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PANDEMIC HIT LESS-EDUCATED WORKERS HARDEST, FED SURVEY SHOWS

Economic well-being fell sharply for people without a high-school degree in 2020, while rising for more-educated groups.

By Paul Kiernan
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WASHINGTON – The economic fallout from the coronavirus pandemic was concentrated among minorities, women and workers who hadn't finished high school, according to a new survey from the Federal Reserve.

Three-fourths of US adults reported doing at least OK financially in November 2020, a share that was unchanged from previous years, the Fed said Monday.

But that finding masked significant divergences in economic well-being between workers who retained their jobs and those who were laid off, households with more education and those with less, and those who have children versus those without.

Among adults with less than a high-school diploma, 45 percent reported doing at least OK financially, down from 54 percent in 2019. Among those with a bachelor's degree or higher, the percentage rose to 89 percent from 88 percent, the Fed said in its annual Survey of Household Economics and Decisionmaking, which polls more than 11,000 individuals.

"People who retained their jobs during the pandemic generally had stable or improving finances in 2020," the Fed said. "However, those who suffered a layoff and an extended period of unemployment saw a deterioration of their financial circumstances."

The survey was consistent with other data that have emerged since the start of the Covid-19 pandemic showing a K-shaped recovery in the economy, with affluent households generally doing better while those at the lower end of the income scale doing worse.

Trillions of dollars of relief spending enacted since the start of the pandemic, including direct payments to most Americans and enhanced unemployment benefits, softened the financial blow to households, the Fed said. The share of adults who received unemployment income jumped to 14 percent in 2020 from 2 percent in 2019.

The share of adults ages 25 to 54 who weren't working was 26 percent in November, up from 21 percent a year earlier, according to the survey. The percentage that cited child care or family obligations as a reason for not working rose to 9 percent from 8 percent in 2019.

The pandemic caused many school districts to suspend in-person learning, forcing millions of parents to juggle work and child-care responsibilities. The Biden administration has argued that child care is a major hurdle to the labor market's recovery, particularly after an unexpected slowdown in hiring last month.

A separate economic report released Monday suggested those effects may be overstated.

While women with children younger than 13 have experienced relatively high rates of job loss over the past year, men with young children have lost jobs at a lower rate than men without them, according to an analysis by economists Jason Furman, Melissa Kearney and Wilson Powell. Mr. Furman served as the top economic adviser to former President Barack Obama.

“While school closures and ongoing child-care challenges have substantially burdened parents and children alike, they do not appear to be a meaningful driver of the slow employment recovery,” the economists wrote in a blog post. “Overall, parents of young children did not leave the workforce substantially more than other comparable individuals.”

The Fed survey suggested that the biggest driver of the increase in joblessness since the pandemic began was that people couldn’t find work. That was the reason cited by 9 percent of prime-age adults in the November survey, compared with 5 percent a year earlier.