

**The Lost Decade For Teen and Young Adult
Employment in Illinois: The Current
Depression in the Labor Market For 16-24
Year Olds in the Nation and State**

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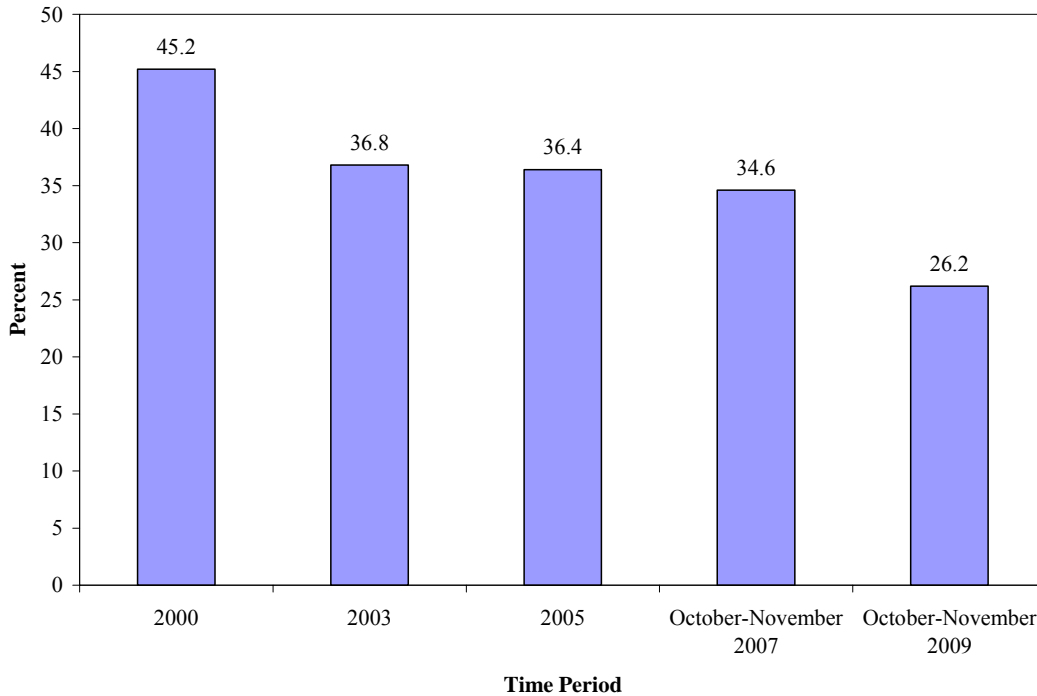
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Introduction

The current decade in the U.S. and Illinois has been marked by a very deep and long lasting downturn in teen employment opportunities beginning with the national recession of 2001 and continuing through the jobless recovery of 2002-2003. Teens failed to capture any substantive share of the growth in jobs from the national labor market recovery from mid 2003 to the fall of 2007, and their employment rate fell steeply during the Great Recession of 2007 to 2009. In 2000, near the height of the labor market boom of the past decade, the teen employment/population ratio peaked at 45.2%, implying that 45 of every 100 teens were working on average during that year.¹ (See Chart 1). By 2003, the teen E/P ratio had declined to 36.8% and would fall further to 36.4% in 2005. Immediately prior to the start of the national recession in December 2007, the teen E/P ratio had fallen to 34.6%, the lowest in the nation in the entire post-World War II period. During the course of the 2007-2009 recession, the employment rate of the nation's teen fell steeply to 26.2% by October-November 2009, setting new record lows each year. No other age group has experienced employment declines of this magnitude in the current recession. Young adults 20-24 years old in both Illinois and the nation also have been adversely affected by the deterioration in labor market developments in the state and the nation in recent years, especially men, Blacks and Hispanics, and non-college graduates. Their labor market fate also will be described in this report.

¹ The population variable in the CPS household survey only covers persons in the civilian non-institutional population. Persons serving in the nation's armed forces and those residing in jails, prisons, mental hospitals, long stay hospitals are excluded from the scope of the CPS survey.

Chart 1:
Trends in the Employment/Population Ratios of U.S. Teens (16-19) for Selected Time Periods* Between 2000 and October/November 2009 (in %)



Note: (*) Monthly data for 2007 and 2009 are seasonally adjusted. Data for 2000, 2003, and 2005 are annual averages.

Source: U.S. Bureau of Labor Statistics, “Current Population Survey Employment Statistics,” web site.

Each major demographic and educational group of teens (gender, race-ethnic, family income, those enrolled in school and those out-of-school) in the nation experienced very large drops in their employment rates between 2000 and 2009. Teen males were more adversely affected than their female counterparts, with a 20 percentage point decline in the male teen employment rate over this nine year period (Table 1). Female teens in the nation have been employed at a higher rate than males since 2001.

Table 1:
Trends in the Employment/Population Ratios of Selected Gender and
Gender/Race-Ethnic Groups in the U.S., Selected Years from 2000 to 2009

| Group | (A) | (B) | (C) | (D) | (E) | (F) |
|--------------------------|------|------|------|------------------------------|------------------------------|---|
| | 2000 | 2003 | 2005 | October/ November 2007 | October/ November 2009 | Percentage Point Change, 2000-2009 |
| All | 45.2 | 36.8 | 36.4 | 34.6 | 26.2 | -19.0 |
| Men | 45.4 | 35.7 | 35.1 | 33.0 | 25.1 | -20.3 |
| Women | 45.0 | 37.8 | 37.8 | 36.2 | 27.4 | -17.6 |
| Black men ¹ | 28.9 | 19.9 | 20.8 | 18.8 | 13.9 | -15.6 |
| Black women ¹ | 30.6 | 23.4 | 22.4 | 23.3 | 15.5 | -15.1 |
| Hispanic men | 42.8 | 31.9 | 33.8 | 34.0 | 22.4 | -20.4 |
| Hispanic women | 33.9 | 28.4 | 29.1 | 28.9 | 20.2 | -13.7 |
| White men ¹ | 49.5 | 39.4 | 38.8 | 36.2 | 28.0 | -21.5 |
| White women ¹ | 48.8 | 41.5 | 41.8 | 34.7 | 30.8 | -18.0 |

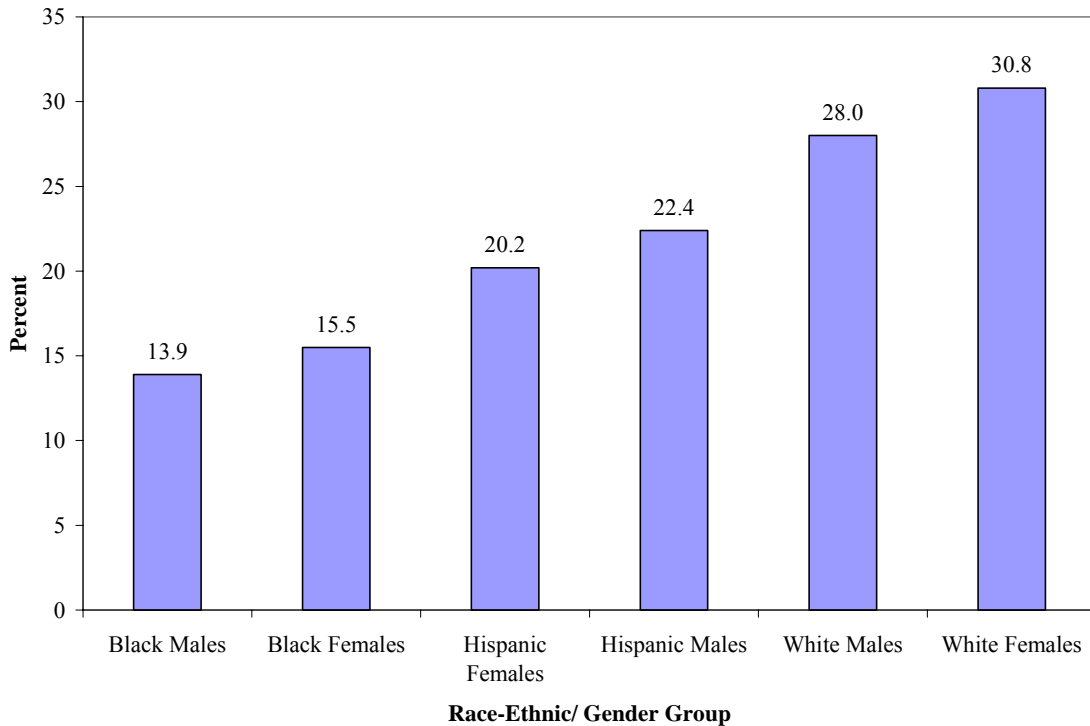
Note: Both the White and Black data will include those Hispanics who report their race as Black or White.

Source: U.S. Bureau of Labor Statistics, “CPS Employment Data Series,” web site.

Teen workers in each major race-ethnic and gender group were characterized by steep drops in their employment rates over the decade with both Hispanic and White males encountering declines of 20 percentage points or more. In each time period, including October-November 2009, however, there were large variations in teen employment rates across these gender/ race-ethnic groups. They ranged from a low of slightly under 14% for young Black men to a high of nearly 31% for White women (Chart 2).

The remainder of this report is devoted to a detailed analysis of the employment experiences and labor market problems of teens (16-19) and young adults (20-24) in Illinois, the city of Chicago, and other substate areas between 2000 and 2009. The labor market situation of key demographic, socioeconomic, and schooling groups of teens and young adults also will be examined, and problems of disconnection from both school and work of the 16-24 year old group will be highlighted.

Chart 2:
October/November 2009 Employment/Population Ratios of U.S.
Teens by Gender/Race-Ethnic Group (in %)



Employment Measures and Data Sources

There are a number of different labor force activity measures that can be used to assess the labor market behavior of a given group of individuals at a point in time and to track changes in their labor market well-being over time. Available measures of labor force activity include civilian labor force participation rates, unemployment rates, employment/population ratios (E/P), full-time employment rates, and labor underutilization rates. This paper will primarily emphasize changes in the employment/population ratios of teens (16-19), 20-24 year olds, and older age groups in Illinois and selected substate areas over the 2000 to 2009 period. The employment/population ratio (E/P) represents the share of all persons in the civilian non-institutional population in a given demographic group (e.g., 16-19 year olds) who were employed at a given point in time (for example, June 2009) or on average during a given year (2008). The value of the E/P ratio for any demographic group is influenced by the degree of its labor force attachment as measured by its labor force participation rate and its official unemployment rate. The higher the civilian labor force participation rate and the lower the unemployment rate for

any given group, the higher will be its E/P ratio.² This employment measure, especially for teens also overcomes some of the shortcomings of the official unemployment rate measure, which only includes those persons who are jobless, actively looking for work, and available for work at the time of the CPS household survey. When labor market conditions deteriorate and jobs for teens and young adults become more difficult to obtain, more of them will stop actively looking for work and some will not enter the labor force. As a consequence, they will no longer be counted among the ranks of the official unemployed even though they remain jobless. Their absence from the ranks of the employed, however, will be captured by a decline in their employment/population ratio.

In addition to tracking changes in the E/P ratios of the state's teens (16-19) and young adults (20-24) in Illinois over the past 9 years, we also will present estimates of the incidence of both disconnection and labor underutilization problems among these two groups during 2008 and 2009. The disconnected refer to those youth who are both out of school and out of work. The pool of underutilized labor includes the official unemployed, the labor force reserve or hidden unemployed, and the underemployed. The labor force reserve consists of those persons not currently looking for work (in the past 4 weeks) but who express a desire for immediate employment. The underemployed are those employed individuals working part-time (under 35 hours per week) but wanting to work full-time. The labor underutilization rate measures the ratio of the pool of underutilized labor to the adjusted civilian labor force.

Most of the estimates of the employment rates, unemployment rates, and labor underutilization rates for Illinois teens and young adults (and some older adults 25+) appearing in this paper are based upon the findings of the monthly Current Population Surveys (CPS) for calendar years 2000, 2003, 2007, and the January-November period of 2009. The CPS survey is a monthly household survey conducted by the U.S. Census Bureau for the U.S. Department of Labor's Bureau of Labor Statistics. Nationally, nearly 60,000 households are selected for interviews each month. In the state of Illinois, monthly interviews were completed with approximately 2,200 households per month in 2003 and 2,100 in 2009. The CPS survey collects

² Algebraically, the E/P ratio is influenced by both the labor force participation rate and the unemployment rate of a given group of workers $E/P = L/P \bullet E/L$ where $E/L = 1 - U/L$

E/L = the percent of the labor force that was employed

U/L = the unemployment rate of a group

L/P = the labor force participation rate of a group

data on the labor force status of each household member ages 16 or older in the calendar week immediately preceding the CPS interview, which takes place during the week containing the 19th day of the month. Persons serving in the nation's armed forces as well as the homeless and those living in institutions, such as jails, prisons, and nursing homes, are excluded from the scope of the survey. Each working-age household member is classified into one of the following three mutually exclusive labor force categories: employed, unemployed, or out of the labor force.³ The employed include all those persons who were working in a wage or salary job for one or more hours during the reference week, the self-employed, persons with a job but temporarily absent due to a temporary illness, vacation, weather, or an industrial dispute, and persons working in a family-owned business for 15 or more hours without pay. The unemployed are those who were without work during the reference week, have actively looked for a job in the previous four weeks, and were available for employment.⁴

The American Community Surveys for 2008 in Illinois also were used to allow us to examine the employment rates of teens in more detailed educational attainment and family income groups in the state and the city of Chicago in 2008. The ACS is a large scale national household survey managed by the U.S. Census Bureau.

Trends in the Employment Rates of Working-Age Adults in Illinois, 2000-2009

Estimates of the employment rates (E/P ratios) of all working-age adults (16+) and by major age group in Illinois during both 2000 and the January-November period of 2009 are displayed in Table 2 and Chart 3. In calendar year 2000, two-thirds (66.7%) of all working-age adults in Illinois were employed, with 82 to 83 percent of all prime-aged workers (25-54) holding a job, either part-time or full-time.⁵

During the first eleven months of 2009, only 61% of all working-age adults in Illinois held a job, down by nearly 6 percentage points from 2000. The sizes of these employment rate declines among Illinois adults varied markedly across major age groups, with the youngest age

³ For a review of the definitions of each of these labor force activity measures, See: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings, January 2007*, "Appendix A".

⁴ Those unemployed persons on temporary layoff from their jobs with an expected recall date do not have to meet the active job search test but they must be available for work.

⁵ This E/P ratio was the highest ever recorded for Illinois in the past 36 years for which CPS data are available back to 1973. The 1999 E/P ratio for all workers in the state was identical to that of 2000.

groups faring the worst, and older workers (55+) actually increasing their employment rate by 5.4 percentage points to just under 40% (Table 2). The employment rate of the state's teens fell by an amazing 20 percentage points (a true Great Depression not a recession) and the employment rate of 20-24 year olds fell by nearly 13 percentage points. Workers 25-34 (especially males without college degrees) also experienced very severe drops in their employment rates between 2000 and 2009 ranging from 6.8 to 8.5 percentage points. Every age group under 55 saw their employment rates drop while those 55 and older improved their E/P ratio by between 5 and 6 percentage points (Chart 3).

To place the magnitude of these employment changes between teens and older workers in perspective, consider the following. Back in 2000, teens in Illinois were nearly 1.4 times as likely to be working as older persons 55 and older (48% vs. 34%). Within a year, these relative odds of employment had shifted in the other direction (40% for older workers vs. 28% for teens). The dramatic age twist in employment rates in Illinois over the current decade also took place across the entire country, a historically unprecedented development.⁶

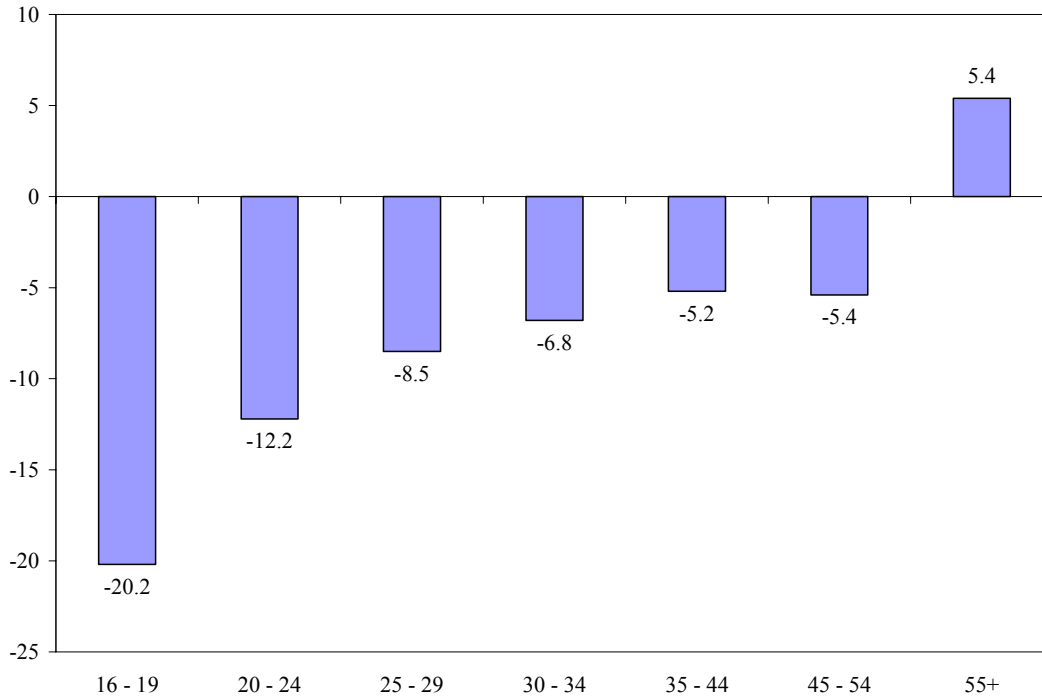
Table 2:
Trends in the Employment-Population Ratios of Working-Age Individuals by Age Group in Illinois from 2000 to Jan-November 2009 (in%)

| | (A) | (B) | (C) |
|-----------|------|------|-------------------------|
| Age Group | 2000 | 2009 | Percentage Point Change |
| 16+ | 66.7 | 61.0 | -5.7 |
| 16 – 19 | 48.1 | 27.9 | -20.2 |
| 20 – 24 | 72.4 | 60.2 | -12.2 |
| 25 – 29 | 81.8 | 73.3 | -8.5 |
| 30 – 34 | 83.4 | 76.6 | -6.8 |
| 35 – 44 | 82.0 | 76.8 | -5.2 |
| 45 – 54 | 82.3 | 76.9 | -5.4 |
| 55+ | 34.5 | 39.9 | 5.4 |

Source: 2000 monthly CPS and January – July CPS public use files, tabulations by authors.

⁶ For an earlier assessment of these age twists at mid-decade, See: Andrew Sum, Ishwar Khatiwada with Sheila Palma, “The Age Twist in Employment Rates, 2000-2004” *Challenge*, July-August, 2005, pp. 51-68.

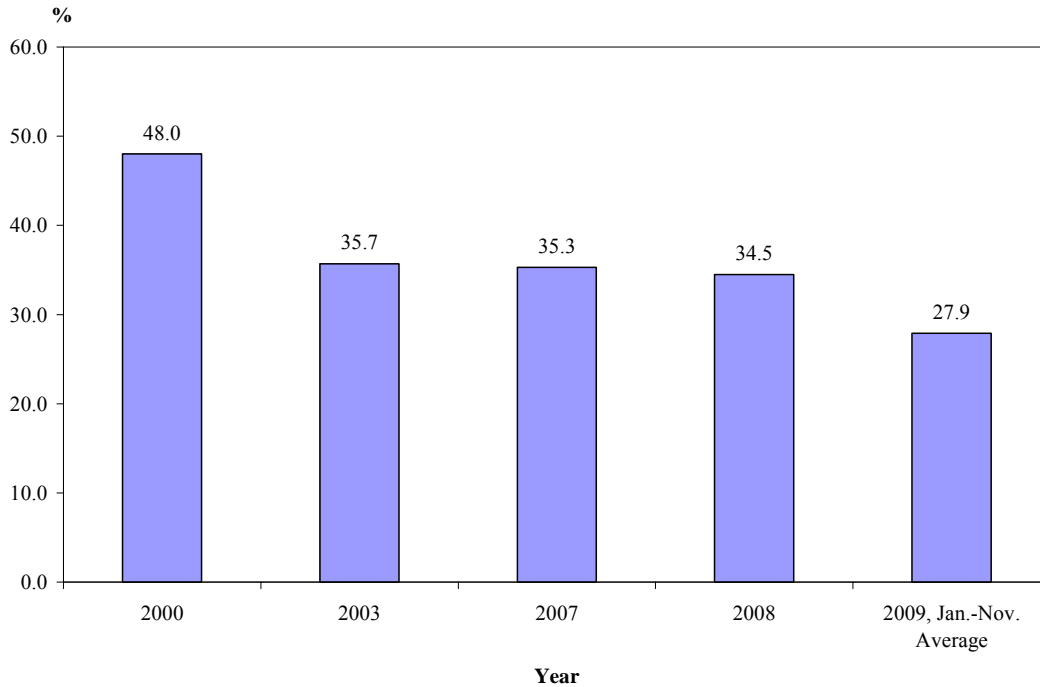
Chart 3:
Changes in the E/P Ratios of Working-Age Persons (16+) in
Illinois by Major Age Group, 2000 – 2009 (in Percentage Points)



Trends in Teen Employment Rates in Illinois, 2000-2009

As noted above, teen employment rates in Illinois have deteriorated considerably over the past decade falling by more than 20 percentage points between 2000 and 2009. During 2000, on average, 48% of the state’s teens were employed. During the recessionary and jobless recovery years of 2001 to 2003, the teen employment rate in Illinois fell very sharply, declining below 36 percent in 2003. The employment rate of teens remained in a fairly stable range over the following four years, remaining at 35 percent in 2007 before beginning a steep downward drift that in 2009 had fallen below 28%, the lowest ever recorded for Illinois teens since 1974 when the CPS data series for the state begins.

Chart 4:
Trends in the Teen Employment Rates of 16-19 Year Olds in
the State of Illinois, Selected Years, 2000 – 2009
 (Annual Averages, Except 2009, in %)



Sources: (i) Monthly Current Population Surveys, published estimates from U.S. Bureau of Labor Statistics for 2000, 2003, 2007, 2008 in Geographic Profiles of Employment and Unemployment.
 (ii) Monthly Current Population Surveys, 2009, public use files, tabulations by authors.

Teens in Illinois have fared somewhat worse than their national counterparts in the labor market over the past 9 years. In 2000, the teen E/P rate in Illinois was 2.8 percentage points above that of their U.S. counterparts (Table 3). During the first eleven months of this year, however, the employment share of Illinois teens was 1.3 percentage points below that of their national peers (27.9% vs. 29.2%). Over the last 9 years, the E/P rate of Illinois teens declined by 4.3 percentage points more than the U.S. average. In September-November, the seasonally unadjusted employment rate of Illinois teens was only 25.3% which ranked only 34th highest among the 50 states, a deterioration from its ranking back in 2000. Most states in the industrial Midwest have seen a deterioration in their relative teen employment rankings over the past decade.

Table 3:
Comparisons of the Teen Employment Rates of 16-19 Year Olds in
Illinois and the U.S., 2000 and 2009
(in %)

| | (A) | (B) | (C) |
|---|------|-------------------------------|----------------------------|
| Geographic Area | 2000 | January – November 2009 | Percentage Point Change |
| U.S. | 45.2 | 29.2 | -16.0 |
| Illinois | 48.0 | 27.9 | -20.1 |
| Illinois – U.S. (in percentage points) | 2.8 | -1.3 | -4.1 |

Estimates of the employment rates of Illinois teens by gender and race-ethnic group in 2000, 2007, and the January-November period of this year are presented in Table 4. Both male and female teens experienced substantial declines in their E/P ratios over the 2000-2009 period, but males were far more adversely affected. The E/P ratio of male teens declined from just under 50 percent in 2000 to only 24 percent in the first 11 months of 2009, a decline of 25 percentage points, or a halving in relative terms. The employment rate of female teens in Illinois fell by 15 percentage points over the same nine year period.

Table 4:
Trends in the E/P Ratios of Illinois Teens 16-19 Years Old, All and by
Gender and Race-Ethnic Group, Selected Years 2000-2009
(in %)

| | (A) | (B) | (C) | (D) |
|---------------------|------|------|---------------------------------|--|
| Group | 2000 | 2007 | 2009 (January – November) | Percentage Point change, 2000-2009 |
| All | 48.0 | 36.5 | 27.9 | -20.1 |
| Men | 49.9 | 36.6 | 24.5 | -25.4 |
| Women | 46.3 | 36.3 | 31.2 | -15.1 |
| Black | 20.8 | 17.5 | 12.1 | -8.7 |
| Hispanic | 40.7 | 26.6 | 29.5 | -11.2 |
| White, not Hispanic | 57.4 | 45.1 | 32.6 | -24.8 |

Source: 2000, 2007, 2009 monthly CPS surveys, public use files, tabulations by authors.

Black, White and Hispanic teens encountered steep job losses over the past nine years, with the E/P ratio of White, non-Hispanic teens falling by nearly 25 percentage points from 57 percent in 2000 to slightly below 33 percent in 2009 (Table 4 and Chart 5). Black teens were characterized by an E/P decline of only 9 percentage points over the same nine year period; however, in 2009, only 12% of Black teens in Illinois were employed, the lowest E/P ratio of the three major race-ethnic groups. Among Hispanic teens, nearly 30% were employed in 2009, an E/P ratio that was nine percentage points below that of 2000.

Chart 5:
The Employment/Population Ratios of Illinois Teens (16-19), All and by
Gender and Race/Ethnic Group, 2009
 (January – November Averages)

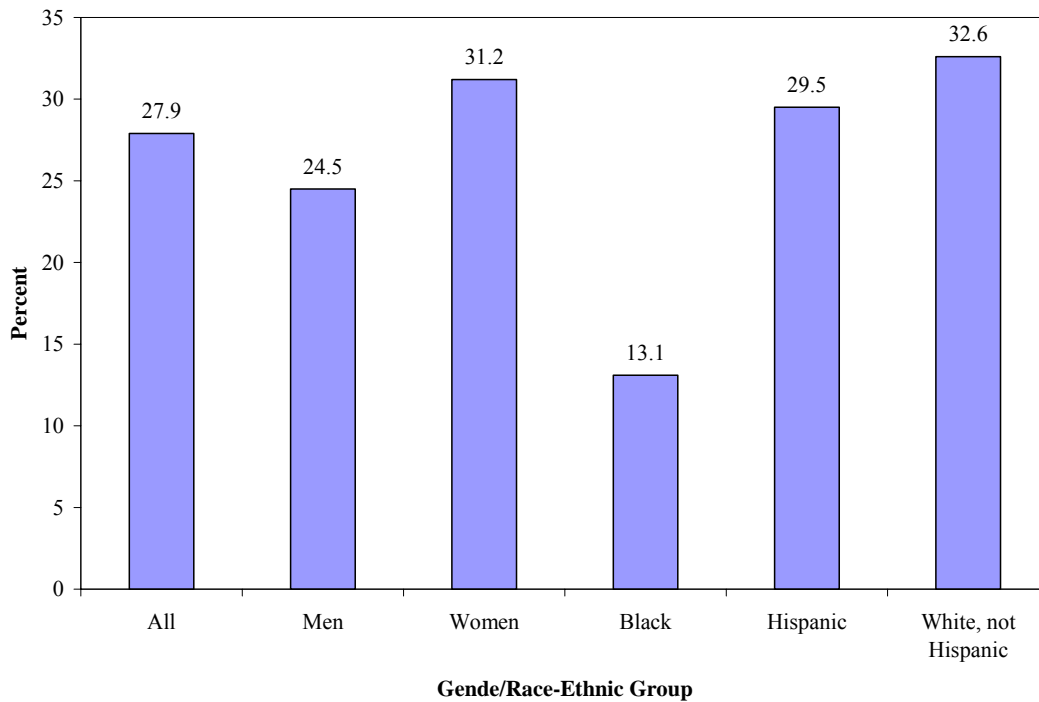


Table 5:
Comparisons of the E/P Ratios of Illinois and U.S. Teens (16-19), All and by
Gender and Major Race-Ethnic Group, 2009
 (January – November Averages, in T)

| | (A) | (B) | (C) |
|----------|----------|------|-----------------|
| Group | Illinois | U.S. | Illinois – U.S. |
| All | 27.9 | 28.7 | -.8 |
| Men | 24.5 | 27.3 | -2.8 |
| Women | 31.2 | 30.3 | +.9 |
| Black | 12.1 | 17.4 | -5.3 |
| Hispanic | 29.5 | 24.6 | +4.9 |
| White | 32.6 | 34.6 | -2.0 |

Employment Rates of Teens in Selected Substate Areas of Illinois, 2000 and 2009

The preceding analyses of key developments in the teenage labor market in Illinois over the 2000-2009 period were focused on the employment rates of teens on a statewide basis. The CPS public use data provide a limited number of geographic identifiers that allow us to analyze teen employment developments in a number of substate areas. In this section, we will examine changes in the estimated E/P ratios of teens in the following substate areas over the 2000-2009 period:

- The Chicago metropolitan area (PMSA)⁷
- The balance of state, i.e., all areas in Illinois outside the Chicago metropolitan area
- The city of Chicago
- All communities in the Chicago metropolitan area outside of the city of Chicago (Chicago suburbs)

Findings are presented in Table 6 and Chart 6 below. Between 2000 and 2009, the E/P ratios of teens are estimated to have declined considerably in every major substate area, with double digit reductions ranging from 14 to 24 percentage points taking place in all four areas of

⁷ During 2009, the U.S. Census Bureau introduced new boundaries for metropolitan areas across the country. The Chicago PMSA's boundaries also were revised; thus, the 2009 data are quite close but not perfectly comparable with those for earlier years.

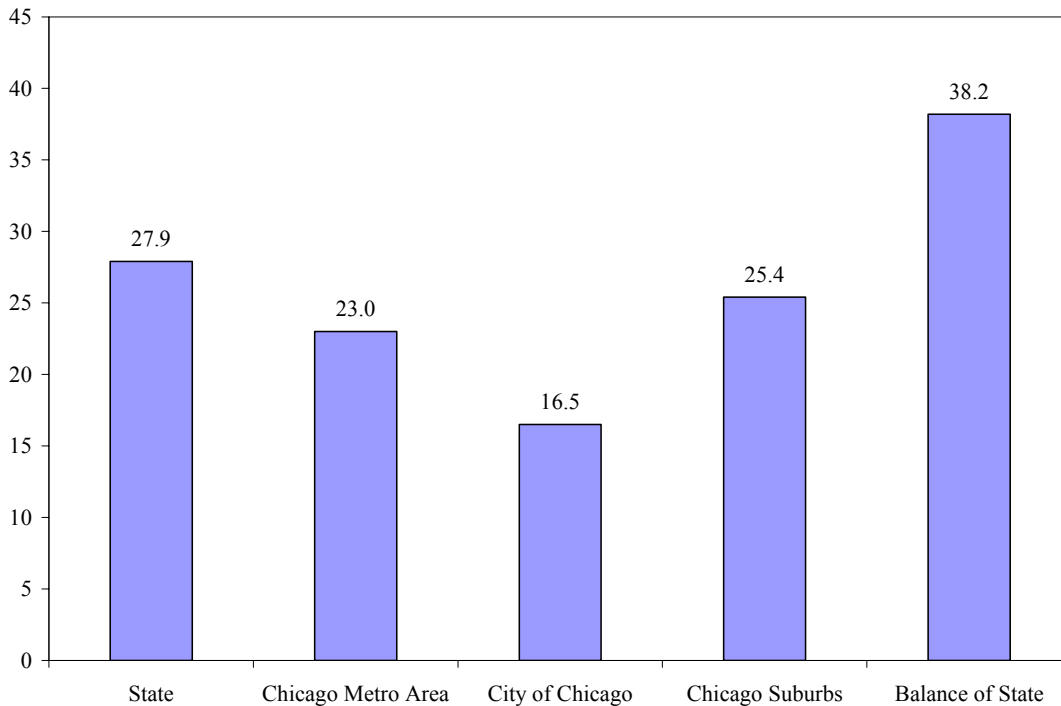
the state. Within both the Chicago metropolitan area and the balance of state, E/P ratios of teens fell by close to 20 percentage points.

Table 6:
Trends in the Employment/Population Ratios of 16-19 Year Olds in the
State of Illinois, the Chicago Metropolitan Area, the Balance of the State,
the City of Chicago, and the Chicago Suburbs, 2000 – 2009
(in %)

| Geographic Area | (A) 2000 | (B) Jan.-Nov. 2009 | (D) Percentage Point Change, 2000-2009 |
|---------------------------|-------------|--------------------------|---|
| State of Illinois | 47.9 | 27.9 | -20.0 |
| Chicago Metropolitan Area | 43.3 | 23.0 | -20.3 |
| Balance of State | 57.0 | 38.2 | -18.8 |
| City of Chicago | 30.5 | 16.5 | -14.0 |
| Chicago Suburbs | 49.0 | 25.4 | -23.6 |

During 2009, the E/P ratios of teens in both the city of Chicago and the Chicago suburbs were well below those prevailing at the end of the state labor market boom in 2000. The magnitude of these declines ranged from 14 percentage points in the city of Chicago to nearly 24 percentage points in the Chicago suburbs. The employment rate of the city's and suburbs' teens fell by nearly half over this nine year period. During 2009, however, the ability of Illinois teens to obtain some type of employment varied quite widely across the state, ranging from a high of 38% in the balance of the state to a low of only 16% in the city of Chicago (Chart 6). Within the Chicago metropolitan area, those teens living in the suburbs were about 1.6 times as likely to be employed as their counterparts residing in the city (25% vs. 16%).

Chart 6:
Teen Employment Rates of 16-19 Year Olds in Illinois Within Selected
Geographic Area of the State, January – November 2009 (in %)



The 2008 Employment Experiences of Teens in the City of Chicago and the State of Illinois By Race-Ethnic Group, Educational Attainment, and Family Income

To improve our knowledge base on the employment experiences of key demographic and socioeconomic subgroups of teens in the city of Chicago and the state of Illinois in recent years, we also analyzed the findings of the 2008 American Community Surveys (ACS) for the state. The ACS is a large scale annual household survey conducted by the U.S. Census Bureau. In 2008, ACS questionnaires were completed by over 81,700 households across the state.⁸ For each working-age respondent (16 and older) in these households and in selected group quarters (college dormitories), information was collected on their labor force status at the time of the survey (any time in 2008) and the number of weeks that they were employed in the 52 week period prior to the survey. We have used the information on their current labor force status to

⁸ The 2008 ACS in Illinois collected information from 81,731 households across the state of Illinois. Not all of these questionnaires end up on the public use files. On the public use files, data were available for 7,082 teens 16-19 across the state and 1,084 teens who were residing in the city of Chicago.

estimate the employment rates of teens in key race-ethnic, educational attainment/ school enrollment, and family income groups.

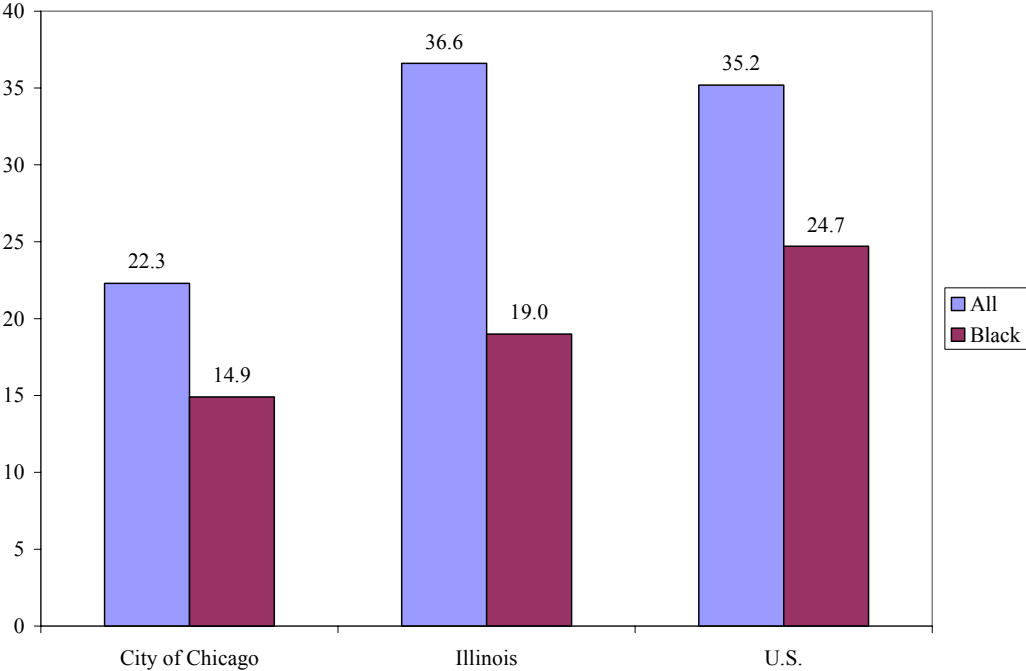
In 2008, according to the ACS, only 22% of Chicago teens were employed, an employment rate well below that of the state (37%) and the nation (35%) (Table 7 and Chart 7). In all three geographic areas, teen employment rates were lowest for Blacks followed by Hispanics and White, non-Hispanics. In Chicago, only 15% of Black teens held any type of job versus 30% of Hispanic and nearly 33% of Whites. Black teens in Chicago fared worse than their counterparts across the state and the nation. A very large subset of Black teens in the city were idle year-round, an outcome with severe adverse consequences for their long term employability and their short run social behavior.

Table 7:
Employment/ Population Ratios of 16-19 Year Olds in the City of Chicago, the State of Illinois, and the U.S. in 2008, All and By Race-Ethnic Group (in %)

| Group | (A) City of Chicago | (B) Illinois | (C) U.S. |
|----------|------------------------|-----------------|-------------|
| All | 22.3 | 36.6 | 35.2 |
| Black | 14.9 | 19.0 | 24.7 |
| Hispanic | 30.1 | 34.0 | 30.8 |
| White | 32.5 | 44.3 | 40.3 |

Source: American Community Surveys, 2008 public use files, tabulations by authors.

Chart 7:
Employment/Population Ratios of All Teens (16-19) and Black Teens in the City of Chicago, the State of Illinois, and the U.S., 2008, (Annual Averages in %)



The ACS survey also collected information on the school enrollment behavior of teens and their years of schooling completed at the time of the survey, including whether they held a GED or a regular high school diploma. This information was used to assign each teenaged respondent into one of the following four educational groups:

- High school student⁹
- College student
- High school dropout, not enrolled
- High school graduate/ GED holder, not enrolled

In all three geographic areas, the employment rates of teens were highest for non-enrolled high school graduates followed by college students, high school dropouts, and high school students (Table 8). While non-enrolled high school graduates were characterized by the highest employment rate, fewer than half of these young high school graduates in the city of Chicago

⁹ Any respondent who reported that they had been enrolled in school in the past three months was classified either as a high school or college student depending on their years of schooling completed.

and only 56 percent of those in the state of Illinois held any type of job. Findings from the 2009 CPS surveys with Illinois youth revealed that only 64 of every 100 employed, young high school graduates were working full-time, i.e., 35 or more hours per week.¹⁰ Combining the findings on the employment rate of these young high school graduates with their full-time employment share yields a very depressingly low full-time employment/population ratio of only 36% for Illinois high school graduates not enrolled in college. Full-time work provides many more advantages over part-time work, including higher hourly and weekly earnings, more access to training by the employer, increased employee benefits including health and dental care, and a higher future return to their wages.¹¹

Table 8:
Employment/ Population Ratios of 16-19 Year Olds in the City of Chicago, the State of Illinois, and the U.S. in 2008, By Educational Attainment/ School Enrollment Status (in %)

| Group | (A) City of Chicago | (B) Illinois | (C) U.S. |
|------------------------------------|------------------------|-----------------|-------------|
| High school students | 12.4 | 27.2 | 25.0 |
| High school dropouts | 28.9 | 37.6 | 37.3 |
| Non-enrolled high school graduates | 49.3 | 56.2 | 59.5 |
| College students | 35.8 | 52.3 | 51.3 |

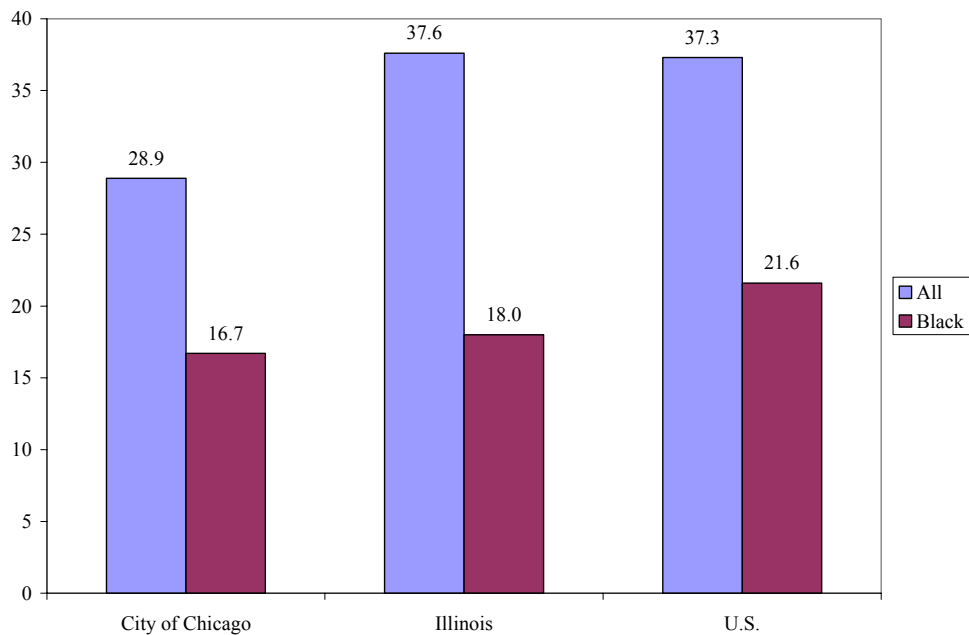
Source: American Community Surveys, 2008 public use files, tabulations by authors

Young high school dropouts had a very difficult time finding any type of work in the city of Chicago and the state of Illinois in 2008. Only 29 of every 100 teenaged dropouts held any type of job in Chicago and only 38 percent of those in the state did so. Young Black dropouts in the city, the state, and the nation encountered very severe difficulties in finding employment. Only 1 of every 6 Black teenaged dropouts were employed in the city and the state in 2008 (Chart 8). These dismal low employment rates for dropouts are often associated with high rates of destructive social behavior, including crime, delinquency, and teen pregnancy. Dropouts over their lifetime are becoming a major economic, social, and fiscal burden on the rest of society.

¹⁰ The ACS survey unfortunately does not ask persons employed at the time of the survey to report their hours of work during that week. The monthly CPS survey does collect such information.

¹¹ For evidence on these issues, see: (i) Andrew Sum, Neeta Fogg, and Garth Mangum, Confronting the Youth Demographic Challenge, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Baltimore, 2000; (ii) Charles J. Whalen (Editor), Human Resource Economics and Public Policy: Essays in Honor of Vernon M. Briggs, Jr., W.E. Upjohn Institute for Employment Research, Kalamazoo, MI, 2009.

Chart 8:
Employment/ Population Ratios of 16-19 Year Old High School Dropouts (All and Black) in Chicago, the State of Illinois, and the U.S., 2008 (in %)



High school students, especially in the city of Chicago, faced dismal job market prospects in 2008. Only 12 of every 100 high school students 16-19 years of age in the city were employed versus about 27 percent in the state (Table 8). Within the city and state, the employment rates of high school students varied positively with their family’s income. In the state, only 12 percent of low income students (family income under \$20,000) were working in 2008 versus 23% of those in families with incomes between \$40,000 and \$60,000 and 30% of those living in upper middle income families; i.e., with incomes of \$80,000 or above. In Chicago, only 5% of low income high school students had a job in 2008. The Chicago public schools have acknowledged the need to substantially expand work-based internships for students in their Career and Technical Education programs.¹² Current plans call for developing 1,200 new internships for students in the coming school year. For the city’s teenaged high school students to simply match the employment rate of their statewide counterparts, an additional 12,350 jobs would be needed. To achieve a 50% employment rate for all students, an additional 31,400 jobs would be needed over and above those employed in 2008.

¹² See: Stephanie Banchemo and Hal Dardick, “Schools Unveil 7-year Push to Boost Vocational Students,” The Chicago Tribune, Jan. 5, 2010.

The employment rates of teens in the city, state, and nation in 2008 also were typically highly associated with their family income backgrounds (Table 9). In all three cases, the employment rates of teens were lowest for those residing in low income families and generally rose steadily with their income until families with incomes up to \$100,000 were reached. In Chicago, the state of Illinois, and the nation, the employment rates of all teens were twice as high among those with incomes of \$80,000 and above as they were for low income students. In Illinois, over 43 percent of high school students living in families with incomes over \$80,000 were employed versus only 20 percent of those with incomes under \$20,000, a relative difference of more than two to one. Similar patterns prevailed in the city of Chicago and the nation.

Table 9:
Employment/ Population Ratios of 16-19 Year Olds in the City of Chicago, the State of Illinois, and the U.S. in 2008 By Family Income Group (in %)

| Group | (A) City of Chicago | (B) Illinois | (C) U.S. |
|--------------------|------------------------|-----------------|-------------|
| Under \$20,000 | 11.8 | 19.6 | 22.9 |
| \$20,000-\$40,000 | 20.5 | 27.3 | 28.8 |
| \$40,000-\$60,000 | 26.9 | 34.6 | 34.6 |
| \$60,000-\$80,000 | 20.7 | 35.9 | 38.5 |
| \$80,000-\$100,000 | 23.1 | 43.4 | 40.8 |
| \$100,000+ | 32.2 | 43.7 | 39.5 |

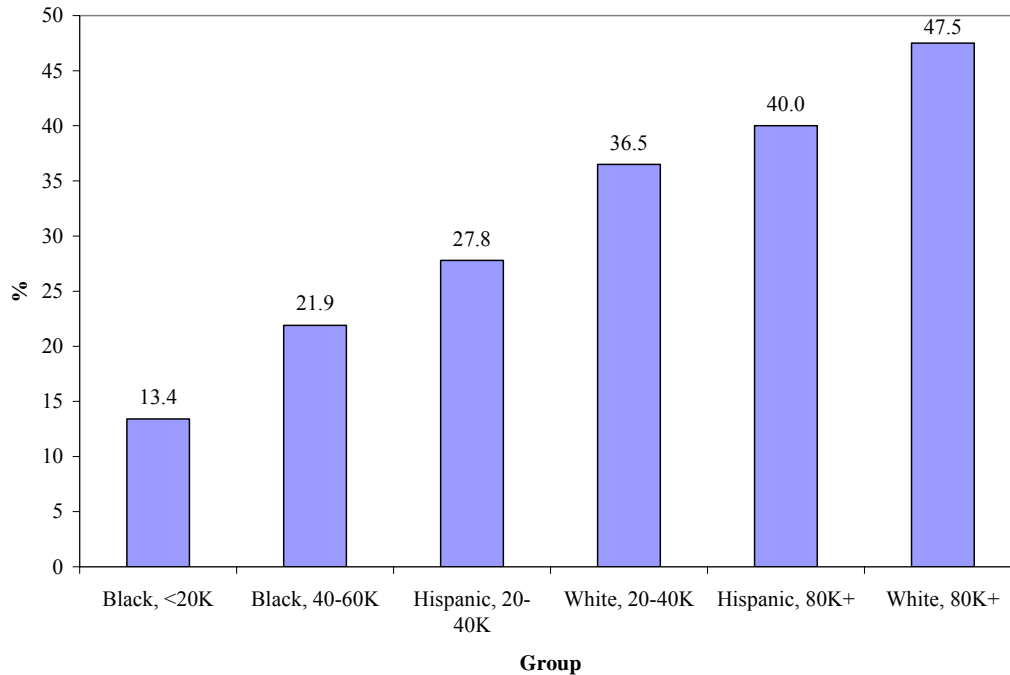
Source: American Community Surveys, 2008, public use files, tabulations by authors.

The strong links between the employment rates of teenagers in Illinois and their family incomes prevailed among each major race-ethnic group (Blacks, Hispanics, and Whites) (Table 10). In each family income group, however, Black teens were the least likely to work followed by Hispanics and White non-Hispanics. The gaps in teen employment rates across race-ethnic/family income groups in Illinois were extraordinarily large. Nearly 48 of every 100 affluent, White non-Hispanics teens held a job in 2008 versus only 13 of every 100 low income Blacks, a relative difference of nearly 4 to 1 from top to bottom. Given the strong path dependency in teen employment behavior, the limited work experience of low income and Black teens today will have adverse consequences for their future employability and earnings.

Table 10:
Employment/ Population Ratios of 16-19 Year Olds in Illinois By Their Family Income and Race-Ethnic Group, 2008 (in %)

| Group | (A) Black | (B) Hispanic | (C) White, not Hispanic |
|-------------------|--------------|-----------------|-------------------------------|
| Under \$20,000 | 13.4 | 22.7 | 28.7 |
| \$20,000-\$40,000 | 15.7 | 27.8 | 36.5 |
| \$40,000-\$60,000 | 21.9 | 37.4 | 41.4 |
| \$60,000-\$80,000 | 20.9 | 30.7 | 43.4 |
| \$80,000+ | 26.4 | 40.0 | 47.5 |

Chart 9:
The Employment/ Population Ratios of 16-19 Year Olds in Illinois in Selected Race-Ethnic/ Family Income Groups in 2008 (in %)

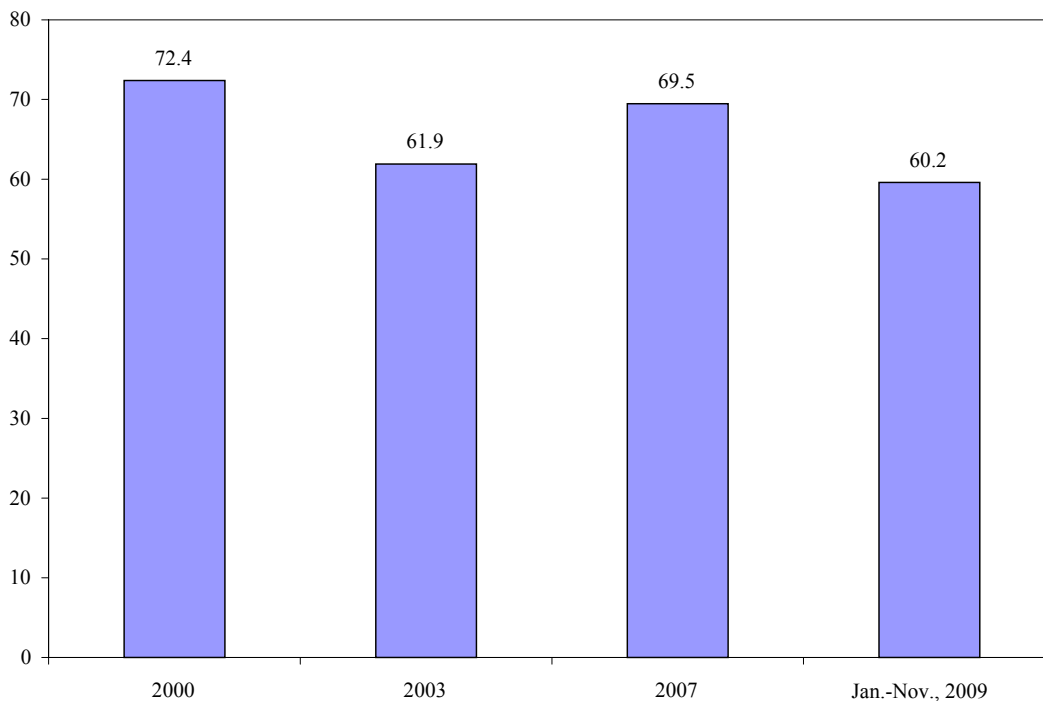


Trends in the Employment Rates of 20-24 Year Olds in Illinois, 2000-2009

As noted earlier, the state's teens were not the only group of working-age persons in the state of Illinois or the nation to experience sharp reductions in their employment rates over the past nine years. Young adults 20-24 and 25-29 years of age also fared quite badly in both the state and the nation in their ability to obtain jobs. In 2000, slightly over 72% of all 20-24 year olds in Illinois had a job (Chart 10). The E/P rate fell very steeply over the following three years,

dropping back to 62% in 2003. During the job growth period from 2003-2007, these 20-24 year olds did much better than their teenaged peers in finding work. By 2007, their E/P ratio was above 69%. Since 2007, their employment prospects have weakened considerably, falling to 60% during the first eleven months of the current year, or more than 12 percentage points below its 2000 value. This is the lowest E/P ratio for the state’s young adults since the early 1970s when the CPS Illinois data series begins. Nationally, young males (20-24) in the first seven months of this year were working at a lower rate than at any time since the end of World War II.

Chart 10:
Employment Rates of 20-24 Year Olds in Illinois, Selected Years 2000 – 2009 (in %)



Both gender groups and both Black and White, non-Hispanic members of the young adult population in Illinois were working at a much lower rate in 2009 than they were in 2000. Males, however, experienced considerably greater declines in their employment rates than young women (Table 11). In 2000, 78% of 20-24 year old males in Illinois worked, but by 2009 their employment rate had dropped to below 60%, an 18 percentage point decline. Young women encountered only a 7 to 8 percentage point drop in their employment rate over this same nine year period. In 2000, the E/P ratio of young men was 11 percentage points higher than that of

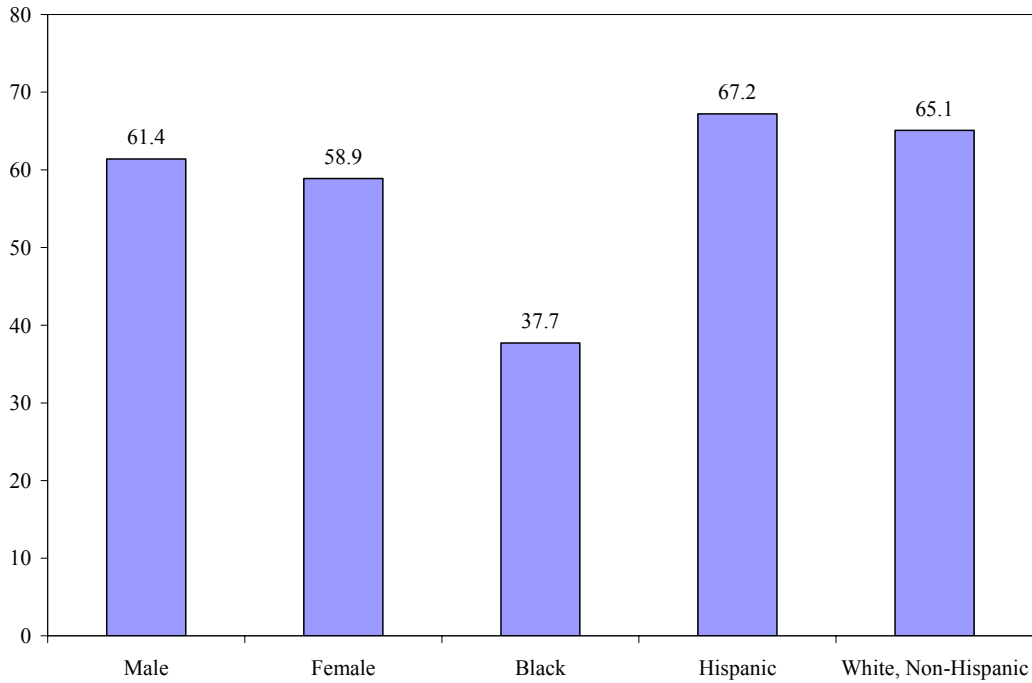
women, but by 2009 (January-November) the two groups' employment rates differed by only two percentage points (Table 11 and Chart 11).

Table 11:
Trends in the Employment Rates of 20-24 Year Olds in Illinois
Between 2000 and 2009 by Gender and Race-Ethnic Group
(in %)

| Group | (A) | (B) | (D) |
|---------------------|------|-------------------|---|
| | 2000 | 2009 Jan.-Nov. | Percentage Point Change, 2000 – 2009 |
| All | 72.4 | 60.2 | -12.2 |
| Men | 78.1 | 61.4 | -16.7 |
| Women | 67.1 | 58.9 | -8.2 |
| Black | 55.7 | 37.7 | -18.0 |
| Hispanic | 72.6 | 67.2 | -5.4 |
| White, not Hispanic | 78.4 | 65.1 | -13.3 |

Sources: 2000 and 2009 CPS monthly public use files, tabulations by authors.

Chart 11:
The Employment Rates of 20 – 24 Year Olds in Illinois by
Gender and Race-Ethnic Origin, January – November 2009



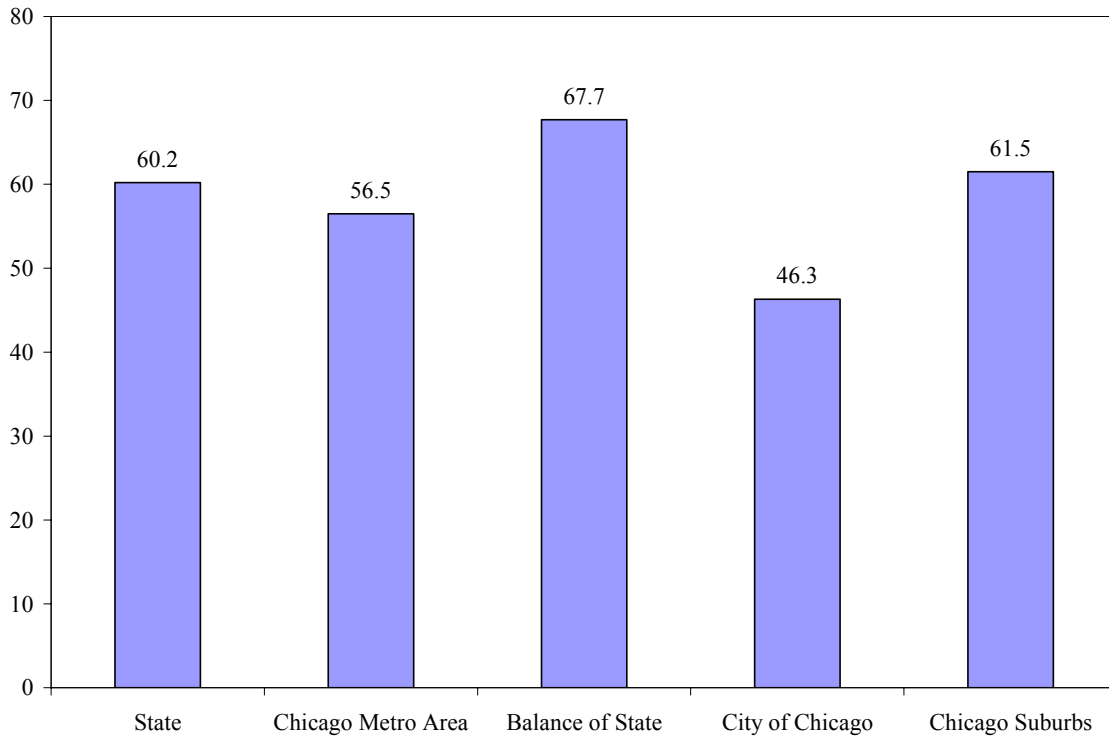
Both Black and White, non-Hispanic young adults (20-24) in Illinois faced considerably greater difficulties in finding work in 2009 than they did in 2000 (Table 11). The E/P ratio of Black youth had declined by 18 percentage points to 37% in the January-November period of 2009. Only 1 of 4 young Black men in Illinois were found to be employed in that latter year. The employment rate of young White, non-Hispanics also fell sharply over the 2000-2009 period, dropping from 78% to 63% over this 9 year period. Hispanic, young adults fared the best over this time period with their E/P ratio declining by somewhat less than 4 percentage points to 69% in 2009. Their E/P ratio in the first eleven months of 2009 was the highest of the three race-ethnic groups (Chart 11). Nationally, a more detailed breakout of the employment data for young Hispanics has shown that Hispanic immigrants, many of whom are undocumented high school dropouts, were much more likely to be working than native born Hispanics.

How successful were 20-24 year olds in various substate areas in maintaining their employment rates over the 2000-2009 period? Findings in Table 12 and Chart 12 reveal that young adults in each major geographic area of the state saw their E/P ratios decline considerably over the past nine years. However, the size of these declines were more considerable in the Chicago metropolitan area than in the rest of the state. Between 2000 and 2009, the employment rates of 20-24 year olds fell by 15 percentage points in the Chicago metropolitan area versus slightly under 10% in the balance of state. Within the Chicago metro area, the E/P ratio of 20-24 year olds fell by 16 percentage points in the Chicago suburbs and by 19 percentage points in the city of Chicago. In 2009, the E/P ratios of these young adults ranged from a low of 46% in the city of Chicago to 62 percent in the Chicago suburbs and to 67% in the balance of the state. The employment rate gap between the city of Chicago and the balance of state among 20-24 year olds was nearly 21 percentage points during the first eleven months of calendar year 2009. Labor market conditions for 16-19 and 20-24 year olds in the city of Chicago in 2009 are the equivalent of a Great Depression era, especially for young Black men.

Table 12
Changes in the Employment/Population Ratios of 20-24 Year Old Youth in the
State of Illinois, the Chicago PMSA, the Balance of State, the City of Chicago, and
the Chicago Suburbs, 2000 to 2009
(in %)

| Area/Race Group | (A) | (B) | (C) |
|--------------------|------|------|--|
| | 2000 | 2009 | Percentage Point Change, 2000 – 2009 |
| State of Illinois | 72.4 | 60.2 | -12.2 |
| Chicago PMSA | 70.4 | 56.5 | -13.9 |
| • City of Chicago | 63.8 | 46.3 | -17.5 |
| • Chicago Suburbs | 76.1 | 61.5 | -14.6 |
| • Balance of State | 77.0 | 67.7 | -9.3 |

Chart 12:
Employment Rates of 20 – 24 Year Olds in Illinois by
Geographic Area by State, January – November 2009 (in %)



Source: January – July 2009 monthly CPS public use files, tabulations by authors.

The Incidence of Out-of-School, Out-of-Work Problems Among Teens and Young Adults in Chicago, the State of Illinois, and the U.S.

Keeping teens and young adults actively engaged in school, training, and/or employment activities is key to their future labor market and earnings success. Those youth who spend substantial time away from both school and work (the so-called “disconnected youth”) run serious risks of being jobless and poor/ near poor in their early to mid 20s.¹³ Educators and workforce development policymakers, program managers, and administrators should assign a major priority to minimizing the numbers of disconnected youth.

To obtain estimates of the numbers of teens and young adults who were disconnected from both school and work in recent years, we analyzed the findings of the 2008 American Community Surveys for the city of Chicago, the state of Illinois, and the nation. A respondent is classified as “out of school and out of work” if he/she had not attended any school program in the three month period immediately prior to the survey and was not working in the calendar week prior to the week in which the ACS questionnaire was completed. Findings on the percent of 16-24 year olds who were disconnected from both school and work by age group, race-ethnic group, and selected family income groups are displayed in Table 13.

¹³ The term “disconnected youth” has been applied to those young adults who are both out-of-school and out of work at a given point in time. See: (i) Douglas J. Besharov (Editor), America’s Disconnected Youth: Toward a Preventive Strategy, Child Welfare League of America, Washington, D.C., 1999; (ii) Peter Edelman, Harry J. Holzer, Paul Offner, Reconnecting Disadvantaged Young Men, Urban Institute Press, Washington, D.C., 2006.

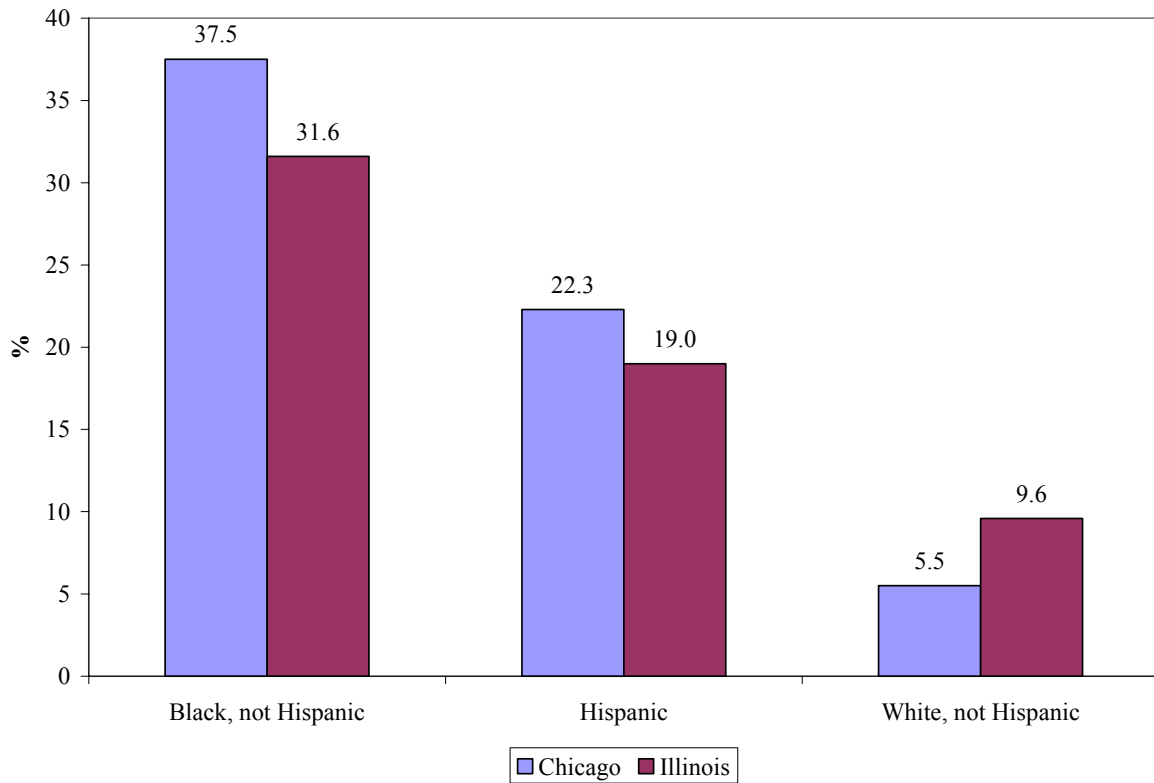
Table 13:
Percent of 16-24 Year Olds in the City of Chicago, the State of Illinois, and the U.S. Who Were
Both Out of School and Out of Work in 2008 By Age Group, Race-Ethnic Group, and Selected
Family Income Groups

| Group | (A) City of Chicago | (B) Illinois | (C) U.S. |
|---------------------------|------------------------|-----------------|-------------|
| 16-19 | 11.3 | 7.4 | 8.2 |
| 20-24 | 21.9 | 14.8 | 16.0 |
| 16-24, All | 17.7 | 11.5 | 12.5 |
| Black | 27.2 | 23.1 | 19.3 |
| Hispanic | 17.1 | 14.8 | 16.1 |
| White, not Hispanic | 4.8 | 7.4 | 9.9 |
| Black/ White | 5.5* | 3.1* | 1.9* |
| <\$20,000 | 22.7 | 20.0 | 21.7 |
| \$20-\$40,000 | 17.1 | 15.9 | 18.0 |
| \$80-\$100,000 | 15.8 | 7.8 | 8.8 |
| \$100,000+ | 10.4 | 5.4 | 6.3 |
| Bottom Income/ Top Income | 2.2* | 3.7* | 3.4* |

Source: American Community Surveys, 2008 public use files, tabulations by authors.

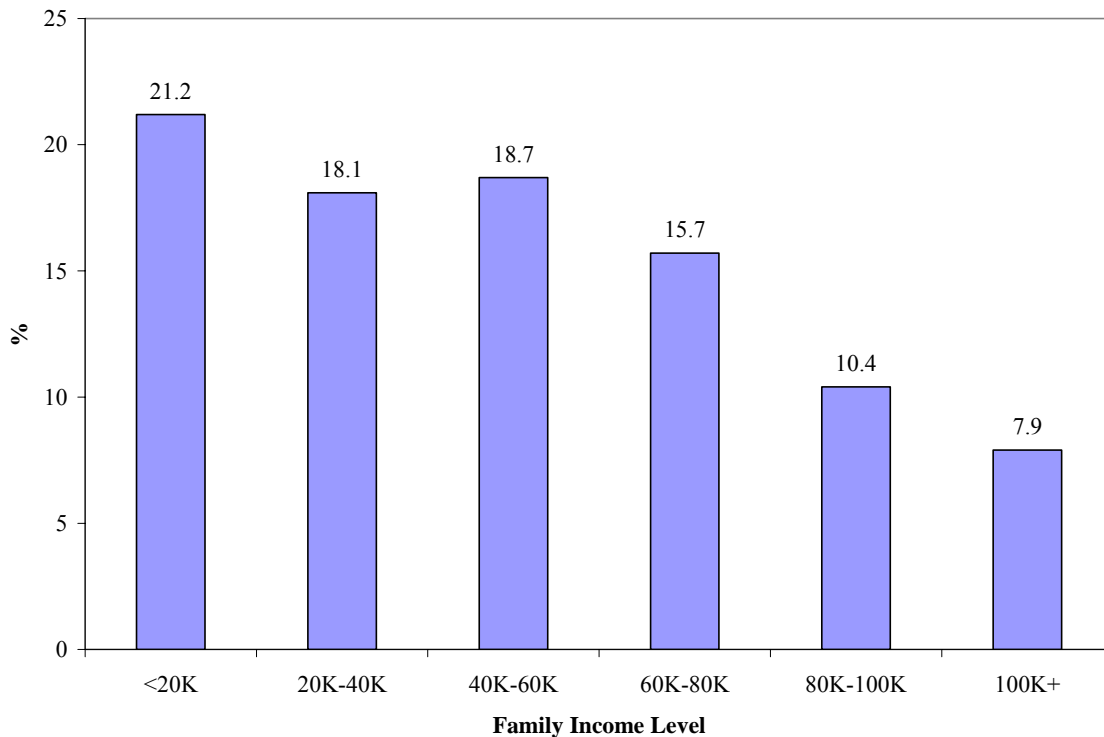
The incidence of these disconnection problems among 16-24 year olds was higher in the city of Chicago than in the State of Illinois (nearly 18% vs. 11%), and the state fared slightly better than the nation (12.5%). In all three areas, the incidence of disconnection problems was nearly twice as high among 20-24 year olds than among teens. In Chicago, nearly 22% of 20-24 year olds were out-of-school and out-of-work versus only 11% of the city's teens. In all three geographic areas, the incidence of disconnection problems was highest among Blacks followed by Hispanics and White, non-Hispanics. In the city of Chicago, Black 20-24 year olds were 5.5 times as likely to be disconnected as their White non-Hispanic counterpart. Among 20-24 year olds in Chicago, 3 of every 8 Black youth were disconnected versus 22% of Hispanic youth and only 5 to 6 percent of White, non-Hispanics.

Chart 13:
Percent of 20-24 Year Olds in the City of Chicago and the State of Illinois Who Were Both Out of School and Out of Work in 2008 By Major Race-Ethnic Group



The fractions of teens/ young adults in all three areas who were disconnected were strongly linked to their families' incomes. The higher the income of the family, the lower was the rate of disconnection. Among all 16-24 year olds in Illinois, the disconnection rates ranged from a high of 20% for those in families with an income under \$20,000 to a low of 5% for those in families with incomes over \$100,000 (Table 13). Very similar findings prevailed for 20-24 year olds in the state (Chart 14). Young adults in the lowest income families (under \$20,000) were nearly three times as likely to report themselves as out-of-school and out of work as their peers with incomes over \$100,000 (21% vs. 8%).

Chart 14:
Percent of 20-24 Year Olds in the City of Chicago and the State of Illinois Who Were Both Out of School and Out of Work in 2008 By Family Income



Estimating the Incidence of Labor Underutilization Problems Among Teens (16-19) and Young Adults (20-24) in Illinois During 2009

The preceding sections of this research report have identified steep declines in the employment/population ratios of Illinois teens and young adults over the past nine years, 2000-2009. The deteriorating labor market prospects of members of these two age groups have been accompanied by increases in the number of youth experiencing different types of labor market problems including unemployment, hidden unemployment, and underemployment. We have used the 2007 and 2009 CPS survey data for the January-November period to estimate the number of Illinois youth who experienced one of the three following types of labor market problems, both by individual problem and combined across all types of problems.

- Open unemployment. This pool of youth consists of those who were jobless but actively looking for work and available for work at the time of the CPS household surveys.

- Labor force reserve (hidden unemployment). This group of youth consists of those jobless persons not actively looking for work, but desiring immediate employment.
- Underemployed. This group of youth were employed part-time (under 35 hours) at the time of the CPS survey but desired full-time employment; i.e., 35 or more hours of work per week. On average, those persons employed part-time for economic reasons worked on average for only 21-22 hours per week versus a mean of 41 hours for those working full-time. Their weekly earnings are well below those of their full-time employed counterparts due to a combination of lower hourly wages and considerably fewer hours of work per week.

Table 14:
Methodology for Calculating the Pool of Underutilized Labor and the Labor Underutilization Rate For Subgroups of the Labor Force

| (A) Underutilized and Unutilized Labor | (B) Adjusted Civilian Labor Force | (C) Underutilization Rate |
|--|---|--|
| Unemployed +Underemployed +Labor Force Reserve = Underutilized Pool | Civilian Labor Force +Labor Force Reserve = Adjusted Civilian Labor Force | Underutilized Labor Pool / Adjusted Civilian Labor Force = Underutilization Rate |

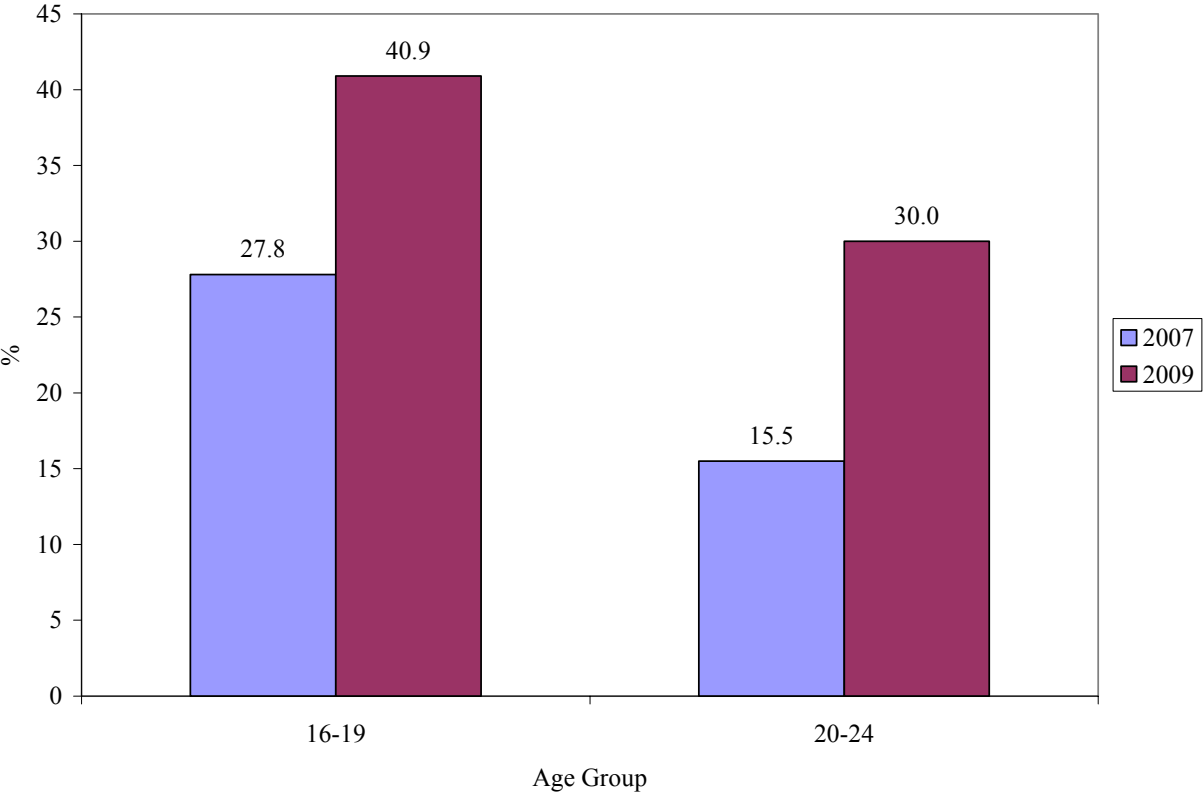
The average monthly number of 16-19 and 20-24 year olds in Illinois who were unemployed, members of the labor force reserve, or underemployed during 2007 and the January-November period of 2009 are displayed in Table 15 and Chart 15. We also have combined the number of youth in these three labor market problem groups to form a combined pool of underutilized youth and calculated their share of the adjusted civilian labor force. The adjusted civilian labor force consists of all members of the civilian labor force plus the labor force reserve. We have estimated the labor force underutilization rate for all 16-19 year olds and 20-24 year olds by dividing the number of underutilized workers in each age group by the size of their adjusted civilian labor force.

Table 15:
Labor Underutilization Rates Among Teens (16-19) and 20-24 Year Olds in Illinois and the U.S.,
2007 and 2009

| Illinois | | | | |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Labor Force Variable | (A) 16-19 2007 | (B) 16-19 2009 | (C) 20-24 2007 | (D) 20-24 2009 |
| Civilian labor force | 324,896 | 282,050 | 725,544 | 673,043 |
| Unemployed | 51,912 | 72,787 | 56,830 | 109,930 |
| Underemployed | 14,716 | 20,084 | 29,703 | 67,362 |
| Labor force reserve | 32,787 | 37,986 | 30,629 | 34,844 |
| Total underutilized | 99,145 | 130,857 | 117,162 | 212,136 |
| Adjusted labor force | 357,683 | 320,036 | 756,173 | 707,887 |
| Underutilization rate | 27.8% | 40.9% | 15.5% | 30.0% |
| U.S. | | | | |
| Labor Force Variable | (A) 16-19 2007 | (B) 16-19 2009 | (C) 20-24 2007 | (D) 20-24 2009 |
| Civilian labor force | 7,204,407 | 6,571,427 | 15,247,177 | 15,039,447 |
| Unemployed | 1,127,673 | 1,590,711 | 1,263,109 | 2,246,042 |
| Underemployed | 331,368 | 491,677 | 779,762 | 1,374,808 |
| Labor force reserve | 852,996 | 1,000,088 | 605,156 | 735,907 |
| Total underutilized | 2,312,037 | 3,082,476 | 2,648,027 | 4,356,797 |
| Adjusted labor force | 8,057,403 | 7,571,515 | 15,852,333 | 15,775,354 |
| Underutilization rate | 28.7% | 40.7% | 16.7% | 27.6 |

There were approximately 72,800 unemployed 16-19 year olds, on average, in the state during the first eleven months of 2009. Another 38,000 teens were members of the labor force reserve, and nearly 20,000 were underemployed. The total number of underutilized 16-19 year olds in Illinois was 130,857, equivalent to just under 41 percent of the adjusted civilian labor force of 16-19 year olds in the state in 2009. This represented a substantial rise of 13 percentage points in the teen underutilization rate over the past two years (Chart 15). The Illinois teen underutilization rate was essentially identical to that for their U.S. counterparts (40.7%) over the same time period.

Chart 14:
Trends in the Underutilization Rates Among Teens (16-19) and Young Adults (20-24) in Illinois,
2007 and 2009 (in %)



The state’s 20-24 year olds were somewhat more successful in avoiding these labor market problems than their teenaged counterparts in recent years, but their unemployment and other labor underutilization problems have remained quite severe during the first eleven months of this year. During the January – November period, there were nearly 110,000 unemployed 20-24 year olds in the state, yielding an unemployment rate of 15%.

In addition to the 110,000 unemployed 20-24 year olds, there were 35,000 persons who were members of the labor force reserve or hidden unemployed, and over 67,000 underemployed young adults. Twelve percent of all employed 20-24 year olds in the state of Illinois were working part-time for economic reasons during the first eleven months of this year. The total pool of underutilized young adults was 212,136, yielding a labor underutilization rate of 30.0%. Young adults in Illinois faced a slightly higher underutilization rate than their peers across the entire country (27.6%). Combined with the near 40% underutilization rate of the state’s teens,

this represents a massive loss of labor among the young that both reduces the output of the Illinois economy today and the employability, productivity, and earnings of these young adults in the future. These underutilization rates were also much worse among Black and Hispanic youth, among those lacking high school diplomas, and among low income youth in both the state and the nation.

Conclusion

During the past decade and especially the most recent three years (2007-2009), teens and young adults in the state of Illinois and the city of Chicago have been massively left behind in the labor market. The employment rate of Illinois teens in 2009 was more than 20 percentage points below its 2000 value and marked a new historical low for the state. Similar employment developments took place in the national teen labor market. Steep declines in teen employment rates took place among Illinois teens in each gender, race-ethnic, educational attainment/ school enrollment, family income, and geographic group. Teens from low income, minority families and high school dropouts fared the worst in their ability to obtain employment in both the state and city.

Young adults (20-24) in Illinois and the city of Chicago also have experienced severe difficulties in finding employment in recent years. The overall employment rate of 20-24 year olds declined by more than 12 percentage points over the past nine years, with males, Blacks, and city of Chicago residents very adversely affected. Problems of disconnection from both school and work and rising labor underutilization difficulties have increased substantially among young adults in recent years.

A restoration of job growth in the state and nation will be critical to solving this problem in the long run, but immediate help in this area does not look very promising in the short run. Most current macroeconomic forecasts of GDP growth for the nation are in the 2 to 2.6 percent range.¹⁴ Only at the upper end of this GDP growth range would we get any modest employment growth due to the ability of employers to achieve output growth of this magnitude by simply increasing hours worked and labor productivity. The Levy Economics Institute has recently projected under its baseline scenario, which assumes no further fiscal stimulus and no devaluation of the U.S. dollar, that the nation's unemployment rate will hover in the 10% range

¹⁴ A recent GDP projection in December 2009 by a forecasting unit in the UCLA School of Business indicated that real GDP would likely only rise by 2% in 2010.

through 2015.¹⁵ This would be an unmitigated disaster for job opportunities for teens and young adults in Illinois and the nation, whose employment growth lags behind those of prime aged adults.

Solutions to these historically high labor market problems of teens and young adults will require actions on many different fronts from a wide array of actors in both the short and long run.

Immediate Recommendations

1. The federal and state government should actively promote efforts such as those recently announced by the Chicago Public Schools to expand paid internships/ work-based learning opportunities for high school students enrolled in the city's Career and Technical Education programs. There is an overwhelming need to expand employment opportunities in a diverse range of industries and occupations for all high school students, especially Blacks and low to low middle income students. Only 4 to 8 percent of low income Black and Hispanic high school students were working in Illinois in 2008. The state's employed high school students in 2008 also were overwhelmingly concentrated in just three industrial sectors: retail trade, accommodation and food services, and arts/entertainment/ recreation industries. Nearly 2 of every 3 employed teens worked in one of these three industries versus only 15% of adults 25 and older.
2. The state should expand high school students' access to school-based services, such as those provided by school to work transition programs, to enable them to move more seamlessly and efficiently from high school to the world of work or college. As noted above, the ability of recent, non-college enrolled high school graduates to obtain full-time jobs in Illinois has diminished considerably in recent years, leaving many of these youth jobless or underemployed.
3. Teenaged high school dropouts have fared very poorly in the labor market in recent years, with barely more than a third holding any paid job in 2008 and only 18% of Black dropouts working. These dropouts, especially males, have been facing deep long term declines in their employability, earnings, family incomes, and marriage rates and they impose serious fiscal

¹⁵ See: Dimitri Papadimitriou, Greg Hannsgen, and Gennaro Zezza, Sustaining Recovery: Medium-Term Prospects and Policies for the U.S. Economy, The Levy Economics Institute of Bard College, Annandale on Hudson, New York, December 2009.

burdens on the rest of society. Dropout prevention programs must be given a priority by state and local educational and political policy makers. Also, support should be provided to programs to re-enroll high school dropouts like the ones developed by Illinois – the Illinois Hope and Opportunity Pathways through Education (IHOPE) program and the Charters for High School Dropouts in Chicago.

4. The state’s congressional delegation, the Governor and state legislators, and mayors/town officials should actively support the impending national legislation proposed by U.S. Senator Patty Murray (Washington) to provide additional monies to create summer and year-round employment opportunities for 16-24 year olds across the nation. The youth jobs crisis is not confined to the summer months. It is a year-round jobs crisis. It is not confined to low income youth. Youth in many other income groups need help in finding jobs. Their needs should not be dismissed. Year-round jobs offer the best hope for promoting long term employability, especially for disadvantaged youth. Summer jobs can help contribute by being linked to unsubsidized jobs in the following fall and winter. The state and local WIA agencies responsible for youth programs should be encouraged to offer private sector wage subsidies to employers to encourage them to hire more jobless youth. This approach offers an opportunity to expand teen employment more substantially in a broader array of industries with a given budgetary outlay. The time for coordinated actions on all of these fronts is now.

Long Term Recommendations

1. Over the longer term, youth from a wider range of age groups need to be supported in their efforts to earn their high school diplomas and develop employment related skills:

- **Youth aged 15-19 years** could be served by a combination of summer and year-round employment and education programs funded at \$10 billion which would reach and engage over 2.5 million low-income youth both in and out of school.
- **Young adults aged 20-24 years** could be served by \$5 billion to fund programs reaching 250,000 youth annually that combine work and education in the format used by existing, successful national programs to provide older youth and young adults the opportunity to learn work-related and technical skills, earn a high school diploma or its equivalent, and work several days per week for pay on productive projects.

2. It is crucial that the No Child Left Behind (NCLB) legislation currently being reauthorized be expanded to fund programming to re-enroll students who have dropped out of school. An immediate way to accomplish this would be to implement the proposed **Hope & Opportunity Pathways through Education (HOPE USA)** initiative. As jointly proposed by the National Urban League, Illinois State Council on Re-Enrolling Students Who Dropped Out of School, the Chicago Urban League, the Alternative Schools Network, and the Chicago Department of Family and Support Services, HOPE USA would be a \$2 billion federal matching incentive grant program to spur state and local school districts to roll out programs to re-enroll students who have dropped out of school into comprehensive programs to assist them to earn a high school diploma.

HOPE USA's aim would be to re-enroll more than 480,000 high school dropouts each year via comprehensive small-school initiatives (80-150 students) led by experienced principals and teachers, focused on real-world learning, and accompanied by summer and after-school components and year-round employment programs. Key points of the grant program include:

- **A 50/50 Federal/State funding match** to support the creation of diverse programs to re-enroll students that are designed locally, funded at the average district high school per student cost, and have local fiscal determination.
- **Proportionally distributed aid** based on a given state's share of the total number of dropouts across the country.
- **Removal of existing NCLB barriers** that currently penalize local school districts for enrolling older, higher-risk dropouts.

Re-enrolled students who successfully obtained a diploma could earn up to \$400,000 more in their lifetimes with a high school diploma than as dropouts, and each re-enrolled and graduated student would save taxpayers several hundred thousand dollars through lower social costs such as health care, welfare, and incarceration and increased federal, state, and local tax receipts.