

Perspectives on SHED in the Community Transcript**August 25, 2023**

NARRATOR. The Federal Reserve's tenth Survey of Household Economics and Decisionmaking, or SHED, explores financial challenges families face in an era of rising costs. How did higher prices affect families last year? Did trends shift in the use of emerging financial products?

This year's report uncovers compelling data about aspects of people's financial lives. Previous and current members of the Federal Reserve Board's Community Advisory Council provided insight about how the survey's findings resonate with their communities and organizations.

Overall financial well-being declined markedly during 2022. Consistent with this decline, 63 percent of adults said they would cover a \$400 emergency expense with cash or its equivalent, down from a high of 68 percent in 2021. Panelists reflected on how the survey's \$400 question has helped them respond to the financial needs of individuals and families.

ADRIENNE SMITH. You know, I'm from New Mexico, and we advocate for caregivers in the state of New Mexico. Knowing what the Federal Reserve Bank has reported in previous years about the emergency money that somebody would need.

We wanted to learn whether that would make any difference to a caregiver. So we found 20 caregivers who we're now giving a \$400 stipend a month for ten months to see what difference it makes. But what it does do for me, it makes me know that the SHED report which shows that...expenses for the low wage workers that we care about are exceeding their income. They need that additional income. They need that additional help.

NARRATOR. In addition to financial assistance, they considered how higher costs are affecting families. SHED results showed that many people took action in response to price increases during 2022, including stopping using products or switching to a cheaper alternative. These shopping changes could be seen in the marketplace.

CARLOS CONTRERAS. You have more shoppers that come in that are looking because they make decisions based on need of my family and historically, I used to go to the department store, now I'll go to the big box store. And then from there, maybe I can't afford the big box store. Maybe I'll do it secondhand. And so entities like Goodwill will then be the recipient of that. The flipside is also true because organizations like mine and all of our organizations depend on donations of different kinds.

NARRATOR. In 2022, more adults experienced spending increases than income increases. While some saw both their spending and income rise, 23 percent of adults said that their spending had increased but their income had not. For panelists, the consequences of budget shortfalls revealed the significance of community-based solutions.

STEPHANIE MACKAY. Every day on television, I see agencies asking for diapers because one in three families can't afford diapers. One in nine kids is going hungry. We've got all these families going out and relying on food banks and nobody's really talking about the systemic issues that are leading to that. So individual non-profits and faith-based organizations are doing the best they can to get those resources out.

NARRATOR. Despite the widespread effects of higher prices, many workers continued to experience a strong labor market. One-third of adults received a raise or a promotion in 2022, as compared with 30 percent the prior year. While acknowledging how caregiving responsibilities can complicate work-life balance, panelists observed how labor market gains could lead to innovative opportunities in rural regions.

ADRIAN BROOKS. One thing I would observe is that the tightening labor market has allowed some entry of individuals who previously may not have been considered for some of these positions. And so in that way, it has allowed individuals who may have had a criminal record or what whatnot or addiction issue or whatever the case may be. It has allowed them another opportunity to enter into the labor market.

NARRATOR. For the past decade, the SHED has measured the economic well-being of U.S. households and potential risks to their finances. More information is available in the report on the Economic Well-Being of U.S. Households in 2022. To view or download this year's full report, and downloadable survey data, visit: www.federalreserve.gov/consumerscommunities/shed.htm