

Institute for Women's Policy Research

Report Part Title: THE UNDERGROUND ECONOMY AND THE PANDEMIC

Report Title: BUILD(ING) THE FUTURE

Report Subtitle: BOLD POLICIES FOR A GENDER-EQUITABLE RECOVERY

Report Author(s): C. Nicole Mason, Andrea Flynn and Shengwei Sun

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THE UNDERGROUND ECONOMY AND THE PANDEMIC

Missing from the national unemployment rate is the number of workers who are ineligible for unemployment benefits or who are a part of the shadow or underground economy employed as day laborers, construction, and service or domestic workers. These workers receive cash payments for services that are not reported to the government. Disproportionately people of color, workers in the underground economy would raise the national unemployment rate significantly if their numbers were included.

It is estimated that underground economic work in the United States is \$2 trillion annually, approximately 12 percent of Gross Domestic Product (GDP) (Feige and Cebula 2012).

Workers employed in the underground economy do not receive health insurance or worker's compensation benefits, and have fewer legal protections. In fact, many of these workers were excluded from the CARES Act, legislation that provided an economic lifeline to many working women and families.

BREADWINNER MOTHERS AND SINGLE-INCOME HOUSEHOLDS



"I definitely think that it affects us [women] most because, for one, we get paid way less than our male counterparts, and sometimes with the same positions. If you're a married couple, you can sort of balance out your finances. But when you're a single mom or a single parent, it's a little bit more difficult because you are the sole breadwinner."

— Single Mom, former HIV outreach coordinator, Brooklyn, New York²¹

During COVID-19 mothers who are the primary wage earners in their families face tremendous threats to their economic security and well-being. If

they become unemployed or have a sharp decline in income due to reduced hours or furlough, there is no income replacement or second earner to fill the gap.

²¹ See McQuilkin, Skoog, and Chakrabarti (2020).