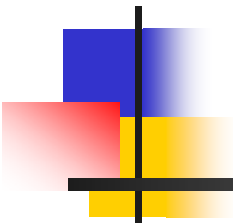



The Deterioration in the Teen and Young Adult Labor Market in the U.S. and Their Adverse Consequences for Marriage, Out-of-Wedlock Childbearing, Young Family Economic Well-Being, and Children In These Families: Does Anybody Care?



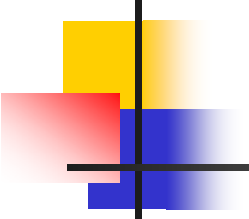
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Andrew Sum  
Center for Labor Market Studies  
Northeastern University



## An Overview of Key Teen and Young Adult (20-29) Labor Market, Earnings, Marriage, Out-of-Wedlock Childbearing, and Young Family Income Developments in the U.S.

- The demise of the teen labor market, both year-round and during the summer months; new historically low employment rates for the nation's teens in 2008 with no national public policy response
- The deterioration in the absolute and relative weekly earnings of full-time employed men and women in the U.S. (16-24) over the past 30 years
- The declining economic fortunes of young adult men (20-29) with no substantive post-secondary schooling
- The steep declines in the marriage of young adult men and women, 22-32 years old; widening disparities in marriage rates across educational attainment groups of men and women and male earnings groups

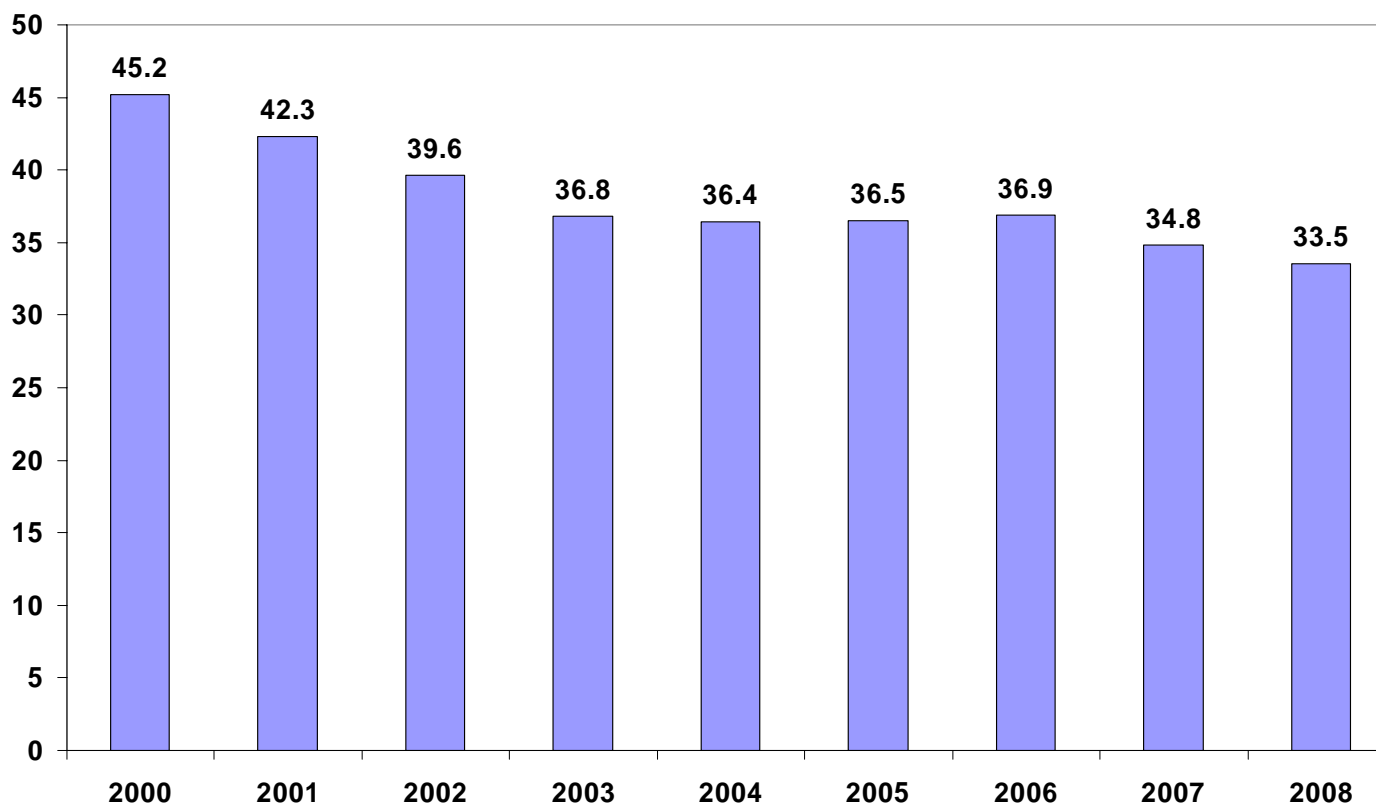


An Overview of Key Teen and Young Adult (20-29)  
Labor Market, Earnings, Marriage, Out-of-Wedlock  
Childbearing, and Young Family Income  
Developments in the U.S. (Cont)

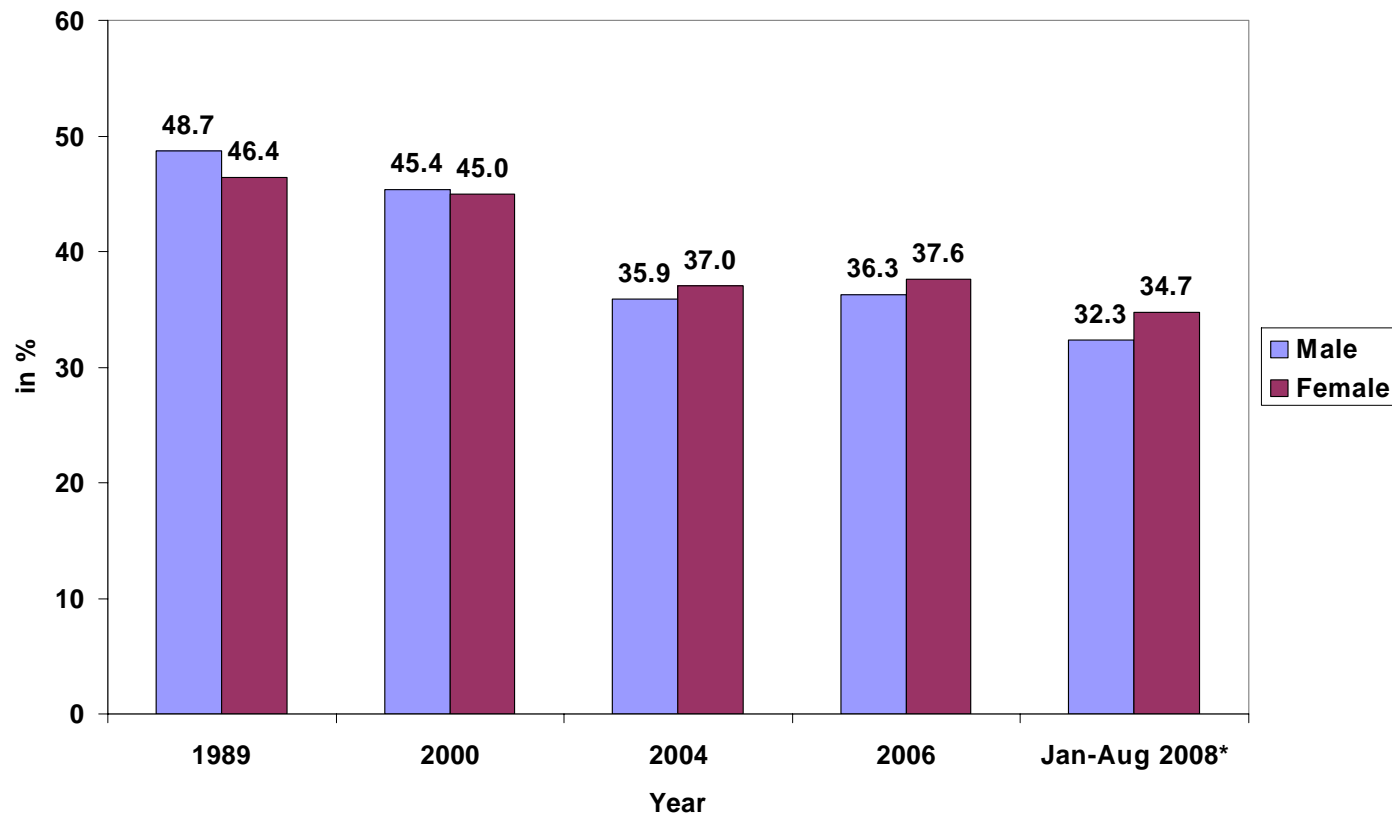
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- The very steady and steep increase in out-of-wedlock childbearing among women under 30 years old; strong links between out-of-wedlock childbearing and the educational attainment/ literacy skills of men
- The declining income fortunes of young families with children, widening family income disparities across educational attainment and family structure subgroups: the rise of a caste society
- The adverse consequences for children of being raised in single parent families and the social consequences for America
- The failure of national public policy to address these critical issues affecting young workers and families. Why both political parties have been intellectually and morally bankrupt on these issues; the dishonesty of both political conservatives and liberals

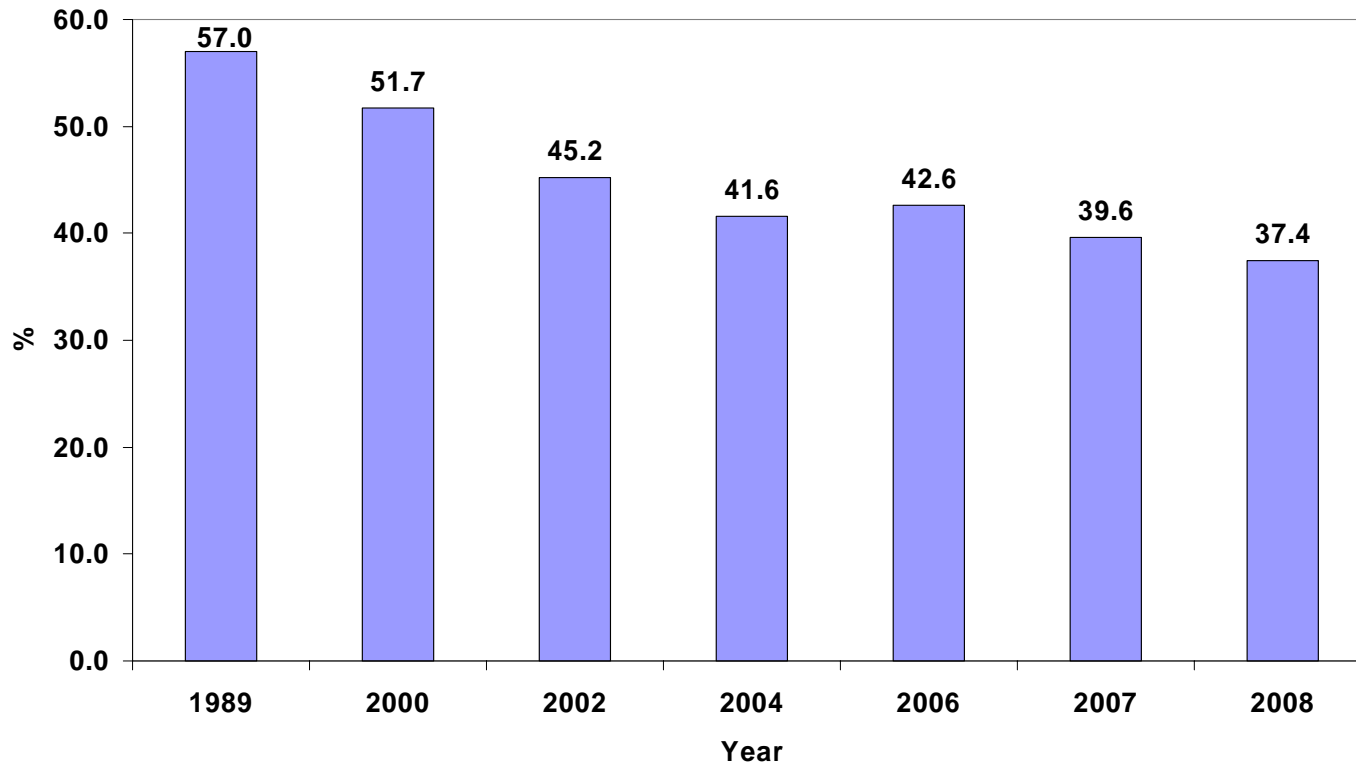
# Trends in the Employment Rate of 16-19 Year Olds, 2000-2008 (Annual Averages 2000-2007, 1st 8 Months of 2008 Seasonally Adjusted in %)



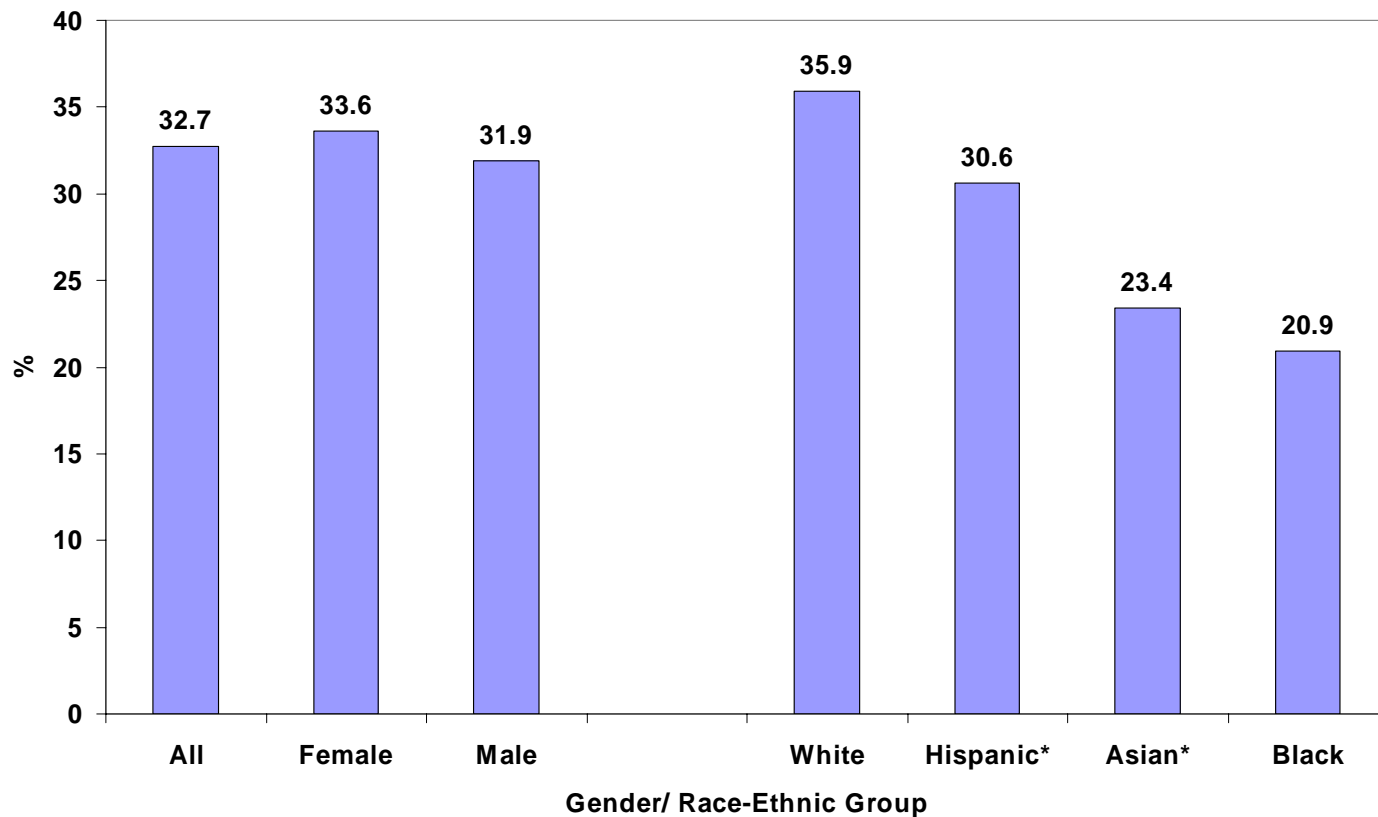
# Trends in the Employment Rate of 16-19 Year Olds By Gender, 1989-2008 (Annual Averages)

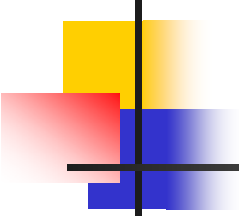


# Trends in the Nation's Teen Summer Employment Rate, 1989-2008, (June-August, Not Seasonally Adjusted)



# 2008 Summer Employment Rates of U.S. Teens (16-19 Years Old), All and By Gender and Race-Ethnic Group, (June-August Average, Seasonally Adjusted)



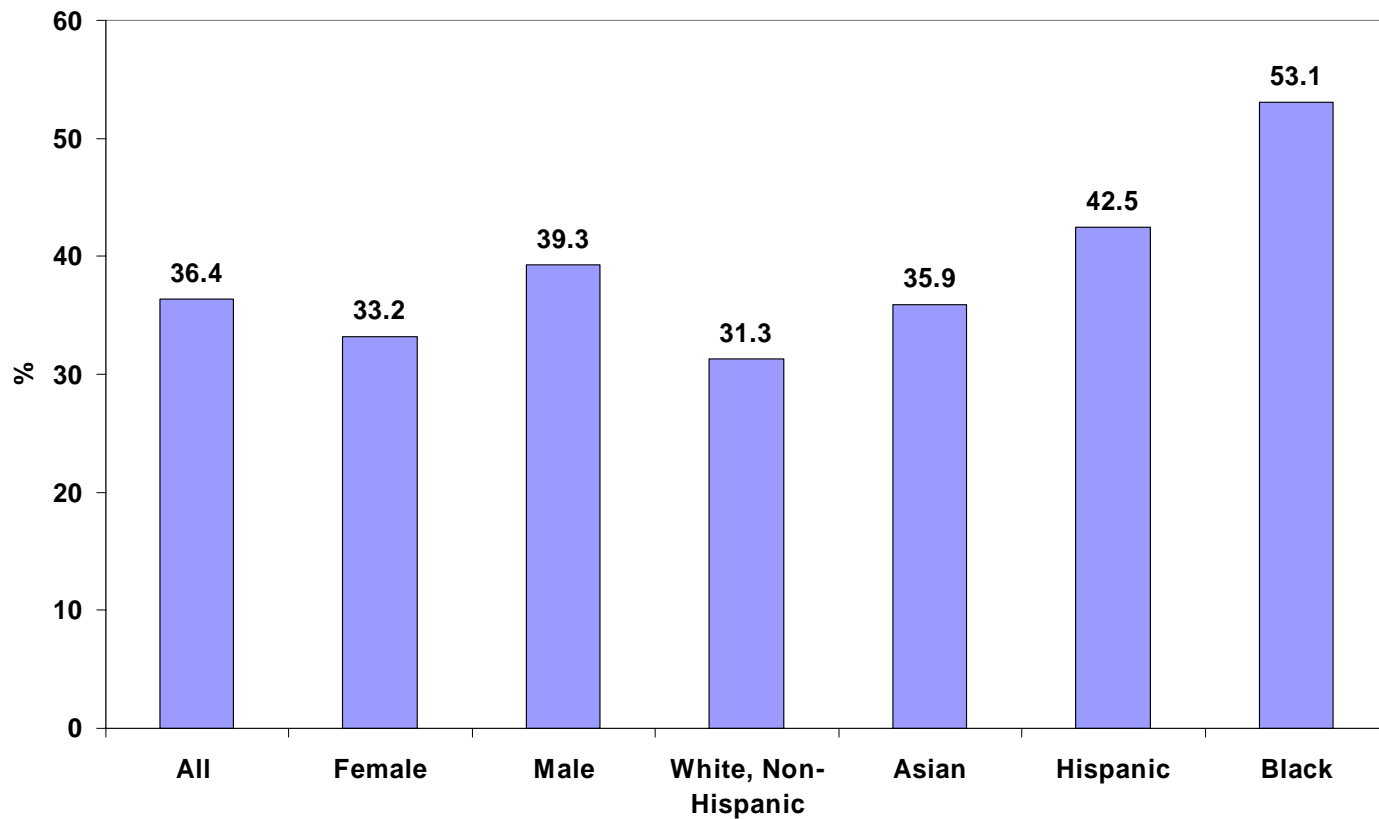


## Labor Market Underutilization Problems of U.S. Teens 16-19, All and by Gender: June – July 2008 Averages (Numbers in 1000s)

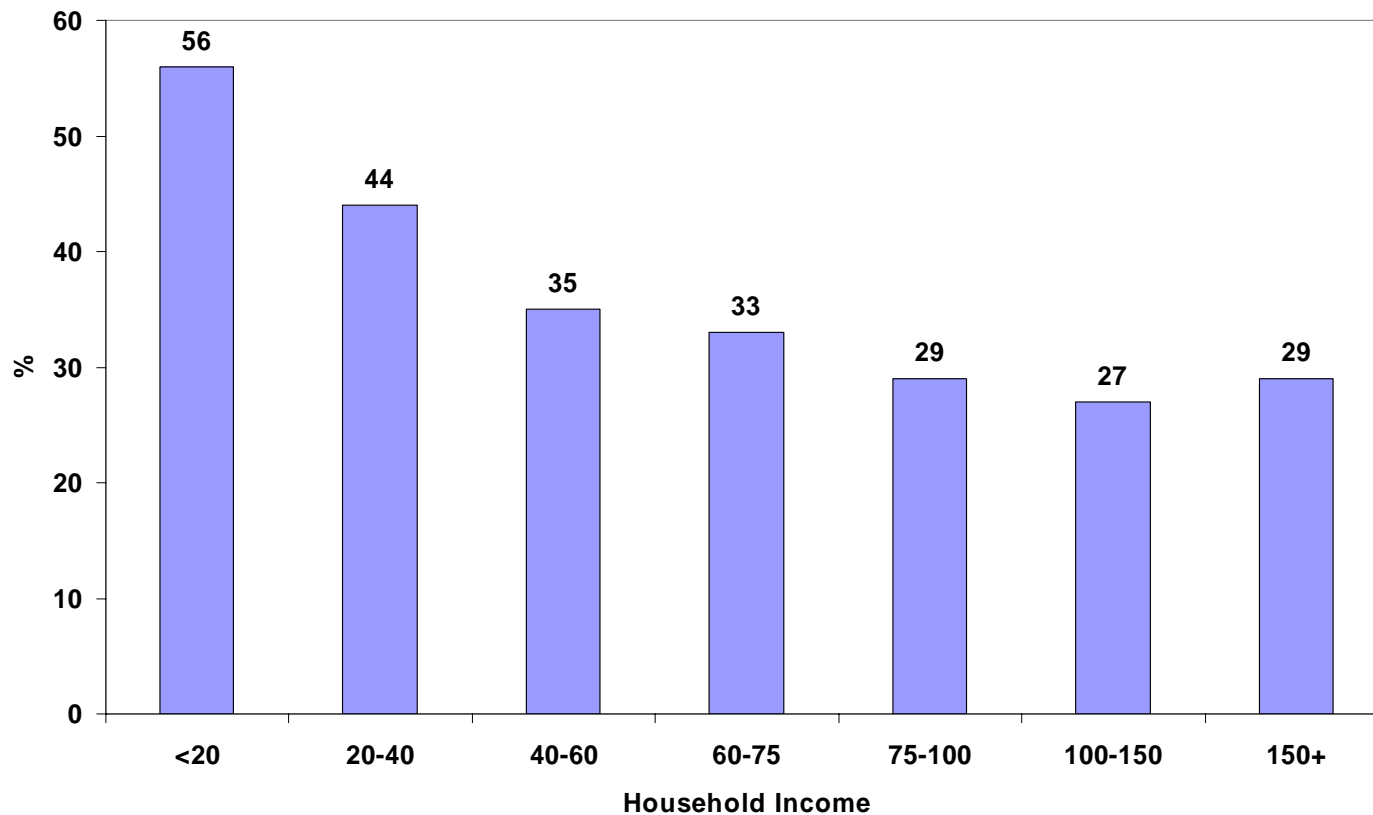
Labor Force Group/ Underutilization Problem	(A) All	(B) Men	(C) Women
Civilian Labor Force	8,452	4,412	4,041
Unemployed	1,767	994	773
Labor Force Reserve	1,050	597	453
Underemployed	646	378	268
Sum of Above Three Problems	3,462	1,969	1,494
Adjusted Civilian Labor Force	9,502	5,009	4,493
Underutilization Rate (in %)	36.4	39.3	33.2

Source: June – July 2008 monthly CPS household surveys, public use files, tabulations by authors.

# Labor Market Underutilization Rates of U.S. Teens (16-19) All, and By Gender and Race-Ethnic Group, June-July 2008

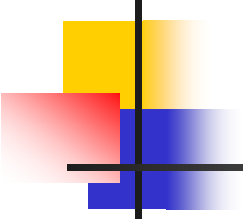


# Estimates of the Labor Underutilization Rates of Teens During the Summer of 2008 By Household Income (in %)



## Percent of 16-19 Years Olds with No Paid Employment at Any Time During 1999 and 2007 by Gender, Race-Ethnic Group, and School Enrollment/Educational Attainment Status

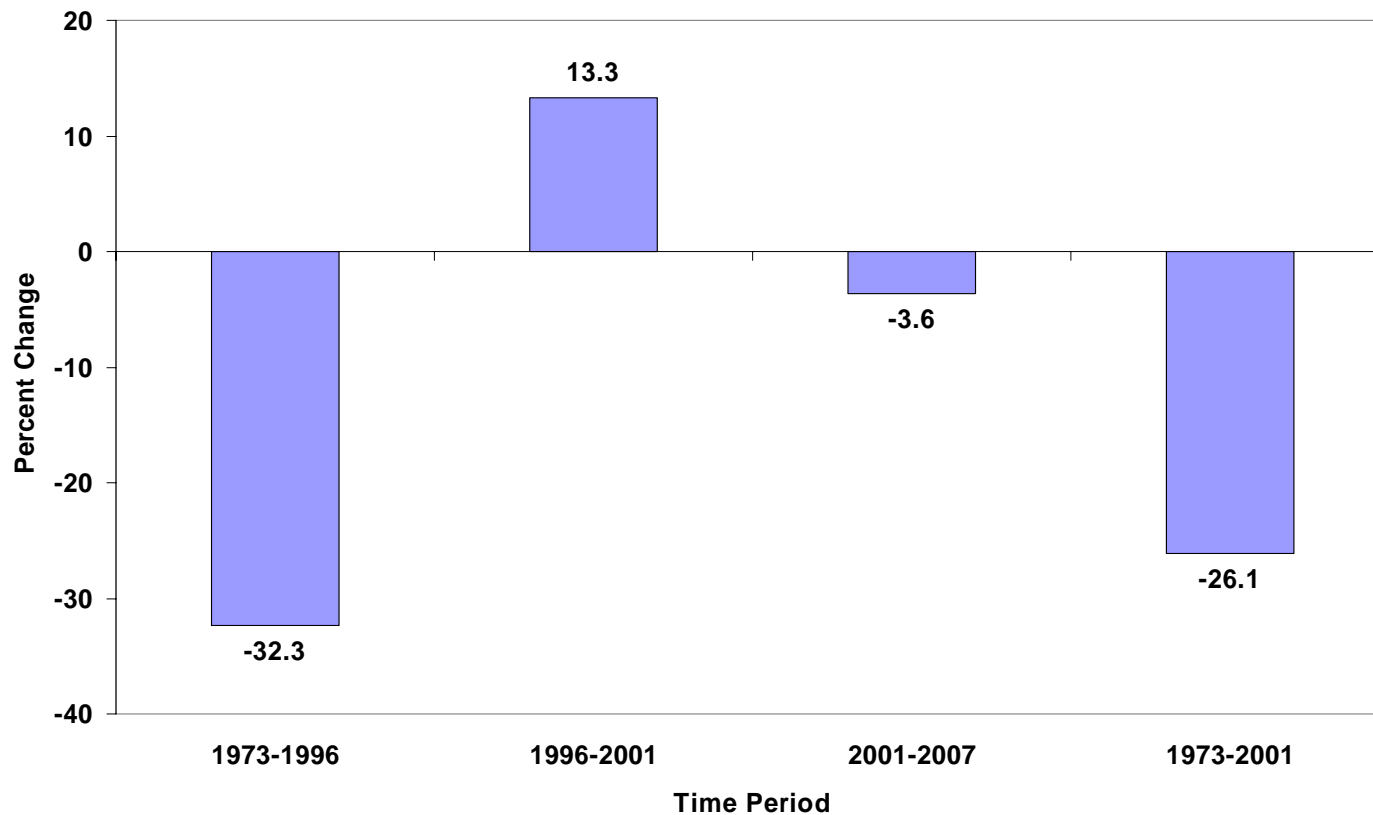
Group	1999	2007	Percentage Point Change	Percent Change (in%)
All	44	59	15	35
Men	44	59	15	33
Women	45	60	15	34
Asian	63	75	12	19
Black	60	73	13	22
Hispanic	57	67	10	17
White, not Hispanic	36	53	17	46
High School Students	54	70	16	29
College Students	28	39	11	39
High School Dropouts	38	55	17	45
Not Enrolled, High School Graduates	19	27	8	44



Trends in the Median Real Weekly  
Earnings of Young Adult Men and Women  
Employed in Full-time Wage and Jobs, 1973-2007  
(in Constant 2004 Dollars)

Year	(A) Men	(B) Women
1967	504	--
1973	545	412
1979	499	393
1991	396	369
1996	369	341
2000	413	375
2001	418	378
2007	403	372
Absolute Change 1973-2007	-142	-40
Relative Change 1973-2007	-26%	-10%

# Percent Change in the Median Real Weekly Earnings of Young Adult Men During Selected Time Periods and the Entire 1973-2007 Time Period

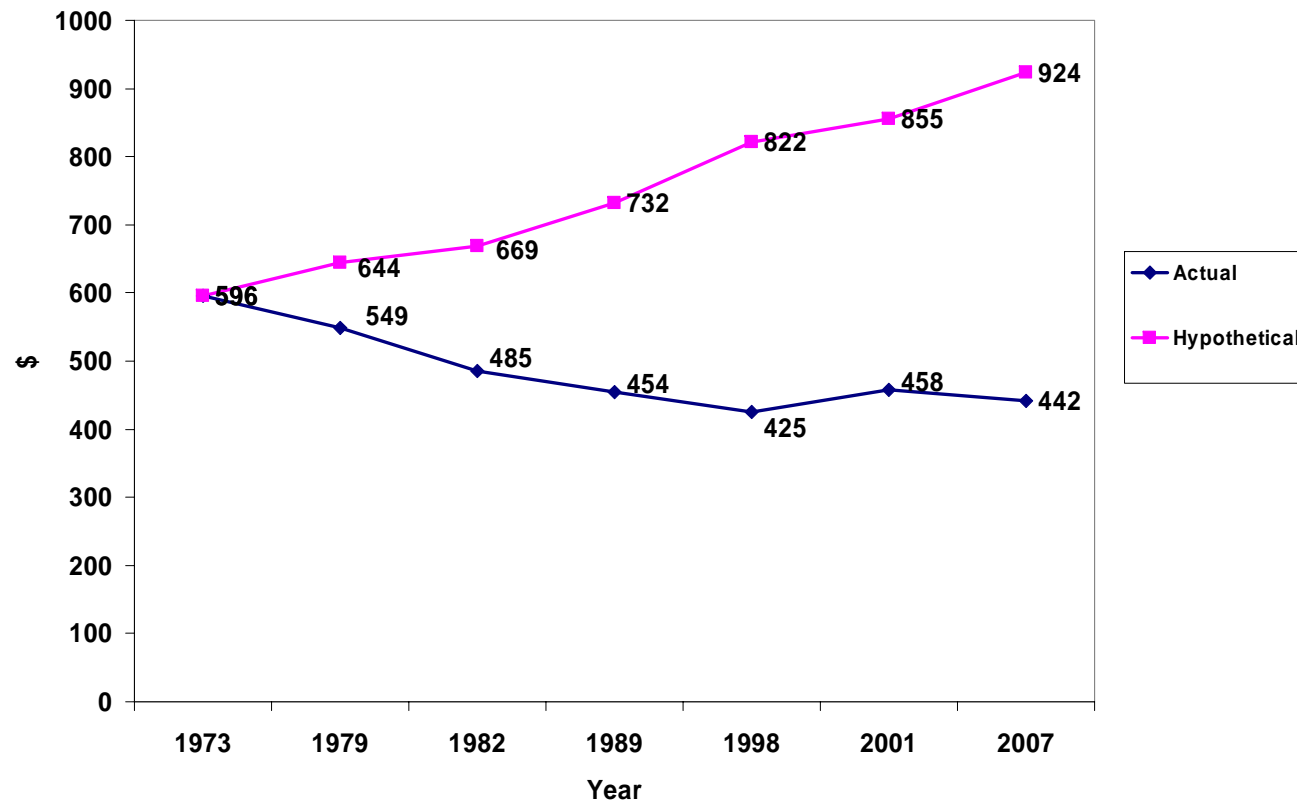


Comparisons of the Median Real Weekly Earnings of Full-Time Employed Young Men and the Median Weekly Wage They Would Have Earned If They Had Maintained 1967-1973 Growth Rates, Selected Years (in 2007 Dollars)

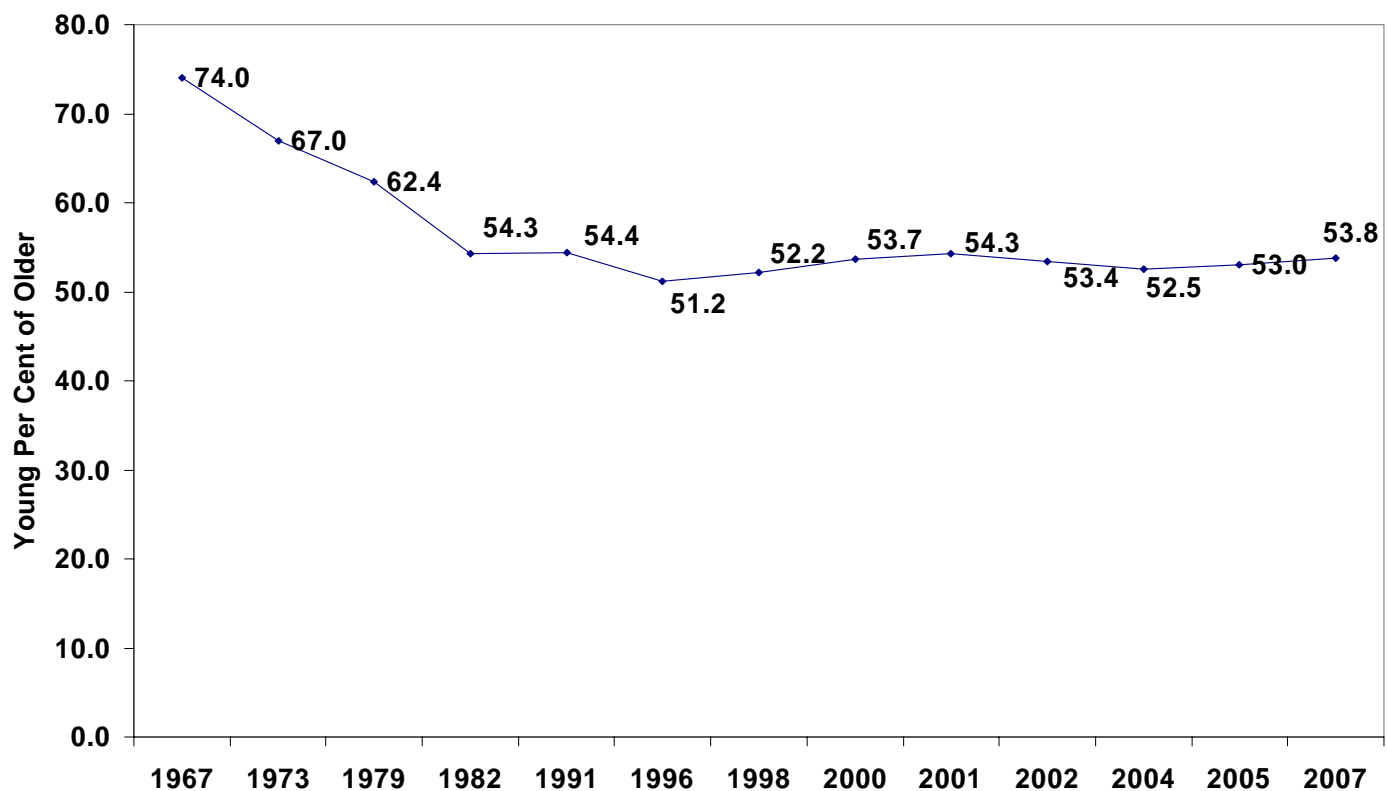
	(A)	(B)	(C)
Year	Actual Weekly Earnings	Hypothetical Weekly Earnings	Hypothetical as % of Actual
1973	596	596	100
1979	549	644	117
1982	485	669	138
1989	454	732	161
1998	425	822	173
2001	458	855	187
2007	442	924	209

Note: Hypothetical weekly earnings are based on an annual growth rate of 1.3% from 1973 onward.

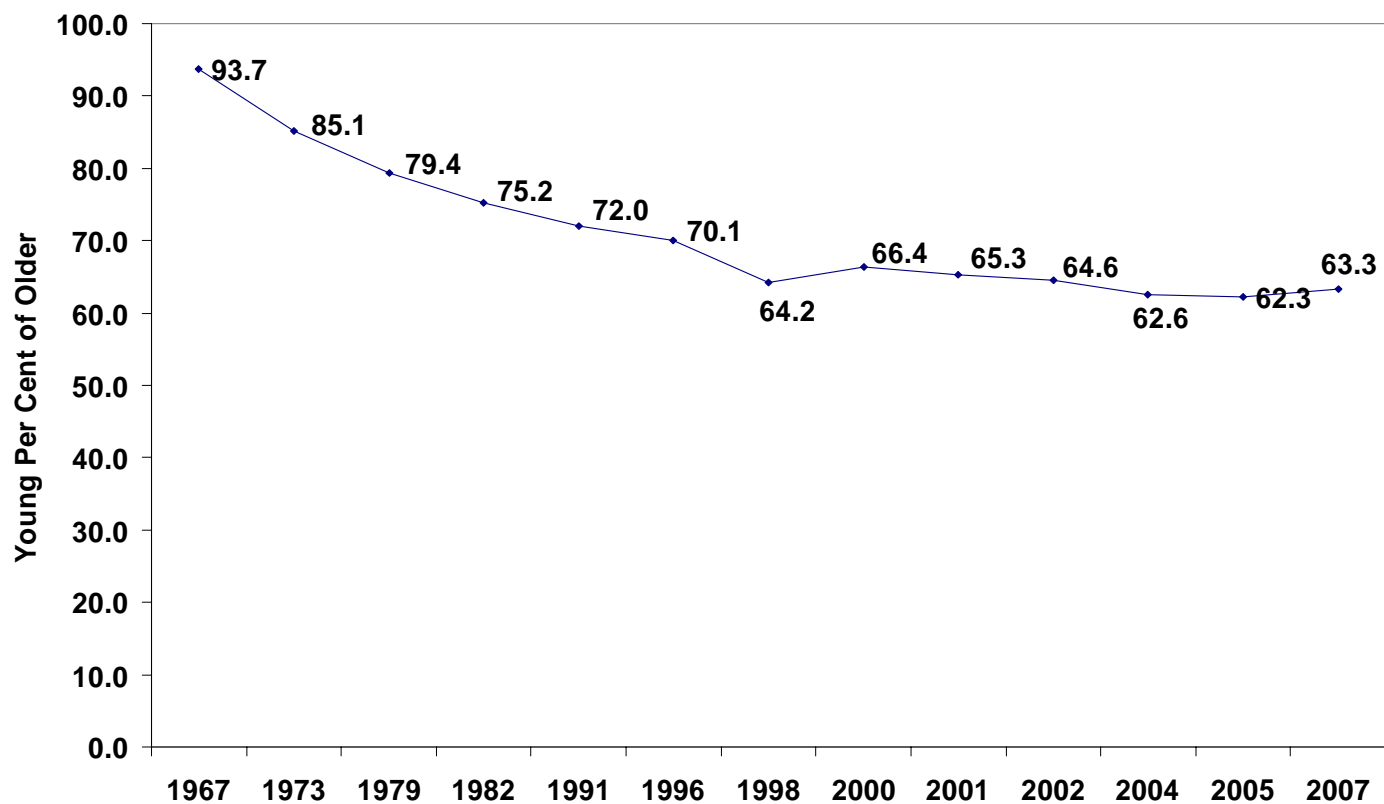
# Comparison of the Actual and Hypothetical Median Real Weekly Earnings of Full-Time Employed Young Men Had Their Earnings Maintained the 1967-1973 Growth Rate Over the Entire 1973-2007 Time Period



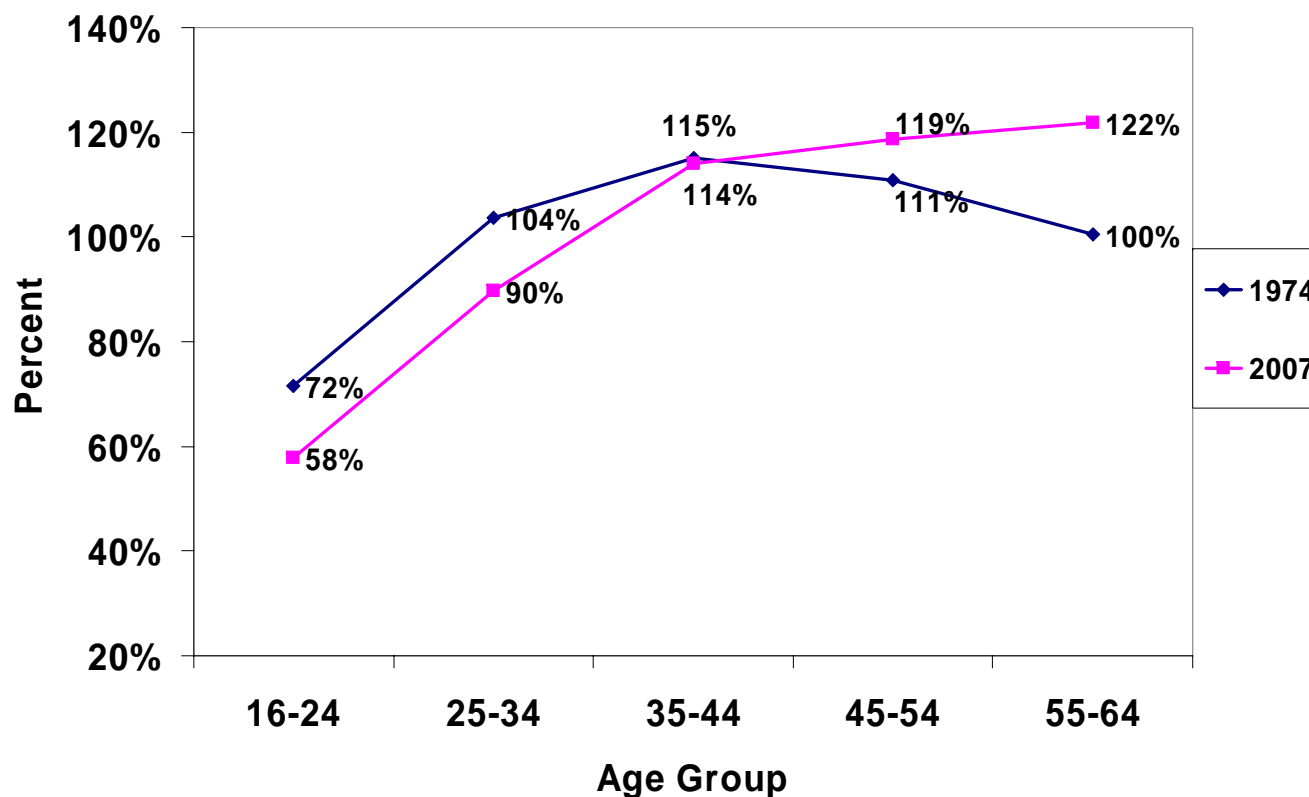
# Median Weekly Earnings of Young Men (16-24) Relative to Older Men (25 and over), Selected Years, 1967-2007 (in Percent)



# Median Weekly Earnings of Young Women (16-24) Relative to Older Women (25 and Over), Selected Years, 1967-2007



# Relative Weekly Earnings of Full-Time Employed Males By Age Group, 1974 and 2007, Numbers in Percent (Base Group = All Employed Males)



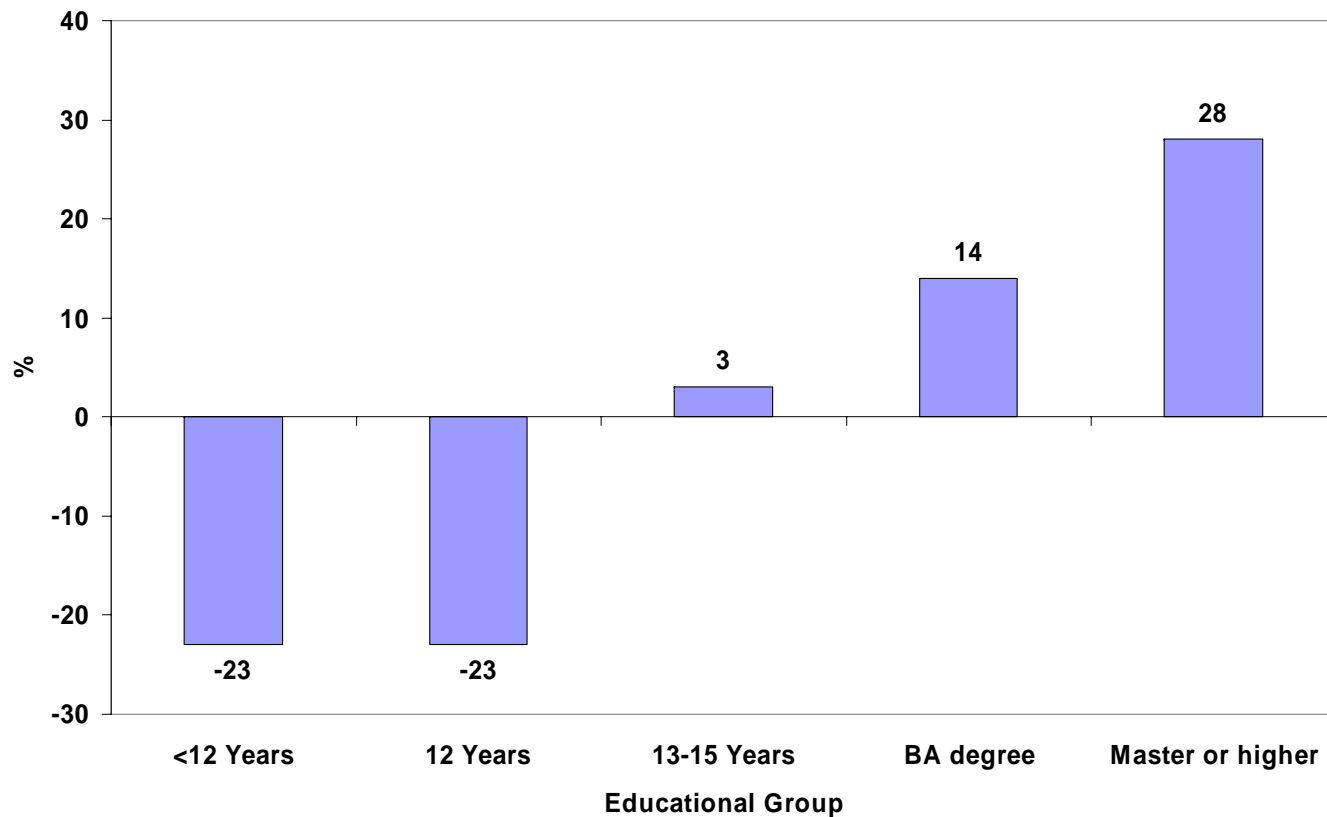


## Trends in the Median Real Annual Earnings of Employed 20-29 Year Old Men, 1973-2006 (In Constant 2006 Dollars)

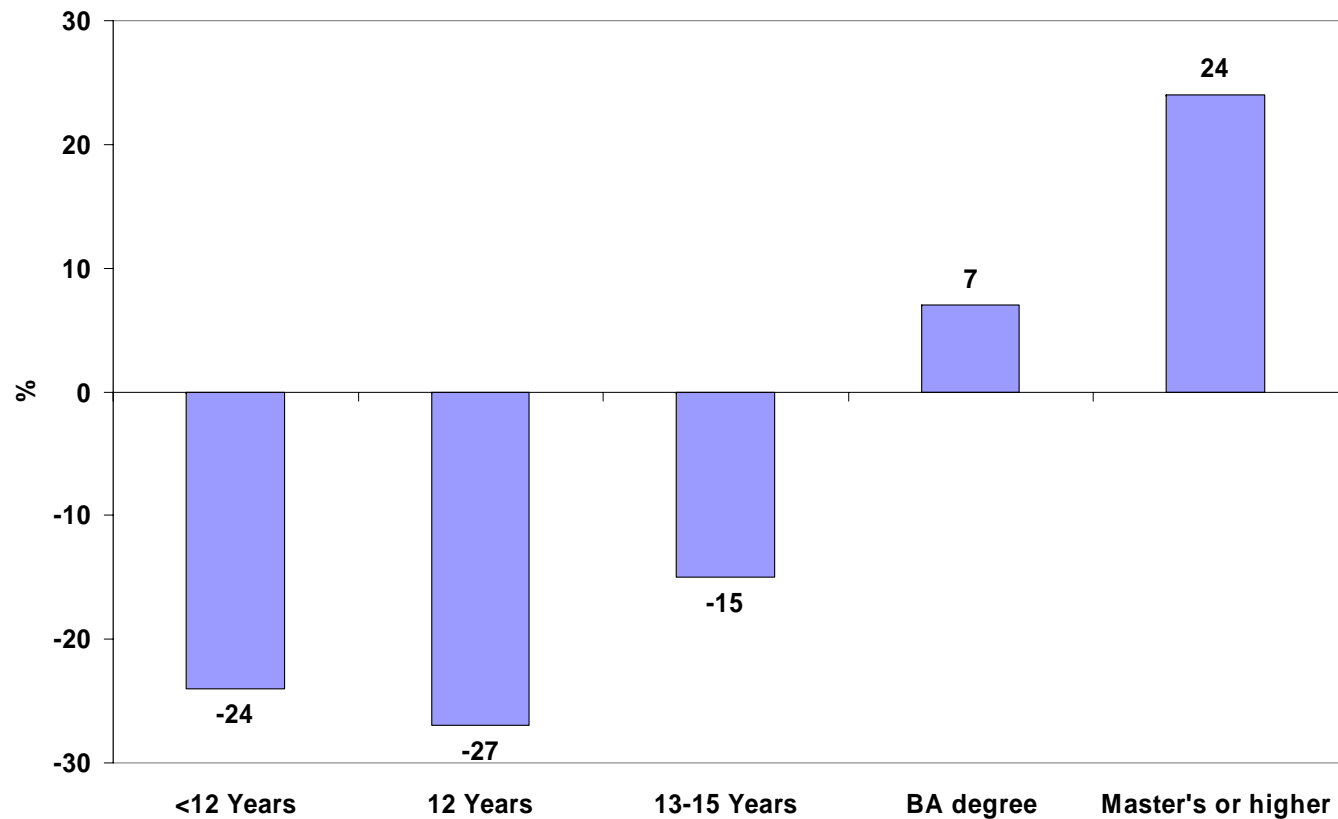
Group	1973	1979	1989	2000	2006	Percent Change, 1973-2006
H.S. Dropout	24,206	23,548	20,329	21,387	18,786	-23%
H.S. Graduate	30,819	30,754	26,818	26,403	23,710	-23%
13-15 years	28,018	33,540	31,247	31,484	28,781	+3%
Bachelor's Degree	35,390	37,850	40,990	44,914	40,546	+14%
Master's or Higher	40,826	42,070	51,063	54,442	52,249	+28%
All	29,488	31,351	29,174	30,250	27,242	-7.7%

Data Sources: March 1974, 1980, 1990, 1996, 2001, and 2008 CPS surveys, tabulations by CLMS.

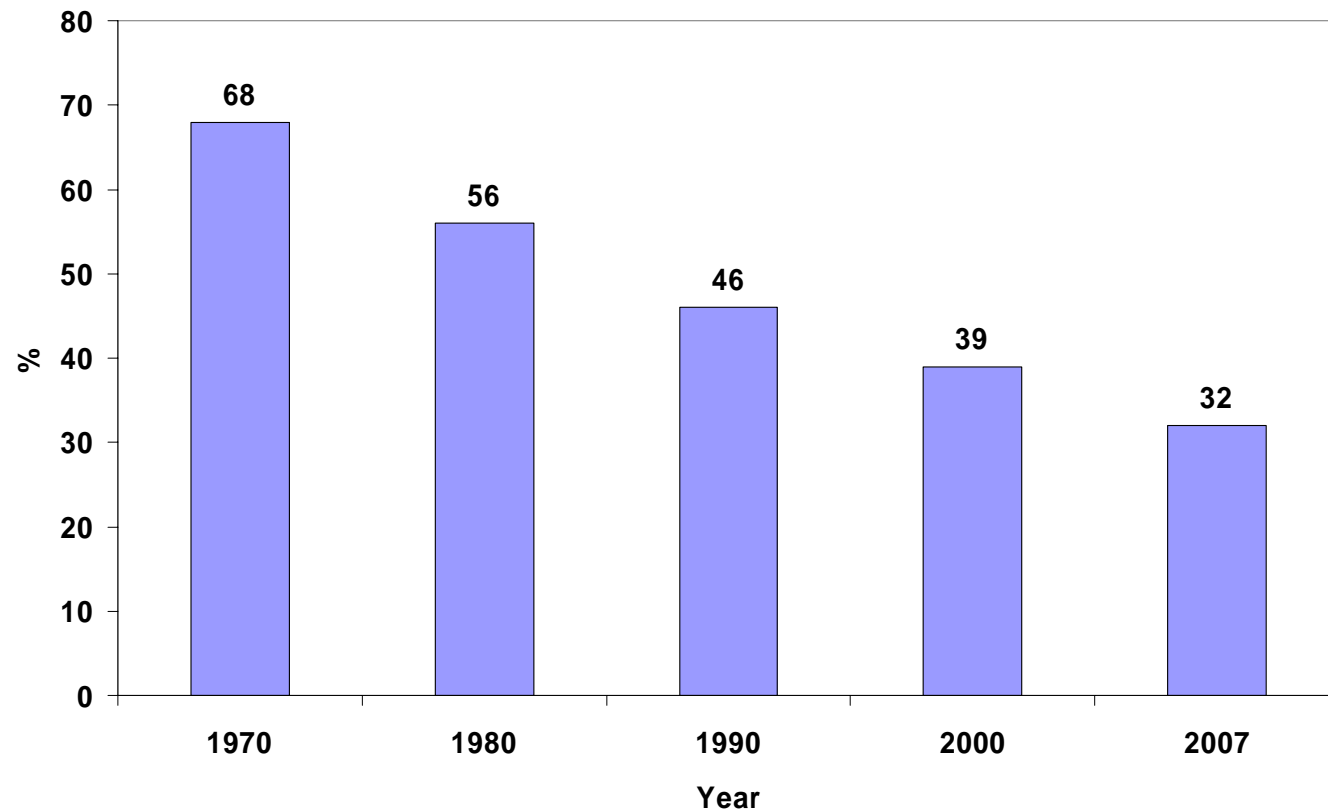
# Percent Change in the Mean Real Annual Earnings of Employed Males 20-29 Years Old Between 1973-2006 By Educational Attainment



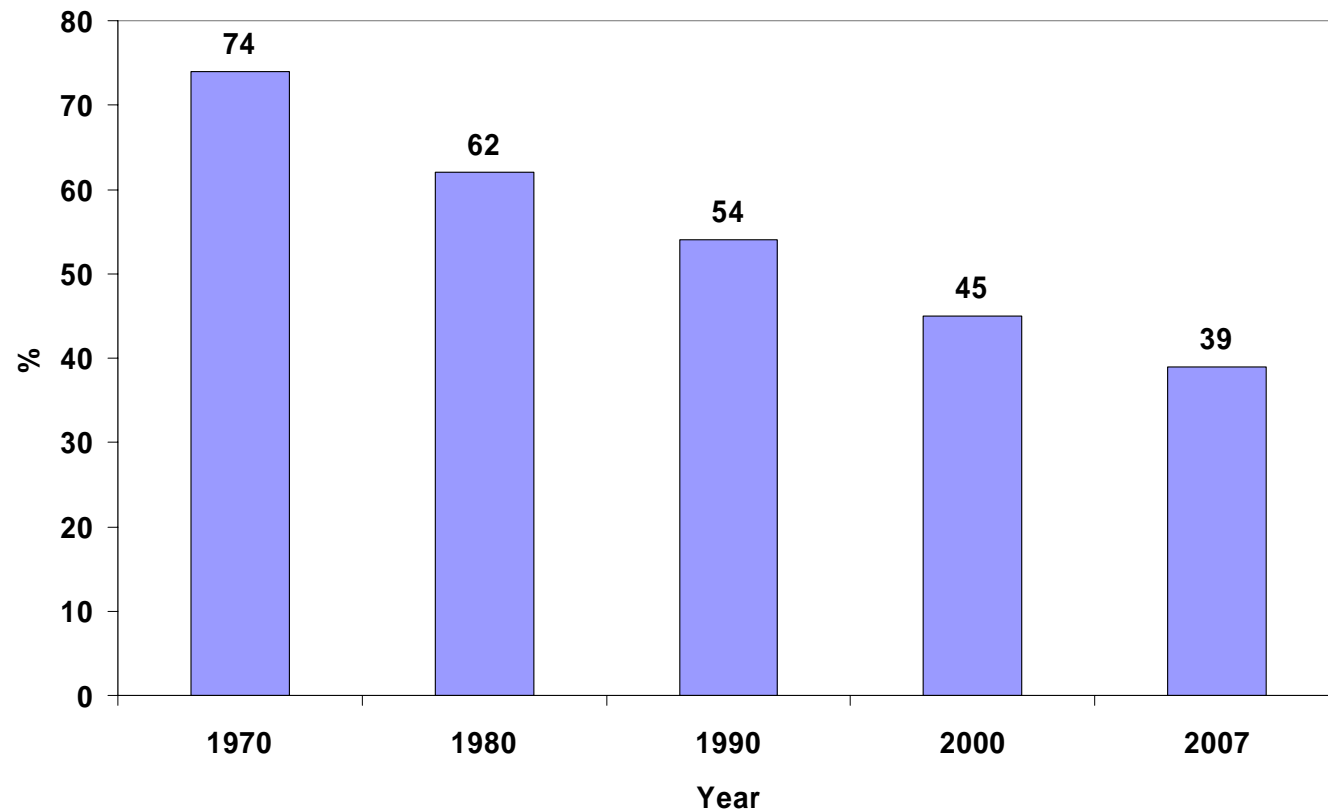
# Percent Change in the Mean Annual Earnings of Non Enrolled 20-29 Year Old Men Including Zero Earners, 1979-2006, By Educational Attainment



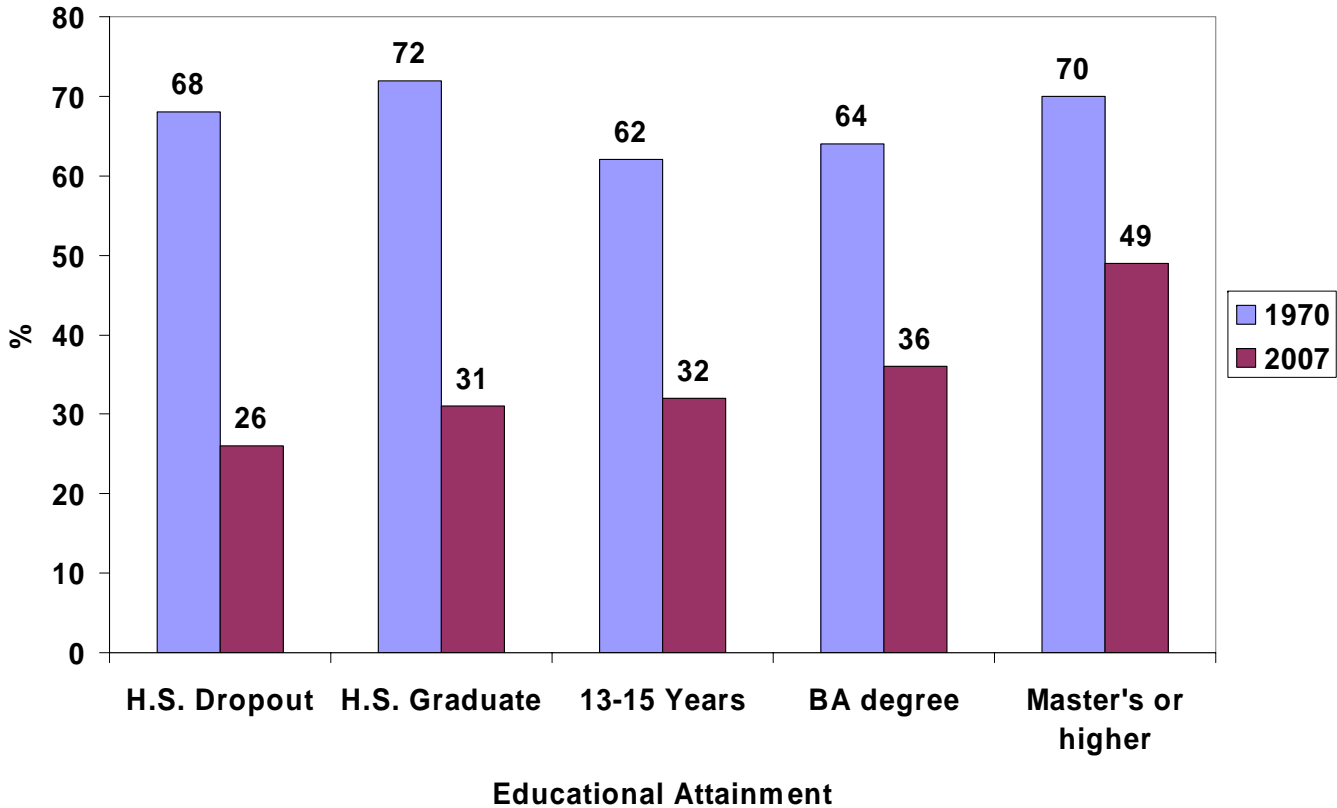
# Trends in Marriage Rates of 22-32 Year Old Men in the U.S., Selected Years, 1970 to 2007 (in %)



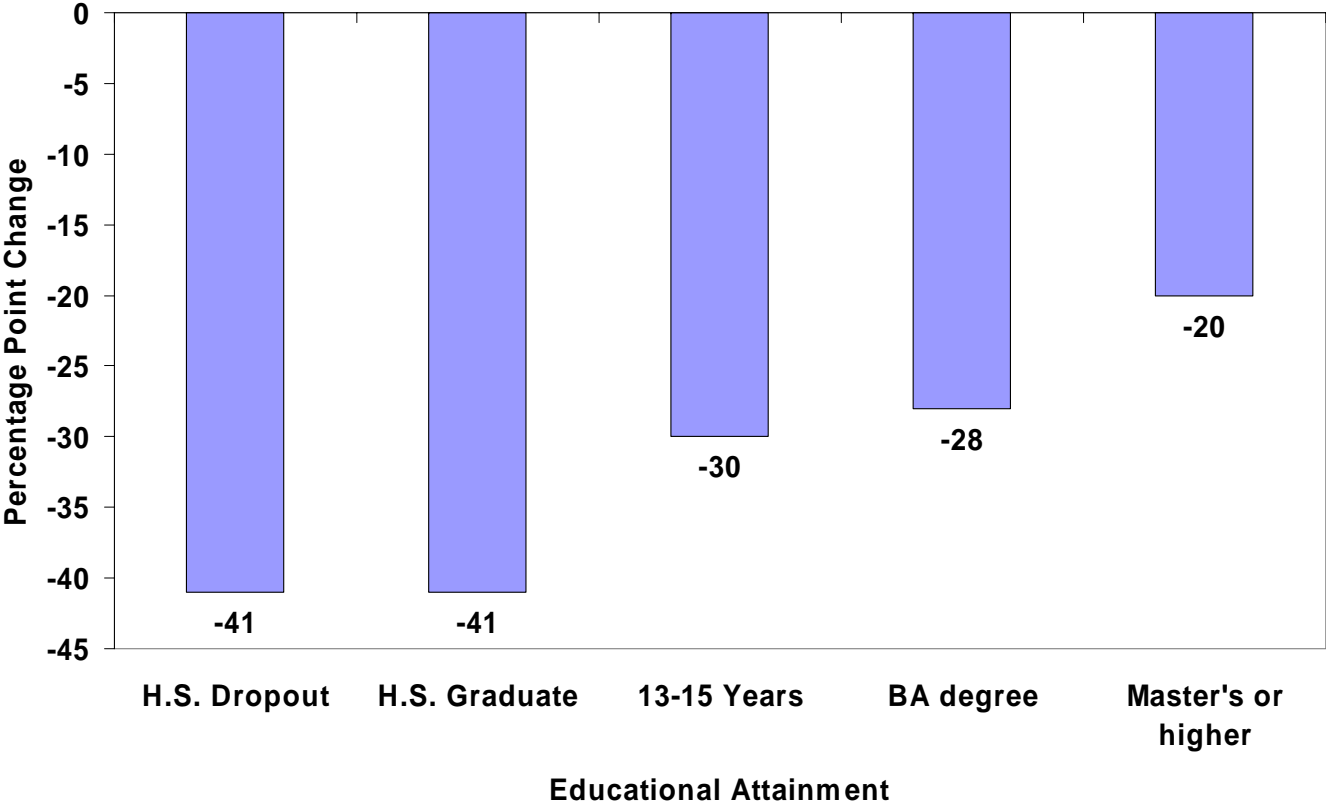
# Trends in the Marriage Rates of 22-32 Year Old Women in the U.S., Selected Years, 1970-2007 (in %)



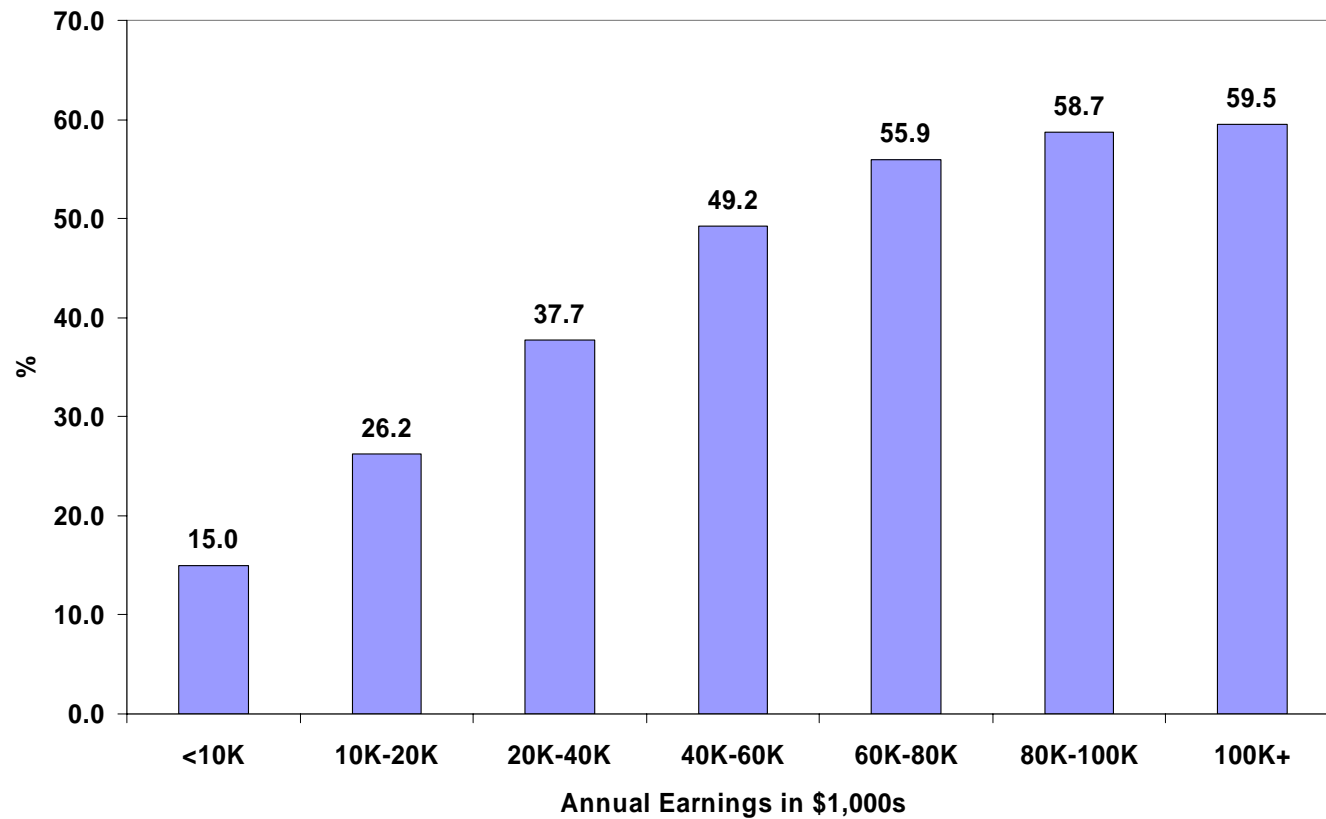
# Marriage Rates Among 22-32 Year Old Men in the U.S. By Educational Attainment, 1970 and 2007 (in %)



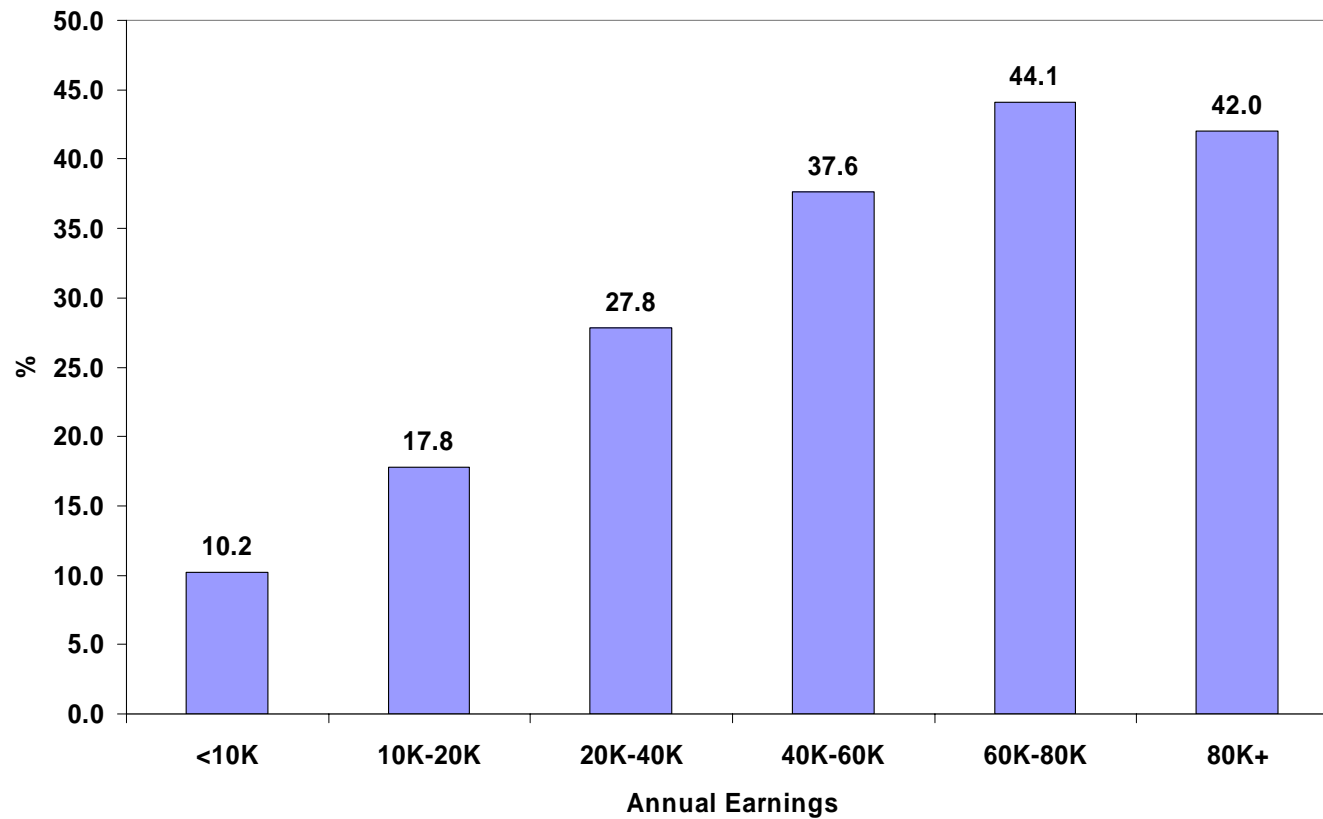
# Percentage Point Declines in Marriage Rates Among 22-32 Year Old Men in the U.S. By Educational Attainment, 1970-2007



# Marriage Rates Among 22-32 Year Old Men in the U.S. By Annual Earnings, 2007 (in %)



# Marriage Rates Among 22-32 Year Old Black Men in the U.S. By Annual Earnings, 2007 (in %)





## Predicting Marriage Rates Among 22-34 Year Old Males in the U.S. in 2006

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- 38% of all men in this age group were married at the time of the 2006 ACS survey. We predicted the likelihood of being married at time of the ACS survey as function of their:
  - Age group; race-ethnic group; educational attainment
  - Nativity status; earnings
  - Geographic region



# Key Findings

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- Earnings of these men is the most important predictor of marriage; education has no direct effect on marriage once earnings controlled for; they have a strong indirect effect.
  - Relative to men with \$40-\$60K in earnings:
    - Probability of marriage falls by 24 percentage points for men earning <\$20,000, by 9 percentage points, 20-40K, rises by 4 percentage points, 60-80K; rises by 6-7 percentage points, 80-100K or more in earnings



# Key Findings (cont)

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- Other factors that matter:
  - Age; younger age groups less likely to marry.
  - Nativity; foreign born more likely
  - Region; South more likely to marry than Northeast or West
  - Blacks and Asians less likely to marry than Whites or Hispanics

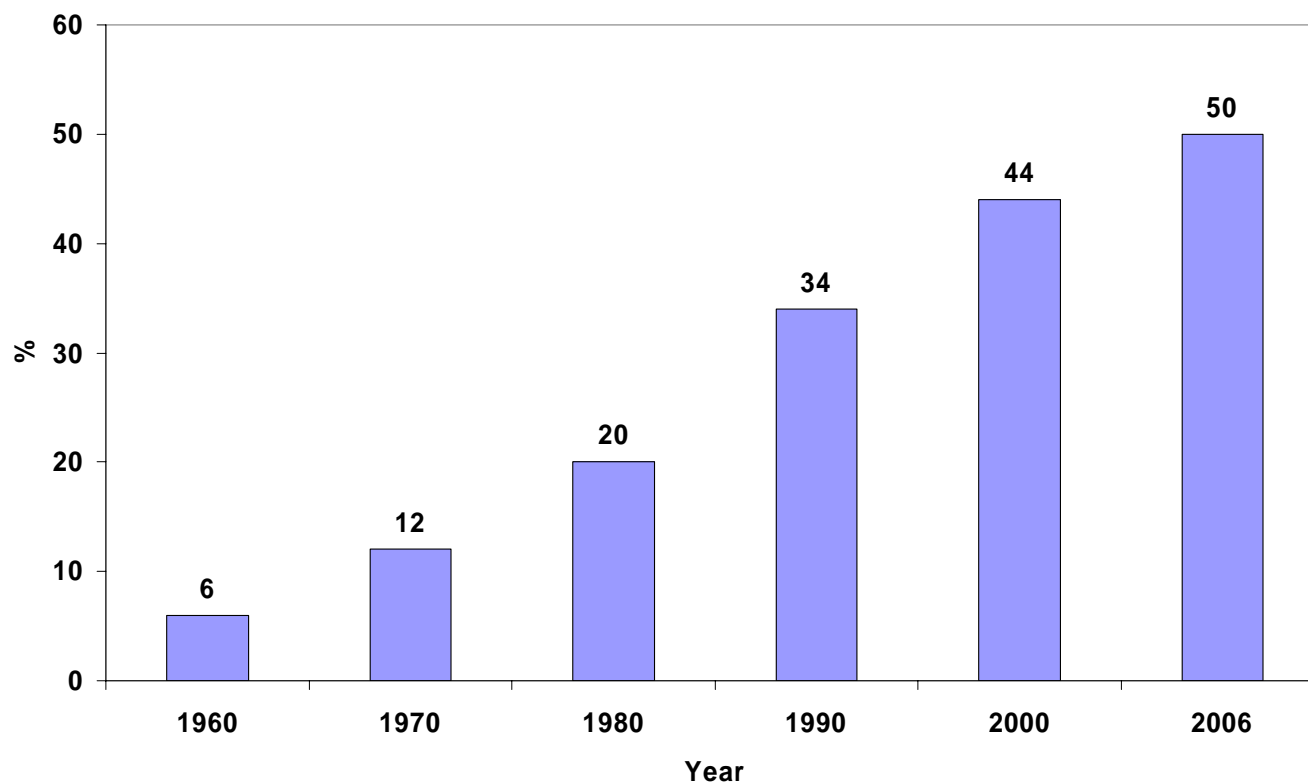


## Predicted Probabilities of Marriage for 5 Hypothetical Men in 2006

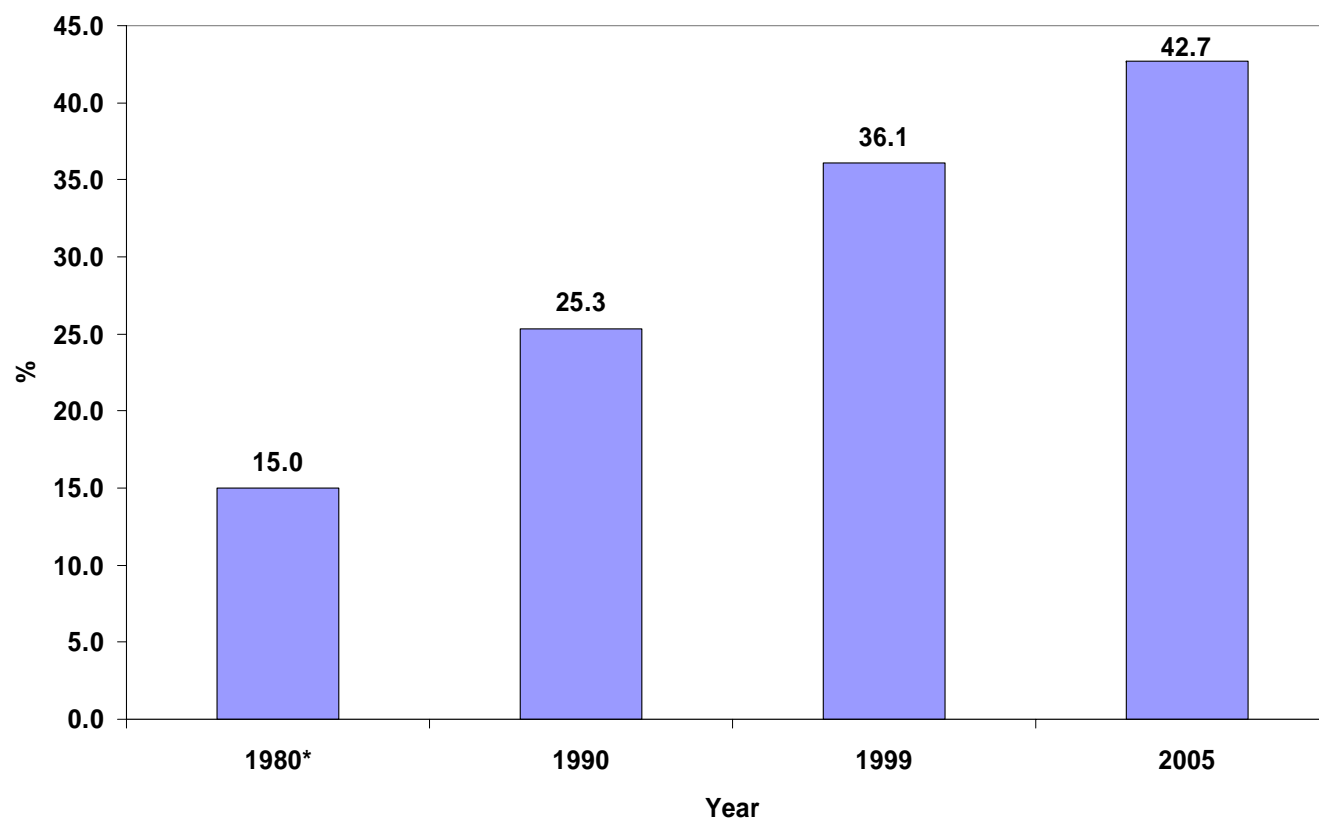
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- A young 23-24 year old, Black male, high school dropout lives in the Northeast, earnings under \$20K, born in U.S. = 3.2%
- A young, 23-24 year old, White male, high school grad lives in the Northeast, earnings \$20-\$40K, born in U.S. = 28.9%
- A somewhat older, 26-27 year old White male, 13-15 years of schooling, lives in the midwest, earnings \$40-\$60K, born in U.S. = 64.7%
- A 30 year old, Black male, Masters degree, lives in South, earnings \$60-\$80K, born in U.S. = 72.4%
- A 30 year old, White male, Master's degree, lives in South, earnings \$80-\$100K, born in U.S., = 87.4%

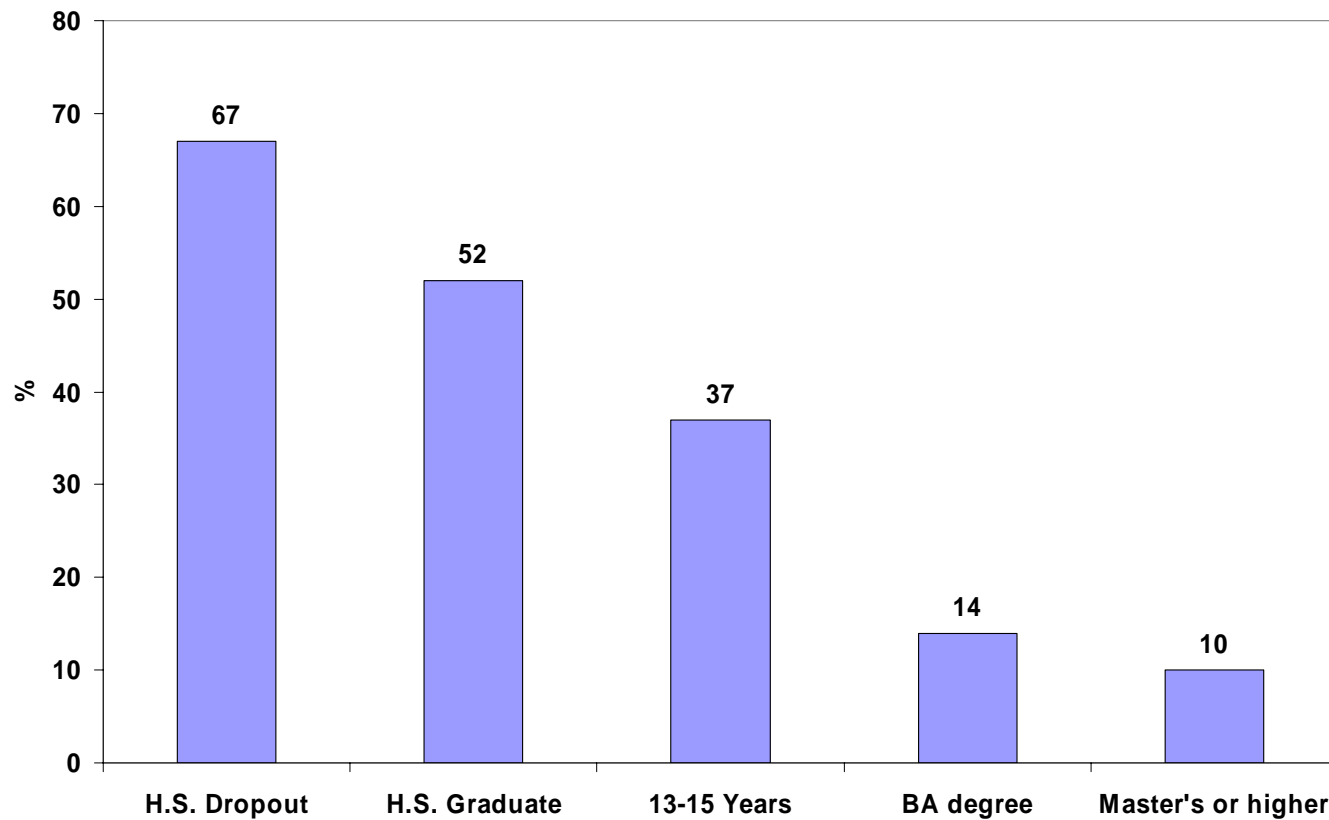
# Percent of Births To All Women Under 30 That Were Out-of-Wedlock, Selected Years, 1960 to 2006



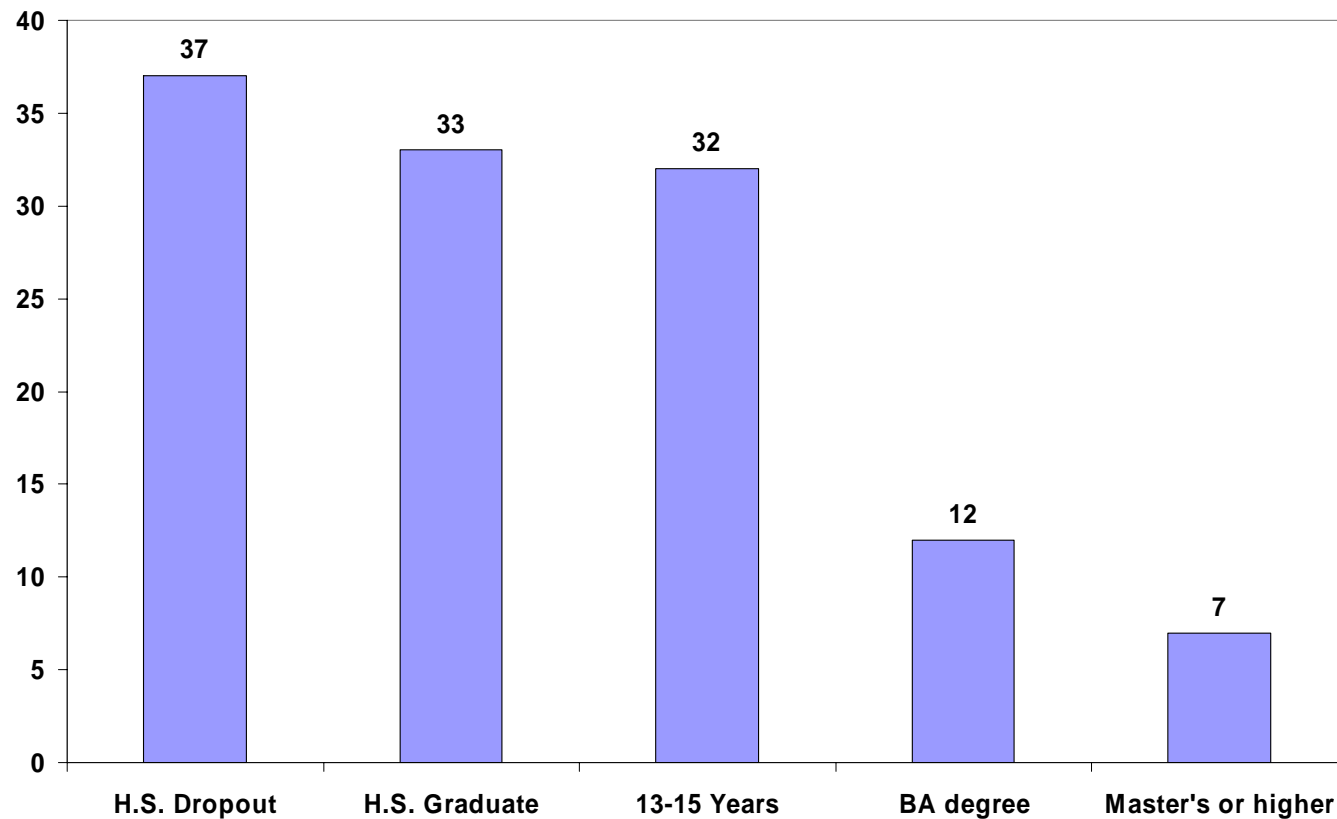
# Trends in the Percent of Births to White Women Under 30 That Were Out-of-Wedlock, Selected Years, 1980 to 2005



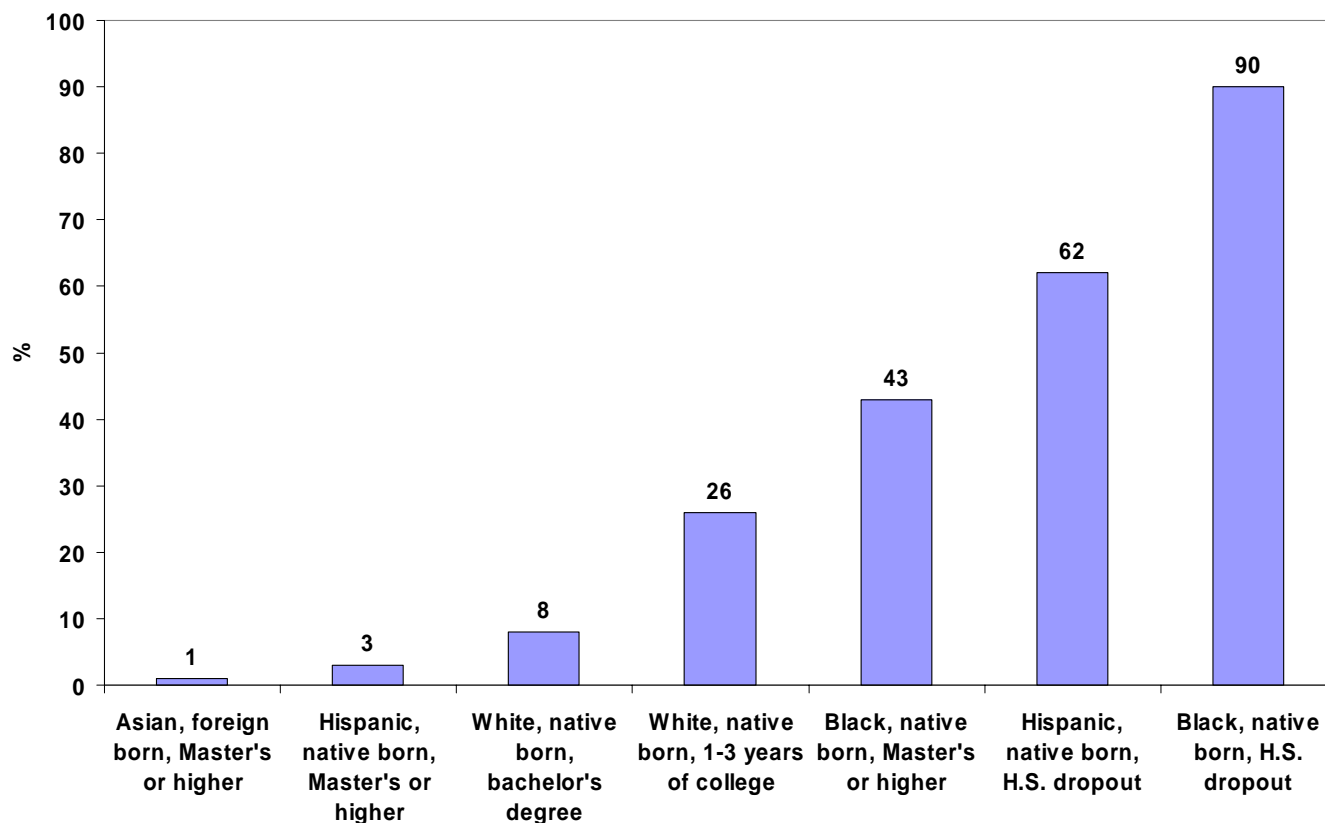
# The Percent of Births to Native Born Women Under Age 30 in Selected Educational Groups That Were Out of Wedlock in 2006 (2006 ACS Survey)



# Percent of Births to Foreign Born Women Under Age 30 in Selected Educational Groups That Were Out of Wedlock in 2006 (2006 ACS Survey)



# The Range in Out-of-Wedlock Birth Shares Among Women Under 30 in the U.S. in Various Race-Ethnic/ Educational Attainment Groups, 2006 (ACS 2006)



## Ten States And the District of Columbia With the Highest and Lowest Percentage of Births to Women Under 30 Years of Age That Were Out of Wedlock

Ten Highest States	% of Births Out-of-Wedlock	Ten Highest States	% of Births Out-of-Wedlock
District of Columbia	77.5	Kentucky	43.6
Mississippi	61.0	Washington	42.5
Delaware	59.1	Iowa	42.3
New Mexico	58.8	Rhode Island	41.9
Louisiana	57.6	Kansas	41.9
Florida	56.8	North Dakota	41.3
Maryland	56.7	Wyoming	39.2
Connecticut	54.6	Colorado	38.2
South Carolina	54.2	Idaho	29.3
Massachusetts	54.1	Utah	22.8
New York	53.9		



# George Washington's advice to his step-granddaughter Betsy on marriage proposals:

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"Do not then in your contemplation of the marriage state look for perfect felicity before you wed... Love is too dainty a food to live on alone and ought not to be considered farther than as a necessary ingredient for that matrimonial happiness which results from a combination of causes none of which are of greater importance than that the object of whom it is placed should:

- Possess good sense
- Good disposition
- The means of supporting you in the way you have been brought up.

James Thomas Flexner, *George Washington, Anguish and Farewell (1793-1799)*, Vol. 4, p. 196.

## Percent of Young Families With Children That Were Poor Or Near Poor in 2007 By Family Type and Educational Attainment of Households

Educational Attainment	(A) Married Couple	(B) Male Head, No Female Spouse	(C) Female Head No Male Spouse
H.S. Dropout	47.6	58.9	85.0
High School Graduate	20.5	31.7	71.5
13-15 Years	11.2	22.7	52.6
Bachelor's Degree	2.4	0	44.0
Master's or Higher Degree	2.8	0	16.9

# Percent of Young Families With One or More Children in the Home That Were Poor or Near Poor By Selected Family Type/ Educational Subgroups, 2007

