


Exploring Labor/Employment Policy and Population Health: An Unemployment Insurance Lens

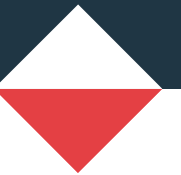
A decorative graphic consisting of a diamond shape, split vertically. The left half is white and the right half is red.

Labor Policy Pertaining to Broader Risks to Health
Matt Darling, MEF Associates

Overview of Unemployment Insurance

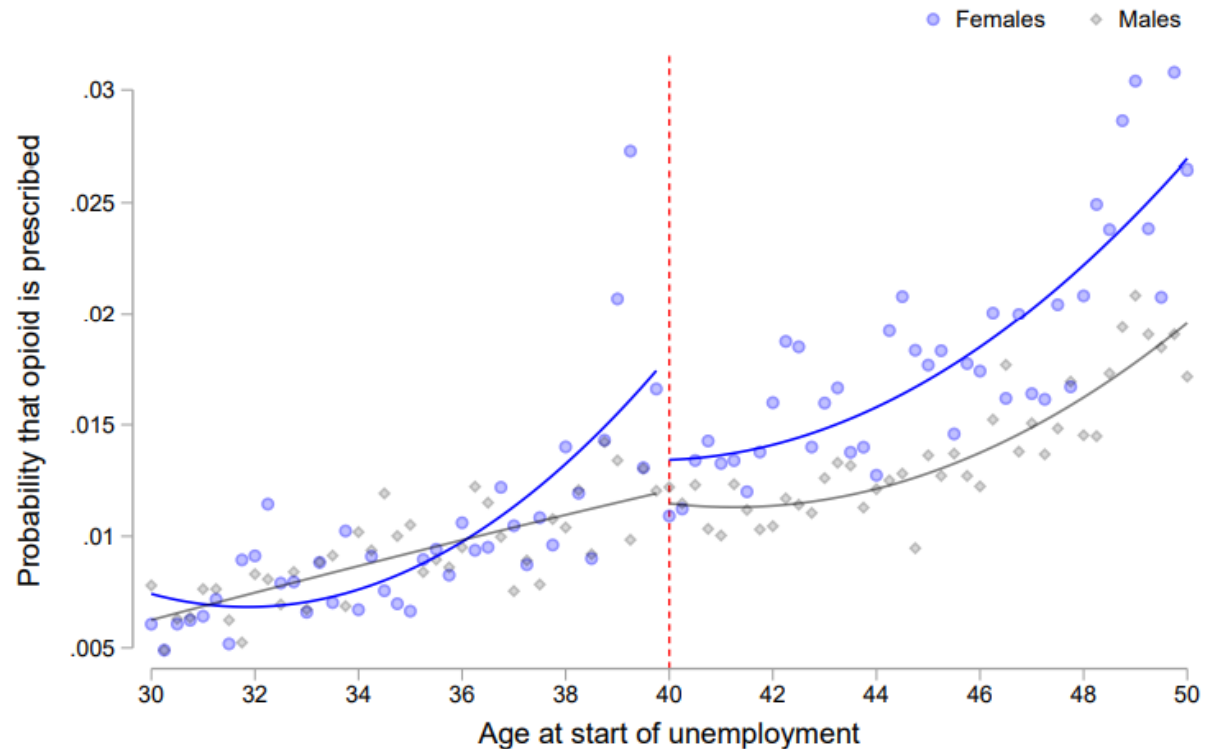
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- Unemployment Insurance is a joint Federal/State program that provides cash benefits
 - Benefits are typically ~45% of previous wages, and can last up to 27 months (but lots of variation depending on context)
 - Benefit receipt is conditional on being “able and available to work”, typically demonstrated by actively looking for work (work search requirements)

How unemployment effects population health



Effects of UI benefit duration on health

- Austria's UI program has a unique design feature – people over 40 receive an additional 9 weeks of UI benefits.
- 9 additional weeks of UI:
 - *For women:* Lower probability of opioid or antidepressant prescriptions
 - *For men:* Higher probability of cardiac events



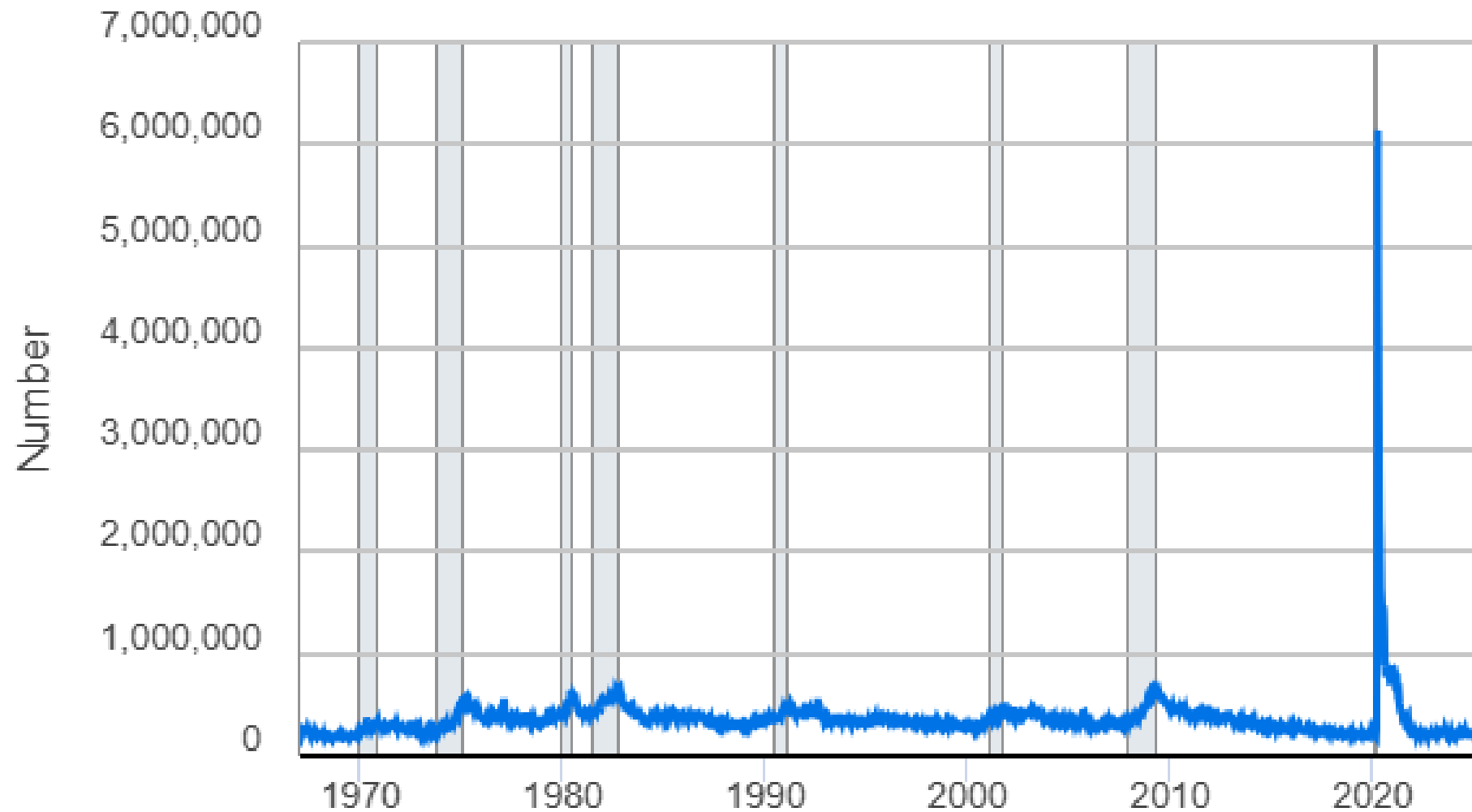
Effects of UI benefit generosity on infant health

- A 1% increase in the unemployment rate increases the fraction of babies born low birth weight (<2500 grams) by 2%.
- This varies by the wage replacement rate.
- At ~75% replacement, UI offsets the negative effects of higher unemployment on infant health
- Mechanism: Higher UI replacement rate is associated reduced maternal smoking and alcohol use.



How population health effects unemployment





Source: U.S. Employment and Training Administration via FRED®

An aerial photograph of a multi-lane asphalt road. A line of cars is stopped in the left lane, moving away from the viewer. The cars include a white sedan, a dark grey sedan, a white sedan, a white sedan, a white SUV, a yellow car, and a white car. Orange traffic cones are placed in the middle of the road between the line of cars and the right lane. The road has white dashed lane markings and a white arrow pointing right in the right lane. The surrounding area includes grass and a concrete curb.

Opinion

The Stimulus Is Playing Hard to Get

Why do we make it so difficult for people to receive unemployment and other forms of coronavirus relief?

By Pamela Herd and Donald P. Moynihan

The authors are professors of public policy at Georgetown University.

Changes to Unemployment Insurance

- +\$600/week added to UI benefits
 - Brought replacement rate >100% for low wage populations
 - Expired in September 2020, replaced with +\$300/week
- Temporarily waived “able and available” qualifications
 - Allowed people who were unable to work due to Covid to receive UI benefits
- New program: Pandemic Unemployment Assistance (PUA)
 - Allowed people without recent job history (recent grads, caregivers returning to workforce) to qualify for UI

Two steps forward, one step back

**Insights
and Successes:**
American
Rescue Plan Act
Investments
in Unemployment
Insurance
Modernization



May 28, 2025 - Economy

White House cuts aid for state unemployment systems



Emily Peck

Pandemic is not a one-time event

1.3.3.3 MUE Frequency of Occurrence

How frequently can MUE-producing events be expected to occur? If the past is a prologue to the future, an MUE can be expected to occur about once every fifteen years. A non-exhaustive compendium of major US disasters from the last 150 years in which significant workforce dislocations occurred suggests that the MUE-producing hurricane disasters of 2005 are not unusual:

- Great Chicago Fire, 1871
- Johnstown, Pennsylvania Flood, 1889
- Galveston, Texas Hurricane, 1900
- Great San Francisco Earthquake, 1906
- Great Mississippi River Flood, 1927
- Vanport, Oregon Flood, 1948
- Gulf States, Hurricane Betsy, 1965
- Gulf States, Hurricane Andrew, 1992

Lest it appear that the focus is on floods, hurricanes, and earthquakes, FEMA's list of disaster includes more than seventeen manmade and natural causes of disaster from chemical spills to disease pandemics that, in the proper circumstances, are capable of producing an MUE.

(MUE – Mass Unemployment Event)

Increasing Unemployment of New Grads


The New Grad Gap



Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey (IPUMS).

- Recent college graduates have a higher unemployment rate for the first time.
- Possibly AI-related?

Conclusions

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- Employment is important!
 - Unemployment insurance helps families get through periods of unemployment.
 - Which keeps families healthy.
 - But we weren't ready for the last big unemployment shock...
 - ...and we're not ready for the next one.