The Unequal Economic Impact of COVID-19 on Vulnerable Members’ Financial Well-Being

Samira Salem, PhD, Senior Policy Analyst

April 25, 2020
How to Save Black and Hispanic Lives in a Pandemic

Minorities are dying of Covid-19 at alarming rates. Here’s what to do about it right now.

By The Editorial Board

The effect of the coronavirus pandemic on the Black and Hispanic communities has been devastating. It is estimated that the mortality rate for these communities is twice that of white Americans.

A coronavirus-led recession could hit jobs for young people and minorities hardest

March 13, 2020

By The Editorial Board

The coronavirus recession has already hit young people and minorities the hardest. The unemployment rate for black and Hispanic adults is significantly higher than for whites.

Black-Owned Businesses Could Face Hurdles in Federal Aid Program

Minority business owners have always struggled to secure bank loans. Now, many banks want to deal only with existing customers when making loans through the government’s $349 billion aid package.

Coronavirus Was Slow to Spread to Rural America. Not Anymore.

March 13, 2020

By THE EDITORIAL BOARD

The coronavirus has spread rapidly to rural areas, particularly among the elderly and those with pre-existing health conditions. The government needs to prioritize these areas in its aid package.

U.S. Latinos among hardest hit by pay cuts, job losses due to coronavirus

By JUAN MANUEL MAGUIÑEZ, ANA GONZALEZ-BARRERA AND LUIS ALBERTO ESTRADA

The coronavirus has had a disproportionate impact on the Latino community, with a higher unemployment rate and more pay cuts than other ethnic groups.

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While all of us are affected, people of color and low-income individuals are among the most vulnerable to COVID-19.
COVID-19: A disproportionate impact on vulnerable populations

- **Inequality in income and wealth** means that there will be an unequal financial burden.
- **Educational disparities means that the less educated** will tend to be in low-skilled, low-wage jobs that are either deemed:
  - **Essential**, which puts their lives at risk (e.g., transit workers/bus drivers, grocery store workers) or;
  - **Non-essential**, which puts their livelihood at risk (depending on access to unemployment insurance, support from the SBA PPP and duration and path of pandemic)
- **Health disparities** means that different groups get sick and die at a higher rate.

Jobs vanishing into thin air

Source: BLS via St. Louis FRED

26.4 million jobs lost in 5 weeks

Historical avg. since 1967 is 350K, per week
Highest unemployment rate since 1935

CUNA estimate based on weekly unemployment claims as of April 23, 2020 // Source: BLS
Low-income, people of color, and women work in the industries with the highest job losses

Thousands of jobs lost // Source: BLS, March 2020

-459  Leisure & hospitality
-76   Education and health services
-52   Professional & business services
-46   Retail trade
-29   Construction

Thousands of jobs lost in various industries.
Women, Blacks, Hispanic/Latinx and young adults are at higher risk of job losses from the COVID-19 Recession

Source: BLS, Current Population Survey and Pew Research Center
Black and Hispanic/Latinx unemployment rates are elevated

Percent // BLS

Credit Union National Association

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Increasing poverty and widening the racial divide

Poverty rate under different unemployment scenarios (second quarter, April-June)

- Feb. 2020 estimate
- 10% unemployment
- 20% unemployment
- 30% unemployment

Share in poverty

Note: Historical poverty data is based on Supplemental Poverty Measure and has been adjusted for 2019 changes in methodology by the Census Bureau. Source: Zachary Parolin and Christopher Wimer, Columbia University School of Social Work. The New York Times
One-third of essential workers are women

Stay home, stay safe? Depends on your socioeconomic status and race/ethnicity

People with high levels of financial distress are more vulnerable to infection and death.

Blacks and Hispanics/Latinx are dying at disproportionately high rates from COVID-19

Coronavirus Deaths Per 100,000 People
In New York City, deaths from the coronavirus, adjusted for the size and age of the population, have disproportionately affected Hispanic and black people.

<table>
<thead>
<tr>
<th>Group</th>
<th>Death Rate</th>
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<tbody>
<tr>
<td>Hispanic</td>
<td>22.8</td>
</tr>
<tr>
<td>Black</td>
<td>19.8</td>
</tr>
<tr>
<td>White</td>
<td>10.2</td>
</tr>
<tr>
<td>Asian</td>
<td>8.4</td>
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</tbody>
</table>

By The New York Times | Source: New York City Department of Health and Mental Hygiene
Income loss due to COVID-19 crisis hits most vulnerable households hardest

A higher percentage of vulnerable households don’t have 3 months of emergency funds

- Low income: 77%
- Middle income: 52%
- High income: 23%
- White: 47%
- Black: 73%
- Hispanic: 71%

Lower-income adults say they will use stimulus checks to pay bills

The following would be helpful for vulnerable families and individuals amidst the COVID-19 pandemic.

- Delaying payments on existing home mortgages and loans: 75% for Low Income, 73% for Black/African American, 75% for Hispanic/Latinx.
- Small dollar loans with 3 months deferred payment: 63% for Low Income, 68% for Black/African American, 62% for Hispanic/Latinx.
- 90 day credit card payment deferral: 73% for Low Income, 72% for Black/African American, 70% for Hispanic/Latinx.
- Restructuring loans and mortgages to lower monthly payments: 74% for Low Income, 75% for Black/African American, 69% for Hispanic/Latinx.
Black-owned businesses and the SBA Payment Protection Program

Black-Owned Businesses Could Face Hurdles in Federal Aid Program

Minority business owners have always struggled to secure bank loans. Now, many banks want to deal only with existing customers when making loans through the government’s $349 billion aid package.
Credit unions stepping up to the plate to support members and staff

Overall, 92% of credit unions surveyed are offering modifications to existing loans.
- Loan extensions (skip-a-payment)
- Line of credit increases
- Interest-only loan repayment
- Reduced or no-interest

76% of credit unions are offering new loan products.
- Deferred payment
- Reduced or no-interest
- Reduced or no-interest payroll advance

85% of credit unions are waiving and reducing fees to ease the burden on members.
- Waiving early withdrawal penalty on CDs
- Waiving skip-a-payment fee
- Waiving overdraft fee
- Waiving loan application fee
- Other waivers

58% of credit unions are offering financial counseling, debt consolidation or other services
- Financial counseling: 39%
- Debt consolidation: 36%
- Credit protection: 23%

Employee Support
- Credit unions are taking care of employees so they can take care of members and communities. Most credit unions are providing some support to their employees, including:
  - Childcare programs
  - Paid leave for employees who have or have a family member with COVID-19
  - Employee assistance programs

Source: CUNA
Use a DEI lens in designing your response to COVID-19

1. Know the pain points for vulnerable populations
2. Ask the right questions
3. Use an equity lens in your communications
4. Consider unequal access to technology
5. Practice inclusive leadership
6. Practice humility, virtual community, and self-care
COVID-19 resources for credit unions

• CUNA COVID-19 Response Center [https://www.cuna.org/Coronavirus-Disease-(COVID-19)/](https://www.cuna.org/Coronavirus-Disease-(COVID-19)/)

• CUNA and AACUL COVID-19 Survey [https://www.research.net/r/covidresponse](https://www.research.net/r/covidresponse)

• America’s Credit Unions [https://www.americascreditunions.org/](https://www.americascreditunions.org/)

• CUNA Councils


• CUNA Policy Analysis Issues Briefs:
  • “A Looming Crisis” [https://www.cuna.org/economics/](https://www.cuna.org/economics/)
  • “DEI is Central to COVID-19 Response” [https://www.cuna.org/economics/](https://www.cuna.org/economics/)
Thank you.

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