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FP-13-07 Young Adults in the Parental Home and the Great Recession

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Young Adults in the Parental Home and the Great Recession

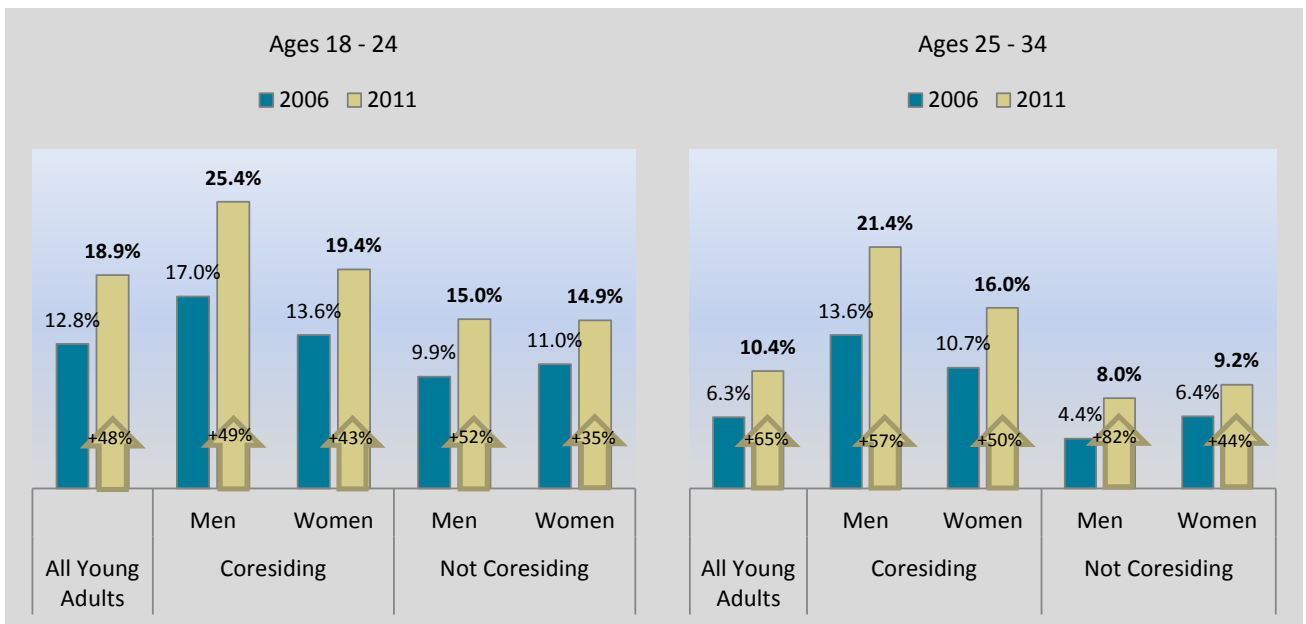
Krista K. Payne & Jennifer Copp

Young adults have the highest unemployment rates of all adults pre and post the Great Recession (2007-2009) (Bureau of Labor Statistics, Annual Average Data; 2003-2011). Rates are particularly high among those 18-24 years of age. Additionally, the proportion of young adults living in the parental home has increased over the past decade (FP-12-22), with some young adults moving out of the parental home and returning (boomerang), while others never leave (fail-to-launch) (FP-11-02). Using data from the 2006 and 2011 American Community Survey 1-year estimates, this profile examines the unemployment rate and subsequent median earnings of young adults in the labor force pre and post The Great Recession. Comparisons are made between young adults coresiding with at least one parent and those who were not living with a parent (i.e., living independently). In addition, data from the Toledo Adolescent Research Study (TARS) provide new insights into young adults' motivations for coresiding with parents.

Unemployment Rates of Young Adults, Pre- and Post-Recession

- In 2011, the unemployment rate among young adults (ages 18-34) was 13.6% compared with 10.3% among the U.S. population ages 16 and over (table S2301, U.S. Census Bureau, 2011 American Community Survey).
- Among young adults in 2011, coresiding men had the highest unemployment rates—one-quarter of 18-24 year olds and one-fifth of 25-34 year olds were without work.
- Unemployment rates increased for all young adults from 2006 to 2011, 8.8% to 13.6%, respectively—a 55% increase (not shown). Increases in unemployment were greater among those ages 25-34 (65%) vs. those ages 18-24 (48%).
 - Men living independently experienced the greatest increases in unemployment rates (52% among 18-24 year olds and 82% among 25-34 year olds).
 - Overall, women fared better than men. Women ages 18-24 who were living independently had the lowest increase of 35% (from 11% to 14.9%).
- Young adults living independently enjoyed lower unemployment rates (pre- and post-recession) than their coresiding peers regardless of age or sex.

Figure 1. Unemployment Rate of Young Adults Pre- and Post-Recession by Coresidence and Sex



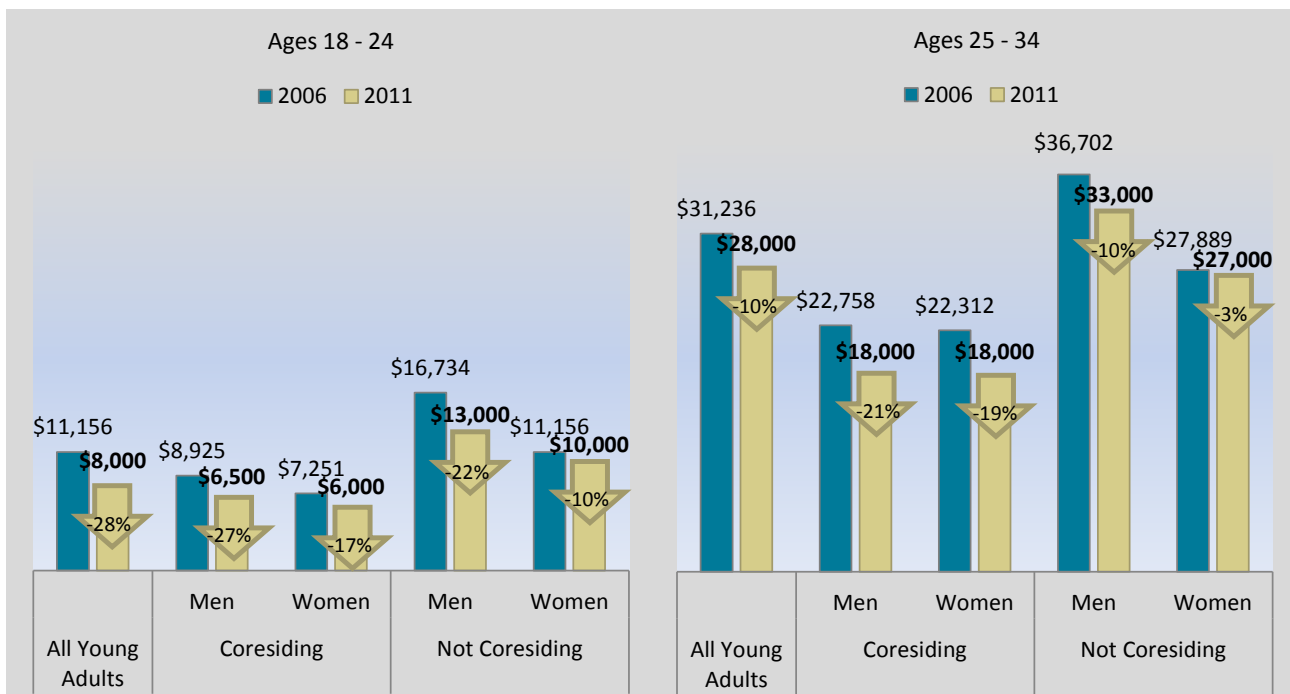
Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates 2006 & 2011 (IPUMS)

Family Profiles examine topics related to NCFMR's core research themes. Data are presented at both the national and state levels using new data sources. Written for both researchers and broad communities, these profiles summarize the latest statistics on U.S. families.

Median Earnings of Young Adults in the Labor Force, Pre- and Post-Recession

- In 2011, median earnings among young adults (ages 18-34) in the labor force was \$19,000 compared with \$28,900 among the U.S. population ages 16 and over in the labor force (NCFMR calculations, not shown).
- Young adults living independently had 91% higher median earnings in 2011 than their peers living in a parent's home (\$24,000 vs. \$9,000, not shown).
- Young adults (ages 18-34) in the labor force experienced losses in median earnings from 2006 to 2011, \$22,312 to \$19,000, respectively—a 15% decrease (not shown).
 - Among YA's ages 18-24 and 25-34, those living in a parent's household experienced greater losses in median earnings over the period of the Great Recession than their peers living independently.
 - Losses were greater among those ages 18-24 (28%) vs. those ages 25-34 (10%).
 - Non-coresiding women experienced the smallest overall loss at 3%.

Figure 2. Median Earnings of Young Adults in the Labor Force Pre- and Post-Recession by Coresidence and Sex

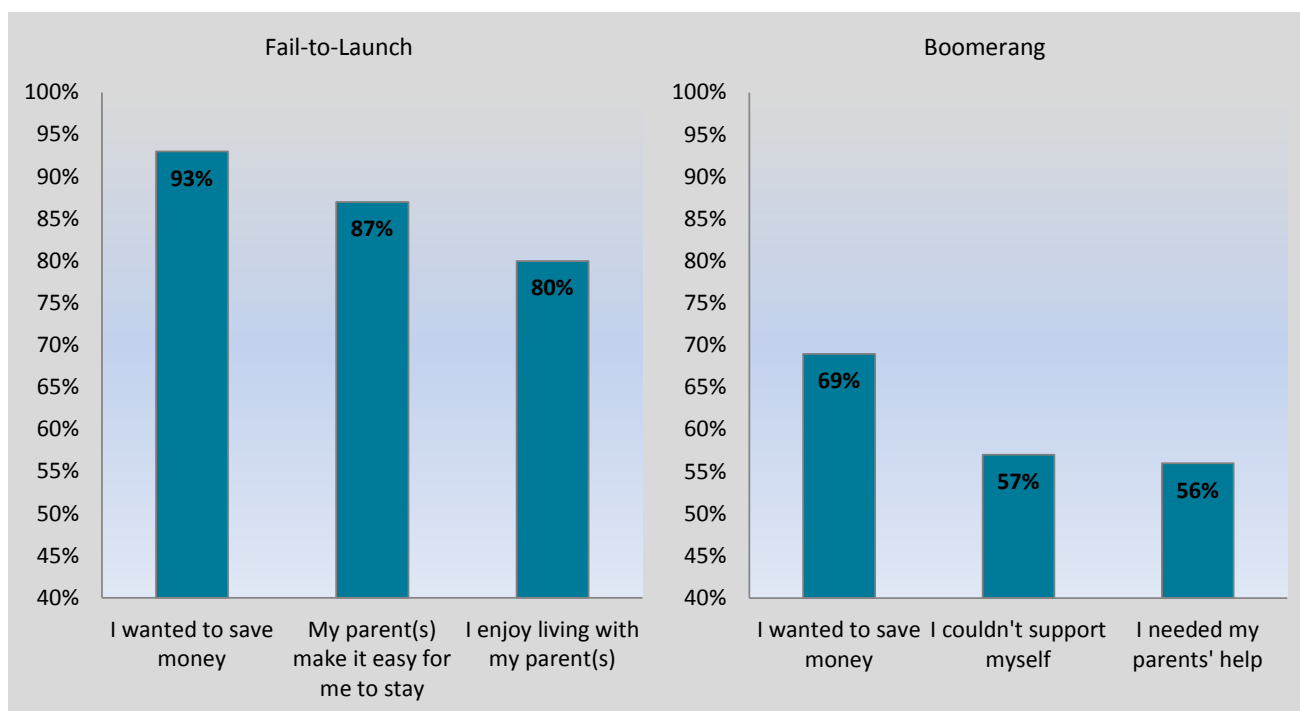


Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2006 & 2011 (IPUMS)

Young Adults' Motivations for Living with their Parents

- Young adults (ages 18-24) were asked to choose reasons why they most recently moved back in with their parents or why they had yet to leave the parental home. The most often reported reason was "to save money," regardless of whether they had ever lived on their own (69% among boomerang YAs and 93% of those who have yet to leave).
- Among those who have moved back (boomerang), over half report they "couldn't support themselves" or they returned home because they "needed their parents' help" (57% and 56%, respectively).
 - Of those who report they couldn't support themselves, only one-quarter also reported losing a job or not being able to find a job as a reason for their return (not shown).
- Among those who never left (fail-to-launch), 87% reported their parent(s) made it easy for them to stay and 80% reported they enjoy living with their parent(s) (2nd and 3rd most popular reasons given).

Figure 3. Top 3 Reasons Given by Young Adults (18-24) for Why They are Living in Their Parents' Home



Note. Respondents were asked to report all of the reasons that influenced their return to or their failure to leave the parental household. Options for those who returned were: I lost my job or couldn't find work; I finished college; I am home on break from college; My parents need my help; I needed my parents' help; I enjoy living with my parent(s); I couldn't support myself; I wanted to save money; I broke up with my partner/spouse. Options for those who had yet to leave: I cannot find a job; I am in college; My parents need my help; I need my parents' help; I enjoy living with my parent(s); I cannot support myself; I wanted to save money; My parent(s) make it easy for me to stay.

Source: Toledo Adolescent Relationships Study, Wave IV, 2006.

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