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Residential Variation in Poverty during the Transition to Adulthood in the United States: An Analysis of Panel Data

In the wake of the Great Recession, a great deal of media attention has focused on the dearth of opportunities presently available for young adults transitioning into adulthood; however, little concrete analysis exists regarding how the incidence of poverty among young adults has shifted within a longer historical time frame and across the rural-urban divide.

Historically situated within the dramatic economic restructuring which has taken place since the 1980s, I use data from the Panel Study on Income Dynamics from 1980-2009 to examine the economic experience of young adults in rural and urban areas between the ages of 25 and 30 both over historical time and in comparison to their urban counterparts. It is during this time period, often referred to as the neoliberal transition, that dramatic economic restructuring has taken place within the US in general and in rural America in particular—real wages have stagnated and stable manufacturing jobs have moved abroad, giving rise to poorly paid jobs in the service sector characterized by the informalization labor. Within this historical background, this paper examines poverty and economic attainment in early adulthood over the past thirty years using the life course perspective.

The concept of the life course provides a useful framework for thinking about how individual lives unfold and how particular events and transitions affect trajectories extending over the individual life span, or over significant portions of it—this paper focuses on the transition to adulthood. This stage of the life course is of particular importance for study due to the concentration of critical life events in the realm of family, education, and employment occurring within a relatively short amount of time. Furthermore, poor labor market experiences in the young adult years can lead to negative outcomes persisting throughout the life course. Decisions made in this period of the life course are of particular importance in rural communities where choices related to education and occupation may necessitate migration out of the community.

This study quantitatively examines the incidence of poverty in the transition to adulthood and asks how young adults in rural areas are fairing in the labor market compared with urban residents. A series of life tables are constructed in order to examine the distribution of poverty between rural and urban areas. Next, I use the Cox proportional hazard model to examine rural-urban variation in the probability of experiencing a year of poverty between the ages 25-30 in reference to a number of covariates. A quantitative study examining residential variation in poverty during the transition to adulthood has not previously been conducted.

Central Research Question:
1) Controlling for time, family background, and individual level characteristics, how does the incidence poverty vary between rural and urban areas in the transition to adulthood?

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Table 1: Life Table Results for Cumulative Percentage of Young Adults Age 25-30 Experiencing a Year of Poverty (1980-2009)[1]

Life Table 1: Poverty Ages 25-30 by Residence

Age	All	Rural	Urban
25	8%	8%	8%
26	12%	12%	11%
27	15%	16%	14%
28	18%	20%	16%
29	20%	22%	18%
30	22%	25%	20%
Total			

Source: PSID

Table 2: Cox Regression Results (continued on next page)

Variable[2]	1x Model 1	1x Model 2	1x Model 3
	Exp (B)	*Exp (B)*	*Exp(B)*
Residence			
-Non-Metro	1.345*	1.094	1.110
(Metro)	-	-	-
Average Family Income (age 12-16)			
-1st Quintile		3.419*	2.718*
-2nd Quintile		2.246*	1.911*
(3rd Quintile)		-	-
-4th Quintile		1.111	1.339
-5th Quintile		.416*	.489
Parent's Education			
-Less than HS		2.948*	1.953*
-High School		1.579	1.288
-Some College		1.158	1.114
(College Degree+)		-	-
Gender			
-Female			1.215

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[1] PSID Sampling weights are used in the life tables and Cox regression
[2] Variables are measured at age 25 (unless otherwise noted)

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(Male)			-
Race			
-Non-white			1.463*
(White)			-
Education			
-Less than HS			2.839*
-High School			1.276
-Some College			.915
(College Degree+)			-
Married (25+2yrs)			
-Married			.614*
(Not Married)			-
Occupation			
-Services			2.033*
-Sales & Office Support			1.443
-Production, Transport, Handlers			1.432
(Managerial & Professional)			-
Decade			
-2000s			1.326
-1990s			1.364
(1980s)			-
Migrant[3]			
-Yes			.839
(No)			-
AIC	**14,451**	**13,271**	**10,532**
BIC	**14,452**	**13,283**	**10,565**

*Significant at p<.05

Results indicate that, while poverty is unevenly distributed across rural and urban areas, residence is not a significant predictor of poverty when time, family background, and individual level characteristics are taken into account. Family socio-economic status, parent's education, individual education, marital status, race, and service-sector occupation are found to be significant predictors of poverty.

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[3] A migrant is defined as someone who changes residence status between the ages 16-25, and maintains this residence for at least two additional years. For instance, an individual who lives in a rural area at age 16, has moved to an urban area by age 25, and who stays there until at least age 27.