

# 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

Suzanne Brundage, Director, Children's Health Initiative  
Kristina Ramos-Callan, Program Manager

September 2020

United Hospital Fund



## Overview (1 of 2)

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.

## Overview (2 of 2)

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@uhfnyc.org](mailto:carnst@uhfnyc.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.

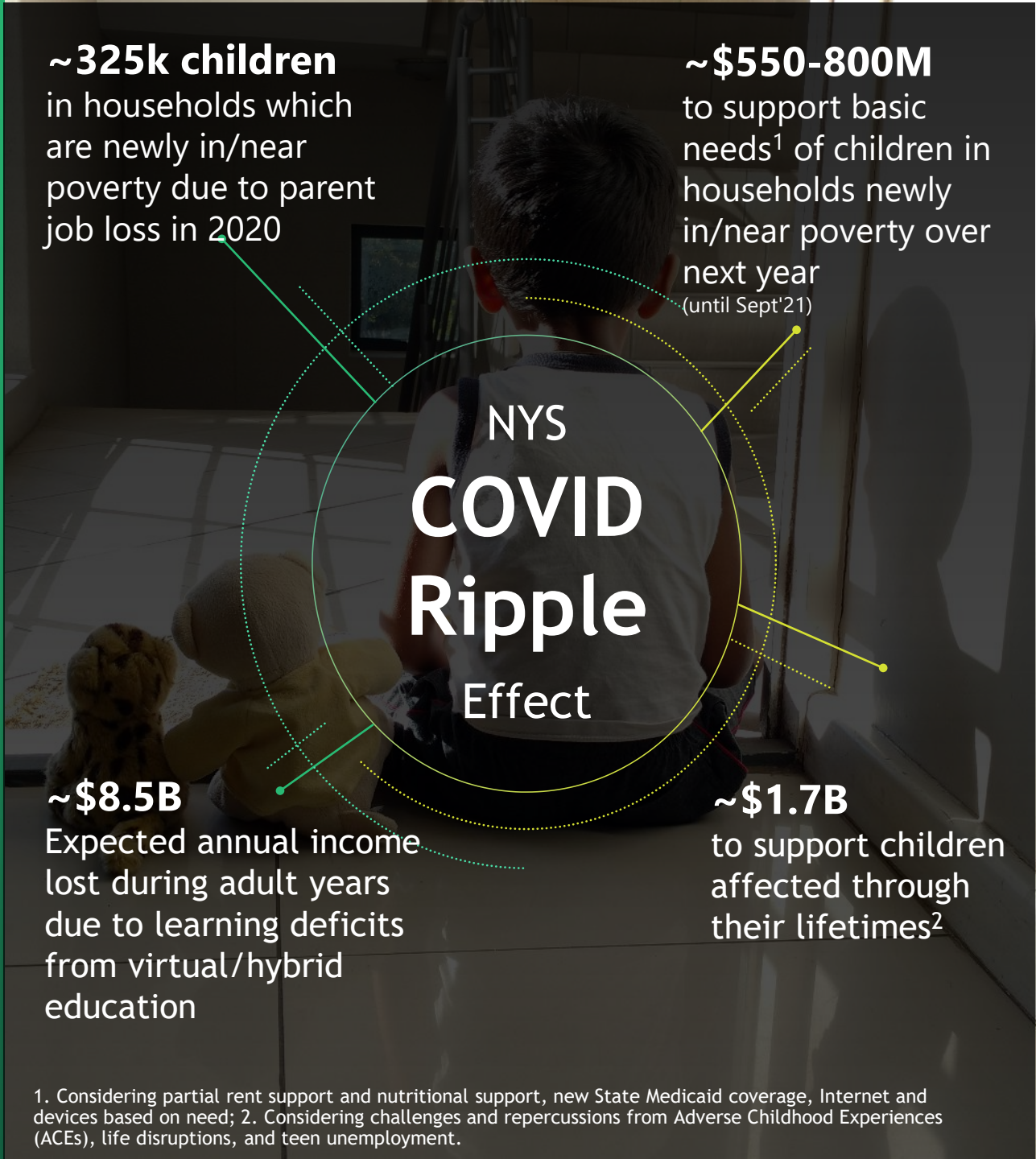
United Hospital Fund and BCG partnered in 2019 to quantify the “opioid ripple effect” nationally and at a state level, estimating the number of children affected and the associated societal cost.

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  
needs<sup>1</sup> of children in  
households newly  
in/near poverty over  
next year  
(until Sept'21)

A young child is seen from behind, sitting on a bed with several stuffed animals. The child is wearing a white t-shirt and dark shorts. Overlaid on the image is a central graphic consisting of a solid green circle with the text 'NYS COVID Ripple Effect' inside. This central circle is surrounded by several concentric dotted lines in green and yellow. Lines of these colors extend from the dotted circles to various data points around the slide, such as the number of children affected, the cost to support basic needs, the expected annual income lost, and the cost to support children affected through their lifetimes.

**NYS  
COVID  
Ripple  
Effect**

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

**~\$1.7B**  
to support children  
affected through  
their lifetimes<sup>2</sup>

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

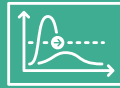
## 1. Estimate How Many Children in NYS Are Affected by COVID-19's Economic Toll



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



---

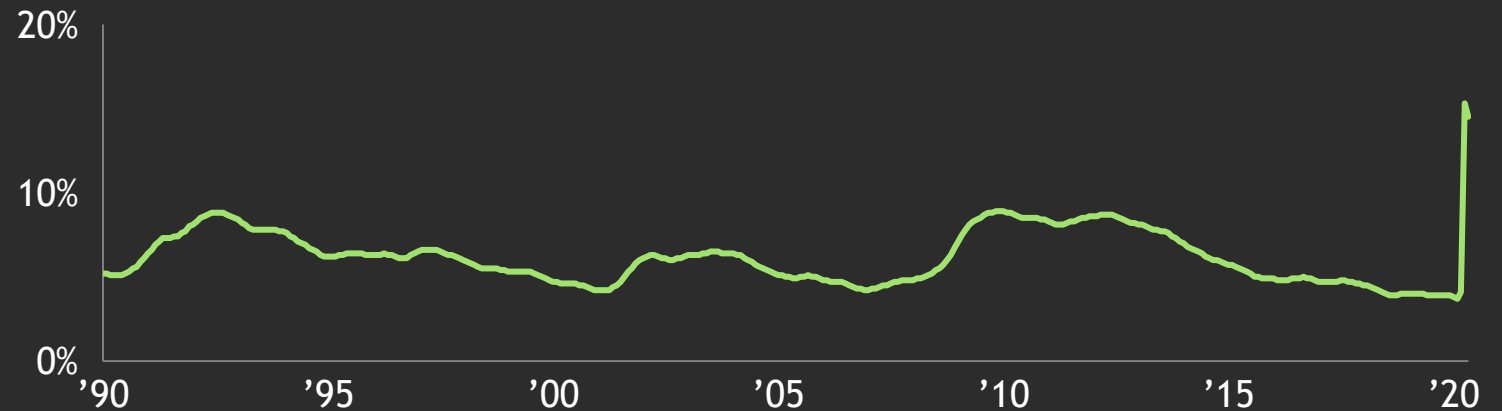
# Context



This crisis  
is like  
nothing we  
have seen  
before

## 1. Crisis magnitude dwarfs all previous crises

Unemployment rate in New York State



## 2. Impact of crisis felt by most vulnerable populations

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

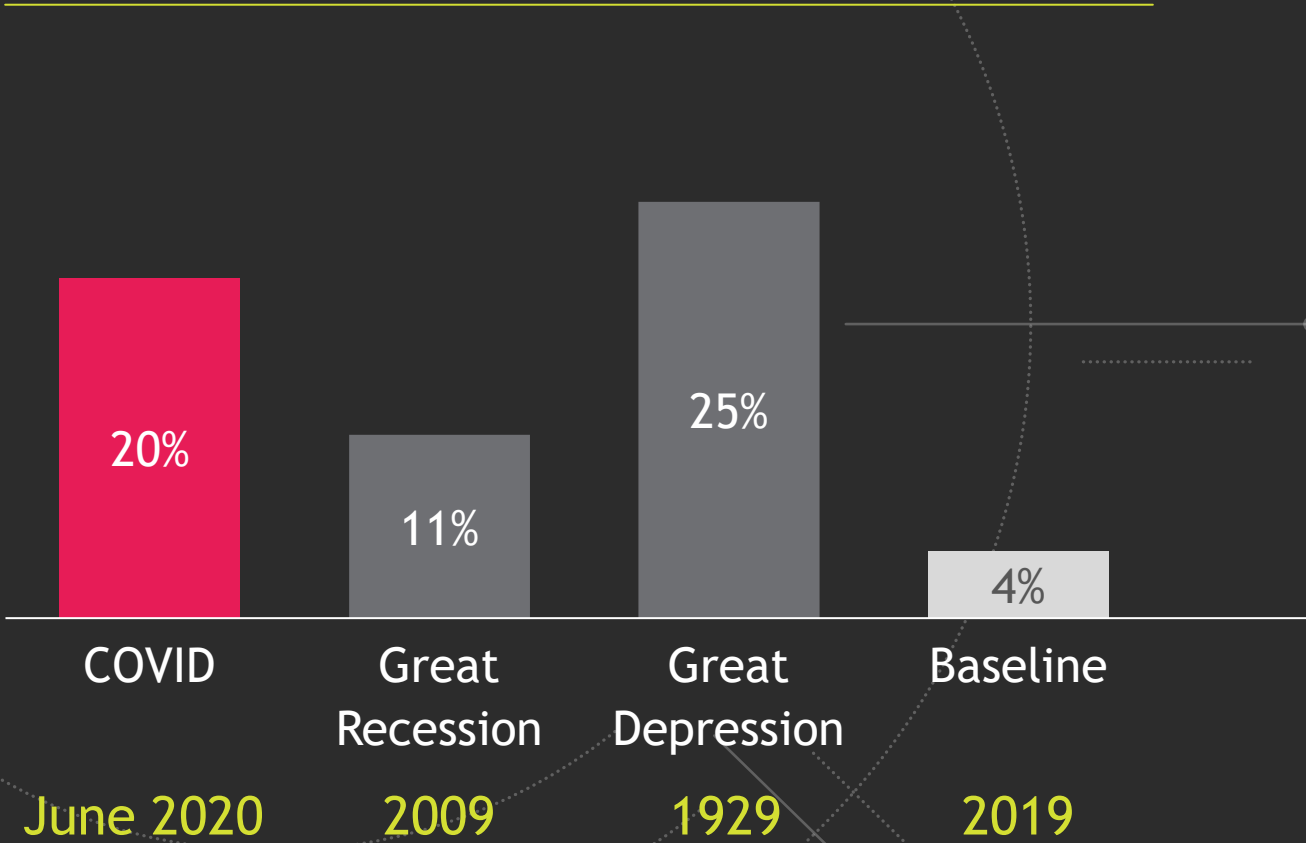
## 3. Widespread school and public space closures

**2.6M** students affected by school closures in NY State

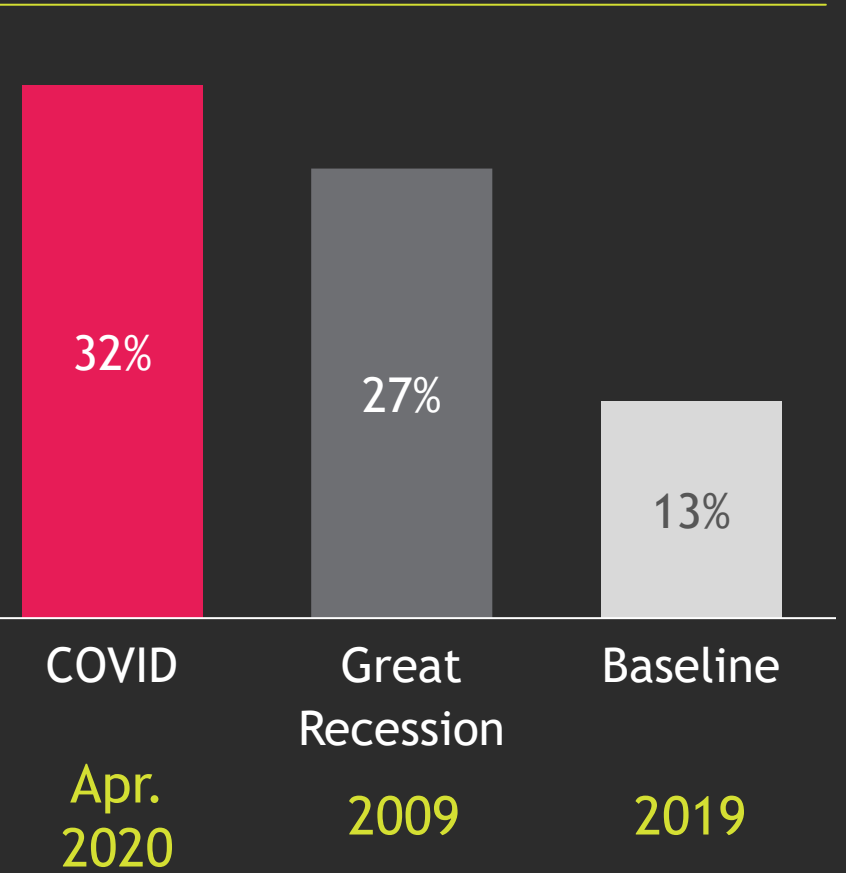


# Context | Unemployment rate not seen in generations

## NYC Unemployment Peak



## U.S. Teen Unemployment Peak



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 Uncertainties Facing New York City’s Young Essential Workers; August 3<sup>rd</sup>, 2020; The New Yorker*

“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?’”

*Amid Covid-19 Pandemic, Formerly Homeless Family Deals With Job Loss; July 24<sup>th</sup>, 2020; Gothamist*

**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.**

*Black Families Were Hit Hard by the Pandemic. The Effects on Children May Be Lasting; June 29<sup>th</sup>, 2020; NY Times*

“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.**”

*Child Hunger Is on the Rise; May 6<sup>th</sup>, 2020; NY Magazine*

Source: The New Yorker, NYMag, NY Times, Gothamist



---

# NY Children Affected by COVID-19's Economic Toll

# More than 1M children have been affected by parental job loss



**180k** are children of undocumented workers<sup>1</sup>



**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<sup>2</sup>



**225k** children live in a household that maintains income above 200% FPL despite job loss



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

~325k

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

~77k<sup>1</sup>

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



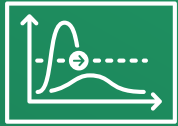
Teens in low-income families **often work to support family income**. High teen unemployment might place even more households in or near poverty



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<sup>1</sup>



---

# 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 poverty<sup>1</sup>**



Risk of eviction from home



Food insecurity and malnutrition



Loss of health insurance



Difficulties with remote schooling



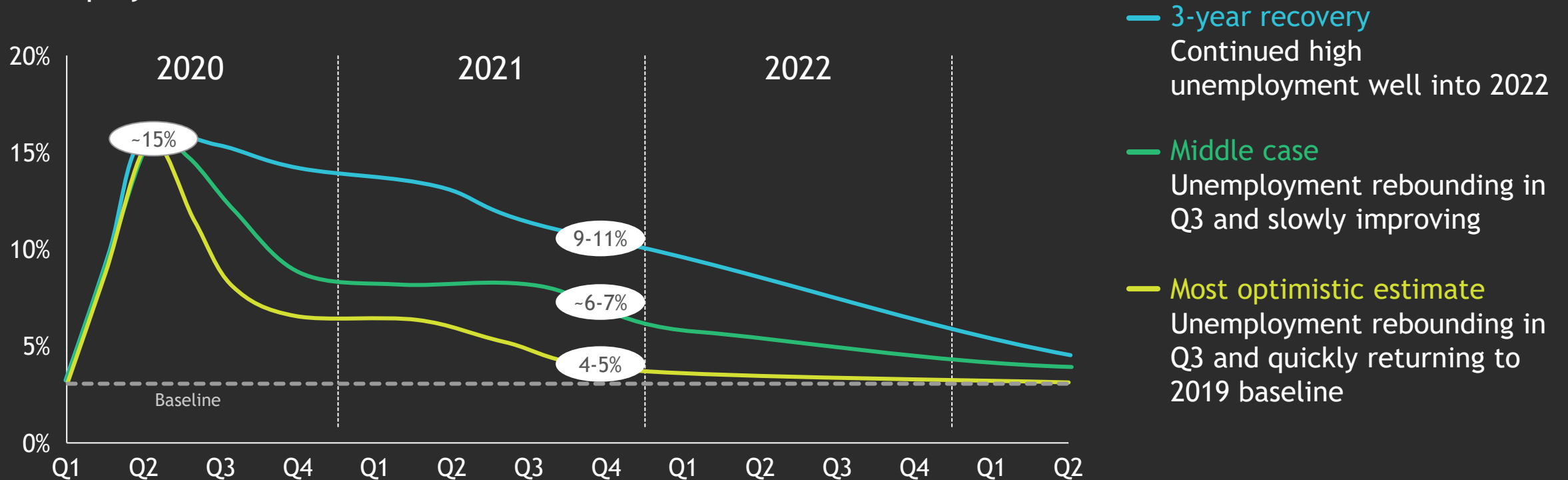
Challenges with child care - unquantified

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.



# Different potential recovery paths have been analyzed to assess short-term repercussions

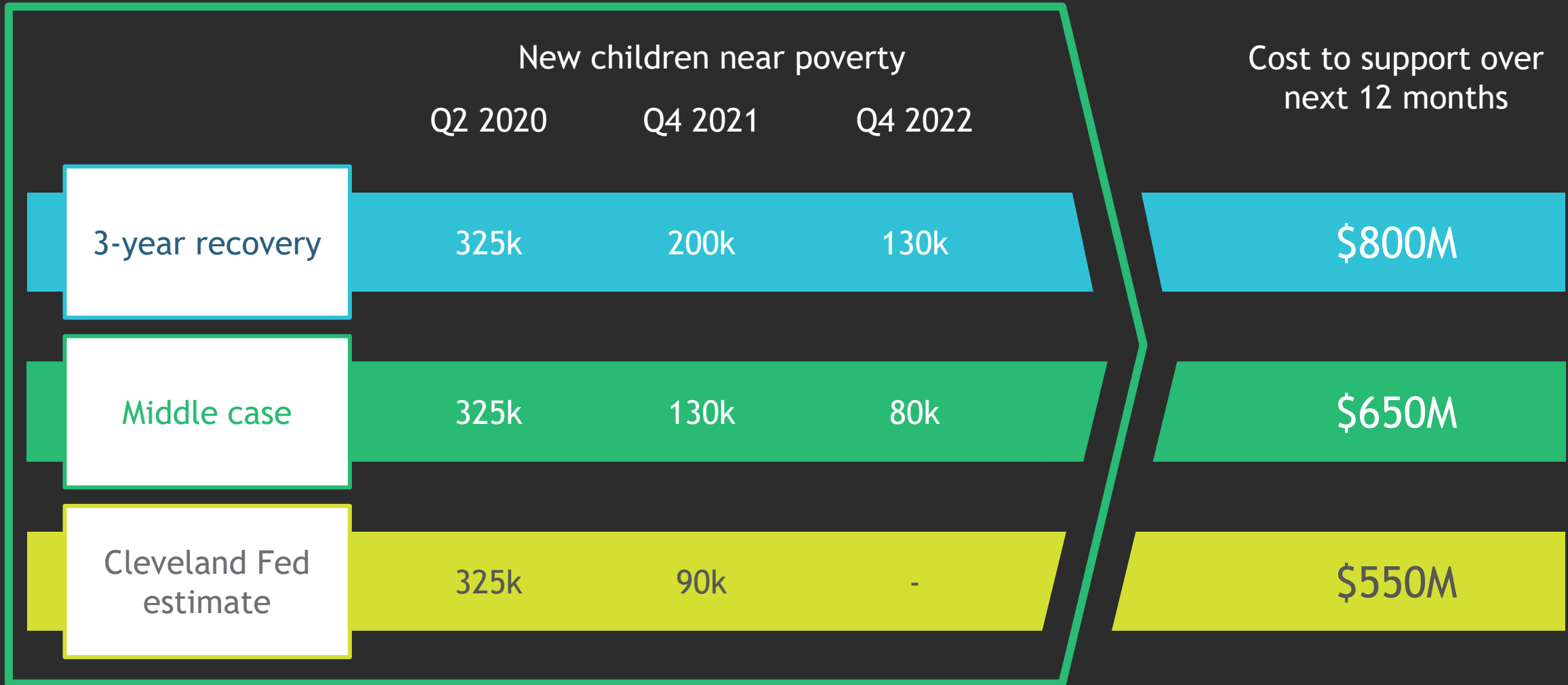
## Unemployment rate in NY state



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



Note 1: 12-month estimates refer to Q32020 to Q22021; loss of health insurance figures reflect Q42020 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



## Risk of eviction from home

**200-250k** additional children risk being evicted from home<sup>1</sup>

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



## Food insecurity and malnutrition

At least **130k** children are newly food-insecure<sup>1</sup>

Typical aid in NYS amounts to **~\$5/day** (35-70% of avg. daily food costs)

**\$250M**/year needed to support malnourished children



## 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<sup>2</sup>

**\$70-130M** additional costs for Medicaid (state level)

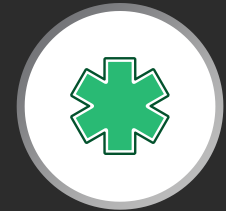


## Difficulties with remote schooling

**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

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.



---

# Long-Term Impact for All New York State Children

# Long-term costs and losses



## Adverse Childhood Experiences

Costing **~\$13M** annually  
over the next 60 years



## Life disruptions

Costing **~\$300M** annually  
over the next 3 years



## Teen unemployment

Costing **~\$2M** annually  
over the next 20 years

**= \$1.7B**

Estimated cost to support children  
affected **over their lifetime**



**\$8.5B**

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

# Lifetime costs ranging up to **\$73k** per child in New York State

## ACEs

~**24k** NYS children experiencing an additional ACE<sup>1</sup>

Up to **11k** children at-risk<sup>2</sup> for poorer outcomes later in life

Lifetime costs of these outcomes average ~**\$73k** per child affected

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

## Life disruptions

~**725k** 10-17 year-olds with restricted travel (NYC)  
~**187k** with parental job loss<sup>3</sup> (NYS ex NYC)

~**56k** 10-17 year-olds likely to develop depression<sup>4</sup>, ~**96k** likely to develop PTSD

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

Total cost to society up to ~**\$900M**

## Teen unemployment

~**77k** additional teens unemployed in NYS

~**3k** teens likely to visit hospital for mental health as adults

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

Total cost to society at least ~**\$50M**

## Reduced education

~**2.6M** NYS public school students

~**12 months** of learning lost due to hybrid or virtual school until fall '21

~**\$3.3k** annual income lost per student due to learning loss

~**\$8.5B** estimated total annual income lost

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

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.

Cost to society<sup>5</sup>

Income loss

# Long-term costs split by NYC, NYS excluding NYC, and total

	NYC	NYS ex. NYC	Total
ACEs <sup>1</sup>	~\$333M	~\$449M	~\$782M
Life disruptions <sup>2</sup>	~\$814M	~\$94M	~\$908M
Teen job loss	~\$27M	~\$16M	~\$43M
<b>Total societal costs</b>	<b>~\$1.2B</b>	<b>~\$559M</b>	<b>~\$1.7B</b>
<b>Education</b>	<b>~\$3.7B</b>	<b>~\$4.9B</b>	<b>~\$8.5B</b>

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.

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

## 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

## 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<sup>1</sup>

- 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<sup>2</sup>

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.





**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**

# Responding to the COVID-19 ripple effect



**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 | Team

### BCG Team

**Christophe Durand** Managing Director and Partner (UHF Board Member)

**Leonardo Fascione** Project Leader

**Edoardo Cavallazzi** Consultant

**Daniel Urke** Associate

### UHF Team

**Anthony Shih** UHF President

**Chad Shearer** Senior Vice President for Policy and Program

**Suzanne Brundage** Director, Children's Health Initiative

**Kristina Ramos-Callan** Program Manager

### UHF Contact

**Catherine Arnst** Director, Public Information

[carnst@uhfnyc.org](mailto:carnst@uhfnyc.org)  
(212) 494- 0733



UHF works to build a more effective health care system for every New Yorker. An independent, nonprofit organization, we analyze public policy to inform decision-makers, find common ground among diverse stakeholders, and develop and support innovative programs that improve the quality, accessibility, affordability, and experience of patient care. To learn more, visit [www.uhfnyc.org](http://www.uhfnyc.org) or follow us on Twitter at [@UnitedHospFund](https://twitter.com/UnitedHospFund).