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National teen summer employment rate drops to new low; summer 2007 lowest June-July employment rate for teens in post-world war ii history; black and low income teens face bleakest job prospects

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National Teen Summer Employment Rate Drops to New Low; Summer 2007 Lowest June-July Employment Rate for Teens in Post-World War II History; Black and Low Income Teens Face Bleakest Job Prospects

The labor market for the nation's teens weakened considerably during the first six months of this year despite continued employment growth for older working age adults. The seasonally adjusted teen employment rate during the January-June period of 2007 was nearly two full percentage points below its value during the same six month period in 2006. Based on the weakening job prospects for teens, earlier this year, the Center for Labor Market Studies of Northeastern University projected that the summer job market (June-August) for the nation's teens would likely be tied for the post-World War II historical low that was reached in the summer of 2004.[1]

Data appearing in Friday's U.S. Bureau of Labor Statistics' monthly employment report for July provide further evidence of a decline in the teen summer employment rate.[2] Despite the estimated 92,000 wage and salary jobs added to the nation's formal payrolls during July, the teen employment rate fell slightly from June and was two percentage points below its level in July 2006. Even though the nation has added nearly 1.9 million payroll jobs over the past 12 months, teens have not been able to gain any positive share of these jobs. In fact, their employment level declined by 250,000 since last July. As a consequence, this summer is shaping up to be the worst on record for teens as they are on track to experience the lowest average employment rate during the summer months in post- World War II history. The 35.1% June/July 2007 employment/population ratio of teens (seasonally adjusted) was 1 full percentage point below its value in June/July 2004, the previous historical low and was 10 percentage points below its value in the summer of 2000. Since the nation's economy slipped into a mild recession in 2001, the labor market for teens in the U.S. has collapsed. Teen employment rates fell sharply in 2001, 2002, and 2003, and appeared to have bottomed out in 2004. While employment rates for some groups of teens increased modestly in 2005-2006, they have again taken a steep downturn this year, a very puzzling and troubling development.

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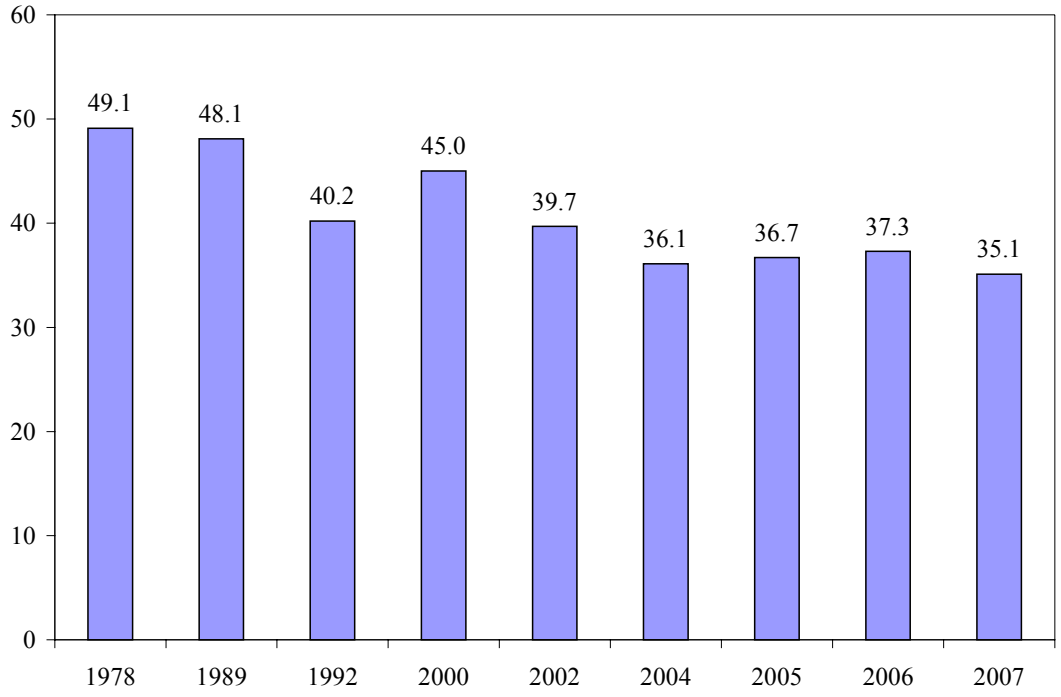
[1] Joseph McLaughlin, Andrew Sum, Ishwar Khatiwada, The Projected Summer 2007 Job Outlook for the Nation's Teens and the Implications of Summer Employment for Jobs for America's Graduates' Programs, Center for Labor Market Studies at Northeastern University, April 2007.

[2] U.S. Bureau of Labor Statistics, The Employment Situation: July 2007, August 3, 2007, www.bls.gov.

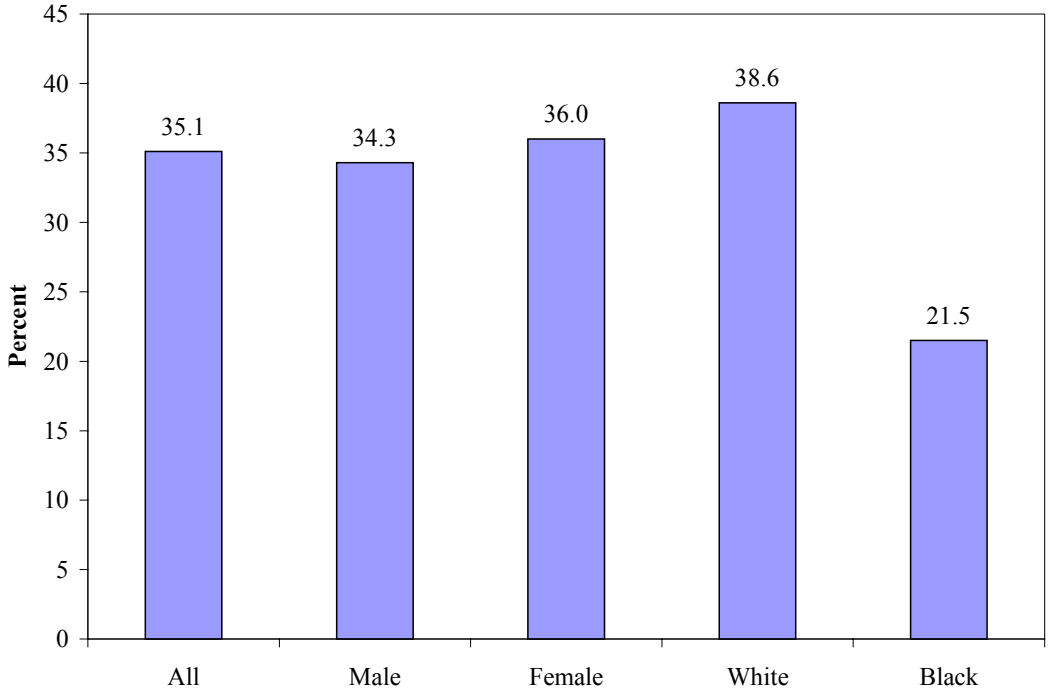
The summer employment rate of teens in 2007 is far below its value in 2000 at the peak of the labor market boom and even further behind (13 to 15 percentage points) those employment rates achieved at the peak of the 1980's boom and in 1978 when nearly one of every two teens held a job (Chart 1).

Chart 1:
Trends in the June/July Employment/Population Ratio of Teens (16-19 Years Old) in the U.S., (Seasonally Adjusted, in %)



Teen labor market conditions have deteriorated for all major demographic and socioeconomic subgroups of youth over the past seven years, but teen employment rates have declined more sharply for the youngest teens (16-17), males, and those from low income groups. In June-July 2007, female teens were modestly more likely to be working than males (36% vs. 34%), and Blacks were considerably less likely to be working than Whites (21% vs. 38%). Only 1 of 5 Black teens were employed in any type of job in June/July 2007 (Chart 2).

Chart 2:
Employment/Population Ratios of 16 to 19 Year Olds by Gender and Race, June-July2007,
(Seasonally Adjusted, in %)



The Summer Job Deficits of Teens

Teen summer employment rates thus far remain far below those achieved in 2000 and in 1978, the year of the post-WWII summer peak employment rate for teens. To illustrate the magnitude of the jobs deficits for teens this summer, we conducted two simulations: one for all teens and one for male teens. We simply estimated how many more teens would have been employed this summer if their employment rate (not seasonally adjusted) had matched that of 2000 and 1978. Findings of our simulations are displayed in Charts 3 and 4. If the teen employment rate (not seasonally adjusted) in June-July 2007 had simply matched that of 2000, there would have been nearly 2 million more teens working across the country. If the summer 2007 teen employment rate matched that of 1978 when nearly 58 percent of all teens worked, then there would have been 2.836 million more teens at work.

Chart 3:
The Number of Additional Jobs for 16-19 Year Olds if the Employment/ Population Ratios of Teens from the Summer of 1978 and 2000 Had Prevailed in 2007
(in Millions)

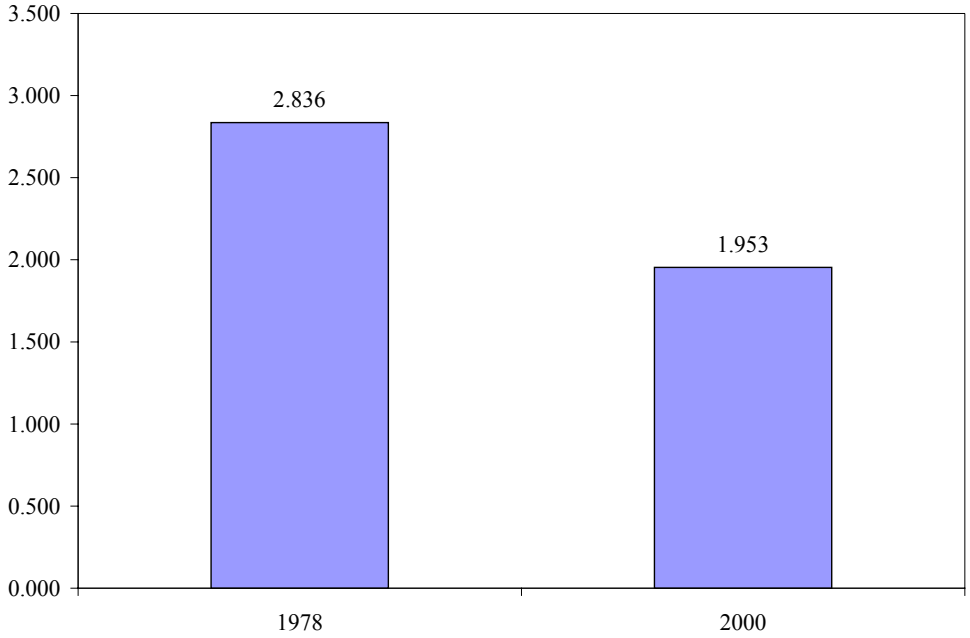
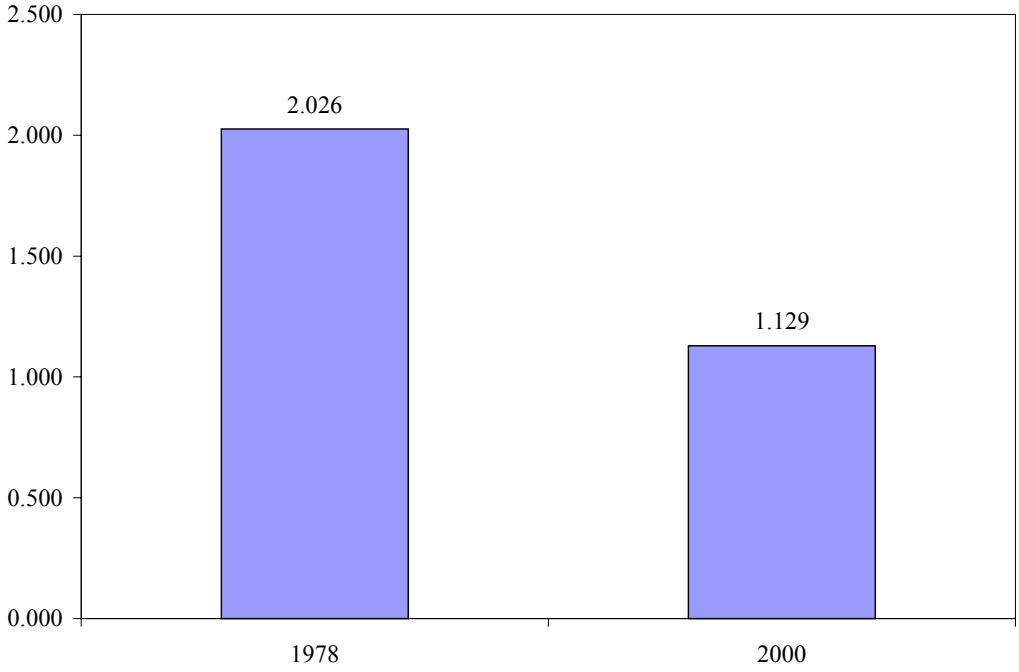


Chart 4:
The Number of Additional Jobs for 16-19 Year Old Males if Their Employment/ Population Ratios from the Summer of 1978 and 2000 had Prevailed in 2007
(in Millions)

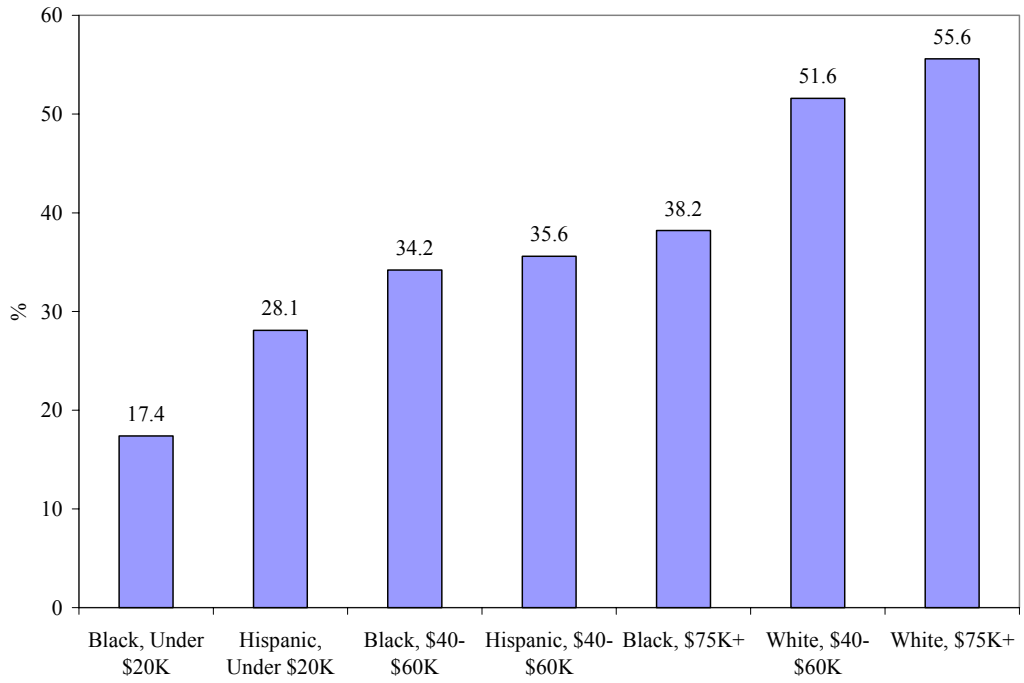


The decline in teen summer employment over the past few decades has been extraordinarily severe among male teens. In the summer of 1978, 64 of every 100 male teens worked. This summer, only 40 of every 100 have been employed. If male teens had been able to match their 1978 summer high, when federal jobs creation was at its all time high, there would have been 2.03 million more male teens at work, a near 25 percent increase.

Who Worked in the Summer of 2006: Job Holding Rates by Race and Family Income

An analysis of last summer's job market shows that the employment rates of teens (not seasonally adjusted) varied markedly across race/ethnic and family income groups, with low income and Black teens faring the worst. Only 1 of every 6 Black teens from low income families (<$20,000) worked on an average month last summer versus one-third of their Black and Hispanic peers with middle class family incomes ($40-60,000), and nearly 56% of White youth in families with incomes over $75,000 (Chart 5). These huge disparities in teen summer employment rates across race-income groups have prevailed each year since 2001.

Chart 5:
Percent of 16 to 19 Year Olds who Worked in the Summer of 2006 by Race-Ethnic Group and Household Income (in %, Not Seasonally Adjusted)



To address the severe summer job deficits of the nation's teens, especially those of youth living in low income families and high poverty neighborhoods, the Center for Labor Market Studies has called upon the U.S. Congress to pass a $2 billion Summer Jobs and Learning Opportunities Act of 2007 that would have provided up to 1 million summer jobs and educational opportunities for the nation's teens. At its recent meetings in Los Angeles, the U.S. Conference of Mayors passed a resolution calling upon the national government to resurrect funding for a youth summer jobs program.[3] While an opportunity to address the labor market deficits of teens this summer has been missed, the time for action is now to allow the summer of 2008 to be one filled with more earning and learning opportunities for the nation's youth, especially those from lower income families and neighborhoods.

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[3] See: U.S. Conference of Mayors, Resolution No. 68, 2007 Committee Meeting.