



Hard Times in the New Millennium

The fate of youth in the Bush years

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The economy took a sharp turn with the coming of the new millennium, quickly passing from the greatest period of prosperity in three decades, to the longest period of job loss since the Depression. Young people felt this turn most directly, experiencing larger rises in unemployment and a greater increase in economic insecurity than the population as a whole. Younger African-Americans and Latinos have been the hardest hit, but the economic distress crosses all race and gender lines.

Unemployment

Younger workers (ages 18 to 30) always face a higher unemployment rate than older, more experienced, workers. Even at the peak of the recent boom (the first half of 2000), younger workers had a 6.4 percent unemployment rate, compared to a 4.2 percent national average and a 2.9 percent rate for older workers (ages 31 to 64), as shown in Table 1.

Economic downturns, however, put young people at an extra disadvantage. In the three years since 2000, the unemployment rate has risen faster for

**TABLE 1: Unemployment rates of 18-30 year olds
in the boom and the bust**

(Percent of the labor force)

	2000	2003	Change
All	6.4	9.3	2.9
Women	6.2	8.6	2.4
Men	6.5	9.9	3.4
White	5.0	7.6	2.6
African-American	13.0	17.9	5.0
Latino	7.0	9.6	2.7
Other	6.4	9.0	2.6
<i>Older workers (31-64)</i>	2.9	4.8	1.9
<i>National average (16+)</i>	4.2	6.2	2.0

CEPR analysis of Current Population Survey data. Data refer to the first six months of each year. Total sample is approximately 30,000 for 2000 and 34,000 for 2003.

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younger Americans – up 2.9 percentage points – than it has overall (up 2.0 percentage points) or for older workers (up 1.9 percentage points). By the first half of 2003, almost one in ten young workers (9.3 percent) was unemployed.

Young African American and Latino workers face particularly dim prospects in the job market. Even in the boom of 2000, African Americans ages 18 to 30 experienced double-digit unemployment rates (13.0 percent). For African American ages 18 and 19, the unemployment rate was 22.2 percent. Young Latinos had a 7.0 percent unemployment rate, which was well above the national average (4.2 percent) and the rate for young whites (5.0 percent). By 2003, the recession and jobless recovery have widened the unemployment gap for young African Americans and Latinos. In the first half of 2003, 17.9 percent of young African-Americans and 9.6 percent of young Latino workers were unemployed. The unemployment rate for African American ages 18 and 19 had risen to 35.0 percent.

Other labor market indicators

Other economic indicators also paint a bleak picture of the economic circumstances facing young people in 2003 (see Table 2).

Employment

Between 2000 and 2003, the share of young people with jobs fell by even more than the rise in unemployment, as many people simply gave up looking for work. Among all young people, employment rates slipped 4.6 percentage points (from 73.4 percent to 68.8 percent). The declines in employment were sharper for young men (down 5.1 percentage points) than they were for young women (down 4.2 percentage points). African Americans, however, saw the steepest drops between 2000 and 2003, with employment falling 6.1 percentage points.

TABLE 2: Other economic indicators for 18-30 year olds in the boom and the bust

	In work (%)				In School (18-24 only)		Average annual growth in hourly wages (%)	
	Full- or Part-time		Full-time only					
	2000	2003	2000	2003	2000	2003	1998-00	2000-02
All	73.4	68.8	56.3	51.5	39.3	40.4	2.4	0.2
Women	68.4	64.2	48.2	43.7	40.1	42.1	2.7	0.3
Men	78.5	73.5	64.7	59.4	38.5	38.7	2.2	0.3
White	77.2	72.9	58.0	53.1	41.2	43.1	2.1	0.4
African-American	63.1	57.0	50.7	42.9	36.6	37.5	3.0	-0.7
Latino	70.5	67.6	58.2	55.4	26.7	28.4	1.5	0.1
Other	62.9	59.3	46.7	44.3	58.6	53.6	6.9	0.5

CEPR analysis of Current Population Survey data. Data refer to the first six months of each year, except wages, which refer to the last six months of each year. See also notes to Table 1.

Employment rates, however, don't tell the whole story. Many young people who do find work only manage to land part-time jobs. In 2003, just over half of young workers (51.5 percent) had a full-time job, down 4.8 percentage points from 2000. The share of African Americans workers in full-time employment was just 42.9 percent in 2003, down 7.8 percentage points from 2000.

Enrollment rates

In economic hard times, young people often abandon the labor market altogether and return to school to finish high school, college, an advanced degree, or to acquire specialized training. According to the data in Table 2, young people – especially young women – have returned to school in large numbers during the current slump. Between 2000 and 2003, the share of women 18 to 24 year old women in school full- or part-time increased 2.0 percentage points from 40.1 percent to 42.1 percent. The corresponding increase for men was much smaller, up just 0.2 percentage points from 38.5 percent in 2000 to 38.7 percent in 2003. School enrollment rates also increased over the period for African Americans (up 0.9 percentage points) and Latinos (up 1.8 percentage points).

Wage growth

For most young people the jobless recovery has also been a period of stagnant wages. The last two years of the economic expansion of the 1990s produced rapid increases in the inflation-adjusted wages for young Americans. Average wages rose about 2.4 percent per year for all young people and were even stronger for women (2.7 percent per year) and African Americans (3.0 percent per year). The first two years after the economic peak, however, have seen almost no real wage growth for young people lucky enough to have jobs. Average wages for young people have risen just 0.2 percent per year, with African Americans actually seeing their average wages fall about 0.7 percent per year.

Quality of life

For most people, their twenties are about getting started in life: getting a college degree, getting married, and having children. It's a time when people tend to be their healthiest, a time when their earnings are lowest, and a time when costs – the costs of schooling and starting a family – can be especially high. Today, young people are finding that the costs of education and health care are taking up larger chunks of their budgets than they did for their parents' generation. Many have chosen to take on high levels of debt to fund their educations and many forgo health insurance if it is not provided by their employer.

Higher education is key to getting a good job

People who graduate from college earn, on average, twice as much as those who do not. Young people are getting this message: Table 3 shows that four out of ten people in the 25 to 30 age range have completed college. However, there are large disparities among demographic groups. Whites are more than twice as likely to complete college as African-Americans and more than three times as likely as Latinos.

Young women have embraced the notion that higher education is the key to finding a good job. Nearly two out of every three women (62.3 percent) between the ages of 25 and 30 has studied at the collegiate level, compared to only 56 percent of men in this age group.

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One drawback to college is that it is expensive. Tuition costs have more than doubled over the past twenty years. As a result of rising costs and reduced government assistance, young people who went to college during the 1990s and 2000s are starting their careers burdened with historically high levels of debt. Over the 1990s, colleges shifted their aid packages from about half grants and half subsidized student loans – the loans on which the government pays the interest while the student is in school – to one third grants, one third subsidized loans, and one third unsubsidized loans. The proportion of college students taking on debt increased from less than half (46.3 percent) in 1992-93 to two-thirds (67.5 percent) in 1999-2000. The average college student who took on debt and graduated in 2000 owed \$17,875 upon graduation.

Not everyone attends college and many jobs do not require a college degree. However, most do require at least a high school degree. Most young people now earn at least a high school degree, with only one out of ten (10.8 percent) not having graduated from high school or received their GED by their late twenties. Latinos, however, are lagging behind other racial-ethnic groups in educational attainment, with 34.4 percent not completing high school.

Many young people go without health insurance

In 2002, 44 million Americans (15.2 percent of the U.S. population) went without health insurance for the entire year. However, many more people went without health insurance for at least some portion of the year. Table 4 shows in 2002, only two thirds (66.0 percent) of people ages 18-30 had health insurance continuously throughout the year.

As unemployment increased between 1999 and 2002, full-year health insurance coverage for young people remained steady with 66.0 percent having coverage for all of 2002. Government provided health insurance, primarily Medicaid, is very important for young people, providing coverage for nearly 10 percent of the insured population.

TABLE 3: Educational attainment of 25-30 year olds, 2002

(Percent of the population)

Educational attainment						
	Less than High School	High School	Some College	College	Advanced degree	At least some college
All	10.8	30.2	29.1	23.3	6.6	59.0
Women	9.9	27.8	30.4	24.6	7.4	62.3
Men	11.7	32.8	27.8	21.9	5.8	55.5
White	5.7	28.6	30.4	27.8	7.6	65.7
African-American	8.5	38.3	35.4	14.9	2.9	53.3
Latino	34.4	34.2	21.2	8.2	2.0	31.4
Other	6.1	19.3	23.1	34.9	16.7	74.7

CEPR analysis of Current Population Survey data. See also notes to Table 1.

TABLE 4: Health insurance coverage for young people in the boom and bust

(Percent of the population)

	Health insurance coverage					
	During year		All year			
			Any insurance		Private insurance	
1999	2002	1999	2002	1999	2002	
<i>(a) 18-30 year olds</i>						
All	84.0	79.8	65.4	66.0	59.8	59.2
Women	87.4	83.5	69.2	69.9	61.2	60.2
Men	80.5	76.1	61.5	62.1	58.3	58.1
White	88.5	85.1	71.2	73.4	67.6	69.0
African-American	81.9	78.0	61.2	60.3	48.7	44.0
Latino	66.0	61.5	43.9	43.0	36.6	34.4
Other	82.7	82.8	62.0	68.8	53.2	61.9
<i>(b) 25 - 30 year olds</i>						
All	84.5	80.8	68.8	69.2	62.9	62.9
Women	88.8	85.8	73.5	73.7	65.4	64.7
Men	80.1	75.6	64.0	64.7	60.4	61.1
White	88.4	85.2	73.8	75.7	69.9	71.5
African-American	85.0	82.3	67.7	67.4	53.0	50.5
Latino	64.9	63.7	45.9	46.5	39.3	39.3
Other	84.9	83.1	68.4	74.6	60.9	69.2

CEPR analysis of Survey of Income and Program Participation. Total sample of 18-30 year olds is approximately 12,000 for both years. Data for 1999 refer to January to August 1999 while data for 2002 refer to January to August 2002.

Individuals ages 25 to 30 are more likely to have health insurance compared to those 18 to 30 because they are more likely to be in the kinds of jobs that offer health insurance. However, even among this age group, less than half report receiving help paying for their health insurance from their employer or union.

Young people are far more likely than older people to be employed part-time, which reduces the likelihood of getting health insurance coverage on the job. This is partly offset by the fact that they are half as likely to work in non-standard or contingent employment relationships, such as being self-employed or being an independent contractor. Overall, only 8.5 percent of workers ages 18 to 30 fall into one of the non-standard work categories, compared to 16.4 percent of workers over age 30.²

Family formation and poverty

Poverty is not generally more of a problem for young people than it is for Americans overall. Table 5 shows that in 2002, 12.7 percent of people between the ages of 18 and 30 lived in poverty, up from 11.8 percent near the end of the boom in 1999. Poverty is higher among non-whites: in 2002, one quarter (25.0

Young people are far more likely than older people to be employed part-time.

TABLE 5: Well being of 18 - 30 year olds				
	Poverty rate (%)		Share with children (%)	Average number of children**
	1999	2002*	2002	2002
All	11.8	12.7	28.8	1.7
Women	13.8	15.1	38.4	1.7
Men	9.8	10.2	19.0	1.7
White	7.7	9.1	25.1	1.7
African-American	22.0	25.0	37.3	1.8
Latino	20.3	15.6	37.9	1.8
Other	13.6	15.8	21.2	1.6

CEPR analysis of Survey of Income and Program Participation. Data refer to March of each year. See also notes to Table 4.
 * In 2001, the U.S. Census began allowing individuals to report more than one race, however, the SIPP does not. Thus our numbers by race are not directly comparable to published Census poverty numbers.
 ** Average includes only those that have children.

The problems of relatively low health insurance among young people is compounded by the fact that this is when people tend to start their families and thus are in need of both maternal and children's health care.

percent) of African Americans and one in seven (15.6 percent) Latinos lived in poverty. Poverty is also more prevalent among young women than young men, even though young women now have higher levels of educational attainment.

Most people start their families between the ages of 18 and 30. Among this group overall, nearly one-third (28.8 percent) had children in 2002. Women were more likely to have children than were men: four in ten women (38.4 percent) have kids, with an average of 1.7 children per woman, while only one in five (19.0 percent) men have children. Fertility is much higher among African Americans and Latinos compared to whites and other racial-ethnic groups. The problems of relatively low health insurance among young people is compounded by the fact that this is when people tend to start their families and thus are in need of both maternal and children's health care.

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- 2 Jeffrey B. Wenger conducted the analysis on the proportion of workers in contingent work arrangements using the Current Population Survey's Contingent Work Supplement.