MILLENNIALS RISING: NEXT GENERATION POLICIES IN THE WAKE OF THE GREAT RECESSION

A Cross-Cutting Policy Symposium

October 16-17, 2014

Long View Gallery
1234 9th St. NW
Washington DC 20001

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WELCOME

While the US economy continues its climb out of the depths of the Great Recession, one group of Americans is having a particularly difficult time gaining its footing: Millennials. According to fundamental economic indicators, such as income and wealth, this rising generation of Americans is lagging behind previous cohorts. Coming of age during a time of rapid change, Millennials are facing a new set of challenges accessing the basic building blocks of success—getting an education, finding a job, raising a family, managing finances, and engaging socially and politically.

From another perspective, however, Millennials may be uniquely prepared to succeed. They may be marrying less, having fewer children, and putting off buying a home, but they are forging alternative pathways to adulthood. Their distinct set of characteristics, opinions, and public attitudes continue to distinguish them from Baby Boomers and Gen Xers. Far from monolithic, they are the most diverse, tolerant, and best credentialed generation in American history. Comfortable with new technology and having largely grown up with social media, Millennials are able to connect with each other in new ways.

Despite these advantages, the choices they make–and those forced upon them by the economy—have exposed them to significant levels of risk, which they increasingly have to manage individually rather than as a larger group. Traditional policy mechanisms designed to mitigate these uncertainties, however, have lost relevance and effectiveness amid the world encountered by Millennials. Current policies are certainly not doing enough to help young families move up the economic ladder, provide for their children's growth and education, and cultivate financial resilience. It is time to update our social policy thinking to respond to the unique circumstances of the rising Millennial generation.

It is in this spirit of policy innovation that New America, Young Invincibles, and the Roosevelt Campus Network have come together to convene this two-day policy symposium, *Millennials Rising: Next Generation Policies in the Wake of the Great Recession.*

We are collectively committed to elevating a constructive policy discourse capable of meeting the unique conditions and aspirations of the Millennial generation. Our goal is to extend an evidence-based discussion among practitioners, policy analysts, and advocates in order to explore a range of compelling policy responses to the new and often unprecedented realities facing Millennial Americans.

My colleagues and I are grateful that the Citi Foundation has been a key supporter of this gathering. Additional support has been provided by the Annie E. Casey Foundation, the W.K. Kellogg Foundation, and the Kaufman Foundation. The initial idea for the convening was hatched by New America in collaboration with the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis, whose work exploring the dynamics of the family balance sheet has clarified the severity of the recession's impact on younger families.

With your help and engagement, this symposium can provide a means to deeply examine the diverse set of issues affecting Millennials that are often viewed in isolation, but are more usefully addressed together. My hope is that this symposium will ultimately support the incubation and advancement of cross-cutting policy solutions that can improve the lives of the Millennial generation and their families now and in the years to come.

Thank you for your time, energy, and engagement.

Sincerely,

Reid Cramer
Director, Asset Building Program
New America

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MILLENNIALS RISING: NEXT GENERATION POLICIES IN THE WAKE OF THE GREAT RECESSION

A Cross-Cutting Policy Symposium

October 16-17, 2014

Day One: October 16

9:30
Breakfast and Registration

10:00
Welcome

- Reid Cramer, New America
- Brandee McHale, Citi Foundation

10:20
Keynote

- Anne-Marie Slaughter, New America
  Families and Flexibility: Reshaping the Workplace for the 21st Century

10:40
The Millennial Challenge

Although the economic, social, and technological conditions that shape our lives have changed, our public policies are not keeping pace. This panel will explore how the outlook for Millennials differs from generations before and how they're navigating this new terrain.

Panelists

- Ray Boshara, Federal Reserve Bank of St. Louis
- Jen Mishory, Young Invincibles
- Sarah Audelo, Generation Progress
- Laurenellen McCann, New America

11:30
Millennials and the New Economy

The Great Recession has changed the economic landscape in fundamental ways, and with it, the pathways that Millennials have to get ahead. This panel will explore where the jobs of the 21st century are being generated and how that impacts who is likely to succeed and who is likely to fall behind.

Panelists

- Nona Willis Aronowitz, NBC News
- William Emmons, Federal Reserve Bank of St. Louis
- EJ Reedy, Kauffmann Foundation
- Elisabeth Jacobs, Washington Center for Equitable Growth
- Richard Deitz, Federal Reserve Bank of New York

12:30
Lunch

12:45
Keynote Conversation

- James Bullard, President, Federal Reserve Bank of St. Louis
- Matt Yglesias, Vox (interviewer)

1:30
The Future of Building Wealth

The ability to build wealth and manage finances is foundational to achieving what have long been the markers of the American Dream: going to college, buying a home, and having a secure retirement. But, a dragging economy and anemic housing market undermine the wealth building prospects of the Millennial generation. This panel will explore what options are available for building and protecting wealth within this inhospitable context and how policy can help restore access to a secure financial future.

Panelists:

- Brandee McHale, Citi Foundation
- Rourke O'Brien, Harvard University
- Tim Chen, NerdWallet
- Jennifer Tescher, Center for Financial Services Innovation
- Rohit Chopra, CFPB

2:30
Education and Training

A college degree has become a prerequisite for success in a competitive job market, yet is costing more and returning less to those with that credential. This panel will question current assumptions about how higher education is financed, organized, and accessed and propose new models that allow this system to work better for more students.

Panelists

- Jennifer Wang, Young Invincibles
- Kevin Carey, New America
- Zakiya Smith, Lumina Foundation
- Kisha Bird, Center for Law and Social Policy

3:30
Policy Workshops

Breakout sessions focusing on each of the topics covered earlier in the day will provide participants an opportunity to reflect on what was discussed, suggest additional ideas in need of development, and elevate policy solutions to address the challenges Millennials face in these areas.

4:30
Report out

5:15
Reception

Screening: Welcome to Fairfax
- Eva Bloomfield, Participant Media/Pivot

Day Two: October 17

8:30
Breakfast

9:00
Work and Family

Traditional assumptions about who constitutes a family and what parents need to provide for the financial, educational, and developmental needs of their children have been upended over recent generations. This panel will explore what families need at work and at home to be effective caregivers and breadwinners and the public policy options for removing barriers to being successful in each of these roles.

Panelists

- Conor Williams, New America
- Jessica Grose, Slate
- Donna Levin, Care.com
- Carrie Gleason, Center for Popular Democracy

10:00
Social Engagement and Political Participation

Millennials have come of age in a world shaped by technology and social media, which has influenced how they connect with each other and their perceptions of what it means to be part of a community. This panel will look at the new ways that Millennials are organizing and mobilizing to change the world around them.

Keynote:

- Wendy Spencer, Corporation for National and Community Service

Panelists

- Hollie Russon Gilman, New America
- Sabeel Rahman, Roosevelt Institute
- Tiana Epps-Johnson, New Organizing Institute
- Prerna Lal, Advancing Justice--Asian American Justice Center
- Russell Krumnow, Opportunity Nation

11:00
Policy Workshops

Breakout sessions focusing on each of the topics covered earlier in the day will provide participants an opportunity to reflect on what was discussed, suggest additional ideas in need of development, and elevate policy solutions to address the challenges Millennials face in these areas.

12:00
Report out

12:30
Lunch

1:00

A New Social Contract for the Millennial Generation

Millennials are operating within a policy framework crafted for the needs, expectations, and circumstances of generations long since passed. This panel will distill the reflections generated during the Policy Workshops into an agenda that can inform a new social contract for the Millennial Generation.

Panelists

- Rachel Black, New America
- Perry Bacon, Jr. NBC News
- Taylor Jo Isenberg, Roosevelt Campus Network
- Mark Schmitt, New America

2:00

Close

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

Reid Cramer

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.

Reid Cramer is Director of the Asset Building Program at New America.

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 the 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 Teixiera, “New Progressive America: The Millennial Generation,” Washington, D.C.: Center for American Progress, 2009, p. 17.

[28] Ibid.

[29] Ibid.

MILLENNIALS, WORK, AND THE ECONOMY

William R. Emmons

For most young people, earnings from work constitute virtually all of their income.[1] Research shows that the trajectory of most individuals' lifetime wage and salary earnings is heavily influenced by labor-market conditions when they enter the workforce.[2] Entering a bad job market with relatively less education exacts an especially large and long-lasting toll on an individual's health and life satisfaction.[3] Clearly, then, the difficult job market facing Millennials during and after the Great Recession poses a significant challenge to the current and future well-being of today's young adults, especially those with low levels of education or training.

Current Conditions

The Millennial Job Market has been Historically Bad

The unemployment rate for men aged 25-34 peaked at 11.4 percent during the second quarter of 2009 (this corresponds to birth years between about 1975 and 1984, combining late Gen-Xers and early Millennials). Among men aged 20-24, unemployment peaked at 18.9 percent during the first quarter of 2010 (corresponding roughly to birth years 1986-90). Women had lower and somewhat delayed unemployment peaks: 9.5 percent in the third quarter of 2010 for those aged 25-34 and 13.9 percent in the first quarter of 2011 for women aged 20-24. The unemployment rate for young workers during the last seven years has traced out a path very similar to the one experienced during 1979-86, which had been the worst job market in the post-WW II period prior to the Great Recession. The job market that Millennials inherited has been historically weak.

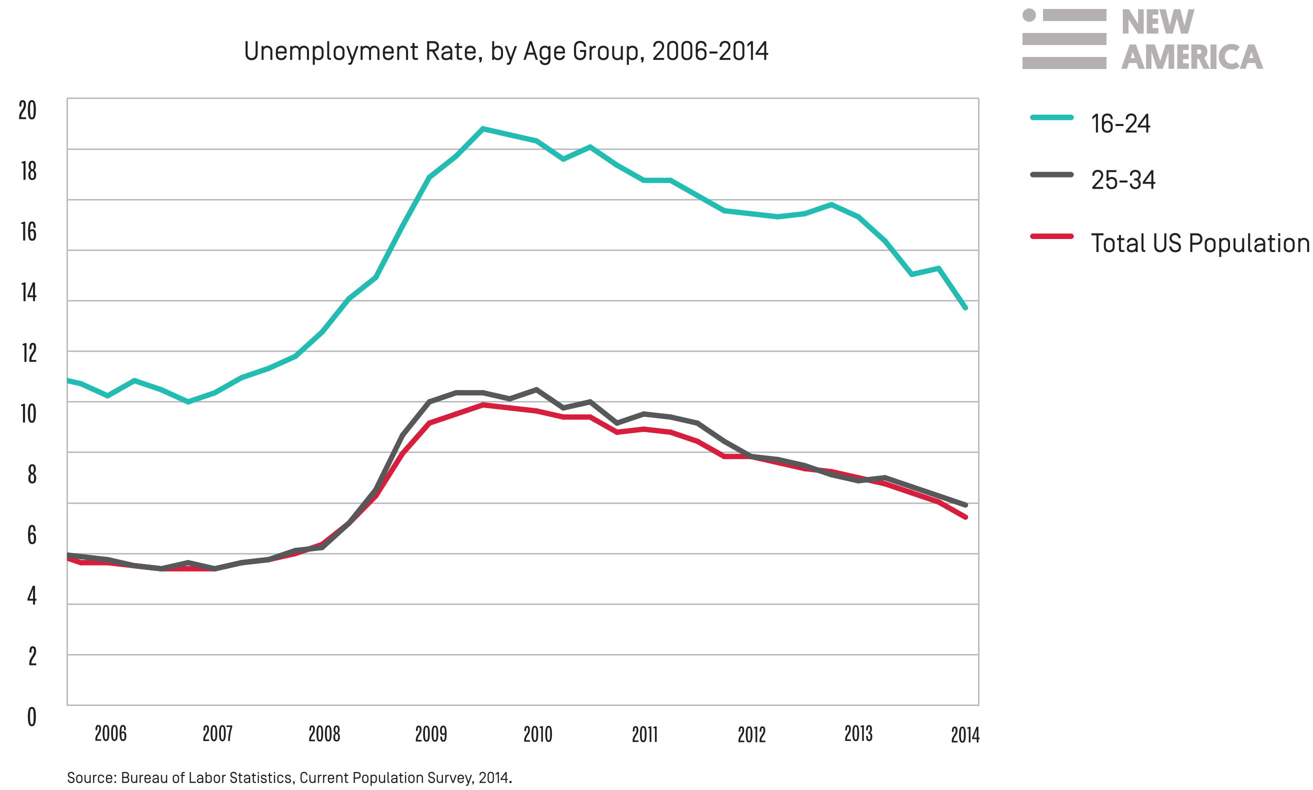
More recently, the unemployment rate for men and women aged 25-34 (birth years 1980-89) had fallen to 6.7 percent and 6.5 percent respectively, as of the second quarter of 2014. However, these rates were still noticeably above the rates for those aged 45-54 (birth years 1960-69), at 4.5 percent.[4] Among those aged 20-24, the unemployment rate in the second quarter of 2014 had fallen only to 11.9 percent for men and 9.4 percent for women. Again using the unemployment rates among 45-54-year old men and women as benchmarks, the gap between the unemployment rates of the 20-24-year old groups and 45-54-year olds remained slightly elevated for women but substantially higher among young men.[5]

A Deep Malaise among Young Workers

Arguably more consequential than the unemployment rate is the employment rate—the fraction of all members of an age group that is employed. While the unemployment rate ignores everyone who drops out of the labor market for any reason, the employment rate takes this category into account. The distinction between the unemployment rate and the employment rate is particularly important for people in their late 20s and 30s, who would be expected to have relatively low non-participation rates, especially among men.

Why is non-participation normally lower among young adults? People in their late 20s and early 30s are much less likely to be full-time students than people under 25; they are much less likely than older people to be unable to work due to disability; and they are extremely unlikely to have retired early due to unusually high career earnings or having received a windfall such as an inheritance or winning the lottery. Hence, reasons for nonparticipation that are important in other age groups are not as relevant for young adults.[6]

The most likely reason for a man to drop out of (or never to have entered) the labor market in his late 20s or 30s is a lack of marketable skills or other impediments to continuing employment (criminal record, resident status). Very few men are primary caregivers for children; even when they are, many continue to work, at least part-time. Among young women, a somewhat larger group is taking care of children full-time.



In terms of the employment rate, the Great Recession and its aftermath have pushed young adults into new territory. During the 1950s and 1960s, the employment rate among men aged 25-34 was in the low 90-percent range. Indeed, this group's employment rate exceeded 90 percent as late as 2000, and it reached a cyclical peak of 88.4 percent in early 2007. After falling as low as 79.6 percent during the Great Recession (first quarter of 2009), five full years of recovery have brought this key employment indicator back only to 82.7 percent (second quarter of 2014). Even at its worst point during the severe 1981-82 recession, the employment rate for 25-34-year old men fell only as low as 83.4 percent. Thus, 2014 will mark the sixth consecutive year during which the employment rate for men aged 25-34 remained continuously below the lowest quarterly level previously recorded.[7] Young Americans are participating in the economy and working at historically low rates.

The post-WW II employment rate for young women increased steadily until about 2000. Since that time, the employment rate for 25- to 34-year-old women has fluctuated by similar magnitudes as those experienced by 25- to 34-year-old men since about 2000, although it declined less sharply during the Great Recession. Together, the employment rate for both sexes aged 25-34 was only 75.5 percent in the second quarter of 2014, down 6.4 percentage points from its peak in the second quarter of 2000.

A New (and Tough) Economy for Young Adults

In addition to the worst cyclical downturn in the post-WW II period—from which recovery has been notably weaker for young workers, especially young men—today's young adults may be facing a long-term decline in the demand for high-skilled workers.[8] For successive cohorts of college graduates beginning in about 2000, the share of each cohort that is employed in jobs that require a college degree has declined and inflation-adjusted wage profiles have flattened and slipped lower.

Even though this downshift in the demand for college-educated workers directly affects only the (increasingly numerous) people with those skills, the ripple effects are being felt throughout the labor market. A "cascading" effect transfers downward pressure on wages from the highest-skilled young workers, who struggle to find skill-appropriate jobs, to other workers on lower-skill rungs of the job ladder. This is because lower-skill young workers face increasing competition from underemployed higher-skill workers suffering a paucity of opportunity in high-paying occupations. At the very bottom of the skill distribution, some potential workers are pushed out of the job market altogether as employers are able to fill even low-wage positions with relatively higher-skilled applicants.[9]

The downshifting of demand for cognitive skills, and the ensuing cascading effect on lower-skilled workers, appears to affect young adults the most because entry-level wage rates are the most flexible for many employers. The evidence to date suggests that occupational downgrading and the resulting market-wide downward wage pressure since about 2000 may exert permanent effects on young adults' earnings trajectories. For the least-skilled and least-experienced workers, obtaining a foothold on the job ladder has become increasingly difficult.

Policy Landscape

Four widely-touted policy responses to the weak job market are unlikely to solve the problems unique to young adults. Indeed, each of these policy tools is in use today, yet the employment outlook for young adults remains discouraging. While current policy debates focus on supporting the economy, they are not addressing the specific employment problems of young adults. From the perspective of young workers, much of the current policy discussion amounts to the prescription, "The medicine isn't working; increase the dosage!"

Response #1: Redouble macroeconomic stimulus

By some measures, fiscal policy and monetary policy have been more stimulative since 2008 than in many previous decades. There is broad consensus that expansionary fiscal and monetary policy stabilized an economy in free-fall in 2008 and 2009, but there is less agreement on how effective (or how expansionary) they have been during the recovery, which began in mid-2009. A growing chorus within and outside policy circles points to the need to "normalize" macroeconomic policy, moving away from emergency settings toward more sustainable stances for fiscal and monetary policy. *Bottom line*: We should not expect macroeconomic policy to become more stimulative in the years to come.

Response #2: Raise the minimum wage

The Congressional Budget Office projected that an increase in the federal minimum wage to $10.10 per hour by 2016, with annual inflation adjustments thereafter, would raise the incomes of some 16.5 million workers.[10] However, the CBO estimated that total employment would decline by about 500,000 workers. The most likely to be squeezed out of the job market are the least-skilled and least-experienced workers, who are disproportionately young and members of historically disadvantaged minority groups. *Bottom line*: An increase in the minimum wage does not address the problems facing the most vulnerable young workers.

Response #3: Expand education and training opportunities

Providing current and future workers with greater skills is a goal endorsed by virtually everyone; as always, the devil lies in the details. Small-bore efforts to increase the efficiency with which education and training are delivered should and will be continued. But large-scale, transformative efforts to bring the American labor force into the globally competitive 21st century—an education and training "moon shot"—appear to be pipe dreams in an era of near-total dysfunction in Congress. Moreover, the "skills cascade" that is affecting young workers even more than older workers would—paradoxically—be exacerbated by an expanded supply of college graduates. *Bottom line*: More education is not the answer—at least, not in the foreseeable future.

Response #4: Expand the Earned-Income Tax Credit

Strictly speaking, the EITC is not an employment policy. It is an income supplement for lower-wage workers that is delivered as a tax refund. Initially, it rises in value as earnings increase, but then phases out beyond a certain earnings threshold. Some economists argue that it can impose a relatively high marginal tax rate in the form of the phase-out schedule and thus dampens work incentives on the margin. Others emphasize its role as a means to transfer cash resources to those with low-incomes and to improve their economic outlook. Regardless of its impact on work effort, the EITC and other elements of the social safety net should be part of any discussion of the job-market challenges facing young adults. *Bottom line*: The EITC is a way to improve the current job prospects of young adults who are already employed, rather than a means to create new job opportunities.

The Challenges to Address

Perhaps the most difficult challenge policymakers face when it comes to addressing the employment situation of Millennials is accepting that the unique problems facing young workers may be due to forces beyond policymakers' control. These forces include the declining demand for skilled workers in the face of a rising supply of such workers, disproportionately affecting young adults of all skill levels;[11] an increasingly competitive and connected global economy; a rapidly aging population that will reduce the economy's potential growth rate; and a damaged domestic economy that will continue to convalesce for many years, perhaps never regaining the growth trajectory it once followed.[12]

Considering both the intractable nature of the forces underlying generally poor short-term job prospects for young adults and the need for policy reforms to ensure the sustainability of growth for economy as a whole, it makes sense to consider how the "generational risk" can best be shared.

Perhaps Millennials have "drawn the short straw" in a generational lottery. Current federal policies have a generational bias, to be sure; the beneficiaries are older Americans. Considering only Medicare, for example, the CBO estimates that the median person born in the 1960s will consume benefits in excess of the taxes they paid (both in inflation-adjusted terms) of about $200,000.[13] A new inter-generational social contract that recognizes the undiversifiable risk borne by young Americans should be the beginning of the conversation.

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Endnotes

[1] Among people aged 25-34 in 2012, 94.4 percent of total income came from employment or self-employment (i.e. earnings from work). Among all people 35 or older, the share of earnings from work was 77.7 percent (Bureau of the Census and Bureau of Labor Statistics, Current Population Survey).

[2] Joseph G. Altonji, Lisa B. Kahn, and Jamin D. Speer, "Cashier or Consultant? Entry Labor Market Conditions, Field of Study, and Career Success," Yale University working paper, September 2013.

[3] David Cutler, Wei Huang, and Adriana Lleras-Muney, "When Does Education Matter? The Protective Effect of Education for Cohorts Graduating in Bad Times," NBER working paper 20156, May 2014.

[4] The age-related unemployment gap has returned close to normal for women but remains elevated for men. In particular, the average annual difference in the unemployment rate among men aged 25-34 and men aged 45-54—about 2.0 percentage points during the past four quarters—ranged between 1.3 and 1.7 percentage points during the previous economic expansion (2002-07). Among women, the gap during the most recent four quarters of 1.8 percentage points lies within the range of 1.4 to 2.2 percentage points during the previous expansion (2002-07).

[5] The range of average annual gaps between the unemployment rate of 20-24-year old men (women) and 45-54-year old men (women) was 5.6 to 6.2 (4.1 to 5.6) percentage points between 2002 and 2007. During the four quarters ending in the second quarter of 2014, the average unemployment gap was 7.8 percentage points for men and 5.4 percentage points for women.

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[7] It should be pointed out that employment rates for men in all but the oldest age groups have plumbed new depths since the Great Recession.

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MILLENNIALS AND THE STATE OF POST-SECONDARY EDUCATION

Jennifer Wang
and Reid Setzer

Young people overwhelmingly believe that a post-secondary degree is important in today's competitive economy. They are right: a college education pays off tremendously.[1] When jobs became scarce with the onset of the Great Recession, many students responded by investing in their future. Perhaps not surprisingly, enrollment in higher education increased 3.5 percent between 2009 and 2012.[2] But the landscape of higher education in America has continued to change in key ways, raising a series of fundamental questions. Is a college degree worth the rising cost of tuition? What degrees are most useful in a 21st century economy? With more people today pursuing some type of postsecondary education, we all have a stake in reforms to make higher education more inclusive, affordable, and accessible.

Current Conditions

Mounting costs frequently headline stories on the state of higher education in America. From 2002 to 2012, prices for undergraduate tuition, room, and board at public institutions rose 40 percent, and prices at private nonprofit institutions rose 28 percent.[3] Since 1978, this rate of increase has been four times faster than inflation.[4] Tuition is rising at public institutions because states are allocating fewer resources to them.[5] In 2013, states spent 28 percent less per student on higher education than they did in 2008.[6] Before the Great Recession, net tuition provided around 36 percent of all higher education revenue, but today it is over 47 percent.[7] Students and families are responsible for a growing share of the cost of college, and many make up the difference in student loans.

Additional factors often cited for rising tuition include expensive labor costs and practices like teacher tenure, inefficient use of high maintenance cost buildings, increased time until students graduate, the need for remedial teaching, and difficulty transferring credits from one institution to another.[8] Despite rising prices, many institutions compete for prospective students with amenities, which end up pushing tuition even higher. Infrastructure improvements at some schools, such as golf simulators, climbing walls and hot tubs, and swimming pools in residence halls, may have dubious educational merit but are emblematic of an educational "arms race."[9] Other research suggests that institutions have actually cut costs for facilities in recent years, and that the evidence for an "arms race" is less clear.[10]

Another headline is the increasing complexity of our financial aid system. With more people borrowing to attend college, advocates have turned their attention to how complexity can be a barrier for many borrowers trying to navigate financial aid, from applying to aid to repaying loans. For example, when students apply for federal financial aid, the confusion sowed by the FAFSA (Free Application for Federal Student Aid) dissuades millions of students, which subsequently leads to higher levels of student debt.[11] After graduating or leaving school, the nine different repayment plans for federal student loans further confuse borrowers. The complexity of repayment plans likely contributes to rising student loan default rates.[12]

Given these trends, it is not surprising that many people support reforming our system of post-secondary education. A 2013 public opinion survey conducted by the Lumina Foundation found that:[13]

- 77 percent of Americans "do not think that higher education is affordable to everyone who needs it."
- Only 22 percent of Americans says that $40,000 or more is a reasonable amount for four years of undergraduate education.
- Only 14 percent of Americans say that it is "very easy to find the average amount of loan debt students have when they graduate."
- Only 16 percent of Americans says it is "very easy to find information on financial assistance for a college education."
- 22 percent of Americans said it was "very difficult to find information on the average amount of loan debt" students have when they graduate from the college or university, while only 14 percent said it was very easy.
- 20 percent of Americans said $20,000 to $30,000 was a reasonable amount for an undergraduate

student to accumulate over a four-year period; the current average is around $30,000.

Even though research confirms that earning a bachelor's degree gives graduates an advantage in annual earnings and employment over their less educated peers, a 2014 survey found that 50 percent of Millennials indicated that their biggest regret was "not getting more work experience in college," which was ranked ahead of regrets of studying harder, looking for work sooner, or choosing a different major.[14]

The survey responses show that higher education faces a number of issues beyond cost and financing, such as quality, utility, and alternative pathways. For instance, there is evidence that students are not being trained to fill the jobs that the economy is creating and are taking jobs that do not utilize their educational training.

Experts estimate that the U.S. will fall three million degrees short by 2018. In other words, three million skilled jobs will remain unfilled due to a projected lack of qualified workers. More than 75 percent of manufacturers report a moderate to severe shortage of skilled resources.[15] This "skills gap" could make it difficult for US employers to remain competitive in the global market. Federal, state, and local governments, as well as private entities, are searching for ways to re-define these jobs in ways that make them more attractive.[16] However, there is some debate, as a recent report indicates that a prevalent dynamic in the job market is one where many job candidates have more education than their job requires.[17]

Are There Alternatives?

Our current system of higher education relies on the "credit hour," judging academic progress based on time spent in the classroom. An alternative approach gaining prominence is competency-based education,[18] where a student advances through curriculum based on her ability to show, though assessments, that she has mastered skills and knowledge about a particular topic.[19] Some of the primary challenges facing competency-based learning in the United States include gaining acceptance of the model, choosing the best method of assessment, identifying what data we need to analyze these programs, and working with accreditors and the government to gain accreditation and financial aid, respectively.[20]

Another technological departure from the traditional form of higher education is the proliferation of online educational courses and massive online open courses (MOOCs). These courses offer flexible scheduling, are free or low cost, and offer ease of communication with faculty and fellow students via blogs, online message boards, and document sharing.[21] However, completion rates for many MOOCS are far below average and their effectiveness remains unclear.

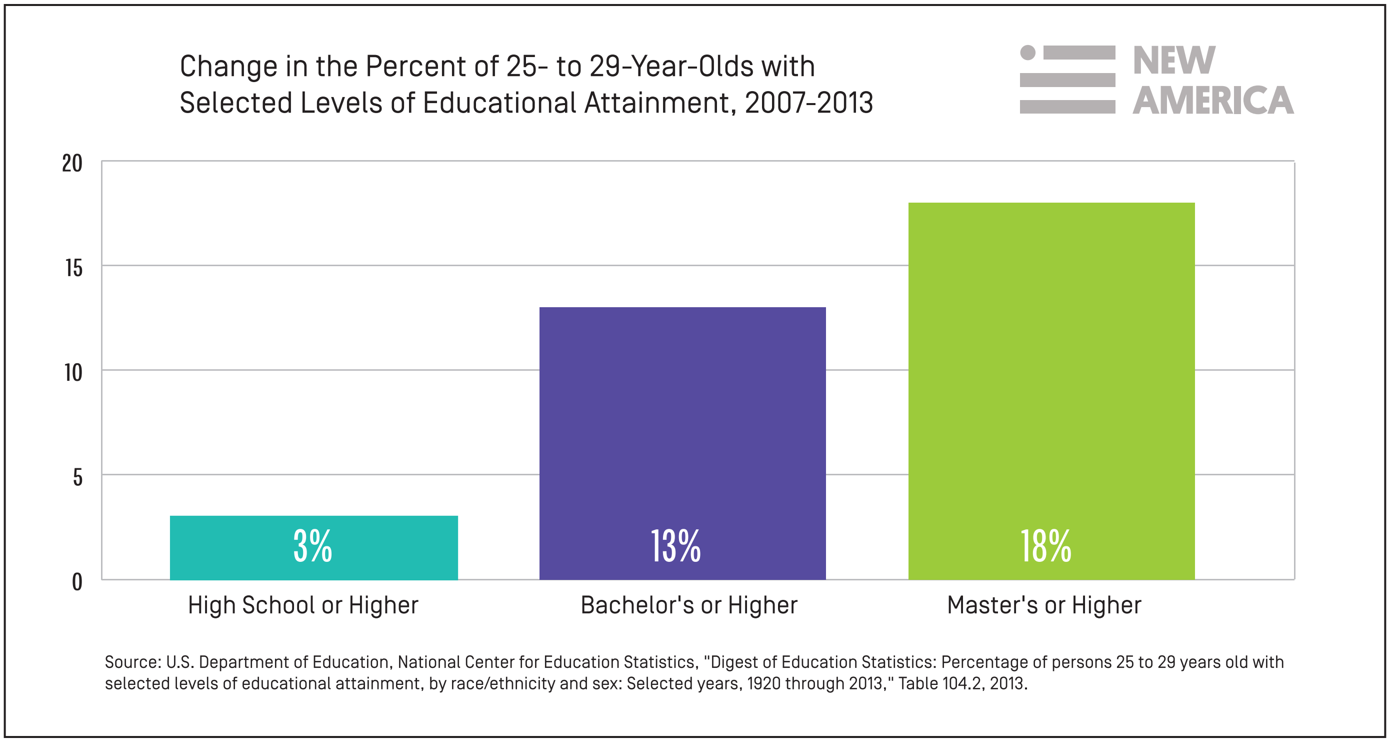
A final category of alternatives to the traditional four-year degree path is apprenticeships. A Department of Labor study showed that apprentices earn an average of $300,000 more over their lifetimes than people who do not complete apprenticeships.[22] Apprenticeship programs also tackle the problem of growing student debt, since apprentices earn credentials and are paid throughout their training and acquisition of a post-secondary credential.[23] The Obama administration has promoted apprenticeships this year, and its efforts have seen 10,000 more apprenticeships created in America since January.[24]

Policy Landscape

Congress is moving toward reauthorizing the Higher Education Act (HEA), the law that governs higher education in the United States.[25] There has been bipartisan agreement that simplifying federal financial aid will result in benefits for students and borrowers.[26] Other topics for reform include holding institutions accountable for student outcomes, the accreditation system, promoting more affordable methods of delivering education like competency-based learning, and altering the federal student loan program and repayment options.[27]

Both the U.S. House and Senate are currently working toward reauthorizing HEA. In the Senate, Chairman Harkin (D-IA) of the Senate HELP Committee has circulated a comprehensive discussion draft of a bill that would amend the current HEA in an attempt to address rising student debt, among other provisions.[28] In the House, Chairman Kline (R-MN) of the Education and Workforce Committee has shepherded three much narrower, bipartisan bills through the House that would provide more information to students deciding on postsecondary education.[29] The comprehensive approach of the Senate and the bill-by-bill approach of the House will have to be reconciled in 2015.

When elected in 2009, the Obama administration set a goal of increasing post-secondary degree attainment from 40 percent to 60 percent, adding an additional 10 million Americans ages 25 to 34 with an associate's or bachelor's degree.[30] But associate's degree attainment has increased just 1.5 percent increase for the over-18 population since 2009, and degree attainment among adults aged 25 to 34 rose less than one percent from 2009-2011.[31] However, the President's goal of achieving five million additional community college graduates seems on track, as schools conferred 2.5 million more associate's degrees from 2009-2012.[32]



The rise of proprietary higher education companies has created an additional set of policy issues. Between 2000 and 2009, full-time enrollment in for-profit degree-granting institutions increased from 366,000 to 1.5 million.[33] However, bachelor's degree completion rates are much lower in the for-profit sector than in other non-profit higher education sectors.[34] Additionally, the average cost of a two-year associate's degree is more than four times higher than the average of the same degree at a comparable community college, which leads to for-profit students graduating with more debt than their non-profit counterparts.[35] The Obama administration promulgated "gainful employment" regulations in 2010 to protect students from institutions that saddle their students with the most debt and the worst employment prospects, but federal courts struck down those regulations in 2011.[36] In response, the Obama administration is in the process of developing new regulations.

There is also a movement to address complexity within financial aid. With all of the existing tools to help students and families compare intuitions and learn more about their financial aid options, there is still consensus that young people do not receive the best information about their options in the right format at the right time. The Obama administration has recently proposed a college rating system to make it easier for students and families to make informed decisions about postsecondary education. The goal of the rating system is to increase institutional accountability and help control the rising cost of college. But the rating system has faced some opposition: a bipartisan resolution was introduced in June 2014 opposing the rating system,[37] and only 2 percent of the current higher education community agrees that students will use it.[38] It remains unclear how effective the rating system will be, or if the availability of federal financial aid to institutions will be tied to it.

The Challenges to Address

The scale and scope of our higher education system presents a wide range of issues to address, including how students access and afford an education, as well as how the system creates pathways to success. In the coming years, all stakeholders must address key issues around college access, affordability, oversight and accountability, a lack of data, and how to increase opportunities for "non-traditional" students.

Access and Affordability

Maintaining student access to institutions is paramount to ensuring that all Americans can gain the necessary skills and education they need. The rising cost of college and growing complexity of the federal financial aid system are barriers to access. One program that directly addresses college cost is the Pell Grant program. It is essential to maintaining access because it funds grants for lower-income students and families who might not be able to afford college otherwise. However, the Pell Grant program faced a shortfall in 2010,[39] and may face a short fall in Fiscal Year 2017.[40] Additionally, simplifying the federal financial aid system, including the FAFSA, is an important measure to ensure that those seeking postsecondary education can secure the funds to do so. Federal incentives to states that encourage education spending on state financial aid programs that are valuable supplementary tools to the federal financial aid system are also needed to preserve access.

As tuition continues to rise unsustainably, we must address the issues of college cost and student debt. Congress and the Obama administration must find a way to sustainably fund Pell grants, deal with skyrocketing tuition, and address the growing body of student debt. The federal government will also “earn” $127 billion over the next ten years by financing student loans.[41] Where will these dollars go? Will the government reinvest these funds in students?

Oversight and Accountability

There is growing concern about how to improve student outcomes at various institution types. Initiatives like performance-based funding at the state level and tying financial aid and other funding to student success at the federal level are two examples. The Obama administration’s rating system is an example of an oversight and accountability initiative. Institutions are very concerned about the impact of the ratings system,[42] while education advocates want it to serve a variety of purposes like institutional accountability and information for consumers. It remains to be seen if the rating system will be used as just an informational tool or something to hold poorly performing institutions accountable.

Additional challenges include reforming accreditation, which recently has come under fire for being a rubber-stamp that protects the interests of accrediting agencies’ membership over students and taxpayers.[43] Finally, policymakers will have to decide if they want to extend more consumer protections to student loan borrowers, including helping the Consumer Financial Protection Bureau assist students in getting refunds and forgiveness from student loan servicing firms,[44] as well as the ability to discharge student loans in bankruptcy, upon the death of the primary borrower, or if the borrower can show medical distress.[45]

Lack of Data

With the rise in tuition and growing complexity within federal financial aid, it is now more important than ever to convey accurate, helpful information to students and families about college and how to pay for it. Students often lack the tools they need to make the right decisions about college and whether their investment will pay off. One problem is the lack of information about outcomes, which prevents students, families, institutions, and policymakers from learning the answers to important questions about the value of higher education.[46] Information such as how easily graduates from different institutions find jobs and if they will earn enough to pay off their student debt is unavailable despite the fact that many institutions and government agencies already have the information.[47] Creating a student record system would allow anonymized data to be disaggregated to the benefit of the public making important financial decisions, as well as reducing compliance costs for institutions and connecting existing governmental information systems, reducing bureaucracy.[48] Better-targeted and consumer-tested financial aid counseling would also increase financial literacy among those who finance their education by taking out student loans.

“Non-Traditional” Students

Our current postsecondary system was set up to primarily accommodate first-time, full-time students entering four-year colleges directly out of high school. This disadvantages students who do not go straight from a secondary education to a postsecondary education. But in reality, adults aged 24 and older comprised 43 percent of all college students in 2001, and part-time students outnumber full-time students 62 percent to 38 percent.[49] These “non-traditional” learners typically have limited available time, fewer resources to draw on, and other priorities to balance beyond academics.[50] A number of reforms are worth considering, including not requiring constant refiling of FAFSA, awarding grant aid as an account that can be drawn upon as a person moves in and out of postsecondary education, having colleges be more proactive in requiring students to develop degree plans to avoid accruing credits that do not yield a degree, and experimenting with a Pell “bonus” for students who hit certain credit momentum points. All of these proactive steps might help re-shape the American education system to accommodate and assist the large and growing numbers of non-traditional students pursuing post-secondary education and training.[51]

Implementing these and other changes that explore alternative models to the traditional instruction of higher education and the policies that govern access to and affordability of institutions of higher education are necessary to establishing a system that provides a pathway for economic advancement for students and meets the labor needs of a dynamic economy.

Jennifer Wang is Policy Director and Reid Setzer is a Legal Fellow at Young Invincibles.

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SHIFTING WORK AND FAMILY TRENDS AMONG MILLENNIALS

Andrea Flynn

Members of the Millennial generation in the United States face rapidly changing—and at times contradictory—socio-economic circumstances. They are generally highly educated, but are saddled with historic amounts of student debt and face daunting levels of un- and under-employment. They care deeply about employment benefits at a time when paid sick and family leave are still distant realities and labor organizing and hard-won workplace protections are being eroded. Many have a desire to delay childbearing because of concerns about economic security, but also have an unmet need for affordable family planning options. Over the past decade we have seen changes in the economy, work, and class status drive Millennial views on marriage and family formation, while at the same time attitudes about family responsibilities, work-life balance, and employment benefits are shifting the way Millennials are engaging in the workforce.

Current Conditions

The Great Recession affected U.S. workers of all ages, but it had a disproportionate impact on the Millennial generation. Unemployment rates among this cohort remain high at 15.2 percent for those ages 18 to 29, while underemployment rates are even higher at 40 percent.[1] The ranks of unemployed Millennials now total 4.6 million, nearly 40 percent of all U.S. unemployed workers.[2]

The Recession has dramatically shifted how Millennials define their class standing. A 2014 Pew Research poll found that only 42 percent of Millennials now identify themselves as middle class (down from 53 percent in 2008), and 46 percent describe themselves as lower or lower-middle class, up from 25 percent in 2008.[3] Two-thirds of recent bachelor's degree recipients have outstanding loans and the average debt is $27,000, up from only half of recent graduates and an average of $15,000 of debt 20 years ago.[4] Navigating the post-recession economy has changed the way Millennials engage in the workforce, pushing more workers into low-paid work and others into part-time, temporary, and contract work.

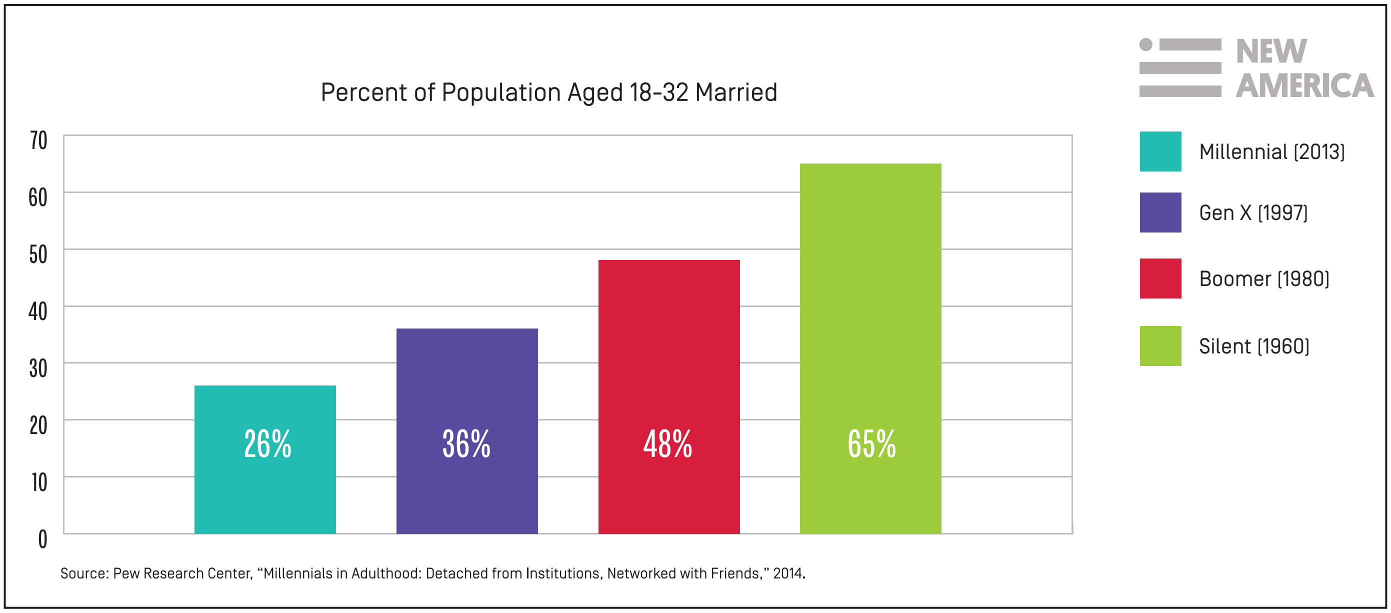
Rising Low-Wage Employment

The majority (50.4 percent) of U.S. minimum-wage workers are between the ages 16 to 24, with 24 percent between ages 16 to 19.[5] However, a growing percentage of minimum-wage earners are over the age of 30, which raises concern that Millennials coming into adulthood in a sluggish economy are not going to simply age out of low-wage work. This concern is especially acute for women, who—despite making up less than half the U.S. work—make up two-thirds of the country's 20 million low-wage workers.[6] Even though young men and women (between the ages of 16-24) comprise the same share of the U.S. workforce (6 percent), young women's representation in the low-wage workforce is 1.4 times greater than that of young men's.[7]

The economic circumstances of U.S. mothers are particularly challenging. Mothers and fathers make up a similar share of the overall workforce, but mothers represent a much larger share of low-wage workers (21 percent compared to 6 percent). Nearly one in five working mothers with children under three is employed in low-wage jobs and a third of them live in poverty. And in every state, at least six in ten low-wage workers are women, even though women make up half or less of the overall workforce in every state.[8]

The recovery from the 2008 recession was particularly hard on women. While 1.6 million jobs were added to the private sector over the course of the recovery, only one in seven of those new jobs went to women, and 35 percent of women's net job gains during that time were in jobs that paid at or below the minimum wage (compared to 20 percent for men).[9, 10]

Despite the difficult socio-economic circumstances many find themselves in, Millennials are quite optimistic about their future. Of those who are currently employed, only 33 percent say they now earn enough to lead the kind of life they want, but 51 percent say they will be able to earn enough in the future. Among those who are unemployed, 29 percent say they now earn enough and 59 percent say will be able to earn enough in the future.[11]



Rising Interest in Employment Benefits

Benefits are increasingly important factor in determining where U.S. men and women choose to work. In Metlife's annual survey of 1,200 employees, 43 percent of respondents in 2013 reported that benefits were a key factor in why they chose their employer. That's up from 28 percent in 2012.[12] "Millennials care deeply about benefits. More than any previous generation they have student loans to pay, family members to support, and beliefs that social security won't cover their needs in the future."

Nearly a third of the U.S. labor force is comprised of individuals who are working as freelancers, independent contractors, and temp workers. Experts predict that by the end of the decade that figure will rise to 40 percent, roughly 60 million people. Millennials will account for significant portion of this pool. Research has shown that 70 percent of young professionals worldwide aspire to be their own boss, and that nearly nine in ten workers affiliated with Freelancers Union report they would not choose to return to traditional work.[13] This is not surprising, given that almost half of Millennials prioritize job flexibility over pay. "Yes, the comfort of a regular paycheck is gone, but it's replaced by other, arguably greater comforts: a flexible schedule, the sense of ownership and pride that comes with being one's own boss, the ability to prioritize health and wellness in ways that are incompatible with traditional employment structures."[14]

Declining Unions and Collective Bargaining

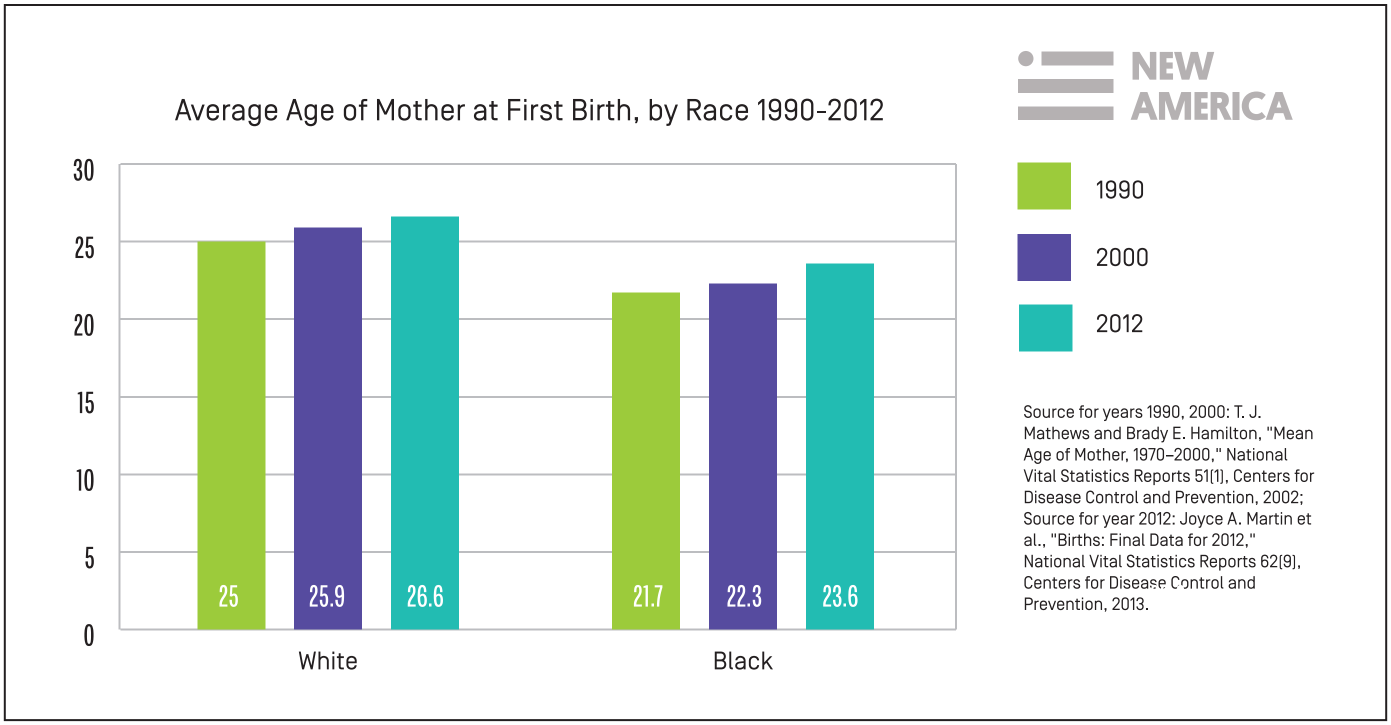
Millennials are entering a workforce that has been dramatically altered by the changing landscape of labor organizing and union membership. Today, unionized workers make up only 11 percent of the workforce, the lowest level in 97 years. Over the past 40 years the proportion of organized workers has plummeted, eroding previous protections for working families. The wages of workers have declined while the wealthy enjoy an increasing percentage of overall income. In the 1960s and 1970s, workers staged an average of 286 strikes a year. Since 2000 that has declined to 20 strikes a year.[15] As Richard Kirsh points out, "With only 7 percent of private sector workers in unions, the labor movement can no longer play an effective role in raising workers' wages throughout the economy."[16] More generally, the declining prevalence of collective bargaining and union membership reflect a general weakening of social protections, such as policies that provide workers paid time off for sickness, caregiving, or vacation.

Policy Landscape

The trends in work that have unfolded over recent decades have driven (and in some ways been driven by) the changing views that younger generations have about marriage, family, and the desired balance between work and family obligations.

Declines in Marriage

For individuals between the ages of 18 and 29, the marriage rate has dropped from 59 percent in 1960 to just 20 percent today.[17] There are fewer people getting married today, and those who are marrying are doing so later than any other generation in history. Recent Pew Research Center data shows that in 2012, one in five adults over the age of 25 has never been married (compared to one in ten adults in 1960),



and that the median age at first marriage is now 27 for women and 29 for men (compared to 20 and 23 in 1960).[18]

The downward trend in marriage is driven by a number of factors: higher rates of co-habitation; a declining belief in the social value of marriage; concerns about divorce; and an increasing belief that financial security is a pre-requisite for marriage.[19] This is especially true for women, 78 percent of whom say that it is very important for their future partner to have a steady job. Only 46 percent of men, however, have concerns about their future spouse's job.[20]

Complicating marriage prospects are the fact that the ratio of employed, single men to women is shrinking. In 1960 there were 139 young, never-married, employed men per every 100 women (between the ages of 25-34). In 2012 there were just 91, and for some racial groups that gap is more significant. As The Economist recently reported, young, never-married, black women outnumber young, never-married, black men with jobs by two-to-one.[21] "This helps explain why although African-Americans are more likely than other races to say they value marriage, only 26 percent of black women are actually married, compared with 51 percent of whites."[22] It is difficult to talk about the un- and under-employment of black men without acknowledging the role that incarceration plays in shaping the socio-economic status of many black families. As Linda Harris of the Center for Law and Social Policy has written:

> "The overcriminalization and disproportionate incarceration of young black men early in their adult life result in a sizable segment of the young male population in low-income, minority communities being marginalized in the labor force, with little prospect of earning a family-sustaining wage. This ultimately poses considerable barriers to successful family formation and positive civic engagement. This overcriminalization poses employment barriers to both ex-offenders and non-offenders. Researchers have documented that employers, when faced with applicants from an over-criminalized population, minimize their perceived risk by engaging in 'statistical discrimination'—that is considering neither offenders nor non-offenders from that population for employment."[23]

In addition to these multiple factors driving women's decisions to delay marriage, there is also some evidence to show that there might be economic benefits for women who marry later. College-educated women who married after the age 30 have an annual personal income of $50,415, compared with $32,263 for college-educated women of the same age who marry before the age of 20. That is a 56 percent difference.[24] In contrast, men who marry in their 20s make more than men who wait to marry in their 30s.

Regardless of their ambivalence of the social importance of marriage, still nearly 70 percent of Millennials say they would like to marry but feel their economic foundation is not strong enough to do so.[25] The changing marriage landscape helps to explain some of the shifts we have seen childbearing trends in recent years.

Delayed Childbearing

Today nearly half of all births to Millennial women are non-marital, compared to only 20 percent among older women, trends that have grown more divergent in recent decades and are particularly pronounced among women with lower socioeconomic status. For college-educated women with higher incomes the average age of first birth (30) has risen along with the average age of marriage, while for women without a college degree the average age of first birth has not risen along with the average age of marriage. Women of higher socioeconomic backgrounds are predominantly having children later and in married relationships, while women of lower socioeconomic backgrounds continue to have children earlier in their 20s and are increasingly doing so out of wedlock.[26]

When evaluating trends in childbearing, women's ability to plan the timing and size of their families is an important factor to take into consideration. The ability of women to control their pregnancies contributes to the increasing divide in opportunities, circumstances, and health outcomes among women of different socioeconomic backgrounds. Half of all pregnancies in the U.S. remain unplanned or mistimed (a rate higher than most developed countries), with rates among poor women and women of color significantly higher than among wealthier white women.[27]

Family planning is often regarded as strictly a matter of "reproductive health," but it is also an economic security issue for women and their families. The majority of women in a recent Guttacher Institute study reported that birth control enables them to support themselves financially (56 percent), complete their education (51 percent), and get or keep a job (50 percent).[28] The ability to determine the size and timing of a family is critical to women's financial wellbeing, and at the same time economic insecurity causes many women to want to delay childbearing. A 2009 Guttmacher Institute study found that 44 percent of women (and 52 percent of women with lower incomes) wanted to delay or limit childbearing in the wake of the 2008 recession.

The cost of contraception has made such planning hard for many women. During the 2008 recession and its aftermath, 8 percent of women dispensed with birth control all together and nearly 20 percent used it inconsistently as a way to save money.[29] And the population of women who want but cannot afford family planning on their own has only grown in recent years. Between 2000 and 2012, the number of U.S. women in need of publicly funded family planning services increased by 22 percent, or 3.5 million women. The Affordable Care Act's expanded coverage of contraceptive care will meet the needs of some of these women, but many—especially those in states that are not expanding Medicaid—will fall through the cracks and continue to rely on publicly funded clinics that provide low- or no-cost contraceptive services.[30] Unfortunately, regulations and cuts to public clinics, along with the challenges like the Supreme Court's Hobby Lobby decision have made it more difficult for those who need and want family planning services to access them.[31]

Many policymakers blame the rising proportion of births to unmarried women—particularly young women—for cycles of poverty and inequality.[32] It is true that nearly half of children living in single-mother homes are living in poverty, compared with 11 percent of children living with two married parents.[33] But research has shown that that poverty itself is the largest predictor of future socioeconomic status, and that unintended, teen, and out-of-wedlock births actually change the socioeconomic status of poor women very little.[34]

Additional studies confirm that providing family planning services at no cost, including long-acting methods and emergency contraception, results in more effective contraceptive use, decreased rates of unintended pregnancy by nearly 30 percent, and significant declines in abortion rates.

Increasing Costs of Childcare

Many women who do decide to become parents find themselves negotiating the high costs of childcare with low wages. Many workers spend 30 percent or more of their income on childcare. A study from the National Women's Law Center (NWLC) illustrates the numerous issues facing working mothers: needing childcare during night and weekend hours (when providers are more expensive or less reliable); a lack of information and understanding about publicly funded early-education and care programs; language barriers; unpredictable and last-minute schedules; no paid sick or vacation days; a cost of childcare that far outweighs income for many women.

Unsurprisingly, child rearing carries a more significant cost for the careers of women than of men.[35] Among mothers and fathers who have reduced work hours or taken a significant time away from work to care for a family members, more than a third—though glad they did it—report that it hurt their career (compared to 18 percent of fathers).[36]

The Challenges to Address

The current political environment presents a number of challenges to overcoming the socioeconomic obstacles that Millennials face in balancing their work and family lives, but it also presents some opportunities. Too many years of stagnant wages have exacerbated inequality, but grassroots and political campaigns like the one that raised Seattle's minimum wage to $15/hour show promise, and recent polls show that the majority of Americans approve of similar increases.[37,38,39] Declines in union membership and labor organizing have dismantled hard-won protections for workers, but efforts by the National Domestic Workers Alliance (NDWA), the Coalition of Immokalee Workers, and the New York Taxi Workers Alliance (NYTWA) have provided innovative solutions that are protecting workers rights and guaranteeing a floor of wellbeing.[40] Affordable childcare and quality early education remain a distant reality for many, but New York City's recently launched Universal Pre-K program has garnered support at all levels and can be a model replicated by other cities and states. A stubborn wage gap persists between men and women, but new federal efforts have directed unprecedented attention and political capital to the issue.

At the same time, however, we have seen unprecedented rollbacks in voting rights, reproductive rights, and labor rights. Attacks on the Affordable Care Act, fair pay legislation, financial regulations, and student loan reform may weaken the policy supports in place that play a supportive role in promoting work and family formation among Millennials. We will need to harness the creativity, energy, passion, and political power of the Millennial generation to overcome these significant barriers to health, financial security, and overall wellbeing.

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A LIFE-CYCLE AND GENERATIONAL PERSPECTIVE ON THE WEALTH AND INCOME OF MILLENNIALS

William R. Emmons
and Ray Boshara

Young adulthood is the life stage when the greatest increases in income and wealth typically occur, yet entering into this period during the Great Recession has put Millennials on a different trajectory. As a result, this generation will need to make very large gains in the years ahead to compensate for these shortfalls.

Understanding the dynamics of how the recession has impaired the financial outlook of Millennials, such as identifying how far behind they are compared to previous generations of young adults, the impact of the recession on their current wealth holdings and earning potential, and the pace at which they're recovering, is essential to developing appropriate policy interventions that can put them back on track.

Current Conditions

The Great Recession exacted an enormous toll on the incomes and wealth of most families. The real income of the median U.S. family was 12.1 percent lower in 2013 than in 2007, falling from $53,114 to $46,668, both in 2013 inflation-adjusted dollars.[1] Real median wealth among all families declined 40.1 percent during that period, falling from $135,858 to $81,400.

As bad as it was in the aggregate statistics, younger adults generally fared even worse. This is true whether one focuses on young adulthood as a stage in the life cycle through which everyone passes or, alternatively, if we track groups of individuals born at a certain time using a generational framework. Moreover, young adults and families with less education and those who are African-American or Hispanic typically suffered more than their better-educated and white or Asian contemporaries.

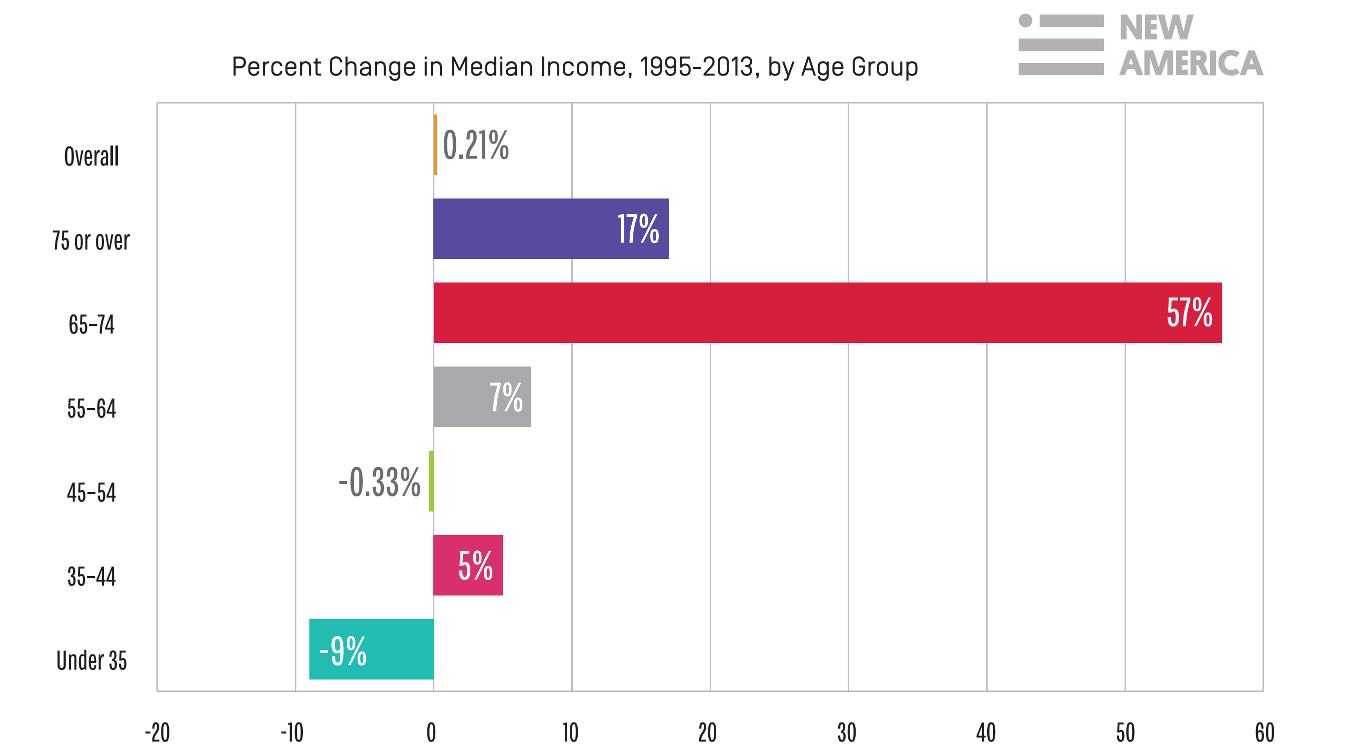
The economic and financial setbacks suffered by young adults during and after the recession—especially among those of color and those without college degrees—are particularly discouraging because members of the Millennial generation (born 1981-2000) had been doing a bit better at comparable ages than their immediate predecessors, the members of Generation X (born 1965-80). Prospects have dimmed for getting back on the steep upward trajectories of income growth and wealth accumulation that are characteristic of people in their 30s and 40s and which are essential for building life-long economic security.

A life-cycle perspective on young adults

Many aspects of our economic and financial lives are shaped principally by our stage in life.[2] Income typically rises rapidly during the first few decades of one's working life, peaks in late middle age, and then declines at retirement. Wealth usually begins at a very low level—and can even be negative if student loans are needed to complete schooling—and grows at an increasing rate during the working lifetime. In contrast to income, many families' wealth peaks at a somewhat later age and declines only slowly after retirement or, in the case of wealthy families, may keep rising until death.

From a life-cycle perspective, young adults fared poorly during the recession and its aftermath. The median income of a family headed by someone under 40 was 88 percent of the overall median income in 2004 and reached 91 percent in 2007; but the median income of young adults was only 87 percent of the overall median in 2013.[3] This remains below the 88-96 percent range seen during the 1989-2004 period.

Meanwhile, the median wealth of a family headed by someone under 40 was 22 percent of the overall median in



Source: Board of Governors of the Federal Reserve System, "2013 Survey of Consumer Finances," 2014.

2004, before falling to 16 percent in 2007 as the housing bubble began to burst. While the median wealth of people under 40 recovered to 18 percent of the overall median by 2013, this remains far below levels reached during 1989-2004, when it ranged from 22 to 30 percent.

Thus, families and individuals who were under 40 during and after the recession generally have experienced historically low incomes and wealth. Young adults without college degrees and young African-American and Hispanics likewise suffered greater than average income and wealth shocks.

A generational perspective: Sizing up the Millennials

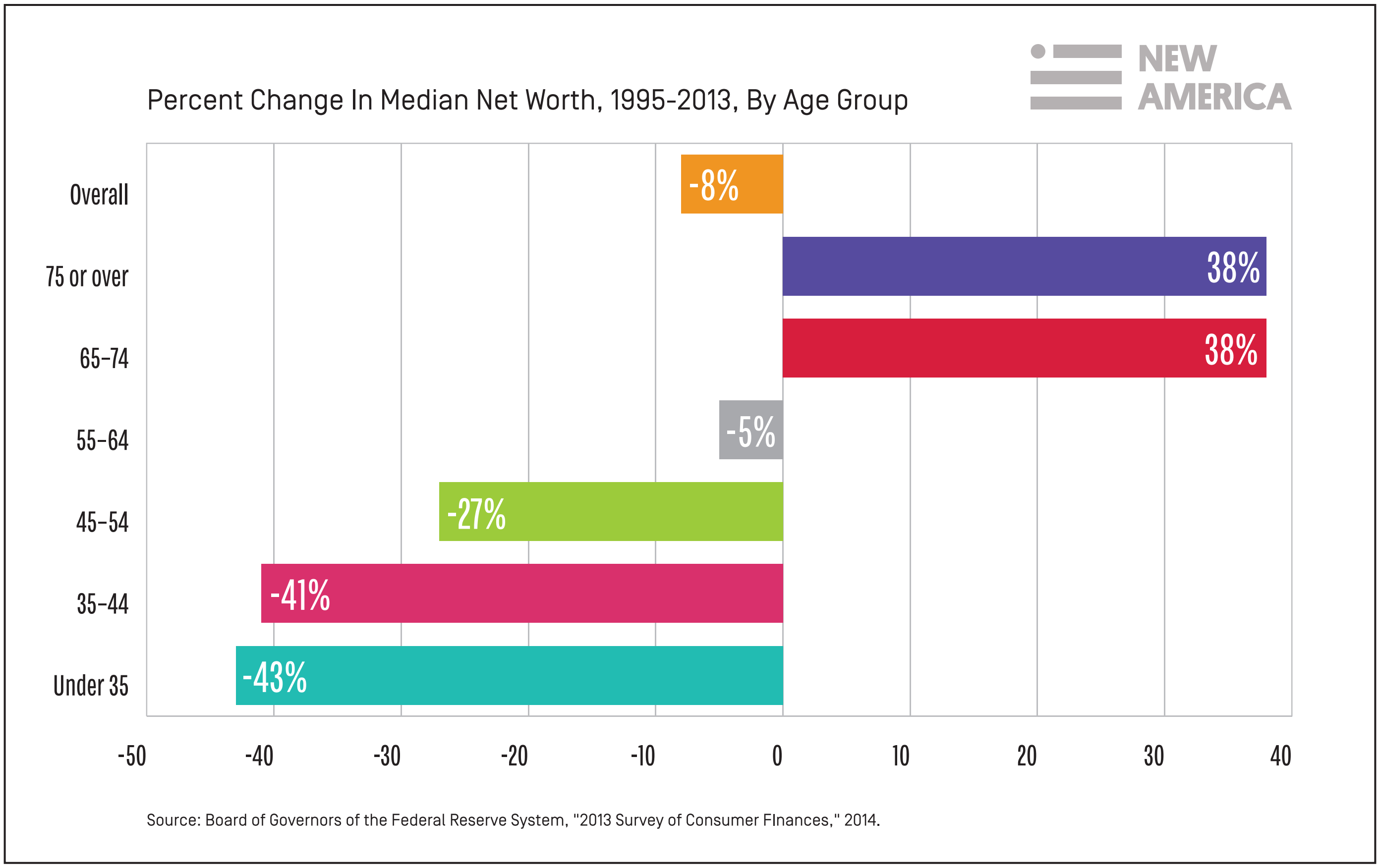
Economic, financial, and sociological research on the Millennial generation as young adults has just begun.[4] Millennials appeared to be doing relatively well before the recession compared to their predecessors. The recession hit the typical Millennial hard, however, pushing median income and wealth levels among people born in the 1980s and early 1990s below the trajectories traced out by people born in the 1960s and 1970s when they were the same age. Young adulthood is the period when income and wealth typically grows most rapidly, so it matters for the Millennials' long-term economic and financial well-being how long it takes to get back on track—or whether they ever will catch up.

The Survey of Consumer Finances, conducted by the Federal Reserve every three years, offers a valuable snapshot of the family balance sheet.[5] The oldest cohort of Millennials, born during the 1981-83 period, was surveyed in 2004 when they were ages 21-23; in 2007 when they were 24-26 years old; in 2010 when they were 27-29 years old; and in 2013 when they were 30-32 years old. Thus, the survey permits direct comparisons of income, wealth, and debt of a specific cohort over its observed life cycle to other cohorts.

The Income and Wealth of Millennials

Income at ages 21-23

The median real family income among the 1981-83 cohort of Millennials at ages 21-23 (in 2004) was $21,530. This was somewhat above the median among all the earlier-born cohorts shown (born 1966-80 and observed during the 1989-2001 period), which was $20,208. The 1984-86 cohort of Millennials also had median real income (in 2007) that was higher than the 1966-80 median at that age, at $24,248. The 1987-89 and 1990-92 cohorts, however, had lower median



real incomes, of $19,609 and $16,233, respectively. These figures were observed in 2010 and 2013, respectively, during the weak post-recession economy.

Income at ages 24-26

The median real family income among the 1981-83 cohort at ages 24-26 (in 2007), $39,258, likewise was higher than the median among earlier cohorts at that age ($31,489), here spanning birth years 1963-80. The 1984-86 cohort also had higher median income at ages 24-26 (in 2010) than cohorts born during 1968-80, at $35,950. However, the 1987-89 cohort fell short of the 1963-80 median, at $30,436, due to their reaching this age in 2013.

Income at ages 27-29

The median real family income among the 1981-83 cohort at ages 27-29 (in 2010), was $44,665. This was $112 higher than the median among earlier-born cohorts at that age, who were born during the 1960-80 period. The 1984-86 cohort's median real income at ages 27-29 was only $38,552, again influenced by economic conditions in 2013.

Income at ages 30-32

The oldest Millennial cohort (born 1981-83) was 30-32 in 2013. The median real income of this cohort was only $47,683, some $4,056 below the median income of the cohorts born between 1957 and 1980.

The impact of the Great Recession on the median incomes of Millennials is clearly evident. In general, Millennial cohorts received higher incomes than earlier-born cohorts at the same ages through 2007, but mostly fell behind the benchmarks set by older cohorts as a result of the recession. In the case of the oldest Millennial cohort (1981-83), the relative slide was dramatic—from about 125 percent of the earlier-born median at ages 24-26 to about 92 percent of the median at ages 30-32. The 1984-86 cohort fell from 20 percent above to 13.5 percent below the older groups' median. The youngest Millennial cohorts considered here—born 1987-89 and 1990-92—entered adulthood during the recession and its aftermath and began their working lives earning significantly less than Baby Boomers, members of Generation X, and their older Millennial counterparts.

The income shortfalls of Millennials are particularly noteworthy because they are the best-educated generation ever. Whether any of the Millennial cohorts can catch up to the income trajectories achieved by earlier generations is uncertain.

As with income, Millennials' wealth trajectories have been affected greatly by the recession. Comparing the net worth of three-year birth cohorts makes this clear.

Wealth at ages 21-23

The median real family net worth among the 1981-83 cohort of Millennials at ages 21-23 (in 2004) was $5,093. This was higher than the median wealth among all the earlier-born cohorts shown (born 1966-80 and observed during the 1989-2001 period), which was $3,796. The three other Millennial cohorts considered here—1984-86, 1987-89, and 1990-92—all fell short of the older groups' median at ages 21-23, ranging from $3,150 to $3,494. Recall that these observations were from the years 2007, 2010, and 2013, respectively.

Wealth at ages 24-26

By ages 24-26, the two older Millennial cohorts (1981-83 and 1984-86) had lower median wealth than their older counterparts had at the same age, falling short by 13 and 10 percent, respectively. The 1987-89 cohort, on the other hand, had 3 percent higher wealth, at $8,800. It seems likely that this is a statistical fluke, as no other Millennial cohort came close to the older groups' wealth median in 2013 (at corresponding ages).

Wealth at ages 27-29

The severity of the recession is reflected in the low median wealth levels of the two older Millennial cohorts observed at ages 27-29. The 1981-83 cohort (observed in 2010) had median wealth of $11,038, falling 38 percent below the median of the older groups. The 1984-86 cohort (observed in 2013) had median wealth of $9,340, falling 48 percent below the older groups' median.

Wealth at ages 30-32

The oldest Millennial cohort (born 1981-83) was in the 30-32 age range in 2013. Their median real wealth of $17,400 was 49 percent below the median wealth of the cohorts born between 1957 and 1980. This means that the oldest Millennials—those entering what should be the prime of their working life and earning potential—have on average amassed half the wealth of previous generations at the same age.

Can Millennials Catch Up?

Life-cycle wealth trajectories are critical for interpreting the experiences of different cohorts. For example, the median real wealth of the 1981-83 cohort (the oldest Millennials) increased by 30 percent between ages 21-23 and 24-26; by 67 percent between ages 24-26 and ages 27-29; and increased again by 58 percent between ages 27-29 and 30-32. These seem like sizable gains, but increased wealth growth is expected given their age and increased earnings. When compared to older cohorts, it appears that Millennials are being left behind on the process of accumulating wealth. During the 12-year period of 2001-2013, the share of the oldest Millennials median wealth versus older cohorts dropped from 134 to 51 percent. This is because the gains for the older groups' median wealth between the respective age groups nearly doubling every three years. Millennials have not kept up this pace and it remains to be seen if Millennials can regain the steep wealth-building trajectory critical for life-long financial security.

Unfortunately, a number of contemporary trends will make the wealth building process more challenging in the future, including the rising cost of higher education; a greater reliance on debt to finance that education; weak labor markets following the recession; the decline of traditional defined-benefit retirement plans; greater income and expense volatility along with more temporary work; uncertainty around homeownership as a route to building wealth; and delayed family formation.

Encouragingly, though, Millennials seem to have learned some lessons from the Great Recession: for example, they generally participate in retirement plans (when offered) at higher rates, tend to save at higher rates and, generally, are financially more risk averse.

Moving forward, public policy needs to account for the unique conditions that Millennials are navigating; the substantial barriers they continue to face as a result of structural changes in the economy, including labor market opportunities and employment practices; as well as the individual characteristics that position this generation to surmount these challenges.

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[4] See the May 2014 conference held at the St. Louis Fed that focused on the Millennial generation.

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MILLENNIALS AND HOMEOWNERSHIP

Reid Cramer
and Elliot Schreur

For young people throughout the twentieth century, and down to Millennials today, becoming a first-time homeowner has represented a symbolic milestone along the road to adulthood. From a financial perspective, owning a home can be a rewarding investment, providing a means to take advantage of generous tax breaks and accrued equity. Buying a home also allows families to access neighborhood amenities and a range of intangible benefits that come with residential stability. While homeownership is not always the right choice—financial or otherwise—for families in all circumstances, it has historically been one of the most desired and valuable assets on the balance sheets of American families. Yet the Great Recession may have changed the calculation young families make when thinking about becoming a homeowner.

Current Conditions

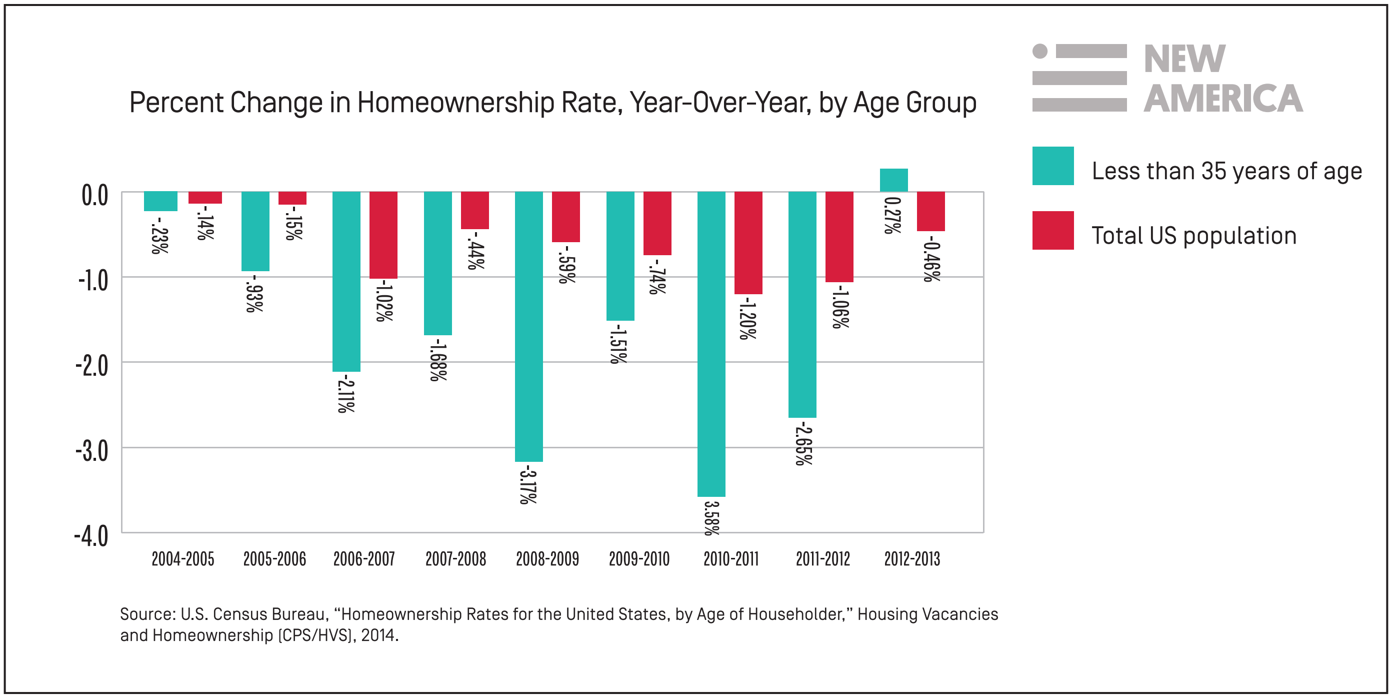
Homeownership in America peaked at over 69 percent in 2004-2006, when lax oversight and irresponsible credit contributed to the inflation of a housing bubble. Along with housing prices, the ownership rate for all age groups soared, including for Millennials who were just entering the household-forming stage of life.[1] Millennials entered the housing market at record levels for their age group: The percentage of Americans under age 25 who owned a home surpassed 25 percent for the first time in 2004, up from just 14.8 percent in 1993.[2] Similar gains were seen for the age group between 25 and 29, 41 percent of whom were homeowners in 2005.[3]

The bursting of the housing bubble ushered in a new reality for families aspiring to own a home. Housing prices dramatically declined, defaults and foreclosures went up, and mortgage credit tightened. By 2013, after the worst of the recession had past, young Americans had experienced the largest declines in homeownership compared to the peak years of 2004-2006.[4] Although the subset of “young families” corresponding to later Gen Xers (born 1969-1978) experienced the greatest decline of any age group during the recession, Millennials (born after about 1980) fared almost as badly. The homeownership rate for Millennials aged 25-29 has bottomed out at 34 percent, near the lowest rate on record.[5] For all ten-year age groups between 25 and 54, the homeownership rate is at its lowest point since record keeping began in 1976.[6]

The rate for young adults (aged 18 to 34) has fluctuated widely over the last 30 years, falling to around 33 percent in the early 1990s and reaching above 41 percent in the mid-2000s.[7] The current rates of homeownership among Millennials aged 30-34 are 2 percentage points below those at the same age in 1993.[8] While there is no objective baseline that sets the optimal homeownership rate for young people, regardless of what the homeownership rate “should” be, the fact remains that since Millennials have come of age they have experienced a convulsing housing finance system and a housing market in which incidence of homeownership has consistently declined.

In response to the recession, lenders have tightened mortgage standards and are requiring more money down to finance loans. Between 2007 and 2013, the median down payment for the cheapest 25 percent of homes (meaning those most likely to be sought by first-time homebuyers) increased from $6,037 to $9,480, an increase of 57 percent in just six years.[9] Granted, this is comparing today’s average down payment to that during the lead-up to the housing-finance crash when standards were most lax, but the pattern holds for longer time spans as well. The down payment for the cheapest 25 percent of homes was 7.5 percent of the sales price in 2013, compared to an average of just 4.2 percent for the period between 2001 and 2007.[10]

Millennials’ disappointing experience with the housing market has naturally shaped their attitudes about homeownership. Most Millennials believe that owning a home may not offer the kinds of financial benefits it once did. A large majority (62 percent) believes that it is less likely for families to build equity and wealth through homeownership than it was 20 or 30 years ago,[11] and two-thirds of Millennials (compared to only half of people over age 65) think renters can be as successful as homeowners.[12]



Even though Millennials have experienced firsthand some of the risks involved in homeownership, such as foreclosures and severe price drops, they still largely view owning a home as a lifetime goal. According to a 2014 Fannie Mae survey, about three-fourths of Millennial renters and nine out of ten current Millennial homeowners think that owning a home is a better choice than renting.[13] The Federal Reserve Board found that general concerns about the current financial viability of homeownership, rather than preferential prejudices against the idea of homeownership, was the most common response Millennials gave for renting as opposed to owning a home.[14] Half of respondents under age 30 reported that not being able to afford the down payment for a home was the top reason for not owning a home.[15] These results suggest that the primary obstacles to higher homeownership rates for Millennials are related to the current financial status of Millennials.

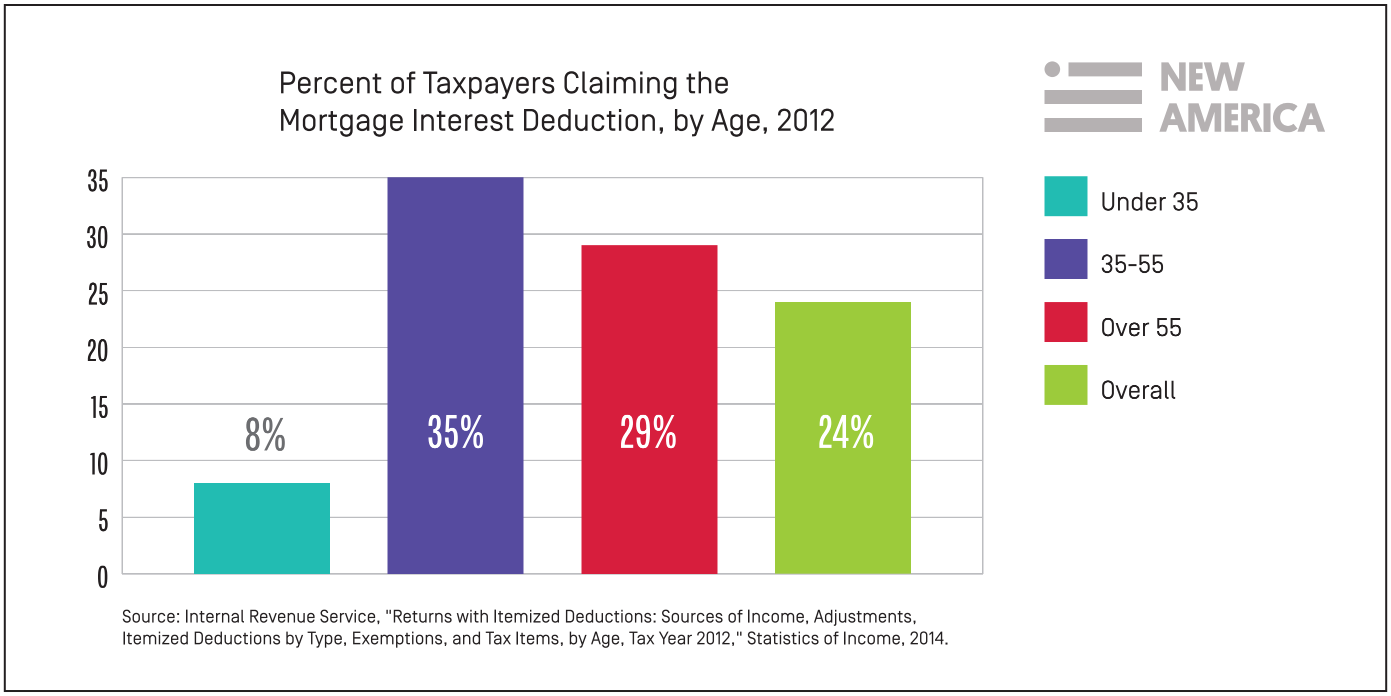
Other factors that are lowering the incidence of homeownership among Millennials may be related to emerging attitudes and preferences. Changing demographic trends, such as declining marriage and child rearing, reflect life style choices that may move some young adults away from homeownership.[16] Millennials may seek to live in greater proximity to other urban resources, making suburban developments less attractive. They may opt to live longer with friends or family than choose to live alone. In short, there may be particular characteristics of today's young people that reflect a more idiosyncratic relationship with homeownership than previous generations had.

Even if the Millennial generation catches up to the homeownership rate of previous generations, it will happen at a later age, meaning that the generation may have a harder time building up home equity and taking full advantage of the financial and social benefits of homeownership over the life course.

Policy Landscape

The ability to become a homeowner in the United States is dependent on a number of factors, including having the ability to make a downpayment, qualifying for a mortgage, finding a house that is affordable, and being able to consistently make loan payments from income over the long term. All of these elements must come into alignment for a family to be able to responsibly purchase and maintain ownership of a home. But since the recession, each of these factors has become more challenging, and few of the current policy supports in place to support homeownership are well positioned to help younger households.

For example, the mortgage interest deduction, one of the single largest tax expenditures, costs taxpayers about $74 billion a year,[17] yet it largely fails to achieve its purported purpose of helping Americans afford homes.[18] First of all, it provides benefits only after people have already become homeowners, rather than helping them prepare for their first purchase. Second, this tax provision rewards those with higher mortgages and misses homeowners who take the standard deduction on their income tax and do not itemize their tax deductions. Only about 31 percent of taxpayers



itemized their tax deductions in 2012.[19] The vast majority of the benefit of the mortgage interest deduction

goes to the highest-income households, who are most likely to purchase homes even in the absence of the mortgage interest deduction. According to the Center on Budget and Policy Priorities, "77 percent of the benefits from the mortgage interest deduction [go] to homeowners with incomes above $100,000, almost none of whom face severe housing cost burdens."[20] Millennials as a group are increasingly likely to have low incomes, which puts them at a distinct generational disadvantage in profiting from this regressive tax expenditure.[21]

Other policy efforts miss the mark because they are intended to assist current homeowners rather than help families achieve homeownership for the first time. In response to the rising rate of foreclosure, the government backed the refinancing of distressed loans. This policy approach, which was implemented by the Obama Administration, was largely ineffective at promoting homeownership for the youngest and most recent homeowners. These owners had low levels of equity built up in their homes when prices fell, and thus were the least likely to be able to refinance through this method.[22]

One defining feature of the U.S. housing market has been the widespread availability of mortgage financing. This was a primary force behind rising rates of ownership in the second half of the twentieth century, but it also played a role in creating the conditions that precipitated the Great Recession. Policymakers have not addressed the most basic questions of what the housing finance system will look like in the decades ahead. The government-sponsored enterprises responsible for providing housing financing, Fannie Mae and Freddie Mac, remain in government receivership. There appears broad consensus that this is unsustainable, but Congress has yet to take action on establishing a new set of rules.

The Challenges to Address

The slowdown of home buying among young Americans is potentially troubling for several reasons. First, pursuing homeownership early is a key factor in being able to build wealth over the life course.[23] Homes are often the largest item on a family's balance sheet.[24] If other avenues to building wealth and assets are not opened instead, the current, lower trajectory of homeownership among Millennials may remain a drag on the generation's finances over their lifetime. Second, homeownership has been a way that families access valuable services. It is the residential stability, in addition to the fact of ownership, that may bring additional benefits. Third, homeownership appears to be an enduring aspiration of many young families, who see it as a primary marker of achievement in and of itself.[25] While ownership is not appropriate for many people given the risks and responsibilities, there should be viable pathways available for those that pursue this experience.

Given the prevailing uncertainty in the housing finance system, it remains to be seen if public policy can be crafted to help young families become homeowners in sustainable and responsible ways. Lending standards have tightened in response to the bursting of the housing bubble that brought on the Great Recession. However, policymakers have yet to act on large-scale reforms to fix the housing finance system. Policymakers will need to balance the objectives of making sure mortgage credit is available to worthy borrowers and setting new standards to protect consumers in the financial services marketplace. Regulatory oversight of financial services is needed to ensure high-quality mortgages are offered with appropriate underwriting standards. Eliminating the availability of predatory financial products will go a long way to mitigating the high levels of risk that become apparent during the recent housing crisis.

Another challenge to address is ensuring that there is sufficient supply of affordable homes accessible to first-time buyers with modest resources. In some cases, it may require expanding the models of housing ownership, to include cooperatives and shared equity projects. These arrangements, along with protections for renters, can offer some of the benefits of ownership while also expanding choices in tenure in ways that might match the preferences of a larger number of Millennials.

Still, much of the work to be done is on the demand side: families need to strengthen their financial position to better prepare for homeownership. This requires supporting families' efforts to increase their incomes, save for a downpayment, and maintain or repair credit scores, all of which can limit the risk of future loan defaults. Tightened lending standards, such as higher downpayments and stricter income verification, have made it more difficult for Millennials to qualify for a mortgage.[26] Unfortunately, the income of many Millennials is depressed because of a restrictive labor market that has hampered the generation's job prospects since the recession. Rates of un- and underemployment for young workers is always higher than for the general population, even in times of economic booms, but this already-heightened rate of unemployment for young workers has been magnified by the effects of the Great Recession.[27] In addition to having low and unstable income streams, Millennials have higher levels of debt, especially in the form of student loan debt, compared to previous generations of young people. In 2010, 41 percent of households under age 30 held student loan debt, compared to 30 percent in 2004, and the amount of debt has increased.[28]

At the same time as less money is being saved by Millennials, more money is being required by lenders for a downpayment. If the rising cohort of young adults cannot improve their balance sheets by increasing their savings and lowering their liabilities, they will be denied access to one of the most historically powerful asset-building tools—appropriate mortgage financing. Further policy solutions will be required to address the inequities in current policy, typified by the mortgage interest deduction, and to reexamine how access to housing finance can embrace the diversity of America. Responding to these challenges can play a constructive role in expanding the opportunity of ownership in America for the rising generation of Millennials.

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MILLENNIALS AND STUDENT DEBT

Jennifer Wang
and Portia Boone

Student debt is a pocketbook issue for the Millennial generation. Gone are the days when students could work full time at a summer job to pay for college. As college costs have skyrocketed, students and their families have taken on debt to make up the difference. Because of the high cost of college and growing student debt, some are wondering whether college is worth it. On average, the answer is yes. However, many questions remain. Will these trends ever slow? How are student loans affecting the Millennial generation? Will a trillion dollars in debt affect the broader economy?

Current Conditions

There is no question that tuition is drastically rising. Since 1980, prices have tripled at public and private four-year universities and doubled at community colleges.[1] Students and their families borrowed more than $106 billion in Federal Direct Loans to attend those institutions.[2] Outstanding student loan debt in the United States currently amounts to over $1.2 trillion, recently exceeding total credit card debt.[3] Paying for college has become one of the largest investments in a person's lifetime.

Rising Tuition and Rising Debt

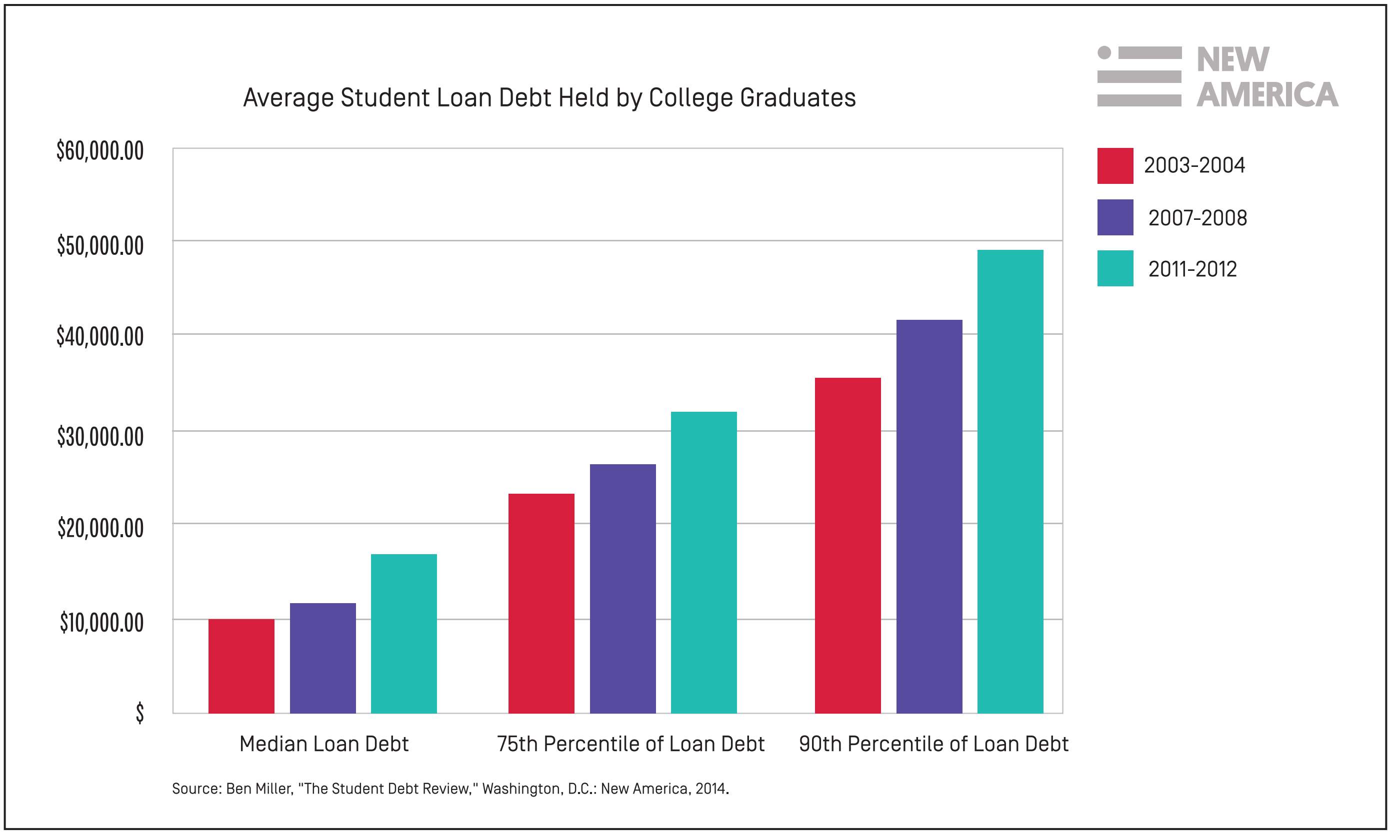
In part, student debt is rising because tuition is rising. In the recent decade from 2002 to 2012, prices for undergraduate tuition, room, and board at public institutions rose 40 percent, and prices at private nonprofit institutions rose 28 percent.[4] This rate of increase is four times faster than inflation.[5]

Tuition is rising at public institutions because states are allocating fewer resources to them.[6] From 2008-2013 states spent 28 percent less per student on higher education.[7] Before the Great Recession, net tuition was around 36 percent of all higher education revenue, but today it is over 47 percent.[8] This means that students and families are responsible for a growing share of the cost of college, and many make up the difference in student debt.

As costs rise, the importance of grant aid is ever apparent. Pell grants are an essential part of college financial aid packages for many students from lower-income families. A number of studies have shown that need-based grant aid, such as provided by Pell grants, not only increases the number of low- and moderate-income students who enroll in school, but also increases their likelihood of staying in school.[9] Approximately 9 million students in the United States rely on funding from Pell grants to attend and complete college.[10] Pell grants are particularly important for students of color. Half of Latino undergraduates rely on Pell grants to cover college expenses.[11] This number is even higher for African-American undergraduates, with over 60 percent of African-American students depending on Pell grants.[12] But students who receive Pell grants are more likely to have other student loans. Sixty-one percent of Pell grant recipients had student loans compared to only 29 percent of non-Pell recipients.[13]

Despite the many benefits of Pell grants, recent budget agreements reduced the size and scope of the program. The FY11 budget removed funding for "year-round" Pell grants, while additional legislation in 2012 reduced the number of students who could qualify. These changes resulted in cuts of nearly 5 billion (12 percent) per year and over $50 billion over 10 years.[14] While the amount of resources devoted to Pell grants is well above where they were before 2008, rising college costs mean that lower-income students will still require larger student loans amounts—which they must repay—to finance their education.

The average college graduate with a bachelor's degree owes almost $30,000 in student loans.[15] This amount represents approximately 80 percent of the average income of a young adult in the United States.[16] Higher overall debt, which many borrowers have, likely translates to higher monthly loan payments for many borrowers. For example, a 2012 bachelor's degree graduate with an average debt load pays an estimated $312 a month in loan payments, $79 higher than what a 2004 graduate with an average debt level would pay.[17]



Recent years have not only seen an increase in the amount that students are borrowing, but have also seen an increase in the number of students who are borrowing. This is driven in part by significant increases in overall postsecondary enrollment. In the 2003-2004 academic year, 1.6 million undergraduates graduated with debt.[18] This number rose to 2.4 million by the 2011-2012 school year, nearly doubling the number of college graduates with debt.[19] In the 2011-2012 academic year, nearly 70 percent of bachelor's degree recipients took out loans to finance their education.[20] Both the amount of money borrowed and the percentage of students borrowing from 2011-2012 marked the highest rates of borrowing and indebtedness to date.[21]

This general increase in borrowing has affected graduates of certain types of degree programs and institutions more than others:[22]

- 42 percent of students earning associate's degrees at (4-year or 2-year) public colleges borrow compared to 88 percent of students at private for-profit colleges.

- 64 percent of bachelor's degree graduates of public institutions graduate with debt compared to 74 percent of bachelor's degree graduates at private nonprofit institutions and 87 percent at private for-profit institutions.

- 36 percent of certificate graduates at public institutions incur debt to attend college compared to 86 percent of certificate graduates at private for-profit colleges.[23]

Private Loans

In some instances, grants and federal loans are not enough to cover the cost of attending college. Many students turn to private loans to make up the difference. Private loan debt accounts for $150 billion of the current outstanding loan debt in the United States.[24] However, the decision to take out private loans instead of federal loans can have serious financial implications for students for a number of reasons.[25] Unlike federal loans, many private lenders do not offer borrowers the safety net features such as deferment, forbearance, and income-based repayment that accompany federal loans.[26] Private student loans are also more difficult to discharge in bankruptcy (and in death) compared to other types of non-education debt.[27]

Despite the relative risk associated with private loans, the volume of private loans has steadily increased since 2010-2011, reaching $6.2 billion in 2012-2013.[28] The most recent federal survey data available shows that nearly 1.4 million undergraduates (6 percent of all undergraduates) took out private loans in 2011-2012.[29] Students at for-profit colleges took out private loans at three times the rate of all undergraduates in 2008.[30] Unfortunately, almost half of these borrowers qualified for higher amounts of safer federal Stafford loans than they took out.[31] Worse still, they graduated with higher levels of debt and are employed at lower rates than students at public and private non-profit institutions.[32]

Economic Impacts

Young adults today have struggled with student debt after graduating from college and looking for jobs during the Great Recession. Higher levels of debt in recent years, in combination with economic factors, have contributed to troubling outcomes for borrowers. Even though unemployment rates are significantly lower for young college graduates compared to those without a degree, young adults have an unemployment rate of 7.4 percent, a rate nearly double that of older graduates in their 30s and early 40s (3.4 percent).[33] Latino and African American populations are significantly affected by unemployment: the unemployment rate for African-American and Latino young men in some cities is often double the rate of white males.[34]

Many young adults who are able to find work are underemployed and working for reduced wages. According to a study conducted by the Center for College Affordability and Productivity, approximately 50 percent of all college graduates are employed in jobs that do not require a four-year degree.[35] The study suggests that this trend is more likely to affect younger graduates, making them more likely to be underemployed than older graduates. The Economic Policy Institute released equally troubling findings, noting that real wages for young graduates have fallen by 8.5 percent from 2000-2012.[36] However, there are findings about how college graduates still earn 84 percent more over their lifetimes.[37] Nonetheless, this combination of debt and poor employment prospects have increased the likelihood of falling behind on loan payments, which can lead to lower credit scores and wage garnishment.

High debt impacts the ability of borrowers to achieve the financial stability needed to build wealth and reach many milestones that previous generations had, such as owning a home, getting married, and starting a family.[38] In a recent survey conducted by American Student Assistance (ASA), respondents discussed how student loan debt affected their lives and factored into their financial decisions. Student debt affected the ability of over 60 percent of respondents to purchase more expensive items such as a car.[39] Seventy-three percent of participants noted that student debt caused them to delay investing and preparing for retirement.[40]

Student debt played a central role in the ability or willingness of 75 percent of respondents to buy a home.[41] Those borrowers willing to purchase a home often find it difficult or impossible to be approved for a mortgage due to problems with loan delinquency or a high debt-to-income ratio.[42] Loan delinquency, a problem affecting 30 percent of student loan borrowers in repayment, creates adverse credit history that makes mortgage approval more difficult.[43] Borrowers with substantial monthly loan payments can find it difficult to save up the money for down payment on a home.[44]

An increasing number of borrowers are moving back in with their parents after graduation to save money for larger expenses. Over 21 million 18- to 31-year-olds lived with their parents in 2012.[45] This amounts to 36 percent of the young adult population and represents a 46 percent rise in this practice since 2007.[46]

Policy Landscape

The Higher Education Act is overdue for reauthorization. Congressional action will offer an opportunity to reform the ways in which students finance their post-secondary education. The growing awareness of rising student debt should inform this process. The Higher Education Act is the law that determines how federal funds are distributed to students and postsecondary institutions.[47] Lawmakers will use this opportunity to propose ways to address the persistent challenges of rising tuition, high unemployment rates, and delinquent payments.[48] Proposed changes are likely to include finding new ways to ensure that colleges take more responsibility for the cost of attendance and the success of their students. There is growing interest in simplifying the process of applying for aid, exploring less-expensive educational models such as competency-based education, improving the federal student loan and repayment system, and revisiting Pell grant eligibility.[49]

The Obama Administration has been active in searching for ways to alleviate the burden of student loan debt for borrowers. One of the Administration's most important initiatives is the Pay As You Earn (PAYE) Repayment program. The program ensures that loan payments remain affordable by capping monthly payments at 10 percent of a borrower's discretionary income and allowing any remaining debt to be forgiven after 20 years.[50] Borrowers working in public service may be eligible for loan forgiveness within 10 years.[51] This plan is currently only available to recent borrowers. However, this year, the President signed an executive order that intended to expand eligibility for the program to include up to 5 million earlier borrowers.[52]

Unfortunately, Pay As You Earn and other existing repayment programs have traditionally been underutilized, possibly due to lack of public knowledge.[53] Advocacy organizations, consumer groups, and the Department of Education are working hard to change this. Earlier this year, the Secretary of the Treasury and the Secretary of Education announced plans to partner with two of the nation's largest tax preparation companies, Intuit and H&R Block.[54] Each department will share information about federal loan repayment options with the millions of customers the tax companies see each year.[55] The Administration will work with educational and professional organizations throughout the country to broadly disseminate information about federal loan repayment plans and tax benefits.[56] Earlier outreach efforts by the Department of Education have already proven effective.[57] Over 200,000 borrowers enrolled in income-based repayment between the end of September and December 2013, and an increase of 20 percent.[58]

The Consumer Financial Protection Bureau (CFPB) continues to play an important role in educating borrowers about different loan options investigating complaints of unfair and deceptive financial practices.[59] Their complaints system gives consumers the opportunity to file complaints about their experiences with a variety of consumer products, including private student loan companies and in some cases, federal student loan servicers.

The Challenges to Address

With the reauthorization of the Higher Education Act on the horizon, there are opportunities to engage a full range of stakeholders, such as state governments, institutions, and students themselves. Integral to the discussion of how to address rising student debt are financial literacy, institutional accountability, and public sector support.

Federal financial aid is a tangled, complex web that is difficult for students and families to navigate. Complexity during student loan repayment is one factor that some say has even led to high default rates on student loans.[60] Advocates, consumer groups, and stakeholders in Washington are pushing for simpler financial aid systems that could increase college access and decrease student loan default rates. Simplifying how people apply for federal financial aid system, including improving the Free Application for Federal Student Aid (FAFSA), is an important measure to ensure that those seeking postsecondary education can secure the funds to do so. And as stated above, income-based repayment and Pay As You Earn are two simple repayment relief mechanisms that many hope to see improved and expanded.

Financial aid counseling and simple, transparent consumer tools are lacking in the student loan market. Key aspects of both the public and private student loan processes are complex, and borrowers often do not have the tools they need to make informed decisions.[61] The current loan counseling system can be improved in a number of ways. Counseling could be better tailored to respond to the needs of individual students, taking place with information personalized for the borrower. Loan counseling could take place earlier, before students commit to borrowing and could clearly highlight the differences between private and federal loans. Counseling could take place more frequently, throughout the borrowing experience, to better ensure that students are exposed to the information and aware of their financial obligations and repayment options before the repayment period begins.

Another solution to the problem of high student loan debt would focus on the role that institutions themselves play in the professional success of graduates. The federal government and state governments could find ways to hold postsecondary institutions accountable for the outcomes of their students, including the amount of debt that some graduates cannot repay. Linking state and federal aid to accountability metrics such as student graduation rates and loan repayment rates is one means of addressing this issue.[62] At present, 31 states currently use or are developing "outcome-based metrics" as part of a performance-based funding policy (PBF).[63] However, no state PBF policy includes considerations of student debt levels or the ability of borrowers to repay their student loans.[64]

The federal government and state governments could partner to develop institutional accountability metrics and practices that encourage schools to keep student debt at manageable levels. Schools could do so by decreasing tuition, expanding existing grant programs, or counseling students to ensure that they only borrow what they need.

The Department of Education could hold states accountable for the performance of their colleges. Such a measure could encourage states to begin to take a more active role in ensuring institutional quality and perhaps bring down the number of students who borrow for school and do not complete a degree. This greater sense of shared responsibility could also result in greater state oversight of educational institutions and increased state funding for higher education. Accountability metrics will continue to play a vital role in ensuring that postsecondary institutions produce graduates who can secure jobs and repay their loans.

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MILLENNIALS AND RETIREMENT

Elliot Schreur

Despite coming of age in a tough economic climate, Millennials perceive their financial prospects to be favorable even in the face of overwhelmingly gloomy evidence about their retirement preparedness.[1] But being financially secure in retirement takes more than optimism. The evidence about Millennials' actual financial status reveals a generation struggling to save for the long-term, a problem complicated by the unique economic and employment situations it faces and by the policy landscape it has inherited.

Current Conditions

Millennials are beginning their working lives at a time when defined-benefit pensions are becoming rarer and Social Security payments are covering a declining share of earnings. Future retirees will have to rely more heavily on individual savings in order to be financial secure in retirement. Most Millennials understand this: 66 percent of Millennial workers expect their primary source of income in retirement to be self-funded.[2] This expectation is consonant with Millennials' anticipation that Social Security will not be a reliable source of income for them in retirement. One survey found that 81 percent of Millennial workers were concerned that Social Security would "not be there for them" in retirement,[3] and another found that 51 percent of Millennials expected that they would receive no benefits at all from Social Security.[4]

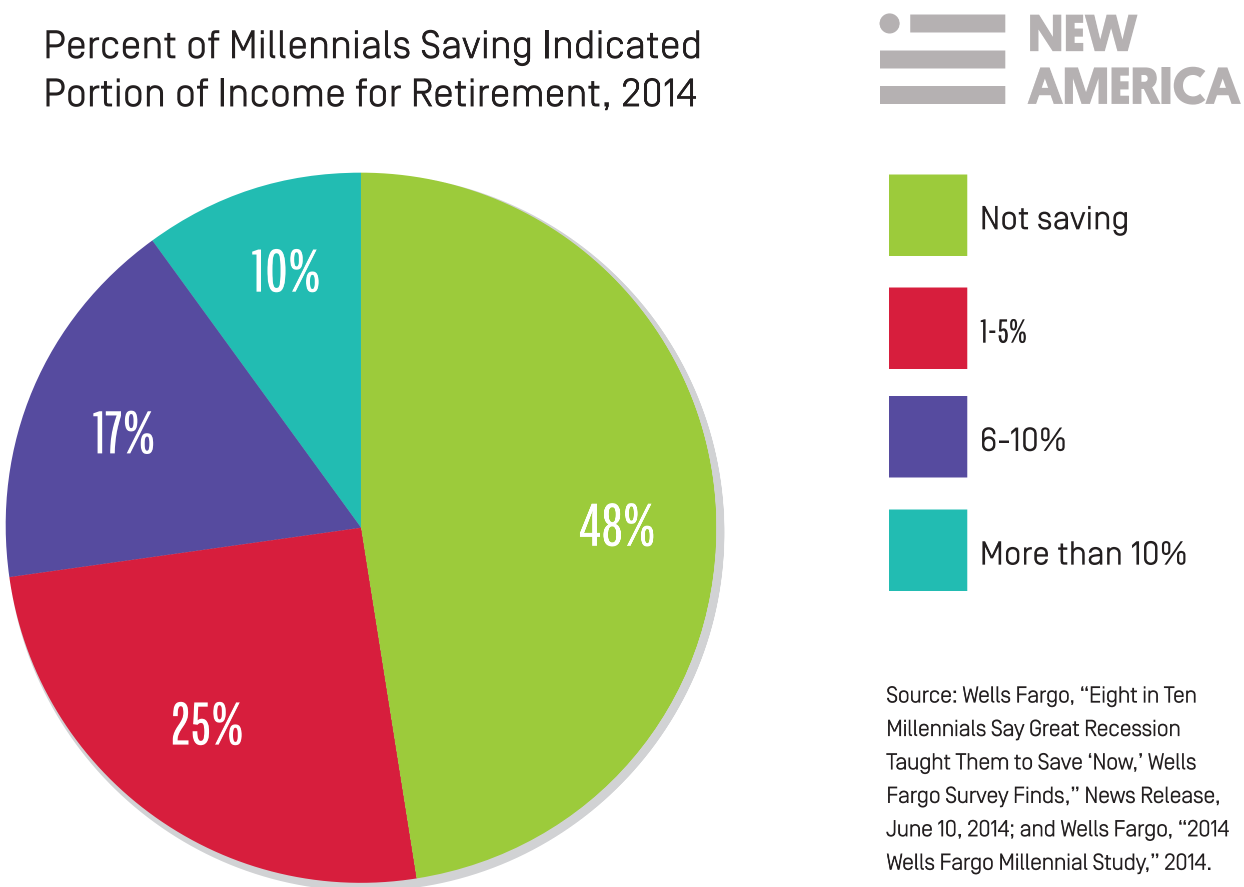
Whatever the method by which Millennials hope to save for retirement, they remain confident in their long-term financial security. Eight-five percent of Millennials say they either already have or will have "enough [money, assets, resources] to lead the kind of life they want."[5] And 68 percent of Millennial workers are confident they "will be able to fully retire with a comfortable lifestyle."[6] But will they, as a generation, be able to attain their own high standards of savings and wealth accumulation to make this expectation of a comfortable retirement a reality? To answer that, we first have to consider how Millennials think of retirement.

Americans of all ages are beginning to see retirement not as the end of work, as it once was, but as something in between full-time work and full-time leisure. While a majority of current retirees still hold the customary view that retirement means the end of work,[7] a large majority of younger workers plan to work in retirement. About six-in-ten employed Millennials plan a "phased" retirement that involves work in some capacity, and about half plan to continue working for a significant time after reaching retirement.[8] This expectation to work in retirement is not unique to the Millennial generation: an even greater share of pre-retirees over 50 say they plan to work in retirement, perhaps reflecting a change in attitudes about the emotional fulfillment offered by work as well as a recognition of the financial imperative to continue earning income for a longer period of time.[9] Indeed, Gen Xers and Baby Boomers are significantly more likely than Millennials to say they will work in retirement by necessity as opposed to enjoyment. Millennials' motivation to work in retirement primarily for enjoyment is reminiscent of their desire to seek work they find meaningful, even at the expense of lower pay.[10]

Even if Millennials expect to work in retirement, whether by choice or necessity, it remains to be seen how they will cope with unexpected economic hardship. As the experience of the Great Recession demonstrated, relying on employment income alone can be risky for those without other financial resources. Will Millennials' experience of the recession lead to higher levels of saving and a greater demand for expanded social-protection policies like Social Security?

To date, the evidence about the saving habits of Millennials is mixed. One optimistic report did apply the moniker "super savers" to Millennials, suggesting their status as a supposed outlier generation in terms of retirement preparation.[11] According to the survey, Millennials started saving for retirement earlier than previous generations,[12] and are putting away a relatively larger percentage of their salaries (8 percent) in retirement savings compared to other generations.[13] However, these results apply only to Millennials who are currently employed, and, in the case of the reported high retirement-contribution percentage, the results apply only to the subset of employed Millennials who were offered an employer-based retirement plan and opted to participate, so this provides a limited and non-representative picture of retirement preparedness.

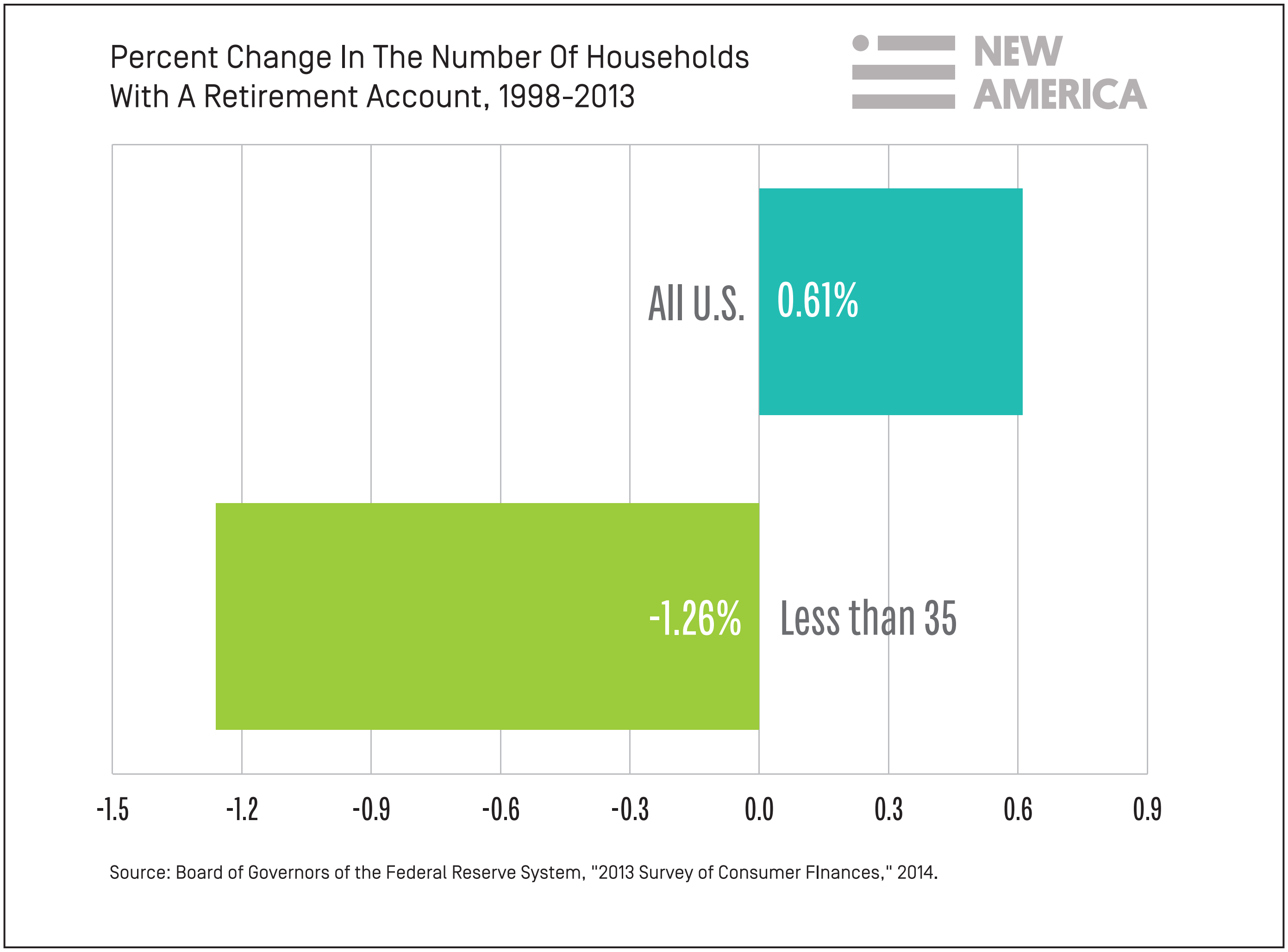
Percent of Millennials Saving Indicated Portion of Income for Retirement, 2014



Source: Wells Fargo, "Eight in Ten Millennials Say Great Recession Taught Them to Save 'Now,' Wells Fargo Survey Finds," News Release, June 10, 2014; and Wells Fargo, "2014 Wells Fargo Millennial Study," 2014.

Studies that have used a broader scope in examining a more diverse set of Millennials have found much less promising indications of Millennials' saving habits. A Wells Fargo survey found that only around half are saving anything for retirement, and about half of those who are saving for retirement are saving less than 5 percent of their income.[14] Furthermore, comparing these results to a different survey, conducted by FINRA, reveals that some Millennials may be overly generous about their definition of retirement savings when answering a retirement-readiness survey. The FINRA survey found that only 40 percent of Millennials have a retirement account, suggesting that some Millennials counted by the Wells Fargo survey may be merely saving for general purposes, with an indistinct intention to reserve some of those funds for retirement.[15] Saving in this fashion may not be all bad for Millennials, as building an emergency fund is a necessary step to securely saving for the long term,[16] but it does suggest that Millennials might not be as retirement-focused as some reports have suggested.

Their habit of saving in non-retirement vehicles such as saving accounts, often offering very low-yields,[17] may be an indication of their real or perceived inability to sustainably build long-term savings in the current economic climate. Or it may be an indication of their understandable preference to have access to cash-on-hand to offer short-term financial flexibility, even at the expense of saving for longer-term needs. This second explanation is supported by surveys showing that Millennials are actually more willing to take on investment risk compared to older Americans,[18] which makes sense given that they have a longer time horizon in front of them to consolidate gains and recover from market losses than do older Americans nearing retirement. Still, the choice of many Millennials to forego higher long-term yields in favor of short-term accessible funds may put younger Americans at a severe financial disadvantage decades hence when they look to their individual savings to finance retirement.



Regardless of their savings preferences, research from the National Institute on Retirement Security found that the median retirement account balance for Millennials in 2010 was $0.[19] This finding suggests that the ability of Millennials to save has been undercut by their experiences in a weak job market characterized by declining incomes. Forty percent of all unemployed workers in mid-2014 were Millennials,[20] though the generation makes up only about 30 percent of the population.[21] For comparison, the overall unemployment rate during the same period was 6.1 percent, compared to 15.2 percent for Millennials.[22] Research from the Urban Institute shows that, as a result of the Great Recession, Millennials have less wealth than previous generations did at the same age.[23] Additionally, the few assets Millennials have managed to accumulate seem to be stuck in a holding pattern, not growing as has the wealth of older Americans over the same period. This suggests that the net wealth of Millennials may be held down by high levels of debt and by the need to hold more assets in low-yield, accessible financial instruments as a precaution against short-term financial exigencies.

These facts do not bode well for a generation that expects to rely primarily on individual savings in old age.

Policy Landscape

Millennials have been born into a complex and largely inefficient retirement-policy landscape. The inability of policymakers to develop a consensus around how to finance Social Security has sowed doubt among future beneficiaries. This in and of itself is creating obstacles for long-term financial planning. Additionally, the policies that are in place to support savings mostly reach higher-income and higher-wealth families. The households that could use the support and might actually respond to incentives to increase their savings are largely left out by current policy. So the very generation that is facing doubts about the viability of current social-protection policies—and therefore must embrace higher levels of savings—is simultaneously confronted with policy impediments to providing for their own retirement security.

To complicate matters, researchers at the Urban Institute have noted that, even beyond the expectation of receiving limited Social Security benefits, the Millennial generation in retirement will be responsible for paying off the debts incurred by previous generations.[24] Future tax burdens will be higher to pay for the inefficient and regressive savings policies of today. Since policies like the preferential tax treatment of retirement savings and the mortgage interest deduction overwhelmingly benefit Americans with high levels of existing wealth and lucrative employment positions, they largely fail to serve the Millennial generation still struggling to gain a foothold in the labor market.[25]

The Challenges to Address

The fiscal pressures that have come as a result of the Great Recession continue to stress commitments to a broad array of public investments, including programs devoted to retirement security. Given the adverse employment situation Millennials have had to face and their limited access to appropriate retirement-savings options, the need for a fully funded Social Security program will be an essential element to providing Millennials a secure retirement.

Policymakers could provide support by taking action to address a number of barriers to building savings in general and long-term savings in particular. They should acknowledge the impediments created by the scarcity of good jobs, which is keeping younger Americans out of work longer and at higher rates than young members of previous generations. They should also take action to ensure that everyone in the workforce is able to participate in a retirement saving plan, whether employer-sponsored or otherwise. Finally, they should reform the current saving incentives to benefit more low-wage workers, the very people who need the most help. This last policy change is especially important for the Millennial generation, whose members are expected to have to rely on individual savings to an unprecedented extent compared to previous generations. Young Americans of the Millennial generation face extraordinary obstacles to adequately preparing for their retirement. Helping them overcome those obstacles will require prudent and farsighted policy solutions.

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THE CIVIC AND POLITICAL PARTICIPATION OF MILLENNIALS

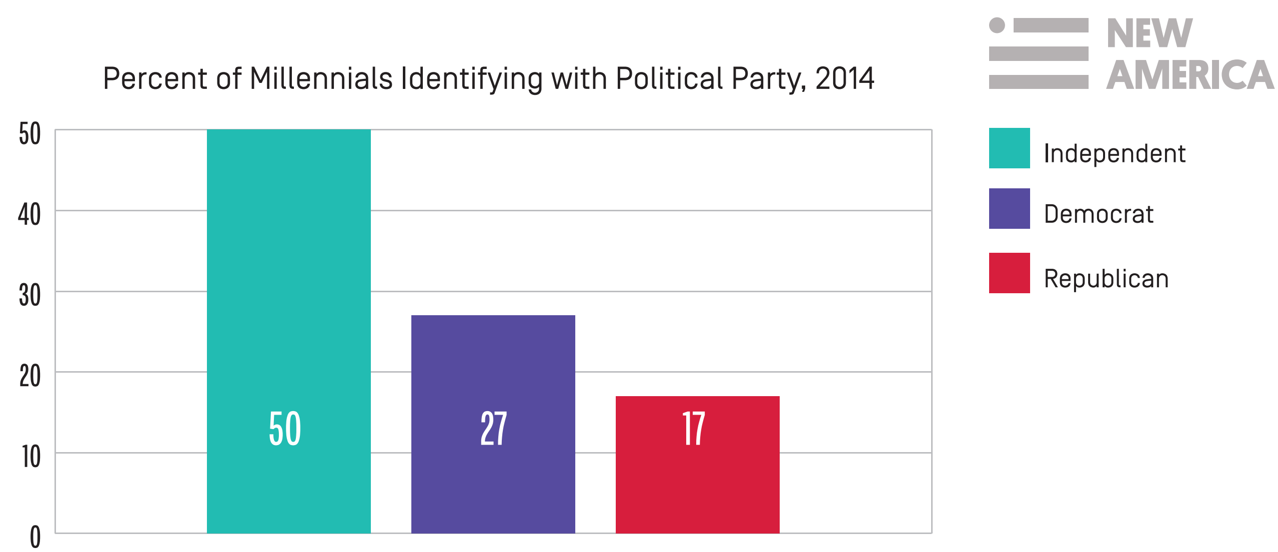
Hollie Russon Gilman
and Elizabeth Stokes

Millennials have come of age in a time of shifting landscapes and tumultuous change. Growing up in the Information Age, Millennials are empowered by information and demand transparency and authenticity. The explosion of customization and choice in the marketplace has contributed to a generation unhindered by brand loyalty. And as a cohort, Millennials have already confronted several major crises—from domestic terrorism to the Great Recession to climate change.

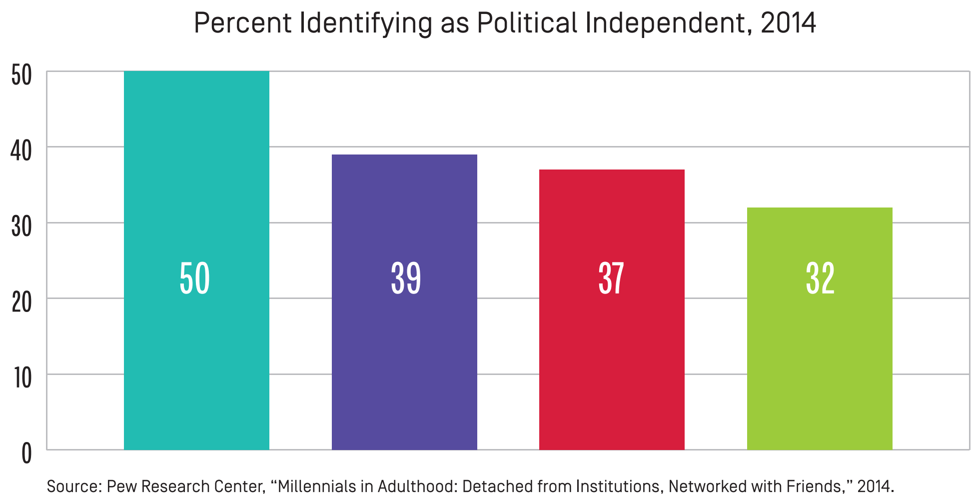
Millennials' unique historic experiences have shaped their relationship with politics and their communities. Given their sheer numbers, Millennials are a potentially powerful political force, yet they do not pursue traditional forms of civic engagement, such as voting, and are more likely to eschew party identity. Why is this? What real and perceived barriers to engagement exist? Despite their skepticism of old-school party politics, the generation is finding other and more accessible pathways to participate, most notably through volunteering, consumer activism, and civic uses of social media. What are the consequences of pushing Millennials out of politics? What are the implications of alternative avenues of engagement? Most significantly, what is the relationship between current notions of Millennials' political engagement and the defining challenges of their time?

Current Conditions

Millennials have the potential to be a potent political force in our society. In sheer numbers, they will soon overtake Baby Boomers as the largest generational block. In the 2012 presidential election, 18 to 29 year olds made up over 21 percent of the eligible voting population.[1] Despite this, only 50 percent of these Millennials voted,[2] and an even smaller 23 percent are anticipated to vote in the upcoming 2014 midterm elections.[3] According to a recent survey of likely Millennial non-voters conducted by Harvard's Institute of Politics, 43 percent said it did not matter who was elected because "Washington was broken;" 31 percent said it did not



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



matter because "none of the candidates represented their views;" and 25 percent said it did not matter because "the parties were more or less the same."[4]

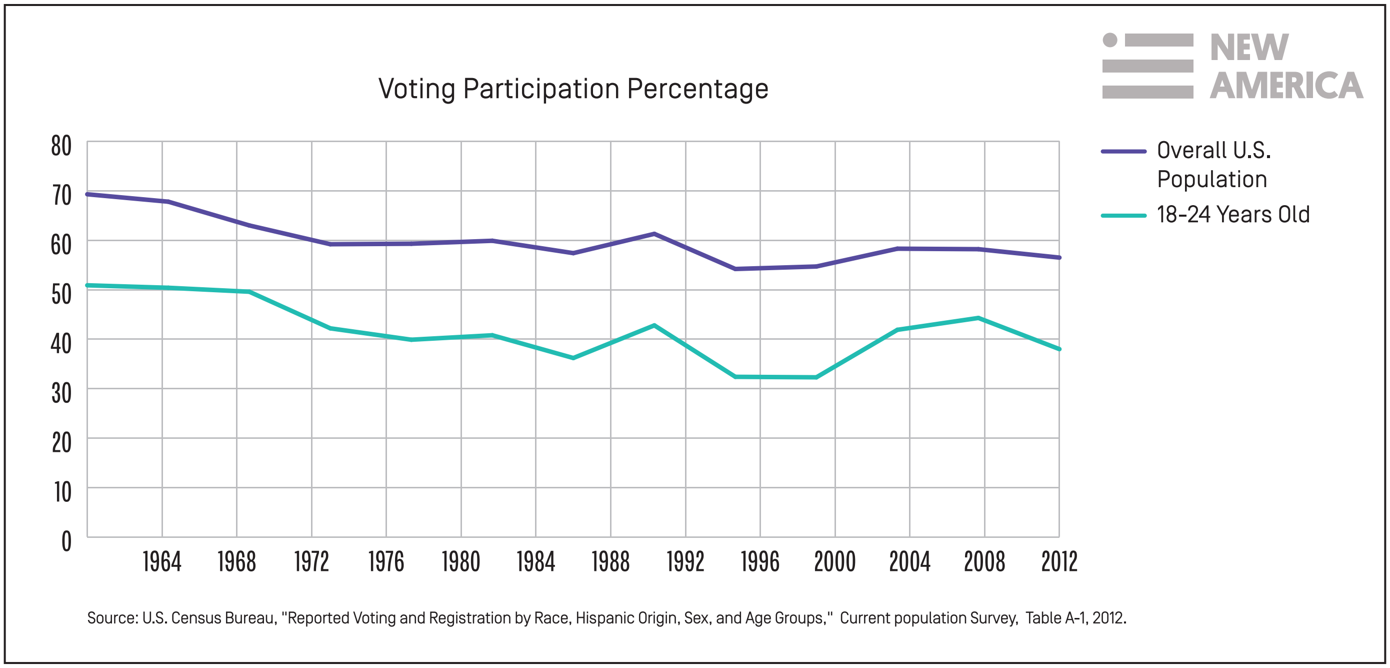
Those who did vote played a significant role in the coalition that elected President Obama in 2008. The Democratic ticket captured 66 percent of the share of young voters, aged 18-29, which was a dramatic increase over previous elections. Even though Millennials consider themselves more socially liberal, they also have a pragmatic streak that might undermine a long-term allegiance to one party. As a generation raised in a period of instant information and unlimited options, Millennials do not feel they have to be fixed in the economic marketplace or in politics.[5] They want to know what works and are less concerned with whether the solution comes from Democrats versus Republicans or Government versus Business.[6] Although they have continued to approve of President Obama's performance at higher rates than other generations, their approval rate dropped eleven points between 2008 and 2012.[7] Before the last presidential election, over half of Millennial voters believed that the Obama Administration had not always been effective in running government.[8] Even though the majority of Millennials may continue to vote for Democratic candidates, they refuse to be pinned down by either political party, and half of Millennials now describe themselves as political independents.[9]

Although Millennials are critical of how efficacious and representative government is, they believe that government has the potential to be a positive force in solving societal problems. For example, 53 percent of Millennials are supportive of activist government—more than any other generation.[10] As a CIRCLE study succinctly sums up, Millennials are not eschewing politics as much as they do not see politics as a viable option for achieving the outcomes they believe are important.[11] Beyond voting, other traditional forms of civic engagement—including group and union membership, contacting public officials, attending public meetings, and working with neighbors—have also decreased for Millennials.[12]

Despite gravitating away from institutional forms of participation, this generation is finding other, more accessible avenues to participate in their communities and engage in the world.[13] While the forms and levels of engagement vary among different education, race, and income cohorts, Millennials volunteer at a higher rate than other generations, engage in consumer activism, and are spearheading civic uses of social media.[14] For example, 44 percent of Millennials who use social networking sites use social media to "like" or promote political material, 42 percent to post thoughts on issues, and 36 percent to encourage others to act.[15]

Policy Landscape

There are major implications for how Millennials approach and perceive politics, some of which may have long-term societal consequences. First, the pragmatic, "whatever works" approach to problem-solving public issues may have several implications. On the one hand, the fact that Millennials are willing to look past ideological divides in their quest for solutions may be just the antidote for the intense partisanship within today's politics. On the other hand, the willingness of Millennials to move between institutions based on what is perceived as most effective,



raises important questions for the kind of long-term and collective commitment required for some types of democratic action and problem solving.

While studies suggest Millennials believe in the theory of government as a powerful tool for addressing social problems, putting that theory into practice seems challenging if the so-called "startup generation" looks outside of government, forging individual pathways as entrepreneurs rather than investing collectively as citizens. This may be the result of Millennials' experiences with government, as reflected in the Great Recession and its aftermath, congressional paralysis, the Affordable Care Act rollout and subsequent public criticisms, and extended foreign wars. The challenge will be to reengage this hopeful but disaffected generation and demonstrate there is a real space for them to make government into the positive and representative force they believe it can be.

Clearly, Millennials are finding other ways of engaging politically in the world beyond electoral politics. For example, the use of social media and online social networks like Twitter and Facebook is often argued to have revolutionized social activism by connecting and organizing otherwise disparate individuals. Social media has been effective at increasing engagement, particularly because it reduces the threshold of participation—often to just a click of a button. There are limits to this form of expression as a means to foster political debate, as social media naturally creates echo chambers of like-minded friends, saving one from conflicting viewpoints. However, social media platforms that provide a means to give-and-take with other citizens, to invest time and energy, and to commit resources toward a collectively determined endeavor, can be a powerful tool to facilitate, rather than a substitute for, meaningful civic engagement and political participation in the 21st century.

The Challenges to Address

The main obstacle policymakers must address is not unique to Millennials, but applies to the body politic: the functioning and trust of the country's democratic institutions. A 2014 Gallup Poll found that 30 percent of Americans say they have "a great deal" or "quite a lot" of confidence in the Supreme Court, 29 percent in the presidency, and 7 percent in Congress. Evidently, the perception that Washington is broken is a view shared by all generations. Thus, when policymakers consider how to harness a generation that is disaffected, but powerful and persuadable, they must focus on policies that improve the accessibility, representativeness, and functioning of democratic institutions for all. For that effort to succeed, we need broad democratic reforms that revamp campaign finance, modernize electoral systems, and support more participatory and effective systems of governance.[16]

Policymakers must find ways to engage Millennials—particularly in democratic institutions and formal democratic processes. This requires keeping in mind the different ways in which engagement varies across demographic groups. Millennials who have not attended four-year colleges will not have the same access to concentrated civic communities. Thus, particular focus needs to be given to creating alternative civic opportunities, such as in community colleges and national service programs.[17] For example, there are benefits in creating more space for Millennials to directly participate in public decision-making through innovative processes such as participatory budgeting[18] and participatory rulemaking.[19] Community-driven initiatives, such as worker cooperatives and tool libraries, are also promising paradigms that can increase civic engagement. If pursued at scale, these models have the potential to enhance a level of citizenship for the Millennial generation, which in turn can lead to greater political participation over the long term.

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DESCRIPTION OF CONVENERS

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Roosevelt Institute Campus Network

The Roosevelt Institute Campus Network, a national student initiative, engages young people in a unique form of progressive activism that empowers them as leaders and promotes their ideas for change. Through communication and coordination with political actors and community members, students identify pressing issues facing their towns, counties, and states. Taking advantage of the unique resources on their college campuses, they engage in policy research and writing and then connect the fruits of that research to the political process, delivering sound, progressive proposals to policymakers, and advocacy groups. We call our unique model of policy activism Think Impact. Adding policy papers to picket signs, Think Impact engages young people in activism fueled by innovative, student ideas. Founded in the wake of the 2004 election, the Roosevelt Institute Campus Network was formed in order to strengthen the progressive movement by meaningfully engaging young people in politics. The Campus Network emphasizes that young people can do far more than participate in campaigns; students are asked to take action on their ideas and create an impact in their communities. Today, the Campus Network boasts more than 10,000 members organized at approximately 85+ chapters across the country. Chapters foster debate and dialogue on campus, teach policy courses, engage with local policymakers, generate policy, and promote student ideas through conferences and publications. The Roosevelt Campus Network is a division of the Franklin and Eleanor Roosevelt Institute, an organization dedicated to preserving and promoting the legacy of their namesakes for future generations.

Young Invincibles

Young Invincibles was founded in the summer of 2009, motivated by the recognition that young people's voices were not being heard in the debate over health care reform. Co-Founders Ari Matusiak and Aaron Smith and a few friends wanted to change that, so they set up a one page website, asking young people to share their stories, believing in their generation's capacity to stand up and make itself heard. In a little more than a year, 'YI' went from a group run out of a law school cafeteria to a national organization, representing the interests of 18 to 34 year-olds and making sure that our perspective is heard wherever decisions about our collective future are being made. We do this through conducting cutting-edge policy research and analysis, sharing the stories of young adults, designing campaigns to educate on important issue areas, informing and mobilizing our generation and advocating to change the status quo.

SPEAKERS

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Contributor, NBC News

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Ray Boshara
Director of the Center for Household Financial Stability, Federal Reserve Bank of St. Louis

Ray Boshara is Senior Adviser and Director of the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis. The center conducts research on family balance sheets and how they matter for strengthening families and the economy. Before joining the Fed, Boshara was the vice president of New America, where he launched and directed programs that promote asset development, college savings, financial inclusion, and a new social contract. He has also worked for CFED, the United Nations in Rome, and the U.S. Congress. Boshara is a graduate of Ohio State University, Yale Divinity School, and the John F. Kennedy School of Government at Harvard.

James Bullard
President, Federal Reserve Bank of St. Louis

James Bullard is President and Chief Executive Officer of the Federal Reserve Bank of St. Louis. In these roles, he participates in the Federal Open Market Committee (FOMC) and directs the activities of the Federal Reserve's Eighth District head office in St. Louis and three other branches. In addition to his work at the Fed, Bullard is an honorary professor of economics at Washington University in St. Louis, where he also sits on the advisory council of the economics department and the advisory boards of the Center for Dynamic Economics and the Wells Fargo Advisors Center for Finance and Accounting Research. He is a member of the University of Missouri-St. Louis Chancellor's Council, the United Way U.S.A. Board of Trustees, and the Greater St. Louis Financial Forum. Bullard also serves on the board of the St. Louis Regional Chamber. He received his Ph.D. in Economics from Indiana University. He holds a Bachelor's Degree in Economics and in Quantitative Methods and Information Systems from St. Cloud State University.

Kevin Carey
Director of the Education Policy Program, New America

Kevin Carey directs the Education Policy Program at New America. Carey's research includes higher education reform, improving college graduation rates, online education, community colleges, and the federal Elementary and Secondary Education Act. His writing has appeared in several major publications and was anthologized in Best American Legal Writing. He has received two Education Writers Association awards for commentary. Carey appears frequently on media outlets including CNN, C-SPAN, and NPR. Prior to joining New America, he worked as the policy director of Education Sector, and as an analyst at the Education Trust and the Center on Budget and Policy Priorities. Previously, he worked for the Indiana Senate Finance Committee and as Indiana's assistant state budget director. Carey is a graduate of Binghamton University and Ohio State University.

Tim Chen
Chief Executive Officer, NerdWallet

Tim Chen is the Chief Executive Officer of NerdWallet, where he oversees the organization’s internal strategy. Before starting NerdWallet in 2009, Chen was a hedge fund analyst at Perry Capital investing in payment processing companies, credit card networks, and technology companies. He also worked as an equity research analyst at Credit Suisse First Boston. Chen graduated from Stanford University with a degree in economics.

Rohit Chopra
Student Loan Ombudsman, Consumer Financial Protection Bureau

Rohit Chopra is Student Loan Ombudsman and Assistant Director of the Consumer Financial Protection Bureau, where he leads the agency's work on behalf of students and young Americans. The treasury secretary appointed Chopra in October 2011 to the ombudsman position, which was created by the Dodd-Frank Act. Before joining the CFPB, he worked at McKinsey & Company. Chopra holds a bachelor’s degree from Harvard College and a master’s degree from the Wharton School at the University of Pennsylvania.

Reid Cramer
Director of the Asset Building Program, New America

Reid Cramer is the Director of the Asset Building Program at New America, which promotes policies and ideas that would broaden access to economic resources through increased savings and asset ownership. Prior to joining New America, Cramer served as a policy and budget analyst at the Office of Management and Budget. He has also worked for a range of nonprofit housing and community development organizations. Cramer has a Ph.D. in public policy from the LBJ School of Public Affairs at the University of Texas at Austin and a master’s degree in city and regional planning from the Pratt Institute. Additionally, he has a bachelor’s degree from Wesleyan University.

Richard Deitz
Assistant Vice President and Senior Economist, Federal Reserve Bank of New York

Richard Deitz serves as Assistant Vice President and Senior Economist for the Federal Reserve Bank of New York. He provides economic analysis of upstate New York for the Federal Reserve System and consults with state and local governments on regional economic issues. Prior to joining the Federal Reserve, Deitz served as a professor of economics for several upstate New York colleges and universities. Deitz serves on the Board of Economic Advisors for the New York State Division of the Budget and the New York State Assembly Ways and Means Committee. He also resides on the Board of Directors for the New York State Economics Association, where he served as president, and is past president of the Regional New York Center for Financial Training. Deitz has a Ph.D. in Economics from Binghamton University.

William R. Emmons
Senior Adviser of the Center for Household Financial Stability, Federal Reserve Bank of St. Louis

William R. Emmons is a Senior Economic Adviser at the Center for Household Financial Stability. He is an assistant vice president and economist at the Federal Reserve Bank of St. Louis, where his areas of focus include household balance sheets and their relationship to the broader economy. Emmons also speaks and writes frequently on banking, financial markets, financial regulation, housing, the economy, and other topics. His work has been highlighted in major publications, including The New York Times, The Wall Street Journal, and American Banker. Emmons received a Ph.D. in finance from the J.L. Kellogg Graduate School of Management at Northwestern University. He received his bachelor's and master's degrees from the University of Illinois at Urbana-Champaign.

Tiana Epps-Johnson
Election Administration Director, New Organizing Institute

Tiana Epps-Johnson is the New Organizing Institute's Election Administration Director. She and her team work to grease the wheels of democracy by creating open tools and resources, facilitating communication, and building infrastructure for election officials and organizers. Prior to joining NOIEF, Epps-Johnson was a junior specialist at the UCSF Center for Tobacco Control Research and Education, where her work focused on documenting 100+ years of advocacy efforts in the state of Iowa and providing recommendations to improve contemporary efforts. Epps-Johnson holds an MSc in Politics and Communication from the London School of Economics and a Bachelor's Degree in Political Science from Stanford University.

Carrie Gleason
Director of the Fair Workweek Initiative, Center for Popular Democracy

Carrie Gleason is the Director of Fair Workweek Initiative, a collaborative effort anchored by the Center for Popular Democracy that brings together grassroots organizations across the country to shift employer practices and win policy solutions that achieve an equitable workweek. Before joining the Center for Popular Democracy, Gleason co-founded the Retail Action Project (RAP), a fast-growing organization of retail workers dedicated to improving opportunities and standards in the retail industry. Gleason has worked in the labor movement for over 14 years. She is a member of the Presidential Council of Cornell Women and served on the North Star Fund Community Funding Committee. Gleason was a 2009-2010 Charles H. Revson Fellow, a Program on the Future of New York City at Columbia University. She holds a bachelor's degree from Cornell University.

Jessica Grose
Author and Media Contributor, Slate and Bloomberg Businessweek

Jessica Grose is a frequent contributor to Slate and Bloomberg Businessweek, where she writes on women's issues, family, and the Millennial generation. She also writes about creativity and culture for Fast Company's Co. Create. Grose is the author of Sad Desk Salad, a satire about the blogging life, and the co-author of LOVE, MOM: Poignant, Goofy, Brilliant Messages from Home. Previously, she was a senior editor at Slate, and an editor at Jezebel. Her work has appeared in the New York Times, The New Republic, Cosmopolitan, and several other publications.

Taylor Jo Isenberg
Vice President of Networks, Roosevelt Campus Network

Taylor Jo Isenberg is the Roosevelt Institute's Vice President of Networks. She was previously the national director of the Roosevelt Institute Campus Network. Prior to joining the Campus Network's national staff as deputy director in 2011, she served as chapter leadership and Southern Regional Coordinator, where she guided southern chapters as they provided solutions to the many challenges facing the region. She has been involved with the Campus Network since 2006, when she joined the University of North Carolina at Chapel Hill chapter.

Elisabeth Jacobs
Senior Director for Policy and Academic Programs, Washington Center for Equitable Growth

Elisabeth Jacobs is Senior Director for Policy and Academic Programs at the Washington Center for Equitable Growth. Her research focuses on economic inequality and mobility, family economic security, poverty, employment, social policy, social insurance, and the politics of inequality. Prior to joining Equitable Growth, she was a fellow in governance studies at the Brookings Institution. Earlier in her career, Jacobs served as senior policy advisor to the Joint Economic Committee of the United States Congress, and as an advisor to the U.S. Senate Committee on Health, Education, Labor and Pensions. She holds a Ph.D. and an A.M. from Harvard University and a bachelor's from Yale University.

Russell Krumnow
Managing Director, Opportunity Nation

Russell Krumnow is the Managing Director of Opportunity Nation, a national, bipartisan, cross-sector campaign to increase upward mobility and close the opportunity gap in America. He guides the strategy for Opportunity Nation's diverse mix of initiatives including coalition engagement, events, policy advocacy, and grassroots initiatives. He also leads the campaign's work on the Opportunity Index, a tool measuring 16 key indicators in communities that include economic, educational, and civic factors critical to accessing opportunity. Prior to joining Opportunity Nation, Russell designed professional and leadership development programs with a consulting firm for clients that included members of the Obama Administration. Russell is a graduate of Baylor University and earned a Master of Arts in Political Science at the University of Mississippi.

Prerna Lal
Immigration Attorney, Advancing Justice--Asian American Justice Center

Prerna Lal is an immigration attorney at Advancing Justice--Asian American Justice Center. Previously, she was a Co-Founder of DreamActivist, a robust network of highly-organized and diverse undocumented youth with digital engagement capacity to fight deportations. Her model of organizing has been used by immigration organizations across the country to end deportations. She is a graduate of The George Washington University Law School, with a Distinguished Accomplishment award in Civil Rights and Civil Liberties.

Donna Levin
Co-Founder and Vice President of Operations, Care.com

Donna Levin is a Co-Founder and Vice President of Operations at Care.com, where she oversees all of the systems, policies, and procedures related to Member Care. In this role, she has helped launch Care.com's care management offering and establish the safety and customer service infrastructure. Prior to co-founding Care.com, Levin served as vice president of operations at Upromise, an online service that helps families save for college. She is a member of the advisory board for The Greater Boston Chamber of Commerce Women's Network, and she recently joined the advisory board for WEST, which promotes the advancement of women in engineering, science, and technology. She also is on the Board of Overseers at Emerson College and is a Board Member for the Center for Women and Enterprise. Donna holds a bachelor's degree from Emerson College.

Laurenellen McCann
Civic Innovation Fellow, New America

Laurenellen McCann is an organizer, tech policy expert, and Civic Innovation Fellow with the Open Technology Institute at New America. Her work seeks to refocus public sector "innovation" on communal ingenuity, emphasizing the importance of relational organizing, behavior change, and cultural context above individual tools and technologies. She also runs The Curious Citizens Project, a D.C.-based organization that melds tech, placemaking tactics, and art activation to increase participation in public commons. Previously, McCann was the national policy manager at the Sunlight Foundation. In 2013, she was named one of TIME Magazine's 30 People Under 30 Changing the World. McCann holds a Bachelor's Degree in Government from Wesleyan University.

Brandee McHale
Chief Operating Officer, Citi Foundation

Brandee McHale is the Chief Operating Officer at the Citi Foundation, responsible for shaping the Foundation's overall strategy and grantmaking programs. Before joining Citi Foundation, McHale served as the director of operations for Citi Community Capital. She also developed an investment portfolio for the Ford Foundation that supports low-income households' efforts to participate in the mainstream economy and attain economic self-sufficiency. Currently, McHale serves as the vice chair of the Board of Directors of the Corporation for Enterprise Development (CFED) and is the co-chair for the Living Cities Assets and Income Working group and Local Integration Initiative selection committee. She holds a Master's Degree in Urban Policy from the New School for Social Research.

Jen Mishory
Executive Director, Young Invincibles

Jen Mishory is the Executive Director of Young Invincibles. Mishory has conducted research and authored reports on health, higher education, and economic issues facing the Millennial generation. She has testified before Congress on financial aid and student loans, and serves as a member of the inaugural Consumer Advisory Board of the CFPB. Before founding Young Invincibles, Mishory was a consumer representative for the National Association of Insurance Commissioners, where she worked with Insurance Commissioners around the country to ensure strong consumer protections in the health care industry for young people. Mishory received bachelor's degree from UCLA and a J.D. from Georgetown University Law Center.

Rourke O'Brien
Health and Society Scholar, Harvard University

Rourke O'Brien is a sociologist who studies the connections between public policy, economic behavior, and population health. He holds a Ph.D. in Sociology and Social Policy from Princeton University, where he authored a dissertation on the social and structural determinants of self-reported disability. Rourke previously served as a senior policy advisor at the U.S. Department of the Treasury and he is coauthor of Taxing the Poor, which explores the link between regressive state and local tax policy and poverty-related outcomes. As a Health & Society Scholar, Rourke will continue his research on how population health is impacted by household finance, taxation, and social policy.

Sabeel Rahman
Four Freedoms Center Fellow, Roosevelt Institute

Sabeel Rahman is a Four Freedoms Center Fellow at the Roosevelt Institute. Sabeel's work focuses on the future of democratic theory and practice, particularly in the face of growing economic inequality and the ongoing effects of the Great Recession. He currently helps direct the Gettysburg Project, a three-year program co-sponsored by the Roosevelt Institute and the Harvard Kennedy School, which works with community organizers, practitioners, and academics to develop a learning and innovation space in the field of civic engagement. Sabeel holds a Ph.D. from the Department of Government at Harvard University, a J.D. from Harvard Law School, and an A.B. in Social Studies from Harvard College. He also holds a M.Sc. in Economics for Development, and a M.St. in Sociolegal Studies from the University of Oxford, where he studied as a Rhodes Scholar.

E.J. Reedy
Director in Research and Policy, Kauffman Foundation

E.J. Reedy is a Director in Research and Policy at the Ewing Marion Kauffman Foundation, where he oversees research initiatives related to education, human capital development, and data. Since joining the Kauffman Foundation in 2003, Reedy has coordinated the Foundation's entrepreneurship and innovation data-related initiatives. He is a globally recognized expert in entrepreneurship and innovation measurement and has consulted for a variety of agencies. Previously, Reedy was a senior analyst at the Federal Reserve Bank of Kansas City and had extensive experience in non-profit management. Reedy earned a bachelor's degree in economics, mathematics, and American studies from the University of Kansas and a Master's Degree in Managerial Economics and Strategy from Northwestern University.

Hollie Russon-Gilman
Civic Innovation Fellow, New America

Hollie Russon Gilman is a Civic Innovation Fellow at New America. She recently served in the White House as the Open Government and innovation advisor, working on a second term Open Government agenda — including participatory budgeting as part of U.S. Open Government commitments. Gilman is a founding researcher and organizer for the Open Society Foundation's Transparency and Accountability Initiative and Harvard's Gettysburg Project to revitalize 21st Century civic engagement. She has worked as an advisor, researcher, and consultant to numerous non-profits and foundations, including the World Bank, Case Foundation, and Center for Global Development. She holds a Ph.D. and master's degree from the Department of Government at Harvard University and A.B. from the University of Chicago.

Mark Schmitt
Director of the Political Reform Program, New America

Mark Schmitt is the Director of the Political Reform Program at New America, which develops new approaches to understanding and reforming the market for political power. A prominent writer on politics and public policy, with experience in government, philanthropy, and journalism, he is also a columnist for The New Republic and a leading voice on political reform, budget and tax policy, and social policy. Previously, Schmitt was executive editor of The American Prospect and the director of the Governance and Public Policy program at the Open Society Foundations. He has also worked as a speechwriter and later policy director to Senator Bill Bradley, focusing on welfare reform, higher education, and urban policy. Schmitt graduated from Yale University

Anne-Marie Slaughter
President and Chief Executive Officer, New America

Anne-Marie Slaughter is the President and CEO of New America, a public policy institute and idea incubator based in Washington and New York. She is also the Bert G. Kerstetter '66 University Professor Emerita of Politics and International Affairs at Princeton University. From 2009–2011 she served as director of policy planning for the United States Department of State, the first woman to hold that position. Upon leaving the State Department she received the Secretary’s Distinguished Service Award for her work leading the Quadrennial Diplomacy and Development Review, as well as meritorious service awards from USAID and the Supreme Allied Commander for Europe. Prior to her government service, Slaughter was the Dean of Princeton’s Woodrow Wilson School of Public and International Affairs from 2002–2009 and the J. Sinclair Armstrong Professor of International, Foreign, and Comparative Law at Harvard Law School from 1994-2002. She received a B.A. from Princeton, an M.Phil and D.Phil in International Relations from Oxford, where she was a Daniel M. Sachs Scholar, and a J.D. from Harvard.

Zakiya Smith
Strategy Director, Lumina Foundation

Zakiya Smith is a Strategy Director at the Lumina Foundation, where she leads the development of new models of student financial support for higher education. Prior to her work in philanthropy, Smith served as a senior advisor for education at the White House Domestic Policy Council, where she was tasked with developing President Obama's higher education policy. Smith also served in the Obama Administration as a senior adviser at the U.S. Department of Education. Before her tenure in the Obama Administration, Smith was director of government relations at the Advisory Committee on Student Financial Assistance. Smith holds a Bachelor’s Degree in Political Science and secondary education from Vanderbilt University and a Master’s Degree in Education Policy and Management from the Harvard Graduate School of Education.

Wendy Spencer
Chief Executive Officer, Corporation for National Community Service

Wendy Spencer is the Chief Executive Officer of the Corporation for National and Community Service (CNCS), a federal agency that administers AmeriCorps, Senior Corps, the Social Innovation Fund, and other programs. Under her leadership, CNCS has launched new partnerships, including FEMA Corps, School Turnaround AmeriCorps, STEM AmeriCorps, VetSuccess AmeriCorps, and Financial Opportunity Corps; increased the agency's focus on veterans and military families; and led the national service response to a number of severe disasters. Spencer's management career spans 30 years and includes leadership roles in government, nonprofits, and the private sector. Among many honors, she has received the prestigious Governor's Award from Gov. Jeb Bush for her disaster work. Spencer holds a Bachelor's Degree in Fine Arts and Speech Communications from Valdosta State University.

Jennifer Tescher
President and Chief Executive Officer, Center for Financial Services Innovation

Jennifer Tescher is the President and CEO of the Center for Financial Services Innovation (CFSI). CFSI leads a network of financial services innovators committed to promoting high-quality financial products for underserved consumers. She has become a nationally known expert on this topic, with a monthly column in American Banker, frequent interviews and articles in the financial press, and major speaking engagements at a broad spectrum of industry and policy convenings. Tescher also serves as a member of the Board of Directors for Credit Builders Alliance and is a member of Bank of America's National Community Advisory Council. Tescher received undergraduate and graduate degrees in journalism from Northwestern University and a public policy degree from the University of Chicago.

Jennifer Wang
Policy Director, Young Invincibles

Jennifer Wang is the Policy Director at Young Invincibles, where she builds and maintains relationships with policymakers, partner groups, and other stakeholders. She also manages Young Invincibles' advocacy strategy, analyzes bills and policy proposals, and creates and refines the organization's legislative affairs systems. Before joining Young Invincibles, Jennifer worked on women's health policy at NARAL Pro-Choice America, where she focused on issues relating to the Affordable Care Act and managed the annual publication of the preeminent report on choice-related federal and state laws and legislative activity in the United States. She graduated from UCLA with a bachelor's degree and received a J.D. from the University of Iowa College of Law.

Conor Williams
Senior Researcher in the Early Education Initiative, New America

Conor P. Williams is a senior researcher in the Early Education Initiative at New America. His work addresses educational equity, dual language learners, and school choice. His work has appeared in The Washington Post, The New Republic, The Daily Beast, The Atlantic, Talking Points Memo, and elsewhere. Before joining New America, he taught first grade in Crown Heights, Brooklyn. Williams holds a Ph.D. and M.A. in Government from Georgetown University, an M.S. in Teaching from Pace University, and a Bachelor's Degree in Government and Spanish from Bowdoin College.

Matt Yglesias
Executive Editor, Vox Media

Matthew Yglesias is the Executive Editor at Vox Media and author of The Rent Is Too Damn High. He is affectionately referred to in the blogosphere as "Big Media Matt", as his personal blog has been hosted, at various times, on Blogger, Typepad, Josh Marshall's TPMCafe, and at matthewyglesias.com. Before joining Vox Media, Yglesias was a business and economics correspondent at Slate's Moneybox. He also wrote the ThinkProgress blog for the Center for American Progress, and he was a staff writer for The Atlantic. Upon graduation, Yglesias joined the American Prospect as a writing fellow, later becoming a staff writer. He holds a Bachelor's Degree in Philosophy from Harvard University.

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