

Employ Young Americans Now:
Beyond Education

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by
Bradley Voracek

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Abstract

America for the past few decades has faced rising inequality. Education is thought to be a path which can allow anyone out of poverty and provide equal opportunity to all Americans. While the individual benefits of education are great, it is a fallacy of composition to assume those benefits can be obtained by all Americans through education alone. Looking at available jobs in the economy we see a constant gap between the demand for labor and the number of unemployed workers. Employ Young Americans Now is a policy which moves beyond education and gives young disadvantaged Americans paying jobs. It has the potential to hire 500,000 young people and reduce inequalities depending on its implementation. The most optimistic implementation reduces the black-white youth employment gap from 10.3 to 10.1. While this is thus found to be a small program, it's structure is such that expanding it could help move America towards full employment.

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thanks to my family

Table of Contents

INTRODUCTION.....	4
EDUCATION AS AMERICA’S CURE-ALL.....	7
EDUCATION IS NOT REDUCING INEQUALITY.....	10
REDUCING INEQUALITY THROUGH JOB CREATION.....	13
THE PRECEDENCE FOR EYAN.....	16
MODELING EYAN.....	20
RESULTS OF EYAN SIMULATION.....	25
CONCLUSION.....	32
APPENDIX.....	33
BIBLIOGRAPHY.....	38

INTRODUCTION

For the past three decades, America has become an increasingly unequal society¹. The economy is complex and interconnected, so pinning down any one reason as the cause for this phenomenon is impossible. Binder and Stiglitz (2015) argue that this has happened because of a range of policies enacted in the 1970's, and that we have to rewrite the rules to reverse it. Their proposal is multifaceted, arguing we need rules to tame the top of the income distribution along with ensuring financial security and opportunity for the middle class. The Full Employment and Balanced Growth Act of 1978² established price stability and full employment as the goals of economic policy within the country. These two goals make up the dual-mandate of the Federal Reserve, the institution in charge of monetary policy in the economy. A main policy tool of the Federal reserve is setting interest rates. However, the channels through which interest rates affect employment are contested and weak. As the Binder Stiglitz report says, "monetary policy has been able to stimulate the economy only to a limited extent, and in ways that have actually increased wealth inequality, contributed to a jobless recovery, and increased the risk of future instability." If monetary policy is not the answer, this means we have to rely on Congress to stimulate the economy and improve equality through fiscal policy.

Public investment is one of the most promising levers for growing the bottom of the income distribution. American infrastructure is falling apart, with the American Society of Civil Engineers (ASCE) giving the US a D+ in their recent report (2013). They estimate that an

¹ See for example Sommeiller, Estelle, and Mark Price. "The Increasingly Unequal States of America." *Economic Policy Institute* (2015) or Binder, Carola, and Joseph E. Stiglitz. "Rewriting the Rules of the American Economy." *Roosevelt Institute* (2015)

² Also known as the Humphrey-Hawkins Act after the congressmen who introduced the legislation

investment of \$3.6 trillion dollars is necessary by 2020 to properly support the demands on American infrastructure. They argue that at least \$270 billion of that will be necessary just to modernize public schools, most of which were built to educate baby boomers. Beyond investing in infrastructure, Stiglitz notes other low hanging fruit such as investing in universal child care and early education. Social care provisioning is shown to induce large employment effects and be more pro-poor than infrastructure investment (Antonopoulos 2011). Women in low-income households already constitute a major part of the care sector, and paying them for currently unpaid work is a prime candidate for reducing poverty and increasing equality. The popular African proverb “it takes a village to raise a child” demonstrates the public aspect of caring for our youth, especially important in low-income neighborhoods where poverty makes it harder to invest in one's children.

Inequality is perpetuated by the fact that being born into a rich neighborhood gives a young person a large head start. Duncan (1994) shows that already at age 5 IQ's are higher in neighborhoods with greater concentrations of affluent neighbors, while the prevalence of low-income neighbors increases incidence of externalizing behavioral problems. This problem then gets worse after age 5, as local funding for public schools relies on property taxes, meaning the best public schools are in the wealthiest neighborhoods. Beyond wealth, this intersects with racial inequality, as “African-Americans make up 42.5 percent of students in high-poverty elementary and secondary schools, despite accounting for less than 16 percent of the overall student population. Latino students make up nearly 31 percent of students in high poverty schools while accounting for just 23.7 percent of the student population” (Binder 2015). Whole communities are thus divided on class and racial lines, and improving this will require targeted investments in these underserved segments of the population.

Poverty, by its very definition, implies a lack of income necessary to meet a family's needs. Having more education in America's meritocracy gives you access to higher paying jobs. This explains the focus on education as the path to improve incomes and reduce inequality. At the individual level, there is substantial evidence showing how more education improves employment and incomes. However, it is a fallacy of composition to think this will hold for society at large. Improving access and outcomes of our schooling system will not be enough to

bring the economy to full employment, an essential condition for reducing poverty and inequality. Education improves the supply side of labor, but does not directly create more demand for businesses. Without businesses expecting higher demand for their goods and services, they are unlikely to hire more workers. When they do hire workers, they are likely to select the most educated. Without a tight labor market, education can only improve one person's position at the expense of another. Government policy can increase demand by raising the incomes of those with high propensities to consume. Raising the minimum wage is one promising way to do this, but directly creating jobs for the unemployed has even more potential.

The BLS estimates that there were 5.8 million job openings in April of 2016, yet U6 unemployment shows 15.6 million people who want work (BLS, author's calculations). Even if every unemployed person were to obtain a bachelor's degree, this labor demand gap for almost 10 million jobs would not be filled. Konczal (2016) shows that declining entrepreneurship and labor mobility also have their roots in insufficient demand. Mainstream Keynesian policy suggests a model where raising aggregate demand drives employment. Employment levels, however, are not a problem of purely aggregate demand. Tcherneva (2013) argues that fiscal policy needs to orient itself towards the clearly defined labor demand gap, rather than an ambiguous demand gap for output. She shows how the traditional demand side approaches focus on aggregates, which benefit higher skilled workers. The American Recovery and Reinvestment Act of 2009 had only \$4.8 billion of its \$840 billion in spending used to employ low-skill workers. If fiscal policy is going to be used to improve equality, we will need programs that focus on hiring low-skill workers. Direct employment is preferred since "such an approach has the highest primary, secondary and induced employment-creation effects of any fiscal policy" (Tcherneva 2013). Such a policy would have the most impact on poverty and equality by hiring low-skill workers as they are, and training them on the spot.

Employ Young Americans Now (EYAN), legislation introduced by Senator Bernie Sanders, is a targeted employment policy which focuses on filling the labor demand gap. The bill specifically targets \$4 billion in government spending towards creating jobs for the youth of 6.7 million families with young people living in poverty (ACS, author's calculations). Tcherneva (2013) warns that "government policy itself reproduces the vicious and virtuous cycles of private

sector hiring behavior” if it “improves the job prospects of those whom the private sector deems ‘more employable’ first and those who are considered ‘less employable’ last (if at all).” A model of employability for disadvantaged³ youth is constructed using the 2014 ACS in order to determine who would get jobs under EYAN. The effects of hiring the “most employable” and “least employable” young people are shown in order to showcase the range of possible impacts the bill could have. In order to encourage EYAN as a policy which moves the economy towards full employment, local boards are urged to use the money to target job creation for the “least employable” population.

This paper will show the slew of benefits individuals gain by having higher education levels. It then argues, however, that improving the education system alone cannot reduce the high levels of inequality seen in American society. Based on theoretical and empirical underpinnings, direct government job creation is introduced as a path towards reducing poverty and inequality. EYAN is introduced as such a policy that can potentially reverse both of these trends. Based on Hyman Minsky’s work, EYAN contains all the necessary components of a policy which can go beyond education and be a small step towards getting the economy to full employment.

EDUCATION AS AMERICA’S CURE-ALL

Presidents Kennedy and Johnson started The War on Poverty over 50 years ago. This war set a goal “not only to relieve the symptoms of poverty, but to cure it and, above all, to prevent it.”⁴ Social Security was amended to expand benefits for the elderly, the Elementary and Secondary Education Act (ESEA⁵) doubled public school funding from \$4 billion to \$8 billion, and programs like Head Start⁶ and Job Corps which focused on training and disciplining the workforce were introduced. Johnson’s Council of Economic Advisors (CEA) motivated these

³ The bill spells out that a disadvantaged youth is one whose family income does not exceed the poverty line for their family size, or 70% of the lower living standard income level (LLSIL) - which is an alternative poverty line based on the cost of living in major metro areas defined by the Workforce Innovation and Opportunity Act of 2014

⁴ President Johnson’s inauguration speech

⁵ Today known as No Child Left Behind

⁶ An early childhood education program, which was appropriated \$8.5 billion in 2015 (<http://www.acf.hhs.gov/ohs/about/what-we-do>)

programs with beliefs that “poverty was not inextricably linked to unemployment, unemployment could be decreased by aggregate fiscal policies, and millions of Americans would have to be maintained as an unemployed buffer stock to keep inflation in check” (Bell Wray 2004). These beliefs led to the the War on Poverty’s focus on supply side training and skill upgrading. For example, Job Corps does not offer program participants an income. These changes were implemented in an era where high school graduation rates were increasing drastically. For 25-29 year olds the graduation rate doubled from 37.8% in 1940 to 85.8% in 1980 (Morgan 1984). Today, the 25-29 year old cohort has a high school graduation rate of 92.2% (ACS, author’s calculations). The new trend has been for increasing college graduation rates, with the number of workers with a bachelor’s degree doubling from 26 million in 1989 to 54.2 million in 2016 (Carnevale 2016). Overall then, the historical trend since the War on Poverty started has been for Americans to acquire more education.

Increasing one’s education is promoted as the ticket out of poverty. This makes sense, as receiving an education improves one’s chances of being employed, and one’s income. Just over half of 21 to 65 year olds with less than a HS education are employed, two thirds of HS graduates are employed, and with just one year of college, the proportion goes up to 79% (ACS, author’s calculations). The recovery since 2008 has been divided between the college educated and not (Carnevale 2011). Since the bottom of the recession, 99% of the 11 million new jobs have gone to college educated workers. By contrast, 5.6 million of the 7.2 million jobs lost were to those with high school diplomas or less (Carr 2016). For most businesses “the least educated workers, those with a high school diploma or less, were the first fired in the recession and the last hired in the recovery. Conversely, those with the most years of college were the last fired in the recession and the first hired in the recovery” (Carr 2016). Average personal incomes for those with less than a HS education are at \$17k/yr, with a HS diploma that jumps up to \$28k/yr, and those with bachelor’s degrees earn \$68k/yr on average (ACS, author’s calculations). Carnevale et al estimate that an average bachelor’s degree is worth \$2.8 million in lifetime earnings (2011). This is 74% more than the lifetime earnings of those with a high school diploma. The CEA also estimates that having a bachelor’s degree provides an estimated \$1 million boost in lifetime

earnings (2016). Card (2011) demonstrates that these correlations can be causally attributed to one's education.

If the War on Poverty were to be successful then, everyone would at least need to graduate high school. For young people born into families already in poverty, this can prove challenging. Nearly 37% of high school dropouts come from families living in poor or near poor⁷ conditions (Sum et al 2009). Bridgeland et al (2006) surveyed high school dropouts across the country in order to determine the primary reason they did so. They find that 47% drop out because classes are not interesting and seem irrelevant to the world around them, with 81% saying that if school had more real-world learning they would have been more likely to graduate. For 70% a reason for dropping out was a lack of inspiration and motivation. For 45% school was too challenging, and they did not adequately feel prepared from their previous education level. Finally, for some it was other responsibilities with 32% saying they had to get a job and make money, 26% becoming parents, and 22% taking care of family members. Many did not see the connection between school and an opportunity to make money. Without employment opportunities, the most immediate way to make an income for many high school dropouts may be to turn to crime.

Sweeten et al (2009) show that there are correlations between dropping out of high school and being incarcerated. However, these regressions may be spurious and making a causal link has been challenging. Still, 50% of the incarcerated population are high school dropouts. It has been shown that increasing education rates reduces criminal activity. Lochner and Moretti (2003) use compulsory attendance laws as an instrument for schooling to determine that educational attainment accounts for 23% of the gap in black-white male incarceration rates. Whether this educational attainment decreases incarceration because it leads to employment or for some other reason is unclear.

Education improves one's chances of being employed at a higher wage. It keeps youth away from criminal activity, and should help to prepare them to be active engaged citizens. Yet even education does not serve everyone equally. Black youth face higher incarceration rates and have less opportunities for employment, no matter the education level. Darity (2013) explains

⁷ 125% of the poverty line

how even with high school diplomas black youth face worse employment opportunities than white high school dropouts. Freeman (1986) shows that “overall, we see a picture in which many black youths face unappealing labor market choices and therefore find other ways to obtain income and spend their time.” Education does not offer an immediate income, so for many youth living in poverty completing high school may not even be an option. Some children are born into a situation where they need to help feed their relatives. Rather than continually promise education will solve their woes, it is time to offer incomes to our families living in poverty. By helping relieve immediate needs on the family, perhaps we can encourage a “stop out” rather than a “drop out” from the education system.

EDUCATION IS NOT REDUCING INEQUALITY

While education has been shown to improve outcomes for individuals, it is impossible for it to solve the problems of poverty and inequality alone⁸. The trend towards employment opportunities favoring those with the highest educations means that education levels will continue to inflate as labor competes for the best possible jobs. With the labor demand gap still indicating over 10 million missing jobs, getting the 1.8 million young high school dropouts diplomas will not guarantee them work. While education promises that there will be “No Child Left Behind,” without a tight labor market this is simply impossible. Even for those who complete higher levels of education and get jobs the results are not equal. Students from poorer families do not see the same returns from college as students from higher income levels (Bartik 2016). Hamilton and Darity (2015) show that for racial and wealth inequality, education is not the great equalizer. They find that black families headed by a college graduate have 2/3rds the wealth of a family headed by a white high school dropout. Still, more people want to go to college since they believe it will get them better jobs, and the government has expanded the debt financing system in order to accommodate this. This has hurt Black and Latino students at a disproportionately high rate (Huelsman 2015). Since the 1980’s the chances of moving to the top

⁸ John Marsh in *Class Dismissed: Why We Cannot Teach or Learn Our Way Out of Inequality*, makes a similar argument to the one I will make that “education is not a reliable weapon against economic woes like income inequality or poverty”

decile of the income distribution from a middle one have declined 20% (Carr and Wiemers 2016). Reduced economic mobility and increased inequality are not problems having a more educated population can solve.

While having an educated population is certainly a net public benefit, the way American society pushes education has its flaws. Rosenbaum (2010) explains how college-for-all rhetoric has come to dominate our public education system. The goal of high school has become “college and career” readiness, with heavy emphasis on the college side. College has also come to mean a four year bachelor’s degree, and students today are less aware of alternative options such as associate’s degrees and career certifications. This stigmatizes other pathways to higher earnings, even though these alternative pathways have been shown to be more effective for students coming from poverty. Jacobson (2009) details the evidence showing that low-income families are underrepresented at every stage of the educational pipeline. Students from the lowest quintile in the income distribution are six times more likely to drop out of high school. Those who graduate high school have only six out of ten graduates attend college versus nine out of ten for families making over \$88k/yr. Most disheartening of all, the 146 most selective colleges only have 3% of students from the lowest income quintile. Rosenbaum (2003) discusses how the goal for educating our population should not be “the unrealistic vision of everyone becoming a doctor, but rather the elimination of the all too common outcome of youths facing dead-end jobs and unemployment as their only options.” With today’s economy, a fulfilling career is available without a four year bachelor’s degree, so we should not push this path on everyone.

Higher education since the last recession has been increasingly debt financed. The CEA (2016) released a report detailing how this debt financing is still a net benefit to the economy because it allows low-income students access to educations they would not be able to get otherwise. They argue that because the present cost of student debt is on average \$20k, and on average those with bachelor’s degree make \$1 million more in lifetime earnings, that this is a justified investment. This justification has problems and shows how we continue to push a college education on everyone. First off, Demos (2013) has found that average levels of student debt can lead to over \$200,000 in lost lifetime wealth, relative to those who do not have to borrow for college. Clearly low-income families are the ones who have to borrow to finance

educations more often than others, exacerbating inequalities. Bartik (2016) used a longitudinal study showing degree payoffs adjusted for family backgrounds. He divided families into those making over 185% of the poverty line, and those under it. He found that going to college for low income families gave them lifetime earnings of \$809,600, versus \$1,561,900 for non low income families. If low income families had the same returns on education, there would be an over half-million boost to their expected lifetime earnings.

The CEA notes how low degree completion rates in for-profit and community colleges have accounted for many of the loans that have gone into default. African-American and Latino families are overrepresented at these schools, another area of education that is not improving equality. Sullivan (2015) shows that the black-white racial wealth gap would improve \$10,000 if college returns were equalized between races. Rosenbaum (2003) shows how community colleges have been pushing transfer programs to participants, rather than credentialing programs which have better access to jobs. Black and Latino students go to these colleges that are closer to home more often, and the CEA (2016) shows how financing for associate's degrees and certificates has been a large part of the increased debt burden. This plays into the overall picture where, as Huelsman (2015) shows, "our debt-financed system not only results in higher loan balances for low-income, Black and Latino students, but also results in high numbers of low-income students and students of color dropping out without receiving a credential." Even the CEA report makes the point that to receive the million dollar payout, one has to complete school. This is harder for students who have to go into debt to finance their educations. Without tight labor markets, it is hard to find part time work which makes it possible to go to school any other way.

Public education being financed locally by property taxes makes it hard for the education system to reduce inequality. Sullivan (2015) shows that 71% of white households owned their homes in 2011, while only 47% of Latinos and 45% of Blacks were homeowners. For every \$1 of wealth that the median Black household accumulates into their household, the median white household accumulates \$1.34. The problem gets worse and Black and Latino families faced more discriminatory lending in the last recession, and lost more of their wealth with the housing crash. The wealth accumulated into these richer neighborhoods benefit their school systems and allow

their students to reach higher levels of education. There are other ways that schools dominated by students of color get less resources than just unequal property taxes. Spatig-Amerikaner (2012) shows that there are federal loopholes that cause less spending to make its way into schools dominated by students of color, due to the “comparability loophole.” This loophole means schools have to have the same student-teacher ratios, but experienced teachers end up at richer schools so money spent per pupil is not the same. Rich families are also able to spend more on SAT test preparation, making it easier for them to get into the best colleges from these better public primary schools⁹. Wealthier schools in wealthy neighborhoods make it easier for those students to succeed. Education has a long way to go to become a tool which fights inequality and poverty for everyone.

Minsky worried that the War on Poverty would be a failure from the beginning. He saw that it “tried to change the poor, not the economy” (1971). Minsky believed rather than a program of unpaid skill upgrading, we should focus on creating paid opportunities for human capital development. This would mean, as Minsky said, that “programs must be designed which hold out a promise of a useful and productive life for our high school dropouts” (2013). The benefits of high school dropouts getting incomes are higher than them getting formal educations, especially when those educations do not lead to jobs. Jorgensen (2016) argues that to see growth from returns to education like we have seen in the past, we will have to increase the participation rate of the less-educated workforce. As Hossain (2015) puts it, “the understanding that higher educational attainment can improve one’s labor market outcomes is pervasive, yet it has not led to major improvements in academic outcomes among disadvantaged youth, who often lack access to early opportunities and structural supports to properly prepare them for academic institutions and the job market.” For education to live up to its promises, we have to make sure there are tight labor markets.

REDUCING INEQUALITY THROUGH JOB CREATION

⁹ William Deresiewicz’ book *Excellent Sheep* showcases stories from his time at Yale about this how this plays into elite college admissions.

Keynes saw two major faults with the capitalistic system: its failure to maintain full employment and its arbitrary and inequitable distribution of income. With the understanding that unemployment and poverty are intricately linked, employment becomes the strongest tool towards fighting poverty and inequality. The formal education system has not been reducing inequalities, so it is time to focus on the demand side of the labor market. The private sector has a responsibility to profit, which means that it is not always in their interest to hire more workers. They often stop investing in labor before full employment is reached. Yet tight labor markets are an essential component of a poverty and inequality fighting strategy. Dr. Martin Luther King Jr. called the Civil Rights Movement “a campaign for jobs and income, because we feel that the economic question is the most crucial that black people, and poor people generally, are confronting.” Since the private sector is not generating enough jobs to employ our unemployed, the public sector has to fill the gap. This led Hyman Minsky to call for a federally funded Job Guarantee, or Employer of Last Resort, as a policy to move towards eliminating poverty in America. Employment has a wide range of benefits. Brenner (1977) shows “that actions which influence national economic activity-especially the unemployment rate-have a substantial bearing on physical health, mental health, and criminal aggression.” Unemployment is stigmatized in American society, so welfare programs are not likely to be as beneficial as jobs programs. With employment programs, you also have the opportunity to produce socially useful output that does not get organized under welfare programs or private sector employment. Childcare, education, green jobs, and art are all areas that are not particularly profitable today but provide public benefits. These jobs could be organized through a job guarantee program.

Cherry (1999) shows how black employment rates have faced an ominous trend over the past few business cycles. Each cycle has had more young black men losing their jobs in the downturn than gaining jobs on the way up. Masterson (2016) uses the LIMEW measure to show how racial inequality has persisted even in the latest recession. Black families experienced a loss of base income which was higher than any other group. These inequalities have improved most in tight labor markets. From 1992 to 1998, one of the tightest labor markets in recent history, the black employment rate among youth in cities jumped from 52% to 64% (Cherry 1999). Cherry contends that there will be a significant core of black men who will not be reached simply by

generally targeting tighter labor markets, however. We must demand specific programs designed for these people who have had to exist in informal, sometimes criminal, markets because they could not find employment. Holzer (2003) uses a cross-sectional survey of employers in the 1992-2001 period to find that they became more willing to hire a range of disadvantaged workers during the boom. Freeman (1990) looks at local labor markets to show that in the tightest labor markets the position of young black men improved the most. The close relationship between unemployment and their economic position leads him to conclude that most of the problems faced by inner-city youth are a direct result of job loss in those areas.

Youth who can find employment have an alternative other than education and crime, one which helps out their family at home with an income. Raphael (2013) shows “considerable evidence that economically-motivated crime increases with unemployment and decreases with average wages, especially the average wages of low skilled workers.” Apel (2008) instruments adolescent employment with state labor laws to show that allowing youth to work more increases employment but decreases delinquency, contrary to previous evidence showing an increase in both when youth are allowed to work more. Stearns (2006) suggests that employment is a factor which pulls youth out of education as they grow older and have to take more responsibility for helping out at home. Gould (2006) in a longitudinal study from 1979-1997 uses IV techniques to establish employment and wages have a causal effect on criminal activity. Over this period employment prospects for young men decreased and then increased, at the same time as crime rates increased and then decreased. By giving young Americans jobs and incomes we give them alternative opportunities.

Mental health is also improved with employment. Paul (2009) has a meta-analytic model that looks at 237 cross-sectional and 87 longitudinal studies with results showing the average amount of people with psychological problems is 34% among the unemployed and 16% among employed individuals. Unemployment has a social stigma in today’s society which may be why these problems arise. Pelzer (2014) concludes that unemployment is an important stressor which induces depression and other health issues rather than depression causing unemployment. Linn (1985) creates a group of men matched for age and race where some became unemployed and some continued working. Those who became unemployed had higher incidence of depression,

somatization, and anxiety. Granados (2014) shows that joblessness strongly raises the risk of death among those suffering from it. They also show that death decreases during recessions, but without splitting it up into high and low income cohorts it is hard to understand why this is.

Creating jobs can also help organize workers to create socially productive output which makes it better than an education or welfare strategy for reducing poverty and inequality. Forstater (2001) argues that government job creation could be used to unleash a new wave of green jobs, helping us work towards environmental sustainability. One of the simplest jobs under this program could be to plant trees in communities, which Roosevelt did with the Conservation Civilian Corps (CCC). Under that program the government hired more than 3 million young men to plant over 2 billion trees, earning them the affectionate name “Roosevelt’s Tree Army” (Maher 2008). Planting trees may not be particularly profitable, but has great social benefits, which makes it a good candidate for a public job. Child care is another place which pays dividends beyond just creating an income for someone. By employing someone to take care of the child of a young single mother, she is freed to gain an income also. Bivens (2016) shows how early childhood education plays a large role in later life outcomes, where currently rich families are able to invest more. McKinsey estimates that closing the childhood educational achievement gap between income classes could create a \$70 billion benefit annually. This leads them to call for universal early child care, which a government employment policy could help organize. There is also the potential to pay artists, or any number of other public goods investments which the private sector has not prioritized.

THE PRECEDENCE FOR EYAN

In the 1950’s and 1960’s, high school dropouts could find employment more readily than today (Warren 2006). These may have been “dead-end” jobs, but they were certainly better than no job. In that era, the minimum wage allowed a single person family to make ends meet, which is not the case today. In the 1970’s we see a break in the trend for minimum wage to keep up with productivity increases. If the minimum wage had kept trend with productivity it would be over \$18.00/hr instead of the \$7.25/hr it is today (CEPR 2016). Most of education’s promises are

linked to the employment opportunities made possible through it. Without tight labor markets, the opportunities for high school dropouts and high school graduates are nearly the same. EYAN can build upon previous experiences with employment policy to create more opportunities for a population which does not have many options.

Hossain and Bloom (2015) review previous employment policy to figure out which pieces of them were most effective. The 1973 Comprehensive Employment and Training Act (CETA) subsidized wages for young people participating in the public sector. While the aim of the bill was to create new jobs, concerns of “fiscal substitution” were abound, where private and local governments would replace current projects with the wage subsidies from the bill. This led many in general to conclude that CETA failed to have any impact on employment or earnings of the youth who participated. CETA transformed into the Job Training Partnership Act (JPTA) in 1982, which gave more oversight to local governments in how to use the money rather than the federal government. This program also offered supports like child care and transportation, but ultimately the program was found not to be cost effective since it did not produce large earnings impacts. This program was one that focused on training, but failed to have strong links to paid work experience. Most youth did not participate in the full length of the program because of this.

EYAN is an improvement to these programs since it requires that “funds provided under this Act shall only be used for activities that are in addition to activities that would otherwise be available in the absence of such funds” (22). This means that these programs can not be used as substitutes for private sector wages. EYAN is an improvement to JPTA since it pays youth for the entire duration of the program, making it more likely for young people to see it through to completion. It also makes clear that the jobs created should be ones which give “industry recognized credentials,” meaning there should be a strong linkage to employment upon completion. EYAN participants can produce something socially impactful which is what makes employment policy better than welfare policy. They also get paid while they are doing it, making them likely to stay involved. Childcare seems to be a great option as childcare workers already make up 1.52% of the disadvantaged youth workforce (author’s calculations ACS), and could create loops that allow other youth to participate in the program or go back to school as well.

In this way EYAN is following some new programs which have had better results than CETA and JPTA. Job corps, Conservation Civilian Corps, ChalleNGe, and Year Up have shown promise. The main take away from Hossain and Bloom is that the programs that have had the most success have a few features in common. Opportunities for paid work and financial incentives while in the programs keep young people in for the full length of time and help them receive maximum benefits. ChalleNGe and the job corps all paid weekly stipends to youth who were participating. Year Up had strong links to the private sector, corporations helping to create the training curricula. This industry focus allowed access to higher wage jobs rather than generic low wage jobs. While JPTA was advertised as being locally administered, it failed to continue engaging with local employers over time. The most successful training site was in San Jose, California, where workers in the program had strong links to local job markets. The successful programs also provided for some of the most pressing needs facing youth. It was hard to participate if still struggling with unstable living situations, and access to food and childcare. The most successful participants in these programs were ones who got access to childcare and transportation vouchers, making participating effective for the young person and not forcing them to abandon their other responsibilities in the household.

This provides evidence that a demand based job creating solution like EYAN would be effective, and provides ideas for how to make it even more effective. EYAN as written provides strong financial incentives for participating, giving young people at least a year of work. If the jobs provided by the program help provide childcare and transportation for participants this evidence suggests the outcomes will be better. The bill makes a specific callout that funds “may be used to provide supportive services, such as transportation or child care” (EYAN). This shows that the bill is designed to get people working, and work with them for their needs in order to make that happen. Implementation also needs to make sure that there would be strong links to the private sector afterwards, so it does not become a year long program that does not improve outcomes in the longer term. These outcomes rely on what type of jobs local governments would implement when using their money from the bill. The bill says that employment from the federal funds should prioritize “emerging or in-demand occupations in the local area” and “the public or

nonprofit sector [to] meet community needs” (EYAN). This leaves the decision for which jobs to create within their own community, as Minsky saw for a job guarantee program.

A single job creation experiment in Argentina suggests that such policy can have wide reaching results. *Plan Jefes y Jefas de Hogares* was implemented after their 2001 recession. Tcherneva notes that “Plan Jefes is the only direct job creation program in the world specifically modeled after the modern ELR proposal developed in the United States” (2012). In a paper written with Wray, they show that “by most measures, the program has been a tremendous success, providing jobs to 2 million workers or about 5% of the population, and about 13% of the labor force” (2005). The program increased the incomes of these families by about 150 pesos per month for 4 hours of daily work. Women were the largest recipients of the jobs and reported benefits to their communities, families, and themselves. Projects included improving the water supply, sewage systems, healthcare, and education. At least 87% of projects were targeted toward local communities, and some funds were even used to start small businesses. The fact that it was mostly women who participated in the program had large benefits for their wellbeing, and improving gender disparities in the workforce. Beyond the income, they felt empowered simply by having the job. This outcome shows that jobs are important for individual wellbeing, and how creating jobs is thus a better solution than direct income transfers (welfare). In the United States, the Earned Income Tax Credit (EITC) is currently considered the largest poverty fighting policy in existence. Newmark (2000) shows how it is more beneficial than even increasing the minimum wage. Implementing EYAN would be a way to test the power of creating meaningful work, over just giving people incomes.

Within the country, beyond the recent programs such as CETA and JTPA which focus more on training, there is also the historical precedent of job creation programs after the Great Depression. President Roosevelt with his New Deal created over 3.6 million jobs (Wray 2009). Part of the direct job creation done then was through the National Youth Administration (NYA). In 1935 Daniel did an analysis of the NYA and the participation rate for black Americans. They note that there were 20 million youth in America at the time, and 12.5% were black. In urban areas, black youth received a higher proportion of the jobs, but in rural areas they constituted 17% of the job recipients while they made up 27% of the rural youth population. He suggests for

rural areas this was discriminatory, showing even well meaning policy can extend inequalities. Salmond (1965) shows a case where in Georgia the black population was 36.8% of the total but no non-whites received jobs under the CCC. This was because applicants were prioritized into groups by need, and white people all made it into the first group where all applicants were hired from. Deciding who gets the jobs from EYAN will be a challenging problem for local communities, and why this paper gives a range of possibilities for who the recipients are.

MODELING EYAN

EYAN targets federal money to Public Use Microdata Areas (PUMAs) who can locally administer jobs with the funds. While the bill specifies an allocation rule for the PUMA the money goes to, the jobs that are created could be targeted to different members in the disadvantaged community. I model four different ways the funds could be allocated depending on who gets assigned to the jobs created. All models have their target universe as families with disadvantaged unemployed youth. Before getting into the specifics of the models, I will present some data on this target universe. Out of 135 million heads of families in America, 4.2 million have youth that are disadvantaged and unemployed. By race of the family head, 69% are white, 21% are Black, 1% are Native American, and 8% are Asian. That shows that whites are underrepresented in this cohort, relative to the overall distribution where 81% of family heads are white, 13% are Black, 1% are Native American, and 5% are Asian. In the target universe, 16% of families are led by married individuals with the spouse present, compared to 42% of families overall. For those disadvantaged families headed by a single individual, 68% of the family heads are female. This is just slightly higher than the 63% of females that lead disadvantaged unemployed youth regardless of marital status. By educational attainment, 23% of family heads have less than a high school education, 36% have a high school diploma, 32% have 1-2 years of college, and 9% have a bachelor's degree. Overall this shows that black mothers with lower educational attainment are overrepresented in the target universe of families with disadvantaged unemployed youth. EYAN has the potential to distribute funds to any young

people in families in this target universe. Four different models to do so are created, with the differences shown in table 1.

Table 1: Different job distribution rules

	Including Equal State Distribution Component	Not Including Equal State Distribution Component
Highest Likelihood	Plan A	Plan B
Lowest Likelihood	Plan C	Plan D

Models A and C follow an allocation of funds to states that the bill spells out exactly, while B and D remove the equally distributed component to each state, targeting more money to states with more disadvantaged youth. A probit model is used to generate the likelihood of being employed for young people. Based on this likelihood, models A and B target those who are mostly likely to be employed under the current system. This ends up meaning whites with more education get more of the jobs. Models C and D target those least likely to be employed, meaning biasing towards high school dropouts of color. All data is from the 2014 American Communities Survey (ACS). Table 2 shows a breakdown of some of the stats used to distribute the jobs, and the resultant number of jobs created, nationally and regionally. To get the number of jobs the funds that make their way to each state are divided by that state's minimum wage.

Table 2: Youth Statistics & Resultant Number of Jobs Created Nationally and Regionally

Region	# of youth	# disadvantaged youth	# unemployed youth	% youth unemployed	youth jobs A & C	youth jobs B & D
Nation	36,398,027	8,138,355	3,360,691	9.2%	504,945	501,879
Northeast	6,059,310	1,131,369	547,649	9%	78,946	76,964
Midwest	7,705,272	1,772,120	717,721	9.3%	110,761	106,491
South	13,658,696	3,227,802	1,278,753	9.4%	198,296	204,541
West	8,974,321	2,006,636	816,441	9.1%	116,942	113,883

Source: ACS, author's calculations

All models create enough jobs to employ about 6.2% of the disadvantaged youth population. Models B & D target 6,000 additional jobs to the south, but end up creating 3,000 less jobs overall due to more jobs going to larger states with higher minimum wages. Across the country youth face unemployment rates of 9% or higher. The over 500,000 jobs created under each of the plans means that 15% of youth unemployment could be solved with EYAN. Table 2 breaks down these national results to the state by state level.

Table 3: Youth Statistics & Resultant Number of Jobs By State

State	# of youth	# disadvantaged youth	% disadvantaged youth	# unemployed youth	% youth unemployed	youth jobs A & C	youth jobs B & D
Alabama	677702	255244	37.7%	71965	10.6%	9669	9217
Alaska	117878	34800	29.5%	9939	8.4%	2873	1069
Arizona	947570	346541	36.6%	81939	8.6%	10919	11275
Arkansas	414093	162536	39.2%	30113	7.2%	6420	5006
California	5669637	1840512	32.5%	514594	9%	46793	59461
Colorado	732209	230799	31.5%	52579	7%	7873	7260
Connecticut	490279	135112	27.6%	45725	9%	5471	4432
Delaware	133009	37359	28.1%	9589	7.2%	3301	1268
District of Columbia	105839	51013	48.2%	8912	8.4%	2574	893
Florida	2557144	841195	32.9%	222741	8.7%	25040	30079
Georgia	1453421	533913	36.7%	139363	9.6%	17056	19060
Hawaii	194618	53219	27.3%	13617	7%	4019	1824
Idaho	225594	82562	36.6%	13488	6%	4837	2774
Illinois	1795641	573933	32.0%	187503	10%	17741	20466
Indiana	933728	339372	36.3%	79033	8.4%	11408	11572
Iowa	438075	165870	37.8%	31522	7%	6280	4762
Kansas	417665	144394	34.6%	29483	7%	6328	4763
Kentucky	596342	233818	39.2%	57237	9.5%	8530	7701
Louisiana	657550	243450	37%	57909	8.8%	9205	8598
Maine	163576	60076	36.7%	10495	6.4%	4062	1861

Maryland	803108	212299	26.4%	71935	9%	9515	9054
Massachusetts	983452	330712	33.6%	79963	8%	8349	8229
Michigan	1399039	508772	36.4%	136296	9.7%	14964	16720
Minnesota	720809	227961	31.6%	54066	7.5%	8286	7563
Mississippi	433483	190426	43.9%	49307	11%	7537	6375
Missouri	829813	290054	34.9%	72181	8.6%	9785	9599
Montana	142543	60479	42.4%	10542	7%	3650	1555
Nebraska	262325	91886	35.0%	14859	5.6%	4211	2355
Nevada	377760	105141	27.8%	34812	9%	5762	4451
New Hampshire	186131	54429	29.2%	13703	7%	4097	1826
New Jersey	1159603	272298	23.5%	94900	8%	10976	11520
New Mexico	300734	111928	37.2%	30386	10%	5636	3958
New York	2767635	908392	32.8%	230685	8%	22220	26597
North Carolina	1372215	525683	38.3%	138124	10%	16431	18255
North Dakota	123798	47441	38.3%	4564	3.6%	3573	1087
Ohio	1555889	541645	34.8%	152053	9.8%	15555	17470
Oklahoma	552551	196237	35.5%	40761	7%	7596	6460
Oregon	505953	192322	38.0%	44590	8.8%	6294	5513
Pennsylvania	1721766	605658	35.2%	151486	8.8%	18001	20332
Rhode Island	159091	61343	38.6%	13827	8.7%	3327	1497
South Carolina	676282	269024	39.8%	73655	10.1%	9435	8908
South Dakota	122036	48157	39.5%	8329	6.8%	3150	1060
Tennessee	902409	344814	38.2%	92778	10%	11807	12074
Texas	3919149	1283632	32.8%	292039	7.5%	37476	46301
Utah	469197	134904	28.8%	29149	6%	6440	4911
Vermont	89428	34724	38.8%	6016	6.7%	2443	670
Virginia	1174466	382689	32.6%	91522	7.7%	12135	12531
Washington	952826	287219	30.1%	89944	9%	8759	8869
West Virginia	238712	93399	39.1%	18847	7.9%	4569	2761
Wisconsin	790368	278033	35.2%	54257	6.8%	9480	9074
Wyoming	81169	29309	36.1%	3211	4%	3087	963

Source: ACS, author's calculations

You can see how removing the equal contribution in the distribution rule boosts job creation in big states like California, New York, and Texas, reducing the amount spent in states that already have very low youth unemployment like Maine, Vermont, North Dakota, and Wyoming. The states facing the highest youth unemployment rates are Alabama, Mississippi, and the Carolinas, all with over 10% of their youth unemployed. Due to the magnitude of youth in a southern state like Texas, however, these states with higher youth unemployment actually end up with less jobs under plans B & D. North Dakota, which has the lowest youth unemployment rate at 3.6%, ends up with 2,500 less jobs without the equal distribution component. Still, overall B & D seem like better distribution rules since one can imagine a situation where with the equal distribution component a state could receive money but have no disadvantaged youth to employ. Removing this component ensures that does not happen, and funnels the money towards those who need it more.

After funding is distributed to the states, it gets further distributed to geographic PUMAs based on a similar model of relative number of youth, unemployed, and unemployed youth within the state. Next, a probit model is used to generate the likelihood of a young person being currently employed. This model uses a person's education, family size, income, sex, race, metro status, and state they live in, to generate their probability of being employed. Summary statistics of some of these variables are shown in tables 4-5.

Table 4: Distribution of Youth Education Attainment by Demographic Characteristic

	White	Black	Native	Asian	Male	Female	Rural	Not Rural
Less than HS	30.4%	32.2%	37.5%	24.2%	31.7%	29.1%	33.0%	29.7%
HS	33.8%	37.3%	39.5%	25.8%	36.4%	31.6%	37.2%	33.2%
1-2 yrs college	26.9%	25.7%	20.7%	31.5%	24.7%	29.1%	24.5%	27.5%
4+ yrs college	8.9%	4.8%	2.3%	18.4%	7.1%	10.3%	5%	9.6%

Source: ACS, author's calculations

Table 5: Distribution of Youth Employment by Demographic Characteristic

	White	Black	Native	Asian	Male	Female	Rural	Not Rural
Employed	53.3%	43.0%	40.5%	40.0%	50.7%	50.8%	50.5%	51.4%
Unemployed	8.3%	15.1%	13.2%	6.3%	10.1%	8.6%	9.3%	9.4%
Not in labor force	38.4%	41.9%	46.3%	53.7%	39.3%	40.6%	40.1%	39.1%

Source: ACS, author's calculations

These figures show the black-white employment gap, an important measure of racial discrimination (Darity 2003) at 10.3 for our youth. Male and female youth are employed at equal rates, although more males are unemployed. More young females have bachelor's degrees than males by 5.3 percentage points. By race, 4.8% of black youth have bachelor's degrees compared to 8.9% for white youth and 18.4% for asian youth. Based on these demographics, probit generates the likelihood of a young person being employed.

RESULTS OF EYAN SIMULATION

The model accurately predicts 71% of current youth employment when taking the maximum likelihood estimate. To increase equality within the economic system, the priority of who gets jobs should be reversed. The maximum likelihood estimate assumes that employers will hire workers most similar to currently employed workers. The minimum likelihood estimate instead assumes that the workers who have the most trouble finding employment get employed. I

argue EYAN should create opportunities for these less likely groups, which will take creativity on the part of local communities but offers the most potential for reversing the trends in inequality we have seen. Disadvantaged youth who are not employed in each PUMA are prioritized by the highest likelihood in plans A and B and given the jobs for that area until the jobs run out. In plans C and D, the lowest likelihood to be employed in the current system are prioritized for jobs first. I only allow each family with disadvantaged youth to receive one of the jobs, even if they have more eligible young people.

The probit model gives us an indication of whether a certain factor increases or decreases the probability of being employed in the current system, based on whether the results coefficient is positive or negative. Table 17 in the appendix shows the coefficient results of the model. Relative to an education of “N/A or no schooling”, having nursery to grade 4 increases the probability of employment. Grade 5 to 11 all have negative coefficients, or reduces the probability, and finishing high school or college all increases the probability of being employed. Any young person with a family size larger than just themselves reduces their chances of being employed. All youth of color have decreased chances of being employed relative to white youth. The by state results show that relative to Alabama, young people in California, DC, Florida, Georgia, Mississippi, New Jersey, New York, and West Virginia all have less of a chance of being employed. The Dakotas and Utah give the greatest increase to the probability of a young person being employed. Using the results of the probit estimation, I generate a likelihood of being employed for all youth. Model A and B take these results and assign jobs to unemployed disadvantaged youth with the highest likelihoods. Models C and D assign the jobs to the same target population but by the lowest likelihoods instead. All four models thus give a range of possible results depending on how local boards determine who will get employed under this bill. Policy makers can thus use the results from this likelihood model to determine who they should target to employ. Implementations that are closer to C and D seem to be more impactful in terms of reducing inequalities that exist in the current system. Tables 2-4 show what percent of disadvantaged youth with certain characteristics get employed under each EYAN plan.

Table 6: Percent of target population who receive jobs by educational attainment

	Total	None	PreK-8	Highschool	1+ yrs college
Plan A	11.85%	9.83%	8.46%	10.53%	14.08%
Plan B	11.77%	10.62%	9.12%	10.45%	13.87%
Plan C	11.85%	13.63%	13.62%	14.93%	7.72%
Plan D	11.77%	14.13%	14.00%	14.87%	7.54%

Source: ACS, author's calculations

Table 7: Percent of target population who receive jobs by demographic characteristic

	Total	Male	Female	White	Black	Asian	Rural	Not Rural
Plan A	11.85%	12.59%	11.43%	13.72%	8.54%	4.8%	13.54%	11.37%
Plan B	11.77%	12.59%	11.31%	13.59%	8.86%	4.68%	11.74%	11.78%
Plan C	11.85%	8.72%	13.62%	10.32%	15.44%	13.45%	13.54%	11.37%
Plan D	11.77%	8.45%	13.66%	10.25%	15.81%	12.83%	11.74%	11.78%

Source: ACS, author's calculations

Table 8: Percent of target population who receive jobs by family income

	Total	0-5k	5-10k	10-25k	25-50k	50k+
Plan A	11.85%	3.57%	22.7%	17.18%	23.84%	43.10%
Plan B	11.77%	3.17%	22.3%	17.52%	25.72%	44.99%
Plan C	11.85%	17.04%	9.65%	6.10%	4.05%	18.01%
Plan D	11.77%	17.02%	9.46%	6.05%	3.69%	12.89%

Source: ACS, author's calculations

Plans C and D hire 15% of the black target universe compared to plans A and B which hire slightly under 9%. More females are hired under plans C and D, at 13% compared to 11% in A and B. In all plans more females are hired than males, remembering that the target universe is almost 2/3rds female. The children of many of these single mothers could then help out at home

with an income. Looking at education levels we can see how by hiring higher likelihood workers we are perpetuating the inequalities the school system already generates. In order to reverse these trends, plans C and D hire more high school graduates and dropouts at the expense of those young people with at least one year of college. By targeting these lowest likelihood groups we can reverse some of the discrimination present in the current job market. These jobs can give young people incomes and skills in order to make them more employable in the private market. Wilson (2012) argues that race specific policies should not be implemented, but can help in an overall strategy in moving towards balanced growth and full employment. EYAN thus should not specifically target black families, but should target the poorest families. Who is in this group will change over time, so there is no need to target to a specific race. It happens that today one extremely impoverished group in America is black single mothers, and EYAN can prioritize members of this group. The likelihood model should be run again in later years to see how this evolves, and what group might be the target next. Local communities should also make use of area specific knowledge in deciding on hiring decisions. In table 4, we can see how the highest likelihood plans only employ 3% of youth in families making 0-5k, compared to the lowest likelihood plans which hire 17% of youth in these poorest families. By bringing up the very bottom of the income distribution we can eliminate some of the worst outcomes people in poverty face. Ideally the program could be expanded to hire all disadvantaged youth, but \$4 billion is a good start. Tables 9-10 show how the average incomes and poverty gaps of the target universe change based on the different job plans by race.

Table 9: Average Family Income of Target Population By Job Plan and Demographic

	White	Black	Native	Asian
Actual	\$7,966	\$8,841	\$9,464	\$4,881
Plan A	\$9,051	\$9,505	\$10,209	\$5,271
Plan B	\$9,045	\$9,527	\$9,981	\$5,264
Plan C	\$8,787	\$10,041	\$11,234	\$5,975
Plan D	\$8,783	\$10,069	\$10,935	\$5,937

Source: ACS, author's calculations

Table 10: Poverty Gap of Target Population by Job Plan and Demographic

	White	Black	Native	Asian
Actual	.631	.596	.621	.776
Plan A	.586	.574	.597	.761
Plan B	.587	.574	.605	.761
Plan C	.590	.538	.532	.709
Plan D	.590	.537	.548	.712

Source: ACS, author's calculations

Black families whose youth receive jobs under EYAN have their annual incomes improved by an average of \$700-\$1200 a year, depending on the plan. White families see a boost of \$700-\$1000 a year. The poverty gap for black families gets reduced most, from .596 to .538, under the lowest likelihood plans. Under all plans the poverty gap for white families is reduced about the same amount. The black-white employment gap goes down to 10.1 from 10.3 under plans C and D and goes up to 10.8 in plans A and B. Darity (2003) suggests that this lower number means racial discrimination is being improved, so this is why C and D are preferred targets for jobs. Either way, all plans benefit the disadvantaged community by giving their youth an option other than education or crime. Local communities can determine which jobs are most necessary and train these disadvantaged youth to do those jobs while paying them. The impact EYAN would have on overall American poverty rates and gaps are shown in tables 11-16.

Table 11: poverty rate by race of family head

	Total	White	Black	Asian	Native
Actual	17.22%	15.40%	27.66%	18.00%	29.65%
Plan A	16.95%	15.14%	27.31%	17.83%	29.38%

Plan B	16.95%	15.14%	27.29%	17.83%	29.41%
Plan C	17.18%	15.37%	27.58%	17.92%	29.54%
Plan D	17.18%	15.37%	27.59%	17.91%	29.56%

Source: ACS, author's calculations

Table 12: poverty gap by race of family head

	Total	White	Black	Asian	Native
Actual	.0909	.0804	.1450	.1105	.1644
Plan A	.0897	.0792	.1438	.1097	.1631
Plan B	.0897	.0792	.1438	.1097	.1635
Plan C	.0894	.0794	.1418	.1071	.1596
Plan D	.0894	.0794	.1418	.1073	.1604

Source: ACS, author's calculations

Table 13: poverty rate by region

	Total	Northeast	Midwest	South	West
Actual	17.22%	15.21%	16.53%	18.44%	17.49%
Plan A	16.95%	14.98%	16.26%	18.15%	17.20%
Plan B	16.95%	14.98%	16.27%	18.14%	17.2%
Plan C	17.18%	15.16%	16.48%	18.40%	17.45%
Plan D	17.18%	15.16%	16.48%	18.40%	17.45%

Source: ACS, author's calculations

Table 14: poverty gap by region

	Total	Northeast	Midwest	South	West
Actual	.0909	.0795	.0871	.0965	.0944
Plan A	.0897	.0783	.0859	.0953	.0932

Plan B	.0897	.0784	.0859	.0953	.0933
Plan C	.0894	.0780	.0856	.0951	.0927
Plan D	.0894	.0781	.0856	.0950	.0928

Source: ACS, author's calculations

Table 15: poverty rate by education attainment

	Total	N/A	PreK-8	HS	1+ yrs college
Actual	17.22%	34.18%	35.04%	23.08%	11.55%
Plan A	16.95%	33.86%	34.70%	22.77%	11.32%
Plan B	16.95%	33.83%	34.67%	22.76%	11.32%
Plan C	17.18%	34.13%	34.93%	23.03%	11.52%
Plan D	17.18%	34.13%	34.93%	23.03%	11.52%

Source: ACS, author's calculations

Table 16: poverty gap by education attainment

	Total	N/A	PreK-8	HS	1+ yrs college
Actual	.0909	.1702	.1543	.1199	.0646
Plan A	.0897	.1692	.1534	.1188	.0634
Plan B	.0897	.1692	.1533	.1189	.0634
Plan C	.0894	.1680	.1516	.1174	.0640
Plan D	.0894	.1680	.1516	.1174	.0640

Source: ACS, author's calculations

Improving employment opportunities for our high school dropouts means that there are alternatives other than crime and education to give our youth. Although the numbers do not show drastic changes in magnitude between the different plans, you can see how C and D improves the situation of the most marginalized members of society. In the overall poverty landscape of America EYAN will have little impact, being only .02% of GDP in spending. Yet, we are still

helping over 10% of families with disadvantaged youth even with such a small amount. Overall poverty rates are changed less in plans C and D since much of the spending does not increase the family's income enough to make it over the poverty lines. Still, the depth of poverty is being reduced by the new incomes. EYAN creates more employment opportunities for youth than education alone, and by working on resolving unemployment it has chances to improve a slew of societal measures such as GDP, mental health, and crime rates. These results suggest proper targeting can also create opportunities to improve equality in a society becoming increasingly unequal.

CONCLUSION

EYAN is an example of targeted job creation following the ideas of Minsky's ELR/JG proposal. It follows theoretically from a Keynesian targeted demand side approach as being a policy that could alleviate many societal issues. In an era of secular stagnation, focusing on education and the supply of workers has been shown to not be enough to end unemployment. Unemployment is linked with crime rates, mental health issues, and of course making little contribution to GDP. The landscape of poverty in America is unequal and without policies targeted at correcting these inequalities the trends may continue. Employment policy goes beyond education and welfare and creates chances for people to contribute meaningfully for a wage. Local communities determine what type of jobs will be created, as they are the ones who will know what is best for themselves. Over 500,000 jobs are created with \$4 billion in spending through EYAN. Over 11% of the disadvantaged youth population gets access to an income and a way to spend their time. This includes 15% of disadvantaged black families with youth, where nearly two-thirds are single mothers. EYAN is necessary as a small scale test of the benefits of direct job creation programs in America. By focusing on our most disadvantaged youth first, we are ensuring them a better future as they can learn skills on the job that stay with them for life. The income allows them to meet their immediate needs, then turn back to school if they choose to. If successful, the fund established by EYAN can be endowed with more money and expanded

to employ other groups. EYAN moves America beyond education, as a step towards a vision of ending unemployment, poverty, and perhaps extreme inequality.

APPENDIX

Table 17: Result of Probit Model

variable	coefficient	Standard error (** = p < .01)
1bn.educ	0.263	(39.48)**
2.educ	-0.155	(43.51)**
3.educ	-0.865	(257.78)**
4.educ	-0.753	(233.50)**
5.educ	-0.432	(135.45)**
6.educ	0.35	(110.98)**
7.educ	0.455	(143.69)**
8.educ	0.698	(211.33)**
10.educ	0.723	(223.59)**
11.educ	0.61	(158.66)**
2bn.famsize	-0.783	(851.46)**
3.famsize	-1.104	(1,229.65)**
4.famsize	-1.188	(1,280.30)**
5.famsize	-1.22	(1,210.10)**
6.famsize	-1.213	(1,020.05)**
7.famsize	-1.236	(801.25)**
8.famsize	-1.239	(592.22)**
9.famsize	-1.231	(442.13)**

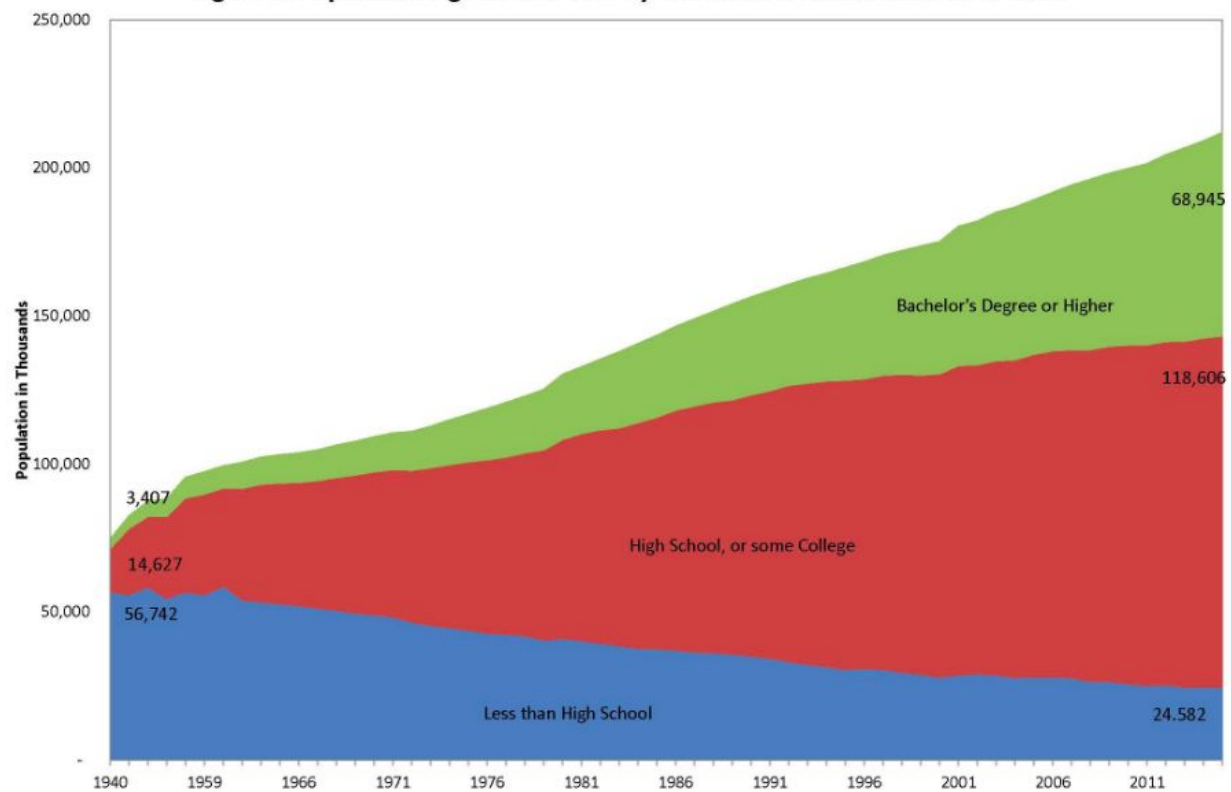
10.famsize	-1.137	(293.46)**
11.famsize	-1.33	(235.34)**
12.famsize	-1.204	(187.95)**
13.famsize	-1.256	(130.15)**
14.famsize	-1.51	(101.35)**
15.famsize	-0.965	(45.98)**
16.famsize	-1.581	(48.14)**
17.famsize	-1.868	(45.47)**
18.famsize	-1.347	(39.20)**
19.famsize	-3.16	(30.31)**
20.famsize	-0.611	(10.26)**
1bn.fincut	1.086	(853.47)**
2.fincut	1.527	(1,455.41)**
3.fincut	1.754	(1,615.23)**
4.fincut	1.913	(1,724.54)**
5.fincut	1.985	(1,715.13)**
6.fincut	1.744	(1,066.37)**
2.sex	-0.011	(24.83)**
2bn.racesing	-0.156	(253.42)**
3.racesing	-0.214	(99.39)**
4.racesing	-0.379	(391.40)**
5.racesing	-0.082	(19.00)**
2bn.statefip	0.079	(17.34)**

4.stateřip	0.056	(24.69)**
5.stateřip	0.078	(27.69)**
6.stateřip	-0.117	(63.44)**
8.stateřip	0.198	(81.38)**
9.stateřip	0.077	(28.09)**
10.stateřip	0.101	(23.16)**
11.stateřip	-0.156	(28.11)**
12.stateřip	-0.042	(21.72)**
13.stateřip	-0.024	(11.35)**
15.stateřip	0.281	(74.17)**
16.stateřip	0.154	(44.50)**
17.stateřip	0.002	(0.75)
18.stateřip	0.183	(79.27)**
19.stateřip	0.331	(115.02)**
20.stateřip	0.189	(66.60)**
21.stateřip	0.149	(58.17)**
22.stateřip	0.043	(17.37)**
23.stateřip	0.266	(64.77)**
24.stateřip	0.044	(18.78)**
25.stateřip	0.127	(54.74)**
26.stateřip	0.096	(45.31)**
27.stateřip	0.363	(146.37)**
28.stateřip	-0.013	(4.65)**

29.statefip	0.187	(79.37)**
30.statefip	0.246	(57.21)**
31.statefip	0.314	(91.51)**
32.statefip	0.092	(32.15)**
33.statefip	0.238	(61.28)**
34.statefip	-0.021	(9.53)**
35.statefip	0.117	(37.59)**
36.statefip	-0.089	(45.49)**
37.statefip	0.052	(24.66)**
38.statefip	0.424	(87.19)**
39.statefip	0.195	(92.95)**
40.statefip	0.145	(55.62)**
41.statefip	0.044	(16.63)**
42.statefip	0.09	(43.55)**
44.statefip	0.024	(5.72)**
45.statefip	0.093	(37.36)**
46.statefip	0.461	(92.93)**
47.statefip	0.06	(26.16)**
48.statefip	0.083	(44.09)**
49.statefip	0.278	(102.49)**
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53.statefip	0.024	(10.76)**

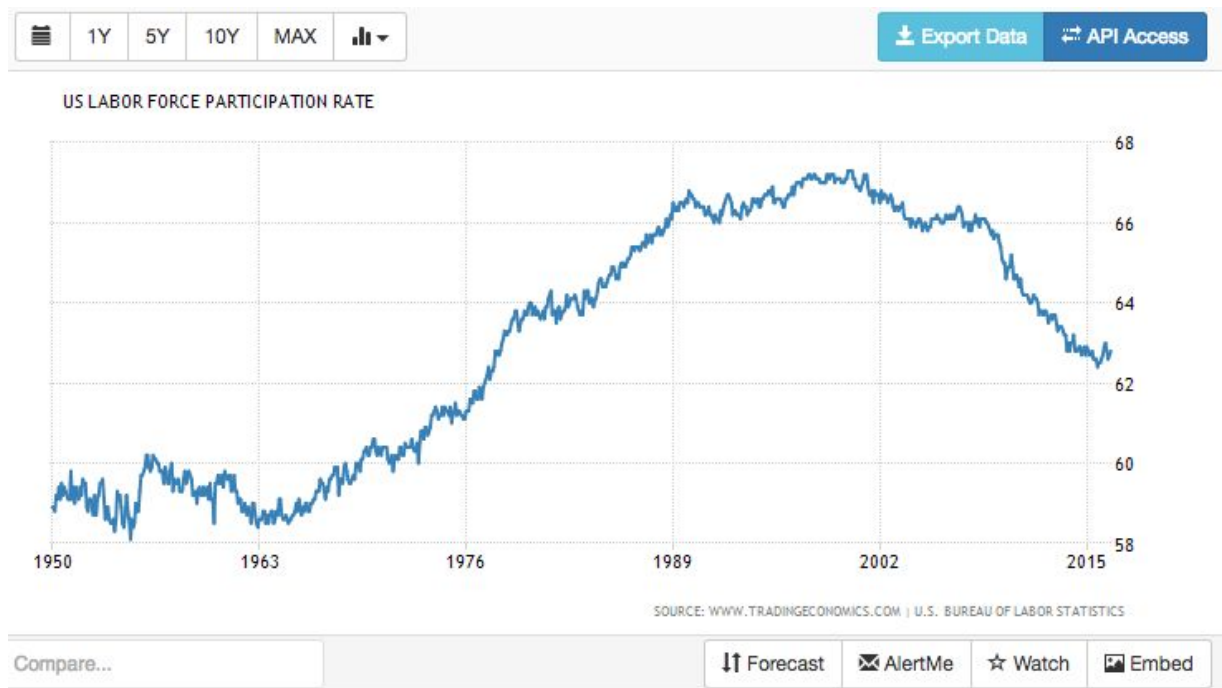
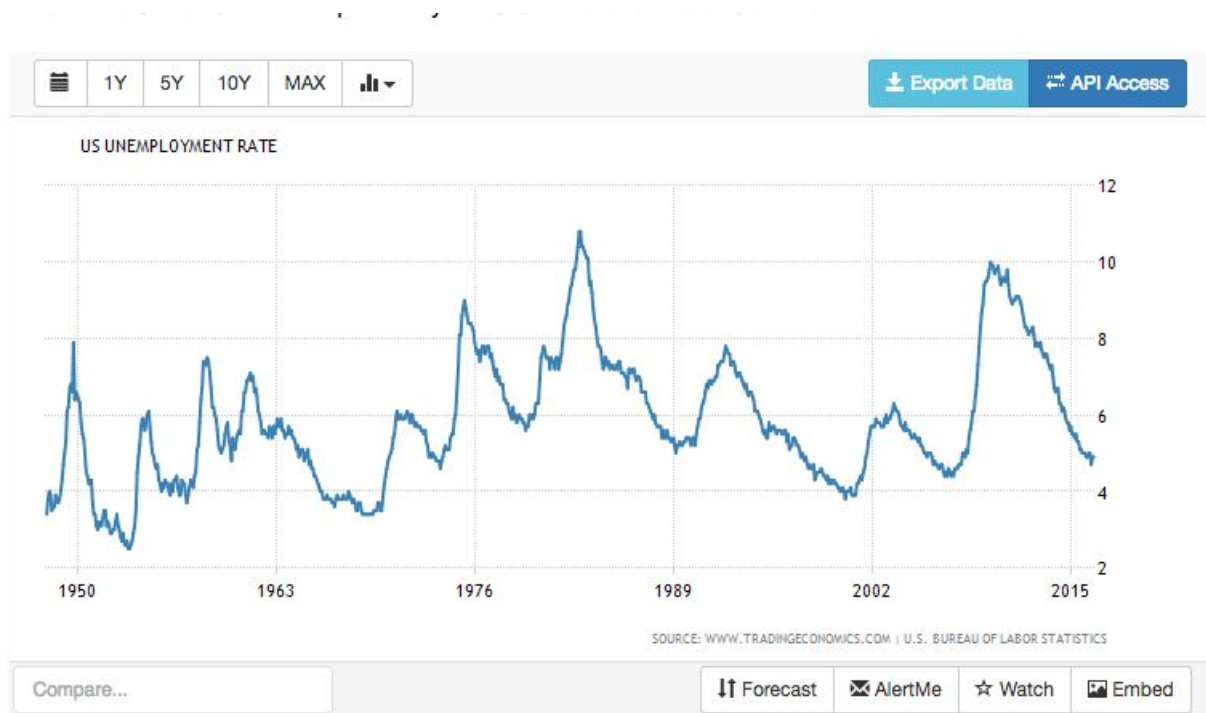
54.statefip	-0.051	(15.06)**
55.statefip	0.315	(130.77)**
56.statefip	0.319	(58.02)**
_cons	-0.821	(223.84)**
<i>N</i>	41,288,508	

Figure 1: Population Age 25 and over by Educational Attainment: 1940-2015



Sources: U.S. Census Bureau. 1947, 1952-2002 March Current Population Survey, 2003-2015 Annual Social and Economic Supplement to the Current Population Survey; 1940-1960 Census of Population.

United States™
Census
Bureau



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