

MILLENNIALS RISING: COMING OF AGE IN THE WAKE OF THE GREAT RECESSION

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At the close of the 20th century, a formative identity began to take shape among a new generation of American teenagers. These kids were not just the next wave of disaffected and disinterested Gen X youth. Rather, they were upbeat and engaged. Reared by parents determined to be supportive and caring, this cohort of children had a decidedly optimistic and outward-looking disposition. They were positive and confident, ready to play (and later, to collaborate) with one another. They were interested in learning from the adults around them as opposed to questioning their authority. Deploying new and seemingly transformative technologies, they embraced their Millennial moniker and prepared for the task of improving society around them. They were poised for greatness and ready to make their mark on the 21st century.

But a decade and a half later, events beyond their control are hampering their potential. They are entering what should be the prime of their working lives and family-forming years. Instead, through an accident of history, they are entering adulthood in an age of uncertainty. The Great Recession dramatically altered the economic landscape, and Millennials will be dealing with its consequences for decades to come. Five years after the official end of the recession, incomes remain stagnant, and, compared to their parents at a similar age, Millennials have lower levels of wealth and higher levels of debt. The weak recovery has exacerbated inequalities in our society and created pervasive conditions for downward mobility instead of opportunities for more broadly shared prosperity. Navigating the risks on the road to adulthood has become more arduous for this rising generation, and this is undermining their potential, reordering their aspirations, and complicating many of their key life decisions.

These challenges are concerning not just for the lives of today's young adults, but also for the fortunes of the nation as a whole. It should be a collective project to reverse Millennials' declining mobility, support their family choices, and cultivate their resiliency. Successful policy interventions

to bolster the prospects of this generation must not be based on the needs and characteristics of previous generations; they must be aligned with their prevailing public attitudes, preferences, and attributes and be reflective of the modern economic, technological, and social context. Every generation has a past, present, and future. Understanding where Millennials have come from and how they have fared in the wake of the Great Recession provides a foundation for designing effective public policy that can help this generation achieve its promise and reach its full capabilities, which will benefit us all.

The Millennials' Past

Classifying and delimiting generations is more art than science. There is no formal arbitration board that defines when one generation begins and another ends. Yet the generational phenomenon is hard to ignore. The Millennials' worldview has been shaped by a shared historic experience and by the parental attributes of the adults who raised them. Noted generational scholars Neil Howe and William Strauss were early in identifying a distinct generation emerging on the American scene. As they wrote in 2000:

Meet the Millennials, born in or after 1982—the “Babies on Board” of the early Reagan years, the “Have you Hugged Your Child Today?” sixth graders of the early Clinton years, the teens of Columbine, and this year, the much-touted high school Class of 2000, now invading the nation's campuses.¹

Howe and Strauss called the rise of Millennials a “good news revolution” because the children were inclined to behave not worse as teenagers, as did Gen Xers before them, but better. Breaking the mold of the disillusioned youth, they were committed to building up new social institutions instead than tearing the old ones down. They were decidedly not an echo or offshoot of their older Gen X siblings, and they were unlikely to make the same set of choices as Boomers. Not as selfish or narcissistic, eschewing risk-taking and profanity,

Millennials were more cohesive and hopeful. Not apathetic or antisocial, they were comfortable as team players. Participation and engagement were rewarded. They respected the rules laid out before them, they trusted their parents, and they looked down on disruptive behavior.

Making generalizations about Millennials is inherently difficult. There are many economic and cultural crosscurrents in play, and there will necessarily be different experiences among any twenty-year age group that includes those entering high school as well as full adults already parenting teens. Still, there is a social center of gravity that helps determine a collective self-image and sense of destiny.

Millennials' sunny disposition may have been a product of a larger society that was itself feeling optimistic about having children. The concept of family planning subtly shifted in the years leading up to the first Millennials from how to prevent unwanted pregnancy toward how to increase fertility. Children became sought after and watched over. Adult supervision increased, along with playdates, homework, and curfews.

The subsequent birth boom has made Millennials the largest generational cohort, one that is destined to make its mark on the country as a whole. If we consider Millennials as anyone living in America who was born between 1982 and 2002, then they are currently 85 million strong.² Twenty-seven percent of Americans are Millennials. In addition to rising fertility rates, an immigration surge has created a particularly large generation. By 1998, the absolute number of children in the U.S. exceeded the previous Boomer-era peak. The generation's full impact is still on the horizon, but it is coming. By 2020, Millennials will make up more than one in three adult Americans, and by 2025, Millennials will comprise as much as 75 percent of the U.S. workforce.

Demographically, the Millennials are the most racially and ethnically diverse generation in American history. By 2000, nonwhites and Latinos accounted for almost 36 percent of the 18-or-under population, which was nearly three times the minority rate among seniors; ten percent had a noncitizen parent.³ Influenced by the large wave of Hispanic and Asian immigrants coming to the U.S. for the last fifty years, 43 percent of Millennial adults are non-white, the highest share of any generation.⁴ Given the ethnic composition of the Millennial generation, it appears clear they will lead an irreversible coloring of America.

The diversity of the Millennial generation means that there is a wide range of experiences. Some members of the generation have grown up in poverty, other affluence, with

many in the middle. Some live in cities or suburbs, others in rural communities. Millennials will be so diverse in their ethnicities, religions, and lifestyles that the idea of a "typical" American may lose any meaning. There are already fewer Christians and more religiously unaffiliated people in America. Millennials have come of age when women have expanded their role in public life and more mothers remain in the work force.

From their years as children, Millennials exhibited a range of positive social habits that broke the mold of expectations about youth. They behaved better than their parents did as kids and valued teamwork, achievement, modesty, and good conduct.⁵ They are largely tolerant and accepting of differences among them.

With such fine traits, the Millennials' destiny appeared bright. They were fortunate that their collective upbringing occurred during a time of relative stability and prosperity on the global scale. Few Millennials will even remember the falling of the Berlin wall, which represented an end to the Cold War that menaced the globe. Exciting technological innovations, reflected most prominently in new communications tools such as cell phones and the Internet represent boundless possibility and opportunity. As they increased their technological savviness, they felt they were on the cutting edge of history. Their civic spirit and sense of service was preparing them to make a difference.

In an influential essay on "The Organizational Kid," which appeared in *The Atlantic* in 2001, David Brooks described a new ethos that had taken over college campuses. "[College students] are not trying to buck the system, they're trying to climb it, and they are streamlined for ascent."⁶ Raised by a watchful set of helicopter parents eager to swoop in at a moment's notice to provide support and protection, the students had internalized a pressure to follow—and even to thrive within the limits of—well-defined rules. Millennials did not consider themselves a "lost" generation, and they were not "fighting to emancipate itself from the past." Their world seemed just. And just about right. Remarking on the aspiring students he observed at elite colleges, Brooks wrote, "If you work hard, behave pleasantly, explore your interests, volunteer your time, obey the codes of political correctness, and take the right pills to balance your brain chemistry, you will be rewarded with a wonderful ascent in the social hierarchy."⁷

They were poised for great things. But there were bumps in the road. The Great Recession has ushered in a different reality.

The Millennials' Present

Today, Millennials are the young adults of America. The youngest are poised for high school and the oldest may be older than you think, nearly in their mid-30s and already owning homes, having children, or still living with their parents. They have come of age in an era of risk and uncertainty. The youngest Millennials have only known a world that existed either within the depths of the Great Recession or its aftermath. This event has shaped their experiences and complicated their life choices. While many remain upbeat, others are becoming resigned to life outcomes that are less than they hoped.

Like the members of countless generations before them, Millennials are growing up, but they are forging a different set of pathways than their predecessors. Their expectations for upward mobility have been muted, and while technological innovations continue to be a source of new opportunities, it has also—for those who lack access—raised new barriers to success. A growing recognition has emerged that persistent inequalities have created a reality where prosperity is not widely shared. Without the protections and family support systems that had been in place for many of them during their childhood, Millennials are left to fend for themselves. As a result, Millennials are facing serious challenges to reaching their full potential. Among many dimensions, the Millennials' present has left them vulnerable and increasingly financially insecure.

Work and Income

As a generation, the Millennial experience is one of downward mobility. The large-scale loss of jobs in the years following the recession and the slow recovery has made it difficult to climb the economic ladder. Compared to previous generations, Millennials are less likely to be fully participating in the workforce. In 2012, forty-five percent of all unemployed Americans—5.6 million—are between ages 18 and 34.⁸ The unemployment rate for this age group remains higher than it was in the 1990s. In 2012, the labor force participation rate for young adults declined to the lowest level in four decades.⁹

Another 4.7 million young people are underemployed.¹⁰ The drive for flexibility among employers has led to a rise in freelance and contract work. Employment tenures continue to shrink. It is increasingly common for young adults to string together a series of part-time jobs. Many college graduates are working in jobs that don't require a degree, and for those with low-levels of education, job openings remain concentrated in the low-wage service and retail

sectors. All of these trends have contributed to a steady decline in median income for Millennial households.

Wealth and Debt

Previously, each generation born during the first half of the 20th century was wealthier than the one before, but that pattern has broken down. Millennials, and many of the younger Gen Xers, have accumulated less wealth than their parents did at similar ages. The median net worth for families headed by an individual under the age of 35 is currently around \$10,000, which was \$7,000 less (in 2013 dollars) than it was in 1995, a 41 percent decline.¹¹ Less wealth and savings have made Millennials ill-prepared to make the type of investments that build up the asset side of their balance sheet, such as buying homes. Among all the age cohorts, Millennials have made the largest contribution to the decline in the national homeownership rate.¹² They also participate and contribute to retirement savings plans at lower levels.¹³

Looking back over the last quarter century, older Americans have (in real terms) nearly doubled their wealth, and middle-age Americans have increased their wealth by nearly two-thirds, but the wealth of younger Americans has actually declined. While middle age and older Americans have recovered much of the wealth lost in the recession, younger Americans have recovered only about one-third. There has been growth on the debt side of the Millennial balance sheet, particularly with rising student debt. While much of this debt has been in the form of graduate student loans, which in theory may eventually lead to higher incomes, it will still likely delay the timing of future asset building. Millennials will be playing catchup for years to come to achieve the levels of net worth accumulated by their parents.

Education and Training

If education is measured by credentials, Millennials are better educated than prior generations. The share of 25- to 29-year-olds with a bachelor degree has grown by almost 50 percent since the early 1980s.¹⁴ More than 84 percent of today's 27-year-olds spend at least some time in college, and now 40 percent have a bachelor's or associate's degree.¹⁵ A higher proportion of 18- to 24-year-olds are going to college now than at any time in the past.¹⁶

While these trends started before the recession hit, the economic downturn has been a boon for providers of post-secondary education. Spending time in school to further one's education and training is a rational way to wait out a poor economy. And many Millennials are doing so. But

uncertainty remains as to whether the economy can offer enough jobs to match the higher skills of the trained workforce. Currently, there are twice as many college graduates working in minimum wage jobs than there were in the years prior to the recession.¹⁷ Stable career pathways are particularly elusive.

Family and Children

Millennials are dramatically increasing the prevalence of singlehood in America. They are less likely to marry than older generations. Today, only 26 percent of Millennials are married, compared to 36 percent of Gen Xers and 48 percent of Baby Boomers at a similar age.¹⁸ When they do marry, they are older. Today, the median age for a first marriage is about five years older than it was in the 1950s and 1960s. Meanwhile, cohabitation with a committed partner is up, rising to over 9 percent today from around 6 percent in 1997 among 18- to 29-year-olds.¹⁹

Millennials appear to value parenthood to a greater degree than they value marriage. A 2010 Pew Research Center survey found that 52 percent of Millennials say that being a good parent is one of the most important things in life, while just 30 percent say the same about having a successful marriage. This 22-percentage-point gap is much higher than the 7-percentage-point gap the same questions generated in 1997. Not surprisingly, there has been an increase in the share of non-marital births. Slightly more than half (51 percent) of the births among Millennials in 2008 were to unwed mothers. Looking back at Gen Xers about a decade ago in 1997, the rate of birth to unwed mothers was about four-in-ten (39 percent). Regardless, fertility rates are down. The birth rate in the U.S. recently fell to a record low, dropping for the fifth straight year.²⁰ Today, 29 percent of women ages 18 to 29 have ever had children; in 1998, that figure was 41 percent.²¹

The delayed and lower incidence of both marriage and childbearing reflect a pronounced trend of elongating the passage of American youth into adulthood. The declining faith in the institution of marriage and the acceptance of nontraditional lifestyle choices may contribute to these trends, but pervasive economic insecurity is likely a factor as well.

The Risk Shift

Without much doubt, the Millennial experience is distinct. They are revisiting what have been the traditional markers of adulthood. There is no longer a typical trajectory for the life course. As a result, the institutions of marriage, religion, and

family no longer provide a standard blueprint for success, but at the same time, they have become unavailable as means of support. Individuals may have greater latitude, but they may feel as though they have to devise their own life course. This is particularly challenging when confronting a job market that values flexibility and offers little stability.

As a result, Millennials have had access to fewer financial resources to protect them from economic shocks. Sociologist Jennifer Silva concludes that “as traditional markers of identity and adulthood confront them as unattainable and even undesirable, young people learn that creating their adult selves is an individual endeavor; yet their lack of cultural, social, and economic capital means that they have few tools with which to undertake this immensely risky task.”²² The paradox is that even as individuals have a greater degree of discretion in the choices they make, they have fewer options. This may be liberating for some, but others will find the risk management taxing, especially as it places responsibility for finding meaning and security in life squarely on each individual. While the Millennials of today may believe personal choice and self-control are central to their identity and thus hold themselves accountable for failure, they are not the ones who have crafted the public policies that have created such widespread precariousness.

The “failure to launch” phenomenon has not occurred in a vacuum. The combination of the Great Recession and a general rollback in social protections, typified by a push to deregulate markets and replace pensions with individual 401(k)-type retirement plans, has saddled individuals with bearing risks that previously had been collectivized. As Silva writes, “Trapped by the prevailing economic insecurity, many Millennials are lonely and betrayed, they cannot face their futures, form meaningful relationships, or achieve a sense of emotional well-being and self-respect.”²³

But the Millennials’ future is not yet written.

The Millennials’ Future

Despite bearing the burden of financial hardships delivered by a severe economic downturn, Millennials are optimistic about the future. Over 80 percent report that they currently have enough money “to lead the lives they want or expect to in the future.”²⁴ Their positive outlook, formed during childhood, has endured, even as it has been muted by experience.²⁵ They remain on the lookout for finding new pathways to progress.

Unfortunately, our current social policy framework is responding poorly to the task of providing young adults the

means to effectively navigate a turbulent economy. Designed for a 20th century industrial era, it is out of step with contemporary realities. At issue is whether or not American institutions, both governmental and in the private sector, can respond to the unique circumstances of Millennials and do so in ways that are aligned with the generation's prevalent attitudes, preferences, and attributes.

It is time to revisit the basic arrangements of the social contract. Millennials have a common interest in advancing a set of policies, incentives, and social protections that can more effectively collectivize risk, share responsibilities, and create economic opportunities for young adults. They should be supportive of a policy agenda which is capable of reversing downward mobility, increasing access to education and training, supporting young families, making child rearing less costly, and cultivating economic resiliency.

Whether Millennials will coalesce around a far-reaching policy agenda, exert sustained support for specific proposals, and force our political process to respond are open questions. Although Millennials have fewer attachments to traditional political and religious institutions than previous generations, they are connected to personalized networks of friends, colleagues, and acquaintances, which offer new tools for organizing collective action.²⁶ Their aversion to extreme partisan politics may keep them on the sidelines of current debates, but over time their preferences will increasingly set the political agenda. The salience of issues that have been at the root of culture debates, such as same-sex marriage and abortion, will likely decline. At the same time, Millennials overwhelming support a stronger role for government in order to make the economy work better, provide services, and help those in need.²⁷ This has made them a key part of the current Democratic Party coalition. In 2008, 66 percent of Millennials voted for President Obama, a figure that declined to 60 percent in 2012.²⁸ Their political support appears to be less about partisanship than affinity for a problem-solving role for government. The diversity, tolerance, and progressivity of the Millennial generation will become prevailing features of America in the years to come.

We know that the influence of the Millennial generation will rise. The sheer size of the generation will make them an increasingly larger share of the consumer economy and the voting population. By 2020, 39 percent of eligible voters and 36 percent of expected voters will be Millennials; by 2028 their share of expected voters will be even higher.²⁹

That may be too long to wait. Today's Millennials need policy supports that will help them respond to the challenges their generation will face tomorrow. Millennials are no longer just kids. They are older than you think, but they are still our future.

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Endnotes

¹ Neil Howe and William Strauss. *Millennials Rising: The Next Great Generation*, New York: Vintage Books, 2000, p. 4.

² U.S. Census Bureau. Others use the birth years of 1980 to 2000.

³ Howe and Strauss 2000, p. 15.

⁴ Pew Research Center, "Millennials in Adulthood: Detached from Institutions, Networked with Friends," 2014.

⁵ Howe and Strauss 2000, p. 4.

⁶ David Brooks, "The Organizational Kid," *The Atlantic*, April 2001.

⁷ Ibid.

⁸ U.S. Bureau of Labor Statistics, 2013.

⁹ Ibid..

¹⁰ Catherine Ruetschlin and Tamara Draut, *Stuck: Young America's Persistent Jobs Crisis*, New York: Demos, 2013, p. 9.

¹¹ Federal Reserve Board, "Survey of Consumer Finances," 2014.

¹² U.S. Census Bureau, 2014.

¹³ Federal Reserve Board 2014.

¹⁴ National Center for Education Statistics, 2014.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ U.S. Bureau of Labor Statistics, 2014.

¹⁸ Pew Research Center analysis of Census and Current Population Survey data.

¹⁹ U.S. Census Bureau, 2014.

²⁰ Center for Disease Control, 2013.

²¹ Wang, Wendy and Paul Taylor, “For Millennials, Parenthood Trumps Marriage,” Washington, D.C.: Pew Research Center, 2011.

²² Jennifer Silva, *Coming Up Short*, New York: Oxford University Press, 2014, p. 146.

²³ *Ibid.*, p. 156.

²⁴ Pew Research Center, 2010.

²⁵ While optimism is a generational characteristic, Millennials are also less trusting of others; according to a survey by the Pew Research Center, only 19% say most people are good, compared to 31% of Gen Xers and 40% of Boomers.

²⁶ Pew Research Center 2014.

²⁷ David Madland and Ruy Teixeira, “New Progressive America: The Millennial Generation,” Washington, D.C.: Center for American Progress, 2009, p. 17.

²⁸ *Ibid.*

²⁹ *Ibid.*