Household Financial Well-Being in the Southeast
MISSION

Support the Central Bank’s mandate of stable prices and maximum employment by working to improve the economic mobility and resilience of people and places for a healthy economy.

To access our papers, data tools, and other resources visit the CED webpage.
Disparities in pre-pandemic savings existed across income level, housing tenure, and race and ethnicity.
Less available savings was associated with higher likelihood of hardship pre-pandemic

Chart 2: National Comparison of Rainy Day Fund Availability with Hardship Experiences, Share of Households (October 2019)

- Households without a rainy day fund
- Households with a rainy day fund

Notes: National population weights are applied to these data; the SHED defines a "rainy day fund" as three months of saved income. Sources: Federal Reserve Board's 2019 Survey for Household Economics and Decisionmaking (SHED), authors' calculations.
Black and Hispanic workers were disproportionately represented in unemployment data.

Chart 3: National Unemployment Rates by Race and Ethnicity

Inclusive & Resilient Recovery

Household Financial Well-Being in the Southeast

Panelists

Genevieve Melford
Director of Insights and Evidence
Aspen Institute Financial Security Program

Irene Skricki
Senior Financial Education Program Analyst
Consumer Financial Protection Bureau

Andy Posner
Founder and CEO
Capital Good Fund

Monica Rodriguez Lucas
Immigration Loan Specialist
Capital Good Fund

Hope Wollensack
Senior Strategist, Economic Security Project &
Director of Old Fourth Ward Guaranteed Income Initiative
Office of Atlanta City Council Member Amir Farokhi

Moderator

Julie Siwicki
Community and Economic Development Adviser
Federal Reserve Bank of Atlanta
What is financial well-being?

A state of being reflecting a person’s ability to meet current and ongoing financial obligations, feel secure in their financial future, and make choices that allow enjoyment of life.

<table>
<thead>
<tr>
<th>Security</th>
<th>Present</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control over your day-to-day, month-to-month finances</td>
<td>Capacity to absorb a financial shock</td>
</tr>
<tr>
<td>Freedom of choice</td>
<td>Financial freedom to make choices to enjoy life</td>
<td>On track to meet your financial goals</td>
</tr>
</tbody>
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# How do you measure it? The CFPB Financial Well-Being Scale

<table>
<thead>
<tr>
<th>Questions</th>
<th>Response Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How well does this statement describe you or your situation?</strong></td>
<td></td>
</tr>
<tr>
<td>1. I could handle a major unexpected expense</td>
<td>• Describes me completely</td>
</tr>
<tr>
<td>2. I am securing my financial future</td>
<td>• Describes me very well</td>
</tr>
<tr>
<td>3. Because of my money situation, I feel like I will never have the things I want in life</td>
<td>• Describes me somewhat</td>
</tr>
<tr>
<td>4. I can enjoy life because of the way I’m managing my money</td>
<td>• Describes me very little</td>
</tr>
<tr>
<td>5. I am just getting by financially</td>
<td>• Does not describe me at all</td>
</tr>
<tr>
<td>6. I am concerned that the money I have or will save won’t last</td>
<td></td>
</tr>
<tr>
<td><strong>How often does this statement apply to you?</strong></td>
<td></td>
</tr>
<tr>
<td>1. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month</td>
<td>• Always</td>
</tr>
<tr>
<td>2. I have money left over at the end of the month</td>
<td>• Often</td>
</tr>
<tr>
<td>3. I am behind with my finances</td>
<td>• Sometimes</td>
</tr>
<tr>
<td>4. My finances control my life</td>
<td>• Rarely</td>
</tr>
<tr>
<td></td>
<td>• Never</td>
</tr>
</tbody>
</table>
How do people achieve financial well-being?

Research provides 3 key insights:

1. Cash flow is the foundation of financial life.

2. Liquid savings are a key barometer of financial security.

3. People cannot fully self-insure all the time. Safety nets are essential.
A New Framework for Financial Security

1. ROUTINELY POSITIVE CASH FLOW
   - What it is: Household income that is typically higher than what must be spent on basic needs.
   - How it contributes to financial security: Positive cash flow allows people to meet financial obligations and build savings.

   INCOME
   - Labor income
   - Non-labor income

   EXPENSES
   - Debt service
   - Cost of living

2. PERSONAL RESOURCES
   - What they are: One’s own financial cushions and assets, such as savings, good credit, private insurance, financial wealth and other assets.
   - How they contribute to financial security: Personal resources allow people to weather smaller shocks and invest in family well-being, asset building and economic mobility.

   POSITIVE cash flow allows people to save and build personal resources.
   - Benefits replace or supplement income
   - Benefits reduce cost of living expenses

   NEGATIVE cash flow leads to unmanageable debt, expensive credit, late fees, and other expenses that further weaken cash flow.

3. PUBLIC & PRIVATE BENEFITS
   - What they are: A wide range of public, employer, and third-party benefits provide households with income, reduce cost of living expenses, and support household wealth-building and economic mobility.
   - How they contribute to financial security: Benefits boost cash flow, protect and enhance personal resources, and protect households from major economic shocks.

   Benefits allow people to build wealth and invest in economic opportunity
   - Benefits protect households from shocks too large to self-insure against
### Financial well-being score ranges

<table>
<thead>
<tr>
<th>Very Low</th>
<th>Low</th>
<th>Medium Low</th>
<th>Medium High</th>
<th>High</th>
<th>Very High</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-29</td>
<td>30-37</td>
<td>38-49</td>
<td>50-57</td>
<td>58-67</td>
<td>68-100</td>
</tr>
</tbody>
</table>

People in these ranges tend to experience the following:

- **Very Low (0-29)**: Just 5% are certain they could come up with $2,000 for an emergency.
- **Low (30-37)**: Most (82%) sometimes or often experience food insecurity or food hardship.
- **Medium Low (38-49)**: Nearly half (45%) have experience with debt collectors.
- **Medium High (50-57)**: Most (60%) have minimal savings of $250 or more, but only 30% have $2,000 or more.
- **High (58-67)**: More than half (55%) have automated deposits into savings or retirement account.
- **Very High (68-100)**: Most have high levels of savings; 80% have $10,000 or more in liquid savings.

Average score = 54
Bureau research suggests that financial education can help consumers improve their financial situations and ultimately, financial well-being, by helping them to improve their financial skill and financial behavior.
Speakers

Andy Posner
Founder & CEO

Monica Rodriguez Lucas
Immigration Loan Specialist
Bridging Cash Flow – Equitable Small-Dollar Loans

Crisis Relief Loan
$300 – $1,500
5% APR

Credit Builder Loan
$60 - $180
0% APR

Auto Refi Loan
$6K–$25K
7% – 17.99% APR

Immigration Loan
$2K – $20K
12% - 15.99% APR

Weatherization Loan
$500 – $50K
7.99% - 9.99% APR

Impact Plus Loan
$1,501 - $3,500
12% - 18% APR

Available Now

Available Q3 2021
Our Response to COVID-19

Crisis Relief Loan
$300 – $1,500
5% APR

Deferments & Loan Restructures
~15% of Clients

Crisis Financial Coaching / Hotline
Trends Due to COVID-19

- Crisis Relief Loan applicants were better off than expected:
- State and federal policy make a huge difference
- Tremendous stress, strain, and anxiety
- FL economy is “open” – families in impossible bind
- 10% of Crisis borrowers are self-employed vs 5% typically

Michele Hamed and Family
Over half of respondents worry about their financial security on a regular basis, with Black residents 3x more likely than their white neighbors to report such anxiety every day.
SURVEY: Impact of Guaranteed Income
If you were given an extra $500 every month, what are the ways you might spend it? Please select all that apply.

**Rent & Utilities**
- Black respondents: 72%
- White respondents: 18%
- All respondents: 50%

**Food & Groceries**
- Black respondents: 68%
- White respondents: 23%
- All respondents: 51%

**Save for Future Emergencies**
- Black respondents: 55%
- White respondents: 47%
- All respondents: 52%

**Pay Off Debt**
- Black respondents: 42%
- White respondents: 36%
- All respondents: 40%

**Personal Items/Services for My Family**
- Black respondents: 34%
- White respondents: 12%
- All respondents: 25%

**Health Care Costs**
- Black respondents: 32%
- White respondents: 11%
- All respondents: 25%

Other choices:
- Save for a large future expense (e.g., home, car, etc.): 26% Black resp., 31% White resp., 28% All resp.
- Miscellaneous expenses (e.g., fixing your car, household repairs): 25% Black resp., 26% White resp., 25% All resp.
- Education costs (for myself or a family member): 13% Black resp., 11% White resp., 12% All resp.
- Give it to loved ones who need it more than me: 13% Black resp., 30% White resp., 20% All resp.
- Other: 3% Black resp., 13% White resp., 7% All resp.

*None of the above (exclusive choice): 1% Black resp., 2% White resp., 2% All resp.*

*e.g., clothing, electronics, hair care, childcare, etc.*

If given an increase in income, Black respondents are more likely to spend on basic needs like housing, food, or health care than their white neighbors.
Feeling of Financial Security

Residents told us a financially secure life looks like…

• **being able to afford basic necessities**, including transportation, childcare, being able to save for an emergency or for a medium purchase like a dresser or items for children.

• **occasionally spending on enjoyment** like a family vacation or being able to afford something nice for themselves and children.

• **more time with less stress** to spend with their children.

• **not just scraping by.** Most residents expressed a desire to move to better housing, however, they would need long-term increase in income to feel secure or a significant transfer.
“There are times when I can’t buy the hair bows for my daughter. I’d like to be able to buy her hair bows without having to think about it.”

“We don’t have the kinds of resources [to move]. Even if you have a home or a job there are things that keep you back like needing a babysitter or transportation... When you do get the job, they take the resources you were using to get by, for example, food stamps. Your rent will go up. Your rent will go up and you can’t pay that. They take it away before we can even get to the next level.”

“Financial security looks like being able to save money. Right now, I am not making enough money to save.”
Focused on People:

**Financial Resilience Challenges during the Pandemic**
New research drawing on the Survey of Household Economics & Decisionmaking

**Advancing Careers**
Partnerships and data to improve employment, safety net systems, and career pathways

**Unemployment Claims Monitor**
Data insights on unemployment insurance claims including the Pandemic Emergency Unemployment Compensation

Focused on Communities:

**Renter Households Vulnerable to COVID-19**
Data tool estimating which households are susceptible to COVID-19-related job loss by income, cost-burdened status, region, and race

**Small Businesses of Color Recovery Guide**
Guide to assist communities nationwide in supporting SBOCs as they recover from the economic crisis

**Small Business Credit Survey: 2021 Report**
Documents the toll the COVID-19 pandemic took on small businesses in 2020

For more information, visit: [atlantafed.org/community-development](http://atlantafed.org/community-development)
THANKS FOR JOINING US!

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- You can also reach us at Julie.Siwicki@atl.frb.org