NATIONAL ACADEMY OF SOCIAL INSURANCE

REGENERATING Social Insurance for MILLENNIALS & the MILLENNIUM

Introduction

Why do we need to “regenerate” social insurance? What new risks are younger generations facing? How might social insurance adapt to meet these risks?

In this chartbook, we strive to paint a picture of today’s economy, and the various ways in which the socioeconomic climate has shifted since the founding of our core social insurance programs. We begin by painting a demographic picture, followed by a more general look at the economy, and then a dive into new and long-standing, but changing risks. We do not recommend any policy options in the following charts. Instead, we hope to highlight opportunities for social insurance to address new and evolving risks, and thus ensure a more stable economic environment for current and future generations.

This chartbook is a working project that will continue to grow, functioning as a resource for any individuals striving to understand the many new risks faced by today’s workforce. Please submit suggestions and comments to Griffin Murphy at gmurphy1@nasi.org.

Who are Millennials?

As this chartbook draws on various sources with differing definitions of “Millennials,” it is useful to briefly touch on the question of “who are Millennials?”. The most generous definitions place Millennials as being born between 1980 and 2000. More common definitions are 17 year stretches falling somewhere in that 21 year period (typically on the earlier end).

Millennials came of age in an era marked by the terrorist attacks of September 11th, 2001; the acceleration of mobile technology from the cell phone to AI devices and the internet of things; the election of the nation’s first black president and a period of a divided and unproductive Congresses; the financial crisis of 2009 and the Great Recession; the evolution of civil rights from the Defense of Marriage Act to Obergefell v. Hodges; and the Black Lives Matter response to police shootings; among numerous other era-defining events. The extent to which each of these events impacted a given Millennial varies substantially, but these events form the political, social, and economic context for their coming of age.

Table of Contents

Economic Overview: Slides 5-10

Millennial Demographics: Slides 11-16

Emerging and Uninsured Risks: Slides 17-21

The Changing Nature of Work: Slides 22-27

Caregiving: Slides 28-33

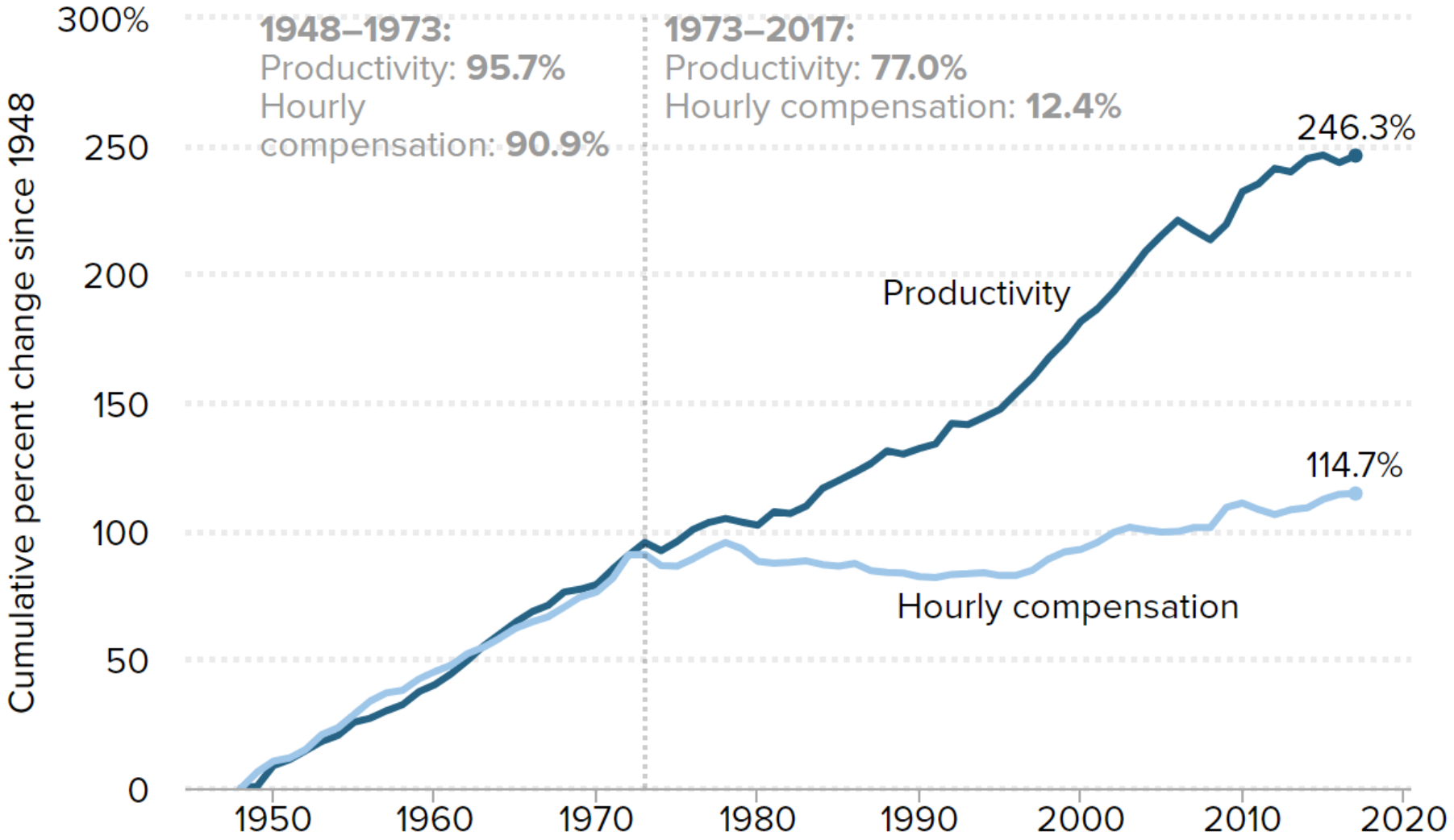
Healthcare: Slides 34-37

Social Security: Slides 38-42

Income Supplements: Slides 43-47

Economic Overview

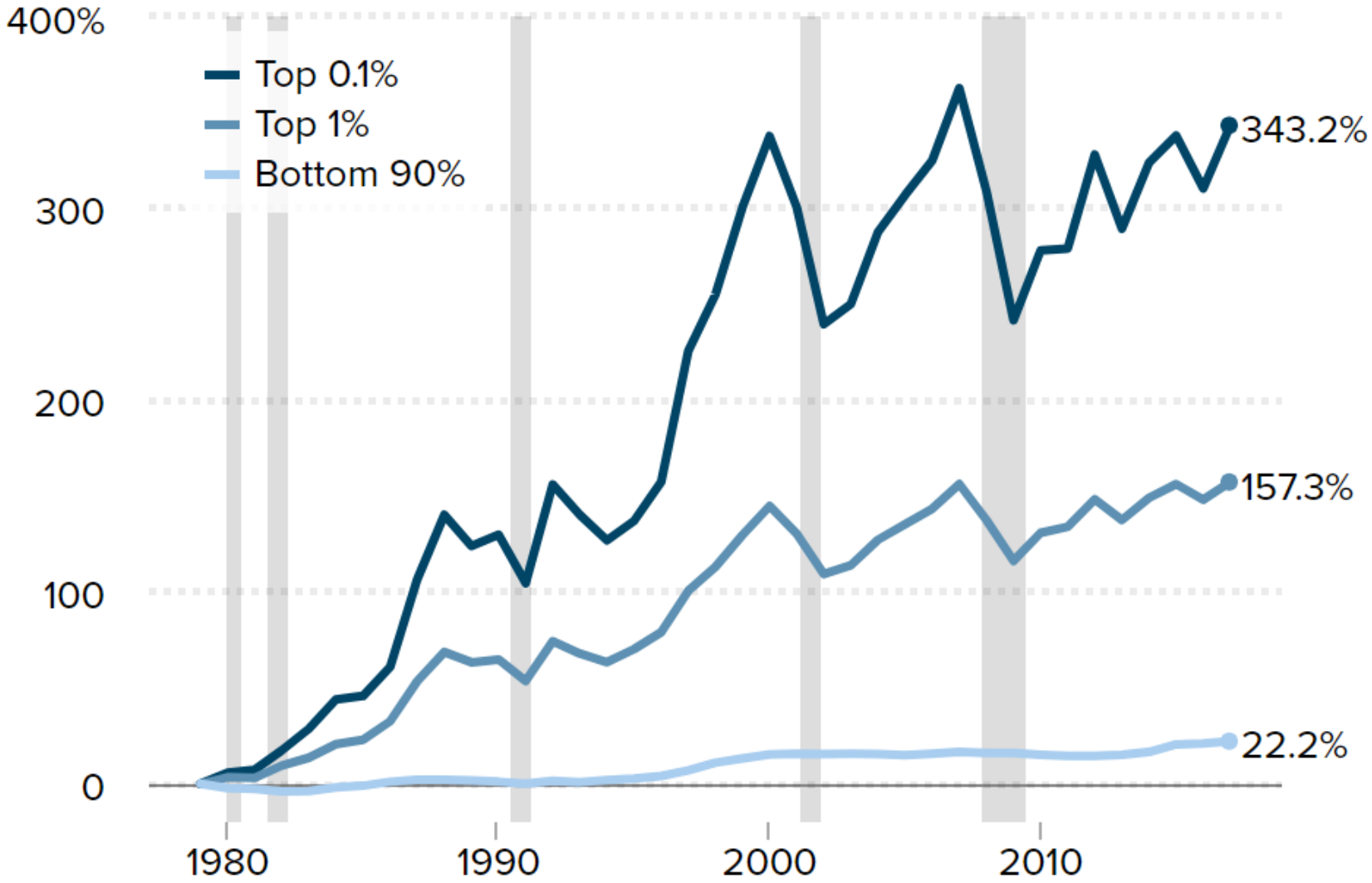
Productivity growth and hourly compensation growth, 1948-2017



Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services less depreciation per hour worked.

"The Productivity-Pay Gap". 2018. Economic Policy Institute. Updated from Figure A in *Raising America's Pay: Why it's Our Central Economic Policy Challenge*
https://www.epi.org/productivity-pay-gap/

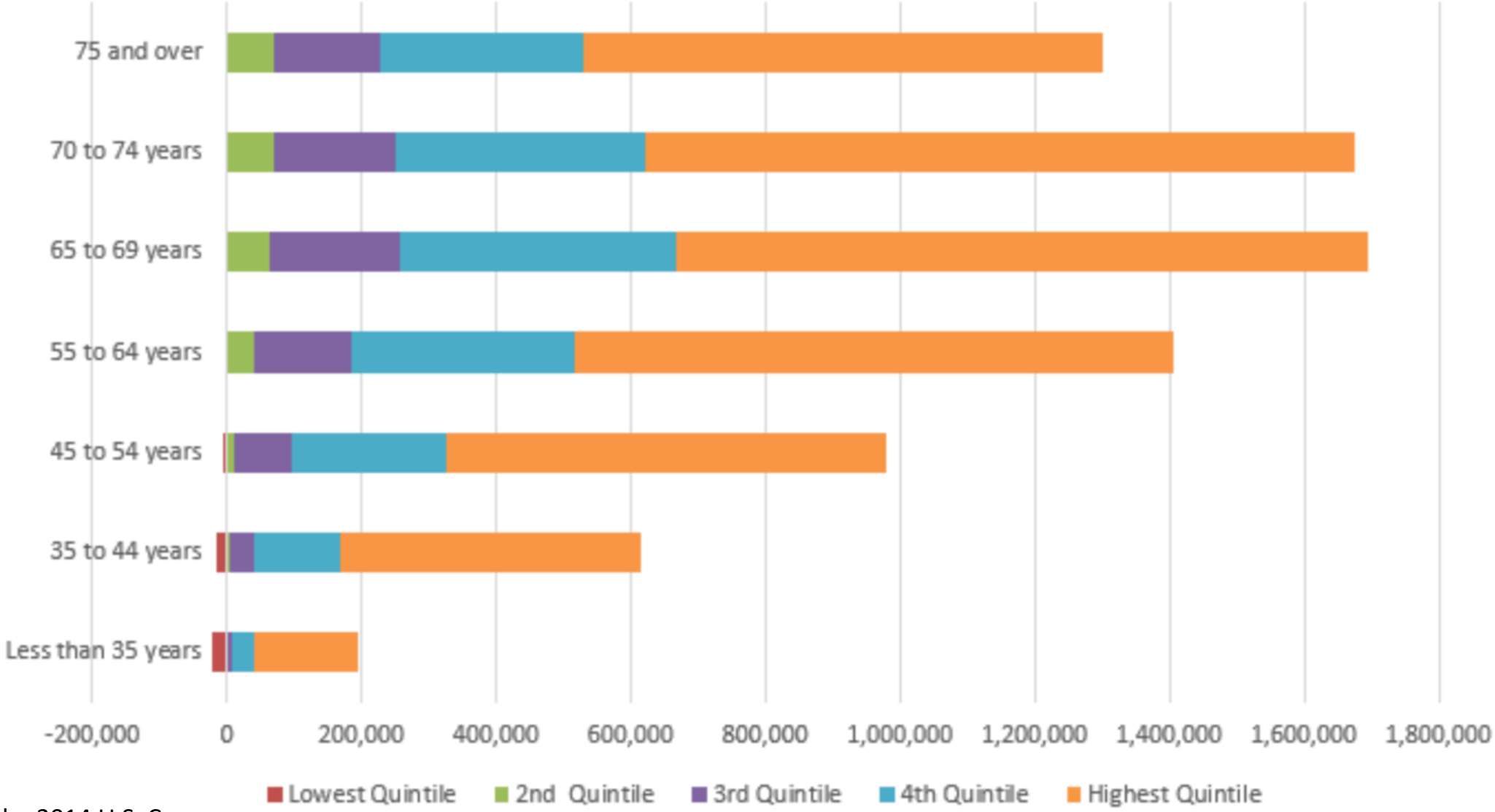
Cumulative percent change in real annual earnings, by earnings group, 1979–2017



Shaded areas denote recessions.

"Top charts of 2018: Twelve charts that show how policy could reduce inequality—but is making it worse instead". 2018. Economic Policy Institute. Adapted from Figure A in Lawrence Mishel and Julia Wolfe, "Top 1 Percent Reaches Highest Wages Ever—Up 157 Percent Since 1979," Working Economics (Economic Policy Institute blog), October 18, 2018. https://www.epi.org/publication/top-charts-of-2018-twelve-charts-that-show-how-policy-could-reduce-inequality-but-is-making-it-worse-instead/

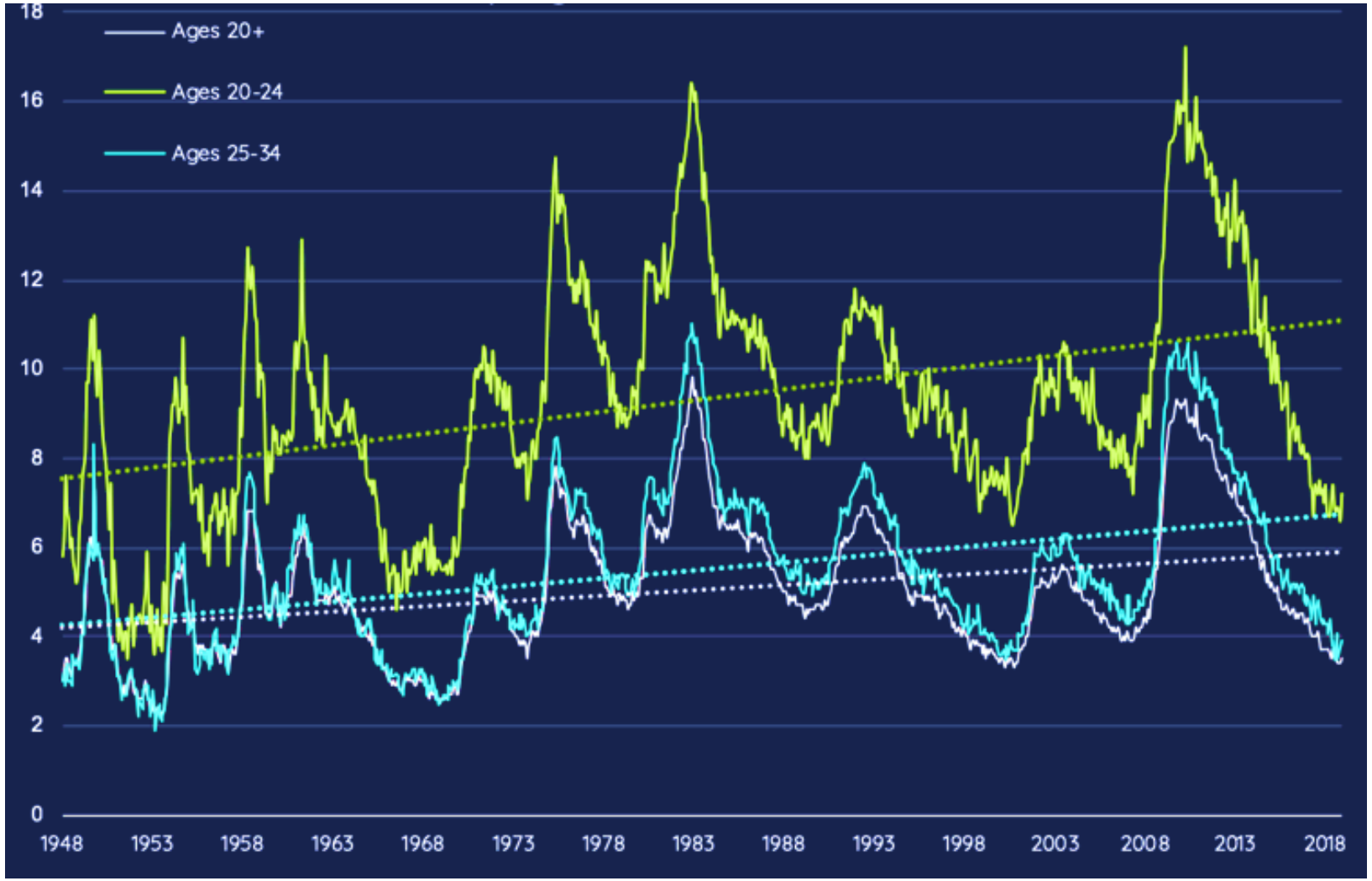
Median net worth quintiles by age of householder



Data from the 2014 U.S. Census.

Wang, Jim. “Average Net Worth by Age—A look at Americans’ Wealth & How You Stack Up.” 2018. WALLETHACKS.
https://wallethacks.com/average-net-worth-by-age-americans/

Unemployment rates by age group, 1948-2018



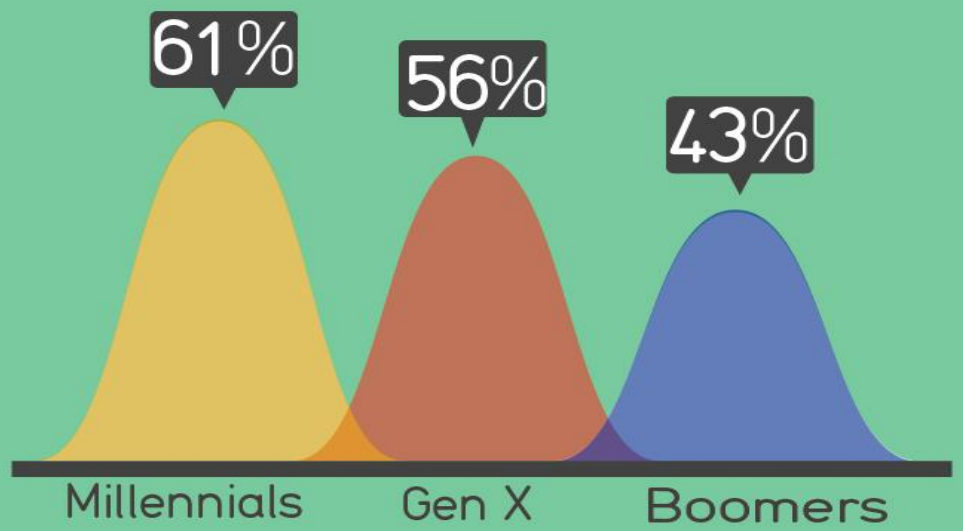
While the over-time trend in overall unemployment rates has drifted upwards, the cyclical time trend for younger workers is steeper. This is particularly true for younger workers – ages 20-24.

Jacobs, Elisabeth. "Millennials + Labor Market Risk". 2019. Presentation at "Regenerating Social Insurance for Millennials and the Millennium" conference by the National Academy of Social Insurance. Slide 6. Washington Center for Equitable Growth.

Primary Source: Bureau of Labor Statistics Current Population Survey, via FRED.

LINK TO ELISABETH JACOBS'S SLIDES.

Could cover expenses for 3 month or less if they lost their income



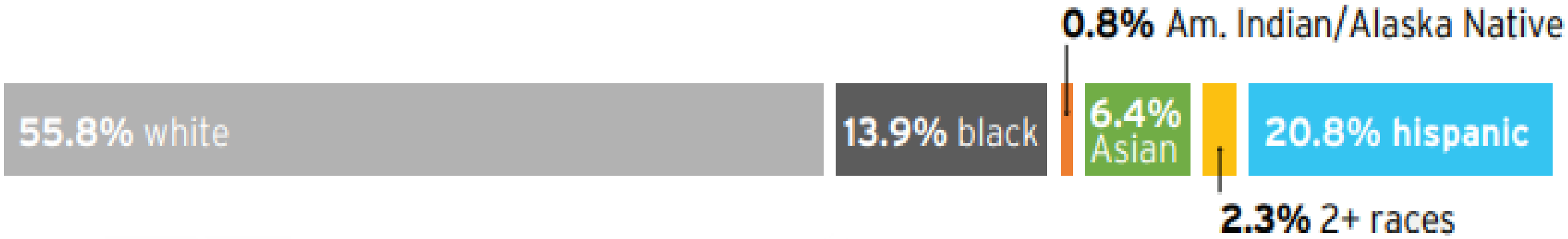
AARP RESEARCH | AARP.ORG/RESEARCH | © 2018 AARP. ALL RIGHTS RESERVED
DOI: https://doi.org/10.26419/res.00249.002
#ThreeGenSurvey

AARP® Real Possibilities

ASSOCIATION of YOUNG AMERICANS

Millennial Demographics

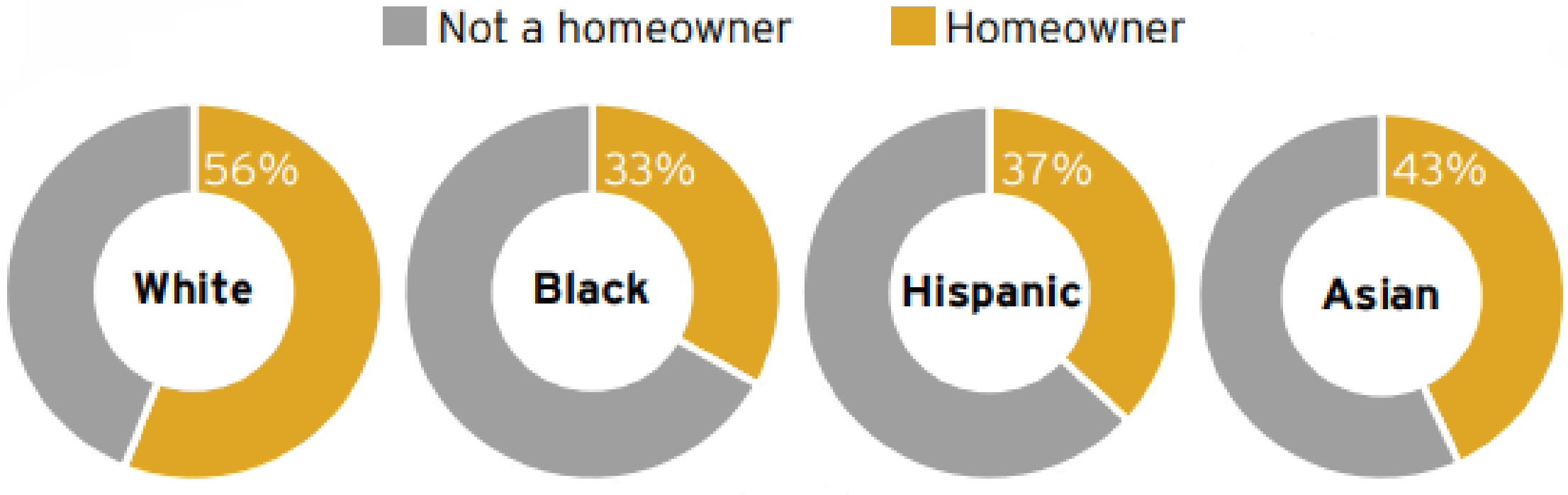
U.S. Millennials by race, 2015



Frey defines Millennials as being born from 1981-1997 (22-38 years old in 2019).

Frey, William H. “The Millennial Generation: A demographic bridge to America’s Diverse Future—Millennials Infographic.” 2018. Metropolitan Policy Program at Brookings. https://www.brookings.edu/wp-content/uploads/2018/01/2018-01_metro_millennials-infographic.pdf

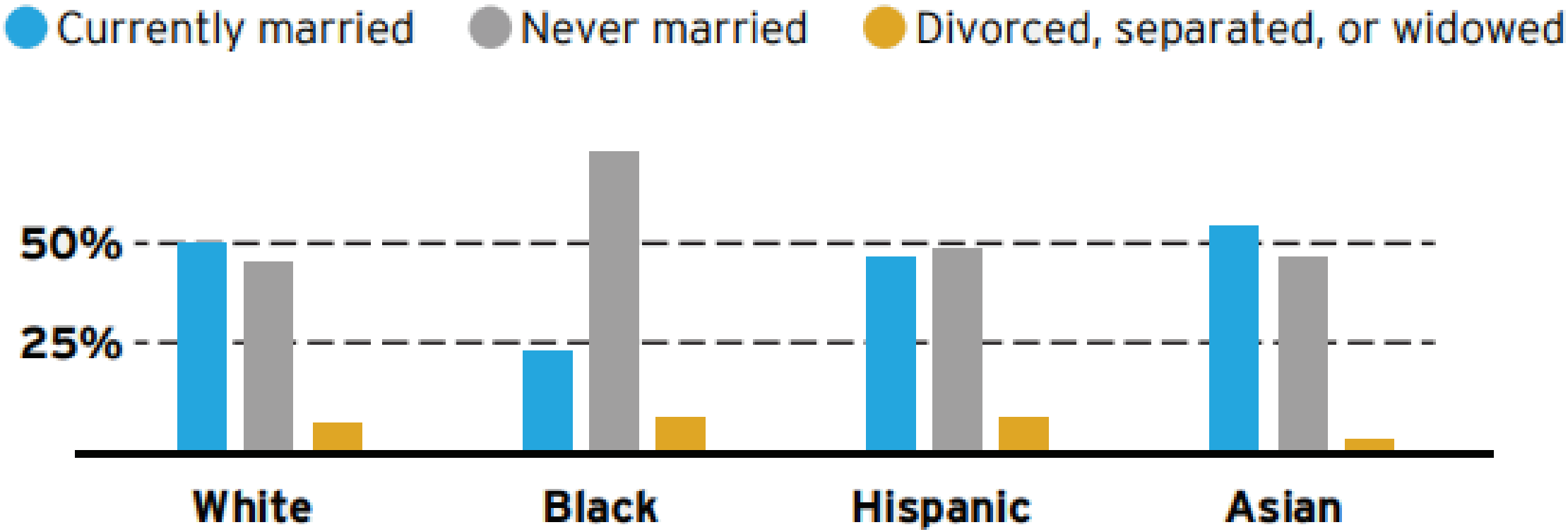
Millennial homeownership status by race, 2015



Frey defines Millennials as being born from 1981-1997 (22-38 years old in 2019).

Frey, William H. “The Millennial Generation: A demographic bridge to America’s Diverse Future—Millennials Infographic.” 2018. Metropolitan Policy Program at Brookings. https://www.brookings.edu/wp-content/uploads/2018/01/2018-01_metro_millennials-infographic.pdf

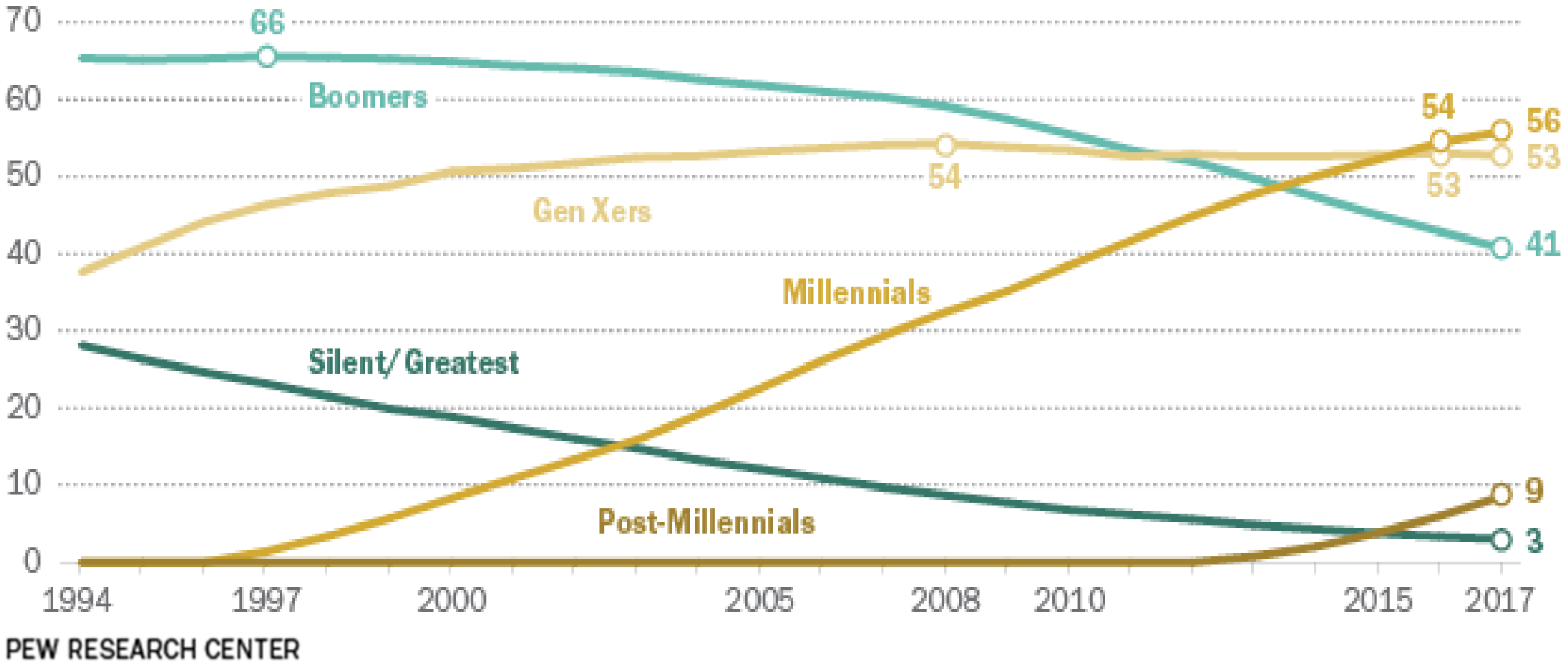
Millennial marriage status by race, 2015



Frey defines Millennials as being born from 1981-1997 (22-38 years old in 2019).

Frey, William H. “The Millennial Generation: A demographic bridge to America’s Diverse Future—Millennials Infographic.” 2018. Metropolitan Policy Program at Brookings. https://www.brookings.edu/wp-content/uploads/2018/01/2018-01_metro_millennials-infographic.pdf

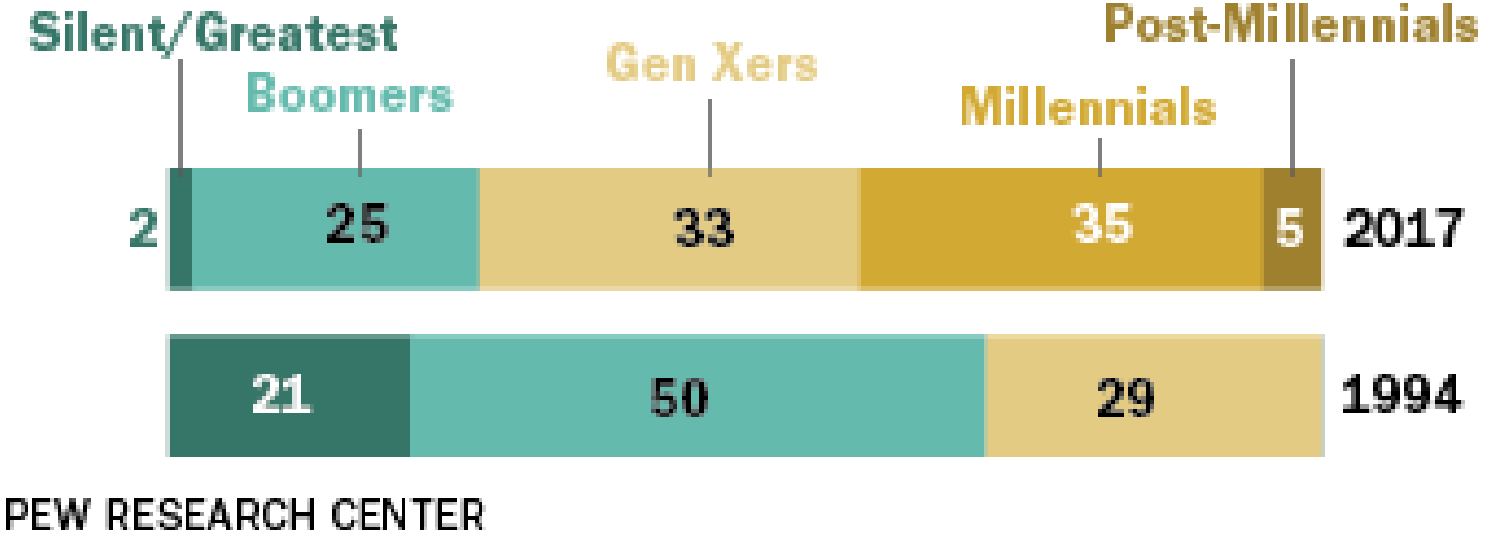
U.S. labor force by generation, 1994-2017 (millions)



Pew defines Millennials as being born from 1981-1996 (22-37 in 2019). Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.

Fry, Richard. "Millennials are the largest generation in the U.S. labor force". 2018. Pew Research Center.
Primary Source: Pew Research Center analysis of monthly 1994-2017 Current Population Survey (IPUMS).
http://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/ft_18-04-02_genworkforcerevised_lines1/

Percent of U.S. labor force by generation, 1994 & 2017

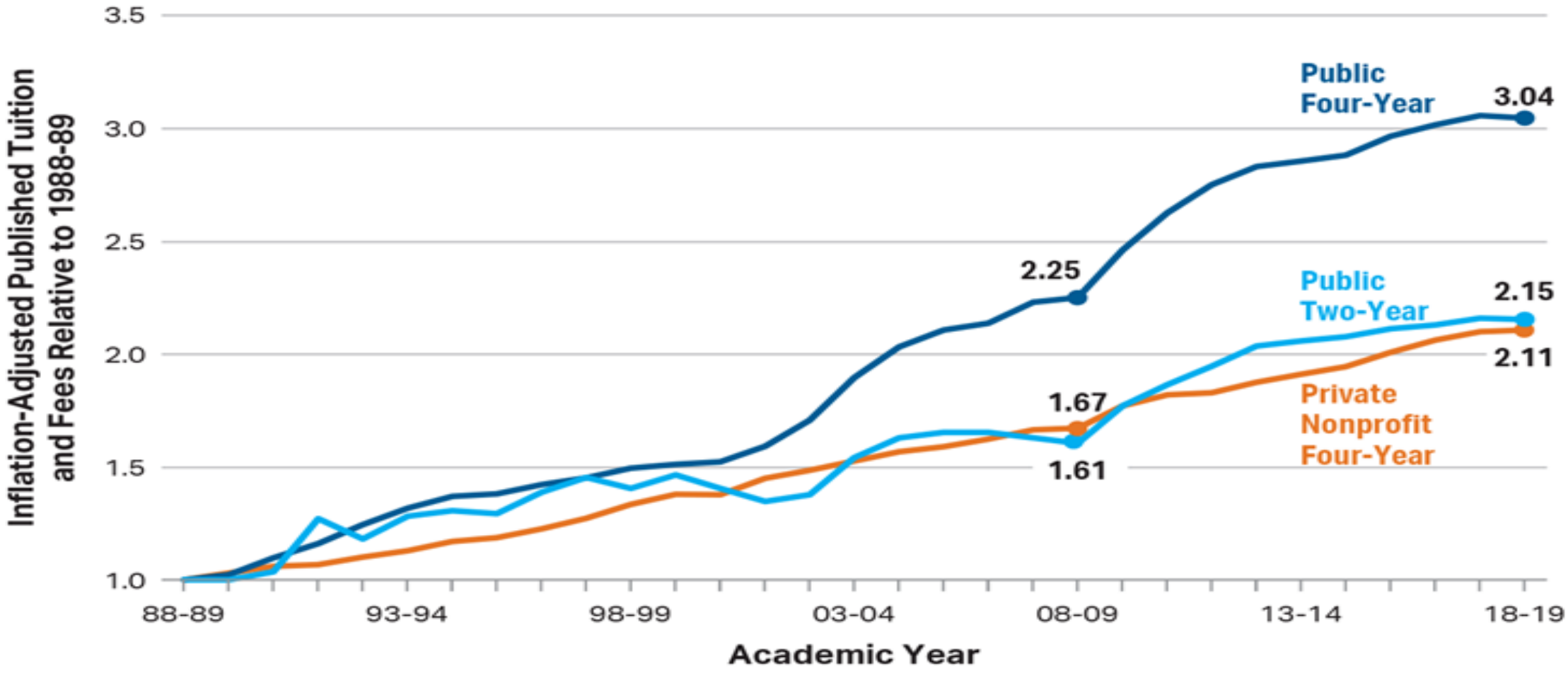


Pew defines Millennials as being born from 1981-1996 (22-37 in 2019). Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.

Fry, Richard. “Millennials are the largest generation in the U.S. labor force”. 2018. Pew Research Center.
http://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/ft_18-04-02_genworkforcerevised_bars1/

Emerging and Uninsured Risks

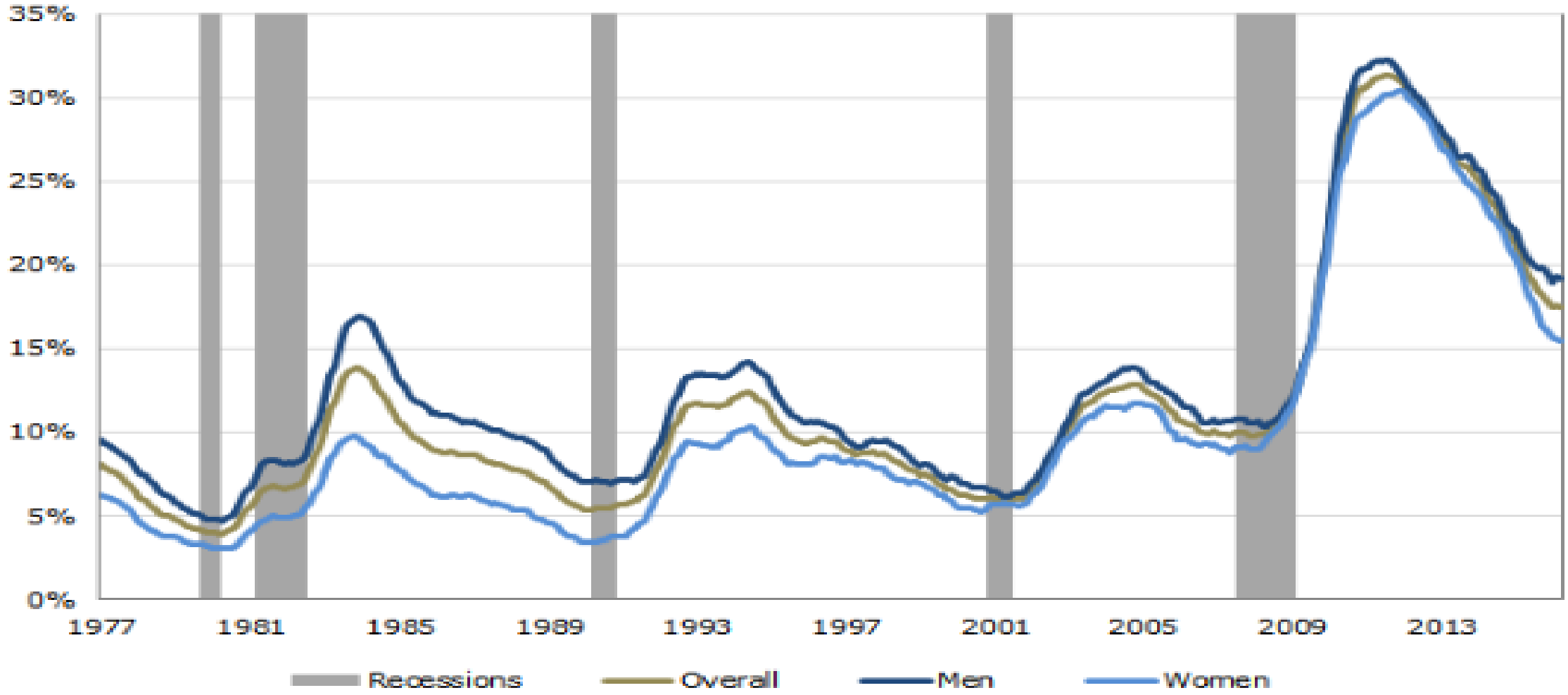
Inflation-adjusted published tuition and fees relative to 1988-89, 1988-89 to 2018-19 (1988-89=1.0)



Average tuition and fee prices reflect in-district charges for public two-year institutions and in-state charges for public four-year institutions.

"Trends in College Pricing 2018". 2018. The College Board. Figure 4B.
Primary Sources: College Board, Annual Survey of Colleges; NCES, IPEDS Fall Enrollment Data.
https://trends.collegeboard.org/sites/default/files/2018-trends-in-college-pricing.pdf

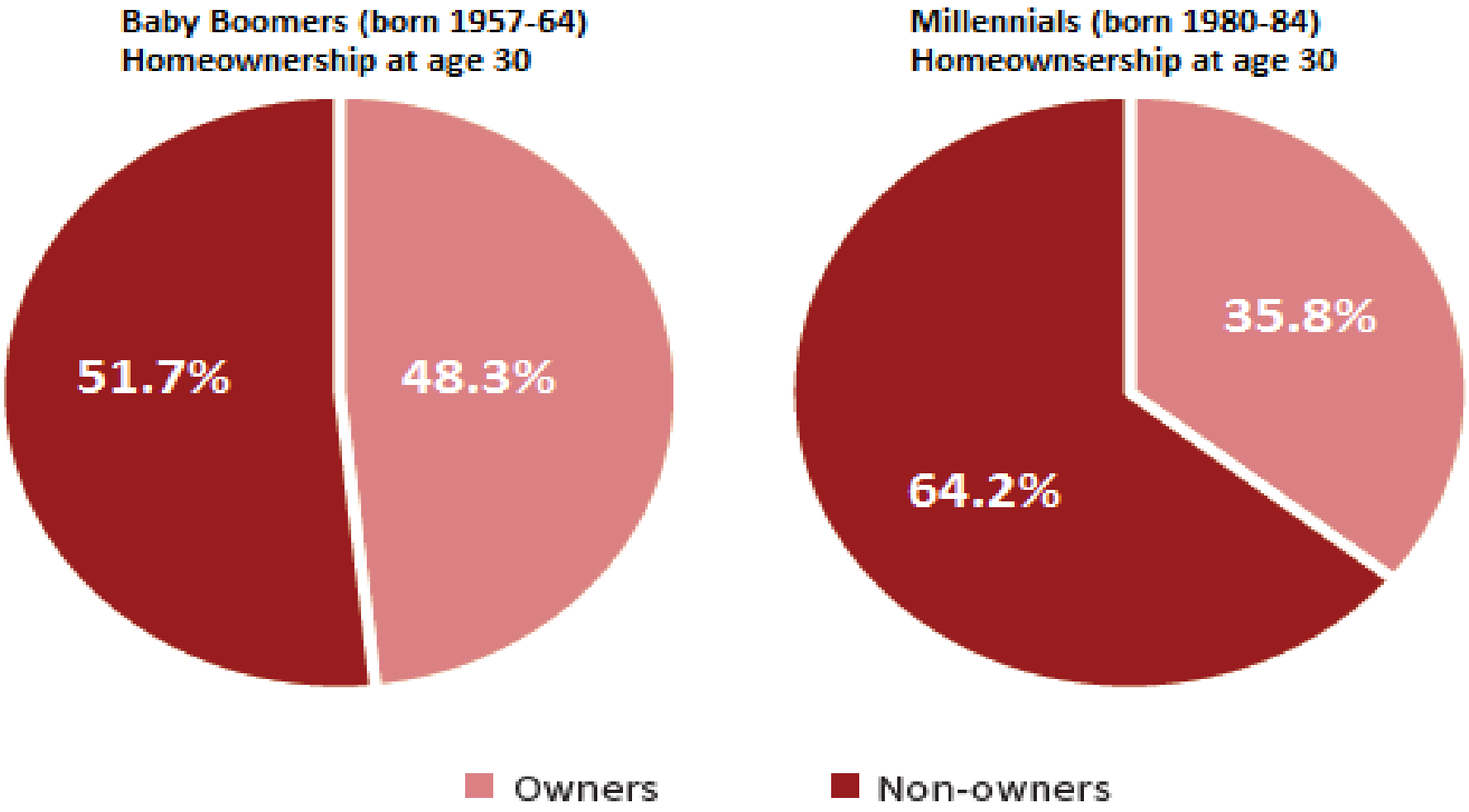
Extreme long-term unemployment, 1977 to 2016



Data from Bureau of Labor Statistics. Percent displayed is the percent of total unemployed who are unemployed for at least one year. The percent displayed is a 12-month moving average of the not-seasonally adjusted data.

Buffie, Nick. “The Plight of the Long-Term Unemployed”. 2016. Center for Economic and Policy Research.
http://cepr.net/blogs/cepr-blog/the-plight-of-the-long-term-unemployed

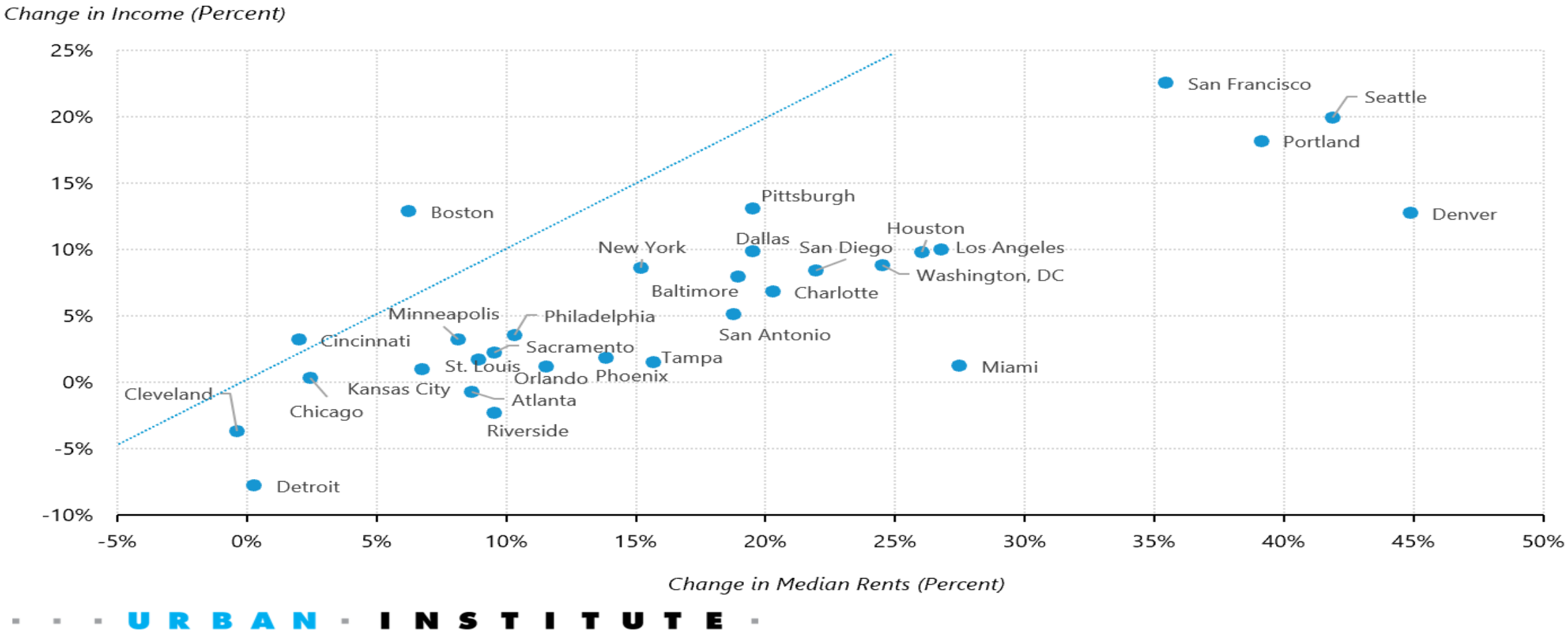
Homeownership at age 30 for subsets of boomers and millennials



NLSY data.

Streeter, Jialu, Sims, Tamara, and Martha Deevy. “Sightlines Special Report: Seeing Our Way to Financial Security in the Age of Increased Longevity”. 2018. Figure 1.1.: Homeownership rate at age 30. Stanford Center on Longevity.
http://longevity.stanford.edu/wp-content/uploads/2018/10/Sightlines-Financial-Security-Special-Report-2018.pdf

Percent change in rent versus percent change in income, by metropolitan statistical area (2005-2017)



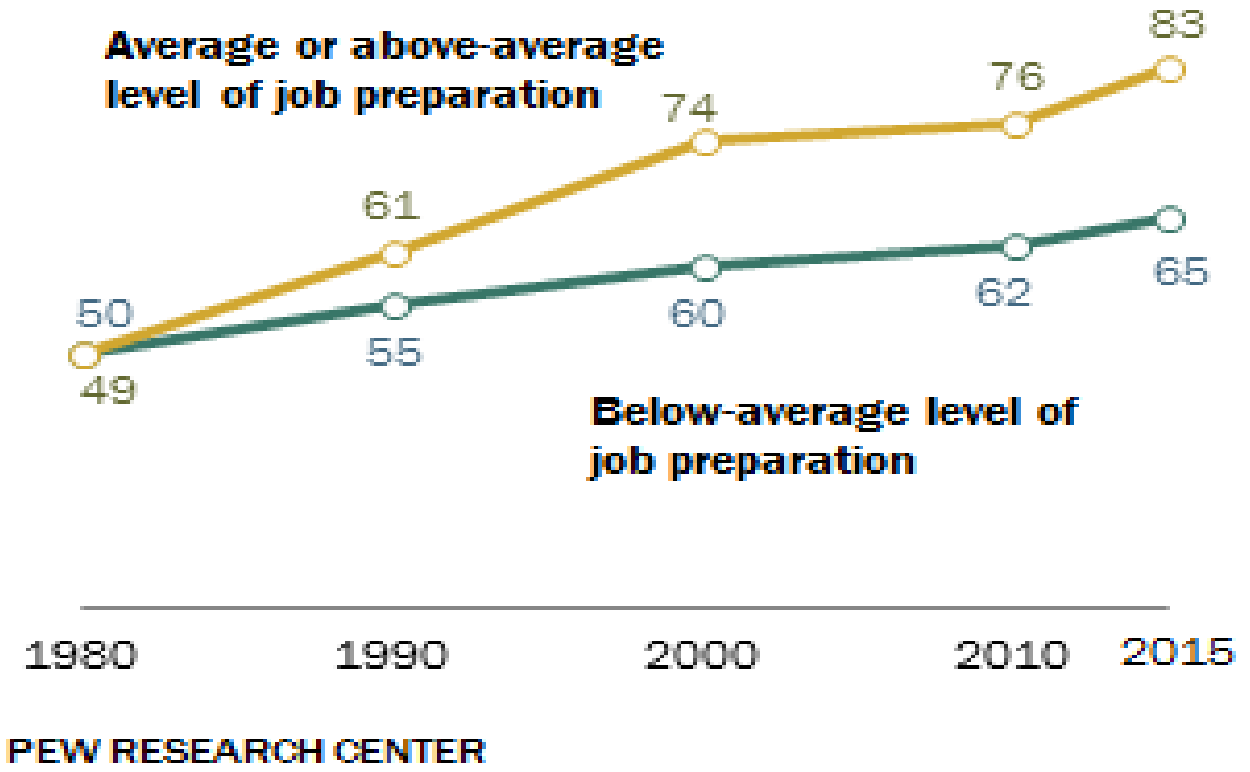
Dotted blue line represents a 1:1 change in income and rent. In cities above the line median income has grown faster than median rent, below vice-versa.

Goodman, Laurie. "Emerging and Uninsured Risks Facing the Younger Generations: Housing". 2019. Presentation at "Regenerating Social Insurance for Millennials and the Millennium" conference by the National Academy of Social Insurance. Urban Institute.

LINK TO LAURIE GOODMAN SLIDES

The Changing Nature of Work

Job preparation by number employed, millions



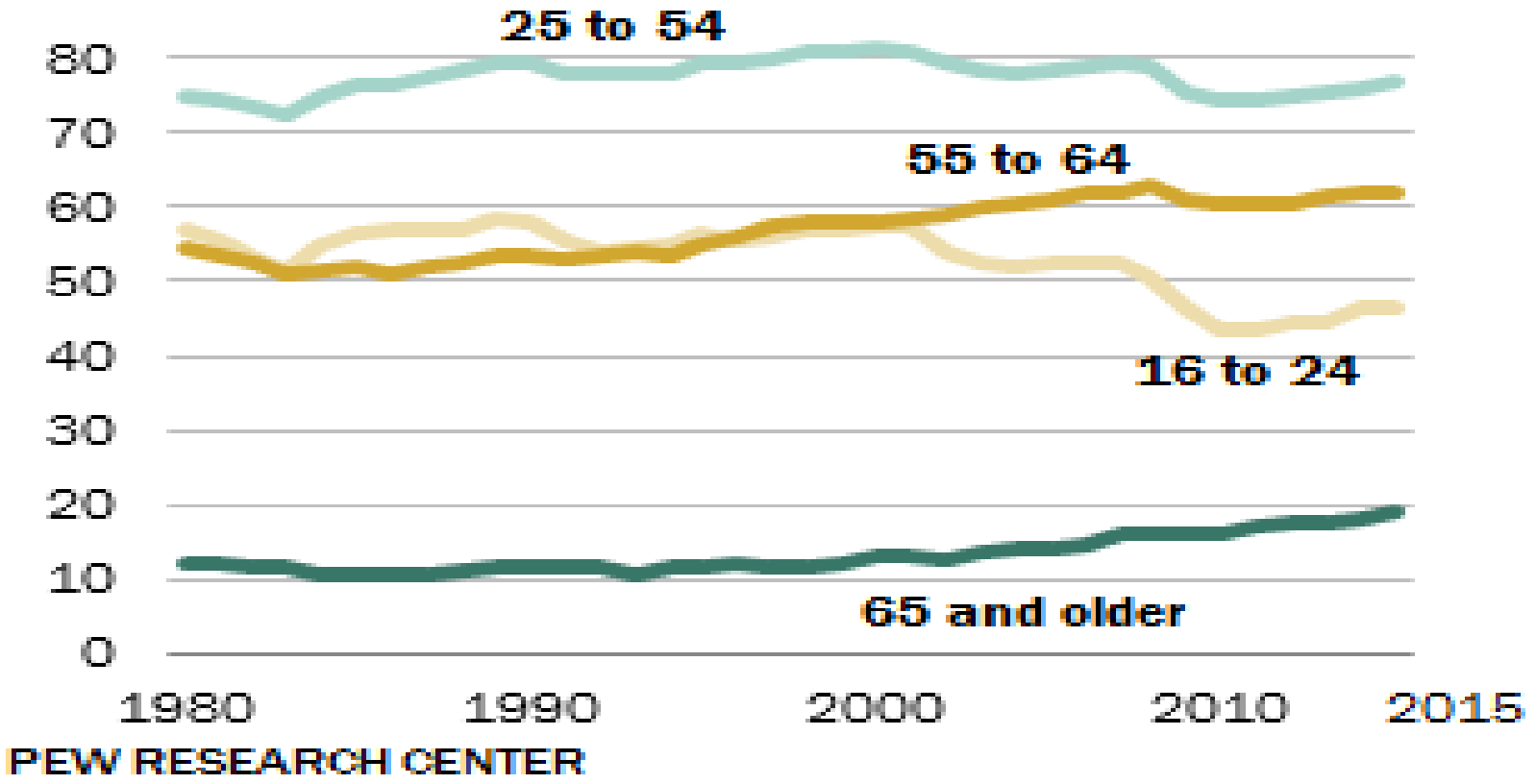
Based on employed civilians ages 16 and older. The job preparation level is based on a scale of one (little or no education/experience/training) to five (extensive education/experience/training).

"The State of American Jobs". 2016. Figure 12. Pew Research Center.

Primary Source: Pew Research Center analysis of 0*NET and monthly Current Population Survey data (IPUMS).

http://www.pewsocialtrends.org/2016/10/06/1-changes-in-the-american-workplace/

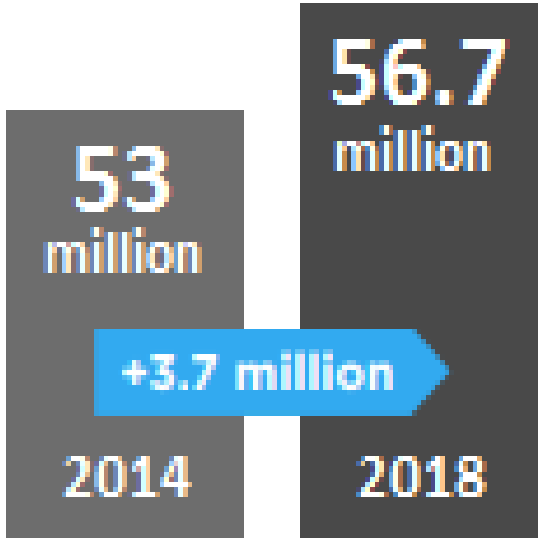
Percent of civilian population employed by age group



"The State of American Jobs". 2016. Figure 12. Pew Research Center.
Primary Source: Pew Research Center analysis of Current Population Survey Annual and Economic Supplements (IPUMS).
http://www.pewsocialtrends.org/2016/10/06/1-changes-in-the-american-workplace/

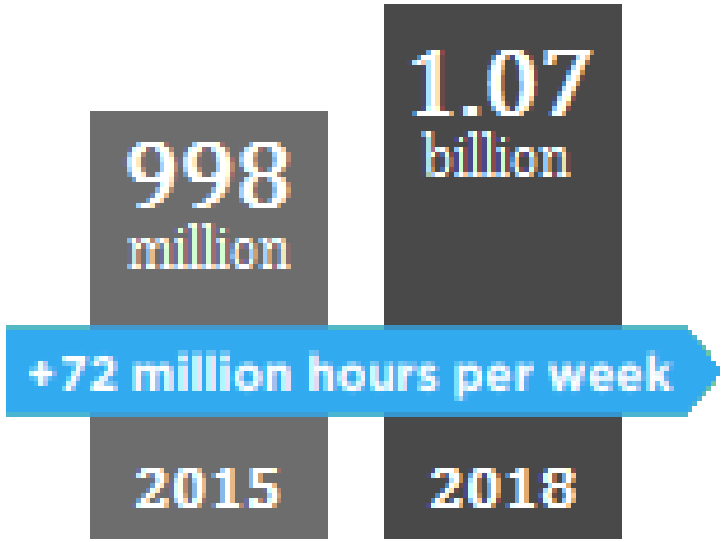
How common is freelancing work among Americans?

56.7 million Americans freelanced in 2018



Number of Americans Freelancing

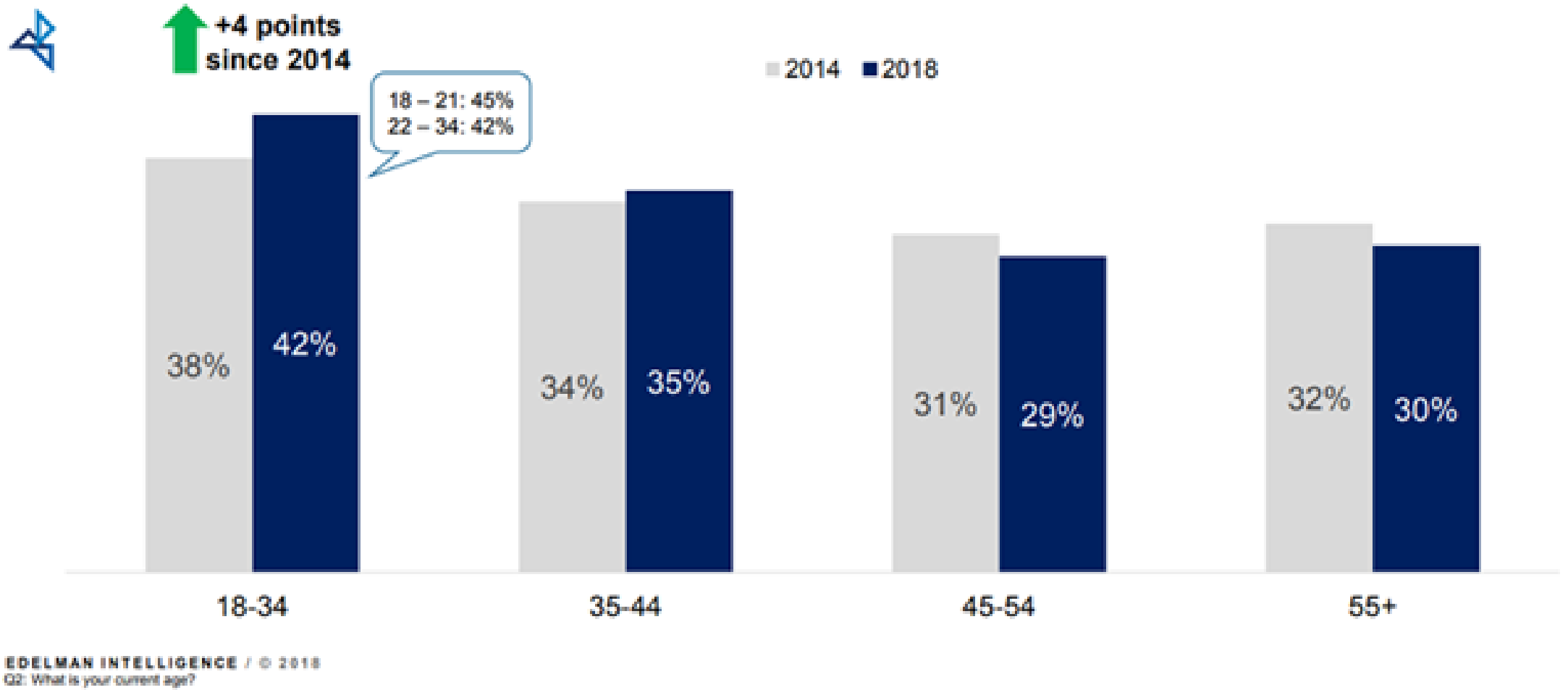
Americans are spending more time freelancing



Total Freelancing Hours per Week

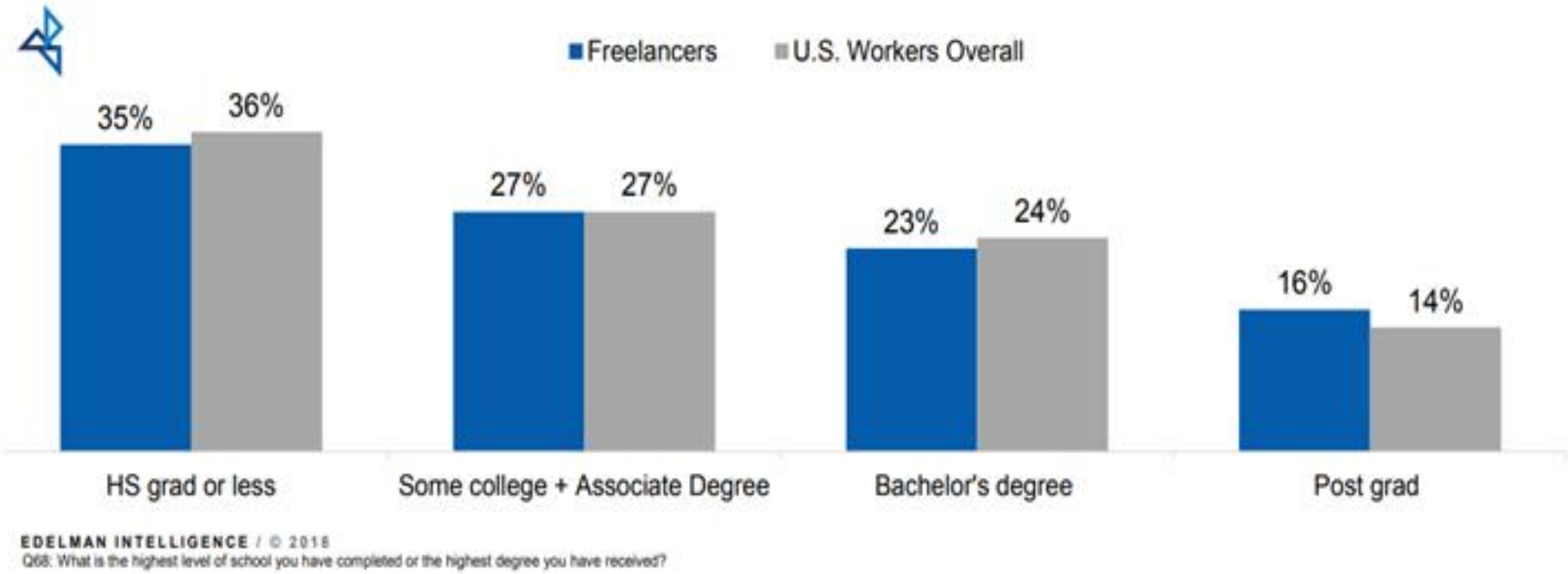
"Freelancing in America". 2018. Infographic. Upwork and Freelancers Union.
https://s3.us-west-1.amazonaws.com/adquiro-content-prod/documents/FIA_full-infographic.pdf

Proportion of workers in each age group who do any freelance work



"Freelancing in America". 2018. Results Deck: Slide 16. Upwork and Freelancers Union. https://www.slideshare.net/upwork/freelancing-in-america-2018-120288770/1

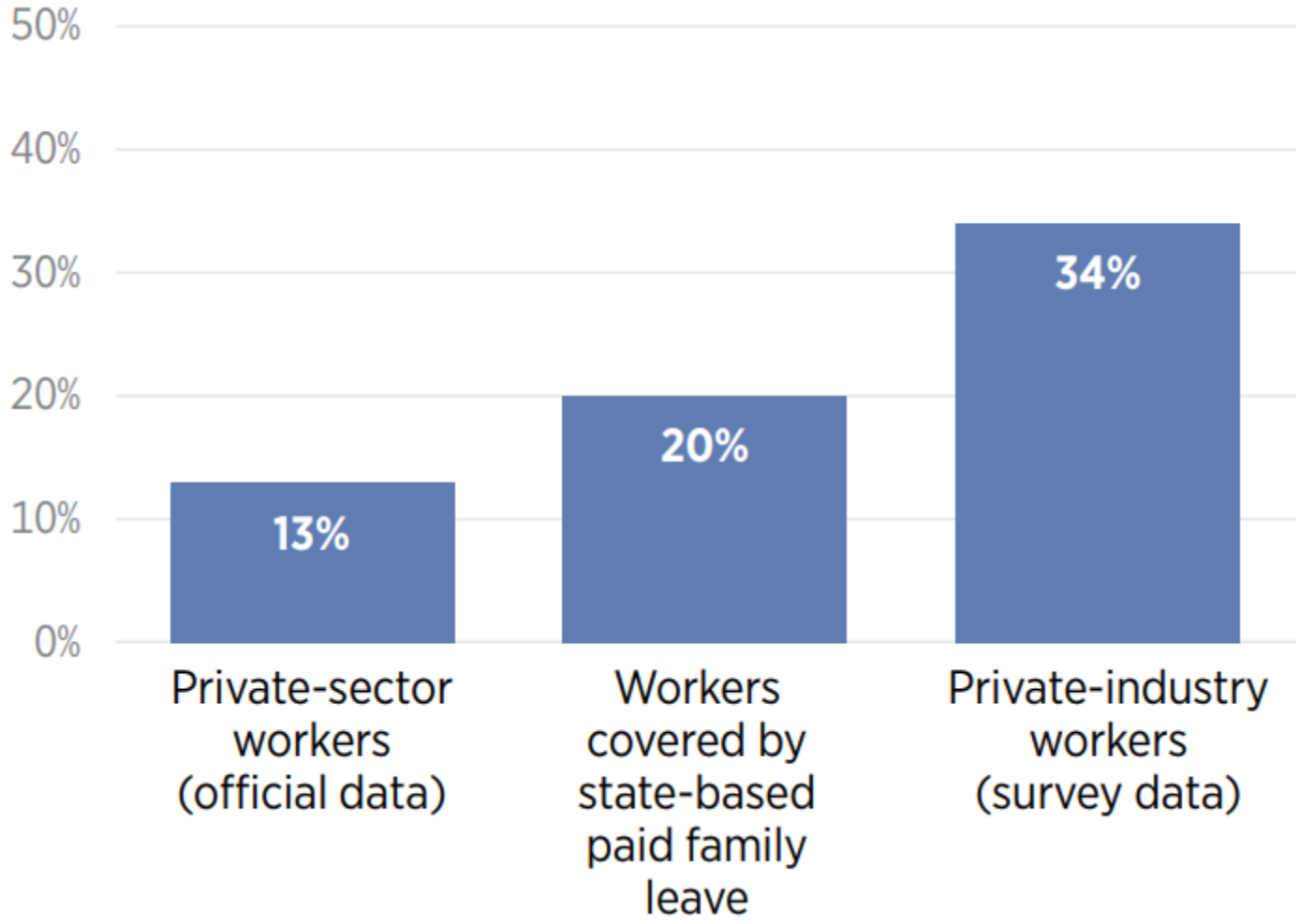
Freelancers versus U.S. workforce by education level



"Freelancing in America". 2018. Results Deck: Slide 67. Upwork and Freelancers Union. https://www.slideshare.net/upwork/freelancing-in-america-2018-120288770/1

Caregiving

Percent of workers with access to paid family leave



Employment in the four states with existing paid family leave laws (California, New York, Rhode Island, and New Jersey) totaled 31.108 million in December 2017, out of a total U.S. employment of 154.021 million.

Greszler, Rachel and Drew Gonshorowski. “Backgrounder: How a Proposed Federal Paid Family Leave Policy Would Become a Federal Entitlement and Weaken Social Security”. 2018. Chart 1. The Heritage Foundation.
https://www.heritage.org/sites/default/files/2018-05/BG3318.pdf

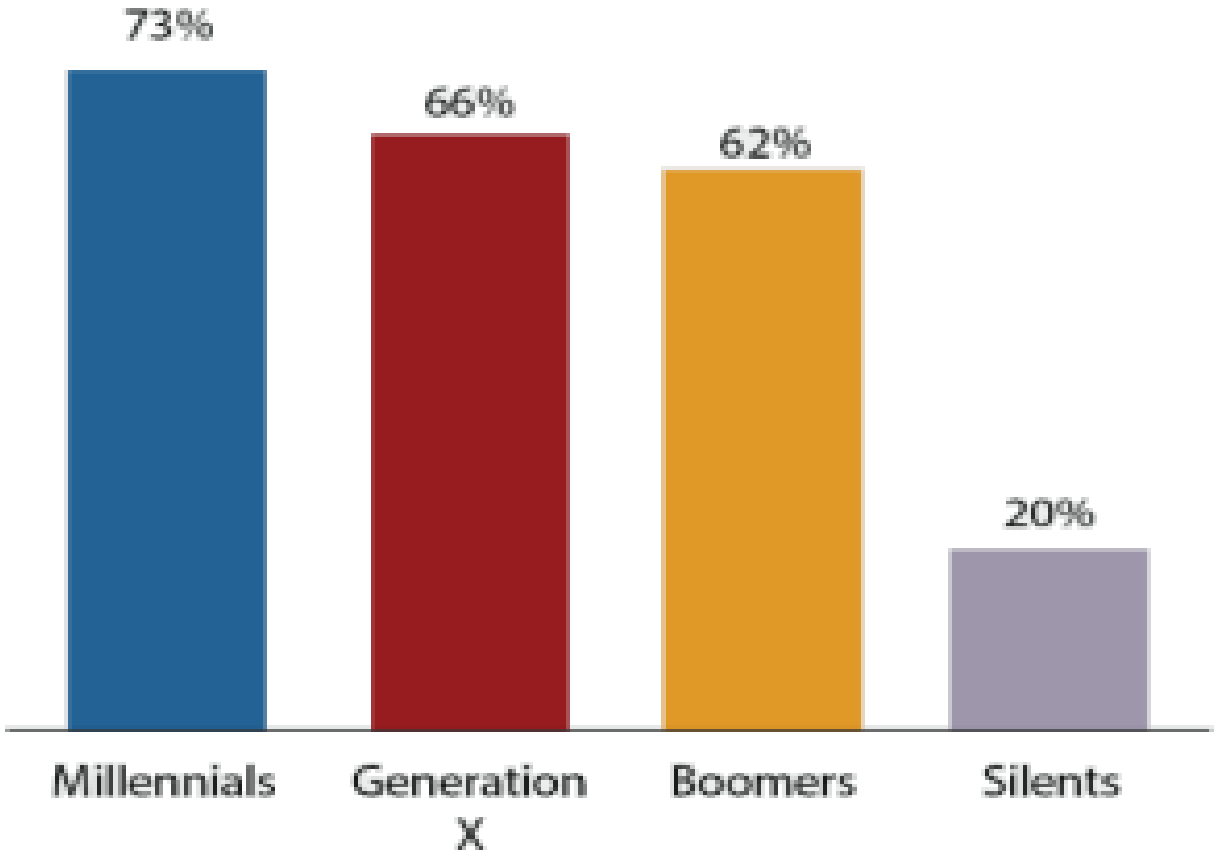
Estimates of individual caregiving prevalence by age of recipient

Type of Recipient	Prevalence	Estimated Number of Caregivers
Overall	18.2%	43.5 million
Only child recipients	1.6%	3.7 million
Only adult recipients	13.9%	33.3 million
Both adult and child recipients	2.7%	6.5 million

Data from fall of 2014.

"Caregiving in the U.S. 2015." 2015. Figure 1. AARP Public Policy Institute and the National Alliance for Caregiving.
https://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Final-Report-June-4_WEB.pdf

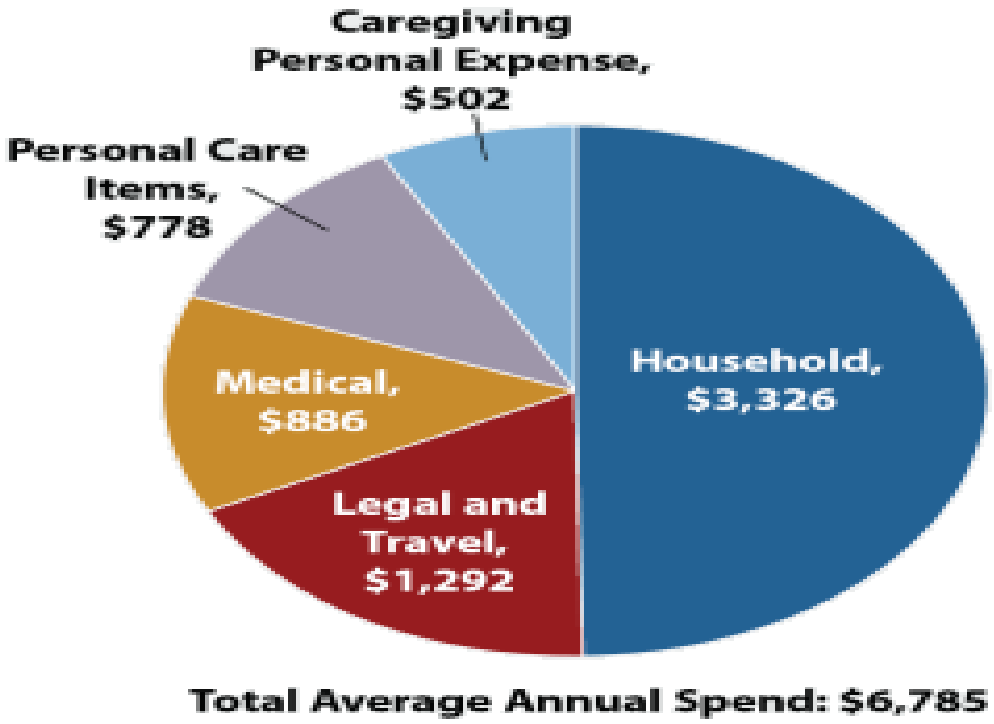
Share of family caregivers who are employed by generation



Data from fall of 2014. AARP Public Policy Institute defines Millennials as being born from 1980-1996 (23-39 in 2019).

Flinn, Brendan. “Millennials: The Emerging Generation of Family Caregivers”. Exhibit 7. 2018. AARP Public Policy Institute.
Primary Source: *AARP Public Policy Institute analysis of Caregiving in the U.S. 2015*.
https://www.aarp.org/content/dam/aarp/ppi/2018/05/millennial-family-caregivers.pdf

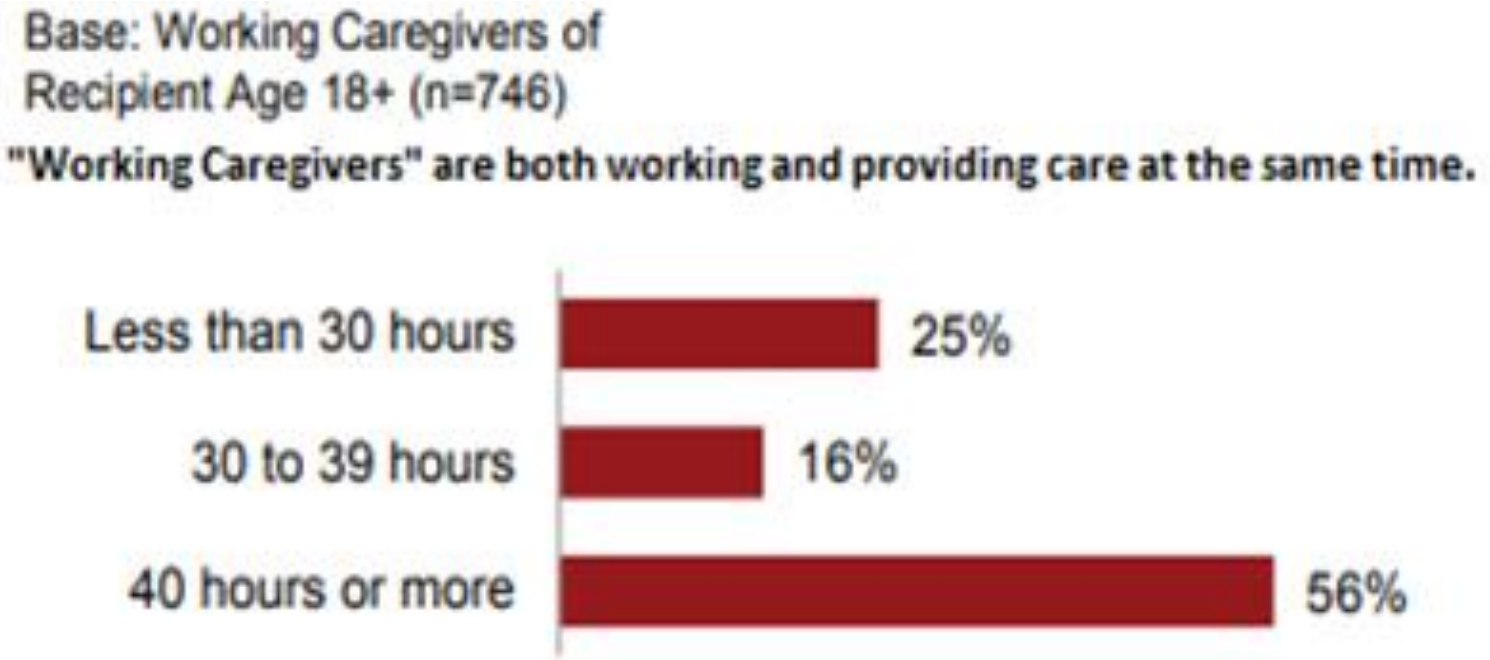
Share of Millennial family caregiver out-of-pocket expenses by category



Data from fall of 2014. AARP Public Policy Institute defines Millennials as being born from 1980-1996 (23-39 in 2019).

Flinn, Brendan. “Millennials: The Emerging Generation of Family Caregivers”. Exhibit 10. 2018. AARP Public Policy Institute.
Primary Source: *AARP Public Policy Institute analysis of Family Caregiving and Out-of-Pocket Costs: 2016 Report*
https://www.aarp.org/content/dam/aarp/ppi/2018/05/millennial-family-caregivers.pdf

Number of non-caring hours worked per week by caregivers

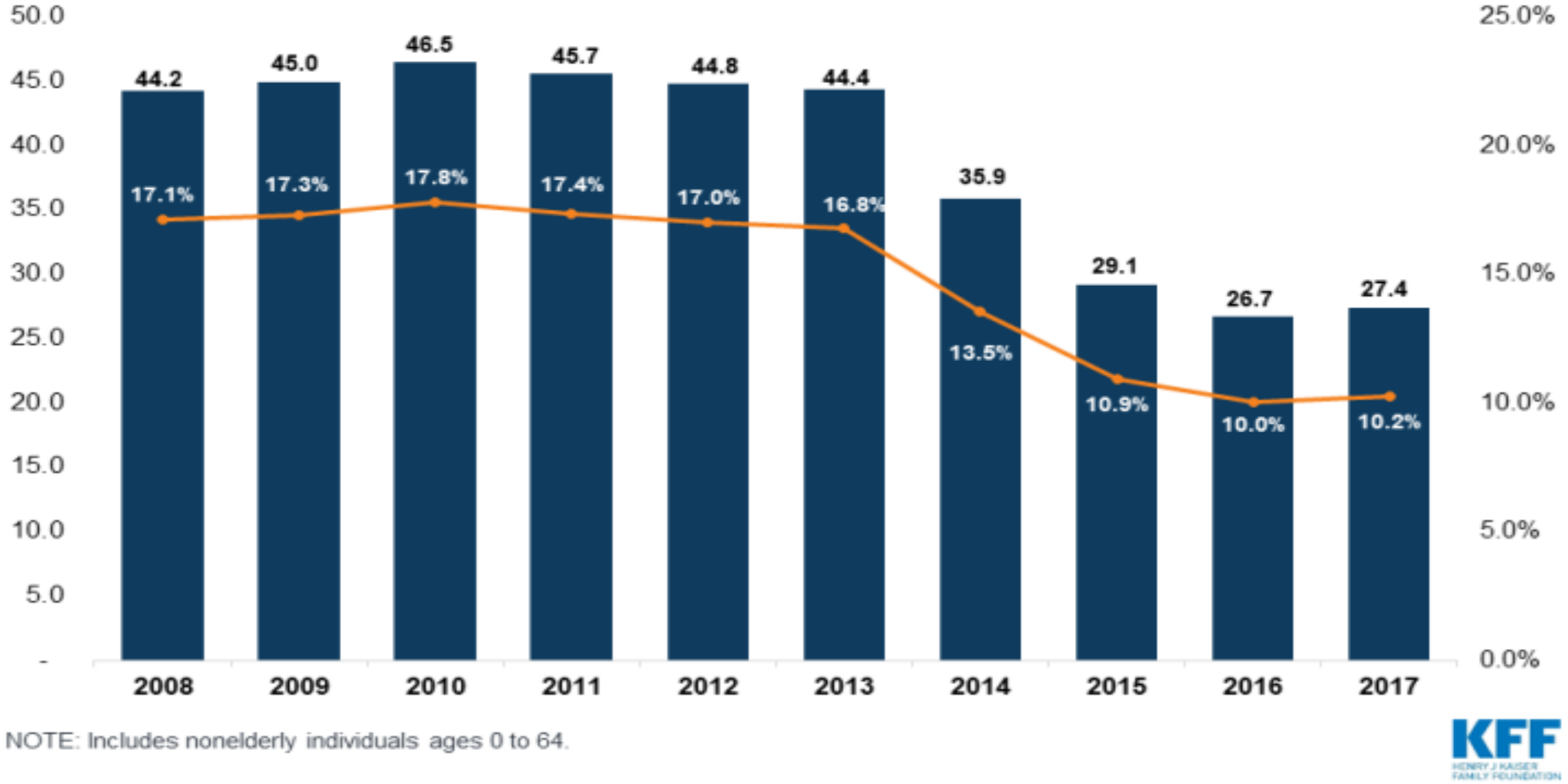


Data from fall of 2014.

"Caregiving in the U.S. 2015." 2015. Figure 61. AARP Public Policy Institute and the National Alliance for Caregiving.
https://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Final-Report-June-4_WEB.pdf

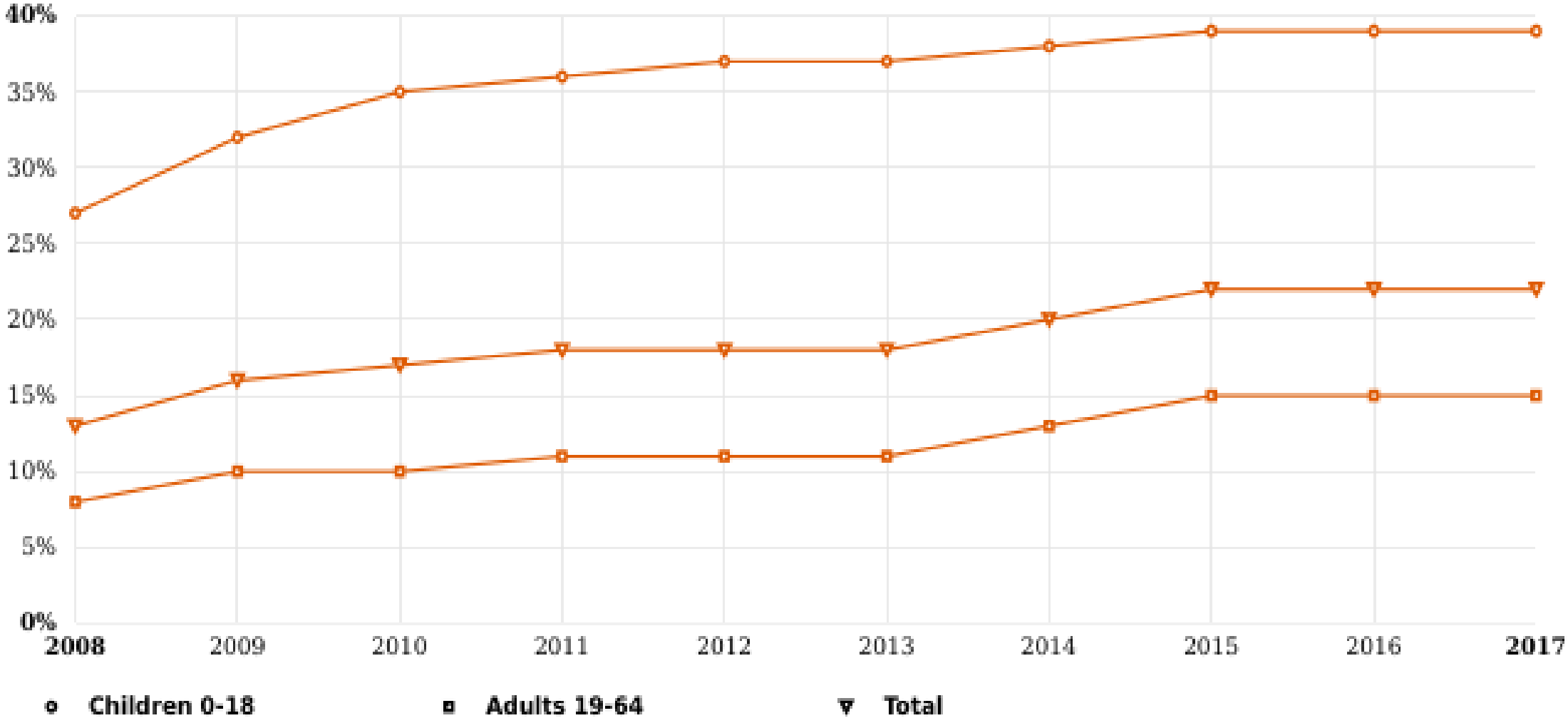
Healthcare

Number of uninsured and uninsured rate among the nonelderly population, 2008-2017



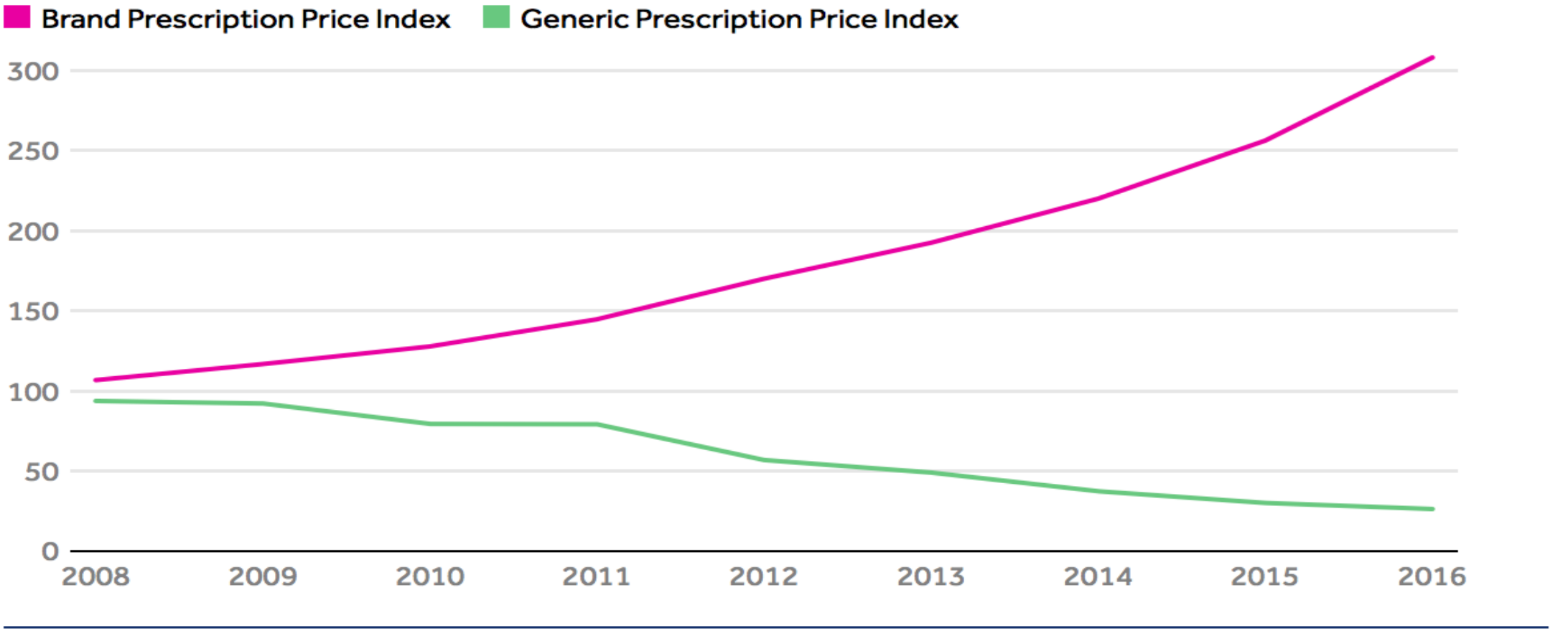
"Key Facts about the Uninsured Population". 2018. Figure 1. Henry J Kaiser Family Foundation.
Primary Source: Kaiser Family Foundation analysis of 2008-2017 American Community Survey (ACS), 1-Year Estimates
https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/

Medicaid coverage rates for the nonelderly by age: 2008-2017



"State Health Facts: Medicare Coverage Rates for the Nonelderly by Age". 2018. Henry J Kaiser Family Foundation.
Primary Source: Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey, 2008-2017.
https://www.kff.org/medicaid/state-indicator/rate-by-age-3/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

Express Scripts prescription price index, 2008-2016



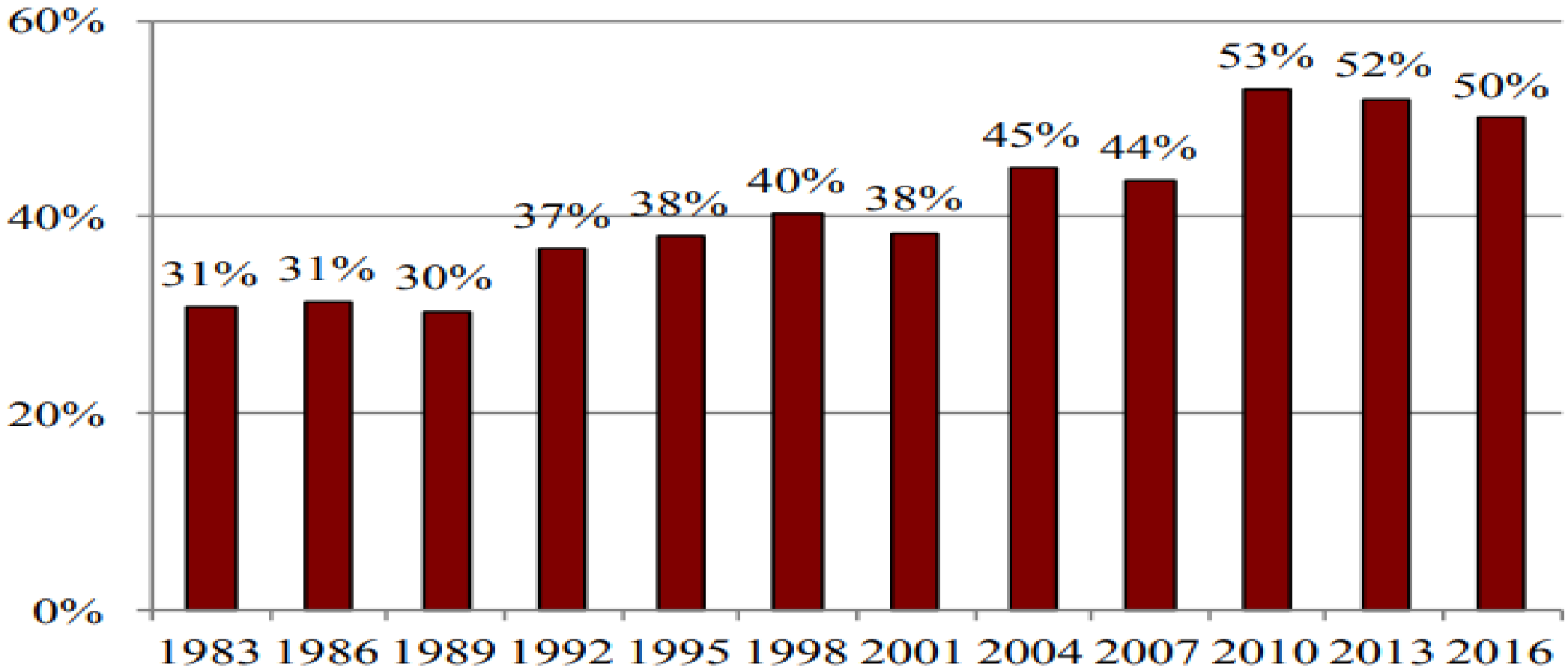
Peterson-Kaiser
Health System Tracker

Data from Express Scripts Prescription Price Index.

Kamal, Rabah, Cox, Cynthia, and Daniel McDermott. "What are the recent and forecasted trends in prescription drug spending?". 2018. Figure 11. Peterson-Kaiser Health System Tracker.
https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-generic-drug-prices-declined-branded-drug-prices-nearly-doubled-price_2017

Social Security

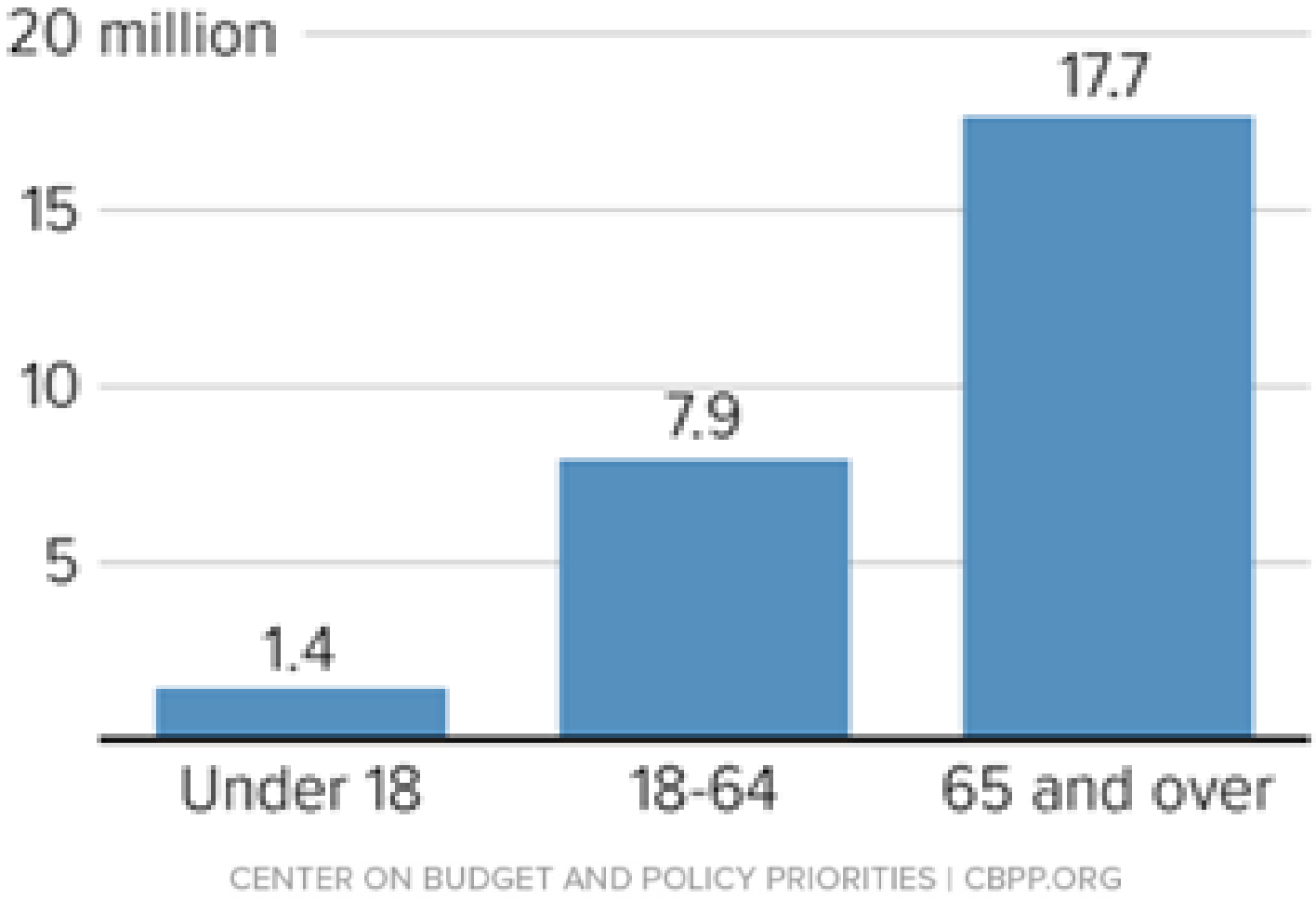
The National Retirement Risk Index, 1983-2016



"The National Retirement Risk Index (NRRI) measures the percentage of working-age households that are at risk of being unable to maintain their pre-retirement standard of living in retirement."

Munnel, Alicia H., Hou, Wenliang, and Geoffrey T. Sanzenbacher. Figure 2: *National Retirement Risk Index Shows Modest Improvement in 2016.* 2018. Center for Retirement Research at Boston College
https://crr.bc.edu/wp-content/uploads/2017/12/IB_18-1.pdf

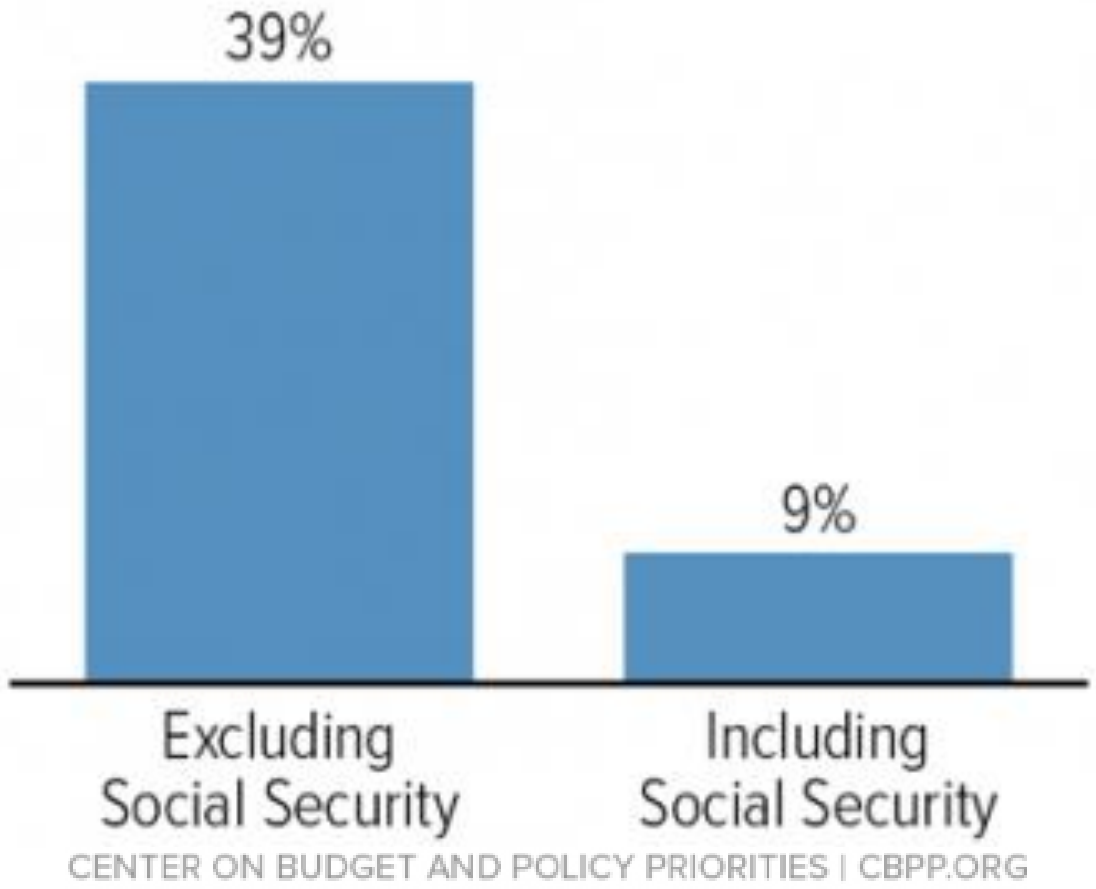
Number lifted out of poverty by Social Security by age (27 million total)



Data is from 2017. Figures are based on the federal government's Supplemental Poverty Measure.

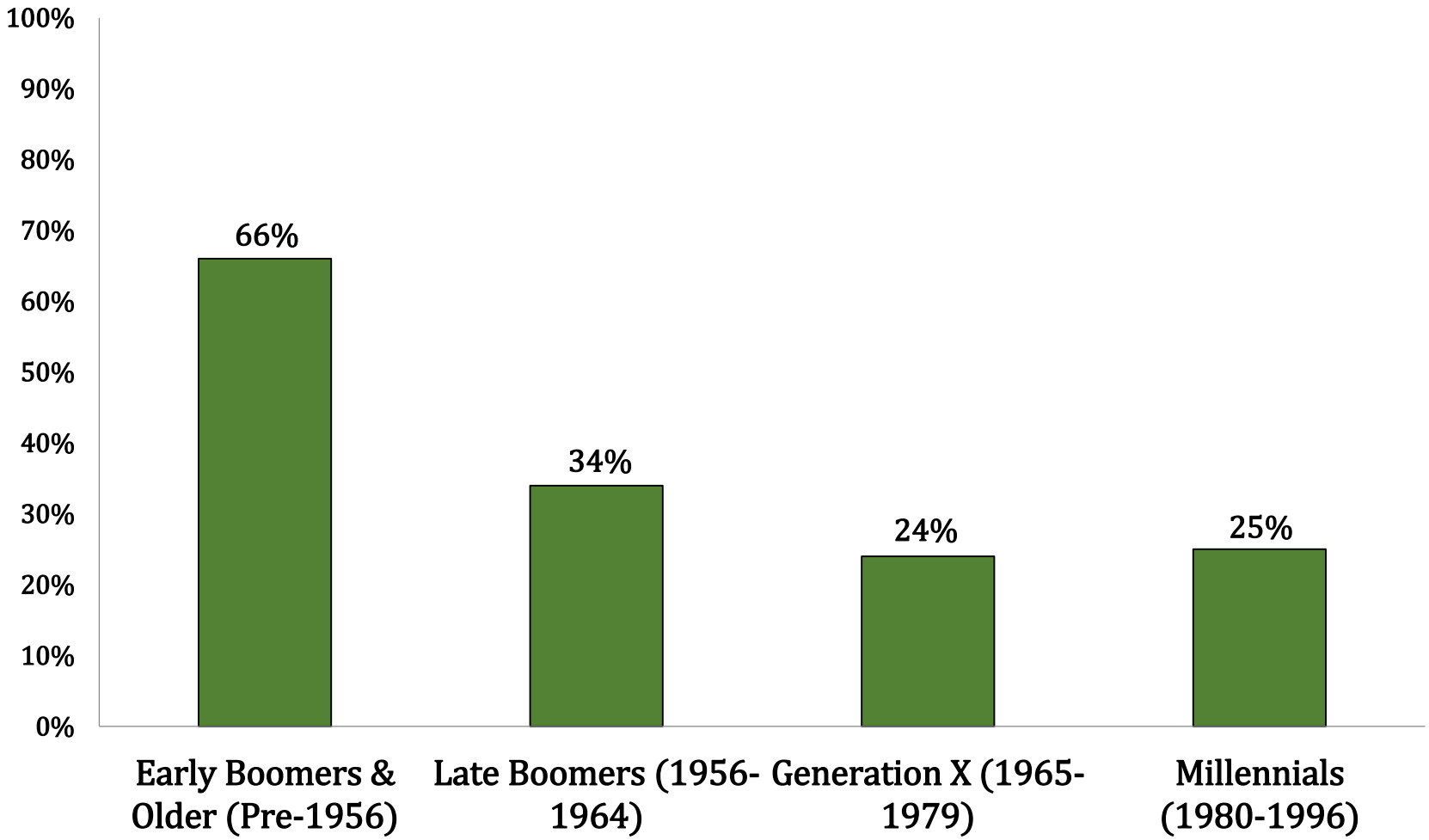
Romig, Kathleen. "Social Security Lifts More Americans Out of Poverty Than Any Other Program". 2018. Center on Budget and Policy Priorities.
Primary Source: U.S. Census Bureau, The Supplemental Poverty Measure: 2017, Tables A-6 and A-7.
https://www.cbpp.org/research/social-security/social-security-lifts-more-americans-above-poverty-than-any-other-program

Estimated percentage of seniors in poverty, with and without Social Security (2017)



Romig, Kathleen. “Social Security Lifts More Americans Out of Poverty Than Any Other Program”. 2018. Center on Budget and Policy Priorities.
Primary Source: CBPP, based on data from the Census Bureau Current Population Survey, March 2018.
https://www.cbpp.org/research/social-security/social-security-lifts-more-americans-above-poverty-than-any-other-program

Confidence in receiving Social Security benefits upon retirement (2014)

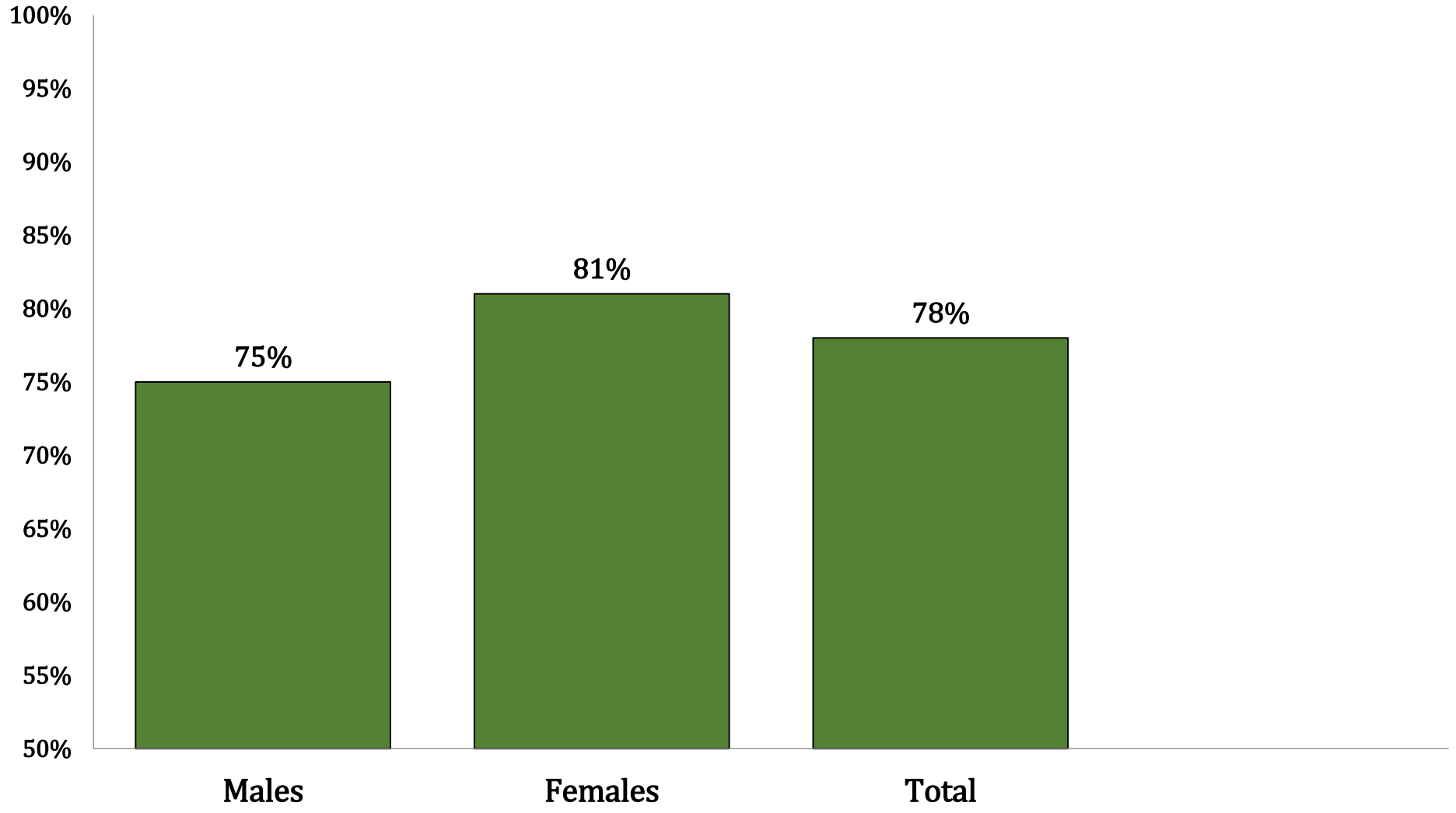


Participants were 21 years or older at the time of the survey in June 2014.

Data from: Walker, Elisa A., Reno, Virginia, and Thomas N. Bethell. "Americans Make Hard Choices on Social Security. 2014. National Academy of Social Insurance. https://www.nasi.org/sites/default/files/research/Americans_Make_Hard_Choices_on_Social_Security.pdf

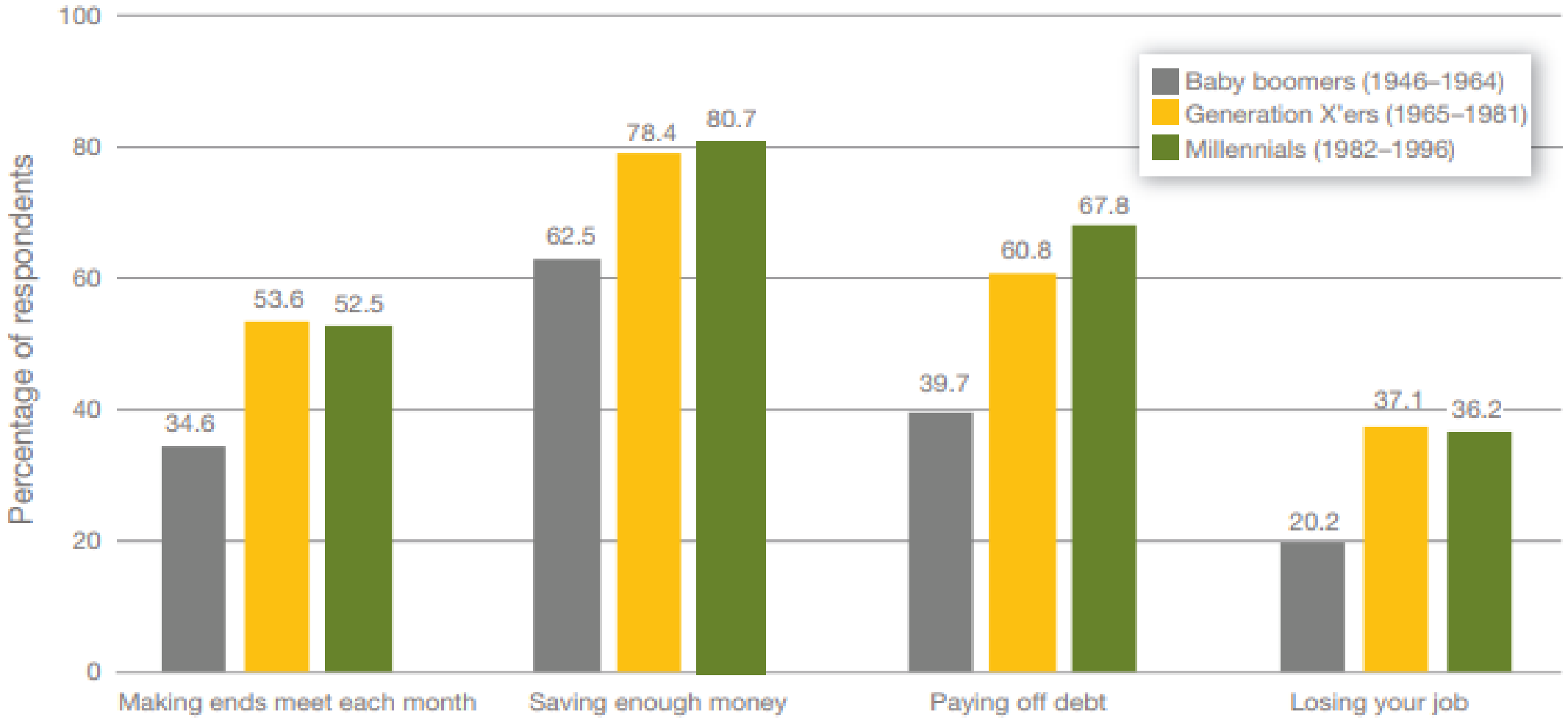
Income Supplements

Americans Living Paycheck-to-Paycheck



This chart is based on data from a CareerBuilder.com survey. The survey polled 2,369 US hiring and HR managers, along with 3,462 US employees aged 18+.
http://press.careerbuilder.com/2017-08-24-Living-Paycheck-to-Paycheck-is-a-Way-of-Life-for-Majority-of-U-S-Workers-According-to-New-CareerBuilder-Survey

Percentage of respondents worried about finances, by birth cohort, 2017

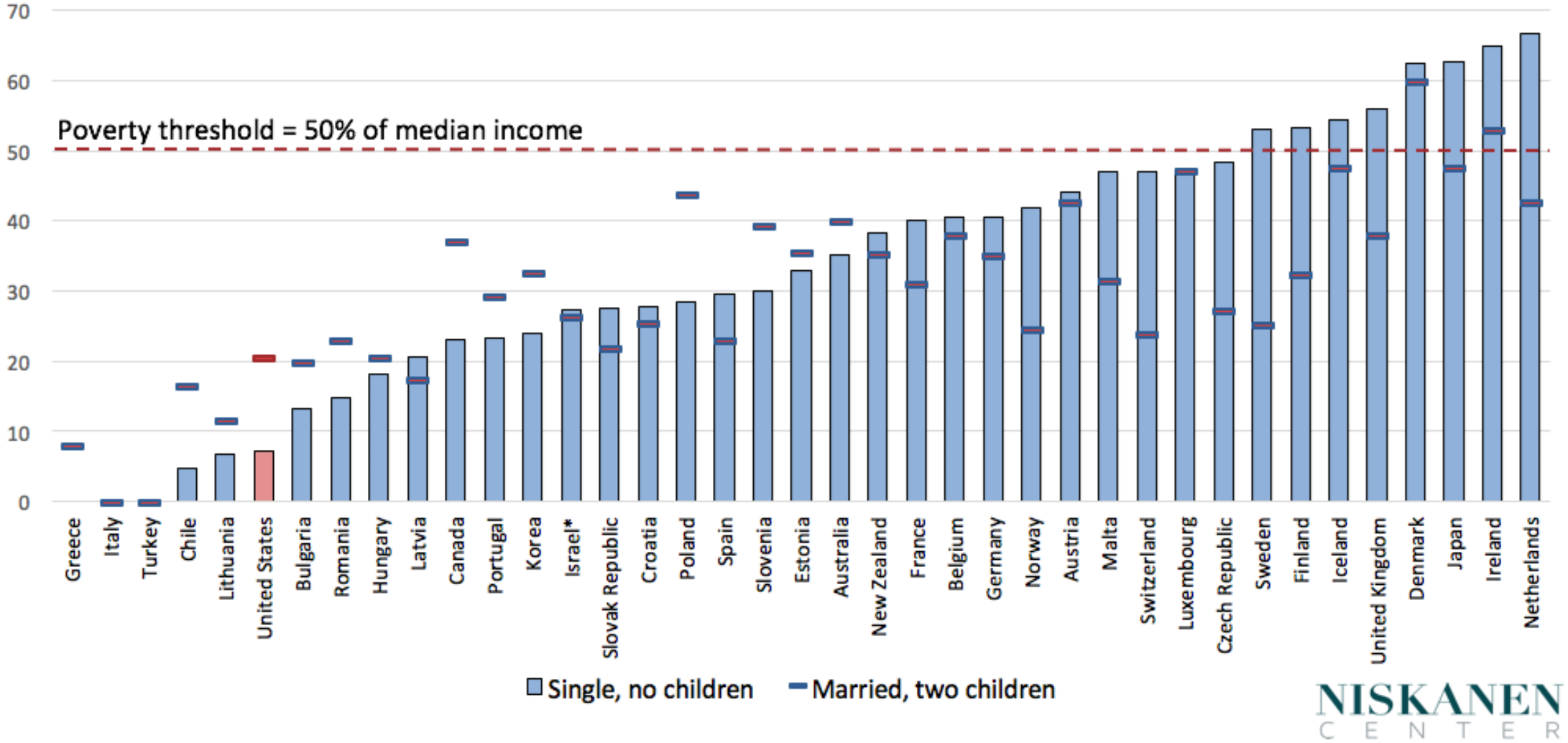


Data from 2017. Unweighted sample of those who answered with an opinion and who reported being “very worried” or “somewhat worried” about finances.

Posard, Marek N., Kavanagh, Jennifer, Edwards, Kathryn, and Sonni Efron. “Millennial Perceptions of Security: Results from a National Survey of Americans”. 2018. Figure 5. RAND Corporation.
Primary Source: RAND ALP, June 21 to July 17, 2017
https://www.rand.org/pubs/research_reports/RR2571.html

Income levels provided by cash minimum-income benefits

Net income value in % of median household incomes, 2015



NISKANEN CENTER

Data from the OECD Social Expenditure Database.

Hammond, Samuel. "The Free-Market Welfare State: Preserving Dynamism in a Volatile World". 2018. Figure 1. Niskanen Center.
https://niskanencenter.org/blog/the-free-market-welfare-state-preserving-dynamism-in-a-volatile-world/

Antipoverty impact of the earned income tax credit, 2016

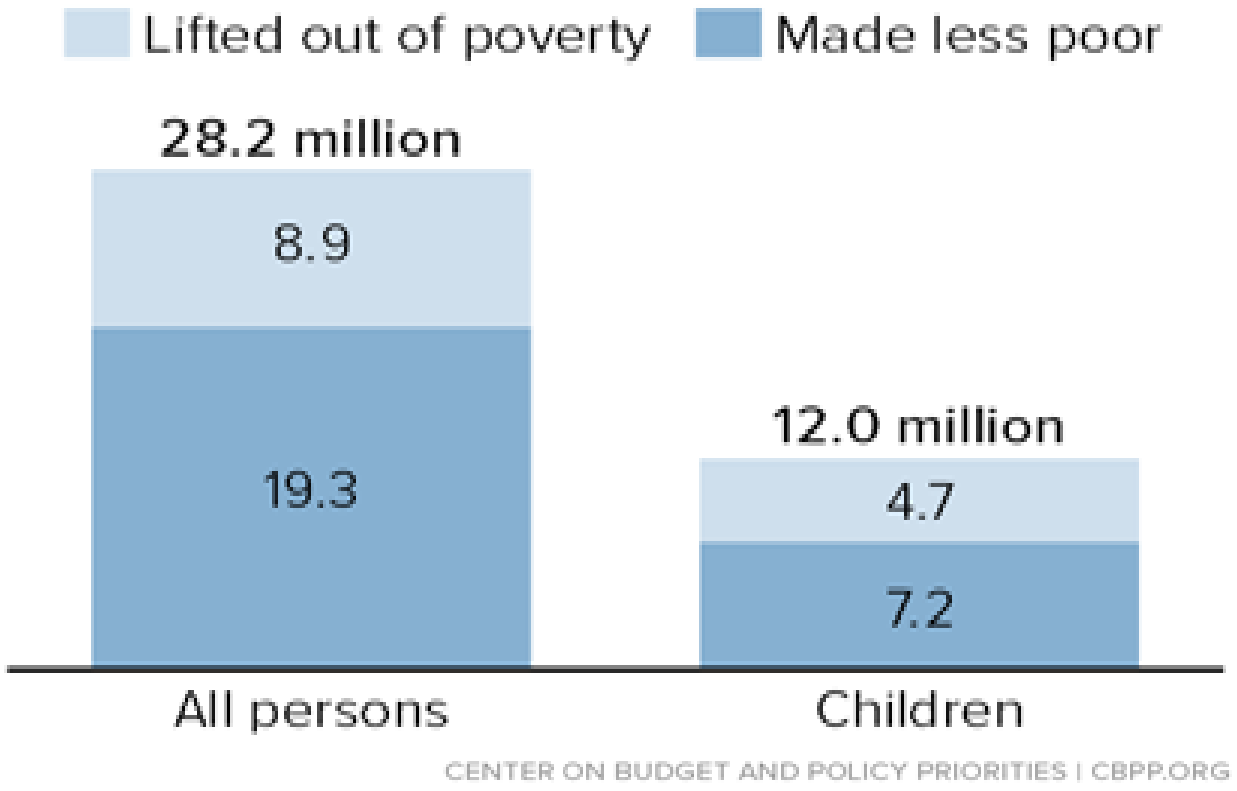


Figure uses the federal government's Supplemental Poverty Measure, which counts the effect of government benefit programs and tax credits.

"Policy Basics: The Earned Income Tax Credit". 2018. Center on Budget and Policy Priorities.
Primary Source: CBPP analysis of Census Bureau's March 2017 Current Population Survey and 2016 SPM public use file.
https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit