

Assessing the Economic Effects of the Pandemic on Households

Heldrich Center Research Staff

February 2021



HELDRICH CENTER
FOR WORKFORCE DEVELOPMENT

RUTGERS

Edward J. Bloustein School
of Planning and Public Policy

Contents

Overall Economic Impacts	1
Specific Economic Impacts	2
The Effects of Economic Impacts on Attitudes about the Pandemic	3
Implications	4
References	5
Appendix A: Methodological Statement	6
Appendix B: Sample Composition/Survey Questions	7
Background	8

The Heldrich Center for Workforce Development's January 2021 report, *Twin Crises*, examines the ways in which the COVID-19 pandemic has affected American families and their views of the national economy, both now and in the future. **This brief describes the extent of the economic impacts of the pandemic on American households as measured in a December 2020 survey conducted by the Heldrich Center.** The respondents did report some degree of health impacts of the virus. One in 10 (9%) surveyed report a diagnosis of, or hospitalization due to, COVID-19 for themselves or an immediate family member.¹ The economic impacts of the pandemic on Americans, accentuated by the health crisis, is reflected in the proportion of individuals reporting pay cuts and layoffs. These financial hardships have not only induced feelings of anxiety and stress but have also influenced the opinions and expectations of Americans on the Biden administration's ability to manage the pandemic.

Overall Economic Impacts

Survey respondents were asked how the pandemic has affected their employment situation, both personally and in their immediate households. In this brief, an "economic effect" or "economic impact" or "hardship" includes the following experiences reported by the survey respondents since March 2020, for themselves and/or someone in their immediate household:

- ▶ Temporary layoffs from a full- or part-time job;
- ▶ Permanent layoffs from a full- or part-time job;
- ▶ Job loss during the pandemic, but have since found a new job;
- ▶ Took a pay cut;
- ▶ Collected unemployment benefits; and
- ▶ Required to take furlough days.

The survey finds that about 4 in 10 Americans (43%) have experienced at least one negative economic effect in their households as a result of the pandemic.² Table 1 shows the breakdown of the number of effects for Americans who have experienced at least one negative economic effect; 37% report suffering a single impact.

Table 1: Number of Negative Effects Experienced by American Households Due to the Pandemic

# of Negative Effects	Percentage
1	37%
2	22%
3 or more	40%

N=313

¹ Nine percent, or 70 respondents, is the unweighted percentage of actual people surveyed. Ten percent is the weighted percentage.

² Based on total sample data (N=814).

The survey data reveal that the severity of the crisis and the economic losses suffered are pervasive across Americans of all races and income levels and are not limited to minority or low-income households. This finding is inconsistent with some national trends skewed toward low-income households, and non-white households that are more likely to have experienced income losses related to COVID-19 (Bauer, Broady, Edelberg, & O'Donnell, 2020). Among those reporting at least one economic effect, there is an almost even split between the share of Americans who fall within an annual income bracket of \$75,000 and below (49%) and those reporting an annual income of \$75,000 and above (51%).

Despite the disproportionate economic impacts of the pandemic on minority households reported nationally, the survey results show that 55% of Americans who report some level of economic hardship identify themselves as Caucasians (whites/non-Hispanics), compared to 45% of Americans who identify themselves as minorities (Hispanics or non-whites). Looking beyond the topline numbers is critical to parse out the discrepancy between the national-level figures and this survey's findings in the absence of occupational-level data, as Hispanics and non-whites constitute a very large group. For instance, these figures may exclude Americans unable to work due to health concerns, such as dentists, nor do these numbers provide an overall view of individuals affected by business closures. Generally speaking, Hispanics are more likely to be employed in low-paying occupations that are more prone to be affected during periods of economic recession. However, sample sizes were not large enough to detect differences by demographic groups. For instance, it is not possible to conjecture based on anecdotal evidence that certain sections of Asian-Americans have been adversely affected by the pandemic, as there is little empirical evidence in the survey sample to determine this effect. Additionally, Asian-Americans also exhibit wide variance in incomes – they constitute both the highest-earning technology professionals unaffected by the pandemic as well as Uber and taxi drivers disproportionately affected by the lockdown (Mar & Ong, 2020). To discern the income-level data differences, it is necessary to probe deeper into the proportion of individuals categorized as essential and frontline workers, a missing link in this survey sample.

Specific Economic Impacts

The survey data also reveal the degree of economic hardships experienced as 1 in 10 Americans report layoffs either for themselves (11%) or an immediate family member (14%) in their place of work. Of those who did experience economic losses:

- ▶ 1 in 5 (19%) report layoffs in their workplace, and about a third (29%) report layoffs in an immediate family member's place of work.
- ▶ 1 in 5 households (20%) report that they were temporarily laid off from a full- or part-time position, while 1 in 4 households (24%) report that an immediate member of their family had been temporarily laid off from a full- or part-time position.
- ▶ About 1 in 5 experienced permanent job loss (17%) while 14% report that a family member had been laid off permanently.

Table 2 shows the breakdown of the additional measures of economic hardship experienced by this group. Two in 10 Americans who experienced economic setbacks report that either they (24%) or an immediate family member (21%) were forced to take pay cuts. One in five individuals report being furloughed (20%) themselves or report the same for an immediate household member (21%). Of those who lost pay, 29% report collecting unemployment benefits themselves, and 36% were able to mitigate the economic losses by an immediate member of the family collecting unemployment compensation.

Table 2: Percentage of Americans Reporting Pandemic-induced Financial Effects

	Self	Immediate Family
Collected unemployment	29%	36%
Pay cuts	24%	21%
Required to take furlough days	20%	21%

N=313

One in 10 Americans who experienced pandemic-induced economic losses were able to find a new job (13%), and 1 in 10 also report their household members transitioned to a new job after being laid off (13%).

The Effects of Economic Impacts on Attitudes about the Pandemic

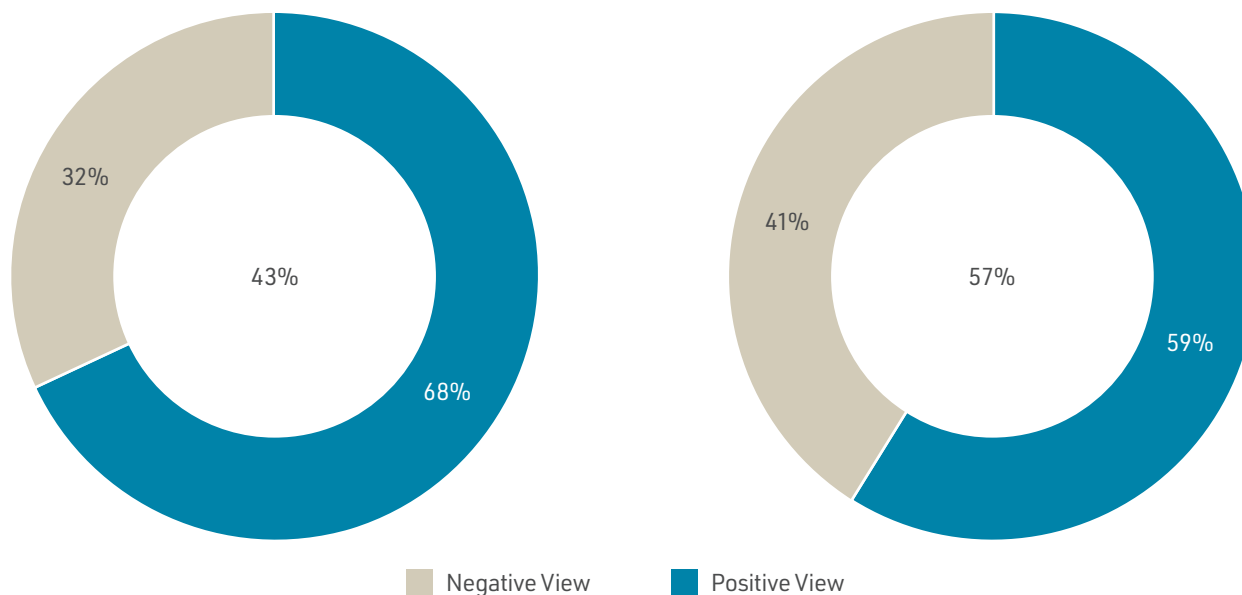
The survey asked respondents about stress, personal finances, and level of confidence in Joe Biden's ability to safely manage the COVID-19 pandemic. **Americans affected by pandemic-induced economic hardships say they are concerned about stress and supporting their families, but a majority are likely to indicate confidence in Biden.** Among the respondents who were economically affected by the pandemic, 7 in 10 (72%) report feeling concerned about stress in their lives; almost 6 in 10 (56%) respondents who did not report economic impacts say they are concerned about stress in their lives. Two thirds of the respondents suffering economic hardship (68%) report feeling worried about their ability to financially support their families, compared to fewer than half (42%) of Americans who did not report economic hardship due to the pandemic.

Overall, nearly two thirds (63%) of Americans say they feel confident in the new administration's ability to safely manage the pandemic. **Despite the negative economic impacts and the feelings of anxiety and stress reported, a majority of Americans who felt economic hardship due to the pandemic (68%) say they have confidence in the new administration (see Figure 1).** More than 1 in 2 respondents (59%) reporting no negative pandemic-related economic impacts hold a positive view of the administration, while 4 in 10 (41%) are less optimistic of the government's ability to safely manage the pandemic.

Figure 1: Americans Tend to Hold an Optimistic View toward the Government's Ability to Effectively Manage the Pandemic

Households reporting negative economic impacts

Households reporting no negative economic impacts



N=807 (level of confidence in government to safely manage the pandemic)

N=313 (pandemic-induced economic impacts); N=501 (no pandemic-induced economic impacts)

Note: Inset figures are households reporting either pandemic-induced economic impacts (43%) or no pandemic-induced economic impacts (57%), weighted and based on the total sample.

Implications

The economic effects of the pandemic on Americans have been widespread. While this study was able to discern some differences across income and race, the data are not heterogeneous enough to estimate some of the wider economic effects on individuals. For example, the Federal Reserve Bank of San Francisco indicated that “temporary layoffs accounted for essentially the entire increase in unemployment to its historic high rate in April 2020...and while these rates have declined since...they are still higher than in the past” (Wolcott, Ochse, Kudlyak, & Koucheikinia, 2020). To ascertain statistically significant differences in temporary layoff experiences and permanent layoff experiences, a larger sample size is necessary.

It is imperative to understand the implications of these economic effects within a historical context. In January 2020, the economy was stable and unemployment rates were relatively low. This trend was reversed during the early months of the pandemic, when the unemployment rates peaked in April 2020, reaching a high of 15% (Bureau of Labor Statistics, 2020a). Unemployment rates have since declined to 7% as of December 2020 as many businesses resumed operations (Bureau of Labor Statistics, 2021). Additionally, a majority of the pandemic-induced job losses have been in the services sector as opposed to the Great Recession where manufacturing was severely affected (Bureau of Labor Statistics, 2020b). Despite diminution in temporary job losses due to a rise in gig work (Rosenblat, 2020), recent numbers from the Bureau of Labor Statistics (2021) indicate a surge in permanent job losses – a trend consistent with the Great Recession.

References

- Bauer L., Broady, K. E., Edelberg, W., & O'Donnell, J. (2020). *Ten facts about COVID-19 and the U.S. economy*. Brookings. <https://www.brookings.edu/research/ten-facts-about-covid-19-and-the-u-s-economy/>
- Bureau of Labor Statistics. (2020a). *The employment situation: May 2020*. https://www.bls.gov/news.release/archives/empisit_06052020.htm
- Bureau of Labor Statistics. (2020b). *Employment recovery in the wake of the COVID-19 pandemic*. <https://www.bls.gov/opub/mlr/2020/article/employment-recovery.htm>
- Bureau of Labor Statistics. (2021). *The employment situation: January 2021*. <https://www.bls.gov/news.release/pdf/empisit.pdf>
- Mar, D., & Ong, P. (2020). *COVID-19's employment disruptions to Asian Americans*. UCLA Center for Neighborhood Knowledge. http://www.aasc.ucla.edu/resources/policyreports/COVID19_Employment_CNK-AASC_072020.pdf
- Rosenblat, A. (2020). Gig workers are here to stay. It's time to give them benefits. *Harvard Business Review*.
- Wolcott, E., Ochse, M. G., Kudlyak, M., & Koucheikinia, N. A. (2020). *Temporary layoffs and unemployment in the pandemic*. Federal Reserve Bank of San Francisco. <https://www.frbsf.org/economic-research/files/el2020-34.pdf>

Appendix A: Methodological Statement

This brief includes results from a survey using samples conducted after the November 3, 2020 presidential election. The survey was fielded December 4 to 14, 2020 online with a national probability sample of 814 U.S. residents age 18 or older. The study has been weighted using sample weights and post-stratification weights on various demographic categories such as age, gender, race/ethnicity, census region, education, metropolitan status, and household income.

All surveys are subject to sampling error, which is the expected probable difference between interviewing everyone in a population versus a scientific sampling drawn from that population. The sampling error for the sample of 814 respondents is ± 3.77 percentage points, at a 95% confidence interval (design effect is 1.2029). The sampling error for the sample of 313 respondents is ± 6.10 percentage points, at a 95% confidence interval. Sampling error increases as the sample size decreases, so statements based on various population subgroups, such as separate figures reported by party identification, are subject to more error than are statements based on the total sample. Sampling error does not take into account other sources of variation inherent in public opinion studies, such as non-response, question wording, or contextual effects.

The survey was conducted in English using the Ipsos Public Affairs' web-enabled KnowledgePanel®, a probability-based panel designed to be representative of the U.S. population (all non-institutionalized adults age 18 or older who live in the United States). Initially, participants are chosen scientifically by a random selection of residential addresses. Persons in selected households are then invited by telephone or by mail to participate in the web-enabled KnowledgePanel®. For those who agree to participate but do not already have Internet access, Ipsos provides at no cost a laptop and Internet Service Provider connection. People who already have computers and Internet service are permitted to participate using their own equipment. Panelists then receive unique login information for accessing surveys online and are sent e-mails inviting them to participate in research.

Appendix B: Sample Composition/Survey Questions

Seventy of the 814 individuals surveyed reported a direct health impact of COVID-19 for themselves or immediate family, while 313 respondents reported a direct pandemic-induced economic impact (unweighted sample sizes).

Q29. Please check off if you yourself have experienced the following, or if it describes someone you know, since the beginning of the COVID-19 pandemic (beginning around March 2020): Check all that apply.

- ▶ Tested positive or diagnosed with COVID-19
- ▶ Hospitalized due to COVID-19
- ▶ Passed away due to COVID-19
- ▶ Temporarily laid off from a full-time job or a part-time job
- ▶ Permanently laid off from a full-time job or a part-time job
- ▶ Lost a job during the pandemic, but since found a new job
- ▶ Took a pay cut
- ▶ Collected unemployment benefits
- ▶ Required to take furlough days

Q11. Thinking about some economic issues...Please mark how concerned you are about each one. Very concerned, somewhat concerned, not too concerned, or not at all concerned? How concerned are you about:

- ▶ The ability to financially support you and your family?
- ▶ The amount of stress in your life?

Q20ELEC4a. Regardless of your party or who you voted for, please mark how confident you are that President-elect Joe Biden will handle each of the following issues. Very confident, somewhat confident, not too confident, or not at all confident? How confident are you that President-elect Joe Biden will...?

- ▶ Safely manage the COVID-19 pandemic?

Background

The John J. Heldrich Center for Workforce Development at the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey was founded as a research and policy organization devoted to strengthening New Jersey's and the nation's workforce during a time of global economic change. The Heldrich Center researches and puts to work strategies that increase worker skills and employability, strengthen the ability of companies to compete, create jobs where they are needed, and improve the quality and performance of the workforce development system. Since 1997, the Heldrich Center has experienced rapid growth, working with federal and state government partners, Fortune 100 companies, and major foundations. The center embodies its slogan "Solutions at Work" by teaming with partners and clients to translate cutting-edge research and analysis into practices and programs that companies, unions, schools, community-based organizations, and government officials can leverage to strengthen the nation's workforce.

Since its inception, the Heldrich Center has sought to inform employers, union leaders, policymakers, community members, the media, and academic communities about critical workforce and education issues that relate to the emerging global economy. To better understand the public's attitudes about work, employers, and the government, and improve workplace practices and policy, the Heldrich Center produces the Work Trends surveys on a regular basis. (The complete set of reports is available at www.heldrich.rutgers.edu). The surveys poll the general public on critical workforce issues facing Americans and American businesses. The survey findings are promoted widely to the media and national constituencies. The series is directed by Carl E. Van Horn, Ph.D., Director of the Heldrich Center and Distinguished Professor of Public Policy at Rutgers University.

Assessing the Economic Effects of the Pandemic on Households continues to advance the goals of the Work Trends series to give American workers a voice in the national economic policy debates, and thereby provides policymakers and employers with reliable insights into how workers across the nation are judging and acting upon the realities of work and the workplace.