Update on the Economic Well-Being of U.S. Households: July 2020 Results

September 2020

Board of Governors of the Federal Reserve System

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Errata

The Federal Reserve revised this report on September 22, 2020, as follows: On p. 2, first bullet under "Overall Financial Security," the word "June" was changed to "July."

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Preface

This survey and report were prepared by the Consumer and Community Research Section of the Federal Reserve Board's Division of Consumer and Community Affairs (DCCA).

DCCA directs consumer- and community-related functions performed by the Board, including conducting research on financial services policies and practices and their implications for consumer financial stability, community development, and neighborhood stabilization.

DCCA staff members Sara Canilang, Kayla Jones, Jeff Larrimore, Ellen Merry, and Mike Zabek prepared this report. Federal Reserve staff members Eric Belsky, Anna Alvarez Boyd, Andrea Brachtesende, Ken Brevoort, David Buchholz, Cassandra Duchan, Alicia Lloro, Madelyn Marchessault, Kirk Schwarzbach, Susan Stawick, and Erin Troland provided valuable comments on the survey and report. Ana Kent, Raven Molloy, Wilbert van der Klaauw, and Abigail Wozniak provided helpful feedback on new survey questions for the supplemental surveys. The authors would like to thank Bob Torongo, Poom Nukulkij, Mansour Fahimi, Frances Barlas, and Alyssa Marciniak for their assistance fielding the survey.

If you have questions about the survey or this report, please email SHED@frb.gov.

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Executive Summary

In March 2020, the onset of the COVID-19 pandemic altered the financial landscape for many American families. Recognizing the unprecedented financial disruptions caused by the pandemic, the Federal Reserve conducted a pair of supplemental surveys to monitor the financial well-being of U.S. households. The first was fielded in April 2020, and the results were described in the *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*.

This report describes the responses to the second supplemental survey, fielded in July 2020. The combined results shed light on the evolution of family finances after the onset of COVID-19, the associated economic disruptions, and the likely effects of public policy responses.[1] These data supplement information from the Federal Reserve Board's annual Survey of Household Economics and Decisionmaking (SHED). All respondents to the July survey also completed the previous survey in October 2019, creating the unique opportunity to observe how financial well-being compared for the same individuals before and after the start of the pandemic and the ensuing recession.[2]

The results of the July survey indicate that while many people who were laid off at the start of the public health crisis had returned to work, an increasing share did not expect to return to their previous job. Additionally, employment outcomes differed markedly across workers of different incomes and education levels. The April survey found that lower-income workers were more likely to have been laid off at the start of the pandemic. The July survey showed that lower-income adults who were laid off were also less likely to have returned to work in the same job. Additionally, workers with less education who maintained their jobs were less likely to be working from home than were those with more education. Consistent with these differences in work arrangements, workers with less education were also more likely to say that their employer was not taking sufficient precautions to prevent the spread of COVID-19.

Although many people experienced disruptions to their work, the extraordinary governmental measures in response to the pandemic seemed to have eased families' financial strain. A substantial number of families received one or more forms of financial assistance from government programs or charitable organizations. The effects of these programs were apparent in people's overall financial well-being and ability to cover expenses. Across several dimensions, financial well-being was higher in the July survey than in early April before most financial relief efforts were in place.

Nevertheless, the results highlight financial concerns that remained for some families. Although financial assistance programs have buffered families from economic hardships, many still remained out of work. Additionally, some of those who received assistance with housing bills expressed concerns about resuming their regular monthly payments when this payment relief ends. Some working parents also indicated that they expected to face challenges balancing work and childcare responsibilities in the fall if schools do not have in-person classes. Consequently,

1 The Centers for Disease Control and Prevention (CDC) first reported community spread of COVID-19 in the United States on February 26, 2020 (https://www.cdc.gov/media/releases/2020/s0226-Covid-19-spread.html) and first reported a death from COVID-19 in the United States on February 29, 2020 (https://www.cdc.gov/media/releases/2020/s0229-COVID-19-first-death.html). The CDC COVID-19 Response Team later reported evidence of limited community transmission of COVID-19 earlier than initially reported. See Michelle A. Jorden et al., "Evidence for Limited Early Spread of COVID-19 within the United States," *Morbidity and Mortality Weekly Report*, no. 69 (2020): 680–684, http://dx.doi.org/10.15585/mmwr.mm6922e1.

2 The July 2020 SHED supplemental survey interviewed a sample of just over 4,000 individuals. For the July supplement and prior SHED surveys, the anonymized data, as well as an appendix containing the complete questionnaire and responses to all questions in the order asked, are available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

the conditions observed in this survey may change in the coming months depending on the economic trajectory moving forward.

Key findings from the July survey include:

Employment

- Thirty percent of those laid off between March and July had since returned to work for the same employer. Twenty-two percent of those laid off did not expect to return to their previous employer and were not working at another job.
- Thirty-one percent of workers did all of their work from home in the week before the survey, down from 41 percent in April.
- Eighteen percent of workers said their employer was taking too few precautions to prevent the spread of COVID-19. A higher 27 percent of Black workers and 23 percent of Hispanic workers felt their employer was not taking enough precautions.
- Of working parents, 3 percent expected to stop working, and 19 percent expected to work less, if their local schools do not have in-person classes in the fall.

Financial Assistance

- Nearly one-fourth of adults said their family received assistance from unemployment insurance, the Supplemental Nutrition Assistance Program (SNAP), or free groceries or meals from charitable organizations since the start of the pandemic.
- Among those receiving unemployment insurance benefits, 40 percent said that the benefits were higher than their wages before the layoff, whereas 36 percent said that the benefits were lower.
- Five percent of both homeowners with a mortgage and renters reported receiving a housing payment reduction or deferral. Twelve percent of adults reported receiving assistance with other bills.

Overall Financial Security

- Seventy-seven percent of adults were doing at least okay financially in July, up from 72 percent in early April and 75 percent in October 2019.
- Seventy percent of adults would pay a $400 emergency expense using cash or its equivalent, up from 64 percent in April and 63 percent in October 2019.
- Improvements in preparedness for emergency expenses since 2019 were greatest among low- and middle-income families, for whom stimulus payments and enhanced unemployment insurance benefits reflect a larger share of incomes.

Employment

Since March 2020, many have experienced employment disruptions such as a layoff, reduction of hours, or unpaid leave (figure 1). Twenty percent of people who were working at the time of the annual SHED survey in October 2019 said they were laid off between March and when they took the supplemental survey in late July.[3] Additionally, 10 percent of October 2019 workers had their hours reduced or took unpaid leave, but were not laid off.

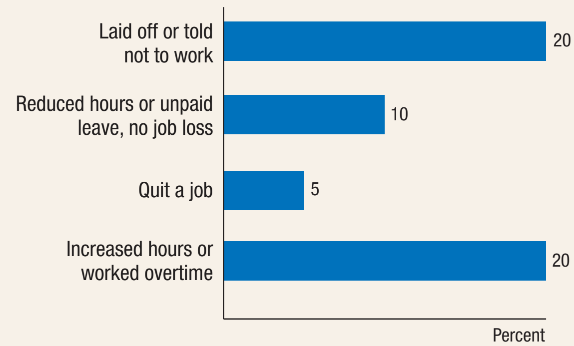
Layoffs have not affected all workers equally. Hispanic and Black adults were more likely to report a layoff between March and July (table 1). In addition, a larger share of working women than men were laid off, which is a departure from previous recessions.

At the same time that many reported employment disruptions, others reported working more. Twenty percent of people who were working in October reported working increased hours or overtime between March and July. Additionally, 5 percent of all adults started a job between March and July.

Some workers who were laid off had also returned to work or were working at another job in July. Thirty percent of workers who were laid off said in July that they had returned to their former job, up from 5 percent in April (figure 2). An additional 10 percent said that they were employed and did not expect to return to the old job.[4]

Still, a larger share of laid-off workers expected the layoff to be permanent than was the case in April. In July, 22 percent of adults who had been laid off said that they were not employed and that they did not expect to return to their old job. This is up from 7 percent of laid-off workers who reported in April

Figure 1. Employment events since March 2020 among those working before the pandemic



Note: Among those working in October 2019.

Table 1. Proportion of adults working in October 2019 who were laid off since March 2020 (by demographic characteristics)

Percent

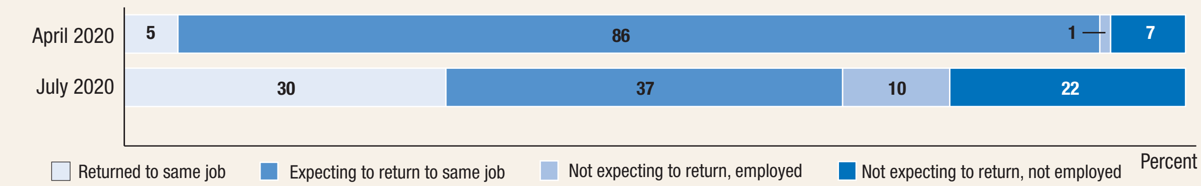
Characteristic	Laid off or told not to work
Family income	
Less than $40,000	28
$40,000–$100,000	19
Greater than $100,000	13
Education	
High school degree or less	23
Some college/technical or associate degree	25
Bachelor's degree or more	13
Race/ethnicity	
White	18
Black	22
Hispanic	23
Gender	
Male	18
Female	22

Note: Among those working in October 2019. Income and education categories are from the October 2019 survey responses.

[3] Employment status in October is used here since all respondents completed the October 2019 survey and reported their employment status at that time. Eighty-six percent of people who were laid off between March and July 2020 said that they were working in October 2019. The remaining 14 percent were most likely laid off from a job that they started between October and July. This report refers to someone who answers that they lost a job, were laid off, or were told not to work any hours as someone who was laid off.

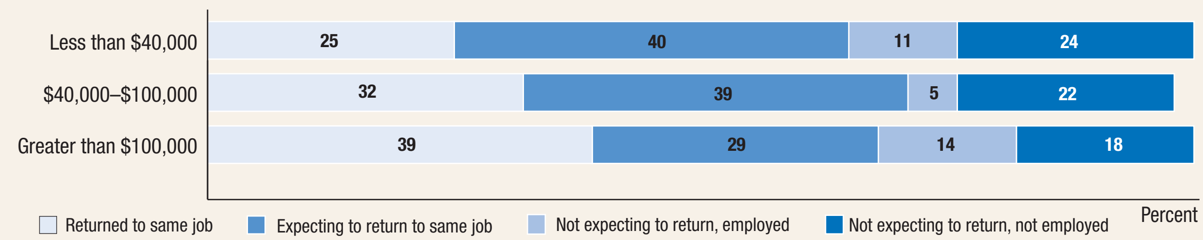
[4] Workers who said they were employed could have found a new job since the layoff, or they could have lost one of multiple jobs without getting another.

Figure 2. Expectations about returning to work and current employment for laid-off workers (by month)



Note: Among adults reporting a layoff since March 2020. Percents may not sum to 100 due to rounding and question non-response. Key identifies bars in order from left to right.

Figure 3. Expectations about returning to work and current employment for laid-off workers (by family income)



Note: Among adults reporting a layoff since March 2020. Income categories are from the October 2019 survey responses. Percents may not sum to 100 due to rounding and question non-response. Key identifies bars in order from left to right.

that they were not employed and did not expect to return to their old job.

Another important feature of the employment situation since March has been larger disruptions among workers in families with low incomes. The rate of layoffs was substantially higher among workers from low-income families. Between March and July, 28 percent of October workers in families making less than $40,000 per year at the time were laid off.[5] In contrast, layoffs affected 13 percent of October workers in families making more than $100,000 per year over the same period.

Laid-off workers in low-income families were also less likely to say that they had returned to work at their original job. One-fourth of workers in low-income families who experienced a layoff said they had returned to work for the same employer (figure 3). In contrast, 32 percent of middle-income and 39 percent of high-income workers who were laid off had returned to their same job.

Work Location and Concerns about COVID-19 at Work

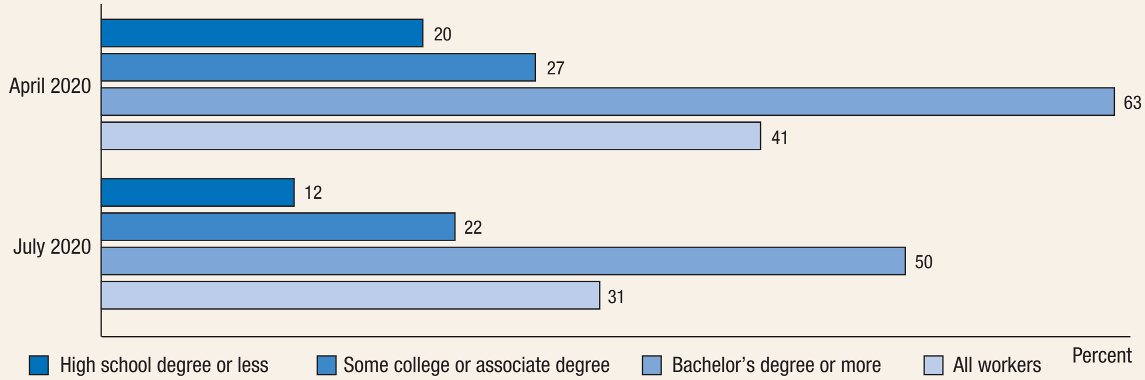
The pandemic also has continued to affect where people physically do their work. Although the frequency of remote work has declined since April, it remains elevated. Thirty-one percent of workers did all of their work from home in the week before the survey, compared to 41 percent who did so in early April (figure 4).

Workers with more education, however, were more likely to work from home. In July, 12 percent of workers with a high school degree or less worked entirely from home, compared to half of workers with a bachelor's degree. Each number was down from the proportion that said they worked entirely from home in April.

Differences by education in the proportion of adults who worked from home translate into different levels of exposure to others. Indeed, 85 percent of workers who were not entirely telecommuting said that they were within six feet of someone for more than five minutes on the most recent day that they went to work. Thirty-five percent had close contact with at

[5] This statistic is not directly comparable to related findings in the *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*. The statistic in this report uses information on family (rather than household) income and employment in the October 2019 survey that was not available for the April survey. The results could also differ because of sampling error and recall bias. For example, people who quickly returned to work may report a layoff in April but not July. The most comparable statistic to that reported in April would be that one-third of people in households making under $40,000 per year who were working in February report that they were laid off since March.

Figure 4. Work entirely from home in April 2020 and July 2020 (by education)



Note: Among employed and self-employed adults. Key identifies bars in order from top to bottom.

least 10 people. Conditional on going into work, workers with different levels of education reported that they were exposed to similar numbers of people each day.

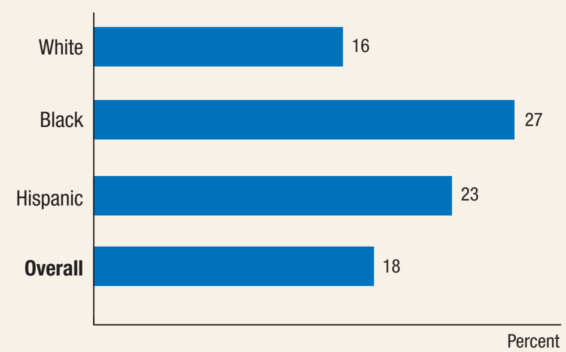
Overall, most adults felt their employer was taking adequate precautions to prevent the spread of COVID-19. Roughly three-fourths of workers said that their employer was taking about the right amount of precautions for their safety. This compares to 18 percent of workers who felt that their employer was not taking enough precautions and 7 percent who felt their employer took too many precautions.

Since half of workers with bachelor's degrees were working from home, these workers likely had less potential exposure to the virus at their jobs. And the differences in exposure by education were reflected in workers' evaluations of the precautions that their employers took. Sixteen percent of workers with a bachelor's degree said that their employer had not taken enough precautions against the coronavirus, while 21 percent of workers with a high school degree or less responded the same way.

Black and Hispanic workers also were disproportionately likely to say that their employers were not taking enough precautions to prevent the spread of COVID-19. Twenty-seven percent of Black workers said that their employer was not taking enough precautions, while 23 percent of Hispanic workers and 16 percent of White workers responded similarly (figure 5).

Different views of employer's precautions by race and ethnicity reflected different rates of working

Figure 5. Think employer is not taking enough precautions to prevent the spread of COVID-19



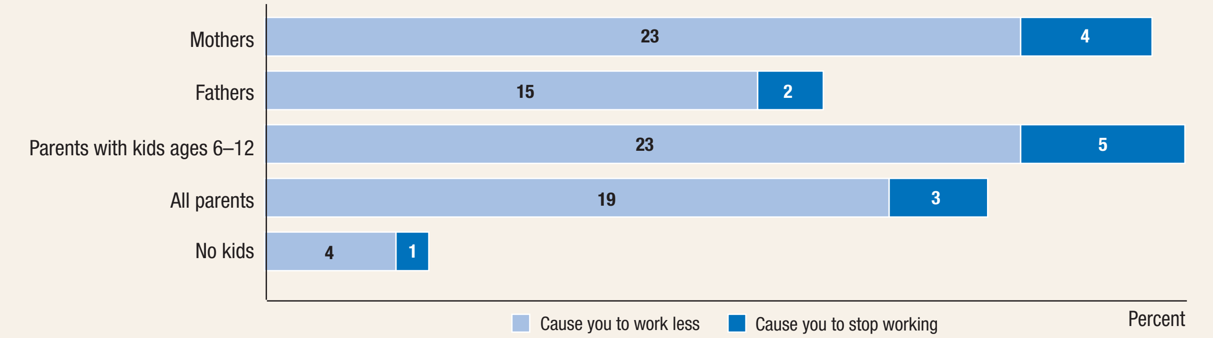
Note: Among employed, self-employed, and those who voluntarily quit or were laid off since March 2020.

from home, among other factors. Twenty-two percent of Hispanic workers and 28 percent of Black workers worked entirely from home over the week before the survey, compared to 33 percent of White workers. Across all races and ethnicities, adults who did none of their work from home were twice as likely as those working completely from home to say their employer was not taking enough precautions (19 percent versus 9 percent).

Work and Family

Potential school closures in the fall, accompanied by increased family and childcare responsibilities, could affect some parents' ability to maintain formal employment. While most working parents did not expect potential school closures in the fall to affect their work, 22 percent expected to work less or stop

Figure 6. Expect to reduce hours worked if schools do not have in-person classes in the fall (by parental status and gender)



Note: Among those employed or self-employed but not working in education or childcare. Key identifies bars in order from left to right.

working altogether if their local schools do not have in-person classes (figure 6).[6] These potential labor market effects were the largest for working parents living in households with primary-school-aged children, among whom nearly 3 in 10 expected to work less or stop working altogether. Additionally, working mothers, at 27 percent, were more likely than working fathers to report that they expected to work less or stop working altogether.

[6] To isolate the effects of school closings on people's responsibilities at home, we exclude people who work in education or childcare. Parental status is based on whether the respondent lived with their own children under age 18 in October 2019.

Financial Assistance

In the wake of employment disruptions since the beginning of March, public and private assistance helped fill the gap between income and expenses for many families. Nearly one-fourth of adults reported that they, or their spouse or partner, received assistance from unemployment insurance, SNAP, or free groceries or meals from charitable organizations since the start of the pandemic. This includes 11 percent who received unemployment insurance and 10 percent who received SNAP benefits (figure 7). Additionally, 5 percent of adults received financial assistance from family outside their household or from a religious or community group. A small share of adults reported they had applied for one of these benefits but not received them, and this was most common for unemployment insurance.

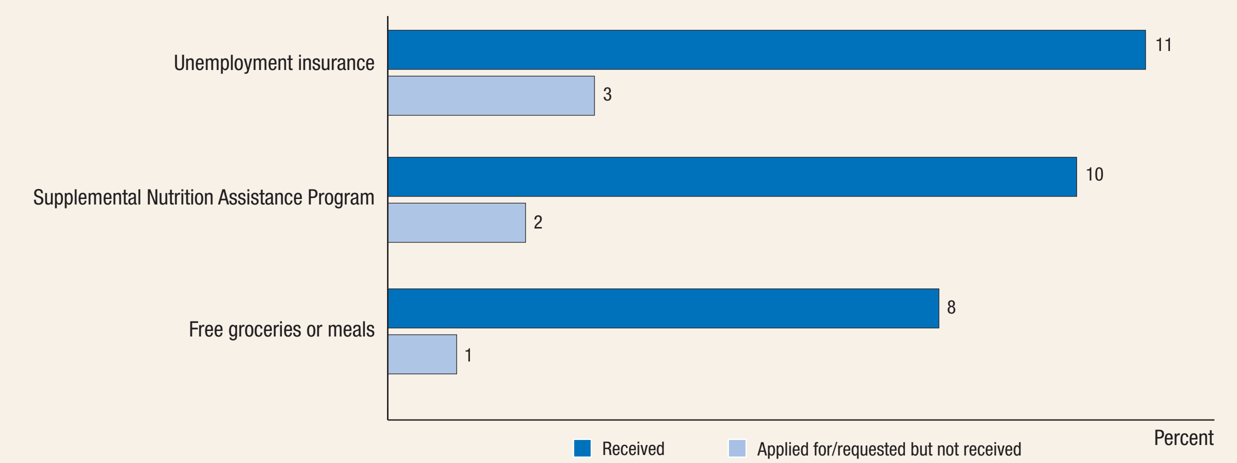
The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided enhanced unemployment insurance benefits of $600 per week, which supplemented normal unemployment insurance benefits.[7] Reflecting these additional benefits, 40 percent of unemployment insurance recipients said that the benefits they received were larger than their previous wages while working, and 23 percent said they were about the same. Adults in low-income families were more likely to say that the unemployment insurance benefits were greater than their prior earnings (figure 8).

Changes in both employment and financial assistance affected household income as a whole. Most people did not experience an employment disruption, and most said that their income was unchanged from before the pandemic. However, 23 percent of all adults said their income in June was below that in February, whereas 11 percent said it was higher.[8]

[7] For details on the unemployment insurance benefit changes in the CARES Act, see "Unemployment Insurance Relief during COVID-19 Outbreak," U.S. Department of Labor, 2020, https://www.dol.gov/coronavirus/unemployment-insurance.

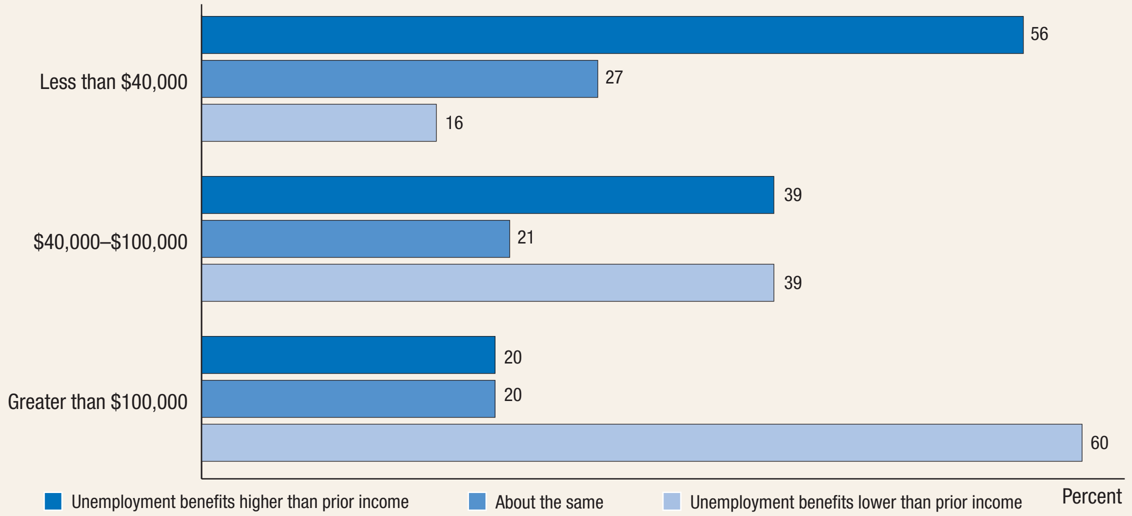
[8] Some of this volatility may reflect regular changes in income that occur from month to month. For a description of income variability from survey measures, see Jeff Larrimore, Maximilian Schmeiser, and Sebastian Devlin-Foltz, "Should You Trust Things You Hear Online? Comparing SHED and Census Bureau Survey Results," Finance and Economic Discussion Series Notes (Washington: Board of Governors of the Federal Reserve System, October 15, 2015), https://www.federalreserve.gov/econresdata/notes/feds-notes/2015/comparing-shed-and-

Figure 7. Forms of assistance received and requested



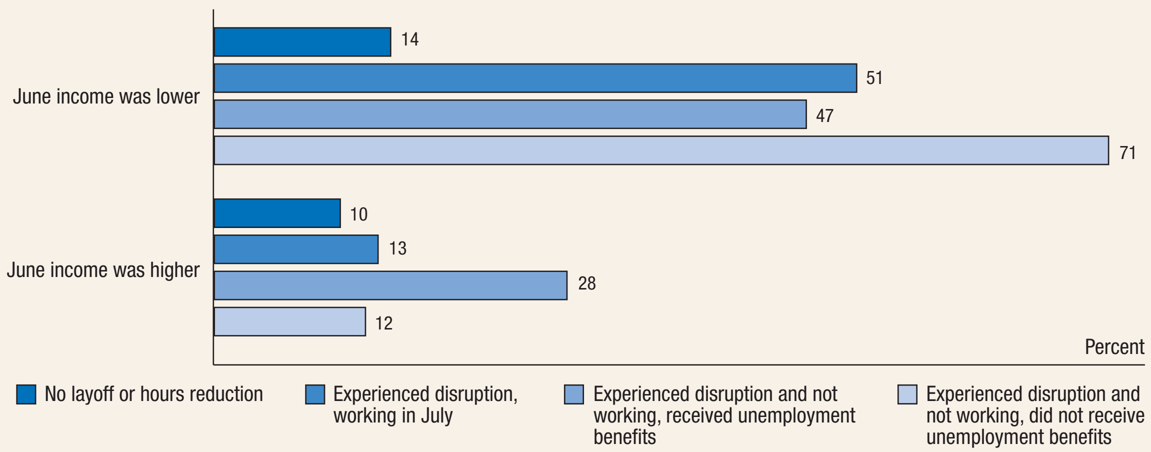
Note: Key identifies bars in order from top to bottom.

Figure 8. Unemployment insurance benefits relative to pre-layoff wages (by family income)



Note: Among those who received unemployment insurance. Income categories are from the October 2019 survey responses. Key identifies bars in order from top to bottom.

Figure 9. June 2020 income relative to February 2020 (by employment disruption and unemployment insurance benefits receipt)



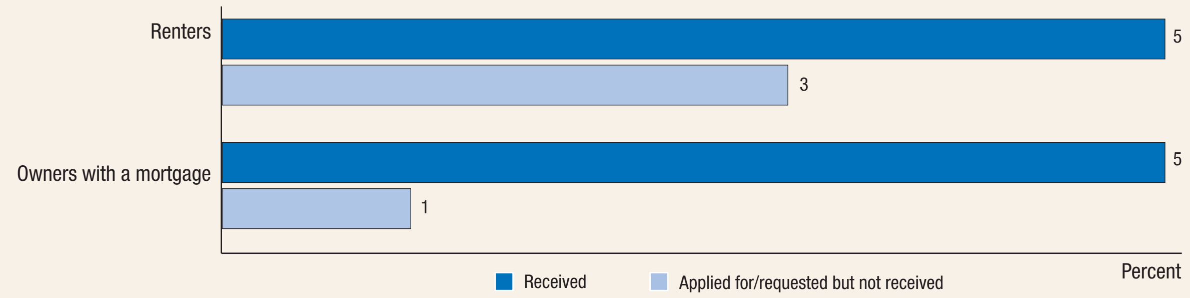
Note: Key identifies bars in order from top to bottom.

The likelihood of experiencing an increase or decrease in income varies based on employment disruptions as well as the receipt of unemployment insurance benefits.[9] Half of the people who lost a job or had their hours cut, but were working at the time of the survey, said that their June income was lower than before the pandemic. Similarly, 47 percent of those not working who received unemployment insurance reported an income decline. However, among those not working who did not receive unemployment insurance, 71 percent said that their income went down (figure 9).

census-bureau-survey-results-20151015.html. For patterns of income volatility in bank account data, see Diana Farrell, Fiona Grieg, and Chenxi Yu, *Weathering Volatility 2.0: A Monthly Stress Test to Guide Savings* (New York: JPMorgan Chase Institute, 2019), https://institute.jpmorganchase.com/institute/research/household-income-spending/report-weathering-volatility-2-a-monthly-stress-test-to-guide-saving.

9 The employment question in the survey asks about the respondent's own employment, whereas the income and unemployment insurance benefits include benefits for the respondent's spouse or partner as well. Consequently, some respondents may report income changes due to employment disruptions among family members, even if they did not personally experience an employment disruption.

Figure 10. Received or requested assistance on housing payments (by homeownership status)



Note: Among renters and homeowners with a mortgage. Key identifies bars in order from top to bottom.

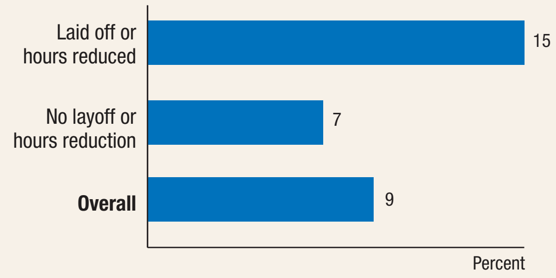
On the other hand, those who had received unemployment insurance benefits were more likely to say their income was higher, reflecting the enhanced benefits in effect at the time. Twenty-eight percent of people who received unemployment benefits said that their June income was above that in February. This compares to 10 percent of those who had no employment disruption whose income increased.

Some families also received housing payment relief due to the effects of COVID-19, which further alleviated potential financial hardships. Five percent of both renters and homeowners with a mortgage received a housing payment reduction or deferral (figure 10). An additional 3 percent of renters, and 1 percent of homeowners with a mortgage, requested assistance with rent or mortgage payments but did not receive it.

Among those receiving relief, there was some concern about restarting payments once the relief ends. Just under half of people receiving housing relief were moderately or very confident that they would be able to resume their monthly payments and make up any deferred payments. However, 32 percent were just slightly confident that they would be able to resume their payments, and 19 percent were not at all confident that they would be able to do so.

In addition to the relief received on housing payments, 12 percent of all adults received assistance with other bills. This appears to reflect high rates of student loan deferrals. Thirty-five percent of people who had outstanding student loan debt from their own education in the fall reported receiving payment relief on at least one non-housing bill, compared to 8 percent of those without student loan debt.

Figure 11. Borrowed from or cashed out retirement savings accounts in the past 12 months (by employment disruption)



Note: Among non-retirees.

Some adults tapped their own savings to cover financial shortfalls in recent months. This includes those who borrowed or withdrew funds from retirement accounts. The CARES Act relaxed some of the restrictions and penalties for savers to tap retirement plan assets, provided they experienced a qualifying hardship due to COVID-19.[10]

Adults who experienced employment disruptions were more likely to have borrowed from or cashed out retirement savings accounts (figure 11).[11] Fifteen percent of non-retirees who were laid off or had their hours reduced since March said they had tapped retirement assets in the past 12 months, com-

[10] "Coronavirus-Related Relief for Retirement Plans and IRAs Questions and Answers," Internal Revenue Service, last updated July 30, 2020, https://www.irs.gov/newsroom/coronavirus-related-relief-for-retirement-plans-and-iras-questions-and-answers.

[11] The question does not specify whether retirement savings accounts were tax-preferred (such as 401(k) plans) or taxable accounts, so respondents may have included withdrawals from a range of different types of accounts, not just those covered by the CARES Act provisions.

pared to 7 percent of non-retirees who had not experienced an employment disruption. Nevertheless, the overall share of non-retirees who reported they have borrowed from or cashed out accounts was unchanged in July relative to the fall of 2019, remaining at 9 percent.

Overall Financial Security

The substantial layoffs that occurred in March and April upended the lives of many families. However, by July, some people had returned to work and others were receiving financial assistance. As a result, there was an uptick in the overall rate of financial well-being in July. Seventy-seven percent of adults in July indicated that they were either “doing okay” financially or “living comfortably.” The rest were either “just getting by” or “finding it difficult to get by.” The 77 percent of adults doing at least okay financially in July reflects an improvement since early April, when 72 percent were doing at least this well. In October 2019, 75 percent of adults were at least doing okay financially.[12]

When comparing individual-level responses, most people reported that they were equally as well off in July as they had been in October. Nineteen percent of adults reported a higher level of financial well-being, compared to 17 percent who were worse off financially than in the fall. The remainder reported the same level of well-being as they did in October. Even though the scale of layoffs during the pandemic has been unprecedented, this stability reflects the fact that many people did not personally experience a layoff. Additionally, enhanced unemployment insurance benefits, Economic Impact Payments, and other financial support measures blunted the potential negative financial effects for many families.

Although substantial gaps in the rate of well-being across racial and ethnic groups remained, self-reported financial well-being for White, Black, and Hispanic adults in July were all consistent with the rates seen in late 2019. White and Hispanic adults saw slight upticks in their overall rates of well-being, although self-reported financial well-being among Black adults fell by 1 percentage point (table 2).

[12] Seventy-six percent of October 2019 respondents who also took the July survey were doing okay financially last fall. Consequently, part of the observed 2 percentage point change in overall well-being can be attributed to which respondents completed the follow-up survey in July.

Table 2. Share of adults at least doing okay financially (by demographic characteristics and year)
Percent

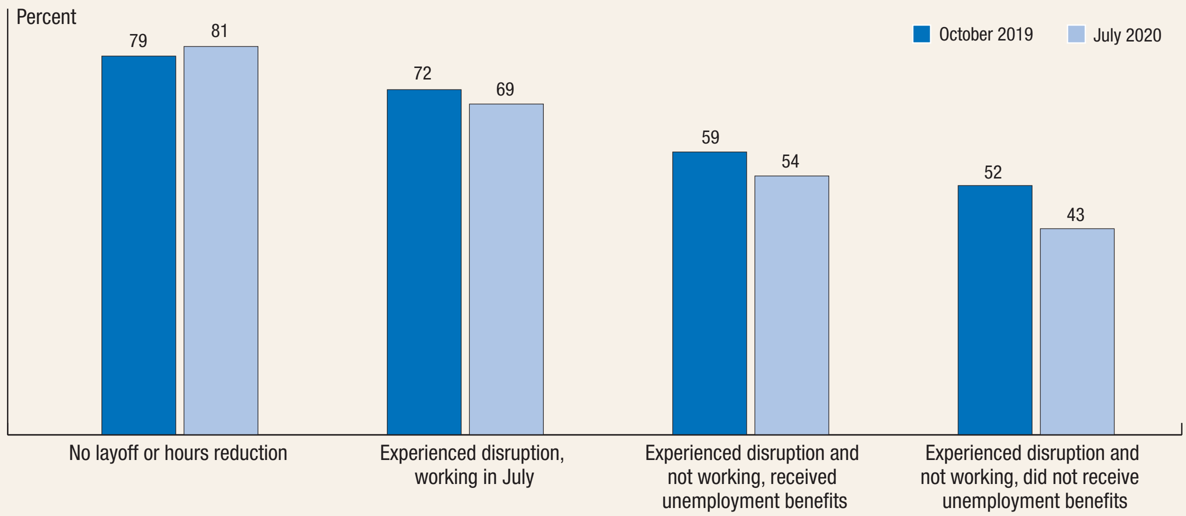
Characteristic	October 2019	July 2020	Change
Family income			
Less than $40,000	55	56	2
$40,000–$100,000	81	84	4
Greater than $100,000	95	95	0
Education			
High school degree or less	63	64	1
Some college/technical or associate degree	75	77	2
Bachelor’s degree or more	88	91	3
Race/ethnicity			
White	79	81	2
Black	65	64	-1
Hispanic	66	69	2
Place of residence			
Metro area	76	77	1
Non-metro area	72	76	4
Overall	**75**	**77**	**2**

Note: Income and education categories are from the October 2019 survey responses.

Consistent with the earlier observations that layoffs from the pandemic most affected lower-income workers, individuals experiencing an employment disruption typically had lower pre-pandemic well-being than those who did not. Two-thirds of those who experienced a disruption were doing at least okay financially in the fall. This compares to 79 percent of those who did not experience a disruption who were doing at least okay financially before the pandemic.

Changes in financial well-being since the fall were closely tied to maintaining—or regaining—employment. Those who did not experience a layoff or a reduction of hours were, on average, faring at least as well as they were last fall. Those who were laid off or saw their hours reduced but were working at least in some capacity in July reported slight declines in well-being, although the change was relatively modest (figure 12).

Figure 12. Doing okay or living comfortably (by employment disruption and unemployment benefit receipt since March 2020)



Note: October 2019 responses are among those who also completed the July 2020 survey. Key identifies bars in order from left to right.

For those who were laid off and were not working in July, the magnitude of the decline in well-being depended on whether they received unemployment insurance benefits. Those who were laid off and received unemployment insurance saw a 5 percentage point decline in the share doing at least okay financially. However, among those who were laid off and did not receive unemployment, financial well-being declined by 9 percentage points since the fall. Forty-three percent of the group that was not receiving unemployment insurance benefits indicated that they were doing at least okay—down from 52 percent in October 2019.

Ability to Pay Bills

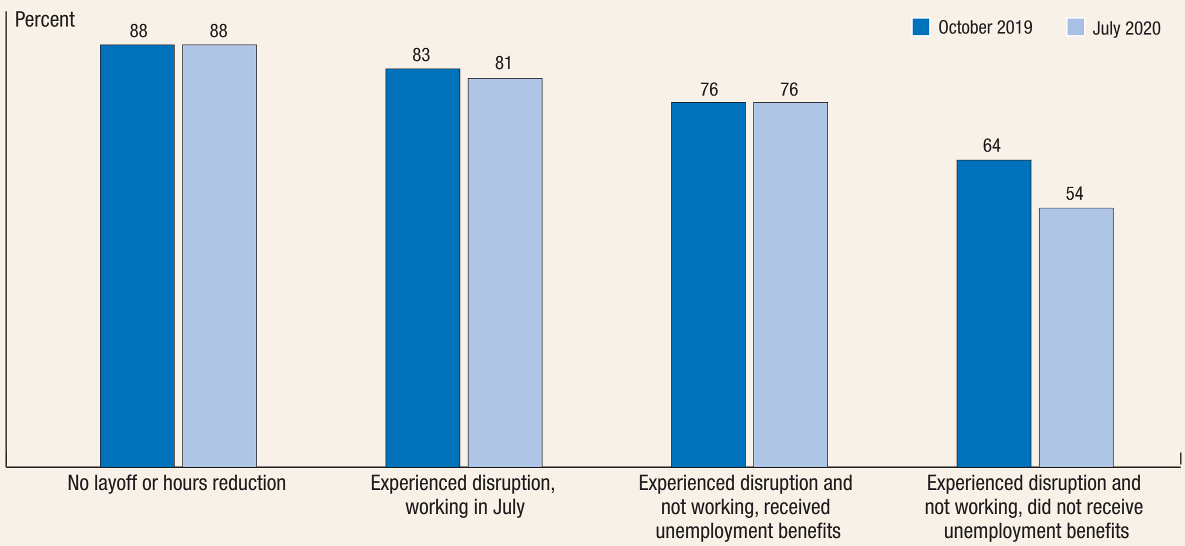
Consistent with the pattern in overall financial well-being, 85 percent of adults said they could pay all their current month's bills in full in July, about the same as in the fourth quarter of 2019 (84 percent) and above the 81 percent who were able to do so in April.[13] Yet, those experiencing employment disruptions were disproportionately likely to have difficulty paying bills, on average. Of adults who were laid off, were still not working, and had not received unemployment benefits, 54 percent expected to be able to pay all their bills in full in July (figure 13). Among those who were not working but had received unemployment benefits and among those who had returned to work, higher shares said they could pay all their bills in full. Nonetheless, these groups were still less likely to be able to cover all their bills than those who had not experienced an employment disruption.

In part, this difference in bill payment rates reflects financial circumstances from before the pandemic. But those who were still not working after a disruption and did not receive unemployment benefits also fared worse during the pandemic. Laid-off adults who were not working and not receiving unemployment benefits showed the largest decline in ability to pay their bills. Fifty-four percent of this group expected to be able to pay all of their bills in full in July, whereas 64 percent of the same people were able to do so in October. In contrast, those who had not experienced an employment disruption showed no change in their ability to pay bills, on average. Those who experienced a disruption and received unemployment insurance benefits or were working in July were also nearly as likely to be able to pay their bills in full as they were last fall.

Of people who could not pay all their bills in full in July, this most frequently involved not paying a credit card bill or making only a partial payment on it (table 3). Yet, 42 percent of those who were not

[13] Similar to that seen previously for overall well-being, repeat respondents from the fall survey were slightly more likely to be able to pay their bills in full than the entire fall sample (86 percent versus 84 percent). Hence, the 1 percentage point improvement in bill payment from the fall reflects these sample differences.

Figure 13. Ability to pay all bills in full the month of the survey (by employment disruption and unemployment benefits receipt since March 2020)



Note: October 2019 responses are among those who also completed the July 2020 survey. Key identifies bars in order from left to right.

Table 3. Bills to leave unpaid or only partially paid in July
Percent

Bill	Among those who expect to defer at least one bill	Among adult population
Housing-related bills		
Rent or mortgage	21	3
Water, gas, or electric bill	31	4
Overall	42	6
Non-housing-related bills		
Credit card	44	6
Phone or cable bill	27	4
Student loan	12	2
Car payment	14	2
Other	31	5
Overall	87	13
Overall	**100**	**14**

Note: Respondents could select multiple answers.

able to pay all their bills in July (6 percent of all adults) said that their rent, mortgage, or utility bills would be left at least partially unpaid in July.

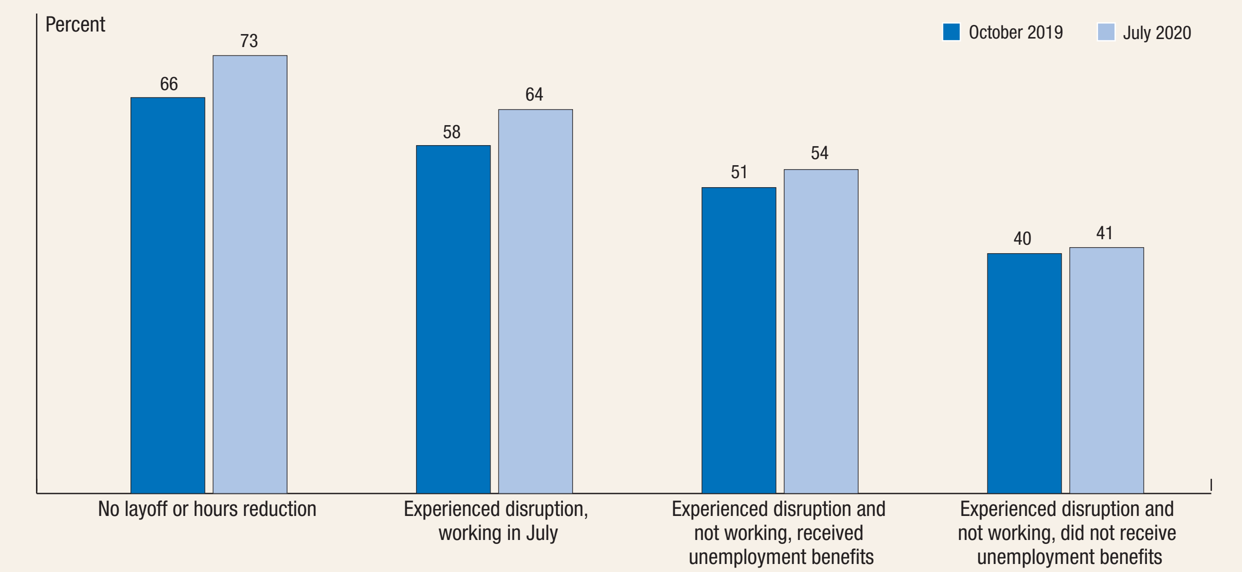
Handling Small Financial Emergencies

A sizeable share of adults in July appeared to be better able to handle a small financial emergency than in April or in the fall. Among all adults, the share who reported they would pay an unexpected $400 emergency expense entirely using cash, savings, or a credit card paid off at the next statement increased by 6 percentage points—from 63 percent in October to 70 percent in July (table 4).[14] In April, 64 percent of adults said they would pay a small emergency expense in this way. While improvements since October were evident across all groups, increases were particularly notable for Hispanic adults, those living outside of metropolitan areas, and those in lower-income families. However, since this is a measure of how people would pay the $400 expense, rather than whether they could pay, it is also possible that changes in credit availability or people's desire to use credit could contribute to these results.

Similar to the findings for the ability to pay bills, those who experienced a layoff or an hours reduction were less likely to report they would pay an unexpected $400 expense with cash or the equivalent (figure 14). Furthermore, those who did not experience an employment disruption saw the largest gain in this measure, while those who lost a job and were not working in July and had not received unemploy-

[14] Repeat respondents from the fall survey were about as likely to say they would pay an unexpected $400 expense with cash or the equivalent as the entire fall sample (64 percent versus 63 percent, respectively). Using either the full fall sample or the repeat sample, the change from the fall survey to the July supplement was 6 percentage points.

Figure 14. Would pay $400 expense with cash or its equivalent (by employment disruption and unemployment benefits receipt since March 2020)



Note: October 2019 responses are among those who also completed the July 2020 survey. Key identifies bars in order from left to right.

Table 4. Would cover a $400 emergency expense completely using cash or its equivalent (by year)
Percent

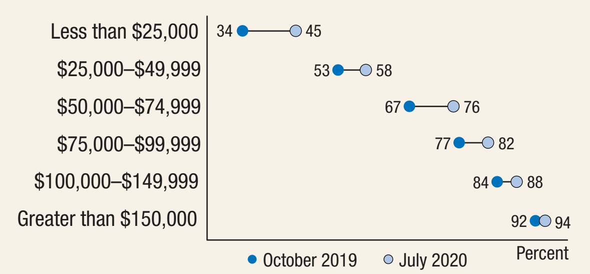
Characteristic	October 2019	July 2020	Change
Family Income			
Less than $40,000	39	48	9
$40,000–$100,000	68	75	7
Greater than $100,000	88	91	3
Education			
High school degree or less	47	54	8
Some college/technical or associate degree	61	68	7
Bachelor's degree or more	81	88	7
Race/ethnicity			
White	71	77	6
Black	43	48	5
Hispanic	45	55	10
Place of residence			
Metro area	64	70	6
Non-metro area	59	69	9
Overall	**63**	**70**	**6**

Note: Income and education categories are from the October 2019 survey responses.

ment benefits showed the least change, relative to responses in fall 2019.

The share who would pay cash or its equivalent for a small emergency improved at all income ranges, but did so the most for low- and middle-income adults

Figure 15. Would pay $400 expense with cash or its equivalent (by family income)



Note: Income categories are from the October 2019 survey responses. Key identifies circles in order from left to right.

(figure 15). This may be due to the income boost experienced from Economic Impact Payments. These payments went to nearly everyone with incomes below the income limits, including those not experiencing an employment disruption—the group that showed the greatest improvement in this emergency savings measure. Additionally, because these payments were fixed below the phaseout limits, the effect on family incomes would be proportionately greater for those with lower incomes.[15] These increases in

[15] For most U.S. families, the CARES Act authorized Economic Impact Payments of $1,200 per adult and an additional $500 per qualifying dependent child. The amount of the payment also varied with income and tax filing status, phasing out for single filers with incomes over $75,000 and married joint filers with incomes over $150,000. Payment distribution began in

the share who would pay a small emergency expense with cash or the equivalent are also consistent with estimates indicating that the personal savings rate increased and average daily balances in checking accounts rose in the early months of the pandemic.[16]

April 2020. See "Economic Impact Payment Information Center," Internal Revenue Service, last updated August 14, 2020, https://www.irs.gov/coronavirus/economic-impact-payment-information-center.

[16] For a time series of estimates of the personal savings rate from the Bureau of Economic Analysis, see https://fred.stlouisfed.org/series/PSAVERT. For findings from data on checking account balances in the early months of the pandemic, see Natalie Cox et al. "Initial Impacts of the Pandemic on Consumer Behavior: Evidence from Linked Income, Spending, and Savings Data," *Brookings Papers on Economic Activity* (Washington: Brookings Institution, June 25, 2020), https://www.brookings.edu/wp-content/uploads/2020/06/Cox-et-al-conference-draft.pdf.

Description of the Survey

The July 2020 supplemental survey to the Survey of Household Economics and Decisionmaking was fielded from July 17 through July 27 of 2020. This survey was fielded to a subset of respondents from the seventh annual SHED, which was fielded in October 2019.[17] Staff of the Federal Reserve Board wrote the survey questions in consultation with other Federal Reserve System staff, outside academics, and professional survey experts.

Ipsos, a private consumer research firm, administered the survey using its KnowledgePanel, a nationally representative probability-based online panel. Ipsos selected respondents for KnowledgePanel based on address-based sampling. SHED respondents were then selected from this panel.

Survey Participation

Participation in the July survey depended on several separate decisions made by respondents. First, they agreed to participate in Ipsos' KnowledgePanel, then they completed an initial demographic profile survey. According to Ipsos, 12.2 percent of individuals contacted to join KnowledgePanel agreed to join (study-specific recruitment rate), and 62.1 percent of recruited participants completed the initial profile survey and became a panel member (study-specific profile rate). Selected panel members then must have agreed to complete the 2019 SHED and, finally, agreed to complete the July 2020 survey.

Of the 5,306 panel members contacted to take the July survey, 4,185 (excluding breakoffs who did not complete the survey) participated, yielding a final-stage completion rate of 78.9 percent. All the stages taken together, the cumulative response rate was 3.7 percent. The final sample used in the report included 4,174 respondents.[18]

Targeted Outreach and Incentives

To increase survey participation and completion among hard-to-reach demographic groups, Board staff and Ipsos utilized a targeted communication plan. The target groups—young adults ages 18 to 29, adults with less than a high school degree, and those who are a race or ethnicity other than White and non-Hispanic—received additional email reminders during the field period.

All respondents to the survey received a coming-soon email the day before the survey launched, as well as an email once the survey was available to them. Targeted individuals also received follow-up emails during the field period to encourage completion.[19] All respondents to the survey also received a small incentive from Ipsos for their participation.

Survey Questionnaire

The survey took respondents about four minutes (median time) to complete.

A leading priority in selecting questions was to provide information on the financial experiences and challenges among low- and moderate-income populations during the public health crisis. The questions were intended to complement and augment the base of knowledge from other data sources. The full survey questionnaire can be found in appendix A of the appendixes to this report.

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17 Data and reports of survey findings from all past years are available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

18 Of the 4,185 respondents who completed the survey, 11 were excluded from the analysis in this report due to either leaving responses to a large number of questions missing, completing the survey too quickly, or both.

19 All targeted adults received an email encouraging completion on July 24 and July 26 during the field period.

Survey Mode

While the sample was drawn using probability-based sampling methods, both the 2019 SHED and the July supplemental survey were administered to respondents entirely online. Online interviews are less costly than telephone or in-person interviewing, and can still be an effective way to interview a representative population.[20] Ipsos' online panel offers some additional benefits. Their panel allows the same respondents to be re-interviewed in subsequent surveys with relative ease, as they can be easily contacted for several years—as was done for the July survey.

Furthermore, internet panel surveys have numerous existing data points on respondents from previously administered surveys, including detailed demographic and economic information. This allows for the inclusion of additional information on respondents without increasing respondent burden. The respondent burdens are further reduced by automatically skipping irrelevant questions based on responses to previous answers.

The "digital divide" and other differences in internet usage could bias participation in online surveys, so recruited panel members who did not have a computer or internet access were provided with a laptop and access to the internet to complete the surveys. Even so, individuals who complete an online survey may have greater comfort or familiarity with the internet and technology than the overall adult population.

Sampling and Weighting

The SHED sample was designed to be representative of adults age 18 and older living in the United States. The Ipsos methodology for selecting a general population sample from KnowledgePanel ensured that the resulting sample behaved as an equal probability of selection method (EPSEM) sample. This methodology started by weighting the entire KnowledgePanel to the benchmarks in the 2019 March supplement of the Current Population Survey along several geo-demographic dimensions. This way, the weighted distribution of the KnowledgePanel matched that of U.S. adults. The geo-demographic dimensions used for weighting the entire KnowledgePanel included gender, age, race, ethnicity, education, census region, household income, homeownership status, and metropolitan area status.

Using the above weights as the measure of size (MOS) for each panel member, in the next step a probability proportional to size (PPS) procedure was used to select study specific samples. This methodology was designed to produce a sample with weights close to one, thereby reducing the reliance on post-stratification weights for obtaining a representative sample.

After the survey collection was complete, statisticians at Ipsos adjusted weights in a post-stratification process that corrected for any survey nonresponse as well as any non-coverage or under- and over-sampling in the study design. The following variables were used for the adjustment of weights for this study: age, gender, race, ethnicity, census region, residence in a metropolitan area, education, and household income. Demographic and geographic distributions for the noninstitutionalized, civilian population age 18 and older from the March 2019 Current Population Survey were the benchmarks in this adjustment.

Although weights allow the sample population to match the U.S. population (not in the military or in institutions, such as prisons or nursing homes) based on observable characteristics, similar to all survey methods, it remains possible that non-coverage, nonresponse, or occasional disparities among recruited panel members result in differences between the sample population and the U.S. population. For example, address-based sampling likely misses homeless populations, and non-English speakers may not participate in surveys conducted in English.[21] All results presented in this report utilize the post-stratification weights produced by Ipsos for use with the survey.

[20] David S. Yeager et al., "Comparing the Accuracy of RDD Telephone Surveys and Internet Surveys Conducted with Probability and Non-Probability Samples," *Public Opinion Quarterly* 75, no. 4 (2011): 709–47.

[21] For example, while the survey was weighted to match the race and ethnicity of the entire U.S. adult population, there is evidence that the Hispanic population in the survey were somewhat more likely to speak English at home than the overall Hispanic population in the United States. See the *Report on the Economic Well-Being of U.S. Households in 2017* for a discussion of this issue and a comparison of results to select questions administered in Spanish and English in that year's survey.

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