

Experience Required

The Diminished Employment Prospect of
Teens & Young Adults in Los Angeles

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Labor Markets
and Policy



Los Angeles
Performance
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Introduction

The national economy entered into a period of economic turbulence with the end of the ‘Great Moderation’ that characterized the 1980 to 2000 period of very strong growth in real output and income that created tens of millions of jobs. Instead of a business cycle with strong and long-lasting periods of economic expansion and extraordinary job growth that characterized the Great Moderation, the post-2000 period has been characterized by economic turbulence with a business cycle of steep economic declines, weak recoveries, and very poor job creation.

This paper examines some of the impacts of the nation’s economic slowdown over the past fifteen years on the employment experiences of teens and young adults in the Metropolitan Los Angeles (Metro LA) region. Using public use microdata files (PUMS) prepared from responses from Los Angeles households that participated in the monthly Current Population Survey we examine the way in which the labor market behavior of teens and young adults has changed as employment growth in the region has slowed markedly.¹ Seven years into the recovery from the Great Recession of 2008-2009, the region still suffers from excess labor supply problems manifest in high labor force underutilization rates and, as the findings of this paper reveal, it is the region’s teen and young adult population that has borne the brunt of employment losses associated with this period of sustained national economic stagnation.

This paper is the third in a series of four papers that examine how teens and young adults in Los Angeles have adjusted to the changing employment and educational structure of Los Angeles.

Declining Labor Force Attachment

Over the last fifteen years, the nation’s labor force participation rate—a measure of the working age population’s engagement in the job market—has declined markedly.² Part of this decline is the result of an aging population, with a larger fraction of the working-age (16+) population now in their retirement years (65 and older); a population cohort that has historically had very low levels of labor force attachment. However, an aging population is not the only source of decline in the overall rate of job market attachment in the nation. In the past fifteen

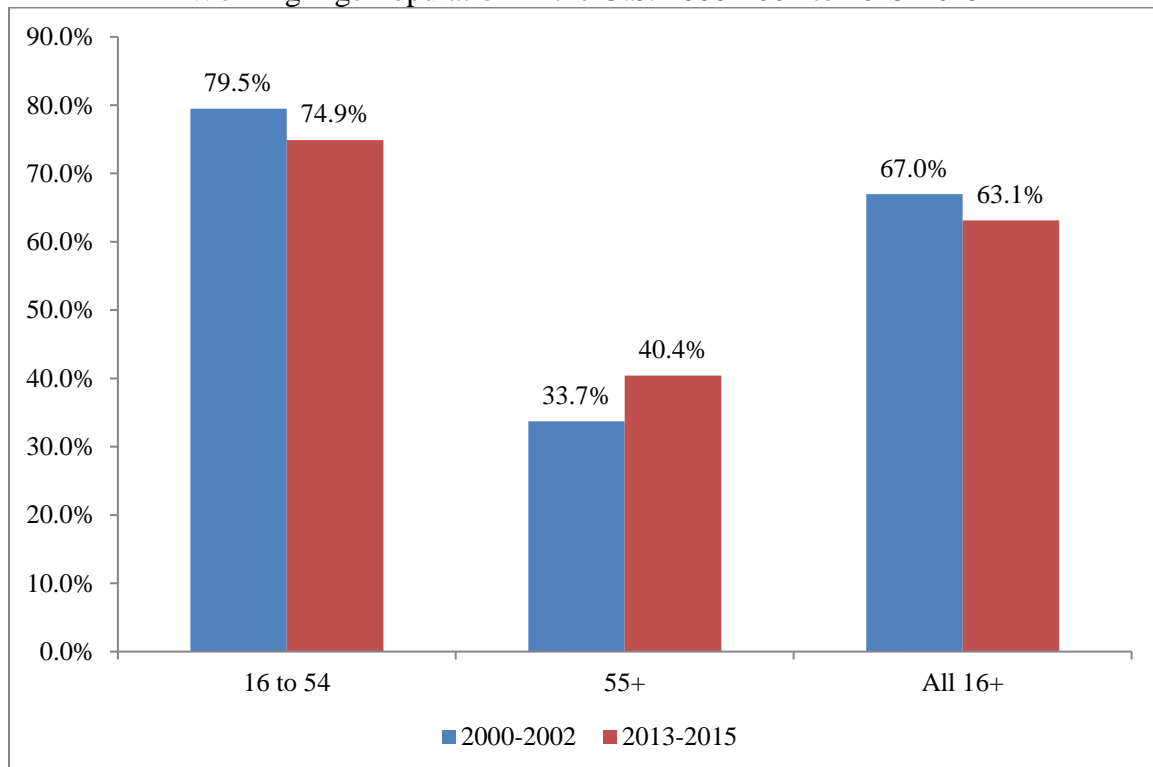
¹ To produce reliable local measures from the CPS we combine 36 months of sample for 2000-2002 and again for 2013-2015 that provide us with enough sample observations to produce useful measures of labor market activity of population subgroups within the region.

² The labor force is composed of the working age (16+) population who are classified as currently employed or currently unemployed. The LFPR is calculated by taking the labor force as a share of the working age population.

year, the nation has experienced decline in the labor force participation rate among persons under the age of 55 as well. That is, the proportion of people between the ages of 16 and 55 that opt to engage in the jobs market has declined.

The number of persons aged 55 and older in the U.S. has doubled since 2010 as the first members of the baby boom cohort, (born in 1945), turned 65 years old. This rise in the 65+ population has contributed substantially to a sharp slowdown in the pace of growth in the size of the nation's labor force as those aged 65 are very likely to withdraw from active participation in the labor market. Yet partially offsetting this sharp rise in the number of persons aging into retirement is a growing share of those aged 65 and older who opt to remain active in the labor market.

Chart 1: Trends in the Labor Force Participation Rate of the Civilian Non-Institutional Working-Age Population in the U.S. 2000-2002 to 2013-2015



Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors

Between 2000-2002 and 2013-2015, the labor force participation rate (LFPR) of the 55 and older population rose from 33.7 percent to 40.4 percent, a relative rise of about 20 percent. Yet as the labor force attachment of older persons has increased, the job market participation rate

of those aged 16 to 54 declined from 79.5 percent in 2000-2002 to 74.9 percent by 2013-15, a relative decline of 6 percent.

The Los Angeles region has also experienced a decline in size of its labor force participation rate. During 2000-2002, 66.8 percent of the region's working-age population was actively engaged in the jobs market but by 2013-2015 the regional LFPR had fallen to 64.0 percent. The findings on trends in labor force participation in the Metro LA region reveal a large 'age twist' in the pattern of labor force attachment across age groups, with very sharp declines in the labor force participation rate of teens and young adults and substantial increases in labor force participation among older workers, especially those aged 65 to 74 (Table 1).

During the 2000 to 2002 period, on average, about 4 in 10 teens aged 16 to 19 were either employed or actively looking for a job in the LA Metro region. Yet by 2013-2015, this proportion had dropped to just 1 in 4 teens actively engaged in the job market. The labor force participation rate of teenage residents in the region fell by 13.5 percentage points, a relative decline of more than one-third over the decade and one half period.

Table 1:
Trends in the Labor Force Participation Rate of the Civilian Non Institutional
Population of Metropolitan Los Angeles, by Age Group, 2000-2002 to 2013-2015

	2000-2002	2013-2015
16-19	39.4%	25.9%
20-24	74.2%	66.9%
25-34	81.3%	80.1%
35-44	82.2%	80.0%
45-54	80.6%	79.2%
55-64	62.0%	66.9%
65-74	20.6%	31.6%
75+	5.0%	9.4%
Total	66.8%	64.0%

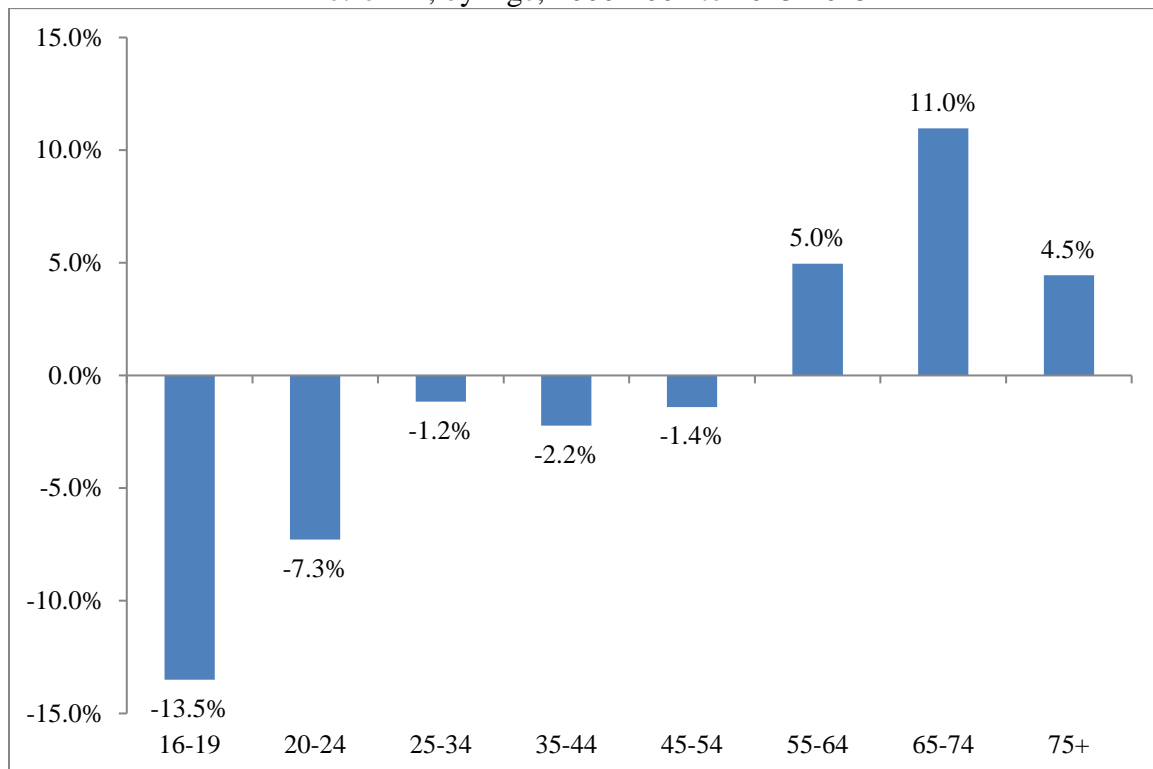
Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Metro LA young adults (20- to 24-year-olds) also experienced a sharp reduction in their labor force attachment since 2000-2002. About three-quarters of all Metro LA residents that were aged 20 to 24 at that time were actively engaged in the labor market, but by 2013-2015 just two-thirds of young adult residents of the area were participating in the labor market. Those

aged 25 to 54 also saw small declines in their labor force participation rates with changes in the 1 to 2 percentage point range.

In contrast to teens and young adults, labor force participation among those residents 55 and older has risen sharply since 2000-2002. Residents age 55 to 64 increased their labor force attachment from 62.0 percent to 66.9 percent over the 2000-2002 to 2013-2015 period. The largest gain in labor force attachment in Metro LA occurred among the region's rapidly growing 65 to 74 year old population; increasing from 20.6 percent during 2000-2002 to 31.6 percent by 2013-2015, a more than 50 percent relative rise over the period. Even among the 'frail elderly', those aged 75 and older, we find a sharp increase in labor force participation.

Chart 2: Percentage Point Change in the Labor Force Participation Rate of Metro LA, by Age, 2000-2002 to 2013-2015



Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Do Teens and Young Adults Want to Work?

Some observers explain that the decline in the labor force attachment of teens and young adults is a result of voluntary choices made by young people including choosing not to work during the school year and engaging in volunteer activities and extracurricular activities as

alternatives to work, and opting for summer school which reduces their summer work activities.³ Rising school enrollment rates are thought to be an especially important explanation for a decline in the desire to work among the college-age population.⁴ However, our research on the job desires of young people suggests that their interest in working remains quite strong and that much of the decline in labor force attachment of teens and young adults may be involuntary. We find that sharp reduction in labor demand over the last decade manifest in slow employment growth and real wage declines has had especially powerful adverse impacts on the chances of teens and young adults getting a job they want and thus reducing their engagement in the job market.

Our research in Los Angeles has found a sharp increase in school enrollment rates of the 16- to 24-year-old population in the Los Angeles region over the past fifteen years.⁵ The share of young adults enrolled in school has increased from 33 percent during 2000-2002 to 44 percent by 2013-2015. However the proportion of these in-school young people that also held a job has fallen sharply from one-third to one-quarter over the last fifteen years. Despite the sharp rise in school enrollment rates among young people we find a strong job desire among teens and young adults in Metro LA.

The findings in Table 2 examine the labor force status of teens and young adults over the past fifteen years. The data reveal a substantial rise in the level and incidence of labor force underutilization over this period.

We use three mutually exclusive labor market measures to identify the size of underutilized teen and young adult workforce in the Metro LA region including:

- unemployed (official unemployed)
- hidden unemployed (persons who were out of the official labor force, but wanted a job - also called the labor force reserve)
- underemployed (employed part-time, but wanted a full-time job)

Our analysis of these data reveal a high incidence of underutilization among teens and young adults; during 2013-2015 an average of 136,600 young residents of the Metro Area were

³ Catey Hill, "American Teens Don't Want to Work," *MarketWatch*, August 4, 2014
<http://www.marketwatch.com/story/american-teens-dont-want-to-work-2014-05-01>

⁴ Andrew Soergel, "Why Teens are Getting Shut Out of the Workforce," U.S. News & World Report, March 26, 2015

⁵ Neeta P. Fogg and Paul E. Harrington, *Rising School Enrollment among Teens and Young Adults in Los Angeles*, Center for Labor Markets and Policy, Drexel University, July 2016

unemployed as defined by the official Bureau of Labor Statistics measure (the official unemployed). In addition to these out-of-work young people, another 69,900 teen and young adults wanted work, but had quit looking (the hidden unemployed). Finally, a separate group of 90,600 teens and young adult residents of the region wanted a full-time job, but were only able to find part-time work (the underemployed).

The three groups of young people who experienced some type of labor market problem during 2013-2015 are referred to, collectively, as the underutilized. More than 297,100 young people, equal to nearly 31 percent of the adjusted teen and young adult resident labor force of Metro LA, were underutilized, a sharp increase from the underutilization rate of 22 percent we

Table 2:
Trends in the Labor Force Status of the 16 to 24 Year Old Civilian
Non-Institutional Population of Metro LA, 2000-2002 to 2013-2015

Labor Force Status	2000-2002	2013-2015	Absolute Change	Relative Change
Labor Force	948,566	898,583	-49,983	-5.3%
Employed	841,348	761,978	-79,370	-9.4%
Unemployed	107,218	136,605	29,387	27.4%
Working PT for economic reasons	51,242	90,597	39,355	76.8%
Hidden unemployed (labor force reserve)	69,018	69,925	907	1.3%
LF underutilized pool	227,478	297,127	69,649	30.6%
Adjusted labor force (labor force plus hidden unemployed)	1,017,584	968,508	-49,076	-4.8%
Underutilization rate (underutilized pool/adjusted labor force)	22.4%	30.7%	8.3	37.2%
Total	1,611,733	1,808,471	196,738	12.2%

Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

found in the region during 2000 to 2002. This very high underutilization rate is a powerful signal that a large number of young people want to work, but their ability to find work has deteriorated considerably over the past fifteen years.⁶

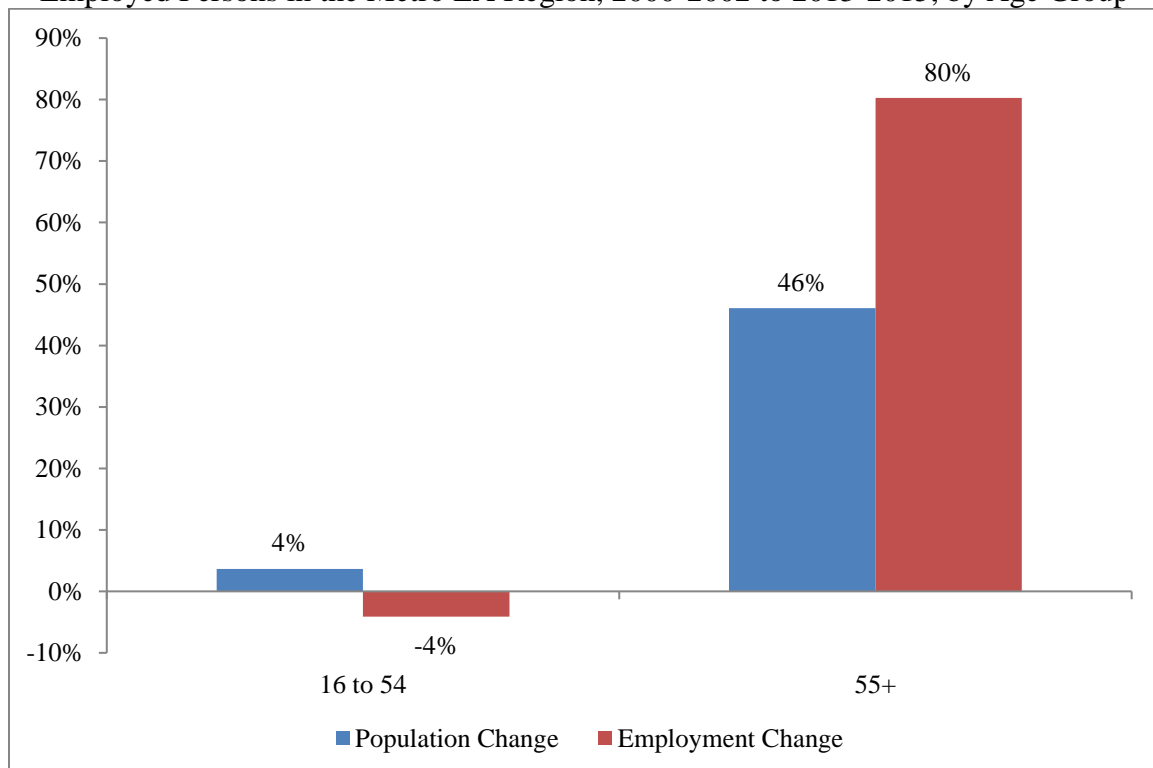
⁶ Paul Harrington and Ishwar Khatiwada, "U.S. Teens Want to Work," *Communities and Banking*, Federal Reserve Bank of Boston, Spring 2016

Job Declines among Teens and Young Adults

The number of employed persons in the working-age population in Metro LA has grown very slowly between 2000-2002 and 2013-2015, rising by just 6.1 percent over that extended time period. Since 2000, the nation has experienced two sharp economic recessions that were followed by weak recoveries as measured by gains in output, household income and employment. This extended period of listless economic activity has had especially adverse impacts on the employment chances of young people in Los Angeles.

Between 2000-2002 and 2013-2015, the number of employed working-age residents of Metro LA increased by about 355,000 or about 6 percent, yet the number of total working-age residents in the region rose at twice this pace (a 13 percent rise). The slow employment growth combined with a much more rapid rate of population growth resulted in the fraction of working age residents with a job—the employment to population ratio—falling from 63 percent to 59 percent; mirroring the decline in labor force attachment observed in Metro LA over the same time period.

Chart 3: Percentage Change in the Size of the Working-Age Population and Number of Employed Persons in the Metro LA Region, 2000-2002 to 2013-2015, by Age Group



Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Despite population gains, employment losses occurred among working-age residents under the age of 55. Indeed, employment levels among the 54 and under population declined by more than 212,000 between 2000-2002 and 2013-2015. This decline was not associated with a decline in the number of working-age residents in the region; indeed the number of residents aged 16 to 54 grew by 4 percent. At the same time employment among persons in this age range fell by 4 percent. The entire decline in regional employment levels among persons under the age of 55 was a consequence of declines in their E/P ratio, which fell from 72 percent in 2000-2002 to 67 percent by 2013-2015. In sharp contrast, the employment level among persons over the age of 55 skyrocketed, increasing by 568,000 or nearly 80 percent even as the size of the 55-plus population grew at slower pace of 46 percent. Thus a substantial share of the rise in older worker employment is associated with a rise in the employment-to-population ratio of the 55+ population from 33 percent to 41 percent over the period and not simply a rise in the size of the older population cohorts in the region.

The decline in employment among residents of the region under the age of 55 is heavily concentrated among persons between the ages of 25 to 44. This group saw their employment levels fall by combined 274,000 between 2000-2002 and 2013-2015. This decline however is primarily the product of a decline in the number of residents in this age cohort. (Most of this ‘birth dearth’ population group was born between the years of 1966 and 1980; it is a much smaller age cohort than the post-World War II baby boom generation that it followed). E/P ratios for this group of ‘prime age’ workers did decline, but at a far more modest scale than that observed for teens and young adults.

The findings provided in Table 3 furnish a more detailed examination of trends in employed persons and E/P ratios by age in the Metro LA region. The data make plain a very large deterioration in employment level among 16- to 19-year-old residents in the region. The number of employed teens in the region fell from more than 230,800 during 2000-2002 to about 144,000 by 2013-2015, a decline of 38 percent over the period. The number of teen residents in the region rose slightly (+7 percent) but their E/P ratio fell from 33 percent to just 19 percent over the period. Thus, the entire decline in teen employment during this time period was a result of a sharp reduction in the chance of teens finding a job.

Employment among young adults in the region barely changed between 2000-2002 and 2013-2015, increasing by just 1 percent over the period. Despite a 16 percent rise in the number

of 20- to 24-year-old residents in the region, employment levels for this population essentially remained the same. This substantial population increase in the context of unchanged employment levels, of course, means that the E/P ratio of young adults in the region fell. The fraction of residents aged 20 to 24 that had a job in 2000-2002 decreased from 68 percent to 59 percent by 2013.

Table 3:
Trends in the Annual Average Number of Employed Persons in the Metro
Los Angeles Region, by Age Group, 2000-2012 to 2013-2015

Age Group	Employment Trends				Employment to Population Ratio Trends		
	2000-2002	2013-2015	Absolute Change	Relative Change	2000-2002	2013-2015	Absolute Change
16-19	230,820	143,929	-86,891	-38%	33%	19%	-14%
20-24	610,500	618,015	7,515	1%	68%	59%	-9%
25-34	1,501,028	1,397,099	-103,929	-7%	77%	74%	-3%
35-44	1,564,704	1,394,405	-170,299	-11%	78%	75%	-4%
45-54	1,243,195	1,384,193	140,999	11%	77%	75%	-3%
55-64	552,692	949,651	396,959	72%	59%	63%	4%
65-74	127,882	262,723	134,841	105%	20%	30%	10%
75+	26,996	63,057	36,062	134%	5%	9%	4%
Total	5,857,789	6,213,167	355,378	6%	63%	59%	-4%

Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Employment Developments by Industry

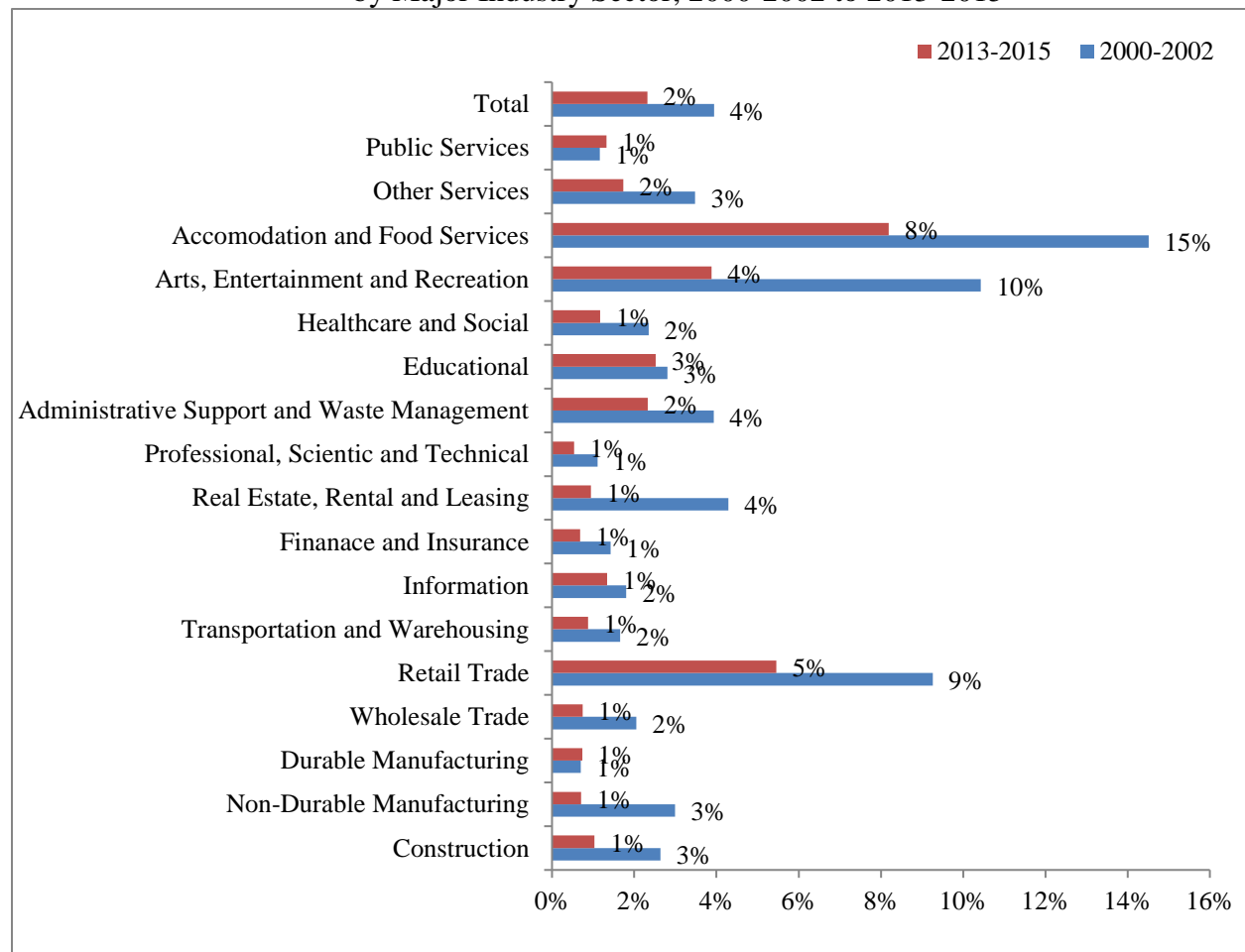
As overall employment levels in Metro LA expanded slowly between 2000-2002 and 2013-2015, the teen share of employment fell in half from 4 percent to just a 2 percent share of all employment in the region. Accommodations and food services, retail trade and arts and entertainment have traditionally been the industries in which teen employment is concentrated. Indeed, more than one half (59 percent) of teens, who do have a job, work in one of these three industries. Yet the teen share of total employment in these industries has fallen sharply.

During 2000-2002 teens aged 16 to 19 accounted for about one in six workers in the region's accommodation and food service sector, most often in food preparation and serving occupations. By 2013-2015 the share of accommodation and food service jobs held by teens fell in half to just 8 percent. Teens accounted for about one in ten jobs in the regions arts, entertainment and recreation industry sector on average during 2000-2002, but this share

declined sharply over the following years with teens accounting for just 4 percent of employment in the industry sector.

Accommodation and food services and arts, entertainment and recreation firms in the area posted very strong employment gains and together accounted for 47 percent of the total rise in employment within the Metro LA region. Yet despite this very strong growth in industries that traditionally employ large shares of teens, teen employment shares in these industries fell dramatically.

Chart 4: Teen (16 to 19) Shares of Employment in Metro Los Angeles by Major Industry Sector, 2000-2002 to 2013-2015



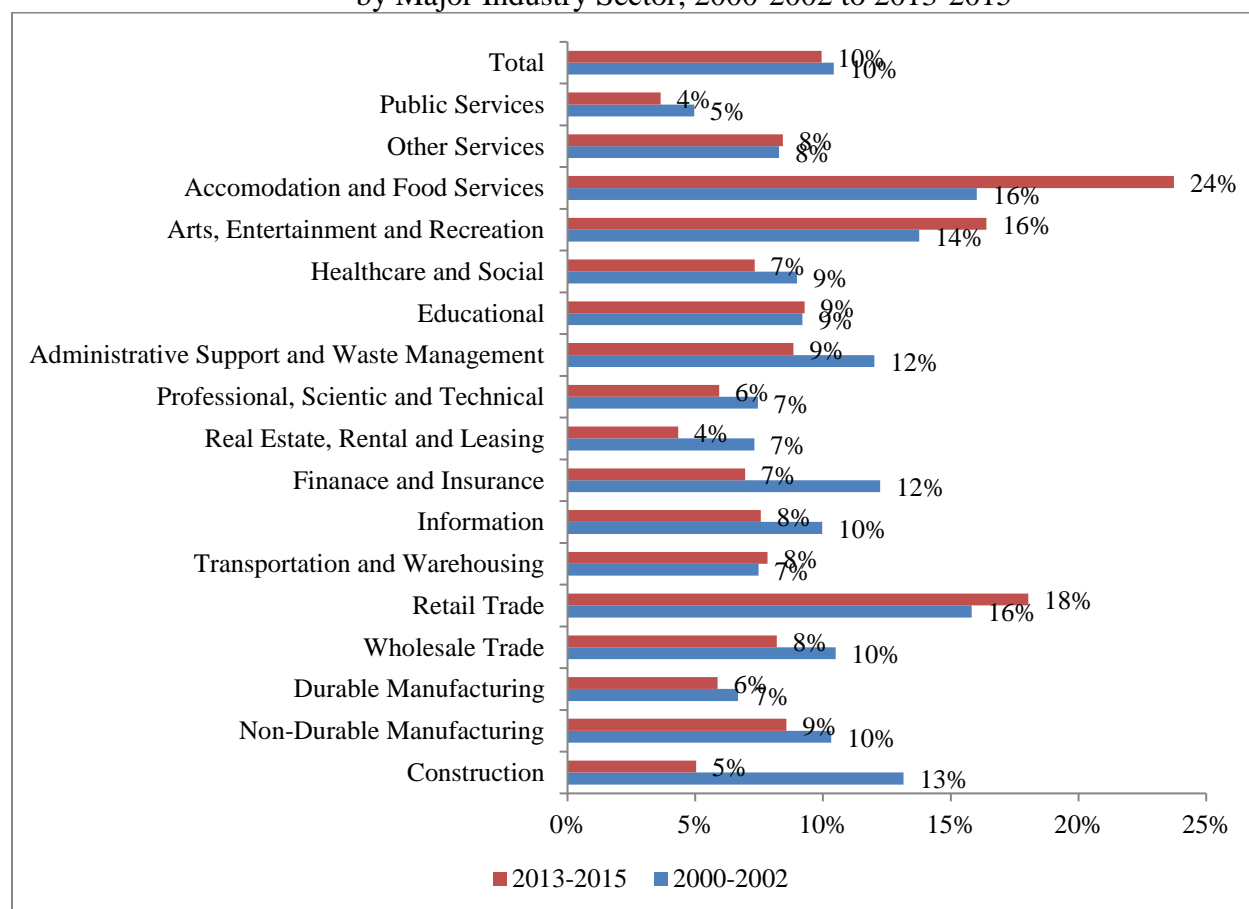
Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Teen employment has also accounted for a substantial proportion of employment in the region's retail trade sector, where almost one in ten employees were teens, on average, during 2000-2002. However, the share of jobs held by teens in retail trade fell to just 5 percent by 2013-

2015, sharply reducing their access to a traditionally important source of entry-level work experience in Los Angeles. Indeed, the data in the chart above reveal teens lost access to employment in almost every sector of the region's economy. The only exceptions to this were durable goods manufacturing, finance, government, and professional and scientific services. All industry sectors where teens had little job access to begin with; none of these industries had a teen workforce share greater than 1 percent during 2000-2002.

Employers in the restaurant and hotel business, amusement and recreation and in retail trade in the region opted to substitute more mature workers in entry-level positions that historically employed large number of teens. Indeed as the data on employment shares of residents aged 20-24 report, young adults sharply increased their share of employment in these traditional teen labor market segments.

Chart 5: Young Adult (20 to 24) Shares of Employment in Metro Los Angeles by Major Industry Sector, 2000-2002 to 2013-2015



Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Overall employment levels of young adults aged 20 to 24 increased slightly during the 2000-2002 to 2013-2015 period. These young adults held about 10 percent of all jobs in the region during both time periods. However, the distribution of young adults across the major industry sectors has changed considerably since 2000-2002 with substantial losses in their share of jobs in most industry groups, but a rise in the share of jobs in those industries where teens lost their largest share of employment.

Most industry sectors in the Metro LA region reduced the share of young adults in their workforce between 2000-2002 and 2013-2015 including goods producing firms in construction and manufacturing, as well as service providers most notably financial services which had the largest decline of any industry in its young adult staffing share (from 12 percent to 7 percent). However, young adults were able to raise the employment shares in three major industry sectors. The share of accommodation and food services jobs held by residents aged 20-24 rose enormously from 16 percent in 2000-2002 to 24 percent by 2013-2015. The arts, entertainment and recreation industry increased its share of young adults from 14 percent to 16 percent over the same time period, while retail trade firms increased the proportion of their staff aged 20 to 24 from 16 percent to 18 percent.

The single most important source of gains in employment opportunities for Metro LA residents since 2000-2002 has been the region's health and social services sector. The number of Metro LA residents employed in this industry has increased by more than 148,000 between 2000-2002 and 2013-2015. Health and social services firms accounted for more than 40 percent of the total increase in employment within the region over the time period. However, neither teens nor young adults were able to improve their access to employment in healthcare and social services even as employment levels in the sector rose by a very strong 26 percent.

Even as overall employment levels in the health and social services sector increased, youth aged 16-19 saw their employment levels decline considerably and their share of jobs in that sector decline from 2 percent to 1 percent. Young adults employment levels in the health and social services increased by just 3 percent even as employment in the sector rose more than one-quarter, with the result that the young adult share of healthcare and social service sector employment fell from 9 percent in 2000-2002 to 7 percent by 2013-2015.

Transportation and warehousing (+40700), real estate (+28,200) professional, scientific and technical service providers (+57,400) and administrative support and waste management

(48,303) all added substantial numbers of metro LA residents to their staffing, yet in every instance teens and young adults saw their employment levels in those industries fall, resulting in a considerable reduction in their share of employment in all of these industry sectors.

The accommodation and food services industry, along with retail trade and the arts and entertainment sectors also increased their employment levels in the region, but unlike other growing sectors, these industries sharply increased the proportion of young adults 20 to 24 the used to staff their organizations—but this increase in young adult shares came at the expense of teens aged 16 to 19 who saw their access to employment in these traditional employment industries fall sharply.

Table 4:
Trends in the Change in Total Employment by Major Industry and Change in Employment among 16-19 Year Olds and 20-24 Year olds, by Major Industry, 2000-2002 to 2013-2015

	Total Employed		Employed 16-19		Employed 20-24	
	Employment Change	Percent Change	Employment Change	Percent Change	Employment Change	Percent Change
Construction	15,085	4%	-5,525	-59%	-28,036	-60%
Non-Durable Manufacturing	-93,663	-26%	-9,009	-82%	-14,431	-38%
Durable Manufacturing	-114,398	-21%	-627	-16%	-11,129	-30%
Wholesale Trade	-28,925	-14%	-2,881	-69%	-7,057	-33%
Retail Trade	61,516	10%	-20,276	-35%	24,850	25%
Transportation and Warehousing	40,720	16%	-1,606	-39%	4,072	22%
Information	-16,919	-7%	-1,401	-31%	-7,384	-29%
Finance and Insurance	-4,957	-2%	-2,044	-53%	-14,603	-44%
Real Estate, Rental	28,176	20%	-4,414	-73%	-2,961	-29%
Professional, Sci. & Tech	57,418	13%	-2,100	-45%	-3,041	-10%
Admin Support and Waste Management	48,303	15%	-3,970	-32%	-5,796	-15%
Educational	-7,499	-2%	-1,492	-12%	-331	-1%
Healthcare and Social	148,450	26%	-4,911	-37%	1,579	3%
Arts, Entertainment and Recreation	48,378	33%	-7,837	-51%	11,846	58%
Accommodation and Food Services	121,801	34%	-12,989	-25%	56,957	98%
Other Services	12,102	3%	-5,948	-48%	1,531	5%
Public Services	17,087	10%	505	25%	-1,636	-19%
Total	355,164	6%	-86,847	-38%	7,478	1%

Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Between 2000-2002 and 2013-2015 employment in the accommodation and food services industry in the Metro LA region increased by nearly 122,000 jobs, young adults captured 47 percent of the total rise in hotel and restaurant employment and boosted their employment share from 16 percent to 24 percent. At the same time teens saw their access to employment in the accommodation and food service industry sharply curtailed, falling from 15 percent to 8 percent of total sector employment over the period.

Similar developments occurred in the arts, entertainment and recreation sector where employment increased by 33 percent between 2000-2002 and 2013-2015. Young adults increased their employment level by a very substantial 58 percent over the period, so that in recent years young adults account for one in six workers in these firms. As young adults were increasing their staffing share among arts entertainment and recreation firms in Metro LA employment levels for teens in these organization dropped by more than 50 percent, resulting in their share of jobs falling from 10 percent to 4 percent over the period. In both industry sectors, part of the gains of young adults in access to jobs in these industries came at the expense of teens that saw their employment shares drop drastically over this time period.

The retail trade industry, another traditional area of where teens were often able to find work, saw its employment level expand by about 61,500 between 2000-2002 and 2013-2015. Yet, as overall employment levels increased in retail, teen employment levels in the industry fell by about 20,000 or more than one-third. In marked contrast, employment among the 20-24 year old population in retail trade increased by nearly 25,000, a rise of 25 percent. Again, as we saw in accommodation and food services and arts, entertainment and recreation industries, these findings indicate a substitution of young adults for teens among retailers in Metro LA.

These findings suggest that the weak overall pace of employment expansion in the Metro LA region has resulted in young adults experiencing difficulty in finding work across a variety of industries. Rather than become unemployed, these young adults opt to take entry-level positions that in the past were more likely to be held by teens. In turn, as young adults push down on the labor queue, teens are simply more likely to become jobless. The sharp decline in the region's E/P ratio for teens is partially the result of this adjustment to a weak overall labor demand environment. Sharp increases in excess labor supply, as measured by very high and rising

underutilization rates in the region means that employers are able to hire more desirable young adults for entry-level positions that during the near full employment were filled by teenagers.⁷

Employment Developments by Occupation

The findings in Table 5 examine trends in total employment by major occupational grouping in the Metro LA region and separately for teen (16 to 19) and young adult (20 to 24) residents. Our findings reveal that the regional economy experienced considerable employment growth in professional, technical and managerial (PTM) occupations, food service occupations and ‘other service’ jobs including protective services, health care support (home health aides) and building and grounds jobs as well as personal service occupations (including personal care attendant). The PTM occupations experienced an employment increase of 375,000 over the 2000-2002 to 2013-2015 period, a 19 percent rise. PTM occupations usually require some level of post-secondary educational attainment, most frequently an undergraduate degree. This indicates that the Metro LA labor market experienced substantial growth in college labor market employment.

Teen access to PTM employment is quite limited, accounting for less than 1 percent of those jobs, despite a substantial rise in overall PTM employment in the region over the past fifteen years teens still experienced losses, even in their already small numbers employed in these college labor market occupations. Employment in PTM occupations among young adult residents rose by 23 percent, a rate of growth somewhat higher than the overall pace of increase in the occupation; thus young adults’ share of PTM employment rose slightly from 5 to 6 percent between 2000-2002 and 2013-2015.

Reflecting the rapid pace of growth in employment in the region’s accommodation and food services sector, employment in the food service occupation grew by 32 percent, a pace of growth more than 5 times the rate of overall employment growth over the 2000-2002 to 2013-2015 period. Yet despite this gain, employment in food service jobs declined sharply for teens even as it sky-rocketed for young adults. Teen employment in food service occupations in the region fell by 29 percent over the period, with teen shares of staffing falling from 14 percent of all food service jobs in the region during 2000-2002 to just 7 percent by 2013-2015.

⁷ For a detailed discussion of employer views of teens and young adults in the hiring process see: Paul Harrington, Nancy Snyder, Anne Berrigan and Laura Knoll, *Signaling Success: Boosting Teen Employment Prospects*, Commonwealth Corporation, Boston, April, 2013

The number of young adults employed in food service jobs rose by 74 percent, more than double the pace of overall growth in employment in then food service occupation. By 2013-2015, young adults aged 20 to 24 accounted for 23 percent of all food service employment, up from a 17 percent share during 2000-2002.

Table 5:

Trends in the Change in Total Employment by Major Occupational Group and Change in Employment among 16-19 Year Olds and 20-24 Year old Residents of Metro LA, 2000-2002 to 2013-2015

	Total Employed		Employed 16-19		Employed 20-24	
	Employment Changer	Percent Change	Employment Changer	Percent Change	Employment Changer	Percent Change
Professional, Technical, Managerial	375,086	19%	-1,452	-8%	24,145	23%
Food Service	85,493	32%	-9,801	-29%	34,713	74%
Other Service	106,889	16%	-8,967	-31%	8,858	12%
Sales	34,848	5%	-17,597	-29%	33,854	39%
Office and Clerical	-82,268	-10%	-20,274	-50%	-32,604	-24%
Blue Collar	-164,867	-12%	-28,756	-62%	-61,487	-39%
Total	355,181	6%	-86,847	-38%	7,479	1%

Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors.

Teens also saw their employment in ‘other service’ occupations decline sharply since 2000-2002. Employment in these entry-level positions among teens fell by 31 percent—even as regional employment in this occupation increased by more than 100,000 or 16 percent over the period. Young adults saw their employment levels in the ‘other service’ occupation increase by about 12 percent, with their share of employment in these oftentimes lower skill service jobs remain at 11 percent over the period.

Employment in sales occupations, which is concentrated in retail trade establishments, increased by a modest 5 percent in the region between 2000-2002 and 2013-2015. Once again we see teens losing ground even as employment rises. Teen employment in sales positions fell by 29 percent and their share of sales employment in Metro LA fell from 9 percent to 6 percent. In contrast young adult employment in sales occupations increased sharply rising by nearly 34,000 or 39 percent over the period.

While employment rose in PTM, service and sales occupations in Metro LA, employment losses simultaneously occurred in administrative support and blue-collar occupations. Office and clerical employment fell by more than 82,000 positions between 2000-2002 and 2013-2015 and blue-collar jobs in construction trades, repair and installation, production and transportation jobs declined by nearly 165,000 or 12 percent over that time period. Employment losses in these occupations were especially severe for teens and young adults. Indeed, office and clerical job losses among teens (-20,300) and young adults (-35,600) accounted for 64 percent of all losses in administrative support and clerical jobs.

Blue-collar employment among teens fell by 28,700 positions or about 62 percent between 2000-2002 and 2013-2015. Young adults experienced especially large blue-collar job loss. Employment levels in blue-collar occupations dropped by 61,500 or 39 percent among young adults over the period. Again we see young people bearing a disproportionate share of employment losses; together teens and young adults lost more than 90,000 blue collar jobs—55 percent of total regional employment losses in blue-collar occupations.

Employment in better-paying clerical and blue collar-jobs has declined sharply in Metro LA but those jobs have been largely replaced by service jobs and to a lesser extent sales positions. Teenagers and young adults bore the brunt of the decline of clerical and blue-collar employment opportunities in the region. Persons over the age of 25 have been much more insulated from these job losses.

The rapid growth in low-end service occupations in Metro LA has not helped teens at all. Instead, we found teen employment in these occupations has declined dramatically. Employers have chosen to hire large number of young adults in these occupations. Young adults, even better educated ones, take these jobs since better paying blue-collar and clerical jobs are mostly not available and while there has been substantial growth in college labor market employment, recent college graduates still struggle to gain access to PTM jobs. In many instances new college graduates must seek work outside of the college labor market in service and sales occupations in order to avoid prolonged spells of joblessness.

Employment in low-end service occupations including food service workers and janitors do not require the knowledge, skills and abilities associated with earning a college degree. Yet working in these jobs helps better-educated young adults avoid unemployment. Unfortunately, when these recent college graduates are employed in the low-skill service occupations they

receive a diminished benefit to their college degree compared to those who are able to find work in college labor market occupations.

Employment and Educational Attainment

Young residents of Metro LA who had not completed high school (either because they were still enrolled or had dropped out) saw their employment levels fall drastically over the past fifteen years. Among teens that had not completed high school, the number who worked fell by about 66,000 or 62 percent between 2000-2002 and 2013-2015. This means the proportion of high school students who mix work and school has fallen dramatically as well as a less surprising decline in employment among younger high school dropouts. Employment among teens with a high school diploma or some college also declined by about 24,500, high school graduates experienced a 26 percent decline in employment while those with some college experienced an employment loss of 14 percent over the period.

Table 6:
Trends in Employment by Educational Attainment among 16-19 Year Old and
20-24 Year Old Residents of Metro LA, 2000-2002 to 2013-2015

	2000-2002	2013-2015	Absolute Change	Percent Change
16-19 Year Olds				
<12 or 12, No H.S. Diploma	106,583	40,378	-66,205	-62%
H.S. Diploma/GED	61,072	45,238	-15,834	-26%
13-15 Years of College	63,049	54,361	-8,688	-14%
20-24 Year Olds				
<12 or 12, No H.S. Diploma	130,754	48,472	-82,282	-63%
H.S. Diploma/GED	168,694	159,104	-9,590	-6%
13-15 Years of College	252,609	293,002	40,393	16%
Bachelor or Higher Degree	58,477	117,434	58,957	101%
Total 16 to 24	841,349	761,978	-79,371	-9%

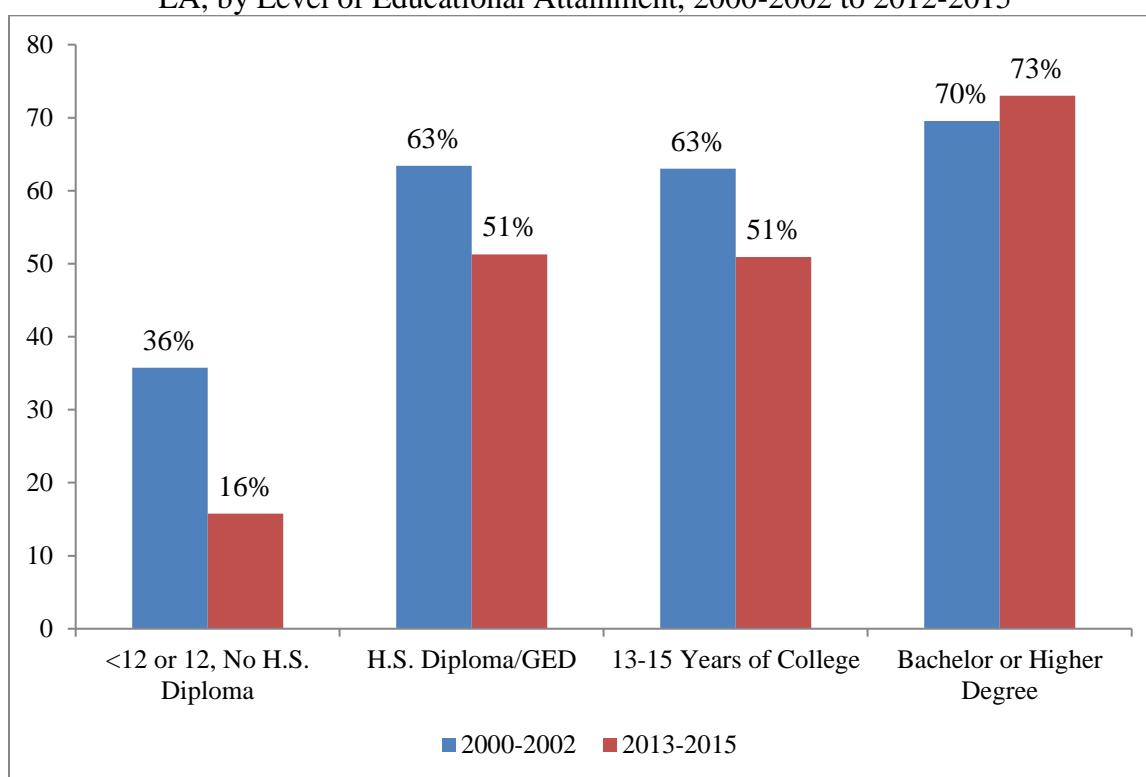
Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors

Educational attainment had a very powerful impact on the employment prospects of Metro LA residents aged 20 to 24. Employment levels among young adults with a bachelor's degree doubled between 2000-2002 and 2013-2015, rising from 58,500 to 117,400. Residents with some college, including those currently enrolled, saw their employment levels rise by a much more modest 16 percent. Over the same time period employment levels among young

adults who had not earned a high school diploma fell by more than 82,000, representing a decline of 63 percent.

Employment declines for those with fewer years of schooling are the consequence of both reductions in the number of young residents in the region with lower levels of educational attainment, as well as substantial reductions in the share of people employed in each educational attainment group—with the exception of those with a bachelor’s degree or higher. The share of employed teens and young adults who have not completed high school fell by more than half in Metro LA between 2000-2002 and 2013-2015, with substantial, but smaller declines among high school graduates and those with some college. However, among recent college graduates, the share that worked has increased modestly from 70 percent to 73 percent over the period.

Chart 6: Trends in the Employment to Population Ratio of Teens and Young Adults in Metro LA, by Level of Educational Attainment, 2000-2002 to 2012-2015



Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors

Employment Trends by Current Enrollment Status

The rate of employment declines among the 16-19 year population in the Metro LA region was about the same for those who were enrolled in school as well as out of school youth.

The number of in-school youth aged 16 to 19 who were employed during 2000-2002 averaged about 136,300, but by 2013-2015 had fallen to 86,300; a decline of 37 percent. Out-of-school teens saw their employment levels fall by 39 percent over the same time period.

A more mixed picture of employment trends by school enrollment status emerges among 20- to 24-year-old young adults. The employment level of out-of-school young adults fell by 22,200 between 2000-2002 and 2013-2015, a 5 percent decline, while employment among young adults enrolled in school increased by 29,700, a substantial 18 percent rise.

The employment-to-population ratio of both non-enrolled teens and young adults declined considerably since 2000-2002; falling from 53 percent during 2000-2002 to just 38 percent by 2013-2015 among 16- to 19-year-old out-of-school youth, representing a relative decline of 26 percent over the period. Out-of-school young adults experienced a small decline in their E/P ratio as their overall employment level declined; during 2000-2002 74 percent of non-enrolled young adults were employed at any point in time, but this ratio fell slightly to 72 percent by 2013.

Table 7:
Trends in Employment by School Enrollment Status among 16-19 Year Old and 20-24
Year Old Residents of Metro LA, 2000-2002 to 2013-2015

Enrollment Status	2000-2002	2013-2015	Absolute Change	Percent Change
16-19 Year Olds				
Not Enrolled	94,490	57,712	-36,778	-39%
Enrolled	136,325	86,254	-50,071	-37%
Total	230,815	143,966	-86,849	-38%
20-24 Year Olds				
Not Enrolled	444,440	422,183	-22,257	-5%
Enrolled	166,094	195,828	29,734	18%
Total	610,534	618,011	7,477	1%

Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors

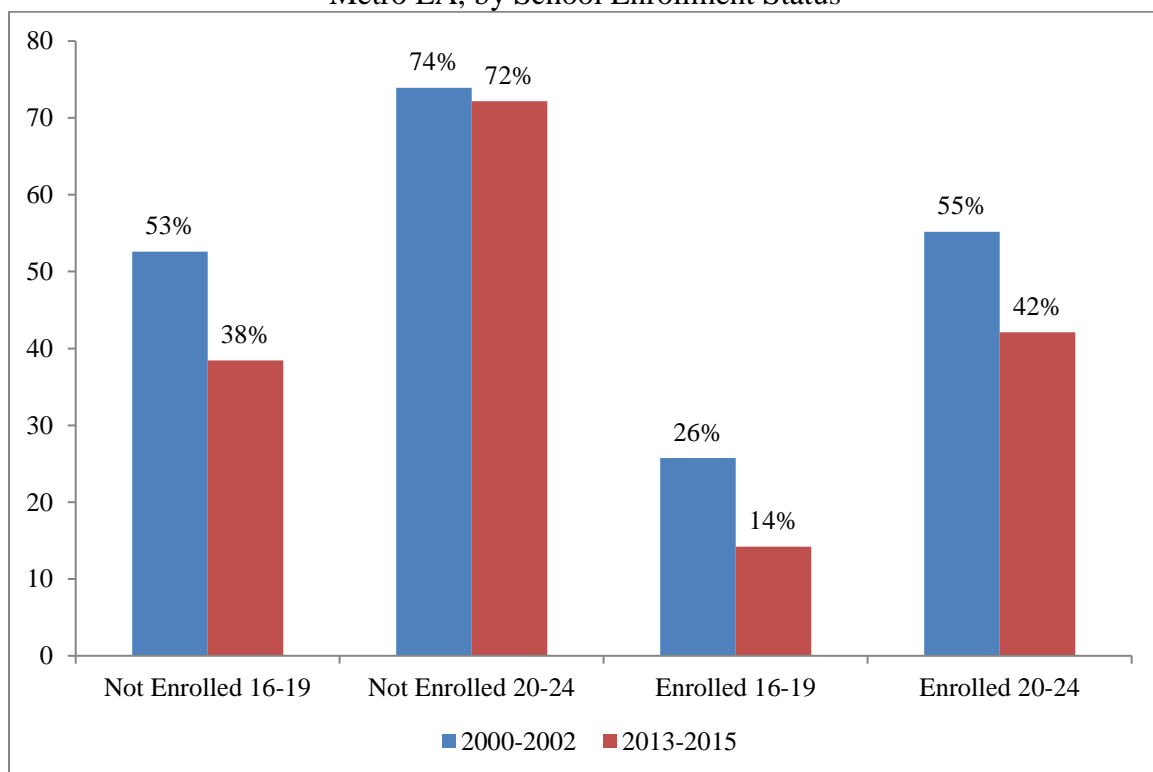
We observed in our analysis of trends in school enrollments among teens and young adults in Los Angeles that over the last fifteen years, the fraction of both working age teens and young adults who were enrolled in school rose very sharply.⁸ Yet as the data in Table 7 above reveals, employment levels among this group of in-school young people fell substantially over

⁸ Neeta Fogg and Paul Harrington, *Rising School Enrollment among Teens and Young Adults in Los Angeles*, Center for Labor Markets and Policy, Drexel University, July 2016

time. The result is that the fraction of teens and young adults who are willing and able to mix work and school has dropped sharply over time.

During 2000-2002 only one in four enrolled teens aged 16 to 19 worked in the Metro Los Angeles region, since then, the share of in-school teens who work has collapsed to just 14 percent. The work activity of enrolled young adults in the region has also declined considerably over the years. More than half (55 percent) of all enrolled residents aged 20 to 24 were employed during 2000-2002, but this ratio declined to just 42 percent by 2013-2015.

Chart 7: Trends in the Employment to Population Ratio of Teens and Young Adults in Metro LA, by School Enrollment Status



Source: U.S. Bureau of the Census, Current Population Survey, Monthly Public Use Data Files, 2000-2002 and 2013-2015, tabulation by the authors

Key Findings

The ability for a region to grow and prosper is closely associated with the quality and quantity of its labor supply. Indeed, the most fundamental economic constraint on a region's, state's, or nation's potential to grow its labor supply. The productive capacity of an area is best thought of by the characteristics of its labor supply. If the quantity of labor supply in a region is

growing and along with this the quality of labor supply is improving as well, then the ability to produce greater levels of better-quality goods and services rise proportionately.

One of the most troubling features of the current economic recovery has been the decline in the share of the working-age population that is actively engaged in the labor market (the LFPR) as well as the declining share of the working-age population that is working at a given point in time (the E/P ratio). The decline in labor force participation in the nation has been long anticipated as the leading edge of the baby boom generation reached retirement age in 2010. Yet, surprisingly fewer than expected baby-boomers have opted to withdraw from the labor force. Instead, the share of persons over the age of 65 who are actively engaged in the job market has increased considerably; the real labor market worry is that of declining labor force attachment of younger people, especially those under the age of 25.

Our analysis found an age twist in the labor force behavior of Metro LA residents that mirrors developments in the nation as a whole. The share of teens and young adult residents of the region who are actively engaged in the labor market has declined sharply, while older residents (55 and above) are increasing their attachment to the job market—either by delaying retirement or by re-entering the labor force after a withdrawal associated with an initial retirement. Teens and young adults have sharply reduced their engagement in the job market over the same time period. Most of this decline came in the form of declining employment rates of teens, but also young adults. The fraction of teens working or looking for work in Metro LA fell from 40 percent during 2000-2002 to 26 percent during 2013-2015. The labor force attachment of young adults decreased sharply as well, falling from 74 percent to 67 percent over the period.

We found substantial evidence that the decline in labor force attachment of teens and young adults was involuntary and that many young residents of the region wanted to work. More than 297,000 teens and young adults were underutilized in the region, an underutilization rate of 30 percent during 2013-2015, up from 22 percent during 2000-2002.

The decline in teen employment occurred across all industries with especially large reductions in teen employment in the restaurant and hotel industry, retail trade and arts entertainment and recreation, including amusements. While overall employment levels and E/P ratios of young adults aged 20 to 24 declined, their employment in formerly teen intensive industries rose sharply. Young adults increasingly became substitutes in jobs formally held by

teens as excess labor supply conditions prevail in the region, especially among the young adult population.

Young adult employment losses were quite large in construction and manufacturing sectors as well as in finance-related fields. This resulted in very sharp declines in blue-collar and clerical employment. Young adults have increasingly found work in food services and sales occupations in the retail trade and in accommodation and food service industries. Some better-educated young adults were able to gain access to professional, technical managerial positions, but their pace of growth in gaining access to employment in these occupations was slower than other age groups, leaving a lingering mal-employment problem among recent college graduates in the region.⁹

Educational attainment still plays an important role in influencing the chance of employment among teens and young adults. Most of the employment losses that have occurred among teens and young adults since 2000-2002 have been among those who were either still enrolled in high school or had dropped out. In contrast employment among those with a bachelor's degree or higher rose sharply and unlike all other groups of teens and young adult residents of the region they experienced a modest increase in their overall E/P ratio.

The largest employment rate declines occurred among teens and young adults who were enrolled in school. About one-quarter of teens and half of all enrolled young adults mixed work and school during 2000-2002. These proportions fell sharply through 2013-2015. Among non-enrolled teens, the chances of working fell very sharply, with more modest reductions among young adults E/P ratios—largely because of the rapidly growing share of young people with a bachelor's degree and their consequent gains in employment associated with earning a bachelor's degree.

These findings indicate that the opportunities of finding early work experience are sharply reduced as teens have been pushed out of the jobs market as have young adults with fewer years of schooling. Tepid job creation and a sharp increase in the size of the better-educated young adult population has meant that this much expanded population of young adults has increasingly concentrated their employment in traditional teen industries and occupations as

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For a discussion of mal-employment problems of college graduates see: Neeta Fogg and Paul Harrington, "Rising Mal-Employment and the Great Recession: The Growing Disconnection between Recent College Graduates and the College Labor Market", *Continuing Higher Education Review*, Vol 75, 2011

they have lost access to jobs in construction, manufacturing finance and even professional, technical and managerial fields. The result is that a rapidly growing share of young people in the region is unable to develop a set of human capital proficiencies that are mostly advanced through work experience. This reduced access to work experience diminishes the long-term productive capabilities of these young people and this in turn will result in increased bouts of joblessness and reduced earnings in the future. It also means that the growth on the productive capacity of the region's labor supply will be diminished, inhibiting long-term output, income and employment growth in the region.