



— GEORGIA CENTER FOR —
OPPORTUNITY



Nonfinancial Impact from Nonwork

Review of Research-Based Evidence

Secretaries' Innovation Group Presentation

Joint Project of the Secretaries' Innovation Group and the Georgia Center for
Opportunity

Introduction by Eric Cochling, Chief Program Officer and General Counsel
Presentation by Erik Randolph, Director of Research
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The Georgia Center for Opportunity (GCO) is a non-partisan, non-profit organization working to improve the lives of individuals and families through quality education, fulfilling work, and healthy family life.

Programs and Initiatives:

- Comprehensive welfare reform and promoting right to earn living
- Safety-net program benefits cliffs modeling
- Tax and safety-net program marriage penalty modeling
- Better work: connecting employers with job seekers
- Reconnecting ex-offenders with jobs and society
- More educational control and choice for parents
- Healthy family programs and mentoring

GCO collaborates with like-minded organizations, including a cooperative project with the Pelican Institute and the Texas Public Policy Foundation



1. Main question
2. Methodology
3. Evidence of impact from nonwork
 - a. Impact on children and families
 - b. Stress, distress, and social impact
 - c. Mental health
 - d. Substance abuse
 - e. Physical health and mortality
 - f. Other—employability and rehabilitative lessons
4. Summaries
5. Open discussion



What does research-based evidence tell us about nonfinancial impacts from nonwork?

Especially in terms of:

- Familial relationships
- Stress, distress, and social impact
- Mental health
- Substance abuse
- Physical health and mortality



Correspondence and interviews with experts and traditional research methods using university library databases

Literature selected for review

49 journal or professional articles

13 working papers

11 books or book chapters

4 reports

1 sociography

78 sources

Included in the results:

4 Meta-analyses

6 Literature reviews

covering tens of thousands of articles
plus examination of about 900 studies.

Details on 49 journal articles:

Spread across 37 separate journals and related publications

Across multiple disciplines, including economics, medicine, psychology, interdisciplinary journals

Publications with most articles:

Social Science & Medicine (4)

Journal of Health Economics (4)

Journal of Labor Economics (3)



Poorer children's school performance is associated with parental job loss, but not associated from loss of income, maternal time towards employment, marital dissolution, or residential relocation

Rege et al, 2011, Norwegian Study, *Review of Economic Studies*, Oxford University Press

15% increased risk of repeating a grade

Stevens & Schaller, 2010, American Study, *Economics of Education Review*

10% to 50% reduction in post-secondary education attainment

Wightman, 2012, American Study, *Populations Studies Center Research Report*, University of Michigan

9% loss in children's future earnings, especially among low income

Oreopoulos et al, 2008, Canadian study of 39,000 father-son pairs, *Journal of Labor Economics*



Interview with 241 single African-American mothers with seventh and eighth grade children, who suffered job dislocation

McLoyd et al, 1994, American study in mid-sized mid-western cities, *Child Development*

Interrupted mom's socioemotional functioning

- Parental behavior impacted
- Depressive symptoms
- Negative perceptions of parental role

Adolescents impacted

- Cognitive distress
- Depressive symptoms
- General anxiety
- Diminished self-esteem
- Negative view of mother-child relationships

Unemployment and Work Interruption among African American Single Mothers: Effects on Parenting and Adolescent Socioemotional Functioning

Vonnie C. McLoyd, Toby Epstein Jayaratne, Rosario Ceballo, and Julio Borquez

University of Michigan

McLOYD, VONNIE C.; JAYARATNE, TOBY EPSTEIN; CEBALLO, ROSARIO; and BORQUEZ, JULIO. *Unemployment and Work Interruption among African American Single Mothers: Effects on Parenting and Adolescent Socioemotional Functioning*. CHILD DEVELOPMENT, 1994, **65**, 562-589. Using interview data from a sample of 241 single African American mothers and their seventh- and eighth-grade children, this study tests a model of how 2 economic stressors, maternal unemployment and work interruption, influence adolescent socioemotional functioning. In general, these economic stressors affected adolescent socioemotional functioning indirectly, rather than directly, through their impact on mothers' psychological functioning and, in turn, parenting behavior and mother-child relations. Current unemployment, but not past work interruption, had a direct effect on depressive symptomatology in mothers. As expected, depressive symptomatology in mothers predicted more frequent maternal punishment of adolescents, and this relation was fully mediated by mothers' negative perceptions of the maternal role. More frequent maternal punishment was associated with increased cognitive distress and depressive symptoms in adolescents, and consistent with predictions, these relations were partially mediated by adolescents' perceptions of the quality of relations with their mothers. Increased availability of instrumental support, as perceived by mothers, predicted fewer depressive symptoms in mothers, less punishment of adolescents, and less negativity about the maternal role. Both economic stressors were associated with higher levels of perceived financial strain in mothers, which in turn predicted adolescents' perceptions of economic hardship. Adolescents who perceived their families as experiencing more severe economic hardship reported higher anxiety, more cognitive distress, and lower self-esteem.



The classic Marienthal sociography

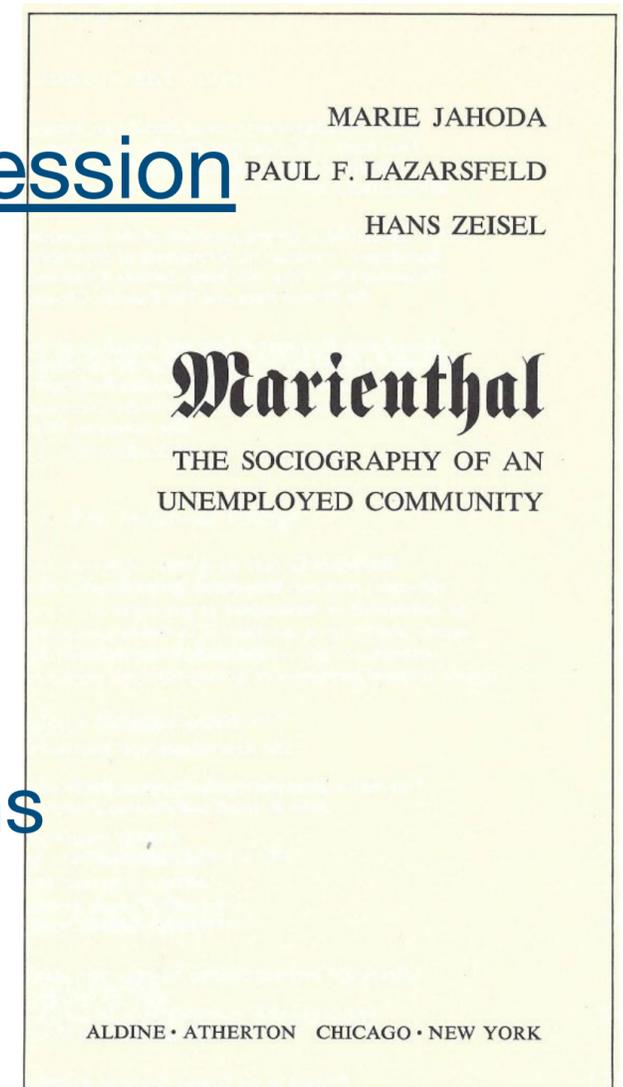
Jahoda et al, 1971, Austrian study, Sociography published as a book

Only town factory shuttered during economic depression

- 35-minute train ride from Vienna
- Economic depression began in 1926
- Factory shuttered in 1929-1930

Detailed records and observations

- Sociologists embedded in community for observations
- Lengthy records of 478 families
- Comprehensive histories of 32 men and 30 women
- Detailed records of budgets, purchases, time sheets, even Christmas presents for children





Stress, distress, and social impact

<i>Meat Days per Week</i>	<i>Per Cent of Families</i>
0	15
1	54
2	19
3	5
4	7
	<hr/> 100
Total families	(41)

Impact on food budgets

<i>Year</i>	<i>Library Volumes per Reader</i>
1929	3.23
1930	2.30
1931	1.60

Lost interest in reading and activities



Especially among the men, time lost its meaning. No sense of urgency. They drifted aimlessly. They hung out on the streets.

	<i>Per Cent</i>
Unbroken	23
Resigned	70
Broken	7
Total	<hr/> 100

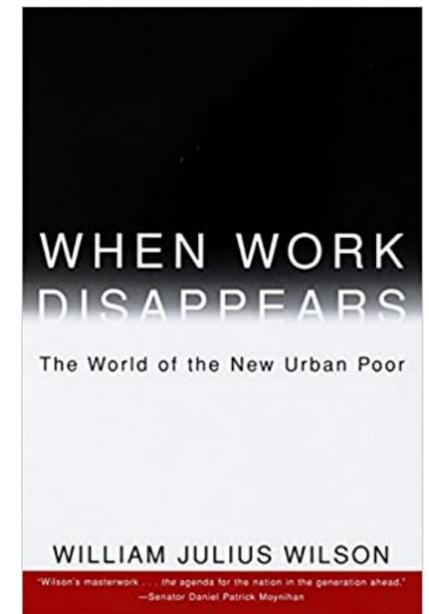
Impact on the psyche

Resigned: little hope and given up on the situation
Broken: despair, deep depression, complete apathy



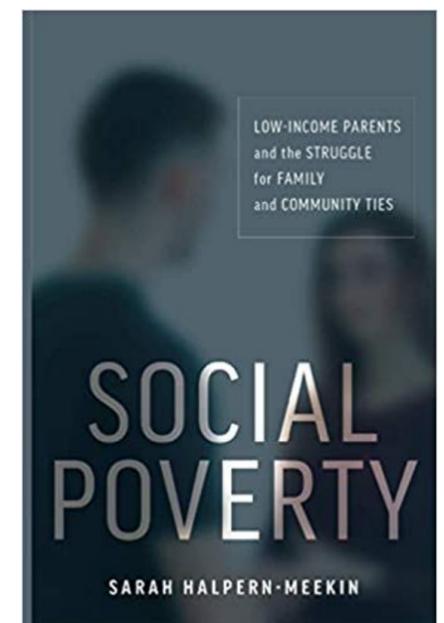
When Work Disappears, William Julius Wilson (1997)

- Compares modern urban America to Marienthal
- Difference between jobless poverty and poverty
- Racial discrimination cannot explain it all
- Loss of social organization and institutions and participation
 - e.g., civic clubs, businesses, organizations
- Breeds what we associate with poor urban neighborhoods, e.g., crime, drug trafficking, family breakups, lack of family life, etc.



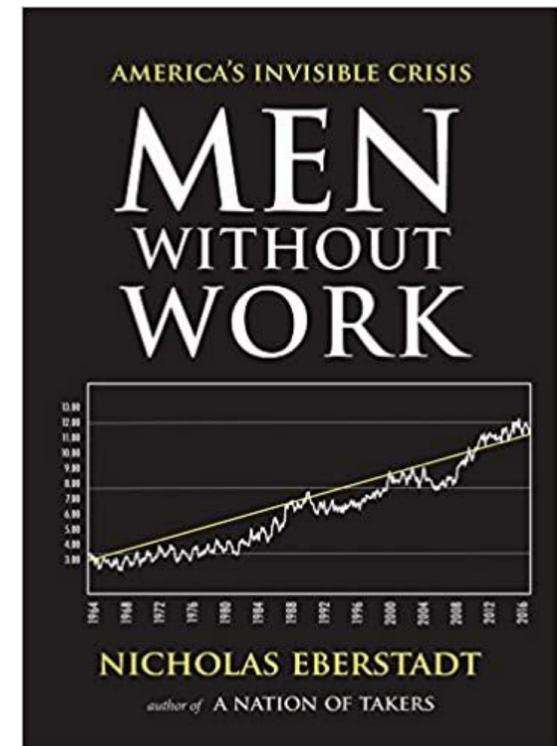
Social Poverty, Sarah Halpern-Meehin (2019)

- Poverty also social, not just economic
- Social isolation from resources and institutions, e.g., extended family





“Socially, the male retreat from the labor force has further exacerbated family breakdown, promoted welfare dependence, recast “disability” into a viable alternative lifestyle, and routinized the support of men of prime working age by women. In addition, it has directly undermined prospects for social mobility.”



“Politically, this death of work seems largely to have meant the death of civic engagement, community participation, and voluntary association for un-working men, too. Thus, we witness a still growing phenomenon of American men in the prime of life who are not only disengaged from civil society, but also who require that same civil society’s indefinite largesse to pay their way through life.”

— Nicholas Eberstadt

Men Without Work: America's Invisible Crisis, 2016, pp. 151-152.



Paul & Moser, 2009, Meta-analysis

Journal of Vocational Behavior

237 cross sectional and 87 longitudinal studies found associations with:

- Mental distress
- Depression
- Anxiety
- Psychosomatic symptoms
- Diminished subjective well-being
- Diminished self esteemed
- Increased suicide risk

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Unemployment impairs mental health: Meta-analyses

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Selection effect

ABSTRACT

The effect of unemployment on mental health was examined with meta-analytic methods across 237 cross-sectional and 87 longitudinal studies. The average overall effect size was $d = 0.51$ with unemployed persons showing more distress than employed persons. A significant difference was found for several indicator variables of mental health (mixed symptoms of distress, depression, anxiety, psychosomatic symptoms, subjective well-being, and self-esteem). The average number of persons with psychological problems among the unemployed was 34%, compared to 16% among employed individuals. Moderator analyses demonstrated that men and people with blue-collar-jobs were more distressed by unemployment than women and people with white-collar jobs. Linear and curvilinear moderating effects of the duration of unemployment were also identified. Furthermore, the negative effect of unemployment on mental health was stronger in countries with a weak level of economic development, unequal income distributions, or weak unemployment protection systems compared to other countries. Meta-analyses of longitudinal studies and natural experiments endorsed the assumption that unemployment is not only correlated to distress but also causes it. Seemingly inconsistent longitudinal results of older meta-analyses can be explained by retest artifacts. We also identified mental-health related selection effects during job loss and job search, but they are weak. With an effect size of $d = -.35$ intervention programs for unemployed people were found to be moderately effective in ameliorating unemployment-related distress among continuously unemployed persons.

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1. Introduction

Several reviews and meta-analyses have been published that summarize and integrate the results of nearly a century of research on the psychological effects of unemployment (e.g. Catalano, 1991; Foster, 1991; Frese & Mohr, 1978; Fryer & Payne, 1986; Hammarström, 1994; Hanisch, 1999; Kasl, Rodriguez, & Lasch, 1998; McKee-Ryan & Kinicki, 2002; McKee-Ryan, Song, Wanberg, & Kinicki, 2005; Murphy & Athanasou, 1999; Winefield, 1995). While these studies have considerably improved our knowledge, some important questions have not been answered in a satisfactory manner up to now, for example the questions for moderators of the effects of unemployment on mental health and the question of causality. The present meta-analytic investigation will give answers to these issues.

2. Existing meta-analyses

To our knowledge, Foster (1991) was the first researcher interested in unemployment who used modern meta-analytic techniques. His interesting work is not well known, presumably because the author hid it in the appendix of his dissertation thesis. Foster integrated 22 effect sizes from 10 primary studies. He found a surprisingly small mean effect size which seems

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Murphy & Athanasou, 1999, Meta-analysis

Journal of Occupational & Organizational Psychology

16 cross longitudinal studies found association with:

- Mental well-being improvement from gaining employment
- Loss of well-being from losing employment

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The effect of unemployment on mental health

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Sixteen recent longitudinal studies are examined for evidence relevant to the claim that a change to one's employment status affects one's mental health. Although there were limitations to the set of studies examined, most of the studies supported this claimed relationship. Examination was then made of the size of this effect. In carrying out this examination, the set of study results were divided into two categories: (a) those addressing the question of the extent to which gaining employment impacts on mental well-being; (b) those addressing the question of the extent to which employment loss impacts on mental health. The meta-analyses indicated that there was a weighted effect size of .54 for the first question, and a smaller weighted effect size (.36) for the latter question.

Depressive affect is probably the most frequently studied psychological variable among unemployed people. In the 10 years since O'Brien (1986) reviewed the literature on the psychological effects of unemployment, 16 longitudinal studies have appeared in MEDLINE or PSYCLIT to complement the large number of cross-sectional studies which have compared employed and unemployed persons on various measures of personality, mood and psychiatric vulnerability. With the addition of these recent longitudinal studies it is possible to attempt to summarize what is known about the mental health consequences of unemployment, even while acknowledging certain methodological issues that continue to constrain the study of this aspect of the psychology of unemployment.

In this article we review what is known about the mental health effects of unemployment. We do not pay detailed attention to personal and contextual factors which might limit the validity of any generalizations about the nature and extent of the relationship between unemployment and negative affect, as our main aim is to consider the scientific evidence for the claim that job loss generally affects the mental health of the unemployed. A second aim of the paper is to describe the size of any demonstrated effect.

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Prime-working-age men not participating in the labor force

Brookings Papers ON ECONOMIC ACTIVITY

BPEA Conference Drafts, September 7–8, 2017

Where Have All the Workers Gone?
An Inquiry into the Decline of the
U.S. Labor Force Participation Rate

Alan B. Krueger, Princeton University

“Prime age men who are employed are considerably more satisfied with their lives in general than are men who are out of the labor force or unemployed. Prime age men who are out of the labor force report themselves between employed men and unemployed men on the Cantril ladder of life, but closer to the unemployed men. **The emotional experience over the course of the day, however, indicate that NLF men are less happy, more sad, and more stressed than unemployed men.**”

Alan B. Krueger, Princeton University, p. 29

Cantril Ladder

- 10 prosperous
- 9 thriving
- 8 blooming
- 7 doing well
- 6 just ok
- 5 coping
- 4 struggling
- 3 suffering
- 2 depressed
- 1 hopeless



Research on substance abuse is mixed

- Not all research associated increased substance abuse with unemployment
- Some recent Scandinavian studies associated increased alcohol consumption due to unemployment
- A 2009 American econometric study using nationally representative data on unemployed workers found associated increased alcohol consumption but only from those already at risk.

Deb et al, 2009, NBER working paper

- A 2006 literature review sponsored by the British Department of Work and Pensions, citing mostly British and American studies, found mixed results.

Waddell & Burton, 2006, DWP-sponsored report

- However, more recent studies on prime-working-age males not participating in the labor force found significantly higher drug abuse and tobacco use than either unemployed men (31 percent to 22 percent) or working men (31 percent versus 8 percent).

Eberstadt, 2016, Men Without Work, pp. 92-93



- A 2011 meta-analysis of 42 studies using 235 mortality risk estimates showed unemployment associated with higher mortality risk.

Roelfs et al, 2011, *Social Science & Medicine*

- The unemployed are associated with worse sleep patterns

Blanchflower & Bryson, 2020, *NBER working paper*

- Scandinavian studies and Wisconsin study found poorer health associated with unemployment

- 2006 report for British Department of Work and Pensions found unemployed are associated with poorer physical health, including cardiovascular risk factors and susceptibility to respiratory infections, and overall mortality, with some exceptions

- Discontinuity regression study of the entire U.S. Population found an associated increase for mortality for males even among healthy individuals who retire early

Fitzpatrick & Moore, 2018, *Journal of Public Economics*



- **Future employability is associated with unemployment**
Abraham et al, 2016 & 2019 and Edin & Gustavsson, 2008, Industrial and Labor Relations Review
- **It would be worse for individuals not participating in the labor force**
- **Getting the sick and disabled back to work has many benefits:**
 - therapeutic,
 - promotes recovery and rehabilitation,
 - minimizes physical and mental effects of long-term illness,
 - provides a better quality of life
 - better wellbeing.
 - reducing poverty
 - increasing civic engagement

Waddell & Burton, 2006, DPW sponsored report; Smalligan & Boynes, 2019, Urban Institute Report



“Loss of a job can lead to losses of income in the short run, permanently lower wages, and result in worse mental and physical health and higher mortality rates. Further, parental job loss hampers children’s educational progress and lowers their future earnings.”

Nichols et al, 2013, *Urban Institute Paper*

“Being unemployed can reduce the life expectancy of workers. Increases in the unemployment rate tend to be associated with increases in the suicide rate. Unemployment increases the probability of poor physical health outcomes such as heart attacks in later life. Many of the unemployed delay life decisions such as marriage and having children. There is evidence of increases in smoking after unemployment. There is a great deal of evidence to suggest that unemployment is involuntary: unemployment makes workers unhappy.”

Blanchflower & Bryson, 2020, *NBER working paper*



In general, as a group, prime-age men who are not in the labor force have “low levels of subjective well being” and find “relatively little meaning in their daily activities.”

Alan Krueger, Princeton University, *NBER working paper*



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Open discussion & contact info

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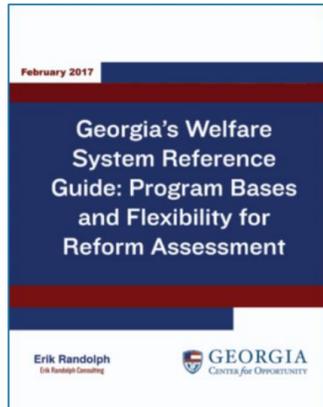
Safety-Net Benefits Cliffs: BenefitsCliffs.org

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Recent Research on Increasing Work Incentives



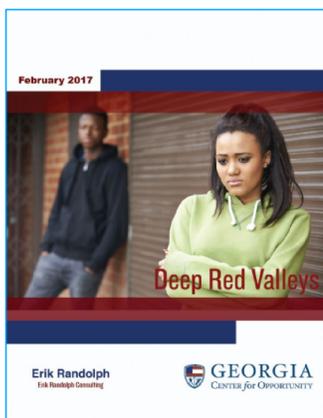
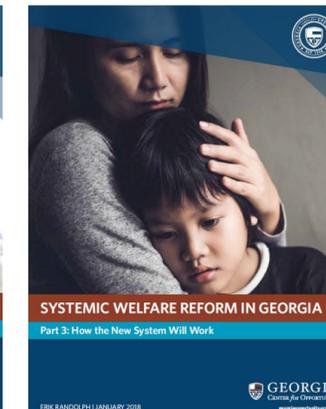
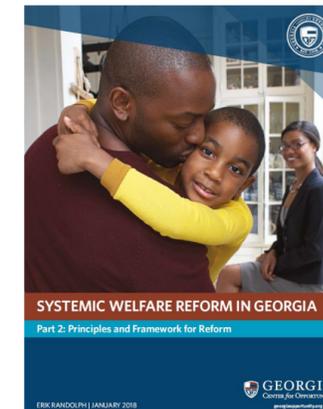
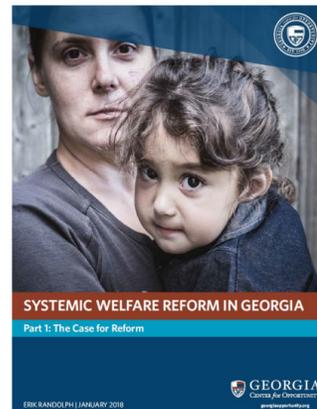
Reference Guide:
Georgia's Welfare System Reference Guide Program Bases and Flexibility for Reform Assessment
September 2016, revised March 2017



On Health Insurance:
A Real Solution for Health Insurance and Medical Assistance Reform
January 2018



The welfare cliff:
Disincentives for Work and Marriage in Georgia's Welfare System
September 2016, revised March 2017



Marriage penalties:
Deep Red Valleys
February 2017

Systemic Welfare Reform:
Three part series: (1) The Case for Reform, (2) Principles and Framework for Reform, and (3) How the New System Will Work
January 2018

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