



40 Court Street, 11th Floor ■ Boston, MA 02108-2202  
TEL: 617.263.3388 ■ FAX: 617.263.1401 ■ [www.massworkforce.com](http://www.massworkforce.com)

JOHN J. LIPA  
CHAIR

DONALD A. GILLIS  
EXECUTIVE DIRECTOR

## **Putting America's and Massachusetts' Youth Back to Work: The Jobs for America's Youth Act of 2008**

**Prepared by Andrew Sum, Director of the Northeastern University Center for Labor Market Studies**

**Congress is considering a new Economic Stimulus bill, which must include new jobs stimulus bill for teens and young adults. This act will be known as the Jobs for America's Youth Act of 2008 and is endorsed by the Massachusetts Workforce Board Association.**

National labor markets have been in steady decline since the end of 2007. The nation's teens (16-19 year olds) have been more adversely affected by these deteriorating labor market conditions over the past nine months than any other age group in the nation. The teen employment rate (seasonally adjusted) declined by nearly two percentage points between the fourth quarter of 2007 and the August-September period of 2008, two to three times as high as the decline in the employment rates for all other non-elderly age groups.<sup>1</sup> This decline follows an unprecedented far steeper seven year drop in the employment rate of the nation's teens between 2000 and 2007. Over this seven year period, the teen employment rate fell from 45.2% to 34.8%, a 10.4 percentage point drop. During the first nine months of 2008, the teen employment rate has averaged only 33.4%, a new post-World War historical low. This summer, the jobholding rate for the nation's teens also fell to a new historical low (38%, not seasonally adjusted) more than 14 percentage points below the teen summer employment rate of 2000.

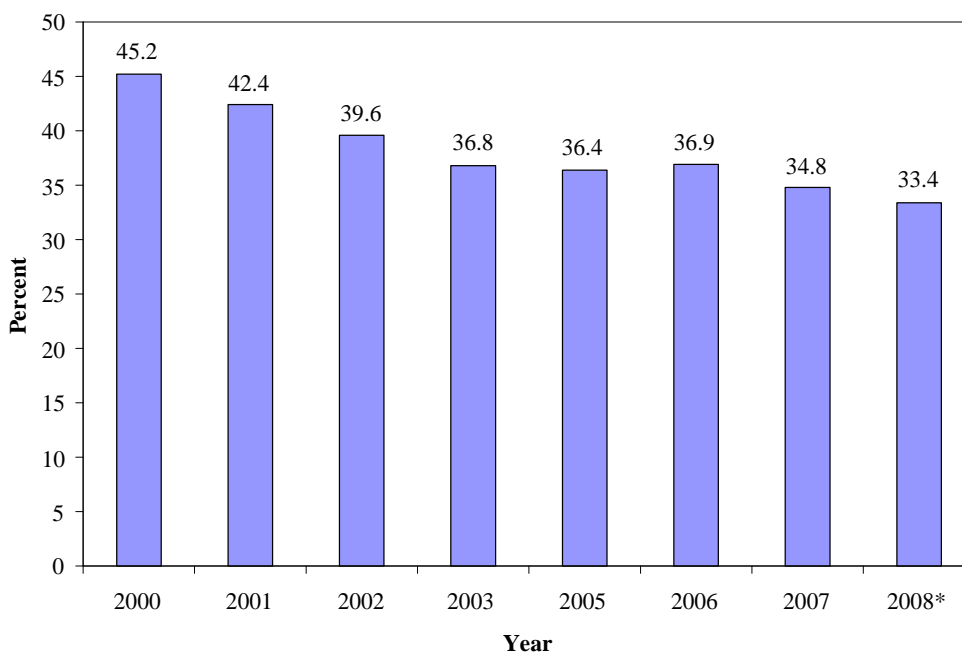
For the first time in the past 60 years in a period of sustained jobs recovery (summer 2003-fall 2007), the nation's teens failed to capture any positive share of the nation's job growth. Over the past 8 years, the severe deterioration in teen employment has affected every major demographic group of teens (age, gender, race-ethnic), youth in every family income group, in every geographic region, and nearly all states including Massachusetts. Still, in 2008, the ability of the nation's teens to obtain work

---

<sup>1</sup> Among the nation's elderly (65 and older), the employment rate was higher in recent months (August-September 2008) than it was at the end of 2007.

continues to vary widely across race-ethnic and family income groups with White teens being far more likely to be employed than their Black and Hispanic counterparts, and youth from middle income and affluent families being much more likely to be employed than low income youth.

**Chart One:**  
Trends in Teen Employment Rates (16-19 in the U.S. from 2000 to 2008  
 (in %)



Note: \* 2008 estimate is for the January-September period, seasonally adjusted.

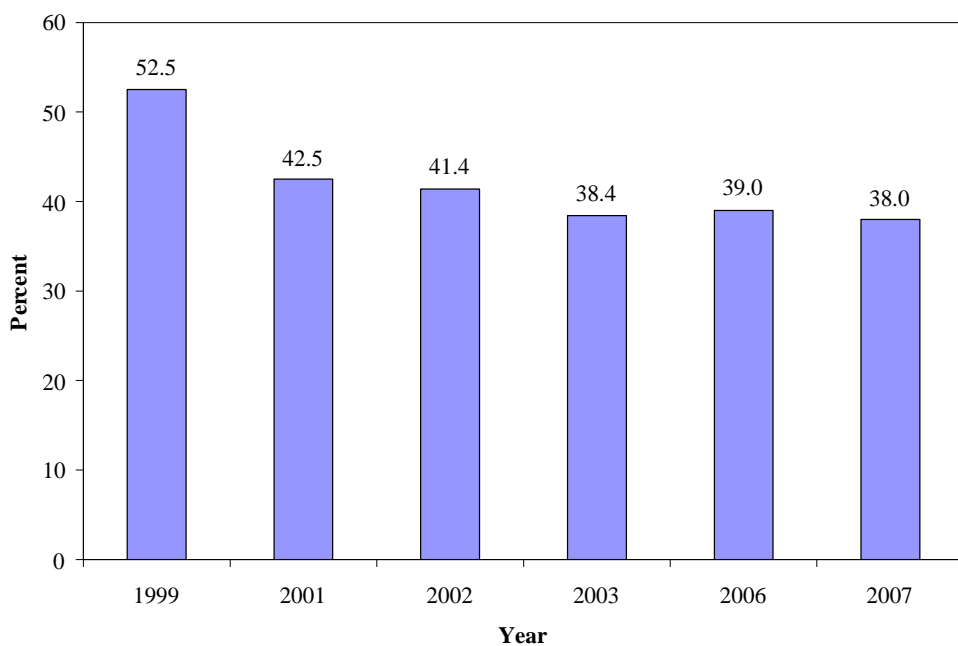
**Table 1:**  
Trends in the Employment Rates of Gender and Race-Ethnic Groups of  
Teens in the U.S. Between 2000 and 2008, Annual Averages  
 (in %)

	(A)	(B)	(C)	(D)
Group	2000	2008	Percentage Point Change	Percent Change
Men	45.4	32.3	-13.1	-29%
Women	45.0	34.6	-10.4	-23%
Black	29.8	21.0	-8.8	-30%
Hispanic	38.6	29.7	-8.9	-23%
White	49.1	36.7	-12.4	-25%

Youth in Massachusetts also have faced a sharp decline in their employment opportunities over the past 8 years, both year-round and during the summer. During 2007, the teen employment rate in the

Commonwealth fell below 37 percent, more than 15 percentage points below its value in 1999. Our state is no longer a national leader in the employment of its youth. We fall in the middle of the distribution of states ranked by the value of their teen employment rates in 2007, well behind the top five to ten performers. Similar to developments across the nation, teen employment rates in the Commonwealth continue to vary widely by race-ethnic and household income group, both overall and among high school students and non-enrolled graduates.

Chart 2:  
Trends in Teen Employment Rates (16-19 Year Olds) in  
Massachusetts, Selected Years 1999-2007



The substantial loss in teen employment has a number of adverse consequences for the youth themselves, their families, and their communities. Teen employment is very path dependent. The more teens work this year, the more they work next year, and so on. Lost work experience today means less work experience tomorrow and lower future earnings. The soft skills that employers increasingly desire from their entry-level workers can only be learned on the job. Youth who engage in jobs with work-based learning opportunities report that they are more likely to see the connection between work and school, and lower income males, especially Black and Hispanic youth, who work in high school are less likely to drop out of high school than their peers who do not work. High schools with close employer ties for school-to-work transition programs are characterized by lower dropout rates and higher teen employment rates.

The economic, educational, and social benefits of teen employment are quite substantial. The Bush administration and the U.S. Congress had repeated opportunities over the past eight years to create a job stimulus bill for the nation's teens including funds for direct job creation for teens and young adults (20-21) during the summer, but failed to act. The federal government provided an income tax cut of \$165 billion earlier this year that failed to create a single job for the nation's teenagers, extended unemployment benefits for long-term jobless adults to do nothing, provided an \$80 billion financial bailout of AIG and has allocated up to \$700 billion to assist banks and other financial institutions, but has not spent \$1 to create job opportunities for youth.

**Today, we call upon the U.S. Congress to enact a new jobs stimulus bill for teens and young adults. This act will be known as the Jobs for America's Youth Act of 2008 (JAYA). It will provide up to \$8 billion to provide up to 400,000 year-round jobs for out-of-school and in-school youth and 1 million additional subsidized summer jobs for 16-21 year olds, with an emphasis on teens from low income families and neighborhoods.** Monies provided to state and local Workforce Investment Boards under the act can be used to finance each of the following activities:

- a) Hire full-time staff to develop unsubsidized jobs and paid internships for youth in the private, for-profit including jobless young adults and non-profit sectors of the economy.
- b) To provide wage subsidies (up to 25% of the wage bill) to private sector employers who create jobs with work-based learning opportunities for target group youth.
- c) To create subsidized jobs for teens and young adults in the non-profit and public sectors during the summer. All such jobs must be linked to education and training opportunities for youth either on or off-the-job.