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Left Behind in the Labor Market: Recent Employment Trends Among Young Black Men

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"...as the employment rate for young less educated black females rose significantly in the last decade, the rate for their male counterparts continued its long-term decline."

Findings

An analysis of employment trends from 1979 to 2000 for young less educated black men reveals that:

- **Only 52 percent of young less educated black males are employed today, compared to 62 percent 20 years ago.** In contrast, the labor force activity of comparable white and Hispanic males has been steady over the last two decades, and employment among young black women has increased significantly.
- **The employment rate of young less educated black males is much lower in cities than in suburbs, and the gap widened over the last decade.** The employment rate for young less educated black men living in cities is now 16 percentage points lower than that for their suburban counterparts.
- **Demographic and labor market trends alone—such as the decline in manufacturing employment—cannot explain the employment drop among these young men.** Other factors, such as rising fear of crime among potential employers or increased enforcement of child support orders, may play an important role.
- **Young less educated blacks in older industrial metro areas, and in major metros like New York, Los Angeles and San Francisco, are employed at lower rates than those in rural areas.** Southern metro areas, in contrast, appear to offer this group better employment prospects.

I. Introduction

The nation's welfare law is up for reauthorization this year, and President Bush, Congress, advocacy groups and researchers have begun to weigh in on what worked in welfare reform, and what should be changed in the next stage. While there is a general sense that the law has worked well—caseloads are down by more than 50 percent, and more single mothers are working today than ever before—there is concern among policymakers that the proportion of births occurring to unmarried mothers has not declined. Conservatives, in particular, have promised to focus on marriage and family formation in the reauthorization debate.

Progress in this area will not be easy. Efforts to boost the marriage rate will depend at least in part on the ability of young men to find jobs. Given the characteristics of most mothers on welfare, policies to improve those employment prospects would need to focus on young minority men, particularly blacks, most with no more than a high

school education. As the evidence from this survey indicates, employment for this group has been on the decline for over two decades now.

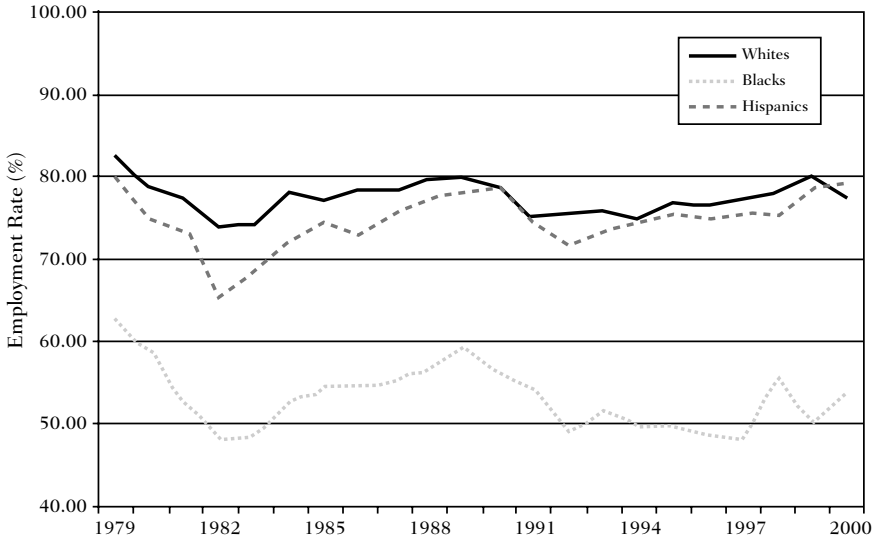
While the employment problems of young black men have been well documented in the past, little of this work goes beyond the 1980s in considering employment trends and their determinants. A variety of studies in the 1990s shed some light on the labor market effects of poor schooling, segregated neighborhoods, and discrimination, but most of this work focuses on the population at one point in time, and provides little information on secular (i.e., long-term) trends. A different literature has focused on cyclical employment changes (movements over the business cycle). A common finding has been that the employment and earnings of disadvantaged groups are more heavily affected by the business cycle than are those of others.[2] But research in this area has yet to disentangle cyclical from secular trends.

This report describes and compares employment trends among young, less educated black men and similar groups over the past twenty years. Notably, as the employment rate for young less educated black females rose significantly in the last decade, the rate for their male counterparts continued its long-term decline. The findings provide a cautionary note for public policies aimed at "family formation": with so many young black men out of work, the economics of marriage may not be so favorable for many young, low-income black couples.

II. Methodology

In this paper, we present information on the employment of young, less-educated, black men and women. We focus on individuals aged 16 to 24 who are out of school, and who possess no more than a high school education. We pool data from the Current Population Survey (CPS), a monthly household survey

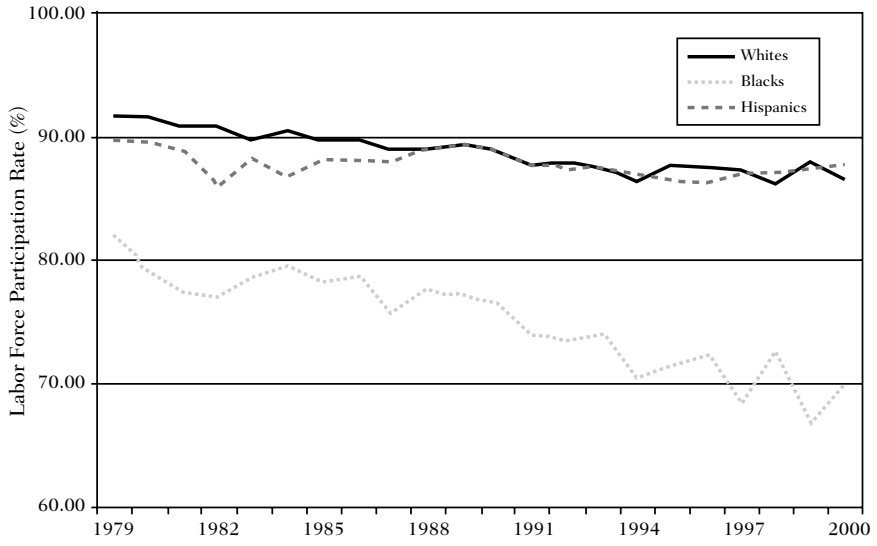
Figure 1: Employment Rates for Young Less Educated Men, 1979–2000*



** Samples include males aged 16 to 24 with a high school diploma or less and not enrolled in school.*

Source: Authors' calculations of Current Population Survey data.

Figure 2: Labor Force Participation Rates for Young Less Educated Men, 1979–2000



Source: Authors' calculations of Current Population Survey data.

designed to produce national and state estimates of labor force characteristics, for the period 1979-2000, and analyze differences across individuals and metropolitan areas.

To assess the employment situation among these groups, we measure two indicators—the employment to population ratio (or the employment rate), and the labor force participation rate. Both rates are expressed as shares of a group's civilian, noninstitutional working age population (16 and over). The employment rate indicates the share that is employed at the time of the interview. The labor force participation rate is a somewhat broader concept that measures the share that is either working or looking for work (and thus presumably has not given up hope of finding employment).

We estimate trends in both of these measures over time, as well as some of the determinants of these trends, and we seek to determine how much of the current problem is due to factors associated with the business cycle as opposed to long-term secular factors. Finally, we investigate whether this problem affects all geographic areas more or less equally, or is concentrated in certain metropolitan areas or sections of the country.

III. Findings

A. Only 52 percent of young less educated black males are employed today, compared to 62 percent 20 years ago.

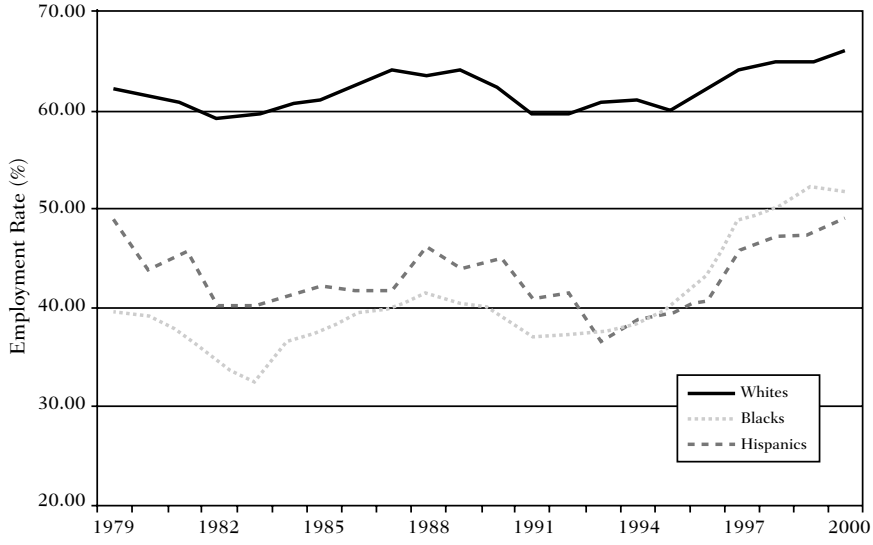
Our analysis focuses primarily on non-institutionalized, out-of-school, black men aged 16 to 24 with a high school education or less. In 1999/2000, there were 1 million members of this population; the size of the comparable white population was 4.2 million.[3] The number of young, out-of-school, less educated black males has declined gradually over the past decade as high school and college enrollment among young blacks has increased. Table 2 shows that 45 percent of young black men were enrolled in school in 1999/2000, up from only one-third two decades before.

In Figures 1 and 2, we first examine long-term trends in employment and labor force participation for males in different racial/ethnic groups. In all cases, the samples are limited to individuals aged 16-24 who have high school diplomas or less, and are not enrolled in school. For whites, blacks and Hispanics, employment rises and falls with the general state of the economy, although there is also a downward trend over time. The labor force participation chart shows less cyclical variation, and an even sharper secular decline.

In both employment and labor force participation, young less educated black males consistently lag 10 to 25 percentage points behind similar white and Hispanic populations. Comparisons between business cycle peaks—from 1979 to 1989, and 1989 to 1999/2000—also indicate that these measures have declined much more among young black men than among the other groups during both the 1980s and 1990s. Over the two business cycles, their employment rate declined roughly 10 percentage points—from 62 percent to 59 percent in the 1980s, and from 59 percent to 52 percent in the 1990s. Remarkably, employment for young black men declined fairly continuously between 1989 and 1997, despite the strong economic recovery that occurred after 1992. Labor force participation for young black men suffered an even sharper 14 percentage point decline over the two-decade period. This contrasts sharply with the experience of young less educated Hispanic men, who essentially achieved employment parity with their white counterparts during this period.

While the employment of young black men declined in both the 1980s and 1990s, the drop in the 1990s was actually sharper (Table 1). There were declines among all demographic subgroups—high school graduates as well as dropouts, teens as well as those

Figure 3: Employment Rates for Young Less Educated Women, 1979–2000



Source: Authors' calculations of Current Population Survey data.

Table 1: Employment Outcomes of Young Less Educated Black Men, 1979–2000

	Employment Rate			Labor Force Participation Rate		
	1979	1989	1999/2000	1979	1989	1999/2000
Overall	62.48	59.31	52.04	81.99	77.08	68.40
By Age:						
16–19	49.55	47.36	39.95	73.08	64.78	56.31
20–24	70.64	65.97	59.12	87.62	82.25	75.45
By Education:						
High School Dropouts	53.38	45.70	37.00	73.36	66.37	55.71
High School Graduates	72.73	68.84	63.77	91.72	84.58	78.29
By Area of Residence:						
Metropolitan Areas	59.24	59.20	53.24	80.75	76.83	68.81
Central Cities	n/a	56.25	46.99	n/a	75.80	65.07
Suburbs	n/a	64.97	63.09	n/a	80.05	75.17
Non-Metropolitan	71.46	59.82	46.03	85.15	77.90	66.41

Source: Authors' calculations of Current Population Survey data

aged 20-24, and those in metropolitan areas as well as those in non-metropolitan areas—although the declines were sharper among certain sub-groups (high school dropouts, teens, and residents of non-metro areas). This is especially surprising given the prolonged economic boom the U.S. enjoyed throughout the 1990s.

The employment patterns for young less educated black females provide a striking contrast to the male trends over the same period (Figure 3). The employment rate among young black women lagged behind that for both white and Hispanic women during the 1980s. As the employment of all three groups improved in the 1990s, however, young black women experienced the sharpest increases—from a 37 percent employment rate during the early 1990s recession to a nearly 52 percent employment rate in 2000. By the end of the period, young less educated black females had actually overtaken their Hispanic counterparts. Welfare reform, an expanded Earned Income Tax Credit, and other policy changes likely contributed to this trend, in addition to the strong prevailing economic conditions.

Table 2: Demographic Characteristics of Young Black Men, 1979–2000

	1979	1989	1999/2000
School enrollment rate	32.82	38.26	45.39
Percent teens (16–19)	38.72	35.78	36.71
Percent H.S. graduates	47.00	58.90	56.31
Percent in metropolitan areas	69.21	79.08	83.17

Note: Enrollment rates are calculated for the sample of all young black men while the other characteristics are calculated only for the nonenrolled.

Source: Authors' calculations of Current Population Survey data

B. The employment rate of young less educated black males is much lower in cities than in suburbs, and the gap widened over the last decade.

Starting in 1989, the CPS began to track whether or not each respondent lives in a central city of a metropolitan area. This variable allows us to compare the employment trends of young less educated blacks in cities with their suburban counterparts in the latter half of the two-decade period.

We find that employment for young less educated black men dropped by over four times as much in cities (9 percentage points) as in suburbs (2 percentage points) over the course of the 1990s (see Table 1). By the end of this period, the employment rate for young less educated black men who live in the central cities of metropolitan areas was 16 points lower than

Table 3: Characteristics of U.S. Employment and Labor Force, 1979–2000

	1979	1989	1999/2000
Percent in blue-collar occupation	34.31	27.17	24.59
Percent in manufacturing	22.72	18.36	14.94
Female share	41.76	45.20	46.51
Black female share	4.46	5.12	6.03

Source: Authors' calculations of Current Population Survey data

the rate for those in suburbs, and roughly equivalent to the rate in rural areas. Labor force participation dropped 5 percentage points among young less educated black males in suburbs in the 1990s, but the decrease in cities (11 percentage points) during that time was even more dramatic.

The precipitous decline in the employment rate for young less educated black males in central cities over the 1990s appears to have driven the overall trend for this group in that decade. While Table 1 shows that the drop was actually somewhat steeper in rural areas than in central cities, only about one-sixth of all men in this group nationwide lived outside of metropolitan areas in the 1990s. The problem of declining employment among young less educated black men is therefore very much centered in America's cities.

C. Demographic and labor market trends alone—such as the decline in manufacturing—cannot account for the employment drop among young black men.

The weakening attachment of young less educated black males to the labor force could have its roots in broader demographic and market trends that have altered the supply of, and demand for, their labor. In this section, we investigate how changes in the composition of this population, and in the characteristics of the labor market, have contributed to the secular declines we witnessed in the previous sections. Overall, we find that these structural changes explain only a small part of the long-term trend.

Table 2 shows trends over time in the characteristics of young black men. The percentage enrolled in school rose steadily between 1979 and 2000; this suggests that the more motivated individuals in the group are now in school, leaving the non-enrolled group with lower skills on average. This should work to depress employment within the non-enrolled group. On the other hand, the overall age of young, nonenrolled black men grew, with teenagers representing a smaller share in 1999/2000 than in 1979. Educational attainment also rose—a much larger percentage of the group held high school degrees at the end of the period than at the beginning. Both of these trends should serve to raise the employment rate. These age and education trends seem to provide little explanation for the long-term declines in the employment and labor force participation of young black males.

The other significant demographic trend over the 20 year period for young less educated black men was in where they lived. In 1999/2000, 83 percent of them lived in metropolitan areas, versus 69 percent in 1979. While some of this shift in location may be the result of formerly rural areas being redefined as metropolitan, most of it is likely due to migration.[4] The large drop in the non-metro employment rate for young less educated black men over this period (25 percentage points—see Table 1) suggests that either employment opportunities and worker skill levels dropped precipitously in rural areas during this period, or that more motivated, more capable individuals moved to the cities, which should have further raised employment rates there. In fact, though, employment rates for young black urban males dropped.

Labor market changes might help to explain the declining employment of this group. For instance, between 1979 and 2000, low-skill jobs made up a smaller and smaller share of total jobs, perhaps reducing employment opportunities for young men with a high school degree or less. In metropolitan areas, blue-collar jobs as a percentage of all jobs declined from 34 percent to 25 percent (Table 3). Moreover, there was a significant increase in female employment, particularly among black females; the female share of urban workers increased from 42 percent in 1979 to 47 percent in 1999/2000. Women moving into the labor force could have effects on the demand side—women taking jobs away from young black men—or on the supply side—young black men feeling less pressure to find jobs because more of their mothers and sisters were working—but the effect on the employment of young black males was almost certainly negative.

The decreasing labor supply of young less educated black men could, in theory, also be related to the declining wages that they have commanded over the past two decades. Figure 4 shows that real

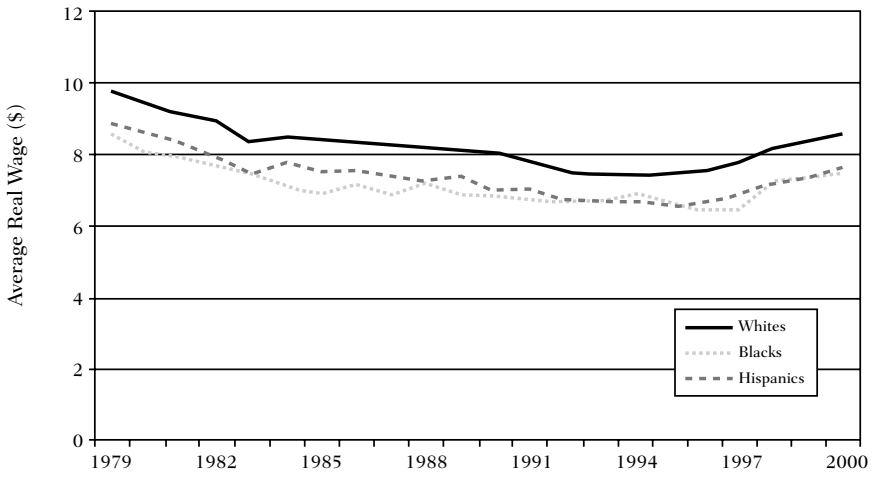
wages for young men declined until roughly 1997, when there was a small upturn. Notably, though, wage trends for whites, blacks, and Hispanics were quite similar over the last twenty years, suggesting that the larger declines in black employment are not explained by declining wages alone. It is possible, of course, that the significant share of young black men who withdrew from the labor market had fewer job skills, and would have been offered even lower wages than those who remained employed. Overall, though, the wage pattern does little to explain the relatively poor employment performance of young black males during this period.

In an effort to disentangle the factors affecting employment, we use econometric models to assess the impact that personal characteristics (age, education, residence) and labor market conditions (unemployment rate, wages, female employment, manufacturing jobs) had on the probability that an individual was employed, or in the labor force, between 1979 and 2000.[5] We use separate models to estimate the effects for white, black and Hispanic males and females, and compare effects across race and gender groups by using pooled data. The results for young less educated black males are displayed in Table 4, with each row showing the predicted effect of a unit change in a key variable on the group's employment rate, holding all other variables constant.

Two major findings emerge. The first is that the employment of young less educated black males is quite responsive to labor market conditions. On average, the employment rate in this group increases by almost three percentage points for each percentage point drop in the overall unemployment rate (see Table 4). We find that this relationship is even stronger in the 1990s than in the 1980s.

The second finding is that there is a strong downward trend over time in the employment rate, a trend that is not attributable to either changing labor market conditions or demographic characteristics of the group members. Even after adjusting for changes in personal characteristics and labor market variables, the model predicts an employment rate decline of 0.55 percentage points a year (the "time trend" displayed in Table 4). An annual reduction of 0.55 percentage points translates into an 11.6 percentage point drop over 21 years, which is close to the 12 percentage point drop actually observed. This suggests that changes between 1979

Figure 4: Real Wages for Young Less Educated Men, 1979–2000



Source: Authors' calculations of Current Population Survey data.

Table 4: Predicted Effects of Changing Workforce Demographics and Labor Market Conditions on the Employment Rate of Young Less Educated Black Males, 1979–2000

Change	Change in Employment Rate
A 1% increase in the share of metro employment in blue collar jobs	+ 0.25%
A 1% increase in the share of young black males enrolled in school	- 0.05%
A one percentage point increase in the unemployment rate	- 2.70%
One extra year in the time trend	- 0.55%

Source: Authors' calculations of Current Population Survey data

and 2000 in the characteristics of young less educated black males, and changes in labor market conditions, explain little of the overall employment drop during that period.

What, then, accounts for this decline? The growth of paternity establishment and court orders for child support over the past several years may have played a role. These orders could have served to deter labor force activity by constituting a "tax" on the earnings of young less educated black men. Stepped-up enforcement could also have encouraged some portion of this population to seek "off-the-books" employment, which these individuals may choose not to report in the CPS.

In addition, the work of Freeman and others suggests that the high crime rates among members of this group may contribute to their declining employment. In 2000, 10 percent of black males aged 20-24 were behind bars; among high school dropouts, over one-third were incarcerated. Research from the Fragile Families study conducted jointly by Columbia and Princeton Universities finds that 35 percent of non-custodial fathers have been in prison or jail by the age of 25. While our analysis focuses on the non-institutionalized population, research by Holzer and Stoll confirms that many employers are reluctant to hire individuals with criminal records.[6] Even young less educated black males without criminal records may have trouble obtaining employment, if employers assume that they may be more likely to engage in criminal acts because they share age, race and education characteristics with a high crime rate population.

D. Young less educated blacks in older industrial metro areas, and in major metros like New York, Los Angeles, and San Francisco, are employed at lower rates than those in rural areas.

Are some metropolitan areas better places for young black males to find work? To investigate this issue, we use our model to determine how employment rates for young black men in the nation's 50 largest metro areas compare to the rate in non-metropolitan areas (the reference group includes all individuals living in rural parts of the nation). Thus, Table 5 answers the following question: on average over the last 20 years, how do employment rates for young less educated black males in the metro areas listed compare to those in non-urban America, after adjusting for age, education, and labor market differences?[7]

Table 5: Differences in Employment Rates for Young Less Educated Black Males, Metro Areas versus Non-Metro Areas, 1979-2000

Metro Area	Employment Rate Difference
Buffalo	-17.1
Chicago	-12.2
Pittsburgh	-12.1
St. Louis	-10.8
Gary	-10.4
Philadelphia	- 9.1
San Francisco	- 8.7
Los Angeles	- 8.2
New York	- 6.6
Atlanta	+ 5.6
Greensboro	+ 10.9
Norfolk-Portsmouth	+ 11.6
Denver	+ 14.4
Tampa	+ 15.8

Source: Authors' calculations of Current Population Survey data

After adjusting for personal and labor market variables, Buffalo appears to be the lowest-performing large metro area in the nation in terms of the employment of young black males, followed by Chicago, Pittsburgh, and St. Louis.[8] By contrast, Tampa is the highest performer, with an employment rate 15.8 percentage points above all rural areas. Of the five metro areas showing statistically significant positive results, four are in the South, whereas seven of the nine with negative results are in the industrial Midwest or the Northeast.

In addition to being concentrated in the Midwest and Rust Belt, where manufacturing jobs were on the decline during the two decades studied, the lowest-performing metros also contain extremely high levels of residential segregation. Buffalo, Chicago, Gary and St. Louis are among the top 11 metropolitan areas in the nation in the degree to which blacks are segregated from non-blacks.[9] By contrast, those metros that performed better than rural areas tend to have more dispersed (and in some cases smaller) black populations; 72 percent of blacks in the Atlanta, Greensboro, Norfolk-Portsmouth, Denver and Tampa metro areas live in the suburbs, versus an average of 38 percent nationwide.[10]

The appearance of such global metros as San Francisco, Los Angeles, and New York on the list cannot be explained easily based on manufacturing losses or other job shifts.[11] These metros are considerably older than the high-performing metros. Our speculation is that the young less educated black male population in

these metros remains heavily concentrated in areas of high poverty and economic inactivity, and that their employment opportunities are severely limited as a result. If this is correct, efforts to reduce residential segregation or increase access to suburban job concentrations are particularly needed in these metro areas.

IV. Conclusion

In this paper, we show that employment and labor force participation rates of less educated young black men reflect a secular decline in work activity during both the 1980s and 1990s, despite some mild improvements in employment associated with the booming economy of the latter period. Employment trends among blacks were more negative than those of less-educated white or Hispanic men, and far more negative than those experienced by young black women, whose employment and labor force activity improved dramatically in the 1990s.

We also find that labor market and demographic characteristics account for only a small share of the steep drop in the employment of young blacks over the two-decade period. Clearly, other changes must have occurred that contributed to these developments. Stepped-up enforcement of child support orders may have reduced the work incentive for some of these men. Growing rates of incarceration, along with a rising fear of crime on the part of potential employers, may have created barriers to employment for this population. Young black male employment does, however, continue to be quite sensitive to overall labor market conditions. Providing job opportunities for this population thus depends critically on maintaining a strong economy.

Our findings also suggest that reducing unemployment is a necessary, but not sufficient, condition for boosting the employment of young less educated black men. Targeted federal initiatives may be needed to bring down the remarkable rates of non-employment within this group. These initiatives might focus on young non-custodial fathers and individuals with criminal backgrounds, as both groups face significant barriers to work. Such efforts should also be targeted to cities, especially in older metropolitan areas, where the declines in employment and labor force participation over the past two decades have been largest.

Youth Corps provide one model for such initiatives. These state and local programs engage as many as 10,000 young men annually in full-time community service, job training and educational activities. Expanded services for ex-offenders, including transitional jobs and other work-related supports, could also help to raise the employment rates of young black men.

Over the past five and a half years, millions of low-income women have succeeded in leaving welfare for work. In this year's reauthorization debate, policymakers should address one of welfare reform's next big challenges: helping young fathers, and disadvantaged young men generally, to succeed in the labor market and contribute to the well-being of young mothers and their children.

Endnotes

1 The authors are, respectively, Research Professor of Public Policy and Professor of Public Policy at the Georgetown Public Policy Institute.

2 See, e.g., Richard Freeman. 1991. "The Earnings and Employment of Disadvantaged Young Men Over the Business Cycle." In C. Jencks and P. Peterson eds. *The Urban Underclass.* Washington: The Brookings Institution; Robert Cherry and William Rodgers. 2000. *Prosperity for All? The Economic Boom and African Americans.* New York: Russell Sage Foundation.

3 1999 and 2000 data are pooled here because they represent roughly the same point in the business cycle.

4 For instance, formerly rural counties added to metropolitan areas during the 1990s contained 670,000 black residents in 2000.

5 We estimate linear probability models for employment and labor force participation across individuals, based on pooled samples of those individuals over time. The regressions are of the following form:

$$Y_{ijkt} = f(X_{ijkt}, UNEMP_{kt}, MSA_k, TIME_t, Z_{kt}) + u_{ijkt}$$

Where i, j, k and t denote the individual, his race/gender group, his/her metropolitan statistical area, and the year respectively; Y denotes the outcome being considered (either employment or labor force participation); UNEMP reflects the unemployment rate; MSA reflects a set of MSA dummies; TIME reflects a time trend; X reflects characteristics of the individual (such as age or educational attainment), and Z reflects characteristics of the metropolitan area (e.g., enrollment rates of young black men, share of jobs that are blue-collar or manufacturing, employment among women).

6 Harry J. Holzer and Michael A. Stoll. 2001. *Employers and Welfare Recipients: The Effects of Welfare Reform in the Workplace.* San Francisco: Public Policy Institute of California.

7 While we included all of the nation's largest metros in our analysis, Table 5 lists only those for which the regression coefficients are statistically significant at the 95 percent confidence level.

8 Buffalo, Pittsburgh and Chicago also show up among the lowest-performing metros in a model of employment for young less educated black females. Denver is the highest performer.

9 Edward L. Glaeser and Jacob L. Vigdor, "Racial Segregation in the 2000 Census: Promising News." Washington: Brookings Institution Center on Urban and Metropolitan Policy, April 2001.

10 William H. Frey, "Melting Pot Suburbs: A Census 2000 Study of Suburban Diversity." Washington: Brookings Institution Center on Urban and Metropolitan Policy, June 2001.

11 Although the econometric model attempted to adjust for the declining presence of manufacturing jobs in metropolitan areas, the variable was not found to be statistically significant. Nonetheless, the manufacturing decline undoubtedly had some effects in the lowest-performing metros that are not picked up by the variables we chose.

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