

April 8, 2009

Young Adults: Trying to Weather a Recession

National Survey Results

To: Qvisory

From: Anna Greenberg and Jessica Keating

At the very moment when young people are supposed to be launching their careers, they are instead facing an uncertain economy that is hitting them where they work and live. Job losses, wage cuts, and disappearing healthcare are especially threatening to a generation that already relies so heavily on credit to survive. As young people struggle to pay their credit card statements and keep up with students loans, we see them compensating in heartrending ways: waiting to start families, putting off school, and incurring even more debt.

Young adults are coping with the economic downturn in a variety of ways. Most are cutting their expenses and finding ways to save money. But some young adults, especially those who already sense that they are in financial trouble, are taking measures that will likely have long-term effects on their lives.

The following report is based on a national survey of 606 young adults, ages 18 to 29, by Greenberg Quinlan Rosner Research for Qvisory. The survey was conducted February 25–March 11, 2009 using a multi-modal design that included cell phone, random-digit-dial landline, and online samples. Previous research cited in this report includes a web survey from July 2008 and a multi-modal survey conducted in April-May 2007, both commissioned by Qvisory. A full description of the methodology of each survey can be found in Appendix A.

Holding on to a Paycheck

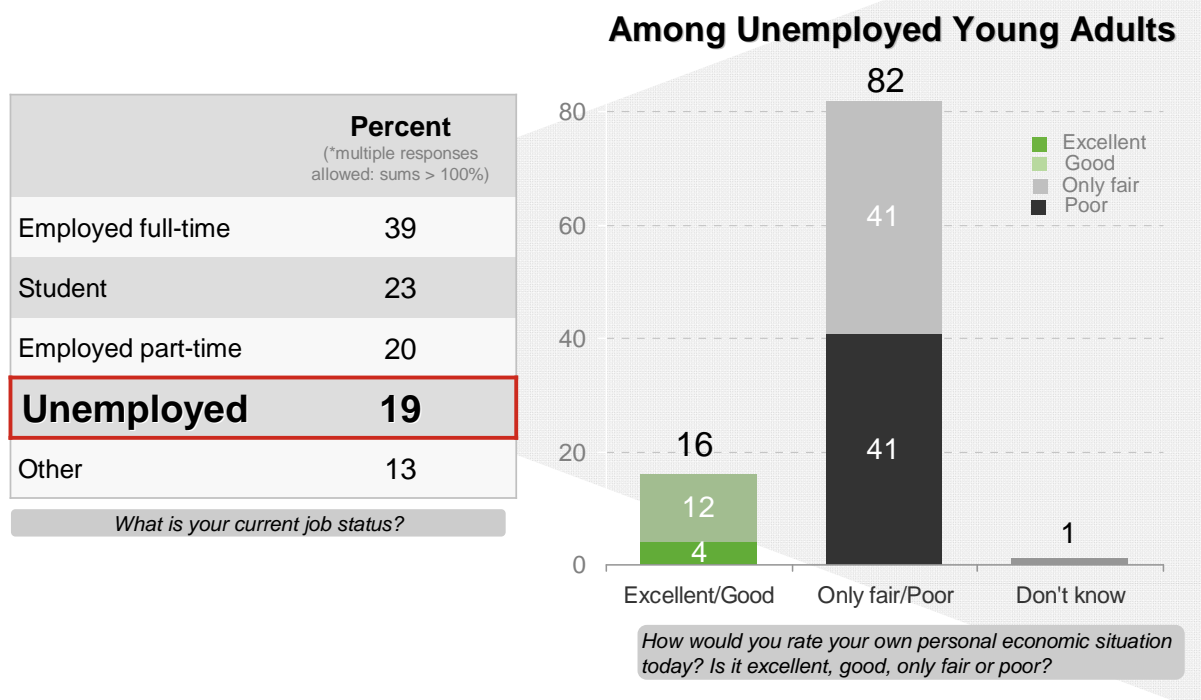
In this recession, young people are watching their jobs disappear, their wages shrink, and their benefits vanish. The impact on their ability to get by day-by-day is considerable. Many are falling behind on their bills and facing spiraling debt.

Young people are struggling to find or hold on to jobs. They face the highest unemployment rates of any age group. Nearly 1-in-5 young adults say they are currently unemployed or are

looking for work compared to only 7 percent¹ of adults ages 30 and over. While this self-reported unemployment rate among young adults is slightly higher than recent government estimates, it is clear that young people are facing some of the highest unemployment rates in the country.² With considerable debt and often limited savings, many young people are poorly positioned to withstand a job loss. Over 80 percent of young adults who are unemployed say they are in only fair or poor financial shape.

Figure 1: The Impact of Job Loss on Young Adults' Financial Situation

Unemployed Young Adults' Finances are in Poor Shape



Young adults are 2.5 times more likely than older adults to have been impacted by a job loss. Thirty percent of young adults ages 18-29 say they or a member of their family has been impacted by a job loss. Among adults ages 40 and over, only 12 percent report a job loss in the household.³

Even young adults who have managed to hold on to jobs are vulnerable. They are more likely to face cuts in wages or work hours than older adults, especially if they hold part-time jobs. More than 4-in-10 young adults have been affected by wage or work hour cuts. Many of these wage cuts are happening to employees in part-time jobs, disproportionately impacting young

¹ Democracy Corps: 1,000 2008 Voters; March 4-8, 2009

² The Bureau of Labor Statistics put the national unemployment rate in February 2009 at 22.7 percent for young adults ages 18-19, 13.8 percent for ages 20-24, and 10.6 percent for ages 25-29. For comparison, the unemployment rate among all adults over age 20 was 8.3 percent. These estimates do not reflect seasonal adjustments. (<http://www.bls.gov/cps/#data>)

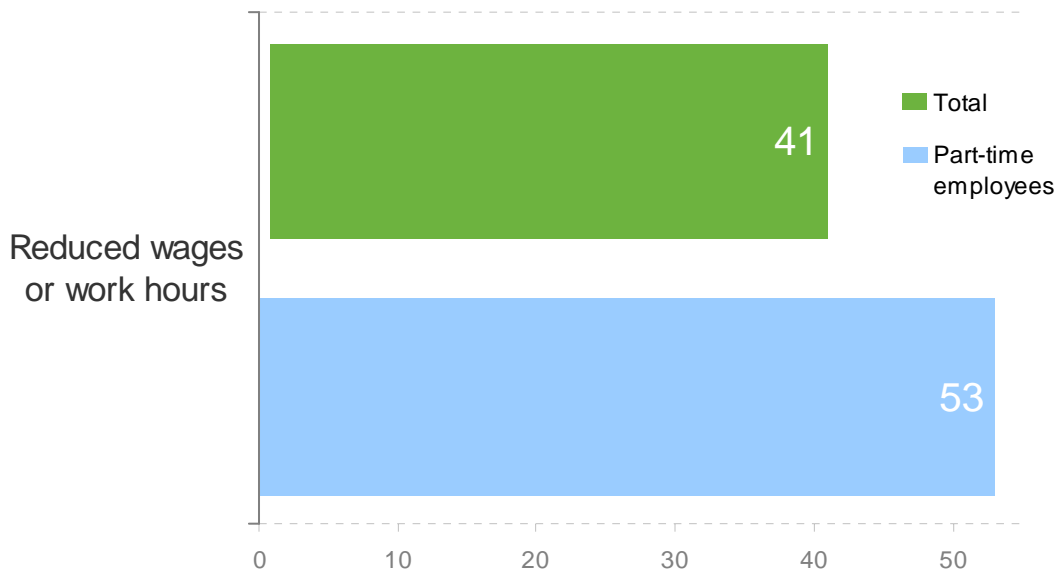
³ ABC News/Washington Post Survey: 1,001 adults; February 19-22, 2009

people. Twenty percent of young adults are in part-time jobs compared to only 9 percent⁴ of adults 30 and over.

■ **Figure 2:** Cuts in Wages and Work Hours (by total and part-time workers)

Part-time Workers are More Likely to Face Wage/Hour Cuts

I'm going to read you a list of ways in which the economic recession has impacted some people. Please tell me if any of the following have impacted you or your family in the past year or so.



Job loss and wage reductions affect some segments of this generation more than others. Young men ages 24-29, especially those without a college education, are among the most severely affected by job loss (39 percent and 46 percent, respectively). White women ages 18-23 and white women who have a high school degree or less education are the hardest hit by cuts in wages or work hours (51 percent and 58 percent, respectively).

With job losses and cutbacks often comes the loss of health insurance. Nearly a quarter of adults say they or a family member has recently lost their health insurance (23 percent). Forty-six percent of young adults who have been affected by job loss have seen their health coverage disappear.

In fact, health coverage among young adults has long been a problem. Young adults are the least insured age group: 29 percent lack health coverage, 11 points higher than the uninsured rate among all adults,⁵ and over half have lost their coverage at some point in the previous five years. Now, even more are losing their coverage. Nearly a quarter of adults say they or a family member has recently lost their health insurance, and forty-six percent of young adults who have been affected by job loss have seen their health coverage disappear.

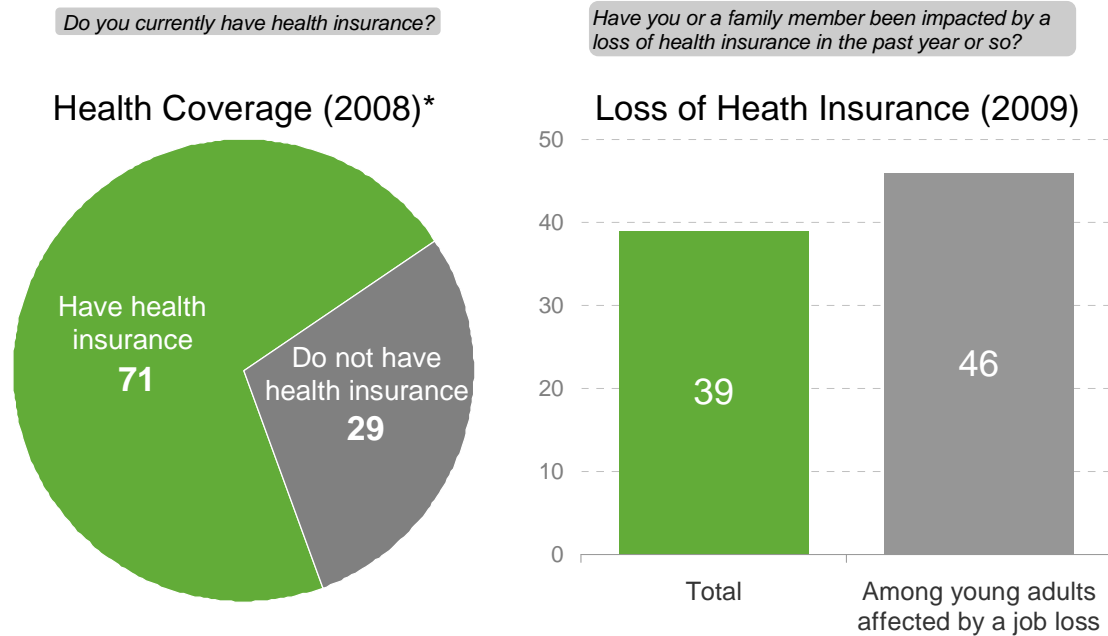
⁴ Democracy Corps: 1,000 2008 Voters; March 4-8, 2009

⁵ Kaiser Health Tracking Poll: 1,204 adults; February 3-12, 2009

Inconsistent or inadequate coverage can lead to additional debt: among young adults in 2008 who had gone without health coverage, 35 percent reported having medical debt, compared to 24 percent overall. Higher unemployment rates and wage cuts are unlikely to improve this statistic.⁶

Figure 3: Health Insurance Coverage and Impact of Job Loss

Loss of Health Coverage Common with Lost Jobs



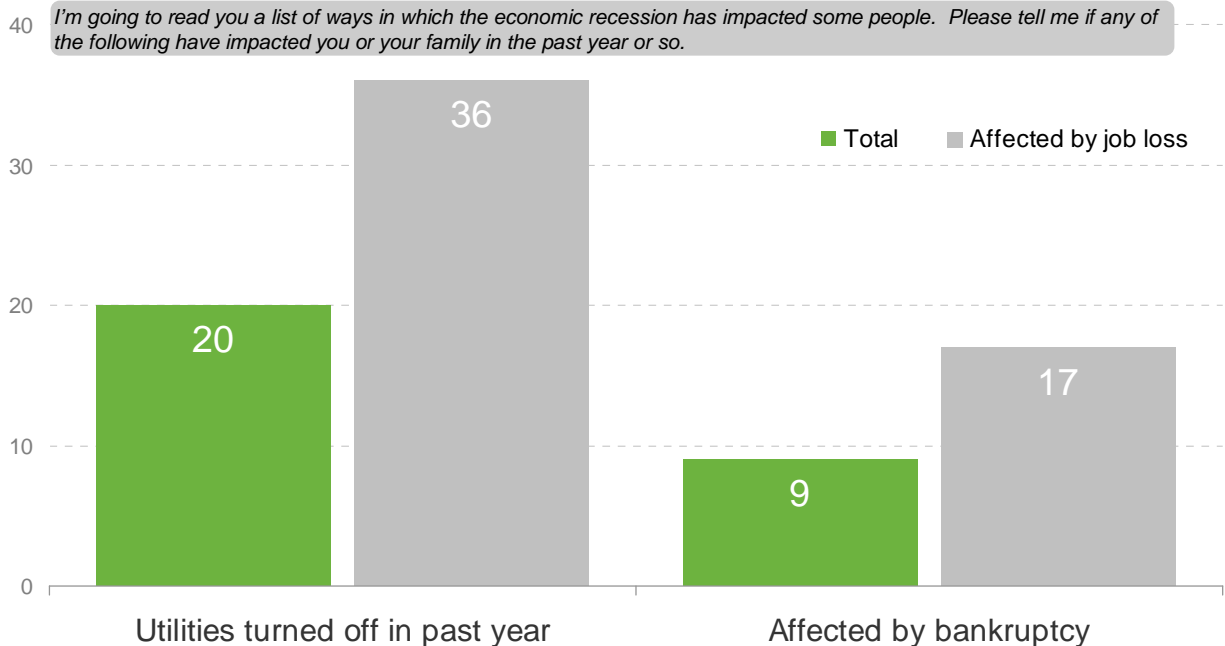
In the 2007 multi-modal study, 72 percent of 19-29 year olds reported that they had health insurance, while 27% did not. * Web survey of young adults, conducted June 5-10, 2008; Numbers have been filtered to include 19-29-year-olds.

Job loss and reduced wages interfere with young adults’ ability to get by day-to-day and pay even the most basic of bills. The consequences can be severe: twenty percent of young adults overall say they have had their utilities turned off for failure to pay in the last year. Among young adults who have been impacted by a job loss, that number is a shocking 36 percent.

⁶ Data from the 2008 web survey of young adults, filtered to ages 19-29. Please see Appendix A for additional details about the methodology.

■ **Figure 4:** Impact of Job Loss on Young Adults' Ability to Pay Bills

Serious Consequences of Job Loss and Unemployment



Paying with Plastic

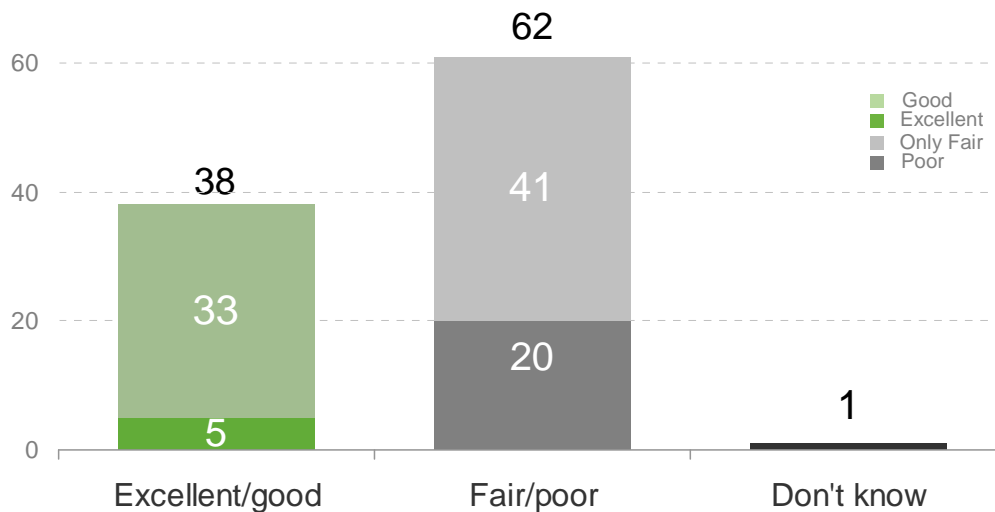
Facing disappearing jobs and smaller paychecks, young people are relying on credit and facing increasing amounts of debt from student loans, first-home mortgages, car loans and credit cards. And, many of them are facing the consequences: meeting only minimum payments, incurring late fees, and coping with credit revocation.

Very few young adults believe their own finances are in good shape. Sixty-two percent of young adults describe their personal economic condition as only fair or poor. Women without a college education (71 percent only fair/poor) and adults ages 18-23 who do not have a college education (69 percent only fair/poor) are among the most likely to report poor finances.

Figure 5: Young Adults' Perception of their Financial Situation

Few Young Adults Believe their Finances are in Good Shape

How would you rate your own economic situation today? Is it excellent, good, only fair or poor?



Young adults carry increasingly large amounts of debt. The majority of young people have the same amount of debt or more debt than last year. Many of them hold a considerable amount too: in 2008, 37 percent of young people reported having more than \$5,000 in debt, excluding amounts from mortgages and student loans.⁷

In 2008, sixty-two percent of young adults reported having a credit card, and almost half of young adults said that they had credit card debt. Twenty-six percent of young adults who owed money on their credit cards were over \$10,000 in debt overall, compared to only 9 percent of young adults who did not have credit card debt.⁸

⁷ Data from the 2008 web survey of young adults, filtered to ages 19-29.

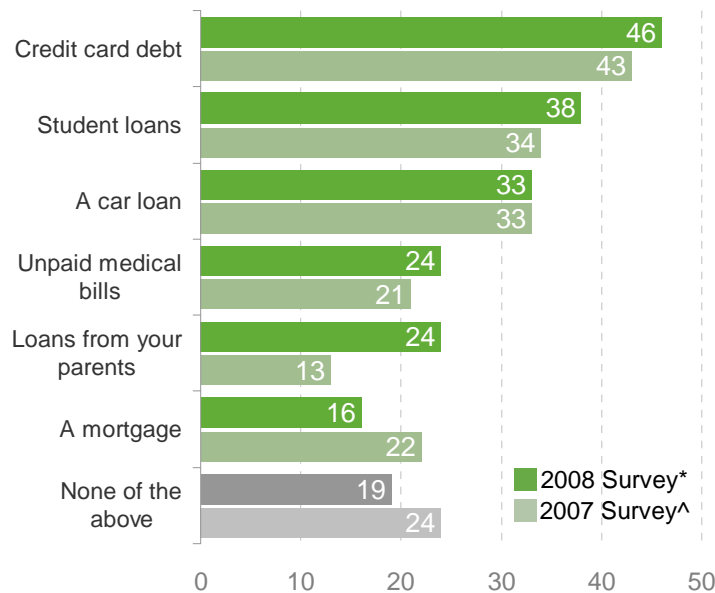
⁸ Data from the 2008 web survey of young adults, filtered to ages 19-29

■ **Figure 6:** Types of Debt Held By Young Adults

Credit Card Debt Leading Form of Debt

Please tell me whether you, personally, have the following: credit card debt, a car loan, student loans, unpaid medical bills, a mortgage, and/or loans from your parents.

Types Of Debt Held By Young Adults



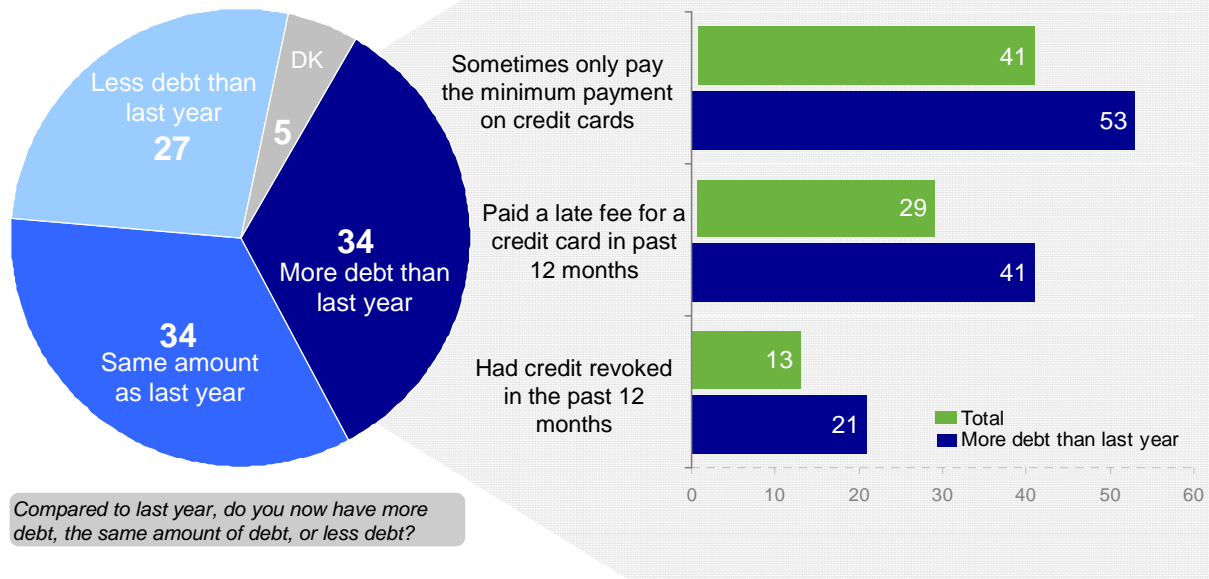
* Web survey of young adults (2008); Filtered to include only 19-29-year-olds.

^ Multi-modal survey of young adults (2007); Filtered to include only 19-29-year-olds.

More debt means poorer finances to young people. Over three-quarters of young people who now hold more debt than last year indicate that their personal economic situation is not good. They have reason to be worried: almost one quarter of young adults with more debt than last year have had credit revoked in the past year. They are also more likely to be paying late fees or making only minimum payments on credit cards.

■ **Figure 7:** Accumulation of Debt

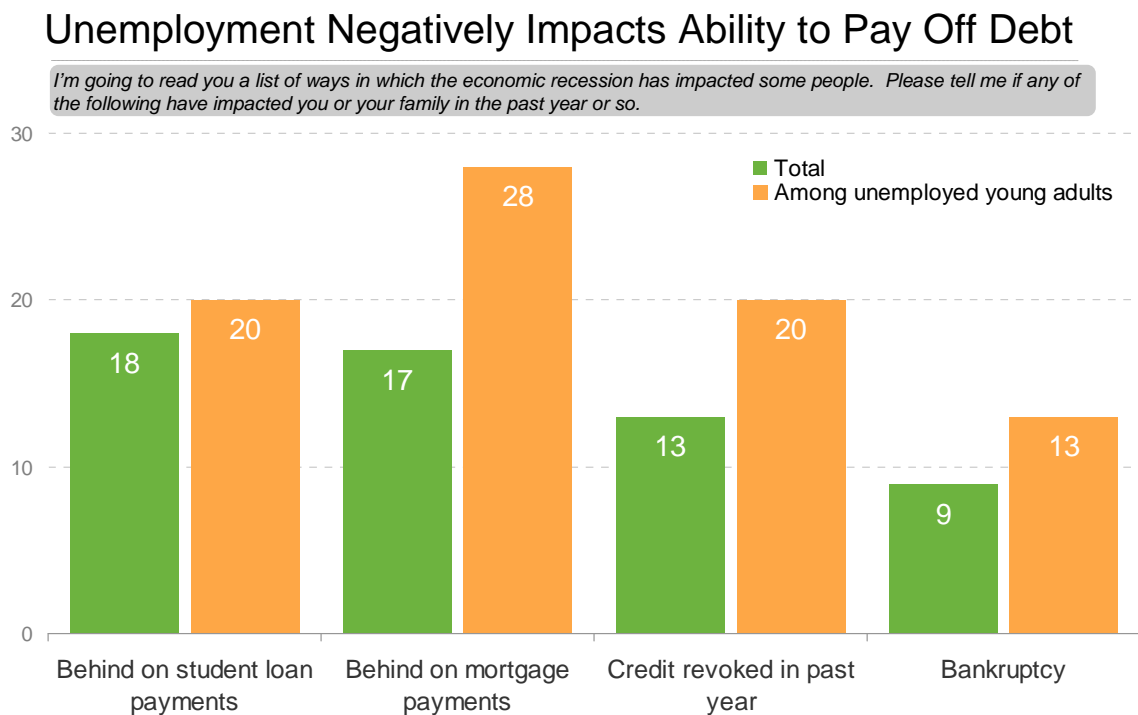
More Debt Goes Hand-in-Hand with Other Credit Problems



Large numbers of young adults are unable to keep up with their credit card debt. Forty-one percent of young adults sometimes only pay the minimum amount on their credit card statements. Almost one third overall have paid a late fee in the past year.

It is not just about credit card debt either. A small but significant minority say they have fallen behind on mortgage payments (17 percent) and student loans (18 percent). For young adults who are unemployed, paying off debt is even harder. Twenty-eight percent of unemployed young adults have been impacted by late mortgage payments and 20 percent by late student loan payments. Bankruptcy is also a serious concern for some; thirteen percent of unemployed adults have faced the repercussions of bankruptcy (9 percent overall).

■ **Figure 8:** Impact of Unemployment on Paying Off Debt



How Young People are Coping

Young adults are actively changing their behaviors in response to a crashing economy and uncertain finances. Many of these changes are day-to-day attempts to save money. But some of these changes could have a lasting impact on their future.

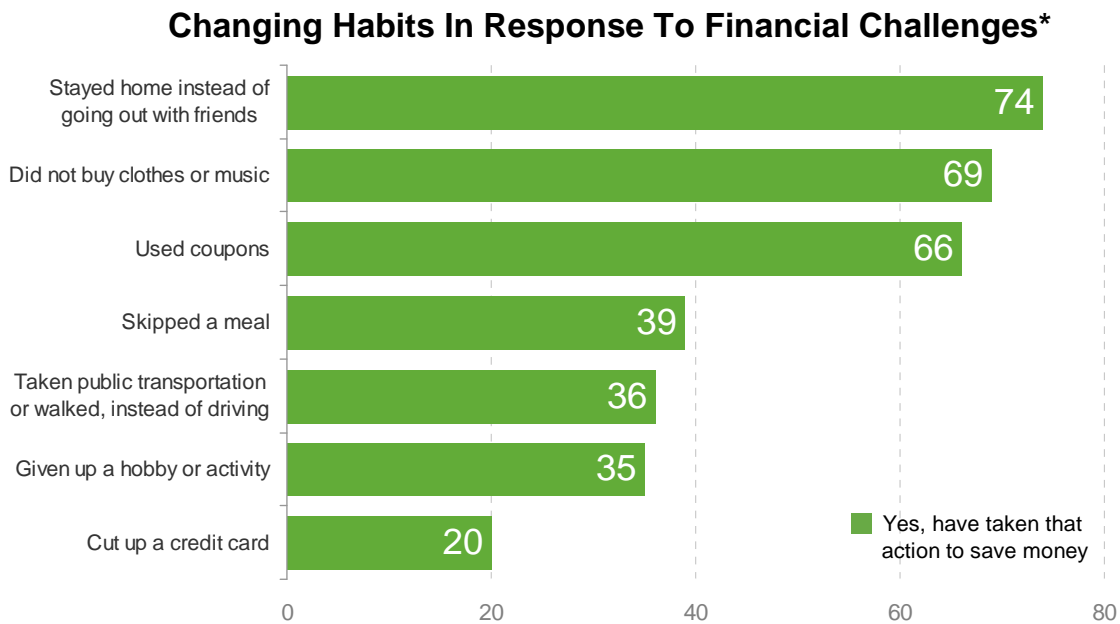
Primarily, young people are cutting back on expenses (71 percent). This result is not new – young adults have been living on the financial edge for some time, as well as finding ways to cope with that scarcity. In 2008, over one third said that they had given up a hobby and avoided driving (35 percent and 36 percent, respectively). More shocking, nearly 4-in-10 had skipped a meal specifically to save money.⁹

⁹ Data from the 2008 web survey of young adults, filtered to ages 19-29

■ **Figure 9:** Efforts by Young Adults to Save Money

Young Adults are Cutting Back to Save Money

In the last 12 months, have you taken any of the following actions specifically because you wanted to save money?



* **Web survey of young adults**, conducted June 5-10, 2008; Numbers have been filtered to include 19-29-year-olds.

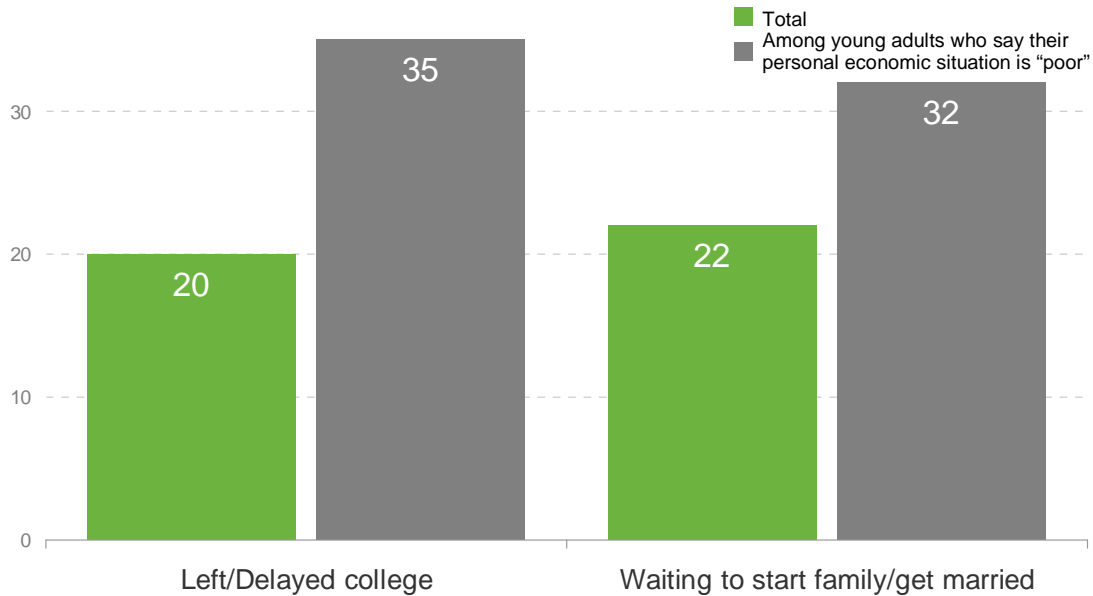
They are also making changes that may have long-term affects. Twenty percent of young adults say they or a family member are delaying or leaving college or have transferred to a less expensive school. Young adults who say their personal financial situation is poor are especially likely to have taken this step (35 percent), as are young adults who have more debt than last year (28 percent).

The human side of these challenges is especially evident in the number of young people who say they are waiting to get married or start a family (22 percent). This reaction is particularly common among young adults who are facing serious financial challenges, like bankruptcy or credit revocation. African Americans and women ages 18-23 also are among the most likely to be putting off starting a family for financial reasons.

Figure 10: Economic Recession Delaying School and Family

Young Adults with Poor Finances Delay School and Family

I'm going to read you a list of ways in which the economic recession has impacted some people. Please tell me if any of the following have impacted you or your family in the past year or so.



Conclusion

Young people already face many challenges inherent to their stage in life: getting educated, building a career, and starting a family. Add the stress of an uncertain economy, and the measurable impact on young people's lives is substantial. Their stage in life, their reliance on credit and build-up of debt, and the economic collapse has created a "perfect storm" that threatens their ability to establish a secure future for themselves. Arming this generation with the tools and information to weather the storm will be important in ensuring their future success.

Appendix A: Methodology

This memo is based on research conducted from 2007 to 2009 by Greenberg Quinlan Rosner Research, Inc., for Qvisory.

Research for Qvisory in 2009 was conducted February 25-March 11, 2009, and reached 606 adults who were 18-29 years old. It employed a multi-modal design to achieve a representative national sample of young adults.

- The opt-in web panel included 306 respondents ages 18-29. Internet surveys use, by necessity, non-probability based sampling methods and these results need to be considered with that limitation in mind.
- The cell phone survey reached 180 respondents ages 18-29. Numbers were selected randomly from a nationwide list of cell phone numbers.
- The other 120 respondents ages 18-29 were conducted by telephone. Telephone numbers were generated by a random digit dial process, thereby allowing access to all listed and unlisted phones.

The data were weighted by gender, age, race, education, region and phone usage to ensure an accurate reflection of the population. The sample size with these weights applied is 606, and the total margin of error is ± 3.98 percentage points.

Research for Qvisory in 2008 by Greenberg Quinlan Rosner included parallel surveys using opt-in web panels that are built to approximate national representation. Opt-in web panels, like the ones used for this survey typically over-represent better educated and higher income demographic groups in the survey sample. Consequently, the results of these surveys may under-represent the financial difficulties faced by lower income and less educated Americans.

- The first web survey fielded June 5-10, 2008, and reached 600 young adults ages 19-35. The data were weighted by gender, age, race, education, and region. The sample size with these weights applied is 600. Data used for this memo were filtered to include only young adults ages 19-29 and have a sample size of 382 adults ages 19-29.
- The second web survey fielded June 5-9, 2008, and reach 300 parents of adult children ages 19-35. The data were weighted by gender, race, education, and region. The sample size with these weights applied is 300.

Research for Qvisory in 2007 included a multi-modal study of 1,015 young adults ages 19-35. Greenberg Quinlan Rosner Research, Inc. designed this survey which was administered across three modes: invitation-only web panel (n=661), opt-in web panel (n=300), and cell phone (n=50). The survey was conducted April 19-26, 2007.

The data were weighted by age, race, education, Internet access, metropolitan status, and region to ensure an accurate reflection of the population. The sample size with these weights applied is 1,015 and has a total margin of error of ± 3.08 percentage points. Data used for this memo were filtered to include only young adults ages 19-29 (N=687) and have a margin of error of ± 3.74 percentage points.

Appendix B: Author Biographies



Anna Greenberg

Senior Vice President

Anna Greenberg is a Senior Vice President of Greenberg Quinlan Rosner.

Anna Greenberg is a leading Democratic pollster and polling expert who has advised campaigns, advocacy organizations, and foundations in the U.S. Anna helped elect Congressman Rahm Emanuel (IL-5), Congresswoman Gabrielle Giffords (AZ-8), Senator Amy Klobuchar (MN), Attorney General Patrick Lynch (RI), and Lt. Governor Matt Denn (DE). She has worked closely with independent expenditure campaigns at the presidential level for a wide range of groups including the American Federation of Labor and Congress of Industrial Organizations, EMILY's List, Women's Voices. Women Vote, USAction, and MoveOn.Org. With EMILY's List and the Democratic Congressional Campaign Committee, she polled in the successful races of Congressman Zach Space (OH-18), Congressman Peter Welch (VT-AL), Congresswoman Debbie Halvorson (IL-11), and Congresswoman Niki Tsongas (MA-5). Anna has extensive experience polling for nonprofits and charitable foundations, and is one of America's leading experts in public opinion and religion, youth, and women's health.

Contributing Authors

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