family income. The higher the family income (up to $150,000), the greater the likelihood that a teen worked (Chart 3). Only 21 out of every 100 teens in low income families (under $20,000) worked this past summer. The demise of the federally-funded summer youth employment program (resurrected for 1 summer in 2009 by the Obama Administration's ARRA stimulus plan) has taken a toll on low income minority youth who were often a major target group for the summer jobs program. Teen employment rates rose steadily with family incomes rising to 24% for those with family incomes of $20-40,000 to just about 33% for those with incomes between $40 and $75,000, and to a high of just under 42% for those teens living in families with incomes between $100,000 and $150,000. Teen employment rates fell slightly to 36% for the most affluent teens, but they still remained well above those of their low to low middle income peers.

Chart 3:
Employment/Population Ratios of U.S. Teens
16-19 Years Old in June-July 2011 by Family Income



The links between family income and teen employment rates were quite strong for both men and women and for Blacks, Hispanics and White, non-Hispanics (See Tables 2 and 3). Among male teens, employment rates rose very sharply from a low of 20% for those in the lowest income group to 32% for those with family incomes between $40 and $75,000 to a high

of 44% for those in families with incomes between $100,000 and 150,000. These more affluent male teens were more than twice as likely to work as their peers from low income families. Very similar patterns prevailed among women. Female teens in families with incomes above $75,000 were about twice as likely to work as their low income peers (38% versus 22%). Low income teens have been far more dependent on subsidized employment and job placement services from labor market intermediaries (WIA youth programs, career specialists in high school) to find summer employment.

Table 2:
Employment/Population Ratios of U.S. Teens 16-19 Years Old by Gender and Family Income in June-July 2011 (in%)

Family Income (in 1000s)	(A) Men	(B) Women
<20	20.3	22.1
20 – 40	23.0	26.1
40 – 60	32.2	32.3
60 -75	31.7	34.3
75 – 100	35.7	38.8
101 – 150	44.1	39.1
150+	33.4	38.4
All	30.1	31.3

Among Blacks, Hispanics, and Whites, summer employment rates tended to rise fairly sharply with family income through the $100 to $150,000 category (Table 3). Among Black youth, the summer teen employment rate rose from a low of only 14% for those living in families with incomes below $40,000 to a high of nearly 41%, or three times higher for those Black teens living in families with incomes between $100 and $150,000. Links between family income and employment rates were positive but not quite as strong for Hispanic and White teens. Only among Asian youth do we find no positive relationship between family income and summer employment. In fact, the relationship is an inverse one for those in families up to $100,000.

The factors influencing the strong positive links between teen employment behavior and family income need to be better understood by policymakers. Past research suggests several factors at work. Parents of more affluent teens frequently value work among their teenage children as both a socialization strategy and as an opportunity for them to take on adult

responsibilities. Families where both parents work expect their children to work.[4] Parents in such families often serve as brokers into the labor market for their children. Family networks are a key source of job placement information for teens. Low income teens frequently have fewer employed parents, and many live with only one parent, most often the mother.[5]

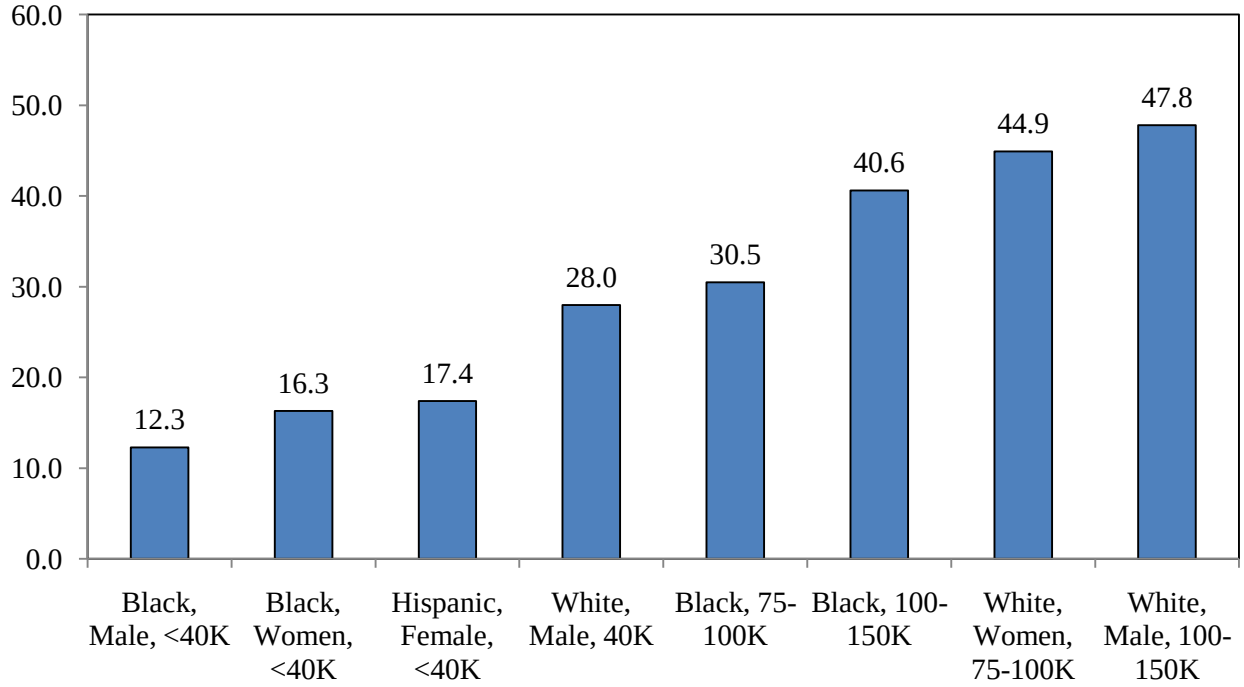
Table 3:
Employment/Population Ratios of U.S. Teens 16-19 Years Old by Race/Ethnic Group and Family Income in June-July 2011 (in %)

	(A)	(B)	(C)	(D)
Family Income (in 1000s)	Asian	Black	Hispanic	White, not Hispanic
Under 40	21.9	14.4	18.9	30.4
40 – 75	20.5	20.3	23.5	39.5
75 – 100	14.5	30.5	22.8	42.7
100 – 150	17.1	40.6	30.0	45.2
150+	12.2	16.3	25.1	40.3

Teens were classified into 40 cells capturing information on their gender, race-ethnic group, and family income. Employment rates were estimated for each of these cells. The results reveal an extraordinarily high degree of variability in their employment rates this summer. At the bottom of the distribution are Black males living in families with an income under $40,000. Their employment rate was only 12.3%. Black and Hispanic, low income female teens did only modestly better with employment rates of 16 to 17 percent. In the middle with an employment rate of 30.5% were middle income, Black male and female teens. At the top of the distribution are White males living in families with incomes between $100,000 and $150,000. Their employment rate was slightly below 48%, four times as high as that of Black male teens from low to low middle income families. These huge race/income disparities in teen employment opportunities should be viewed as completely unacceptable by members of both political parties.

[4] In a number of multivariate models designed to predict a teen's employment status, we find that living in a family where both parents work has a significant positive impact on their employment rate.
[5] Teens who live in a single mother family are significantly more likely to work if their mother is employed.

Chart 4:
Employment/Population Ratios of U.S. Teens 16-19 Years Old in Selected Family Income/Gender, and Race-Ethnic Groups, June-July 2011 (in %)



Teen Employment Rates Across States

For many years, teen employment has been found to vary quite considerably across geographic areas, reflecting the influence of local labor market conditions, differences in job structures, community norms with respect to youth work, and the degree of presence of immigrants/older workers in the labor force.[6] Over the past decade, both year round and summer teen employment rates have differed considerably across states. For the recent June-July period, we estimated teen employment rates for each of the 50 states and ranked them from highest to lowest. The ten states with the highest teen employment rates and the ten with the lowest teen employment rates are displayed in Table 4 in descending order.

[6] Strong local labor market conditions favor the employment of teens as does the presence of smaller labor markets where informal networks in hiring are the norm. High inflows of young immigrants depress teen employment.

Table 4:
Teen Employment Rates in the Ten States with the Highest and Lowest Teen Employment Rates in June-July 2011 (in %)

Top Ten States	(A) E/P Ratio
South Dakota	63.2
North Dakota	58.5
Iowa	53.8
Maine	52.4
Nebraska	51.1
Montana	50.5
Kansas	48.3
Wyoming	47.6
Minnesota	44.0
Wisconsin	42.4
Unweighted Average, Top 10	51.4
Bottom Ten States	
Louisiana	25.9
South Carolina	25.6
New York	25.2
Texas	25.1
New Mexico	24.9
North Carolina	24.7
Tennessee	21.6
California	20.8
Arizona	20.3
Florida	19.6
Unweighted Average, Top 10	23.4

The top ten states had teen employment rates ranging from 42 to 44 per cent in Wisconsin and Minnesota to highs of 59 to 63 per cent in North and South Dakota. Seven of these ten states were located in the Midwest region. The unweighted mean employment rate for these ten states was 51.2 per cent. The bottom ten states had teen employment rates ranging from 20 to 26 per cent. Six of these 10 states were located in the South and two (Arizona, New Mexico) in the Southwest. Their unweighted mean employment rate was only 23.4%, less than half as high as that of the top ten states. The two top ranked states (North and South Dakota) had an average teen employment rate of close to 61%, three times as high as the 20% rate for the two lowest

states (Arizona, Florida). It should be noted that not one of the top ten states were in the top ten most populous teen states. The only large state that came close to making the top ten list was Pennsylvania which ranked 11th highest. The bottom ten ranked states, however, included the nation's four most heavily populated teen states: California, Florida, New York, and Texas. Low income, minority youth in these states typically fare the worst in obtaining any type of employment, creating difficulties for them in making the transition to the labor market upon graduation from high school or in their late teens.

Teen employment in the U.S. and in individual states tends to be highly path dependent, i.e., the more a teen works this year, the more likely he is to work next year and in following years. Cumulative years of work experience during the teen years tend to raise both employability and weekly wages in their early 20s, and cumulative work experience in the teens and early 20s increases the likelihood that workers will receive formal training, including apprenticeship training, from their employers as they move through their 20s. Work experience in the teen years is a valuable form of human capital investment. Teens need more of it.