Pathways
A MAGAZINE ON POVERTY, INEQUALITY, AND SOCIAL POLICY
SPECIAL ISSUE 2019

STATE OF THE UNION
MILLENNIAL DILEMMA

Pathways

A MAGAZINE ON POVERTY, INEQUALITY, AND SOCIAL POLICY

STANFORD CENTER ON POVERTY AND INEQUALITY

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The Stanford Center on Poverty & Inequality

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a magazine on poverty, inequality, and social policy

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MILLENNIALS IN THE UNITED STATES

David B. Grusky, Marybeth Mattingly, Charles Varner, and Stephanie Garlow

As soon as a new generation is named, much fretting and hand-wringing about its fate inevitably sets in, only to quickly dissipate when the next generation comes of age. But for some generations, we just can't stop worrying. And so it is for millennials: The worry just keeps on coming, even as they approach middle age.

Why are we worrying so much? A plausible hypothesis: We're projecting onto millennials all of our escalating anxieties about the future of the U.S. economy. If the future seems unusually uncertain and perilous, we naturally worry about how the youngest generation will fare under that future. We thus worry about how millennials will deal with growing income inequality, declining prime-age employment, declining rates of absolute mobility, and much more. As Senator Bernie Sanders recently put it, millennials are facing "unprecedented economic challenges due to decades of policies to help corporations and the top 1 percent while leaving working people behind."[1] In effect, millennials have become our canaries in the coal mine, and we worry about them not only because we care about them but also because they tell us just how toxic that coal mine is.

This sensibility suggests that a natural and useful starting place for any analysis of the millennial experience is to examine how millennials are dealing with the core social and economic problems of our time. It's entirely possible that, insofar as millennials are struggling, it's mainly because of problems—like rising inequality and declining mobility—that are the hallmark of our 21st-century economy. If these well-known problems are indeed important determinants of the millennial experience, it might then be concluded that we don't need to fashion targeted millennial policy. The "millennial problem" may instead be taken on by addressing the key economic, educational, and labor market trends that have affected (and continue to affect) earlier generations as well.

It's also possible, however, that millennials are encountering a host of problems and challenges that are quite distinctive to their situation and that aren't simply the fallout of generic economic and labor market trends. This distinctiveness could be expressed in three ways: (a) the generation that happens to be entering the labor market when these trends reach maturity (i.e., millennials) could bear the brunt of the changes; (b) the particular historical moment at which millennials entered the labor market—the midst of the Great Recession—could have short-term or long-term scarring effects on their labor market outcomes; or (c) a new set of millennial problems, surfacing only very recently, may interact with long-standing economic problems to produce a distinctive millennial experience. These three types of distinctiveness, each of which we'll briefly discuss, might lead one to favor millennial-targeted policy that supplements our more generic (i.e., cross-cohort or cross-age) labor market policy.

In organizing our summary of the 2019 State of the Union, we will thus attempt to distinguish between these two accounts, the first emphasizing "generic trends" and the second emphasizing how those trends might be refracted through a more distinctively millennial experience. It should be obvious that both forces are in play

and that our objective, therefore, can only be that of understanding how they come together. And even that objective faces venerable methodological problems: The summary that follows is necessarily speculative given that it rests on descriptive analyses that can't address the intrinsic difficulties in sorting out age, period, and cohort effects.

The underlying trends

It's useful, then, to begin by rehearsing some of the key social and economic trends that are shaping the 21st-century economy. If the results in this issue too often come off as "old news," it's in fact because, just as Sanders noted, much of what millennials are facing are the stock problems of the 21st-century economy. By examining how these problems are shaping the lives of millennials, we can understand the extent to which they're indeed playing the canary in the coal mine role, reacting to the generic toxins of our time. We learn, for example, that high-school graduates and dropouts are facing deteriorating economic prospects (see Torche and Johnson, pp. 21–24), that a long-term increase in the poverty rate has only been staved off by a growing reliance on tax-and-transfer programs (see Mattingly et al., pp. 37–39), that earnings inequality among men is rising across generations (see Percheski, pp. 25–28), and that rates of upward mobility have declined precipitously (see Hout, pp. 29–32). These developments are all driven by stock forces of history that have long been in play and that have affected not just millennials but also the generations preceding them.

This is obviously not to suggest that millennials are experiencing an across-the-board increase in all forms of inequality. As many of our contributors show, some types of disparities are in fact declining, although the declines mainly take the form of relatively minor and glacially slow reductions in large and long-standing disparities (see Johfre and Saperstein, pp. 7–10; Western and Simes, pp. 18–20; Weeden, pp. 33–36; Small and Fekete, pp. 44–46; Duggan and Li, pp. 47–50).

Generation	Birth years
Greatest	1927 and earlier
Silent	1928–1945
Boomers	1946–1964
Gen X	1965–1980
Millennials	1981–1996

Note: These definitions are used throughout the issue unless otherwise noted.

There is nothing in these results suggesting some qualitative break in which millennials are suddenly occupying a world that's starkly different from that of preceding generations. As Florencia Torche and Amy Johnson note, "the high economic returns to education did not suddenly emerge with the millennial generation, nor did they result from a single economic shock, such as the Great Recession. To the contrary, Gen Xers experienced large returns to education too, suggesting a longer-term trend of widening disparities and growing economic vulnerability among those with low levels of schooling." This conclusion holds for each of the trends listed above: The trends have developed gradually and millennials are only distinctive by virtue of experiencing them when they've cumulated into an especially extreme form.

Labor market entry

This is all to emphasize that the millennial world slowly and gradually took shape under the sway of well-known neoliberal forces. As important as these forces are, it is also likely that they're refracted in distinctive ways for millennials, a possibility to which we now turn.

The most obvious point in this regard is that, because millennials are relatively young, they might be especially affected by economic trends that affect early career development. The expansion of the low-wage service sector and the associated rise of the gig economy may, for example, make it difficult for millennials to enter the labor force with a full-time, high-paying, or high-amenity job. If there's a deterioration in the pay or quality of jobs available to millennials, it may induce them to decide against accepting any of the available jobs (as their "reservation wage" is not met), thus leading to a reduction in employment. If they *do* accept a job, it will instead register as a reduction in job quality.

Is there any evidence that millennials are experiencing either type of difficulty? There indeed is. As Harry Holzer shows (pp. 14–17), young millennial men are not participating in today's labor force to the extent that young men were in the past, a drop-off that, by contrast, isn't found to the same extent among older men (see also Torche and Johnson). It follows that, just as the stereotypes have it, millennials aren't transitioning

into the labor force as successfully as prior generations have.

But some millennials aren't exiting the labor force but instead are taking such jobs as are available. That is, rather than opting out when confronted with an unattractive labor market, they're lowering their reservation wage and taking a low-amenity job. In Michael Hout's chapter, we see a sharp reduction in the quality of jobs taken at age 30, a reduction that's evident for women and men alike.

This is a prime example, then, of a development that's disproportionately experienced by millennials. Although the gig economy and low-wage service sector began to grow before millennials entered the labor market, they are experiencing these less attractive "new economy" jobs more fully and completely than any other generation.

A historical shock

These difficulties in early adulthood might be partly attributable to a historical shock—most obviously the Great Recession—rather than the rise of the gig economy, the expansion of the service sector, or related structural features of the contemporary economy. In principle, it's of course important to distinguish between cyclical change (i.e., recessions and expansions) and structural change (i.e., the rise of the 21st-century economy). But from the point of view of millennials, both types of change might hit them especially hard and thus generate a distinctively problematic entry into the labor force.

There is indeed strong evidence that millennials, perhaps more than any other generation, have been and continue to be profoundly affected by the Great Recession. The rise in student debt and defaults, for example, is in large part attributable to the Great Recession, as Susan Dynarski compellingly shows (pp. 11–13). Because the Great Recession reduced state subsidies to public education, cash-strapped administrators had no choice but to respond by either raising tuition or restricting enrollments, both of which led in the end to increased borrowing. The lucky students who were able to snag one of the remaining public college slots were then obliged to take on more debt to afford the higher tuition. The unlucky students who weren't able to secure a public college slot often turned to for-profit institutions that are famously expensive and thus required taking on even more debt. In either case, students then entered a weak economy after finishing school, with the result that they often defaulted (and especially so when they attended for-profits with their historically low payoff). The Great Recession thus delivered a one-two punch: It induced more borrowing by raising the costs of attending college, and it reduced the capacity to pay off the new loans by weakening the demand for labor and redirecting students to low-payoff training.

This is but one example of how the Great Recession harmed millennials in distinctive ways. As Darrick Hamilton and Christopher Famighetti show (pp. 40–43), the young-adult homeownership rate is lower for millennials than any other generation, and the racial gap in young-adult homeownership is also larger for millennials. To be sure, the racial gap in homeownership has always been shockingly high, but now it's even higher than it was for generations that hadn't yet experienced civil rights-era housing and lending reforms that were designed to reduce racial disparities. We have now lost all the gains secured by these reforms. Although there are many forces behind this loss, it's at least partly due to recession-induced changes in mortgage eligibility standards and the recession-induced surge in student debt, both of which disproportionately hurt black millennials.

Thresholds and combinations

We have so far discussed two ways in which the millennial experience is a distinctive refraction of generic social and economic trends. It's distinctive because (a) the new economy brought on entry problems that are disproportionately borne by millennials, and (b) the Great Recession exerted a very special scarring effect on millennials.

As our third and final example of millennial-specific problems, we next consider what it means to be a generation that's subjected to the cumulative effects of a half-century of rising inequality, declining prime-age employment, and related neoliberal developments. It arguably becomes a qualitatively different experience when neoliberalism is experienced at full and complete dosage. By this reading, millennials are indeed our canaries, the first generation to experience the full complement of neoliberal forces blended into the full package.

It is entirely possible that the groups that lose out under this full package will ultimately

be provoked to react. The ever-deteriorating employment prospects of high-school dropouts might, for example, ultimately trigger a sharp rise either in political activism (i.e., "voice") or in hopelessness, despair, addiction, and suicide (i.e., "exit"). We find some evidence of both types of response: The growing interest in socialism among millennials is suggestive of the activist response, while the rise in deaths of despair among millennials is a literal form of "exit."[2] As reported by Mark Duggan and Jackie Li, mortality rates among millennials are indeed substantially higher than among their same-age counterparts from Generation X, an increase that's mainly due to rising suicides and drug overdoses. If millennials indeed are our canaries, then this matters not just because we care about them but also because it's telling us something about our future.

Conclusions

We have organized our summary around the question of whether millennials are securing schooling, entering the labor market, and forging their identities and early careers in distinctive ways. Can they be understood as a generic generation experiencing the generic forces of our time? Or is there something more distinctive in play?

Although the results presented here suggest that it's not enough to see millennials as a simple vessel of generic forces, it bears noting that much of this distinctiveness is still tightly connected to the neoliberal experiment. It's a distinctiveness that arises because millennials experienced generic neoliberal forces when they were young and vulnerable, when the wrong part of the economic cycle (i.e., a recession) was in play, and when all the neoliberal bells and whistles were fully developed and had come together. It follows that, even if the millennial experience is very distinctive, it's a type of distinctiveness that could be well addressed with a clever package of reforms targeted to the common economic, racial, and gender problems of our time (see Danziger, pp. 51–54).

Notes

1. Bernie Sanders, May 15, 2019, https://twitter.com/BernieSanders/status/1128768767553626112.

2. Mohamed Younis. 2019. "Four in 10 Americans Embrace Some Form of Socialism." Gallup.

RACIAL AND GENDER IDENTITIES

Sasha Shen Johfre and Aliya Saperstein

KEY FINDINGS

- **Millennials are more likely than previous generations to identify as multiracial.**
- **Millennials also are more likely to adopt unconventional gender identities, such as reporting that they see themselves as equally feminine and masculine.**
- **However, they are not outpacing previous generations in rejecting race and gender stereotypes. Their attitudes toward women's roles and perceptions of black Americans are quite similar to those of baby boomers or Gen Xers.**

American millennials have been hailed as the "bridge" to a more racially diverse future and cast as pushing the boundaries of gender with new forms of identity and expression.[1] But the labeling and branding of each new generation often invites criticism. Are these characterizations on the mark? Are millennials indeed embracing a more diverse and unconventional set of racial and gender identities? Are they also poised to challenge social norms around race and gender in other ways?

We take on each of these questions in turn. We show that millennials do see their racial and gender identities in ever more complicated ways—just as the stereotypes would have it—but they are not combining these innovative identity projects with especially high levels of egalitarianism and tolerance for others. The rapid transformation in race and gender labels has not been matched by an equally strong commitment to more fundamental change in beliefs and behaviors.

Racial identification

Racial diversity among millennials is a product of several major changes in the late 20th century, including the shifting of immigration streams from Europe to Asia and Latin America and increasing acceptance of intermarriage.[2] As a result of these changes, millennials have lived and worked in racially diverse neighborhoods, schools, and workplaces. Even the homes they grew up in were diverse, as more of their parents formed partnerships across conventional racial boundaries than in any preceding generation.

New forms of data collection also emerged during this period. The oldest millennials were on the cusp of adulthood in 1997 when the U.S. Office of Management and Budget announced that it was revising guidelines for all federal data collection to allow Americans to "mark one or more" boxes when identifying their race.[3] Unlike previous cohorts, when most millennials sent off their college applications or applied for their first jobs, they were not forced to choose just one race to describe themselves.

Millennials thus stand out from previous generations in two ways. First, they have more *awareness* of racial diversity in their ancestry, meaning that they more frequently know they have relatives who are considered members of different races. Second, they have embraced *new classificatory tools* that not only tap into this awareness but also legitimate more complexity in racial identification than was possible in the past.

We explore these generational differences in multiracial ancestry and identification using unique data from the 2015 Pew Research Center Survey of Multiracial Adults, which was the first nationally representative survey to ask respondents to report not only their own race but also the races of their parents, grandparents, great-grandparents, and earlier ancestors.[4] Consistent with previous research, the Pew data show that millennials are less likely than previous generations to identify as monoracial white (64% of millennials versus 66% of Generation X and 81% of baby boomers), and more likely to identify with two or more races (10% of millennials versus 6% of Generation X

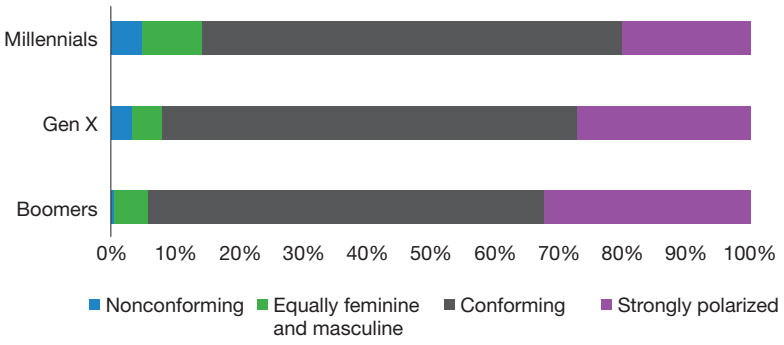
and 5% of baby boomers).[5]

We find that rates of multiracial identification are higher for millennials, in part, because 27 percent of millennials are aware that they have ancestors of different races, compared with 22 percent of Gen Xers, 17 percent of baby boomers, and 10 percent of the Silent Generation. Further, more than half of millennials with multiracial ancestry trace their mixed heritage to their parents or grandparents, whereas previous generations are more likely to report that the "mixing" occurred further back in their family tree.

However, not everyone who is aware that they have ancestors of different races chooses to self-identify with multiple races. Among Gen Xers, boomers, and members of the Silent Generation who are aware of having multiracial ancestry, about one in four select more than one race for self-identification; that share rises to one in three among millennials. The conversion of multiracial awareness into multiracial identity occurs more reliably among millennials, in part, because their awareness is more likely to come from close relatives who identify with different races.[6]

It is clear that millennials are both claiming their mixed heritage in greater numbers and more likely to embrace multiraciality as an identity than previous generations. But these patterns also stem from changes in how the government and organizations measure race; the new metrics reveal more diversity among all generations than was previously captured in official statistics.

Figure 1. Millennials are more likely than prior generations to identify in ways that challenge strongly polarized notions of gender.



Source: Alternative Gender Measures Survey, 2014. Data analyzed by the authors.

Gender identification

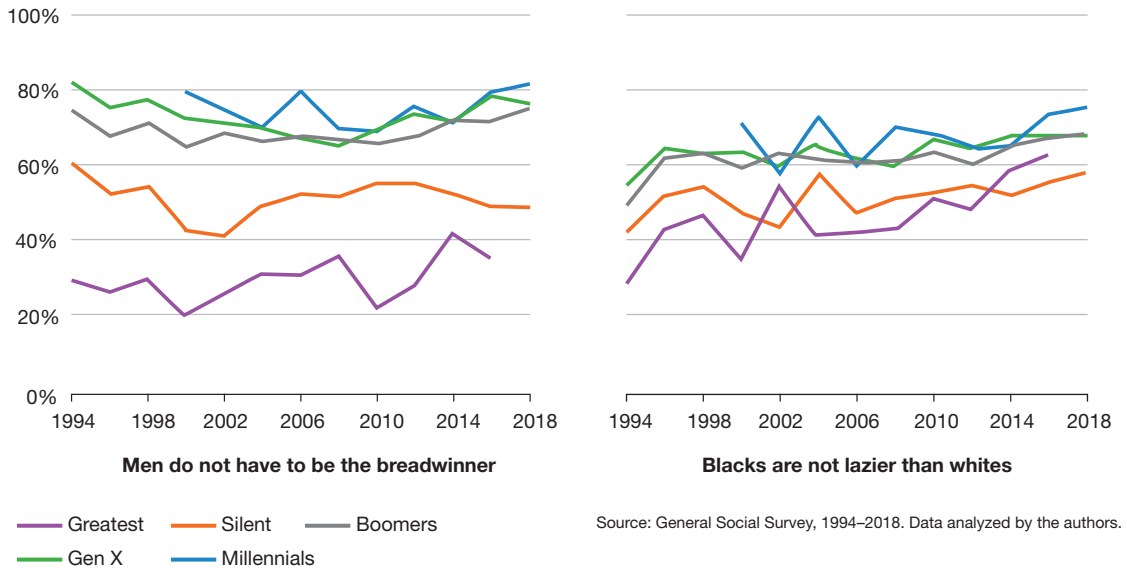
Millennials came of age at a time of rapidly shifting gender identity norms. Previous generations pioneered dramatic changes in rights and roles that brought increasing parity between women and men, but as the 20th century turned to the 21st, Americans increasingly questioned whether they should be limited to thinking about gender in static, binary terms. Suddenly, the English lexicon expanded to include terms like *cisgender*, *transgender*, *nonbinary*, and *genderqueer*.

In contrast with racial identification, though, social surveys and government data collection have been slower to adapt to changing conceptions of gender. Options to identify beyond "female" and "male" or "man" and "woman" remain limited and were generally not available to millennials when they were applying to college or their first jobs.[7]

When such options *are* included in surveys, they are quite frequently embraced. One recent study with expanded gender measures found that when respondents are offered separate scales to describe their femininity and masculinity, most do not fit in an all-or-nothing model of gender with two distinct and opposite dimensions. That is, most women surveyed did not see themselves as being "very" feminine and "not at all" masculine, and most men surveyed did not see themselves as being "very" masculine and "not at all" feminine. Furthermore, about 1 in 10 respondents reported seeing themselves as either equally feminine and masculine or gender nonconforming (i.e., with lower scores on their gender-typical scale than their atypical one).[8]

We draw on this same national survey data in Figure 1 to highlight generational differences across four types of responses: (1) people who see their gender in strongly polarized terms (i.e., at the highest end of their gender-typical scale and the lowest end of their atypical scale); (2) people who gave more tempered but still gender-conforming responses (i.e., women who identified as more feminine than masculine and men who identified as more masculine than feminine); (3) people who see themselves as equally feminine and masculine; and (4) people who gave gender nonconforming responses. As might be expected, we find that millennials are the least likely to identify themselves in strongly polarized terms and most likely to identify in ways that challenge traditional notions of gender. Large majorities in every generation still see themselves as gender-

Figure 2. Millennials' attitudes are not markedly more egalitarian than those of Gen Xers and boomers.



Source: General Social Survey, 1994–2018. Data analyzed by the authors.

conforming, but, as with race, new forms of data collection and increasing acceptance of gender diversity offer a more complex portrait of gender identification.

Identity and attitudes

Given that millennials are more willing to reject traditional gender and racial identities for themselves, some might expect that they also are more accepting of nontraditional gender roles and racial equality. Are millennials innovators in both personal identities and social attitudes?

At present, the answer is no: Like boomers and Gen Xers, millennials are significantly more egalitarian than Americans from the Silent and Greatest generations on such matters as whether they would vote for a woman as president or welcome an interracial marriage in their family.[9] However, as shown in Figure 2, beliefs among the three youngest generations are remarkably similar.

The slow pace of change in gender ideology can be seen in how people answer such survey questions as whether it is "much better for everyone involved if the man is the achiever outside the home and the woman takes care of the home and family." One-fifth of millennials hold traditional, inegalitarian views on this issue, nearly the same as the rates among Gen Xers and boomers. Racist stereotypes are similarly entrenched across recent generations, with millennials and Gen Xers being equally likely to believe that blacks are lazier than whites (Figure 2).[10]

This evidence of stability masks some changes that are occurring. More millennials endorse *strongly* egalitarian views than previous generations, and this is echoed in their visible roles in social movements such as #MeToo and Black Lives Matter.[11] However, this trend is offset by the many millennials who maintain ambivalent or traditional views so that, on average, little generational change has occurred on gender and racial attitudes since the baby boomers came of age.

Conclusion

We have shown that the millennial generation is on the leading edge of changes in racial and gender identities, but it is not embracing racial and gender equality more than the two prior generations. Reconciling this seeming contradiction might be the millennials' greatest challenge. As they begin to take on roles as workplace managers and national leaders, it remains to be seen whether millennials will settle for challenging race and gender labels or escalate efforts to promote racial and gender equality.

Sasha Shen Johfre is a doctoral student in sociology at Stanford University. Aliya Saperstein is Associate Professor of Sociology at Stanford University.

Notes

1. Frey, William. 2018. "The Millennial Generation: A Demographic Bridge to America's Diverse Future." Brookings Institution; Schawbel, Dan. 2017. "Are Millennials Putting an End to Gender Differences?" Newsweek, November 18; Henig, Robin Marantz. 2017. "How Science Is Helping Us Understand Gender." *National Geographic,* January.

2. Lee, Jennifer, and Frank Bean. 2004. "America's Changing Color Lines: Immigration, Race/Ethnicity and Multiracial Identification." *Annual Review of Sociology* 30, 221–242.

3. Snipp, C. Matthew. 2003. "Racial Measurement in the American Census." *Annual Review of Sociology* 29, 563–588.

4. Pew Research Center. 2015. "Multiracial in America: Proud, Diverse and Growing in Numbers."

5. See also Frey, 2018. However, we cannot say for certain whether the generational differences in self-identification are best explained by variation across *cohort* rather than variation by *age* because no comparable historical data that allowed for identifying as multiracial exist.

6. Previous research shows that Americans are more likely to self-identify as multiracial when they report that their mixed heritage dates just one or two generations back, rather than three or more. Morning, Ann, and Aliya Saperstein. 2018. "The Generational Locus of Multiraciality and Its Implications for Racial Self-Identification." *Annals of the American Academy of Political and Social Science* 677, 57–68.

7. Saperstein, Aliya. 2018. "Gender Identification." In "State of the Union: The Poverty and Inequality Report," ed. Stanford Center on Poverty and Inequality, special issue, *Pathways Magazine*.

8. Magliozzi, Devon, Aliya Saperstein, and Laurel Westbrook. 2016. "Scaling Up: Representing Gender Diversity in Survey Research." *Socius*. https://doi.org/10.1177/2378023116664352; Saperstein, Aliya, and Laurel Westbrook. Alternative Gender Measures Survey. Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor]. https://doi.org/10.3886/E109542V1.

9. Bobo, Lawrence D., Camille Z. Charles, Maria Krysan, and Alicia D. Simmons. 2012. "The Real Record on Racial Attitudes." In *Social Trends in American Life: Finds from the General Social Survey Since 1972*, ed. Peter V. Marsden. Princeton and Oxford: Princeton University Press; Clement, Scott. 2015. "Millennials Are Just About as Racist as Their Parents." *Washington Post,* April 7; Shu, Xiaoling, and Kelsey D. Meagher. 2017. "Beyond the Stalled Gender Revolution: Historical and Cohort Dynamics in Gender Attitudes from 1977 to 2016." *Social Forces* 96, 1243–1274.

10. We defined egalitarian gender and race attitudes as: (1) disagreeing with the statement that "it is much better for everyone if the man is the achiever..." and (2) positioning blacks and whites equally on a seven-point scale between "hardworking" and "lazy" or reporting that whites are lazier than blacks. Patterns for both attitude questions hold in logistic regressions controlling for year, sex (male/female), race (white, black, other), age, education, marital status, region, and political ideology.

11. Scarborough, William J., Ray Sin, and Barbara Risman. 2018. "Attitudes and the Stalled Gender Revolution: Egalitarianism, Traditionalism, and Ambivalence from 1977 through 2016." *Gender & Society* 33(2), 173–200.

STUDENT DEBT

Susan Dynarski

KEY FINDINGS

- **Relative to Generation X, millennials took out more student loans, took out larger student loans, and defaulted more frequently.**
- **Defaults increased because millennials faced higher tuition payments, took out larger loans to meet those higher costs, turned to for-profit schools that don't offer any returns, and entered a labor market in the throes of recession.**

Millennials have been tagged, characterized, and stereotyped in all manner of ways. But one of the most common tags is that they're the "student debt generation." By this account, millennials are notably a generation that's saddled with extremely high levels of student debt, a problem that compounds the already daunting misfortune of having entered the labor market during a recession. It is frequently argued that the one-two punch of high debt and compromised opportunities leads to high rates of default and, more generally, to much stress and anxiety.

Or so the story goes. The first task for this chapter is to establish whether millennials are indeed the student debt generation. Are they taking on more student loans than Generation X? Are their loans larger than those that Generation X took on? And are millennials defaulting more?

I'll show that all of those questions can be answered in the affirmative. The second part of my piece is a whodunit. How could we have let this happen? How did millennials become the student debt generation? What are the roles of the Great Recession, reductions in public funding of education, and the rise of low-payoff schooling in explaining this debacle?

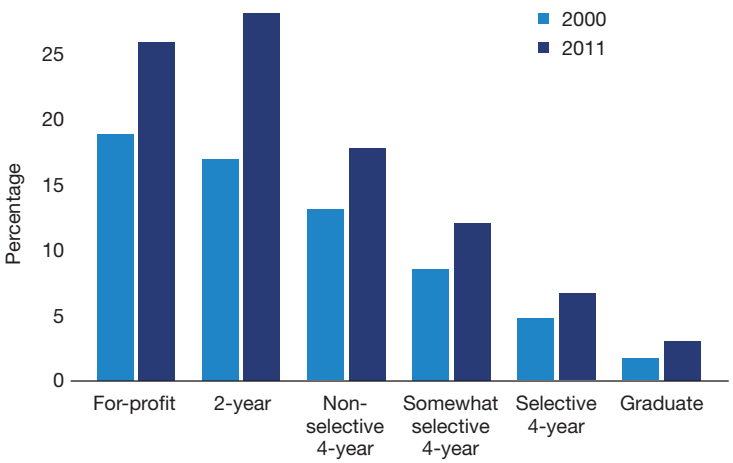
Debts and defaults

But first the facts. Are millennials fairly characterized as the student debt generation?

The short answer is yes. Over the last several decades, more students have taken on debt to pay for school, and the size of their debt has grown. According to the National Center for Education Statistics, 46 percent of students enrolled in all degree-granting schools had student loans in 2016, a percentage that pertains to the tail end of the millennial generation.[1] This is up from 40 percent in 2000, when Generation X represented much of the college population. Over the same period, the average loan amount increased by nearly $2,000, from $5,300 in 2000 to $7,200 in 2016.

But what about defaults? Are they increasing too? As shown in Figure 1, the default rate has increased among all types of borrowers, although the increase is far less pronounced among borrowers for selective schools and graduate schools.[2]

Figure 1. Student loan defaults spiked among millennials.



Source: Looney and Yannelis tabulation of 4 percent sample of National Student Loan Data System.
Note: Cohorts are defined by the fiscal year they entered repayment.

The simple conclusion: Relative to Generation X, millennials indeed took out more student loans, took out larger student loans, and defaulted more frequently.

How did this happen?

The facts are quite clear. And so too, I will argue, are the causes of the problem.

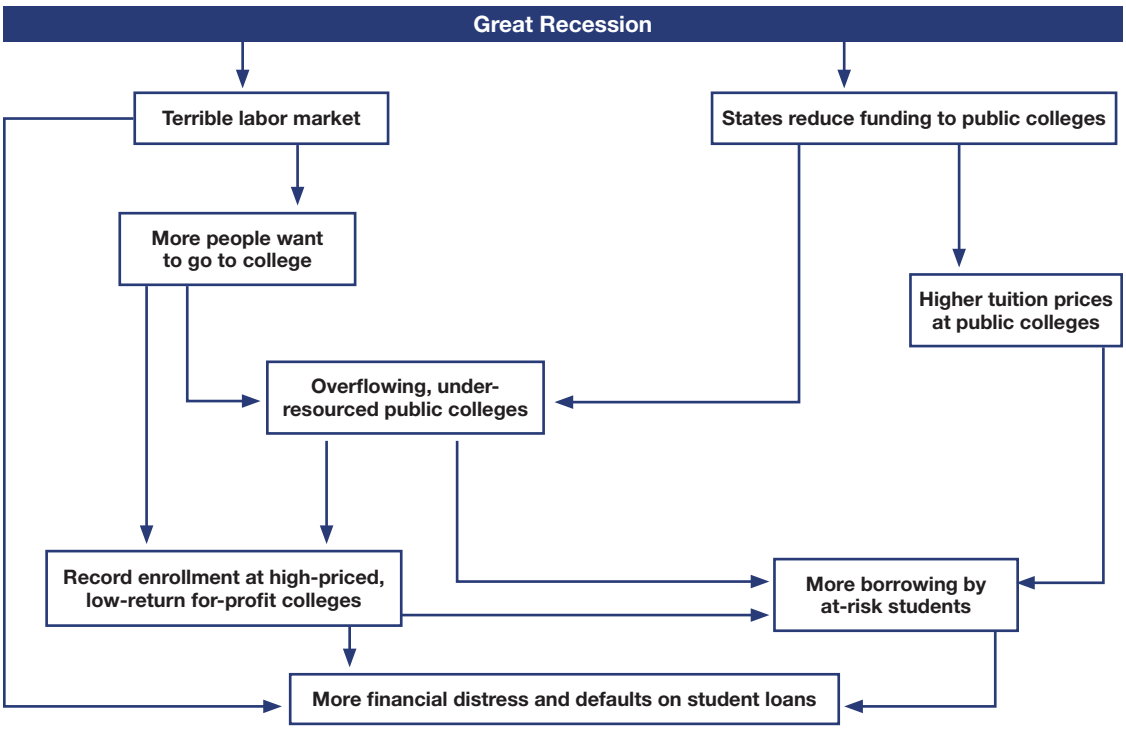
As shown below, the starting point is the Great Recession. Millennials had the very bad luck of both starting and leaving college during the Great Recession. Even before the Great Recession, tuition prices at public schools had been rising, as states reduced their support for colleges in the wake of tax revolts and rising health and prison costs. But the Great Recession led to further reductions in support for public institutions. When the Great Recession hammered tax revenues, strapped states froze or cut appropriations to their public colleges, which are attended by 80 percent of undergraduates.

How did public colleges respond? With their state subsidies shrinking, they either restricted enrollments, spent less on instructing each student, or raised tuition—or all three. For students who remained in the public sector, higher tuition costs increased borrowing, especially at community colleges, where the rate of borrowing had historically been very low.

But some students were obliged to turn away from public colleges. This is because public colleges responded to reduced appropriations not just by increasing tuition but also by reducing capacity. While community colleges are open-enrollment schools, they can still impose waitlists for classes and other capacity controls. How did students respond? As public colleges burst at the seams, record numbers of students turned to for-profit institutions; indeed, enrollment at for-profits hit an all-time high during the Great Recession.[3] This surge reflects not just the loss of public college slots but also the understandable tendency to treat higher education as a refuge in a weak labor market.

The turn to for-profit alternatives led students to take out more loans because students have to borrow more when they're at expensive for-profit colleges. When millennials flooded into the for-profits, they thus responded as students in for-profit colleges have always responded: They borrowed to meet the high costs.

This stark rise in borrowing among for-profit and community college students is revealed in Figure 2. As this figure shows, nearly a million for-profit students entered repayment in 2011, as did another half-million community college students,



a tripling over a single decade. The spike in loan defaults during and after the Great Recession is concentrated among these borrowers.

Why were there so many defaults among millennials? Low returns to their schooling, high unemployment, and student debt combined to create a surge in loan defaults. It's a three-part disaster: Millennials borrowed to make their tuition payments; many went to for-profit schools for which the return has been shown to be zero;[4] and, finally, after finishing their education and laden with debt, they hit a labor market of high unemployment and low earnings. The result is a takeoff in loan defaults that is only now abating.

It would have been bad enough for millennials even without this debt problem. This is because we know that young workers fare the worst during an economic downturn. Those who leave school during a recession start lower on organizational ladders at lower pay than other workers, if they are fortunate enough to find a job. And economists have found that earnings never fully recover from this weak start. Recessions reduce income for decades.

This hit to income alone would have delayed home-buying, marriage, and other mileposts for millennials. But carrying student debt compounds the problem.

Conclusions

Millennials hit a perfect storm, facing crowded colleges and higher tuition than previous generations of students. They borrowed to make their tuition payments. They left school only to hit a labor market of high unemployment and low earnings. And this precipitated a takeoff in loan defaults.

Some students escaped this disaster. Millennials who attended and graduated from selective colleges have been largely shielded from this turmoil. Their default rates barely budged during the Great Recession (see Figure 1), and they will likely earn a handsome return on their degrees.

But of course only a minority of students attend selective institutions. What should be done for those who aren't afforded the protection that selective colleges offer? When a recession happens, some students will inevitably be in less selective schools and will exit during the recession. We can't do much about the luck of bad timing. What we can do is use social and economic policy to buffer the effects of economic downturns. In the case of postsecondary education and the millennials, we failed at this spectacularly.

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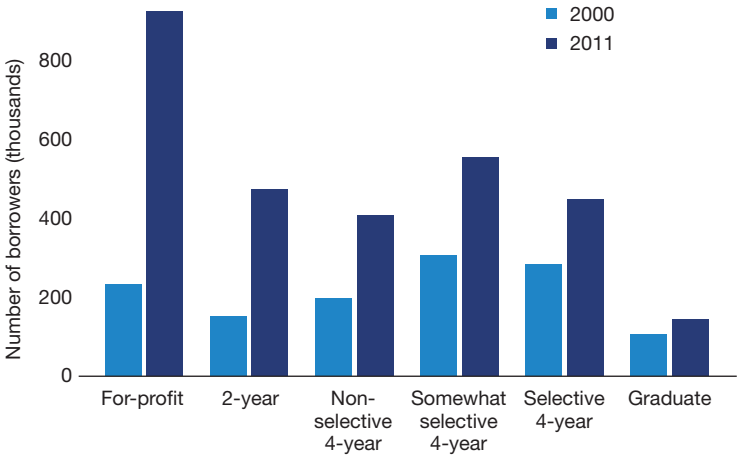
Figure 2. Nearly 1.5 million for-profit and community college students entered repayment in 2011, a tripling over a single decade.



Source: Looney and Yannelis tabulation of 4 percent sample of National Student Loan Data System.
Note: Cohorts are defined by the fiscal year they entered repayment.

Notes

1. Table 331.20. Digest of Education Statistics. Retrieved from https://nces.ed.gov/programs/digest/d18/tables/dt18_331.20.asp?current=yes.

2. Looney, Adam, and Constantine Yannelis. 2015. "A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Defaults." Brookings Papers on Economic Activity.

3. Looney and Yannelis, 2015.

4. Cellini, Stephanie Riegg, and Nicholas Turner. 2019. "Gainfully Employed? Assessing the Employment and Earnings of For-Profit College Students Using Administrative Data." *Journal of Human Resources* 54(1).

EMPLOYMENT

Harry J. Holzer

KEY FINDINGS

- **Labor force activity has declined for all prime-age workers, but the decline among young workers has been especially rapid. This means that millennials who are currently 25–34 years old are working less than Gen Xers at the same age.**
- **Declines are most evident among men, though women's labor force activity is also lower. Large gaps by education remain, with the highest labor force participation among college graduates.**

Much has been written in the past few years about declining labor force activity, especially among less-educated men.[1] The purpose of this article is to ask whether millennials are bearing the brunt of this decline in labor force activity. Because they entered the labor market during the Great Recession and its aftermath, we might worry that millennials are facing special difficulties with employment, and that these difficulties might persist even as they grow older. Is the millennial generation indeed on a very different employment trajectory compared with prior generations?

It is also important to ask whether millennial men are facing special difficulties in the labor market. Because women have raced past men in their college graduation rates, we might think that millennial women have been protected from some of the challenges facing millennial men. Is there any evidence of such protection?

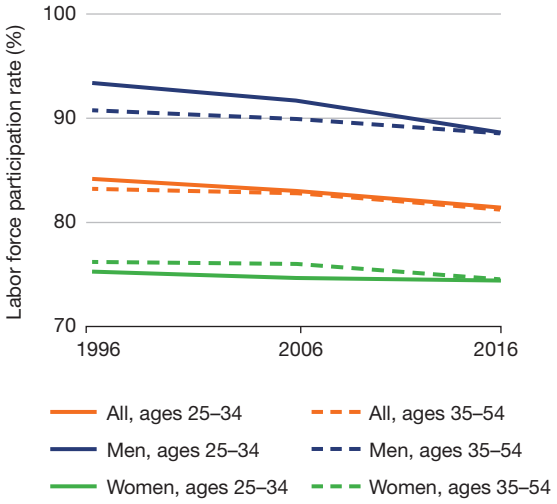
The article concludes with an examination of the sources of these various "millennial problems." As I'll show, it is important to fashion a new pro-work policy for millennials and older generations in light of these findings.

Overall labor force participation

It is useful to begin by examining trends in employment. Figure 1 presents data on labor force participation rates in the past two decades for younger workers (ages 25–34) and older workers (ages 35–54). For the purpose of these analyses, we exclude the youngest workers (i.e., under age 25), since their labor force trends will heavily reflect rising college enrollments over time. Most such education (though not all) will be completed by age 25.[2]

We focus on trends between 1996 and 2006 that predate the Great Recession, as well as those between 2006 and 2016 that might indicate its long-term effects. In 1996, the younger prime-age workers represent primarily the appearance of Generation X in the labor force, and the older prime-age workers represent the Silent Generation and the baby boomers. In 2006, the younger workers represent the younger part of Generation

Figure 1. Millennials are working less than prior generations during young adulthood.



Source: Employment Projections Program, U.S. Bureau of Labor Statistics.

X, and the older workers represent the baby boomers and the older members of Generation X. In 2016, the younger workers represent millennials, while the older workers represent primarily Generation X.

As shown in Figure 1, labor force activity has declined for all prime-age workers, but the decline has been greater among younger workers (84.1–81.6 = 2.5 percentage points) than their older peers (83.2–81.4 = 1.8 percentage points). For younger workers, the decline between 1996 and 2006 was substantial (84.1–83.0 = 1.1 percentage points), but it accelerated somewhat after the Great Recession (83.0–81.6 = 1.4 percentage points). For older workers, the decline between 1996 and 2006 was trivial, but the Great Recession then brought about a decline as large as that experienced by younger workers. These results suggest lasting effects of the Great Recession (which economists call *hysteresis*).

Gender and employment

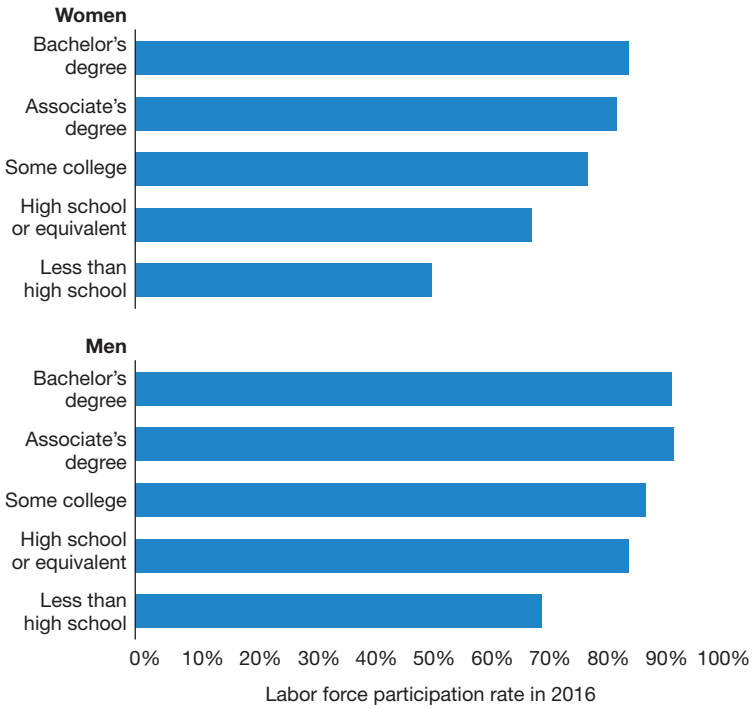
I next look at labor force participation rates disaggregated by gender. Since 1996, there have been greater declines in labor force activity among men than among women, with the greatest declines among young men. Labor force participation among millennial men is 4.4 percentage points lower than participation among the early Generation X (who represented the majority of those ages 25–34 in 1996). Although the downward trend for young men was in evidence before the millennial generation, it steepened somewhat as the millennial generation entered the labor force.

Declines among women are much smaller than declines among men. In this sense, millennial women have indeed been protected from labor market problems, although their participation rates still remain well below those of millennial men.[3]

Indeed, levels of labor force activity remain nearly 15 percentage points lower for women than for men. The fact that women's labor force activity slightly declined in this period stands in sharp contrast to the consistent increases experienced by women over the previous several decades, and in most other industrialized countries.[4]

Figure 2 presents rates of annual work activity among millennials by gender and education group in 2016.[5] For both men and women, there are dramatic differences in labor force activity between those with high school diplomas or less versus those with college degrees (either associate's or bachelor's) and above.

Figure 2. Labor market participation for millennials largely reflects their educational achievement.



Source: Annual Social and Economic Supplement to the Current Population Survey.

These differences are, however, especially steep for millennial women. As shown in Figure 2, participation rates are at about 50 percent for high school dropouts, 70 percent for high school graduates, and 83 percent for college graduates.

But very large differences in labor force activity across education groups exist among men as well. Among millennial male high school dropouts, only 70 percent are employed—a percentage that is no doubt overstated by the relative absence of men in the sample who are incarcerated or have criminal convictions.[6] Among those with a high school degree, about 85 percent work—a relatively small percentage given the strength of the overall labor market. In contrast, over 90 percent of millennial male college graduates are working.

Causes ... and solutions

Why has labor force activity declined for men and remained low for women? Why have millennials, especially less-educated millennial men, been hard hit? Because the downward trend in employment is long-standing it is very likely that the causes behind the trend are, likewise, a continuation of long-standing causes.

The small declines experienced among young women contrast sharply with ongoing improvements in other domains. Given that these declines are concentrated among less-educated women, they likely reflect childbearing and child-rearing responsibilities for both married and single women. The fact that virtually every other industrialized country provides paid family leave, while the United States does not, appears related to our relative lack of progress on this front.[7]

The decline in market wages for less-educated workers is also no doubt part of the story. Because of market forces (like digital technologies and globalization), as well as weakening institutions (like unions), market wages for less-educated workers have declined, especially relative to the more-educated. As a result, working has become less attractive, and many less-educated individuals have chosen to "supply" less labor to the market in response.[8]

Decreases in real wages have been especially large for men, who thus decreased their labor supply quite prominently.[9] These trends are partly due to the fact that employment in manufacturing—which traditionally has been a major source of well-compensated jobs for less-educated men—has dropped precipitously since 2000, due to both technological advances and imports from China.[10]

It is also relevant that income from sources other than work has, in some cases, become more available over time. Some nonworking male millennials are, of course, married to working spouses. Moreover, receipt of Social Security Disability Insurance (SSDI) and other disability programs has risen in the past few decades, as has receipt of food stamps and Medicaid, in the non-working population.[11]

Declining employment is also likely driven by rising barriers to work. One important barrier to work is addiction. Rising rates of opioid dependency almost certainly contribute to (and also can reflect) declining work among non-college graduates, especially in regions of the United States that have lost great numbers of manufacturing jobs. Until the reversal in the current decade, incarceration rates have also been rising, a trend that generated more criminal records among millennials and thereby reduced their employment.[12]

The final cause: a lack of jobs in some regions. Disparities in employment across regions of the country have been rising. The growth of service jobs to replace those lost in more traditional industries has been much more robust in large metropolitan areas (like Pittsburgh and Cleveland) than in smaller or rural areas.

These causes suggest solutions. The decline in work is not inevitable. We can, to the contrary, increase work among less-educated millennials by (a) "making work pay" more than it does now through paid family leave as well as increasing earned income tax credits (especially for childless adults), (b) increasing access to high-payoff sub-BA credentials among millennials currently without a bachelor's degree, (c) reducing the impact of barriers to employment like opioid addiction and criminal records, and (d) subsidizing job creation in declining economic regions.[13] These policy interventions would entail some significant fiscal costs, but they would reduce the yet worse social costs associated with the lack of work among so many millennials.

The upshot: If we truly care about millennial employment, we know how to get the job done.

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Notes

1. See Abraham, Katharine, and Melissa Kearney. 2018. "Explaining the Decline in the U.S. Employment-to-Population Ratio: A Review of the Evidence." NBER Working Paper 24333. For an analysis focusing more on men, see Krueger, Alan. 2017. "Where Have All the Workers Gone?" Economic Studies, Brookings Institution.

2. Krueger shows that falling labor force activity for those below age 25 can be mostly accounted for by rising enrollments.

3. Breitwieser, Audrey, Ryan Nunn, and Jay Shambaugh. 2018. "The Recent Rebound in Prime-Age Labor Force Participation." Hamilton Project, Brookings. Using unpublished labor force participation rates through the middle of 2018, the authors show continuing improvements in prime-age labor force participation rates. But even at this later date, participation for both groups remained well below the rates observed in 2000 or 2006–2007.

4. Sandra Black, Diane Schanzenbach and Audrey Breitwieser. 2017. "The Recent Decline in Women's Labor Force Participation." Hamilton Project, Brookings Institution.

5. Published rates by gender and education do not go back far enough to perform this analysis over the full 20-year period.

6. Official participation rates are calculated only for those in the "noninstitutional" population, which excludes those incarcerated at any point in time. Low-income men, especially low-income black men, are also undercounted in the census, particularly if they do not have their own official residences, which is true for many ex-offenders.

7. Black et al., 2017.

8. Any decline in work effort that occurs in response to lower compensation is captured in what economists call *labor supply* functions or curves. Though it is not always assured that the relationship between work effort and compensation is positive, most empirical evidence supports this view.

9. Labor supply among prime-age men in the U.S. used to be very "inelastic"—in other words, not responsive to wage changes, as all men worked full-time in this age group. This is clearly no longer true.

10. See Autor, David H., David Dorn, and Gordon H. Hanson. 2013. "The China Syndrome: Local Labor Market Effects of Import Competition in the United States." *American Economic Review* 103(6), 2121–2168.

11. See Liebman, Jeffrey. 2015. "Understanding the Increase in Disability Insurance Benefit Receipt in the United States." *Journal of Economic Perspectives* 29(2), 123–150. See also Eberstadt, Nicholas. 2016. *Men Without Work: America's Invisible Crisis*. West Conshohocken, PA: Templeton Press. The latter indicates that large percentages of less-educated men reside in households where there is some receipt of government transfers, though other analyses claim this factor can account for only a modest fraction of declining labor force activity.

12. Krueger, 2017, shows a high rate of dependency among nonworking men on painkillers. Also see Austin, Benjamin, Edward Glaeser, and Lawrence Summers. 2018. "Saving the Heartland: Place-Based Policies in 21st Century America." Brookings Institution. Holzer, Harry. 2007. "Collateral Costs: The Effects of Incarceration on the Employment and Earnings of Young Workers." IZA Discussion Paper No. 3118.

13. For more discussion of these policies, see Orrell, Brent, Harry J. Holzer, and Robert Doar. 2017. "Getting Men Back to Work: Solutions from the Right and Left." American Enterprise Institute; and Holzer, Harry. 2018. "Jobs for the Working Class: Raising Earnings Among Non-College Graduates." Economic Studies, Brookings Institution.

CRIMINAL JUSTICE

Bruce Western and Jessica Simes

KEY FINDINGS

- **The recent reversal in overall incarceration rates takes the form of an especially prominent decline in rates of imprisonment for black millennial men in their late 20s. The decline is far less dramatic for other population groups—such as white and Hispanic men—that never experienced the extremely high rates that black men experienced.**
- **The imprisonment rate for black millennial men—approximately 4.7 percent—nonetheless remains extremely high.**
- **Conventional incarceration rates conceal important features of the millennial experience. For example, black millennial men continue to face extremely high risks of solitary confinement, and they continue to live with the effects of mass incarceration via their parents' exposure to historically high rates of imprisonment.**

The U.S. criminal justice system is famously punitive. The spillover effects of this policy on racial inequality are prominent because African-Americans are about six to eight times more likely to be incarcerated than whites. And the spillover effects on economic inequality are also prominent because nearly all the growth in incarceration was concentrated in the non-college fraction of the population. The combined effect of these racial and economic disparities meant that very high levels of incarceration emerged for African-American men with low levels of schooling.

The purpose of this article is to explore the effects of recent declines in incarceration on millennials. Has there been a substantial decline in incarceration rates among millennials? Have some racial groups within the millennial population seen especially large declines? And can the millennial experience with the criminal justice system be adequately characterized by focusing on rates of imprisonment alone?

The last of these questions will prove especially important in understanding the millennial experience. Although much of the research on the demographics of incarceration focuses on prison, we will show that this approach neglects the larger footprint of the criminal justice system beyond imprisonment. We make this point by examining such outcomes as solitary confinement, jail incarceration, and parental incarceration.

Trends in incarceration

For most of the 20th century, the U.S. incarceration rate oscillated around a level of about 100 per 100,000. In 1972, however, prison and jail populations began to grow, and the incarceration rate grew continuously until its peak in 2007 (at 767 per 100,000). This takeoff in incarceration was borne unequally. It was concentrated in very disadvantaged communities, with the incarceration rate among black men who had never completed high school increasing to about 50 times the national average.

Although the U.S. incarceration rate is still the highest in the world, it has fallen since 2007.[1] We might thus expect the millennial experience to be quite different than that of preceding generations. But just how much change have millennials experienced?

Figure 1 shows how the decline in incarceration has affected millennials. The figure shows imprisonment rates for men and women at ages 25–29. The first two cohorts are Gen Xers who grew up through the period of sharply rising incarceration rates. The third cohort, the millennials, experienced declining rates of imprisonment in their 20s.

Two well-known demographic patterns show up in Figure 1. We of course see a large gender gap in incarceration (i.e., incarceration is concentrated among men) and large racial disparities as well

(i.e., the white population has the lowest rates; the Latinx population has higher rates; and the African-American population has the highest rates).

But Figure 1 also reveals less well-known results. In the period of declining incarceration, from the late Gen X cohort to the millennial cohort, the imprisonment rate has fallen most dramatically among black men. This declining imprisonment among black men may be related to falling rates of violent crime in American inner cities and a retreat from the War on Drugs.

While the latter incarceration trend is encouraging, the size of the prison and jail populations is nevertheless still far higher than the historical average in the United States. And racial disparities in these rates are still extreme. This in turn means that much disadvantage continues to be generated by our country's commitment to incarceration: Researchers have found, for example, that incarceration is associated with reduced wages and employment, poor health, family disruption, and diminished civic disengagement. These negative effects remain concentrated in our most disadvantaged communities.

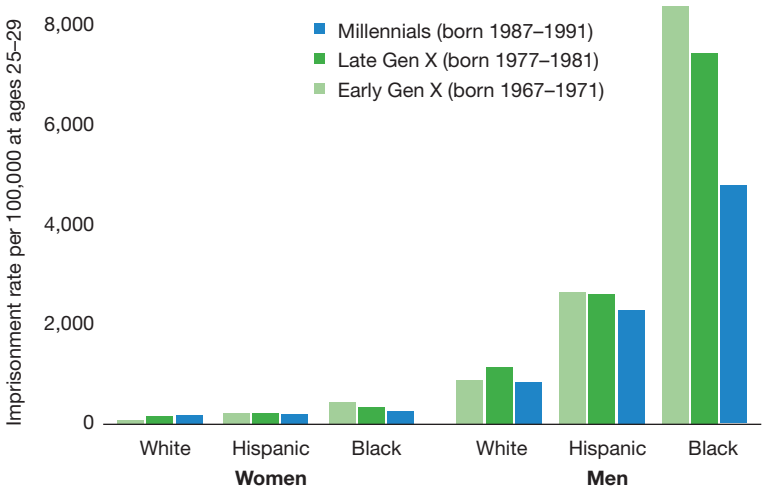
Beyond the imprisonment rate

It is also worrying that the imprisonment rate, as important as it is, hardly reflects the full experience of incarceration and other exposure to the criminal justice system. Figure 2 thus reports estimates of cumulative risks of other kinds of justice-system exposure. Instead of rates that provide a snapshot of the population at a point in time, cumulative risks express the likelihood that someone will *ever* experience an event by a certain time.

The first set of cumulative risks in Figure 2 come from a unique data set from the Pennsylvania state prison system, recording all prison admissions and discharges, and all admissions to solitary confinement over a 10-year period from 2007 to 2016. Solitary confinement is an intensive type of incarceration where, as a punishment for misconduct, prisoners are confined to their cells for 22 to 24 hours each day. In Pennsylvania, defiance of prison staff and drug use in prison are common reasons for solitary confinement. Research shows that solitary confinement is associated with severe mental distress, and the effects are worst for those with a history of mental illness.

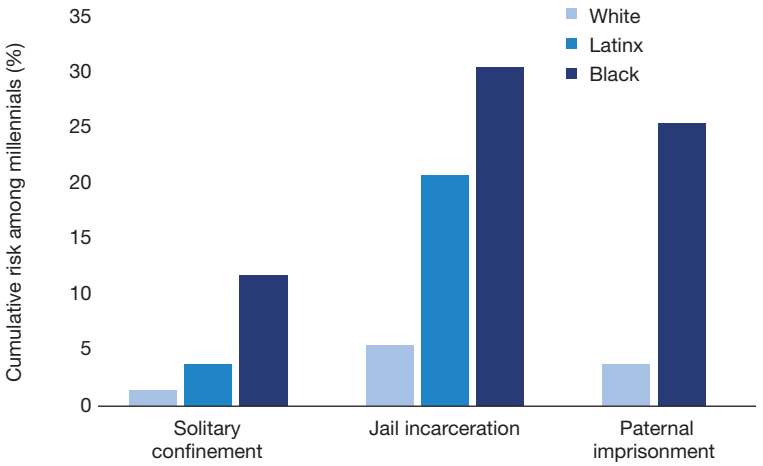
Pennsylvania has one of the largest penal systems in the country, but the state incarceration rate is relatively low, so these figures likely underestimate exposure to solitary confinement nationwide. Subject to this caveat, the solitary confinement statistics in Figure 2 quantify the chances that a man born in the millennial generation will be locked in solitary confinement by age 28 to 31. As with imprisonment generally, we find a distinct racial disparity in the use of solitary confinement. The base rate for black men is, by any measure, shocking: Eleven percent of all black men in the state of Pennsylvania have been incarcerated in solitary confinement by their late 20s. It should be remembered, moreover, that this estimate may understate what prevails in other states with higher incarceration rates.

Figure 1. The imprisonment rate has fallen most dramatically among black men.



Source: Bureau of Justice Statistics, National Prisoner Statistics series.

Figure 2. The experience of incarceration is unusually harsh for black men.



The second set of cumulative risks in Figure 2 describes jail incarceration. Jails are county and municipal facilities that mostly detain people for low-level offenses. This means that the problems of homelessness and untreated mental illness and addiction are especially acute in the jail population. The footprint of the jail is vastly larger than that of the prison. Whereas U.S. prisons admit about 600,000 people each year, about 12 million people are admitted to local jails. Although jail stays are very short compared with prison—often only a week or so—jail incarceration has been found to disrupt employment and is associated with increased recidivism.[2]

The cumulative risks of jail incarceration, as shown in Figure 2, pertain to the likelihood of ever being incarcerated in jail in New York City by age 38. These estimates are calculated from an administrative data set on jail admissions over a 10-year period from 2007 to 2016. At this time, New York's jail incarceration was the lowest of all large cities in America, so again the estimates provided here understate what prevails elsewhere. The results are nonetheless stark: Figure 2 projects that 30 percent of all black men in New York in the millennial generation will have been jailed by age 38. Within the Latinx population, the cumulative risks are still very large, yet much lower than those for the African-American population.

The third set of cumulative risks in Figure 2 are taken from those reported by Sara Wakefield and Christopher Wildeman on the risks of paternal imprisonment among children.[3] The incarceration of a parent, besides disrupting parent-child contact, is associated with behavioral problems in children, diminished school achievement, child homelessness, and a loss of family income. Wakefield and Wildeman estimate that one-quarter of all African-American children born in 1991 have experienced the imprisonment of a father by age 14.

The statistics in Figure 2, taken together, thus make it clear that incarceration is still woven deeply into the experiences of millennial men, especially black millennial men. The decline in the incarceration rate, although real and important, overstates the extent of the decline when experiences with the criminal justice system are more fully measured.

Conclusions

We led off by asking whether millennials are experiencing a sea change in their experiences with incarceration. It might have been thought that they were. After more than three decades of growth in the American penal system, the country is entering a period of criminal justice reform.

We have indeed found that young black men are now less exposed to the criminal justice system than a generation ago. But incarceration rates remain high, and racial gaps remain extreme. Not only are black men locked up at high rates, but their experience of incarceration is unusually harsh, and solitary confinement is common.

At the shallow end of the system, jail incarceration is widespread among young black men, even in New York City, where crime and incarceration have fallen to their lowest levels since the 1960s. Moreover, millennials continue to live with mass incarceration through their parents' exposure to historically high rates of imprisonment, a very important intergenerational fallout of decades of extremely high rates.

It follows that millennials have hardly experienced a "sea change." Because mass incarceration was four decades in the making, its reversal will require fundamental and sustained reform in sentencing, prosecution, and pretrial detention.

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Notes

1. Travis, Jeremy, Bruce Western, and Steve Redburn, eds. 2014. *The Growth of Incarceration in the United States: Exploring Causes and Consequences*. Washington, D.C.: National Academy Press.

2. Turney, Kristin, and Emma Conner. 2019. "Jail Incarceration: A Common and Consequential Form of Criminal Justice Contact." *Annual Review of Criminology* 2, 265–290.

3. Wakefield, Sara, and Christopher Wildeman. 2013. *Children of the Prison Boom: Mass Incarceration and the Future of American Inequality*. New York: Oxford University Press.

EDUCATION

Florencia Torche and Amy L. Johnson

KEY FINDINGS

- **The payoff to a college degree—in terms of earnings and full-time work—is as high for millennials as it's ever been.**
- **But there is a substantial earnings gap between those who are and aren't college educated. Millennials with no more than a high school diploma have much lower earnings in early adulthood than prior generations.**

The more than 80 million young adults born between the early 1980s and the mid-1990s—often labelled the millennial generation—have frequently been diagnosed as "overeducated and underemployed."[1] It has been argued that, because millennials came of age during the Great Recession, their access to good jobs has been compromised and their transition to economic self-sufficiency delayed.

But there are also reasons to be optimistic about millennials. Most notably, they are the most educated generation of Americans to date,[2] and they have experienced growing economic returns to college and advanced degrees.[3]

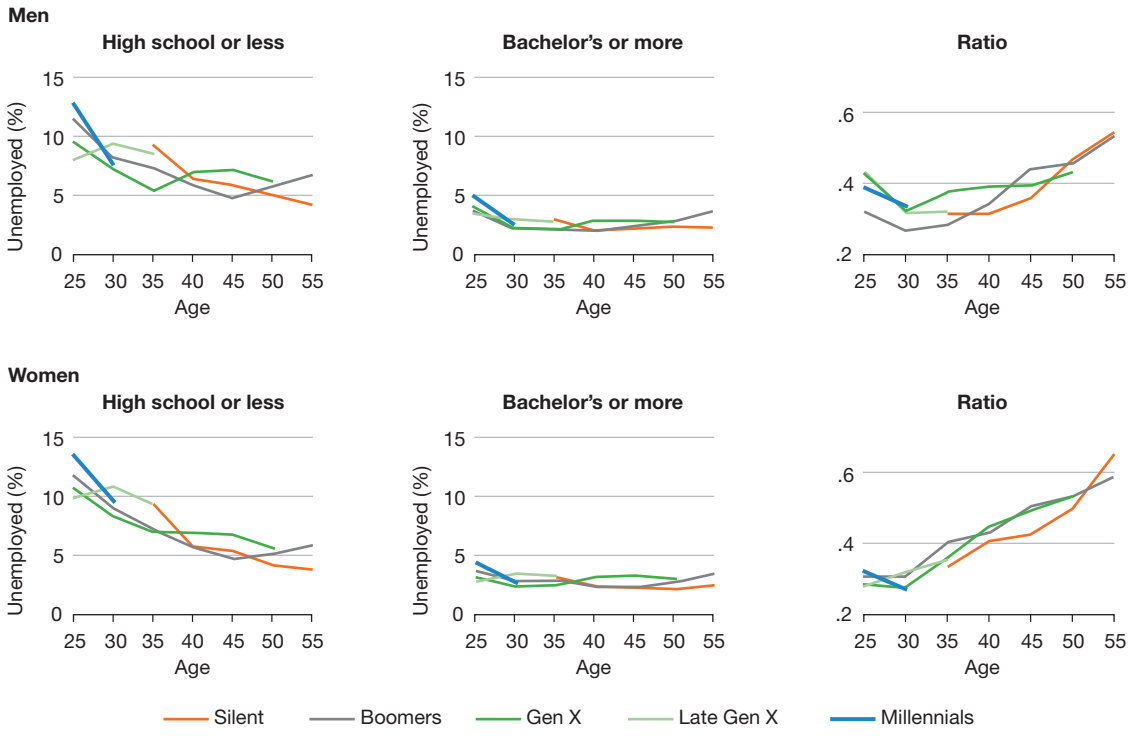
There are, then, two quite different characterizations of millennials in play. Are they overeducated and underemployed, or are they reaping the expected returns from being the most educated generation ever? To address this question, we examine the economic returns to schooling for millennials, as compared to the returns for prior generations. Specifically, we focus our comparison on "returns to college," measured by differences in economic well-being between college graduates and those with a high school diploma or less.

We show that both claims are partially correct. Millennials with a college degree or more are doing as well as comparable college-educated young adults in the past. In contrast, their peers with a high school diploma or less are doing worse than their counterparts in the past. The story that emerges is one of diverging destinies: A growing gap in economic well-being between those with high and low levels of education, and a particularly precarious situation for millennials with no more than a high school diploma.

Our analysis compares millennials with earlier birth cohorts using the Current Population Survey between 1975 and 2018. We consider the following cohorts: Those born in 1939–1949 (Silent Generation), 1950–1960 (baby boomers), 1961–1971 (Generation X), 1972–1982 (late Generation X), and 1983–1993 (millennials).[4] For each cohort, we examine the payoff of attaining a college degree in terms of the probability of being *unemployed*, the probability of working *full-time year-round*, and the median annual *earnings* among those working full-time year-round.

Because employment and earnings follow an inverted-U pattern across the life course, with an increase up to middle-age and a slow decline as people approach retirement age, whenever possible we compare these three economic outcomes across generations at the same ages—age 25, 30, 35, 40, 45, 50, and 55. Naturally, because the oldest millennials in our sample were born in 1983 and the youngest were born in 1993, we are able to observe their outcomes only during early adulthood (ages 25 and 30). Given gender differences in employment and earnings, we present separate analyses for men and women.

Figure 1. Millennials face a particularly precarious employment situation as they enter the workforce.



Source: Current Population Survey basic monthly files 1976–2018.
Note: Annual unemployment calculated by averaging across monthly samples.

Educational attainment and returns to education

Figure 1 compares the unemployment rate among individuals with a high school diploma or less (Panel 1) with those with a bachelor's degree or more (Panel 2). These comparisons are carried out across cohorts and for men and women.

Both low-education and high-education millennials are *more likely to be unemployed* at age 25 than any prior cohorts. College does not have a larger protective effect against early unemployment among millennials than preceding generations (Panel 3). This precarious early employment situation for millennials, regardless of their educational credentials, is likely related to the Great Recession.

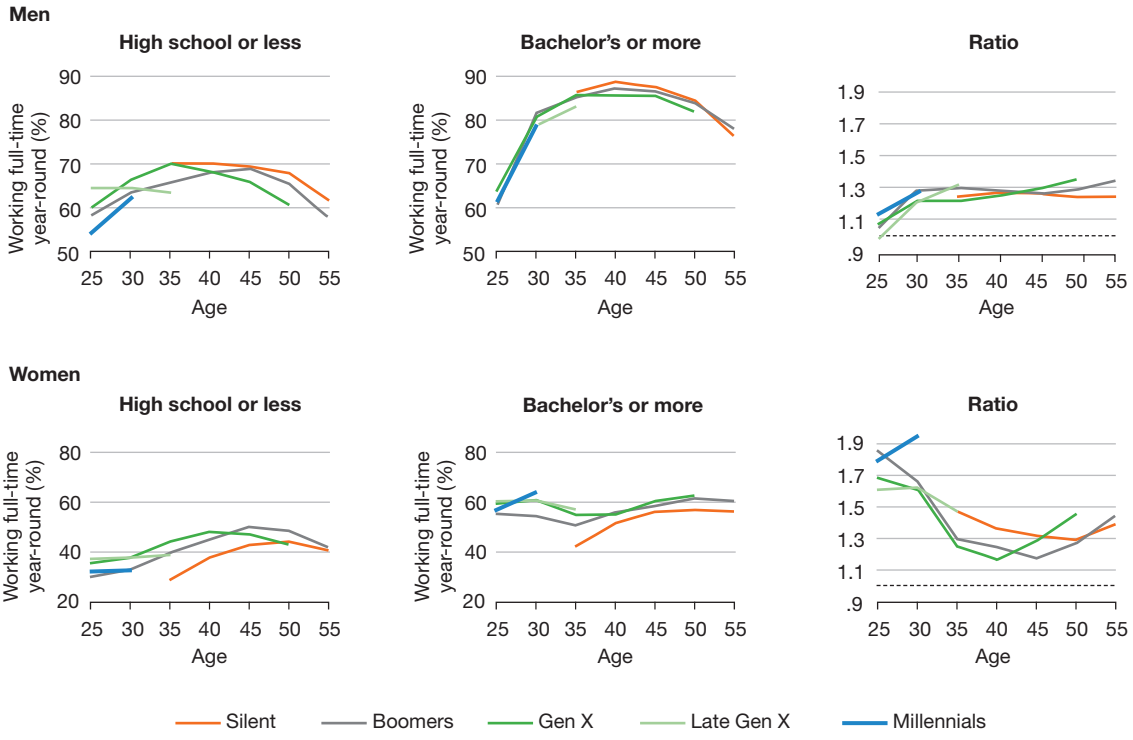
But the labor market improves thereafter for millennials. By age 30, unemployment declines among millennials and reaches levels comparable to those prevailing in generations that preceded them.

Unemployment is of course a complex measure. It reflects economic precariousness, but it also captures normal turnover in the labor market and the ability to search for better employment opportunities. To further assess the economic well-being of millennials, we examine the probability of working *full-time year-round* in Figure 2.

Among men, millennials with a high school diploma or less have a lower probability of working full-time year-round than prior generations. The probabilities of full-time year-round employment for millennial men with a bachelor's degree or more are, however, comparable to the corresponding probabilities for earlier generations. As a result, the payoff of a college degree, in terms of having a stable full-time job, is higher for millennials than for any generation before them.

In contrast, the educational gap for millennial women is driven by the advantageous position of college-educated female workers: A higher proportion of women with a college degree work full-time year-round among millennials than ever in the past. The educational gap in full-time year-round employment is even starker for millennial women

Figure 2. Less-educated millennial men and women are not as likely to work full-time year-round as prior generations.



Source: Annual Social and Economic Supplement to the Current Population Survey, 1975–2018.
Note: Respondents were coded as working full-time year-round if they worked 35 or more hours per week for at least 50 weeks in the last year.

than for men, given that it's driven not just by poor outcomes among the less-educated but also by advantageous outcomes among the well-educated. This simultaneous improvement-at-the-top and weakness-at-the-bottom is especially prominent among 30-year-old women.

Our final analysis considers *earnings* among those working full-time year-round. Among men, we find a substantial earnings gap by education among millennials, a gap that is larger than in prior generations (Figure 3). The cause of this wide economic gap is not the high earnings of college graduates. Their earnings are comparable, in real terms, to prior generations in early adulthood. Rather, the gap is explained by the much lower earnings received by millennial men with no more than a high school diploma.

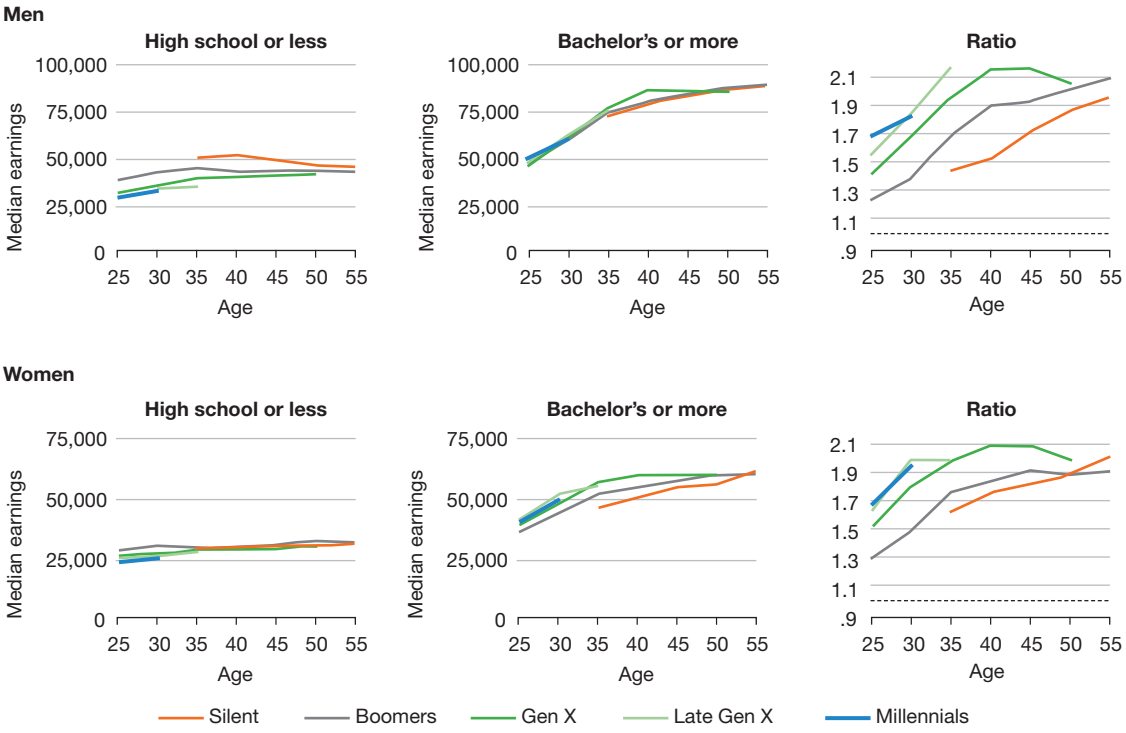
The story, in this case, is no different for women. It is the low earnings of millennial women with a high school diploma, rather than high earnings of college graduates, that explains the wide educational gap.

Conclusions

Are millennials different from prior generations when it comes to the economic returns to education? The answer is a partial yes. We have shown that a college or advanced degree pays off more among millennials than among prior generations, and that the "college advantage" is driven not so much by gains among those who secure a bachelor's degree but by the precarious situation among millennials with low educational attainment. In other words, economic disparities emerge not from highly educated millennials doing better than prior generations but from the poorly educated doing worse.

Is this a simple "millennial effect?" No. The high economic returns to education did not suddenly emerge with the millennial generation, nor did they result from a single economic shock, such as the Great Recession. To the contrary, Gen Xers also experienced large gaps in employment and earnings by education, suggesting a longer-term trend of widening disparities and growing

Figure 3. Low earnings among less-educated millennial men and women drive the rise of a substantial earnings gap by education.



Source: Annual Social and Economic Supplement to the Current Population Survey, 1975–2018.
Note: Earnings measure combines pre-tax wage and salary income, pre-tax non-farm business income, and pre-tax farm earnings. It was calculated only for individuals who worked full-time year-round. The earnings variable was adjusted for inflation using the Bureau of Labor Statistics' Consumer Price Index inflation calculator and is presented in 2016 U.S. dollars.

economic vulnerability among those with low levels of schooling.

In spite of substantial educational expansion, the group that we have defined as "low education" is not a small, vanishing proportion of the millennial generation. Rather, more than a third of millennials fall into this "low education" group comprising those with just a high school diploma or those failing to graduate from high school. While the popular press tends to focus on educated millennials, our findings suggest we should focus attention on the large proportion of young adults with no more than a high school diploma who are increasingly being left behind.

Florencia Torche is Professor of Sociology at Stanford University. Amy L. Johnson is a doctoral student in sociology at Stanford University.

Notes

1. Weissmann, Jordan. 2018. "Further Proof That Millennials Are, in Fact, The Brokest Generation." Slate.

2. Pew Research Center. 2015. "Millennials On Track to be the Most Educated Generation to Date."

3. Autor, David H. 2014. "Skills, Education, and the Rise of Earnings Inequality Among the 'Other 99 Percent.'" *Science* 344(6186), 843–851.

4. These definitions are not identical to those used by the popular press, but they are closely aligned to those conventionally used and have the advantage of distinguishing time intervals of equal size.

INCOME AND EARNINGS

Christine Percheski

KEY FINDINGS

- **For men, the conventional "gloomy millennial stories" have some merit, as the median income of millennials is lower than that of Gen X, and the median earnings of millennials are not any higher than those of Gen X.**
- **For women, the American Dream lives on in the sense that there's a steady generational improvement in median earnings and income, an improvement that is carrying on into the millennial generation.**

When millennials entered the labor market during the Great Recession and its aftermath, there were uniformly gloomy predictions about their fate. Because unemployment rates were so high, millennials were expected to face difficulties in getting a decent full-time job, difficulties that would then translate into an ongoing "scarring" effect on their longer-term earnings trajectory. Moreover, they faced the rise of a gig economy with short-term work contracts and irregular work hours, both of which could reduce earnings and make earnings trajectories more volatile. And, finally, they entered the labor market when income inequality was high and showed no sign of abating, with the implication that, although the few winners might win big, there would be many more losers.

Does the evidence bear out such gloomy predictions? As laid out below, the millennial story is in fact two stories, one for men and an altogether different one for women. Although the conventional pessimistic story is roughly on the mark for men, it provides a misleading account of income and earnings trajectories for women.

Methods

In this analysis, I describe trends by age in personal income and earnings.[1] When measuring personal income, I include *all* individuals between 20 and 35 years old, even those who were full-time students, stay-at-home parents, or unemployed workers. The virtue of this approach is that it provides an omnibus account of the extent to which millennials are commanding income that then accords them some measure of independence. It should be borne in mind, of course, that millennial income will be held down among younger individuals simply because they are attending college at higher rates than previous generations.[2] Because my income measure captures many different types of processes (e.g., college attendance, unemployment rates, wages), I supplement it with a more conventional measure of earnings, a measure that pertains to earnings for workers employed in the previous year.[3]

Throughout the analysis, I use the conventional cutpoints for millennials, Generation X, baby boomers, and the Silent Generation.[4]

Income, earnings, and inequality for men

As shown in Figure 1, millennial men had less income in young adulthood than their predecessors, although their incomes recover somewhat when they reach their 30s.[5]

In their 20s, millennial men had lower median annual incomes than all other generations, including Generation X. In their early 30s, millennial men's median income edged slightly above that for baby boomer men but was still below that of Gen X men until age 35.

As noted earlier, these results provide an omnibus account of the trend in personal income that reflects changes in the propensity to go to college, to be unemployed, and to secure high or low earnings when employed. To remove the effects of changes in college attendance and labor force

Figure 1. Income trajectories were lower for millennial men until age 35.

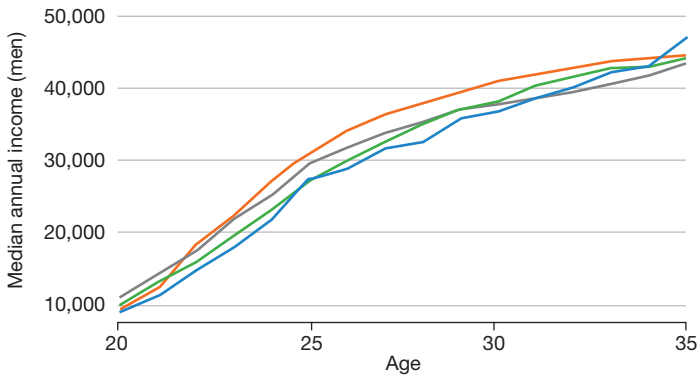


Figure 2. Employed millennials had median annual earnings that were slightly higher than those of Generation X.

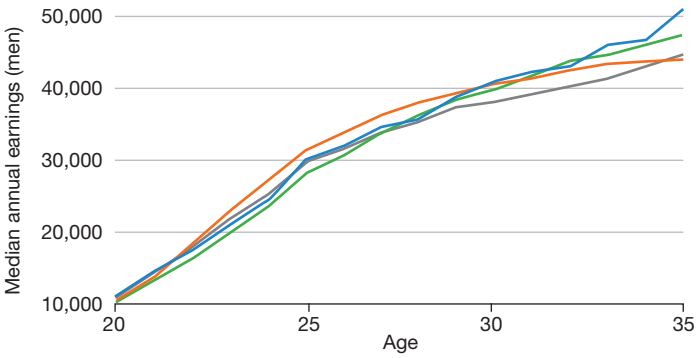
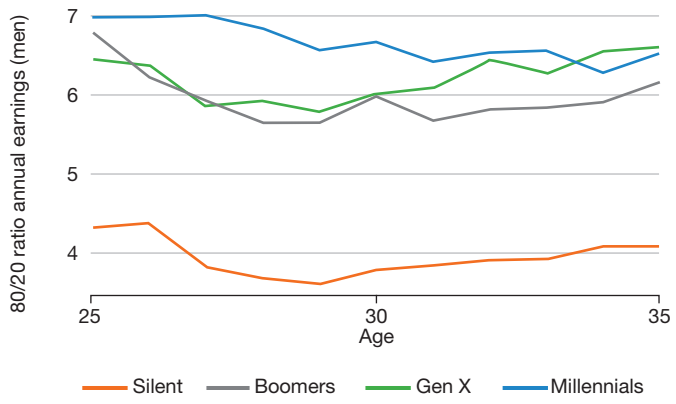


Figure 3. Earnings inequality is growing for men.



participation, let's next consider the average earnings of *employed* millennial men. This analysis, as shown in Figure 2, paints a somewhat less bleak picture. Throughout their 20s, employed millennial men had median annual earnings that were slightly higher than those of Gen X working men and similar to those of baby boomers, but notably lower than the Silent Generation's. In their early 30s, median earnings among employed millennial men were similar to those of Gen X and higher than the boomers' or the Silent Generation's.

These results, which pertain to medians, of course don't tell us about the extent to which young millennials are living in a more unequal world. As Figure 3 shows, millennial men in young adulthood have higher levels of earnings inequality than Gen X, baby boomer, and Silent Generation men of the same ages. The 80/20 ratio of annual earnings—which measures inequality between men with high earnings (80th percentile) and low earnings (20th percentile)—shows that high-earning millennial men earned between six and seven times as much money as low-earning millennial men, a much higher ratio than for employed men in the Silent Generation and somewhat higher than for boomers and Gen Xers. This increase in inequality arises because top-earning millennial workers command larger paychecks than top earners in any previous cohort, whereas millennial men at the bottom of the earnings distribution had fairly similar (low) annual earnings as Generation X men. We're seeing, in other words, a takeoff at the top.

The overall story for men is, then, largely in accord with the conventional gloomy account. To be sure, the evidence on earnings is not as bleak as many might have imagined. Even so, earnings for millennials in their early 30s were approximately the same as those of Gen X, whereas Gen X had registered substantial improvements relative to prior generations.

Income, earnings, and inequality for women

The story for women is quite different. In contrast to the relatively poor standing of millennial men vis-à-vis previous cohorts, millennial women had higher income and earnings throughout young adulthood as compared with their predecessors.

Why is this? Because millennial women are working at much higher rates throughout young

adulthood than baby boomer and Silent Generation women, it is unsurprising that their median income is higher than for older cohorts with many nonworking women. The more relevant comparison is between millennial and Generation X women during young adulthood because their rates of employment are approximately the same. As Figure 4 shows, median incomes for these two cohorts are fairly similar, although there is some variability in the age–income profile. We see that incomes are slightly lower for millennials through age 24 but then slightly higher for millennials after that.

The age–earnings profile yields largely similar conclusions (Figure 5). In this case, median earnings for employed millennial women closely track median earnings for Gen X women through their early 20s but exceed those of Gen X working women thereafter. These results contrast, then, with those for men: Whereas millennial men in their 30s aren't earning much more than previous cohorts, there is not a corresponding stalling out in earnings for millennial women in their 30s.

The inequality story is also very different by gender. Although millennial inequality among men registers at an all-time high, millennial inequality among women registers at an all-time low (Figure 6). But it should be noted that, although inequality among women has been declining across generations, it remains much greater than inequality among men.[6]

Conclusions

In sum, the conventional pessimistic story has at least some merit for millennial men, but certainly not for millennial women. Among women, it's a straightforward "American Dream" story in which each generation does better than the one preceding it, for earnings and income alike. There's simply no evidence of a stalling out in the dream for women.

But, of course, there still are profound gender gaps in income and earnings. Although millennial women are doing better than women of preceding generations, they still haven't caught up with men.

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Figure 4. Millennial women have higher incomes than their predecessors.

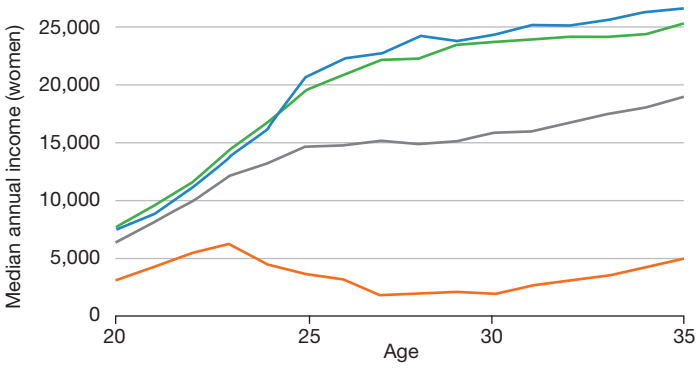


Figure 5. There is no stalling out in earnings for employed millennial women in their 30s.

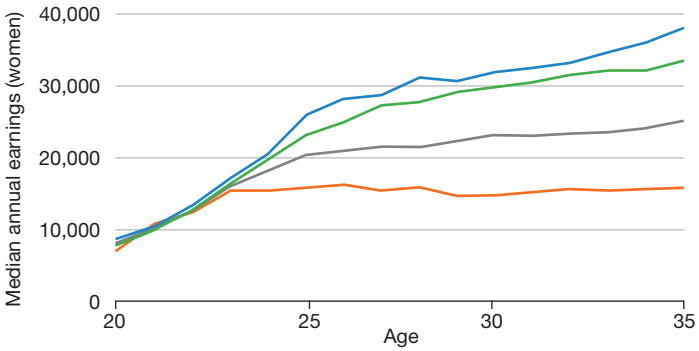
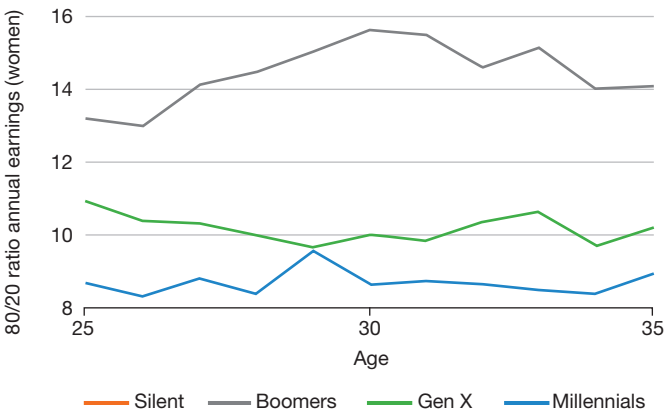


Figure 6. Inequality among millennial women is at an all-time low.



Notes

1. The earnings and income estimates reported in this article are based on the author's tabulations of survey data from the Annual Social and Economic Supplement to the Current Population Survey from the survey years of 1965–2018. Earnings and income are adjusted for inflation using the Personal Consumption Expenditures deflator [DPCERD3A086NBEA], retrieved from the Federal Reserve Bank of St. Louis, and all amounts are reported in 2018 dollars. The author used the IPUMS harmonized files from Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 6.0 [dataset]. Minneapolis, MN: IPUMS, 2018. https://doi.org/10.18128/D030.V6.0, hereafter "IPUMS-CPS."

2. Millennials are attending college at higher rates than previous cohorts, with fewer millennials seeking full-time employment straight out of high school. This later entry into full-time work likely contributes to the lower average incomes of millennials in their early 20s compared with previous cohorts.

3. For young adults in the U.S., personal income derives mostly from employment earnings. The earnings analysis includes any individual who reported earnings in the previous year, including part-time and partial-year workers.

4. Millennials: 1981–1996; Generation X: 1965–1980; baby boomers: 1946–1964; Silent Generation: 1928–1945.

5. At age 35, millennial men pull ahead of other birth cohorts, but this data point is derived only from the oldest members of the millennial cohort and likely will not represent the experience of the whole cohort.

6. The lower 80/20 ratio for millennials does not mean that hourly pay rates are becoming more equal. Rather, the lower ratio largely reflects a narrowing of differences among women in employment hours.

SOCIAL MOBILITY

Michael Hout

KEY FINDINGS

- **American men and women born since 1980—the millennials—have been less upwardly mobile than previous generations of Americans.**
- **The growth of white-collar and professional employment resulted in relatively high occupational status for the parents of millennials. Because that transition raised *parents'* status, it set a higher target for millennials to hit.**
- **This target is not frequently hit, in part because the economy is not providing enough opportunities for millennials in the white-collar and professional sectors.**

Americans have been worried about social mobility for a long time. In 1982, Billy Joel nostalgically sang, "Every child had a pretty good shot, to get at least as far as their old man got." This was a reference to changes in Allentown, Pennsylvania, a rust belt manufacturing city, but of course that city stood in for all of blue-collar America.

The early 1980s were a transitional time for the U.S. economy. The month when Joel's record came out, the United States had its highest unemployment rate since the Great Depression.[1] Services had become the largest sector in the labor market, as manufacturing depended ever more on robots and computers.[2] Inequalities in pay, family income, and wealth had increased. Ordinary people felt that the chance to move up the economic ladder had passed them by; experts expected mobility to slow.[3]

The purpose of this chapter is to examine whether those born during this period—the so-called millennials—indeed experienced less mobility than prior generations. Although estimates of trends in absolute economic mobility have been recently reported, trends in absolute occupational mobility—the focus of this chapter—have not been widely reported.[4]

Trends in mobility

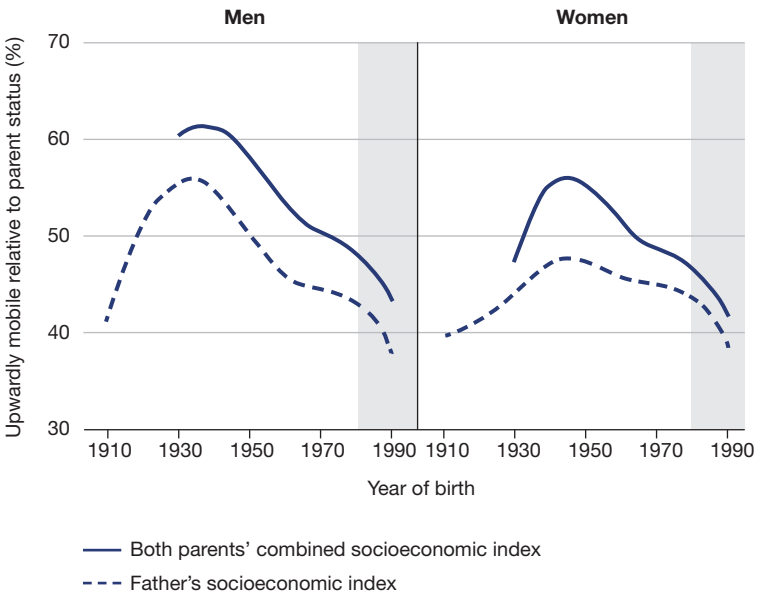
Estimates of upward mobility can be calculated by comparing people's current occupations with their parents' occupations when they were growing up. These comparisons are based on socioeconomic scores of occupations that measure the general social standing of occupations. If both parents were present and employed, mobility is the difference between the person's current occupational score and the weighted average of their parents' occupational scores.[5] If the father was a sole breadwinner or the only parent in the household, mobility is the difference between the person's occupational score and his score; if the mother was a sole breadwinner or the only parent in the household, it is the difference between the person's occupational score and her score.[6]

The resulting estimates confirm that the opportunity to move up declined across cohorts, beginning with the earliest cohorts for which we have full data, those born in the 1930s (Figure 1). The decline occurred slowly and steadily through the most recent data; for men it was nearly linear across cohorts.

Millennials might be the first American generation to experience as much downward mobility as upward mobility, though they are still young enough to make up lost ground. Among Americans born in the late 1980s, 44 percent were in jobs with higher socioeconomic status than their parents, and 49 percent were in jobs with *lower* socioeconomic status than their parents (5% matched their parents' status).

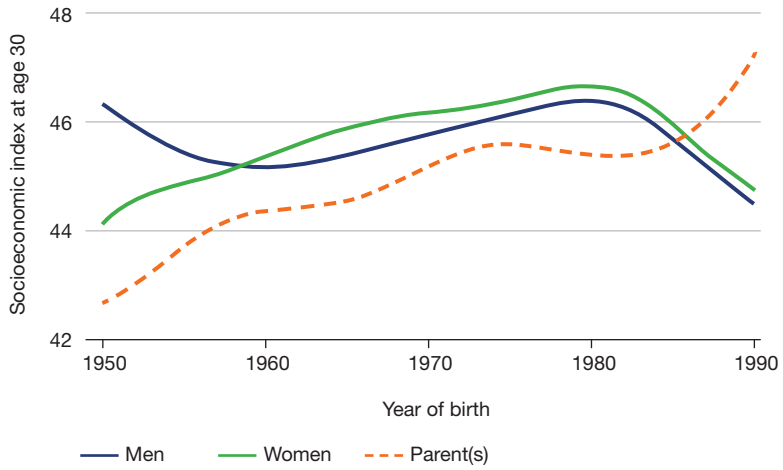
Although millennials are distinctive in the

Figure 1. Millennials experience less upward mobility than previous generations.



Note: People 25–74 years old, raised in the United States, and born 1910–1990. Excluding people whose parents worked in agriculture.
Source data on both parents: General Social Surveys, 1994–2016; source data on fathers: General Social Surveys, 1972–2016.

Figure 2. The occupational status of millennials dropped despite their higher-status origins.



Note: People 28–32 years old, raised in the United States, and born 1950–1990. Excluding people whose parents worked in agriculture.
Source data on both parents: General Social Surveys, 1994–2016; source data on fathers: General Social Surveys, 1972–2016.

sense that they are probably experiencing less mobility than prior generations, there is nothing in Figure 1 suggesting a qualitative break in the trend line for millennials. Rather, Figure 1 suggests an ongoing decline in upward mobility, a decline that predates the entry of millennials into the labor market.

Are there gender differences in the trend? For men, the birth cohorts around 1930 had upward mobility rates of about 62 percent, after which there was an 18 percentage-point drop over the full time series. For women, the decline is less prominent. Women born since the mid-1960s have experienced about the same upward mobility as men born in the same year; for earlier cohorts, women had substantially less upward mobility than men. This makes for a less precipitous decline for women than for men.

Older data included information about father's occupation but not mother's occupation. The longer time series based on fathers (shown in Figure 1 with dotted lines) indicates that men's upward mobility increased for cohorts born between 1910 and 1930, and women's upward mobility increased for cohorts born between 1910 and 1948. The evidence is pretty clear that the most upwardly mobile cohort of American men was born during the Great Depression; the most upwardly mobile women were early baby boomers. The men born during the Depression turned 30 years old in the early-to-mid-1960s; the women born early in the baby boom entered the workforce as women's employment began to diversify and women often benefited from unprecedented opportunities.[7]

What accounts for these trends?

The preceding gross mobility trends reflect four factors. They reflect, perhaps most important, trends in the status of jobs: Did the available jobs in the U.S. become higher or lower status over time? They also reflect the status of parents' occupations, age differences between parents and children (at the time of measuring mobility), and, crucially, the degree to which occupational outcomes depend on parents' status.[8] In other words, millennials may be less upwardly mobile than baby boomers because (a) the economy is not supporting an ongoing increase in occupational status to the extent that it once was, (b) the millennials come from more accomplished parents than did baby boomers (thus making it more difficult to surpass them), (c) the millennials are younger and just starting out in the world of work (and hence

the opportunity to surpass their parents hasn't yet presented itself), or (d) early-career occupations depend less on parents' status than they once did.

Figure 2 can be used to quantify the role of the first three of these four factors. It shows the average occupational status, at age 30, of men and women born between 1950 and 1990. Unlike Figure 1, this figure thus standardizes on the age at which occupation is measured, with the choice of a relatively young age (i.e., age 30) arising because a young-age measurement is the only one currently available for millennials. This figure also provides the average occupational status for the parents of respondents born between 1950 and 1990. The scale of occupational scores is quite narrow in the chart; the vertical range is only 6 points on a 100-point scale.

This figure suggests that some of the early decline in upward mobility in Figure 1 is an artifact of age, not real cohort change. Up until the mid-1980s, adult children's occupational status was still greater than that of their parents, although the size of the child–parent gap was gradually closing. It follows that there is real occupational upgrading in play during this period.

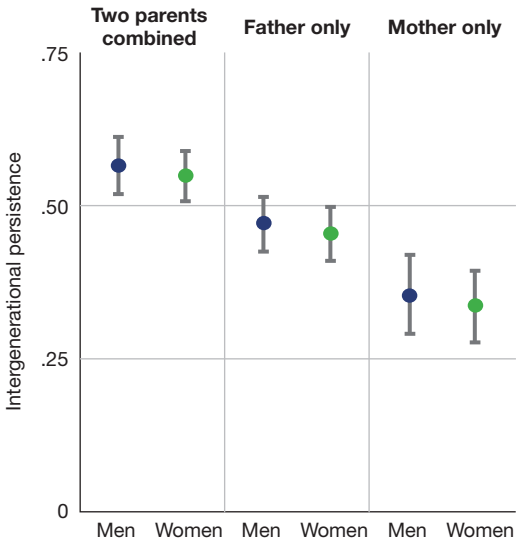
We do, however, see something quite dramatic happen for millennials. Figure 2 suggests that millennials are truly a special generation in two senses: (a) the occupational status of their parents suddenly shifted upward; and (b) their own occupational status shifted suddenly downward. These two processes reduced upward mobility. As shown in Figure 2, the occupational status of millennial men was approximately two points lower than that of baby boomers, while their parents' occupations were about four points higher than those of baby boomers. The latter shift means that the millennials had to reach higher than baby boomers did just to equal their parents.[9]

But what about the fourth factor? The fate of millennials also rests on the extent to which their occupation depends on that of their parents. We measure this dependence by fitting a line in a scatterplot and recording the slope of the line. In a world in which every child grew up to work in a job with exactly the same status as that of their parents, the slope would be 1.0; in a world where occupations do not depend at all on parents' status, the slope would be zero. Real data show slopes between these extremes. Recent estimates for the United States have ranged from 0.35 to 0.55.

This is all to suggest that in principle the slope in this regression matters. In understanding this dynamic, it is important to bear in mind that a key change for millennials is that they were increasingly raised in mother-only families. This matters because, within mother-only families, the slope tends to be relatively weak (see Figure 3). For two-earner families, intergenerational persistence slopes were at the high end of the range: .57 for men and .55 for women. Father-only families had only slightly less persistence: .47 for men and .45 for women. In mother-only families, intergenerational slopes were at the low end of the range found in other data: .35 for men and .34 for women.

This variation is relevant because the growing prevalence of mother-only families pulls down the overall intergenerational persistence among millennials, relative to that of the other generations. All else equal, this makes it harder for millennials to reproduce the occupational status of their parents. It effectively means they rely more on "luck" (that is, the average "starting point" for millennials assuming there is no intergenerational persistence). But Figure 2 makes it clear that this has not helped them because the occupational status of their parents is relatively high and the market isn't providing enough opportunities to compensate for that increasingly high standard

Figure 3. Intergenerational persistence is lower in mother-only familes.



Note: Intergenerational persistence coefficients by gender and family type: People 25–74 years old, raised in the United States, and born 1930–1990. Circles indicate coefficients for median regression of current socioeconomic status on the socioeconomic status of parents, controlling for farm origin; vertical lines indicate the 95 percent confidence interval for each coefficient.

set by their parents. The upshot is that millennials are facing challenges on many fronts.

We have no evidence, it should be stressed, of change in intergenerational persistence slopes *within* any of these family subgroups (two earner, father only, mother only).[10] The problem that the millennials face—when it comes to intergenerational persistence—is wholly a compositional one in the sense that millennials increasingly emanate from a type of family (i.e., mother only) that is characterized by reduced persistence.

Conclusions

At least since the 1980s, Americans have worried that the United States is no longer the "land of opportunity" it once was. Data presented here show a slow, steady decline in the probability of moving up. Even for the most mobile cohorts, upward mobility was far from universal—only about 60 percent of men born in the 1930s had better jobs than their parents.

This translates into a mobility problem for millennials. The growth of white-collar and professional employment was a major factor in past mobility and resulted in relatively high occupational status for the parents of millennials. Because that transition raised parents' status, it set a higher target for millennials to hit.

When it comes to absolute mobility, a key problem that millennials face is thus the success of their parents. Although we usually think it's good for children to be born into privilege, it poses an absolute mobility problem in an economy, such as our own, that is not generating enough ongoing occupational upgrading. Without this ongoing growth, it is now especially difficult to ensure that the current generation does better than the one preceding it.

Michael Hout is Professor of Sociology at New York University.

Data

All data are from the General Social Survey (GSS), a biennial survey of a representative sample of U.S. households. Employed people answer these questions: "What kind of work do you do? That is, what is your job called? What do you actually do in that job? Tell me, what are some of your main duties?" Formerly employed people answer similar questions asked in the past tense. Total sample size was 20,509; for single-year cohorts, samples were between 69 and 625. All data were smoothed using locally estimated regression (LOWESS) methods because the sampling errors varied so much in the observed data. Details about occupational coding and family types are in Hout, 2018.

Notes

1. Hout, Michael, Asaf Levanon, and Erin Cumberworth. 2012. "Job Loss and Unemployment." In *The Great Recession*, eds. David B. Grusky, Bruce Western, and Christopher Wimer. New York: Russell Sage Foundation, 59–80.

2. Fernandez, Roberto M. 2001. "Skill Biased Technological Change and Wage Inequality: Evidence from a Plant Retooling." *American Journal of Sociology* 107, 273-320.

3. See Hout, Michael. 2004. "How Inequality May Affect Intergenerational Mobility." In *Social Inequality*, ed. Kathryn M. Neckerman, Ch. 26, for a dissenting view. New York: Russell Sage Foundation.

4. See Chetty, Raj, David B. Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang. 2017. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." *Science* 356(6336), 398–406.

5. Hout, Michael. 2018. "Americans' Occupational Status Reflects the Status of Both of Their Parents." *Proceedings of the National Academy of Sciences* 115 (38), 9527–9532.

6. Occupational scores for farmers are controversial, so the calculations exclude people whose parents were farmers.

7. England, Paula, Andrew Levine, and Emma Mishel. 2019. "Is the Gender Revolution Stalled? An Update." *Proceedings of the National Academy of Sciences*, forthcoming.

8. Hout, Michael. 2015. "A Summary of What We Know About Social Mobility." *Annals of the American Academy of Political and Social Sciences* 657, 27–36.

9. Hout, 2015.

10. Hout, 2018.

OCCUPATIONAL SEGREGATION

Kim A. Weeden

KEY FINDINGS

- **The gender segregation of occupations is less pronounced among millennials than among any other generation in recent U.S. history.**
- **By contrast, millennials are experiencing just as much racial and ethnic occupational segregation as prior generations, even though millennials are less tolerant of overt expressions of racism.**
- **Both types of occupational segregation—gender and racial-ethnic—are very consequential for wages. Among millennials, occupational segregation accounts for 28 percent of the gender wage gap and 39 to 49 percent of racial wage gaps.**

Today's new workers are entering a labor market in which high-paying skilled jobs are more scarce, work is less secure, economic inequalities are more extreme, and a college degree is no longer a ticket to a professional or managerial occupation. They also bring to the labor market higher levels of education, stronger preferences for an egalitarian household division of labor, and less tolerance for overt expressions of racism.

It might be concluded that, relative to past generations, millennials have very different tastes and sensibilities and are entering a very different type of economy and labor market. This standard "exceptionalist" characterization of millennials does not typically take into account the types of workplace segregation that millennials are experiencing. Are millennials breaking with the past by building a highly integrated occupational structure? Or is the millennial economy just as segregated as ever? This is an important line of questioning because workplace segregation is one of the key determinants of economic inequality and life chances more generally.

I focus in this article on occupational segregation among millennials, where this form of segregation refers to the uneven distribution of racial, ethnic, and gender groups across occupations. I examine whether millennials are more or less segregated than workers in prior generations and whether occupational segregation remains an important source of gender and racial wage inequalities among millennials.

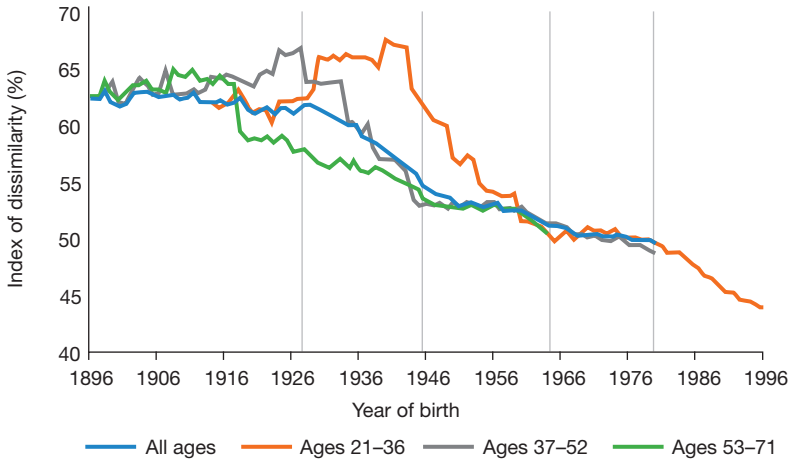
Gender segregation

Figure 1 shows levels of gender segregation by age group and birth year.[1] Segregation is measured by the index of dissimilarity, *D*, which indicates the percentage of women who would need to shift from a female-dominated occupation to a male-dominated occupation to have an equal share of women in all occupations. *D* can also be interpreted as the share of men who would need to move into female-dominated occupations.

In Figure 1, the blue line, representing workers of all ages, shows a marked decline in gender segregation over the last 100 years. Among workers ages 21–36 (the orange line), gender segregation increased for cohorts born in the first half of the 20th century, likely reflecting the resegregation that occurred as men returned to the civilian labor force after World War II. But segregation then declined for cohorts born after World War II.[2] Although workers ages 37–52 (gray line) and 53–71 (green line) show a similar rise and fall across birth cohorts, it is most pronounced for younger workers.

The key result is that the youngest millennials are experiencing less gender segregation than any other generation in recent U.S. history. In 2017, the youngest millennials were less segregated (*D*=44%) than the youngest Gen Xers (*D*=49%) or the youngest baby boomers (*D*=51%). This result accords well with their stronger preferences for a more egalitarian household division of labor (although nothing in Figure 1 suggests that such

Figure 1. Millennials experience less occupational segregation by gender than prior generations.



Note: Vertical lines demarcate generations: Greatest (born before 1927), Silent (1927–1945), boomers (1946–1964), Gen X (1965–1980), millennials (1981–1996). The more recent birth cohorts are only observed at very young ages: for example, the 1996 birth cohort is only observed at age 21. It's possible that the apparent decline in segregation for younger millennials is not really a cohort effect at all, but an effect of being very young. However, for Generation X cohorts, where there is enough data to cover their entire early careers, the difference in segregation across age groups is very small. This suggests that segregation is indeed less pronounced among younger millennials.

preferences are a causal factor driving this result).

These generational differences could reflect period effects, if the strength of gender-based sorting that characterizes the labor market when workers first enter has a lasting effect throughout their careers. These generational differences could also reflect age effects, though, if new labor market entrants become more segregated as they leave stopgap occupations for adult careers that are more gender-typical, or change their labor force behaviors as they face the reality of combining work and child-rearing.

As with prior cohorts, millennials' patterns of gender segregation reflect "horizontal segregation," the segregation of men and women across occupations entailing different but equally desirable tasks (e.g., nurse versus electrician), and "vertical segregation," the segregation of men and women across occupations that are very clearly ordered in terms of average pay and other amenities (e.g., nurse versus doctor).[3] Is the decline in gender segregation driven by a decline in both of these two types?

Let's consider horizontal segregation first. The main form of horizontal segregation is that millennial women, like those in earlier generations, tend to be concentrated in nonmanual jobs (e.g., clerical occupations), while millennial men tend to be concentrated in manual jobs (e.g., craft occupations). The data reveal that this manual-nonmanual divide is in some cases eroding. For example, millennial women constitute a declining share of workers in clerical occupations, a result that's partly driven by a 15 percentage point decline (from 46% to 31%) in their share of stock clerks and order pickers. With the explosion of online shopping, this occupation has not only experienced rapid growth but shifted from administrative offices and sales floors to warehouses, historically a more male-typed domain. Although this shows up in our analyses as a lower value of *D*, it is of course best understood as a compositional shift in which the setting in which clerical work is increasingly performed (i.e., warehouses) happens to be a male-typed one.

What about vertical segregation? Although it is also pervasive for millennials, the evidence suggests that it may be weakening slightly. This can be seen in the size of the negative correlation between an occupation's mean wages and the share of workers in that occupation who are women. In pooled data from 2013 to 2016, this correlation is r=-0.14 across all 474 three-digit occupations among millennials, compared with r=-0.23 among older workers.

Racial segregation

These analyses reveal that millennials are in occupations that are less gender segregated than had been the case for prior generations. Are millennials also less segregated by race and ethnicity?[4] Figure 2 presents the index of dissimilarity for sets of pairwise comparisons (e.g., blacks and whites, blacks and Asian Americans) for (a) workers from millennial and older generations in 2015–2017; and (b) Gen X and Boomer generations when they were 21 through 36 years old (the same age range as millennials in 2017).[5]

Levels of racial segregation vary depending on the two groups being compared. Figure 2 shows that self-reported "mixed race" individuals are only modestly segregated from whites (*D*=12% among millennials); by contrast, blacks are highly segregated from Asian Americans (*D*=38%). Notably, though, even this most segregated race pair (i.e., blacks and Asian Americans) is more integrated than men are with women (*D*=44%; see above).

Although racial segregation is less extreme than gender segregation, there is not much evidence of any decline in racial segregation across cohorts. At *D*=27 percent, black-white segregation was the same for millennials, Gen Xers, and boomers in 2015–2017, and about the same as it was for Gen Xers (*D*=26%) and boomers (*D*=28%) when they were ages 21–36. To be sure, Hispanic-white segregation is lower for millennials (*D*=22%) than for older Americans, likely reflecting plummeting rates of high school dropout and rising rates of college enrollment among Hispanics over the past two decades.[6] However, this decline in Hispanic-white segregation seems to be an exception to a general rule of cross-cohort stagnation in racial segregation.

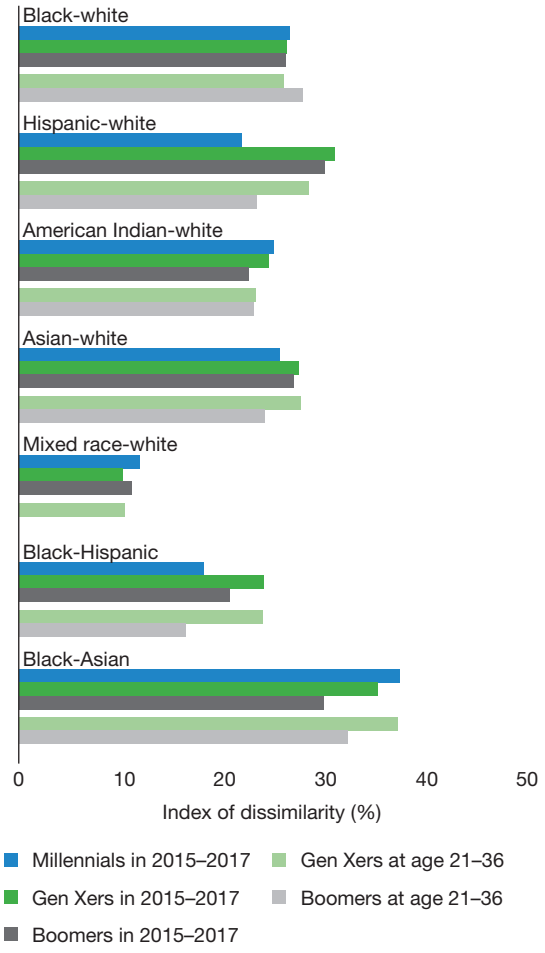
Occupational segregation and wage gaps

To what extent does occupational segregation predict gender and racial wage gaps? Among millennials, a college-educated woman who works 40 hours a week and has average years of experience has a predicted hourly wage that is $2.74 less (about 7.4%) than a man with similar attributes.[7] This gap decreases to $1.98 after adjusting for occupation, implying that occupations "explain" about 25 percent of the gender gap in pay. Among older workers, the baseline gap is larger (about $5.00, or 10%), but occupational segregation "explains" only about 18 percent of the gender gap in wages.

The impact of occupational segregation on racial wage gaps is even more substantial. Among millennials, whites have an estimated hourly wage that is $2.40 more than blacks. About 39 percent of this gap is attributable to vertical segregation (i.e., black millennials' underrepresentation in relatively highly paid occupations). Wage gaps between Hispanic and white workers, and between "other race" and white millennials, are smaller, but between 39 percent and 45 percent is due to occupational segregation. The Asian-white wage gap is reversed, such that Asian Americans earn $1.46 more per hour than white workers, and nearly half of this gap is due to Asian-white occupational segregation.

This is all to say that the persistence of racial segregation is especially troubling because it is especially consequential in explaining racial wage gaps. Although gender segregation is more extreme than racial segregation, it is less consequential (at least in explaining wage gaps) and has weakened among millennials. By contrast, there is no evidence that millennials are experiencing less racial segregation, which is very consequential for wages.

Figure 2. Occupations are not more racially integrated in the millennial generation than in earlier generations.



Conclusion

Watching segregation change across generations is a bit like watching grass grow in drought conditions: progress is slow, patchy, and easily stalled. Millennials are less segregated by gender than older birth cohorts, but gender segregation is still so extreme that it will take another 125 birth cohorts to reach full integration (if one projects out the pace of change observed between the oldest and youngest millennials). To be sure, millennials are less gender segregated than prior generations,

but it is not as if the difference is all that dramatic. As for racial segregation, the good news is that it is less pronounced than gender segregation, whereas the bad news is that it hasn't declined for any post–civil rights birth cohorts.

The policy lesson is clear: We cannot rely on "natural" processes of generational change to eliminate occupational segregation. If we are not content with merely watching grass grow, there is likely no alternative to undertaking major reforms of the social processes (e.g., differential human capital investments) and workplace conditions (e.g., discrimination) that foster segregation.

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Notes

1. Most analyses in this article use Census data (1950–2000; Ruggles, Steven, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek. 2017. *Integrated Public Use Microdata Series: Version 7.0* [dataset]. Minneapolis, MN: University of Minnesota) and the American Community Survey (2001–2017; Ruggles et al. 2019) data. I use occupations coded into the 1990 occupation scheme, which IPUMS recommends for historical analyses. Analyses linking segregation to wages use 2013–2016 Current Population Survey data and the 2010 Census occupation classification scheme (Center for Economic and Policy Research. 2017. CPS ORG Uniform Extracts, Version s2.2.1. Washington, D.C.).

2. See, e.g., Weeden, Kim. 1998. "Revisiting occupational sex segregation in the United States, 1910–1990: Results from a log-linear approach." *Demography* 35(4): 475–487.

3. See Levanon, Asaf, and David B. Grusky. 2016. "The Persistence of Extreme Gender Segregation in the Twenty-first Century." *American Journal of Sociology* 122(2), 573–619. See also Charles, Maria, and David B. Grusky. 2004. *Occupational Ghettos: The Worldwide Segregation of Women and Men*. Stanford, CA.: Stanford University Press. See also Lippa, Richard A., Kathleen Preston, and John Penner. 2014. "Women's Representation in 60 Occupations from 1972 to 2010." PLOS One. https://doi.org/10.1371/journal.pone.0095960

4. For an analysis of racial differences in gender segregation, see Weeden's article in the 2018 *Pathways: State of the Union* issue.

5. The index of dissimilarity can measure segregation for only two groups at a time. For simplicity, I present pairwise comparisons of racial groups using *D*. Races are mutually exclusive, and imputed in censuses collected before a racial group (e.g., Asian) was explicitly included in the race question; see IPUMS documentation for details. Because "mixed race" was not a category until the 2000 Census, there are too few "mixed race" baby boomers ages 21–36 to include in Figure 2.

6. Pew Research Center analysis of CPS data, http://www.pewresearch.org/fact-tank/2017/09/29/hispanic-dropout-rate-hits-new-low-college-enrollment-at-new-high/

7. Models predicting logged wages show similar results.

POVERTY AND THE SAFETY NET

Marybeth Mattingly, Christopher Wimer, Sophie Collyer, and Luke Aylward

KEY FINDINGS

- **Although there is much worry about millennials' well-being, their poverty rates at age 30 are no higher than those of Gen Xers at the same age.**
- **But millennials do have very high poverty rates before the safety net takes effect by supplementing market income. Robust tax credit and transfer programs have staved off what would otherwise be an increase in poverty relative to prior generations.**

How are millennials handling the challenges of a new economy? In some popular narratives, millennials are represented as victims of a labor market that is failing to deliver enough jobs, the right types of jobs, or the right training. In other narratives, millennials themselves are blamed for squandering their money on avocado toast and cold brew coffee; in effect, they are seen as focusing on short-term consumption rather than on working hard, making sacrifices, and saving up or investing in themselves. Although these narratives refer to different causes, both presuppose that millennials are in trouble.

Is this diagnosis on the mark? Are millennials really any worse off than prior generations? And, for those who are struggling, are our safety net programs performing as well as in the past? These are the questions we consider here.

Poverty rates

We proceed by examining the economic circumstances of millennials at age 30 and comparing them with three previous generations at the same age: Generation X, baby boomers, and the Silent Generation. Our measure of poverty, the anchored supplemental poverty measure (SPM), starts by measuring net resources: Both cash and in-kind benefits are counted as income, from which we subtract necessary expenses like those on medical care, child care, and taxes. This measure of net resources is then compared with a poverty threshold, which is based on contemporary spending patterns on core necessities like food and housing. We further provide a categorization that distinguishes between deep poverty (those falling below half the poverty line), poverty (those falling beneath the poverty line), near poverty (those falling beneath twice the poverty line), above poverty (those falling beneath three times the poverty line), and far above poverty (everyone else).[1]

What do we find? As Figure 1 shows, millennials look more like Generation X than might have been anticipated. The sizes of each of the five categories are virtually the same. For both generations, about 15 percent are below the poverty line at age 30, while the near poverty and far above

Figure 1. Millennials and Gen Xers are slightly less likely to be in poverty at age 30 than prior generations.

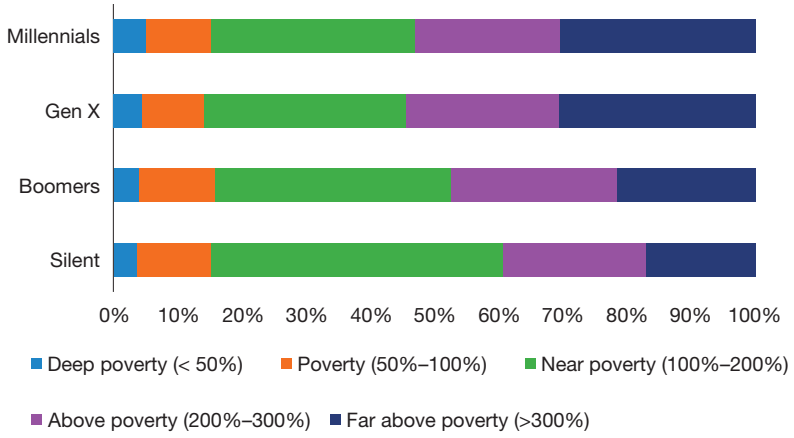
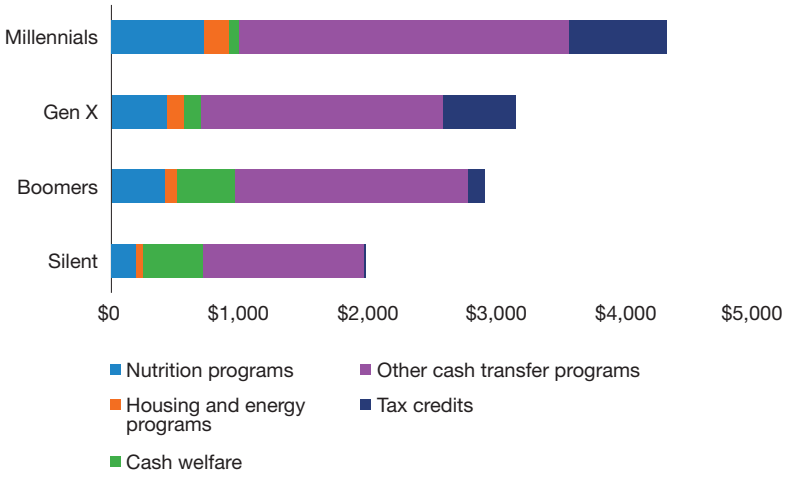


Table 1. Millennial poverty would be higher without tax credits and transfers.

Generation	Anchored SPM poverty rate, pre-tax, pre-transfer	Anchored SPM poverty rate	Percentage reduction in poverty from taxes and transfers
Silent	14.9%	15.6%	–4.9%
Boomers	17.3%	16.3%	5.7%
Gen X	17.8%	14.6%	17.9%
Millennials	21.0%	15.4%	26.7%

Figure 2. Millennials receive substantially more money from government assistance programs than any previous generation.



poverty categories each comprise about 30 percent of the population, and the above poverty category accounts for the remaining 25 percent of the population.

It used to be worse. Both millennials and Gen Xers are, overall, better off at age 30 than the Silent Generation or baby boomers were. Although deep poverty rates are relatively stagnant across generations, millennials and Gen Xers are slightly less likely to be in poverty or near poverty than earlier generations and slightly more likely to be far above poverty. As such, our results show evidence of real generational progress in adult economic well-being.

Taxes and transfers

So what explains improvements in the poverty rate in recent generations? Part of the explanation is that the safety net has become more robust in recent decades. Table 1 shows that, were it not for resources coming from government programs, the millennial poverty rate at age 30 would be the *highest* across the four generations. We demonstrate this by showing poverty rates both before (pre-tax, pre-transfer) and after accounting for government programs. It is only by including resources from government programs that poverty among Generation X and millennials drops below that of baby boomers and the Silent Generation. For the Silent Generation, accounting for taxes and government programs actually increased poverty rates at age 30, as taxes paid outweighed any benefits from the safety net.

Millennial poverty, on the other hand, is dramatically reduced by the bundle of assistance programs. Key programs like the Earned Income Tax Credit (EITC) and Supplemental Nutrition Assistance Program (SNAP) have especially contributed to lowering the poverty rate among millennials.

Figure 2 shows the value of government programs (in 2016 dollars) received at age 30 by generation. Dramatic growth is evident after the Silent Generation because of Johnson's War on Poverty. However, millennials receive substantially more, overall, than any previous generation. This is despite dramatic declines in traditional cash welfare dollars (shown in green), which are more

than offset by increases in refundable tax credits, nutrition programs like SNAP, and other cash programs like unemployment, Social Security, and SSI.[2] Low-income millennials have greater support from the safety net than previous generations.

Conclusions

The results of these analyses are clear: Millennials are doing better than prior generations were at age 30, but only because government programs are increasingly buttressing the incomes of those in poverty and near poverty.[3]

Should these developments be worrisome? It is certainly worrisome that such buttressing seems to be increasingly necessary. Moreover, if we look closely at Figure 1, we see a striking persistence of deep poverty across generations. Amid a safety net that increasingly focuses on work and neglects those who are not raising children, some of the most disadvantaged are still being left behind by current policies.

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Notes

1. Unless otherwise noted, statistics cited in this article are based on the authors' analyses of the anchored SPM poverty rate using the Annual Social and Economic Supplement to Current Population Survey (1968 to present); Columbia Population Research Center and Center on Poverty and Social Policy, 2017.

2. While it may seem unlikely that there would be an increase or even a substantial amount of Social Security income coming into the households of 30-year-olds in any generation, our results (not shown) suggest an increase in the probability of 30-year-olds living with a family member over the age of 65 across generations. This increase helps explain the rise in other cash assistance in the millennial generation.

3. In additional analyses, we found that contemporary safety net programs do little to address persistent racial-ethnic disparities. Taxes and transfers reduce poverty rates by 32.4 percent among white millennials, 30.3 among black millennials, and 26.1 percent among Hispanic millennials.

HOUSING

Darrick Hamilton and Christopher Famighetti

KEY FINDINGS

- **Young millennials have lower rates of homeownership than Generation X, baby boomers, and the Silent Generation at comparable ages. We have to reach back to a generation born nearly a century ago—the Greatest Generation—to find homeownership rates lower than those found today among millennials.**
- **The racial gap in young-adult homeownership is larger for millennials than for any generation in the past century. Although the housing reforms after the civil rights era reduced the racial homeownership gap, all those gains have now been lost.**

Homeownership has been an essential component of the American Dream since at least the housing reforms of the New Deal. The New Deal's housing reforms, however, were replete with racially disparate implementation and housing discrimination. The resulting benefits of homeownership—such as the accumulation of wealth and housing stability—disproportionately accrued to white Americans. These injustices were in turn responsible for generating an asset-based middle class for whites but not for blacks.

The purpose of this article is to examine generational trends in homeownership, and in particular racial disparities in homeownership across generations. Since millennials entered adulthood in the aftermath of the Great Recession, their access to housing may have been especially compromised.

The Great Recession reduced Americans' net worth by 40 percent—$50,000 at the median—and particularly affected wealth held in the form of home equity.[1] It hit black households (and homeowners) especially hard. The small amount of wealth that black households amassed prior to the Great Recession, mainly in the form of home equity, was almost obliterated after the recession. The homeownership rate for blacks, which increased by 17 percent between 1990 and 2005, fell back after the Great Recession to the 1990 baseline.[2] We know less, however, about how black millennials fared during this period, a topic that will be taken up here.

Racial disparities in homeownership among young adults

It is useful to begin by focusing on homeownership among black and white young adults between the ages of 20 and 29. Given the compounding nature of wealth creation, the early life course is important because an early investment in a home may secure a pathway of wealth building and asset security thereafter.

We analyze Census microdata from 1940 to 2017 to compare the performance of millennials with that of the four preceding generations: Generation X (1965–1980), baby boomers (1946–1964), the Silent Generation (1928–1945), and the Greatest Generation (1910–1927).[3] For each generation, we examine homeownership for household heads by age cohort and race.[4]

Table 1 presents, for each generation, the black and white homeownership rates and the white advantage in homeownership as represented by the white rate divided by the black rate. Comparing household heads aged 20–29 across generations (see the diagonal of Table 1) reveals that the only generation with a lower homeownership rate than millennials is the Greatest Generation. This generation was coming out of the Great Depression in 1940 and didn't benefit much from the New Deal programs that assisted with homeownership. It is striking that for both blacks and whites, one has to reach back to the Greatest Generation—born approximately a century ago—to find homeownership rates that are lower than those now in play for

millennials.[5]

The homeownership rates for millennials are, then, substantially lower than those for their counterparts in Generation X. This decline is especially pronounced among black millennials. Relative to Generation X, the homeownership rate for white millennials who are 20–29 years old fell by about 5 percent (or 1.7 percentage points), from 34.4 to 32.7 percent. The black millennial rate fell even more, by nearly 30 percent (or 4.6 percentage points), from 16.5 to 11.9 percent.

This large drop in the black rate produced an enormous increase in the white homeownership advantage for millennials. To be sure, the white homeownership advantage has always been large for those aged 20–29; the white rate was always at least double the black rate. But for young millennials in 2010, whites were a full 2.74 times more likely to own, an advantage that is larger than in any other period in Table 1.[6]

Trends in homeownership across the life course

We have so far focused on young adults because, given the cumulative and compounding nature of wealth, early entry into homeownership is especially beneficial. It is nonetheless useful to examine rate differences between older black and white adults as well. Figure 1 thus presents the white advantage rates (from Table 1) across generations and age cohorts.

Across generations, the white homeownership advantage is most pronounced for young adults, and given the compounding nature of wealth, this can result in the wealth gap increasing exponentially with age. For each generation, the ownership advantage for

Table 1. The only generation with a lower young-adult homeownership rate than millennials was the Greatest Generation.

		2017***	2010	2000	1990	1980	1970	1960	1950*	1940
	Age ranges	**30-36**	**20-29**							
	White advantage**	2.57	2.74							
Millennials	Black homeownership rate	22.4	11.9							
	White homeownership rate	57.7	32.7							
	Overall homeownership rate	47.5	27.1							
	Age ranges	**40-46**	**30-39**	**20-29**						
	White advantage	1.84	2.04	2.08						
Gen X	Black homeownership rate	39.1	31.1	16.5						
	White homeownership rate	71.7	63.4	34.4						
	Overall homeownership rate	62.1	53.5	29.2						
	Age ranges	**60-66**	**50-59**	**40-49**	**30-39**	**20-29**				
	White advantage	1.49	1.50	1.53	1.90	2.04				
Boomers	Black homeownership rate	55.1	53.6	50.5	33.7	19.3				
	White homeownership rate	82.2	80.5	77.4	63.8	39.4				
	Overall homeownership rate	76.8	75.0	71.1	57.7	35.7				
	Age ranges	**80-86**	**70-79**	**60-69**	**50-59**	**40-49**	**30-39**	**20-29**		
	White advantage	1.16	1.29	1.33	1.41	1.48	1.87	2.54		
Silent	Black homeownership rate	68.9	65.5	63.4	58.8	54.4	36.1	14.4		
	White homeownership rate	79.6	84.4	84.6	82.6	80.4	67.4	36.5		
	Overall homeownership rate	77.3	80.8	80.5	78.2	75.7	62.4	33.8		
	Age ranges	**-**	**90-99**	**80-89**	**70-79**	**60-69**	**50-59**	**40-49**	**30-39**	**20-29**
	White advantage	-	0.96	1.15	1.25	1.34	1.47	1.78	-	2.40
Greatest	Black homeownership rate	-	65.1	64.0	62.4	59.0	51.5	39.8	-	7.3
	White homeownership rate	-	62.4	73.4	77.7	79.2	75.7	70.9	-	17.4
	Overall homeownership rate	-	62.3	72.1	75.7	76.5	72.9	67.4	-	16.4

Source: U.S. Census microdata, 1940–2017.
*Homeownership data for the 1950 Census unavailable.
** White advantage refers to the white homeownership rate / black homeownership rate.
***Cases for the Greatest Generation, as defined by our age cohorts, not available in the 2017 ACS microdata (i.e., no cases fell in the age range of 100–109 years old).

whites diminishes as the generation ages, a result that, in part, arises because there is a relatively large pool of non-owning blacks with the potential to become owners.

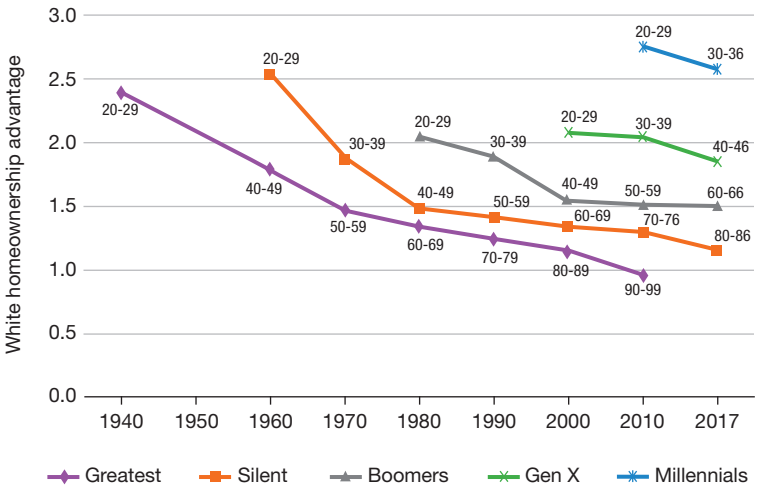
The more fundamental result in Figure 1 is that, while there was some evident progress in the period following the civil rights movement, all of those gains have been erased for the millennial generation. Following the civil rights movement, white young adults were still twice as likely to be homeowners, but their advantage narrowed somewhat. The attenuation in the white homeownership advantage could be attributable to the housing and lending reforms of the era. Those earlier gains have disappeared, though, and we are now worse off than when the time series started.

Whereas the white advantage decreased for young baby boomers and Gen Xers, the rate for black millennials has now reverted and is worse than in any other generation. It is noteworthy that this widening racial homeownership gap is occurring even as the white millennial generation homeownership rate is worsening compared with previous generations.

How could this have happened? Until recently, housing policies designed to spur fair lending and access to homeownership—such as the Fair Housing Act of 1968, the Equal Credit Opportunity Act of 1974, the Home Mortgage Disclosure Act of 1975, and the Community Reinvestment Act of 1977—appear to have had at least some marginal effect.[7] Yet, whether by design or enforcement, these policies seem to have lost whatever marginal effect they may have had, particularly with regard to millennials.

It is likely that urban gentrification and more stringent mortgage eligibility criteria, along with ongoing lending and housing discrimination, are impeding home purchases among millennials.[8] Moreover, the surge in student debt may be spilling over to hurt millennials in the housing market, especially black millennials.[9] The ongoing debate about student debt should explicitly take into account whether it has a disproportionate impact on black millennial college attendees. This is important because black young professionals are now beginning their careers with more student debt than their white counterparts.[10]

Figure 1. The black-white disparity in homeownership among young adults is at an all-time high.



What's to be done?

The trends in Figure 1 are stark. It is well known that federal policies adopted in the 1930s and 1940s were racist in both design and implementation.[11] Institutions like the Federal Housing Administration and initiatives like the G.I. Bill advantaged white home buyers relative to blacks. Redlining and restrictive covenants facilitated real estate and lending discrimination and led to racial inequities in housing markets. This meant that, for black households, the ability to build wealth and to transmit it across generations was blunted by such racist policies and practices. The dramatic and persistent racial wealth gap is reinforced by the twin effects of impaired access to fair lending and lower levels of inherited wealth.[12]

With the baby boomers and Generation X, we saw some attenuation in these disparities, an attenuation that may be due to the housing reforms following the civil rights era. Though this attenuation was slight, and a large racial gap in homeownership persisted, the pattern offered at least a positive trend. But those civil rights gains have been reversed. We are now seeing racial disparities in homeownership in excess of those observed in recent U.S. history.

To address these racial disparities in homeownership, the ideal solution would be a direct one. For instance, reparations could directly compensate blacks for a 400-year-long history of dispossession and discrimination that dates back to chattel slavery, when blacks were the capital assets of a white plantation class. This was the beginning of a long history of oppression and unfairness that finds its most recent expression

in housing inequities. When America is ready for the interrogation and reconciliation necessary to redress past racial injustices, reparations—especially in the form of capital and land transfer—would be the most direct, just, and parsimonious way to address them.

In the interim, we need universal programs administered in a race-conscious way that break from our nation's past and ensure that financially low-resourced Americans, a group that is disproportionately black, are provided with the capital necessary to build wealth and pass it along to future generations.

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Notes

1. Mui, Ylan Q. 2012. "Americans Saw Wealth Plummet 40 Percent from 2007 to 2010, Federal Reserve Says." *Washington Post*, June 11.

2. The black homeownership rate increased from 42 percent in 1990 to 49 percent in 2005 and stood at 42 percent in 2016—the same rate as in 1990. McKernan, Signe-Mary, Caroline Ratcliffe, C. Eugene Steuerle, Caleb Quakenbush, and Emma Kalish. 2017. "Wealth Inequality Is Growing." Urban Institute.

3. Doherty, Carroll, Jocelyn Kiley, and Olive O'Hea. 2018. "The Generation Gap in American Politics: Wide and Growing Divides in Views of Racial Discrimination." Pew Research Center.

4. We use the 1 percent sample from the decennial Census for the following years: 1940, 1960, 1970, 1980, 1990, and 2000. For 2010 and 2017, we use the one-year sample from the American Community Survey (ACS). We assess the homeownership rates for each age cohort or generation at 10-year increments (and at a seven-year increment in the case of the 2017 ACS data). Homeownership data for the 1950 census was not available. For more information, see Collins, William J., and. Robert A. Margo. 2011. "Race and Home Ownership from the Civil War to the Present." NBER Working Paper 16665.

5. Choi, Jung Hyun, Jun Zhu, and Laurie Goodman. 2018. "The State of Millennial Homeownership." Urban Institute.

6. Note that in 2010 there is an inversion of the white advantage over blacks for the Greatest Generation. By 2010, individuals in the Greatest Generation would have defied the odds of mortality and reached at least 90 years of age. Based on life expectancy data from the CDC, the odds of living to this age are especially low for black Americans. This group is therefore highly selected (in ways that would likely correlate with homeownership). See Arias, Elizabeth. 2016. "Changes in Life Expectancy by Race and Hispanic Origin in the United States, 2013–2014." National Center for Health Statistics.

7. See, for instance, Freeman, Lance, and Darrick Hamilton. 2004. "The Changing Determinants of Inter-Racial Home Ownership Disparities: New York City in the 1990s." *Housing Studies* 19(3), 301–323.

8. For instance, Perry et al. find that otherwise similarly matched homes in predominantly black neighborhoods have substantially lower home values than comparable homes in non-majority-black neighborhoods. See Perry, Andrew M., Jonathan Rothwell, and David Harshbarger. 2018. "The Devaluation of Assets in Black Neighborhoods." Brookings Institution.

9. Morgan, Julie Margetta, and Marshall Steinbaum. 2018. "The Student Debt Crisis, Labor Market Credentialization, and Racial Inequality." Roosevelt Institute. See also *Consumer & Community Context*, FederalReserve.gov. 2019. Retrieved from https://www.federalreserve.gov/publications/files/consumer-community-context-201901.pdf?mod=article_inline.

10. Houle, Jason N., and Fenaba R. Addo. 2018. "Racial Disparities in Student Debt and the Reproduction of the Fragile Black Middle Class." *Sociology of Race and Ethnicity.*

11. Katznelson, Ira. 2006. *When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America*. New York: W.W. Norton. See also Lui, Meizhu., et al. 2006. *The Color of Wealth: The Story Behind the U.S. Racial Wealth Divide*. New York: New Press. See also Oliver, Melvin L., and Thomas M. Shapiro, eds. 2006. *Black Wealth / White Wealth: A New Perspective on Racial Inequality*. New York: Routledge.

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SOCIAL NETWORKS

Mario L. Small and Maleah Fekete

KEY FINDINGS

- **Millennials spend at least as much time with relatives or friends, and hanging out at bars, as preceding generations.**
- **This commitment to relatively high rates of face-to-face interaction continues even as millennials use social media at unprecedented rates.**
- **The millennial generation—unlike previous ones—has all but closed this digital divide between poor and nonpoor.**

For the millennial generation, it is the best and worst of times. Stocks are booming, unemployment is low, college attainment is high, and violence continues to decline. Yet income and wealth inequality have reached historic heights. The low unemployment rate masks the hundreds of thousands who have simply stopped looking for work and the millions who work in unstable positions with few benefits. The educational debt of millennials is greater than that of any preceding generation. And the cost of housing is far greater than it has ever been, leaving many millennials to wonder if they will ever own a home.[1]

Given this environment, the ability to manage uncertainty and instability is as essential as ever, and one of the most important ways of doing so is by turning to one's social networks. Networks play a role in just about every aspect of managing such circumstances, including how people find jobs, how much they borrow for college, whether they go to college at all, how well they invest their wages, and whether they buy or rent a home. In precarious times, networks are especially important as buffers; as people lose a home, a job, or a spouse, networks affect whether a short-term shock becomes a long-term problem. Networks serve as sources of instrumental, informational, and emotional support; they lie at the intersection of economic, social, and emotional conditions that determine how well people fare during uncertain times.[2] The purpose of this article is to examine the types of networks that millennials are forging and how those networks are serving them.

Connections

How well connected are millennials? The first generation to grow up online, millennials are said to be socially disengaged—so attached to the internet and social media that they have disconnected from real social ties and developed less meaningful relationships than those of generations that preceded them. Journalists have suggested that Facebook and other social media may be making everyone lonely.[3] For millennials, living online may have undermined the formation of protective social networks.

To assess these claims, we turn to the General Social Survey (GSS). Since the early 1970s, the GSS has asked representative samples of Americans several questions about their social networks. The results are instructive.[4]

One widely believed change has probably not taken place. About a decade ago, the national media reported on the results of a study that seemed to show that Americans had fewer confidants than they did in the 1980s. However, those reports were based on a single study that reported on one GSS survey question, asked in 1985 and 2004, which elicited from respondents whom they turned to when they had important matters to discuss. Subsequent research unveiled several problems with the 2004 survey, problems that undermined its ability to help us understand

trends in the number of confidants. Americans continue to have, on average, about three people they talk to about important matters.[5]

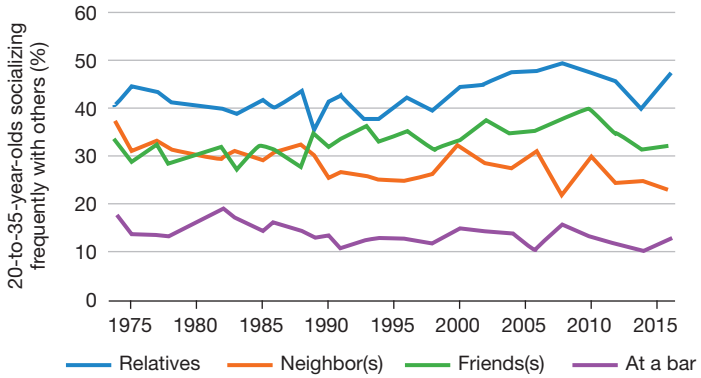
But there are other ways of understanding social connectedness. The internet and smartphones have been said to affect the very nature of socialization—rather than socializing with family, friends, and neighbors, people are said to lose themselves online, mindlessly scrolling websites for hours on their phones. Millennials are the first generation for whom such changes were a possibility.

Figure 1 shows the extent to which people aged 20–35, at different points over the past 40 years, socialize with relatives, with neighbors, with friends, and with anyone at a bar. Millennials spanned that age bracket in 2016. For comparison, Gen Xers did so in roughly 2000; baby boomers in approximately 1984.

The figure makes clear that millennials spend at least as much time with relatives or friends, and hanging out at bars, as 20-to-35-year-olds have been doing since at least the 1970s. More than 47 percent socialized with relatives at least several times a week; more than 30 percent did so with friends; more than 13 percent did so at bars. If we include those who only saw relatives, friends, or anyone at a bar several times a month, the corresponding figures are 67 percent, 57 percent, and 27 percent, respectively (not shown). None of these percentages have declined substantially over the past four decades.

There is only one major change: Millennials spend a lot less time with their neighbors than previous cohorts did, a decline in frequent socialization among 20-to-35-year-olds from 37 percent in 1974 to 23 percent in 2016. It follows that millennials build and maintain relations interpersonally just as much as their predecessors did—but their neighbors play a notably lesser role in the process.

Figure 1. Millennials socialize with friends and families as frequently as prior generations.



Note: Percent of respondents who socialized "almost daily" or "several times per week."
Source: General Social Survey; 2016 data from the 1972–2016 cross-sectional cumulative data.

Social media

A more complicated picture emerges when we examine social media. Different media do different things, and they can help people manage economic uncertainties in different ways. LinkedIn is a way to make professional connections, not to maintain intimate friendships. Twitter has become, among other things, a way to mobilize collectively around economic and political issues, as evidenced by #OccupyWallStreet and #BlackLivesMatter. Facebook, the largest social media site by far, has multiple uses, including venting and receiving social support.

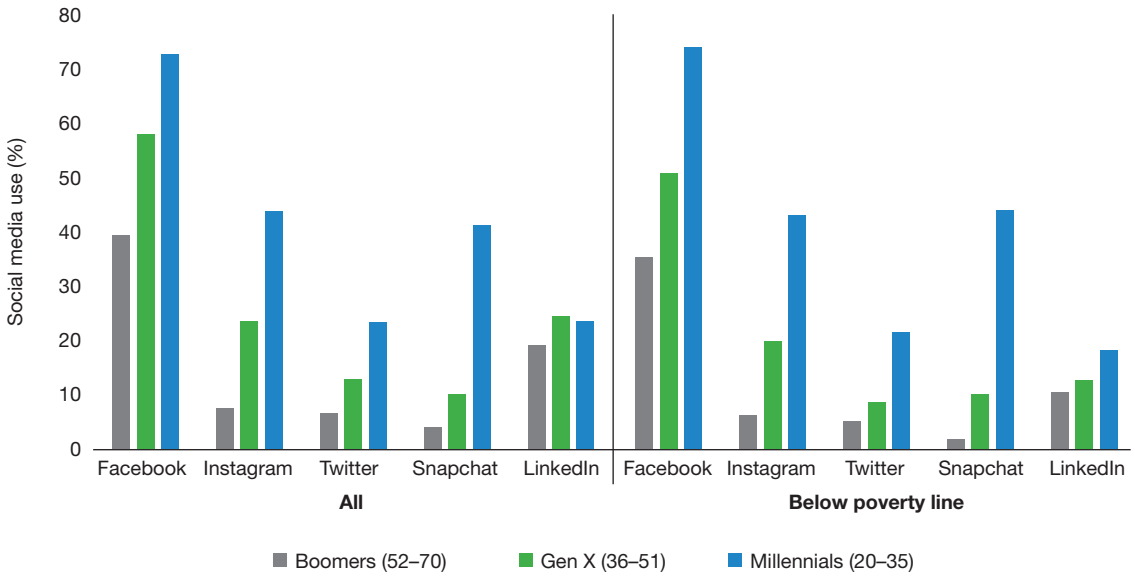
Figure 2 shows the rates of social media use in 2016 by representative samples of millennials, Gen Xers, and baby boomers in the United States. The left panel is for all respondents; the right one for those whose income falls below the poverty line. Several patterns are worth noting.

First, the left panel shows that, as expected, millennials (gray bars) use social media sites more frequently, with Facebook being all but ubiquitous in this generation.

Second, a comparison of the left and right panels shows that the social media divide between poor and nonpoor is smaller among millennials than among Gen Xers or among baby boomers. Low-income millennials use almost every social media site reported about as often as millennials in general.

Third, the most professionally oriented site, LinkedIn, shows an interesting exception to these patterns. Low-income millennials use it notably less than other millennials. And millennials in general, as shown in the left panel, do not use it more (at 24%) than Gen Xers (25%), and they use it only slightly more than baby boomers (19%). This reduced use of LinkedIn might arise because many millennials are still in college or otherwise

Figure 2. The social media divide between poor and nonpoor is smaller among millennials than prior generations.



Note: Poverty line is defined as $26,000 in real family income.
Source: General Social Survey; 2016 data from the 1972–2016 cross-sectional cumulative data.

not yet in the professional world. Or it is possible that they are using their regular, or new, social media sites for work connections.

Conclusion

Millennials appear to have as much access to face-to-face social networks essential to managing economically uncertain times as previous generations. They also socialize online at unprecedented rates. It is *not* the case that millennials are replacing face-to-face networks with online ones. Rather than substituting one form of socialization for another, millennials are successfully merging a commitment to online socializing with maintaining face-to-face ties. This conclusion holds for poor and nonpoor millennials alike.

For these reasons, millennials would seem to have ample social resources at their disposal to manage uncertainty. As the digital divide has receded, even low-income millennials have developed substantial online resources. Yet it remains to be seen whether these resources are substantial enough to protect millennials against what may prove to be an especially stormy 21st century.

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Notes

1. See Fry, Richard. 2017. "It's Becoming More Common for Young Adults to Live at Home—And for Longer Stretches." Pew Research Center.

2. Small, Mario L. 2017. *Someone to Talk To*. New York: Oxford University Press.

3. Marche, Stephen. 2012. "Is Facebook Making Us Lonely?" *Atlantic*, May.

4. Fischer, Claude. 2011. *Still Connected: Family and Friends in America Since 1970*. New York: Russell Sage Foundation.

5. For a discussion of these issues, including the debates, see Small, 2017.

HEALTH

Mark Duggan and Jackie Li

KEY FINDINGS

- **Millennials benefited from the expansion of health insurance coverage under the Affordable Care Act. The share of adults in their 20s without health insurance fell by more than half from 2009 to 2017.**
- **This expansion led to a reduction in racial and ethnic inequalities in health insurance coverage.**
- **Due primarily to increasing suicides and drug overdoses, mortality rates increased dramatically among young adults from 2008 to 2016. Because the increase was more rapid among non-Hispanic whites than non-Hispanic blacks, racial inequality in mortality rates declined.**

There is much worrying about how millennials are faring in the labor market, in the housing market, and on other economic indicators. But it might be thought that, whatever their labor market and other economic problems are, these are unlikely to spill over and affect their health in the near term.

The purpose of this chapter is to examine whether that presumption is on the mark. Is the health of millennials indeed just fine? Or are they facing health problems that are distinctive to their generation?

In addressing this question, it is useful to distinguish between the health *insurance* provided to millennials and the health *outcomes* of millennials. The bottom line: The news on the former is good, whereas the news on the latter is, at least by one key metric, much less encouraging.

We will show that the Affordable Care Act (ACA) led to expanded health insurance coverage and a reduction in racial and ethnic inequalities in coverage. The developments on insurance coverage are in this sense very favorable. On the matter of mortality rates, the story is very different: We again find a decline in racial inequalities, but that decline is achieved because mortality rates for non-Hispanic whites are *increasing* much faster than the rates for non-Hispanic blacks. This is a case, then, in which a decline in inequality arises because of an especially sharp deterioration in conditions for the more advantaged group.

Insurance coverage

It is useful to begin our account by considering trends in health insurance coverage. We care about health insurance coverage because it speaks to the extent to which uncertainties and precarities in health and economic well-being are reduced.

The insurance story is clear. More than any other generation, millennials (those born from 1981 through 1996) have benefited substantially from expanded health insurance coverage through the Affordable Care Act.

This conclusion can be very clearly seen if we first consider how health care looked before the ACA was introduced. At the time the ACA was passed in late March 2010, millennials were between the ages of 13 and 29, meaning they were among those least likely to have health coverage. The share of adults ages 18–29 without health insurance in 2009 was 31 percent, while the corresponding shares for adults in the 30–39, 40–49, and 50–64 age ranges were much smaller, registering at 25 percent, 19 percent, and 15 percent, respectively.[1]

There were also substantial differences at this time in coverage by race and ethnicity. Among adults in the 18–29 age range, 24 percent of non-Hispanic whites were uninsured, as against 37 percent of blacks and 49 percent of Hispanics in the same age range.

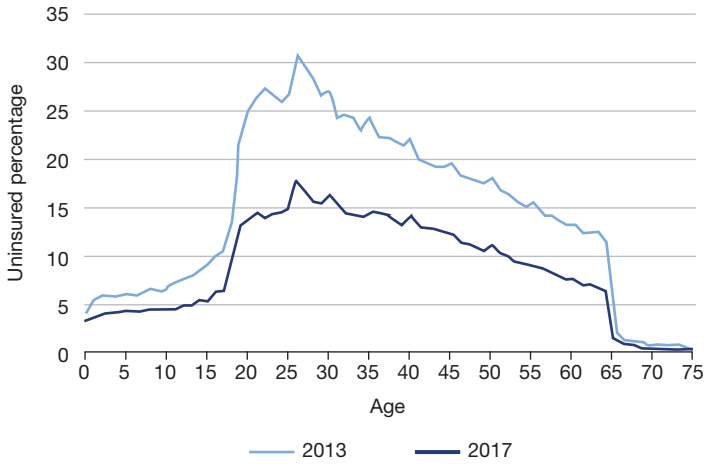
What happened when the ACA was passed? Starting in 2011, one key provision of the ACA

required private health insurance plans to provide coverage for adult children on their parents' plan (through age 26) if they did not have another source of health insurance coverage. This change directly affected millennials: It led to an increase of more than 3 percentage points in young adults' health insurance coverage.[2]

Even with this change, millennials were still much more likely to be without health insurance than were older age groups, as shown in Figure 1. Before other key provisions of the Affordable Care Act took effect on January 1, 2014, millennials (who ranged in age from 17 to 32 at that time) remained the group most likely to be without health insurance. In 2013, the share of millennials without health insurance coverage was 26 percent, compared with 21 percent for Generation X (ages 33 to 48) and 8 percent for Generation Z (ages 1 to 16).

Over the next few years, health insurance coverage among the millennial generation rose substantially, as shown in this same figure. These changes resulted both from an expansion in the means-tested Medicaid program and from the creation of state-based health insurance exchanges through which those with higher incomes could obtain subsidized coverage.[3]

Figure 1. Health insurance coverage among the millennial generation rose substantially following the implementation of the ACA.



Note: Limited to civilian non-institutionalized population.
Source: U.S. Census Bureau, American Community Surveys, one-year estimate.

The quite precipitous decline in noncoverage is best quantified by comparing the noncoverage rate before and after the passage of the ACA. The share of adults in their 20s without health insurance fell by more than half from 2009 to 2017 (from 32.4% to 15.5%). For adults in the 30–35 age range, the share fell by 40 percent (from 26.3% to 14.5%).

These changes also worked to reduce racial and ethnic inequalities in noncoverage. The mechanism behind this reduction is simple: Namely, because minority groups had higher baseline rates of noncoverage, there was more "room" for the ACA to decrease rates. For example, the share of Hispanics ages 20–35 without health insurance fell from 50 percent in 2009 to 24 percent by 2017, and the share of black Americans in the same age range fell from 36 percent to 18 percent during this same period. While still substantial, the 23 percent to 11 percent drop among non-Hispanic whites was much smaller (at least when measured as the *difference* in percentage points).

To date, no other generation has been as directly affected by the expansion of health insurance coverage caused by the ACA. This is noteworthy since the ACA and other policy-induced increases in coverage have been linked to improvements in economic well-being.[4] We also know that health insurance improves health outcomes.[5]

Mortality rates

But of course many factors—beyond health insurance coverage—influence health outcomes, including lifestyle, nutrition, environment, risky behaviors, and financial stressors. It is thus important to consider health outcomes explicitly.

Why might we be worried about the health outcomes of millennials? A large recent literature has documented an alarming increase in mortality rates among prime-aged adults. The increase in "deaths of despair" documented by Anne Case and Angus Deaton[6] reveal that suicide rates and deaths from drug and alcohol overdoses have risen substantially over the past 15 to 20 years. These increases were already underway before the Affordable Care Act and have continued in the years since. As a result, life expectancy in the United States has not risen for several years after increasing steadily in previous decades.[7]

Table 1 shows how mortality rates have changed

between 2000 and 2016 for adults in different five-year age groups. In 2016, millennials ranged in age from 20 to 35, so they are almost entirely captured by the 20–24, 25–29, and 30–34 age groups in that year. We see from Table 1 that the millennials in these age groups have substantially higher mortality rates than those in the same age groups in 2008. Although there was a decline for these age groups between 2000 and 2008, over the next eight years there was a precipitous increase, with the 2016 rates for young adults ending up higher than even the 2000 rates.

That is, mortality rates among millennials ages 20–34 were substantially higher in 2016 than among their counterparts from Generation X when they were ages 20–34 exactly 16 years earlier. The main contributors to these recent increases in mortality among young adults have been increases in suicides and in drug overdoses.[8]

These recent changes in mortality have differed substantially by race and ethnicity. As shown in Table 2, which weights each of the five-year age groups equally, the mortality rate for non-Hispanic whites in the 20–34 age range rose by substantially more (27%) from 2008 to 2016 than the rates for non-Hispanic blacks (9% increase) or for Hispanics (6% increase).[9]

Table 1. Mortality rates among millennials were substantially higher than among Generation X at the same age.

Age group	2000	2008	2016	% Δ 2000–08	% Δ 2008–16
20–24	96	94	97	–2%	+3%
25–29	99	97	118	–2%	+21%
30–34	116	110	140	–6%	+28%
35–39	162	142	170	–12%	+19%
40–44	237	216	216	–9%	0%
45–49	356	338	313	–5%	–7%
50–54	519	508	494	–2%	–3%
55–59	802	725	738	–10%	+2%
60–64	1,258	1,069	1,049	–15%	–2%

Table 2. The rise in mortality rates (among 20–34-year-olds) hit non-Hispanic whites especially hard.

Race/ethnicity	2008	2016	% Δ 2008–16
Total	100	119	+18%
Non-Hispanic white	97	124	+27%
Non-Hispanic black	158	172	+9%
Hispanic	81	86	+6%

Conclusions

We find, then, a decline in racial inequality in health insurance coverage and in mortality rates. However, whereas the first change occurred due to a differential improvement for minority groups, which allowed them to draw closer to non-Hispanic whites, the latter change occurred due to a smaller deterioration for minority groups.

It is possible that mortality rates among non-Hispanic blacks weren't pulled up to the same extent because the ACA provided a protective shield. As described above, Hispanics and non-Hispanic blacks experienced much larger increases in health insurance coverage following the passage of the Affordable Care Act. Whether the differential benefits to these groups from the ACA partially explains their relatively better changes in health outcomes (as measured by mortality rates) since the start of the Great Recession a decade ago is an important issue for future research.

One obvious direction to explore on this front is whether health and economic well-being among minority groups in those states that expanded Medicaid—such as California and New York—improved more (or declined less) than in states that did not expand Medicaid—such as Texas and Florida.[10] It is noteworthy that of the 26 states that initially opted out of the ACA's Medicaid expansion, 12 have since decided to opt in and expand their programs. This likely reflects a growing recognition in these states of the benefits of health insurance, which may ultimately lead many of the remaining 14 states to expand their Medicaid programs as well.

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Notes

1. Younger teenagers were less likely to be uninsured, with only 12 percent of individuals ages 13–17 without health insurance in the same year. Data on health insurance coverage are obtained from the March supplement to the Current Population Survey. Summaries of this data are available annually. For 2017 data, see Berchick, Edward R., Emily Hood, and Jessica C. Barnett. 2018. "Health Insurance Coverage in the United States: 2017." Current Population Reports, U.S. Census Bureau.

2. Antwi, Yaa Akosa, Asako S. Moriya, and Kosali Simon. 2013. "Effects of Federal Policy to Insure Young Adults: Evidence from the 2010 Affordable Care Act's Dependent-Coverage Mandate." *American Economic Journal: Economic Policy* 5(4), 1–28.

3. Duggan, Mark. 2017. "How to Heal Obamacare." Stanford Institute for Economic Policy Research: Policy Brief.

4. Gallagher, Emily, Stephen Roll, Rourke O'Brien, and Michal Grinstein-Weiss. 2017. "Health Insurance and the Earnings Stability of Low-Income Households." Available at SSRN: https://ssrn.com/abstract=3098430; Mazumder, Bhashkar, and Sarah Miller. 2016. "The Effects of the Massachusetts Health Reform on Household Financial Distress." *American Economic Journal: Economic Policy* 8(3), 284–313.

5. Card, David, Carlos Dobkin, and Nicole Maestas. 2008. "The Impact of Nearly Universal Insurance Coverage on Health Care Utilization: Evidence from Medicare." *American Economic Review* 98(5), 2242–58.

6. Case, Anne, and Angus Deaton. 2017. "Mortality and Morbidity in the 21st Century." *Brookings Papers on Economic Activity,* Spring 2017, 397–476.

7. Life expectancy at birth in the United States fell from 78.7 in 2010 to 78.6 in 2016. See Xu, Jiaquan, Sherry L. Murphy, Kenneth D. Kochanek, Brigham Bastian, and Elizabeth Arias. 2018. "Deaths: Final Data for 2016." *National Vital Statistics Reports* 67(5).

8. Coile, Courtney, and Mark Duggan. 2019. "When Labor's Lost: Health, Family Life, Incarceration, and Education in a Time of Declining Economic Opportunity for Men." Forthcoming in *Journal of Economic Perspectives.*

9. Other races are not included in this table due to inconsistent reporting between 2008 and 2016. In 2008 the CDC provided the data for Asians, but in 2016 it provided the data for non-Hispanic Asians. The data were obtained in Tables 2, 3, or 4 at www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67_05.pdf; www.cdc.gov/nchs/data/nvsr/nvsr59/nvsr59_10.pdf; www.cdc.gov/nchs/data/nvsr/nvsr50/nvsr50_15.pdf.

10. A June 2012 Supreme Court decision allowed states to "opt out" of the Medicaid expansion, which 26 out of 50 states initially did.

POLICY

Sheldon Danziger

As the contributions to this issue make clear, the problems that millennials face reflect the major social and economic problems of our time, including the fallout of several decades of slow economic growth and rising inequality. The experience of millennials is distinctive in that they faced the added challenge of entering the labor market in the aftermath of the Great Recession.

The purpose of this concluding article is to review how market forces and public policy responses are affecting millennials. Unfortunately, current tax, labor market, and social policies are regressive and are based on ideology rather than social science evidence. I instead offer several evidence-based progressive alternatives that could reduce inequality and foster mobility for millennials and future generations.

The lost promise of economic growth

Several key social and economic forces have blocked opportunities for millennials and other generations. The overriding problem is that for the last 45 years, economic growth has not trickled down to the poor; for the last 20 years, it hasn't trickled down to the middle class either. And, over the same period, multiple income and estate tax cuts during the Reagan, Bush, and Trump administrations increased the income and wealth of economic elites but provided little help to those below them.

Why did this happen? Economic growth has not benefitted most Americans due to many factors, including globalization, labor-saving technological changes, slower growth in the supply of skilled workers, declining labor union membership and bargaining power, the failure of the federal government to maintain the real minimum wage, changing corporate practices, including the explosion of CEO pay,[1] business-friendly deregulation, pro-business Supreme Court decisions, and persistent racial and gender discrimination.

Over recent decades, these factors combined to reduce inflation-adjusted earnings and stunt opportunities for workers, especially those without college degrees. Only 85 percent of millennial men with a high school diploma and only 70 percent who are high school dropouts are working (see Holzer, pp. 14–17). The earnings of employed millennial men at age 25 are, for example, no higher than were the earnings of baby boomers at the same age (see Percheski, pp. 25–28). For much of the past 45 years, the major driver of progress for working-age families at the middle of the income distribution has not been increased real earnings of men. Rather, household incomes have been boosted by the increased work and earnings of female partners.

The overriding problem is that for the last 45 years, economic growth has not trickled down to the poor; for the last 20 years, it hasn't trickled down to the middle class either.

At the bottom of the distribution, household incomes have also been boosted by government policies, such as expansions in federal and state earned income tax credits and increasing food stamp rolls. If it weren't for increased government benefits, the millennial poverty rate at age 30 would be the highest across the four most recent generations (see Mattingly et al., pp. 37–39). To be sure, real wages for workers at the bottom have increased when labor markets are tight, and unemployment is low, as it was during the mid-

to-late 1990s and in the last several years. But, even during these periods, increases in federal and state minimum wage laws were important factors behind the wage growth.

Employment and earnings problems have also reduced the extent of upward mobility. As Raj Chetty and his colleagues document, more than 90 percent of children born in the 1940s earned more (adjusting for inflation) than their parents did when both generations were in their 30s, whereas only about one half of today's millennials will earn more than their parents.[2] Likewise, Michael Hout reports that upward occupational mobility is lower for millennials than for previous generations (pp. 29–32).

Regressive realities

Given that many millennials are faring poorly on key social and economic indicators, what has the current administration done to address their problems? The simple answer is that its relentless pursuit of regressive policies has mainly diminished millennials' prospects. The administration, for example, has rolled back Labor Department regulations designed to protect workers from unfair employer practices, refused to enforce Education Department regulations designed to protect student borrowers from predatory for-profit colleges, has made it more difficult to enroll in coverage under the Affordable Care Act,[3] and is promoting work tests on food stamp and Medicaid recipients that reduce their benefits but do little to increase their employment.

Labor regulations offer another contrast between the progressive and evidence-based policies pursued by the Obama administration and the regressive policies of the current administration. Because the Republican Congress would not pass most legislation proposed by the Obama administration, the Labor Department used changes in regulatory rules to "level the playing field" between workers and employers. Consider the regulations regarding overtime pay. Federal law requires those working more than 40 hours a week be paid 1.5 times their wage for the extra hours but allows firms to exempt salaried workers who earn above a certain threshold and are deemed to have executive, administrative, or professional duties. That threshold was set at $23,660 in 1975 but has not been appropriately updated for more than 40 years. In 2016, the Labor Department issued a rule to raise the threshold to $47,476 and index it for wage growth.[4] However, just before it was to become law, a district court judge in Texas blocked it. In 2019, the current Labor Department proposed setting the overtime threshold at a lower level, $35,308 in 2020, and not indexing it. Heidi Shierholz estimates that workers would receive $1.2 billion less per year under this rule than under the 2016 rule.[5]

Another regressive policy imposes work requirements on Supplemental Nutrition Assistance Program (SNAP) and Medicaid recipients who are not working or engaged in work-related activities for a fixed number of hours per month. Such work tests ignore the evidence that many low-wage workers experience job instability or volatility in hours, often dictated by employers.[6] The requirements assume that variations in labor supply result primarily from worker choice and not primarily from employer demands and practices. This assumption is off the mark: The experience with work requirements implemented after the 1996 welfare reform demonstrates that many poor adults are willing to take minimum wage jobs but lack the skills and experience that employers demand. Others have multiple health, mental health, and other personal problems that have led them to experience many months in which they have no earnings and no cash assistance.

Neither the federal nor state governments are required to provide supportive services or subsidized jobs to overcome the barriers to employment of job seekers who cannot find an employer to hire them, even in labor markets with low unemployment rates. Rather, if they fail to document that they have worked enough hours to satisfy the requirement, they can lose access to food and medical care.

As a final example, consider this administration's harsh immigration policies. Under one proposed policy change, immigrant parents may be reluctant to apply for food stamp and Medicaid benefits to which they are legally entitled, because doing so might endanger their legal status.[7] The "public charge" rules that have been in place since 1999 deny an immigrant who relies on cash assistance programs (Supplemental Security Income, Temporary Assistance for Needy Families, long-term institutional nursing care under Medicaid) from becoming a lawful permanent resident. The administration would broaden the definition of public charge to include SNAP, Medicaid, and other programs, even though evidence suggests that this would reduce participation by U.S.-born children with immigrant parents.

Progressive proposals

The policies being pursued by the current administration are exacerbating the problems that millennials face. If our current labor market and welfare policies aren't meeting the needs of millennials and older generations, what should be done?

The good news is that many evidence-based, progressive policy alternatives are available. For five decades, social scientists have developed increasingly sophisticated quantitative and qualitative research methods and used larger longitudinal and administrative data sets to analyze how changes in the economy, the demographic composition of the population, our social norms and family relationships, and government policies have affected employment and earnings, poverty and income and wealth inequalities. Many policy reforms, based on rigorous analyses, have been developed that can raise living standards, promote opportunity, and reduce economic inequalities among millennials and others.

A recent example, the Patient Protection and Affordable Care Act (also known as Obamacare), dramatically decreased the number of uninsured individuals, and paid for the coverage expansions by raising income taxes on the wealthy. As Mark Duggan and Jackie Li show (pp. 47–50), millennials in particular benefitted from the expansion in coverage, as the share of adults in their 20s without health insurance fell by more than half from 2009 to 2017.

Many scholars have proposed other policies that could help millennials and others struggling in today's economy. Two recent publications are noteworthy: the *Russell Sage Foundation Journal of the Social Sciences* released a special issue titled *Anti-poverty Policy Initiatives for the United States*;[8] and the National Academy of Sciences (NAS) released a report titled *A Roadmap to Reducing Child Poverty*.[9] The first publication evaluates the economic and distributional effects of a universal child allowance, a higher federal minimum wage, a federal jobs guarantee, community college reforms that would provide skills needed for middle-income jobs, food stamp reforms, and other policies. The NAS report carefully evaluates all the social science evidence and recommends expanding the earned income tax credit; expanding child care subsidies; raising the federal minimum wage to $10.25 by 2021 and then indexing it to inflation; expanding training and employment programs; increasing food stamp benefits for families with children; expanding the housing choice voucher program; expanding the maximum Supplemental Security Income child benefit; changing the federal child tax credit to a child allowance; introducing a child support assurance program; and increasing immigrants' access to safety net programs. Implementing a comprehensive policy agenda containing these policies could help restore the kind of shared economic growth that we saw in the quarter-century following World War II and deliver a better future for millennials and the generations that follow.

Although I cannot address all these proposals in detail, I close by highlighting the sharp contrast between the NAS committee's progressive proposal regarding child tax credits and the regressive changes included in the current administration's signature policy accomplishment, the Tax Cuts and Jobs Act of 2017.[10] The act provided large tax cuts for the top one percent, for corporations, and for multi-million-dollar estates, thereby increasing income inequality, wealth inequality and the deficit. It did increase the child tax credit from $1,000 to $2,000 per child but structured the change regressively so that 11 million children in low-income working families received an increase of less than $75, and another 15 million in moderate-income families received less than the full $1,000 increase. For example, a single mother with two children working full-time at the minimum wage received $75 more than under the prior law; a married couple with two children earning $24,000 received $800 more; and a married couple with two children earning $100,000 received $2,000 more. The law also raised the level at which the credit is phased out from $150,000 for families with two children to $400,000 for these families. As a result, a married couple earning $400,000 received no credit under prior law, but $4,000 under current law.

A fully refundable child tax credit would reduce child poverty from 14.8 to 11.9 percent.

If instead the credit were fully refundable, as the NAS report proposes, millions of nonworking and working low-income families would receive additional support. This would reduce child poverty, using the supplemental poverty measure, from 14.8 to 11.9 percent according to Christopher Wimer and Sophie Collyer;[11] the NAS committee

estimates a 3.4 percentage point reduction in child poverty from a $2,000 child allowance.[12]

The simple conclusion: Policies for reducing poverty and inequality and promoting opportunity and mobility that are proposed in the RSF journal, the NAS committee report, and by other authors in this issue offer evidence-based progressive alternatives to the many regressive policies and regulatory changes of the current administration.

Sheldon Danziger is the president of the Russell Sage Foundation.[13]

Notes

1. Mishel, Lawrence, and Jessica Schieder. 2018. "CEO Compensation Surged in 2017." Economic Policy Institute. This report shows that the ratio of CEO compensation to that of the average worker rose from the 20s in the 1970s to more than 250 in recent years. The top hedge fund managers received more than $1 billion per year in recent years. Sorkin, Andrew Ross. 2019. "Bridgewater's Ray Dalio Tops the List of Hedge Fund Manager Compensation." *New York Times*.

2. Chetty, Raj, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, Jimmy Narang. 2016. "The Fading American Dream: Trends in Absolute Mobility Since 1940." NBER Working Paper No. 22910.

3. The Congressional Budget Office estimates that the number of uninsured people under age 65 increased by more than 1 million under the current administration, from 27.5 million in 2016 to 28.9 million in 2018. Congressional Budget Office. 2019. "Health Insurance Coverage for People Under Age 65: Definitions and Estimates for 2015 to 2018."

4. If it had been updated for inflation since 1975, the threshold would have been about $53,000 in 2016.

5. Shierholz, Heidi. 2019. "More Than Eight Million Workers Will be Left Behind by the Trump Overtime Proposal." Economic Policy Institute.

6. About 10 percent of workers earning less than $10 per hour make an employment transition each month compared to about 4 percent earning more than $20 per hour. Bivens, Josh, and Shawn Fremstad. 2018. "Why Punitive Work-Hours Tests in SNAP and Medicaid Would Harm Workers and Do Nothing to Raise Employment." Economic Policy Institute.

7. Yoshikawa, Hirokazu, Ajay Chaudry, Sarah Rendón García, Heather Koball, and Trenel Francis. 2019. "Approaches to Protect Children's Access to Health and Human Services in an Era of Harsh Immigration Policy." Institute of Human Development and Social Change.

8. Berger, Lawrence, Maria Cancian, and Katherine Magnuson, eds. 2018. *RSF: The Russell Sage Foundation Journal of the Social Sciences. Antipoverty Policy Initiatives for the United States* 4 (2–3).

9. Duncan, Greg, and Suzanne Le Menestrel, eds. 2019. *A Roadmap to Reducing Child Poverty*. Washington, D.C.: National Academies Press.

10.Center on Budget and Policy Priorities. 2018. "2017 Tax Law's Child Credit: A Token or Less-Than-Full Increase for 26 Million Kids in Working Families."

11. Center on Poverty and Social Policy. 2019. "Reforming the United States Child Tax Credit to Create a Universal Child Allowance."

12. *A Roadmap to Reducing Child Poverty*. Table 6-3.

13. Sandra Danziger, Greg Duncan, Harry Holzer, Heidi Shierholz, Timothy Smeeding and Christopher Wimer provided helpful suggestions on a prior draft.

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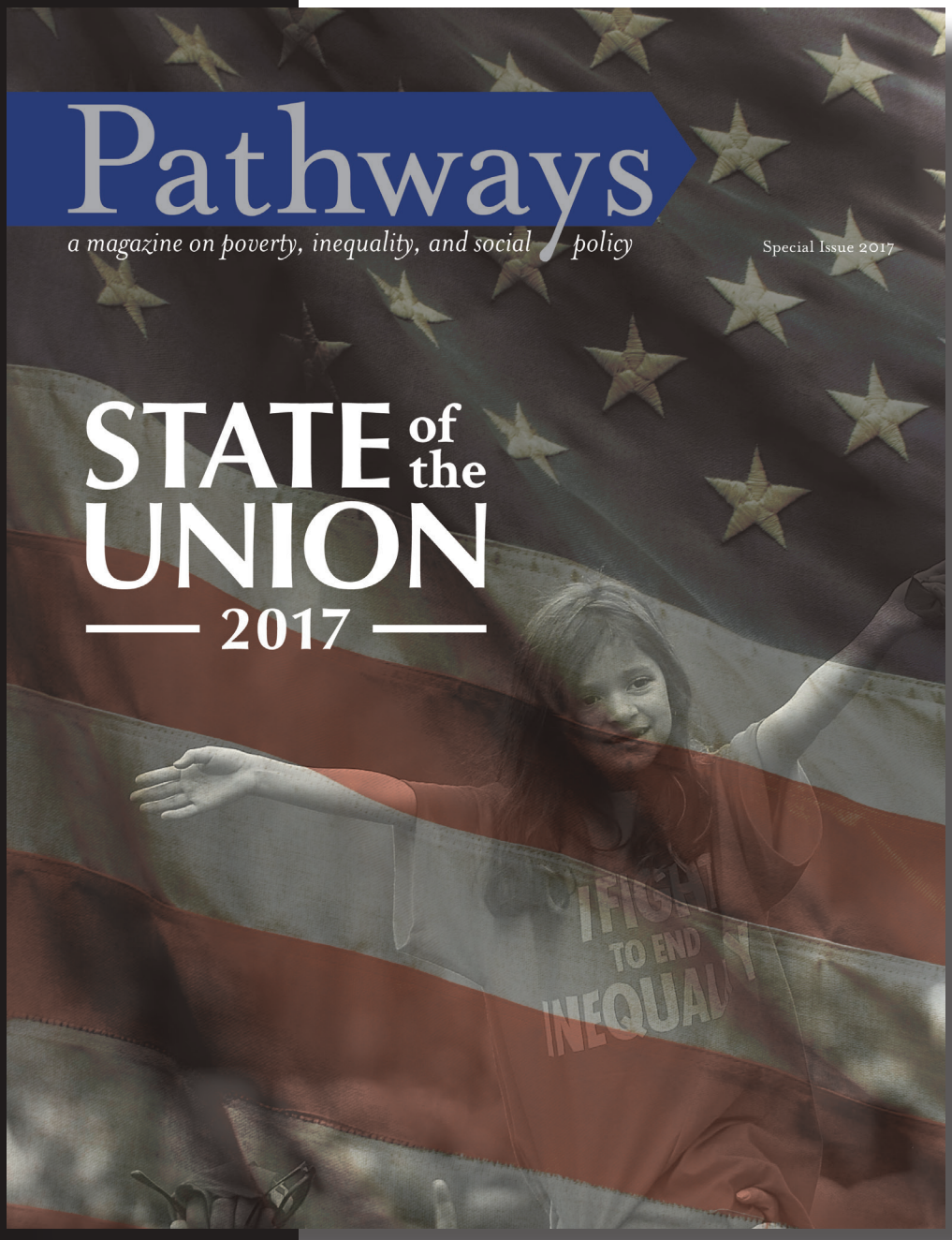

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