

The Impact of COVID-19 Unemployment and Income Inequality among Black and Hispanic Communities in the United States

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ABSTRACT: The COVID-19 pandemic has resulted in unprecedented levels of unemployment, with many communities disproportionately affected. The pandemic has highlighted existing disparities in the labor market, particularly among Black and Hispanic communities. This study investigates how unemployment caused by the COVID-19 pandemic has contributed to income inequality among Black and Hispanic communities. This unemployment contributes to a widening income gap within these communities. The study utilizes data from the U.S. Bureau of Labor Statistics to compare the unemployment rate and income of Black and Hispanic individuals pre-pandemic and post-pandemic. Understanding the impact of the pandemic on Black and Hispanic communities is crucial for developing targeted policy interventions to reduce income inequality.

KEYWORDS: COVID-19; pandemic; unemployment; income inequality; population.

■ Introduction

The COVID-19 outbreak that emerged in December 2019 has significantly impacted the global economy, leading to job losses and earnings for many individuals and groups. As of January 18, 2023, the Centers for Disease Control and Prevention (CDC) reported 101,873,730 cases and 1,099,866 deaths due to COVID-19.¹ The pandemic has affected different communities, with specific populations and socio-economic groups being more affected than others.

This research examines the impact of the COVID-19 pandemic on income inequality within the Black or African American and Hispanic or Latino ethnic communities, explicitly comparing them to the White and Asian communities, using data from the U.S. Bureau of Labor Statistics for the years 2019, 2020, and 2021. In the words of Reyes, income inequality is a significant factor in the disproportionate impact of the COVID-19 pandemic on racial and ethnic minorities in the United States. Reyes states that low-income families, particularly those of Black or African American descent, are at a higher risk of contracting the virus due to low-wage jobs, lack of insurance coverage, and living in densely populated areas and also notes that many racial and ethnic minorities are over-represented in essential jobs, at a higher risk of COVID-19 exposure, and have limited access to paid sick leave and health-care.²

This research will contribute to understanding how the pandemic affects the income inequality of different ethnic communities, which will be essential to understanding how to support these communities during this challenging time and probably be a lesson for future similar unprecedented conditions.

■ Literature Review

The existing literature suggests that the impacts of the pandemic on the labor market have been unequal, exacerbating

existing inequalities. Experts in the field indicate that the pandemic has affected income inequality through job loss and falls in earnings for certain groups of workers, particularly in the U.K., the U.S., and Germany.³

Researchers have revealed that lower-income populations need help adhering to social distancing guidelines, primarily due to their often-overcrowded living conditions. These populations, which include essential workers, encounter additional obstacles in practicing social distancing due to a lack of job protections and paid leave, which may discourage them from staying home.⁴ This makes self-isolation nearly impossible for them.

Studies have also shown that countries with lower income inequality were more adversely affected by the pandemic in terms of economic growth and health casualties.⁵ This shows that redistributive policies and strong institutions are essential for promoting economic resilience during a pandemic. Ghecham's research shows that the COVID-19 pandemic has disproportionately impacted low-income and minority populations, resulting in more significant adverse effects on these groups' daily lives and mental health.⁶ The pandemic has amplified existing economic inequalities and the need for targeted policies and support for vulnerable populations.

The current COVID-19 pandemic may impact inequality more than past pandemics. This highlights the importance of understanding the long-term impacts of the pandemic on income inequality and the need for supportive policies to protect vulnerable groups.

■ Methodology

The methodology for this research paper involved collecting data from the U.S. Bureau of Labor Statistics to analyze and compare the unemployment rate and median weekly earnings among individuals aged 25 and older. The data was analyzed by considering factors such as age, sex, and race or ethnicity

from 2019 to 2021. The research focuses on four major races and ethnicities: White, Asian, Black or African American, and Hispanic or Latino. It is important to note that race and ethnicity are distinct concepts treated as separate variables in the analysis. This approach allowed us to examine the specific impact of the COVID-19 pandemic on income inequality among these communities and gain a more nuanced understanding of the issue. The research also looked into the level of education to understand the impact on the outcomes.

■ Results and Discussion

Year 2019 Unemployment rates by race and Hispanic or Latino ethnicity, annual averages

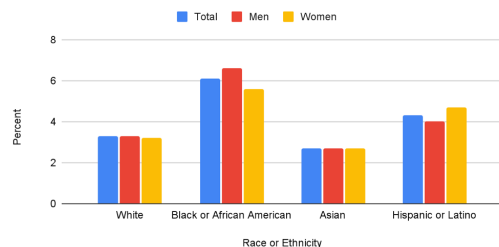


Figure 1: Year 2019 Unemployment rates by race and Hispanic or Latino ethnicity, annual averages data sourced from: U.S. Bureau of Labor Statistics.⁷

The unemployment rate in 2019 for White people was 3.3%, with similar rates for White women and men at 3.3% and 3.2%, respectively. The unemployment rate for Black or African American individuals was 6.1%, with rates for Black or African American men and women at 6.6% and 5.6%, respectively. The unemployment rate for Asian individuals was 2.7%, with similar rates for Asian men and women at 2.7%. The unemployment rate for Hispanic or Latino individuals was 4.3%, with rates for Hispanic or Latino men and women at 4% and 4.7%, respectively.

It can be seen that the unemployment rate for Black or African American individuals was the highest among the groups mentioned, and for Asian individuals, it was the lowest. Additionally, the gap between the unemployment rates for men and women is more pronounced for Black or African American individuals and Hispanic or Latino individuals.

Year 2020 Unemployment rates by race and Hispanic or Latino ethnicity, annual averages

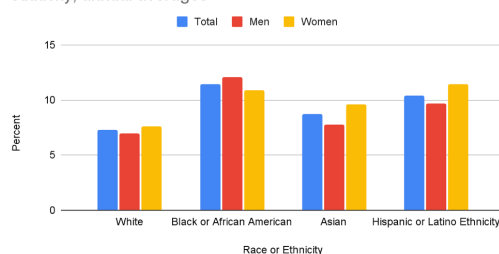


Figure 2: Year 2020 Unemployment rates by race and Hispanic or Latino ethnicity, annual averages data sourced from: U.S. Bureau of Labor Statistics.⁸

In 2020, the unemployment rate for the total population was 7.3%. The unemployment rate for men is slightly lower than for women across several racial and ethnic groups. When looking at specific racial and ethnic groups, the unemployment rate for White individuals was 7.3%, with White men having

a slightly lower rate at 7% and White women having a slightly higher rate at 7.6%. The unemployment rate for Black or African American individuals was 11.4%, with Black or African American men having a slightly higher rate at 12.1% and Black or African American women having a slightly lower rate at 10.9%. The unemployment rate for Asian individuals was 8.7%, with Asian men having a lower rate at 7.8% and Asian women having a higher rate at 9.6%. The unemployment rate for Hispanic or Latino individuals was 10.4%, with Hispanic or Latino men having a slightly lower rate at 9.7% and Hispanic or Latino women having a higher rate at 11.4%. Additionally, Black or African American individuals have the highest unemployment rate, followed by Hispanic or Latino individuals.

Year 2021 Unemployment rates by race and Hispanic or Latino ethnicity, annual averages

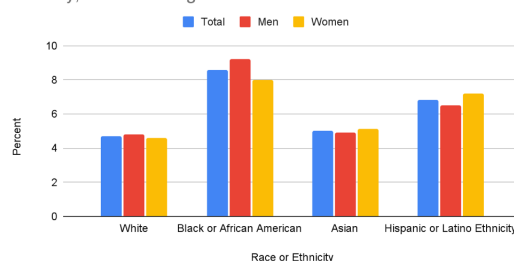


Figure 3: Year 2021 Unemployment rates by race and Hispanic or Latino ethnicity, annual averages data sourced from: U.S. Bureau of Labor Statistics.⁹

In 2021, the overall unemployment rate was 4.7%, with a slight difference between men and women at 4.8% and 4.6%, respectively. However, when looking at specific ethnic groups, there are more considerable disparities. The unemployment rate for Black or African American individuals was 8.6%, with men experiencing a higher rate of 9.2% compared to women at 8%. Similarly, the Asian community had an unemployment rate of 5%, with men having a slightly lower rate of 4.9% and women having a slightly higher rate of 5.1%. The Hispanic or Latino Ethnicity group had an overall unemployment rate of 6.8%, with men at 6.5% and women at 7.2%. These numbers demonstrate a clear trend of higher unemployment rates for specific ethnic groups, with Black and Hispanic or Latino individuals experiencing the highest rates.

2019 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Population, Education, Race, and Ethnicity

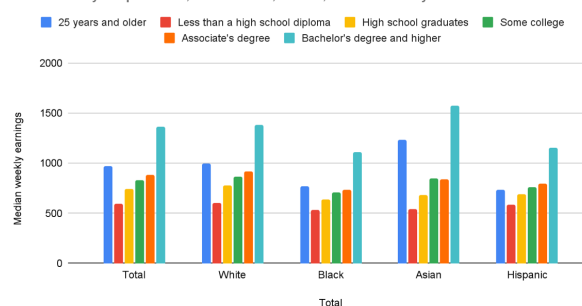


Figure 4: 2019 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Population, Education, Race, and Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁷

2020 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Population, Education, Race, and Ethnicity

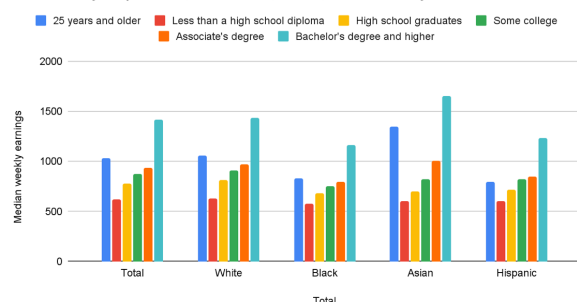


Figure 5: 2020 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Population, Education, Race, and Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁸

2021 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Population, Education, Race, and Ethnicity

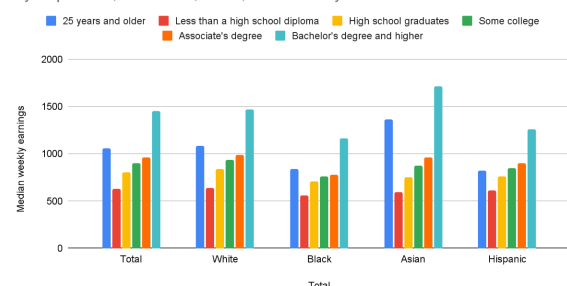


Figure 6: 2021 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Population, Education, Race, and Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁹

Figures four, five, and six compare the median weekly earnings of full-time wage and salary workers by educational attainment in 2019, 2020, and 2021.

The data is broken down by race and ethnicity, with categories for total population: White, Black or African American, Asian, and Hispanic or Latino ethnicity. One of the most striking findings in this chart is the significant income inequality between different racial and ethnic groups. In all years, Asian workers have the highest median usual weekly earnings, followed by White workers, while Black and Hispanic workers have the lowest median expected weekly earnings. 2019, for example, the median weekly earnings for White workers was \$995, compared to \$769 for Black workers and \$734 for Hispanic workers. In 2020, the median usual weekly earnings for all groups decreased slightly compared to the previous year, with the most significant decrease seen in Black and Hispanic workers. However, in 2021, all groups' median usual weekly earnings increased slightly compared to 2020, with the most significant increase seen in Asian workers.

2019 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity

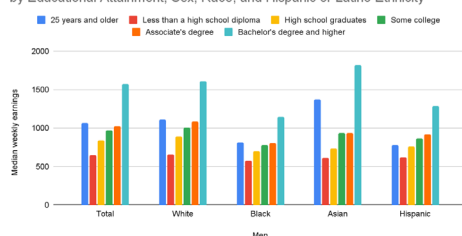


Figure 7: 2019 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁷

2019 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity

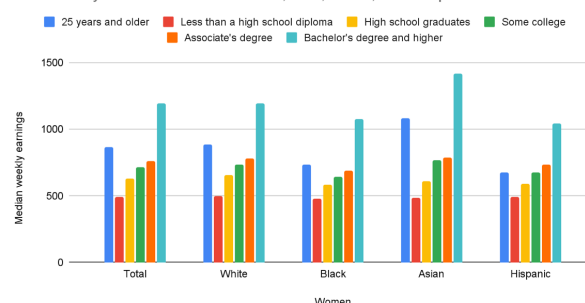


Figure 8: 2019 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁷

Figures 7 and 8 show the median weekly earnings of men and women in the United States in 2019, broken down by race and education level. The data indicate that overall, median weekly earnings for men were higher than for women, with men earning an average of \$1,070 per week and women earning an average of \$865 per week.

When looking at the data by race, it is clear that there are significant disparities in median weekly earnings between different groups. Asian men and women had the highest median weekly earnings, at \$1,373 for men and \$1,082 for women. White men and women had the second-highest median weekly earnings, at \$1,107 for men and \$883 for women. Black or African American men and women had the third highest median weekly earnings, at \$814 for men and \$735 for women. Hispanic or Latino ethnicity men and women had the lowest median weekly earnings, at \$781 for men and \$675 for women.

When looking at the data by education level, it is clear that there is a correlation between education level and median weekly earnings. Individuals with a bachelor's degree or higher had the highest median weekly earnings, at \$1,573 for men and \$1,195 for women. Individuals with less than a high school diploma had the lowest median weekly earnings, at \$644 for men and \$494 for women.

The data shows significant disparities in median weekly earnings between different racial groups and education levels in the United States. These disparities are particularly pronounced for Black or African American men and women, who have the lowest median weekly earnings among all groups.

2020 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity

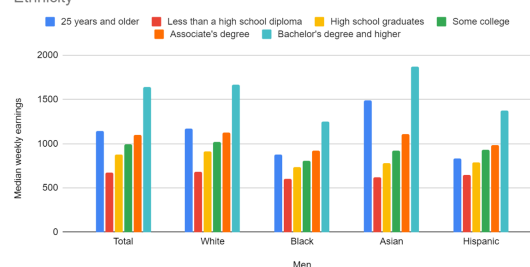


Figure 9: 2020 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁸

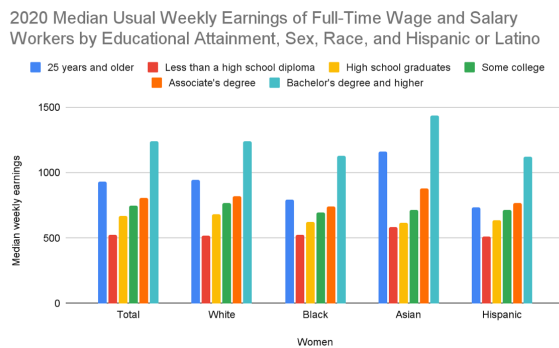


Figure 10: 2020 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity.⁸

In Figures 9 and 10, the median weekly earnings for men and women in the United States are based on race and ethnicity, as well as the level of education. The data shows that men's median weekly earnings are higher overall than women's, with a median of \$1,144 for men and \$929 for women.

When comparing the median weekly earnings for different racial and ethnic groups, the data shows that Asian individuals have the highest median weekly earnings, followed by White individuals, and then Black or African American and Hispanic or Latino individuals. For example, the median weekly earnings for White men is \$1,166, while the median for Black or African American men is \$879, and for Hispanic or Latino men is \$836. Similar patterns can be observed for women.

The data shows that as the level of education increases, median weekly earnings also increase. However, the data also shows that despite having similar levels of education, there are disparities in median weekly earnings among different racial and ethnic groups. For example, Black or African American and Hispanic or Latino individuals have lower median weekly earnings than White and Asian individuals at each level of education.

There is a significant income inequality among the Black and Hispanic communities in the United States, as they have lower median weekly earnings than White and Asian individuals, even when controlling for their level of education.

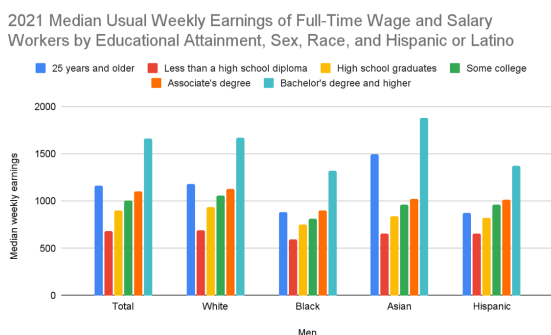


Figure 11: 2021 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁹

2021 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity

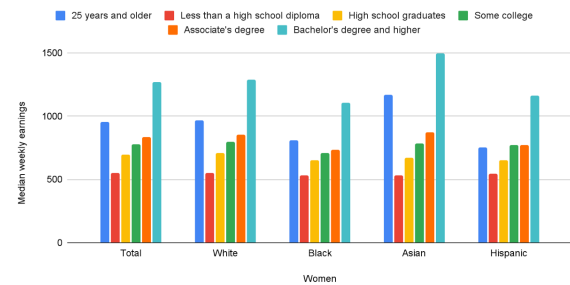


Figure 12: 2021 Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Educational Attainment, Sex, Race, and Hispanic or Latino Ethnicity, data sourced from: U.S. Bureau of Labor Statistics.⁹

Figures 11 and 12 show the median weekly earnings for men and women in the United States in 2021, broken down by race and education level. Overall, the data indicate significant income inequality among the Black and Hispanic communities in the United States.

Men's median weekly earnings for those 25 years and older is \$1,160. However, the median weekly earnings for Black or African American men are \$885, significantly lower than the median for White men (\$1,184) and Asian men (\$1,500). Similarly, the median weekly earnings for Hispanic or Latino men (\$878) is also lower than that of White and Asian men.

This trend is also evident when looking at the data by education level. The median weekly earnings for men with less than a high school diploma are \$684. However, the median for Black or African American men is \$597, significantly lower than the median for White men (\$691) and Asian men (\$658). Similarly, the median weekly earnings for Hispanic or Latino men (\$660) is also lower than the median for White and Asian men.

The same pattern can be seen for women, with the median weekly earnings for Black or African American women (\$812) and Hispanic or Latino women (\$752) being significantly lower than the median for White women (\$968) and Asian women (\$1,169). This trend is also evident when looking at the data by education level, with Black or African American and Hispanic or Latino women having lower median weekly earnings than White and Asian women at every education level.

This data shows a significant income inequality among the Black and Hispanic communities in the United States, with these groups having significantly lower median weekly earnings than White and Asian individuals. This suggests that further research is needed to understand this income inequality's causes and identify potential solutions.

■ Implications and Considerations

The findings of this study have important implications for understanding the impact of the COVID-19 pandemic on income disparity in Black and Hispanic communities living in the United States. Even before the pandemic, these communities had much lower median weekly wages than White and Asian communities. On the other hand, the pandemic has resulted in significant job loss and unemployment, potentially aggravating income inequality in these communities.

It is critical to recognize that income disparity is a complicated issue driven by various causes. One key point to note is that the data utilized in this study only shows median weekly earnings and does not consider other factors that may affect income disparity, such as access to healthcare and affordable housing. Future research should consider these different elements to acquire a complete knowledge of the problem.

Another factor to consider is that the data utilized in this study is based on reported race and ethnicity, which may not truly reflect the variety of these communities. It is also worth noting that these groups are not necessarily homogeneous and may have different experiences with unemployment and economic disparity.

This study concentrated on the impact of unemployment on income disparity. However, additional variables contributing to economic inequality, such as job discrimination and a lack of access to education and training, must be considered.

According to the conclusions of this study, the COVID-19 pandemic has had a substantial impact on income disparity in the Black and Hispanic communities in the United States. Based on the data, unemployment rates in these communities have risen dramatically since the epidemic began, resulting in median weekly incomes plummeting. This was because the Hispanic and Black communities could not continue working remotely because many of their jobs required hands-on labor. This complicated matters because there were also preventing people from gathering in groups to stop or prevent the spread of COVID-19.

These differences in unemployment and income are not new, but the pandemic has exacerbated existing inequities. Policymakers must comprehend the pandemic's effects on Black and Hispanic communities to create and implement competent and effective solutions for the people they serve. This entails addressing the underlying causes of these inequities and giving targeted assistance to people affected by the pandemic.

■ Conclusion

This study found that the COVID-19 pandemic has significantly impacted income inequality among Black and Hispanic communities compared to Asian and White communities in the United States, which has increased dramatically due to the pandemic, contributing to a widening income gap. The data used in this study is from the U.S. Bureau of Labor Statistics and revealed that the unemployment rate for Black and Hispanic individuals pre-pandemic and post-pandemic are significantly different, which supports the idea that the pandemic has disproportionately affected these communities and that more needs to be done to address this issue. It is crucial to note that understanding the impact of the pandemic on Black and Hispanic communities is vital for developing policies that will help reduce income inequality and provide support for these communities during this difficult time. The findings of this study highlight the need for targeted policy interventions to reduce income inequality among Black and Hispanic communities.

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