

Essays on Labor Dynamics and on Endogenous Networks

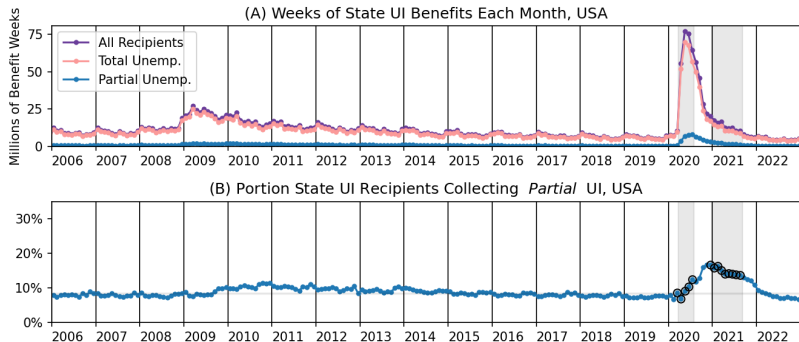
Thesis Defense

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Partial Unemployment Insurance During the Pandemic

Regular State UI Recipients Over Time, All US

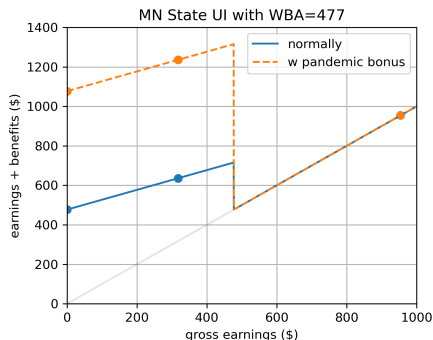


Example: State UI Benefits in Minnesota

In Minnesota, the rule is that the benefits for a given week are determined by:

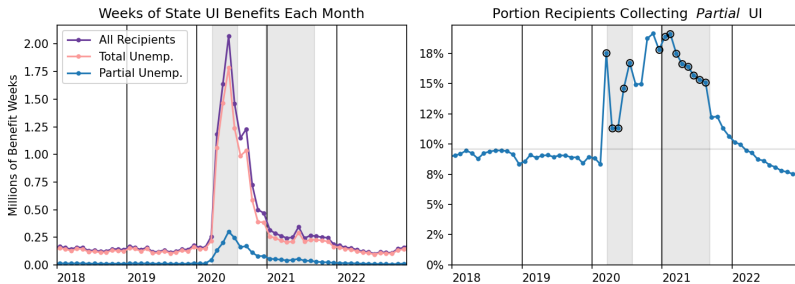
$$\text{benefits} = \begin{cases} WBA - \frac{\text{earnings}}{2} & \text{if } \text{earnings} < WBA \\ 0 & \text{if } \text{earnings} \geq WBA \end{cases}$$

Figure on right: earnings and benefits for a hypothetical Minnesota worker with a WBA of 477 USD



Regular State UI Recipients Over Time, MN

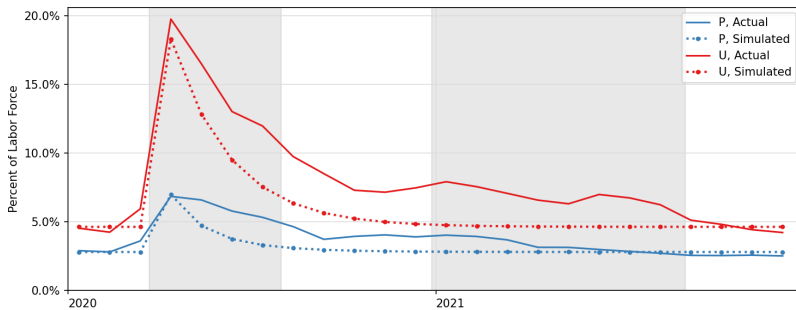
Weeks of State UI Benefits - MN - Seasonally Adjusted



- ▶ Model of unemployment insurance with partial employment and moral hazard.
- ▶ Workers stochastically transition between three levels of employment opportunity.
 - Full Employment, Partial Employment, Unemployment
- ▶ Workers receive UI benefits when partially employed or unemployed.
- ▶ Workers can *choose* to work at a level below their employment opportunity, but only have a small *chance* of receiving UI benefits if they do so.

- ▶ I model the pandemic as a shock to employment levels which lasts only one month.
- ▶ I match the pattern of the ensuing months by calibrating how well unemployment insurance requirements are enforced.
- ▶ I then suppose we made the bonuses permanent and compare welfare in stationary equilibrium.

Simulation without bonus UI payments



Simulation with bonus UI payments

