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Parental Job Loss and Children's Educational Attainment in Black and White Middle Class Families

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Parental Job Loss and Children's Educational Attainment
In Black and White Middle Class Families

Abstract

Job loss remains a permanent feature of the American economy. Black and white children may experience parental job loss differently, even when they share the same class location. We address this question using data from the Panel Study of Income Dynamics (PSID), following those children "born" into the survey between 1968 and 1979 and followed through age 21. We focus on middle-class families (defined here as an income between two and six times the appropriate poverty threshold around the time of the child's birth). We find that parental job loss is associated with a lesser likelihood of obtaining any post-secondary education for all offspring, but that the association for blacks is about four times as strong. Approximately 40% of the differential impact of job loss on black and white middle class youth is explained by race differences in household wealth, long-run measures of family income, and, especially, parental experience of long-term unemployment. We also find suggestive evidence that parental college experience mitigates the adverse associations between parental job loss and children's educational attainment.

Parental Job Loss and Children's Educational Attainment
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Economic instability and job displacement remain permanent features of the American economy. In November 2008, for example, employers cut record-breaking numbers of jobs across a wide range of industries. In that month employers slashed payrolls by 533,000, the greatest number since the recession month of December 1974, and pushed the unemployment rate to 6.7% (U.S. Department of Labor, 2008). It is well-established that involuntary job loss and unemployment can lead to poorer future outcomes (e.g., lower earnings) in the labor market for the affected worker, significant material hardship, marital discord and divorce, poor physical and mental health for adults in the family, and family stress and strained parent-child relations (Charles & Stephens, 2004; Coelli, 2005; Conger & Elder, 1994; Farber, 1993; Jacobson, LaLonde, & Sullivan, 1993; Kessler, Turner, & House, 1987, 1988, 1989; Oreopolous, Page, & Stevens, 2008; Price, 1992; Rege, Telle, & Votruba, 2008a; Ruhm, 1991; Stevens, 1997; Yeung & Hofferth, 1998). Yet, surprisingly little is known about how this phenomenon shapes the life course of American children.

In particular, we know little about the long-run consequences of parental job loss for youth and thus its potential implications for intergenerational economic mobility (but see Oreopolous et al., 2008 for a recent exception). In an era of rising income inequality, understanding the impact of economic shocks in one generation on the future opportunities of the next generation in America has never been more important (Mazumder, 2008).

This question is especially important in light of dramatic race differences in economic mobility. Despite the fact that family income has risen for both blacks and

whites over the past several decades, blacks are significantly less likely to perpetuate their middle class status across generations (Isaacs, 2008). Why is this so? One plausible explanation is that black and white families experience economic shocks, such as parental job loss, differently, even when they share the same class location. The present study investigates this question by using long-run data from the Panel Study of Income Dynamics (PSID) to examine how parental job loss affects youth's educational attainment in middle class households and whether this association differs for blacks and whites.

We find that parental job loss is associated with a lesser likelihood of middle-class youth's obtaining any post-secondary education, but that the association for blacks is about four times as strong. Approximately 40% of the differential impact of job loss on black and white middle class youth is explained by race differences in household wealth, long-run measures of family income, and, especially, parental experience of long-term unemployment. We also find suggestive evidence that parental college degree attainment mitigates the adverse associations between job loss and college-going.

Background

Race gaps in economic mobility

Recent work highlights the fragile nature of middle-class life for many African Americans (Conley, 1999; Isaacs, 2008; Pattillo-McCoy, 1999). For example, in a new analysis of data from the PSID, Isaacs (2008) reported that 45% of black children who grew up in middle class households ended up in the bottom quintile of the earnings distribution as adults. In contrast, only 16% of whites experienced similar downward mobility. Such findings sharpen the focus on overall race differences in intergenerational

mobility that have been previously reported in the same data (Hertz, 2003). Hertz showed a 40% gap between the adult incomes of blacks and whites who grew up in families with identical long-run average incomes. Importantly, these findings were robust to the inclusion of a measure of parents' education, implying that race differences in mobility outcomes are not simply a reflection of group differences in human capital. These findings highlight the relevance of identifying race differences in the nature and/or impact of childhood economic events on long-run human capital outcomes.

One way that a differential impact by race of a common economic shock, such as job loss, could explain differences in mobility outcomes is if job loss differentially affects the likelihood of educational attainment among blacks and whites. In today's economy, a child's educational attainment strongly influences his or her earnings and is a key determinant of economic mobility. For example, in 2007 those with just a high school degree had median weekly earnings of $604 while the median weekly earnings of college graduates was $987 (U.S. Bureau of Labor Statistics, 2008). On average, whites are more likely than blacks to graduate from high school (89.4% and 80%, respectively) and to hold a four-year college (30% vs. 17.3%, respectively). Our analysis will show that race gaps in educational attainment exist in the middle class as well.

Parental job loss and children's educational attainment

Only a handful of papers has examined the effect of parental job loss on children's educational attainment and human capital development using high-quality, large-scale longitudinal data. Using the Survey of Income and Program Participation, Kalil and Ziol-Guest (2008) find that fathers' involuntary job losses increase the likelihood that children will repeat a grade or be suspended or expelled from school.

Coelli (2005) uses the Canadian Survey of Labour and Income Dynamics to show that parental job loss leads to an increase in children's probability of dropping out of high school and a decrease in the probability of entering university. Also using Canadian data, Oreopoulos et al. (2008) find that the sons of workers displaced in 1982 from a sample of mid-sized firms had lower earnings between the ages of 25 and 31 and were more likely to receive unemployment and social assistance. Kertesi and Kezdi (2007), using nationally-representative data from the Hungarian Labor Force Survey on parents who unexpectedly lost their jobs during the post-communist transition of Hungary, find significant effects of parental job loss on children's probability of dropping out of secondary school. Finally, Rege, Telle, and Votruba (2008b), using Norwegian registry data, show adverse effects of fathers' job loss on children's educational attainment.

Involuntary job losses are hypothesized to adversely affect children's educational attainment for a number of reasons. First, job loss is associated with both immediate and long-term economic consequences. Farber (1997), using the Displaced Worker Survey (DWS)—a regular supplement to the January Current Population Survey (CPS) since 1984—estimates that displaced workers have a large (35 percentage point) probability of being unemployed following a displacement, are five percentage points more likely to work part-time than they were prior to the displacement, and earn 13% less upon reemployment. Jacobson, LaLonde, and Sullivan (1993) and Ruhm (1991) also find longer-term economic losses. For example, Jacobson et al., using administrative data, find that the earnings of even high-tenure workers are 25% lower than their pre-displacement levels five years after the initial job loss.

Insufficient work resulting from involuntary job loss can limit the income necessary to purchase such things as education, housing, food, and safe and cognitively enriched learning environments that are critical for children's successful development (Becker & Thomes, 1986; Duncan & Brooks-Gunn, 1997). In situations where parents purchase their children's education directly, either by sending them to private schools or financing their college educations, the loss of resources may be especially potent. For example, Dynarski (2003) finds evidence that the credit constraint, that is, the inability of families to finance their children's post-secondary education, is a significant obstacle when federal assistance is not available. Kane (2001) and others argue that the slow response of minorities and low-income whites to the rising educational premium of the late 70s and early 80s is evidence that parental income is vital to children's access to the education market and that credit constraints restrict this access.

Carneiro and Heckman (2003) suggest that these trends point to the importance of providing a household environment that supports children's education preparedness. They argue that higher incomes buy higher quality environments which produce children who are differentially capable, motivated and empowered by their parents to take advantage of educational opportunities. Yeung, Linver and Brooks-Gunn (2002) find that the positive association between family income and children's cognitive development is mediated by investment in a stimulating learning environment. Yeung and Hofferth (1998) find that families who experience severe income losses are especially susceptible to cuts in expenditures; similarly, Stephens (2001) finds that consumption is significantly reduced as a result of permanent earnings shocks such as job loss. These findings suggest that job losses can diminish families' ability to invest in the

resources necessary to promote children's cognitive development and educational attainment.

Involuntary job losses are also presumed to be psychologically stressful for parents (see Conger & Elder, 1994; McLoyd, Jayaratne, Ceballo, & Borquez, 1994; Kessler et al., 1988, 1989). Several studies find that job loss increases the probability of marital separation and divorce (Charles & Stephens, 2004; Rege et al., 2008a). These family pressures can inhibit parents' emotional warmth and increase parents' erratic or disengaged behaviors. In turn, ineffective parenting can lead to poorer adjustment in children, including poorer performance in school (Elder, Nguyen, & Caspi, 1985; McLoyd, 1998).

Finally, children's achievement motivation and school engagement could be directly affected by their parents' job loss (Galambos & Silbereisen, 1987). Barling, Dupre, and Hepburn (1998) showed that youth's perceptions of parents' job insecurity were negatively correlated with their belief that work is inherently good and fulfilling and that hard work can overcome obstacles to success. In turn, the less youth believed in this notion, the more likely they were to display low motivation to work. In a related study, Barling, Zacharatos, and Hepburn (1999) showed that undergraduates who perceive their parents to be insecure about their jobs are distracted cognitively and have worse academic performance.

Race differences in the consequences of parental job loss

There are a variety of factors that could make the job loss experience different for black and white middle class families. Some evidence suggests that within the middle class, exposure to and consequences of job loss are more severe for blacks. Wilson,

Tienda, and Wu (1995) find that among college graduates, blacks are 2.24 times as likely to be dismissed or laid off as whites. Spalter-Roth and Deitch (1999) report that blacks who lose jobs are more likely than their white counterparts to fall from professional or managerial to lower level occupations and to move from a job with health insurance benefits to reemployment without health insurance.

Well-documented differences in black and white wealth in the middle class might also make the job loss experience different for families in these two groups. Race differences in wealth far exceed race differences in income, occupational, and educational levels; this difference is especially pronounced among the middle class (Conley, 1999; Oliver & Shapiro, 1997). Home ownership, for example, which is the primary method of equity accumulation for most American families, varies significantly by race. In 1997, only 44 percent of blacks owned their own homes, in contrast to 71 percent of whites (Conley, 1999). Similarly, while the typical white family has assets totaling a median of $72,000, the median net worth of the typical black family is only $9,800.

Wealth can affect a family's ability to sustain itself through a job loss. Financial assets, which can be liquidated or against which families can borrow, or recourse to assistance to family and friends, can mitigate the negative effects of a parental job loss by alleviating economic pressure and serving as a "psychological buffer" against worries about the future. Parents in families with few assets or little equity to draw upon may be particularly pessimistic about their children's future in the event of a household economic downturn. The transmission of these beliefs and expectations may affect the youth's own expectations and behaviors. Similarly, adolescents' reactions to parental employment

downturns may be moderated by the knowledge that vital financial resources are available from sources other than parents' current earnings. This may be especially important during adolescence, when families are making plans for children's college attendance and how to finance it. Conley (1999) showed that family wealth is a significant predictor of children's college completion and that it accounts for a substantial amount of the black-white difference in educational attainment. In the present study, we examine whether race differences in wealth, long run income, and long term unemployment account for differences in the impact of parental job loss on children's educational attainment.

Given the "recency" of the black middle class (Pattillo-McCoy, 1999), it is also possible that parents' adverse employment experiences could have a stronger negative effect on middle class black children because these families are less convinced or assured that their class status will be perpetuated well into the future. Their children's educational goals may thus be more likely to be derailed compared to a white family in which job loss may be viewed as a temporary setback but not one that disrupts a family legacy of educational achievement. One way to test this hypothesis is by investigating whether race differences in the impact of parental job loss differ at different levels of parental education. We also explore this question.

Method

Sample Description and Measures

We use the Panel Study of Income Dynamics for our analysis. The PSID is a longitudinal survey consisting of individuals (men, women, and children) and the families in which they reside (http://psidonline.isr.umich.edu). It is the longest-running

longitudinal study of household income in the United States and collects detailed economic and demographic information over the life course. Since 1968, the PSID has tracked, interviewed, and disseminated data from a nationally representative sample of approximately 5,000 US households. Annually from 1968 to 1996 and biennially from 1997 to 2005, all members of the original households in the study, regardless of whether they were living in the same dwelling or with the same people, were tracked in the study. Thus, children born into study families, who themselves constituted representative birth cohorts (Duncan & Hill, 1985) were surveyed as they advanced through childhood and into adulthood. Despite attrition (the effects of which appear to be captured in weighting adjustments; see Fitzgerald, Gottschalk, & Moffitt, 1998) and the challenges of following offspring as they formed their own households, the sample size grew from 4800 families in 1968 to 7435 families in 2005. All respondents were compensated for their time.

Because the original focus of the data collection effort was the dynamics of poverty, the PSID was initially comprises of two independent samples, a cross-sectional national sample and a supplemental sample of households located in census enumeration districts with large non-white populations (the Census Survey of Economic Opportunity [SEO] sample). The oversampling of families in non-white neighborhoods in the late 1960s resulted in a sizable subsample of African American families (of the original 4802 families, 33% were African American). Because of the sampling strategy, we use the survey-supplied probability-of-selection weights, which correct for unequal selection probabilities as well as differential attrition, in all our analyses. Specifically, we use the weight associated with the survey year each offspring's educational attainment was

measured[1]. The application of these weights generates a sample that is representative of the U.S. non-immigrant population.

Our sample consists of the pooled cross section of individuals who are "born" into the survey, that is, observed at age one and subsequently followed through age 21. We use total family income to determine class status around the time of the child's birth. Given that any measure of income derived over the course of the offspring's childhood (defined as ages 0-17) is going to be endogenous to parental job loss and unemployment experiences, we assess family income in a window prior to the child's birth as a way of capturing "starting gate" equality. Given that single-year income measures may not be representative of permanent income, we average over the additional one or two years of data available prior to the offspring's birth year, depending on the household's survey participation before the offspring's birth. The average number of years used to generate this "initial income" measure is 2.5 for both blacks and whites. While we include those households whose class status is determined via the two- and one- year averages to maximize our sample size, most families in the sample—70 percent of both whites and blacks—contributed three years' worth of income data to this measure. [2]

Following Duncan et. al. (1992) we designate a sample offspring as "middle class" if the family's initial income is between two and six times the appropriate poverty threshold (i.e. adjusted for family size and age of household head). In 2005, for a family

[1] We also estimated our models using the weights assigned to the offspring's in his or her first and most recent years. In general the results were robust to these alternate specifications. The results obtained using no weights were reduced in both magnitude and statistical significance but were qualitatively similar. It should be noted that although the weights potentially mitigate the effects of attrition over time, they do not eliminate the problem of potential attrition-induced biases.

[2] Among the households comprising our sample, initial income is measured with only one year for 24 percent of the black offspring and 14 percent of the white offspring.

of four this range extends from $38,700 to $116,100.[3] Figure 1 shows the average income (in $1,000's) for black and white middle class families at each decile of their respective distributions.

Using these criteria, our sample is comprised of 1,255 offspring—1,023 whites and 232 blacks. We draw an average of 79 whites and 18 blacks from each annual survey wave between 1968 and 1980[4]. These births represent 62% of white births and 22% of black births across the 13 cohorts from they are drawn (in contrast, 32% of white births and 77% of black births in the PSID during these years are to families with initial incomes below 200% of the poverty line). Fifty-three percent of the offspring in our sample were born to original 1968 respondent household heads. Forty-two percent were born to children of these original respondents (second-generation respondents). The remaining 5 percent were born to other resident relatives of these original heads, including siblings and other extended family members.

Nine percent of our sample derives from the Census SEO sample: 4 percent of the offspring were born into original SEO respondent households and 5 percent were born to second-generation respondents. Looking at these figures by race, not surprisingly only 7 percent of the white offspring in our sample originated from Census SEO sample households (4 percent of white offspring were born to original 1968 respondent household heads and 3 percent were born to the second-generation respondents). In contrast, 38 percent of the black offspring in our sample were born into SEO households,

[3] We conducted sensitivity analyses by narrowing this range on the lower and upper end. Raising the lower threshold to three times the poverty standard left too few households for analysis. Lowering the upper threshold to four times the poverty standard had no appreciable impact on our overall results. Indeed, comparing the black and white income distributions within our preferred range indicates that the means and dispersions are largely the same (see Figure 1). This suggests that, at least along this dimension, the black and white households comprising our preferred sample are properly matched.

[4] We use 1980 as our cut-off to ensure that the offspring in our sample are all least 17 years old by the 1997 survey, after which year the PSID changed to a biennial format.

14 percent to original 1968 respondents and 24 percent to second-generation respondents[5].

Our primary dependent variable is the report of any post-secondary education by the age of twenty-one[6]. Because individual information varies by the relationship to the household head (in two- parent households the male spouse is the head by convention), we use a variety of sources to generate the most consistent and uniform educational measure possible. For offspring still residing in their parents' households, the measure is the number of years of completed schooling; an individual is categorized as a college entrant if he or she reports thirteen or more years of completed education or if he or she resides in an academic institution. For offspring who are heads and spouses of their own households by twenty-one, we count as post-secondary education any report of either non-academic training, some college but no degree, or a college degree[7]. Of those children born into middle-class households, 60 percent of whites and 52 percent of blacks report some post-secondary education by age twenty-one (this difference is statistically significant at the 10 percent level). Conditional on high school graduation, these figures rise to 66 and 65 percent, respectively[8]. We also examine high school completion. Because the information available for non-heads and spouses does not separate General

[5] As noted previously, the original Survey of Economic Opportunity (SEO) was conducted by the Census between 1966 and 1969 and was the predecessor to the PSID. Its emphasis was on households located in census enumeration districts with large non-white populations. The primary reason our sample includes a relatively large share of black offspring associated with the SEO is not because they came from poor households but because they came from middle income households in poor non-white neighborhoods (see Massey & Denton (1993) for detailed discussion of residential segregation of the black middle class). As noted, the survey weights adjust for this sampling design.

[6] More specifically, the offspring's twenty-first survey year.

[7] Whites are more likely to be heads or spouses in their own households by age twenty-one, otherwise there is no significant difference in the source of information between blacks and whites

[8] In 1995 the PSID included an additional battery of education questions to assess the validity of the information collected prior to that year. Comparing our educational attainment measures to these data for the portion of our sample present in the 1995 survey reveals that our measures are highly consistent. This is also true when we compare our measures with the *most recent* achievement information available for our sample respondents.

Equivalency Degrees (GED) from high school diplomas, our measure of high school completion includes GED recipients.

We consider jobs lost by household heads. Following Ruhm (1991), Stevens (1997), Stephens (2001, 2002) and Charles and Stephens (2004) the job losers in our sample are those parents who report being separated from their employment as a result of either a plant closing/employer death or lay off/dismissal. Using this definition, 42 percent of the whites and 50 percent of the blacks in our middle class sample grew up in a household in which a parent lost a job at some point, a difference which is not statistically significant.

There is reason to be concern that being dismissed (i.e., fired) is not an exogenous event. When an individual is fired, he or she is being singled out for personal reasons as opposed to being swept up in a wave of layoffs. Moreover, personal attributes that put an individual at risk of being fired may be correlated with parenting behaviors, potentially biasing the estimated association between job loss and child development. In practice, we cannot distinguish the lay-offs from the firings. Two facts lead us to believe that this issue does not threaten the integrity of our analysis. First, in their study of job loss in the PSID, Boisjoly, Duncan & Smeeding (1998) report that only 16 percent of the lay-offs/dismissals reported between 1968 and 1992 were actual firings. Thus whatever bias may result from the inclusion of these individuals, while non-trivial, is likely to be minimal. Moreover, inasmuch as being fired typically results in the loss of employment and earnings together with all the other consequences of job loss, it is not entirely clear that these parents should be excluded from our sample. Second, our main interest is not exclusively in the causal impact of the job loss, but rather the *difference* in the effects of

job loss in black versus white middle-class families. It is nevertheless important to establish that job loss represents an exogenous shock to at least some degree and we pursue several different strategies to address this issue.

Methods

The results presented here were generated using ordinary least squares. Consequently, the coefficient estimates measure the percentage-point change in the probability of obtaining some post-secondary education attributable to a one-unit change in the corresponding independent variable[9]. In order to present a more descriptive picture of both the impact and the *differential* impact of job loss in black and white families, we suppress the common constant (main effect) and interact each covariate with the respective black and white dummy variable. This specification generates coefficient estimates identical to those we would obtain were we to estimate the model on blacks and whites separately. In addition, this approach allows us to test the statistical significance of the differences between the coefficients.

Demographic controls include the individual's gender (female coded as 1), birth order (dummy variable equal to 1 if firstborn), the number of additional siblings in the household at the time of the offspring's birth, separate indicators for whether both parents have a college degree or whether only one parent has a college degree[10] (the omitted group in regressions is "no parent is a college graduate"), a dummy variable indicating that the individual was born into a two-parent household, dummy variables for the region of birth (Northeast, North Central and West, the South is the reference category[11]), the

[9] Coefficients are both quantitatively and qualitatively similar when estimated with probits.
[10] Single-parent college graduates are included in this latter category.
[11] The omitted category also includes less than one percent of the white offspring in our sample who were born outside the continental U.S.

measure of initial income used to determine class status and a battery of dummy variables for the offspring's birth year. Sample controls include a dummy variables for each of the following conditions: if fewer than three years were used to determine initial income, if the individual recorded one or more survey non-response between ages 1 and 17 (we assume that such non-responses are random) and if the original 1968 household from which the offspring's household derived was part of the Census SEO sample.

An important part of our analysis tests the mediating role of economic conditions over the course of childhood and adolescence. These conditions may be endogenous to the job loss and may help to explain any differential impact of job loss by race if these conditions are also correlated with race. The three variables we focus on here are 1) average annual family income from age 1 to 17 (in 2005 dollars); 2) the number of years over the offspring's childhood that he or she lived in an owned home (compared to a rented home; this measure is our proxy measure of wealth); and 3) whether the head of household ever experienced a period of unemployment of six months or more within a single year (a spell of "long-term unemployment").

Means and standard deviations of all of these variables are reported in Table 1. Race differences are apparent in terms of parental education, family structure at birth, and the childhood economic conditions. Twenty seven percent of the white offspring have at least one parent with a college degree compared to just 15 percent of black offspring; however fewer than 10 percent of both black and white offspring are born into households in which both parents have a college degree. Most households do not have any parent who is a college graduate, although the share of such families is higher in the black middle-class population.

About 8 percent of the black offspring in our sample were born to a single parent, compared to 2.5 percent of the white offspring. To put this difference in context, among individuals born into households in the PSID with incomes less than 200 percent of the poverty line, 52.5 percent of blacks are born to single parents compared to 86 percent of whites (data not shown in tables), further confirmation that our measure of class status captures important distinctions beyond differences in income. Roughly 40 percent of the black offspring in our sample were born in the South, compared to just less than 30 percent of the white households. Conversely, 18 percent of the white households were drawn from the West, compared to only 6.5 percent of the black households. The remaining 50 percent of both blacks and whites are split between the Northeast and North Central regions.

Within this middle class sample, the initial income of white and black offspring is $57,106 and $54,117, respectively, a difference that is not statistically significant. Concerns that we are simply comparing whites at the upper end of the middle-class range to blacks at the lower end are addressed in Figure 1, which shows that black and white middle-class households are similarly represented across their respective distributions of initial income. Finally, as noted previously, roughly one third of the black offspring belong to families whose originating households were recruited into the PSID as part of the SEO oversample, compared to 7 percent of the white households.

Main Results

Our main results are reported in Table 2a. We examine three specifications. Our first specification (columns 1-3) models the likelihood of college attendance using our entire sample, including those offspring who fail to graduate from high school (or obtain

a GED) by age 21. Parental job loss decreases the probability of entering college for both black and white children. For white children, job loss reduces the likelihood by approximately 7 percentage points. For black children the impact is -26 percentage points, a statistically significant effect size of 50 percent. The 19 percentage point race difference is also highly significant.

By way of comparison, these results contrast markedly with those we obtain by estimating the same model using the low-income sample (Table 2b) —individuals born into households whose total income was less than twice the appropriate poverty threshold (columns 10-12). For these individuals, parental job loss has a much smaller impact overall and a similar impact across groups: -8.26 percentage points for whites and less than a percentage points for blacks. Furthermore the difference is not statistically significant, despite the larger sample size of black offspring. This suggests that among a low-income sample, other factors (besides job loss) are more important correlates of entering college, for both blacks and whites.

To determine the role that high school graduation plays in offspring's college attendance we estimate the same model using high school graduation as the dependent variable. As can be seen in columns (4)-(6), the same pattern observed for college attendance holds for high school graduation. For whites the effect is a significant -5.3 percentage points while among blacks the impact is a highly significant -32 percentage points, an effect size of 40 percent. Once again the difference is substantial and highly statistically significant.

Finally we estimate this model again on college attendance using only those offspring who graduated from high school (and thus eligible for post-secondary

education). As can be seen in columns (7)-(9), the pattern persists but the impact is significantly diminished, especially for blacks, and the race difference is no longer significant[12]. Put together, these results provide some indication that the effect of parental job loss on college attendance works primarily via the impact on high school graduation. For the sake of parsimony we conduct our subsequent analyses using the entire, "unconditional" sample, keeping these fundamental relationships in mind.

Mediating Role of Childhood Conditions

The specifications in Table 3 expand the set of controls to include measures of the economic conditions and parents' labor market experiences that prevailed over the offspring's childhood. Although we have demonstrated that our black and white populations are comparable at birth in terms of household income and, for the most part, family structure, looking back at Table 1 we see that these two populations experience very different economic conditions during their offspring's childhood. As mentioned, blacks are somewhat more likely than whites to experience a job loss (50% versus 42%, respectively). Even more notable, average family income over the course of the offsprings' childhood and adolescence is significantly lower in the black population: $53,194 versus $73,556 among whites. This divergence is primarily due to the fact that among the black offspring in our sample, the growth of household annual income is stagnant, while among the white offspring it is steadily increasing[13]. Figure 2 illustrates

[12] This result is somewhat sensitive to both the last year used to contribute sample offspring and the sampling weight. This, plus the fact that in general the birth year dummies are highly jointly significant for blacks in the conditional college attendance model suggests important cohort effects reflecting the general increase in the overall rate of college attendance. The estimated difference in *conditional* college attendance ranges from a statistically significant 15 percentage points to a statistically insignificant difference of less than a percentage point.

[13] A comparison of the distribution of average annual income by race indicates that this divergence is due in part to the right tail of the white distribution. The maximum mean annual income among blacks is just under $143,000, while for whites the maximum is approximately $520,000.

these trends. Black families spend almost four fewer years in a home that is owned, and black heads of household are more than two times as likely (32% versus 15%) to report 6 months or more of unemployment within a single year. Furthermore, regressing these measures against parental job loss and the other baseline controls (results not reported) suggests that the associations between the job displacement and these economic conditions are substantially larger among blacks than whites, especially for the long-run unemployment measure.

These variables are designed to serve as proxies of the resources available to offspring as they grow up[14]. We excluded them from the initial specifications because of their potential endogeneity with parental job loss; now, to see whether or not they explain the differential impact we expand our models to include these condition controls. Because they are measured over the entire childhood they do not take into account the timing of the job loss and therefore do not constitute a formal test of mediation. Nevertheless, if the effect of job loss is diminished by the addition of one or more of these controls, we may assume that the relationship between parental job loss and children's education operates at least in part through one or more of these intermediary channels. Moreover, if the resources available to black households, as measured by these variables, are fewer or less stable than those in white households (as they are in these data), then we would expect the differential impact of job loss to be mediated as well.

The first specification in Table 3 adds the measures of average annual income (in thousands of dollars) and the number of years in an owned home. Average annual

[14] This is an admittedly spare set of proxies. Additional resource measures we examined included average home value, receipt of asset, dividend or rental income and years in which family income fell below twice the poverty threshold and also below the poverty threshold itself. These additional measures were neither significantly predictive of educational attainment nor did they "mediate" the relationship between parental job loss and educational attainment.

income gives some indication of the liquid resources available to a household at any given time, while owned homes are the primary repository of non-liquid wealth in America. As already noted black households are significantly worse off along both of these dimensions.

As can be seen in the first three columns of Table 3, the inclusion of these two variables has a moderate impact on the magnitude and differential impact of parental job loss. For example, the percentage point impact of job loss on college-going in the black population drops from -26 to -21, a decrease of about 20%. Likewise, the differential impact drops from 19 to 15 percentage points. Average family income is positively associated with college-going for blacks and whites, whereas years in an owned home is not[15].

The second specification examines the role of long-run unemployment. Recall that 32 percent of the black offspring in our sample had a parent report at least six months of unemployment within a year, more than double the rate among white offspring. This variable exhibits the same effects as the job loss variable: six months of unemployment within a single year significantly reduces the likelihood of college attendance among both whites and blacks but the impact on black offspring is three times the magnitude of the impact on their white counterparts. Moreover, controlling for long unemployment spells, the impact of job loss on college attendance among blacks is about 10 percentage points smaller (in absolute terms) and the black-white gap, while still sizable at 11 percentage points, is reduced by about 40% (and is no longer statistically significant at conventional levels). This suggests that at least a portion of the black-white differential in the impact

[15] Home ownership has been shown to be a particularly important predictor of educational attainment for children in low-income families, which is perhaps why it is not significant here.

of job loss likely results from the greater labor market problems experienced by black middle-class households following a job loss. When we estimated a model that includes all of these mediators together we reach similar conclusions (columns 7-9).

Moderating Role of Parental Education

Our final set of specifications examines the moderating role of parental educational attainment. Recall that our initial parental education controls are a pair of dummy variables indicating the whether or not the offspring has (a) only one or (b) two parents with a college degree (the reference group are those offspring born into households where no parent has a college degree[16]). Also recall from Table 1 that roughly 27 percent of the white offspring in our sample were born into a household in which at least one parent had a college degree (8 percent both parents, 19 percent one parent). Among blacks, in contrast, the rate is only 15 percent (5 percent both parents, 10 percent one parent, a difference that is statistically significant). Because these numbers are relatively small, we combine our two parental education variables into a single dummy variable: whether or not the offspring had at least one college-educated parent. We then interact this variable with the job loss variable to test whether a tradition of educational attainment—conditional on the childhood economic conditions discussed in the previous section—moderates the impact of adverse economic events. However, even with this new specification the cell sizes remain very small and as a result these analyses are exploratory and should be characterized as suggestive at best.

The results are presented in Table 4. To determine the moderating effect of parental education we sum the job loss and job loss * parental education coefficients. For

[16] None of the single black parents in our sample have college degrees and only two of the single white parents do.

black offspring, the interaction generates a positive coefficient estimate of almost 30 percentage points, significant at the 12 percent level. Compared to the -19 percentage point impact of a job loss, this represents a buffering effect of over 100 percent. Moreover, the race gap in the impact of job loss is no longer significant in the subsample of households with at least one parental college degree. These results provide some evidence that a tradition of educational achievement in families can play an important role in off-setting the negative consequences of a parental job loss.

Discussion

In many ways, the American Dream is alive and well. The majority of Americans are upwardly mobile, not only overtaking their parents in income but also faring better in relation to other Americans than their parents did. Yet, troubling new evidence suggests that this story does not apply equally to blacks and whites, even when they share the same class location in their families of origin (Isaacs, 2008). As Jencks (1972) once wrote "Inequality is recreated anew in each generation, even among those who start life in essentially identical circumstances." The legacy of race, as a key determinant of mobility, also persists, even in the middle class. Here, we have identified one possible reason why this might be the case: among middle class families, parents' involuntary job loss is associated with poorer educational progress to a significantly greater extent among blacks than among whites. These findings are important given the central role played by education in income mobility. Moreover, these findings underscore the ways in which black and middle class whites do not start (or experience) life in "essentially identical circumstances" despite their similarity on a number of key dimensions, including income at the "starting gate."

The relatively small sample we have available to investigate this question does not allow us to push these findings much further. It bears repeating that we have a sample of only 232 middle-class blacks. At best, we have identified race differences in the reduced-form association between parental job loss and children's educational attainment. Nonetheless, our data provide some hints that the economically destabilizing effect of a job loss is greater for blacks than whites in middle class households and that these factors play a mediating role.

As we showed, for example, middle class black households in our data are more likely to experience spells of long-term unemployment and there is a stronger correlation between job loss and long-term unemployment for blacks than for whites. Long-run unemployment, like job loss, is also more strongly correlated with educational attainment for blacks than for whites. In our regressions, we found that approximately 40% of the differential impact of job loss on black and white middle class youth is explained by the group of measures representing race differences in household wealth, long-run measures of family income, and parental experience of long-tern unemployment. These findings underscore the race differences in middle class wealth and economic security reported elsewhere (Conley, 1999; Oliver & Shapiro, 1997).

The partial mediating role of economic conditions could indicate that parents lack the resources to invest in their children's education at an early age, with consequences for children's later attainment, or it could be that parents' lack of resources diminishes youth's expectations that college-going will be an opportunity they can take advantage of. It could also be that parents who experience long-run unemployment convey their own pessimism about the labor market to their children, which has implications for how

long youth persist in school. However, the fact that childhood economic conditions and wealth explain less than half the race gap in the consequences of parental job loss for middle class children's educational attainment suggests that parental and youth expectations and attitudes, or aspects of the parent-child or marital relationship, may be an important part of these associations.

In this vein, it is interesting that the single measure of parental long-run unemployment played a greater mediating role than the joint contribution of long-run income and wealth as mediators. This too points to the idea that impacts on children do not arise purely via economic channels but rather through the potentially adverse psychological consequences, perhaps as expressed in parental depression, marital conflict or children's behavior problems, that could result from parents' long-run unemployment. Our results also suggest that these problems arise more frequently, or perhaps with greater intensity, in black middle class households relative to their white peers.

Conversely, we found some hint that parents' educational attainment (characterized as having at least some college experience) helped mitigate the adverse consequences of job loss and helped to close the race gap in the consequences of job loss for educational attainment. These findings suggest that a vision of one's class status as "permanent," perhaps derived from the experience of attending college, or of having a long-run view of the future that education can promote, can help to put the immediate impact of job loss in perspective. Parents with these experiences and attitudes may be better able to convey to their children the importance of continuing to strive for one's educational goals even in the face of a temporary setback. Such parents might also be in the best position to convey to their offspring the value of a college education versus the

alternative. Unfortunately, black middle class parents in the cohorts represented by our data are relatively unlikely to have college experience.

One might reasonably ask whether we have simply identified differences in the impact of an economic shock such as job loss in populations who differ along key economic dimensions such as wealth, and, consequently, whether our findings would have been the same had we compared, say, low-wealth middle class whites (or "recently middle class whites") to more economically stable middle class whites. In response, we focus on our finding that most (80%) of the "race gap" in the impact of job loss is *not* explained by our two indicators of children's lifetime economic status (i.e., lifetime childhood income and wealth). This suggests that some of the differential response to job loss in black and white middle class families could be due to factors that are specific to race. Such factors could include the different ways in which the job loss event is interpreted within families or the psychological aspects of how job losers and their children make meaning out of and respond to these experiences.

One possible factor could be discrimination. Black middle class individuals routinely encounter discrimination in their daily lives (Feagin, 1991),[17] and such discrimination, perhaps in part through the social inequalities it promotes, may be expressed psychologically in terms of lower personal efficacy (i.e., a sense that one's fate is to a relatively larger degree controlled by outside forces rather than one's own efforts) (Hughes & Demo, 1989). A parent who loses a job and who reports having been discriminated against may convey a particularly pessimistic view of the future to their children. Personal efficacy, in turn, is a key determinant of educational attainment

[17] Notwithstanding the historical achievement of the 2008 Presidential election, it should be reiterated that we are following families in the PSID during the 1970's, 80's, and 90's.

(Leininger & Kalil, 2008). As well, some psychological studies suggest that youth who perceive that discrimination will negatively affect their future economic well-being respond by disengaging from school (Taylor, Casten, Flickinger, Roberts, & Fulmore, 1994).

Another factor related specifically to race that could account for the differential impact of job loss in middle class black and white families is the highly-segregated residence patterns of black middle class communities. Black middle class families are significantly less likely to live in, or in close proximity to, economically-advantaged census tracts (Massey & Denton, 1993). High socioeconomic status neighborhoods (i.e., those with greater numbers of college-educated and managerial/professional workers) are particularly important for promoting academic achievement among children and adolescents (Leventhal & Brooks-Gunn, 2000). Neighborhood role models of employment have also been linked to adolescents' visions of the future and perceptions of barriers to occupational and educational success (Cook, Church et al., 1996; MacLeod, 1995). Such neighborhood conditions could also moderate the effects of parental job loss. Neighborhood social networks that provide useful information and connections for adolescents' educational or future employment prospects may buffer against the effects of parental job loss on adolescents' expectations for the future and concurrent behavior. Neighborhood conditions may also be associated with the psychological experience of parental job loss. Because middle-class black families are more likely to live among disadvantaged neighbors, their job losses may raise psychological issues of "sliding down" to an immediately visible lower social class status, with potentially adverse impacts on family life and adolescent development.

These psychological perspectives are difficult to obtain in a survey research context. It is also undoubtedly true that complex issues such as racial discrimination are closely tied to cohort-specific historical events and economic and social phenomena. Such issues are also deeply personal, and likely vary in idiosyncratic ways across individuals and families. Nevertheless, more work is needed, with different data and possibly different methods, to better understand the race differences we have presented here.

Conclusion

Our findings highlight the fragile foundation of the black middle-class. Intergenerational upward mobility in this population may be highly dependent on the avoidance of common economic shocks and/or the possession of relatively rare shock absorbing factors.

It must be stressed that our findings are purely descriptive, and do not constitute proof of differential economic treatment by race. From a policy perspective, one question generated from our findings is why black middle class families are at greater risk for long-run unemployment that their white counterparts. It is possible that this phenomenon is cohort-specific, such that the black job losers in the PSID during the years we observe them were being displaced from relatively well-paying manufacturing jobs and were unable to transfer their skills as easily or as quickly into new sectors as were whites being displaced from different industries. Yet, there is sufficient evidence from audit studies and field experiments to suggest that blacks do experience discrimination in the labor (and housing) market (Favreault, 2008), and thus it may be a relevant factor in the differential levels of long-run unemployment we observe here.

This study raises important questions about the continuing ability of all Americans to move up the economic ladder, and about families' ability to transfer a secure position to future generations. Greater scientific energy thus needs to be devoted to understanding this phenomenon. Results from our research may provide some insight into why blacks are only half as likely as whites to complete college (Conley, 1999). Policies that help increase black families' economic security may be important in helping pave the way for future generations of black youth to achieve socioeconomic success. At the same time, credit constraints may not be the only factors operating to lessen the chances of black middle class youth's attending college after a parental job loss. Parents' cultural capital and connections may also play a role in resilience to adverse economic events in families. Youth's own aspirations and beliefs about the utility of education for economic success may be differentially affected. Family relations and psychological resources could be differentially strained, and this could lessen the support that youth receive to make plans for college-going and the support necessary to execute those plans. Future research is needed to replicate our findings and, especially, to explain them.

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Table 1: Descriptive Statistics

.	Whites	Blacks	Difference
High school drop-out	0.0823	0.2005	0.1182***
.	(0.2750)	(0.4013)	.
High school graduate	0.3146	0.2821	-0.0325
.	(0.4646)	(0.4510)	.
Some post-secondary education	0.6031	0.5173	-0.0857
.	(0.4895)	(0.5008)	.
Head ever reported job loss	0.4176	0.4967	0.0791
.	(0.4934)	(0.5011)	.
Gender (female)	0.4779	0.3674	-0.1105**
.	(0.4998)	(0.4831)	.
Firstborn	0.4107	0.4555	0.0447
.	(0.4922)	(0.4991)	.
Number of siblings	1.9781	1.8470	-0.1311
.	(1.0932)	(1.0383)	.
Both parents college graduates	0.0776	0.0479	-0.0297
.	(0.2677)	(0.2141)	.
One parent college graduate	0.1882	0.1013	-0.0869**
.	(0.3911)	(0.3023)	.
Child born into two-parent household	0.9746	0.9176	-0.0570***
.	(0.1573)	(0.2755)	.
Child born in northeast	0.2345	0.2459	0.0114
.	(0.4239)	(0.4315)	.
Child born in north central	0.3194	0.2877	-0.0317
.	(0.4665)	(0.4537)	.
Child born in west	0.1791	0.0652	-0.1139***
.	(0.3836)	(0.2475)	.
Child born in south	0.2670	0.4011	0.1341***
.	(0.4391)	(0.4912)	.
Initial income	57,106	54,117	-2,989
.	(18,410)	(18,428)	.
Less than 3 years used to measure initial income	0.2826	0.2816	-0.0011
.	(0.4505)	(0.4507)	.
Survey nonresponse between ages 1-17	0.0531	0.0646	0.0115
.	(0.2243)	(0.2463)	.
Household part of Census SEO sample	0.0686	0.3730	0.3043***
.	(0.2530)	(0.4846)	.
Average family income	73,556	53,194	-20,362***
.	(35,794)	(21,573)	.
# of years in own home	14.2834	10.4717	-3.8117***
.	(5.0693)	(6.6266)	.
Ever lost 6 mos work	0.1480	0.3201	0.1721***
.	(0.3553)	(0.4675)	.
Sample size	1,023	232	.

Table 2a: Middle Income Sample

	College Attendance			High School Graduation			Conditional College Attendance		
	Whites	Blacks	Difference	Whites	Blacks	Difference	Whites	Blacks	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Head ever reported job loss	-0.0732**	-0.2612***	0.1879**	-0.0529***	-0.3163***	0.2635***	-0.0494	-0.0734	0.0239
.	(0.0352)	(0.0882)	(0.0481)	(0.0198)	(0.0834)	(0.0022)	(0.0358)	(0.0768)	(0.7779)
Both parents college graduates	0.2986***	0.5400***	-0.2415*	0.0342	0.1646*	-0.1304	0.2870***	0.4717***	-0.1847
.	(0.0442)	(0.1261)	(0.0710)	(0.0251)	(0.0918)	(0.1709)	(0.0418)	(0.1568)	(0.2553)
One parent college graduate	0.2548***	0.4111***	-0.1563	0.0683***	0.2280***	-0.1597*	0.2190***	0.2545*	-0.0355
.	(0.0387)	(0.1198)	(0.2147)	(0.0167)	(0.0873)	(0.0726)	(0.0400)	(0.1494)	(0.8184)
Gender (female)	0.1222***	0.1887**	-0.0665	0.0283	0.1076*	-0.0793	0.1150***	0.1103	0.0048
.	(0.0312)	(0.0783)	(0.4302)	(0.0177)	(0.0633)	(0.2282)	(0.0330)	(0.0868)	(0.9589)
Firstborn	-0.0852**	-0.1596	0.0744	0.0134	0.0061	0.0073	-0.0949**	-0.1627	0.0678
.	(0.0421)	(0.1076)	(0.5201)	(0.0256)	(0.0839)	(0.9337)	(0.0445)	(0.0989)	(0.5316)
Number of siblings	-0.0683***	-0.0071	-0.0612	-0.0007	0.0198	-0.0205	-0.0691***	-0.0375	-0.0316
.	(0.0210)	(0.0585)	(0.3256)	(0.0124)	(0.0377)	(0.6052)	(0.0219)	(0.0658)	(0.6493)
Child born into two-parent household	-0.0607	0.2052	-0.2659	0.0133	-0.0680	0.0814	-0.0722	0.1924	-0.2646
.	(0.1079)	(0.1618)	(0.1719)	(0.0769)	(0.1190)	(0.5659)	(0.1136)	(0.1636)	(0.1844)
Child born in northeast	0.0770	-0.0558	0.1328	0.0344	-0.0805	0.1148	0.0649	-0.0539	0.1188
.	(0.0512)	(0.1314)	(0.3466)	(0.0250)	(0.0936)	(0.2361)	(0.0520)	(0.1350)	(0.4119)
Child born in north central	0.0328	0.0032	0.0295	0.0005	0.1140	-0.1135	0.0365	-0.0439	0.0804
.	(0.0406)	(0.1292)	(0.8274)	(0.0237)	(0.0850)	(0.1988)	(0.0422)	(0.1334)	(0.5657)
Child born in west	-0.0036	0.3355**	-0.3391*	-0.0538	0.0997	-0.1535	0.0405	0.2789	-0.2384
.	(0.0531)	(0.1697)	(0.0568)	(0.0330)	(0.1152)	(0.2005)	(0.0543)	(0.1755)	(0.1947)
Initial income	0.0023**	-0.0017	0.0040	0.0002	-0.0053**	0.0055**	0.0023**	0.0042	-0.0018
.	(0.0009)	(0.0029)	(0.1904)	(0.0006)	(0.0024)	(0.0255)	(0.0009)	(0.0032)	(0.5820)
Less than 3 years used to determine status	-0.0653	0.1622	-0.2275*	-0.0538	0.1324	-0.1862*	-0.0413	0.1486	-0.1899
.	(0.0571)	(0.1060)	(0.0591)	(0.0360)	(0.1026)	(0.0871)	(0.0623)	(0.1138)	(0.1437)
Nonresponse between ages 1-17	-0.0868	-0.1123	0.0254	-0.1313**	0.0094	-0.1408	-0.0216	-0.0830	0.0614
.	(0.0700)	(0.1431)	(0.8732)	(0.0546)	(0.0967)	(0.2053)	(0.0804)	(0.1436)	(0.7093)
Household part of Census SEO sample	-0.2249***	0.0068	-0.2317**	-0.0894*	0.0939	-0.1832*	-0.2033***	-0.0470	-0.1562
.	(0.0597)	(0.0976)	(0.0431)	(0.0538)	(0.0790)	(0.0555)	(0.0642)	(0.0998)	(0.1882)
Constant	0.6502	0.4218	.	0.9213	1.0452	.	0.6944	0.3114	.
.	(0.1609)	(0.3219)	.	(0.0906)	(0.2021)	.	(0.1685)	(0.3017)	.
P-value on test of year dummies	0.0724	0.0116	.	0.0752	0.2251	.	0.1161	0.0000	.
R-squared	0.64	.	.	0.88	.	.	0.68	.	.
Sample size	1,023	232	.	1,023	232	.	932	199	.
Mean of dependent variable	0.60	0.52	.	0.92	0.80	.	0.66	0.65	.

Table 2b: Low Income Sample

	College Attendance			High School Graduation			Conditional College Attendance		
	Whites	Blacks	Difference	Whites	Blacks	Difference	Whites	Blacks	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Head ever reported job loss	-0.0826*	-0.0010	-0.0816	-0.0762*	0.0565	-0.1328**	-0.0755	-0.0312	-0.0443
.	(0.0486)	(0.0482)	(0.2333)	(0.0434)	(0.0488)	(0.0423)	(0.0614)	(0.0624)	(0.6130)
Both parents college graduates	0.5121***	0.8318***	-0.3197*	0.1936***	0.3289***	-0.1353	0.4146***	0.7564***	-0.3418*
.	(0.1367)	(0.0921)	(0.0527)	(0.0672)	(0.1147)	(0.3091)	(0.1494)	(0.1206)	(0.0754)
One parent college graduate	0.5370***	0.2749	0.2621	0.1210*	0.1646	-0.0436	0.5173***	0.2507	0.2667
.	(0.0865)	(0.2245)	(0.2763)	(0.0710)	(0.1411)	(0.7824)	(0.0754)	(0.2285)	(0.2681)
Gender (female)	0.0607	0.0925**	-0.0318	0.0626	0.0953**	-0.0327	0.0414	0.0822	-0.0408
.	(0.0432)	(0.0406)	(0.5910)	(0.0451)	(0.0443)	(0.6055)	(0.0538)	(0.0565)	(0.6009)
Firstborn	0.1437**	0.0965	0.0472	0.0377	-0.0422	0.0799	0.1940**	0.1318	0.0622
.	(0.0672)	(0.0841)	(0.6612)	(0.0587)	(0.0686)	(0.3763)	(0.0819)	(0.0981)	(0.6267)
Number of siblings	0.0051	-0.0030	0.0081	-0.0330	-0.0164	-0.0166	0.0266	-0.0018	0.0285
.	(0.0248)	(0.0138)	(0.7763)	(0.0239)	(0.0130)	(0.5415)	(0.0345)	(0.0164)	(0.4557)
Child born into two-parent household	0.0003	-0.0911*	0.0914	0.1002	-0.0338	0.1340	-0.0004	-0.1218*	0.1213
.	(0.0760)	(0.0531)	(0.3246)	(0.0795)	(0.0511)	(0.1565)	(0.1095)	(0.0698)	(0.3504)
Child born in northeast	0.0560	0.3100***	-0.2540**	0.0740	0.0218	0.0522	0.0640	0.3955***	-0.3315**
.	(0.0618)	(0.1093)	(0.0434)	(0.0660)	(0.0885)	(0.6362)	(0.0850)	(0.1013)	(0.0124)
Child born in north central	0.0869	-0.0623	0.1492*	0.0309	-0.1231*	0.1540*	0.1163	-0.0203	0.1367
.	(0.0619)	(0.0622)	(0.0893)	(0.0561)	(0.0647)	(0.0724)	(0.0719)	(0.1009)	(0.2705)
Child born in west	0.1412*	0.0138	0.1274	0.1599**	0.0105	0.1494	0.0886	-0.0191	0.1077
.	(0.0765)	(0.0975)	(0.3044)	(0.0630)	(0.1059)	(0.2255)	(0.0922)	(0.1343)	(0.5086)
Initial income	0.0045	0.0080***	-0.0035	0.0053*	0.0055**	-0.0002	0.0034	0.0087***	-0.0054
.	(0.0032)	(0.0023)	(0.3661)	(0.0029)	(0.0023)	(0.9545)	(0.0041)	(0.0031)	(0.2944)
Less than 3 years used to determine status	0.0382	0.0219	0.0163	0.0521	0.0669	-0.0148	0.0109	-0.0024	0.0133
.	(0.0653)	(0.0699)	(0.8645)	(0.0555)	(0.0527)	(0.8471)	(0.0771)	(0.0831)	(0.9067)
Nonresponse between ages 1-17	-0.0632	-0.0182	-0.0450	-0.1326*	-0.0043	-0.1284	-0.0347	-0.0268	-0.0079
.	(0.0713)	(0.0612)	(0.6325)	(0.0787)	(0.0741)	(0.2352)	(0.1058)	(0.0903)	(0.9548)
Household part of Census SEO sample	-0.1422**	-0.0389	-0.1032	-0.0679	-0.0817	0.0138	-0.1555**	0.0002	-0.1556
.	(0.0553)	(0.0554)	(0.1874)	(0.0566)	(0.0603)	(0.8680)	(0.0784)	(0.0685)	(0.1353)
Constant	0.0143	0.0912	.	0.4881	0.6258	.	0.0932	0.1737	.
.	(0.1360)	(0.1191)	.	(0.1224)	(0.1367)	.	(0.1831)	(0.1552)	.
P-value on test of year dummies	0.1680	0.7771	.	0.0837	0.1353	.	0.1456	0.6844	.
R-squared	0.41	.	.	0.70	.	.	0.51	.	.
Sample size	520	815	.	520	815	.	383	563	.
Mean of dependent variable	0.36	0.28	.	0.74	0.72	.	0.48	0.40	.

Table 3: Mediating Impact of Childhood Conditions

	Income & Wealth			Unemployment			Income, Wealth, Unemployment & Poverty		
	Whites	Blacks	Difference	Whites	Blacks	Difference	Whites	Blacks	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Head ever reported job loss	-0.0535	-0.2126**	0.1591*	-0.0568	-0.1670**	0.1102	-0.0424	-0.1544*	0.1120
.	(0.0355)	(0.0873)	(0.0916)	(0.0370)	(0.0812)	(0.2174)	(0.0368)	(0.0842)	(0.2235)
Average family income	0.0013**	0.0044**	-0.0031	.	.	.	0.0013**	0.0031	-0.0019
.	(0.0005)	(0.0020)	(0.1418)	.	.	.	(0.0005)	(0.0021)	(0.3868)
# of years in own home	0.0074**	-0.0060	0.0134	.	.	.	0.0069*	-0.0044	0.0113
.	(0.0036)	(0.0082)	(0.1376)	.	.	.	(0.0037)	(0.0082)	(0.2105)
Ever lost 6 mos work	.	.	.	-0.0689	-0.2232**	0.1543	-0.0497	-0.1716*	0.1219
.	.	.	.	(0.0532)	(0.0938)	(0.1529)	(0.0546)	(0.0962)	(0.2706)
Both parents college graduates	0.2584***	0.4323***	-0.1739	0.2977***	0.5109***	-0.2132	0.2587***	0.4414***	-0.1827
.	(0.0483)	(0.1494)	(0.2682)	(0.0442)	(0.1275)	(0.1144)	(0.0482)	(0.1470)	(0.2378)
One parent college graduate	0.2256***	0.3783***	-0.1527	0.2493***	0.3962***	-0.1470	0.2225***	0.3762***	-0.1537
.	(0.0400)	(0.1177)	(0.2197)	(0.0391)	(0.1161)	(0.2305)	(0.0402)	(0.1162)	(0.2118)
Gender (female)	0.1230***	0.1737**	-0.0507	0.1236***	0.1712**	-0.0476	0.1239***	0.1645**	-0.0405
.	(0.0311)	(0.0801)	(0.5554)	(0.0313)	(0.0799)	(0.5791)	(0.0313)	(0.0807)	(0.6396)
Firstborn	-0.0806*	-0.1516	0.0710	-0.0856**	-0.1452	0.0596	-0.0811*	-0.1430	0.0620
.	(0.0419)	(0.1075)	(0.5386)	(0.0420)	(0.1064)	(0.6025)	(0.0419)	(0.1072)	(0.5903)
Number of siblings	-0.0751***	-0.0015	-0.0736	-0.0684***	-0.0006	-0.0678	-0.0750***	0.0019	-0.0769
.	(0.0206)	(0.0629)	(0.2659)	(0.0210)	(0.0640)	(0.3145)	(0.0206)	(0.0661)	(0.2672)
Child born into two-parent household	-0.0908	0.1896	-0.2804	-0.0566	0.3149**	-0.3715**	-0.0864	0.2788*	-0.3651*
.	(0.1059)	(0.1664)	(0.1555)	(0.1064)	(0.1545)	(0.0479)	(0.1049)	(0.1617)	(0.0585)
Child born in northeast	0.0771	-0.0406	0.1178	0.0798	-0.0472	0.1271	0.0792	-0.0383	0.1175
.	(0.0505)	(0.1273)	(0.3899)	(0.0513)	(0.1241)	(0.3441)	(0.0506)	(0.1231)	(0.3776)
Child born in west	-0.0087	0.3118*	-0.3205*	0.0014	0.2989*	-0.2975*	-0.0048	0.2906*	-0.2954
.	(0.0535)	(0.1804)	(0.0889)	(0.0529)	(0.1653)	(0.0868)	(0.0532)	(0.1755)	(0.1075)
Child born in north central	0.0299	-0.0130	0.0429	0.0353	-0.0010	0.0363	0.0319	-0.0116	0.0435
.	(0.0404)	(0.1281)	(0.7498)	(0.0406)	(0.1247)	(0.7820)	(0.0405)	(0.1251)	(0.7410)
Family income in years -2 to 0	0.0011	-0.0030	0.0041	0.0022**	-0.0021	0.0042	0.0010	-0.0029	0.0039
.	(0.0010)	(0.0028)	(0.1686)	(0.0009)	(0.0028)	(0.1473)	(0.0010)	(0.0027)	(0.1812)
Less than 3 years used to determine status	-0.0542	0.1395	-0.1937	-0.0625	0.1208	-0.1833	-0.0528	0.1143	-0.1671
.	(0.0569)	(0.1066)	(0.1092)	(0.0571)	(0.1068)	(0.1303)	(0.0570)	(0.1075)	(0.1701)
Nonresponse between ages 1-16	-0.0378	-0.1459	0.1081	-0.0857	-0.1160	0.0304	-0.0394	-0.1398	0.1005
.	(0.0723)	(0.1596)	(0.5374)	(0.0702)	(0.1470)	(0.8522)	(0.0723)	(0.1599)	(0.5672)
Household part of Census SEO sample	-0.2195***	-0.0192	-0.2003*	-0.2208***	0.0089	-0.2297**	-0.2169***	-0.0100	-0.2069*
.	(0.0602)	(0.1009)	(0.0884)	(0.0601)	(0.0929)	(0.0381)	(0.0603)	(0.0985)	(0.0736)
Constant	0.5404	0.3830	.	0.6485	0.4826	.	0.5438	0.4419	.
.	(0.1695)	(0.3489)	.	(0.1596)	(0.3187)	.	(0.1686)	(0.3474)	.
P-value on test of year dummies	0.0654	0.0165	.	0.0624	0.0081	.	0.0597	0.0153	.
R-squared	0.64	.	.	0.64	.	.	0.65	.	.
Sample size	1,023	232	.	1,023	232	.	1,023	232	.
Mean of dependent variable	0.60	0.52	.	0.60	0.52	.	0.60	0.52	.

Table 4: Moderating Effect of Parents' Education

	College Attendance		
	Whites	Blacks	Difference
Head ever reported job loss	-0.0693	-0.1943**	0.1249
.	(0.0435)	(0.0871)	(0.1997)
At least one parent college graduate*Lost job[1]	0.1074	0.2907	-0.1833
.	(0.0681)	(0.1875)	(0.3584)
At least one parent college graduate	0.1988***	0.2969**	-0.0981
.	(0.0437)	(0.1423)	(0.5102)
Gender (female)	0.1232***	0.1751**	-0.0519
.	(0.0313)	(0.0783)	(0.5384)
Firstborn	-0.0836**	-0.1271	0.0435
.	(0.0419)	(0.1025)	(0.6944)
Number of siblings	-0.0792***	0.0034	-0.0826
.	(0.0206)	(0.0647)	(0.2243)
Child born into two-parent household	-0.0859	0.2706*	-0.3565*
.	(0.1040)	(0.1639)	(0.0666)
Child born in northeast	0.0761	-0.0315	0.1076
.	(0.0508)	(0.1151)	(0.3925)
Child born in north central	0.0294	-0.0270	0.0564
.	(0.0403)	(0.1237)	(0.6647)
Child born in west	-0.0115	0.3119*	-0.3233*
.	(0.0529)	(0.1683)	(0.0671)
Family income in years -2 to 0	0.0011	-0.0024	0.0034
.	(0.0010)	(0.0029)	(0.2608)
Less than 3 years used to determine status	-0.0482	0.1054	-0.1537
.	(0.0572)	(0.1045)	(0.1974)
Nonresponse between ages 1-17	-0.0410	-0.1268	0.0858
.	(0.0721)	(0.1548)	(0.6155)
Household part of Census SEO sample	-0.2155***	-0.0333	-0.1822
.	(0.0605)	(0.0994)	(0.1177)
Average family income	0.0014**	0.0035*	-0.0021
.	(0.0005)	(0.0020)	(0.3120)
# of years in own home	0.0068*	-0.0071	0.0139
.	(0.0038)	(0.0085)	(0.1383)
Ever lost 6 mos work	-0.0447	-0.1581*	0.1133
.	(0.0548)	(0.0944)	(0.2994)
Constant	0.5627	0.4239	.
.	(0.1679)	(0.3411)	.
P-value on test of year dummies	0.0496	0.0142	.
R-squared	0.65	.	.
Sample size	1,023	232	.
Mean of dependent variable	0.60	0.52	.

1) Significant at 12 percent level; jointly significant at 5 percent level for blacks.

Figure 1: Initial Income (in $1,000) by Decile

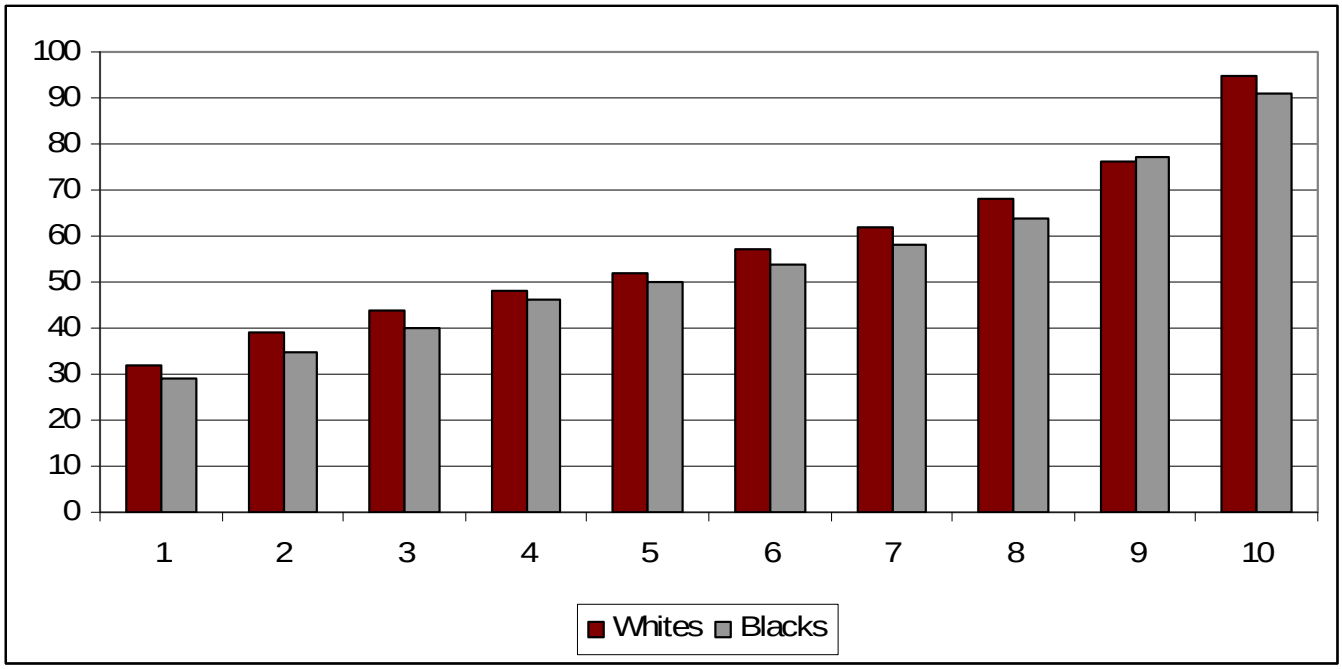

Figure 2: Average Annual Income at Each Age in Childhood