

Low and Stable Income: Comparisons Among Hispanic Children, From 2004 Through the Period Following the Great Recession

Lisa A. Gennetian, Christopher Rodrigues, Heather D. Hill, and Pamela A. Morris

December 2015

Why research on low-income Hispanic children and families matters

Hispanic children currently make up roughly one in four of all children in the United States,^a and by 2050 are projected to make up one in three, similar to the number of white children.^b Given this, how Hispanic children fare will have a profound and increasing impact on the social and economic well-being of the country as a whole.

Notably, though, 5.7 million Hispanic children are in poverty, more than in any other racial/ethnic group.^c Additionally, two thirds of Hispanic children live in poverty or near poverty, defined as less than two times the federal poverty level.^d Despite their high levels of economic need, Hispanics, particularly those in immigrant families, have lower rates of participation in many government support programs when compared with other racial/ethnic minority groups.^{e-f} High-quality, research-based information on the characteristics, experiences, and diversity of Hispanic children and families is needed to inform programs and policies supporting the sizable population of low-income Hispanic families and children.

^a Federal Interagency Forum on Child and Family Statistics. (2014). *America's Children: Key National Indicators of Well-Being, 2014, Table POP3*. Washington, DC: Government Printing Office. from <http://www.childstats.gov/americaschildren/tables.asp>

^b Federal Interagency Forum on Child and Family Statistics. (2012). *America's Children: Key National Indicators of Well-Being, 2012, Tables POP1 and POP3*. Washington, DC: Government Printing Office. from <http://www.childstats.gov/americaschildren/tables.asp>

^c DeNavas-Walt, C., & Proctor, B.D. (2015). *Income and Poverty in the United States: 2014, Table B-2, Current Population Reports, P60-252*. Washington, DC: U.S. Department of Commerce, U.S. Census Bureau. from <http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf#TableB-2>

^d Lopez, M. H., & Velasco, G. (2011). *Childhood Poverty Among Hispanics Sets Record, Leads Nation*. Washington, DC: Pew Research Hispanic Center. from <http://www.pewhispanic.org/2011/09/28/childhood-poverty-among-hispanics-sets-record-leads-nation/>

^e Williams, S. (2013). *Public assistance participation among U.S. children in poverty, 2010*. Bowling Green, Ohio: National Center for Family & Marriage Research. from <http://www.bgsu.edu/content/dam/BGSU/college-of-arts-and-sciences/NCFMR/documents/FP/FP-13-02.pdf>

^f Lichter, D., Sanders, S., & Johnson, K. (2015). *Behind at the starting line: Poverty among Hispanic infants*. Durham, NH: University of New Hampshire, Carsey School of Public Policy. from <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1250&context=carsey>

^g Child Trends Databank. (2014). *Health care coverage*. Bethesda, MD: Child Trends. from <http://www.childtrends.org/?indicators=health-care-coverage>

Overview

The 2008 Great Recession triggered turmoil for U.S. workers, and in general created economic insecurity and uncertainty for most Americans. The consequences of this broader economic upheaval, for individuals, differed according to their race/ethnicity: Hispanic and African American individuals had proportionally higher unemployment prior to the recession as compared with whites, and, partly as a result, were proportionally hit harder by the recession, based on economic measures.^{a, 1-3}

Even though Hispanic workers had proportionally higher unemployment, Hispanic children in the lowest-income households may have entered the recession on a somewhat more stable economic footing than other children in the lowest-income households, at least by some indicators. In the years immediately prior to the recession (2004 to 2006), Hispanic children in the lowest-income households experienced slightly more income stability than non-Hispanic children in the lowest-income households, even though Hispanic children were more likely to be poor than non-Hispanic children.^{4,5} This matters because income instability (changes in month-to-month income) may increase family vulnerability to financial shocks whether generated by unexpected revenue (positive shock), or unexpected household purchases (negative shock.) Moreover, while positive financial shocks may represent a path toward upward economic mobility, frequent, and, in particular, negative income shocks may be challenging for families to recover from.

This brief explores income instability among Hispanic children in the context of dramatic shifts in the economic and employment circumstances of U.S. households during the Great Recession. This question is explored as a companion to the brief entitled “Income Instability in the Lives of Hispanic Children,” using data from periods that roughly correspond to the pre- and near

^a These employment patterns mirror racial/ethnic divisions of jobs based on industry sectors and vulnerability to economic cycles. Jobs among Hispanics tend to be in the construction sector, and the demand for construction jobs varies positively with the state of the economy, with vast reductions during recessions.

post-recession periods to examine income stability experienced by Hispanic children over these two periods in time.^b Specifically, we compare Hispanic children's experiences of unstable income over the 2004 to 2006 period (referred to hereafter as *pre-recession*) with experiences of unstable income from 2008 to 2011, that represents the period during and just following the Great Recession.^c

Key findings

The economic circumstances of the Great Recession may have presented low-income Hispanic families with barriers to economic mobility.

- ***During 2008 to 2011, toward the end of the recession, there were more Hispanic children residing in middle income households than pre-recession which appears to have come about through downward shifts of Hispanic households from high-to middle-income groups, not through rises in the lowest income group to higher income groups.***
- ***In comparison to the pre-recession period, during the near post-recession period of 2008 to 2011, the proportion of Hispanic children in the lowest-income group did not measurably change; however, the average monthly income within this group was lower in the period following the Great Recession.*** Additionally, while there were fewer Hispanic children in households in the highest-income groups in the 2008–11 period, their households' average monthly income was lower.
- ***For most Hispanic children in the lowest-income households, income stability (fluctuations in monthly income) was largely unchanged pre- and near post-recession, with the exception of households with adults who were linguistically isolated (i.e., where no person over the age of 14 speaks English well).***
 - In the 2004 to 2006 pre-recession period, there was greater income stability in Hispanic low-income households where no one over the age of 14 was English-language proficient than in households with people over the age of 14 who spoke English well.
 - In contrast, during the near post-recession period of 2008 to 2011, there was less income stability in Hispanic low-income households where no one over the age of 14 was English-language proficient, than in households with people over the age of 14 who spoke English well.

About this brief

This brief is part of a series that examines the economic conditions of Hispanic children and families using the Survey of Income and Program Participation (SIPP). The companion briefs examine income instability among Hispanic children during the 2004 to 2006 pre-recession period, and the reasons why Hispanic parents do not apply for government assistance programs.

Companion briefs include:

Alvira-Hammond, M. & Gennetian, L. (2015). *How Hispanic Parents Perceive Their Need and Eligibility for Public Assistance*. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.

Gennetian, L.A., Rodrigues, C., Hill, H.D., & Morris, P. (2015). *Income Instability in the Lives of Hispanic Children*. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.

^b The data in this brief are cross-sectional; thus, it is not possible to compare experiences pre-recession to the 2008 to 2011 period for the same individuals, but it is possible to compare experiences for a group, in this case Hispanic children pre-recession, relative to the experiences of Hispanic children in the period of 2008 to 2011.

^c The characterizations of pre- versus post-recessionary periods here overlap with but do not precisely represent formal delineations of pre- and post-recessionary periods. Thorough analyses of labor market trends often consider 2001–2007 as the pre-recession period also co-occurring with great expansion in the U.S. economy, and the Great Recession as the period between December 2007 to June 2009. Pre- versus post-recession comparisons are made by income quintile as categorized according to household current monthly income during the first wave of data available in 2004, and then for the first wave of data available in 2008. Thus, income quintile is determined during the recessionary period. As context, Hispanic households in the lowest, or first income quintile, had a monthly income of \$1,146 in September 2004, and \$1,069 in September 2008.

Background

As described in the companion brief (Gennetian et al., 2015),⁵ low and unstable income may have a number of repercussions on family life and children's well-being. An environment of unstable income, coupled with low-income, puts particular economic and psychological stress on children's cognitive, social, and emotional development in ways that may be distinct from an environment where the income is stable, but lower; for example, by interrupting family routines and disrupting parent-child relationships.⁶⁻⁷ On the other hand, stable chronic poverty is not good for children either.⁸⁻¹¹ Programs and policies aimed at ameliorating the effects of poverty may have unintended consequences on income instability, and income instability likewise may impact eligibility for certain programs, depending on requirements. For example, unexpected one-time or irregular increases in earnings can deem a family ineligible for certain programs if the increase happened to occur during an eligibility determination period. This could result in a loss in public assistance that would otherwise be a stabilizing source of income.

The Great Recession not only altered employment availability, stability, and prospects, but also affected government budgets more broadly. These changes were particularly consequential for low-income households, which disproportionately rely on earnings and social assistance income, unlike higher-income households, which have access to other sources of non-earned income, low-cost credit, or savings, that could serve as financial cushions.¹² Greater impact on cyclical industries, like construction—as occurs during all recessions—meant that Hispanic workers were hit particularly hard as the demand for labor decreased.¹³ Furthermore, with fewer ties to formal and stable employment pre-recession, fewer Hispanic workers had access to unemployment insurance and other sources of emergency income or insurance to ameliorate the repercussions of earnings losses during the recession.

Although statistics show that the Great Recession had a differentially negative affect on employment among Hispanics overall, recent analyses suggest that the job pace improved at a slightly faster rate for Hispanic workers.^{14,15} The Hispanic unemployment rate recovered to 100 percent of its prerecession average as of December 2014. The strongest job recovery for Hispanics has been in eating, drinking, and lodging services; wholesale and retail trade; and professional and other business services.¹⁶

A comparison of income stability between 2004 to 2006 and 2008 to 2011 by racial/ethnic group must be interpreted in the context of a number of other compositional shifts that occurred during the same period. The Hispanic population in the United States expanded considerably, growing by 50 percent between 2000 and 2012 as compared with a 12 percent growth rate for the overall population.¹⁷ Much of this population growth occurred in specific geographic areas, with 10 counties currently accounting for one-third of the Hispanic population.¹⁸ There were concurrent compositional shifts with Hispanic workers. There were proportionally fewer Hispanic immigrant workers post-Great Recession as compared with all U.S.-born (attributed to increased border control, deportation, reduced immigration from Mexico, and lack of recovery in job sectors, such as construction, that favorably employed immigrant workers during the pre-recession period).^d Thus, Hispanic immigrant workers who might have stayed or cycled in and out of job sectors such as construction appeared to exit entirely from these job sectors during and after the Great Recession.

About the data source for this brief

Data for this study come from the 2004 and 2008 panels of the Survey of Income and Program Participation (SIPP). The SIPP is a nationally representative survey of households conducted by the U.S. Census Bureau. Details about the analyses that use the 2004 SIPP can be found in the companion brief, *Income Instability in the Lives of Hispanic Children*.^a The 2008 SIPP panel followed a cohort of households for 15 waves of data collection; data were collected every four months. This study uses data from the first nine waves, collected between September 2008 and August 2011. The sample used for the analyses in this brief from the 2008 SIPP includes 2,338 Hispanic children who were ages zero to 18. These 2,338 children resided in 1,112 households, and the majority of respondent adults were a parent of at least one child in the household. Please see the companion brief for comparable samples sizes from the 2004 SIPP. Analyses were weighted using the SIPP longitudinal weight for the 10th wave to ensure inference to national estimates. Tests for statistically detectable differences between outcomes measured from the 2004 SIPP and outcomes measured from the 2008 SIPP at the $p \leq 0.05$ are noted. Adjustment of standard errors for clustering of children within households does not substantively alter the main conclusions.

Average monthly income is computed by the Census Bureau by combining the pre-tax income of everyone in the household. This measure includes earned income, cash transfer payments (i.e., assistance based on income eligibility but not the cash equivalent of programs such as food stamps), lump-sum and one-time payments, regular salary or other income from self-owned business, property income, and any interest and dividend income.^b All income is reported in 2011 dollars. Income information is available for each of the months in the wave. We only use income that is reported for the month of the interview to reduce recall error. This means that we have monthly income that is reported three times per year for each household.^c

^d During the recession, the construction sector alone let go of 520,000 Latino immigrants, with foreign-born Latinos losing 340,000 jobs overall (Kochhar, 2014). None of the construction jobs have come back for immigrants. Among foreign-born Latinos, the share working in construction fell from 19 percent in 2007 to 15 percent in 2009 and has stayed at about that level.

Intra-year income instability (instability within one year) is measured in two ways in this brief:

The number of income shocks is measured as changes in monthly income of 33 percent or more between the first month of Wave X and the first month of Wave X+1 for each X=9 waves included in the analysis. Negative (and positive) income shocks are comparably measured as reductions (or increases) in monthly income.

The *coefficient of variation* (CV) is a measure that takes into account variations in monthly income (in this case, the reference month of the survey data wave) as compared to annual income (the ratio of the household's standard deviation of monthly income to the household's mean income). A higher value indicates more income instability. Zero indicates the same monthly income is observed for each month (no within-year month-to-month income instability). The CV has the advantage of being able to make comparisons for households of different income groups or other characteristics because it is not dependent on starting values.^d Sensitivity analyses are also conducted with the standard deviation of *arc percent change* (APC), defined as the average difference in income between two time points relative to the mean value across the two time points. Both the CV and APC measures respect symmetry, such that a family that has a 100 percent increase in one year from 50 to 100 and has income fall by 50 percent in the next from 100 to 50 would have similar absolute quantitative values for both kinds of transitions (up and down). Each construct is also not dependent on starting values, so the formula can be applied equivalently for different subgroups. The CV is more heavily influenced by differences in mean income (i.e., it captures income inequality as well as variability). In contrast, the value of the APC is bounded by -200 and 200. Both are preferable to alternative measures such as percent change, which cannot be computed with a value of zero income.

Analyses are presented by income quintile^e so that patterns across the entire income distribution can be examined. In 2004, the lowest income quintile at \$24,000 (in 2011 dollars) is slightly above the 2011 average poverty threshold of \$23,201. Children are categorized into income quintiles based on the current month's income reported in Wave 1. In this brief, all sources of income in the household, including income from multiple-families residing in the household, are counted in order to capture all financial resources potentially available to the child. The measure of income excludes the post-transfer value of some non-cash social assistance programs (such as Medicaid) and does not adjust for taxes; as a result, this may understate disposable or net income for the lowest-income households more generally and overstate disposable or net income for the highest-income households more generally. Alvira-Hammond & Gennetian (2015) use only family-earned income to better map onto economic criteria for public assistance eligibility.^f

The racial/ethnic identity of households is based on reports of the adult respondent (in the majority of cases the parent of the child), though the main results are similar when based on reports of the racial/ethnic identity of the child (results not shown).

^a Gennetian, L.A., Rodrigues, C., Hill, H.D., & Morris, P. (2015). Income instability in the lives of Hispanic children. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.

^b Westat. (2007). Survey of income and program participation user's guide. Fourth Edition. Washington, D.C.

^c Not all sources of income or cash equivalents are counted. Tax refunds, such as the Earned Income Tax Credit, are also excluded. These exclusions may affect comparisons of Hispanic children with children from other racial/ethnic groups. First, eligibility of many social assistance programs are contingent on citizenship status. Higher proportions of Hispanic children are from households with no adult members who are citizens and thus not eligible for public assistance. Second, even if eligible, Hispanic households are less likely to know about or apply for public assistance (see companion brief Alvira-Hammond & Gennetian, 2015). Third, Hispanic workers may be more likely to engage in informal work and thus not officially reported in tax filings, potentially reducing eligibility (if there are no formal market earnings) and subsequent receipt of tax refunds. These three factors would understate the difference between the household income of Hispanic children as compared to children in other households. Inclusion of the cash equivalent of all transfer income would reduce the proportion of households living under poverty among recipient households. Because these analyses focus on intra-year and not inter-year income change, the measure of income as constructed in this analysis still derives meaningful constructs of income stability. It is unclear how adjustments for post-tax income that considers either an annual tax refund or an annual tax payment would affect experiences of intra-year income instability outside of capturing the one-time income shock associated with the refund or payment.

^d Newman, C. (2008). Income volatility and its implications for school lunch. In D. Joliffe & J. P. Ziliak (Eds.), *Income Volatility and Food Assistance in the United States*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

^e A quintile is one-fifth. Quintiles are commonly used cut points in studies on income distribution.

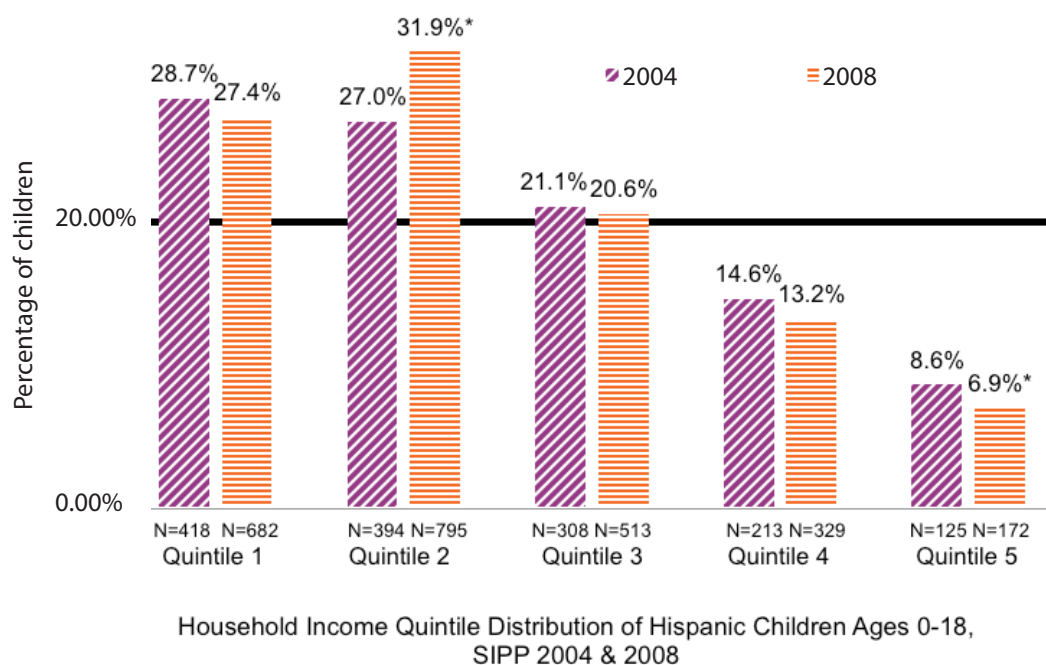
^f Alvira-Hammond, M. & Gennetian, L. (2015). How Hispanic Parents Perceive Their Need and Eligibility for Public Assistance. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.

Findings

Slightly over a quarter (27 percent) of Hispanic children were in the lowest-income quintile in 2008 to 2011, quite comparable to the proportion of Hispanic children in the lowest-income quintile (29 percent) documented during the pre-recession period. However, as shown in Figure 1, Hispanic children were slightly more likely to be in the second quintile during 2008 to 2011 as compared with pre-recession.

This does not appear to be due to upward economic mobility of those in the bottom quintile, but rather a shift in the distribution of Hispanic children residing in the highest-income households to the middle of the income distribution. As seen in Figure 1, there was a statistically smaller proportion of Hispanic children in households in the top income quintile (Quintile 5) during the 2008 to 2011 period as compared to 2004 to 2006, prior to the recession. In comparison, there was a statistically larger proportion of Hispanic children in households in the second bottom quintile 2008–11 as compared to pre-recession.

Figure 1. Similar proportions of Hispanic children were in the lowest-income groups in 2004–2006 and 2008–2011, whereas slightly fewer were in the higher-income groups.

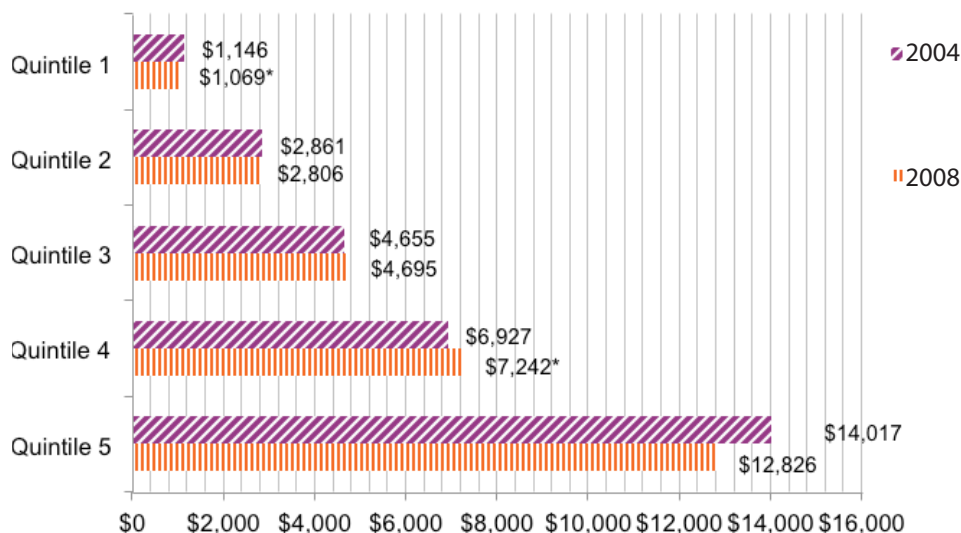


An equal distribution of children across quintiles is indicated by the dark black line.
 *Reflects statistically significant difference at $p < 0.05$ between 2004–06 and 2008–11 within quintiles.
 Note: Results are weighted.

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

Although the proportion of Hispanic children in the lowest-income group did not measurably change between 2004 to 2006 and 2008 to 2011, average monthly income within this group was lower in the period following the Great Recession (Figure 2). Moreover, not only are there fewer Hispanic children in households in the highest-income groups in 2008–11, but their households' average monthly income is lower. In comparison, average monthly income is substantively similar pre- and post-recession for the middle income groups.

Figure 2. Household monthly income was similar among Hispanic children in 2004 to 2006 and 2008 to 2011, except among the highest-income groups.



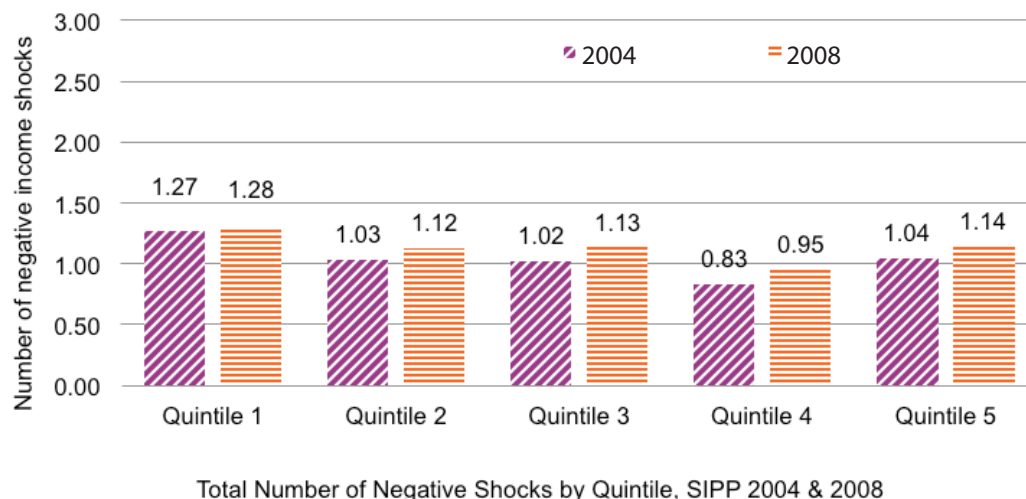
Household Income Means by Quintile among Hispanic Children Ages 0-18, 2004 & 2008 SIPP

*Reflects statistically significant difference at $p < 0.10$ between 2004–06 and 2008–11 within quintiles.
 Note: Results are weighted.

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

How Hispanic children in the lowest-income households experience income instability differed between 2004 to 2006 and 2008 to 2011. Whereas the number of negative shocks (i.e., decreases in monthly income) experienced by Hispanic children in the lowest-income households stayed fairly stable, the number of positive income shocks (i.e., increases in monthly income) declined in the period following the Great Recession as compared with the pre-recession period (see Figures 3 and 4). Hispanic children in the other income groups did not experience statistically detectable changes in the number of income shocks in either direction.

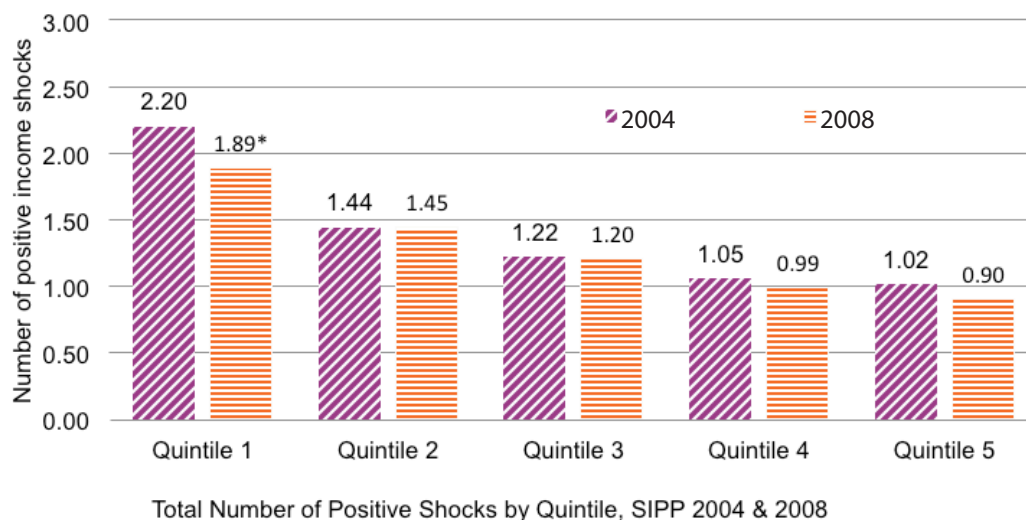
Figure 3. Hispanic children's households experienced a similar number of negative income shocks in 2004 to 2006 and 2008 to 2011, irrespective of income level.



An income change is defined as a 33% or more increase in monthly income between waves measured over a 2.5-year period.
 *Reflects statistically significant difference at $p \leq 0.05$ between 2004-06 and 2008-11 within quintiles.
 Note: Results are weighted.

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

Figure 4. Hispanic children in the lowest-income households experienced fewer positive income shocks in 2008 to 2011.



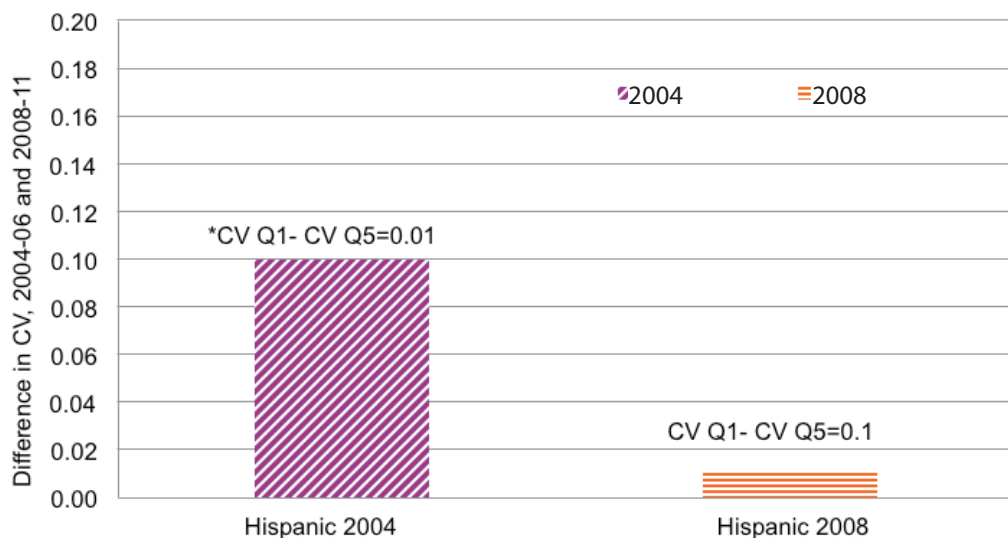
*Reflects statistically significant difference at $p \leq 0.05$ between 2004-06 and 2008-11 within quintiles.
 Results are weighted.
 Note: An income change is defined as a 33% or more increase in monthly income between Waves measured over a 2.5 year period.

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

Appendix Figures 1 (total income shocks) and 2 (CV) show the total number of income shocks and CV, for comparison with figures presented in the Gennetian, et al. (2015) companion brief.

Income stability between the lowest- and highest-income Hispanic children was more similar in 2008 to 2011 as compared to the pre-recession period. Figure 5 presents this as the magnitude in difference between the leftmost vertical bars of Appendix Figure 2 and the rightmost vertical bars of Appendix Figure 2 on the CV as a measure of income stability.^e Pre-recession, Hispanic children in the lowest-income households had *more* income instability than Hispanic children in the highest-income households. In 2008 to 2011, Hispanic children in the lowest-income households had *similar* levels of income stability to those of Hispanic children in the highest-income households. The similar levels of income stability for the lowest- and highest-income Hispanic children is likely due to the downward distribution of higher-income groups to middle-income in 2008 to 2011. Hispanic children in the middle income groups had similar income stability during these two time periods.

Figure 5. Levels of income stability for Hispanic children in the lowest- and highest-income households were similar in 2008–2011



Differences in CV (income instability) between children in the lowest- and highest-income Hispanic households, SIPP 2004 & 2008

^eReflects statistically significant difference at $p \leq 0.05$.
Note: Results are weighted

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

For Hispanic children in low-income households, income instability differed between 2004 to 2006 and 2008 to 2011 depending on the English-language proficiency of adults in the household. Income instability increased in 2008 to 2011 for the Hispanic children in the lowest-income households with adults who were not English-language proficient.^f In 2004 to 2006, Hispanic children in low-income households with no adults who spoke English experienced *less* income instability than Hispanic children in low-income households with adults who were English-language proficient. In 2008 to 2011, Hispanic children in low-income households with no adults who spoke English experienced *more* income instability than Hispanic children in low-income households with adults who

^e The 2004 SIPP vs. 2008 SIPP comparisons shown in Figure 5 are attenuated when using the APC instead of the CV. The within SIPP panel difference between Quintile 1 and Quintile 5 using the APC statistically differs for 2004 (as it does for the CV). The Quintile 1 vs. Quintile 5 difference 2008 also statistically differs using the APC (as it does for the CV). The difference in difference, as shown in Figure 5, is smaller using the APC. The magnitude of the change in the APC for Quintile 5 between 2004 vs. 2008 is smaller than the magnitude of the change in the CV for Quintile 5 between 2004 vs. 2008.

^f This general pattern is similar when examining children in the lowest-income Hispanic households that were linguistically isolated, i.e. income instability in the lowest-income Hispanic households with at least one English-proficient adult substantively increased in 2008–11.

were English-language proficient. Approximately 45 percent of the Hispanic children in the lowest-income households resided with adults who were not English-language proficient in 2004 to 2006, roughly comparable to the proportion (52 percent) in 2008-11. Many demographic characteristics—such as parents’ marital status and parental education—of these households were very similar in both time periods, with one important exception. As compared to pre-recession, Hispanic children in the lowest-income households with no English-proficient adult in 2008 to 2011 were much less likely to have at least one employed adult (64 percent in 2008 vs. 75 percent in 2004) in the household. Differences in adult employment across these two time periods by nativity or citizenship status were not as large.

Discussion

This brief shows that Hispanic children were no more likely to experience low and unstable income in 2008 to 2011 than they had been in 2004 to 2006, even though there were dramatic differences in the broader economic environment that unfavorably affected Hispanic workers. Given the overall racial/ethnic compositional changes that also occurred over these time periods, it might seem surprising that there were not larger differences in the proportion of Hispanic children in households that were low-income and experiencing income instability. This might have been because Hispanic children in the lowest-income (quintile 1) households had very similar characteristics in both time periods, including the number of adults in the households, adult education, marital status of parents, age and number of children, and general employment status.

Low and unstable income are only two of several metrics that are important to consider when depicting the overall economic health of households. This brief points to other metrics that indicate change in Hispanic children’s economic circumstances.

First, whereas Hispanic children were more likely than non-Hispanic children to reside in households that were in the lowest income quintiles (irrespective of the time period), the upper income distribution of Hispanic children shifted unfavorably in 2008 to 2011, such that proportionally fewer Hispanic children resided in the highest-income quintiles when compared with the pre-recession 2004 to 2006 period. This pattern might suggest barriers to sustainable upward economic mobility. Otherwise, we would have expected to have seen proportionally more Hispanic children in the higher-income quintiles during the later time period, or at a minimum, to have seen Hispanic children more evenly distributed across income quintiles, as observed among non-Hispanic children.

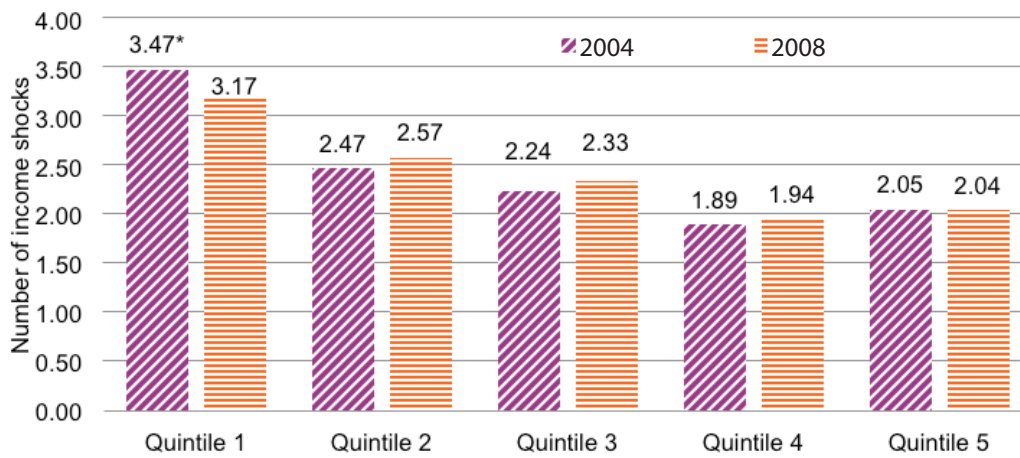
Furthermore, to the extent that positive income shocks represent a trajectory toward upward economic mobility, it is troubling that Hispanic children in the lowest-income households experienced fewer positive income shocks in 2008 to 2011 as compared to pre-recession.

Second, absent a deeper analysis of the magnitude and longer trajectory of income change, income stability among Hispanic children in the lowest-income households in 2008 to 2011 might not be a positive outcome. Being stably unemployed or stably underemployed could also result in income stability at low levels of earned income. Neither scenario is desirable from a perspective of upward economic mobility. Indeed, when sources of income are separately examined, one can see that the stability of household earnings experienced by Hispanic children in the lowest-income households was higher in 2008 to 2011 than pre-recession.⁹ This does not appear to be because workers in Hispanic households were stably employed or employed in jobs with stable earnings. Instead, this appears to be due to reductions in overall household employment (i.e., there were fewer adult earners). Thus, income stability, or fluctuations in monthly income among lowest-income households could be at the cost of reductions in overall household employment.

How this ultimately impacts family and children’s well-being is unclear. The stress and chaos that can accompany some forms of income instability even at high levels of income may not necessarily be better than the routines and predictability that can accompany stable earnings even at low levels. How family and child well-being is affected also depends on whether income instability is a path toward upward economic mobility (e.g., a series of positive income shocks that stabilize at higher levels of absolute income) or stagnation at low income (e.g., frequent negative income shocks or few but large unrecoverable negative income shocks). These are all issues worthy of future investigation.

⁹ Household earned income CV is 0.67 among quintile 1 households post-recession, as calculated from the 2008 panel of the SIPP, compared with household earned income CV of 0.78 among quintile 1 households pre-recession, as calculated from the 2004 panel of the SIPP.

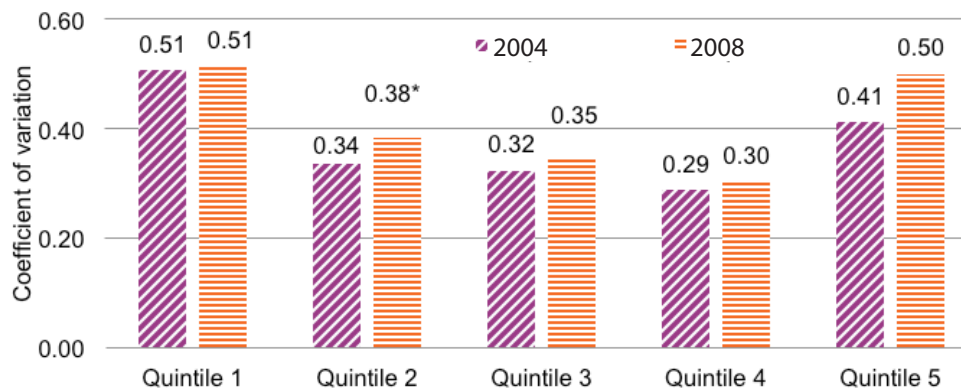
Appendix Figure 1. Total Income Shocks by Quintile



*Reflects statistically significant difference at $p \leq 0.05$ between 2004-06 and 2008-11 within quintiles.
Note: Results are weighted.

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

Appendix Figure 2. Income CV by Quintile



*Reflects statistically significant difference at $p \leq 0.05$
Note: Results are weighted.

Source: Waves 1–9 from the SIPP 2004 collected from February 2004 to September 2006 and the SIPP 2008 collected from September 2008 to August 2011.

Endnotes

- ¹ Hout, M., & Cumberworth, E. 2012. The labor force and the great recession. Stanford, CA: Stanford Center on Poverty and Inequality.
- ² Hoynes, H., Miller, D., & Schaller, J. (2012). Who suffers during recessions? Cambridge, MA: National Bureau of Economic Research Working Paper No. 17951.
- ³ Shierholz, H. (2014). Six years from its beginnings the Great Recession shadow looms over the labor market. Issue Brief #374. Washington, DC: The Economic Policy Institute.
- ⁴ Gennetian, L.A., Wolf, S., Morris, P., & Hill, H. (2015). Intra-year household income dynamics and adolescent school behavior. *Demography* 52(2): 455-83
- ⁵ Gennetian, L.A., Rodrigues, C., Hill, H.D., & Morris, P. (2015). Income instability in the lives of Hispanic children. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.
- ⁶ Hill, H. D., Morris, P., Gennetian, L. A., Wolf, S., & Tubbs, C. (2013). The consequences of income instability for children's well-being. *Child Development Perspectives*, 7(2), 85–90.
- ⁷ Anderson, P. M., Butcher, K. F., Hoynes, H. W., & Schanzenbach, D. W. (2014). Beyond income: What else predicts very low food security among children? *University of Kentucky Center for Poverty Research Discussion Series*. Paper 7.
- ⁸ Duncan, G. J., Yeung, W. J., Brooks-Gunn, J., & Smith, J. R. (1998). How much does childhood poverty affect the life chances of children? *American Sociological Review*, 406-423.
- ⁹ Elder, G. H. (1974). *Children of the Great Depression*. Chicago, IL: University of Chicago Press.
- ¹⁰ Moore, K. A., Gleib, D. A., Driscoll, A. K., Zaslow, M. J., & Redd, Z. (2002). Poverty and welfare patterns: Implications for children. *Journal of Social Policy*, 31(02), 207-227.
- ¹¹ Wagmiller, R. L., Lennon, M. C., Kuang, L., Alberti, P. M., & Aber, J. L. (2006). The dynamics of economic disadvantage and children's life chances. *American Sociological Review*, 71(5), 847-866.
- ¹² Barr, M. (2012). *No slack: The financial lives of low-income Americans*. Washington, D.C.: The Brookings Institution Press.
- ¹³ Papademetriou, D. G., Sumption, M., Terrazas, A., Burkert, C., Loyal, S., & Ferrero-Turrión, R. (2010). *Migration and immigrants two years after the financial collapse: Where do we stand?* Washington, D.C.: Migration Policy Institute.
- ¹⁴ Furman, J., Obstfeld, M., & Stevenson, B. (2015). Achievements and challenges in the U.S. labor market. *The 2015 Economic Report of the President*. Washington, D.C.: The White House.
- ¹⁵ Scheiber, N. (2015). Job growth for Hispanics is outpacing other groups. *The New York Times*.
- ¹⁶ Kochhar, R. (2014). Latino job growth driven by U.S. born: Immigrants no longer the majority of Hispanic workers. Washington, D.C.: Pew Research Center Hispanic Trends Project.
- ¹⁷ Brown, A. (2014). The Hispanic population has increased sixfold since 1970. Washington, D.C.: Pew Research Center.
- ¹⁸ Brown, A. & Lopez, M. H. (2013). Ranking Latino populations in the nation's counties. Washington, D.C.: Pew Research Center.
- ¹⁹ Gennetian, L.A., Rodrigues, C., Hill, H.D., & Morris, P. (2015). Income instability in the lives of Hispanic children. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.
- ²⁰ Westat. (2007). *Survey of income and program participation user's guide*. Fourth Edition. Washington, D.C.
- ²¹ Newman, C. (2008). Income volatility and its implications for school lunch. In D. Joliffe & J. P. Ziliak (Eds.), *Income Volatility and Food Assistance in the United States*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.
- ²² Alvira-Hammond, M. & Gennetian, L. (2015). *How Hispanic Parents Perceive Their Need and Eligibility for Public Assistance*. Research Brief. Bethesda, MD: The National Center for Research on Hispanic Families and Children.

Acknowledgments

The authors would like to thank Lina Guzman, Michael López, Kimberly Turner, Elizabeth Wildsmith, Ronald Angel, Marianne Bitler, Héctor Cordero-Guzmán, Donald Hernandez, and other affiliates of the National Research Center on Hispanic Children & Families for their feedback and insights on this brief.

Lisa Gennetian, Heather Hill, and Pamela Morris also thank the William T. Grant Foundation for their financial support of complementary work through a grant to Morris, Gennetian & Hill, #182212 Income Instability, Family Processes and Youth Development.

About the Authors

Lisa A. Gennetian, PhD, is a co-investigator of the National Research Center on Hispanic Children & Families, leading the research area on poverty and economic self-sufficiency. She is an associate research scientist at New York University's Institute for Human Development and Social Change, and a senior researcher at the National Bureau of Economic Research. Her research focuses on income instability among children and families, the ways this is informed by theories emerging from behavioral economics, and implications for social policy and programs.

Christopher Rodrigues, MA, is a research analyst at New York University and MDRC, a social policy evaluation firm. His expertise is in the statistical analysis of data from randomized control trials and large-scale surveys.

Heather D. Hill, PhD, is an associate professor in the Evans School of Public Policy & Governance at the University of Washington. Dr. Hill's research examines the effects of social policy and economic disadvantage on low-income families and children.

Pamela Morris, PhD, is a Professor of Applied Psychology and the Vice Dean for Research and Faculty Affairs at New York University's Steinhardt School of Culture, Education, and Human Development. At the intersection of social policy and developmental psychology, Morris' research ranges from antipoverty initiatives to early childhood interventions.

About the Center

The National Research Center on Hispanic Children & Families is a hub of research to help programs and policy better serve low-income Hispanics across three priority areas—poverty reduction and economic self-sufficiency, healthy marriage and responsible fatherhood, and early care and education. The Center was established in 2013 by a five-year cooperative agreement from the Office of Planning, Research, and Evaluation (OPRE) within the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS) to Child Trends in partnership with Abt Associates and New York University, University of North Carolina at Greensboro, and University of Maryland, College Park. This publication was made possible by Grant Number 90PH0025 from OPRE. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of OPRE, ACF, or HHS.

Copyright 2015 by the National Research Center on Hispanic Children and Families

We welcome your feedback! Email us at
Info@HispanicResearchCenter.org.

HispanicResearchCenter.org



BOLD
THINKERS
DRIVING
REAL-WORLD
IMPACT



NEW YORK UNIVERSITY
Institute of Human Development
and Social Change



COLLEGE OF
EDUCATION



THE UNIVERSITY of NORTH CAROLINA
GREENSBORO