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The Dual Crisis: How the COVID-19 Recession Deepens Racial and Economic Inequality Among Communities of Color

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Introduction

The ongoing COVID-19 pandemic poses an unprecedented threat to our economy and the livelihood of workers and their families, particularly workers paid low wages and Black, Latinx, Indigenous, and immigrant workers. In March 2020, in response to the virus, state “shelter at home” orders swept the nation. These policies halted most non-essential businesses, mandated social distancing rules in public, enforced curfews to abate the spread of the virus, and shifted K-12 and higher education online. Millions of people were furloughed or let go from their jobs, plunging families deeper into economic insecurity and uncertainty. As the economic shutdown continued and the virus remained a significant threat, workers’ economic instability grew worse. Workers struggled to make rent, pay for food, and keep afloat. As winter approaches, the labor market is still 12 million jobs short of where it would have been without the pandemic-recession. Some 12 million workers have lost employer-provided health insurance as well.¹ The devastating and long-term effects of the recession have not been evenly felt.

The COVID-19 recession has had a disproportionate impact on communities of color. Policymakers must adopt bold, worker-forward measures to support high quality career pathways and jobs for workers of color. They must also provide federal support to state governments. Supporting workers of color will benefit the entire country and promote an equitable, sustainable recovery.

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Background

In late March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which mitigated the immediate economic disaster many workers were facing through \$1,200 stimulus checks and enhanced unemployment insurance benefits. While a necessary first step, the CARES Act left out millions of working people. For example, many immigrants and college students were ineligible for the \$1,200 stimulus check, and 20 percent of student borrowers were shut out of payment relief. Further, the measure was insufficient relief for the workers it did reach. By April, the Bureau of Labor Statistics (BLS) recorded some of the highest unemployment numbers in recent history, with a jarring 20.5 million jobs lost that month.² The national unemployment rate of 14.7 percent was the highest rate seen since the Great Depression.

For people who continued to work in-person through the pandemic doing essential work, their conditions were oftentimes risky with few added protections and pay. Many essential workers risked their own health and the health of their families in order to continue earning a living during this difficult time. As the summer passed with the virus still infecting and killing people across the country—disproportionately people of color—millions of workers who lost their jobs remained unemployed. In the last week of August, one million workers were still filing for unemployment insurance, with a total of 27 million workers receiving some form of unemployment benefits.³ It became clear that layoffs were becoming permanent and many workers would not be getting their original jobs back.

Following a drop in coronavirus cases, some states and localities ended shelter-at-home orders. This allowed some businesses to reopen, spurring economic activity after being stalled for months. Unfortunately, some early state reopenings further endangered workers by mandating many return to their jobs in-person. In states such as Florida or Ohio, as COVID-19 cases continued to surge, some workers were barred from accessing unemployment insurance if they did not return in-person to their often-risky jobs. Congress has not yet passed a comprehensive economic relief and recovery package since April, and the stimulus payment from the CARES Act has long since been used up. The CARES Act's pandemic unemployment insurance, which kept many workers from poverty, expired in July.⁴

In lieu of passing another comprehensive COVID-19 relief package, the White House issued a series of executive actions and memoranda on unemployment insurance, student debt payments, and evictions. These actions, especially on unemployment insurance, did not alleviate the pain of the recession at all. The unemployment insurance action ultimately offered less support to workers and was also administratively unworkable, expensive, and attached to contradictory guidelines from the White House.⁵ In the meantime, countless workers continue to suffer from the far-reaching socioeconomic ramifications of the pandemic despite slight, uneven gains in employment. Workers of color and workers paid low wages are bearing some of the most severe

impacts of the pandemic-induced recession. And the economic recovery is not only slowing, but also deeply inequitable.

Economic downturns often expose the systemic inequities within our society. Although many workers are affected by these downturns, members of communities that have been historically marginalized typically suffer at a higher rate and see a much slower recovery. These economic disparities disproportionately harm communities of color, immigrants, and workers in jobs that pay low incomes, among others. The coronavirus pandemic exacerbated and compounded the impact of these disparities for people of color, simultaneously causing an economic and health shock. For example, Latinx and Black residents of the United States have been three times as likely to become infected as their white neighbors.⁶ According to the CDC, the inequities in access to health care, education, income, and housing, along with wealth gaps, can all exacerbate the effect of the pandemic for racial and ethnic minorities.⁷ Workers in low-wage industries, where people of color are disproportionately represented, were also hit the hardest by the COVID-19 lockdowns. These industries have faced some of the highest rates of job losses.⁸

The U.S. economy is slowly recovering, but not at all evenly or equitably: unemployment rates for Black and Latinx people are still in the double digits and are higher than those seen during the 2008 Great Recession.

Millions of workers are still relying on unemployment insurance to support themselves and their families.⁹ Workers paid low wages and workers of color remain the most vulnerable in this recession and pandemic. Throughout the year, these groups have faced the highest rates of unemployment, even after slight employment gains in the summer. These same groups have also historically been over-represented in low-wage sectors and remain underemployed even when the overall economy is doing well.¹⁰

Workers paid low wages and workers of color are not seeing an economic recovery nor are they regaining financial security. Unless the federal and state governments implement specific policies to uplift the people who have been historically overlooked and barred from opportunities for upward mobility, this crushing recession will only continue. These systemic inequities must inform policies that ensure a comprehensive safety net to support all workers and their families. With such solutions, policymakers can build an equitable economy for all.

The Role of Systemic Racism and Inequality in the U.S. Economy

The COVID-19 pandemic and recession only heightened existing economic disparities felt by workers of color, especially Black, Latinx, Indigenous, and immigrant workers. The current economic situation of workers of color is tied to the systemic and historical roots of racism and legal inequality. Even before COVID-19 struck the world and U.S. economy, workers of color faced steep structural barriers to entry in the labor market. If hired, workers of color routinely and consistently faced discrimination and hostile environments, often compounded for women of color in the workplace.¹¹ Due to one of the lasting forms of workplace discrimination, workers of color are often the last to be hired, but the first to be fired.

Historically, Black, and Latinx workers have been denied opportunities and employment in many industries, especially those with high wages and upward mobility.¹² Labor unions also denied membership to workers of color. Although discrimination based on race was eventually banned by legislation, and unions and other institutions integrated, the legacy of many of these racist, discriminatory practices continue within the labor market.¹³

The structural racism that developed over time has had lasting effects on workers of color today. As a result of decades of denied and stolen opportunities, employment, and wealth, a staggering racial wealth gap persists.

In 2019, median family wealth for

- a white family was **\$188,200**, compared to
- **\$36,100** for Latinx families, and
- **\$24,100** for Black families.¹⁴

A high-paying job allows a worker not only to support themselves and their families in the current time, but also to accumulate wealth for future generations. This staggering gap has deadly implications: Black and Latinx families today have far less accumulated wealth to weather this economic storm, compared to white families.

As AFL-CIO economist William Spriggs notes, even outside a pandemic, Black unemployment is usually twice as high as white unemployment, which shows the “systemic racism baked into the labor market.”¹⁵ Coupled with the systemic economic barriers that already exist, the COVID-19 pandemic poses the most recent threat to workers of color and their economic security.

The COVID-19 Recession's Impact on Unemployment and Labor Market Outcomes Among Key Communities

Workers of color, women, and young workers continue to experience some of the pandemic's most acute effects—harms that are largely due to systemic barriers. Inadequate policy has kept prosperity out of their reach, while denying them a comprehensive safety net to protect them in an economic downturn. Six months after the major economic shutdowns in March, the economic recovery is extremely weak, slow, and most importantly, uneven. While the overall economic landscape is not, on the surface, as dire as the steep drop in jobs in March and April, there are extremely concerning indicators of a sharp recession hurting workers of color, women, youth, and those in low-wage industries the hardest.

Major Signs of an Unequal Recovery: Job Loss among Key Groups of Workers

1. Since April, **workers of color** have faced the highest rates of pandemic-related unemployment and are struggling the most to recover. Black and Latinx people are facing double-digit rates of unemployment, which are higher than they experienced in the 2008 Great Recession.
2. The recession is hitting **women** the hardest, particularly women of color. Unemployment levels for Latinx women actually rose in September, the only group to see such a spike. Hundreds of thousands of women—865,000 in September alone—have been forced to leave their jobs, causing this period to be termed as a “she-cession.”
3. **Young workers**, particularly Black youth, are facing extraordinarily high unemployment rates. Their job loss rate peaked at over 30 percent in May, when most young workers are usually employed at higher rates due to summer employment.
4. **Part-time** workers and **workers in low-wage sectors** are seeing some of the highest job losses in the pandemic. They continue to face increasing rates of unemployment and underemployment.
5. Many job losses are concentrated in extremely crucial sectors both for economic growth and for racial equity, most notably, the **public sector**. For example, 800,000 public sector educators reportedly were forced from their jobs in September. Other industries, like arts and entertainment or the child care sector, have not seen jobs return either. At the same time many job gains remain in high-risk, high-contact, low-wage industries with high potential to come into contact with coronavirus.
6. The pace of the recovery is slowing as layoffs and furloughs have morphed into **permanent job losses and long-term unemployment**.

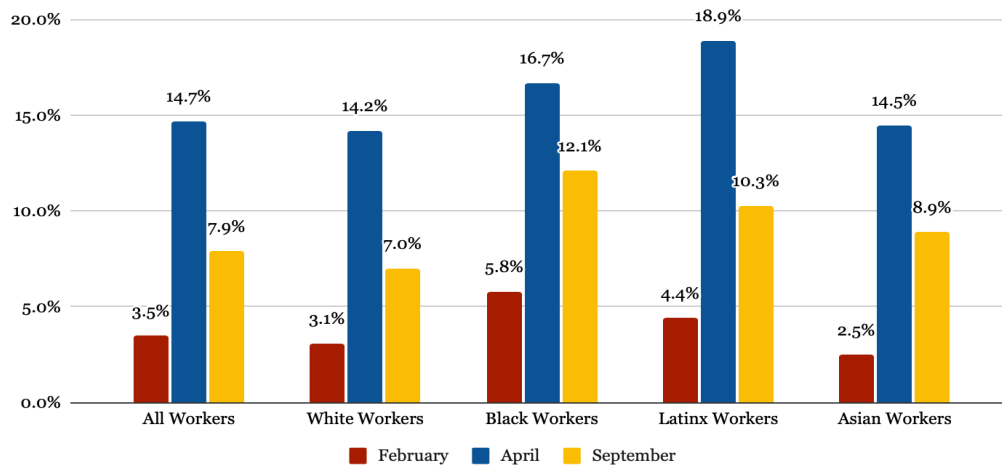
Workers of Color Face Disproportionately High Rates of Unemployment

Looking beyond the overall unemployment rate, the monthly Bureau of Labor Statistics “Employment Situation” jobs reports reflect just how disproportionately economic downturns hit Black, Latinx, and immigrant workers. **Figure 1** shows how all workers of color have higher rates of unemployment than their white peers. This was true at the onset of the pandemic, and it is true now. In September, unemployment rates for Black and Latinx workers fell to 12.1 percent and 10.3 percent, respectively, but this is still significantly higher than the white unemployment rate of 7 percent. Also in September, the overall unemployment rate fell to 7.9 percent. However, unemployment remained in the double digits for both Black and Latinx people. Although the overall unemployment rate has decreased since then, the fundamentals of economic recovery are still weak, which ultimately hurts workers of color the most. Estimates show that barely one third of jobs have returned for Black people, compared to 60 percent of their white peers.¹⁶ Recent analysis shows that Latinx people faced the sharpest employment drops and still have the most ground to make up.¹⁷ If white people are largely seeing their unemployment rates truly drop, that is a clear sign we have an unequal recovery.

Figure 1

Workers of Color were far more likely to be unemployed during the COVID-19 recession.

Unemployment Rates by Race and Ethnicity, Aged 16 years and over, February, April, and September 2020



*Source: CLASP analysis, Bureau of Labor Statistics, Employment **Situation**, Series LNS14000000, Series LNS14000003, Series LNS14000006, Series LNS14000009, Series LNS14032183. Note: While the data analyzed used “Hispanic,” we refer to this population throughout the paper as “Latinx.”*

While monthly unemployment data is harder to find for Indigenous workers, the employment situation on tribal communities is similarly grim. A study from the Minneapolis Federal Reserve found that in April, the unemployment rate for Indigenous workers rose to 26.3 percent, higher than any other community of color, and higher than the general unemployment during the Great Depression.¹⁸ By June, Indigenous workers had regained some employment, but at levels still far

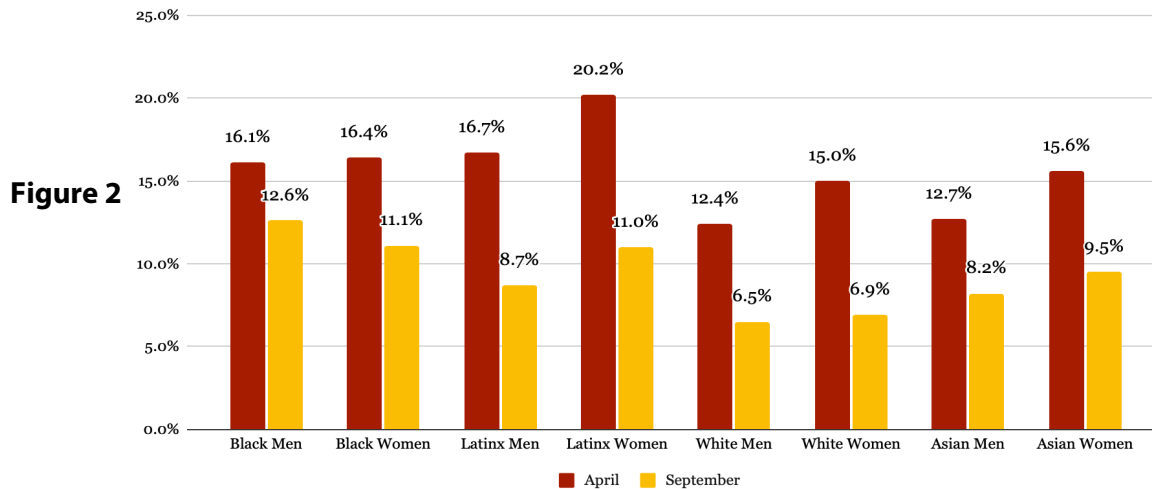
above their pre-pandemic level.

The overall unemployment rate is misleading because it masks how severe the employment situation still is for workers of color and the economy as a whole. It is important to note that the overall unemployment rate does not include those workers who were temporarily unemployed or those who were not actively seeking work. Economic Policy Institute economist Heidi Shierholz estimates that with all those workers taken into account, the unemployment rate in September actually would have been 12.5 percent.¹⁹ However, that number still would not account for workers who have lost hours or pay. The glaring disparity between workers of color and the rest of the labor force is particularly salient as employment growth continues to lag for workers of color despite slight gains in overall employment.

Women's Unemployment is a Major Driver of the Recession

Black and Latinx Women faced some of the highest rates of unemployment in April and September.

Unemployment Rates, by Race, Ethnicity, and Gender, Aged 20 years and older, April 2020-September 2020



Source: CLASP analysis, Bureau of Labor Statistics, *Unemployment Situation*, Tables A-2, A-3

The economic downturn is hitting women hardest. This is in part due to systemic discrimination in the labor market and lack of access to educational and employment opportunities and advancement. Furthermore, the burden of child-care and remote education has fallen on working mothers. As a result, women and women of color are bearing the brunt of the recession.

Just over one million people stopped working or looking for work in September and nearly 80 percent were women.²⁰

Figure 2 illustrates the high rates of unemployment women of color face. Black and Latinx

women saw an unemployment rate of 11.1 and 11.0 percent, respectively, whereas the total unemployment rate for women in September was only 8.0 percent. Latinx women, in particular, continue to face very high rates of unemployment compared to all other women workers.²¹ In September, Latinx women were the only group to see an *increased* rate of unemployment, at 10.5 percent in August and 11 percent in September. This is in part due to Latinx workers' overrepresentation in some of the industries hardest hit by the pandemic's economic crisis.²²

Black women are also being hurt especially hard by the recession, even though they make up a majority of the Black labor force.²³

Black women's employment did not recover from the 2008 Great Recession until 2018; nearly all those gains have now been lost.²⁴

It is important to remember Black and Latinx women were facing structural barriers even before the pandemic. They graduate with higher levels of student debt than their white peers²⁵ and are only paid 63 and 54 cents, respectively, for every dollar their white male counterpart earns.²⁶ Indigenous women have also been disproportionately impacted by the pandemic and recession. A report from the National Women's Law Center shows that 3 in 10 Indigenous women work in essential, front-line services. And yet, they are paid only 60 cents for every dollar their white male counterpart earns. Women from some tribes, like the Yaqui, make less than 50 percent of their white male peers.²⁷ Along with the intersectional barriers of racism and sexism in our economy, women of color have been left unprotected in the face of some of the most extreme economic implications of the COVID-19 recession.

Working mothers face an additional crisis as many schools and child care centers have gone remote or closed entirely. Hundreds of thousands of women were forced to leave the labor market as they balanced the challenge of working while caring for and teaching their children at home. This phenomenon impacted women much more than men, in part due to lack of affordable and safe child care and elder care infrastructure and because the burden of household and child care labor is largely carried by women. Mothers of children age 6-12 recovered fewer than 45 percent of their jobs, while fathers of children the same age recovered 70 percent.²⁸ In September alone, 865,000 women were forced out of the labor market, a shocking number. If unemployment figures reflect nearly a million women leaving the workforce, that is a clear indicator of a weak, inequitable, and unsustainable recovery.

Young People Are Facing an Employment Crisis

COVID-19 and the recession are also creating disastrous prospects for young people. This is especially the case for young Black workers who, in a few months, have seen postsecondary education, employment, and other opportunities diminish.²⁹ Between April and July, young

workers typically have a job or are actively searching for summertime employment. However, youth employment has taken a dramatic hit compared to last year due to the pandemic. Young people are facing one of the worst job markets in recent history, with both short-term opportunities and permanent positions vanishing.

Peaking in April 2020, over a quarter of all workers aged 16-24 were jobless with an unemployment rate of 27.4 percent. For young, Black workers, however, the unemployment rate was even higher, peaking at 30.2 percent in May. Today, while 13.5 percent of young people are unemployed, youth of color are still seeing disproportionately higher rates. For Black youth, the unemployment rate in September was 21.2 percent, with Black men aged 16-24 experiencing a shockingly high rate of 25.2 percent. To see Black youth unemployment in May above 30 percent—higher than the average unemployment rate during the Great Depression—is a grim reminder of the long-term effects this recession will have on Black households and on another generation of Black youth without significant federal legislative action.

Disparities in Education Impact Workers' Employment

Unemployment due to the pandemic has hurt people at all education levels. While the unemployment rate decreased for everyone at all levels of education from April through September, the economic situation is still extremely grim, especially for those without higher education credentials. The declines in unemployment do not overshadow the disparities in joblessness. Indeed, they highlight them.³⁰

Despite declines in unemployment at all educational levels, joblessness remains a persistent challenge and it is clear that those with no or limited higher education are faring far worse in the recession than those with bachelor's degrees or higher.

Unemployment by Educational Background from April to September 2020

- Bachelor's degree and higher: **8.4** → **4.8**
- Some college or associate's degree: **15.0** → **8.1**
- Some college, no degree: **15.6** → **8.7**
- High school graduates, no college: **17.3** → **9.0**
- Less than a high school diploma: **21.2** → **10.6**

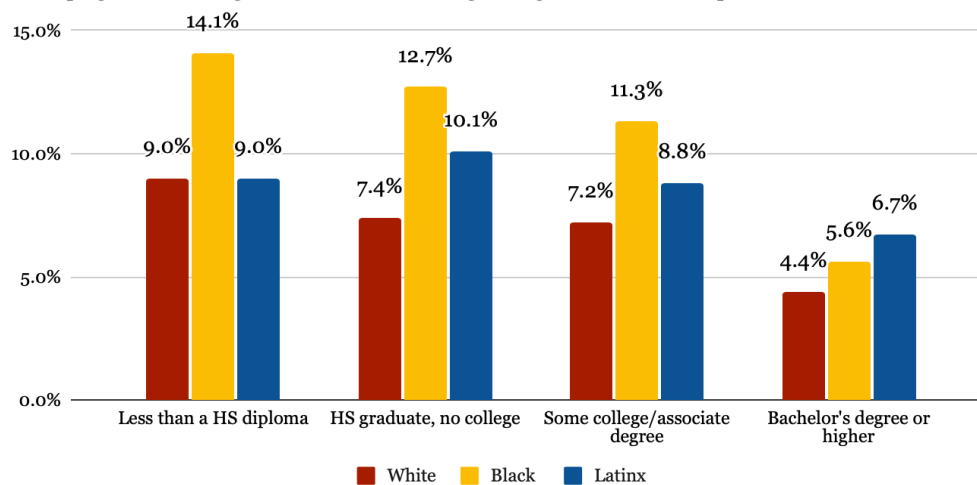
While the declines in unemployment are promising, there are extremely concerning patterns. For one, those without a high school diploma are still facing staggeringly high levels of joblessness. It also becomes clear that those with completed higher education, especially bachelor's degrees, have significantly lower unemployment rates than those without. This disparity is most evident when we consider that those with less than a high school diploma, solely high school graduates, and those with some college or an associate degree together, their unemployment rate now is still higher than the worst peak that those with at least a bachelor's degree have experienced so far (8.4 percent). The pattern of unemployment during this recession shows that having a postsecondary credential, especially a Bachelor's degree, leads to jobs which are less likely to be lost permanently. This makes expanding college access, affordability and completion all the more important as well as improving job security and upward mobility for those without postsecondary degrees. The economy is not recovering given the palpable hardship those without a bachelor's degree continue to face.

Data shows that Latinx, Black, and Indigenous adults aged 25 or older confront barriers that leave them more likely than their white peers to only have completed some high school, have only a high school diploma, or have only completed some college. These structural barriers include lack of federal funding and resources in schools, houses, and neighborhoods, among other factors. Facing such hurdles, they are also less likely than their white peers to achieve an associate's or bachelor's degree or higher. As a result, we see that the recession and unemployment have a more pernicious impact on people of color with lower educational backgrounds, who are already at risk of job insecurity.³¹

Figure 3

Black workers with less than a Bachelor's degree experienced higher rates of unemployment than White and Latinx workers.

Unemployment Rates by Race and Education, Aged 25 years and older, September 2020



Source: CLASP analysis, Bureau of Labor Statistics, Current Population Survey, Series LNU04027666-8, 690-2, 670-2, 674, 663-4. Note: While the data analyzed used "Hispanic", we refer to this population throughout the paper as "Latinx"

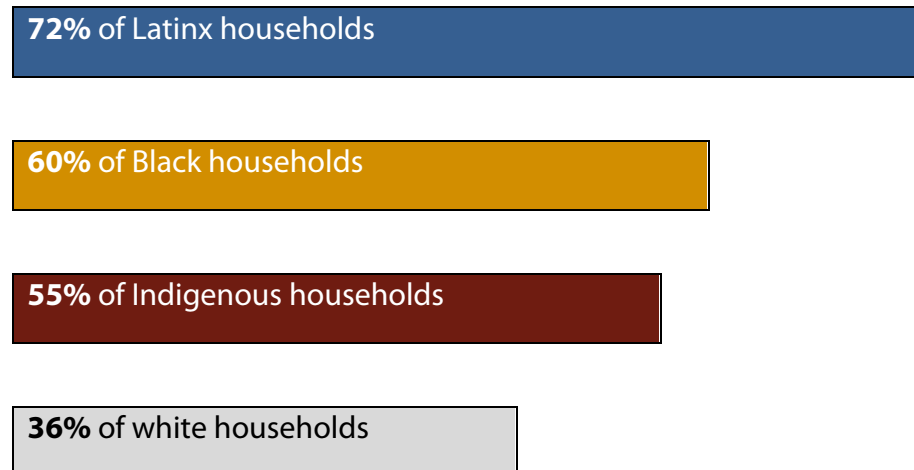
Rising Food and Housing Insecurity is Hurting U.S. Households

While the unemployment rate can be a good indicator of what is happening to workers and the economy overall, it leaves out a lot of valuable information, most importantly how workers who have stopped looking for work are faring. Household micro-economic data can complete the picture and show more specifically just how much workers of color are suffering in the pandemic. Throughout the pandemic, the U.S. Census Bureau has been taking weekly surveys of millions of adults, including through the Household Pulse and the Small Business Formation surveys. The Household Pulse survey capturing responses from the last two weeks of August shows extremely worrying signs that the U.S. economy is *not* in a swift recovery and that workers are still struggling.

While unemployment rates may have decreased over the past few months, other measures of economic distress have *increased*. For example, food insecurity has increased 10.3 percent nationally.³² Certain states show even higher rates, such as Mississippi, which reported a devastating 18.1 percent rate of respondents being food insecure.³³ Economic conditions are clearly not improving if millions of workers are still struggling to feed themselves and their families. Similarly, housing insecurity also rose over the summer. In the last two weeks of August, it increased to 7.3 percent nationally and to 11.1 percent in Mississippi, the highest among all states.³⁴ And finally, the survey covering September 30-October 12 shows about 32 percent of national respondents reporting difficulty paying for usual household expenses. Such figures were alarmingly high in states like Louisiana (40 percent).³⁵

It is no coincidence that the states with the highest numbers of workers reporting food insecurity, housing insecurity, and more are also the states with large populations of workers of color and workers paid low wages. Such states also have the least comprehensive and generous public benefits and unemployment insurance infrastructure. In July, Congress allowed the CARES Act's enhanced unemployment benefits to expire, which had a destructive impact on household security: it is reported that once enhanced unemployment benefits ended, personal income fell 2.7 percent.³⁶

Recent surveys have also shown that Black, Latinx, and Indigenous households are facing extreme insecurity. An NPR survey from September asked respondents about their household situations uncovered very high rates of serious financial problems among Latinx, Black, and Indigenous households.³⁷

Households facing serious financial problems since the pandemic began:

“Worrying about bills has been a huge thing. I had to take a large sum of money out my savings in order to feel more comfortable... Luckily, I’ve saved a little bit of money, but that little bit of money is shortly going away very quickly, you know? So, I’m kind of scared... I’m worried... It’s very challenging. I don’t have a job at 49 years old! I’ve had a job since I was 15 [years old] ... I still can’t find a job. Even working \$15 an hour, I can’t find a job. And it’s hard...”

- Service Industry Worker from Florida

Part-Time and Self-Employed Workers Are Struggling to Recover

In April, 7.4 million part-time workers lost their jobs, accounting for one-third of the employment decline in April. While part-time work has seen slight gains since April, adding about 6 million jobs from April to September, there are still roughly 2 million fewer part-time workers today than one year ago.

Also in April, the number of workers who preferred full-time jobs but whose employers—for economic reasons—could only offer part-time hours had risen by 10.9 million. The category “part time for economic reasons” represents workers who want, or are available to work, full-time hours. It indicates that many workers in April were unable to find full-time hours, even though they may have needed the increase to better support their families. While this number reflects a

high rate of involuntary part-time work, a recent paper published by CLASP provides evidence of even greater underemployment by considering part-time workers who want to work more hours, even if they are not seeking work full time.³⁸ Nonetheless, in September 2020, workers who were part time for economic reasons had decreased to 6.2 million, but that level was still approximately 2 million more than it was this past February and in September 2019.

Self-employed workers, such as workers like transportation drivers and delivery workers, also are struggling in this recession. Self-employed workers were far more likely than private wage and salary workers as well as government workers to have been unable to work because of pandemic-related closures and loss of businesses. For example, in July, roughly 27 percent of self-employed workers were unable to work, compared to 11 percent of private wage and salary workers, and 6 percent of government workers.³⁹ Many gig workers (who are often misclassified as independent contractors); independent contractors; and other self-employed workers also lack crucial labor protections and access to benefits like paid sick days and unemployment insurance. Such safeguards could help sustain their health, safety, and economic security during economic downturns.⁴⁰ The Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security Act (CARES) did provide specific temporary benefits to self-employed workers, such as tax credits for paid leave and unemployment benefits.⁴¹ However, self-employed workers may need stronger, long-term provisions to recover from this recession.

Workers Paid Low Wages are Hurting the Most

Along with workers of color, workers paid low wages often see some of the most severe impacts of an economic downturn. Black and Latinx workers are overrepresented in low-wage industries due to historical and systemic racism in the labor and hiring market and continuing occupational segregation. Under normal circumstances, they are often the first let go or furloughed and many lack workplace protections and benefits. The COVID-19 recession, in fact, has been much worse for workers in low-wage industries. A recent Washington Post analysis has shown the COVID-19 recession to be the most unequal in modern history, with jobs paying low wages lost at about 8 times the rate of jobs paying high wages.⁴²

Shelter-at-home orders, while crucial for public health, led to countless front-facing, high-contact businesses to close, which subsequently left many employees laid off or furloughed. Some of the largest declines in employment were among workers employed in low-wage sectors, such as the food and restaurant industry; the leisure and hospitality industry; and the child care sector, among others. In April, approximately 7.7 million jobs were lost in leisure and hospitality, accounting for almost half of the industry. This was followed by a loss of 5.5 million jobs in the food and drink industry; a loss of 1.3 million in arts, entertainment, and recreation and a loss of 2.1 million jobs in retail trade.

By August, the economic situation had improved greatly for high-income earners, with stock and home values back to pre-pandemic levels.⁴³ By contrast, the economic situation in the summer

and fall remained disastrous for workers paid low wages. Though some low-wage industries saw employment gains as they reopened, these jobs are still risky from a health perspective and lack crucial protections. Such low-wage businesses might also shut down again because of seasonal concerns or an intensification of the virus.

Figures 4-6: Number of Employees in Selected Industries (January-September 2020)

Figure 4

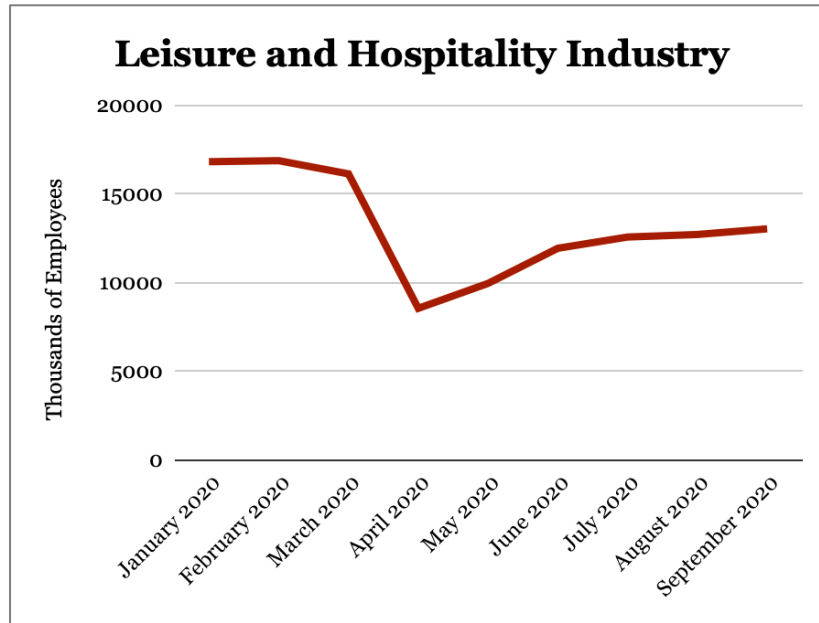


Figure 5

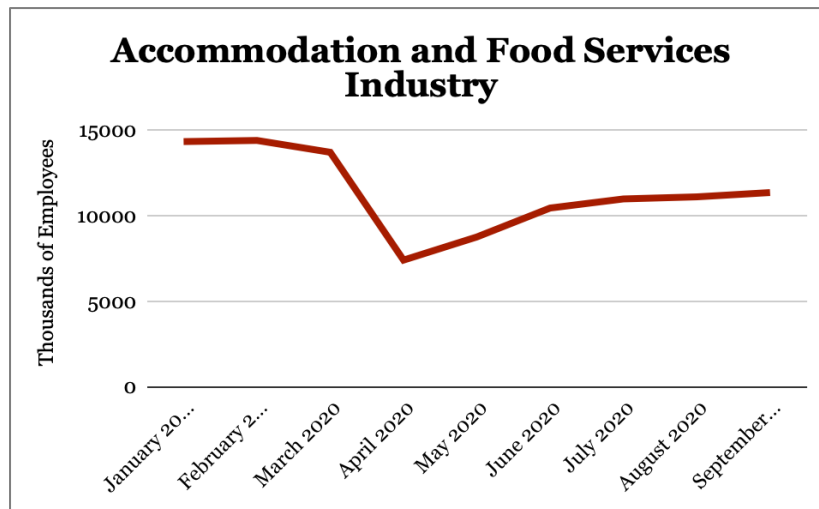
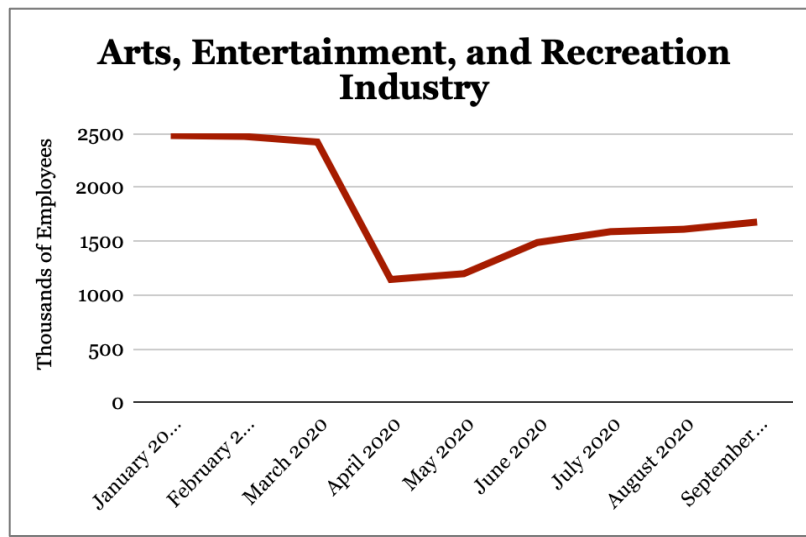


Figure 6



Among low-wage sectors with high concentrations of workers of color *and* at high risk of virus exposure is the service industry, which contains nine out of the ten hardest-hit occupations.⁴⁴ This dual health-economic crisis has meant that hotels, restaurants, and the hospitality and leisure industries have had some of the highest rates of job loss. While some of these jobs have temporarily returned, they are at risk of being lost again due to the potential spread of COVID-19. Some industries, like travel, are facing uncertain and grim long-term horizons, where they might not be able to return to pre-pandemic capacity for months or years. Major airlines and other travel and leisure companies have announced massive layoffs as they have not been able to recover, even temporarily, and are unlikely to do so until the virus is contained.

In these sectors, workers paid low-wages are facing setbacks when it comes to workforce development, while being asked to do more on the job. With cuts to the workforce, workers are taking on more labor—additional job responsibilities once handled by other staff, as well as stringent cleaning measures. Placing such additional responsibilities on workers keeps them from being able to advance in their career. Moreover, it denies workers time and opportunity to pursue professional development or additional credentials. When compounded with the unpredictable schedules that are common in these sectors, workers are further hindered from accessing training and educational opportunities to advance their careers or build skills. Adding insult to injury, employers are asking workers to do additional tasks without a pay raise. In fact, some businesses are cutting workers' wages, while expecting them to make up for staff shortfalls upon reopening.⁴⁵

The Crisis in the Public Sector

The pattern of employment losses are extremely worrisome for workers of color, particularly in the public sector. While leisure, hospitality, and retail employment has begun to rise, public sector jobs have seen some of the biggest industry losses. In September, there were 1.2 million fewer

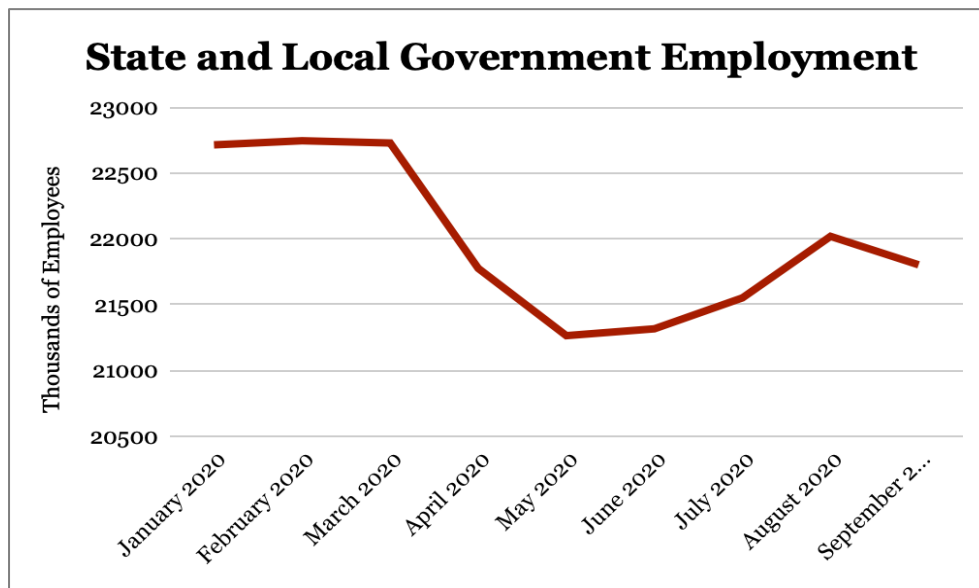
state and local government jobs over the last seven months. States have begun slashing budgets and workforces to make up for revenue shortfalls, with some of the highest government job losses lost in education.⁴⁶

Black workers make up nearly 20 percent of the federal workforce. Public sector jobs, with union representation, high pay, health insurance, and retirement, have long been a pathway into the middle class.⁴⁷ Black public sector workers also earn 46 percent more than their private sector counterparts, with 22 percent higher incomes.⁴⁸ Homeownership, a marker of stability and intergenerational wealth, is also much higher for public sector workers.

For a strong economic recovery, policymakers at the federal and state level should be increasing these jobs, not decreasing them. The half-a-million public sector jobs that have been lost, along with impending state budget cuts, are an ominous sign that Black workers will continue to be hit hardest by the recession.⁴⁹ The U.S. economy saw a similar pattern after the 2008 crisis, when states, cities, and counties were forced to make severe job cuts, from which it took years to recover.⁵⁰ As shown in **Figure 7**, the drop in government employment today has been much steeper. It has also been slower to recover and is showing signs of falling again.

States will need serious fiscal support to rehire these employees and continue to expand high-quality government jobs.

Figure 7



Source: CLASP analysis, Bureau of Labor Statistics, Current Employment Statistics survey, Series CES9000000001

Job Gains, Losses, and Permanent Unemployment

One of the clearest signs that the economic recovery is neither strong, sustainable, nor equitable is the pattern within job gains and losses, as well as the rise of permanent unemployment. As the previous section laid out, many job gains were in risky, high-contact, and low-wage industries such as hospitality and food. Many previously high-wage jobs, most importantly, public sector jobs, were among those that saw losses. Several industries have seen few job gains at all, such as the arts, museums, and spectator sports. In total, these job losses and shaky gains threaten to permanently scar the pandemic-affected economy, specifically for workers in low-wage sectors. In particular, people currently out of work are not necessarily getting their original jobs back, and permanent (rather than temporary) unemployment is rising.

The U.S. Department of Labor defines “long-term joblessness” as being out of work for more than 27 weeks. In September, the number of long-term unemployed people rose by 781,000—the largest monthly increase since the series was recorded starting in 1948.⁵¹ As we approach winter, millions more are likely to approach long-term unemployment.

This rise goes hand in hand with a rise in workers losing their jobs permanently. In September, the number of workers who had permanently lost their jobs reached 3.8 million. Earlier this year, in April, 88 percent of those unemployed reported their job loss as a temporary layoff, but by September, that figure had fallen to 51 percent. This dip reflects the tragic reality that many workers are not getting their original jobs back.⁵² Troubled industries, especially those in travel and entertainment, are seeing this trend. For example, Walt Disney Co. announced that thousands of temporary furloughs would become permanent layoffs, foreshadowing an even more depressed economy in the coming months.⁵³ Furthermore, in August, much job growth (about 238,000 jobs) was due to temporary employment for the U.S. Census (ending in mid-October), which should not be counted towards a long-term economic recovery.

Two related trends give way to more pessimism.

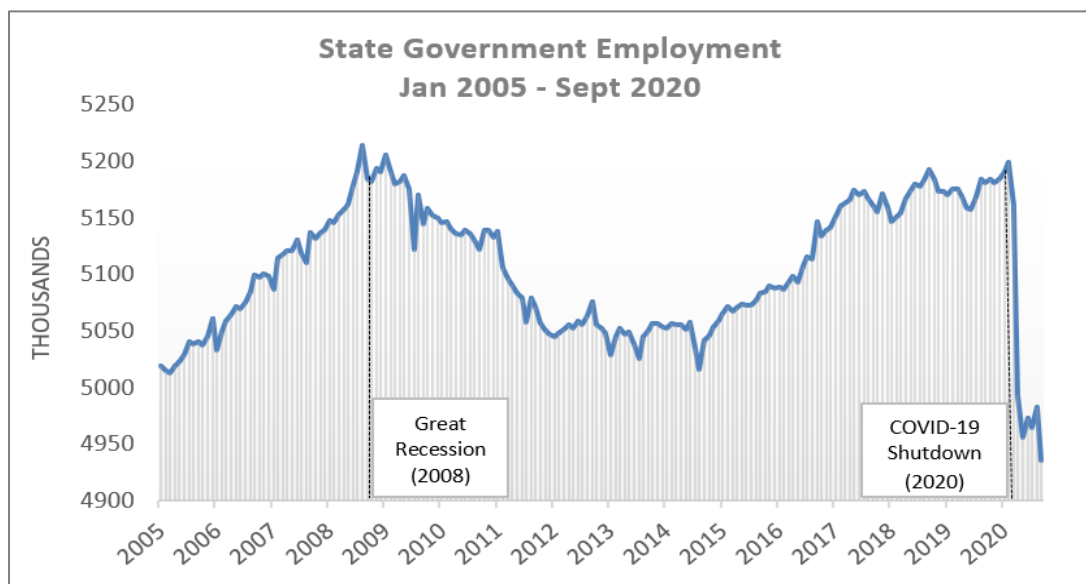
1. As furloughed workers remain unemployed, their job prospects steadily decrease⁵⁴
2. The longer the recovery takes, more recent layoffs that become permanent.⁵⁵

JP Morgan has estimated that the number of people who have permanently lost their job has increased so much that it indicates a sign of “labor market sclerosis.”⁵⁶ Congressional inaction on renewing needed aid for states, workers, businesses, and others hit hard by the pandemic will exacerbate the harm of these two alarming trends. Policymakers are failing to provide the needed funds that give firms the financial security they need to keep workers on the payroll.

Learning from Past Recessions to Build a Sustainable Recovery

While the COVID-19 pandemic, and the recession it unleashed, are unlike anything in modern memory, policymakers can draw valuable lessons from the 2008 Great Recession to build a path forward. Recovering from the downturn took almost a full decade. The two most ominous signs that the current crisis is heading for an equally slow recovery are the similarities in “labor market sclerosis”/long-term unemployment and public sector cuts and other austerity measures.⁵⁷

After the Great Recession, millions of workers were caught in a vicious cycle of long-term unemployment, which harmed nearly half of all job seekers. Young people dropped out of the job market. Older workers were stuck looking for jobs for months, and sometimes years.⁵⁸ And like today, in the Great Recession, unemployment fell hard on the middle class. Many people lost jobs that paid high wages and offered a range of benefits. By contrast, employment gains were often in jobs paying low wages with little opportunity for career advancement.



Source: CLASP analysis, Bureau of Labor Statistics, Current Employment Statistics survey, Series CES9092000001

The duration and course of this recession is not bound to the same painful decade that followed the Great Recession. First, this crisis hit much faster and sharper than the Great Recession. If the threat of COVID-19 is mitigated, either through a vaccine or more rigorous testing and tracing, shuttered industries might be able to safely and sustainably open. **Second, and most importantly, there is still time to prevent even worse economic ramifications through policy change. Workers have already suffered for over half a year. Now is the time for proactive policy to lessen the misery inflicted by the pandemic.**

Recommendations for Federal and State Policies

The COVID-19 recession has presented barriers to job security for most workers. Yet workers of color and workers paid low wages, in particular, desperately need equitable, comprehensive policies that can protect their economic well-being. Workers of color and those paid low wages have long been denied prosperity. That's why policymakers must ensure new measures remedy that injustice and advance equitable and fair solutions to rebuild and strengthen our economy.

Promote High-Quality Jobs

In order to create a stronger economy, Congress, states, local governments, and employers must invest in and support the workers that drive and strengthen the nation's economy. The abundance of low-quality jobs presents perennial risks to economic prosperity, particularly for workers paid low wages and workers of color. The lack of comprehensive protections and critical worker benefits in low-quality jobs leaves families and communities paying the price; pushing workers further into poverty, particularly during a recession.

However, the pandemic has highlighted that many low-quality jobs are essential to our nation's economy. Job quality standards like paid family and medical leave, paid sick days, and fair scheduling provide the crucial safety net that workers need to care for themselves and their families. The absence of these standards may have exacerbated the threat of the COVID-19 pandemic and, subsequently, the recession.⁵⁹ Typically, workers paid low wages have very limited access to many of these protections, especially paid family leave and paid sick days. Additionally, given the disproportionate share of workers of color employed in low-wage sectors, Black and Latinx workers have also long been denied these protections. Policymakers can strengthen economic stability for workers of color and workers paid low wages by advancing equitable job quality standards and worker protections that center these workers. Several policy vehicles exist to do so, including:

- The FAMILY Act, a bill that would establish a federal program to give almost all workers up to 12 weeks of paid leave to bond with a new child, care for a seriously ill family member, or treat their own serious illness⁶⁰;
- The Healthy Families Act, a bill that would provide workers up to seven days of job-protected sick time a year without losing wages or their job⁶¹; and
- The Part-Time Workers Bill of Rights Act, a bill that would strengthen protections for part-time workers and allow them to better balance their work schedules and family needs, among many others⁶².

In addition to pushing forward policies that promote job quality and equity, it's equally important to swiftly and adequately implement and enforce them. A recent report from the Washington Center for Equitable Growth illustrates that during the 2008 Great Recession, minimum wage

violations increased as unemployment increased, particularly for Black and Latinx workers. The rise in violations was partly due to workers fearing they may lose their jobs under dire economic conditions, and therefore refusing to report violations they saw or faced. Additionally, the Great Recession resulted in agencies facing resource constraints making it difficult to enforce labor standards and punish violations.⁶³ Along with strategic enforcement, outreach is equally important. The New York Times recently reported that many workers were unaware of new, emergency paid sick and paid leave provisions enacted by Congress under the FFCRA.⁶⁴ These provisions can help millions of working people weather the current health and economic crisis, but without adequate efforts to educate workers, many may not realize these benefits are available.

One solution that could help is partnerships between state and local labor enforcement agencies and worker organizations and advocates. These partnerships would help in broadly “co-enforcing” crucial labor protections for workers who have been marginalized and facilitate ways to expand outreach. Similarly to the Great Recession, violations against workers are likely rising during this recession as well. This increase is all the more reason to improve the enforcement of labor standards—such as paid sick days and wage and hour laws—that improve the quality of jobs so that workers may sustain the economic well-being of their families.

Invest in Inclusive Workforce Development to Ensure Access to Good Jobs and Economic Opportunity

The state of the recovery clearly indicates that the pandemic has upended the core tenets of workforce development, such as skill acquisition and job training. Further, many workers find themselves holding their breath for jobs that may not return. Policymakers must change their approach to workforce development if they are to address workers’ needs for secure jobs with high wages and benefits. Bold policy can connect displaced workers and workers facing structural barriers to high-wage, high-quality jobs that have benefits and advancement potential.⁶⁵ As mentioned extensively in this brief, people of color and women have disproportionately suffered from the economic calamity wrought by the pandemic. Policy, therefore, ought to place particular emphasis on their recovery.

Policymakers must heavily invest in emerging sectors that are poised to provide high-quality, sustainable jobs with opportunity for growth in the future. These include jobs in the green economy and the care economy.

Investing in Emerging and Critical Industries

- The green economy represents one of the fastest-growing sectors. It has the potential to help unemployed people gain the skills necessary to meet the growing demand in building and maintaining sustainable infrastructure for the next 100 years.
- The care economy represents the blending of health and social services to include a wide swath of occupations. Investing in this sector could provide job opportunities to meet the human needs and jobs the pandemic has exposed as essential and under-resourced: child care, early education, disability and long-term care, elder care, and more.⁶⁶

Robust workforce development policy can also involve a large-scale subsidized jobs program.⁶⁷ Federal, state, and local policymakers can use public funds to create jobs for unemployed or underemployed workers, either through public sector jobs or wage subsidies paid directly to employers. Moreover, a federal jobs guarantee can ensure that any person who wants a job can get one. This all can be done while guided by a set of principles meant to ensure equity.

Provide Federal Fiscal Relief to Support State Stabilization

Since the new fiscal year began in July, states, tribes, and localities have struggled to tackle a mounting crisis in their health, employment, and education systems. As nearly all states are required to balance their budgets, substantial federal fiscal relief is imperative for states to avoid harsh spending cuts in many sectors, including government jobs, higher education, and public benefits infrastructure.⁶⁸ Congress must support states so that workers of color, their families, and communities can begin to recover from this devastating economic and health crisis.⁶⁹

It's critical for federal policymakers to increase investment to states beyond the CARES Act. With federal aid, states could make necessary, significant investments in public programs such as unemployment insurance, Supplemental Nutrition Assistance Program, and Medicaid. Doing so would help workers and their families survive this unprecedented global shock. The pandemic has made these vital programs all the more important, given that:

- More than 20 million people are relying on unemployment insurance to supplement lost income⁷⁰

- Food insecurity has doubled overall and tripled in households with children, and more people are facing hunger⁷¹
- Medicaid enrollment has risen 8.4 percent between February and July (about 6 million people), as people have lost not only their employment and income, but also their employer-sponsored health care.⁷²

Now more than ever, states must ensure that people most harmed by the pandemic's health and economic crises have access to health insurance, particularly as many have lost coverage when they lost their job. States are struggling with scarce funds and the administrative strain of so many in need.

Beyond immediate fiscal aid to states, Congress can also look at other stimulus measures. Solutions such as a large-scale subsidized jobs program and student debt cancellation would support Black workers, workers of color, and their families.⁷³

Conclusion

Black workers and workers paid low wages have historically faced the worst effects of an inequitable economy. The COVID-19 pandemic has resulted in massive layoffs and job losses for Black workers, including jobs that may never return. Economic downturns often expose the structurally racist barriers to prosperity that leave Black workers and other workers of color with significantly higher rates of unemployment and economic insecurity. Our country is facing an unprecedented dual crisis: the COVID-19 pandemic and the vicious recession it triggered. Both the pandemic and the recession are hitting workers of color and workers paid low wages the hardest. These workers face consistently higher rates of unemployment despite a fall in overall unemployment. They are also at higher risk of contracting COVID-19, and those who are working are overrepresented in risky, high-contact service jobs.

Federal, state, and local policymakers must implement bold short-term and long-term policies to support Black workers and other workers of color who are the backbone of the economy and this country.⁷⁴ Congress and states must invest in creating high-quality jobs with strong benefits and worker protections, strengthen access to economic opportunity and career advancement, and provide fiscal relief for vulnerable state economies. These policy solutions are essential in building more equity within the economy and advancing the needs of marginalized workers during our recovery. The country and national economy are weaker when all workers are not recovering. Congress must act now or Black, Latinx, and Indigenous workers, as well as women, youth, and workers paid low wages will continue to suffer and lose income, economic security, and future prosperity under this economic crisis.

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