

WHY THE ECONOMIC CRISIS IS DISPROPORTIONATELY AFFECTING MARGINALIZED COMMUNITIES

BY SAPNA MEHTA AND DANIELLA ZEISSOULES

INTRODUCTION

The COVID-19 pandemic has catapulted our country into a deep economic crisis that as of May 9, 2020 has already left over 36 million people jobless. **While COVID-19 sparked this crisis, it is fueled by skyrocketing inequality, rising corporate power, declining worker power, and deep and systemic racism and structural sexism.**

Conservatives have long been proponents of trickle-down economics, advocating that investment in wealthy corporations would eventually lead to increased wages and other benefits for workers. This theory has been repeatedly debunked. Corporations will always invest in their own profits over working people, resulting in skyrocketing inequality. Instead of using the last decade's economic recovery as an opportunity to invest in workers and families and strengthen the overall economy, conservative policy makers doubled down on their flawed economics. Conservatives have:

- **Eroded unions and collective bargaining rights**, weakening workers' decision-making power on the job;
- **Enabled and facilitated the proliferation of low-quality jobs** - jobs that lack paid sick time, paid family and medical leave, overtime protections, fair scheduling guarantees, and decent wages;
- **Decimated the social safety net**, by hollowing out programs like Medicare and Medicaid, SNAP, and unemployment insurance;
- **Created and perpetuated a regressive tax system** and encouraged extractive behavior by those at the top; and
- **Deregulated Wall Street**, resulting in highly leveraged companies now at risk of defaulting on their loans, leaving millions of workers jobless.

THESE WERE DELIBERATE POLICY CHOICES, AND DIFFERENT CHOICES THAT VALUED WORKING PEOPLE AND FAMILIES COULD HAVE BEEN MADE.

As we saw during the Great Recession, this crisis will hurt everyone, but workers and families most at risk for economic security will suffer the most. People of color are more likely to be laid off before white workers and more likely to experience higher levels of unemployment. Women workers and workers of color are disproportionately represented in occupations deemed essential and are therefore at a higher risk of contracting the virus. Many essential jobs are low-quality jobs, with low wages, few or no benefits, and limited opportunities for advancement. Unlike every other wealthy nation, the U.S. fails to provide health care coverage for everyone or guarantee paid time off for workers who are sick or need to care for a sick family member – and low-wage workers are least likely to have access to these crucial benefits. Finally, persistent racial wealth and income gaps mean workers of color are less likely to have savings to fall back on to help weather this downturn.

This brief outlines **why the economic crisis is disproportionately impacting marginalized communities** by focusing on seven areas where the virus is exposing glaring structural inequities:

- **Characteristics of essential occupations** - Essential workers manning the frontlines of the crisis are disproportionately women and people of color in precarious, low-wage jobs with few or no benefits.
- **Access to paid leave** - Low wage workers and workers of color are the least likely to have access to paid sick time or paid family and medical leave. They are faced with the impossible choice between risking contagion or homelessness or starvation.
- **Disparities in health coverage** - Disparities in access to health insurance exposes communities of color to increased risk of illness and they are more likely to lack coverage to seek treatment when needed.
- **Ability to work from home** - Less than one-third of workers can work from home, and the ability to work from home differs across income and race and ethnicity.
- **The child care crisis** - As schools and many child care centers remain closed, parents, especially women of color are struggling to work and care for their children at the same time. The child care system is also under strain putting both families and the predominantly women workforce in a precarious position.
- **The racial wealth gap** - Wealth disparities across race and ethnicity have persisted for decades. Without savings to fall back on, workers of color are too often forced to work while they are sick in order to pay the bills.
- **Vulnerability to unemployment** - People of color are overrepresented in many of the sectors experiencing high job loss, including leisure and hospitality and retail and service-sector jobs.

CHARACTERISTICS OF ESSENTIAL OCCUPATIONS

In an attempt to stem the spread of COVID-19, state and local governments shuttered large segments of the economy. A number of workers in traditionally low-paid jobs like grocery store clerks, nurses, cleaners, warehouse workers, bus drivers, and care workers, are only now being deemed essential. These workers, who are disproportionately women and people of color, are risking their lives each day, yet lack basic protections to keep them safe and healthy, and are at a high risk of contracting the virus.

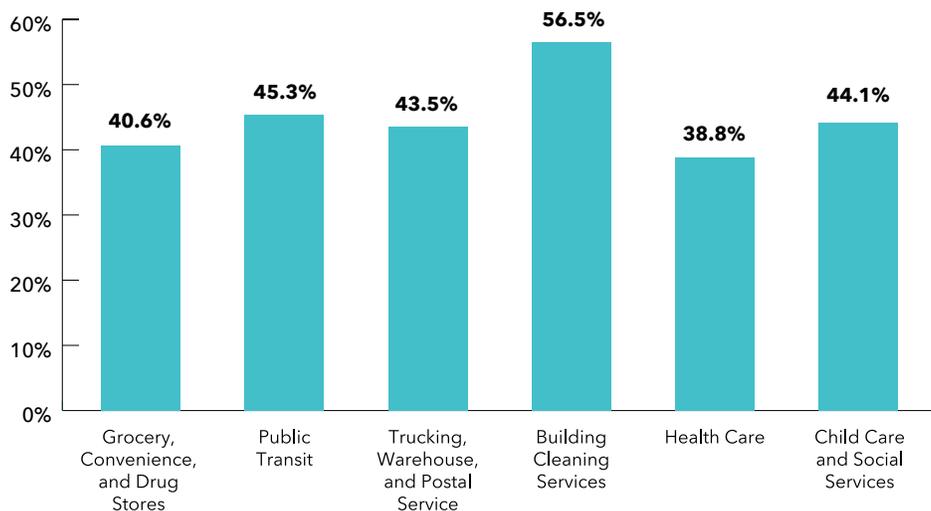
Decades of conservative economic policies focused on eroding workers' bargaining power have resulted in an economy increasingly fueled by a low-wage and contingent workforce. Even before the pandemic hit, 44 percent of all workers ages 18-64, or 53 million people, received less than \$18,000 in median earnings a year. As a result, many essential jobs pay low wages and lack access to critical benefits like paid sick time, paid family and medical leave and health coverage, forcing working people to make the impossible choice between risking contagion or facing homelessness or starvation.

The Center for Economic and Policy Research finds that nearly two-thirds (64 percent) of essential workers are women, and over 40 percent are people of color. Women of color are more likely to be doing essential jobs than anyone else.

For example, while women account for 47 percent of the workforce, nearly 90 percent of all home health aides, an essential occupation, are women. Similarly, though Black people comprise 12 percent of the workforce, they make up 37 percent of home health aides. Home health aides receive median annual earnings of \$24,000 a year and often lack access to critical workplace benefits and protections including health insurance and paid sick leave. Until recently they were even exempt from basic minimum wage and overtime protections.

Latinx workers are also disproportionately represented in essential occupations. While Latinx workers make up 18 percent of the workforce, 32 percent of all janitors and building cleaners (an essential occupation) are Latinx. They receive median earnings of \$26,000 a year and generally lack paid sick leave and employer-provided health coverage as well.

CHART 1: SHARE OF PEOPLE OF COLOR IN ESSENTIAL FRONTLINE INDUSTRIES, 2014-2018 5-YEAR ESTIMATES



Source: Groundwork Collaborative analysis of Center for Economic and Policy Research data, <https://cepr.net/a-basic-demographic-profile-of-workers-in-frontline-industries/?emci=0956991c-fa78-ea11-a94c-00155d03b1e8&emdi=792ad177-1279-ea11-a94c-00155d03b1e8&ceid=5567799>.

POLICY RESPONSE NEEDED:

Congress must provide substantial and sustained relief to all essential workers. This includes requiring employers to provide all essential workers with adequate personal, protective equipment (PPE), ensuring all workers can access free testing and treatment for the virus, guaranteeing hazard pay, paid sick leave, and paid family and medical leave, while also establishing whistleblower protection for workers who raise the alarm about unsafe conditions, so workers can protect themselves, their families and the public.

ACCESS TO PAID SICK LEAVE

Unlike every other wealthy nation, the U.S. does not guarantee working people paid sick leave, despite a growing body of research demonstrating that these policies have positive effects on working families and the economy. When workers can't afford to take time off to recover from an illness or care for a sick family member, they are more likely to get sick, stay sick, and risk workplace contagion.

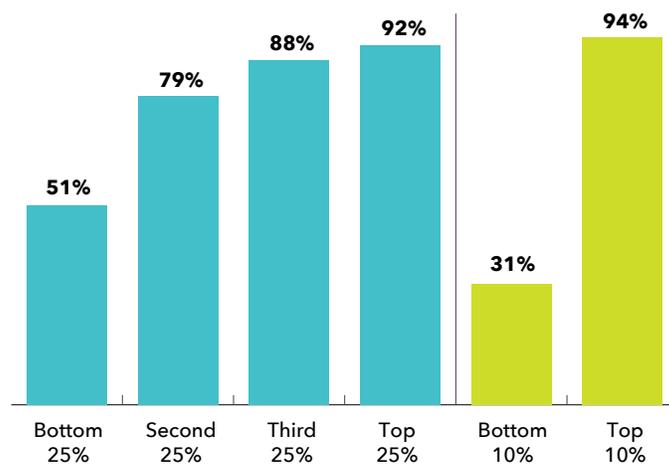
Over 32 million workers in the U.S. lack access to paid sick leave. This means that millions of working people face an impossible choice if they are experiencing COVID-19 symptoms: stay home to recover and risk their economic stability or go to work and risk their health and the public's health. Lower wage workers and workers of color are least likely to have access to paid sick leave.

Disparities in access to paid sick leave disproportionately exposes Latinx and Black workers to increased risk of COVID-19 transmission. Nearly half (48 percent) of Latinx workers and more than one-third (36 percent) of Black workers have no guaranteed paid sick leave.

Higher wage earners are much more likely to have access to paid sick leave than lower wage earners. While less than one-third (31 percent) of the bottom ten percent of wage earners have jobs with paid sick days, 94 percent of the top decile of wage earners have paid sick days.

Without paid sick leave working people are forced to decide between foregoing a paycheck and putting food on the table, making it impossible to stop the spread of the virus. Paid sick leave also strengthens the economy by reducing health care costs and increasing worker productivity.

CHART 2: SHARE OF WORKERS WITH ACCESS TO PAID SICK DAYS, BY WAGE GROUP, MARCH 2019



Source: Groundwork Collaborative analysis of Bureau of Labor Statistics National Compensation Survey, March 2019 (Table 31), available at <https://www.bls.gov/ncs/ebs/benefits/2019/employee-benefits-in-the-united-states-march-2019.pdf>.

POLICY RESPONSE NEEDED:

A national paid sick leave policy that covers all working people, without carving out small or large businesses or certain workers, is urgently needed to stop the transmission of the COVID-19 virus. The private sector will not institute this policy on its own, and in order to improve public health now and after the virus passes, sick people must be able to stay home and recover without risking their economic security.

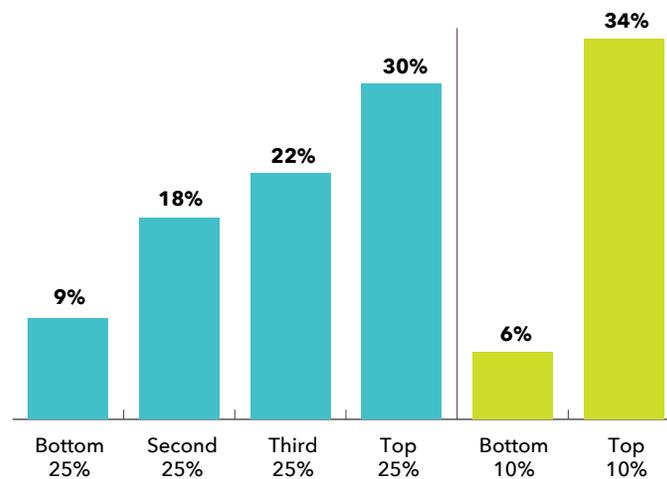
ACCESS TO PAID FAMILY AND MEDICAL LEAVE

The U.S. is also the only wealthy country that doesn't guarantee paid parental leave, and one of the few countries that doesn't provide paid family leave. Everyone will need to care for themselves or a family member at some point in life, and without paid family and medical leave workers have to make difficult choices between their economic security and their caregiving responsibilities precisely when they need their paychecks the most, like when welcoming a new child or when they or a loved one falls ill.

Less than half (40 percent) of workers have access to temporary disability insurance through their jobs to recover from serious health issues, and only 19 percent have access to paid family leave. Paid family leave is disproportionately available to those who are better paid: among the bottom quarter of wage earners, more than 90 percent have jobs without paid family leave.

The lack of paid family and medical leave forces workers to choose between their paychecks and their families, especially as schools remain closed across the country or family members stricken with the COVID-19 virus need to be cared for an extended period of time. This leaves many workers—especially low-wage workers—with little choice but to not take any leave or cut their leave short to cover lost wages. Paid leave policies are also proven to strengthen our economy by increasing business productivity, reducing turnover costs, and improving women's labor force participation.

CHART 3: SHARE OF WORKERS WITH ACCESS TO PAID FAMILY LEAVE, BY WAGE GROUP, MARCH 2019



Source: Groundwork Collaborative analysis of Bureau of Labor Statistics National Compensation Survey, March 2019 (Table 31), available at <https://www.bls.gov/ncs/ebs/benefits/2019/employee-benefits-in-the-united-states-march-2019.pdf>

POLICY RESPONSE NEEDED:

For over 25 years some workers have had access to unpaid leave through the Family and Medical Leave Act, but millions of workers are excluded from coverage and millions of others cannot afford unpaid leave. A federal law is needed to ensure all working people have access to paid family and medical leave to care for themselves and their families—an ailing parent, a spouse recovering from an illness, or a sick child—during the pandemic and long after.

DISPARITIES IN HEALTH COVERAGE

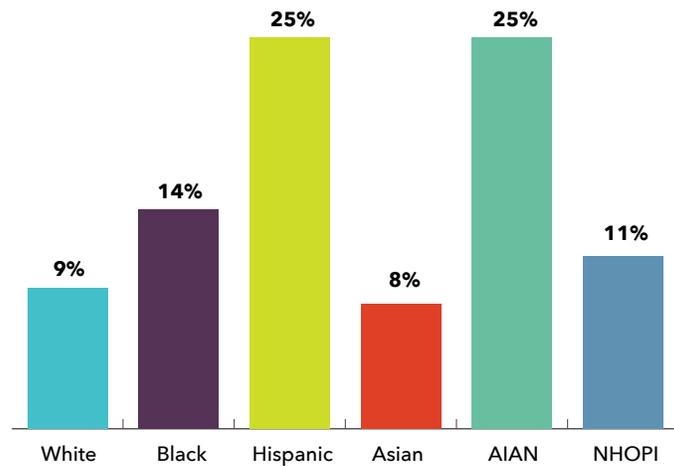
Continuing with the trend, the U.S. is the only industrialized nation that doesn't guarantee universal health care, even though access to health care is vital to the strength of our economy. In the midst of a global pandemic that has taken tens of thousands of lives in the U.S., access to quality, affordable health care is critical.

Disparities in access to health insurance expose communities of color to increased risk of illness, because the lack of coverage means they are less likely to seek medical treatment when needed. According to the Kaiser Family Foundation, Hispanic or Latinx people and indigenous people are most likely to lack coverage. These higher uninsured rates among people of color reflect limited access to affordable health coverage options.

Undocumented immigrants are five times more likely to be uninsured than citizens. This is partly because they are ineligible for Affordable Care Act coverage, including Medicaid and tax credit eligibility. In the absence of coverage, undocumented immigrants will be forced to go without needed care, risking their health and the health of their families and communities.

The lack of health coverage, racism and discrimination within the health care system itself mean people of color, especially Black people, are more vulnerable to COVID-19. Residential segregation, environmental racism and the chronic stress of racism has negative impacts on health, and Black people are more likely to experience racial disparities leading to higher rates of asthma, heart disease and diabetes - conditions that are linked to higher mortality rates from COVID-19 infections.

CHART 4: UNINSURED RATES AMONG NONELDERLY ADULTS (19-64) BY RACE/ETHNICITY, 2018



Note: AIAN refers to American Indians and Alaska Natives and NHOPI refers to Native Hawaiians and Other Pacific Islanders. Source: Groundwork Collaborative analysis of Kaiser Family Foundation, "Changes in Health Coverage by Race and Ethnicity since the ACA, 2010-2018," available at <https://www.kff.org/disparities-policy/issue-brief/changes-in-health-coverage-by-race-and-ethnicity-since-the-aca-2010-2018/>.

POLICY RESPONSE NEEDED:

Access to health care is always important for our economy, but it's especially vital during a global pandemic. Federal policymakers should ensure all people have access to affordable, quality health care, which includes expanding CHIP, Medicaid and Medicare. Families need to be able to access health care when they need it, and our society is only protected against a pandemic if the most vulnerable among us are covered.

THE ABILITY TO WORK FROM HOME

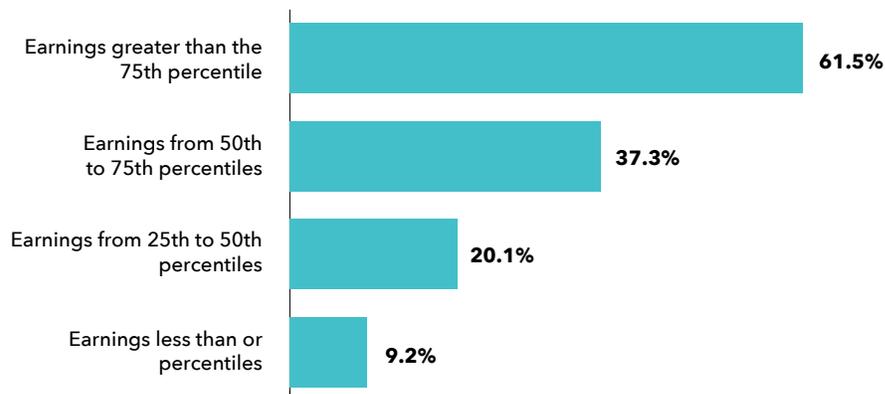
Most working people are unable to work from home. Less than 30 percent of working people have the ability to telework. Workers who are able to work remotely have more flexibility to navigate the crisis and maintain employment and financial security.

Low-wage workers are less likely to be able to work from home compared to higher wage workers. Only nine percent of workers with the lowest wages are able to telework compared to 62 percent of workers with the highest wages.

A large share of workers who are unable to work from home are in the leisure and hospitality industry. While only nine percent of leisure and hospitality workers are able to telework, more than 50 percent of workers employed in financial activities, professional and businesses services, and information occupations are able to work from home. As mentioned above, workers in the leisure and hospitality industry are disproportionately people of color and earn some of the lowest wages.

Parents who are unable to work from home must continue to work while also searching for child care as schools remain shut down. Only 35 percent of parents in households with children can telework. For Black and Latinx parents these factors compound: they have to navigate child care responsibilities while being more likely to have to physically go into work and also face lower wages than their white counterparts.

CHART 5: SHARE OF WORKERS WHO CAN TELEWORK BY WAGE LEVEL, 2017-2018.



Source: Economic Policy Institute, "Not everybody can work from home," available at <https://www.epi.org/blog/black-and-hispanic-workers-are-much-less-likely-to-be-able-to-work-from-home/>.

POLICY RESPONSE NEEDED:

Congress should mandate that all non-essential businesses temporarily shut their doors to stop the spread of the virus, and require all essential businesses that remain open to provide workers with adequate PPE and other workplace protections as mentioned above. Only once we have sufficient testing and contact tracing in place will it be safe to reopen non-essential businesses.

THE CHILD CARE CRISIS

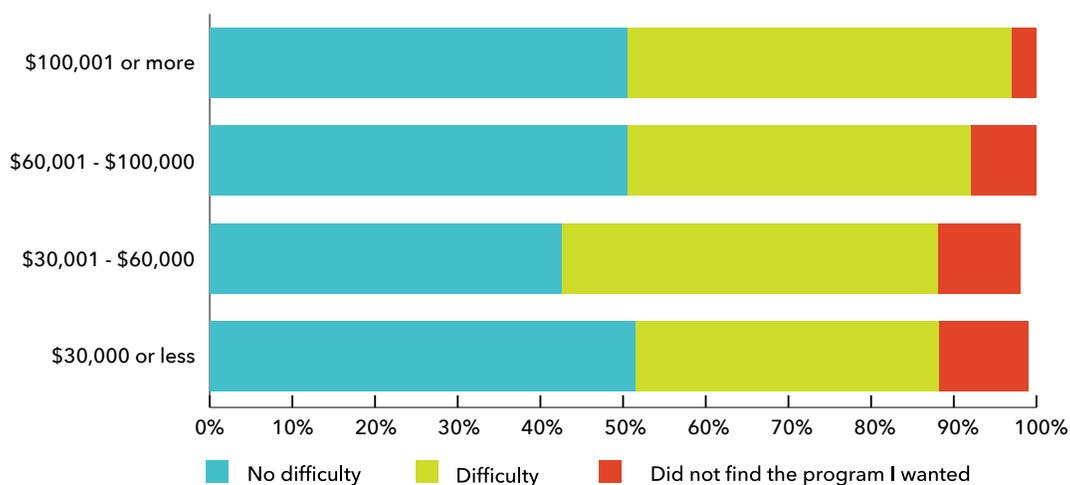
As schools and many child care centers remain closed, many parents are trying to work and care for their children at the same time. The child care system is also under great strain because of low wages and limited benefits for child care providers, putting both families and workers in a precarious position.

Mothers are breadwinners in half of all households with children under 18 and are trying to balance work while caring for children and family members who are sheltering in place or have fallen ill. Child care providers are struggling to operate during the pandemic, threatening the economic security of the childcare workforce, who are primarily women of color and immigrant women.

While the current stakes are highest for working women and women of color, who are more likely to be in essential jobs than anyone else, the child care system was a challenge for most parents even before the crisis. Since quality child care is labor intensive, the cost of high-quality child care can exceed the cost of median rent or even college tuition in many states.

Longstanding gaps in income along the lines of race and ethnicity put the cost of childcare out of reach for many parents of color, especially Black parents, who earn 40 percent less than their white counterparts. Child care challenges were driving parents, especially mothers, out of the workforce at an alarming rate even before the pandemic, but finding child care during the pandemic has become nearly impossible for many families of essential workers.

CHART 6: REPORTED DIFFICULTY FINDING CHILD CARE IN 2016, BY HOUSEHOLD INCOME*



Note: Percentages may not add up to 100% due to rounding. Source: Groundwork Collaborative analysis of The Center for American Progress, "America's Child Care Deserts in 2018," available at <https://www.americanprogress.org/issues/early-childhood/reports/2018/12/06/461643/america-child-care-deserts-2018/>.

POLICY RESPONSE NEEDED:

It's imperative Congress stabilize the childcare system by ensuring child care providers have the support they need to provide care during the pandemic. Failure to do so would threaten women's ability to participate in the labor force, undermine women-owned small business child care centers, and jeopardize the economic security of the childcare workforce. Quality, publicly subsidized child care is needed to support children's development, strengthen families' economic security, and create quality, living wages jobs for child care workers.

THE RACIAL WEALTH GAP

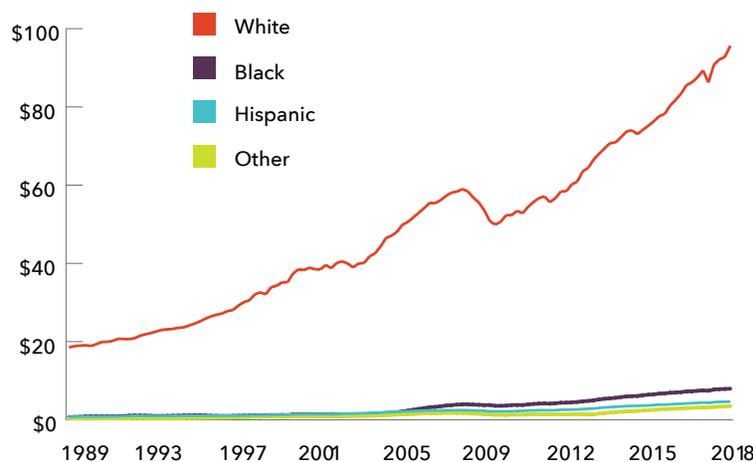
For the last five decades, the majority of the gains from economic growth have flowed to the rich. Today, the top 1 percent of Americans own more wealth than the bottom 90 percent combined. Wealth disparities across race and ethnicity have also persisted for decades.

While white households hold nearly all—86 percent—of the country’s wealth, Hispanic or Latinx households hold just three percent, and Black households hold four percent. Most Americans do not have enough savings to cover a \$400 emergency expense, let alone survive a sustained economic downturn, and this is compounded for people of color.

Without savings to fall back on, workers of color are too often forced to work while they are sick in order to keep the lights on and food on the table, which is particularly concerning in the midst of the health crisis. Or they may be forced to skip critical treatment reducing their odds to fight the virus. Twenty percent of adults are unable to cover their current month’s bills, and 25 percent skipped a medical treatment in the past year because they couldn’t afford the bill.

Wealth disparities mean that small businesses owned by people of color have less of a cushion to fall back on during downturns, and as a result fare far worse than white-owned businesses during periods of economic contraction. While 60 percent of white-owned businesses survived the Great Recession, just 49 percent of Black-owned businesses were still operating after the financial crisis ended.

CHART 7: HOUSEHOLD WEALTH BY RACE, TRILLIONS OF DOLLARS



Source: Groundwork Collaborative analysis of Federal Reserve Board of Governors Distributional Financial Accounts data, available at <https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/#quarter:121;series:Net%20worth;demographic:race:population:1,3,5,7;units:shares>.

POLICY RESPONSE NEEDED:

Addressing the obstacles preventing communities of color from building wealth will include a fundamental restructuring of the economy. This includes combatting discrimination in the labor market that leads to occupational segregation and racial disparities in income, fully enforcing laws prohibiting redlining and housing discrimination, increasing access to quality, public education, and cancelling student loan debt.

VULNERABILITY TO UNEMPLOYMENT

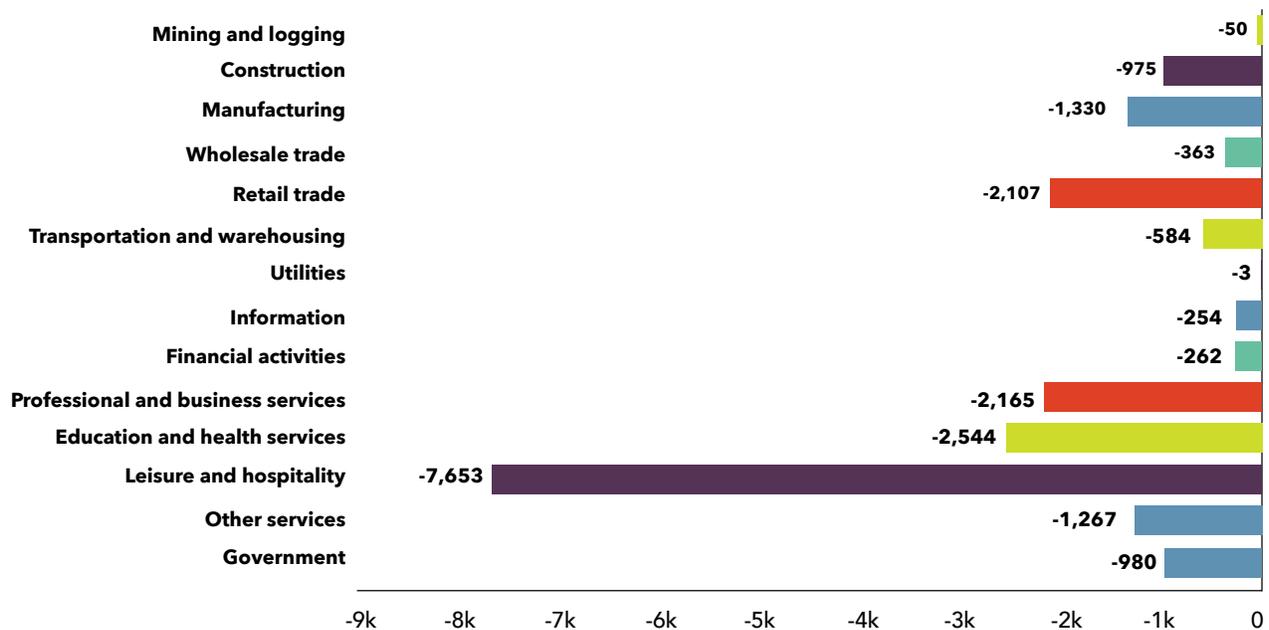
While some segments of the economy remain closed to stop the spread of the virus, many other sectors are experiencing dramatic drops in demand resulting in mass unemployment. April’s unemployment rate is a staggering **14.7 percent**, towering over the peak experienced during the Great Recession, and approaching levels only seen during the Great Depression. This number is also likely an undercount, since it only includes those actively looking for work, which is currently impossible for many. This unemployment is experienced differently across sectors and racial and ethnic groups.

People of color are overrepresented in many of the sectors experiencing the highest job loss, including **leisure and hospitality, retail and service-sector jobs**. Due to **decades of disinvestment in working people and labor market discrimination**, these industries include some of the **lowest paid and most insecure jobs**, with few or no benefits and limited opportunities for advancement.

For example, Latinx workers are disproportionately represented in the leisure and hospitality industry—an industry that has seen the **largest decline in employment** across all industries. While Latinx people make up **18 percent of all workers**, they make up **24 percent of workers** in the leisure and hospitality industry. Workers in the leisure and hospitality industry earn **less than half** the average weekly earnings for all workers, making it the industry with the lowest weekly wage.

Black people are also disproportionately represented in many of these industries. While Black people represent **12 percent of the workforce overall**, they make up **18 percent of cashiers**, receiving median earnings of **\$24,000 a year**. Cashiers working in retail are highly vulnerable to layoffs during this crisis.

CHART 8: EMPLOYMENT CHANGE BY INDUSTRY, APRIL 2020, SEASONALLY ADJUSTED, 1-MONTH NET CHANGE



Source: The Bureau of Labor Statistics, “Employment by industry, monthly changes” May 2020, available at <https://www.bls.gov/charts/employment-situation/employment-by-industry-monthly-changes.htm>

POLICY RESPONSE NEEDED:

Saving our economy from total collapse will require major investments in the health and economic well-being of laid off or furloughed workers and their families and communities. Congress must prioritize getting substantial aid to the people who need it the most by bolstering the safety net with robust measures to support working people and families, expanding unemployment insurance, and providing immediate cash relief to struggling families for the duration of the crisis.

CONCLUSION

As outlined in this brief, while the COVID-19 pandemic sparked the deep economic crisis, the crisis is being fueled and deepened by policy choices—which often manifests as deliberate inaction—that have favored the wealthy and well-connected and left the vast majority of workers, families and communities behind, especially low-income communities and communities of color. The Trump Administration’s economic policies and recent actions have already exacerbated the current crisis and made it worse, and policymakers must now act quickly and aggressively to undo the damage and protect families and essential workers.

The first few bills Congress passed in response to the economic downturn provide some much-needed relief to struggling families, but are insufficient to address the magnitude and expected duration of this crisis. Our elected officials must ensure that families and communities receive substantial, and ongoing aid throughout what is likely to be a deep recession. Over 36 million people are now jobless, and most Americans do not have enough savings to cover [a \\$400 emergency expense](#), let alone survive a sustained economic downturn.

The only way to prevent this crisis from getting worse is through public intervention. The “market” will not solve this, corporations will not solve this, and individuals will not solve this. Congress should marshal public resources to help workers and families by bolstering basic living programs that help keep people afloat, extending unemployment insurance until the labor market has sufficiently recovered, continuing robust cash assistance and expanding it to include all struggling families, mandating basic workplace protections to safeguard all workers, families and communities from the virus, and providing aid to stretched state and local governments. Policymakers must simultaneously address the structural flaws that decades of conservative policies have inflicted on our economy that have made us more vulnerable to economic crises.

The human toll of the economic crisis will be entirely dependent on the policy response - the economic devastation from this crisis is already enormous and will continue to grow, but it doesn’t have to if we make different policy choices.