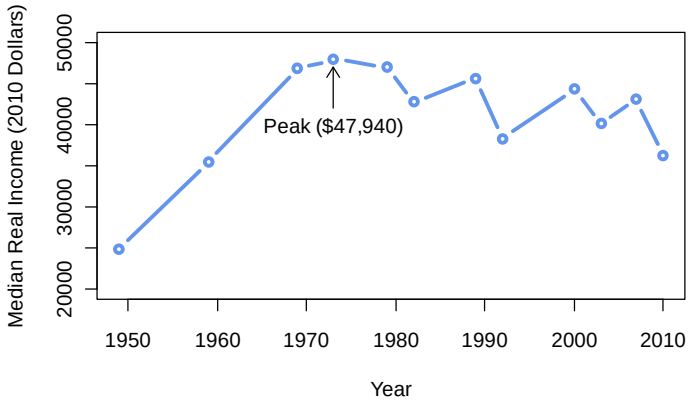
Young Families Struggle in the Face of Falling Incomes, Dramatic Increases in Inequality

Summary of Key Findings from "Trends in the Levels and Distribution of the Annual Incomes Among Young Families, 1973 to 2010: Deteriorating Real Incomes amidst Steeply Rising Inequality," by Andrew Sum and Ishwar Khatiwada, Center for Labor Market Studies, Northeastern University

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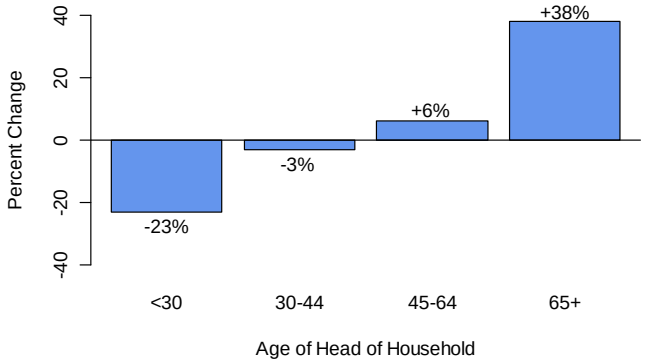
- **In 2010, young families – those with a head of household under the age of 30 – were earning about the same on average as they had in 1959, as all of the income gains observed among this group in the middle of the 20th Century had been wiped out.** The median real (i.e. inflation-adjusted) annual income for this group increased at a rate of 2.76 percent per year from 1949 to 1973, reaching a peak of $47,940 (in 2010 dollars) in 1973. In contrast, between 1973 and 2010, median income *declined* at an annual rate of 0.75 percent per year. By 2010, young families were earning an average of $36,280, only slightly higher than the 1959 average of $35,446. If the rate of growth observed from 1949 to 1973 had continued, the median income would have risen to $127,752 by 2010.

Figure 1. Change in Median Real Income for Young Families, 1949-2010



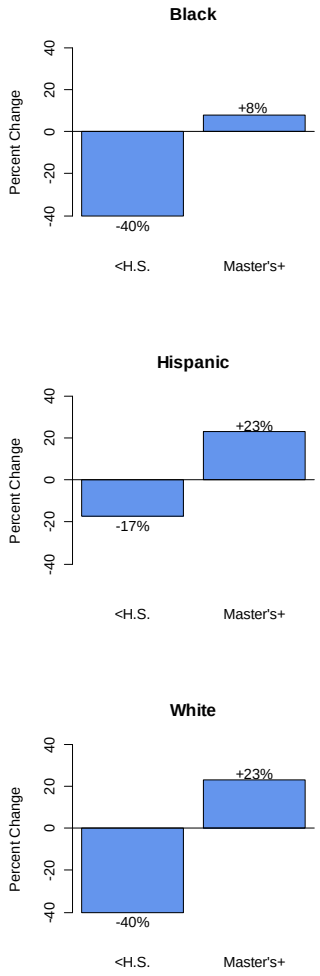
- **The pattern of decline in the median real income observed among young families did not hold true for older families, which fared much better over the last three decades.** The oldest families (with a householder 65 or older) saw an income gain of 38 percent over this time period compared to the 23 percent decline experienced by young families. In effect, young and old families switched places, with young families having a median annual real income of $46,970 in 1979, which dropped to $36,280 by 2010, and the oldest families starting at $33,132 in 1979 and climbing to $45,715 by 2010.

Figure 2. Percent Change in Median Real Income by Age of Householder, 1979 to 2010



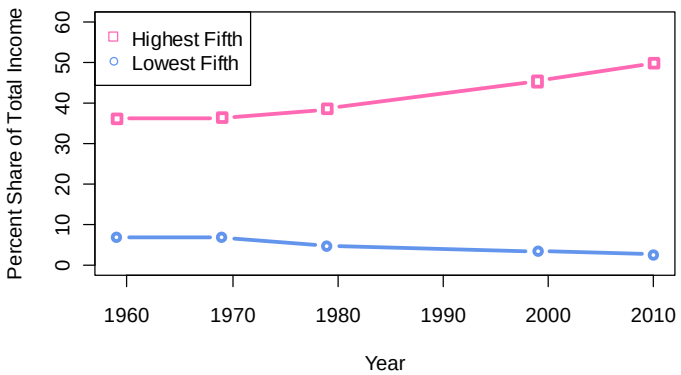
- Some young families were hit much harder by these income declines than others.
    - Black (non-Hispanic) families saw a 23.7 percent drop in median real annual income from 1979 to 2010 – over one-and-a-half times the declines observed among Hispanic and White (non-Hispanic) young families, which were 15.2 percent and 11.1 percent, respectively.
    - **Families with children incurred average income declines that were over seven times greater than for families without children.** The median real annual income of families without children dropped by 3.7 percent from 1979 to 2009, while the magnitude of the decline for families with children was an astounding 28.3 percent.
    - Level of education had an effect that depended on the race/ethnicity of a young family's head of household (Figure 3).
        - Black families with a head of household who had less than a high-school diploma showed dramatic income declines (40 percent), while Black families headed by someone with a master's or higher degree had only a small income gain (eight percent).
        - Less-educated Hispanic families saw lower average income drops than Black or White families (17 percent), while more-educated Hispanic families had the same gains as Whites (23 percent).
        - For more-educated White families there was a 23 percent increase in median real annual income between 1979 and 2009, yet there was a 40 percent decrease among less-educated families.

Figure 3. Change in Median Real Annual Income for Young Families 1979-2009, by Race/Ethnicity and Education



- **The income gap – measured by the difference between the income shares of the top and bottom quintiles – for young families grew by 60 percent over the last 50 years, ballooning from 29.3 percentage points in 1959 to a staggering 47.1 percentage points in 2010.** In 1959, the highest-earning fifth of young families took in 36.1 percent of the total income earned by young families, while the share for the lowest-earning fifth was 6.8 percent. By 2010 these numbers were 49.7 percent and 2.6 percent, respectively.

Figure 4. Share of Total Income Held by the Highest- and Lowest-Earning Fifths of Young Families, 1959-2010



For the full report and additional information, please visit:
http://www.childrensdefense.org/child-research-data-publications/data/andrew-sum-reports.html