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FACING HISTORIC LABOR SHORTAGES, COMPANIES SNAP UP TEENAGERS

The U.S. is facing a severe worker shortage, forcing employers big and small to explore the labor market's youngest echelon, which is piling into the workforce

By Jennifer Levitz and Eric Morath
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Jerry Stooksbury, the president of Avionics Specialists LLC, needed to produce an airplane instrument panel last fall, but had only two employees able to complete the task quickly.

One was out sick. The other was in high school.

He called the high-schooler, 17-year-old Thayer McCollum.

Thayer, who starts his days drinking chocolate milk and blasting indie rock, works part time operating mechanical-drawing software for aircraft parts. He came in to do the project and still had time for homework.

After the longest stretch of continuous job creation on record – more than seven years – the U.S. faces its most severe worker shortage in the past two decades. Employers, from General Electric Co. and Michelin North America Inc. to a Wisconsin nursing home and an Ohio turbine-parts manufacturer, are expanding their hunt to the labor market's youngest echelon.

The 12-month average unemployment rate for teens in March was 13.9 percent, the lowest year-round average since 2001 and about half that in 2010. In July 2017, the month the most teens work, unemployment for 16-through-19-year-olds fell to 13.3 percent, the lowest midsummer rate since 1969, when the U.S. was embroiled in the Vietnam War.

"An increasingly tight labor market is pulling many workers who had been out of the labor force back in, teens included," said Abigail Wozniak, a University of Notre Dame labor economist. Teens might wield an advantage, she said, because they "often have better computer skills. They are not all your typical low-skilled worker."

College-bound Thayer, who first did odd jobs such as cutting grass at Avionics, said he likes knowing his skills can help pay for higher education, and "I've never had to work fast food."

Mr. Stooksbury, Avionics' owner, said the teen has been "highly integral" to the company. "It's the right time for people like Thayer."

Employers are plucking skilled students from vocational programs at high schools. Some companies are dropping age and experience requirements so they can consider teens. Others offer flexible schedules to accommodate extracurriculars and sports.

Teens' median pay is half that of older adults, and they typically don't demand perks such as health-care benefits or retirement contributions. They can benefit from the hiring trend

by getting more-challenging work experience than traditional teen jobs offer, as well as help with college tuition. They hone skills learned at high schools, which are beginning to re-emphasize technical education amid worries about student debt at four-year colleges.

In the late 1970s and '80s, about half of teens worked, commonly bagging groceries, pumping gas, doing yard work and other jobs. After that period, teens focused more on college and by 2010, barely a quarter worked.

The payoff of higher education was so great, many teens would forgo working in high school and early in college. Some focused on volunteering, sports and other enrichment activities, while others didn't work because automation and competition with immigrants made some typical teen jobs harder to find, said Northeastern University economist Alicia Sasser Modestino.

Now, the share of working teens aged 16 through 19 is increasing for the first time since the 1990s, to 30.7 percent in March.

The turnaround in teen hiring traces to America's economic growth, which is at near its fastest rate since the recession ended in 2009. The national jobless rate has fallen to its lowest in 17 years, holding at 4.1 percent in March. Open jobs in the U.S. topped six million in February, just below a record set in September 2017.

Employers seeking workers are giving more opportunities to groups with typically elevated unemployment rates, including older adults without high-school diplomas and racial minorities.

The unemployment rate for Hispanic or Latino teens is at the lowest level on record back to the 1970s, and the rate for black teens is just above a record low. The 12-month average unemployment for Hispanic or Latino teens was 14.6 percent in March, down from a 2010 peak of 33.1 percent. The average rate for black teens was 24.4 percent in March, down from above 43 percent in 2010. Both rates were elevated compared with the 12.0 percent 12-month average jobless rate for white teens. The rate for white teens is the lowest since 2001.

Extending the search to teens follows a similar pattern during some other tight labor markets, including the postwar 1950s and the tech-fueled 1990s. The trend hasn't always held: Unemployment fell below 5 percent in 2006, but teen employment rates dropped, leading some economists to conclude more-recent generations had less interest in working.

For much of the expansion since the financial crisis, retailers could easily find candidates in their 20s or 30s for minimum-wage positions. "Now, that option might not be available," said Adam Kamins, a senior economist at Moody's Analytics.

Starbucks Corp. hired 50,000 workers between 16 and 24 in the past three years who weren't in school and weren't working, said Starbucks Senior Vice President John Kelly. It found the youth stayed in their jobs at similar or better rates than other hires. That helps ease high turnover, he said, lower training costs and improve customer service.

Restaurants remain the top teen employer, but data suggest doors are opening beyond fast food and malls. The share of teens in typical jobs – from grocery stores to cutting lawns to babysitting for neighbors – declined in 2015 and 2016 from the mid-1990s, an analysis of federal data show.

Meanwhile, the share of teens working in health services more than doubled in the past 20 years, and the portion working in computer and data processing rose nearly as much, Census Bureau data show.

Companies are going after teenagers more aggressively, as demonstrated at a high-school machining-skills competition in Cincinnati in January. There, 27 companies showed up to search for talent, about double the number last year, said organizer David Fox, who called the level of interest "crazy," adding that "it just cranked up."

GE's aviation unit was there. Typically, recruiters at its Evendale, Ohio, plant want two years' work experience for machine-operator jobs, said GE Aviation staffing specialist Betsy Enderle. But too few applicants have the skills, she said.

'Very dire'

"It gets very dire," she said. "We're willing to branch out." For the first time, GE plant managers may consider high-school technical training toward the experience required for the jobs, she said. "Then we could bring some of them in as seniors."

Julian Cornwall, 17, a Cincinnati high-school junior with machining skills, fielded 13 job offers. "They seemed really eager," Julian said of the multiple companies that pursued him. "They're all just after us."

He chose Meyer Tool Inc., which agreed to work around his football schedule and pay his college tuition if he stays on. He will start in June at \$13 an hour, up from the \$8.57 he makes at a J.C. Penney men's department. Pay for machinists at Meyer's, which makes gas-turbine-engine parts, can rise to \$45 an hour.

"In this day and age, manufacturers are basically fighting over good employees," said Deanna Adams, Meyer's human-resources director. "It's almost the opposite of how it used to be."

Lawmakers are exploring ways to ease rules so employers can hire more teens. A U.S. House bill filed in March would amend regulations that prevent commercial truck drivers under age 21 from crossing state lines. U.S. Sen. Amy Klobuchar (D., Minn.) is looking at ways to lower the age limit to operate some heavy machinery to 17 from 18 for high-schoolers in technical-training programs.

A Minnesota state representative is pushing to change state law that keeps minors from working at construction sites. New Hampshire lawmakers are considering loosening state law to let those aged 16 or 17 work more hours. Federal rules don't limit their hours, but many states have more-protective laws.

Opponents to relaxing child-labor laws say safeguards become more crucial as companies increasingly recruit teens. "The way to deal with a tight job market is not to make children work more," said New Hampshire Democratic state Sen. Dan Feltes, who wants greater outreach to adults with stalled career paths.

Michelin North America recruits from the still-elevated number of underemployed adults, though President Scott Clark said there is still a "very tight supply" of labor.

Michelin in March had a "signing day" to hire its first-ever crop of South Carolina high-school apprentices where teens were flanked by a Michelin Man mascot. The students will work

part time during the school year and full time during summers training as reliability technicians at the tire maker's Greenville, S.C., plant for up to \$12 an hour.

The goal is "to expand this to all our manufacturing sites," Mr. Clark said. Students staying after high school are candidates for higher wages and tuition to a two-year mechatronics program at technical college. First-year pay after that is about \$54,000.

Long-term risk

On the down side, teens who forgo college for jobs risk relinquishing significant long-term income, said Fatih Guvenen, a University of Minnesota labor economist. The median full-time worker, older than 25, with a bachelor's degree earned \$1,286 a week during the first three months of 2018, labor data show. That is \$573 more than for those with only a high-school diploma and more than double the earnings for high-school dropouts.

Historically, those with only high-school diplomas face higher unemployment rates and greater job instability in a downturn. "The cost of hiring, and laying off, teens," said Mr. Guvenen, "is very low."

With record openings, teen hiring shouldn't significantly affect wages and hiring of older workers, said Mr. Kamins, the Moody's economist. If teens can "gain skills, and get a paycheck, while still advancing their education," he said, "that's a good thing."

Dove Healthcare-Wissota Health & Regional Vent Center in Chippewa Falls, Wis., has joined with a high school to put teens through a state-approved course that trains certified nursing assistants. The center can go a month without adult applicants for certified-nursing-assistant openings, and supervisors have had to jump in to fill shifts, said administrator Sarah North.

"We had to convince some of the nurse leaders here that we should take this stand and hire these 16-and-17-year-olds," Ms. North said. She said the teens are held to the same standard as adults.

Maggie Burgess, 17, used to work as a nanny and lifeguard. Now a certified nursing assistant, she changes into turquoise scrubs after school for evening shifts at \$11.95 an hour at Wissota Health. She works 25 hours some weeks.

"Not a lot of high-school kids can say they work as a CNA," she said. "It's something really special to me."

Extra training qualified her to care for fragile patients on the ventilator unit. She shelved thoughts about moving to a bigger city after graduation. With tuition help from Wissota Health, she plans to attend a local technical college for nursing while continuing in her job.

In Larimer County, Colo., where unemployment is 2.9 percent, Gary Baker, shop manager at Avionics, said skilled adults in that industry are in short supply. Having a tech-savvy teen, Thayer, on board has eased some tight spots.

Avionics had bought a computer-controlled machine that produces custom-designed instrument panels in 30 minutes, versus the eight hours it takes to do manually. Last summer, the employee who worked the machine left, and Mr. Baker, 61, said the technology eclipsed his computer skills. "I can do everything to that machine but run it."

Thayer had watched and learned at Avionics and had used a similar machine in high school. He studied the manual, he said, and "halfway through the second day, I had it running." The high-schooler, who earns \$10.50 an hour, trained Avionics co-workers on the machine.

His mother, Danelle McCollum, is thrilled – and astounded – at her son's opportunities. "There's such a shortage of skilled laborers that even high-school kids with the right training can get these jobs," she said.

For Thayer, who is captain of his robotics team and dreams of becoming a biomedical engineer so he can help people like his brother, who has epilepsy, the work helps him feel more confident about the future. "It's good to know I already have employable skills."