

Once, twice, or forever poor?

The dynamics of child living conditions around parental separation and family recomposition

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Background and motivation of the paper

The poverty of children is a policy concern in all countries and also in France, where 20% of children live below the poverty line in 2014 (HCFEA 2018). To address this situation, France has recently implemented a child poverty plan. Exposure to poverty during childhood especially over long period, could have detrimental consequences for late life opportunities. But we still have much to learn about determinants and recovering mechanisms of child poverty. Parental separation is frequently associated to a degradation of living conditions of the children and sometimes the starting point of child poverty (Leturcq & Panico, 2019, Thomson & McLanahan, 2012, Schoon *et al.*, 2010, Amato, 2010). Because mothers are more often the custodial parent and their financial loss after separation is larger than for the father, the child(ren) are more likely to live in the poorest of the two parental households after separation. On the other hand, repartnering of one (or both) parent may also have an influence. It has been shown to be a way to improve living conditions and escape poverty for lone parents.

By adopting a child-focus approach (in line with Kalmijn & Leopold, 2021), we analyse the living conditions in housing conditions and the living standards (in monetary terms) of children around these two main demographic events: parental separation and repartnering. We enlarge the concept of child's poverty in two broad dimensions. First, we observe the dynamics of poverty ins and outs along childhood life course. Second, as poverty is associated and measured in one household but that some children alternate between two households after parental disruption, we consider this multi-risk of poverty. We compare the poverty risk in different households when the child is observed in both his mother's and father's households. We also disentangle the main determinants of entering poverty, both in monetary terms, by distinguishing the main income components (labour market income, public transfers (welfare and housing benefits) and private transfers such as child alimony payments (Bonnet *et al.*, 2021)) and in housing conditions, using information on ownership and surface per person. Both age of child at the time of the demographic event and the type of child living arrangements (main custody with the mother, the father or shared custody) (Bianchi *et al.*, 1999) are crucial factors. For the specific but increasing case of children in shared custody (share of children in shared custody after an union dissolution have doubled in France between 2010 and 2016), (Cancian *et al.*, 2014, Meyer *et al.*, 2017), we should be able to compare the living conditions and living standards in both households.

Data

We use a recently released administrative panel database (the French permanent demographic panel (EDP), 2010 onward) in a new way. The EDP, that matches different administrative and survey records (census, birth certificate, income and housing tax data) for individuals born in the first four days of January, April, July, and October of each year ("EDP-individuals"), is so far exclusively used at the adult level. It includes roughly 4 % of the population. We use it at the child level building a new children panel database. We are in particular able to follow several yearly cohort of roughly 30 000 children from the very beginning as they enter the database through their birth certificate, and observe their

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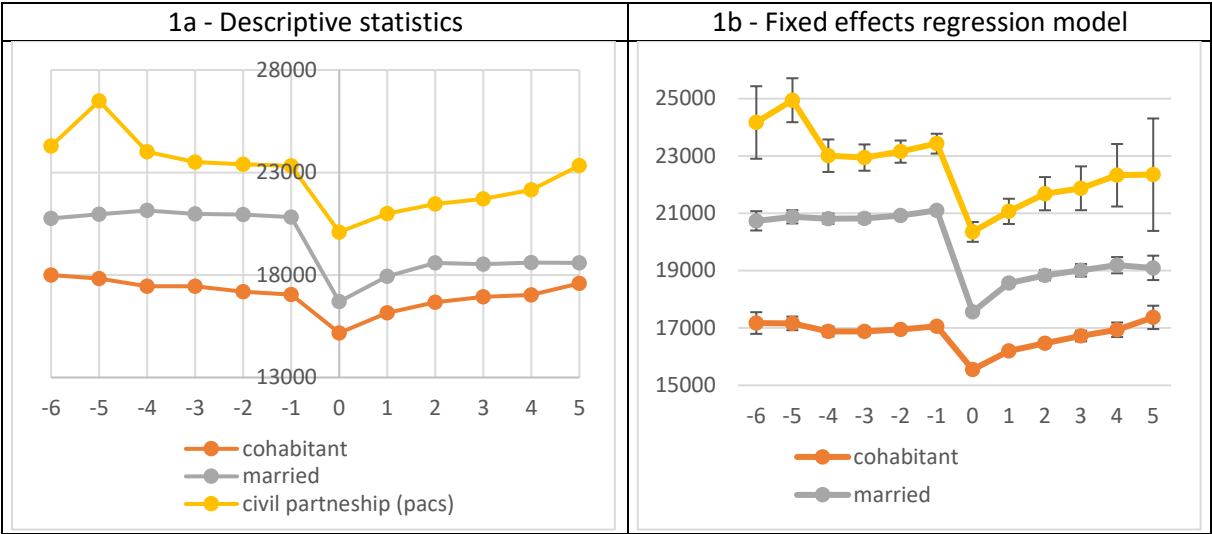
living conditions from 2010 until their majority or 2018. We follow children during their childhood and compare child’s situation before and after the demographic event considered. As a part of the data are fiscal ones, attrition is very limited, even in case of geographical move (Ferrari *et al.*, 2019). We have information about family structure, housing conditions, and precise information on individual incomes (earnings, unemployment benefits), public transfers (welfare benefits, family benefits, housing allowances) and private transfers (child alimony), on one parent or both parents in part of the cases. It is then possible to compute living standards and to assess how each component play a role in living standard variation following a separation. One important innovation of these data is the possibility to observe the situation of children possibly living in two different households (in case of shared custody for instance), that may be characterized by different living conditions.

First results

We observe that child’s living standards decrease following the separation of their parents by 11%. This decrease varies according to the type of union (figure 1a), in line with Costemalle (2017) and Le Bourdais et al. (2016). Children of PACS (French civil partnership) parents, with the highest standard of living (around 23,000€) before separation, experience a decline of around 10%. The children of married parents with a slightly lower pre-separation standard of living (21,000 €) experience an average decline of 14%. The more pronounced division of roles between father and mother could partly explain these larger drops, relative to cohabitants, who are more often dual-earner (Kandil & Périvier, 2021). We know that within-couple earnings inequality before divorce, resulting mainly from marital specialization, is the main driver of the decrease in living standards following separation (Bonnet *et al.*, 2021). Finally, children with cohabiting parents, neither married nor in a civil union, have a much lower income level before separation (17,000 €), but it falls less sharply after separation (-5%).

Note that the living standard the years preceding the divorce is quite stable, meaning few anticipation effects that would affect pre-divorce resources. However, descriptive statistics (fig 1a) that do not control for individual characteristics of the custodial parent show a slight downward trend in pre-separation resources, which could reflect a loss of resources for those going through a divorce on average. Indeed, unemployment increases the risk of separation (Solaz *et al.* 2020). Using a fixed-effect regression model (fig. 1b) to deal with this individual heterogeneity, we reach the same kind of conclusions on the variations of living standards.

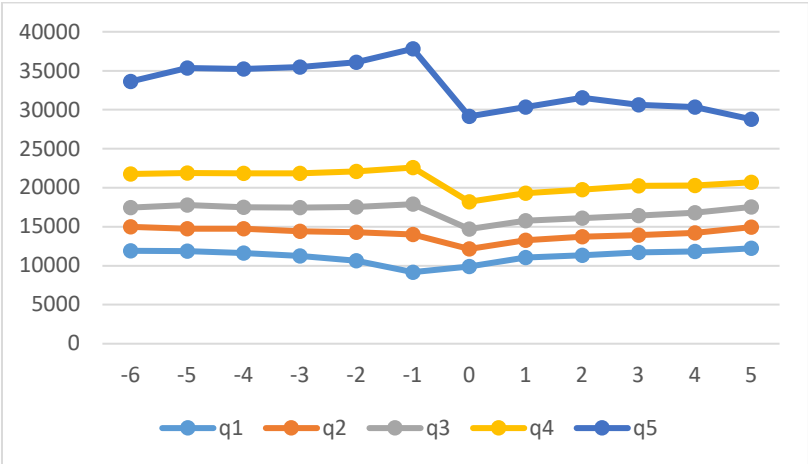
Figure 1 – Living standard patterns of children around the separation of their parents, depending on the type of broken union (in 2017 constant €, annual)



Note: children living with their two parents before t=0, year of parent’s separation.
 Source : EDP 2017

We now distinguish living standard trajectories according to the household’s living standard quintile the year before separation. These quintiles are computed among the whole population of children’s households, whether their parents were separated or not. We observe a gradation of average living standards before separation and a stability in the period before separation, with the exception of a very slight drop in resources as separation gets closer for couples in the first quintile (i.e., the poorest 20% of households with children). The year following separation, we observe a decline in living standards for the four highest quintiles and quite surprisingly, an increase for the first quintile (fig. 2). Public transfers (and in particular means-tested welfare benefits) and private transfers (child support) play a big role to offset the decrease in living standard following separation (Bonnet *et al*, 2021). Although this different evolution following separation does not change the resource gradient, which remains, living standards of the different quintiles become closer after separation, so that we can observe a reduction in inequality after separation, especially through the levelling down of the better-off parents. Hogendoorn (2020) observe such an income convergence, “as women from high-income unions experienced sizeable losses yet women from low-income unions actually gained”. In other words, the differences in living standards of children living with both parents are much greater than the differences in living standards of children who have experienced the recent separation of their parents.

Figure 2 - Living standard patterns of children around the separation of their parents, depending on the household’s income quintile before the separation, (in 2017 constant €, annual)

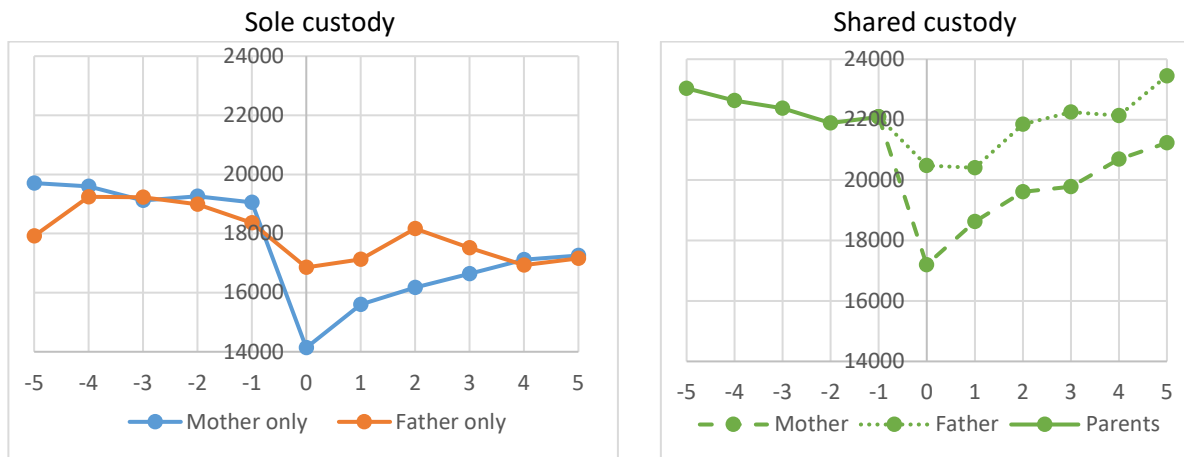


Note: see figure 1

The variations in children's living standards after separation differ whether the child lives with his or her mother, father or in shared custody. In the latter case, their living standard may be different in their father's household than in their mother's. Figure 3 shows a much larger decline for children who remain mainly with their mother (an average decline of 18%) than for those who remain mainly with their father (a decline of 7%), excluding shared custody.

This is also the case for children in shared custody, whose living standard is much higher while living with their father than with their mother following separation. It should also be noted that children in shared custody arrangement belonged to wealthier households before separation (28,000 €) than children living with only one of the parents after the separation (around 20,000-21,000 €). Parents who opt for shared custody are still positively selected. For most children in shared custody, there is an average catching up of the previous standard of living two years after the separation when they live with their father. When they live with their mother, the recovery is almost complete after 5 years.

Figure 3 - Living standard patterns of children, around the separation of their parents, depending on child's custody after the separation, (in 2017 constant €, annual)



In a further step of this research, we will study two dimensions. First, thanks to the richness of the data, we will compare the living conditions of children in shared custody in the two households where they live at the individual level. Living standard in both homes is understudied in the literature, especially because of the lack of data. Because of socioeconomic homogamy of parents, we expect that children would live in two different households with similar conditions, but this might not be always the case. The child multi-residence raises some new methodological questions, on how to measure the child's living standard, summarizing both situations (how can child poverty be considered in the first household but not in the second one? Should we consider the child as poor when he is half-time poor?). The choice of the equivalence scale also arises (Martin & Périvier, 2018). Second, we will focus on children's housing conditions following separation and repartnering of the co-resident parent.

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