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\$15-AN-HOUR MINIMUM WAGE COULD FURTHER STING TEEN EMPLOYMENT

Young people, who disproportionately lost jobs during the Covid-19 pandemic, could struggle to find jobs, but they may also see raises.

By Allison Prang
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Raising the federal minimum wage to \$15 an hour would make it harder for many teens to get or keep jobs, adding to the employment challenges they have faced during the pandemic, many economists say.

Democrats want to raise the federal minimum wage in steps to that level by 2025, from \$7.25 an hour. Most states already have set a higher minimum wage. The plan also would eliminate a youth subminimum wage that allows businesses to pay teens less during the first 90 days of work.

The changes would give raises to millions of workers and lift some out of poverty, the nonpartisan Congressional Budget Office has said in studies. But it also has found about 1.4 million workers would lose their jobs over the next four years, many of them teens. "Young, less-educated people would account for a disproportionate share of those reductions," it said in a February report on the minimum-wage proposal.

Teens saw much higher rates of unemployment than the overall workforce during the pandemic. The unemployment rate for those between 16- and 19-years old hit almost 32 percent in April 2020 – more than double a pandemic-peak for an overall unemployment rate of 14.8 percent. Both rates have eased, but teen unemployment remained well elevated at 13.9 percent in February compared with an overall jobless rate of 6.2 percent.

Lauren Gimple, 17 years old, worked at a bakery in Powell, Ohio, earning near the minimum wage until the pandemic hit. Ohio's pay floor is \$8.80 an hour. She said she left the job because some family members have compromised immune systems, a risk factor for developing severe Covid-19, but aims to return when her family is vaccinated.

"People that have been with the company for longer than I have or who have more of a need – not just like a teenager trying to make money . . . I think they will be the ones to kind of keep their jobs first," she said.

When joblessness increases broadly, "those on the lowest rungs of the job ladder...are going to get squeezed out, and mostly that's teens," said Alicia Sasser Modestino, a Ph.D. economist at Northeastern University.

A \$15-an-hour minimum wage could further harm teens' job prospects because some employers would either cut back on staff or opt to hire someone with more experience, Dr. Modestino said. "It's an even bigger impact on youth because of where they are in terms of the hierarchy of the job market," she said.

In 2020, 16- to 19-year-olds accounted for 37.5 percent of those paid the federal minimum wage, while they represent less than 6 percent of all hourly workers, according to the Labor Department.

Some businesses say a higher minimum wage for teens could affect staffing plans.

Nader Masadeh, chief executive of Ohio-based restaurant chain Buffalo Wings & Rings, said teens are around 25 percent of the restaurants' staff. Should the federal minimum wage go up, he said his first step would be to increase menu prices. If he has to cut staff, teens would be let go first, he added.

"Employers will not be able to afford to hire unskilled and inexperienced workers," Mr. Masadeh said.

The minimum-wage proposal pending in Congress, if enacted, would phase in minimum-wage increases, starting with an increase to \$9.50. That means teens wouldn't face a \$15 minimum wage for a few years.

Nicholas Kellogg, an 18-year-old in Des Peres, Mo., works part time at clothing retailer PacSun. He said while he would like to earn more, he expects a higher minimum will make it harder for other teens to join the workforce.

"If companies are going to have to start paying more, they're going to start hiring less people," Mr. Kellogg said. He added that he isn't worried about his job security, but his 16-year-old brother doesn't have much experience. "For him, he would be one of the first people that would be suffering," he said.

At PacSun, Mr. Kellogg earns near Missouri's minimum wage of \$10.30 an hour, restocking shelves and folding clothes. He said he saves half of his pay each week for college and the future. He spends the rest hanging out with friends, going out to eat and fixing his Ford Focus.

The proposed minimum-wage increase would come at a time when a smaller share of teens are working than in the past. Last year, 34.5 percent of 16- to 19-year-olds worked or sought employment versus more than half in 1980, according to the Labor Department.

Should teens struggle to find jobs with a higher minimum wage, they could miss out on an opportunity to gain workplace skills.

"Experience is valuable," said Abigail Wozniak, a Ph.D. economist at the Federal Reserve Bank of Minneapolis. She compared it to exercise. "There's something about being connected to the labor force," Dr. Wozniak said. "You need to have a structure, you need to have obligations."

While the federal minimum wage hasn't changed since 2009, 29 states have set a higher level, and in eight the minimum wage is slated to reach \$15 an hour in the coming years. Those higher pay floors could be a factor in lower teen labor-force participation, but they also have delivered raises to some young workers.

Nely Vargas, an 18-year-old in Boston, earns Massachusetts's \$13.50-an-hour minimum wage working ten hours a week as a counselor-in-training at St. Stephen's Youth Programs.

She said she uses her pay to rely less on her mother, a single parent. She is saving for a new computer and pays her own phone bill. She also is working on redecorating her room. The money she makes at work also has allowed her to treat her mother to a takeout dinner.

"I feel like I can give her a helping hand by not being so dependent on her," Ms. Vargas said.