

## Parental job loss affects children's academic success

Losing a job is a traumatic experience, and the associated short-term consequences—the sudden loss of income and identity and the accompanying feelings of anger and fear—can send a whole family reeling. Much attention has been paid to the effects that job loss has on the person who loses his or her job, but what about the children of job losers? Motivated by a lack of research on the immediate effects of parental job loss on children, Ann Huff Stevens and Jessamyn Schaller investigate the relationship between involuntary job loss and the academic achievement of children in a recent National Bureau of Economic Research (NBER) study entitled “Short Run Effects of Parental Job Loss on Children's Academic Achievement” (NBER Working Paper 15480, November 2009).

The authors examine data from the U.S. Census Bureau's Survey of Income and Program Participation (SIPP) to determine if a major economic shock in a family, such as a parent's involuntary job loss, has a direct effect on the probability that a child will repeat a grade. Stevens and

Huff use grade repetition as a major indicator of academic achievement because of a lack of other data, but also because it is “a meaningful short-run indicator of academic difficulties,” such as a low GPA, low scores on standardized tests, and disruptive classroom behavior. Working with a sample of approximately 54,000 children (all between the ages of 5 and 19), Stevens and Schaller follow each child in the sample for between 3 and 5 academic years, and link each child in the dataset to information on parents' job market outcomes, income, education, and demographic characteristics.

Their major finding: Parental job loss increases the likelihood that a child repeats a grade in school by nearly 1 percentage point—or a roughly 15 percent increase from the original probability. In addition, when a parent loses a job, boys have a greater probability of repeating a grade than girls (0.012 versus 0.004). The short-term effects of increased difficulties in school may lead to longer term difficulties in schooling, which in turn may translate into a negative outcome with regard to future earnings.

Certain families seem to be more susceptible than others to the effects

that job loss has on childhood educational achievement. Stevens and Schaller found that in families in which the head of the household has a high school degree or less, the effects on children's academic achievement are particularly significant; the probability of grade repetition increases by nearly 1 percentage point in such households. In contrast, in a household with a head who has at least some college education, a job loss affects the probability of grade repetition by a statistically insignificant 0.3 percentage point.

Stevens and Schaller suggest that their findings have the potential to play a vital role in educational policy. The authors reason that “areas with large concentrations of displaced workers, or relatively cyclical employment may face particular challenges in maintaining educational achievement standards during times of economic hardship.” With this knowledge, the authors contend, policymakers might consider the local economic environment when they evaluate the relative success of schools, and they would be better informed in developing assistance programs and policies to help those families which are likely to be affected by the economic situation. □