
Pamela Winston, Office of Human Services Policy

April 2021

HIGHLIGHTS

- Poverty has increased during COVID-19, and while federal income supports have helped, communities of color continue to experience higher rates of poverty. ASPE estimated that 13.6 percent of Americans were in poverty at the end of 2020, compared to an annual poverty rate of 10.5 percent in 2019. Rates were estimated to be over twice as high for Black and Hispanic Americans as for Whites.
- Many Americans face food insecurity, with Black and Hispanic households hardest hit. As of December 2020, 19 percent of Black and 21 percent of Hispanic adults reported that their households sometimes or often did not have enough to eat in the prior week, compared to eight percent of White adults.
- Already-severe housing burdens for U.S. families are particularly difficult during the pandemic for households of color. As recently as March 2021, 22 percent of Black and 20 percent of Hispanic renters could not pay the prior month’s rent on time, compared with nine percent of White renters.
- Some child care centers have closed—or reduced the number of available slots—putting particular pressure on low-income families and on the child care workforce. Over 70 percent of child care arrangements had ceased operation as of August 2020, or were operating at reduced capacity or hours.
- The pandemic’s disparate effects on communities of color and other marginalized people challenge recovery efforts to prioritize equity.

COVID-19 has caused social and economic hardship across American communities, and effects are sharpest in low-income communities and among Black and Hispanic people.

The social and economic consequences of the COVID-19 pandemic have been severe. Twenty-two million jobs were lost between February and April 2020, as the unemployment rate hit 14.8 percent.¹ The number of families receiving federal food assistance jumped 17 percent in only three months, and many households were unable to pay their rent.² However, these effects have hit different groups of Americans unequally, with communities of color and other marginalized people such as low-wage workers, being disproportionately affected by COVID-19’s economic impacts. This brief highlights what we know about the broad economic ramifications of COVID-19 and the recession on Americans and the disparate effects by race and ethnicity. It reviews several programs that assist families in need, including income supports, food security, housing, and child care and early childhood education. This is a companion brief to other ASPE briefs focusing on unequal impacts of the COVID-19 pandemic on different racial and ethnic groups, addressing labor market consequences, health equity, and insurance coverage.³ 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.

Poverty has increased, and though federal income support has helped, communities of color continue to be left behind.

Reflecting the high unemployment rate, the overall poverty rate is projected to have increased between 2019 and 2020. Though official estimates will not be available until September 2021, an ASPE analysis estimated that 13.6 percent of Americans were in poverty at the end of 2020, compared to an annual poverty rate of 10.5 percent in 2019.⁴ A range of new and existing federal programs blunted the growth of poverty, with one analysis suggesting poverty could have reached 16 percent without expanded federal pandemic relief.⁵ But because major COVID-relief
efforts were either one-time or time-limited, ASPE’s research estimates that an additional 9.8 million people were in poverty compared to 2019.

Further, poverty has been hitting Americans at widely different rates by race and ethnicity. While the poverty rate in August through December 2020 for White, non-Hispanic people was projected to be 9.8 percent, the rates for Black and Hispanic people were projected to be over twice that—22.5 percent for Black Americans and 20.1 percent for Hispanics.

Receipt of program benefits also varied by race and ethnicity. For example, from April to June 2020, Black workers who lost their jobs were less likely to receive Unemployment Insurance (UI) (at 13 percent) than White and Hispanic unemployed workers (24 and 22 percent, respectively).\(^6\) (See Box 1 for details on expanded UI and other major relief efforts enacted during 2020.) Even prior to COVID-19, racial and ethnic disparities in UI were common, with one study of UI claims during the Great Recession finding Black and Hispanic unemployed workers less likely to receive UI than Whites, even after other demographic characteristics were taken into account.\(^7\) Research suggests this could be because Black workers are more likely to reside in states that provide smaller unemployment benefits.\(^8\)

Receipt of Economic Impact Payments from the CARES Act occurred more slowly—or not at all—for some groups. By late May 2020, 78 percent of eligible adults with relatively higher incomes (between 100 and 600 percent of poverty) had received the payments, compared to only 59 percent of adults below poverty. Further, 74 percent of White adults had received payments during this time period, compared to only 69 percent of Black and 64 percent of Hispanic adults.\(^9\) Barriers to payment receipt included no recent history of filing taxes, lack of internet access, and being unbanked.

Access to the Paycheck Protection Program (PPP) varied substantially by race and ethnicity. One analysis found that businesses in zip codes with the largest proportions of White residents received twice as many loans per capita than those in zip codes with the smallest proportions of White residents.\(^10\) It also took longer on average for small businesses in majority-Black zip codes to receive loans (31 days), compared to those in majority-White zip codes (24 days). For the self-employed and independent contractors, the disparity was three weeks.\(^11\) Major barriers to accessing loans for minority-owned businesses included lack of a pre-existing relationship with a bank and lending discrimination.\(^12\)

Emergency Paid Sick Leave and Paid Family Leave programs were established to provide job and income security to families affected by COVID-19. ASPE estimates for the Emergency Paid Family Leave found that up to 59 percent of low-income working parents were eligible for the program. Take-up rates were likely to be substantially lower, since low-income workers are disproportionately in small businesses who were not mandated to participate. Research on eligibility or take-up by race and ethnicity is not available. Both programs were slated to end in December 2020, although voluntary employer participation is funded through March 2021.
States, tribes, territories, and the District of Columbia use Temporary Assistance for Needy Families (TANF) funds to provide time-limited cash assistance and other supports to certain low-income families and rules, benefits, and program receipt vary widely by jurisdiction. Federal TANF policies were not altered by the 2020 COVID-related legislation. ASPE projected that TANF eligibility nationwide would increase by between six and nine percent from 2019 to 2020. Hispanic people were estimated to see the greatest increase in eligibility relative to Black and White people. Actual TANF and “separate state program” caseload data for 2020 indicated an increase of 7.8 percent between March and June 2020, followed by a decrease of four percent between June and September 2020. Estimates by race and ethnicity are not yet available.

Finally, child support payments are crucial for lifting families with children out of poverty. However, even before COVID-19, many noncustodial parents—especially low-income parents—found it difficult to make child support payments. The economic stimulus programs during the pandemic may have helped mitigate the recession’s effect on child support payments, but continued economic insecurity is likely to result in many parents owing child support but being unable to make payments. When non-custodial parents lose employment, child support orders can be modified to reflect ability to pay. But with court closures due to the pandemic, especially in its early months, this process may be delayed for some parents, leading to greater child support debt. High child support debt predicts lower future child support payments. While recent research is limited on child support payments by race and ethnicity, these barriers disproportionately affect low-income parents and parents of color, who each make up more than half of the families in the federal child support enforcement program.

Many Americans are facing food insecurity, with Black and Hispanic households hardest hit.

Early in the pandemic, between April and July 2020, 22 percent of all households said that they were food insufficient. In contrast, only six percent of all households said they were food insufficient at the end of 2018. Sharp disparities existed by race and ethnicity in 2020, with 34 percent of Hispanic households and 32 percent of Black households reporting food insufficiency, compared with 16 percent of White households. Further, 42 percent of households with incomes less than $30,000, 36 percent of youth, and 31 percent of households with children were food insufficient. Racial and ethnic disparities remained over the course of the pandemic. As of December 2020, 19 percent of Black and 21 percent of Hispanic adults reported that their households sometimes or often did not have enough to eat in the last seven days, compared to eight percent of White adults.

The Supplemental Nutrition Assistance Program (SNAP) is the federal program that provides financial benefits to low-income families and individuals to purchase food at stores. Early in the pandemic, the number of families receiving SNAP jumped 17 percent between February and May 2020, an unprecedented increase. SNAP eligibility between August and December 2020 was projected to increase by more than 10 percent from 2019, according to ASPE analysis, representing between 7.9 and 11.9 million more Americans. Analysis estimated a proportionally larger increase for Whites than for Blacks and Hispanics, and more research is needed to understand reasons for the difference. Because SNAP is an open-ended entitlement program, eligibility projections provide a reasonably good indicator of the direction of future caseloads. These increases may in part be due to expanded benefits during the public health emergency instituted by FFCRA in March 2020 and further expansion in December 2020. In addition, the Pandemic-EBT program provided financial benefits for children who would normally receive free or reduced-price school meals but could not because of school closures; it has been extended until September 2021. It is unknown exactly how much the Pandemic-EBT program reduced food insecurity for households with children.

The pandemic is exacerbating already-severe housing burdens for U.S. families, with particular risks for Black and Hispanic households.

Prior to the pandemic, low-income households struggled with housing affordability. In 2019, 37.1 million—almost one third of all households—experienced “cost burden,” defined as spending more than 30 percent of their incomes on housing. These cost burdens disproportionately impacted renters of color: 54 percent of Black renters and 52 percent of Hispanic renters experienced cost burden in 2019, compared to 42 percent of White renters.
During the pandemic, many households reported being unable to meet housing expenses on time, with substantial variation by race and ethnicity. In March 2021, 22 percent of Black and 20 percent of Hispanic renters could not pay the prior month’s rent on time.27 In contrast, only nine percent of White renters said they could not.

Evictions were slowed by the national eviction moratorium issued by the Centers for Disease Control in September 2020, but housing risks continue for families. The moratorium was extended through June 2021. However, evictions continue to be filed during the pandemic, with over 290,000 filed as of April 2021 in five states and 27 cities with available data.28 Americans owed an estimated $57 billion in back rent, utilities, and fees as of January 2021.29 Though data are not available on evictions by race and ethnicity, based on disparities in housing burden, they are likely to take a disproportionate toll on renters of color, putting these groups at higher risk of homelessness and other instability.

**Closure of child care centers—and reduced slots in those remaining open—put additional pressure on low-income families, some of whom are child care workers themselves.**

Families of young children are experiencing increased stress, uncertainty, hardship, and isolation due to COVID-19. As many in-person children’s services and schooling are cut back, the negative impacts on the social and emotional development of young children are of particular concern, especially for children from low-income families or living in communities hardest hit by the pandemic. Further, child care and early education are essential to many mothers, if they are to work, and the industry itself employs a largely female and minority workforce.30

Prior to the pandemic, the nation faced a shortage of child care slots, in particular affordable, high-quality slots. COVID-19 has exacerbated existing challenges in the supply of quality child care. One survey of parents with young children found that as of August 2020, over 70 percent of their child care arrangements had closed or were operating at reduced capacity or hours, at least temporarily.31

In April 2020, 96 percent of Head Start early education centers were closed for in-person services. As of January 2021, of the Head Start grantees that reported, 26 percent were open for in-person services only, 39 percent for in-person and virtual/remote services, and 30 percent were open for virtual/remote services only.32 Head Start targets low-income populations, and, according to 2019 Program Information Report data, 30 percent of participating children and pregnant women are Black and 37 percent are Hispanic. Limited Head Start openings have implications for both child development and the ability of low-income parents to go back to work.33

These trends place particular burdens on the child care workforce, which is largely comprised of low-income women of color.34 Employment in child care services has now partially recovered from an April 2020 low, as of January 2021 regaining 83 percent of its previous high of 1.04 million workers in February 2020. Nonetheless, even with a modest recovery of the workforce, programs aren’t able to serve all of the children they could prior to the pandemic due to mitigation strategies necessary to limit COVID-19’s spread that limit enrollments. Despite a modest recovery in the workforce, the number of child care openings has not kept pace, leaving parents of young children struggling to rejoin the labor market.35

The CARES Act and the 2021 Coronavirus Response and Relief Supplemental Appropriations Act both included supplemental funding, as well as flexibilities that allowed federal funds to continue payment to providers of early care and education despite decreased enrollment or closures related to COVID-19. However, many providers reported that they would be unable to remain open without more substantial support due to costs incurred for enhanced cleaning procedures and personal protective equipment.36
Recovery efforts must consider the pandemic’s disparate effects on communities of color and others who have been adversely affected by persistent poverty and inequality.

Low-income Americans—in particular those of color—are bearing the brunt of COVID-19’s economic and social impacts. The pandemic has highlighted existing inequities and in many ways has exacerbated them. We see dramatically disparate effects by income, race, and ethnicity on families’ employment and financial security, and access to food, housing, and child care and early education. HHS programs and other federal initiatives have historically supported low-income people in times of economic crisis. With greater consideration and responsiveness to the needs of all Americans, our employment, income, and family support efforts—and food and housing programs—can advance the economic security and stability of all families and individuals of color, and others negatively affected by persistent poverty and inequality.


3 This brief examines patterns for Black, Hispanic, and White Americans. The study lacked consistent data for Asian or American Indian or Alaska Native Americans (though we recognize that the latter were disproportionately affected by the pandemic and recession).

4 These simulations are based on an assumed unemployment rate of 8.2 percent.


16 Parents with past-due support were the only group among those with government debt that were excluded from the first round of Economic Impact Payments from the CARES Act; instead this funding went towards their child support debt. Yiyu Chen and Elizabeth Karberg. “Child support reform can help parents better support their children during and after the COVID-19 recession.” Child Trends. June 25, 2020. https://www.childtrends.org/blog/child-support-reform-can-help-parents-better-support-their-children-during-and-after-the-covid-19-recession. However, they were not excluded from the December economic impact payments. Bureau of the Fiscal Service. “Frequently Asked Questions (FAQs) on the Recovery Rebate Credit and the Treasury Offset Program (TOP).” February 9, 2021. https://fiscal.treasury.gov/top/faq-for-the-public-covid-19.html


20 These were households that responded “yes” to the statement: “The food we bought just didn’t last, and we didn’t have money to get more.”
Acknowledgments:

This brief reflects critical contributions from HSP analysts who provided content and review. They are: Erica Meade, Nina Chien, Amanda Benton, Alec Vandenberg, Laura Chadwick, Suzanne Macartney, Jennifer Tschantz, Alayna Schreier, Gilbert Crouse, Kendall Swenson, and Sofi Martinez.