

EXECUTIVE  
SUMMARY

# Hard Times in the New Millennium

## *The state of the nation's youth*

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**T**he recession and weak recovery have hurt everyone, but have been especially hard on young people. The new millennium marked the end of the strong economy of the late 1990s. Since the peak at the beginning of 2001, the economy has lost 2.7 million jobs. During the low unemployment of the late 1990s, young people, including African Americans and Latinos, were able to find jobs with rising wages. This is no longer the case. For all young people, the new millennium has meant higher unemployment, slower wage growth, and increased insecurity. For young African Americans and Latinos, the situation is even worse.

Between the peak of the boom in the first half of 2000 and the first half of 2003:

- ▶ **Unemployment has risen.** The unemployment rate among people ages 18 to 30 rose by 2.9 percentage points, from 6.4 percent to 9.3 percent. By comparison, over the same period, the overall unemployment rate rose by 2.0 percentage points, from 4.2 percent to 6.2 percent.
- ▶ **African American youth were hit especially hard by the downturn.** Their unemployment rate rose by 5.0 percentage points, from 13.0 percent to 17.9 percent. The unemployment rate for Latino youth rose 2.7 percentage points, from 7.0 percent to 9.6 percent. The unemployment rate for African Americans ages 18 and 19 rose by 13.2 percentage points, from 22.2 percent to 35.0 percent.
- ▶ **Many people simply gave up looking for work.** The employment rate – the proportion of people with jobs – fell by even more than the unemployment rate rose. The overall employment rate for young workers fell by 4.6 percentage points, from 73.4 percent to 68.8 percent. For young African Americans, the drop in employment rates was 6.1 percentage points, from 63.1 percent to 57.0 percent.
- ▶ **Full-time work has become even harder to find.** The percentage of young people working full-time fell by 4.8 percentage points, from 56.3 percent to 51.5 percent. The percentage of young African Americans working full-time fell by 7.8 percentage points, from 50.7 percent to 42.9 percent.
- ▶ **Wage growth has slowed considerably.** Hourly wages for young workers, adjusted for inflation, had been rising at a 2.4 percent annual rate from 1998 to 2000. From 2000 to 2002, hourly wage growth for young workers averaged just 0.2 percent per year.
- ▶ **For African Americans, the reversal in wage growth was even sharper.** Between 1998 and 2000, inflation-adjusted hourly wages of African

Americans grew 3.0 percent annually. From 2000 to 2002, after adjusting for inflation, wages of African Americans actually fell at a 0.7 percent annual rate.

In addition to facing a deteriorating labor market, young people are having trouble paying for health insurance and education, with costs rising rapidly in both areas in recent years.

- ▶ **Health insurance coverage has fallen.** The percentage of people age 25 to 30 who had health coverage at all during the year fell from 84.5 percent in 1999, to 80.8 percent in 2002, a drop of 3.7 percentage points. The decline in employment over the same period accounts for most of the fall in health coverage. Young people usually do not purchase health insurance if their employer does not pay much of the bill.
- ▶ **Full-year health insurance coverage remained steady.** Two thirds (66.0) of people age 18 to 30 had health insurance all year in 2002, about the same as in 1999.
- ▶ **Students are graduating with historically high levels of debt.** In 2000, the average debt among the two-thirds of students who had debt was \$17,875. The increase in debt is the result of the tuition increases, coupled with a shift in aid from grants and subsidized loans to unsubsidized loans.

Nevertheless, there are some encouraging trends in the situation of young people. In 2002, the share of 25-to-30 year olds with at least some college education had reached almost 60 percent, although the share with a college degree was still slightly under 30 percent. For the same age group, educational attainment among women is now considerably higher than it is for men: 32.0 percent of women have completed college, compared to 27.7 percent of men.

Unfortunately, significant racial and ethnic educational disparities persist. About 35.4 percent of 25-to-30 year old whites have a college degree, nearly double the 17.8 percent figure for African Americans, and more than triple the 10.2 percent of Latinos with college degrees.

These racial and ethnic disparities also show up in poverty rates. In 2002, the poverty rate among 18-to-30 year olds was 9.1 percent for whites, compared to 25.0 percent for African Americans and 15.6 percent for Latinos.

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