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Mike Hruby: Teen-wage angst

Raising minimum pay will dry up job opportunities for young people

By Mike Hruby, Special to The Sun

The 320,000 Massachusetts residents between the ages of 16 and 19 got dreadful news last week when the state Senate voted to sharply increase the commonwealth's minimum wage.

For many teens, particularly the least educated, the least linguistically able, the poor, and minorities, the new \$11-per-hour minimum wage would mean no wage.

With all the required add-on costs and taxes, the real cost of the \$11 minimum wage to an employer is more like \$14.30 per hour, or \$28,600 per year. Very few 16-year-olds are worth that much to employers.

This higher minimum wage means more teens will lose out on all-important summer-work experience, making it harder for them to secure full-time employment after graduating from high school or college.

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My first summer job was doing maintenance on a school campus. I made less than a dollar an hour to start, and crested at \$1.15. I learned to scrape and paint and clean up, to straighten and re-order supplies. I also came to understand that it takes care, attention to detail, and foresight to keep complicated buildings in good working order.

A dead-end job, you say? Tell that to the countless people who make their living in facilities management.

In Massachusetts, teen employment is still in a "Great Depression," according to Andrew Sum, head of Northeastern University's Center for Labor Market Studies. A higher minimum wage would make teen employment prospects even worse.

The explanation for how the teen minimum wage does this damage lies in finance -- specifically the phenomenon of compounding -- and in information theory: predicting the direction of information flow.



Higher lifetime earnings in both blue-collar and white-collar work come from compounding the experience of one's early years for many years afterward.

After my maintenance career ended, my first job in industry came after freshman year of college, when I worked in tool supply. I got hired because I had three summers' experience in maintenance. Instantly, the experience of those paint-bucket summers paid compounded interest.

Industry paid big bucks -- nearly \$2.50 per hour as I recall. I started each day in the wire-mesh-sided tool crib in the basement of a huge factory, doling out wooden boxes of clamps, drill bits, jigs and fixtures to the guys who ran the lathes and milling machines.

A job that doesn't teach you anything? Far from it. There I was, a 19-year-old kid filling short shopping lists of metal bits, but skilled machinists would sometimes ask me how to set up new jobs. I wanted to be able to answer them, so we'd go to the machine and work it through.

Slowly, I began learning how to set up machine tools. I also learned the basics of how to divide up tasks, plan and set up projects. It took me 25 years to realize it, but that tool-supply work opened my eyes to the future world of project management and task assignment.

I was learning fast, because in any information exchange, the person who knows the most learns the most. That's why first jobs for teenagers are so important: The sooner they start, the more they learn and the better they do throughout life.

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Open the world of work to the 320,000 Massachusetts youngsters ages 16-19.

Experience creates better problem-solvers and that translates into higher earnings. Employers know more experience helps you solve problems faster and yields better outcomes. They are willing to pay handsomely for the speed and effectiveness you start learning early in life -- if you have the chance.

So let's give Massachusetts' 16-19-year-olds a better chance to enjoy happy and rewarding careers. Let's exempt them from the regular minimum wage and let it instead fall to the federal level of \$4.25 for 90 days, just about the typical length for a summer job.

Right now, when their energy and interest are greatest, is the time to open the world of work to the 320,000 Massachusetts youngsters who will determine our future.

Mike Hruby is President of New Jobs for Massachusetts, a grassroots advocate for rapid growth in private sector employment. New Jobs works to create a million-job explosion. Its website is www.NewMassJobs.com.

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