Children's economic well-being during the Great Recession: variation by family structure, socioeconomic status, and race and ethnicity

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We use data from the Current Population Survey on family poverty, parental employment, and food security to study children's well-being during the Great Recession. We begin by updating estimates of child well-being before the recession, focusing on cohabiting families who are poorly measured in official statistics. We then examine changes in child well-being during the first two years of the current recession. The impact of the economic downturn occurred rapidly and was widespread, with large declines in parental employment and household food security during the first year of the recession. Poverty rates increased more gradually. We conclude by assessing whether the impact of the recession of child well-being is concentrated disproportionately among children in certain family structures, socioeconomic statuses, or racial and ethnic groups.

Background

The current recession is the longest and deepest since the Great Depression and unemployment rates are unlikely to improve in near future. Child poverty and food insecurity in the United States, high even during times of economic prosperity, have increased. Moreover, this particularly severe downturn occurs at a time when the two institutions responsible for the economic well-being of children—the family itself and the government safety net—have been fundamentally altered. This paper will provide updated estimates of child economic well-being in married, cohabiting, and single parent families and begin to identify any disparate impact of the current economic downturn on the well-being of American children.

Research predating the current recession demonstrates considerable poverty in families even during times of economic prosperity. In 2000, 16 percent of children lived in poverty, a 20-year low (Lichter, Qian, and Crowley 2006). Poverty rates, however, vary considerably with children's family structure: from less than 10 percent among children living with two married parents to 44 percent of children living with a single mother (Manning and Brown 2006). Cohabiting poverty rates fell in between; about two-fifths of children in cohabiting families resided in poverty during this period, once poverty calculations were adjusted to include the income of cohabiting partners. Children in cohabiting biological and stepfamilies had similar levels of poverty. Food insecurity also varies by family structure, as married-parent families have the lowest levels of food insecurity (8-10%), while single mother families the highest levels. Cohabiting families also report high levels of food insecurity (Manning and Brown 2006).

These estimates of detailed family structure variation in child poverty date to a period of relative economic prosperity, and recent studies indicates that child poverty rate remained fairly stable between 2000 and 2007 for children in married and single-parent families (U.S. Census Bureau

2003, 2009; Kreider 2007). Official estimates of poverty exclude the income of cohabiting partners, and consequently published estimates cannot be compared to earlier estimates. To the best of our knowledge, poverty estimates that treat cohabitors as members of the same family have not been updated since 1999 (Iceland 2007; Manning and Brown 2006).

When the recession began in December 2007, unemployment was at 5 percent. Unemployment rose continuously through October 2009 and has since hovered near 10 percent (see Figure 1). The Census Bureau's most recent estimates show only a small increase between 2007 and 2008 in poverty rates of families with children under age 18, from 15.0 to 15.7 percent (U.S. Census Bureau 2009)[1]. By 2009, however, family poverty has risen to 16.9 percent (DeNavas-Walt, Proctor, and Smith 2010: Table POV03). This increase appears to be largely attributable to increased poverty in married parent families, with the largest increases found among Hispanic families (2.5 percentage points). Official estimates have not been released for cohabiting families, and it remains unclear how children living with unmarried parents have been affected.

[Figure 1 about here]

Food insecurity increased substantially during the first year of the recession (Nord, Andrews, and Carlson 2009). In 2008, 23 percent of children lived in food insecure households, compared to 17 percent in the years preceding the recession. Increases occurred across children's living arrangements. However, the largest increases were observed in households headed by single-fathers and mothers (to 28% and 37% respectively). Hispanic households appear to be most impacted by the recession, with food insecurity rates now matching those of African-American households. These official statistics do not report food insecurity rates for cohabiting families, nor for single-parent families who reside with parents or other relatives.

These and other statistics on the recession suggest that some children may be particularly at risk. Early job loss was concentrated among men (especially less-educated men), and consequently two parent families may have experienced the greatest change in economic circumstances and may be less eligible for government assistance. This may be particularly true for cohabiting parent families. Unemployment brings economic hardships to all families, but the degree of hardship likely depend upon whether families have access to family and social safety nets. Single-parent families and families with young children who rely on the income of a single-earner may also be at particularly high risk of economic deprivation, given job loss or work hour reduction.[2]

We will use recently released data in the Current Population Survey (CPS) to study how families fared during the period 2006-2010, through the beginning of the current recession. As source for monthly employment and annual economic data, the CPS is ideally suited to studying the recent recession. No other data source provides timely information on the economic status of American families. In addition to these strengths, new information on family relationships allows researchers to capture detailed information about family structure. In 2007, the CPS introduced new sur-

[1] Note that during the peak of the milder 1993 recession, nearly one-quarter of children living in poverty (Lichter et al. 2006).

[2] Increases in mother's employment after the passage of welfare reform played a critical role in diminishing child poverty rates in single-parent families during the late 1990s (Lichter and Crowley 2004).

vey questions that, for the first time, identify all cohabiting couples in CPS households and provide a full-accounting of children's residence with biological, step and adoptive parents.

Our completed analysis will include measures of parental employment in addition to measures of material deprivation (poverty and food insecurity) and will cover the first two years of the recession. We will examine which family structures and which race and ethnic groups are the most vulnerable during the current recession and which were the most protected from financial hardship.

Data and Methods

In this paper, we will use data from 2007-2010 Annual Social and Economic Supplement (ASEC) of the Current Population Survey (CPS). The ASEC collects detailed data on income, employment, non-cash benefits, and demographic characteristics and is the source for annual Census reports on Families and Living Arrangements. Each year, the ASEC reports data on approximately 50,000 children under the age of 15. About 3,000 of these children reside with different-sex cohabiting parents. Our food insecurity analysis uses the 2007-2009 December food security supplements and will include about 20,000 children annually. With these data, we will be able to provide estimates of parental employment through March 2010, as well as measures of material deprivation through the year 2009. Preliminary analyses are based on the 2007-2009 ASEC and the 2007-2008 food security supplements, or the first year of the recession.

In 2007, the Census Bureau improved their measurement of cohabitation and family relationships in the Current Population Survey. The first change was to add a direct question on cohabitation. In households with unrelated adults, the respondent was asked: "Do you have a boyfriend, girlfriend or partner in this household?" If they responded yes, the respondent was then asked to identify the cohabiting partner and the interviewer recorded the partner's line number. The same question was posed about all other unmarried adults in the household. Cohabiting couples can now be identified in two ways: through the relationship to head variable (unmarried partner) or the line number (pointer) of a co-resident boyfriend, girlfriend, or partner.

In addition, the Census Bureau improved their measurement of child-parent relationships. With the new variables, CPS includes both mother and father pointers and distinguishes between type of parental relationship (biological, step, or adopted) (Kreider 2008). Researchers can now describe children's family structure in detail, identifying married and cohabiting families, biological families, stepfamilies, and families with both biological and step children, and families who reside with extended relatives or roommates. This detail made possible, for the first time, regular analysis of children's family structure and economic well-being.

Measures

Family structure and living arrangements. Our analysis makes use of the direct question on cohabitation to fully identify all children living with cohabiting parents and their position in the larger household. Our analyses distinguish between children living with married, cohabiting parents, and single parents. The detailed information on parent relationship allows us to distinguish between children living with two biological parents and children living in a stepfamily. In addition, we can examine the implications of residence with extended families for child poverty rates, a potentially important strategy during times of economic hardship.

Married biological/adopted parent families remain the norm: 63% of children ages 0-14 and 67% of children ages 0-4 live with two married biological or adoptive parents. An additional 5 percent of children live with a married stepparent. Over 20% of children live with a single parent, including 17% of children under age 1. Six percent of children live in cohabiting families; of these, about half live with two biological parents, while remainder live with one biological parent and their unmarried partner. An additional 4 percent of children live in other family types, most commonly with a grandparent.

Parental employment
Each monthly CPS collects extensive data on individual employment hours and desired work hours, duration of unemployment, and reasons for unemployment or underemployment. Traditionally, unemployed persons are defined as those who are not working, but are available and actively searching for work. We measure parental employment, instead, as whether the family has at least one parent working full-time. This allows us to identify job losses not captured by traditional unemployment: persons who are working part-time but would like to work full-time and discouraged workers who have given up looking for work.

Food insecurity
We also include an analysis of family food insecurity in 2007 and 2008. The December supplement to the CPS includes a food insecurity scale. The scale is comprised on 10 questions about household and adult food insecurity and 8 child-specific questions. The items range from less severe (e.g. worrying about food) to more severe (e.g. skipping meals because there wasn't enough money for food). A household is considered food insecure if they report experiencing at least 3 food insecure items, while a child is considered food insecure if they experience 2 or more of the child-specific conditions. In order to be considered food insecure, a household must make changes in the quality or quantity of food consumed. Using these questions, we can determine whether a child lived in a food-insecure household and whether a child experienced food insecurity personally at any point during the past year.

The food security questions are asked of all households with incomes at or below 185 percent of the federal poverty line. Higher income households are asked two preliminary screening questions. If they give no indication of food access problems, these households are not asked the food security questions and are assumed to be food secure.

Poverty status. Our current analysis includes family poverty estimates in the years 2006-2008 (the years for which individuals reported income data in the 2007- 2009 surveys). We base our estimates of poverty status on federal poverty thresholds, or the minimum annual income required to provide for the basic needs of all family members (U.S. Census Bureau 2008). The income-to-needs ratio, or poverty ratio, is the ratio of a family's income to the relevant poverty threshold, determined based on total family size and the number of related children under age 18.

Our definition of poverty differs from official measures of poverty, which treat cohabiting partners as members of separate families. Previous research has demonstrated that including cohabiting partner incomes in family poverty measurements provides a more complete accounting of the economic resources available to cohabiting family members (Marcia Carlson

and Danziger 1999; Iceland 2007; Manning and Brown 2006). We report estimates *official poverty* status by family structure, treating cohabitors as members of separate families for the purposes of income and threshold calculations. Following Manning and Brown (2006), we use *social poverty*, measured by including the cohabiting partner and all household members related to either partner in calculations of family income and family size. Consistent with previous studies, incorporating cohabiting partner income in family poverty calculations reduces our estimates of child poverty rates in cohabiting families by over 50 percent (see Table 1).

Demographic and socioeconomic characteristics. Our analyses will include measures of child age, as well as parent's ages and marital status. We include measures of parent education and employment status. The analysis also includes controls for race and ethnicity and geography.

Table 1 presents background characteristics on children in six family types: married biological, married stepparent, cohabiting biological, cohabiting stepparent, single mother, single father. The estimates are based on pooled samples from the 2007-2009 ASEC.

Consistent with earlier studies, we find large differences in child and parent characteristics between family types. Cohabiting biological families have especially young children, young parents, less educated parents. Over one-third of children in these families are Hispanic, compared to about 20% in other living arrangements. African-American children disproportionately live in single-mother families, while white children live predominantly in married parent-families. Large race, ethnic, and socioeconomic differences in family structure persist through the end of the 2000s.

Analytic strategy

We begin with a descriptive analysis of trends in well-being through the first year of the recession. We then estimate logistic regressions models predicting parental employment, food insecurity, and poverty status. Our models allow us to examine family structure, socioeconomic and racial and ethnic variation in child well-being and to see whether child well-being has declined controlling for child and parent age, parent occupation, extended family residence, metropolitan area, and geographic region. We evaluate whether changes in well-being vary by family structure, SES, and race and ethnicity by adding interactions between the time period and background characteristics. Models employ survey weights and adjust for clustering of children in households. Our final models will use the ASEC replicate weights in order to adjust for the complex survey design.

Preliminary results

Our results indicate that the early impact of the recession was large and widespread. Parental employment and household food security declined across nearly every family structure, education, race, and ethnic group. The largest declines in parental employment are found in Hispanic families and when parents lacked a high school degree. Poverty increases were small and limited to a small number of subgroups (married parents, less educated parents, Hispanic families). By updating these numbers with the 2010 ASEC and the December 2009 Food Security supplement, we will be able to better understand how children fared, as American families began to feel the true extent of the Great Recession.

Citations

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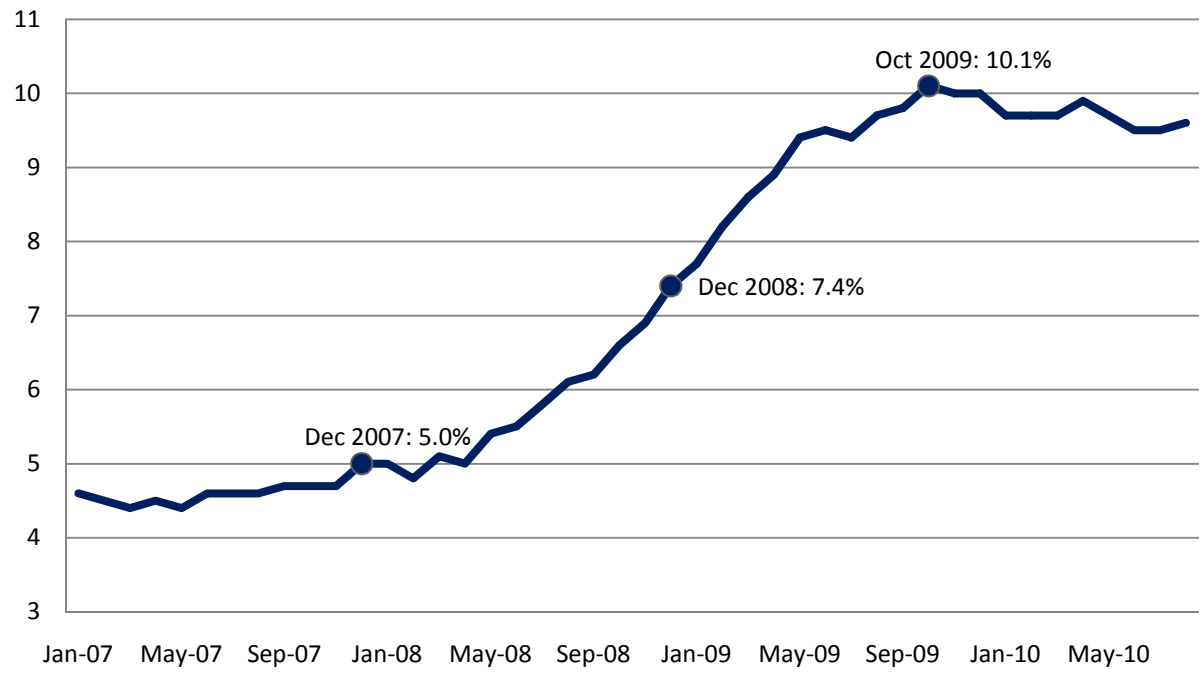
Figure 1. U.S. Unemployment Rate, January 2007-August 2010



Source: Bureau of Labor Statistics monthly unemployment statistics