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Key Findings

- Of MRRS respondents who are primary caregivers, 12% report experiencing deep financial trouble, 33% report that their finances have deteriorated over the past year, and 31% report that it is "extremely" or "very" difficult to live on their current income.
- Primary caregivers who report being in deep financial trouble also report significantly higher rates of their children exhibiting problematic behavior (7.49% vs. 5.45%). The same is true of those who are having difficulty living on their current income (7.30% vs. 4.96%).
- Important factors for children's health and well-being are at risk of being negatively affected. 19.5% of those whose finances deteriorated also cut back on medical or dental care compared to only 5.6% of those who finances had not deteriorated. 34.2% of those in deep financial trouble cut back on food compared to 7.2% of those who were not in deep financial trouble.

Economic Hardship and Children's Behavioral Health in the Wake of the Great Recession: Findings from the Michigan Recession and Recovery Study-Child and Youth Study

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The "Great Recession," which officially lasted from December 2007 through June 2009, represents the worst U.S. economic downturn since the 1930s. Millions experienced wage cuts, layoffs, and long-term unemployment. Economically vulnerable families, who do not have substantial assets, also experienced increased housing instability due to these labor market changes and the collapse in housing values. Three years after the official end of the recession, in a recovery that can only be described as anemic, the economic problems and financial worries created by high unemployment and the housing crisis persist. Notably, children have disproportionately suffered. The Census Bureau reported an official child poverty rate of 21.6 percent in 2010, the

highest rate since 1992.² In short, the Great Recession and its reverberations have resulted in levels of economic distress unprecedented in recent decades.

The Great Recession and its aftermath represent a major social transformation in American life and understanding its consequences on children's health and behavior is vitally important. Researchers and policy makers have long been concerned that economic distress may negatively impact child well-being, in part through family stress and reduced investments in child health and development.³ However, evidence is scarce because most population-based studies do not include the necessary measures of child health and behavior, family economic conditions, and the

1. The data analyzed in this brief come from the Michigan Recession and Recovery Study and its Child and Youth Study which have been carried out by the National Poverty Center at the Gerald R. Ford School of Public Policy with funds provided by the Office of the Assistant Secretary of Planning and Evaluation, U. S. Department of Health and Human Services, the Office of the Vice President for Research at the University of Michigan, the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, the Annie E. Casey Foundation, the Center for Human Potential and Public Policy at the University of Chicago, the Population Research Center at the University of Chicago, and the Center for Health Administration Studies at the University of Chicago.

2. U.S. Census Bureau (2011). *Income, poverty, and health insurance coverage in the United States: 2010*. Current Population Reports, P60-239. Washington, D.C: U.S. Government Printing Office. For historical statistics, see Table 3 at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>

3. Duncan, G., Ziol-Guest, K., & Kalil, A. (2010). Early childhood poverty and adult attainment, behavior, and health. *Child Development*, 81, 292-311.

potential mediators linking the two. Our new study—the Michigan Recession and Recovery Study Child and Youth Study (MRRS-CYS) represents an important addition to the literature and is one of the few representative studies that will allow us to track the health and well-being of a wide range of children in the aftermath of the Great Recession. In this policy brief, we present preliminary evidence from the first wave of data on children and youth and examine the prevalence of perceived economic hardship and its link with key indicators of children’s behavioral health, and their access to food and medical care, both of which may in turn affect health and behavior.

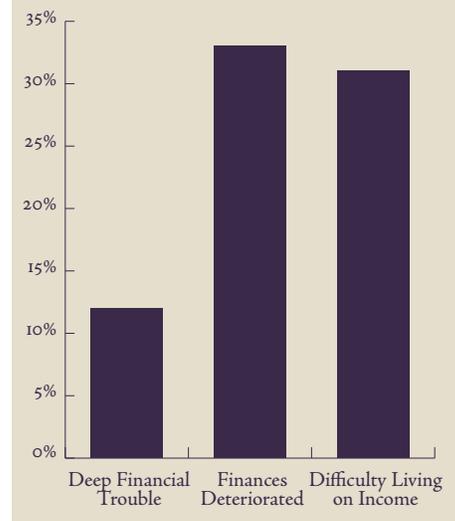
This work is timely in light of evidence from the 2010 Child Wellbeing Index (CWI), which finds that progress in the quality of life for America’s children has fluctuated since 2002 but began a decline in 2008, reaching new lows in 2010.⁴ The Great Recession is expected to erase virtually all progress for children since 1975 in the domain of Family Economic Wellbeing. Importantly, the adverse outcomes associated with stressful childhood experiences do not fully dissipate with age;⁵ indeed, poor health in childhood is highly predictive of poor health in adulthood.⁶ Thus any deleterious impacts on child health and behavior arising from the current economic climate are likely to compound well into the future.

Our work relies on a unique data collection effort that covers a broad range of in-depth information for children and their parents living in settings that have been among the hardest hit by the recession. The data were collected in Southeast Michigan in the wake

of the Great Recession. They come from the MRRS-CYS, which was collected in conjunction with the second wave of the Michigan Recession and Recovery Study (MRRS). The MRRS is a panel study of a stratified random sample of 914 English speaking adults aged 19-64 who lived in the Detroit Metropolitan area (Wayne, Oakland and Macomb counties). Wave 1 data collection for the MRRS began in October 2009 and was completed in April 2010, with a response rate of 82.8%. A second wave of MRRS data collection took place between April and August 2011, with a response rate of 93.9%. Among Wave 2 MRRS respondents, 333 were eligible for an additional study of children’s health and well-being (i.e., they had at least one minor child living at home who had been present at the Wave 1 survey and was still living in the household at Wave 2). The MRRS-CYS includes completed interviews with 300 primary caregivers (for a response rate of 90%) in these households and information on up to two of their children, yielding a sample of 468 children ages 1-17. A child-level weight makes the data representative of all of the children living in the Detroit metro area who were living with an adult (ages 19-64) at Wave 1, adjusted for non-response.

Using established survey measures, the MRRS-CYS collected information on children’s behavior and emotional problems; health and risky behavior; health insurance and access to medical care; sleep and eating habits; school progress and problems and school changes; parent-child interactions, parenting behaviors, and marital quality; educational aspirations and expectations; youth employment; and family expenditures related to children. Linked to the high-quality household data collected in Waves

Figure 1: Percent Experiencing Economic Hardship (n=452)



1 and 2 of the MRRS, these data provide a unique opportunity to assess the impact of the persistent housing and economic crisis on the health and well-being of economically vulnerable children and youth.

Prevalence of Economic Hardship

In this report, we focus on primary caregivers’ perceptions that they are experiencing deep financial trouble, that their finances have deteriorated over the past year, and that it is “extremely” or “very” difficult to live on their current income. As Figure 1 shows, among all MRRS-CYS respondents, 12% report experiencing deep financial trouble, 33% report that their finances have deteriorated over the past year, and 31% report that it is “extremely” or “very” difficult to live on their current income. These perceptions of economic hardship are not confined to low-income respondents: 25% of those reporting being in deep financial trouble have household

4. Child Wellbeing Index (2010). New York: Foundation for Child Development. Available on-line at: <http://www.fcd-us.org/resources/2010-child-wellbeing-index-cwi>. The CWI is the nation’s most comprehensive measure of trends in the quality-of-life of children and youth. It combines national data from 28 indicators across seven domains into a single number that reflects overall child well-being. The domains are: family economic well-being, safe/risky behavior, social relationships, emotional/spiritual well-being, community engagement, educational attainment, and health.

5. Currie, J. (2009). Healthy, wealthy, and wise? Socioeconomic status, poor health in childhood, and human capital development. *Journal of Economic Literature*, 47, 87-122.

6. Case, A., Lubotsky, D., Paxson, C. (2002). Economic status and health in childhood: The origins of the gradient. *American Economic Review*. 92(5):1308-1334.

incomes above 200% of the poverty line (data not shown).

Correlations Between Economic Hardship and Children’s Behavioral Health

Figure 2 shows the mean level of “externalizing” behavior problems that the primary caregiver reports about the child’s current behavior.⁷ Here, the scores can theoretically range from 0-15; we have coded each response as “1” if mothers report that it is “sometimes true” or “often true” that the child has displayed the behavior in the past three months. Items in this scale ask primary caregivers whether, for instance, the child “argues too much,” “has difficulty concentrating,” “breaks things on purpose,” or has “trouble getting along with other children.” As can be seen in Panel 1, the externalizing behavior problems scores

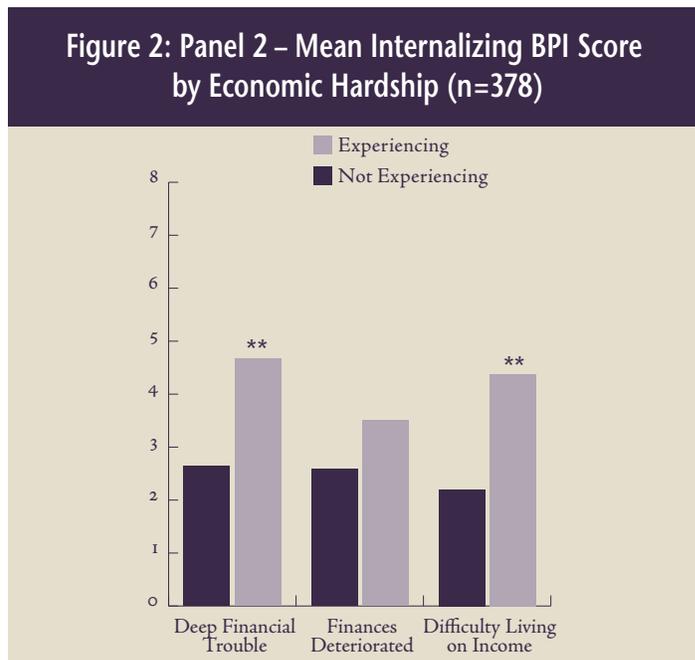
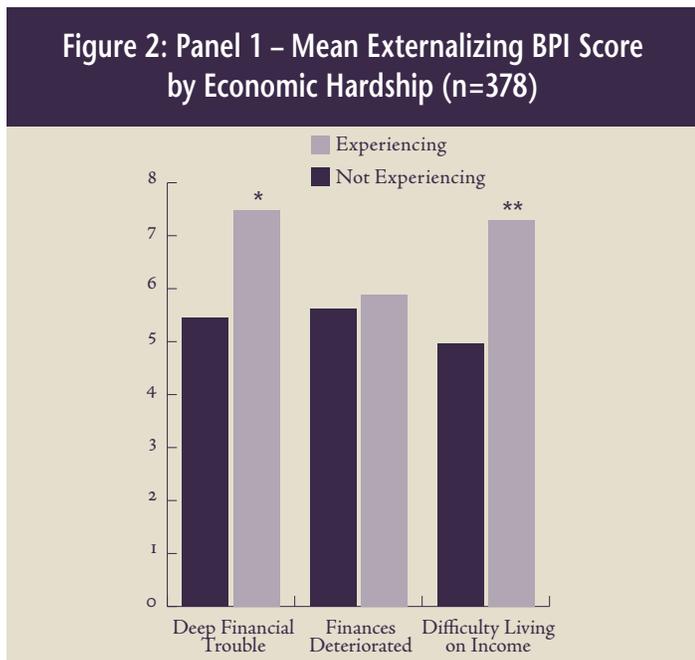
are significantly higher among those whose primary caregivers report being in deep financial trouble (7.49% vs. 5.45%) and who are having difficulty living on their current income (7.30% vs. 4.96%).⁸

Panel 2 of Figure 2 presents a complementary analysis based on primary caregivers’ reports of children’s “internalizing behavior problems.” Here, the scores can theoretically range from 0-13. Items in this scale ask primary caregivers whether, for instance, the child is “fearful or anxious,” “unhappy, sad, depressed,” “not liked by other children,” or “feels no one loves him/her.” As in the previous analysis, the internalizing behavior problems scores are significantly higher among those whose primary caregivers report being in deep financial trouble (4.67% vs. 2.64%) and who are having difficulty living on their current income (4.38% vs. 2.70%).

Figure 3 presents an analysis of the survey question asking primary caregivers whether, during the past 12 months, she (or he) had thought, or had any one suggest to her (or him) that the target child needed help for any behavioral, emotional, or mental problem. As can be seen, strikingly large differences exist between those children whose parents do and do not report being in deep financial trouble (38% vs. 12%) and who are or are not having difficulty living on their current income (25% vs. 10%).

Correlations Between Economic Hardship and Cutbacks in Children’s Nutrition and Health Care

Figures 3 and 4 present correlations between the three measures of perceived economic hardship and two measures of primary caregiver reports of whether,



Note:

- * Signified that the difference between “No” and “Yes” is statistically significant at the 5% level
- ** Signifies that the difference between “No” and “Yes” is statistically significant at the 1% level

7. The measures of behavior problems are drawn from the Behavioral Problems Index. The Behavior Problems Index was created by Nicholas Zill and James Peterson to measure the frequency, range, and type of childhood behavior problems for children age four and over (See Peterson, J.L., & Zill, N. (1986). Marital disruption, parent-child relationships, and behavioral problems in children. *Journal of Marriage and the Family*, 48(2), 295-307).

8. Statistical significance was established using t-tests for continuous variables and chi-square tests for categorical variables.

Figure 3: Percent of Sample Children with a Behavioral Health Concern by Economic Hardship (n=447)

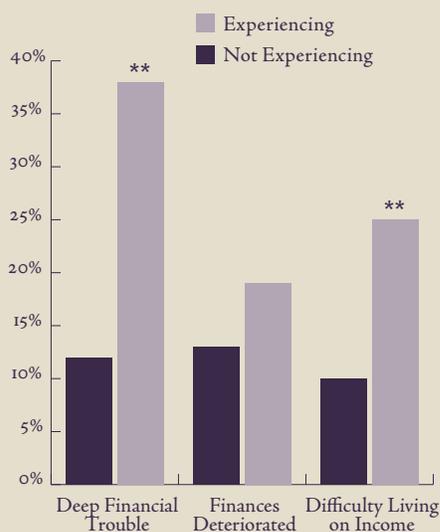


Figure 4: Percent of Sample Children Experiencing Cutback in Medical or Dental Care by Economic Hardship (n=437)

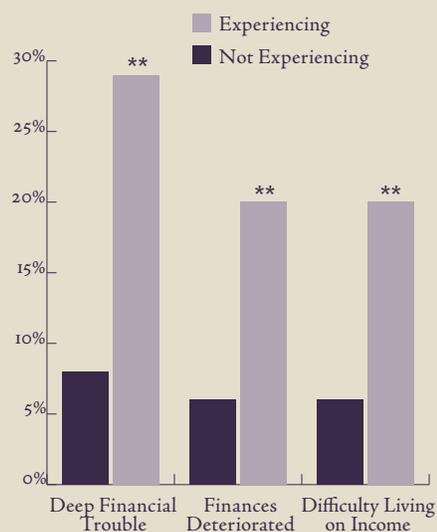
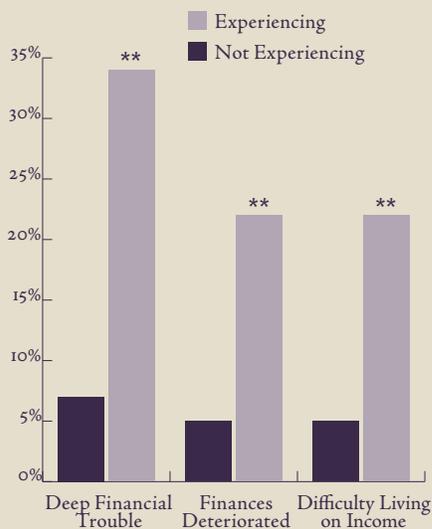


Figure 5: Percent of Sample Children Experiencing a Cutback in Food by Economic Hardship (n=437)



Note:

* Signified that the difference between “No” and “Yes” is statistically significant at the 5% level

** Signifies that the difference between “No” and “Yes” is statistically significant at the 1% level

in the past 12 months, they have had to make cutbacks in food or medical/dental care. As can be seen, the share of families experiencing any of the three measures of perceived economic hardship who report making cutbacks in these areas is strikingly high, and is significantly higher than their counterparts who are not experiencing these conditions. For example, 19.5% of those whose finances deteriorated cut back on medical and dental care compared to 5.6% of those whose finances did not deteriorate (Figure 4). And 34.2% of those in deep financial trouble cut back on food compared to 7.2% of those who were not in deep financial trouble (Figure 5). These correlations are important because proper nutrition and health care are essential building blocks of children’s health and well-being.

Implications

The economic costs of child poverty total about \$500 billion each year due to lost productivity and increased health and criminal justice expenditures.⁹ By increasing parental joblessness and reducing the value of family homes and other assets, the Great Recession deepened child poverty, thus imposing higher long-term fiscal and economic costs and underscoring the need for cost-effective policy responses.

Our work with these new data has already begun to demonstrate the magnitude of the impact of parental perceived economic

9. Holzer (2010, September). *Penny wise, pound foolish: Why tackling child poverty during the Great Recession makes economic sense*. Washington, D.C.: The Urban Institute.

hardship on children's health and behavior. Our ongoing work will explore how parents' reports of economic hardship (both subjective and objective) are associated with job loss and unemployment as well as with housing instability—two major economic phenomena that characterize the Great Recession. We will also work to understand the mechanisms through which these economic events affect children's health and well-being.

Results from this work have the potential to inform public policy in several ways. Publicly funded policies and programs seek to lessen the consequences of economic hardships, such as those resulting from job loss and housing instability. Not only might such programs help families to smooth consumption and minimize declines in child-specific health investments, but they could also affect the families' emotional well-being by lessening perceptions of economic strain and concomitant psychological distress. Such policies could ultimately support and promote the health and well-being of vulnerable children. Our results may point to the need to continue tax breaks for middle class families who have been hit hard by falling incomes and assets and continue the expansions made to the earned income tax credit and the child tax credit to prevent others from falling back into poverty.

The current economic and policy environment is unique: While the stimulus bill instituted large increases in social welfare spending, mounting concerns over the federal deficit dictate prioritization in future spending. Our study, which will demonstrate the extent to which economic hardships resulting from the Great Recession exerted an impact on the health and well-being of vulnerable children, will

provide new insights that will be critical for guiding government policymakers.

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NPC activities are currently supported with funding from the Ford Foundation, John D. and Catherine T. MacArthur Foundation, Russell Sage Foundation, U.S. Department of Agriculture, as well as generous support from units within the University of Michigan, including the Gerald R. Ford School of Public Policy, Office of the Vice President for Research, the Rackham Graduate School, and the Institute for Social Research.

