

OMG! Like, where are all the teen workers?

Teens have been quietly, and increasingly, leaving the labor force

By RONALD A. WIRTZ
Editor

When you think of summer and teenagers, you think of car cruising, beach time, ice cream and *endless* cell phone chatter. Kids being kids.

What's that? A summer *job*? LOL, that's so phat-free (generational translation: not cool).

At least that's what it might seem like after a glance at trends in teen labor, both nationally and in the Ninth District. Yes, some teens manage to shun the lure of a carefree summer, choosing instead to guard beaches, wait tables, paint houses and perform other entry-level jobs to earn money for the necessities and pleasures of teenhood.

But going back a decade and a half, teens have been slowly and steadily leaving the labor force, and the recession has had a Red Bull effect on the trend. The phenomenon is stark compared to the work habits of other age groups. But just like teens slipping out of the house after their parents are asleep, their absence from the workplace has gone largely unnoticed.

The faltering work hours of teens make easy fodder for the timeless "kids these days" debate over generational work ethics. But the job market is a complicated place for teens, and many factors—demographic, economic and even generational—contribute to the long-term decline in teen labor.

That's not to make excuses for teenagers. There's some evidence that teens today are (or at least were, until recently) increasingly removed from the necessity of work. Given the recession, teen labor participation could well drop below already historic lows. Teenagers today have probably not faced such a desperate job market since at least the early 1980s, when unemployment approached 10 percent. Indeed, the job market for teens today might be worse because youth are jockeying with a much older, more experienced crowd of job seekers.

But when the economy recovers, as it will eventually, teens will stand at the proverbial labor fork in the road. While teen labor participation rates will likely recover somewhat from recession levels, what's not clear is whether the long-term trend will continue its downward course or swing back upward. Some evidence suggests that although teen job seekers are suffering from the recession, the economic downturn has

reintroduced the value of work, even for those who can't land a job.

Junior (under) achievement

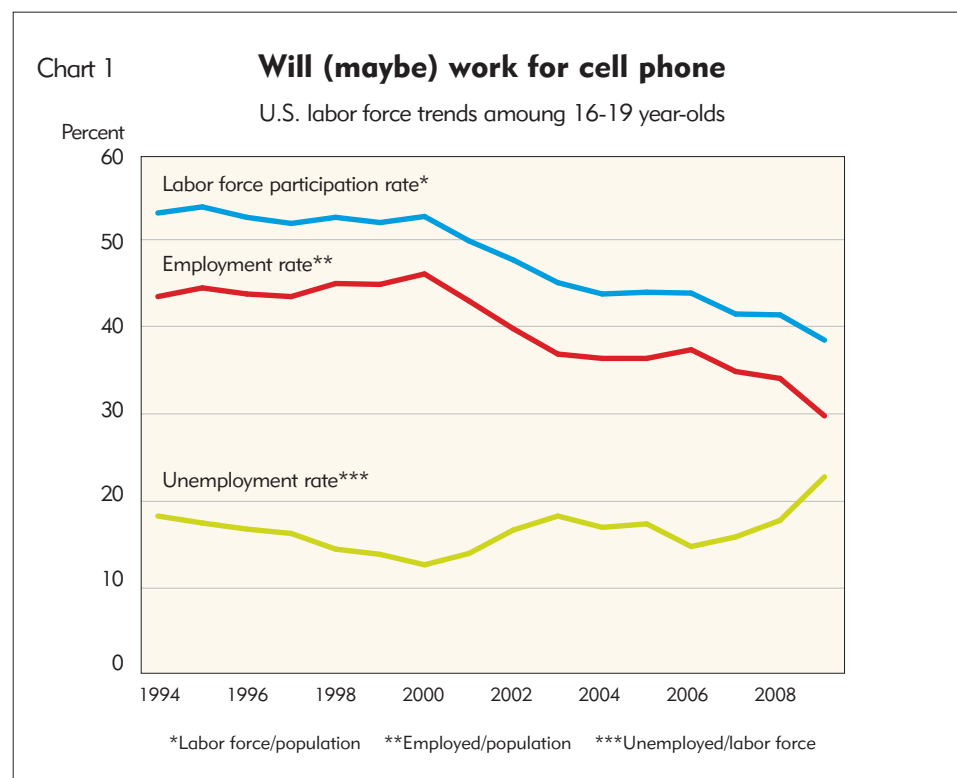
It shouldn't come as a big shock that teen job seekers have fallen on hard times. According to a June report by the Minnesota Department of Employment and Economic Development (DEED), teen employment fell in each of the past four recessions. When the overall job market tightens, teens are forced to compete for available jobs with more workers who are both older and more experienced—two factors that employers tend to prefer, all else equal.

But it would be wrong to conclude that the downward trend in teen labor participation is a result of the recession. It's more accurate to say the recession has compounded a long-running trend.

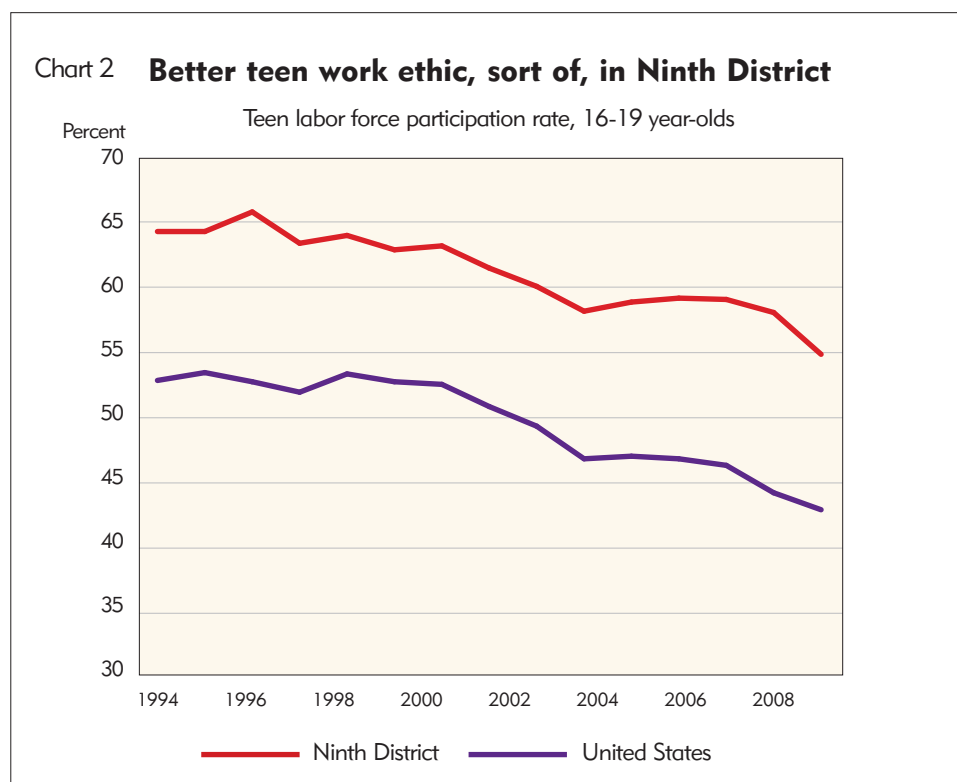
Teen labor force participation, which counts both workers and those actively seeking a job, has fallen across the United States for about 15 years. But the rate has dropped much more steeply since 2000 (see Chart 1). In fact, during the strong economy of the late 1990s, the rate of employed teens actually rose and teen unemployment dropped significantly. But overall labor force participation—the percentage of those seeking or holding a job—still fell slightly during this time because many teens simply weren't interested in or searching for a job. With the onset of the 2001 recession, teen labor force participation rates plummeted, joined by a related drop in teen employment, while the teen jobless rate almost doubled.

Though the district has mirrored the overall national decline in the teen labor force over the past 15 years, teens in district states have fared somewhat better than their national counterparts. Indeed, you could say that teens in district states work harder, because the district's labor force participation rate has consistently maintained a 10-14 percentage point advantage over the national rate (see Chart 2).

Among district states, teen participation trends aren't as uniform (see Chart 3). The teen labor rate differs considerably from state to state: Labor force participation in North Dakota is near 60 percent; in Montana, it's about 45 percent. But each state in the district (including all of Wisconsin) has experi-



Source: Current Population Survey, U.S. Census



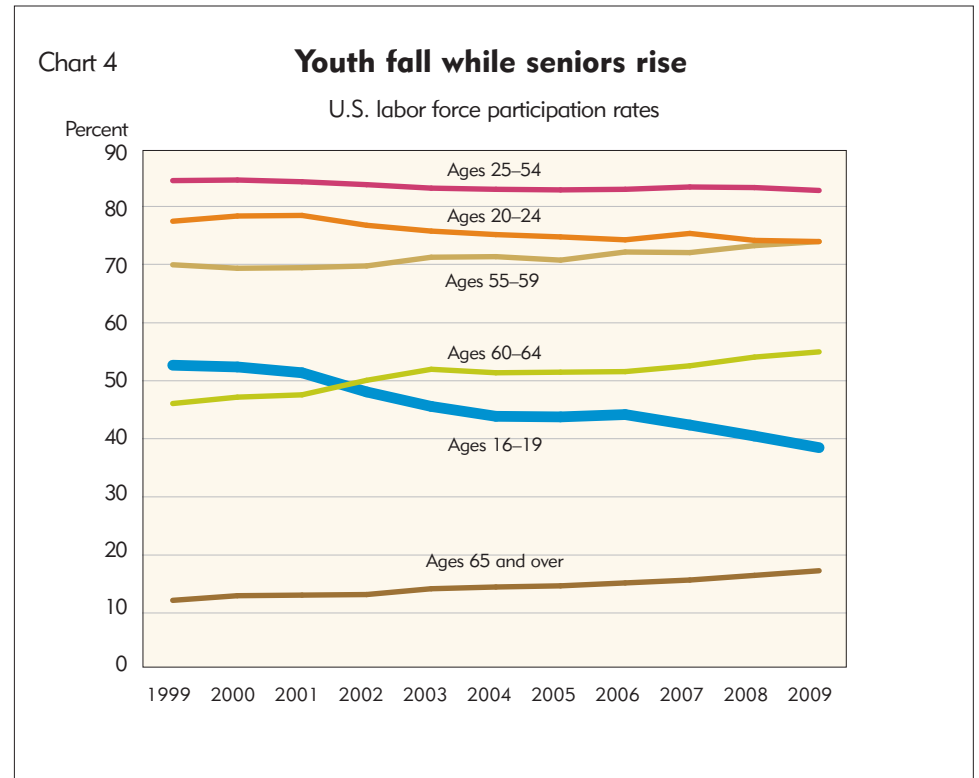
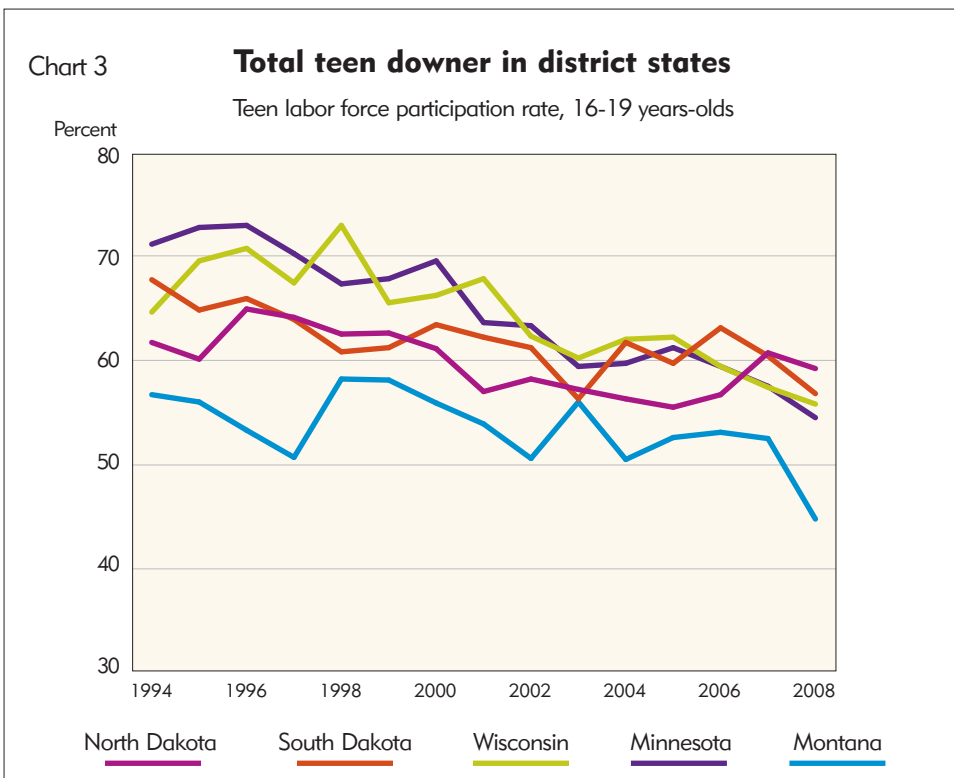
Source: Current Population Survey, U.S. Census

enced a general decline in its teen labor participation, though to varying degrees. Minnesota, Montana, South Dakota and Wisconsin all saw drops of at least 10 percentage points from 1994 to 2009, with Minnesota seeing the largest drop, from 71 percent to less than 55 percent.

In contrast, North Dakota's teen labor participation rate dropped just

two percentage points over this period. It was on the same downward trajectory for much of this decade, then rebounded in 2006 as the state's economy surged, thanks to strong agriculture and energy sectors. Last year the state had the highest overall growth in the nation, according to the U.S. Bureau of Economic Analysis.

“The entry-level labor market is getting more crowded as experienced workers are hit by layoffs, older workers delay retirement and brand new college graduates seek employment outside their fields of study.” —Minnesota DEED report



Teen labor from page 7

Economy: What's the deal?

Then came the recession, and teens found out firsthand what a little competition does to job prospects.

In South Dakota, an April report by the state Labor Market Information Center described the upcoming summer job prospects for teens and other young adults as “uncertain and possibly gloomy. ... Not long ago employers were begging for students to fill traditional summer jobs, but with the current economic cycle it might be the young doing the begging.” In the same report, an employment agency manager in Mitchell said that “scouring local businesses in search of summer employment opportunities proved to be a challenge this year.”

In Grand Forks, N.D., some employers are “not hiring as many summer employees,” opting to stretch their existing workforce rather than add another employee, according to Barry Wilfahrt, president and CEO of the Grand Forks/East Grand Forks Chamber of Commerce.

To the south in Fargo, N.D., unemployment still lingers in the 4 percent range and the labor market would appear to favor workers. But there has been a notable shift, according to Marty Aas, a manager with the state Job Service office in Fargo. Last year, the office had 3,800 openings for workers, winnowed down to 1,600 by this past June. Until fairly recently, “employers were desperate,” said Aas. “Now it’s flip-flopped. ...

It’s an employer’s market right now; they have a bigger choice” of workers because of the slowdown in job openings.

A tightening labor market hurts teen workers first and worst, because they tend to be on the bottom of the labor totem pole due to their lack of experience. Statewide unemployment has been slowly rising in South Dakota, and job listings in South Dakota were down this past spring. As a result, “employers do not have the work or the profit margin to justify hiring unskilled youth,” according to Deb Halling, a state workforce specialist, via e-mail. “The available labor pool includes older and sometimes more skilled, dislocated workers. The spillover effect is [that] teens are having a harder time finding summer employment.”

In Minnesota, the June DEED report said employers “will have the privilege of choosing from an unusually diverse pool of applicants. The entry-level labor market is getting more crowded as experienced workers are hit by layoffs, older workers delay retirement and brand new college graduates seek employment outside their fields of study.”

That theme was echoed by job service professionals. In Anoka County, Minn., the economic downturn “has definitely affected teens in our local communities,” said Sandy Froiland, assistant director at the Anoka County Job Training Center, via e-mail. A suburban Twin Cities county, Anoka’s unemployment rate hit 9.4 percent last March, and “as viable job opportunities diminish for adults, they are pressed to take jobs that in the past would have been options for teens.”

This year, her agency has seen a rise

in recent college graduates applying for services because they cannot find employment in their occupational field. “All of this combines for a very tight job market,” said Froiland. So tight and so competitive, it turns out, that an annual spring job fair at a shopping mall was canceled this year. “We were concerned that the high number of job seekers—adult and youth—would overwhelm the limited number of employers that are actually hiring,” she said.

Kathy Zavala, executive director of the Stearns-Benton Employment & Training Council in St. Cloud, Minn., said the region is home to several higher education institutions, so teens “have always had to compete” with older students for available jobs. With the recession, she added, “it’s even tougher to get a job” because the quality of available labor is increasing as workers get laid off and unemployment rises. She said she has seen a “substantial difference” in the age of restaurant servers and other customer service positions. Now it’s not uncommon to see people in their 30s and 40s “considering a position they never would have considered in the past,” Zavala said.

The dearth of opportunities for teens can also be seen in the rising interest in public jobs programs. The city of Minneapolis saw over 3,200 applications for 1,300 openings in its youth jobs programs. Applicants to one of those programs, called Step-Up, offer some insight into the teen job-hunting experience. The program targets disadvantaged youth who qualify based on several at-risk characteristics. An informal survey of Step-Up applicants (both accepted and rejected, conducted by program officials

at the request of the *fedgazette*) found that many were having a difficult time getting a job. Said one 18-year-old applicant, “I never got so much as an interview before I did Step-Up.”

A 17-year-old revealed that her mother had just died, and she was working “to make money to support myself so I don’t have to depend on others.” She added that “it’s harder to find a job that is satisfying. I’ve already applied for a lot of them, and they either need experience or some sort of requirement that I don’t reach, so they just never get back to me.”

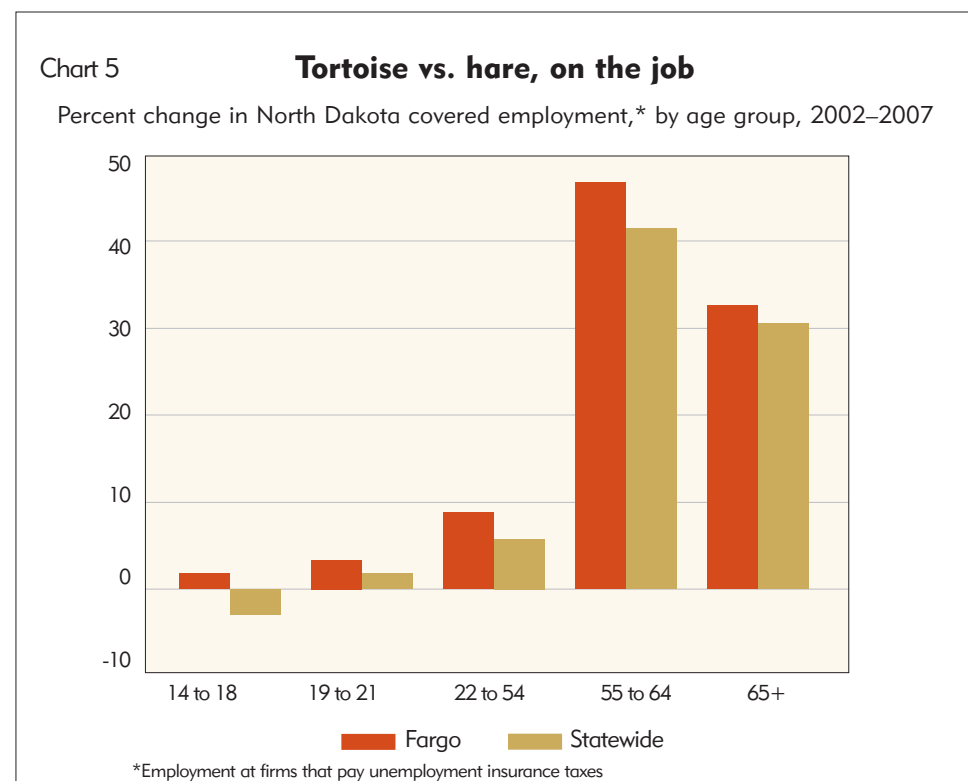
And finally, asked about the difficulty of finding a job, one 15-year-old girl, in seemingly her best teen “duh” voice, said, “It’s been pretty hard, seeing as how I still don’t have a job.”

Whassup, gramps?

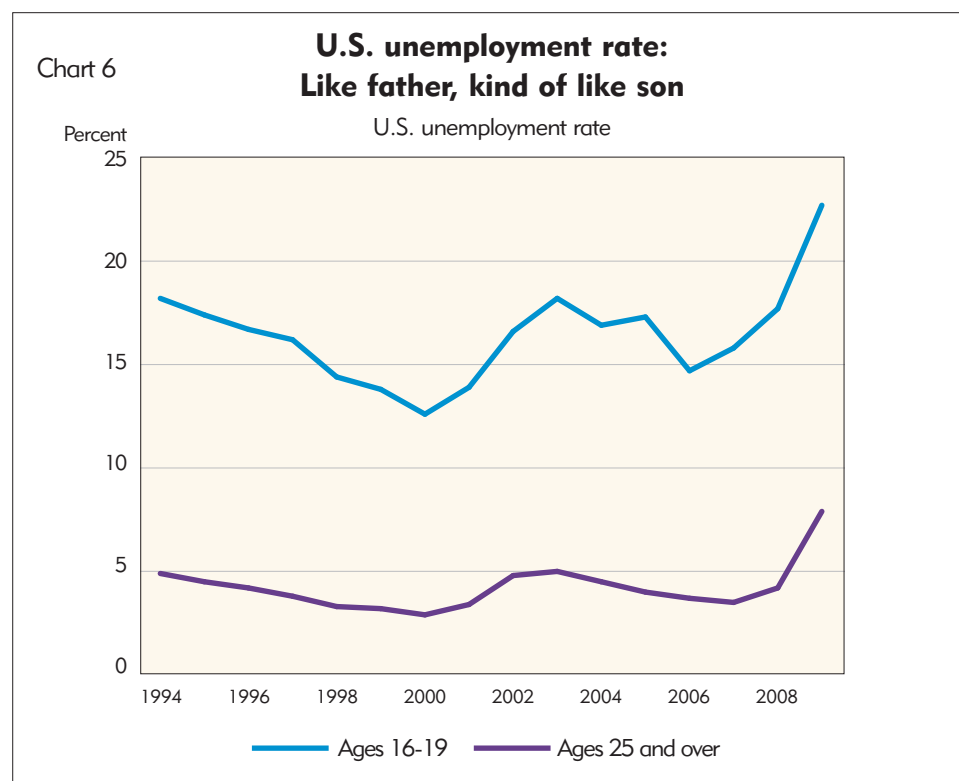
What’s behind this teen labor trend is both simple and puzzling. In Minnesota, teen unemployment rose from about 15 percent to almost 19 percent this past May, according to DEED. No real surprise there, given the recession and rising unemployment across the board. But now it gets perplexing: The state’s teen unemployment rate went from 7.5 percent in 2001 to almost 15 percent in 2006—a much bigger overall jump, in a period when the economy saw generally decent growth.

What’s ultimately driving this trend is a multitude of forces that are pushing from different angles and with varying vigor. For example, states have passed laws that restrict the types of jobs and hours that teens can work. The federal minimum wage has also increased, and research has shown that a higher mini-

Interest in youth jobs programs has been intense. The Stearns-Benton agency received more than three applications for every spot in its program. ... In Missoula, Mont., “before we could even advertise, we got a hundred applications in a week.”



Source: Job Service North Dakota



Source: Current Population Survey, U.S. Census

minimum wage reduces the number of low-paying jobs typically held by teenagers because some employers can't afford to hire at that rate.

Labor supply trends are also likely having an effect. For example, a look at trends by age groups shows that the drop in teen labor sticks out like yesterday's dated fashions (see Chart 4). Teens are not the only age group to see some decline in their propensity for work: Labor rates among workers aged 20 to 24, and even 25 to 54—the bedrock of the U.S. labor force—have also declined, but to a much lesser degree.

But not everybody is working less. As multiple sources noted, more older workers are joining or staying in the workforce today than just a decade ago. The only age group to see growth in labor participation rates is workers at least 55 years old, and growth has been particularly hearty among those 60 and up. It's hard to know for sure how often gramps is stealing a teenager's job, but sources say it does happen: In Anoka County, Froiland said she has seen more retired individuals reentering the workforce and competing for entry-level jobs.

In North Dakota, employment has skyrocketed among older age groups while declining slightly among teens, according to data from Job Service North Dakota. Part of this is due to demographic trends: The population of 16-19 year-olds in North Dakota, a low-growth state, has shrunk this decade. But job growth among workers aged 55 and older has far outstripped population growth (13 percent statewide) for this age group, a trend that is even more pronounced in growing areas like Fargo (see Chart 5).

And when the job competition gets

tough, teens ... apparently get discouraged. With little job-hunting experience, many teens struggle to effectively search for jobs. Tammy Dickinson, head of Step-Up in Minneapolis, has seen and heard of instances where kids have “knocked on a bunch of doors and not gotten anything, so they just give up.”

Remember the (job) Alamo

Andrew Sum is an economics professor and director of the Center for Labor Market Studies at Northeastern University (NU) in Boston, which has paid special attention to teen labor issues. Via e-mail, Sum ticked off a not-so-short list of factors “that empirically matter” regarding teen labor tendencies. Immigration—particularly illegal immigration—can negatively affect teens, especially males, he pointed out, because they are often competing for the same low-wage jobs. Teens today also compete with more low-income mothers who have to find a job because of time limits on government assistance that were established with the welfare reform of the mid-1990s.

Overall job growth is also critical, according to Sum. “Teens benefit most from strong labor markets.” That's because employers prefer older, more experienced workers, so teens tend to be last in and first out; this means they feel a smaller net effect in good times and an exaggerated effect in bad times (see Chart 6).

Another important consideration is higher education. It's well known that young people are less likely to work if they attend college. But Sum pointed

out that the inverse is also true: Teens are more likely to pursue additional schooling if immediate job prospects are poor. “The school attendance factor heavily reflects the absence of jobs for teens and young adults,” according to Sum. “Research has repeatedly found school attendance linked to the state of job availability.”

And college enrollments have been rising. For example, spring enrollment at the 32 Minnesota State Colleges and Universities rose by 3.7 percent over a year ago. But whether teens are going to college to invest in their occupational future or simply avoid a poor job market is something of a moot point, because college attendance offers only a partial (or yet another) answer to the teen labor puzzle.

For one, college attendance doesn't involve a significant portion of teens who are still in high school. Second, college attendance among recent high school graduates doesn't always square with teen labor trends. To be sure, it does in some states. For example, according to the National Center for Higher Education Management Systems, the rate at which Minnesota high school seniors immediately enrolled in college went from 53 percent in 1994 to 68 percent in 2006—roughly in line with the state's drop in teen labor (from 71 percent to 61 percent) over that period (see Chart 7).

But the relationship doesn't hold everywhere. For example, South Dakota's college-going rate soared from 50 percent to 72 percent over this period, but the teen labor rate dropped less than five percentage points. Wisconsin's teen labor rate during this period

dropped from 65 percent to 59 percent, but the college-going rate only inched up, from 60 percent to 61 percent.

Job ADHD

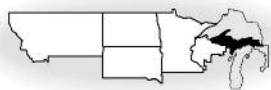
Still other matters influence teens' decisions to work. Numerous sources, for example, said that teens were playing more sports, attending more camps of all variety and even volunteering more in hopes of burnishing their admissions applications to colleges. Such activities are difficult to substantiate because comprehensive data are elusive. Even where some data are available, they do not support the conventional thinking. For example, figures from the Bureau of Labor Statistics show a slight decline in volunteering among 16-24 year-olds in recent years.

At the same time, while specific activities might not be a major blow to teen labor habits, taken as a whole, teen labor might be dying from a thousand small diversions. Wilfahrt, from the Grand Forks Chamber, said that in his 25 years there, “I have seen the teen labor participation rate pressured by more and more diverse extracurricular options for teenagers.”

A 2008 report by Minnesota's DEED noted that some teens and young adults “have definitely expanded their options by looking for alternatives to working for pay in the summer,” including summer school, activities camps and volunteering. The report noted that such experience “looks great on a resume” as an indicator to employers “of a candidate's soft skills, self-motivation, service ethic and other leadership traits.”

Some of this trend is surely good

UPPER PENINSULA



Crying wolf—no joke this time, really

The rebound of the gray wolf is one of the big environmental success stories in the Upper Midwest. Just don't tell that to ranchers, hunters and others who have suffered from their growing numbers.

Gray wolves, also referred to as timber wolves, are the largest wild members of the dog family. Because of bounties, it's believed there were only a handful of wolves left in the U.P. by the 1960s. But thanks to federal protection starting in 1974, that population has since rebounded to an estimated 580 across the U.P.'s 15 counties. Wisconsin is believed to have more than 600, based on estimates by the state Department of Natural Resources.

Now environmental groups are fighting the U.S. government over delisting wolves from federal protection. In fact, this might simply be called round three of an environmental cage match for control over wolf populations. Back in 2007, the U.S. Fish and Wildlife Service took the timber wolf off the endangered species list in the western Great Lakes region, which includes the Upper Peninsula, Wisconsin and Minnesota. That put wolf management under state control, and states allowed farmers and others to shoot or trap wolves if they threatened livestock.

But that ruling was overturned a year ago by a federal judge, returning wolves to their federally protected status, which reinstated a no-kill policy except in the case of an attack on humans. Then in May, U.S. Fish and Wildlife again delisted the wolf, but a court-ordered settlement followed in June after a coalition of wolf advocate groups sued in federal court, arguing that the delisting took place without proper notice or public comment.

A 2007 research paper by a Michigan environmental consultant pointed out that despite the protective push from environmentalists, popular support in the U.P. for the wolf population has decreased as wolf numbers have increased—at least as measured by attendance and crowd sentiment at public hearings over time. Maybe ironically, support for wolf recovery has increased among residents of lower Michigan, where wolves have not repopulated.

If current population trajectories continue, it's estimated that wolf numbers may rise to approximately 1,700 animals in the U.P. and Wisconsin by 2012.

—Ronald A. Wirtz

Teen labor from page 9

news, because it suggests that teens are working less, in part, because they can; people are wealthier in general, which removes the financial necessity for teens to work for some households. Research by Shirley Porterfield and Anne Winkler, both of the University of St. Louis, looked at teen employment by household education and found that employment rates for all teens declined from 1995-96 to 2003-04, but rates "declined most precipitously" for teens whose parents were college graduates, which tend to be high-earning households.

But as teens become more involved in nonwork activities, and working less as a consequence, a subtle message is also transmitted to peers about the value of work. Many sources described a situation—before the recession, at least—where teen attitudes toward work had become more and more proscriptive, almost optional if the conditions were not right.

"I think some youth don't want to start on the bottom. They seem more demanding and not satisfied to work hard. There's more of an entitlement," said Aas, from the Fargo Job Service office.

Zavala, from St. Cloud, agreed. "We hear from employers all the time that young workers expect to show up to work today and be supervisors tomorrow, with flexible hours and the pay of supervisors."

Will work for job

One final factor worth discussing is the demise of federal youth employment programs.

Reforms in the 1998 Workforce Investment Act did away with a focused summer youth employment program by 2000 in favor of year-round programs geared more toward skill and career development. It's estimated that the summer program created 700,000 jobs annually nationwide for youth.

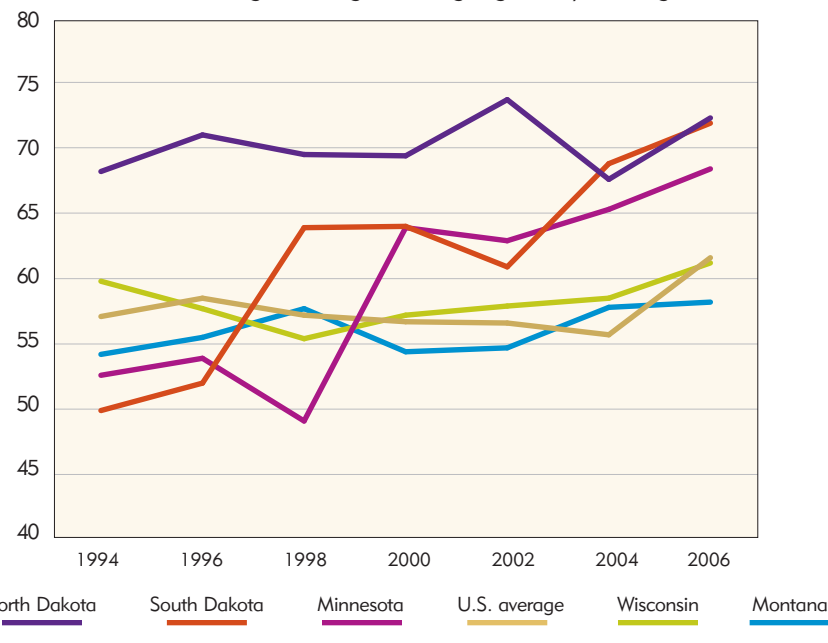
This fits broadly with the accelerated decline in teen labor participation witnessed since 2000, but neither can any dramatic drop be seen that would be expected given the termination of the program. A June report by the Center for Labor Market Studies estimated that ending the summer youth jobs program "can at best only account for 10 percent of the job deficit" that occurred among 16-19 year-olds by 2008, mainly because many federally funded summer jobs covered only part of the summer, and some went to 14-15 and 20-21 year-olds.

The good news for teens—and the organizations that provide them with job services—is that this year's federal stimulus bill resurrected the summer jobs program with an injection of about \$1.2 billion, which goes to subsidize jobs mostly in local government and nonprofit organizations, but also some private firms. Public and nonprofit employment agencies in Minnesota received about \$15 million expressly tar-

Chart 7

More college only explains part of teen labor trends

Percent of high school graduates going directly to college



Source: National Center for Higher Education Management System

geting summer employment for youth, according to DEED.

These stimulus-funded programs target youth who are both economically disadvantaged and meet at least one at-risk criterion (involving such things as household income, school status and living arrangements). Interest in youth jobs programs has been intense. The Stearns-Benton agency received more than three applications for every spot in its program. In Moorhead, Minn., the local WorkForce Center managed to increase the number of youth placed into subsidized work by 40 percent, yet there was still a waiting list for job-seeking young people, according to team leader Theresa Hazemann.

In Missoula, Mont., "before we could even advertise, we got a hundred applications in a week," said Maggie Driscoll, employment and training director for the Missoula Human Resource Development Council. The organization received a little over \$300,000 to put to work between 100 and 120 kids in its three-county region.

Driscoll believes the summer jobs program "has a tremendous impact. I don't know if you can measure the impact, especially in small communities" where jobs are less available. "There's a misconception that any kid can get a job." But summer jobs programs "are about more than just putting kids to work." That's a useful objective, but many kids have to learn what it means to work because "there's not always a good role model at home for a lot of kids," Driscoll said.

Some programs have had difficulty finding appropriate work for teens. In the face of budget cuts, local governments and nonprofits are offering fewer jobs for teens. Private-sector jobs are harder still for programs to come by, despite the wage supplements.

Dickinson, of Step-Up in Minneapolis, said the program "has had to work a lot harder and be more creative. ... Staff is taking a lot more time to get those jobs." But she added that it's not hard to see why private employers are reluctant. Many companies "are laying off workers at one level" and then being asked to take on young workers. "That's a challenge."

Most agency sources were skeptical that federal funding for the summer jobs program would continue. One source said she was approaching the stimulus funding as "a one-time shot." Driscoll said future funding was "wait and see. I would like it to continue. It's one federal program that gives taxpayers good bang for their buck."

The new cool?

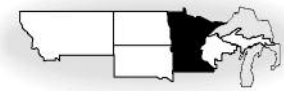
Some might not fret at the lack of teenagers in the workforce. After all, they have their whole lives to work, right?

But there are a lot of reasons to care, or at least pay the matter some attention, according to NU studies and other research. For starters, work at an early age brings insight to interests and potential career paths. Equally important, it familiarizes a person with the nuances of work, establishes work ethic and promotes attachment to work—what researchers call "path dependency." For teen employment, and employment later in life, work this year begets work next year.

The outlook for teen employment is a bit divided. Though unemployment is expected to keep rising in the near term, the general forecast is for economic growth around the corner, and many believe job growth will return in 2010. But job growth coming out of the past two recessions has been slow, and teens will be the last to sip from the job hose.

From a labor supply standpoint, the good news is that teens will have to bat-

MINNESOTA



This one's for all those with hammers

When it comes to housing, news reports from around the state trumpet something typically heard in a country music ballad: Down so long this feels like up.

For example, six cities in the St. Cloud region issued all of 11 housing permits in May, yet local industry officials said the \$8,000 federal tax credit for first-time home buyers was winnowing down the number of houses for sale, a precursor to more building permits.

In the Twin Cities, things got so bad that the industry is celebrating a modest drop in the percentage of distressed (or "lender-mediated") homes, which went from about 60 percent of all home sales to about 40 percent earlier this summer; the total number of such homes on the market in July dropped by 18 percent from a year earlier.

But a dark side might still be lurking. Closed sales of such houses more than doubled over this period, which industry officials also attributed to the tax credit for first-time home buyers. The program likely offers limited demand, but the supply of such homes continues to climb, rising by 9 percent over this period.

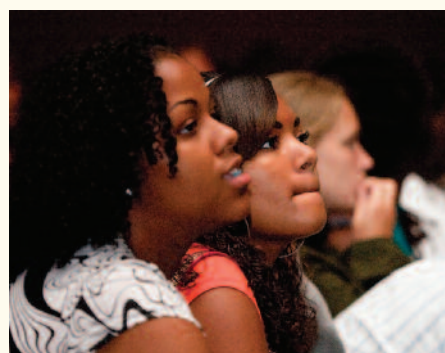
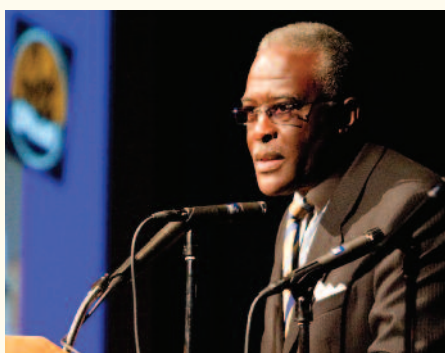
Some places do, however, appear to be on the mend. In June, Rochester housing permits returned to levels from a year earlier, and permits for all types of construction rose to their highest level in 13 months.

The hollow sound of vacancy

Housing isn't the only construction or real estate sector suffering through the recession. In the Twin Cities, for example, commercial real estate is on the ropes, grasping for traction as vacancy rates rise.

According to a report this summer by NorthMarq, a real estate brokerage, vacancy rates for retail property owners in the Twin Cities hit a 14-year high, at 9 percent overall and 10.3 percent including subleased space looking for renters. High vacancy rates are hitting normally strong suburban locations as well, including shopping meccas in Minnetonka and Bloomington, according to NorthMarq. At the same time, discount stores and thrift outlets like Goodwill and pawn shops are about the only retail segments seeing growth.

—Ronald A. Wirtz



PHOTOGRAPHY BY TODD HAFERMANN

Minneapolis teens Step-Up to a jobs program

The 2009 Step-Up summer jobs program held a celebration ceremony in August. Top: program participants; bottom left: Robert Jones, University of Minnesota; bottom middle: audience members; bottom right: Minneapolis Mayor R. T. Rybak.

tle fewer of their peers for available jobs; the number of teens is slowly declining as the millennium generation passes to adulthood. According to the Minnesota State Demographer's Office, the number of high-school-aged youth is projected to fall from 294,000 in 2008 to below 280,000 by 2012.

Then again, the huge baby boom generation is moving toward retirement, and the trend of higher work participation among workers over age 55 appears likely to continue given the carnage many suffered in the stock market over the past 18 months. Only a small fraction of the 76 million boomers would have to stay in the lower half of the wage pool for them to repay teens for all the loud music.

And, of course, there's the wild card: the work ethic of teens. That reputation has taken a beating, something acknowledged even among those who work regularly with teens. But Dickinson and oth-

ers believe the recession could reverse some of the entitlement attitude, even if temporarily. Dickinson noted that she sees more eagerness toward work among teens now. "The attitude is different when there is competition. ... I hear from parents and youth that they'll take whatever you've got," even if it's volunteer work.

"I would like to think that [teens' attitude toward work] has changed," said Gleason, in Mankato. "In this economy, youth are seeing their parents laid off and see the struggles that result. I would think this would change a youth's attitude about work and how important it really is."

In the survey of applicants to the Step-Up program, one 17-year-old high school graduate said, "My opinion about work has changed due to the recession. It has caused me to value my job more because of work scarcity." When applicants were polled as to what kind of job they were

looking for, a half-dozen teens responded with some form of "anything."

Of course, it might be naïve to think any change in teens' attitude toward work would be long lasting—as if—once the economy is back on its feet. Indeed, that likely won't happen unless some of the factors underlying teen labor rates—like returns to education, labor rates of older workers—also change. Unfortunately for teens, the current recession has probably reinforced, not diminished, those trends.

Still, Zavala and others also see some signs of a bootstrap mentality among teen workers. While driving around St. Cloud this summer, she saw a sign to support a local youth car wash. But it wasn't a fundraiser, she said, "It was kids (washing cars) in their driveway. It was the teen version of a lemonade stand." ■

Research Assistant Wonho Chung contributed data collection and analysis to this article.