



CAR AND HOME OWNERSHIP AMONG LOW-INCOME FAMILIES IN THE GREAT RECESSION: DIFFERENCES BY FAMILY STRUCTURE AND RACE/ETHNICITY

Laurel Sariscsany
Columbia Population Research Center

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This brief is part of a series of research briefs by Princeton University's Center for Research on Child Wellbeing (CRCW) and Center for Health and Wellbeing and the Columbia Population Research Center (CPRC) and The National Center for Children and Families (NCCF) at Columbia University. The briefs look at the impacts of the recent "Great Recession" on low-income families' and children's wellbeing. These briefs distill findings from analyses of the Fragile Families and Child Wellbeing Study. Please direct questions or comments to Christopher Wimer at cw2727@columbia.edu.

Introduction

The unemployment rate in the United States more than doubled during the Great Recession. The simultaneous collapse in the labor, housing, and stock markets resulted in two thirds of American households experiencing a decline in wealth between 2007 and 2009. One in four families lost their homes. Home loss was even more prevalent among racial/ethnic minorities. Wealth and assets are key measures of financial well-being. For families with children, real assets, such as homes, play an important role in providing economic security and residential stability. Assets may also help parents buffer shocks and promote the healthy development of their children. Thus, understanding the effects of the Great Recession on the assets of families with children is an important component of understanding the potential long-run impacts of the recession on children's health and development. While the impacts of the Great Recession on Americans' wealth is well understood, we know less about how the recession impacted home and car ownership among families with young children, particularly low- and moderate-income and Black and Hispanic families whose assets are likely to be fairly modest and thus more vulnerable to economic downturns.

In a recent paper, Columbia University's Valentina Duque, Natasha Pilkauskas, and Irwin Garkinkel analyzed the association between the Great Recession and assets among families with children. Using data from the Fragile Families and Child Wellbeing Study (FFCWS) [See text box], the authors investigated how the recession impacted home and car ownership (the two primary assets owned by low- and moderate-income families) and how this varied by family structure (married, cohabiting, and single parents) and race/ethnicity.

The study revealed two key findings: 1) The recession led to declines in home and car ownership among families of young children; and 2) More vulnerable groups – single, cohabiting, Black, and Hispanic families– were most likely to feel these effects, with married or White mothers more likely to be protected from the recession's effects.

The Great Recession reduced families' assets.

As the unemployment rate increased, home and car ownership decreased. A one percentage point change in the unemployment rate was associated with a 0.5% decline in the probability of home ownership and a 0.7% decline in the probability of car ownership. In terms of a 5% increase in unemployment akin to that of the Great Recession, these estimates translate into a 7.1% and a 4.5% decline in home and car ownership, respectively.

The effects of the recession on asset ownership were concentrated among more vulnerable families.

Results showed differences in the associations between the unemployment rate and assets by relationship status and race/ethnicity. While married and White families did not experience a significant change in home or car ownership due to the recession, cohabiting couples and Hispanic mothers had a lower probability of owning their own home, and single and Black mothers had a lower probability of owning a vehicle. In relation to a five-percentage point increase in unemployment, similar to that of the Great Recession, this translates to a 14% decrease in home ownership among cohabiting mothers and an 11.4% decrease in car ownership for single mothers. The same size increase in unemployment is associated with a 14.9 percent decrease in home ownership among Hispanic mothers, and a 9.2% decrease in car ownership among Black mothers.

Figure 1: Change in Home Ownership for a 5 Percentage Point Increase in the Unemployment Rate

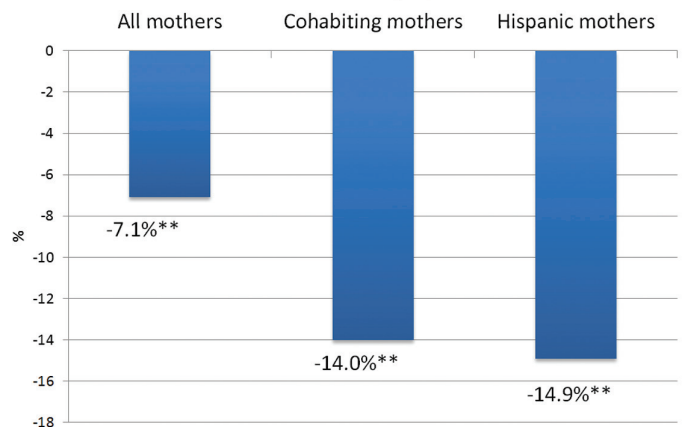
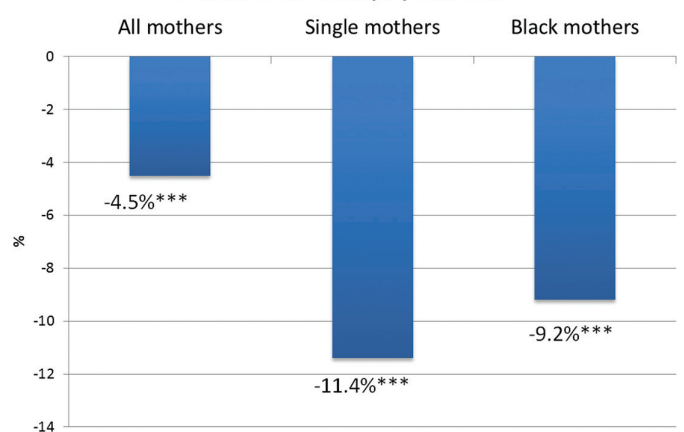


Figure 2: Change in Car Ownership for a 5 Percentage Point Increase in the Unemployment Rate



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RESEARCH SUMMARY

These findings demonstrate the varying impact of the recession on asset ownership among families with young children. More vulnerable mothers, those who are single or cohabiting, experienced the greatest losses in asset ownership. This was also true when the authors examined asset ownership by the race or ethnicity of mothers in the sample – black and Hispanic mothers showed the largest effects.

The results indicate that to the extent that limited asset holdings reduce the potential for a family to achieve social and economic development, the effects of the unemployment rate accentuated the gap in economic well-being between married and unmarried families, and between White and non-White families. Additionally, given the well-documented relationship that exists between household wealth and assets and child development, the large number of families that experienced losses could indicate important long-term effects on young children whose parents faced economic distress.

The Fragile Families and Child Wellbeing Study follows a cohort of nearly 5,000 children born in large U.S. cities between 1998 and 2000 (roughly three-quarters of whom were born to unmarried parents).

The Study consists of interviews with both mothers and fathers at birth and again when children are ages one, three, five, and nine, plus in-home assessments of children and their home environments at ages three, five, and nine. The interviews collect rich information on attitudes, relationships, parenting behavior, demographic characteristics, health (mental and physical), economic and employment status, neighborhood characteristics, and program participation. The in-home assessment collects information on children's cognitive and emotional development, health, and home environment. Several collaborative studies provide additional information on parents' medical, employment and incarceration histories, religion, child care and early childhood education.

The Fragile Families study provides a unique window into the impacts of the Great Recession, as data were collected from these families when their children turned 9 years old, which happened between 2007 and 2009 – precisely the years over which the Great Recession fell.