US youth unemployment soars

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Even prior to the current economic crisis, today's young adults were on average poorer and more in debt than their parents. Since the economic meltdown began in 2008, however, conditions facing young people have taken a sharp turn for the worse.

Teenage employment (16 to 19 years old) is officially 26.4 percent as of January, but the actual unemployment rate is much higher. More than half of young people aged 16-24—52.2 percent—do not have jobs, the highest since World War II. This includes those who are not looking for work, and are therefore not categorized as officially unemployed.

It is estimated that 6.9 million jobs for young workers have been erased during the current downturn.

This crushing unemployment for American youth is worst among black males between the ages of 16 and 19, with an unemployment rate of 50 percent. However, according to a report on National Public Radio's "All Things Considered," fewer than 14 in 100 young black men actually have jobs.

A major factor in the dramatic rise of youth unemployment is competition with older workers, who are themselves facing a jobs crisis. More people 55 and older are now working than before the recession. As a result of the decline in wages, spouse's unemployment and declining home valuations, older workers are not retiring. If they are laid off, they often seek entry-level positions that previously went to the young.

At the same time, incomes are plummeting for those just starting out. In 1969, only 10 percent of men in their early 30s were classified as low earners (less than the federal poverty rate). By 2004, it was 23 percent, and it has continued to grow.

A January 2010 report by the Kaiser Foundation highlighted one of the consequences of the systematic impoverishment of the youth. Young adults are the least likely to have access to health insurance of any group in the US, with an estimated 29.3 percent of the 19-29 age group lacking coverage.

Young adults who are working are less likely to have employer-sponsored health insurance and often cannot afford the cost of individual plans. According to the Kaiser study, of the young workers who have no coverage, more than half live in households with incomes below 150 percent of the federal poverty level.

"Without insurance coverage, these young adults risk both their physical health and their financial security," Kaiser concluded, pointing out that young adults are in a critical developmental period in which many long term conditions and risks should be addressed.

In addition to the employment and cost factors, young people have been victimized by insurance companies that are enabled by state law to drop the children of covered adults once they turn 18 (23 for full time students).

Meanwhile, under the impact of enormous budget deficits, many states are eliminating low-income health services or insurance subsidies that had helped fill in the gap for young workers. For example, Tennessee subsidized the insurance costs for certain categories of workers in small businesses, but the state has now halted new enrollment.

Washington's Basic Health plan, the first state-subsidized program when it began, will end by July unless it receives $160 million in new revenue. About 300 people a day are added to the waiting list, according to the Kaiser Foundation. Connecticut offers health insurance on an income-based sliding scale, but the state will freeze enrollment this year. A similar Pennsylvanian program's wait list more than doubled in 2009.

Declining incomes and rising costs, especially for education, have led to a dramatic rise in debt for young Americans. A 2008 survey by Demos, "The Plastic Safety Net," found that young people under 35 had an average of $9,111 in credit card debt. More than half used their credit cards to pay for basic living expenses.

Overall, 2009 credit card debt in the US increased by 18 percent, with consumers in many of the hardest-hit states piling up more than a 30 percent increase in revolving debt during the year. These states include Indiana, Michigan, Oklahoma, Pennsylvania and Tennessee.

Dramatically contributing to the debt of young adults is the increasing burden of education costs. From 1982 to 2007, college tuition and fees increased by over 400 percent, even as financial aid shifted from grant-based aid to loans. The 2008-09 academic year showed a 25 percent increase in student loan disbursements, according to the US Education Department, pushing it up to $75 billion.

The Pew Charitable Trust did a study, "The Project on Student Debt," which cited $23,200 as the average student debt loan. However, for tens of thousands, their debt is much higher.