

The Kids Aren't Alright: Parental Job Loss and Children's Education in Brazil

Abstract

We study the impacts of parental job loss and unemployment benefits on children's education in Brazil, using rich individual-level data on employment, school enrollment, and unemployment insurance for the entire population. Leveraging mass layoffs for identification, we find that parental job loss has a significant adverse impact on children's educational outcomes. School dropouts and age-grade distortion increase by up to 1 and 2 percentage points. The effect is concentrated on disadvantaged families, persisting for at least six years and leading to lower high school completion rates. We further show that children aged 14-17 are more likely to work informally and to commit crimes following parental displacement. In turn, children in advantaged families are more likely to move to lower-quality schools due to parental displacement. Using a clean regression discontinuity design, we show that access to unemployment benefits mitigates some of the adverse impacts of parental job loss on children. Our findings indicate that the income losses following parental displacement are an important mechanism of the effects on children, highlighting the importance of policies that provide income support for displaced workers. Other explanations related to family rupture, migration to poorer neighborhoods, and changes in household production do not receive much support from the data.

This paper is joint work with Caíque Melo (Bocconi University and GAPPE/UFPE) and Breno Sampaio (Federal University of Pernambuco, GAPPE/UFPE and IZA)

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