Financial circumstances were generally positive for most adults at the end of 2019. However, the Federal Reserve Board's latest Report on the Economic Well-Being of U.S. Households, Featuring Supplemental Data from April 2020, found that financial conditions changed dramatically for people who experienced job loss or reduced hours during March 2020 as the spread of COVID-19 intensified in the United States.

The report draws from the Board's seventh annual Survey of Household Economics and Decisionmaking (SHED), which examines the economic well-being and financial lives of U.S. adults and their families. The 2019 survey of over 12,000 adults was conducted in October of last year, offering a picture of personal finances prior to the onset of the COVID-19 pandemic. To obtain updated information in the midst of closures and stay-at-home orders, a smaller supplemental survey of just over 1,000 adults was conducted from April 3 to April 6 of this year, focusing on labor market effects and households' overall financial circumstances at that time.

In April 2020, fewer adults reported that they were at least doing okay financially than had been the case 6 months earlier. The April supplemental survey showed that 72 percent of adults were either "doing okay" financially (43 percent) or "living comfortably" (29 percent). This is down from the 75 percent of adults who were at least doing okay financially and the 36 percent who were living comfortably in the fall of 2019.
"A clearer understanding of how families are coping with the changed economic landscape is vital as the Federal Reserve considers next steps to address fallout from the pandemic," said Governor Michelle W. Bowman. "The survey data show that early in the public health crisis, a larger fraction of Americans were facing financial hardship than in the fall of 2019."

The declines in self-reported financial well-being were concentrated among those who lost a job or had their work hours cut. Among adults not experiencing a job loss or reduction in hours, 76 percent were at least okay financially in April, which is similar to the overall share of adults who reported being at least okay financially in the fall. Among those who experienced a job loss or hours reduction, however, 51 percent indicated that they were doing at least okay financially in April, whereas 48 percent were "finding it difficult to get by" or "just getting by."

Thirteen percent of adults, representing 20 percent of people who had been working in February, reported that they lost a job or were furloughed in March or the beginning of April 2020. Another 6 percent of all adults saw their hours reduced or took unpaid leave. Taken together, 19 percent of all adults reported either losing a job or experiencing a reduction in work hours in March. Despite these widespread employment losses, some people took on new or additional employment in March. Seven percent of adults reported that they increased their hours worked or worked overtime.

Many people who lost a job remained connected to their employer and expected to return to the same job eventually. Nine in 10 people who were furloughed or lost a job said that their employer indicated that they would return to their job at some point. In general, however, people were not told specifically when to expect to return to work. Seventy-seven percent said that their employer told them to expect to return, but did not give them a return date.

Consistent with the employment declines in March, many people experienced income declines. Twenty-three percent of all adults, and 70 percent of those who lost a job or had their hours reduced, said their income in March was lower than in February.

Income losses can affect people's ability to pay regular monthly bills. Eighty-one percent of adults said they could pay all the current month's bills in full in April, compared to 84 percent in the fourth quarter of 2019. Yet, the survey found far greater rates of difficulty among those experiencing employment disruptions. Sixty-four percent of adults who reported a job loss or reduction in hours expected to be able to pay all their bills in full in April, compared to 85 percent of those without an employment disruption.

In addition to monitoring how households were faring near the onset of the COVID-19 pandemic, the report also highlights continuing financial concerns for many households that predated the public health crisis. Some of these financial challenges include the 25 percent of non-retired adults who lack retirement savings, the 18 percent of adults with outstanding debt from medical treatments, and the 3 percent of people who do not own their home who experienced an eviction in 2018 or 2019. Three in 10 adults in 2019 said they could not cover three months of expenses using their savings or borrowing in the case of a job loss, indicating that they were not prepared for the current financial challenges.

The report, downloadable data, and a video summarizing the survey's findings may be found at: https://www.federalreserve.gov/consumerscommunities/shed.htm.

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