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IMPLICATIONS OF COVID-19 ON AT-RISK WORKERS BY NEIGHBORHOOD IN LOS ANGELES

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APRIL 1, 2020

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EXECUTIVE SUMMARY

Los Angeles County, like the rest of the nation, is facing unprecedented social and economic disruptions due to the spread of COVID-19, a novel coronavirus that has infected at least 3,011 individuals and caused 54 deaths as of March 31, 2020.¹ To abate the rate of infection, public officials have taken dramatic actions to limit person-to-person interactions by restricting group gatherings, encouraging “social distancing,” and ordering “sheltering in place.”² Declining consumer demand and new temporary mandates have led to massive business closures, putting workers who cannot work remotely acutely at risk of layoffs and unemployment.

This brief examines the location, racial-ethnic composition, foreign-born status, and socioeconomic circumstances of individuals in two sectors highly impacted by COVID-19 related closures: service workers in hospitality and sales workers in retail. We find that these workers are more likely to earn low-wages, live in poverty, or identify as people of color – Latinos are the ethnic majority in both at-risk sectors. We also find that Asian and Latino neighborhoods are particularly vulnerable during this pandemic given their outsized share of the County’s retail and service sector workers. From this perspective, 57 percent of the County’s Latino-majority neighborhoods and 40 percent of Asian-majority neighborhoods are at high-risk, compared to only 12.2 percent of white-majority neighborhoods. We also find that neighborhoods with the highest-rate of low-income individuals are also home to the County’s greatest share of at-risk service and retail workers (34 percent). This is in line with the finding that the wages of workers in these clusters are less than half of those in other sectors. Similarly, County neighborhoods with the greatest proportion of foreign-born individuals have the highest share of at-risk workers. At-risk service and retail workers are most vulnerable to negative economic consequences associated with COVID-19; this study clarifies what geographic and demographic communities are especially exposed given their outsized share of at-risk workers.

With California’s unemployment program drowning in new claims,³ now is the time to consider near- and long-term policies that strengthen the economic footing for vulnerable communities, including the state’s two fastest growing demographic groups—Asians and Latinos. This brief offers a series of recommendations that fill the gap between proposed legislation at the federal level and the needs of vulnerable communities who are most susceptible to the economic consequences of COVID-19. Understanding these workers’ social and economic realities will lead to better, more targeted policy responses that protect vulnerable communities, including undocumented workers who are not eligible for most federal COVID-19 relief programs. Policymakers and elected officials have the opportunity to safeguard California’s status as the world’s 5th largest economy by providing tailored relief to vulnerable Californians and closing the gaps in care that exist under the federal stimulus programs.

INTRODUCTION

This brief examines two employment clusters that have been particularly hard hit by the disruptions to markets: service workers in hospitality and sales workers in retailing. These two sectors account for an eighth of the work force. Unlike many other sectors where it is possible for some to telecommute, the economic disruption is generating substantial layoffs and unemployment in face-to-face service industries. Those who continue working in essential businesses face a different risk, potential exposure at the work place through interactions with customers and co-workers who may have contracted coronavirus.

The first set of analyses examines the socioeconomic characteristics of the workers in the two employment clusters relative to a comparison group comprised of those not in the two industrial sectors and two occupational categories. The latter group (“Other”) can be considered considerably less at risk of job displacement and exposure to COVID-19. The second set of analyses examines the neighborhoods in Los Angeles County with the highest concentrations of workers in the two impacted employment clusters.

METHODOLOGY

The descriptive and spatial analyses in this brief rely on two major data sources: (1) the 2018 Public Use Microdata Sample from the American Community Survey to develop county-wide profiles, and (2) the 2014-2018 tract-level aggregated statistics from the American Community Survey. Together, they provide insight on the socioeconomic characteristics of individual workers and the communities they reside in.

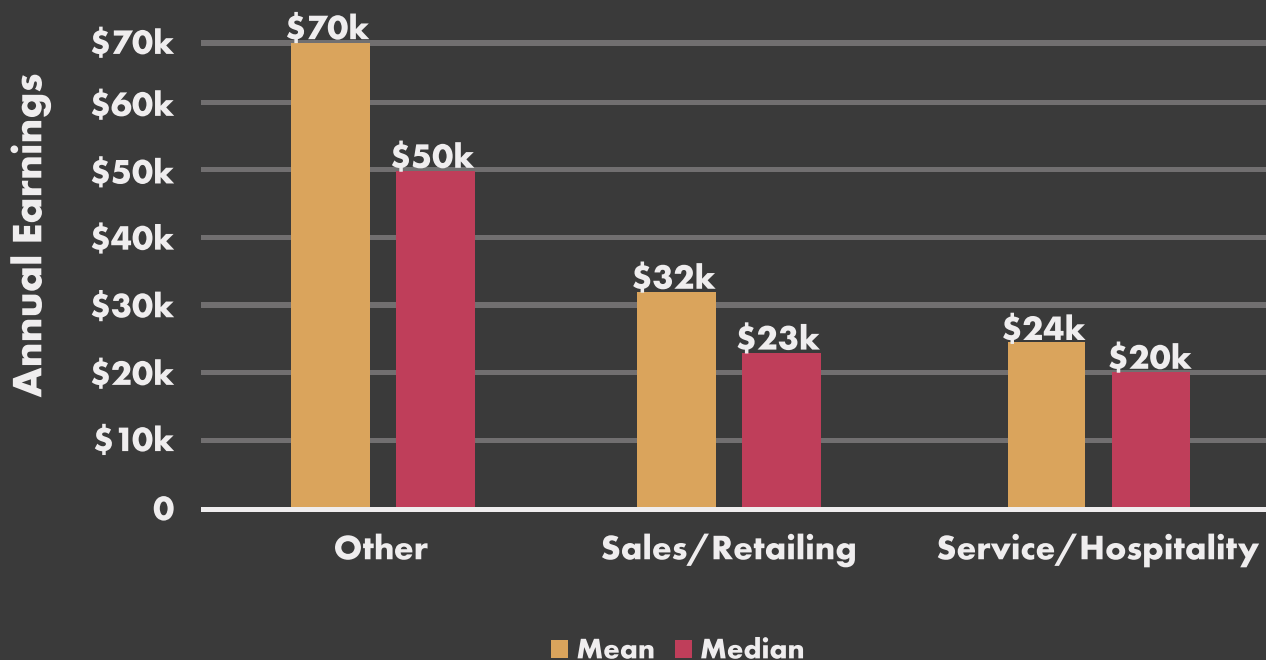
For the purpose of this analysis, “at-risk workers” are defined as service workers in hospitality and sales workers in retailing. Hospitality service workers are individuals who provide a service for a person or company without producing a product (e.g., backroom preparation, interactions with customers, and cleaning). Food services is the single largest component in this sector, accounting for over three-quarters of the jobs. Retail sales workers⁴ are any individuals who work at the front of the store to help customers find and purchase items. Some types of establishments (e.g., grocery stores, gas stations, and pharmacies) are exempt from the closure mandate; many of these stores, however, have closed or partially closed because of declining demand.

For the spatial analysis, Los Angeles neighborhoods or census tracts are assigned into five groups determined by the neighborhood’s proportion of at-risk workers using the definition above, which includes service workers in hospitality and sales workers in retailing. The ranking ranges from neighborhoods with the lowest proportion (bottom quintile) to neighborhoods with the highest proportion of at-risk workers (top quintile). Each quintile includes roughly 20 percent of Los Angeles County census tracts. Likewise, neighborhoods are also ranked by their racial-ethnic composition, proportion of individuals with income below 200% of the federal poverty line (considered to be poor or struggling), and proportion of foreign-born population. The distribution of neighborhoods by the proportion of at-risk workers are assessed against the distribution of these three neighborhood characteristics.

LOW WAGES, HIGH RISK: A PROFILE OF LOS ANGELES COUNTY VULNERABLE WORKERS

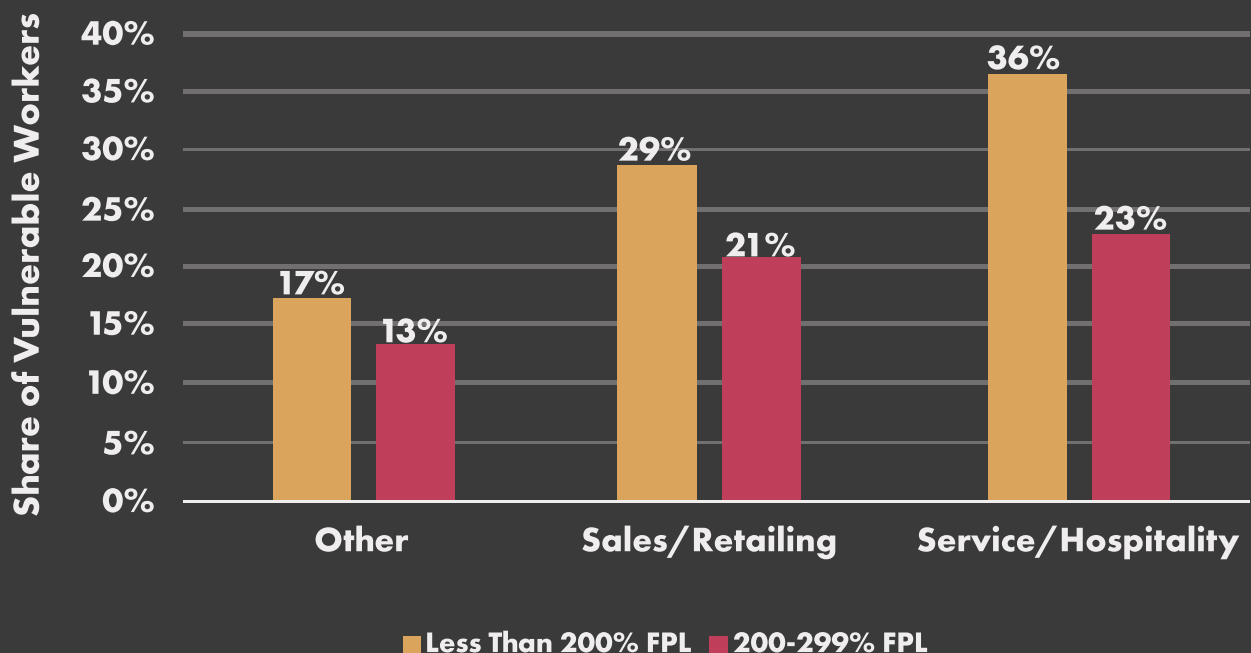
The workers in the two sectors (retail and service) are low-wage workers (See **Figure 1**). Average (mean) annual earnings for sales workers in retailing is 45 percent of those in the “Other”⁵ category, and service workers in hospitality earn even less (36 percent). The typical (median) sales worker in retailing earns only \$23,000 a year, and service worker in hospitality earns only \$20,000 a year.

Figure 1 – Annual Earnings by Sector in Los Angeles County



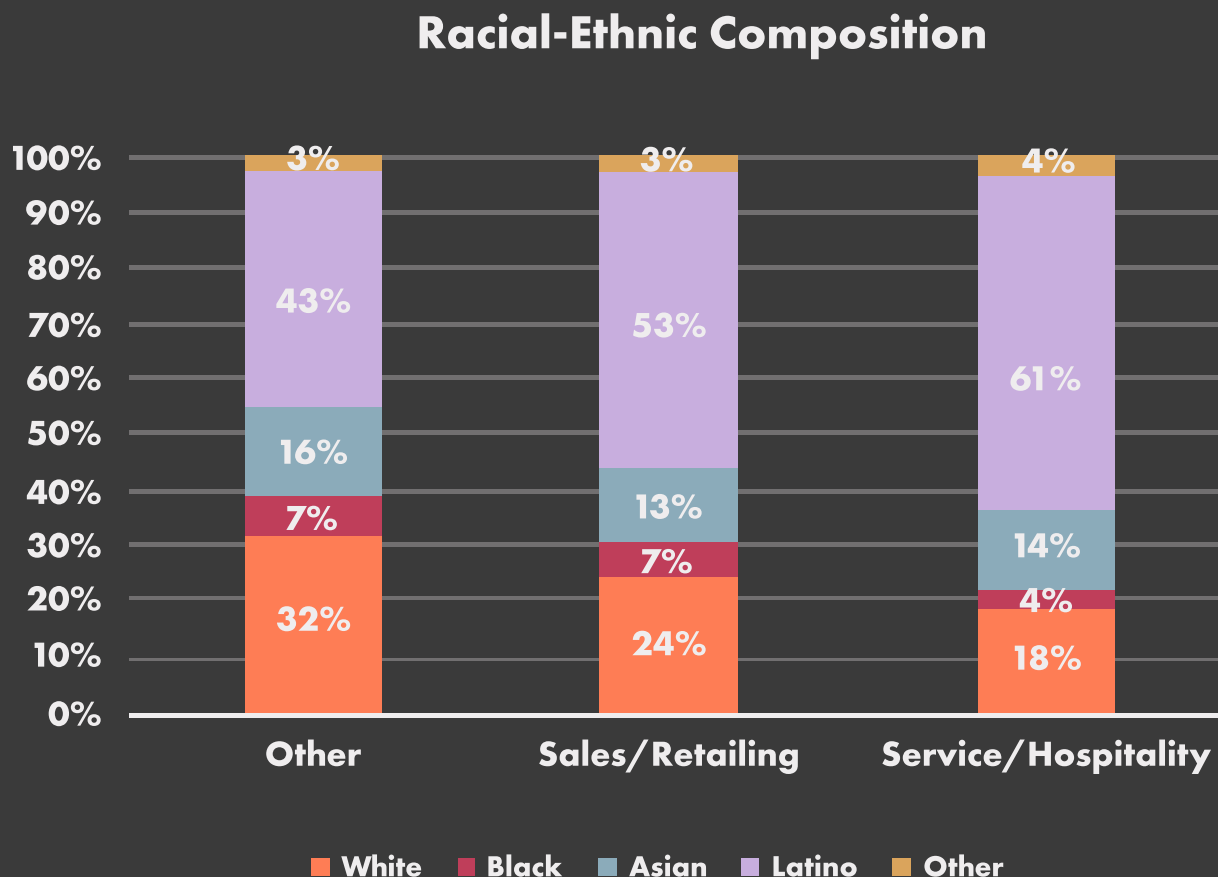
The workers in the two affected economic sectors are members of the working poor. Further, these workers are often part of a family unit; 82 percent of sales workers and 75 percent of hospitality workers live in a family household. This is also supported by the proportion of at-risk workers who reside in families that are living at or just above the federal poverty line (FPL).⁶ Families that live at or just above the FPL are considered working poor, especially when considering the high cost of living associated with Los Angeles County. Figure 2 illustrates that about three-tenths of sales workers and over a third of hospitality workers fall into this category, compared with only about a sixth of those in the comparison group.⁷

Figure 2 – Share of Vulnerable Workers At or Near the Federal Poverty Line in Los Angeles County By Sector



The workers in the two affected sectors are disproportionately people of color (See **Figure 3**). This is due in large part to the relative number of Latinos across both retail and hospitality sectors.⁸ Only 43 percent of workers in the comparison group are Latino, compared with 53 percent of sales workers and 61 percent of hospitality.

Figure 3 – Racial-Ethnic Composition of Vulnerable Workers by Sector in Los Angeles County



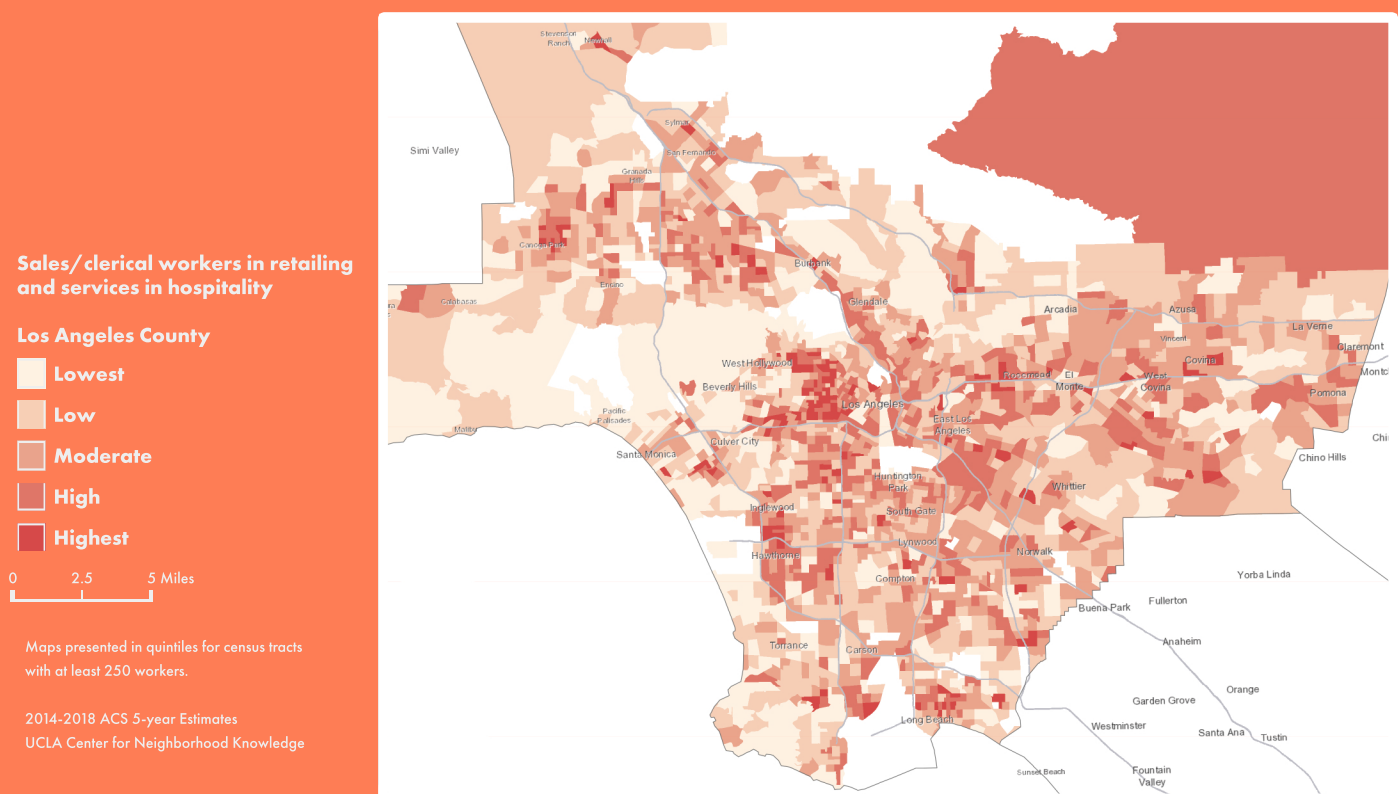


LOS ANGELES COUNTY'S COVID-19 ECONOMICALLY VULNERABLE NEIGHBORHOODS

This section examines neighborhood variations in the share of the workers we have designated as being “at-risk” of job loss. We further examine the spatial distribution of these workers along key neighborhood characteristics including the racial-ethnic composition, income, and nativity. We find that neighborhoods of color, particularly neighborhoods with a high proportion of Latinos and Asians, as well low-income and immigrant neighborhoods are most at-risk.

Map 1 displays the proportion of the labor force in the two sectors (retail and hospitality) at the neighborhood level (census tracts). The quintile with the highest average share (top fifth of neighborhoods) is about three times higher than the lowest quintile (over 20 percent versus less than 7 percent). In other words, potential job loss is also three times as great.

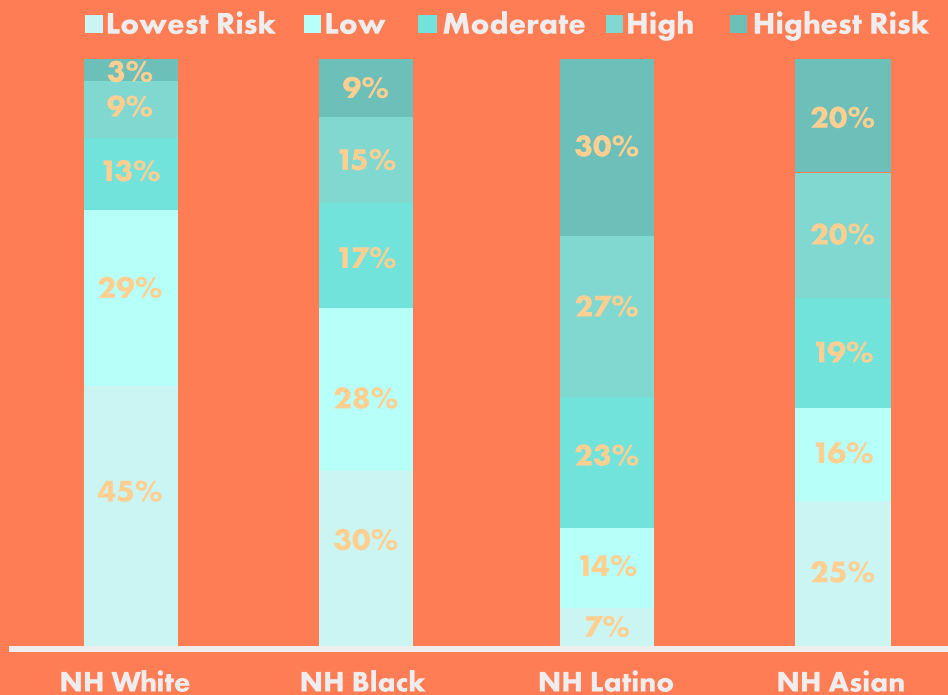
Map 1 – Geographic Distribution of Sales Workers in Retail and Service Workers in Hospitality Across Los Angeles County



Ethnic/Racial Majority Neighborhoods

Figure 4 shows the distribution of at-risk retail and hospitality workers across Los Angeles County by ethnic-majority neighborhood. We define an ethnic-majority neighborhood using a 50 percent threshold, enough to make a given group a majority. For instance, if the share of residents in a neighborhood is more than 50% Black, then the neighborhood is designated as Black-majority. As expected, neighborhoods of color have a larger proportion of high-risk workers than white neighborhoods, signifying an unequal distribution of negative economic burdens related to COVID-19's impact on the County's workforce.

Figure 4 – Breakdown of COVID-19 Risk Categories of Retail and Service Workers across Ethnic-Majority Neighborhoods in Los Angeles County



When considering the highest-risk workers, 30 percent of Latino-majority neighborhoods and 20 percent of Asian-majority neighborhoods fall into this category. This compares to only 9 percent of Black-majority neighborhoods and 3 percent of white-majority neighborhoods that are in the highest-risk category. Evaluating the lowest quintile of at-risk workers, majority-white neighborhoods account for a 45 percent share of lowest-risk workers, compared to only 7 percent of Latino-majority neighborhoods.

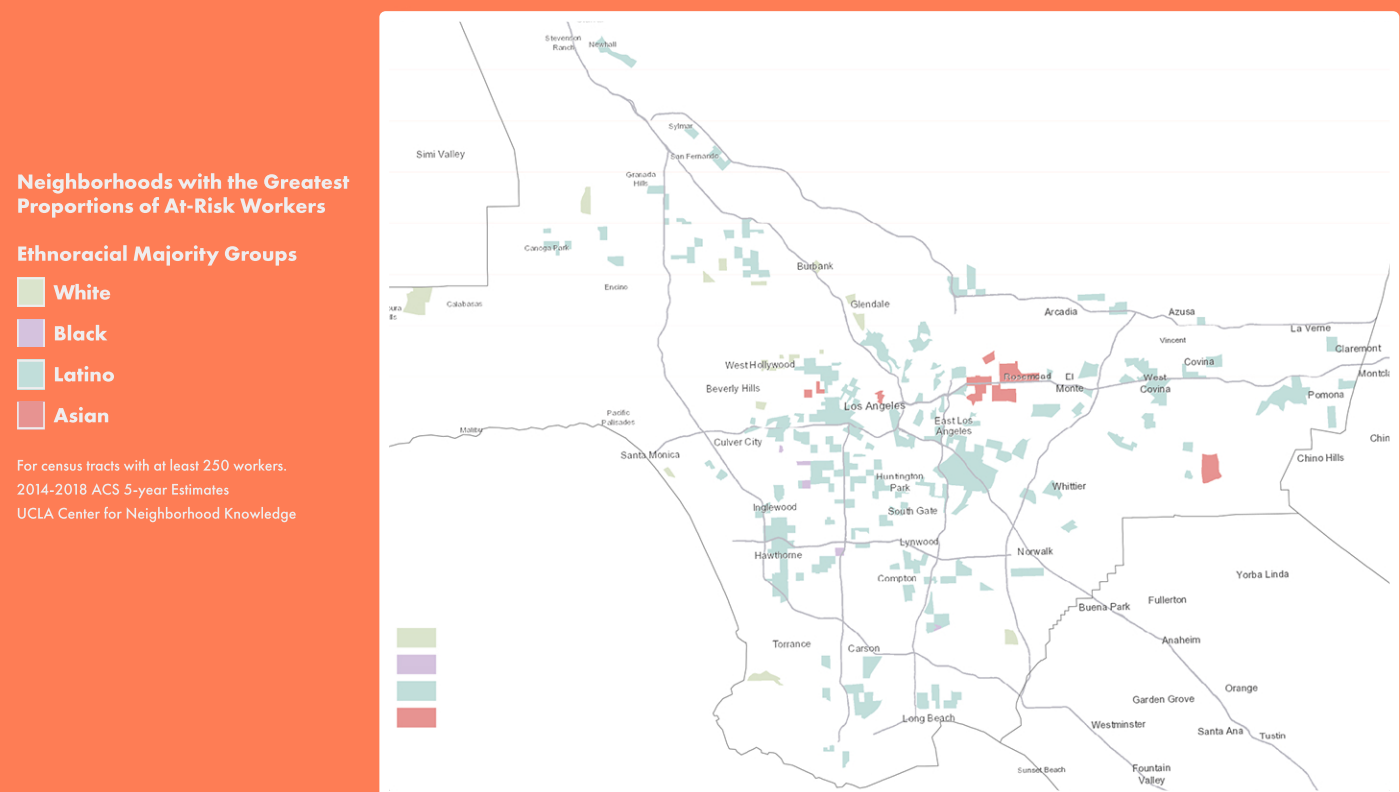
When analyzing the proportion of at-risk workers by ethnic-majority neighborhood, Asian-majority and Latino-majority neighborhoods are particularly vulnerable. From this perspective, 40 percent of Asian neighborhoods and 57 percent of Latino neighborhoods in the top two “higher-risk” categories compared to only 12 percent of white-majority neighborhoods and 25 percent of Black-majority neighborhoods (See **Table 1**). The inverse of this shows that almost three-quarters of white neighborhoods and three-fifths of black neighborhoods are low-risk with respect to retail and hospitality COVID-19 related economic impacts.

Table 1 – Breakdown of COVID-19 Lowest & Highest Risk Categories of Retail and Service Workers by Ethnic-Majority Neighborhood in Los Angeles County

Ethnic-Majority Neighborhood	Combined Percent of High & Highest-Risk Workers	Combined Percent of Low & Lowest-Risk Workers
Asian-Majority	40	41
Black-Majority	25	58
Latino-Majority	57	21
White-Majority	12	74

The spatial variations are shown in **Map 2**, which presents only census tracts with the greatest proportion of at-risk workers (top 20 percent of tracts) by ethnic-majority neighborhood. Asian-majority at-risk neighborhoods are located in the San Gabriel Valley, white-majority and Latino-majority neighborhoods are dispersed throughout Los Angeles, and at-risk Black-majority neighborhoods are in South Los Angeles (Baldwin Hills/Crenshaw, Hyde Park, and Watts area). Neighborhoods where no racial or ethnic group makes up a majority of the population are not displayed.

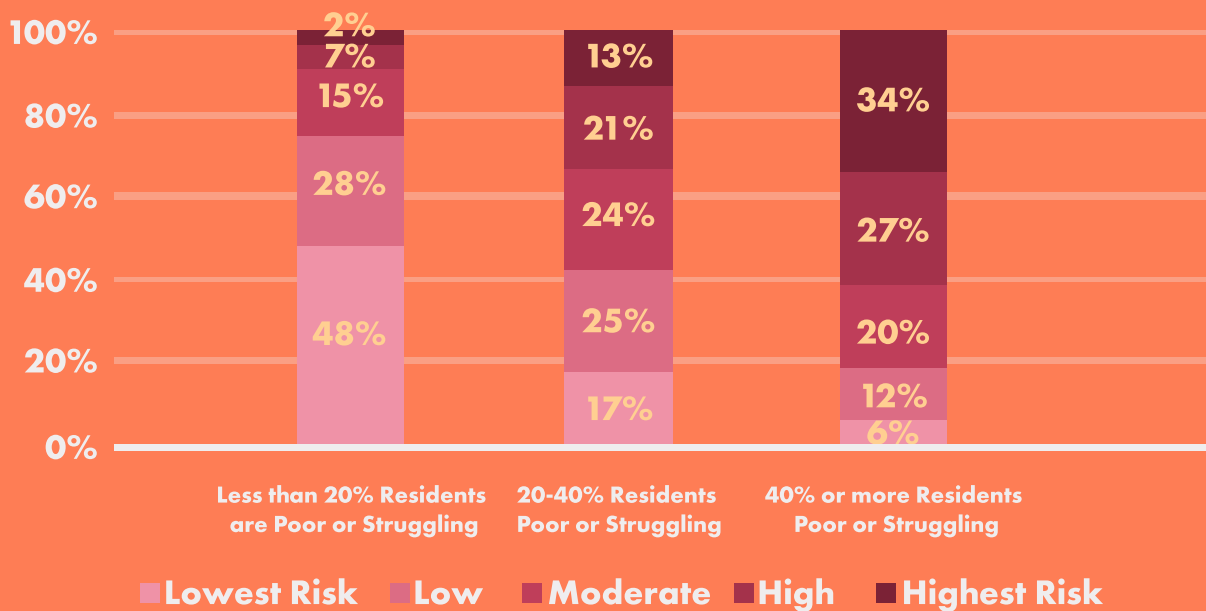
Map 2 – Greatest share of COVID-19 High-Risk Retail and Service Workers by Ethnic-Majority Neighborhood in Los Angeles County



Poor and Struggling Neighborhoods

Figure 5 shows the distribution of neighborhoods ranked by the share of individuals with income below 200% of the Federal Poverty Level (FPL), those considered either poor or struggling. Three neighborhood types are created based on the proportion of this population within a census tract: less than 20 percent poor or struggling, 20-40 percent, and 40 percent or more. The data indicates that neighborhoods with the highest rates of poor or struggling individuals are also neighborhoods with the greatest share of at-risk workers (34 percent). Conversely, neighborhoods with the lowest proportion of poor or struggling people are neighborhoods that have the highest proportion of lowest-risk workers (48 percent).

Figure 5 – Breakdown of COVID-19 Risk Categories of Vulnerable Workers by Proportion of Poor or Struggling Residents in a Neighborhood in Los Angeles County



Map 3 shows the neighborhoods with the highest share of workers that are at-risk with respect to a neighborhood's proportion of poor and struggling poor residents. There are clusters of tracts slightly West of Downtown (Pico Union, Koreatown), Hollywood/East Hollywood, Inglewood, Wilmington, Commerce, and the northeast San Fernando Valley.

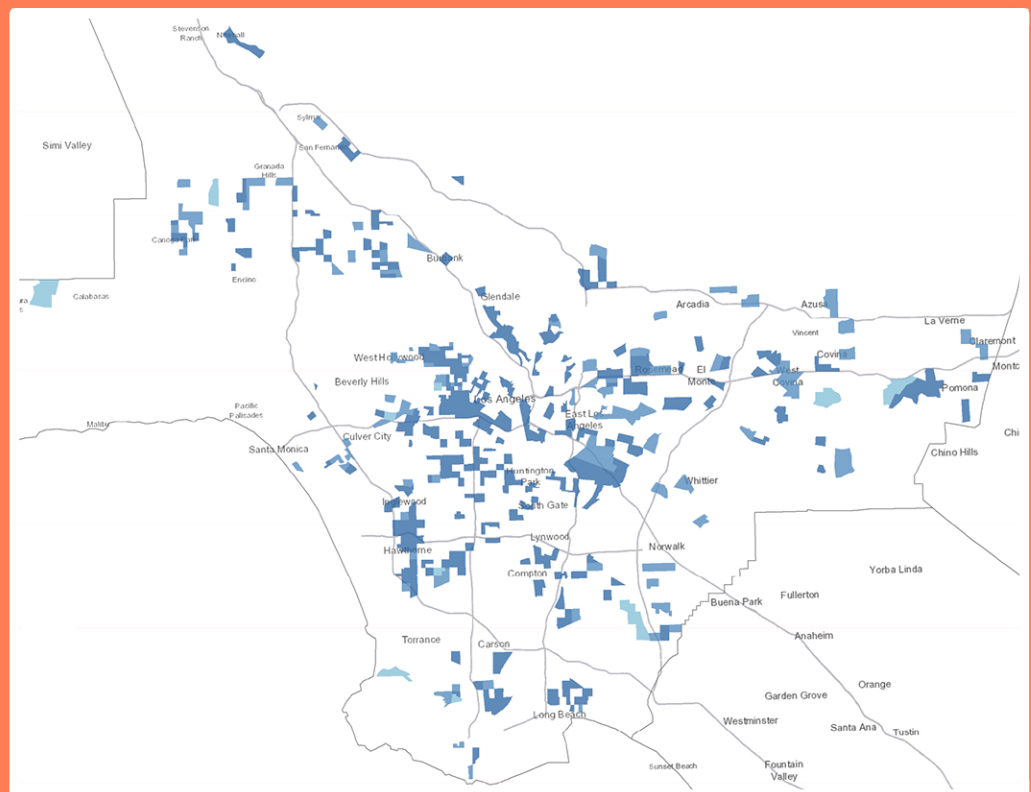
Map 3 – Share of COVID-19 High-Risk Retail & Service Workers by Poor and Struggling Neighborhoods in Los Angeles County

Neighborhoods with the Greatest Proportions of At-Risk Workers

Proportion Under 200% FPL

- Under 20%
- 20 to 40%
- Over 40%

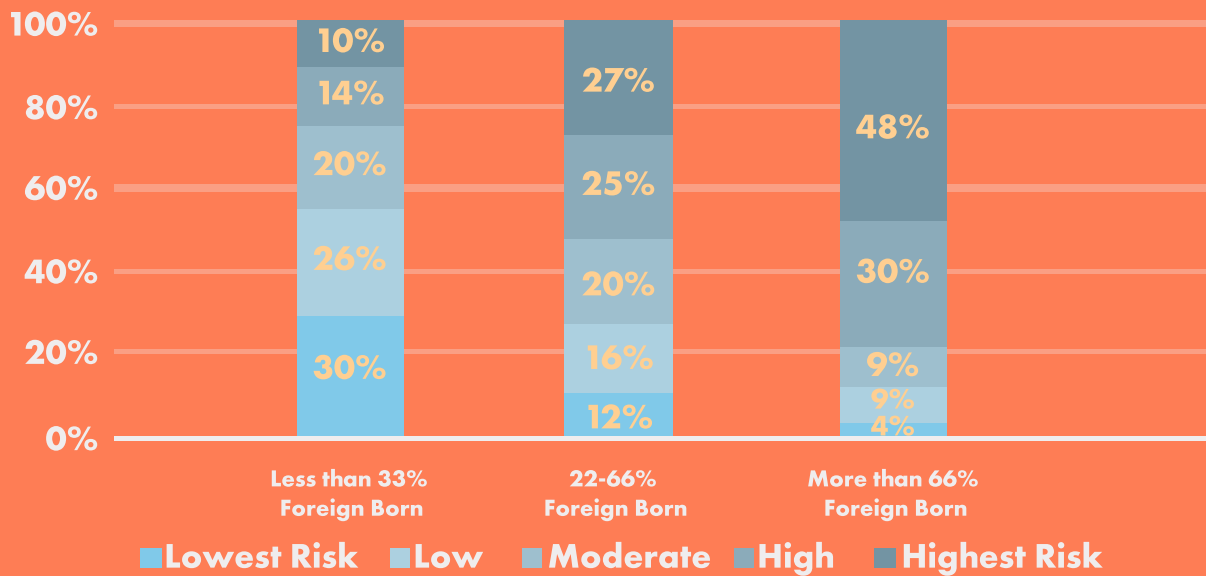
For census tracts with at least 250 workers.
 2014-2018 ACS 5-year Estimates
 UCLA Center for Neighborhood Knowledge



Immigrant Neighborhoods

Neighborhoods are also classified by their share of the foreign-born population: less than 33 percent foreign-born, 33–66 percent, and 66 percent or more. **Figure 6** shows that immigrant neighborhoods, those with the greatest share of foreign-born residents, have the highest share of at-risk workers (48 percent), compared to only 10 percent for neighborhoods that have the least number of foreign-born residents in the County.

Figure 6 – Breakdown of COVID-19 Risk Categories of Retail and Service Workers by Percent Foreign-Born Neighborhood's in Los Angeles County



Map 4 shows the neighborhoods with the greatest proportion of at-risk workers with respect to a neighborhood's proportion of foreign-born residents. These neighborhoods are also clustered in lower income areas, including West of Downtown, East Hollywood, South Los Angeles, in parts of the San Gabriel and San Fernando Valleys, Wilmington and Central Long Beach.

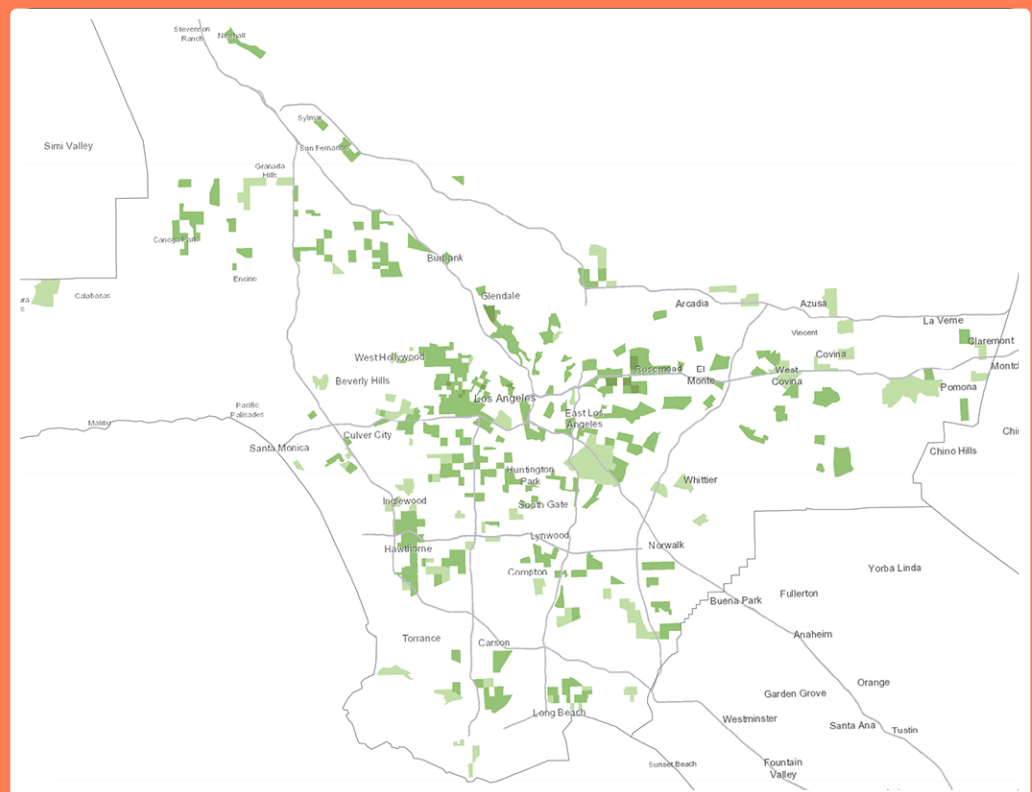
Map 4 – Greatest share of COVID-19 High-Risk Retail and Service Workers by Percent Foreign-Born Neighborhoods in Los Angeles County

Neighborhoods with the Greatest Proportions of At-Risk Workers

Proportion Foreign Born

- Under 33%
- 33 to 66%
- Over 40%

For census tracts with at least 250 workers.
 2014-2018 ACS 5-year Estimates
 UCLA Center for Neighborhood Knowledge



Conclusion

This study explores the neighborhood-level vulnerabilities that exist across Los Angeles County with respect to at-risk workers (retail and hospitality). Our findings show that there are systematic and systemic variations by income and race. Low-income and non-white workers and neighborhoods are likely to be disproportionately impacted by potential job losses in these two hard-hit sectors. Workers in the two employment clusters are much more concentrated in poor neighborhoods than affluent ones. The average share in the tracts with the lowest income is nearly twice as high as the average for the tracts with the highest average income (16 percent and 9 percent respectively). Finally, the share of at-risk workers in Latino-majority and Asian-majority neighborhoods are much higher than the shares in white-majority communities.

The economic crisis resulting from the COVID-19 pandemic places an enormous strain on families and communities that are already in a precarious financial situation, and greatly weakens the economic base in many neighborhoods that historically suffer from under investment.⁹ These households and places have the least resources to weather the impending economic recession. Workers in these two clusters make less than half the wages of other occupations. One of most pressing policy issues is whether or not these workers will be able to benefit from the federal COVID-19 economic stimulus package given the low levels of unemployment insurance enrollment and the high-number of foreign-born workers who may not possess a social security number.¹⁰ It is very likely that a disproportionate number of the at-risk workers are excluded because previous research finds that Latinos and low-wage workers are less likely to be covered by unemployment insurance (UI) and include a large proportion of immigrant workers.¹¹ Policymakers must therefore prioritize the needs of these low-wage, “high-risk” workers when formulating state or local responses to augment federal investments. These workers and their respective communities are on the fringes of the social safety-net and represent a large proportion of the state’s fastest growing demographic groups—Asians and Latinos.

Policy Recommendations

Our findings indicate that service workers in hospitality and sales workers in retail face challenges that extend beyond the precarity of their employment. This brief also finds that the concentration of at-risk service and retail workers disproportionately falls on neighborhoods that are poor, have large proportions of foreign-born individuals, and are non-white. Addressing the needs of at-risk workers requires policy reforms that are tailored to the demographic realities of the state's most vulnerable communities:

1. Tailor state and municipal policy responses to fill current gaps in the federal COVID-19 stimulus package.

- a.** Consider using Individual Taxpayer Identification Numbers (ITIN) instead of social security numbers for state-funded relief programs. The federal package bars individuals who filed taxes with ITINs from receiving stimulus checks, which primarily excludes undocumented workers.¹²
- b.** States that still require an excuse to request an absentee ballot should immediately pass legislation to allow any voter, without regard to age or need, to sign-up to receive a mail ballot in any election.
- c.** Allow voters to sign up as permanent absentee voters so that they can remain signed up for future elections. Voters who are designated as permanent absentee status should automatically receive a ballot in the mail prior to every election.

2. Expand Unemployment Insurance program at the state and local level to ensure workers most at-risk during the COVID-19 pandemic are covered.

- a.** It is not known how many retail and service workers are enrolled in the state program; resources and metrics must be implemented to reach these workers and supply them with necessary economic relief that is expediated given the pandemic.

3. Target job relief programs and resources to the state's most vulnerable communities.

- a.** Narrowing the distribution of unemployment benefits to areas most in need improves the administrative feasibility of delivering economic aid that best supports the state's current and future workforce (Asian and Latino Californians), and provides the necessary buffer for the state's poorest neighborhoods.

4. Promote and support culturally and linguistically-tailored approaches.

- a.** Conduct extensive outreach efforts in the vulnerable communities identified in this study to be most at-risk to inform workers of the benefits they have access to and how to apply for them;

5. Direct resources to support working families and residents in vulnerable communities, when investment becomes feasible.

- a.** Investments in child care programs, school resources, job training programs, health access, and small business development strengthen households against similar economic shocks in the future.

Appendix

Table A.1: Neighborhoods Ranked by Proportion of At-Risk Workers by Ethnic Neighborhood (50% or more of group)

At-Risk Workers	White	Black	Latino	Asian	No Majority
Lowest Quintile	45	30	7	25	18
Low	29	28	14	16	24
Moderate	13	17	23	19	23
High	9	15	27	20	18
Highest Quintile	3	9	30	20	17
Number of tracts	533	53	1,077	124	512

Table A.1: Neighborhoods Ranked by Proportion of At-Risk Workers and Share of Residents with Income Below 200% of FPL

At-Risk Workers	Less than 20%	20 – 40%	40% or more
Lowest Quintile	48	17	6
Low	28	25	12
Moderate	15	24	20
High	7	21	27
Highest Quintile	2	13	34
Number of tracts	553	755	989

Table A.3: Neighborhoods Ranked by Proportion of At-Risk Workers and Share of Foreign-born Residents

At-Risk Workers	Less than 33%	33-66%	66% or more
Lowest Quintile	30	12	4
Low	26	16	9
Moderate	20	20	9
High	14	25	30
Highest Quintile	10	27	48
Number of tracts	1,025	1,251	23

Table A.4: Breakdown of COVID-19 Lowest & Highest Risk Categories of Retail and Service Workers by Foreign-Born Neighborhood in Los Angeles County

Foreign-Born Population	Combined Percent of High & Highest-Risk Workers	Combined Percent of Low & Lowest-Risk Workers
< 33%	24	56
33-66%	52	27
66% +	78	13

Table A.5: Breakdown of COVID-19 Lowest & Highest Risk Categories of Retail and Service Workers by Neighborhood in Los Angeles County

Individuals Below 200% FPL	Combined Percent of High & Highest-Risk Workers	Combined Percent of Low & Lowest-Risk Workers
< 20%	9	76
20-40%	34	42
40% +	62	18

Endnotes

¹ County of Los Angeles Public Health, Novel Coronavirus in Los Angeles County, as of March 30, 2020, available at: <http://publichealth.lacounty.gov/media/Coronavirus/>

² Governor Gavin Newsom, State of California, "Executive Order N-33-20," March 4, 2020; Mayor Eric Garcetti, Los Angeles City, "Public Order Under City of Los Angeles Emergency Authority," March 19, 2020.

³ Melody Gutierrez, Los Angeles Times, "Massive unemployment claims during coronavirus crisis have California officials scrambling," March 26, 2020, available at: <https://www.latimes.com/california/story/2020-03-26/california-coronavirus-crisis-unprecedented-unemployment-claims> (noting that California's Employment Development Department processed 186,809 claims the third week of March, representing a 363% increase over the number of claims processed the same week the previous year).

⁴ This brief does not cover customer-oriented stores in the service sector, such as nail salons, beauty salons, auto repair. These establishments are likely to be just as adversely affected.

⁵ The "Other" comparison group is comprised of those not in the two industrial sectors and two occupational categories.

⁶ For 2018, the federal poverty line for a family of four was \$25,100.

⁷ In the figure, "LT200 FPL" denotes less than 200% of FPL and "200-299 FPL" denotes 200% to 299% of FPL.

⁸ The terms Latino, Latinx and Hispanics are used interchangeably. NHW denotes non-Hispanic white, NHB denotes non-Hispanic Black, NHA denotes non-Hispanic Asian, "Hisp" denotes Hispanic, and "Oth" denotes other.

⁹ Ong, Paul M., and Silvia R. Gonzalez. *Uneven Urbanscape: Spatial Structures and Ethnoracial Inequality*. Cambridge University Press, 2019.

¹⁰ The legislation includes a provision to augment unemployment-insurance (UI) payments and extend coverage by 13 weeks. While the UI benefits could help replace lost earnings for the typical worker in the two sectors, these payments depend on enrollment in the state's program.

¹¹ Nichols, Austin, and Margaret Simms. "Racial and ethnic differences in receipt of unemployment insurance benefits during the Great Recession." *Unemployment and Recovery Project brief 4* (2012); Gould-Werth, Alix, and H. Luke Shaefer. "Unemployment Insurance participation by education and by race and ethnicity." *Monthly Lab. Rev.* 135 (2012): 28.

¹² Schoichet, Catherine E. "Millions of US Workers in the US won't be getting stimulus checks". March 27, 2020. Retrieved from <https://www.cnn.com/2020/03/27/politics/undocumented-immigrants-coronavirus-stimulus/index.html>

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