Welcome

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Agenda for this webinar

1. Federal Reserve and Connecting Communities Webinar Information
2. 2021 Survey of Household Economics and Decisionmaking (SHED)
3. Q&A
• Call-in number: 888-625-5230
• Conference code: 841 809 85#
• Webinar link: https://www.webcaster4.com/Webcast/Page/584/45398

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

• Please visit https://bsr.stlouisfed.org/connectingCommunities.

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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.
Introduction

Jeff Larrimore
Chief, Consumer and Community Research Section
SHED approach

- Ninth year conducting the survey
- Surveyed over 11,000 respondents in October/November 2021 (pre-Omicron)
- Responses weighted to be nationally representative of U.S. adults

Goals:

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

Report: *Economic Well-Being of U.S. Households in 2021*
Since the SHED was fielded in October/November, inflation has increased and unemployment has fallen.

Note: Values are percentages. CPI-U is the Consumer Price Index for All Urban Consumers.
Overall Financial Well-Being

Alicia Lloro
Senior Economist, Consumer and Community Research Section
Overall Financial Well-Being

TOP TAKEAWAYS

- Highest share reported doing okay or living comfortably since survey began
- Gaps by education edged down yet remained large
- Views on national economy dropped slightly, remaining low
Highest share of adults reported “doing okay” or “living comfortably” since first survey in 2013

Note: Values are percentages. Among all adults. Respondents could also select “Just getting by” or “Finding it difficult to get by.”
Gaps in financial well-being by education persisted

Note: Values are percentages. Among all adults.
Financial well-being increased over the pandemic among adults with outstanding education debt

Doing at least okay financially, by education debt for own education

Note: Values are percentages. Among all adults.
Use of cash or its equivalent for small emergency expenses was highest since first survey in 2013

Would cover a $400 emergency expense completely using cash or its equivalent

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>50</td>
</tr>
<tr>
<td>2014</td>
<td>53</td>
</tr>
<tr>
<td>2015</td>
<td>54</td>
</tr>
<tr>
<td>2016</td>
<td>56</td>
</tr>
<tr>
<td>2017</td>
<td>59</td>
</tr>
<tr>
<td>2018</td>
<td>61</td>
</tr>
<tr>
<td>2019</td>
<td>63</td>
</tr>
<tr>
<td>2020</td>
<td>64</td>
</tr>
<tr>
<td>2021</td>
<td>68</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among all adults.
Other measures of people’s financial situations also showed improvement

**OVERALL FINANCIAL WELL-BEING**

**Able to pay current month’s bills in full**

- 2018: 82%
- 2019: 84%
- 2020: 83%
- 2021: 86%

**Had three months of emergency savings**

- 2018: 51%
- 2019: 53%
- 2020: 55%
- 2021: 59%

Note: Values are percentages. Among all adults.
While perceptions of own finances have improved, perceptions of the national economy have not improved.

**OVERALL FINANCIAL WELL-BEING**

**Doing at least okay financially**
Assessment of the local/national economy as good or excellent

<table>
<thead>
<tr>
<th>Year</th>
<th>Own finances (doing at least okay)</th>
<th>Local economy (good or excellent)</th>
<th>National economy (good or excellent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>74</td>
<td>57</td>
<td>41</td>
</tr>
<tr>
<td>2018</td>
<td>75</td>
<td>64</td>
<td>51</td>
</tr>
<tr>
<td>2019</td>
<td>75</td>
<td>63</td>
<td>50</td>
</tr>
<tr>
<td>2020</td>
<td>75</td>
<td>43</td>
<td>26</td>
</tr>
<tr>
<td>2021</td>
<td>78</td>
<td>48</td>
<td>24</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among all adults. Responses reflect the top two out of four choices for each question.
Parents’ Financial Well-Being

**TOP TAKEAWAYS**

- Parents saw sharp gains in financial well-being
- Most children had returned to in-person classes in 2021
- Most parents said their child was doing better than a year ago
Parents saw large gains in financial well-being

Doing at least okay financially, by parental status

Note: Values are percentages. Among all adults. Parents are adults living with their own children under age 18.
Gains were especially large among lower-income parents

Note: Values are percentages. Among all adults. Parents are adults living with their own children under age 18.
Other measures also reflected improvements in parents’ financial circumstances

Would cover a $400 emergency expense completely using cash or its equivalent, by parental status

Note: Values are percentages. Among all adults. Parents are adults living with their own children under age 18.
Lower-income parents were more likely to spend child tax credit on housing; higher-income parents saved it

Use of the largest portion of monthly child tax credit payments, by family income

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Saved it</th>
<th>Paid off debt</th>
<th>Spent on child</th>
<th>Spent on housing or utilities</th>
<th>Spent on food</th>
<th>Spent on other things</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>18%</td>
<td>14%</td>
<td>22%</td>
<td>29%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>$25,000 - $49,000</td>
<td>33%</td>
<td>9%</td>
<td>22%</td>
<td>18%</td>
<td>19%</td>
<td>2%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>22%</td>
<td>10%</td>
<td>22%</td>
<td>6%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>15%</td>
<td>10%</td>
<td>16%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among child tax credit recipients.
Most children were going to school in person; a reversal of that was seen in 2020

Parents who said their youngest child enrolled in K-12 education was attending classes completely in person

- 2020: 27%
- 2021: 93%

Note: Values are percentages. Among parents with a child enrolled in public or private school. Based on the youngest child enrolled in public or private school living with parent.
Employment and Housing

Ellen Merry
Principal Economist, Consumer and Community Research Section
TOP TAKEAWAYS

Concern about COVID-19 was a common reason for not working

A required return to the office would have a similar effect on retention as a pay freeze

Fifteen percent of workers changed jobs, with most saying the new job was better
Concern about COVID-19 exposure was a common reason for not working

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health limitations or disability</td>
<td>9%</td>
</tr>
<tr>
<td>Concerns about COVID-19</td>
<td>7%</td>
</tr>
<tr>
<td>Family obligations besides childcare</td>
<td>7%</td>
</tr>
<tr>
<td>Could not find work</td>
<td>5%</td>
</tr>
<tr>
<td>Childcare</td>
<td>4%</td>
</tr>
<tr>
<td>Lose access to UI or government benefits</td>
<td>2%</td>
</tr>
<tr>
<td>School or training</td>
<td>1%</td>
</tr>
<tr>
<td>Retired</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among adults ages 25 to 54, including the 23% who were not working and the 77% who were working. Respondents could select multiple answers.
Working from home was more common among workers with a bachelor’s degree, but less common than in 2020

Note: Values are percentages. Among adults who worked for someone else.
Less time commuting and work-life balance were the top reasons many preferred to work from home

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less time commuting</td>
<td>89</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>89</td>
</tr>
<tr>
<td>More productive working at home</td>
<td>70</td>
</tr>
<tr>
<td>Concerns about COVID-19</td>
<td>56</td>
</tr>
<tr>
<td>Able to live in a different area</td>
<td>47</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among adults who could work from home and preferred working from home at least some of the time. Respondents could select multiple answers.
A requirement to return to the office would have a similar effect on retention as a pay freeze.

Likelihood of looking for a new job among those working from home under various hypothetical circumstances:

- **Report in person**
  - Very likely: 22%
  - Somewhat likely: 23%
  - Total: 45%

- **Pay freeze**
  - Very likely: 13%
  - Somewhat likely: 29%
  - Total: 42%

Note: Values are percentages. Percentages may not sum due to rounding. Among adults who worked for someone else and worked from home at least some of the time.
Fifteen percent of workers changed jobs, and most who did said their new job was better overall

<table>
<thead>
<tr>
<th>Change in quality of job characteristics after job change</th>
<th>Better</th>
<th>About the same</th>
<th>Worse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>62</td>
<td>28</td>
<td>10</td>
</tr>
<tr>
<td>Pay or benefits</td>
<td>51</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>Interest in the work</td>
<td>48</td>
<td>39</td>
<td>13</td>
</tr>
<tr>
<td>Opportunities for advancement</td>
<td>44</td>
<td>41</td>
<td>15</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>40</td>
<td>43</td>
<td>16</td>
</tr>
<tr>
<td>Physical demands</td>
<td>31</td>
<td>57</td>
<td>13</td>
</tr>
<tr>
<td>COVID-19 policies and exposure</td>
<td>25</td>
<td>64</td>
<td>11</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among working adults whose main job is not the same as it was a year ago.
Sixteen percent of adults reported doing gig activities in the prior month.

Gig activities performed:
- Any gig activity: 16%
- Selling items: 11%
- Offering short-term rentals: 1%
- Freelance or gig labor: 6%

Note: Values are percentages. Among all adults. Respondents could select multiple answers.
Workers in the gig economy were largely doing so due to “choice” rather than “necessity”

Which of the following best describes the reason for doing gig activities?

- **Choice**: 71%
- **Necessity**: 29%

Note: Values are percentages. Among people engaged in gig activities.
Seventeen percent of renters were behind on rent at some point in 2021.

Black and Hispanic renters were more likely to have been behind on rent.

High-income borrowers were more likely to refinance in 2021.
More renters were behind on rent in 2021 than before the pandemic, particularly among low-income renters

- In fall 2021, 17 percent of renters had been behind on their rent in the prior 12 months—up from 10 percent who reported they had missed a payment in 2019.
- Renters with income below $50,000 were hit hard by the pandemic recession.

Note: Values are percentages. Among renters.
Black and Hispanic renters were more likely to have been behind on rent payments, compared to other renters.

Share of renters behind on rent during the year (by year and race/ethnicity)

- White: 7% in 2019, 13% in 2021
- Black: 14% in 2019, 21% in 2021
- Hispanic: 12% in 2019, 22% in 2021
- Asian: 9% in 2019, 8% in 2021

Note: Values are percentages. Among renters.
Higher-income homeowners with a mortgage were more likely to refinance

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

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>24</td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>16</td>
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<tr>
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<td>29</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among homeowners with a mortgage.
Emerging Issues and New Topics

Jeff Larrimore
Chief, Consumer and Community Research Section
TOP TAKEAWAYS

Twelve percent of adults used or held cryptocurrency in the prior year.

People using cryptocurrency for transactions were less likely to have a bank account.

Ten percent of adults used a Buy Now Pay Later (BNPL) service.
Of those using cryptocurrency, most held as investment rather than using for transactions

Uses of cryptocurrency in the prior year

- Any use of cryptocurrency: 12
- Used to send money to friends or family: 1
- Used to buy something or make a payment: 2
- Bought or held as an investment: 11

Note: Values are percentages. Among all adults. Respondents could select multiple answers.
Transactional users of cryptocurrency were less likely to use a bank account or a credit card

- **Transactional cryptocurrency users:**
  - A majority had an income under $50,000
  - Twice as likely as other adults to not have a traditional bank account
  - Less likely than other adults to not have a credit card

- **Cryptocurrency investors:**
  - Disproportionately higher income
  - Almost all had a traditional bank account
  - More likely than other adults to have a credit card

Note: Values are percentages. Among all adults.
Ten percent of adults used a BNPL service, with higher rates among Black and Hispanic adults.

Note: Values are percentages. Among all adults.
Sixteen percent of adults were affected by natural disasters or severe weather events in the prior year.

Disruptions from natural disasters in the prior 12 months:
- Any disruption: 16%
- Income disruption: 6%
- Property damage: 8%
- Temporary evacuation: 2%
- Long-term displacement: 1%
- Injury or death of family or friend: 4%

Note: Values are percentages. Among all adults.
Lower-income, Black, and Hispanic adults were more likely to have been affected by natural disasters

Disruptions from natural disasters in the prior 12 months

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percent</th>
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<td>20</td>
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<tr>
<td>$25,000–$49,999</td>
<td>18</td>
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<tr>
<td>$50,000–$99,999</td>
<td>14</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>13</td>
</tr>
<tr>
<td>White</td>
<td>14</td>
</tr>
<tr>
<td>Black</td>
<td>19</td>
</tr>
<tr>
<td>Hispanic</td>
<td>21</td>
</tr>
<tr>
<td>Asian</td>
<td>15</td>
</tr>
</tbody>
</table>

Note: Values are percentages. Among all adults.
Report and public-use data

- Full report on the findings is available on Federal Reserve website: *Economic Well-Being of U.S. Households in 2021*.

- Public-use data files are also available, with individual-level responses on the [SHED data page](#).

- Using the public data, about 30 percent of respondents can be linked across survey years to follow the same respondents over time.
Questions

Email

communities@stls.frb.org

Chat

Type your question into the chat box of the webinar.
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.

• 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.
Related Resources

• In connection with this session, you can find a variety of additional resources on this topic, available at [www.fedcommunities.org](http://www.fedcommunities.org).

• It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.