

## Parental Job Loss and the Implications for Children

Jobs are currently at the forefront of both public policy discussions and the everyday lives of families in the United States. The national unemployment rate averaged 9.6% in 2010 with more than 14.8 million people out of work.<sup>1</sup> Although two years of consistent job creation and an 8.3% unemployment rate for January 2012 indicate national progress since the lowest point of the recession in April 2009, recovery remains elusive in Ohio generally and Cuyahoga County specifically. Greater Cleveland led the country in percentage of metropolitan lost jobs in the past year,<sup>1</sup> and the encouraging drop in December unemployment figures (from 8.5 to 8.1) was shown to reflect a shrinking labor force (i.e., fewer Ohioans actively seeking work) rather than job growth and expanded employment.<sup>2</sup>

Job loss is a natural feature of market economies as employers adapt to shifts in supply and demand. While downsizing can be crucial for the long-term health of a business, consequences for the affected workers are highly detrimental.<sup>3</sup> Studies have shown that job loss has a negative impact on future employment, income, and economic security, as well as the affected worker's physical and mental health. Job loss has also been associated with strained marital relationships and a higher likelihood of divorce.<sup>4</sup> While these

disruptions to financial security and relationships can be expected to impact the wellbeing of displaced workers' children, very little empirical data is available on the subject.

The few studies that have been conducted suggest that parental job loss has a negative impact on children's academic performance, educational attainment, and long-term economic success. For instance, father's job loss has been associated with a higher probability of grade repetition and school suspension/expulsion in K-12 children,<sup>5</sup> and job loss of either parent has been linked to a lower likelihood of children attending college.<sup>6,7</sup> The link between parental job loss and children's education is of particular importance today, as educational attainment is a key determinant of income in the current U.S. economy.<sup>4</sup> In the 4th quarter of 2011, for instance, full-time workers age 25 and older without a high school diploma had median weekly earnings of \$444, compared with \$641 for high school graduates (no college) and \$1,158 for those holding at least a bachelor's degree.<sup>1</sup> Perhaps reflecting this dynamic, a recent study showed that children whose fathers were laid off were more likely to receive unemployment insurance and social assistance as adults, and had annual earnings that were

9% lower than similar children whose fathers did not experience job loss.<sup>8</sup>

There are several possible ways in which a parent's job loss could affect children's school performance.<sup>3</sup> To the extent that job loss is associated with lower family income in the future, the sustained reduction in financial resources could influence child development and hamper the child's chances for success. Relatedly, the stress that job loss imposes on the affected parent may spill over to the child, resulting in compromised health, concentration, and wellbeing. Finally, parental job loss could trigger divorce<sup>9</sup> or relocation – disruptions to the child's environment which have been shown to impede a child's academic performance.

This research and policy brief discusses the work of Dr. Mark Votruba and colleagues to estimate the causal effect of parental job loss on children's school performance in Norway. Commentary is also provided on the policy and practice implications here in the United States.

## Parental Job Loss and Children's School Performance: Results from Norway

Dr. Votruba's work in Norway investigates how job loss affects the welfare of employees and their children. For instance, he has examined relationships between plant downsizing and disability claims, divorce,<sup>9</sup> and children's school performance respectively. This brief focuses on school performance.<sup>3</sup>

Estimating a causal relationship between parental job loss and child outcomes is challenged by the scarcity of data and by the possibility that child outcomes may result from "unobservable shocks" rather than job loss itself. For example, a sudden decline in the parent's health can lead to both job loss and poor child outcomes. Through a unique pairing of two comprehensive databases, Dr. Votruba and his colleagues were able to circumvent these challenges and quantify the effect of parental job loss on children's school performance in Norway. Specifically, they investigated how children's graduation-year grade point averages (GPAs) are affected by parents' loss of employment due to plant closure, with "plant" referring to the local workplace.

### Study Design

This study pooled figures from two databases: one containing annual records for every person in Norway, and the other containing school grades of all graduating secondary students. Because both databases contain personal identifiers, researchers could link each child's outcomes to their parents' records.

The original sample consisted of all high school seniors (10th graders in the Norwegian system) graduating between 2003 and 2005. The Norwegian economy was strong during the study period (1999–2005), and several municipalities were "booming" with <3%

unemployment. The researchers thus distinguish between booming and non-booming municipalities, as the relationship between parental job loss and children's academic achievement may be weaker in a setting where new job opportunities are relatively abundant.

### Results

After applying exclusion criteria to ensure comparability across the sample, 10,344 tenth-graders were included in the final analysis. All were approximately the same age, had parents who were married, and had fathers who were employed full-time for >1 year at a stable, non-education-sector plant during the student's 7th grade year. 1,057 had a parent who was affected by plant closure during the 8th or 9th grade year, with no significant differences in parental variables (e.g., education, income, age, tenure, or number of children) across stable and closing plants.

Researchers found that **fathers' plant closure was independently associated with a considerable reduction in children's graduation-year GPAs (0.12 points) in non-booming municipalities.** For the median student, such a reduction is equivalent to a more than 6% decline in class rank. In contrast, **mothers' plant closure in non-booming municipalities had a positive effect on children's school performance, with GPAs increasing by 0.09 points.** In booming municipalities, GPAs were unaffected by either parent's loss of employment.



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## More than Money: Time Use and Role Theories

In exploring the negative effect of fathers' plant closure on children's school performance, a number of possible contributing factors were ruled out. For instance, data indicate that although laid-off workers suffered both income-loss and a lower likelihood of future employment, children's decreases in GPA appear largely unrelated to father's income or employment status during the student's graduation year (i.e., GPAs decreased regardless of whether the father ultimately found a new job). Similarly, while a husband's plant closure significantly increased the likelihood of divorce,\* the GPA effect was not a consequence of parental divorce or residential relocation. Finally, estimates were not biased by unobservable shocks spilling over from workers to their plants, nor was plant closure concentrated among children expected to perform at lower levels.

Instead, Dr. Votruba and colleagues posit that the differing effects of fathers' vs. mothers' job loss might be better interpreted using sociological role theories.<sup>10</sup> These theories posit that men's identities have traditionally been associated with their professions and with the fulfillment of the breadwinner role. A father may thus feel pressured if his ability to fulfill this role is threatened. The Norwegian data suggest that parents are unable to fully shield their children from the father's distress, as reflected in these children's lower GPAs.

In contrast, role theories suggest that societal norms and historical employment patterns allow women to develop and appreciate a greater range of roles outside of the labor force.<sup>10</sup> The array of "socially acceptable" roles available to women, including that of the stay-at-home mom, provides women with multiple sources of positive identity and social support when out of work, thereby buffering the psychological impact of job loss. While

speculative, this position is consistent with empirical studies documenting that mental distress among displaced workers is generally more severe for men than women.<sup>3</sup>

In recent decades, attitudes have shifted from a preoccupation with fathers as providers to an emphasis on fathers as nurturers and co-caregivers.<sup>4</sup> Additionally, nearly half of all married mothers with children under age 18 in the U.S. were employed full time between 2003 and 2006, and mothers are increasingly the primary breadwinners.<sup>1</sup> Despite these trends, however, recent studies suggest that the cultural emphases on traditional gender roles have been slow to change in both Europe and the U.S.,<sup>4</sup> a factor which may shed light on the *improvements* in GPA observed among children whose *mothers* experienced plant closure.

Dr. Votruba and colleagues note that these contrary results may be interpreted in terms of time-use surveys. Several studies have found that the time husbands devote to housework is altered only slightly following job displacement, a result taken to reflect persistence in the pre-unemployment roles filled by spouses. Moreover, studies suggest that the mother most often assumes the role of providing homework assistance.<sup>3</sup> If mothers adapt to job loss by directing even greater energy toward the care and education of their children, such a shift could account for the positive effect of mothers' job loss on children's GPA.

Finally, similar reasoning may be applied regarding why effects were confined to non-booming municipalities. For fathers, the researchers' interpretation is that (1) plant closure imposes stress on a father from which he cannot successfully shield the child and (2) that this stress is greater when re-employment prospects *appear* bleak, regardless of whether the father actually remains unemployed. For mothers, it appears that

those in non-booming municipalities are less likely to actively search for a new job. By extension of the above theory on time use, the potential positive effect of the mother's unemployment may be realized and sustained by virtue of her leaving the job market.

## Areas for Future Research

An important caveat is that because these results were derived from existing datasets, one does not know what is actually taking place emotionally or behaviorally within these families. The above results open the door for further research into the lived experiences of fathers, mothers, and children in the context of high unemployment.

Also, it is notable that even the "non-booming" municipalities in this study had extremely low unemployment rates by U.S. standards. Moreover, Norway has a very strong safety net system – including universal health care – which is likely to ease the finance-related stress of job loss. It is thus possible that the negative effects seen in "non-booming" municipalities in Norway may be more pronounced in the U.S. where unemployment is far higher and the safety net is weaker. Likewise, the positive effects seen in Norway may be muted by the relatively higher financial consequences of job loss in the U.S. Again, results suggest rich areas for comparative social science investigation.

\* As with GPA outcomes, Dr. Votruba and colleagues found that a husband's job loss *increased* the probability of divorce whereas a wife's job loss *decreased* the likelihood of divorce when her earnings exceeded his.<sup>9</sup> Again, these data suggest psychological rather than economic factors.

## Implications for Policy and Practice

Policies and programs which involve direct financial assistance to families affected by job loss – for instance, the Supplemental Nutrition Assistance Program, the National School Lunch Program, and the extension of unemployment benefits – are crucial for ensuring that parents can meet the most basic needs of their children. Economic policies that support job creation and workplace stability, and prevent job loss in the first place are key to family security. This research could help to better capture the long-term costs of unemployment to inform federal economic policy and spending. As Dr. Votruba's work highlights, however, the negative impact of parental job loss on children cannot be reduced to a matter of finances alone. Results point to an additional need for programs which mitigate the emotional consequences of job loss.

An integrated service approach developed by Blustein et al.<sup>11</sup> addresses some of these issues. Their model posits that:

- Counseling with displaced workers should address the emotional toll of job loss in addition to providing guidance on new training and employment opportunities. Specifically, unemployment counseling should incorporate the provision of mental health services (either directly or by referral), thereby acknowledging that stress and depression are common consequences of job loss<sup>12</sup> for which support is available.
- Counselors should help displaced workers to understand their situation within the context of today's market economy, including factors like overseas outsourcing, rapidly evolving technology, increased specialization, and rising education/training costs that together make it difficult to

transfer skill sets from one job to another. In this way, counselors can lead workers to transform self-blame into a perspective that takes into account the systemic and structural causes of unemployment.

Dr. Votruba's work adds two further dimensions in which:

- Counselors could highlight the shifting employment trends of men and women, emphasizing the increasing range of positive social roles that *mothers and fathers alike* can fulfill outside of the workforce in regard to their children.
- Counseling might also be extended to the children of displaced workers in order to help them with issues of shame, concern, or family stress.

Such an approach could be incorporated into existing supportive service frameworks in Ohio. For instance, Ohio's Dislocated Worker Program under the Workforce Investment Act (WIA) connects recently laid-off workers with new jobs and assists them in increasing their work readiness, educational attainment, and occupational skills.<sup>13</sup> Additionally, Ohio's Departments of Education and Health collaborate on the Coordinated School Health Program (CSHP) which helps schools and communities integrate best practice wellness strategies into current counseling and psychological services, among other areas.<sup>14</sup> The work of Dr. Votruba and colleagues identifies the period of time surrounding a father's job loss as a crucial point for intervention. Incorporating these results into the existing support network offers a means of supporting the emotional well-being not only of displaced workers, but of their children as well.

<sup>1</sup> US Bureau of Labor Statistics. <http://www.bls.gov/>

<sup>2</sup> Policy Matters Ohio (2012). Where are the jobs? Continued declines in the labor force, minimal job growth undercut unemployment rate good news. <http://www.policymattersohio.org/job-watch-jan2012>

<sup>3</sup> Rege, M., Telle, K., & Votruba, M. (2007a). Parental job loss and children's school performance. *Review of Economic Studies*. 78(4): 1462-1489.

<sup>4</sup> Kalil A. (2009). Joblessness, family relations and children's development. *Family Matters* 83:15-22.

<sup>5</sup> Kalil, A., & Ziol-Guest, K. (2008). Parental job loss and children's academic progress in two-parent families. *Social Science Research*. 37: 500-515.

<sup>6</sup> Coelli, M. (2009). Parental job loss, income shocks and the education enrolment of youth. Department of Economics Working Paper 1060. The University of Melbourne.

<sup>7</sup> Kalil, A., & Wightman, P. (2011). Parental job loss and children's educational attainment in black and white middle class families. *Social Science Quarterly*. 92(1): 57-78.

<sup>8</sup> Oreopoulos, P. et al. (2008). The intergenerational effect of worker displacement. *Journal of Labor Economics*. 26: 455-500.

<sup>9</sup> Rege, M., Telle, K., Votruba, M. (2007b). Plant Closure and Marital Dissolution (dp#514). Statistics Norway.

<sup>10</sup> Jahoda, M. (1982). *Employment and unemployment: A social-psychological analysis*. Cambridge: Cambridge University Press.

<sup>11</sup> Blustein, D. et al. (2011). A critical perspective of contemporary unemployment policy and practices. *Journal of Career Development*. Pp. 1-16.

<sup>12</sup> Paul, K. I., & Moser, K. (2009). Unemployment impairs mental health: Meta-analyses. *Journal of Vocational Behavior*. 74: 264-282.

<sup>13</sup> OH Dept of Job & Family Services. <http://jfs.ohio.gov/owd/wia/DislocatedWorker-home.stm>

<sup>14</sup> OH Dept of Education. <http://education.ohio.gov/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=431&ContentID=105246&Content=119401>

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