

# POLICY BRIEF

## *Bridge to Adulthood for Idaho Youth: On Their Own*



### Idaho KIDS COUNT



- Idaho has one of the highest poverty rates in the nation for the 18 to 24 age group, with 26.7 percent of this age group living in poverty in 2003.
- Idaho's highest wage sectors for young adults — mining, utilities and manufacturing — are on the decline, while the lowest paying jobs are in the expanding service sectors.
- Idaho's young families with children would, on average, fail to realize a living wage regardless of the sector they were employed in.
- Idaho's growth rate for incarcerating juveniles has been the highest in the nation despite the fact that arrests for violent crime and serious property crimes in Idaho are much lower than for the nation as a whole.

The Idaho Kids Count series, *Bridge to Adulthood for Idaho Youth*, explores the transition to adulthood in the United States and in Idaho as young people prepare themselves for adult roles in the workplace and in families. The previous two issues in the series, *Going Solo* and *Learning and Earning*, found that the transition from dependence to independence has become more extended over the decades of the 20<sup>th</sup> Century. In the early 1900s, independence soon after high school was common. By century's end, the increasingly knowledge-based economy required more education and training for living-wage work, and young people's transition to independence often extended into their late 20s or even early 30s.

The transition from one's parental home out into the world of work and, hopefully, financial independence is a time of both excitement and anxiety. Humor captures some of the challenges for young adults and their parents alike.

Graduate student: When you are 20, you buy a stereo.  
When you are 25, you buy a car. When you are 30, you get married and buy a house. When you are 35, you get a job!

Young woman to her mother: I'm two months pregnant!  
When will my baby move?

Mother: If you're lucky, right after college!

As explored in *Going Solo* and *Learning and Earning*, the transition to adulthood for Idaho's youth differs from that of their peers nationwide. Idaho's young people, overall, achieve satisfactory rates of high school completion, a critical step on the path to independence. However, young Idahoans lag substantially behind their counterparts nationwide in obtaining the higher education and other post-high school training so essential in today's working world. At the same time, young Idahoans take on marriage and parenting earlier than their peers nationwide. Inadequate preparation for good-paying jobs combined with the expenses of growing families means economic hardship for many Idaho young people in the "transition zone." In 2003, 26.7 percent of Idahoans aged 18 to 24 lived in poverty, much higher than the overall rate of poverty in the state (13.8 percent) and substantially higher than that of their age mates nationally (21 percent) (ACS, 2003). Indeed, Idaho has one of the highest poverty rates among this age group of any state in the nation.

During 2005, the Partners for Prosperity project in eastern Idaho invited area teens and young adults to share their views about young adult poverty and about their economic futures. These young people's comments in essays and focus groups provide an insider's view of the challenges and struggles that accompany the transition to independence (Evans, 2005; Higley, 2005). One Idaho teen summed it up this way:

People think they can get a job right out of high school that will be a good enough source of income without going to college. Though this may be true in some cases, after someone gets married, has children, and has to provide a home and life for their family, they come to realize that their \$20,000/year job won't cut it. They often go into debt just to buy essential living materials.

Another young person was even gloomier, declaring "Most young people cannot support themselves; they do not have the know-how or the financial assistance to live on their own." A third young person identified the need to plan for a career as well as a family:

Many young adults have children before they are financially secure. They do not realize the financial and emotional responsibilities involved with raising a child and being a parent. Many people believe they can pay all expenses by earning a minimum wage salary. In today's society it is essential to have a productive career.

How realistic are these young people's assessments of the transition to adulthood in Idaho? This final publication in the *Bridge to Adulthood* series looks at Idaho's young adults *On Their Own*. We look first at selected economic indicators for young adults in Idaho and in the nation. Where possible, we note some of the additional challenges faced by Hispanic young people, by those living in rural areas, and by those who have been involved with the criminal justice system. We conclude with policies and approaches that would support more of Idaho's young people in making a successful transition to independence.

## **TOWARD FINANCIAL INDEPENDENCE AND ECONOMIC SECURITY?**

Financial independence and economic security require stable jobs with reasonable wages and benefits. If young adults are not able to attain these benchmarks, then they will be forced to delay independence, to borrow to make ends meet, to go without health insurance, and to continue to rely on support from parents. Others will simply fall into poverty. How are Idaho's young adults faring?

**Employment is often unstable:** Having a job is a critical step toward achieving economic security. However, rates of unemployment for young adults are considerably higher than for the general population. This is consistently the case in all economic times—boom as well as bust. For example, during the twelve-month period July 2004 through June 2005 the unemployment rate in Idaho for the general population was relatively low, 4.3 percent. During the same time period, the unemployment rate among 16- to 19-year-olds was 12.6 percent, among 20 to 21 year olds 8.0 percent, and among 22- to 24-year-olds 5.9 percent (Idaho Dept. of Commerce and Labor, 2006). The 16-to-19 category includes many high school students who are seeking jobs that must coordinate with their schooling, and this helps account for very high unemployment among this group. The 20-to-21 category includes both college students, whose hours of being available for work are more flexible, as well as young adults not pursuing further studies. For this group, however, the rate of unemployment was 90 percent higher than that for the general population. The 22-to-24 age category includes fewer students, and yet the rate of unemployment for this age group was still 40 percent higher than that for the general population

Furthermore, unemployment is not evenly distributed, so to speak, among all young adults. We know from national data that certain subgroups experience much higher rates of unemployment than others, as shown in Table 1 (see page 3). Unemployment rates are somewhat lower for young women than for young men. Unemployment is also lower for white young people than for any other racial or ethnic group. Of special significance for Idaho, unemployment was 25 percent higher (10.3 vs. 8.3 percent) among Hispanic young adults than among white young adults and almost 85 percent higher (15.3 vs. 8.3 percent) among Native American young adults than among white young adults.

**Table 1****Unemployment rates for 18-25 year olds in U.S. by demographic group, 2004**

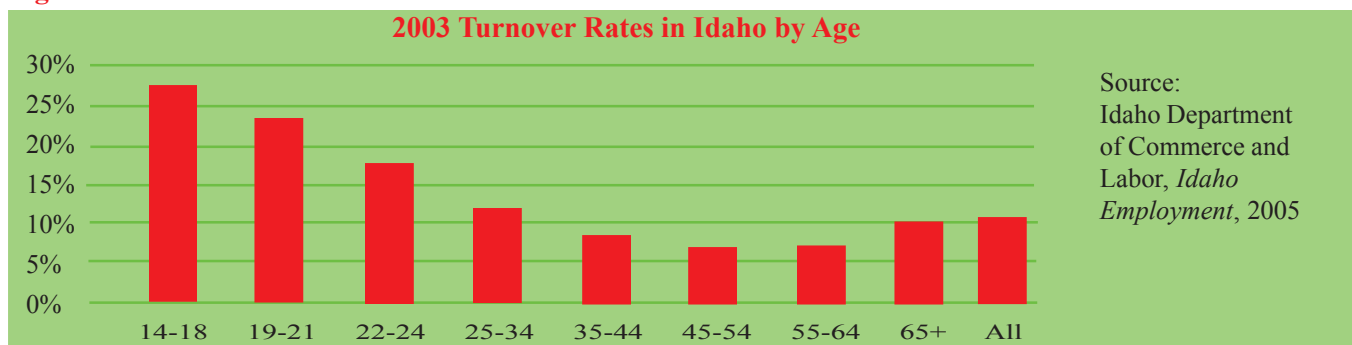
	<b>Unemployment rate</b>	<b>Percentage of 18-25 Idaho population</b>
<i>All</i>	10.2%	100%
<i>Gender</i>		
Male	10.9%	47%
Female	9.4%	53%
<i>Race/ethnicity</i>		
White only	8.3%	83%
Black only	19.6%	<2%
Hispanic, any race	10.3%	12%
American Indian, Alaskan Native only	15.3%	<2%
Asian, Pacific Islander only	9.1%	<2%
Other or multiple races	14.1%	<2%
<i>Education</i>		
Less than HS	17.4%	18%
High school	11.6%	38%
Some college	7.5%	37%
Bachelors	5.2%	7%
<i>Metropolitan status</i>		
Principal city	11.7%	24%
Other metropolitan	8.9%	13%
Nonmetropolitan	11.0%	53%
Not identified	9.9%	10%

*Source: Economic Policy Institute analysis of 2004 Current Population Survey.*

Unemployment rates drop as the level of education rises, consistent with other data that education promotes economic security. Interestingly, unemployment among 18- to 25-year-olds is higher both in large metropolitan areas (such as Boise and perhaps Coeur d'Alene) and in rural areas than in intermediate-size cities and towns.

Turnover rates—how often an individual changes jobs, either through personal choice or as a result of being laid off—also provide insights into employment stability. Aside from the impact that spells of unemployment have on their income, workers with high rates of turnover are less likely to have health and other employee benefits that only “kick in” after a certain tenure in a given job. Furthermore, a common practice of “last hired, first fired” (when a firm has to cut back) can make it difficult to work one’s way into stable employment.

Figure 1 below shows that the younger the worker, the higher the turnover rate and the less stable their employment. Almost one quarter (23 percent) of 19- to 21-year-olds and one sixth (18 percent) of 22- to 24-year-olds changed jobs during 2003. Turnover rates drop with increasing age, reaching their lowest (between 6 and 8 percent) for workers aged 35 to 65.

**Figure 1**

**Earnings often fall short:** Several young adults in the Partners for Prosperity focus groups in eastern Idaho raised concerns about the incomes earned in the local job market. One youth commented, “The government gloats about Idaho’s low wages. The government is proud of the state’s low wages and also boasts about the low cost of doing business here.” Another group member attributed the low wages to weak unions, “Politics in Idaho has eliminated any type of unionization. Idaho voted in “Right-to-Work.” (Evans, 2005).

How do statewide earnings data compare with the experience of these young adults? Table 2 below shows average annual earnings for workers aged 19 to 24 by employment sector. The highest wages for this age group are earned in mining, utilities and manufacturing — all declining sectors that account for only a small share of employment in Idaho nowadays. The lowest wages are earned in the arts, entertainment and recreation and in accommodation and food services—growing sectors providing what are typically considered to be service jobs. (The lowest wages for 19 to 20 year-olds are earned in the educational services sector, i.e. employment by private educational institutions, which presumably includes many part-time jobs held by students).

**Table 2**

**Average Annual Earnings by Major Private Industry Groups for 19-24 Year-Olds in Idaho  
April 2003 - March 2004\***

MAJOR INDUSTRY GROUP	19 to 20 Years Old	21 to 24 Years Old
11 Agriculture, Forestry, Fishing and Hunting	\$23,852	\$27,568
21 Mining	\$28,892	\$40,864
22 Utilities	\$23,432	\$34,452
23 Construction	\$24,228	\$29,756
31-33 Manufacturing	\$25,504	\$33,828
42 Wholesale Trade	\$19,780	\$26,476
44-45 Retail Trade	\$16,812	\$22,648
48-49 Transportation and Warehousing	\$20,024	\$25,744
51 Information	\$18,648	\$32,780
52 Finance and Insurance	\$20,608	\$28,020
53 Real Estate and Rental and Leasing	\$15,812	\$21,908
54 Professional, Scientific, and Technical Services	\$16,044	\$29,316
55 Management of Companies and Enterprises	\$21,184	\$30,904
56 Administrative, Support, Waste Management & Remediation Services	\$19,496	\$24,084
61 Educational Services	\$9,872	\$20,528
62 Health Care and Social Assistance	\$16,628	\$22,556
71 Arts, Entertainment, and Recreation	\$11,652	\$14,856
72 Accommodation and Food Services	\$12,508	\$15,032
81 Other Services (except Public Administration)	\$16,580	\$22,008

\* Most recent wage data available by age.

*SOURCE: Idaho Commerce & Labor, Public Affairs, 2005*

For comparison purposes, Table 3 below lists living wages by type of family for Idaho. A living wage is a “wage that allows families to meet their basic needs, without public assistance, and that provides them some ability to deal with emergencies and plan ahead” (*Searching...*, 2005). Basically, a living wage is the minimum wage that allows a family to achieve financial independence and economic security.

**Table 3**

**Idaho Living Wage Estimates, 2004**

Single adult	\$19,338 per year
Single adult with one child	\$33,432 per year
Single adult with two children	\$42,180 per year
Two adults (one working) with two children	\$39,433 per year
Two adults (both working) with two children	\$55,092 per year*

\*The combined wages of both working adults need to total this amount.

SOURCE: *Searching for Work that Pays*, 2005

Comparison of Table 2 with Table 3 reveals that single adults 19- to 20-years-old would be able to achieve, on average, a living wage in several sectors in Idaho. Families with children however—young adults that take on family responsibilities early in life—would, on average, fail to realize a living wage no matter what sector employed them.

In all sectors, wages tend to increase as the age of the worker increases. Even so, a single adult aged 21 to 24 with one child would, on average, earn a living wage only in mining, utilities and manufacturing, sectors that together provide a small share of total employment in Idaho. Two adults, one working outside the home and one stay-at-home parent, with two children, would realize a living wage only in mining, a small and declining employment sector in Idaho.

These comparisons suggest that many young adults and young families in Idaho are failing to make ends meet. In this case, other evidence should indicate that many young adults and their families are doing without essentials like health care coverage, and/or falling into debt. This is indeed the case.

**Many go without health insurance:** In 2002, it was estimated that 23 percent—nearly one in four—of Idahoans aged 18 to 24 had no health insurance (Idaho Kids Count, 2005). National data demonstrate that the uninsured rate for this age group is consistently higher than for any other age group, often as much as double that for the general population (U.S. Census Bureau). National data also show uninsured rates for Hispanics to be substantially higher than for the non-Hispanic population, and for those living in rural areas to be higher than for those living in metro areas. Hence within the high rate of uninsured for 18- to 24-year-olds, there are subgroups with even higher rates of uninsured.

**Falling into debt:** Between 1992 and 2001, the credit card debt of young adults aged 18 to 24 more than doubled in real terms, to an average of almost \$3000 (Draut and Silva, 2004). Households in this age group with credit card debt spent almost 30 percent of their income on debt payments; and nearly one in seven of these households spent more than 40 percent of their income on debt payments, a situation considered to be “debt hardship.” Families are going into credit card debt as a way of meeting basic expenses after experiencing a sudden drop in income—a consequence of unstable employment—or being faced with some unexpected expense, such as a car or home repair or an illness (*The Plastic Safety Net*, 2005). Many report that their level of debt forces them to postpone plans to buy a house, a goal for many on the path to economic security.

In addition to credit card debt, many young-adult households have college debt. As discussed in *Learning and Earning*, the cost of higher education in Idaho is affordable compared to other states, with Idaho students on average borrowing just over \$3000 per year of college. However, only 43 percent of students in Idaho who start a course of study for a four-year degree finish within six years. Students who drop out fall far short of earning the higher incomes that are associated with a four-year degree, but nonetheless have college debts to repay—and experience greater economic hardship in repaying those debts than do graduates (Gladieux & Perna, 2005).

**Many rely on assistance from parents:** Besides taking on debt and doing without such things as health insurance, young adults struggling to make ends meet also receive substantial assistance from parents. Schoeni & Ross (2004), in a national study, found that young adults between the ages of 18 and 34 receive on average \$38,000 worth of assistance from parents. Support gradually declines as young people grow older. However, over recent decades the amount of parental assistance to young adults has been increasing. Furthermore, young adults from high-income families receive as much as three times the support from parents as those from low-income families.

One subgroup that faces particularly high hurdles in making a productive transition to adulthood are those who become involved with the criminal justice system (see section on page 7). With Idaho's high rates of incarceration as compared to the nation, and the resultant large number of ex-offenders in the general population, Idaho would benefit by helping young ex-offenders achieve stable employment, family, and community ties.

In overview, seven out of eight young Idaho adults were employed recently and about three out of four held the same job all year long. Many young adults are "proceeding on course" to financial independence and full adulthood. On the other hand, rates of unemployment and turnover are markedly higher for 18- to 24-year-olds than for the general population. Many 18- to 24-year-olds fail to earn enough to make ends meet, do without health insurance, and carry heavy debt burdens.

## **WORK AND FAMILY**

As discussed more fully in *Learning and Earning*, Idaho young adults marry and have children at younger ages than their peers nationally. Idaho males 18 to 24 years of age are twice as likely to be married than their age mates in the U.S.; Idaho females are 53 to 58 percent more likely to be married than their U.S. counterparts over the same age range. Young adults in Idaho are also more likely to be parents – Idaho men 18- to 24-years-old are 44 percent more likely to be raising children at home and women are 26 percent more likely to have children.

As a result, Idaho young adults in their earliest years of work struggle with the challenges of navigating work and family that workers nationally don't face until they've had more time to establish themselves. Few jobs for young adults in Idaho have salaries sufficient to support a family on a single income. Rather, both parents need to work to support the family. Many families headed by two working young adults still struggle to realize a living wage. Both public and employer-based programs can provide important supports for young working families.

**Child Care:** Over the past several years states have evolved programs to help low income families pay for the child care required to keep mom and dad in the workforce. Core funding for the program comes from federal funds, which require matching funds from the states to draw federal dollars to meet child care needs of working parents. States can limit their financial commitment by adjusting the size of the subsidy available to participating parents, by restricting program participation to only the lowest income families, and by the amount of money families must contribute in co-payments.

Table 4 (see page 8) compares Idaho's child care subsidy program with that of four neighboring states. Among these states, Idaho is most restrictive in the income level set for participating parents, with a family of three ineligible if it has more than \$1706 per month in earnings. All of Idaho's neighboring states offer the program to families with greater incomes – 61 percent greater in the case of Washington. Indeed, only two states in the nation are more restrictive than Idaho (Alabama and Missouri). In many states, the lowest income parents can receive a child care subsidy without making a co-payment of their own. However, Idaho exempts fewer than one percent of families from co-payments. In contrast, Washington supports its low income working parents by fully subsidizing child care for 75 percent of participating parents. A final consideration is the size of the co-payment for working parents who must pay to receive the subsidy for their children's care – one area where Idaho is in line with several of its neighboring states.

States need to have mechanisms in place to ensure not only the affordability but also the quality of child care available to parents. Efforts have been underway for several years in Idaho to strengthen child care licensing, enabling all children to have quality early learning experiences.

## INCARCERATION AND THE BRIDGE TO ADULTHOOD

As rates of incarceration have exploded in the United States, so has the number of ex-inmates with long-lasting life problems resulting from their incarceration (Travis, Solomon, and Waul, 2001). Research shows that incarceration exerts negative impacts on the life chances of juveniles and adults (Sampson and Laub, 1993; Western and Beckett, 1999; Bernberg and Krohn, 2003; Schwartz and Skolnick, 1962). One study that followed teenagers until they were between 32 and 45 years of age found that incarceration significantly increased the likelihood of unemployment and indirectly decreased the likelihood of a stable marital relationship. “Through its negative effects on male employment, imprisonment may thus lead indirectly through family disruption to increases in future crime and violence” (Sampson and Laub, 1993: 255). Other research has shown that intervention by the juvenile justice system results in lower rates of graduation from high school (Bernberg and Krohn, 2003). Incarceration leads to reduced life chances and, in the long run, more crime.

In comparison to the nation as a whole, the rate of incarceration for juveniles in Idaho has increased exponentially. Between 1995 and 2003 the number of Idaho juveniles in long-term secure placements increased approximately 300 percent (see Office of Juvenile Justice and Delinquency Prevention, 1997; Idaho Department of Juvenile Corrections, 2003).<sup>\*</sup> From 1997 to 1999 the custody rate for juveniles in the United States increased just 1 percent and declined an average of 1.5 percent in our neighboring six states, whereas it increased 52 percent in Idaho (Sickmund, 2004). Idaho’s growth rate for incarcerating juveniles was the highest in the nation despite the fact that arrests for violent crime and serious property crimes in Idaho were much lower than for the nation as a whole (Federal Bureau of Investigation, 2002). In addition, Idaho incarcerates a considerably higher percentage of its juveniles for the less serious categories of public order and status offenses (34 percent) compared to the nation (27 percent) (Sickmund, 2004).

The incarceration rate of persons in the adult prison system has also exploded in Idaho, nearly doubling from 1995 to 2004 (Harrison and Beck, 2005). Idaho had the second highest rate of growth in prison populations in the nation from 2003 to 2004. Yet 55 percent of adult inmates in Idaho are in prison for non-violent crime, 25 percent are incarcerated for a drug violation, and nearly 22 percent of Idaho prisoners are under 26 years of age (Idaho Dept. of Correction, 2005).

The research findings have clear implications for public policy: incarceration(s) . . . “severely damage the future job prospects of offenders. Two strategies for ameliorating this situation are required: First, we must seriously rethink our current over reliance on prison terms for property and drug offenders . . . . Second, those who must be imprisoned should be able to update their education and participate in occupational programs in prison . . . so that the potential for post-release employment is maximized” (Laub, Sampson, Corbett, and Smith, 1995: 103). Re-entry services are also vitally important for a successful transition from incarceration into the civilian society (see <http://www.csus.edu/ssis/cdcps/iap.htm>).

One bright spot on the criminal justice horizon in Idaho today is drug court. A number of members of the judiciary in Idaho have enthusiastically embraced this treatment-based alternative to prison for persons with substance abuse problems who come before the court. Recent evaluations demonstrate the effectiveness of drug courts in lowering recidivism for offenders (Jensen and Mosher, forthcoming; Belenko, 2001). Unfortunately, many charged persons are deemed to be ineligible for drug courts.

Alternatives to incarceration for non-violent offenders would help many young adult offenders make a more successful transition to adulthood. Several evidence-based approaches exist that both enhance public safety and reduce the multiple harms associated with incarceration (Welch, Farrington, and Sherman, 2001). For example, research shows that treatment is both more effective and less expensive than incarceration in reducing substance abuse (Caulkins, Rydell, Schwabe, and Chisea, 1997).

Trends for young offenders in Idaho are cause for concern, with the growing use of incarceration for youth and young adult offenders and its negative impact on future life course for these young adults. It is time to reduce the highest rates of incarceration known in modern history and the multitude of societal harms which emanate there from.

<sup>\*</sup>The 1995 data are on juveniles in public facilities: the 2003 data appear to be on juveniles in public and private facilities.

**Table 4**

<b>Supports for Working Families in Idaho and Four Neighboring States</b>						<i>Source: Phillips (2004)</i>
	<b>ID</b>	<b>OR</b>	<b>UT</b>	<b>WA</b>	<b>WY</b>	
<b>Child care subsidy</b>						
Maximum monthly income to be eligible*	\$1706	\$2255	\$2244	\$2743	\$1829	
% of families with no co-payment required	0.6%	5.3%	26.4%	75.0%	0.8%	
Mean co-payment as % of family income**	5.1%	8.0%	5.3%	5.2%	5.6%	
<b>Public early childhood education</b>						
State financed pre-Kindergarten program	no	yes	no	yes	no	
Percentage of kids under 5 in public pre-K***	2%	4%	2%	4%	5%	
*For a family of 3      **Excludes those with no co-payment.      *** Head Start and other public programs						

**Pre-Kindergarten:** Similarly important for working parents is the availability of quality affordable pre-school programs for their young children. Head Start is one such program for poverty level families, funded by federal dollars. Since federal funds are insufficient to extend the program to all eligible children, many states add funds to reach more children with early education. In fact, several states have found early childhood education to be such a valuable investment that they have initiated public pre-kindergarten programs that are available to all children (generally 4-year-olds) in the state.

However, the Northwestern states have been slow to join the trend, with just 2 to 5 percent of children under 5 in publicly funded programs. Of the five states shown, only Oregon and Washington contribute state dollars to expand the availability of pre-kindergarten programs for young children. Families with sufficient income often pay for private preschool for their children – an option unaffordable for many low income families. Data show that young adults in Idaho tend to be parents who also have low incomes – just the group most in need of publicly funded pre-kindergarten programs.

**Family Leave:** Many benefits to help balance work and family are employer-based, such as sick leave, paid vacation, and parental leave. These programs can help parents accommodate family emergencies, such as childbirth, adoption, or caring for a sick child, without compromising their attendance record at work. A recent study of employer-based programs found that such benefits were least available to young workers. Only 63.5 percent of 18- to 24-year-olds had paid leave of any variety, compared to 77.4 percent of 25- to 34-year-olds and 82.6 percent of 35- to 54-year-old employees. Young workers were more likely than their elders to have minimal leave of one week or less: 26.3 percent of 18- to 24-year-olds, compared to 13.9 percent of 25- to 34-year-olds and 8.9 percent of 35- to 54-year-olds. Nearly twice as many older workers got more than three weeks of paid leave compared to the youngest employee group (54.7 percent vs. 28.5 percent). Those working part-time in small businesses who have been on the job for less than a year were least likely of all workers to have paid leave they could use to meet family needs (Phillips, 2004).

**Unemployment:** Considering the high turnover rates for young workers, unemployment insurance can be especially important to economic survival for young families. The unemployment insurance program is designed to cushion the economic loss of unemployment and the job hunting process. Unemployment benefits are available to those out of work if they have worked long enough to qualify. Unemployment benefits in Idaho extend from 10 to 26 weeks, depending on the duration of the previous employment, and range from \$51 to \$322 depending on the salary earned in the period before being laid off. Considering the incomes of Idaho's young employees, their benefits are likely to be toward the lower end of the scale (U.S. Department of Labor, 2005).

**Food Stamps:** Food stamps can help unemployed workers tide themselves through to their next job. States can seek waivers to extend food stamps for longer periods of time to “able bodied adults without dependents” in areas of high unemployment. In a number of Idaho’s rural counties with high unemployment, such waivers would assist many young adults in avoiding food insecurity.

## **IMPROVING THE ECONOMIC SECURITY OF IDAHO’S YOUNG ADULTS**

What approaches might facilitate a successful transition to adulthood by more of Idaho’s young adults? The supports for working families just discussed could be strengthened, in many cases bringing Idaho more in par with neighboring states and national trends. In addition, practical approaches include policies to improve young adults’ earning power and economic development policies to attract better-paying jobs to Idaho.

**Toward higher earnings and incomes:** The most effective way, in the short term at least, to improve the wages of many young adults would be to raise the minimum wage. The minimum wage has been \$5.15 an hour since 1997 and its buying power has eroded until it is less than it has been in over 40 years (Mishel *et al.*, 2005). Since a person working full-time today at the minimum wage remains well below the poverty line, the low minimum wage contributes to high rates of poverty among people who work. In the absence of raising the minimum wage at the federal level, seventeen states and the District of Columbia have enacted higher state minimum wages, and some are indexing it to the rate of inflation so its buying power does not erode over time. Two of Idaho’s neighbors have enacted higher state minimum wages: Washington, where the minimum wage is now \$7.63 and Oregon at \$7.50.

The ineffectiveness of today’s \$5.15 minimum wage was something that Idaho teens brought up again and again at the Partners for Prosperity focus groups. “If Idaho cannot attract higher paying jobs, raising the minimum wage would make a huge impact,” declared one Idaho youth. “With a minimum wage of \$5.35 [sic] an hour, it is extremely difficult to acquire the amount of money needed to save a person from going into debt,” lamented another.

A critical aspect of earning a living wage is obtaining health insurance, and as we have seen, many of Idaho’s young adults are uninsured. According to a study by the Commonwealth Fund (2005), three policy changes would result in a substantial portion of uninsured young adults becoming eligible for coverage. First would be to extend eligibility for dependents under private policies through age 23. Second would be to extend eligibility for the CHIP component of Medicaid to age 23. Third would be to make health insurance available through colleges and universities to all full- and part-time students, a goal that Idaho’s universities and colleges are making progress towards. The University of Idaho, for example, now offers a highly regarded Student Health Insurance Program (SHIP) that students can use as their sole source of health care coverage (*U of I Student Health Program*, 2005).

The federal earned income tax credit (EITC), enacted in the mid-1970s, is another highly effective policy tool for boosting the incomes of working families with children. The EITC is a refundable tax credit of up to \$4,400 for families with earned incomes of less than about \$37,000 (CBPP, 2005). The EITC lifts more children out of poverty than any other public policy or program. In addition to helping strapped families meet basic expenses, research shows that families use their EITCs to make repairs to their cars—thus avoiding debt and maintaining their ability to get to work, to pay for short courses to improve their work skills, to make small improvements in self-owned businesses and so on (Llobrera & Zahradnik, 2004). Eighteen states have enacted state earned income tax credits of their own. A state EITC could help Idaho’s young adults better manage on their limited incomes.

**Toward better-paying jobs for Idaho:** In the longer run, as mentioned by the Idaho teen quoted earlier, Idaho needs economic development policies that allow Idaho to attract better-paying jobs and Idahoans to earn better incomes. This point was repeated by several Idaho teens. “In Idaho there are very few large corporations or businesses where young people can climb their way to the top,” said one.

Economic development approaches include both investments in education and training to enable Idahoans to become qualified for better-paying jobs, and some business tax incentives to attract better-paying jobs to the state. Education approaches, as discussed in *Learning and Earning*, might include expanding offerings at the community college level. Long-distance and outreach programs can make education and training more accessible in rural areas. For high school students who are not continuing directly to college, School-to-Work programs and curriculums at many alternative high schools can help young adults gain skills and improve their employability.

In addition to substance abuse treatment and mental health treatment, young adults in the corrections system also need access to education and job training opportunities. The research shows that completion of educational and vocational programs in prison is effective at reducing criminal behavior after release (Aos, Phipps, Barnoski, and Lieb, 2001; Wilson, Gallagher, and MacKenzie, 2000).

Idaho is becoming more proactive in using economic development tools to attract better-paying jobs to the state. In 2004, for example, the state began offering a new jobs credit to employers who create a new job that pays at least \$15.50 an hour and offers employer-sponsored health insurance. Sometimes Workforce Development funds also can be used to train employees for better-paying jobs. D8 Inc., a Potlatch manufacturing company, was able to use a Workforce Development grant to create customized training manuals that allowed it to better train local residents for its highly skilled jobs.

A majority of Idaho's young adults navigate the transition to adulthood—to roles at work and in families “on their own”—smoothly. A sizable minority, however, find the sailing very rough.

Suggestions for improving the future of Idaho's economic outlook for 18- to 24-year-olds includes the following:

- a coordinated approach of income and other supports to improve earnings and take-home pay
- economic development policies that bring better-paying jobs to Idaho
- well-designed prison and sentencing reforms would serve to smooth the rough transition for many

Smooth transitions for more of Idaho's young adults would benefit both the young people in Idaho as well as the overall economy of the state.

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