

FOR RELEASE - APRIL 29, 2005

**Lost in the Wilderness: The
Deteriorating Labor Market for
Teens and Young Adults in
Illinois, 2000 – 2004**

Prepared by:

Andrew Sum

Ishwar Khatiwada

Sheila Palma

and

Paulo Tobar

Center for Labor Market Studies

Boston, Massachusetts

Prepared for:

Chicago Alternative Schools Network

Chicago, Illinois

December 2004

Table of Contents

Introduction.....	2
Employment Measures and Data Sources	4
Trends in the Employment Rates of Teens and Young Adults (20-24) in the U.S.: 2000-2004....	6
The Employment Fate of Teens and Young Adults in Illinois from 2000 to 2004	10
Employment Declines Among Demographic and Geographic Subgroups of Illinois Teens.....	14
Employment Rates of Teens in Selected Substate Areas of Illinois	16
Trends in the E/P Ratios of 20-24 Year Olds in Illinois.....	20
Changes in the Employment Rates of the State’s Out-of-School 16-24 Year Olds Between 2000 and 2004.....	24
Examining the Incidence of Labor Underutilization Problems Among Young Adults (16-24) in Illinois During 2004.....	28
Trends in the Full-Time/Part-Time Characteristics of the Jobs Held by Out-of-School Youth in Illinois.....	35
Summary and Conclusions.....	42

Introduction

From 1991 through 2000, the U.S. economy experienced nearly ten years of consecutive real output growth that generated 23 million net new wage and salary jobs and reduced the nation's aggregate unemployment rate to 4.0% by 2000, a 31 year low.¹ During the labor market boom years of the 1990s, both teens and young adults in the nation and the state of Illinois experienced substantive improvements in their labor market position, with gains in labor force attachment, employment, weekly wages, and real earnings.² In early 2001, however, the U.S. economy entered an economic recession that, according to the National Bureau of Economic Research, ended in the late fall of 2001. While real output as measured by the nation's Gross Domestic Product increased from the fourth quarter of 2001 onward, aggregate wage and salary employment continued to decline through the early summer of 2003, and the national unemployment rate rose through June of 2003 peaking at 5.8%.³ While the nation's employers added 2.2 million additional wage and salary jobs to their payroll between September 2003 and November 2004, the number of employed teens (16-19 years old) has remained unchanged.⁴ While the number of employed 20-24 year olds has risen more strongly, by (400,000) over the past 14 months, the employment/population ratio of the nation's 20-24 year olds remains four percentage points below its 2000 value.⁵

Employment losses nationally over the past four years have been most severe for teens (16-19) and young adults (20-24), including out-of-school youth especially those out-of-school

¹ For a review of key national labor market developments during the 1990s, See: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings, January 2001*, Washington, D.C., 2001.

² For a detailed assessment of youth labor market developments during the 1990s, See: Andrew Sum, Neeta Fogg, and Garth Mangum, *Confronting the Youth Demographic Challenge*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, 2000.

³ Between November 2001 and August 2003, total nonfarm wage and salary employment declined by another 1.1 million jobs.

⁴ See: U.S. Department of Labor, Bureau of Labor Statistics, *The Employment Situation: November 2004*, December 3, 2004.

⁵ In calendar year 2000, 72.3% of the nation's 20-24 year olds held a job on an average month. In October/November of 2004, this ratio was only 68.3%.

youth who lack a bachelor's degree.⁶ Declining job prospects for these teens and young adults have both depressed their labor force participation rates and pushed up their official unemployment rates, thereby driving down their employment rates to a considerable degree over the past four years. The annual average employment rate of the nation's teens in the first 11 months of 2004 (36.3%) was the lowest it has ever been since the federal government began producing CPS-based employment estimates for teens in 1948.

Workforce development programs for young adults are formulated at the state and local level. Knowledge of the labor market conditions of teens and young adults at the state and local level is indispensable for effective workforce development policymaking and planning. This research report is designed to both describe and assess changes in the employment situation of teens, 20-24 year olds, and out-of-school 16-24 year olds in the state of Illinois between 2000 and 2004, with some breakouts of the findings by school enrollment status, years of schooling completed, gender and race ethnic group, and geographic location in the state (Chicago metropolitan area, city of Chicago, Chicago suburbs).⁷ The state of Illinois has experienced substantial job losses since the end of the national labor market boom in 2000. Between 2000 and 2003, the annual average number of payroll wage and salary jobs in the state is estimated to have declined by nearly 260,000 or 4.3%,⁸ with more modest declines in 2004. These steep employment declines have been accompanied by reductions in the labor force attachment of most state residents and by increases in their official unemployment rates over the past three years.

This research paper is designed to answer the following key questions. How has the deterioration in the overall job market of the state over the 2000-2004 period influenced the ability of teens and young adults to obtain employment over the past four years? How has the

⁶ See: Andrew Sum, Ishwar Khatiwada, with Sheila Palma, *Still Young, Restless, and Jobless: The Growing Employment Malaise Among America's Teens and Young Adults*, Report Prepared for Jobs for America's Graduates, Alexandria, Virginia, 2004.

⁷ For an earlier review of changing labor market conditions in Illinois, See: Andrew Sum, Ishwar Khatiwada, et.al., *Losing Ground with No Job Recovery in Sight: The Growing Labor Market Plight of Teens and Young Adults in Illinois*, Prepared for the Chicago Alternative Schools Network, Chicago, 2004.

⁸ These employment estimates are based on the monthly payroll surveys of the state of Illinois under the Current Employment Statistics program (CES).

relative magnitude of these job losses varied across key demographic, educational, and geographic subgroups of teens and young adults? Have employed out-of-school teens and young adults found it more difficult to obtain full-time jobs? How severe are labor underutilization problems among these younger members of the Illinois workforce. Before we begin to answer these key questions, let us briefly turn to an examination of the employment concepts and measures underlying our analysis and the data sources that were used to estimate changes in the labor force participation rates, employment rates and full-time E/P ratios of teens and young adults in Illinois over the 2000-2004 time period.

Employment Measures and Data Sources

There are a number of different labor force activity measures that can be used to assess changes in the labor market situation of the overall working-age population (16 and older) or given demographic groups of workers over time. Available measures include civilian labor force participation rates, unemployment rates, employment/population ratios (E/P), and full-time employment rates. This paper will emphasize changes in the employment/population ratios of teens, 20-24 year olds, out-of-school 16-24 year olds, and older age groups in Illinois and selected substate areas over the 2000 to 2004 period. The employment/population ratio (E/P) represents the share of all persons in the civilian non-institutional population in a given demographic group who were employed at a given point in time (for example, May 2004) or on average during a given year (2003). The value of the E/P ratio for any given demographic group is influenced by the degree of its labor force attachment as measured by its labor force participation rate and its unemployment rate. The higher the civilian labor force participation rate and the lower the unemployment rate for any given group, the higher will be its E/P ratio.⁹ This employment measure also overcomes some of the shortcomings of the official unemployment rate measure, which only includes those persons who are jobless, actively looking for work, and available for work at the time of the CPS household survey. When labor market conditions deteriorate and

⁹ Algebraically, the E/P ratio can be seen to be influenced by the labor force participation rate and the unemployment rate $E/P = L/P \cdot E/L$ where $E/L = 1 - U/L$
E/L = the percent of the labor force that was employed

jobs for teens and young adults become more difficult to obtain, more of them will stop actively looking for work. As a consequence, they will no longer be counted among the ranks of the official unemployed even though they remain jobless. Their absence from the ranks of the employed, however, will be captured by a decline in their employment/population ratio.¹⁰ A review of changes in the labor force participation rates of Illinois working-age residents by age group is presented in Appendix A.

Nearly all of the estimates of labor force participation rates, employment rates, unemployment rates, labor underutilization rates, and labor force participation rates for Illinois appearing in this paper are based upon the findings of the monthly Current Population Surveys (CPS) for calendar years 2000, 2003, and 2004. The CPS survey is a monthly household survey conducted by the U.S. Census Bureau for the U.S. Department of Labor's Bureau of Labor Statistics. Nationally, nearly 60,000 households are selected for interviews each month. In the state of Illinois, monthly interviews were completed with approximately 2,100 households per month in 2003. The CPS survey collects data on the labor force status of each household member ages 16 or older in the calendar week immediately preceding the CPS interview. Persons serving in the nation's armed forces as well as the homeless and those living in institutions, such as jails, prisons, and nursing homes, are excluded from the survey. Each working-age household member is classified into one of the following three mutually exclusive labor force categories: employed, unemployed, or out of the labor force.¹¹ The employed include all those persons who were working in a wage or salary job for one or more hours during the reference week, the self-employed, persons with a job but temporarily absent due to a temporary illness, vacation, weather, or an industrial dispute, and persons working in a family-owned business for 15 or more hours without pay. The unemployed are those who were without work during the reference

U/L = the unemployment rate.

¹⁰ Employment/population ratios were recently used to depict recent labor market conditions among 16-64 year old Black men in New York City and in the city of Milwaukee over the past 30 years.

See: (i) Janny Scott, "Nearly Half of Black Men in City Are Jobless, Study Finds," *The New York Times*, February 28, 2004, p. A-15; (ii) John Schmid, "Hit by a Global Train," *The Milwaukee Journal – Sentinel*, December 5, 2004, pp. 1-6.

¹¹ For a review of the definitions of each of these labor force activity measures,

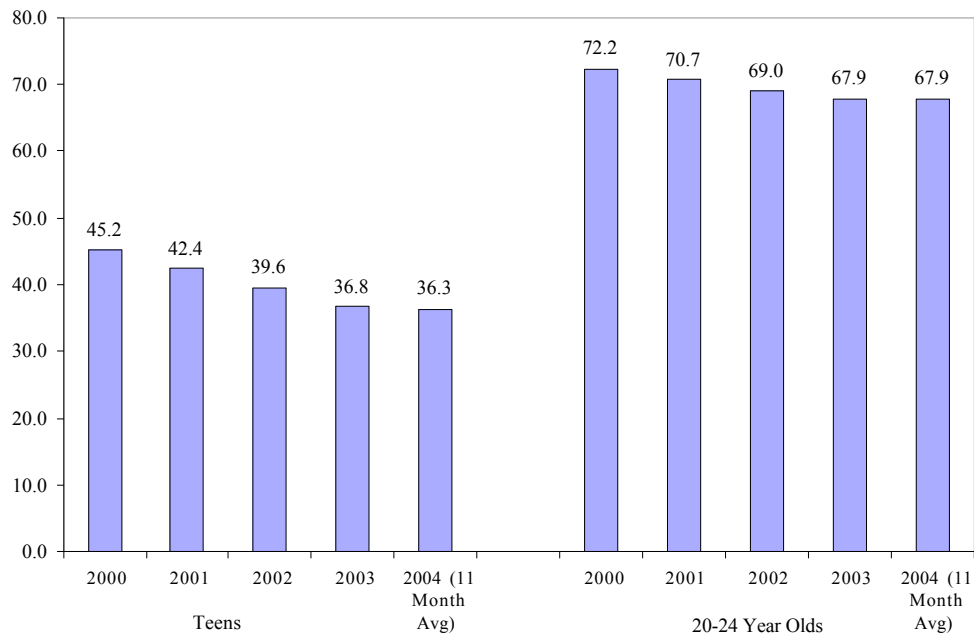
week, have actively looked for a job in the previous four weeks, and were available for employment. The labor force consists of the sum of the employed and the unemployed.

Trends in the Employment Rates of Teens and Young Adults (20-24) in the U.S.: 2000-2004

As noted above, the nation's teens (16-19) and its young adults were very adversely affected by the deterioration in U.S. labor markets over the 2000-2003 period. Depressed demand for the labor of these young workers has reduced their rate of participation in the civilian labor force and increased the rate of unemployment among those active in the labor force. The combined effect of these two sets of developments has been to sharply reduce the employment/population ratios of teens and young adult across the nation. Findings in Chart 1 display the E/P ratios for teens and 20-24 year olds in the U.S. by year for the time period 2000-2004. The data for 2000-2003 represents annual averages while the 2004 data are seasonally adjusted, monthly average E/P ratios for the January-November period of 2004.

Chart 1:
Trends in the Employment/Population
Ratios of Teens and 20-24 Year Olds in the U.S., 2000-2004
(Annual Averages in Percent)

See: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings, January 2003*, "Appendix A".



During calendar year 2000, the E/P ratio for the nation’s teens was 45.2%, up from a low of 40.9% in 1992 during the first full year of economic recovery from the 1990-91 recession. Despite strong job growth from 1992 through 2000, the E/P ratio of the nation’s teens did not recover its 1989 cyclical peak value of 47.5%. Since 2000, the employment rate of the nation’s teens has declined sharply and steadily. By 2002, the teen E/P ratio had fallen to 39.6 percent and it would drop further to 36.8% in 2003 and 36.3% in 2004. The 36.3% E/P ratio for the nation’s teens in 2004 is the lower ever recorded since the CPS national employment series for teens began in 1948.¹²

The nation’s young adults (20-24) also have fared poorly in the labor market over most of the past four years. In calendar year 2000, 72.2 percent of the nation’s 20-24 year olds were employed during a typical month (Chart 1). Their E/P ratio declined steadily and strongly from 2000 through 2003 when it fell to 67.9%. During 2004, the E/P ratio has remained at its 2003 value. There have, however, been strong gains in employment among 20-24 year olds since the

¹² The teen employment data are available monthly from January 1948 to November 2004 on the U.S. Bureau of Labor Statistics web site (www.BLS.gov).

late fall of 2003, driving their E/P ratio up by nearly one full percentage point between October-December 2003 and October-November 2004. Young immigrants, however, seem to have obtained all of the net new jobs captured by 20-24 year olds over the past few years. In 2004, we estimate that there 685,000 20-24 year old employed immigrants who had arrived in the U.S. since 2000. The total net change in the number of employed 20-24 year olds in the nation over the same four year period was only 479,000, implying a net decline in employment among native born and established immigrants of 206,000.

To place these changing E/P ratios for the nation's teens and 20-24 year olds into perspective, we estimated the additional number of teens (16-19 year olds) and 20-24 year olds that would have been employed in 2004 throughout the entire nation if they had been able to maintain their 2000 E/P ratios. Our estimates are displayed in Table 1.

During the current year, an additional 1.448 million additional teens would have been working if we had been able to maintain the E/P ratio of teens at its 45.2% value prevailing in 2000. Among 20-24 year olds, there would have been an additional 871,000 young adults employed during an average month if they been able to maintain their 2000 E/P ratio. Thus, overall an additional 2.319 million 16-24 year olds would have been working each month this year if these two groups of youth had not experienced these steep declines in their E/P ratios over the past four years. This additional number of employed youth actually understates the actual magnitude of the labor market problems of young adults since it ignores the rise in the number of underemployed and mal-employed youth over the past four years. More young adults are working part-time for economic reasons, and a higher fraction of the employed, including four year college graduates, are working in jobs that do not fully utilize their existing education and occupational skills. These underemployment and mal-employment problems reduce their productivity and earnings today and will adversely affect their future earnings due to a combination of reduced cumulative work experience and less exposure to jobs that utilize their existing skills.

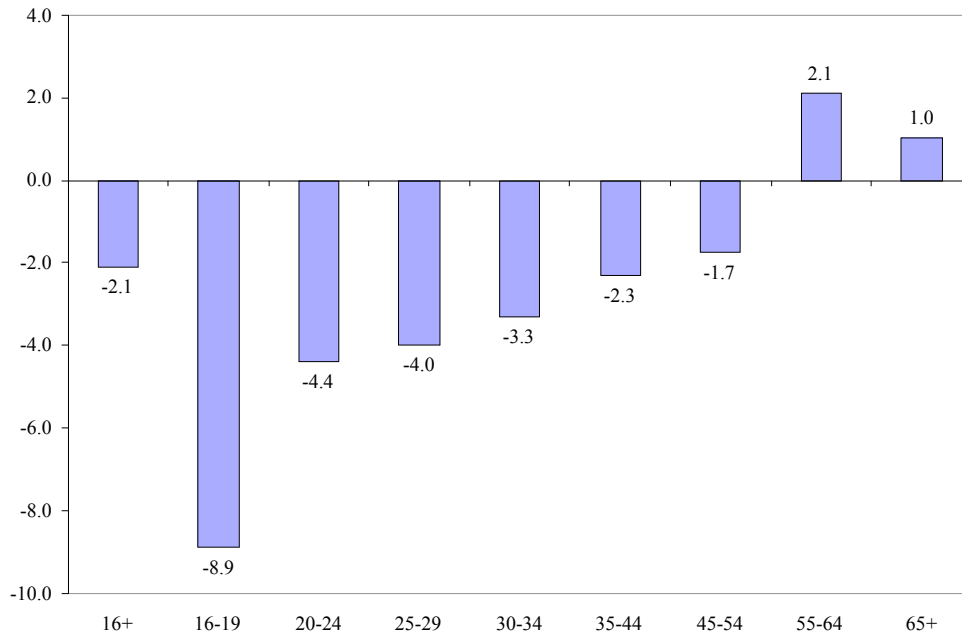
Table 1:

Estimates of the Additional Number of Employed Teens and 20-24 Year Olds
in the U.S. 2004 if Their E/P Ratios Had Been Maintained at Their 2000 Values

	(A)	(B)	(C)	(D)	(E)
Age Group	E/P Ratio 2000 (in %)	E/P Ratio January – November 2004 (in %)	Difference in E/P Ratios, 2000-2004	Number in the Pop. (in 1000s) (Oct./Nov. 2004)	Additional Number of Employed Youth (D * C)/100
16 – 19	45.2	36.3	+8.9	16,266	1,448
20 – 24	72.2	67.9	+4.3	20,254	871
16 – 24				36,520	2,319

Teens and young adults were not the only demographic groups to experience a decline in their E/P ratios over the past four years; however, they were more adversely affected than all older age groups. The estimated sizes of the changes in the E/P ratios of working-age adults in the U.S. varied markedly by age group (Chart 2). Teens clearly suffered the largest decline in their E/P ratio (just under 9 percentage points) followed by 20-24 year olds (-4.4 percentage points) and 30-34 year olds with a 3.3 percentage point drop. The size of these E/P declines continued to fall with age up to age 54. Those persons 55-64 years of age and 65 and older actually experienced an increase in their E/P ratios over the past four years, with 55-64 year olds (primarily women) improving their E/P ratio by 2.1 percentage points. This recent “age twist” in the demographic structure of employment rates is quite remarkable. While teens have always borne of an above average burden of employment declines, at no time in the post-World War II period has there been such highly divergent changes in the E/P ratios of working-age adults by age group. The eleven-percentage point gap between the changes in the E/P ratios of teens and older adults (55-64) is clearly unprecedented.

Chart 2:
Changes in the Employment to Population Ratios in the U.S. by Age Group, 2000 and 2004
(11 Month Average)



The Employment Fate of Teens and Young Adults in Illinois from 2000 to 2004

The employment fate of teens and young adults in the nation, individual states, metropolitan areas, and cities is dependent upon overall conditions in the labor markets in which they reside.¹³ Periods of strong job growth and declining unemployment tend to benefit young adults disproportionately while periods of job losses and rising unemployment typically are accompanied by above average rates of employment decline among teens and young adults, especially those without four-year college degrees. Data on trends in nonfarm wage and salary employment and the unemployment rate in Illinois over the past four years are presented in Table 2.

The number of nonfarm wage and salary jobs in the state declined steeply by 225,000 between 2000 and 2003 and fell much more modestly (by 8,000) over the past year. During the first ten months of this year, there were 233,000 fewer nonfarm wage and salary jobs in Illinois than there were in calendar year 2000, a relative decline of nearly 4 percent, well above the less

¹³ See: Andrew Sum, Neeta Fogg, and Garth Mangum, *Confronting the Youth Demographic Challenge: The Labor Market Prospects of Out-of-School Youth*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Baltimore, 2000.

than 1% decline in the number of nonfarm wage and salary jobs for the nation over the same time period.¹⁴

Table 2:
Trends in Nonfarm Wage and Salary Employment and the
Aggregate Unemployment Rate in the State of Illinois, 2000 to 2004

Labor Market Variable	(A) 2000	(B) 2003	(C) January – October 2004 (Seasonally Adjusted)	(D) Change 2000-2004
Nonfarm wage and salary employment (in 1000s)	6,044	5,819	5,811	-233 (-3.9%)
Unemployment rate of persons (16+)	4.3%	6.7%	6.1%	+1.8 percentage points

Sources: (i) Current Employment Statistics (CES) program in the state of Illinois, BLS.gov.
(ii) Local Area Unemployment Statistics Program (LAUS).

The steep decline in the number of wage and salary jobs in the state of Illinois between 2000 and 2004 might well have been expected to take a severe toll on employment opportunities for the state's teens and its young adults (20-24). The loss in jobs also was accompanied by a rise in the unemployment rate of the state. The annual average unemployment rate of the state increased from 4.3% in 2000 to 6.7% in 2003, a rise of 2.4 percentage points. During past year, the unemployment rate of the state has declined to 6.1% despite no gains in wage and salary employment. A rise in employment in other forms, such as self-employment, contract work and off-the-books employment, seems to have taken place. During the same four-year period, however, the number of persons (16+) actively participating in the labor force rate of the state also has dropped considerably, falling by nearly 145,000 between 2000 and 2004. The labor force participation rate of the state has declined sharply over the past three years, dropping from just under 70 percent in 2000 to 66.2% in 2003. (See Appendix A for estimates of changes in

¹⁴ By October 2004, the number of nonfarm wage and salary jobs in the nation had finally surpassed its annual average level in 2000. The U.S. Bureau of Labor Statistics has estimated that there were 132.075 million jobs in November 2004 versus 131.720 million in 2000.

civilian labor force participation rates for detailed age subgroups in Illinois between 2000 and 2004). As a consequence of this sharp drop in the overall labor force participation rate and the rise in the unemployment rate, the employment/population ratio of working-age residents in Illinois declined from 66.7% in 2000 to 62.6% in the first ten months of 2004 (Table 3). This represented a more than four-percentage point decline in the E/P ratio for Illinois residents versus only a two percentage point drop in the E/P ratio for the nation over the same four-year period.

Similar to the findings for the U.S., however, the percentage point declines in the E/P ratios of Illinois residents varied considerably by age group (Table 4 and Chart 3). The state's teenagers (16-19) experienced a very substantial 9.5 percentage point declines in their E/P ratio between 2000 and 2004, one of five highest teen employment rate decline among the 50 states and the District of Columbia (Table 4 and Chart 4). The state's 20-24 year old young adults also saw their employment rate decline by nearly 7 percentage points over the same four year period while 25-29 year olds and 30-34 year olds were characterized by a five percentage point decline. The E/P reductions were considerably lower among those 35 and older, with older adults (55+) experiencing only a .5 percentage point drop in their E/P ratio. The state's oldest adults (55 and older) fared the best while the very youngest (16-19) fared the worst by a wide margin (10 percentage points).

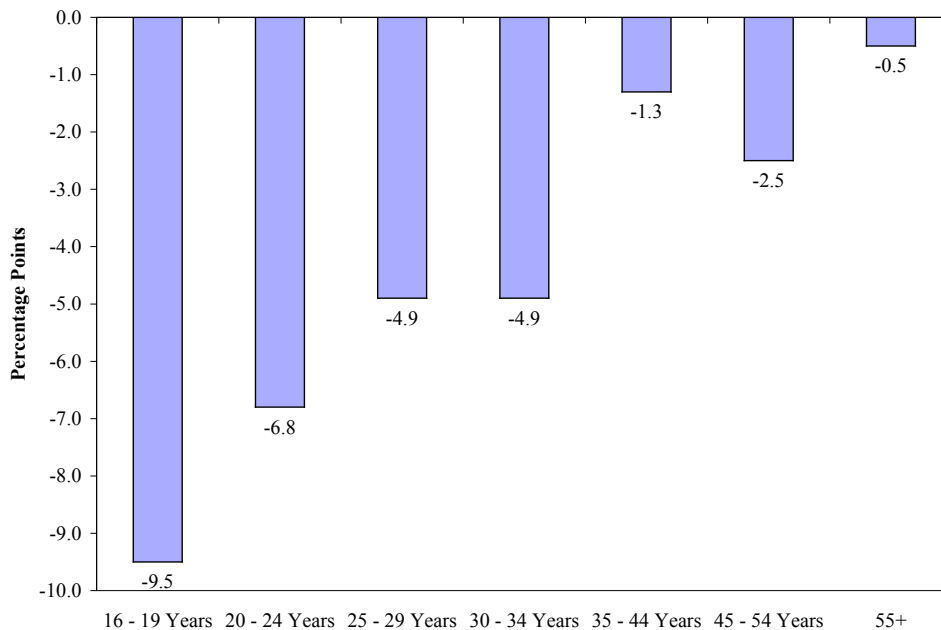
Table 4:
Trends in Employment to Population Ratios in Illinois by Age Group, 2000 to 2004
 (Annual Averages, in Percent)

	(A)	(B)	(C)	(D)
Age Group	2000 ⁽¹⁾	2003	January – October 2004	Percentage Point Change, 2000 to 2004
All 16+	66.7	61.8	62.6	-4.1
16-19 years	48.1	35.7	38.6	-9.5
20-24 years	72.4	61.9	65.6	-6.8
25-29 years	81.8	76.7	76.9	-4.9
30-34 years	83.4	77.3	78.5	-4.9
35-44 years	82.0	78.5	80.7	-1.3
45-54 years	82.8	80.0	80.3	-2.5
55+	34.5	33.9	34.0	-0.5

Source: 2000, 2003, and 2004 CPS Monthly Surveys, Public Use Files, tabulations by authors.

Note⁽¹⁾ Estimates for 2000 and 2003 are annual averages. Data for 2004 are monthly averages for the January – October period, not seasonally adjusted, based on tabulations by the authors.

Chart 3:
Percentage Point Declines in the E/P Ratios of Selected Age Groups of
Working-Age Adults in Illinois, 2000 – 2004



How well would teens and young adults in Illinois have fared in the labor market this year if they had been able to maintain their employment rates at their 2000 levels? Answers to this important policy question are displayed in Table 3. The employment/population ratio of Illinois teens during the first ten months of this calendar year has been nearly 9 percentage points below its value in 2000. If the 2000 E/P ratio of Illinois teens had been maintained, then nearly 68,000 more teens would have been employed during a typical month this year. Among the state's 20-24 year olds, nearly another 72,000 young adults would have been working if they had been able to maintain their 2000 E/P ratio. Altogether, nearly 140,000 more 16-24 year olds in Illinois would have been working this year if their 2000 E/P ratios had prevailed. The 38.6% E/P ratio for the state's teens is the lowest over the past 30 years (1975-2004) for which CPS data have been made available by the U.S. Bureau of Labor Statistics. The deterioration in teen employment opportunities in the state since 2000 is, thus, historically unprecedented.

Table 3:
Estimates of the Additional Number of Employed Teens and
20-24 Year Olds in 2004 in the State of Illinois if their E/P Ratios
Had Been Maintained at Their 2000 Values

	(A)	(B)	(C)	(D)	(E)
Age Group	E/P Ratio 2000 (in %)	E/P Ratio January – November 2004 (in %)	Difference in E/P Ratios, 2000-2004	Number in the Pop. (in 1000s) (Oct./Nov. 2004)	Additional Number of Employed Youth (D * C)/100
16 – 19	48.1	38.6	-9.5	715	67,925
20 – 24	72.4	65.6	-6.8	1,052	71,536
16 – 24, Total				1,767	139,461

Employment Declines Among Demographic and Geographic Subgroups of Illinois Teens

The effective formulation of workforce development policy is also dependent upon the labor market experiences and problems of key age and other demographic subgroups of the population. How well have various demographic/schooling/geographic subgroups of teens in

Illinois fared in their ability to obtain jobs during the past four years? To answer this question, we estimated the E/P ratios for selected demographic and geographic subgroups of teens in Illinois over the 2000-2004 period. Findings of our analysis reveal that steep reductions in the employment/population ratios of the state's teenagers over the past four years were quite pervasive across all major demographic, schooling, and geographic subgroups. For example, the employment rate of those Illinois teens who were enrolled in high school or college declined by somewhat more than nine percentage points from 42% to 32%. The employment rate of those teens who were not enrolled in school at the time of the CPS surveys fell by more than 7 percentage points between 2000 and 2004. During the latter year, only 55 percent of the state's out-of-school teens were able to obtain any type of job, and findings of the American Community Surveys for 2003 indicated that fewer than 1 of every 3 teenage high school dropouts were working during that year.¹⁵

Table 4:
Trends in the Employment/Population Ratios of 16-19 Year Olds in
Illinois Between 2000 and 2004, Total and by School Enrollment Status
(Annual Averages, in %)

Group	(A) 2000	(B) 2003	(C) 2004 January – October	(D) Percentage Point Change 2000 – 2004
16-19, All	48.1	35.7	38.6	-9.5
16-19, Enrolled	41.7	30.1	32.3	-9.4
16-19, Not Enrolled	62.1	51.8	54.8	-7.3

Source: 2000, 2003, and 2004 CPS Monthly Survey, Public Use Files.

Estimates of the employment rates of teens by gender and race-ethnic group are presented in Table 5. Both male and female teens experienced substantial declines in their E/P ratios over the 2000-2004 period. The E/P ratio of male teens declined from just under 50 percent in 2000 to

¹⁵ The findings of the American Community Surveys for Illinois households for 2003 are available on the U.S. Census Bureau web site. Nearly 18,400 households were interviewed in Illinois as part of the ACS survey in 2003. See: www.census.gov.

only 39 percent in the first 10 months of 2004 while the employment rate of female teens fell by nearly 10 percentage points over the same four year period. Both White and Hispanic teens encountered steep job losses over the past four years, with the E/P ratio of White, non-Hispanic teens falling by 13 percentage points from 57 percent in 2000 to only 44 percent in 2004. Hispanic teens were characterized by an E/P decline of between 8 and 9 percentage points over the same four-year period. Black teens experienced the smallest E/P decline of the three race-ethnic groups, a drop of only one percentage point between 2000 and 2004. However, Black teens remained the least likely to be employed at the end of this period. Only 1 of every 5 Black teens were employed in 2004, an E/P ratio less than half as high as that of White, non-Hispanic teens and only 60% as high as that of Hispanic teens in the state.

Table 5:
Trends in the Employment/Population Ratios of 16-19 Year Olds in the State of Illinois by Gender and Race/Ethnic Group, 2000 to 2004

Demographic Group	(A) 2000	(B) 2003	(C) January – October 2004	(D) Change, 2000-2004
Men	49.9	35.2	39.1	-10.8
Women	46.3	36.4	36.6	-9.7
Black	20.8	14.0	19.7	-1.1
Hispanic	40.7	33.7	32.3	-8.4
White, not Hispanic	57.4	43.1	44.4	-13.0

Employment Rates of Teens in Selected Substate Areas of Illinois

The preceding analyses of developments in the teenage labor market in Illinois over the 2000-2004 period were focused on teens statewide. The CPS public use data provide a number of geographic identifiers that allow us to analyze teen employment developments in a number of substate areas. In this section, we will examine changes in the estimated E/P ratios of teens in the following substate areas over the 2000-2004 period:

- The Chicago metropolitan area (PMSA)¹⁶
- The balance of state, i.e., all areas in Illinois outside the Chicago metropolitan area
- The city of Chicago
- All communities in the Chicago metropolitan area outside of the city of Chicago

Findings are presented in Table 6 and Chart 4 below. Between 2000 and 2003, the E/P ratios of teens declined considerably in every major substate area, with double digit reductions taking place in all areas except the Chicago suburbs where the E/P decline was just under 10 percentage points. Modest gains in the E/P ratio of teens during the current year appear to have been solely concentrated in the areas of the state outside of the Chicago metropolitan area. There were no improvements in teen employment rates in either the city of Chicago or the Chicago suburbs (Table 6).

Table 6:
Trends in the Employment/Population Ratios of 16-19 Year Olds in the State of Illinois, the Chicago Metropolitan Area, the Balance of the State, the City of Chicago, and the Chicago Suburbs, 2000 – 2004
(in %)

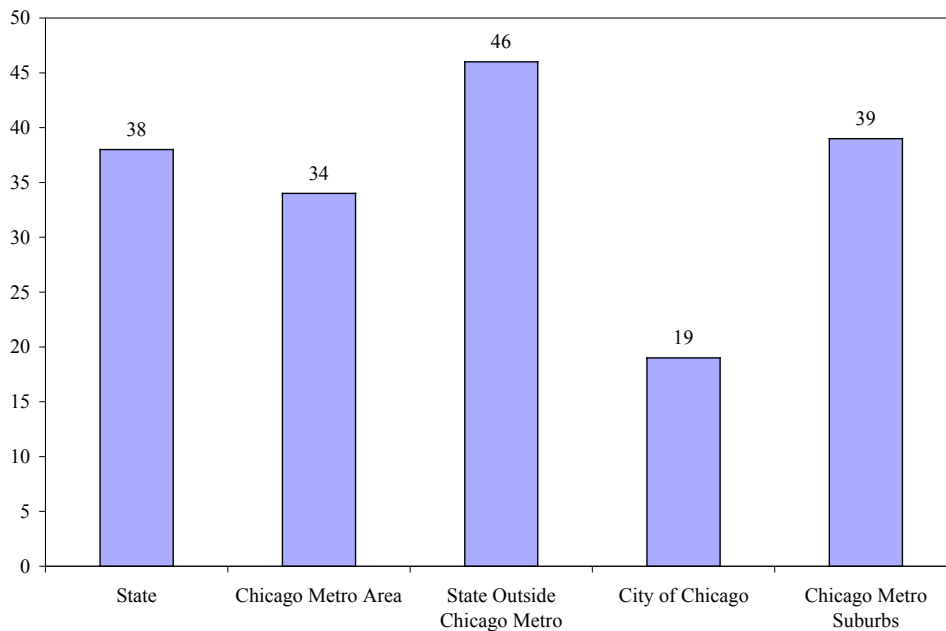
Geographic Area	(A) 2000	(B) 2003	(C) January – October 2004	(D) Change, 2000-2004
State of Illinois	48.1	35.7	38.6	-9.5
Chicago Metropolitan Area	42.6	33.3	33.9	-8.7
Balance of State	57.3	40.9	45.6	-11.7
City of Chicago	34.9	22.2	19.1	-15.8
Chicago Suburbs	49.2	39.6	39.4	-9.8

During the first ten months of 2004, the E/P ratios of teens in each of the four major geographic areas were well below those prevailing at the end of the state labor market boom in

¹⁶ During 2004, the U.S. Census Bureau introduced the new boundaries for metropolitan areas across the country. The Chicago PMSA's boundaries were revised; thus, the 2004 data are close but not strictly comparable with those for earlier years.

2000.¹⁷ The magnitude of these declines ranged from just under nine percentage points in the Chicago metropolitan area to 16 percentage points in the city of Chicago. During 2004, the ability of teens to obtain some type of employment varied quite widely across the state, ranging from a high of nearly 46% in the balance of the state to a low of only 19% in the city of Chicago (Chart 5). Within the Chicago metropolitan area, those teens living in the suburbs were twice as likely to be employed as their counterparts in the city (39% vs. 19%). The relative size of the gap between the E/P ratios of these two groups of teens had widened considerably over the past four years.

Chart 4:
The Employment/Population Ratios of Teens (16-19) in Illinois and
Selected Substate Areas, January – October 2004
 (in %)

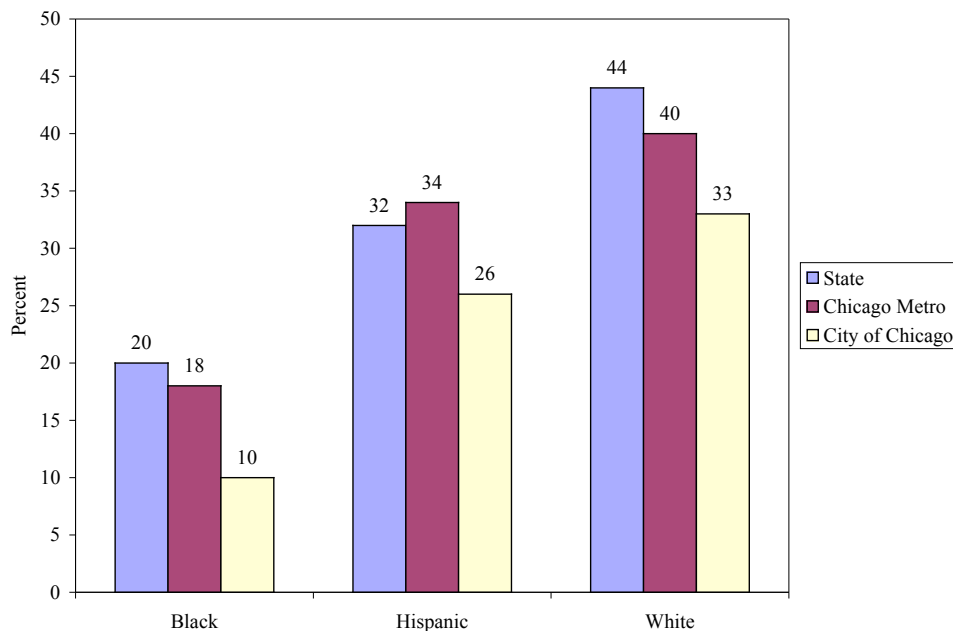


How does the geographic pattern of E/P ratios for teens vary by race-ethnic group? To answer this question, we estimated employment rates for Black, Hispanic, and White teens in

¹⁷ Since the ten month data for 2004 are not seasonally adjusted and since they include the three summer months (June-August) with above average employment rates, the ten month employment estimates will be slightly biased upward as a true measure of the annual average employment rate for teens.

2004 for the state as a whole, the Chicago metropolitan area, and the city of Chicago.¹⁸ (Chart 6). Among both Whites and Blacks, the geographic patterns are identical. Both White and Black teens are more likely to be working when they live outside the Chicago metropolitan than inside the Chicago PMSA, and they are much more likely to be employed when they live in the Chicago suburbs than when they live in the city of Chicago. Hispanic teens are also more likely to work when they live in the Chicago suburbs, both the inner suburbs and the ex-urbs, than when they live in the city. Even within the city of Chicago, however, there are very substantial race-ethnic disparities in teen E/P ratios with Black teens faring the worst with only a 10 percent employment rate versus a 26% E/P ratio for Hispanics and a 33% E/P ratio for White, non-Hispanics. The labor market for Black teens in the city has effectively collapsed in the past four years.

Chart 5:
Employment/Population Ratios of Black, Hispanic, and White Teens (16-19) in the State of Illinois, the Chicago Metro Area, and the City of Chicago (January – October 2004)



¹⁸ The race-ethnic pattern for teen E/P ratios in 2004 mirrors closely to that found in calendar year 2000 using both the findings of the 2000 Census and the twelve monthly CPS surveys for that year.

Trends in the E/P Ratios of 20-24 Year Olds in Illinois

Young adults (20-24 year olds) in Illinois also were hard hit by the deterioration in state labor market conditions over the past four years (Table 7). During calendar year 2000, 72 of every 100 20-24 year olds were employed in the state, an employment rate that was statistically identical to that for the nation's young adults. By 2003, however, the E/P ratio of the state's young adults had declined to 62%, a more than 10-percentage point decline. During 2004, employment prospects improved for the state's young adults, raising their E/P ratio to 65%. Still, during the first ten months of the current calendar year, the E/P ratio of young adults remained more than 7 full percentage points below its 2000 value and was nearly 2.5 percentage points below the employment rate of their peers across the country.

Table 7:
Trends in the Employment/Population
Ratios of 20-24 Year Olds in Illinois and the U.S., 2000 to 2004
(in %)

	(A)	(B)	(C)	(D)
Area	2000	2003	2004 (January – October)	Percentage Point Change 2000 – 2004
U.S.	72.2	67.8	67.6	-4.6
Illinois	72.4	61.9	65.2	-7.2
Illinois – U.S.	+2	-5.9	-2.4	-2.6

Young adults in each gender and major race-ethnic group in the state have experienced substantive declines in their E/P ratios over the past four years (Table 8). Young adult men have been more adversely affected by these labor market developments than women. The E/P ratio of young adult males in 2004 was nine full percentage points below its 2000 value versus a six-percentage point decline among women. Among young adults in our three major race-ethnic groups, the size of the E/P ratio declines ranged from 5.3 percentage points among Hispanics to 8 percentage points among Blacks. During 2004, less than half (47%) of young Black adults in the state of Illinois were employed versus 67 percent of Hispanics and 71 percent of White, non-Hispanics. The gap between the E/P ratios of White and Black youth in the state was a large 24 percentage points.

Table 8:
Trends in the Employment/Population Ratios of 20-24 Year Olds in
the State of Illinois by Gender and Race/Ethnic Group, 2000 to 2004

	(A)	(B)	(C)	(D)
Demographic Group	2000	2003	January – October 2004	Change, 2000-2004
Men	78.1	66.2	69.1	-9.0
Women	67.1	57.6	61.1	-6.0
Black	55.7	40.8	47.5	-8.2

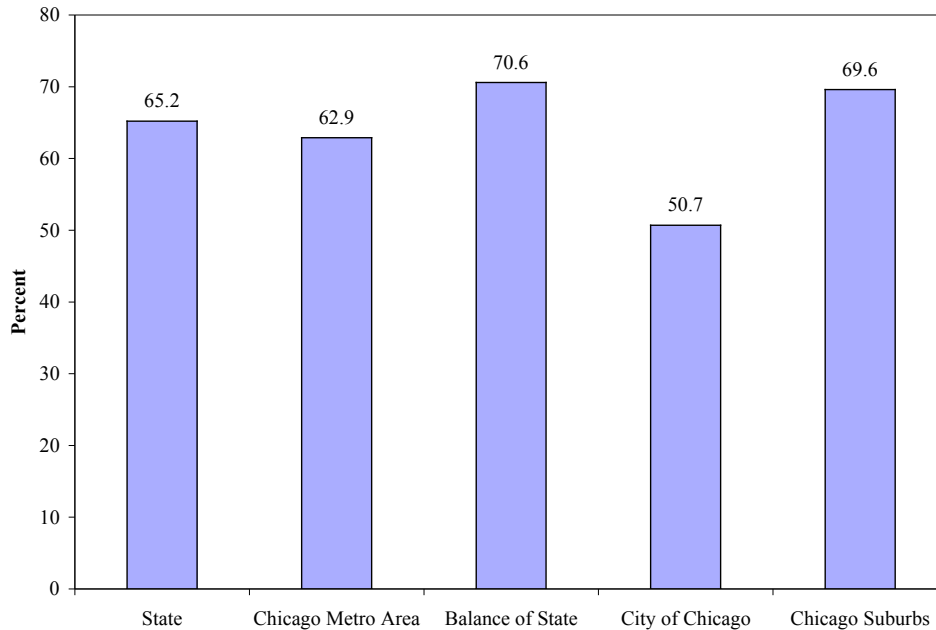
Hispanic	72.6	68.1	67.3	-5.3
White, not Hispanic	78.4	66.9	71.1	-7.3

How successful were 20-24 year olds in various substate areas in maintaining their employment rates over the 2000-2004 period? Findings in Table 9 and Chart 7 reveal that young adults in each major geographic area of the state saw their E/P ratios decline sharply over the past four years. Between 2000 and 2004, the employment rates of 20-24 year olds fell by six to seven percentage points in the Chicago metropolitan area, the balance of the state, and the Chicago suburbs and by 13 percentage points in the city of Chicago. In 2004, the E/P ratios of these young adults ranged from a low of 51% in the city of Chicago to 70 percent in the Chicago suburbs and the balance of the state (i.e., the area outside of the Chicago metropolitan area). The employment rate gap between the suburbs and the city of Chicago among 20-24 year olds was nearly 20 percentage points during the first ten months of calendar year 2004.

Table 9:
Changes in the Employment/Population Ratios of 20-24 Year Old Youth in the
State of Illinois, the Chicago PMSA, the Balance of State, the City of Chicago, and
the Chicago Suburbs, 2000 to 2004
(in %)

Area/Race Group	(A) 2000	(B) 2003	(C) January – October 2004	(C) Percentage Point Change, 2000 – 2004
State of Illinois	72.4	61.9	65.2	-7.2
Chicago PMSA	70.4	59.7	62.9	-7.5
<u>Balance of State</u>	77.0	66.2	70.6	-6.4
<u>City of Chicago</u>	63.8	53.3	50.7	-13.1
<u>Chicago Suburbs</u>	76.1	64.7	69.6	-6.5

Chart 7
Employment/Population Ratios of 20-24 Year Olds in the State of Illinois,
the Chicago Metro Area, the City of Chicago, and Chicago Suburbs, January-October 2004
 (in %)



The employment rates of Hispanic and White 20-24 year olds varied only narrowly across substate areas, with the gaps ranging from less than one percentage point in the Chicago suburbs to three percentage points in the city of Chicago.¹⁹ (Table 10). In contrast, the White-Black employment gaps were quite substantial (19 to 25 percentage points) in all areas of the state. Young Black adults did, however, fare considerably better in the Chicago suburbs than they did in the city of Chicago (54% vs. 39%). During 2004, the E/P ratios of 20-24 year olds ranged from a low of 39% among Black youth in the city of Chicago to a high of nearly 73% among White youth in the suburban segment of the Chicago metropolitan area.

¹⁹ In the Chicago suburbs, the E/P ratio of Hispanics was slightly above that of Whites but the difference was not statistically significant. In fact, the Hispanic-White E/P ratios in all areas of the state were identical from a statistical significant standpoint.

Table 10:
Employment/Population Ratios of 20-24 Year Olds in the State of Illinois
the Chicago Metropolitan Area, the City of Chicago, and
the Chicago Suburbs by Race-Ethnic Group, January – October 2004
(in %)

	(A)	(B)	(C)	(D)
Geographic Area	Black	Hispanic	White	White – Black
Illinois	47.5	67.3	71.1	+23.6
Chicago Metro Area	45.3	68.5	70.2	+24.9
City of Chicago	38.9	57.4	60.8	+21.9
Chicago Suburbs	53.9	73.1	72.5	+18.6

Changes in the Employment Rates of the State’s Out-of-School 16-24 Year Olds Between 2000 and 2004

The employment problems of teens and young adults who are still enrolled in school, including both high school and college, are often viewed as less troublesome by economic policymakers and the media than those of 16-24 year olds who are out of school. We have conducted a separate analysis of changes in the employment rates of those 16-24 year olds who were not attending any type of school at the time of the CPS household surveys. Overall, this group of out-of-school youth experienced a near 4-percentage point decline in their E/P ratio between 2000 and 2004.²⁰ Three of the four educational subgroups of these out-of-school young adults encountered declines in their E/P ratios over the past four years. High school graduates and those with 1-3 years of college fared the worst, with employment rate declines of 5 and 9 percentage points, respectively (Table 11 and Chart 8). Young college graduates fared the best, with a gain of 2.5 percentage points in their E/P ratio. During 2004, the employment rates of these out-of-school youth in Illinois varied quite widely by educational attainment category,

²⁰ One might ask how this lower E/P decline for out-of-school youth can be reconciled with the much larger employment rate declines for 16-19 and 20-24 year olds. The explanation is two-fold. First, the employment rate among enrolled 16-24 year olds declined much more considerably, by nearly 10 percentage points. Second, between 2000 and 2004, a higher share of 16-24 year olds were enrolled in school. Since enrolled youth are much less likely to be working, this lowers the E/P rate for all 16-24 year olds.

ranging from a low of 52 percent among high school dropouts to a high of 90 percent among bachelor degree recipients.

Table 11:
Trends in the Employment/Population Ratios of Out-of-School
16-24 Year Olds in Illinois, Total and by Educational Attainment
(in %)

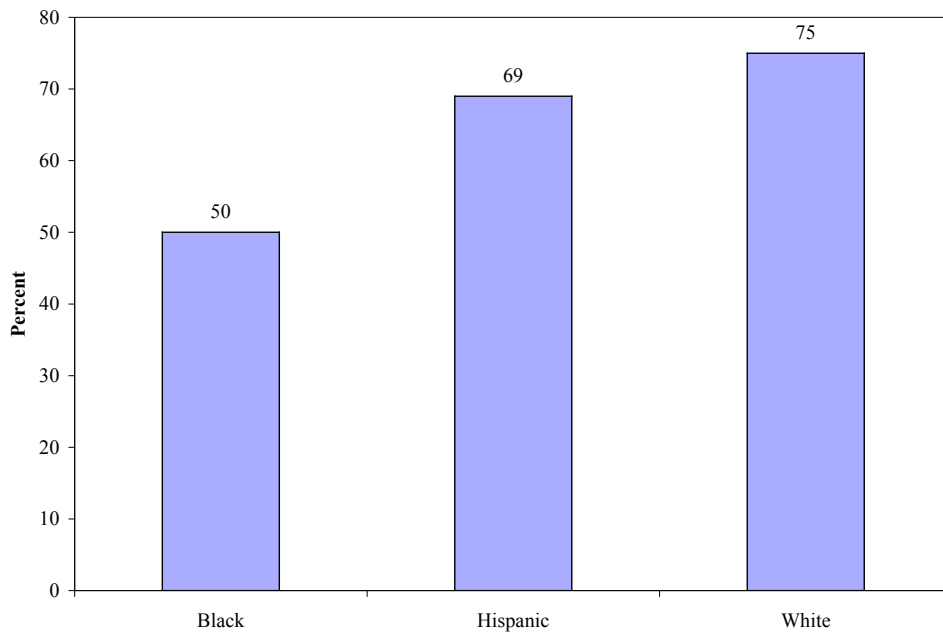
Educational Attainment	(A) 2000	(B) 2003	(C) January – October 2004	(C) Percentage Point Change
16-24, out of school, all	72.7	66.1	68.8	-3.9
• Less than 12 or 12 years, no diploma or GED	55.6	49.4	52.3	-3.3
• High school graduates	73.0	64.8	67.9	-5.1
• 13-15 Years	86.3	78.1	77.2	-9.1
• Bachelor's or higher degree	87.8	84.0	90.3	+2.5

The employment/population ratios of out-of-school 16-24 year olds in Illinois declined in every major geographic area of the state between 2000 and 2004. Employment rates of these out-of-school youth in the current year are quite similar in the Chicago metropolitan area as a whole and in the remainder of the state (68.5% vs. 70.1%); however, the E/P ratio of out-of-school young adults in the Chicago suburbs surpassed that of city of Chicago youth by somewhat more than 16 percentage points (Chart 9). Across the state, the E/P ratios of these out-of-school youth also varied quite considerably across race-ethnic group, ranging from a low of 50 percent among Black youth to a high of 75 percent among White youth (Chart 10).

Chart 9:
Employment/Population Ratios of Out-of-School 16-24 Year Olds in Illinois and Selected Substate Areas, January – October 2004 (in %)



Chart 10:
E/P Ratios of Out-of-School 16-24 Year Olds in the State of Illinois by Race-Ethnic Group, January – October 2004 (in %)



Examining the Incidence of Labor Underutilization Problems Among Young Adults (16-24) in Illinois During 2004

The above sections of this report have identified steep declines in the labor force participation rates and the E/P ratios of Illinois teens and young adults over the past four years, 2000-2004, and their greater difficulties in securing full-time employment. Another approach to identifying the labor market problems of these young adults involves estimating the number of youth who experience selected types of labor market problems. In this section, we estimate the number of 16-24 year olds who experienced one of the following three, mutually exclusive labor market problems during the January – October period of 2004:

- Unemployment. This pool of youth includes those who were jobless but actively looking for work and available for work at the time of the CPS household surveys.²¹
- Labor force reserve. This group of underutilized youth consists of those jobless persons not actively looking for work, but desiring immediate employment.
- Underemployed. This group of youth were employed part-time at the time of the CPS survey but desired full-time employment; i.e., 35 or more hours of work per week. On average, those persons employed part-time for economic reasons worked on average for only 21 hours per week. Their weekly earnings are well below those of their full-time employed counterparts due to a combination of lower hourly wages and considerably fewer hours of work per week.

The average monthly numbers of 16-24 year olds in Illinois who were unemployed, members of the labor force reserve, or underemployed during the January-October period of 2004 are displayed in Table 12. We also have combined the number of youth in these three labor market problem groups to form a pool of underutilized youth and calculated their share of the adjusted civilian labor force. The adjusted civilian labor force consists of all members of the civilian labor force plus the labor force reserve. We have estimated the combined incidence of

labor force underutilization problems for all 16-24 year olds in Illinois as well as those in gender, selected race-ethnic, and geographic subgroups across the state; e.g., the Chicago metropolitan area, the balance of state, and the city of Chicago.

There were slightly more than 125,000 unemployed 16-24 year olds in the state during the first ten months of 2004. Another 64,400 were members of the labor force reserve, and nearly 45,500 were underemployed. The total number of underutilized 16-24 year olds was 235,000, equivalent to slightly more than 22 percent of the adjusted civilian labor force of 16-24 year olds (Table 12 and Chart 11). Young adult women were characterized by a slightly higher incidence of labor underutilization problems than men (24% vs. 21%). The incidence of these labor underutilization problems varied much more considerably across race-ethnic groups, ranging from a low of 17.5% among White, non-Hispanics to a high of 43% among young, Black adults. Nearly four of every nine young Black members of the labor force in Illinois experienced some type of labor market problem during 2004.

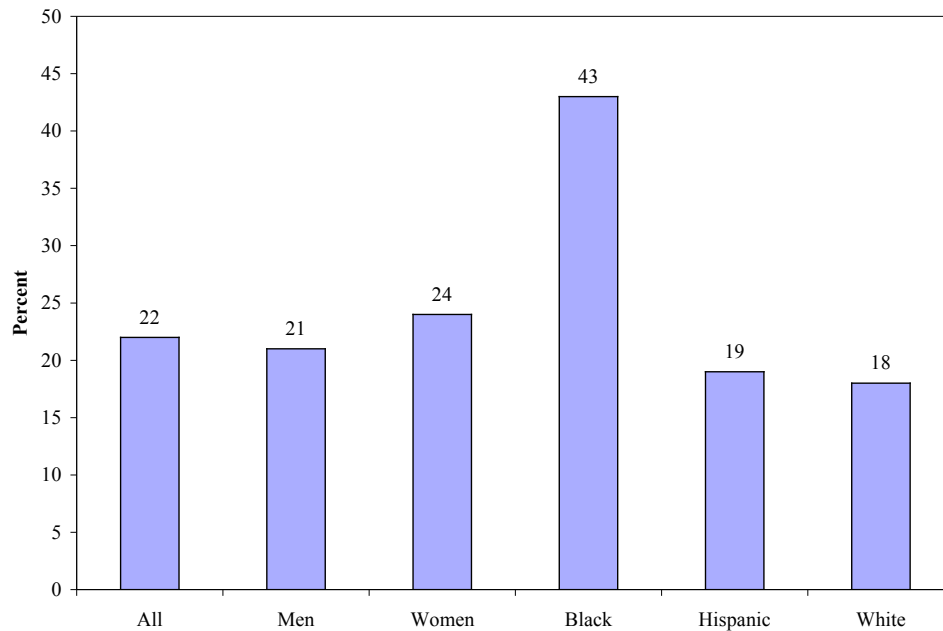
Table 12:
Number and Percent of 16-24 Year Old Labor Force Participants in
Illinois Who Were Unemployed, Underemployed, or Members of the Labor Force
Reserve, All and by Gender and Race-Ethnic Group, January – October 2004

	(A)	(B)	(C)	(D)	(E)	(F)
Labor Force Group	All	Men	Women	Black	Hispanic	White
Unemployed	125,168	59,369	65,799	36,492	14,360	72,598
Underemployed	45,467	22,869	22,598	7,332	7,213	21,014
Labor Force Reserve	64,390	35,087	29,304	22,326	6,260	34,136
Total, Above Three	235,024	117,324	117,700	66,149	27,833	127,746
Groups						
Adjusted Civilian Labor Force ⁽¹⁾	1,056,746	559,587	497,159	153,274	147,237	731,549
Three Labor Market Problem Groups as a % of Adjusted Labor Force	22.2	21.0	23.7	43.2	18.9	17.5

²¹ Those persons only using passive job search techniques, such as reading newspaper want ads or surfing Internet job search sites, are not classified as unemployed.

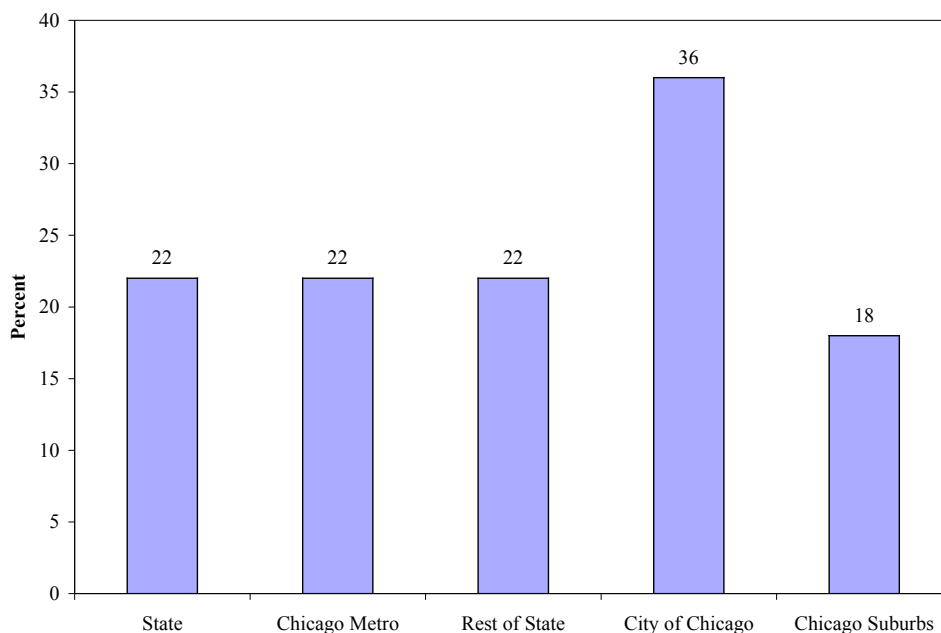
Note: ⁽¹⁾ The adjusted civilian labor force is the sum of the civilian labor force and the members of the labor force reserve.

Chart 11:
Percent of 16-24 Year Olds in the Adjusted Civilian Labor Force with a Labor Market Problem in Illinois by Gender and Race/Ethnic Group, January – October 2004



The incidence of labor market problems among young adults in 2004 was quite similar in the Chicago metropolitan area and the balance of the state (22%) (Chart 12). Within the Chicago metropolitan area, however, young adults in the city of Chicago were twice as likely as their counterparts in the suburban portion of the metropolitan area to experience one of the three labor underutilization problems (36% vs. 18%). These high rates of labor underutilization among city of Chicago young adults not only reduce their employment and annual earnings today, but, by decreasing the cumulative amount of work experience that they will bring into their mid 20s, will reduce their future real wages and annual earnings. A comprehensive set of workforce development and job growth initiatives will be needed to boost their job prospects, including increased opportunities for youth to work during the school year, school-to-work transition programs, summer job creation programs, and employment tax credit programs to boost employer incentives to hire jobless young adults.

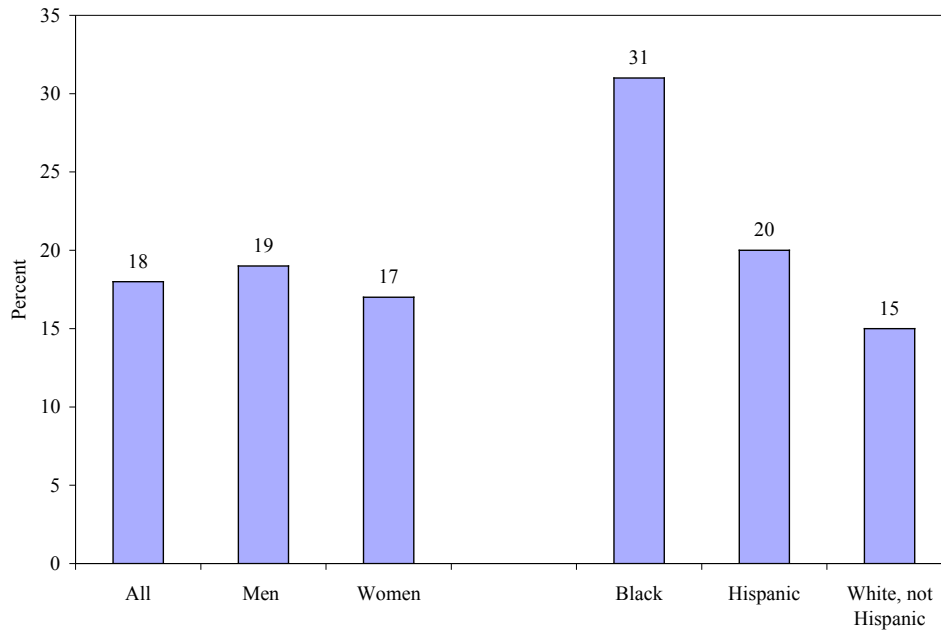
Chart 12:
Percent of 16-24 Year Olds in the Civilian Labor Force with a Labor Market Problem in Illinois by Geographic Area of the State, January – October 2004



How do the labor force underutilization problems of Illinois youth compare to those of their national counterparts? The labor force underutilization rates of 16-24 year olds in the U.S. during the first ten months of 2004 are displayed in Chart 13. Overall, approximately 18 percent of the nation's 16-24 year olds in the adjusted civilian labor force were unemployed, underemployed, or a member of the labor force reserve. This underutilization rate was four percentage points lower than in the state of Illinois (18 vs. 22 percent). In the U.S., young adult men faced a somewhat higher rate of labor underutilization than young adult women, 19% vs. 17%. The race-ethnic pattern of labor force underutilization rates in the U.S. was similar to that of Illinois, with White, non-Hispanics facing the lowest rate of underutilization followed by Hispanics and Blacks. Nearly one-third (31%) of young Black labor force members in the U.S. were underutilized in 2004, a ratio twice as high as that of White, non-Hispanics. Still, this 31 percent underutilization rate was nearly 10 percentage points lower than that faced by young Black adults in the state of Illinois. With the exception of Hispanics, young adults in Illinois in

each gender and race-ethnic group were more likely to be underutilized than their peers throughout the nation during the January-October period of 2004.

Chart 13:
The Labor Force Underutilization Rates of 16-24 Year Olds in the
U.S. by Gender and Race-Ethnic Group, January – October 2004
(in %)



Findings on the employment rates of 16-24 year old out-of-school youth in Illinois during calendar year 2003 also can be estimated with the finding of the American Community Survey (ACS) household surveys. During 2003, ACS questionnaires were completed with nearly 18,400 households across the state of Illinois.²² The ACS data were used by the authors to estimate E/P ratios for subgroups of out-of-school 16-24 year olds classified by educational attainment and race-ethnic group. Across the four educational groups, the E/P ratios ranged from a low of 45 percent among high school dropouts to a high of nearly 83 percent among those with a bachelor's or higher degree (Table 13). Within each of these three race-ethnic groups, those young adults lacking a high school diploma/GED were the least likely to be employed while those with at least some post-secondary schooling were most likely to be at work.²³

²² The American Community Survey used a questionnaire nearly identical to that used in conducting the 2000 Census long form survey. The questionnaire collected data on the labor force status of all household members (16 and older) at the time of the survey.

²³ Among Blacks and Hispanics, those persons with 1-3 years of post-secondary schooling were more likely to be working than their peers with a Bachelor's or higher degree.

The gaps in the E/P ratios among educational subgroups were quite substantial for each race-ethnic group. Among White, non-Hispanics, E/P rates varied from a low of 44% among high school dropouts to a high of 87 percent among those with a Bachelor’s or higher degree (Table 13). Among Blacks, these E/P ratios ranged from a low of 21 percent among high school dropouts to a high of 70 percent among those completing 1 to 3 years of college, including Associate degree holders. Among out-of-school Hispanics, the employment rates of high school dropouts (a substantial majority of whom were immigrants) and high school graduates were quite close to one another (60 vs. 61 percent). However, Hispanic youth with 1-3 years of post-secondary schooling had a near 84 percent employment rate, which was 24 percentage points higher than that of high school dropouts (Table 13).

Table 13:
Employment Rates of Out-of-School 16-24 Year Olds in Illinois by
Educational Attainment and Race/Ethnic Group, 2003
(ACS Surveys)

	(A)	(B)	(C)	(D)
	All	White	Black	Hispanic
Total	64.7	73.3	41.3	63.8
<12 Years or 12 Years, No Diploma	45.4	44.6	21.2	59.7
High School Diploma/GED	66.0	75.0	43.4	61.0
13-15 Years	77.6	77.7	70.0	83.6
Bachelor’s or Higher	82.7	87.3	64.7	76.2

Trends in the Full-Time/Part-Time Characteristics of the Jobs Held by Out-of-School Youth in Illinois

The CPS survey also collects data on the characteristics of the jobs held by the employed including their weekly hours of work, hourly and weekly earnings, and their occupational and industrial characteristics.²⁴ Knowledge of the weekly hours of work provided by the jobs held by the employed is important for a variety of reasons. Full-time jobs provide a diverse array of

²⁴ Data on the hourly and weekly earnings of employed respondents are collected from only one-fourth of the employed each month; i.e., those in the outgoing rotation groups (four and eight).

economic benefits to young adults.²⁵ First, they provide nearly twice as many hours of work per week as part-time jobs. Second, the hourly wages of full-time jobs are above those provided by part-time jobs. Third, as a consequence of the higher hours of work and higher hourly wages of full-time workers, they earn more than twice as much per week as part-time workers. Fourth, those youth working full-time are more likely to receive training from their employers, including informal on the job training and formal training both on and off the job. Fifth, full-time workers are more likely than their part-time counterparts to receive key employee benefits, including health insurance, pension coverage, and tuition reimbursement. Sixth, full-time workers receive considerably higher economic returns in the form of higher wages from full-time work experience than part-time work experience. Future wages of full-time workers, *ceteris paribus*, will be higher than those of part-time workers.

Given all of the economic advantages of full-time work, we estimated the shares of employed out-of-school 16-24 year olds in Illinois who were working full-time in 2000 and in 2004 by educational attainment. In calendar year 2000, slightly more than three-fourths of all employed, out-of-school 16-24 year olds held full-time jobs, i.e., jobs providing 35 or more hours per week. The ability of these out-of-school youth to obtain full-time jobs varied with their level of formal schooling in 2000. Only 61% of employed high school dropouts held full-time jobs in 2000 versus 77 percent of high school graduates, 78 percent of those with 1-3 years of post-secondary schooling, and nearly 92 of those with a bachelor's degree (Table 14, Column A).

Table 14:
Percent of Employed Out-of-School 16-24 Year Olds Working
Full-time by Educational Attainment in Illinois, 2000 and 2004

Educational Group	(A)	(B)	(C)
	2000 ⁽¹⁾	2004 January – October	Percentage Point Change
All	75.8	70.1	-5.7
<12 years or 12 years, no diploma/GED	61.2	58.9	-2.3

²⁵ For a more detailed overview of the personal economic advantages of full-time employment for young adults, See: Andrew Sum, Neeta Fogg, Garth Mangum, *Confronting the Youth Demographic Challenge...*

12 years or GED	76.8	70.6	-6.2
13-15 years	77.8	67.7	-10.1
Bachelor's degree or higher	91.5	86.1	-5.4

Note: ⁽¹⁾ Data for 2000 are annual averages while those for 2004 are for the January-October period of that year.

During the first ten months of calendar year 2004, only 70% of employed out-of-school young adults held full-time jobs, a decline of nearly six percentage points from 2000. In each of the four educational attainment subgroups, employed young adults were less likely to be working full-time in 2004 than they were in 2000. Still, it was typically the case that employed young adults with more formal schooling found it easier to obtain full-time jobs in 2004, with the percentage shares ranging from a low of 59 percent among those lacking a high school diploma to a high of 86 percent among those with a bachelor's or higher degree.

The earlier findings on the employment/population ratios of out-of-school 16-24 year olds can be combined with the results in Table 14 on the shares of the employed holding full-time jobs to estimate full-time employment/population ratios for these out-of-school youth by educational attainment in both 2000 and 2004. The full-time employment/population ratio represents the percent of youth in a given subgroup who held a full-time job on an average month during a given year. During calendar year 2000, 55 percent of all out-of-school young adults in Illinois were working full-time. These full-time E/P ratios varied considerably across the four educational attainment subgroups during that year, ranging from a low of 34% among high school dropouts to a high of 80 percent among bachelor degree recipients.

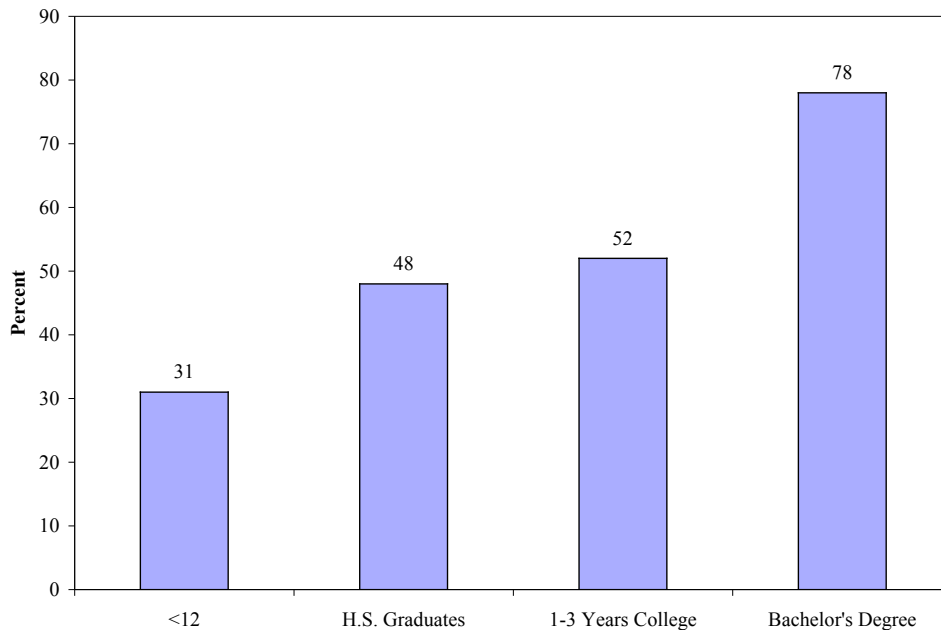
Between 2000 and 2004, the full-time E/P ratio for all out-of-school 16-24 year olds declined by nearly seven percentage points from 55 to 48 percent (Table 15). This steep decline was attributable to both a reduction in their E/P ratio and to increased difficulties in securing full-time jobs when they did obtain employment. All educational attainment subgroups, especially high school graduates and those with 1-3 years of post-secondary schooling, experienced declines in their full-time E/P ratios over this four year period. During 2004, the full-time E/P ratios of out-of-school youth in Illinois ranged from a low of 31 percent among high school dropouts to 48

percent among high school graduates and to a high of 78 percent among four-year college graduates. Fewer than one-third of young high school dropouts and less than one-half of high school graduates were able to secure full-time jobs during the current calendar year (Table 15 and Chart 14).

Table 15:
Changes in the Full-Time E/P Ratios of 16-24 Year Old,
Out-of-School Youth in the State of Illinois, by Educational Attainment,
2000 to January – October 2004

Educational Group	(A)	(B)	(C)
	2000	January – October 2004	Percentage Point Change
All	55.1	48.2	-6.9
<12 years or 12 years no diploma	34.0	30.8	-3.2
12 years or GED	56.1	47.9	-8.2
13-15 years, including Associate's	67.1	52.2	-14.9
Bachelor's degree or higher	80.3	77.7	-2.6

Chart 14:
Full-Time Employment/Population Ratios of 16-24 Year Old
Out-of-School Youth in the State of Illinois by Educational Attainment, 2004
(in %)



The ability of out-of-school youth to become full-time workers in calendar year 2004 varied fairly widely across gender and race-ethnic subgroups (Table 16). Only 41 percent of women were employed full-time versus 55 percent of out-of-school young men. Across the three race-ethnic groups, full-time employment rates varied from a low of 35 percent among

Black youth to a high of 55 percent among Hispanics. The last result might seem somewhat surprising, given the high fraction of out-of-school Hispanic youth who lack a high school diploma. Many of these dropouts are immigrants from Mexico and Central America who, other research evidence suggests, are recruited as part of an informal network to fill jobs in selected industries and occupations. Nationally, job growth among the nation's 16-24 year olds over the past four years has taken place among immigrants while native born workers, especially teens, have incurred steep employment losses. In a growing number of cases, employers have substituted immigrant workers for young native born workers.

Table 16:
Full-Time Employment/Population Ratios of Out-of-School
16-24 Year Olds in Illinois by Gender and Race-Ethnic Group, January-October 2004
 (in %)

Group	Full-Time E/P Ratio
All	48.2
Men	55.1
Women	40.9
Black	35.1
Hispanic	55.3
White	50.3

Finally, some additional data on the full-time employment experiences of out-of-school young adults are available from the American Community Surveys. The ACS surveys in 2003 collected data on the employment experiences of all working-age household members in the preceding calendar year (2002), including their weeks of paid employment and their usual weekly hours of work. We identified all out-of-school 16-24 year olds who were employed in 2002 on a usual full-time basis; i.e., they worked for 35 or more hours per week during that year. These findings were then used to estimate the share of out-of-school youth with some paid, full-time employment during 2002.²⁶

²⁶ These youth were classified as usual full-time workers irregardless of the number of weeks of work.

Overall, a slight majority (52%) of the state’s out-of-school, 16-24 year olds reported that they were employed full-time in calendar year 2002 (Table 16). Again, we find that the share of out-of-school youth with full-time jobs varied quite widely across educational attainment and race-ethnic subgroups. The full-time employment/population ratios ranged from a low of 37 percent among high school dropouts, to 54 percent for high school graduates, to a high of 74% for bachelor degree holders. Across race-ethnic groups, these full-time employment ratios varied from 31 percent among Blacks to 60 percent among White, non-Hispanics. Among both Blacks and Whites, these full-time employment rates tended to increase fairly considerably with additional years of schooling. Among both groups, those persons holding a bachelor’s degree were three to four times more likely than high school dropouts to be working full-time. Among Hispanics, there were only small difference in full-time E/P ratios until the highest educational attainment group was reached. Across these educational attainment/race-ethnic groups, the full-time employment rates varied substantially. At the bottom of the distribution were Black, high school dropouts with a full-time employment rate of only 16 percent. In the middle were White and Hispanic high school graduates with full-time employment rates of 49 to 61 percent. At the very top of the distribution were Hispanic and White four-year college graduates with full-time employment rates of 76 to 80 percent. The relative difference in full-time E/P rates between the top and bottom was five to one.

Table 16:
Percent of 16-24 Year Old Out-of-School Youth in the State of Illinois
Who Usually Held Full-Time Jobs in 2002, by Educational Attainment and
Race-Ethnic Group, 2000

	(A)	(B)	(C)	(D)
Educational Attainment	Black	Hispanic	White	All
Less than 12 years or 12 years no diploma	16.2	52.2	27.6	36.8
H.S. Graduate	30.8	49.1	61.2	53.8
13-15 years, including Associate’s degree	52.2	48.3	64.0	57.1
Bachelor’s or higher degree	58.1	76.2	79.5	74.0
All	30.8	51.3	60.1	52.2

Source: U.S. Census Bureau, *American Community Surveys*, public use files, tabulations by authors.

Summary and Conclusions

Similar to many of its Midwestern neighborhoods, the working-age residents of Illinois have been very adversely affected by the deterioration in state labor market conditions since 2000, particularly the steep declines in payroll employment. The average monthly number of nonfarm wage and salary jobs in Illinois during the January-October period of 2004 was 233,000 or nearly four percent below its level of 2000, a rate of decline more than four times as high as that of the nation. The overall employment rate of working-age Illinois residents (16 and older) fell by 4 percentage points between 2000 and 2004, far exceeding the rise in the official unemployment rate of the state over the same time period. Steep declines in the labor force participation rates of state residents under 35 years of age pushed down the E/P ratio of the state more than the rise in the official unemployment rate.

Similar to findings nationwide, both teens and young adults (20-24 years) old) in Illinois have experienced very substantial declines in their employment rates, substantially higher than those of their older counterparts. The E/P ratio of teens fell by nearly 10 percentage points while that of 20-24 year olds declined by 7 percentage points. All groups of teens (in-school, out-of-school, those living in the Chicago PMSA and outside of the Chicago metropolitan area, Blacks, Hispanics, and Whites) experienced very large declines in their employment rates over the past four years. Young adults (20-24) and the state's out-of-school 16-24 year olds also faced a sharp drop in job opportunities, with these losses being confined to those lacking a bachelor's degree. The only educational subgroup of out-of-school youth immune from these adverse labor market developments in the state over the 2000-2004 period was those holding a bachelor's degree. Even members of this group have faced rising under-employment and mal-employment problems in recent years. All educational and race-ethnic subgroups of out-of-school youth have found it more difficult to obtain full-time jobs when they did become employed. Teens and young adults in the City of Chicago, especially Black youth, are characterized by the lowest employment rates in the state. Only 1 of 5 teens and only 1 of 10 Black teens in the city of Chicago was estimated to be employed in 2004. In other words, 8 of every 10 teens in the city of Chicago were jobless in 2004.

The official unemployment rates were shown to capture only part of the labor market problems of teens and young adults in the state of Illinois. In 2004, during a typical month, we estimated that 235,000 16-24 year olds in the state were unemployed, underemployed, or members of the unutilized labor force reserve with the unemployed accounting for only 53% of the total pool of underutilized labor. Overall, 22 of every 100 members of the adjusted labor force of 16-24 year olds were underutilized in 2004, a rate of underutilization that was four percentage points higher than that of young adults across the nation during the same time period. These underutilization rates of 16-24 year olds in Illinois ranged from just under 18% among White, non-Hispanics to a high of 43% among Blacks. The underutilization rate of young adults in the city of Chicago was twice as high as that of their peers in the suburban segment of the metropolitan area (36% vs. 19%).

Given the tepid job market recovery in Illinois and the absence of any jobs stimulus program for young adults funded by the federal government, including a summer jobs program, the short-term employment outlook for the state's teens in particular appears to be rather bleak at this point in time. These high levels of forced labor market idleness are not in the economic or social interests of these youth or society at large. The economic and social benefits from a substantial increase in youth employment opportunities can be quite favorable. Job opportunities tied to school-to-career programs and contingent upon satisfactory school performance can keep more disadvantaged youth in high school and help them transition to the labor market and the post-secondary educational world upon graduation. Increased work experience among teens and young adults is a form of human capital investment that will increase their wages and annual earnings in their mid to late 20's and boost their willingness to supply more labor. Areas characterized by higher teen employment rates for women have significantly lower rates of teenage pregnancy.²⁷ Young male adults with adequate earnings are more likely to form independent households and marry.

²⁷ For a review of the causes and consequences of risky behavior among adolescents and teens,

See: Jeff Gruber, (Editor), *Risky Behavior Among Youth: An Economic Analysis*, University of Chicago Press, Chicago, 2001.

Appendix A:
Trends in the Labor Force Attachment of Working-Age Adults in Illinois, 2000 – 2004

The employment/population ratios of Illinois teens and young adults plummeted sharply over the 2000-2003 period with some modest gains taking place in the most recent year. Still, the E/P ratios of both teens and 20-24 year olds in 2004 remain well below their levels in 2000. The drop in the E/P ratios of these younger population subgroups was generated by both declines in their labor force attachment and increases in their unemployment rates over the past four years.

In this appendix, we present estimates of the civilian labor force participation rates of the overall Illinois working-age population (16 and older) and selected age groups during 2000, 2003, and the first 10 months of calendar year 2004. The October 2004 data are the most recently-released by the U.S. Census Bureau. The civilian labor force participation rates represents the ratio of the number of persons in the civilian labor force to the civilian non-institutional population. The civilian labor force is the sum of the employed and unemployed. Persons who are jobless, not actively looking for work, and/or not looking for work are classified as out of the labor force.

During 2000, nearly 70 percent of the working-age residents of the state of Illinois were actively participating in the civilian labor force. By 2003, the participation rate had declined to 66.2% before modestly rising back to 66.7% in the first 10 months of 2004 (Table A-1). The 2004 labor force participation rate was 3.2 percentage points below its 2000 value.

The labor force participation rates of teens and young adults in the first 10 months of 2004 remained well below their 2000 levels. The teen participation rate had declined by 8.3 percentage points while that of 20-24 year olds fell by 6.4 percentage points. These are extraordinarily large declines in labor force attachment over such a short period of time. Those adults in the 25-34 age group also experienced fairly sharp drops (3.3 to 3.6 percentage points) in their participation rates over this four year period. In contrast, those adults in the 25-34 age group and those 55 and older experienced modest gains in their participation rates. Nationally, older workers (55+) were the only age group to boost their employment rate over the past four

years, due to a rising degree of labor force attachment among older persons, especially those 55-64 and 65-69.

The findings in Appendix Table A clearly reveal that weakened labor demand for Illinois teens and young adults has depressed their rates of attachment to the labor force. The lower degree of labor force attachment does help reduce the official unemployment rate but sharply reduces their E/P ratios. Understanding the labor market problems of teens and young adults, thus, requires going well beyond the official unemployment statistics. In this paper, we also examine the numbers of 16-24 year olds who are underemployed and those who are members of the labor force reserve; i.e., wanting jobs but not actively looking for them.

Appendix Table A-1:
Trends in the Civilian Labor Force Participation
Rates of Selected Age Groups of Working-Age Adults in Illinois, 2000 to 2004
(in %)

	(A)	(B)	(C)	(D)
Age Group	2000 ⁽¹⁾	2003 ⁽¹⁾	2004 January – October	Percentage Point Change, 2000 – 2004
16 and Older	69.9	66.2	66.7	-3.2
16-19	54.8	43.2	46.5	-8.3
20-24	79.6	69.7	73.2	-6.4
25-29	85.9	84.1	82.6	-3.3
30-34	86.6	82.2	83.0	-3.6
35-44	84.9	83.8	85.3	+4
45-54	85.1	83.5	83.4	-1.7
55+	35.4	35.2	35.7	+3

Source: Monthly CPS public use file, tabulations by authors.

Note: ⁽¹⁾ Data for 2000 and 2003 are annual averages. Data for 2004 are for the January-October period, not seasonally adjusted.

Appendix Table A-2:
Trends in the Employment/Population Ratios in Illinois by Age Group, 2000 to 2004
(in %)

	(A)	(B)	(C)	(D)	
Age Group	2000	2003	January – October 2004	2000 – 2003	2000 – 2004
16 and Older	66.7	61.8	62.2	-4.9	-4.1
16-19	48.1	35.7	38.6	-12.4	-9.5
20-24	72.4	61.9	65.6	-10.5	-6.8
25-29	81.8	76.7	76.9	-5.1	-4.9
30-34	83.4	77.3	78.5	-6.1	-4.9
35-44	82.0	78.5	80.7	-3.5	-1.3
45-54	82.8	80.0	80.3	-2.8	-2.5
55+	34.5	33.9	34.0	-0.6	-0.5

Source: Monthly CPS public use file, tabulations by authors.

Note: ⁽¹⁾ Data for 2000 and 2003 are annual averages. Data for 2004 are for the January-October period, not seasonally adjusted.

