

COVID-19 and Economic Opportunity: Inequities in the Employment Crisis

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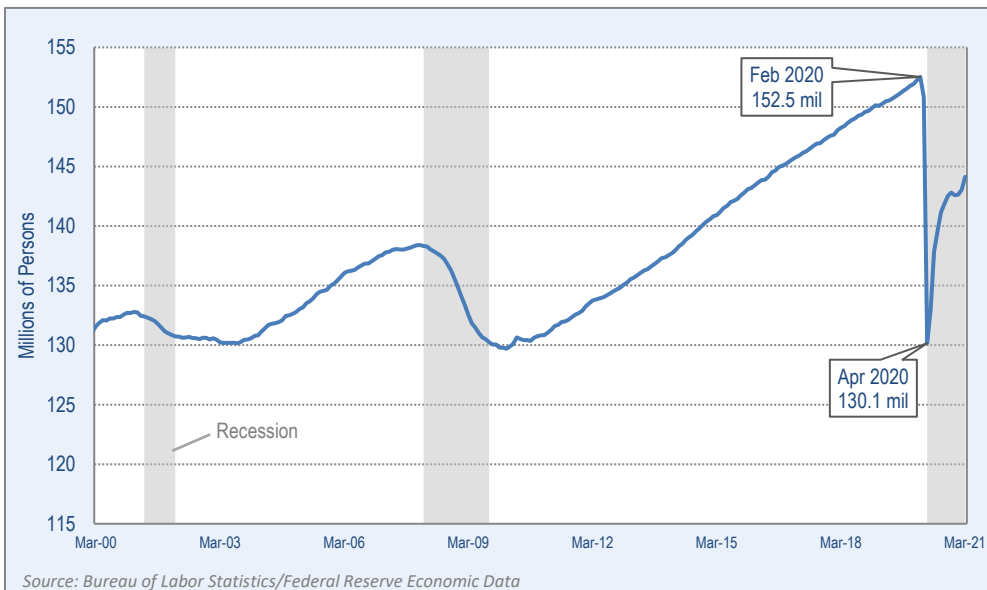
HIGHLIGHTS

- People of color, low-income workers, and women disproportionately lost their jobs during the COVID-19 pandemic.
- The pandemic inhibited people's ability to work, leading to reduced hours and labor market withdrawals.
- Employment decline from pre-pandemic levels is largest for Black and Hispanic women.
- Black and Hispanic workers continue to have substantially higher jobless rates than White and Asian workers, and the gap has widened.
- Labor force participation is recovering unevenly and stagnating below pre-pandemic levels, most notably for Black women.

COVID-19 caused an unprecedented economic crisis, with inequitable effects.

From February to April 2020, employment decreased by 22 million jobs—more than twice the number lost during the Great Recession (Figure 1).¹ The unemployment rate peaked at 14.8 percent in April 2020 (Figure 2). In that same month, weekly unemployment insurance claims reached 6.1 million, and remain 3.5 times higher than pre-pandemic levels. Just over 4.2 million people (43 percent of all who are unemployed) are experiencing long-term joblessness (6+ months) – a steadily rising number. Labor force participation declined by 3.1 percentage points from February through April 2020 and remains historically low at 61.5 percent. By comparison, labor force participation declined by 0.5 percentage points during the Great Recession (November 2007 – July 2009).

Figure 1. Total Nonfarm Employment, Mar. 2000 - Mar. 2021



LABOR MARKET INDICATORS

Unemployment Rate.

6.0% (9.7 mil. ppl.) in March 2021, 2.5 percentage points (4 mil. ppl.) higher than February 2020.

Employment. 144 mil. in March 2021, 5.5% lower than February 2020.

Labor Force Participation Rate.

61.5% of the population was working or looking for work in March 2021, 1.8 percentage points lower than February 2020.

Long-term Unemployment.

4.2 mil. people unemployed at least 6 months (43% of jobless) in March 2021, 3.8 times higher than February 2020.

Figure 2. Unemployment Rate, Mar. 2000 - Mar. 2021



These overall figures mask the fact that COVID-19’s economic impacts have disproportionately affected low-wage workers, certain people of color, and women. These groups face historical barriers to employment and economic opportunity and are overrepresented in jobs and industries with higher pandemic-related job losses.

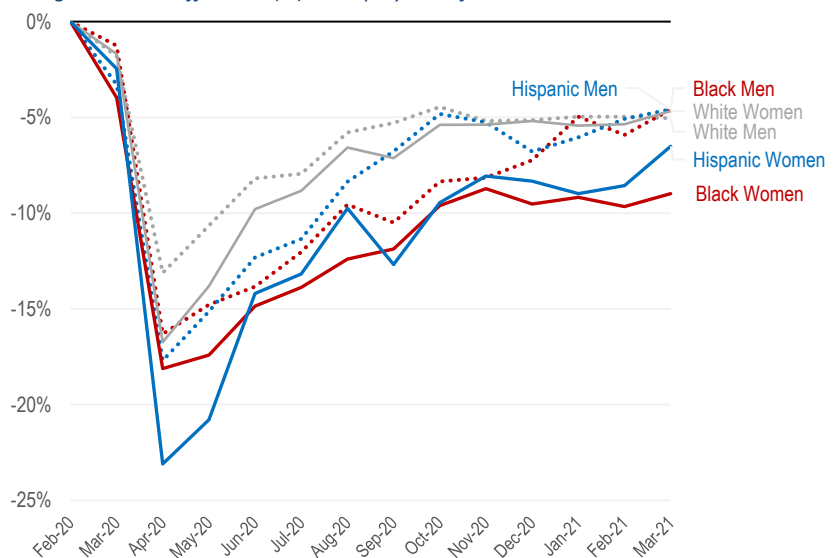
Aside from job losses, the pandemic impeded people’s ability to work, leading to reduced hours and labor market withdrawals. School and child care closures increased caretaking responsibilities, as has care for family members. Women are disproportionately absorbing the impact of these changes.²

Moreover, workers are contending with the increased risk of exposure from working outside of the home. Especially vulnerable are those with underlying [medical conditions](#) often more prevalent among communities of color.³ Disparate underlying personal health and the potential for greater exposure to COVID-19 at work have the effect of widening health and economic inequity. The shift in the labor force toward telework skewed to higher educated, higher-income, and White workers.⁴ Lower-income workers and workers from communities of color account for a greater share of the essential workforce and, thus, may have greater exposure to the public.⁵ Low-wage jobs are also less likely to have paid sick leave.⁶ As the economy recovers, many essential and low-wage workers are at risk of being left behind. A companion [brief](#) looks more closely at these consequences, and another recent [ASPE Issue Brief](#) discusses health equity. This brief highlights racial and gender disparities in employment trends. Importantly, this brief does not address changes from the American Rescue Plan Act of 2021, as insufficient time has passed to understand the impact of the substantial increase in resources targeting Americans in need. Future briefs will focus on low-wage workers and other populations facing systemic barriers to economic mobility.

Communities of color and women disproportionately lost their jobs during the pandemic.

From February 2020 through December 2020, the decline in employment for Black and Hispanic workers was considerably larger than it was for White workers. This disparity is larger among women than men – employment declines for Black and Hispanic adult women remain 4.3 and 1.8 percentage points larger, respectively, than for White women (Figure 3). As of March 2021, White men and women, Hispanic men, and Black men have similar net declines in employment since February 2020 (about 4.6 to 5.0 percent). Though Hispanic women experienced steady net employment gains in early 2021, employment levels among Black women have stagnated about 9 percent lower than February 2020.

Figure 3. Net Difference (%) in Employment from Pre-Pandemic Level

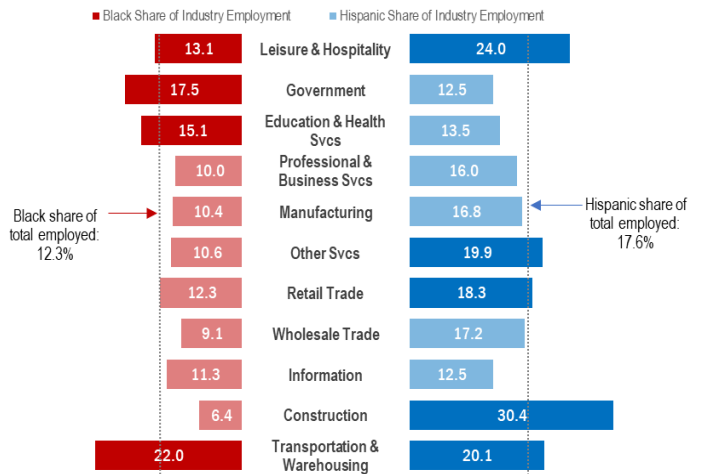


Source: ASPE tabulations of change in seasonally adjusted employment levels for the population 20 years and older, by sex, race, and Hispanic or Latino ethnicity.

Women and workers from communities of color are concentrated in some of the hardest hit industries.

The overrepresentation of people of color and women working in the industries and occupations that were hardest hit by the pandemic is a partial driver of the disparity in employment declines. Figure 4 shows that Black and Hispanic workers made up disproportionate shares of the workforce in the industries most affected by the pandemic, including leisure and hospitality, government, and education and health services. About 24 percent of those working in leisure and hospitality – an industry that has been decimated during the pandemic – are Hispanic. Women make up 77 percent of all workers in education and health services and 53 percent in leisure and hospitality.⁷ Employment decline in more pandemic-exposed sectors was four times larger than it was in less-exposed sectors (38 percent vs. 9 percent).⁸ Moreover, the bulk of job losses since February 2020 are concentrated in low paying industries.^{9,10}

Figure 4. Share of Black and Hispanic Workers by Major Industry in 2019, Ordered by Net Employment Change Jan. 2020 – Jan. 2021



Source: Bureau of Labor Statistics, Current Population Survey, 2019 Annual Averages Table 18. Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity and Current Employment Statistics survey, Employment change by industry.

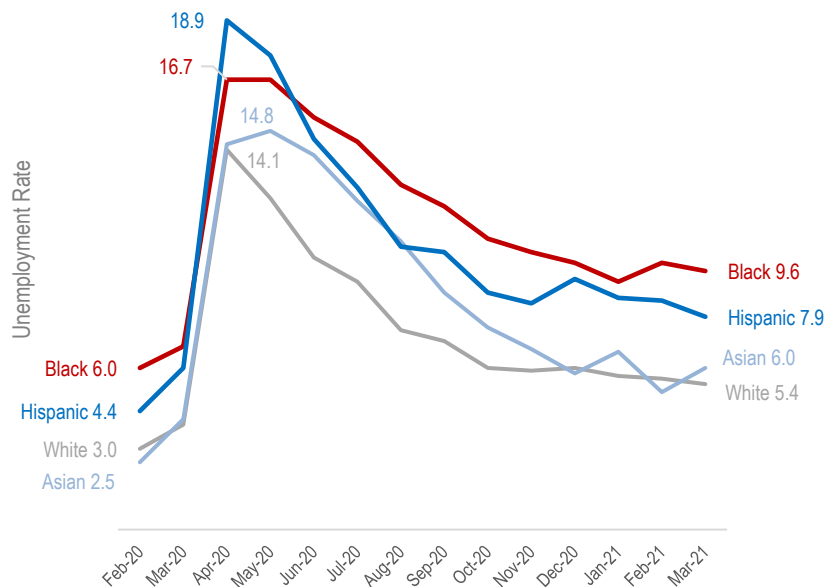
Women and people of color are more likely to work in essential or front-line jobs and the caregiving workforce.¹¹ These workers face an increased risk of exposure to COVID-19. Though this brief does not explore this in detail, these disparities have implications for health and economic equity.¹²

Employment declines have translated to income instability, with half of all U.S. households experiencing a loss in employment income, and even more among communities of color. By the end of 2020, almost two-thirds of Hispanic and over half (57 percent) of Black households had experienced a loss in income from work since mid-March 2020, compared to 44 percent of White households.¹³ Households with people of color are also more likely to report that they expect a decline in employment income in the next month, signaling greater income instability among these households. Changes in employment due to layoffs, hours reductions, safety concerns, and increased caregiving responsibilities have led to many other [challenges](#) such as food insufficiency, housing instability, and loss of employer sponsored [health insurance](#), as detailed in companion briefs from ASPE.

Black and Hispanic workers continue to have higher jobless rates than White and Asian workers, and the gap widened during the pandemic. Unemployment rates have declined from their historic peaks, but the pace and magnitude of the decrease is not evenly distributed. Among communities of color, unemployment rates reached higher levels than for Whites, and they are decreasing more slowly for Black and Hispanic workers than for Asian and White workers.

The gap between White and Hispanic jobless rates nearly quadrupled between February and May 2020 and remains almost two times larger than it was before the pandemic. The gap between White and Black jobless rates, which was narrowing somewhat leading into last spring,

Figure 5. Unemployment Rate by Race/Ethnicity



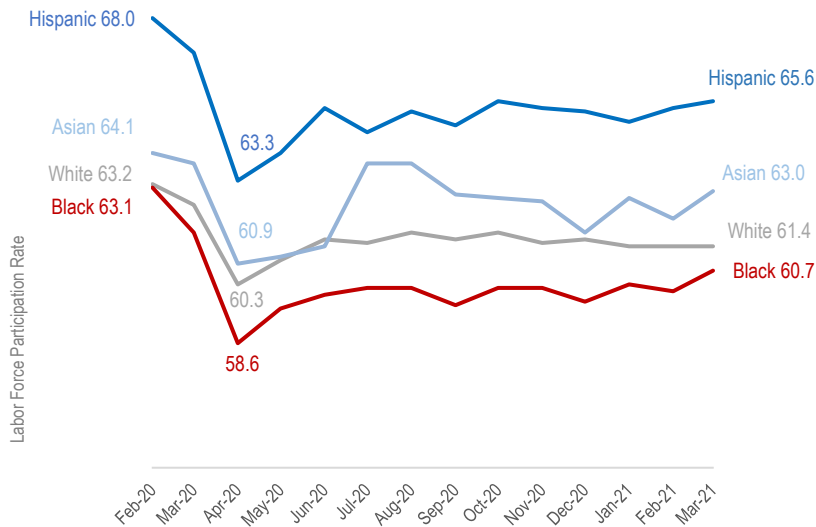
Source: Bureau of Labor Statistics, Civilian Unemployment Rate, seasonally adjusted

expanded from the onset of the pandemic until mid-year 2020. The Black unemployment rate is still about 4.2 percentage points higher than it is for Whites. Notably, Asian workers, who tend to have an unemployment rate similar to White workers, experienced higher rates of joblessness than Whites for most of 2020 and early 2021.

Labor force participation is recovering unevenly and stagnating below pre-pandemic levels. The labor force participation rate measures the active workforce size, and unlike the unemployment rate, it accounts for people who

have given up looking for a job or voluntarily withdrawn for caregiving or other reasons. Shown in Figure 6, decreases in labor force participation rates are largest for Black and Hispanic workers, for whom participation declines from pre-pandemic remain 0.6 percentage points larger than White workers. Improvement has generally been minimal across the board, though labor force participation has recovered most among Asian workers. The overall labor force participation rate remains about 1.8 percentage points lower than it was in February 2020. Black workers are struggling to close the widened participation gap between them and White workers.¹⁴ Participation is recovering more slowly for women than for men, and Black women's labor force participation has been the slowest to bounce back at just 0.5 percentage points higher than its April 2020 low point as of March 2021. Women, in particular, are confronting multiple challenges

Figure 6. Labor Force Participation Rate by Race/Ethnicity



Source: Bureau of Labor Statistics, Labor Force Participation Rate, seasonally adjusted

to working – they are picking up a larger share of the increased caregiving demands from virtual schooling and child care closures and comprise a disproportionate share of workers in the hardest hit industries.¹⁵ This stands to have lasting effects on women's labor force participation.¹⁶

Employment conditions are not improving for everyone, and steps are needed to ensure the recovery is equitable.

Economic inequality is growing in the aftermath of the COVID-19 pandemic. Early, encouraging signs of economic recovery during the summer of 2020 dissipated as the pandemic surged in the fall and winter. After stalling into early 2021, job gains picked up in March 2021, though unemployment remains well above pre-pandemic levels, and labor force participation is near a 45-year low. Pandemic-related job losses are concentrated in industries employing historically disadvantaged groups, and the recovery is leaving some of these same groups behind. Income loss is straining many families, especially within some communities of color. Workers in essential or front-line jobs, who are disproportionately low-income and/or people of color, do not have the protection that comes from working from home, creating a choice between one's health and one's livelihood. And women, particularly women of color, young women, and less educated women, are absorbing the brunt of the economic fallout, leading some to label this economic downturn a "She-Cession".¹⁷ As economic conditions improve, it is important to monitor how these different populations are faring.

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- ² Misty L. Heggeness and Jason M. Fields. Aug. 2020. "Working Moms Bear Brunt of Home Schooling While Working During COVID-19," U.S. Census Bureau. <https://www.census.gov/library/stories/2020/08/parents-juggle-work-and-child-care-during-pandemic.html>.
- ³ Centers for Disease Control and Prevention (CDC). Dec. 2020. "Risk of Severe Illness or Death," <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/disparities-illness.html>.
- ⁴ Alexander Bick, Adam Blandin, and Karel Mertens. 2020. "Work from Home After the COVID-19 Outbreak," Research Department Working Papers, Federal Reserve Bank of Dallas, revised July 2020. <https://www.dallasfed.org/research/papers/2020/wp2017>.
- ⁵ CDC. Dec. 2020. "Increased Risk Factors for Exposure," <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/increased-risk-exposure.html>.
- ⁶ Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily*, Higher paid workers more likely than lower paid workers to have paid leave benefits in 2020 at <https://www.bls.gov/opub/ted/2021/higher-paid-workers-more-likely-than-lower-paid-workers-to-have-paid-leave-benefits-in-2020.htm>.
- ⁷ BLS Table B-5. Employment of women on nonfarm payrolls by industry sector, seasonally adjusted. <https://www.bls.gov/news.release/empsit.t21.htm>. Accessed Feb. 4, 2021.
- ⁸ Matthew Dey, Mark A. Loewenstein, David S. Piccone Jr., and Anne E. Polivka. 2020. "Update on demographics, earnings, and family characteristics of workers in sectors initially affected by COVID-19 shutdowns," U.S. Bureau of Labor Statistics, <https://www.bls.gov/ers/update-on-demographics-earnings-and-family-characteristics-of-workers-in-sectors-initially-affected-by-covid-19-shutdowns.htm>.
- ⁹ Tracking the COVID-19 Recession's Effects on Food, Housing, and Employment Hardships. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>. Accessed Feb. 1, 2021.
- ¹⁰ Jaison R. Abel and Richard Deitz. Feb. 9, 2021. "Some Workers Have Been Hit Much Harder than Others by the Pandemic," Federal Reserve Bank of New York *Liberty Street Economics*, <https://libertystreeteconomics.newyorkfed.org/2021/02/some-workers-have-been-hit-much-harder-than-others-by-the-pandemic.html>.
- ¹¹ Francine D. Blau, Josefine Koebe, and Pamela A. Meyerhofer. Apr. 2020. "Essential and Frontline Workers in the COVID-19 Crisis," <https://econofact.org/essential-and-frontline-workers-in-the-covid-19-crisis>.
- ¹² CDC. Dec. 2020. "COVID-19 Racial and Ethnic Health Disparities," <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/index.html>.
- ¹³ ASPE analysis of Census Household Pulse Survey data, Week 21.
- ¹⁴ David Dam, Meghana Gaur, Fatih Karahan, Laura Pilossoph, and Will Schirmer. Feb. 9, 2021. "Black and White Differences in the Labor Market Recovery from COVID-19," Federal Reserve Bank of New York *Liberty Street Economics*, <https://libertystreeteconomics.newyorkfed.org/2021/02/black-and-white-differences-in-the-labor-market-recovery-from-covid-19.html>.
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- ¹⁶ Nicole Bateman and Martha Ross. Oct. 2020. "Why Has COVID-19 Been Especially Harmful for Working Women?" <https://www.brookings.edu/essay/why-has-covid-19-been-especially-harmful-for-working-women/>.
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