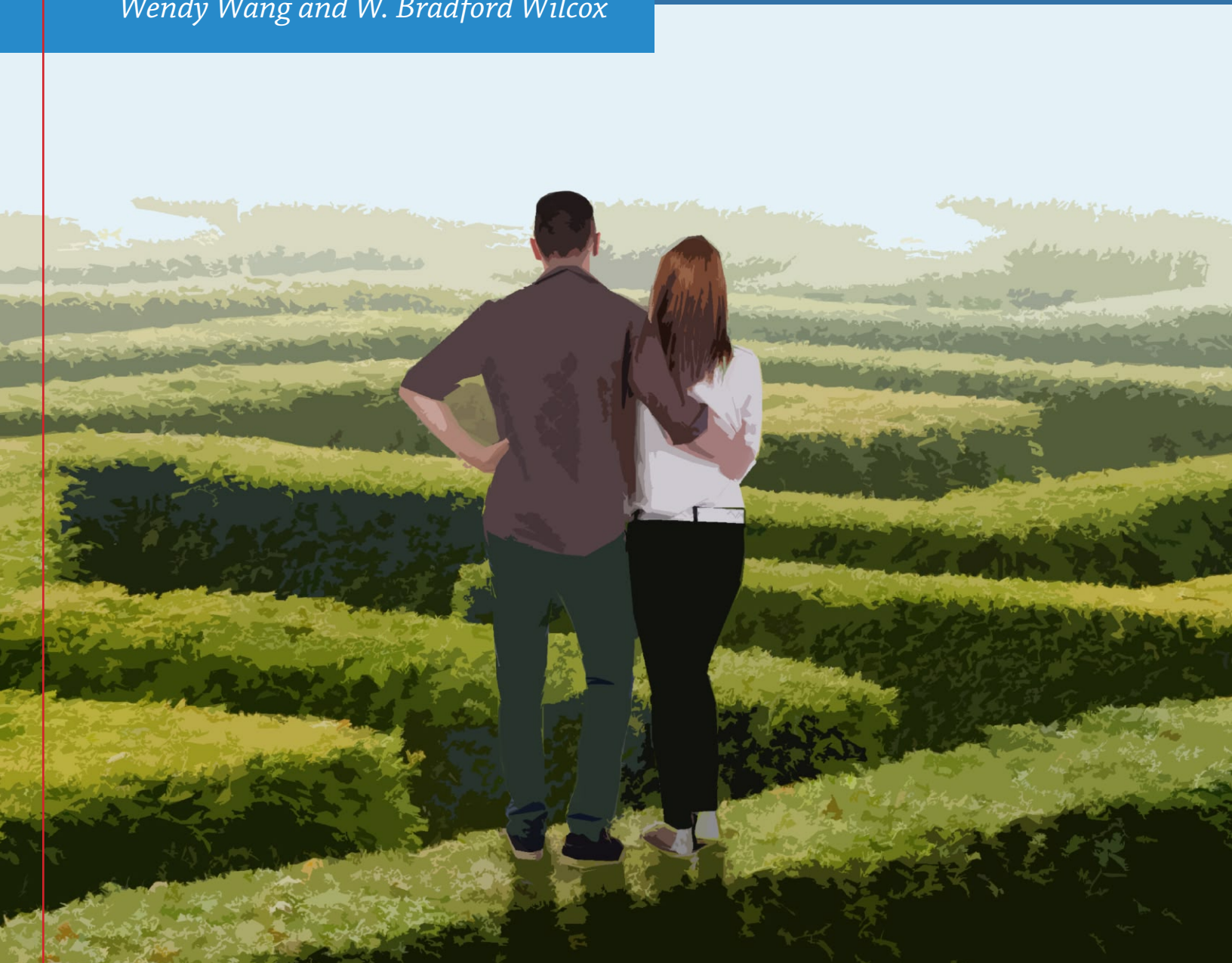


# THE MILLENNIAL SUCCESS SEQUENCE

Marriage, Kids, and the “Success Sequence” among Young Adults

*Wendy Wang and W. Bradford Wilcox*





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# First Comes Marriage or the Baby Carriage?

How marriage, kids, and the “success sequence” are linked to financial well-being among Millennials

## CHAPTER 1: SUMMARY

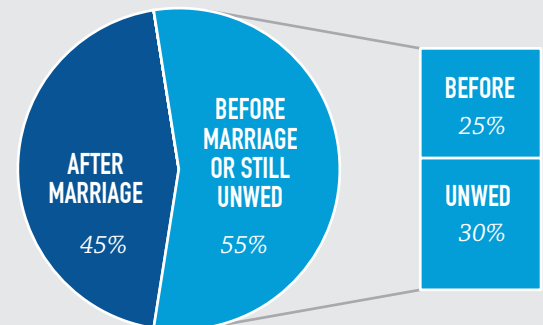
A record 55% of Millennial parents (ages 28-34) have put childbearing before marriage, according to a new analysis of Bureau of Labor Statistics’ Panel data by the American Enterprise Institute and the Institute for Family Studies. As the oldest of the nation’s largest generation, these Millennials were born between 1980 and 1984 and were surveyed between 2013 and 2014, in the latest wave of the National Longitudinal Survey of Youth 1997 (NLSY97). By comparison, when the youngest Baby Boomers (born between 1957 and 1964) were the same age and became parents, only a quarter of them had their first child before marriage.<sup>1</sup>

The rise of nontraditional routes into parenthood among Millennials is one indicator that today’s young adults are taking increasingly divergent paths toward adulthood, including family formation. In fact, when it comes to family formation, overall only 40% of young adults ages 28 to 34 have moved into family life by marrying first (regardless of whether they have had any children). Another 33% have had children outside of or before marriage, and a significant share (27%) have not reached either of these traditional milestones of adulthood. By comparison, a majority of Baby Boomers (67%) had entered into family life at the same age by marrying first. A much smaller share had children before marrying (20%), or had delayed both parenthood and marriage (13%) at ages 28 to 34.

These divergent paths toward adulthood are associated with markedly different economic fortunes among Millennials. Young adults who put marriage first are more likely to find themselves in the middle or upper third of the income distribution, compared to their peers who have not formed a family and especially compared to their peers who have children before marrying. In other words, even though transitions to adulthood have become much more complex in recent decades, the most financially successful young adults today continue to be those who put marriage before the baby carriage. Fully 86% of young adults

### Over half of Millennial parents had a baby before marriage or are still unwed

% among adults ages 28-34 with children



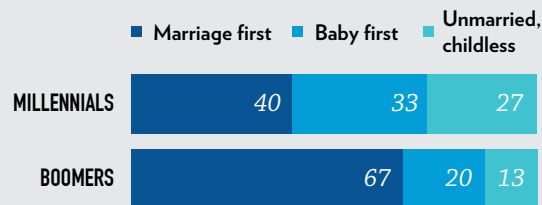
Notes: Based on adults with children surveyed in 2013-2014.  
Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

<sup>1</sup> IFS analysis of National Longitudinal Survey of Youth 1979 (NLSY79). This includes Millennial parents who got married after having children or were never married as of ages 28 to 34. Note: the NLSY marriage question did not specify whether marriages were between opposite-sex or same-sex partners.

## Millennials' and Baby Boomers' family paths to adulthood

% among adults ages 28-34



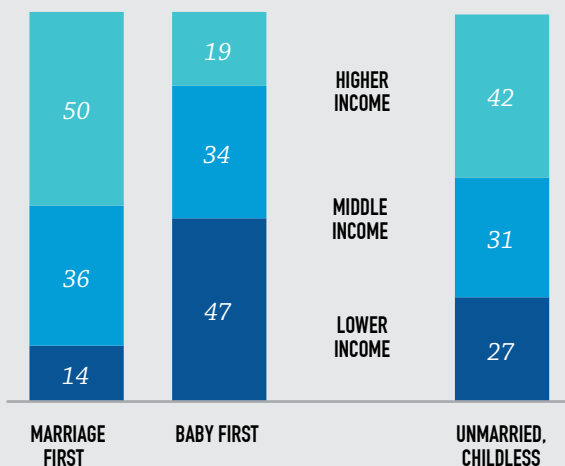
Notes: Millennials refer to those who were born in 1980 to 1984. Boomers refer to those who were born in 1957 to 1963, the younger Baby Boomers. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97) and 1979 (NLSY79)

AEI/Institute for Family Studies

## Sharp contrast in economic status between Millennials who married first and those who had a baby first

% of adults ages 28-34 in each income bracket



Notes: Based on adults surveyed in 2013-2014. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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who moved into marriage first have family incomes in the middle or top third. (Family income in this report is adjusted for household size and also applies to the incomes of unmarried adults.) In contrast, about half of Millennials who put childbearing first (53%) have incomes in the middle or top third. Young adults who are unmarried and childless fall in between: 73% of them have family incomes in the middle or upper third of the distribution.

This pattern holds true for racial and ethnic minorities, as well as young adults from lower-income families. For instance, 76% of African American and 81% of Hispanic young adults who married first are in the middle or upper third of the income distribution, as are 87% of whites. Likewise, 71% of Millennials who grew up in the bottom third of the income distribution and married before having a baby have moved up to the middle or upper third of the distribution as young adults. In general, Millennials who marry first are more likely to be on track to realizing the American Dream than those who put childbearing first.

Moreover, the link between marriage and economic success among Millennials is robust after controlling for a range of background factors. Compared with the path of having a baby first, marrying before children more than doubles young adults' odds of being in the middle or top income tier, after adjusting for education, childhood family income, employment status, race/ethnicity, sex, and respondents' scores on the Armed Forces Qualifying Test (AFQT), which measures intelligence and knowledge of a range of subjects.

Finally, 97% of Millennials who follow what has been called the "success sequence"—that is, who get at least a high school degree, work, and then marry before having any children, in that order—are not poor by the time they reach their prime young adult years (ages 28-34). The "success sequence," so named by Brookings Institution scholars Ron Haskins and Isabel Sawhill, has been described as the path into adulthood that is most likely to lead towards economic success and away from poverty.<sup>2</sup>

Since Millennials are more likely than older generations to delay both marriage and parenthood, this analysis categorizes unmarried, childless young adults as "on track," so long as they have followed the other two steps relating to work and education. Similar to their peers who have followed all three steps of the success sequence, the "on track" young

<sup>2</sup> Ron Haskins and Isabel Sawhill, *Creating an Opportunity Society* (Washington, DC: Brookings Institution Press, 2009).

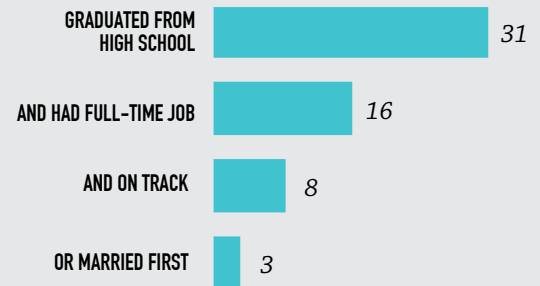
adults are doing relatively well financially, and 92% of this group are not in poverty.

Today, 31% of Millennials who obtained at least a high school degree (but didn't follow the work and marriage steps) by their mid-20s are in poverty when they reach ages 28 to 34.<sup>3</sup> Young adults who earned not only a high school diploma but also managed to have a full-time job (including those who were in college or married and home with children) in their mid-twenties are even less likely to be poor. Just 8% of Millennials who are “on track”—that is, had taken the first two steps of the success sequence but had neither married or had children—are poor. Finally, only 3% of young adults who passed through all three milestones associated with the success sequence in its entirety—including marrying first—are poor. In contrast, 53% of young adults who did not follow this sequence at all are in poverty. Among black and Latino Millennials, as well as Millennials who grew up in low-income families, those who followed the success sequence are markedly less likely to be poor than their peers who did not. The association between following the success sequence and avoiding poverty remains robust after controlling for various factors such as education, childhood family income, race/ethnicity, sex, and the AFQT.

Even though young men and women are taking increasingly divergent paths into adulthood in America today, panel data that tracks adults across the transition to adulthood indicate that the path most likely to be associated with realizing the American Dream is one guided by the success sequence. Given the importance of education, work, and marriage—even for a generation that has taken increasingly circuitous routes into adulthood—policy makers, business leaders, and civic leaders should work to advance public policies and cultural changes to make this sequence both more attainable and more valued. Among other things, this should include public and private efforts to strengthen career and technical education, expand the EITC or other wage subsidies, and publicize the value of the “success sequence” to adolescents and young adults across America.

### Almost no Millennials who followed the “success sequence” are in poverty

% of adults ages 28-34 in poverty after completing each step



Notes: Based on adults surveyed in 2013-2014. Education and employment status are measured in 2010, when the youngest adults in the cohort reached 25. Full-time workers include those who were in college or graduate school or were married stay-at-home parents. “On track” refers to young adults who have no children and are not married. “Marriage first” includes those who had children after marriage, regardless of their current marital status, or who are currently married but do not have children.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

<sup>3</sup> Overall, 15% of young adults ages 28-34 were in poverty, according to an IFS analysis of the 2013-2014 wave of NLSY97.

## Other key findings

- **Baby first, then marriage.** A quarter of Millennial parents have a baby first and then marry. Neither the racial and ethnic background nor childhood family income of these Millennial parents is closely related to who marries after having a baby. However, Millennial parents with a bachelor's degree or higher are less likely to marry after a nonmarital birth (9%), compared to their peers without a high school degree who had a nonmarital birth (33%). On the other hand, a majority of college-educated Millennial parents have children after marriage (80%), compared with 17% of Millennial parents without a high school education.
- **Only baby, no marriage yet.** Overall, 30% of Millennial parents are unmarried by ages 28 to 34, and the share differs sharply by race/ethnicity and education levels. More than 6 in 10 (61%) of black young adults with children are not yet married, compared with 37% of Hispanics and 20% of whites. Meanwhile, half of young parents who don't have a high school education are unmarried by ages 28 to 34. Among young parents with a college or higher degree, the share is only 11%.
- **Nearly 3 in 10 Millennials delay both parenthood and marriage.** By ages 28 to 34, 27% of Millennials are unmarried and childless; this is double the share among Baby Boomers when they were the same age (13%). Young men are more likely than young women to delay both marriage and parenthood (34% vs. 20%). And Asian young adults are much more likely than others to be in this group (59% vs. 26%). Young adults with higher levels of education or who grew up in higher-income families are somewhat more likely than their peers to be in this group.
- **Half of Millennials have either followed all three steps of the success sequence or are "on track."** Overall, 33% of Millennials have followed all three steps of the success sequence, and 17% are on track. This on-track group of young adults has followed the work and education steps, but hasn't been married nor had any children by ages 28 to 34. Young men are more likely than young women to be in the on-track group (21% vs. 14%). Also, Asian young adults (43%) are much more likely than other Millennials (16%) to be on track without having yet married or had children.



## Terminology

In this report, Millennials refer to adults ages 28 to 34 in 2013 to 2014. This cohort was born between 1980 and 1984 and is the first group of Millennials to reach adulthood. The terms “Millennials” and “young adults” are used interchangeably.

“Success sequence” in this report refers to three steps young adults took earlier in life that are generally associated with a better economic outcome when reaching adulthood. The three steps are as follows:

1. Graduating from high school or getting a GED by their mid-twenties.
2. Working full time, or being married and taking care of children, or working toward a college or graduate degree in their mid-twenties.
3. Marrying before having any children. This also applies to young adults who are currently married but have no children.

In the context of “success sequence” steps, Millennials who are “on track” refer to those who have no children and are unmarried as of ages 28 to 34, but have followed the education and work steps.

Family income refers to gross income and has been adjusted by family size before converting to the three income brackets (lower, middle, higher incomes). This adjustment applies to young adults who live by themselves as well as with others.

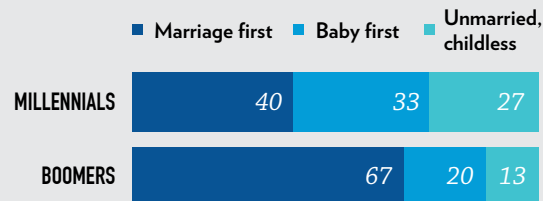
Whites, blacks, and Asians include only non-Hispanics. Hispanics are of any race. Asians include Pacific Islanders. African Americans and blacks are used interchangeably in this report.

## CHAPTER 2

# Divergent Millennial Paths into Adulthood

### Millennials' and Baby Boomers' family paths to adulthood

% among adults ages 28-34



Notes: Millennials refer to those who were born in 1980 to 1984. Boomers refer to those who were born in 1957 to 1963, the younger Baby Boomers. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97) and 1979 (NLSY79)

AEI/Institute for Family Studies

Young adults' circuitous paths into adulthood do not emerge from a vacuum. Shifts in the economy, culture, family, and public policy have all combined to fuel the proliferation of paths into adulthood. Economic changes make stable employment less accessible, especially for young adults without college degrees.<sup>1</sup> The culture encourages young adults to explore multiple options in their twenties, and to see this decade as a period for fun and exploration, rather than for settling down.<sup>2</sup> An increasingly diverse family landscape means that Millennials receive divergent levels of support in transitioning to adulthood, with those from intact and reasonably happy two-parent families receiving much more help in launching into adulthood than children from unstable or dysfunctional homes.<sup>3</sup> Finally, for lower-income Millennials with children, public policy often penalizes marriage.<sup>4</sup> All these changes have contributed to the proliferation of paths that young adults take on the way to adulthood.

For example, Millennials are taking different paths compared to earlier cohorts when it comes to marriage and parenthood—two major milestones on the journey to adulthood. At ages 28 to 34, 40% of Millennials have married without first having a child, compared with 67% of younger Baby Boomers (born between 1957 and 1963) when they were the same age. On the other hand, one-third of Millennials have had children before or outside of marriage. The share among Boomers was 20%.<sup>5</sup> In addition, close to 3 in 10 Millennials (27%) ages 28 to 34 are childless and have never been married.

Millennials' diverging paths are part of a bigger trend in today's American society. More adults are delaying marriages. Since 1960, the median age at first marriage has risen from 20 to 27 for women and 23

<sup>1</sup> David Autor and Melanie Wasserman, *Wayward Sons: The Emerging Gender Gap in Labor Markets and Education* (Washington, DC: Third Way, 2013); Andrew Cherlin, *Labor's Love Lost* (New York: Russell Sage Foundation, 2014).

<sup>2</sup> Kay Hymowitz, Jason S. Carroll, W. Bradford Wilcox, and Kelleen Kaye, *Knot Yet: The Benefits and Costs of Delayed Marriage in America* (Washington, DC: The National Campaign to Prevent Teen and Unplanned Pregnancy, 2013); Jeffrey Arnett, *Emerging Adulthood: The Winding Road from the Late Teens through the Twenties* (New York: Oxford University Press, 2006).

<sup>3</sup> Caroline Sten Hartnet, Karen Fingerman, and Kira S. Birditt, *Without the Ties that Bind: Young Adults Who Lack Active Parental Relationships*, (University of Michigan Population Studies Center no. 16-870, 2016); W. Bradford Wilcox and Robert I. Lerman, *For Richer, for Poorer: How Family Structures Economic Success in America*, (Washington, DC: American Enterprise Institute/Institute for Family Studies, 2014).

<sup>4</sup> W. Bradford Wilcox, Angela Rachidi, and Joseph Price, *Marriage, Penalized: Does Social-Welfare Policy Affect Family Formation?* (Washington, DC: American Enterprise Institute/Institute for Family Studies, 2016); Adam Carasso and C. Eugene Steuerle, "The Hefty Penalty on Marriage Facing Many Households with Children," *The Future of Children* 15, no. 2 (2005): 157-75.

<sup>5</sup> At ages 28 to 34, about 55% of Millennials born in 1980-1984 have been married at least once, and 60% have had children. By comparison, at the same age, 75% of Boomers born in 1957-1963 were married at least once, and 79% had children.

to 29 for men. The share of those cohabiting is also increasing. About a quarter of never-married Millennials are living with a partner.<sup>6</sup>

Among Millennials who are parents (60% of those ages 28 to 34), a striking 55% had their first child before marriage. (Note, however, that the share of Millennials who have had a child outside of wedlock may drop in the coming years as older Millennials who have not yet had a child but are more likely to be married have their first child.) This is more than double the share among Boomer parents (25%) when they were the same age. A significant share of Millennials who had a baby first, married after the baby (25%), and the rest (30%) are still unmarried.<sup>7</sup>

To date, little is known about the growing number of young adults who marry after they have children. Our demographic analysis indicates that Millennial parents of different racial and ethnic backgrounds are equally likely to be in the group that marry after a baby.<sup>8</sup> Millennials' family income while growing up is not closely related to who marries after having a baby, either. However, Millennials with a bachelor's degree or higher are much less likely (9%) than their peers without a college diploma (33%) to marry after the first child is born. On the other hand, a majority of college-educated Millennial parents have children after marriage (80%), compared with 17% of Millennial parents without a high school education.

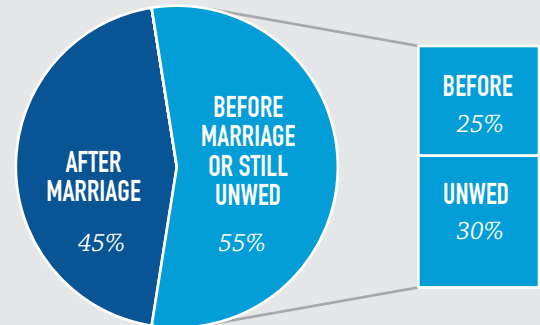
## *Some Millennials are more “traditional” than others*

Although Millennials are taking an increasingly diverse array of paths into adulthood, the most common paths vary by their socioeconomic background. In general, young adults who are white, college educated, or grew up in higher-income families are more likely than others to follow the “marriage first” route. Highly educated Millennials are also more likely to delay both marriage and parenthood, as many of them focus more on education and work than family formation.

The “baby first” route is more common among Millennials with lower education levels. A majority of young adults without a high school diploma (67%) had a baby before or outside of marriage. Among young adults with a bachelor's degree or higher education, the share is only 9%.

### **Over half of Millennial parents had a baby before marriage or are still unwed**

% among adults ages 28-34 with children



Notes: Based on adults with children surveyed in 2013-2014.  
Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

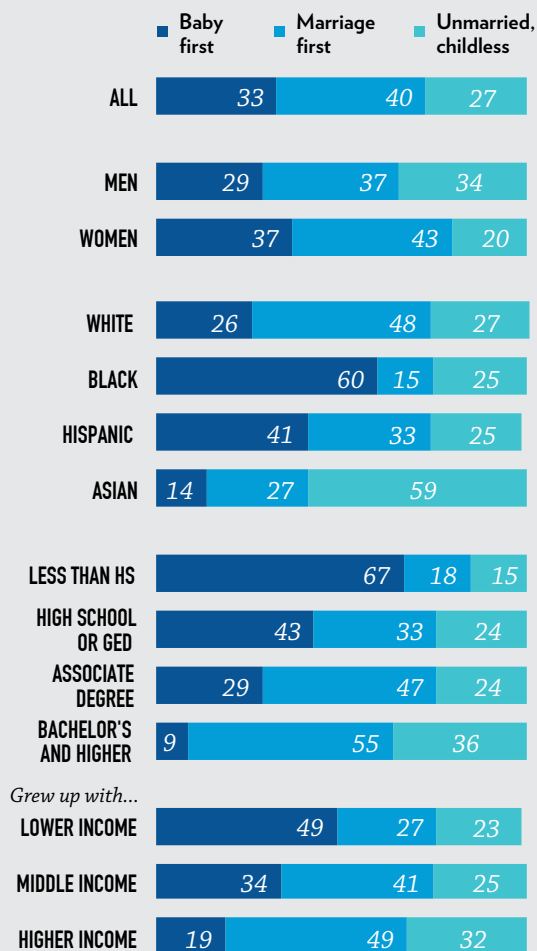
<sup>6</sup> Wendy Wang and Kim Parker, *Record Share of Americans Have Never Married* (Washington, DC: Pew Research Center, 2014).

<sup>7</sup> Among Boomers born in 1957 to 1963 who had children, 9% got married after they had children, and 16% were still unmarried at ages 28-34, based on an analysis of NLSY79.

<sup>8</sup> For more details, see Appendix II: Additional Charts.

## Millennials' family status, by key demographics

% among adults ages 28-34



Notes: Based on adults surveyed in 2013-2014. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific Islanders. Adults' family income while growing up was measured in 1997.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

The share of Millennials who had a baby first also differs sharply by their racial and ethnic background. Only 26% of white young adults had a first baby before or without taking wedding vows, compared with 60% of black Millennials and 41% of Hispanic young adults. Asian young adults are the least likely to have a baby before or outside of marriage: only 14% of them did so.

At the same time, young adults growing up in lower-income families are more likely to put the baby carriage before marriage than those from middle or higher-income family backgrounds. Nearly half of young adults from a lower-income family have children before marriage (49%), compared with 19% of young adults from families at the top third of the income bracket.

On the flip side, Millennials who are white, with a higher education, or who grew up in a higher-income family are more likely to marry first. For example, some 48% of white Millennials married before having children, compared with 15% of black Millennials. Similarly, more than half of young adults with a bachelor's or higher degree took the marriage first route, a much higher share than among their peers without a high school diploma (18%).

A large share of Millennials are delaying both marriage and childbearing (27%). Young men (34%) are more likely than young women (20%) to be in this group. Young adults with higher levels of education or who grew up in higher-income families are somewhat more likely than their peers to be in this group. For example, 36% of Millennials with bachelor's or higher degrees are still unmarried and childless at ages 28 to 34, compared with 15% of their counterparts without a high school diploma.

Asian American young adults are much more likely than other racial and ethnic groups to delay marriage and childbearing: 59% of Asian Millennials are unmarried and childless when they reach the late twenties and mid-thirties, compared with 26% of Millennials in other racial or ethnic groups.

## About the Data and Methodology

Findings in this report are mainly based on data from the Bureau of Labor Statistics' National Longitudinal Survey of Youth, 1997 cohort (NLSY97). When relevant, data from the NLSY79, the Current Population Survey, and American Community Survey are also analyzed.

NLSY97 follows the lives of a national representative sample of American youth (with black and Hispanic youth oversamples) born between 1980 to 1984. The survey started in 1997, when the respondents (about 9000) were ages 12 to 17. This cohort has been surveyed 16 times and the latest wave (Round 16) was surveyed in 2013 and 2014, when the cohort were ages 28 to 34. Respondents who stayed in Round 16 (N=7141) are the young adults spotlighted in this report. The findings are weighted to reflect the characteristics of the overall population of this cohort. Young adults' current family income and their family income while growing up are adjusted for family size and inflation.

The order of young adults' marriage and parenthood is measured through a comparison between the date of their first marriage and the date of birth of their first child. Based on this order and their marital status in the latest wave, young adults can be separated into eight groups: 1) Currently married, had first child after marriage 2) Currently married, had first child before marriage 3) Currently married, no children 4) Currently divorced, separated or widowed, had first child after marriage 5) Currently divorced, separated or widowed, had first child before marriage 6) Currently divorced, separated or widowed, no children 7) Never-married, with children 8) Never-married, no children.

## Marriage first vs. Baby first vs. Unmarried, childless

Findings about young adults' order of marriage and parenthood are mainly based on the three combined categories: 1) "Marriage first" includes young adults who had their first child after marriage, regardless of their current marital status. Young adults who don't have children but have been married before (regardless of their current marital status) are also included in this group. 2) "Baby first" includes young adults who had their first child after their first marriage, regardless of their current marital status. Never-married young adults who have children are included in this group. 3) "Unmarried, childless" includes young adults who have never been married and have no children.

## CHAPTER 3

# The Sequencing of Marriage and Parenthood, and Millennials' Financial Success

Millennials' divergent paths into adulthood are linked to disparate economic outcomes. Millennials who put "marriage first" on the way to adulthood are more likely to be successful, according to this report's comparison of Millennials' financial status at ages 28 to 34 by the order they entered marriage and parenthood.

Overall, Millennials' economic fortunes differ depending on which comes first in their lives: marriage or parenthood. Among Millennials who put marriage first, 36% have made it to the middle income when they reach adulthood, and half of them have made it to the top third of the income distribution. By comparison, close to half of the Millennials who had a baby first (regardless of their later marital status) are in the bottom third of the income distribution when reaching adulthood. Only 19% of them are in the higher income group.

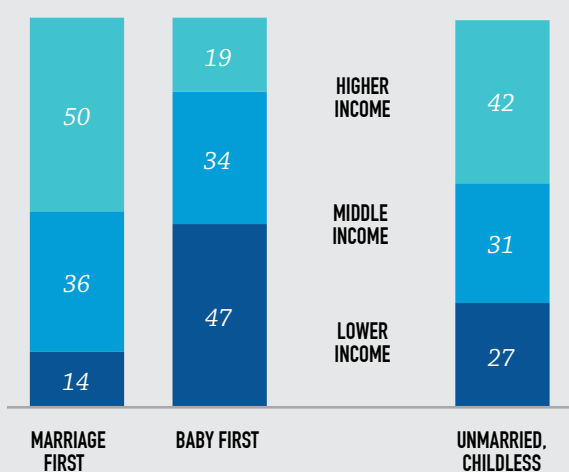
The Millennials who delay both marriage and parenthood are almost equally distributed in the three income groups. Some 31% of these young adults are in the middle-income group, with 27% in the lower-income group and another 42% in the top third of the income distribution. This is a group with mixed sociodemographic characteristics. On the one hand, young adults who are college educated or grew up in higher-income families are more likely than others to be in this group. On the other hand, more men than women are in this group, and the share of non-white young adults in this group is higher than it is among the group who married first (34% vs. 20%).<sup>1</sup>

Looking more closely at different approaches to marriage and parenthood for Millennials ages 28 to 34, we find that those who are married and childless have the highest family income. A striking nearly 7 in 10 of these Millennials are in the higher-income bracket, and another 24% are in the middle-income group. Taken together, 93% of these Millennials are in the middle- or upper-income groups.

Coming in second in economic success are Millennials who married before having children and are still married. Over 8 in 10 Millennials

### Half of older Millennials who had a baby first are in the lower-income group

% of adults ages 28-34 in each income bracket



Notes: Based on adults surveyed in 2013-2014. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

<sup>1</sup> For more details, see Appendix II: Additional Charts for young adults' characteristics by their order of marriage and parenthood.

in this group (86%) have middle or higher family incomes. Similarly, some 81% of young adults who are divorced and childless are in the middle- or higher-income brackets (this is a very small group and only makes up 2% of all Millennials ages 28 to 34).

Compared with young adults who had a baby before marriage, those who married first tend to be financially better off. This is true among currently married Millennials as well as those who are divorced. For example, among Millennials who had a baby first and then married, 64% have middle or upper level incomes. The share is significantly lower than those who married first and had children later (86%), even though both groups of Millennials are currently married.

Millennials who had children outside of marriage and have never been married, as well as those who had children before marriage but are currently divorced, are the two groups who are least likely to be financially successful. Less than half of Millennials in each of these groups are in the middle or upper third of the income distribution.

## Race/ethnicity and family background of Millennials

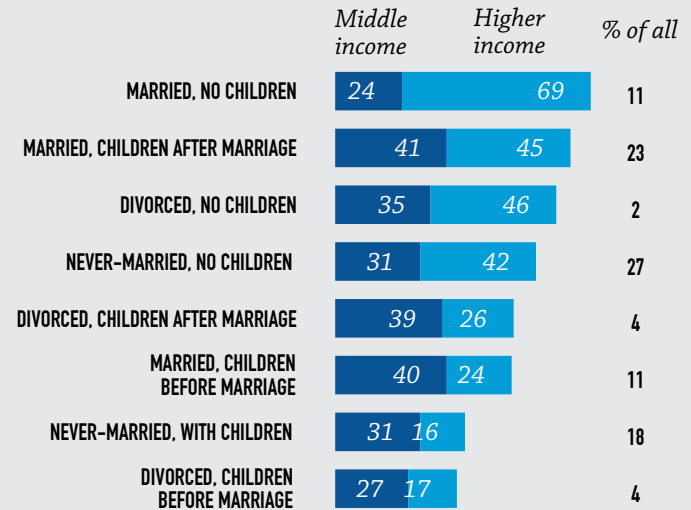
Marrying first is linked to better financial well-being among Millennials of all racial and ethnic backgrounds, as well as those from various family economic backgrounds. For non-white Millennials, the contrast in economic fortunes between those who marry first vs. those who have a baby first is even larger.

Among black young adults, those who married before having children are almost twice as likely as those who had a baby first to be in the middle or upper income groups (76% vs. 39%). In contrast, white Millennials who followed the “marriage first” sequence are about 1.5 times more likely to achieve financial success as their counterparts who had a baby first (87% vs. 60%).

Regardless of racial and ethnic backgrounds, a clear majority of young adults who married before having children have achieved a measure of financial success by ages 28 to 34. The share among black young adults (76%) is somewhat lower than white young adults (87%) and Hispanic young adults (81%). On the other hand, having a baby first is associated with markedly lower odds that young adults are on the path to

## Share of Millennials with middle or higher income, by marital status and order of marriage and children

% of adults ages 28-34 in the middle and upper income brackets



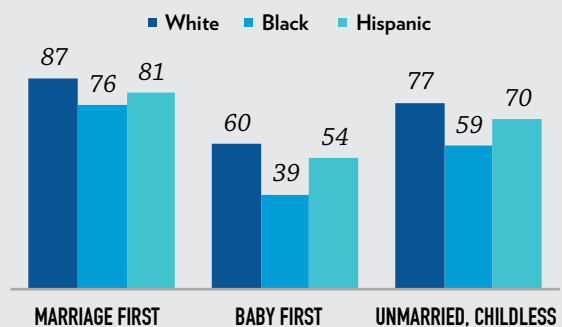
Notes: Based on adults surveyed in 2013-2014. Divorced adults include those who are separated or widowed.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

## Marrying first is linked to more financial success across racial and ethnic lines

% of adults ages 28-34 in the middle and upper income brackets



Notes: Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders. Based on adults surveyed in 2013-2014. “Marriage first” includes those who had children after marriage, regardless of their current marital status or who are currently married but have no children. “Baby first” refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

AEI/Institute for Family Studies

success. Slightly more than half of white and Hispanic young adults who had a baby first still managed to be in the middle or upper income brackets. And only about 4 in 10 black young adults who had a baby first are in those upper two income groups.

Growing up in a low-income family also hurts young adults' chances of achieving financial success. In each scenario of marriage and parenthood, young adults from low-income families are doing worse financially than others. Yet despite that hardship, 71% of young adults from lower-income families who married first have joined the middle or top income group when they reach adulthood. By comparison, only 41% of their counterparts who had a baby first climbed up the income ladder into the middle or top third of the income distribution.<sup>2</sup>

### *Baby first and poverty*

About one in seven Millennials ages 28 to 34 are in poverty. Young men and women who had a baby first are much more likely to be poor—28% of young adults who had a baby before or outside of marriage are in poverty, compared with just 5% of their peers who married first.

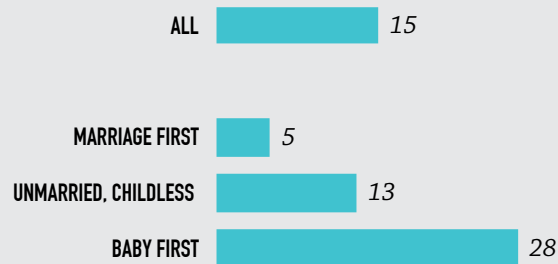
This pattern holds true across racial and ethnic lines as well as family economic background. For example, more than 4 in 10 black young adults (43%) who had a baby first are in poverty when they reach adulthood. But among black young adults who married first, the share is only 12%. Among Millennials who grew up in a lower-income family, 38% who had a baby first are in poverty when they reach adulthood, compared with 13% who married first.

### *Does the order of marriage and parenthood matter for young adults' financial success at a later age?*

Given the role that economic and social inequality play in structuring family life, these descriptive statistics do not clearly indicate whether the sequencing of family formation per se matters. More generally, numerous economic, cultural, and personality factors play a role in structuring young adults' financial well-being above and beyond marriage and parenthood. Indeed, our analyses indicate the sequencing of family formation varies by family income, education, race, and ethnicity. In an effort to determine whether distinct family formation paths matter for young adults'

#### **Nearly 3 in 10 Millennials who had a baby before or outside marriage are in poverty**

% of adults ages 28-34 in poverty by each sequence



Notes: Based on adults surveyed in 2013-2014. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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<sup>2</sup> For more information, see Appendix II: Additional Charts.

financial outcomes net of background factors, we conducted a regression analysis that included young adults' work status in their twenties, education, race/ethnicity, gender, childhood family income, AFQT scores, and whether they live in a major metro area. This analysis is especially relevant since some critics of the success sequence have argued that marriage does not matter once education and work status are controlled.<sup>3</sup>

The regression results indicate that after controlling for a range of background factors, the order of marriage and parenthood in Millennials' lives is significantly associated with their financial well-being in the prime of young adulthood. Simply put, compared with the path of having a baby first, marrying before children more than doubles young adults' odds of being in the middle or top income. Meanwhile, putting marriage first reduces the odds of young adults being in poverty by 60% (vs. having a baby first).

Obviously, the order of marriage and parenthood is not the only factor that makes a difference in young adults' financial success. Compared with young adults who didn't finish high school by age 25, young adults who earned a bachelor's or higher degree are about five times as likely to be in the middle or top third of the income distribution. And young adults who worked full time or were in college/graduate school in their mid-twenties are much more likely to have higher family incomes when they reach ages 28 to 34.

Many of the racial and ethnic differences in young adults' success disappear after control variables are included. However, black young adults' disadvantage remains. When it comes to achieving financial success in adulthood, being black reduces the chance of being in the middle or upper income groups by 35% (vs. being white).

In general, then, not only are factors like work, education, and race linked to contemporary financial success among today's young adults; so, too is the order in which Millennials enter marriage and parenthood.

<sup>3</sup> See, for instance, Matt Bruenig, "The Success Sequence is Extremely Misleading and Impossible to Code," *Demos*, August 13, 2015, <http://www.demos.org/blog/8/13/15/success-sequence-extremely-misleading-and-impossible-code>

## Odds ratio of being in middle/higher income or poverty

% of adults ages 28-34 in poverty

|                                                                     | Middle/Higher Income |      | Poverty    |      |
|---------------------------------------------------------------------|----------------------|------|------------|------|
|                                                                     | Odds ratio           | s.e. | Odds ratio | s.e. |
| <b>MARRIAGE &amp; PARENTHOOD SEQUENCE</b> ( <i>vs. Baby first</i> ) |                      |      |            |      |
| Marrying first                                                      | 2.39***              | 0.09 | 0.40***    | 0.12 |
| Unmarried, childless                                                | 1.35***              | 0.09 | 0.73**     | 0.10 |
| <b>WORKING FULL TIME</b>                                            | 2.50***              | 0.07 | 0.34***    | 0.08 |
| <b>EDUCATION</b> ( <i>vs. less than HS</i> )                        |                      |      |            |      |
| HS or GED                                                           | 1.34**               | 0.10 | 0.62***    | 0.10 |
| Associate degree                                                    | 2.58***              | 0.16 | 0.24***    | 0.23 |
| Bachelor's or higher                                                | 5.14***              | 0.14 | 0.18***    | 0.19 |
| <b>RACE/ETHNICITY</b> ( <i>vs. white</i> )                          |                      |      |            |      |
| Black                                                               | 0.65***              | 0.09 | 1.85***    | 0.10 |
| Hispanic                                                            | 1.10                 | 0.09 | 0.88       | 0.12 |
| Asian                                                               | 0.99                 | 0.31 | 0.77       | 0.49 |
| <b>ABOVE MEDIAN AFQT SCORE</b>                                      | 1.62***              | 0.08 | 0.54***    | 0.11 |
| <b>FAMILY INCOME GROWING UP</b> ( <i>vs. lower income</i> )         |                      |      |            |      |
| Middle income                                                       | 1.12                 | 0.08 | 0.77**     | 0.10 |
| Higher income                                                       | 1.77***              | 0.10 | 0.53***    | 0.13 |
| <b>N</b>                                                            | 5290                 |      | 5274       |      |

Notes: \*\*\* p<0.001 \*\*p<0.01 \*p<0.05. Model also controls for gender and whether young adults were living in central metro area. All variables are coded as 1 or 0. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders. Education and employment was measured in 2010, when the youngest adults in the cohort reached 25. Full-time workers include those who were in college or graduate school and married stay-at-home parents. Young adults' family income while growing up was measured in 1997.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## CHAPTER 4

### *The “Success Sequence” and the Economic Welfare of Millennials*

Brookings Institution scholars Ron Haskins and Isabel Sawhill proposed the idea of “the success sequence” in 2009.<sup>1</sup> In their formulation, young men and women who follow three middle-class “norms,” which they call the “success sequence,” are more likely to reach the middle class and to avoid poverty. Those three norms run as follows:

1. Graduate from high school;
2. Maintain a full-time job or have a partner who does; and
3. Have children while married, should they choose to become parents.

More precisely, they argue that adults who follow these norms in sequence—that is, get an education, get a job, and get married before having children, in that order—will maximize their odds of realizing the American Dream. Using cross-sectional data based on all adults, they concluded that 98% of adults who followed the success sequence would avoid poverty.<sup>2</sup>

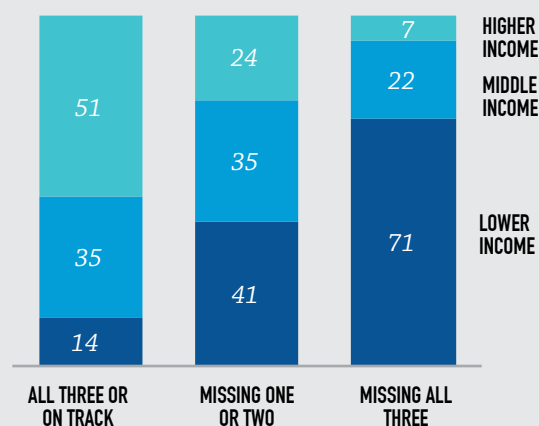
But each generation of Americans faces unique opportunities and challenges when they reach adulthood. How well does the success sequence relate, today, to the economic outcomes of a new generation of young adults, the Millennials? Using panel data that tracks Millennials from when they were 12 to 16 years old enabled us to test the relevance of the success sequence among the first group of Millennials who have reached adulthood.

Since a higher share of young adults are delaying marriage and parenthood than older generations, we categorized unmarried, childless young adults as “on track,” as long as they have graduated from high school and have a full-time job.

Our analysis finds that following the success sequence is strongly linked to moving into the middle class or higher among today’s young adults. More than 8 in 10 Millennials (86%) who have either followed

**More than 8 in 10 Millennials who followed the “success sequence” or are “on track” are in the middle or higher income group**

% of adults ages 28-34 in each income bracket



Notes: Based on adults surveyed in 2013-2014. “All three or on track” refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children 2) have no children and are not married (“on track”).

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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<sup>1</sup> Ron Haskins and Isabel Sawhill, *Creating an Opportunity Society* (Washington, DC: Brookings Institution Press, 2009).

<sup>2</sup> Ibid.; Ron Haskins, “Three Simple Rules Poor Teens Should Follow to Join the Middle Class,” *Brookings*, March 13, 2013, <https://www.brookings.edu/opinions/three-simple-rules-poor-teens-should-follow-to-join-the-middle-class/>.

all three success sequence steps or are on track are in the middle or top third of the income distribution by ages 28 to 34. In contrast, only 29% of young adults who missed all three steps manage to be in the middle or upper income groups.

Millennials who followed all three success sequence steps are most likely to make it to the middle or higher income brackets when they are in their late twenties and early thirties. Nearly 9 in 10 Millennials in this group (89%) are in the middle or top income distribution. Millennials who have followed the education and work steps, but are not married and haven't had children yet (the "on track" group) are also doing financially well: 81% of them are in the middle or higher income brackets.

### How the 'success sequence' is measured

The three steps of the 'success sequence' in this report are measured as follows:

1. **EDUCATION:** Graduating from high school or getting a GED by their mid-twenties.
2. **WORK:** Working full time (35+ hours per week), year-around (50+ weeks) in their mid-twenties, or being married and taking care of children, or working towards a college or graduate degree (including an associate's degree) in their mid-twenties.
3. **MARRIAGE FIRST:** Marrying before having children (including those who are currently married but have no children). Young adults who have no children and are unmarried, the "on track" group, are either analyzed separately or combined with the "marriage first" group.

Most of the analyses of the success sequence are based on three major groups where young adults 1) have all three steps or are on track, 2) miss one or two steps, or 3) miss all three steps. The "on track" group of young adults are separated from the first group when needed.

These three categories are based on a detailed account of the number of success sequence steps that young adults followed:

- All three steps
- Unmarried childless, have education and work steps
- Missing work, but have other two
- Missing education, but have other two (n<100)
- Missing marriage first, but have other two
- Only marriage first, missing other two (n<100)
- Only work, missing other two
- Only education, missing other two
- Missing all three steps

## Characteristics of young adults who have followed the success sequence

Today, half of young adults ages 28-34 have followed all three success sequence steps or are on track to do so (no marriage or children yet), according to our analysis of the NLSY97.<sup>3</sup> Specifically, 91% of Millennials have earned a high school degree, 71% were employed full time (or in college, or married and home with children) in their mid-twenties, and 40% have married before having a child (or have not yet had a child).

The share of Millennials who have followed the success sequence steps varies sharply by their racial and ethnic background, education levels, and the family economic conditions they grew up with. For example, 57% of white young adults have followed all three steps or are on track, compared with about a quarter of their peers who are black.

Beyond a high school diploma, Millennials who have higher levels of education are more likely to follow the three steps of the success sequence or be on track. A stunning 78% of Millennials who have at least a bachelor's degree have followed all three steps or are on track, compared with 38% of Millennials who have only a high school education.

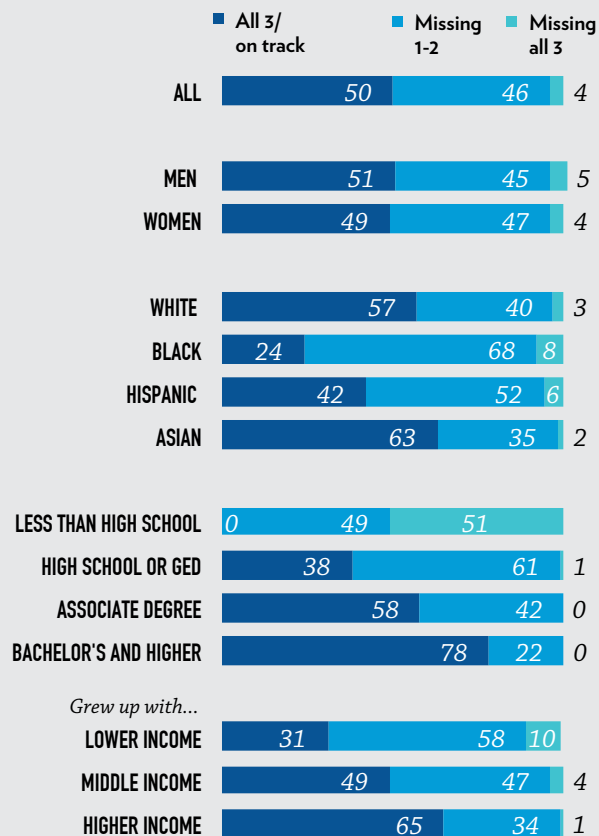
The success sequence is also more commonly followed among Millennials who grew up in middle- or higher-income families. A majority of young adults (65%) from higher-income families have followed all three steps of the success sequence or are on track, compared with 31% of their peers from lower-income families.

Young men and women are equally likely to have followed the three success sequence steps or be on track. However, there is a gender difference within this combined group. Young men (21%) are more likely than young women (14%) to be on track, yet have neither married nor had children.

Moreover, Asian young adults (43%) are much more likely than other Millennials to be on track without having yet married or had children.

### Share of Millennials who followed the “success sequence” by demographics

% among adults ages 28-34



Notes: Based on adults surveyed in 2013-2014. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific Islanders. Adults' family income while growing up was measured in 1997. "All three or on track" refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children. 2) have no children and are not married ("on track").

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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<sup>3</sup> Specifically, 17% of Millennials are "on track" at ages 28-34, and 33% have followed all three success sequence steps.

## The success sequence and middle class success

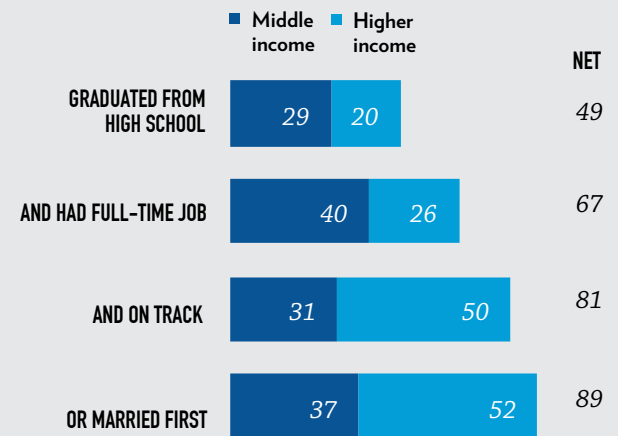
Each step in the success sequence is related to a higher proportion of Millennials who have moved into at least the middle class or have avoided poverty in the prime of young adulthood (28-34). About half of young adults (49%) who earned at least a high school degree are in the middle or higher income group. And for those who not only have a high school degree but also a full-time job, the share is 66%. Fully 89% of Millennials who have followed the success sequence have achieved a family income in the middle- or upper-third of the income distribution by the prime years of young adulthood (28-34).

Moreover, the success sequence is associated with better economic fortunes even for those young adults raised in lower-income homes. Some 80% of these Millennials who followed all three steps of the success sequence moved into the middle or upper third of the distribution as adults. Following the sequence is also related to material success for young adults from middle- and upper-income homes, with about 90% of them reaching the middle- or upper-third of the distribution if they have abided by the sequence. In contrast, Millennials—especially those from lower-income families—are much less likely to move into the middle- or upper-third of the income distribution if they missed one or more of the steps.

Following the success sequence is also associated with greater economic achievement for young adults of all racial and ethnic backgrounds. For example, 84% of African Americans and the same share of Hispanics, and 90% of whites who followed all three steps are in the middle or upper end of the income distribution as prime-aged young adults. By comparison, only 43% of African Americans, 60% of Hispanics, and 64% of whites reach this income level if they missed one or two steps. Only a small minority of Millennials from all racial and ethnic groups who reached none of these milestones move into the middle or upper class by the time they reach their late twenties or early thirties.

### Nearly 90% of Millennials who followed the “success sequence” are in the middle or higher income group

% of adults ages 28-34 in middle/higher income group after completing each step



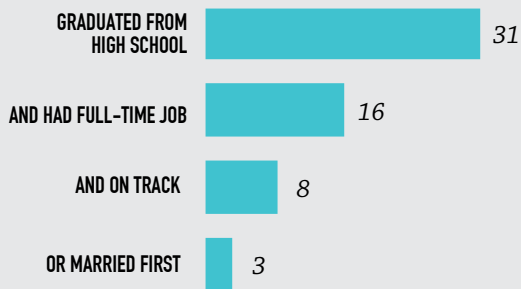
Notes: Based on adults surveyed in 2013-2014. Education and employment status were measured in 2010, when the youngest adults in the cohort reached 25. Full-time workers include those who were in college or graduate school or were married stay-at-home parents. “On track” refer to young adults who have no children and are not married. “Marrying first” includes young adults who had children after marriage, regardless of their current marital status or who are currently married but have no children.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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### Almost no Millennials who followed the “success sequence” are in poverty

% of adults ages 28-34 in poverty after completing each step



Notes: Based on adults surveyed in 2013-2014. Education and employment status are measured in 2010, when the youngest adults in the cohort reached 25. Full-time workers include those who were in college or graduate school or were married stay-at-home parents. “On track” refers to young adults who have no children and are not married. “Marriage first” includes those who had children after marriage, regardless of their current marital status, or who are currently married but do not have children.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## The success sequence and poverty

Millennials who follow the success sequence are also much less likely to be in poverty. The NLSY97 indicates that 31% of young adults ages 28-34 with at least a high school degree are in poverty. Sixteen percent of young men and women who completed at least a high school degree and were employed full time (or married someone who was employed full time) in their mid-twenties are poor a few years later, in the prime of young adulthood. Finally, only 3% of Millennials who followed all three steps, in sequence, are poor by the time they reach their late twenties or early thirties. In other words, 97% of Millennials ages 28-34 who have followed the success sequence are not poor.

The success sequence is associated with avoiding a path towards poverty not just for Millennials in general but also for Millennials from a range of different backgrounds. Fully 94% of young adults from lower-income families manage to avoid poverty if they followed all three steps of the success sequence. Likewise, more than 90% of black, Hispanic, Asian American, and white Millennials who followed the sequence are not poor in the prime of young adulthood. By comparison, for all these groups—but especially African Americans and young adults from poor families—detours from the sequence are associated with a dramatic increase in the odds of being poor.

The association between poverty and the success sequence is robust even after controlling for other factors related to poverty: namely, race, ethnicity, age, sex, a college education, and scores on the AFQT test. Holding family background and other factors equal, Millennials who followed the success sequence in its entirety have only .07 (one-fourteenth) the odds of being in poverty at ages 28 to 34, compared to their peers who followed none of the steps of the sequence. Millennials who missed one or two steps are also significantly less likely to be poor, compared to their peers who followed none of the steps.

Results from the regression analysis indicate that the success sequence is also associated with a dramatic increase in the odds of making it into at least the middle-income tier in the prime of young adulthood. Millennials who completed the sequence are nine times more likely to have at least a middle income, compared to their peers who followed none of the norms. Those who missed one to two steps are more than twice as likely to reach the top two income brackets, after adjusting for these factors. Again, race, family income growing up, a college education, and AFQT scores are also predictive of success in young adulthood. Although we cannot determine causality in these analyses, our results suggest that following a particular path into adulthood is clearly linked with a greater likelihood of realizing the American Dream in the prime years of young adulthood.

## Odds ratio of being in middle/higher income or poverty

% based on young adults ages 28 to 34

|                                                              | Middle/Higher Income |      | Poverty    |      |
|--------------------------------------------------------------|----------------------|------|------------|------|
|                                                              | Odds ratio           | s.e. | Odds ratio | s.e. |
| <b>SUCCESS SEQUENCE</b> <i>(vs. missing all three steps)</i> |                      |      |            |      |
| <b>All 3</b>                                                 | 9.40***              | 0.18 | 0.07***    | 0.20 |
| <b>On track</b>                                              | 4.77***              | 0.16 | 0.18***    | 0.19 |
| <b>Missing 1-2</b>                                           | 2.80***              | 0.18 | 0.32***    | 0.15 |
| <b>COLLEGE+</b>                                              | 3.84**               | 0.11 | 0.28***    | 0.17 |
| <b>RACE/ETHNICITY</b> <i>(vs. white)</i>                     |                      |      |            |      |
| <b>Black</b>                                                 | 0.66***              | 0.09 | 1.84***    | 0.10 |
| <b>Hispanic</b>                                              | 1.16                 | 0.10 | 0.85       | 0.12 |
| <b>Asian</b>                                                 | 1.16                 | 0.33 | 0.78       | 0.49 |
| <b>ABOVE MEDIAN AFQT SCORE</b>                               | 1.66***              | 0.08 | 0.53***    | 0.11 |
| <b>FAMILY INCOME GROWING UP</b> <i>(vs. lower income)</i>    |                      |      |            |      |
| <b>Middle income</b>                                         | 1.14                 | 0.08 | 0.75**     | 0.10 |
| <b>Higher income</b>                                         | 1.79***              | 0.10 | 0.52***    | 0.13 |
| <b>N</b>                                                     | 5057                 |      | 5042       |      |

Notes: \*\*\* p<0.001 \*\*p<0.01 \*p<0.05. Model also controls for gender and whether young adults were living in central metro area. All variables are coded as 1 or 0. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders. Education and employment was measured in 2010, when the youngest adults in the cohort reached 25. Full-time workers include those who were in college or graduate school and married stay-at-home parents. Young adults' family income while growing up was measured in 1997. "On track" refers to young adults who have at least a high school education and a full-time job, but have no children and are not married.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## CHAPTER 5

### Conclusion and Implications

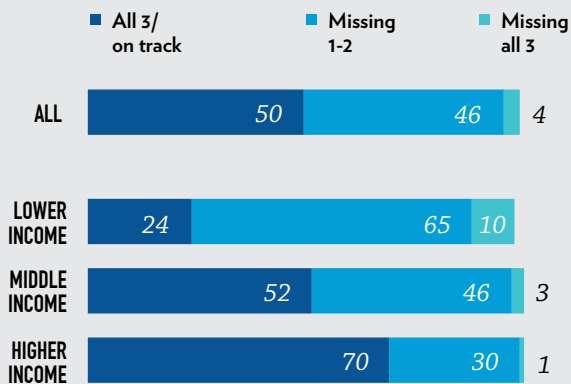
This report suggests success in America is grounded, at least in part, upon three pillars: education, work, and family. And the sequence of marriage and parenthood on the path to adulthood seems to matter for success in later life as well, even among young adults who are from less advantaged families. As the recent Brookings-AEI report, *Opportunity, Responsibility, and Security*, noted, each of these pillars plays an independent role in reducing poverty and fostering economic success.<sup>1</sup> Indeed, Americans seem to be most likely to have a shot at realizing the American Dream when their lives are grounded by all three pillars. This report, in particular, finds that Millennials are most likely to steer clear of poverty and towards the middle class when they follow the success sequence: that is, get at least a high school degree, hold a full-time job, and marry before having children—and in that order. Indeed, we find that 70% of upper-income Millennials have either followed or been on track with the success sequence, whereas 76% of lower-income Millennials have missed one or more steps in the sequence.

Moreover, the success sequence is associated with greater economic well-being for Millennials from a wide range of circumstances: including those from lower-income families as well as African Americans and Hispanics. Furthermore, it is not only education and work that predict success for these Millennials, it's also marrying first. The findings in this report suggest this way of scripting a life remains relevant to Americans from a wide range of backgrounds.

Why might these three factors be so important for young adults today? Education confers knowledge, skills, access to social networks, and credentials that give today's young adults a leg up in the labor force.<sup>2</sup> Sustained full-time employment provides not only a basic floor for household income but, in many cases, opportunities for promotions that further boost income.<sup>3</sup> Stable marriage seems to foster economies of scale, income pooling, and greater work effort from men, and to protect adults from

#### 7 in 10 Millennials in the top income bracket have either followed the success sequence or are on track

% of adults ages 28-34 in poverty by each step



Notes: Based on adults surveyed in 2013-2014. "All three or on track" refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children. 2) have no children and are not married ("on track"). Full-time workers include those who were in college or graduate school or were married stay-at-home parents.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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<sup>1</sup> AEI/Brookings Working Group on Poverty and Opportunity, *Opportunity, Responsibility, and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream* (Washington, DC: AEI/Brookings Institution, 2015).

<sup>2</sup> Sandy Baum, Jennifer Ma, and Kathleen Payea, *Education Pays: The Benefits of Higher Education for Individuals and Society*, Trends in Higher Education Series (New York: College Board Advocacy & Policy Center, 2010); Paul Taylor and Rick Fry, *The Rising Cost of Not Going to College* (Washington, DC: Pew Research Center, 2014); Laura W. Perna, "The Private Benefits of Higher Education: An Examination of the Earnings Premium," *Research in Higher Education* 44, no. 4 (2003): 451-472.

<sup>3</sup> Meg Jay, *The Defining Decade: Why Your Twenties Matter—and How to Make the Most of Them Now* (New York: Grand Central Publishing, 2013); Howard E. Miller and James R. Terborg, "Job Attitudes of Part-Time and Full-Time Employees," *Journal of Applied Psychology* 64, no. 4 (1979): 380-386.

the costs of multiple partner fertility and family instability.<sup>4</sup> Moreover, the sequencing of these factors is important insofar as young men and women are more likely to earn a decent income if they have at least acquired a high school education, and young marrieds are more likely to stay together if they have a modicum of education and a steady income.<sup>5</sup> So, it's not just that education, work, and marriage independently seem to matter, but the sequencing of education, work, and marriage may also increase the odds of financial success for today's young adults.

No statistical model can perfectly predict a youth's future success. Despite the strong association between the success sequence and a young adult's financial well-being, some young adults (albeit a small share) who missed all three of the steps still manage to reach the top third of the income distribution. On the other hand, a small share of young adults who had all three factors are in the bottom third. Furthermore, just because we have demonstrated a strong relationship between the success sequence and better financial outcomes does not necessarily mean the sequence plays a causal or primary role in driving young adult success.

Particular types of people, endowed with different personality traits, intellectual skills, and physical attributes, are undoubtedly more or less likely to select into thriving in school, work, and married life. Likewise, as progressives note, social structure matters in predicting which types of young adults live according to the success sequence norms.<sup>6</sup> Better neighborhoods, good schools, highly-educated parents, and more income growing up all make it easier for young adults to graduate from high school, find a job, and forge a stable marriage; in contrast, young adults from poor neighborhoods, bad schools, and less-educated families are going to have fewer opportunities to flourish in school, work, and the marriage market.<sup>7</sup> Indeed, this report shows that young adults from families in the top third of household income are about twice as likely to follow the success sequence or be on track, compared to young adults from the bottom third. So, one reason that some Millennials are more likely to abide by the success sequence is that they are more likely to have benefitted from growing up in schools, neighborhoods, and families conducive to success.

At the same time, culture also matters. We do not take the view that the success sequence is simply a "pull yourselves up by your own bootstraps" strategy that individuals adopt on their own. Rather, for many, the "success sequence" does not exist in a cultural vacuum; it's

<sup>4</sup> Avner Ahituv and Robert I. Lerman, "How do Marital Status, Work Effort, and Wage Rates Interact?" *Demography* 3, no. 44 (2007): 623-647; Wilcox and Lerman, *For Richer, for Poorer: How Family Structures Economic Success in America*; Steven L. Nock, *Marriage in Men's Lives* (New York: Oxford University Press, 1998).

<sup>5</sup> Alexandra Killewald, "Money, Work, and Marital Stability: Assessing Change in the Gendered Determinants of Divorce," *American Sociological Review* 81, no. 4 (2016): 696-719; W. Bradford Wilcox, *When Marriage Disappears* (Charlottesville, VA: National Marriage Project/Institute for American Values, 2010).

<sup>6</sup> The work of William Julius Wilson, for instance, in *The Truly Disadvantaged* and in *When Work Disappears*, is instructive on the link between social structure and marriage, as well as social structure and work.

<sup>7</sup> Robert D. Putnam, *Our Kids: The American Dream in Crisis* (New York: Simon & Schuster Paperbacks, 2016); Andrew J. Cherlin, *The Marriage-Go-Round: The State of Marriage and Family in America Today* (New York: Vintage Books, 2009); Geoffery T. Wodtke, David J. Harding, and Felix Elwert, "Neighborhood Effects in Temporal Perspective: The Impact of Long-Term Exposure to Concentrated Disadvantage on High School Graduation," *American Sociological Review* 76, no. 5 (2011): 713-736; Patrick Sharkey and Felix Elwert, "The Legacy of Disadvantage: Multigenerational Neighborhood Effects on Cognitive Ability," *American Journal of Sociology* 116, no. 6 (2011): 1934-81; Tama Leventhal and Jeanne Brooks-Gunn, "The Neighborhoods They Live in: The Effects of Neighborhood Residence on Child and Adolescent Outcomes," *Psychological Bulletin* 126, no. 2 (2000): 309-337; David M. Blau, "The Effect of Income on Child Development," *Review of Economics and Statistics* 81, no. 2 (1999): 261-276.

inculcated by an interlocking cultural array of ideals, norms, expectations, and knowledge. One reason that young adults from upper-middle class families are more likely to follow the sequence is that their parents (and peers) typically devote more time and attention to education, and tacitly or explicitly encourage them to steer clear of a teenage pregnancy and to have children within marriage.<sup>8</sup> For instance, only about half of adolescents from families where the mother was not college-educated report they would be embarrassed by a teenage pregnancy, compared to 73% of adolescents with college-educated mothers.<sup>9</sup> Likewise, some communities—from Mormons in Utah<sup>10</sup> to Chinese immigrants in Brooklyn<sup>11</sup>—place a greater premium on one or more of the success sequence norms, and it shows. Mormons are more likely to marry before having children than other Americans, even after controlling for socioeconomic factors;<sup>12</sup> likewise, children born to Asian immigrants are more likely to excel in school compared to children from similar socioeconomic backgrounds.<sup>13</sup> Another reason, then, that some Millennials are more likely to follow the success sequence is that they have been exposed by family, friends, or members of their social network to norms, aspirations, and expectations that are conducive to education, work, and marriage. In other words, some distinctive cultural orientations appear more likely to foster success compared to others.

But it's not just about natural endowments, social structure, and culture; agency also matters. Most men and women have the capacity to make choices, to embrace virtues or avoid vices, and to otherwise take steps that increase or decrease their odds of doing well in school, finding and keeping a job, or deciding when to marry and have children. This report suggests that young adults from a range of backgrounds who followed the success sequence are markedly more likely to steer clear of poverty and realize the American Dream than young adults who did not follow the same steps.

Given the value of the success sequence, and the structural and cultural obstacles to realizing it faced by some young adults, policymakers, educators, civic leaders, and business leaders should take steps to make each component of the sequence more accessible. Any initiatives should be particularly targeted at younger adults from less advantaged backgrounds, who tend to have access to fewer of the structural and cultural resources that make the sequence readily attainable and appealing. The following three ideas are worth considering in any effort to strengthen the role that the success sequence plays in the lives of American young adults.

<sup>8</sup> W. Bradford Wilcox, Nicholas H. Wolfinger, and Charles E. Stokes, "One Nation, Divided: Culture, Civic Institutions, and the Marriage Divide," *The Future of Children* 25, no. 2 (2015): 111-127.

<sup>9</sup> Wilcox, Wolfinger, and Stokes, "One Nation Divided."

<sup>10</sup> Wilcox, Wolfinger, and Stokes, "One Nation Divided."

<sup>11</sup> Kay Hymowitz, *The New Brooklyn: What It Takes to Bring a City Back* (New York: Rowman & Littlefield, 2017).

<sup>12</sup> Jeremy E. Uecker, "Religion and Early Marriage in the United States: Evidence from the Add Health Study," *Journal for the Scientific Study of Religion* 53, no. 2 (2014): 392-415; Utah Department of Health, "Utah Vital Statistics: Births and Deaths: 2015," <https://vitalrecords.utah.gov/wp-content/uploads/Births-and-Deaths-2015-Utah-Vital-Statistics.pdf>.

<sup>13</sup> Richard R. Pearce, "Effects of Cultural and Social Structural Factors on the Achievement of White and Chinese American Students at School Transition Points," *American Educational Research Journal* 43, no. 1 (2006): 75-101; Grace Kao and Marta Tienda, "Optimism and Achievement: The Educational Performance of Immigrant Youth," *Social Science Quarterly* 76, no. 1 (1995): 1-19; Wei-Cheng Mau, "Parental Influences on the High School Students' Academic Achievement: A Comparison of Asian Immigrants, Asian Americans, and White Americans," *Psychology in the Schools* 34, no. 3 (1997): 267-277.

## Education

1) Today, when it comes to education, our schools and communities tend to focus on an academic track to rewarding careers instead of approaches that emphasize learning by doing, occupational skills, and employability skills. However, not everyone learns in the same way; in fact, even now, most young adults do not earn a bachelor's degree.<sup>14</sup> In the Millennial cohort we studied, a majority (61%) have graduated from high school but do not have a bachelor's degree. This group of young adults needs more attention from policy makers. As other countries have demonstrated, high-level occupational skills are often best learned through a combination of work-based learning that involves real production together with vocational education and academic courses. Apprenticeships not only widen access to quality careers and real-life mentors, but they are also cost-effective. Companies investing in apprenticeships reap their contribution to output as well as to a well-matched and highly skilled workforce. Such initiatives are especially critical for young men, many of whom favor work-based learning and earning a wage over “academic-only” classroom learning. Experimental research suggests that male graduates from Career Academies experienced marked improvements in their income and marriageability as young adults.<sup>15</sup>

We endorse measures like the following to improve vocational education and apprenticeships: recent state efforts to market apprenticeships to employers, tax credits for apprenticeship proposed in the LEAP Act cosponsored by Senators Cory Booker (D-NJ) and Tim Scott (R-SC), and efforts to increase work-based learning programs in Career and Technical Education (CTE) programs in high schools and community colleges—including in Career Academies.<sup>16</sup> Efforts such as these will give more young men and women the skills, knowledge, and confidence they need to thrive in today's labor market.

## Work

2) Stagnant and declining wages among workers without college degrees since the 1970s make both work and marriage less appealing.<sup>17</sup> Policymakers should expand the Earned Income Tax Credit or, preferably, otherwise subsidize lower-paying jobs to make work pay more. In particular, a wage subsidy equal to one-half the difference between the employee's hourly wage and the median hourly wage would be one way to do this.<sup>18</sup> Efforts to expand wage subsidies, however, should not end up penalizing marriage.<sup>19</sup> One advantage of a direct wage subsidy over the EITC is that it ties payment to someone's status as a low-wage worker

<sup>14</sup> Paul Taylor and Rick Fry, *The Rising Cost of Not Going to College* (Washington, DC: Pew Research Center, 2014).

<sup>15</sup> James J. Kemple, *Career Academies: Long-Term Impacts on Labor Market Outcomes, Educational Attainment, and Transitions to Adulthood* (New York: NY: MRDC, June 2008).

<sup>16</sup> Robert Lerman, *Expanding Apprenticeship Opportunities in the United States* (Washington, DC: Brookings, 2014).

<sup>17</sup> Autor and Wasserman, *Wayward Sons*.

<sup>18</sup> Oren Cass, *The Wage Subsidy: A Better Way to Help the Poor* (New York, NY: Manhattan Institute, August 2015).

<sup>19</sup> C. Eugene Steuerle, “EITC Expansion Backed by Obama and Ryan Could Penalize Marriage For Many Low-Income Workers,” Tax Policy Center, April 5, 2016, <http://www.taxpolicycenter.org/taxvox/eitc-expansion-backed-obama-and-ryan-could-penalize-marriage-many-low-income-workers>.

instead of to the specific configuration of his or her household. A direct wage subsidy would not penalize marriage and would directly reward work for a range of adults—including young men and women getting a foothold in the labor force. Families with children could be separately assisted by expanding the child tax credit to \$3,000 per child.

## Marriage

3) Public and private social marketing campaigns on behalf of marriage and the “success sequence” would also be helpful. A campaign specifically organized around the success sequence might have a major impact on young adults were it to receive support from a range of educational, pop cultural, business, and civic institutions. The National Campaign to Reduce Teenage and Unplanned Pregnancy success in spearheading a drive to reduce teen pregnancy is instructive here.<sup>20</sup> The National Campaign worked with a variety of cultural stakeholders—from MTV to public schools—and a variety of mediums to discourage teen pregnancy.<sup>21</sup> A similar strategy should guide any efforts to promote marriage and the success sequence.

These three ideas are just examples of the kinds of public and private efforts that need to be taken. More generally, it’s imperative that policymakers, civic leaders, and business executives recognize that strengthening the appeal and the accessibility of the success sequence depends on building effective communication channels with young adults, as well as improving the economic and cultural foundations of education, work, and marriage for a rising generation of Americans. Without such efforts, we can expect that all too many young men and women will not follow the success sequence’s path away from poverty and into the middle class.

<sup>20</sup> Melissa S. Kearney and Philip B. Devine, *Media Influences on Social Outcomes: The Impact of MTV’s “16 and Pregnant” on Teen Childbearing* (Cambridge, MA: National Bureau of Economic Research, NBER Working Paper, No. 19795, January 2014).

<sup>21</sup> See, for instance, the National Campaign to Prevent Teen and Unplanned Pregnancy, “Media,” <https://thenationalcampaign.org/featured-topics/media>.

## APPENDICES:

### *I. Methodology*

The National Longitudinal Survey of Youth, 1997 cohort (NLSY97) is the main data source for this report. The NLSY97 is one of the [National Longitudinal Surveys](#) that the Bureau of Labor Statistics (BLS) sponsored to gather information about labor market activities and other significant life events of several groups of men and women at multiple points. The NLSY 97 started with a nationally representative sample of 8,984 adolescents who were ages 12-16 as of Dec 31, 1996 (with oversamples of black and Hispanic youth). Round 1 of the survey was conducted in 1997 to 1998 and the most recent wave with available data (Round 16) was completed between 2013 and 2014. In addition to surveying youth, Round 1 also collected extensive background information from one biological parent. The ongoing cohort has been surveyed 16 times since 1997 and is now interviewed biennially.

The interviews are conducted in person, through a computer-assisted personal interview(CAPI) instrument. The overall retention rate for round 16 is close to 80%, and 7141 original young adults are still in the sample by 2013 to 2014. This report focuses on the young adults who stayed in round 16. The findings were weighted to reflect the characteristics of the overall population of this cohort.

### *Income and poverty*

Young adults' financial success is measured by their gross family income in the last wave. And their household income while growing up was measured in 1997. Both incomes were asked of the previous calendar year. The gross family income in NLSY97 was calculated using the combination of several income questions, such as non-farm and farm wages, the wages of the respondent's spouse/partner, child support, interest and dividends from stocks or mutual funds, Social Security payment, rental income, public support sources, and other income.<sup>22</sup> Before converting to the three income groups (lower, middle, higher), the incomes were adjusted by family size. And young adults' household income while growing up was also adjusted to 2013 dollars using the CPI.

Following the Congressional Budget Office methodology, we adjust the income by dividing the total family income by the square root of the family size for each year.

The share of young adults in poverty in the last wave was measured by the ratio of gross family income to the federal poverty level in the previous year. This measure has been adjusted by family size.

### *Weighting*

Except for the regression analysis, all descriptive analyses have been weighted to reflect the characteristics of the overall population of this cohort.<sup>23</sup> However, because of the missing values (especially in the income and poverty measure, where about 9% of the values were missing), the weighted estimates may or may not be in line with other national representative surveys.

<sup>22</sup> Total household income was calculated from round 1 to 7. Because of a questionnaire wording change, respondent's total family income in the previous year was calculated starting in round 8.

<sup>23</sup> Weighted analyses showed similar results.

To understand how well our cohort from the NLSY97 represent the national young adults of this age group, we did a comparison of the Millennial sample in NLSY 97 (ages 28 to 34-year-olds in 2013-2014) with the same age group of adults in the 2013 and 2014 American Community Survey. We find that, overall, the estimates from the NLSY97 sample are very close to the estimates from the ACS, except that the NLSY estimates have a higher proportion of white young adults than that of ACS estimates (67% vs. 57%), and a lower share of Hispanic and Asian young adults. The discrepancy between the two surveys could be due to the growth of the immigrant population during the period after the NLSY97 respondents were first surveyed. The share of the US population that is foreign-born increased from 11% in 2000 to 13% in 2013, and Hispanics and Asians made up the majority of new immigrants.<sup>24</sup>

Please note that all numbers in this report are rounded. Percentages in tables or figures may not add to 100%

### NLSY97 vs. American Community Survey

% based on young adults ages 28 to 34

|                             | NLSY97<br>(unweighted)<br>% | NLSY97<br>(weighted)<br>% | ACS,<br>2013-14<br>% |
|-----------------------------|-----------------------------|---------------------------|----------------------|
| <b>RACE</b>                 |                             |                           |                      |
| White                       | 48                          | 67                        | 57                   |
| Black                       | 28                          | 15                        | 13                   |
| Hispanic                    | 21                          | 13                        | 20                   |
| Asian                       | 2                           | 2                         | 7                    |
| <b>GENDER</b>               |                             |                           |                      |
| Men                         | 50                          | 51                        | 50                   |
| Women                       | 50                          | 49                        | 50                   |
| <b>EDUCATION</b>            |                             |                           |                      |
| Less than HS                | 9                           | 8                         | 12                   |
| High school or some college | 64                          | 61                        | 55                   |
| Bachelor's or higher        | 27                          | 31                        | 34                   |
| <b>% IN POVERTY</b>         | 19                          | 15                        | 15                   |
| <b>% EVER MARRIED</b>       | 50                          | 55                        | 57                   |

Notes: Based on Round 16 of NLSY97 (conducted between 2013 and 2014), N=7141. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders. Education in NLSY97 was asked about the highest degree received. In ACS, Education was measured by the highest year of school or degree completed.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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<sup>24</sup> Pew Research Center, *Modern Immigration Wave Brings 59 Million to U.S., Driving Population Growth and Change Through 2065* (Washington, DC: Pew Research Center, 2015).

## II. Additional Charts

### Demographic characteristics of Millennials who have their first child ...

% based on young adults ages 28 to 34 with children

|                                 | After marriage | Before marriage | Unwed | Total |
|---------------------------------|----------------|-----------------|-------|-------|
| <b>ALL</b>                      | 45             | 25              | 30    | 100%  |
| <b>RACE</b>                     |                |                 |       |       |
| White                           | 56             | 24              | 20    | 100%  |
| Black                           | 14             | 25              | 61    | 100%  |
| Hispanic                        | 36             | 27              | 37    | 100%  |
| Asian                           | -              | -               | -     | 100%  |
| <b>GENDER</b>                   |                |                 |       |       |
| Men                             | 45             | 23              | 31    | 100%  |
| Women                           | 45             | 26              | 30    | 100%  |
| <b>EDUCATION</b>                |                |                 |       |       |
| Less than HS                    | 17             | 33              | 50    | 100%  |
| HS or GED                       | 35             | 29              | 36    | 100%  |
| Associate degree                | 53             | 24              | 23    | 100%  |
| Bachelor's or higher            | 80             | 9               | 11    | 100%  |
| <b>FAMILY INCOME GROWING UP</b> |                |                 |       |       |
| Lower income                    | 28             | 29              | 42    | 100%  |
| Middle income                   | 45             | 27              | 28    | 100%  |
| Higher income                   | 62             | 20              | 18    | 100%  |

Notes: Based on adults surveyed in 2013-2014. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders (results not shown because of insufficient sample size). Education was measured in 2010, when the youngest adults in the cohort reached 25. Young adults' family income while growing up was measured in 1997.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## Portrait of young adults by the sequence of parenthood and marriage

% based on young adults ages 28 to 34

|                                 | All<br>% | Marriage First<br>% | Baby First<br>% | Unmarried,<br>childless<br>% |
|---------------------------------|----------|---------------------|-----------------|------------------------------|
| <b>RACE</b>                     |          |                     |                 |                              |
| White                           | 67       | 80                  | 52              | 66                           |
| Black                           | 15       | 6                   | 28              | 14                           |
| Hispanic                        | 13       | 11                  | 16              | 12                           |
| Asian                           | 2        | 1                   | 1               | 5                            |
| <b>GENDER</b>                   |          |                     |                 |                              |
| Men                             | 51       | 47                  | 45              | 64                           |
| Women                           | 49       | 53                  | 55              | 36                           |
| <b>EDUCATION</b>                |          |                     |                 |                              |
| Less than HS                    | 8        | 3                   | 15              | 4                            |
| HS or GED                       | 53       | 43                  | 69              | 46                           |
| Associate degree                | 8        | 10                  | 7               | 7                            |
| Bachelor's or higher            | 31       | 44                  | 8               | 42                           |
| <b>FAMILY INCOME GROWING UP</b> |          |                     |                 |                              |
| Lower income                    | 26       | 18                  | 40              | 23                           |
| Middle income                   | 35       | 35                  | 37              | 32                           |
| Higher income                   | 39       | 47                  | 23              | 46                           |

Notes: Based on adults surveyed in 2013-2014. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders. Young adults' family income while growing up was measured in 1997. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

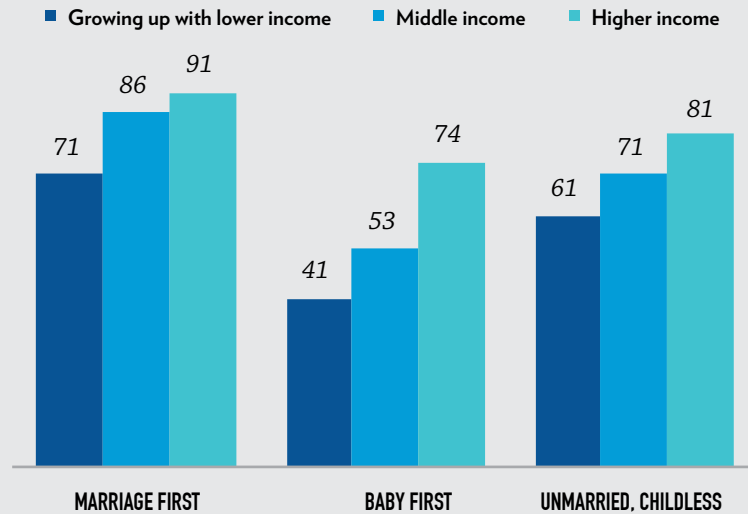
Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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### Nearly 7 in 10 young adults growing up in lower- income families and marrying before having children moved up the income ladder

% of adults ages 28-34 in the middle and upper income brackets by their family income while growing up



Notes: Based on adults surveyed in 2013-2014. "Marriage first" includes those who had children after marriage, regardless of their current marital status or who are currently married but do not have children. "Baby first" refers to those who had children before marriage or without marriage, regardless of their current marital status.

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## Portrait of young adults by the sequence of parenthood and marriage

% based on young adults ages 28 to 34

|                                 | All<br>% | Having all three<br>% | On track<br>% | Miss one or two<br>% | Missing all three<br>% |
|---------------------------------|----------|-----------------------|---------------|----------------------|------------------------|
| <b>RACE</b>                     |          |                       |               |                      |                        |
| White                           | 67       | 82                    | 68            | 58                   | 50                     |
| Black                           | 15       | 5                     | 13            | 23                   | 28                     |
| Hispanic                        | 13       | 10                    | 11            | 15                   | 17                     |
| Asian                           | 2        | 1                     | 6             | 2                    | 1                      |
| <b>GENDER</b>                   |          |                       |               |                      |                        |
| Men                             | 51       | 47                    | 61            | 50                   | 52                     |
| Women                           | 49       | 53                    | 39            | 50                   | 48                     |
| <b>EDUCATION</b>                |          |                       |               |                      |                        |
| Less than HS                    | 8        | 0                     | 0             | 8                    | 87                     |
| HS or GED                       | 53       | 42                    | 38            | 69                   | 12                     |
| Associate degree                | 8        | 10                    | 9             | 8                    | 1                      |
| Bachelor's or higher            | 31       | 48                    | 54            | 15                   | 0                      |
| <b>FAMILY INCOME GROWING UP</b> |          |                       |               |                      |                        |
| Lower income                    | 26       | 16                    | 18            | 34                   | 61                     |
| Middle income                   | 35       | 36                    | 31            | 37                   | 30                     |
| Higher income                   | 39       | 49                    | 50            | 29                   | 8                      |

Notes: Based on adults surveyed in 2013-2014. Whites, blacks and Asians include only non-Hispanics. Asians include Pacific islanders. Young adults' family income while growing up was measured in 1997. "Having all three or on track" refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children. 2) have no children and are not married ("on track").

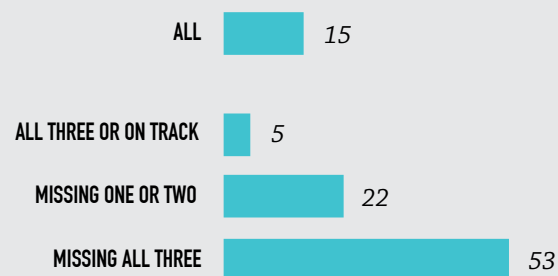
Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## About half of Millennials who missed all the steps of the “success sequence” are in poverty

% of adults ages 28-34 in poverty



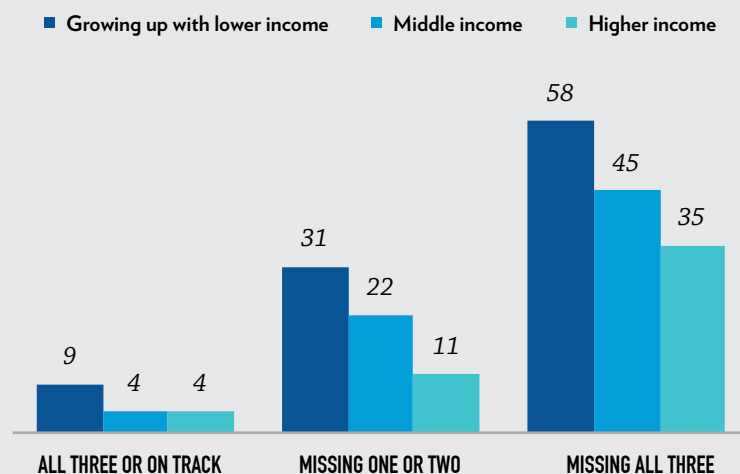
Notes: Based on adults surveyed in 2013-2014. “All three or on track” refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children. 2) have no children and are not married (“on track”).

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## Growing up in a lower-income family puts young adults at a higher risk of poverty, but those who follow the success sequence are less likely to be poor

% of adults ages 28-34 in poverty



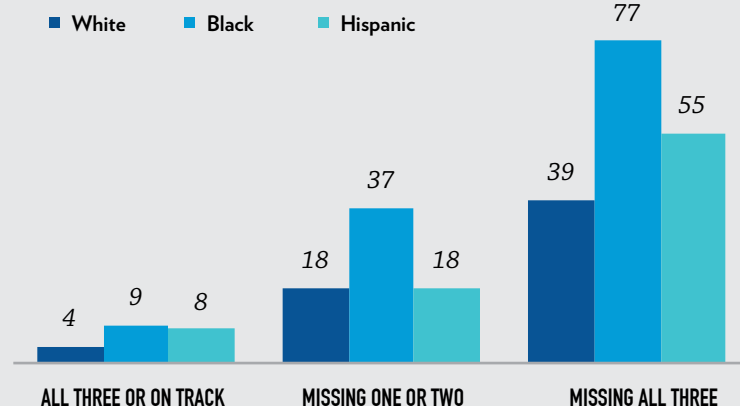
Notes: Based on adults surveyed in 2013-2014. Young adults’ family income while growing up was measured in 1997. “All three or on track” refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children. 2) have no children and are not married (“on track”).

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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## Missing the success sequence is linked to poverty, especially among African American young adults

% of adults ages 28-34 in poverty



Notes: Based on adults surveyed in 2013-2014. Whites, blacks include only non-Hispanics. “All three or on track” refers to young adults who had at least a high school education and a full-time job and 1) had children after marriage, regardless of their current marital status or are currently married but do not have children. 2) have no children and are not married (“on track”).

Source: IFS analysis of National Longitudinal Survey of Youth 1997 (NLSY97).

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