The Low- and Moderate-Income Community in Recession and Recovery

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By historical standards, for employment the 2007–2009 recession was especially deep and the recovery especially weak.
Survey Design

• Gauges the perceptions of directors or other senior staff of organizations providing services directly to LMI individuals or families

• Survey target is the population of such organizations in the Tenth District
  – About 1,000 survey requests distributed quarterly
  – Generally about 150 completed

• Potential survey respondents are actively recruited and vetted to ensure they deliver services directly to LMI population
Survey Design

• Seven basic questions
  – Most inquire about the LMI population
    • Overall assessment of economic and financial conditions
    • Demand for services
    • Job availability
    • Availability of affordable housing
    • Access to credit
  – Others about responding organizations
    • Funding
    • Nonfinancial capacities (e.g., volunteers)
Survey Design

• Respondents are asked about conditions relative to
  – Previous quarter
  – Previous year
  – Expectations for following quarter

• Rolling benchmark: answers are
  – Better (more, higher)
  – Worse (less, lower)
  – About the same
Survey Design

• Index: %better - %worse + 100
  – Index takes values between 0 and 200
  – 100 in neutral
  – < 100 indicates deterioration in conditions
    • Any number below 100 indicates deterioration, even if the index is rising
  – > 100 indicates improvement in conditions

• Example: 10% say job conditions are better, 50% the same, and 40% worse
  – Index value is 10 – 40 + 100 = 70 (deterioration)
RESULTS
Source: Federal Reserve Banks of Boston, Philadelphia, Dallas, and Kansas City.
Note: The Kansas City LMI Job Availability Index was adjusted to be consistent with other reserve bank indexes (50 = neutral).
U.S. (Private) Job Growth and the LMI Job Availability Index

Sources: Federal Reserve Bank of Kansas City; U.S. Bureau of Labor Statistics; Haver Analytics
Other Issues Highlighted by LMI Survey Reports

- Relatively looser labor market for low-skilled jobs
- Disconnect between growing sectors and job skills of the LMI
- Lower-skilled jobs filled by higher-skilled workers out of work
- Credit histories
- Criminal histories (especially drug charges)
- Transportation and childcare needs
- Change in residency
- Job readiness
- Significant turnover noted
Federal Reserve Bank LMI Demand for Services Indexes

Note: In this chart, higher numbers indicate a greater demand for services, so unlike the other charts from reserve bank surveys, higher numbers indicate deteriorating conditions. The Kansas City Fed’s LMI Survey results were adjusted to be consistent with this concept. A value of 100 would indicate that all respondents reported that the demand for their services had increased.

Source: Federal Reserve Banks of Boston, Philadelphia, Dallas, and Kansas City.

Note: The Kansas City LMI Demand for Services Index was adjusted to be consistent with other reserve bank indexes (50 = neutral).
Other Issues Highlighted by LMI Survey Reports

- Influx of previously middle class
- Post-recession increase
- Rising prices for basic necessities

- Natural disasters
- Cuts in public funds
Federal Reserve Bank LMI Affordable Housing Indexes

Source: Federal Reserve Banks of Boston, Philadelphia, Dallas, and Kansas City.
Note: The Kansas City LMI Affordable Housing Index was adjusted to be consistent with other reserve bank indexes (50 = neutral).
Other Issues Highlighted by LMI Survey Reports

• “doubling up”
• Declining vacancies / rising rents
• More selective landlords (credit, criminal, and tenant histories; income)
• Homelessness
• Inability to take advantage of attractive (single-home) housing market
Federal Reserve Bank LMI Credit Access Indexes

Source: Federal Reserve Banks of Boston, Philadelphia, Dallas, and Kansas City.
Note: The Kansas City LMI Access to Credit Index was adjusted to be consistent with other reserve bank indexes (50 = neutral).
Other Issues Highlighted by LMI Survey Reports

• Lower credit scores than average
• Little access to "traditional" consumer loans
• "Refugee effect" of self-employment
• Financial literacy
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