The Daily Dish

Child Care and the Jobs Report

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Eakinomics: Child Care and the Jobs Report

In the aftermath of the hugely disappointing April jobs report, I penned an op-ed for *The Hill* that emphasized supply constraints in the economy and included: "Why are people slow to return to work? There are myriad possible explanations. For some, it could be as simple as fear of the coronavirus. Others may have childcare responsibilities that stem from closed schools and daycares. Still others may feel little pressure to return to work because of the federal government's generous $300 weekly supplement to state unemployment insurance benefits."

I will emphasize, for the record, that the quote mentions "myriad possible explanations" and specifically notes closed "daycares." Nevertheless, most of the media fallout was similar to the National Public Radio headline: "Conservative Economist Blames High Unemployment On 'Richer' Benefits." Ok, I'm used to the typecasting – economists only focus on money; conservatives believe people are lazy and do not want to work; etc. – but my instincts were that childcare issues had to be an important part of the story. Enter Jason Furman, Melissa Kearney, and Wilson Powell, and their hot-off-the-presses research "How much have childcare challenges slowed the US jobs market recovery?"

Their answer? Well, I can't do better than the authors' own words: "In this analysis, we quantify the effect of childcare challenges on the labor market by examining how much of the overall decline in employment can be explained by excess job loss among parents, and mothers specifically. We do this by constructing counterfactual employment rates, or employment-to-population ratios, as well as labor force participation rates that assign to parents with young children the percent change in employment and labor force participation rates experienced by comparable people without young children. *The results of this exercise imply that differential job loss among parents, or even mothers specifically, accounts for a negligible share of aggregate job loss and could even have led to a small increase in jobs between the first quarters of 2020 and 2021*." (Emphasis added.)

The authors go on to elaborate: "This analysis demonstrates that despite the widespread challenges that parents across the country have faced from ongoing school and daycare closures, excess employment declines among parents of young children are not a driver of continuing low employment levels. In fact, while women with young children have left the workforce at a slightly higher rate than other women, men with young children have left the workforce at a lower rate than men without. Overall, the employment rates of parents of young children have declined by 4.5 percent as compared with 5.2 percent among people who are not parents of young children (the decline is also smaller for parents of young children when adjusting for age differences between the two groups)."

If not childcare issues, it could still be basic fear of infection or other impediments. We probably won't know for sure until schools are fully re-opened. But in the interim, we will find out something about how important the $300 really was. Twenty-one states have already eliminated the supplemental to unemployment, providing a natural comparison of state labor markets with and without the bonus. Let's see what happens.