



## **Transcript for “How Did the Safety Net Support Kids with Unemployed Parents during the Great Recession?”**

**Featuring Julia Isaacs**

**Hosted by David Chancellor**

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**[Chancellor]** Hello, you’re listening to a January 2016 podcast from the Institute for Research on Poverty at the University of Wisconsin–Madison. I’m Dave Chancellor.

For this podcast, I talked with Julia Isaacs about safety net supports during the Great Recession for low-income children with unemployed parents. Isaacs is a senior fellow at the Urban Institute and a Visiting Scholar at the Institute for Research on Poverty. She says she was motivated to take a closer look at this issue simply because of the sheer number of children who were living with unemployed parents during and in the aftermath of the Great Recession. The recession officially occurred between December 2007 and June 2009 according to the National Bureau of Economic Research although unemployment and poverty remained high for years after the recession

So, along with Olivia Healy, also of the Urban Institute, Isaacs used Current Population Survey – or CPS -- data from 2012 to see what public supports families actually received when a parent was unemployed. The CPS is the main source of labor force statistics for the U.S. population, so it’s useful for this kind of study because it tracks information about employment status, earnings, and participation in public programs. As we turn here to Julia Isaacs, she says there’s good reason for us to be concerned about kids whose parents have lost a job.

**[Isaacs]** When your parent loses a job, you can think of two pathways that might affect the child. One, the most obvious one perhaps, is that there’s less income in the family and so there’s less income to support good nutrition and send kids off to quality day care. Less income, we’ve known, is challenging for children. What’s interesting about the literature on job losses’ effects is it’s not just income, it’s also the effects of, you know, if you lose your job, it’s kind of stressful, and when parents are stressed it affects their family dynamics, it affects the husband and wife if they’re married, it also affects their parenting.

**[Chancellor]** In terms of these two pathways -- reduced income and increased stress -- Isaacs says that past research identifies a number of ways in which these things play out in the lives of children. And these effects, when the job loss occurs in the context of a recession, are not related to – or we might say are “exogenous” – to the characteristics of the parents.

**[Isaacs]** In terms of effects, there’s been research -- dating back to the Great Depression -- which finds that increased parent irritability and depression and sort of higher levels of conflict between the parents after job loss, that spills over into parenting behaviors that are not as helpful for children. I’m thinking of less supportive, more punitive parenting behaviors. Adolescents also see that the parent has lost a job and there may be some negative effects on their aspirations for success. So those are the pathway; that it is through effects in income and effects on parental stress. But you might say ‘well, so your parents are a little stressed, what does that do to the children?’ Well, there have been studies that find negative effects on children’s school performance, looking at math scores, looking at attendance, grade repetition, suspension or expulsion. And these are all studies where they look at things like plant closings -- so the job loss is exogenous to what the parents’ characteristics are. There’s also been some studies finding that parental job loss may have long term effects on children: Lower rates of college attendance in one study, and lower adult earnings in another. So, how much of that’s due to reduced family income, how much is because of the family stress, how much because the adolescents may be having lower aspirations themselves after seeing their parents struggle. Those all contribute to the children’s effects.

**[Chancellor]** When parents experience a job loss, they may be eligible to receive benefits from public programs and these supports may help to minimize some of the effects of job loss. Isaacs is interested in how public programs responded to the increased needs of children with unemployed parents during the Great Recession, particularly because there were so many families in this situation.

**[Isaacs]** If we looked at the height of the recession in 2009, there were 13.3 million children who were living with an unemployed parent including 7.6 million children whose parents were both unemployed and low income. We’re particularly concerned about children in low income families because they’re less likely to have a big savings account to cushion them, or access to credit cards. I think families of different income levels suffer when parents lose work, but it’s the low income children whose parents have less financial resources to fall back upon.

**[Chancellor]** So, using the Current Population Survey data, Isaacs and Healy looked at families in which there was at least one unemployed parent and they broke those families into two income groups based on their income in the same year as the job loss: The first was the low-income group, whose family incomes were below twice the poverty line or about \$38,000 for a family of

three. The second was the higher income group or those with incomes above 200% of the poverty line. For this podcast, we're mostly going to focus on children in terms of the public supports their families received and so I asked Isaacs what supports we're actually looking at here.

**[Isaacs]** The most obvious support is unemployment insurance and you probably think, ok, when your parent loses work, the family gets unemployment insurance. But, unless you're an expert in unemployment insurance, you may be surprised to learn how low the coverage rates are. For low-income children, only 25% of children with an unemployed parent were living in a household that also got unemployment insurance. So, there are many reasons for that. You have to have worked a certain number of quarters in order to qualify for unemployment insurance. You have to have left your job under certain conditions. If your employer kept cutting back the hours and didn't actually fire you but was giving you fewer and fewer hours and you left, that would be called a voluntary leaving and so you wouldn't get unemployment insurance anyway.

**[Chancellor]** Because of these factors, Isaacs and Healy found unemployment insurance to be much less responsive to parental unemployment for low-income families than many of the other programs they looked at. And, in all, they looked at seven programs -- four cash assistance programs including Unemployment Insurance, the Earned Income Tax Credit, SSI or Supplemental Security Income, and TANF or Temporary Assistance for Needy Families. They also looked at three types of nutrition assistance programs including SNAP or food stamps, free and reduced school lunches, and WIC or the Supplemental Feeding Program for Women, Infants, and Children.

**[Isaacs]** Among the cash assistance, as I was saying, only 25% of the children lived in families getting unemployment insurance. 12% TANF. Three-quarters got the EITC. You might say, 'how could you get the EITC, you have to be working?' Well, most people who were unemployed were unemployed for part of the year and working for part of the year or they were married to somebody whose earnings helped them qualify for EITC. So the Earned Income Tax Credit helped with supporting children whose parents were unemployed. The other really large one was SNAP or food stamps -- 58%-- and school lunches, almost 2/3rds got school lunches.

**[Chancellor]** Isaacs says that when we're thinking of how these programs work in the context of an economic downturn, we should remember that programs like SNAP and Unemployment Insurance are designed to be countercyclical so that they expand when more people become eligible.

**[Isaacs]** The public policy purpose behind them is two-fold. One is to help those families who have lost work, but also it helps the economy. When people are not working, they're not going to the grocery store, they're not buying as much, if you give them food stamps or unemployment

insurance, that helps prop up the economy and under the stimulus act, worked to expand the programs so that food stamps was playing a dual role of supporting families but also trying to make sure that the economy didn't spin down into a deeper recession.

**[Chancellor]** Isaacs says she sees both strengths and weaknesses in terms of how well the safety net responded to the needs of low-income families with an unemployed parent in the Great Recession.

**[Isaacs]** We saw public benefit programs, particularly unemployment and food stamps expanding rapidly and that provided important supports to families and stimulus to the economy that we needed so much. But that would be the strength, that they expanded rapidly. The weakness would be that unemployment insurance really provides much less coverage than most people realize, particularly for workers with low wages or low levels of skills. Many people don't qualify for unemployment insurance and so they had to turn to food stamps which of course doesn't provide at all as much income as unemployment insurance.

**[Chancellor]** In the report that Isaacs wrote with Olivia Healy, she examined a number of policy implications that can be drawn from their findings. And Isaacs says that, even though we've largely recovered from the Great Recession, it's still important for us to consider how well our public programs respond to support kids with an unemployed parent because these programs can reduce the number of children in poverty, as shown by the Supplemental Poverty Measure and other alternative poverty measures that take public benefits into consideration.

**[Isaacs]** Unfortunately we may have a recession at some point in future and the time now is to prepare for that. We have to make unemployment insurance cover low wage workers as well as higher wage workers and certain reforms are needed to do that. Also, including better outreach and application process. Or, there are certain rules that sort of make it hard for part time workers to qualify. There are other rules that if you sort of semi-voluntarily leave your job, like the conditions are bad and you leave it... So those are the reforms to unemployment insurance. The other sort of implication I get from this is TANF really didn't respond and so we're left with a cash assistance program with a block grant that doesn't respond. And Congress could consider changing that, I'm not sure that there's a strong interest in doing so. But if we are interested in protecting children during a recession, that could be useful. And a third is just the value of the food stamp program. It really did a lot, it responded very quickly to the changes in unemployment rates and supported millions of children and there have been amendments to try to cut the food stamp program and so one of the policy implications I get from the study is that besides the other things it does, the food stamp program really is a part of the safety net for children when their parents lose work and that's one of the reasons why it's important to maintain the program and not subject it to the types of cuts that have been discussed.

**[Chancellor]** Thanks to Julia Isaacs for talking with us. If you want to check out the fact sheet and technical paper behind this work, look for “Public Supports When Parents Lose Work” on the Urban Institute website.

Thanks for listening to a podcast from the Institute for Research on Poverty.