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Andrew Sum
Northeastern University

Joseph McLaughlin
Northeastern University

Ishwar Khatiwada
Northeastern University

Northeastern University - Center for Labor Market Studies

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Teen Summer Job Blues: Congressional Inaction Has Contributed to a Record Low Summer Youth Employment Rate

Prepared by:
Andrew Sum
Joseph McLaughlin
Ishwar Khatiwada

Center for Labor Market Studies
Northeastern University
Boston, Massachusetts

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"If I am not for myself, then who will be for me? And if I am only for myself, then what am I? And if not now, when?"

Rabbi Hillel

"We must use time creatively with the knowledge that the time is always ripe to do right."

Rev. Martin Luther King
Letter from a Birmingham Jail

Introduction

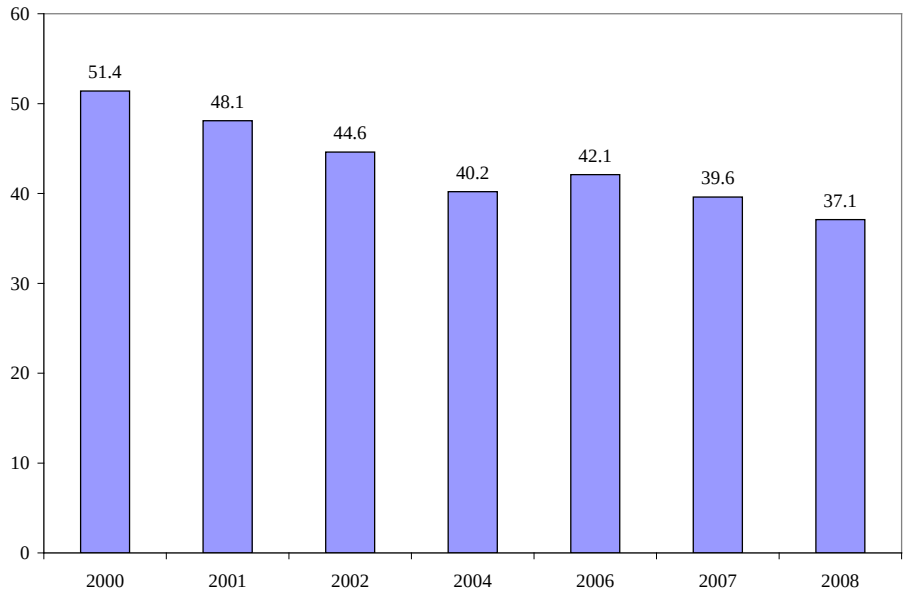
During April and May of this year, the Center for Labor Market Studies at Northeastern University released a series of research reports, including Congressional testimony, projecting that the nation's teen summer employment rate would reach a post-World War II low in 2008 and that minority and low income teens would face the bleakest job market prospects.[1] These reports made a strong case for reinstituting a federally funded summer jobs program primarily targeted at teens residing in high poverty and low income areas of the U.S. Despite the support of more than 140 mayors, extensive television, radio, and newspaper coverage documenting the severe difficulties faced by teens in finding summer work, the lobbying efforts of numerous youth and workforce development agencies, and two legislative bills proposing federal funding for teen summer jobs programs, the U.S. Congress and President Bush failed to include the proposed $2 billion in funding for a youth jobs creation program in the original economic stimulus package. Bret Shulte, in a recent U.S. News and World Report magazine article, summed up the Congressional inaction this way, "Mark it up as another unfilled summer job."[2] Both national political parties have failed to do their part in providing job opportunities for our nation's youth this summer, and neither Presidential candidate has spoken out on this issue even though past summer job programs received strong bipartisan support.

Now, as the U.S. Congress is considering a second economic stimulus package, an even stronger case for a youth jobs creation program can be made. On July 3, 2008, the U.S. Bureau of Labor Statistics released its monthly Employment Situation report for the month of June 2008. The report estimated that U.S. payroll employment declined by 62,000, representing the 6th

[1] See: (i) Andrew Sum, Joseph McLaughlin, Ishwar Khatiwada, The Demise of the Summer Job Market For the Nation's Teens: The Case for A National Public Policy Response, Center for Labor Market Studies, Northeastern University, May 2008; (ii) Andrew Sum, Joseph McLaughlin, Ishwar Khatiwada, et al., The Continued Collapse of the Nation's Teen Job Market and the Dismal Outlook for the 2008 Summer Labor Market for Teens: Does Anybody Care? Center for Labor Market Studies, Northeastern University, April 2008.
[2] Bret Shulte, "Occupying Idle Teen Hands," U.S. News and World Report, July 7, 2008, p. 23.

straight month of job losses. The June 2008 employment rate[3] of the nation's teens was only 37%, which was 2.5 percentage points below the teen employment rate in June of the prior year and 14.3 percentage points below its value in June 2000, the peak summer teen employment rate of the labor market boom years from 1993-2000. The 37.1% June employment rate was the lowest ever recorded over the past 60 years. This teen employment rate was 28% below where it was in June 2000 (Chart 1).

Chart 1:
Employment Rates of U.S. Teens (16-19) During the Month of June, 2000-2008
(Not Seasonally Adjusted)



The deterioration in teen summer labor market fortunes over the past eight years has affected considerably all gender and race-ethnic groups in the teen population. Both male and female teens experienced steep declines in their June employment rates over the 2000-2008 time period, with males incurring a more than 15 percentage point decline in their employment rate while female teens saw their employment rate fall by 13 percentage points over the same time period (Table 1). Over the past 30 years (1978-2008), the male teen employment rate has

[3] All of these employment estimates are not seasonally adjusted to allow a direct measure of the actual share of teens who were working in June of these two years. The seasonally adjusted teen employment rates are about four percentage points lower in June due to high seasonal adjustment factors. Earlier predictions of the teen summer employment rate made by the Center for Labor Market Studies of Northeastern University were based on seasonally adjusted employment rates for teens. The seasonally adjusted teen employment rate in June 2008 was only 33.1%, more than a full percentage point below our projected teen employment rate.

declined to a catastrophic degree, falling from 61.7% in 1978 to only 37.1% in June 2008, a drop of 24.6 percentage points or 40%.

For teens in the four major race-ethnic groups,[4] June employment rate declines were in the double digits for each group except Hispanics, whose June employment rate declined by nearly 9 percentage points between these two years. The magnitude of the percentage point declines in teen employment rates ranged from 8.7 percentage points among Hispanics to more than 14 percentage points among Whites. The relative sizes of these employment rate declines were in the 28 to 32 percent range for Asians, Blacks, and Whites.[5]

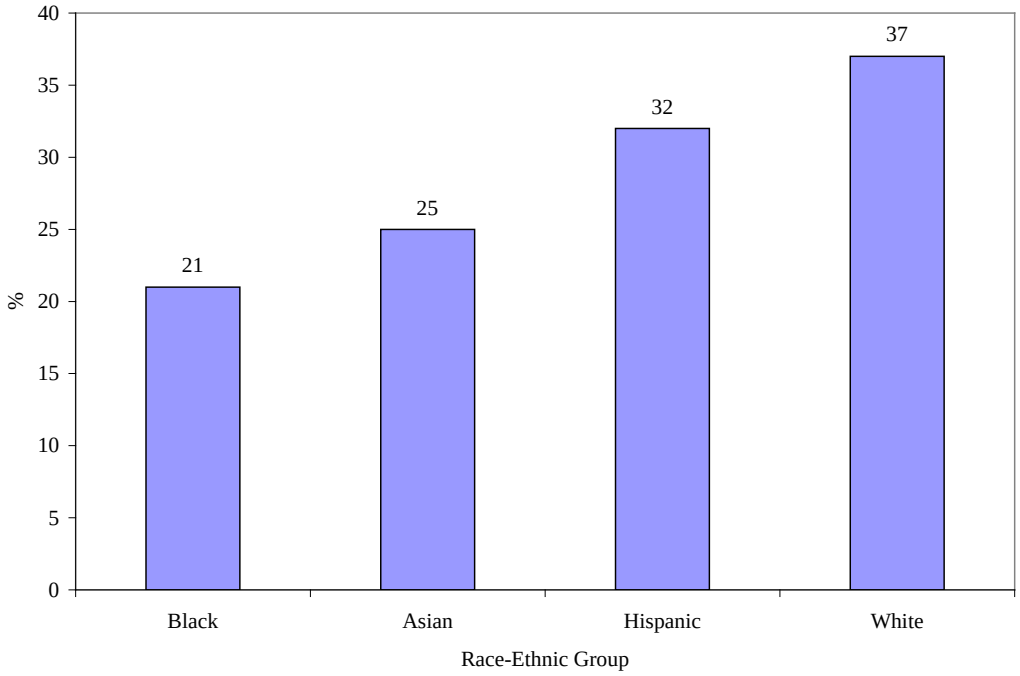
Table 1:
Comparisons of Teen Employment Rates in June 2000 and June 2008 (Not Seasonally Adjusted), Total and By Gender and Race-Ethnic Group

	(A) June 2000	(B) June 2008	(C) Percentage Point Change (B-A)	(D) Percent Change (B-A)/A
All	51.4	37.1	-14.3	-28%
Men	52.4	37.1	-15.3	-29%
Women	50.5	37.2	-13.3	-26%
Asian	35.2	24.5	-10.7	-30%
Black	31.6	21.4	-10.2	-32%
Hispanic	40.7	32.0	-8.7	-21%
White	51.4	37.1	-14.3	-28%

In June 2008, as was the case eight years earlier, there continued to be very large disparities in teen employment rates across race-ethnic groups. These teen jobholding rates ranged from a low of 21 percent among Black youth to a high of 37 percent among White youth (Chart 2). Among Blacks, Hispanics, and Whites, teen employment rates in the past summers were consistently the lowest for those youth residing in low income families, i.e., those with an estimated annual income under $20,000.

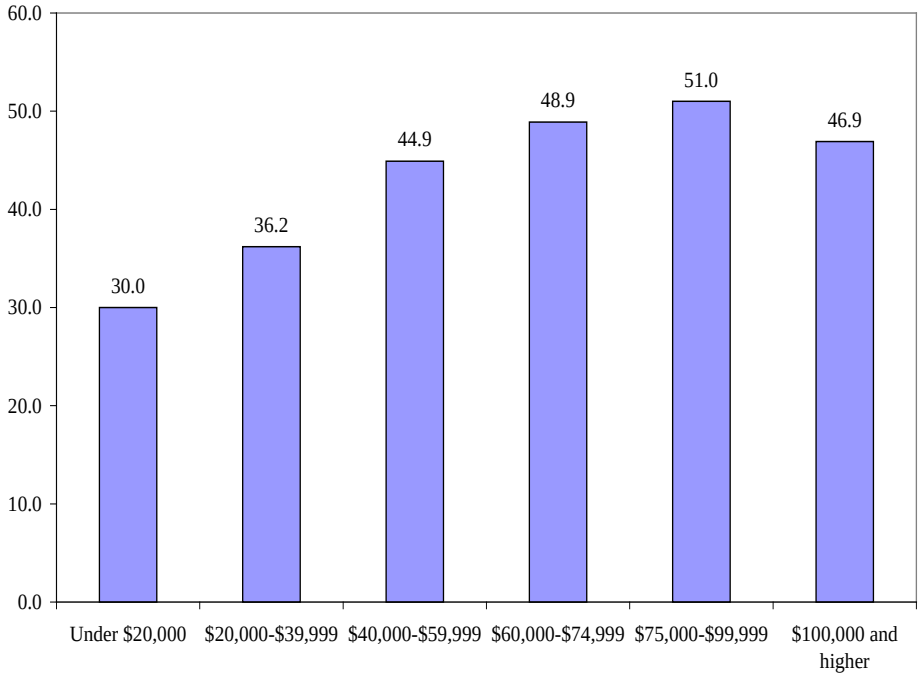
[4] In the BLS estimates of teen employment rates, Hispanics will be included in the counts for Black and White teenagers.
[5] Due to their lower employment rate in the base period (June 2000), a given percentage point decline in the Black teen employment rate will yield a larger relative decline.

Chart 2:
June 2008 Employment Rates for 16-19 Year Old Teens in the U.S. By Major Race-Ethnic Group (in %, Not Seasonally Adjusted)



The likelihood that a teen holds a job during the summer months typically rises with his family's annual income. In Chart 3, the 2007 summer employment rates of teens by their level of annual family income are displayed. Low income teens residing in families with annual incomes below $20,000 had a 2007 summer employment rate of only 30% versus 45% for teens with family incomes between $40,000 and $60,000 and 51% for teens with family incomes between $75,000 and $100,000 (Chart 3). Among youth in families with annual incomes below $100,000, teen employment rates increased steadily with their level of family income. The average employment rate for teens from families with annual incomes greater than $100,000 was 47%, which was slightly below that of teens in the $60,000- $100,000 income range, but still 17 percentage points above the summer employment rates of those teens residing in families with annual incomes less than $20,000.

Chart 3:
Employment/Population Ratios of Teens in the U.S. by Household Income, Summer 2007
(Not Seasonally Adjusted)



Estimating Teen Summer Employment Levels in June 2008 Under Alternative Employment Scenarios

During June 2008, only 37% of the nation's nearly 17.1 million teens in the civilian non-institutional population were employed.[6] The number of employed teens in the past month was estimated by the U.S. Bureau of Labor Statistics to be 6.343 million.[7] As noted above, the teen employment rate in June was more than 14 percentage points below its value in June 2000. Teen employment rates were even higher in June 1988-1989 and June 1978-1979.[8] (Chart 4). In the last time period, the June teen employment rate averaged 55%, the highest in the past 40 years, aided by a substantial set of job creation programs for teens under the Youth Employment and Demonstration Projects Act of 1977 (YEDPA).

[6] The monthly Current Population Survey (CPS) does not cover members of the nation's armed forces, either at home or abroad, and excludes inmates of institutions such as juvenile homes, jails, prisons, and mental institutions. The homeless are also excluded from the scope of the survey.
[7] The June 2008 employment estimates can be found in: U.S. Bureau of Labor Statistics, The Employment Situation: June 2008, July 3, 2008.
[8] The June employment rates for 1988-89 and 1978-79 represent simple two year averages.

Male teen employment rates were even markedly higher during the summers of 1978-79. In June of these two years, 61% of all of the nation's male teens were working, an employment rate two-thirds higher than that prevailing in June of this year (Chart 5).

Chart 4:
Employment Rates of U.S. Teens 16-19 Years Old in June 1978-79, 1988-89, 2000, and 2008 (in %, Not Seasonally Adjusted)

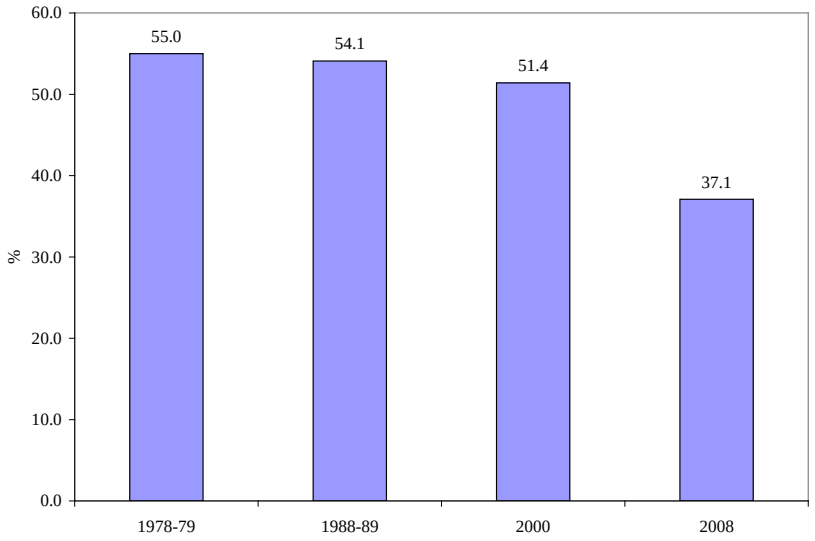
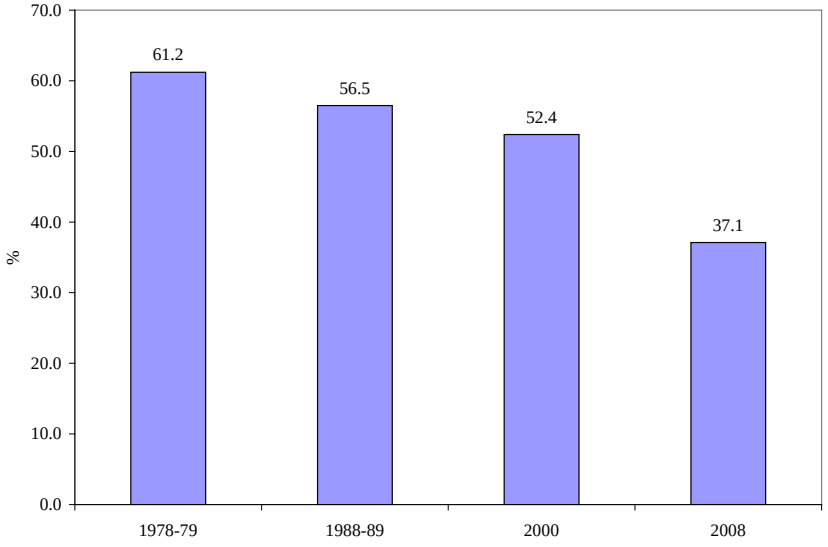


Chart 5:
Employment Rates of Male Teens (16-19 Years Old) in June 1978-79, 1988-89, 2000, and 2008 (in %, Not Seasonally Adjusted



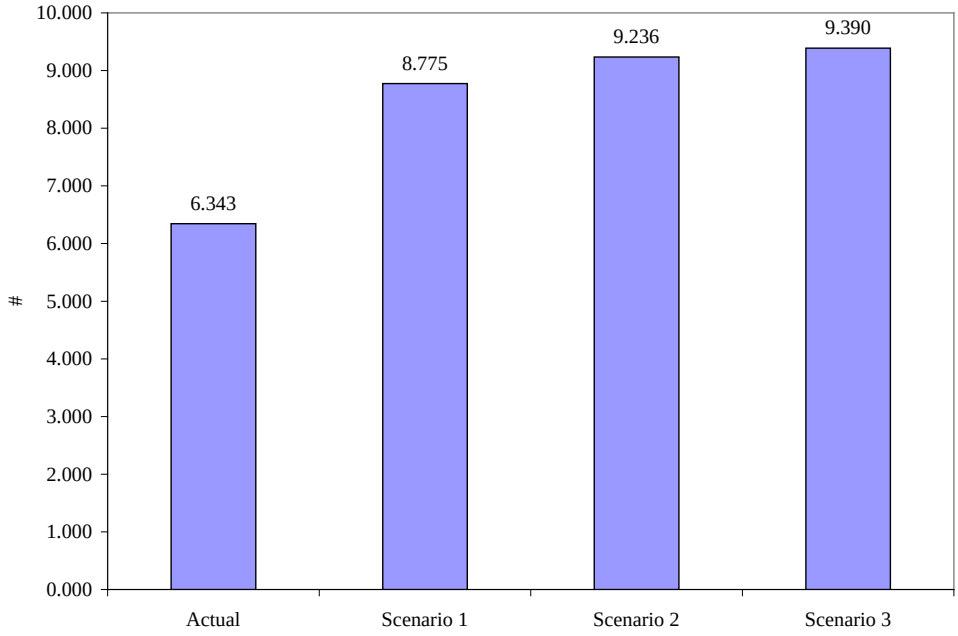
To identify the magnitude of the gains in the number of employed teens that would taken place if the teen summer employment rates of 2000, 1988-89, and 1978-79 had prevailed in June of this year, we conducted three simple simulations. We substituted the June employment rates for each of those three time periods for the estimated 37.1% employment rate (not seasonally adjusted) for June of this year. The hypothetical numbers of teens that would have been at work in June 2008 under each of the three alternative scenarios are displayed in Table 2 and Chart 6.

Table 2:
Comparisons of the Actual Level of Teen Employment in June 2008 With the Number of Teens That Would Have Been Employed if the June 2000, June 1988-89, and June 1978-79 Employment Rates Had Been Achieved (Numbers in Millions, Not Seasonally Adjusted)

	(A)	(B)	(C)
Time Period for Scenario	Actual 2008	Hypothetical 2008	Hypothetical - Actual
June 2000	6.343	8.775	2.432
June 1988-89	6.343	9.236	2.893
June 1978-79	6.343	9.39	3.047

The number of employed teens under each of these scenarios would have been substantially higher than the 6.343 million teens actually at work last month. The hypothetical employment levels ranged from 8.775 million under the June 2000 scenario to a high of 9.390 million under the June 1978-1979 scenario. The gains in teen employment under the three scenarios would have ranged from 2.432 million to a high of 3.047 million. If the nation's teens had been able to match their early summer employment rates of 1978-79 last month, there would have been slightly more than 3 million additional teens at work, a near 50 percent increase in their ranks.

Chart 6:
Comparisons of the Actual and Hypothetical Levels of Teen Employment in June 2008 Under Three Alternative Scenarios (in Millions)



"Oh why don't you work like other men do? How the hell can I work when there's no work to do?"

Hallelujah, I'm a Bum

In assessing this last finding on the massive hypothetical increase in teen employment, one might ask whether there is sufficient interest in work among jobless teens to put this increased number to work today. Some journalists and other casual analysts of teen labor markets in past summers have suggested a lack of interest in work among many teens.[9] Yet, even current BLS numbers on official teen unemployment, members of the labor force reserve, and the underutilized employed yield a large pool of potential teen workers and underutilized teen workers. In June 2008, BLS estimated that there were nearly 1.8 million unemployed teens yielding a seasonally adjusted, unemployment rate of 22%. Since many parents of teens provide

[9] See: (i) David Cho, "Working on Nothing But Their Tan," The Washington Post, June 16, 2002; (ii) "More Teens Shun Summer Jobs," CNN website, July 7, 2002; (iii) Leigh-Ann Jackson, "The Elusive Summer Job," The Austin American Statesman, July 29, 2002.

CPS interviewers with information on the job seeking behavior of their children, teen unemployment rates tend to be underestimated. Last summer, there were 1.016 million teens in the labor force reserve and another 500,000 or so who wished to work full-time (35 or more hours per week), but were only able to find part-time jobs.[10] Large cities with mayor-sponsored, summer jobs programs in recent years, including Boston, Chicago, and New York City, typically have attracted far more applicants for those jobs than the available job slots, suggesting a large pool of youth who would have worked if jobs had been made available to them.

In recent months, the U.S. Congress discussed several bills to create a federally funded summer jobs program but did not take any action to put these proposals into law. No job creation proposal was advanced by the Bush Administration. The U.S. Congress did pass legislation to continue massive funding of the war effort in Iraq and a large tax rebate for many American taxpayers that will likely not create a single net new job for the nation's teens. To paraphrase the classic words of Robert Goodloe Harper in his 1798 toast to Chief Justice Marshall, "Billions for defense and for tax cuts, but not one cent for putting America's jobless teens to work."[11] It is time for the U.S. Congress to come back to Washington and begin to rectify this massive public policy failure.

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[10] The labor force reserve consists of those teens not currently looking for work but expressing a desire for immediate employment. For a review of the size of the underutilization problems among teens last summer, see: Andrew Sum, Joseph McLaughlin, Ishwar Khatiwada, Robert Taggart, and Sheila Palma, The Demise of the Summer Teen Employment Market and the Case for a Revitalized National Summer Jobs and Education Program for the Nation's Teens, Center for Labor Market Studies, Northeastern University, September 2007.

[11] See: Justin Kaplan (General Editor), Bartlett's Familiar Quotations, Sixteenth Edition, Little, Brown and Company, Boston, 1992.