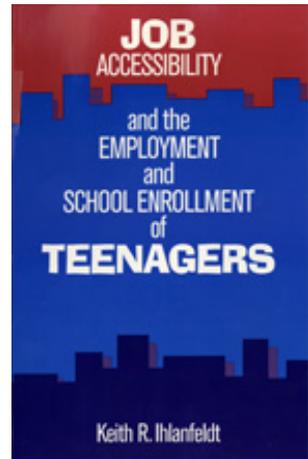

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Introduction

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**Job Accessibility and the Employment and School Enrollment
of Teenagers**

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Introduction

Most social scientists would agree that the high rate of joblessness among black youths is one of this country's worst social problems. This joblessness contributes to the large differences in family income that continue to exist among the races. In addition, the joblessness among black male youths has been hypothesized to be a cause of the high rate of illegal activity (Viscusi 1986) and female-headed families (Wilson 1987) within the black community. Existing evidence, while sparse, lends support to both of these hypotheses. Finally, a number of studies have shown that when black youths are unable to develop on-the-job skills and work attitudes, they experience relatively lower wages and higher unemployment as they grow older (Stevenson 1978; Osterman 1978; Meyer and Wise 1982).

While evidence contrary to this conclusion exists (Ellwood 1982; Becker and Hills 1980), the possibility that black youth unemployment has long-run "scarring effects" reinforces the need to identify the causes of the black youth employment problem. Unfortunately, these causes are not well understood. Factors frequently mentioned as contributors to the problem include discrimination against blacks in the labor market, cultural differences among the races—resulting in a lesser willingness to work among black youths—and the absence of positive role models for youths within inner city black neighborhoods. While these are plausible hypotheses, little evidence exists regarding their relative importance, because generating such evidence requires data that are generally unavailable.

Another attractive hypothesis, more amenable to empirical investigation, is the spatial mismatch hypothesis of John Kain (1968). According to this theory, housing market segregation and the suburbanization of low-skill jobs have acted together to cause blacks to live farther from

jobs than whites. Poorer access to jobs is believed to decrease the level of black employment because information on available jobs declines with distance and/or blacks are unwilling or unable to make the longer required commute. The spatial mismatch hypothesis is appealing as an explanation for the black youth employment problem because there is little debate concerning the truth of its premises—housing markets remain highly segregated along racial lines and youth-intensive jobs, such as those found in the service sector, are now concentrated within white suburban areas.¹ Despite these facts, studies by Ellwood (1986) and Leonard (1986b) have yielded no support for the spatial mismatch hypothesis and have therefore concluded, to use Ellwood's now famous aphorism: "Thus the problem isn't space. It's race." In other words, joblessness among black youths is purely a racial phenomenon that has nothing to do with the distance blacks must commute in order to secure employment.

This book has three principal aims. First, I intend to resurrect the spatial mismatch hypothesis as an explanation for the black youth employment problem by providing a considerable amount of evidence that strongly suggests that job access (i.e., distance to jobs) has an important effect on the job probabilities of both black and white youths. These findings, along with additional evidence demonstrating that blacks have decidedly worse access to jobs than whites, implies that the spatial mismatch hypothesis has an important role to play in understanding employment rate differences between the races. A second aim is to empirically demonstrate that job access is also related to the high school dropout problem that has reached crisis proportions within inner cities. Evidence is provided that indicates that poor job access prevents many teenagers from staying in school and working part time. Most frequently, these youths end up out of school without a legitimate job. The final aim of the book is to convince the reader that poor access to jobs, not only is a cause of the joblessness among black youths, but is generally important in explaining the relatively low economic welfare of urban blacks. Here my approach is to critically evaluate each of the 30 studies that has empirically investigated the spatial mismatch hypothesis. My assessment of the literature is contrary to that of Jencks and

Mayer (1990a), who have concluded that the evidence has been so highly mixed that “no prudent policy analyst should rely on it.” I argue that if the results from studies that suffer from obvious methodological flaws are put aside, the remaining evidence from studies that are above reproach provides strong and consistent support for the hypothesis. The literature is useful to the formulation and implementation of antipoverty policy.

The research contained in this book builds upon what might be considered a pilot study that was done using 1980 Public-Use Microdata Sample (hereafter referred to as 1980 Public-Use Sample) data for the Philadelphia metropolitan area (U.S. Bureau of Census 1983a, 1983b). In that study, the job probabilities of both black and white youths were found to be strongly affected by the nearness of available jobs. In addition, our estimates suggested that from a third to a half of the employment rate gap between black and white youths can be attributed to differences in job access, depending on the youth group considered. Groups were defined by age, enrollment status, and whether a youth lived at home or on his/her own.

Our work with Philadelphia data, however, raised many more questions than were answered. These questions can be categorized into two groups. The questions in the first group all have a common theme; namely, how general are the strong job access effects observed for white and black Philadelphia youths? For example, are job access effects important for metropolitan areas other than Philadelphia? Hughes (1990) has found that the ghettos of Philadelphia are more isolated from economic opportunity than those located in other metropolitan areas; hence, our Philadelphia results may be unique. Also, do job access differentials explain any of the differences that exist between white and Hispanic youth employment rates? These differentials, while smaller than those existing between whites and blacks, are large enough to be considered a policy concern. Other interesting questions include whether or not the effect of job access on youth employment varies with family income, the size of the metropolitan area, or a youth's residential location—i.e., the central city versus the suburbs—within the metropolitan area.

In the second group of questions raised by our earlier work, there is but a single, although exceedingly important, issue; namely, does an improvement in intraurban job accessibility result in a tradeoff relationship between youth employment and school enrollment? This concern was first expressed by Duncan (1965) more than 25 years ago: "These results suggest, however, that a successful policy to reduce unemployment among drop-outs might well have the side effect of encouraging boys to drop-out of school before high school graduation." While better job access may increase the opportunity cost of staying in school, it also may enable youths desirous of present earnings to work part time while enrolled in school. Without part-time job opportunities located nearby, these youths may drop out either to search for full-time employment or to engage in illicit income-producing activity. Adopting "job access improvement policies" is problematic without knowing how job access impinges upon the school enrollment decisions of individual teenagers.

This book addresses the above questions using expanded samples in comparison to the Philadelphia sample employed in our earlier work. Samples of youths are drawn from the 1980 Public-Use Sample tapes for 50 different metropolitan areas throughout the United States. The same travel-time-based measures of job access employed in our pilot study are used, along with an extensive set of control variables, to explain the probability that a youth is employed and the probability that he/she is enrolled in school. The job access effect on youth employment is found to be remarkably robust across the various groups analyzed in this study and differential job accessibility is found to be important in explaining differences in employment rates among the groups.

The effect of job access on school enrollment is investigated by first developing a utility maximization model that assumes that the employment and enrollment decisions of teenagers are interrelated. This theoretical model yields multinomial logit as the empirical model, which treats the employment and enrollment decisions as jointly endogenous. Better job access is *not* found to increase the probability of dropping out of high school. For younger teenagers, aged 16 to 17 years old, a change in job access is found to have a neutral effect on the school enrollment

decision. For older teenagers, aged 18 to 19 years old, a frequent finding is that improved job access results in a lower probability of dropping out of high school. It is of considerable policy interest that this effect is found to be the strongest for black males, a group for whom the drop-out problem has been of particular concern.

The principal policy implication of the research presented in this book is a need for efforts to improve job accessibility for inner city minority youth. In particular, two types of policies are recommended: (1) policies to improve the minority teenager's knowledge of more distant job openings, and (2) policies to reduce the transportation costs these youths incur in commuting to more distant jobs. While some communities have already adopted such policies, the vast majority have not. One of the goals of this book is to prod policymakers at all levels of government to more seriously consider "job access improvement policies" as a way of dealing with the black youth employment problem. A desirable feature of such policies—in contrast to the traditional human capital augmentation programs tried in the past—is that improvements in job access hold the promise of providing handsome paybacks in a relatively short period of time.

The remainder of this introductory chapter provides some documentation of the magnitude of the black youth employment problem and how this problem has evolved over time. In addition, selected studies that have made at least some contribution to our understanding of the problem are cited.

Table 1.1, beginning with the 1950s, gives decade averages of annualized employment rates for black and white teenagers, aged 16 to 19 years old, broken down by race and gender. In the early postwar years, black and white male employment rates were essentially the same; however, the trend since then contrasts sharply between the races. For whites, employment rates have been remarkably stable, with the decade average employment rate for each of the four postwar decades roughly equal to .50. In other words, about half of the white male civilian population of 16 to 19-year-olds has consistently been employed. For blacks, the trend in employment rates has been continuously downward. The decade average was .48 in the 1950s, .40 in the 1960s, .31 in the

1970s, and .28 in the 1980s. The employment rates of black male teenagers have, therefore, fallen both absolutely and relative to those of whites. Today, whites, in comparison to blacks, are almost twice as likely to have a job.²

The intertemporal trend in the employment rates of black female teenagers is quite different from that observed for black males. Black female employment rates show no downward trend at all and have remained close to .25 over the entire 40-year time period. The employment rates of white females are higher than those of black females for all four decades; hence, in contrast to the situation observed for males, the postwar period did not begin with black and white females having similar employment rates. For the decade of the 1950s, the white average employment rate was about one-and-one-half times higher than that for blacks. The racial gap in employment rates for females expanded after 1970, as the result of rather dramatic increases in the employment rates of whites. Today, as is true for males, white females are roughly twice as likely to hold a job as black females.³

While I could find no studies that have dealt with the employment rate trends of female teenagers, there has been research on black males. Cogan (1982) presents table 1.2, which I have updated by adding

Table 1.1 Decade Average Employment Rates for 16 to 19-Year-Olds by Race and Sex

	Males			Females		
	White	Black ^a	Black/White	White	Black	Black/White
1950s	.505	.480	.96	.366	.248	.68
1960s	.479	.400	.83	.358	.232	.65
1970s	.535	.312	.58	.444	.223	.50
1980s	.508	.276	.54	.480	.251	.52

SOURCE: U.S. Department of Labor, *Employment and Training Report of the President, 1979 and Employment and Earnings*, January issues, 1979-1990.

NOTE: The figures are decade averages of the annual employment rate. The annual employment rates were computed for the civilian noninstitutional population of 16 to 19-year-olds.

^a The figures for blacks include other nonwhites, who represent about 10 percent of the totals.

columns for 1980, to demonstrate that the aggregate trend in the black employment rate masks important differences in region-specific employment patterns.⁴ Two conclusions can be drawn from this table. First, as Cogan notes, virtually all of the decline between 1950 and 1970 in the aggregate black teenager employment rate is the result of a sharp decline in the southern employment rate. In fact, the employment rates for the other three regions in 1970 were almost identical to what they were in 1950. Second, between 1970 and 1980, black employment rates declined in every region. These declines were small in the West and South, but were a substantial 5.5 and 6.4 percentage points in the North Central and Northeast regions, respectively.

Cogan provides regression evidence in support of his argument that the decline in the black employment rate in the South between 1950 and 1970 was the result of two factors: (1) the mechanization of agricultural production, which drove blacks from rural areas, where youths were in high demand as farm laborers, to urban areas; and (2) the inability of

Table 1.2 Male Youth Employment-to-Population Ratios by Region: 1950–1980

	Blacks			Whites		
	1950	1970	1980	1950	1970	1980
United States	46.6	27.0	23.8	40.4	40.5	46.7
Northeast	23.5 (10.9) ^a	26.1 (16.2)	19.6 (17.6)	33.2 (25.4)	39.6 (23.5)	41.9 (22.0)
North Central	28.1 (11.9)	27.8 (19.0)	22.3 (19.2)	46.7 (29.8)	45.0 (29.6)	47.9 (28.6)
South	54.8 (71.5)	27.4 (53.7)	25.8 (54.3)	42.5 (31.5)	37.7 (29.0)	45.8 (31.2)
West	23.3 (5.7)	24.6 (11.2)	23.8 (8.8)	33.8 (13.3)	29.0 (17.9)	47.0 (18.2)

SOURCE: 1950, 1970: Cogan (1982). 1980: U.S. Bureau of Census (1984). *1980 Census of Population: Detailed Characteristics, U.S. Summary*.

NOTE: The employment data are percentages of the 16 to 19-year-old male population employed, excluding Alaska and Hawaii.

^a The numbers in parentheses are the percentages of the racial group living in the region.

urban blacks to obtain nonfarm jobs because of the minimum wage, particularly through increases in its coverage in the 1960s. Other factors identified by Margo and Finegan (1991) are the growth in school enrollment of southern blacks and the decline in the labor force participation of those enrolled in school. The combined evidence, therefore, suggests that both demand-side and supply-side changes are important in understanding the time pattern in the employment rates of southern black male youths.

While the work of Cogan and Margo and Finegan helps to resolve part of the black youth employment enigma, there remain the issues of why black male employment rates declined after 1970 in the northern regions and why there exist for both males and females large differences in the employment rates of blacks and whites. No empirically verifiable explanation has been provided for the post-1970 trends. The spatial mismatch hypothesis, however, is appealing as an explanation for the post-1970 regional changes in black employment rates because the rate of job decentralization was more virulent in the North, where employment rates sharply declined, than in the West and South, where only small declines occurred.⁵ For example, for the six largest metropolitan areas in the North and East, the percentage of manufacturing jobs located within central cities declined from 55 percent in 1967 to 41 percent in 1982. In contrast, for the six largest metropolitan areas in the South and West, the percentage of manufacturing jobs located within central cities remained almost unchanged—48 percent in 1967 and 45 percent in 1982.⁶

Regarding the existing gap in youth employment rates between whites and blacks, as mentioned above, our Philadelphia study and the results contained in this book support the notion that racial differences in job access play an important role. Other research suggests that other factors may also be relevant. Feldstein and Ellwood (1982) have found that from 21 percent to 33 percent of the difference in nonemployment rates between white and nonwhite out-of-school teenagers can be attributed to differences between the groups in age, family income, and years of schooling. The relative importance of each of these factors was not investigated. In addition, from a policy perspective, the findings of

Feldstein and Ellwood are not very useful, since each of their variables may capture multiple influences. For example, youth from higher income families may have a higher probability of working because they have better access to jobs, a stronger work ethic, or higher levels of job-searching and job-retaining abilities.

Other research that has some bearing on our understanding of the racial gap in youth employment rates is contained in the National Bureau of Economic Research volume on the black youth employment crisis, edited by Freeman and Holzer (1986). The lion's share of this research was based on the Inner-City Black Youth Survey, which consisted of black men, aged 16 to 24, living in poverty areas within the cities of Boston, Chicago, and Philadelphia. As Freeman and Holzer acknowledge, an important weakness of these data is that they cannot be used to compare inner city youths with other youths. Although the research based on the Inner-City Black Youth Survey provided important new information on the factors influencing black youth employment, it is only suggestive of possible factors that may help to explain racial differences in youth employment rates. Other data sources were also employed by the authors contributing to the volume, including the youth cohort of the National Longitudinal Surveys of Labor Market Experience, the 1970 Public-Use Sample, and an "audit" project that sent black and white youths out to interview for identical jobs in an attempt to detect discrimination in the labor market.

In their summary of the research contained in the volume, Freeman and Holzer categorize the factors found to affect the labor market outcomes of black youths into those likely to alter the demand for labor and those likely to alter the supply of labor. On the demand side, the major determinants of youth joblessness were found to be (1) the state of the local labor market, (2) the proportion of women in the labor force, (3) the employment status of the youth's family, and (4) the presence of employer discrimination. On the supply side, the evidence suggested that the following factors were important: (1) church attendance, (2) the presence of long-term career goals, (3) the perception of illegal income opportunities, (4) the years of education, and (5) the household situation (i.e., whether the youth lived in a household receiving welfare or

residing in public housing). Labor market discrimination against black youths obviously contributes to the racial gap in youth employment rates.⁷ To determine whether the other factors listed by Freeman and Holzer help explain this gap, however, additional research that would investigate how these variables impinge on the employment of white youth and how the levels of these variables differ between the races is needed.

The rest of this book is organized into four chapters. Chapter 2 reviews the spatial mismatch literature. Chapter 3 focuses on the first group of questions raised by our earlier work. Estimates are provided of the importance of job access to youth employment for black, white, and Hispanic youths; for youths living in different sized metropolitan areas; for youths living in central city and suburban areas; for youths with different family incomes; and for youths in and out of school. Chapter 4 explores the issue of the effect of job access on school enrollment. And finally, Chapter 5 summarizes the findings presented in chapters 3 and 4 and discusses the public policy implications of these findings.

NOTES

¹ For evidence on the continuance of racial segregation in the housing market, see Kain (1985). He reports that the fraction of black households living outside central cities rose from 18.1 percent in 1970 to 25.8 percent in 1980. However, this had little effect on segregated housing patterns, because most of the increase in the number of black suburban households was the result of the expansion of central city ghettos across central city lines and the growth of suburban concentrations of blacks.

² The white and black employment rates for male teenagers were .51 and .28 for the year 1990.

³ The white and black employment rates for female teenagers were .48 and .27 for the year 1990.

⁴ The census data required to compute the regional employment rates for 1990 have not yet been made available by the U.S. Census Bureau.

⁵ An alternative explanation for the post-1970 decline in black male youth employment rates in the North is that job opportunities for youths became scarcer, either because of local recessions or the structural transformations of local economies. However, this hypothesis is inconsistent with the employment rates reported for white male youths in table 1.2. In both the Northeast and North Central regions these rates increased, albeit slightly, between 1970 and 1980. These changes are also consistent with job decentralization, since the job accessibility of white youths should improve as the spatial distribution of jobs shifts in favor of the suburbs.

⁶ These percentages are reported by Heilbrun (1987, p. 42). His source was the U.S. Bureau of the Census, *Economic Censuses*, various dates.

⁷ The conclusion that black youths face discrimination from employers was based on the results obtained from the audit project. While these results suggested that blacks are treated less favorably than whites, the sample was too limited to be used to determine the possible importance of discrimination as an explanation for racial differences in youth employment rates. A more recent audit project conducted by the Urban Institute was based on a larger sample (Turner et al. 1991b). While this study did not attempt to relate discrimination to racial differences in youth employment rates, the results provide strong evidence that young black males encounter significant discrimination in the labor market. Specifically, in 20 percent of the black/white audits, the minority job seeker was treated less favorably by potential employers. Also of considerable interest was the finding that young Hispanic males are more likely than blacks to be treated unfairly. Hispanics were treated less favorably than their white counterparts in 31 percent of the cases.