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Chapter 1

Introduction

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The first decade of the twenty-first century in the United States was a period of enormous economic turbulence and uncertainty, beginning with a brief recession—often referred to as the dot-com recession—followed by a dramatic housing bubble, and ending with the Great Recession, the worst and longest economic downturn since the Great Depression. In this book, we ask how families with young children fared during this volatile decade. More generally, we investigate how recessions affect family life across a wide range of domains, including economic conditions, parents’ health and health behavior, couple relationships, parenting quality, and child health and well-being. These questions are extremely important. Opportunity and intergenerational mobility are hot topics in both the popular press and academic research, and we have increasing scientific evidence that childhood experiences have profound and lasting consequences for adult lives. By extension, how recessions affect families with young children is of great interest.

Equally important is the question of how recessions affect families at different points in the income distribution. The last decade’s booms and busts came on the heels of a sustained rise in income inequality that left the poorest Americans increasingly struggling to get by. Thus, in addition to asking how recessions affect the average family, we also examine social class differences in these effects and the extent to which recessions exacerbate or minimize pre-existing differences.

Our book is inspired by Glen Elder’s classic study, Children of the Great Depression. Elder’s study followed more than 150 young people born in the early 1920s in Oakland, California, and described their families’ struggles coping with the Great Depression and its aftermath. Elder found that the Great Depression placed families and children under profound stress, reducing fathers’ ability to provide for their children, disrupting parents’ relationships, altering the nature and quality of the parenting their children received, and ultimately affecting children’s long-term outcomes. Although many families coped admirably with the economic stress, and many families and children demonstrated fundamental resiliency in the face of the Great Depression, Elder’s study showed that the economic
forces families face affect the micro-level processes undergirding family interactions and children’s development.

One of the hallmark intellectual legacies of Elder’s study is the family stress model, which emphasized the pathways, or intermediate outcomes, through which large drops in income or permanently low income affect family functioning and children’s development. The model, which was also informed by Elder and Conger’s study of the Iowa farm crisis in the early 1980s, is grounded in sociological and psychological theory, makes common sense, and produces strong statistical associations. It has also been replicated in multiple populations, including African American families, Finnish couples, Turkish couples, Czech couples, and Korean families.

Although innovative, the Elder and Conger studies were limited both by geographic particularity—Berkeley and Oakland in their Great Depression Study and parts of rural Iowa in their Farm Crisis Study—and by small samples—167 and 451, respectively. Moreover, the families in these studies were primarily of white, married couples and their children. Most important, all of the families experienced the same aggregate economic environment, and thus the effects of income declines and income deprivation were identified by comparing families who did and did not personally experience a large drop in income or by comparing families who were or were not persistently poor. Unfortunately, focusing on individual-level measures of recessions, such as job loss or income loss, makes it difficult for researchers to truly identify causal effects of recessions. Specifically, such studies cannot rule out the possibility that the negative outcomes associated with job loss or income loss were the result of some characteristic of the individual that caused both the job loss and the family dysfunction. After all, people lose jobs and suffer financial shocks for a wide variety of reasons in good times and bad. That they do makes distinguishing between macroeconomic effects and micro-level processes quite difficult. Although most studies of the effects of economic stress have this potential “omitted variable bias” problem, several recent studies using macro-level measures—such as unemployment rates, plant closings, and changes in income transfer policy—have found support for elements of the Elder-Conger model.

One of our major goals in this book is to test the various elements of the family stress model—and to add a few new ones—using the dot-com recession and the Great Recession as “natural experiments.” The recessions were not planned to lead to variations in local unemployment rates across cities and over time. Thus the variation is natural as opposed to planned. The families we study did not cause these variations but were instead subject to their influence. Hence the term experiment. In using local unemployment rates rather than individual-level indicators of unemployment, we eliminate the omitted variables bias and identify the short-term causal effects of recessions on family functioning and well-being. We
also hope to improve on earlier work by including a more recent and more
diverse sample of families. Although it stands to reason that recessions may
also have longer-term effects that take years or even decades to play out,
we seek to identify short-term, causal effects.

Many studies of economic dislocation rely on small, localized samples.
In contrast, the analyses in this volume are all based on data from the
Fragile Families and Child Wellbeing Study (FFS), which follows nearly
five thousand children born at the turn of the twenty-first century. The
FFS data are based on a probability sample of births in large U.S. cities,
are ethnically and economically diverse, and include a large number of
families formed by unmarried parents. Parents were interviewed shortly
after the birth of their child and again when the child was one, three, five,
and nine years old. By happenstance, the age nine interviews began just
before the Great Recession started and finished just after it ended. The
data’s richness and the fortuitous variation in the interviews’ timing let us
assess how families with young children were affected in the short term by
changes in economic conditions during the first decade of the twenty-first
century and how these experiences and impacts differed by social class.

The analyses in this book are not just another data point with which to
test some of the hypotheses derived from the family stress model, though
they indeed present just such a data point. Rather, the authors recognize
that much has changed in the United States since Elder and Conger’s
classic studies, requiring us to examine the interplay between families and
economic forces anew. The past forty years have seen more and more
women enter the paid labor force. According to data from the Bureau of
Labor Statistics, women’s labor force participation rates increased from
about 46 percent to nearly 60 percent between 1975 and 2000; even
greater increases occurred among women with children. Among mothers
with children under eighteen, labor force participation increased from
47 percent in 1975 to 73 percent by the end of the 1990s, where it has
remained over the last fifteen years.6 Thus, economic downturns today
can compromise both mothers’ and fathers’ economic positions and may
alter family dynamics in ways we cannot fully understand from studies
based on the male breadwinner model. The same period has also been
characterized by a steady growth in the proportion of children born to
unwed parents, from 15 percent in 1975 to about 34 percent in 2000.7
Many of these families start out with two parents living together, but do
not last, and many of the children grow up with a single mother, or, more
commonly, a mother and a series of romantic partners.8 This instability in
family structure may make families more vulnerable to economic shocks,
as they have come to stand on ever more precarious ground.

The chapters that follow take account of these demographic changes by
including a large sample of families with a child born outside marriage (all
chapters), by considering mothers’ labor force participation (chapter 2), by
distinguishing between married and cohabiting parents (chapter 5), and by examining the parenting behaviors of fathers who live apart from their children (chapter 6). Last, compared with the 1930s, the United States today has a much better-developed safety net to protect families from hard times. The Earned Income Tax Credit provides substantial wage subsidies to parents earning low wages; the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) provides critical food assistance to families who lose their jobs or who do not have enough money to put food on the table; and Medicaid, the State Children’s Health Insurance Program, and housing assistance help low-income families cover their medical and housing needs. Few would argue that today’s safety net is all-encompassing or without problems, but relative to the Great Depression and even the 1980s, we now have a more robust set of supports for vulnerable families.\(^9\) Despite them, it is also true that today’s safety net does not guarantee cash assistance to the most severely disadvantaged.\(^10\) Thus, the analyses in this book also examine how these supports, both cash and in-kind, provide a buffer to families who otherwise would have fallen through the cracks. To address this question, we look (in chapter 3) at the extent to which government transfers cushioned the effects of the Great Recession.

The FFS data let us put the effects of the Great Recession in the context of the lives of children born at the turn of the century. Repeated surveys of family economic well-being; parents’ relationship status and quality; parents’ health; mothers’ and fathers’ parenting; and children’s physical health, emotional health, and cognitive development let us describe the lives of these families and children over nine years in incredibly rich detail.

THE GREAT RECESSION

The Great Recession, which began as a financial crisis brought on by a housing bubble and a major stock market crash, quickly metastasized into a full-blown employment crisis. Recessions are defined by lack of growth in the overall economy as measured by gross domestic product (GDP). A recession begins when GDP falls for two consecutive quarters, and it ends when GDP rises for two consecutive quarters. The Great Recession was the worst employment crisis since the Great Depression in terms of both its severity and duration.\(^11\) The unemployment rate, which stood at exactly 5 percent in December 2007, peaked at exactly 10 percent by late 2010.\(^12\)

The unemployment rate is only a partial measure of pain in the labor market because it excludes people who have stopped looking for work, which people do more frequently when conditions for finding work are bleak. Looking just at prime-age men (twenty-five to fifty-four years old), 12.5 percent of men were jobless in December 2007. Two years later, this number had risen to 20 percent. Prime-age women fared little better:
joblessness for this group rose from 27.4 percent at the beginning of the recession to a high of 31.3 percent toward the end of 2011.\textsuperscript{13}

The unemployment rate alone does not tell us how long a spell of unemployment lasts for workers who find themselves out of a job. At the height of the Great Recession, more than 40 percent of unemployed workers had been unemployed for more than six months. Before it, only 16 percent were in this situation. Similarly, during the only other serious recession in recent times—the so-called double-dip recession of the early 1980s—this figure reached only about 25 percent.\textsuperscript{14} In short, those who experienced the pain of the Great Recession felt a more severe form of pain than in the past.

The Great Recession came on the heels of a sustained rise in income inequality. The economists Emmanuel Saez and Thomas Piketty have shown that the share of income going to the top 10 percent of the population was over 50 percent in 2012, the most in any year on record. According to estimates from the Congressional Budget Office, real after-tax incomes among the bottom fifth of American households grew by only 48 percent between 1979 and 2011, versus 200 percent among the top 1 percent.\textsuperscript{15} Although 48 percent is significant progress, research on trends in poverty shows that much of the income growth at the bottom of the income distribution came not from increased earnings but instead from government programs and policies such as the Earned Income Tax Credit and Food Stamps.\textsuperscript{16}

Although the Great Recession is widely understood as the largest downturn since the Great Depression, it was not the only recession experienced by families with children born at the turn of the twenty-first century. To put the Great Recession in context and explicate the relationship between recessions, unemployment, and household income, figure 1.1 portrays the two recessions, the national unemployment rate and median household incomes (as a ratio of median income in the year of interest to median income in 2000) over the period 2000 to 2015. The two recessions are shaded in gray.

First, focus on the dot-com recession, which began in the spring of 2001 and ended in the fall of the same year. Unemployment, which was only 4 percent at the onset, continued to creep up well after the recession officially ended and did not peak, at a bit over 6 percent, until the summer of 2003. Similarly, family income continued to drop long after the recession ended and unemployment rates began falling. Income reached its nadir in the summer of 2005, two years after unemployment peaked and four years after the recession ended.

Next, focus on the Great Recession, which began in late 2007 and ended in July 2009. Notice that the Great Recession lasted more than twice as long as the dot-com recession. Unemployment rates also continued to rise after the recession ended, though they peaked at 10 percent only three months later, whereas incomes continued to fall for the next two years.
In both recessions, the rapid increase in unemployment during the recession was followed by a much slower decline in unemployment during the recovery. As a result, unemployment rates remained much higher than they were before the recession throughout most of both recoveries. Similarly, income was slow to recover after both recessions. Following the dot-com recession, household incomes did not reach their earlier peak (2002) until 2007. In April 2014, following the Great Recession, income was still about 6 percent below its 2002 and 2007 peaks.

Although we know a great deal about the effects of unemployment and the Great Recession on economic outcomes for the general population, we know surprisingly little about the effects on families with children, especially the noneconomic effects and particularly the effects on more vulnerable families.

THE FRAGILE FAMILIES DATA

All of the analyses in this book are based on FFS data. The FFS is a longitudinal birth cohort study based on a stratified random sample of nearly five thousand children born in twenty large U.S. cities between September 1998 and September 2000. The study includes a large oversample of chil-
children born to unmarried parents, who tend to be quite disadvantaged on many other measures of social class. Three-quarters of the mothers in the FFS were unmarried when their child was born.

Fifteen of the twenty cities in the study were sampled randomly from all large U.S. cities. When weighted, the data from these cities are representative of all births in U.S. cities with populations of two hundred thousand or more. Five additional cities were added to the fifteen-city national sample because they were of special interest to foundations. Although these five were not chosen randomly, the births in these cities were randomly sampled, using the same sampling design that was used in the other fifteen cities. When weighted, data from each of the twenty cities are representative of all births in that city. The analyses in this book are based on data from all twenty to maximize sample size.

One advantage of the FFS is that, thanks to the large oversample of births to unmarried parents, the sample is more disadvantaged and more diverse with respect to income, education, family structure, and race and ethnicity than most other data sets. Black and Hispanic women and women with low levels of education are more likely to have children outside marriage; consequently, these groups are disproportionately represented in the FFS data. The overrepresentation of disadvantaged families lets us formally test for differences in the effects of recessions on better- and worse-off families and children.

Our primary measure of disadvantage is mother’s educational attainment, the single best measure of human capital or potential earning power. As such, it captures economists’ notion of permanent income and sociologists’ notion of class. Table 1.1 presents the proportion of mothers in the sample who are married, cohabiting, or single; who are white, black, Hispanic, or other racial-ethnic group; and who are poor as defined by mother’s completed education at their child’s birth. The average income for each group when the child is one year old is also displayed. (Poverty status was also measured at year one because income was poorly measured at baseline.) Note first that more-educated mothers are much more likely than less-educated mothers to have been married at birth. Among college-educated mothers, fully 97 percent were married at birth, a proportion that drops dramatically among their counterparts with less education. Only 57 percent of mothers with some post–high school education, 40 percent of those with a high school diploma, and 32 percent of those with less than a high school diploma were married at the child’s birth. Eighty-six percent of mothers without a high school diploma and 69 percent of those with only a high school diploma are either black or Hispanic. In stark contrast, over 70 percent of the college-educated mothers are white. Less-educated mothers in the FFS study have much lower household incomes than more-educated mothers and are also much more likely to be living in poverty. One-third of mothers
with less than a high school education were poor one year after giving birth, whereas 21 percent of mothers with a high school education, 11 percent of those with some post–high school education, and only 2 percent of those with a college degree or more were. In short, the overlap between education and other measures of advantage and disadvantage is huge. The story we tell through the lens of mothers’ education could also be told via race-ethnicity and family structure.

For our purposes, an important feature of the FFS is the remarkably rich information on family resources, relationships, and behaviors, including data on family economic well-being; parents’ relationship status and quality; parents’ health; mothers’ and fathers’ parenting; and children’s physical health, emotional health, and cognitive development. No other large data set is comparably rich in all these domains. This makes the FFS ideal for testing many hypotheses suggested by the family stress model.

Perhaps the key advantage of the FFS data is that families in twenty cities have been followed since the beginning of the twenty-first century, with enormous variation in the economic contexts to which these families have been exposed. Because data collection began at different times in different cities and continued for up to a year in each city, and because the nine-year interviews began in 2007 and continued into 2010, FFS data are particularly useful for studying the short-term effects of the Great Recession. Equally important, the data are ideal for assessing the economic conditions that pertained before the Great Recession—at the children’s birth and when they were one, three, and five years old.

The Department of Labor keeps track of unemployment rates by month in cities across the United States. These local data were attached to the FFS

<table>
<thead>
<tr>
<th></th>
<th>Less than High School (32%)</th>
<th>High School (26%)</th>
<th>Some College (21%)</th>
<th>College + (21%)</th>
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<tr>
<td>Married</td>
<td>32</td>
<td>40</td>
<td>57</td>
<td>97</td>
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<tr>
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<td>26</td>
<td>23</td>
<td>1</td>
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<tr>
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<td>32</td>
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<tr>
<td>Non-Hispanic white</td>
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<td>22</td>
<td>32</td>
<td>71</td>
</tr>
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<td>Non-Hispanic black</td>
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<td>46</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>Hispanic</td>
<td>45</td>
<td>23</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td>Other race-ethnicity</td>
<td>1</td>
<td>9</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Poverty</td>
<td>33</td>
<td>21</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Household income ($2010)</td>
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<td>$47,000</td>
<td>$67,000</td>
<td>$176,000</td>
</tr>
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<td>N</td>
<td>1,079</td>
<td>791</td>
<td>767</td>
<td>349</td>
</tr>
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</table>

Source: Authors’ calculations.

Note: Statistics are weighted using the city weights. N’s are unweighted. Sample is restricted to mothers who are in all survey waves, N = 2,986.
data by the city of birth and date of the FFS interview. (For families that moved to another city after the birth of their child, we also attached the current city unemployment rate, though estimates reported in the text rely on the city of birth.) Combining the local unemployment rate data with the FFS data allows us to measure local unemployment rates at the time of interview, average unemployment rate in the year before the interview, and the speed at which the unemployment rate was increasing or decreasing in the year before the interview. All of these measures are used to describe associations between local economic conditions and various outcomes, such as individual-level unemployment, family income, and health.

HOW WE LOOK AT THE DATA

Figure 1.2 depicts the city-level unemployment rate that prevailed in each month that our data collection team was in the field. The figure underscores the enormous variation in the economic experiences of the families in the FFS and illustrates how we look at the data. In some cities at some points in time, the unemployment rate was as low as 2 to 3 percent, and at the height of the Great Recession in one city it reached a peak of nearly 17 percent. Even within cities and interview waves, local unemployment rates varied substantially. In 2001, when the children were approximately one year old, unemployment rates increased substantially in most cities and by 2 percentage points in the city with the highest unemployment rate. In 2003, 2004, and 2005, unemployment rates were falling in all of

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**Figure 1.2  Local Unemployment Rates During Interviewing Periods**

Source: Authors’ calculations.
our cities. During the year nine interviews, unemployment rates were skyrocketing in the first set of cities, where interviewing began in 2007 and 2008, rising 4 or more percentage points in some places. In other cities, where interviewing did not begin until 2009, unemployment rates did not change much during the field period.

We harness all this information and variation to generate robust estimates of the effects of recessions on families and children. In our analyses, we look at the relationship between local unemployment rates and family outcomes when children are approximately one, three, five and nine years old. The longitudinal data allow us to measure the short-term effects of differences in local economic conditions over time for the same families and children.

Each of the seven chapters that make up this book focuses on a separate domain of family well-being. Most of these—family income, parents’ mental health, parental conflict, parenting and child well-being—were part of the original family stress model. Two chapters, reflecting social changes described—the effects of welfare state programs on cushioning income losses and child support payments and visitation by nonresident fathers, the subjects of chapters 3 and 6—are new.

Each chapter follows a standard format. First, the authors review what we know about the effects of economic downturns on a particular domain. Next, they describe trajectories for each of their outcome measures over the first nine years of a child’s life. Finally, they report estimates of outcomes at two unemployment rates: 5 percent and 10 percent. The difference between them is our best estimate of the effects of the Great Recession.

We also asked the authors to examine the disparate experiences and impacts of recessions on more and less disadvantaged families. Although many dimensions of disadvantage can make families more or less vulnerable to economic forces, we chose educational attainment as our measure of family economic status. As we have said, economists view educational attainment as the single best measure of human capital and future earnings, and sociologists see it as a central component of social class. Education is a strong predictor of earnings, income, health and well-being, and highly correlated with many other forms of vulnerability and disadvantage. All but one of the chapters in this book use mother’s education to measure family education. The exception is the chapter on child support and fathers’ involvement, which uses father’s education. In addition, all of the chapters examine differences in the effect of recessions by race-ethnicity and family structure. These results are reported in the appendix, and the most important findings are discussed in the individual chapters. We summarize them here.

As noted earlier, the families in our study were sampled at the time of the focal child’s birth and again when the child was approximately one (1999–2001, N = 4,364), three (2001–2003, N = 4,231), five (2003–2006, N = 4,139) and nine years old (2007–2010, N = 3,515). To study the trajectories of the outcomes of interest over time, the authors use the data at each
wave, restricting their analyses to the sample of mothers interviewed at all survey waves (N = 2,986). To study the effects of recessions and to estimate the effect of the Great Recession, each of the chapters uses pooled data from the year one, three, five, and nine data (N ≈ 16,250). The samples for these analyses include all mothers who were ever interviewed. Although the sample size varies somewhat by the outcome examined, approximately 4,600 mothers contribute to the pooled estimates. As with longitudinal data, some mothers left the study over time (or left and returned). When we look at the mothers who left the sample and compare them with the mothers who stayed, we see that they are slightly more likely to be Hispanic, to be immigrants, and to have less than a high school education. Fathers who left the sample are also more likely to be Hispanic, to be immigrants, and to be less educated, but also to have been poor at the baseline survey, single, and younger than fathers who remained in the sample.

THE MODEL

Pooling data from interviews conducted when children were one, three, five, and nine years old, the authors use local unemployment rates and individual fixed-effects models to estimate the effects of recessions on families and children. As noted, variation in local unemployment rates across cities and over time can serve as a natural experiment that lets us minimize the problem of omitted variable bias. Individual fixed-effects models control for individual (or family) differences that may be associated with local unemployment rates and the outcome of interest. In these models, the association between unemployment and family outcomes is based entirely on differences within individuals (or families) over time. Although fixed-effects estimates are generally given precedence in estimating causal effects precisely because they are based solely on within-person comparisons, this “purity” is purchased at a cost in sample size—for within-person comparisons, we need at least two observations for each person. Further reductions in sample size occur when the predictor variables do not change, because these variables must change at least once for a within-person comparison. Dichotomous variables are less likely to change than continuous variables are. Finally, another drawback of an individual fixed-effects model is that all of the other control variables that are fixed—such as race, education family structure at birth of child, and city of birth—drop out of the equation. Because these coefficients are of some interest, the first appendix table in each chapter reports coefficients for the effect of unemployment on one outcome of interest in each chapter, using a model that controls for baseline education, family structure, age, race-ethnicity, nativity (foreign or U.S. born), number of children in the household, whether mothers lived with both parents at age fifteen, city of birth, and year of interview. Still, because the fixed-effects model produces the best causal estimates,
It is worth repeating that all our models have a distinct advantage over earlier studies using individual-level unemployment to assess the family stress model. Effects of recessions estimated via differences in local unemployment rates over time cannot be due to unmeasured characteristics of the FFS parents, such as innate abilities and temperament. Unlike the bulk of the family stress literature, we make no attempt to estimate the pathways through which recessions affect parental relationships or parenting. Thus we do not distinguish between the direct and indirect effects of unemployment. In each case, we estimate the total (combined) effects of unemployment on each of our outcomes.

The local unemployment rate is a good indicator of the probability that an individual is unemployed. It may not capture the stress associated with anticipating economic adversity or with uncertainty per se, however. Experimental research, for instance, indicates that mother monkeys parent less well—and their offspring do less well—when foraging in poor environments versus rich environments. However, both mothers and offspring do worse when poor and rich environments are varied randomly, suggesting that uncertainty or insecurity may be more stressful than the actual experience of adversity. Among humans, anticipating significant adverse events elicits stress or anxiety, and it impairs decision-making and increases risk aversion and aggression. Hedonic adaptation theory suggests that the emotions elicited by any particular level of unemployment depend on the previous level. For example, an unemployment rate of 8 percent will elicit hope and confidence if the previous rate was 10 percent, but fear and anxiety if it was 6 percent. Similarly, an 8 percent rate will elicit greater fear and anxiety if the previous rate was 4 percent rather than 7 percent because the size (or rate) of the change is much larger for the former than the latter. Finally, research in behavioral economics demonstrates that people’s responses to losses are greater than their responses to gains of equal size. This research suggests that rapidly increasing unemployment will have more adverse effects than rapidly decreasing unemployment. Drawing on these ideas from the behavioral sciences, we hypothesized that parenting and other outcome measures are associated with both the direction and the rate of change in macroeconomic conditions and that declines in economic conditions have larger effects on outcomes than improvements in conditions. To test these hypotheses, each chapter estimates a third model that adds two variables that measure the rate of increase or the rate of decrease in unemployment during the previous year. All chapters report on these results in the appendix and results that are statistically significant are discussed in the individual chapters and summarized in this one.

All chapters also test whether the overall effect of the local unemployment rate is any greater or smaller during the Great Recession (which
coincided with the year nine interview). If the effects of the local unemployment rate are greater during the recession period, our simulated estimates of the effects will be too low because these estimates are derived from the full model, which relies on the dot-com as well as the recession. We find very little evidence of differences, except for the parenting and child well-being chapters. Differences are discussed in the relevant chapters and summary.

CHAPTER SUMMARIES

We begin by examining trajectories in the economic circumstances of families with young children during the first decade of the twenty-first century and how recessions affected their economic well-being. In chapter 2, Irwin Garfinkel and Natasha Pilkauskas focus on three indicators of family economic well-being: income, poverty, and economic insecurity (measured as forgoing medical care, food, or housing or not paying bills because of a lack of money—measures commonly called material hardships). Because individuals’ earnings tend to increase over time as parents gain more working experience, we might expect to see families’ economic outcomes improve over the nine years after a child’s birth. However, the dot-com recession, followed by a tepid recovery and the Great Recession, are likely to have depressed income gains and produced economic volatility and insecurity during this decade.

The authors find that the average family income went up and down during this decade; increases were modest, and poverty rates fell somewhat for all groups. In contrast, insecurity increased a bit. As expected, economic well-being is strongly related to education. Most striking is the degree to which families with a college-educated mother stand apart from the rest. Throughout the decade, by all measures, these families did much better than their counterparts with less-educated mothers. The family incomes of college-educated mothers, for example, average around $180,000, which is about 2.4, 3.6, and 4.4 times that of mothers with some college, a high school education only, and less than a high school diploma, respectively. (The differences in median income are nearly as striking: the ratio of highest to lowest being 4.3 rather than 4.4.) Economic insecurity is very high for families with the least education, at nearly 50 percent each year. What is surprising, however, is how widespread economic insecurity is further up the education distribution: around 40 percent for families with some college. In addition, although families with a college-educated mother did far better than other families, 20 percent were still economically insecure.

As expected, local unemployment rates are strongly related to family income, poverty, and economic insecurity. Thus the simulated effects of the Great Recession on economic well-being are large, reducing family incomes and increasing poverty and economic insecurity. Again, the
college-educated families stand apart as being the least affected. When
unemployment rates were 10 percent rather than 5 percent, their family
incomes were only 5 percent lower. The incomes of three less-educated
groups dropped three to four times that. The percentage increases in the
already high poverty rates of the three groups are dramatic—42 percent,
53 percent, and 75 percent. Insecurity also rose more in percentage terms
as education increases up to a college degree, such that distress rose up
the economic ladder. Families with some education after high school were
particularly hard hit by big recessions, especially in terms of economic
insecurity. Their rates of economic insecurity increased by nearly two-
thirds, becoming indistinguishable from those of families with less edu-
cation. This finding may reflect that families with some education after
high school but no college degree are especially vulnerable to hard times,
whereas less-educated families experience poverty and insecurity in both
good and bad times. In short, although families with less than a college
degree fare poorly even in relatively good times, the economic impacts
of the Great Recession on these families were very large, pointing to large
potential ripple effects on other domains of family life.

In chapter 3, Pilkauskas and Garfinkel look at how the American safety
net—public programs that aim to help low-income families, plus unem-
ployment insurance and private transfers—functioned during the first
decade of the twenty-first century. As with family income, in a healthy
economy, we would expect safety-net transfers (public and private) to
decline as children grow older and parents’ earnings rise. In difficult eco-
nomic times, however, we would expect public benefit receipts to mirror
trends in family income, going up in recessions and down in recoveries.
Trends in private transfer are less certain; in bad times, the need for help
increases but the ability to help declines.

The authors find that very high proportions of families in the two groups
with the least education received benefits from Medicaid, the Earned
Income Tax Credit (EITC), and SNAP—68 percent and 77 percent,
60 percent and 62 percent, and 35 percent and 48 percent for the three pro-
grams. Recipient rates for public housing or housing voucher assistance—
26 percent and 30 percent—and Temporary Assistance for Needy Families
(TANF)—16 percent and 25 percent—were lower. Corresponding rates
for Supplemental Security Income (SSI) and Unemployment Insurance
(UI) were below 10 percent. They also find surprisingly high EITC recipi-
ent rates for the more highly educated groups—55 percent and 31 percent,
respectively, for those with some education after high school and those
with a college degree. Receipt rates from most programs were higher by
the end of the decade than they were at the beginning, reflecting the weak-
ness of the recovery from the dot-com recession and the severity of the
Great Recession, in combination with the dynamics of individual aid pro-
grams. Recipient rates increased for entitlement programs—that is, pro-
grams in which the federal government guarantees to pay all federal costs and to reimburse all state expenses no matter the cost, including Medicaid, EITC, SNAP, SSI, and UI. In stark contrast, TANF receipts declined and housing subsidy receipts, after an initial increase when the children were between ages one and three, were flat. These programs had federal budgets that were declining or fixed. TANF receipt also decreased as more single mothers went to work and as more single mothers approached the five-year lifetime limit on TANF assistance.

Private cash transfer receipts fell between when the children were ages one and three and then leveled off or increased somewhat, depending on the education group. The amount transferred increased proportionally with income, which sets the college-educated apart in terms of the average amount transferred. Another form of private aid is to share housing, which the authors term doubling up. The most common form of doubling up is for the family to move in with the mother’s parent or parents. For all but the college-educated families, doubling up decreased rapidly when the children were between age one and three and steadily thereafter as the child grew older.

Just as they do when it comes to economic well-being, families with a college-educated parent stand apart with respect to public and private transfers. They were much less likely than other families to receive income-tested benefits from programs such as Medicaid, SNAP, and the EITC. Although the chapter focuses on safety-net transfers, college-educated families were much more likely than other families to receive public benefits through the tax system, including government-subsidized, employer-provided health insurance and deductions for home ownership. Indeed, once employer-provided and tax benefits are counted, the total value of cash and in-kind transfer benefits is more or less equal across all income and education groups. Nonetheless, of course, less-educated families are far more reliant on these transfers than are college-educated families because their market incomes are so much lower.

The authors also examine how well the American safety net responded to the economic damage wrought by the recessions. They find a strong positive relationship between local unemployment rates and the receipt of UI, SNAP, and Medicaid. They also find an association between local unemployment rates and the receipt of private transfers in the form of cash assistance from family (mostly) and friends. Not surprisingly, the poverty-reducing effects of public transfers dwarf those of private transfers. Indeed, the effects of private transfers are close to zero. At the peak unemployment rate of 10 percent, poverty rates would have been 21 to 33 percent higher for the four education groups if not for public safety-net transfers. Interestingly, the largest mitigation effect, 33 percent, is for the group with some education after high school but not a college degree.
In chapter 4, Janet Currie and Valentina Duque examine mothers’ and fathers’ physical and mental health as well as their health-related behaviors. Physical health is measured by reports of limitations in ability to work as well as a subjective assessment of overall health. Health behaviors include smoking, drinking, and drug use. Because adult health generally declines with age, especially among disadvantaged populations, we would expect to see parents’ health decline over the decade. In contrast, health behaviors usually improve with age. Difficult economic conditions should have exacerbated declines in health and retarded improvements in health behaviors.

Indeed, the authors find that over the decade, both mothers and fathers across all education groups reported an increase in health problems that limit work and all groups except college-educated mothers self-reported overall health declines. More generally, health disparities by education increased over time. Binge drinking and drug use also generally increased among both mothers and fathers, although college-educated mothers and fathers were an exception with respect to drug use, which declined. Smoking remained flat except among college-educated mothers, where we see a small decline.

Local unemployment rates are strongly related to health outcomes and behaviors, and the effects of the Great Recession were therefore quite pronounced. For example, as a consequence of the Great Recession, the proportion of mothers with less than a high school education and only a high school diploma who reported their health as either poor or fair increased, from 47 percent to 62 percent and from 37 percent to 48 percent, respectively—increases of nearly one-third in both cases. In every group, the Great Recession also substantially increased (by 30 percent) the proportion of fathers who reported a health problem that limited their employment, the largest effect being for the group with some education after high school. Only this group reported a decrease in overall health.

The effects on health habits are a bit more complicated. The Great Recession increased binge drinking and drug use for all mothers, except the college-educated, among whom drug use declined from an already low level. Smoking also increased, but only among mothers with some post–high school education or a college degree. Recessions did not affect fathers’ smoking, drinking, or drug use, with one exception: fathers with some post–high school education increased both their drug use and binge drinking during hard economic times.

Finally, the authors also find that rapid increases in unemployment were strongly associated with increases in health limitations, drinking, and drug use. This may be evidence that recessions have direct effects on health via fear or anticipation of future economic adversity, independent of their effects on economic well-being.
In chapter 5, Daniel Schneider, Sara McLanahan, and Kristen Harknett examine the stability and quality of parental relationships and whether the effects of recessions spill over into parents’ relationships. We expect relationship stability and quality to improve over time as unhappy unions dissolve and are replaced with more compatible ones. In contrast, we expect recessions to undermine stability and increase conflict.

The authors find large disparities by education in the proportion of mothers who were living with a partner at the time of their child’s birth. Nearly 100 percent of college-educated mothers were married or cohabiting, compared with only 70 percent of mothers with less than a high school education. These percentages declined slightly (by less than 10 percent) for all mothers over the course of the decade, those with a college degree showing a slightly steeper decline. The picture for parents’ relationship quality is both different and similar: different in that parents’ reports of relationship quality were quite similar across education groups, and similar in that trends in relationship quality were quite stable over time.

Consistent with the family stress model, the authors find that high unemployment was associated with reductions in marriages and cohabiting unions. The estimated effect of the Great Recession on residential relationship stability was smaller, in terms of percentage change, than the effect on either economic conditions or parents’ health. However, the effects were far from trivial, with decreases in marriage and marriage-cohabitation ranging from 7 to 17 percent. The college-educated group again stands apart, showing no evidence of a decline in residential relationship stability. Interestingly, recessions had little to no effect on couple relationship quality as mothers reported. Fathers, on the other hand, reported less supportiveness from mothers, an effect that was concentrated in the lowest education group. Fathers also reported declines in overall relationship quality. The relationship effects were not statistically significant, however, except among Hispanics, where fathers reported declines in both relationship quality and supportiveness. Again, the college-educated group stands apart: mother’s supportiveness, as reported by fathers, increased as unemployment increased. The authors also found some evidence that relationship quality was more adversely affected by local unemployment rates during the Great Recession than in earlier years, suggesting that their estimates of its effects may be too low. Finally, the authors report that in previous work, they found that father’s controlling behavior was not related to the level of unemployment but was strongly related to the speed with which unemployment increased. This finding provides some evidence that anticipation or fear of future economic adversity affects behaviors.

Chapter 6, by Ronald Mincy and Elia De la Cruz Toledo, examines nonresident fathers’ monetary support and visitation and how recessions affect these two measures of involvement in their children’s lives. Both the
passage of time and recessions are expected to lead to declines in nonresident father involvement.

The proportion of fathers in all groups who live apart from their child increases over time. Yet, the college-educated group, as in other chapters, stands apart. At age nine, only 13 percent of the college-educated fathers live apart from their child, versus between 39 and 55 percent for the less-educated groups. Indeed, the number of college-educated fathers living apart from their child is so small that, in analyzing the effects of unemployment on child support and visitation, the authors had to analyze them in conjunction with fathers with some education after high school. The authors also find, as expected, that the longer fathers have lived apart from their child, the less likely they are to pay child support and visit.

The local unemployment rate is strongly related to court-ordered child support payments. Thus the authors’ estimates of the effect of the Great Recession on child support payments is substantial—a statistically significant 13 percent decrease. The effects on payments from the fathers with a high school diploma and fathers with more than a high school education are larger—26 percent and 20 percent—and the former is statistically significant. Declines in informal support for these groups are around 16 percent (not statistically significant) and changes in in-kind support are minimal. Declines in all kinds of child support for high school dropouts are smaller and not statistically significantly different from zero. The authors also find that recessions have no effect on whether fathers visit with their child in the last month for any education group.

In chapter 7, William Schneider, Jeanne Brooks-Gunn, and Jane Waldfogel examine the quality of mothers’ and fathers’ parenting and how it is affected by recessions. They measure parenting quality by harsh parenting (spanking, and high-frequency physical and psychological aggression), warmth, and the number of parent-child activities. Harsh parenting is expected to increase not long after the child first becomes independent by walking and talking—sometimes referred to colloquially as the terrible twos—but to decrease steadily sometime after age three to five as the parents gain experience and the child matures. Warmth and the number of parenting activities are also expected to decrease as the child ages. The authors find evidence of all these patterns in the FFS data. The authors also find interesting differences by mothers’ education. Warmth increases with education at all ages. But spanking and physical aggression are unrelated to education until children reach age nine, when both decrease steadily with increases in education. At age nine, however, high-frequency psychological aggression is highest and activities with the child are lowest for college-educated mothers.

Harsh parenting is expected to increase during recessions, but the effects of recessions on warmth and parents’ activities with the child are ambiguous. Mother’s parenting is sensitive to unemployment rates, but
not in the expected way. The authors find no evidence that high local unemployment rates led to worse parenting by mothers. Indeed high unemployment was associated with less spanking and physical aggression and was unrelated to warmth and activities with the child. Rapid increases in unemployment rates were associated with increases in maternal warmth and activities with their child and in some specifications with increases in harsh parenting, whereas rapid decreases were associated with increases in harsh parenting.

Father’s harsh parenting, like that of mothers, decreased rather than increased when unemployment rates were high. In general, neither rapidly increasing or decreasing unemployment was associated with harsh parenting, although among college-educated fathers, rapidly increasing unemployment was associated with increases in spanking. (Warmth and frequency of activities were not measured for fathers.)

In short, the dot-com recession and the Great Recession affected parenting in unexpected ways. High unemployment was associated with less, not more, harsh parenting among both mothers and fathers. Among mothers, rapidly increasing unemployment was associated with more warmth and more activities with the child, and, in some specifications and in previous research, with more harsh parenting. Rapidly decreasing unemployment was also associated with more harsh parenting. We offer a possible explanation for the perplexing findings for parenting behavior.

Last, chapter 8, also by Schneider, Brooks-Gunn, and Waldfogel, describes children’s developmental outcomes during the first nine years of their life and to examine whether recessions affect these outcomes. Behavioral problems are captured on two scales: externalizing (acting out) and internalizing (withdrawing). Cognitive development is assessed by Peabody Picture Vocabulary Test (PPVT) scores. Finally, the authors examine one health outcome, obesity. Externalizing behavior increases as children become more independent when they learn to walk and talk and then decreases steadily. Internalizing behaviors also generally decrease as children grow older. Cognitive test scores are age normed and so not expected to trend. Obesity is expected to increase as children age. Children’s outcomes are also expected to diverge by class as they grow older. The authors find all of these patterns in the FFS data, except for obesity where increase is minimal as children age, as is divergence by class.

Recessions are expected to increase behavior problems and reduce child well-being. Yet, as with the parenting outcomes, the authors find no evidence that unemployment rates were associated with any of these outcomes. Once again, however, rapid changes in unemployment rates were strongly associated with both improvements and reductions in child well-being. On the one hand, rapid increases in unemployment rates were associated with more acting out (for all education groups except those with
college-educated mothers). On the other hand, rapid decreases in unemployment were associated with improvements in PPVT scores and internalizing behaviors (among mothers who did not complete high school). Although the results for children are unexpected, they are consistent with the parenting results in that both parenting and child outcomes are driven by the rapidity of change in unemployment rates rather than the level of the unemployment rate.

CONCLUSION

All American families with children born at the beginning of the twenty-first century lived through turbulent economic times during their child’s first decade. Depending on mothers’ education, however, their experiences differed dramatically. Families with a college-educated mother had much higher incomes and much lower rates of poverty and economic insecurity throughout the decade than families with less-educated mothers. They also received different kinds of government-subsidized benefits, were in much better health, and had more stable parental relationships. Not surprisingly, the children in these families fared better than children in less-educated families. Finally, families with a college-educated mother stand apart because they were minimally affected by the dot-com recession and the Great Recession.

At the other extreme, among families with a mother who did not finish high school, poverty and economic insecurity, poor health, single parenthood, and poor child outcomes were common throughout the child’s first decade. Families in which the mother had a high school diploma generally fared somewhat better than those with a mother who did not, and families in which the mother had some education after high school generally fared better than their counterpart families. For a few outcomes, families in which the mother had some education after high school looked more like those with a college-educated mother than like those whose mother had only a high school diploma; for most outcomes, however, they looked more like the two less-educated groups.

Given the evidence presented in these chapters, we would have to conclude that the Great Recession’s effects on two-thirds of American families (those in which the mother did not have a college degree) were quite large. For those with a high school diploma or less, the recession seriously exacerbated an already bad situation. This was true not only for families’ economic well-being but also for parents’ health. Even the effects on family stability were notable, though smaller. The near immunity of college-educated families and the large negative consequences for less-educated families mean that the Great Recession increased the already large divide between families at the top and bottom of the income distribution.
Of particular interest are instances when the most adverse effects appear among families with some education after high school: economic insecurity, fathers’ health (including limitations on work, binge drinking, and drug use) and parental relationship quality. To us, these results underscore the precariousness of this group’s position. More generally, though the Great Recession appears to have increased economic disparities among the most and least educated families, it also appears to have narrowed disparities among families with less than a college degree. An important exception is health disparities, which widened during the Great Recession among mothers with less than a college degree.

In addition to comparing the effects of unemployment on families with different levels of education, the chapters in this volume examine the effects of high unemployment on families with different racial-ethnic backgrounds (white, black, and Hispanic) and different family structures at a child’s birth (married, cohabiting, and single). In most instances, the estimates tell a consistent story. The negative effects of unemployment fell disproportionately on blacks and Hispanics and on unmarried mothers. A few exceptions prove this rule. For example, white mothers were more likely to increase their alcohol use during periods of high unemployment, white fathers and married fathers were more likely to see their health decline, and high unemployment among Hispanic mothers appeared to increase their parental warmth.

One of the most surprising findings is that high unemployment rates were not associated with declines in either parenting quality or child well-being. Indeed, high unemployment rates were associated with decreases in harsh parenting. At first glance, this would seem to contradict Elder and Conger’s earlier findings. These findings do not mean that recessions do not harm parenting and child well-being. Indeed, the authors found that rapid changes in local unemployment rates increased maternal harsh parenting and child externalizing behavior. One possible interpretation is that in the short run, fear and uncertainty are the principle drivers of harsh parenting and that parents reduce their harsh parenting when unemployment is stable, however high. The Great Recession is the only period in which unemployment was high among the families in our sample. Thus, it is likely that our unemployment rate results are driven by year nine unemployment rates. It is not too hard to imagine that as the Great Recession set in and unemployment rates increased precipitously, the fear of another Great Depression led to deteriorations in parenting. Once unemployment stopped increasing and the fear of another Great Depression dissipated, parents calmed down and their parenting improved, despite the high unemployment rates. Finally, it bears emphasizing that the analyses of parenting and child outcomes are based on estimates of the short-run effects of high unemployment and do not rule out that possibility that prolonged unemployment lowers parenting quality and child well-being.
Rapid changes in unemployment also appear to affect fathers’ controlling behavior and mothers’ health, smoking, drinking, and drug use. For these outcomes, however, we observe a negative effect only when unemployment is increasing rather than decreasing. In these instances, then, the anticipation of negative outcomes seems to be more important than uncertainty per se.

Behavior stimulated by fear or uncertainty about the future is not necessarily irrational. Some or even most of those who anticipate or fear future unemployment will actually become unemployed. The rate of change in the local unemployment rate, after all, is a very good predictor of the future local unemployment rate. Knowing that unemployment is coming can be just as stressful as actually being unemployed. But why would rapidly decreasing unemployment have negative effects? Improving conditions, other things being equal, are expected to lead to positive outcomes. But, very rapid change even in a positive direction may cause stress by requiring rapid adaptation. For example, the prospect of going back to work for mothers who are unemployed entails changes in child care and other routines, and rapid changes are likely to be stressful. Because most families with children experienced very high rates of economic insecurity, we should not be surprised that uncertainty and anticipation or fear of adverse future events affect their lives. Bad things happen to these families even in good times.

**Family Stress Model**

Taken as a whole, what do our findings imply for the family stress model? The model posits that large drops in income (or permanently low income) will harm parents’ health, relationship quality, parenting quality, and child well-being. To date, the model has been tested by relying on individual-level differences between those who did and did not experience a big income loss or between those who had permanently low incomes and those who had higher incomes. The estimates produced this way may suffer from omitted variables bias. By relying on a “natural experiment”—variation in local unemployment rates—to measure risk of unemployment, we take a more conservative approach to estimating the effects of the Great Recession on families and children. Our estimates suggest the Great Recession had at least a few devastating effects: large decreases in family income and parents’ health, large increases in poverty and economic insecurity, and modest decreases in parents’ relationship quality. As a test of these individual components of the model, the results are an impressive confirmation.

Less consistent and indeed puzzling from the point of view of the well-ordered family stress model, we found that higher unemployment rates were associated with less rather than more harsh parenting, and that rapid
changes in unemployment were much stronger predictors of parenting and child outcomes than unemployment rates per se were. The latter suggests that some of the effects of the Great Recession, and of recessions in general, precede unemployment or income loss and likely extend beyond the families who are affected directly. At the onset of the Great Recession, confidence in the economy plummeted, and fear of another Great Depression was widespread. These changes seem to have harmed mothers’ health, relationship quality, parenting quality, and children’s well-being independent of actual unemployment. How coping with the stress of rapid changes fits into the family stress model is not clear, and is a challenge for future research.

LIMITATIONS

Perhaps the greatest strength of the FFS data is the study’s longitudinal design. Repeatedly observing the same group of families let us estimate individual fixed-effects models, which, combined with the natural experiment design, let us derive estimates of the Great Recession’s impacts that are not affected by omitted variables bias. The longitudinal design is also a source of weakness, however. Longitudinal surveys are expensive and, consequently, their sample size is typically small. Although the FFS sample is large and diverse compared with the longitudinal samples used in the family stress literature, it is tiny relative to the samples in studies using pooled repeated cross-sections of the Current Population Survey (CPS) or the American Community Survey (ACS), which are much larger. The ACS, for example, contains millions of persons. The FFS’s relatively small sample size makes it harder to detect statistically significant differences among groups. In the chapters on economic outcomes, we rely on other research based on the CPS or ACS to verify or contradict the patterns we find in the FFS data.

The FFS is a birth cohort study of children born between 1998 and 2001. Thus it is possible that our findings can’t be generalized to families with children born either before 1998 or after 2001. Another concern is whether there were interactions between the timing of recessions and the developmental trajectory of some of the outcomes we tracked. For example, children’s behavior problems are expected to peak at age three and decline markedly after age five. If these “natural” changes coincided with dramatic increases or decreases in unemployment rates they could have masked or exacerbated the effects of the recessions and recoveries. That we observed two periods of rapidly increasing unemployment at the onset of the dot-com and Great Recessions and only one of decreasing unemployment heightens this concern. That said, that children of the same age were interviewed in twenty cities over three years makes it less likely that our estimates are biased by a systematic
relationship between child development and levels or rates of change in unemployment.

The FFS data and our methods have several other limitations. As noted in passing, the data are affected by attrition and migration. For the most part, we do not think that attrition and migration bias our results but we do call attention to a few specific problematic instances. Also, the timing of the interviews may have biased our estimates of unemployment’s effects on outcomes. Because unemployment rates were rising rapidly during the period of the year nine interviews, families interviewed at the end of the period were likely to have experienced higher unemployment than those interviewed at the beginning. On the one hand, if families with the most problems were harder to find and interview, our estimates of unemployment’s effects would be inflated. On the other hand, if the families with the most difficulties were more likely to complete the surveys earlier in order to receive the financial compensation, our estimates would be biased toward zero. In several early investigations, we controlled for timing of interviews and found that our estimated effects were unaffected.

The FFS, because it samples from births in large American cities, does not cover rural populations and poorly represents suburban ones. We doubt that the relationships between unemployment and family outcomes described in this volume would be much different if these other groups were fully represented, but that is a matter for empirical investigation.

**Future Research**

More research on how the rate of change in unemployment affects behaviors is clearly in order. Will the results regarding fear and anticipation or those regarding uncertainty replicate in investigations using other data?

Future research should estimate how prolonged unemployment affects outcomes, especially parenting quality and child well-being. This could be done with the FFS data using individual-level unemployment, but it is not clear to us how our preferred measure of local unemployment rates could be used. Similarly, although our analyses focus on the short-term effects of the Great Recession, long-term effects are also of interest. FFS data could be used to study the long-term effects, though not with the methodology we use in this study.

It would also be desirable to estimate the full family stress model with pathways using the FFS data. Findings using the FFS are likely to replicate earlier findings in the literature. In this context, it would be useful to compare the size of effects estimated using individual-level measures of unemployment with that of those estimated using the exogenous local unemployment rate.

Finally, estimating the costs and benefits of alternative reforms to reduce poverty and insecurity would be a very useful contribution.
INTRODUCTION

Policy Implications

The findings reported in this book show that a large proportion of American children born at the turn of the century are poor and economically insecure. Economic insecurity extends well beyond families formed by parents with minimal education to include those with high school diplomas and even those with some college or other post–high school education. These families fare much worse than those of college-educated parents in good as well as bad times, and the Great Recession seriously exacerbated this disparity. By themselves, our empirical findings have no strong policy implications. However, if we value reducing poverty and economic insecurity and increasing intergenerational mobility, the chapters in this book lead to several conclusions about how we should move forward.

That two-thirds of American families with children experience economic insecurity in good times as well as bad times suggests that existing welfare state programs are inadequate. Programs that target low-income families can reduce poverty and provide catastrophic insurance against a large and prolonged economic downturn. SNAP does an excellent job in this respect; along with UI, it played a critical role in mitigating the effects of the Great Recession, as we see in chapter 3. But programs that target the poor do not help the many middle-class families struggling to make ends meet. Universal entitlement programs, such as UI, universal preschool, paid parental leave, children’s allowances, and child support assurance, which provide benefits to all families regardless of income, are well-suited to this task.25

Turning now to more general policy implications, perhaps the most obvious point is the need to increase the proportion of families with a college-educated mother. From the mid-nineteenth century through the 1960s, America led the world in providing mass public education, first at the elementary level and then at the secondary and college levels.26 In 1970, one-third of Americans obtained a college degree, the highest proportion in the world. Only Canada was close. Today the proportion remains about the same but many other rich nations have caught up to or surpassed it. In Canada, for example, the proportion is now 50 percent. Increasing the proportion in the United States will require changes not only in higher education policy and financing to make college more accessible, but also in K–12 and early childhood education, to make sure that students are “college ready.” Analyzing various policies that might achieve this goal is beyond the scope of this volume. However, we want to call special attention to proposals for high-quality, universal preschool education. Universal pre-K is not just a good investment in our children’s future productivity, it gives the current generation of young mothers a valuable subsidy, allowing them to pursue more education as well as on-the-job training. Because maternal education increases the quality of parenting
and the home environment, universal preschool is a two-generation pro-
gram likely to create a powerful feedback loop.\textsuperscript{27}

A second implication of the book is that policymakers need to think
harder about how to discourage nonmarital childbearing and the formation
of fragile families. Such families are much more likely to be poor and eco-
nomically insecure than married-parent families, even in good economic
times. They are also more prone to unemployment and declines in health
than other families during recessions. What government should do is less
obvious. Recent programs designed to increase marriage among unmar-
rried couples had disappointing results.\textsuperscript{28} Encouraging young women to
delay their first pregnancy until they have a stable job and a stable rela-
tionship is likely to be a more successful strategy for reducing births to
unmarried women. Such programs have shown a good deal of success in
recent years.\textsuperscript{29} Increasing the human capital of girls and boys and reducing
economic insecurity are both likely to increase marriage.\textsuperscript{30}

A third implication is that we need to work harder on reducing racial
and ethnic disparities in economic conditions and opportunities. Even
after accounting for differences in parents’ education and marital status,
children born to black and Hispanic parents face more economic barri-
ers in good times and more economic disruptions during periods of high
unemployment than children born to white parents. Evidence is wide-
spread and indisputable that minority families suffered disproporti-
ionately from the collapse in the real estate market that triggered the Great
Recession, partly because lenders pushed risky loans on them.

Assessing the benefits and costs of alternative policies to reduce poverty
and economic insecurity of American families with children is beyond the
scope of this volume. What is clear is that much can be done and much
remains to be done.

NOTES

4. Although the international studies that test the family stress model are more
diverse and more representative than the Elder and Conger studies, they also
suffer from the problem of omitted variable bias.
5. Wood et al. 2012; Page, Stevens, and Lindo 2009; Oreopoulos, Page, and
   Stevens 2008; Milligan and Stabile 2008; Dahl and Lochner 2012.
6. BLS 2014.
12. BLS 2015.
15. Stone et al. 2015.
17. Exceptions include chapter 8 on child well-being, where the data were not collected until year three, and chapter 6, where the sample is limited to nonresident fathers.
18. Local unemployment rates prevailing at the time of the parent interview in the city in which the child was born were used to measure economic conditions. The reason for utilizing the city of birth as opposed to current residence is that families may have moved in response to high unemployment rates, which might lead to an underestimate of recession effects. In earlier work, the chapters on economic and health outcomes also measured unemployment using current city and found that the results did not change. In a few instances, the information for a particular domain was not available in the first follow-up interview, in which case the researchers pooled data from the three-, five-, and nine-year interviews.
23. Similarly, as requested by a reviewer, all chapters test whether the inclusion of individual-level measures of mothers’ and fathers’ employment can account for the effects of aggregate unemployment rates. Inclusion of individual-level variables of mothers’ and fathers’ employment in the week prior to the survey had little to no effect on the local unemployment rate variable. All chapters report on these tests in appendix table 3. Last, some additional supplemental analyses were run by the authors of each chapter. These analyses are described in chapter text or appendices.
25. See Garfinkel, Rainwater, and Smeeding 2010; McLanahan and Garfinkel 2012; Bradbury et al. 2015.
30. Lerman and Wilcox 2014; but see Schneider 2015.
REFERENCES


