

COVID-19: Investing in black lives and livelihoods

The outsized impact of COVID-19 on black
Americans – and what stakeholders can do to
respond

May 2020



Introductions



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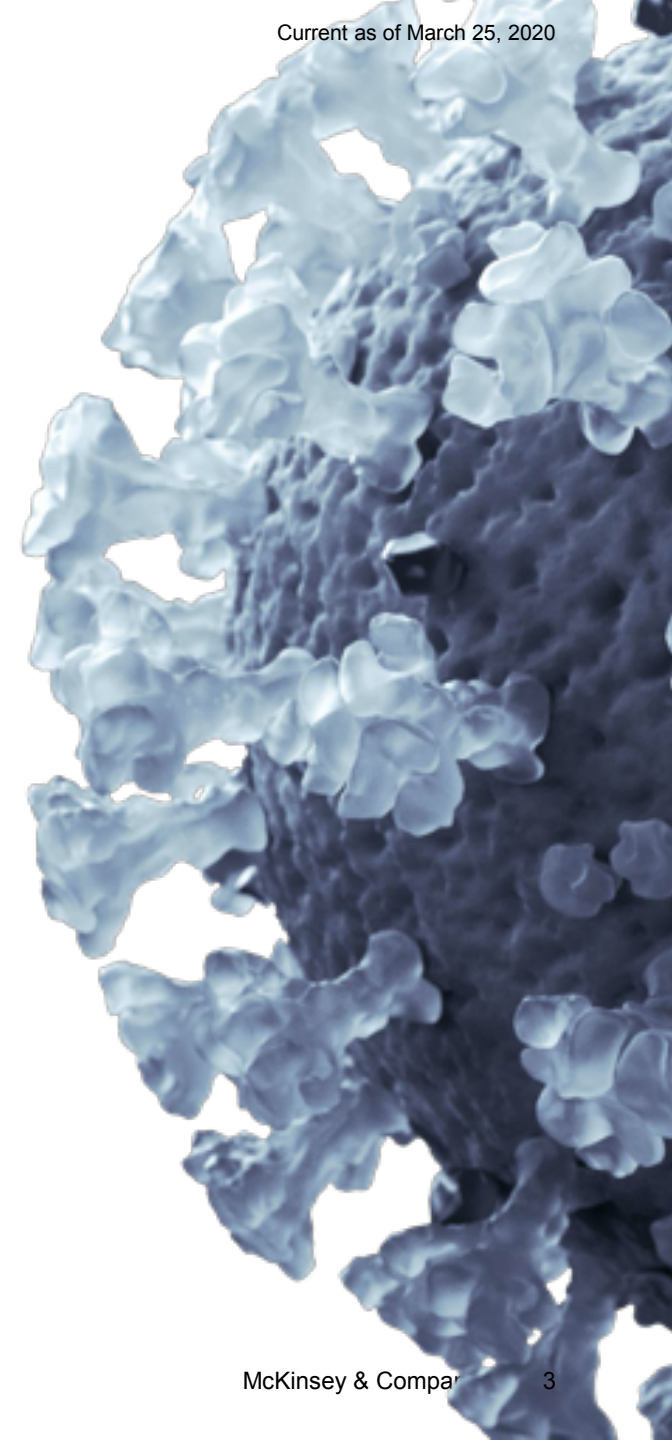
COVID-19 is, first and foremost, a global humanitarian challenge

Thousands of health professionals are heroically battling the virus, putting their own lives at risk. Governments and industry are working together to understand and address the challenge, support victims and their families and communities, and search for treatments and a vaccine.

There is a need to act promptly to protect black lives and livelihoods in the United States

Because conditions are evolving quickly, the goal of this document is not to provide a static set of instructions but to provide an analysis of black America's most acute needs and initial ideas about how stakeholders might invest resources. The fact that many of these solutions are not novel means the pandemic can be an opportunity to build more equitable systems that can increase resilience for black Americans, communities, and institutions in the long term.

[Read more on McKinsey.com](#)



The media coverage of the disproportionate impact of CV-19 on minorities has been extensive...

"The virus doesn't discriminate but governments do': Latinos disproportionately hit by coronavirus"

– The Guardian

"Rumor, Disparity and Distrust: Why Black Americans Face an Uphill Battle Against COVID-19"

– US News

"Public officials lament the way that the coronavirus is engulfing black communities. The question is, what are they prepared to do about it?"

– The New Yorker

"The Pandemic Will Cleave America in Two"

– The Atlantic

"African Americans struggle with disproportionate COVID death toll"

– National Geographic

"Black people in Miami die of COVID-19 at a greater rate than whites, state data shows"

– Miami Herald

"Latinos disproportionately dying, losing jobs because of the coronavirus: 'Something has to change'"

– USA Today



**...but was the impact of
CV-19 on minority
communities predictable ?**



Contents

Black lives, black health

The outsized public health impact of COVID-19 on black communities

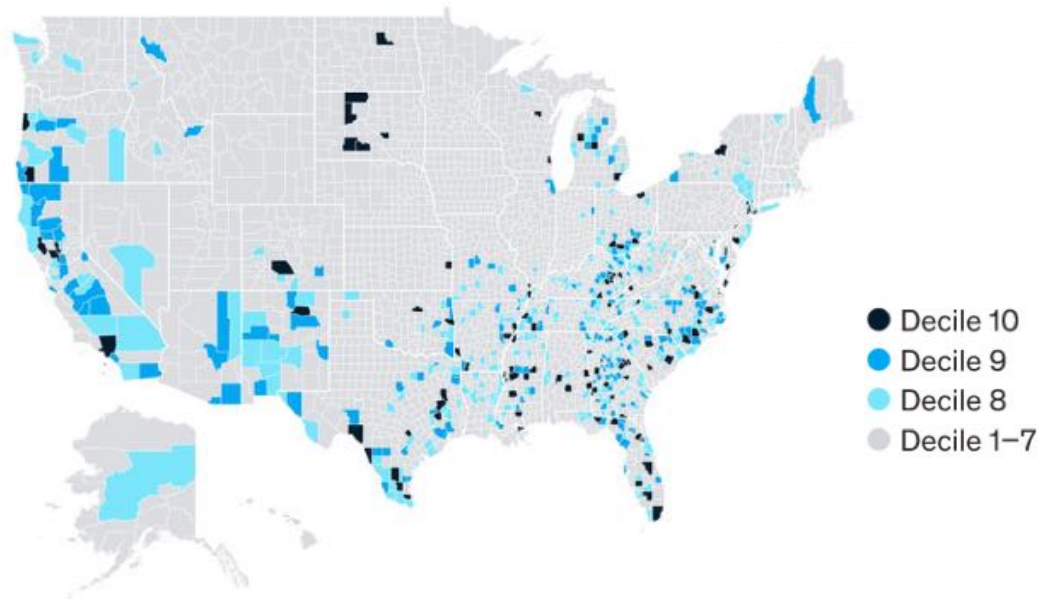
Black livelihoods, black wealth

How COVID-19 exasperates the existing wealth gap

Black Americans are almost twice as likely to live in places where, if contagion hits, the pandemic will likely cause outsize disruption

Counties¹ most at risk of disruption due to COVID-19

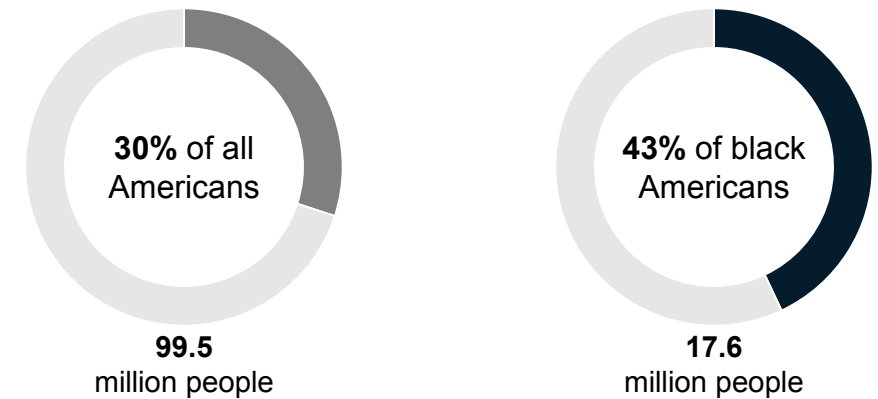
Heat map of highlighted counties in deciles 8-10, representing 30% of the population



Indicators of disruption include:

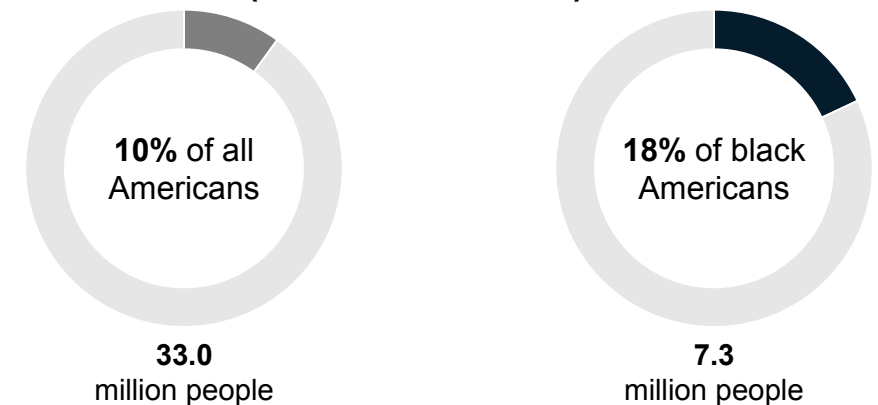
- 1) COVID-19 comorbidity rate
- 2) Poverty rate
- 3) Population density
- 4) Percentage of residents with severe housing problems
- 5) Number of hospital beds

● ● ● Deciles 8-10 (566 total counties)



Black Americans are clustered² in **244 counties**

● Decile 10 (127 total counties)



Black Americans are clustered in **72 counties**

Systemic inequity increases black Americans’ vulnerability to COVID-19

Higher risk of contracting COVID-19

Black workers are:

- Less likely to be able to work from home
- Overrepresented in essential, frontline workforce¹
- More likely to live in high risk housing situations (e.g., multi-generational home, multi-family housing)

20%

Of workers in low-wage, high contact, essential jobs are black¹

Lower access to testing

Black Americans are:

- More likely to live in states with below median access to testing²
- Less likely to have a primary care doctor to provide a referral for testing

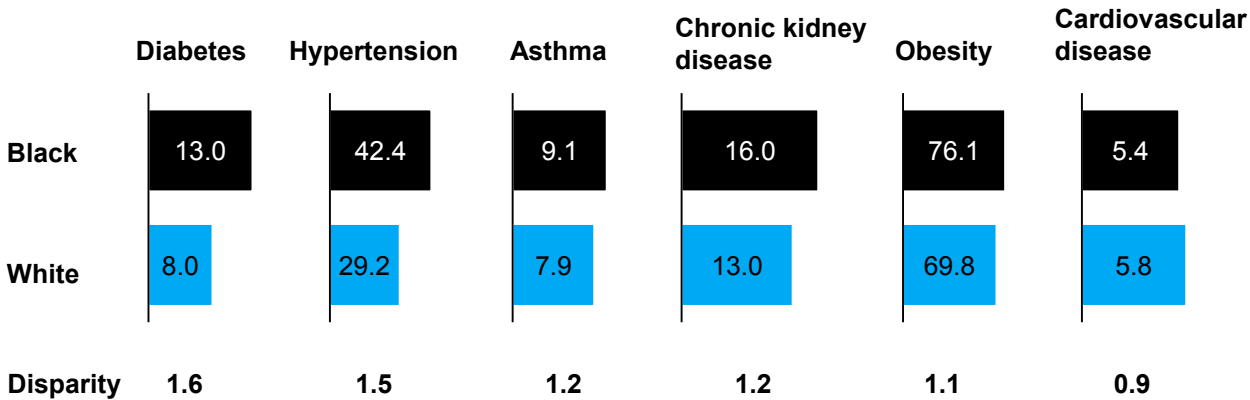
65%

Of Black Americans live in states with below median testing rates³

Increased risk of complications and secondary effects

Comorbid conditions for COVID-19⁴

Percentage



30%

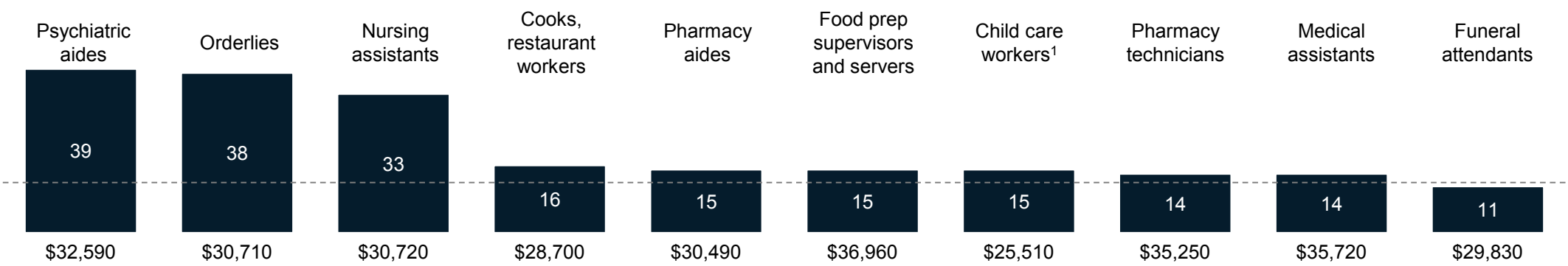
Of Black Americans have health conditions that exacerbate COVID-19⁴

1. McKinsey Global Institute analysis, US Bureau of Labor Statistics, and the National Center for O*NET Development
2. As of April 5, 2020

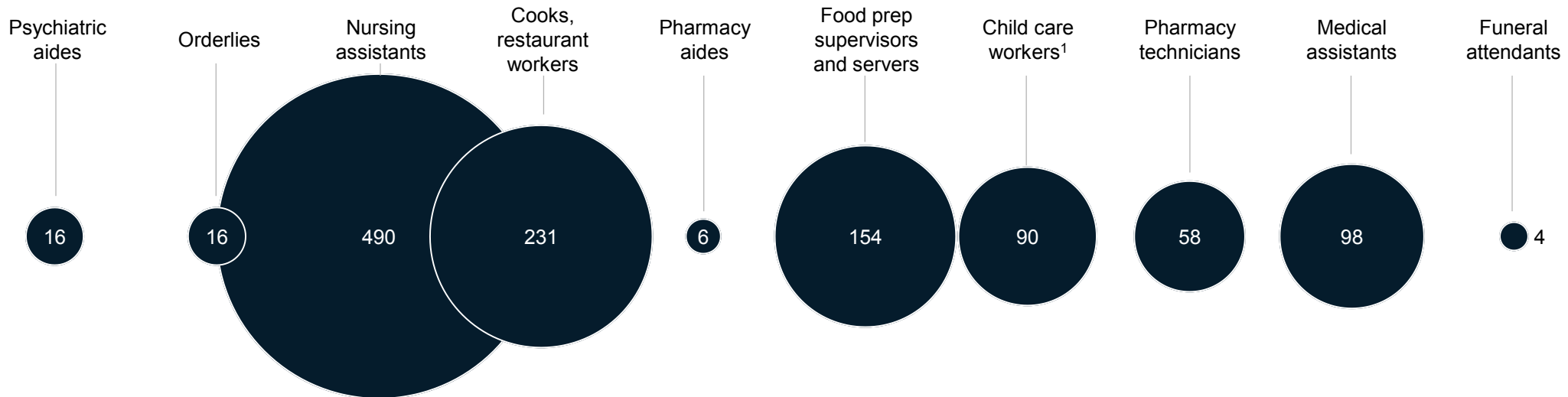
3. The COVID Tracking Project
4. Centers for Disease Control

Black Americans are overrepresented in nine of the ten lowest-wage jobs considered high-contact, essential services

Black Americans in high-contact essential services. by annual income, % share



Black Americans in high-contact essential services, thousands of employees



1. Inclusion of childcare workers as an essential service varies by locality

There are immediate opportunities for stakeholders to intervene to protect black communities from the worst effects of the crisis

Not exhaustive

Intervention	Description
Equitable access to testing and care	Ensure black residents have equal access to testing by increasing testing capacity, locations, and processing at the state level Track and publish testing data disaggregated by race to provide actionable insights at the local level to increase equal testing access Expand enrollment periods for the uninsured
Train, empower, and deploy community health workers and partners	Community-health workers connect residents to health and social services, build trust in healthcare systems, and help licensed healthcare workers reserve capacity for the most critical cases Recruit community and faith-based organizations to serve as a hub for workers and residents; disseminate information, resources and encouraging preventative measures
Employer protections and commitment to equity	Employers can support black Americans in essential roles by providing hazard pay and benefits that adequately reflects the level of risk their jobs entail, which could increase for more economically vulnerable workers Consider expanding health insurance, subsidizing health-related supplies, providing testing onsite, and partnering with hotels to provide isolated housing

Agenda

Black lives, black health

The outsized public health impact of COVID-19 on black communities

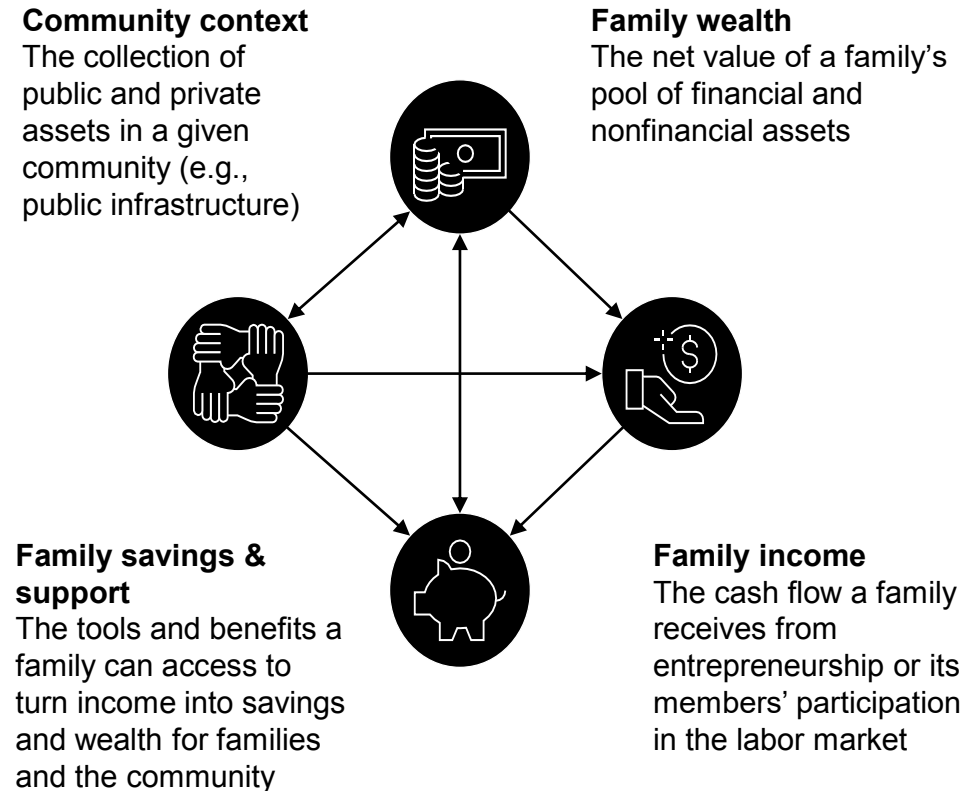
Black livelihoods, black wealth

How COVID-19 exasperates the existing wealth gap

The economic consequences of COVID-19 will disrupt all stages of the wealth-building journey for many black Americans (1/2)

Racial wealth gap framework

Economic barriers affect black families across the following four dimensions, critical for family wealth generation



For black Americans, the pandemic will likely cause more damage across every stage of the wealth-building journey



Community context.

The possible recession will exacerbate economic inequities such as use of public services, and may widen the educational achievement gap



Family wealth

Black-owned businesses are overrepresented in the sectors that will be most negatively affected by the pandemic, and black families have less liquid asset profiles to leverage in a financial shock



Family income

The pandemic intensifies obstacles to black families' ability to generate income (e.g., disrupted education and elevated threat of unemployment)



Family savings & support.

Black families are less likely to have access to financial tools (e.g., credit) required to withstand financial shocks resulting from post-pandemic recession

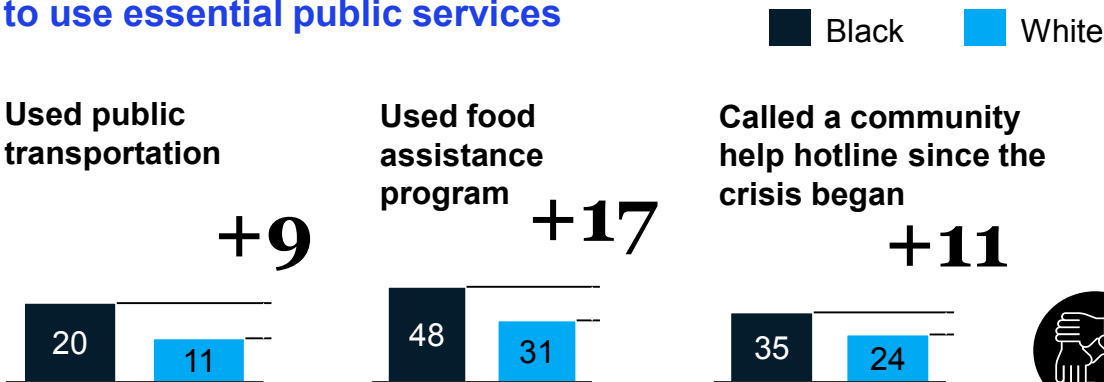
**\$1.0-
\$1.5T
in GDP**

Impact of closing the racial wealth gap

if response to COVID-19 focuses on building more equitable economic systems and helping black families build resilient economic foundations

The economic consequences of COVID-19 will disrupt all stages of the wealth-building journey for many black Americans (2/2)

Black communities are **more likely** to use essential public services

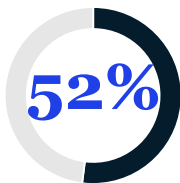


40%

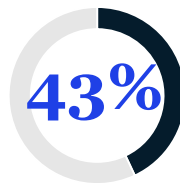
of the revenues of black-owned businesses are located in the five most vulnerable sectors compared with 25% of the revenues of all US businesses

39%

of jobs held by black workers (seven million jobs in all) are vulnerable¹ as a result of the COVID-19 crisis compared with 34% for white workers



vs.

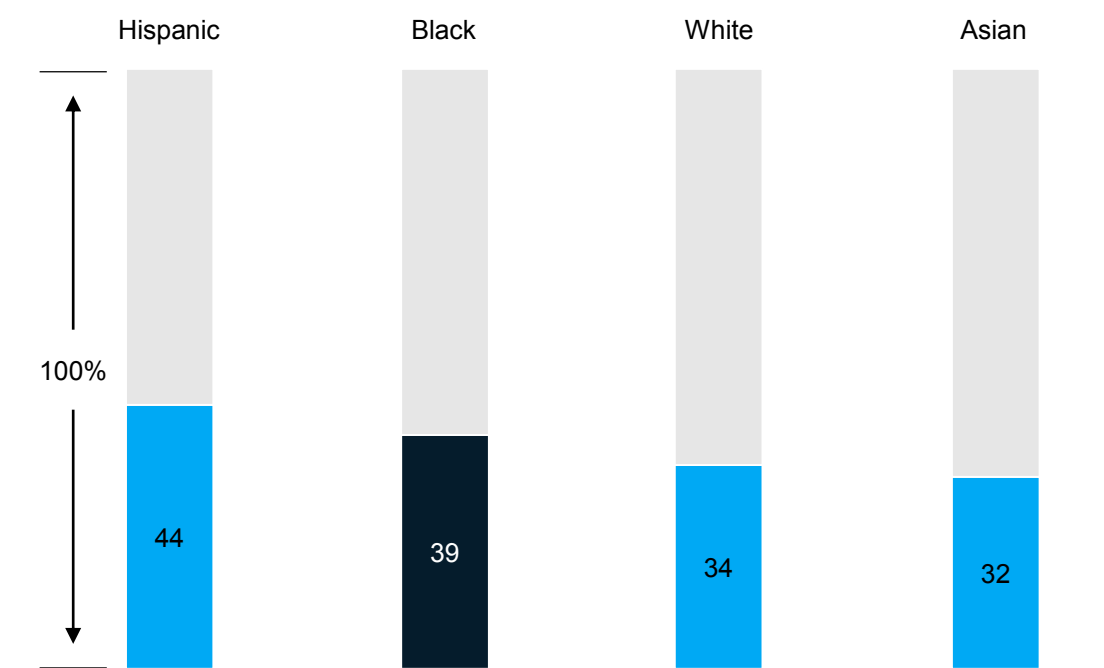


52% of black workers surveyed say the coronavirus outbreak is a major threat for their personal financial situation, compared to 43% of white respondents

1.Vulnerable jobs are subject to furloughs, layoffs or being rendered unproductive (for example, workers kept on payroll but notworking) during periods of high physical distancing

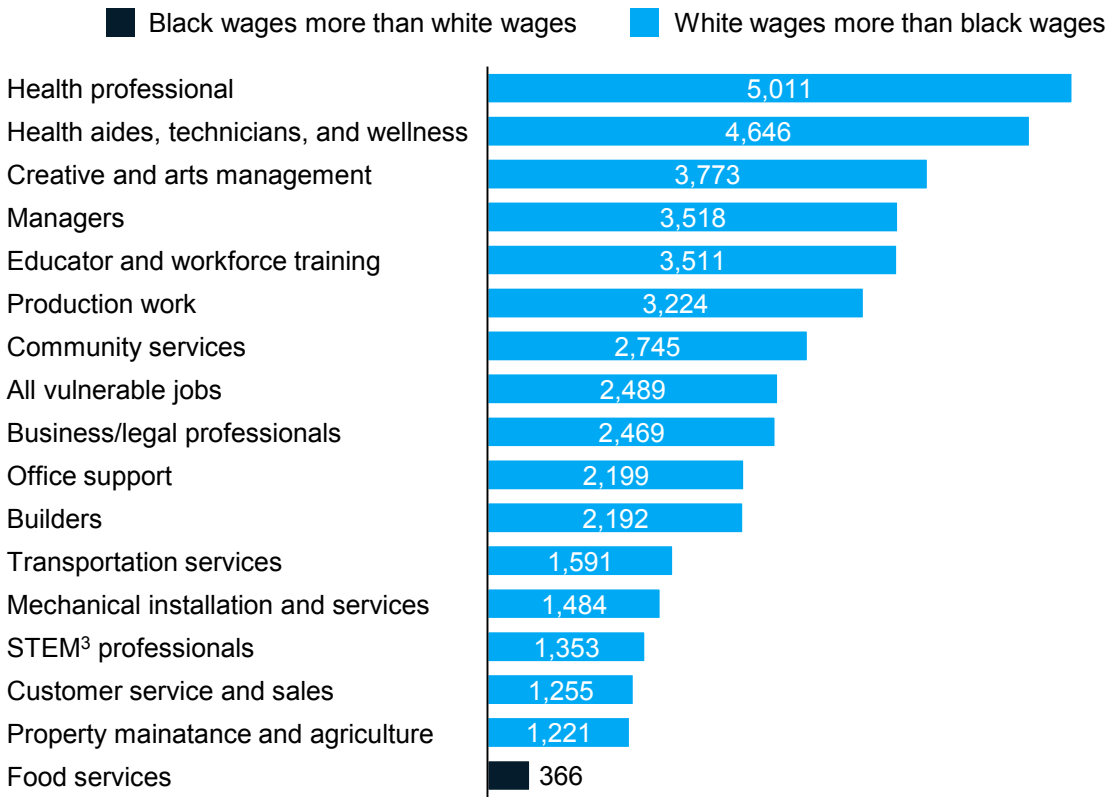
Black workers disproportionately fill vulnerable jobs—and make less doing them

Share of vulnerable¹ jobs for each racial group, 2020, % of jobs



1. Vulnerable jobs are subject to furloughs, layoffs or being rendered unproductive (for example, workers kept on payroll but not working) during periods of high physical distancing, share of vulnerable jobs is calculated separately for each racial group

Average difference in wages for vulnerable¹ jobs. by ethnicity²
\$ per annum



1. Vulnerable jobs are subject to furloughs, layoffs or being rendered unproductive (for example, workers kept on payroll but not working) during periods of high physical distancing
2. Average black wages less average white wages by occupation
3. Science, technology, engineering and mathematics

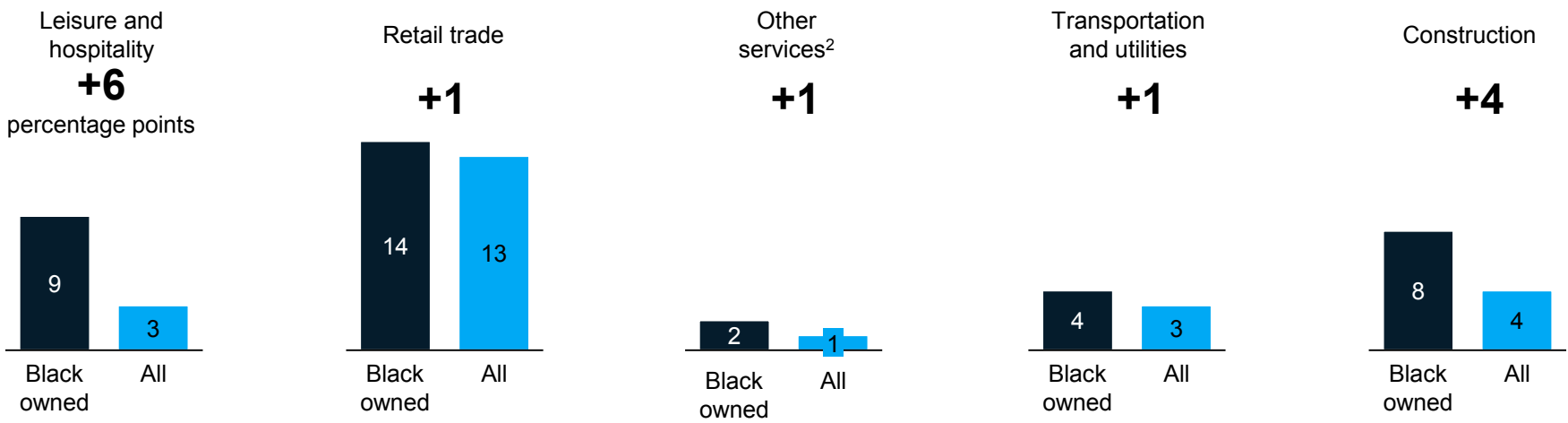
The five hardest-hit sectors represent nearly 40 percent of revenues for black-owned businesses compared to 25 percent of revenues for all firms

Representation in the top five negatively impacted sectors

Real GDP Q2 2020. relative to Q4 2019,¹ % change



Sources of revenue, by racial-ownership of business %share



1. GDP estimates calculated under a scenario in which virus is contained

2. Establishment in this sector are primary engaged in activities such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services and dating services

Potential solutions in all stages of the wealth journey and across 3 main constituent groups

Community Wealth

Support social services programs that serve black families in need

Invest in critical community assets and enablers for improved lives and livelihoods (e.g., public health, digital infrastructure, institutions of public education, and economic development planning)

Invest in black-led, community organizations that provide critical supplementary social services (e.g., financial education and relief programs)

Family Income

Provide additional support to frontline workers (e.g., hazard pay, health insurance, paid sick leave)

Support black workers with vulnerable jobs (e.g., through job-matching and reskilling programs to redeploy talent, incentives for employers to maintain equity when downsizing)

Family Wealth

Preserve black families' assets and resources with protection from disproportionate bankruptcies, evictions, and insolvencies

Ensure black businesses receive proportionate share of federal relief funds

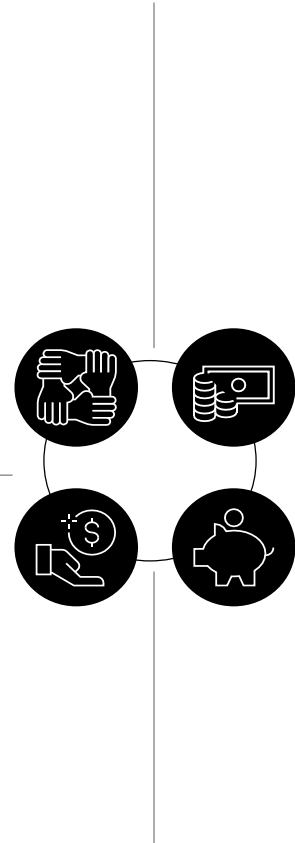
Increase access to financing for community financial institutions that have strong relationships with black businesses

Concentrate procurement/purchasing for black owned businesses to support relief efforts and long term recovery

Family Savings

Give black families direct and in-kind liquidity (e.g., straightforward cash assistance, extensions for financial obligations, loan and interest forgiveness)

Provide mortgage assistance and rent supports to protect foreclosure, abandonment and property devaluations



Communities

Households

Businesses

**In addition,
four enablers
can help
stakeholders
maximize the
impact of
solutions on
black
communities**

Enabler	Description
Prioritize and collect representative data	Designate teams to collect and synthesize data from disparate sources to track COVID-19’s differential impact on black communities. Relevant info includes (but is not limited to) rates of infection, access to healthcare providers and testing, jobs lost, and small business loans allocated
Build integrated “equity teams” to mitigate disparate impacts	Designate a small team, embedded with the broader COVID-19 response team, to ensure that equity is integral to the response. Use data to consider actions including (but not limited to) ensuring relief funds are being allocated equitably, identifying institutions that are critical to vulnerable communities’ resilience and designating them as priority funding recipients, anticipating regional demand for services, and advocating for equity in communities and nationwide.
Publicly disclose commitments to equitable COVID response	Set national goals to improve health equity and create plans to meet those goals. Businesses can publicly disclose racial demographic data on any workforce contraction to demonstrate a commitment to equity and hold one another accountable
Empower black-led community organizations	Invest in and partner with black leaders and organizations that have pre-existing connection to black communities, and can serve as trusted communicators of available services and resources