RESPONDENT REPORT

THE SECOND GENERATION

In these reports we have not said much about our second generation panel members, so to make up for past neglect we will devote some of this issue to them.

Children Still Living at Home

The financial situation of very young children rises and falls with the fortunes of their parents. There is little that a young child can do to increase family income. However, by the time children reach age 16 they might be contributing something to the family finances so we begin to ask their parents some questions about their work and schooling. By age 22, about half of all sons and daughters have left their parents' home to set up a separate household, so we'll focus only on children no older than that. We have divided the children into two age groups, 16 through 18 years and 19 through 22. Here are some of the things we have found out about young people 16 through 22 years of age who are still living at home with their parents.

Almost all the younger group are in school full-time. About 40 percent of them also have jobs (not counting work around the house). Those students with jobs average work hours amounting to about a quarter-time job—approximately ten hours a week when spread across the whole year. However, work hours reported by some parents for their children may be connected mostly to summer jobs rather than continuing into the school year. Almost equal numbers of young men and young women aged 16 to 18 years have jobs. Young men earn an average of $3.60 an hour while young women average $3.36. Even for teenagers there is a male-female wage gap! We are talking about averages—some work more or fewer hours and earn more or less money.

A little more than half of all the 19 to 22 year olds living at home are full-time students; a little less than half of the young

people in this age group have jobs (20 percent of them work more than half-time). The workers and the students undoubtedly overlap. Many of the students probably have jobs too, but some of the 19 to 22 year olds still living at home neither work nor go to high school or college. Given present unemployment rates, these young people may not be able to find jobs. Young women between 19 and 22 living at home are less likely to have jobs than the young men. But being older pays off! The average hourly wage is $5.00 for males, $4.55 for females. The wage gap increases as earnings grow. Those who work longer hours and are not students earn a bit more money.

We don't ask what young people living at home do with the money they earn. We count it as part of the family income, although we don't know if it is actually contributed to family living expenses. Another study at the Institute for Social Research asked high school seniors how they spend their earnings and found that a little of the money is saved for further education or other long-range purposes, a little is spent to help out at home, some goes to support or buy a car and the bulk of it pays for personal expenses like clothes, stereos, records, a hobby, or on recreation—movies, eating out and so on. Our 16 to 18 year olds don't appear to earn enough for much lavish spending, but perhaps if we had looked at high school seniors separately we would have found enough teenage tycoons among them to raise the average earnings of 18 year olds.

With so much concern about school dropouts, it is reassuring to find that 95 percent of 16 to 18 year olds living at home are in school and that more than half of the 19 to 22 year olds are full-time students too. Aside from its other benefits, a good education also pays off. Salary scales are often based on education, and these days it is next to impossible to get a job without a high school diploma.

Splitoffs

The single most important feature of this study is that in addition to the original 4,802 panel families we started with, we interview a second set of households established by young men

and women who were children in panel families when the study started in 1968 and have since grown up and left home. We call these young movers-out "splitoffs."

This is the only continuing study ever, as far as we know, to follow families as they produce new families and the benefits are great. We have parents' reports on themselves, background information on the parents' parents, reports on children by their parents while the children still lived at home and by the children themselves after they leave home. A large portion of parent-child research now going on uses our statistics and, since many families have several children in the study, we can also furnish unique information on brothers and sisters. There are now about 3,000 splitoff households in the study; their number grows by roughly 250 to 300 a year. There could be more, but there are always a few that we cannot find or who don't want to talk to us if we do find them. The early twenties seems to be the usual time for young men to leave home. Young women are likely to leave earlier, often to get married. Starting out on one's own can be quite an undertaking, especially when times are hard and jobs scarce. Often it takes several tries, moving out from the parents' home and back in again, before leaving home for good. However, when splitoffs leave home for the first time and we interview them as separate households, we continue to do so even if they are back living with their parents the next time we come around. Once they've started to move away from home, we know that they will move out again soon.

In addition to making intergenerational research possible, splitoffs play a vital part in keeping our nationally representative study representative. If these young people were not added to the survey each year, our annual interviews would be taken with older and older people and give a one-sided and over-tranquil view of the United States. Young families experience many more changes than older ones. They move constantly, change jobs often, get large increases in pay, get married, have children, get divorced, remarry and generally mill around like a flock of birds preparing to settle down. Of course, older people do some of these things too, but less frequently.

Our splitoff sample is being used constantly at universities all over the country and by government agencies to answer all kinds of questions. We used it ourselves recently to do a study funded by the U.S. Department of Health and Human Services (HHS). To help them make policy decisions, HHS wanted to find out if children who grew up in families that depended on welfare are apt to depend on welfare themselves as young adults living in their own households. They also wanted to know if children whose families were poor while they were growing up, but not necessarily on welfare, continued to be poor when they had households of their own.

There are theories, very stubbornly held by many people, that poverty and dependence on welfare are permanent conditions that are handed on from one generation to the next and may be due not only to a shortage of money but also to a lack of ambition, motivation and planning ahead on the part of parents—attitudes that are supposed to be vital to financial prosperity (although it is very difficult to do much planning ahead when you're barely getting by from day to day). Children of parents who lack ambition, so the theory goes, won't be motivated to get ahead themselves and so will stay poor or dependent on welfare. Several years ago we told you that, as far as we could tell from this study, we doubted that these gloomy theories of being trapped in poverty were true. However, at that point we didn't have enough splitoffs from poor families to test the theory scientifically. There are now enough young men and women splitoffs in our sample whose families depended on welfare when they were growing up to see if they were dependent on it themselves after they left home. "Dependent on welfare" means counting on it for more than half of total family income over a long period of time. This is true of less than two percent of the population. (Many families use welfare occasionally to tide them over some emergency or to supplement inadequate incomes, but very few are totally dependent on it.)

The study found no evidence that welfare dependence was handed down from parents to children. While there is an effect on an individual's likelihood of some receipt of welfare, there is no effect on the degree to which welfare constitutes the primary

source of income, which is the most comprehensive measure of welfare dependency. Also, children who grew up in a family where parents were usually unemployed or under–employed and most of the money came from welfare seemed to have no trouble holding jobs themselves. Their work hours and earnings were normal.

In order to see what happens to children whose families were poor but did not necessarily use welfare, all families in the sample were divided into fifths (quintiles) according to their income/needs ratio. "Income/needs" means income adjusted for the number of people the income has to take care of. The families in the lowest quintile were counted as poor if they had been in the lowest fifth during the whole time their children were growing up. While splitoffs from poor families were three times more likely to be poor themselves than children from families who were better off, the majority of these young adults (almost two–thirds of them) were not poor themselves—that is, were not in the lowest income/needs bracket after leaving their parents' home. Many of them escaped poverty by a wide margin, moving up several income levels. This is encouraging and somewhat surprising, considering how hard it has been to find jobs during the last few years.

The final report to Health and Human Services was detailed and quite long, but Martha Hill, who directed the study, and Michael Ponza, who worked on it, covered the most important findings in an article in Economic Outlook USA, a journal published by the Institute for Social Research. The article caused a sensation. We were deluged by calls and visits from reporters and people from radio and television stations. Stories appeared in newspapers all over the country including the New York Times and Washington Post. Even Time magazine mentioned the study. It seems to be an entirely new idea to most people that poor children do not usually turn into poor adults.

If you saw any of these stories in your local newspaper, we hope you realized that they were based on information from your own study of family economics.

THE 1984 QUESTIONS

We expect you will be glad to know that after two years with little or no change in the questionnaire we will at last ask you something new. There will be two new series of questions, both of them having to do with financial security. These questions will not be an annual part of the interview; we do not plan to ask them again soon.

The first series applies only to those of you who are working and have an employer. It is about the fringe benefits that may be part of your job. These benefits vary from employer to employer and are sometimes worth a substantial amount of money. We will ask whether your employer pays for any of the following benefits:

* medical, surgical and hospital insurance that covers you when you are not at work

* sick days with full pay

* dental insurance

* life insurance that covers a death that is not job connected

* paid vacation

* paid or unpaid leave if you have (or your wife has) a baby.

There will also be a number of questions asking if you qualify for a retirement plan or pension, but many of these will be asked only of people 45 years old or older.

The second series of new questions attempts to measure how well protected you are financially and asks for estimates of the cash value of things you and your family may own, specifically: cars, a second house, investments in real estate, stocks, bonds, bank accounts, and inheritances already received or expected.

There are also some job history questions for people who started their present job on or after January 1, 1983. Otherwise the interview will be much the same as usual except that we have left out some old questions to make room for the new ones.

LOOKING AT YOU—WITHOUT WEIGHTS

In writing our Respondent Reports on the family economics study, we often use "weighted" information. This means that each family in the sample is given a number value which stands for how many families in the United States population that family represents. There are complex formulas for arriving at these "weights" which take into account factors like the region of the country where the family lives, income, age of family members and other background characteristics. The weighted data make our comparatively small sample of 6,742 households (in 1982) statistically representative of the entire population of U.S. households. Researchers can then use the weighted data to make statements and understand events about the population as a whole. However, this year we thought you might be interested in seeing how the people in our sample look without the weights so that we could give you some notion of the kinds of people who make up our study and how they are doing economically as individuals, rather than as representatives of groups of the U.S. population.

The social and economic characteristics we selected for putting together this brief portrait include sex, age, race, marital status, family income, unemployment, and kinds of jobs held. We decided to look at this information for heads of households only, because to look at every individual in the sample would have been a very large and costly task. Therefore, the statistical information given below applies only to heads of households and does not include spouses, children, or other family members who may have been living in the household. These data are taken from the 1982 interview because 1983 data are still being processed and results are not yet available.

History relating to how the family economics study determines who is "head" of a household goes back to the beginning of the study in 1968. It is important to understand that when interviews were first collected in 1968 the Census Bureau and almost all other survey researchers automatically chose the principal male earner in a household as the "head" of that household.

At that time there were far fewer female–headed households, either of single females or females with children, and there were also far fewer families in which both the husband and wife were employed full–time outside the home. Our study began with this traditional concept of family "head" and defined "head" as the husband in husband–wife families. Because we want the information we collect each year to be comparable to the data we have collected in previous years (which is a primary purpose of panel or multi–year studies), we have had to stay with this definition of "head" even though it is no longer very appropriate for many families. The female "heads" of households in our study are almost all, by definition, single (not currently married) women. If a woman were married, her husband would become that family's "head" simply for purposes of our study. Male heads, however, include both married and not currently married men. Consequently, the following 1982 data, reported below, on heads of households does not include the majority of currently married women in the sample, even though these women were equally heads of their households along with their husbands. In 1968 definition terms, these women are considered "wives."

Sex, Age, and Race of Household Heads

In 1982 we collected information on the heads of 6,742 households. A little more than two–thirds of these heads were men and a little less than one–third were women. This result is very close to U.S. Census Bureau findings for the American population as a whole—Census surveys show that today women head nearly one out of every three American households. The female household heads in the family economics study are somewhat more likely than the male heads to be at either the lower or upper ends of age groups. Of all the female heads, 15 percent were under the age of 25, while 11 percent of the male household heads were in this age group. Another 21 percent of the female heads were age 65 or older, compared to 10 percent of the male heads. Our youngest independent heads are a tender 17 years of age (there were three of these in 1982), while our most senior head is 97 years old.

The information we have on the race of household heads is based on observations and reports made by our interviewers in 1972. These data may not be absolutely correct in terms of the racial composition of the sample in 1982, but they do provide some estimate of the size of the different racial groups. It would be useful for the researchers who use the study if we asked you to tell us what racial or ethnic group you and your family belong to in some future interview. According to the data we have now, the largest racial group for household heads is that of whites, who make up 60 percent of all the household heads. The second largest group is blacks at 37 percent, followed by Hispanics at three percent. Other racial groups—Asians, Native Americans, etc.—account for less than one percent of the sample's household heads.

Black, currently unmarried women make up a little more than half of the households headed by women. Black households are, in fact, almost twice as likely as white households to be headed by an unmarried woman (42 percent of black households in the sample are headed by a woman, compared to 23 percent of white households). Hispanic families in the sample are also slightly more likely than whites to have a currently unmarried female head—26 percent of the 186 Hispanic households have a female head.

Marital Status and Family Income

Although almost all the female heads in our sample in 1982 were unmarried, there were 34 women, out of the 2,028 female heads, who were married in 1982 but whose husbands were traveling, on overseas duty with the armed services, or otherwise unavailable to be the "head." Of the 4,714 male heads of household, 3,711, or 79 percent, were married in 1982. One–third of our female heads had never been married, compared to 12 percent of the male heads; more than one–quarter, 28 percent, of the female heads are widows, while only two percent of male heads are widowed; another one–quarter of the female heads are divorced, compared to only five percent of male household heads. Divorced men appear more likely to remarry than women. More

women than men report being separated from their spouses, which may be because we are likely to lose track of the man when there is a family break–up.

Unmarried women who are heads of households are generally viewed, by researchers and policy makers, as much more apt to experience economic difficulty than married or single male heads. Many studies, including this one, have found that, because of sex discrimination in the labor market and because women often must interrupt careers or curtail their schooling in order to care for their children, the family incomes of female heads tend to be much lower than those of male heads. In 1982, female–headed households in our sample ranked far below male–headed households in terms of total family income for the previous year. Part, though not all, of this gap can be attributed to the fact that some of the male households have two earners (both husband and wife). Nonetheless, our results indicate that more than half of the female–headed households in the sample are existing at or below federal poverty levels. Out of all the study's households headed by women in 1982, 1118 (55 percent) had total family incomes for the previous year of less than $10,000. About half of these 1118 households had family incomes for the year of less than $5,000. Of the male–headed households, 773 (16 percent) had incomes for the year of less than $10,000 and about one–third of these 773 had family incomes of less than $5,000.

On the other hand, it is interesting to note that a larger percentage of female heads (32 percent) had total family incomes in the $10,000 to $20,000 range compared to male heads in the same family income range (26 percent); but as income goes up from this point, female heads get progressively farther behind. One–quarter of all male household heads reported family incomes for the previous year of $20,000 to $30,000, compared to 10 percent of all female household heads; 24 percent of the male heads had family incomes in the $30,000 to $50,000 range, while only three percent of female heads had family incomes in this range; and nine percent of the males had family incomes of $50,000 or above, with only one–half of one percent of female heads in this range.

Some of the causes of the depressed incomes of the female heads in our study can be explained by comparing the kinds of jobs held by female and male heads. Here again, we find that women fare much worse economically, both in terms of whether or not they hold jobs, and in the kinds of jobs they hold. In 1982, more than three–quarters of the male heads were employed, while slightly less than half (48 percent) of the female heads held jobs. Of the 1060 female heads who were not working, more than half may have wanted to hold jobs if jobs had been available to them—one percent of them had been laid–off from jobs, 10 percent were unemployed and looking for work, and 19.5 percent were keeping house and not looking for work. Among the male household heads, however, 2.5 percent were laid–off, 6.5 percent were unemployed and looking, and none reported that they were keeping house and thus not looking for work. As these figures reveal, the unemployment rate for female heads of households is almost double that for male heads. We have no way of knowing how many of the women heads who were "keeping house" also could have been counted as "unemployed" but were not because they had little hope of finding jobs and had stopped looking.

Female heads who were working in 1982 were concentrated in lower–paying, lower–status jobs relative to the employed male heads. Employed female heads in our study are significantly under–represented in managerial positions and in the skilled trades and skilled labor sectors. Nearly one–third of the employed male heads in the sample held professional, managerial or administrative jobs in 1982, compared to about one–fifth of employed female heads. Approximately one–tenth of the male heads were working in sales or clerical jobs, compared to a third of the female heads; further, while males in this category were evenly distributed between sales and clerical jobs, 89 percent of the female sales and clerical workers were in clerical jobs only. Nearly three times as many employed male heads as female heads held jobs in crafts and skilled trades. Seventy–three of the male heads were farm owners or managers, while only one woman in our sample was in this section of the labor force. Less than one percent of service jobs, such as custodians, waiters and

dishwashers, were held by male household heads, compared to almost a quarter of the female heads who were service workers. Private household workers (maids, cooks, and babysitters) accounted for less than one percent of the employed women heads; no male heads were in this category.

The women who head families in our study are clearly at a disadvantage relative to the men when it comes to income. When women do enter the labor force, they are at another disadvantage as far as types of jobs that are open to them. This evidence of disadvantages and discrimination for female heads and women workers in general is supported by recent findings of the U.S. Commission on Civil Rights. The Commission, which often uses data from the family economics study, reported that more than half of all full-time, employed Hispanic women, 43 percent of black women, and 37 percent of white women earned less than $10,000 in 1980. Also, the Census Bureau found that in 1981 women workers were extraordinarily over-represented in clerical occupations. While women made up 43 percent of the total U.S. labor force that year, they represented 80 percent of clerical, 96 percent of private household, and 59 percent of other service occupations.

THE HACKERS

After the movie "War Games" and the many recent stories about computer-whiz types who discover how to break into secret official data files, we thought that we should tell you how we protect your privacy against such computer bandits.

Your names and addresses are stored on a computer tape which is used when we print address labels, update addresses, and issue checks. It also keeps track of the dates when you were paid for interviews and postcards. Only three people on our staff are authorized to use the tape, and they have elaborate cloak and dagger procedures requiring uncommon pass words and secret numbers for gaining access to it. The pass words are very fanciful and changed often. "Social Security" numbers are not real Social Security numbers but rather nine-digit numbers that are changed frequently. As an added precaution, no one

is allowed access to these files after regular working hours, the time when most hackers are working.

We tried an experiment to see what would happen if an unauthorized person somehow stumbled onto the pass word. (Computer bandits are supposed to have lists of likely pass words to try). An authorized staff member (one of the three mentioned earlier) signed onto the computer and then turned it over to an unauthorized staff member. Below is a printed conversation which took place between the computer and the unauthorized person (called U.P. in the following computer conversation):

Computer: WHAT IS YOUR LAST NAME?

U.P. : Doe

Computer: WHAT IS YOUR FIRST NAME?

U.P. : Jane

Computer: WHAT IS YOUR SOCIAL SECURITY NUMBER?

U.P. : ###-##-####

Computer: I DO NOT RECOGNIZE YOU. TRY AGAIN.

So, U.P. types in last name, first name, and "social security" number one more time. Then the computer prints out:

***** UNAUTHORIZED ACCESS *****

***** UNAUTHORIZED ACCESS *****

***** UNAUTHORIZED ACCESS *****

REMAIN SEATED UNTIL SECURITY PERSONNEL ARRIVES

Although security personnel are not really alerted, you can see that the computer will absolutely refuse to cooperate with someone who can't answer all of the questions correctly. The computer keeps a record of attempts to gain access and reports them the next time an authorized person uses the computer.

This has never happened except when we were testing it, as shown above.

The names and ages of the members of your family but no addresses appear on another tape which is used to print a list of your family on the coversheet. Your interviewer uses it to ask if "so and so" is still living in your family. This tape is protected by the same methods as the name and address tape, but with only two staff people having access to it. This family composition tape gets out of date very quickly, is erased often and recreated when needed.

There are no names or addresses or any other information to identify individuals on the data tapes we furnish to government personnel, universities and research organizations. You are all in there somewhere, but it would be utterly impossible to sort out any particular individual.

It seems most unlikely that anyone would bother to break into our computer system, even if they could. There are many more exciting data files to go adventuring in. But in the exceedingly improbable event that some wizard broke the code, all he or she could find out about you would be your names and addresses. Your answers to questions in the interview and other data on our study families are not stored on the same tape with names and addresses. So don't worry about the privacy of the information you give us—it is well protected against "hijacking."

NEWS NOTES

* This year our study is sponsored by: the National Science Foundation, the National Institute for Child Health and Development, the Department of Health and Human Services, the National Institute on Aging and the Ford Foundation.

* Recently the family economics study has itself been studied by a research organization in California. They were trying to answer the nagging question of whether, after so many years and so much moving around, the families in the study are still representative of the U.S. population. The researchers compared our study to the Census Bureau's Current Population Survey, looked at the characteristics of the people we have lost track of over the years or who have died (what part of the country they came from, how old they were, and so on). They tested our findings in very many ways which they have told us about in a 170–page report. You will be happy to know that the answer to the question is "yes." You do represent all the people in the United States except immigrants who have moved here from other countries since 1968.

* A book about you has just been published, written by Greg Duncan and members of the study staff. It is called Years of Poverty, Years of Plenty: The Changing Economic Fortunes of American Workers and Families. We have told you in these reports about many of the topics it covers. The idea was to write your fascinating economic history in simple enough terms so that it could be understood easily by people who have little or no scientific training. This is a very difficult thing for economists to do, but the authors have succeeded in making the book far more comprehensible than most of the things we publish and, thanks to you, it is also very interesting.

* Jim Morgan, the director of our study, is on leave in West Germany for the 1983–84 winter. He is a visiting scholar at an institute in Berlin, spending the year reviewing his own work and sharing ideas with other scholars. Since this study is a major part of his own work, you are certainly much in his thoughts.

  While Jim Morgan is away, Greg Duncan, our co–director, is minding the store. Greg also spent a short time in West Germany recently, helping to set up a German version of the family economics study.

* This year members of the staff have presented papers based on the study at Clark University, Stanford University, the Agricultural Outlook Conference, the Population Association of America, the American Psychological Association, the American Sociological Association, the Congressional Caucus on Women's Issues, the National Bureau of Economic

Research Conference, the Southern Economic Association meetings and before Senate and House subcommittees.

* Every year when the Nobel prizes are awarded, a guessing game is played at universities all over the country including this one: if their university were to be awarded a Nobel prize in the next few years, what academic field would it be in, and who would win it? This year our local newspaper, The Ann Arbor News, decided to try its hand at the game. After admitting that trying to outguess the Nobel prize committees was unrewarding work, they had a try at it anyway. Here is one of their guesses:

> If The University of Michigan has a shot at an economics prize in the next few years, it may come in the person of James Morgan, now 65, for his work in analyzing the economic behavior of families.
>
> Morgan ... did his theoretical work in the 1960s and has seen his approaches adopted in most of the major industrial nations of the world. In one particularly interesting study, Morgan and his research group have followed the progress of a group of 5,000 families since 1968. (That's you!)
>
> Morgan, who has been a member of The University of Michigan faculty since 1949, has already been recognized with one of the nation's most prestigious honors, membership in the National Academy of Sciences.

Many thanks for your help and very best wishes for a happy and prosperous 1984 from all of us on the study staff in Ann Arbor and Jim Morgan in Germany.