

Opportunity in Crisis: COVID-19 and Preferences for Social Policy

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Introduction

In this report, we use the results of a survey run between May 5 and June 9, 2020 to understand whether and how the impacts of COVID-19 have led Americans to reassess their social policy preferences. COVID-19 has had devastating impacts on the lives and livelihoods of many Americans. While measures such as social distancing and partial economic shutdowns curbed the spread of the disease, they also resulted in the most rapid increase in the unemployment rate in modern American history.¹ The economic impacts of unprecedented job loss and the health impacts of the disease itself exacerbated pre-existing vulnerabilities — and created new ones. They revealed that the existing social safety net was poorly equipped to mitigate the impacts of the crisis. Underfunded, targeted and conditional programs, accessible, often by design, only through complex bureaucratic procedures, could not be rapidly scaled to meet new demand, necessitating the development and deployment of new forms of government assistance to individuals and families. Beyond their immediate consequences on physical health and access to basic material needs, the social and economic shocks of the pandemic contributed to an increase in economic anxiety, a decline in mental health, an erosion of trust in institutions, and shifting political preferences.² We consider whether they may also have led Americans to re-evaluate their views of the existing social safety net, and the role of government more broadly. Among our most significant findings are large support for cash as a form of crisis relief and indications that those who experienced the effects of COVID-19 most significantly were more likely than their peers to support greater government intervention in public health and economic assistance (e.g. a UBI).

Background Context: COVID-19

Widespread restrictions on social and economic activity aimed at preventing the spread of COVID-19 began in early March of 2020. By late March, a weekly record of 6.9 million unemployment claims had been reached—ten times the size of the previous record from October 1982.³ In just two months, from February to April, over 20 million jobs were lost, and the unemployment rate jumped from 3.5% to 14.8%, the highest unemployment rate recorded since official counting began in 1948.⁴ That rate does not include the millions more who had their work hours reduced or who stopped looking for work altogether. From February to April, the labor force participation rate dropped from 63.4%⁵ to 60.2%, reaching its lowest level since the 1970s.⁶

¹ [Kochhar 2020](#).

² [Fetzer et al. 2020](#); [Golberstein et al. 2020](#); [Tyrrell & Williams 2020](#); [Daniele et al. 2020](#)

³ [Menon 2021](#).

⁴ [Falk, et al. 2021](#).

⁵ [Bureau of Labor Statistics 2020](#).

⁶ [Falk, et al. 2021](#).

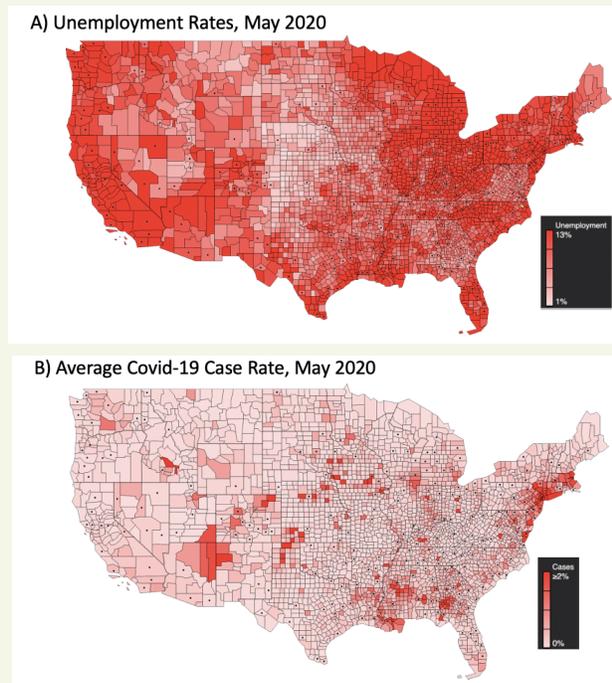


Figure 1. Mapping COVID-19 Impact. (Top) Map of unemployment rates across the U.S. in May, 2020. Colors indicate county-level unemployment ranging from 1.6% to 13%, rates were capped at 13% for purposes of visualization (max: 36%). Data source: Bureau of Labor Statistics⁷ and Census⁸. (Bottom) Map of average daily COVID-19 cases as a fraction of the population in May 2020. Colors range from 0% to 2%, cases were capped at 2% for purposes of visualization (max: 12.1%). Data source: John Hopkins University. Note: max value is capped at three times the standard deviation. Black dots indicate counties covered by our survey. Image credit: Francis Tseng.

Unequal Impacts

The economic impacts of COVID-19 were unequally and unevenly distributed, disproportionately impacting already underserved communities and low-income people. This resulted in dramatic differences in unemployment rates even between neighborhoods in the same city.⁹ A study from the St. Louis Federal Reserve found that among the newly unemployed, almost 35% came from the lowest paid quintile of workers (with a similar number temporarily laid-off), compared to only 5.6% from the top quintile.¹⁰ Put differently, unemployment for all workers in the lowest quintile increased by over 20%

⁷ [Bureau of Labor Statistics 2021.](#)

⁸ [US Census Bureau, 2020.](#)

⁹ [Bui and Badger 2020.](#)

¹⁰ [Amburgey and Birinci 2020.](#)

within the first two months of the pandemic, compared to just over 3% for those in the top quintile.¹¹

Even before the crisis, low and middle-income people faced significant financial insecurity, with 12% unable to meet an emergency \$400 expense and another 27% unable to do so without drawing on credit cards and loans or selling possessions.¹² By the end of 2020, as many as 45 million people faced food insecurity, 10 million more than the previous year, with significant racial disparities (around 1 in 5 Black people face food insecurity, compared to around 1 in 10 white people).¹³ Around 10 million renters were behind by an average of four months' rent (owing an average of \$5,600 in past-due rent and utility bills), with half expecting to be evicted when temporary eviction moratoriums expired.¹⁴

Women and Black and Latinx workers are overrepresented in the low-wage and service and hospitality industry jobs¹⁵ most affected by economic shutdowns, exaggerating the racial and gender disparities in the economic impacts of the pandemic. School closures and the high-costs or unavailability of private childcare further affected women and single parents. Though the three rounds of federal stimulus, which included expanded unemployment insurance benefits and unconditional cash payments to most US residents, undoubtedly provided a buffer to many Americans, and to these vulnerable groups most of all, many experienced lost earnings and savings, new debt, lower credit ratings, evictions, and other economic and social disruptions. The full effects remain to be seen, but these effects will likely compound the already growing wealth and income disparities between white households and Black and Latinx households.¹⁶

Inadequacy of the Existing Social Safety Net

Against this backdrop of growing economic insecurity, the existing social safety net, which consists of targeted and/or conditional programs, proved ineffective. Outside of Social Security and Medicare, which provide basic incomes and medical coverage for the elderly, the two largest components of the safety net are unemployment insurance and Medicaid, which provides medical coverage to some low-income people. Both underfunded and administered in divergent ways by individual states, neither program adequately or equitably meets the needs of low-income people.

Unemployment benefits vary widely across states, in both amount and duration. While those who qualify for unemployment in Massachusetts are typically eligible to receive up

¹¹ Ibid.

¹² [Pulliam and Sawhill 2020](#).

¹³ [Hake, et al. 2021](#).

¹⁴ [Parrott and Zandi 2021](#).

¹⁵ [Bureau of Labor Statistics 2019](#).

¹⁶ [McKernan, et al. 2017](#).

to \$555 per week¹⁷ for up to 30 weeks,¹⁸ benefits in Alabama are typically capped at \$275 per week for up to 14 weeks.¹⁹ Many self-employed and gig economy workers are not entitled to benefits at all. In 2019, only 28% of workers in the United States who had been unemployed that year received benefits, including less than 15% in the lowest coverage states.²⁰ Medicaid is equally insufficient to meet the needs of low-income people. Many earn too much to qualify, or fail to meet other eligibility criteria, while earning too little to afford private insurance purchase insurance on private exchanges. Furthermore, a number of states have refused to expand Medicaid eligibility under the terms of the Affordable Care Act, leaving significant disparities in coverage rates across the country.

The federal government financed expansions in the length, amount and eligibility of unemployment benefits in response to the pandemic, dramatically increasing the number of eligible unemployed people. Three unconditional cash transfer payments to most individuals and households provided further financial relief and economic stimulus, helping some people to meet basic needs and avoid taking additional debt, while allowing others to save and build a modest financial buffer against future shocks. The expansion in the scale, eligibility and frequency of Child Tax Credit payments, beginning this month, may provide yet further relief. Similarly, free testing and vaccination programs have opened at least minimal access to the healthcare system.

These exceptional and largely one-off measures only highlight the inadequacies of regular safety net programs in the face of both generational crises and the everyday realities that many low-income people and precarious workers face in America.

Beyond unemployment insurance and Medicaid, an underfunded and difficult to access complex of conditional and targeted social safety net programs (including housing vouchers and Temporary Aid to Needy Families and the Supplementary Nutrition Program (SNAP)) reaches fewer than half of low-income families, and only a quarter of people without children.²¹ Most wealthy countries have more comprehensive and effective social safety nets, with overall lower levels of public debt, suggesting that with different political priorities and policy designs, the United States could much more effectively alleviate poverty and address future economic crises.

The pandemic, which cast new light on the inequalities of American society and the inadequacies of existing programs to address them, may prompt substantive change, as may ongoing attempts to address the anxieties and inequities highlighted by the election of Donald Trump in 2016, the Black Lives Matter protests of 2020, and other recent shocks to the political system. However, deep-rooted cultural views of the appropriate role of government, as well as the entrenched political influence of interests opposed to

¹⁷ [Iarcuci 2020](#).

¹⁸ [Center on Budget and Policy Priorities 2021](#).

¹⁹ [Gray 2020](#).

²⁰ [Porter 2021](#).

²¹ [Menon 2021](#).

government assistance to the poor and people of color, pose significant obstacles to reform.

We ran a U.S. nationally representative survey to better understand how individual preferences regarding short-term and long-term social policy, including support for cash assistance, universal basic income and a larger role of government in social provisioning, relate to local conditions and experience of the physical, social and economic impacts of the pandemic.

Methods & Sample

We collected data from 2,200 respondents in 825 U.S. counties between May 5th and June 9th 2020 using Qualtrics, a platform that aggregates survey panels. The survey was nationally representative on age, sex, race, ethnicity, education, income, political affiliation, and region using the American Community Survey and the American National Election Survey data to estimate quotas. Participants were required to be 18 years or older and currently living in the United States. The survey covers a range of topics, including policy preferences, social values, risk tolerance, and COVID-19 experience.

To study the influence of COVID-19 on policy preferences, we matched our survey responses to county-level measures of per capita COVID-19 deaths and cases, and unemployment rates. This data was downloaded from the [John Hopkins University Coronavirus Resource Center](#) and the Bureau of Labor Statistics. We also collected self-reported measures of COVID-19 impact, including infections, hospitalizations, job losses and pay cuts and general economic impacts.

For the universal basic income questions, to ensure that respondents had the same policy in mind, we included the following definition:

*In the previous questions, we asked about a broad set of policies that fall under the name guaranteed income. In the next few questions, we would like to ask about one specific version: **universal basic income (UBI)**. A UBI is a specific type of guaranteed income policy that goes to many people and generally has very few restrictions. Specifically:*

*A **UBI** is a **regular cash transfer to all Americans** to help **meet their basic needs**. There are **no work, income or other restrictions**—everyone receives the same amount. People who receive the cash transfer can **spend the money as they choose**.*

Generally speaking, it may replace some existing social assistance programs targeted at low-income people. Although wealthier people would also receive the transfer, they may also have to pay higher taxes to help pay for the program.

A UBI could have significant effects on society, the economy and how the government operates.

For the figures in this report, unless otherwise noted, a higher number implies more or greater support for or affinity towards a particular variable. For example, a higher “Support UBI” number means increasing support for a universal basic income on a 5-pt Likert scale ranging from “Strongly oppose” (1) to “Strongly support” (5). Question text and response scales are listed in figure captions for reference.

Sample Characteristics and COVID-19 Impact

In general, our sample characteristics reflect those of American adults in 2019. The mean age in our sample was 47. Half of the sample was married, and 31% were living with financial dependents. Among our respondents, just over half were employed prior to the start of the pandemic. Of those employed, 19.5% lost their jobs, 28% had their hours reduced, and 28.1% had their pay cut as a result of the pandemic. In Table 1 we describe differences in demographics, household composition, labor outcomes, COVID-19 impacts and general financial precarity for those who reported substantial COVID-19 related hardship, and those who did not.

| Variable | High COVID-19 Impact | Low COVID-19 Impact |
|---|----------------------|---------------------|
| Age | 43 (16.3) | 50 (17.9) |
| Female | 51% | 53% |
| Married | 44% | 53% |
| Ideology (1=Liberal, 3=Neutral, 5=Conservative) | 2.8 (1.1) | 3.1 (1.1) |
| HH Size | 3 (1.9) | 2.6 (1.4) |
| Financial dependents | 41% | 27% |
| Employed prior to the pandemic | 60% | 50% |
| <i>Working multiple jobs</i> | 35% | 17% |
| <i>Lost job due to Covid-19</i> | 21% | 5.3% |
| <i>Hours reduced/pay cut due to Covid-19</i> | 31% | 14% |
| Received stimulus check | 49% | 47% |
| Health affected by Covid-19 | 20% | 7.4% |
| Can't handle \$400 expense | 46% | 17% |
| Can't predict monthly paycheck | 34% | 12% |
| Monthly shortfall to cover basic needs | \$1238 (\$1448) | \$759 (\$1197) |

| | | |
|---|-----|-----|
| Loan/borrow to cover basic expenses prior to pandemic | 53% | 18% |
| Have received welfare | 57% | 28% |

Table 1. Descriptive Statistics. Variables describe household composition, economic precarity, and COVID-19 impact in our sample. The sample is split into those reporting significant financial stress due to COVID-19 (left) and those reporting little to no financial stress (right). Numbers are either percentage of the sample in a certain category, or mean (\pm standard deviation).

In a question about monthly cash gaps, which asked individuals how much money on average they were short each month in order to meet their basic needs, we found that our median respondent would need an additional \$500 to make ends meet each month (Figure 3).

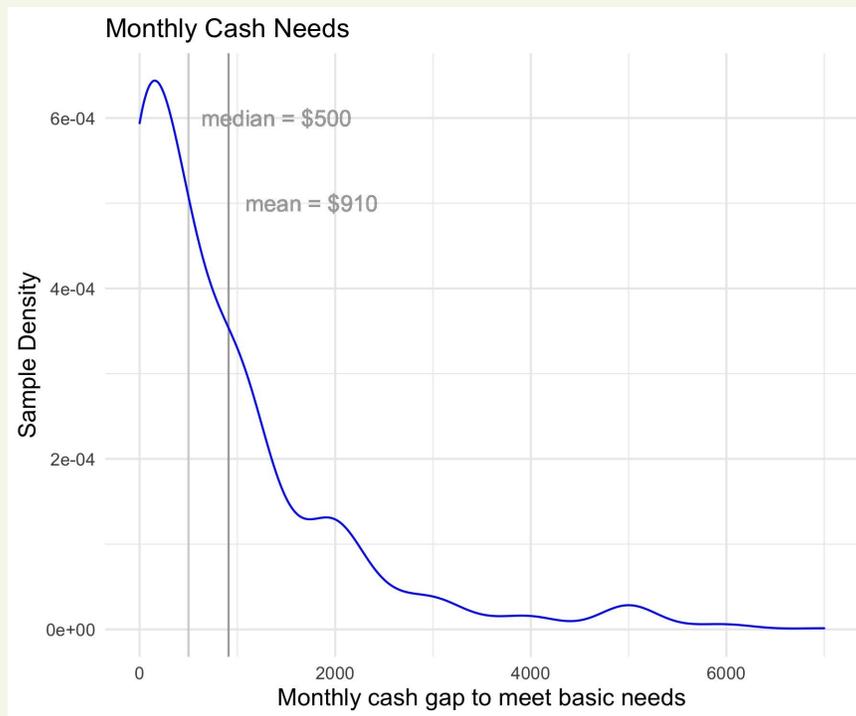


Figure 2. Monthly Cash Gap. Distribution of the monthly cash shortfall for a household to meet their basic needs. The median was \$500 (light grey) and the mean was \$910 (dark grey). Note: this is a long-tailed distribution and outliers above 3 standard deviations have been removed from the calculations. *Question text: Considering your current income and benefits, as well as those of other members of your household, please estimate how much additional money you need each month to help meet your basic needs. Assume that there are no other changes to your financial situation.*

COVID-19 Impact & Support for Social Policies

Short-Term Policy Preferences

At the time of the survey, the pandemic was, on average, perceived to be the most concerning issue facing Americans (Figure 2).

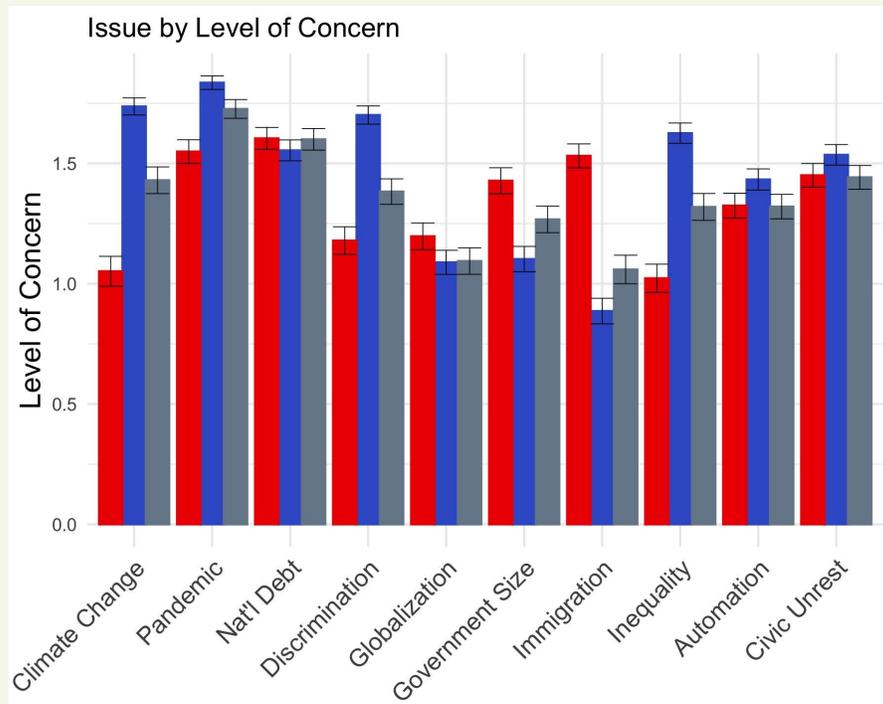


Figure 3. Most Concerning Issues for the U.S. Respondents were asked to rank their level of concern about 10 issues facing the U.S. on a scale from 0 (Not a threat) to 2 (Major threat). Bars indicate mean threat score per issue for each political party, with Republicans in red, Democrats in blue and Independents in grey; error bars are 95% confidence intervals. While COVID-19 elicited significant concern across the board, albeit with differences among parties, it was closely followed by climate change, discrimination and inequality for Democrats and immigration for Republicans. Interestingly, Democrats, Republicans and Independents were all concerned about the deficit. Question text: *How much of a threat do you think each of these issues is for the U.S.?*

Despite the politicization of COVID-19 and debate around the stimulus bills, we find that continued cash assistance was by and large the short-term policy measure preferred by our respondents (Figure 4).²² In this question, all of the hypothetical short-term policy measures we presented would last for up to one year.

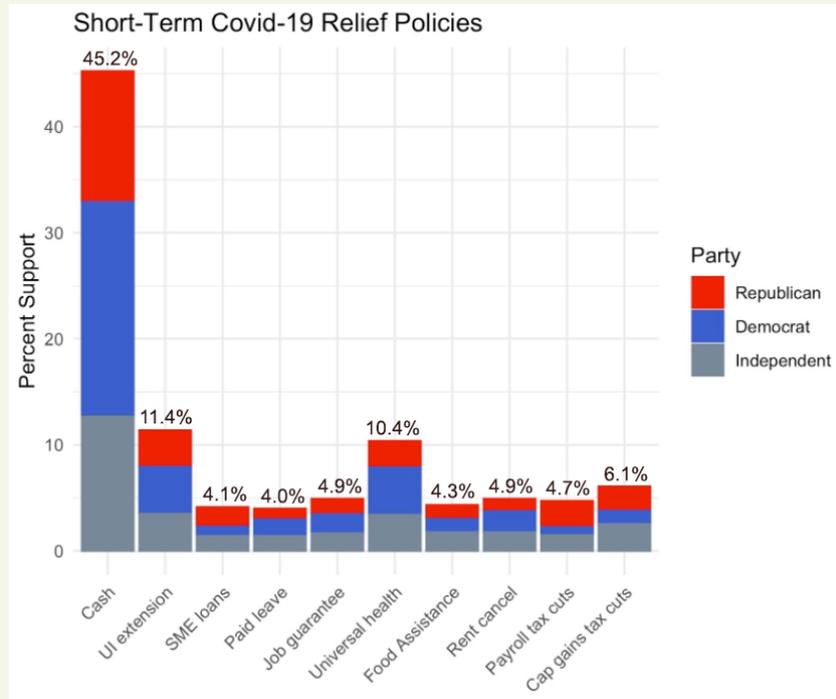


Figure 4. Short-Term Policy Preferences. Respondents were asked to select one of various short-term policy responses to mitigate the impacts of the pandemic. The majority of the sample selected cash assistance. The next two most popular policy measures were continued UI extensions and universal health. Colors indicate political affiliation, and show consistency across parties around cash assistance. *Question text: Which of the following policies do you believe would most help you and your household manage the economic impact of the COVID-19 pandemic? Assume that each policy would last for one year (until May 2021).*

Long-Term Policy Preferences

We also find a positive relationship between self-reported economic impact of COVID-19 and support for: larger public health provision, larger role of government in social policy, universal basic income, and cash relative to in-kind social assistance (Figure 5). These relationships remain highly significant in regressions including standard demographic controls.

²² The popularity of stimulus payments has been confirmed by subsequent polling in the latter stages of the COVID-19 pandemic ([Economic Security Project 2020](#)).

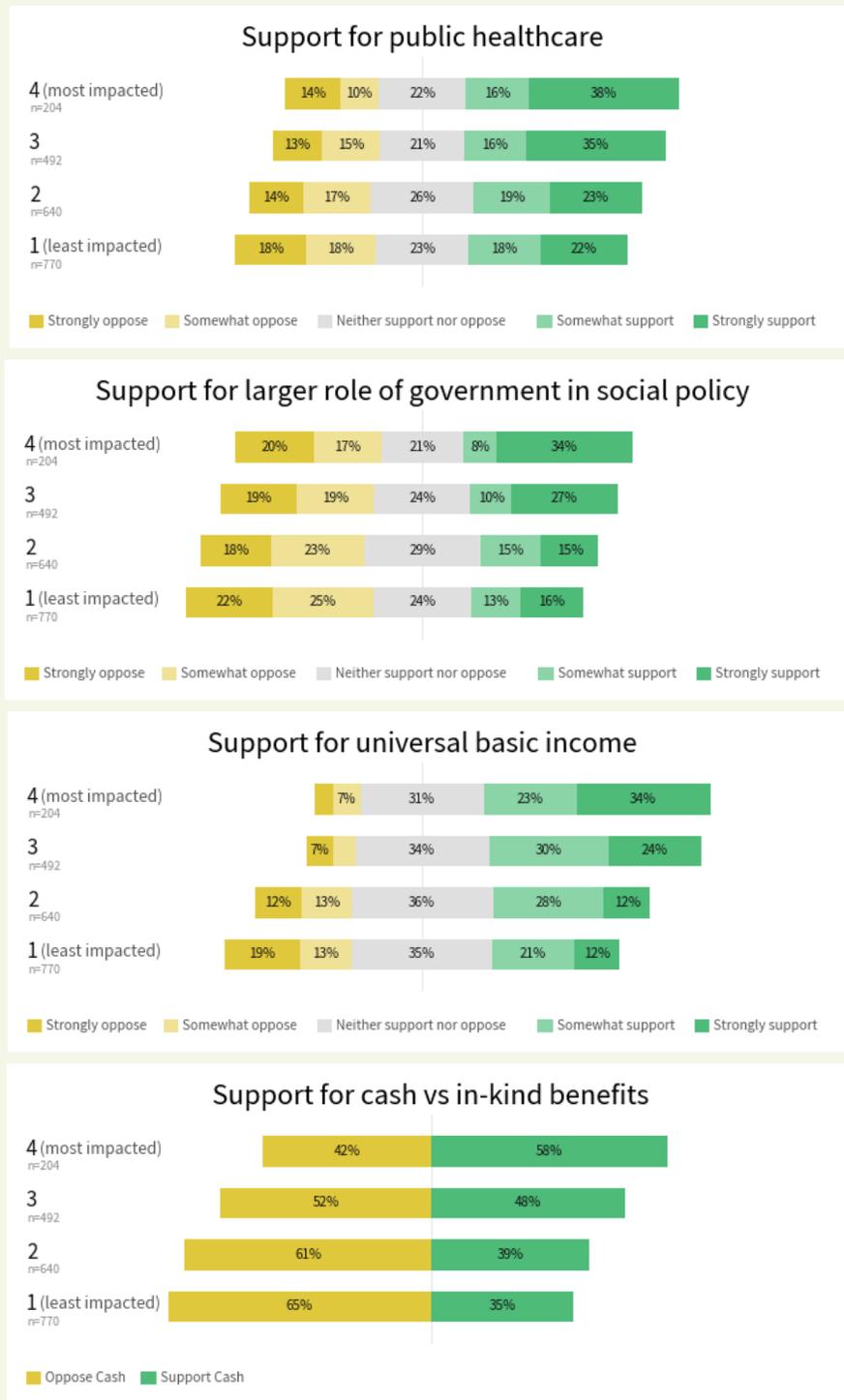


Figure 5. Negative COVID-19 Impact and Support for Basic Income and Cash. (First) Support for public healthcare increases with self-reported negative economic impacts of

COVID-19. (Second) Support for a larger role of government in addressing social issues increases with self-reported negative economic impacts of COVID-19. (Third) Support for universal basic income increases with self-reported negative economic impacts of COVID-19. (Fourth) Support for cash relative to in-kind benefits increases with self-reported negative economic impacts of COVID-19 (binary outcome variable). Green (Yellow) indicates support for (opposition to), grey indicates “neither support nor oppose”; a higher number on the left indicates greater self-reported financial impact from COVID-19, where 1=household was unaffected, 2=affected a little but not seriously, 3=difficult to make ends meet, 4=not able to make ends meet (note: households that are better-off since the onset of COVID-19 have been omitted as they are a very small subgroup).

Question text: (Q1: Public Health) Some people think it is the responsibility of the federal government to see to it that people have help in paying for doctors and hospital bills. Other people think health matters are not the responsibility of the federal government and people should take care of themselves. Where would you place yourself on this scale? (Q2: Role of Government) Some people think the federal government is trying to do too many things that should be left to individuals and private business. Other people think the government should do even more to solve our country's social problems. Where would you place yourself on this scale? (Q3: Universal Basic Income) Do you support or oppose UBI? (Q4: Cash vs In-Kind) Please indicate which of the following pairs of statements comes closest to your own views: a. People should be given cash and the freedom to spend it as they see fit, rather than in-kind benefits such as food stamps and housing vouchers; b. People should not be given cash because they will waste it, rather they should be given in-kind benefits such as food stamps and housing vouchers. Image credit: Francis Tseng.

Finally, we also look at how various measures of COVID-19 impacts predict support for larger government involvement in addressing social issues and universal basic income, controlling for other respondent characteristics (Figures 6 and 7). Specifically, we look at how support for these measures correlates with the severity of self-reported financial impacts, county-level indicators of COVID-19 impact, including cases, deaths and unemployment rates, and whether the respondent took out a loan to cover basic expenses in the months leading up to the pandemic (a proxy for liquidity constraints)²³. These analyses include standard demographic controls, as well as ideology and region, to account for the unequal impacts and uneven spread of COVID-19 in the early months of the pandemic.

We find that county-level unemployment, per capita case and death rates, and self-reported economic impact are all significantly correlated with support for a greater role of government in addressing social issues.

²³ Note that this definition may group people who are unable to take out a loan with those who do not need a loan and is thus an imperfect proxy of economic precarity.

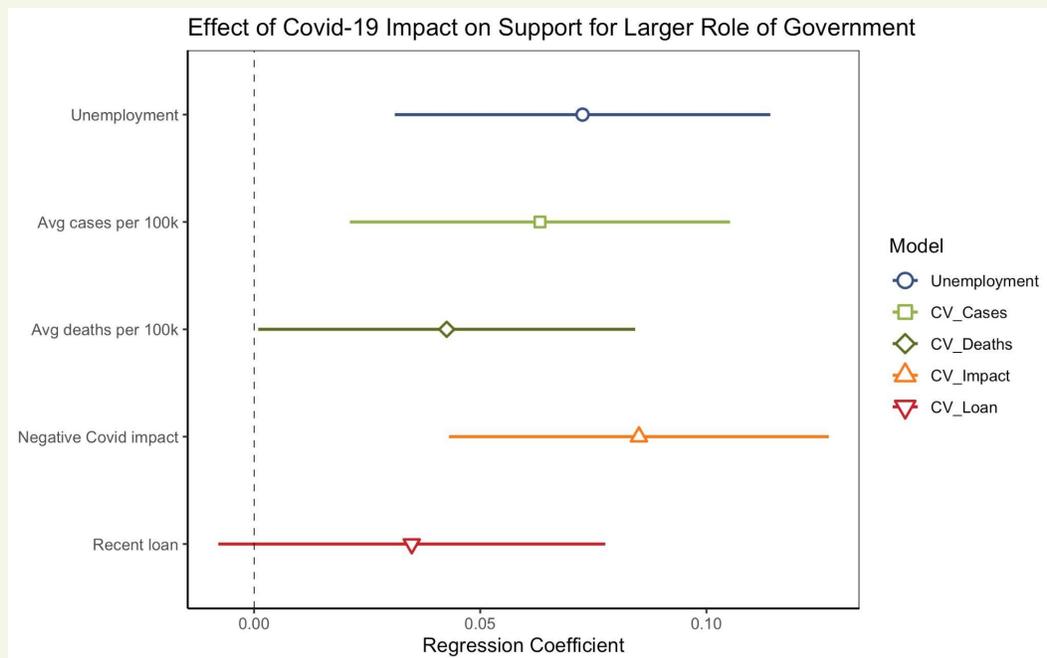


Figure 6. Impact of COVID-19 on Support for Larger Government. This figure shows the results of a multiple linear regression relating various measures of COVID-19 impact at the county (CV_Cases, CV_Deaths, Unemployment) and individual level (CV_Impact, CV_Loan) on self-reported support for a larger role of government in addressing social issues on a 5-pt Likert scale. Points are standardized effect sizes and bars indicate 95% confidence intervals. Average cases per 100k, average deaths per 100k, unemployment rate, and self-reported negative financial impact of COVID-19 significantly predict support for larger government at $p < .05$ significance. In all regressions, demographics include: income, education, race, ethnicity, age, sex, party, and prior knowledge of UBI. Standardized coefficients²⁴. Question text for dependent variable: *Some people think the federal government is trying to do too many things that should be left to individuals and private business. Other people think the government should do even more to solve our country's social problems. Where would you place yourself on this scale?*

We also find that the self-reported economic impact of COVID-19 is a strong and significant predictor of support for universal basic income, as is having taken out a recent loan.

²⁴ These are standardized regression coefficients (β) and can be interpreted as follows: a one standard deviation increase in X (i.e. COVID-19 impact) results in a β standard deviation increase in social policy preference Y (i.e. support for larger government/UBI).

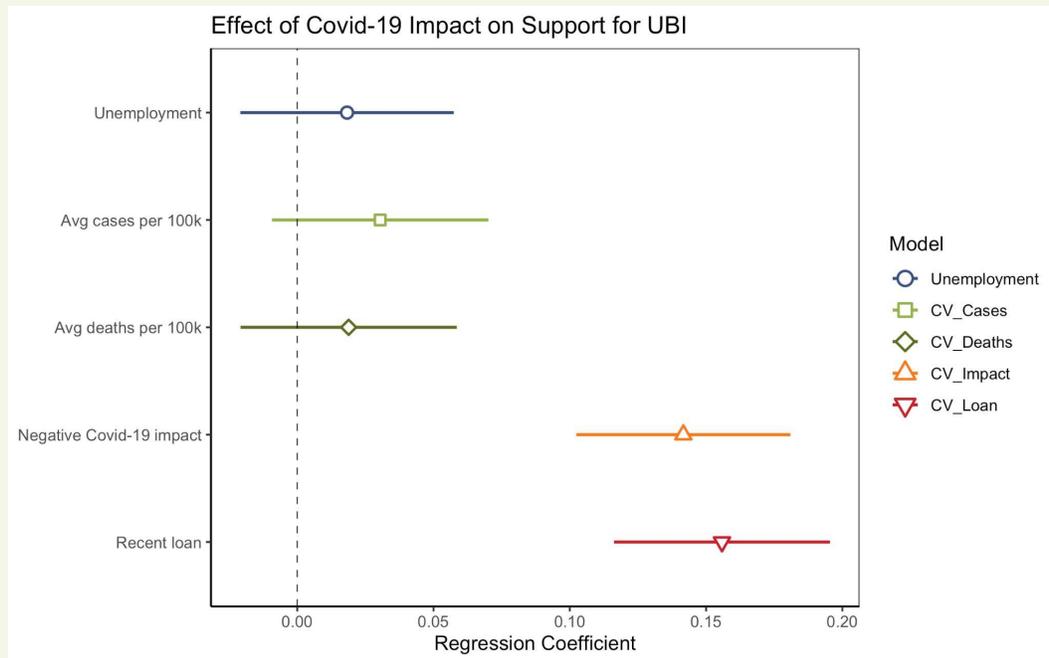


Figure 7. Impact of COVID-19 on Support for Universal Basic Income. This figure shows the results of a multiple linear regression relating various measures of COVID-19 impact at the county-level (CV_Cases, CV_Deaths, unemployment) and individual-level (CV_Impact, CV_Loan) on self-reported support for a universal basic income on a 5-pt Likert scale. Points are standardized effect sizes and bars indicate 95% confidence intervals. Self-reported negative impact of COVID-19 and having taken out a recent loan predict support for universal basic income at $p < .05$ significance. Standardized coefficients²⁵. In all regressions, demographics include: income, education, race, ethnicity, age, sex, party, and prior knowledge of UBI. Question text for dependent variable: *Do you support or oppose UBI?*

Conclusion

At the beginning of the pandemic, the novel threat of COVID-19 was the social issue that loomed largest in the minds of the American public. At the time of our survey, unemployment rates had risen dramatically and were nearing their peak. Americans were beginning to feel, more acutely than ever, the limits of the existing social safety net. Against this backdrop, we found broad and strong preference for extended cash assistance over other forms of COVID-19 relief, a finding echoed by subsequent studies.²⁶ We also found that the self-reported economic impact of COVID-19 was a strong predictor of support for a larger government role in addressing social issues and of a universal basic

²⁵ These are standardized regression coefficients (β) and can be interpreted as follows: a one standard deviation increase in X (i.e. COVID-19 impact) results in a β standard deviation increase in social policy preference Y (i.e. support for larger government/UBI).

²⁶ [Nettle, et al. 2021.](#)

income policy. We used the natural variation in COVID-19 cases and death rates as a semi-exogenous proxy for COVID-19 impact and found that local cases, deaths and unemployment rates are also significant predictors of support for a larger role of government.

These results suggest a relationship between COVID-19 impacts and social policy preferences, including increased support for cash assistance in the context of disaster relief. Subsequent polls fielded after our survey show that nearly 70% of Americans supported continuing unemployment benefits until employment reverted back to pre-pandemic levels²⁷; an Economic Security Project review of polls conducted at different points during the pandemic found overwhelming support for recurring direct checks until the economy rebounds.²⁸ A March 2021 Data for Progress report found ongoing support for federal aid intervention in the context of COVID-19²⁹—Americans, even into the spring of 2021, felt that further aid packages were necessary to mitigate the adverse economic effects of COVID-19.³⁰ However, a Pew Research poll, and our own survey, suggest this support does not translate directly into support for a UBI.³¹

In all, our results offer preliminary evidence that the experience of COVID-19 may have made Americans more open to government intervention and cash assistance. At least when seen as a temporary crisis relief measure, we also observed widespread support for cash relative to other forms of assistance. Policymakers may interpret such results in different ways—including as evidence of a “pandemic effect,” which might be converted to durable support for longer-lasting cash-based support. That is a question for further study. But given the increasing number of guaranteed income pilots across the nation, as well as the nascent CTC expansion, we see reason to believe that the window for rethinking social welfare policy (and the place of cash, in particular) is likely to remain open for some time yet.

²⁷ [Schaffner 2021](#).

²⁸ [Economic Security Project 2020](#).

²⁹ [Penumaka 2021](#).

³⁰ [Van Green 2021](#).

³¹ [Gilberstadt 2020](#).