THE STATE OF YOUNG AMERICA

ECONOMIC BARRIERS TO THE AMERICAN DREAM

THE DATABOOK

A JOINT PUBLICATION
DĒMOS | YOUNG INVINCIBLES

ABOUT DĒMOS

Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world. Dēmos was founded in 2000.

In 2010, Dēmos entered into a publishing partnership with *The American Prospect*, one of the nation's premier magazines focusing on policy analysis, investigative journalism and forward-looking solutions for the nation's greatest challenges.

ABOUT YOUNG INVINCIBLES

Young Invincibles is a non-partisan, non-profit youth organization that seeks to expand opportunity for all Americans between the ages of 18 and 34. Young Invincibles engages in education, policy analysis, and advocacy around the issues that matter most to this demographic, focusing primarily on health care, education and economic opportunity for young adults, and working to ensure that the perspectives of young people are heard wherever decisions about our collective future are being made.

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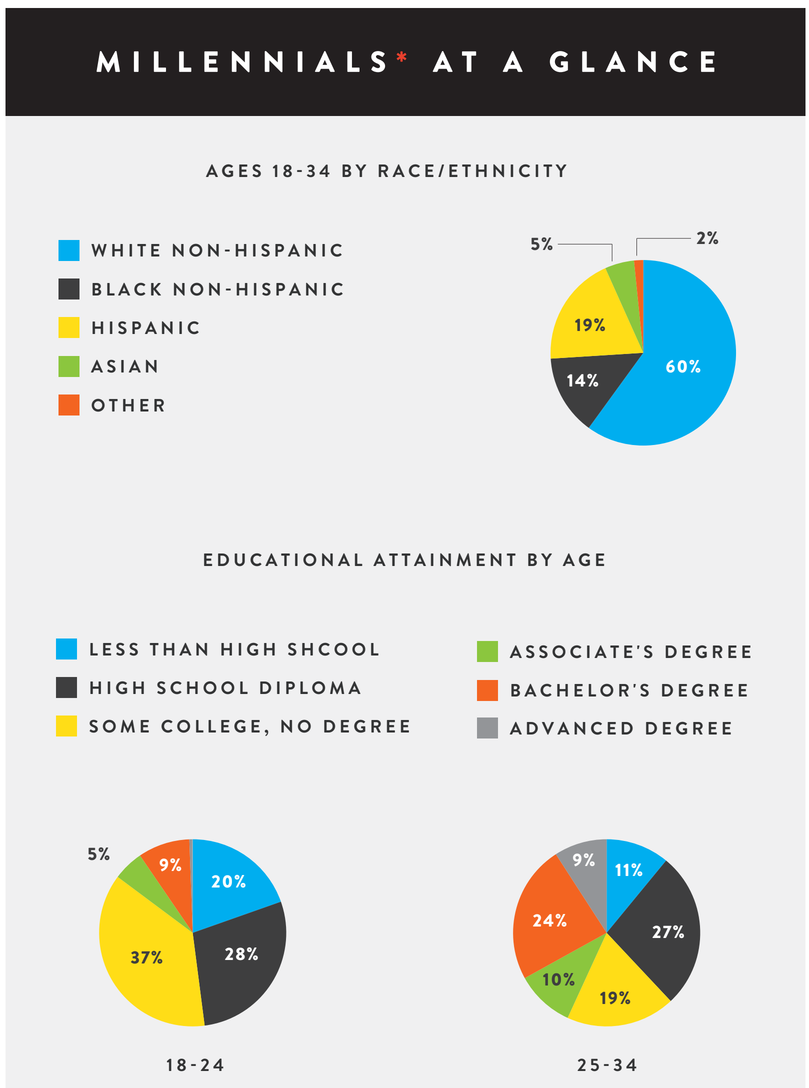
INTRODUCTION

America's middle class was once the envy of the world, and the pride of our nation. But as millions still struggle with joblessness and millions more just scrape by paycheck-to-paycheck, the Great Recession has awakened—and heightened—the sense that our future is in peril. Today, about half of young Americans between the ages of 18 and 34 believe that a fundamental tenet of the American dream is broken—each generation will be better off than the previous one.

What is driving the shaky confidence in our nation's future? To answer that question, we dug into the data, struck out across the country to talk to young people face-to-face and commissioned an extensive poll of 18 to 34 year-olds on the economic challenges before them.

This report describes what we found, presenting a comprehensive economic picture of the newest generation trying to get ahead in America, the Millennials. Young people today have a solid grasp of the situation they face. They know that education is key to success and they strongly value hard work. Yet they hold no illusions about the challenges ahead.

As these pages detail, there are reasons to worry about the future of our country. Compared to the generation coming of age three decades ago, many young people

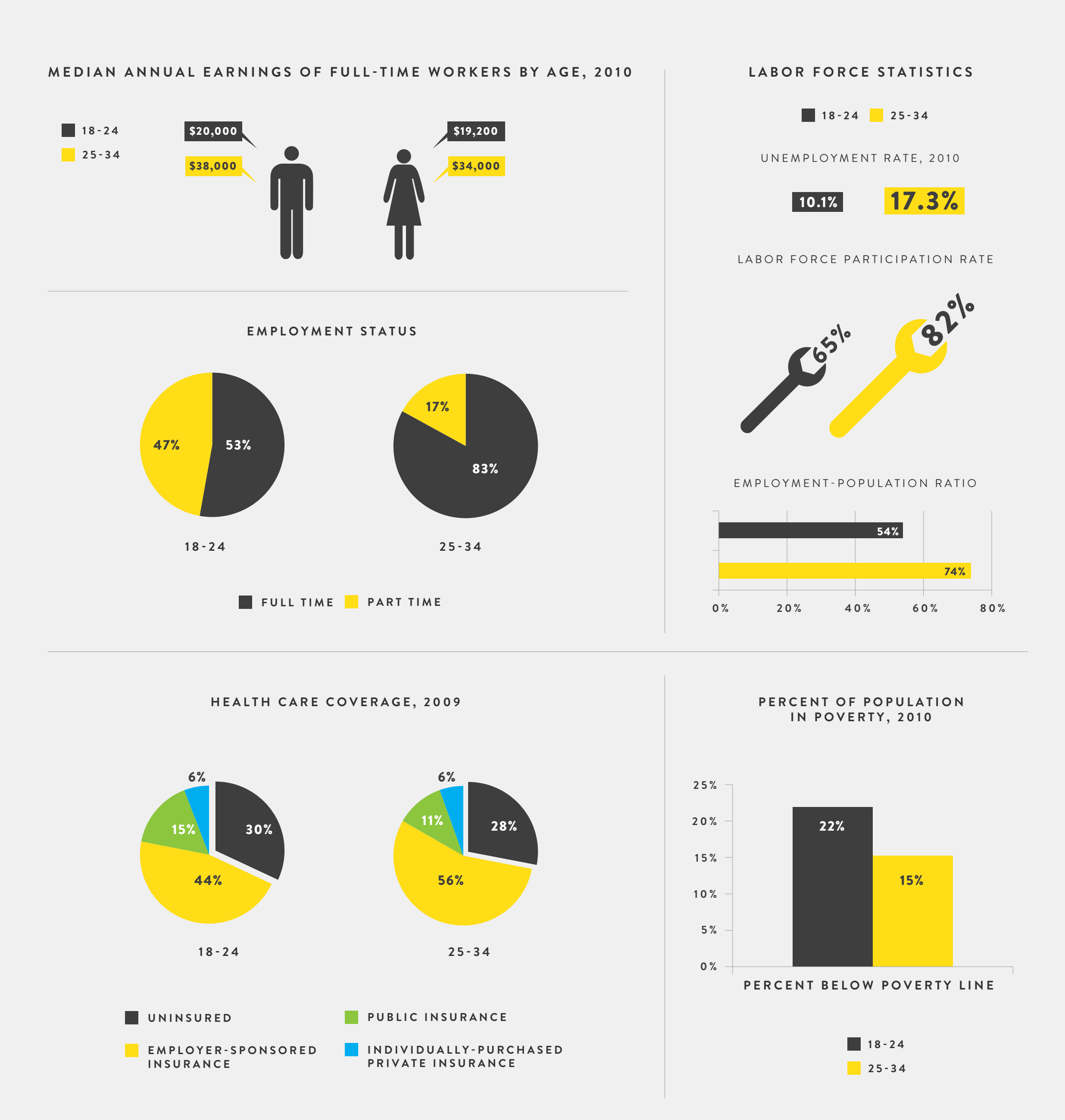


SOURCE: *Dēmos Analysis of U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement.*

today earn lower wages, but must pay more for health care, child care, and housing. Even as higher education is more important than ever to economic success, the price of a degree continues to soar beyond the reach of millions. The reality is that it is simply harder to work or educate one's way into the middle class.

To explain why, we organize the report into five key areas: jobs and the economy, health care, higher education, cost of living, and raising a family. A comprehensive summary of our groundbreaking poll follows.

MILLENNIALS* AT A GLANCE



* ALL OF THE DATA IN THIS REPORT ARE FOR 18 TO 34 YEAR OLDS, A RANGE WHICH TECHNICALLY SPANS TWO GENERATIONS: THE MILLENNIALS, CURRENTLY AGED 18 TO 30, AND GENERATION X, AGED 31 TO 46. HOWEVER, FOR CONVENIENCE'S SAKE, WE WILL REFER TO THE ENTIRE 18 TO 34 AGE GROUP AS MILLENNIALS, SINCE THEY COMPRISE THE VAST MAJORITY OF OUR AGE RANGE.

SOURCE: *Dēmos Analysis of U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement.*

While the picture is not pretty in any of our five key areas, it is particularly stark when it comes to jobs and income. Unemployment among the youngest adults is almost twice the national average. Almost 60 percent of survey respondents said they would rather be working and earning more; not surprising given their falling incomes, particularly for less-educated young men.

While young people show a remarkable belief in the power of postsecondary education and postsecondary enrollment numbers, graduation rates are abysmal and there remains a significant achievement gap when it comes to race. Rising tuition is taking its toll, sometimes closing higher education's doors to low-income students or forcing them to take out ever-increasing loans. Americans now owe more student debt than they do on their credit cards.

The cost of health care is rising as well, though coverage levels will likely improve over the next few years due to recent reforms. In fact, that trend has already started as a million young people joined their parents' insurance plan over the past year. Nevertheless, young adults remain the most uninsured age group in the country.

Rent as a share of income is also rising, and the economic downturn has not helped. Almost 40 percent of 18 to 34 year-olds reported that their personal debt increased in the last four years.

Raising a family is similarly difficult. While Americans have delayed marriage and kids for a variety of reasons in recent decades, the Great Recession has taken a toll as well. The economy has caused one in four young people to delay marriage, 30 percent to delay starting a family, and 46 percent to delay buying a house. The high cost of child care and lack of paid parental leave (almost 90 percent lack it) make it even harder.

The work of rebuilding the middle class will not happen without a major national commitment to the endeavor. But while Millennials express significant anxiety, they also hold immense hope. Indeed, despite the dire statistics provided in these pages, almost 70 percent of 18 to 34 year-olds still believe that the American Dream is still achievable. It is a belief that holds true across race, gender, and income. This is a generation ready to tackle the challenges before them.

After providing a comprehensive analysis of the data and a thorough presentation of our poll of 18 to 34 year-olds, Dēmos ends this report by offering concrete policy solutions to push forward and rebuild the middle class. Young Invincibles, for their part, describes their own pathway to solutions: the launch of a year-long public engagement campaign to work directly with young people to develop national and local solutions to the economic barriers they face—the Campaign for Young America.

JOBS AND THE ECONOMY

JOBS AND THE ECONOMY

Our nation has experienced profound economic change over the last three decades. Globalization, new technologies, and deliberate public policies shifted our economy from the production of goods to the production of knowledge and services. As millions of unionized factory jobs moved overseas, our nation lost a primary source of middle-class jobs for people without college degrees. Less-educated workers now have few options outside of non-unionized, low-wage service occupations.

FINDINGS AT A GLANCE

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The tumultuous economic environment has taken a serious toll on young Americans. Paychecks have shrunk for all but the best-educated young workers. At the same time that the wage premium increased for educated workers, our nation decreased its investment in education and training—putting a college degree out of reach of lower-income and middle-class families. These two changes have made it ever more difficult for young people to either work or educate their way into the middle class.

And then the Great Recession hit, intensifying these trends, and raising another major obstacle between young people and economic opportunity. Unemployment and underemployment rates for young Americans remain dangerously high—a situation that will drag down their earnings for years to come.

This generation confronts an increasingly polarized economy—characterized by declining job quality for less-educated workers and growing inequality. In 1980, a young man with a bachelor's degree earned roughly $9,100 more than a young man with a high school degree. Today, he earns $20,000 more. The trends are similar among women: in 1980, a young woman with a bachelor's degree earned roughly $9,400 more than a young woman with a high school degree. Today, she earns $19,000 more. (See the Data Appendix for our detailed tables)

Without increasing educational attainment and improving job quality at the lowest rungs of the labor market this generation will continue to struggle to match their parent's living standards. As the wage premium on education demonstrates and many predict, industries requiring relatively more educated workers will grow faster than ones that do not. According to one projection, the majority of the 14 million new jobs created in the next decade will require some type of college or training, though often an associate's degree will suffice.[1] With falling wages and benefits in service-level jobs, the message is clear: right now, the only path to economic opportunity for this generation runs through the doors of higher education.

FALLING BEHIND: EARNINGS FOR YOUNG WORKERS

MALES SEE LARGE DROP IN WAGES

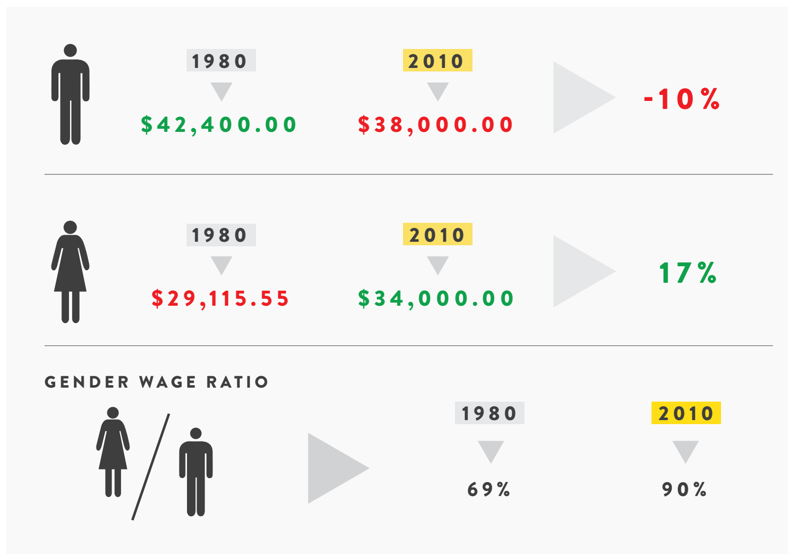
Young men and women experienced dramatically different earnings trends over the last generation. Overall, young men lost ground while women's paychecks grew steadily as more women earned college degrees, worked longer hours, and their career opportunities increased.

- Median earnings for young men who work full-time have declined over the course of a generation, falling 10 percent between 1980 and 2010 (Figure 1.1).

- Median earnings for young women who work full-time increased by 17 percent over the same period, delivering an additional $4,880 more per year in their paycheck in 2010 than in 1980 (Figure 1.1).

- The gender gap in pay narrowed substantially over the last generation. In 1980, young women who worked full-time earned only 69 percent of what young men earned. By 2010, young women earned almost 90 percent of what young men earned. Young women earn less than their male counterparts at every level of education; however, some of the narrowing of this gap is due to the much greater increase in the proportion of young women with bachelor's degrees than men (Figure 1.1).

figure 1.1 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, 1980 AND 2010 (2010 DOLLARS)



SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement. All CPS and ACS data extracts from IPUMS, Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. Integrated Public Use Microdata Series, Current Population Survey: Version 3.0. [Machine-readable database]. Minneapolis: University of Minnesota, 2010*

PAY GAP BY RACE

The racial pay gap is evident among young workers with the widest gap between young Latino and white workers.

- Median earnings for young full-time workers are highest among Asian Americans at $43,500, followed by whites at $40,000 (Figure 1.2).

- The racial pay gap is evident among young workers, with African Americans earning only 75 cents for every dollar earned by young whites, while Latinos earn only 68 cents for every dollar earned by young whites (Figure 1.2).

figure 1.2 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, AGES 25-34, BY RACE/ETHNICITY, 2010 (2010 DOLLARS)

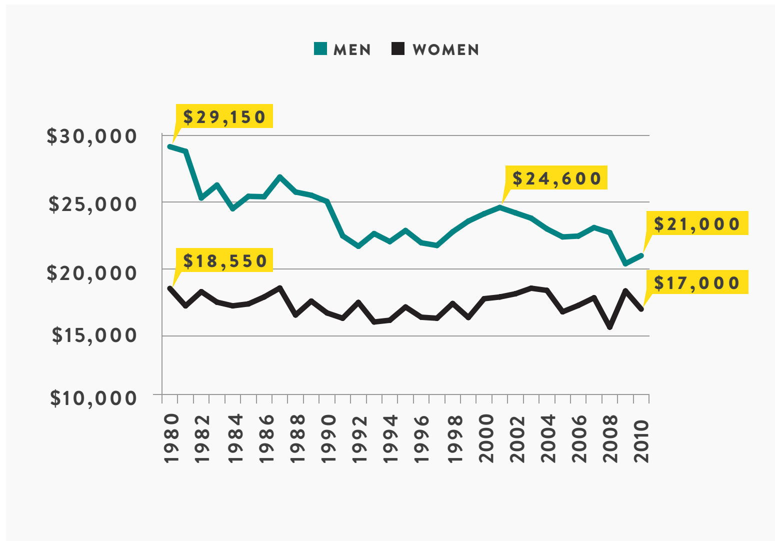
SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement*

ONLY COLLEGE-EDUCATED PULL AHEAD

Only workers with at least a bachelor's degree experienced substantial increases in earnings over the last generation.

- The median earnings for young men without a high school diploma are $8,150 less (28 percent) in 2010 than they were in 1980 (Figure 1.3).
- Median earnings for young women without a high school diploma have fluctuated modestly with the health of the overall economy. As a result, they earn less today (down $1,550) than in 1980 (Figure 1.3).

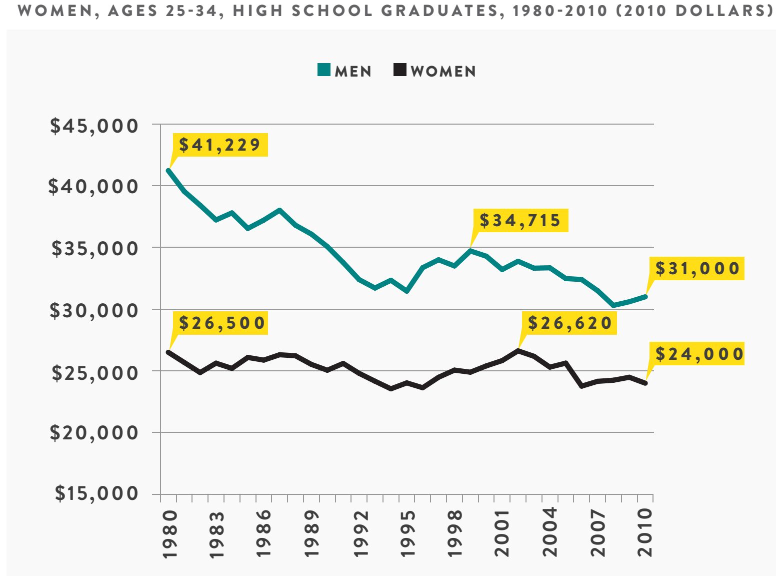
figure 1.3 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, LESS THAN A HIGH SCHOOL DIPLOMA, 1980-2010 (2010 DOLLARS)



SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement*

- Young men with only a high school education are earning 25 percent less today than they did in 1980, a loss of over $10,000 (Figure 1.4).
- Young women with only a high school diploma earned $2,500 less in 2010 than they did in 1980 (Figure 1.4).

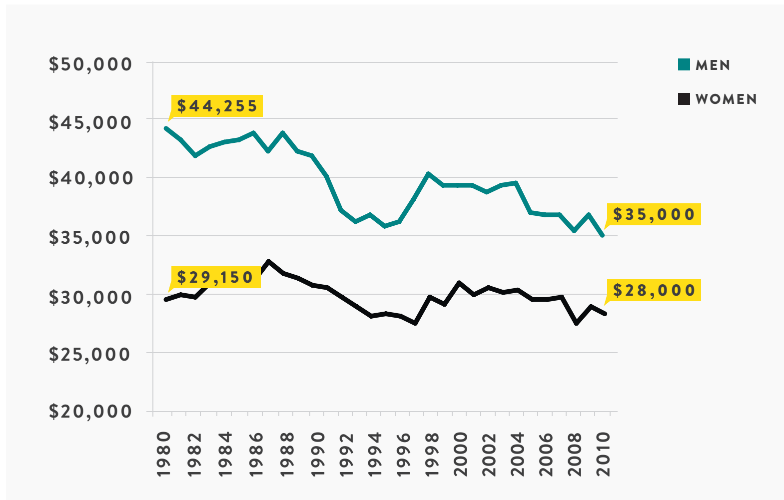
figure 1.4 | MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, HIGH SCHOOL GRADUATES, 1980-2010 (2010 DOLLARS)



SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement*

- The typical earnings for young men with some college are 21 percent below where they were in 1980. Their earnings dropped steadily between 1988 and 1991, rose in the late 1990s as the economy boomed, then dropped again in the early 2000s (Figure 1.5).
- The typical earnings for young women with some college are slightly lower (4 percent) than they were in 1980. Their earnings fluctuated modestly throughout the decades, after climbing steadily through the early 1980s (Figure 1.5).
- The typical earnings for young men with associate's degrees have dropped 4 percent since 1991, the first year data was collected for this category of education (Figure 1.6).
- Young women with associate's degrees earn approximately the same as they did in 1991, declining by 1 percent (Figure 1.6).

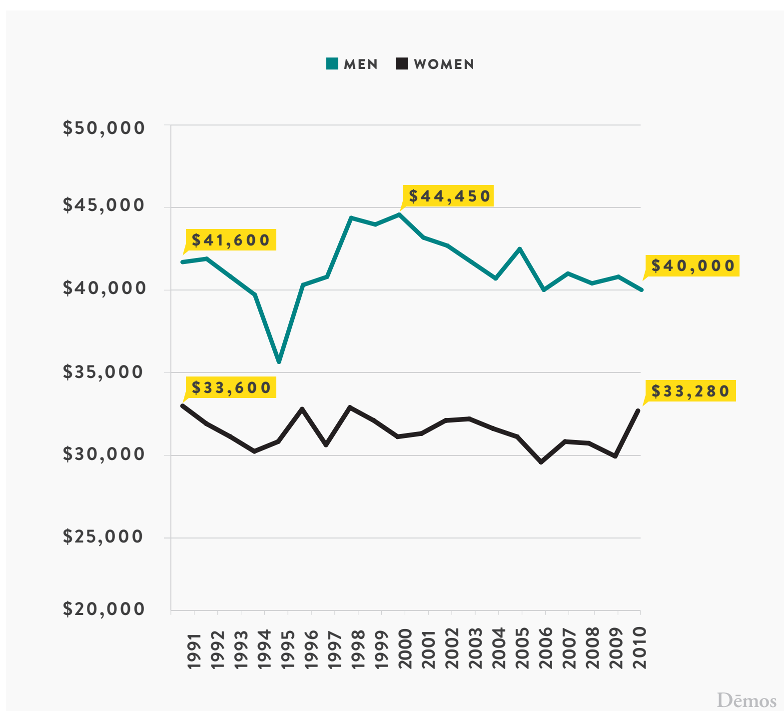
figure 1.5 | **MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, SOME COLLEGE,* 1980-2010 (2010 DOLLARS)**



*DATA FOR SOME COLLEGE INCLUDES THOSE WITH ASSOCIATE'S DEGREES BEFORE 1991

SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement*

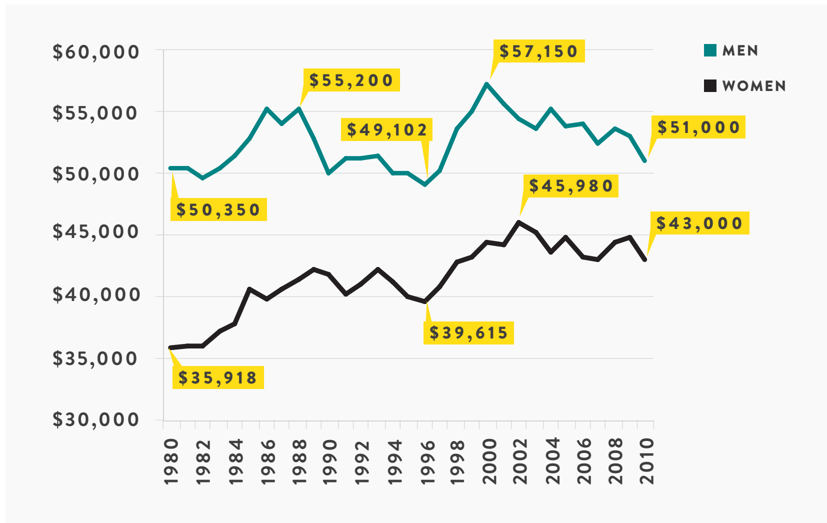
figure 1.6 | **MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, ASSOCIATE'S DEGREE, 1991-2010 (2010 DOLLARS)**



SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement*

- The median earnings for young women with at least a bachelor's degree rose 20 percent over the last 30 years, earning $7,000 more per year in 2010 than in 1980 (Figure 1.7).
- Young men with at least a bachelor's degree rose only 1 percent, an increase in earnings of less than $700 (Figure 1.7).

figure 1.7 | **MEDIAN ANNUAL EARNINGS, FULL-TIME WORKERS, MEN AND WOMEN, AGES 25-34, BACHELOR'S DEGREE OR MORE, 1980-2010 (2010 DOLLARS)**



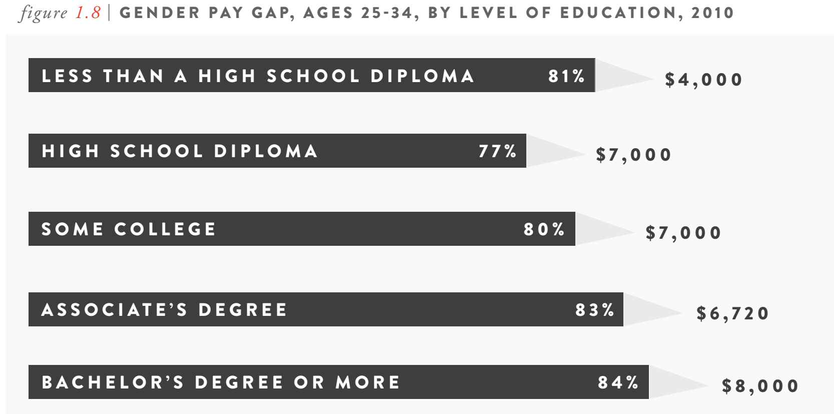
SOURCE: *Dēmos analysis of Current Population Survey Annual Social and Economic Supplement*

THE GENDER PAY GAP

While a pay gap still exists at all levels of education, much of the growth among college-educated women is due to more steady labor force participation and better access to well-paying occupations.

- The gender pay gap is widest among young workers with a high school diploma, with women earning 77 cents for every dollar earned by men (Figure 1.8).
- The gender pay gap among college-educated young workers is the lowest of any educational level—with women earning 84 cents for every dollar earned by men (Figure 1.8).

figure 1.8 | **GENDER PAY GAP, AGES 25-34, BY LEVEL OF EDUCATION, 2010**



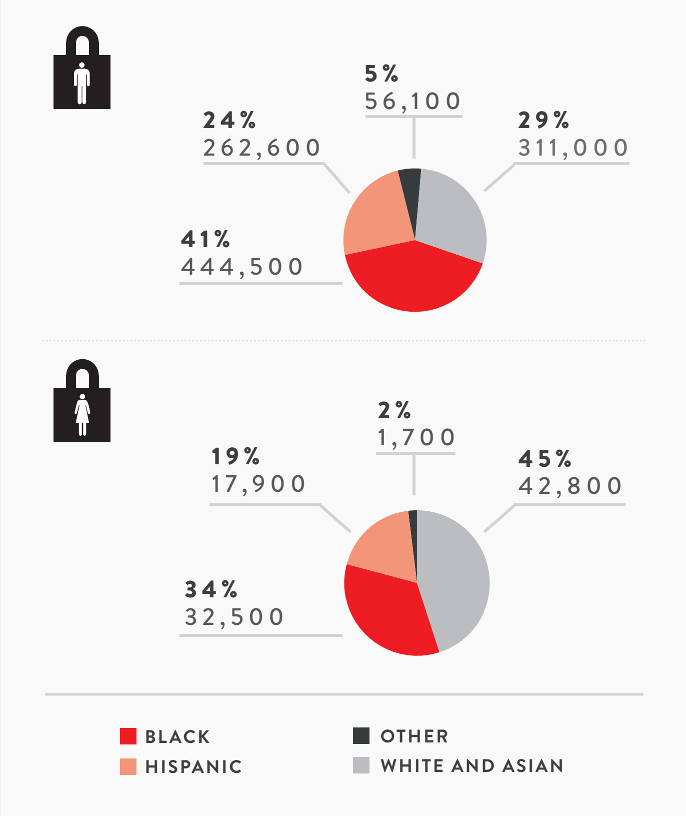
SOURCE:

IN FOCUS: **EX-OFFENDERS**

Incarceration rates for young people are staggering, particularly for young males of color. The overall incarceration rate has skyrocketed in the past three decades, increasing from 139 prisoners per 100,000 U.S. residents in 1980 to 502 prisoners per 100,000 U.S. residents in 2009, a 260 percent increase. Radical changes in drug and sentencing laws, along with a decline in employment opportunities in central cities, have contributed to the rapid rise in incarceration rates, particularly among young people of color, who make up a disproportionate share of prisoners. The young adults that get released after serving their time face even steeper odds of finding any economic security.

- One in nine black males aged 25 to 29 was in prison or jail in 2009, as were 1 in 27 Hispanic males and 1 in 60 white males in the same age group.
- Over 1 million young men (18 to 34) were incarcerated in 2010. Whites made up 29 percent of the young male incarcerated population, blacks 41 percent, and Latinos 24 percent (Figure 1.a).
- After leaving prison, finding a job is often difficult. According to one study that tracked men as they were released from prison, just 46 percent of ex-offenders were employed 7 months after being released from prison. 71 percent of these men said that their criminal record had affected their job search.

figure 1.a | **NUMBER OF INCARCERATED MEN AND WOMEN, AGES 18-34, JUNE 2009**



SOURCE: *Bureau of Justice Statistical Tables Inmates at Mid-year 2009 Table 17, Published June 2011 Includes Prisoners at State and Federal Prisons and Local Jails as of June 30, 2009*

As a result, an enormous cohort of young adults—predominantly male minorities—actually leaves prison each year and attempts to successfully navigate an often difficult reentry into society. They generally hold a high school degree at most, and will often have to check a box on job applications declaring their criminal conviction. That one check mark means that more than 60 percent of employers are likely to reject their application outright. According to one study, serving time reduces the likelihood of a job offer by 50 percent for white men and by two-thirds for African Americans.

Studies also show that those who do find a job work fewer weeks each year and earn far less than if they had not been convicted of a crime. With limited job prospects offering low wages, providing for themselves, let alone their children, is at best a significant challenge for young ex-offenders.

These tough odds all existed before the recession. Now, ex-offenders face even more hurdles in the labor market as they run up against education barriers, stigma, and disappearing jobs. And because more than half of the more than 2.2 million inmates are under 35, their low employment and earnings could plague them for their whole lives, leaving them with few options to make ends meet.

ETIENNE'S STORY

AGE **22** | PALO ALTO, CA

Etienne grew up in a bad neighborhood outside of Palo Alto, California. Things were tough from the start. The dysfunctional schools in his area were discouraging and by age 16 he had dropped out of high school to join the family construction business. They managed to make ends meet until the stock market crashed in 2008, taking the construction industry down with it. Etienne's family lost their house along with their business. Amid severe economic stress Etienne found himself at odds with his father, who kicked him out. At age 19 Etienne was homeless with no job and only a GED that he had earned in 2005.

With the poor economy, no one was hiring, and Etienne had another strike against him: like many young men from tough neighborhoods, he has a criminal record. A couple of arrests for minor offenses during his youth have forever scarred Etienne's employability. Even after acing interviews, he says, he has been repeatedly rejected from jobs for which he is qualified, all because of his background.

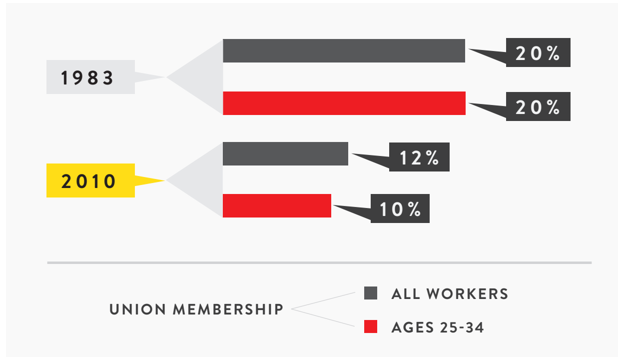
Facing these extensive employment barriers and desperate for options, Etienne knew he needed to add to his credentials and he enrolled at a local community college in nearby Los Altos Hills, California. His first attempt at higher education ended—with debt—when tuition became overwhelming, but his continued unemployment sent him back to campus once more. It's unclear how his record—and the recession—will affect his employability when he graduates, but for now all he can do is work hard.

DECLINE IN UNIONIZED JOBS

Young workers are less likely to work in unionized jobs than older workers—one factor contributing to the decline in job quality among occupations not requiring an advanced degree.

- A generation ago, young workers had similar rates of belonging to a union as all workers—with 20 percent in a union (Figure 1.9).
- Union membership has declined steadily every year since 1983, with younger workers experiencing a slightly bigger decline in union membership (Figure 1.9).
- As of 2010, only 12 percent of all workers belonged to a union, compared to 10 percent of young workers aged 25 to 34 (Figure 1.9).

figure 1.9 | **UNION MEMBERSHIP, 1983 AND 2010**



SOURCE: *Dēmos Analysis of CPS Outgoing Rotation Group. 1983-2010 data extracted from: Center for Economic and Policy Research. 2011. CPS ORG Uniform Extracts, Version 1.6 . Washington, DC*

YOUNG PEOPLE HIT HARD BY THE GREAT RECESSION

HIGH UNEMPLOYMENT

Even during a boom economy, younger workers have higher levels of unemployment than those 35 and older. But the gap has widened as a result of the Great Recession. Rising unemployment and underemployment levels have hit all groups of young people, but certain groups have been hit hardest, experiencing Depression-era levels of joblessness.

- In 2010, nearly two years after the Great Recession, the youngest workers still face high levels of joblessness, particularly among African American men (Figure 1.10).
- Among young men aged 18 to 24, one out of three African Americans are unemployed and one out of five Latinos are unemployed (Figure 1.10).

figure 1.10 | **UNEMPLOYMENT RATE, BY AGE, GENDER, AND RACE/ETHNICITY, 2010**

	MEN			WOMEN			ALL		
	18-24	25-34	35+	18-24	25-34	35+	18-24	25-34	35+
ALL	19.7%	10.9%	8.3%	14.6%	9.1%	6.9%	17.3%	10.1%	7.6%
WHITE, NON-HISPANIC	17.5%	9.9%	7 .7%	12.6%	7.7%	6.5%	15.2%	8.9%	7.1%
BLACK, NON-HISPANIC	32.6%	19.3%	14.0%	25.2%	16.0%	9.6%	28.8%	17.6%	11.6%
HISPANIC (ANY RACE)	21.2%	11.6%	10.4%	18.6%	10.9%	10.6%	20.1%	11.3%	10.5%
ASIAN	14.2%	6.2%	*	10.2%	7.8%	*	13.8%	6.9%	6.7%

* UNEMPLOYMENT RATES NOT AVAILABLE FOR ASIAN POPULATION 35 AND OLDER
SOURCE: *Dēmos Analysis of Bureau of Labor Statistics Data*

- Among young women aged 18 to 24, one out of four African Americans and nearly 1 out of five Latinas are unemployed (Figure 1.10).
- Joblessness declines for those in their mid-twenties and early thirties, though both African Americans and Latinos continue to experience double-digit rates of unemployment at this age (Figure 1.10).

IN FOCUS: **A NEW GENERATION OF VETERANS**

Post-9/11 veterans enlisted knowing that they would likely see active duty, and many of them did: since 9/11, more than 2.2 million Americans have been deployed to Iraq or Afghanistan. Unfortunately, our nation has not rewarded their service with economic opportunity and stability. In fact, the opposite is true. The weak economy and the lasting mental and physical effects of combat service have left today's young vets in a deeply troubling economic condition.

- The unemployment rate for Gulf War-era II veterans aged 18 to 24 was 20.9 percent in 2010—3.6 percentage points higher than the unemployment rate for all 18 to 24 year-olds, and over 11 percentage points higher than the unemployment rate for the general population in 2010 (Figure 1.b).
- Those young veterans fortunate enough to have jobs earn on average close to the median wages for young people as a whole: veterans aged 18 to 24 earned on average $1,200 less per year than the median 18 to 24 year-old, while veterans aged 25 to 34 earned $5,000 more (Figure 1.b).

"I HAVE A LOT OF FRIENDS WHO RECENTLY LEFT THE ARMY ... I'D SAY ONLY ABOUT 25 PERCENT OF THEM HAVE JOBS."

- SOLDIER, BETHESDA, MARYLAND

A confluence of factors seems to drive this high unemployment rate: the prevalence and stigma of mental health disorders, difficulties transitioning into civilian work, a bad economy, and experience in struggling sectors.

Mental health disorders are common among veterans returning from active duty.[2] Surveys show that employers see these mental health issues as a challenge in hiring veterans,[3] and soldiers who have mental health problems recognize this—one in three worry about the effect it could have on their career.[4] Surveys also show that veterans struggle to translate their unique skills to today's job climate, and employers often do not have a complete understanding of the qualifications they offer.[5] Moreover, veterans were often working in areas with declining labor trends that were then hit hard by the recession, such as manufacturing.[6]

It is not all bad news. The GI Bill of Rights had lost much of its purchasing power until it was recently expanded to cover state tuition, provide grants for apprenticeship and training programs, and transfer benefits to family members.[7] The additional aid should help this generation of veterans to attain the skills needed for civilian work. Whether it will help them over other steep economic hurdles remains to be seen.

figure 1.b | **UNEMPLOYMENT AND WAGES OF VETERANS VERSUS THE POPULATION, YOUNG ADULTS, 2010**

AGE GROUP	GULF WAR-ERA II VETERANS		POPULATION	FULL-TIME EMPLOYED VETS		FULL-TIME, POPULATION
	UNEMPLOYMENT RATE			MEDIAN EARNINGS		
18-24	20.9%	>	17.3%	$18,800	<	$20,000
25-34	13.1%	>	10.1%	$40,000	>	$35,000

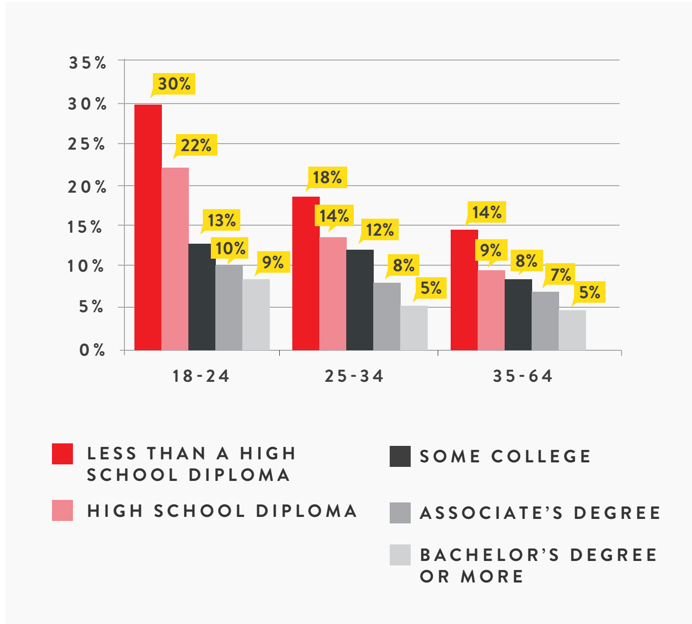
SOURCE: *Labor Force Statistics, Source: Bureau of Labor Statistics, Employment Situation of Veterans, 2010, Table 2 Median Earnings, Source: Dēmos Analysis of Current Population Survey March 2011 Annual Social and Economic Supplement*

UNEMPLOYMENT BY EDUCATION

Young people without bachelor's degrees are much more likely to be jobless.

- Among 18 to 24 year-olds, one out of five people with only a high school diploma were unemployed, compared to less than one out of 10 with at least a bachelor's degree (Figure 1.11).
- Among 25 to 34 year-olds, 14 percent of people with only a high school diploma were unemployed, compared to just 5 percent among those with a bachelor's degree or more (Figure 1.11).

figure 1.11 | UNEMPLOYMENT RATE, BY AGE AND EDUCATIONAL ATTAINMENT, 2010



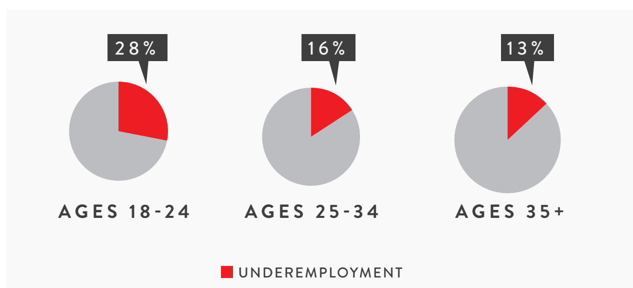
SOURCE: *Dēmos Analysis of Current Population Survey Basic Monthly*

UNDEREMPLOYED: WANTING MORE WORK BUT CAN'T FIND IT

Young workers are more likely to be stuck in part-time jobs than older workers, particularly those just starting out in the labor market.

- As of August 2011, more than a quarter of 18 to 24 year-olds are underemployed, compared to just 13 percent of older workers (Figure 1.12).

figure 1.12 | UNDEREMPLOYMENT RATE, BY AGE, AUGUST 2011*



*UNADJUSTED UNDEREMPLOYMENT RATE
SOURCE: *Dēmos analysis of Current Population Survey Monthly Data*

"I'M REALLY STRUGGLING RIGHT NOW.
I'M PART OF THE UNEMPLOYED POPULATION."

- MILWAUKEE, WISCONSIN

BRANDON'S STORY

AGE **29** | DETROIT, MI

When Brandon J. finished college at Eastern Michigan University he returned to his native Detroit only to find that his background in business and technology was not enough to guarantee employment, much less a good job. Despite the relative prosperity of 2005, Brandon encountered a lesson learned by millions of other young workers: navigating the 21st century American economy can be hard for young people.

Even workers like Brandon who hold a college degree—and are overall much more likely to be employed—struggle in the labor market. Minority men, as Brandon can attest, face a particularly tough time finding work. And while Brandon came from a union family, union jobs were not there for him or his friends. With some persistence Brandon found work. In the supposedly bullish market, Brandon helped to improve the job prospects of people who were having an even harder time finding a job: those workers without a post-secondary degree. Brandon maintained a computer lab that retrained displaced workers in the latest technology for the growing health care field.

But when the housing bubble burst in late 2007 and the stock market tanked Brandon was no exception to the fallout of an economic decline. The program he helped to run lost its funding and ended his contract in 2009. Brandon returned to the job search with one million other young adults. He, like many others, faced the prospect of long-term unemployment. Instead, Brandon recently applied the skills he learned in college to start his own business: entrepreneurship is one of the few positive by-products of the recession for struggling young people. Now, despite facing an extremely fickle boss—the struggling Detroit economy—Brandon is hopeful about his current path.

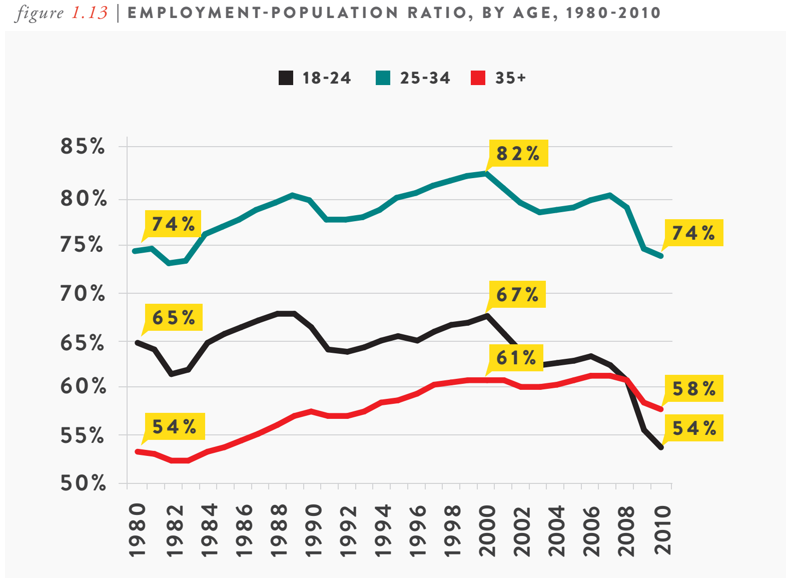
YOUNG PEOPLE NEVER RECOVERED FROM THE 2001 RECESSION

In the year 2000, the percentage of people employed in the United States hit an all-time high, with over 64 percent of the population employed. The recession in 2001 caused that number to decline, but then the percentage of the population with jobs recovered for most workers by 2004 with one exception: the percentage of young people with jobs never rebounded. This meant that heading into the Great Recession, there were already fewer jobs available for young workers.

- Among the population ages 25 to 34, the percentage with jobs is at levels not seen since the early 1980s. For 18 to 24 year-olds, it is lower now than at any time in the past 30 years (Figure 1.13).

- Older Americans gained back their jobs after the 2001 recession—and then some—reaching an even higher employment ratio in 2004 (Figure 1.13).

figure 1.13 | **EMPLOYMENT-POPULATION RATIO, BY AGE, 1980-2010**



SOURCE: Dēmos Analysis of Bureau of Labor Statistics Data

ENDNOTES

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HIGHER EDUCATION

HIGHER EDUCATION

Over the last generation, the importance of obtaining some type of post-secondary credential has grown. As earnings have dropped considerably for workers with no further education beyond high school, a higher education has become all but essential for entering the middle class. Yet rising tuition prices, coupled with anemic levels of financial aid, are leaving too many in this generation without the credentials they need to thrive in the 21st century economy.

Once the unquestioned leader in educational attainment, today our nation is only 9th in the world.[1] Among 25 to 34 year-olds, we are even further behind, coming in 12th place for the percentage of young people with at least an associate's degree or higher.[2] The pattern emerges despite the fact that increasingly large numbers of high school graduates enroll in some type of college. Yet college completion has stagnated in the United States while it has risen in other nations.

FINDINGS AT A GLANCE

COLLEGE GRADUATES STILL A MINORITY OF YOUNG PEOPLE
- EDUCATIONAL ATTAINMENT RISING BUT BIG DISPARITIES REMAIN

COLLEGE ENROLLMENT CLIMBS BUT DROPOUT RATES REMAIN HIGH
- WIDE COLLEGE ENROLLMENT GAPS BY RACE AND INCOME LEVEL
- ALTHOUGH MOST HIGH SCHOOL GRADS GO ON TO COLLEGE, NEARLY HALF OF THEM NEVER FINISH

A GENERATION OF SOARING COLLEGE COSTS IMPEDES STUDENT SUCCESS
- RISING COLLEGE COSTS CREATE MAJOR BARRIERS TO SUCCESS
- STUDENTS WORKING LONGER HOURS AND ENROLLING PART-TIME TO MEET RISING COSTS

STUDENT LOAN DEBT CONTINUES TO CLIMB

LOAN DEFAULTS INCREASE DURING GREAT RECESSION
- DEFAULT RATES ON STUDENT LOANS HAVE RISEN SHARPLY

There are many reasons why so many young people enter college but leave before finishing their degree. Financial barriers are a primary factor as tuition at public universities has more than tripled since 1980, and financial aid has failed to keep up. The high cost of college is particularly prohibitive for students from lower-income families, and shifts away from need-based aid are only exacerbating the challenge.[3] As states continue to face budget shortfalls, funding for higher education and student aid is very likely to continue its decades-long slide. Rising tuition and limited financial aid has more students than ever financing their college education with debt and at ever-increasing amounts. In addition, students are struggling to meet rising college costs by enrolling part-time and working long hours.[4]

Lack of preparation at the high school level is another factor contributing to high drop-out rates.[5] Our K-12 system often fails to graduate students ready for college, forcing many into costly remedial classes at the outset of their college education.

The need for education beyond high school shows no sign of slowing as the American economy is projected to produce millions of "middle-skill" jobs that pay well and require an associate's degree or certificate.[6] In order for young people to attain the credentials to compete in this economy, these cost, access, and completion hurdles must be addressed.

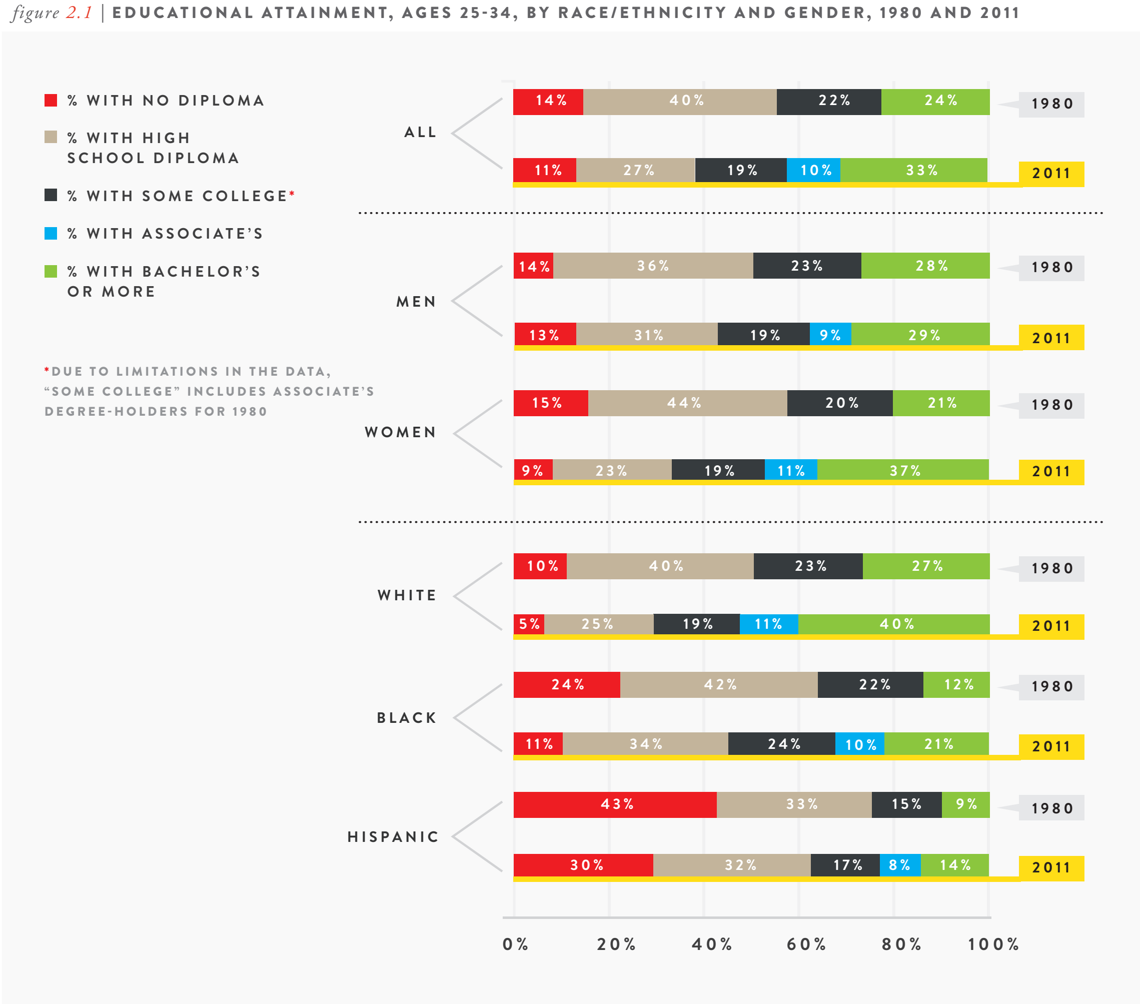
COLLEGE GRADUATES STILL A MINORITY OF YOUNG PEOPLE

EDUCATIONAL ATTAINMENT RISING BUT BIG DISPARITIES REMAIN

Since 1980, the percentage of young people with either a 2- or 4-year degree has increased significantly, but growth has slowed in the last two decades compared to enrollments, and disparities by race and income level have grown wider.

- One out of three Americans aged 25 to 34 has a bachelor's degree or higher, up from nearly one out of four in 1980 (Figure 2.1).
- One in ten young people has an associate's degree, a slight increase from 7 percent in 1991 when those figures were first tracked (Figure 2.1).
- The gap in college completion has widened by race since 1980, though all groups have higher percentages of bachelor's degrees. The percentage of young African Americans with a bachelor's degree grew from 12 to 21 percent; Latinos from 9 to 14 percent; and whites from 27 to 40 percent. The gap is less pronounced among associate's degree holders (Figure 2.1).
- Young women are now much more likely to have at least a bachelor's degree—a complete reversal of the gender gap from 1980. In 2000, 31 percent of young women had at least a bachelor's compared to 28 percent of young men. In 2011, 37 percent of young women had at least a bachelor's degree compared to 29 percent of young men (Figure 2.1).

figure 2.1 | EDUCATIONAL ATTAINMENT, AGES 25-34, BY RACE/ETHNICITY AND GENDER, 1980 AND 2011



SOURCE: *Dēmos Analysis of Current Population Survey, Annual Social and Economic Supplement*

> "WITH THE WAY PRICES ARE RISING ON EVERYTHING, IT MAKES IT EVEN HARDER FOR MY GENERATION TO BETTER THEMSELVES INTELLECTUALLY. MORE AND MORE OF MY FRIENDS ARE BARTENDING AND WAITING TABLES INSTEAD OF GOING TO COLLEGE."
>
> - WEST PALM BEACH, FLORIDA

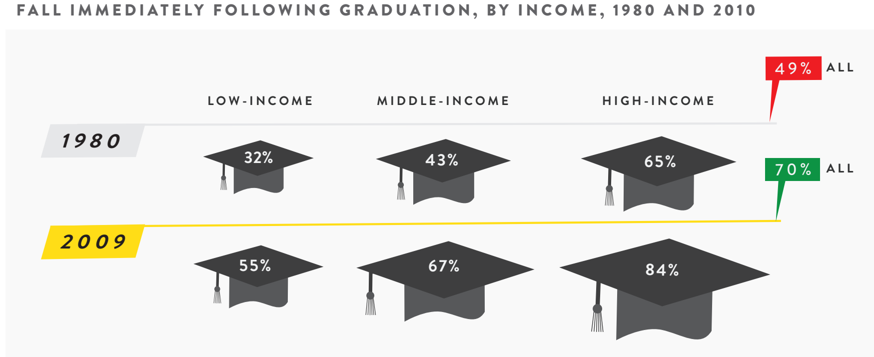
COLLEGE ENROLLMENT CLIMBS BUT DROPOUT RATES REMAIN HIGH

WIDE COLLEGE ENROLLMENT GAPS BY RACE AND INCOME LEVEL

The majority of high school graduates now go on to some type of college, but college degrees remain elusive. The type of college a young person attends, as well as their decision to enroll, still differs greatly by both race and income level.

- In 2011, although most young people have a high school diploma, young Latinos and African Americans graduate at lower rates: 70 percent of Latinos, 89 percent of African Americans and 95 percent of whites graduate from high school (Figure 2.1).
- Seven out of 10 recent high school graduates enroll in some type of college in the fall of the following year, up from under half in 1980 (Figure 2.2).
- One-third of students enroll in public 4-year colleges, more than one-third (38 percent) enroll in public 2-year colleges, 14 percent enroll in private 4-year colleges and the remaining 10 percent enroll in private, for-profit institutions.[7]
- The gap in college enrollment rates between low-income and high-income households was 29 percentage points, narrowing only slightly (from 33 percent) since 1980 (Figure 2.2).

figure 2.2 | PERCENT OF HIGH SCHOOL GRADUATES WHO ENROLL IN COLLEGE IN THE FALL IMMEDIATELY FOLLOWING GRADUATION, BY INCOME, 1980 AND 2010



SOURCE: *National Center for Education Statistics The Condition of Education 2011, Table A-21-1*

KHADIJAH'S STORY

AGE **22** | CHARLOTTE, NC

Khadijah is a third-year student at Central Piedmont Community College in Charlotte, NC and expects to graduate in two more years after finishing the nursing program. Like many community college students, she has overcome many challenges to get where she is, and has more ahead before graduation.

She's grateful that she qualifies for the federal Pell Grant program. "Without [it] going to college would have only been a dream for me because I do not have the resources to pay for my education." Because there were no jobs when she graduated high school, working her way completely through school was simply not an option. Khadija took on three on-campus jobs one year through federal work study, but had to stop because the long hours affected her grades.

Once Khadijah gets her nursing certification, she hopes to transfer to a 4-year college and then go on to study in a master's degree program. Ultimately, Khadijah wants to run a pediatric clinic in her community.

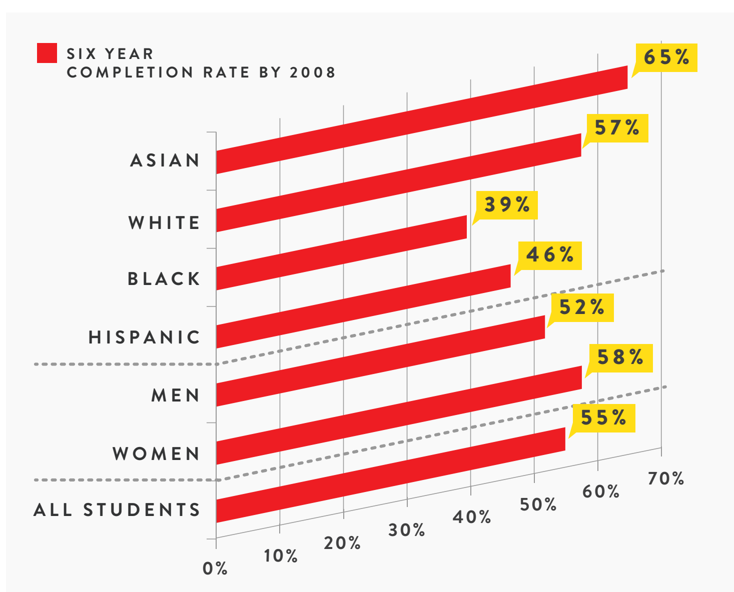
There are many steps to get there however. She will have to take extra classes because, at the onset, she was confused about which courses and prerequisites she needed to take for nursing. Maintaining financial aid amid budget cuts is another potential obstacle. "I think that if the Pell grant gets taken away, not as many young people would be able to attend college and serve their communities in the future."

ALTHOUGH MOST HIGH SCHOOL GRADS GO ON TO COLLEGE, NEARLY HALF OF THEM NEVER FINISH

The ability for students to finish their degree varies widely by race, income level as well as by the type of college attended, their degree of study and the state where they attend.[8]

- Among full-time students who began seeking a bachelor's degree at public universities in 2002, the national graduation rate within six years of enrolling was 55 percent (Figure 2.3).
- Just 46 percent of Latino and 39 percent of African American bachelor's candidates completed a bachelor's degree within 6 years (Figure 2.3).
- Within all race and ethnic groups, women complete their bachelor's degrees at a higher rate than men (Figure 2.3).
- Among full-time associate's degree students, the completion rate after six years is just 28 percent, and even lower among minority groups.[9]
- Completion rates at for-profit colleges are lowest. In 2008 the ten largest for-profit institutions graduated just 20 percent of their bachelor's degree students.[10]

figure 2.3 | SIX YEAR COMPLETION RATES FOR BACHELOR'S DEGREE-SEEKING STUDENTS AT PUBLIC FOUR-YEAR INSTITUTIONS, BY GENDER AND RACE/ETHNICITY



SOURCE: *National Center for Education Statistics, The Condition of Education 2011, Table A-23-2*

A GENERATION OF SOARING COLLEGE COSTS IMPEDES STUDENT SUCCESS

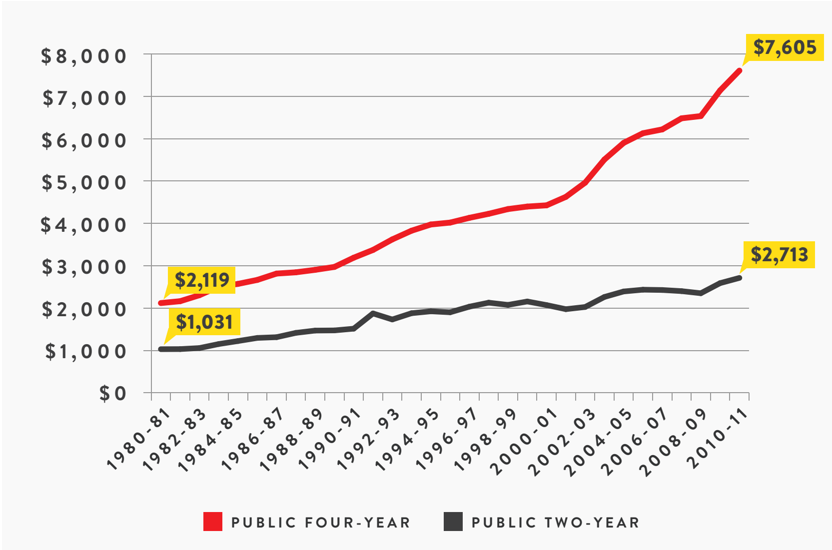
RISING COLLEGE COSTS CREATE MAJOR BARRIERS TO SUCCESS

As state funding for higher education steadily declined as a portion of colleges' revenue, colleges raised tuition to make up for the gap—a major reason why tuition at public colleges more than tripled since 1980. This financial change left students to absorb more of the costs by taking on student debt and working long hours while in school. Unsurprisingly, financial barriers are the number one reason students cite for dropping out.[11]

- Average tuition at public 4-year colleges was $7,600 in the 2010 academic year, up from $2,100 in 1980 (Figure 2.4).

- Average tuition at private 4-year colleges nearly tripled in a generation, increasing from $9,500 in the 1980 academic year to $27,300 in 2010.[12]

figure 2.4 | **AVERAGE TUITION AND FEES, BY INSTITUTION TYPE, 1980-81 TO 2010-11**



SOURCE: *The College Board, Trends in College Pricing 2010, Table 4, "Average Published Tuition and Fee Charges in Constant 2010 Dollars, 1980-81 to 2010-11 (Enrollment Weighted)"*

- Average tuition at community colleges also rose steeply, more than doubling from just over $1,000 in the 1980 academic year to $2,710 in 2010 (Figure 2.4).

- State colleges and universities are now more reliant on tuition to cover their operating expenses as state and local appropriations have not kept pace with rising enrollments. In 1985, 23 percent of higher education revenue was from tuition—by 2010, it had climbed to 40 percent.[13]

"I HAVE TAKEN ON $27,000 OF FEDERAL STUDENT LOANS JUST FOR MY FIRST TWO YEARS, AND NEARLY HAD TO DROP OUT OF SCHOOL AFTER MY FIRST SEMESTER BECAUSE I HAD TO PAY THE REMAINING $3,500 OF COSTS FOR THE FIRST SEMESTER OUT-OF-POCKET."

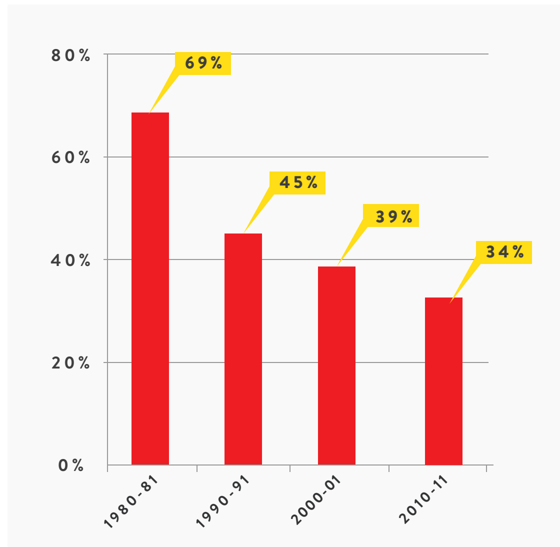
- INDIANAPOLIS, INDIANA

STUDENTS WORKING LONGER HOURS AND ENROLLING PART-TIME TO MEET RISING COSTS

The risk of dropping out of college is much greater if students enroll part-time or if they work longer than 20 hours per week.[13] Yet, as college costs have risen, and financial aid has shifted away from grant and need-based aid to debt and other aid, today's students are much more likely to be working long hours and going to school part-time.

- To finance their education, 58 percent of young community college students enroll in school part-time, and two-thirds work more than 20 hours per week.[15]
- Among 4-year college students, nearly half (46 percent) work more than 20 hours per week, up from 39 percent in 1986.[16]
- Federal financial aid has shifted from a grant-based to a loan-based system. Today, 36 percent of all federal aid is grant-based, down from 55 percent in 1980.[17]
- In 1980, the maximum Pell grant covered 69 percent of the costs of a 4-year public college, including room and board. Today, it covers 34 percent (Figure 2.5).
- At the state level, student aid has shifted away from need-based aid. Today, 73 percent of state grant aid is need-based, down from 100 percent in 1980.[18]

figure 2.5 | **MAXIMUM PELL GRANT AS A PERCENTAGE OF TUITION, FEES, ROOM, AND BOARD, PUBLIC FOUR-YEAR INSTITUTIONS, 1980-81 TO 2010-11**



SOURCE: *The College Board, Trends in Student Aid, 2010, Table 13B, Trends in College Pricing, 2010, Table 5A, and Trends in Student Aid, 2001, Table 7*

> "EVERY TIME I THINK ABOUT MY ECONOMIC FUTURE, I THINK ABOUT THE DEBT THAT I'VE INCURRED JUST TO IMPROVE MY ECONOMIC FUTURE. I ALWAYS HAVE TO GO BACKWARDS TO GO FORWARD."
>
> - WASHINGTON, DC.

ERIN'S STORY

AGE **28** | LOS ANGELES, CA

Erin has $130,000 in student loan debt after graduating from a top art college in 2010, where she got a bachelor's degree in advertising. She never thought her loans would be a problem because her professors, friends, and even lenders assured her that she would find a high-paying job straight out of college. After more than a year of searching, Erin was still unemployed and made barely enough money through freelancing to survive. Because she could not afford rent, Erin slept in her car or at different friends' homes to get by–but this was the least of her concerns.

Since graduation, Erin has not been able to pay back any of her student loans. Collectors and lenders call Erin on a regular basis, and refuse to accept partial monthly repayments. Her credit rating and finances have been severely damaged, and Erin is afraid she'll never be able to buy a car or home in the future. "I'm engulfed in debt before I can even start my life. The interest rate and late payments from my loans just keep piling up. I feel like I have made mistakes I will never be able to outlive, and education should never feel like a mistake. I wish I could start my life all over again loan-free."

"I'M ENGULFED IN DEBT BEFORE I CAN EVEN START MY LIFE. THE INTEREST RATE AND LATE PAYMENTS FROM MY LOANS JUST KEEP PILING UP. I FEEL LIKE I HAVE MADE MISTAKES I WILL NEVER BE ABLE TO OUTLIVE, AND EDUCATION SHOULD NEVER FEEL LIKE A MISTAKE. I WISH I COULD START MY LIFE ALL OVER AGAIN LOAN-FREE."

She recently landed a $10/hour internship with an advertising firm and hopes that this will lead her to a full-time position. Because her current salary still can't cover the cost of rent, let alone Erin's student debt, she continues to live day by day without a home, health insurance, and most other essentials.

Erin hopes that one day she'll be able to finally make a decent living and afford rent, but she remains pessimistic about her future. •

STUDENT LOAN DEBT CONTINUES TO CLIMB

Student loan debt continues to increase rapidly, and today for the first time in history, the amount of all student loan debt is greater than the amount of credit card debt owed in the United States (see Figure 2.7).

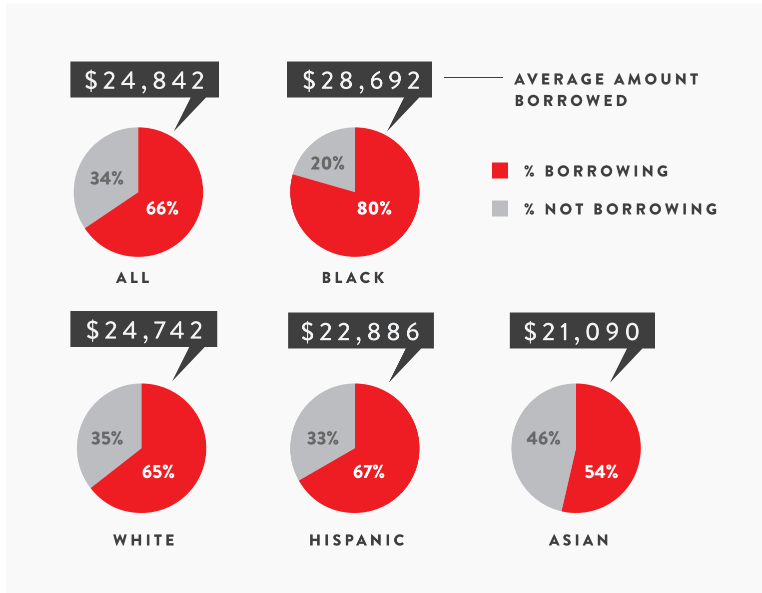
- Today, two out of three students graduate with student debt, up from one out of three in 1992. The average student graduates with over $24,000 in student loan debt (Figure 2.6).

- African American students are more likely to take out student loans, and to graduate with more debt. Among 2008 bachelor's degree graduates, 80 percent of African American students borrowed to pay for their education in 2008, graduating with an average debt of nearly $29,000 (Figure 2.6).

- Nearly one in ten undergraduate students leave school with over $40,000 in loans—requiring a typical loan payment of about $460 per month over 10 years.[19]

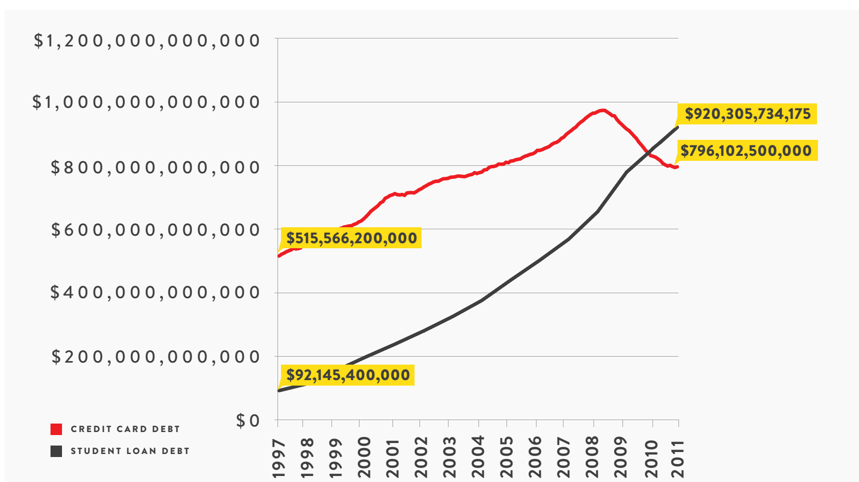
- The need for private student loans has surged as tuition costs have surpassed the amount of federal student loans students can access. In 2008, 1 out of five students took out private student loans, up from under 3 percent in the 1992 school year. Private student loans often have higher interest rates and fees, as well as limited repayment options—making them much more expensive and risky for students.

figure 2.6 | UNDERGRADUATE STUDENT LOAN DEBT, 2008 GRADUATES, BY RACE/ETHNICITY



SOURCE: U.S. Department of Education, National Center for Education Statistics, B&B: 09 Baccalaureate and Beyond Longitudinal Study.

figure 2.7 | TOTAL U.S. STUDENT LOAN AND CREDIT CARD DEBT, 1997-2011



SOURCE: Mark Kantrowitz, FastWeb.com, "Total Colege Debt Now Exceeds Total Credit Card Debt"

IN FOCUS:
YOUNG ADULTS GROWING UP IN IMMIGRANT FAMILIES

Millions of young adults in the United States grew up in a family where one of their parents is not a citizen. Millions more were brought to this country by their parents as children, but lack proper citizenship paperwork. Those two cohorts of young people face unique economic challenges, and significant barriers to achieving economic security.

Undocumented young people often grow up in poverty and can ill-afford to make investments in the future such as higher education. For the undocumented young person, who may have entered this country as a small child, a lack of citizenship also creates a serious hurdle to economic mobility. Though many had little choice in deciding whether to come to the United States, undocumented young Americans find themselves trapped. Having grown up here, they have no life to which they could return in their country of birth. Nor can they access the normal avenues to economic opportunity.

Regardless of a young person's own citizenship status, studies show that growing up in a family with at least one undocumented parent has negative and lasting effects on future education and economic opportunity.[20]

- There are about 5.5 million children growing up in families with at least one undocumented parent; about 4.5 million of those children are citizens, and another 1 million are undocumented themselves.[21]
- One survey of young adults from immigrant families reported that between 20 and 25 percent (depending on the sample location) of second generation young adults had a high school degree or less, low in comparison to their peers from non-immigrant families, but high in comparison to their peers without proper documentation.[22]
- For undocumented students, low family incomes, barriers to financial aid, and social factors all limit educational attainment. About 489,000 undocumented young adults did not graduate from high school, and lack even a GED. Another 726,000 undocumented young adults have only a high school diploma.
- Given the high cost of college, restrictions on illegal immigrants accessing financial aid, and the need for more immediate work, it's unsurprising that just 96,000 undocumented young adults have obtained an associate's degree or higher.[23]

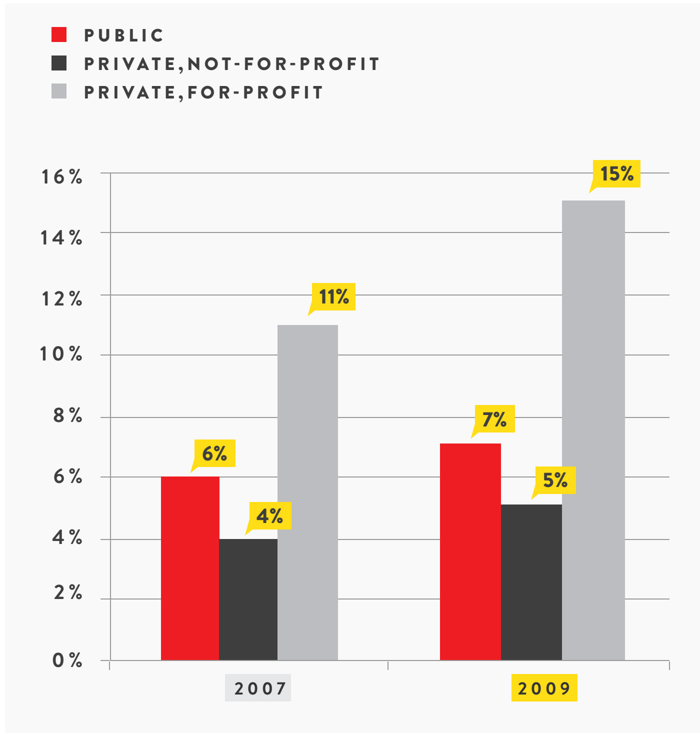
LOAN DEFAULTS INCREASE DURING GREAT RECESSION

DEFAULT RATES ON STUDENT LOANS HAVE RISEN SHARPLY

High rates of joblessness and higher amounts of student loan debt, particularly among students of for-profit schools, have led to sharply rising default rates.

- In 2009, 8.8 percent of all student loans were in default after 2 years, compared to 6.7percent in 2007. That was a 31 percent increase in the default rate in just 2 years.
- African Americans and Latinos comprise 28 percent of all undergraduates, but make up nearly half (46 percent) of undergraduates in the for-profit sector.[24]
- Students enrolled in for-profit schools account for 12 percent of all students, but 24 percent of all federal student loan dollars.[25]
- In 2009, 15 percent of graduates from for-profit colleges were in default (Figure 2.8).

figure 2.8 | BORROWER DEFAULT RATES ON STUDENT LOANS, BY TYPE OF INSTITUTION, 2007 AND 2009



SOURCE: *US Department of Education, Direct Loan and Family Education Loan Programs, Institutional Default Rate Compairson as of Sept 12, 2011*

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7. National Center for Education Statistics, Digest of Education Statistics: 2010, Table 204.
8. The top three states by this measurement were MA (69.1%), PA (65.4%), and MD (65.3%), and the bottom three in bachelor's achievement were AK (22.1%), NV (36.6%), NM (40.3%). For information on state graduation rates, see: "Graduation Rates," National Center for Higher Education Management Systems, available at http://www.higheredinfo.org/dbrowser/?level=nation&mode=graph&state=0&submeasure=27. For growth in jobs requiring Associate's Degrees and Certificates, see: Complete College America, http://dl.dropbox.com/u/8316737/National.pdf.
9. African Americans in this category had an attainment rate of 30.3%, Latinos 19.8%, and American Indian/Alaska Natives 23.0%. There was a massive gap between states in this category as the top three states-WY (60.0%), SD (56.7%), AZ (40.7%)-boasted far better rates than the lowest three-DE (9.0%), CT (11.6%), RI (14.1%). See National Center for Higher Education Management Systems, "Graduation Rates," available at http://www.higheredinfo.org/dbrowser/?level=nation&mode=graph&state=0&submeasure=24. These rates are not comprehensive, as they do not account for part-time students, students who transfer and finish their degree at a different school, or students that change from full-time to part-time. This is an especially important caveat because the number of non-traditional students (older aged, part-time, commuters, etc.) has risen in recent years and is not reflected in these rates.
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19. The average bachelor's degree-seeking student with loans graduated with about $20,000 in debt, ranging from $17,500 (public) to $32,625 (private for-profit). Borrowing is particularly prevalent at private for-profit institutions - as many as 96% of students take on debt. See: Sandy Baum and Patricia Steele, "Who Borrows Most? Bachelor's Degree Recipients with High Levels of Student Debt," College Board (2010). http://advocacy.collegeboard.org/sites/default/files/Trends-Who-Borrows-Most-Brief.pdf.
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HEALTH CARE AND COVERAGE

HEALTH CARE AND COVERAGE

Disappearing jobs and diminishing wages have affected not just the wealth, but also the health, of young Americans. These trends, combined with rising health care costs, make young adults the most uninsured age group in the country. Major changes to the health insurance system, however, have improved coverage rates among young Americans, with more progress expected in the years ahead.

FINDINGS AT A GLANCE

YOUNG ADULTS NEED HEALTH INSURANCE
- MEDICAL CONDITIONS DO AFFECT YOUNG ADULTS
- COSTS OFTEN EXCEED AVAILABLE ASSETS

TRENDS BEHIND THE HIGH UNINSURANCE RATES
- EMPLOYER-SPONSORED COVERAGE HAS FALLEN, AND PUBLIC AND PRIVATE COVERAGE HAS NOT FILLED THE GAP

AN UNHEALTHY RECESSION, BUT A POSITIVE OUTLOOK FOR COVERAGE
- THE GREAT RECESSION DROVE UNINSURANCE RATES FOR YOUNG PEOPLE TO RECORD HIGHS
- THE FUTURE LOOKS HEALTHIER FOR YOUNG ADULTS

Young adults are generally healthier than their older adult counterparts. But that fact has fueled misguided media characterizations of this age cohort as "invincible." Young adults do need care. In addition to the cost of preventive care, routine doctors visits, and occasional health hiccups, a significant subset of young adults deal with costly chronic conditions. Young adults are also more likely to engage in riskier activities like athletics, meaning that they face sudden high-cost health incidents at a relatively high rate.

But their light pocketbooks make paying for any significant medical services while uninsured close to impossible. The high cost of medical expenses is no secret to anyone who has ever required care, but when primarily low-income young adults face high out-of-pocket costs due to uninsurance or high-deductible plans, the results can be particularly difficult to handle.

At the same time, young adults lack health insurance more often than any other age group. Changes in the labor market over the past few decades have left many with limited access to traditional forms of coverage. Jobs that once offered benefits are no longer doing so, and the percent of young adults working part-time has increased dramatically over the past few decades.[1] Rising health care costs mean today's young adults can rarely afford insurance once they leave the nest, or age out of child-centered government services as individual insurance is currently unaffordable for a typical low-wage earning young adult.

Indeed, for too many young adults, uninsurance and the resulting bad health outcomes are not a choice, but an economic reality. And the threat of uninsurance can impede personal economic growth in other ways: when young people are tied down to geographic locations, jobs or economic choices based on available coverage options, the freedom to pursue their version of the American Dream is stifled.

But in spite of a bleak historical trend of rising uninsurance rates among young adults, propelled in recent years by the Great Recession, changes to the insurance system brought by health care reform have begun to reverse that trend and increase access to insurance. Young adults will see greater security in their coverage options as they navigate a changing labor market.

"MY HUSBAND IS CONSIDERED AN HOURLY EMPLOYEE, HE WORKS FULL-TIME BUT HE DOESN'T GET ANY BENEFITS. I'M CURRENTLY EMPLOYED FULL-TIME AND OUR INSURANCE FOR OUR FAMILY OF FOUR IS ALMOST $800 A MONTH. I MEAN IT'S KILLING US."

- BLOOMINGTON, INDIANA

YOUNG ADULTS NEED HEALTH INSURANCE

MEDICAL CONDITIONS DO AFFECT YOUNG ADULTS

Preventive care, chronic illnesses, and catastrophic events are all health issues that young people face.

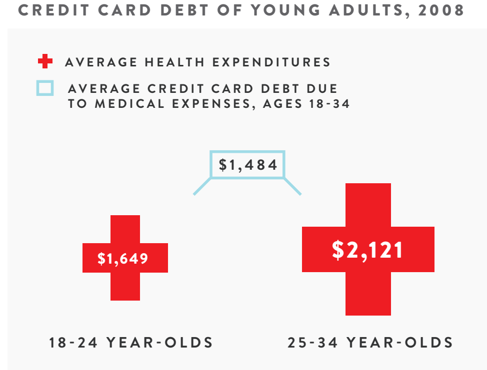
- About 15 percent of young adults live with a chronic health condition such as asthma or diabetes. Another 9 percent grapple with depression or anxiety disorders.[2]
- Almost 16 percent of young adults aged 18 to 24 have a "pre-existing condition."[3]
- Young adults ages 19 to 29 find themselves in the emergency room more than any other age group under the age of 75.[4]

COSTS OFTEN EXCEED AVAILABLE ASSETS

Young adults can ill-afford high out-of-pocket costs. For many, health care costs have the serious potential of wiping out often meager savings, forcing many young adults to turn to credit cards to pay their medical bills.

- In 2008, the median medical expenditure for uninsured 18 to 24 year-olds was $286, with a mean of $1,649. The median for 25 to 34 year-olds was $417, with a mean of $2,121 (Figure 3.1).[5]
- Credit card debt is 79 percent higher for young adults with medical debt than those without—a much higher difference than for any other age.[6]

figure 3.1 | **HEALTH EXPENDITURES AND MEDICAL CREDIT CARD DEBT OF YOUNG ADULTS, 2008**



SOURCE: *Average Credit Card Debt from Dēmos, "Sick and In the Red," 2010, Median Health Expenditure from YI analysis of MEPS datapublished numbers for 1989-2007*

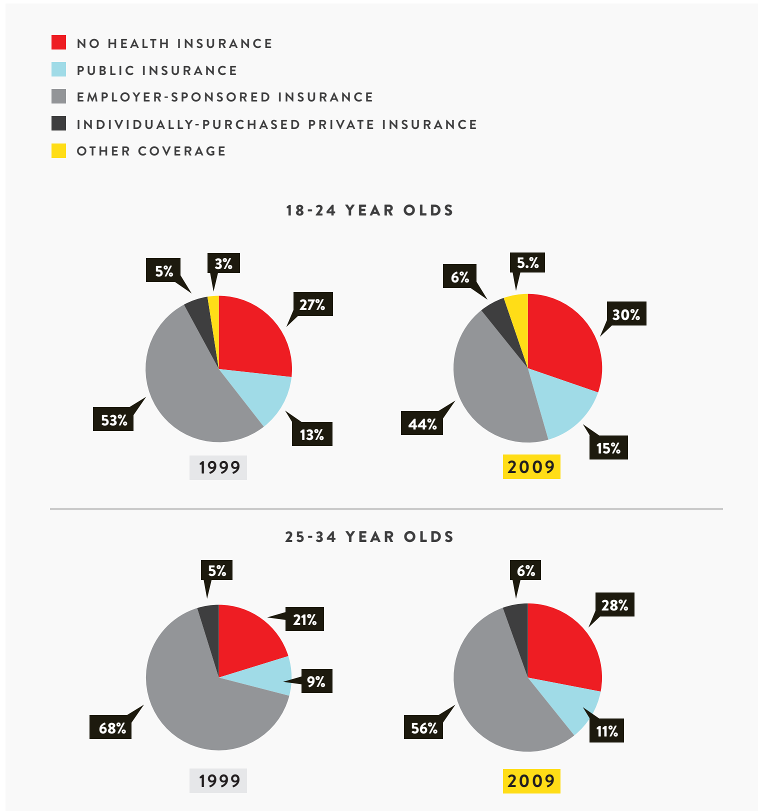
TRENDS BEHIND THE HIGH UNINSURANCE RATES

EMPLOYER-SPONSORED COVERAGE HAS FALLEN, AND PUBLIC AND PRIVATE COVERAGE HAS NOT FILLED THE GAP

Fewer have jobs, fewer of those jobs have benefits than they once did, individual insurance is unaffordable for many often low-wage-earning young adults, and public insurance cannot currently substitute for lack of private coverage.

- The proportion of full-time workers aged 18 to 24 with insurance through their job dropped by 12.8 percentage points in the past 10 years alone, while the proportion of workers aged 25 to 34 with coverage through their employer dropped by 8.5 percentage points, both far higher than the drop in employer sponsored coverage for all workers (4.4 percent).[7]
- Overall, just 43.7 percent of all 18 to 24 year-olds and 55.7 percent of 25 to 34 year-olds were covered by an employer-sponsored plan in 2009, both significantly lower than a decade earlier (Figure 3.2).
- In 2009, the average annual individual premium for a single young adult was $1,429 for an 18 year-old and $2,104 for a 30 year-old.[8] Those prices assume an enrollee does not have a pre-existing condition, and do not include the significant out-of-pocket costs common with typically high-deductible individual plans.

figure 3.2 | TYPE OF HEALTH COVERAGE FOR YOUNG ADULTS, 1999 AND 2009



SOURCE: *Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement*

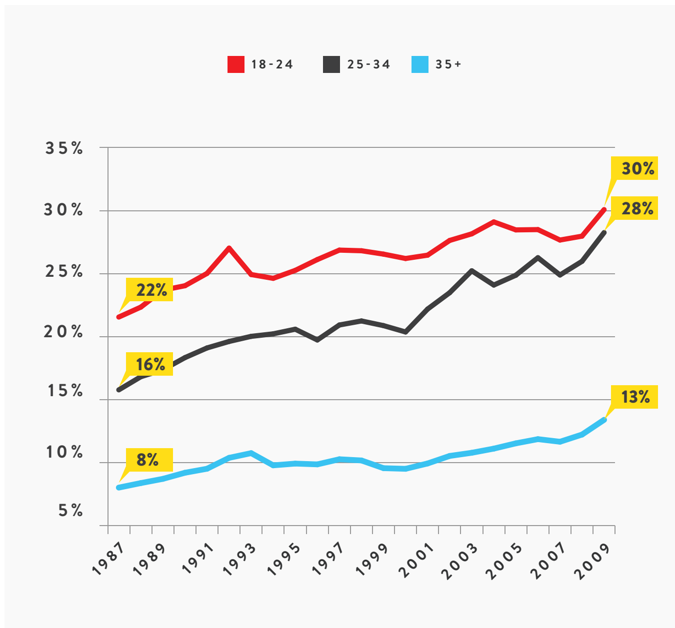
- These high costs are why just 5.5 percent of both 18 to 24 and 25 to 34 year-olds had individually-purchased private insurance in 2009 (Figure 3.2).
- Public health insurance coverage of young adults has increased over the past decade. 15.3 percent of all 18 to 24 year-olds in 2009 were covered by public insurance of some kind (Figure 3.2).

THE GREAT RECESSION DROVE UNINSURANCE RATES FOR YOUNG PEOPLE TO RECORD HIGHS

The skyrocketing unemployment and underemployment rates during the Great Recession have left this generation even less likely to have a job and access to benefits, and even less able to afford individual insurance. As a result, the uninsurance trends of the past decades have continued. But the recent health care reform law greatly expanded coverage options for young adults. A provision that allows young people to stay on their parent's plan up to age 26 has already increased insurance rates, and other changes promise larger improvements in the coming years.

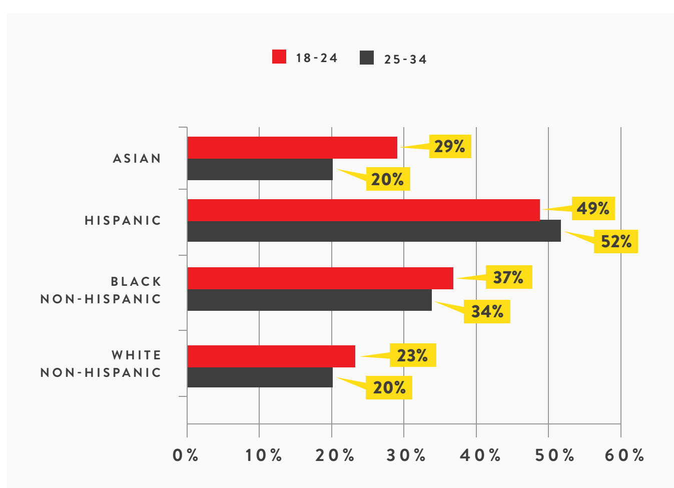
- The uninsurance rate for 18 to 24 year-olds increased from 27.9 percent at the beginning of the recession in 2007 to 30.3 percent in 2009, and from 24.9 percent to 28.3 percent for 25 to 34 year-olds over the same time span (Figure 3.3).
- As of 2009, there were 1.5 million more 25 to 34 year-olds without health insurance than there were at the beginning of the recession, and 813,000 more uninsured 18 to 24 year-olds[9].
- The percent of young adults aged 18 to 34 who were uninsured in 2009 is more than twice as high as the share of older adults without insurance (Figure 3.3).
- The share of all young adults without insurance in 2009 was at the highest level since the Census Bureau began tracking insurance coverage in the CPS in 1987.
- Young people of color are disproportionately likely to lack insurance. Over half (51.7 percent) of all Latino and 33.8 percent of all African American 25 to 34 year-olds were uninsured in 2009, compared to 20.8 percent of whites of the same age (Figure 3.4).

figure 3.3 | UNINSURANCE RATE, BY AGE, 1987-2009



SOURCE: Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement

figure 3.4 | UNINSURANCE RATE, BY AGE AND RACE/ETHNICITY, 2009



SOURCE: Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement

ISBAH'S STORY

AGE **21** | AUSTIN, TX

When Isbah was 18 years old, she started to have symptoms of fatigue, making it hard to concentrate or complete her schoolwork. In the same year her father transferred jobs and her family had to find private insurance coverage. But the new insurance company denied her coverage based on her history of fatigue. She was left with no options, so she limited visits to the doctor and hoped that her health wouldn't get worse. She went uninsured.

A year later, she began losing weight uncontrollably and other symptoms appeared. Soon after, she was diagnosed with Lupus, a chronic auto-immune disease that can result in hair loss, joint pain, loss of appetite, and much worse if left untreated. Her father transferred jobs but the new insurance again denied her coverage because of her pre-existing conditions. She bought generic drugs instead of prescribed brand-name drugs, and limited doctors visits.

Like many young people, Isbah simply could not afford her medical care without coverage. But like many young adults, health coverage was difficult to come by. As a student now at the University of Texas, she turns increasingly to her parents for financial support as she struggles to continue her studies, and to deal with the emotional stress of a chronic disease and the monetary stress of the high cost of care. Things have begun to look up for Isbah though. Her father's insurance finally covered her and she will stay on that plan due to the new dependent coverage extension until she turns 26. ●

THE FUTURE LOOKS HEALTHIER FOR YOUNG ADULTS

The Affordable Care Act has begun to reduce uninsurance rates and will likely help many young people get coverage in the next few years as its provisions take effect.

- The share of uninsured 18 to 24 year-olds dropped by 2 percentage points in 2010, largely due to the Affordable Care Act's provision allowing them to join their parent's plan. Overall, 500,000 more 18 to 24 year-olds were insured in 2010 than in the year before.[10]
- However, this increase in coverage for 18 to 24 year-olds simply made up for the lost coverage from the Great Recession; the uninsurance rate for these young adults is still far higher than it was 20 years ago. And the uninsurance rate for 25 to 34 year-olds, most of whom were not helped by the new provision, stayed the same between 2009 and 2010.
- The number of uninsured young adults 18 to 24 continued to fall—by a total of one million in the last quarter of 2010 and the first two quarters of 2011.[11]
- Almost 8 million currently uninsured young adults will be eligible for Medicaid in 2014.[12]
- Over 9 million currently uninsured young adults will be eligible for subsidies to help them purchase insurance starting in 2014.[13]

ENDNOTES

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8. America's Health Insurance Plans, Center for Policy and Research "Individual Health Insurance, 2006-2007, A Comprehensive Survey of Premiums, Availability, and Benefits," (December 2007). http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf.
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11. U.S. Office of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, Issue Brief, "One Million Young Adults Gain Health Insurance in 2011 Because of the Affordable Care Act," (September 21, 2011). http://aspe.hhs.gov/health/reports/2011/DependentCoverage/ib.pdf.
12. Young Invincibles analysis of the Current Population Survey Annual Social and Economic Supplement. Those at 133% and below of federal poverty level will qualify for Medicaid in 2014, regardless of whether they have children or not. The numbers were calculated using the current income levels of the uninsured population.
13. Young Invincibles analysis of the Current Population Survey Annual Social and Economic Supplement. Those with incomes between 134 and 400% will qualify for various levels of subsidies to purchase insurance. The numbers were calculating using the current incomes levels of the uninsured population.

COST OF LIVING

COST OF LIVING

It is expensive to be young. Given the low earnings of most young adults, the high cost of basic expenses like groceries and transportation account for a greater share of their income than for older adults. Meanwhile, rent is increasing, homeownership is difficult, and credit card payments loom.

FINDINGS AT A GLANCE

HOUSING ARRANGEMENTS AND DECISIONS
- RISING RENT
- COHABITATION AND MOVING BACK HOME
- DECREASE IN HOMEOWNERSHIP RATES

TRANSPORTATION COSTS AND CHOICES
- COST OF TRANSPORTATION
- PAYING FOR GAS

CREDIT CARD DEBT
- HIGH DEBT LEVELS
- TRENDS IN CREDIT CARDS
- DEBT DISTRESS

Rising unemployment, climbing rental prices, and mounting debt have helped increase the percentage of young people who are living with their parents. While 18 to 24 year-olds commonly migrate back to the nest, a growing share of 25 to 34 year-olds are joining the movement. The "boomerang" trend rose steadily since 1980 and spiked during the Great Recession, particularly among young men.

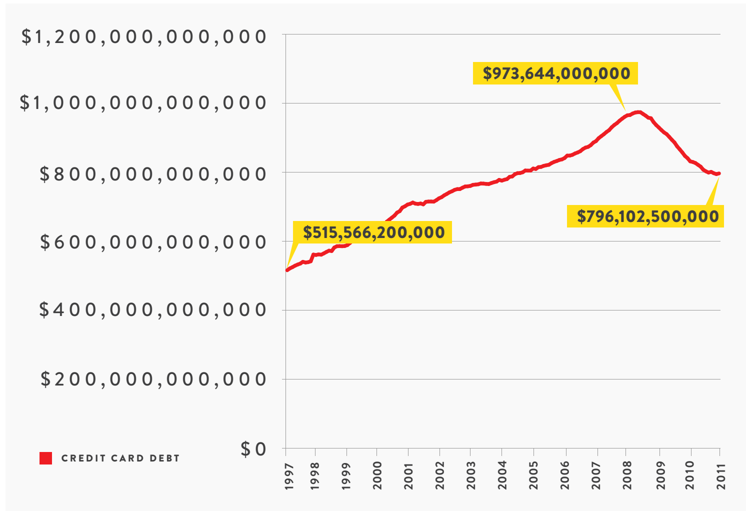
The challenges go beyond young renters. Aspiring homeowners, too, find it harder to break into the market. Although home prices and interest rates are currently favorable to first-time buyers, banks have dramatically reduced their mortgage lending since the housing bubble burst. With limited credit histories and often little capital for a down payment, young people find themselves shut out of the market.

Young people lucky enough to rent their own place pay a larger portion of their income on shelter than their parents did. Among those under 25, housing's share of the monthly budget swelled by over 35 percent from 1980 to 2009, with this group paying nearly one-third of their monthly income to rent and utilities in 2009. For 25 to 34 year-olds rent bills grew to over 26 percent of income, up from 21 percent in 1980.

As incomes fail to keep up with rising costs, young people and Americans of all ages increasingly rely on credit cards to help make ends meet.[1] Though, in the aggregate, credit card debt has declined slightly from its peak at $973.6 billion in August 2008 (Figure 4.1), most of the decline is due to charge-offs[2]—debt that a bank has determined it won't be able to recover in its entirety, and has taken off its balance sheet and sent to collections. Consumers, however, will end up paying close to 70 percent of the charged-off debt,[3] meaning that the real credit card debt load has changed little despite the change in banks' balance sheets. And with the recession likely to leave incomes stagnant for years to come, young people will have a difficult time shedding the credit card debt burden any time soon.

Credit card debt can be particularly damaging to young Americans. They tend to carry revolving balances more frequently than the population as a whole[4]—often from needing to pay with plastic for part of their college educations—and the interest rates on those balances are typically higher than average due to their short or non-existent credit histories. Recent legislation attempts to curtail access and marketing to young people; whether those changes will alter the continued personal debt trends remains to be seen.

figure 4.1 | **AGGREGATE CREDIT CARD DEBT, 1997-2011**



SOURCE: *Mark Kantrowitz, FastWeb.com, "Total Colege Debt Now Exceeds Total Credit Card Debt"*

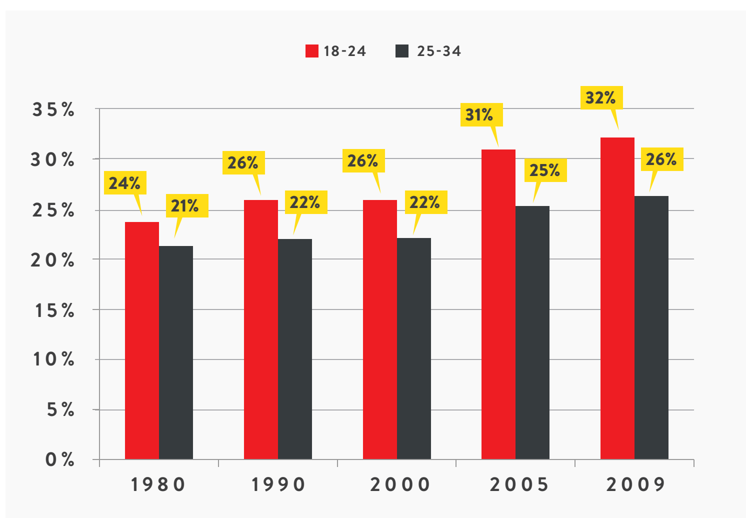
HOUSING ARRANGEMENTS AND DECISIONS

RISING RENT

Americans under 30 account for almost one-third of all renters,[6] and significant increases in rental prices are taking a bigger bite out of their monthly budget.

- Of the young adults under 25 who are not living with their parents, 86 percent are renters.[7]
- Between 1980 and 2009, the median share of 18 to 24 year-old households' income consumed by rent rose by more than 8 percentage points, from 23.7 percent to 32.1 percent. The share of 25 to 34 year-old households' income taken by rent rose sharply as well, by 5 percentage points over the same period (Figure 4.2).

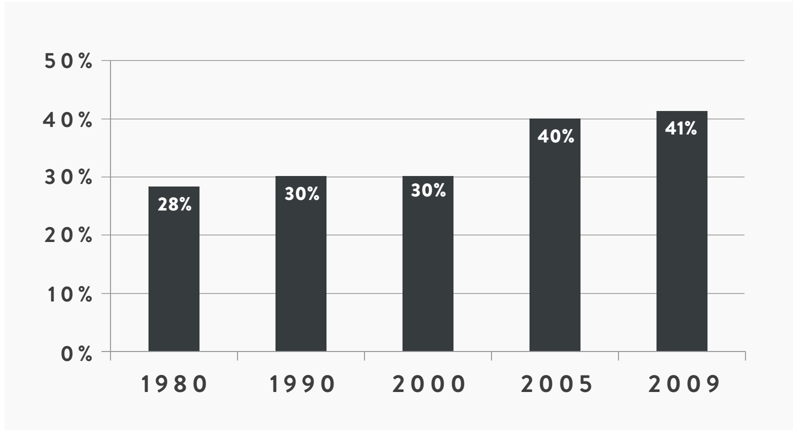
figure 4.2 | **MEDIAN GROSS RENT* AS A SHARE OF PRE-TAX HOUSEHOLD INCOME, YOUNG ADULTS, 1980-2009**



*"Gross Rent" includes utilities costs, since many rentals include utilities in their contract rent
SOURCE: *Dēmos analysis of American Community Survey.*

- The share of 25 to 34 year-old households spending more than 30 percent of their income on rent increased from 28 percent in 1980 to 41.3 percent in 2009 (Figure 4.3).
- Most of the increase in both of the above measures occurred between 2000 and 2005, the same period during which the housing bubble was rapidly inflating (Figures 4.2 and 4.3).

figure 4.3 | **SHARE OF HOUSEHOLDS, AGES 25-34, SPENDING MORE THAN 30% OF INCOME ON RENT, 1980-2009**



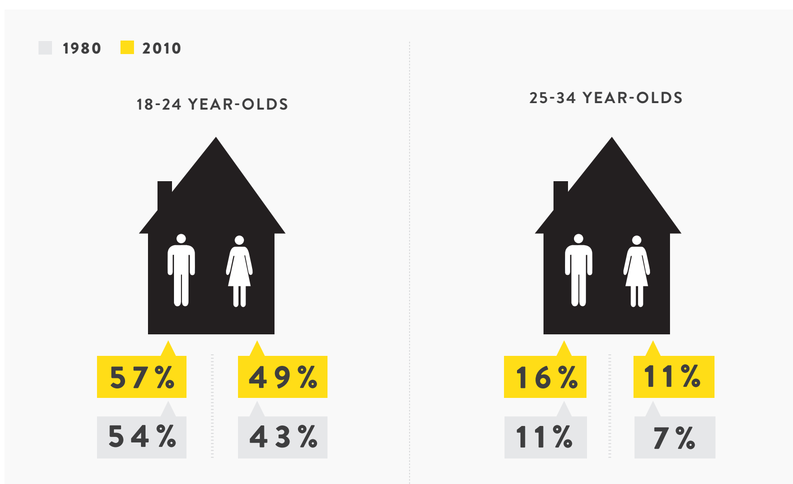
SOURCE: *Dēmos analysis of American Community Survey*

COHABITATION AND MOVING BACK HOME

Long-term economic trends, the Great Recession, and rising rental prices are all factors in the decision to cohabitate or move home with parents.

- The number of young adults living alone has dropped.[8]
- Over half of 18 to 24 year-olds continue to live with their parents (Figure 4.4).
- In 1980, the percent of 25 to 34 year-old men living at home was just over 10 percent; in 2010, it was over 16 percent (Figure 4.4).

figure 4.4 | **SHARE OF YOUNG ADULTS LIVING AT THEIR PARENTAL HOME, 1980 AND 2010**



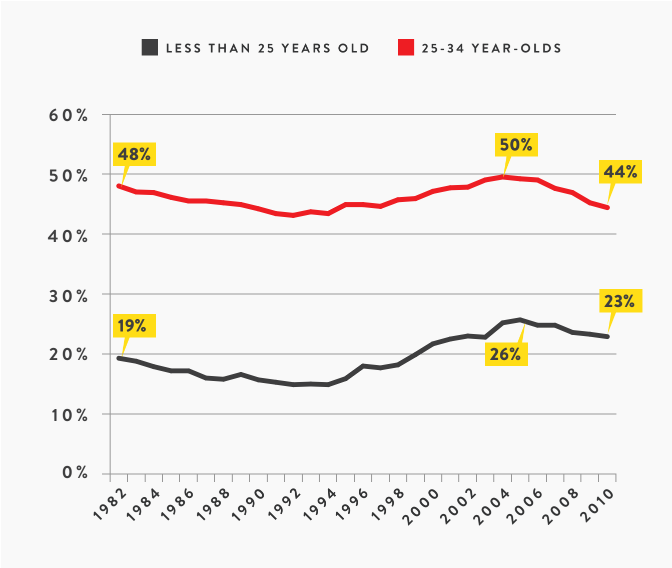
SOURCE: *US Census Bureau: Families and Living Arrangements 2010 Table AD-1*

DECREASE IN HOMEOWNERSHIP RATES

Unsurprisingly, homeownership rates have dropped as a result of sharply constrained credit and falling home values.

- Homeownership rates for young adults increased steadily from the 1990s until the early 2000s, but have predictably decreased in recent years after the housing bubble burst (Figure 4.5).
- Homeownership rates for young adults in their late 20s increased at a faster rate than any other age group in the lead-up to the housing bubble burst; the percent of 25 to 29 year-olds that owned housing increased by 72 percent between 1994 and 2006.[9]

figure 4.5 | HOMEOWNERSHIP RATE OF YOUNG ADULTS, 1982-2010



SOURCE: *US Census Bureau, Housing Vacancies and Homeownership Table 15, Household Estimates for the US by Age of Householder*

ALANA'S STORY

AGE **26** | RENO, NV

Alana is a part-time college student in Reno, Nevada. She works as a bar manager four nights a week to make ends meet. Even with her degree only one year away, Alana describes her economic situation as bleak. With a weak labor market lingering from the recession and a local economy supported primarily by the tourism industry, post-graduation employment prospects are dim. Right now, her life consists solely of working at nights and attending classes or studying during the day: for Alana sleep is an elusive luxury. Yet despite all her efforts, Alana cannot get out of debt. She lives in a house with two other roommates, and though the cost of living in Reno is relatively low, she still pays $470 a month for rent, plus utilities. In addition, she must pay insurance premiums and put gas in her car, adding another $75 per month to Alana's basic bills.

Alana worked throughout school, spending nights and weekends earning money to cover her basic living expenses. But even so, she still has $3,000 in credit card debt. School fees account for some of that debt, but so do everyday living expenses. Between the price of attaining a good education and the cost of basic necessities, she can barely make ends meet. Alana wants to invest in her future. But when weekly wages are just enough to get by, that investment means the bills pile up and credit is the only way to manage the expense.

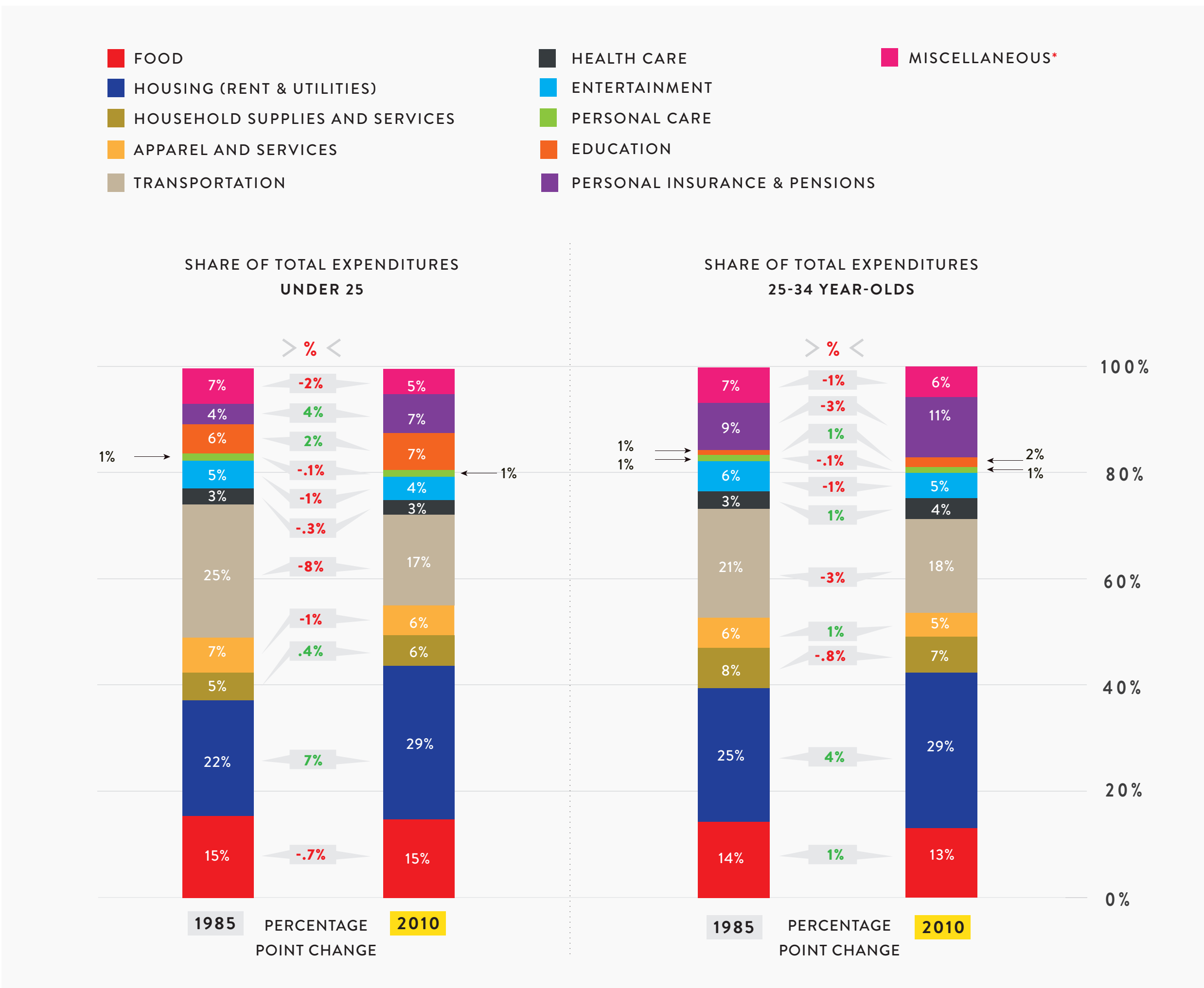
TRANSPORTATION COSTS AND CHOICES

COST OF TRANSPORTATION

Whether it's car payments or a subway card, transportation consumes a greater percentage of young people's income than for any other age group.[10]

- More than 8 out of 10 (85 percent) of 25 to 34 year-olds own a vehicle,[11] requiring car payments, insurance premiums, gas, city parking fees, and maintenance.
- Transportation costs as a share of overall expenses have actually slightly decreased in the past decades, going from 20.5 percent to 17.7 percent for 25 to 34 year-olds (Figure 4.6).

figure 4.6 | **TOTAL EXPENDITURES, YOUNG ADULT HOUSEHOLDS, 1985 AND 2010**



* Miscellaneous includes: cash contributions, reading, alcohol and tobacco products, and other miscellaneous expenditures. The CES calculates expenditures by "consumer units," which are basically households but can be differentiated if members of one dwelling make independent spending decisions

SOURCE: Consumer Expenditure Survey Table 3, U.S. Bureau of Labor Statistics, September 2011

PAYING FOR GAS

Because young adults tend to have lower incomes, the rising price of gas takes a bigger bite out of their income than it does for older adults.

- 5.4 percent of all expenditures for young households under 25 were for gas in 2010,[12] more than they spent on either entertainment or health care (Figure 4.6).
- Gas costs represented a greater share of all expenses among 25 to 34 year-old households (4.7 percent) than either apparel, education, or health care (Figure 4.6).

"I JUST GOT A JOB IN DEERFIELD. AND WE'RE GOING TO MOVE SOUTH, BECAUSE THAT'S WHERE THE MONEY IS. NOW HE HAS TO COMMUTE AN HOUR. MORE GAS MONEY."

- WEST PALM BEACH, FLORIDA

CREDIT CARD DEBT

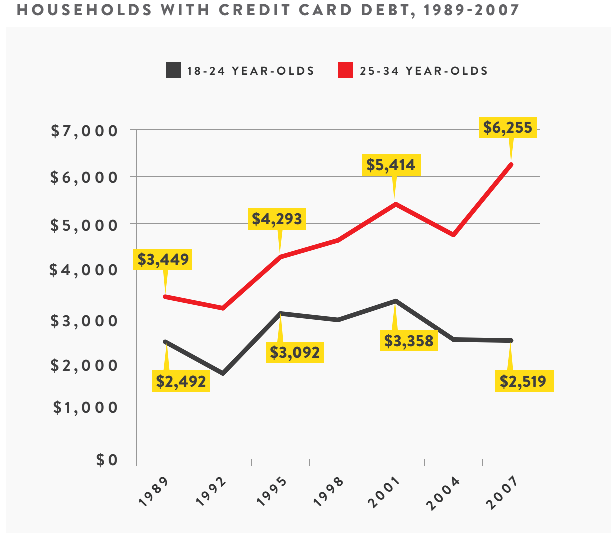
The most recent data on the credit card debt and debt burden of young households is from the 2007 Survey of Consumer Finances. More recent data will be available in 2012. Given the minimal decrease in the real credit card debt burden since 2007, and that we have no reason to believe that charge-offs, the primary reason for the decrease in aggregate debt levels, have disproportionately affected young people, this data still gives a reasonable approximation of the credit card debt carried by young households.

HIGH DEBT LEVELS

Average credit card debt levels for young adults, and the percentage of those adults with debt, remain high, particularly for 25 to 34 year-olds. Young adults with debt are also devoting a larger average share of their income to debt payments.

- In 2007 (the most recent year for which data is available), young adults with credit card debt aged 18 to 24 held on average roughly the same amount of debt, $2,519, as the same age group did nearly two decades earlier (Figure 4.7).
- Young adults aged 25 to 34, however, had much higher levels of credit card debt than did their counterparts nearly a generation ago. Their average credit card debt of $6,255 in 2007 was 81 percent higher than that of 25 to 34 year-olds in 1989 (Figure 4.7).

figure 4.7 | **AVERAGE CREDIT CARD DEBT, YOUNG HOUSEHOLDS WITH CREDIT CARD DEBT, 1989-2007**



** The data in this graph is matched to the SCF published numbers for 1989-2007*
SOURCE: *Dēmos Analysis of the Survey of Consumer Finances*

TRENDS IN CREDIT CARDS

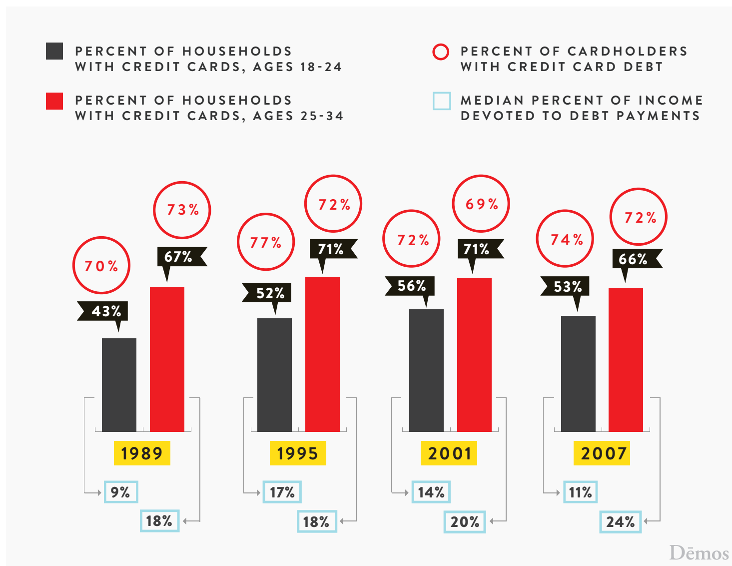
The number of younger adults with credit cards has increased over the past decades, while the percent of young households with credit card debt has changed little. This trend may change with new restrictions on cardholders under the age of 21.[13]

- Many more 18 to 24 year-old households had credit cards in 2007 than they did in 1989; 53.4 percent of all such households had credit cards in 2007, a 24.2 percent increase from the 43.0 percent who had them in 1989 (Figure 4.8).

- However, the percentage of 25 to 34 year-old households with credit cards, and the percentages of 18 to 24 and 25 to 34 year-old cardholders with credit card debt, have all remained nearly flat over the 18-year period (Figure 4.8).

- Among young households with credit card debt, the average percentage of household income devoted to all debt payments—including mortgages, student loans, and credit cards—rose significantly between 1989 and 2007: from 18.3 to 24.3 percent for 25 to 34 year-olds (Figure 4.8).

figure 4.8 | **YOUNG HOUSEHOLDS AND DEBT, 1989-2007**



SOURCE: *Dēmos Analysis of the Survey of Consumer Finances*

DEBT DISTRESS

Spending more than 40 percent of income on debt payments is considered a sign of distress, or debt hardship. The number of young households in this category has grown.

- Young households did not have the highest share of debt-distressed households—that distinction belongs to 45 to 54 year-olds—but the share of debt-distressed households of all ages grew by over 45 percent between 1989 and 2007 as households primarily took on housing-backed debt during the real estate bubble of the 2000s (Figure 4.9).

- 15.7 percent of all indebted 25 to 34 year-old households and 12.2 percent of all indebted 18 to 24 year-old households were debt-distressed in 2007, compared to 12.9 percent and 9.1 percent, respectively, in 1989 (Figure 4.9).

figure 4.9 | **PERCENTAGE OF INDEBTED HOUSEHOLDS IN DEBT HARDSHIP*, BY AGE, 1989-2007**

	1989	1995	2001	2007
ALL HOUSEHOLDS	10.0%	11.7%	11.7%	14.6%
18-24	9.1%	17.4%	12.0%	12.2%
25-34	12.9%	10.8%	12.1%	15.7%
35-44	7.5%	9.9%	10.0%	12.6%
45-54	11.2%	12.3%	11.5%	16.0%
55-64	8.4%	15.1%	12.3%	14.8%
65+	9.9%	10.6%	14.7%	14.8%

**Debt hardship is defined as spending more than 40 percent of household income on debt payments*
SOURCE: *Dēmos Analysis of the Survey of Consumer Finances*

ENDNOTES

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12. Gas is included in the Transportation category in Figure 4.6. See Consumer Expenditure Survey Tables 3 and 47 for amounts and shares for all age groups.
13. Credit Card Accountability, Responsibility, and Disclosure Act of 2009.

RAISING A FAMILY

RAISING A FAMILY

Most young adults still start families before age 35,[1] but they face a much different set of challenges than their parents did a generation ago. Family structures now vary widely; high divorce rates and babies born outside of marriage mean that many children grow up without a traditional two-parent, single-earner household. Young people also start families later in life than their parents did. Today the average woman bears her first child at the age of 25, up from 21 in 1970.[2] At the same time, the economic challenges associated with parenting have grown substantially.

FINDINGS AT A GLANCE

A CHANGING FAMILY
- STARTING FAMILIES LATER
- MORE WORKING MOMS
- FAMILY WORKLOAD CHANGING
- NO PAID PARENTAL LEAVE

CHILD CARE: COSTS AND ARRANGEMENTS
- INCREASE IN ALTERNATE FORMS OF CARE
- ALTERNATE ARRANGEMENTS

The stagnant earnings described earlier leave young families in worse shape to deal with the rising costs they face. Many are still paying off student loan debt, juggling mortgages or rents that absorb a larger percentage of their income, and are often paying for costly child care as well. Combined with the drop in income many families experience during the initial months after the birth of a child, these costs can create serious financial burdens for new parents. More than one in three young families lived in poverty in 2010, the highest share on record.[3]

As women joined the workforce, families partially offset rising costs and men's falling wages, but they now must juggle complex and costly child care arrangements. Paying for someone to watch the kids is one of the biggest expenses in a young family's household budget, often second only to housing. The price of child care is rising faster than inflation, with average monthly fees for two children exceeding median rent in every state. Because of these high costs, professional child care is unaffordable for many families, and only a fraction of families with working mothers put their children in paid care. Families are increasingly turning to extended family—grandparents and other relatives—and ad-hoc arrangements to care for their children while they're at work.

Single parents, mainly single moms, have a particularly tough time. Without the benefit of a second income they often have trouble making ends meet. Limited subsidies are available to help lower-income parents pay for child care.

Aside from struggling to afford child care, the need to earn two incomes means parents have a hard time simply spending time with their children. Unlike 169 other countries in the world, the United States does not guarantee any amount of paid leave to new parents, leaving it in the company of just three other nations:

Liberia, Papua New Guinea, and Swaziland.[4] Only three states and few companies offer paid family leave, and as a result, just 11 percent of U.S. workers have access to paid family leave at work. And many workers, particularly low-wage ones, have little or no paid time off to begin with. They are forced to take unpaid time off, time they can scarcely afford. Or they could do what a quarter of new mothers do, and quit their jobs.[5]

The economic challenges facing young Americans not only make it difficult to make ends meet today, but impede their ability to raise the next generation.

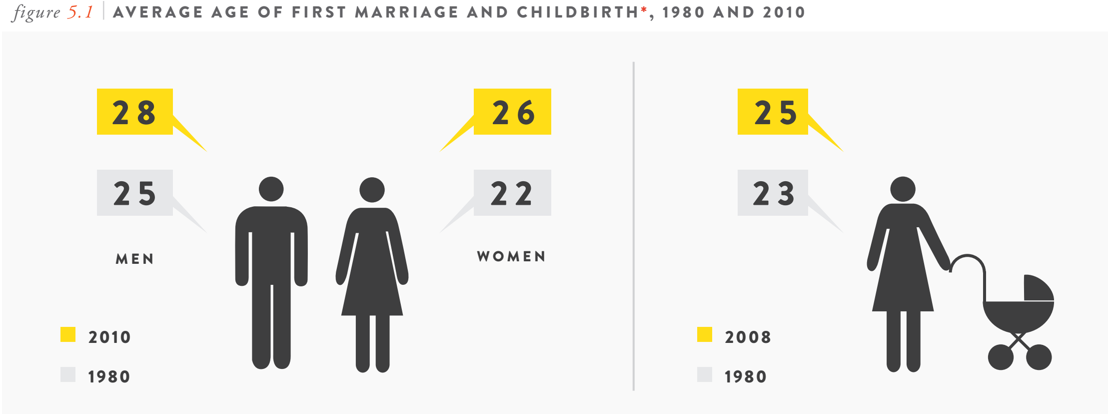
A CHANGING FAMILY

STARTING FAMILIES LATER

Both men and women are waiting longer to marry, and women are having their first child later as well.

- The average age at which American males first marry reached a historic high of 28.2 in 2010, an increase of 3.5 years over the past three decades. Women are marrying later as well; their first marriage occurred on average at 26.1 years old in 2010, up 4.1 years from 1980 (Figure 5.1).
- The average age that women have their first child has also increased. The most recent estimate of 25.1 years old in 2008 represents a 2.4-year rise from the average of 22.7 years old in 1980 (Figure 5.1).

figure 5.1 | AVERAGE AGE OF FIRST MARRIAGE AND CHILDBIRTH*, 1980 AND 2010



* First childbirth data not available for men.
SOURCE: 1. U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements, 2010 and earlier. Table MS-2: http://www.census.gov/population/www/socdemo/hh-fam.html 2. T.J. Mathews and Brady Hamilton, “Delayed Childbearing: More Women Are Having Their First Child Later in Life”, NCHS Data Brief No. 21, August 2009[Machine-readable database]. Minneapolis: University of Minnesota, 2010

MORE WORKING MOMS

As young mothers entered the labor force in vast numbers over the past generation, parents simply cannot afford to take time off to care for and bond with their children.

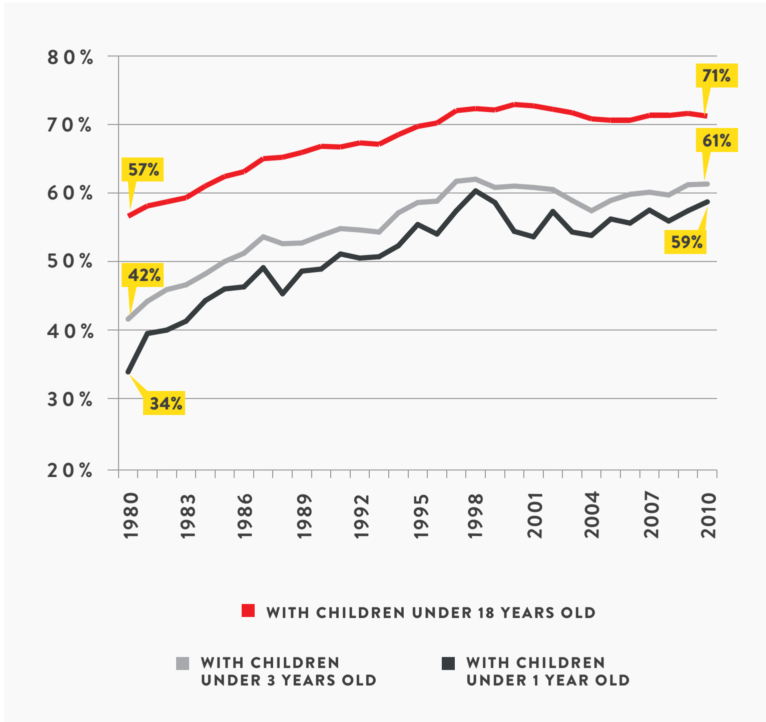
- Overall, women with children participate in the labor force at around the same rate as all women: in 2010, 71.2 percent of women with children under 18 were in the labor force (Figure 5.2), compared to 75.2 percent of all women ages 25 to 54.[6]

- The labor force participation rate of women with children rose rapidly, from 56.6 percent in 1980—a 25 percent increase in one generation (Figure 5.2).

- Women with young children have joined the workforce at the highest rates. Just 33.9 percent of women with children less than one year old were part of the labor force in 1980. Their 58.7 percent participation rate in 2010 represents a 73.2 percent rise over the past 30 years (Figure 5.2).

- Women with children under 3 joined the labor force at a similar pace and pattern, rising from a 41.6 percent participation rate in 1980 to 61.3 percent in 2010 (Figure 5.2).

figure 5.2 | LABOR FORCE PARTICIPATION RATE OF MOTHERS, 1980-2010



SOURCE: *Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement*

FAMILY WORKLOAD CHANGING

As more mothers enter the workforce, the way that parents spend their time is changing. Mothers are working much more and spending much less time on housework than they were a generation ago, and fathers are working slightly less while spending more time both on housework and with their children.

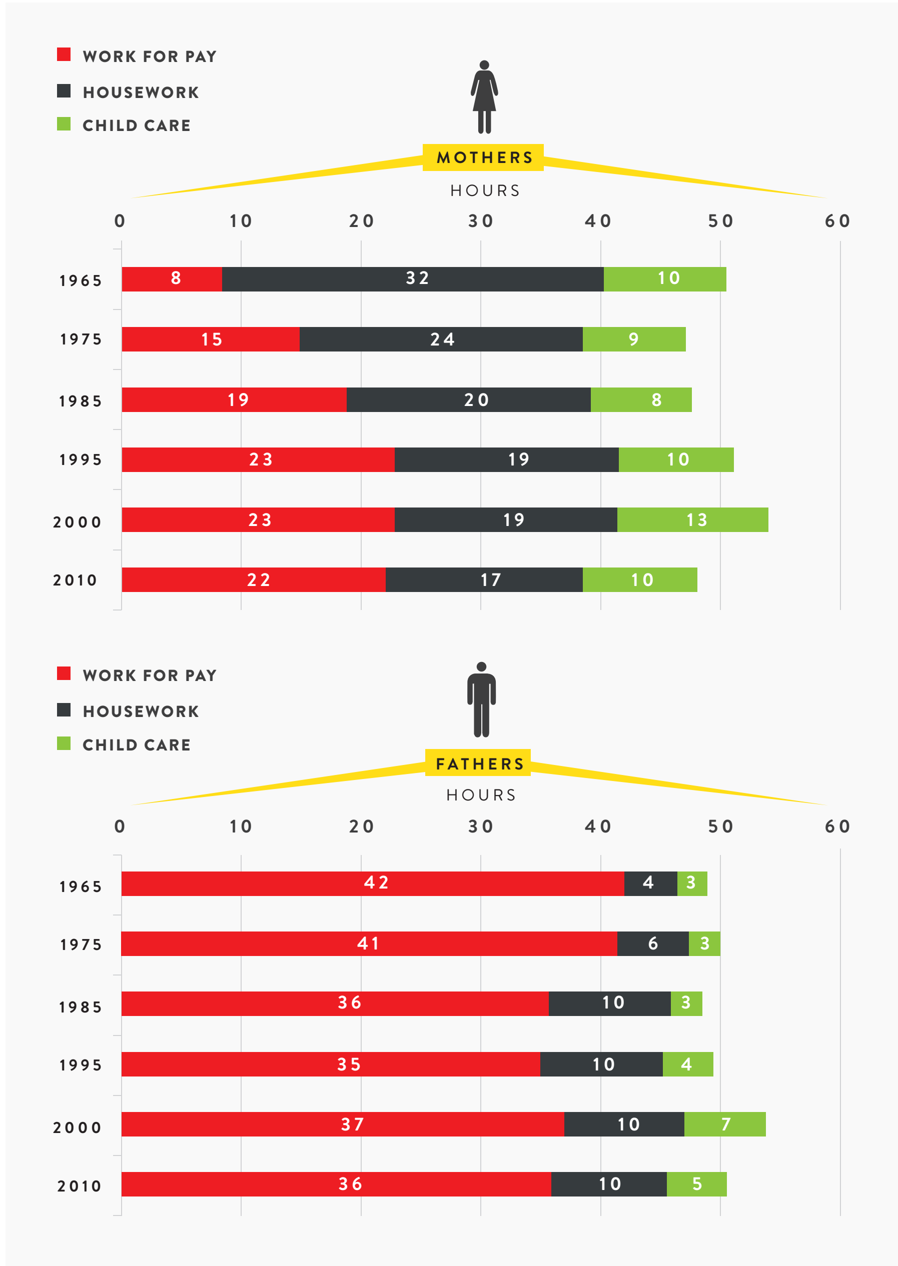
- Mothers of young children spend, on average, 22 hours a week working for pay, over 7 hours more per week than they spent in 1975. These 7 hours mirror the average reduction in the hours mothers spend on housework per week, which has fallen to 16.5 hours per week in 2010 (Figure 5.3).

- Fathers spend, on average, 5.5 hours less at their jobs than they did in 1975, but spend 6 more hours per week on housework and child care combined (Figure 5.3).

- Though the household division of labor is much more equal than it was a generation ago, mothers still spend more time on child care and housework than fathers, and fathers still spend more time at paid work than mothers (Figure 5.3).

- Overall, mothers' and fathers' "family workload"—the total amount of time spent working for pay, doing housework, and taking care of children—has changed little over the past 35 years, hovering around 50 hours a week for both women and men (Figure 5.3).

figure 5.3 | **MOTHERS' AND FATHERS' TIME USE PER WEEK, SELECTED ACTIVITIES, 1965-2010**



SOURCE: *"The Changing Rhythms of American Family Life", Bianchi et. Al. Russell Sage Foundation 2007 (1965 -2000) and the American Time Use Survey, Bureau of Labor Statistics, http://www.bls.gov/tus/ (2010)*

NO PAID PARENTAL LEAVE

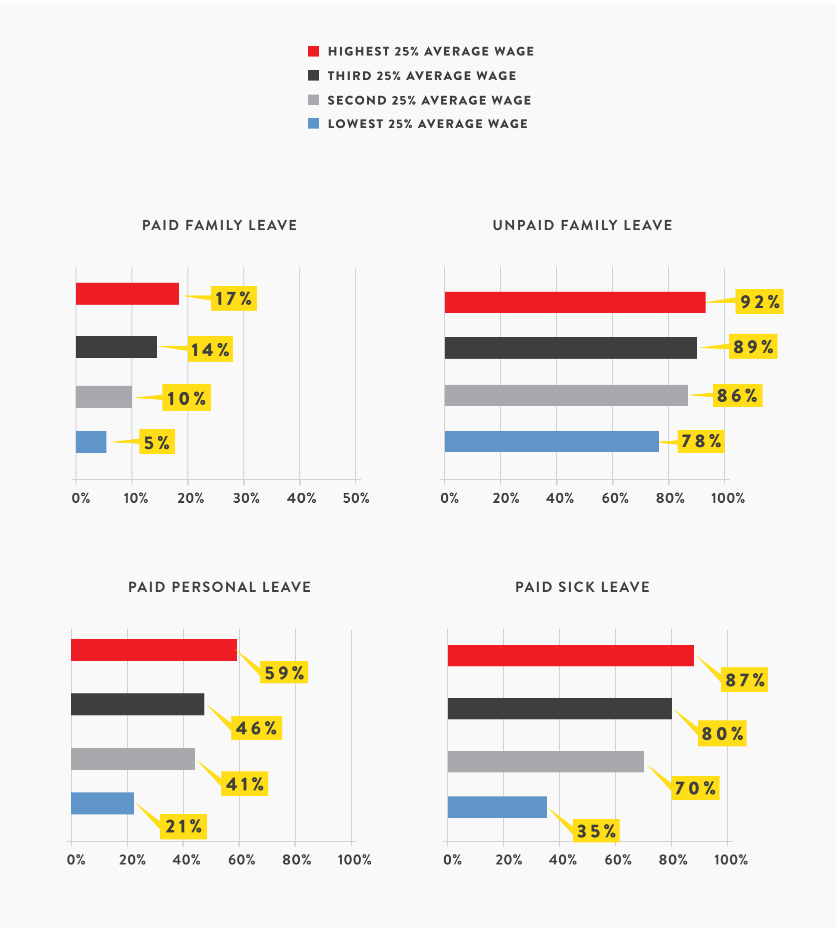
Very few new parents have access to paid parental leave, and many have no access to paid leave of any kind, leaving young families with few options when they look to start or expand their family.

- Just 11 percent of all workers had access to paid family leave benefits in 2010, while 74 percent of workers had access to paid vacation days (Figure 5.4).

- 78 percent of workers in the bottom quarter of earners had access to unpaid family leave, compared to 92 percent in the top quarter (Figure 5.4).

- Access to benefits varied widely by income level. Only 5 percent of workers in the bottom quarter of earners had access to paid family leave, while 17 percent of workers in the top quarter of earners did (Figure 5.4).

figure 5.4 | SHARE OF WORKERS WITH ACCESS TO LEAVE BENEFITS, BY WAGE, 2010



SOURCE: *Bureau of Labor Statistics, Employee Benefits Survey, Table 32, "Leave Benefits: Access, Civilian Workers"*

- Just 35 percent of workers in the bottom quarter of earners had access to paid sick leave, while 87 percent of workers in the top quarter did (Figure 5.4). Overall, just 67 percent of workers had access to paid sick leave.
- Lack of access to leave of any sort was one of the primary reasons that, as of 2003—the most recent data available—25.3 percent of expecting or recent mothers quit their jobs.[7]
- In the early 2000s, 55 percent of all mothers returned to work within six months after their child was born, and 64 percent returned within a year; a generation ago, in the early 1960s, only 14 and 17 percent, respectively, of women returned to work in the same time frames.[8] This change reflects a labor force more accepting of women in the workplace, but also the economic reality that young families often cannot afford to have a mother or father spend more time at home with a newborn.

SEAN AND MELISSA'S STORY

AGES **25, 26** | MASSILLON, OH

For Sean and his fiancée Melissa, financial constraints have meant that family life hasn't been easy. Sean usually works 2 jobs, and is on the clock 5 days a week from 7:30 am to 10:00 pm, while Melissa stays at home with their 5 month-old. Going back to work isn't an option for Melissa, because the $8/hour wage at her old job would only partially cover the cost of daycare. On top of that, Sean would have to quit one of his jobs to pick up and drop off their son.

Their financial constraints are a constant struggle. Melissa is thankful that they qualify for the WIC program, which helps her pay for her son's formula and basic food that they otherwise could not afford. Their family is lucky enough to have health insurance through Sean's job, but they still have difficulty paying their monthly premium.

Melissa and Sean want to get married and have more children, but they don't expect that to happen any time soon. They have no money to save up for a wedding; any extra money they have goes towards paying off $20,000 of student loans and credit card debt, as well as the $2,500 hospital bill they now owe after the birth of their son. They expect that their debt will be paid down in 6 years. Until then, their lives are on hold.

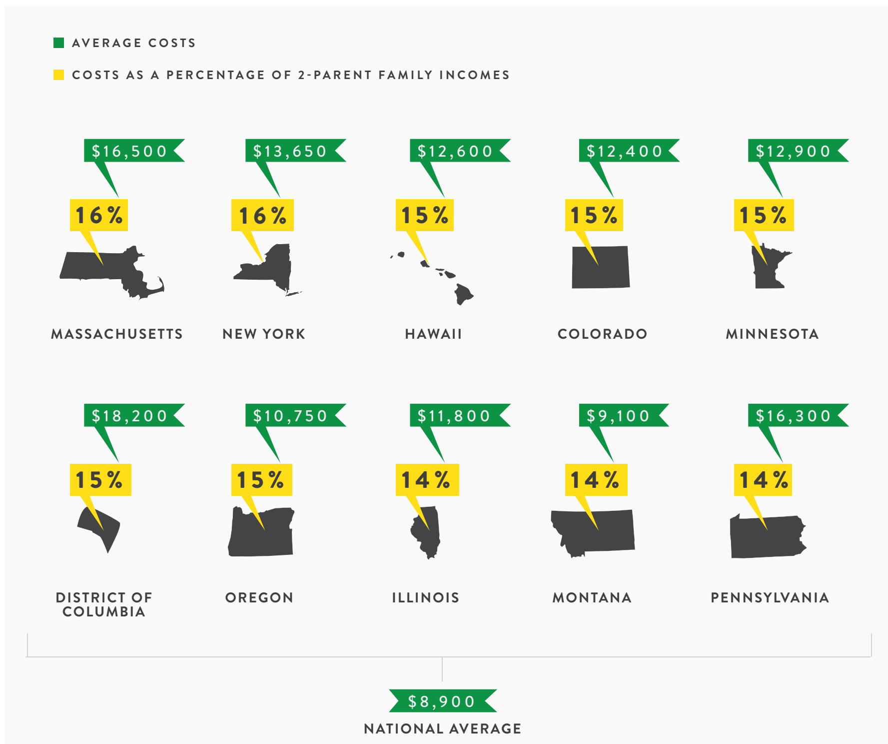
"At the end of the day," Sean says, "one of the hardest things for me to accept is that even though my workload has increased, I have nothing to show for it. All the talents I have, all the skills I learned in college are wasted. And yet, to afford to pay my bills, to repay my debt, and to support my new son I can't look for anything else. There's no time for interviews. There's no mobility for me here."

INCREASE IN ALTERNATE FORMS OF CARE

Child care arrangements and costs can pose a huge burden for many families.

- Center-based child care fees for two children (an infant and a 4 year-old) exceeded annual median rent payments in every state.[9]
- The national average for center-based child care costs in 2010 was $8,900 for full-time care for an infant and $7,150 for full-time care for a preschooler.[10]
- As a percent of state median income for two-parent families, the average annual cost of child care for an infant ranged from a high of 16 percent in Massachusetts to a low of 7.3 percent in Mississippi (Figure 5.5).
- Overall, the price of center-based child care increased by 1.9 percent between 2009 and 2010 alone; while inflation overall for 2009 was negative 0.4 percent.

figure 5.5 | **COST OF INFANT CARE, 10 LEAST AFFORDABLE STATES, 2011**



SOURCE: *National Association of Child Care Resource & Referral Agencies, Child Care in America State Fact Sheets July 2011*

> "THE LACK OF AFFORDABLE CHILD CARE IN CALIFORNIA IS THE MAIN REASON MY HUSBAND HAD TO QUIT HIS WELL-PAYING FULL-TIME JOB. THE MONTHLY RATE OF $900 A MONTH PER CHILD FOR EACH OF OUR 4 KIDS EXCEEDED HIS TAKE HOME PAY. WE DECIDED THAT IT DIDN'T MAKE SENSE FOR US BOTH TO WORK."
>
> - SANTA ROSA, CALIFORNIA

ALTERNATE ARRANGEMENTS

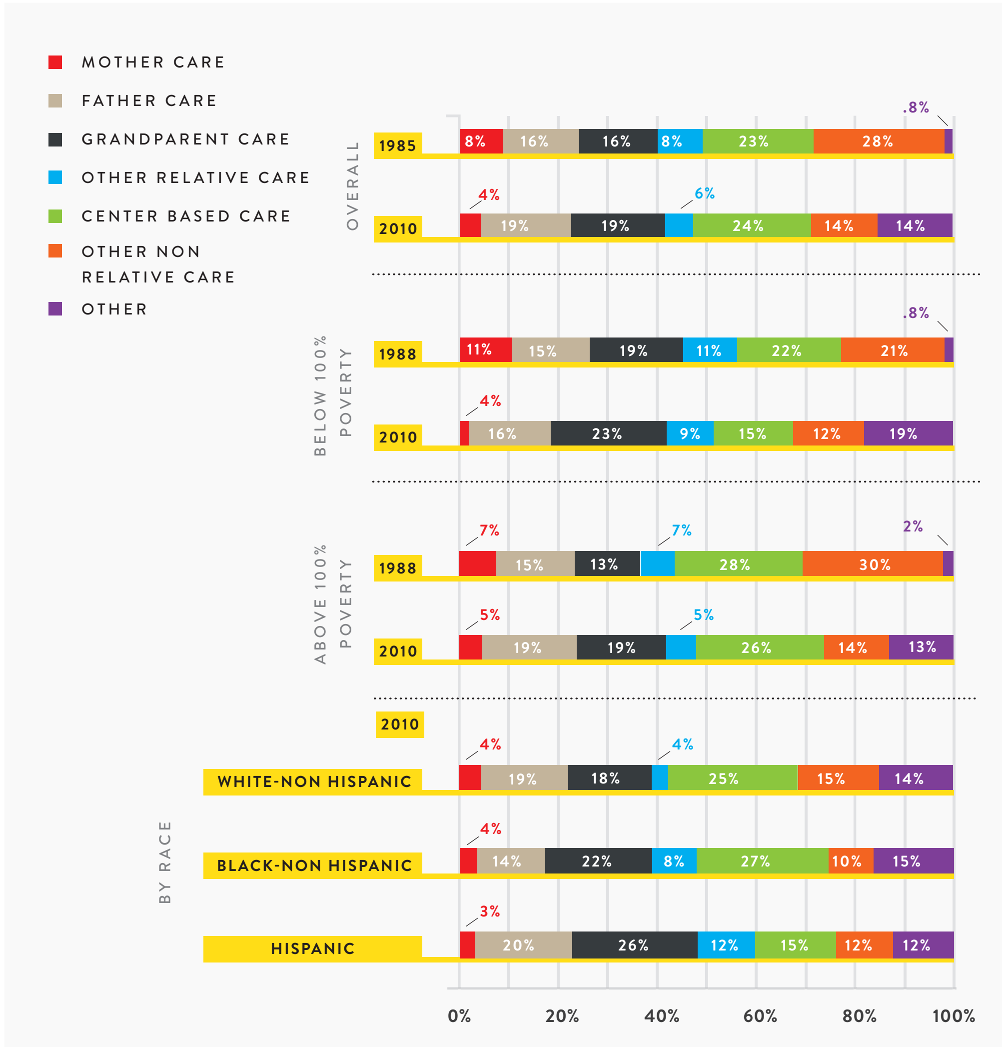
The high cost of care leads many to turn to relatives or ad-hoc child care arrangements, which are particularly common among low-income and minority workers.

- More children have no regular child care arrangement (shown as "Other" in Figure 5.6), rising from less than 1 percent in 1985 to 14.1 percent today.

- More children are being primarily cared for by their fathers and grandparents. Among young children with employed mothers, father care rose from 15.7 percent in 1985 to 18.6 percent in 2010. Grandparent care rose even more, from 15.9 percent to 19.4 percent over the same period (Figure 5.6).

- Child care arrangements also vary widely by income, race, and education. 25.6 percent of children of families above the poverty line were in center-based care in 2010, compared to 15.4 percent of children of families below the poverty line (Figure 5.6).

figure 5.6 | PRIMARY CHILD CARE ARRANGEMENTS FOR CHILDREN UNDER AGE 5 WITH EMPLOYED MOTHERS, SELECTED YEARS 1985–2010



SOURCE: *Bureau of Labor Statistics, Employee Benefits Survey, Table 32, "Leave Benefits: Access, Civilian Workers"*

- The share of children of below-poverty families in center-based care has fallen significantly in the past 22 years, from 21.6 percent in 1988 to 15.4 percent in 2010, as child care costs increasing far faster than family incomes or the poverty level priced many families out of center-based care (Figure 5.6).

- Young children of employed Latino mothers were primarily cared for by relatives—collectively, at 60.7 percent in 2010—more frequently than children of either employed African American or white mothers, of whom 47.6 percent and 44.9 percent, respectively, were cared for by relatives (Figure 5.6).

ENDNOTES

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10. Ibid.

DĒMOS POLICY RECOMMENDATIONS

DĒMOS POLICY RECOMMENDATIONS[1]

REBUILDING THE MIDDLE CLASS

The unraveling of the middle class didn't happen overnight, and it wasn't caused by the Great Recession. Rather, the middle class was undermined over the course of several decades by both bad policy decisions and in many cases by a complete failure of policymakers to act in the face of broad-reaching economic change. Consequently, reviving the middle class is no simple or short-term endeavor. But we believe it can be done, and done most effectively by aiming to improve the trajectory of young people. Think of it this way: every major decision about life is made between the ages of 18 and 34. This is the time when individuals are getting the education and skills to compete in the workforce; it's when they are starting families and buying homes; and it's when they need to begin the long-term act of saving for retirement. The path that each young person takes during their young adulthood often largely determines whether they end up in the middle class as older adults. Given the nation's current anemic levels of investment in young people, the existence of our future middle class is severely imperiled. How these early years of adulthood unfold—and what decisions are made at each marker in adulthood—will either make or break someone's chances of getting ahead and reaching their full potential.

CREATE GOOD JOBS—NOW AND IN THE FUTURE

In order to rebuild the middle class, the United States faces two fundamental challenges: we need to increase the *quantity* of jobs being created and we need to increase the *quality* of those jobs. The Great Recession has created a giant hole in the labor market, with 12.4 million jobs still needed to reach pre-recession levels of employment.[2] If we do nothing, and current economic growth rates continue, it'll be at least 2016 before we're back to normal. At the same time, the United States faces a severe crisis in job quality—too many of the jobs that do exist fall below the standards that most Americans regard as decent work, as measured by wages, benefits and overall working conditions. Young people are feeling the brunt of both of these trends—they have the highest rates of unemployment and are earning less than the previous generation in the jobs they do hold. In order to ensure this generation and future generations can enter the middle class, America must create jobs and also increase job quality so that more jobs are good, middle-class positions—or, at minimum, offer a means to climb into the middle class. Below are five policies that would directly improve job creation and quality, in both the short- and long-term.

A TEMPORARY DIRECT PUBLIC JOBS PROGRAM

to put millions of Americans back to work immediately, using public funds in the most efficient way to directly hire out-of-work Americans and build the consumer demand that fuels private-sector job creation. These jobs would be available to all unemployed workers, but young people would be given a priority for hiring. A $100 billion, two-year public jobs program would create more than 1.5 million new jobs at peak employment, compared to 568,000 jobs created by a comparable increase in spending on unemployment insurance and food stamps, or just 108,000 jobs created by Bush-style tax cuts of comparable size.[3] A direct jobs program allows the government to offer work where it is most needed and to those individuals who most need it. Finally, it allows these jobs to be made available to people immediately, when they need them, rather than requiring them to wait for the economy to recover before they can put their lives back on track.[4] The President's American Jobs Act proposes a small amount of spending ($5 billion) on a "Pathway Back to Work Fund," which would provide subsidized jobs, as well as training, for young adults and low-income adults. This level of proposed spending falls short in meeting the scale of the challenge facing non-college educated young people. The President's plan proposes $90 billion in infrastructure spending—a plan that would both spur job creation and lay a stronger foundation for future growth. This investment is surely needed, and will help spur short-term job creation, yet it does not fundamentally alter the long-term plan to invest in rebuilding and sustaining America's infrastructure.

A LONG-TERM PUBLIC INVESTMENT PLAN to provide a foundation for sustained economic growth in the private sector by strengthening the public structures that facilitate business and individual success. Through investments in efficient roads, rail lines, seaports and airports, safe drinking water, waste systems, reliable electrical transmission, new scientific research, 21st-century energy technologies, and a financial system that successfully provides credit to small businesses, public investment lays the groundwork for private sector productivity and the private creation of solid, middle-class jobs. These investments produce critical public goods—like a transportation system that can bring millions of workers to their jobs quickly and affordably—that the private market relies on, but would not generate on its own. Yet, despite a substantial, one-time infusion of public dollars through the American Recovery and Reinvestment Act, the nation's long-term investment in infrastructure is inadequate. The American Society of Civil Engineers gave the nation a grade of D on the state of its physical infrastructure in 2009.[5] Last year, a bipartisan group of transportation experts[6] estimated that the United States needs to spend an extra "$134 billion to $262 billion per year for roughly the next quarter century" to meet its transportation infrastructure needs and ensure future prosperity. Meanwhile the world's other major economic powers, including China and the European Union, are making substantial national investments in transportation infrastructure,

> "THE AMERICAN GOVERNMENT HAS HISTORICALLY PLAYED A CRITICAL ROLE IN MAKING THE INVESTMENTS THAT SPURRED PRIVATE ENTERPRISE AND PRODUCTIVITY"

including freight facilities, ports, and high speed rail lines that will promote economic growth in the coming decades.[7] With lagging public investment, America risks losing ground to countries that have invested more wisely. From the Erie Canal to the Interstate Highway System to the American military's investments in the basic research that produced jet aviation, the internet, and the computer, the American government has historically played a critical role in making the investments that spurred private enterprise and productivity. As the bipartisan political leaders of the Building America's Future fund note, "the infrastructure past generations built for us – and the good policymaking that built it—is a key reason America became an economic superpower." To continue that tradition, we propose investing roughly $200 billion annually in the development and maintenance of physical infrastructure, clean energy, and providing credit to small businesses. Another critical part of the nation's infrastructure—the schools, colleges and training programs that produce an educated citizenry and workforce—is considered in its own section of this report.

INCREASE THE FEDERAL MINIMUM WAGE so that people working hard at low-wage jobs are able to live above poverty. The Federal minimum wage was introduced in 1938 in order to guarantee a minimally decent level of income for all those who work. However, since the 1980s the minimum wage failed to keep up with inflation. The value of the minimum wage today is 30 percent below its peak in 1968. The minimum wage was last raised in 2009, to $7.25. Before this gradual increase was approved in 2007, it had been a decade since the last minimum wage increase. A majority of minimum wage earners are adults living in low-income households and making significant contributions to their family's total income.[8] Far from disappearing, low-wage jobs are expected to make up a growing part of the U.S. economy. The Department of Labor projects that, over the coming decade, the largest job growth will be in low-paying occupations: jobs such as home health aides, food service workers, and retail salespeople.[9] Research shows that a higher minimum wage does not result in lost jobs, as many have warned.[10] For example, there is no evidence that states that increased their minimum wages above the federal level suffered job loss as a result. In fact, minimum wage increases stimulate economic growth by putting money in the pockets of people most likely to spend it: a recent study by the Federal Reserve Bank of Chicago concluded that every $1.00 increase in the minimum wage results in a $2,800 boost in spending by a low-wage worker's household over the following year.[11]

"WE PROPOSE PHASING IN AN INCREASE OF THE FEDERAL MINIMUM WAGE TO $10.00 AN HOUR BY 2013, RESTORING MUCH OF ITS LOST BUYING POWER"

We propose phasing in an increase of the federal minimum wage to $10.00 an hour by 2013, restoring much of its lost buying power and ensuring that a family of three with a single working parent will not fall below the federal poverty line. The new minimum wage should be indexed to inflation so that workers' wages keep up with the cost of living.

STRENGTHEN THE RIGHTS OF WORKING PEOPLE TO ORGANIZE UNIONS AND BARGAIN COLLECTIVELY to reverse a generation of decline in the ability for workers to negotiate pay and benefits. Unions were instrumental in creating the American middle class, and today they continue to empower millions of Americans to bargain for wages and benefits that are capable of sustaining a middle-class standard of living. Among workers in similar jobs, unionized employees are significantly more likely to earn middle-class wages;[12] and have sick, family, and vacation leave policies, health care, and retirement plans.[13] Unions also improve wages and job quality even for those who are not members: in areas and industries with a high degree of union representation, unions can exert upward pressure on industry standards across-the-board.[14] Today, the system meant to defend the rights of employees to form unions no longer functions. Weak and slow-moving enforcement of labor rights allows employers to routinely violate the law, threatening and harassing employees who attempt to organize. Illegal threats, bribes, and even the firing of union organizers are commonplace.[15] Employees who dare to stand up for their right to join a union can face years of unemployment when they are illegally fired, while employers face virtually no penalty for denying their employees' basic legal rights. A policy based on the Employee Free Choice Act considered by Congress in 2007 that strengthens penalties and replaces the easily abused mechanism of National Labor Relations Board (NLRB) elections with a streamlined employee sign-up procedure would restore Americans' ability to choose union representation. In every workplace where a majority of employees want union representation, they could join easily, and begin to negotiate the pay and benefits that would enable them to enter the middle class.

IMPROVE ACCESS TO COLLEGE AND TRAINING

Education has long been recognized as a primary means of improving one's economic prospects and moving into the middle class. Education is also critical to the expansion of the middle class as a whole. Researchers have attributed the prosperity that built the middle class in the last century to the rapid rise in educational attainment among American youth during the first half of the twentieth century.[16] Similarly, they argue that the slowdown in American educational attainment is a major reason why the middle class has enjoyed fewer of the benefits of economic growth over the past forty years. In one generation, the percentage of Americans with college degrees has gone from first in the world to eleventh. Financial barriers are a major reason why nearly half of all young people drop out of college and why millions never enroll in the first place.[17] We need to improve the ability of high school graduates to afford and complete college, and at the same time, provide alternative options for those young people for whom going back to college is no longer an option by strengthening our nation's system of workforce development and training. Of course, better aligned workforce development would also aid older workers displaced by outsourcing or suffering long-term unemployment since the Great Recession.

"IN ONE GENERATION, THE PERCENTAGE OF AMERICANS WITH COLLEGE DEGREES HAS GONE FROM FIRST IN THE WORLD TO ELEVENTH"

CREATE A CONTRACT FOR COLLEGE

that provides better targeted aid and early information about available aid to families to facilitate planning and aspirations. As college tuition has more than tripled, rising faster than both inflation and family income, more students are being denied the opportunity to reap the social and economic benefits of higher education. While young people are going to college at higher rates than ever before, wide disparities in access and completion remain. The enrollment gap between low-income families and high-income families is as high as it was three decades ago. And the racial gap in college enrollment has actually widened. Many hardworking students are being priced out of pursuing and completing higher education—a fundamental component to upward mobility and opportunity in American society. And those who do enroll are leaving college with unprecedented levels of debt, often without a degree in hand. In 2010, the nation's total outstanding student loan debt outpaced its credit card debt for the first time,[18] and student indebtedness is likely to continue growing quickly in the absence of bold policy reforms.

A Contract for College would unify the existing three strands of federal financial aid—Pell grants, loans, and work-study—into one guaranteed financial aid package for students. Grants would make up the bulk of aid for students from low- and moderate-income families. The Contract would recognize the important value of reciprocity, so part of the Contract for every student will include some amount of student loan aid and/or work-study requirement. An important component in designing this program is to ensure that families have early knowledge of the financial resources available to their children to attend college. Using information collected by the IRS on tax returns, the Department of Education could send all households with students in the 7th grade and above an annual notice of their *Contract for College* that estimates their aid package using the average cost of attendance at public 4-year and 2-year institutions. In this system, whether a teenager dreams about writing code or working with animals, they will know the amount of resources available to pursue their goals and can plan, both academically and financially, much earlier than they can under the current system.

STRENGTHEN THE COMMUNITY COLLEGE SYSTEM to provide much needed resources to America's nearly 1,200 open-enrollment community colleges to better meet the many demands on these institutions. Community colleges serve many purposes—including providing a lower-cost option for achieving the first two years of a bachelor's degree, but also importantly, they are central to the effort to achieve a high-skills workforce. In the coming decades, a large proportion of new jobs are projected in fields like health care that require education and training beyond high school, but not necessarily a four-year college degree.[19] Enabling young people to train, or re-train for these largely middle-class jobs provides an important mechanism for individuals to improve their economic prospects. To meet this vital demand, we need to both strengthen community colleges' capacity to provide workforce training and improve the nation's weak system of workforce development policies. We support enacting President Obama's plan for the American Graduation Initiative to invest $12 billion in community colleges over the next decade with the aim of producing 5 million additional community college graduates. To improve workforce development, the system needs both greater funding support and system reforms to better align its programs to labor market needs. While the American Recovery and Reinvestment Act provided a $4 billion boost in funding for job training programs in 2009, the temporary increase failed to reverse the long-term shortfall in federal job training resources: in real dollars, Workforce Investment Act funding has fallen almost 30 percent over the past decade, while funding for other adult education and workforce preparedness programs has also declined.[20] We propose a plan that promotes partnerships between employers and community colleges in order to tailor job training programs to the demand for industries growing in the region. Previous legislation that would have reformed workforce development strategies in this way includes the Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act, which was passed unanimously by the House of Representatives in 2010 but was not taken up by the Senate.

"WE NEED TO BOTH STRENGTHEN COMMUNITY COLLEGES' CAPACITY TO PROVIDE WORKFORCE TRAINING AND IMPROVE THE NATION'S WEAK SYSTEM OF WORKFORCE DEVELOPMENT POLICIES"

PROVIDE PAID LEAVE AND COMPREHENSIVE EARLY CARE AND EDUCATION

Providing the next generation with a good start in life begins with the ability of parents to spend time with their newborns and provide them with high-quality child care through their infant and toddler years. Yet in recent decades, the number of American families in which both parents are employed has increased dramatically as more women enter the workforce. Public policy and workplace practices have not kept up with the shift. Unlike all other advanced nations, federal policy in the U.S. does not guarantee any form of paid leave to new parents. And today, despite nearly two-thirds of mothers with young children having jobs, our nation has yet to ensure that all families have access to high-quality child care. The issues of paid family leave and child care are of paramount concern to young people since the majority of young children are being raised by parents in their 20s and early 30s.

> "UNLIKE ALL OTHER ADVANCED NATIONS, FEDERAL POLICY IN THE U.S. DOES NOT GUARANTEE ANY FORM OF PAID LEAVE TO NEW PARENTS"

PROVIDE PAID FAMILY LEAVE FOR ALL WORKERS by establishing an American Family Trust which is funded by premiums paid equally by employers and employees. Currently, federal law only provides 12 weeks of unpaid family leave, and only for workers at businesses with 50 or more employees. But millions of Americans cannot afford to take leave without pay.[21] And because only a small proportion of employees receive paid leave benefits directly from their employers, working Americans are still forced to risk their incomes and jobs to maintain their families.[22] The U.S. policy of offering only unpaid leave to deal with major life events stands in sharp contrast to the rest of the world. For example, 169 countries guarantee some form of paid leave to new parents—the U.S. joins Liberia, Papua New Guinea, and Swaziland on the short list of nations that leave workers alone to cope with this life-changing event and fail to mandate that employers provide paid time off when a child is born.[23] The new American Family Trust would provide a modest standard for the United States: 12 weeks of partially paid leave to enable working families to provide needed care for loved ones without losing their jobs. The American Family Trust would also have benefits for employers, especially small businesses that often have the greatest difficulty providing paid leave on their own. Enabling employees to address major life events like the arrival of a new baby or a spouse's serious illness enables companies to recruit and retain the best employees and can improve workplace morale and productivity. It will also help employers save money in reduced turnover costs. For example, California's modest six-week paid family leave program has improved retention among low-wage workers by ten percent.[24] This represents no small savings given that turnover costs can amount to 25 to 200 percent of an employee's annual compensation when recruiting, hiring, training, and other requirements are taken into account.[25] Although business lobbyists were initially the most vehement opponents of California's paid leave program, five years after its implementation nine out of ten employers reported no negative effect on business profitability or performance, with small businesses even less likely to detect any damaging impact on their bottom line.[26]

ENSURE HIGH-QUALITY CARE FOR ALL CHILDREN through a range of policies designed to enable parents to find and afford high-quality child care. Substantial research indicates that birth to age three is a critical time in a child's development, impacting later school performance and economic outcomes.[27] Yet low- to middle-income households struggle to afford and find high-quality care.[28] Current policy and budget priorities have left these needs unmet. Early Head Start, which reaches low-income children under 3, only has enough funding to reach less than 3 percent of eligible families. Head Start, which is aimed at 3- and 4-year-olds, has enough funding to reach just 40 percent of eligible preschoolers. Child care subsidies to help low- and middle-income families are too modest to make high-quality care affordable for most of these households. And subsidized child care slots often have long waiting lists. Recently proposed cuts threaten to render these programs still more deficient. To harness the economic and social potential of the next generation, we will have to significantly expand our investment in the educational pipeline that begins with child care and preschool. We support a package of investments recommended by a collaboration of national and state organizations to improve quality, access, and affordability of child care.[29] These include the provision of resources to upgrade the quality and training of providers; expansion of tax credits for moderate- and middle-income households; and new investments to ensure all low-income families who wish to participate can enroll in Early Head Start and Head Start. The estimated cost of investing in a high-quality early care system would average an additional $88 billion per year.

ENDNOTES

1. This policy blueprint reflects Dēmos' long-standing agenda to rebuild the middle class. It is not meant to provide detailed legislative language but rather to provide the basic framework for improving opportunity and security—the hallmarks of middle class life. Young Invicibles will be working with young people to deliberate policy solutions for what will ultimately become a Millennial-approved policy agenda.
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YOUNG INVINCIBLES:
CAMPAIGN FOR YOUNG AMERICA

YOUNG INVINCIBLES: CAMPAIGN FOR YOUNG AMERICA

They say we'll be the first generation worse off than our parents—we won't let that happen.

Young Invincibles is proud to announce the next step in our work to expand opportunity for all young Americans between 18 and 34. The "Campaign for Young America" is designed to build off the State of Young America report, to turn the energy, hope and frustration about the lack of opportunity in the economy into concrete policy and a way forward for our generation and country. The Campaign will ultimately highlight the specific changes that young people want and demand of their leaders to ensure that our generation is not, as many are predicting, left worse off than our parents. Through youth engagement and action, the Campaign will push our political leaders and the media to address the barriers to opportunity facing young people in this country.

Over the last several months we've spent countless hours gathering the latest data and polling, but we also went out and talked face-to-face to our peers about the problems facing young Americans. Young Invincibles and our many partners held over 15 in-depth roundtable discussions around the country to hear young people's economic concerns and ideas. We heard from all types of young people from around the country: from San Jose, California to Wayne, Nebraska; from young entrepreneurs to community college students to soldiers. Despite the differences, we consistently heard the same messages ring out loud and clear. Young people are anxious about their economic future. They know firsthand that jobs are scarce. They have less money in their pockets even as the price of education, rent, and health care rise beyond reach. They worry that very few can succeed in today's economy and that the middle class is getting squeezed. But there is also a consistent feeling of hope that somehow, someway they will find a way to succeed and so will the country. Importantly, they saw the problems but also had ideas and solutions that they thought could help. They had a powerful voice that deserves to be heard.

THE PLAN:

The Campaign for Young America will roll out over the course of the next 15 months to help give young adults a voice in identifying specific solutions to the economic problems facing our generation and country. We believe it is our generation's responsibility to not only describe the problems, but to use all our skills, insights, passion and hard work to create the way forward. We will work with hundreds of thousands of young adults to develop concrete solutions and a mechanism to get involved, be heard, and make a difference at the federal, state and local level.

With the release of this report, we will launch the Campaign for Young America website (www.CampaignForYoungAmerica.org). A major national social media campaign will follow this winter that will allow young people to vote on and share their economic solutions with their social networks and then take action. In early Spring 2012, Young Invincibles will host a Youth Jobs Bus Tour across the country, with dozens of youth roundtables discussions, events on campuses and off, and direct action bringing the voices of young adults to our political leaders. In May of 2012, we'll present the culmination and synthesis of the youth roundtables, a coherent, specific agenda on federal policy—the Young American Dream Agenda—that will describe the changes hundreds of thousands of our generation demand. With youth partners around the country, we will bring the Agenda directly to our state and national political leaders, to demand that they do their part in making that Dream a reality.

To sign up for updates on the Campaign for Young America, offer your own ideas or if you just want to learn more, go to www.CampaignforYoungAmerica.org.

A SPECIAL THANKS

Young Invincibles would like to thank the many partners who helped us reach out to members of our generation across the country to learn about the challenges they face day today. The organizations include: the Center for Community Change, Mobilize.org, The Greenlining Institute, Voto Latino, Working America, League of Young Voters, Black Youth Vote, Ivy Tech Community College, Asian Pacific American Labor Alliance, Center for Rural Affairs, Local 657, MomsRising, the Greater Richmond Chamber of Commerce, the Illinois Education Foundation, and the Roosevelt Institute. Thank you for your leadership.