



Fahe Member Connection Call: COVID-19

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Andrew Dumont, Senior Community Development Analyst
Federal Reserve Board

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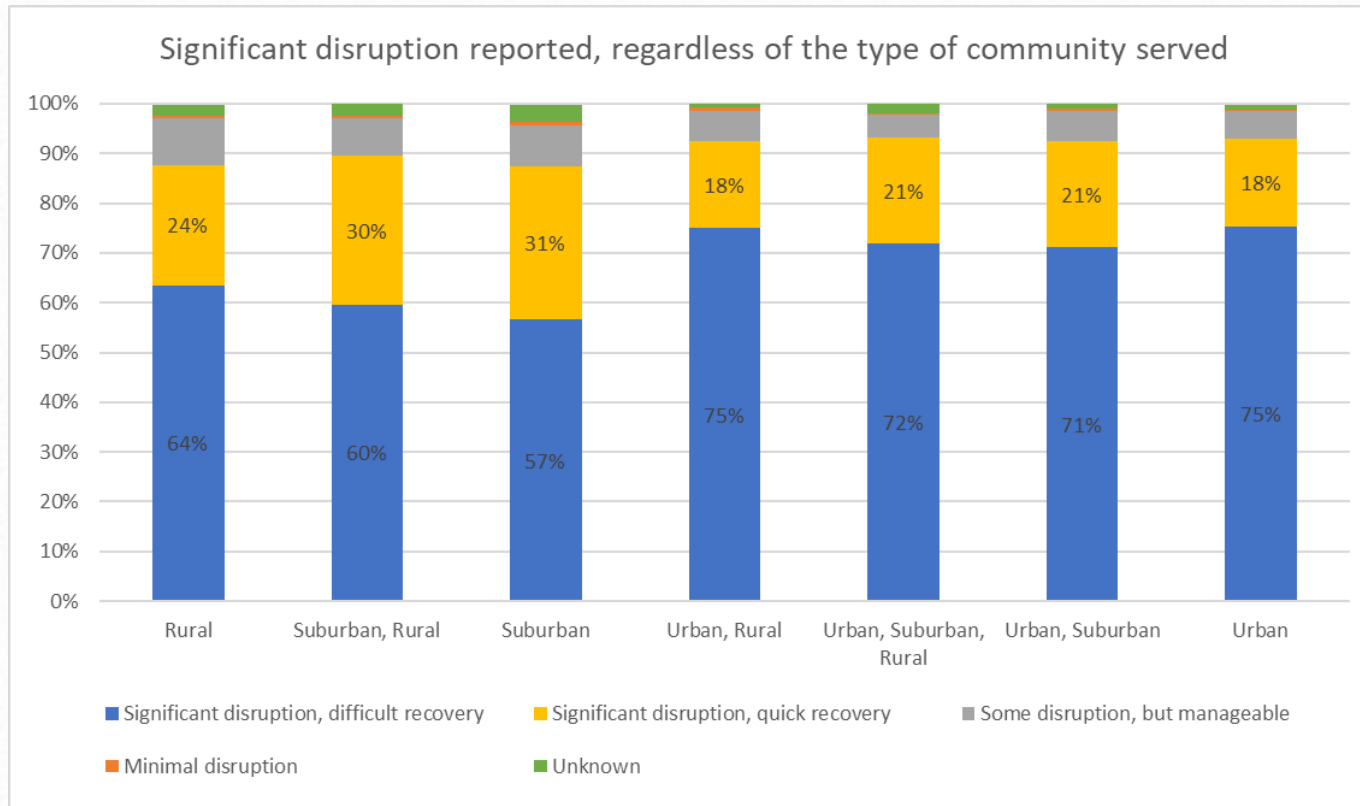
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Section 1: Trends We Are Tracking

- Survey-reported COVID-19 induced economic disruptions
- Unemployment
- Housing
- Health

COVID-induced economic disruptions

- Level of disruption COVID-19 is having on economic conditions in the communities you serve...



COVID-induced economic disruptions

- How long do you expect it will take for the communities you serve to return to the conditions they were experiencing before COVID-19?

Type of Community Served	Less than three months	Between three and six months	Between seven and nine months	Between ten and twelve months	More than twelve months	Unknown
Rural	2%	16%	16%	19%	33%	14%
Suburban	3%	18%	23%	22%	24%	10%
Urban, Suburban, Rural	1%	13%	14%	18%	37%	16%
Urban	1%	14%	13%	19%	39%	14%

COVID-induced economic disruptions

- What are the top three impacts of COVID-19 on the communities you serve?

Type of Community Served	Income Loss	Business Impacts	Health	Vulnerable Populations	Education	Basic Needs	Nonprofit Stress	Access to Financial Resources	Misc.
Rural	59%	52%	37%	10%	18%	25%	10%	7%	33%
Suburban	61%	40%	42%	8%	19%	26%	13%	9%	31%
Urban, Suburban, Rural	61%	36%	41%	14%	15%	27%	16%	9%	33%
Urban	63%	31%	46%	16%	17%	33%	13%	7%	29%

COVID-induced disruptions by entity type

- Level of disruption COVID-19 is having on the entity you represent...

Entity Type	No disruption	Minimal disruption	Some disruption, but manageable	Significant disruption, quick recovery	Significant disruption, difficult recovery	Unknown
Financial institution	0%	4%	41%	38%	16%	1%
Government	0%	2%	30%	41%	25%	1%
Nonprofit	0%	2%	23%	43%	31%	1%
Private industry	1%	1%	22%	31%	42%	3%
Other	1%	2%	22%	38%	34%	2%
Grand Total	0%	2%	25%	41%	31%	2%

- Ability to continue operating before exhibiting financial distress...

Entity Type	Less than three months	Between three and six months	Between seven and nine months	Between ten and twelve months	More than twelve months	No impact to our financial health	Unknown
Financial institution	6%	9%	9%	8%	34%	8%	26%
Government	19%	16%	9%	6%	14%	12%	23%
Nonprofit	26%	30%	11%	8%	7%	5%	13%
Private industry	46%	22%	8%	3%	8%	4%	8%
Other	22%	21%	8%	7%	13%	9%	20%
Grand Total	25%	26%	10%	7%	10%	6%	16%

Nonprofit operating stresses

Change in philanthropic funds

Type of community served	Actual or expected decrease	No change	Actual or expected increase
Rural	40%	48%	10%
Suburban	33%	50%	14%
Urban, Suburban, Rural	47%	43%	9%
Urban	43%	43%	11%
Grand Total	42%	45%	10%

Change in government funds

Type of community served	Actual or expected decrease	No change	Actual or expected increase
Rural	16%	22%	50%
Suburban	16%	17%	44%
Urban, Suburban, Rural	19%	24%	39%
Urban	23%	27%	35%
Grand Total	20%	24%	40%

Change in expenses

Type of community served	Actual or expected decrease	No change	Actual or expected increase
Rural	16%	29%	51%
Suburban	21%	24%	52%
Urban, Suburban, Rural	19%	32%	47%
Urban	18%	27%	51%
Grand Total	19%	29%	50%

Change in staffing

Type of community served	Actual or expected decrease	No change	Actual or expected increase
Rural	41%	46%	11%
Suburban	42%	40%	12%
Urban, Suburban, Rural	31%	56%	12%
Urban	41%	45%	11%
Grand Total	39%	48%	11%

Nonprofit operating stresses

Change in demand for services

Type of community served	Actual or expected decrease	No change	Actual or expected increase
Rural	25%	5%	69%
Suburban	23%	9%	66%
Urban, Suburban, Rural	18%	11%	70%
Urban	18%	9%	71%
Grand Total	20%	8%	70%

Change in ability to provide services

Type of community served	Actual or expected decrease	No change	Actual or expected increase
Rural	53%	16%	31%
Suburban	60%	14%	23%
Urban, Suburban, Rural	55%	19%	24%
Urban	58%	12%	28%
Grand Total	56%	15%	27%

Unemployment – *Overall UE rates*

Metro unemployment (%)

State	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar–Apr)
Alabama	9.6	13.2	(3.7)	2.9	10.3
Kentucky	10.7	15.9	(5.2)	4.7	11.2
Maryland	9.7	9.8	(0.1)	3.5	6.3
Tennessee	10.7	14.3	(3.6)	3.0	11.2
Virginia	9.2	10.7	(1.5)	3.2	7.5
West Virginia	12.3	15.4	(3.2)	5.5	10.0
U.S. Total	13.3	14.6	(1.3)	4.5	10.1

Nonmetro unemployment (%)

State	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar–Apr)
Alabama	8.8	13.2	(4.3)	3.3	9.9
Kentucky	11.1	16.8	(5.7)	6.4	10.4
Maryland	9.2	10.2	(11.0)	4.4	5.8
Tennessee	12.2	17.8	(5.6)	4.0	13.8
Virginia	9.2	11.7	(2.4)	4.7	7.0
West Virginia	12.9	16.5	(3.6)	7.6	8.9
U.S. Total	11.0	13.6	(2.6)	4.9	8.8

Unemployment – *by Industry Dependence*

Metro unemployment (%)

Industry	# of counties	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar–Apr)
Farming	50	8.3	10.0	(1.7)	4.0	5.9
Federal/State Gov't	171	11.1	12.6	(1.5)	4.1	8.5
Manufacturing	153	13.2	15.7	(2.5)	4.1	11.7
Mining	38	13.7	14.4	(0.7)	5.1	9.3
Nonspecialized	664	13.3	14.4	(1.1)	4.5	9.9
Recreation	104	16.3	17.8	(1.5)	5.0	12.8
U.S. Total	1,180	13.3	14.6	(1.3)	4.5	10.1

Nonmetro unemployment (%)

Industry	# of counties	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar–Apr)
Farming	394	7.3	8.6	(1.3)	4.6	4.0
Federal/State Gov't	234	10.7	12.9	(2.2)	5.1	7.8
Manufacturing	353	11.0	14.7	(3.7)	4.3	10.4
Mining	181	11.1	12.4	(1.3)	5.5	6.9
Nonspecialized	572	10.6	12.9	(2.3)	5.1	7.8
Recreation	227	13.8	17.1	(3.3)	5.1	12.0
U.S. Total	1,961	11.0	13.6	(2.6)	4.9	8.8

Unemployment – *by Degree of Urbanity*

Rural-Urban Continuum Code	# of counties	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar-Apr)
Counties in metro areas of 1 million pop. or more (RUCC Code #1)	432	13.8	14.7	(0.9)	4.4	10.3
Counties in metro areas of 250,000 to 1 million pop. (#2)	378	12.6	14.4	(1.8)	4.7	9.7
Counties in metro areas of fewer than 250,000 pop. (#3)	355	11.7	14.1	(2.3)	4.6	9.5
Urban pop. of 20,000 or more, adjacent to a metro area (#4)	214	12.0	14.7	(2.7)	4.9	9.8
Urban pop. of 20,000 or more, not adjacent to a metro area (#5)	92	11.6	14.1	(2.5)	4.5	9.6
Urban pop. of 2,500 to 19,999, adjacent to a metro area (#6)	593	10.6	13.3	(2.7)	4.9	8.4
Urban pop. of 2,500 to 19,999, not adjacent to a metro area (#7)	433	10.4	13.2	(2.7)	5.0	8.1
Completely rural or less than 2,500 urban pop., adjacent to a metro area (#8)	220	9.7	12.2	(2.4)	5.1	7.0
Completely rural or less than 2,500 urban pop., not adjacent to a metro area (#9)	424	9.3	11.4	(2.1)	5.1	6.3
U.S. Total	3,141	13.0	14.4	(1.5)	4.5	9.9

Unemployment – *By Persistent Poverty Status*

	# of counties	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar-Apr)
<i>Metro counties</i>						
Persistent poverty	68	15.4	15.2	0.3	6.4	8.8
Not persistent poverty	1,112	13.2	14.5	(1.4)	4.4	10.1
<i>Nonmetro counties</i>						
Persistent poverty	327	10.8	12.9	(2.0)	6.4	6.4
Not persistent poverty	1,634	11.0	13.8	(2.7)	4.7	9.1
U.S. Total	3,141	13.0	14.4	(1.5)	4.5	9.9

Unemployment – *By Race and Ethnicity*

- Majority-Minority Counties

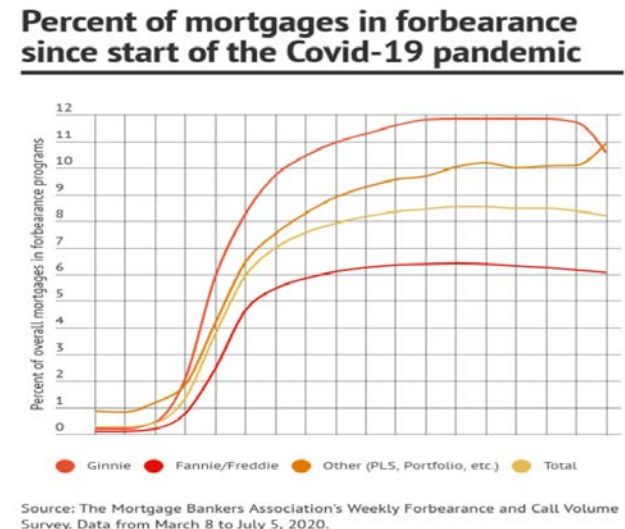
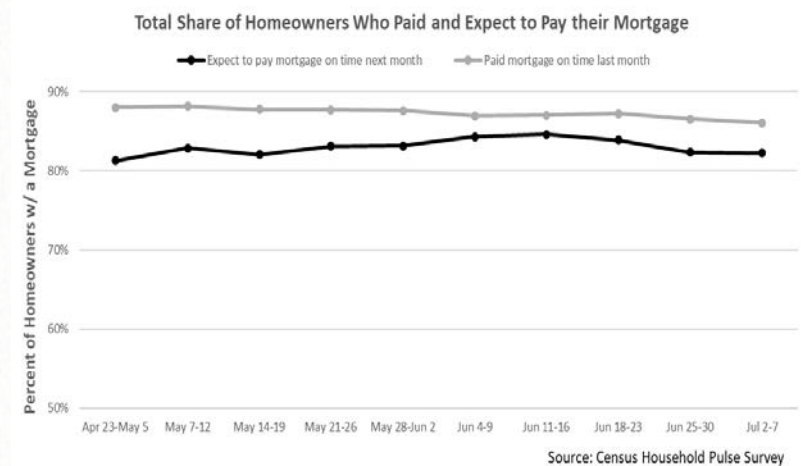
	# of counties	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar-Apr)
<i>Metro counties</i>						
Majority-minority	70	14.3	14.3	(0.0)	4.4	9.9
Not majority-minority	1,110	13.2	14.6	(1.4)	4.5	10.1
<i>Nonmetro counties</i>						
Majority-minority	120	13.2	14.7	(1.5)	6.1	8.6
Not majority-minority	1,841	10.9	13.6	(2.7)	4.8	8.8
U.S. Total	3,141	13.0	14.4	(1.5)	4.5	9.9

- Race/Ethnicity of Individual

Race/Ethnicity	May 20	April 20	Chg (Apr–May)	Mar. 20	Chg (Mar-Apr)
White	12.1	13.8	(1.7)	4.1	9.7
Black or African American	16.6	16.4	0.2	7.0	9.4
Asian	14.8	14.3	0.5	4.1	10.2
Hispanic or Latino	17.2	18.5	(1.3)	6.3	12.2
U.S. Total	13.0	14.4	(1.5)	4.5	9.9

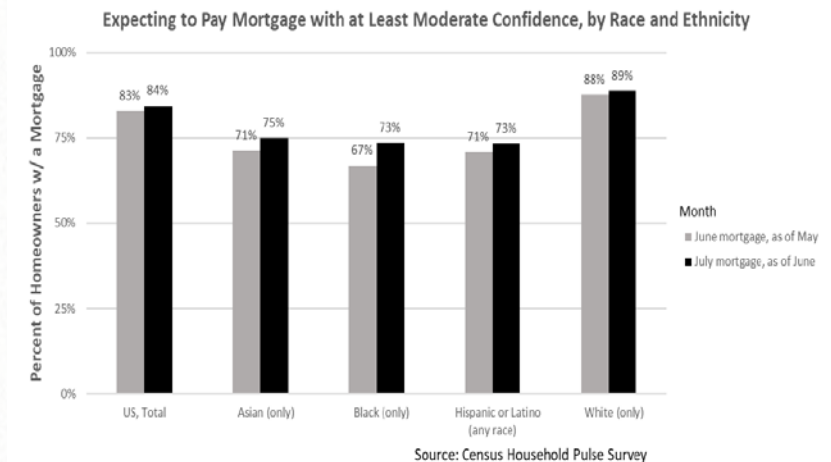
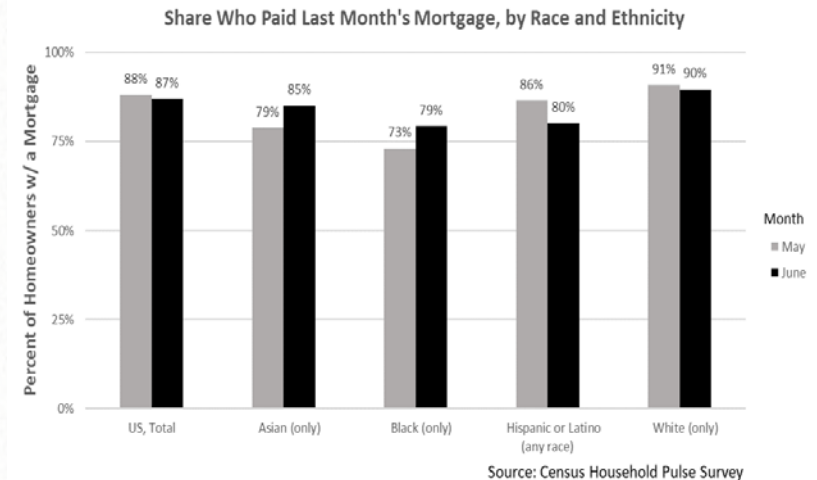
Housing: *Homeowners* - Overall

- According to the Census's Household Pulse Survey, the share of homeowners who paid last month's mortgage on time remains relatively high.
- According to Mortgage Bankers Association data, as of July 5, 8.18% of all active mortgages are in some type of government or private-sector forbearance program. That is down slightly from the high in early June of 8.55%.



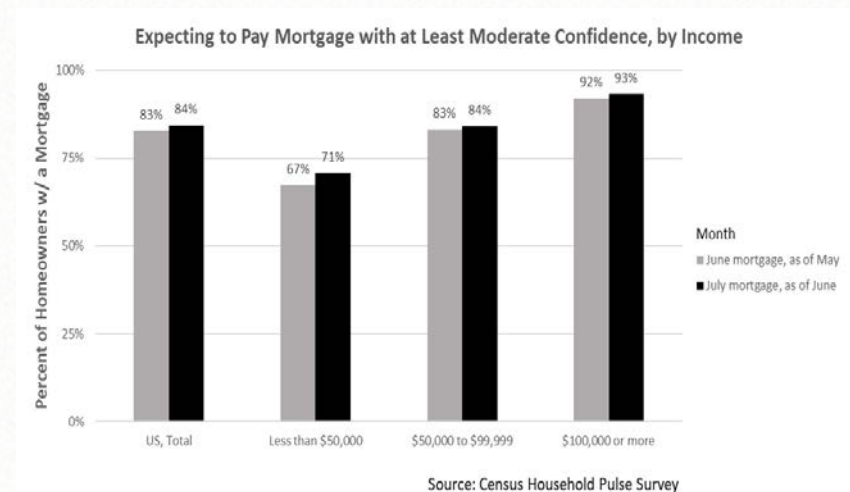
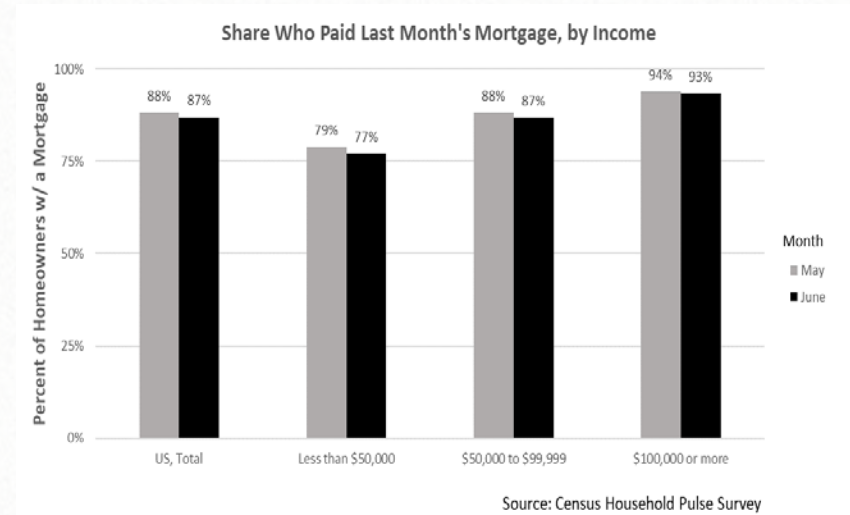
Housing: *Homeowners – By Race and Ethnicity*

- In May and June, Black, Hispanic, and Asian homeowners were reportedly less likely to make last month's mortgage payment on time than the US average.
- Expectations for paying mortgages on time next month rose between May and June, though Black, Hispanic, and Asian homeowners had lower expectations about their ability to make on-time rent payments than White respondents.



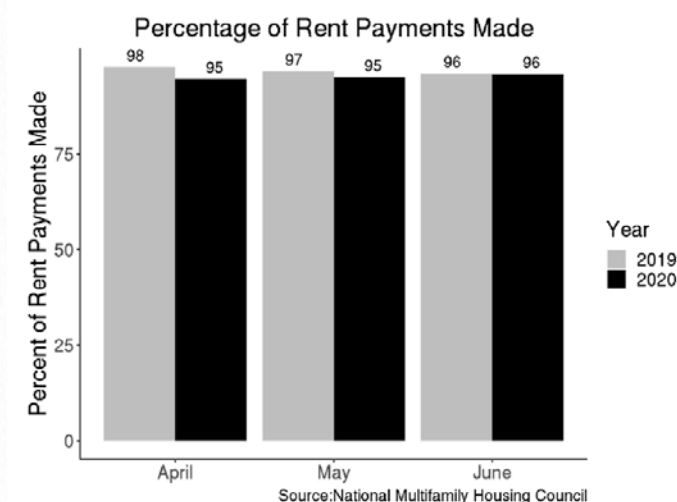
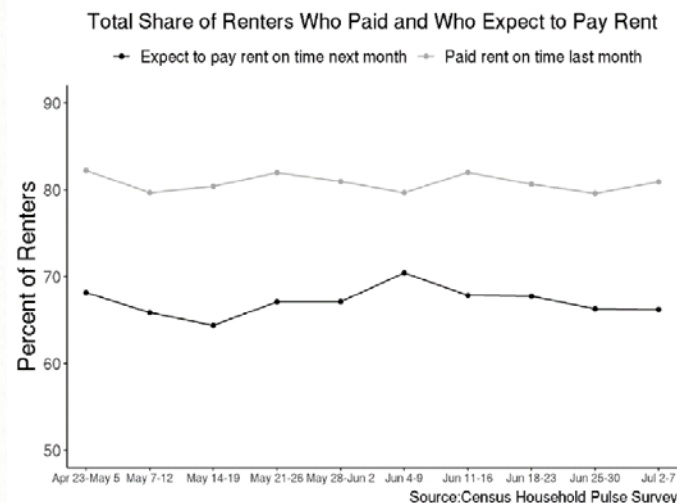
Housing: Homeowners – *By Household Income*

- Homeowners at the lower end of the income distribution struggled to pay their mortgages more than those at the higher end of the income distribution.
- Across all income levels, expectations about the ability to pay next month's mortgage payment rose from May to June, though expectations remained lowest for homeowners at the lower end of the income distribution.



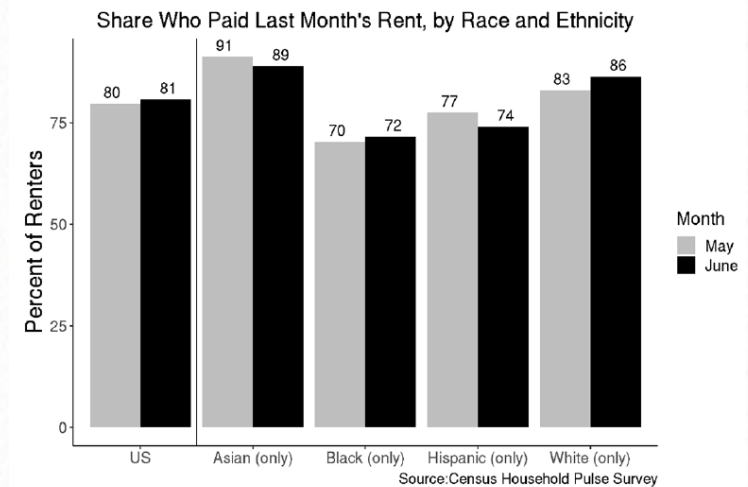
Housing: *Renters - Overall*

- According to the Census's Household Pulse Survey, the share of renters who paid last month's rent on time remains relatively high. However, recent waves of the survey indicate that fewer people are at least moderately confident they will be able to pay next month's rent on time.
- According to data from the National Multifamily Housing Council (NMHC), the share of rent payments made in multifamily units by the end of the month in 2020 is comparable to 2019.
- While NMHC data are not representative of all rental units, payment rates at the start of the month are close to on-time payment rates in the Census Household Pulse Survey.

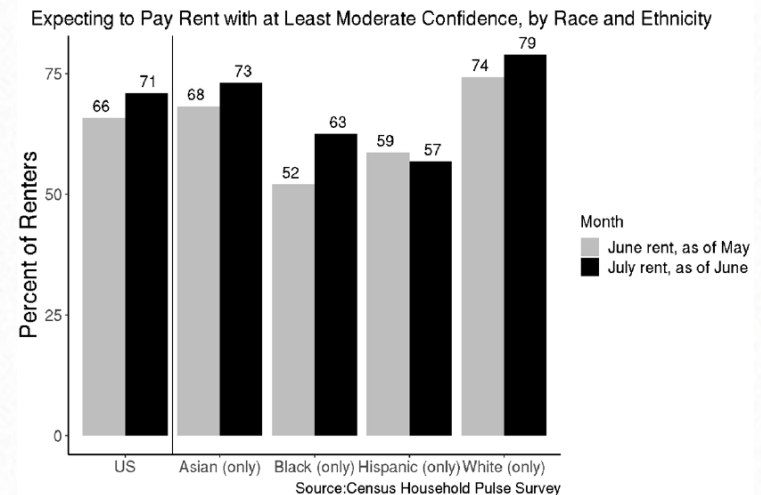


Housing: *Renters – By Race and Ethnicity*

- In May and June, Black and Hispanic renters were reportedly less likely to make last month's rent payment on time than the US average.

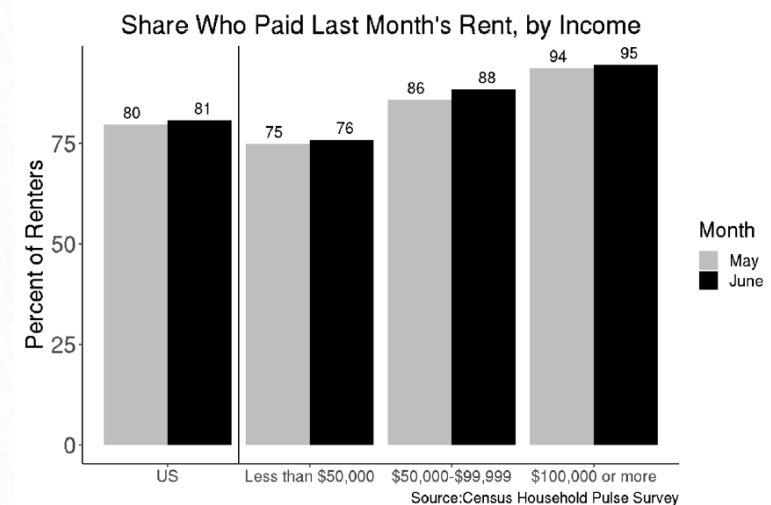


- Expectations for paying rent on time next month rose between May and June, though Black and Hispanic renters had lower expectations about their ability to make on-time rent payments than other racial and ethnic groups.



Housing: *Renters – By Household Income*

- Renters at the lower end of the income distribution struggled to pay rent more than those at the higher end of the income distribution.
- Across all income levels, expectations to pay next month's rent rose from May to June, though expectations remained lowest for renters at the lower end of the income distribution.



Health – *COVID-19 Infection & Mortality Rates*

	All counties	Majority-Minority	Persistent Poverty
<i>Metro counties</i>			
Infection rate (per 10,000 pop.)	104	149	166
Mortality rate (per 10,000 pop.)	4	10	11
<i>Nonmetro counties</i>			
Infection rate (per 10,000 pop.)	63	150	115
Mortality rate (per 10,000 pop.)	2	5	4
U.S. Total			
Infection rate (per 10,000 pop.)	99	150	150
Mortality rate (per 10,000 pop.)	4	10	9
Source: NY Times Github data, as of 7/11/2020			

Health – *COVID-19 Infection & Mortality Rates*

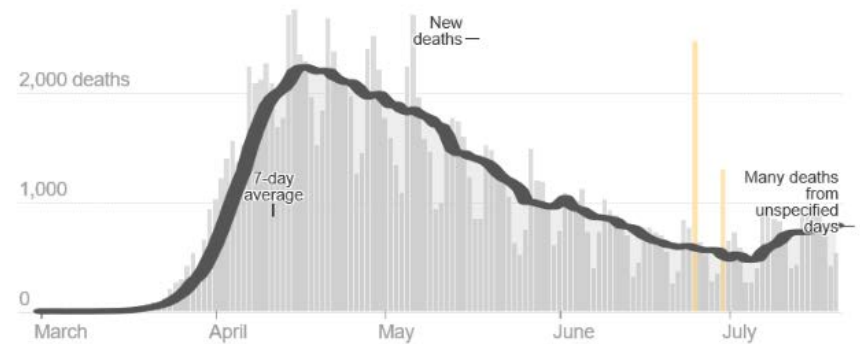
- COVID-19 cases numbers and deaths are not going in the direction necessary to set the stage for a robust economic recovery.
- Cases and deaths are increasingly affecting rural communities, especially those with food manufacturing facilities, agricultural operations, and prisons.
- These are the types of areas that had been less affected by the increase in UE discussed earlier.

New reported cases by day in the United States



Note: The seven-day average is the average of a day and the previous six days of data.

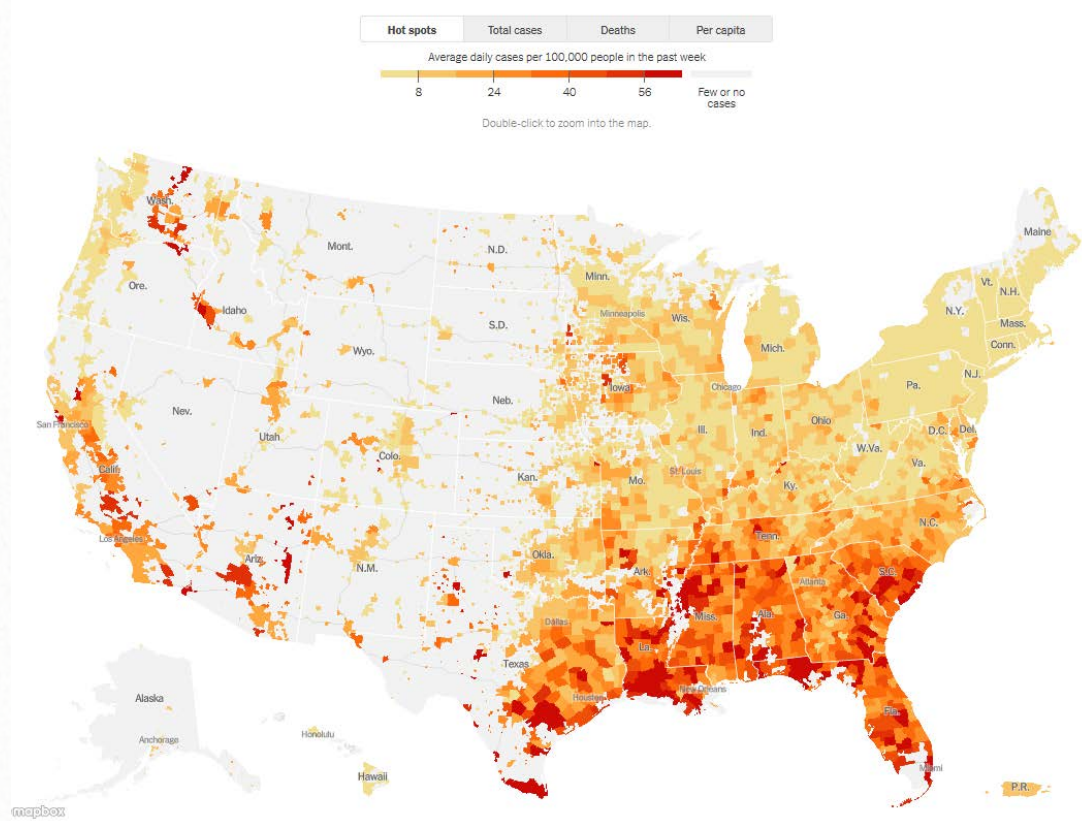
New reported deaths by day in the United States



These are days with a data reporting anomaly. Read more [here](#).

Health – *COVID-19 Infection & Mortality Rates*

- Increasing concentration in the South and Southeast regions of the country that were among the first places to begin loosening restrictions.
- Does not appears to bode well for the path of the economic recovery.



Section 2: Actions We Have Taken

- Interest rate policy and other open market operations
- Section 13(3) emergency facilities

Monetary Policy

- On March 15, reduced the target range for the federal funds rate to between 0 and $\frac{1}{4}$ percent.
 - The federal funds rate is the interest rate at which depository institutions lend reserve balances to other depository institutions overnight. The Federal Reserve controls the rate through the execution of open market operations: the purchase and sale of securities on the open market.
- Communicated the intent “to maintain this target range until it [the Federal Open Market Committee (FOMC)] is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals.”
- Committed to purchasing Treasury securities and agency mortgage-backed securities “in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions.”
- Expanded overnight and term repurchase agreement operations.

Funding, Credit, Liquidity, & Loan Facilities

- **Paycheck Protection Program Liquidity Facility (PPPLF)**
 - Supplies liquidity to participating financial institutions through term financing backed by PPP loans to small businesses. All lenders eligible to originate PPP loans are eligible to borrow under the facility.
 - Advances under the facility will be made at a rate of **35 basis points**.
 - Borrowers may pledge SBA-guaranteed PPP loans **originated or purchased**.
 - Full term sheet is available here: <https://www.federalreserve.gov/monetarypolicy/ppplf.htm>

Borrower Entity Type	Processing Reserve Bank	Email & Telephone
<ul style="list-style-type: none">• Non-bank CDFI - certified by the U.S. Department of the Treasury	Federal Reserve Bank of Cleveland	Email: CLEV.ppplfcredit@clev.frb.org Telephone: (888) 719-4636
<ul style="list-style-type: none">• Small Business Lending Company - licensed and regulated by the SBA• Agricultural Credit Association (ACA) - member of the Farm Credit System	Federal Reserve Bank of Minneapolis	Email: mpls.credit@mpls.frb.org Telephone: (877) 837-8815
<ul style="list-style-type: none">• All other Non-Depository SBA PPP Lenders	Federal Reserve Bank of San Francisco	Email: ppplfcredit@sf.frb.org Telephone: (866) 974-7475

Funding, Credit, Liquidity, & Loan Facilities

- **Main Street Lending Program**

- Supports lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic.
- Modified on July 17 to provide greater access for nonprofit organizations such as educational institutions, hospitals, and social service organizations.
- Term: 5 years
- Minimum loan size: \$250,000 (new loans); \$10 million (expanded loans)
- Minimum number of employees: 10
- Risk retention: 5%
- Principal repayment: Deferred for two years; years 3-5: 15%, 15%, 70%
- Interest payments: Deferred for one year
- Interest rate: LIBOR + 3%
- Full term sheet, including all eligibility criteria, available here:
<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200717a.htm>
- The Federal Reserve is accepting feedback on the proposed Main Street Lending Program for nonprofits, which you can submit at this website:
<https://www.federalreserve.gov/apps/contactus/feedback.aspx?refurl=%2FmainLending%2F>

Funding, Credit, Liquidity, & Loan Facilities

- **Other Funding, Credit, Liquidity, and Loan Facilities**
 - Municipal Liquidity Facility
 - Commercial Paper Funding Facility
 - Primary Dealer Credit Facility
 - Money Market Mutual Fund Liquidity Facility
 - Primary Market Corporate Credit Facility
 - Secondary Market Corporate Credit Facility
 - Term Asset-Baked Securities Loan Facility
 - Central Bank Liquidity Swaps
 - Temporary Foreign and International Monetary Authorities Repo Facility
 - Links to information about each of these facilities are available here:
<https://www.federalreserve.gov/funding-credit-liquidity-and-loan-facilities.htm>

Section 3: Q&A and Facilitated Discussion

Andrew Dumont
Senior Community Development Analyst
Andrew.m.Dumont@frb.gov