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Were they Enough? Cal Relief Grants Battling Gendered Unemployment in the Pandemic

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In the spring of 2021, IGS launched a two-year Diversity and Entrepreneurship Fellowship Program. Cal-in-Sac Fellows conducted original research focused on the challenges and opportunities facing women- and POC-owned small businesses and diverse entrepreneurs in California. This series includes Op-Eds, blogs, policy briefs and other research products that capture key findings of the students' research. Learn more at <https://igs.berkeley.edu/matsui-center/fellowships/cal-in-sacramento>.

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## Were they Enough?- Cal Relief Grants Battling Gendered Unemployment in the Pandemic By: Erin Hamill

When the pandemic's first wave hit the US hard, businesses all over the country were forced to shut their doors, some for months on end, and some permanently. The effect the Covid-19 pandemic had on the economy was immediate and expansive, but critically unique from previous economic depressions in one way: a drastically skewed effect on women.

A study published by the National Bureau of Economic Research explains that female unemployment isn't usually as affected by economic depressions as male unemployment. This is attributed, in part, to women's role in the family, often as a supplemental source of income, as well as their composition of the labor force. Of all women in the workforce, roughly 40% are employed by "countercyclical industries" like Government, Education, and Health Services, whereas male employment in these sectors is only about 20%.<sup>1</sup> Conversely, sectors that are considered highly cyclical such as Manufacturing, Construction, and Trade account for almost 50% of male employment and only 24% of female employment.<sup>2</sup>

The Pandemic-induced recession has been quite different for women, as many industries hit hardest by closures had a larger effect on female unemployment. In Los Angeles County, for all businesses the average difference of employment between March and April 2020 was a decrease of 15.65%. Many female dominated industries were hit at much higher rates. Leisure and Hospitality, Accommodations and Food Service, and Arts and Entertainment Recreation all decreased in employment by over 40%, Child Daycare Services dropped by 32.5%, and certain female dominated retail sectors such as clothing stores decreased by 57.82% in that first crucial month of the pandemic. This contrasts male-dominated industries such as manufacturing and construction which both experienced a drop in employment of about 12% during this period.<sup>3</sup>

Unemployment was not the only significant way women suffered economically during the pandemic. A study published by the Stanford Institute for Economic Policy Research on business closures early in the pandemic noted that there was an unprecedented drop in female and minority business ownership. Roughly 1.4 million women owned businesses closed permanently, a decline of over a quarter of all female business ownership. For other minority groups the drop was even more pronounced. Black ownership dropped 41%, Latinx ownership dropped 32%, and

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<sup>1</sup>Alon, Titan, Matthias Doepke, Jane Olmstead-Rumsey, and Michèle Tertilt. "THE IMPACT OF COVID-19 ON GENDER EQUALITY." National Bureau of Economic Research. NBER Working Paper Series, April 2020. [https://www.nber.org/system/files/working\\_papers/w26947/w26947.pdf](https://www.nber.org/system/files/working_papers/w26947/w26947.pdf).

<sup>2</sup>Ibid.

<sup>3</sup> Department, Employment Development. "Labor Force and Unemployment Interactive Map." Interactive maps and data tools, 2020. <https://www.labormarketinfo.edd.ca.gov/data/interactive-labor-market-data-tools.html>.

Asian ownership dropped by 26%, in contrast to white ownership dropping by only 17%.<sup>4</sup> Businesses by women of color faced closures at even more disproportionate rates.

There are many explanations for why the pandemic has had such an effect on women's unemployment and ownership. The significant decrease in Child Daycare Services employment illustrates both a cause and a symptom of the increase in female unemployment. As daycares and schools shut down across the country, many mothers faced unavoidable childcare responsibilities. Over 50% of mothers felt they couldn't give full attention to their work because of childcare responsibilities and over 30% reduced their hours during the pandemic.<sup>5</sup> Many women left the workforce in addition to those who lost their jobs in skewed female industries. Another factor in the unemployment gap is the ability to telecommute. The National Bureau of Economic Research explains that within occupations where telecommuting is an option, they did not "observe the pattern of usual recessions that women are more protected than men from employment loss."<sup>6</sup>

In regards to female business ownership, the high number of closures can in part be attributed to the sectors in which these businesses exist. The state of California, in an effort to combat these closures poured billions of dollars into their small business relief effort in the form of the Cal Relief Grant. Small businesses, as defined, could apply to receive grant aid during the pandemic ranging from \$5,000 to \$25,000. Businesses are eligible based on their annual revenue and given priority based on how businesses were affected by Covid-19 due to their region and business sector.<sup>7</sup> Hair salons are a prime example of the type of female dominated business that experienced lengthy closures during the pandemic. Denise Russel, owner of FX Salon & Day Spa in San Jose described her challenges accessing Cal Relief Grants by saying, "They make it so complicated, they're constantly changing the rules. I mean, it's a nightmare."<sup>8</sup> After seven months of closure, Russel's salon had to fight hard to stay open, and was lucky enough to have secured state grants as well as a federal PPP Loan.

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<sup>4</sup>Fairlie, Robert. "The Impact of Covid-19 on Small Business Owners: Evidence of Early Stage Losses From the April 2020 to Current Population Survey." Stanford Institute for Economic and Policy Research. National Bureau of Economic Research, May 2020. <https://siepr.stanford.edu/sites/default/files/publications/20-022.pdf>.

<sup>5</sup>Igielnik, Ruth. "A Rising Share of Working Parents in the U.S. Say It's Been Difficult to Handle Child Care during the Pandemic." Pew Research Center. Pew Research Center, January 26, 2021. <https://www.pewresearch.org/fact-tank/2021/01/26/a-rising-share-of-working-parents-in-the-u-s-say-its-been-difficult-to-handle-child-care-during-the-pandemic/>.

<sup>6</sup>Alon, Titan, Matthias Doepke, Jane Olmstead-Rumsey, and Michèle Tertilt. "THE IMPACT OF COVID-19 ON GENDER EQUALITY." National Bureau of Economic Research. NBER Working Paper Series, April 2020. [https://www.nber.org/system/files/working\\_papers/w26947/w26947.pdf](https://www.nber.org/system/files/working_papers/w26947/w26947.pdf).

<sup>7</sup>"California Small Business COVID-19 Relief Grant Program". 2021. Careliefgrant.Com. <https://careliefgrant.com/>.

<sup>8</sup>Hepler, Lauren. "'Too Little, Too Late': California Small Businesses Chase Covid-19 Relief." CalMatters, January 25, 2021. <https://calmatters.org/economy/2021/01/california-small-business-covid-19-relief-grants/>.

While California poured billions of dollars into their relief efforts, for many businesses it didn't cut it. According to an article from the LA Times, "So far, some 198,000 small businesses and nonprofits have been or will be awarded grants during the first rounds of the program. State officials estimate that about 180,000 applications will remain unfunded."<sup>9</sup> While these funds have been an integral lifeboat for many businesses, many others who failed to qualify were unable to keep themselves afloat. When the applications for the first round of Cal Relief Grants opened, many business owners were unable to access them, not through lack of awareness or effort, but simply because of the oversaturated interface.

"Business owners have complained online about being unable to create a login or provide the required documents to complete their applications."<sup>10</sup> One business owner complained on reddit that the applications were an "Absolute nightmare interface," while another added the website was a "complete disaster" and would not allow them to log in and upload the necessary documents to qualify.<sup>11</sup>

These grants have saved many businesses in a crucial time, however many of the largest impacted industries during the pandemic did not qualify or were for one reason or another unable to submit their applications. Even those who received aid were fighting an uphill battle. The industries hit hardest by the pandemic have put more women out of work than any previous economic crisis, and the relief grant efforts were not enough to keep businesses alive and trickle down to support the employees. Female dominated industries and their employees will be feeling the effects of the pandemic for many years to come.

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<sup>9</sup> McGreevy, Patrick. "Newsom Proposes COVID Grants up to \$25,000 for Thousands More California Businesses." Los Angeles Times. Los Angeles Times, May 13, 2021. <https://www.latimes.com/california/story/2021-05-13/newsom-proposes-new-small-business-covid-19-grants-california-budget>.

<sup>10</sup> Zimmerman, Douglas. "'Absolute Nightmare Interface,' Issues Abound for California Small Business RELIEF Grants Applicants." SFGATE. SFGATE, January 6, 2021. <https://www.sfgate.com/coronavirus/article/Confusion-delays-mar-Calif-Small-Biz-relief-15848093.php#photo-202850>.

<sup>11</sup> happyclam912. "R/Smallbusiness - California Small Business Covid-19 Relief Grant Program." reddit, January 2021. [https://www.reddit.com/r/smallbusiness/comments/kndis0/california\\_small\\_business\\_covid19\\_relief\\_grant/](https://www.reddit.com/r/smallbusiness/comments/kndis0/california_small_business_covid19_relief_grant/).