



# HOUSE COMMITTEE ON THE BUDGET

Chairman John Yarmuth

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## Health and Wealth Inequality in America *How COVID-19 Makes Clear the Need for Change*

Viruses do not discriminate, but people – and the policies and systems they create – do. The COVID-19 pandemic has magnified underlying inequities that have existed in the United States for generations – in our health care system, our economy, and in access to opportunity. These underlying conditions help explain the disproportionate effects COVID-19 has had on communities of color. It also suggests that the financial and public health toll of the pandemic may be even greater for these communities in the long term, while recovery may be slower.

On June 23<sup>rd</sup>, the House Budget Committee will hear testimony on how the public health and economic crises brought on by COVID-19 have exacerbated underlying health and economic inequalities in America. Witnesses will also discuss federal policy options to close the gaps and build a stronger, healthier, and more just country.

**Decades of stark income inequality have made the United States more vulnerable to economic shocks** — In 2018, the median African American household earned [59 cents](#) for every dollar earned by the median non-Hispanic white household, a ratio that has changed [very little](#) over the past five decades. The median Hispanic household earned 73 cents for every dollar earned by non-Hispanic whites. Similar inequities exist in household wealth: in 2016, the median white household had more than [eleven times](#) the wealth of the median African American household, a gap that is roughly as wide as it was five decades ago. Because families with less wealth are more vulnerable to income shocks, a COVID-related furlough or job loss makes it harder for them to put food on the table and meet other basic human needs. A recent [study](#) suggests that after involuntary job loss, African American and Hispanic families cut their everyday spending more than white families, but the spending differences went away when researchers controlled for racial wealth gaps. This lack of income security for millions of families and [rising inequality](#) across American society makes our whole country more vulnerable to [recessions](#) and other economic shocks.

**Too many workers don't have the benefits or job flexibility to help them stay safe at home** — Stay-at-home orders have highlighted the importance of telecommuting, but not all workers have jobs that can be done remotely. According to 2017-2018 [data](#), only 20 percent of African American workers and 16 percent of Hispanic workers had jobs that could be done at home. Just 4 percent of workers with less than a high school diploma had jobs that could be done at home, compared to 52 percent of workers with at least a bachelor's degree. The COVID-19 pandemic has also demonstrated the benefits of paid sick leave, both to workers and to their community. However, many workers do not have paid sick leave that would make staying home

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from work a viable option, or paid family leave that would allow them to care for an ill family member. Workers in the top 10 percent of wage earners are [three times as likely](#) to be entitled to paid sick leave than those in the bottom 10 percent (92 percent vs. 31 percent). [Hispanic](#) workers and [women](#) are also significantly less likely to have access to paid sick leave.

**Systemic inequities in the health care system make communities of color more vulnerable to health and financial risks from COVID-19** — People of color are more likely to live with chronic conditions that put them at higher risk of serious illness if they contract COVID-19. For example, African Americans, Hispanic Americans, and American Indian/Alaskan Natives are more likely than whites to have diabetes, and African Americans are [twice](#) as likely to die from diabetes as whites. African American children are more than twice as likely to have asthma as white children. Not surprisingly, early COVID-19 data show similar patterns: a CDC [study](#) of COVID-19 hospitalization data in 14 states found that while 18 percent of the population in those states is African American, 33 percent of the hospitalized COVID-19 patients are African American.

Communities of color are also more likely to face barriers to accessing health care. The uninsured rate among Hispanic Americans is [more than twice](#) that of whites, and American Indian/Alaskan Natives are more than three times as likely to be uninsured. Not surprisingly, people in these communities are also more likely to report skipping a doctor visit due to cost. While the Affordable Care Act improved access to care for all racial/ethnic groups, Hispanic and African Americans [still fare worse](#) than whites on most indicators of access to care. And even when income and insurance status is equal, a large body of [evidence](#) shows that people of color still receive poorer-quality of care than whites. Health care workers are not immune to the messages, attitudes, and stereotypes we all pick up from the society in which we live, and those attitudes – even unintentionally – can translate into poorer communication and quality of care.

The environment also plays an important role in health. African American and Hispanic families are [more likely](#) to live in areas where they are exposed to air pollution, which has been linked to the exacerbation of respiratory diseases – and most recently, to [higher](#) COVID-19 death rates. Communities of color are more likely to experience [food insecurity](#), [housing instability](#), and be exposed to [environmental hazards](#), all of which contribute to adverse health outcomes.

**COVID-19 has exacerbated these underlying inequalities** — The COVID-19 pandemic's disproportionate impact on communities of color can be seen in many ways, but perhaps the most dramatic are deep inequities in COVID-19 death rates. COVID-19 data by race/ethnicity is severely [inadequate](#), but based on [early data](#), some trends are clear. The overall COVID-19 mortality rate for African Americans is 2.3 times as high as the rate for Asian Americans and whites. Put differently, if communities of color had died of COVID-19 at the same rate as white Americans, 14,400 African Americans would still be alive today.

In addition to the health effects, the economic shock of COVID-19 disproportionately affects [lower-income Americans](#) and communities of color. Compared to pre-pandemic levels, the

most recent [unemployment data](#) indicates a historic rise in unemployment for all groups, but the unemployment rates for African Americans (16.8 percent), Hispanics (17.6 percent), and Asian Americans (15.0 percent) were still substantially higher than for whites (12.4 percent). Relatedly, families of color are also more likely to report struggling to put food on the table during the COVID-19 pandemic. According to a May 2020 [poll](#), 30 percent of African American adults and 26 percent of Hispanic adults reported skipping meals or relying on charity or government food programs due to the coronavirus and its impact on their financial situation. In contrast, just 8 percent of white adults reported the same.

Widespread school closures threatened learning progress for [all children](#), but the effects are felt unequally by students who lack internet at home, a device they do not have to share, or high-quality remote instruction. One [analysis](#) suggests that due to COVID-19-related school closures, the average white student may lose about six months of learning, the average Hispanic student may lose nine months, and the average African American student may lose ten months. The average low-income student may lose a full year of learning. Without action, this may exacerbate graduation rate disparities among students of color and further perpetuate economic inequality for generations to come.

**We must take bold action now to reverse these effects** — Democrats are taking key steps to achieve structural change for Americans affected by COVID-19 and racial injustice more broadly. In May, the House passed the **Heroes Act**: urgently needed legislation to protect the lives and livelihoods of the American people by responding to the COVID-19 pandemic and the resulting economic catastrophe that has disproportionately affected communities of color. Later this month, the House will vote on the **Justice in Policing Act**, a comprehensive approach to combat police brutality and racial injustice. These critical pieces of legislation will support struggling American families when they need it most and make our country more equal and just – goals that reflect core American values.

At our upcoming hearing, witnesses will discuss the underlying health and economic inequalities exacerbated by COVID-19 and what policies would strengthen and better prepare our nation for a stronger future with more broadly shared prosperity, such as leveraging federal investments. Expert witnesses who will inform our discussion include:

- **Sir Angus Deaton, Ph.D.** – Senior Scholar, Princeton University Woodrow Wilson School; Presidential Professor of Economics, University of Southern California
- **Patrice Harris, M.D., M.A.** – Immediate Past President, American Medical Association
- **Damon Jones, Ph.D.** – Associate Professor, University of Chicago Harris School
- **Avik Roy** – President, Foundation for Research on Equal Opportunity