Extended Abstract

The Great Recession and Private Safety Nets – Doubling Up

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Background and Significance

Low-income mothers and families rely on a number of support systems, both public and private, to survive. Since the passage of the Personal Responsibility and Work Opportunity Reconciliation Act and the development of Temporary Assistance for Needy Families, low-income parents have been less able to rely on public support. A number of studies have documented the importance of private safety nets in helping low income families make ends meet (e.g. Edin and Lein, 1997; Henly, Danziger, & Offer, 2005). Other studies have documented the importance of these private safety nets to improved outcomes for families and children (e.g. Ryan, Kalil, & Leininger, 2009; Henly, 2002; Knox, Long, & Scott, 2003; Gordon, Chase-Lansdale, & Brooks-Gunn, 2004; Harknett, 2006). The current study focuses on one type of private safety net – "doubling up" – defined as living in a household with relatives or friends.

One reason that families turn to private safety nets is unemployment. The resources a family has to draw upon, such as assets and savings, public transfer programs, or private safety nets, can buffer the effect of unemployment on families. Families smooth consumption by drawing upon assets in times of economic need (Deaton, 1991); however, low-income families may have fewer assets to draw upon (Barr and Blank, 2009) and thus may be more dependent upon private safety nets than high-income families. In times of economic crises, such as the Great Recession, we might expect lower income families to rely more on kin to make ends meet than higher income families.

This paper uses the first 5 waves of the Fragile Families and Child Wellbeing Study to investigate the effect of the Great Recession on doubling up. Although there is some descriptive evidence suggesting that the recession has led to increased doubling up, very little research has studied this question in a multivariate context. In particular, this study addresses the following questions: 1) Is the Great Recession associated with increased doubling up among families with children? 2) Is there heterogeneity in the effect of the Great Recession on doubling up by type of doubling up (i.e. moving in with kin or non-kin)? 3) Is there heterogeneity in the effects of the Great Recession on doubling up by mother's relationship status (married, cohabiting or single)? And 4) what is the estimated value of doubling up as a form of private support?

Theoretical Framework

Two theories relate to private safety nets and doubling up: altruism theory and reciprocal exchange theory. Altruism theory posits that concern for one's own progeny or kin leads to increased assistance in times of need (Becker, 1974). Reciprocal exchange theory suggests that assistance is given as part of a reciprocity agreement. Aid comes with the expectation for some kind of assistance either now or in the future (Bernheim, Shliefer & Summers, 1985). If a friend or family member provides an individual with housing due to a loss of a job, exchange theory predicts that such support will only occur if the provider feels that the receiver will be capable of reciprocating in the future. Thus, as both theories suggest increased doubling up in times of economic crisis, we hypothesize that declines in macroeconomic conditions will lead to increases in doubling up. Although support networks may be less capable of providing support in times of real economic crisis, doubling up may also become more appealing to network members who are seeking to share expenses through shared housing.

Prior Literature

Descriptive evidence suggests that there have been increasing levels of doubling up as a result of the Great Recession (Taylor et al, 2011; Mykyta & Macartney, 2011). This research has found that

doubling up is particularly common for two adult generations ("boomerang" or "accordion"; Newman, 2012), and among men under 35 years of age (Kennedy & Wimer, 2012) although there have also been increases among three or more generation households (Taylor et al. 2011).

Although descriptive evidence suggests increased doubling up as a result of the Great Recession, no studies have looked at aggregate economic indicators and doubling up during the Great Recession. The only study to look at the association between aggregate economic indicators and doubling up found no association (or a very weak association) between the unemployment rate and doubling up in earlier recessions (London & Farlie, 2006). However, in a related study of household formation (new renters and new owners), Painter (2010) found that as unemployment increased, new household formation decreased (new renters and new owners).

A third literature has looked at individual unemployment (or employment) and doubling up. Mykyta & Macartney (2011) found that individual unemployment was not associated with doubling up (or showed a slight decrease in doubling up). In contrast, Wiemers (2011) found that individual unemployment was associated with an increased likelihood of doubling up but a decreased likelihood of bringing another individual into one's own household; however, Mykyta and Macartney do not distinguish between bringing individuals into the household and moving in with someone else, which may explain the differences between the two studies[1].

Understanding the association between individual unemployment and doubling up is important, but individual unemployment is also affected by choice. Individuals may choose to exit the labor force, or they may lose work unwillingly. To avoid this problem we move beyond earlier studies and use aggregate measures of the economic crisis – the unemployment rate and the foreclosure rate – to study how the Great Recession affected doubling up. The unemployment rate, in addition to being exogenous to the household, allows us to study not only the effect of the unemployment of one particular member of the household but a shock to the entire household.

Our study is also the first to study differences by kin and non-kin doubling up, to focus specifically on families with children, as they may be particularly vulnerable to changes in household status, and to study differences in the effect of the recession on doubling up by the relationship status of the mother. A great deal of media attention has focused on moving back home with parents but research has failed to distinguish differences in doubling up between kin and non-kin. In addition, interactions with nuclear family structure have been largely overlooked.

Using longitudinal data from the Fragile Families and Child Wellbeing Study (hereafter, Fragile Families), we study whether the unemployment rate (and the foreclosure rate) is associated with doubling up. As noted earlier, low-income families may be more reliant upon private safety nets in times of economic crisis as they have fewer resources available to smooth consumption when they experience an economic shock. The Fragile Families study is well suited to this investigation as the sample is relatively economically disadvantaged. The panel nature of the study also allows us to control for time-invariant characteristics of the individual that might be associated with both doubling up and residing in areas of high unemployment. As the latest data collection occurred during the Great Recession, there is large variation in the unemployment rate (foreclosure rate) over the life of the study making it particularly well suited to studying the association with doubling up. In addition, detailed information is collected on both household composition and mother's relationship status, allowing us to study whether the recession was more strongly associated with doubling up with kin or non-kin and to investigate interactions with mother's relationship status. Lastly, we use data on rental payments to estimate the dollar value of doubling up to help inform our understanding of how low-income families make ends meet in times of economic crisis.

[1] Related research on home leaving has also found that employment (and income) is associated with leaving home (Aassve et al. 2002; Avery, Goldscheider & Speare, 1992; Aquilino, 1991; Kamo 2000; Cohen & Casper, 2002).

Research Design

This study uses the first 5 waves of data from the Fragile Families study, a sample of approximately 5,000 births that were randomly sampled between 1998 and 2000 with an oversample of non-marital births. The data are representative of births in large cities (populations over 200,000). Mothers and fathers were interviewed at the time of the birth of the focal child and follow-up interviews were conducted when the child was 1, 3, 5, and 9 years old. We pool the last 4 waves of data which yield an analytic sample of 16,249 person-years.

Doubling up – We examine doubling up in two main ways: 1) any doubling up and 2) doubling up separated out by kin or non-kin. Although those are our two main variables of interest, we also conduct a number of extensions to study a) whether the recession is associated with the number of individuals who are doubled up, b) differences by type of kin (parents, grandparents, aunts/uncles and other relatives) and c) analyses that distinguish between doubled up households where respondent is head of the household and households where the respondent is not the head.

Unemployment/Foreclosure – The unemployment rate at the time of the interview in each Core Based Statistical Area (CBSA) for each respondent is appended to the Fragile Families data using information from the Bureau of Labor Statistics Labor Local Area Unemployment Statistics (LAUS) and the foreclosure rate is appended using the Mortgage Bankers Association National Delinquency Survey. We test many measures of the unemployment rate (a 12 month average, unemployment at the time of the interview and other lags) in our analyses. Similar procedures are conducted for the foreclosure rate.

Method - To assess the association between macro economic conditions and doubling up, we pool the data and estimate logistic regression models that control for city and survey year, basic demographic characteristics (age, race/ethnicity, education, relationship status, immigrant status) and other characteristics that might be associated with unemployment and doubling up (depression, impulsive behavior, substance abuse, physical health). We also run individual fixed effects models.

To compare doubling up with kin, non-kin and no doubling up, we also run multinomial logistic models. Models that investigate the interaction with mother's relationship status are also conducted (using multinomial logistic models as well as stratified logistic regressions). Lastly, we investigate the financial impact of doubling up using information on whether mother's pay rent (and amounts) and whether the mother is the head of household (bringing in others to live with her) to calculate an estimated value of doubling up.

Initial Results

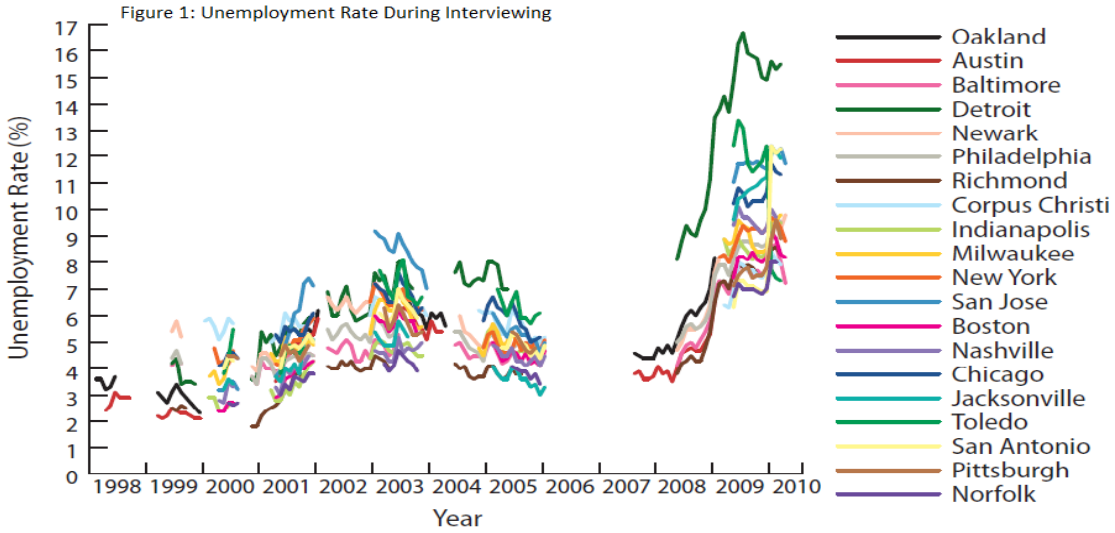

Figure 1 demonstrates the variation in the unemployment rate over time and within each city in the Fragile Families sample (Pilkauskas, Currie & Garfinkel, 2012). In Table 1 we show the percent of

respondents who are doubled up by survey wave. Over all years of the survey 23% of the respondents are doubled up with kin or non-kin, and 9% of the sample experiences a change in doubling up status (a move into a doubled up household).

Table 1: Prevalence of Doubling Up over Time and Pooled by Type of Doubling Up

Doubled up		Year 1	Year 3	Year 5	Year 9	Years 1-9	
	N	4364	4231	4139	3515	16249	
Doubled up at wave		%	%	%	%	%	N
All		30.43	23.54	19.04	17.18	22.87	3716
Non-Kin		8.02	6.85	5.48	3.95	6.19	1006
Kin		24.93	18.72	14.91	14.51	18.51	3007
Moved in- Conditioned on not coresiding in prior wave		%	%	%	%	%	N
All		7.56	8.7	9.01	9.64	8.68	1410
Non-Kin		3.92	4.85	4.25	3.21	4.09	665
Kin		5.71	7.52	7.25	8.68	7.21	1172

Note: Groups are not mutually exclusive - individuals may be doubled up with kin and non-kin.

Preliminary results from the regression analyses (logistic, logistic with fixed effects, and multinomial logistic) are presented Table 2. We find that a one percentage point increase in the unemployment rate is associated with a 4-12 % increase in the odds of doubling up (depending on the unemployment measure). The relative risk of doubling up with kin or non-kin is very similar with reference to not doubling up – we find that a 1 percentage point increase is associated with a 5-16% increase in the risk of doubling up with either kin or non-kin. In times of economic crisis, where the unemployment rate may increase by 5 percentage points, the odds of doubling up would increase by 20-50%.

Table 2: Main Effects Coefficients from Regressions of Doubling Up on the Unemployment Rate

	Doubled up - Any		Doubled up – Kin, Non-Kin, None (Reference)	
	Logistic model (Odds Ratio)	Individual fixed-effects (Odds Ratio)	Multinomial logistic model (Relative Risk Ratios)	
Unemployment Rate	All	All	Kin	Non-Kin
At the time of the interview	1.04*** (3.03)	1.06*** (2.61)	1.06** (2.48)	1.05** (2.24)
12 month average – Current city	1.06*** (3.81)	1.09*** (3.17)	1.08*** (3.14)	1.08*** (5.12)
12 month average - Baseline city	1.12*** (4.72)	1.10*** (3.34)	1.12*** (3.55)	1.16*** (5.47)

*p<.10, ** p<.05, ***p<.01

All covariates are measured at the baseline. Controls for the logistic and multinomial logistic models include: age, education, race, relationship status, income-to-needs, immigrant status, survey wave, and city dummies. The fixed effects regressions include survey wave. All regressions are clustered at the city level. Robust t-statistics in parentheses.