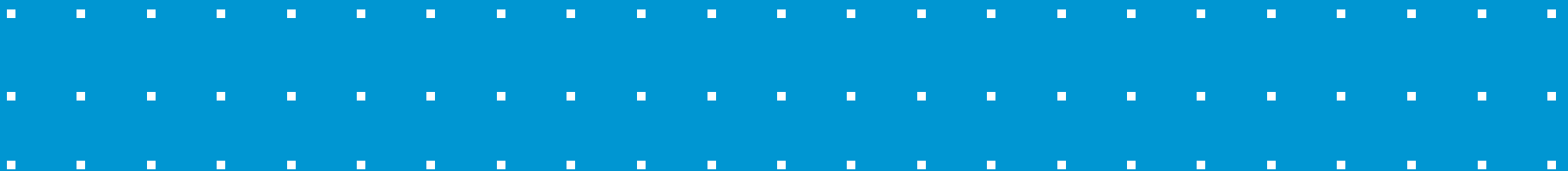




Do Changes in Family Structure Explain Wealth Losses of Minority College Grads?

Robert I. Lerman
Urban Institute



Family Structure, Minority Status, and College Completion Important for Income

Income differentials by race and Hispanic origin are wide but family structure and education account for over half of the gaps

What about wealth?

What is the family structure role in trends among college grads by race & Hispanic origin?

Why family structure?

Income patterns vary by marital status

Marriage wage premium for men

Marriage, children push long-term thinking

Unmarried units are less stable and thus less able to accumulate assets

Minorities less likely to marry, stay married

Do these patterns hold for college graduates?

Men much less likely to graduate with BA

Less support from parents=more college

Plan of the Presentation

Distinguish trends from levels, graduates from non-graduates

Describe the data

Examine family/marriage trends by race

Four marriage, children present groups

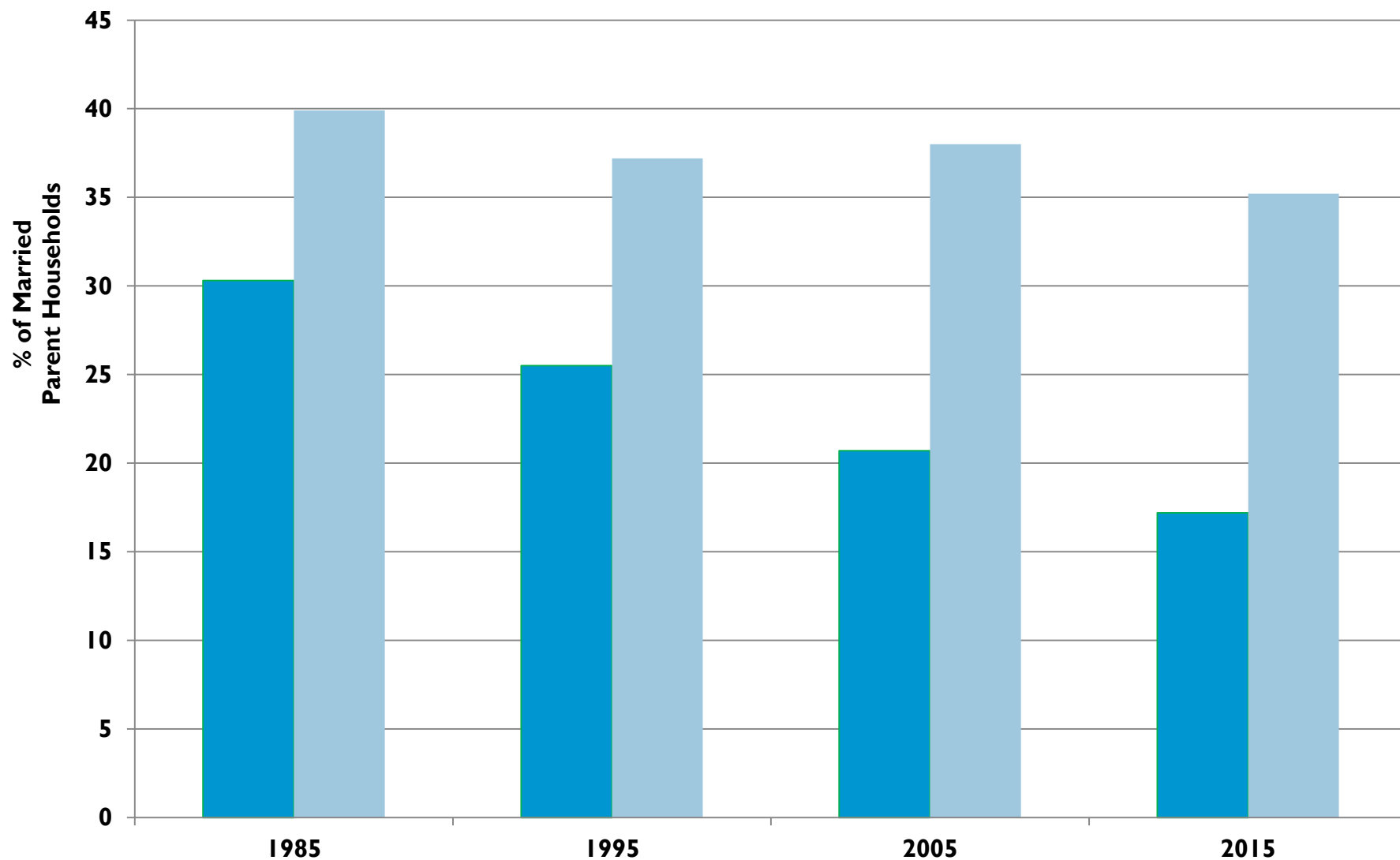
Net worth changes by family type

Homeownership by family type

Net worth over the life cycle and recent years

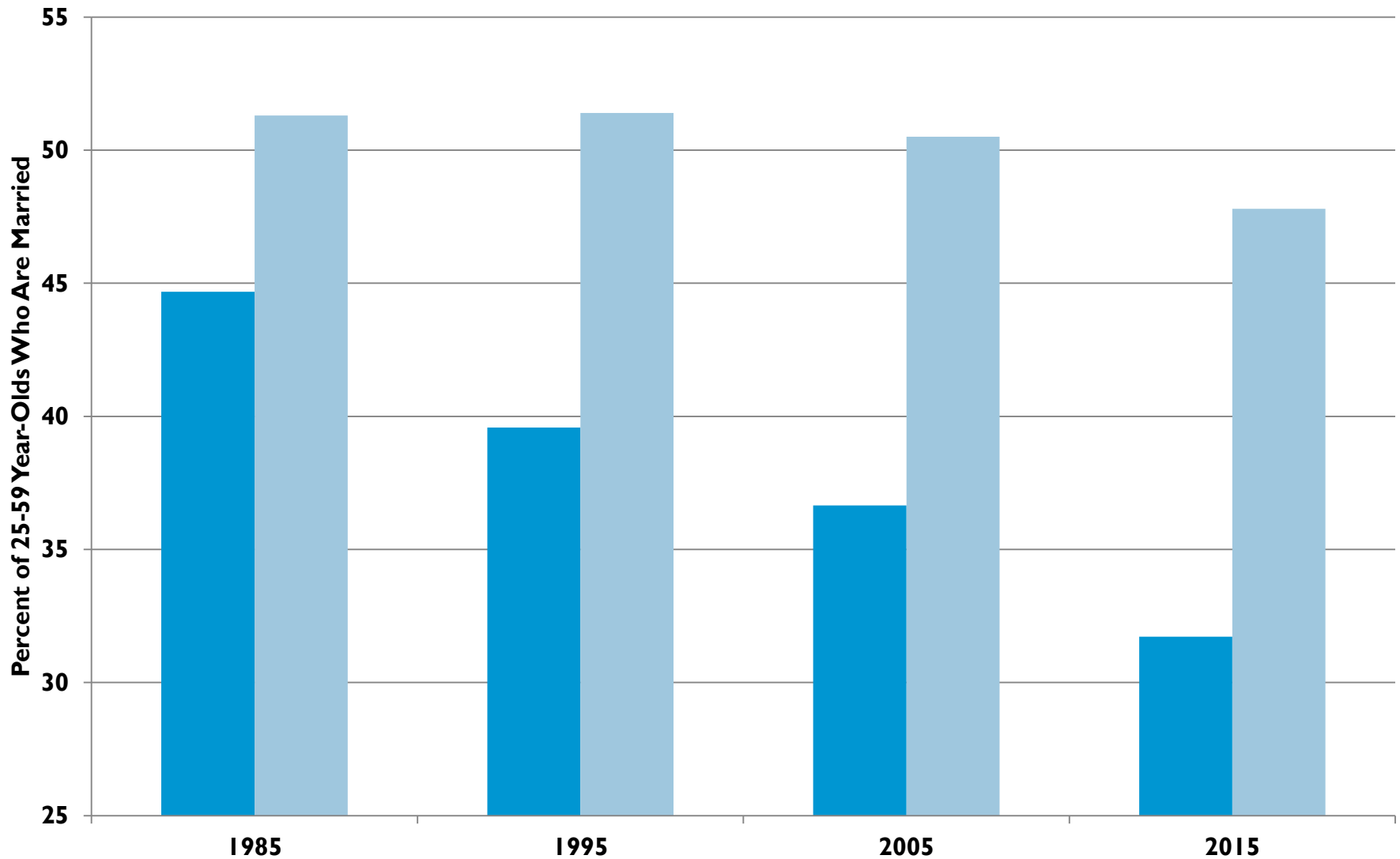
Decline in Black Married Parenthood Smaller for College Graduates

■ Non-Grads ■ College Grads



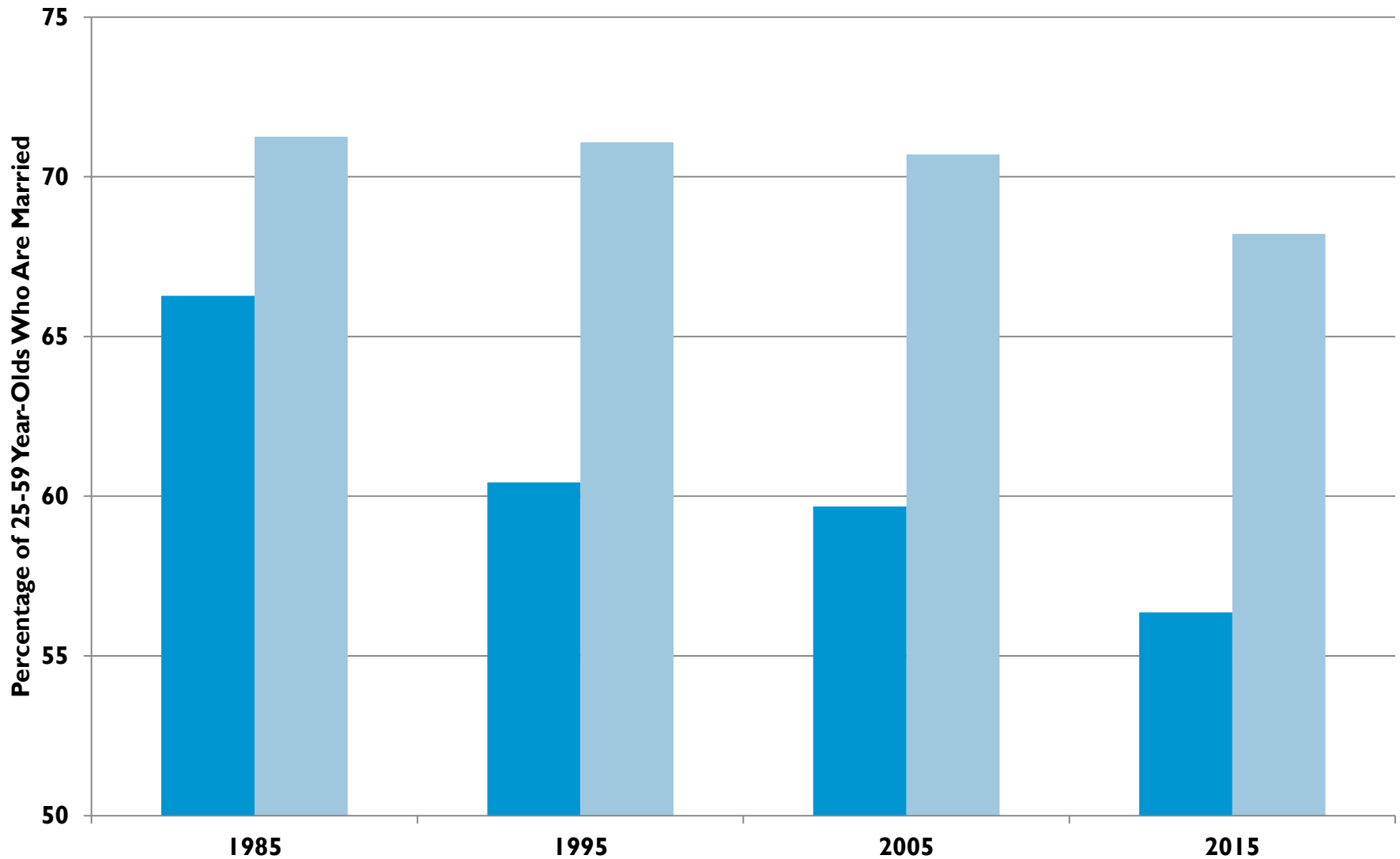
Decline in Marriage Rates Is Modest Among Black College Graduates

■ Non-Grads ■ College Grads



Decline in Marriage Higher for Hispanic than Among White College Graduates

■ Hispanic ■ White



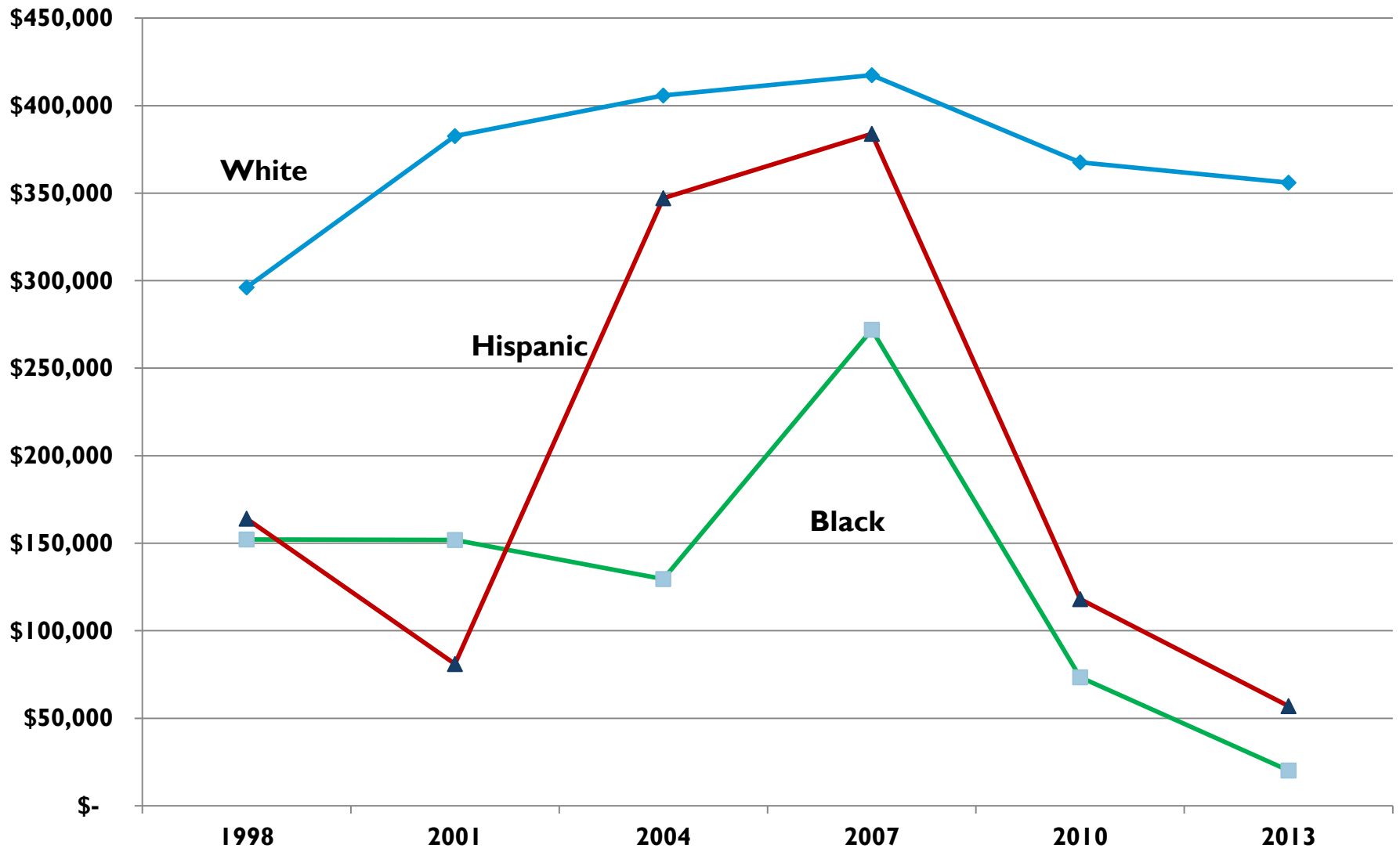
Detailed Trends in Family Structure by Race among College Graduates: 1985-2015

Percent of Households by Marital Status, Presence of Children

	Unmarried, No Children	Married, No Children	Unmarried, Children	Married, Children
White				
1985	21.8	18.2	10.8	49.2
1995	25.5	18.9	11.4	44.2
2005	29.1	20.1	11.6	39.2
2015	31.6	18.7	12.3	37.4
Black				
1985	38.7	9.2	16.7	35.5
1995	36.8	11.4	19.6	32.2
2005	38.9	9.5	20.5	31.1
2015	39.2	10.5	20.8	29.5
Hispanic				
1985	26.8	14.6	8.0	50.7
1995	33.2	15.5	9.2	42.2
2005	33.9	13.6	11.1	41.3
2015	35.2	13.5	11.9	39.5

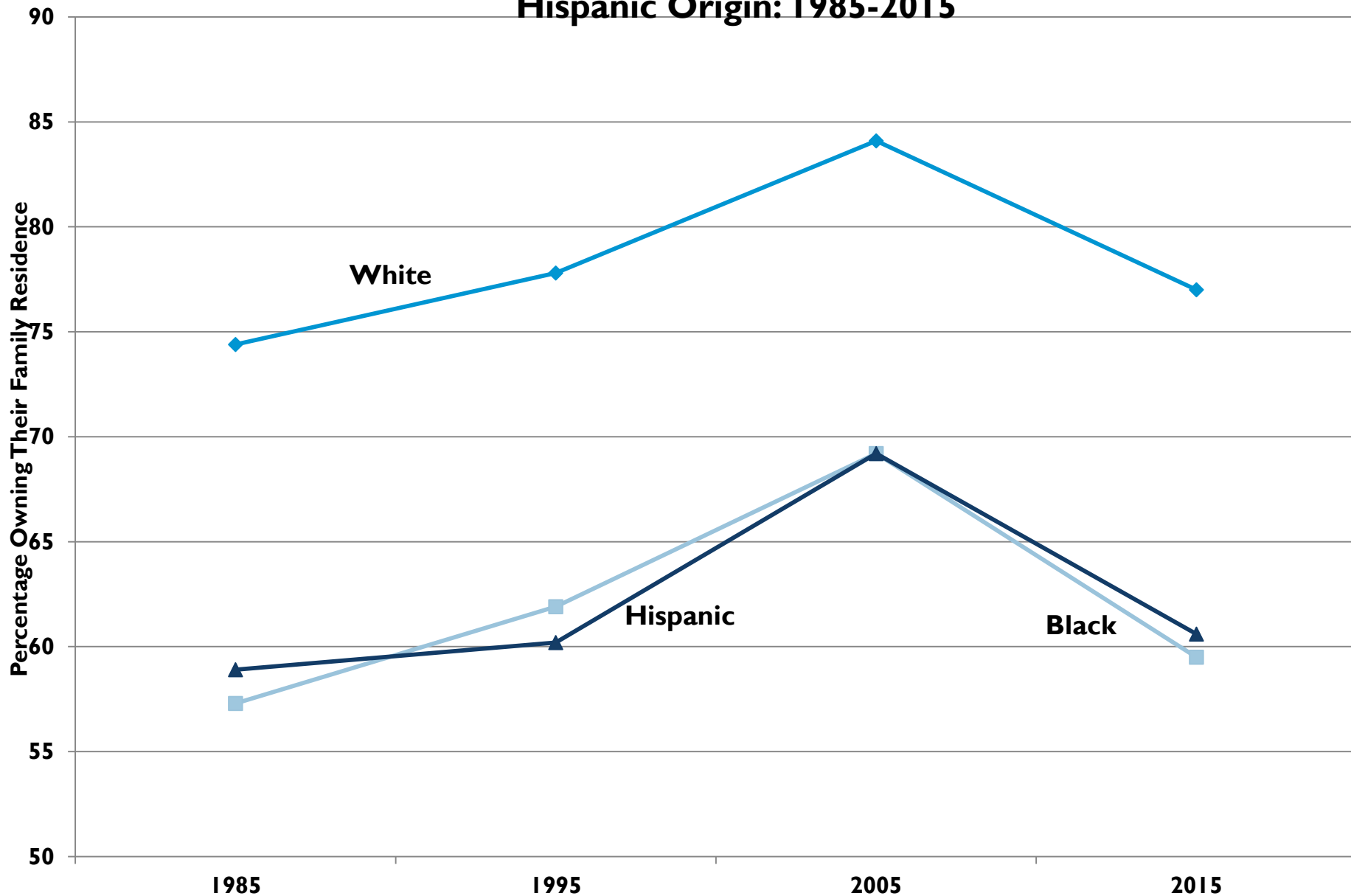
Source: Tabulations from March Current Population Survey

Net Worth Trends for Married Parents, by Race, Hispanic Origin: 1998-2013



Source: Tabulations from the Survey of Consumer Finances

Ups and Downs in Homeownership Rates by Race, Hispanic Origin: 1985-2015



Source: Tabulations from Current Population Surveys.

Homeownership Trends Up Until Great Recession for All Groups of College Grads: 1985-2015

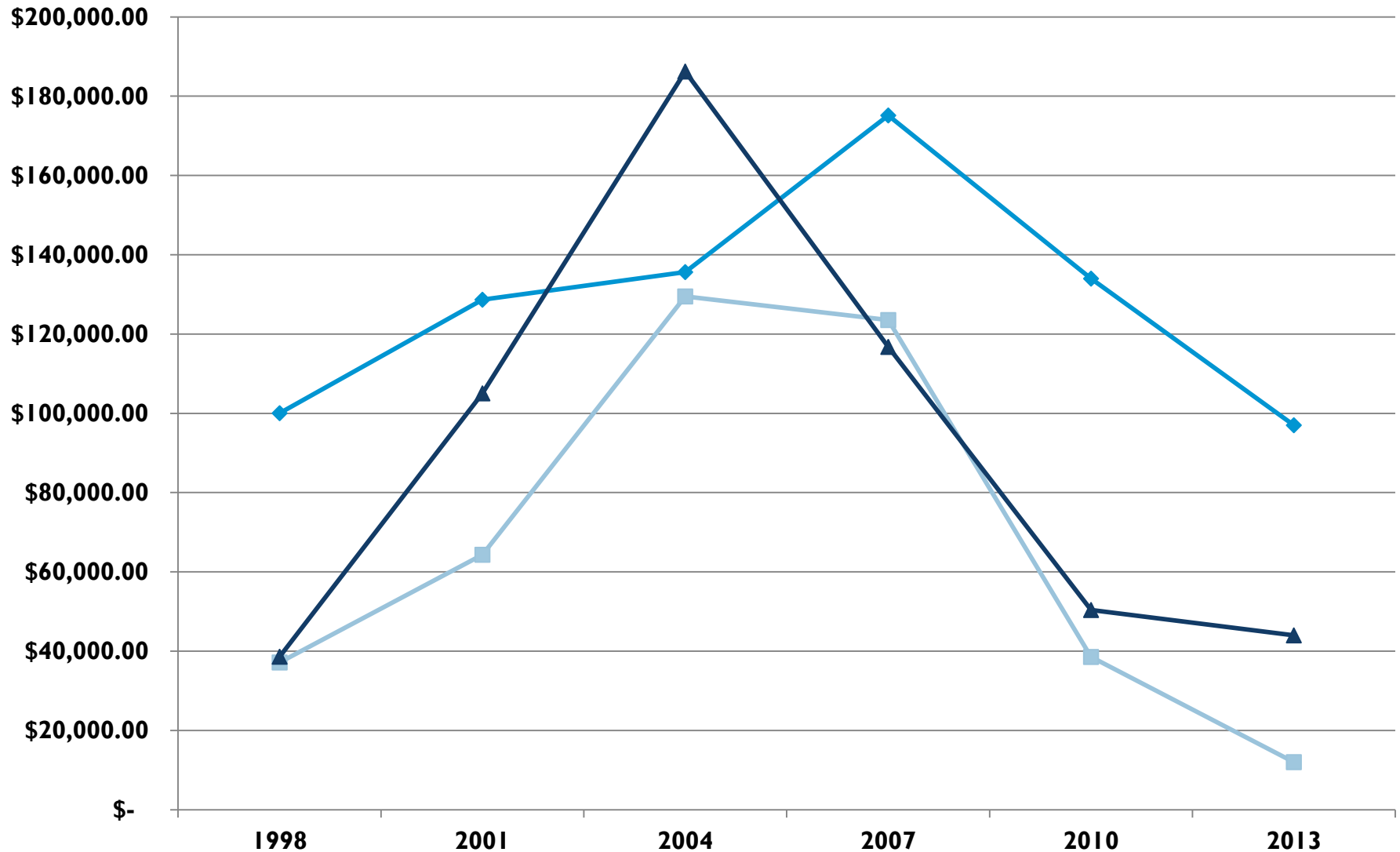
Percent of Households who Own Home

	Unmarried, No Children	Married, No Children	Unmarried, Children	Married, Children
White				
1985	38.3	73.6	71.4	87.5
1995	45.9	80.3	70.3	89.2
2005	58.1	88.2	79.8	94.4
2015	49.0	80.8	68.9	88.8
Black				
1985	28.4	42.5	49.7	70.3
1995	30.7	69.3	46.1	74.5
2005	45.8	86.6	57.5	82.1
2015	41.9	72.4	47.4	70.4
Hispanic				
1985	30.6	72.9	48.6	71.0
1995	34.5	64.7	56.4	76.1
2005	48.5	73.3	53.7	79.3
2015	39.0	60.5	49.5	74.1

Source: Tabulations from March Current Population Survey

Large Swings in Home Equity Affect Married Parents, and Homeowner College Graduates, Worse for Minorities

White Black Hispanic

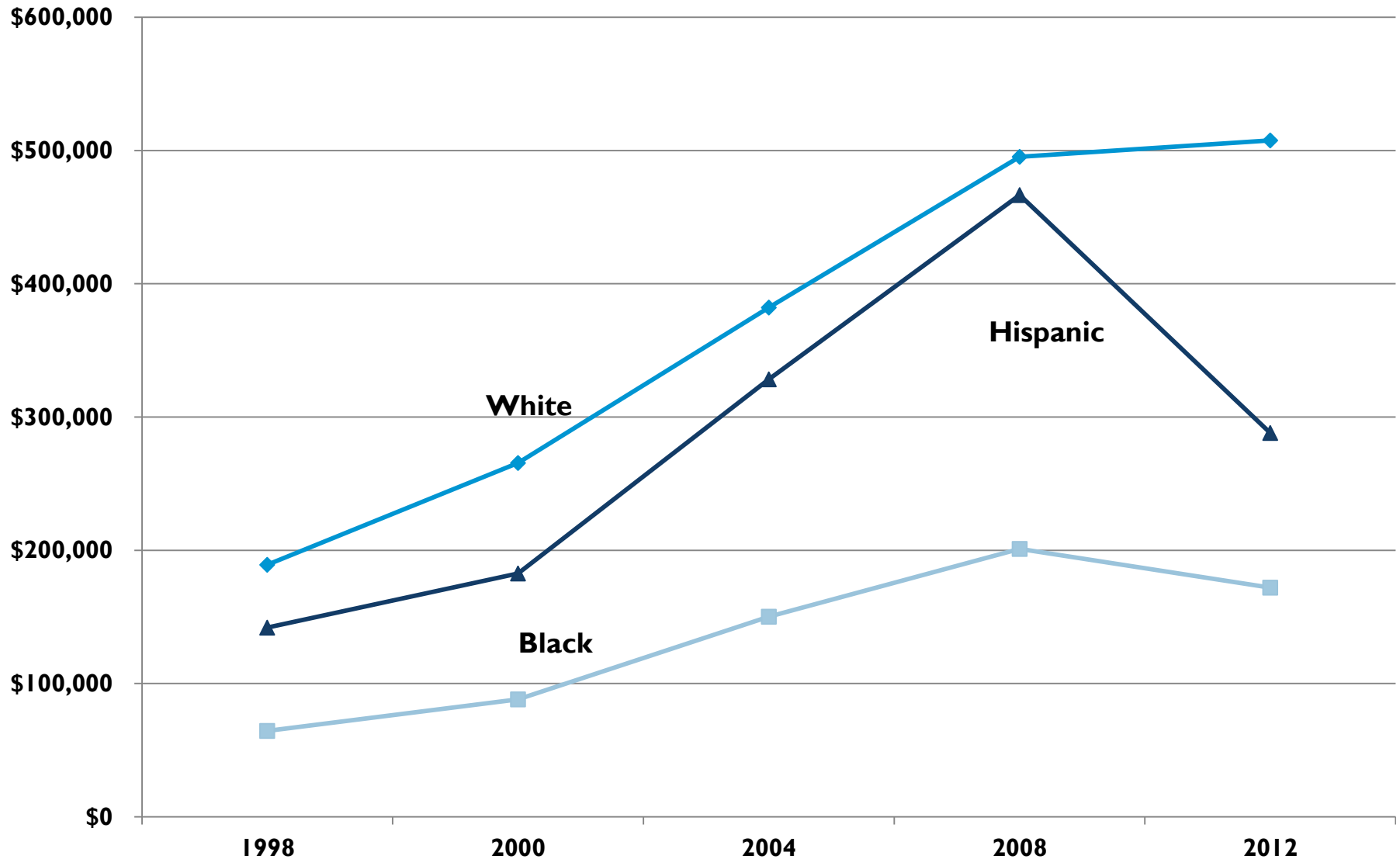


Median Incomes of Black, Hispanic Families Keep Pace

	Unmarried, No Children	Married, No Children	Unmarried, Children	Married, Children
White				
1985	\$51,145	\$88,394	\$52,110	\$89,405
1995	57,303	103,017	58,069	107,310
2005	61,377	118,000	69,502	124,018
2015	66,000	120,020	69,516	131,096
1985	40,735	65,504	36,767	83,114
1995	50,193	87,230	54,054	90,433
2005	49,560	118,118	54,616	96,841
2015	55,332	100,002	55,721	113,000
1985	46,637	79,572	37,390	76,146
1995	53,053	87,432	52,914	86,372
2005	59,000	99,216	49,560	93,366
2015	64,020	95,000	58,000	105,522

Source: Tabulations from March Current Population Survey

Net Worth Rises for Married Parents Over the Life Cycle from Late 30s to Mid-50s, Then Great Recession Hits



Source: Tabulations from the National Longitudinal Survey of Youth, 1979.

Multivariate Estimates of Year Effects on Net Worth

	White Coefficients		Black Coefficients		Hispanic Coefficients	
Effects Relative to 2000	No Family Variables	With Family Variables	No Family Variables	With Family Variables	No Family Variables	With Family Variables
Year 2004	-0.037	-0.013	-0.262	-0.176	0.318	0.173
Year 2007	0.024	0.076	0.057	0.042	0.941	0.791
Year 2010	-0.148	-0.122	-0.316	-0.217	-0.421	-0.336
Year 2013	-0.19	-0.16	-0.204	-0.134	-0.083	-0.083
Source: Regressions on the natural log of net worth using SCF data.						

Results Capturing the Changes in Net Worth

Year Effects Relative to Year 1998	White Coefficients	Black Coefficients	Hispanic Coefficient
Year 2000	0.422	0.470	0.420
Year 2004	0.699	0.812	0.976
Year 2008	0.959	1.082	1.277
Year 2012	0.974	0.951	1.125
Married, Children	0.69	0.392	0.666
Married, No Children	0.557	0.485	0.527
Unmarried, Children	0.094 ⁺⁺	-0.074 ⁺⁺	0.056 ⁺⁺

Note: All the coefficients are significant at the 1% level, except the “Unmarried, Children” group. All are in comparison with the group, “no marriage, no children.”

Source: Fixed effect regressions from the NLSY79.