

Consumer finances during the pandemic

Insights from the Making Ends Meet Survey

Summary: Despite a massive increase in unemployment starting in March 2020, consumers' average financial situation improved in the first several months of the pandemic and continued to improve through June 2021. We use three waves of the Bureau's Making Ends Meet survey and its association with credit bureau data to understand how consumers have managed during the pandemic. We find that pandemic assistance policies such as expanded unemployment insurance and loan flexibilities are responsible for many of these improvements. Consumers were much more likely to face a significant reduction in income during the pandemic than before. But unemployment insurance kept consumers with income drops from facing financial hardship. Consumers who did receive pandemic-related flexibilities generally faced financial hardship. But some pandemic-related flexibilities and forbearance programs failed to reach many consumers facing hardship. Most pandemic policies—including extended unemployment insurance, eviction moratoria, and mortgage and student loan flexibilities—have recently ended or will end soon. Our results suggest these programs helped protect consumers during the pandemic, so their expiration may lead to increased consumer distress unless the economic recovery is strong and equitable enough to make up for the loss of protections.

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1. Introduction

Before the pandemic, many consumers were financially fragile. Half of consumers reported they could cover expenses for two months or fewer if their household lost its main source of income. Nearly 40 percent had difficulty paying a bill or expense in the 12 months before June 2019.¹ So when the number of unemployed consumers nearly quadrupled from 6.2 million in February 2020 to 22.5 million in April, it appeared likely that many American consumers were just steps away from financial disaster.²

Instead, consumers' average financial status improved early in the pandemic and continued to improve as the pandemic wore on. We use three waves of the Bureau's Making Ends Meet survey and its association with credit bureau data to examine how consumers' financial status changed during the pandemic. We find that consumers' financial well-being scores improved on average during the pandemic. The share of consumers with difficulty paying a bill or expense declined. Credit card debt fell even for financially vulnerable consumers.

Before the pandemic, Black consumers had lower financial well-being and were more likely to have difficulty paying a bill or expense than non-Hispanic white consumers on average. This racial and ethnic gap continued during the pandemic. We do not find evidence that racial disparities diminished or widened during the pandemic, although the sample size may not be large enough to detect small changes in financial status among different population groups.

Many consumers still faced significant financial difficulties during the pandemic. In February 2021, 45 percent of households reported having a large income drop during the previous year. Only 33 percent of households reported a large income drop during the previous year in June 2019. Most of the difference is explained by a large increase in households reporting unemployment or reduced work hours. Thirteen percent of consumers report difficulty paying medical bills, 11 percent utility bills, 5.7 percent rent, and 4.8 percent mortgage. Consumers with one difficulty tended to have others. Three quarters of consumers with difficulty paying medical bills, rent, or mortgages also had an income drop. Two thirds of consumers with difficulty paying the rent also had difficulty paying a utility bill.

¹ Scott Fulford and Marie Rush, "Insights from the Making Ends Meet Survey," CFPB Research Brief No. 2020-1, July 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf

² Bureau of Labor Statistics, "Unemployment Level, not seasonally adjusted," retrieved from FRED, Federal Reserve Bank of St. Louis. Available: <https://fred.stlouisfed.org/series/LNU030000000>.

Pandemic assistance policies appear to have helped keep these financial difficulties from hurting the average consumer's financial health. When households experienced an income drop due to unemployment, the financial well-being of those who received unemployment insurance improved more than among households that did not. Consumers with a large income drop due to unemployment, who had to wait longer than four weeks to receive unemployment insurance benefits, or who never received any, were much more likely to have difficulty paying their bills. Many consumers received flexibility or forbearance on their mortgages, student loans, credit cards and other loans. Credit card debt and credit card utilization rates fell for consumers who received this flexibility. And credit card debt increased and decreased as cash assistance policies started and stopped.

Consumers who received pandemic-related flexibilities and forbearance generally exhibited a high level of financial hardship. Three quarters of consumers who received mortgage, credit card, rent, or auto loan flexibilities report having a significant income drop. And over 95 percent of consumers who report receiving eviction protections had a significant income drop.³ Except for federal student loans—which were put automatically in a zero-payment-due plan—around 80 percent of consumers who received rent, mortgage, credit card, or other forbearance suffered a significant income drop.

Yet many consumers who experienced hardship did not receive assistance. Sixty two percent of consumers who reported difficulty paying their rent did not receive rent flexibility. Similarly, only 20 percent of consumers who reported difficulty paying a credit card bill received credit card flexibility and few consumers with trouble paying bills reported receiving forbearance on their auto loans.

Most pandemic policies have recently ended or will end soon. About half of states ended the extended unemployment benefits in June and July 2021 and the entire program ended at the beginning of September. After several starts and stops, the federal eviction moratorium also ended at the beginning of September, although some states continued to limit evictions.⁴ Many

³ Some consumers may have received eviction protections without knowing it. For example, their landlord would have evicted them but did not try to during the pandemic because of the eviction restrictions. On the other hand, informal evictions were common before the pandemic and the limited evidence available suggests that informal evictions may have become more common. See: Matthew Fowle and Rachel Fyall, "The Impact of the COVID-19 Pandemic on Low-Income Tenants' Housing Security in Washington State," Working Paper, Evans School of Public Policy & Governance, University of Washington, July 1, 2021. Available: <https://evans.uw.edu/the-impact-of-the-covid-19-pandemic-on-low-income-tenants-housing-security-in-washington-state/>.

⁴ Adam Liptak and Glenn Thrush, "Supreme Court Ends Biden's Eviction Moratorium," *The New York Times*, August 26, 2021. Available: <https://www.nytimes.com/2021/08/26/us/eviction-moratorium-ends.html>. And: Annie Nova, "Despite national protection expiring, some states will continue banning evictions," *CNBC*, August 2, 2021. Available: <https://www.cnn.com/2021/08/02/some-states-will-continue-to-ban-evictions.html>.

homeowners who applied for mortgage forbearance at the beginning of the pandemic have already reached the end of their forbearance period.⁵

We find that these pandemic policies contributed to consumers' financial improvements. Moreover, consumer financial health increased or decreased as these policies started and stopped during the pandemic. Other research has demonstrated that when the additional \$600 unemployment insurance benefit from the CARES Act ended in July 2020, unemployed consumers exhausted accumulated savings.⁶ We find that around the same time, credit card debt started to rise or ceased falling. Credit card debt dropped again in January 2021 after a new round of Economic Impact Payments and additional \$300 unemployment insurance benefits started. Credit card debt fell even for consumers who were the most financially vulnerable before the crisis. Meanwhile, delinquencies for mortgages, student loans, credit cards, and auto loans fell at the beginning of the pandemic and declined again in January 2021.⁷

Will consumers' financial health decline quickly as these policies end? The answer depends on many factors including the pace and equity of the economic recovery, how consumer spending changes, the evolution of the continuing pandemic, and future policies. As these pandemic policies come to an end, it will remain important to continue to monitor household financial distress.

⁵ Which loans qualify and for how long varies by the type of loan and its backing. For more information on eligibility see: Consumer Financial Protection Bureau, "Learn about forbearance," accessed September 20, 2021. Available: <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/help-for-homeowners/learn-about-forbearance/>.

⁶ Diana Farrell, Peter Ganong, Fiona Greig, Max Liebeskind, Pascal Noel, Daniel Sullivan, and Joseph Vavra, "The unemployment benefit boost: Trends in spending and saving when the \$600 supplement ended," JP Morgan Chase & Co. Institute Policy Brief, October 2020. Available: https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/Institute-UI-Benefits-Boost-Policy-Brief_ADA.pdf.

⁷ Ryan Sandler, "Delinquencies on credit accounts continue to be low despite the pandemic," CFPB Blog post, June 16, 2021. Available: <https://www.consumerfinance.gov/about-us/blog/delinquencies-on-credit-accounts-continue-to-be-low-despite-the-pandemic/>.

2. The Making Ends Meet Survey

We use three waves of the Making Ends Meet survey. The CFPB conducted Wave 1 of the survey starting in May 2019; Wave 2 starting in May 2020; and Wave 3 starting in February 2021. The Wave 2 and Wave 3 samples consisted of all respondents, including partial respondents to Wave 1. In addition, we mailed a new survey to a new sample of consumers at the same time as Wave 3. We call this survey “Sample 2.” Many questions on the pandemic overlapped between Wave 3 and Sample 2 and we combine the surveys in some analysis to increase sample size. We refer to June as the month the surveys occurred for Wave 1 and Wave 2, and February 2021 for Wave 3 and Sample 2.⁸

Ultimately, 2,990 consumers responded to Wave 1 either on paper or online. Of those, 1,834—or about 61 percent—responded to at least the first questions in Wave 2. Our reports on Wave 1 and Wave 2 describe the response rates in greater detail.⁹ Similarly, 1,722—or about 58 percent—responded to at least the first questions in Wave 3. But these consumers were not necessarily the same as in Wave 2. In total, 1,399 consumers responded to at least the first questions in all three waves.

We mailed Sample 2 to 7,150 consumers. Of these consumers, 1,075 responded to the first questions and 1,058 to some of the last questions on race and ethnicity for a response rate of 15 percent.

This report uses three samples for analysis depending on the situation. Repeated surveying of the same consumers allows us to examine how the same individuals’ economic circumstances changed and how they react to those changes. However, fewer consumers responded to all waves, and the smaller sample means we have less statistical power. When we compare consumers in the survey over time, we use the smaller All-wave sample of consumers that responded to all waves of the survey. We use the All-wave panel so that sample changes do not

⁸ The typical responses to Wave 1 and Wave 2 occurred in June in each year. However, because respondents could take as long as 12 weeks to return the survey, some responses to Wave 1 and Wave 2 were in May and some responses to Wave 3 and Sample 2 in March, so the exact response date is not the same for all respondents.

⁹ See: Scott Fulford and Marie Rush, “Insights from the Making Ends Meet Survey,” CFPB Research Brief No. 2020-1, July 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf. And: Scott Fulford, Eric Wilson, and Marie Rush, “Changes in consumer financial status during the early months of the pandemic: Evidence from the second wave of the Making Ends Meet survey,” CFPB Data Point No. 2021-2, April 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf.

explain differences over time. When we are primarily interested in consumers characteristics before the pandemic, we use the larger Wave 1 sample.

For questions that do not involve comparing the same consumers over time, we combine Sample 2 and Wave 3 to get a larger sample to describe financial conditions in February 2021. Using the “combined” sample gives us a more precise understanding of consumers in February 2021 than using the smaller Wave 3 or Sample 2 independently. We say which sample we use at the beginning of each section. Appendix A provides greater detail on how we create the weights for different samples. In general, each sample is weighted to be representative of consumers with a credit record.

A key advantage of the Making Ends Meet surveys is their association with administrative credit bureau data. The survey samples are drawn from the Bureau’s Consumer Credit Panel (CCP), a comprehensive, national, 1-in-48 sample of credit records maintained by one of the three nationwide consumer reporting agencies.¹⁰ The Wave 1 survey oversampled consumers with low credit scores, with recent credit delinquencies, and those living in rural areas to help give enough representation to allow analyses among these smaller groups. Sample 2 oversampled consumers who lived in high-percentage Black and Hispanic areas, who lived in low-income areas, who had recent delinquencies, or who had low credit scores. Using the CCP strengthens the survey by allowing this kind of oversampling.

The association with the CCP also allows the surveys to adjust for non-response far more comprehensively and exactly than is possible in most other surveys. Most surveys observe almost nothing about non-respondents; accordingly, non-response adjustment reweights the survey so that the demographic characteristics of respondents roughly match some external source. Because of the CCP association, we observe the credit characteristics of both respondents and non-respondents, such that we can adjust for non-response at the individual level. For example, consumers with lower credit scores are less likely to respond than consumers with higher credit scores, and the survey weights adjust for this individually. The ability to adjust for attrition between Wave 1, Wave 2, and Wave 3 using not just Wave 1 variables, but also observable changes in the CCP between Wave 1 and Wave 2, is another key advantage of the survey and makes the survey results generally reflect the range of consumers’ experiences since Wave 1. Appendix A provides greater detail on how we create the weights for different samples.

¹⁰ The CCP excludes any information that might reveal consumers’ identities, such as names, addresses, and Social Security numbers. For more information on the privacy protections associated with this survey, see the Consumer Experience Research Privacy Impact Assessment. Available: http://files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf and System of Records Notice CFPB.022, Market and Consumer Research Records. Available: <http://www.consumerfinance.gov/privacy/system-records-notices/market-and-consumer-research-records-2/>.

Using the CCP as a sampling frame has some drawbacks. Consumers without a credit record are not in the sample frame. Therefore, one limitation of the study is that while it is generally representative of individuals with a record at a nationwide consumer reporting agency, these consumers may differ from consumers without such a credit record in important ways. In this report, when we refer to consumers, we mean consumers with a credit record.

In addition, the sample sizes of the surveys limit what we can say with statistical confidence. In particular, it is often not possible to be sure that the differences between groups are not explained by statistical noise.

Appendix B compares Wave 3 and Sample 2 to other surveys. The Making Ends Meet surveys are weighted to be representative of the CCP and so representative of consumers with a credit record. The weighted Making Ends Meet surveys produce population divisions that are close to the 2018 American Community Survey. However, the Making Ends Meet survey respondents tend to be slightly older, to be slightly better educated, and to have somewhat fewer high-income consumers. The consumers' responses in the surveys closely match the responses to an identical question on food sufficiency asked in February 2021 by the Census Pulse Survey.

3. Overall financial status

Early in the pandemic, average financial status improved sharply along several dimensions.¹¹ Despite the ongoing pandemic, we show the improved financial status continued through February 2021. These improvements appear widespread, although the survey's sample size is not large enough to be statistically confident that improvements occurred for all groups. Yet because financial improvements were widespread, existing financial status differences between groups did not decrease.

The survey's association with credit bureau data allows us to follow how financial status, measured using credit bureau data evolved through June 2021. These credit bureau measures suggest that financial status improved early in the pandemic and was still better in June 2021 than before the pandemic. We showed in earlier work that the credit card debt of consumers who were having difficulty before the pandemic declined in the months after the pandemic began.¹² As of June 2021, these consumers' credit card debt was still lower than before the pandemic. Delinquencies are down as well.¹³

In this report, we show that credit card debt decreased as cash assistance policies started and increased as they stopped.¹⁴ These changes suggest that cash infusions were important for consumers who were having difficulty before the pandemic. After examining the financial challenges households faced in Section 4, we examine cash assistance policies' direct impact in Section 5 and specific financial assistance in Section 6.

¹¹ Scott Fulford, Eric Wilson, and Marie Rush, "Changes in consumer financial status during the early months of the pandemic: Evidence from the second wave of the Making Ends Meet survey," CFPB Data Point No. 2021-2, April 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf.

¹² Scott Fulford and Marie Rush, "Credit card debt fell even for consumers who were having financial difficulties before the pandemic," CFPB Blog, December 17, 2020. Available: <https://www.consumerfinance.gov/about-us/blog/credit-card-debt-fell-even-consumers-having-financial-difficulties-before-pandemic/>.

¹³ Ryan Sandler, "Delinquencies on credit accounts continue to be low despite the pandemic," CFPB Blog, June 16, 2021. Available: <https://www.consumerfinance.gov/about-us/blog/delinquencies-on-credit-accounts-continue-to-be-low-despite-the-pandemic/>.

¹⁴ We noted these spikes for renters in an earlier report. See: Alexandra Dobre, Marie Rush, and Eric Wilson, "Financial conditions for renters before and during the COVID-19 pandemic," CFPB Research Brief No. 2021-9, September 2021, <https://www.consumerfinance.gov/data-research/research-reports/financial-conditions-for-renters-before-and-during-covid-19-pandemic/>.

3.1 Financial well-being

In 2015, the CFPB developed a definition of financial well-being from a consumer perspective in order to provide practitioners and researchers with a standard, reliable, and broadly available way to measure individual financial well-being. According to that definition, financial well-being “is a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life.” To quantify financial well-being, the CFPB developed a scale which can be calculated from a five- or ten-question survey. The financial well-being score ranges from zero to 100, where higher scores represent higher levels of financial well-being. Each survey wave included the five-question financial well-being scale.¹⁵

Table 1 shows that financial well-being improved from June 2019 to June 2020 and again to February 2021.¹⁶ The June 2020 and February 2021 columns in Table 1 include stars to indicate whether the difference from before the pandemic (Wave 1) is statistically significant. One star (*) indicates that we can reject equality with 90 percent confidence, two stars (**) indicate we can reject with 95 percent confidence, and three stars (***) indicate we can reject with 99 percent confidence. We include the confidence indicators to help indicate how much statistical weight to put on a finding. We can be highly confident (in a statistical sense) that three-star differences are not just a matter of chance.

For this section, we use the All-wave sample of consumers who answered all three waves of the survey to examine changes in financial well-being for the same consumers over time. The All-wave sample is slightly less than half the size of the Wave 1 sample. The smaller sample size limits what we can say with statistical confidence. Using the All-wave sample means that the comparisons are consistent across time periods because we are comparing the same consumers.

¹⁵ See the CFPB’s “Measuring financial well-being” page for more details: <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>.

¹⁶ Financial well-being in June 2019 and June 2020 differs slightly from our previous report because we use the respondents to all waves.

TABLE 1: FINANCIAL WELL-BEING BY DEMOGRAPHIC GROUP

Group	June 2019 (Wave 1)	June 2020 (Wave 2)	February 2021 (Wave 3)
Overall	51.30	52.16	52.92***
Race & Ethnicity			
Non-Hispanic White	52.26	53.97***	54.32***
Black	48.56	47.57	48.76
Hispanic	51.66	51.56	54.79**
Other	48.06	46.66	47.03
Household Income in 2018			
\$40,000 or less	45.66	46.35	47.47
\$40,001 to \$70,000	51.21	52.62*	52.84*
\$70,001 to \$100,000	54.65	57.19**	56.51**
More than \$100,000	59.14	59.37	61.12**
Geographic Group			
Metro	51.41	52.12	53.14***
Some urban	50.38	52.42**	51.25
Rural	51.03	52.36*	52.17
Education level in 2019			
High school or less or vocational	48.53	48.47	48.79
Some college	50.06	51.05	52.56***
College or post-graduate	54.94	57.08***	56.80***
Age Group			
Age <40	49.17	51.15	52.07***
Age 40-61	49.17	48.89	50.15
Age 62+	57.52	57.66	59.14**

Average financial well-being increased substantially during the pandemic. Although the difference from June 2019 to June 2020 is not statistically significant in the All-wave sample, it is in the sample that responded to Wave 1 and Wave 2. Financial well-being improved again from June 2020 to February 2021. The 1.62 point increase from June 2019 to February 2021 is large and statistically significant. For comparison, across consumers, a one-point increase is associated with an increase of household income by approximately \$15,000, a five-year age increase, or a 20-point increase in credit score.

Despite average improvements in the population as a whole, financial well-being in some demographic groups remained relatively unchanged throughout the pandemic and this unequal growth widened already existent disparities. Prior to the onset of the pandemic, financial well-being was lower for Black consumers than for Hispanic and non-Hispanic white consumers. In the All-wave sample, we can reject that the Black and non-Hispanic white consumers' financial well-being was the same with 5 percent confidence (we can reject it with even higher confidence using the larger Wave 1 sample). Hispanic and Non-Hispanic white consumers saw large and

significant increases in financial well-being. Meanwhile, the average Black consumer's financial well-being did not change.

Because Black consumers' financial well-being does not seem to have increased while non-Hispanic white and Hispanic consumers' financial well-being did increase, the average gap increased. However, we cannot statistically reject with any confidence that the gap between these groups is the same as before the pandemic. Putting the precise statistical language a different way, although the average financial well-being difference between Black and non-Hispanic white consumers increased during the pandemic, we cannot be confident that the gap increased. We can be confident that a sizable gap remains.

Financial well-being for all income groups improved. But the improvement was not statistically significant for consumers earning \$40,000 or less and only significant at a 10 percent level for consumers earning between \$40,000 and \$70,000. We asked about income level only in Wave 1 so the income group is fixed across waves. Household incomes changed during the pandemic and we examine how these changes impact financial status later.

The financial well-being of all education groups except consumers with a high-school degree or less also improved. Education and income are highly correlated, so this finding is consistent with the changes by income.

Among the race and ethnicity groups, income groups, and education groups, the group with lowest financial well-being typically had the smallest and statistically least significant increases. Across groups, the largest and most significant increases in financial well-being occurred for the groups that already had the highest financial well-being. At the same time, we can reject significant decreases for all groups as well. One reason for this tendency is that groups that already had higher financial well-being experienced a more uniform improvement than other groups. For example, many low-income consumers' financial well-being increased, but the financial well-being of some low-income consumers declined. The larger the differences within a group, the lower the statistical confidence (or technically speaking, the larger the confidence interval for the mean). Put a different way, there was more variation in the pandemic financial experiences of low-income compared to high-income groups.

In our report on financial status changes early in the pandemic, we noted that most of the increase in financial well-being was from consumers 40 and under.¹⁷ These consumers continued to have increased financial well-being. Early in the pandemic, older consumers (age

¹⁷ Scott Fulford, Eric Wilson, and Marie Rush, "Changes in consumer financial status during the early months of the pandemic: Evidence from the second wave of the Making Ends Meet survey," CFPB Data Point No. 2021-2, April 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf.

62 and older) did not appear to have increases in financial well-being. By February 2021 older consumers' financial well-being had improved significantly. One reason for these differences may be that early in the pandemic the stock market fell sharply. Retired consumers who depend on retirement income from savings may have felt financially insecure. By February 2021, the rebounding stock market may have increased these consumers' financial well-being.

3.2 Difficulty paying bills or expenses

In each survey wave, we asked consumers: "At any time in past 12 months, have you or your household had difficulty paying for a bill or expense?" Table 2 shows the percent of consumers who had difficulty. For this section, we use the All-wave sample of consumers who answered all three waves of the survey.

TABLE 2: DIFFICULTY PAYING A BILL OR EXPENSE BY DEMOGRAPHIC GROUP (PERCENT)

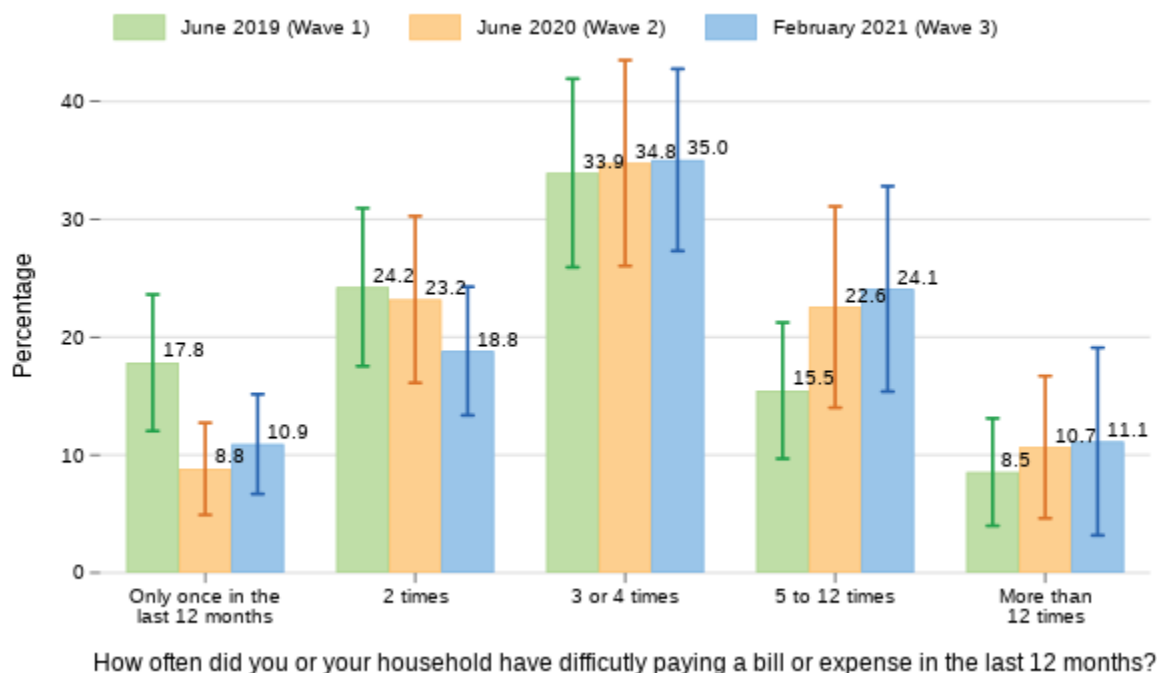
Group	June 2019 (Wave 1)	June 2020 (Wave 2)	February 2021 (Wave 3)
Overall	39.05	35.09	34.04*
Race & Ethnicity			
Non-Hispanic White	35.94	29.30***	28.45***
Black	67.61	64.03	61.69
Hispanic	37.74	30.53	29.11
Other	22.48	41.88	41.60
Household Income in 2018			
\$40,000 or less	58.80	58.55	53.04
\$40,001 to \$70,000	34.35	28.58	30.45
\$70,001 to \$100,000	28.50	21.01	25.65
More than \$100,000	17.03	13.50	11.27
Geographic Group			
Metro	38.11	34.48	32.88
Some urban	46.13	39.23*	41.28
Rural	43.21	38.84	43.06
Education level in 2019			
High school or less or vocational	53.72	46.74	46.16
Some college	36.97	33.64	32.63
College or post-graduate	30.85	23.52**	21.59***
Age Group			
Age <40	44.15	36.52	35.50
Age 40-61	48.09	44.44	43.40
Age 62+	24.16	23.50	22.14

Overall, consumers were less likely to have difficulty paying a bill or expense during the pandemic compared to 2019. Using the All-wave sample, having difficulties declined by 5 percentage points from 39 percent before the pandemic to 34 percent in February 2021 (significant at a 90 percent confidence level). Difficulty paying bills or expenses declined for almost all demographic groups, although the decline was only statistically significant for non-Hispanic white consumers and consumers with at least a college degree.

Black consumers were nearly twice as likely as non-Hispanic white consumers to have had difficulty in the 12 months before June 2019. And households earning \$40,000 or less were 3.5 times more likely to have had difficulty than households earning \$100,000 or more. Both Black and low-income consumers were less likely to have difficulty during the 12 months preceding February 2021 than during the pre-pandemic period, although neither change is statistically significant so we cannot reject that there was no change.

Figure 1 shows how many times in the previous 12 months consumers had difficulty with a bill or expense if they had at least one difficulty. Even though fewer consumers had difficulty, consumers who did have difficulty had difficulty somewhat more frequently. Between June 2019 and February 2021, the share of consumers with only one difficulty fell by nearly half and the share with two difficulties fell by five percentage points. Meanwhile, the share of consumers who experienced difficulty 5 to 12 times increased by eight percentage points and the share who experienced more than 12 difficulties increased by 2.6 percentage points.

FIGURE 1: CONSUMERS WITH DIFFICULTY PAYING A BILL OR EXPENSE HAD DIFFICULTY SOMEWHAT MORE FREQUENTLY



As Table 2 shows, fewer consumers had any difficulty overall, but Figure 2 shows that for consumers who did have difficulty, difficulties were more frequent. One interpretation of this result is that spending decreases and financial assistance helped consumers who might otherwise have had occasional difficulty avoid it. But consumers who did not receive assistance still faced a difficult economy with high unemployment, making difficulties more frequent and harder to avoid. We discuss the relationship between financial assistance and financial status in Sections 5 and 6.

3.3 Credit card debt

Credit card debt fell early in the pandemic, even for consumers who were potentially financially vulnerable before the pandemic.¹⁸ Starting in January 2021, credit card debt started to fall again

¹⁸ Scott Fulford and Marie Rush, “Credit card debt fell even for consumers who were having financial difficulties before the pandemic”, CFPB Blog, December 17, 2020. Available: <https://www.consumerfinance.gov/about-us/blog/credit-card-debt-fell-even-consumers-having-financial-difficulties-before-pandemic/>.

and reached another low point in May 2021.¹⁹ Because credit cards are the most widely used consumer credit, credit card debt provides insight into how consumers are changing their behavior.²⁰ For this section, we use the larger sample of consumers who responded to Wave 1 of the survey. We examine how financial vulnerability before the pandemic affected credit card debt through the pandemic based on two areas of potential financial vulnerability: (1) consumers who reported having difficulty in the 12 months up to June 2019; and (2) consumers who reported that their household could cover expenses by two months or fewer if it lost its main source of income.

FIGURE 2: CREDIT CARD DEBT FELL FOR ALL CONSUMERS, INCLUDING ONES WHO WERE HAVING DIFFICULTY PAYING BILLS BEFORE THE PANDEMIC (ADJUSTED FOR INFLATION)

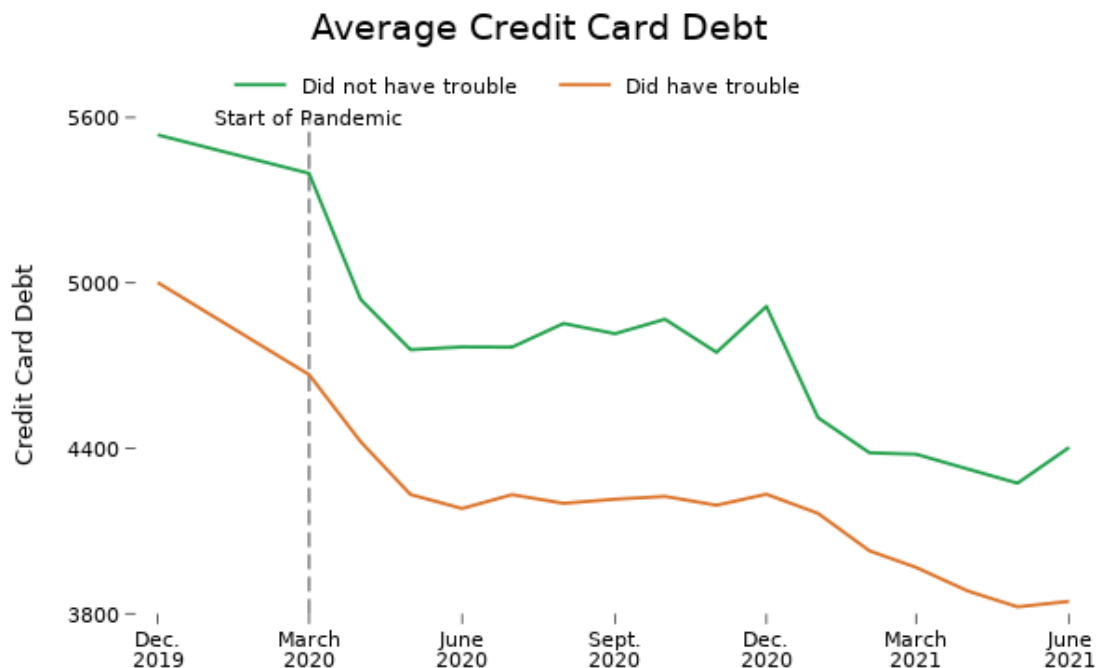


Figure 2 shows that credit card debt fell sharply initially for all consumers, whether or not they had had difficulty paying bills before the pandemic. As Table 2 shows, about 40 percent of

¹⁹ See: Ryan Sandler and Stefano Sciolli, "Credit card use is still declining compared to pre-pandemic levels," CFPB Blog, July 30, 2021. Available: <https://www.consumerfinance.gov/about-us/blog/credit-card-use-still-declining-compared-to-pre-pandemic-levels/>. For a description of the overall consumer credit card market, see: Consumer Financial Protection Bureau, "The Consumer Credit Card Market," September 2021. Available: <https://www.consumerfinance.gov/data-research/research-reports/consumer-credit-card-market/>.

²⁰ See: Scott L. Fulford, "How important is variability in consumer credit limits?" *Journal of Monetary Economics*, 2015, 72: 42-63.

consumers had difficulty in the year up to June 2019.²¹ The fall from the end of December 2019 to the end of March 2020 may include some effects of the pandemic. For both groups, credit card debt then remained flat or increased slowly from the end of June to the end of December 2020. Credit card debt then fell sharply again from the end of December 2020 through May 2021. For both groups, credit card debt in May 2021 was at its lowest point during the pandemic.

Figure 3 shows credit card debt by how consumers responded in June 2019 to the question: “If your household lost its main source of income, about how long could you cover expenses by, for example, borrowing, using savings, selling assets, or seeking help from family or friends?” In June 2019, 38 percent of consumers could cover expenses for less than two months.²² These consumers have low “liquidity” in that they would not be able to find cash or borrow to meet their spending needs in the short term. These consumers may not have been in financial difficulty in June 2019 but were potentially at risk from an unexpected expense or income fall such as unemployment during the pandemic.

²¹ Our credit bureau data were quarterly before the pandemic but became monthly during the pandemic. We measure credit card debt at the end of the month. To compare the real cost of debt over time, we adjust credit card debt for inflation using the June 2021 Consumer Price Index.

²² Scott Fulford and Marie Rush, “Insights from the Making Ends Meet Survey,” CFPB Research Brief No. 2020-1. July 2020. Available: <https://www.consumerfinance.gov/data-research/research-reports/insights-making-ends-meet-survey/>.

FIGURE 3: AVERAGE CREDIT CARD DEBT BY WHETHER RESPONDENT REPORTED BEING ABLE TO COVER LESS THAN TWO MONTHS OF EXPENSES (LOW LIQUIDITY) OR TWO MONTHS OR MORE (HIGH LIQUIDITY). (ADJUSTED FOR INFLATION)

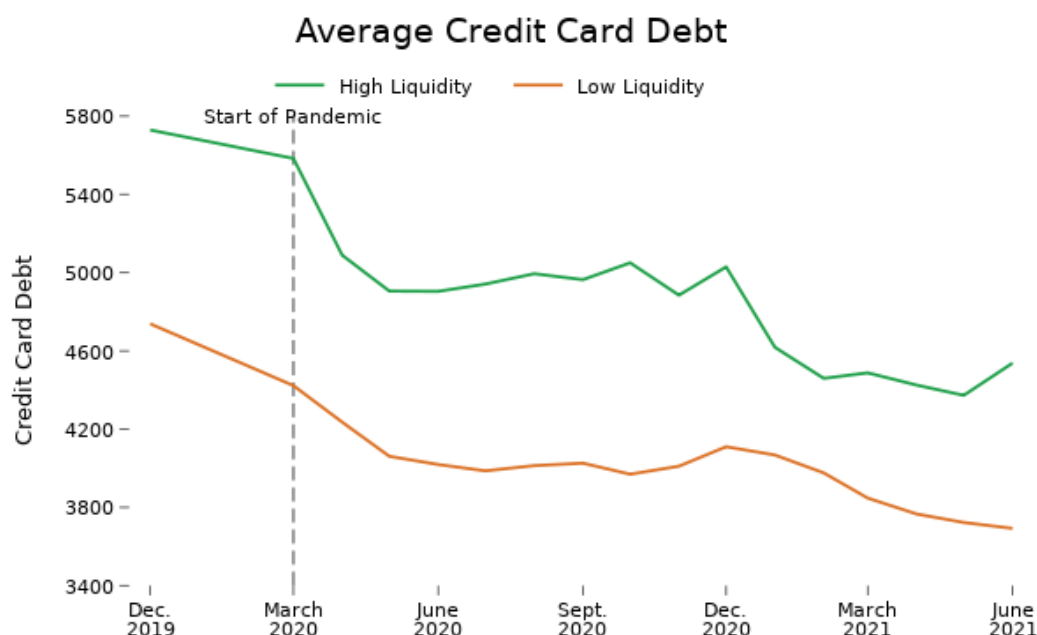


Figure 3 shows that the credit card debt fell for both consumers with and consumers without a substantial liquid buffer. Credit card debt for both groups fell sharply starting in March 2020, increased slowly through December 2020, then declined again through May 2021.

In both Figures 2 and 3, credit card debt started increasing as cash assistance ended and decreasing when it resumed. The CARES Act provided \$1,200 Economic Impact Payments (EIPs) to adults with incomes below \$75,000 and \$500 to dependents. These payments were mostly deposited in April 2020 and May 2020 (see below for a discussion of their impact). The December 2020 relief bill provided \$600 for adults and \$600 for children mostly paid in early January 2021. And the American Rescue Plan Act provided an additional \$1,400 to adults and \$1,400 to dependents (in addition to expanding the definition of dependent).²³ Altogether a family of four with two children under 17 and earning below \$150,000 dollars would have

²³ For a helpful summary, see: Consumer Financial Protection Bureau, “Your Guide to Economic Impact Payments,” accessed September 13, 2021. Available: <https://www.consumerfinance.gov/coronavirus/managing-your-finances/guide-economic-impact-payments/>.

received \$3,400 around April 2020, \$2,400 around January 2021, and \$5,600 around March 2021, for a total of \$11,400 in EIP assistance.

Credit card debt also changed direction when unemployment benefits stopped and started. The CARES Act provided an additional \$600 to regular unemployment benefits. These additional benefits ended in July 2020, just as credit card debt started to increase. Other research showed that savings fell for the unemployed following the unemployment benefit expiration.²⁴ The Lost Wage Assistance Program provided an additional \$300 per week for about six weeks starting in late August 2020. An additional \$300 started in early January 2021 from the December 2020 relief package, although it took many states more than a month to resume payments.²⁵ The American Rescue Plan continued these payments through September 2021.

The inflection points where credit card debt started increasing or decreasing occurred at the same time as these large changes in direct financial assistance to consumers. But it is possible that these direction changes were unrelated. We examine the direct impact of these policies in Section 5 after discussing specific financial difficulties consumers faced during the pandemic in the next section.

²⁴ Diana Farrell, Peter Ganong, Fiona Greig, Max Liebeskind, Pascal Noel, Daniel Sullivan, and Joseph Vavra, “The unemployment benefit boost: Trends in spending and saving when the \$600 supplement ended,” JP Morgan Chase & Co. Institute Policy Brief, October 2020. Available: https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/Institute-UI-Benefits-Boost-Policy-Brief_ADA.pdf.

²⁵ Ellie Kaverman and Andrew Stettner, “Delay in Extending Unemployment Aid Has Shortchanged Workers \$17 Billion in January,” The Century Foundation, February 2, 2021. Available: <https://tcf.org/content/commentary/tardy-stimulus-action-causes-pandemic-unemployment-benefit-delays/>.

4. Household financial challenges during the pandemic

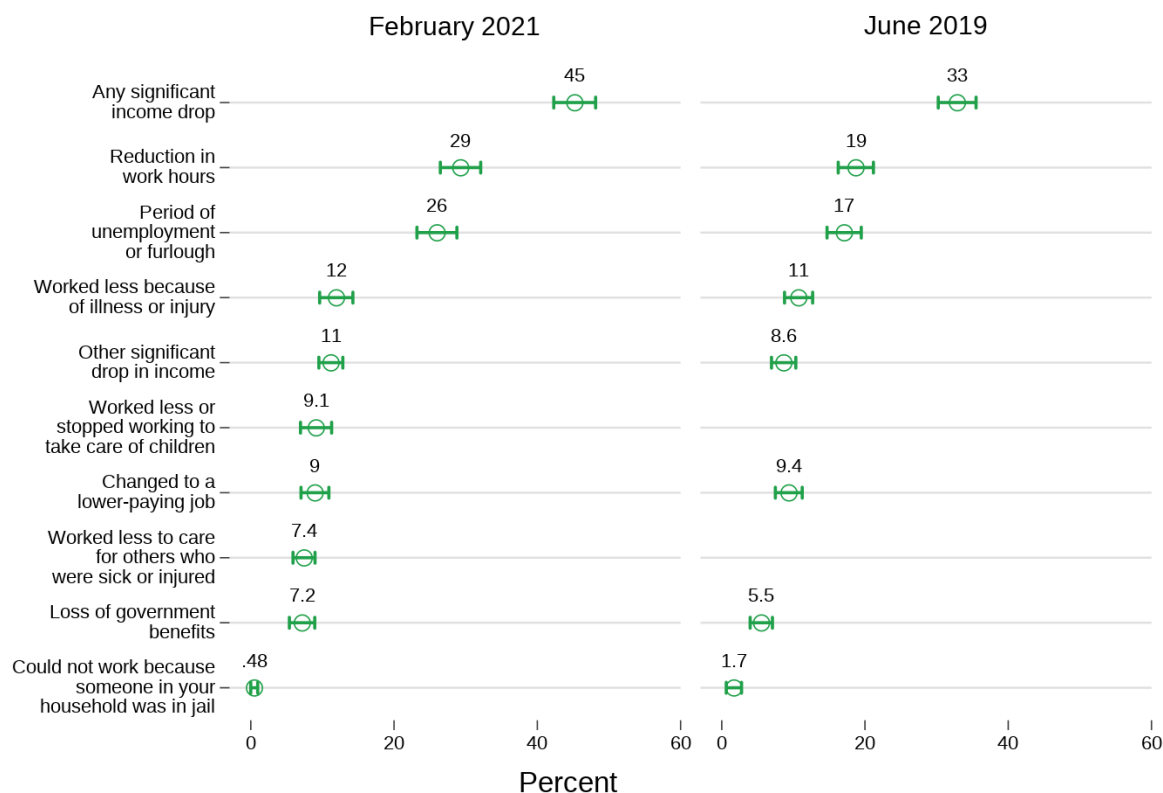
While consumers' average financial situation continued to improve during the pandemic, many consumers still faced significant financial challenges. As pandemic related shutdowns started in March 2020, the number of unemployed consumers jumped from 6.2 million in February 2020 to 22.5 million April 2020. While many consumers found employment or left the labor force over the next six months, there were still 10.6 million unemployed consumers in October 2020 and 9.8 million in June 2021.²⁶ In this section, we report the income, spending, and savings difficulties that consumers had during the pandemic. We also examine how consumers' overall perception of their spending, saving, and debt changed during the pandemic. And we examine challenges consumers faced obtaining and paying for medical care. We use the "combined sample" (Sample 2 and Wave 3) conducted in February 2021 to obtain a larger sample.

4.1 Income drops

Figure 4 shows the percentage of consumers who had a significant income drop in the year preceding February 2021. During the pandemic, 45 percent of consumers reported their households experiencing a significant income drop. For comparison, 33 percent of households had a significant income drop in June 2019 (using the Wave 1 sample). The share of households who experienced a period of unemployment over the previous year increased sharply from 17 percent to 26 percent, explaining much of the increase. Similarly, only 19 percent of households experienced an income loss from a reduction in work hours in 2019, compared to 29 percent during the pandemic. The bars on either side of the dots in the figure show the 95 percent confidence interval.

²⁶ Bureau of Labor Statistics, "Unemployment Level, not seasonally adjusted," retrieved from FRED, Federal Reserve Bank of St. Louis. Available: <https://fred.stlouisfed.org/series/LNU03000000>.

FIGURE 4: “IN THE PAST 12 MONTHS, HAS YOUR HOUSEHOLD EXPERIENCED A SIGNIFICANT DROP IN INCOME FROM ANY OF THE FOLLOWING?”



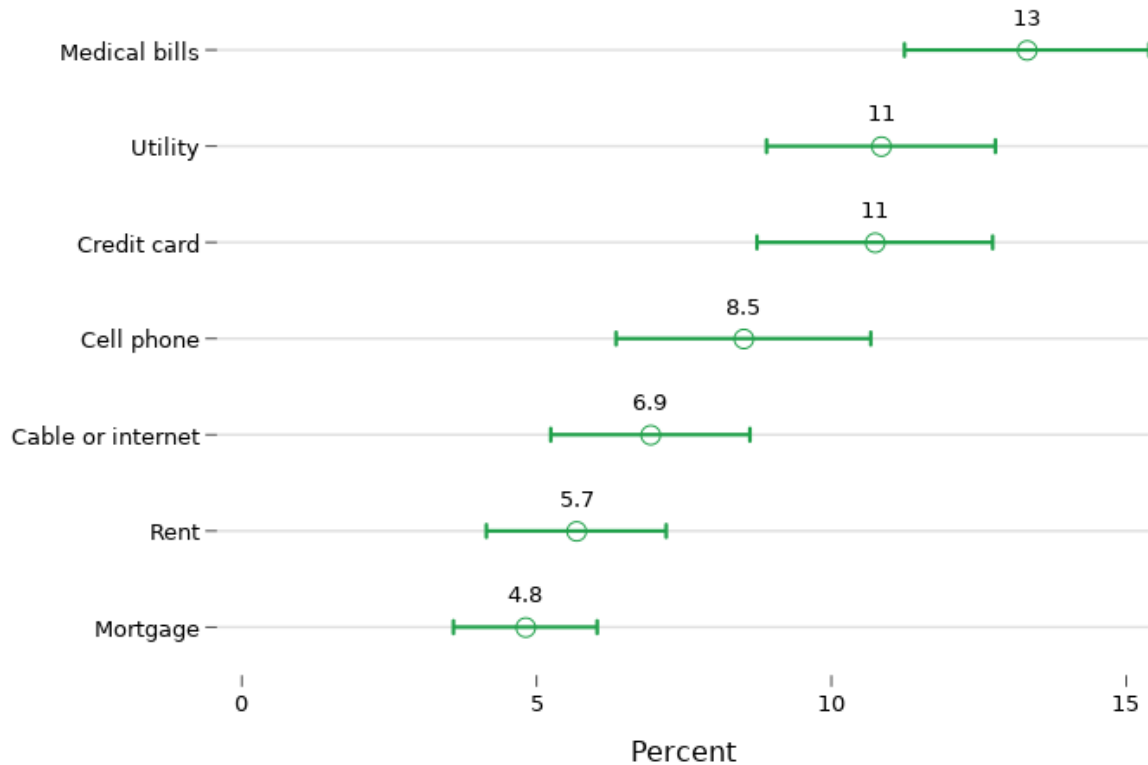
Households faced new income challenges during the pandemic beyond an increase in unemployment. About 9 percent of the consumers live in households that experienced a significant drop in income because someone in the household “worked less or stopped working to take care of children.” And 7.4 percent experience a significant income loss because someone in the household worked less to care for others who were sick or injured. Wave 1 did not ask a comparable question. In June 2019, 11 percent of households experience a significant income loss because someone worked less because of illness or injury. Figure 4 shows that 12 percent had the same problem in February 2021.

4.2 Challenges paying bills

While the percentage of consumers who had difficulty paying bills or expenses fell during the pandemic, Table 2 shows that 34 percent of consumers still had difficulties. Figure 5 shows how common specific difficulties were. We asked consumers: “Did you defer, delay, or not pay any of the following bills since March 2020?” Figure 5 shows how prevalent missing these payments was among all consumers. Consumers were most likely to miss a payment for medical bills,

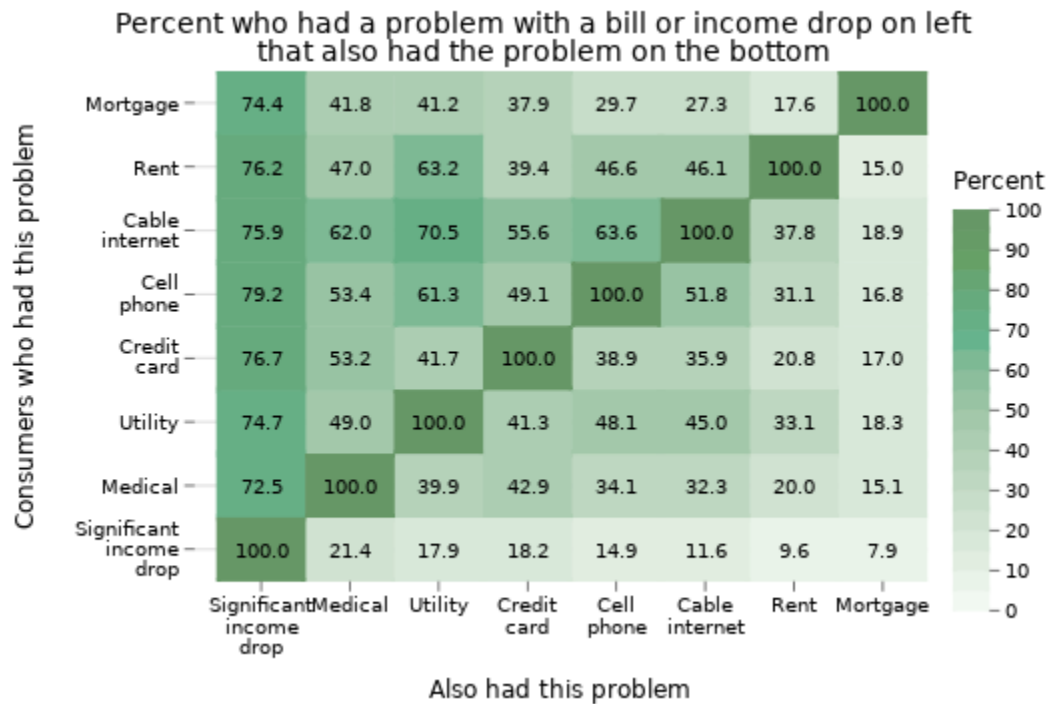
utility bills, and credit cards. In later analysis, we also consider responses to this question for groups of consumers who either pay rent or have a mortgage.

FIGURE 5: “DID YOU DEFER, DELAY, OR NOT PAY ANY OF THE FOLLOWING BILLS SINCE MARCH 2020? PLEASE MARK ALL THAT APPLY.”



Financial difficulty tends to affect consumers in many ways at once. Figure 6 shows what proportion of consumers who missed a bill or payment or experienced an income drop on the left also had the kind of problem on the bottom. The shading varies with the percentage; the darker the shade, the higher the percentage. The darkest color indicates that the proportion is mechanically 100 percent along the diagonal.

FIGURE 6: CONSUMERS WHO HAD PROBLEMS WITH ONE BILL OR WHOSE INCOME FELL TYPICALLY HAD OTHER PROBLEMS AS WELL

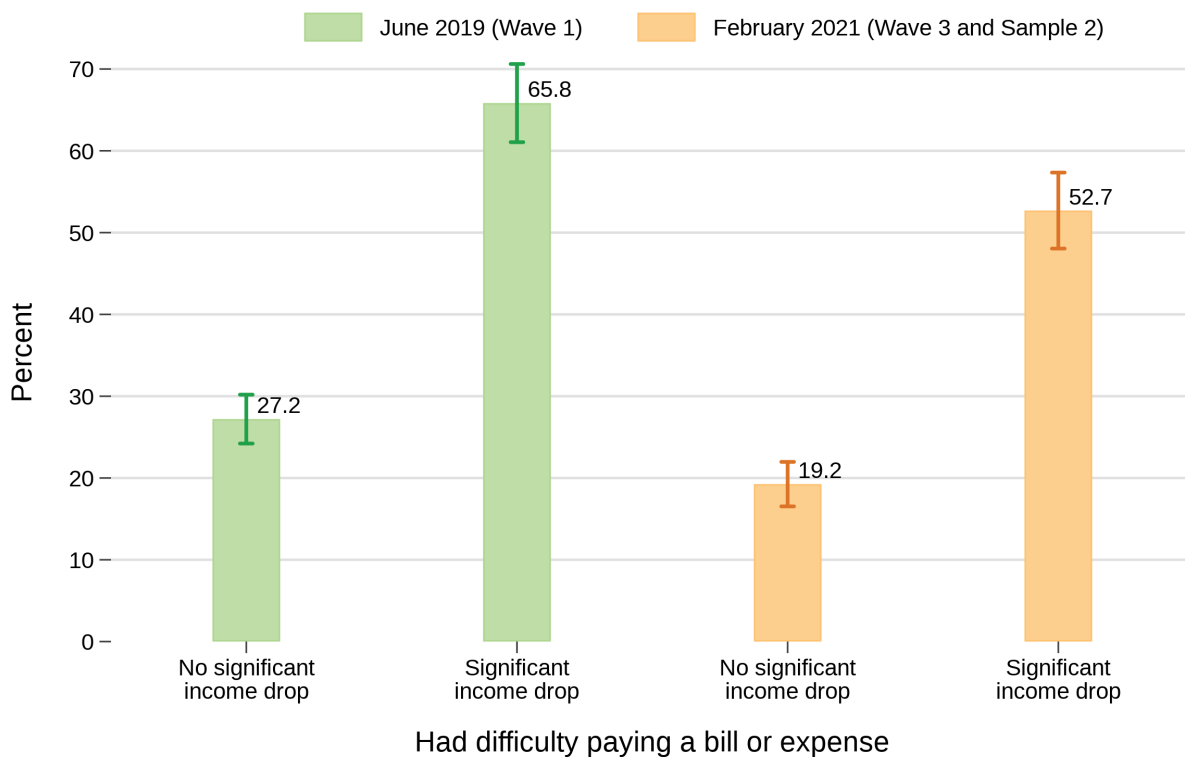


Three quarters of the consumers who missed a payment for a mortgage, rent, credit card, and other bills had a significant income drop. Consumers who missed a cable or internet bill typically also had trouble paying utility bills, cell phone bills, and rent. Similarly, missing a cell phone bill was often accompanied by other problems. These relationships suggest that by the time financial difficulty becomes acute enough to cause delinquency or deferment of regular household expenses, households face many difficulties at once. Missing payments for these regular household expenses can spread; nearly half of consumers who missed a mortgage payment, rent, cable or internet, cell phone, or utility bills also missed a medical bill.

While consumers who missed a bill or payment typically also had a significant income drop, the reverse is not true: only between 10 and 20 percent of consumers who had a significant income drop missed a payment on one of these specific bills (the bottom row of Figure 6). For example, 77 percent of consumers who missed a credit card payment also had an income drop, but of consumers with an income drop, only 18 percent missed a credit card payment. Similarly, comparing Figures 4 and 5 reveals that 11 percent of consumers overall deferred, delayed or did not pay a utility bill, while a higher 18 percent did so among consumers with a significant income drop. Figures 5 and 6 do not condition on having a credit card, having a mortgage, or renting, so one reason relatively few consumers with a significant income drop missed payments on these bills is that not all consumers could have these problems.

While experiencing a significant income drop did cause some consumers financial difficulty, these difficulties were not widespread. This result is consistent with the overall decrease in the percentage of consumers who experienced difficulty paying a bill or expense. Moreover, consumers who did have an income drop during the pandemic were less likely to have difficulty paying a bill or expense than before the pandemic. Figure 7 shows the percentage of consumers who had “difficulty paying for a bill or expense” in the previous 12 months by whether they had a significant income drop. Figure 7 uses two different samples: (1) the sample of consumers who responded to Wave 1 in June 2019 and (2) the combined sample of consumers who responded to Wave 3 and Sample 2 in February 2021.

FIGURE 7: CONSUMERS EXPERIENCING A SIGNIFICANT INCOME DROP WERE LESS LIKELY TO HAVE DIFFICULTY PAYING A BILL OR EXPENSE DURING THE PANDEMIC.



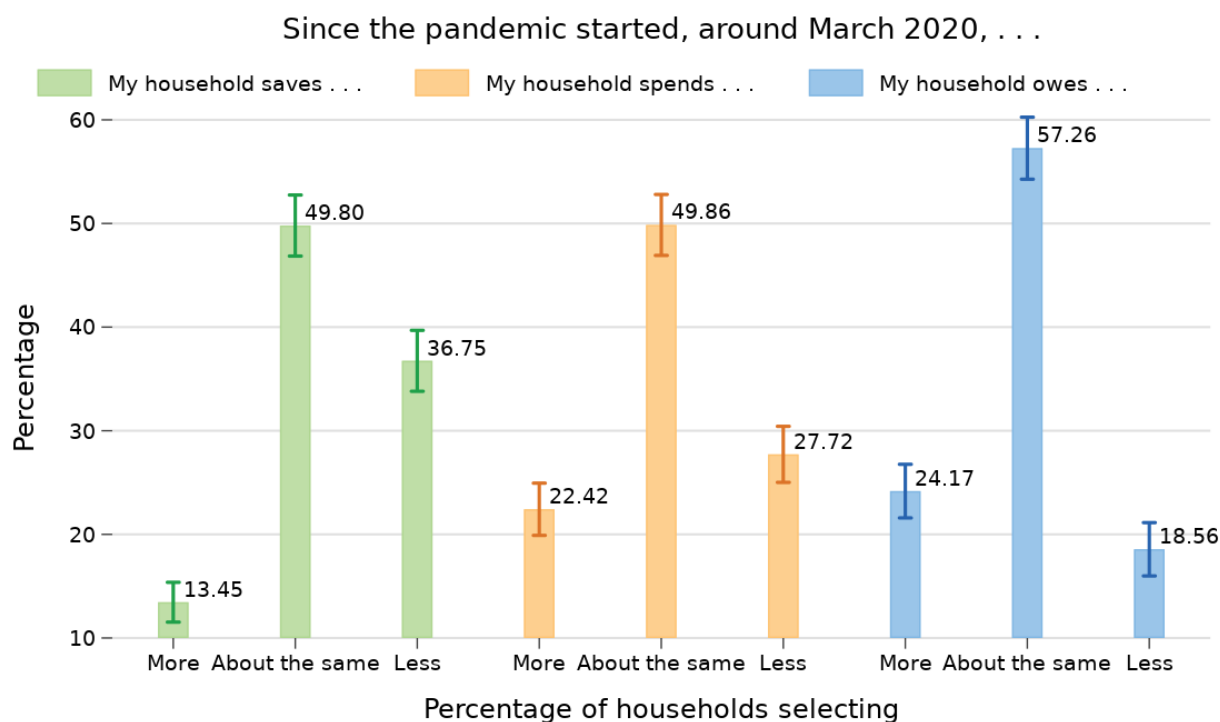
Compared to before the pandemic, both consumers with and without drops in income were less likely to have difficulty paying bills or expenses. Even as the pandemic increased the number of consumers who experience a significant income drop, it decreased the percentage who had difficulty paying a bill or expense. The pandemic declines are significant statistically as well as meaningfully large. Among consumers who experienced a significant income drop, the share who had difficulty paying a bill or expense declined by 13 percentage points. Among consumers who did not experience a significant income drop, the share who had difficulty declined by 8 percentage points. To give a sense of the magnitude, these declines are similar to the difference

in having difficulty between households with annual income of \$20,000 or less and incomes \$20,000 to \$40,000 in June 2019.²⁷

4.3 Changes in saving, spending, and debt

Households report significant stability in their saving, spending, and debts. Figure 8 shows how consumers in the combined sample responded to questions asking “Since the pandemic started, around March 2020, my household saves . . .” and similarly “my household spends . . .” and “the debt my household owes has . . .” In each case, half of consumers say the amount they save, spend, or owe has remained about the same. At the same time, 37 percent reported they save less, compared to 13.45 who report they save more. And 24 percent report they owe more, compared to 19 percent who owe less.

FIGURE 8: HOUSEHOLD SAVING, SPENDING, AND DEBT DURING THE PANDEMIC



These survey estimates of consumers’ experiences present a somewhat different picture than other estimates that describe the average level of spending, saving, and debt in the economy.

²⁷ Scott Fulford and Marie Rush, “Insights from the Making Ends Meet Survey,” CFPB Research Brief No. 2020-1, July 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf.

During the pandemic, total savings increased, total consumer spending decreased significantly, and non-housing consumer debt generally decreased (see, for example, credit card debt in Figures 2 and 3).²⁸ One reason for the difference might be that average saving, for example, is not the saving of the average consumer, but the sum of all saving divided by the number of consumers. Average saving is thus more reflective of changes for high saving and generally high-income consumers. Another reason may be that consumers feel losses more strongly than gains.²⁹ Many consumers may have felt that their savings increases, spending decreases, and debt decreases were small enough to be “about the same.” Only consumers with large changes, particularly negative changes, may have felt their situation had changed.

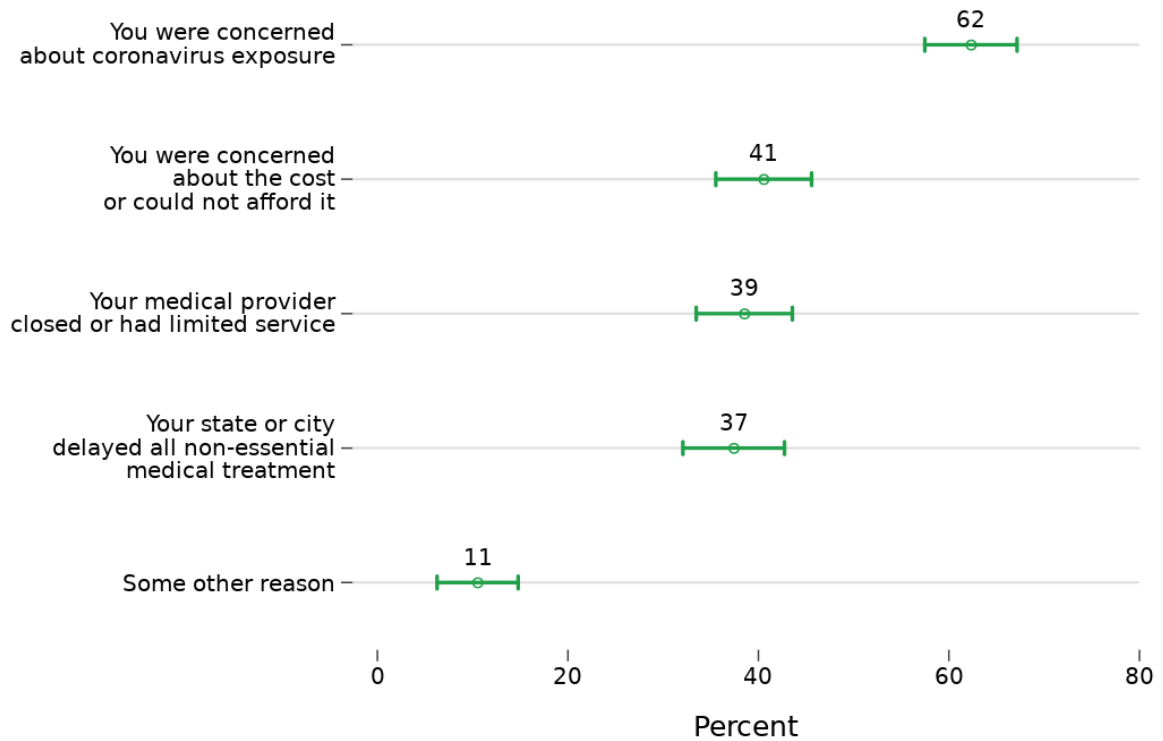
4.4 Delays getting medical care

More than a third of consumers delayed or skipped medical treatment during the pandemic. We asked: “Have you or anyone in your household delayed or skipped medical treatment or a medical procedure since March 2020 during the pandemic?” and 36 percent of consumers responded yes. Of these consumers, 62 percent delayed or skipped medical treatment because they were concerned about coronavirus exposure, 39 percent because their medical provider closed or had limited service, and 37 percent because their local government delayed non-essential medical treatment (the options were not exclusive). Financial considerations and health are tightly intertwined; 41 percent delayed or skipped medical care because of concerns about the cost.

²⁸ On saving see: U.S. Bureau of Economic Analysis, “Personal Saving Rate,” retrieved from FRED, Federal Reserve Bank of St. Louis. Available: <https://fred.stlouisfed.org/series/PSAVERT>. On spending see: U.S. Bureau of Economic Analysis, “Personal Consumption Expenditures,” retrieved from FRED, Federal Reserve Bank of St. Louis. Available: <https://fred.stlouisfed.org/series/PCE>. On debt see: Federal Reserve Bank of New York, “Quarterly Report on Household Debt and Credit,” August 2021. Available: https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2021Q2.pdf.

²⁹ See, for example: Amos Tversky and Daniel Kahneman, “Loss Aversion in Riskless Choice: A Reference-Dependent Model,” *The Quarterly Journal of Economics*, 1991, 106(4): 1039–61. Available: <https://doi.org/10.2307/2937956>.

FIGURE 9: OF THE 36 PERCENT OF HOUSEHOLDS WHO DELAYED OR SKIPPED MEDICAL TREATMENT OR A MEDICAL PROCEDURE DURING THE PANDEMIC, THE REASON WAS ... (OPTIONS ARE NOT EXCLUSIVE)



5. Unemployment insurance and Economic Impact Payments

To help the unemployed and other struggling consumers, the CARES Act and subsequent legislation provided for direct payments and expanded unemployment benefits. This section examines the impact of this direct financial assistance on the financial status of households.

5.1 Unemployment insurance

The CARES Act and subsequent legislation expanded the unemployment insurance system by providing additional benefits and covering more consumers. It expanded unemployment insurance to cover more people, including contract workers, and extended the maximum length of benefits significantly. The December 2020 pandemic relief bill and the American Rescue Plan Act extended these programs through September 2021.

The CARES Act also established a new \$600 weekly supplement for all unemployed, including those newly eligible, called the Federal Pandemic Unemployment Compensation (FPUC) supplement. The average weekly unemployment benefit in February 2020 was \$387 dollars.³⁰ In general, most states replace half of wages up to some maximum. The median weekly earnings in the U.S. was \$934 in the fourth quarter of 2019. So under the new program, the average unemployment benefit would be \$987, slightly more than the median wage. Because the consumers who lost their jobs during the pandemic tended to earn less than the median, the FPUC replaced more than median income for about two thirds of the unemployed.³¹

These additional unemployment benefits were not continuous during the pandemic. The additional \$600 benefit expired on July 31, 2020. The Lost Wage Assistance Program provided an additional \$300 in unemployment benefits for about six weeks in August and September 2020. The December 2020 pandemic relief bill and the American Rescue Plan provided an

³⁰ Center on Budget and Policy Priorities, “Policy Basics: Unemployment Insurance,” March 15, 2021. Available: <https://www.cbpp.org/research/economy/unemployment-insurance>.

³¹ Peter Ganong, Pascal Noel, and Joseph Vavra, “US unemployment insurance replacement rates during the pandemic,” *Journal of Public Economics*, 2020, 191: 104273. Available: <https://doi.org/10.1016/j.jpubeco.2020.104273>.

additional \$300 in FPUC through September 2021. About half of states ended the program early in June and July 2021.³²

Unemployment insurance was crucial in keeping unemployed consumers from suffering financially. Yet not all unemployed consumers received unemployment benefits. For example, consumers who quit are generally not eligible. Overall, about 15 percent of consumers in the combined sample reported receiving unemployment benefits since March 2020. Conditional on receipt, 84 percent also received the additional \$600 weekly supplement at some point during the pandemic. To examine unemployment insurance's importance, we divide consumers into four groups:

- (1) The 11 percent of consumers who reported in February 2021 that their household had a large income drop from unemployment or work hours reduction during the pandemic and received unemployment benefits.
- (2) The 14 percent of consumers who had a large income drop because of unemployment or work hours reduction but did not receive unemployment benefits.
- (3) The 3 percent of consumers who did not have a large income drop because of unemployment but received unemployment benefits.
- (4) The 72 percent of consumers who did not have a large income drop because of unemployment and did not receive unemployment benefits.

³² Greg Iacurci, "26 states ended federal unemployment benefits early. Data suggests it's not getting people back to work," *CNBC*, August 4, 2021. Available: <https://www.cnbc.com/2021/08/04/early-end-to-federal-unemployment-pay-in-26-states-not-getting-people-to-work.html>.

FIGURE 10: UNEMPLOYMENT INSURANCE HELPED FINANCIAL WELL-BEING IMPROVE DURING THE PANDEMIC

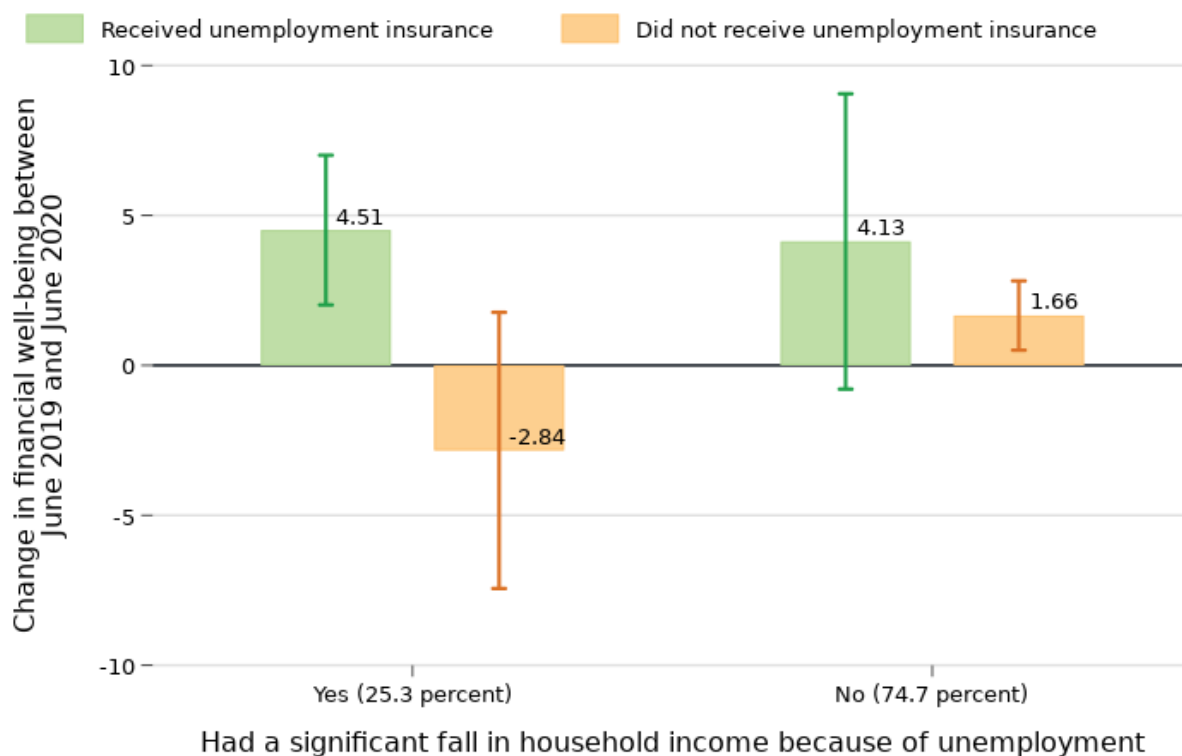


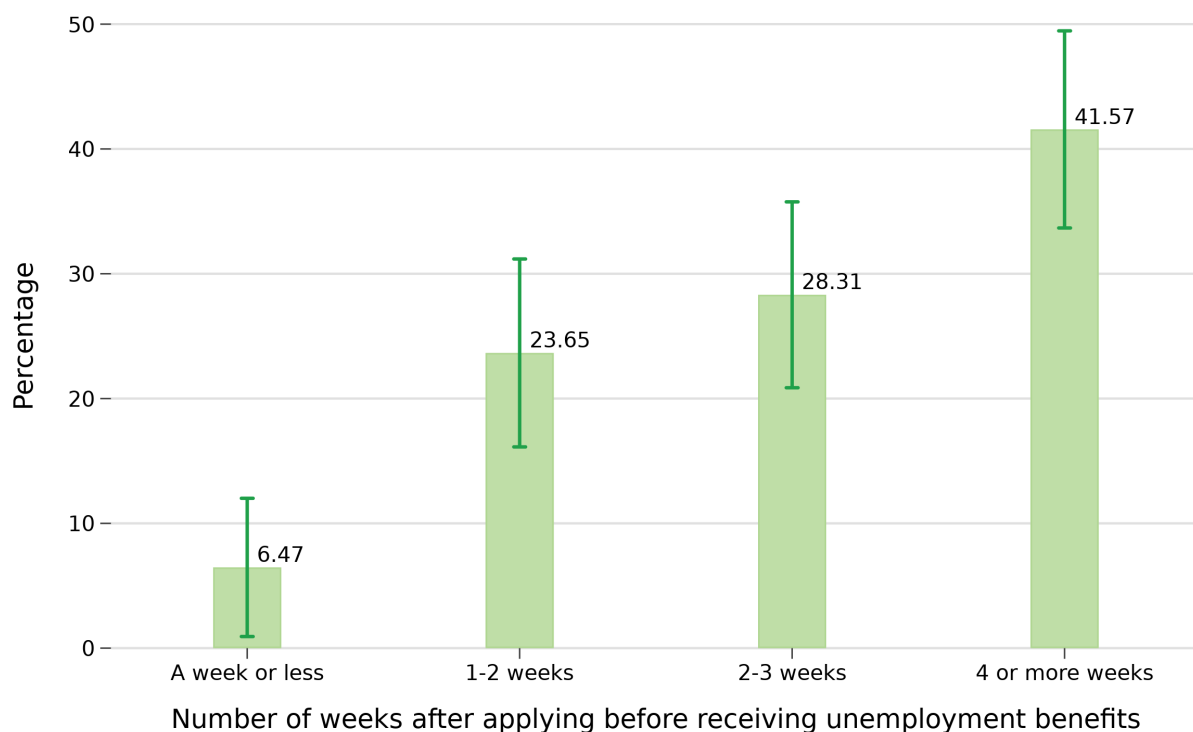
Figure 10 shows how the financial well-being of these groups compares. This analysis uses the combined All-wave sample to compare changes in financial well-being. The financial well-being of consumers with income drops and unemployment benefits (group 1) increased by 4.51 points, substantially more than consumers who did not have an income drop and did not receive unemployment benefits (group 4). Their financial well-being increased by 1.66 points. Meanwhile, the financial well-being of consumers with income drops who did not receive unemployment benefits (group 2) fell by 2.84 points. These changes are large. A one-point increase in financial well-being is associated with approximately a \$15,000 increase in income before the pandemic (see, for example, the differences across income groups in Table 1).

To summarize, the reason that overall financial well-being increased in Table 1 is that financial well-being increased for all but one group: consumers with a significant income drop because of unemployment who did not receive unemployment insurance. We suspect that the small but puzzling group of consumers who received unemployment insurance but did not have a fall in income from unemployment (group 3) are answering that way because the unemployment benefits kept their income from falling. This small group of consumers appears similar to the larger consumer group who had an income fall and received unemployment insurance (group 1).

5.2 Delays receiving unemployment insurance

Most consumers who received unemployment benefits reported having to wait significant periods to get them. Figure 11 shows how long consumers who received unemployment benefits had to wait before receiving them. This analysis uses the combined sample for increased sample size. Nearly 42 percent of consumers had to wait four or more weeks.

FIGURE 11: MANY CONSUMERS HAD TO WAIT SIGNIFICANT PERIODS TO RECEIVE UNEMPLOYMENT INSURANCE

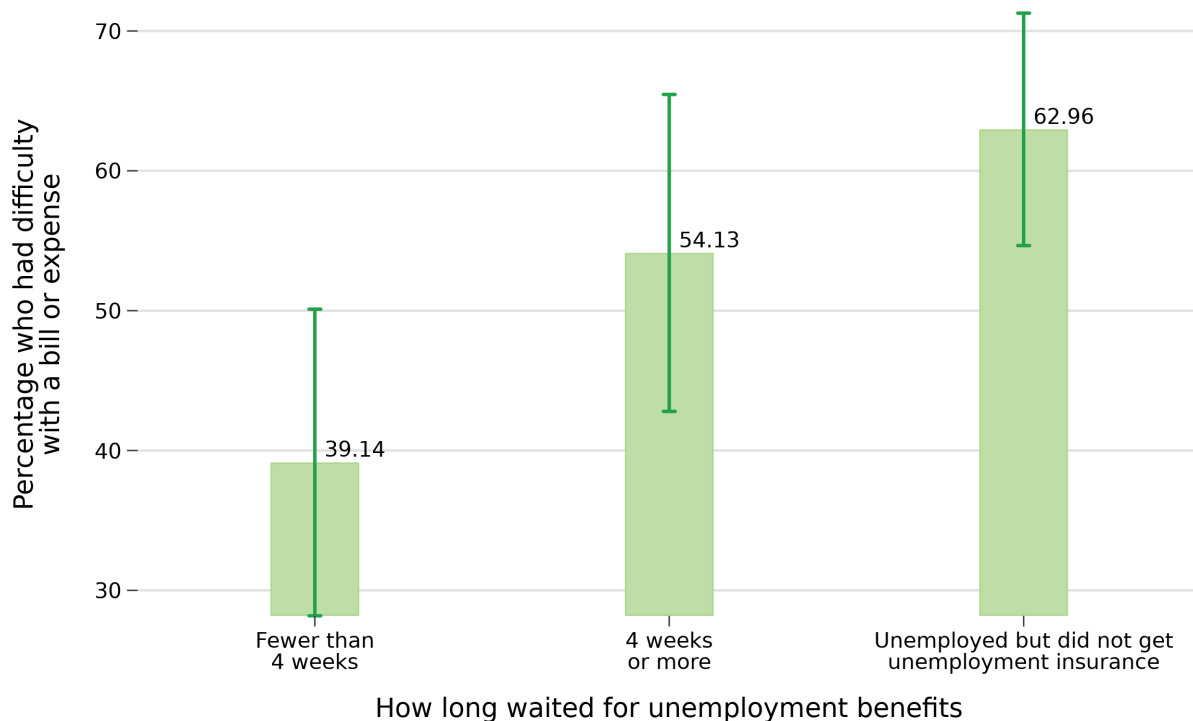


These delays appear to have caused substantial hardship. Figure 12 shows whether consumers had difficulty paying a bill or expense in February 2021 by whether they had to wait more than 4 weeks to receive benefits. For comparison, the figure also shows how often consumers had difficulty if they report a significant drop in income from unemployment but did not receive unemployment benefits. These consumers, who may not have been eligible for unemployment insurance, effectively waited forever. Nearly 40 percent of the consumers who waited four weeks or fewer had difficulty, while 54 percent of the consumers who waited more than four weeks had difficulty, and 63 percent of consumers who never received unemployment insurance had difficulty. The difference between fewer than four weeks and four weeks or more is significant at

the 90 percent level while the difference between fewer than four weeks and not receiving is significant at the 99 percent level.

One explanation as to why the speed of unemployment benefit dispersion appears to have played an important role for consumer financial outcomes relates to generally low levels of liquid savings in the population. When we asked these same consumers in Wave 1, prior to the pandemic, how long they could cover expenses if they lost their main source of income, 38 percent of respondents indicated they could cover expenses for at most one month.³³ Typically, consumers who waited for unemployment insurance would eventually receive the total benefit they were eligible for. But the arrival of a lump sum after a rent or mortgage payment comes due does not help consumers pay these bills in the moment.

FIGURE 12: CONSUMERS WHO WAITED LONGER FOR UNEMPLOYMENT INSURANCE WERE MORE LIKELY TO HAVE DIFFICULTY PAYING BILLS



³³ Scott Fulford and Marie Rush, “Insights from the Making Ends Meet Survey,” CFPB Research Brief No. 2020-1, July 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf.

5.3 Economic Impact Payments

By February 2021, most consumers would have received an EIP worth \$1,800 per adult (\$1,200 from the CARES Act and \$600 from the December 2020 relief bill) plus \$1,100 per child. The EIPs from the CARES Act were mostly deposited in consumers' bank accounts in the week following April 15, 2020, although some consumers had to wait weeks or months to receive their checks. The December 2020 relief bill payments were deposited more quickly, mostly on December 29, 2020.³⁴ Finally, a new round of EIPs from the American Rescue Plan were deposited starting March 12, 2021. For eligible consumers, these latest EIPs include \$1,400 for adults and \$1,400 for each dependent.³⁵

The payments were not conditional on financial hardship although they were limited based on income. As a result, 80 percent of the respondents in the survey report receiving the first CARES Act EIP. When we restrict to households whose 2018 income from Wave 1 was \$70,000 or less, or whose 2019 income from Sample 2 was \$80,000 or less, 86 percent of consumers report receiving the CARES Act EIP. Some consumers may not have remembered receipt of a one-time payment that was directly deposited in their account, so this survey estimate is likely an underestimate of the percentage of eligible consumers who received an EIP. The analysis in this section uses the combined Sample 2 and Wave 3 sample.

The survey results do suggest that many consumers had to wait for the CARES Act EIPs. One quarter of respondents do not remember when they received the EIP. For those that do, 37 percent received it in April 2020, 20 percent in May, 8 percent in June, and 9 percent in July or after.³⁶

Because the EIPs were so widespread, we do not have a good comparison group to analyze their impact on individual consumers. But the path of credit card debt in Figures 2 and 3 suggests they might have contributed to decreasing debt, particularly for consumers who lacked substantial liquid savings in 2019. Other factors likely contributed to the fall in credit card debt as well, including unemployment benefits and the rapid decline in consumer spending starting

³⁴ U.S. Department of the Treasury, "Treasury and IRS Begin Delivering the Second Round of Economic Impact Payments to Millions of Americans," December 29, 2020, press release. Available: <https://home.treasury.gov/news/press-releases/sm1224>.

³⁵ Internal Revenue Service, "Third Economic Impact Payment," accessed September 19, 2021. Available: <https://www.irs.gov/coronavirus/third-economic-impact-payment>.

³⁶ One drawback of this analysis is that we specifically asked in February 2021 about the CARES Act EIPs, rather than the more recent EIP from the December 2020 pandemic relief bill. The logistics of mailing a survey to a large number of consumers meant that we had to stop making changes to the survey well before the relief bill was passed.

in March 2020. Analysis of individual bank accounts which can pinpoint the exact date an individual consumer received the EIP suggests they increased spending and decreased debt.³⁷

³⁷ Scott R. Baker, R.A. Farrokhnia, Steffen Meyer, Michaela Pagel, Constantine Yannelis, “Income, Liquidity, and the Consumption Response to the 2020 Economic Stimulus Payments,” Becker Friedman institute Working Paper No. 2020-55, September 2020. Available: <https://bfi.uchicago.edu/working-paper/income-liquidity-and-the-consumption-response-to-the-2020-economic-stimulus-payments/>.

6. Pandemic-related flexibilities and forbearance

In addition to Economic Impact Payments and extra unemployment payments, many consumers also benefited from increased flexibilities and forbearance policies during the pandemic. Some of these flexibilities, such as federal student loan payment deferrals, were automatic. Others required consumers to reach out to lenders or servicers. In the survey, 31 percent of respondents reported receiving payment flexibilities or unemployment benefits during the pandemic. However, this share was larger for the 10.5 percent of consumers who report actively reaching out to their lender for payment flexibilities. Among these consumers, 59 percent received deferment or assistance from that particular lender. Still, one in four respondents report receiving some form of payment flexibility without having to actively seek it out.

This section examines the impact of several forms of financial assistance that were targeted at specific groups of consumers facing a problem with a debt.

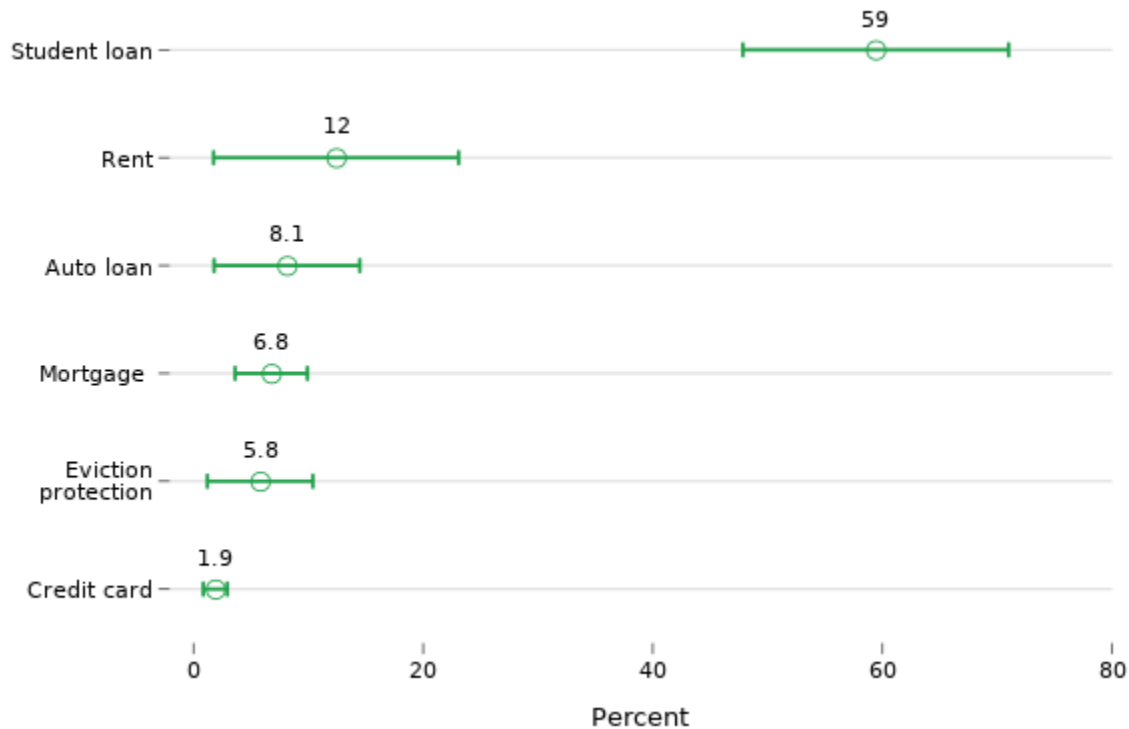
6.1 How common were payment flexibilities and forbearance?

Figure 13 shows the share of all consumers who received targeted assistance, among those who had a loan or rented. We determine whether consumers rent from consumers' answers to the survey and we determine whether consumers have a particular type of loan using the associated CCP data. Having a specific loan or renting makes a consumer potentially eligible for loan-specific flexibility or forbearance. Specific programs may have had additional eligibility requirements that we do not observe directly. Conditional on potential eligibility, the most common form of targeted debt flexibilities consumers received during the pandemic was student loan forbearance. About 59 percent of consumers with a student loan reported receiving flexibility or forbearance. Under the CARES Act, all federal student loans were automatically put into an interest-free no-payment-due plan. Some private lenders also allowed for flexibilities in repayment, although these were not necessarily interest-free. Many consumers with student loans may not have needed or wanted these flexibilities and may have continued making payments.

Among renters, 12 percent received flexibilities in rental payments and 5.8 percent reported benefiting from eviction protections. Additionally, 8.1 percent of consumers with an auto loan

reported receiving some form of payment flexibility or forbearance during the pandemic and 6.8 percent of mortgagors reported receiving forbearance. Very few consumers with credit cards, only 1.9 percent, deferred credit card payments, although Figure 2 showed that credit card debt overall was down during the pandemic.

FIGURE 13: “DID YOU RECEIVE FLEXIBILITY OR ASSISTANCE FROM ANY OF THE FOLLOWING CORONAVIRUS-SPECIFIC PROGRAMS OR PROMOTIONS?” IF HAD THAT LOAN OR RENTED



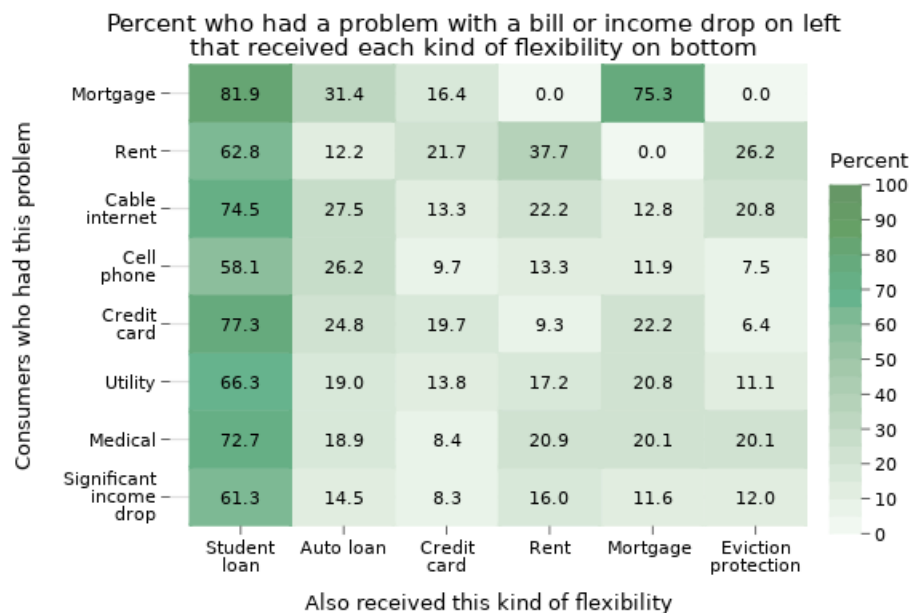
6.2 Who received payment flexibilities and forbearance?

A subset of consumers in particular financial distress, who reported having deferred, delayed or not paid one or more bills since March 2020, were more likely than average to receive flexibilities. Figure 14 shows the share of consumers that had an income drop or delayed, deferred or did not pay at least one type of bill listed on the vertical axis and that received each

type of flexibility or protection on the horizontal axis, conditional on being potentially eligible for assistance by having that loan or renting.³⁸

We make receiving flexibility conditional so that the percentage who received flexibility is the percentage among consumers who could have received that flexibility. For instance, the percentages shown in the first column of Figure 14 are limited to individuals with an active student loan and the percentages in the second column are limited to individuals with an auto loan. Analogously, column 3 shows percentages among consumers with a credit card, columns 4 and 6 are limited to renters and column 5 is limited to mortgagors.

FIGURE 14: FLEXIBILITIES IN RESPONSE TO SOME DIFFICULTIES WERE MORE COMMON THAN OTHERS (CONDITIONAL ON HAVING THAT LOAN OR RENTING)



A majority of consumers with a significant drop in income or difficulty paying a bill or expense deferred student loan payments if they had an active student loan.³⁹ Specifically, 61.3 of consumers with a student loan who had significant income drop received student loan flexibility. 82 percent of consumers who had difficulty with a mortgage and also had a student loan report receiving student loan flexibility. Federal student loan relief was granted automatically, so any

³⁸ Eligibility for each type of loan deferment or forbearance is defined as having the type of loan in question for student loans, mortgages and auto loans between February 2020 and March 2021 using consumer credit records in the Consumer Credit Panel. Eligibility for credit card payment flexibilities is restricted to consumers with at least one open credit card during this timeframe. For rental payment flexibilities and eviction protections, the sample is restricted to individuals who reported being renters in June 2019, (Wave 1 of the survey).

³⁹ This figure combines borrowers with federal and private student loans, which we cannot distinguish directly in the CCP to determine whether the consumer is potentially eligible for assistance.

student loan borrower who wanted to make use of this flexibility should have been able to. Around 80 to 90 percent of student loans are held by the federal government, so the survey results suggest that almost all student loan borrowers facing financial hardship received relief.⁴⁰ But not all student loan borrowers may have been aware of the flexibility, some may have decided not to make use of it even if they faced financial hardship, and others may not have remembered using it.

Mortgages were another loan type for which a majority of consumers received flexibilities when they had trouble. Over 75 percent of consumers who deferred, delayed, or missed a mortgage payment did so with some sort of mortgage forbearance flexibility. Over one third of these consumers also received flexibility assistance on their auto loan payments.

Fewer renters than mortgagors reported receiving payment flexibilities. Among renters who deferred or missed a rental payment, roughly 37.7 percent reported receiving payment flexibility assistance. This flexibility would have come almost entirely from landlords, as almost no federal rent assistance was dispersed by February 2021. And 26.2 percent reported receiving eviction protections. In other words, while state and federal eviction moratoria covered most renters, only one quarter of renters who were having difficulty report directly benefiting from eviction protections. It is likely, however, that many renters indirectly benefited from eviction protections, but did not realize they benefited unless they were acutely at risk of being evicted.

Among consumers who reported having to defer, delay, or not pay a credit card bill, only 20 percent report receiving a credit card payment deferment.

Except for student loans, where flexibility was automatic for federal student loans, relatively few potentially eligible consumers who had a significant income drop received specific accommodations, although the share is higher than among the overall population in Figure 13. Many, but not all, consumers with significant income drops also received unemployment insurance and Economic Impact Payments discussed in the previous section. This direct financial assistance helped some consumers avoid difficulties and needing targeted assistance.

Some kinds of assistance were more common among consumers facing financial hardship than others. The most common kinds of assistance were automatic or were widely available and consumers were informed about them. Federal student loans were automatically put into a zero-payment-due-plan, so nearly all consumers with a problem who also had a federal student loan received assistance. (The remainder are likely private student loans which we cannot directly distinguish). Mortgage servicers for federally backed mortgages were required under the CARES

⁴⁰ Ryan Sandler and Judith Ricks, “The Early Effects of the COVID-19 Pandemic on Consumer Credit,” CFPB Office of Research Special Issue Brief, August 2020. Available: https://files.consumerfinance.gov/f/documents/cfpb_early-effects-covid-19-consumer-credit-issue-brief.pdf.

Act to grant forbearance if a consumer requested it and attested to a financial hardship caused by the pandemic.⁴¹ Federal agencies and government-sponsored enterprises backing these mortgages and some private servicers conducted outreach to mortgagors who were delinquent to inform them of forbearance options.⁴² And CFPB regulations generally require mortgage servicers to inform struggling borrowers of the availability of loss mitigation options.⁴³ On the other hand, forbearance programs for credit cards or auto loans depended on the choices of specific creditors. Eligibility standards differed both within and across industries and consumers may have been unaware of how to participate in them.

Consumers who received payment flexibility assistance were also typically facing financial hardship. Among consumers who reported benefiting from payment flexibilities, Figure 15 displays the share who also reported having experienced a significant income drop during the pandemic or having missed or delayed payment on the type of bill listed in the vertical axis. For example, Figure 15 shows that roughly two thirds of consumers who received rent flexibility reported having missed or delayed a rent payment. The remaining third received rent payment flexibility but did not report missing a rent payment. We do have enough information to establish the timing or direction of causality and the direction may be different across consumers. For some consumers, missing a payment may have prompted them to ask for flexibility or may have missed or delayed a payment despite the flexibility. Others may have avoided missing a payment because they received flexibility.

About three quarters of consumers who received auto loan, credit card, rent, or mortgage flexibilities also experienced a significant income drop.⁴⁴ Over 95 percent of consumers who reported receiving eviction protection through a coronavirus-specific program or promotion also report having experienced a significant income drop. Moreover, a large share of those benefiting

⁴¹ See: Conference of State Bank Supervisors and Consumer Financial Protection Bureau, “CARES Act Forbearance & Foreclosure,” May 2020. Available: https://files.consumerfinance.gov/f/documents/cfpb_csbs_industry-forbearance-guide_2020-06.pdf.

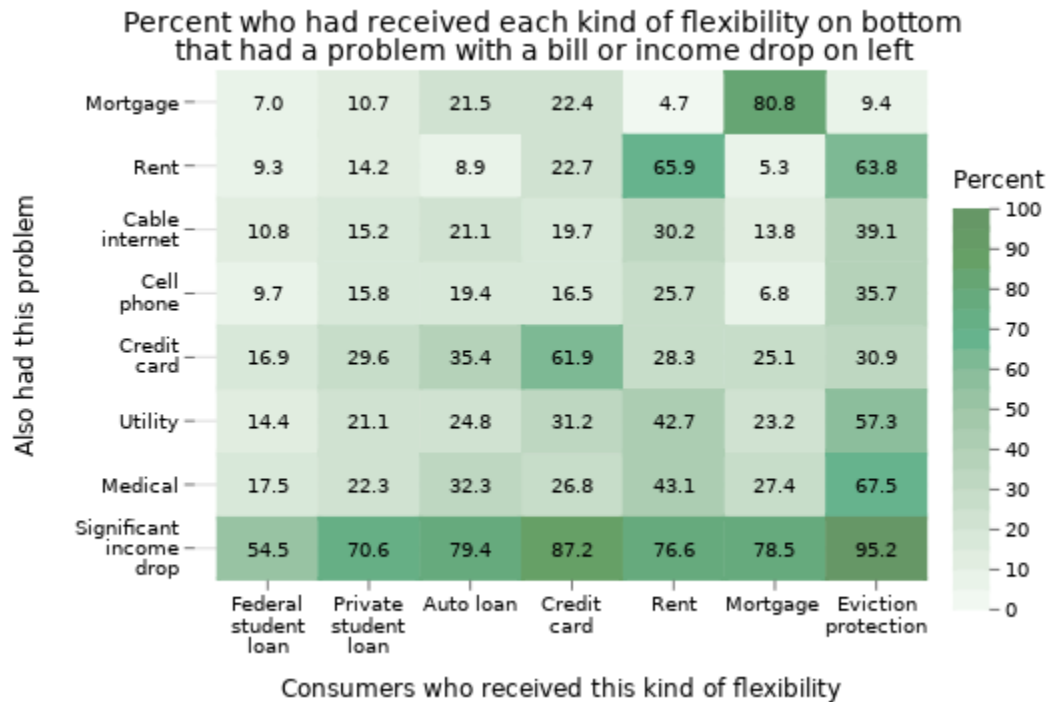
⁴² Government Accountability Office, “COVID-19 Housing Protections: Mortgage Forbearance and Other Federal Efforts Have Reduced Default and Foreclosure Risks,” GAO-21-554, July 2021. Available: <https://www.gao.gov/assets/gao-21-554.pdf>.

⁴³ 12 CFR 1024.39(a). Effective August 31, 2021 and until October 1, 2022, CFPB regulations also require that a servicer provide some delinquent borrowers with specific additional information about forbearance. Consumer Financial Protection Bureau, “Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X,” *Federal Register*, June 30, 2021. Available: <https://www.federalregister.gov/documents/2021/06/30/2021-13964/protections-for-borrowers-affected-by-the-covid-19-emergency-under-the-real-estate-settlement>.

⁴⁴ JP Morgan Chase & Co. Institute, “Is Mortgage Forbearance Reaching the Right Homeowners during the COVID-19 Pandemic?” Policy Brief, December 2020. Available: <https://www.jpmorganchase.com/institute/research/household-debt/report-did-mortgage-forbearance-reach-the-right-homeowners>.

from eviction protection measures also missed or delayed payment not only on rent, but also on medical bills, utilities and other regular household expenses.

FIGURE 15: CONSUMERS WHO GOT ASSISTANCE TYPICALLY FACED FINANCIAL HARDSHIP

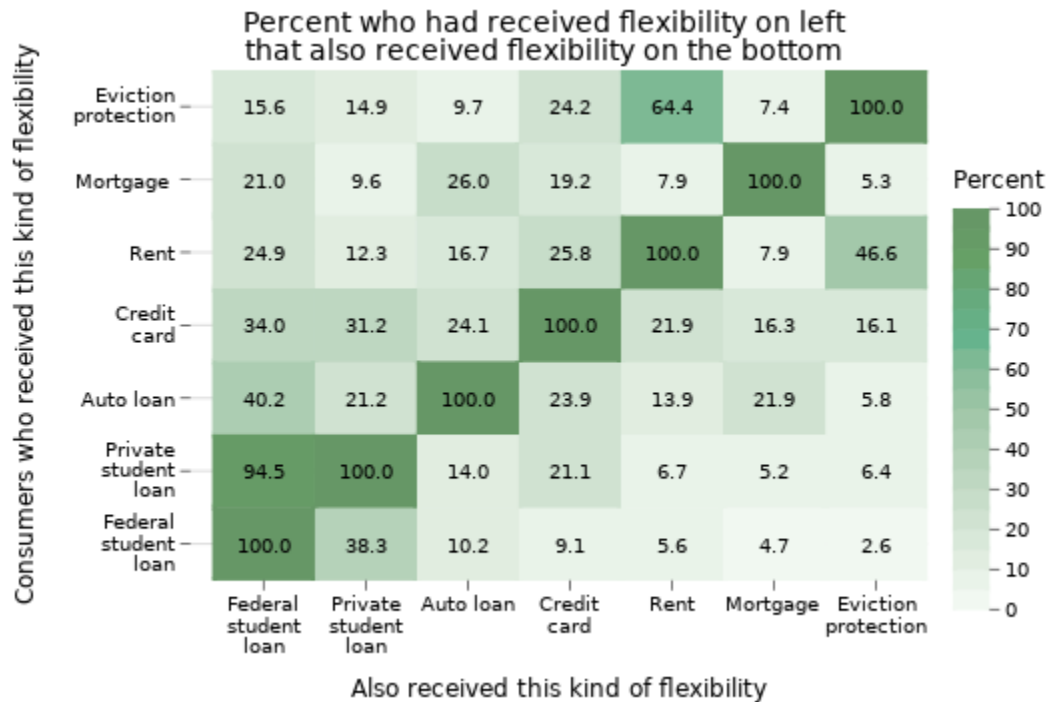


Consumers who reported receiving one type of pandemic flexibility were also likely to receive other kinds. Figure 16 shows that among those receiving mortgage forbearance, for instance, a much higher percentage than the average eligible consumer was also in forbearance for their auto loan (26.0 percent) or credit card payments (19.2 percent). Among renters receiving payment flexibilities, 46.6 percent reported also benefiting from eviction protections and 25.8 percent deferred credit card payments as well. Similarly, 64.4 percent of consumers that benefited from eviction protections also received rent payment flexibilities.

A high percentage of consumers in auto loan forbearance also benefited from the federal student loan pause and 21.2 percent reported deferring private student loans. Moreover, as many consumers have both federal and private student loans, these borrowers overlap in interesting ways. Almost all borrowers who received private student loan deferral also had at least one federal student loan in forbearance. In contrast, because student loan relief did not automatically apply to private student loans, only 38.3 percent of students deferring federal student loans also deferred a private student loan, although this share is still much higher than the population average. This number reflects both the lower likelihood of federal student loan

holders to have an additional private student loan and the lower likelihood of private lenders to offer student loan forbearance.

FIGURE 16: CONSUMERS WHO RECEIVED SOME KINDS OF FLEXIBILITY WERE ALSO LIKELY TO RECEIVE OTHER KINDS



6.3 Financial assistance and formal credit outcomes

The previous figures in this section show payment flexibility receipt and subsequent financial outcomes from March 2020 through February 2021 using the direct survey responses to the Making Ends Meet Survey. This section draws on the associated consumer credit information for these survey respondents from the CCP to determine flexibility. Using the CCP allows us to examine the time variation in credit outcomes and flexibility for these consumers through June 2021. We find suggestive evidence that pandemic financial assistance measures positively impacted formal credit outcomes.

Figure 17 compares average credit scores between individuals observed in mortgage, auto loan, student loan or credit card payment deferment or forbearance in the CCP.⁴⁵ Almost half of the consumers (48 percent) in the combined survey sample reported experiencing some form of income drop during the pandemic. Among these individuals, again roughly half (54 percent) are observed in the CCP as benefiting from some form of payment deferment or forbearance policy. Figure 17 exhibits trends in credit scores among this population of consumers with an income drop during the pandemic.

Before the onset of the pandemic, credit scores for those who would later receive payment flexibility of some kind when they lost income were about the same as those of consumers who would later not receive this kind of flexibility. However, during the pandemic, these credit scores diverged, with the scores of those receiving pandemic flexibilities increasing above pre-pandemic levels. On average, credit scores of those who would later receive payment flexibilities or forbearance were negligibly lower (658 vs. 662) than those who would not, but after the pandemic, they were 14 points higher. This change corresponds to a relative improvement of credit scores among flexibility recipients by 2.75 percent (18 points). The economic magnitude of this increase is moderate on average, but for some consumers receiving assistance, this difference can mean a change in an entire score category if the individual is on the threshold. This relationship is somewhat mechanical, as forbearance programs generally implied that creditors would not furnish information about new delinquencies to national credit rating agencies. Nevertheless, credit scores remained important drivers of access to formal credit during the pandemic and higher scores generally improve the probability of obtaining a loan.

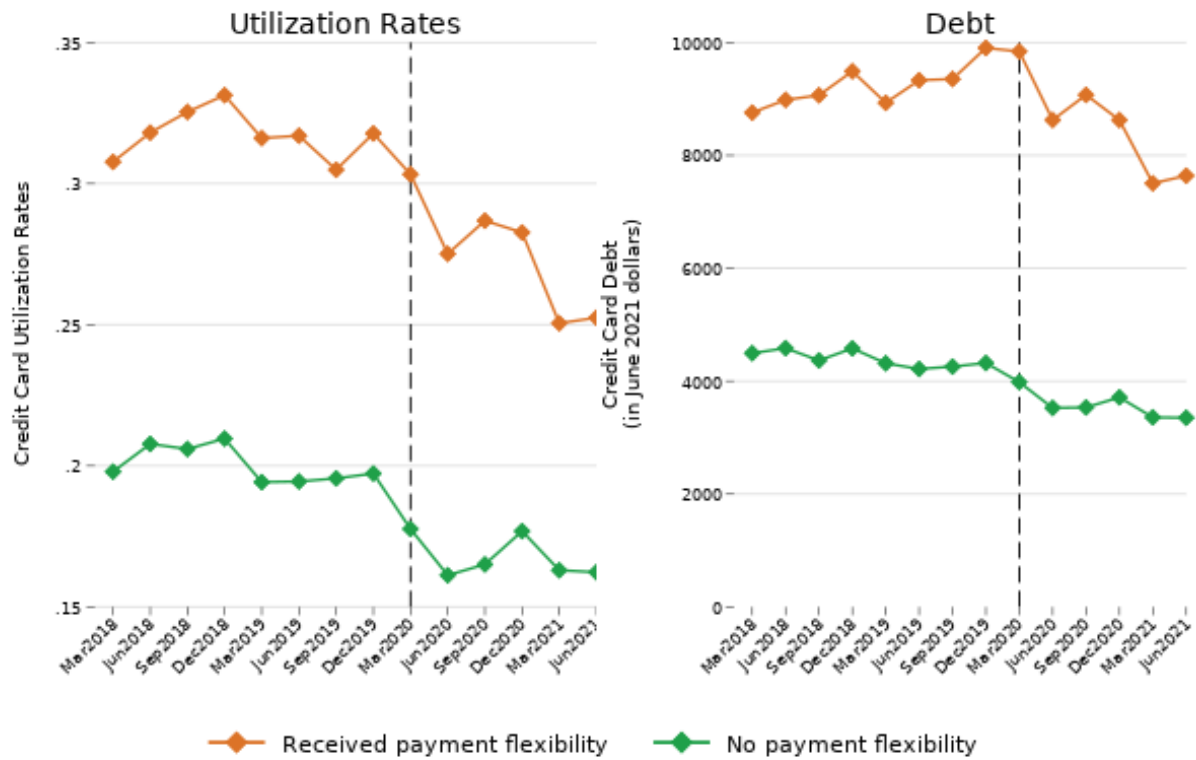
⁴⁵ Deferment or forbearance status is defined as having a positive account balance, but zero payment due. See: Judith Ricks and Ryan Sandler, “The Early Effects of the COVID-19 Pandemic on Consumer Credit,” CFPB Office of Research Special Issue Brief, August 2020. Available: https://www.consumerfinance.gov/documents/9155/cfpb_early-effects-covid-19-consumer-credit_issue-brief.pdf.

FIGURE 17: WHEN INCOME FELL, CONSUMERS RECEIVING PAYMENT FLEXIBILITIES EXPERIENCED IMPROVEMENTS IN THEIR CREDIT SCORE



Figure 18 compares average credit card utilization rates and credit card debt between individuals observed in mortgage, auto loan, student loan or credit card payment deferment or forbearance in the CCP. Consumers who received some form of pandemic assistance between March 2020 and June 2021 had higher credit card debt and higher utilization levels than those not observed in forbearance or receiving assistance, reflecting higher average levels of financial distress among this group. Credit card debt and utilization rates remained relatively stable between March 2018 and December 2019 and decreased for both groups beginning in March 2020 when pandemic measures began to take hold. The drop in credit card debt and utilization after March 2020 was also more pronounced among consumers observed in deferment or forbearance during the pandemic, which may indicate a positive impact of payment flexibilities. Because so many changes occurred during this period, however, including reduced consumer demand, employment and health shocks, stimulus payments and other forms of assistance, these improved outcomes cannot be solely attributed to payment flexibilities.

FIGURE 18: CREDIT CARD DEBT AND UTILIZATION RATES IMPROVED FOR CONSUMERS RECEIVING PANDEMIC PAYMENT FLEXIBILITIES



7. Conclusion

The pandemic reshaped many consumers' finances. But despite high unemployment and new economic disruptions, the average consumers' financial status improved sharply at the beginning of the pandemic and continued to improve through June 2021.

We show that pandemic related policies contributed substantially to this improvement. Among consumers with an unemployment-induced income drop between March 2020 and February 2021, the financial well-being of those who received unemployment insurance during this same time period improved more than for consumers who did not. Consumers with large income falls due to unemployment who had to wait longer to receive unemployment insurance benefits, or who never received any, were much more likely to have difficulty paying their bills. Credit card debt and credit card utilization rates fell for consumers who received forbearance. And credit card debt increased and decreased as cash assistance policies started and stopped.

Consumers who received pandemic-related flexibilities and forbearance generally exhibited a high level of financial hardship. Except for federal student loans—which were put automatically in a zero-payment-due plan—around 80 percent of consumers who received rent, mortgage, credit card, or other forbearance also suffered a significant income drop. Yet many consumers who reported difficulty paying their rent did not receive rent flexibility either because it was not available or because they did not request it. Similarly, only 20 percent of consumers who report difficulty paying a credit card bill received credit card flexibility.

Most pandemic policies have recently ended or will end soon. About half of states ended the extended unemployment benefits in June and July 2021 and the entire program ended at the beginning of September. After several starts and stops, the federal eviction moratorium also ended at the beginning of September, although some states continued to limit evictions.⁴⁶ Many homeowners who applied for mortgage forbearance at the beginning of the pandemic have already reached the end of their forbearance period.⁴⁷ From March 2020 through June 2021, there was a surprising disconnect between the difficult economy and consumers' improved financial health. Our results suggest pandemic policies helped protect consumers during the

⁴⁶ Adam Liptak and Glenn Thrush, "Supreme Court Ends Biden's Eviction Moratorium," *The New York Times*, August 26, 2021. Available: <https://www.nytimes.com/2021/08/26/us/eviction-moratorium-ends.html>. And: Annie Nova, "Despite national protection expiring, some states will continue banning evictions," *CNBC*, August 2, 2021. Available: <https://www.cnbc.com/2021/08/02/some-states-will-continue-to-ban-evictions-.html>.

⁴⁷ Which loans qualify and for how long varies by the type of loan and its backing. For more information on eligibility see: Consumer Financial Protection Bureau, "Learn about forbearance," accessed September 20, 2021. Available: <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/help-for-homeowners/learn-about-forbearance/>.

pandemic, so their expiration may lead to increased consumer distress unless the economic recovery is strong and equitable enough to make up for the loss of protections.

APPENDIX A: SAMPLING AND WEIGHTING

The surveys consist of three waves from one sample and a new sample wave “Sample 2” in February 2021. Wave 1 was conducted starting in May 2019, Wave 2 starting in May 2020, and Wave 3 and Sample 2 starting in February 2021. The sample for Wave 1 of the survey was selected from the Bureau’s Consumer Credit Panel (CCP), a 1-in-48 random and deidentified sample of credit records maintained by one of the three nationwide credit reporting agencies (NCRAs).

Wave 1 was mailed to 15,000 consumers starting on May 22, 2019. Ultimately, 2,990 consumers responded for a response rate of approximately 20 percent. Wave 2 was mailed to all consumers who responded to Wave 1, plus a small additional sample of consumers who had not responded to Wave 1. Wave 3 was mailed to all consumers who responded to Wave 1. Sample 2 was mailed to a new sample of 7150 consumers.

For all waves and samples of the survey, the NCRA associated the survey responses to CCP information through a process that preserved the confidentiality of consumers in the survey sample, survey responses, and credit record information. The Bureau selected the survey sample and informed the NCRA which anonymized credit records were selected. The NCRA mailed the surveys using its database of addresses. Survey responses were collected by the NCRA’s subcontractor, who removed any direct personally identifying information and other potentially identifying information that respondents may have inadvertently included before returning the results to the Bureau. The Wave 1 report contains additional details on the survey development process and survey protocol.⁴⁸

The primary focus of Waves 1, 2 and 3 was on consumers who may have recently had financial difficulty, so the sample for Wave 1 disproportionately included records in the lowest quartile of credit scores and with a recent delinquency. The Bureau also devoted one third of the sample to consumers living in rural areas or on Native American trusts, tribal lands, or reservations. Unfortunately, the oversampling approach for Native Americans did not yield a sufficient sample size of self-identified Native Americans to break this group out.

Because of the complex panel nature of the three waves and the overlap with Sample 2, we defined multiple weights that are appropriate for different forms of analysis. Wave 2, Wave 3 and All Wave weights use Wave 1 weights as a basis. Wave 1 weights combine selection weights (to account for the fact that certain sets of credit records were sampled at higher rates than others) and nonresponse adjustment weights (to account for systematic differences in response

⁴⁸ Fulford and Rush, “Insights from the Making Ends Meet Survey.”

rates). The report on Wave 1 contains additional details on Wave 1 weighting.⁴⁹ As in Wave 1, the we also use a weight smoothing method to reduce the influence of very large weights for each set of weights. Excessive weight variation can lead to instability of estimates and large estimate variances because some individual records receive far more weight than others. The Bureau employed a weight smoothing method to average weights within quintiles of adjustment cells. The weights for the other waves and Sample 2 are:

- **Wave 3 weights.** We define weights for respondents to Wave 3 and Wave 1 (whether or not they responded to Wave 2). Combined weights adjust for non-response from Wave 1 using Wave 1 weights as a basis. The combined weights adjust for non-response from Wave 1 by modelling responses based on: (1) the criteria used to sample in Wave 1 including delinquency and credit score; (2) responses to questions on gender, difficulty paying a bill or expense, (3) credit score and derogatory counts in June 2019; (4) changes in delinquency, derogatory counts, and credit score between June 2019 and February 2021; and (5) whether the individual received assistance for auto loans, student loans, credit cards, or mortgages from March 2020 to February 2021.⁵⁰
- **All-wave weights.** We define weights for the combined sample of respondents to Wave 1, Wave 2, and Wave 3. The all-wave weights adjust for non-response from Wave 1 using Wave 1 weights as a basis in a combined step by modelling responding to all waves based on the same factors as the Wave 3 weights, allowing changes between from Wave 1 to Wave 2 and Wave 2 to Wave 3 to have independent effects. The all-wave weights use the same approach as Wave 3 weights except for category (4) where we allow changes in observed delinquency, derogatory counts, and credit score between June 2019 and June 2020 and changes between June 2020 and February 2021 to separately affect responses.
- **Sample 2 weights.** As a new sample, Sample 2 weights follow a similar weighting procedure used in Wave 1. We model non-response based on: (1) observables used to draw the initial sample including whether a credit record lives in a high minority area, is likely to be African American or Hispanic as predicted by the NCRA, is likely to be low income as predicted by the NCRA, and lives in a low income area; (2) predictive variables from the CCP including whether the consumer has a recent delinquency, a third degree polynomial in the age from the CCP, whether the NCRA predicts the consumers is female, the consumer's credit score in March 2021, the change in credit score from March 2020 to March 2021, whether there are new collections on the consumer's credit record, and the derogatory count in March 2021; (3) whether the individual received assistance for auto loans, student loans, credit cards, or mortgages from March 2020 to

⁴⁹ See Fulford and Rush (2020) for details.

⁵⁰ We use the definition of assistance developed in Ryan Sandler and Judith Ricks, "The Early Effects of the COVID-19 Pandemic on Consumer Credit," CFPB Data Point, August 2020. Available: https://files.consumerfinance.gov/f/documents/cfpb_early-effects-covid-19-consumer-credit_issue-brief.pdf.

February 2021; (4) an indicator for whether any of the variables used for weighting was missing and imputed. Finally, we applied a raking step to calibrate the gender balance to match the 2013-2017 combined ACS.

- **Combined Wave 3 and Sample 2 weights.** For analysis of the combined Wave 3 and Sample 2, we combine the weights defined for Wave 3 and Sample 2 above. We renormalize the weights so that the sum of the combined weights equals the size of the CCP sample in December 2020, when we drew Sample 2. The sum of weights in each subsample is proportional to the number of respondents in that subsample. Wave 3 is weighted to be representative of the CCP in March 2019 and Sample 2 in December 2020, so this weighting implicitly provides weights that are representative of the CCP sample from March 2019 in February 2021 (Wave 3) and the CCP sample from December 2020 in February 2021. The weighting averages the two samples using the number of responses in each survey. While these samples are conceptually distinct, in practice they are very similar, so we continue to refer to analysis of the combined Wave 3 and Sample 2 using combined weights as representative of the CCP.

APPENDIX B: COMPARISON TO OTHER SURVEYS

To understand the accuracy of the collection protocol and weighting process for Wave 3 and Sample 2, this section compares the weighted Making Ends Meet (MEM) estimates to publicly reported estimates from similar questions from other surveys. An important distinction between the MEM survey and other surveys is the CCP sample frame. The MEM surveys are weighted to be representative of the CCP which does not include people without a credit record. The results from MEM surveys may differ based on the sample population as well as differences in the underlying questions and survey variation.

Tables 3 and 4 show demographic comparisons between the two arms of the Making Ends Meet surveys and the 2018 and 2019 American Community Survey (ACS).⁵¹ The tables display the options from the Making Ends Meet survey, along with the weighted percentage of respondents selecting each option, and the comparable statistic from the ACS. Demographic questions were only asked in Wave 1, not Wave 3. The W3 column in each table reflects the answers selected in Wave 1 by consumers who also responded to Wave 3. We use the All-wave weights for this comparison. The S2 column shows the same calculations for the Sample 2 using Sample 2 weights.

⁵¹ See: United States Census Bureau, American Community Survey. Available: <https://www.census.gov/programs-surveys/acs>.

TABLE 3: DEMOGRAPHIC COMPARISONS BETWEEN MAKING ENDS MEET AND THE AMERICAN COMMUNITY SURVEY (PERCENT)

	MEM W3	MEM S2	ACS 2018	ACS 2019
What is your sex?				
Male	50.4	48.4	49.2	49.2
Female	49.6	51.6	50.8	50.8
How old are you?				
Less than 25 years	5.4	6.8	9.3	9.1
25 - 34 years	15.2	13.9	18.5	18.6
35 - 44 years	16.8	18.4	16.9	16.9
45 - 54 years	17.7	17.7	17.7	17.3
55 - 61 years	15.0	13.3	17.2	17.2
62 years or older	29.9	29.9	20.5	20.9
What is your highest level of education?				
Less than a high school degree	3.7	7.0	12.4	12.0
High school degree	19.5	19.8	27.1	27.0
Technical or vocational degree	7.1	6.3		
Some college, but no degree	22.3	18.0	20.6	20.4
Two-year college degree	9.4	10.0	8.4	8.5
Four-year college degree	22.2	22.7	19.4	19.8
Postgraduate degree	15.9	16.1	12.1	12.4
Race and Ethnicity⁵²				
Non-Hispanic White	66.5	59.4	67.5	67.5
Black	11.6	12.4	12.2	12.2
Hispanic	11.7	15.7	12.5	12.5
Asian	5.2	7.8	5.0	5.0
Other	5.0	4.7	2.8	2.8

For several questions, the categories for MEM and the ACS are not identical, so this comparison provides general insight into comparability, rather than an exact benchmark. In Table 4, the income categories for ACS, MEM W1 and MEM S2 overlap, so are not exactly comparable. Moreover, the Wave 3 income categories refer to the respondents' answers in Wave 1 for their 2018 annual income, while Sample 2 categories are for respondents' 2020 annual income.

⁵² Race and ethnicity estimates are from the 2010 Census population estimates.

TABLE 4: INCOME COMPARISONS BETWEEN MAKING ENDS MEET AND ACS

Annual Household Income 2018	MEM W3	Annual Household Income 2020	MEM S2	Income and Benefits (in 2018 inflation-adjusted dollars)	ACS 2018
\$15,000 or less	9.0	\$20,000 or less	15.8	\$14,999 or less	11.9
\$15,001 to \$20,000	7.8	\$20,001 to \$50,000	28.5	\$15,000 to \$24,999	9.3
\$20,001 to \$40,000	19.2	N/A		\$25,000 to \$34,999	9.3
\$40,001 to \$70,000	25.1	\$50,001 to \$80,000	20.0	\$35,000 to \$49,999	12.6
N/A		\$80,001 to \$125,000	16.3	\$50,000 to \$74,999	17.5
\$70,001 to \$100,000	17.9	\$125,001 to \$200,000	10.5	\$75,000 to \$99,999	12.5
More than \$100,000	21.0	More than \$200,000	8.9	\$100,000 or more	27.9

Following a similar approach used by the FDIC unbanked/underbanked study⁵³ and others, the MEM racial and ethnic categorization is exclusive so that analysis can cleanly compare groups. The categorization is: if a respondent self-identifies as “Black or African American,” she is included in the Black or African American category regardless of other responses. If the respondent self-identifies as “Hispanic,” she is included in the Hispanic category unless she self-identifies as Black or African American. The “Non-Hispanic White” group includes respondents who only selected the White category. “Asian” includes respondents who selected Asian, but not Black or Hispanic. “Other” include respondents who did not answer the question and Native American and Pacific Islanders. We follow the same construction using the national population estimates, grouping more than one race with “Other.” We use the Census population estimates for race and ethnicity because they allow a similar characterization by race and ethnicity for the adult population.

Overall, MEM estimates are comparable to the ACS or Census across levels of age, education, race, and income. The largest differences occur when ACS categories and MEM categories do not precisely align or when the population under consideration differs. MEM is sampled from the CCP and is weighted to be representative of the CCP, while the ACS is designed and weighted to match the population estimates from the Census Bureau population estimates program.⁵⁴

⁵³ Federal Deposit Insurance Corporation, “FDIC National Survey of Unbanked and Underbanked Households,” 2017: 73. Available: <https://www.fdic.gov/analysis/household-survey/2017/2017report.pdf>.

⁵⁴ See: p. 135 in United States Census Bureau, “American Community Survey Design and Methodology,” January 2014. Available: https://www2.census.gov/programs-surveys/acs/methodology/design_and_methodology/acs_design_methodology_report_2014.pdf.

There are several differences:

- Wave 3 and Sample 2 are slightly older than the ACS population.
- There are fewer high-income households in Wave 3 and Sample 2 than in ACS, although the different categories make an exact comparison difficult.
- Sample 2 has a somewhat smaller non-Hispanic white share than other the ACS. Sample 2 oversampled by race and ethnicity.
- Both Sample 2 and Wave 3 have a somewhat larger population with post-graduate degrees and somewhat smaller population without a high-school degree. The ACS educational attainment measures only represent those aged 25 or older, which could account for some of the differences.

Much changed during the pandemic. To understand how comparable MEM results are to other surveys at the same time, Table 3 shows the proportion of consumers described the food eaten in the previous seven days in several ways. We also report the same categories for exactly the same question asked on the Census Pulse survey conducted in February 2021.⁵⁵ By comparing the same question at nearly the same time to a different survey, we can see how MEM compares to a different survey with different sample frames and field methods. The Census Pulse sample is drawn from a sample frame constructed from a combination of address, phone, and email records from “commercial, survey, and administrative record data providers.”⁵⁶ The week 24 sample contained 1.039 million contacts, of which 77,122 responded for a response for a response rate of 7.4 percent. The Census Pulse response is much larger survey but has a much larger non-response rate. Because the Census Pulse is not linked to rich administrative data such as the CCP, the non-response weights are created by a raking procedure so that age, sex, race and ethnicity approximately match the 2018 ACS. Finally, the Census Pulse is weighted to be representative of households, while MEM is weighted to be representative of consumers. For household questions, MEM produces statistics representative of the households consumers live in which tends to overrepresent households with more adults compared to weighting to be representative of households.

⁵⁵ United States Census Bureau, “Week 24 Household Pulse Survey: February 3 – February 15,” February 24, 2021. Available: <https://www.census.gov/data/tables/2021/demo/hhp/hhp24.html>

⁵⁶ United States Census Bureau, “Source of the Data and Accuracy of the Estimates for the Household Pulse Survey – Phase 3,” accessed September 17, 2021. Available: https://www2.census.gov/programs-surveys/demo/technical-documentation/hhp/Phase3_Source_and_Accuracy_Week_24.pdf

TABLE 5: FOOD SUFFICIENCY IN MAKING ENDS MEET AND CENSUS PULSE (PERCENT)

In the last 7 days, which of these statements best describes the food eaten in your household? Select only one answer.			
	MEM W3	MEM S2	Pulse W24
Enough of the types of food wanted	72.4	69.8	61.7
Enough food, but not always the types wanted	21.2	24.1	26.9
Sometimes not enough to eat	5.1	4.9	9.2
Often not enough to eat	1.3	1.3	2.2

Despite these survey differences, MEM Wave 3 and Sample 2 produce closely comparable statistics to the Census Pulse. The MEM surveys suggest that somewhat fewer consumers live in household which sometimes do not get enough to eat, and somewhat have enough of the types of food they wanted.