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In the Absence of Leave: The Financial Coping Strategies of Disadvantaged New Mothers in the Great Recession

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The Financial Coping Strategies of Disadvantaged New Mothers in the Great Recession[1]

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INTRODUCTION

The days and weeks following a birth often present a financial challenge for new mothers, as few women in the United States are afforded paid maternity leave through their employers (Gornick and Meyers 2003). These challenges were likely heightened during the Great Recession, when both corporate and personal resources were stretched thin for most of the country. In this paper, we explore whether the coping strategies of new mothers changed after the onset of the Great Recession – specifically whether the return to work following a birth was accelerated, as well as whether post-partum Temporary Assistance for Needy Families (TANF) uptake among disadvantaged new mothers increased.

LITERATURE REVIEW

Per the Bureau of Labor Statistics, a recession is characterized by, "a general slowdown in economic activity, a downturn in the business cycle, [or] a reduction in the amount of goods and services produced and sold" (2012). The Great Recession officially began in December of 2007, and extended into June of 2009, although many have noted that the effects of the recession have lingered for years for American families (Rampell 2010). Moreover, by many indicators, we still have not returned to pre-recession levels (BLS 2012). In this context, the vulnerable economic circumstances of new mothers are a concern.

Employer-provided maternity leave is uncommon in the US, while *paid* employer-provided maternity leave is even more rare. Unlike most of our European counterparts, there is no public mandate for maternity leave in the U.S. Instead, the Family Medical Leave Act (FMLA) mandates 12 weeks of unpaid leave for individuals employed by large corporations, ensuring that some women can return to their pre-birth job after their leave.

[1] The views expressed on statistical, methodological, technical, or operational issues are those of the author and not necessarily those of the U.S. Census Bureau.

However, given exemptions for small employers, and tenure mandates, many of the most disadvantaged women do not have access to even that (Gornick and Meyers 2003), leaving them to either return to work immediately post-partum, or leave their job. For women who choose (or are forced into) the latter, there is some evidence that some women may turn to TANF for "paid" maternity leave (Hill 2012).

Both the timing of the return to employment, and the likelihood of TANF utilization, post-partum, are subject to larger economic factors. Prior to the recession, when employment was high, women's partners and spouses were more likely to be employed, and so may have provided a buffer for women to step out of paid work following a birth. However, as male unemployment soared during the Great Recession, leading some to dub it the "Man-cession" (Rampell 2009), it may be that the recession removed this source of income in many families. Moreover, the recession depleted resources across most families (Mattingly and Smith 2010), reducing the size of the networks on which new mothers could likely call for economic support. These macro-economic considerations may have lead new mothers to return to work sooner than they would have before the recession.

Economic recessions can also force families to seek innovative strategies to cope with financial loses. For example, although welfare receipt has plummeted since the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which implemented work requirements and time limits, TANF statutes in most states allow women with a newborn an age-of-youngest child (AYC) exemption from work requirements. Therefore, in the absence of other income, short-term utilization of TANF could potentially afford a new mother some months of "paid" leave. In support of this, Hill (2012) notes that in the years since welfare reform, we have seen an increase in the proportion of new welfare applicants who are caring for infants, with the state of Wisconsin explicitly attributing this to the use of TANF as an alternative to maternity leave (Wisconsin Legislative Audit Bureau 2005).

RESEARCH QUESTIONS

We seek to understand how low-income mothers manage financial hardships following the birth of a child, and whether strategies changed in the face of the Great Recession. More specifically, we look at women's return to work, and their utilization of TANF, post-partum. Using difference-in-difference models, we examine employment and program utilization pre- and post-birth, and compare the relative rates of each across the Great Recession. In the face of the recession, we hypothesize that a rapid return to employment, and the utilization of TANF, likely play a key role in the economic well-being of new mothers.

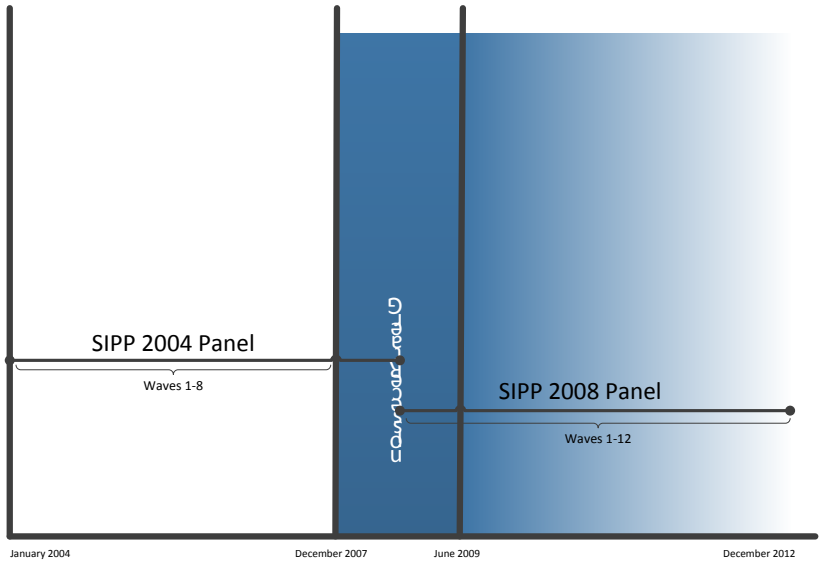
DATA AND METHODS

We use data from the Survey of Income and Program Participation's (SIPP) 2004 and 2008 panels. The SIPP is a longitudinal survey based on a nationally representative sample of the civilian, non-institutionalized population. It is administered by the US Census Bureau at four-month intervals. Each interview or "wave" of the SIPP asks about economic wellbeing and program participation, including employment, income, and the receipt of cash and non-cash benefits from both means-tested and non-means-tested programs.

Given the timing of the two panels (see Figure 1), and the longitudinal measures of work and welfare receipt, the SIPP is particularly well suited to this analysis. Interviews for the 2004 panel began in February of 2004. In order to capture coping strategies prior to the start of the Great Recession, we utilize data from only the first eight waves to establish a baseline for program

Figure 1

Timing of the 2004 and 2008 SIPP Panels in the Context of the Great Recession



utilization in the pre-recession years. This means that observations from the 2004 panel extend from October of 2003 to August of 2006.[2]

The 2008 panel interviews began in September of 2008, and continued through December of 2013, for a total of 16 waves.[3] We use all currently available data from the 2008 panel (the first 15 waves, covering May of 2008 to August of 2013) to examine the same strategies during the years of, and following, the official recession.[4] We look at whether patterns of TANF utilization, as well as the return to work, changed during the recession for women who experience a birth over the course of observations.

Our sample is limited to citizen adult women, aged 18 to 45, who are, or become, mothers over the course of observations. We further limit our sample to women who are never observed to be a salaried employee, as hourly wage employees are less likely to have paid maternity leave (Boushey, Farrell, & Schmitt 2013).[5] We utilize the citizenship restriction as state-level programmatic guidelines surrounding citizenship could bias results (Van Hook 2003). We employ the age cap in order to capture the life cycle stage in which women are most likely to be new mothers (Martin, et. al. 2013).

Difference-in-difference models are used to explore changes over time, from pre-recession, to the years of the recession and beyond, in rates of program uptake and employment, pre and post-partum. Each woman in the sample gives birth at some point during the course of observations. Therefore, we use women's pre-birth rates of employment and program uptake, and compare them to the same in the year following a birth. We then compare the observed changes between the pre-recession period, and the period of the recession and beyond to estimate any change in behavior that corresponds to the period of the Great Recession.

[2] This sample decision also allows the full sample to be used, as the sample cut that occurred in the 2004 panel did not happen until Wave 9. For more information about the 2004 sample cut, see pages 29-30 of the book, "Reengineering the Survey of Income and Program Participation," edited by C. Citro and J.K. Scholz.

[3] The longer period of interviewing in the 2008 panel was to allow the 2008 data to overlap with tests of the redesigned SIPP instrument.

[4] We use 15 waves because economic evidence shows continuing stagnation, even after the "official" end of the recession in 2009 (Wingfield, 2010).

[5] Due to data limitations, we are unable to measure, or control for, paid maternity leave across the panel; excluding salaried employees likely excludes some women who do not have access to paid leave, but the inclusion of women with paid leave would likely bias this analysis.

Our observations are person-months, and our predictors of interest are at a monthly level. Each model includes a dichotomous measure of whether or not the respondent was post-partum, measured as the time from birth until a year after the birth. Observations are right-censored at one year after the first observed birth in order to capture only work and program receipt patterns within the child's infancy. We also include a measure of the panel from which the observation comes. The third predictor of interest is an interaction of the birth and panel variables; the coefficient for this interaction term shows the comparative difference in the effect of a birth between the pre-recession and the recession and beyond periods.

At the monthly level, we have two outcomes of interest, and one predictor. The predictor is whether the woman has a birth. Given confidentiality protections employed by the Census Bureau, we use a wave-level measure of births. That is, if a child is born during a given wave, we assign the birth to the first month of that wave, and assign the 12 months subsequent as the "post-partum" period.

Our outcomes are employment and TANF receipt. We use a dichotomous monthly measure of employment. Women are coded as having worked in a month if they reported paid employment in at least one week of that month. If they were not working, regardless of whether they were looking for work or not in the labor force, they were coded as not working. Welfare receipt is also measured at the monthly level with a dichotomous measure of whether the woman was covered by a TANF grant in that month.

We model the comparative use of TANF over the two panels, as well as the comparative return to work, post-partum. We use logistic regression models clustering on the individual to adjust for the interrelatedness of observations. Both models include the same set of controls. Given the relationship between age and stable employment, we control for the mother's age in years (Ruhm 1990). Given the correlation between race and ethnicity for both program utilization and employment, we control for race and Hispanic origin (Kim, Irving, & Irving 2012). We further control, at a monthly level, for women's educational attainment (BLS 2011). And we include two different measures of family size and complexity in order to address larger economic

constraints the woman might face and resources that may be available to her. We include the number of children who identify the woman as their mother (biological, step, or adoptive) in any given month as a measure of both family size, and of the number of persons for whom she is directly responsible (Brewster & Rindfuss 2000). We further include a monthly measure of whether there is a man in the household who is identified as the father (biological, step, or adoptive) of any of her children; this classification includes spouses and cohabiting partners, and serves to identify families in which there is a potential second earner (Shafter 2011).

RESULTS[6]

Table 1 shows the demographics of the sample, as well as divergences between the pre-recession sample and the recession-and-beyond sample. All estimates and results presented in Table 1 are unweighted. The SIPP samples are not designed to be representative of the U.S. population without the use of appropriate sampling weights; therefore, results from the sample in Table 1 are not representative of the U.S. population.

The majority (78 percent) of the sample are White, and were married at the time of their first observation (57 percent).[7] More than half of the women in the sample were in their 20s at the time of their first observation. About 40 percent of the sample had at least some college at the time of their first observation.

Notably, the 2004 and 2008 panels do not yield consistently equivalent samples of women. The 2008 portion of the sample is more likely to be Hispanic, and has a different distribution of women aged 30 to 34 than the 2004 panel. Similarly, 59 percent of women in the 2008 panel are ever observed to be married, and 27 percent were single mothers throughout the panel, compared to 64 percent ever married and 23 percent always a single mother in the 2004 panel. However, the two sub-samples are not significantly different in the percent of women who ever work or ever receive TANF.

[6] The estimates in this report (which may be shown in text, figures, and tables) are based on responses from a sample of the population and may differ from actual values because of sampling variability or other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant.
[7] All comparative statements in this report have undergone statistical testing, and, unless otherwise noted, all comparisons are statistically significant at the 5 percent significance level.

Table 2 shows the percent of observed person-months in circumstances relevant to this analysis. Each person-month observation in this table is weighted with the mother's weight for that month; these weights correct for the oversampling of certain populations, but the resulting frequencies still only describe the sample in question.

Slightly more than half of all observations precede an observed birth. In more than 30 percent of person-months, there is no father present in the household. The women spend slightly less than half of all person-months employed, but only 3 percent of person-months receiving TANF. However, behavior is different pre- and post-partum; a lower percentage of months (43 percent) are spent in the labor force following a birth, and a higher percentage of months (4 percent) are spent receiving TANF.

Table 3 shows the regression results; Model 1 shows the results for TANF receipt, and Model 2 shows the results for employment. Net of controls, post-partum women are more likely to receive TANF, and less likely to be employed, than are pre-partum women. This likely reflects both women opting out of work when they have young children (Stone, 2008), and the fact that TANF receipt is tied to parenthood and some of the observed births represent women's transition into parenthood. The results also show that both TANF receipt and employment fell in the years of the Great Recession and beyond. The drop in employment is unsurprising in light of macro-economic factors, and the drop in TANF receipt is likely due in part to program contractions during this period (Kwon & Meyer 2011).

The coefficients for the interaction show the relative change over time for post-partum women. The results show a 54 percent increase in the odds of receiving TANF in any given post-partum month between the pre-recession period and the period of the Great Recession and beyond. In contrast, the results show a 12 percent decrease in the odds of employment in any given post-partum month between the pre-recession period and the period of the Great Recession and beyond. These results suggest that women's financial coping strategies may have changed during the recession, but also that some resources, such as employment, might have become more limited.

In terms of the control variables, older age is associated with reduced TANF receipt and higher employment. Similarly, higher levels of education are associated with lower TANF receipt and higher employment. Having a larger number of children increases the odds of TANF receipt, and decreases the odds of work. The presence of a father in the household decreases the odds of TANF receipt.

DISCUSSION

Net of controls, we find that post-partum women are more likely to receive TANF, and less likely to work, in the period of the Great Recession and beyond than they were in the years preceding the Great Recession. These data suggest two paths, which likely coincide for some women, but diverge for the majority.

Given the small number of women ever receiving TANF during the two panels (see Table 1), it may be that these results show a substitution effect for some in the small sample of women who receive TANF. As has been found by others (Hill 2012), it may be that these women are using TANF as a form of maternity leave, and opting out of the labor force in the months following a birth while using TANF as an alternate source of income. However, there are likely also some women who were simply unable to find work in recession conditions, and so turned to TANF as a safety net.

The employment results are more complicated. Although the Great Recession has been noted for its disparate impact on men, the lower odds of post-partum employment for women during the recession may indicate that hourly-wage women who took time out of the labor force for childbirth had a harder time getting back in during the recession, leading to more time spent out of work. For low-income workers, securing employment can be difficult when the economy is healthy, and may be even more difficult to achieve during periods of high unemployment and recession. Nonetheless, it may also be that women made different choices about their fertility during the Great Recession; it may be that women who gave birth in the recession period did so because they were already out of work, for example.

This analysis has several key limitations. For example, the fact that births are not measured at a precise monthly level likely biases the results in unknown directions. Secondly, without a direct measure of maternity leave, we risk conflating employment with leave, even with the sample restrictions used. Furthermore, the complexity of the low-wage job market (e.g. unemployment, underemployment, job continuity) may not be adequately captured by our relatively crude employment measure and so we may not be accurately capturing the employment behavior of low-income mothers before and after the recession. Finally, the omission of information about spouse or partner wages in each month likely biases results in uncertain ways; future iterations of this work will account for men's wages but we were unable to include this information here.

Even with these limitations, however, these results suggest a complex intersection of fertility and economic well-being during the Great Recession. In the absence of leave, women's economic choices for supporting their families in the post-partum period are limited, and these results suggest that the limitations were heighted during the recession.

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Table 1:

Demographics of Sample of SIPP Respondents Aged 15-45 with an Observed Birth, 2004 & 2008 Panels (Unweighted)

	N	Percent	Percent		Significant difference between 2004, 2008 panels
			2004 Panel	2008 Panel	
All women with an observed birth	3,386	100.0	100.0	100.0	
RACE					
White	2,626	77.6	77.2	77.9	
Black	514	15.2	15.2	15.2	
Asian	65	1.9	1.9	1.9	
Other	181	5.4	5.7	5.0	
HISPANIC	447	13.2	11.6	14.7	*
AGE AT FIRST OBSERVATION					
18 to 19 years old	382	11.3	10.8	11.8	
20 to 24 years old	1,098	32.4	31.4	33.4	
25 to 29 years old	959	28.3	27.6	29.0	
30 to 34 years old	608	18.0	19.4	16.6	*
35 to 39 years old	278	8.2	8.7	7.7	
40 to 45 years old	61	1.8	2.2	1.5	
MARRIED AT FIRST OBSERVATION	1,801	53.2	57.2	49.5	
EDUCATIONAL ATTAINMENT AT FIRST OBSERVATION					
Less than HS	548	16.2	16.7	15.7	
High School diploma or GED	1,011	29.9	30.1	29.7	
Some college	1,313	38.8	37.9	39.6	
BA or more	514	15.2	15.3	15.1	
EVER MARRIED	2,086	61.6	64.2	59.2	*
EVER TANF	387	11.4	11.1	11.8	
EVER EMPLOYED	2,305	68.1	68.5	67.7	
ALWAYS SINGLE MOM	856	25.3	23.2	27.2	*

SOURCE: US Census Bureau, Survey of Income and Program Participation 2004 Panel (Waves 1-8) and 2008 Panel (Waves 1-15)

For information on sampling and nonsampling error see:

<http://www.census.gov/programs-surveys/sipp/tech-documentation/source-accuracy-statements.html>.

NOTE: Sample is comprised of women who are observed to have a birth during either the 2004 or the 2008 panel. Observations are presented unweighted in this table, and so these numbers cannot be assumed to represent any larger population.

TABLE 2:
Descriptive Statistics for Person-months Surrounding Observed Births, SIPP 2004 and 2008 Panels

	Percent	Percent		Significant difference between 2004 and 2008
		2004 Panel	2008 Panel	
CHILDBEARING				
Percent of observed person-months spent:				
Pre-birth	56.6	53.3	58.7	*
Post-birth	43.4	46.7	41.3	*
MARITAL/COHABITATION STATUS				
Percent of observed person-months spent:				
Married	59.1	64.3	55.9	*
With no father present in the household	31.0	26.8	33.6	*
OUTCOMES OF INTEREST				
Percent of observed person-months spent:				
Employed	49.4	48.5	49.9	*
Employed, post-birth	42.7	43.4	42.2	*
Receiving TANF	3.2	3.4	3.1	*
Receiving TANF, post-birth	4.0	3.7	4.1	*

SOURCE: US Census Bureau, Survey of Income and Program Participation 2004 Panel (Waves 1-8) and 2008 Panel (Waves 1-15)
For information on sampling and nonsampling error see:
<http://www.census.gov/programs-surveys/sipp/tech-documentation/source-accuracy-statements.html>.

NOTE: Sample consists of person-month observations from the time the woman first enters the panel until 1 year after the observed birth. Observations are weighted using each woman's person-month weight.

TABLE 3:
Financial Coping Strategies in the Absence of Maternity Leave Before and After the Great Recession (2004-2006 vs. 2008-2013)

	Model 1: TANF RECIPIENCY			Model 2: EMPLOYMENT		
	B	OR	SE	B	OR	SE
Variables of Interest						
Birth	0.15 **	1.16	0.06	-0.30 ***	0.74	0.03
Panel difference, 2004 to 2008	-0.08 ***	0.93	0.01	-0.02 ***	0.98	0.01
Interaction of birth and panel	0.43 ***	1.54	0.08	-0.12 **	0.88	0.04
Age						
R's age in years	-0.06 ***	0.94	0.00	0.05 ***	1.05	0.00
Race, Hispanic Origin						
R is White alone	(Omitted)			(Omitted)		
R is Black alone	0.84 ***	2.33	0.04	-0.15 ***	0.86	0.02
R is Asian alone	-0.38 *	0.68	0.17	-0.61 ***	0.54	0.06
R is some other race or race combination	0.51 ***	1.67	0.07	-0.14 **	0.87	0.04
R is Hispanic (regardless of race)	0.03	1.03	0.05	0.01	1.01	0.03
Educational Attainment						
R has less than a HS diploma / GED	(Omitted)			(Omitted)		
R has a HS diploma / GED	-0.28 ***	0.76	0.04	0.35 ***	1.42	0.03
R has some college	-0.89 ***	0.41	0.05	0.62 ***	1.85	0.03
R has at least a BA	-4.68 ***	0.01	0.53	0.65 ***	1.92	0.03
Family Demographics						
Number of children in the household	0.13 ***	1.13	0.01	-0.18 ***	0.84	0.01
A father to at least one child is present in the home	-1.19 ***	0.30	0.05	0.01	1.01	0.02

SOURCE: US Census Bureau, Survey of Income and Program Participation 2004 Panel (Waves 1-8) and 2008 Panel (Waves 1-15)
For information on sampling and nonsampling error see:
<http://www.census.gov/programs-surveys/sipp/tech-documentation/source-accuracy-statements.html>.

NOTE: * Significant at the 5% level
** Significant at the 1% level
*** Significant at the .1% level