Labor Market Policies as Upstream Drivers of Health

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Motivation

- Lack of individual-level data on policy exposure: **methodological challenge and opportunity**
- How do we identify individuals exposed to:
  - **Minimum wage** hikes without information on wages?
  - **Earned income tax credit (EITC)** expansions without information on who files and receives the credit?
- Characteristics and conditions of **local labor markets**
  - Help proxy for plausibly exposed individuals
  - Introduces *policy heterogeneity within states*

Why labor markets?

- Characterize the availability, quality and nature of work – a key determinant of health
  - Over 50% of Americans have health insurance tied to their employer[1]
- Labor markets are **policy amenable environments** in ways that affect health:
  - **Directly:** minimum wage, fair scheduling, paid sick leave
  - **Indirectly:** housing, transportation, criminal justice
- Ongoing state-level efforts to tie more benefits to work
- High degree of variation *within states* across many dimensions

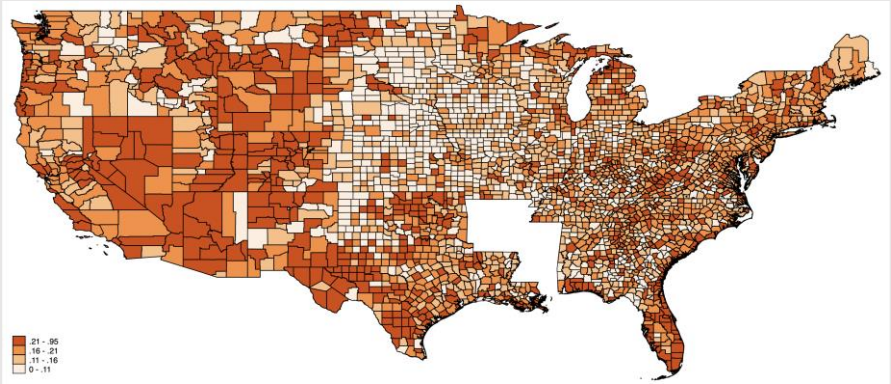
COVID labor market shocks and mental health

with Xuechao Qian (Stanford)

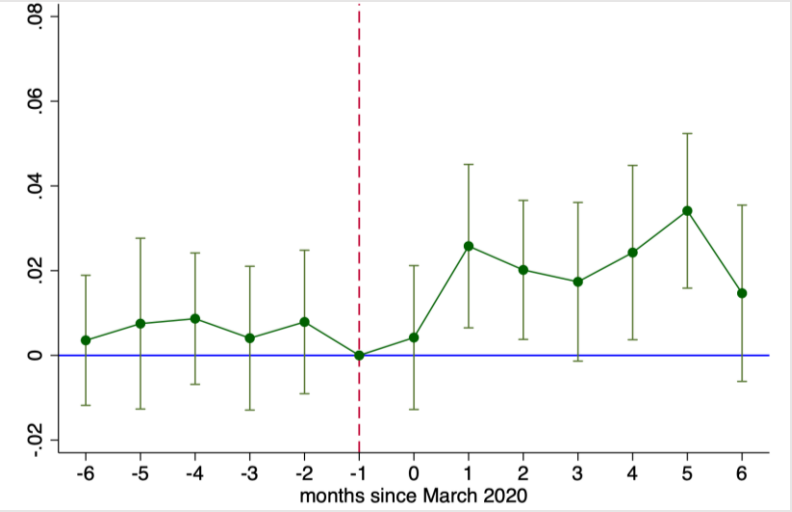
- We study how **youth and adolescent mental health** was impacted by the pandemic-induced recession
- COVID-19 pandemic and policy response led to widespread but heterogeneous impacts across labor markets[2]
  - Degree of local economic shock affected by state policies + labor market characteristics[3]
  - Workers with children faced higher rates of job-loss and economic hardship
- **Pandemic-induced job loss** may have accelerated concerning trends in youth mental health outcomes
  - Prior research links recessions and parental job-loss to adverse youth mental health[4]

- Draw on patient-level EHR data from the American Family Cohort
- Proxy for local **labor market vulnerability** based on pre-pandemic industry composition
- Event study models compare PC visit rates across counties with high vs. low labor market vulnerability
- Overall primary care visits ↓**7%** in first 6 months, but **mental health-related diagnosis ↑7%**
  - Next steps: effect modified by state policy contexts?

Geographic distribution of county-level vulnerability



Main effect of COVID shock on monthly MH visit probability



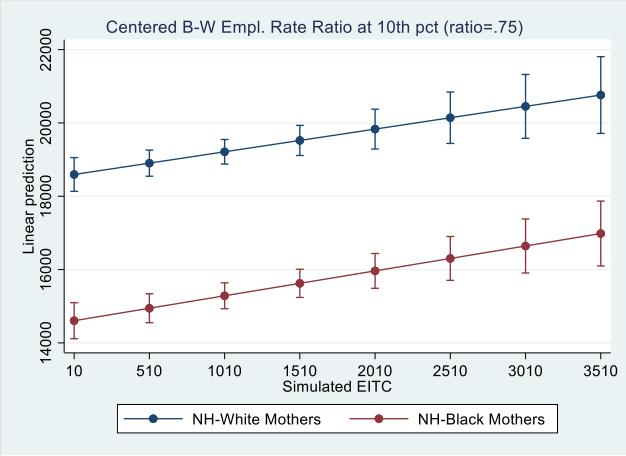
EITC and income inequality across labor markets

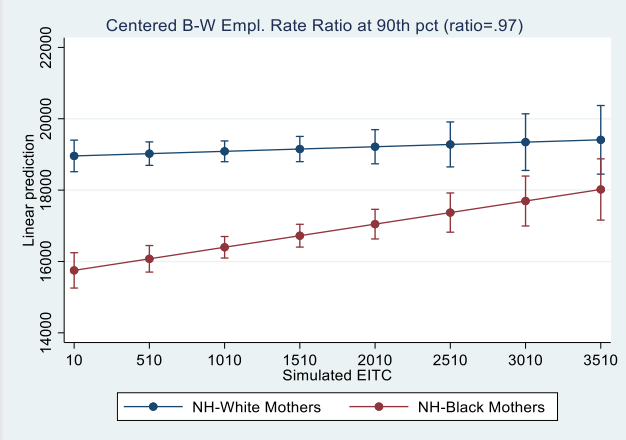
with Kate Strully (U. Albany) and David Rehkopf (Stanford)

- Largest anti-poverty program in US linked with reductions in poverty[5] and improved health and labor market outcomes[6]
  - State EITCs are heterogeneous (e.g., benefit schedule, eligibility, refundability)
- Impact on racial disparities in income is ambiguous across labor market contexts:
  - Targets income support for low-wage workers, who are disproportionately non-White
  - Labor market discrimination and structural racism may attenuate because EITC is **conditional on employment**
- We study the effect EITC on income inequality across labor markets characterized by different degrees of labor market equity

- 1987–2021 March CPS to compare after-tax income between non-Hispanic Black and non-Hispanic White and single mothers (< BA)
- Estimate predicted EITC receipt using a simulated instrument strategy
- Proxy for labor market inequality using Black-White **employment rate ratio (ERR)** at the MSA-level
- EITC reduces Black-White income inequality in the average MSA
- Labor market context matters: reduction in income gap 8x greater in 90th vs. 10th pct B-W ERR areas

Predicted effects in MSAs with **low** (≈.75) vs. **high** (≈.97) B-W employment rate ratios:





Challenges and key considerations

- Identifying treated individuals is challenging given lack of linked data on labor market experiences *and* health
- How to define "likely treated" groups based on observables?
  - Tradeoff between precision of **sample definition** and **sample size**
  - Careful selection of characteristics on which to condition sample
- Importance of showing a first-stage policy effect
  - Example: do we detect an increase in earnings among the "likely impacted" sample following a minimum wage increase?
- Estimating intra-household and community-level spillovers

Thank you!

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References

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