



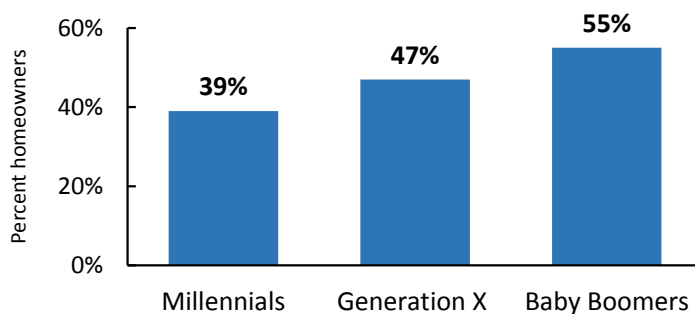
The Economic State of Millennials in America

This fact sheet provides a snapshot of the current economic state of millennials in the United States. It includes measures on the generation’s economic well-being, including key trends in homeownership, student debt, and entrepreneurship. Together, these measures help paint a portrait of millennials and their economic prospects for the future.

Millennials are America’s largest and most diverse generation, with more than 75 million members.¹ Generally defined as those born between the early 1980s and late 1990s, millennials will soon outnumber baby boomers (born 1946 to 1964) and already outnumber Generation X (born 1965 to 1980) by nearly 10 million.² These numbers translate into significant economic power, with the millennial generation accounting for more than \$1 trillion in direct annual spending.³ People of color represent almost half of the generation, with blacks and Hispanics comprising 35 percent.⁴

Millennials are still recovering from the financial crisis, which will likely put a permanent dent in their long-term economic security. The financial crisis, which began as many millennials were entering the workforce for the first time, has dampened economic opportunities for the entire generation. Negative effects include higher rates of underemployment and unemployment, wage stagnation or declines, and limited economic mobility. Millennials are less likely to earn more than their parents than any previous generation in American history.⁵ In 2017, millennials earned a median income of roughly \$20,010, while the current unemployment rate for millennials ages 25 to 34 and likely not in college is 4.2 percent.⁶

Figure 1. Homeownership Rates for Young Adult Millennials vs. Previous Generations

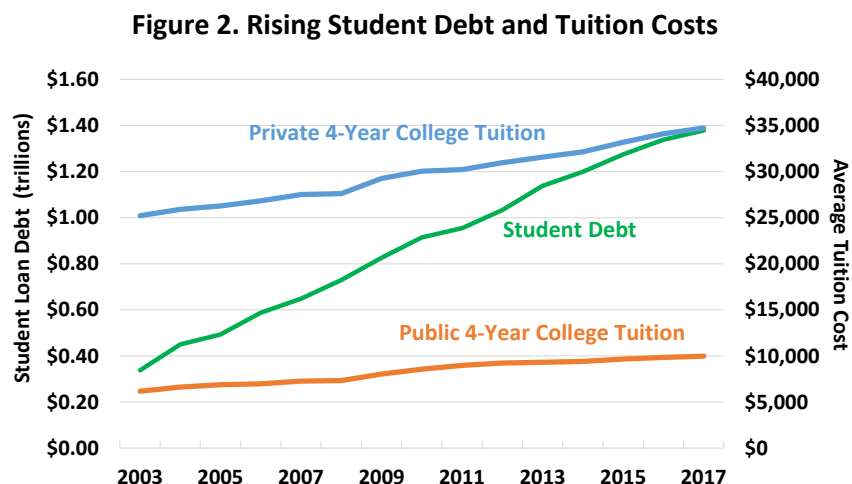


Source: Brookings Institution based on data from the U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplements.

Note: Young adults for each generation defined as adults ages 25 to 34. Millennial is for young adults in 2015, Generation X is young adults in 2000, and Baby Boomers is young adults in 1980.

Rates of homeownership are falling among millennials, undercutting the generation’s ability to build long-term wealth.⁷ The financial crisis had a significant impact on young adult homeownership, with a large share of millennials opting to move back home to regain their economic footing.⁸ Millennials of color were disproportionately affected by the housing bubble and

bursting, which damaged their creditworthiness and made it more difficult to obtain a mortgage.⁹



Source: College Board, New York Federal Reserve.
 Note: In 2017 dollars. For-profit college costs are not included.

Because homeownership is traditionally a key pathway to building wealth, these trends are troubling (see **Figure 1**). Data shows that millennial net worth is only half as much as that of their parents when they were at the same age.¹⁰

Millennials are the most educated generation in history.¹¹ Increases in educational attainment have been especially large among millennial women, who are more likely to have

completed a bachelor’s degree as a young adult than their male counterparts.¹² Twenty-nine percent of young adult male millennials hold a bachelor’s degree, compared to 36 percent of women. However, significant racial disparities still exist, and increases in educational attainment are in part due to the Great Recession, which forced millennials to stay in school or go back to school for lack of stable employment opportunities.¹³

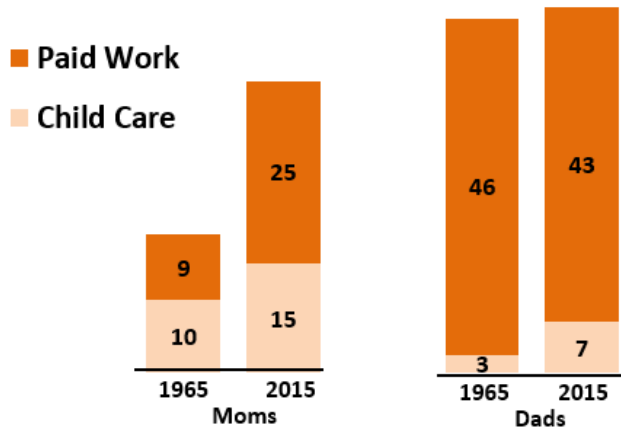
Millennials are burdened with massive amounts of student loan debt. The cost of attending college has risen dramatically over the past few decades largely because of soaring tuition and textbook costs.¹⁴ As millennials tend to be more educated than previous generations, they are also more likely to have large student debt loads. Total student debt in the United States was \$1.4 trillion at the end of 2017, up from \$340 billion in 2003, a 310 percent increase (see **Figure 2**).¹⁵ The average 25-year-old millennial holds \$21,000 in student debt.¹⁶

Millennials may be contributing to the start-up slump, with a smaller share of entrepreneurs than previous generations.¹⁷ Though the millennial generation is often celebrated for its entrepreneurial streak, data show that they lag significantly behind their predecessors in starting new businesses. In 2014, for instance, less than 2 percent of millennials were self-employed, compared to nearly 8 percent for Generation X.¹⁸ Several factors could be driving this drop, including non-compete clauses, limited access to capital, student loan debt, lingering effects of the financial crisis that prevent risk-taking among millennials, and industries dominated by powerful firms.¹⁹

Millennials are more likely to have health care coverage due to the Affordable Care Act. From 2010 to 2016, the uninsured rate for 18- to 34-year-olds dropped from 28.8 percent to 14.6 percent.²⁰ This improvement is in large part driven by the Affordable Care Act’s coverage expansions, tax credits that make insurance more affordable, and allowances for young adults to stay on their parents’ insurance plans until they are 26 years old.²¹

Figure 3. Millennials Juggling Work and Child Care

Average hours per week spent on...



Note: Commute time is included in paid work.
Source: Pew Research Center

Millennial parents are having to balance both work and child care. Millennial women are more educated than previous cohorts and are entering the workforce in large numbers, boosting growth and productivity. However, millennial mothers, who total more than 16 million, are investing more time than ever in child care (see **Figure 3**).²² At the same time, mothers in general are increasingly the primary breadwinners.²³ Adding to this burden are

rising child care costs, which can eat up a significant portion of family income.²⁴

Though millennials spend money more freely on ride-sharing services and other emerging technologies, they are more likely to have a financial plan than previous generations.²⁵

However, the overall picture of millennial financial literacy is mixed.²⁶ In one study, just 24 percent of millennials demonstrated basic financial knowledge and nearly 30 percent were overdrawing their checking accounts.²⁷ Inadequate financial knowledge has led to other negative trends, including increased use of alternative financial services like payday lenders and smaller retirement accounts. Recent data show that two-thirds of millennials have no retirement savings at all.²⁸

¹ https://www.brookings.edu/wp-content/uploads/2018/01/2018-jan_brookings-metro_millennials-a-demographic-bridge-to-americas-diverse-future.pdf

² <http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/>

³ <https://www.bcg.com/publications/2014/marketing-center-consumer-customer-insight-how-millennials-changing-marketing-forever.aspx>;

⁴ https://www.brookings.edu/wp-content/uploads/2018/01/2018-jan_brookings-metro_millennials-a-demographic-bridge-to-americas-diverse-future.pdf

⁵ <https://www.ft.com/content/e5246526-8c2c-11e7-a352-e46f43c5825d>;
<http://www.theatlantic.com/sponsored/deloitte-shifts/making-it-millennial/259/>

-
- ⁶ JEC Democratic Staff calculations based on data from the 2017 Current Population Survey, Annual Social and Economic Supplement for people ages 18 to 34; <https://www.bls.gov/web/empsit/cpseea10.htm>
- ⁷ <https://www.census.gov/content/dam/Census/library/publications/2017/demo/p20-579.pdf>
- ⁸ <https://www.census.gov/library/stories/2017/08/young-adults.html>
- ⁹ https://obamawhitehouse.archives.gov/sites/default/files/docs/millennials_report.pdf
- ¹⁰ <http://younginvincibles.org/wp-content/uploads/2017/04/FHYA-Final2017-1-1.pdf>
- ¹¹ https://www.brookings.edu/wp-content/uploads/2018/01/2018-jan_brookings-metro_millennials-a-demographic-bridge-to-americas-diverse-future.pdf
- ¹² <http://www.pewresearch.org/fact-tank/2018/03/16/how-millennials-compare-with-their-grandparents/>
- ¹³ https://obamawhitehouse.archives.gov/sites/default/files/docs/millennials_report.pdf
- ¹⁴ <http://college.usatoday.com/2017/06/09/private-college-tuition-is-rising-faster-than-inflation-again/>; <http://www.aei.org/publication/chart-of-the-day-the-astronomical-rise-in-college-textbook-prices-vs-consumer-prices-and-recreational-books/>
- ¹⁵ <https://www.newyorkfed.org/microeconomics/databank.html>
- ¹⁶ <http://www.goldmansachs.com/our-thinking/pages/millennials/>
- ¹⁷ https://www.sba.gov/sites/default/files/advocacy/Millennial_IB.pdf
- ¹⁸ https://www.sba.gov/sites/default/files/advocacy/Millennial_IB.pdf
- ¹⁹ https://www.sbc.senate.gov/public/_cache/files/0/d/0d8d1a51-ee1d-4f83-b740-515e46e861dc/7F75741C1A2E6182E1A5D21B61D278F3.lettieri-testimony.pdf
- ²⁰ JEC Democratic Staff calculations based on data from the 2016 American Community Survey, 1-year estimates
- ²¹ <http://younginvincibles.org/wp-content/uploads/2017/05/YI-Health-Care-Brief-2017.pdf>
- ²² <http://www.pewresearch.org/fact-tank/2017/05/11/6-facts-about-u-s-mothers/>
- ²³ <http://www.pewsocialtrends.org/2013/05/29/breadwinner-moms/>; <https://www.americanprogress.org/issues/women/reports/2016/12/19/295203/breadwinning-mothers-are-increasingly-the-u-s-norm/>
- ²⁴ <https://work.qz.com/1096890/the-crazy-economics-of-childcare-costs/>; https://www.jec.senate.gov/public/_cache/files/9ad94e5f-30f2-4345-84a3-4631dfa61c1f/child-care-report-final.pdf
- ²⁵ https://aboutschwab.com/images/uploads/inline/Charles_Schwab-Modern_Wealth_Index-findings_deck.pdf
- ²⁶ <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-millennials-and-financial-literacy.pdf>
- ²⁷ <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-millennials-and-financial-literacy.pdf>
- ²⁸ <https://www.nirsonline.org/wp-content/uploads/2018/02/Millennials-Report-1.pdf>