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## New Book Finds that Economic Changes Play a Small Role in “Failure to Launch” among Young Adults

“The Price of Independence” challenges the notion that the changing economy is the key factor delaying young people’s prolonged transition to adulthood

January 2008 – Today, more young adults between the ages of 18 and 35 are living at home with their parents, delaying marriage, staying in school longer and having a harder time finding steady work. Some analysts have cited housing costs, high debt, and low wages as key reasons for this delayed transition to adulthood. However, “The Price of Independence” shows that these and other economic factors have played a limited role in delaying the transition to adulthood.

“The Price of Independence: The Economics of Early Adulthood,” features analysis by leading economists and was sponsored by [The MacArthur Research Network on Transitions to Adulthood](#). It will be published in December 2007 by the Russell Sage Foundation.

“This book confirms that economic changes over the last several decades have made it harder for young adults to support themselves and a family. However, this delay—which has also occurred in most industrialized countries—does not appear to be primarily driven by changing economic conditions,” says Sheldon Danziger, Henry J. Meyer Distinguished University Professor of Public Policy at the University of Michigan and co-editor with Cecilia Rouse of the volume.

Key highlights include:

- **Debt** has little effect on changes in the likelihood of leaving home, becoming a parent, or buying a home. Credit card debt is \$2000 on average for young adults.

While high by historical standards, average college debt still equals the price of a car loan, and most students attend modestly priced colleges. While some young adults are big spenders, the majority are not. The average young adult spends 19 cents of every dollar earned to pay off debt; 40 cents is considered burdensome.

- **High housing costs** are often blamed for delayed independence, but through 2000, monthly housing costs had declined from the higher levels of the 1980s, owing to more flexible mortgages, historically low interest rates, and more modest housing costs outside of major metropolitan areas.
- **Job instability and stagnating wages** delay financial independence. Americans, younger and older, are changing jobs more often than in the past. And, wage growth has been negligible in recent decades, especially for men who have no more than a high school degree. However, these factors cannot explain recent delays in the transition to adulthood because young adults with stable jobs and high wages are also living at home longer and delaying marriage and childbearing.

Youth are having a more difficult time obtaining **health insurance**. One-half of all young adults age 18-34 are uninsured, often because the insurance that covered them as a child ends before most have found a job that provides insurance. Medicaid coverage ends at age 18 and parents' coverage ends when schooling is completed. This generation of young adults is more likely to be uninsured than the prior generation.

“Young adulthood has always been a less stable time financially,” says co-editor Cecilia Rouse, Theodore A. Wells '29 Professor of Economics and Public Affairs at Princeton University. “But while some economic conditions are more challenging today than in the past, especially for low-skilled men, it is important to focus on factors other than economic changes to explain why it is taking longer now to reach adulthood.”

The book was supported by the Research Network on Transitions to Adulthood, a cross-disciplinary group of researchers funded by the John D. and Catherine T. MacArthur Foundation to examine the changing nature of early adulthood, and the policies, programs, and institutions that support young people as they move into adulthood. The Network is chaired by University of Pennsylvania sociologist Frank

Furstenberg. The book is can be ordered from the Russell Sage Foundation at  
[www.russellsage.org/publications/books/070723.278613](http://www.russellsage.org/publications/books/070723.278613)

“The Price of Independence: The Economics of Early Adulthood,” edited by  
Sheldon Danziger and Cecilia Elena Rouse. ISBN: 978-0-87154-316-5, 352 pp., \$49.95.

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