

The logo for 'results' is a red speech bubble shape with the word 'results' written in white, lowercase, sans-serif font.

August 2, 2020

## **Why North Carolina Urgently Needs More Federal Help to Protect its People from the Impact of COVID-19**

North Carolina's COVID-19 cases rose steadily through mid-July, but the average number of cases in the last week of July was down 10 percent from the average number two weeks earlier. As of August 2, North Carolina has had [125,339 cases](#) (1,195 per 100,000), with 1,994 deaths. The impact on North Carolina's people and the state's economy is severe. Close to half of North Carolina's households (45.7 percent) included someone who [lost employment income](#) between March 13 and July 21.

Unprecedented numbers of people have been unable to purchase enough food or pay their rent. The blow to North Carolina's economy is reflected in [plummeting state revenues](#), with a decline of \$1.6 billion estimated for FY 2020 (7 percent below pre-pandemic projections), with an expected \$2.6 billion revenue loss in FY 2021 (down 10 percent). [Sales tax revenues](#) in May of this year were more than 15 percent below their level in May of 2019. This does not take into account reduced revenues hitting North Carolina's local governments.

Without additional federal aid, North Carolina will not be able to provide the services needed to help its people recover and move forward. Lay-offs of local and state workers have started to occur, with 34,200 fewer [government jobs](#) in North Carolina in June 2020 than in June 2019. Education for children in North Carolina, already adversely affected by school closings in the spring of 2020, will suffer from education layoffs, estimated by the [National Education Association](#) to reach nearly 79,600 by the end of FY 2022. The combined [education and health category](#) (which includes higher education) lost 39,800 jobs in North Carolina from June 2019 to June 2020.

Many sectors of North Carolina's economy have suffered. [Leisure and hospitality jobs](#) dropped from 514,500 to 378,300 over the past year (June 2019 to June 2020), a 26 percent drop. North Carolina re-opened businesses in May, but as COVID-19 rose, Governor Cooper closed bars and certain other businesses in July, a needed step that likely contributed to stopping the continued rise in infections, but which means more unemployment. 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, North Carolina will be hard-pressed to provide needed unemployment benefits. The \$600 per week in Pandemic Unemployment Compensation (PUC) expired at the end of July. The [Century Foundation](#) estimates that for more than 480,000 people in North Carolina receiving all forms of unemployment benefits, the per week loss of the \$600 will

exceed \$290 million. The House HEROES Act would continue the \$600 per week through the end of this year. The Senate HEALS bill as introduced would provide \$200 per week in PUC benefits; the loss of \$400 per week would cost North Carolinians [\\$193.8 million per week](#), or \$1.7 billion through the end of September. 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 North Carolina and the nation must address. Before the pandemic, 11 percent of North Carolina's non-Hispanic white children lived below the federal poverty level, while 34 percent of North Carolina's Hispanic/Latinx children and 31 percent of the state's Black children were [poor](#). Children growing up in poverty 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 North Carolina, 21 percent of Latinx households with children reported that in the previous 7 days, they [sometimes or often did not have enough to eat](#); 13.1 percent of white households with children similarly went without enough food. When someone in a North Carolina household left work in order to care for children not in school or child care, one in three said their household did not have enough to eat sometimes or often in the previous week. If someone in the household were laid off because of the pandemic, one-third similarly lacked enough food to eat in the previous seven days. In order to reduce these extremely high proportions of people going without food, Congress must increase the maximum benefit for SNAP by 15 percent and raise the minimum benefit from \$16 to \$30 per month.

**Threatened Evictions and Homelessness.** North Carolina could face an unacceptable surge in homelessness as lost income makes it impossible for households to afford rent. More than 23 percent of North Carolina's households were [not able to pay rent](#) in the previous month (more than 464,000 households), as surveyed during a seven-day period ending July 21. More than 37 percent of Latinx households in North Carolina missed paying the previous month's rent, as compared to 22.5 percent of white households and nearly 24 percent of Black households. An alarming 40.3 percent of households with children in North Carolina had missed the previous month's rent. Previously enacted federal legislation set a moratorium on evictions in rental properties with federal subsidies or backing. Those protections have now expired. Continued high unemployment will make it impossible for many people to make up unpaid back rent now that the moratorium has expired. The Senate should agree to provide \$100 billion for emergency rental assistance, as the House did in the HEROES Act, 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 North Carolinians without [health insurance](#). Here too, disparities by race are unacceptable. While 7.8 percent of whites in North Carolina have no health insurance, 32.5 percent of Latinx and 9.7 percent of Blacks in North Carolina 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. North Carolina has not expanded its Medicaid program under the Affordable Care Act, so cannot readily serve people who may be losing their health insurance through work, but the unanticipated high costs of coping with a pandemic still makes a higher federal Medicaid match (FMAP) extremely important to North Carolina's recovery.

***Household Income Losses Not Seen Since the Great Depression.*** The fact that close to half of North Carolina's households have experienced a loss of income from work underscores the urgency of North Carolina's need for help to prevent a long-term deep recession. More than **34 percent of Latinx households** in North Carolina have [experienced earnings losses](#) since March 13, as have 55 percent of Black households, 44 percent of white households, and 41 percent of Asian households. North Carolina needs the continuation of the special pandemic unemployment benefits that will otherwise expire well before the economy recovers. 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, modified to allow households with immigrants to receive at least some benefits, with expedited distribution of the aid to people with income too low to owe federal income tax. Failing to allow mixed-status households to receive the \$1,200 cash payments has denied assistance to [444,000 people in North Carolina](#), a failure the state can ill afford. Improving the Earned Income Tax Credit and Child Tax Credit would also help to sustain families starting next year. 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.