

The Role of our Safety Net during COVID

Marianne Bitler, Ph.D.

University of California-Davis

National Bureau of Economic Research

Role of the public safety net

- Currently, **we have a patchwork safety net**, with a wide range of safety net and social insurance programs. They serve 2 purposes
 1. Floor for eligible person's consumption
 2. Stabilizers during downturns
- Our federalized system means **programs vary considerably across locations**. Reforms have made our safety net more “in work”
- The lack of integration of programs and data and the need for eligible people to apply **differs from many other OECD countries**.
- The Great Recession and then, more recently, COVID, **stressed our system**.

Big Picture: More in-work welfare, less automatic stabilization

- The US has moved **towards both a work-based safety net and away from an out-of-work safety net** since the mid 1990s.
- EITC: Increases LFP for some, some + effects for kids and mothers.
- TANF (block grant): Largely repurposed former cash entitlement program for state's preferred in-kind spending, fixed in nominal terms.
- Food Stamp Program remains the main unconditional program left.
- In the background, unemployment insurance, also run by states.
- Are these programs adequate? Maybe not at very bottom, not all responsive to shocks.
- What does this mean when crisis hits? Evidence from the Great Recession and COVID

U.S. Safety Net

- **Less generous and comprehensive** than many other OECD countries:
 - Spending on family benefits (% of GDP) in 2011 0.7% US
 - OECD mean is 2.2%
- **Mix of various means tested and other programs:** Cash and in-kind
- Some programs work through **tax expenditures** (Earned Income Tax Credit, Child Credit) **rather than transfers** (political economy reasons)

Key features of federalized system

- Some programs are run by subnational governments (states and/or counties/cities/towns); others by non-governmental local actors (schools, clinics)
- **No good source of centralized data** on income/programs, hard to determine eligibility or make payments to everyone Federally
- **Must apply for many programs** with different income concepts, family concepts, eligibility rules and definitions of children, levels of administrative burden, notches and kinks
- **Some programs explicitly not countercyclical** (EITC, pays out next year, least well off ineligible if lose work; block grants fixed in size)

Federalized System: Pros and cons

- **States and localities can make choices that better reflect local needs**, closer to citizens, sort to local good provision you want-efficiency through competition (Oates, Tiebout)
- But state/local actors also **may have different goals than Federal Government** (principal/agent)
- **Data acquisition and bureaucracy** and ease/public costs of eligibility determination **vary widely across locations** due to capacity constraints, other factors

Responsiveness of programs to labor market shocks pre-COVID

Great Recession

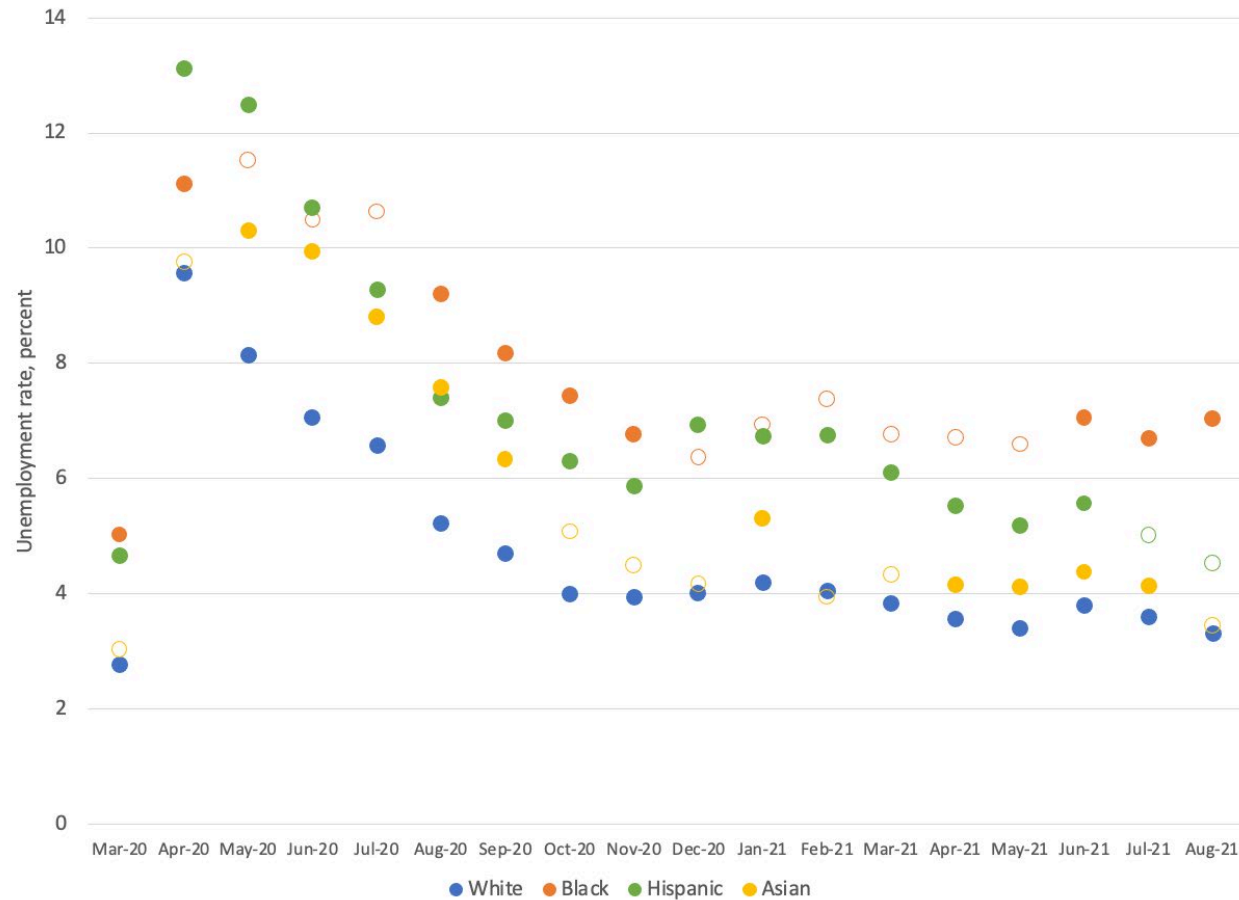
- We combine administrative data on people and spending with population counts at the state level from 2000-as close to COVID as we could get.
- We look at responsiveness with respect to state unemployment rates, with state and year fixed effects.
- UI most responsive, then SNAP, AFDC not anymore. Means tested programs do less than the social insurance programs.

Responsiveness of programs to labor market shocks during COVID

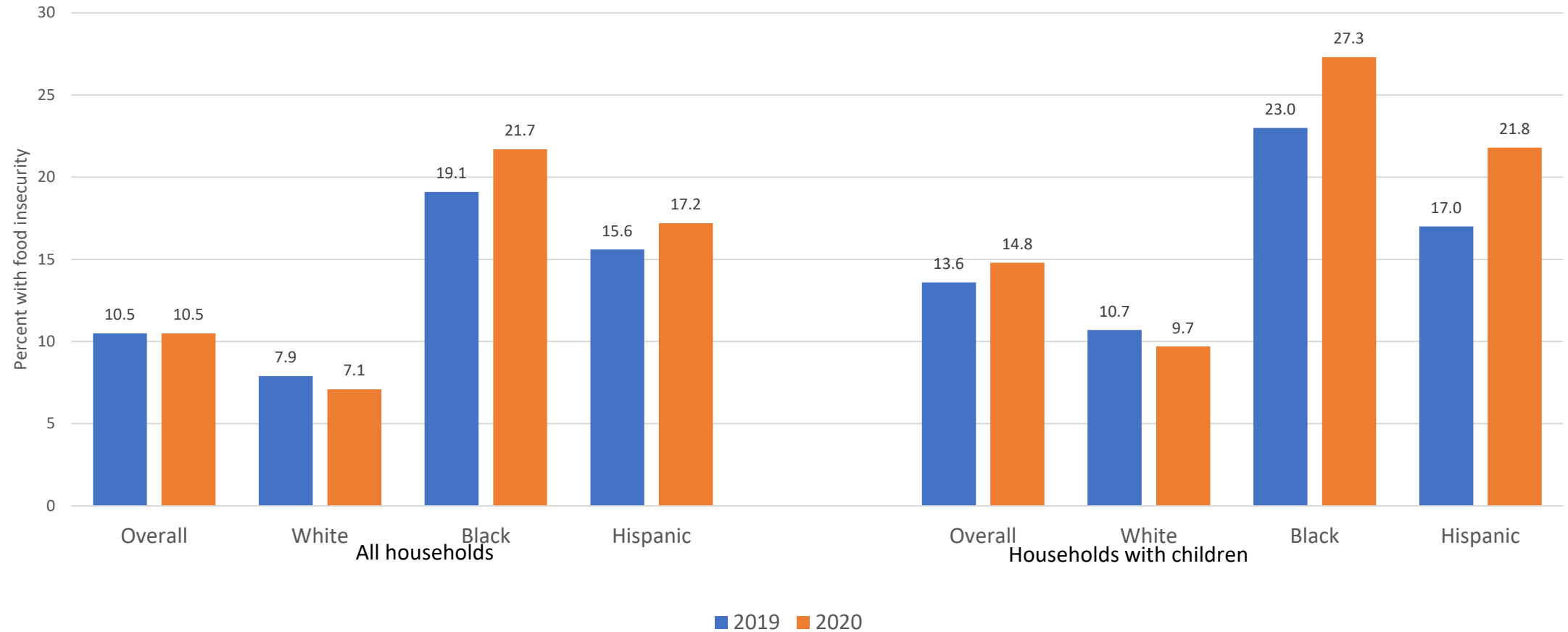
COVID era: Drawn from Bitler, Hoynes, and Schanzenbach (2020, BPEA; forthcoming, Russell Sage Journal), other's work

- Survey data: CPS, Census Pulse
- Administrative data: DOL data for UI, Treasury Statements for Spending, USDA data on SNAP caseloads and disbursements
- Most of focus on Unemployment Insurance, SNAP (Food Stamps), and Economic Impact Payments/Child Tax Credit
- UI: The Top Up (FPUC), Additional Federally Funded Weeks (PEUC), UI for self-employed/new workers (PUA)
- SNAP: Pay all the max allotment
- EIP: \$1200 April 20, \$600 Dec. 20/Jan. 21, \$1400 March 2021
- CTC up to 3600/kid, half sent out monthly July-Dec. 2021

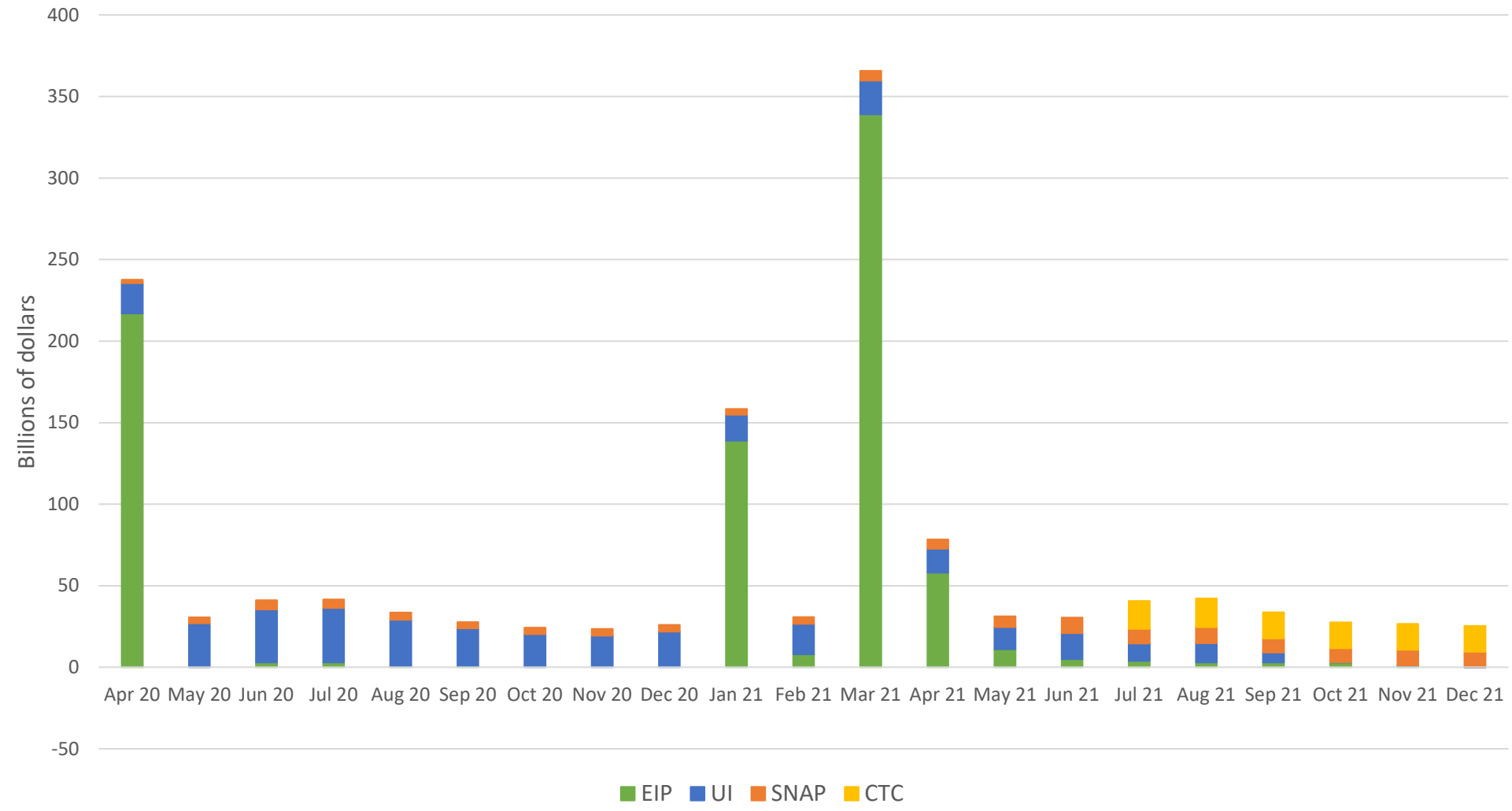
Shock was massive: Unemployment rates by race/ethnicity



Annual food insecurity by race/ethnicity: Hardship among children in 2019 vs. 2020



Massive Response: >1.4 trillion \$\$ more in spending overall through mid August 2021 (New Spending in Figure), Yet Much Need



Why did we see so much need early despite so much spending?

1. **TIMING:** Payments were delayed, started and stopped
2. **MAGNITUDE:** Varied over time and category
3. **INCOMPLETE:** Holes in eligibility and take-up

Why unmet need? Delays in payments.

- **New programs take time to roll out.** States were burdened with huge increases in demand and new programs. State administrative infrastructure systems were not ready for the job.
- Many **states reduced the generosity** of their UI systems in the wake of Great Recession, and also changed application processes. Other changes for other programs.
- **UI is usually very counter-cyclical** (*Bitler, Hilary Hoynes, and John Iselin, 2020*). States are likely rarely staffed up for excess demand even in usual recessions much less the COVID crisis. Other programs may be more responsive in some places.
- **Application requirements** for the most disadvantaged families for some programs and everyone for others are built into the delivery systems.
- **Concerns about fraud** lead to delays for some legitimate claimants for UI.
- New UI programs **slow to implement**.
- **EIP excluded some groups** at start, need to apply. Administrative burden (*Herd and Moynihnan*).
- Pandemic-EBT (replaces school meals) slow to roll out.

Why some unmet need? Incomplete access.

Cares Act Economic Impact Payments (EIP)

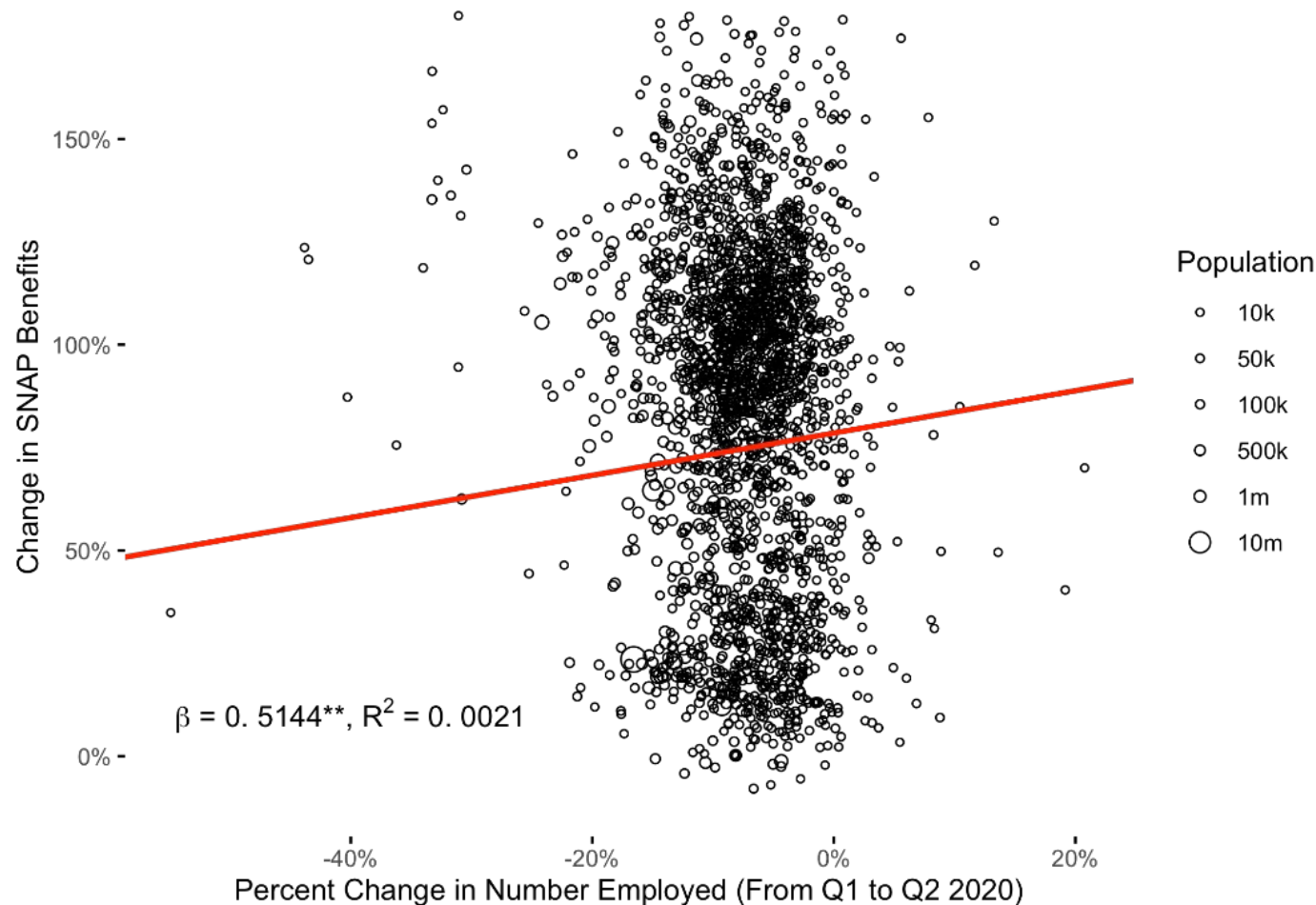
- Cares Act EIP excluded HH with adult non-citizens holders, young adults

Despite the expansions, **not everyone who loses their job involuntarily is eligible for UI.**

- Usual eligibility for UI requires:
 - Involuntary separation, authorized worker
 - Sufficient work history (weeks in relevant quarters, amount earned), wage and salary earnings in covered work, search; all expanded in COVID
 - If you get UI, then especially with the top-ups, your protection should be quite good (\$600 chosen to make people held harmless on average). BUT, not everyone is eligible/gets it. Also top-ups start and stop.
 - Disparity in access due to administrative burden, the digital divide, need for Congressional action.



Not all relief spending targeted to shock, more SNAP \$ to places with smaller employment losses



Safety net currently not designed for economic downturns for the poor

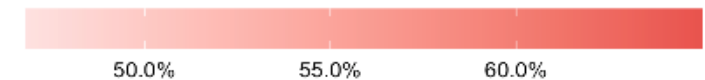
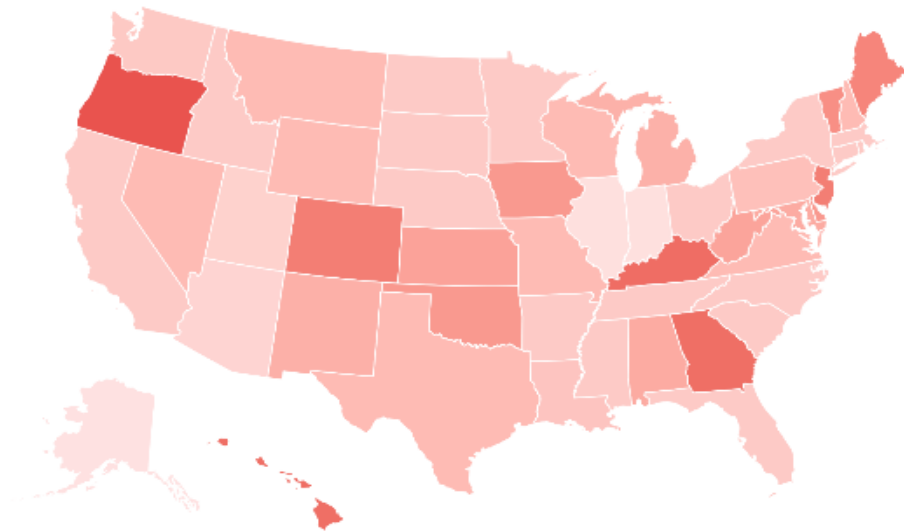
Shift over 25 years to a **work-based safety net**

- Boosts low earnings (EITC)
- Little out-of-work payments (TANF)
- These provide no insurance against job loss

UI coverage rates, insurance value low, differs across states

UI provides the most income replacement (relative to TANF/SNAP) for families experiencing job loss, but lowest income get the least support (*East and Simon*).

Replacement Ratio Among Eligible Workers, by State
Below 200% SPM poverty line



Analysis of 2018 March CPS; Ganong et al (2020) UI Calculator

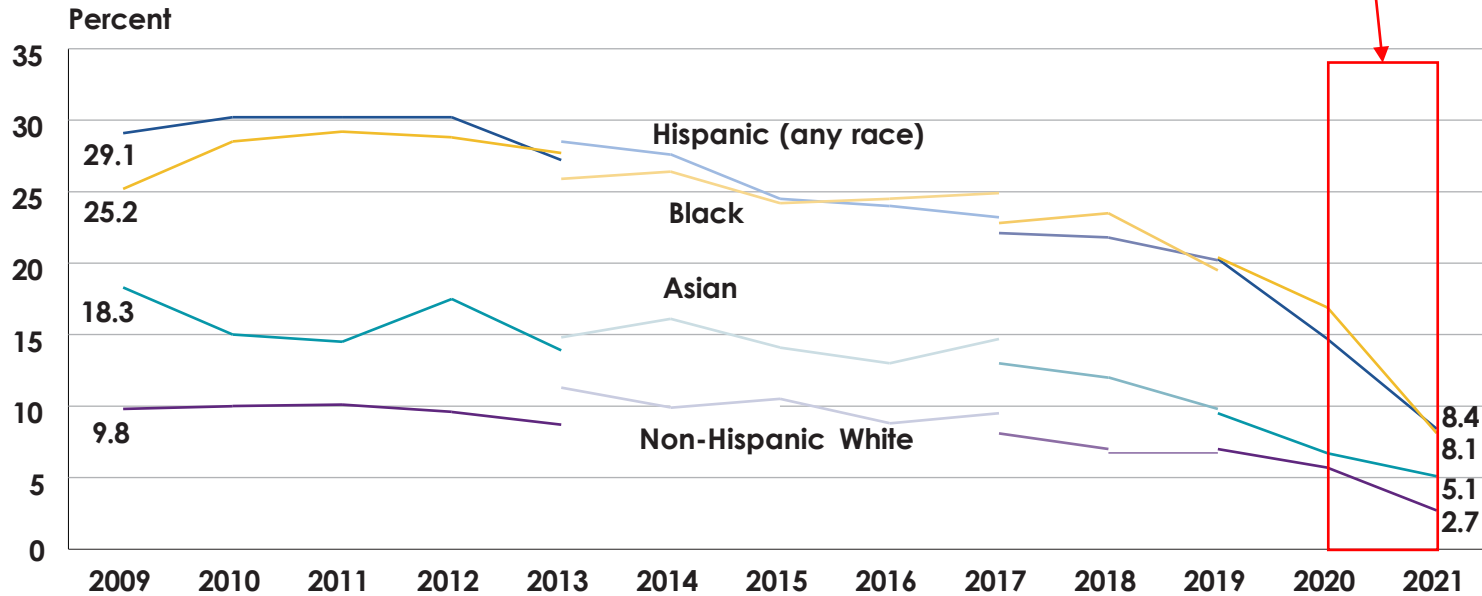
How Might Children Have Benefited from the American Rescue Plan's Refundable Child Tax Credit?

Greg J. Duncan

University of California, Irvine

gduncan@uci.edu

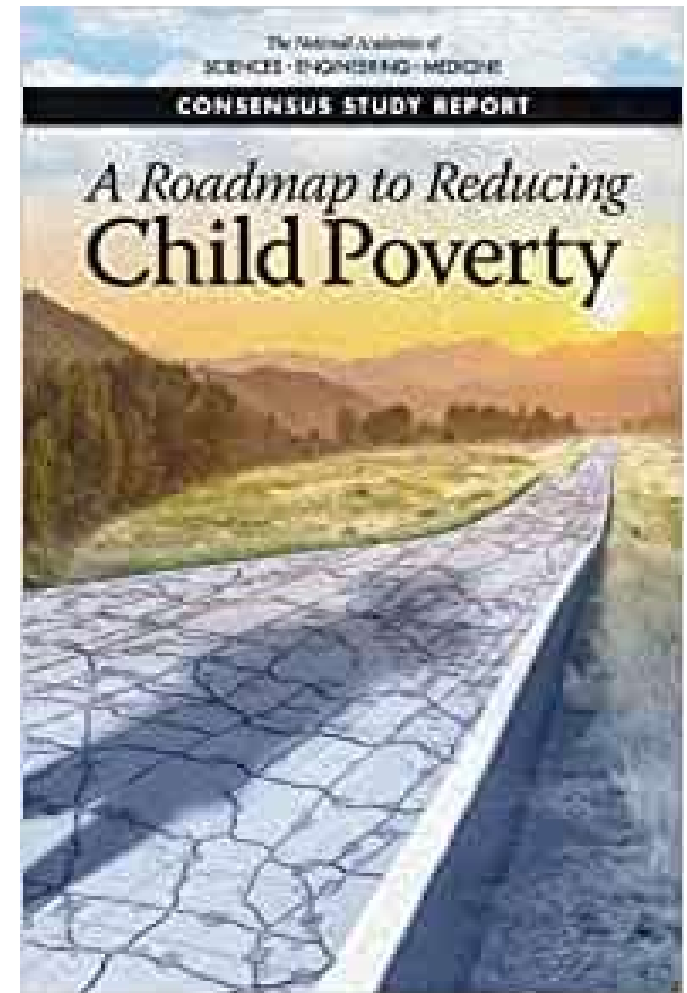
Child Supplemental Poverty Rates Fell by 50% between 2020 and 2021



Source: U.S. Census Bureau, Current Population Survey, 2010 to 2022 Annual Social and Economic Supplements (CPS ASEC).

Not a surprise.

The 2019 NAS *Roadmap to Reducing Child Poverty* report **predicted a 40% reduction in child poverty** from a \$3,000/child refundable Child Tax Credit



Beyond this kind of forecasting, population scientists want to understand the ***consequences*** of these kinds of policies for children's healthy development





The Baby's First Years Study

*The First Randomized Controlled Trial of
Poverty Reduction in Early Childhood*

Baby's First Years Team...

Principal investigators:

Lead PI, neuroscience: *Kimberly Noble*, MD, PhD, TC Columbia University

Lead PI, social and behavioral science: *Katherine Magnuson*, PhD, UW-Madison

Greg Duncan, PhD, UC, Irvine

Nathan Fox, PhD, University of Maryland

Lisa Gennetian, PhD, Duke

Hirokazu Yoshikawa, PhD, NYU

Sarah Halpern-Meekin, PhD, UW-Madison

...and Funders



Eunice Kennedy Shriver National Institute
of Child Health and Human Development

**+ 23 private
foundations**



OFFICE OF PLANNING, RESEARCH & EVALUATION

An Office of the Administration for Children & Families

BFY Study Design

Recruited 1,000 low-income mothers in 12 hospital maternity wards

- New Orleans
- NYC
- Omaha Metro Area
- Twin Cities

Upon enrollment, mothers began receiving an unconditional cash gift for 72 months via a debit card

Randomized into two groups:

- High cash gift group: \$333/month (\$4,000/year)
- Low cash gift group: \$20/month (\$240/year)

Cash payments in Baby's First Years and the American Rescue Plan's Child Tax Credit

- \$3,760 annual payment difference vs. \$3,600 annual payment in the ARP's CTC; both paid monthly
- One payment regardless of # children vs. same payment per child
- Branded “**4MyBaby**” card from philanthropy vs. government payment

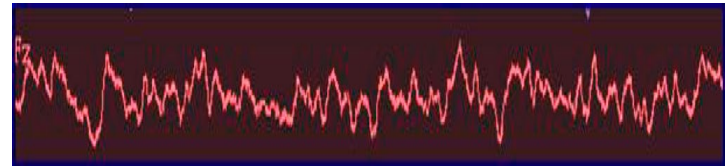
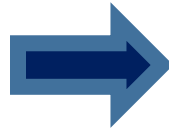


BFY Core Research Questions

Does a monthly unconditional cash gift:

1. Support young children's healthy development and brain functioning?
2. Improve family functioning and better enable parents to care for their children?

Electroencephelogram (EEG) is used to measure infant brain activity



The impact of a poverty reduction intervention on infant brain activity

Sonya V. Troller-Renfree^a , Molly A. Costanzo^b, Greg J. Duncan^{c,1} , Katherine Magnuson^{b,d}, Lisa A. Gennetian^e, Hirokazu Yoshikawa^f, Sarah Halpern-Meekin^g, Nathan A. Fox^h, and Kimberly G. Noble^{a,i,1}

^aDepartment of Biobehavioral Sciences, Teachers College, Columbia University, New York, NY 10027; ^bInstitute for Research on Poverty, University of Wisconsin–Madison, Madison, WI 53706; ^cSchool of Education, University of California, Irvine, CA 92697; ^dSandra Rosenbaum School of Social Work, University of Wisconsin–Madison, Madison, WI 53706; ^eSanford School of Public Policy, Duke University, Durham, NC 27708; ^fDepartment of Applied Psychology, New York University, New York, NY 10012; ^gSchool of Human Ecology and LaFollette School of Public Affairs, University of Wisconsin–Madison, Madison, WI 53706; ^hDepartment of Human Development and Quantitative Methodology, University of Maryland, College Park, MD 20742; and ⁱDepartment of Human Development, Teachers College, Columbia University, New York, NY 10027

Contributed by Greg J. Duncan; received August 25, 2021; accepted December 29, 2021; reviewed by Martha Farah and Joan Luby

Early childhood poverty is a risk factor for lower school achievement, reduced earnings, and poorer health, and has been associated with differences in brain structure and function. Whether poverty causes differences in neurodevelopment, or is merely associated with factors that cause such differences, remains unclear. Here, we report estimates of the causal impact of a poverty reduction intervention on brain activity in the first year of life. We draw data from a subsample

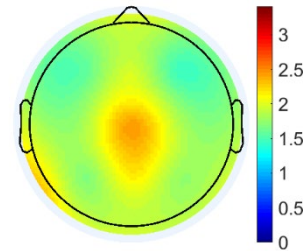
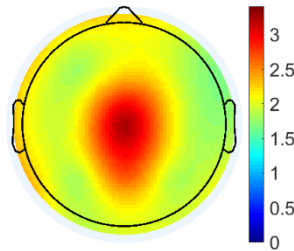
the theta-band), and some represent higher-frequency (faster) brain activity in the mid to high portions of the frequency spectrum (e.g., the alpha-, beta-, and gamma-bands). All individuals have brain activity across the frequency spectrum throughout the brain. “Power” refers to the amount of brain activity in a certain band measured across the scalp, broadly reflecting the electrical activity of the underlying brain. Power varies across frequency bands and

At 12 months of age, emerging group differences in higher-frequency brain power

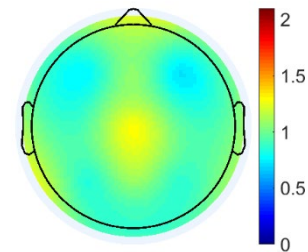
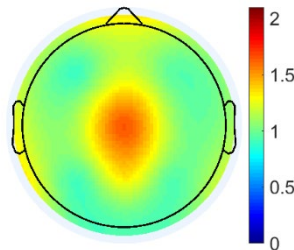
High-cash Gift Group

Low-cash Gift Group

Absolute Beta



Absolute Gamma



Other Early Findings

- Mothers in high cash gift group **spend more money on and time with their infants and toddlers**
- **No group differences** in employment, “temptation goods” expenditures...
- And, surprisingly, **no improvements in maternal mental health**

More definitive results soon...

Lab-based child assessments at age 4 started in mid-July

- Brain function (EEG/ERP)
- Cognitive assessments: IQ, language, executive functioning
- Child socioemotional development
- Child and maternal stress physiology (hair cortisol)
- Parent-child interaction



babysfirstyears.com



Baby's First Years

The first study in the United States to assess the impact of poverty reduction on family life and infant and toddlers' cognitive, emotional, and brain development

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Baby's First Years is a pathbreaking study of the causal impact of monthly, unconditional cash gifts to low-income mothers and their children in the first three years of the child's life. The gifts are funded through charitable foundations. The study will identify whether reducing poverty can affect early childhood development and the family processes that support children's development.



PRECARIOUS WORK IN THE U.S. SERVICE SECTOR

Kristen Harknett, University of California San Francisco
Daniel Schneider, Harvard University

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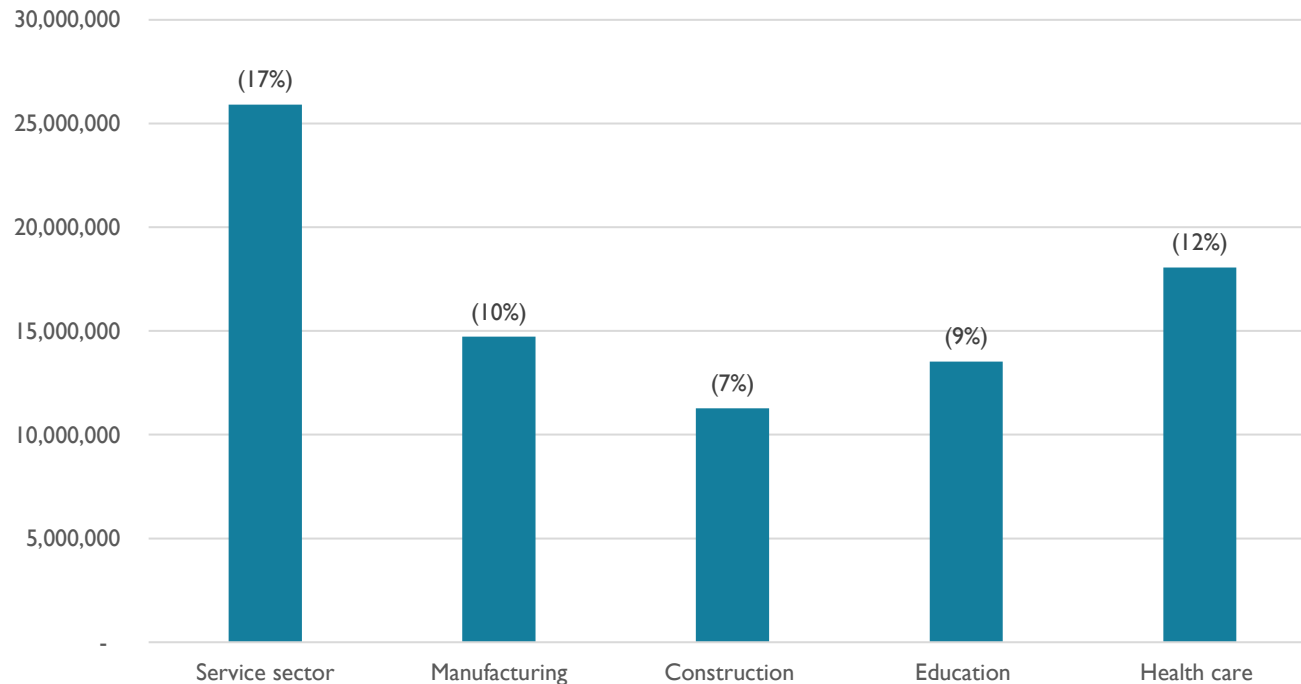
The nature of paid work is transforming rapidly

These changes are particularly dramatic in the large and growing service sector where workers' hours and work schedules often vary week-to-week and day-to-day.

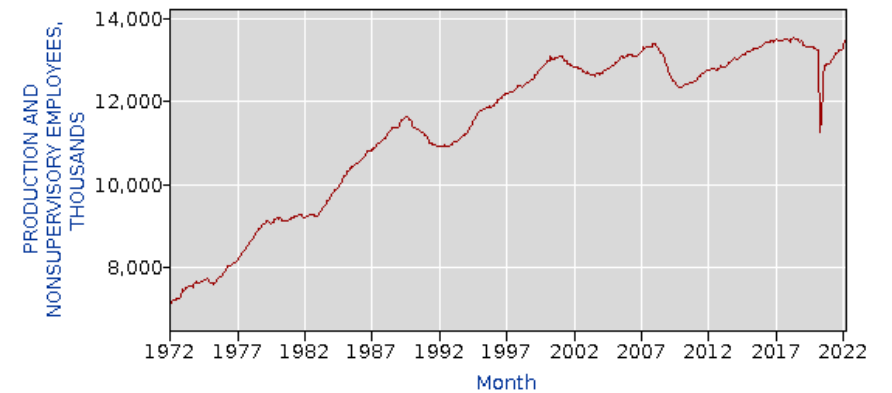
[Learn More](#)

THE U.S. SERVICE SECTOR IS LARGE AND GROWING

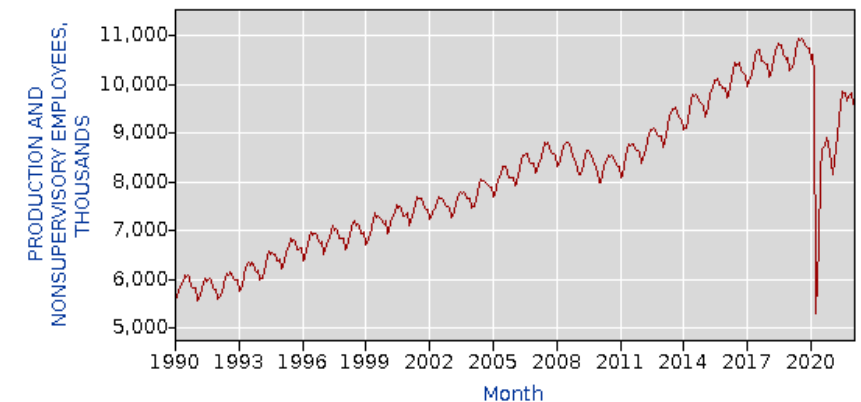
Number of Workers (% of Labor Force)
2021 BLS data



Industry: Retail trade
NAICS Code: -
Data Type: PRODUCTION AND NONSUPERVISORY EMPLOYEES, THOUSANDS

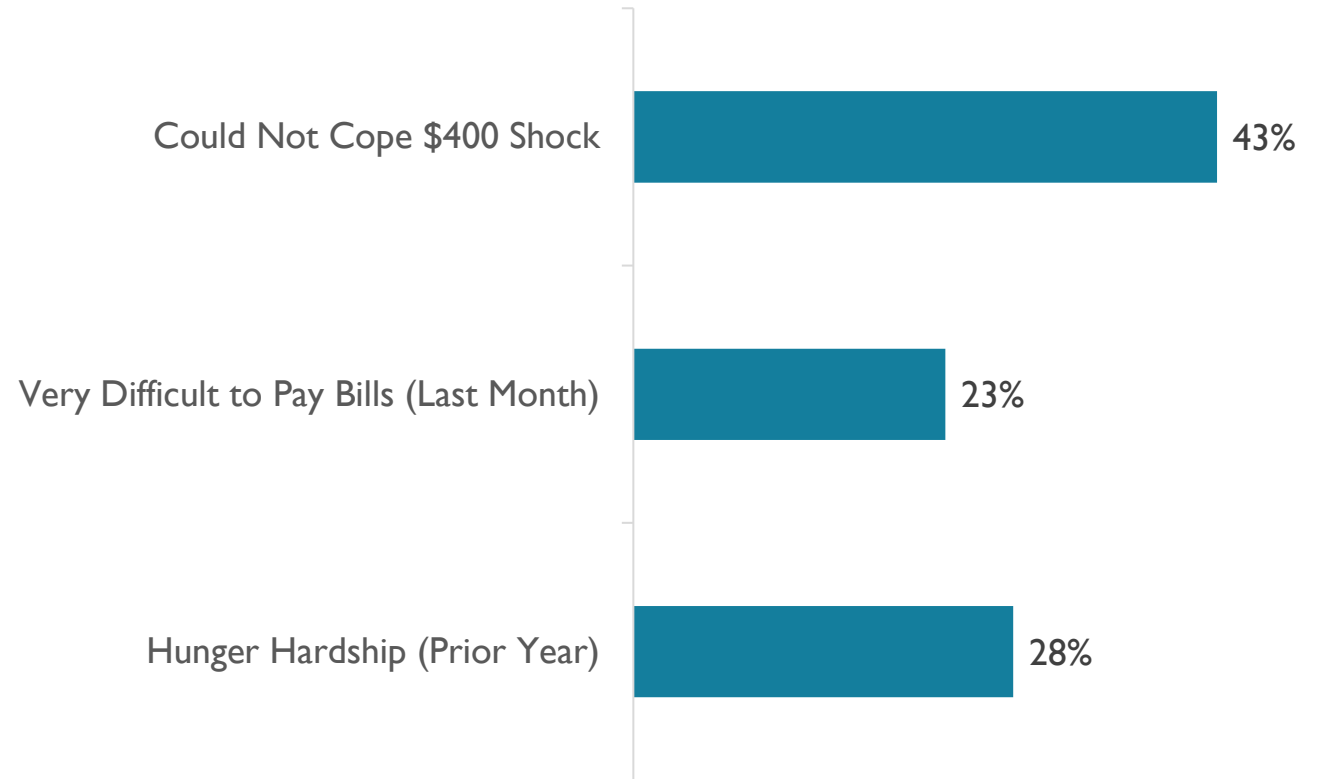


Industry: Food services and drinking places
NAICS Code: 722
Data Type: PRODUCTION AND NONSUPERVISORY EMPLOYEES, THOUSANDS



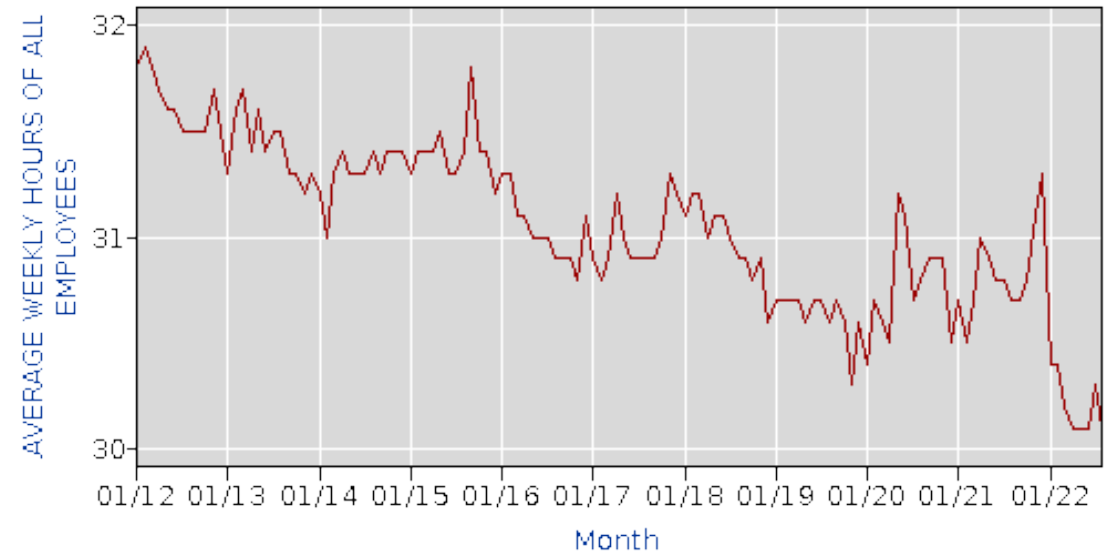
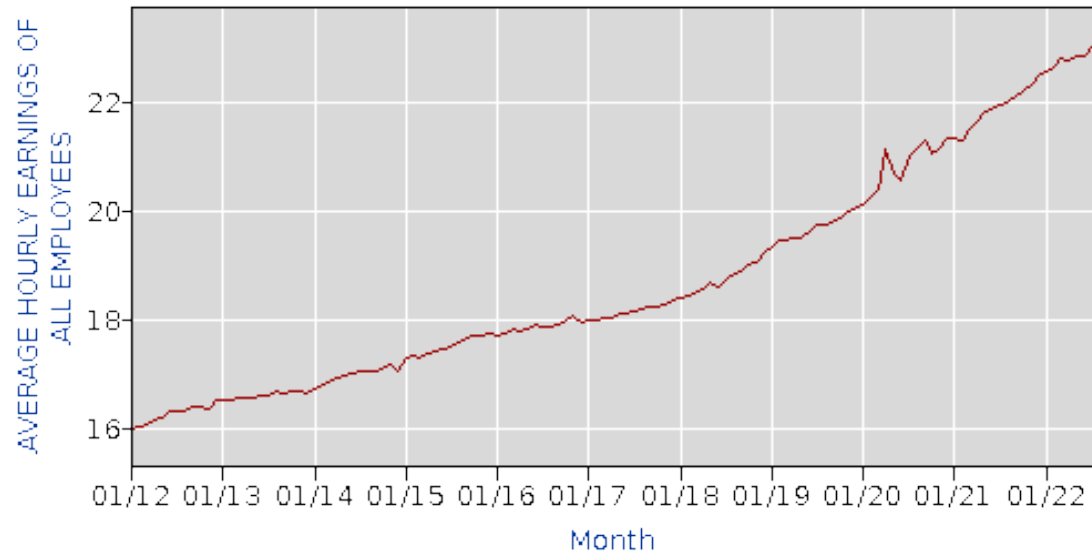
SERVICE SECTOR JOBS ARE OFTEN **BAD JOBS** AND WORKERS ARE ECONOMICALLY INSECURE

- Low wages
- Few benefits
- Underemployment
- Just-in-Time scheduling
- Earnings volatility



Source: weighted tabulations from Shift Project survey data, 2017-2019

IN RETAIL, HOURLY WAGES HAVE RISEN BUT WEEKLY HOURS HAVE DECLINED



Source: Bureau of Labor Statistics

Robert's Unpredictable Work Schedule

Robert is a 35 year old working father who is employed at a fast food restaurant in the Bay Area. He told us about how his unpredictable work schedule interferes with sleep, healthy eating, and spending time with his family.

It's What the Store Needs

Some days I start at 10:00 a.m., some days I start at 5:00 a.m., some days I don't start until 3:00 p.m. ... At least once a week, I get called in to cover someone else's shift. So-and-so didn't show up, or so-and-so's sick... I try to get Monday through Friday shifts, but at the end of the day, it's what the store needs.

You Get Three Hours of Sleep Basically

The thing I dread the most is if you close and then you have to open the next morning. I try not to schedule that because by the time you're done, like I said, it's 1:30, by the time you get home, it's 2:00-2:30, and then the next day you start at 5:00, you get three hours of sleep basically.

Eating Takes Time

Sometimes when I come home really late... I'll just eat whenever... I'll have cereal for dinner... I'll have leftover pizza. I've actually eaten three Snickers bars for dinner before....I once ate a bag of beef jerky as lunch. Just an entire bag of it....I know this sounds strange, but eating takes time so – sometimes I don't have time to waste, so then I eat so that by the time I get home, I can just shower and go to sleep.

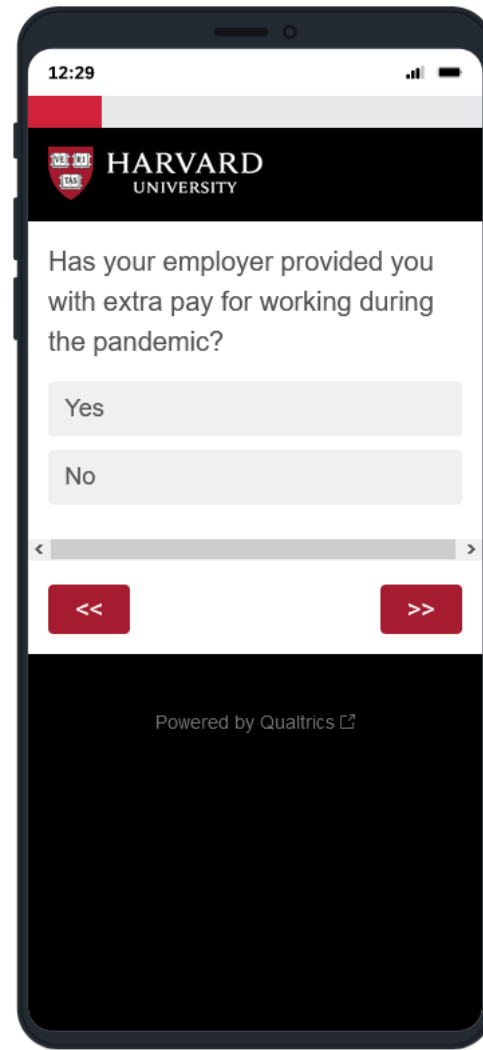
I Wish I Had More Time

I wish I would have more time... I have some friends that are professionals, they have really set schedules, and they're able to see their kids and family every night, which I wanna do, and have Saturdays and Sundays off. I don't think I've had a full Saturday-Sunday off in a year...

... I wish I had more time to really kinda look at ... my kid's education. To really sit there ... I wanna really be more involved in his education, even if I might not be up to speed on everything.... It's tough... I wish I had more time just to spend even with my wife. Honestly, I don't think we've had time alone with each other in forever.

SHIFT PROJECT SURVEY DATA

- 20-minute online survey
- Workers at large retail and food employers
- 12 Survey Waves between 2016 – 2022
- ~165,000 workers
- ~145 large companies





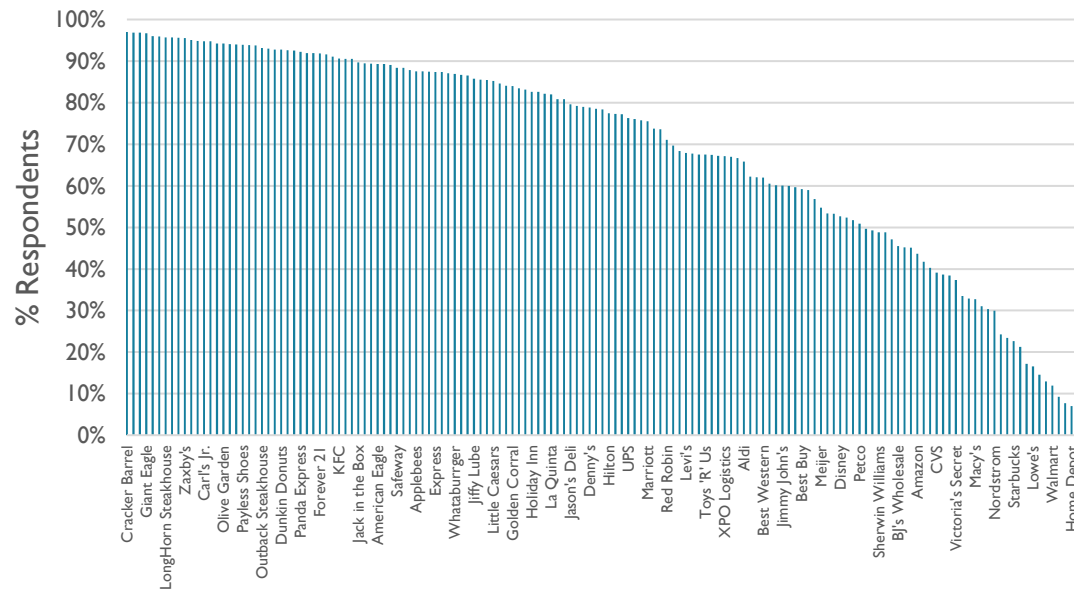
SCHEDULE UNCERTAINTY

UNPREDICTABLE SCHEDULES ARE COMMON

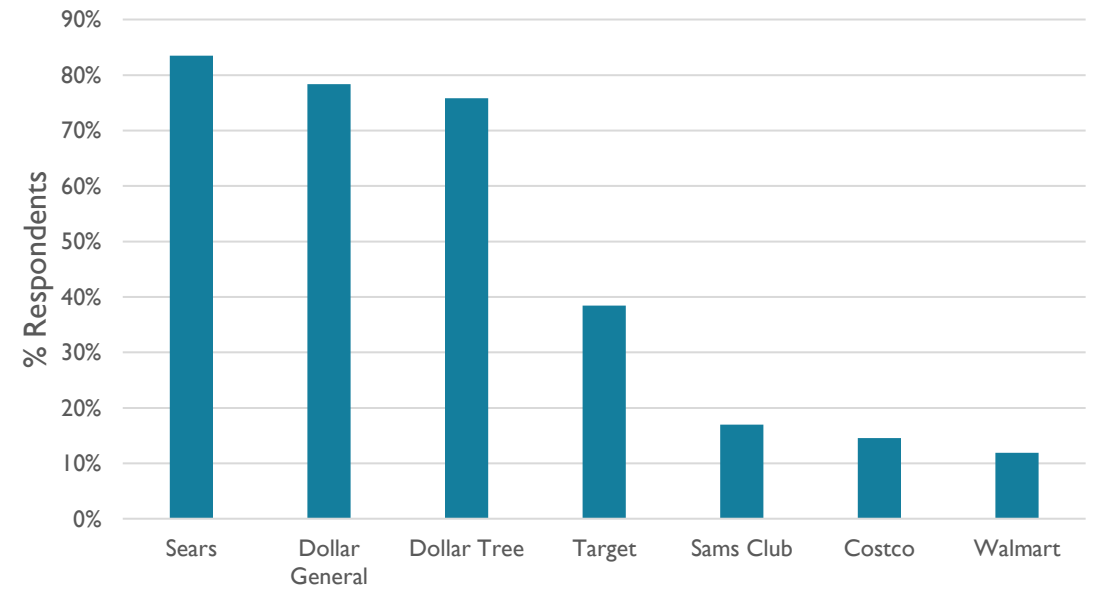
- **66%** of workers experienced **LAST-MINUTE CHANGES** to their work schedules
- **25%** of workers are asked to be **ON-CALL** for work
- **70%** of workers had to keep their schedule **OPEN AND AVAILABLE** for work
- **72%** say that they would like a **MORE STABLE AND PREDICTABLE** schedule

WIDE VARIATION ACROSS COMPANIES IN **SHORT NOTICE** OF WORK SCHEDULES

All Shift Firms



Within General Merchandise Sector



'Bill of rights' for San Francisco retail workers goes into effect this week



Emeryville is the third city to guarantee humane scheduling for its workers

Emeryville unanimously passed the country's third fair scheduling law.



Seattle City Council approves worker-scheduling law

Originally published September 19, 2016 at 3:45 pm | Updated September 20, 2016 at 10:29 am



 Lupe Sanchez, center, cheers as the Seattle City Council unanimously approves 'secure scheduling' law for workers in Seattle on Monday. (Erika Schultz / The Seattle Times)

Seattle becomes the second major U.S. city to regulate how large retailers and food-service employers schedule their workers.

New York City law gives fast-food workers scheduling rights

Peter Szekely

3 MIN READ



NEW YORK (Reuters) - New York on Tuesday became the third and largest major U.S. city to guarantee a measure of scheduling smoothness to fast food workers, whose lives are often disrupted by last-minute changes based on their employers' manpower needs.



ing a media food tour at Yankee Stadium in New York April 15, game at the new Yankee Stadium is scheduled for Thursday.

Opinion

Fair Workweek first step toward better conditions for Philadelphia workers

This Labor Day we must build a renewed sense of worker solidarity and solutions.



Philadelphia City Councilwoman Helen Gym.
GENEVA HEFFERNAN / File Photograph

by Helen Gym, For the Inquirer
Published Sep 3, 2018

BECOME A MEMBER

SECURE SCHEDULING ORDINANCE

SMC 14.22

Covers hourly employees at retail and food services establishments with 500+ employees worldwide
Full service restaurants also must have 40+ full-service locations worldwide

EFFECTIVE JULY 1, 2017



Good faith estimate.

For the upcoming year, employer must provide a written forecast of employee's median hours per work week and whether to expect on-call shifts.



Right to request input into work schedule.

Before the work schedule is posted, employer must grant schedule requests related to a **major life event** (employee's transportation, housing, other job(s), education, caregiving, and self-care for serious health condition) unless the employer identifies a **bona fide business reason** (significant cost or disruption).



Advance notice of work schedule.

Employer must post work schedules 14 days in advance.



Right to rest between work shifts.

Employer must pay time-and-a-half for any hours worked between closing and opening (**clopening**) shifts that are separated by less than 10 hours.



Access to hours for current employees.

Before hiring new employees, employer must post notice of available hours for 3 days and offer the job to qualified, current employee(s), subject to exceptions.

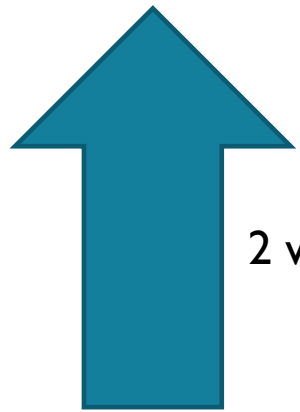
Premium pay for work schedule changes after schedule is posted.



- ▶ **Additional hours:** Employer must provide an additional hour of pay, plus wages earned.
- ▶ **Subtracted hours:** Employer must pay for half of the hours not worked, plus wages earned, for regular and on-call shifts.
- ▶ **Exceptions to premium pay requirements:**

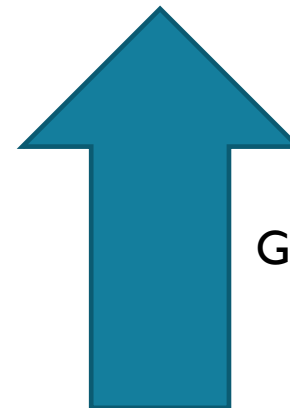
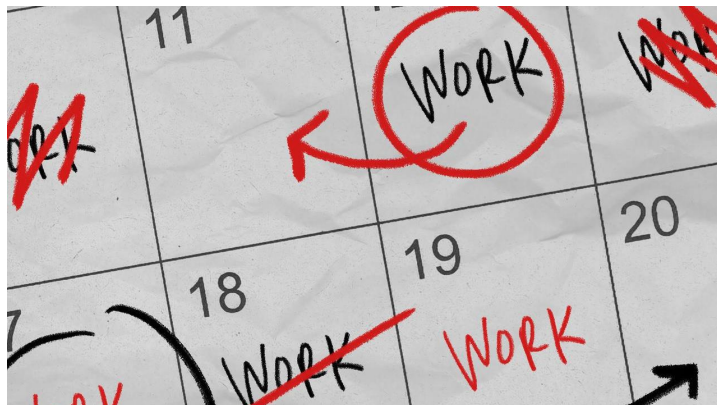
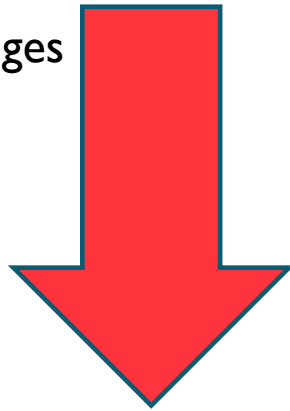
- » Grace period for additions or subtractions of 15 minutes or less.
- » Employee requests for schedule changes and/or shift swaps with another employee.
- » Employer reduction of hours due to disciplinary reasons.
- » Employer inability to begin or continue operations due to events such as a public utilities failure, a natural disaster, or inclement weather.
- » Employee acceptance of additional hours in response to employer
 - ▶ **Mass communication** about additional hours due to scheduled employee not being able to work; or
 - ▶ **In-person group communication** about additional hours that are due to unanticipated customer needs and are consecutive to employee's current shift.

SEATTLE'S SECURE SCHEDULING ORDINANCE IMPROVED SCHEDULE NOTICE & WELL-BEING



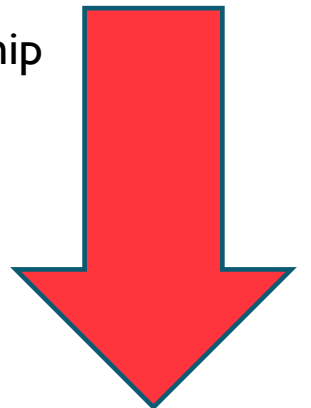
2 weeks' notice
+ 11 p.p.

Last-minute changes
without pay
- 13 p.p.



Good sleep
+ 11 p.p.

Material Hardship
- 10 p.p.



SCHEDULES REGULATIONS ARE RARE, AND SCHEDULES CONTINUE TO BE UNPREDICTABLE

Schedules That Work Act, S.3642, HR.6670

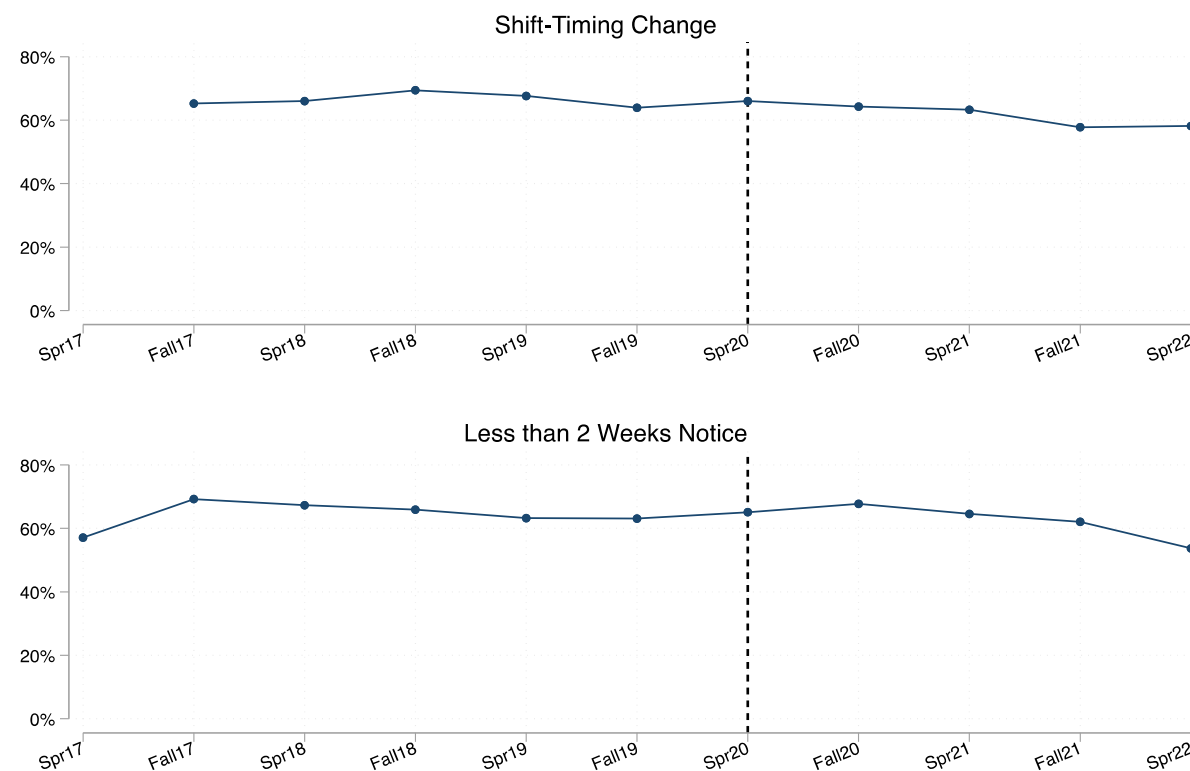
Sen. Warren D-MA, 23 co-sponsors

Rep. DeLauro D-CT, 37 co-sponsors

Fair Workweek Laws



From Mitchell, Baumle, and Cloud, 2021



Source: Shift Project survey



PAID SICK LEAVE



53% of workers lacked access to PAID SICK LEAVE

*“We don't get sick pay; **if we don't work we don't get paid**. Worried that co-workers who have been in contact with confirmed Covid-19 family members will still come to work. Living pay check to pay check; we can't sit at home w/o pay.”*

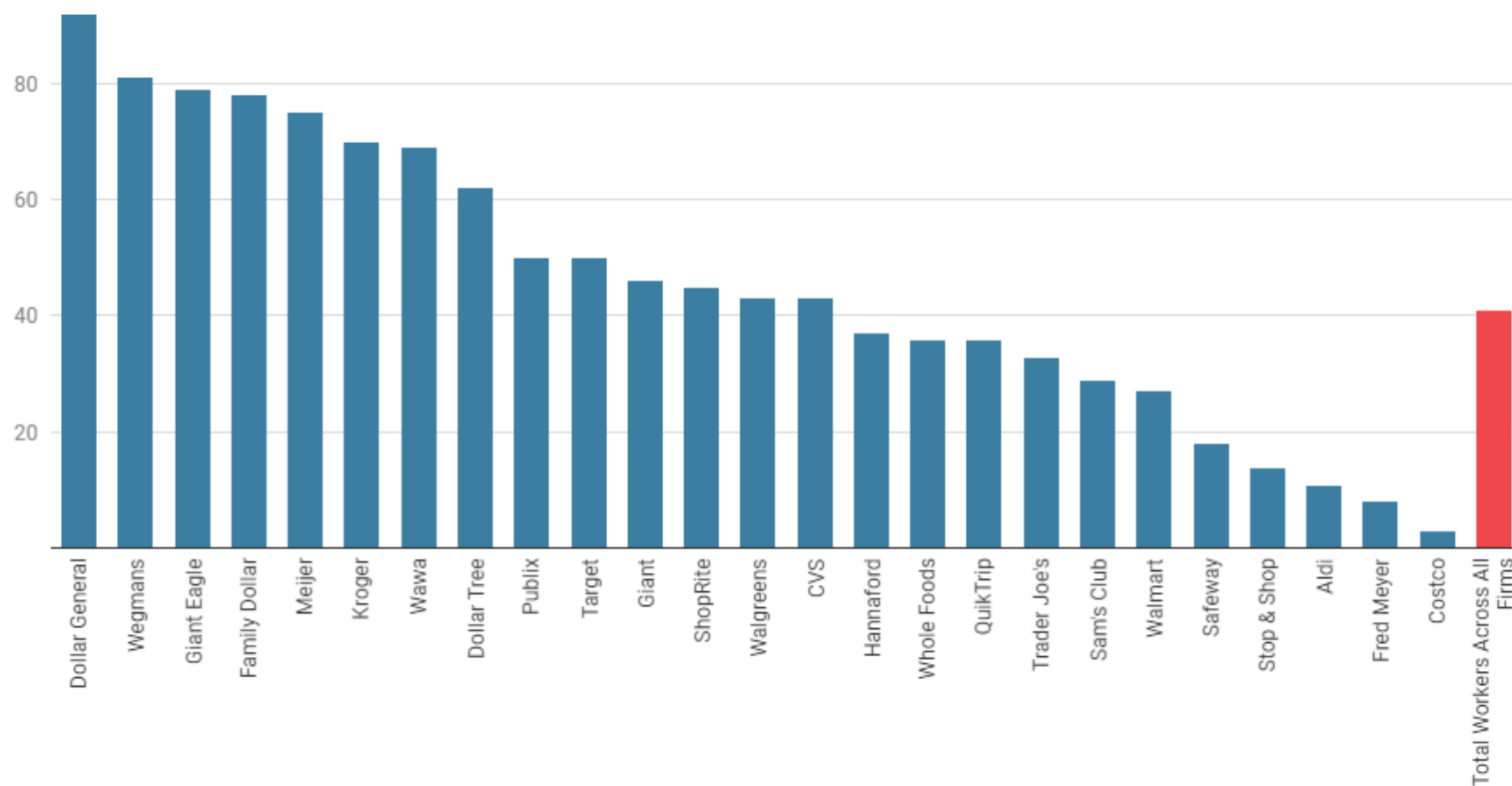
*“Employer doesn't offer sick leave, so **people still work even if they feel sick**.”*

*“I have coworkers who will **lie about symptoms so they won't be sent home without pay**.”*

*“We have had a few employees test **positive for Covid-19** and most of the time they were not honest about their symptoms before they tested positive because **they wanted/needed to keep coming to work**.”*

WIDE VARIATION ACROSS COMPANIES IN ACCESS TO PAID SICK LEAVE

Share of Grocery Store Workers who Lack Paid Sick Leave by Company



DURING COVID: PAID SICK LEAVE EXPANSION *BUT NOT FOR EMPLOYERS WITH > 500 EMPLOYEES*

EMPLOYEE RIGHTS

PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The **Families First Coronavirus Response Act (FFCRA or Act)** requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

► PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

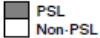
- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at ⅔ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

► ELIGIBLE EMPLOYEES

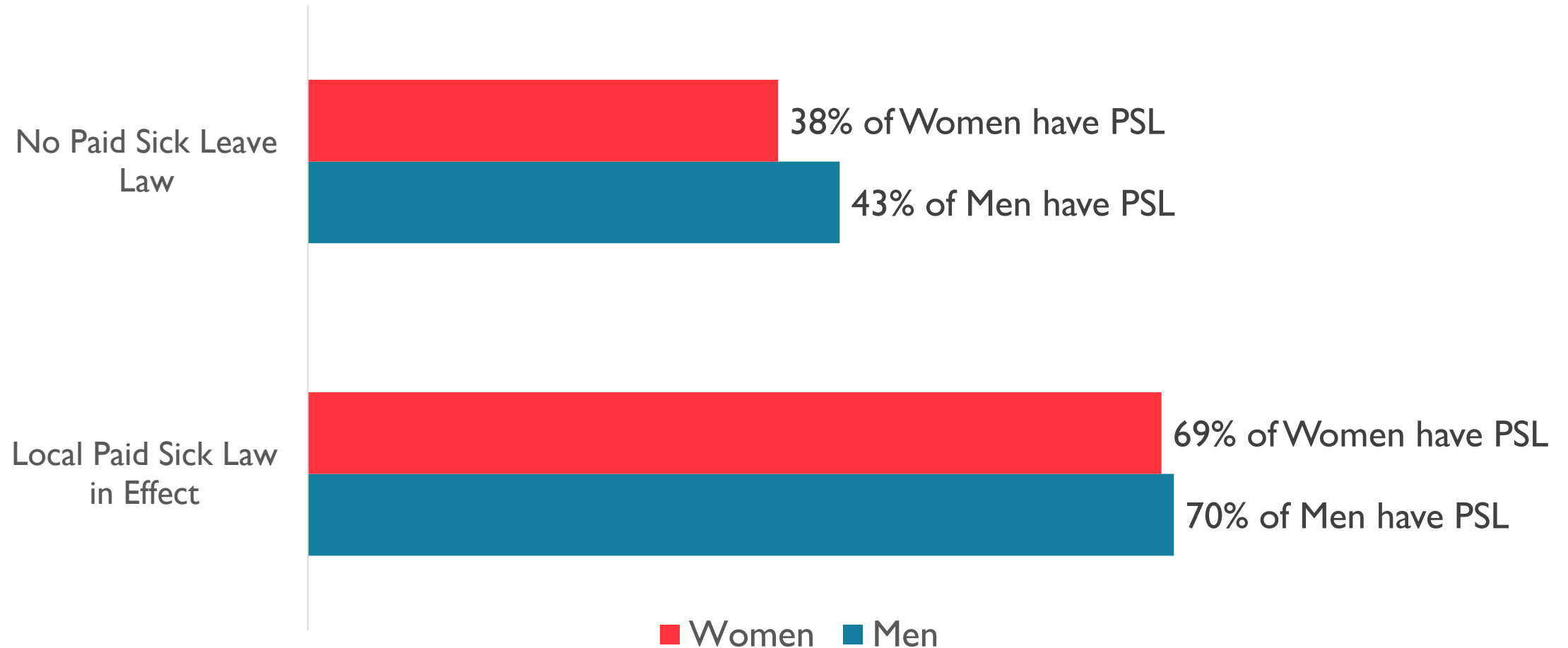
In general, employees of private sector **employers with fewer than 500 employees**, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Employees who have been employed for at least 30 days* prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.

STATE AND LOCAL PAID SICK LEAVE MANDATES



Source: National Partnership for Women and Families 2021

WITH LOCAL PAID SICK LEAVE LAWS: BETTER COVERAGE, GENDER EQUITY



PRECARIOUS WORK IN THE U.S. SERVICE SECTOR: TAKE AWAYS

- Federal support for research allowed the Shift Project to fill gaps in data on conditions of economically vulnerable U.S. workers
 - Contrast companies
 - Characterize local conditions
 - Evaluate local policy changes
- U.S. Service Sector is Sizeable and Precarious
 - Low wages
 - Unpredictable schedules
 - Lack of paid sick leave
 - Substantial variation across companies
- Local Labor Policy to Raise the Floor
 - More predictable schedules
 - Better Paid Leave coverage

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- For more information

<https://shift.hks.harvard.edu/>



 @Shift_HKS

Daniel Schneider
dschneider@hks.harvard.edu

Kristen Harknett
Kristen.Harknett@ucsf.edu