A POST-RECESSION UPDATE ON U.S. SOCIAL AND ECONOMIC TRENDS

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ABOUT THE AUTHORS

LINDA A. JACOBSEN is vice president of Domestic Programs at PRB. Jacobsen is a demographer with 30 years of experience analyzing U.S. population trends and their implications. She has extensive research experience with the American Community Survey, and co-authored two of the U.S. Census Bureau’s handbooks for understanding and using ACS data. She was on the faculty of Cornell University and the University of Iowa, where she conducted research on family and household demography, and on poverty and inequality. Jacobsen holds a Ph.D. in sociology from the University of Wisconsin.

MARK MATHER is associate vice president of Domestic Programs at PRB, where he coordinates several projects that communicate population research to advocacy groups, educators, the media, and the public. He has authored more than a dozen reports on social, economic, and demographic trends in the United States, based on data from the decennial census and American Community Survey. Mather holds a Ph.D. in sociology from the University of Wisconsin.

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The Great Recession in the United States began in December 2007 and officially ended in June of 2009, resulting in a broad-based decline in America’s economic well-being and security. The job and housing markets have still not recovered, and the number of people in poverty increased more between 2009 and 2010 than in the year following any other recession since 1962. This update focuses on the period since 2008 to assess the ongoing impact of the recession in the United States.

Unemployment

Between November 2009 and November 2011, the seasonally adjusted unemployment rate in the United States dropped from 9.9 percent to 8.6 percent. Rates remain high among all major racial and ethnic groups, although they have declined from the peak levels of 2009 (see Figure 1).

Yet sizeable gaps remain between the unemployment levels for blacks and Hispanics and those for whites and Asian Americans. At 14 percent, the unemployment rate for blacks in 2011 is almost double the rate for whites. Differences in educational attainment can partially explain racial and ethnic disparities in unemployment rates (see Figure 2, page 2).

8.6%
The seasonally adjusted unemployment rate in November 2011.

As of October of each year. Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.

Unemployment rates decline among all racial and ethnic groups as education levels increase. However, blacks have higher unemployment rates at all education levels than other groups, even among those with a bachelor’s degree or higher. The unemployment rate is especially high among blacks without a high school diploma—23 percent. Although the recession has affected workers of all ages, the unemployment rate is highest among 16-to-24-year-olds—16 percent, compared with 7 percent for those ages 35 and older.

Poverty

The poverty rate is the most widely used indicator of family economic security and determines eligibility for programs to assist needy families. In 2010, a family with two adults and two children was considered poor if its income fell below $22,113. Official poverty estimates released in September 2011 by the Census Bureau show that in 2010, the total poverty rate rose to 15.1 percent, up from 13.2 percent in 2008. The United States has not seen poverty this high since 1993. While poverty rates among the population ages 65 and older declined between 2008 and 2010, poverty rates among children continued to rise from 19 percent to 22 percent—a level more than double that of the elderly (see Figure 3).

This poverty gap between children and the elderly is not new—it began in 1974—but the gap has been widening since the onset of the recession. While 12 percent of non-Hispanic white children were poor in 2010, almost 40 percent of black children and 36 percent of Latino children were living in poverty. The recent census showed that non-Hispanic whites made up only 54 percent of the child population in 2010, while Hispanics accounted for almost one-quarter. Since 2000, growth rates for minority children have far outstripped those for non-Hispanic whites, and these differences are projected to continue. Poverty in early childhood often carries over into adulthood and negatively affects health and earnings later in life. If high child poverty rates and racial/ethnic differentials persist, then the United States may face significant economic costs down the road when these children reach adulthood. Children under age 5 today will become young adults just as the last of the large baby-boom cohorts reach retirement age. Poorer health and lower productivity and earnings may prevent these young adults from contributing as much to Social Security as the country will need to support retiring baby boomers.

Homeownership

Levels of homeownership in the United States continued to decline—from 67 percent in 2008 to 65 percent in 2010. These declines occurred in all racial and ethnic groups as high rates of foreclosure persisted and job losses and income declines prevented new buyers from entering the market (see Figure 4, page 3).

Blacks and Latinos—who have been disproportionately affected by foreclosures—experienced larger decreases in homeownership than non-Hispanic whites. During the previous two decades, racial gaps in homeownership narrowed, due in part to the increasing number of mortgage loans made to low-income minority households. However, the differential impact of the recession on blacks and Latinos has caused these gaps to widen again between 2008 and 2010. In 2010, about 73 percent of non-Hispanic whites were homeowners, compared with 47 percent of Latinos and only 44 percent of blacks.

Homeownership has traditionally been a major source of wealth accumulation in the United States. But since the burst of the

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**FIGURE 2**

**U.S. Unemployment Rates by Race/Ethnicity and Education, 2010**

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>White</th>
<th>Asian American</th>
<th>Black</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td>13.9%</td>
<td>11.1%</td>
<td>11.2%</td>
<td>15.8%</td>
</tr>
<tr>
<td>High school</td>
<td>13.2%</td>
<td>7.6%</td>
<td>9.5%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Some college</td>
<td>11.5%</td>
<td>8.4%</td>
<td>13.2%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Bachelor’s or more</td>
<td>4.3%</td>
<td>4.3%</td>
<td>7.9%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

Note: Annual averages. Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.


**FIGURE 3**

**U.S. Poverty Rates Among Children and the Elderly, 1998-2010**

- Under Age 18
- Ages 65 and Older

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Age 18</td>
<td>19%</td>
<td>17%</td>
<td>15%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Ages 65 and Older</td>
<td>10%</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.

The Continuing U.S. Recession and the Birth Rate

As we near the end of 2011, the global recession is still with us, and so too is the economic downturn in the United States. The 2010 Population Bulletin, “U.S. Social and Economic Trends Since 2000,” speculated that the economic climate in the United States might result in a decrease in the birth rate. Past economic crises have resulted in some remarkable swings in U.S. birth rates over the past 80 years (see figure).

Record low points occurred during the Great Depression in the 1920s and 1930s and during the “oil shock” inflationary period of the 1970s. It now seems clear that something similar is happening, although to date, the decline is less dramatic than in those two periods. In 1976, the U.S. total fertility rate (the average number of children per woman, or TFR) fell to its lowest point in U.S. history, 1.7 children per woman. The TFR had been declining rapidly in the latter half of the 1960s from its baby-boom peak of 3.7 children per woman. But the 1970s was also a time of profound social change. Feminism was taking hold as women sought roles beyond that of homemakers. Added to that was the 1973 Supreme Court decision in Roe v. Wade that legalized abortion. The economy was in stagflation, where prices rose but incomes did not.

Today, only one thing seems to be influencing birth rates—the recession.

The TFR fell from 2.12 children in 2007 to 2.01 in 2009, and may be as low as 1.93 for 2010, according to preliminary estimates. Although the final TFR is not yet available, the decline clearly is there. By age, the largest percentage declines were among women ages 15 to 29, a group that accounted for 60 percent of all births in 2009. The assumption that women delayed beginning a family with a resultant sharper drop for first births proved untrue. First births accounted for 40 percent of all births in both 2007 and 2009.

Among racial and ethnic groups, however, there were significant differences in the decline. Among Hispanics, the TFR fell from 3.0 to 2.7 from 2007 to 2009. Among non-Hispanic whites, the decrease was much less, from 1.9 to 1.8 children per woman; a similar small decrease in the TFR was evident among non-Hispanic blacks, from 2.1 to 2.0.

Birth rate trends for 2011 will be released in late December by the U.S. National Center for Health Statistics. But clearly, the recession is still very much with us: Even though the national unemployment rate in 2011 has been lower in every month than it had been in 2010, the rate is still around 9 percent.

Carl Haub is a senior demographer at the Population Reference Bureau.
Higher levels of education have helped to minimize job losses for some Americans during the recession, and the share with a college degree increased between 2000 and 2010 among all groups (see Figure 6).

However, racial and ethnic gaps in educational attainment persisted in 2010, with only 13 percent of Latinos and 18 percent of blacks completing college, compared with 31 percent of non-Hispanic whites and 50 percent of Asian Americans. Despite rising tuition costs and an increasing debt load, college enrollment rates among 18-to-24-year-olds held steady or increased slightly between 2008 and 2010. Although enrollment rates among Latinos and blacks have increased since 2008, they still lag behind those of Asian Americans and non-Hispanic whites (see Figure 7).

If these education differences persist as minorities become a larger share of the adult population, then fewer may be insulated from job losses in future economic downturns.

### Implications

Despite officially ending in 2009, the recession in the United States is still affecting the economic well-being and security of many Americans. Real median household income continued to decline between 2009 and 2010, as did homeownership and home values. Although unemployment rates have begun to fall, the pace of job growth is slower than in previous recoveries, and poverty rates continue to rise. Racial and ethnic disparities in the impact of the recession persist, with blacks and Latinos being hardest hit. If these lingering effects of the recession continue, then the United States may suffer long-term negative consequences.
U.S. Young Adults

The U.S. recession affected people across age groups, from young adults to baby boomers nearing retirement age. However, in terms of job losses, young adults were disproportionately affected by the economic downturn, and continue to experience higher rates of unemployment relative to those in older age groups. In October 2011, the unemployment rate for those ages 16 to 24 was 16 percent, more than twice the rate for those ages 35 and older (see Figure 8). Among those ages 25 to 34—prime ages to get a job and start a family—the unemployment rate was more than 9 percent. Young adults are also more likely to have experienced long-term unemployment for six months or more during the recession, compared with those in older age groups. It is difficult to link these trends to individual behaviors based on data from national surveys. However, in European countries, researchers have found that high rates of unemployment—and low levels of economic security—are strongly associated with declines in family formation and fertility among young adults. Thus, it is likely that young adults in the United States are also adopting new attitudes toward marriage and families in response to their declining economic opportunities.

MARRIAGE DECLINE, MARRIAGE GAP

Data from the U.S. Census Bureau suggest that more young couples are delaying marriage or foregoing matrimony altogether, possibly as an adaptive response to the economic downturn. Between 2000 and 2011, the share of young adults ages 25 to 34 who are married dropped from 55 percent to 46 percent, according to data from the Current Population Survey (CPS) (see Figure 9). During the same period, the percentage who have never been married increased sharply, from 35 percent to 46 percent, so that the proportion of young adults who have never been married is now roughly equal to the proportion who are married. Marriage has declined for several decades, but

FIGURE 8

U.S. Unemployment Rate by Age Group, 2000-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>5</th>
<th>10</th>
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<td>2001</td>
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<td>2011</td>
<td>15</td>
<td>15</td>
<td>20</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>

Note: Unadjusted rates as of October of each year. Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.

Marriage rates have fallen among all racial/ethnic groups, and for both men and women. However, trends in marriage have diverged among groups with different levels of education. CPS data show that those with only a high school diploma (or less) have experienced a steep, steady decline in marriage during the past decade—an 11 percentage point drop since 2000. In contrast, the marriage rate for those with at least a bachelor’s degree held fairly steady before falling from 2009-2011, and remains at a relatively high level. This divergence has led to a growing “marriage gap” between those at different ends of the educational scale. Today, only 43 percent of young adults with a high school diploma or less are married, compared with 51 percent of those with at least a bachelor’s degree.

The marriage gap used to be reversed. Prior to the 1990s, marriage rates were higher among those with a high school diploma or less than among those with a four-year college education. The college-educated were more likely to postpone marriage compared with those in less-educated groups. Marriage patterns today look very different, with higher proportions of young, highly educated adults entering formal unions, and a sharp drop in marriage among those with less education.

Marriage used to be a near-universal phenomenon in the United States. Estimates from the mid-1960s show marriage levels of 80 percent or more among young adults ages 25 to 34. Starting in the 1970s, several factors contributed to a steady decline in marriage, including rising divorce rates, an increase in women’s educational attainment and labor force participation, and a rise in cohabitation as an alternative or precursor to marriage. The sharp decline in marriage has been accompanied by a rapid increase in the number of cohabiting couples. Cohabitation has been on the rise for several decades, but the Census
Bureau links the recent increase in cohabiting couples to rising unemployment rates and growing economic uncertainty, especially among young men.12 Given the scope of the recent recession, many more couples are likely to choose cohabitation over marriage in the coming years.

Another factor contributing to the decline in marriage rates, especially for less-educated groups, is the rise in women’s earnings relative to men. Family demographers point out that as women’s wages have increased, fewer women rely on a spouse or partner to provide a weekly paycheck. Women now outnumber men in U.S. colleges, and a recent report by the Pew Research Center showed that there is a rapidly growing number of women who outearn their husbands.13 Women’s higher earning capacity and the declining economic prospects of young men without a college degree are key factors contributing to the decline in marriage in recent years.14 The recession has exacerbated this trend because of its disproportionate impact on men with fewer job skills and less education.15

Despite the rising number of women in the labor force, young women are still much more likely to be married (51 percent) compared with their male counterparts (42 percent)—a difference that reflects women’s earlier average age at marriage. However, as women’s earnings increase relative to men’s, we may see a corresponding increase in women’s age at marriage.

**YOUNG MEN LIVING AT HOME**

Declines in marriage have been accompanied by an increase in young adults—especially men—returning or remaining in their parents’ homes. Between 2007 and 2011, the number of young adults ages 25 to 34 living at home rose from 4.7 million to 5.9 million, contributing to an increase in “doubled-up” households since the onset of the recession.16

These national numbers mask an important gender difference. Since 2007, the share of young men living at home has increased sharply, from 14.2 percent to 18.6 percent, while the share of women living with their parents has remained fairly steady, at around 10 percent (see Figure 10).17 The share of young men living at home has reached its highest level since the Census Bureau first started tracking the measure in 1960. In 2000, the gap between men and women living at home was relatively small, at 4.5 percentage points, and since 1960, the gender gap had never exceeded 7 percentage points. But by 2011, the difference between men’s and women’s rates had grown to 8.9 percentage points, the largest gender gap in at least 50 years. Young men are now nearly twice as likely as women to live with their parents.

What explains this gender gap? For decades, young men have been more likely to live with their parents than young women. Researchers have linked this gender difference to women’s earlier age at marriage, although cultural and economic factors also play a role.18 Employed college graduates are much less likely to live at home compared with those who are unemployed with no education beyond high school.19 In 2011, 22 percent of young men living at home were unemployed and 52 percent had never attended college.20 For men in other living arrangements, 9 percent were unemployed and 41 percent had never gone to college.

From these figures, it’s clear that men’s economic prospects play an important role in their decision to leave the nest. With fewer jobs available, it is likely that more young men are choosing to stay or move back home with their parents to save on housing and other costs. Young adults living at home rely heavily on their parents’ income. The official poverty rate for young adults living with their parents is 8 percent, but if only the child’s income is considered, the poverty rate rises to 45 percent.21

Women exhibit a different pattern, with similar levels of employment and education among those living inside and outside their parents’ homes. About 12 percent of women living at home were unemployed, while 39 percent had never attended college. For those in other living arrangements, 8 percent were unemployed and 32 percent had not gone to college. The similar profile of the two groups suggests that noneconomic factors may play a more important role in women’s decisions to live with their parents, compared with their male counterparts. And this pattern may help explain why the trend line for women remained flat during the recent recession, while so many young men have moved back home.

In 2011, 31 percent of young black men lived in their parents’ homes, compared with 11 percent of young black women—a startling 20-percentage-point gap. Among Latinos, 21 percent of young men and 11 percent of young women lived with their parents, while the gap between white men (15 percent) and women (9 percent) was smaller than for other groups. African American and Latino men have been disproportionately affected by the recession, which may have exacerbated these gender differences.22 Since 2007, Latino men have experienced the largest jump in young men living at home—an 8-percentage-point increase in just four years.
At the state level, New York has the highest proportion of young men living with their parents (21 percent), followed by New Jersey and Hawaii (19 percent each). The high cost of living in these states undoubtedly plays an important role in young adults’ decisions to live at home. New York also had the largest gap between men and women living in their parents’ homes. Between 2009 and 2011, 27 percent of young men in New York lived with their parents, compared with 14 percent of women.23 Young women’s high earnings in New York City, relative to young men, may help explain this gender difference.24 Most of the states with the lowest proportions of young adults living at home were located in the Midwest.

DISCONNECTED YOUNG ADULTS

Since 2007, there has also been a rising share of young adults who are disconnected from work and school. In the United Kingdom, they are called NEETS, people who are “Not in Employment, Education, or Training,” and their numbers have reached record-high levels.25 The United States is now experiencing a similar increase in young adults who are detached from school and the workforce, especially among men.

In 2010, nearly one in five men ages 25 to 34 was idle—neither working nor attending school (see table). Between 2007 and 2010, the share of men who were idle increased by 5 percentage points. Meanwhile, the share of men who were working (but not in school) dropped from 75 percent to 69 percent. For women, there was a slight drop in those working (not in school) but the share who were idle held steady at 26 percent. Young women who are not working and not in school are more likely to be married than their male counterparts, which may help explain the gender difference.26

There are also substantial racial/ethnic differences in the share of young adults who are disconnected from work and school. In 2010, about 19 percent of whites and Asian Americans ages 25 to 34 were idle, compared with 27 percent of Latinos and 31 percent of African Americans.

Implications

The rising number of young adults living with their parents, often disconnected from work and school, may lead to further declines in marriage, family formation, and childbearing. The United States is inching its way toward a more European model where people routinely wait until their 30s to leave the parental nest.27 In Europe, as in the United States, young men are much more likely than young women to reside in their parents’ homes.

These trends are significant because marriage is associated with many benefits for families and individuals, including higher income, better health, and longer life expectancy. One reason for these benefits may be that people with higher potential earnings and better health are “selected” into marriage, resulting in better outcomes for married couples. However, most researchers agree that marriage also has an independent, positive effect on well-being.28 The recent decline in marriage may have long-term negative effects on the health and well-being of young adults, especially those with less education.

The decline in marriage may also affect conditions for children, because of the growing number of births to unmarried parents. In 2009, nonmarital births accounted for 41 percent of all births in the United States. Although roughly half of these nonmarital births are to cohabiting couples, these unions tend to be less stable and have fewer economic resources compared with married couples.29 Therefore, declining marriage rates put more children at risk of growing up poor, which can have lasting consequences for their health and economic prospects.30

Since younger families are more likely to be headed by racial/ethnic minorities compared with families headed by older Americans, the declining economic prospects of young adults are exacerbating racial/ethnic disparities in the United States—contributing to a growing economic gap between whites and other groups, especially blacks and Latinos.31 Closing these gaps is important not only for the economic success of the current cohort of young adults, but also for the health, development, and economic security of the next generation.

Percent Distribution of Young Adults Ages 25-34 by School Enrollment and Employment Status, 2007 and 2010

<table>
<thead>
<tr>
<th>SCHOOL ENROLLMENT, EMPLOYMENT STATUS</th>
<th>MEN (%)</th>
<th>WOMEN (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In school, working</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>In school, not working</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Not in school, working</td>
<td>75</td>
<td>61</td>
</tr>
<tr>
<td>Not in school, not working</td>
<td>14</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, American Community Survey.
References

4 Mark Mather, Kelvin Pollard, and Linda A. Jacobsen, “First Results From the 2010 Census,” PRB Reports on America (July 2011).
6 Median home values for 2009 are inflation-adjusted to 2010 dollars.
7 The seasonally adjusted unemployment rate for those ages 25 to 34 was 9.8 percent.
10 PRB analysis of data from the 2000 U.S. Decennial Census and the 2010 American Community Survey.
17 In the CPS, unmarried college students living in dormitories are counted as living in their parents homes.
23 Data for New York are based on a three-year average of CPS data from 2009 to 2011.