OVERVIEW

What is the labor market outlook for Millennials?
In short: Not great.

How does the unemployment insurance system perform in term of insuring against Millennials’ labor market risk?
In short: Poorly.

Why should we worry if it Millennial labor market risk is underinsured?
In short: Family economic well-being + economic performance.
LABOR MARKET OUTLOOK

What does employment look like for younger workers today?
MOST MILLENNIALS ARE WORKING

Americans at age 31:
Labor force participation from 1998-2015

UNEMPLOYMENT RATES HAVE LONG BEEN NEGATIVELY CORRELATED WITH AGE

Unemployment Rates, 1948-2018

EVIDENCE SUGGESTS A SECULARRI RISE IN UNEMPLOYMENT FOR YOUNGER WORKERS

Unemployment Rates, 1948-2018

UNEMPLOYMENT FOR COLLEGE-EDUCATED MILLENNIALS LOOKS DIFFERENT FROM THAT OF PAST COHORTS

Note: Rates are calculated as a twelve-month moving average. Recent College Graduates are those aged 22 to 27 with a bachelor's degree or higher, while College Graduates are those aged 22 to 65 with a bachelor's degree or higher. All Workers are those aged 16 to 65 regardless of education. All figures exclude those in the military or currently enrolled in school. Shaded area indicates period designated recession by the NBER.


UNDER-EMPLOYMENT AMONGST YOUNG WORKERS IS HIGH

One in eight young college graduates is underemployed

Unemployment and underemployment rates of young college graduates, 1994–2016*

* Data reflect 12-month moving averages; data for 2016 represent 12-month average from March 2015 to February 2016.

Note: Shaded areas denote recessions. Underemployment data are only available beginning in 1994. Data are for college graduates age 21–24 who do not have an advanced degree and are not enrolled in further schooling.

Source: EPI analysis of basic monthly Current Population Survey microdata

Economic Policy Institute
COLLEGE-EDUCATED MILLENNIALS ARE INCREASINGLY EMPLOYED IN NON-COLLEGE JOBS

Note: Rates are calculated as a twelve-month moving average. Recent College Graduates are those aged 22 to 27 with a bachelor's degree or higher, while College Graduates are those aged 22 to 65 with a bachelor's degree or higher. All figures exclude those in the military or currently enrolled in school. Shaded area indicates period designated recession by the NBER.


Source: Figure 2, Abel and Deitz, 2019. Underemployment in the early careers of college graduates following the Great Recession. In Education, Skills, and Technical Change: Implications for Future GDP Growth. Eds. Hulten and Ramey.
WHERE ARE MILLENNIALS WORKING?

Under-employed college-educated 22-27 year-olds

- Low-skilled service: 19%
- Information processing and business support: 11%
- Managers and supervisors: 13%
- Public safety: 4%
- Sales: 12%
- Skilled trades: 3%
- Arts and entertainment: 3%
- Office and administrative support: 25%

Employed 22-27 year-olds with no college

- Low-skilled service: 28%
- Physical laborers: 24%
- Skilled trades: 8%
- Office and administrative support: 15%
- Healthcare technicians and assistants: 6%
- Sales: 5%
- Arts and entertainment: 1%
- Public safety: 3%
- Managers and supervisors: 8%

<table>
<thead>
<tr>
<th>Job Category</th>
<th>Average Annual Wage</th>
<th>Sample Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information processing + business support</td>
<td>$55,000+</td>
<td>HR worker, tech support</td>
</tr>
<tr>
<td>Managers + supervisors</td>
<td>55,000+</td>
<td>First-line supervisor in retail + service</td>
</tr>
<tr>
<td>Public safety</td>
<td>$50,000-$55,000</td>
<td>Police officer</td>
</tr>
<tr>
<td>Sales</td>
<td>$50,000-$55,000</td>
<td>Sales rep, retail salesperson</td>
</tr>
<tr>
<td>Arts + entertainment</td>
<td>$48,000</td>
<td>Actor, dancer, musician</td>
</tr>
<tr>
<td>Skilled trades</td>
<td>$35,000-$40,000</td>
<td>Electrician, plumber</td>
</tr>
<tr>
<td>Office + administrative support</td>
<td>$35,000-$40,000</td>
<td>Secretary, customer service rep</td>
</tr>
<tr>
<td>Health care technicians + assistants</td>
<td>$35,000-$40,000</td>
<td>Medical assistant, dental hygienist, nursing aide</td>
</tr>
<tr>
<td>Physical laborers</td>
<td>Minimum wage</td>
<td>Roofer, truck driver</td>
</tr>
<tr>
<td>Low-skilled service</td>
<td>Minimum wage</td>
<td>Barista, waitstaff, cook</td>
</tr>
</tbody>
</table>

For most young graduates, wages are no higher than in 2000


* Data reflect 12-month moving averages; data for 2016 represent 12-month average from March 2015 to February 2016.

**Note:** Data are for college graduates age 21–24 who do not have an advanced degree and are not enrolled in further schooling, and high school graduates age 17–20 who are not enrolled in further schooling. Wages are in 2015 dollars. Shaded areas denote recessions.

**Source:** EPI analysis of Current Population Survey Outgoing Rotation Group microdata
UNEMPLOYMENT INSURANCE

Are Millennials adequately insured against labor market risk?
UNEMPLOYMENT INSURANCE DOES NOT ADEQUATELY COVER YOUNG WORKERS’ LABOR MARKET RISK

Source: Data from Table 1, Woodbury, 2013. *Unemployment insurance*, Upjohn Institute Working Paper No.14-2008. Original data are calculated from 2010-2012 March CPS. Weighted percentages are based on samples of individuals who worked at least one week in the year preceding the survey.
### Why Does Unemployment Insurance Do Such a Poor Job for Younger Workers?

<table>
<thead>
<tr>
<th><strong>Base periods</strong></th>
<th><strong>Limited durations</strong></th>
<th><strong>Barriers to enroll</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Excludes many newer labor market entrants and those with part-time or low-wage jobs.</td>
<td>Short number of weeks available means many exhaust benefits before finding new work.</td>
<td>Technical problems and knowledge of eligibility persist, sometimes by design.</td>
</tr>
</tbody>
</table>
3

WHY IS THIS A PROBLEM?

Unemployment insurance plays a key role in both individual economic well-being, and in economic performance.
CONSUMPTION SMOOTHING IS ESPECIALLY DIFFICULT FOR YOUNGER FAMILIES

<table>
<thead>
<tr>
<th>Fewer assets</th>
<th>Higher debt</th>
<th>High expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young workers</td>
<td>Rising cost of college means</td>
<td></td>
</tr>
<tr>
<td>have not had time</td>
<td>liabilities are substantially</td>
<td></td>
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<tr>
<td>to build up</td>
<td>higher and different from</td>
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<td>substantial</td>
<td>those of past generations.</td>
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<tr>
<td>savings.</td>
<td></td>
<td>Limited access to health</td>
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<td></td>
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<td>insurance, presence of young</td>
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<td></td>
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<td>children, and caregiving</td>
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<td></td>
<td></td>
<td>responsibilities all put</td>
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<td></td>
<td></td>
<td>pressure on consumption.</td>
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</table>
SUBSIDIZED SEARCH PERIODS MAY BE ESPECIALLY VALUABLE TO MILLENNIALS + TO THE ECONOMY AS A WHOLE

Scarring
Cohorts effects for those entering the labor market during times of recession suggest Millennials may be especially vulnerable.

Hiring challenges
Conditional on skills, young job applicants are less likely to be interviewed than prime-age workers.

Low dynamism
Job-to-job switching is especially low for Millennials, indicating depressed levels of opportunity for better jobs.
WHAT IF...

We made unemployment insurance rates *more* generous for younger workers?
Unemployment insurance is a program ... for income maintenance during periods of involuntary unemployment due to lack of work, which provides partial compensation for wage loss as a matter of right, with dignity and dispatch to eligible individuals. It helps to maintain purchasing power and to stabilize the economy. It helps to prevent the dispersal of the employers’ trained workforce, the sacrifice of skills, and the breakdown of labor standards during temporary unemployment.