

The Way Back: Assessing Economic Recovery Among Black Americans During COVID-19

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Introduction

While all Americans, regardless of socioeconomic background, have been affected by COVID-19, Black Americans from economically disadvantaged communities have been hit particularly hard by the pandemic's public health and economic consequences. Many Black Americans and their communities lack sufficient income and wealth to buffer both the job loss crisis and the economic crisis that have resulted from the COVID-19 pandemic. Many of these communities are physically dense, in both living and working environments, which puts these families at greater risk of being exposed to the virus. At the same time, Black Americans are overrepresented in frontline essential occupations, which has led to their increased risk of exposure to COVID-19. This overrepresentation, coupled with long-standing disconnection from the nation's public and private health-care systems, has translated to a disproportionate share of individuals and families that are unwilling to avail themselves of opportunities to vaccinate throughout spring and summer 2021, when several effective vaccines became available to most, if not all, adult residents of the United States (Shah 2021).

As a result, the situation for Black families in fall 2021 can be described as neither clearly improved nor clearly diminished; in the midst of the continuing pandemic, the situation is both uneven and evolving unevenly. As of fall 2021 there have been historic reductions in Black life expectancy along with improved unemployment statistics, occurring across families whose children are more likely to have experienced substantial learning loss due to reductions in in-person learning. While many of these families, like Americans in general, have benefitted from a generous expansion of the social safety net, state and federal frictions in the delivery of safety-net benefits have caused some of these households to go without key supports, including Unemployment Insurance benefits, federal economic relief assistance, refundable tax credits, and housing assistance.

Black Mortality and COVID-19

From the beginning, COVID-19 has had a larger impact on Black mortality than on any other group. By August 2020 COVID-19 was the third leading cause of death for African Americans for the 2020 calendar year while at the same time it had cracked the top six causes of death overall (Hardy and Logan 2020). As of spring 2021, Black Americans have died at nearly 1.5 times the rate of White Americans from COVID-19, and the Black death rate from COVID-19 continues to be the greater than any other racial group (COVID Tracking Project 2021).

The racial inequality continued throughout the rest of that year, resulting in a significant decline in Black life expectancy in the United States. Overall life expectancy at birth

for Black Americans declined from 74.8 year to 72.8 years due to COVID-19 (Andrasfay and Goldman 2021), as opposed to a decline from 78.6 years to 77.5 years for Americans overall. While life expectancy at age 65 declined by less than 5 percent overall, it declined by nearly 10 percent for Black Americans. Setting this into perspective, the Black-white life expectancy gap was increased by one year due to the pandemic (from 3.64 years before the pandemic to 5.06 years as of this writing). This implies that COVID-19 alone erased more than a decade of progress in closing the racial mortality gap; adjusting for age would only increase this gap (McKoy 2021).

It is important to stress that COVID-19 has rendered much of these deaths invisible. For example, funeral services and other memorials have been delayed, reduced in size, or moved to virtual environments. The typical grieving rituals that attend the loss of loved ones were disrupted by COVID-19 in a manner that mirrored the racial disparities in COVID-19 deaths themselves.

Black Unemployment During COVID-19: A Harder Fall and a Slower Recovery

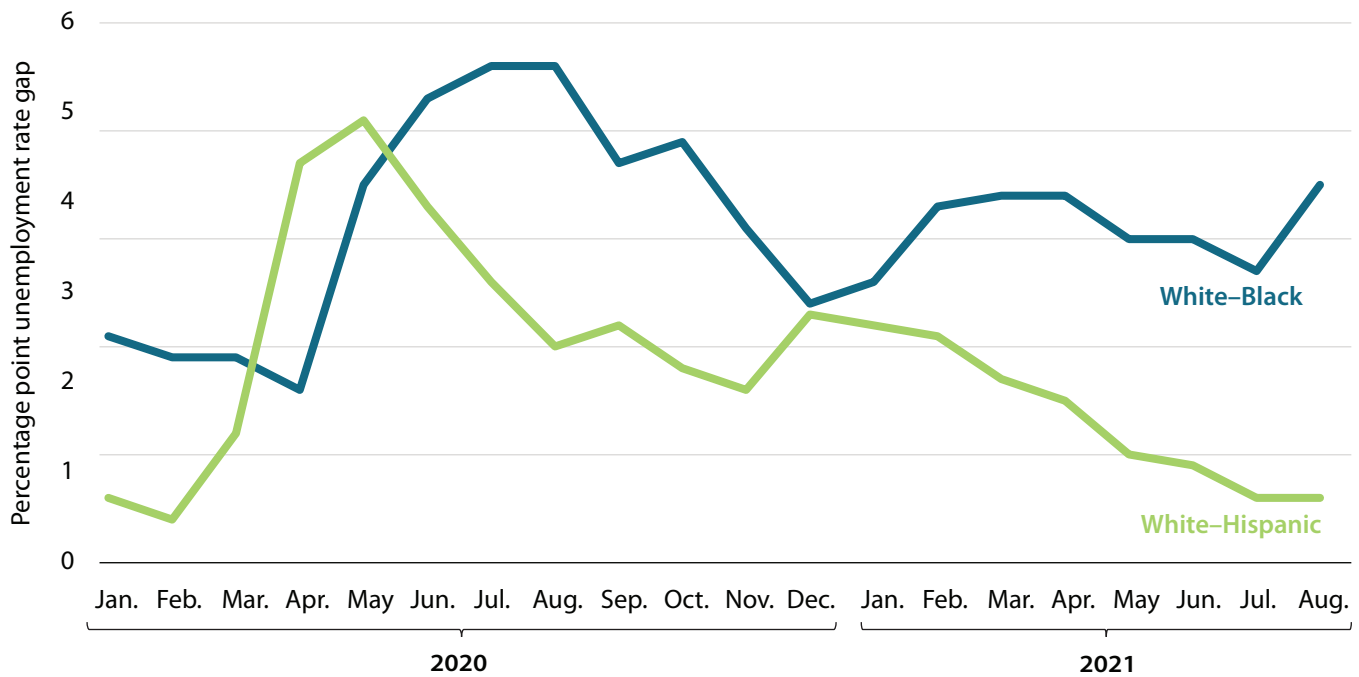
Hardy, Hokayem, and Roll (forthcoming), in a study that explores the economic consequences of COVID-19, find that Black and Hispanic workers, workers with fewer educational credentials, and workers on the front line collectively exhibit higher levels of unemployment during the pandemic. These gaps existed prior to March 2020, and they have widened throughout the crisis.

Figures 1–3, adapted from Hardy, Hokayem, and Roll (forthcoming), summarize the evolution of unemployment throughout the pandemic along with the persistent disparity in levels of unemployment and in gaps between white unemployment and the unemployment rates of other groups. Figure 1 reports racial and ethnic differences in unemployment rates between January 2020 and August 2021. Figure 2 summarizes the evolution of levels of unemployment between January 2020 and April 2021 for frontline and non-frontline workers across race and ethnicity. Finally, figure 3 depicts how education moderates at least some of the racial and ethnic gaps in unemployment.

Blacks experienced elevated unemployment, alongside whites and Hispanics, between March and April of 2020. For Blacks, unemployment peaked at 17.5 percent in April 2020, compared to unemployment rates of 19.6 percent and 14.6 percent for Hispanics and whites, respectively. Widespread and historic economic pain has been followed by a steady improvement in unemployment rates across race and ethnicity, albeit at noticeably differing paces. Frontline workers

FIGURE 1.

Unemployment Rate Gap by Race, January 2020–August 2021



Source: Bureau of Labor Statistics (not seasonally adjusted); authors' calculations.

Note: Figure shows the gap in the unemployment rate of all workers aged 16+ by race/ethnicity against non-Hispanic white.



generally report higher unemployment, and minority workers likewise exhibit higher unemployment rates relative to white counterpart job-seekers.

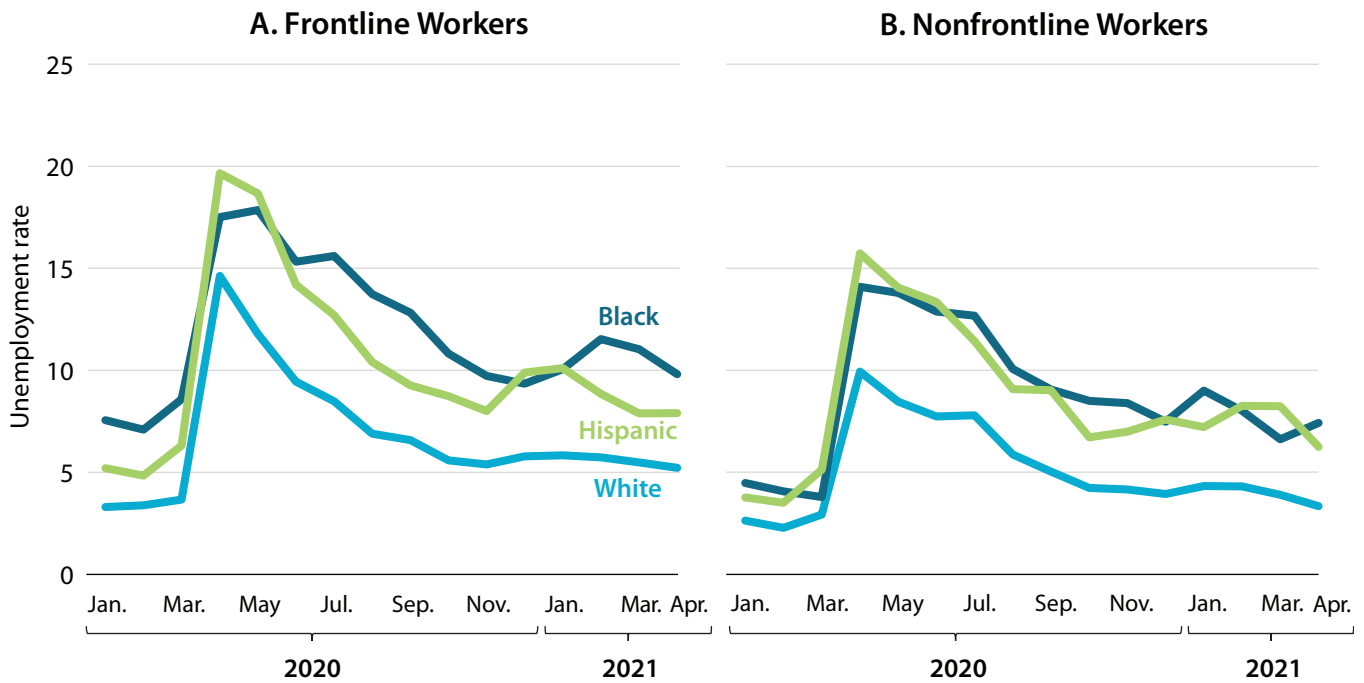
The plateau in Black unemployment throughout summer 2020 is among the more important events in the labor market, with slower improvement relative to other groups through fall 2020. This plateau is especially apparent when examining the trajectory of unemployment gaps across racial and ethnic groups overall (figure 1), and when focusing on unemployment trends for frontline workers across race and ethnicity (figure 2). Unemployment levels and unemployment rate differences are lowered, and both racial and ethnic gaps are reduced, with additional educational credentials. Figure 3 demonstrates that the largest gaps in unemployment occur for respondents with fewer formal educational credentials. Blacks with a high school diploma or less experienced unemployment at a staggering 22.3 percent in April 2020—a rate that largely holds at around 20 percent through August 2020 before hitting a second plateau between 13 percent and 15 percent between September 2020 and April 2021 (not shown). College-educated workers across race and ethnicity experience relatively lower unemployment rates, though group-specific gaps persist. Black college-educated workers experienced a roughly 7-percentage-point jump in unemployment from roughly 3 percent (March 2021) to 10 percent (April 2021).

Consistent with the broader racial gap and trend in unemployment, the unemployment rate difference between college-educated Blacks and whites has widened throughout the pandemic, to roughly 3 percentage points across most months. Still, the level differences both between and within racial and ethnic groups are noteworthy; for example, college-educated Black unemployment had fallen to roughly 6.2 percent by April 2021, far lower than the rate of 9.2 percent for Blacks overall. Consistent with trends predating the pandemic, this rate is roughly equivalent to the 6.7 percent unemployment rate exhibited by whites with a high school diploma or less.

While education operates as a ladder of opportunity for many Black Americans, there are longstanding racial and ethnic gaps in educational attainment—for example, only 29 percent of Blacks and 21 percent of Hispanics hold a college degree or higher, compared to about 45 percent of whites; such education gaps in unemployment foretell important differences in the nature of work (National Center for Education Statistics [NCES] 2020); specifically, they foretell whether and to what degree workers are able to transition their job tasks into remote contexts, and whether demand for labor in different sectors where Blacks and other minority groups are more likely to work rises or falls during the pandemic. Even with education providing some insulation from joblessness, Hardy, Hokayem, and Roll (forthcoming) find that, after controlling for factors including education, frontline status, and marital status, Blacks experience

FIGURE 2.

Unemployment Trend for Frontline Workers, by Race and Ethnicity



Source: Current Population Survey; Hardy, Hokayem, and Roll (forthcoming).

Notes: Classifications for whether someone is a frontline worker is found in Hardy, Hokayem, and Roll (2021), and follow an approach devised by Dingel and Neiman (2020). This approach forms a work-from-home metric using pre-pandemic survey information from the Occupational Information Network (O*Net). O*Net’s metric yields the share of jobs in each two-digit industry that can be completed from home. Frontline industries are defined as having a share of jobs that can be completed from home of 25 percent or less. All others are considered to not be frontline industries. Examples of frontline industries as listed by O*Net include Construction; and Accommodation and Food Services; examples of those that are not frontline industries include Professional, Scientific, and Technical Services; Information; and Educational Services.



statistically significantly higher unemployment compared to their white counterparts.

Education gaps and race/ethnicity–education unemployment gaps speak to the future of workforce development employment opportunities for Blacks and members of other minority groups, one likely to be determined in part by the ability to adapt to accelerated computerization and shifts to online and automated work modalities. Such modalities may either replace or augment formerly human-dominated tasks on the job (Casey and Nzau 2019).

Importantly, these racial gaps in unemployment still understate the overall economic disruption caused by COVID-19 that Black Americans are facing, since a focus on the unemployment rate alone masks differences in labor force participation. Unemployment rate reductions for Black men in early summer 2021 were partially due to declines in labor force participation. Employment rates per population show stark racial differences as well. For Black men the rate peaked near 60 percent in July of 2019, while for all other racial groups the rate was consistently above 65 percent. During early spring 2020, as the pandemic decimated labor markets, the employment rate sank to around 60 percent for

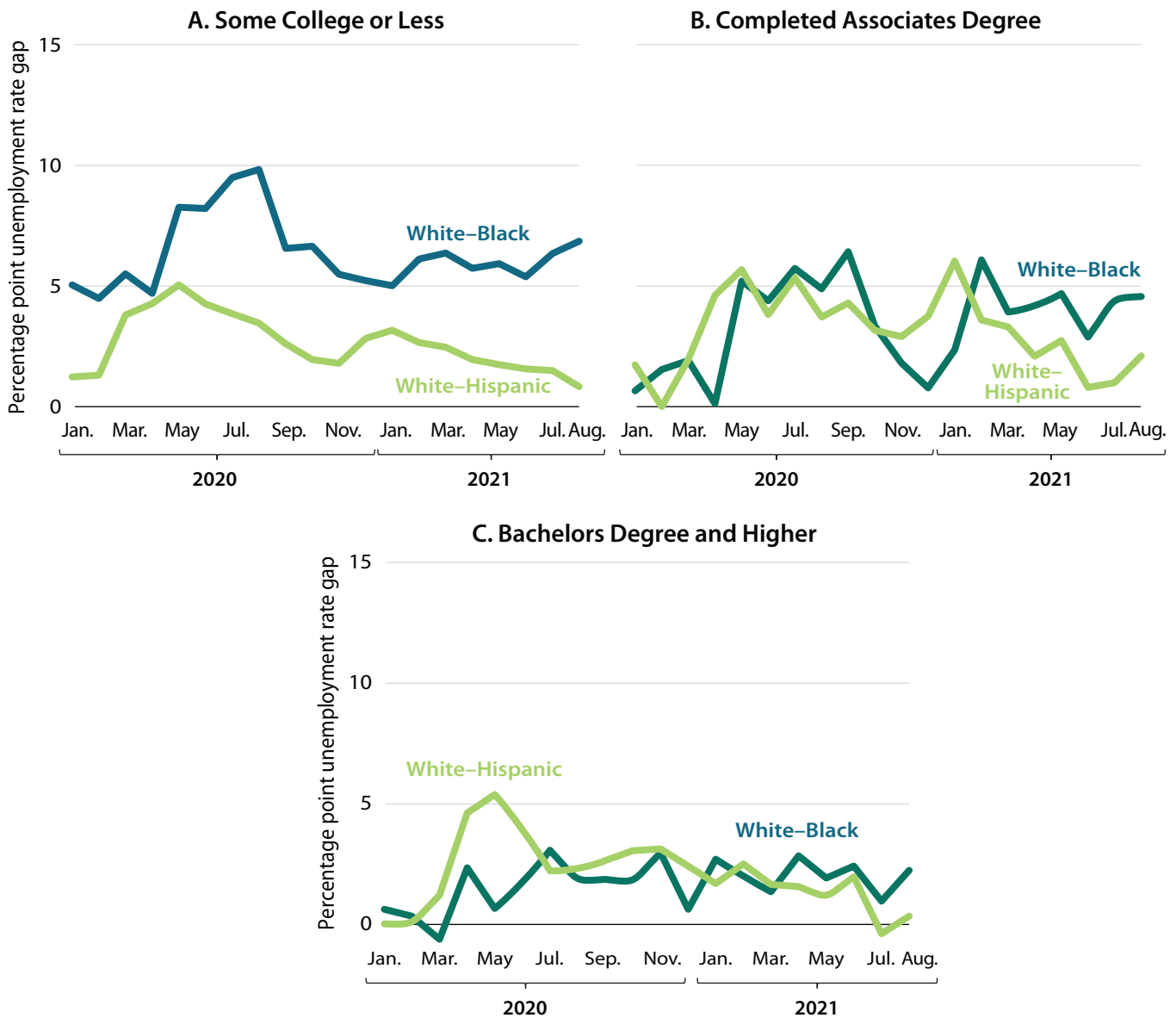
all groups except Black men, whose rate declined to 50 percent. As the economy has recovered, the employment/population ratio has increased and stabilized for all other racial groups at rates close to the pre-pandemic levels; for Black men, however, the rate is persistently lower, and is still below 60 percent as of July 2021.

The Socioeconomic Gradient in School Closures and Learning Loss

When COVID-19 struck in March 2020, schools and families were affected by a combination of job loss and an unprecedented shift to online learning (i.e., remote or distance learning). Individual schools and school districts responded in a range of ways, reflecting a combination of factors including parental preferences for in-person versus online learning, risk tolerance vis-à-vis COVID-19, and the economic resource base of the school and community.

FIGURE 3.

Unemployment Rate Gap, by Race and Education



Source: Current Population Survey, authors' calculations.

Note: This figure shows the gap in unemployment for workers to are ages 18–64 by race and level of completed education against non-Hispanic white.



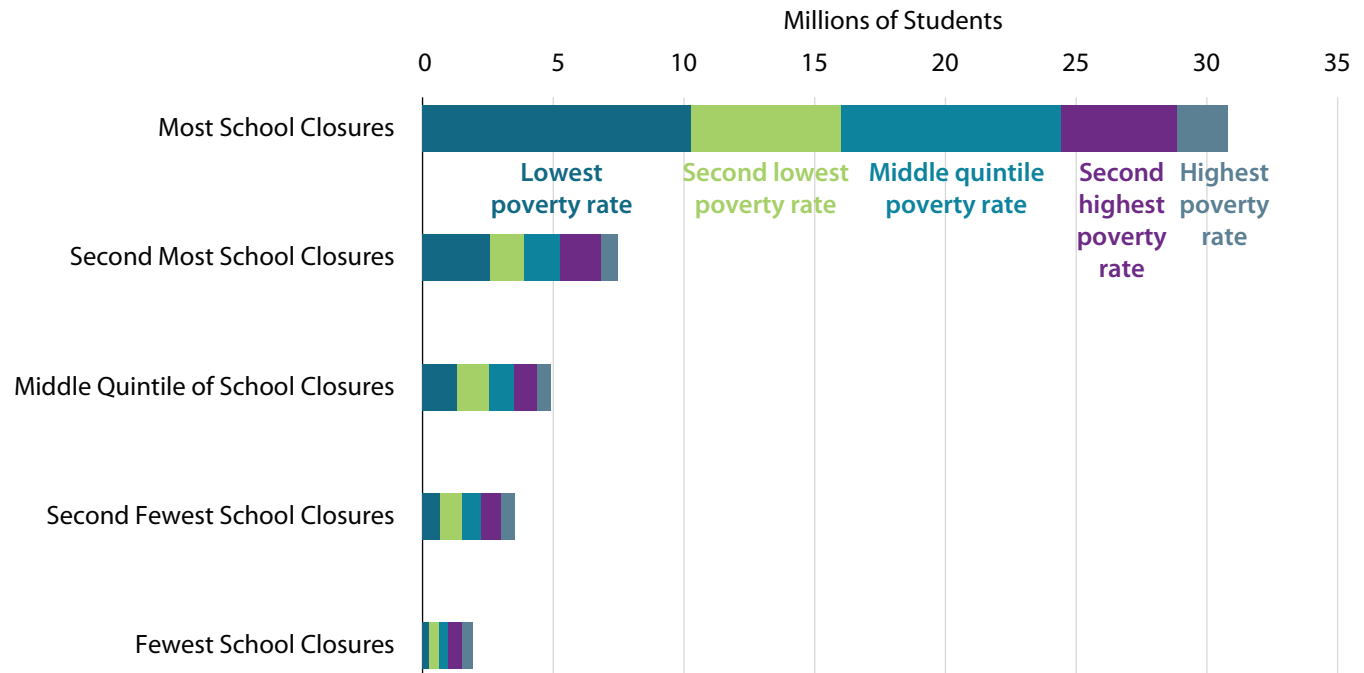
Through the course of the pandemic, some well-resourced private and public K–12 schools have been able to institute testing protocols and hybridized teaching environments that minimize the transmission of COVID-19 while providing for at least some in-person learning. Other schools have been able to provide families with computers and internet access, at no cost to the families, to lower the up-front costs associated with the transition to online learning. Those schools and school districts with fewer resources—disproportionately high-poverty schools—were typically less likely to provide an in-person learning experience, and were limited in their capacity to provide their families with technology needed to continue the learning process at home, online.

Even with these raw tools, such as computer equipment and tablets—many low-income and minority households were ill-equipped to quickly create a successful at-home teaching environment.

A similar barrier to education is taking place at the post-secondary level (Broady et al. 2021), with evidence emerging that students from lower-income backgrounds are significantly less likely to attend college amid the ongoing pandemic. Many of these students, similar to their K–12 counterparts, face infrastructure barriers that reduce the feasibility of successfully participating in an online educational program.

FIGURE 4.

Number of Students Who Experienced School Closures, by County-Level Closures and Poverty Quintiles



Source: Parolin and Lee 2021; authors' calculations.

Note: A school is considered to be closed, mostly closed, or engaged in distance learning if the a year over year reduction in in-person campus visits (foot traffic) is 50 percent or more. School closures are based on the reduction in foot traffic to all schools by county. By month and year, counties were divided into quintiles of reduction in foot traffic and then recalculated across the complete time period. Poverty rates are arrayed among counties by quintile.



We show in figure 4 how pervasive school closures over the past year have been, affecting tens of millions of students. Proxying for the closure of schools with data on reductions in foot traffic, these data show that the largest counties, with the most students, were the most likely to have closed schools in the past year. Black and Hispanic students are more likely to attend high-poverty schools; for example, in 2017 roughly 45 percent of Black and Hispanic students attended a high-poverty school—where more than 75 percent of students qualify for free and reduced-price lunches (NCES 2020).

Policy Interventions That Have Assisted Vulnerable Families

Knowledge that has been gained by studying families, businesses, educational institutions, and policymakers with regard to how the virus is transmitted, along with several effective vaccines, have helped to boost economic productivity and lower hospitalizations. Concurrent with these public health innovations, the federal government has implemented aggressive fiscal policy interventions, including several rounds of economic relief assistance payments

to individuals and families, moratoriums on evictions, enhanced food assistance to individuals and families, and, starting in the summer of 2021, periodic child allowances targeted to families with children. The consensus appears to be that the programs have helped to support the income of families who saw their fortunes disrupted by the pandemic. Indeed, recently released US Census Bureau data demonstrate that economic assistance programs can be associated with an almost 3-percentage-point reduction in poverty rates (Burns, Wilson, and Fox 2021) once accounting for the social safety net. Importantly, the economic assistance payments distributed to families during the pandemic may have protected as many as 5.5 million people from exposure to poverty (Fox and Burns 2021).

The unemployment trends shown in figures 1-3 underscore that these programs have benefitted Americans across demographic groups. Still, among these groups Black Americans entered the pandemic farther behind other racial/ethnic groups economically. As of 2019, real median household income in the United States was \$68,000 for whites, \$52,000 for Hispanics, and \$88,000 for Asians, but only \$42,000 for Black households. Even more important, Black incomes fell farther behind other racial groups because they had grown the least during the previous decade. While overall real

median household income in the United States increased 2.3 percent between 2005–2009 and 2015–2019, and grew 3 percent for whites, 5.9 percent for Hispanics, and 7 percent for Asians, Black household income only grew 1.9 percent during the same ten-year span.

The periodic payments delivered through the American Rescue Plan (ARP), which is forecasted to dramatically reduce child poverty and overall poverty rates, could have an outsized impact on living conditions for Black Americans. Child tax credits in the ARP, ranging from \$3,000 to \$3,600 per child, alongside enhanced Supplemental Nutrition Assistance Program (SNAP) benefits and pandemic unemployment insurance, are collectively forecasted to reduce poverty by 31 percent nationwide and to reduce racial economic inequality: Black poverty is predicted to fall by 37 percent while Hispanic poverty is predicted to fall by 40 percent. Poverty among whites and Asians is forecasted to fall by approximately 24 percent. Predicted child poverty reductions are qualitatively large as well: child poverty for Black, white, Hispanic, and Asian children could fall by 55 percent, 63 percent, 53 percent, and 46 percent, respectively (Hardy 2021; Parolin et al. 2021).

The American Families Plan (White House 2021) represents an opportunity to make the child tax credit component of the ARP permanent. Such a policy change could provide important liquidity for low-income Black households and other low-income families that typically face higher levels of expense volatility (Morduch and Schneider 2017), income volatility related to job instability, and work hours instability on the job (Schneider and Harknett 2019; Ziliak, Hardy, and Bollinger 2011). Two important features of this policy are (1) the fully refundable nature of the tax credit and (2) its ability to reach households who do not file income tax returns. For the first time in many years, there is consistent income support across states for families at the lower end of the income distribution.

Threats to a Robust Recovery

These interventions have helped to collectively reduce the potential long-term health and economic damage from COVID-19, but threats remain. For example, as of the date of this writing, an expiring Centers for Disease Control and Prevention (CDC) eviction moratorium was extended, but only until October 3, 2021. Thus, many families still face a number of serious economic threats.

The inefficient delivery of economic assistance for some families, as well as the expiration of pandemic-instigated assistance policies, could put many families at risk of housing insecurity or even homelessness. As described in Hardy and Logan (2020), many Black families are more likely to be financially burdened by housing costs that predate the pandemic, due in large part to the lower baseline levels of

income and savings. Assessments of the CARES (Coronavirus Aid, Relief, and Economic Security) Act funding for housing assistance suggest several frictions and inefficiencies remain that are obstacles for delivering aid to qualifying families. As of this writing, fewer than 10 percent of the funds allocated for housing assistance have been dispensed.

The economic consequences of COVID-19 tend to vary greatly both by race/ethnicity and by education. Education appears to moderate, though not eliminate, racial/ethnic gaps in unemployment. Certain jobless workers lost the federal boost to or eligibility for unemployment assistance in the first week in September. And, while aggregate statistics suggest pent-up demand for workers across sectors including food services and hospitality, there are also mismatches that will inevitably occur between workers seeking opportunities and firms seeking workers.

For education and longer-term well-being, there is strong evidence that many low-income students are in the midst of a large, harmful learning loss event that could potentially reshape their educational and lifetime earnings trajectory. COVID-19's longer-lasting legacy could be, in part, the deleterious consequences for children who do not fully recover the core skills and abilities they were in the process of developing before the pandemic. Skill formation promotes the development of higher-order skills (Heckman 2005), suggesting that COVID-19 could have long-term intergenerational consequences by way of diminished educational attainment and the more limited labor market opportunities that result from lower educational attainment. Students with learning as well as developmental disabilities could be particularly vulnerable, given that the intensity of these services—including inputs such as speech therapy and smaller in-person teacher-student interactions—are nearly impossible to recreate through virtual platforms amid the pandemic.

In short, Black families—as well as many other families that are economically disadvantaged—face a set of harsh trade-offs between health and full scholastic participation, given their relative inability to augment lost public school attendance with private supplements (e.g., tutoring or in-person private education) or homeschooling. Two things can be true at once. COVID-19 mitigation strategies required many schools and school districts to make decisions in the best interests of student, teacher, and staff well-being, which required many to suspend in-person learning for at least some period of time.

As we assess the status of Black Americans and other racial and ethnic groups as the pandemic stretches into a second fall/winter, varying state and local public health and economic policy choices could present clear challenges to the speed and persistence of a broader national economic recovery. State and local governments can promote clear and consistent policies that encourage participation in the in-person economy *with* CDC-recommended public health measures, such as mask-wearing in regions with high COVID-19

transmission. Recent federal policies will mandate that employers require employees to either be vaccinated or submit to weekly testing. Economic policy evidence and theory show that businesses value and benefit from a consistent application of regulatory policies. Federal policy is converging with a private sector that is increasingly adopting a more consistent, aggressive stance on mask-wearing and vaccination policy for employees as a mechanism to avoid another large-scale shutdown of economic activity.

Black Americans have experienced an especially large, harmful public health and economic shock from COVID-19. The consequences from historically high job loss and COVID-19 mortality and morbidity, along with K–12 learning loss, will likely transmit a substantial intra- and intergenerational consequence onto Black families and their communities. These communities will benefit from sustained public health, economic policy, and educational interventions to moderate the effects of COVID-19.

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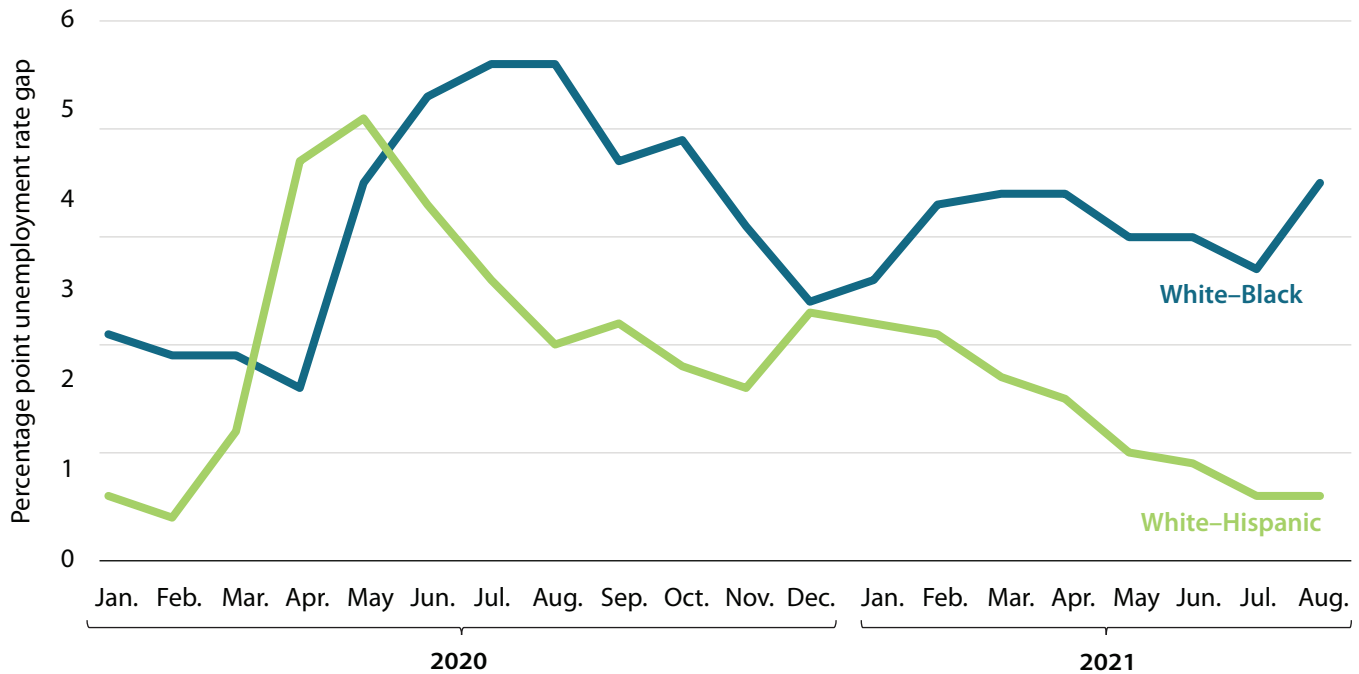
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The Covid-19 pandemic and subsequent economic downturn affected Americans from every socio-economic background. A year and a half later, mortality rates and slowed labor market recovery have differed starkly among racial and ethnic groups. Those who were the most disadvantaged at the start of the pandemic are still struggling to recover. Bradley Hardy, Georgetown University, and Trevon Logan, The Ohio State University, revisit their previous work for Hamilton Project and assess the economic recovery of Black Americans throughout the pandemic.

Unemployment Rate Gap by Race, January 2020–August 2021



Source: Bureau of Labor Statistics (not seasonally adjusted); authors' calculations.

Note: Figure shows the gap in the unemployment rate of all workers aged 16+ by race/ethnicity against non-Hispanic white.



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