

# COVID-19 HEALTH DISPARITIES AND THE ECONOMIC SECURITY OF FAMILIES WITH CHILDREN

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*The social, economic, and health disruptions caused by the pandemic may have been particularly harmful to economically vulnerable families with children. This study leverages new data from the Panel Study of Income Dynamics to advance scientific understanding of the causes and consequences of COVID-19 health disparities. Focusing on children and their caregivers, we consider the structural and social inequities that underlie adult COVID-19 health disparities; evaluate the impact of a parent or caregiver's COVID-19-related illness, hospitalization, or disability on family economic security; and explore the extent to which the pandemic has exacerbated preexisting disparities for underserved communities.*

## ***Do households where adults had lingering or severe COVID-19 symptoms struggle financially?***

We use data from the PSID across two waves: 2019 and an early release of 2021 data to document how economic security changed for households where at least one adult had a COVID diagnosis with lingering or severe consequences, compared to those with no diagnosis or mild symptoms. We limit our sample to households with children in order to establish how long COVID could potentially harm families. While the data are panel in nature, many of the outcomes in the 2021 early release were not also collected in 2019. This means while we can control for 2019 economic, demographic, and geographic characteristics, our results should be interpreted as descriptive and not causal.

Combining data from the PSID-2019 and PSID-2021 Early Release file, we define four groups of families with children based on parents' and caregivers' experience of COVID-19 illness, COVID-19-related hospitalization, or post-COVID health problems (long COVID). Each group is mutually exclusive to include only the most severe situation. For example, if a parent was hospitalized due to COVID-19 and had lingering health concerns, they would only be in Category (1). Our groups include families where:

- (1) at least one parent or caregiver has lingering physical or mental health effects from COVID-19,
- (2) at least one parent or caregiver had severe COVID-19 symptoms or was admitted to the hospital due to COVID-19,
- (3) at least one parent or caregiver was diagnosed with COVID-19 and experienced no, mild, or moderate symptoms only, and
- (4) no parent or caregiver was diagnosed with COVID-19.

Families with no or milder cases of COVID-19 illness, i.e., those assigned to groups (3) and (4), are comparison groups for families likely to experience serious and lasting effects of the COVID-19 pandemic, i.e., those assigned to groups (1) and (2). Throughout, we control for economic, demographic, and geographic characteristic of the household pre-pandemic (2019).

## ***Lingering and severe COVID-19 harm families financially.***

Our findings indicate that households with children where at least one adult had a lingering or severe COVID-19 diagnosis were 53 percent more likely to have experienced job loss, 81 percent more likely to have a reduction in earnings, 90 percent more likely to report having financial difficulty, and 57 percent less likely to access balanced meals than households with no COVID-19 or mild COVID-19.

## ***Lingering and severe COVID-19 harms previously vulnerable families the most.***

The relationship between lingering and severe COVID and being laid off or furloughed and having a drop in earnings is larger among non-White households than for White households. The relationship between lingering and severe COVID and having a drop in earnings, having financial difficulty, and having no access to balanced meals is largest for households who earned under 400% of the federal poverty line pre-COVID.

## **Implications**

- *Households that were previously struggling were particularly harmed by COVID-19. Since remaining employed may be hardest for this group, we should expect that SSI and DI applications may start to increase for this population.*
- *Since the households in our study have children, the findings related to food security are of particular import for policymakers. Stabilizing financial security for households with lingering COVID-19 symptoms may be integral for improving child wellbeing.*
- *Our measure of lingering and severe COVID is more broad than current definitions of long COVID. It is thus likely that we understate the relationship between long COVID and financial insecurity.*
- *One short-run policy response could be to extend or supplement unemployment insurance for households where an adult previously working exited the workforce due to long COVID. This could supplement household income for those struggling the most.*

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