

Metropolitan Council

Meeting date: May 20, 2020

Subject: COVID-19 Impacts on Unemployment, Income, and Housing Cost Burden

District(s), Member(s): All

Policy/Legal Reference: None

Staff Prepared/Presented: Todd Graham (651-602-1322); Matt Schroeder (651-602-1513)

Division/Department: Community Development/ Research

Proposed Action

None. Information only.

Background

In recent months, business, households and governments have rapidly curtailed economic activities, in response to the COVID-19 pandemic crisis. Data from surveys and unemployment insurance claims paint a picture of economic collapse: more than 36 million people have filed for unemployment benefits in the past two months, including 377,000 (as of May 9) in the Twin Cities region. While the initial business closures were purposeful and intended as temporary, the resulting recession will be out of policymakers' and businesses' control and will have uncertain consequences.

To put the economic dynamic in context, and to promote understanding of the social and economic impacts, Community Development's Research Team is analyzing the likely effects of the employment and income losses. Key measures that we are estimating include unemployment, poverty, and housing cost burden rates as well as disparities by race and ethnicity in these measures.

Initial findings include:

- Poverty rate changes and housing cost burden changes will depend on the duration of business closures and reduced economic activity.
- Relief from the federal relief package, the CARES Act, mostly mitigate earnings losses, provided that industries re-open and deferred economic activities resume in mid-2020.
- People of color have experienced a disproportionately large share of job losses since the beginning of the pandemic. The benefits provided by the federal relief package will temporarily reduce disparities by race and ethnicity, though disparities will remain quite large.

We plan to continue updating this analysis as new questions and data sources emerge in the future. While we cannot pursue every topic, we welcome suggestions for refining and adding to this research.