



Policy Brief

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Family Support during the Transition to Adulthood

Adapted from "Material Assistance Received from Families During the Transition to Adulthood," Schoeni, Robert and Karen Ross, Chapter 12 of *On the Frontier of Adulthood: Theory, Research, and Public Policy*. Edited by Richard A. Settersten, Jr., Frank F. Furstenberg, Jr., and Ruben G. Rumbaut. University of Chicago Press, 2005.

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Overview

As young people extend the transition to adulthood by delaying marriage and childbearing and expanding education, parents also extend their role in the lives of their children. As youth move into adulthood, families continue to greatly influence their children's life chances and outcomes by, for example, providing social and employment connections, paying for college, and providing direct material support in the form of time, money, help, and shared housing.

Robert Schoeni and Karen Ross, in their chapter in *On the Frontier of Adulthood*, examine several issues related to this material support: how much time and money youth receive from their parents between the ages of 18 and 34, the difference in support between high and low-income families, and the changing patterns of support over the last 30 years.

In one of the first empirical attempts to estimate the amount of assistance that children receive during young adulthood, the authors find that parents contribute, on average, \$2,200 annually over the 17-year period, and that this support has increased substantially in the last decades.

Data and Methods

Using data from the 1988 Panel Study of Income Dynamics (PSID) and the decennial censuses of 1970, 1980, and 1990, the authors calculate the average amount of assistance (both time and money) received by young adults at various ages, both living at home with their parents and living independently. They sum the age-specific averages to obtain the total amount that is expected to be received over the entire 17-year period. The Census data also allow them to examine changes in assistance over the past 30 years.

The PSID sample includes information on 6,661 youth, ages 18-34. To compare spending patterns for high- and low-income

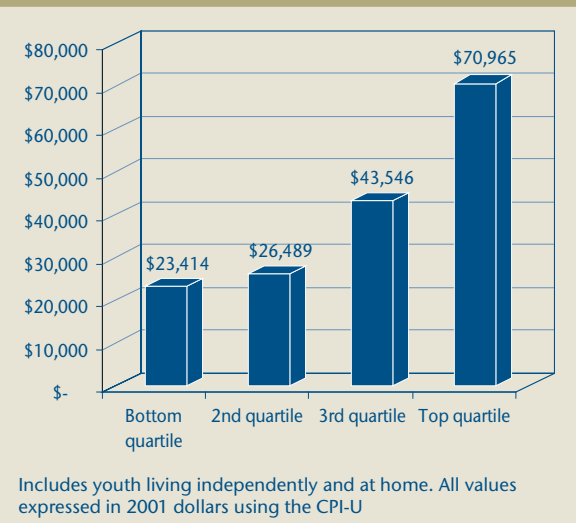
Findings

- Young adults between the ages of 18 and 34 receive substantial support from their parents during the transition to adulthood.
- Total material assistance averages \$38,000 over this period.
- Time support is significant as well, averaging 367 hours of family help per year.
- High-income families provide three times as much material support as lower-income families.
- Support declines as young adults make the transition to adulthood.
- Support is increasing over time, in part because more young adults live with their parents.

families, the authors divide the families into quartiles by the income the family was earning when the child was aged 10-15.

One important limitation of the data is that transfers of time or money are only reported

Figure 1: Estimate of total economic assistance received among youth 18-34, by income quartile of parents



if they take place between people living in different households. At ages 18-20, only 25% of the youth in the PSID sample were not considered part of their parents' household. By ages 25-26, this rises to 80%, and almost all young adults in the mid-30s were living independently.

The authors, therefore, estimate the savings youth accumulate in rent and food based on the Bureau of Labor Statistics and Consumer Expenditure Survey data for housing expenditures. They also calculate college expense that parents cover while the youth are living at home, using the National Postsecondary Student Aid Study for the price of tuition, fees, room and board, and

other miscellaneous expenses for full-time, four year college students.

Parental support during the transition to adulthood is significant

The authors found that young adults receive substantial help from their parents. On average, for those living at home and those living independently, parents provide roughly \$38,000 in material assistance – housing, food, educational expenses, or direct cash assistance – throughout the transition to adulthood (from age 18 to age 34). This averages to approximately \$2,200 annually .

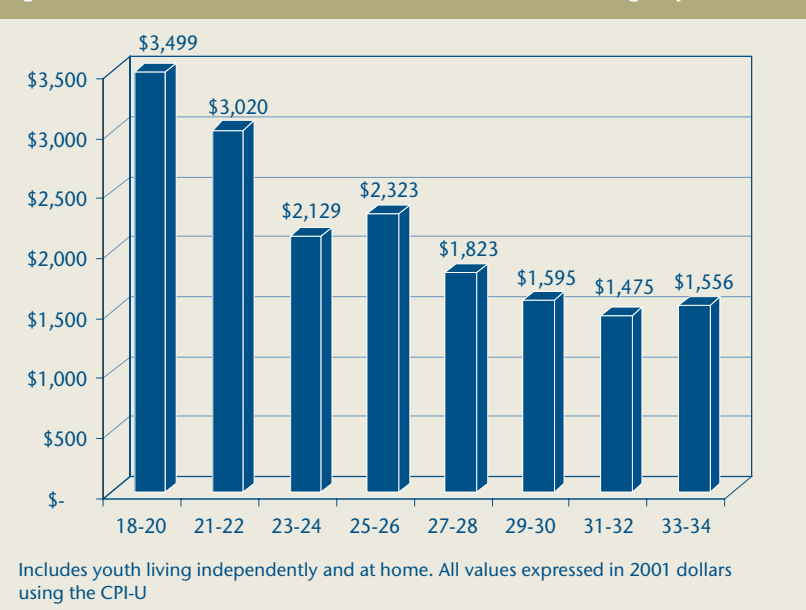
By way of comparison, the authors note that middle-income parents (earning \$39,100-\$65,800) spend roughly \$170,460 over the course of their child's first 18 years, according to estimates from the U.S. Department of Agriculture. Therefore, parental economic support during the adult transition is about one-fifth the amount expended by parents during the youth's childhood (under age 18).

Time expenditures are significant as well. For those ages 18-34 living away from home, nearly half receive parental time assistance in a given year, averaging 367 hours, or nine weeks of full-time, 40-hour per-week help. (The PSID does not ask respondents to report the type or use of the time help, such as childcare or chores, only the amount of hours they received in total.)

Support varies widely by parents' income level

The authors found large differences in parental support across income groups. Young adults in the bottom two income quartiles receive roughly \$25,000 on average during the years 18 to 34. By contrast, those in the top quartile receive nearly three times as much total economic assistance from their families, or \$70,965. (Figure 1)

Figure 2: Estimate of total economic assistance received among all youth 18-34



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In contrast, the authors found no evidence of income disparity in the amount of time assistance; low- and high-income youth receive almost identical amounts of time help from their parents, at 3,864 and 3,869 hours over the 17 year period, respectively.

Support decreases with age of youth

Schoeni and Ross found that assistance, as expected, declines substantially as age increases. For all young adults (those who do and do not live at home), the average amount of assistance peaks at \$3,499 during ages 18-20, declining to \$2,323 by ages 25-26, and falling further to \$1,556 by ages 33-34. **(Figure 2)**

But what explains the age pattern of transfers? The authors explored whether major life events trigger changes in family assistance, such as being in school, being married, having a young child, and having bought a home in the last year. In the researchers' multivariate analyses, these events did have the expected effect – for example, young adults with young children and those who have bought a home recently are more likely to receive cash assistance; presumably, these events trigger the assistance of grandparents and other relatives to help with the added expenses.

However, adjusting for these events did not account for much of the observed age

pattern. In other words, it is quite likely that there is an underlying pattern with age itself that drives some parental assistance decisions. Major life events affect spending, but they simply do not account for the strong age gradient in parental spending.

“The goal... might be to identify policies that complement, or at least do not displace, the strong network that is already in place for some families.”

Support is rising over time

The authors also ask whether familial assistance is on the rise over time. The data required for direct comparisons are not available. Instead, Schoeni and Ross make estimates based on changes in living arrangements, which represent a substantial source of assistance. According to Census Bureau data, the average proportion of people in their 20s who live in their parents' homes rose 50% between 1970 and 1990, from 19.2% to 28.8%. **(Figure 3)**

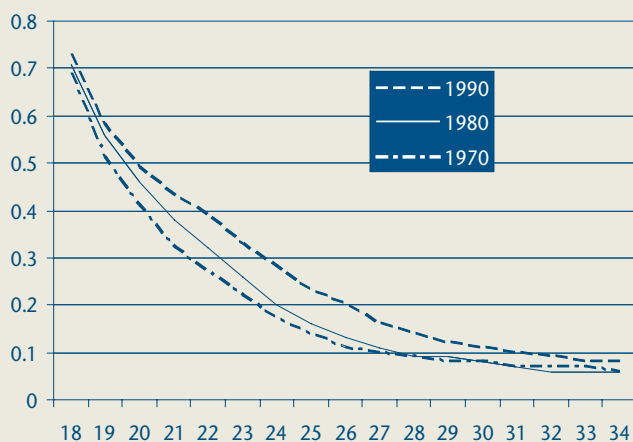
Assuming that the value of shared housing has remained constant, the authors conclude that trends in shared housing alone drove substantial increases in family support over the past several decades. They estimate that total transfers increased 13% between 1970 and 1990. The rise in college attendance and college costs no doubt caused assistance to rise even further.

Policy implications

The implicit assumption of this study is that familial assistance makes an important contribution to a successful transition to adulthood. The evidence from many studies, including several in *On the Frontier of Adulthood*, implies that children from more advantaged families have a greater likelihood of making a successful transition.

(continued)

Figure 3: Proportion of Young Adults Living with Parents, by age



U.S. Bureau of the Census, Integrated Public Use Microdata Series

The National Poverty Center

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The National Poverty Center is charged with promoting high-quality research on the causes and consequences of poverty, evaluating and analyzing policies to alleviate poverty, and training the next generation of poverty researchers.

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One policy option for addressing the significant disparity in the support received by higher- and lower-income children is for the government to increase assistance to needy youth; expansion of income-based student aid programs is one example of a potential policy option. However, any government intervention risks the possibility of displacing or crowding out assistance that some families are already providing to youth. The goal, then, might be to identify policies that complement, or at least do not displace, the strong network that is already in place for some families.

However, even though government intervention may be able to help level differences in material assistance across young adults, it may do little to reduce disparities if material assistance per se is not the only factor that promotes a successful transition. The advantages conferred by family background might encompass aspects beyond material assistance. It may be, for example, that early childhood

experiences play a more important role than material assistance in the extent to which youth make smooth transitions into adulthood.

The authors conclude that a richer understanding of the exact mechanism by which families affect the transition into adulthood is needed. ■



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