

APRIL 2020 | BY SARA KIMBERLIN, AUREO MESQUITA, AND ALISSA ANDERSON

California Workers With Less Education, People of Color, and Immigrants are at Greatest Financial Risk Due to COVID-19

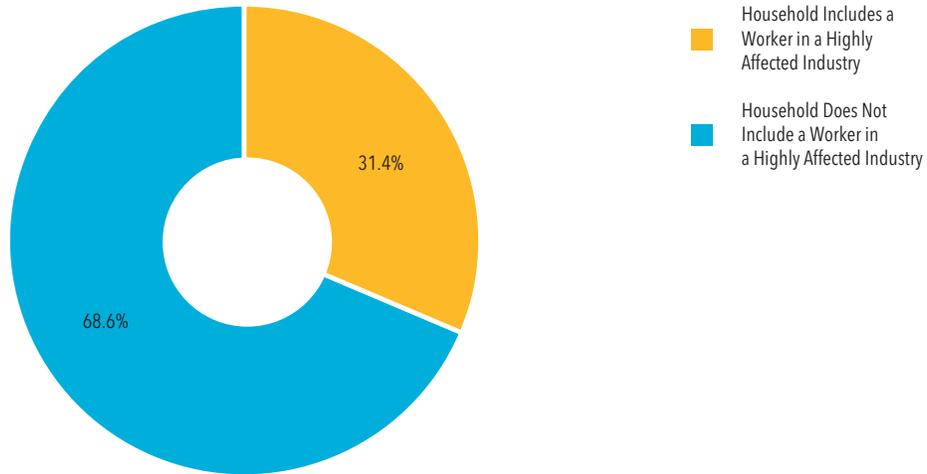
Millions of California workers have lost jobs or seen their work hours significantly cut back as a result of the public health measures that state and local governments have put in place to slow the spread of COVID-19. While necessary to protect the state's health care system and mitigate the spread of infection, these disruptions seriously threaten the economic stability of a significant share of California workers – and their families. Yet these disruptions do not affect all Californians equally, with a greater burden on California workers with less education, those who are immigrants, and California's children and adults of color. To understand who may be most affected, this *5 Facts* examines the demographics of workers and the families of workers in California industries that are directly and immediately affected by the business slowdown and closures due to the COVID-19 pandemic.

1 Many Californians Face High Risk of Economic Devastation from the COVID-19 Business Slowdown

Workers in a wide variety of industries have suddenly found their jobs and work hours at risk due to the COVID-19 crisis. Industries immediately affected by stay-at-home restrictions and mandated business closures include, for example, retail, food service, child care, services for buildings (such as janitorial services) and landscaping, travel and tourism, and personal services (such as hairstyling).¹ Nearly a quarter of all California workers (23.8%) are employed in one of these highly affected industries, according to Budget Center analysis.² Job losses and work reductions in these industries affect not just workers themselves, but also their families. More than 1 in 4 workers (26.2%) in California in these immediately affected industries are parents. Statewide, almost 1 in 3 Californians (31.4%) live in a household that includes a worker in one of these most immediately affected industries.³

Nearly 1 in 3 Californians Live in a Household That Includes a Worker in an Industry Highly Affected by COVID-19 Shutdowns

Share of Californians, 2018

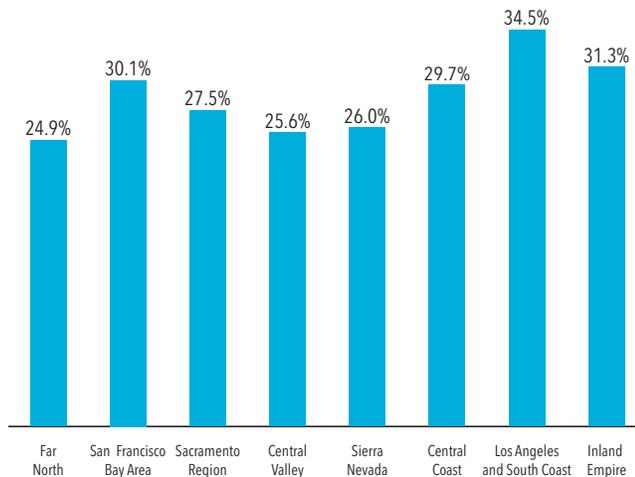


Note: Highly affected industries are defined as industries directly disrupted by business closures and reduced demand due to COVID-19 public health stay-at-home orders, such as retail, restaurants, travel and tourism, arts and entertainment, personal services, and landscaping and building services.
Source: Budget Center analysis of US Census Bureau, American Community Survey public-use microdata for California for 2018, downloaded from IPUMS USA (University of Minnesota, www.ipums.org)

Californians in every part of the state face the risk of job loss and economic instability. Across all of California's regions, approximately one-quarter to one-third of each region's residents live in a household that includes a worker in one of the industries affected most immediately.

Many Californians Across the State Live With Workers in Industries Highly Affected by the COVID-19 Shutdown

Share of Californians By Region, 2018



Note: Highly affected industries are defined as industries directly disrupted by business closures and reduced demand due to COVID-19 public health stay-at-home orders, such as retail, restaurants, travel and tourism, arts and entertainment, personal services, and landscaping and building services.
 Source: Budget Center analysis of US Census Bureau, American Community Survey public-use microdata for California for 2018, downloaded from IPUMS USA (University of Minnesota, www.ipums.org)

2 Workers With Low Wages and Less Education Face High Risk of Losing Work

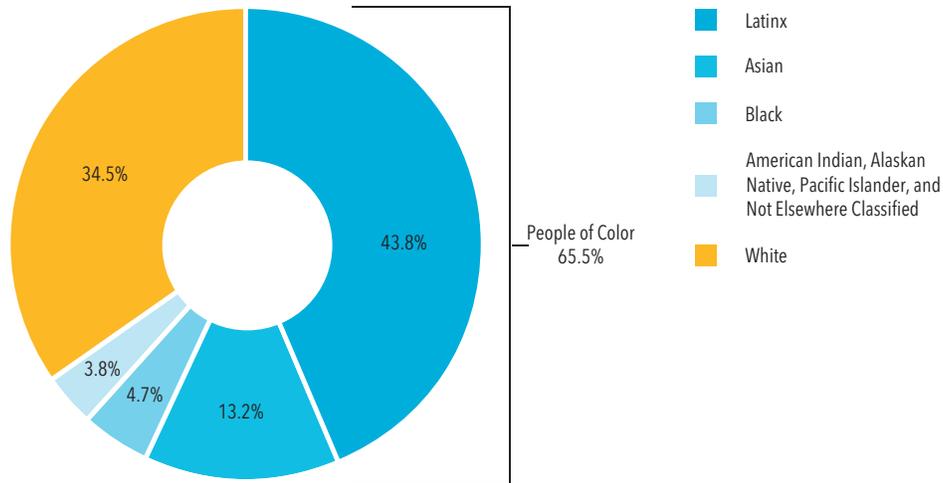
The risk of lost work is especially high among workers with less education. Nearly 1 in 3 California workers with less than a high school education (32.5%) work in an industry immediately affected by the COVID-19 business slowdown, while only 1 in 7 workers with a bachelor’s degree (14.3%) work in one of these highly affected industries. Many of the employees in these industries work in occupations that pay low wages, with annual incomes near or below the poverty line based on the Supplemental Poverty Measure.⁴ This means that the Californians who will bear the brunt of the economic slowdown often live paycheck to paycheck even when work is plentiful and are unlikely to have savings to fall back on when their jobs disappear.

3 Californians of Color and Their Children Are Particularly Vulnerable to Economic Instability

The risk of economic instability due to the COVID-19 business slowdown particularly affects California’s communities of color. Among workers at high risk of losing jobs or hours because they work in a highly affected industry, nearly 2 in 3 (65.5%) are people of color, including more than 4 in 10 (43.8%) who are Latinx, more than 1 in 8 (13.2%) who are Asian, and about 1 in 20 (4.7%) who are Black.

Nearly 2 in 3 California Workers in Industries Highly Affected by the COVID-19 Economic Shutdown Are People of Color

Share of California Workers in Highly Affected Industries, 2018

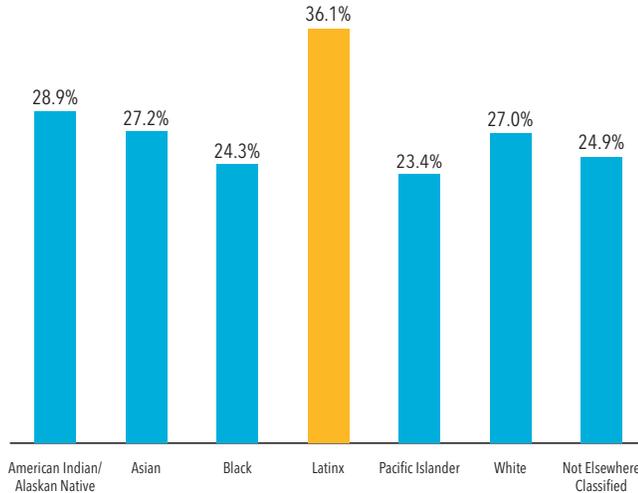


Note: Highly affected industries are defined as industries directly disrupted by business closures and reduced demand due to COVID-19 public health stay-at-home orders, such as retail, restaurants, travel and tourism, arts and entertainment, personal services, and landscaping and building services.
 Source: Budget Center analysis of US Census Bureau, American Community Survey public-use microdata for California for 2018, downloaded from IPUMS USA (University of Minnesota, www.ipums.org)

Affected workers’ family members will also feel the consequences of lost jobs and wages, and this risk is not distributed evenly across racial/ethnic groups. Among California’s children, Latinx children are especially likely to face economic harm from the COVID-19 slowdown, with more than 1 in 3 (36.1%) living in a household that includes a worker in a highly affected industry.

More Than 1 in 3 Latinx Children Live With a Worker in an Industry Highly Affected by the COVID-19 Economic Shutdown

Share of California Children, 2018



Note: Highly affected industries are defined as industries directly disrupted by business closures and reduced demand due to COVID-19 public health stay-at-home orders, such as retail, restaurants, travel and tourism, arts and entertainment, personal services, and landscaping and building services.
 Source: Budget Center analysis of US Census Bureau, American Community Survey public-use microdata for California for 2018, downloaded from IPUMS USA (University of Minnesota, www.ipums.org)

4 California’s Immigrants Face Financial Crisis, With Millions Left out of Public Support

Californians who are immigrants make up one-third of all workers statewide, and about 1 in 4 of these immigrant workers (24.5%) is employed in an industry highly affected by the COVID-19 economic shutdown.⁵ Workers who are undocumented immigrants – and their families, which often include US citizens – face an especially high risk of financial crisis if they lose work due to the COVID-19 crisis because they are excluded from accessing many of the public supports that help workers and families meet their basic needs in the face of lost jobs and wages, despite their essential contributions to the state’s economy and community. Among California’s undocumented workers, approximately 1 in 3 (34%) are employed in an industry highly affected by the COVID-19 economic shutdown, according to Budget Center estimates.⁶

5 Policymakers Can Address Racial and Economic Inequities with COVID-19 Responses

A significant share of California workers and families throughout the state faces a high risk of financial struggle due to COVID-19-related work disruption. The risk of lost jobs and hours and resulting financial crisis for workers and their family members is especially high for many Californians of color, especially Black and Latinx Californians, who faced barriers of lower wages and higher rates of poverty compared to white Californians even

before the COVID-19 crisis, as a result of past and current discriminatory policies and outcomes.⁷ Workers who are immigrants – and especially those who are undocumented – are also likely to be hit hard by the economic slowdown, while being locked out of many public supports to address it. In responding to this crisis, state and federal policymakers must ensure that the policies they put in place address the needs of these particularly affected workers and communities. Further, policymakers must ensure they do not exacerbate racial and economic disparities, and consider the opportunities to address inequities that created barriers for California workers and families to make ends meet before the crisis hit.

Sara Kimberlin, Aureo Mesquita, and Alissa Anderson prepared this 5 Facts. The Budget Center was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The Budget Center engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the Budget Center is provided by foundation grants, subscriptions, and individual contributions. Please visit the Budget Center's website at calbudgetcenter.org.

ENDNOTES

- ¹ For additional analysis of worker characteristics using the same definition of highly affected industries, see also Sarah Thomason, Annette Bernhardt, and Nari Rhee, *Industries at Direct Risk of Job Loss From COVID-19 in California: A Profile of Front-Line Job and Worker Characteristics* (UC Berkeley Labor Center: April 10, 2020), downloaded from <http://laborcenter.berkeley.edu/industries-at-direct-risk-of-job-loss-from-covid-19-in-california/> on April 10, 2020.
- ² Based on Budget Center analysis of US Census Bureau, American Community Survey public-use microdata for 2018 downloaded from IPUMS-USA (University of Minnesota, www.ipums.org). Note that all data cited are based on this analysis unless otherwise noted.
- ³ Although many workers in these industries have lost work in recent weeks, some jobs have been maintained. For example, some restaurants have retained workers, though often at reduced staffing levels, in order to continue to offer take-out food only.
- ⁴ Alissa Anderson and Aureo Mesquita, *Californians With Low Incomes Will Be Hit Hardest by the COVID-19 Economic Shutdown* (California Budget & Policy Center: March 2020). See also Sarah Thomason, Annette Bernhardt, and Nari Rhee, *Industries at Direct Risk of Job Loss From COVID-19 in California: A Profile of Front-Line Job and Worker Characteristics* (UC Berkeley Labor Center: April 10, 2020).
- ⁵ Sara Kimberlin, *Half of All California Workers Are Immigrants or Children of Immigrants* (California Budget & Policy Center: April 2019).
- ⁶ Sara Kimberlin and Aureo Mesquita, *No Safety Net or Federal COVID-19 Relief: California's Undocumented Workers and Mixed Status Families Are Locked Out of Support* (California Budget & Policy Center: April 2020).
- ⁷ Alissa Anderson, Sara Kimberlin, Amy Rose, Kayla Kitson, Esi Hutchful, and Maiya Zwerling, *California's Workers Are Increasingly Locked Out of the State's Prosperity* (California Budget & Policy Center: December 2019).