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## The demise of the summer job market for the nation's youngest teens (16-17) and the depressed jobs market for low income teens: the case for a national public policy response

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The Demise of the Summer Job Market for  
The Nation's Youngest Teens (16-17) and the  
Depressed Jobs Market for Low Income Teens:  
The Case for A National Public Policy Response

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## Introduction

The onset of a deteriorating national labor market in the early winter of 2008 has raised concerns about the labor market fate of a number of demographic subgroups, including teenagers, less educated adults, older workers, and Hispanics. The decline in teen employment prospects is not new. The nation's teens have faced a steep drop in their employment rates since the end of the national labor market boom in 2000, and they did not obtain any of the net additional jobs generated by the national economy between the summer of 2003 and the end of calendar year 2007.<sup>1</sup> The annual average employment rate of the nation's teenagers (16-19 years old) in 2007 was only 34.8%, more than 10 percentage points below their employment rate in 2000 and close to 13 percentage points below their employment rate in 1989 near the peak of the business cycle of the 1980s.<sup>2</sup> The 2007 teen employment rate was the lowest in the nation's post-World War II history.

The continued collapse of the nation's teen job market through the first quarter of 2008 has raised growing concerns about the summer job market for teens when nearly 2 million additional 16-19 year olds typically enter the labor force in search of work. The Center for Labor Market Studies of Northeastern University has recently forecast that the summer teen employment rate in 2008 (seasonally adjusted) will not rise above 34%, making it on track for being the lowest summer employment rate for teens over the past 61 years. Younger teens (16-17), minority teens, and those from low income families and neighborhoods will find it most difficult to find work. As Peter Goodman noted in his review of the summer job outlook, the "toughest summer job this year is finding one".<sup>3</sup>

Yet, in a following day editorial, The New York Times reported that "the idleness you remember from your own school days is also out of date because everyone under the age of 18 is

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<sup>1</sup> For an earlier review of the severe deterioration in the youth labor market and the case for a national youth jobs creation program,

See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, The Collapse of the National Teen Job Market and the Case for An Immediate Summer and Year Round Youth Jobs Creation Program, Paper Prepared for the U.S. House of Representatives, Subcommittee on Labor, Health, Human Services, and Education, Washington, DC, March 2008.

<sup>2</sup> The U.S. economy entered a recession in June 1990 that lasted until March of the following year. The teen employment rate did not begin to recover until several years after the official end of the recession of 1990-91.

<sup>3</sup> See: Peter S. Goodman, "Toughest Summer Job This Year is Finding One," The New York Times, May 25, 2008, pp. A-1, 16.

working or interning or volunteering”.<sup>4</sup> For anyone in this nation who was a teenager in the late 1970s, late 1980s, or late 1990s, nothing could be further from the truth. In this research brief, we will show that, while the teen summer job market has deteriorated substantially since 2000, and is even further below its performance in 1989, the decline in job opportunities for the nation’s 16-17 year olds, especially males, since the late 1980s is overwhelming. Far fewer teens 16-17 years old have been working during the summers in recent years than at any time in the past 40 years. The size of the drop in job opportunities for these 16-17 year olds has been far greater than any other young adult age group, and males, Blacks, Hispanics, and low income youth have been increasingly shut out of the teen labor market. To put the facts on the collapsing teen labor market in proper perspective, let us begin with a comparison of teen employment rates by single age group (16, 17, 18, 19) from 1989 to 2007. The summer of 1989 was the cyclical peak summer employment year for teens in the decade of the 1980s, and the summer of 2007 was the sixth summer following the end of the national recession in November 2001.<sup>5</sup>

Findings on teen summer employment rates (not seasonally adjusted) over the June-August period of 2007 and 1989 are displayed for single age groups and for all teens combined (16-19 year olds) in Table 1. During the past summer, the average teen employment rate was only 40.6%, implying that only 40 of every 100 teens were employed during a typical month. This teen employment rate was 16.5 percentage points or nearly 30 percent below its rate in the summer of 1989, an extraordinary decline.

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<sup>4</sup> See: “A Pause Before Summer”, The New York Times, May 26, 2008, p. A-18.

<sup>5</sup> Unfortunately, the teen summer job market never recovered. The teen E/P rate in the summer of 2007 was the lowest over the past 60 years.

See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, The Demise of the Summer Job Market for the Nation’s Teens: The Case for A Revitalized Summer Youth Employment Program, Center for Labor Market Studies, Northeastern University, Paper Presented for the U.S. Conference of Mayors, Workforce Development Directors Meeting, Washington, DC, October 2007.

Table 1:  
Trends in the Summer Employment Rates of the Nation’s Teenagers by  
Single Age Group, Summer 1989 to Summer 2007  
(in %)

	(A)	(B)	(C)	(D)
Age Group	1989	2007	Percentage Point Change	Percent Change
16	41.6	23.6	-18.0	-43%
17	52.4	36.4	-16.0	-31%
18	61.7	47.5	-14.2	-23%
19	71.2	58.8	-12.4	-17%
16 – 19, All	57.1	40.6	-16.4	-29%

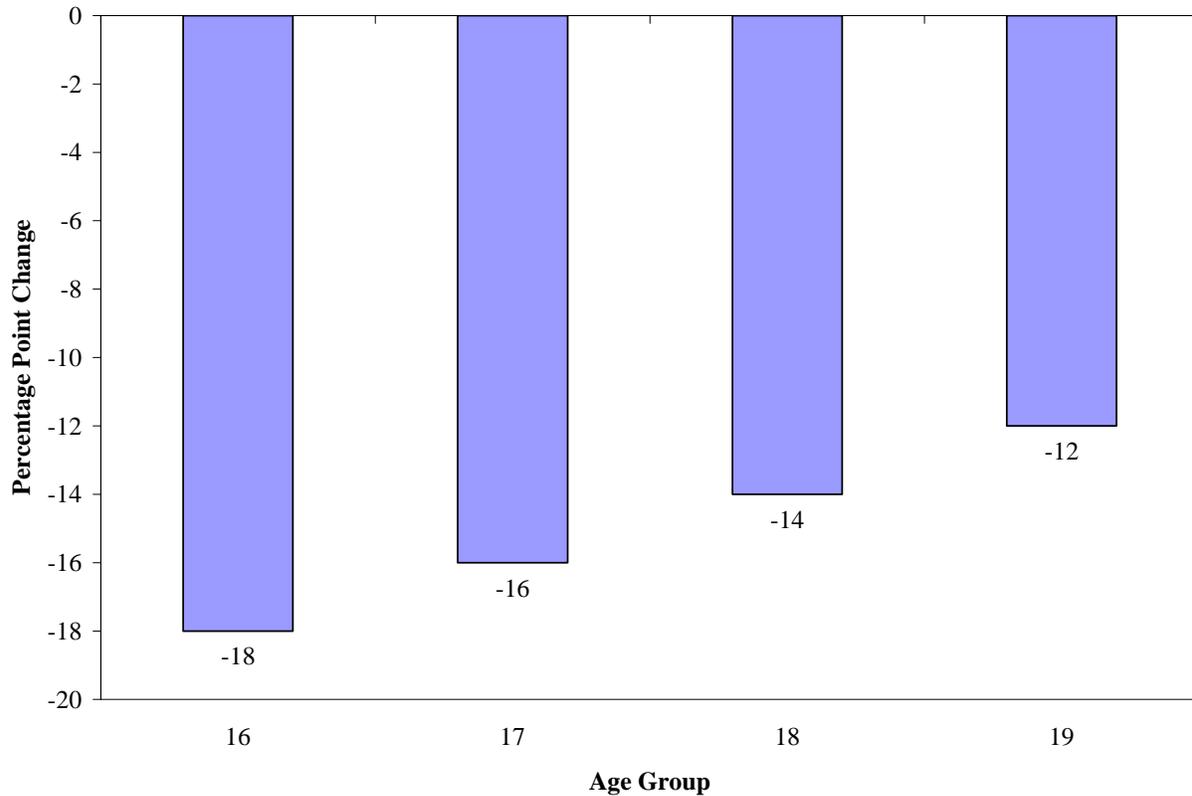
Source: Monthly CPS public use files, 1989 and 2007, tabulations by authors.

Last summer, teen employment rates varied widely across single age group. Only 23 of every 100 16 year olds worked versus 36 of every 100 17 year olds, nearly 48 of every 100 18 year olds, and 59 of every 100 19 year olds (Table 1). These 19 year olds were 2.5 times as likely to work as 16 year olds. Relative to their employment experiences in the summer of 1989, each single age group of teens was considerably less likely to work last year than 1989, but the absolute and relative declines in teen employment rates were greatest for the very youngest teens, i.e., those 16 to 17 years old.

Among 16 year olds, the Summer 2007 employment rate was 18 percentage points or 43% below that of the summer of 1989 (Chart 1). While 16 year olds are somewhat more likely to be in school during the summer, often to prepare themselves for state assessment exams or to make up academic work to allow them to be promoted, the majority of them are simply idle all summer. Even those attending school often do so for a limited number of hours per week, leaving plenty of time for work as well as for learning. Among 17 year olds, the 2007 summer employment rate was only 36 percent, which was 16 percentage points or nearly a third below that of the summer of 1989. Even 18 and 19 year olds across the nation experienced large declines in their summer employment rates over this 18 year period, but the relative size of these declines were markedly lower than they were for 16 and 17 year olds. For example, the relative decline for 19 year olds was 17% versus 43% for the very youngest 16 year olds. The basic facts on summer teen employment for 16-17 year olds are clearly the contrary of those cited in the recent *New York Times* editorial: “those teens under 18 are working far less in the summer than

they did in 1999, 1989, and 1979. This is not a favorable labor market or social development, particularly when one considers which youth are not gaining any practical real world work experience”.

Chart 1:  
Percentage Point Declines in the Employment/Population Ratios of U.S.  
Teens by Single Age Group Between the Summers of 1989 and 2007



The declines in summer work opportunities for teens over the 1989-2007 period took place among both men and women; however, the absolute and relative magnitudes of these teen employment rate declines were markedly higher among male teens than among their female counterparts. In the summer of 1989, the male teen employment rate was slightly over 60 percent. By 2007, it had fallen to 40 percent, a drop of 20 percentage points or one-third in their employment rate. Among teenaged women, the decline in the employment rate was 13 percentage points or 24%. In 1989, male teens were more likely (about 7 percentage points) to be working than their female peers. By 2007, the employment rates of these two gender groups had become equal to one another.

Table 2:  
Trends in the Summer Employment Rates of the Nation's Teenagers by  
Gender and Single Age Group, Summer 1989 to Summer 2007  
(in %)

	(A)	(B)	(C)	(D)
Gender/Age Group	1989	2007	Percentage Point Change	Percent Change
<b>Men</b>				
16	42.9	23.1	-19.8	-46%
17	56.3	35.7	-20.6	-37%
18	65.5	48.9	-16.6	-25%
19	76.2	58.8	-17.4	-23%
16 – 19, All	60.4	40.6	-19.8	-33%
<b>Women</b>				
16	40.2	24.2	-16.0	-40%
17	48.3	37.2	-11.1	-23%
18	57.9	46.0	-11.9	-21%
19	66.4	58.9	-7.5	-11%
16 – 19, All	53.8	40.7	-13.1	-24%

The much steeper declines in the employment rates of male teens, especially 16-17 year olds, over the past two decades are attributable to a variety of demand and supply economic forces as well as to changes in the hiring policies/practices of firms. The ability of male teens (especially 18-19 year olds) to gain employment in manufacturing/mining industries has been sharply reduced due to downsizing of overall employment in these industries and internal job restructuring that reduced the number of entry level, production jobs. The downsizing of blue collar, production America has taken a toll on male teens and young adults (20-24) and delayed entrance to economic adulthood. Firms in utilities, communications, transportation industries (airlines and railroads), and finance/insurance seldom hire male teens. These male teens also have faced increased supply competition from young, male immigrant workers, including many undocumented immigrants, especially in construction, landscaping, and food and accommodations.<sup>6</sup> Male teens also have found themselves competing with an increased supply

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<sup>6</sup> Recent research by the authors and others has shown that the higher the share of new immigrants in a state's resident labor force the lower the employment rate of teens in that state. The negative impacts are largest for males, Blacks, and Hispanics,

of older males (55+) in retail trade and some service industries. The youngest male teens (the 16-17 year olds) have also been victimized by the changing hiring policies of firms, including big box retailers, landscaping, and construction firms, that have led them to hire only workers at least 18 years of age. Their job opportunities have become increasingly restricted to a smaller set of industries and occupations across the labor market of the nation.

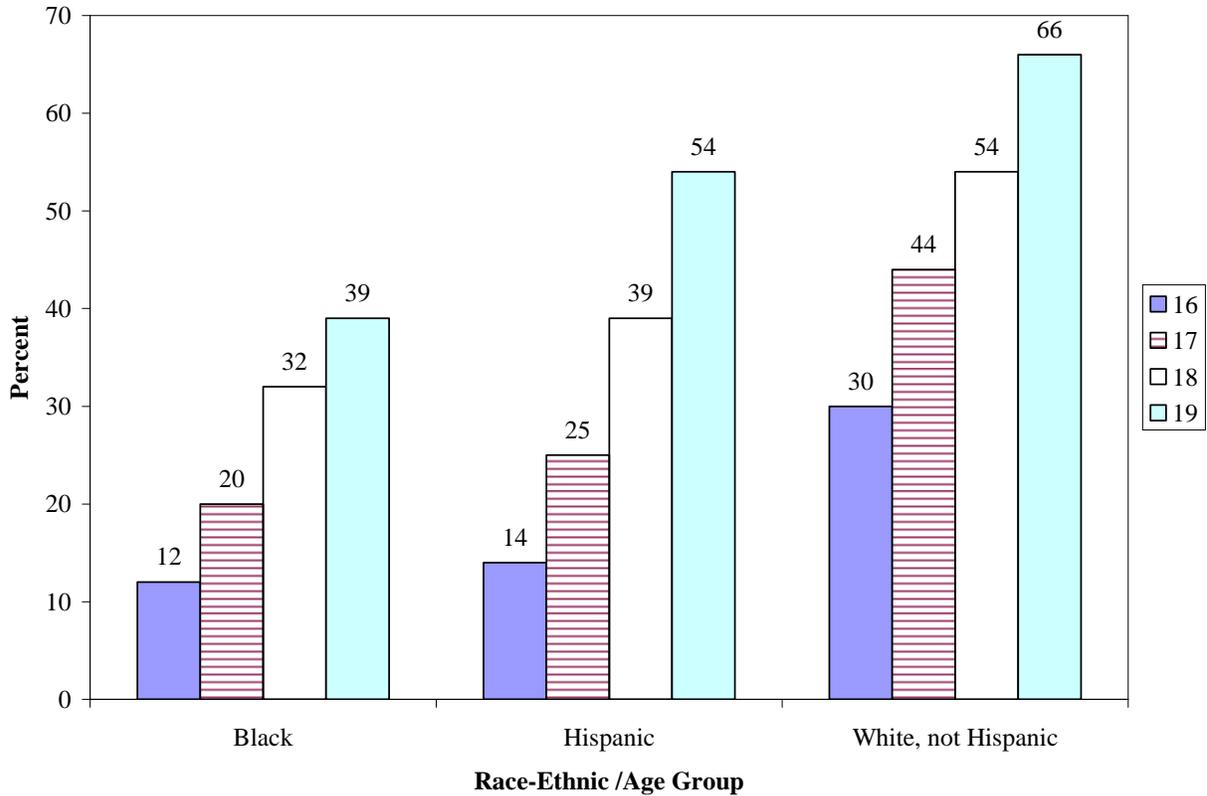
The declines in teen employment rates between 1989 and 2007 were quite widespread across each major race-ethnic group. Young Black males (16-17) were particularly hard hit, with their employment rates falling by 60% between 1989 and 2007. The younger White and Hispanic males also experienced substantial (40% to 50%) declines in their employment rates over the same time period. Given the strong path dependency in teen employment behavior, the more limited work experience of today's 16 and 17 year olds will reduce the amount of employment and earnings that they acquire in their later teenage years.

Among Black, Hispanic, and White teens in the summer of 2007, employment rates rose steadily and strongly from ages 16 to 19. For example, among Black teens, summer 2007 employment rates increased from 12% among 16 year olds, to 20% among 17 year olds and to 39% among 19 year olds. In each single age category, the share of White, non-Hispanic teens that were working substantially outpaced that of both Black and Hispanic teens. Black 16-17 year olds and Hispanic 16-17 year olds were only half as likely to be working as their White, non-Hispanic peers. Low income Black and Hispanic teens faced the most severe difficulties in finding any type of employment during the past summer. The demise of the federally-funded Summer Youth Employment Program under the Workforce Investment Act of 1998 has taken a severe toll on summer job opportunities for low income, minority youth. Proposed legislation to provide funding for a new summer jobs program has been proposed by political leaders in both the U.S. House of Representatives and the U.S. Senate.

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See: Andrew Sum, Ishwar Khatiwada, Robert Taggart, et. al., The Nation's Temporary Guest Workers Program, the New Immigrant Workforce, and the Steep Deterioration in the Nation's Youth Labor Market, Paper Presented to the U. S. House of Representatives, Committee on Education and Labor, Washington, DC, May 2, 2008.

Chart 2:  
Summer 2007 Employment Rates of 16, 17, 18 and 19 Year Olds  
in the U.S. by Major Race/Ethnic Group  
(in %)



### **Who Worked in the Summer of 2007? The Extraordinary Income/Race Divide in Summer Employment Rates of Teens**

The decline in summer employment among teens in recent years has affected teens in all major demographic and socioeconomic subgroups, but there are extraordinarily large differences in their employment rates across family income, race-ethnic groups, and geographic subgroups. Contrary to the recent assertions of several national economic forecasters, it is poor and low income youth not affluent teens who work the least during the summer.<sup>7</sup> To illustrate the substantial variability in teen summer employment rates across socioeconomic groups, we estimated the employment rates of 16-19 year olds in an array of household income, race-ethnic,

<sup>7</sup> In Peter Goodman’s recent New York Times article on the summer job outlook, an economist from Moody’s Economy.com commented that “Kids from higher income households just aren’t going into the labor market”. This assertion is completely off base. The reverse is typically true.

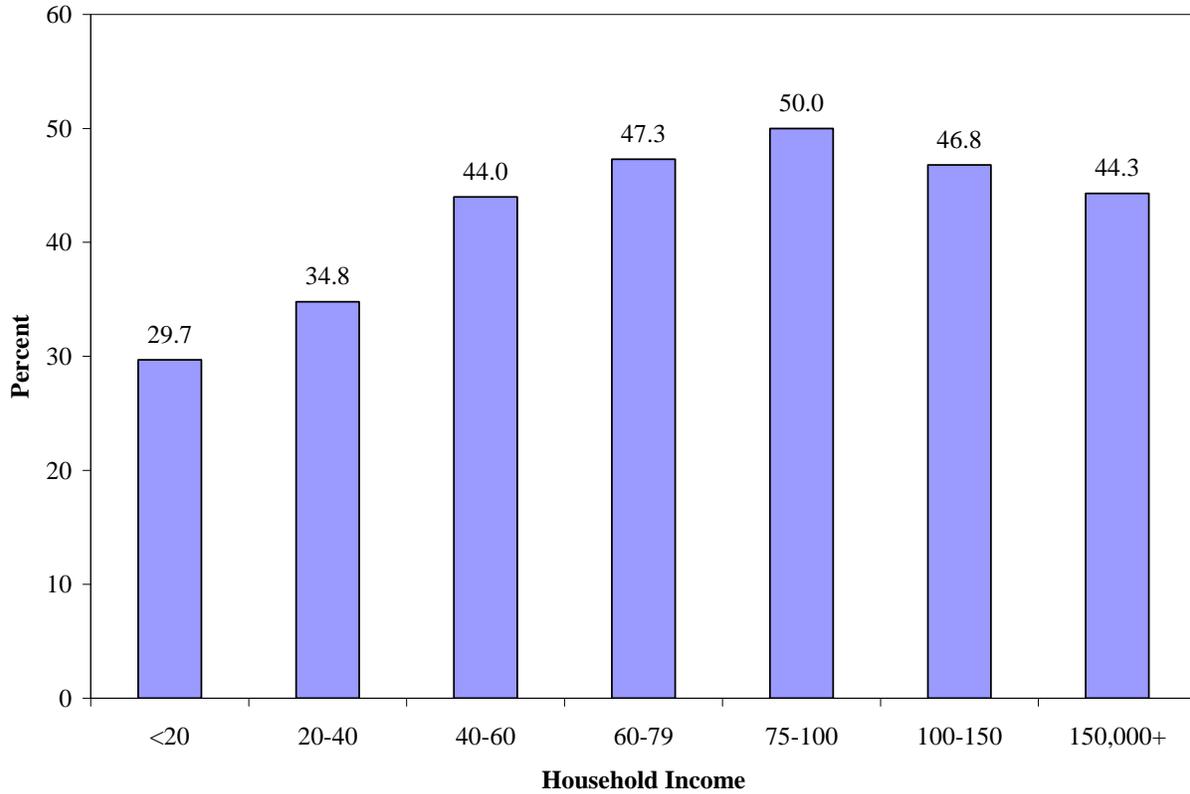
and geographic subgroups (central cities, suburbs, non-metropolitan areas) during the summer of 2007.

The summer 2007 employment rates of the nation's teens in seven household income groups, ranging from under \$20,000 to more than \$150,000 are displayed in Chart 3.<sup>8</sup> Employment rates of teens rose steadily and substantially from the lowest income group (those under 20,000) to those youth living in households with an annual income between \$75 and \$100,000 before modestly dropping below 50 percent for the most affluent youth. Only 30 percent of teens from the lowest income households worked in the summer of 2007 versus 44% of those from lower middle to middle income households (\$40-60,000) and a high of 50 percent for those from middle to upper middle income households (\$75 to \$100,000). The 7 percent of the youth from the most affluent households (\$150,000+) were far more likely to work than their peers from low to low middle income households (under \$40,000).

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<sup>8</sup> Of the 17.0 million teens whose summer employment rates are estimated, income data were not available for about 3.86 million or 22%.

Chart 3:  
Summer 2007 Employment Rates of U.S. Teens (16-19) by  
Selected Household Annual Income Group  
(in \$1,000)



Among Blacks, Hispanics, and Whites, teen employment rates were lowest for members of the low income groups, rose as household income increased to the middle and upper middle income levels, then declined modestly as the highest income groups were reached (Table 3). Among Black youth, summer employment rates nearly doubled from 18% among those from the lowest income households to 32% among those living in households with an annual income between \$40 and 60 thousand before dropping back to the 28 to 30 percent range for more affluent households. Among Hispanic youth, summer employment rates increased from lows of 27 to 29 percent among the lower income households to 45 percent among those with household incomes between \$75,000 and \$100,000. Among White, non-Hispanic youth, employment rates of teens rose steadily from 37% among the lowest income youth to a high of 55% for youth in the \$75,000 to \$100,000 income category. In each household income group, White youth were typically much more likely to work than their Black and Hispanic peers. In each of these three

race-ethnic groups, the lowest income youth (those with incomes under \$20,000) were the least likely to work in the summer of 2007. The Matthew effect (“To those who have, much shall be given”) appears to prevail in the youth employment field as well as in the fields of education and literacy.

Table 3:  
Summer 2007 Employment Rates of Teens 16-19 in Selected Household  
Income and Race-Ethnic Groups  
(in %)

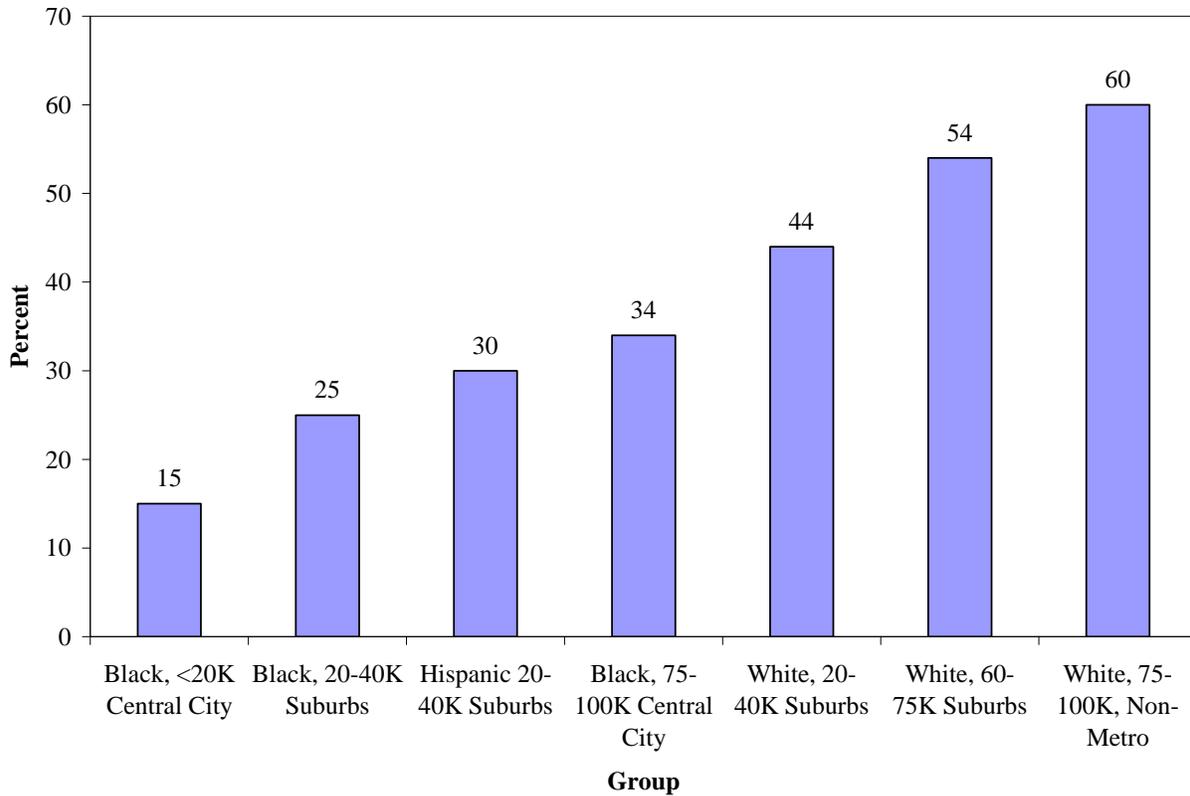
	(A)	(B)	(C)
Household Income	Black	Hispanic	White, Not Hispanic
<\$20,000	18%	29%	37%
\$20 – 39,999	23%	27%	43%
\$40 – 59,999	32%	31%	52%
\$60 – 74,999	28%	39%	53%
\$75 – 100,000	30%	45%	55%
\$100 – 150,000	28%	34%	50%

The summer 2007 employment rates of the nation’s teens also varied quite considerably across geographic locations. Typically, those youth living in the nation’s central cities, especially in high poverty neighborhoods, faced the lowest employment rates while their peers in more affluent suburbs and non-metropolitan areas fared the best.<sup>9</sup> In Chart 4, we display the diverse array of summer employment rates encountered by youth in selected race-ethnic, household income, and geographic areas. At the bottom of the distribution is the 15% employment rate for low income Black youth living in central cities. Thirty percent of Hispanic teens from low middle income households in the suburbs were employed as were 44% of their White peers. At the top of the distribution was a 60% employment rate for White teens with household incomes between \$75,000 and \$100,000 in non-metropolitan areas. This last group of teens was four times as likely to be working as low income Black youth from central cities. These race/income/geographic disparities in teen employment rates should be viewed as terribly troublesome from an economic, social, and criminal justice perspective by national, state, and

<sup>9</sup> Low income youth in non-metropolitan areas, particularly Blacks and Hispanics, fared very poorly in obtaining any type of job last summer. Only 10-14 percent of such youth were employed.

local political leaders. This is a situation analogous to the “social dynamite” described by the late James Conant in his assessment of the nation’s educational and labor market systems in the early 1960s.<sup>10</sup> The time for innovative public policy actions is now.

**Chart 4:**  
**Summer 2007 Employment Rates of Teens 16-19 in Selected Race,**  
**Household Income, and Geographic Subgroups**  
(in %)



<sup>10</sup> See: James Bryant Conant, Slums and Suburbs, New York, 1961.