

ECONOMIC SCENE

There are fewer summer jobs for teenagers, but that might not hurt long term.

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SUMMERTIME and the living is supposed to be easy. But for many teenagers looking for work, this summer is shaping up as a disappointment. As Ira Gershwin might have put it: the fish are not jumping and the cotton is not quite so high.

Every summer millions of teenagers swarm into the labor market like ants around a picnic basket, only to retreat in the fall when school resumes. Last year, the number of 16- to 19-year-olds employed increased from a low of 6.7 million in January to a high of 8.6 million in July, a 28 percent increase. The number fell to less than seven million in October. As of the middle of last month -- the latest data available -- the number of teenagers working bounced back to only 7.8 million, 6 percent below where it was at the same time last summer. Only 48.5 percent of teenagers worked last month, compared with 51.6 percent a year ago.

Teenage workers are usually the first to feel the pinch of an economic slowdown because they frequently move in and out of jobs. The current slowdown is no exception. The unemployment rate for teenagers has increased 2.2 percentage points since June 2000, considerably more than the 0.5 percentage point increase for all workers. The continued slowdown portends tougher times ahead for young workers.

What impact will reduced employment this summer have on teenagers? A draft study by Public-Private Ventures, a nonprofit research organization based in Philadelphia, suggests that summer employment has measurable short-term benefits for youth, but negligible longer-term benefits.

The study evaluates the experiences of 1,708 youths who applied to the Summer Career Exploration Program in 1999. Since 1983 this program, created by the William Penn Foundation as an alternative to government-sponsored programs, has assisted high school students in the Philadelphia area to find summer jobs in the private sector and provided academic mentors for the students it places.

The program pays employers 80 percent of their wage costs for employing a participating student at the minimum wage for six weeks, and recruits employers to participate. Students are placed in jobs related to their career interests, including positions in law firms, hospitals and computer service companies. College students meet with participants about twice a week as mentors on career and academic opportunities and to encourage them to do well in school and pursue a college education.

To conduct the study, 1,157 first-time applicants were randomly selected and provided summer job placement assistance, while another 551 were randomly selected for a control group. Most applicants were B or C students; 72 percent were blacks. They all came from families with incomes that were no more than 150 percent of the poverty level. Because random assignment was used to allocate applicants, any systematic difference in outcomes between the program group and control group could reasonably be attributed to the summer job program, rather than extraneous influences.

The study found that 92 percent of those who were provided assistance worked in a summer job in 1999, compared

with only 62 percent of those in the control group. The fact that students participating in the program were nearly 50 percent more likely to work during the summer of 1999 -- one of the hottest job markets on record -- suggests that many teenage workers have difficulty finding employment even in the best of times.

The average student provided summer job assistance earned \$250 more than the average member of the control group, including nonworkers in both cases. The average hourly wage rate was \$5.30 for program participants and \$5.69 for control group members who found work.

The main benefit of working in a summer job measured by the study is that it gives students more money to spend or save for college. The average student who found employment earned about \$900 over the summer. In addition, summer jobs keep teenagers from being idle during the summer, which may reduce criminal behavior, but such information has not yet been collected. In Pennsylvania, criminal activity, for both youths and adults, tends to rise in the summer.

The Summer Career Employment Program costs around \$1,000 a participant to operate, and raises the earnings of participants by only around \$250. Thus it is an inefficient way to transfer money to young people unless there are other lasting benefits.

The study found little reason to expect that summer employment has a lasting effect on students beyond the summer they are employed.

Students who were selected to participate in the summer job program, for example, did not have a higher likelihood of working during the following school year than did control group members. Three-fifths of those in both the program and control group worked during the 1999-2000 school year. Moreover, their average hourly wage and total hours worked during that school year were almost identical.

Even more disheartening, being placed in a summer job did not appear to improve significantly the students' academic outcomes or educational aspirations. One year later, about equal percentages of program and control group members said they planned to attend college, had sufficient information about college, and had taken or planned to take the SAT or ACT exam. Based on these results, there is little reason to suspect that holding an ordinary summer job, which excludes a college mentoring component, would meaningfully influence a student's academic achievement either.

Wendy S. McClanahan, the study's co-author, said one should not expect a six-week summer job to have a major impact on adolescents' attitudes and behaviors because they are undergoing tremendous changes in their lives and are subject to numerous influences.

To generate lasting benefits for adolescents, a more intensive program is required. For example, a randomized evaluation of the Job Corps program released by Mathematica Policy Research earlier this week found that participants' earnings were 12 percent higher and welfare use was lower four years after participating in the federal government's most intensive youth training program. This program costs \$16,500 per participant but generates \$33,000 each in benefits for society, according to Mathematica.

On the positive side, the findings of the summer jobs study suggest that the joblessness experienced by many youths this summer will probably cause only a short-term blemish on their economic and academic prospects, not a long-term scar.