



EMPLOYMENT SHOCKS, UNEMPLOYMENT INSURANCE AND CAREGIVING

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Working Americans are increasingly taking on various caregiving roles for family members. In light of the COVID-19 pandemic, the impact of job loss and income supports on the labor supply, economic well-being, and caregiving behavior of families with care needs is a pressing policy question. This paper considers caregiving during periods of (involuntary) unemployment and, specifically, the role of unemployment insurance (UI) on families with caregiving needs.

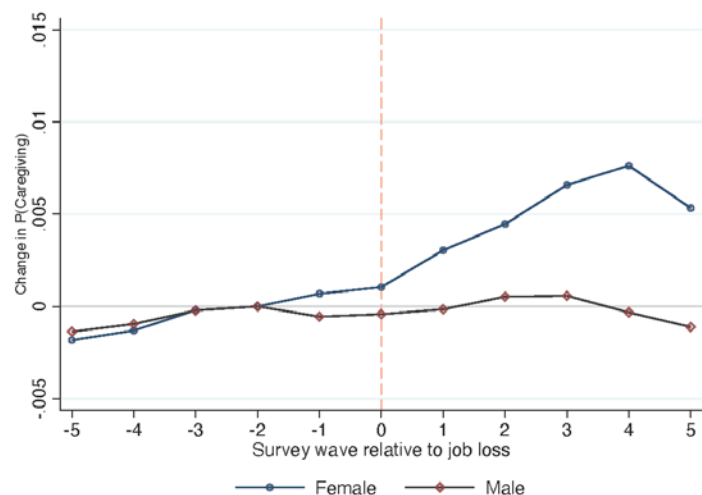
Caregiving after a job separation and role of Unemployment Insurance

Previous studies have shown that people increase time spent caring for family members when they leave work, either voluntarily or involuntarily. This study provides new evidence on the relationship between caregiving and work by considering caregiving during periods of involuntary unemployment as well as the role of unemployment insurance (UI) on caregiving following a job separation. While more generous UI benefits may increase the length of unemployment spells and reduce the costs of caregiving, higher benefits may also allow workers to maintain continuity in existing, paid care arrangements for their family members while they remain attached to the labor force. Using four panels of the Survey of Income and Program Participation and longitudinal observations of employment status and caregiving behavior this study examined the likelihood of caregiving around a job separation. Next, leveraging plausibly exogenous variation in state unemployment insurance policies, this study estimates the impact of more generous Unemployment Insurance benefits on the likelihood that newly laid off workers begin a caregiving spell.

Caregiving increases in the 20 months following a job separation

The likelihood of providing care to a family member with a long-term illness or disability increases by 0.4 percentage points (nearly 30 percent) following a job separation.

This effect is largest for those age 40-64, and women, demographic groups that previous research suggests experience the most tensions between work and family caregiving responsibilities.



Note: Graph shows female and male likelihood of caregiving relative to job loss



Unemployment Insurance reduces the likelihood of caregiving following a job separation

More generous UI benefits reduce the likelihood of caregiving for those who have recently separated from a job. A one standard deviation increase in the generosity of UI benefits reduces the likelihood of caregiving by 0.2 percentage points, or 14 percent. These effects are concentrated among workers aged 40-65, who are most likely to face informal care and work conflicts and among unmarried households, who may have more difficulty smoothing consumption over unemployment spells. The effects also appear larger for men. Impacts are larger for help with chores and errands (IADLs), which may be more elastic than personal and medical care tasks. Finally, caregiving may increase among the spouses of recently laid off workers.

Implications

- Income shocks following a job separation may require individuals and households to substitute away from paid formal care and towards family care.
- Family caregiving needs have the potential to turn short-term employment shocks into longer-run decreases in labor force participation, impacting the economic security of future SSA beneficiaries.
- Unemployment Insurance acts as a safety net for workers with family caregiving needs, allowing them to maintain existing caregiving arrangements in the event of a job loss.
- Further understanding how the types of caregiving are impacted by UI will allow researchers, policymakers, and practitioners to understand how social insurance and safety net programs can support workers and families with caregiving needs.

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