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The U.S. CARES Act and household resilience

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Aylward, Laderman, Oliveira, and Teng measure the impact of the CARES Act through household resilience during the COVID-19 pandemic. In this article, the authors define resilience "as the number of weeks a household whose employment income falls to zero can maintain its typical rate of consumption using only nonemployment income and liquid assets." Using data from the U.S. Census Bureau Survey of Income and Program Participation, the authors developed a sample to calculate the resources needed for a household to maintain its consumption levels without employment income.

Ultimately, the authors find that the CARES Act had a positive effect, increasing the median household resilience to 46 weeks from 31 weeks. The effects differed across income levels, demographic groups, and geographic regions. Households with the lowest levels of income had an initial resilience median of 21 weeks and experienced a 43-week increase with the CARES Act transfers (payments from the two programs). Black and Hispanic households had an initial resilience median of 25 and 26 weeks, respectively. CARES Act transfers increased the resilience of these households to 44 and 45 weeks. The enhanced unemployment insurance benefits affected households substantially, increasing household resilience even more than the EIP did. The CARES Act programs also equalized the resilience experienced across regions.

Aylward, Laderman, Oliveira, and Teng conclude that "the CARES Act transfers boosted lower-income households' resilience significantly more than that of their higher-income counterparts and helped decrease the discrepancy in resilience across racial groups and geographic regions."