Youth Labor Force Trends and Issues in Massachusetts

Federal Reserve Bank of Boston
Youth Employment Policy Forum
2/16/17

Mark Melnik
Director, Economic and Public Policy Research
UMass Donahue Institute
Presentation Overview-Young Adult Labor Force

• Historic employment rates in Massachusetts

• The current state of the youth labor market in MA
  • Differences in labor market outcomes for different segments of the population
    • Race and social class
    • Regional differences in MA
    • Industry and occupational concentrations

• Why youth labor force participation matters and other labor market issues
Historical Employment Rates (16 to 24 Year-olds)

Employment Rate (1980-2015)

Historical Employment Rates in Massachusetts

Civilian Employment Rate in Massachusetts (1980 - 2015)

Historical Employment Rates in Massachusetts

Civilian Employment Rate in Massachusetts (1996 - 2015)

Massachusetts Employment Rate by Race and Ethnicity

Employment Rate by Race and Ethnicity

Source: 2014 American Community Survey (ACS), Public Use Microdata Sample, UMass Donahue Institute, Economic Public Policy Research Group
Massachusetts Disconnected Rate by Race and Ethnicity

Disconnected Rate by Race and Ethnicity

Source: 2014 American Community Survey (ACS), Public Use Microdata Sample, UMass Donahue Institute, Economic Public Policy Research Group
Massachusetts Employment Rate by Income-to-Poverty Ratio

Source: 2014 American Community Survey (ACS), Public Use Microdata Sample, UMass Donahue Institute, Economic Public Policy Research Group
Employment Rate by School Enrollment and Educational Attainment for 16 to 19 Year-olds

Source: 2014 American Community Survey (ACS), Public Use Microdata Sample, UMass Donahue Institute, Economic Public Policy Research Group
Employment Rate by Educational Attainment for 20 to 24 Year-olds-Not Enrolled in School

Source: 2014 American Community Survey (ACS), Public Use Microdata Sample, UMass Donahue Institute, Economic Public Policy Research Group
Employment by Industry (16 to 24 Year-olds)

- Construction: 20.2% (2014), 0% (2000)
- Manufacturing: 7.3% (2014), 3.8% (2000)
- Retail Trade: 14.1% (2014), 19.9% (2000)
- Wholesale Trade: 1.9% (2014), 1.9% (2000)
- Information: 3.7% (2014), 0% (2000)
- Transportation and Warehousing: 1.9% (2014), 0% (2000)
- Education Services: 22.0% (2014), 20.2% (2000)
- Prof., Scientific, and Technical Services: 4.8% (2014), 5.6% (2000)
- Real Estate Rental and Leasing: 2.7% (2014), 2.7% (2000)
- Other Services: 2.7% (2014), 2.7% (2000)
- Other: 2.7% (2014), 2.7% (2000)

Source: 2000 Census and 2014 American Community Survey (ACS), Public Use Microdata Sample, UMass Donahue Institute, Economic Public Policy Research Group
Employment Rate by Region

Western

Central

Northeast

Boston

Southeast and the Cape and Islands

Employment Rate
- 16 to 24 year-olds
- 16 to 19 year-olds
- 20 to 24 year-olds

Greater Boston (Excluding Boston)
Employment Rate by Region: Western

- Lowest employment rate for youth in state.
- Highest youth disconnected rate in state.
- Very high disconnected rate for Hispanic youth.
- Employment rates for all education levels are below average.
Employment Rate by Region: Central

- Youth employment rate similar to state averages.
- Third highest disconnected rate, trailing only Western, and Southeast and Cape
- Lowest disconnected rate for Black/African American teens.
- Lowest employment rate for teenage high-school dropouts in state.
Employment Rate by Region: Northeast

- Above average youth employment rate, especially for teenagers.
- Highest employment rate statewide for teen high school students and teen graduates.
- Second lowest employment rate for Black/African American youths.
- Disconnected rates for black and Hispanic young adults are twice that of white youth in region.
Employment Rate by Region: Southeast and Cape

- Highest employment rate for 16 to 24 year olds in state.
- Below average employment for non-white racial and ethnic groups.
- Second highest disconnect rate in state.
- Above average employment for youth in extreme poverty
Employment Rate by Region: Greater Boston

- Greater Boston (GB) has the same employment rate as the state, but the City of Boston is below average.
- In GB employment for some minorities is above state average.
- City has the highest rate of college graduate employment in the state.
- Below state average employment rate for teens in both areas.
Summary of Findings

• Youth labor force participation is down

• Young workers appear to be competing with older workers in the labor market

• There is a clear relationship between the race, class, gender, and educational attainment of 16 to 24 year-olds and employment rates

• The occupational mix for young workers is changing

• There are also significant regional differences in youth employment rates throughout the Commonwealth
Why is Youth Employment Declining?

• Economic Factors

• Competition from older workers

• Technology

• Increased school enrollment
Policy Issues

• Why does youth employment matter?
• Racial/ethnic disparity in teen employment in Massachusetts
• Disparity exacerbated when family income is considered
• Youth employment helps young people understand labor market and transition into it
• Periods of unemployment can have a substantial follow-on effect in terms of future wages
• 2012 data shows that a skill gap exists in Massachusetts
• Retirement of the “baby boomers” leading to future labor shortages?
For More Information:

Mark Melnik
Director of Economic and Public Policy Research
MMelnik@donahue.umassp.edu

UMass Donahue Institute
Economic and Public Policy Research

Office of the President
100 Venture Way, Suite 9
Hadley, MA 01035
413-545-0001
www.donahue.umassp.edu