

The Depression in the Teen Labor Market in Illinois in Recent Years

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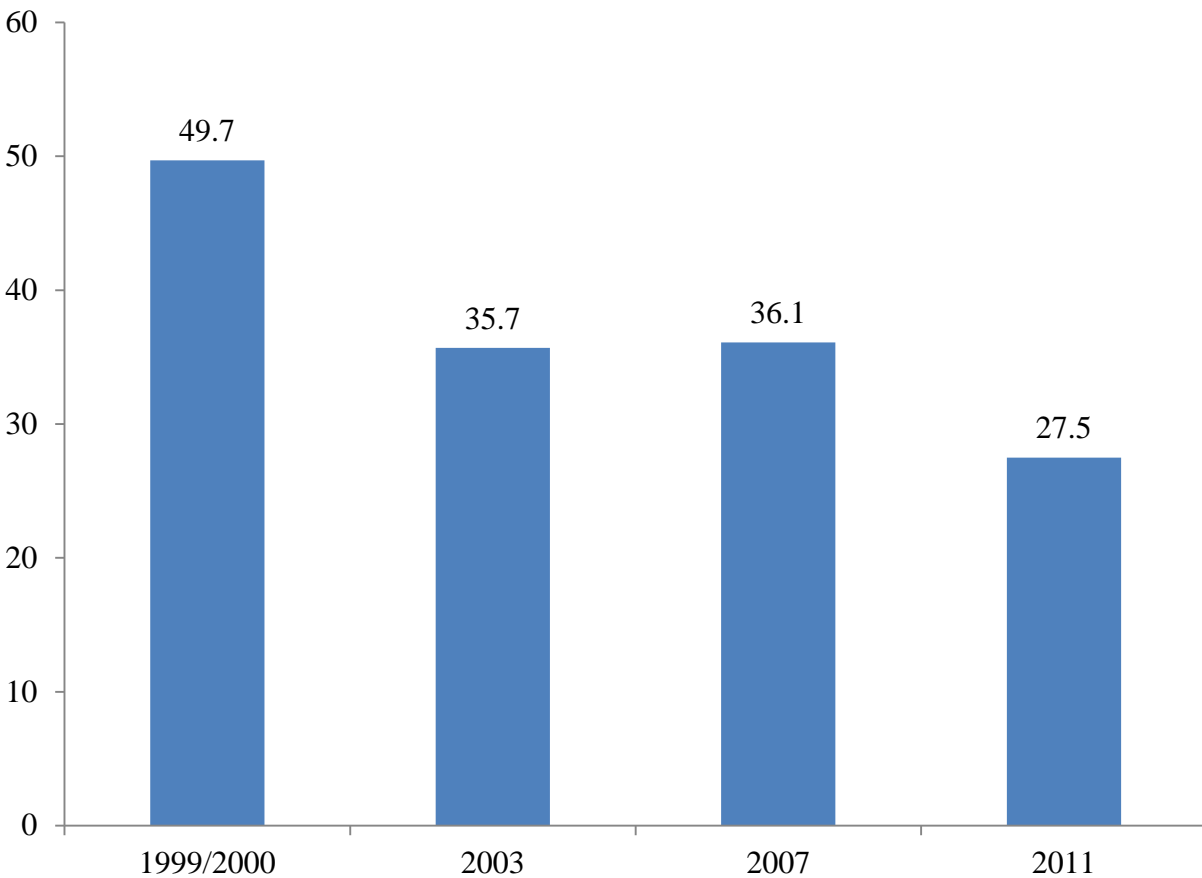
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The Depression in the Teen Labor Market in the State of Illinois **in Recent Years**

The proposed Pathways to Work Act would provide funding for summer jobs and year round jobs for low income teens and young adults (20-24) in the U.S. During the past decade in both the nation and Illinois, teens have encountered extraordinarily severe declines in their employment rates.

- In the nation, the teen employment rate fell from 45% in the 1999-2000 period to only 26% in 2011, a drop of 19 percentage points or 42%. This 26% teen employment rate was the lowest in the nation's entire post-World War II history.
- Teen employment rates also declined sharply in Illinois over this same time period. Their teen employment rate fell from just under 50% in 1999-2000 to 36% in 2007 and to only 27.5% in 2011 (see Chart 1), the lowest in the past 42 years for which such state teen employment data exist.
- While all states across the nation have experienced substantial declines in their teen employment rates over the past decade, the 22.2 percentage point drop in the teen employment rate in Illinois over the past decade was among the ten highest in the entire country. At the end of the 1990s decade, Illinois ranked approximately 18th highest (tied with Delaware and Montana) among the 50 states in its teen unemployment rate. By 2011, its rank had slipped to 29th highest in the nation tied with Indiana and Oklahoma.
- If Illinois teens had been able to maintain their 1999-2000 employment rates during the past year, there would have been another 151,000 teens at work in Illinois in the past year. This is an enormous loss of teen work experience and work exposure with adverse effects for their future employability and wages.

Chart 1:
Trends in the Employment Rates of Illinois Teens (16-19) From 1999-2000 to 2011 (in %)



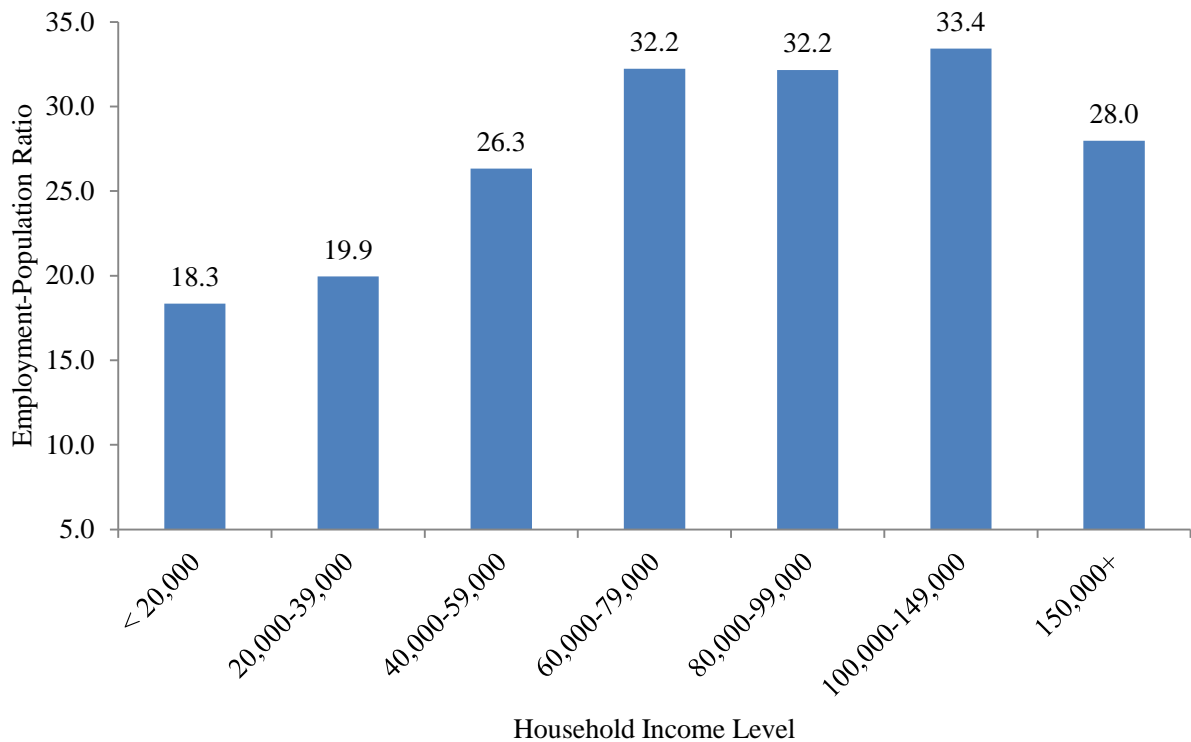
Employment Rates of Illinois Teens By Household Income and By Race-Ethnic Group in 2010

Key Findings:

- Both nationally and in the state of Illinois the links between teen employment rates and their household incomes have been quite strong in recent years. Employment rates of Illinois teens rose steadily and strongly with the level of their household income in Illinois until incomes of \$80,000 or above were reached. Employment rates for Illinois teens ranged from a low of only 18 percent among teens living in a household with an annual income below \$20,000 to 26 percent among those living in households with

incomes between \$40,000 and \$60,000 to highs of 32 to 33 percent among teens living in a household with an annual income between \$60,000-\$150,000.

Chart 2:
Employment-Population Ratio of 16-to-19 Years Old in Illinois by Household Income Level,
2010

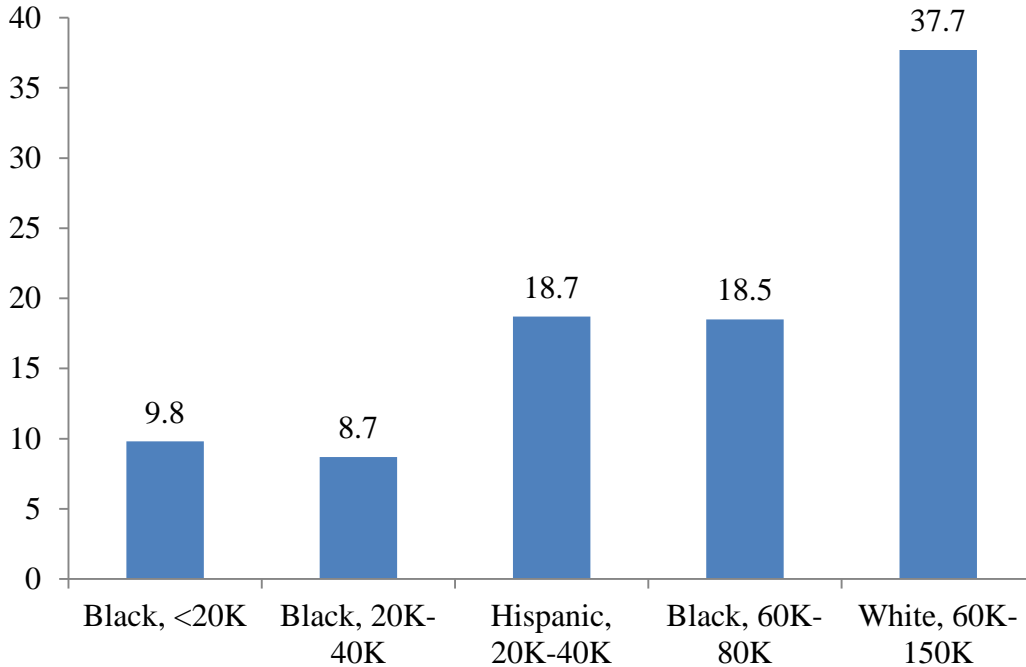


Source: 2010 American Community Survey (ACS), public use files, U.S. Census Bureau, author's tabulations.

- Employment rates of teens in Illinois also varied widely by race-ethnic group and household income level in 2010. Teens living in low income households typically fared the worst; particularly for Black and Hispanic youth. Only 9-10 out of 100 Black teens living in low to middle income households (<\$40,000) were employed in 2010. Black teens living in a household with an income between \$60,000 and \$80,000 had an employment rate of about 19% as did Hispanics with low middle incomes (\$20K-40K). At the top of the distribution, nearly 38% of White teens living in a household with an annual household income between \$60,000 and \$150,000 were employed in 2010. Teens

in this last group had an employment rate was nearly four times as high as that of low to low middle income Black youth.

Chart 3:
Employment-Population Ratio of 16-to-19 Years Old in Illinois by Race-Ethnic Groups and Household Income Level, 2010



Source: 2010 American Community Survey (ACS), public use files, U.S. Census Bureau, author's tabulations.

Employment Rates of Illinois Teens in 2011 By School Enrollment/ Educational Attainment and Changes in Their Employment Rates Over the Past Decade

- As one would expect, the employment rates of Illinois and U.S. teens vary widely by their school enrollment status and educational attainment. In Table X below, the employment rates of teens in Illinois and the nation in 2011 are displayed for four school enrollment/ educational attainment groups. Across the nation, employment rates of teens ranged from a low of 16% for high school students to only 29% for high school dropouts, to 36% for college students, and to a high of 54% for non-enrolled high school graduates.

- A very similar pattern of employment rates prevailed for teens in Illinois in 2011. Their employment rates were nearly identical to the national average for high school students and high school dropouts. Employment rates ranged from a low of 16% for high school students to nearly 29% for dropouts and to a high of 61% for high school graduates not enrolled in college.

Table 2:
Employment/ Population Ratios of 16-19 Year Olds By Educational Attainment in Illinois and the U.S., January-November 2011

	H.S. Students	H.S. Dropouts	College Students	Non-Enrolled H.S. Grad	Total
Illinois	15.9	28.8	37.5	61.4	27.5
U.S.	16.0	29.3	35.5	53.9	26.4

- Over the past decade (1999-2000 to 2011), the employment/ population ratios of the state’s teens in each of the four school enrollment/ educational attainment groups fell substantially although the relative size of these drops varied across the four groups. The employment rate of high school students fell from 38% to 16%, a decline of 22 percentage points or nearly 58%. High school dropouts experienced a 25 percentage point decline or nearly 46% drop in their employment rate. College students fared somewhat better with a 22% drop in their employment rate. High school graduates experienced a 16 percentage point drop but maintained a nearly 32 percentage point advantage over the employment rate of high school dropouts.

Table 3:
Trends in the Employment/ Population Ratios of 16-19 Year Olds in the State of Illinois By Educational Attainment, 1999-2000 to 2011

Educational Attainment	1999-2000	2011	Absolute Change, 1999-2011	Percent Change, 1999-2011
H.S. Students	38	16	-22	-58%
H.S. Dropouts	54	29	-25	-46%
College Students	54	37	-17	-22%
Non-Enrolled H.S. Graduate	77	61	-16	-21%

- The very steep decline in the employment rate of high school students is especially troubling for several reasons. Low income, minority high school students are the least likely to be employed. Only 7% of such high school students in the city of Chicago in 2010 were employed. Early in-school work experience has favorable effects on improving the transition from high school to the labor market upon graduation. National research over the past decade has revealed that the absence of in-school work among low to middle income high school students is associated with a higher frequency of dropping out of high school among males, a higher incidence of teenaged childbearing among women, and a greater incidence of juvenile delinquency and arrests. High school dropouts disengaged from the world of work (i.e., the so-called disconnected youth) are more likely to become jobless, economically dependent, poor, and unmarried in their mid 20's. Over 70% of young high school dropouts in the state of Illinois were disengaged from both school and work in 2011.

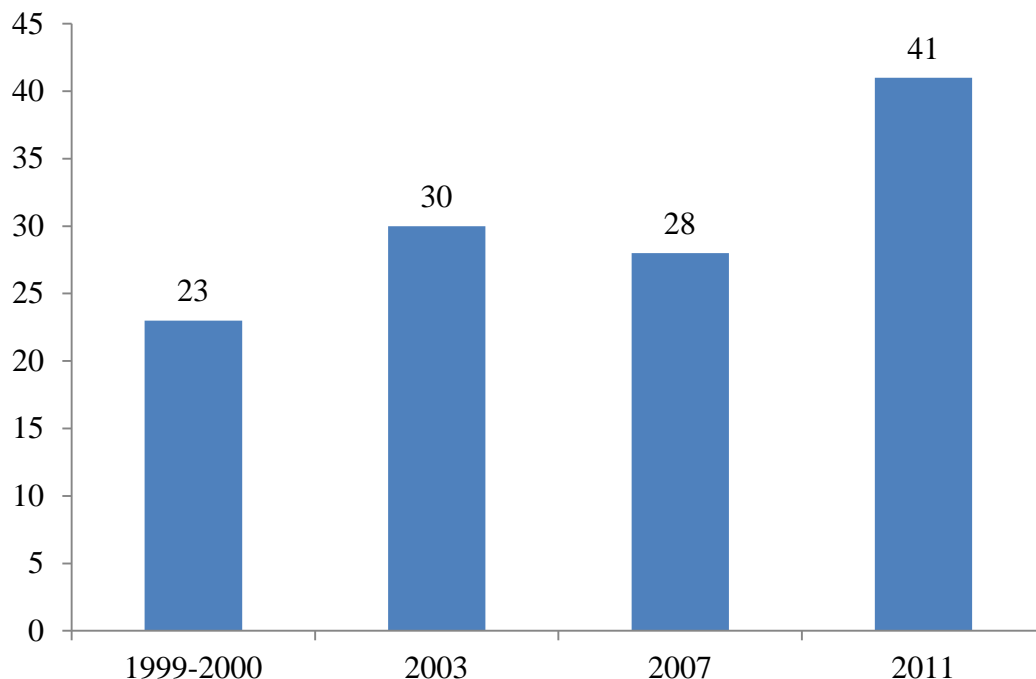
The Sharp Rise in Labor Force Underutilization Rates Among Illinois Teens, 2000-2011

- Similar to the recent labor market experiences of their peers across the entire country, Illinois teens have faced a rising number of labor market problems over the past decade that go beyond official unemployment. More employed out-of-school teens (both high school graduates and dropouts) find themselves underemployed; i.e., working part-time (under 35 hours per week even though they want full-time work. More teens who want a job have quit

actively looking for work, thereby becoming members of the labor force reserve or the hidden unemployed.

- The unemployed, underemployed, and the hidden unemployed can be combined to form a pool of underutilized teen labor. An underutilization rate for teens can be calculated by dividing the pool of underutilized labor by the adjusted civilian labor force; i.e., the sum of the official labor force and the hidden unemployed.
- The underutilization rate of Illinois teens has exploded over the past decade and is the highest by far of any age group in the state. In 1999-2000, 23% of the state's teens in the adjusted labor force were underutilized. By 2003, this ratio had risen to 30% as a consequence of the recession of 2001 and the largely jobless recovery of 2002-2003. The modest improvements in state labor markets over the next few years helped push the labor underutilization rate down to 28% but it rose strongly over the next few years rising to 41% in 2011, about tied with the U.S. average of 42%.

Chart 4:
Labor Force Underutilization Rates Among Illinois Teens From 1999-2000 to 2011 (in %)



E/P Ratios of Teens in the City of Chicago, Chicago Suburbs and the Rest of the State

Chart 5:
E/P Ratios of Illinois Teens By Geographic Area of the State (in %)

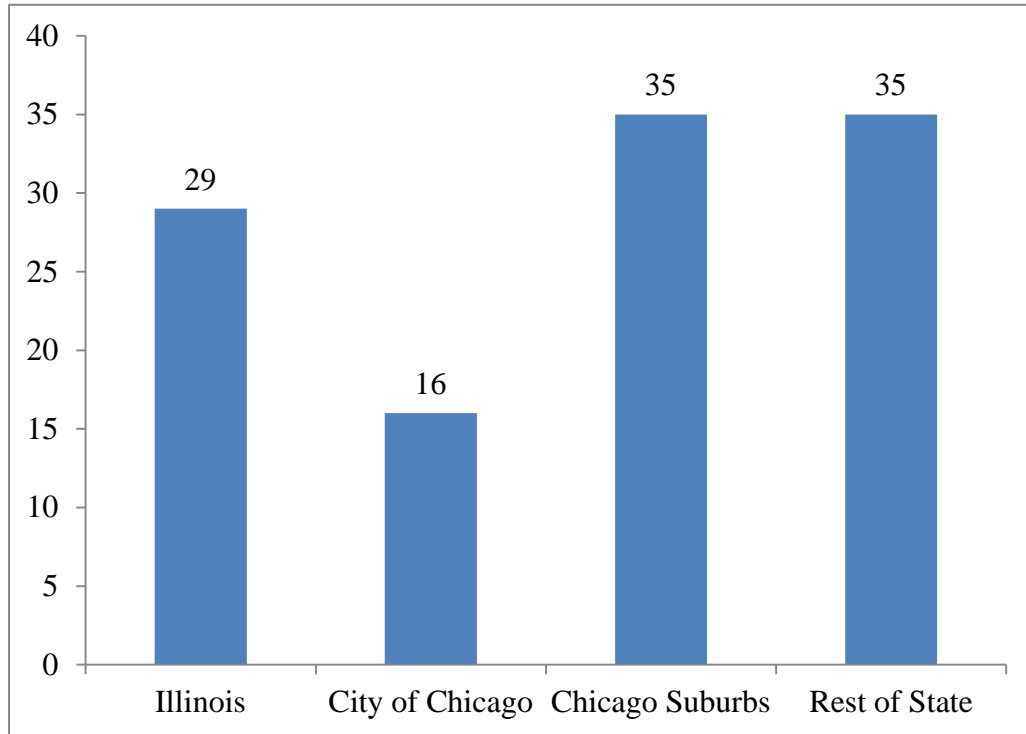


Chart 6:
E/P Ratios of City of Chicago Teens By Race-Ethnic Group, 2009-2010

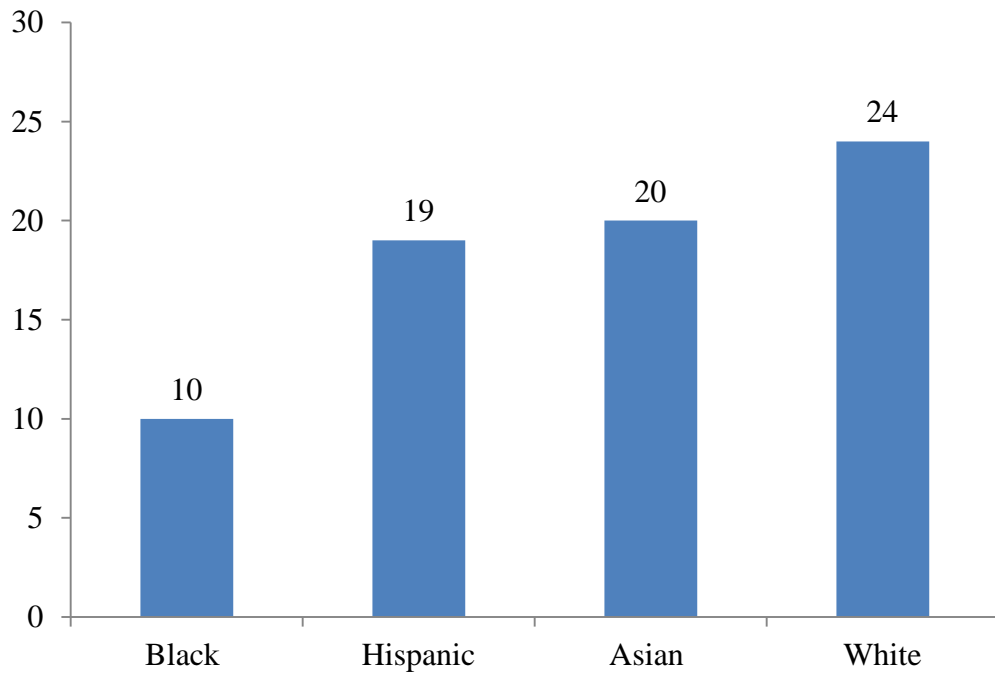


Chart 7:
E/P Ratios of City of Chicago Teens in Selected Race-Ethnic/ Household Income Groups, 2009-2010 (in %)

