

Record of Meeting
Community Advisory Council and the Board of Governors
May 22, 2025

Introduction

Observations expressed in this memo are those of Community Advisory Council members based on their experiences and their conversations with colleagues and community members, as well as local data and narratives.

This memo begins with an overview of current market conditions—with an emphasis on access to capital—followed by a review of housing and labor market conditions. A section devoted to “[Additional Matters](#)” and a final “[special question](#)” explores how the increased use of alternative consumer financial products and services and financial fraud are affecting households and businesses in low- and moderate-income (LMI) communities.

Council members reported that rising economic uncertainty brought on by risks to global trade, changes in federal spending and policies, and persistent inflation has affected local market conditions and contributed to the erosion of consumer and business sentiment in the communities they represent.

The following key themes emerged from Council member input:

- Current loan demand has been mixed, while borrower credit quality and the performance of active loans remained generally strong overall.
- Elevated rental and homeownership prices are creating a significant cost burden, contributing to an increasingly unaffordable housing market.
- Changes in federal spending are creating uncertainty in local labor markets.
- Rising healthcare costs and potential changes to federal health and food programs are adding to uncertainty and concern.
- A growing use of alternative financial services to purchase essential goods like groceries signals consumers may be struggling to meet basic household needs amid price increases.

Current Market Conditions

This section includes key themes regarding the current condition of—and the outlook for—loan markets, financial markets, and economic development activities. Current loan demand has been mixed, and borrower credit quality and the performance of active loans remained generally strong overall. By contrast, Council members reported that the broader outlook for economic development activities was somewhat pessimistic, in part due to the setback on new and ongoing investments caused by the recent pause in some federal spending (e.g., the recission of some community development financial institution (CDFI) contracts) and the ongoing uncertainty of economic and fiscal policy.

Small business lending

Several Council members noted that lenders in regional loan markets remained active but cautious, with some lenders expressing notable concern for the effect of tariffs and persistent inflation on regional economies and economic sectors. For example, in Oklahoma, the pace of demand for small business credit appeared to slow in the last three months. One lender reported that most of their business borrowers were evaluating the impact that tariffs will have on the cost of inputs for their products. Lenders expressed concern that this high-level of uncertainty could also affect businesses’ margins and

overall credit profiles. In Kansas, for example, several key economic sectors (e.g., agriculture and aviation) are highly dependent on export markets.¹ In New England, several employers attributed recent reductions in their respective employee bases to the higher cost of raw materials or the rising costs associated with leases or mortgage rates for industrial spaces.

Several Council members reported that small business access to credit was mixed and varied by geography and lender. In rural areas, several factors (e.g., limited access to banking services, fewer local lenders, and a more risk-averse lending climate) have hindered the ability of businesses to secure the funds necessary for the growth of existing businesses and support for new ventures. For example, in Kansas, small business lending in rural regions lagged behind urban regions in recent years, which has contributed to a widening gap in access to capital. In Florida, local entrepreneurs reported greater success in securing access to credit through community-based lenders, particularly for those businesses without collateral or conventional banking relationships. By contrast, small business lending in Oklahoma remained strong and grew in the infrastructure, healthcare, and manufacturing sectors. For example, a lender in Tulsa reported an increase in credit demand from businesses engaged in infrastructure creation, including highways and power grids, due to development of new data centers.

Home mortgage lending

Some Council members noted that mortgage demand has remained steady or increased slightly over the past six months. However, higher interest rates and rising insurance costs have continued to constrain the demand for home loans. Council members also noted that some lenders were more risk-averse about areas susceptible to natural disasters. For example, the August 2023 Maui wildfires led to a more cautious lending environment and rising property insurance premiums—affecting mortgage affordability and lending practices on the island.

Citing industry data and outreach to lenders in different parts of the country, one Council member noted that the performance of existing loans remained strong across most bank mortgage lenders in all regions, with some small increases in delinquencies. New lending credit quality weakened because of high overall debt burdens. For example, a lender in the Mid-Atlantic region reported to a Council member seeing more applicants with higher credit card utilization rates as well as “buy now, pay later” (BNPL) debts on their credit bureau reports.² Another lender serving the Central Rocky Mountain market indicated that high debt-to-income ratios were an important barrier for new mortgage applicants. In addition, the Council member noted that first-time and LMI borrowers faced higher qualification barriers for home mortgages and were challenged by the lack of affordable housing supply in their respective communities. For example, a northern Rocky Mountain region lender indicated that even if interest rates were noticeably lower, the high cost of housing would still be the primary factor limiting the ability of an LMI borrower to purchase a home. Similarly, a Washington, D.C., area lender reported that housing prices, particularly for new construction, remained out of reach for LMI borrowers.

Consumer lending

Several Council members noted that consumer loan demand in some markets slowed across sectors, with some auto dealers experiencing a notable decrease in purchase activity of new vehicles in the first

¹ See Vance Ginn, “Kansas at Risk: Tariffs Threaten Agriculture and Jobs,” Kansas Policy Institute, March 5, 2025, <https://kansaspolicy.org/kansas-at-risk-tariffs-threaten-agriculture-and-jobs/>.

² See Affirm, “Affirm Expands Credit Reporting with Experian to Include all Pay-Over-Time Products,” press release, March 19, 2025, <https://investors.affirm.com/news-releases/news-release-details/affirm-expands-credit-reporting-experian-include-all-pay-over>.

quarter of 2025. Households remained cautious as their balance sheets were strained from the effects of persistent inflation, economic uncertainty, and market volatility. Council members noted that some consumers were showing a stronger preference for short-term financial liquidity over longer-term financial returns. For example, one leader at a financial institution in the Pacific Northwest reported that incoming deposit activity notably shifted in the past few months from rate-sensitive certificates of deposit (CDs) to lower-yield savings and money market accounts.

Regarding credit quality, one Council member noted elevated credit losses in the loans for RV's, motorcycles, and uncollateralized loans, as well as increased delinquency rates on consumer credit cards and auto loans.³ Moreover, one financial institution in the Pacific Northwest reported that the credit quality of applicants generally was lower now than in prior years.

Economic development activities

New economic development activity slowed in some regions as Council members reported that stakeholders shared concerns about the impact of tariffs, particularly on rural communities and specific economic sectors, including agriculture, energy, and consumer-focused goods. In addition, persistent inflation and rising insurance costs continue to challenge economic development activities. For example, in North Dakota, farmers were already grappling with rising input costs, higher insurance premiums, and increasingly erratic weather patterns before the new tariffs were introduced.

Council members discussed some changes that have constrained local economic development activities led by mission-driven organizations. In South Carolina, a statewide CDFI reported that changes to a tax credit program effectively stalled its operations and the current allocation of tax credits. A second South Carolina CDFI pointed to the recent rescission of a federal award that would have deployed significant capital in support of the emerging energy economy across rural Appalachian communities. Council members noted that these examples underscore how disruptions in government program delivery, shifting market norms, and the reversals of high-profile initiatives were directly affecting the ability of community-focused financial institutions to support underserved regions. Additionally, Council members reported that changes to federal policy and the delivery of resources also affected farms and small businesses, particularly those located in rural areas. For example, grants through an agriculture program that several New England meat and poultry processors were leveraging were cut and remained frozen.⁴

In contrast, some Council members noted prominent ongoing economic development projects in their respective regions. For example, in Hawaii, the city center segment of a rail project in Honolulu is starting in the second half of 2025, aiming to enhance transportation and stimulate the local economy.⁵ In New Hampshire, the state allocated \$10.5 million in grants for projects to foster economic development in

³ See Federal Reserve Bank of New York, "Household Debt Balances Continue Steady Increase; Delinquency Transition Rates Remain Elevated for Auto and Credit Cards," press release, February 13, 2025, <https://www.newyorkfed.org/newsevents/news/research/2025/20250213>. See Federal Reserve Bank of New York, "Breaking Down Auto Loan Performance," February 13, 2025, <https://libertystreeteconomics.newyorkfed.org/2025/02/breaking-down-auto-loan-performance/>.

⁴ See "Frozen Grant Funds Affecting the Meat Industry," American Association of Meat Processors, February 14, 2025, <https://aamp.com/news/693785/Frozen-Grant-Funds-Affecting-the-Meat-Industry.htm>.

⁵ See Construction Overview: Segment 3, Honolulu Authority for Rapid Transit, <https://honolulutransit.org/construction/>.

rural areas, focusing on infrastructure, workforce development, and community facilities.⁶ In New England, collaborative networks have been reinvigorated and are now working to help bring together the breadth of partners needed to keep innovation moving forward.⁷

One Council member reported that South Carolina's designation as a Regional Tech Hub for Advanced Resilient Energy has catalyzed meaningful economic activity—particularly in rural communities that have historically been under-resourced. Since January 2025, two major economic development announcements have taken place in rural counties that were directly tied to the visibility and momentum generated by the Tech Hub designation. Noted interest from prospective companies in the designation has also contributed to a stronger culture of collaboration across partners in the state.

Housing Markets

The following key themes were reported by Council members:

- Elevated rental rates and home values made housing affordability a challenge.
- Investments were made in the affordable housing market, particularly in middle-income and workforce housing opportunities.

Housing costs remain elevated

The high cost of renting and homeownership continued to put significant pressure on household budgets, especially for LMI households. Many Council members expressed deep concern about the unaffordable housing markets in their regions as costs remained elevated or continued to rise.⁸ For example, in New Hampshire, the median sale price for single-family homes reached \$540,000 in June 2024, a 63 percent increase from June 2020 and the highest monthly median sale price on record.⁹ Renters also faced rising costs as the rent for a two-bedroom apartment averaged \$1,833 per month, which was a 3.9 percent annual increase.¹⁰ Seattle housing prices continued to climb with a reported 4.28 percent year-over-year increase in February. In addition to the rising cost of housing, utility expenses, particularly natural gas and electricity, continued to increase rapidly.

Council members reported concern for lower-income households that continued to face challenges with rising housing costs and needing to allocate an increasingly large share of income to satisfy these expenses. In St. Louis, nonprofit housing assistance programs reported that monthly rental rates for residents with lower and moderate incomes rose steeply last year, by an estimated 20 to 30 percent. They further estimated that up to 75 percent of some of their clients' household budget goes to housing costs. Some affordable housing stakeholders in St. Louis also noted that property owners were passing

⁶ See Maureen Milliken, "New Hampshire Projects to Share \$10.5 Million in Rural Economic Development Grants," *NH Business Review*, January 31, 2025, <https://www.nhbr.com/new-hampshire-projects-to-share-10-5-million-in-rural-economic-development-grants/>.

⁷ See New England Food System Planners Partnership, <https://nefoodsystemplanners.org/>.

⁸ See "No State Has an Adequate Supply of Affordable Rental Housing for the Lowest-Income Renters," National Low Income Housing Coalition, March 2025, <https://nlihc.org/gap>.

⁹ See "Housing in New Hampshire: Shortage Raises Costs," New Hampshire Fiscal Policy Institute, January 14, 2025, <https://nhfpi.org/resource/housing-in-new-hampshire-shortage-raises-costs-2/>.

¹⁰ See "Multiple Affordable Housing Barriers Adversely Impact Communities, Adding Housing Expands Tax Base Beyond Key Costs," Blog, New Hampshire Fiscal Policy Institute, February 26, 2025, <https://nhfpi.org/blog/multiple-affordable-housing-barriers-adversely-impact-communities-adding-housing-expands-tax-base-beyond-key-costs/#:~:text=In%20the%2025%2Dyear%20period,36%20percent%20increase%20from%202019>.

more of the maintenance and utility responsibilities on to renters, particularly in single-family home rentals. In Kansas, rising home valuations contributed to increases in homeowners' property taxes and insurance costs. These rising costs have placed additional strain on household budgets, particularly for senior and low-income homeowners. Consequently, these home valuation increases have made homeownership unsustainable for many.

The housing supply shortage continues to affect affordability

Nearly all Council members attributed elevated housing costs to low levels of housing supply.¹¹ In particular, some noted the demand for workforce housing by middle-income households. For example, in San Francisco, the housing market is experiencing high demand and limited supply, reflected in the apartment vacancy rate of approximately 6 percent, the lowest since 2019.¹² This has increased rental prices, especially in sought-after neighborhoods. Similarly, in the Pacific Northwest, housing stakeholders noted that there is an undersupply of housing units and a widening affordability gap.

While workforce housing is a great need in many regions, some Council members reported supply challenges for affordable housing for lower-income households. For example, a central Indiana housing organization affiliate reported that only two institutions in their region were focused on serving households earning less than 80 percent of the area median income (AMI), underscoring the limited institutional capacity to meet the homeownership need for lower-income borrowers. In rural Kansas, communities were struggling with a persistent lack of affordable housing stock. Affordable housing stakeholders noted that this shortage of quality affordable housing options continued to challenge efforts to grow rural regions and often contributed to an outmigration of rural residents.

Several Council members identified specific challenges to increasing the affordable housing supply in their communities. For example, in San Francisco, public subsidies from the state's affordable housing programs have either been eliminated or drastically reduced, raising concerns about the viability of new developments in the coming year.¹³ Operational costs, including insurance premiums, utilities, and labor costs, remained elevated and have slowed the pace of construction. In Florida, the average insurance expense per multifamily unit has reached \$2,000 to \$3,000 in many parts of the state, and in low-lying coastal markets like Miami, it exceeds \$8,000 per unit.¹⁴ These costs depress net operating income and make new affordable housing projects harder to underwrite. Additionally, new tariffs on building construction materials raised additional concerns about increased housing costs. Anecdotally, a nonprofit affordable housing developer based in Fort Worth, Texas, noted land acquisition costs have increased significantly (more than 700 percent) between 2017 and 2025; yet homebuyers' incomes have increased about 34 percent in the same period.

One Council member reported that affordable housing development in Florida continued to be challenged by timing gaps between public funding availability and "shovel-readiness," or when construction is ready to begin. In addition, the patchwork nature of local zoning codes, lack of ready infrastructure, and state-level insurance reform proposals contributed to an already challenging

¹¹ See, for example, NLIHC, <https://nlihc.org/gap>.

¹² See "San Francisco multifamily market update," J.P. Morgan Chase, February 28, 2025, <https://www.jpmorgan.com/insights/real-estate/commercial-term-lending/san-francisco-multifamily-market-outlook>.

¹³ See Noah Baustin, "SF's Progress on Building Housing Is Even Worse than You Thought," *The San Francisco Standard*, April 25, 2025, <https://sfstandard.com/2025/04/25/sf-california-slow-building-housing-goal/>.

¹⁴ See Emily Flitter, "Soaring Insurance Costs Could 'End' Affordable Housing, Developers Warn," *New York Times*, August 25, 2024, <https://www.nytimes.com/2024/08/25/business/home-insurance-costs-affordable-housing.html>.

environment for affordable housing developers. In Oklahoma, a recent nonprofit housing study noted the following impediments to increasing the affordable housing supply: restrictive zoning and building ordinances that prevent density and alternative housing types, expensive and delayed permit approvals, lack of financial incentives for small developers in rural areas, and the prevalence of a not-in-my-back-yard (NIMBY) sentiment among existing homeowners.¹⁵ Moreover, there is a significant number of affordable housing units in Oklahoma that are set to exit their regulatory period of affordability under the Low-Income Housing Tax Credit (LIHTC) program by 2030. These LIHTC units represent 4 percent of the total affordable rental inventory in the state.¹⁶

Investments in affordable housing projects

Council members reported that ongoing and new investments were being made in their communities to increase the affordable housing supply. For example, in Panama City Beach, Florida, the owner of a local restaurant is developing 34 units of workforce housing exclusively for its employees—highlighting the deep need for workforce housing to meet labor needs, particularly in tourism destinations.¹⁷ In another example from Florida, the Northwest Florida Community Land Trust (CLT) officially launched in early 2025. The CLT structure seeks to address long-term housing affordability by making monthly costs more accessible to LMI families given that homes developed through the CLT will benefit from property tax exemptions on the underlying land value.¹⁸

Council members also reported that state lawmakers in some regions were also addressing the gap in affordable housing through legislation and additional financial resources. For example, in Delaware, state law makers approved a comprehensive package of legislation designed to support affordable housing needs, including incentives for investment in workforce housing projects in urban communities and a range of protections for renters receiving governmental aid and homeowners facing foreclosure.¹⁹ In 2024, Delaware lawmakers approved the creation of a statewide “Affordable Housing Production Task Force” to examine best practices in affordable housing development. The task force released a report identifying barriers and solutions in April 2025 to guide additional policy decisionmaking.²⁰

In Hawaii, a Council member reported that significant investments were being made to support increased affordable housing. For example, approximately 2,000 below-market-rate rental units were in

¹⁵ See “Regional Housing Forums,” Housing for Communities, <https://www.housingforcommunities.org/regional-housing-forums>.

¹⁶ See Brett Fieldcamp, “Oklahoma stands to lose hundreds of low-income homes by 2030,” *Oklahoma City Free Press*, October 20, 2024, <https://freepressokc.com/oklahoma-stands-to-lose-hundreds-of-low-income-homes-by-2030/>.

¹⁷ See Isabella Benjumea, “Pineapple Willy’s Affordable Housing Project Coming Soon,” *WTVY*, February 24, 2025, <https://www.wtv.com/2025/02/25/pineapple-willys-affordable-housing-project-coming-soon/>.

¹⁸ See “Northwest Florida Community Land Trust,” Pensacola Habitat for Humanity, <https://pensacolahabitat.org/nfclt>.

¹⁹ See Delaware House Democrats, “House Passes Several Bills to Address Delaware’s Housing Crisis,” press release, July 1, 2024, <https://housedems.delaware.gov/2024/07/01/house-passes-several-bills-to-address-delawares-housing-crisis/#:~:text=DOVER%20%E2%80%93%20The%20House%20passed%20several,protections%20for%20manufactured%20housing%20residents>.

²⁰ See Affordable Housing Production Task Force, “Affordable Housing Production Task Force: Final Report,” (Delaware State Housing Authority, April 2025), <https://acrobat.adobe.com/id/urn:aaid:sc:VA6C2:f93943a6-cee9-4620-bd69-faf002973e1c?viewer%21megaVerb=group-discover>.

the development pipeline, aiming to help alleviate the state's affordability crisis.²¹ In July 2024, applications opened for a new affordable housing development in Kailua-Kona, a housing-cost-burdened community.²² In November 2024, Hawaii County awarded over \$13.2 million to four affordable housing projects.²³ A planned \$20 million, 43-lot affordable housing subdivision in Waimea received approval from the Leeward Planning Commission.²⁴ Also, a nearly completed 36-unit affordable rental complex in Wahiawa transformed a site previously occupied by dilapidated cottages.²⁵ Overall, these developments were indicative of ongoing efforts to address housing affordability in Hawaii though challenges persist in meeting the high demand for housing in LMI areas.

In North Dakota, a Council member reported on the launch of a local bank program designed to address one of the most persistent and structural issues facing rural housing markets: the inability of LMI buyers to secure financing due to appraisal noncompliance with secondary market standards. This new program allows local banks and credit unions to originate loans for rural homebuyers even when appraisals do not meet secondary market standards. Over time, this direct loan purchase program is projected to help stabilize and increase demand for rural housing and, in turn, reduce appraisal gaps and improve market functionality in these underserved areas. For LMI households, this program opens the door to homeownership in places where quality housing exists but has remained financially out of reach. Another recent development in North Dakota is the first deployment of the new Rural-Workforce Initiative to Support Housing (R-WISH) Program.²⁶ The program provides gap financing to support the construction of workforce housing in rural areas—covering the difference between construction costs and what local buyers, particularly LMI borrowers, can realistically afford.²⁷

In Oklahoma, both Tulsa and Oklahoma City have experienced some activity in affordable housing development. In Tulsa, the Tulsa Housing Authority (THA) continues its newest development in a 545-unit mixed income development and, according to the THA, their largest ever investment in affordable housing.²⁸ In Oklahoma City, the city's largest ever affordable housing project broke ground in December

²¹ See Jeremy Hay, "Is Hawai'i's Historic Investment In Affordable Housing Paying Off?," *Honolulu Civil Beat*, January 6, 2025, <https://www.civilbeat.org/2025/01/is-hawai%CA%BBis-historic-investment-in-affordable-housing-paying-off/>.

²² See "Application Period Opens Monday for Kona Affordable Housing Development," *County of Hawai'i News*, July 26, 2024, <https://www.hawaiicounty.gov/Home/Components/News/News/3706/720>.

²³ See "County to Award Over \$13 Million to Boost Affordable Housing," *County of Hawai'i News*, November 7, 2024, <https://www.hawaiicounty.gov/Home/Components/News/News/3814/720>.

²⁴ See Michael Brestovansky, "Hawaii County Plans \$20M Affordable Housing Project in Waimea," *Hawaii Tribune-Herald*, November 29, 2024, <https://www.staradvertiser.com/2024/11/29/hawaii-news/hawaii-county-plans-20m-affordable-housing-project-in-waimea/>.

²⁵ See Noelle Fujii-Oride, "An Affordable Complex to Open in Wahiawa, with Eight More Projects Underway," *Hawaii Business Magazine*, May 21, 2024, <https://www.hawaiibusiness.com/bill-7-affordable-housing-development-honolulu>.

²⁶ See "Industrial Commission Approves Workforce Housing Pilot," *Bank of North Dakota*, June 26, 2024, <https://bnd.nd.gov/industrial-commission-approves-workforce-housing-pilot/>.

²⁷ See Jeff Beach, "Houses Ready for Delivery to Ellendale under Pilot Financing Program," *North Dakota Monitor*, December 2, 2024, <https://northdakotamonitor.com/2024/12/02/houses-ready-for-delivery-to-ellendale-under-pilot-financing-program/>.

²⁸ See MaKayla Glenn, "Phoenix at 36th North Brings Affordable, Mixed-Income Housing to Tulsa," *News On 6*, April 4, 2025, <https://www.newson6.com/story/67f03f1e3f5edeecf9414bd6/phoenix-36th-north-affordable-housing-tulsa>.

2024. The new \$60 million, 214-unit development is expected to be completed by mid-2026. All 214 units will be exclusively available to tenants with incomes less than 60 percent of the AMI.²⁹

Labor Markets

Key themes reported by Council members include:

- Changes in federal spending are creating uncertainty in local markets and communities.
- Labor shortages continue to be a challenge in certain sectors.
- Childcare and transportation remain key barriers to sustained employment.
- Unemployment rates continue to be low, and employer uncertainty seems to affect hiring paces and processes.

Reductions in the federal workforce

Recent reductions in the federal workforce through layoffs, buyouts, and planned reductions have also affected local communities and have contributed to an unpredictable job market for local businesses and job seekers. In the San Antonio region, for example, roughly 3 percent of the area's workforce is employed by the federal government. This represents the sixth-highest percentage of federal employment in the nation. While the full effect of the federal job cuts were not yet known, the City of San Antonio, the local workforce board, and Ready to Work—the city's job training program—were coming together to help former federal workers find jobs in the area.³⁰

A Council member from the St. Louis region echoed this uncertainty and the potential effects of federal layoffs for their community. There were growing concerns that the region's labor market will not be able to absorb unemployed talent quickly enough, which could contribute to an outmigration of residents. This concern is based, in part, on the fact that larger employers, such as hospitals and universities, are trimming back staffing levels. As of the end of 2024, 25,600 federal workers lived in the St. Louis metropolitan area, according to data from the Federal Reserve Bank of St. Louis.³¹

Changes in federal contracting affect employment at nonprofit organizations

Council members noted that changes and reductions to federal contracts for local governments and nonprofit organizations were contributing to economic uncertainty. In San Antonio, for example, federal funding reductions were placing significant pressure on local nonprofit organizations, many of which face imminent and significant budget cuts, employee layoffs, and cuts to services and programs that assist individuals with food, rent, employment assistance, and other basic needs.

Federal and local funding challenges were affecting nonprofits in other communities too. According to several Council members, many nonprofits rely heavily on government contracts for operating revenue.

²⁹ See "Construction begins on Alley's End, downtown Oklahoma City's largest affordable housing project," McAfee & Taft, December 4, 2024, <https://www.mcafeetaft.com/construction-begins-on-alleys-end-downtown-oklahoma-citys-largest-affordable-housing-project/>.

³⁰ See Zack Briggs, "City of San Antonio Proposes New Program to Hire Federal Workers Amid Nationwide Job Cuts," KENS5, March 17, 2025, <https://www.kens5.com/article/news/local/san-antonio-help-laid-off-federal-workers-new-jobs/273-3fd77d7f-a758-4ddc-a43f-eee5403c89ff>.

³¹ See Will Bauer, "What Do Looming Federal Job Cuts Mean for the St. Louis Area's Economy?" *St. Louis Public Radio*, March 5, 2025, <https://www.stlpr.org/government-politics-issues/2025-03-03/what-do-looming-federal-job-cuts-mean-for-the-st-louis-areas-economy>.

A recent analysis showed that two out of three nonprofits received at least one government grant or contract, resulting in the average nonprofit generating 25 percent of its revenue annually from government sources.³² One Council member reported that Bay Area nonprofits—a key component of the region’s economy—depend heavily on government funding. The Council member shared that several San Francisco area organizations have already reduced their staff or were in the process of reducing staff because of government contract reductions or cancellations. The trend is concerning for the state since California nonprofit organizations employ nearly 1.6 million individuals, representing 10 percent of the state’s labor force.³³

The ripple effects of budget cuts and contract cancellations extend beyond the immediate loss of jobs at nonprofit organizations. These organizations provide critical health, education, training, and housing services in their communities. Furthermore, if these organizations lay off employees, the loss of experienced and skilled nonprofit workers could have long-term implications for their ability to address critical social needs effectively. Compounding this issue is the fact that some nonprofits were already losing qualified staff to the private sector, primarily because of better wages and opportunities for career growth.

Worker shortages

Worker shortages continued to be a concern and challenge for employers across the United States.³⁴ In New Hampshire, for example, there were over three unfilled positions per unemployed worker in 2023. In Oklahoma, the Union Public School District in Tulsa announced that beginning in April 2025, school buses would run only four out of five school days per week because of a shortage of drivers. The change in school busing was attributed to the low hourly wages paid to bus drivers in Oklahoma (\$17.62 per hour, which was lower than the national average).³⁵ Other Council members noted that while there was job growth in certain economic sectors, other areas were experiencing shortages. The Florida construction industry is facing an acute labor shortage. The average age of skilled workers now hovers around 57, and for every four tradespeople who leave the field, only one enters. This trend is a challenge not only for regional employment but also for the housing sector.

In Oklahoma, there continues to be a critical shortage of trained healthcare workers in hospitals and in long-term care and nursing home facilities. These shortages are even more acute in rural areas.³⁶ Some technical schools in Oklahoma were working to address the shortage of healthcare workers. For instance, Tulsa Technology Center, a vocational technical school serving Tulsa and northeastern Oklahoma, offers its “Nursing Transitions” program. Nursing Transitions is an accelerated program designed to allow

³² See Hannah Martin, Laura Tomasko, et al., “Government Grants and Contracts for Nonprofits in 2023,” Urban Institute, February 7, 2025, <https://www.urban.org/research/publication/government-grants-and-contracts-nonprofits-2023>.

³³ See Employment Development Department, State of California, “California Nonprofit Employers,” 2023, <https://labormarketinfo.edd.ca.gov/file/firmsize/2023-Qtr1-Research-on-California-Nonprofit-Sector.pdf>.

³⁴ See Isabella Lucy and Stephanie Ferguson Melhorn, “America Works Data Center: The U.S. Workforce by the Numbers,” U.S. Chamber of Commerce, <https://www.uschamber.com/workforce/america-works-data-center>.

³⁵ See MayKayla Green, “Oklahoma’s Own in Focus: Bus Driver Shortages Affecting Routes, Workers Still Enjoying Job,” *News on 6*, April 7, 2025, <https://www.newson6.com/story/67ecab34aa90ae3e359b0639/bus-driver-shortages-oklahoma-in-focus>.

³⁶ See “Healthcare Workforce,” Oklahoma Hospital Association, https://www.okoha.com/OHA/OHA/Health_Care_Issues/Workforce_/Workforce.aspx#:~:text=Workforce%20shortages%20existed%20well%20before,are%20compounded%20in%20rural%20areas.

students to earn their Certified Nurse Assistant (CNA) certification in as little as three months and their Licensed Practical Nurse (LPN) certification in six months after graduating high school.³⁷

Council members pointed to challenges faced by stakeholders seeking to design programs or develop solutions to address shortages of workers in their regions by employing legal foreign-born workers. One Council member reported that, in North Dakota, changes to immigration programs were affecting some immigrant workers in the state.³⁸ Council members also noted that some states were pursuing measures to attract foreign-born workers to address local labor shortages. Moreover, the loss of foreign-born workers could have other effects on local economies, school enrollment numbers, and the viability of small-town businesses that depend on stable populations.

Lack of affordable childcare and transportation access present barriers to work

Several Council members highlighted access to affordable childcare as an important challenge for workers entering and remaining in the labor market. In Hawaii, for example, there has been a significant reduction in childcare capacity, partially attributed to the low wages paid to childcare workers (averaging \$15.18 per hour).³⁹ Challenges associated with staffing and accessibility were echoed by other Council members.

One Council member reported that affordability, staffing, and accessibility to childcare continues to be a challenge in their Indiana community, even in areas not considered childcare deserts.⁴⁰ These childcare gaps in Indiana and elsewhere created barriers to workforce participation for working parents, especially in low- to moderate-income households. In New Hampshire, one report estimated that there were approximately 16,800 adults out of the labor force because of unmet childcare needs.⁴¹ In Hawaii, the lack of accessible childcare likely forced some parents, particularly women, to leave the workforce or reduce their working hours.⁴² One state-level study estimated that the economic effect of this barrier to workforce participation was significant as it cost the state of Ohio \$5.48 billion in lost economic activity and \$1.52 billion in lost tax revenue annually.⁴³

³⁷ See “Nursing Transitions Program,” Tulsa Tech, <https://tulsatech.edu/full-time-programs/health-science/nursing-transitions/>.

³⁸ See Michael Standaert, “United for Ukraine Parolees in North Dakota Awaiting Fate,” *North Dakota News Cooperative*, April 1, 2025, <https://www.newscoopnd.org/united-for-ukraine-parolees-in-north-dakota-awaiting-fate/?ref=readers-newsletter>.

³⁹ See First Five Years Fund, “2023 Child Care and Early Education in Hawaii,” https://www.ffyf.org/wp-content/uploads/2023/07/FFYF_Hawaii_2023.pdf.

⁴⁰ See “U.S. Child Care Deserts,” Center for American Progress, <https://childcaredeserts.org/>.

⁴¹ See Annmarie Timmins, “Report: Without More Housing and Childcare, Employers Won’t Find Workers,” *New Hampshire Bulletin*, September 8, 2023, <https://newhampshirebulletin.com/2023/09/08/report-without-more-housing-and-child-care-employers-wont-find-workers/>.

⁴² See Hannah Gartner, “How Hawaii’s Child Care Crisis Impact Women’s Ability to Succeed in the Workforce,” Institute for Women’s Policy Research, November 25, 2024, <https://iwpr.org/how-hawai%CA%BBis-child-care-crisis-impacts-womens-ability-to-succeed-in-the-workforce/>.

⁴³ See “Groundwork Ohio Calls for Restoration of Critical Early Childhood Investments,” Groundwork OHIO, April 3, 2025, <https://www.groundworkohio.org/post/groundwork-ohio-calls-for-restoration-of-critical-early-childhood-investments>.

Regional labor market dynamics

Council members reported that regional unemployment rates, which were relatively stable in the last 6 to 12 months, have recently ticked upward. In the Florida panhandle, for example, the unemployment rate rose slightly to 4 percent in January of 2025, up from 3.5 percent in the same month a year earlier. General labor market conditions in Oklahoma have remained relatively stable and unchanged since October 2024, and the highest rates of unemployment were in parts of eastern and southeastern Oklahoma, such as Pushmataha County, where the rate was 5.7 percent.⁴⁴

In the San Antonio-New Braunfels metropolitan statistical area (MSA), unemployment remained constant at 3.8 percent, a rate lower than that of both the state (4.3 percent) and the nation at (4.5 percent). Despite slight fluctuations in recent months, the MSA unemployment rate matched the unemployment rate from February 2024.⁴⁵ While San Antonio has a relatively low unemployment rate and overall strong labor market conditions, persistent poverty, inflation, rising costs of living, and limited access to essential services create barriers to employment and financial stability and hinder the well-being of many of its lower-income residents.

Extended hiring processes also negatively affected individuals looking for work. For example, one Council member reported that workforce development counselors in St. Louis observed that job seekers were experiencing unusually long hiring processes. Applications were staying open longer, with several more weeks or months of additional waiting after the application closed and interviews were scheduled. The interview processes were protracted and applicants reported receiving greater scrutiny, even for lower-skilled jobs.

In the Pacific Northwest, one organization focused on workforce training shared that there was a stark slowdown in hiring requests and placement opportunities. Employers in the region were more skittish to hire and were concerned that an economic downturn was inevitable. Employers also shared concerns about the potential effect of tariffs on their bottom line, which might prompt a reduction in their labor force to adjust to an anticipated economic downturn.

Employer sentiments about hiring workers in the current economy extend to apprenticeship and internships opportunities for high school students. A Council member reported that not enough employers were willing to host students from a rural South Carolina school district known for its strong apprenticeship and internship programs. Employers that had traditionally participated in the programs were hesitant this year, citing the current economic uncertainty. While some employers were willing to retain existing interns or rehire students they had worked with before, most were reluctant to bring on new participants who they might have to let go prematurely. This trend limits early work-based learning opportunities that were critical for preparing rural students for successful transitions into the workforce.

⁴⁴ See “Current Labor Market Conditions,” Oklahoma Employment Security Commission, <https://oklahoma.gov/oesc/labor-market/current-conditions.html>.

⁴⁵ See Workforce Solutions Alamo, “Unemployment Rate in San Antonio-New Braunfels MSA Decreased to 3.7 Percent,” (Workforce Solutions Alamo, April 18, 2025), https://www.workforcesolutionsalamo.org/wp-content/uploads/WSA_MSA_Report.pdf.

Additional Matters

Rising healthcare costs and potential cuts to federal health programs

One Council member reported that health insurance premiums in the Affordable Care Act (ACA) marketplace have increased sharply in North Dakota in 2025, largely due to rising healthcare service costs. Nonprofit organizations, already operating in tight financial constraints, were particularly vulnerable to these increases. One nonprofit organization had absorbed the health insurance cost increases by implementing a staff salary freeze. A second nonprofit organization responded to the cost hikes by reducing retirement benefit contributions and reallocating funds to cover rising health insurance premiums. The Council member stressed that small businesses likely face similar pressures. These conditions potentially heighten financial insecurity, especially for LMI workers who may become underinsured or lose coverage altogether.

Potential cuts to federal health programs were also identified as a potential risk for lower-income households and communities. In 2020, Oklahoma voters approved a ballot measure that amended the state's constitution to expand federal health coverage. The expansion, which went into effect in 2021, now covers almost one quarter of the state's entire population. Cuts to funding in federal health programs would have major impacts on Oklahoma's budget, as the requirement to fund these program expansions is constitutionally mandated.

Federal funding and food insecurity

With the cost of food and food services continuing to increase, several Council members expressed concern about potential federal funding cuts for food banks. In Oklahoma, for example, food banks in the state were already bearing the effects of recent spending reductions.⁴⁶ In northeast Ohio, a regional food bank also experienced reduced funding from several federal and state programs, which fund nearly half of the food supplied to the food bank. A second food bank in the same region also experienced reductions in funding and cancelled food deliveries, which will affect its ability to provide emergency food assistance over the next several months.⁴⁷

Community Advisory Council May 2025 Special Question

How are council members seeing increased utilization of alternative consumer financial products and services by consumers who are financially fragile? Alternative financial service types to consider can include buy now, pay later (BNPL) financing and payday lending, among others.

Also, have new incidents of financial fraud, especially in those activities targeted to financially fragile consumers, emerged or increased in your region?

The following key themes were reported by Council members:

⁴⁶ See Rebecca Heliot, "Suspended Shipments, Federal Spending Cuts Hit Oklahoma Food Banks," *The Oklahoman*, March 29, 2025, <https://www.oklahoman.com/story/news/2025/03/29/food-banks-in-oklahoma-usda-cuts-federal-shipments-suspended/82688822007/>.

⁴⁷ See "Akron-Canton Regional Foodbank Sees Government Cuts Looming," *Akron Beacon Journal*, April 4, 2025, <https://www.beaconjournal.com/story/news/local/2025/04/02/akron-canton-regional-foodbank-sees-cuts-looming/82677313007/>.

- The growing use of alternative financial services for essential goods like groceries and school supplies has potentially signaled that consumers are struggling to pay higher prices.
- Alternative financial products appeal to individuals with banking barriers, transportation challenges, or lack of awareness about other options.
- Concerns about how various types of financial fraud, including cryptocurrency ATMS, home-improvement fraud, and other scams, are affecting vulnerable consumers.

Alternative financial services and products

Consumer use of alternative financial services and products has been on the rise in recent years. In particular, buy now, pay later (BNPL) loans, which are typically interest-free, short-term payment plans, enable individuals to borrow money to make a purchase and then pay the loan back over time in installments.⁴⁸ While recent survey data showed that more than half of Americans (55 percent) report using BNPL loans,⁴⁹ data from the Federal Reserve Bank of Boston suggests that use of BNPLs is “significantly higher among financially vulnerable consumers and disproportionately high among women, Black, and Latino consumers.”⁵⁰

One Council member reported that BNPL loan usage was increasing for families in the Pensacola region of Florida, especially for essential but unpredictable expenses like car repairs and school supplies. Many individuals who use the product increasingly viewed it not just as a convenience but as a necessity for household budget management. This observation was reflected in national media coverage of BNPL usage and has been linked to consumers who continue to struggle with high prices.⁵¹ Another Council member described the noticeable increase in alternative consumer financial products and services like BNPL in low- and middle-income communities in Tulsa, Oklahoma. One community stakeholder noted that these types of products and services were thriving as they enabled the greater consumption of goods and services. At the same time, their growth has benefited from a widespread lack of basic financial literacy.

Lack of adequate banking services in communities can also increase the appeal for alternative financial services and products, including those often located in lower-income communities. Payday lenders remain prevalent in northwest Florida, often clustered in high-poverty zip codes. A higher share of residents in these areas continue to rely on these alternative lenders due to banking barriers, transportation gaps, or lack of awareness about safer alternatives. According to data from the Delaware Community Action Council, a fifth of Wilmington residents lack banking services, leaving them vulnerable to payday lending services. A community contact for one Council member also reported increased interest in car title loans by some credit impaired households in their community who need transportation for employment.

⁴⁸ Consumer Financial Protection Bureau, “Consumer Use of Buy Now, Pay Later and Other Unsecured Debt” (Consumer Financial Protection Bureau, January 2025),

https://files.consumerfinance.gov/f/documents/cfpb_BNPL_Report_2025_01.pdf.

⁴⁹ See “Studies and Data Analysis,” Nerdwallet, <https://www.nerdwallet.com/h/data/studies-and-data-analysis>.

⁵⁰ See Joanna Stavins, “Buy Now, Pay Later: Who Uses It and Why,” *2024 Series Current Policy Perspectives*, Federal Reserve Bank of Boston, May 23, 2024, <https://www.bostonfed.org/publications/current-policy-perspectives/2024/buy-now-pay-later-who-uses-it-why.aspx>.

⁵¹ Gabrielle Fonrouge, “More Americans Are Financing Groceries with Buy Now, Pay Later Loans—And More Are Paying Those Bills Late, Survey Says,” *CNBC*, April 26, 2025, <https://www.cnbc.com/2025/04/26/americans-groceries-buy-now-pay-later-loans.html>.

Despite these challenges, several Council members reported that organizations in their communities were seeking to address the financial needs that attract vulnerable individuals to use alternative financial services. In Indiana, for example, a community loan center offers low-cost small loans through local employers. In Delaware, a local community federal credit union worked to provide alternatives to payday lending by partnering with the Delaware Department of Corrections to provide banking services for individuals incarcerated in the state.

Concerns about financial fraud

Several Council members noted incidents of financial fraud in their regions. In North Dakota, unlicensed cryptocurrency ATMs (also known as crypto kiosks), widely available in gas stations and convenience stores, have been used to commit fraud. Criminals posing as government officials, sweepstakes agents, or tech support agents convince their victims, often older individuals, to withdraw large amounts of cash from a bank and convert their money into untraceable cryptocurrency through the kiosks. In North Dakota, more than \$6 million was stolen through a crypto kiosk fraud in 2023.⁵²

In other regions, most consumer fraud incidents are still attributed to more traditional methods of deceiving consumers. A financial institution in the Pacific Northwest reported that they were closely tracking new scams, especially those that included the potential use of artificial intelligence. However, the institution reported that more traditional scam methods—including phishing, smishing, skimming, social engineering, and return deposits—were prevalent. While these fraud and scam models shift and change daily, they generally follow the same patterns that have been around for years. In Delaware, home-improvement fraud, where home contractors charged homeowners for work that is not completed, was reported as one of the top consumer scams. In 2024, there were 73 arrests for home-improvement fraud in Delaware, the highest in a five-year period.

⁵² See “Bill to Protect Older North Dakotans from Criminals who Use Crypto ATMs to Steal on Its Way to Governor,” AARP, <https://states.aarp.org/north-dakota/2025-cryptoatm>.