



## **Economic Conditions and the Living Arrangements of Young Adults**

**Jordan D. Matsudaira**

**Robert Wood Johnson Scholar in Health Policy Program.  
University of California, Berkeley  
j\_matsudaira@berkeley.edu.**

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# Economic Conditions and the Living Arrangements of Young Adults

Jordan D. Matsudaira<sup>W</sup>

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In the past several decades, the transition of young adults from living with their parents to achieving economic independence and establishing their own families has become an increasingly long and varied process. A striking aspect of this demographic change has been the increased prevalence of 20-somethings living in their parental home. Between 1960 and 2000, for example, the fraction of 24 year-olds living at home rose from 22 to 28 percent for men, and from 14 to 23 percent for women.<sup>1</sup> At the same time, young adults are marrying and establishing their own households at later ages than was true in their parent's generation. What is responsible for these demographic changes? Many popular and scholarly accounts have questioned the character of Generation Y and their willingness to accept adult responsibility.<sup>2</sup> While not denying this possibility, this paper instead investigates whether changes in the labor market and economic conditions have made it more difficult to transition to adulthood.

Establishing residential independence is an increasingly costly proposition for young adults. As Yelowitz (Chapter XX) documents, housing costs have risen in many areas of the country, and higher costs of college tuition combined with older ages of college completion make it increasingly difficult for twenty- and thirty-somethings to afford to live independently (see Turner, Chapter YY).

At the same time, changes in the labor market may be leaving young adults with fewer resources to finance these costs. Beginning in the 1960s, the baby boomers began to enter the labor market, introducing downward pressure on the wages of young adults. As these supply side

forces subsided in the 1980s, a combination of changes in labor demand and weakened institutional wage supports—e.g., declining rates of unionization and declining real minimum wage rates—led to further erosion in the real earnings of young workers. Below, I investigate the extent to which these changes in labor demand and wages have left young adults “priced-out” of the market for independence.

While this paper will focus on documenting changes in living arrangements and assessing the role of labor market conditions in producing these changes, the question has broader implications. Changing living arrangements is a strategy that has received relatively little attention in the literature on how individuals cope with economic hardship. Though there have been some studies of inter-vivos transfers as a way for parents to ease the liquidity constraints of children<sup>3</sup>, relatively little empirical evidence exists about the extent to which individuals rely on social networks of kin or acquaintances to share housing when economic conditions are poor. Given the high share of housing in most households’ budgets, this aspect of resource sharing may be more important than the direct cash transfers that have been the focus of earlier studies.

There are few studies that have examined the relationship between economic conditions and the living arrangements of young adults. London and Fairlee (2005) and Bitler, Gelbach and Hoynes (2004) addressed the related questions of how the business cycle and welfare reform, respectively, have affected the living arrangements of young children and report mixed findings. The most relevant study, by Card and Lemieux (1997), analyzes the responses of those between 16 and 24 to changes in economic conditions in the U.S. and Canada between 1971 and 1994. They find support for the hypothesis that young adults respond in a variety of ways, including living with parents, to changes in business cycle conditions and wage rates. This paper builds on their study by using a larger data set covering a longer time period, and exploring a variety of potential sources of bias to the estimates of the effect of economic conditions.

To assess the causal role of economic conditions on the propensity for young adults to live at home, I analyze the evolution of living arrangements in different geographic areas using

data from the Decennial Censuses between 1960 and 2000. I assess the degree to which, for example, regions that experience greater wage declines also experience greater increases in the fraction of young adults staying at home in a given inter-Census period.

While relying on Census data precludes a dynamic analysis of the lifecycle of individuals, this approach has several advantages. Most importantly, it reveals that the secular trend towards more parental co-residence was not uniform across time and space. This variation is critical for evaluating different hypotheses. There is also substantial variation in labor market conditions in both different states and Census regions. Second, the analysis relates regional labor market conditions to living arrangements allowing for both region- and year-specific effects. This provides a flexible way to control for differences in social norms and attitudes that may affect the prevalence of various living arrangements that are specific to regions (and time invariant) or that change similarly over time for the whole nation.

The paper is organized as follows. In the section that follows, I describe the data the construction of the data set. I then describe how living arrangements have changed for young men and women over the 1960 and 2000 period, focusing on regional variation in the changing prevalence of living with parents, a spouse, or in another setting. I also examine changes in the fraction of young adults either living with parents or attending school to measure of reliance on parental support akin to the treatment available in other datasets. Then, I assess the effect of labor market conditions on living arrangements. I first present changes in the labor market outcomes of young adults over time and across regions, and then present estimates of the effect of changes in economic conditions on the propensity of children to live with their parents.

## 2. Data and Definitions

To examine changes in living arrangements over time in different regions, I use data from the Public Use Microsamples of each decennial Census administered from 1960 through 2000.

The Census provides large numbers of men and women at every age level across different geographic regions. For example, there are never fewer than 400 men or women of any age in any region in the data even in the one percent samples in 1960 and 1970. After 1980, I use the 5 percent samples, guaranteeing large numbers of individuals in each age-sex-year category even at the state level. Since in any given year, living arrangements differ dramatically for individuals only a few years apart, this allows for a careful analysis of the changes in the living arrangements of individuals of any given age over time.

The Census classifies unmarried college students who are living in a residence away from their parents as living apart from their parents. This differs from the treatment of most other datasets, such as the Current Population Survey or the Survey of Income and Program Participation. The decennial Census data thus provides an accurate depiction of co-residence with parents, but is likely to understate the fraction of young adults who are financially dependent on their parents. While I construct a measure of whether an individual is either living at with a parent or unmarried and attending school, this measure will not yield strictly comparable regional averages to the extent that individuals attend school in regions that differ from their parent's home's location. A final caveat is that I treat married individuals living with a parent as living with their parents rather than living with a spouse.

### 3. Changes in the Living Arrangements of Young Adults: 1960 to 2000

In the twenty years following the end of the Depression, young adults tended to leave home at earlier ages, generally to marry and establish their own households. Between 1950 and 1960, for example, the fraction of 24 year-olds living with their parents declined from 30.4 to 22.5 percent for men and from 20.8 to 14.2 percent for women.<sup>4</sup> More than half of the difference for both men and women was accounted for by moving away from the parental home to live with a married spouse.

This trend, however, reversed in the 1960s. As shown in Figure 1, over the next 40 years young adults became more likely to live with their parents. For men and women, 23- and 24-year-olds experienced the greatest increases in living at home—rising by 6 to 7 percentage points for men and by 8 to 9 points for women. The magnitudes of these changes were not even over time, and varied by age. Between 1960 and 1980, for example, Table 1 shows that the fraction of 19- to 24-year-old men and women living at home rose by 4.3 and 5.4 percentage points, respectively, whereas the fraction of 25- to 29-year-old men and women living at home decreased by about 1 percentage point each. From 1980 to 2000, however, the greatest increases in staying with parents occurred among the 25- to 29-year-olds—about 4 to 4.5 percentage points for both men and women—with little change among 16- to 24-year-old men.

Table 1 also documents that fewer young adults are getting married and living with a spouse. For both men and women, both 1960-1980 and 1980-2000 exhibit dramatic declines in the fraction of men and women in their twenties who live with a married partner apart from their parents. The fraction of 25- to 29-year-olds living with a spouse declined by 29 percentage points for both men and women between 1960 and 2000, with roughly equal sized changes over each 20 year period.

There was a large increase over this period in the percentage of both young men and young women who were neither living with their parents nor married. These other kinds of living arrangements include living alone, with friends, and cohabiting with romantic partners out of wedlock. Since the Census contains limited detail on the relationships between household members, I combine these myriad living arrangements under the heading of ‘other’. For all individuals between the ages of 16 and 34, living with others increased from 17.3 to 33.9 percent for men and from 12.5 to 32.8 percent for women between 1960 and 2000.

Table 1 also shows that different racial and ethnic groups experienced different changes in living arrangements over the period 1980 to 2000. For both men and women, there were differences in the trends of living with parents, though the differences were small. For example,

while overall men and women aged 19 to 24 became slightly more likely to live with their parents (an increase of .5 for men and 3.5 percentage points for women in living with parents), black men and women became less likely to live with their parents (decreases of 2.6 and 1.9 percentage points in living with parents). The declines in the fractions of non-white men and women living with a spouse were similar to the decline for non-Hispanic whites, but the levels of marriage in both time periods were significantly lower as has been well documented elsewhere.

There is a great deal of heterogeneity in the change in living arrangements across geographic areas. Table 2 presents the fraction of men (top panel) and women (bottom panel) aged 16 to 34 who live with their parents in each of the nine Census region. The Table shows that not all regions witnessed increases in the fraction of young men living with their parents over time, and in certain time periods for certain age groups it actually became less common. These details have not been fully appreciated in the literature on the changing nature of the transition to adulthood. For example, in the West North Central and East South Central Regions, there is almost no change in the fraction of men living at home, with small declines between 1960 and 1980 being offset by small increases in the subsequent twenty-year period. Similarly, between 1960 and 1980, there was little to no rise in parental co-residence in the West South Central and Mountain regions though the next twenty years did witness increases in those areas. An interesting pattern common to many regions is that between 1960 and 1980, men between 16 and 25 years old became more likely to live with parents, while men between 25 and 24 years old became less likely to do so. But between 1980 and 2000, the pattern was the opposite: particularly in New England and the Middle Atlantic regions, younger men were less likely to live at home whereas older men were more likely to do so.

Figure 2 provides an overview of the changes in living with parents described in Table 2 for men between age 19 and 29. In each graph, the solid line represents the percentage point change in the fraction of men of each age living with their parents between 1960 and 2000, whereas the dashed line represents the change that occurred between 1960 and 1980. In terms of

the overall magnitude of the change, the Pacific Division experienced by far the greatest increases in men living with their parents. Compared to an average increase of 4.8 percentage points for the nation from 1960 to 2000, the fraction of 19-25-year-old men in this region increased by 15.9 points, more than twice the change of any other region. For the same age group, the Mountain and South Atlantic regions experienced the next greatest forty-year changes, but the timing was different in the two areas. The fraction of 19- to 24-year-old men living at home in the Mountain region increased most between 1980 and 2000 after changing only slightly in the previous twenty years. In contrast, in the South Atlantic region, the latter period actually saw a decline in parental co-residence after a large increase between 1960 and 1980.

Among men between 25 and 29, the overall increase in the fraction living with a parent rose by 3.1 percent. Nearly all of this change was concentrated in the period between 1980 and 2000 and most of it was driven by the increases in the Pacific and Middle Atlantic regions.

A more detailed analysis (available on request from the author) shows that these changes were concentrated in certain states. For example, in California the fraction of 25-29-year-men living with a parent increased by about 11 percentage points from 1980 to 2000 while in Oregon and Washington the increase was less than 1.6 percentage points.<sup>5</sup> For 25 to 29-year-olds, there are 12 states—Hawaii, California, New Mexico, Florida, New Jersey, New York, Delaware, Rhode Island, Maryland, Utah, Arizona and Michigan—where the fraction of men living with parents increases by 5 percentage points or more, but there are 15 states where the change was toward less parental co-residence led, by a fall of 8.6 percentage points in North Dakota.

For women, the changes across regions are similar but more pronounced than those just described for men. As shown in the lower panel of Table 2 and in Figure 3, the largest changes occurred in the Pacific region, followed by the Middle Atlantic and Mountain regions. For 25- to 29-year-old women, for example, the fraction living with a parent increased by 9.5 percentage points in the Pacific region and 5.7 points in the Middle Atlantic region. Not all regions moved in

the same direction: in the East South Central, the fraction in the same age group living with a parent fell by 1.6 points.

These statistics document the increasing prevalence of young adults relying on *co-residence* with their parents. If we are interested in the financial dependence of young adults, then an important part of the picture is the increased fraction that attends school at later ages. While there is no way to verify the extent of non-resident young adults' financial reliance on their parents using Census data, it is likely that a significant fraction of those attending school receive some assistance. In fact, the Current Population Survey actually counts unmarried students in college as residents in their parents' homes.<sup>6</sup>

Table 3 shows the fractions of men and women by age group that are either living with a parent or are attending school and unmarried for 1960, 1980, and 2000. The large increases in both men and women attending school are apparent. For both men and women, there is a large increase in the fraction of 19- to 24-year-olds who are financially dependent by this definition between 1960 and 1980: the fraction at home or in school increases by 8.3 and 11.7 percentage points respectively, to 54.8 and 44.1 percent. Between 1980 and 2000, however, women in this age group saw about the same rise in living at home or being in school to 54.9 percent, whereas the rate of increase fell by half for men, ending at 58.6 percent.

More striking, however, is the large increase in the potential financial reliance of older 20-somethings that occurs between 1980 and 2000. Over this period men and women between age 25 and 29 became far more likely—5.9 and 7.3 percentage points, or 32 and 54 percent—to be single and attending school or living with a parent. Again, the largest changes occurred in the Pacific and Middle Atlantic regions. Overall, however, the changes in the prevalence of living at home or attending school shown in Table 3 appear to be more uniform across geographic regions due to the fact that the large increases in school attendance were more uniform across different areas than were changes in living with parents.

#### 4. The Effects of Economic Conditions on Living Arrangements

In this section, I assess the degree to which changes in economic conditions affect these living arrangement choices. As proxies for living conditions, I will focus on two measures that have traditionally been used by labor economists to study the employment outcomes of individuals. First, as a proxy for the state of the business cycle, I use the fractions of older individuals—between 35 and 44 years old—that are employed at the time of the Census for each gender. And second, I construct a wage index to reflect the returns to labor market activity. In the analysis that follows, I analyze whether changes in either of these variables have an effect on the fraction of young adults living with their parents, treating these changes in the economic conditions variables as exogenous.

Though articulating a complete theoretical framework within which to analyze the relationship between labor market demand conditions, wages, and an individual's choice of living arrangement is beyond the scope of this paper, this modeling choice deserves some discussion. Economists typically view employment outcomes as the result of the interplay between supply and demand (and institutional) factors. While it is common to use local business cycle measures as an exogenous proxy for demand shifts, wage changes may be endogenously determined with the level of employment.

In the context of living arrangements, similar situations may arise. For example, some studies argue that marriage has a positive causal effect on male wages, presumably by making them more productive.<sup>7</sup> On the other hand, alternative views of the labor market treat wages as exogenous. If minimum wage laws keep wages for young adults at above equilibrium levels, then the wage level may be exogenous to employment and possibly other outcomes as well. While I explicitly attempt to address the endogeneity issue by exploring variation in state minimum wage laws as an instrument for young adult wages, in most of the analysis below I simply note this potential short-coming and treat the wage level as exogenous.

#### 4.1 *Changes in Economic Conditions across Census Regions*

The basic analytic approach of this paper is to relate changes in business cycle conditions and wage rates to changes in living arrangements within regions over time. It might be tempting to also link the variation in economic conditions over time for the nation as a whole, as well as across different regions at a point in time, to secular and regional differences in living arrangements. Eschewing this, however, allows us to avoid bias due to shifts in social norms affecting the entire nation, and also bias due to persistent differences in norms and attitudes towards co-residence across regions that may be correlated with economic differences.

Table 4 shows that there are significant differences in the changes in economic conditions across different regions over time. The first 5 columns of the top and bottom panels show the business cycle conditions for men (top panel) and women (bottom panel) between 1960 and 2000. In each panel, I report the employment-population ratio of one group of adults between 35 to 44 years old using data from the Census. While there is clearly a strong common component to local demand conditions measured this way, we can observe differences in regional economic conditions over time. To take a recent example, compare the evolution of the employment-to-population ratio for this group of men over the 1990s. While demand slumped in all regions over this period, the decline was quite mild in New England and the West North Central Divisions at 2.5 and 3 percentage points, respectively. In contrast, the Pacific and West South Central Divisions saw declines over twice as large at 6.1 and 7.4 percentage points. Overall, however, there is a clear trend towards lower employment over the period, with employment-population rates falling overall from about 92 percent to about 83 percent from 1960 to 2000.

The story for women's employment over this time period is quite different. As depicted in the lower panel of Table 4, the secular change towards higher employment rates is the most striking feature of the data. However, the same sorts of differences over time in employment across different regions are evident for women as well.

Since the decennial Census does not contain consistent measures of annual earnings and annual hours, examining regional changes in wages is more complicated. One potential solution is to focus only on the earnings of full-time, full-year workers. Figure 4 shows the evolution of real earnings for white men and women who work exactly 40 hours per week for at least 50 weeks per year. For men, real earnings rose between 1960 and 1970, fell between 1970 and 1990, and then were largely stable between 1990 and 2000. For women, the general pattern is towards higher wages, though wages are generally flat between 1970 and 1990. Again, differences exist across regions. For example, between 1980 and 1990 wages fell in most regions, especially for men, but rose in the New England region with the ‘Massachusetts Miracle’.

While the trends in Figure 4 provide an overview of the evolution of earnings for workers working roughly the same number of hours annually, the trends may still partially reflect compositional changes in the workforce over time rather than wage changes. For example, if a region experienced a rapid increase in the proportion of workers with a college degree then average earnings would probably rise without a rise in wages for any worker type. To address this, I construct a wage index by running a regression of log annual wages on a set of dummy variables capturing the weeks worked last year, the hours worked last week, age, education, race characteristics as well as a dummy for each region. The wage index is formed by setting all variables equal to their national average (i.e., the share of people in each category) except for the region dummies, and computing the predicted wage from this regression. The index is computed separately for each gender and year, and reported as the deviation of the predicted log wage from the average (gender-specific) log wage for each year.

The values of the resulting wage indices for men and women are shown in columns 6 through 10 of Table 4. Shown in this context, the increase in wages in the New England region between 1980 and 1990 is even more striking. Relative to the national average, (composition adjusted) wages grew by more than 15 percent. We can also see the influence of the rise in oil

and commodity prices on the wages of workers in the West South Central and Mountain regions around 1980. Table 4 also shows that the trends in wages appear quite similar within region for men and women.

#### 4.2 *The Effect of Economic Conditions on Living Arrangements*

To estimate the effect of economic conditions on living arrangements, I adapt the basic strategy of Card and Lemieux (1997) and estimate grouped linear probability models of the form

$$P_{ijt} = \beta E_{jt} + \theta X_{ijt} + \sum_i \gamma_i A_i + \sum_j \phi_j R_j + \sum_t \delta_t Y_t + \varepsilon_{ijt},$$

where  $P_{ijt}$  is the fraction of individuals in age group  $i$  living in region  $j$  at time  $t$  who are living with at least one parent;  $E_{jt}$  is a vector containing the two measures of economic conditions in region  $j$  at time  $t$ ;  $X_{ijt}$  is included in some specifications and contains measures of housing rental costs and school enrollment for each age group-region-year observation and the remaining terms represent age, region, and year fixed effects as well as an error term.

I estimate this equation separately for men and women, and separately for two different age categories—19- to 24-year-olds and 25- to 29-year-olds. There are thus between 225 and 270 age group-year-region observations in each regression, comprised of 5-6 age groups, 9 census regions, and 5 years. All regressions are implemented using weighted least squares, using the number of observations in each cell as weights.

In the preceding section, we saw that living arrangements changed in different ways for young adults of different ages. In implementing the approach above, I allow the effect of economic conditions to vary with age by fully interacting age dummies with both the employment-population ratio and the wage index. An alternative approach would be to run the regression separately for each age group on the 45 region-year cells. While this has the advantage of placing less restrictions on the region and year effects—namely, that they are equal across age groups—pooling age groups that are close together yields increased efficiency without

too much abuse to the data.<sup>8</sup> Since the economic conditions variables vary only at the region and year level, however, I estimate ‘clustered’ standard errors that allow for arbitrary correlations of the error term at the region-year level. Since the Census observations are spaced at ten-year intervals, I assume serial correlation of errors within regions does not bias the standard errors in the ways discussed by Bertrand, Duflo, and Mullainathan (2004) and Kezdi (2003).<sup>9</sup>

Table 5 presents the regression results. The three columns of the table present different specifications of the estimating equation where the dependent variable is always the fraction of individuals in a given age group, region and year who live with at least one parent and the regression includes age, region, and year fixed effects. The first column looks at the effects of the business cycle and wages alone, controlling only for region, year, and age fixed effects. The second column includes a control for housing costs because of its obvious role in influencing living arrangements and its likely relationship with economic conditions. As a proxy for the cost of housing, I use a measure of average monthly contract rents among renters in each age-region-year cell available in the Census data measured in hundreds of dollars per month. Finally, the last column also controls for the fraction of youth attending school to account for any changes in enrollment decisions, and the fraction of foreign-born residents in each region. The top half of the table presents results for men; the bottom half for women; and results are further broken down by analyses for 19- to 24-year-olds and 25- to 29-year olds.

The top row of Table 5 reports the estimated effect of changes in the business cycle on the fraction of 19- to 24-year-olds living with a parent. The results confirm the hypothesis that young adults are more likely to live in their parental home when the labor market is in decline. To simplify the discussion of the effects of economic conditions, I present minimum distance averages of the 6 age-specific coefficients on both the employment-population ratio of 35- to 45-year-old men and the wage index. For example, the first column reports that when only the employment-population ratio of older men and wages are included in the model (with region, age, and year fixed effects), the average of each of the estimated effects for younger adults aged 19 to

24 is -1.28 (with a standard error of .28). This implies that for every one-percentage point increase in 35- to 45-year-old male employment, men between 19 and 24 are on average 1.28 percentage points less likely to live with a parent. This finding is quite robust across the three different model specifications.

The magnitude of the effect of the business cycle seems to be only about half as large for men aged 25 to 29. The point estimates of the average effects range from between -.51 to -.61 (the standard error of the latter coefficient is .16).

The results for women are similar to those for men, with two exceptions. First, the sizes of the measured effects of changes in the employment-population ratio of women aged 35 to 44 are about one half as large as those for men. The estimates from models in the first two columns suggest that a one-percentage point increase in the fraction of older women employed leads to a decline in the probability of living with a parent of .61 for 19- to 24-year-old women and .24 to .26 for 25- to 29-year-old women. Again, the results are robust to controlling for the effects of changes in wages, housing costs, and school enrollment. Unlike the results for men, however, the magnitude of the estimated effect of demand conditions is significantly affected by controlling for the fraction of foreign-born residents in a region. For younger women the estimated effect falls to -.43 from -.61 and remains significant, but for older women the estimate switches sign to .02 (standard error: .07).

Taken together, these results suggest that improvements in the business cycle open up employment opportunities for young adults, with the exception of 25- to 29-year-old women, that allow them to move away from their parental home. Since the employment of younger adults is much more cyclical than that of older adults, it is sensible that the measured effects of the business cycle on living arrangements are more pronounced for 19 to 24 year olds than for 25 to 29 year olds for both men and women. It is less clear why the magnitude of the estimated effects is so much smaller for women than for men.

The results for the effect of wages on living arrangements are more tentative, but are generally supportive of the view that lower wages may also lead more young adults to live at home. For men aged 19 to 24, the point estimates across different model specifications suggest that a 10 percent increase in wages reduces the fraction of men living at home by between .9 and 1.4 percentage points.

For men aged 25 to 29, the pattern of results is slightly different. In the specifications in column (1) which does not include other controls besides the economic conditions variables the estimated effect of wages on the probability of living with a parent is very close to zero and statistically insignificant. When I control for the rental cost of housing, however, the estimated effect becomes more negative and is close to being significant at the five-percent level with a point estimate of  $-.10$  (.05). This is a sensible result. Economic theory suggests that wages should be positively influenced by the cost of living, which is largely determined by housing costs. And since rising housing costs are likely to increase the likelihood of sharing housing costs with parents or others, omitting housing costs from the model could positively bias estimates of the effect of wages. Indeed the model predicts that an increase in monthly rent of \$100 would increase the probability of living with parents by 1.18 percentage points. Including a control for school enrollment and the fraction foreign-born results in essentially no change in the estimates. Compared to the estimates of the effect of the business cycle, the estimates of the effect of wages are less precise with t-statistics hovering just above 2 in most cases.

In contrast to the results for the effects of the business cycle, the magnitude of the estimated effects of wages on living arrangements are larger for women, although the broad pattern of results is similar. With both the employment-population ratio of 35-44 year-old women and the wage index in the model, the estimated effect of the wage index is  $-.17$  (.05). Similar to the older group of men, however, when the rental cost of housing is added to the model this effect becomes more negative, and the change is quite dramatic. In columns (2) and (3), the results suggest that a 10 percent increase in wages leads to a fall in the probability of living with a

parent of about 3.8 (.07) percentage points. The effect of rental costs on living arrangements is similar to that estimated for men above: an increase of monthly rents of \$100 leads to a .9 to 1.5 percentage point increase in the likelihood of living with parents. For women aged 25 to 29, the effect of wages controlling for housing costs, the fractions in school and foreign-born is slightly smaller at -.13 (.050).

In a separate analysis not reported here (available from the author on request), I performed the same set of regressions on state, rather than region- level data as both a robustness check and a way to get more precise estimates with more observations.<sup>10</sup> The pattern of results in this table is nearly identical to those in Table 5, though the magnitudes of the estimates are universally smaller. These analyses continue to provide robust evidence that the business cycle has a significant effect on living arrangements in the predicted direction, and generally support the conclusion that wages also affect young adults decisions' to live with their parents.

#### *4.3 Limitations and Robustness of Findings*

There are several limitations to the analysis. As already mentioned, assuming that changes in wage levels are exogenous is dubious. The addition of a measure of housing rental costs, for example, significantly affects the estimate of the effect of wages on living arrangements, indicating that the wage is related to at least one other measure that plausibly affects whether young adults co-reside with their parents. While it is possible to argue that conditional on this measure of housing costs the estimated effects of wages are unbiased, it seems as least as likely that other omitted factors lurk behind those estimates. Similar arguments may pertain to our proxy of local demand conditions.

To address this, I replicated the analyses reported above on state-level data, finding broadly consistent patterns of results. Using the state-level data, I attempted to instrument for state level wages using changes in state specific minimum wage laws. David Lee (1999) has shown that these policies have a significant effect on the lower end of state specific wage

distributions, and so it is likely that they affect the wages of the young adults studied here. Unfortunately, this effort proved largely unsuccessful because of a weak first stage relationship between state-specific minimum wages and average wages. The problem has much to do with the timing of federal minimum wage law changes and the administration of the decennial Census. Significant increases to the federal minimum wage occurred in 1967 and 1968, 1978, and 1997. Few states had minimum wage laws that were higher than the new federal minimum during the Census periods of 1969, 1979, and 1999. Thus, significant variation across states in the effective (maximum of state and federal) minimum wage occurs only in 1989. While this approach thus seems infeasible with decennial Census data, it may prove fruitful with data collected in different years such as the March Current Population Survey.<sup>11</sup>

Another potential complication with the research design would arise if the migration of different types of individuals were related to changes in economic conditions. For example, if a strong regional economy—high employment and wages—leads young adults to migrate to a region or state (without their parents) then our estimates could in part be capturing a compositional change in the regional population. As a partial test of whether this sort of migration may be affecting the results presented above, I computed the fraction of residents in each sex-age-state cell in the U.S. who reported living in a different state 5 years prior to the Census year in 1990 and 2000. I then use this as a dependent variable in regressions similar to those reported in column (2) of Table 5—only with only two years of data the regression is essentially fit with first differences—to see whether the economic conditions affect the number of migrants in a state.

I explore the issue in two ways. First, I regress the fraction of new migrants to a state on the first-differenced version of specification (2) in Table 5. While imperfect because of timing issues, this serves as a rough proxy of whether states that had higher increases in employment or wages saw greater increases in the fraction of migrants. The results of this analysis are mixed. Higher employment-population ratios of 35-44-year-olds are generally associated with an

increase in the fraction of migrants, as hypothesized, but the relationship is statistically significant only for younger men. In contrast, however, the point estimates of the effects of wages suggest that higher wages lead to fewer migrants in a state. Again, however, the estimated effect is statistically significant only for younger men, and the magnitudes of the estimated coefficients are generally small.

I also attempt to reproduce the analysis in Table 5 using only data from 1990 and 2000, and use the fraction of new migrants in a state as an additional control variable to measure its impact on the estimated effect of economic conditions on living arrangements. This analysis, with several caveats, tends to support the results presented in Table 5. First, the estimated effect of the business cycle on living arrangements in the first-difference regressions were very similar to the estimates using all five years of data, with the estimates from the former analysis falling within a one standard error band of the estimates from the latter. While the inclusion of the fraction of migrants resulted in a small decline in the size of the estimated effect for young workers, the effect remained negative and statistically significant (-.71 for men and -.30 for women) and was nearly identical for 25- to 29-year-olds.

Results were more mixed for wages. In all cases the point estimates for the effect of wages on living arrangements were quite different than those found in Table 7 even before controlling for the fraction of new migrants. Adding that variable to the regression tended to make the estimated coefficient more negative though the changes were generally within sampling error. The estimates of the effects of wages on living arrangements controlling for the fraction of new migrants was -.021 (.069) for young and .11 (.047) for older men; and -.13 (.078) for young and -.062 (.034) for older women. With the exception of 25- to 29-year-old men, all the estimates are within sampling error of the estimated effects found in Table 7.

## 5. Discussion

The results of this paper suggest that young adults respond to changes in economic conditions by altering their living arrangements. In particular, declines in the job market and falling wages push 20-something men and women to share housing with their parents. The effects of the business cycle are more pronounced for adults in their early twenties rather than their late 20s, probably due to the higher cyclicity of their employment prospects, and appear more pronounced for men than for women.

The estimated effects of economic conditions on living with parents presented in Table 5 are very large in magnitude. For example, the results imply that in the absence of other changes the roughly ten percentage point decline in employment to population rates of older men should have produced increases of about 12 and 5 percentage points, respectively, in the fraction of 19- to 24- and 25- to 29-year old men living with their parents. In both cases these predicted effects are about twice the observed changes, suggesting that either a) other factors acted to countervail the influence of demand conditions, or b) the analysis may not be adequately controlling for omitted variables bias, leaving us with coefficients that are too large in magnitude. For wages, the predicted effects are much more modest, ranging a decrease of about .9 percentage points to an increase of about .8 percentage points, depending on the region.

The analyses presented here point to several avenues for future research. As a methodological point, future work should focus on isolating situations where changes in wage rates and local labor demand conditions are unlikely to be confounded by changes in housing costs and migration. Changes in state minimum wage laws may be a useful source of this kind of exogenous variation in wages. Another fruitful analytic approach may be to attempt to estimate hazard models using synthetic cohorts on a large dataset of repeated cross-sections like the CPS. This may facilitate a more dynamic approach where legislated changes in wages are linked to leaving home between men in consecutive age groups with time invariant characteristics.

A fuller analysis of the experiences of different subgroups in the economy may also yield important insights. It is well-known that particular economic groups—e.g., less educated men

and women, and particularly black men—have experienced disproportionate declines in wages relative to the rest of the population. The current analysis doesn't differentiate among people within a given region beyond age and gender, and may thus miss some important differences among these subpopulations.

Substantively, the results in this paper suggest the obvious but relatively understudied point that family networks are an important part of the social safety net. In this light, it would be interesting to investigate the effects of social policy changes not only on transfer program—like the former AFDC—beneficiaries, but also on their families to give a fuller account of the welfare consequences of such changes. It would also be useful to investigate how access to kin networks mediates the effects of economic downturns on various young adult outcomes.

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<sup>Ψ</sup> Robert Wood Johnson Scholar in Health Policy Program. University of California, Berkeley. E-mail: [j\\_matsudaira@berkeley.edu](mailto:j_matsudaira@berkeley.edu).

<sup>1</sup> Except where otherwise noted, all figures in this article reflect author's calculations based on decennial Census (Integrated Public Use Microdata Series) data from Ruggles et al. (1994).

<sup>2</sup> See, for example, Lev Grossman (2005) or Dave Newbart (2005) for recent accounts in the popular press.

<sup>3</sup> For example, Cox (1990).

<sup>4</sup> Throughout the paper, all differences in the prevalence of living arrangements discussed in the paper are statistically significant at the 5 percent level unless otherwise noted. To give a sense for the precision of the estimates, for the smallest region (the Mountain region), the standard error of the difference between the fraction of any single age group living at home between 1960 (when samples are smallest) and 1980 is between 1.2 and 2 percent. For the pooled group of 19 to 24 year olds, the standard error of the difference is generally less than 1 percent.

<sup>5</sup> This suggests that using states rather than Census regions may be more appropriate for the analysis below. It is possible, however, that changes in living arrangements across states might partially be due to migration of young adults away from their parental home and that migration may be partially influenced by economic conditions. Since moves across regions appear to be significantly less common than those across states, I present the main analyses of the paper at the region level to avoid potential endogeneity concerns. This is discussed further below.

<sup>6</sup> See Schoeni and Ross (2005).

<sup>7</sup> A recent example is Antonovics and Town (2004).

<sup>8</sup> On the other hand, the data reject the specification of common year effects across age groups when all age groups between 18 and 34 are included in the estimation, contributing to coefficients on the economic variables that differ greatly from those obtained in regressions using one age category at a time. The coefficient estimates from regressions run on each age group are available from the author on request.

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<sup>9</sup> A more fundamental issue is that clustering at the region level with only 9 census regions could lead to severe finite sample bias.

<sup>10</sup> I exclude all states which ever have fewer than 30 observations in a sex-age-year cell, resulting in 10 states being dropped from the analysis. The states omitted are Alaska, Delaware, Indiana, Montana, Nevada, New Hampshire, North Dakota, South Dakota, Vermont, and Wyoming.

<sup>11</sup> The lack of large samples within age-sex-state-year groups in the CPS, however, presents a major obstacle to this approach.

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**Table 1: Changes in Distribution of Living Arrangements of Young Men and Women from 1960 to 2000**

Agegroup	1960			1980			2000		
	Parents	Spouse	Other	Parents	Spouse	Other	Parents	Spouse	Other
<i>ALL MEN</i>									
16 to 18	84.6	1.5	13.8	87.0	1.0	12.1	85.0	2.2	12.8
19 to 24	36.9	34.6	28.5	41.2	22.7	36.2	41.7	15.8	42.6
25 to 29	15.1	71.3	13.6	14.1	56.4	29.5	18.2	42.3	39.6
30 to 34	9.6	79.6	10.9	7.3	71.3	21.3	10.8	58.0	31.3
<i>Black Non-Hispanic Men</i>									
16 to 18				83.5	0.3	16.2	78.2	3.7	18.1
19 to 24				48.5	12.6	38.9	45.9	13.8	40.3
25 to 29				21.2	40.5	38.3	23.7	32.1	44.2
30 to 34				11.9	54.4	33.8	15.6	43.7	40.7
<i>Hispanic Men</i>									
16 to 18				81.8	1.7	16.5	75.6	3.4	21.0
19 to 24				39.0	25.9	35.1	38.8	20.3	41.0
25 to 29				14.5	56.6	28.9	18.1	46.0	35.9
30 to 34				8.1	69.1	22.8	11.2	59.9	29.0
<i>ALL WOMEN</i>									
16 to 18	78.5	10.6	10.9	82.7	5.3	12.1	83.2	3.2	13.7
19 to 24	26.1	56.7	17.2	31.4	36.1	32.5	34.9	22.5	42.6
25 to 29	10.5	78.9	10.6	9.7	0.3	27.1	14.1	49.9	35.9
30 to 34	8.7	81.0	10.3	5.6	71.5	22.9	8.3	61.9	29.8
<i>Black Non-Hispanic Women</i>									
16 to 18				83.1	1.9	15.0	78.9	2.3	18.8
19 to 24				42.6	19.0	38.4	40.5	11.3	48.1
25 to 29				16.6	39.0	44.5	20.2	26.9	52.9
30 to 34				9.5	45.7	44.9	13.9	35.6	50.6
<i>Hispanic Women</i>									
16 to 18				78.7	8.3	13.0	78.7	6.3	15.0
19 to 24				32.9	39.7	27.4	38.3	29.9	31.9
25 to 29				11.6	61.7	26.7	16.7	53.4	29.9
30 to 34				7.3	67.1	25.6	10.4	62.6	27.0

Notes: Cell entries refer to the fraction of young adults in each age group living in each age category.

Spouse' refers to living with a married partner apart from parents.

Source: Census (IPUMS) data from 1960, 1980, and 2000.

Table 2: Fraction of Young Adults Living with at Least One Parent by Agegroup, Year, and Region

	Men											
	1960				1980				2000			
	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England (MA,CT,etc.)	85.5	42.2	20.2	12.0	89.2	48.4	18.2	9.1	86.3	44.1	21.0	11.7
Middle Atlantic (NY,PA,NJ)	88.9	48.2	20.9	12.3	90.3	56.1	21.3	10.2	86.2	53.1	26.6	14.5
East North Central (MI,IL,OH,etc.)	88.4	39.7	14.4	9.2	89.5	43.6	14.3	7.1	87.1	43.0	17.5	10.2
West North Central (IA,MN,etc.)	85.3	34.4	13.5	9.0	87.9	34.8	10.4	5.3	87.3	33.9	12.3	7.0
South Atlantic (FL,NC,MD,DC,VA,etc.)	81.3	33.0	14.6	9.7	84.8	40.0	14.6	7.8	83.2	39.1	17.2	10.3
East South Central (AL,KY,MS,TN)	83.4	40.6	16.3	10.2	85.5	41.2	14.4	8.5	85.9	41.8	17.1	10.3
West South Central (AR,LA,OK,TX)	81.7	32.5	12.4	8.1	85.0	34.2	11.1	6.1	83.6	38.7	15.7	9.9
Mountain (AZ,CO,NV,NM,etc.)	84.1	30.4	8.5	5.8	84.5	29.6	8.3	4.5	83.4	34.2	12.3	7.9
Pacific Division (CA,OR,WA, etc.)	79.4	26.3	10.3	6.6	83.9	34.8	11.2	6.0	83.7	42.2	19.2	11.6
All U.S.	84.6	36.9	15.1	9.6	87.0	41.2	14.1	7.3	85.0	41.7	18.2	10.8

	Women											
	1960				1980				2000			
	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England (MA,CT,etc.)	83.2	32.5	13.4	11.7	84.1	36.6	11.7	6.5	82.1	35.3	14.6	8.1
Middle Atlantic (NY,PA,NJ)	84.2	34.1	14.3	11.8	87.3	43.7	14.1	7.7	84.7	45.1	20.0	10.9
East North Central (MI,IL,OH,etc.)	80.2	25.8	9.3	8.2	85.0	31.9	9.2	5.2	85.1	34.3	12.9	7.0
West North Central (IA,MN,etc.)	75.4	19.7	6.6	5.4	82.5	22.9	6.0	3.3	84.6	26.1	8.1	4.7
South Atlantic (FL,NC,MD,DC,VA,etc.)	75.6	25.5	12.6	9.2	81.5	31.9	10.4	6.3	81.6	33.1	13.4	8.3
East South Central (AL,KY,MS,TN)	75.3	29.0	13.2	10.1	79.4	30.0	10.3	6.2	82.2	32.0	11.6	7.6
West South Central (AR,LA,OK,TX)	74.5	22.9	8.4	7.9	78.9	26.1	8.3	5.1	82.2	32.8	13.0	8.0
Mountain (AZ,CO,NV,NM,etc.)	75.9	18.1	6.6	5.9	78.6	21.7	6.0	3.7	81.6	28.3	10.8	6.6
Pacific Division (CA,OR,WA, etc.)	77.0	20.3	6.8	5.6	81.0	28.0	7.9	4.7	83.1	38.2	16.3	9.6
All U.S.	78.5	26.1	10.5	8.7	82.7	31.4	9.7	5.6	83.2	34.9	14.1	8.3

Source: Census (IPUMS) data from 1960, 1980, and 2000.

Supplement to Table 2: Change in Fraction of Young Adults Living with at Least One Parer

	Men							
	Change 1960-1980				Change 1980-2000			
	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England	3.7	6.2	-2.1	-2.9	-2.9	-4.3	2.8	2.6
Middle Atlantic	1.5	7.9	0.4	-2.1	-4.2	-3.0	5.3	4.3
East North Central	1.1	3.8	-0.1	-2.1	-2.4	-0.6	3.2	3.1
West North Central	2.6	0.4	-3.1	-3.8	-0.5	-0.9	1.9	1.7
South Atlantic	3.5	7.0	0.0	-1.9	-1.5	-0.8	2.7	2.5
East South Central	2.0	0.6	-1.9	-1.7	0.4	0.6	2.6	1.8
West South Central	3.3	1.8	-1.3	-2.0	-1.4	4.4	4.6	3.8
Mountain	0.5	-0.8	-0.2	-1.3	-1.1	4.6	4.0	3.5
Pacific Division	4.6	8.5	0.9	-0.6	-0.3	7.4	8.0	5.6
All U.S.	2.3	4.3	-0.9	-2.2	-2.0	0.5	4.0	3.4

	Women							
	Change 1960-1980				Change 1980-2000			
	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England	0.8	4.1	-1.7	-5.2	-2.0	-1.3	3.0	1.5
Middle Atlantic	3.1	9.6	-0.1	-4.1	-2.6	1.4	5.9	3.3
East North Central	4.8	6.2	-0.1	-3.0	0.1	2.4	3.6	1.8
West North Central	7.1	3.2	-0.5	-2.0	2.1	3.2	2.1	1.4
South Atlantic	5.9	6.4	-2.1	-2.9	0.1	1.1	2.9	2.0
East South Central	4.1	1.1	-2.9	-3.9	2.7	1.9	1.3	1.4
West South Central	4.5	3.2	-0.1	-2.8	3.2	6.6	4.7	2.9
Mountain	2.7	3.7	-0.6	-2.2	3.0	6.6	4.8	2.9
Pacific Division	4.0	7.7	1.1	-0.9	2.2	10.2	8.4	5.0
All U.S.	4.2	5.4	-0.9	-3.1	0.5	3.4	4.4	2.7

Source: Census (IPUMS) data from 1960, 1980, and 2000.

**Table 3: Fraction of Young Adults Living with at Least One Parent or Unmarried and Attending School by Agegroup, Year, and Region**

	Men											
	1960				1980				2000			
	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England (MA,CT,etc.)	93.2	55.3	22.5	12.5	97.0	66.1	22.9	11.0	95.0	66.5	29.2	14.9
Middle Atlantic (NY,PA,NJ)	95.3	56.1	22.5	12.8	97.1	68.7	25.3	12.0	94.8	69.2	32.4	17.2
East North Central (MI,IL,OH,etc.)	94.2	50.2	16.3	9.7	96.0	57.5	18.2	8.8	94.8	61.6	23.7	13.0
West North Central (IA,MN,etc.)	93.4	46.6	15.4	9.7	94.8	51.3	14.5	6.8	95.2	56.5	18.9	9.6
South Atlantic (FL,NC,MD,DC,VA,etc.)	88.6	41.6	16.3	10.3	92.7	52.7	18.5	9.4	92.2	55.4	23.2	13.2
East South Central (AL,KY,MS,TN)	91.4	48.9	17.6	10.9	92.6	53.0	17.2	9.4	94.3	57.8	21.8	12.2
West South Central (AR,LA,OK,TX)	89.7	42.2	13.6	8.7	92.0	47.1	14.9	7.4	91.6	53.4	21.4	12.2
Mountain (AZ,CO,NV,NM,etc.)	91.8	41.5	10.9	6.5	92.6	45.0	13.5	6.7	92.1	51.3	19.2	11.3
Pacific Division (CA,OR,WA, etc.)	86.4	35.3	13.0	7.6	91.7	47.9	17.8	9.1	93.0	57.3	26.4	15.4
All U.S.	91.7	46.5	16.9	10.2	94.2	54.8	18.5	9.2	93.5	58.6	24.5	13.7

	Women											
	1960				1980				2000			
	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England (MA,CT,etc.)	91.2	40.8	13.9	12.1	94.3	54.2	16.2	9.1	94.4	62.0	23.4	11.9
Middle Atlantic (NY,PA,NJ)	91.0	39.8	15.0	12.4	94.9	55.5	17.8	10.1	95.1	64.3	26.8	14.4
East North Central (MI,IL,OH,etc.)	86.9	32.2	10.0	8.5	92.2	44.6	12.9	7.4	94.9	56.4	19.5	10.5
West North Central (IA,MN,etc.)	84.4	27.5	7.5	5.7	91.1	38.5	9.4	5.2	94.4	51.6	14.3	7.8
South Atlantic (FL,NC,MD,DC,VA,etc.)	83.2	31.7	13.2	9.6	90.1	44.4	14.0	8.5	92.5	52.7	19.9	11.8
East South Central (AL,KY,MS,TN)	82.0	34.7	13.7	10.5	87.3	41.6	12.7	7.6	92.3	50.8	16.8	10.3
West South Central (AR,LA,OK,TX)	80.6	28.6	9.1	8.4	86.2	36.9	11.1	6.7	91.4	49.6	18.5	10.9
Mountain (AZ,CO,NV,NM,etc.)	83.3	25.2	7.2	6.3	87.3	34.7	9.8	6.1	91.6	47.9	17.1	10.4
Pacific Division (CA,OR,WA, etc.)	84.0	25.9	7.7	6.2	89.1	40.2	13.5	8.4	93.2	56.4	24.2	13.9
All U.S.	85.6	32.4	11.2	9.2	90.7	44.1	13.5	8.0	93.4	54.9	20.7	11.8

Source: Census (IPUMS) data from 1960, 1980, and 2000.

**Supplement to Table 3: Change in Fraction of Young Adults Living with at Least One Parent or Unmarried and Attending School, 1960 to 2000**

		Men							
		Change 1960-1980				Change 1980-2000			
		16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England		3.8	10.7	0.4	-1.5	-2.0	0.5	6.2	3.9
Middle Atlantic		1.7	12.6	2.8	-0.8	-2.3	0.5	7.2	5.3
East North Central		1.7	7.2	1.9	-1.0	-1.2	4.1	5.5	4.2
West North Central		1.4	4.7	-0.9	-2.9	0.4	5.2	4.4	2.8
South Atlantic		4.1	11.1	2.2	-0.9	-0.5	2.7	4.7	3.8
East South Central		1.2	4.1	-0.4	-1.5	1.8	4.8	4.5	2.7
West South Central		2.2	4.9	1.3	-1.3	-0.4	6.4	6.6	4.8
Mountain		0.8	3.5	2.6	0.2	-0.6	6.4	5.7	4.6
Pacific Division		5.4	12.6	4.8	1.5	1.3	9.4	8.6	6.3
All U.S.		2.5	8.3	1.6	-1.0	-0.7	3.9	5.9	4.5

		Women							
		Change 1960-1980				Change 1980-2000			
		16-18	19-24	25-29	30-34	16-18	19-24	25-29	30-34
New England		3.1	13.3	2.3	-3.0	0.1	7.8	7.1	2.8
Middle Atlantic		3.9	15.7	2.9	-2.3	0.1	8.8	8.9	4.3
East North Central		5.4	12.4	2.9	-1.1	2.6	11.8	6.6	3.1
West North Central		6.7	11.0	1.9	-0.6	3.2	13.0	5.0	2.6
South Atlantic		7.0	12.6	0.8	-1.2	2.4	8.4	5.9	3.4
East South Central		5.3	7.0	-1.0	-2.9	5.0	9.2	4.1	2.6
West South Central		5.6	8.3	2.0	-1.7	5.2	12.7	7.4	4.1
Mountain		4.0	9.5	2.6	-0.2	4.3	13.1	7.3	4.3
Pacific Division		5.1	14.3	5.9	2.2	4.1	16.1	10.6	5.5
All U.S.		5.1	11.7	2.3	-1.2	2.6	10.8	7.3	3.8

Source: Census (IPUMS) data from 1960, 1980, and 2000.

**Table 4: Trends in Economic Conditions by Census Region for Men and Women**

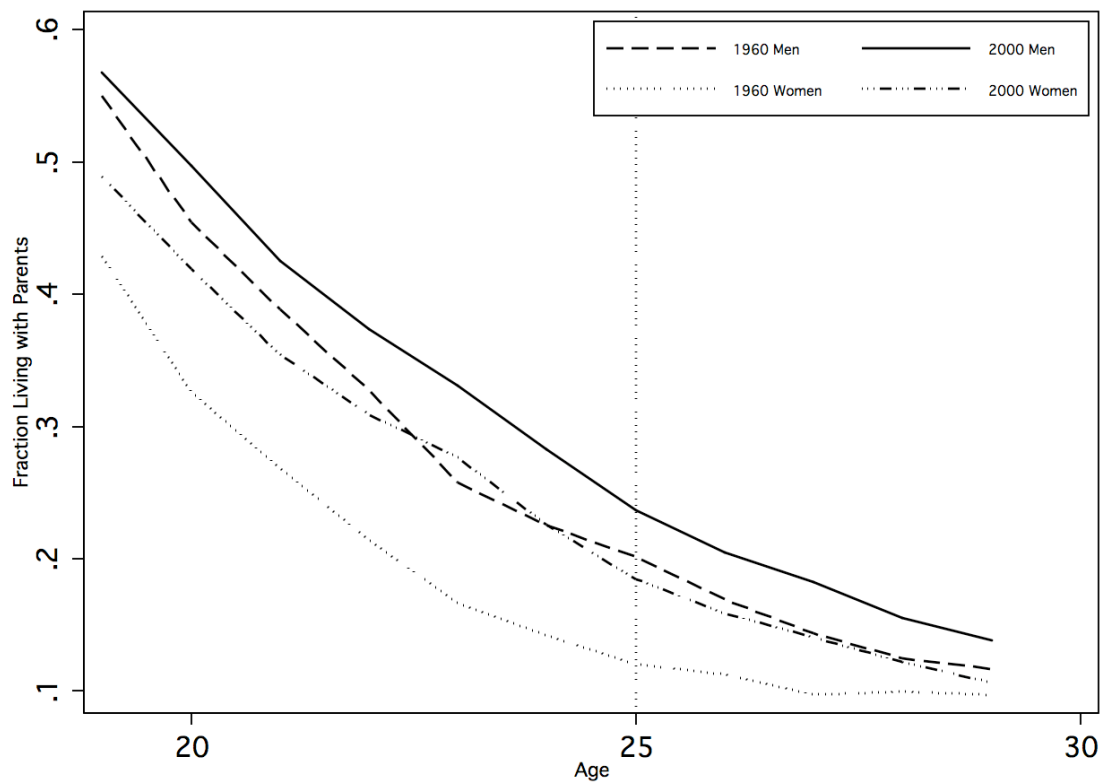
	Employment to Population Ratio of 35 to 44 year olds					Average Log Wage Index				
	1960	1970	1980	1990	2000	1960	1970	1980	1990	2000
<b>MEN</b>										
New England (MA,CT,etc.)	93.9	94.2	91.9	89.1	86.6	-2.8	0.9	-6.6	11.8	5.3
Middle Atlantic (NY,PA,NJ)	92.3	92.9	89.6	87.7	82.0	3.9	5.2	-0.3	7.9	3.6
East North Central (MI,IL,OH,etc.)	92.4	93.7	89.6	88.2	84.7	10.6	9.4	9.2	-0.2	3.4
West North Central (IA,MN,etc.)	93.0	93.2	92.2	90.2	87.2	-1.1	-3.1	-0.9	-9.8	-4.5
South Atlantic (FL,NC,MD,DC,VA,etc.)	91.1	92.8	90.6	89.2	83.1	-11.9	-7.6	-7.6	-1.8	-2.6
East South Central (AL,KY,MS,TN)	88.8	90.0	87.6	86.3	81.3	-13.6	-11.6	-5.4	-9.7	-5.8
West South Central (AR,LA,OK,TX)	91.6	92.0	91.5	86.8	80.7	-9.3	-8.2	0.8	-7.7	-4.7
Mountain (AZ,CO,NV,NM,etc.)	92.7	92.4	91.3	88.6	83.9	-0.7	-7.1	-1.3	-7.9	-2.5
Pacific Division (CA,OR,WA, etc.)	92.7	91.1	89.9	87.5	80.1	5.7	2.5	1.8	5.3	3.3
<b>WOMEN</b>										
New England (MA,CT,etc.)	44.3	49.9	64.6	76.3	74.6	-1.4	1.1	-2.3	11.7	7.0
Middle Atlantic (NY,PA,NJ)	39.6	46.2	58.4	71.0	68.9	6.3	7.9	3.4	9.0	5.9
East North Central (MI,IL,OH,etc.)	39.4	47.8	59.7	72.8	73.4	4.6	2.8	3.8	-4.3	-0.4
West North Central (IA,MN,etc.)	37.5	47.5	63.9	77.8	78.6	-5.0	-6.6	-3.9	-11.7	-6.7
South Atlantic (FL,NC,MD,DC,VA,etc.)	44.7	52.3	64.1	75.8	71.7	-6.8	-3.1	-3.3	-0.5	-1.0
East South Central (AL,KY,MS,TN)	40.0	48.6	58.3	70.3	69.0	-13.2	-10.0	-8.3	-13.4	-9.2
West South Central (AR,LA,OK,TX)	39.5	48.4	60.4	69.7	67.7	-9.8	-9.4	-3.6	-8.2	-6.7
Mountain (AZ,CO,NV,NM,etc.)	37.7	48.1	61.4	73.7	70.9	-4.5	-7.2	-2.9	-6.9	-2.7
Pacific Div. (CA,OR,WA,etc.)	42.0	48.2	63.5	71.7	66.5	6.1	3.9	5.2	9.0	6.4

Notes: Data from Decennial Census. The Wage index uses a sample of census individuals who report positive earnings and weeks worked in prior year. The index regresses the log of annual wage and salary earnings on a set of dummy variables for weeks/hours worked in the last year and week, respectively, as well as age, education, race, and region dummy variables. The index is the predicted log earnings setting all values (except the region dummies) to their national averages, minus the average value of log earnings.

**Table 5: Effect of Economic Conditions on the Probability of Living with Parents**

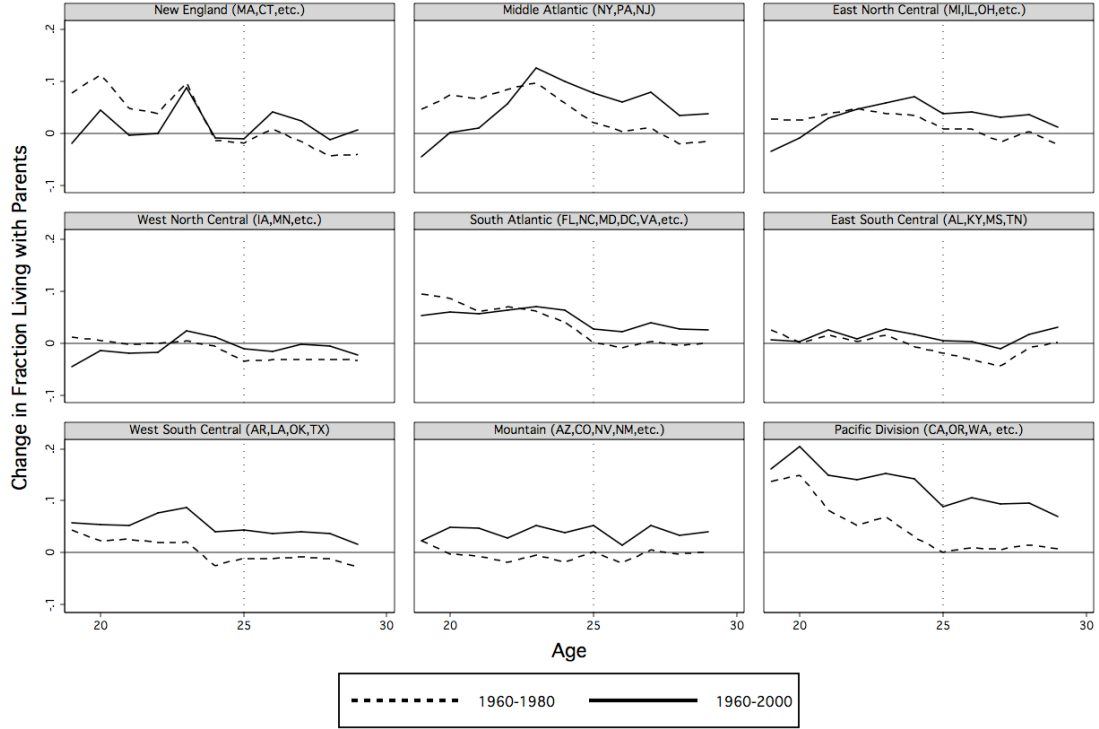
Dep. Variable is Fraction Living w/Parents	Model		
	1	2	3
	MEN		
<i>19- to 24-year-olds</i>			
Emp-Pop Ratio of 35-44 Year-old Men	-1.28 (0.28)	-1.28 (0.28)	-1.18 (0.32)
Average Log Wage Index	-0.09 (0.04)	-0.12 (0.08)	-0.14 (0.08)
Monthly Rent (\$100s)		0.28 (0.60)	-0.18 (0.51)
Fraction Attending School			-0.36 (0.09)
Fraction Foreign Born			0.04 (0.10)
<i>25- to 29-year-olds</i>			
Emp-Pop Ratio of 35-44 Year-old Men	-0.61 (0.16)	-0.59 (0.16)	-0.51 (0.15)
Average Log Wage Index	0.01 (0.04)	-0.10 (0.05)	-0.10 (0.04)
Monthly Rent (\$100s)		1.18 (0.39)	1.03 (0.43)
Fraction Attending School			-0.25 (0.17)
Fraction Foreign Born			0.05 (0.09)
	Women		
<i>19- to 24-year-olds</i>			
Emp-Pop Ratio of 35-44 Year-old Women	-0.61 (0.15)	-0.61 (0.17)	-0.43 (0.18)
Average Log Wage Index	-0.17 (0.05)	-0.38 (0.08)	-0.38 (0.07)
Monthly Rent (\$100s)		1.55 (0.47)	0.91 (0.48)
Fraction Attending School			-0.23 (0.09)
Fraction Foreign Born			0.25 (0.12)
<i>25- to 29-year-olds</i>			
Emp-Pop Ratio of 35-44 Year-old Women	-0.26 (0.09)	-0.24 (0.10)	0.02 (0.07)
Average Log Wage Index	0.02 (0.04)	-0.17 (0.05)	-0.13 (0.05)

Figure 1: Fraction of Young Men and Women Age 19 to 29 Living with At Least One Parent:  
1960 vs. 2000



Note: Data from Decennial Census (IPUMS).

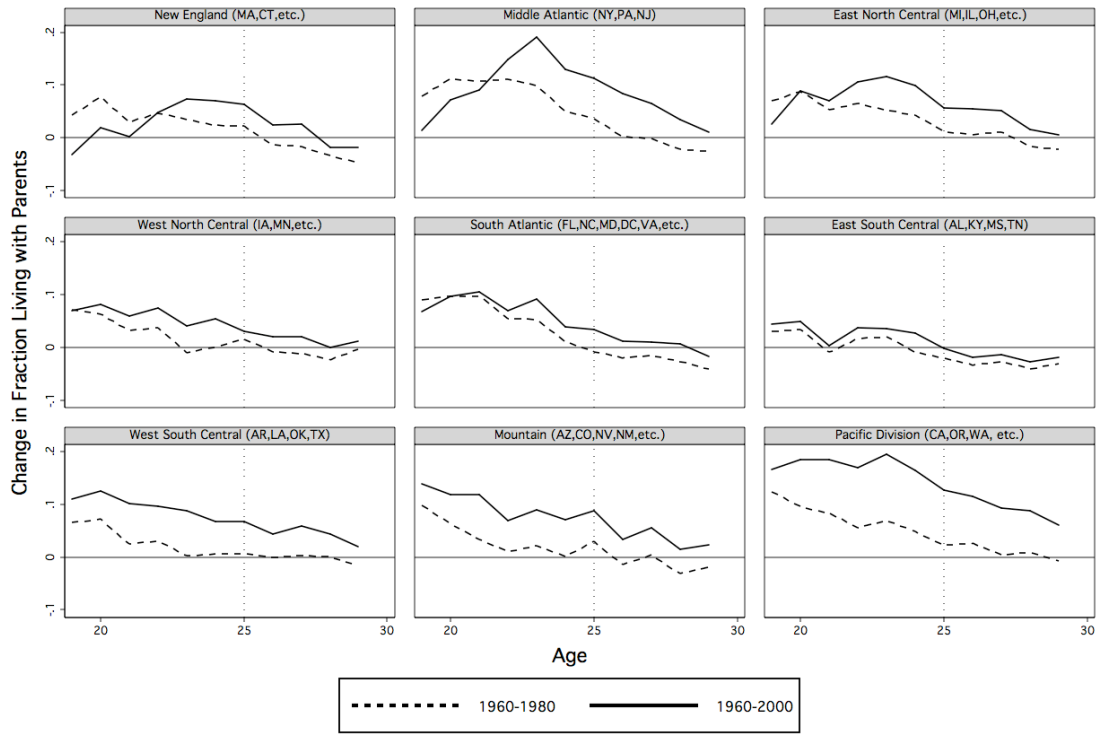
Figure 2: Changes in Fraction of Young Men Living at Home by Region: 1960 to 2000



Graphs by Census Region

Note: Data from Decennial Census (IPUMS).

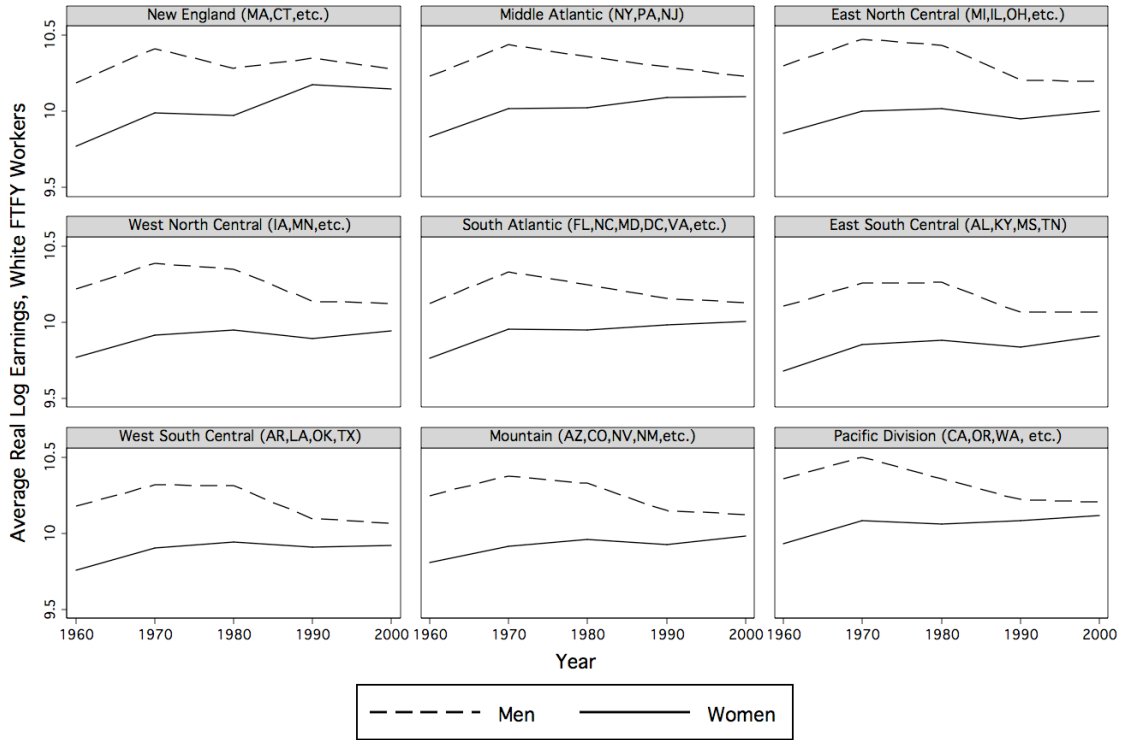
Figure 3: Changes in Fraction of Young Women Living at Home by Region: 1960 to 2000



Graphs by Census Region

Note: Data from Decennial Census (IPUMS).

Figure 4: Changes in Real Earnings of White Full-Year, Full-Time Workers:  
1960 to 2000



Graphs by Census Region

Note: Data from Decennial Census (IPUMS). The series represents the log of real yearly earnings among white full-time, full-year workers, defined as those working exactly 40 hours in the week before the survey for between 50 and 52 weeks of the previous year.