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Why Arizona Urgently Needs More Federal Help to Protect its People from the Impact of COVID-19

Arizona's COVID-19 cases have spiked sharply in recent weeks, nearly [124,000](#) as of July 13, with more than 2,200 deaths. The impact on Arizona's people and the state's economy is severe. Close to half of Arizona's households ([44% percent](#)) included someone who lost employment income between March 13 and June 23. Unprecedented numbers of people have been unable to purchase enough food or pay their rent. The blow to Arizona's economy is reflected in plummeting [state revenues](#), a decline of \$864 million in FY2020 (8 percent below pre-COVID projections), with more than \$1.5 billion in projected losses in FYs 2021 and 2022. That does not take into account reduced revenues hitting Arizona's local governments.

Without additional federal aid, Arizona will not be able to provide the services needed to help its people recover and move forward. [Lay-offs](#) of local and state workers are already starting to occur, with 14,600 fewer government jobs in Arizona in May than in March. Education for children in Arizona, already adversely affected by school closings, will suffer from teacher lay-offs. Further, the combined education and health category (which includes higher education) lost 30,600 jobs in Arizona from March to May.

Many sectors of Arizona's economy have suffered. Leisure and hospitality jobs dropped from 325,700 to 201,200 in just one month (March to April), almost a 38 percent drop. Reopenings resulted in added jobs in May, but still left this sector with 84,100 fewer jobs in May than in March. The Governor's recent order to close bars, indoor fitness centers, movie theaters and other facilities through July 27 can be expected to result in more layoffs. Surging caseloads will keep customers home whether officials allow businesses to reopen or not. [Federal Reserve Chair](#) Jerome Powell has predicted national unemployment exceeding 9 percent at the end of this year. Without continued federal assistance similar to provisions in the HEROES Act as passed by the House, Arizona will be hard-pressed to provide needed unemployment benefits. Unemployment was [8.9 percent in May](#) in Arizona. Without additional cash payments to individuals and families, people who have lost income from work will find it more and more difficult to pay for necessities, causing supermarkets and other retail stores to lose income and the economic downward spiral to continue.

Poverty, Hunger, and Racial Disparities. The coronavirus pandemic has laid bare racial disparities that Arizona and the nation must address. Before the pandemic, 12 percent of Arizona's children lived in areas of [concentrated poverty](#) (overall poverty rates of 30 percent or more). For Latinx children in Arizona, 30 percent lived in concentrated poverty; fully 61 percent of American Indian children in Arizona live in concentrated poverty areas. Children growing up in high poverty areas are likely to experience worse health, education, and adult earnings outcomes. The pandemic is making the hardships associated with poverty far worse, with glaring disparities along racial/ethnic lines. For example, in Arizona, more than twice as many Latinx as white households with children reported that in the previous 7 days, [they sometimes or often did not have enough to eat](#) (18.4 percent versus 8.2 percent, respectively). More than 13 percent of Asian households with children and 7 percent of Black households with children sometimes or often did not have enough to eat in the past days. When someone in an Arizona household with children was laid off due to the pandemic, more than half (51 percent) said their household did not have enough to eat sometimes or often in the previous week.

When an adult was out of work in order to care for children not in school or child care, more than one in five (22 percent) reported sometimes or often not having enough to eat in the previous week. In order to reduce these unprecedentedly high proportions of people going without food, Congress must increase the maximum benefit for SNAP and raise the minimum benefit from \$16 to \$30 per month.

Threatened Evictions and Homelessness. Arizona could face an unacceptable surge in homelessness as lost income makes it impossible for households to afford rent. [More than 16 percent of Arizona's households](#) were not able to pay rent in the previous month, as surveyed during a seven-day period ending June 23. Nearly one in five Hispanic households (18.7 percent) in Arizona missed paying the previous month's rent. That was true of nearly 12 percent of White households. Previously enacted federal legislation set a moratorium on evictions in rental properties with federal subsidies or backing. Those protections took effect March 27 and will expire in 120 days. Continued high unemployment will make it impossible for people to make up unpaid back rent once the partial moratorium expires. The Senate should agree to provide \$100 billion for emergency rental assistance, as the House has done, and to broaden and extend the moratorium on evictions. People who are homeless and contract coronavirus are twice as likely to be hospitalized, two to four times as likely to require critical care, and two to three times as likely to die than others in the general public, according to the National Low Income Housing Coalition.

Access to Health Care Varies by Race. It remains true that rebuilding the economy requires better control over the spread of COVID-19. The timing for development of effective vaccines and more effective treatments is uncertain. But we know that people must have access to testing and medical treatment to limit the impact of the disease. There are too many Arizonans without [health insurance](#). Here too, disparities by race are unacceptably large. While a little over 9 percent of whites in Arizona have no health insurance, close to 15 percent of Latinx Arizonans and nearly 13 percent of Blacks in Arizona are uninsured. This will mean they delay treatment and potentially increase the spread of the coronavirus as they return to work. One important solution for medical care is for the federal government to increase the share it pays states for Medicaid, allowing states to better meet needs for emergency services and all other forms of care, as proposed in the House's HEROES Act. Arizona has expanded its Medicaid program under the Affordable Care Act, so can more readily serve people who may be losing their health insurance through work, but the unanticipated high costs of coping with a pandemic make a higher federal Medicaid match (FMAP) extremely important to Arizona's recovery.

Household Income Losses Not Seen Since the Great Depression. The fact that nearly half of Arizona's households have experienced a [loss of income from work](#) underscores the urgency of Arizona's need for help to prevent a long-term deep recession. More than half of Latinx households in Arizona have experienced earnings losses since March 13 (51 percent), as have 48 percent of Asian households, 39 percent of white households, and 31 percent of Black households. Arizona needs the continuation of the special pandemic unemployment benefits that will otherwise expire well before the economy recovers. If they are allowed to expire, as of July 27 nearly [839,000 Arizonans](#) receiving unemployment benefits will start losing \$503.2 million per week, causing great harm to their families and to the economy. Families unable to regain earnings or to work at all must have cash aid similar to the \$1,200 cash payments made earlier this year, but more targeted to people with lower incomes and available to households including those with mixed immigrant status. Improving the Earned Income Tax Credit and Child Tax Credit would also help to sustain families starting next year. Further, adopting a \$10 billion TANF Emergency Fund would allow states to address the needs of their poorest families, including

providing subsidized jobs. Investments in paid leave and child care are also essential to help parents return to work – and no one should be forced to work without the protection of safe working conditions. All these are essential components of what states need to recover from the twin crises of pandemic and severe economic downturn. The Senate must act.