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Colleen Heflin, Syracuse University

The Great Recession and the Rise in Material Hardship

Through the late 1990s, a strong economy improved the economic well-being of most Americans. However, many different sources of economic and family instability can leave households struggling to stretch their financial resources to meet essential needs. During the Great Recession of 2008, material hardship spiked to historically high levels: In 2010, 16 percent of American households reported difficulty paying for essential expenses, 8 percent reported difficulty paying housing costs, 15 percent experienced food insecurity, and 13 percent had an unmet medical need. Experiences of material hardship are not concentrated among one group repeatedly but are highly dynamic; exits from material hardship tend to be matched by entrances, suggesting that the population at risk of experiencing material hardship over time is much higher than single year rates reflect.

> Material hardship is highly dynamic, and not limited to a single population at risk.

New research examining material hardship and sources of economic and family instability provides insight into how the Great Recession impacted households and, going forward, what might help those finding it hard to make ends meet.

Sources of economic and family instability

Employment shocks
- Obtained a job
- Lost a job

Household formation shocks
- Marriage union formed
- Marriage dissolved

Residential changes
- Residential move

Income changes
- Monthly income loss > $750
- Monthly income gain > $750

Household size changes
- Increased
- Decreased

Disability shocks
- Person with disability moved in
- Person with disability moved out

KEY FINDINGS

- **Instability increases the risk of material hardship; removing the source of instability does not produce full recovery.** For example, although a job loss might be related to a household missing a rent or mortgage payment, a job gain might not increase the ability to cover housing costs.
- **Income is not the only way households make ends meet.** For example, low-income households might change the number of people living in the household to better balance resources and essential needs.
- Consistent with a growing body of evidence, **disability status appears tightly linked to material hardship.** Aside from losing a substantial portion of monthly income, having a person with a disability join the household was the only other consistent trigger for all types of material hardship. For example, households adding a family member with a disability were more likely to experience medical, housing, and essential expense hardships and were also more likely to experience food insecurity. Furthermore, the loss

Types of material hardship

Medical

In the prior 12 months, a household member was not able to see a doctor, dentist, or hospital when they needed care.

Food

A household member had two or more food security problems, such as adults in the household not being able to afford to eat balanced meals or cutting the size of their meals, skipping meals, or not eating for a whole day because of lack of money for food.

Housing

In the prior 12 months, a household did not pay the full amount of rent or mortgage.

Essential expense

In the prior 12 months, the household was unable to meet what it considered were "essential expenses."

of a person with a disability from the household did not reduce the risk of any of the four forms of material hardship. This finding suggests that households might continue to expend resources to support persons with disabilities after they leave, or that there are other lasting impacts households struggle to overcome.

ABOUT THE STUDY

This study used data from the 2008 Survey of Income and Program Participation, which collects nationally representative information about the income, labor force participation, social program participation and eligibility, and general demographic characteristics of individuals and families. The Survey of Income and Program Participation is sponsored by the U.S. Census Bureau, and its data are widely used to examine the effects of federal and state programs on individual and family well-being.

The study used lagged dependent variable models in producing results to explore how each of six sources of instability impacted the key domains of material hardship. Analyses controlled for the race, ethnicity, age, and education level of the household head; whether a household included a member who was a veteran; whether a household was located in a metropolitan area; and household size.

This brief is based on the full article: "Family Stability and Material Hardship: Results from the 2008 Survey of Income and Program Participation," by Colleen Heflin, published as part of a special issue on uneven recoveries from the Great Recession in the *Journal of Family and Economic Issues*; 37(3), 359-372 (September 2016).

Related studies include: "The Role of Social Positioning in Observed Patterns of Material Hardship: New Evidence from the 2008 Survey of Income and Program Participation," by Colleen Heflin, published online in *Social Problems* (February 2017).

ABOUT THE AUTHOR

Colleen M. Heflin is a professor in Public Administration and International Affairs and Senior Research Associate in the Center for Policy Research at Syracuse University. Dr. Heflin earned a Ph.D. in sociology from the University of Michigan and conducts research focused on social policy, the well-being of vulnerable populations, and the causes and consequences of material hardship.