1. **Title**: The impact of COVID-19 on consumption and income inequality

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3. **Abstract**: The COVID-19 pandemic has had large economic consequences in the US, directly contributing to soaring unemployment and massively depressed demand. Such rapid changes in household economic characteristics can certainly affect earnings, income, and consumption inequality. In this paper, we try to address two main questions: (1) what is the impact of COVID-19 on earnings and consumption inequality, and (2) can fiscal interventions help address the potentially negative impact? To answer the first question, we assess the impact of COVID-19 at the national and state levels of inequality. We assess role of the intensity of COVID-19 on inequality by exploiting variations across states in the number of infections and deaths due to COVID-19. To address the second question on the impact of fiscal stimulus on inequality, exploit the variation across US states in the amount of unemployment benefits.

4. **Data description**: First, to measure income and consumption inequality at the national and state levels, we plan to use micro-level data on household earnings and consumption from the Consumer Expenditure Survey (CEX). The CEX survey is a nationwide household survey conducted by the U.S. Bureau of Labor Statistics (BLS) and collects information on expenditures, income, and demographic characteristics of consumers in the United States. The CEX survey consists of two main surveys: (1) the Interview Survey, that collects data on large and recurring expenditure items over the period of three months, such as rent, utilities, and other major purchases; and (2) the Diary Survey, which collects data on small, frequently purchased items, including most food and clothing. By analyzing both surveys, we can assess changes in household spending patterns, as well as measuring inequality. The CEX is a rotating panel survey, administered on a quarterly basis. Second, to assess the impact of fiscal stimulus on mitigating inequality, we construct a dataset on state-level unemployment benefits using state-level data from the Department of Labor (DOL) website. Finally, to measure the severity of COVID-19 in the different states, we collect data on the number of COVID-19 cases and deaths from each state's Department of Public Health.

5. **JEL Codes**: D31, D63, H31, H53, O51

6. **Keywords**: COVID-19 – income inequality – consumption inequality – Unemployment insurance – Fiscal stimulus