

ECONOMIC
INNOVATION
GROUP



The Millennial Economy

National Public Opinion Survey

September 2016

Methodology

- On behalf of EY and the Economic Innovation Group, Public Opinion Strategies (R) and GBA Strategies (D) conducted a survey of 1,200 18-34 year olds nationwide.
- Eight hundred and forty respondents were contacted online and 360 were contacted via cell phone. The survey was conducted June 15-20, 2016, and has a margin of error of + 2.83%.

Millennials in 2016

- Concerned about the economy they inherited
- Deeply conflicted about the cost-benefit of college education
- Face high levels of student and other long-term debt
- Distrustful of traditional institutions
- Willing to work hard but are pursuing a risk averse career path
- Believe entrepreneurship is essential to the national economy ... but out of reach personally



Millennials are:

Highly educated but struggling with low wages and student debt

State of the Millennial economy

- Two-thirds of Millennials have at least one source of long-term debt outstanding—student loans, home mortgages or car payments—and 30 percent have more than one. Among college-educated Millennials, a staggering 81 percent have at least one source of long-term debt. [WSJ](#)
- From Census Analysis of Net Wealth of Households under age of 35:
 - Median net worth for Millennials in 2011: [\\$6,676](#)
 - Median debt for Millennials in 2011: [\\$45,300](#)
- The unemployment rate for young people scraped 18 percent in 2010, and in the past five years, real wages have fallen for Millennials—and only for Millennials. [The Atlantic](#)

Compared to Gen X, Millennials are more educated but make less money and are less likely to work

- 21 percent of Millennial males have completed a bachelor's or above, compared to 18 percent for Gen X males; 27 percent of Millennial females compared to 20 percent Gen X females have completed a bachelor's or above.
- When they were between the ages of 18-33, Gen X household income was \$63,365. For Millennials, household income has declined to \$61,003.
- For Gen X males, 78 percent were employed at the ages of 18-33, whereas only 68 percent of Millennial males are employed. For females, 69 percent of Gen X were employed compared to 63 percent of Millennials.

Millennials also have the highest levels of student debt

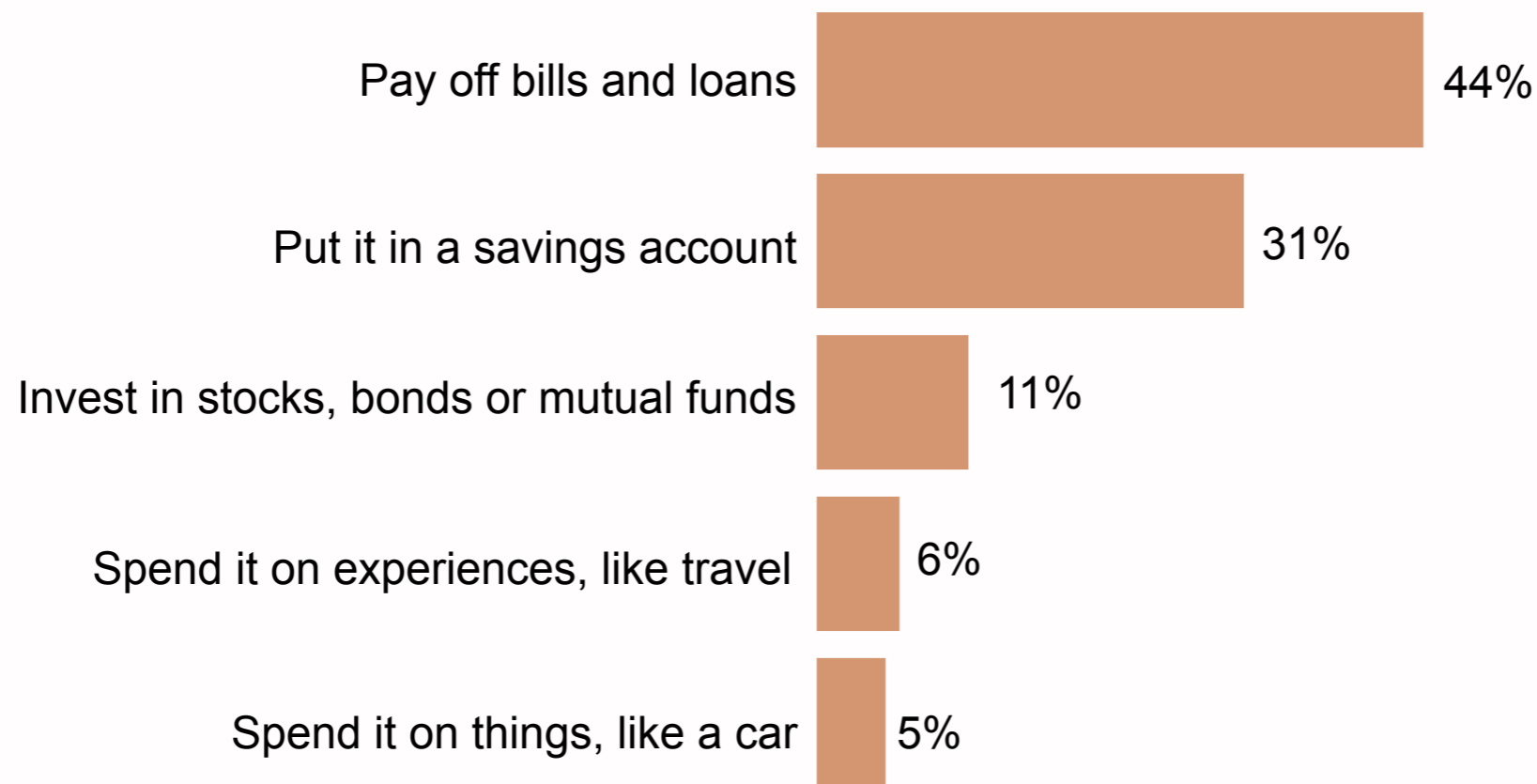
- Between 2004 and 2014, there was an 89 percent increase in the number of student borrowers, as well as a 77 percent increase in the average balance held by student borrowers. [New York Fed](#)
- While more students borrow to cover the cost of education, the average size of outstanding student loans is also increasing. Between 2007 and 2014, the average outstanding loan per student grew from \$18,233 to \$27,689. [National Women's Business Council](#)
- While only 30 percent of students took out loans to finance their education in the mid-1990s, half of all students borrowed during the 2013-2014 school year. [White House](#)

Wages are stagnant compared with earlier generations, but there is a wage premium for college grads

- The wage gap between adults with just a high-school education vs. adults with a post-secondary education is increasing, making a college degree a lot more valuable than in previous generations.
- High school graduates in 1979 could expect to earn 77 percent of a college graduate's salary, while in 2014, earners with a high school diploma can only expect to make 62 percent of a college grad's salary.
- The median annual salary for Millennials ages 25-32 with a bachelor's degree was \$45,500 in 2012, nearly double the \$28,000 median annual salary for high school graduates.
- Millennials are more educated than previous generations, but their earnings have not improved – median annual earnings for Millennials in 2014 was \$35,000, equal to Baby Boomers.

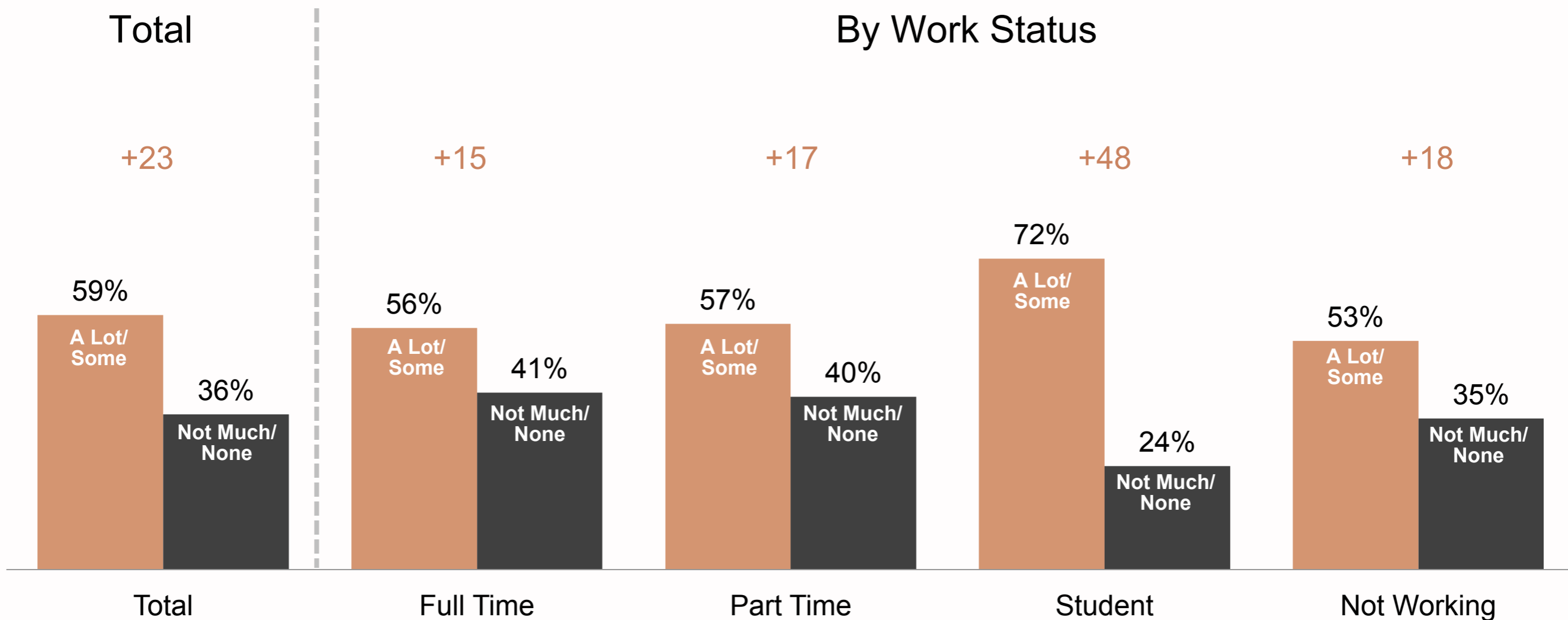
If a Millennial won \$5,000 tax-free, a plurality would use that money to pay off bills and loans

If you found out you won the lottery today and got \$5,000 tax-free, what would you be MOST likely to do with it?



A significant majority of Millennials are worried about their ability to repay student loans

Are you worried about not being able to afford to pay back your student loans?



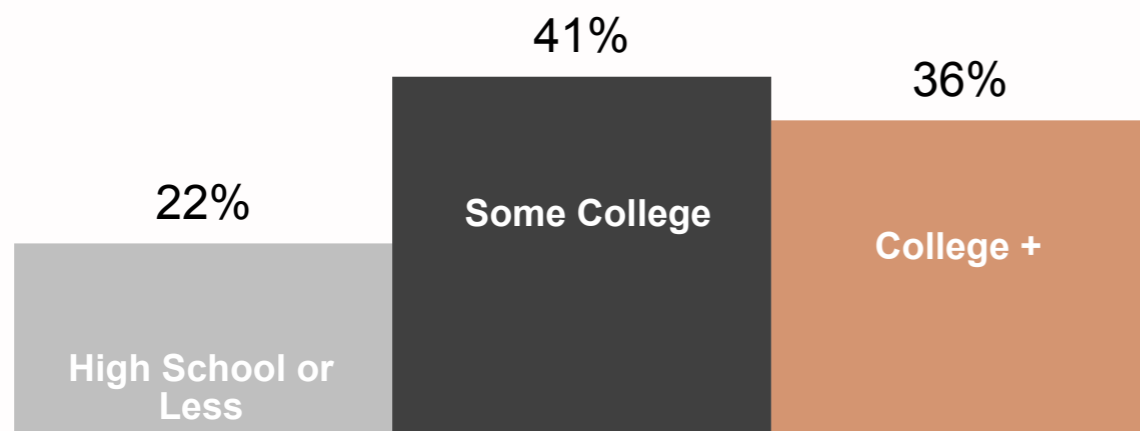


Millennials are:

Conflicted about college, believing that it should be a national priority, but wondering if it will pay off for them

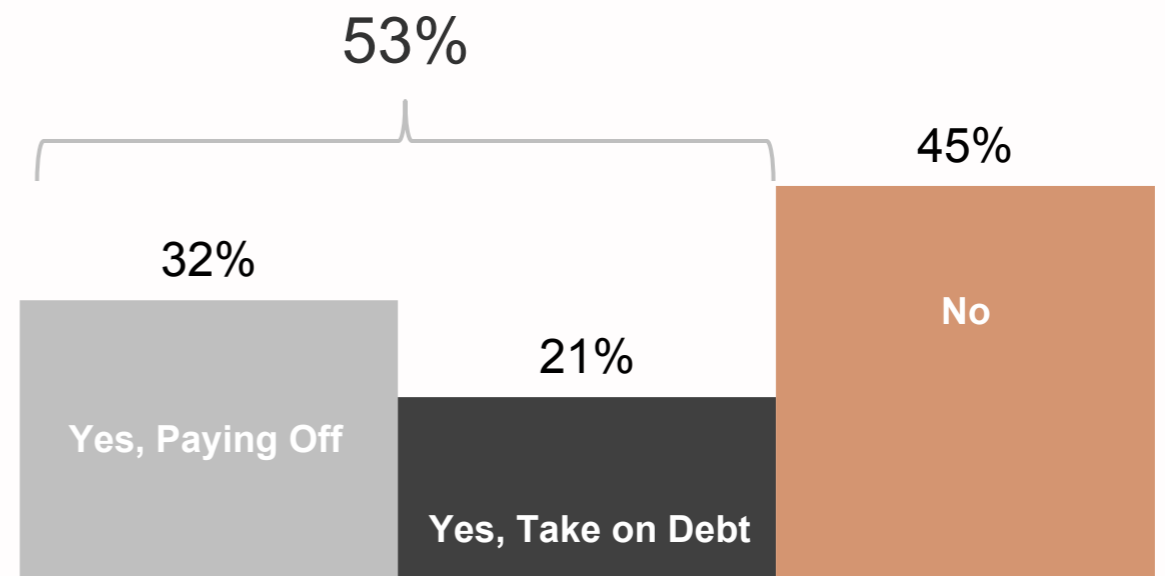
Student debt is a fact of life for most Millennials

What was the last grade you completed in school?



Total

Do you have student loan debt that you are either currently paying off, or do you expect to take on student debt loan in the future?

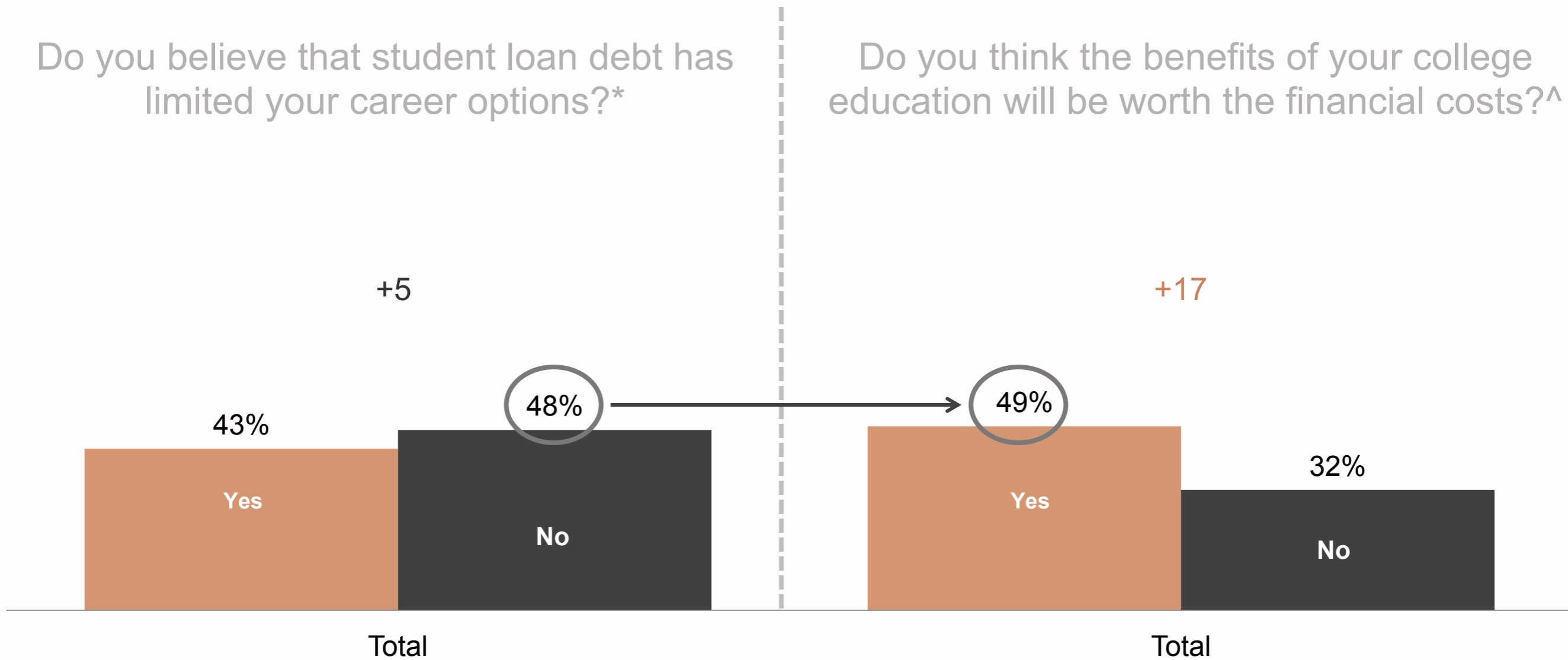


Total

Nearly half of Millennials question the cost-benefit of their higher education

Do you believe that student loan debt has limited your career options?*

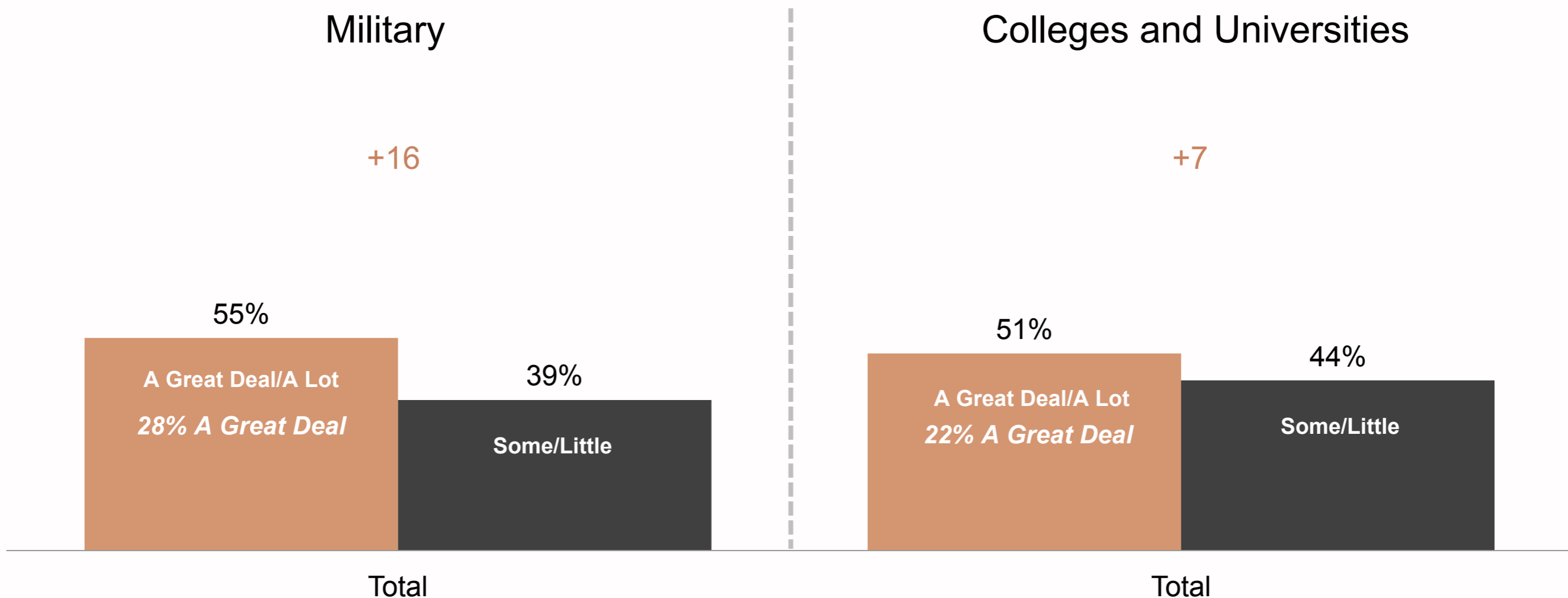
Do you think the benefits of your college education will be worth the financial costs?^



*Asked of Sample A only. ^Asked of Sample B only.

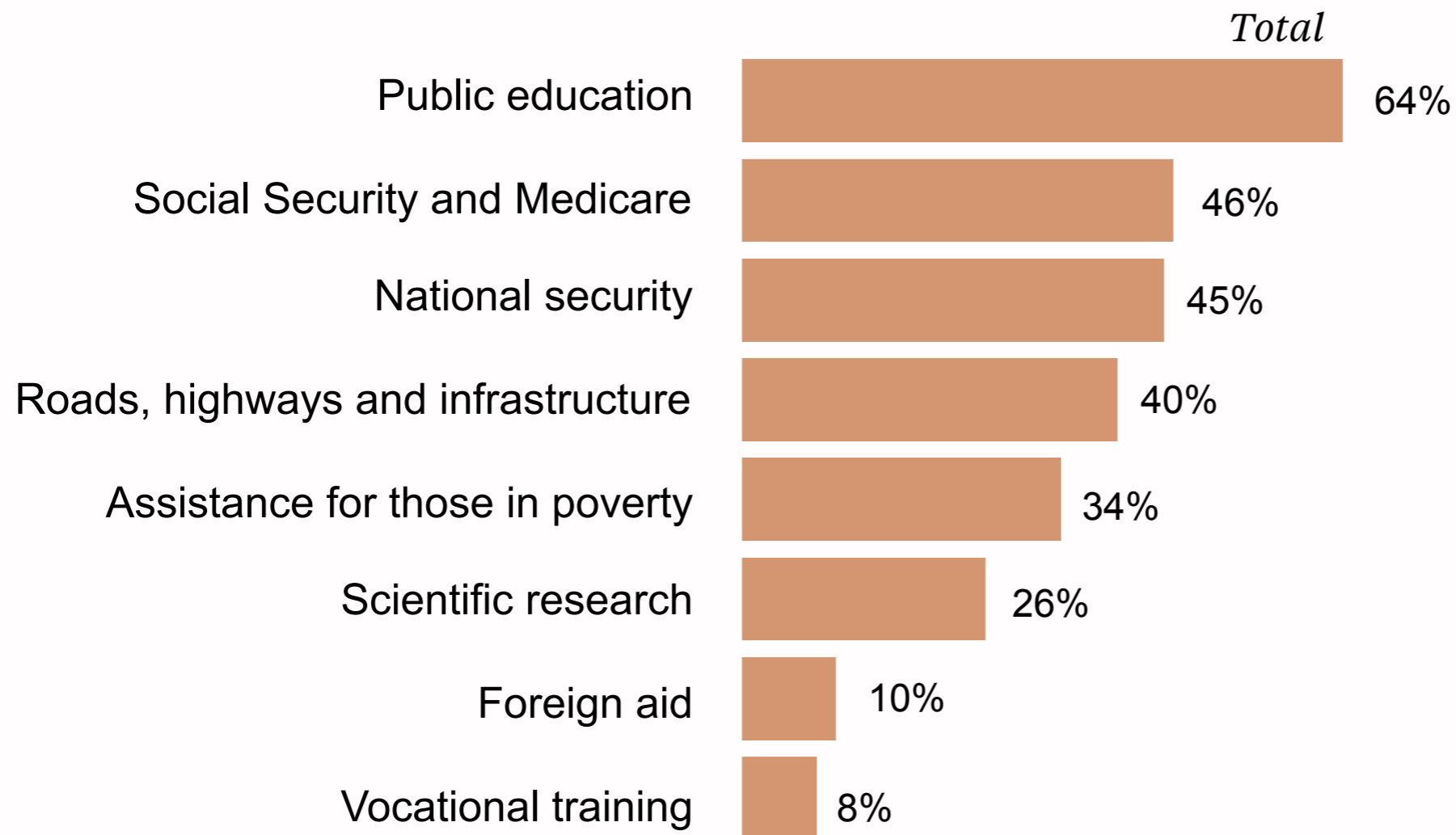
Yet, Millennials have a lot of confidence in colleges and universities, second only to the military

How much confidence do you have in each of these American institutions – a great deal, quite a lot, some, or very little?



And they say that public education should be the top priority for federal tax dollars

From the following list, what would you say are the three most important ways that the federal government spends your tax dollars?



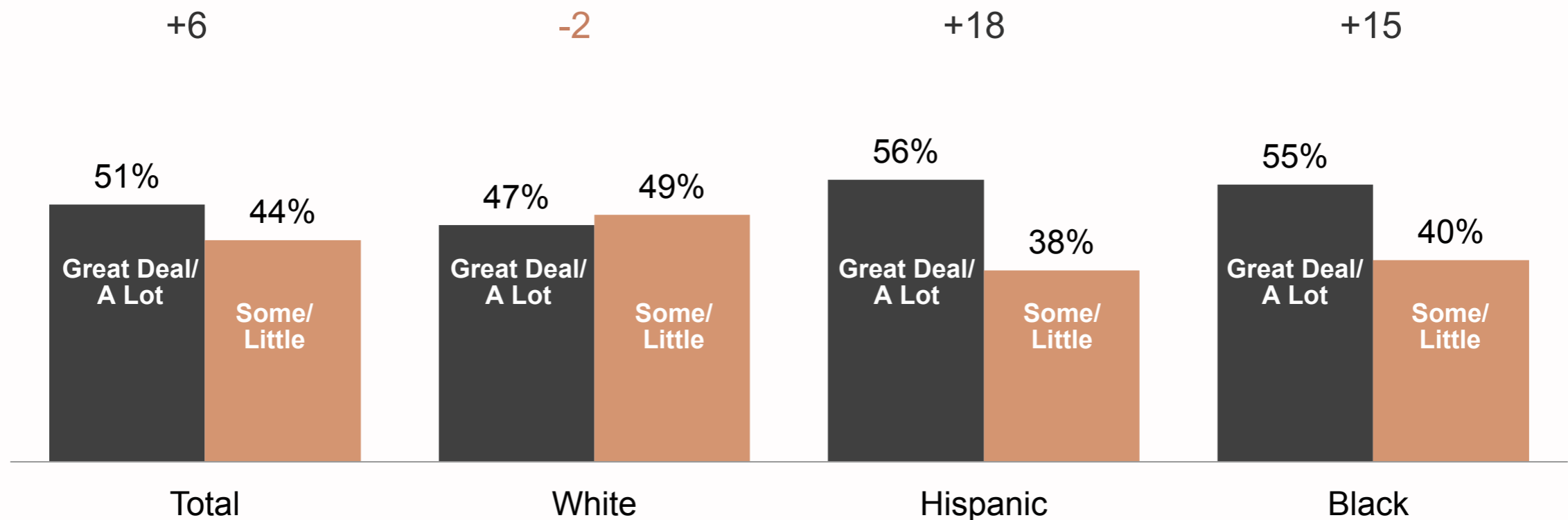
... and this is largely true across party lines

From the following list, what would you say are the three most important ways that the federal government spends your tax dollars?

Top Priority for Tax Dollars by Party	GOP (14%)	IND (47%)	DEM (27%)
Public education	54%	66%	69%
Social Security and Medicare	44%	47%	44%
National security	68%	46%	35%
Roads, highways and infrastructure	51%	38%	39%
Assistance for those in poverty	19%	30%	45%
Scientific research	23%	27%	27%
Foreign aid	9%	10%	12%
Vocational training	11%	8%	8%

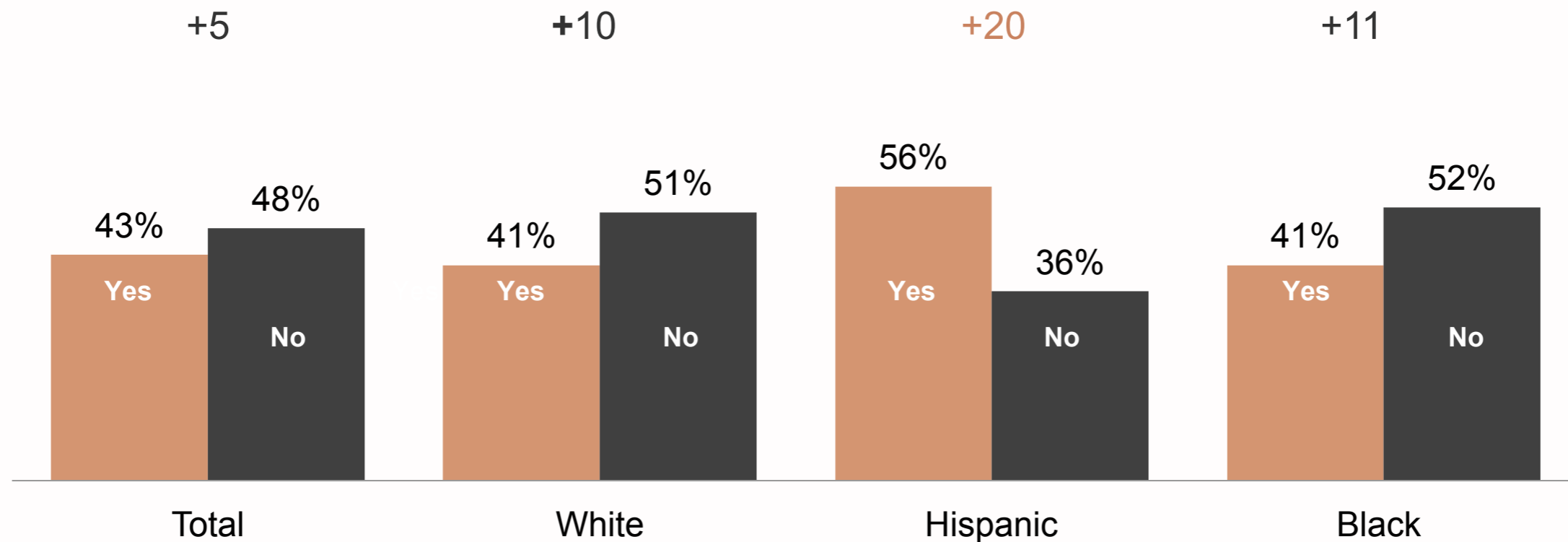
But there is a huge divide among Millennials on opinions of colleges and universities that breaks along racial lines

- Whites have a net negative view, while racial minorities have greater confidence in college institutions



Across every demographic there is significant concern that student debt is limiting career options

Do you believe that student debt has limited your career options?



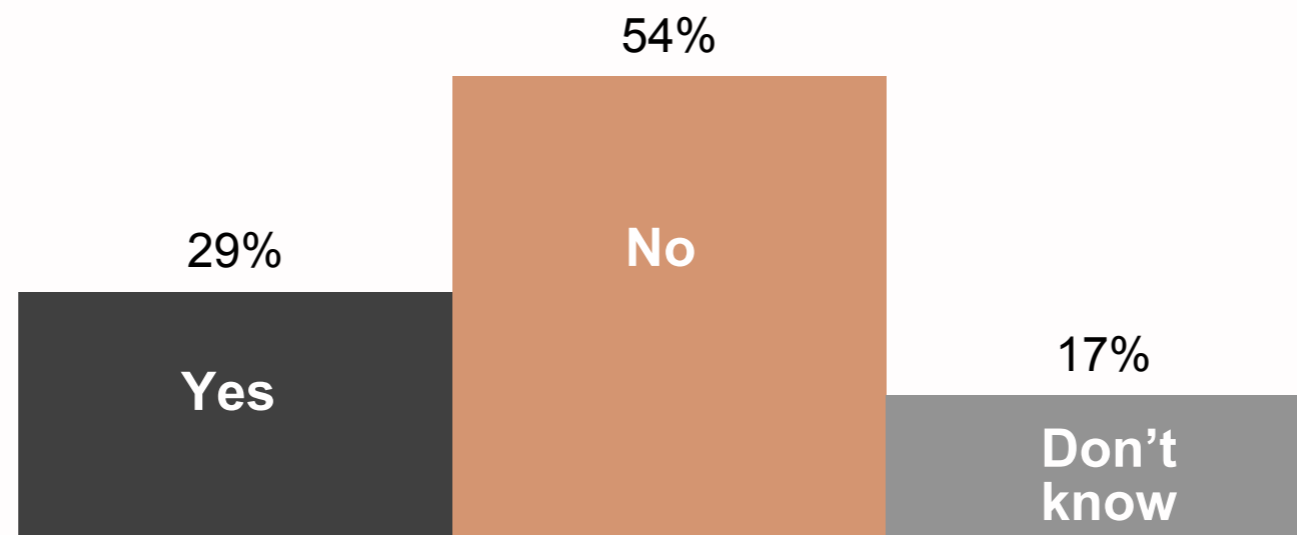


Millennials are:

Concerned about the state of the
economy and direction of the country

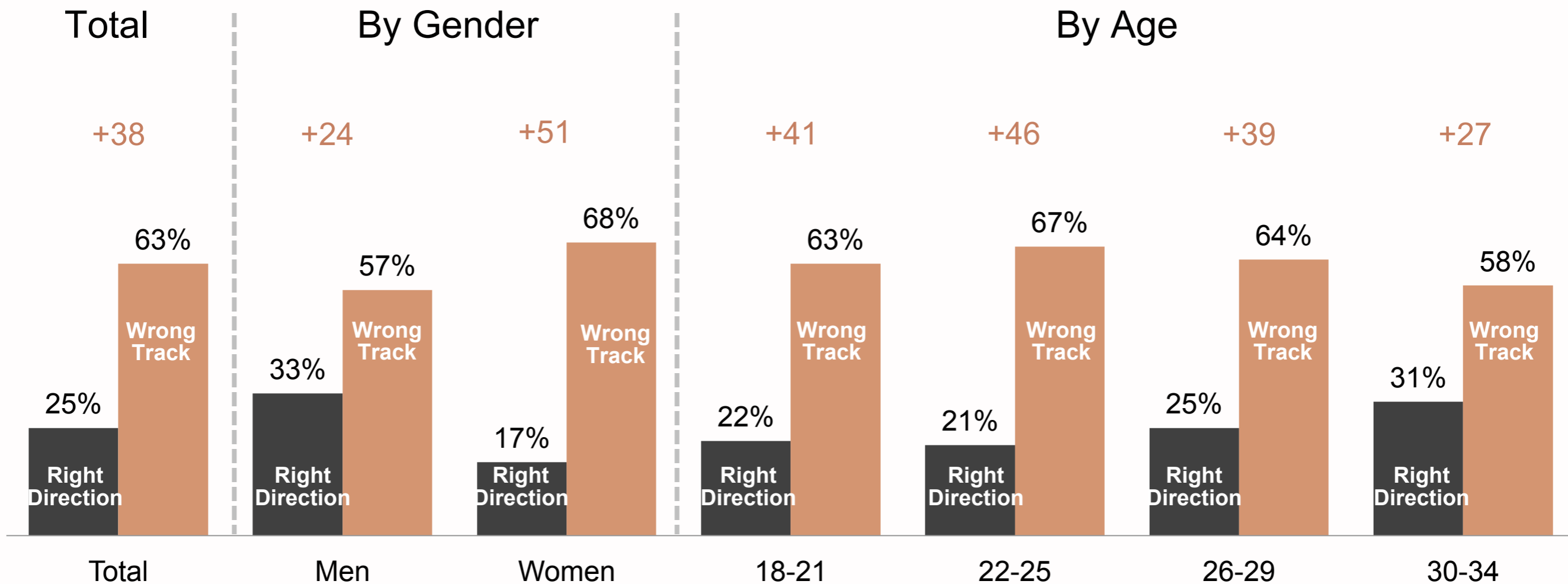
Nearly three out of every 10 Millennials feel their community is still in a recession.

Do you believe your local community is in a recession?



A large majority of Millennials think the country is on the wrong track

Do you think things in the country are headed in the right direction or are they on the wrong track?

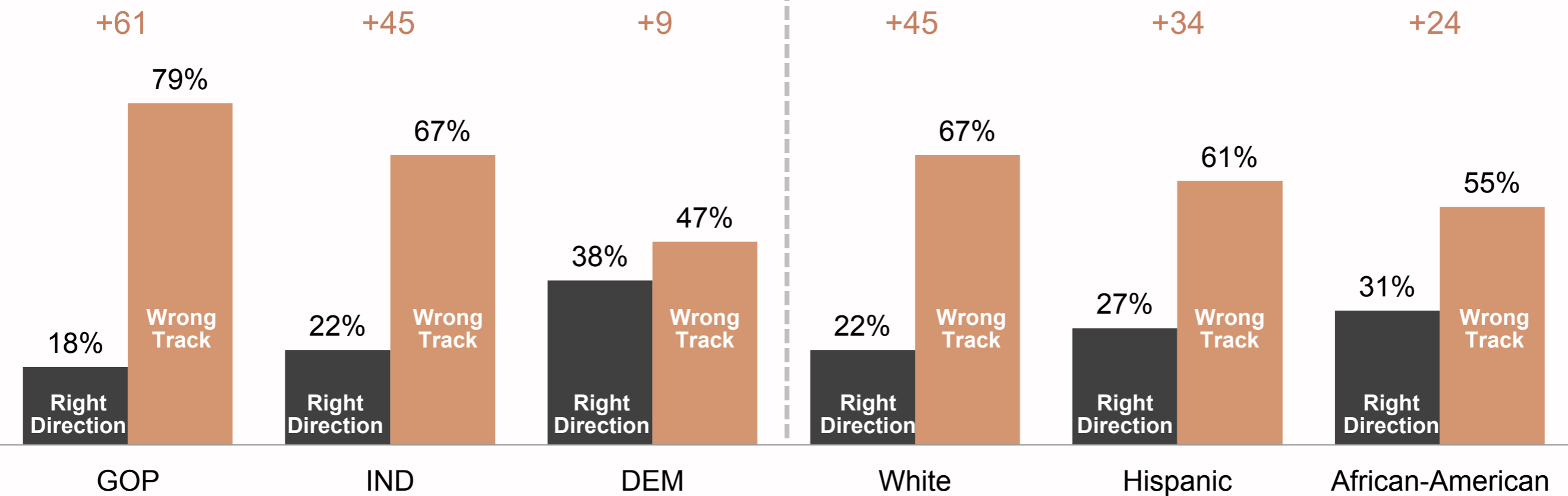


Pessimism holds across party and racial lines

Do you think things in the country are headed in the right direction or are they on the wrong track?

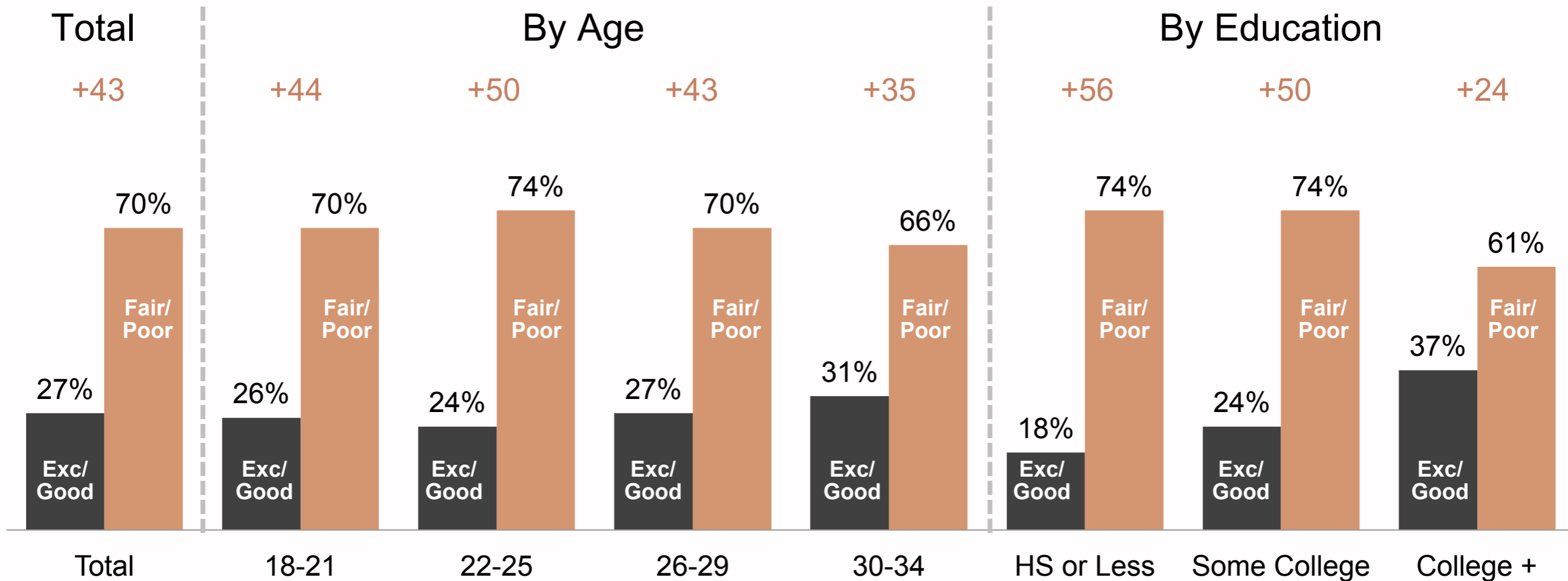
By Party

By Ethnicity



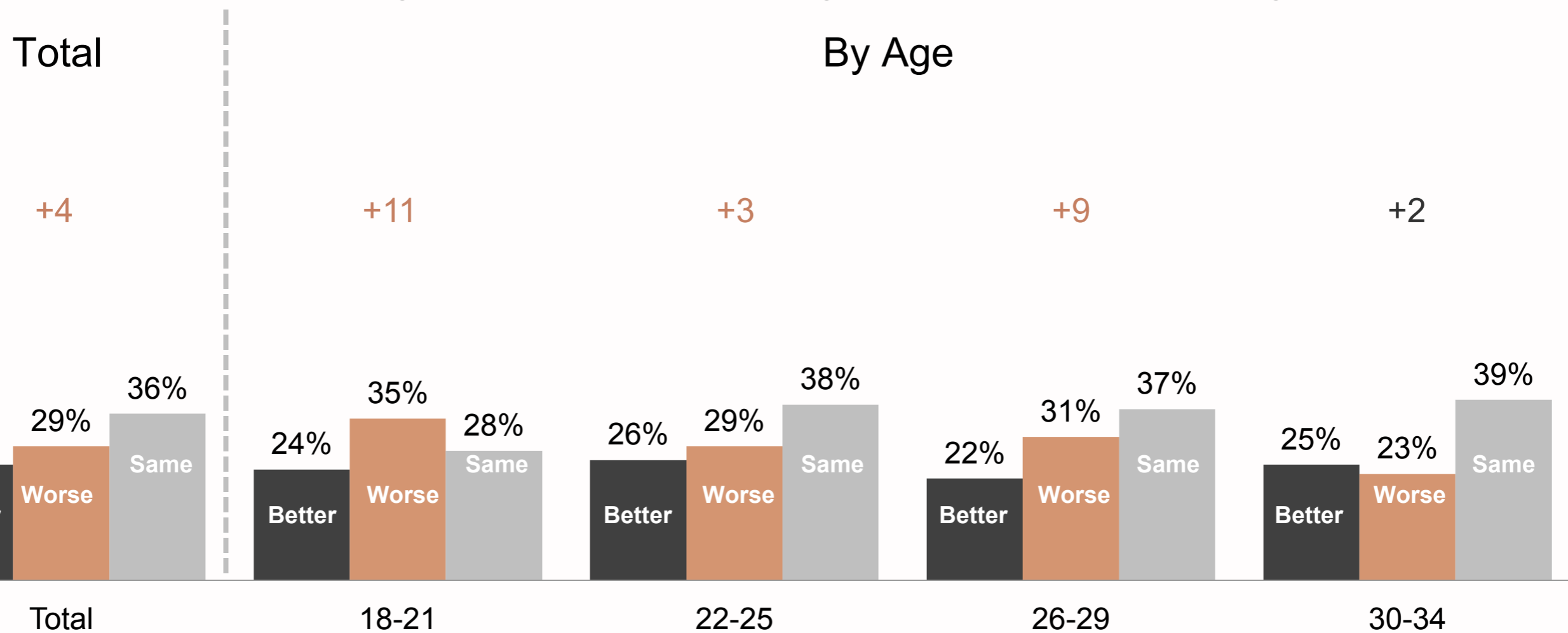
A super majority of Millennials are dissatisfied with the nation's economy, but education makes a huge difference

Would you describe the state of the nation's economy these days as excellent, good, only fair, or poor?



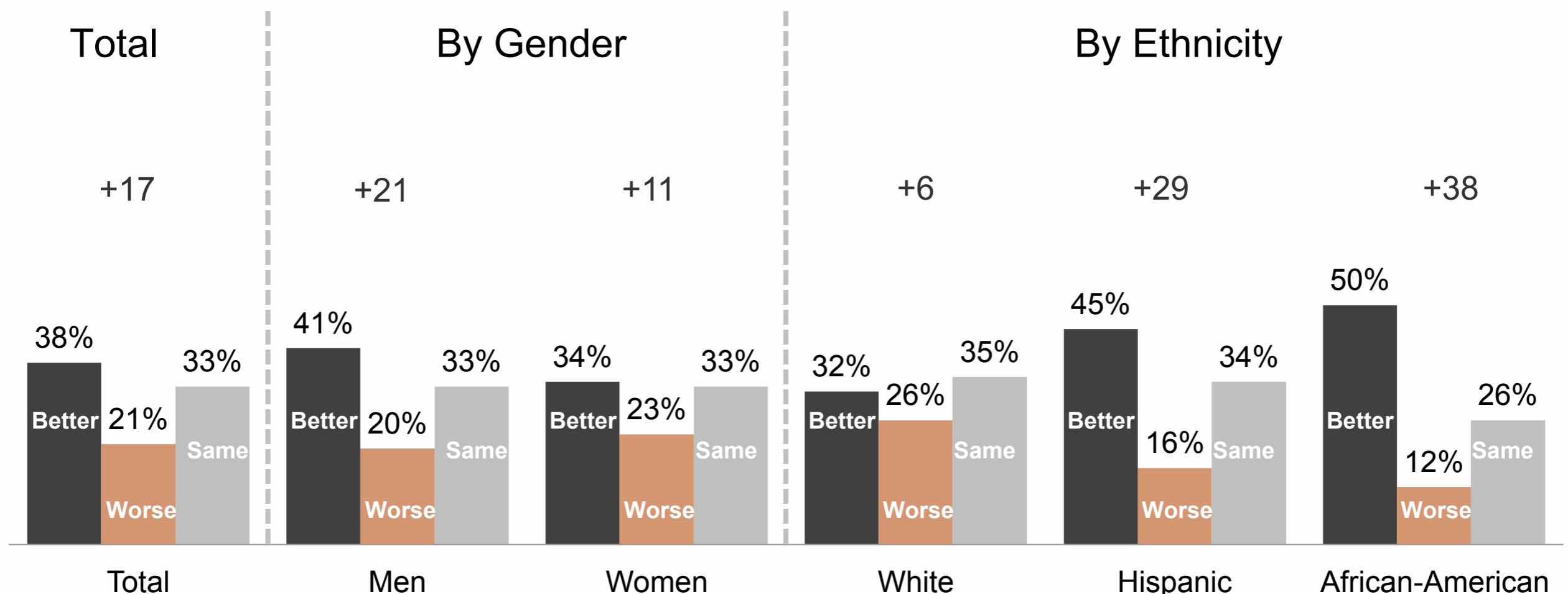
There is little confidence the national economy will improve in the next year

A year from now, do you expect the national economy to be better than it is today, the same as it is today, or worse than it is today?



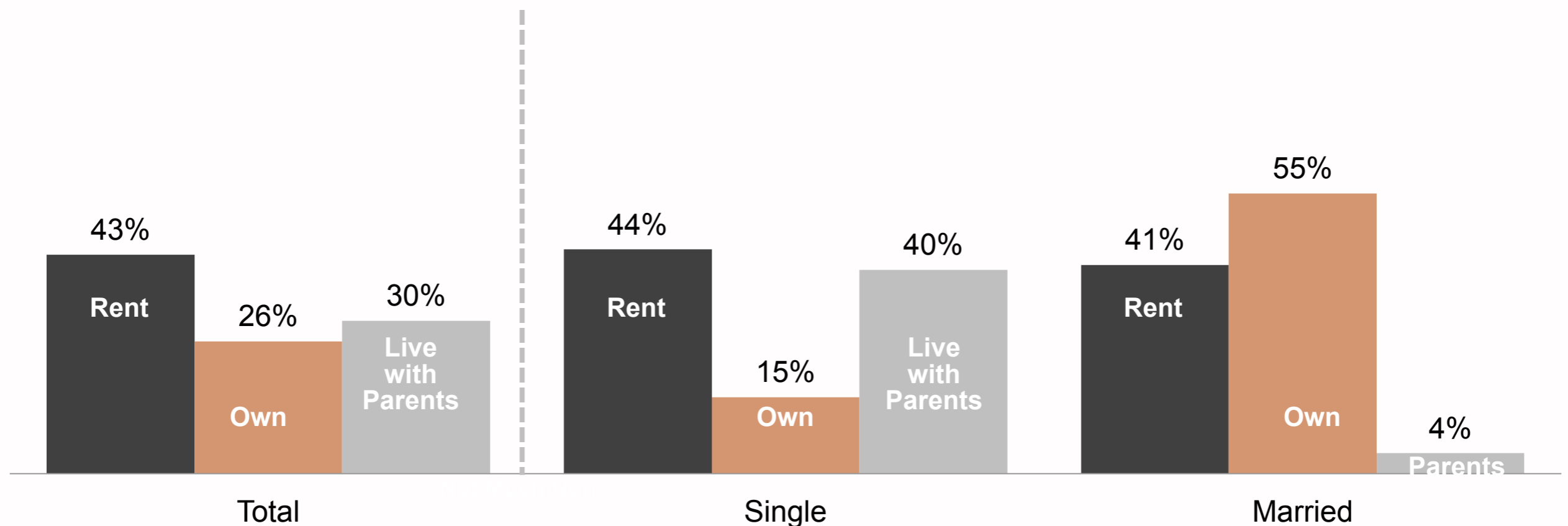
A majority of Millennials believe their standard of living will not be better than their parents (much more true for whites than minorities)

And, when you are your parents' age, do you believe your standard of living will be better, about the same, or worse than your parents' current standard of living?



A significant number of Millennials still live with their parents, and a recent Pew survey found that, for the first time ever, residing with mom and dad is the most common living arrangement for 18-34 year olds

Do you own or rent your home or live with your parents?





Millennials are:

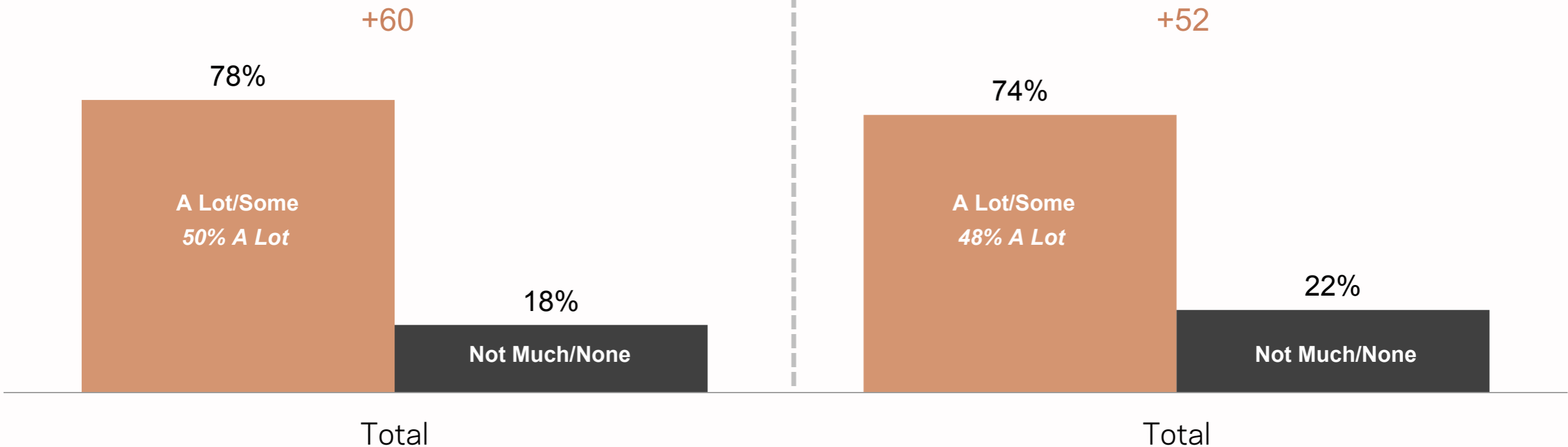
Concerned about their own financial security

Millennials are very concerned about their financial security

How much do you worry about the following?

Having good-paying job opportunities in the future

Not being able to pay your health care bills if you get sick



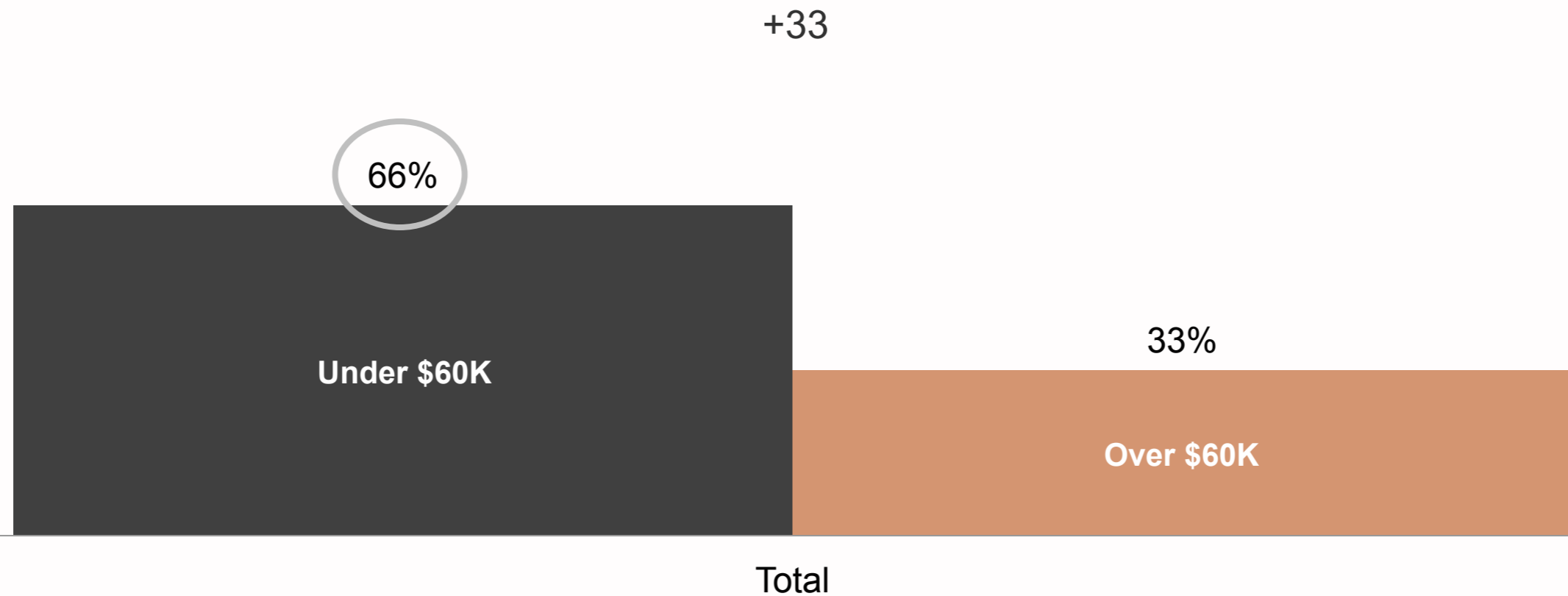
Feelings of financial security increase with age and education

Which one of the following best describes your financial situation?

	Total	Men	Women	HS or Less (22%)	Some College (41%)	College + (36%)
I'm not making enough money to cover my expenses	30%	22%	38%	41%	34%	17%
I'm making just enough money to cover my expenses	35%	35%	36%	30%	40%	34%
I'm making a little more money than needed to cover my expenses	24%	29%	18%	13%	18%	37%
I'm making a lot more money than needed to cover my expenses	6%	9%	3%	6%	2%	10%

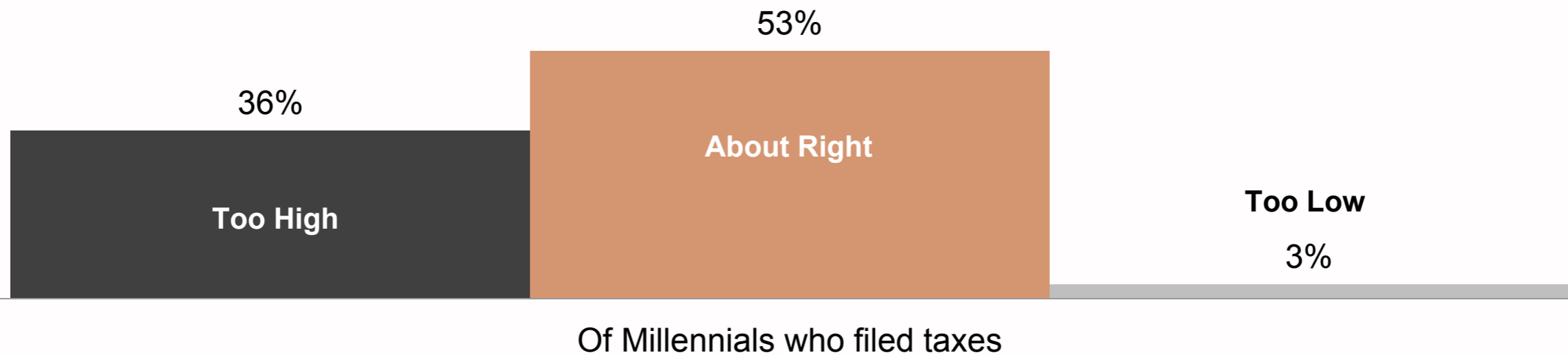
Two-thirds make under \$60,000 a year in household income

Is your total annual household income greater or less than \$60,000 dollars?



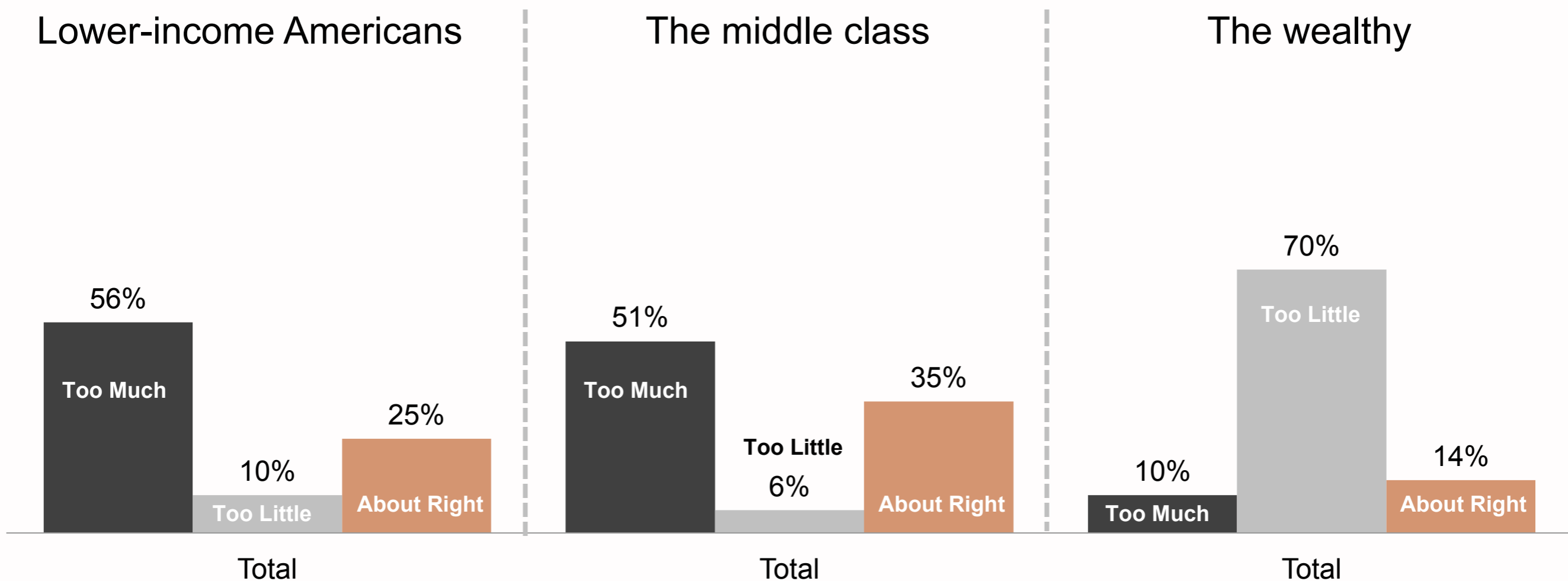
Most believe the amount they paid in income taxes was about right

Do you consider the amount of federal income tax you have to pay too high, about right, or too low?



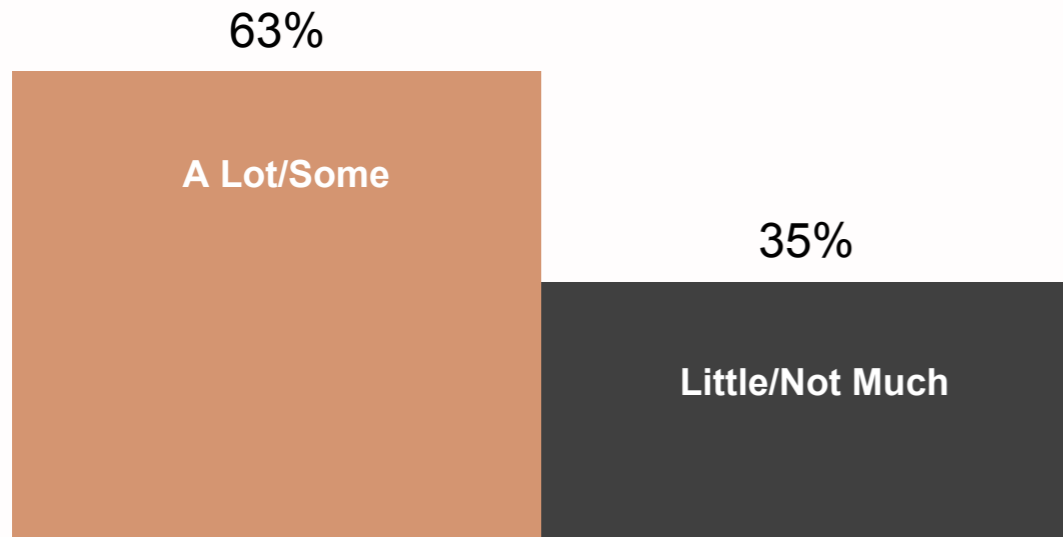
And they think that lower-income Americans and the middle class pay too much in taxes, while the wealthy pay too little

Please tell me whether you believe that the following groups are paying too much in taxes, too little, or about the right amount.

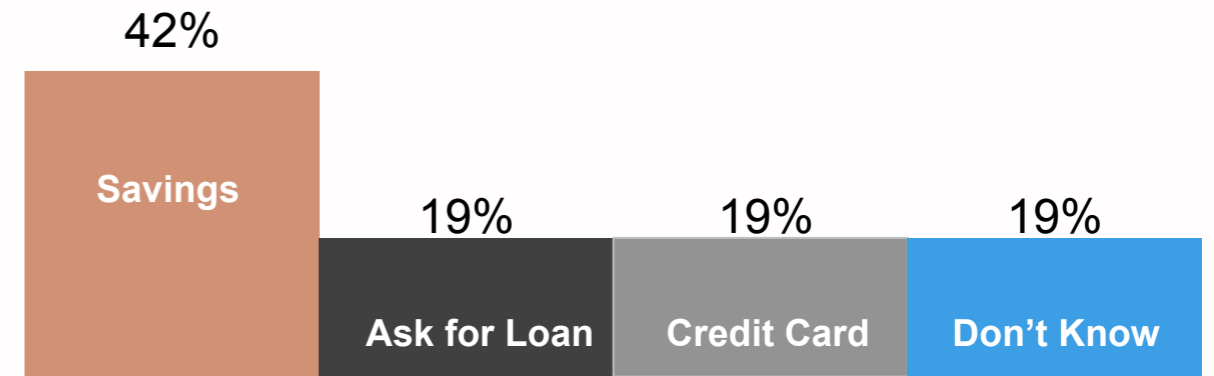


Nearly two-thirds would have difficulty covering an unexpected \$500 expense

If you were hit with an unexpected \$500 expense, how much difficulty would you have paying that bill?



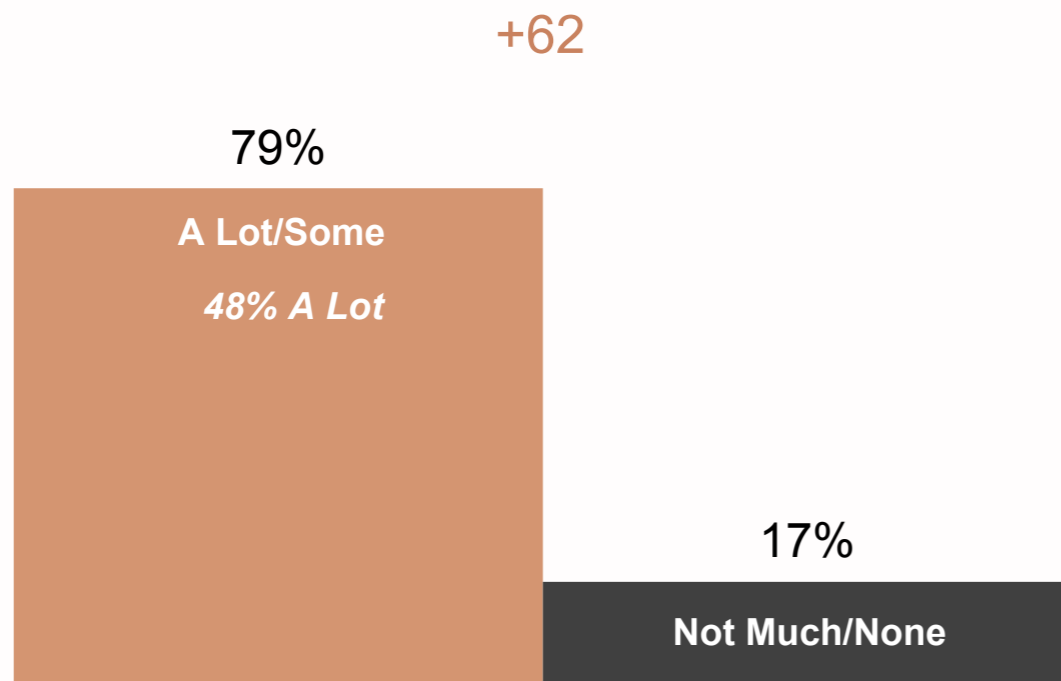
And, would you pay for that unexpected \$500 expense by asking friends or family for a loan, by putting it on your credit card, by dipping into savings, or you don't know how you'd pay for it?



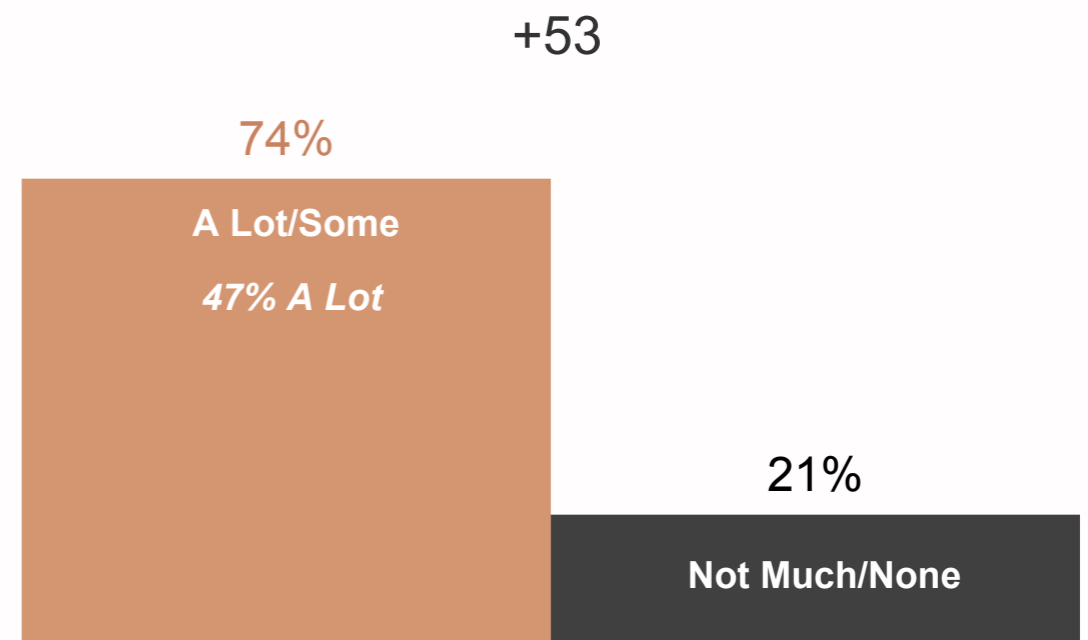
And their economic anxiety extends into retirement

How much do each of the following worry you personally?

Not having enough money to live on when you eventually retire?



Social Security not being there when you are ready to retire?



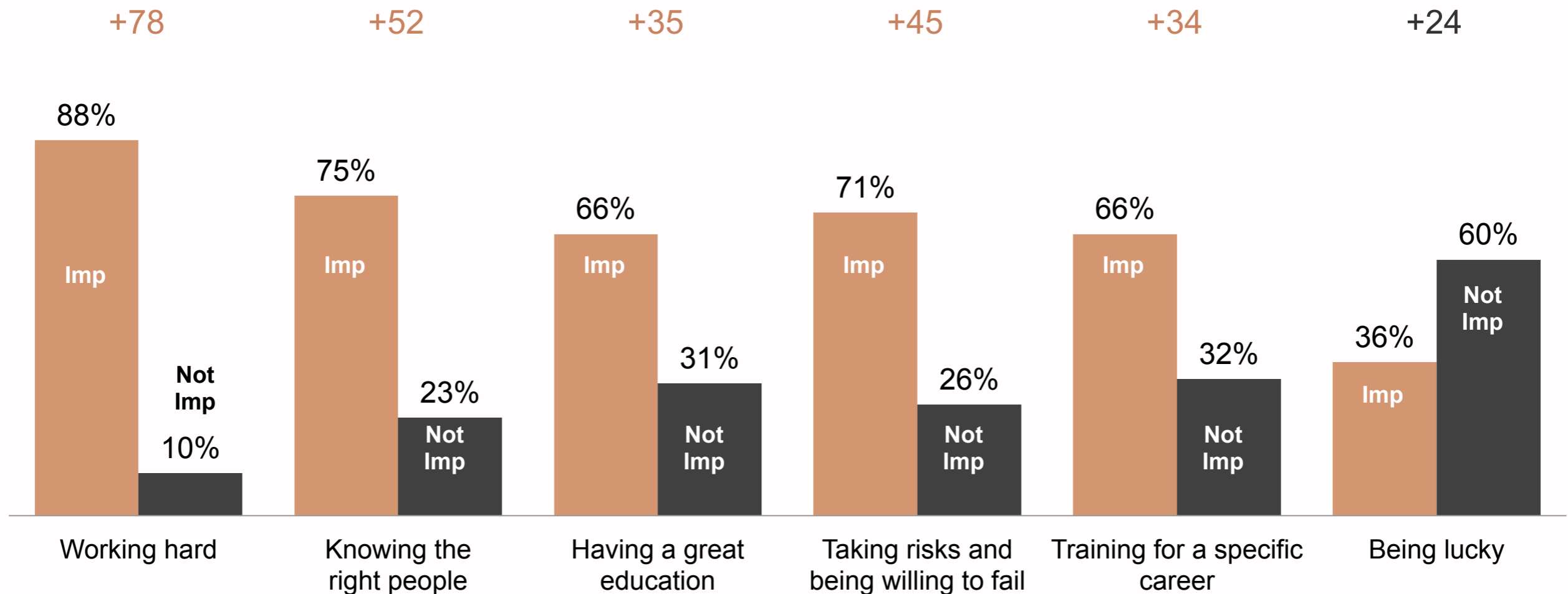


Millennials are:

Willing to work hard but pursuing
a risk averse career path

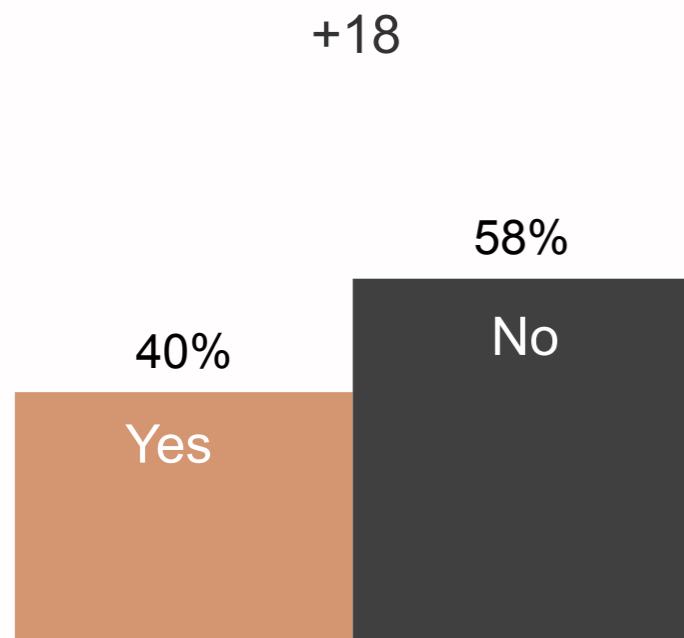
Millennials aren't cynical about the ingredients to getting ahead in life

How important is each of the following to getting ahead in life?
Is it extremely important, very important, somewhat important, or not too important?

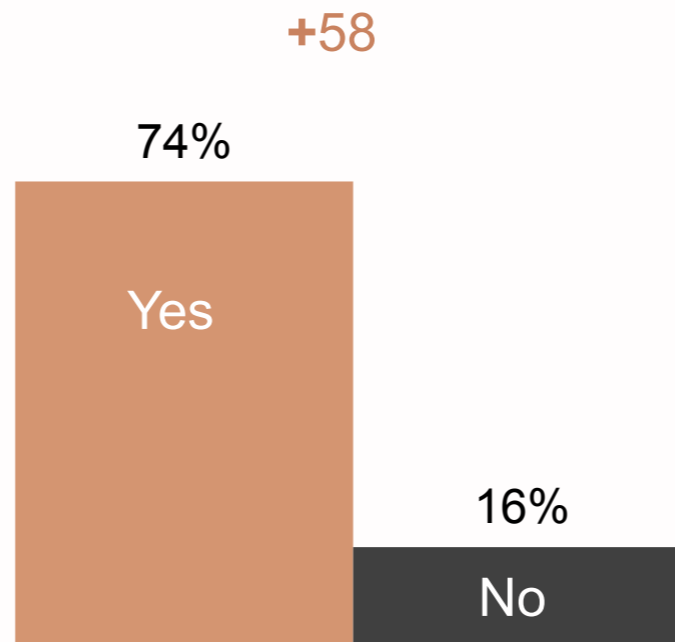


And are willing to relocate for better job opportunities

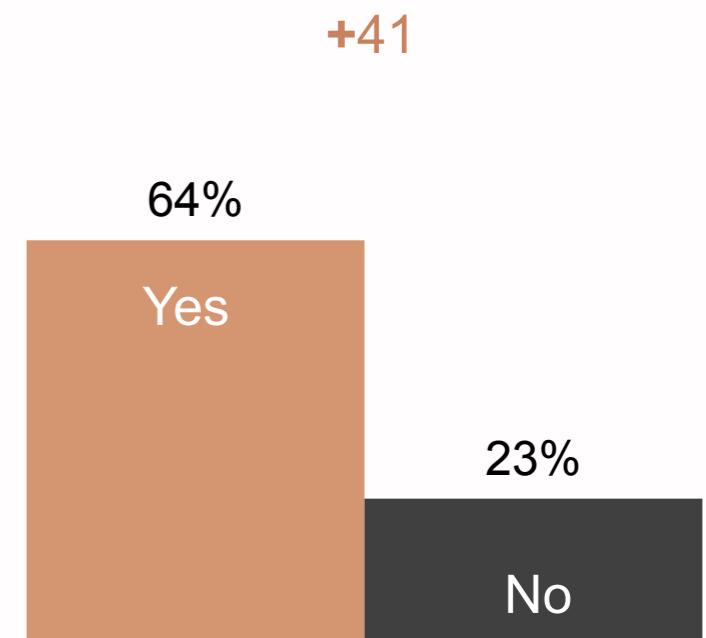
Have you moved from your hometown to find a better job or career path?



Are you willing to move within your home state to find a better job or career path?

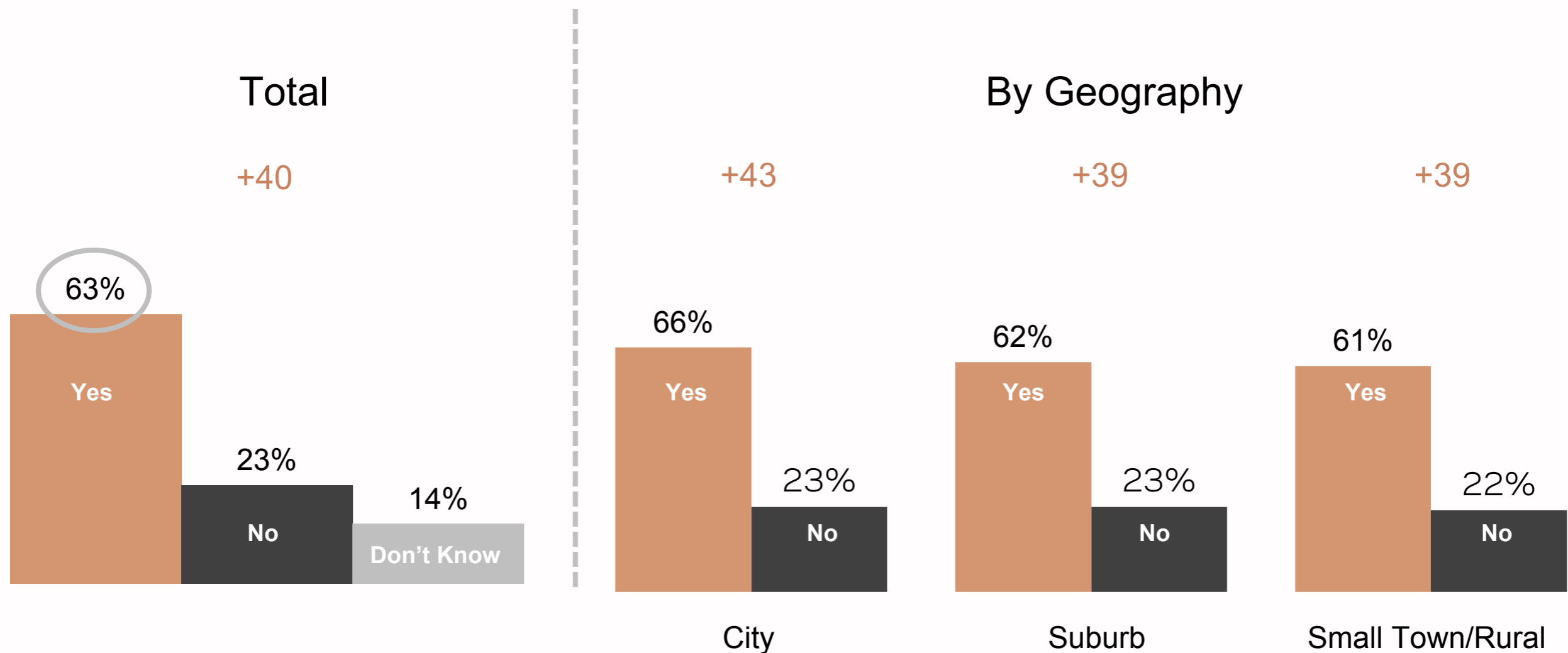


Are you willing to move to a different part of the country for a better job or career path?



As well as add an hour to their daily commute

Would you take a much better job if it added one hour to your daily commute?



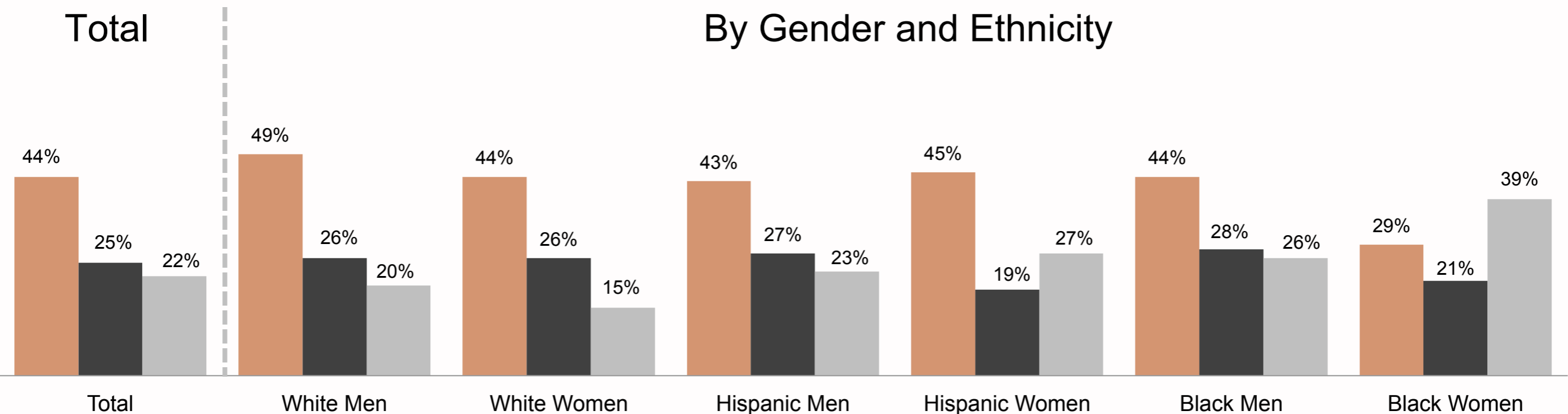
A large plurality of Millennials believe the best way to advance in their career is to stay with one company

Which one of the following is the best way to advance your career?

To stay with one company and work your way up the ladder
To move from job to job at different companies, advancing along the way
 To start your own company

Total

By Gender and Ethnicity





Millennials are:

Convinced entrepreneurship is critical for America's economic success - but they see obstacles to choosing it as a career path

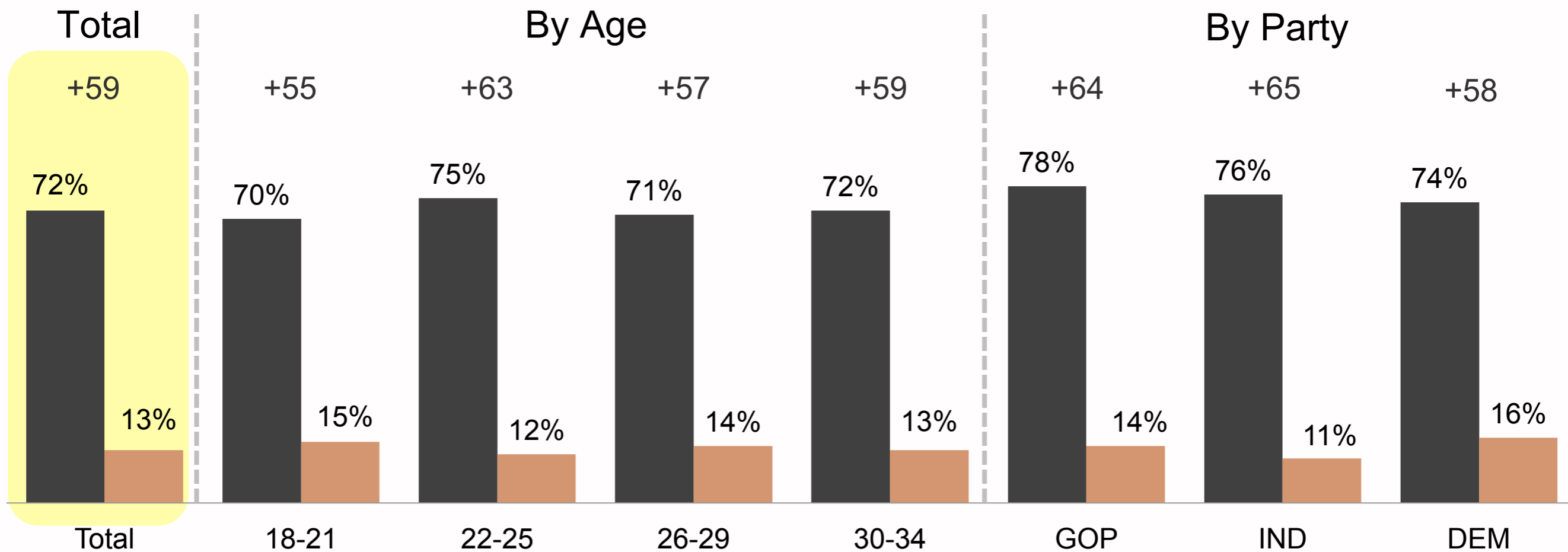
Millennials believe entrepreneurship is essential for our economy

Which of the following comes closest to your point of view?

Startups and entrepreneurship are essential for new innovation and jobs in our economy

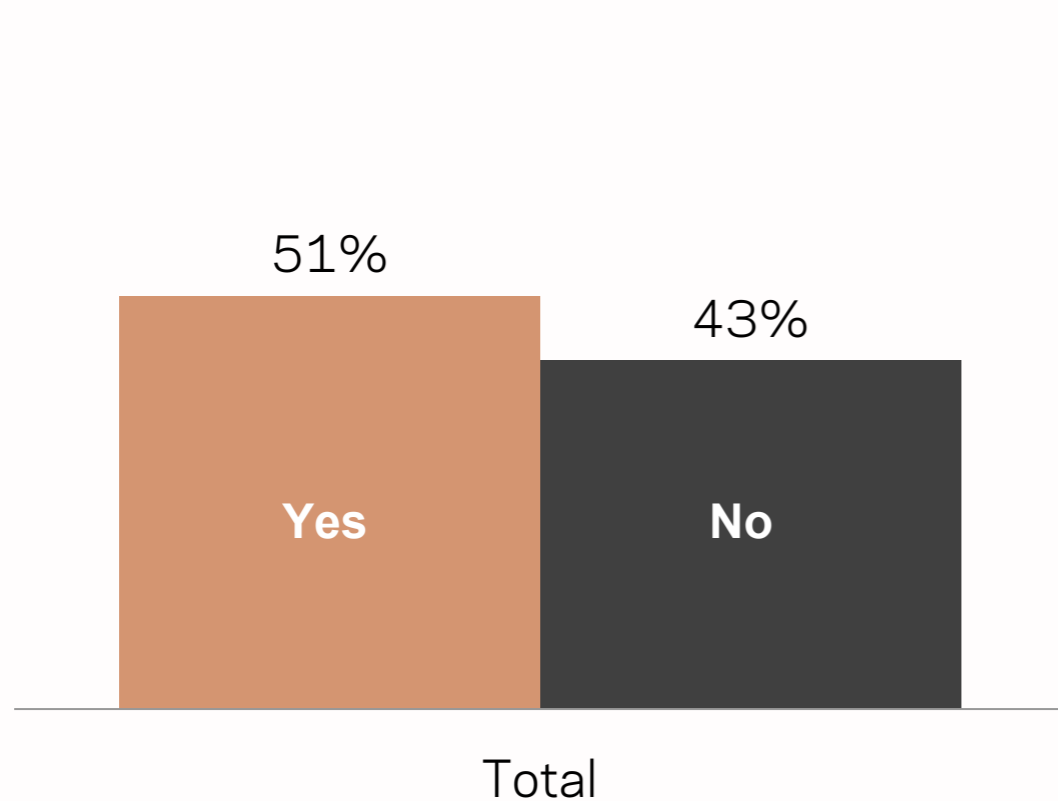
...Or...

The U.S. economy can be strong without lots of startup and entrepreneurial activity

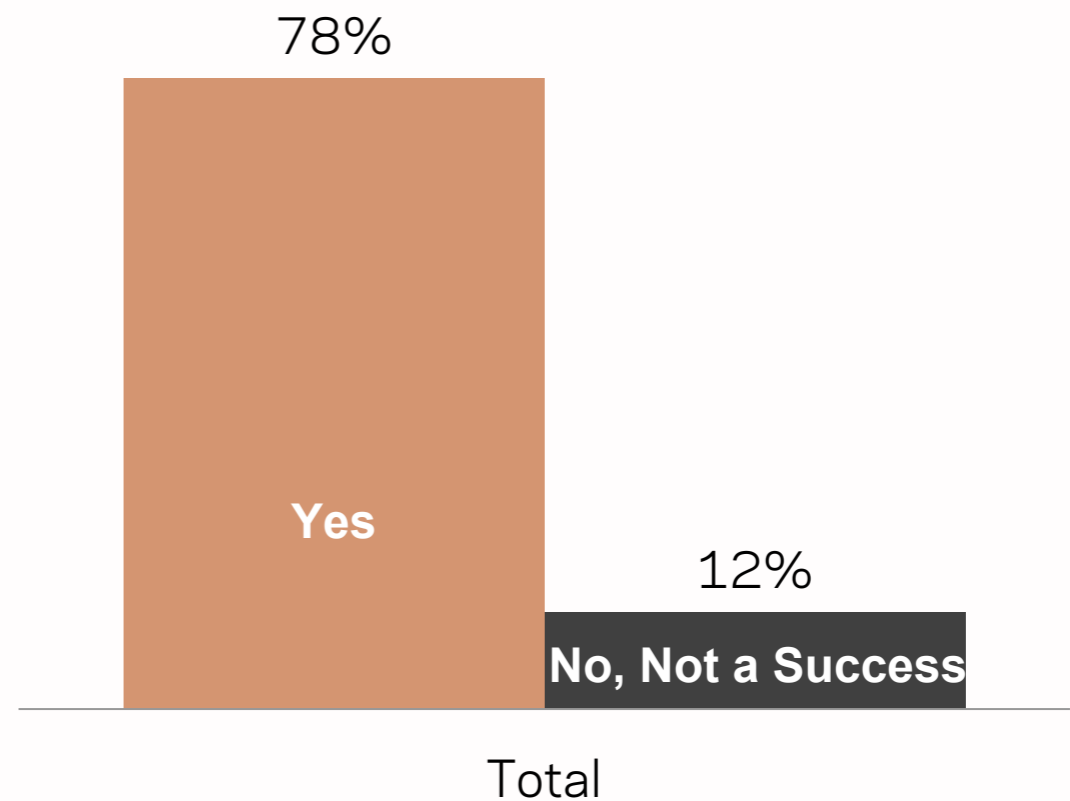


Millennials consider working for a startup a sign of success

Do you happen to know anyone who has started or worked for a startup?



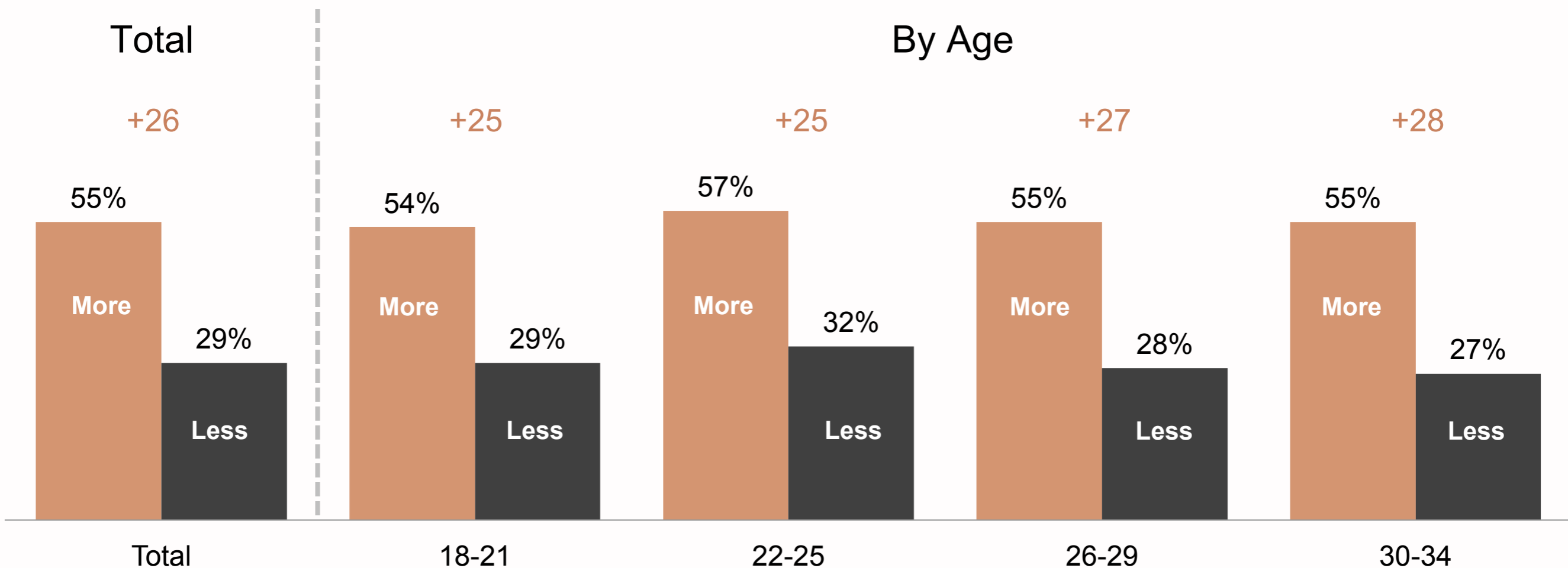
If you do know someone, would you consider them a success or not?*



*Asked if know someone who has started/worked for a startup.

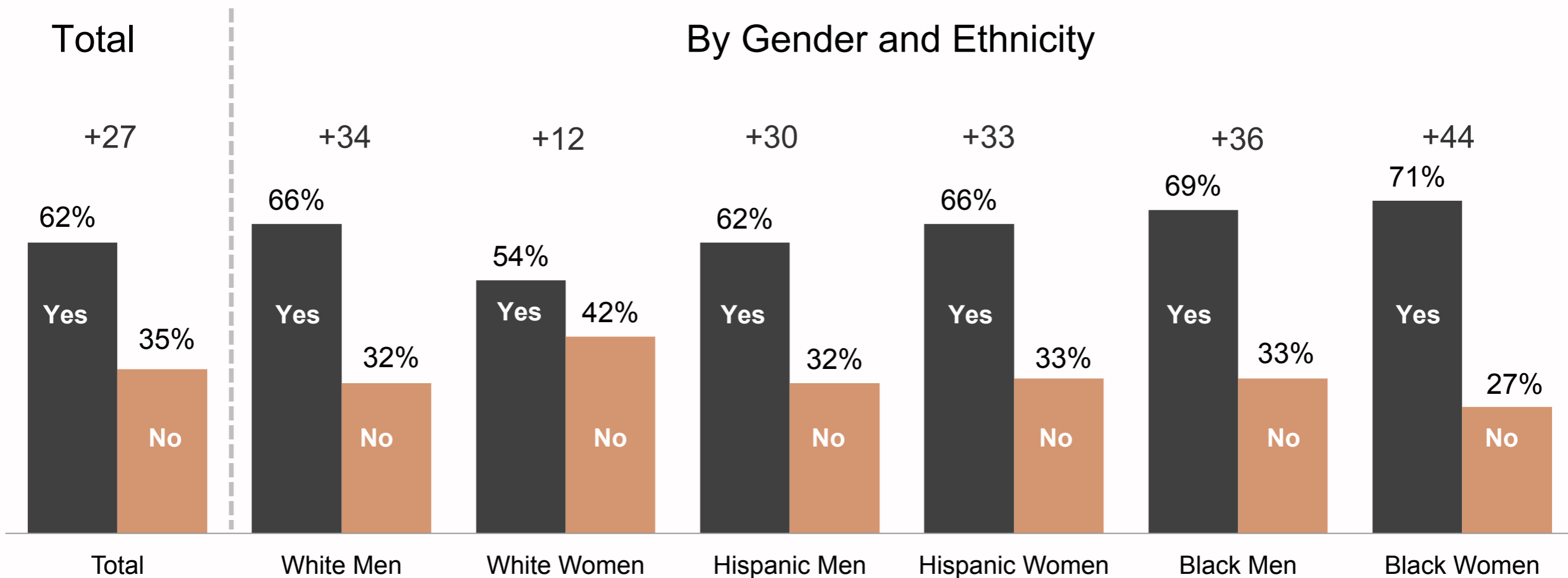
They believe their generation is more entrepreneurial than previous generations, even though the data say otherwise

Do you believe your generation is generally more entrepreneurial than previous generations?



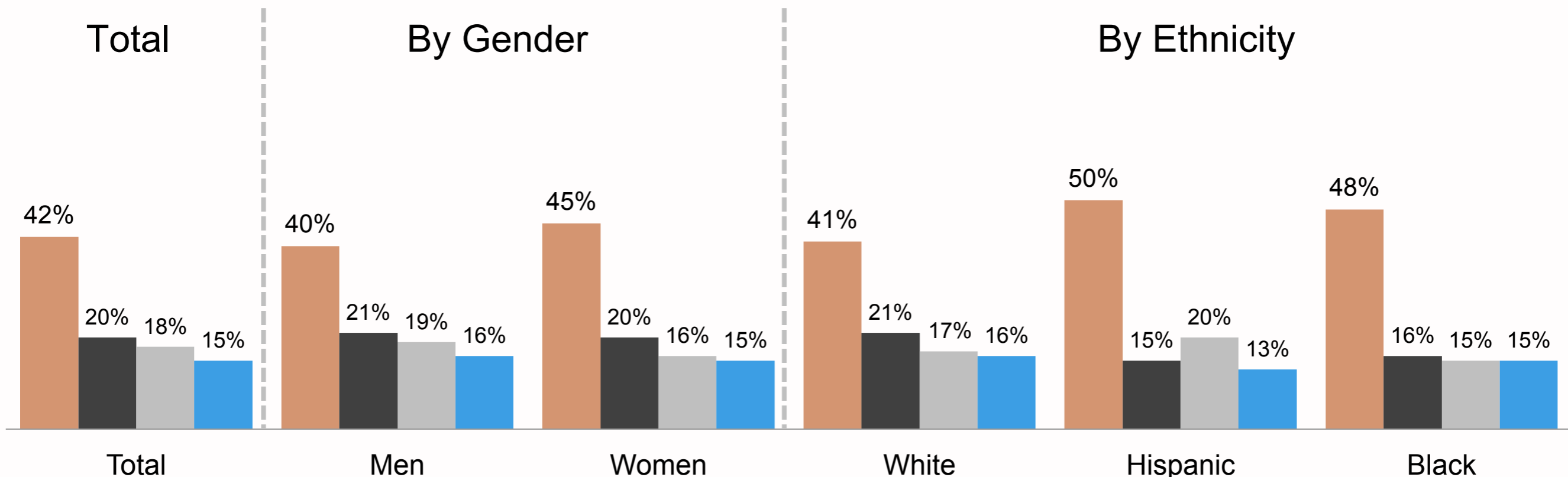
African-Americans are most likely to have considered starting their own business

Have you ever considered starting your own business?



Access to capital is the biggest barrier for would-be Millennial entrepreneurs, especially minorities

Which of the following would you say is the biggest obstacle that would keep you from starting your own business? **I don't have the financial means to start a business**, I have no desire to start a business, I am afraid that if I started a new business, it would fail, or **I don't know how to start a business**.

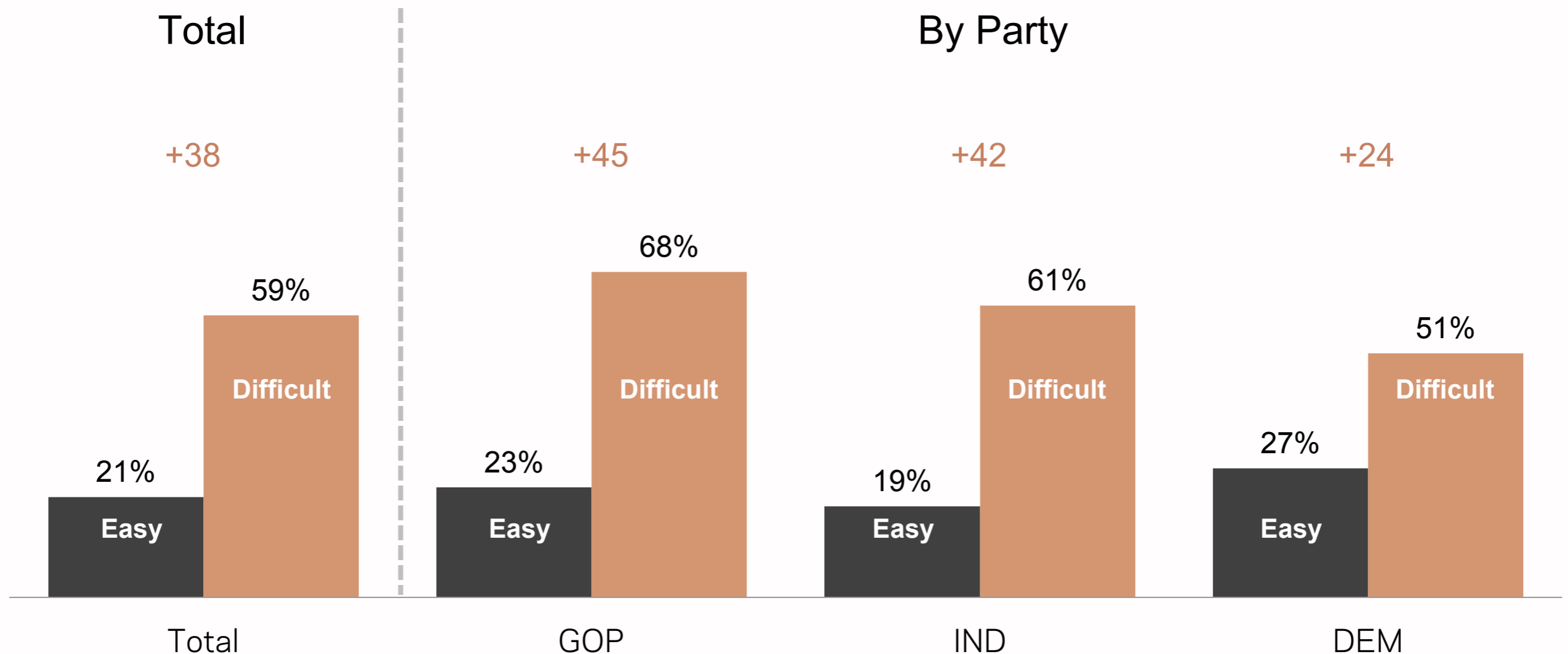


Women and minorities receive far less funding than male entrepreneurs in the United States

- Woman-owned companies receive only one out of every 23 dollars of small business lending even though they own three out of every 10 employer firms.
- Men start businesses with approximately twice as much capital as either women or minority entrepreneurs.
- For every nine men that raise equity financing to start and scale a business, only one woman does; male entrepreneurs typically receive 18 percent of their capital from equity, while women receive two percent.
- Minority-owned businesses are three times more likely to be turned down for a loan than white-owned businesses, and those that are granted loans receive less credit at less favorable rates.

There is an overwhelming sense that government makes things difficult for new businesses to succeed

Do you believe that the government makes it easy or difficult for people to succeed in starting their own business?

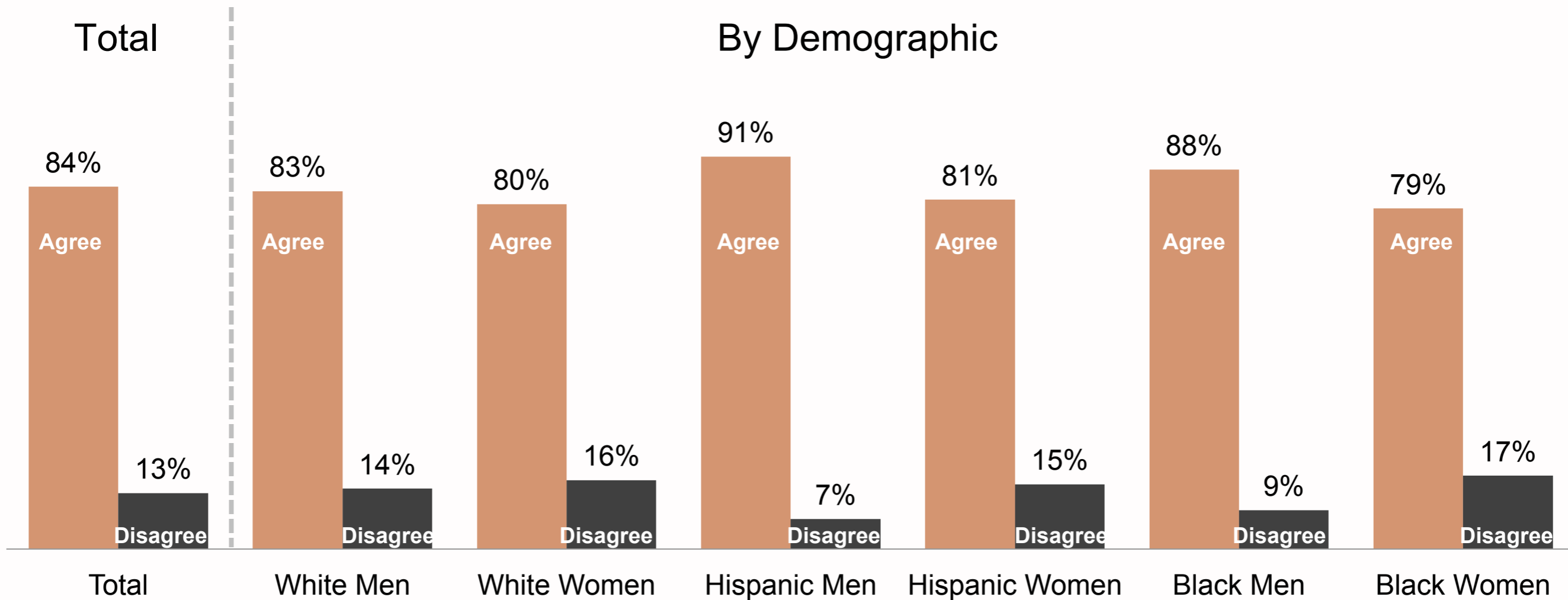




Millennials are:
Distrustful of traditional institutions

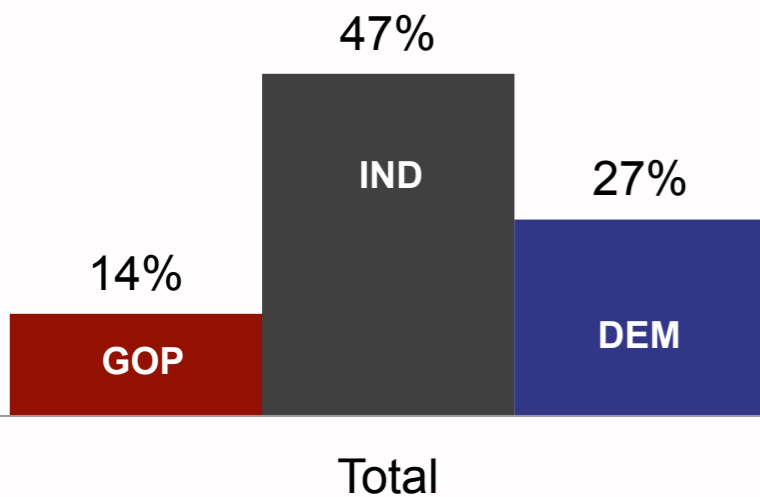
Millennials, the most diverse generation in this country's history, are overwhelmingly proud to be Americans

I'm proud to be an American.

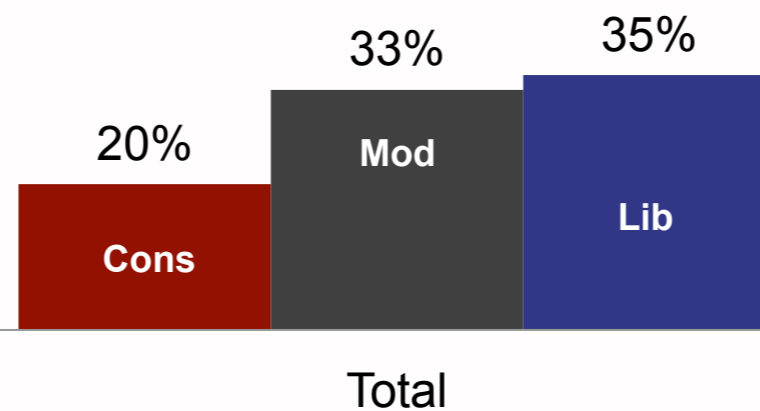


They are less likely to identify with either political party

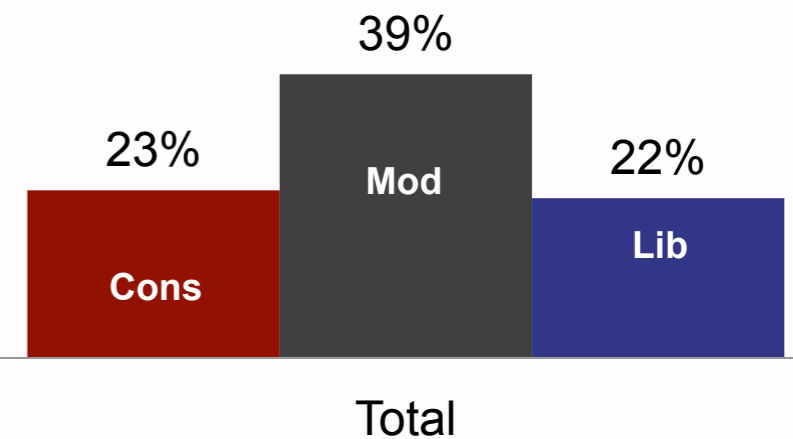
Do you consider yourself a Republican, a Democrat, or something else?



When it comes to social issues, do you consider yourself to be conservative, moderate, or liberal?

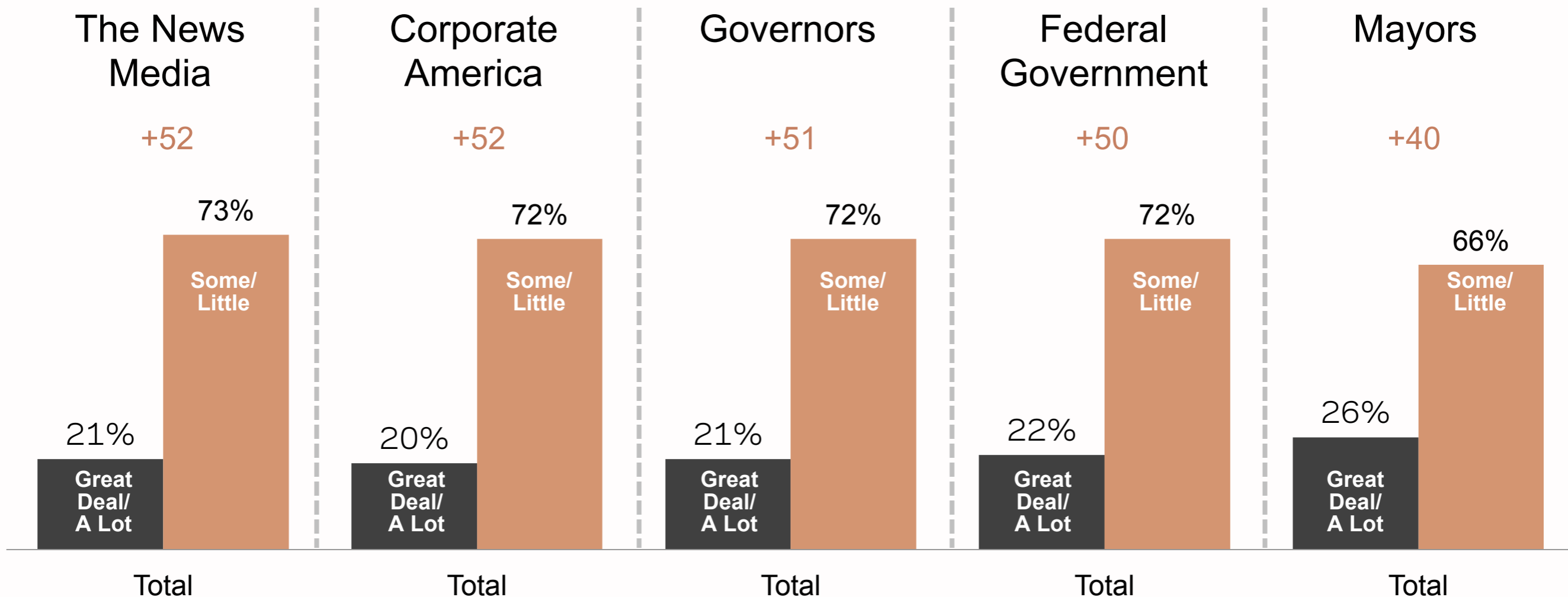


When it comes to economic issues, do you consider yourself to be conservative, moderate, or liberal?



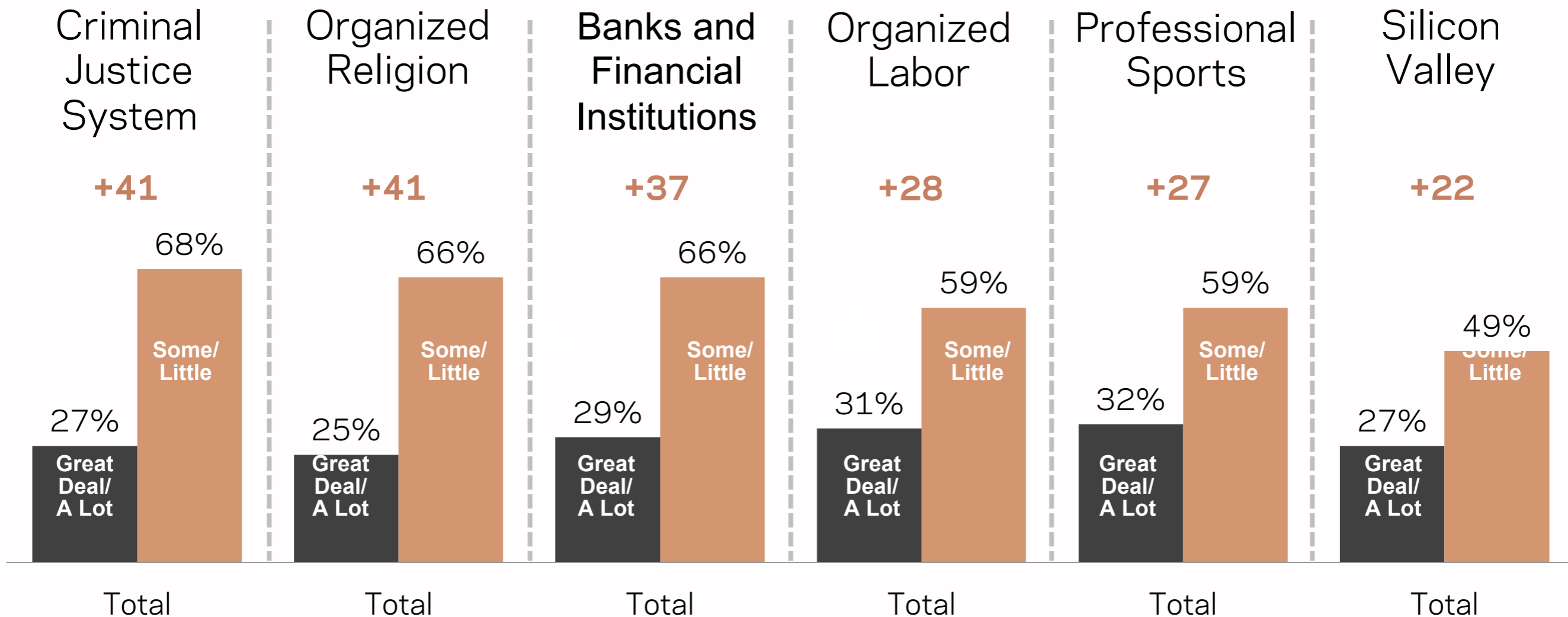
They have little confidence in traditional American institutions to solve their problems

How much confidence do you have in each of these institutions – a great deal, quite a lot, some, or very little?



They have little confidence in traditional American institutions to solve their problems

How much confidence do you have in each of these institutions – a great deal, quite a lot, some, or very little?



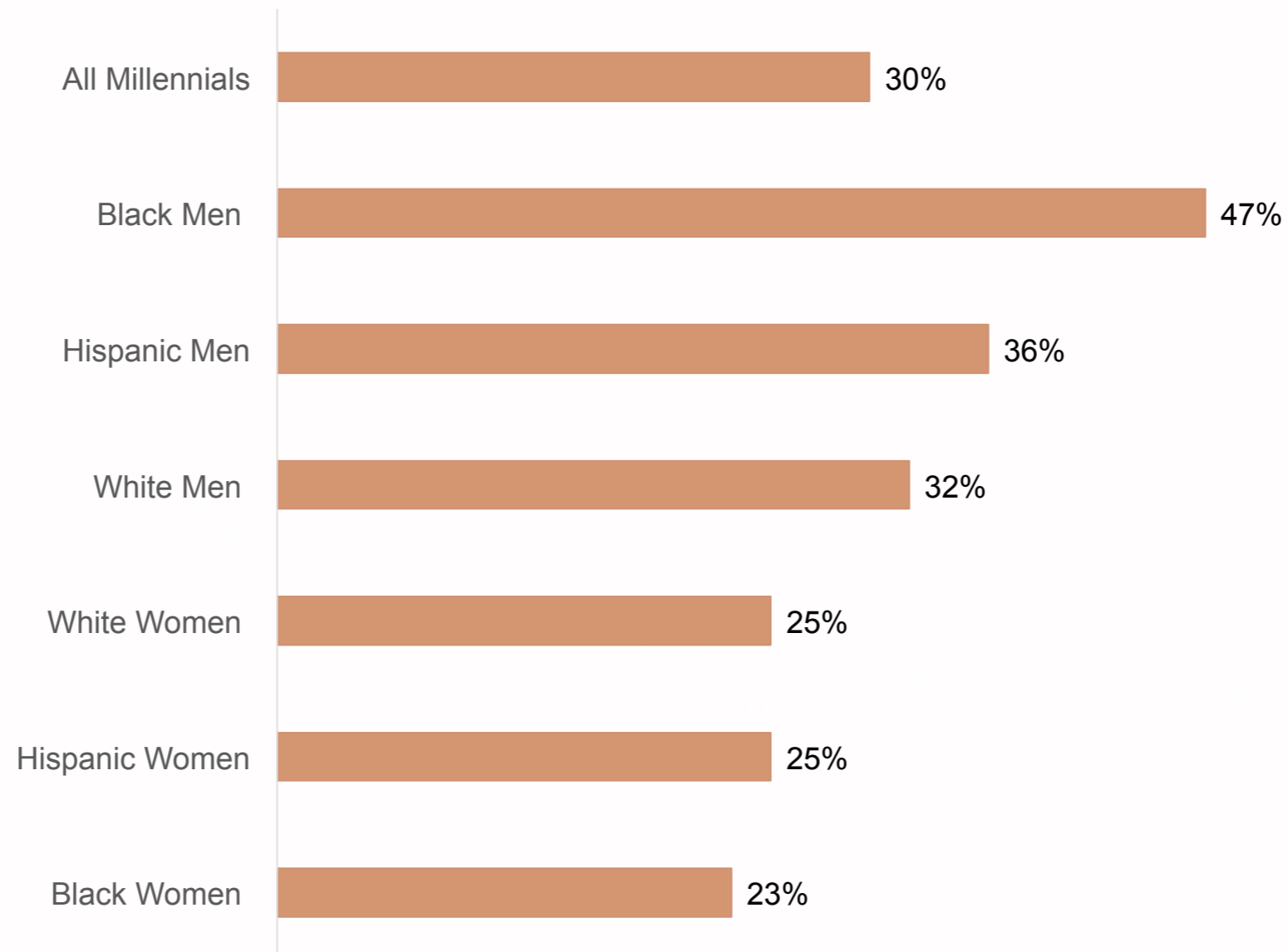
The most diverse generation expresses a diversity of opinions on establishment institutions

Percent reporting a great deal of or a lot of confidence

	Total	Men	Women	White Men	Hispanic Men	Black Men	White Women	Hispanic Women	Black Women
Military	55%	60%	50%	62%	53%	66%	54%	48%	42%
Colleges and Universities	51%	54%	47%	47%	62%	67%	46%	50%	47%
Professional Sports	32%	38%	25%	33%	44%	58%	23%	28%	25%
Organized Labor	31%	36%	25%	35%	38%	44%	27%	27%	14%
Banks and Financial Institutions	29%	33%	25%	29%	37%	47%	24%	30%	22%
Silicon Valley	27%	38%	16%	37%	43%	36%	18%	15%	13%
Criminal Justice System	27%	32%	22%	29%	31%	45%	23%	20%	19%
Mayors	26%	30%	20%	31%	31%	39%	23%	18%	10%
Organized Religion	25%	28%	23%	27%	30%	42%	22%	21%	27%
Federal government	22%	26%	18%	20%	32%	47%	15%	20%	21%
The News Media	21%	22%	21%	19%	23%	34%	19%	21%	23%
Governors	21%	25%	17%	25%	18%	40%	16%	14%	15%
Corporate America	20%	24%	15%	21%	23%	40%	15%	14%	16%

Of all Millennials, black women have the lowest levels of confidence in American institutions

Percent of group reporting, on average, high levels of confidence in polled institutions



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GROUP



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