

# Economic Conditions in the U.S. and Low- and Moderate-Income Communities

*2018 Neighborworks National Training Institute  
Kansas City, MO*

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Senior Economist*



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**President Esther George**

Esther L. George is president and CEO of the Kansas City Fed and a member of the FOMC.

Read latest speech: [The U.S. Economic Outlook and Monetary Policy](#)

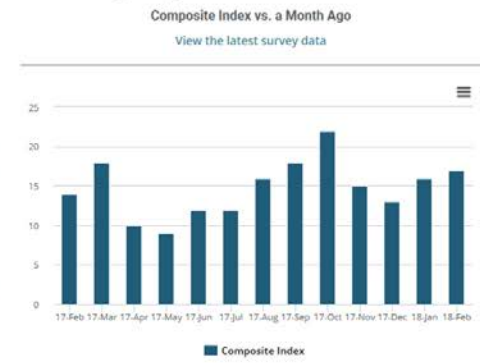
**Recent News**

- LMCI suggest the level of activity increased and momentum remained high in February**  
 March 19, 2018
- Federal Reserve Consumer Help turns 10**  
 March 14, 2018
- Aftermath of disaster: Storms, fires test planning, patience**  
 March 14, 2018
- The KCFSI suggests financial stress remains muted**  
 March 08, 2018
- How Invested is Oklahoma in the Stock Market?**  
 March 07, 2018

**Events**

- Mar 22, 2018 | Investing in America's Workforce: Engaging Workers in Creating Good Jobs (webinar)
  - Mar 27 - 28, 2018 | Midwest Anti-Money Laundering Conference
  - Mar 29, 2018 | Engaging Banks in Workforce Development: Part 2 (webinar)
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## Community Research

Our research focuses on challenging issues affecting economic prospects in low- and moderate-income communities and brings together community stakeholders to explore prospective solutions.



### Recent Data

- [LMI Economic Conditions](#)
- [Consumer Credit Reports](#)
- [Regional Economy](#)

### Research Articles


**Financial Vulnerability and Personal Finance Outcomes of Natural Disasters**  
*By Kelly D. Edmiston*  
 RESEARCH WORKING PAPER | Financial vulnerability, as measured by past due bills or bank card utilization rates, has a significant effect on personal financial outcomes after a natural disaster.

**Student Loan Relief Programs: Implications for Borrowers and the Federal Government**  
*By Kelly D. Edmiston and Wenhua Di*  
 RESEARCH WORKING PAPER | Student loan relief plans can help struggling borrowers stay current on their debt and benefit from substantial debt write-offs in as little as 10 years, but these plans can impose a significant fiscal burden on taxpayers.

**Residential Rent Affordability across U.S. Metropolitan Areas**  
*By Kelly D. Edmiston*  
 ECONOMIC REVIEW | Kelly D. Edmiston examines recent trends in rent affordability for both low- and middle-income households and across metropolitan areas.

**The Low- and Moderate- Income (LMI) Population in Recession and Recovery: Results From A New Survey**  
*D. Edmiston*

### Map Your Community



Map Your Community is a web-based mapping tool that allows users to create current and historical spatial economic and demographic conditions.

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### Data and Analysis

**Tenth District LMI Economic Conditions**  
 Get a snapshot of low- and moderate-income (LMI) economic conditions in the Federal Reserve Tenth District. (The Tenth District LMI Survey and LMI Labor Force Report were consolidated into LMI Economic Conditions in August, 2015.)

**Consumer Credit Reports**  
 Get a snapshot of consumer credit conditions in the Tenth District.

**National Consumer Credit Maps**  
 The New York Fed uses its expertise and knowledge to provide detailed data on U.S. credit conditions.

### Research Publications

**Meet Our Economist**  
**Kelly Edmiston**  
 Our senior economist conducts research on issues involving regional economic growth, economic development and community development.

[Full bio](#)

<https://www.kansascityfed.org/research/indicators/data/lmieconomicconditions>



# Tax Cut and Jobs Act

*Economic Conditions in the U.S. and Low- and Moderate-  
Income Communities*



# Key Individual Income Tax Provisions: Tax Cuts and Jobs Act

Current Law		Tax Cuts and Jobs Act	
10%	\$0–\$19,050	10%	\$0–\$19,050
15%	\$19,050–\$77,400	12%	\$19,050–\$77,400
25%	\$77,400–\$156,150	22%	\$77,400–\$165,000
28%	\$156,150–\$237,950	24%	\$165,000–\$315,000
33%	\$237,950–\$424,950	32%	\$315,000–\$400,000
35%	\$424,950–\$480,050	35%	\$400,000–\$600,000
39.6%	\$480,050+	37%	\$600,000+

Sunset: January 1, 2026 reverts back to 2017 tax structure



# Key Individual Income Tax Provisions: Tax Cuts and Jobs Act

- Nearly doubles standard deduction
- Indexes tax brackets to chained CPI
- Eliminates personal exemption
- Expands child tax credit from \$1,000 to \$2,000 and significantly increases the phase-out (first \$1,400 refundable)
- Mortgage interest deduction capped at \$750,000; no HELOC deduction
- State and local tax deductions (property and income or sales) limited to combined \$10,000
- \*Top rate for c-corps reduced from 35% to 21%



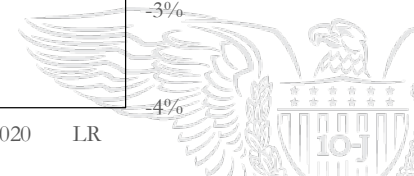
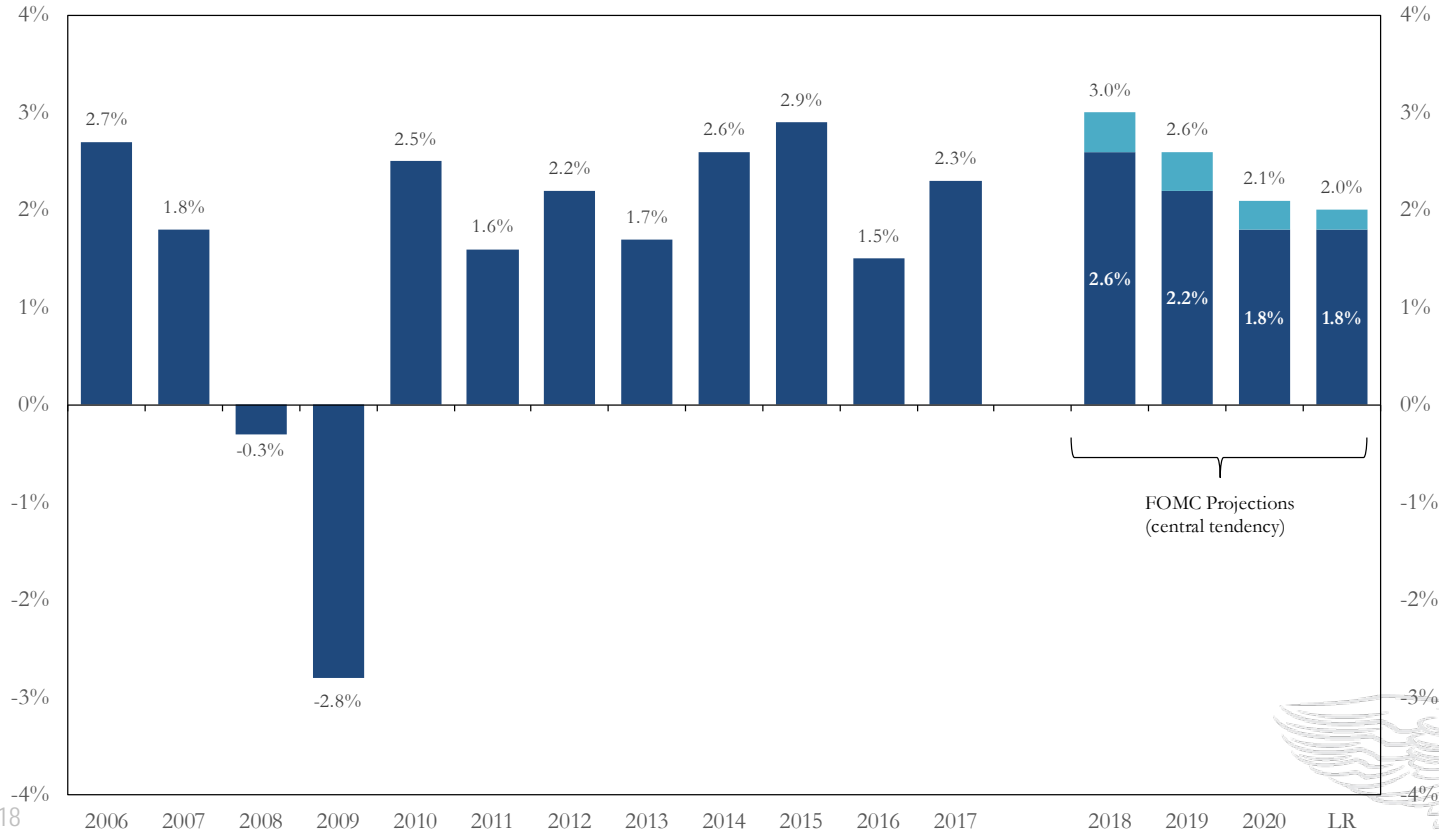
# General Conditions

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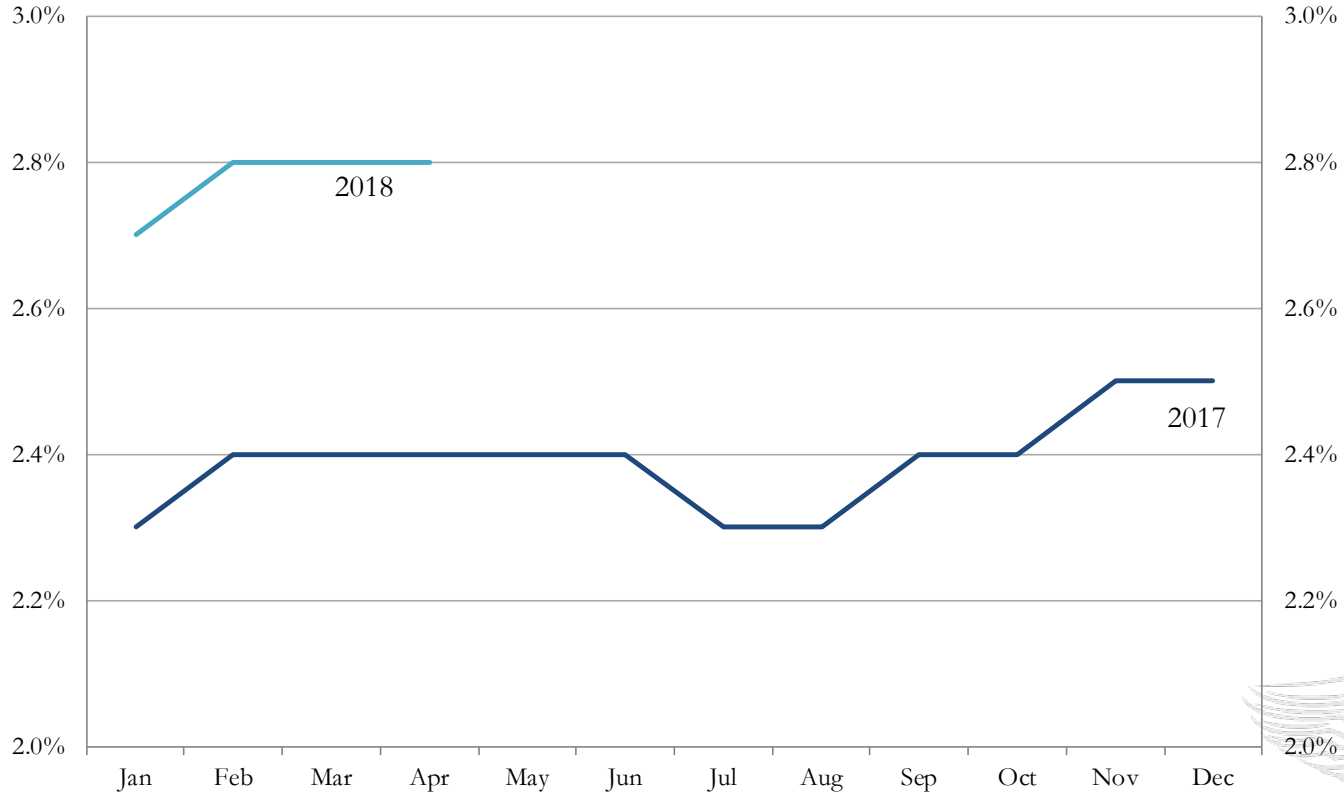




# Historical GDP and FOMC Forecast



# Consensus Forecasts for 2018



Source: Consensus Forecasts



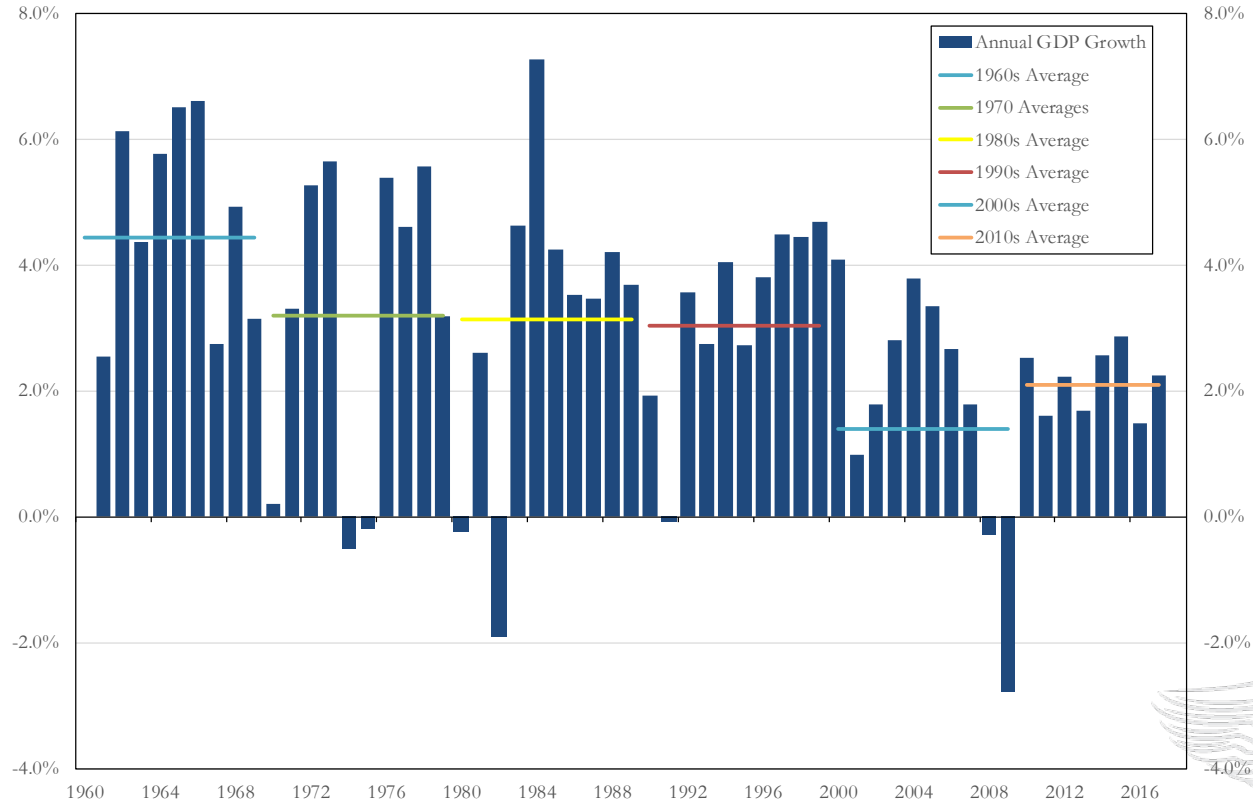
# FOMC Statement, May 2 2018

The Committee expects that, with further gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace in the medium term and labor market conditions will remain strong. Inflation on a 12-month basis is expected to run near the Committee's symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced . . .

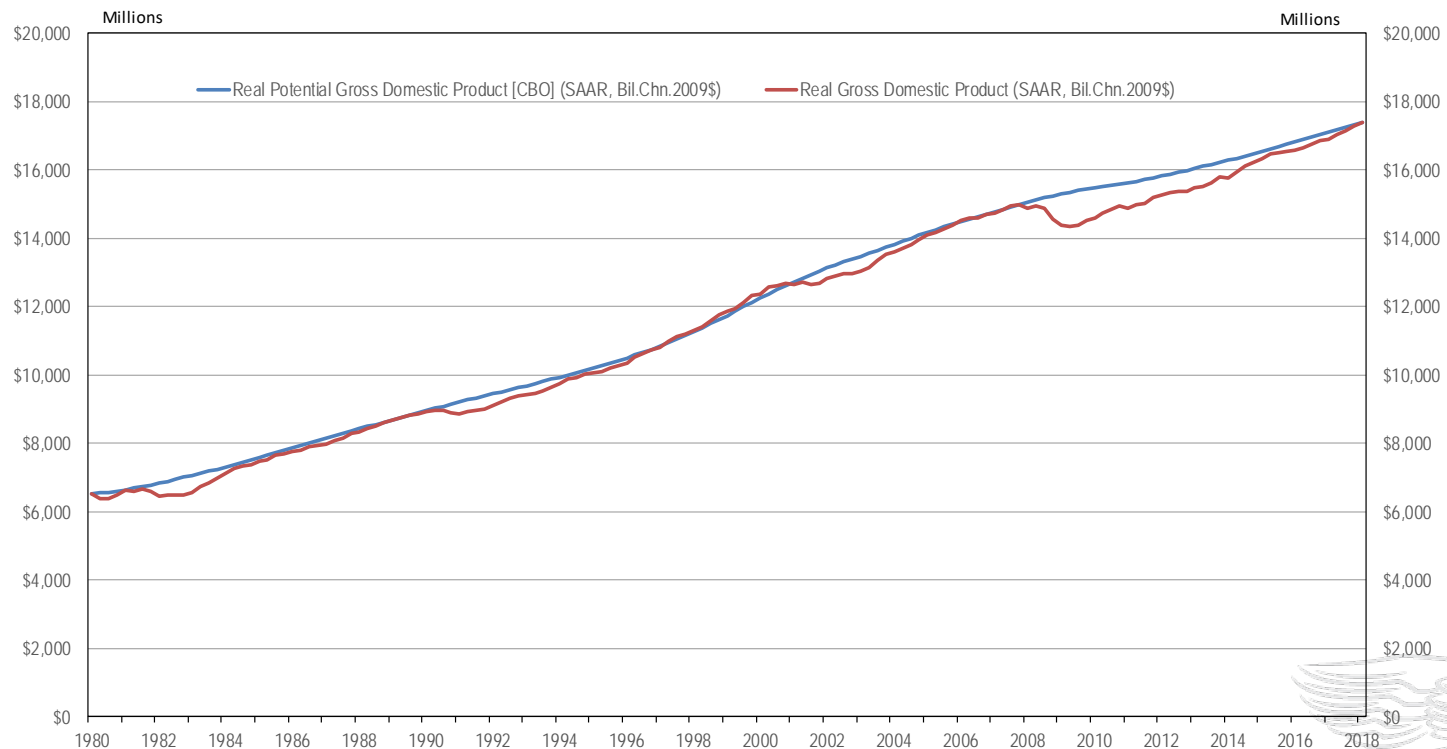
In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 1-1/2 to 1-3/4 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.



# Slower Average Growth Over Time

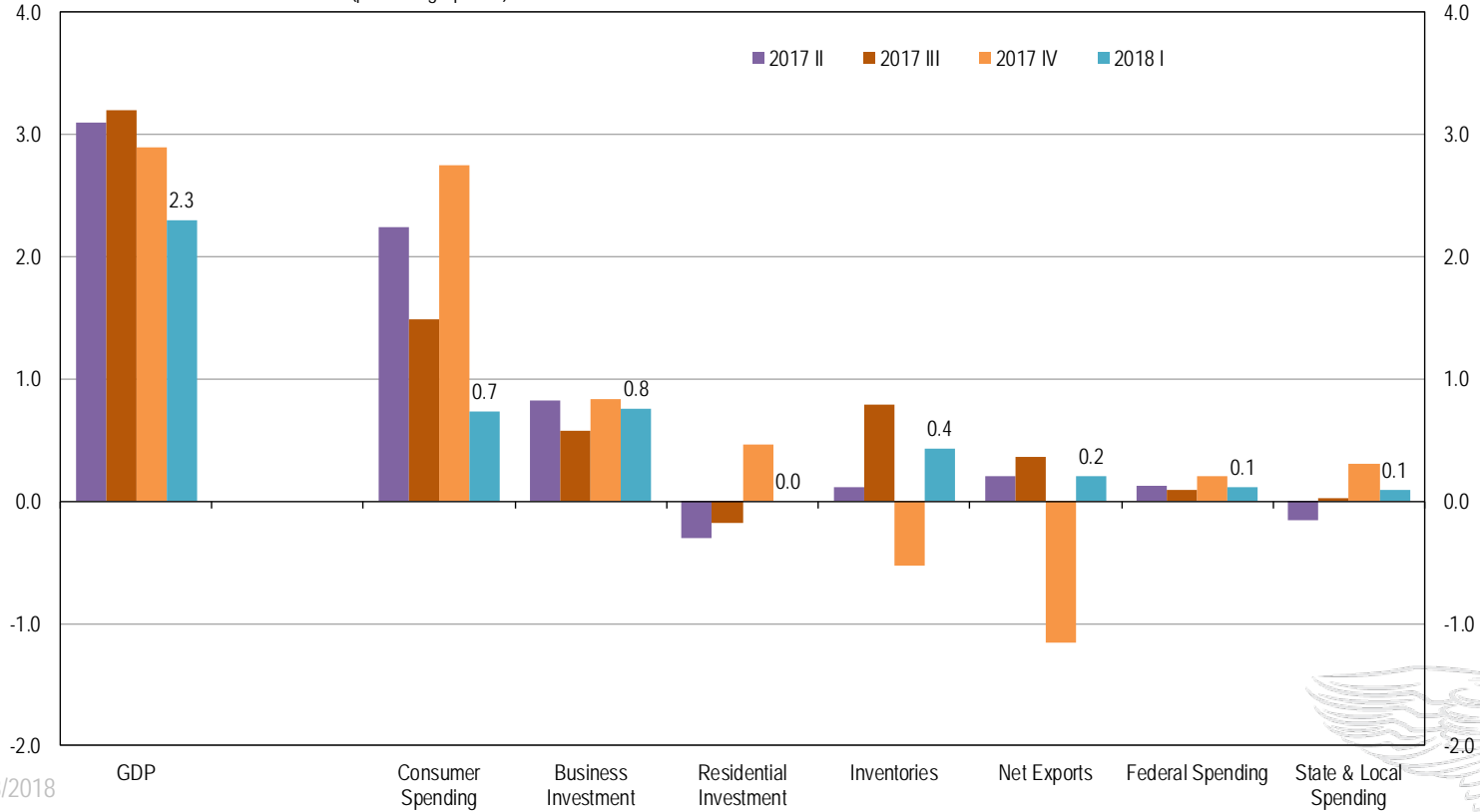


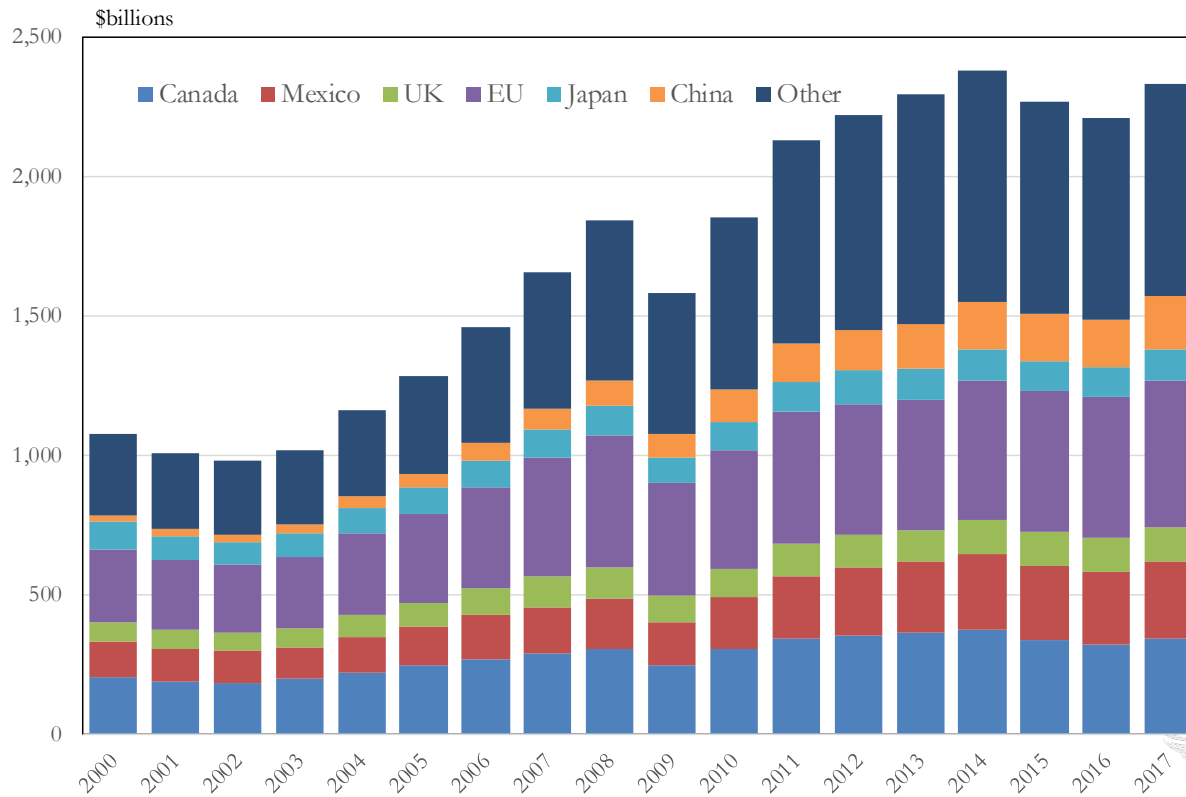
# Potential and Actual Real GDP



# Contributions to GDP

Contributions to Real GDP Growth (percentage points)





# LMI Financial Condition Index

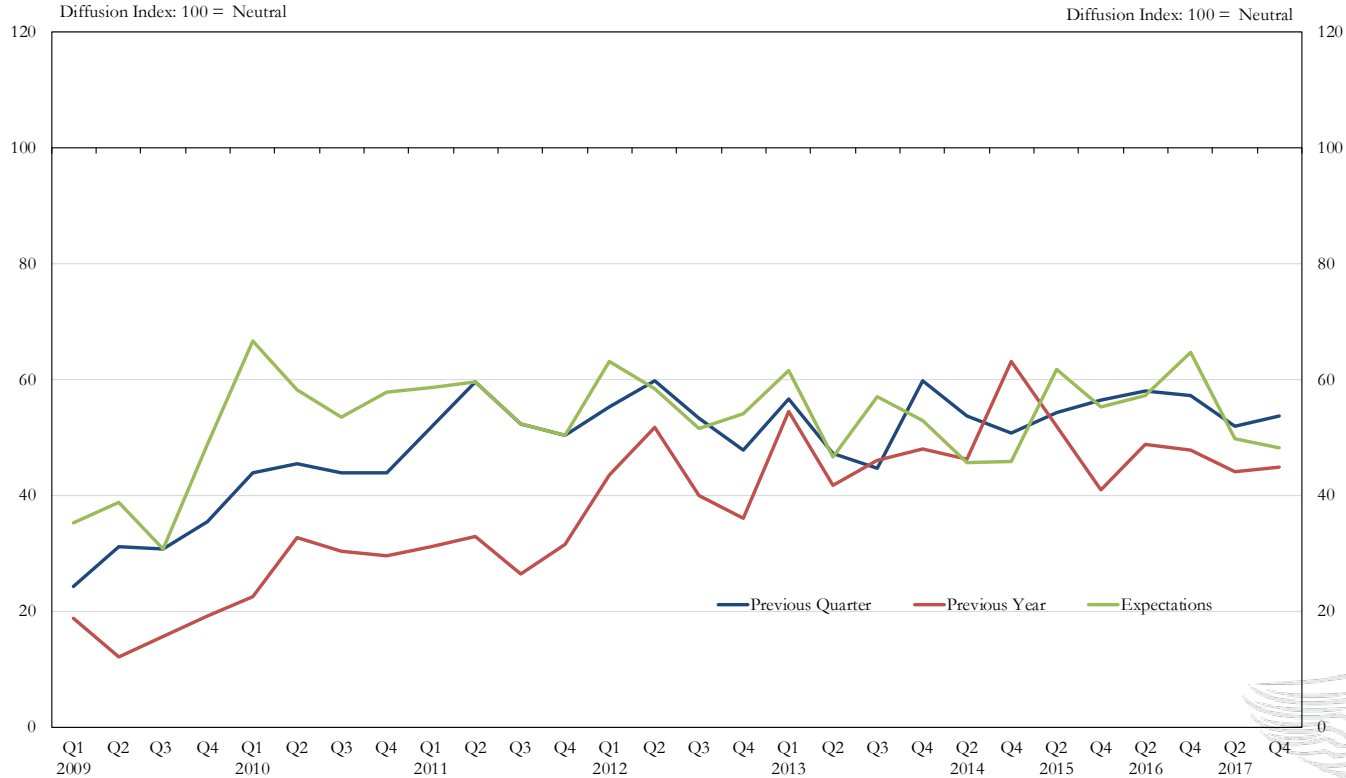


Source: Federal Reserve Bank of Kansas City LMI Survey

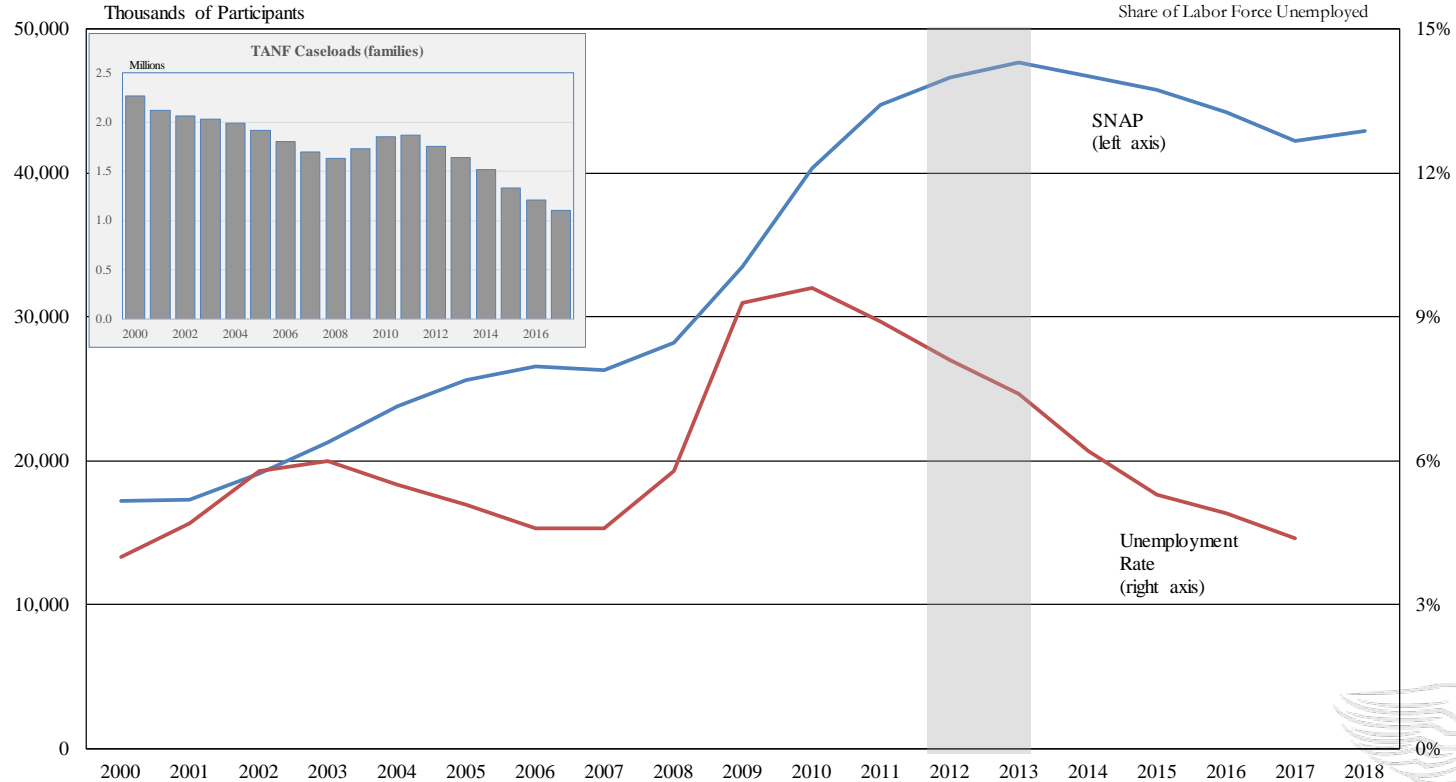


# LMI Services Needs Index

Source: Federal Reserve Bank of Kansas City LMI Survey



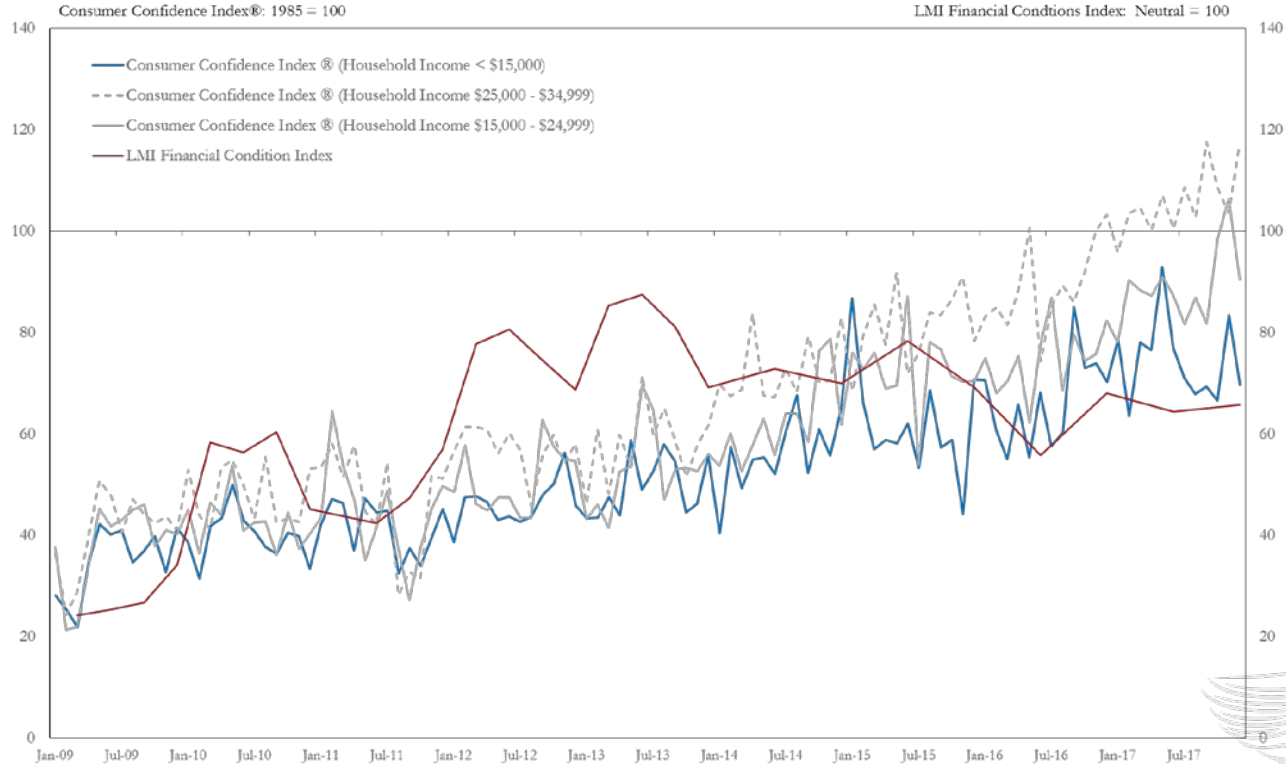
# Participation in Public Assistance



Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; Office of Family Assistance



# LMI Financial Condition Index and Consumer Confidence Indexes



# Labor Market Conditions

*Economic Conditions in the U.S. and Low- and Moderate-Income Communities*

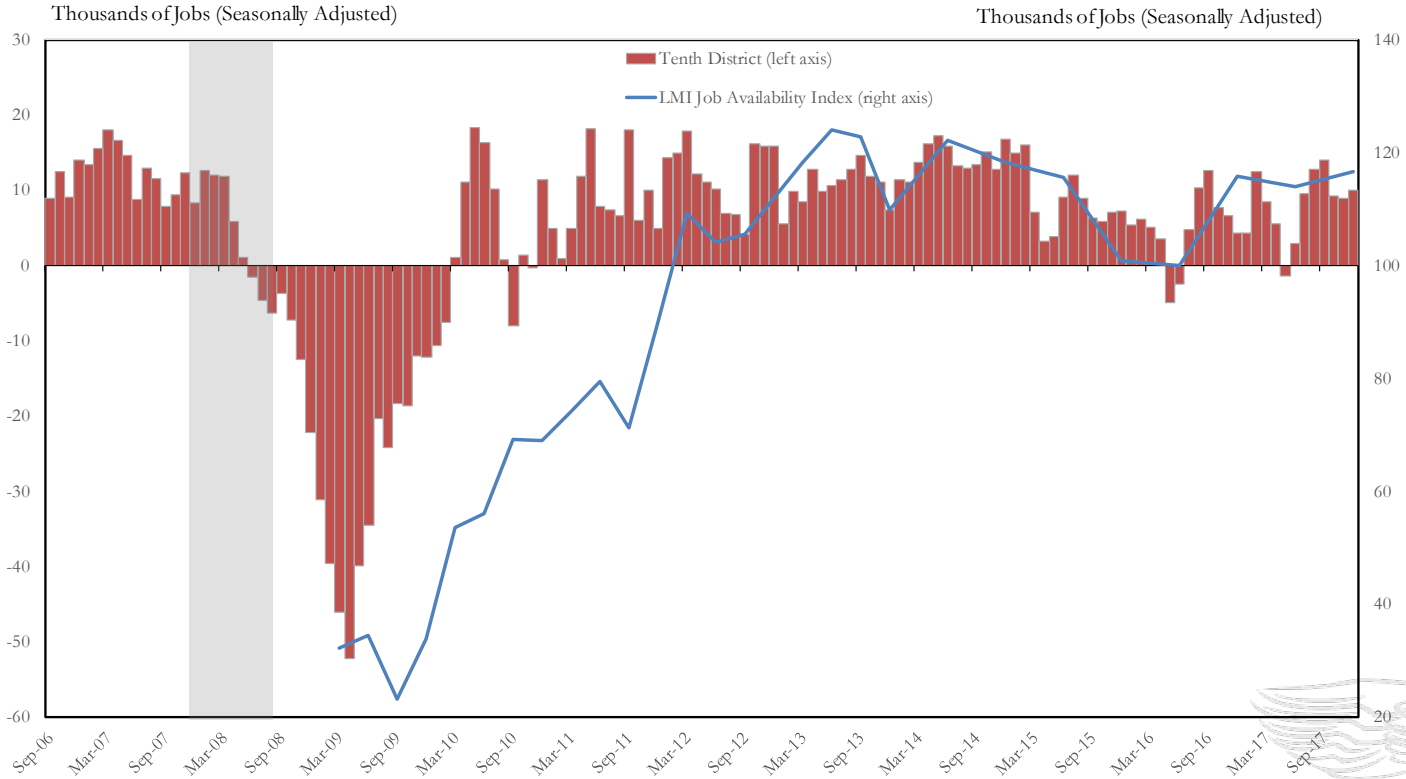


# Labor Market Metrics

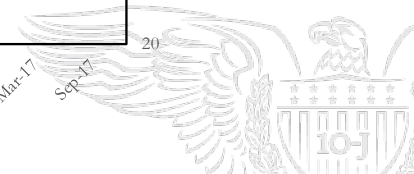
Metric	U.S. (LMI)	U.S. (All)		
	Dec 2017	Apr 2018	Nov 2017	Apr 2017
Unemployment Rate: Unemployed and looking for work	6.5	3.9	4.1	4.4
Long-Term Unemployed (share of unemployed)	25.0	20.0	23.9	22.8
1/2 year to 1 year	12.9	16.0	13.8	15.2
> 1 year	12.1	4.0	10.1	7.6
Labor Force Participation Rate (share of working-age population)	52.0	64.2	64.2	64.2
Part-Time for Economic Reasons (share of employed)	4.9			
U-6 Unemployment Rate : unemployed + reluctant PT + discouraged	11.5	7.8	8.0	8.6
Sources: Authors' calculations; U.S. Bureau of Labor Statistics; National Bureau of Economic Research (Current Population Survey microdata); HAVER Analytics				



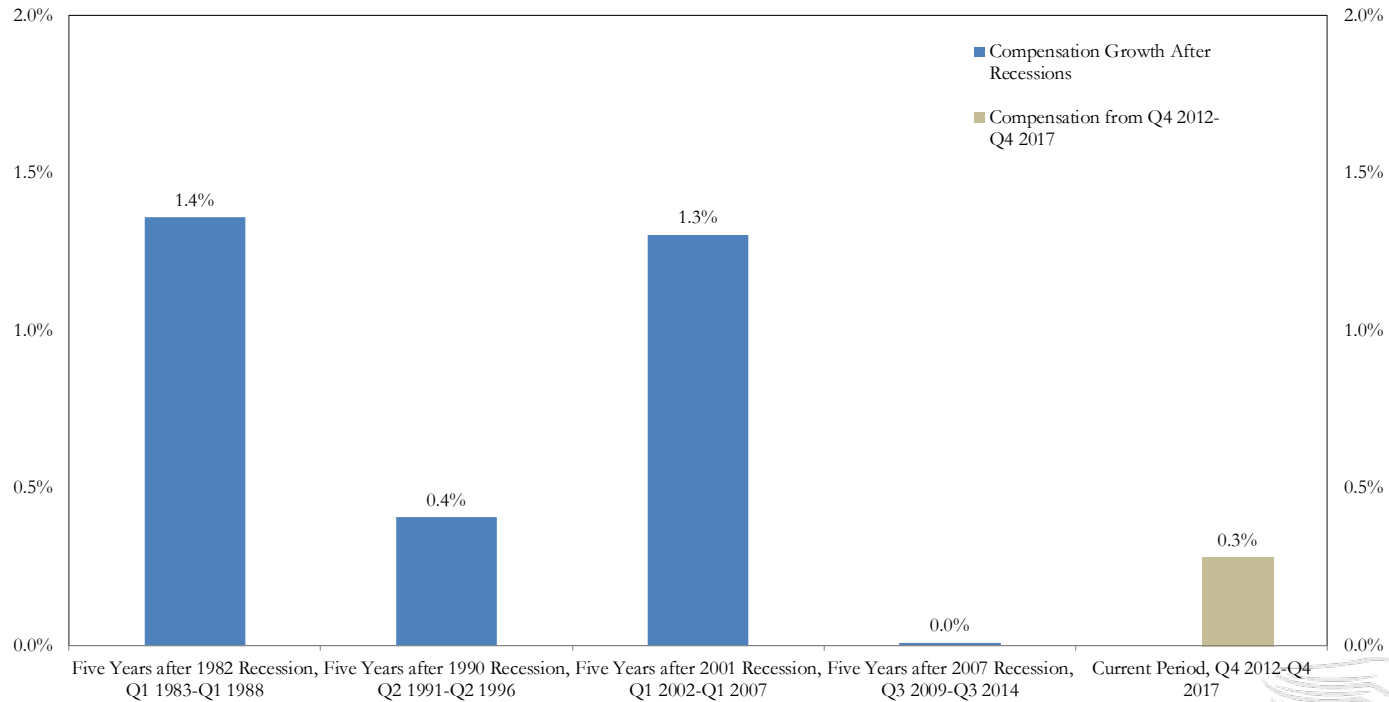
# Tenth District Job Growth and LMI Job Availability Index



Source: U.S. Bureau of Labor Statistics / HAVER Analytics;  
 Federal Reserve Bank of Kansas City LMI Survey



# Compensation Growth Five Years After Recessions, and Recent Five Years



# Why Aren't People Working?

Source: Federal Reserve Bank of Kansas City LMI Survey





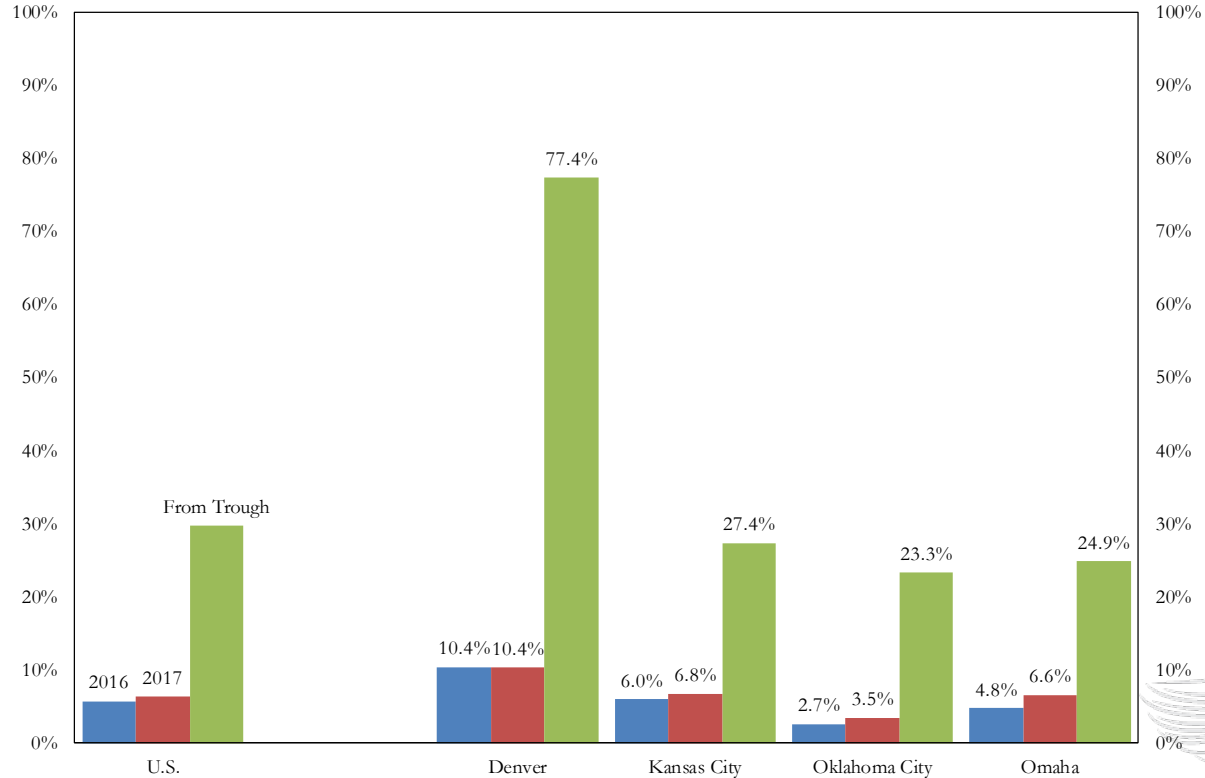
# Housing

*Economic Conditions in the U.S. and Low- and Moderate-Income Communities*



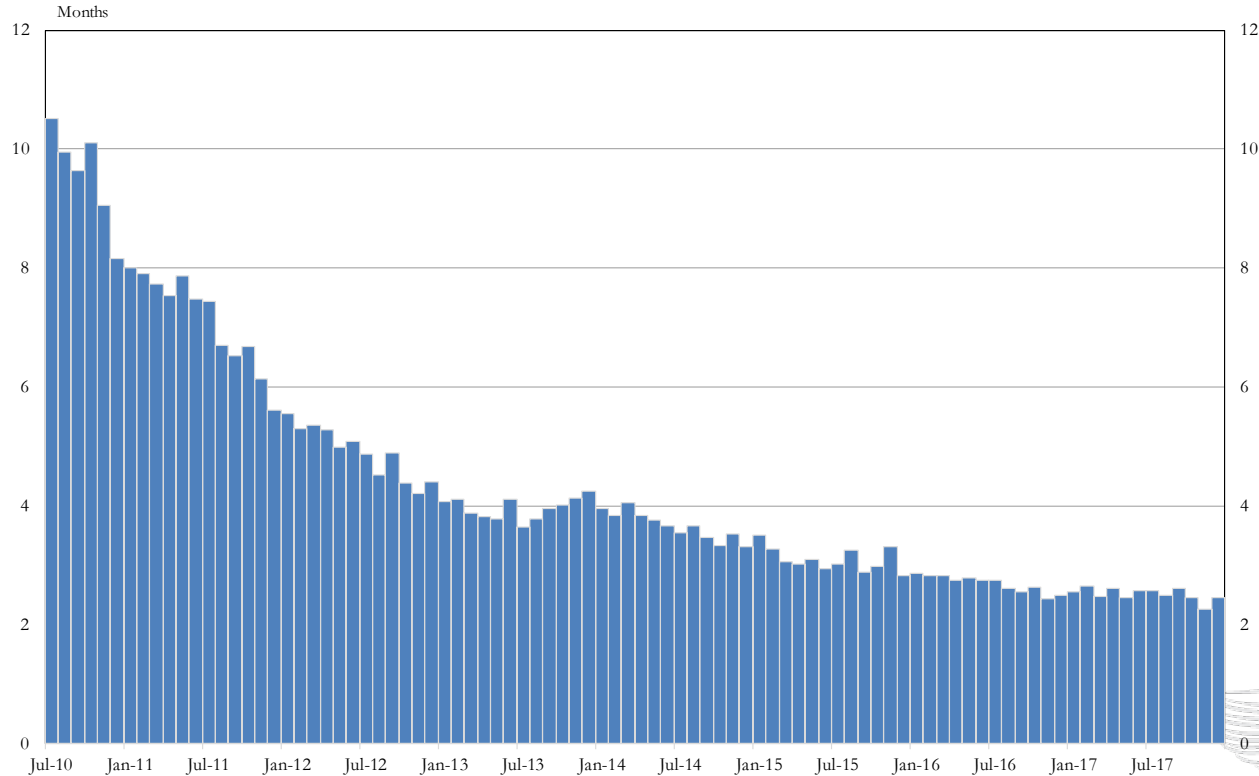
# Growth in House Prices

Source: Area Realtors Associations



# Months Supply of Homes on the Market

Source: Area Realtors Associations



# Housing Affordability

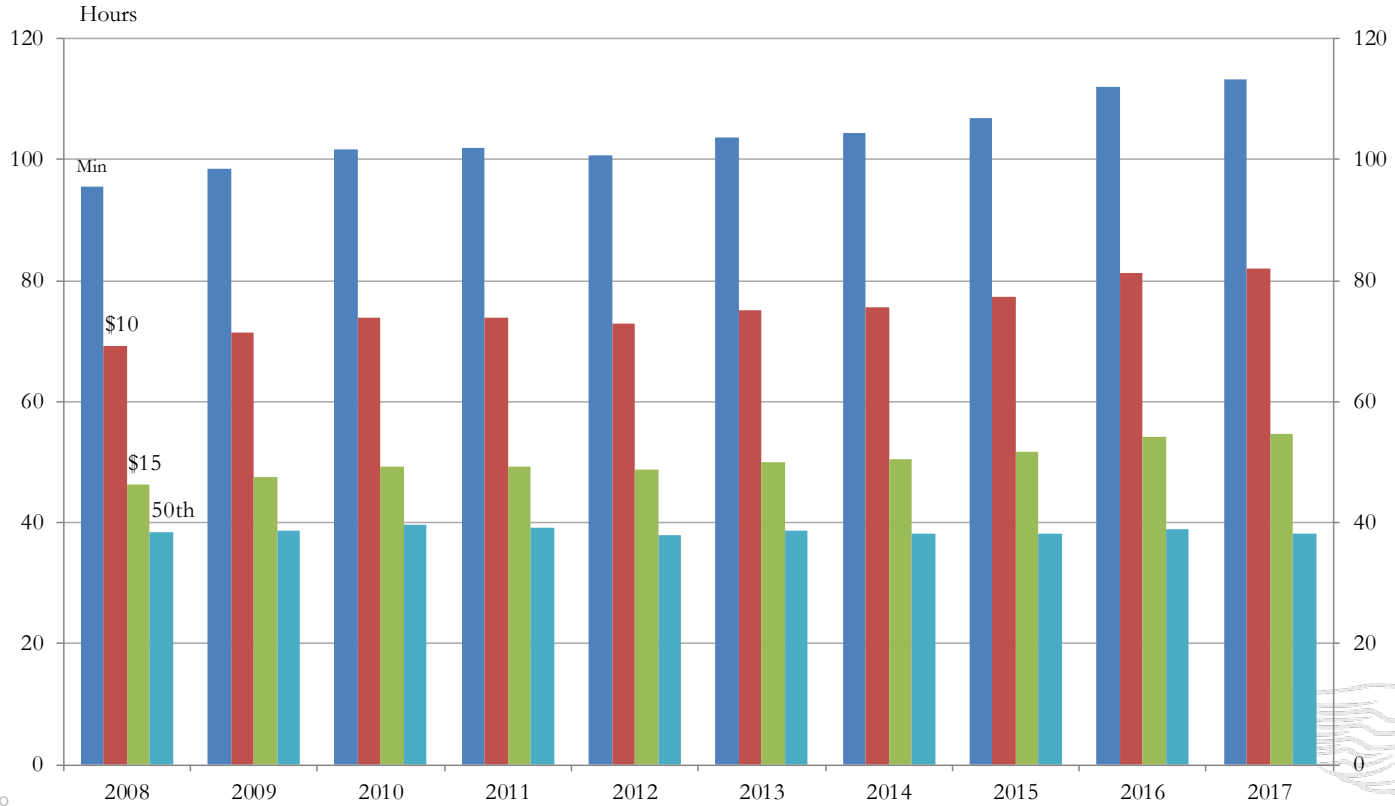


Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of Kansas City staff

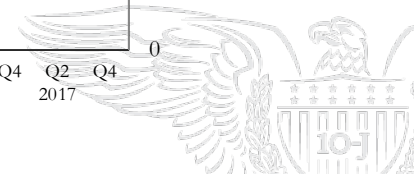
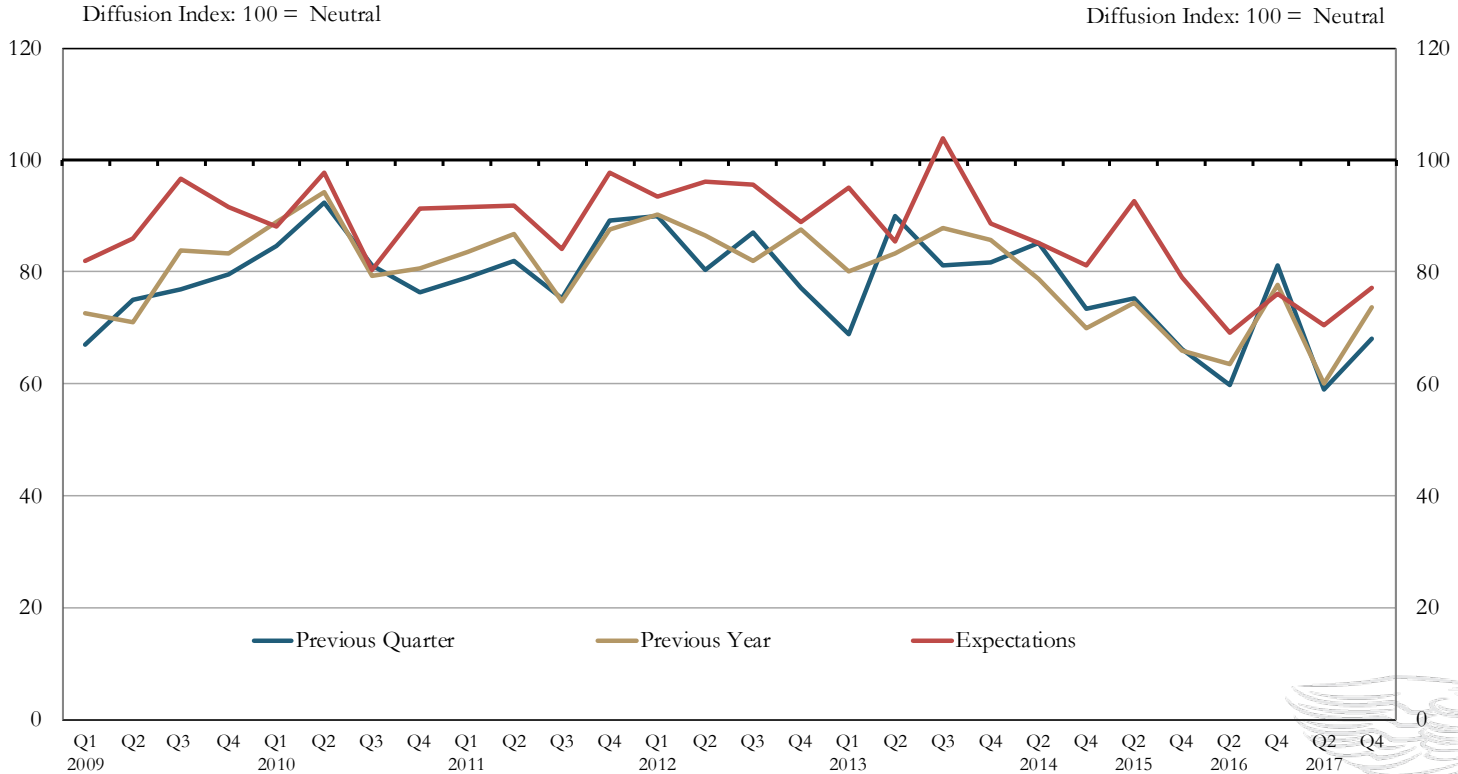


# Housing Wage

National Low Income Housing Coalition, 2015, "Affordable Housing Is Nowhere to Be Found for Millions," Housing Spotlight, vol. 5, issue 1, March; U. S. Census Bureau



# LMI Housing Affordability Index



Source: Federal Reserve Bank of Kansas City LMI Survey

## Contact Information

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