The Great Recession and Children's Behaviors

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Abstract

This paper examines the effects of the Great Recession (December 2007 – June 2009) on children's behavior. The study draws on the 9-year wave of the Fragile Families and Child Wellbeing Study. The study also employs data from the Consumer Sentiment Index, the Bureau of Labor Statistics, and the Mortgage Bankers Association. We ask whether worsening macroeconomic indicators were associated with increased children's problem behaviors and if so, whether these effects were more pronounced for male children or those with more socio-economically disadvantaged mothers. We also examine a set of potential mediators that might explain some of the effects of the macroeconomic indicators on children's behavior. We find preliminary evidence that the Great Recession was associated with externalizing and internalizing behaviors and teacher reports of problem behaviors, and particularly for boys and for children whose mothers have low levels of education or are living in poverty.

A growing body of research has begun to examine the effect of the Great Recession on children and families. Recent research has demonstrated an association between the Great Recession and increased maternal spanking (Brooks-Gunn, Schneider, & Waldfogel, 2013), child maltreatment (Berger et al., 2011; Huang et al., 2011; Lee, Brooks-Gunn, McLanahan, & Garfinkel, 2013; Lindo, Hanson, & Schaller, 2013; and Wood et al., 2012), material hardship (Pilkauskas, Currie, & Garfinkel, 2012), marriage (Harknett & Schneider, 2012), parenting (Schneider, Waldfogel, & Brooks-Gunn, under review), and health (Lindo, 2011). Although researchers have begun to investigate the ways in which the Great Recession affected parents and families, ours is among the first to examine how the Great Recession directly affected children.

Previous research by Elder (1974) and Elder and Conger (2000) investigated the association between economic stress, changes in parenting, and child behavior in the context of the Great Depression and the Iowa Farm Crisis. Elder and Conger proposed a family stress model wherein economic stress diminishes parenting quality and negatively affects child behavior. The family stress model indicates that economic shocks are associated with worse parenting and increased stress that in turn negatively affects child development.

In addition to research specifically focused on macroeconomic changes, a range of research has demonstrated a link between individual level poverty, maternal (un)employment, job loss, non-standard work schedules, and child behavior (Ackerman, Kogos, Youngstrom, Schoff, & Izard, 1999; Duncan & Brooks-Gunn, 1997; Han, Waldfogel, & Brooks-Gunn, 2001; Johnson, Kalil, & Dunifon, 2012; McLoyd, Jatarne, Ceballo, & Borquez, 1994; Skinner, Elder, & Conger, 1992). This work also indicates that the effects of poverty and maternal (un)employment on child behavior may differ by race/ethnicity, maternal education, poverty level, marital status, and child gender.

In this analysis, we examine the effect of the Great Recession on children's externalizing and internalizing behavior, teacher's reports of children's problem behavior, and children's own reports of early delinquency. The Great Recession, beginning in December 2007 and officially ending in June 2009 (NBER), severely disrupted the American economy and family life. In addition, it serves as an exogenous shock allowing us to investigate the link between economic instability and children's behavior. We employ three measures of the Great Recession – consumer sentiment, unemployment rates, and home foreclosure rates.

The Fragile Families and Child Wellbeing Study is particularly well suited for examining the effects of the Great Recession on families and children. The 9-year follow up survey was collected beginning in May 2007 and ending in February 2010, providing us with a survey frame that includes the Great Recession as well as data prior to and after the recession.

We begin by asking whether declining consumer sentiment and increasing unemployment and home foreclosure rates were associated with increased child problem behaviors. Next, we ask whether male children or those with more socio-economically disadvantaged mothers (living below 200% FPL or with high school or less education) were more likely to display increased problem behaviors. Last, we examine a set of potential mediators that may explain some of the effect of our macroeconomic indicators on children's behaviors. We find preliminary evidence that the association between our macroeconomic measures of the Great Recession and children's externalizing and internalizing behaviors, as well as teacher reports of child problem behaviors are stronger for boys and for children whose mothers have low levels of education or are living in poverty.