Parental Job Loss, Family Socioeconomic Status, and Children’s Educational Attainment
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Background

Research Question:

- Prior Research on Parental Unemployment
  - When a job loss occurs some measures of SES decline (at least temporarily) such as income and occupational characteristics while education and other measures may remain stable.
  - Parental education is related to both likelihood of unemployment and child’s educational attainment.

Data and Methods

- Panel Study of Income Dynamics (PSID)
- 3229 Children born 1972-1986 with the “PSID Gene”.
- Ever experienced a job loss by the head of household (parent).
- Cross Sectional Weight, year turned 25

Key Variables

- Dependent variable is educational attainment in years at age 25.
- Family SES at birth; measured as a head’s level of education and family income quintile from year of birth (quintiles based on CPS from that year)
- Additional indicators of SES at birth include: Self-employment, union membership, occupation category, industry category, (years of education), Income quintile, female headed household, age of head at child’s birth, home ownership.

Methods

- OLS Regression focusing on head’s level of education
- OLS Regression focusing on family income quintile at birth
- Propensity Score Matching based on Family SES Characteristics at birth

- I am using Propensity Score Matching as a more robust set of controls; I am not claiming causality because of concerns about unobservable characteristics.

Results

- T-Test Comparing Educational Attainment by Parental Job Loss Status
- OLS Regression: Parental Education and Job Loss
- OLS Regression: Family Income Quintile and Parental Job Loss

T-Test Comparing Educational Attainment by Parental Job Loss Status

<table>
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<tr>
<th></th>
<th>No Job Loss</th>
<th>Job Loss</th>
<th>All</th>
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<tbody>
<tr>
<td>N</td>
<td>1808</td>
<td>1421</td>
<td>3229</td>
</tr>
<tr>
<td>Mean</td>
<td>13.79</td>
<td>13.02</td>
<td>13.45</td>
</tr>
<tr>
<td>SD</td>
<td>0.05</td>
<td>0.04</td>
<td>0.03</td>
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Propensity Score Matching, Matched on Family SES at Birth

<table>
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<th></th>
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<tbody>
<tr>
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<td>-0.78</td>
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</table>

- There are significant differences between the association between educational attainment and the interaction between head job loss and head education, when compared to a reference category of no job loss and head has a high school diploma.
- Male exams show no significant difference when comparing children whose parent’s have the same level of education or family income quintile and different job loss experiences.

OLS Regression

- There are significant differences between the association between educational attainment and the interaction between head job loss and head education, when compared to a reference category of no job loss and head has a high school diploma.
- ATT is significant, showing a job loss as associated with 1/3 of a year less of schooling.

Future Research

- Examine other potential moderators– what other factors make children more or less impacted by parental job loss.
- Does the amount of exposure a child has to parental job loss, based on poverty research about exposure and spells? I will examine the number of job losses (spells), the duration of the spells and the duration of the first job loss.
- Age at the time of parental job loss is not a significant predictor of educational attainment (Paper available upon request)

A full version of this paper is available upon request arbeit03@umn.edu or carbeit@rii.org

Discussion

- Overall, the average treatment effect (ATE) is -40 years, meaning the estimated relationship between parental job loss and educational attainment is a disadvantage of a little under half a year of schooling.
- While this is still a notable disadvantage, it smaller than previously estimated.
- The educational disadvantage related to parental job loss is a function of both probability of job loss and the job loss itself.

Results

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