

Perspectives from Main Street: The Impact of COVID-19 on Low- to Moderate-Income Communities and the Entities Serving Them

THE FEDERAL RESERVE SYSTEM

AUGUST 2020

ACKNOWLEDGMENTS

Authors

Nishesh Chalise, Federal Reserve Bank of St. Louis
Daniel Paul Davis, Federal Reserve Bank of St. Louis
Michael Grover, Federal Reserve Bank of Minneapolis
David Kaufmann, Board of Governors of the Federal Reserve System
Karen Leone de Nie, Federal Reserve Bank of Atlanta

Report Assistance

Matuschka Lindo Briggs, Federal Reserve Bank of St. Louis
Surekha Carpenter, Federal Reserve Bank of Richmond
Emily Corcoran, Federal Reserve Bank of Richmond
Ally Davis, Federal Reserve Bank of St. Louis
Mark Davis, Federal Reserve Bank of Cleveland
Laurel Gourd, Federal Reserve Bank of San Francisco
Violeta Gutkowski, Federal Reserve Bank of St. Louis
Heidi Kaplan, Board of Governors of the Federal Reserve System
Sherilyn Narker, Federal Reserve Bank of Atlanta
Bianca Phillips, Federal Reserve Bank of St. Louis
Christine Smith, Federal Reserve Bank of St. Louis

Survey Fielding Team

Layisha Bailey, Federal Reserve Bank of Cleveland
Nathaniel Borek, Federal Reserve Bank of Philadelphia
Jeremiah Boyle, Federal Reserve Bank of Chicago
Jasmine Burnett, Federal Reserve Bank of Atlanta
Gabriella Chiarenza, Federal Reserve Bank of Boston
Molly Hubbert Doyle, Federal Reserve Bank of Dallas
Emily Engel, Federal Reserve Bank of Chicago
David Jackson, Federal Reserve Bank of Atlanta
Lisa Nelson, Federal Reserve Bank of Cleveland
Edison Reyes, Federal Reserve Bank of New York
Lauren Shelby, Federal Reserve Bank of Chicago
Steven Shepelwich, Federal Reserve Bank of Kansas City
Libby Starling, Federal Reserve Bank of Minneapolis
Paula Woessner, Federal Reserve Bank of Minneapolis

The views expressed in the following pages are those of the report team and do not necessarily represent the views of the Federal Reserve System. Please cite this report as: Chalise, Nishesh; Davis, Daniel Paul; Grover, Michael; Kaufmann, David; and Leone de Nie, Karen. *Perspectives from Main Street: The Impact of COVID-19 on Low- to Moderate-Income Communities and the Entities Serving Them*, August 2020.

About the Survey

The spread of the coronavirus (COVID-19) and the many efforts to slow it are impacting communities across the nation. In order to best respond to this crisis, information is needed about the scope and scale of challenges in various communities. This report offers findings of a survey designed to collect information on the effects of COVID-19 on communities and people in low- to moderate-income households and the entities serving them. It was fielded by all 12 Reserve banks and the Board of Governors of the Federal Reserve System¹ between Aug. 5 and Aug. 12, 2020, and resulted in 1,465 responses. Responses were collected through a convenience sampling method that relied on contact databases to identify representatives of nonprofit organizations, financial institutions, government agencies and other community organizations. These representatives were invited by email to participate in an online survey. Similar surveys were conducted in April ([see PDF report](#)) and June ([see PDF report](#)).

Because these surveys rely on a convenience sampling method, the individuals who receive it and respond to it will vary. Each survey provides an insightful and informative “snapshot” into how COVID-19 was affecting people and organizations on the dates the survey was administered. Due to the differences in the composition of respondents, readers should be careful when making comparisons between findings in the survey reports.

Survey Findings

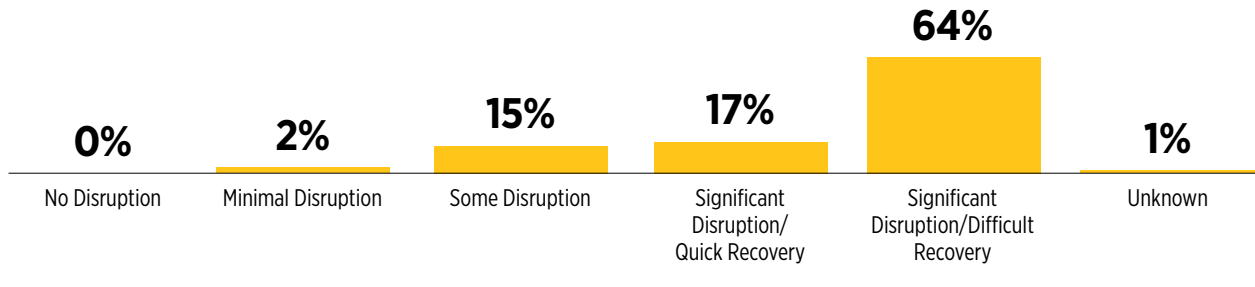
Overall, the survey finds:

- 64% of respondents indicated COVID-19 was a significant disruption to the economic conditions of the communities they serve and expected recovery to be difficult.
- 38% cited income loss, job loss and unemployment as the top impacts of COVID-19 on the people and communities they serve.
- Over half of respondents (56%) indicated it will take more than 12 months for their communities to return to the conditions prior to the disruption of COVID-19.
- 51% of respondents indicated COVID-19 is having a significant disruption on the entity they represent, with 25% expecting to bounce back quickly after recovery begins.
- 65% indicated demand for their services has increased since early June, and 42% noted a corresponding decrease in their ability to provide services.
- Over a quarter of respondents (27%) indicated their entity could operate for less than six months in the current environment before exhibiting financial distress.

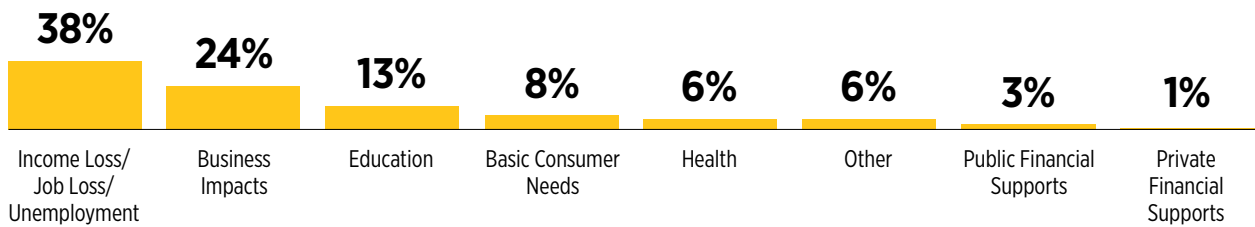
¹ [The Federal Reserve's community development function](#) seeks to promote the economic resilience and mobility of low- to moderate-income and underserved households (LMI) and communities across the United States.

THE IMPACT OF COVID-19 ON LOW- TO MODERATE-INCOME COMMUNITIES

At this point in time, what level of disruption is COVID-19 having on economic conditions for the people and communities you serve? N=1,465



At this point in time, what is the top impact of COVID-19 on the people and communities you serve? N=1,462



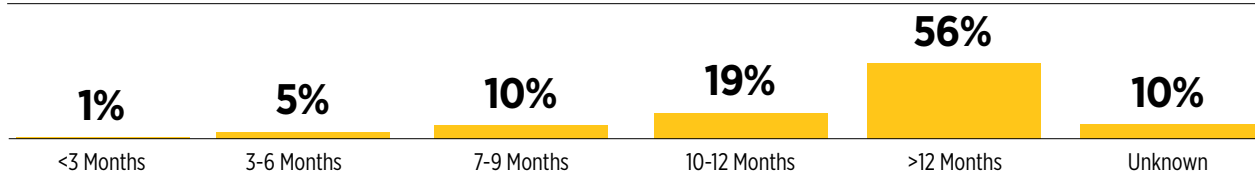
Over the past eight weeks, how have COVID-19 related impacts changed for the people and communities you serve?



| | Income Loss/ Job Loss/ Unemployment N=1,444 | Basic Consumer Needs N=1,422 | Business Impacts N=1,417 | Education N=1,419 | Health N=1,422 | Private Financial Supports N=1,413 | Public Financial Supports N=1,416 |
|------------------------------|--|---------------------------------------|--------------------------------|----------------------|-------------------|---|--|
| Getting Significantly Worse | 25% | 17% | 20% | 29% | 18% | 14% | 18% |
| Getting Modestly Worse | 39% | 33% | 41% | 35% | 32% | 25% | 31% |
| No Change | 15% | 29% | 13% | 22% | 29% | 35% | 27% |
| Getting Modestly Better | 19% | 14% | 21% | 7% | 15% | 13% | 16% |
| Getting Significantly Better | 1% | 3% | 1% | 0% | 2% | 2% | 2% |
| Unknown | 1% | 3% | 4% | 7% | 4% | 11% | 5% |

Starting from today, how long do you expect it will take the people and communities you serve to return to the conditions they were experiencing before the impact of COVID-19?

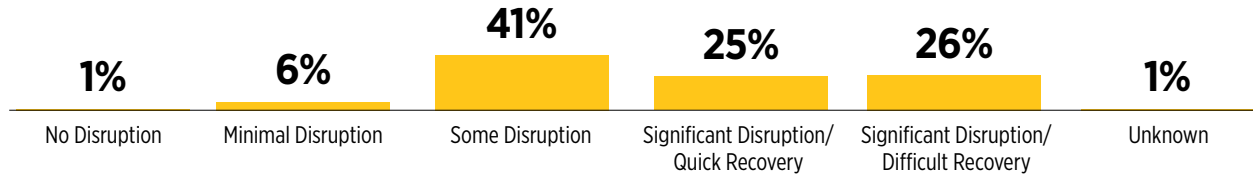
N=1,460



THE IMPACT OF COVID-19 ON ENTITIES SERVING LOW- TO MODERATE-INCOME COMMUNITIES

At this point in time, what level of disruption is COVID-19 having on the entity you represent?

N=1,461

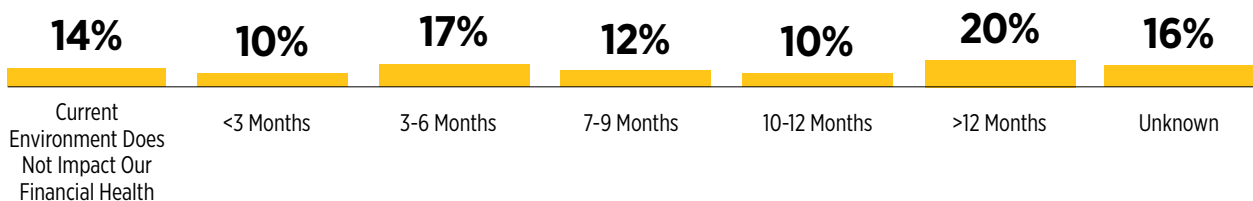


Over the past eight weeks, in what ways has COVID-19 impacted the entity you represent?

| | Demand for Services N=1,452 | Ability to Provide Services N=1,451 | Staffing Levels N=1,466 | Expenses N=1,449 | Fee for Service N=1,432 | Individual Donations N=1,441 | Corporate Donations N=1,437 | Foundation Funds N=1,431 | Government Funds N=1,438 | Apps. for Credit N=1,428 |
|-------------------------|--------------------------------|--|----------------------------|---------------------|----------------------------|---------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Significantly Decreased | 8% | 12% | 8% | 3% | 10% | 15% | 15% | 8% | 9% | 4% |
| Modestly Decreased | 13% | 30% | 21% | 16% | 13% | 15% | 15% | 13% | 11% | 5% |
| No Change | 12% | 26% | 52% | 25% | 45% | 28% | 30% | 31% | 29% | 38% |
| Modestly Increased | 28% | 20% | 12% | 36% | 7% | 13% | 12% | 18% | 22% | 11% |
| Significantly Increased | 37% | 11% | 4% | 17% | 2% | 4% | 4% | 5% | 13% | 7% |
| N/A | 2% | 1% | 3% | 2% | 23% | 25% | 24% | 26% | 16% | 35% |

Given your existing resources, how many months can your entity operate in the current environment before exhibiting financial distress?

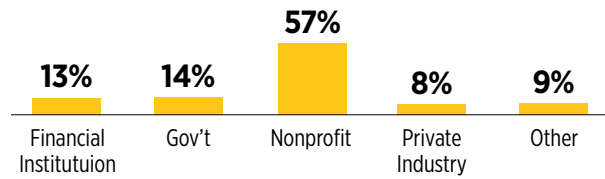
N=1,460



RESPONDENT PROFILES

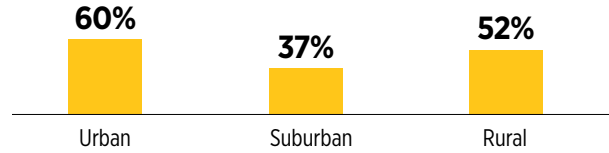
What type of entity do you represent?

N=1,465



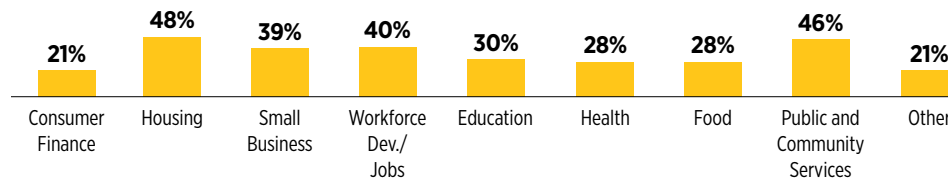
What type of area do you mostly serve? Select all that apply.*

N=1,459



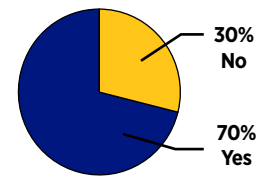
What issues do you work on? Select all that apply.*

N=1,459



Are you a direct service provider?

N=1,465



* Aggregate percentages exceed 100% due to the ability of respondents to select all that apply.

In which states and/or territories do you conduct most of your work? Select all that apply.

N=1,459

