

# The Covid-19 Recession in Tennessee

## Economic Distress is Increasing Once Again for Tennessee Families

With businesses shuttered and workers sent home, this spring the Covid-19 pandemic unleashed an economic recession that rapidly hammered the Tennessee economy, causing the state to reach an unemployment peak of 15.5% in April, up from just 3.3% in March. Since then, the state's economy has slowly bounced back, with the unemployment rate at 5.3% as of November.<sup>(i)</sup> However, with Covid-19 cases increasing this winter, there are signs that Tennessee's economic recovery could be stagnating or even reversing.<sup>(ii)</sup> For Tennessee families, that means economic distress is increasing once again.

Using data from the U.S. Census Bureau's Household Pulse Survey, a new tool designed to rapidly collect and report information about the impact of the coronavirus pandemic, this fact sheet finds that economic conditions worsened for many Tennessee families between August and December 2020 and highlights important policy levers for state and local leaders to consider to mitigate ongoing economic hardship.

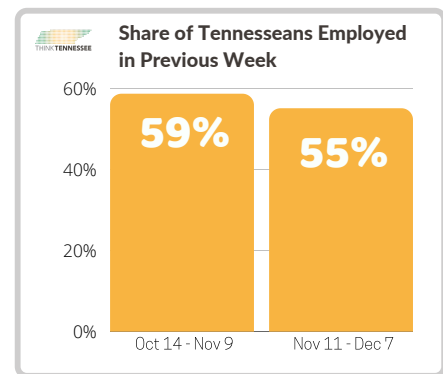
### KEY FINDINGS

- **Unemployment may be decreasing, but employment income is also down for Tennesseans.** 43% of Tennesseans have experienced a loss of employment income since March, and a quarter (24%) expect to lose it in the next four weeks.
- **A growing number of Tennessee households are struggling to make ends meet.** 34% of Tennessee households say they are struggling to pay usual household expenses. Half report turning to credit cards and loans to meet their weekly spending needs.
- **Women, Tennesseans of color, and low-income Tennesseans are being hit by economic hardships hardest.** The percentage reporting difficulty paying household expenses is highest among Tennesseans who are Black (47%), Latino (35%) or women (34%).
- **With Covid-19 cases increasing this winter, Tennessee working families need support.** Economic supports like expanded unemployment insurance and rent assistance can help families in need now, and paid family leave and debt relief can help kickstart a full economic recovery.

## While headline unemployment continued to decline in November, real-time data shows more cause for concern

Tennessee's unemployment rate reached 5.3% in November.<sup>(iii)</sup> However, since then, cases of Covid-19 have risen quickly in Tennessee.<sup>(iv)</sup> Data shows cause for concern about potential reversal of those employment gains.

Household Pulse data, which allows for more real-time data analysis, shows that the share of Tennesseans employed from November 11th to December 7th has dropped by 3.6 percentage points compared to the prior four-week period.<sup>(v)</sup>



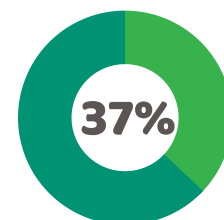
## Tennessee workers are more optimistic than this summer, but they remain concerned about the future

Overall, 43% of Tennesseans experienced a loss of employment income since March.<sup>(vi)</sup>

Looking ahead, nearly 1 in 4 Tennessean workers (24%) expect a loss of employment income in the next four weeks. This is a significantly lower percentage than during the summer (33%), but slightly higher than earlier this fall (21%).<sup>(vii)</sup> Tellingly, over one-third of renters have slightly or no confidence in their ability to make next month's rent.<sup>(vii)</sup>

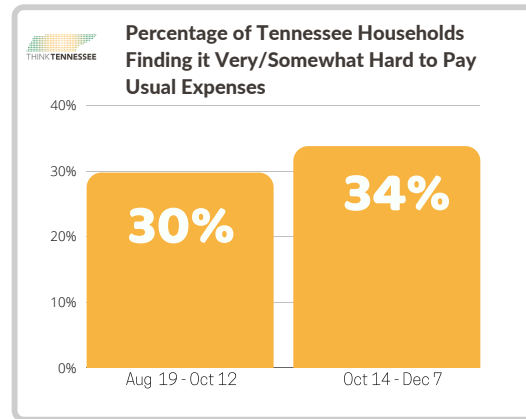
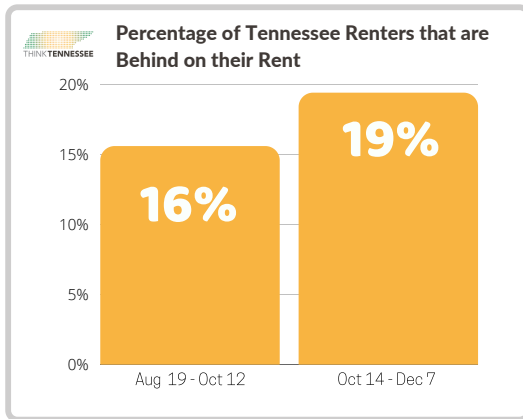


Percentage of Tennessee Renters Who Lack Confidence in Ability to Make Next Month's Rent



## A growing number of Tennessee households are struggling to pay typical expenses

About one in three (34%) Tennessee households report finding it very or somewhat hard to pay usual household expenses over the past week, and the share has been increasing.(ix) Roughly 19% of Tennessee renters say they are behind on their rent, an increase of 25% since August.(x)



## The rate of uninsured and food insecure Tennesseans is rising

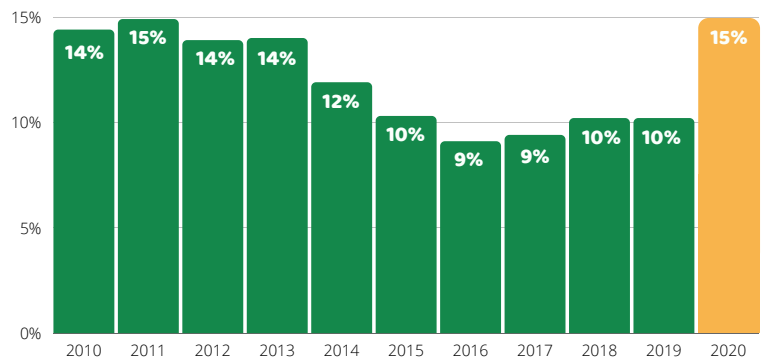
### Progress on the uninsured rate in Tennessee has been lost

In recent years, the uninsured rate for Tennesseans decreased, from 14% in 2010 to 10% in 2019.(xi)

Due in large part to the implementation of the Affordable Care Act which overhauled the individual health insurance marketplace, more Tennesseans were able to get coverage.(xii)

However, prior to the pandemic almost half of all Tennesseans (47.8%) still relied on employer-sponsored health insurance.(xiii)

**Percentage of Tennesseans Who are Uninsured, by Year**



Source: Kaiser Family Foundation (2010-2019), Census Bureau Household Pulse Survey (2020).

Thus, as job losses continue to mount during the pandemic, the uninsured rate has once again shot up to its previous decade-high of 15%.(xiv)

### The pandemic has limited Tennesseans' access to sufficient food and nutrition

Prior to the pandemic, 9% of Tennessee families reported struggling with food insufficiency.(xv) Today, roughly a hundred thousand more Tennessee families sometimes or often do not have enough to eat.(xvi) Families with children are particularly struggling, with 13% facing food insufficiency.(xvii)

**Pre-pandemic**

9% of Tennessee families faced food insufficiency

460,000 families

**Mid-pandemic**

11% of Tennessee families face food insufficiency

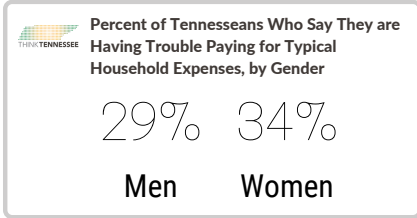
561,000 families

**100,000 more families are facing food insufficiency due to the pandemic**

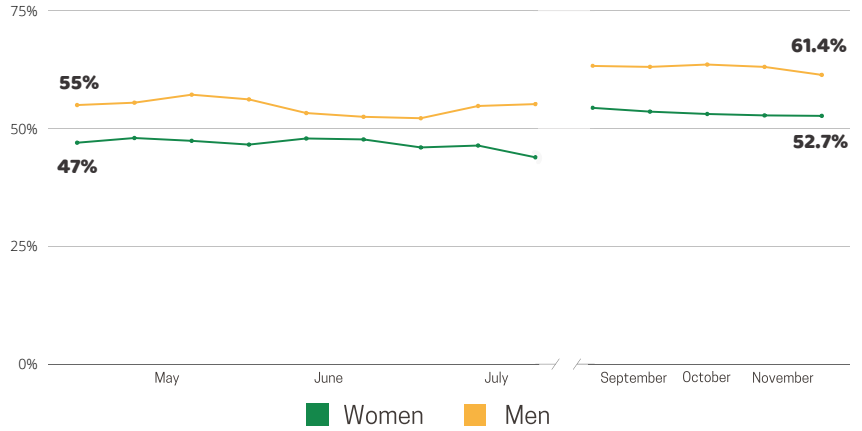
# Women, Tennesseans of Color, and low-income Tennesseans are facing particular distress

## Women are at higher risk of labor force drop-off

The Covid-19 pandemic and ensuing recession have been referred to as the country's first "she-cession," with women bearing the brunt of the economic crisis.(xviii)



THINK TENNESSEE Share Employed During Previous Week, by Gender



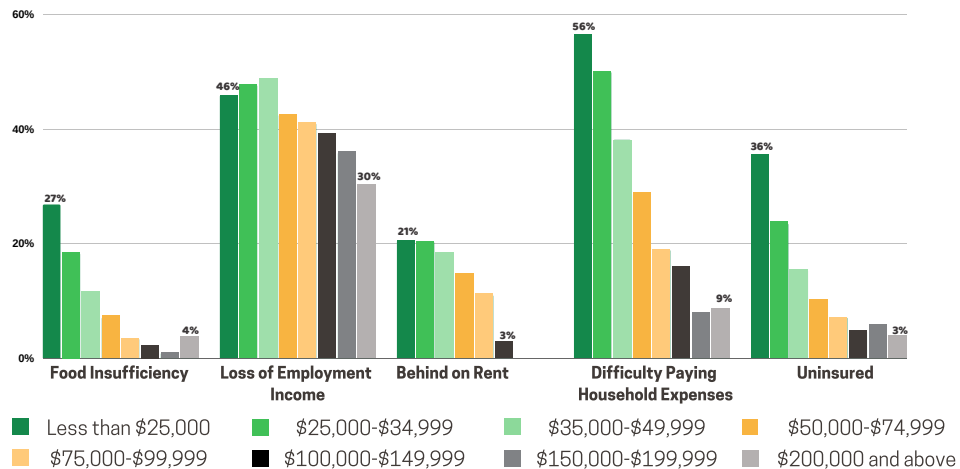
Job losses from February to May in Tennessee were concentrated in the the leisure and hospitality sector.(xix) Nationally, women are overrepresented in the service-sector jobs hardest hit by the recession, and the lack of workforce supports has also pushed many women out of the workforce.(xx) Indeed, data shows that women's employment in Tennessee hasn't bounced back as strongly as men's, and they are having more trouble paying for typical household expenses.(xxi)(xxii)

## Low-income Tennesseans are facing severe economic hardship

Tennesseans of all income levels were hit by a loss of employment income from the Covid-19 recession. However, for Tennessee households earning under \$25,000, rates of economic distress are generally much more frequent.(xxiii)

27% of low-income Tennessee households are facing food insufficiency, 36% are uninsured, 21% are behind on their rent, and a staggering 56% are having difficulty paying typical household expenses.(xxiv)

THINK TENNESSEE Percentage of Tennessee Adults Experiencing Specific Economic Hardships, by Household Income Level

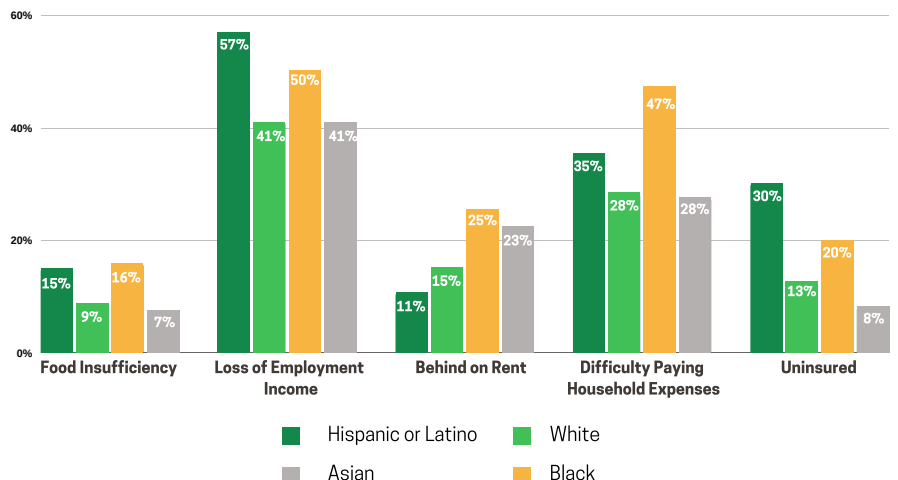


## Economic hardships are heightened for Tennesseans of Color

Black and Latino Tennesseans were most likely to lose employment income. 47% of Black and 35% of Latino Tennesseans are having difficulty paying household expenses compared to 28% of white Tennesseans. Additionally, 25% of Black and 22% of Asian Tennesseans are behind on rent whereas 15% of white Tennesseans are behind.(xxv)

16% of Black and 15% of Latino Tennesseans are facing food insufficiency, versus 9% for white Tennesseans. 20% of Black and 30% of Latino Tennesseans are uninsured compared to 13% of white Tennesseans.(xxvi)

THINK TENNESSEE Percentage of Tennessee Adults Experiencing Specific Economic Hardships, by Race and Ethnicity

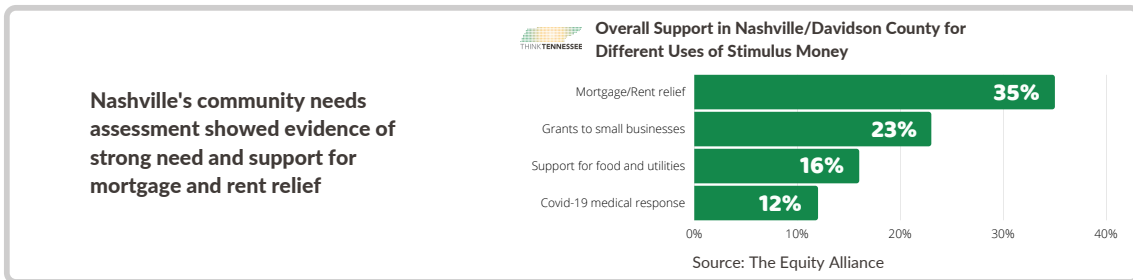


# Tennessee's working families need support heading into 2021

## Economic supports like expanded unemployment insurance and rent assistance can help families in need now

With a new aid package likely to pass in Congress and vaccines in distribution to first responders, hope is on the horizon. (xxvii) (xxviii) However, Covid-19 infections are rising in Tennessee, threatening our fragile economic progress.(xxix) Tennessee families need additional economic supports now to see them through the economic recovery.

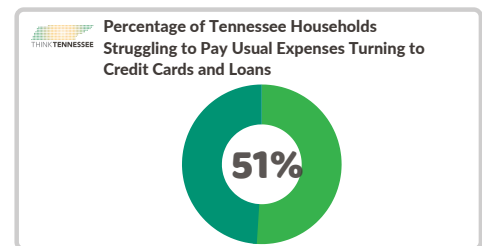
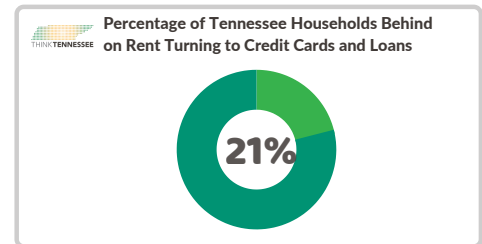
- Expansions to Unemployment Insurance benefits were effective in helping lower-income household's spending to rebound earlier in the pandemic.(xxx)
- Nashville/Davidson Co. used a community needs assessment to identify high-impact economic investment areas and direct early CARES Act distributions.(xxxi)



## Debt relief can kickstart the recovery

High levels of household debt can slow economic growth following a recession.(xxxii) Prior to the pandemic, 37% of Tennesseans were already struggling with debt in collections, and Covid-19 has added to the challenge.(xxxiii)

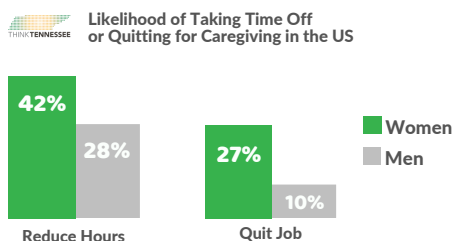
- Just over two-hundred thousand Tennessee renters are not current on rent, and about two-hundred thousand more are not sure they will make next month's payment.(xxxiv)(xxxv) One in four (21%) Tennessee households behind on rent are turning to credit cards or loans to meet their weekly spending needs.(xxxvi)
- Tennesseans facing job losses and uninsured Tennesseans are more likely to end up with medical debt.(xxxvii)
- Among Tennessee households struggling to pay their usual expenses, over half report turning to credit cards and loans, and 84% report borrowing from families or friends to make ends meet. (xxxviii)



## Family supportive policies can ensure economic gains last into the future

Many Tennessee families are juggling jobs, online schooling for their kids, and trying to find quality childcare if they're deemed essential -- not to mention caring for sick loved ones who become ill due to Covid-19.

### Women are more likely to adjust their careers when they do not have access to paid family leave



Pro-family policies, such as increased access to quality childcare and paid family and medical leave, would support these families, build on the success of the recently passed Tennessee Pregnant Workers Fairness Act, and allow many workers that were forced to drop out of the labor force to rejoin.(xxxix)(xl)

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