

Inequality of Resources Among Young Adults: An Individualised Approach – Laura Castell and Sébastien Grobon

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o Key Question

The current method used to measure young adults' standard of living raises two issues: one refers to the notions of household and income sharing within it, and one concerns the lack of data on the specific income and resources available to young adults, particularly the financial assistance they receive, and covering this whole population. The purpose of this paper is to gain a better understanding of the unequal distribution of income and resources available to young adults, and their perception of their level of income and resources. Using an "individualised" measure, the living standards of all young adults, whether or not they live in the parental home, can be compared for the first time.

o Methodology

The paper is based on data from the *Enquête nationale sur les ressources des jeunes* (ENRJ, a national survey on young adults' resources carried out by the DREES – the statistical directorate of the Ministry of social affairs – and Insee), conducted in 2014 to address the lack of data on income and resources and the methodological difficulties related to coverage. The ENRJ is the first nationwide survey covering all young adults aged 18 to 24 in France regardless of their residential and activity status. The measure of the standard of living of young adults proposed in the paper is distinct from that of the parental household for young adults living with their parents and it takes into account all parental transfers, whether in-kind or financial. To construct this individualised measure, all the individual income and resources reported by young adults are taken into account, plus, for those living with their parents at least part of the time, a valuation of the benefits of co-residing with their parents (housing, food). This valuation makes it possible to take into account the differences in the resources available to co-residents and non-co-residents so that the standard of living calculated reflects their actual living conditions.

o Main Results

- Compared to the standard household approach, individualising the standard of living of young adults clearly changes the distribution of living standards. There are differences related to activity status.
- The financial situation of young adults reveals inequalities associated with social background, at a time when choices about education and labour market entry can have a major influence on the entire life course.
- The correlation between the monetary standard of living and the perceived standard of living is stronger with the individualised measure.

Indicators of inequality in individualised standard of living by activity status

	Gini index	Theil index	Interdecile ratio (D9/D1)
All young adults	0.242	8.69	3.01
Young adults mostly in employment	0.167	4.61	2.24
Young adults in education all year	0.226	7.60	2.74
Mostly unemployed or inactive young adults	0.241	8.82	2.89

o Message

For the least affluent young adults with few or no qualifications and little financial support from their parents or the authorities, the high degree of financial insecurity that they experience can be a barrier to returning to education and to effective job searching. This clearly raises the question of strong public intervention among these groups, in line with the Youth Guarantee model.