

Chapter 1

Introduction: The Price of Independence: The Economics of Early Adulthood

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Who is an “adult”? Many would identify having completed schooling, working steadily, living independently of one’s parents, marrying, and having children as the markers of adulthood, traditionally achieved between the late teens and the early thirties (Furstenberg, Rumbaut, and Settersten 2005).¹ However, compared with their parents’ generation, young people today are taking longer to complete their schooling and to settle into steady employment, are establishing their own households at later ages, and are delaying marriage and childbearing. The ordering of the markers of adulthood has also changed and become more varied (Fussell and Furstenberg 2005). For example, a greater percentage of young women are having children before marrying, and a greater percentage of young people are combining work and schooling or family responsibility and schooling. Although most young adults have completed several markers of adulthood by age thirty, a substantial fraction have not.

The psychologist Jeffrey Arnett (2000, 269) describes the period of life for those now between the ages of eighteen and twenty-five as distinguished by “relative independence from social roles and from normative expectations.” As such, emerging adulthood provides some young people, especially those who have access to parental resources and supports into their twenties, with new opportunities for exploring their identity, particularly in the areas of work, love, and worldviews. For others, particularly those who have completed no more than a high school degree,

who have developed few labor market skills, or who have little access to parental resources and support, the delay, especially in securing stable employment, may be detrimental to their future economic well-being. From a societal perspective, young adults who experience delay in obtaining “good” jobs may also increase their reliance on social safety nets and increase their risk of not having health insurance, and delayed marriage and childbearing may lower national fertility rates, which in turn will mean fewer young people to care for the next generation of the elderly.

Many observers have speculated about the factors that have made the transition to adulthood more complex and variable. Some hypothesize that industrialization, improved health, and increased life expectancies have changed the traditional life sequences of the early twentieth century (Côté 2000; Hareven 1994). Others speculate that the rising cost of housing in some parts of the country explains why young people are increasingly likely to live with their parents (see, for example, Draut 2006). Still others suggest that because this generation’s parents had fewer children, they are able to make larger investments in each child, allowing their children to prolong their dependence and lengthening the time it takes them to complete their education and find stable employment and independent living arrangements (see Newman and Aptekar, this volume).

Few authors have provided empirical evidence on how economic conditions might have affected the transition to adulthood, even though many cite economic changes as a causal factor. The chapters in this volume begin to fill this void by examining the extent to which changes in economic factors—wage rates, job opportunities, access to health insurance, housing costs, and debt—can explain the lengthening and increasingly varied transition. We emphasize from the outset that it is difficult to determine the extent to which economic factors have had a causal impact on the lengthening transition because many factors are likely to have affected both the economic environment and the decisions young people make that delay “adulthood.” For example, if changes in social norms both open up new occupations to women and reduce the stigma of divorce and single parenthood, more young women are likely to pursue a college degree, enter the labor force, and delay marriage and childbearing. In this case, the causal factor leading to both increased work and delayed marriage and childbearing among women is the change in social norms, not changes in the economy at large (see Goldin 2006). The authors in this volume attempt to establish causal relationships to the extent possible given the data. However, because it is an extremely difficult task to quantify such factors as “social norms,” some findings may reflect factors other than economic changes.

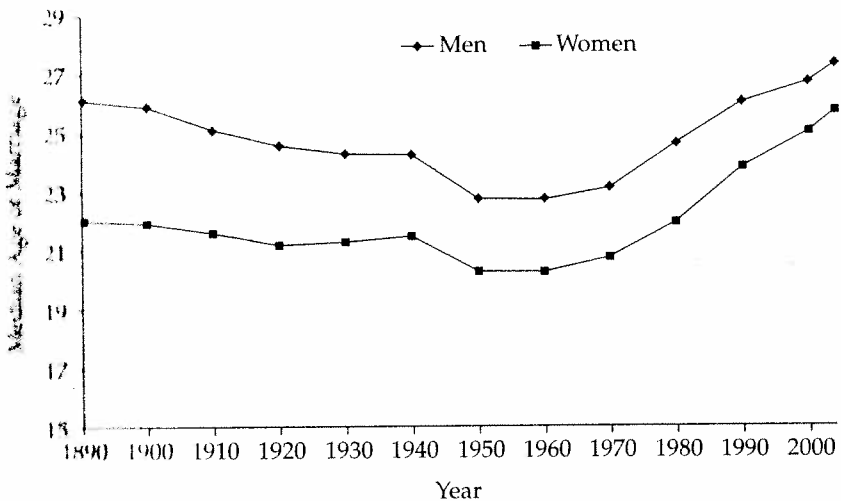
In the next section, we present descriptive evidence on trends in marriage and living arrangements. We then describe the key findings of the

eleven chapters that compose this volume, emphasizing what we know and what we do not know about the interplay between economic changes and changes in the transition to adulthood.

Trends in Marriage and Living Arrangements Among Young Adults

Marriage has always been a key marker of adulthood. In recent years, young women, who are now more likely to attend college and almost as likely as young men to enter the labor force, are postponing marriage and childbearing to complete their schooling and establish their careers (Furstenberg, Rumbaut, and Settersten 2005). Figure 1.1 documents long-run trends in the median age at first marriage for men and women from 1890 to 2004. The median age at first marriage for both women and men followed a U-shaped pattern over the twentieth century. At the turn of the twentieth century, the median age at first marriage for women was about twenty-two. It fell to about twenty-one in 1920, rose slightly during the Great Depression, and then fell to about age twenty between 1950 and 1960. By 2004, the median age at first marriage had risen to an unprecedented twenty-six.

Figure 1.1 Estimated Median Age at First Marriage for U.S. Males and Females, 1890 to 2004



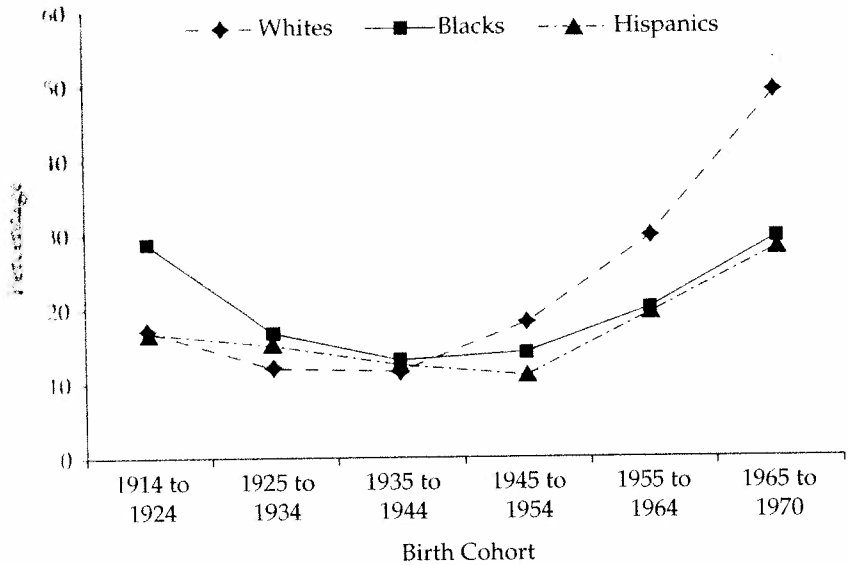
Men have always married later than women. In 1890 and 1900, the median age at first marriage for men was about twenty-six, decreasing to about twenty-three in 1950 and 1960, then increasing to over twenty-seven in 2004. Because the delay for women has been much greater since the 1960s, the gender age gap in first marriage has never been smaller. The gap was about four years at the turn of the twentieth century, but it fell to less than two years at the turn of the twenty-first century.

Delayed marriage has been accompanied by both a delay in childbirth and an increase in the percentage of all births outside of marriage. Lawrence Wu and Jui-Chung Allen Li (2005) calculate that among a cohort of white women born between 1914 and 1924, only 17 percent were childless at age thirty-five, compared with 50 percent of those born between 1965 and 1970 (see figure 1.2). There has been a similar, but less dramatic, delay among Hispanic women: the percentage who were childless at age thirty-five among those born between 1914 and 1924 was 17 percent, compared to 28.2 percent among those born between 1965 and 1970. Among African American women, the magnitude of the change depends on when we begin documenting the trend. Nearly 29 percent of those born between 1914 and 1924 were childless at age thirty-five, a much higher share than among whites and Hispanics. This share decreased to only 17 percent among those born between 1925 and 1934. Nearly 30 percent of thirty-five-year-old black women today are childless—a rate about the same as among Hispanics but lower than among whites.

The changing nature of the transition to adulthood is even more evident when we consider the number of women who are not only childless but have never married by age thirty-five. Wu and Li (2005) estimate that only 5.6 percent of white women, 7.1 percent of black women, and 5.7 percent of Hispanic women born between 1914 and 1924 were both childless and never-married by age thirty-five. Today, among thirty-five-year-old women, these percentages have increased to 27.3 percent of whites, 23.9 percent of blacks, and 16.6 percent of Hispanics. Elizabeth Fussell and Frank Furstenberg (2005) document similar changes in marriage and fatherhood for men and by race and ethnicity.

Although women on average are delaying marriage and childbearing, some women are delaying marriage but not childbearing. As a result, the proportion of all births to unmarried women increased from 5 percent to 37 percent between 1960 and 2005. In 2004, 28 percent of births to twenty-five- to twenty-nine-year-old women and 55 percent of births to twenty- to twenty-four-year-olds were to unmarried mothers (Child Trends 2007). Some researchers attribute this increase to a variety of economic and social factors, such as changes in social norms, women's increasing economic independence, and declines in the economic status of less-educated men (Edin and Kefalas 2005; Wilson 1987).

Figure 1.2 Women Who Are Childless at Age Thirty-five, by Race and Birth Cohort



Source: Wu and Li (2005, 122).

One aspect of the delayed transition to adulthood that has captured the attention of the media and many parents is the increased likelihood that young adults are living with their parents. This trend is evident in the United States and in other countries. However, its importance in the United States has been exaggerated. The most striking trend in living arrangements among unmarried young adults is the greater percentage that live on their own or with persons other than a spouse, not the increased percentage who are living with parents. For example, over the last four decades the percentage of women age nineteen to twenty-four living with a spouse declined from 57 to 22.5 percent (34.5 percentage points). Those living on their own or with other (unrelated) persons increased by 25.5 percentage points, from 17 to 42.5 percent, while those living with parents increased by 9 percentage points, from 26 to 35 percent. Among those between the ages of twenty-five and twenty-nine, the percentage living with parents increased by only 3 percentage points for men between 1960 and 2000 (to 18 percent) and by 3.5 points for women (to 14 percent) (Matsudaira 2006). Overall, living arrangements have indeed changed for young adults, but the increase in the percentage of those living with their parents has been modest; the greatest shift among

young people has been toward living on their own or with others who are not their spouse.

Overview of the Chapters

The key economic outcome in the transition to adulthood is the achievement of stable employment. The first three chapters in part I of this volume document that it has taken young adults longer in recent decades to find stable, well-compensated employment, both in the United States and abroad. In chapter 2, Lisa Bell, Gary Burtless, Janet Gornick, and Timothy Smeeding describe changes from the mid-1980s to the end of the century in the labor market outcomes and living arrangements of young adults between the ages of eighteen and thirty-four in the United States and five other industrialized countries. In chapter 3, Henry Farber asks whether U.S. employment became more “unstable” between 1973 and 2005. In chapter 4, Helen Levy documents the increased likelihood that young people will have no health insurance as they age out of public and parental coverage, probably as a consequence of the lengthening time it takes them to find stable employment.

The chapters in part I suggest not only that young people are likely to change employers more often than their parents did, but that it is taking them longer to complete their college education. As Maria Fitzpatrick and Sarah Turner document in chapter 5, an important reason for the lengthening time to degree is the increased flexibility offered to students by colleges to mix schooling and work or schooling and child-rearing. This flexibility has allowed more students from low-income families and more older students to continue their education.

The four chapters in part II investigate the extent to which labor market changes, housing market changes, and other factors have affected various aspects of the transition to adulthood. In chapter 6, Carolyn Hill and Harry Holzer find that labor market changes can explain only a small part of the recent trends in living arrangements and marriage rates. In chapter 7, Aaron Yelowitz finds that, before 2001, housing costs had not increased dramatically in most areas of the country and therefore, except in certain locales, were not a compelling reason for the delay in independent living. Introducing a comparative perspective, in chapter 8 Katherine Newman and Sofya Aptekar show that U.S. youth are not alone in this lengthening transition. Taking an international perspective, they reveal the link between economic conditions and social policies and differences in the living arrangements of young adults in Canada and various European countries.

Some have argued that high levels of debt might impede the transition to adulthood. In chapter 9, Ngina Chiteji examines whether rates of college, credit card, and other forms of debt today are as high for young

adults as they were in the past. She finds few differences over time and concludes that debt has only a minor influence on the transition to adulthood.

Part III focuses on other factors that might affect the transition to adulthood. In chapter 10, Melanie Guldi, Marianne Page, and Ann Huff Stevens investigate how parents' socioeconomic status influences early adult income levels, educational attainment, and the probability of starting a family. Despite recent increases in wage and income inequality, the authors find that there has been little change in the effect of family background on adult transitions. Stephen Raphael, in chapter 11, focuses on the powerful negative impact that incarceration has on marriage, living arrangements, and employment among young men.

We now turn to a more detailed review of the relationship between economic changes and changes in the transition to adulthood. We highlight key empirical findings reported in this volume and, where applicable, supplement these findings with additional information.

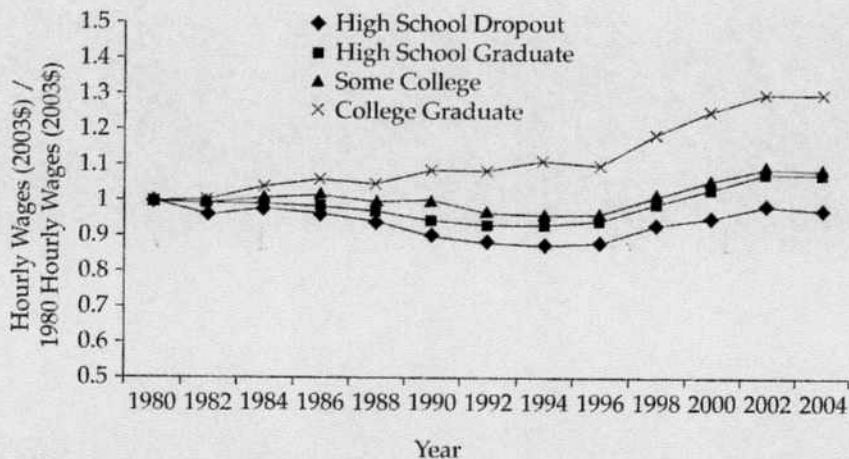
Part I: Securing Employment and Completing Schooling

The labor market today is different in many ways from that of the 1950s and 1960s, the benchmark for the "traditional" ages at which the young transition to adulthood. The economy grew very rapidly from the end of World War II to the early 1970s, and wages increased rapidly for most workers. In contrast, the last few decades have been characterized by falling, or stagnant, real wages and employment for men with a high school degree or less. This period has also seen increased employment and real wages for women, as well as increased wage and income inequality.

Figure 1.3 documents trends in hourly wages by education for U.S. workers age twenty-five to sixty-five for each year relative to the 1980 value. High school dropouts in 2004 earned about the same hourly wage in 2004 as they did a quarter-century earlier, and high school graduates earned only about 7 percent more. However, college graduates earned 30 percent more. Less-educated men have fared particularly poorly, while young women's economic status has increased both absolutely and relative to that of young men.

In addition, it is taking young men longer to earn a sufficient amount on their own to support a family. Figures 1.4 and 1.5 show the percentage of young adults who earned less than the poverty line for a family of four, using data from the Current Population Survey (CPS) in 1969 and 2004. The earnings data in each year are adjusted for inflation and expressed in 2004 constant dollars. We consider these young adults to be "low earners" who could not support a family of four.² For young men,

Figure 1.3 Hourly Wages of Twenty-five- to Sixty-five-Year-Olds, by Education Group, Relative to 1980 Hourly Wages



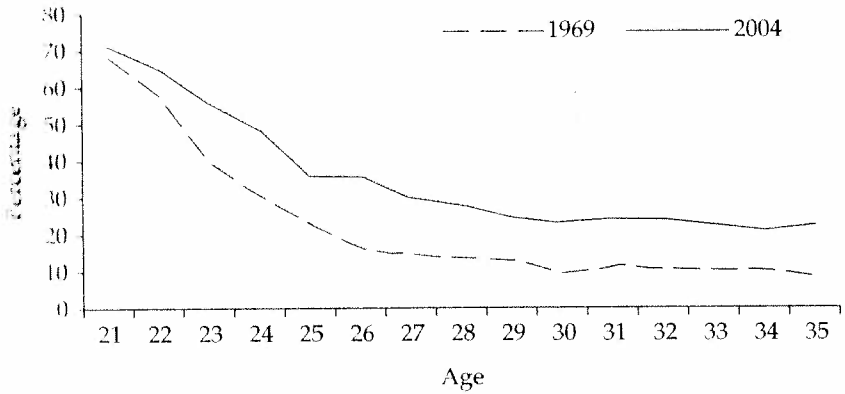
Source: Barrow and Rouse (2005), based on data from the 1980 to 2004 (even years only) Current Population Survey Outgoing Rotation Group (ORG) files available from Unicon. The sample is limited to individuals between twenty-five and sixty-five years of age, and drops observations with wages less than half of the minimum wage or above the ninety-ninth percentile of the distribution.

the percentage of low earners tends to fall as they age into their mid-thirties. For women, this pattern holds in the later cohort, but not in the earlier one. These patterns and additional analyses (not shown) suggest that as individuals age they are better able to support a family regardless of educational attainment. However, the figures also suggest that it is taking longer for young men to achieve self-sufficiency.

Consider males between the ages of twenty-one and thirty-five (figure 1.4). In 1969, 23.1 percent of twenty-five-year-olds earned less than the poverty line. In 2004, it was not until age thirty that this age group's poverty rate fell to 23.2 percent. In 1969, between the ages of thirty and thirty-five, only about 10 percent of men were low earners; in 2004 more than twice as many in this age range, about 23 percent, remained low earners.

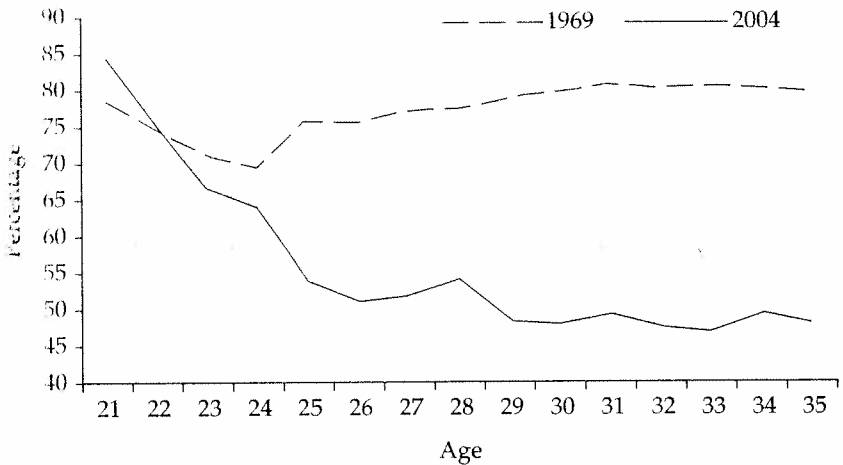
In contrast, over these thirty-five years a decreasing percentage of women earned too little to support a family, and an age gradient developed (figure 1.5). In 1969 there was virtually no age gradient for young women. At any age between twenty-one and thirty-five, about 75 to 80 percent were low earners. In 2004, 75 to 80 percent of twenty-one- to twenty-two-year-olds still had low earnings, but at age twenty-six, that had declined to about 50 percent. These numbers remain high, however,

Figure 1.4 Males with Earnings Less Than the Poverty Line for a Family of Four in 1969 and 2004, by Age



Source: Authors' calculations from March Current Population Survey files provided by Unicon.

Figure 1.5 Females with Earnings Less Than the Poverty Line for a Family of Four in 1969 and 2004, by Age



Source: Authors' calculations from March Current Population Survey files provided by Unicon.

in part because women are less likely to work owing to child-rearing responsibilities and in part because women still earn lower wages than men.

The most recent cohort of males, especially high school graduates, is taking much longer to earn enough to support a family, and at every age young men are now less likely to do so than their counterparts were a quarter-century ago. It is taking young men longer to reach self-sufficiency regardless of educational attainment. The most recent cohort of women, in contrast, is doing much better than young women did in 1969.

In most industrialized countries, there has been a similar worsening of economic conditions for young adults since the early 1970s. Bell and her colleagues (chapter 2) analyze data from Belgium, Canada, Germany, Italy, the United Kingdom, and the United States and conclude that the transition of young adults from parental dependence to economic self-sufficiency is generally taking longer in all these countries. They document that the relative earnings of young workers in these countries have declined in comparison with earnings at older ages and in relation to the income needed to support an independent household.

In all of the industrialized countries they examine, younger adults (below age twenty-five) have suffered employment and earnings declines, while after age twenty-five, women have achieved some economic gains. For example, between the mid-1980s and the late 1990s, the employment-to-population ratio fell in all six countries for men between the ages of twenty and twenty-four, but rose in all countries for women between the ages of twenty-five and thirty-four. The percentage of young males whose wages and salaries were above 50 percent of the national median income declined between the mid-1980s and the end of the 1990s for some or all age groups in every country; for women in this age group, the percentage earning more than this standard increased in four of the six countries (and increased for women age twenty-six to thirty-four in all but one country). Thus, although young women have generally increased their labor market activities and are earning higher real wages, young men are less likely to be self-sufficient than they were twenty years ago. Bell and her colleagues also find that the income declines were smaller for young adults who lived with their parents and hypothesize that the delayed departure of young adults from their parents' household might well be a response to declining economic prospects.

Employment instability provides another dimension of the economic difficulties facing young workers. In the quarter-century following World War II, much attention focused on "the company man," the worker who spent most of his career with a single employer. In recent years, however, much attention has been paid to the fact that workers are more likely to move from firm to firm over the course of their career, in

part because they choose to take advantage of new opportunities and in part because of involuntary lay-offs and plant closings.

Annette Bernhardt and her colleagues (2001) found declines over time in job stability for two cohorts of young males with a high school degree or less: those who turned twenty-six between 1970 and 1978 and those who did so between 1983 and 1991. A young man is considered to have a stable job if he held it for at least forty-eight weeks during the year. At age twenty-six, 77 percent of the men in the first cohort had a stable job compared with only 64 percent in the most recent cohort. Bernhardt and her co-authors (1999) analyzed changes in the likelihood that young men would change employers over a two-year period. They found that the job change rate was 46 percent for men age twenty-six to thirty-four between 1970 and 1981 and 53 percent for men in this age group between 1983 and 1994.

Henry Farber (chapter 3) documents these changes over a longer period of time. He analyzes data from more than thirty years of the Current Population Survey and finds that, at any age, the amount of time male workers have spent with their current employer has fallen. In 1973 about 60 percent of employed men between ages thirty-five and sixty-four had been with their current employer for at least ten years; by 2006 fewer than 40 percent had such a tenure. For women, the incidence of ten-year employment increased from about 30 percent to 34 percent over these three decades. This increase stems in part from the fact that more women, especially those with young children, have entered and stayed in the labor force in recent decades.

Farber also documents that today's young adults are more likely to have very short job tenures. The percentage of men and women in their thirties who had been in their current job for less than one year was three to four percentage points higher at the end of the study period compared to the beginning. Thus, young men today are taking longer to establish themselves in good jobs, and they are less likely than their fathers to have a career characterized by a lifetime job with a single employer. Again, in contrast, young women are more likely than their mothers to be working, less likely to have short job tenures (less than one year) and more likely to have long job tenures (at least ten years).

Additional, indirect evidence on the difficulty for young men of finding stable, quality jobs comes from rates of health insurance coverage, which is often viewed as one marker of a "good" job. Helen Levy (chapter 4) shows that young adults are the most likely to be uninsured, in part because public coverage ends when a child turns age eighteen and parents' employer-provided policies also terminate coverage for young adults who are no longer students. In recent years, the probability of being uninsured has been about 15 percent for teenagers, rising to more than one-quarter of those in their early twenties, and then falling back to

about 15 percent for those in their early thirties. Between 1988 and 2005, the portion of uninsured young adults (age eighteen to thirty-four) rose from 21 to 28 percent. In 1988, 42 percent of those in this age group had employer-subsidized health insurance coverage; that proportion had fallen to 34 percent in 2005.³

Young men are more likely than young women to be uninsured, in part because some young women have coverage through a spouse and others, particularly single mothers, through public coverage such as Medicaid. Just as the employment situation for young men has deteriorated over the last few decades, so too has the probability of their being uninsured. About 35 percent of men born in the 1960s were uninsured at age twenty-three (the peak age of uninsurance); 44 percent of those born in the 1980s were uninsured at that age. These results provide additional evidence that young people are taking longer to secure stable jobs that both pay well and provide overall good compensation with benefits such as health insurance.

Another traditional precursor to reaching adulthood is completing one's education. Traditionally, young individuals, particularly men, chose to marry and have children only after achieving economic independence, often after finishing their education. For example, Ted Mouw (2005) traced the trajectories of a cohort of individuals age fifteen to twenty-two in 1979 until they were thirty-five. At least 37 percent of men and 24 percent of women completed their schooling or found full-time employment before marrying or starting a family. (The numbers increase to 71 percent of men and 69 percent of women when we count either completing school or finding full-time employment in the same year with either marriage or child-rearing.)⁴

A natural explanation for why young people are taking longer to find stable employment is that record numbers of them, especially women, are attending college and taking longer to complete their degrees. Table 1.1 shows the increase in college attendance and completion for high school graduates born between 1950 (who were fifty-six years old in 2006) and 1975 (age thirty-one in 2006). On average, male high school graduates born in 1950 had spent 2.10 years in college by age thirty-five, and women 1.36 years. Fifteen percent of these male and female high school graduates had received a bachelor's degree by age twenty-two. In contrast, male and female high school graduates born in 1970 had completed an average of 2.21 and 2.38 years, respectively, by age thirty-five, yet only 12 percent had received a bachelor's degree by age twenty-two. Nonetheless, more of the 1970 cohort than the 1950 cohort had completed a BA by age twenty-eight: 28 versus 25 percent. Thus, increasing numbers of young people are attending college, and yet they are taking longer to complete their degree. Maria Fitzpatrick and Sarah Turner (chapter 5) also find protracted college careers among today's young

Table 1.1 Years of College Attended and Bachelor's Degree Receipt by High School Graduates, by Year of Birth

Year of Birth	Average Number of Years Enrolled in College by Age		Proportion with a BA by Age		Proportion with a BA with a BA by Age		Proportion Who Have Attended College by Age		Proportion Who Have Attended College by Age	
	Males	Females	Twenty-two	Twenty-five	Twenty-five	Twenty-eight	Twenty-two	Twenty-five	Twenty-five	Twenty-eight
1950	2.10	1.36	0.15	0.22	0.25	0.25	0.44	0.48	0.48	0.50
1955	1.70	1.46	0.14	0.19	0.23	0.23	0.44	0.43	0.43	0.48
1960	1.68	1.63	0.12	0.19	0.23	0.23	0.45	0.45	0.45	0.47
1965	1.81	1.83	0.12	0.20	0.25	0.25	0.47	0.49	0.49	0.52
1970	2.21	2.38	0.12	0.27	0.28	0.28	0.54	0.57	0.57	0.56
1975	2.25	2.43	0.12	0.26	0.29	0.29	0.56	0.58	0.58	0.57

Source: Computations by Maria Fitzpatrick from the October Current Population Surveys

adults. Over the last three decades, the median time it takes to complete an undergraduate degree has increased from four to five years, and about one-quarter now take more than six years. The lengthening time to degree is concentrated among students attending public colleges and universities. Data analyzed in chapter 2 show that young people are accumulating more education in five other industrialized countries as well.

One reason for the increasing educational attainment is that education has become increasingly important to succeed in the labor market. In 1980 individuals with a bachelor's degree or higher earned roughly 39 percent more per year than high school graduates; by 2004 they earned about 2.3 times more (Barrow and Rouse 2005).

Federal financing programs, such as Pell grants and Stafford student loans, and programmatic changes made by colleges regarding part-time enrollment have allowed students more flexibility in attendance, which can facilitate increased enrollment. For example, Fitzpatrick and Turner in chapter 5 note that the share of Pell grant recipients who are financially independent (generally those age twenty-four and older) almost doubled over the past three decades, from 30 to 58 percent. Some students take advantage of the increased flexibility by combining work and schooling to better meet their long-run employment goals. Others, particularly those from low-income families, find their college years extended by the need to work to pay college costs, particularly to cover the forgone income and the living expenses associated with college. The result has been a decline in the share of undergraduates of traditional age (eighteen through twenty-one), from 74 to 56 percent. Combined, these changes have allowed more students to complete some postsecondary education and afforded them more time to do so.

Changes in economic conditions also play a role in explaining increases in educational attainment and time to degree. Fitzpatrick and Turner document that students over the age of twenty-four are more likely to enroll in college during economic downturns than are traditional-aged college students, given that the opportunity costs of college attendance are lower when jobs are harder to find.

Part II: Living with Parents Longer and Starting Families Later

Perhaps the most visible evidence that young people are taking longer to transition to adulthood is that many are marrying later and some are living with their parents longer. Carolyn Hill and Harry Holzer (chapter 6) analyze the effects of labor market experiences on the living arrangements of two cohorts of young adults between the ages of twenty and twenty-two. Among the first group, who were age twenty to twenty-two in 1985, 46 percent lived with their parents. In the second cohort, who

were twenty to twenty-two in 2003, 57 percent lived with their parents.⁵ Men were slightly more likely to live with their parents than women, blacks and Hispanics were more likely than whites, and those from higher-income families were more likely than those from lower-income families.

To what extent can changes over time in living arrangements be explained by changes in economic opportunities? Hill and Holzer find that young adults with better employment and wage outcomes are indeed less likely to live with their parents and more likely to marry. For example, being in one of the lower wage quintiles (the bottom 80 percent) increases the probability of living with one's parents by four to nine percentage points for young men compared with top-quintile earners. Nonetheless, these estimated economic effects are too small to account for much of the substantial changes in living arrangements that have taken place over recent decades.

With growing wage and income inequality, if changing labor market prospects were an important contributor to living arrangements, we would expect to see a greater increase among those with the fewest skills. However, Hill and Holzer find little difference in the trends in living with one's parents by education, race-ethnicity, or gender. For example, those with some college or a college degree were seven percentage points more likely to live with their parents in 2003 than this education group in 1985; high school graduates were nearly ten percentage points more likely to live with their parents, but high school dropouts (including those with the general equivalency diploma [GED]) were only about two percentage points more likely to do so. And yet these individuals experienced dramatically different labor market outcomes over these decades.

If labor market opportunities are not a primary factor for the lengthening time that children are living with their parents, perhaps unaffordable housing has become a significant factor. Aaron Yelowitz (chapter 8), analyzing extensive data on the costs of homeownership and rents, and after accounting for credit market conditions, tax deductibility, and changes in house quality, finds that the median real cost of housing actually fell between 1980 and 2000. Often overlooked in discussions of the rapid rise in housing costs is the emergence of historically low interest rates. Inflation-adjusted median monthly housing payments fell from \$1,476 to \$1,092 from 1980 to 2000. Over the same period, the inflation-adjusted median monthly rent—often the first stop for young adults—increased from only \$726 to \$741.

Yelowitz does find that when home prices increase, the percentage of young adults who live independently declines, and that the influence of housing costs on living arrangements appears to be stronger for nonwhites than for whites, possibly because of differing access to credit

markets. Yelowitz concludes that housing cost increases can explain only a small portion of the total decline in independent living between 1980 and 2000. He does point out that in the years after his analysis ended, housing prices increased dramatically in a few states, such as California and Florida.

Katherine Newman and Sofya Aptekar (chapter 8) show that the age of departure from the parental home has been increasing in all developed countries, especially in southern Europe. They find that housing market conditions, such as the prevalence of owner-occupied housing versus affordable rentals, are related to the proportion of young people who live independently at any point in time. For example, Scandinavian countries—where the age of departure from the parental home is about twenty and only 10 percent of eighteen- to thirty-four-year-olds live with their parents—have substantial amounts of affordable public housing. In contrast, in Italy—where the median age of departure for men is around age thirty and about 60 percent of eighteen to thirty-four year olds live with their parents—there are limited affordable rental units. Labor market conditions, such as rates of idleness, unemployment, and temporary employment, also influence the living arrangements of young people, as do variations in the design of social welfare programs. Although highly suggestive, these are correlations that might also be explained by other factors that differ across countries. It is also unclear the extent to which they explain recent *changes* in living arrangements.

Some writers have suggested that one reason young people today are having a more difficult time establishing independent households is that they are more burdened with college and credit card debt (Draut 2006; Draut and Silva 2004; Kamenetz 2006). Ngina Chiteji (chapter 9) examines the extent and composition of the debt of young adults over the last four decades. In contrast to recent popular accounts, today's young adult household heads (age twenty-five to thirty-four) do not appear overly burdened with debt. Mean total debt increased from \$26,562 to \$55,616 (in constant 2001 dollars) between 1963 and 2001. However, mean net worth rose as well, leaving the debt-to-net worth ratio at 0.57 in both years. Annual income did not grow as rapidly as either wealth or debt, so the young adult debt-to-income ratio rose from 0.73 to 1.11 over these four decades. However, despite the attention often devoted to student loan and credit card debt, these two types of debt are not the most widely held types of debt. For example, although the extent of education loans has received much attention, mean education debt in 2001 was less than \$3,500 per household.

Chiteji concludes that the total debt loads borne by young adults pose problems for only a few—about 9 percent of young adult households and 11 percent of all households have monthly debt payments that exceed 40 percent of their monthly income. On the other hand, 16 percent

of young adult households do have monthly debt obligations so large that they would be unable to finance more than three months of debt payments from savings if they lost their regular monthly income sources.

Although many decry a large increase in indebtedness among today's youth, it seems that the concern is unwarranted for most of them. Further, if debt levels have not increased dramatically, they cannot have been responsible for the large changes in living arrangements. Chiteji also finds no consistent support for the assumption that increases in non-collateralized debt have lowered a young person's ability to buy a home.

Taken together, the chapters in part 2 suggest that changes in the factors analyzed—labor market outcomes, housing costs, debt—can explain, at most, only a modest portion of the trends toward declining marriage and childbearing and increased rates of living with parents.

Although this volume focuses on the possible effects of changing economic conditions on adult transitions, some of the chapters also offer insights about some non-economic factors that might be important. For example, according to Hill and Holzer, at any point in time performance, work experience, and higher wages in high school, as well as personal attitudes and behaviors that indicate independence and maturity, are all better predictors of living independently of one's parents than are labor market conditions. That said, there is little evidence that changes in high school performance and personal attitudes can explain the *change* in living arrangements.

Part III: Family Background, Incarceration, and the Transition to Adulthood

There are many other factors that might have contributed to the lengthening transition to adulthood. The chapters in part III focus on two factors that would seem likely to have had large effects—differences in family background and the increased incarceration rates of the last several decades.

Reaching adulthood is nearly synonymous with breaking economic ties with one's natal family. Melanie Guldi, Marianne Page, and Ann Huff Stevens (chapter 10) compare various markers of adulthood for two cohorts of young adults. The first came of age in the mid-1970s, the second in the early 1990s. Analyzing the extent to which family background affects early adult income, educational attainment, and the probability of starting one's own family, they find large differences between those whose parents had higher income and education and those whose parents had lower income and education. For example, consider young adults who were twenty-nine or thirty between 1999 and 2003. Among those whose parents had completed college, approximately two-thirds had also completed college, and about 37 percent were parents them-

selves. In contrast, among those whose parents had completed only high school, only about one-fifth had completed college, and about 60 percent had become parents.

Nonetheless, Guldi and her colleagues find little evidence that the influence of the family background factors associated with family income has changed much when we compare young adults (age twenty-five to thirty) who came of age in the 1970s with those who came of age almost two decades later. They do find that relative to those who grew up in low-income families, those who grew up in high-income families seem to be delaying childbearing more than they did in the past.

Thus, increased inequality in the economic status of parents over these years cannot account for the lengthening in the transition to early adulthood. Differences may emerge at later ages, however, if it turns out that the impact of family background is more important for outcomes reached after age thirty. For example, given that individuals from more advantaged families are more likely to attend college and that college attendance is associated with higher earnings (which generally increase with age), the change in the association between family background and income may be more pronounced when measured among older individuals.

The number of people imprisoned in the United States more than quadrupled, from 500,000 to 2.1 million, between 1977 and 2004. Between 1974 and 2001, the proportion of men who were either currently in prison or had a record roughly doubled, from 2.3 to 4.9 percent; for black men, the percentage increased from 8.7 to 16.6 percent. Having served time early in one's life is likely to delay the achievement of conventional markers of the transition into adulthood. Newly released offenders have little savings and are barred from receiving federal housing assistance, both factors that are likely to drive new releases into the homes of their parents or other relatives. In addition, many employers are averse to hiring former inmates, and in many states and localities convicted felons are legally barred from certain occupations; both of these factors reduce the likelihood that former inmates will achieve stable employment and economic self-sufficiency. They also have less to offer to potential spouses, with obvious consequences for their marriage prospects.

Steven Raphael's chapter paints a clear portrait of this subpopulation of largely young men whose development has been stunted. He shows that men who have been incarcerated are less likely to marry and more likely to live with their parents, work fewer weeks per year, and earn less when they do work than similar men who have not been incarcerated. After accounting for the fact that men who become incarcerated differ from those who do not, there is probably a causal impact of incarceration on marriage and employment stability. Young men who have been incarcerated are roughly six percentage points more likely to have never

been married, and they work about six fewer weeks per year. These arguably causal impacts of incarceration suggest a role for attempts to improve the ability of former prisoners to care for themselves and their families, either while in prison or upon release (see Altschuler 2005; Chung, Little, and Steinberg 2005; Travis and Visser 2005; Uggen and Wakefield 2005).

Summary

The chapters in this volume document that it is taking young men longer to secure well-paying, stable employment that will allow them to support a family—the critical economic outcome in the transition to adulthood. In contrast, women are better able to support a family on their own than ever before, even though their economic status continues to lag that of men. Many commentators have argued that decreased employment prospects, lower wages, higher housing prices, and increased debt have made it more difficult for young people, especially men, to assume the responsibilities that have traditionally characterized adulthood. Taken together, the chapters in this volume suggest a limited role for such economic factors in explaining recent trends in other young adult outcomes. These new studies confirm that changes in the economy over the last several decades have affected individual decisions to establish an independent household, marry, have children, and complete education. However, the delay in these markers of the transition to adulthood that has occurred in the United States and in most industrialized countries over the past several decades does not appear to have been primarily driven by changing economic conditions. The delay is more likely to have been caused by changes in the social norms of young people, their parents, and society in general; changes in young adults' expectations regarding female labor force participation, marriage, and childbearing; and changes in opportunities for combining schooling with work or family roles.

It is possible that some of the factors analyzed here will have a greater overall impact on the outcome of recent cohorts of young adults at later ages in the life course. Consider the growing prison population. The evidence suggests that former inmates are significantly less likely to find stable employment, to marry, and to reach the other markers of adulthood. Thus, as rates of incarceration continue to increase (particularly in some subpopulations), fewer young people may ever achieve all of the traditional markers of adulthood. If these future generations are less able to care for themselves and their children, this responsibility will increasingly fall on the rest of society. As such, there may well be an ever more important role for workforce development programs and basic education programs in prisons and for substance abuse and reentry programs for soon-to-be released prisoners.

Further, while the current media attention regarding the debt of young adults appears to have neglected the distinction between debt to finance schooling and housing, which helps build long-run human capital and wealth, and debt to finance current consumption, the increasing availability of easy credit may become a problem for future generations. Finally, although earlier generations were more likely to stay with a single employer for periods lasting at least ten years, today's youth are likely to hold multiple "long" jobs. Whether this change will result in substantially less lifetime income and wealth and lower the ability of today's young adults to pay down their debts remains to be seen.

There are many uncertainties regarding the long-term impact of the delayed attainment of the markers of adulthood. However, evidence from Europe suggests that as these changes become the norm, at a minimum the life satisfaction of young people will increase. As discussed by Newman and Aptekar (chapter 8), European youth who live with their parents have lower life satisfaction than youth who live independently, holding other factors constant. However, in countries where higher proportions of young adults live at home, this negative effect is attenuated. These data suggest that social anxiety declines when living with one's parents becomes widespread enough to be considered socially acceptable rather than an indicator of personal failure. Thus, while at the moment many express concern about the changing life course, ultimately it may become accepted as the norm.

There are many questions that could not be addressed in a single volume. Our hope is that the new research presented here will stimulate a long and careful examination of the impact of economic conditions on the transition to adulthood.

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Notes

1. Some readers will question our use of the "traditional" markers of marriage and childbearing, given recent increases in cohabitation, same-sex partnerships, and the voluntary choice not to bear children. This volume focuses on how all of the traditional markers to adulthood have changed over time. We are not undertaking a normative discussion of any of them.
2. Specifically we compute the percentage of young adults who earned less than \$16,566 in 2004 (and adjusted for inflation for earlier years). This

amount is equivalent to what the official poverty line for a family of four would have been in 2004 if the Census Bureau had adjusted its poverty lines each year since 1967 by the most recent price index used by the Bureau of Labor Statistics (BLS), the CPI-U-RS. The official poverty line in 2004 was higher, \$19,307, because the price indices used for the official line showed more inflation than the CPI-U-RS.

1. If we include coverage through a spouse's employer, 54 percent of individuals age eighteen to thirty-four had such health insurance in 1998 compared to 43 percent in 2005.
2. Authors' calculations from Mouw (2005, table 8.4).
3. The percentage of twenty to twenty-two year olds living with parents in any year is higher than the percentage of nineteen to twenty-four year olds living with parents cited above from Matsudaira (2006) because living with parents declines as young adults age. Both studies show an increase over time in living with parents—an increase of 11 percentage points for men and women in Hill and Holzer and an increase in 9 points for women in Matsudaira.

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