

Connecting Communities



Findings on Economic Well-Being in 2020 from the Survey of Household Economics and Decisionmaking (SHED)

June 3, 2021

Organized by the Federal Reserve Bank of St. Louis

Welcome



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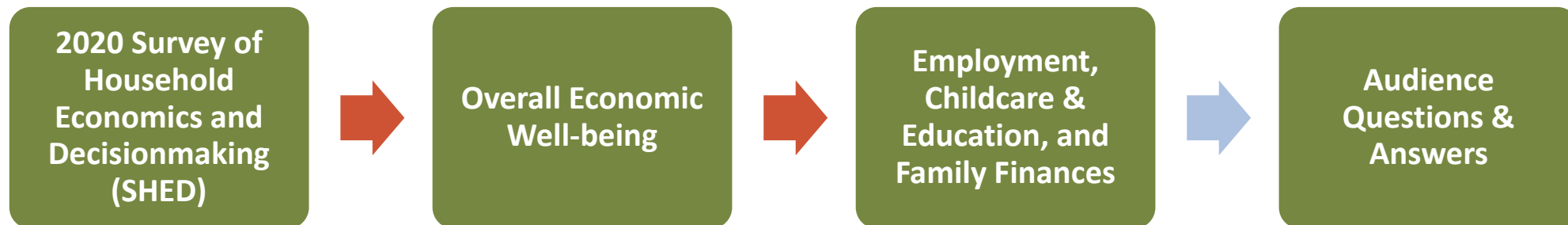
Senior Economist, Consumer
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Matuschka Lindo Briggs

Director, Federal Reserve
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Agenda for this webinar



Join

- Call-in number: **888-625-5230**
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- Webinar link: <https://www.webcaster4.com/Webcast/Page/584/40886>

Questions

- Email us at: communities@stls.frb.org.
- Type your question into the chat box of the webinar.

Website

- Please visit <https://bsr.stlouisfed.org/connectingCommunities>.

Fed Communities

- Additional resources are available at www.fedcommunities.org.
- We encourage you to browse through this site and contact your regional office.

The **Connecting Communities**[®] audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.

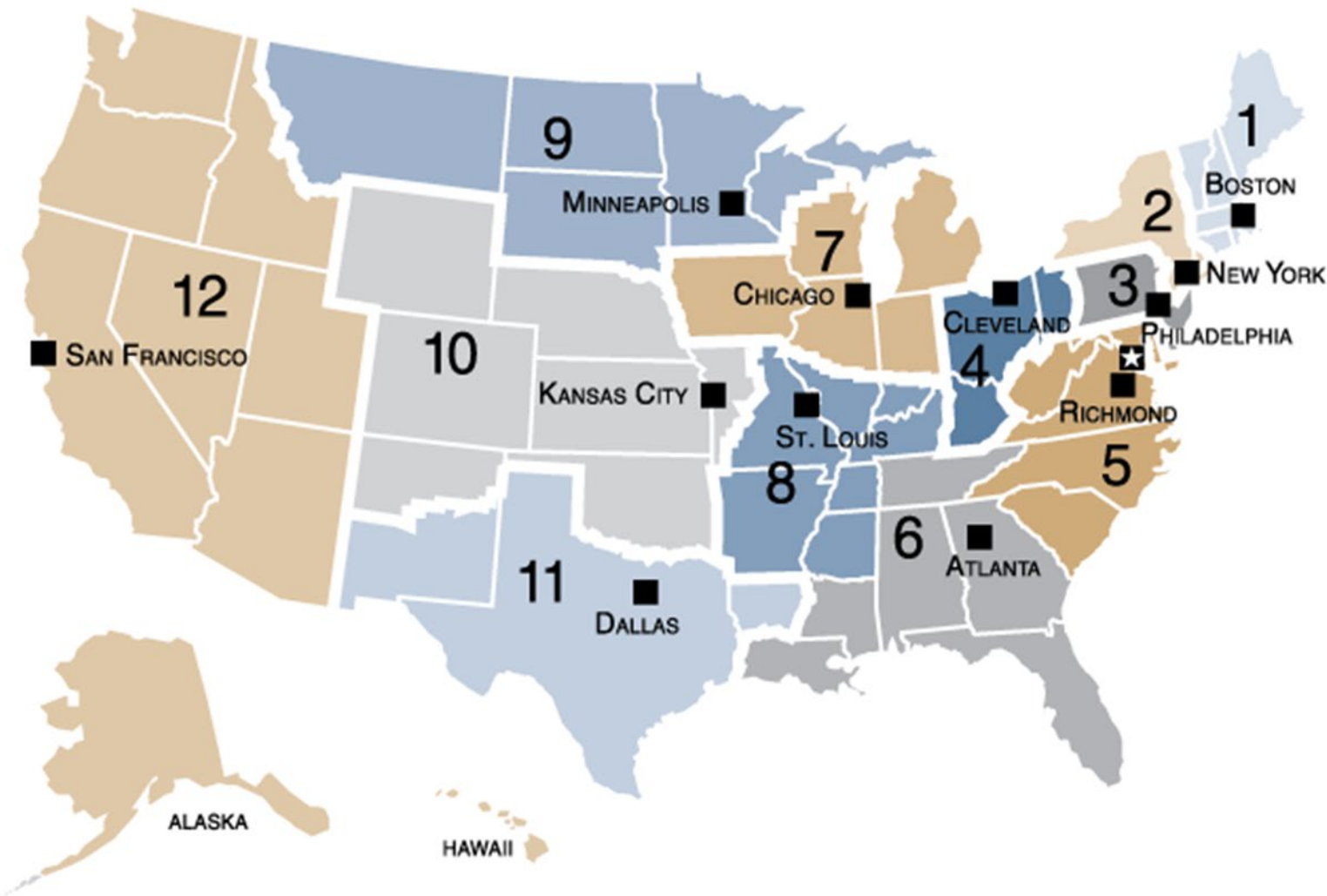
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The information, analyses, and conclusion set forth are those of the presenters and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.

Community Development

The mission of the Federal Reserve's community development function is to promote the economic resilience and mobility of low- to moderate-income and underserved individuals and communities.



2020 Survey of Household Economics and Decisionmaking (SHED)



Jeff Larrimore
Chief Consumer and Community
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2020 Survey of Household Economics and Decisionmaking (SHED)

*Jeff Larrimore and Alicia Lloro
June 3, 2021*



The analysis and conclusions in this presentation are those of the staff presenting and do not indicate concurrence by other members of the staff or the Board of Governors.

INTRODUCTION

SHED Approach

1. Use subjective self-assessments along with objective outcomes
2. Ask individuals directly how they make financial decisions
3. Flexibility to cover new and emerging issues

Main survey: Over 11,000 respondents in November 2020 survey. Responses are weighted to be nationally representative of U.S. adults. (Surveys in April and July supplemented the main survey to monitor effects of the pandemic.)

Panel: Nearly 4,000 respondents also took the 2019 survey, allowing us to track some of the same people over time.

Findings: Select findings were published in the report *Economic Well-Being of U.S. Households in 2020* along with the underlying dataset. The report and data are at: <https://www.federalreserve.gov/consumerscommunities/shed.htm>.

OTHER TOPICS

Major Topics Included in the Survey and Report

Overall Financial Well-being	Employment	Childcare & K-12 Education	Banking & Credit
Income & Spending	Emergency Savings	Higher Education	Student Loans
Medical Care	Gig Economy	Housing & Living Arrangements	Retirement

Overall Economic Well-being

TOP TAKEAWAYS

Sharp increase in the share of people who are worse off financially

Despite setbacks, most still doing okay financially

Growing disparities by education and race/ethnicity

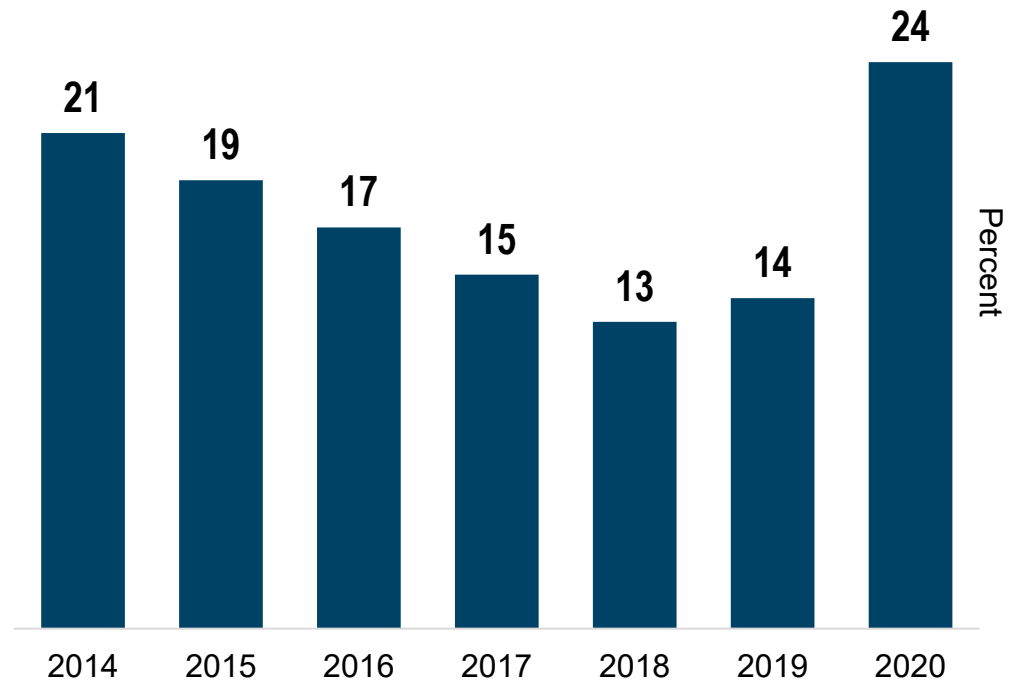
Photo by CDC on Unsplash

OVERALL WELL-BEING

Worse Off Financially Than a Year Ago

- Nearly $\frac{1}{4}$ of adults worse off financially than a year ago.
- Up from 14 percent in 2019
- Those with less than a high school degree particularly likely to be worse off than a year ago (36 percent).

Worse off financially than 12 months earlier

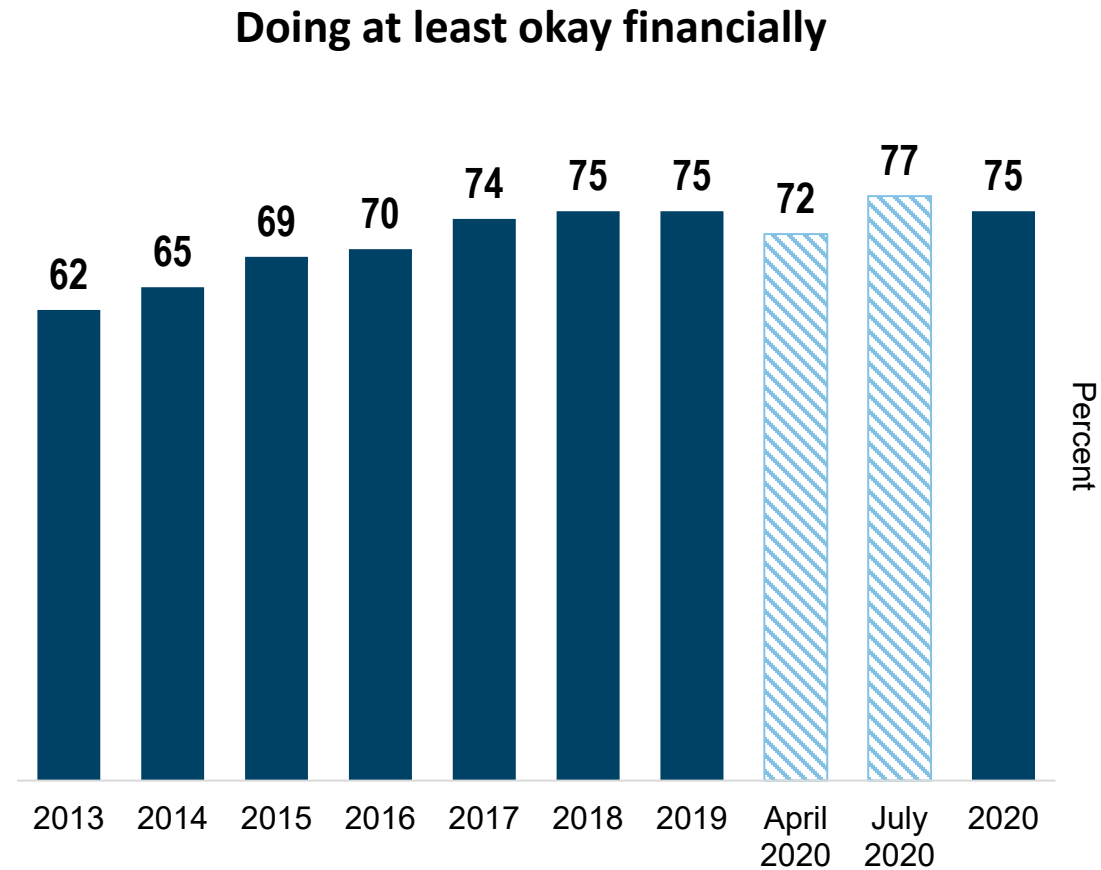


Note: Among all adults.

OVERALL WELL-BEING

Overall Self-reported Financial Well-being

- Despite increase in setbacks, most people still managing financially.
- $\frac{3}{4}$ of adults “doing okay” financially or “living comfortably” at end of 2020.
- Share doing at least okay fluctuated with economic conditions through the year.
- November’s result down from peak in July, but above April and unchanged from 2019.

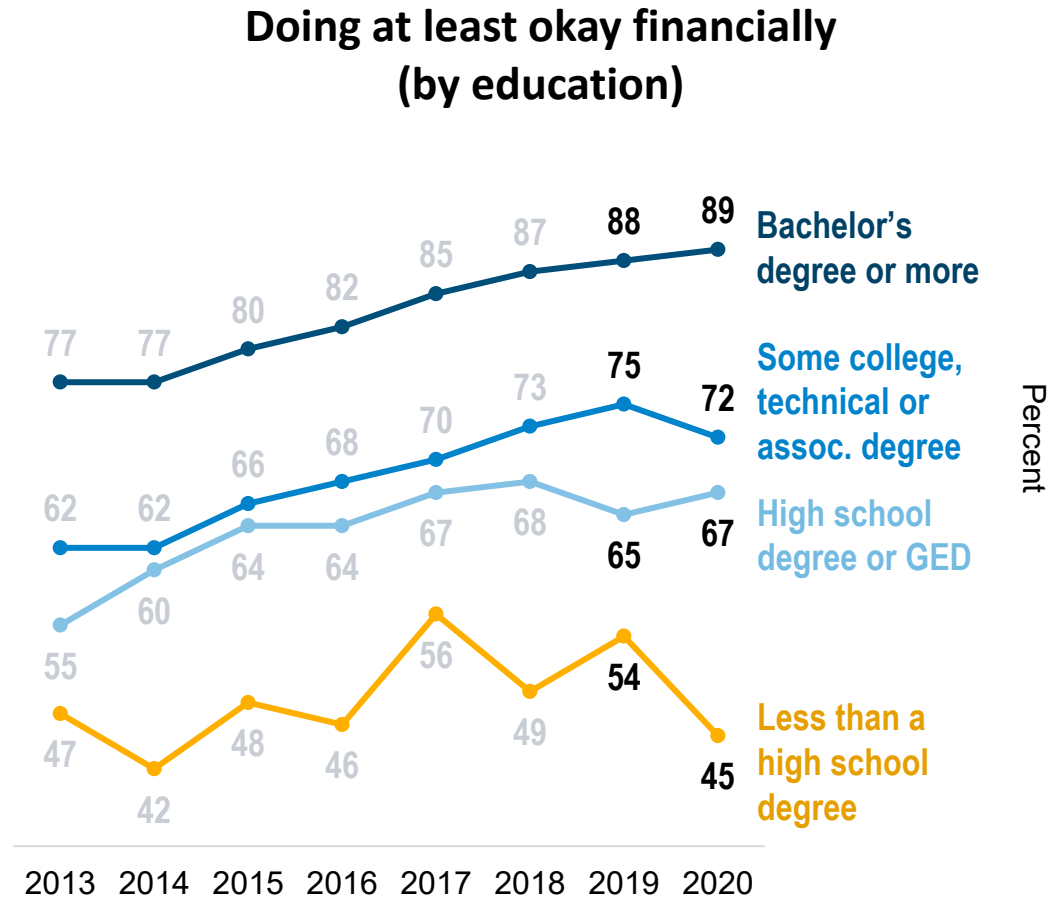


Note: Among all adults.

OVERALL WELL-BEING

Financial Well-being by Education

- Persistent gaps by education
- Overall stability in well-being masks decline for those with less education.
- 89 percent with at least a bachelor's degree were doing at least okay financially versus 45 percent of adults with less than a high school degree.
- Gap increased 10 percentage points since 2019.

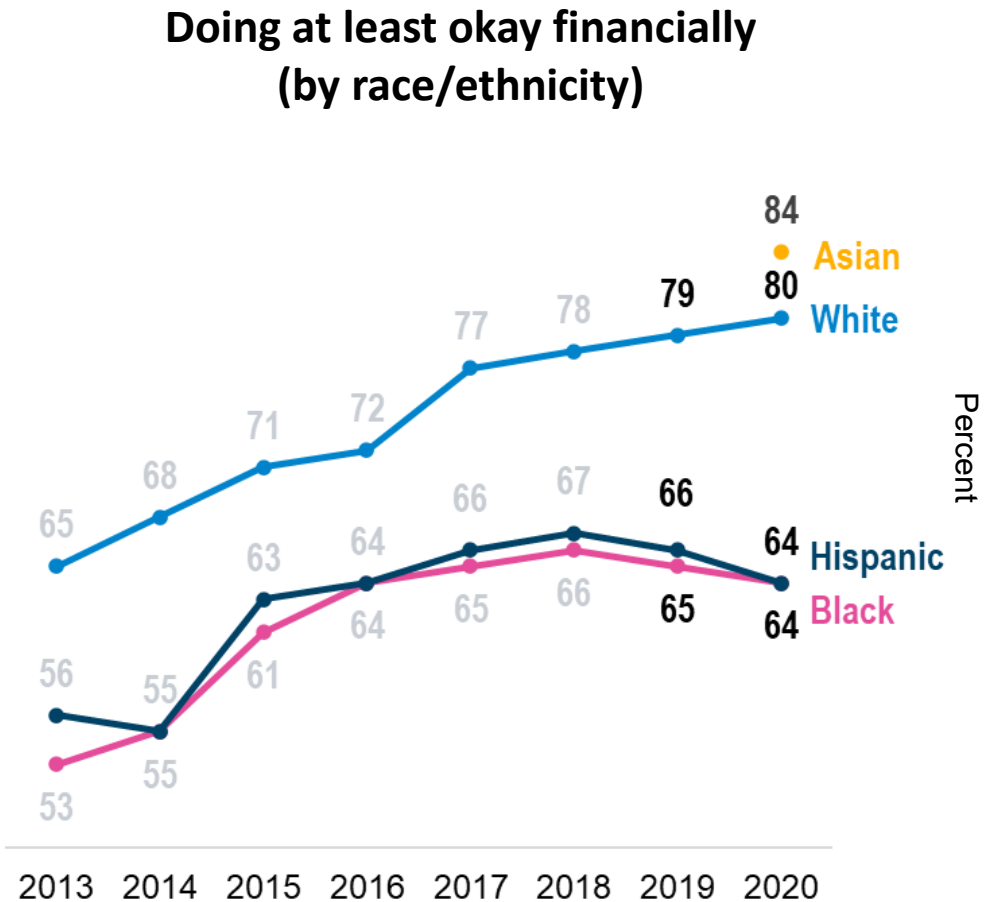


Note: Among all adults.

OVERALL WELL-BEING

Financial Well-being by Race/Ethnicity

- Fewer than 2/3 of Black and Hispanic adults doing at least okay financially, compared with 80 percent of White adults.
- Gap has grown in recent years.
- Steady uptick in well-being for White adults and recent downtick for Black and Hispanic adults.
- Able to separately identify Asian respondents for the first time in 2020.



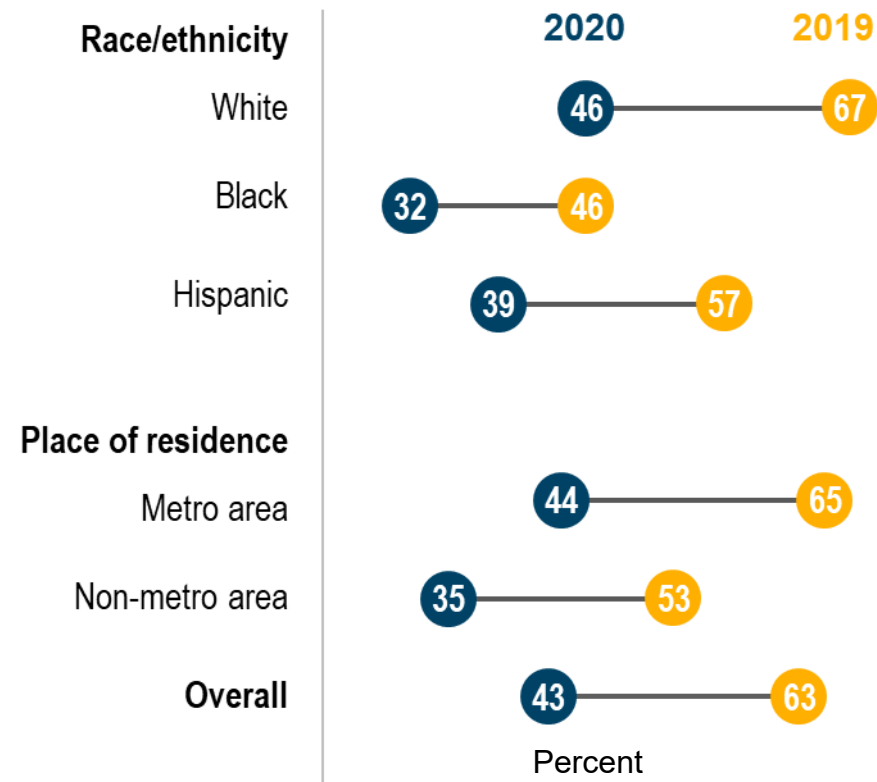
Note: Among all adults.

OTHER WELL-BEING MEASURES

Local Economic Conditions

- Assessment of local economic conditions plummeted across the board.
- 43 percent of adults rated their local economic conditions as “good” or “excellent” in 2020, down 20 percentage points.
- Substantial declines in economic assessments within each racial and ethnic groups and within each geography.

Assess local economy as “good” or “excellent”
(by race/ethnicity and place of residence)



Note: Among all adults.

Employment, Childcare & Education, and Family Finances



Alicia Lloro
Senior Economist, Consumer and
Community Research Section



Employment



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TOP TAKEAWAYS

Layoffs concentrated among those least prepared for setback

Many workers with college degrees worked from home

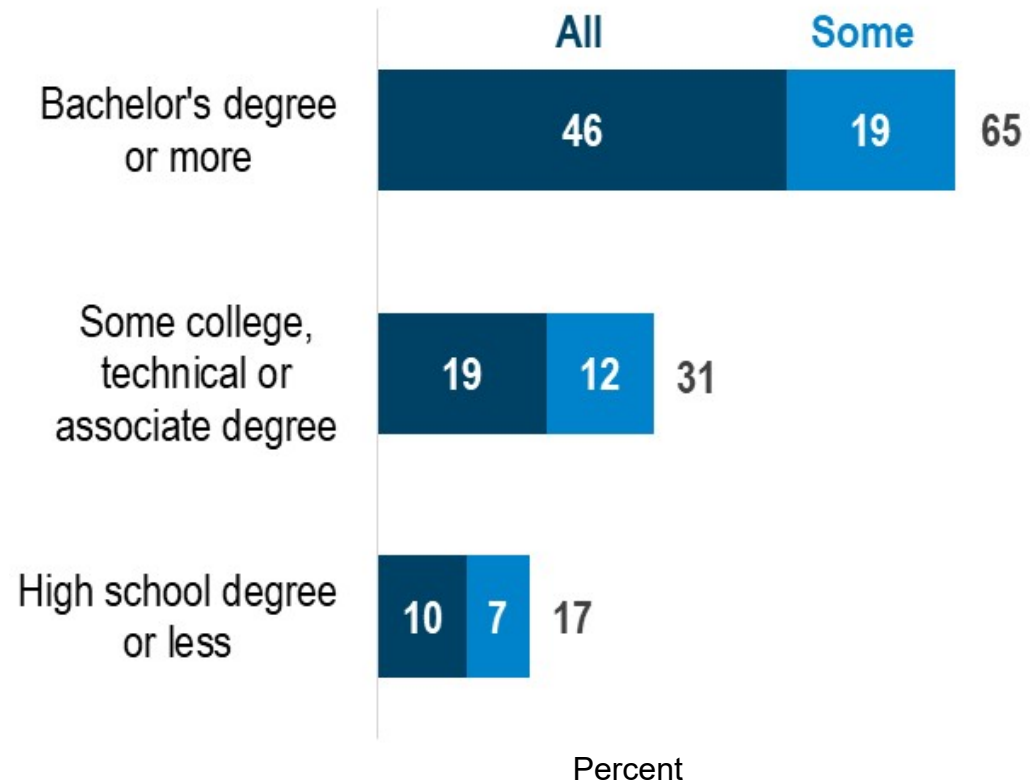
Nearly half of laid-off workers do not expect to return to the same job

EMPLOYMENT

Working from Home by Education

- 29 percent of workers worked entirely from home in November—similar to July (31 percent) but down from April (41 percent).
- Those with more education more likely to work from home.
- 46 percent of workers with at least a bachelor's degree worked entirely from home.

Amount of work done from home
(by education)



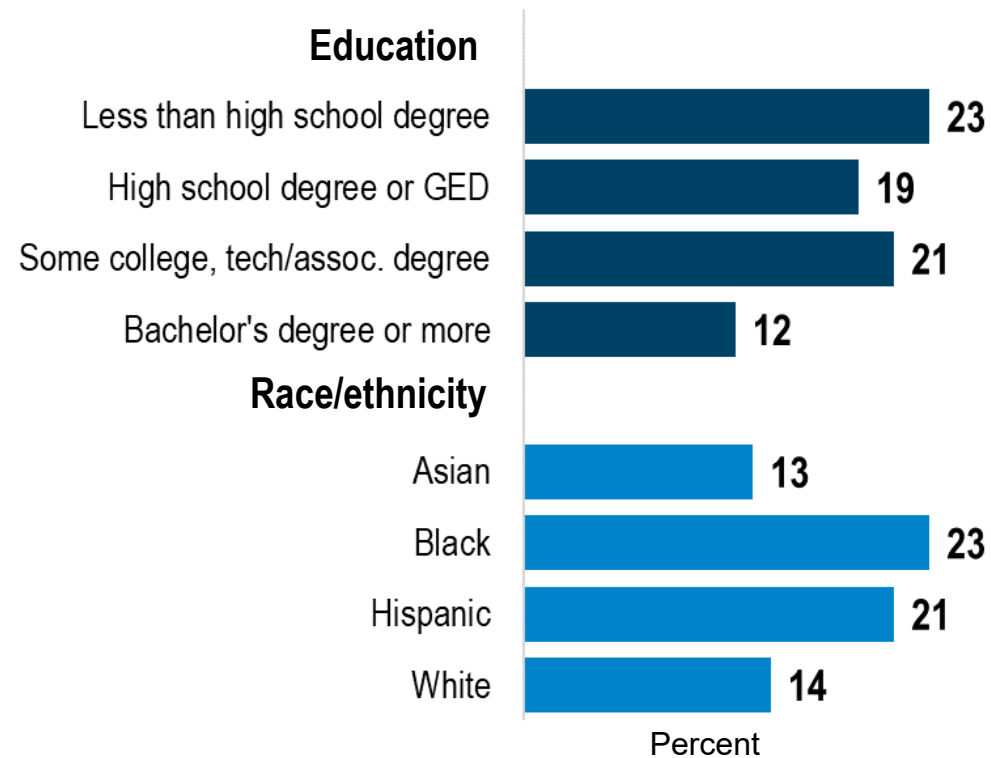
Note: Among adults who worked for someone else.

EMPLOYMENT

Layoffs by Education and Race/Ethnicity

- 14 percent of all adults had been laid off at some point over the prior 12 months.
- Adults with less education more likely to have been laid off.
- Hispanic and Black adults particularly likely to have been laid off.

Layoffs in the prior 12 months among prime-age adults (ages 25–54)



Note: Among prime-age adults ages 25–54.

EMPLOYMENT

Expectations among Laid-off Workers

- In April 2020, 86 percent of laid-off workers expected to return to their former jobs.
- As of late 2020, less than 1/4 of adults who were laid off had returned to their former jobs.
- 47 percent of laid-off workers did not expect to return to their former jobs and about half of these workers were not employed elsewhere.

Expectations about returning to same job among laid-off workers



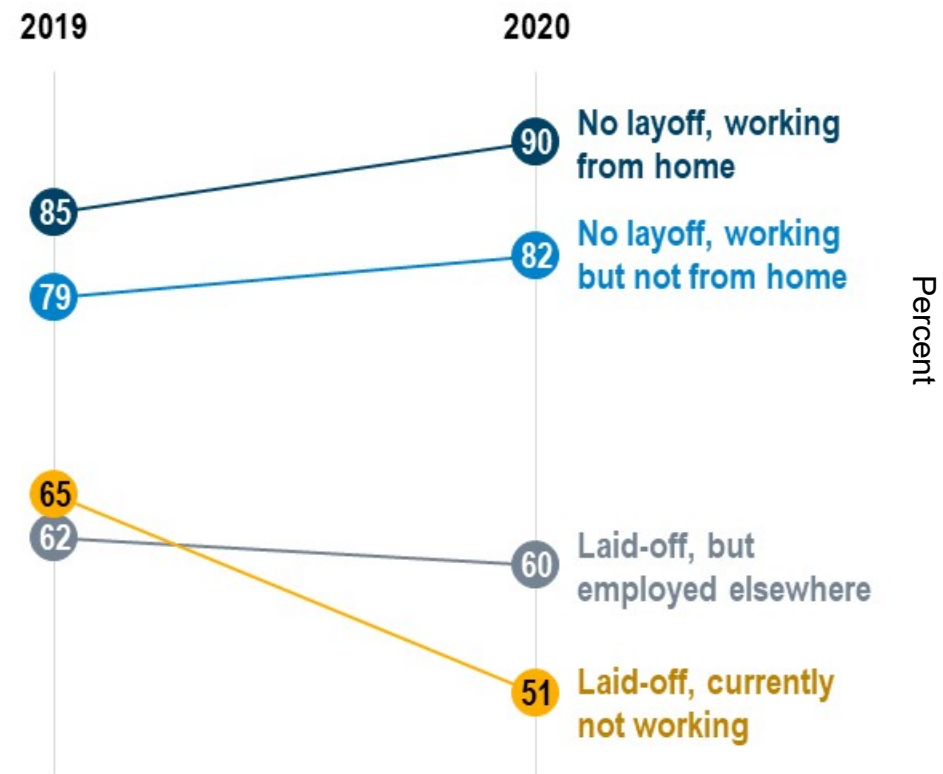
Note: Among people laid off from a job in the prior 12 months.

EMPLOYMENT

Well-being by Employment Situation

- Laid-off workers typically had smaller financial cushions to begin with.
- Those who had not returned to work saw deteriorating financial circumstances.
- Workers who kept their jobs generally had stable or improving finances.

Doing at least okay financially (by layoff and employment status)



Note: Among respondents who completed both the 2019 and 2020 survey.

Childcare and Education

TOP TAKEAWAYS

Most parents had disruptions to their child's education or childcare

Large effects from disruptions on Hispanic, Black, and low-income mothers' ability to work

K-12 parents and college students concerned about quality of online education

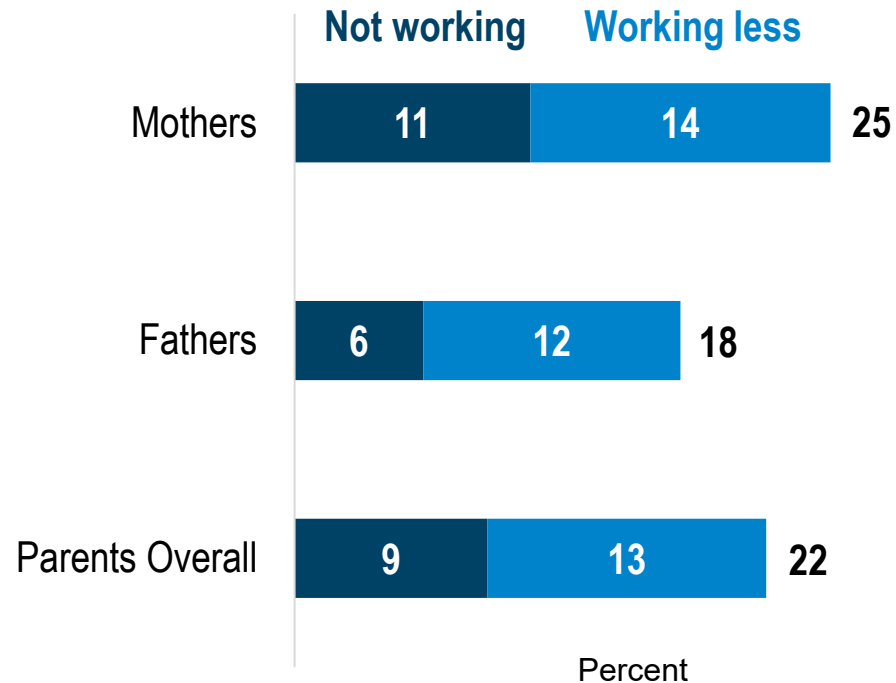
Photo by Charles Deluvio on Unsplash

CHILDCARE AND EDUCATION

Childcare/Schooling Disruptions and Employment

- 68 percent of parents reported disruptions in childcare or in-person K–12 schooling (not shown).
- 9 percent of parents (nearly 2 percent of adults) not working because of childcare or schooling disruptions.
- Childcare and K–12 schooling disruptions disproportionately affected women.

Not working or working less because of disruptions to childcare or in-person K–12 schooling



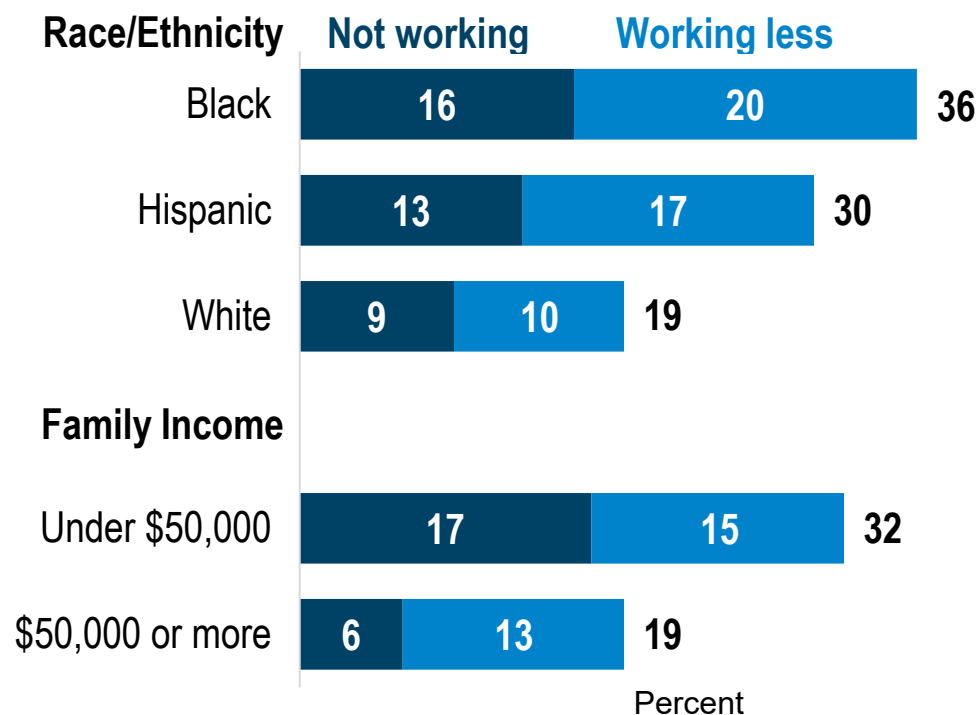
Note: Among parents. Parental status based on whether the respondent lived with their own children under age 18.

CHILDCARE AND EDUCATION

Childcare/Schooling Disruptions Among Mothers

- Black and Hispanic mothers and mothers with low family income particularly affected.
- At least 30 percent of Black, Hispanic, and low-income mothers were not working or working less due to childcare disruptions.

Mothers not working or working less because of disruptions to childcare or in-person K–12 schooling (by race/ethnicity and income)

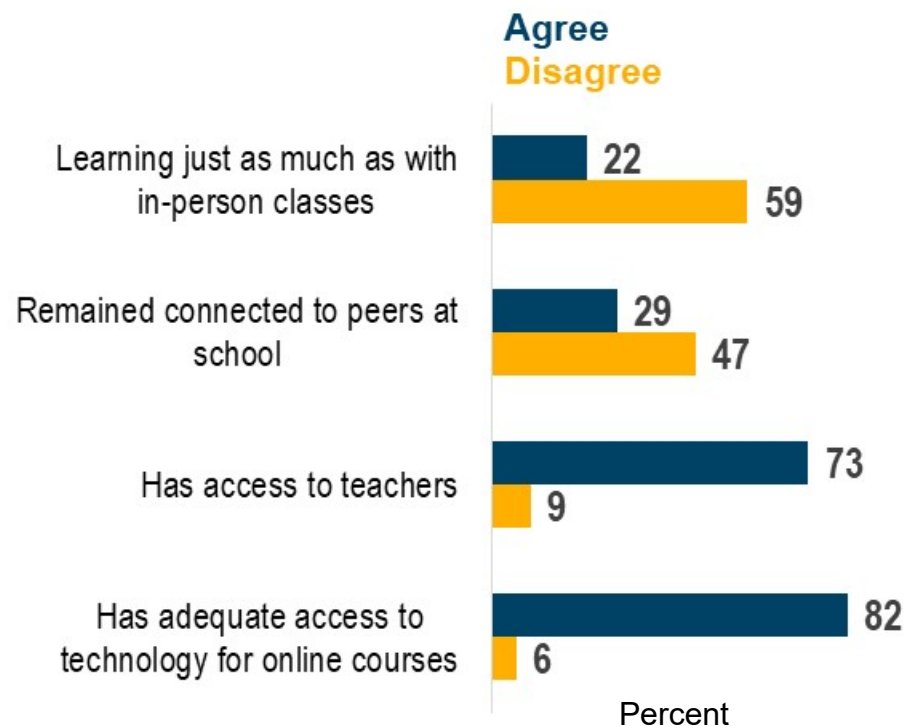


Note: Among mothers. Parental status based on whether the respondent lived with their own children under age 18.

Perceptions of Quality of Online K–12 Education

- Parents viewed online education less favorably than in-person education.
- Few said their child was learning as much as if in person.
- Much higher shares said their child had access to teachers and had adequate technology for online courses.

Parental assessment of child's K–12 online learning



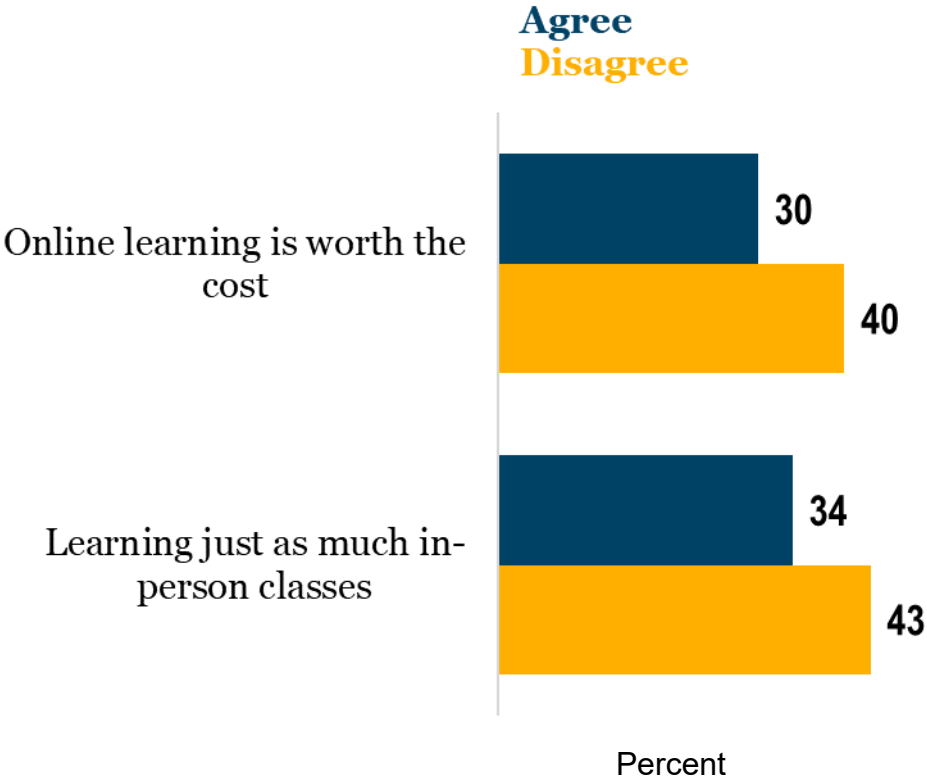
Note: Among parents whose youngest child's classes at least partially online.

EDUCATION QUALITY

Perceptions of Quality of Online Higher Education

- Similar concerns expressed about quality of higher education.
- Just 3 in 10 students taking classes online said online learning was worth the cost.
- Few said they were learning as much as they would have in person or that they felt connected to peers.

Self-assessment of online learning



Note: Among current students who have taken a class online since March.

Family Finances



Photo by National Cancer Institute on Unsplash

TOP TAKEAWAYS

Income declines most frequently among those with less education

Spending declines most frequently among those with more education

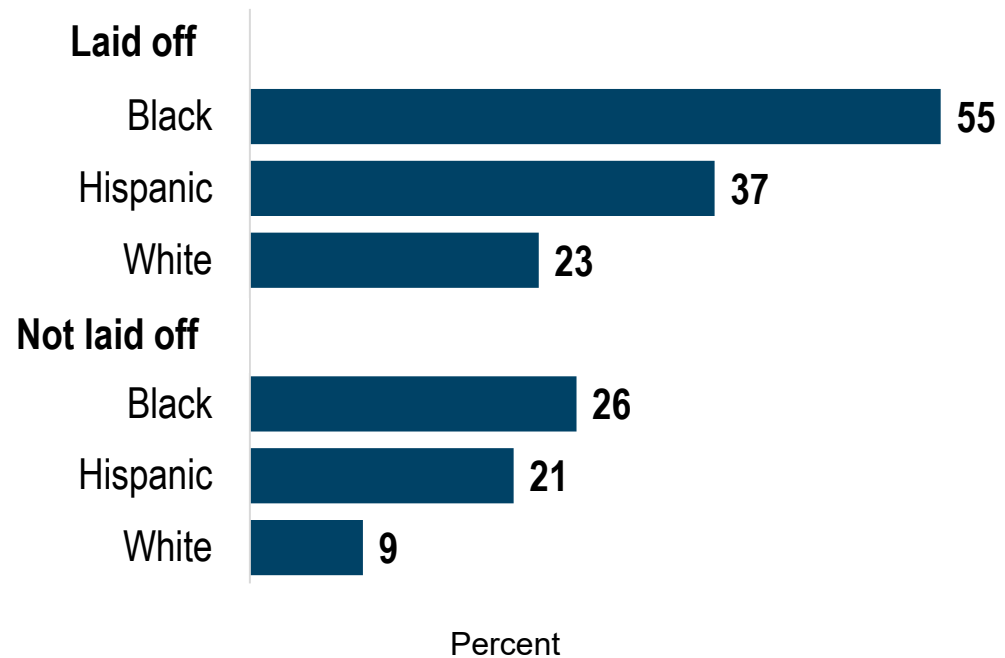
Mortgage refinances more common among high-income families

FAMILY FINANCES

Ability to Pay Current Month's Bills

- 16 percent of adults were unable to pay their current month's bills in full (not shown).
- Laid-off workers were more likely to face difficulty paying bills than those not laid off.
- Among those laid off, Black and Hispanic adults particularly likely to face difficulty paying bills.

Not able to fully pay current month's bills (by layoff in prior 12 months and race/ethnicity)



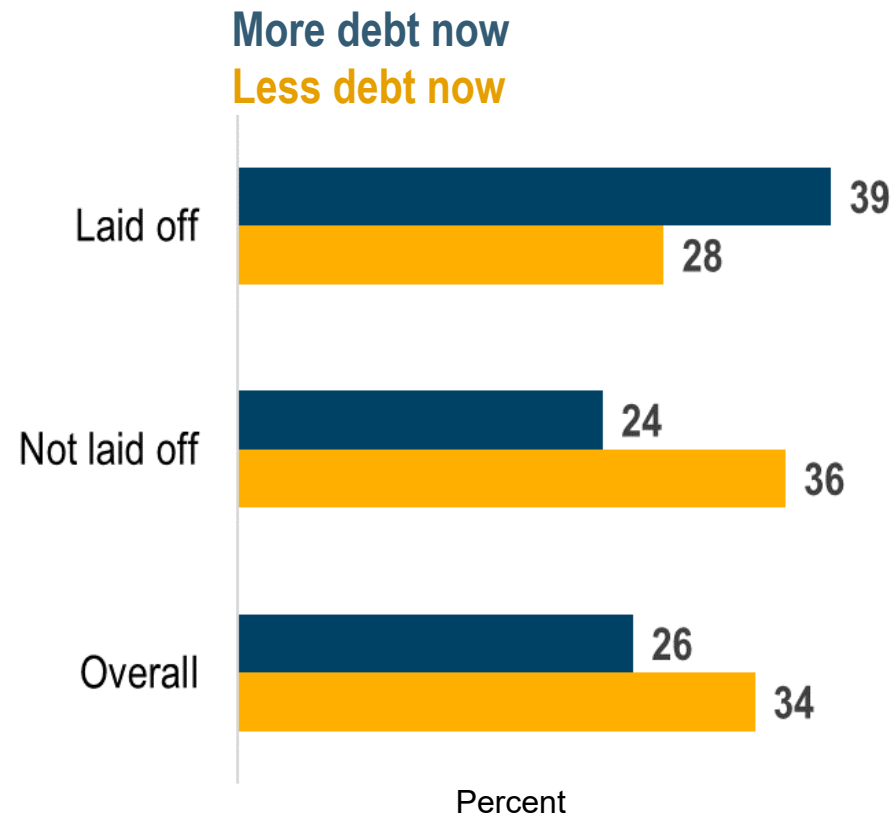
Note: Among all adults.

FAMILY FINANCES

Credit Card Debt Changes Since Last Year

- Credit card borrowers overall reduced outstanding balances.
- Decline driven by those who kept their jobs.
- Balances more frequently increased among those laid off.
- Pattern among laid-off workers consistent with prior surveys, though larger share faced layoff in 2020.

Credit card debt compared to 12 months ago
(by whether laid off in prior 12 months)

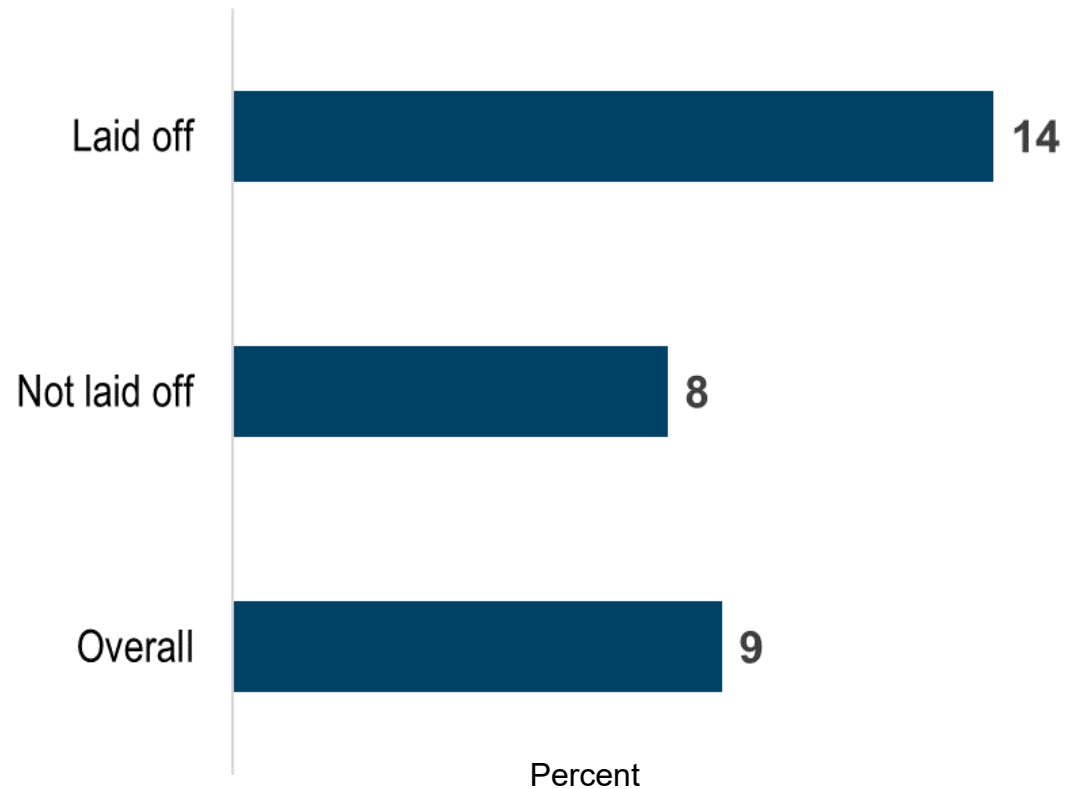


Note: Among credit card holders with outstanding credit card debt.

Tapping Retirement Savings

- 9 percent of non-retired adults tapped their retirement savings in the prior 12 months—only a slight uptick from 2019.
- Non-retired adults who were laid off were more likely to borrow or cash out retirement savings.

Borrowed from or cashed out retirement savings accounts in the prior 12 months



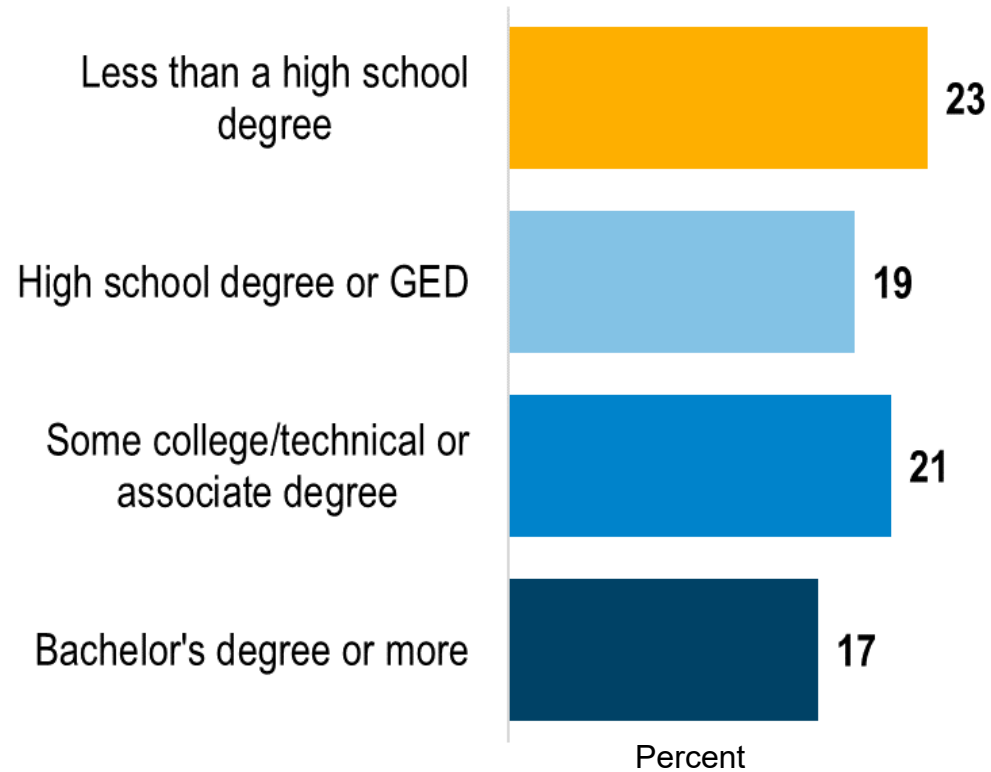
Note: Among non-retirees.

FAMILY FINANCES

Income Changes Since Last Year

- 19 percent saw their incomes decline in 2020, while 24 percent saw an increase (not shown).
- Adults with less than a high school degree were *more* likely to have a decline in income.

Share reporting a decrease in income relative to a year ago (by education)



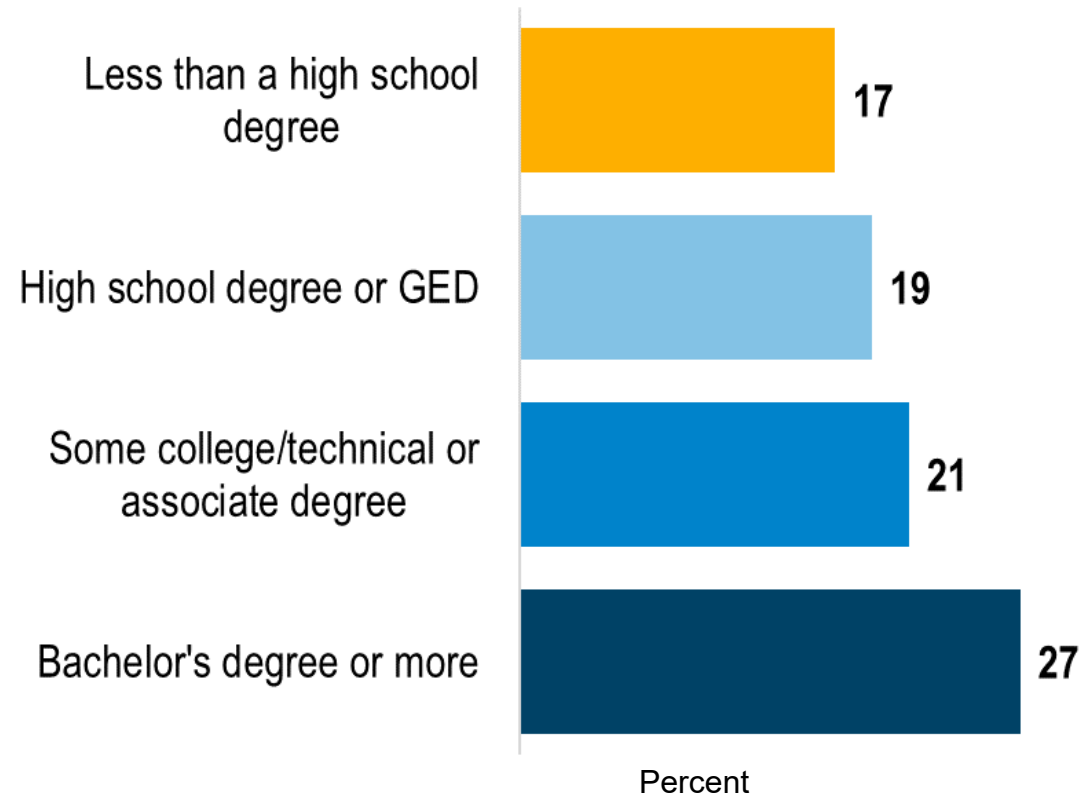
Note: Among all adults.

FAMILY FINANCES

Spending Changes Since Last Year

- In contrast to the changes in income, those with less education were *less* likely to have decreased spending.
- Just over 1/3 of adults who were laid off spent less compared to a year earlier (not shown).

Share reporting a decrease in spending relative to a year ago (by education)



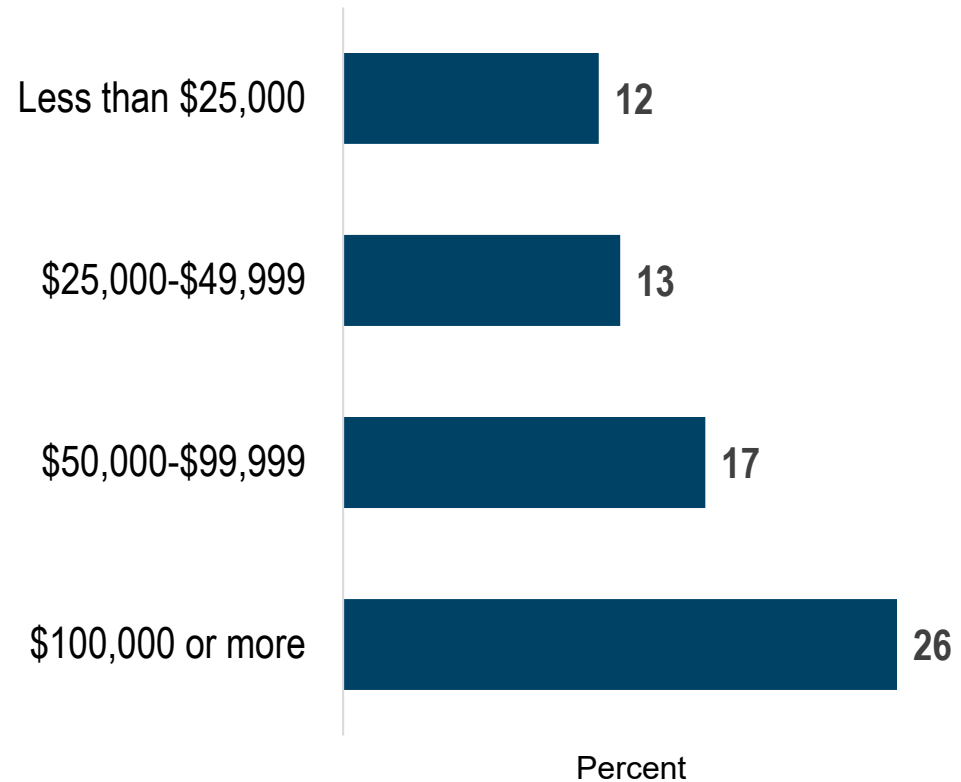
Note: Among all adults.

FAMILY FINANCES

Mortgage Refinancing

- 1/5 of all homeowners with a mortgage refinanced within the prior year (not shown).
- High-income borrowers were far more likely to refinance.

Share of homeowners with a mortgage who refinanced in the prior year (by income)



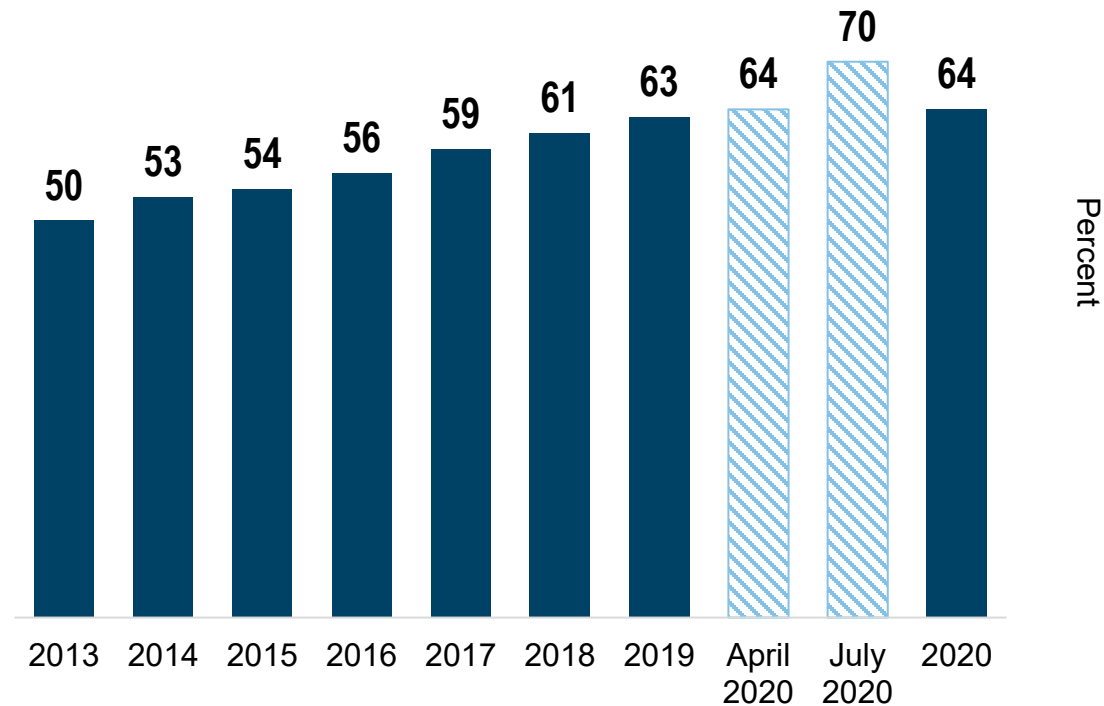
Note: Among homeowners with a mortgage.

FAMILY FINANCES

Handling Unexpected Expenses

- 64 percent would cover an unexpected \$400 expense exclusively using cash or its equivalent.
- Down from July just after pandemic-related relief had reached many households.
- This decline is consistent with some families spending down savings from these relief programs.

Would cover \$400 emergency expense completely using cash or its equivalent, 2013–2020



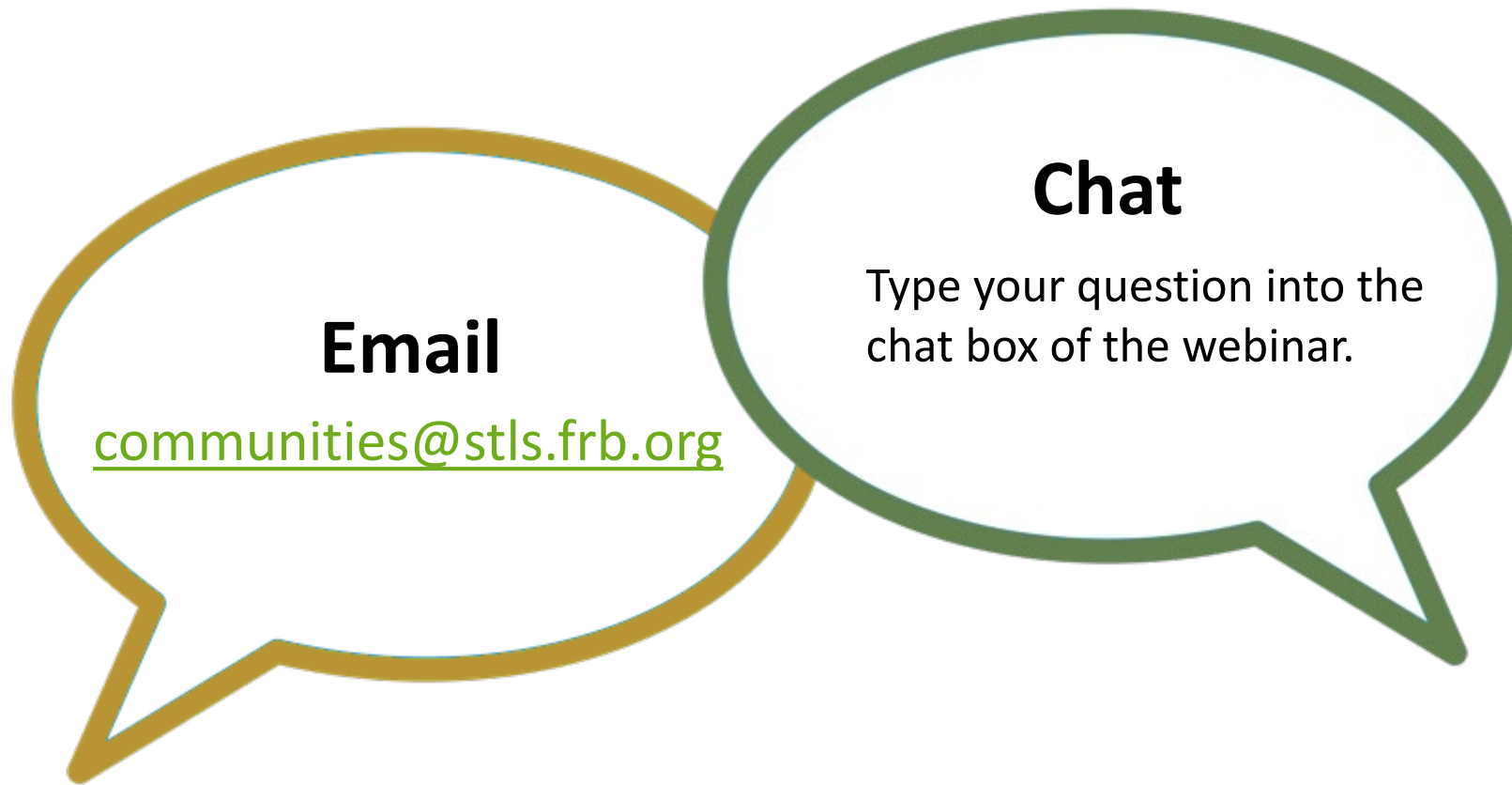
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Questions



Next Steps

- All session materials are available on our website, and in the next few days, we will post an audio file of today's session.
- In connection with this session, you can find a variety of additional resources available at www.fedcommunities.org.
- If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org.
- Information about future sessions will be posted on our website along with archived materials from past sessions: <https://bsr.stlouisfed.org/connectingcommunities>.