The Depression in the Nation's Teen Labor Market and the 2009 Summer Job Outlook:

The Case for a Massive New Youth Workforce Development Response in All Job Sectors

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Introduction

The national economic recession of 2007-2009 has just entered its nineteenth month, making it the longest lasting recession in post-World War II America.[1] The recession has generated a substantial number of employment losses and resulted in a doubling of the national unemployment rate from 4.7% in November 2007 to May 2009, the largest absolute and relative increase in the unemployment rate over any comparable 18 month period over the 11 post-World War II recessions. The depth of the current economic downturn has led some analysts, including Richard Posner, to declare it as more symptomatic of an economic depression.[2]

The nation's teens (16-19) and young adults (20-29 years old) have borne the brunt of the employment losses in the current recession, and teens and many young adults (20-24) fared quite poorly in the labor market from 2001-2008 An unprecedented "age twist" in employment rates took place in the nation over the past 8 years with older workers (55+) improving their employment rates strongly while teens and 20-24 year old males reached new post-World War II lows.[3] The substantial growth in the labor market problems of the nation's teens over the past nine years can be characterized as a "labor market depression" rather than simply as a recession. This research paper is designed to briefly illustrate the steep declines in teen employment rates over the 2000-2009 period, to highlight the severe deterioration in the summer job market for teens between 2000-2008, to project the employment outlook for teens this summer, including the potential impacts of the ARRA youth jobs stimulus program, and to lay out alternative employment scenarios for the nation's teens in the years ahead, the job creation that will be needed to achieve these alternative teen labor market outcomes, and the types

[1] For an earlier comparison of the lengths of the eleven post-World War II recessions and their labor market severity, See: Andrew Sum, Ishwar Khatiwada, and Joe McLaughlin, The National Economic Recession of 2007-2009 and A Comparison of Its Duration and Labor Market Severity, Center for Labor Market Studies, Northeastern University, Boston, 2009.

[2] See: Richard A. Posner, A Failure of Capitalism: The Crisis of '08 and the Descent into Depression, Harvard University Press, Cambridge, 2009.

[3] For a review of the dramatic age twists in the employment rates of U.S. adults by age group over the past 8-9 years, See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, In With the Old and Out with the Young: The Dramatic Age Twists in Employment Rates of Working-Age Adults in the U.S., 2000-2009, Center for Labor Market Studies, Northeastern University, Boston, March 2009.

of public policies that will be required to make these youth employment outcomes possible.

Data Sources and Key Employment Concepts and Measures

All of the teen and older adult employment measures appearing in this research paper are based on the findings of the monthly Current Population Survey, a national household survey conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics.[4] The survey is used to collect labor force data from a nationally representative sample of approximately 60,000 households. Information on the recent labor force activities of each household member 16 and older is collected and used to classify them as either employed, unemployed, or not in the labor force.

The three labor force statuses are mutually exclusive. To be classified as employed, the respondent must have met one of the following three criteria: worked for either pay or profit in the reference week of the survey[5], had a job from which they were temporarily absent due to a temporary illness, vacation, or weather conditions, or held an unpaid job in a family owned business for 15 or more hours. Our key measure of youth employment is the teen employment/ population ratio, often referred to by its acronym the E/P ratio. The value of the E/P ratio is obtained by dividing the estimated number of employed teens by the number of 16-19 year olds in the civilian, non-institutional population.[6] The value of this E/P ratio is influenced by both the labor force attachment of teens and their success in finding paid work when they do seek employment. If youth give up the active search for work or choose not to seek work due to a perceived lack of job opportunities, the E/P ratio will decline even though the official unemployment rate does not rise.

[4] For a review of the key design features of the CPS household survey and its underlying employment concepts and measures, See: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, January 2007, Washington, D.C., 2007.

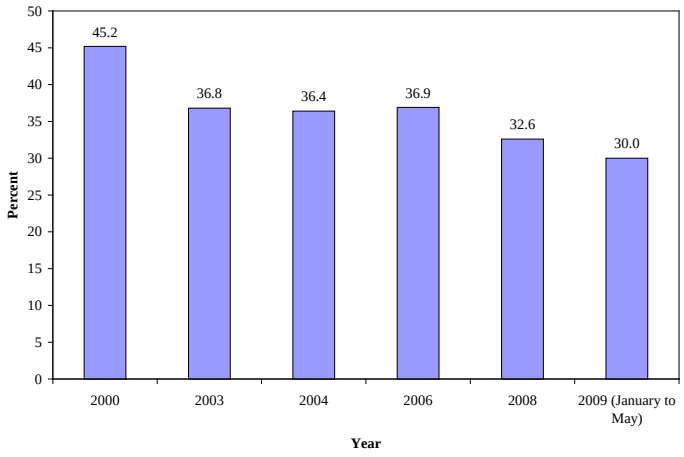
[5] The reference week of the CPS survey is the calendar week containing the 12th day of the month. The survey is conducted during the week containing the 19th.

[6] The civilian, non-institutional population excludes members actively serving in the nation's armed forces, the homeless, and those living in institutions, such as juvenile homes, jails, prisons, and mental hospitals.

Trends in the Employment Rates of the Nation's Teens from 2000 to January-May 2009

Changes in the employment rates (E/P ratios) of the nation's 16-19 year olds from 2000 through the first five months of 2009 are displayed in Chart 1. The teen employment rate has typically tended to be highly cyclically sensitive, rising strongly during periods of sustained economic prosperity and falling sharply during recessions and jobless recoveries, such as 1991-92 and 2002-03.[7] At the height of the labor market boom of the 1990s decade, the annual average teen employment rate peaked at 45.2% (Chart 1). During the recession of 2001 and the largely jobless recovery in 2002 and the first half of 2003, the teen employment rate dropped sharply, falling to 36.8% in 2003. Despite strong national job growth between 2003 and 2006, the teen employment rate failed to grow, reaching only 36.9% in 2006, statistically identical to its employment rate in 2003. In both 2007 and 2008, the teen employment rate dropped, sharply falling to 32.6% in 2008, its lowest annual rate in the entire post-World War II period. Teen job market prospects continued to deteriorate during the first five months of 2009. Over the January-May period of 2009, the teen employment rate (seasonally adjusted) fell to 30.0%, a new record low.

Chart 1:
Trends in the Employment/Population Ratios of the Nation's Teens
(16-19) from 2000 to 2009, Selected Years
(Annual Averages, in %, Except 2009)



[7] For a detailed overview of the cyclical sensitivity of youth labor markets,
See: Andrew Sum, Neeta Fogg, and Garth Mangum, Confronting the Youth Demographic Challenge: The Labor Market Prospects of Out-of-School Youth, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Baltimore, 2000.

Between 2000 and the first five months of this year, the teen employment rate declined from 45.2 to 30.0 percent, a drop of 15.2 percentage points or 34%. This substantial reduction in the teen E/P ratio exceeded that of all U.S. adults during the Great Depression of the 1930s.[8] Between 1929 and 1933, the E/P ratio for all working age adults (14 and older) in the U.S. fell by slightly over 12 percentage points or about 23%. Thus, the absolute and relative decline in the teen E/P ratio over the past 9 years has exceeded that of all U.S. adults during the Great Depression.

As a consequence of only modest job growth from 2000 to the late fall of 2007 and the steep decline in employment opportunities since the beginning of the recession in December 2007, the overall E/P ratio for working-age adults (16 and older) in the first 5 months of this year was 4.3 percentage points below that of 2000 (Table 1). The estimated sizes of the changes in the E/P ratios of working-age adults varied dramatically by age group. Members of each age group through age 54 experienced substantive declines in their employment rates between 2000 and 2009 while those of persons 55 and older rose by 3.5 percentage points. The greatest declines in employment rates, however, were experienced by teens (-15.2 percentage points) and 20-24 year olds (-8.5 percentage points). The relative size of the teen employment rate decline between 2000 and 2009 was five times as high as that of all working-age adults (-34% vs. -7%).

[8] For a review of estimated changes in national employment from 1929 to 1933,
See: U.S. Council of Economic Advisers, Economic Report of the President: 1964, U.S. Government Printing Office, Washington, D.C., 1964.

Table 1:
Comparisons of Changes in the Employment/Population Ratios of the
Nation's Working-Age Population from 2000 to January-May 2009 by Major Age Group
(in %)

Age Group	(A) 2000	(B) 2009 January – May[1]	(C) Percentage Point Change (B – A)	(D) Percent Change (B – A)/A
All	64.4	60.1	-4.3	-7%
16-19	45.2	30.0	-15.2	-34%
20-24	72.3	63.8	-8.5	-12%
25-34	81.5	75.4	-6.1	-7%
35-44	82.4	77.6	-4.8	-6%
55-64	57.8	61.3	+3.5	+6%
65+	12.5	16.0	+3.5	+28%

Source: U.S. Bureau of Labor Statistics, web site, tabulations by authors.

The sharp reductions in teen employment rates between 2000 and 2009 prevailed among both men and women (Table 2). Male teens experienced a very substantial drop in their employment rate over this 9 year period. The E/P ratio for male teens fell from 45.4% in 2000 to only 28.3% in the January-April period of 2009, a drop of 17 percentage points or close to 40%, the greatest E/P decline over a decade for any given age/gender group in the nation's working-age population. The E/P ratio of teenaged women fell by a steep 13 percentage points over the same 9 year period.

The loss in overall job opportunities for teens in 2009 as a consequence of their much lower E/P rate can be gauged by the following exercise. How many more teens would have been employed on average in the first four months of this year if they had maintained their 2000 employment/population ratio? In 2009, there were just under 17.1 million teens in the nation's civilian non-institutional population. If the employment rates of male and female teens over this four month period had matched their employment rates in 2000, then there would have been an additional 2.587 million more teens at work in the first four months of this year, including 1.484 million boys and 1.10 million girls. The loss in job opportunities today will not only impose immediate earnings losses on them, but it will reduce their cumulative work experience as they enter their later teens and early 20s. Lower work experience of teens will reduce their future

employability, hourly earnings, and annual earnings, and lower their receipt of formal training and apprenticeship training from employers in their early to mid 20s.[9]

Table 2:
Comparisons of Annual 2000 and 2009 Employment Rates and Levels of Teens and Estimates of Additional Teen Employment in 2009 Under Our Hypothetical Employment Scenario

	2000			2009(1)			
Age/Gender Group	(A) Civilian Non-Institutional Population	(B) E/P Ratio (in %)	(C) Number Employed (1000s)	(A) Civilian Non-Institutional Population	(B) E/P Ratio (in %)	(C) Number Employed (1000s)	Additional 2009 Employment of Teens if 2000 Employment Rates Had Been Maintained (in 1000s)
16-19 Men	8,090	45.4	3,675	8,665	28.3	2,452	1,484
16-19 Women	7,823	45.0	3,520	8,421	31.9	2,688	1,103
16-19 Total	15,912	45.2	7,195	17,087	30.1	5,139	2,587

Notes: (1) The 2009 data are averages for the first four months of the year. The E/P ratios of teens were seasonally adjusted.

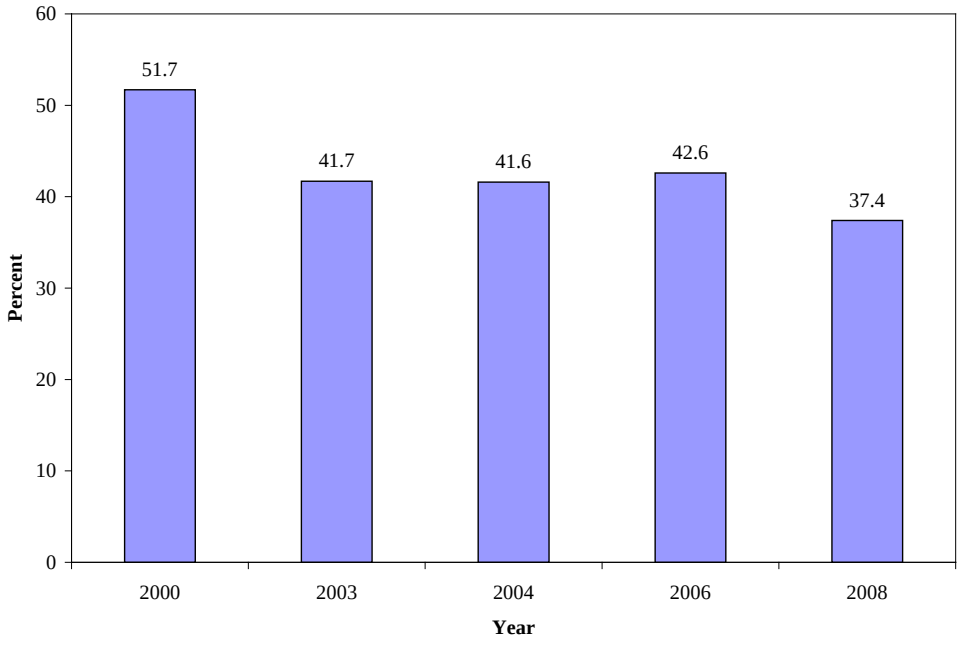
The Deterioration in the Summer Teen Labor Market, 2000-2008

During the summer months of June-August, the number of teens in the labor market tends to expand as youth seek seasonal employment opportunities or enter the labor market on a full-time basis after graduation from high school. Teen employment rates (not seasonally adjusted), thus, peak in the summer months although the increased size of the "summer" teen job market has become lower since the late 1970s. For example, in calendar year 2000, the summer teen employment rate over the June-August period was 51.7% versus an average of only 43.0% in the other nine months of the year.

[9] See: Jia Zhao, What We Have Learned About the Training Experiences of Young Adults from the National Longitudinal Surveys of Youth (NLS97) Master's Thesis, Department of Economics, Northeastern University, 2008.

The strength of the summer labor market for the nation's teens has deteriorated substantially since 2000, partly due to the demise of the WIA summer jobs program for economically disadvantaged teens after 2000.[10] Private sector and public sector hiring of teens of declined dramatically after 2000. Between 2000 and 2003, the teen summer employment rate (not seasonally adjusted) fell by 10 full percentage points from 51.7% to 41.7% (Chart 2). The summer E/P ratio of teens was unchanged in the summer of 2004 then rose very modestly (by one percentage point) by the summer of 2006. Over the following two summers, the employment rate of teens fell sharply, dropping to 37.4% by the summer of 2008, the lowest summer teen employment rate over the entire post-World War II period.

Chart 2:
Trends in the Summer Employment Rates of the Nation's Teens (16-19) from 2000 to 2008, Selected Years
(Not Seasonally Adjusted, in %)



The steep drop in teen employment rates between the summers of 2000 and 2008 was quite widespread across all age, gender, and race-ethnic groups. These declines were in the double digit range for both men and women and for Whites and

[10] The demise of the federally funded jobs program for youth after 2000 can at best only account for 10% of the job deficit in summer jobs for teens in the summer of 2008. Many of the federally-funded summer jobs in 2000 covered only part of the summer, and some went to 14-15 and 20-21 year olds.

Blacks and came quite close to the double digit range for Hispanic teens, a drop of 9.7 percentage points in their employment rate. In relative terms, the reductions in summer teen employment rates were largest for men (-30%) and for Blacks (-31%). Members of both of the latter two demographic groups were more adversely affected by job displacement from newer immigrant arrivals, especially young undocumented immigrants, and males were affected more substantially than women by the downsizing of the blue collar workforce in manufacturing industries across the nation.

Table 3:
Trends in the Summer Employment Rates of the Nation's Teens (16-19) During the Summers of 2000 to 2008, Selected Years, All and by Gender and Race/Ethnic Group

Group	(A) Summer 2000	(B) Summer 2003	(C) Summer 2006	(D) Summer 2008	(E) Percentage Point Change, 2000-2008
All	51.7	41.7	42.6	37.4	-14.3
Men	52.6	41.5	42.6	37.2	-15.4
Women	50.7	42.0	42.5	37.6	-13.1
Asian	32.6	27.3	26.6	23.5	-9.1
Black	33.3	23.6	26.5	23.0	-10.3
Hispanic[(1)]	40.3	32.1	34.3	30.6	-9.7
White	56.4	46.2	46.9	41.4	-15.0

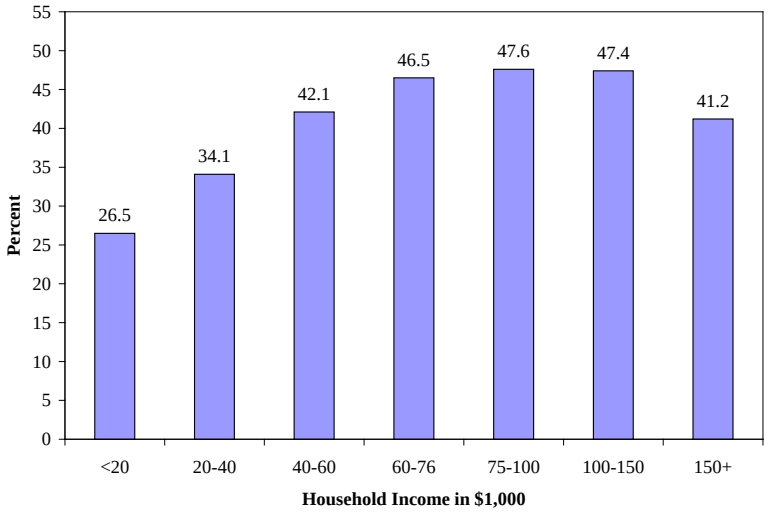
Note: [(1)] Hispanics can be members of any race group. The majority of them are self-reported as White. They will be included in the ranks of all other race groups.

Summer job losses were also quite widespread across teens in each major household income group between 2000 and 2008. Still, in each summer, including the summer of 2008, the likelihood that a teen was employed varied considerably across family income and race-ethnic groups. Youth from low income families (an income under $20,000) were consistently employed at the lowest rate, and employment rates of teens increased fairly steadily with their household incomes until the very top (upper 10 percent) of the income distribution is reached. Earlier CLMS research also has shown that the employment status of teens is strongly influenced by the marital structure of

their families and the work behavior of their mothers and fathers.[11] Those youth who reside in married couple families in which both parents work are significantly more likely to be employed than their peers who lived in other types of families, especially those teens who lived in families with no working parent.

Data files from the June and July 2008 CPS surveys were used to estimate summer employment rates of youth in various household income groups. The public use files for these two months were analyzed to identify the employment status of teens in seven selected household income categories, ranging from under $20,000 to the maximum of $150,000 or higher.[12] The employment rates of teens in the summer of 2008 ranged from a low of 26% among those living in families with an income under $20,000 to 34% for those in households with incomes between 20 and 40 thousand, to highs of 47-48% for those in families with incomes between $75 and $150,000. Among those teens in the most affluent households (incomes over $150,000), the employment rate was modestly lower (41%) but still well above that of the lowest income youth.[13]

Chart 3:
Employment/Population Ratios of U.S. Teens 16-19 by Household Income, June-July 2008
(in %, not seasonally adjusted)



[11] See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin with Sheila Palma, The Declining Labor Force Attachment and Employment Rates of Massachusetts Teens, 1999-2006: The Economic Case for A New State Policy Initiative to Boost Teen Employment Prospects, Report Prepared for the Boston Foundation, December 2007.
[12] The household income data are reported on the public use files in categorical form by the U.S. Census Bureau. Household income data were missing for about 18 percent of the teen respondents in June-July.
[13] Approximately 8% of the nation's teens in the summer of 2008 were residing in households with annual incomes over $150,000.

Since the summer of 2000, teens in every family income group experienced sharp declines in their employment rates. In the June-July period of 2000, teen employment rates varied from a low of 41% for teens in low income families to a high of 63% for those in families with incomes between $60 and $75 thousand . Teens in each of these five income groups saw their employment rates decline by double digits between the summer of 2000 and 2008. The relative sizes of these employment declines ranged from 26% to 35%, with low income youth bearing the largest relative decline in their employment rate. Low income youth tend to receive a number of labor market and educational advantages from working in high school, including higher employment rates and wages in their later teen years as well as a lower probability of dropping out of high school. Summer employment for these economically disadvantaged youth also could be combined with academic learning and remediation on-the-job or in offsite classrooms to boost their academic achievement and strengthen their abilities to complete high school and prepare for college. Typically, disadvantaged youth tend to fall further behind their more advantaged peers academically during the summer months.

Table 4:
Trends in the June-July E/P Ratios of U.S. Teens in Selected Household Income Groups, 2000 to 2008
(in %, not seasonally adjusted)

Household Income[1]	(A) June-July 2000	(B) June-July 2008	(C) Absolute Difference (in Percentage Points)	(D) Percent Difference
<20,000	40.8	26.5	-14.3	-35%
20-40,000	47.7	34.1	-13.6	-29%
40-60,000	59.1	42.1	-17.0	-29%
60-75,000	63.2	46.5	-16.7	-26%
75,000+	61.6	45.8	-15.8	-26%

[1] Due to the coding practices of the U.S. Census Bureau, we cannot convert the 2000 household incomes into 2008 dollars. The income data for both years are in current dollars.

The Projected Outlook for the Summer 2009 Teen Employment Rate

The nation's teen employment rate during the summer months has been extraordinarily weak in recent years, with record low employment rates in recent years. Several years ago, the Center for Labor Market Studies developed a simple regression model based on national time series data back to 1969 for projecting the summer employment rate for the nation's teens based on their observed employment behavior during the first four months of each calendar year.[14] For the years from 2004 to 2006, the predicted summer employment rates for teens were very close to their actual rates with no gap whatsoever between the actual and predicted rates of teen employment in the summer of 2005 and only a .6 percentage point gap for 2006. In the two most recent summers (2007 and 2008), the model generated predications that were somewhat too optimistic, yielding projections of teen summer employment rates that exceeded the estimated actual rates of teen employment by 1.6 to 2.0 percentage points. The rapidly deteriorating overall employment situation in the summer of 2008 was a key factor underlying our too optimistic employment projection for that year.

Table 5:
Comparisons of the Predicted and Actual Teen Summer Employment Rates from 2005 to 2008 and the Predicted Teen Summer Employment Rate for 2009
(June-August Averages, in %, Seasonally Adjusted)

Summer of Year	(A) Predicted Rate	(B) Actual Rate	(C) Gap (Actual – Predicted)
2005	36.7%	36.7%	0
2006	37.6%	37.0%	-.6 percentage points
2007	36.5%	34.5%	-2.0 percentage points
2008	34.2%	32.5%	-1.7 percentage points
2009	31.1%	?	

Note: The fitted regression model for predicting the seasonally adjusted teen summer employment rate was the following:

$$EMP_{i,,t} = 43.8 + .93 (EMP_{j,t} - 43.8)$$

[14] For a review of the features of this summer teen employment rate forecasting model and the findings of its forecasts in recent years, See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, The Collapse in the Nation's Teen Labor Market and the Case for A National Youth Jobs Creation Program, Prepared for the U.S. Congress, House of Representatives, Committee on Education and Labor, Washington, D.C., April 2008.

Where $EMP_{i,t}$ = Predicted seasonally adjusted summer teen employment rate in year t.

$EMP_{j,t}$ = Teen employment rate in first four months of year t.

During the first four months of this year, teen employment rates fell substantially below (nearly 4 percentage points lower) those of the preceding calendar year (Table 6). This finding by itself would be expected to yield a new, historically low employment rate for the nation's teens this summer. Our forecasting model yields an expected seasonally adjusted employment rate of only 31.1% for teen employment this summer (Table 5). This projected rate of teen employment would represent a new post-World War II low, 14 percentage points below its rate in the summer of 2000 and 17 percentage points below its previous cyclical peak in the summer of 1989. The teen summer job outlook for 2009 is thus extremely pessimistic; however, in passing the American Recovery and Reinvestment Act of 2009, the U.S. Congress included $1.2 billion for youth jobs programs over the next two years.

Table 6:
Comparisons of the Teen Employment Rate from January – April 2008 to January – April 2009
(Seasonally Adjusted in %)

	(A)	(B)	(C)
Month	2008	2009	Percentage Point Difference
January	33.8	30.3	-3.5
February	33.4	30.3	-3.1
March	33.6	29.8	-3.8
April	34.7	29.9	-4.8
4 Month Average	33.9	30.1	-3.8

Estimating the Summer 2009 Teen Employment Impact of the WIA Youth Jobs Stimulus

Our earlier projection of the 2009 summer teen employment outlook was based on a model that did not incorporate the potential teen job creation impacts of the federal stimulus monies made available to state and local WIA investment boards under the American Recovery and Reinvestment Act of 2009. The Act allocated $1.2 billion to WIA youth programs to create summer and year-round jobs for primarily low income

youth (14-24 years old). The U.S. Department of Labor's Employment and Training Administration, which oversees the WIA programs, has encouraged state and local workforce investment boards to use most of the available monies for youth job creation this summer. In Table 7 below, we have assumed that approximately $800 million of the youth stimulus monies would be spent this summer to create summer job opportunities for the nation's 14-24 year olds.[15]

[15] In its written guidance to the field, the U.S. Department of Labor encouraged local WIA agencies to spend 60% of their youth allocation by the end of September 2009. This would result in $720 million on summer youth programs during the current year.

Table 7:
Estimating the Potential Impacts of the ARRA WIA Youth Stimulus Monies on Teen Summer Employment During the Summer of 2009

Variable	Assumed Value
Estimated amount of funds that will be spent by WIA agencies on summer youth jobs in 2009	$800 million
Gross cost per youth job created in the summer (8 weeks * 25 hours per week * $8.00 per hour * 1.25 adjustment for payroll taxes + UI taxes + other employee costs + administrative costs)	~$2,000
Total youth jobs created	400,000
* % of summer jobs to 16-19 year olds	.75
* net teen jobs created per summer job slot	.85
* Average number of paid weeks during the summer /13	.62
Net summer jobs created per month for 16-19 year olds by WIA agencies	158,100
Impact on summer teen E/P ratio	158,100 / 17,064,000 = .9%
The Projected Number of Teen Summer Jobs in Absence of the WIA Youth Stimulus (not seasonally adjusted)	6,107,000
+ Projected summer job impact on 16-19 year olds over the June / August 2009 period	158,100
= Estimated average monthly number of employed teens between June – August of 2009	6,265,000
Projected Summer 2009, E/P rate for the nation's teens	6,265,000 / 17,064,000 = 36.7%

The number of summer youth jobs that can be funded with $800 million is dependent on the average cost of supporting a summer job, including employee taxes, benefits, and administration costs. Based on conversations with a number of local WIA administrators across the New England region, we have estimated an average cost per summer job slot of $2,000. This cost estimate is based on an 8 week job that provides 25 hours of work per week at an average gross hourly wage of $8.00 and 25% for employee taxes (social security payroll, unemployment insurance), employee benefits,

and administration costs.[16] At an average cost of $2,000 per slot, a total of 400,000 summer jobs could be directly created with $800 million.

Not all of these potential 400,000 summer jobs will be provided to 16-19 year olds. Very young teens (14-15) and young adults (20-24) are eligible for participation in WIA job creation programs. We have assumed, perhaps optimistically, that 75% of the participants in WIA summer jobs programs will be 16-19 years old. The labor force behavior of youth ages 14-15 is not collected as part of the monthly CPS household survey; thus, their involvement in the summer jobs program will not have any positive effect on measured national employment. Not all of the jobs created for youth under the summer youth program will represent a net gain in employment of teens. Some of the youth obtaining a WIA-funded summer job would have been able to find unsubsidized employment on their own in the absence of the summer jobs program. As a result, not all of the jobs directly created by the WIA summer jobs program will be net new jobs. Past research on the net employment impacts of youth job creation programs, including previous summer jobs programs for economically disadvantaged teens, indicates that each 100 jobs create a net impact of between 67 to 75 jobs for all teens.[17] Given the much greater slack in youth labor markets this year in comparison to much of the decade of the late 1970s when these estimates were derived, we have assumed a higher net job creation impact for this year's youth summer jobs programs. A net job creation ratio of 85 per 100 summer jobs was assumed. Finally, the impact of the summer youth jobs program on overall job opportunities for teens during the summer months will be dependent on the number of weeks that these jobs are held. As noted earlier, we estimate that the average summer job will last 8 weeks (a slightly optimistic

[16] Some summer youth programs with an early starting date may last for 9-10 weeks while others in states such as Massachusetts with a late school closing date will offer only 5-6 weeks of paid summer employment.

[17] For a review of the net job creation effects of past youth job creation programs and their economic and social benefits, See: (i) Timothy Bartik, "Why We Need to Subsidize Jobs," Challenge: The Magazine of Economic Affairs, May-June 2002, pp. 100-111; (ii) Andrew Sum, Garth Mangum, and Robert Taggart, "The Case for A Young Adult Jobs Creation Program," Indicators: The Journal of Social Health, Winter 2002-03, pp,. 50-84.

assumption) while the "summer" consists of the 13 week period from June 1 to August 31. The summer jobs impact will, thus, be only 8/13 of the gross jobs impacts.[18]

The net average monthly number of summer jobs for 16-19 year olds this summer can be computed by multiplying the initial 400,000 jobs figure by .75 * .85 * .62, yielding a net average monthly summer jobs figure of 158,100. This number of net new jobs was equivalent to only .9 percentage points of the nation's 16-19 year old teen population, or slightly less than one full percentage point.

If we add these 158,100 net new jobs for the nation's 16-19 year olds to the earlier projected number of 6.107 million teen jobs in the absence of the summer jobs program, we end up with our projected monthly average estimate of 6.265 million jobs for the nation's teens over the June-August period of 2009. This level of teen employment (not seasonally adjusted) would yield an average summer monthly E/P ratio of 36.7%, which we believe to be on the optimistic side given the intense competition that teens will face from both younger (20-29) and older (55+) adults for jobs this summer (Table 7 last row). This projected E/P ratio of 36.7% for the nation's teens this summer would represent a new historical World War II low despite the availability of new federal monies for youth summer jobs. The WIA jobs stimulus by itself can not offset the expected large decline in the projected teen employment rate this summer.

Establishing New Summer Jobs Targets for the Nation's Youth and Identifying the Number of New Jobs Needed to Achieve These Targets

The nation's teens, both overall and in every age, gender, race-ethnic, and family income subgroup, have experienced steep declines in their employment rates during both the regular school year (September-May) and the summer months since 2000. Record low employment rates for teens have prevailed over the past few years, and this summer will very likely establish a new record low employment rate for the nation's teens. The ARRA stimulus monies will have a positive, but very modest impact on the overall teen employment rate this summer, but it is not large enough to offset the

[18] The national CPS household survey collects information on the labor force status of respondents during the calendar week containing the 12th day of the month. Since the vast majority of summer job holders should be employed during these two time periods, the relevant adjustment factor might be .67.

coming decline in teen employment from other sectors. To better inform the nation's and state's public policy makers of the magnitude of the jobs needed for the nation's teens, we have developed two alternative desired employment targets for summer jobs and estimated the average monthly number of teens who would have to be employed to achieve these two objectives. These desired national job goals for the nation's teens can then be compared to the projected number of employed teens this summer to identify the gap in teen job availability.

Our two alternative employment targets are described in Table 8. Under our first scenario, the teen employment rate this summer would simply match the 51.7% employment rate achieved during the summer of 2000 at the peak of the labor market boom of the 1990s. Under this first employment scenario, the number of teens (16-19) employed this summer would be equal to 8.822 million. The attainment of this employment objective would still leave Asian, Black, and Hispanic youth employed at rates well below those of White youth. During the summer of 2000, the White teen employment rate (including White Hispanics) was 56.4%. If teens in every other major race-ethnic group were to achieve the same employment rate as that of White teens in the summer of 2000 during the current summer, then the overall level of teen employment would have to reach 9.624 million (Table 8).

Table 8:
Estimating the Number of Summer Teen Jobs[1] Needed in 2009 to Achieve Two Alternative National Employment Goals and the Gaps Between These Two Desired Employment Levels and the Projected Number of Actual Employed Teens in 2009

Employment Scenario	Jobs Needed
I. Raise the summer teen employment rate to its 2000 value of 51.7%(1)	17.064 million * .517 8.822 million
II. Raise the 2009 summer teen employment rate for each major race-ethnic group to the White teen employment rate of 56.4% in the summer of 2000	17.064 million * 564 9.624 million
III. Employment gap between scenario one and the predicted 2009 teen summer employment level	8.822 million – 6.265 2.557 million
IV. Employment gap between scenario two and the predicted 2009 teen summer employment level	9.624 million – 6.265 3.359 million

Note: (1) All estimated levels of teen employment in this table are not seasonally adjusted.

The attainment of both of these national employment goals for the nation's teens would require a massive increase in overall teen job opportunities. Under the first scenario, an additional 2.56 million teen summer jobs would be needed, representing a more than 40% increase in the number of teen jobs projected for the current summer. Under the second jobs scenario, an additional 3.359 million teen jobs would be needed, an increase of nearly 54% over the projected teen employment level this summer.

The achievement of the two alternative teen employment goals will require massive increases in teen jobs from every key job sector: the private for profit sector, the nonprofit sector, and the public sector. Macroeconomic growth by itself cannot be relied upon to markedly improve been teen employment prospects.[19] Major new national, state, and local employment initiatives will be needed, including substantially expanded youth internships in the private sector, cooperative education slots, school-to-

[19] For a recent review of the potential delinking between the modest projected levels of future economic growth and labor market recover, See: Bob Herbert, "No Recovery Insight," New York Times, June 27, 2009.

work transition programs, private sector wage subsidies, and increased publicly funded job creation programs that would go well beyond the $800 million in ARRA stimulus monies for teen summer jobs. In addition, a far more substantial number of year-round teen jobs will be needed to bolster their future employability and earnings. The dramatic, historic collapse in teen labor markets needs to be openly and systematically addressed by the U.S. Congress, the Obama Administration, the nation's governors, its local elected officials, WIA youth agencies, and educational agencies across the entire nation. **The economic future of our nation is at stake.**