

**Deteriorating Employment Rates and Incomes  
Threaten the Futures of Young Workers and Young  
Families; Black Young People and Young Families  
Fare the Worst**

Prepared by:

Andrew Sum

Ishwar Khatiwada

With

Joseph McLaughlin

Sheila Palma

Center for Labor Market Studies

Northeastern University

Boston, Massachusetts

Prepared for:

Children's Defense Fund

Washington, DC

**December 2010**

For questions on the report, please contact  
Andrew Sum, Director of the Center for Labor Market Studies  
at Northeastern University  
(a.sum@neu.edu or 617-373-2242)

## Table of Contents

Introduction.....	1
Estimating the Incidence of Labor Underutilization Problems Among Young Adults (16-29) in the U.S.....	8
Trends in the Median Real Incomes of All Young Families and Those in Key Race-Ethnic Groups, 1979 – 2009.....	12
The Changing Family Income Distribution Among Young Black Families and Young Families in Other Race-Ethnic Groups.....	17
The Rising Incidence of Income Inadequacy Problems of All Young Families and Young Black Families in the U.S. from 1979 to 2009.....	20

## Introduction

The nation's young adults (16-29) were the most adversely affected by the weak labor market conditions prevailing in our country over the past decade. Among young adults, teens experienced the greatest decline in their employment rates over the decade. The deterioration in teen employment rates over the 2000-2010 period was quite substantial across all major demographic groups (Table 1). Overall, the teen employment rate declined from 45.5% in 2000 to 27% in 2010, a drop of nearly 19 percentage points.<sup>1</sup> Male teens were somewhat more adversely affected than their female counterparts (a decline of 19.6 percentage points for males versus 17.4 percentage points for females). While members of each of the four major race-ethnic groups experienced sharp declines in their employment rates, only 16 to 17 percent of Asian and Black teens were employed in 2010 versus 22 of every 100 Hispanics and 32 of every 100 White, non-Hispanic teens. High school students, high school graduates, and high school dropouts experienced very steep declines (18 to 21 percentage points) in their employment rates over the decade. Finally, teens in each of five household income groups saw their employment rates decline by double digits over this 10 year period; however, teens from the lowest income group (those living in families with an income under \$20,000) were the least likely to be employed. In 2010, only 1 of every 5 teens in a low income family was working. Employment rates of teens in 2010 and earlier years rose with family income until reaching over \$100,000.

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<sup>1</sup> The teen employment/population ratios for January-October 2010 are not seasonally adjusted. They are simple 10 month averages.

Table 1:  
Declines in Teen Employment Rates Between 2000 and 2010 Across  
Gender, Race-Ethnic, Educational Attainment, and Household Income Groups  
(Annual Averages, in %)

	(A)	(B)	(C)
Demographic Group	2000	Jan.-Oct. 2010	Percentage Point Change
All	45.5	27.0	-18.5
Men	45.5	26.0	-19.6
Women	45.5	28.1	-17.4
Asian	30.8	17.4	-13.4
Black	30.0	15.8	-14.2
Hispanic	38.7	22.3	-16.4
White	52.0	32.2	-19.8
High school dropout	50.4	29.6	-20.8
High school student	34.4	16.4	-18.0
College student	48.9	36.9	-12.0
High school graduate	72.9	53.0	-19.9
<u>Household Income</u>			
<20,000	37.8	20.5	-17.3
20-40,000	43.8	23.7	-20.1
40-60,000	50.6	28.4	-22.2
60-75,000	53.9	31.2	-22.7
75,000+	49.4	31.2	-18.2

Sources: Monthly CPS public use files, 2000 and January-October 2010, tabulations by authors.

The positive association between the employment rate of teens in the U.S. and the size of their family's incomes held true for Black, Hispanic, and White, non-Hispanic youth across the country in 2010 (Table 2).<sup>2</sup> Both Black and Hispanic youth in the two highest family income groups (those with incomes of \$60,000 or more) were much more likely to be employed than their peers in lower income categories (under \$60,000). Only 13 of every 100 Black teens residing in families with less than \$40,000 in annual income were employed in an average month during January-October 2010. This represents a troubling finding, given that more than half of all Black teens reside in families with less than \$40,000 in household income. Other research work at both the national and state level on teen and high school students' labor market behavior has

<sup>2</sup> Among Asian teens, there is little variability in employment rates across household income groups. Similar findings prevailed in earlier years.

shown that living in a family where both parents work has a very strong independent influence on the employment rates of teenaged high school students.<sup>3</sup> Among the nation’s 16-19 year old high school students in 2008, employment rates varied widely across race-ethnic and family income groups. Only 8 to 10 percent of the nation’s, 16-19 year old Black and Hispanic high school students were employed during an average school year month during 2008.<sup>4</sup> Those youth who need applied work experience the most are the least likely to receive it, with adverse consequences for their future school retention, employability, wages, and earnings.

Table 2:  
Employment/Population Ratios of 16-19 Year Olds in the U.S. by  
Household Income and Race-Ethnic Group, January-October 2010  
(Annual Averages, in %)

	(A)	(B)	(C)	(D)
Household Income	Asian	Black, not Hispanic	Hispanic	White, not Hispanic
<\$20,000	18.3	12.7	16.9	28.9
\$20-40,000	15.9	13.6	22.1	30.1
\$40-60,000	19.8	16.6	23.2	34.0
\$60-75,000	14.5	22.7	26.4	34.5
\$75,000+	19.0	22.8	25.7	33.4

Source: January-October 2010 monthly CPS household surveys, public use files, tabulations by authors.

The labor market difficulties of the nation’s youth over the past decade were not confined to teens. The employment rates of the nation’s non-enrolled 20-24 year olds in 2010 also were markedly lower than they were in 2000 (Table 3). Employment rates of 20-24 year olds had fallen over the 2000-2007 time period, and then they dropped at a considerably higher rate during the Great Recession of 2007-2009 and the ensuing weak recovery. The E/P ratio for all non-enrolled 20-24 year olds was 67.4% in 2010, an employment rate that was 10.4 percentage points below its value in 2000. Males were much more adversely affected than young women. The E/P ratio of young men had declined by 14.5 percentage points versus only 6.4 percentage

<sup>3</sup> See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, The Declining Labor Market Fortunes of Teenagers in the Commonwealth: The Case for a New State Youth Workforce Development Initiative, Report Prepared for the Boston Foundation, Boston, 2008.

<sup>4</sup> Among White, low income youth, nearly 19 percent were working but this was well below the employment rates of their middle and upper middle income peers.

points among young women. A following section will place the 2010 employment rates of all teens and 20-24 year olds (both enrolled and non-enrolled) in historical perspective.

Table 3:  
Declines in the Employment Rates of Non-Enrolled 20-24 Year Olds Between 2000 and 2010 by  
Gender, Race-Ethnic Group, and Educational Attainment  
(Annual Averages in %)

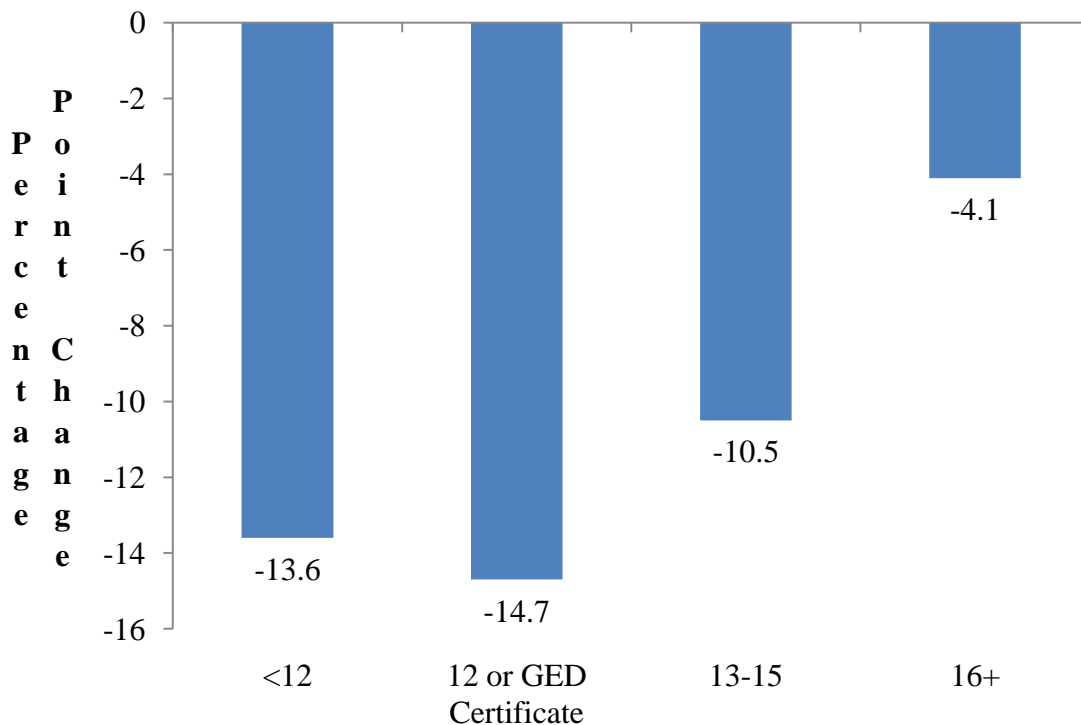
Demographic Group	(A) 2000	(B) Jan.-Oct. 2010	(C) Percentage Point Change
All	77.8	67.4	-10.4
Men	84.2	69.7	-14.5
Women	71.2	64.8	-6.4
Asian	75.0	65.8	-9.2
Black, not Hispanic	65.4	54.1	-11.3
Hispanic	74.1	64.0	-10.1
White, not Hispanic	82.2	72.4	-9.8
<12 Years	62.4	48.8	-13.6
12 Years, H.S. Graduate/GED	77.5	62.8	-14.7
13-15 Years	84.4	73.9	-10.5
BA or Higher Degree	88.7	84.6	-4.1

The declines in the E/P ratios of the nation’s 20-24 year old ranged from 9 to 11 percentage points for Asians, Blacks, Hispanics, and Whites. The nation’s Black 20-24 year olds suffered the steepest decline both in absolute (-11.3 percentage points) and relative terms (-17%). Only 54 of every 100 out-of-school Black adults (20-24) were at work versus 64 of every 100 Hispanic youth, 66 of every 100 Asians, and 72 of every 100 White, non-Hispanic young adults.

The percentage point sizes of the declines in the E/P ratios of 20-24 year olds also varied considerably across educational attainment groups (Table 3 and Chart 1). The lower the educational attainment of young adults, the more likely they were to be jobless. The declines in employment rates ranged from highs of 14-15 percentage points among high school dropouts and high school graduates with no post-secondary schooling to a low of 4 percentage points among Bachelor degree holders. Employment rates among out-of-school 20-24 year olds varied quite considerably across the four educational attainment groups, ranging from a low of 49 of every

100 high school dropouts to 85 of every 100 Bachelor degree holders (Table 3). While young college graduates have fared the best in maintaining some type of employment, a growing fraction of them are becoming mal-employed, holding jobs in occupations that do not require much schooling beyond high school, often displacing their less educated peers from such jobs. These mal-employed college graduates, on average, earn considerably less per week (35 percent less) than their comparable educated peers who obtain employment in jobs that require a college degree. Mal-employment, thus, sharply reduces the earnings of young college graduates and the private and social returns to a college education. This rising degree of mal-employment among young college graduates is another consequence of a deteriorating labor market that has been taking a serious toll on our nation’s youngest workers.

Chart 1:  
Changes in the Employment Rates of Non-Enrolled 20-24 Year Olds by  
Their Educational Attainment, 2000-2010 (in Percentage Points)



The nation’s 25-29 year olds also have been hard hit by the recent labor market downturn although they were more successful than their younger peers in avoiding joblessness. In 2010,

the E/P ratio of 25-29 year olds was 73.0%, an employment rate that was approximately 8.2 percentage points below its value in 2000 (Table 4). As was the case for teens and 20-24 year olds, job losses among 25-29 year olds were considerably higher among men than women (11 percentage points versus 6 percentage points). Younger males have been more adversely affected than women by the recent steep declines in construction, manufacturing, and transportation/warehousing industries that are intensive employers of males in blue collar jobs. Women are far more concentrated in service industries, such as education, health care, social services, and government that have experienced fewer job losses thus far.<sup>5</sup>

Table 4:  
Declines in the Employment Rates of 25-29 Year Olds Between 2000 and 2010 by Gender,  
Race-Ethnic Group, and Educational Attainment  
(Annual Averages in %)

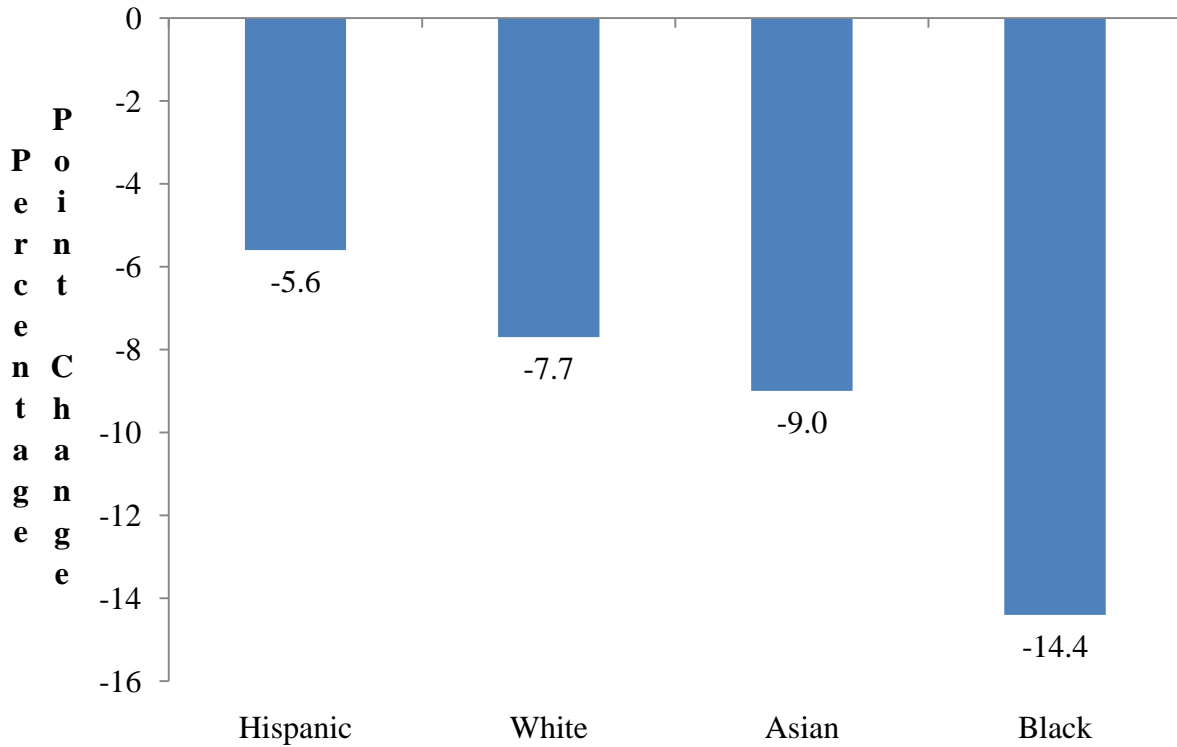
Demographic Group	(A) 2000	(B) 2010	(C) Percentage Point Change
All	81.2	73.0	-8.2
Men	88.9	78.0	-10.9
Women	73.7	67.8	-5.9
Asian	75.8	66.8	-9.0
Black, not Hispanic	77.3	62.9	-14.4
Hispanic	76.0	70.4	-5.6
White, not Hispanic	84.2	76.7	-7.5
<12 Years	65.6	56.3	-9.3
12 Years, H.S. Graduate/GED	79.3	67.7	-11.6
13-15 Years	84.2	73.0	-11.2
BA or Higher Degree	88.2	83.3	-4.9

African-American 25-29 year olds have been more adversely affected by the deteriorating labor markets of the past decade than all other race-ethnic groups. The 2010 employment rate of Black Americans in this age group was 14 percentage points below that of 2000 versus slightly under 8 percentage points for White, non-Hispanics and 6 percentage points for Hispanics.

<sup>5</sup> See: Ellen Wulfhost, "U.S. Job Losses Hitting Men Harder than Women", [Reuters](#), January 22, 2009.



Chart 2:  
Percentage Point Declines in Employment Rates of  
25-29 Year Olds by Race-Ethnic Group, 2000-2010



Similar to the previous findings for 20-24 year olds, the magnitude of the employment rate declines among 25-29 year olds was lowest among those with a Bachelor's or higher degree. High school graduates with no post-secondary schooling and high school dropouts experienced 9-12 percentage point declines in their employment rates between 2000 and 2010 versus 5 percentage points among those with a Bachelor's or higher degree. Gaps in employment rates of 25-29 year olds across educational attainment groups widened over the 2000-2010 period, reducing the ability of those young adults with no post-secondary schooling to achieve adequate earnings, form independent households, to marry, and to support their children, contributing to deteriorating incomes of young families and placing more of their children at risk of poverty and dependency.

## **Estimating the Incidence of Labor Underutilization Problems Among Young Adults (16-29) in the U.S.**

The nation's teens and young adults experienced steep declines in their employment/population ratios over the past decade. The deteriorating labor market prospects of these young adults have been accompanied by substantial increases in the number of youth experiencing different types of labor market problems, including unemployment, hidden unemployment, and underemployment. We have analyzed the findings of the national CPS surveys for 2000, 2007, and 2010 to estimate the number of U.S. teens and young adults who experienced one of the three following types of labor market problems.

- Open unemployment. This pool of youth consists of those who were jobless but actively looking for work and available for work at the time of the CPS household surveys.
- Labor force reserve (or hidden unemployment). This group of youth consists of those jobless persons who were not actively looking for work, but expressed a desire for immediate employment at the time of the CPS survey.
- Underemployed. This group of youth were employed part-time (under 35 hours) at the time of the CPS survey but desired full-time employment; i.e., 35 or more hours of work per week. On average, those persons employed part-time for economic reasons worked on average for only 21-22 hours per week versus a mean of 41 hours for those working full-time. On average, their weekly earnings were well below those of their full-time employed counterparts due to a combination of lower hourly wages and considerably fewer hours of work per week. The estimates of the numbers of youth in each of these three labor market groups are combined to form the pool of underutilized youth and their underutilization rate.

Table 5:  
Methodology for Estimating the Pool of Underutilized Labor and  
the Labor Underutilization Rate for the Young Adult Labor Force

(A) Underutilized and Unutilized Labor	(B) Adjusted Civilian Labor Force	(C) Underutilization Rate
Unemployed +Underemployed +Labor Force Reserve = Underutilized Pool	Civilian Labor Force +Labor Force Reserve  = Adjusted Civilian Labor Force	Underutilized Labor Pool / Adjusted Civilian Labor Force  = Underutilization Rate (in %)

The deterioration in the teen and young adult labor markets over the past decade has taken a severe toll on the willingness of the nation’s youth to actively look for work. From 2000 to 2010, the number of 16-29 year olds in the civilian non-institutional population increased strongly from 53 to 59 million while the number of such youth in the civilian labor force barely budged, moving from slightly over 38.4 million in 2000 to only 38.6 million in 2010, a rise of under 200,000 (Table 6). The rate of labor force attachment fell from over 72% in 2000 to 65% by the end of the decade in 2010, with the bulk of the decline taking place among younger and less educated youth.

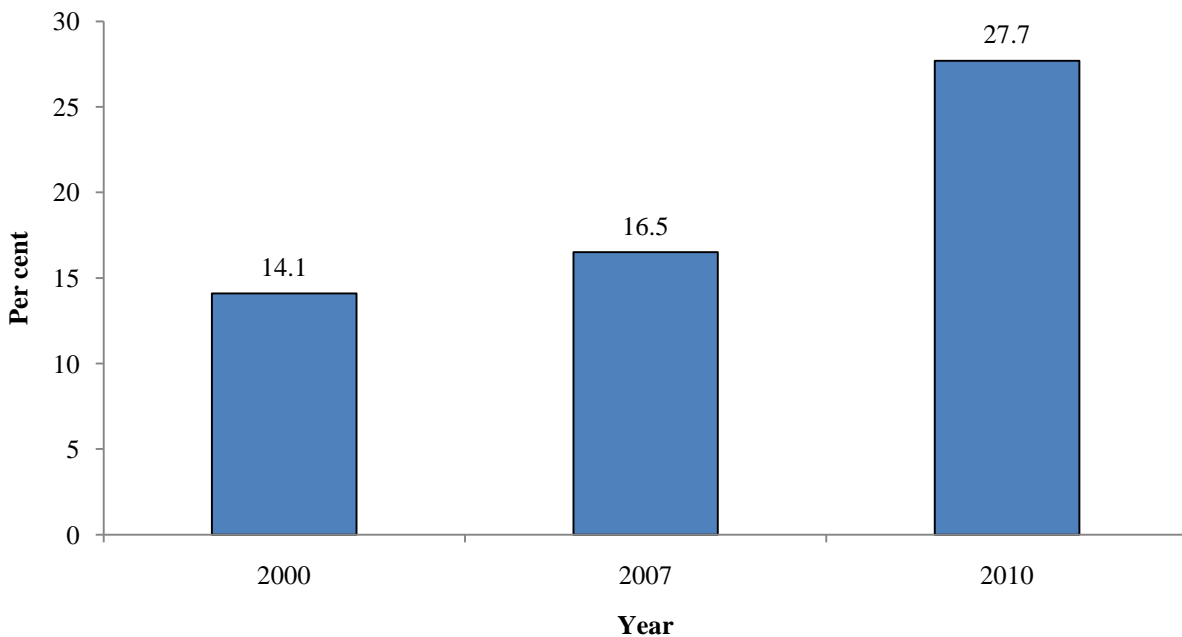
Table 6:  
Trends in Labor Underutilization Rates of 16-29 Year Olds in the U.S.,  
Selected Years 2000 – 2010 (Numbers in 1000s)

Year	(A) Civilian Labor Force	(B) Unemployed	(C) Labor Force Reserve (Hidden Unemployed)	(D) Unemployed	(E) Underutilized, Total	(F) Underutilization Rate (in %)
2000	38,434	2,798	1,773	1,249	5,820	14.1
2007	39,526	3,290	1,879	1,675	6,844	16.5
2010 (January – October)	38,609	5,886	2,363	3,098	11,347	27.7

Labor underutilization rates among all 16-29 year olds in the U.S. rose sharply in the national recession of 2001 and the largely jobless recovery years of 2002-03 but then improved modestly between 2004 and 2007. In the latter year, the labor underutilization rate for all 16-29 year olds was 16.5% versus only 14% in 2000. Over the following three years, labor market

problems among young adults increased at an alarming rate. The number of official unemployed young adults rose by close to 80%, the labor force actually declined by close to one million, and the number of underemployed nearly doubled between 2007 and 2010, rising from 1.67 to 3.10 million. As a consequence of these adverse labor market developments, the pool of underutilized teens and young adults grew substantially from 6.8 million in 2007 to 11.3 million in 2010. The labor underutilization rate of young workers increased from 16.5% in 2007 to just under 28% in 2010, nearly twice as high as it was in 2000 at the height of the 1990s decade labor market boom (Chart 3).

Chart 3:  
Labor Underutilization Rates of 16-29 Year Olds in the U.S., 2000, 2007, and 2010 (in %)

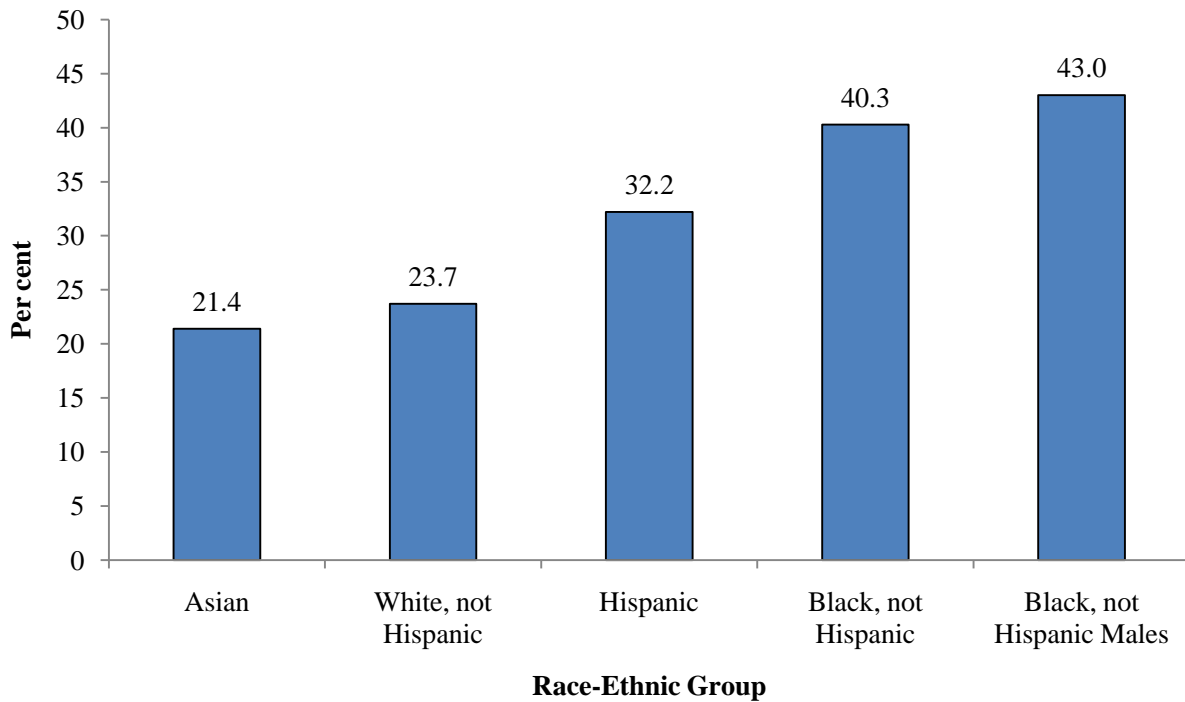


The labor underutilization rates of young adults in the U.S. in 2010 varied quite widely across race-ethnic and educational groups. Approximately 21% of Asian youth and nearly 24% of White, non-Hispanic youth in the adjusted civilian labor force were underutilized in 2010 (Chart 4).<sup>6</sup> These labor underutilization rates were considerably higher among both Hispanics (32%) and Black, non-Hispanic young adults (40%). Black males fared worst of all, experiencing a labor underutilization rate of 43% in 2010.

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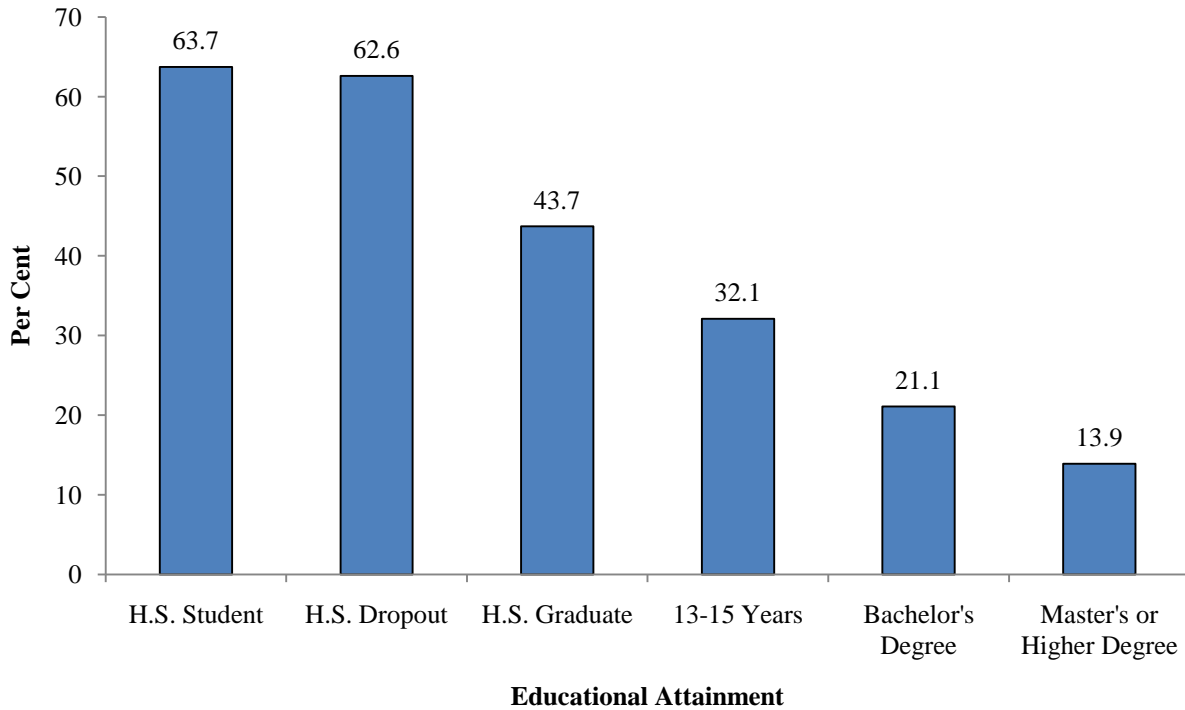
<sup>6</sup> The adjusted labor force consists of the employed, the unemployed, and members of the labor force reserve; i.e., those young adults not actively looking for work but desiring a current job.

**Chart 4:**  
Labor Underutilization Rates of 16-29 Year Olds in the  
U.S. in 2010 by Major Race-Ethnic Group (in %)



Similar to findings for all young adults, the underutilization rates of Black youth varied considerably across school enrollment and educational attainment groups (Chart 5). In 2010, nearly 64% of all Black high school students in the adjusted labor force were underutilized. During the January-October period of 2010, only 9 of every 100 Black high school students (16-21) were employed. For low income, Black high school students the employment rate was less than 6%. The absence of any substantive work experience in high school among such youth will complicate their ability to transition into the labor market upon graduation from high school.

Chart 5:  
Labor Underutilization Rates of 16-29 Year Old Black Youth by Educational Attainment, 2010



Among non-enrolled Black youth, the labor underutilization rates in 2010 varied from highs of just under 63% for high school dropouts and 44% for high school graduates to lows of 21% for bachelor degree holders and 14% for those Black youth holding a Master’s or more advanced academic degree. Black high school dropouts (16-29 years old) were 4.5 times as likely to be underutilized as their peers with post-graduate degrees. These large disparities in employment rates, labor underutilization rates, and hourly wages across educational groups of Black youth underlie their extraordinarily high differences in annual earnings and incomes and their marriage propensities.

**Trends in the Median Real Incomes of All Young Families and Those in Key Race-Ethnic Groups, 1979 – 2009**

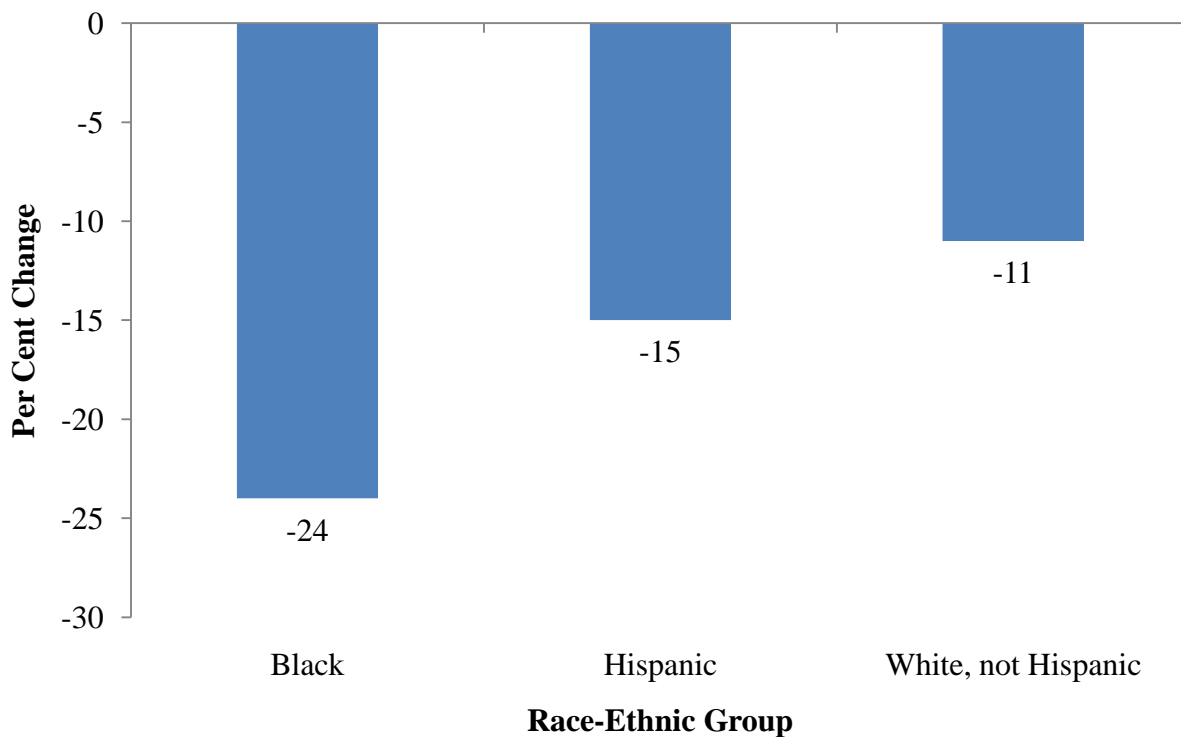
During the Golden Era of the U.S. economy dating from 1946-1973, the median real incomes of young families in the U.S. nearly doubled, producing large reductions in their poverty rates. Unfortunately, the median real incomes of young families (head under 30) as a whole peaked in 1973. While the incomes of young families have remained quite cyclically sensitive through 2000, rising during periods of strong job and wage growth for young adults

such as 1994-2000, they have been in a fairly steady decline over the current decade. Trends in the median real incomes (pre-tax) of young families over the 1979-2009 period are displayed in Table 7 and Chart 6.

Table 7:  
Trends in the Median Real Incomes of Young Families in the  
U.S. from 1979 to 2009, All and by Race-Ethnic Group  
(in 2009 Dollars)

	(A)	(B)	(C)	(D)	(E)
Family Group	1979	1989	2000	2009	Percent Change, 1979 – 2009
All	46,216	43,245	42,601	38,440	-16.8
Black, not Hispanic	26,117	21,969	24,463	19,913	-23.7
Hispanic	34,523	27,677	33,475	29,276	-15.2
White, not Hispanic	49,306	46,792	48,024	43,814	-11.1

Chart 6:  
Per Cent Changes in the Median Real Incomes of Young Black,  
Hispanic, and White, non-Hispanic Families, 1979 to 2009



Over the past 30 years, the median real incomes (in 2009 dollars) of all young families in the U.S. declined over each decade although Blacks and Hispanics obtained gains during the 1990s. In 1979, the median real income of these young families was \$46,216 in 2009 dollars, it declined to \$43,200 in 1989, fell to \$42,000 in 2000 despite six years of growth from 1994-2000, and dropped sharply by 2009 to \$38,440. The median real income for young families in 2009 was nearly \$8,000 or 17% below its value in 1979.

Young families in each of the three major race-ethnic group experienced double-digit declines in their median real incomes over the past three decades; however, young Black families fared the worst. Their median income in 2009 was slightly under \$20,000, representing a near 24% decline over the past three decades. In comparison, the median real income of young Hispanic families fell by 15% and that of White, non-Hispanic families declined by 11%. By 2009, the median income of young Black families had declined to only 45% of the level of White families.

Earlier research by the Center for Labor Market Studies of Northeastern University and the Children's Defense Fund had shown that young families with children had been experiencing considerably greater income difficulties than young childless families. A variety of developments have been influencing this result, including high shares of childless couples with college degrees and two full-time earners and the increasing share of single parent families among young families with children. Over the entire 1979-2009 period, the median real income of young families with no children in the home declined by only 4% while young families with children experienced a far steeper 28% decline in their median income (Table 8). Very similar findings prevailed for young Black families. Those Black families with children present in the home saw their median real income decline by nearly 24% versus a 3% drop among families without children. In 2009, the median income of young Black families without children was \$40,800 or 2.3 times as high as the median income of Black families with a child. These dramatic differences in median family incomes have profound consequences for the poverty rates of these two groups.



Table 8:  
Trends in Median Real Incomes of Young Families and  
Black Families With and Without Children, 1979 – 2009  
(in 2009 Dollars)

	(A)	(B)	(C)	(D)
Family Group	1979	2009	Absolute Change	Percent Change
<b>All</b>				
• Without children	57,190	55,020	-2,130	-3.7%
• With children	40,581	29,110	-11,471	-28.3%
<b>Black</b>				
• Without children	42,241	40,826	-1,415	-3.3%
• With children	23,204	17,725	-5,479	-23.6%

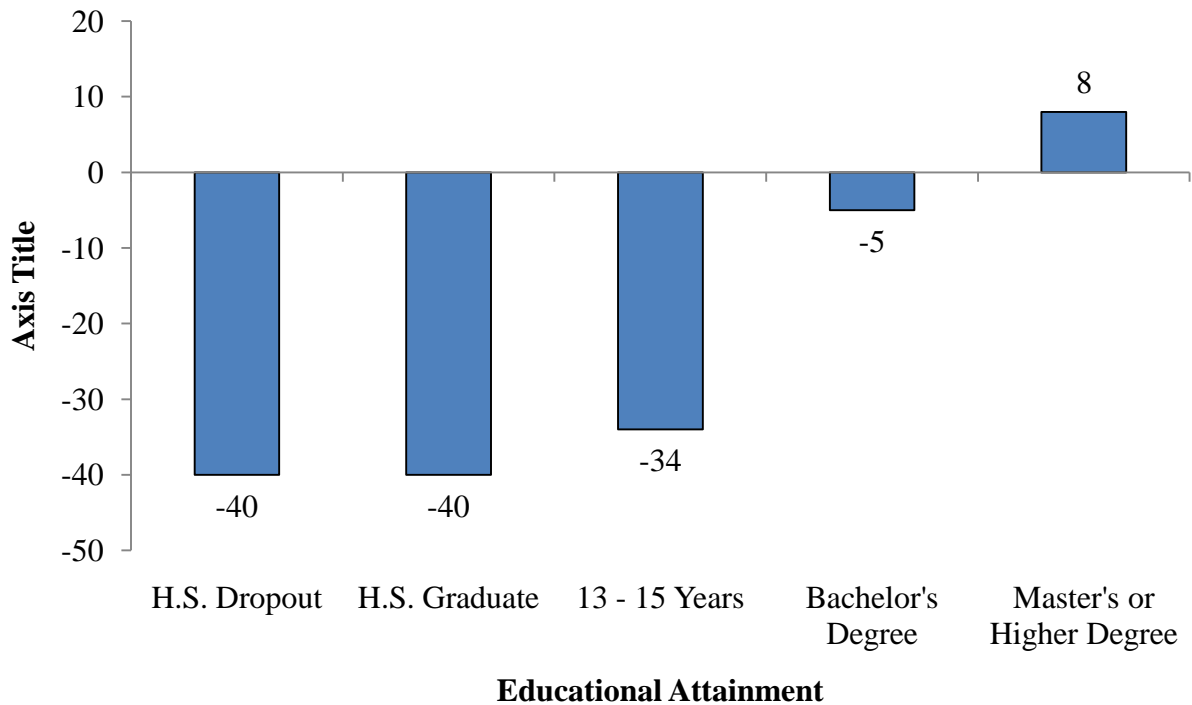
The income fate of America’s young families has become increasingly influenced by the educational attainment of the family householder and his/her spouse. College educated family heads tend to be employed more often, work more hours per year, and earn considerably more than their less educated peers, and they are more likely to be married. This holds true across each major race-ethnic group.

Our estimates of family income changes for young Black, Hispanic, and White families in five different educational groups over the 1979-2009 period are displayed in Table 9 and Chart 7. For each race-ethnic group, young families headed by an individual who lacked a bachelor’s degree declined considerably over the past three decades while those families headed by a four year college graduate either increased their incomes (Hispanics, Whites) or came close to keeping their incomes unchanged (Black families). Among the nation’s young Black families, median real incomes declined by 34 to 40 per cent between 1979 and 2009 for those lacking a bachelor’s degree, fell by 5 per cent for those with a bachelor’s degree, and increased by 8% for those with a Master’s or higher degree. By 2009, the median incomes of these young Black families ranged from a low of under \$9,000 for those headed by an individual lacking a high school diploma, to \$17,000 for high school graduates, to a high of nearly \$65,000 for those headed by an individual with an advanced degree. The relative size of the gap in median incomes between the top and bottom educated groups of Black families was 7 to 1.

Table 9:  
Trends in the Median Real Incomes of Young Families by Educational Attainment of the Family  
Householder for Black, Hispanic, and White Families from 1979 to 2009  
(in 2009 Dollars)

Race/Ethnic Group/ Educational Attainment of Householder	(A) 1979	(B) 2009	(C) Change in Median Income	(D) Percent Change in Median Income
<b>Black</b>				
< 12, no diploma or GED	14,885	8,962	-5,923	-40%
H.S. Graduate	28,160	16,928	-11,232	-40%
13 – 15 Years	33,500	22,000	-11,500	-34%
Bachelor's degree	51,700	48,890	-2,810	-5%
Master's or higher degree	60,000	64,725	+4,725	+8%
<b>Hispanic</b>				
< 12, no diploma or GED	26,400	21,900	-4,500	-17%
H.S. Graduate	37,700	27,900	-9,800	-26%
13 – 15 Years	43,870	35,850	-8,020	-18%
Bachelor's degree	52,550	59,750	+7,200	+14%
Master's or higher degree	59,770	73,400	+13,630	+23%
<b>White, not Hispanic</b>				
< 12, no diploma or GED	33,190	19,910	-13,280	-40%
H.S. Graduate	47,350	31,870	-15,480	-33%
13 – 15 Years	52,400	41,400	-11,000	-21%
Bachelor's degree	61,600	69,700	+8,100	+13%
Master's or higher degree	68,200	83,650	+15,450	+23%

Chart 7:  
Per Cent Change in the Median Real Incomes of Young Black Families by  
Educational Attainment of Family Head, 1979 – 2009



### **The Changing Family Income Distribution Among Young Black Families and Young Families in Other Race-Ethnic Groups**

The distribution of income among young families in the U.S. was characterized by widening inequality over the past few decades. The shifting levels of real family income within deciles of the income distribution and changing income shares across deciles were particularly pronounced among young Black families in the U.S. over the 1979-2009 period. Families in each of the bottom nine deciles of the Black family income distribution experienced quite steep declines in their mean real family incomes (in 2009 dollars) over this 30 year period, with relative losses of 20 to nearly 60 per cent for young families in the bottom eight deciles. Only Black families in the top decile managed to increase their already high mean incomes. By 2009, these young Black families in the top decile had mean incomes of just under \$95,000 (See Table 10).

Similar to findings for all young families, these high levels of disparities in the trends of real family income from the bottom to the top of the income distribution have generated a massive increase in family income inequality among the nation's young Black families. The top

twenty per cent of young Black families increased their share of the family income pie from 46.4% in 1979 to 52.7% in 2009, with the bulk of this increased share accruing to families in the top decile of the family income distribution. In 2009, the top income decile had a mean family income of just under \$95,000. They received as much income as the bottom 70% of young Black primary families combined.<sup>7</sup>

The rise in young family income inequality over the past three decades was not confined to Black families. Income inequality also rose sharply among Asians, Hispanics, and Whites, with the top quintile (20%) of families in each race-ethnic group increasing their share of the income pie (Table 11). The degree of income concentration at the top, however, was most severe among young Black families.

These findings of widening income inequality accompanied by declining real incomes of so many young families with children should raise serious concerns about the economic and social future of these children. Children raised in low income, single parent families face serious cognitive, nutrition, health, and educational achievement deficits. They are much more likely than their affluent peers to drop out of high school, to not work in their teenaged years, to not attend college upon graduation, to become teen parents, and to become involved with the juvenile justice system. Their economic mobility has been substantially diminished in recent years and the American Dream for the poor is vanishing under our eyes.

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<sup>7</sup> A “primary” family is a family that has formed its own independent household as opposed to a sub-family that lives in the household of another family (i.e., ones parents).

Table 10:  
Changes in the Mean Levels of Family Income and the Shares of Income Received by  
Young Black Families in Each Decile of the Distribution in the U.S. from 1979 to 2009  
(Family Head Under 30)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Decile	1979	2009	Change	Percent Change	1979 Share (in %)	2009 Share (in %)	Percentage Point Change in Share
Lowest	1,548	626	-92	-59.6	0.5	0.2	-0.2
2	7,271	4,273	-2,998	-41.2	2.2	1.5	-0.7
3	11,822	8,382	-3,440	-29.1	3.6	3.0	-0.6
4	17,025	12,680	-4,345	-25.5	5.2	4.5	-0.7
5	23,196	17,174	-6,021	-26.0	7.0	6.1	-0.9
6	29,897	22,514	-7,382	-24.7	9.1	8.0	-1.1
7	37,856	29,296	-8,560	-22.6	11.5	10.4	-1.1
8	47,886	38,528	-9,359	-19.5	14.5	13.7	-0.9
9	61,039	53,819	-7,220	-11.8	18.5	19.1	+0.6
Top	92,146	94,747	2,601	2.8	27.9	33.6	+5.6

Table 11:  
The Shares of Young Family Incomes Received by Families in the Top 20 and Top 10 Per cent  
of the Distribution 1979 and 2009, All and by Race-Ethnic Group of Householder  
(in %)

Group	(A) 1979	(B) 2009	(C) Percentage Point Change
<b>All</b>			
• Top 20	38.5	45.6	+7.1
• Top 10	22.6	28.2	+5.6
<b>Asian</b>			
• Top 20	42.1	46.5	+4.4
• Top 10	24.7	28.9	+4.2
<b>Black</b>			
• Top 20	46.4	52.7	+6.3
• Top 10	27.9	33.6	+5.7
<b>Hispanic</b>			
• Top 20	41.7	46.5	+4.8
• Top 10	24.7	28.9	+4.2
<b>White, not Hispanic</b>			
• Top 20	36.9	43.3	+6.4
• Top 10	26.6	31.6	+5.0

## The Rising Incidence of Income Inadequacy Problems of All Young Families and Young Black Families in the U.S. from 1979 to 2009

The deterioration in the real incomes of most young families in the U.S. since the late 1970s combined with the widening gaps between the bottom and top of the family income distribution have led to a rising incidence of severe income inadequacy problems among all young families and Black families, especially those with children present in the home. Estimates of the fraction of the nation's young families that were poor, poor or near poor (under 125% of the poverty line), and low income (under 200% of the poverty line) are displayed in Table 12 for 1979, 2000, and 2009.

Table 12:  
Trends in the Incidence of Poverty, Poverty or Near Poverty, and Low Income Problems Among Young Families (Head Under 30) in the U.S. from 1979 to 2009 (in %)

	(A)	(B)	(C)
Year	Poor	Poor or Near Poor	Low Income
1979	14.2	19.1	35.2
2000	18.6	25.0	42.4
2009	25.8	31.1	48.0
Percentage Point Change, 1979-2009	+11.6	+12.0	+12.8

Poverty rates for the nation's young families declined steeply from the late 1940s through 1973 when they reached their historical low. In 1979, 14% of young families were poor, 19% were poor or near poor, and 35% were low income. Poverty and other forms of income inadequacy rose in the 1980s and in the early years of the 1990s, reaching close to 22% in 1994, but fell from 1994-2000 as the national economy generated increases in jobs, weekly wages, and annual earnings for young adults. Still by 2000, the poverty rate for young families was 18.6%, and one of four young families were either poor or near poor during that year. During the current decade, all forms of income inadequacy among young families have worsened. In 2009, nearly 26% of all young families were poor, 31% were poor or near poor, and close to half (48%) were low income. The poverty rate for young families in 2009 was 80% higher than it was in 1979.

While young families in each race-ethnic group have experienced rising income inadequacy problems in recent years, young black families again have fared the worst. In 2009, slightly over 40% of young Black families were poor and just under 50% were poor or near poor versus only 31% of all young families. Two-thirds of all young Black families were low income in 2009 versus 48% of all young families across the nation.

**Table 13:**  
**Per Cent of All Young Families and Black Families in the U.S. Who Experienced Selected Types of Income Inadequacy Problems in 2009**

	(A)	(B)	(C)
Family Group	Poor	Poor or Near Poor	Low Income
All young families	25.8%	31.1%	48.0%
Young Black families	40.4%	49.5%	67.2%
• With no children under 18	12.6%	17.6%	32.4%
• With one or more own children under 18	45.2%	55.0%	73.2%

**Sources:** (i) March 2010 CPS survey, work experience and income supplement, public use files; (ii) 2009 American Community Surveys, public use files, tabulations by authors.

Similar to the situation for all young families, the income inadequacy problems of young Black families with children present in the home were far more severe than their family peers without children. In 2009, 45% of young black families with children present in the home were poor, 3.5 times as high as the poverty rate for childless young Black families. Fifty-five percent of young Black families with children were either poor or near poor and nearly three-fourths were low income.

While the overall family poverty rate for young Black families in 2009 was quite high (40%), the incidence of family poverty varied quite considerably across different types of families. Among childless, married couples, with a family householder that held a bachelor's or higher degree, the poverty rate was only 3.5% (Chart 8). It rose to 9% if the family head only held a high school diploma and to 20% if the householder lacked a high school diploma or a GED. Among married couple families with children present in the home and a family head lacking a high school diploma, the poverty rate was close to 50%. Single mother Black families with a high school diploma/GED faced an overwhelming poverty rate of just under 60%, and

three of every four single mother families with a head lacking a high school diploma were poor in 2009.

**Chart 8:**  
**Per Cent of Young Black Families that Were Poor in 2009 by Type of Family, Educational Attainment of Family Head, and Presence of Children in the Home: 2009**

