State Investments in Successful Transitions to Adulthood

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ABSTRACT

In this analysis we examine the relationship between state-level political and educational contexts as these alter the process of transitions to adulthood for youth in the NLSY 79 and 97 cohorts. Our hypotheses, based on prior literature and extensions of our own work (e.g. Jenkins, Leicht, and Wendt 2006) suggest that state and local economic and educational policies alter the prospects for successful transitions to adulthood and affect the ways that race and immigration status affect those transitions. Our analysis examines, specifically, the ability of young people to find a full-time, full-year job with wages at twice the poverty line for their state with health insurance benefits. The analysis uses hierarchical generalized linear modeling to build a general model of transitions to adulthood, examining the role of state educational and economic development contexts in promoting or hindering transitions to economic independence. Our results are relevant for researchers interested in the role of growing spatial inequalities in affecting young adults' life chances.

STATE INVESTMENTS IN SUCCESSFUL TRANSITIONS TO ADULTHOOD

INTRODUCTION

The transition from youth to adulthood has been extensively studied during the last four decades, using now well-established approaches and methods. Changes in the structure and pace of specific youth-to-adult transitions, and the increasingly complex lives young people lead while balancing related transitions have been broadly documented. But the factors leading to these changes have received far less attention. A variety of public policies relating to education, state development efforts, and financial assistance available for college education have changed the context of the transition to adulthood, but have not been examined. As such, the study of youth-to-adult transitions has been somewhat isolated from emerging research and public policy debates on successful adulthood.

This research is designed to address these shortcomings in prior research through a more flexible and complete approach for the study of youth-to-adult transitions, and to move beyond description of broad trends to an estimation of behavioral models that incorporate salient aspects of economic restructuring and public policies. In this paper we seek to Measure the impact of the social and economic environments where youth-to-adult transitions occur and the effects of state structures and policies (extensive state development and business development capacity, business political dominance, deindustrialization, job growth, high-technology earnings advantage, and educational funding) on the successful transition to full-time, full-year employment with health insurance and to identify whether the impact of these state policies differ by race/ethnicity and immigrant status.

RATIONALE AND SIGNIFICANCE

For more than a century, adolescence has been recognized as a stage in life course development when young people go from being children, totally dependent on their parents, to independent lives and membership in adult society (Furstenberg, Rumbaut, and Settersten 2005). Among sociologists and social demographers, this transition typically is seen as a shift from the roles of youth to the roles of adults—high school student to school graduate, economic dependence on parents to economic autonomy through work, from residence with parents to various types of independent residence, and from single childlessness to marriage and parenthood (Hogan and Astone 1986; Rindfuss 1991; Furstenberg 2000; Shanahan 2000; Furstenberg, Rumbaut, and Settersten 2005). This has led researchers to emphasize the occupancy of particular demographic states at given ages, and transitions between these states. These states typically are operationalized in a dichotomous format – school enrollment/not enrolled; working at a job/not working at a job; living independently/living with parents; married-cohabiting/single; and parenthood/childlessness. Such an approach ignores the essential nature of each role—is a person no longer enrolled in school, have they graduated from college, is an employed person working full-time or part-time, in a job that provides a living wage, or in a job that provides economic security? This research directs attention to the transitions into these meaningful life statuses rather than focusing on simple activity states at each age. We also consider how success on each dimension of the transition to adulthood is linked to other transitions.

The transition to adulthood seems to have become more problematic as a life stage since the 1980s and appears to have made it harder for young people to "get ahead" (Corcoran and Matsudaira 2005). In essence, two aggregate patterns have emerged—one group followed the traditional transition patterns with relatively low educational attainment, early employment, and early family formation, while a second group delayed the assumption

of adult roles, with increased ages for each of the transitions, and greater variation in the age of transitions (Rindfuss 1991; Gauthier and Furstenberg 2005; Furstenberg, Rumbaut, and Settersten 2005). There were large differences between men and women in the age-patterns of the events marking the passage to adulthood, especially in the relationships between family transitions and the education and work transitions, although these differences have been muted as many women postpone marriage and childbearing beyond the early post-college years. An important consideration is the recognition of the relatedness of some transitions that mark successful adulthood, especially in regard to economic self-sufficiency and, closely related to this, independent residence (Goldscheider et al 1999). For example, patterns of residential status may move from residence in the parental home in early adolescence to leaving the parental home as part of assuming an independent and self-reliant economic life.

The Transition to Successful Adulthood

Success in attaining <u>human capital</u> involves the completion of college as an essential component of early adult life success (Sandefur, Eggerling-Beck, and Park 2005). This has led to an emphasis on the initial years after high school in terms of college enrollment, and in the years immediately following college graduation for the transition to successful adulthood (Rindfuss, Kavee and Cooksey 1995; Sandefur, Eggerling-Beck, and Park 2005). An increasingly important component of the successful transition to adulthood is the acquisition of a full-time job to build a record of employment experience. The postponement of a premarital birth until age 23 or older (beyond the usual age at college completion) is critical as an element of human capital accumulation because of its linkages to education and employment. Other aspects of human capital that indicate life success are healthy and safe lifestyles and positive health status (Scholenberg et al 2005).

Obtaining <u>economic security</u> is much more difficult for young people entering adulthood, leading to our particular focus on this aspect of successful adult life. Economic security goes beyond simply holding a job to include employment in a job that provides adequate earnings, health benefits, economic security, and prospects for lifetime career success. Employment in a job that provides the opportunity for career advancement and income growth are especially important if the early transition to adulthood is to result in later life economic success. This dimension of successful adult transition has become all the more important with the deindustrialization of the 1980s and the downsizing and outsourcing of the 1990s (Leicht 1998; Carnoy 2000; Smith 2001). These job- and career-related dimensions of adulthood are associated with the establishment of independent residence and home ownership (Mouw 2005). The key transition to economic security of interest to us in this analysis is the attainment of full-time, full-year employment with health insurance.

Social Differences in the Transition to Adulthood

We will investigate the extent to which ascribed characteristics (sex, race/ethnicity), family resources (social and economic resources, family organization), and personal circumstances (health and disability, premature family obligations, agency) modify the timing and linkages of transitions, and affect the successful transition to adult life. A critical issue is the extent to which such differences will lead to persistence or lessening of disadvantageous life chances. This is a central issue in the intergenerational transmission of inequality. (Elder 1974; Sandefur, Eggerling-Beck, and Park 2005)

Previous research suggests that members of different racial and ethnic groups have different probabilities of experiencing each of the events that make up a part of the transition

to adulthood, and that they on average experience these events at different ages (Fussell and Furstenberg 2005; Sandefur et al 2001). Asians and Whites, for example, are more likely to obtain a college degree than are American Indians, Hispanics, or Blacks. Blacks are more likely to experience an early out-of-wedlock birth than are any of the other groups, while Asians and Whites are the least likely to do so. Latinas marry and have children within wedlock earlier in life than any of the other groups (Sandefur et al. 2001.) These differences arise partly from the socioeconomic conditions of the groups, but also reflect differing choices about pathways to adulthood. We are especially interested in the role that state investments play in altering the effects of disadvantageous life chances. This type of multilevel analysis has been used to explain ethnic and gender disparities in the stratifying effects of labor markets (see McCall 2001; Cohen and Huffman 2003; Huffman and Cohen 2004). Specifically, we suspect that many of the effects of deindustrialization and the development of a post-industrial economy that are discussed in relation to the shifting economic opportunities of African Americans in inner city neighborhoods (see Wilson 1996) may be playing themselves out on a larger scale with regard to the transition from youth to adult.

The Effects of Social Structures and Public Policies

Prior research has examined the effects of local contexts on youth to adult transitions. This includes a consideration of characteristics of neighborhood and schools (Shonkoff and Phillips 2000). Typically, opportunities for employment have been indexed by the unemployment rate of the local labor market. In this research we go beyond this simple labor market conceptualization to examine growth or decline in high technology, high income jobs. Many of the recent changes in and active policies directed toward changing these economic contexts are directed at younger skilled workers (Fosler 1988). Since the early 1970s the United States has experienced a major devolution of social and economic policy responsibilities to the states. Proactive state-level economic development policies to create jobs and economic growth are a central component of this devolution process. The state-level is also the arena where a vast majority of educational policy is determined, and where experiments and changes in welfare and social support are conceived and implemented. We expect states with extensive state and business capacity will support successful transitions to adulthood by increasing the level of entrepreneurial and corporate growth where employment may be found, as will states with high technology earnings advantage jobs that draw from pools of highly educated and technologically facile workers.

DATA AND METHODOLOGY

Data The study will use data from (1) the 1979 National Longitudinal Study of Young Men and Women (ages 14-21) who were followed until 2004), and (2) the 1997 National Longitudinal Study of Youth (born 1980-84 and followed until 2005 when ages 21-25). Together these data files provide coverage of the lives of young men and women from ages 13-29.

For purposes of brevity we provide a tabular description (Table 1) of all indicators of event states, their format, and periodicity that are used in our analysis of the transition to adulthood, as well as the indicators of successful adulthood. Table 2 provides similar detail on all of the independent variables employed in this study. These tables are necessarily schematic, especially as regards panel data. The data are converted into person-month files for the purposes of analyzing transitions into and out of full-time, full-year work.

Measuring State-Level Economic and Political Contexts

In our analysis, we use systematically-defined measures of differences in state-level economic and political contexts and assess their effects on successful transitions to adulthood. Jenkins, Leicht, and Jaynes (2006) find that local political and economic contexts in MSAs significantly affect long-term growth in high-technology jobs from 1988 to 1998. Jenkins, Leicht and Wendt (2006) classify states according to their commitments to specific economic development policies, the articulation of social class interests, the administrative capacities of state institutions, and underlying production regimes and labor market structures. These classifications yield distinctive indicators of local commitment to economic development and opportunities, and the unique constellations of state and local interests that may facilitate or retard high-quality job growth in local labor markets. In our analysis here we draw on a unique data set that assembles indicators of state-level political and economic contexts from 1970-2004 from a wide variety of sources (see Jenkins, Leicht, and Wendt, 2006).

Initially, we will explore these effects as covariates that we suspect influence the effects of social origins, ethnic identification, and schools on transitions. In addition, <u>we expect state contexts to modify the effects of ascribed characteristics and family resources on transitions to adulthood</u>. Some contexts will reinforce family socioeconomic advantages and make it difficult for disadvantaged youth to overcome their social origins. Other contexts will facilitate and augment the family resources of disadvantaged youth and facilitate successful transitions to adulthood. Specifically, there is great debate about whether the development of new high-technology-based economic growth is beneficial for minorities or produces further disadvantage through the mechanisms of skill biased technological change (see Wilson 1996; Galbraith 1998). The data set constructed by Leicht and colleagues provides a myriad of ways to classify state economic and political contexts and to assess the effects of these contexts on the transitions of interest here.

MEASURING THE IMPACT OF STATE STRUCTURE AND POLICY ON TRANSITIONS TO ADULTHOOD

Because our transition measures are dichotomous, we will estimate random intercept models using hierarchical generalized linear modeling (HGLM) techniques (Raudenbush and Bryk 2002). HGLM is similar to standard hierarchical linear modeling procedures used for continuous outcomes, but produces a nonlinear logit transformation of the predicted value, thereby constraining it to lie in an interval of 0-1. HGLM allows for the simultaneous estimation of regression slopes and intercepts for both the individual and state-level models (using full-time work as an example). The level-1 outcome takes the form:

$$\text{Probability}\left(\text{Full-Time Work}_{ij} = \frac{1}{\beta_j}\right) = \phi_{ij}$$

where Full-Time Work$_{ij}$ is an indicator of full-time employment ; ϕ_{ij} is the actual probability of this event and is constrained to be in the interval 0-1. The level-1 structural model is represented by the equation:

$$\eta_{ij} = \text{Log}\left[\frac{\phi_{ij}}{1-\phi_{ij}}\right] = \beta_{0j} + \beta_{1j}(\text{ascribed characteristics})_{ij} + \beta_2(\text{family resources})_{ij} + \beta_{3j}(\text{personal circumstances})_{ij} + \beta_{4j}(\text{local environment})_{ij} + r_{ij}$$

where every level-1 record corresponds to adolescent j; η_{ij} is the log odds that a respondent has a full-time job, β_{0j} is the intercept that can be interpreted as the expected log-odds of full-time work when all dichotomous variables are equal to zero and all continuous variables are at the sample average; the coefficients $\beta_{1j} \ldots \beta_{4j}$ are the effects of a 1 unit increase in each independent variable on the log odds of full-time employment, and r_{ij} is measurement error.

The level-2 model takes the form:

$$\beta_{0j} = \gamma_{00} + \gamma_{01} \,(\text{state/business capacity})_{ij} + \gamma_{02} \,(\text{political dominance/deindustrialization})_{ij} + \gamma_{03} \,(\text{high job growth})_{ij} +$$
$$\gamma_{04} \,(\text{high tech earnings advantage})_{ij} + \gamma_{05} \,(\text{educational funding/opportunities})_{ij} + u_{oj}$$

$$\beta_{1j} = \gamma_{10}$$

$$\beta_{2j} = \gamma_{20}$$
.
.
.
$$\beta_{4j} = \gamma_{40}$$

where every level-2 record corresponds to state political and economic characteristics; γ_{00} is the level-2 intercept; $\gamma_{01} \ldots \gamma_{05}$ are characteristics of the states in which the adolescent lives; u_{0j} is the random effect associated with a particular state, and $\gamma_{10} \ldots \gamma_{40}$ are non-random level-1 coefficients that are treated as dependent variables at level-2 and regressed on state predictor variables.

Because we are interested in the ways that state political and economic contexts modify the effects of ascribed characteristics and family resources, in addition to their effects on the transitions themselves, the final level-2 model takes the general form:

$$\beta_{0j} = \gamma_{00} + \gamma_{01} \,(\text{state/business capacity})_{ij} + \gamma_{02} \,(\text{political dominance/deindustrialization})_{ij} + \gamma_{03} \,(\text{high job growth})_{ij} +$$
$$\gamma_{04} \,(\text{high tech earnings advantage})_{ij} + \gamma_{05} \,(\text{educational funding/opportunities})_{ij} + u_{oj}$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11} \,(\text{state/business capacity})_{ij} + \gamma_{12} \,(\text{political dominance/deindustrialization})_{ij} + \gamma_{13} \,(\text{high job growth})_{ij} +$$
$$\gamma_{14} \,(\text{high tech earnings advantage})_{ij} + \gamma_{15} \,(\text{educational funding/opportunities})_{ij} + u_{oj}$$

$$\beta_{2j} = \gamma_{20} + \gamma_{21} \,(\text{state/business capacity})_{ij} + \gamma_{22} \,(\text{political dominance/deindustrialization})_{ij} + \gamma_{23} \,(\text{high job growth})_{ij} +$$
$$\gamma_{24} \,(\text{high tech earnings advantage})_{ij} + \gamma_{25} \,(\text{educational funding/opportunities})_{ij} + u_{oj}$$
.
.
$$\beta_{4j} = \gamma_{40} + \gamma_{41} \,(\text{state/business capacity})_{ij} + \gamma_{42} \,(\text{political dominance/deindustrialization})_{ij} + \gamma_{43} \,(\text{high job growth})_{ij} +$$
$$\gamma_{44} \,(\text{high tech earnings advantage})_{ij} + \gamma_{45} \,(\text{educational funding/opportunities})_{ij} + u_{oj}$$

Where every level-2 record corresponds to state political, economic or educational characteristic; γ_{00} is the level-2 intercept; $\gamma_{01} \ldots \gamma_{45}$ are characteristics of the states in which

the adolescent lives; u_{0-4j} are the random effects associated with a particular state, and β_{0j} … β_{4j} are non-random level-1 coefficients that are treated as dependent variables at level-2 and regressed on state predictor variables. In the level-2 equations, the effects of state and political contexts will be allowed to vary as they affect ascribed characteristics, family resources and local environments.

An important and critical component of our analysis will be the assessment of race and ethnic differences in the effects of state political and economic contexts on the effects of parental resources, human capital, and personal circumstances on our indicators of transition to adulthood. F-tests and BIC statistics will be used to determine whether the models and coefficients for state political and economic contexts operate in significantly different ways across racial and ethnic groups. This analysis is enhanced greatly by our ability to attach time-varying indicators of state political and economic contexts to each respondent on a yearly basis. Our overall prediction is that transitions to adulthood for minorities, immigrants and the disabled will more closely resemble their more advantaged counterparts in states with extensive business and governmental capacities and in states with extensive job growth. But we expect that disparities across groups will be wider in states with extensive business political dominance and deindustrialization and in states with high-technology wage advantages. This latter result we expect because of the general concentrated nature of skill-biased technological change in places where high technology jobs experience significant earnings premia (see Florida 2002).

Taken together, our analysis should provide a comprehensive examination of month-to-month transitions in school, employment, residence, marriage and parenthood as well as an analysis of successful transitions to adulthood across a wide array of adult role characteristics for young people who have come of age in a post-industrial, globalized world.

Table 1: Definition and Availability of Variables Marking the Transition to Adulthood (X=Event History; P=Measured at [1+] Panel)

Life Course Markers	Overall Description	NLSY79	NLSY97
Activity States			
School	(Full-time) School enrollment	X	X
Employment	Employment (20+ hours/wk)	X	X
Residence	Living independent of family of origin	X	X
Marriage	Currently married (or cohabiting)	X	X
Parent	One or more children born or adopted	X	X
Outcome States			
Human Capital			
High school	High school diploma (or GED)	X	X
College degree	Four-year college degree	X	X
Timely birth	Birth with coresident partner at age 18 and older or any birth age 23 and older	X	X
Employment experience	Current or previous full-time employment	X	X
Health status	Overall health status is very good, excellent	X	X
Healthy & safe lifestyle	Index of drinking, smoking, drug use, risky sexual behaviors	X	X
Economic Security*			
Stable employment	Job is 35+ hours/week & 50+ weeks/year	X	X
		X	X
Health insurance	Employer-subsidized health care plan		
Living wage	Income 2 or more times the poverty line (for current family)	X	X
	*Dependent variables in our analysis		

Table 2: Measures of Ascribed Characteristics, Family Resources, Personal Circumstances, and Environment
 (X=Event History; P=Measured at [1+] Panel)

Factors in Decision-Making	Overall Description	NLSY79	NLSY97
Ascribed Characteristics(fixed at earliest observation)			
Race & ethnicity	White, black, Hispanic, other	X	X
Age at Observation	Single year of age	X	X
Gender	Male/Female	X	X
Family Resources (fixed at earliest observation)			
Parent Education	Highest of either parent: Less than diploma, high school diploma, college degree	X	X
Family Income	Total family income	X	X
Poverty	Family income below poverty line	X	X
Family socialization	Index of Involvement with school work, social control, friends, activities		X
Family choice of school	Religious, private, or public high school	X	X
Family support for college	Expectations/ aspirations will attend college; Financial support for college	X	X
Personal Circumstances (time-varying)			
Health	Health problem limiting activity for one month or more	X	X
Disability	Limitation in school, work, or age-appropriate activities	X	X
Mental health	Index of depression	P	P
Aspiration for college	Index of strength of desire for college degree		P
Belief will achieve life goals	Index of expectation will get college degree, overcome	P	P

	barriers due to social position or family, believes has some control over life		
Early Premarital birth	Birth of first child prior to age 23 while not cohabiting or married	X	X
Local Environment(time-varying,reported or geocoded)			
Neighborhood (residence or school)	Index of adult control, cohesiveness, resources, dangers	X	X
Local labor market	Unemployment rate in place of residence (most local)	X	X
State political, economic indicators (time-varying)	Code to state of residence (see Jenkins, Leicht, and Wendt, 2006).		
State & business capacity	States with extensive economic development programs, state capacities and business elite	X	X
Political dominance and deindustrialization	States with business dominated politics, little party competition, and manufacturing decline	X	X
High job growth	States with above median job growth & high tech job growth	X	X
High-technology earnings advantage	States with above median earnings per worker, earnings in high tech jobs, and high tech employment as percentage of the labor force	X	X
State Educational Funding/Opportunity	State financial support for higher education; education funding as a percent of state budget	X	X