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Up Front BROOKINGS

The COVID-19 public health and economic crises leave vulnerable populations exposed

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The coronavirus (COVID-19) pandemic has created a new reality worldwide. In the United States it has exposed the fragility of some of the most marginalized groups, particularly the millions of Americans we rely on for some of our most basic necessities. The pandemic has arguably buttressed the racial and ethnic inequities that persist in our society. Black and Hispanic households face additional social and economic disparities which are deeply rooted in structural discrimination and systemic racism—both of which have tremendous implications for health and well-being.

We use a novel panel data set collected between March and July of 2020 to describe disparities in outcomes related to the COVID-19 pandemic across race/ethnicity and employment status. Essential workers are a new class of employee defined as those who work in industries that are considered essential for a society's survival, including (among others) health care, food service, and public transportation. We find that unemployed and essential workers are the most vulnerable given their lower income, lack of health insurance, and differences across household structure.[1] When evaluated across race/ethnicity, the results suggest that some of these disparities are intensified among Black and Hispanic Americans.

This timely evidence suggests a need for a more robust safety net, such as an expanded unemployment benefits program and more-accessible public health insurance during the COVID-19 pandemic, as well as more-deliberate targeting of federal support to Black and Hispanic households.

Surveying American Households During This Crisis

To better understand how employment, income, race/ethnicity, and household structure interact in the midst of the COVID-19 pandemic, we collaborated with a team of researchers to develop the National Panel Study of COVID-19 (NPSC-19).^[2] The study was designed as a multi-wave, nationally representative survey to track American households during this pandemic. In this paper we describe disparities in health insurance coverage, income, and unemployment benefits, and call attention to essential workers, the unemployed, and single parents. Essential workers—whether in health care or non-health care industries—do not have the privilege of social distancing to avoid COVID-19 exposure. These employment conditions implicate the health and well-being not only of essential workers, but also of their families.

The NPSC-19 survey allows us to categorize employment status into four groups: (1) unemployed; (2) employed, non-essential worker; (3) employed, essential non-health care worker; and (4) employed, essential health care worker.^[3] We estimate the results that we present using the averages of all respondents surveyed between March and July.

Vulnerabilities across Employment Status

Averages across various survey questions by employment status differ to some extent, but, as one might expect, unemployed individuals and essential non-health care workers report experiencing some of the most difficult challenges. For example, figure 1 illustrates household income disparities by both employment status and race/ethnicity. Unemployed respondents, on average, report a household income of \$33,000, which is well below the U.S. median household income of \$78,500 and less than 130 percent of the federal poverty line for a family of four. Among those who are employed, we find that average household income is the lowest for essential non-health care workers (\$52,000). Essential health care workers report an average household income of \$69,000, and non-essential workers report an average of \$81,000.

Although many of these individuals qualify for public health insurance, 13.4 percent reported having no health insurance coverage (authors' calculation). We also find that essential non-health care workers are more likely to report having no health insurance

coverage (relative to non-essential workers). The vulnerabilities for the unemployed and essential workers are challenging in normal times but are exacerbated during this pandemic.

Examining differences across employment status is critical, given that workers' status may change as the pandemic persists. This is particularly true for the millions of essential non-health care workers who continue to work through the pandemic, and the great uncertainty it has created for them—for example, those workers are at high risk of becoming unemployed. It is also pertinent for us to explore how disparities across employment status overlap with preexisting vulnerabilities, especially given the overrepresentation of Black and Hispanic workers in essential industries. Recent studies report that prior to the pandemic, Black workers were overrepresented as a percentage of the workforce in frontline industries relative to their percentage in the workforce by 5 to 6 percentage points. Similar estimates for the overrepresentation of Hispanic frontline workers were as high as 6 percentage points. The bulk of our discussion will focus on ways to inform policy by exploring the racial and ethnic differences within employer categories, and by illuminating some of the systemic vulnerabilities that exist within these groups.

Challenges Faced by Single Parents

Being a single parent creates challenges, which have been magnified in the current crisis. Black and Hispanic respondents, independent of employment status, are more likely to be single parents relative to white respondents: 38 percent of Black respondents, 28 percent of Hispanic respondents, and 20 percent of white respondents are single parents (authors' calculations). As such, Black and Hispanic Americans are disproportionately affected by the current shortage of and prohibitive costs of child care services. Moreover, single-parent households could be particularly affected by the changes in schooling with online classes becoming more common. Those changes have forced parents to become proxy educators, expected to take on responsibilities usually reserved for schools and teachers.

Disparities in Unemployment Insurance Benefits

The pandemic-induced economic downturn has led to a record number of unemployment benefits claims. In March 2020, the month in which the COVID-19 outbreak was declared a national emergency, the average weekly number of initial unemployment benefits claims pushed 3 million. In our analysis, we find that, among those who were fired or temporarily laid off due to the COVID-19 pandemic, approximately 67 percent had applied for unemployment benefits. However, among those who are unemployed, only 29 percent of Black, 33 percent of Hispanic, and 35 percent of white respondents had received unemployment benefits by mid to late March. While our data do not allow us to disentangle the mechanisms influencing the differences we find in unemployment benefits reciprocity between Black and white respondents, our results are similar to the racial disparities in such benefits found during the Great Recession.

We find that, among those who are unemployed and received unemployment benefits, the average delay between application and first benefits payout is 23 days. However, when evaluated across race/ethnicity, figure 2 shows that unemployed Black Americans waited seven to eight days longer than unemployed white and Hispanic Americans to receive benefits. This disparity in unemployment benefits delays is crucial, given that Black workers are overrepresented as a proportion of the unemployed and are more likely to have at least one child and be a single parent (authors' calculation). Moreover, the Howard University Initiative on Public Opinion (HIPO), which explores the sentiments of African

Americans and other underrepresented groups on issues related to the pandemic, suggests that longer wait times, misconceptions about the unemployment benefits program, and barriers to access together discourage many from applying for benefits.

While all unemployed Americans are facing significant economic challenges, these findings suggest that unemployed Black workers are less likely to receive unemployment benefits and are disproportionately experiencing delays in receiving critical benefits designed to mitigate economic hardship. These findings indicate that our society has failed to address many of the socioeconomic inequities faced by racial and ethnic minorities that were brought to light during the Great Recession.

Disparities in Access to Health Insurance

Our analysis shows that Black and Hispanic respondents are generally less likely than white respondents to have health insurance. As shown in figure 3, we find that 17.7 percent of unemployed Hispanic respondents do not have any form of health insurance. Some of the uninsured rates in figure 3 are particularly glaring, given that they are well above the overall U.S. uninsured rate of the past several years, which is just under 10 percent. Moreover, the high uninsured rate is concerning and suggests ineffective policy implementation, given that many may qualify for public health insurance.[4] Our estimates also reveal that Black and Hispanic essential non-health care workers report no

health insurance coverage four times more often than white essential non-health care workers. The lack of insurance for this group is particularly disconcerting when considering their continued exposure to COVID-19. Given the growing physical and mental health needs during the pandemic, it is urgent for us to ensure that all workers have access to adequate health care. Recent research, using data from the NPSC-19, finds significant differences in reported levels of mental health distress by race/ethnicity and across employment status.

Conclusion

Breaking down the results by employment status and race/ethnicity, we find that Black and Hispanic households face significant socioeconomic challenges from the pandemic. Black and Hispanic communities are not only more likely to face an increased risk of exposure to COVID-19 but are also more financially vulnerable and less likely to withstand the financial strain of the pandemic. These disparities can be aided by government policies but in many cases are not.

Government action should be more focused on unemployed and essential workers during these uncertain times. Given the current pandemic-induced economic downturn, many people are without a job and so potentially without health insurance coverage. In response, federal and state governments must identify options for expanding access to health care and coverage for vulnerable populations during the pandemic—and beyond.

States are not only facing concerns of solvency, but are also facing an administrative burden due to the increase in claims as well as a rapidly changing and uncertain policy environment. For many states, the COVID-19 pandemic stresses an already-strained and outdated unemployment benefits program. Ultimately, the pandemic has compromised the administrative effectiveness of the unemployment benefits program and states' ability to allocate resources efficiently and equitably. Without continued support from the federal

government, American households will continue to face dire economic hardships. Relief is especially crucial given that unemployment benefits are not tied to economic conditions, but rather have state-specific time limits.

As the United States charts a path forward, it is paramount that we incorporate policies that advance racial and ethnic equality as a part of the recovery. The National Panel Study of COVID-19, as well as similar studies, are working not only to understand the devastating impact of COVID-19 on America, but also to help close the gap on understanding its effect on marginalized households.

These efforts must be supported by research that looks at the dimensions by which marginalized Black and Hispanic households are affected during this pandemic. The racialized outcomes of the pandemic are not just contemporary, but the continuation of a legacy of racial and ethnic socioeconomic inequality. The vulnerabilities revealed in our analysis, coupled with the pandemic and government inertia, will only serve to compound the abhorrent levels of socioeconomic inequities faced by many Black and Hispanic households.

This blog post is an essay from the author(s). As emphasized in The Hamilton Project's original strategy paper, the Project was designed in part to provide a forum for leading thinkers across the nation to put forward innovative and potentially important economic policy ideas that share the Project's broad goals of promoting economic growth, broad-based participation in growth, and economic security. The author(s) are invited to express their own ideas in policy papers, whether or not the Project's staff or advisory council agrees with the specific proposals. This article is offered in that spirit. The author(s) did not receive financial support from any firm or person with a financial or political interest in this article. They are currently not an officer, director, or board member of any organization with an interest in this article.

[1]. In our survey respondents who report being employed identify whether they were an essential or non-essential worker.

[2]. The researchers were Matt Bareto, PhD, and Tyler Reny, of the University of California, Los Angeles; Gabriel Sanchez, PhD, of the University of New Mexico; Edward Vargas, PhD, of Arizona State University; Joaquin Alfredo-Angel Rubalcaba, PhD, of the University of North Carolina, Chapel Hill; Alberto Ortega, PhD, of Indiana University, Bloomington; and Jevay Grooms, PhD, of Howard University.

[3]. Survey results from April and June indicate that unemployment has dropped significantly, which is consistent with reports from the Bureau of Labor Statistics. Our survey indicates that the increase in employment was mostly attributable to an increase in at-home and at-work nonessential workers by approximately 3 and 2 percentage points, respectively. From April to June there was a drop in the unemployment rate across all races and ethnicities.

[4]. The average unemployed household meets the 138 percent of the federal poverty line stipulation to qualify for Medicaid expansion states.