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Labor Market Experiences and the Transition to Adulthood

Carolyn Hill and Harry Holzer

The movie *Failure to Launch* recently made light of the fact that a man in his early 30s was still living at home with his parents. Pundits claim that kids these days are just lazy, or that parents have feathered the nest so well that their children don't want to leave. Yet others note that the cost of living has skyrocketed in some cities, driven especially by housing, while jobs have become less stable and wages have eroded, making it simply harder to set up one's own household. In their chapter in *The Price of Independence*, Carolyn Hill and Harry Holzer examine some of these competing explanations for why American youth are more likely today than 20 years ago to be living at home.¹

Using data from two nationally representative surveys of young adults (aged 20-22) in 1984 and 2002, the authors ask whether declining wages and less stable jobs are leading youth to live with their parents more often, cohabit more, and marry less quickly, and whether other factors, such as personal attitudes and behaviors, might be influencing their decisions. They find that current labor market outcomes are related to living arrangements and marriage, but the relationships are small and account for fairly little of the trends over time. Various other indicators of personal motivation and responsibility during the high school years also seem related to youth living arrangements a few years later.

Youth More Likely to Live at Home Over Time

Between 1985 and 2003, the numbers in the National Longitudinal Survey of Youth living with parents at ages 20-22 increased from 45.5% to 56.8%. The increased tendency to live at home with parents was most pronounced among high school graduates (without further education) and those enrolled in four-year colleges. The rate of living at home among high school graduates roughly doubled, from 24% in 1985 to 50.7%. The increase was even larger for college goers, rising by 27% to 74.6% in 2003. In other words, three-fourths of those enrolled in four-year colleges live at home today. Men were also slightly more likely to live with their parents than women, and African Americans and Hispanics were more likely to live at home than whites. Those from higher-income families also tended to live at home more than those from lower-income families.

Youth More Likely to Cohabit and Less Likely to Marry

Marriage is on the decline among those in their very early twenties. Whereas in the mid-1980s, nearly one-fourth of the 20-22-year-olds in this sample were married, by 2003, only 10% were married. The least likely to marry are those enrolled in college; only about 4% of this group was married by age 22. Marriage rates declined most dramatically for African Americans (a 71% decline for women and a 63% decline for men). Even after removing from the sample those incarcerated (which may be important given the extremely high incarceration rates of African American males in this age group), the extent of the decline changed little. Women were slightly more likely than men to marry by this age. Youth from higher-income families were less likely to marry than those from lower-income families.

¹ Sheldon Danziger and Cecilia Rouse, editors, *The Price of Independence: The Economics of Early Adulthood* (New York: Russell Sage Foundation, under review). Danziger and Rouse are members of the MacArthur Research Network on Transitions to Adulthood. For additional Network books on the transition to adulthood, see www.transad.pop.upenn.edu.

Network on Transitions to Adulthood

As marriage rates declined, cohabitation has risen dramatically, more than doubling from 6.7% in 1984 to 14.4% in 2002—regardless of education, race, or gender.

Current Employment and Wages Drive Little of the Changes

Those who work less and earn less at age 20-22 are slightly more likely to live at home with parents and less likely to marry, at least among young men, and the relative tendency of low-wage workers to live at home rose between 1985 and 2003. However, the effects were too small to account for much of the changes over time in living arrangements and marriage.

It is notable, although the effect is still quite small, that the tendency to live at home is greater among those earning in the bottom one-fifth of earners. This group of low earners is increasingly likely to be among the less educated. Wage inequality has grown over time, the authors find, especially among men. Wages for those either enrolled in college or with some college under their belt rose 23% over this 18-year period, they rose 12% for high school graduates, but by just 8% for high school dropouts. The effects of wages and work efforts, while small, lower marriage prospects for men but not for women.

	Live at Home at Age 22	Marry by Age 22
From higher-income families (vs lower-income)	More likely	Less likely
Men (vs women)	More	Less
College goers (vs only h.s.)	More	Less
Lower earners (vs higher earners)	More	Less

Personal Attitudes and Behaviors Also Matter

Also related to the shifting patterns in living arrangements and marriage, the authors find, are various indicators of personal outlooks and motivation. Indicators in high school of higher future expectations, and more personal responsibility and maturity—such as higher grades, greater employment, and lower incidence of drug and alcohol use—were statistically related to the chances of a young person marrying or living independently by their early twenties. Perhaps, the authors suggest, individuals with good grades or who work during high school have greater expectations of long-term economic success, and also better marriage prospects, than those with less promising starts. On the other hand, those who engage in risky behaviors in high school may both have poor marriage prospects and be less welcome or comfortable living at home, and they are thus more likely to cohabit or live alone.

Of course, even these associations were small, and therefore are only a starting point in exploring this rising tendency to live at home and delay marriage. In fact, the variables examined—labor market or behavioral—cannot explain much of the trends over time.

The Research Network on Transitions to Adulthood and Public Policy examines the changing nature of early adulthood, and the policies, programs, and institutions that support young people as they move into adulthood. Significant cultural, economic, and demographic changes have occurred in the span of a few generations, and these changes are challenging youth's psychological and social development. Some are adapting well, but many others are floundering as they prepare to leave home, finish school, find jobs, and start families. The network is both documenting these cultural and social shifts, and exploring how families, government, and social institutions are shaping the course of young adults' development. The Network is funded by the MacArthur Foundation and chaired by University of Pennsylvania sociologist Frank Furstenberg.

Social and Policy Implications

Although young adults do tend to live at home and to put off marriage if their wages are low, the overall effect of the labor market is small, and its importance has not increased over time. Although personal attitudes and behaviors also matter, they too explain very little of the trends over time. That those in college and those from higher-income families are significantly more likely than their less-educated and lower-income counterparts to live at home and delay marriage is a worrisome sign for future class divisions, and should be of interest to policymakers and others concerned about growing inequality. The tendencies of young people engaging in unproductive and risky behaviors during high school to have more problems with the transition to adulthood deserve greater attention as well.

Based on Carolyn Hill and Harry Holzer, "Labor Market Experiences and Transitions to Adulthood," in The Price of Independence: The Economics of Early Adulthood, edited by Sheldon Danziger and Cecilia Rouse (New York: Russell Sage Foundation, under review).

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