COVID-19 Ripple Effect
Impact of COVID-19 on Children in New York State

Part 2: Children Newly In or Near Poverty due to COVID-19 and Additional Long-Term Effects

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United Hospital Fund
The magnitude of COVID-19’s impact is like nothing we’ve seen before and represents an unprecedented threat to children. A new analysis of the pandemic’s effect on households with children under age 18 in New York State has found severe, long-lasting, and racially disparate repercussions on children who lost a parent or guardian or who entered poverty or are near poverty as a result of the pandemic. The analysis, conducted by United Hospital Fund and Boston Consulting Group, estimates that between March and July 2020, 4,200 children experienced a parental death; and 325,000 children have been pushed into or near poverty as a result of the pandemic’s economic downturn.

This analysis is broken out in two parts. Part 1 estimates the number of NY children who have had a parent or caregiver die due to COVID-19, and the racial/ethnic and geographic disparities in these losses. This report contains the findings from Part 2, which looks at the broader toll on children. It estimates the number of New York children who have experienced parental job loss or teen unemployment due to the pandemic; the number of children newly expected to live in or near poverty as a result and the resources needed to support these families; and the long-term costs associated with a variety of pandemic-related disruptions to child development.
In addition to threatening families’ economic security, COVID-19 has increased sources of stress for families and disrupted normal childhood activities, such as attending school. As New Yorkers collectively determine how to respond to this crisis and “build back better” during a precarious city and state budget situation, it is critical to not lose sight of the pandemic’s immediate and long-term effects on child poverty, mental health, and overall well-being. Federal attention to these issues is also crucial.

We hope this analysis will provide policymakers and community leaders with data to support the development of necessary strategies and policies to ensure that the next generation won’t remain victims of this current COVID-19 pandemic. Their needs must be prioritized as critical budget decisions are made. Please contact Catherine Arnst, Director of Public Information at UHF, with any questions or comments: carnst@uhfny.org or (212) 494-0733.
Key Takeaways* from Part 2

Over 300,000 New York children are being driven into, or to the brink of, poverty due to rising unemployment.

- More than 1 million children in New York State have had at least one parent lose a job since the beginning of the pandemic.
- Of these, an estimated 325,000 children are now living in or near poverty (defined as living below 200% of the Federal Poverty Level).
- An additional 77,000 children ages 16 - 19 are unemployed compared to 2019.

An estimated $800 million over the next year in housing, food, health insurance, and remote learning investments is needed to support the basic needs of the approximately 300,000 children newly living in or near poverty. We focus on this population because childhood poverty is closely tied to poorer health and developmental outcomes for children. These estimates are based on a three-year economic recovery model that we believe is the most likely scenario. These estimates are in addition to support for children known to be living in or near poverty prior to the pandemic.

Beyond the pandemic’s role in increasing child poverty, we also estimate its long-term repercussions for all New York children. These consequences will result in an estimated $1.7 billion in additional costs to New York State over the next 50 years, plus an additional loss of $8.5 billion in annual income due to learning deficits associated with virtual/hybrid education disruptions.

* There are limitations to this analysis. Among them: The authors were not able to estimate the poverty-related effects on children living with undocumented workers; nor did they explore the compounding effects of parental job loss on families already living in or near poverty prior to the pandemic. They also did not provide a cost estimate for responding to the state’s rising child care needs, which is a complex and urgent issue that will need to be resolved in order to support working families, boost economic productivity, and better care for young children.
United Hospital Fund and BCG partnered in 2019 to quantify the “opioid ripple effect” nationally and at a state level, estimating the number of children affected and the associated societal cost.

Following the COVID-19 pandemic and its devastating impact across New York State since early March, the teams came together again to assess the ripple effect of COVID-19 on households with children.

This analysis contains two parts. Part 2, included in the following slides, assesses how many children have been affected in New York State due to the pandemic’s economic toll, and the cost of supporting the highest-need children in the short term. We also explore the long-term impact on all New York State children and the investments needed to support them.

~325k children in households which are newly in/near poverty due to parent job loss in 2020

~$550-800M to support basic needs¹ of children in households newly in/near poverty over next year (until Sept'21)

~$1.7B to support children affected through their lifetimes²

~$8.5B Expected annual income lost during adult years due to learning deficits from virtual/hybrid education

1. Considering partial rent support and nutritional support, new State Medicaid coverage, Internet and devices based on need; 2. Considering challenges and repercussions from Adverse Childhood Experiences (ACES), life disruptions, and teen unemployment.
Part 2 Objectives

1. Estimate How Many Children in NYS Are Affected by COVID-19’s Economic Toll

   With a special focus on children who:

   1. Are newly in or near poverty (<200% FPL) due to parental job loss
   2. Have experienced their own job loss (teens)

2. Estimate Cost to Provide Short-Term Relief to Children Newly In or Near Poverty

   Predicting cost of short-term relief today and over next 12-18 months due to:
   - Risk of eviction from home
   - Food insecurity and malnutrition
   - Loss of health insurance
   - Difficulties with remote schooling

3. Shed Light on Long-Lasting Ripple Effect of COVID-19 on all NYS Children

   Examining long-term impact for all NYS children due to:
   - Increase in Adverse Childhood Experiences
   - Life disruptions
   - Teen unemployment
   - Education disruptions
Context
This crisis is like nothing we have seen before

1. Crisis magnitude dwarfs all previous crises

Unemployment rate in New York State

- `0%` to `20%`
- '90, '95, '00, '05, '10, '15, '20

2. Impact of crisis felt by most vulnerable populations

- ~40% of low-income workers lost their jobs throughout U.S.

3. Widespread school and public space closures

- 2.6M students affected by school closures in NY State
Context | Unemployment rate not seen in generations

NYC Unemployment Peak

- COVID: 20% (June 2020)
- Great Recession: 11% (2009)
- Great Depression: 25% (1929)
- Baseline: 4% (2019)

U.S. Teen Unemployment Peak

- COVID: 32% (Apr. 2020)
- Great Recession: 27% (2009)
- Baseline: 13% (2019)

Note: Numbers in the first graph are for NY City alone. June unemployment for NY state = 15%, NY state excl. City = 12%
Source: Current Population Survey; Forbes
Pandemic is unprecedented and disproportionately affecting people of color and low-income communities

“We’ve had students who had sick parents, we’ve had students who are moving due to losing housing—some of them were already living in shelters—and we’ve had students who have had to take on work responsibilities, because of either job loss within the family or members of the family no longer being able to work due to illness or having to care for other relatives.”

“The vast majority of Black mothers are the primary breadwinners for their households. Black mothers’ work force participation and earnings are crucial to the economic health of Black children, and unfortunately their unemployment rate continues to increase.”

“I could see the concern on their faces when my boys asked me, ‘What’s gonna happen if you don’t work and then we can’t pay the rent?’”

“Looking over time, particularly to the relatively small increase in child food insecurity during the Great Recession, it is clear that young children are experiencing food insecurity to an extent unprecedented in modern times.”

Source: The New Yorker, NYMag, NY Times, Gothamist
NY Children Affected by COVID-19’s Economic Toll
More than 1 million children have been affected by parental job loss.

- **180k** are children of undocumented workers\(^1\)
- **350k** children were already living in/near poverty (<200% FPL) pre-pandemic
- **325k** children are newly in/near poverty (<200% FPL) due to parental job loss\(^2\)
- **225k** children live in a household that maintains income above 200% FPL despite job loss

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1. Due to limited income data on undocumented workers, we have separated this estimate from the other categories. It is assumed most of these households were already living in or near poverty prior to the pandemic. 2. This figure includes families where at least one parent/caregiver experienced job loss. It does not include households with diminished earnings due to cut hours, etc. Nor does it include families with undocumented workers. It is therefore likely an underestimate.
Income loss can have serious consequences for the health, safety, and well-being for all but the highest-income families. To better understand the role of the pandemic in driving families into, or to the brink of, poverty, we focus on two special populations:

- Children who are newly in/near poverty due to parental job loss
- Teens affected by their own job loss

These two groups of children may not have historically used safety net services but will need additional assistance over the coming years. We provide these estimates to give policymakers and the public a sense of the minimum additional resources that will be needed to care for NY youth. It is important to keep in mind that the estimates in the following section do not include children who were already living in or near poverty prior to the pandemic, nor children with undocumented parents who lost jobs. These children are highly vulnerable and will also need ongoing support.

Thousands of children newly in or near poverty

- Approximately 325,000 children live in households newly at or near the Federal Poverty Level (<200% FPL) due to parental job loss, 40% of whom live in Bronx, Brooklyn, or Queens as of end of June 2020
- Approximately 77,000 additional teens unemployed in June 2020 compared to 2019 average as of end of June 2020

1. This estimate includes undocumented teens who have experienced job loss.
Why teen job loss matters

Teens in low-income families often work to support family income. High teen unemployment might place even more households in or near poverty.

Teen unemployment for 3-6 months increases the likelihood of being hospitalized for mental health later in life (included in long-term impact analysis).

Potential reduction in future earnings. Young adults 22 and older who are unemployed for 6 months show reduced earnings of up to $22k over the next 10 years.

1. Center for American Progress
Short-Term Repercussions for Children Newly in or Near Poverty
$550-800M needed over the next 12 months to support basic needs of children in households newly in or near poverty¹

1. This estimate does not include the resources needed to support the estimated 350,000 children already living in or near poverty prior to the pandemic.
2. Note: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.

Risk of eviction from home
Food insecurity and malnutrition
Loss of health insurance
Difficulties with remote schooling
Challenges with child care - unquantified
Different potential recovery paths have been analyzed to assess short-term repercussions

Unemployment rate in NY state

- 3-year recovery
  Continued high unemployment well into 2022

- Middle case
  Unemployment rebounding in Q3 and slowly improving

- Most optimistic estimate
  Unemployment rebounding in Q3 and quickly returning to 2019 baseline

Note 1: The most optimistic estimate refers to a Cleveland Fed national base case estimate as of May 2020. The middle case estimate has the same recovery trend of Cleveland Fed estimate but at a slower rate. Current short-term cost estimates expected to be closer to the three-year recovery trend. Source: Federal Reserve Bank of Cleveland, BCG Analysis.

Note 2: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.
Even if the economy rebounds, many children will be in or near poverty for an extended period of time.

<table>
<thead>
<tr>
<th></th>
<th>New children near poverty</th>
<th>Cost to support over next 12 months</th>
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<tbody>
<tr>
<td>Q2 2020</td>
<td>325k</td>
<td>$800M</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>200k</td>
<td></td>
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<tr>
<td>Q4 2022</td>
<td>130k</td>
<td></td>
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<tr>
<td>3-year recovery</td>
<td></td>
<td></td>
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<tr>
<td>Middle case</td>
<td>325k</td>
<td>$650M</td>
</tr>
<tr>
<td></td>
<td>130k</td>
<td></td>
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<tr>
<td></td>
<td>80k</td>
<td></td>
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<tr>
<td>Cleveland Fed estimate</td>
<td>325k</td>
<td>$550M</td>
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<tr>
<td></td>
<td>90k</td>
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Note 1: 12-month estimates refer to Q3 2020 to Q2 2021; loss of health insurance figures reflect Q2 2020 estimates. Does not factor in possible temporary unemployment insurance.

Note 2: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.
Estimated support of up to $800M needed to address 4 key challenges

1. **Risk of eviction from home**
   - 200-250k additional children risk being evicted from home\(^1\)
   - Of these, at least 100k will incur sustained difficulties in paying rent beyond 2020
   - $380-450M would be needed to aid families with 25% of their rent for 1 year

2. **Food insecurity and malnutrition**
   - At least 130k children are newly food-insecure\(^1\)
   - Typical aid in NYS amounts to ~$5/day (35-70% of avg. daily food costs)
   - $250M/year needed to support malnourished children

3. **Loss of health insurance**
   - 60-110k children might lose ESI by end of 2020
   - Up to 5k of them might end up uninsured
   - $1,200 average Medicaid State cost per child\(^2\)
   - $70-130M additional costs for Medicaid (state level)

4. **Difficulties with remote schooling**
   - 140k households with children do not have reliable access to a device
   - 130k households with children do not have reliable access to internet connection
   - ~$80M estimated to provide access to devices and internet (9 months) to all NYS children

### Challenges with child care
- ~80% of people in/near poverty cannot work from home
- Up to 100k children might be without stable child care if primary schools do not fully reopen
- Potential to invest in child care, primary school, after-school programs to facilitate re-openings

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1. Current estimate of children as of end of June, affected children in next 12 months will vary based on rate of unemployment.
2. Cost of Medicaid only refers to cost incurred by State (45% of total costs).
Note: No reliable income data for undocumented workers; most are expected to be already at or near poverty line. In addition, these analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.

United Hospital Fund
Long-Term Impact for All New York State Children
Long-term costs and losses

- **Adverse Childhood Experiences**
  Costing $1.7B

- **Life disruptions**
  Costing $13M annually over the next 60 years

- **Teen unemployment**
  Costing $13M annually over the next 3 years

Total expected annual income lost by students due to learning deficits from virtual/hybrid education:

$8.5B

Estimated cost to support children affected over their lifetime:

$1.7B

Note: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.
Lifetime costs ranging up to $73k per child in New York State

**ACEs**

- ~24k NYS children experiencing an additional ACE

Up to 11k children at-risk for poorer outcomes later in life

**Life disruptions**

- ~725k 10-17 year-olds with restricted travel (NYC)
- ~187k with parental job loss (NYS ex NYC)

**Teen unemployment**

- ~77k additional teens unemployed in NYS

**Reduced education**

- ~2.6M NYS public school students

**Total cost to society at least ~$800M**

1. Significant under-reporting expected with ACEs, such as child abuse, domestic violence, and drug use; 2. Including smoking, obesity, alcohol/drug use, incarceration, and depression; 3. Restricted travel limited to NYC due to extended lockdown, parental job loss is NYS ex NYC number; 4. Major depressive disorder; 5. Costs may be borne by individuals, local, or state governments. Note: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.

These long-term consequences will disproportionately affect children living in or near poverty

- ~$73k per child affected
- ~$73k average lifetime costs of these outcomes
- ~11k at-risk for poorer outcomes

1. ~56k 10-17 year-olds likely to develop depression, ~96k likely to develop PTSD

2. ~$6k lifetime costs per individual for mental health support

3. ~$3.3k annual income lost per student due to learning loss

4. ~$15k lifetime costs per teen visiting hospital for mental health

5. ~$8.5B estimated total annual income lost

~$6k lifetime costs per individual for mental health support

~$15k lifetime costs per teen visiting hospital for mental health

~$8.5B estimated total annual income lost

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<thead>
<tr>
<th>Cost to society</th>
<th>Income loss</th>
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<tbody>
<tr>
<td>~$900M</td>
<td></td>
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<td>~$50M</td>
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### Long-term costs split by NYC, NYS excluding NYC, and total

<table>
<thead>
<tr>
<th></th>
<th>NYC</th>
<th>NYS ex. NYC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACEs(^1)</td>
<td>~$333M</td>
<td>~$449M</td>
<td>~$782M</td>
</tr>
<tr>
<td>Life disruptions(^2)</td>
<td>~$814M</td>
<td>~$94M</td>
<td>~$908M</td>
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<tr>
<td>Teen job loss</td>
<td>~$27M</td>
<td>~$16M</td>
<td>~$43M</td>
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<tr>
<td><strong>Total societal costs</strong></td>
<td>~$1.2B</td>
<td>~$559M</td>
<td>~$1.7B</td>
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<tr>
<td>Education</td>
<td>~$3.7B</td>
<td>~$4.9B</td>
<td>~$8.5B</td>
</tr>
</tbody>
</table>

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1. Significant under-reporting expected with ACEs, such as child abuse, domestic violence, and drug use; 2. Life disruptions estimate of restricted travel limited to NYC due to extended lockdown; parental job loss is NYS ex. NYC number.

Note: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.
**Mental Health**
- Overall rise in need for mental health services will have budget implications
- School is the sole source of mental health services for 35% of students who receive these services, making virtual offerings crucial

**Education**
- Extended summer gap, due to school closures in March, will only further disadvantage low-income, Black/African American, and Hispanic students
- Older siblings might fall behind even further because they are taking care of younger siblings while parents are at work

**Additional Long-Term Considerations (not included in the cost estimates)**

**Poverty**
- Children newly in or near poverty will experience long-lasting repercussions, including reduced future earnings themselves

**Mental Health**
- Overall rise in need for mental health services will have budget implications
- School is the sole source of mental health services for 35% of students who receive these services, making virtual offerings crucial

**Additional ACEs**
- 20% reported increase in substance use among patients, families, and individuals already struggling with SUD

**Life Disruptions**
- Life disruptions could also lead to anxiety, in addition to depression and PTSD
- School closures and eviction from home as additional life disruptions

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1. Economic hardship as an ACE was excluded from long-term analysis because expected unemployment recovery suggests that economic hardship due to COVID alone is temporary and brief enough to prevent children from being categorized as "often" or "somewhat often" in economic hardship. 2. Were excluded from analysis due to small sample size and a non-statistically significant result. Note: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily.
Responding to the COVID-19 ripple effect

Immediate cash support of up to $800M to support children newly in or near poverty (partial rent support and food aid, Internet and devices based on need)

Enhanced behavioral health care

Child care and afterschool partnerships to support working families

Enhanced tutoring to help close achievement gap
Legal Context

The situation surrounding COVID-19 is dynamic and rapidly evolving on a daily basis.

This presentation is not intended to:
(i) constitute medical or safety advice, nor be a substitute for the same; nor
(ii) be seen as a formal endorsement or recommendation of a particular response.

As such you are advised to make your own assessment as to the appropriate course of action to take; use this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.
COVID-19 Ripple Effect
The Impact of COVID-19 on Children in New York State

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United Hospital Fund

Improving Health Care for Every New Yorker

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