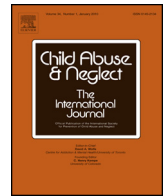


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Child Abuse & Neglect



Less money, more problems: How changes in disposable income affect child maltreatment



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ABSTRACT

A number of research studies have documented an association between child maltreatment and family income. Yet, little is known about the specific types of economic shocks that affect child maltreatment rates. The paucity of information is troubling given that more than six million children are reported for maltreatment annually in the U.S. alone. This study examines whether an exogenous shock to families' disposable income, a change in the price of gasoline, predicts changes in child maltreatment. The findings of a fixed-effects regression show that increases in state-level gas prices are associated with increases in state-level child maltreatment referral rates, even after controlling for demographic and other economic variables. The results are robust to the manner of estimation; random-effects and mixed-effects regressions produce similar estimates. The findings suggest that fluctuations in the price of gas may have important consequences for children.

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1. Background

Each year six million children in the United States are reported to Child Protective Services for child abuse and/or neglect (U.S. Department of Health & Human Services, 2016). The cost of this maltreatment was estimated to be \$124 billion in 2010 (Fang, Brown, Florence, & Mercy, 2012). Maltreated children are at a greater risk for adverse life outcomes such as criminality, chronic disease, and disability (Browne & Finkelhor, 1986; Dominguez, Chalom, & Costarino, 2001; Fang & Corso, 2007; Felitti et al., 1998; Widom & Maxfield, 2001). Due to the substantial economic and social costs involved, the need to identify factors that affect child maltreatment rates is paramount. One factor that may play a significant role is a family's disposable income.

Since Pelton's landmark study regarding the link between social class and child maltreatment (1978), a number of researchers have documented an association between income and maltreatment (Drake & Jonson-Reid, 2014). Determining whether income plays a causal role is problematic, however, because family income is determined by a host of other factors (education level, mental health, etc.) that may confound the relationship (Doidge et al., 2017). This creates an endogeneity problem and precludes the use of ordinary least squares to estimate the model (Kennedy, 2008). Researchers have responded to this issue by using an experimental design (Cancian, Yang, & Slack, 2013), employing an instrumental variables estimator (Berger, Font, Slack, & Waldfogel, 2016), or identifying an exogenous shock to family income (Raissian & Bullinger, 2017). This study adopts the latter approach by examining whether changes in the price of gasoline predict changes in the incidence of child maltreatment.

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A change in the price of gas is critical because it serves as an exogenous shock to families' disposable income, similar to other macroeconomic indicators (Schneider, Waldfogel, & Brooks-Gunn, 2017). In addition, research suggests that people closely monitor the price of gas (Busse, Knittel, & Zettelmeyer, 2012). While a change in gas prices does not affect a family's revenues, it changes the amount of a family's expenses and therefore its disposable income (revenues – expenses = disposable income). Changes in gas prices effectively make families richer or poorer and, in turn, affect activities such as their shopping behavior (Ma, Ailawadi, Gauri, & Grewal, 2011). If the relation between family income and child maltreatment is not spurious, then changes in the price of gas should predict changes in the rate of child maltreatment.

While an increase in gas prices makes families worse off financially and potentially increases child abuse and neglect, an increase in gas prices might actually reduce child maltreatment if the higher prices cause consumers to engage in less driving. Research suggests that people respond to changes in the price of gas by altering their mode of transportation (Lane, 2012). If people decide to ride their bicycles or walk more frequently, this could improve their health and quality of life and reduce the likelihood they will maltreat their children. Thus, the direction of the relationship between disposable income and gas prices is unclear.

The price of gas is not only useful as an exogenous shock to families' disposable income, but also an important economic indicator that has been linked to a number of social outcomes. Gas prices are associated with rates of physical activity, obesity, and life satisfaction (Bisakha, 2012; Boyd-Swan & Herbst, 2012; Courtemanche, 2011; Hou et al., 2011). While prior studies have examined the relationship between child maltreatment and economic indicators such as unemployment (Millet, Lanier, & Drake, 2011) and income inequality (Eckenrode, Smith, McCarthy, & Dineen, 2014), this study is the first to examine the relationship between child maltreatment and gas prices.

One might object that changes in gas prices will have no effect on families that do not own a vehicle. This does not undermine the price of gas as a unit of analysis for three reasons: (1) many of those who do not own a vehicle use public transportation, the price of which may be adjusted in response to changes in fuel prices, (2) families that do not own a vehicle purchase food and other items, the price of which fluctuates in response to changes in fuel prices (an increase in the price of fuel works its way up the supply chain—if fuel is more expensive, then trucking and transportation companies charge more for deliveries, prompting grocery stores and retailers to charge higher prices and pass the increased costs on to consumers), and (3) even if gas price changes do not affect some families, this would bias against finding a statistically significant relationship.

This study thus examines whether state-level changes in the price of gas predict changes in state-level child maltreatment referral rates, while controlling for demographic and economic variables that have been identified by previous studies as being related to child maltreatment. The analysis provides additional evidence regarding the relationship between income and child maltreatment and identifies an additional economic indicator that may be related to child abuse and neglect. This is important for understanding the predictors of child maltreatment and for responding to the call for more economic analysis in child welfare research (Corso & Lutzker, 2006; Goldhaber-Fiebert, Snowden, Wulczyn, Landsverk, & Horwitz, 2011).

2. Prior literature

Child maltreatment has been written about since the times of the Romans (Holt, 1994). It was the publication of “The Battered-Child Syndrome” (Kempe, Silverman, Steele, Droegemueller, & Silver, 1962), however, that brought the issue of child maltreatment to the attention of researchers. While it was initially believed that people who harmed their children were mentally ill (Miller-Perrin & Perrin, 2013), this theory was gradually replaced by the view that a variety of factors shape a person's ability to provide effective parenting (Weinberg, 2001).

Pelton was the first to identify class as a factor in child maltreatment (1978). Pelton suggested that low income may play a causal role in child maltreatment, which led to the development of an extensive literature (Berger, 2004; Coulton et al., 2007; Drake & Jonson-Reid, 2014; Paxson & Waldfogel, 2002). Researchers have since linked child maltreatment to unemployment (Krugman, Lenherr, Betz, & Fryer, 1986), welfare benefits (Shook, 1999), and changes in the minimum wage (Raissian & Bullinger, 2017). There is also evidence that the effect may vary by child maltreatment subtype, with income having a stronger effect on the incidence of child neglect (Drake & Pandey, 1996).

While children of lower socioeconomic status are five times more likely to be abused or neglected (Sedlak et al., 2010), the experimental evidence supporting a causal relation between income and child maltreatment is limited to a single study. Cancian et al. (2013) found that families randomly allowed by the state of Wisconsin to receive pass-through child support income were less likely to be re-reported for child maltreatment. The authors found that an increase of just \$102 in annual income reduced the likelihood of being re-reported by ten percent, which was statistically significant. The generalizability of this important study is somewhat limited, however, because it relied on a sample of mothers who were receiving benefits from the Temporary Assistance for Needy Families program, were receiving child support, and had nonmarital children. Furthermore, the size of the income change and the corresponding change in child maltreatment risk (18% of the people in the experimental group were re-reported to CPS, compared to 20% of the people in the control group) were modest. Finally, the authors noted that the reduction in re-reports might have been attributable to improvements in the relationship between the parent paying the child support and the parent receiving the support (although in each case the nonresident parent was paying child support; in the experimental group, the state of Wisconsin merely allowed these payments to pass-through to the resident parent, in lieu of clawing the benefits back to cover the TANF benefits).

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