

Parental Job Loss and Young Adult Achievement

Ariel Kalil, (University of Chicago) and Patrick Wightman (University of Michigan)

Without a doubt, the effects of parental joblessness on the well-being of families and children have rarely been more relevant than in the current economic climate. It is well-known that job loss negatively affects family members' health and well-being. Parental job loss can negatively affect children's well-being and achievement. Nevertheless, the nature of children's experiences in families with jobless workers is not fully understood. The present study uses high-quality nationally representative data from the Panel Study of Income Dynamics to investigate this question.

Data

The Panel Study of Income Dynamics began in 1968. The focus of the PSID is the employment and income experiences of the respondent households. We use data from the PSID and two of its supplements, the Child Development Supplement (CDS) and the Transition to Adulthood Supplement (TAS), which consists of CDS respondent-children aged 18 and older. The first wave of TAS interviews was conducted in 2005 and the second two years later. Our preliminary sample consists of all respondents to the TAS (roughly 750 for the first wave [2005]; our final paper will include data from the 2007 wave as well).

Preliminary Results

Descriptive statistics for the 2005 TAS are presented in Table 1. Nearly forty percent of these young adults experienced a parental job loss at some point during their childhood; the majority of these (83 percent) were reported prior to respondents' participation in the first wave of the CDS.

At the univariate level, there are stark differences in educational achievement by parental job loss status: respondents whose parents lost a job are 12 percentage points more likely to drop out of high school. The importance of high school graduation is reflected in the rate of post-secondary education: respondents are 17 percentage points less likely to go on to college if their parents reported a job loss. These children are more likely to have been born into a single-parent household but otherwise there are no significant demographic differences, with the exception that children who did not experience a parental job loss are more likely to have two college-educated parents.

Turning next to the regression results, the set of control variables include race (nonwhite), gender (female), birth order and family size, number of parents in the household, region of residence and parents' human capital as measured by educational attainment. For ease of interpretation the analyses are carried out using linear probability models (LPMs). The differences in achievement by parental job loss status are robust to the demographic and parental education controls (Table 2). The children of job-losing parents are less likely to finish high school and, conditional on this, less likely to attend college. As can be seen in the second column under each outcome, early childhood job loss is an important predictor of longer-term outcomes.

Additional work will use the information in the PSID core and CDS to examine the roles of family relationships, household environments and resources and child achievements as both additional contextual controls and potential mechanisms to explain these results.

Table 1: Descriptive Statistics for Transition to Adulthood Supplement

	Sample	No Job Loss	Job Loss	Difference
Parent ever lost job	0.38	.	1.00	.
.	(0.49)	.	(0.00)	.
Parent lost job prior to CDS waves (before 1997)	0.32	.	0.83	.
.	(0.47)	.	(0.38)	.
Parent lost job between CDS waves (between 1997 & 2002)	0.04	.	0.11	.
.	(0.20)	.	(0.31)	.
Parent lost job after CDS waves (after 2002)	0.02	.	0.06	.
.	(0.15)	.	(0.24)	.
High school drop-out	0.12	0.08	0.20	0.12**
.	(0.33)	(0.26)	(0.40)	(0.00)
GED receipt	0.04	0.03	0.06	0.02
.	(0.20)	(0.18)	(0.23)	(0.12)
High school graduate	0.84	0.89	0.75	-0.15**
.	(0.37)	(0.31)	(0.44)	(0.00)
Ever attended college	0.78	0.84	0.68	-0.17**
.	(0.41)	(0.36)	(0.47)	(0.00)
High school GPA	3.14	3.31	2.86	-0.45**
.	(2.07)	(1.84)	(2.38)	(0.00)
Arrested	0.19	0.17	0.22	0.05*
.	(0.39)	(0.37)	(0.41)	(0.09)
Gender (female)	0.53	0.53	0.51	-0.02
.	(0.50)	(0.50)	(0.50)	(0.65)
Race (nonwhite)	0.33	0.32	0.36	0.04
.	(0.47)	(0.47)	(0.48)	(0.25)
First born	0.37	0.38	0.34	-0.04
.	(0.48)	(0.49)	(0.48)	(0.26)
Number of siblings	2.27	2.29	2.23	-0.05
.	(1.21)	(1.24)	(1.15)	(0.56)
Child born into two-parent household	0.83	0.86	0.77	-0.09**
.	(0.38)	(0.35)	(0.42)	(0.00)
One parent high school graduate	0.10	0.08	0.14	0.05**
.	(0.30)	(0.27)	(0.34)	(0.02)
Both parents high school graduates	0.04	0.05	0.02	-0.02
.	(0.19)	(0.21)	(0.15)	(0.10)
One parent college experience	0.31	0.29	0.36	0.07**
.	(0.46)	(0.45)	(0.48)	(0.05)
Both parents college experience	0.31	0.35	0.24	-0.11**
.	(0.46)	(0.48)	(0.43)	(0.00)
Sample size	738	430	308	.
Sum of weights	12448	7701	4747	.

Table 2: Young Adult Achievement and Childhood Parental Job Loss

	High School Dropout		GED Receipt		High School Completion		College Attendance	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Head ever reported job loss	0.08**	.	0.01	.	-0.09**	.	-0.11**	.
.	(0.03)	.	(0.02)	.	(0.04)	.	(0.05)	.
Parent lost job prior to CDS waves	.	0.08**	.	0.02	.	-0.09**	.	-0.12**
.	.	(0.04)	.	(0.02)	.	(0.04)	.	(0.05)
Parent lost job between CDS waves	.	0.11	.	-0.03	.	-0.08	.	-0.11
.	.	(0.08)	.	(0.02)	.	(0.08)	.	(0.08)
Parent lost job after CDS waves	.	0.07	.	-0.00	.	-0.07	.	0.00
.	.	(0.13)	.	(0.04)	.	(0.14)	.	(0.17)
One parent high school graduate	-0.25**	-0.25**	0.01	0.01	0.24**	0.24**	-0.20*	-0.20*
.	(0.06)	(0.06)	(0.05)	(0.05)	(0.07)	(0.07)	(0.10)	(0.10)
Both parents high school graduates	-0.29**	-0.29**	-0.07**	-0.08**	0.36**	0.36**	-0.04	-0.04
.	(0.07)	(0.07)	(0.03)	(0.03)	(0.07)	(0.07)	(0.14)	(0.14)
One parent college experience	-0.25**	-0.24**	-0.06**	-0.06**	0.31**	0.31**	0.03	0.03
.	(0.06)	(0.06)	(0.03)	(0.03)	(0.06)	(0.06)	(0.07)	(0.07)
Both parents college experience	-0.27**	-0.27**	-0.04	-0.04	0.31**	0.31**	0.17**	0.17**
.	(0.05)	(0.05)	(0.04)	(0.04)	(0.06)	(0.06)	(0.07)	(0.07)
Gender (female)	-0.01**	-0.01**	-0.00	-0.00	0.01**	0.01**	0.01*	0.01*
.	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Race (nonwhite)	0.02	0.01	-0.07	-0.08	0.05	0.07	-0.09	0.02
.	(0.09)	(0.15)	(0.05)	(0.06)	(0.10)	(0.16)	(0.11)	(0.20)
Firstborn	-0.02	-0.02	0.01	0.01	0.01	0.01	0.07*	0.07*
.	(0.03)	(0.03)	(0.02)	(0.02)	(0.03)	(0.03)	(0.04)	(0.04)
Number of siblings	0.04	0.04	-0.02	-0.02	-0.02	-0.02	-0.05	-0.04
.	(0.04)	(0.04)	(0.02)	(0.02)	(0.04)	(0.04)	(0.05)	(0.05)
Child born into two parent household	-0.12**	-0.12**	-0.00	-0.01	0.12**	0.12**	-0.03	-0.03
.	(0.04)	(0.04)	(0.02)	(0.02)	(0.04)	(0.04)	(0.05)	(0.05)
Child born in northeast	-0.03*	-0.03*	0.00	0.00	0.03	0.03	-0.03	-0.03
.	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
Child born in north central	-0.05	-0.05	0.01	0.01	0.04	0.04	0.02	0.01
.	(0.05)	(0.05)	(0.02)	(0.02)	(0.05)	(0.05)	(0.07)	(0.07)
Child born in west	0.06	0.06	-0.04**	-0.04**	-0.02	-0.02	0.08	0.09
.	(0.04)	(0.04)	(0.02)	(0.02)	(0.04)	(0.04)	(0.06)	(0.06)
Constant	0.58**	0.57**	0.19	0.19	0.23	0.23	0.99**	0.99**
.	(0.19)	(0.19)	(0.14)	(0.14)	(0.16)	(0.16)	(0.14)	(0.14)
P-value - year dummies	0.00	0.00	0.19	0.22	0.00	0.00	0.00	0.00
R-squared	0.24	0.24	0.05	0.05	0.24	0.24	0.20	0.20
Sample size	738	738	738	738	738	738	642	642
Mean of dependent variable	0.12	0.12	0.04	0.04	0.84	0.84	0.78	0.78