How Race and Gender Shape COVID-19
Unemployment Probability

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The social distancing measures implemented by state governments in response to the pandemic shut down many businesses and caused the unemployment rate to jump from 4.4% in March 2020 to 14.7% in April. Studies exploring different dimensions of unemployment caused by the pandemic have found that women on the one hand, and communities of color on the other, have been disproportionately affected mainly due to the asymmetric relative impact of the recession on industries and occupations that employ predominantly women and people of color (Alon et al. 2020; Montenovo et. al. 2020; Fairlie et al. 2020; Cowan 2020). Such a uniform approach to race/ethnicity and gender, through which identities are examined separately, could be misleading: a Black woman’s experience in the labor market is quite distinct from a White woman’s or a Black man’s experience with respect to many fundamental indicators including unemployment rate, the sectors in which they are disproportionally employed, and labor force participation rate. In our work we move beyond uniformity and examine the differences in the likelihood of unemployment across groups of White men, White women, Black men, Black women, Hispanic men and Hispanic women to discover how race and gender together contribute to unemployment probability.

While early unemployment data suggests a disproportionately negative effect on women compared to men, over time noticeable differences have emerged between men and women of different racial/ethnic categories. For all racial/ethnic categories, the gap between the unemployment rates of men and women was less than 0.5 percentage points prior to the recession. Specifically, in January 2020, the unemployment rate was 3.3% for White men, 2.9% for White women, 6.1% for Black men, 5.8% for Black women, 4.9% for Hispanic men and 5.3% for Hispanic women. By June 2020, the unemployment rate reached 9.4% for White men, 10.8% for White women, 16.6% for Black men, 14.3% for Black women, 13.3% for Hispanic men and 16.1% for Hispanic women, causing the gendered unemployment differential jump to 2.8 percentage points for Latinx population. Hispanic women were hardest hit among women in this sense, both with the highest unemployment rate, as well as the most disproportionate gender gap in unemployment within an ethnic/racial group. The relatively higher unemployment rate of White women compared to White men also substantiates the argument that the pandemic has caused a “she-cession.” The unemployment gap between Black men and women, however, does not corroborate this argument; as of June 2020, Black women’s unemployment, while quite high, is lower than that of Black men’s underlining once more the need to study the intersection of gender and race, rather than treating them separately.

Among the factors that can explain the asymmetric impact of the COVID-19 recession, industries and occupations of employment, as well as ability to work from home, are identified as the most important determinants of who gets to keep their job. Women reportedly make up the majority of essential workers in health care and government and community-based services, whereas people of color make up the majority of essential workers in food and agriculture, and in industrial, commercial, residential facilities and services. Similarly, it has been shown that women and people of color are overrepresented in the workforce employed in “front-line" industries (e.g., grocery stores, public transit and health care). Considering the fact that most workers in essential or “front-line” industries have kept their jobs, the higher likelihood of unemployment reported for women and minorities presents a perplexing question. Recent studies also have suggested that women and minorities are concentrated in occupations that are less likely to be performed from home. To the extent that these jobs are in industries classified as “nonessential,” more women and minorities would potentially face loss of employment.

[In our research paper](https://www.peri.umass.edu/component/k2/item/1335-how-race-and-gender-shape-covid-19-unemployment-probability), we use the April 2020 CPS micro data to examine how the intersection of race/ethnicity and gender contribute to the probability of being unemployed due to the COVID-19 pandemic in the U.S. labor market. Taking into account the misclassification issue that BLS warns users of CPS in the unemployment data collected in March and April 2020[[1]](#footnote-1), we use two measures of unemployment: a narrow and an upper bound. In addition to race/ethnicity-gender, we control for labor supply characteristics such as age and educational attainment, sectoral and occupational categories, regional differences in the responses of state governments, industry-specific essential/non-essential distinctions made by most state governments, and the share of teleworkable jobs in industries as variables with potential impact on the probability of unemployment.

We show that women of all three racial/ethnic categories are more likely to be unemployed compared to men according to both unemployment measures, yet there are substantial differences across these magnitudes. Specifically, we find the most disadvantaged group to be Hispanic women, who are 5.3% more likely to be unemployed, followed by Black women, who have a 4.4% higher likelihood compared to White men based on our upper-bound unemployment definition. Hispanic men are the group with the smallest disproportionate unemployment probability compared to White men, with a 2.3% higher likelihood. Overall, the results of our nuanced approach clarify the inconclusive arguments in other studies about whether Blacks or Latinx are more profoundly affected by COVID-19 unemployment. We further find that working in an industry with highly teleworkable jobs does not spare Hispanic women and Black women from disproportionate job losses. In particular, Hispanic women working in industries with a high degree of ability to work from home are 7% more likely, and Black women are 6% more likely, to become unemployed compared to White men.

One reason for the higher probability of unemployment for people of color could be the relative difficulty of securing Paycheck Protection Program (PPP) loans by minority-owned businesses. These loans are designed to provide an additional incentive for small businesses to keep employees on payroll during this recession. Although we do not have access to data showing who received PPP loans, several surveys conducted by various NGOs point to Black- and Latinx-owned small businesses encountering difficulty in receiving these loans: UnidosUS, for example, reports that only 1 in 10 minority-owned businesses was able to get the funds it asked for.[[2]](#footnote-2) Another possible explanation for the additional unemployment probability specifically encountered by Hispanic and Black women is discrimination. Discrimination in hiring and firing practices has been identified as an unobservable source of a “last-hired, first-fired” pattern notable in the employment trends of Black workers. For example, Couch and Fairlie (2010) suggest that during recessions, beyond layoffs based on observable characteristics, a discriminating employer can lay off equally qualified Blacks and not face economic costs for doing so. In the current recession, this effect may have disproportionately disadvantaged Hispanic and Black women. Typically, however, discrimination is not directly observable in labor market data. Given the available data and the methodology we use, we are not able to test for the role of discrimination in explaining the higher likelihood of unemployment for Hispanic and Black women—nevertheless, we incorporate all available individual, occupational, industry-level determinants of unemployment during recessions cited in the literature, as well other variables unique to the COVID-19 recession. As more data becomes available, combined with more qualitative studies, we hope to clarify the additional hardship experienced by women and by minorities during the COVID-19 pandemic.

In addition to the PPP loans, the CARES Act (a federally-legislated fiscal impetus program passed on March 27, 2020) provided Economic Impact Payments to American households of up to $1,200 per adult for individuals whose income was less than $99,000. As the unemployment rate stands at 11.1% as of June 2020, it is obvious that this one-time stimulus payment will not be enough for women and minority workers to maintain their livelihoods. The CARES act also included the Pandemic Unemployment Compensation program, which added a $600 weekly boost to Unemployment Insurance payments, a benefit which was terminated on July 31, 2020. Given that minorities and women are disproportionately affected by this recession, and Black, Latinx and low-income households have less access to liquid assets (Ganong et al. 2020), the question remains: how long can these workers survive after the program’s expiration?[[3]](#footnote-3) In our opinion, continuing this program is vital for the well-being of the minority population in general, and women specifically.

**References**

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1. The BLS instructed surveyors to code those out of work due to the epidemic as recently laid off or unemployed, but surveyors appeared to code at least some of them in the employed-but-absent category. According to the estimates provided by BLS, out of 11.5 million workers classified as employed-but-absent in April 2020, around 7.5 million should have been classified as unemployed. If these people were to be coded as unemployed, the resulting unemployment. [↑](#footnote-ref-1)
2. <https://www.unidosus.org/about-us/media/press/releases/051820-UnidosUS-Press-Release-COVID-19-Survey-Black-and-Latino-Small-Business> [↑](#footnote-ref-2)
3. <https://equitablegrowth.org/wp-content/uploads/2020/07/072120-ui-work-disincentives-fs.pdf> [↑](#footnote-ref-3)