CONSUMER FINANCIAL PROTECTION BUREAU | DECEMBER 2022

Making Ends Meet in 2022

Insights from the CFPB Making Ends Meet survey

Summary: In 2022, consumer financial health continued to be buoyed by pandemic relief, high employment, and increased savings accumulated during the first year of the pandemic. But financial health was no longer as high as it was during the first year of the pandemic. Average financial well-being had returned to its 2019 level. More families were having difficulty paying all their bills in 2022 than in 2021. Income variability increased and consumers were using high-cost credit products at pre-pandemic levels, after a substantial drop in 2021. The finances of Hispanic consumers, renters, and consumers under age 40 deteriorated rapidly between 2021 and 2022. Meanwhile, substantial disparities in making ends meet continue. Black, Hispanic, and low-income consumers are far more likely to have difficulty paying bills and are more likely to be turned down for credit or not apply because they fear being turned down. Looking to the future, many consumers are unprepared for an economic downturn, should one occur. If they lost their main source of income, 37 percent of households could not cover their expenses for more than a month. Half of Black and Hispanic households could not cover their expenses for more than a month.

CFPB Office of Research Publication No. 2022-9

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Table of Contents

1. Introduction

This report uses the CFPB's Making Ends Meet survey conducted from January through March 2022 and its association with credit bureau data to examine consumers' evolving financial status. We compare consumers' financial status along several dimensions, including financial well-being, difficulty paying bills and expenses, and ability to cover expenses following income loss, to previous Making Ends Meet surveys and credit bureau data to understand changes over time. We also compare these changes across race and ethnicity, age, military experience, student loan status, and other dimensions where consumers may be underserved. By digging below the average to understand the financial status of underserved consumers and communities and to track emerging risks, the CFPB can be better prepared with policy solutions to mitigate such risks.

Consumer financial health improved markedly during the first years of the pandemic.[1] Increased savings, expanded unemployment benefits, and other pandemic relief led to widespread improvements in financial well-being from June 2019 to February 2021. Consumers rapidly decreased credit card debt from March to June 2020 and credit card debt decreased again after Economic Impact Payments in January and March 2021. These improvements were widespread across race and ethnicity, age, income, and for consumers living in rural and urban areas or who were financially vulnerable before the pandemic.

By February 2022, however, some of these improved measures of financial health had returned to their pre-pandemic levels. Between February 2021 and February 2022, financial well-being had largely returned to where it was in 2019. Fewer households had difficulty paying bills and expenses in the year preceding February 2022 than before the pandemic, but difficulty paying bills became more common between 2021 and 2022.

The finances of Hispanic consumers, consumers under age 40, and low-income renters have deteriorated rapidly, which partly explains the decrease in financial health since 2021. The financial well-being of Hispanic consumers and consumers under age 40 has declined since 2021 as their incomes have become more variable. Their credit card debt (after adjusting for inflation) has increased substantially between June 2021 and September 2022.[2]

[1] Scott Fulford and Cortnie Shupe, "Consumer finances during the pandemic," CFPB Data Point No. 2021-3, December 2021, https://files.consumerfinance.gov/f/documents/cfbp_making-ends-meet-survey-insights_report_2021-12.pdf.

[2] On low-income renters' credit card debt, see: Scott Fulford, "Office of Research blog: Housing inflation is hitting low-income renters," Consumer Financial Protection Bureau blog, July 27, 2022, https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-housing-inflation-is-hitting-low-income-renters/.

Unemployment remains low in December 2022, but many consumers are not prepared financially for a period of unemployment, despite building large cash buffers and paying down debts during the first years of the pandemic. If they lost their main source of income, 37 percent of households could not cover expenses for longer than one month by using all sources, including savings, selling assets, borrowing, or seeking help from friends or family; 51 percent of Black and Hispanic households could not cover their expenses for longer than a month. During a downturn, unemployment often lasts more than one month and unemployment benefits can take several weeks or more to be deposited, leaving many households financially vulnerable to an unemployment period.

Households without a sufficient buffer often make painful sacrifices. When households did have difficulty paying for a bill or expense, half also had difficulty paying for food, slightly more than half had difficulty paying the mortgage or rent, 44 percent had difficulty with a medical expense, and 70 percent had difficulty paying for utilities.

Potential threats to consumer financial health in 2022 include inflation, continuing pandemic risk, and a possible recession in 2023. By deepening our understanding of the financial challenges consumers face and how they deal with them, this report helps us understand how consumers will deal with these emerging threats and their impact on financial well-being.

Households faced frequent ups and downs to income and expenses. Income variability increased from 2019 to 2021 and increased sharply from 2021 to 2022. The percentage of consumers who said their income varied somewhat or a lot month to month increased by nearly 8 percentage points from 2021 to 2022. The increase was particularly large for Hispanic consumers, consumers under age 40, and consumers in the middle of the income distribution.

Meanwhile, one in eight households experienced lost income from unemployment or a reduction in work hours. Even more common, 34 percent of households experienced a major unexpected expense from vehicle repair or replacement, 31 percent a significant unexpected medical expense, 30 percent a computer or mobile phone replacement or repair, and 27 percent major household repairs.

Households frequently gave support to and received support from other households. These support networks may help families deal with problems but may also spread problems to their friends or family. Nearly 25 percent of households received support in the prior year from friends or family, and 40 percent provided support. These household-support relationships are more common in some communities than others: 49 percent of Black households provided financial assistance and 32 percent received it, while 40 percent of white households provided assistance and 24 percent received it.

Renting households have financial difficulties more frequently than homeowning households.[3] Among renting households, 31 percent missed at least one rental payment in the previous year, but only 8.4 percent were not current in February 2022. In the year preceding February 2022, 6.4 percent of renters received an eviction notice or were threatened with eviction. While six percent had received some sort of rent payment deferment or flexibility during the pandemic, only 2.7 percent report they were still receiving support.

When households have financial problems, they may turn to credit to deal with them. This report examines how access to credit varies across consumer groups and the spread of high-cost borrowing. While racial and ethnic groups applied for credit at similar rates, Black and Hispanic consumers were more likely to be turned down or to receive less credit than they requested, and were much more likely to avoid applying for credit because they thought they might be turned down. There were similar disparities in how many consumers held or revolved debt on a credit card. Meanwhile, use of high-cost credit products, including payday, pawn, auto title, and overdraft, appears to have increased again after falling early in the pandemic.

Consumers with student debt made up nearly 19 percent of the population in February 2022, an increase from the previous year. Black consumers were nearly twice as likely as non-Hispanic white and Hispanic consumers to hold student debt. A substantial percentage of consumers without a vocational, 2-year, or 4-year degree held student debt as well, and those with student debt but no degree have much lower financial well-being than others.

In August 2022, the Department of Education announced a plan to offer up to $10,000 in loan forgiveness to consumers who hold federal student debt and $20,000 in loan forgiveness for borrowers with a Pell grant. At the time this report was published, the plan was on hold and the Department of Education was no longer accepting applications for forgiveness due to pending litigation. Among student borrowers, 17.6 percent have less than $10,000 in debt and annual household incomes less than the plan's $125,000 threshold for single borrowers. The average student loan borrower would be eligible to have approximately 40 percent of their balance forgiven.

This report paints a mixed picture of consumer financial health. While financial well-being has fallen from its pandemic highs and returned to its pre-pandemic level, other measures suggest consumers in February 2022 were still better off financially than they had been before the pandemic. Average credit card debt fell sharply from March to June 2020 and has generally remained lower through September 2022, after adjusting for inflation. But incomes had become

[3] See: Alexandra Dobre, Marie Rush, and Eric Wilson, "Financial conditions for renters before and during the COVID-19 pandemic," CFPB Research Brief No. 2021-9, September 2021, https://www.consumerfinance.gov/data-research/research-reports/financial-conditions-for-renters-before-and-during-covid-19-pandemic/; and Fulford, "Office of Research blog: Housing inflation is hitting low-income renters."

substantially more variable and some consumers appeared to be turning to more expensive forms of credit. The finances of low-income renters, Hispanic consumers, and consumers under the age of 40 appeared to deteriorate rapidly from 2021 through 2022. While unemployment was low in 2022, periods of lost income and expense shocks were still common. And should an increase in unemployment occur, many households are unprepared for even a relatively brief period of low income.

2. The Making Ends Meet Survey

Our primary data source is the Making Ends Meet survey mailed in January 2022 and from which we received 2,125 complete responses. Although the first surveys were mailed in January 2022, some respondents took as many as 10 weeks to respond. The median response occurred in early February, so we refer to February 2022 as the date of the survey. The sample of consumers who received the February 2022 survey was the third new group of consumers since the first Making Ends Meet survey in June 2019.

A key advantage of the Making Ends Meet surveys is their association with administrative credit bureau data. The survey samples are drawn from the CFPB's Consumer Credit Panel (CCP), a comprehensive, national, 1-in-48 sample of credit records maintained by one of the three nationwide consumer reporting agencies.[4] The February 2022 survey oversampled consumers with recent collections and 60-day delinquencies and consumers with very poor or poor credit scores. The survey also oversampled consumers living in majority African American or Hispanic areas, below median-income areas, and consumers who were likely to be African American, Hispanic, or low income no matter where they live. Using the CCP strengthens the survey by allowing this kind of oversampling. Appendix A provides greater detail on how we sampled from the CCP.

The association with the CCP also allows the surveys to adjust for non-response far more comprehensively and exactly than is possible in most other surveys. Most surveys observe almost nothing about non-respondents; accordingly, non-response adjustment reweights the survey so that the demographic characteristics of respondents roughly match some external source. Because of the CCP association, we observe the credit characteristics of both respondents and non-respondents, and we can adjust for non-response at the individual level. For example, consumers with lower credit scores are less likely to respond than consumers with higher credit scores, and the survey weights adjust for this individually. The survey is weighted to be representative of the CCP and so representative of consumers with a credit record. Appendix A provides greater detail on how we created the weights.

[4] The CCP excludes any information that might reveal consumers' identities, such as names, addresses, and Social Security numbers. For more information on the privacy protections associated with this survey, see the Consumer Experience Research Privacy Impact Assessment (available: http://files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf; and System of Records Notice CFPB.022, Market and Consumer Research Records (available: http://www.consumerfinance.gov/privacy/system-records-notices/market-and-consumer-research-records-2/).

Using the CCP as a sampling frame has some drawbacks as well. Consumers without a credit record are not in the sample frame. Therefore, one limitation of the study is that, while it is generally representative of adults 18 and over with a record at a nationwide consumer reporting agency, these consumers may differ from consumers without such a credit record in important ways. In this report, when we refer to consumers, we mean consumers with a credit record.

Nonetheless, the weighted Making Ends Meet survey produces population estimates that are close to the estimates in the 2019 American Community Survey. The weighted Making Ends Meet survey population tends to be slightly older, have higher educational degree attainment, and to have somewhat fewer high-income consumers than the estimates in the 2019 American Community Survey. Appendix B compares how the weighted population in the February 2022 survey compares to other surveys.

In addition to the February 2022 survey, we also use previous Making Ends Meet surveys mailed starting in June 2019 and February 2021. Using these surveys helps us understand the changes during this tumultuous time. The February 2021 survey consisted of two similar surveys: (1) a shorter follow up to the respondents from the June 2019 survey, and (2) a new survey to a new smaller sample of consumers. Many questions on the pandemic overlapped between these two February 2021 surveys, and we combine the surveys to increase sample size. But not all questions we consider were on both surveys, so for some analysis, we consider only the June 2019 and February 2022 surveys. These surveys are also weighted to be representative of the CCP. The results and weighting from the surveys are described in more detail in the reports introducing these surveys. [5]

Estimates from all surveys are approximations because surveys sample from only a portion of the population. The sample sizes of the Making Ends Meet survey limits what we can say with statistical confidence. In particular, it is often impossible to be sure that the differences between groups are not explained by statistical noise. In most analyses, we include standard errors as a common way to measure statistical confidence. As a general rule, a 95 percent confidence interval is composed of approximately two standard errors on either side of an estimate. When the standard errors are small compared to the estimate, that suggests that we should have a high confidence that the truth is close to our estimate.

[5] See: Scott Fulford and Marie Rush, "Insights from the Making Ends Meet Survey," CFPB Research Brief No. 2020-1, July 2020, https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf; Scott Fulford, Eric Wilson, and Marie Rush, "Changes in consumer financial status during the early months of the pandemic: Evidence from the second wave of the Making Ends Meet survey," CFPB Data Point No. 2021-2, April 2020, https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf; and Scott Fulford and Cortnie Shupe, "Consumer finances during the pandemic," CFPB Data Point No. 2021-3, December 2021, https://files.consumerfinance.gov/f/documents/cfbp_making-ends-meet-survey-insights_report_2021-12.pdf.

3. Consumer Financial Health

This section examines several measures of consumer financial health. Average consumer financial health across a range of measures improved markedly from June 2019 to February 2021. From February 2021 to February 2022, consumer financial health worsened, although consumers were still better off—or no worse off—on average in February 2022 than they had been in June 2019. The declines in financial health since February 2021 seem to be more concentrated among Hispanic consumers, consumers under the age of 40, and lower-income consumers across a range of measures.

We focus on three measures of financial health: (1) The CFPB's financial well-being score, a holistic measure of overall subjective financial well-being; (2) whether the household had difficulty paying bills or expenses in the previous year; and (3) how long the household could cover expenses if it lost its main source of income. These measures capture distinct but intersecting aspects of financial health. In the next section, we examine some of the financial inflows and outflows that contribute to financial health.

3.1 Financial Well-Being

The CFPB developed a definition of financial well-being from a consumer perspective in order to provide practitioners and researchers with a standard, reliable, and broadly available way to measure individual financial well-being. According to that definition, financial well-being "is a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life." To quantify financial well-being, the CFPB developed a scale that can be calculated from a five- or ten-question survey. The financial well-being score ranges from zero to 100, where higher scores represent higher levels of financial well-being. [6] Each survey wave included the five-question financial well-being scale.

Financial well-being varies substantially across consumers. Figure 1 shows the distribution of financial well-being in February 2022. The median financial well-being score was 51 but a significant portion of consumers had much lower or higher financial well-being than the average.

[6] See the CFPB's "Measuring financial well-being" page for more details: https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/.

FIGURE 1: FINANCIAL WELL-BEING DISTRIBUTION IN FEBRUARY 2022

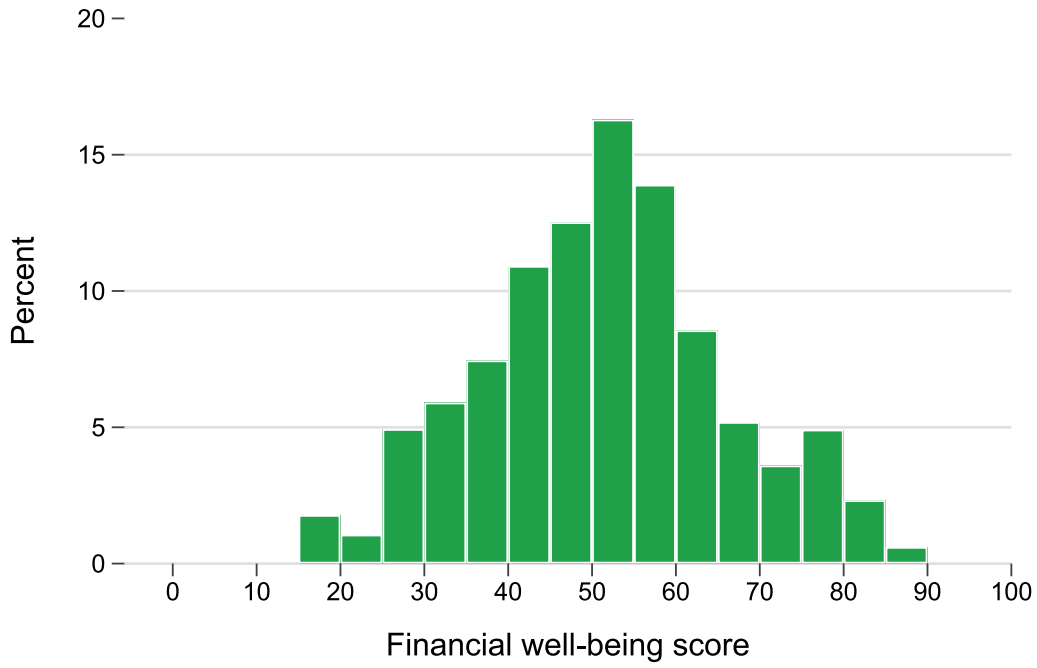


Table 1 shows average financial well-being across three Making Ends Meet surveys and by different consumer groups. Financial well-being averaged 51.1 in February 2022. After increasing substantially early in the pandemic,[7] and remaining high in February 2021, average financial well-being returned by February 2022 to approximately its level in June 2019. Financial well-being increased across most groups from June 2019 to February 2021. The decline from February 2021 to February 2022 was also widespread and was particularly large for low-income consumers, and consumers under age 40. The decline was larger for Hispanic and Black consumers than non-Hispanic white consumers, although these differences are within the 95 percent confidence interval, so we cannot be statistically confident that there the decline was larger. Similarly, our sample size for Asian consumers and other races is small and our standard errors are large, so the survey may not accurately capture these groups' experiences.

Many of the attributes in Table 1 are correlated with each other. When we control for all of them together in a February 2022 cross-section, race and ethnicity and urban location do not significantly explain financial well-being, even though, for example, Black consumers have significantly lower financial well-being than non-Hispanic white consumers. Instead, the main attributes that are associated with higher financial well-being are income, having at least a

[7] Scott Fulford, Marie Rush, and Eric Wilson, "Changes in consumer financial status during the early months of the pandemic: Evidence from the second wave of the Making Ends Meet survey," CFPB Data Point No. 2021-2, April 2021, https://www.consumerfinance.gov/data-research/research-reports/changes-in-consumer-financial-status-during-early-months-pandemic/.

bachelor's degree, having some military experience, and not having any student debt. Controlling for income and the other attributes in Table 1, consumers with $1-10,000 in student debt have 1.6 points lower financial well-being and consumers with more than $10,000 in student debt have 5.1 points lower financial well-being compared to consumers with no student debt. We examine these differences in greater detail in Section 6.

TABLE 1: FINANCIAL WELL-BEING (SEE APPENDIX B FOR DETAILED GROUP DEFINITIONS)

Financial Well-Being Score	February 2022		February 2021		June 2019	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	51.1	.7	52.4	.4	51.0	.4
Race						
White	52.5	1.0	53.8	.4	52.3	.5
Black	46.8	1.3	49.0	1.0	47.5	.8
Hispanic	47.6	.9	50.5	1.2	46.1	1.4
Asian	54.1	1.4	49.7	3.5	51.8	1.7
Other	50.3	1.6	51.5	1.6	53.7	2.3
Education						
Highschool or less	45.7	1.1	49.0	.8	47.3	.8
Some college but no degree	48.1	1.0	50.6	1.4	49.5	.8
Two-year college or vocational	48.6	1.0	50.1	.7	49.2	.9
College or post-graduate	56.6	1.0	56.5	.5	54.5	.6
Age group						
Less than 40	47.7	.9	51.0	.8	47.9	.7
40 - 61	50.7	.6	49.7	.8	49.1	.5
Greater than 61	53.9	1.2	57.2	.5	57.1	.6
Income group						
$20,000 or less	40.9	1.3	45.5	1.0	43.2	.8
$20,001-$50,000	46.1	.7	47.9	.7	46.0	.8
$50,001-$80,000	50.4	1.1	52.5	.6	50.4	.8
$80,001-$125,000	54.7	.9	55.6	.8	53.3	.8
$125,001 or greater	62.3	1.5	61.0	.8	59.5	.7
Geographic group						
Metro	51.4	.7	52.7	.5	51.1	.4
Some urban	49.7	1.3	50.6	.8	50.4	.6
Rural	48.4	2.9	51.5	1.1	50.3	.6
Military Service						
None	50.6	.5	52.4	.4	50.5	.4
Some service	59.2	2.9	55.9	.9	54.2	.9
Student debt status						
$0	51.9	.8	52.7	.5	51.8	.4
$10,000 or less	50.3	1.9	52.6	1.2	46.3	1.9
Greater than $10,000	46.8	.9	50.3	1.1	47.7	.9

These findings are similar to other research. Based on a survey in April and May 2022, the Financial Health Network found that its measure of financial health had largely returned to its pre-pandemic level. The Financial Health Network's FinHealth score is distinct from the CFPB financial well-being scale but captures similar concepts.[8] The decline in financial health from 2021 was widespread across groups.

3.2 Difficulty paying bills and expenses

Many consumers have difficulty paying all of their bills and expenses from time to time. Table 2 shows the percentage of households who had difficulty paying at least one bill or expense in the previous year across the three surveys.

In February 2022, 35.7 percent of households had difficulty paying at least one bill or expense in the previous year. The percentage who had difficulty was lower than before the pandemic but increased slightly since 2021. In 2019, 40.4 percent of households had difficulty paying at least one bill or expense. The percentage of households experiencing difficulties dropped sharply in 2021 to 34.4 percent, but then increased in 2022. The survey question asking about difficulty paying bills looks back over the previous year, so it is possible that many households were experiencing a rapid deterioration in financial status at the end of 2021 that had not yet become an acute difficulty. The fall in financial well-being from 2021 to 2022 suggests that many consumers were feeling less financially secure in February 2022 than they had been a year earlier, even if they had not yet had trouble paying bills.

In each survey, some consumer groups are much more likely to experience difficulty paying a bill or expense. In 2019, 65 percent of Black households experienced difficulty, compared to 35 percent of white households. This gap narrowed somewhat in 2022. After a sharp drop in 2021, the percentage of Hispanic consumers reporting difficulties increased sharply again. The increase among Hispanic consumers appears to explain most of the increase in difficulties from 2021 to 2022. Consumers under age 40 also had a notable increase.

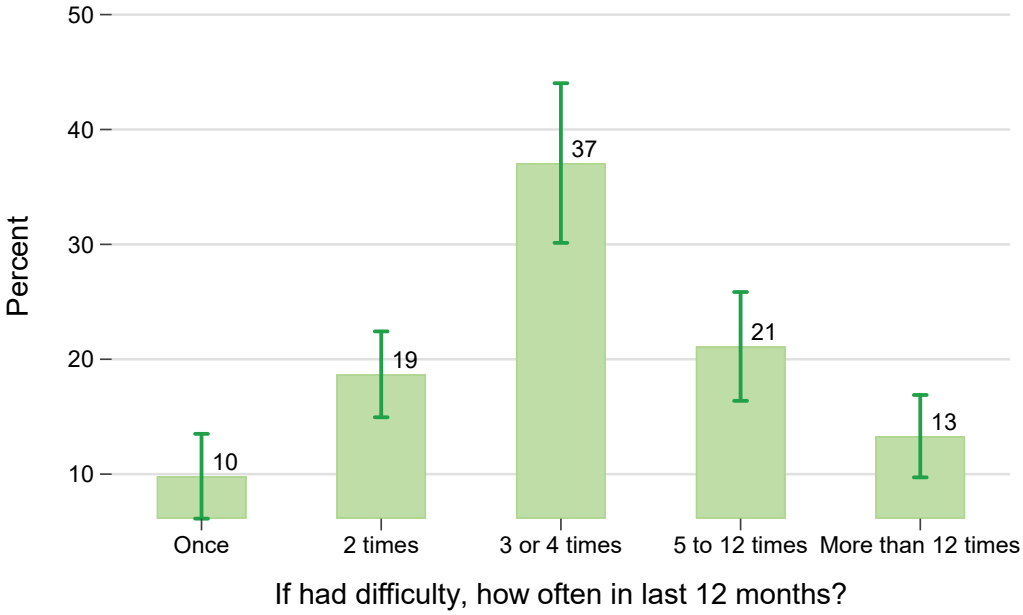
[8] The "FinHealth Score" is calculated from eight survey questions that measure whether people "are spending, saving, borrowing, and planning in ways that will enable them to be resilient and pursue opportunities." See Andrew Dunn, Necati Celik, Andrew Warren, Wnjira Chege, "Financial Health Pulse® 2022 U.S. Trends Report Landmark Changes in Americans' Financial Health," Financial Health Network, September 7, 2022, p. 11, https://finhealthnetwork.org/research/financial-health-pulse-2022-u-s-trends-report/.

Most differences among households in paying bills or expenses are explained by income when we control for other factors. In February 2022 shown in Table 2, 58 percent of households earning $20,000 or less had difficulty and 47 percent of households earning $20,000 to $50,000 experienced difficulty. But even higher income households sometimes experienced difficulty; 11 percent of households earning $125,000 or more had difficulty.

TABLE 2: DIFFICULTY PAYING BILLS OR EXPENSES (SEE APPENDIX B FOR DETAILED GROUP DEFINITIONS)

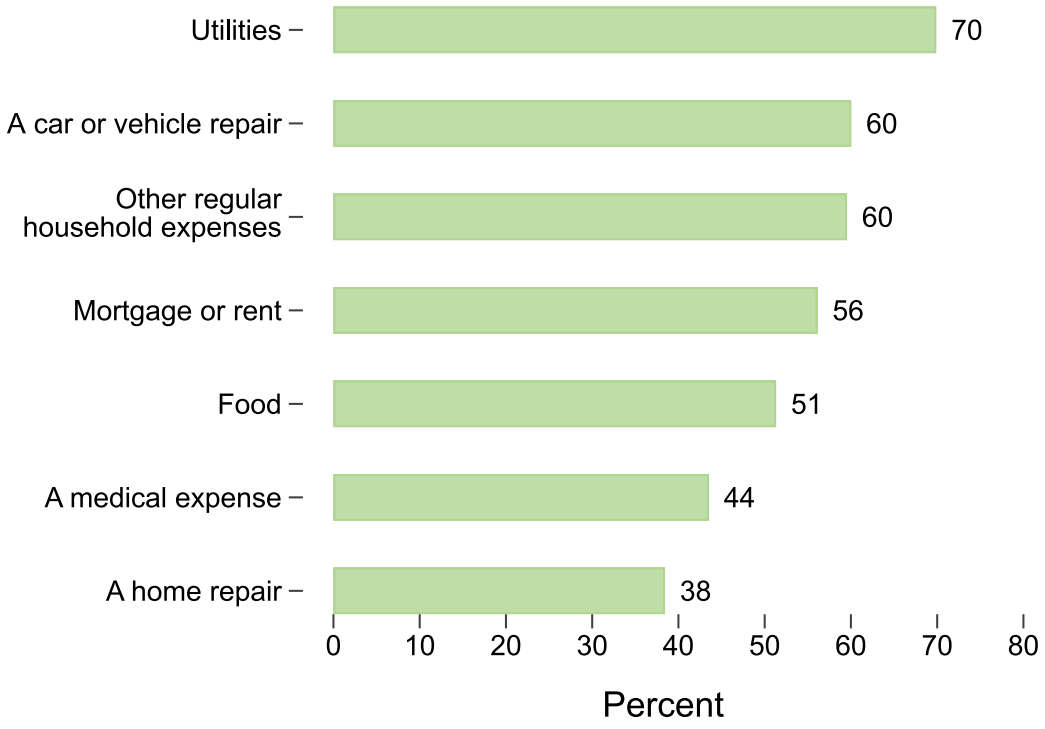
Percent with difficulty paying bills or expenses	February 2022		February 2021		June 2019	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	35.7	1.9	34.4	1.4	40.4	1.4
Race						
White	29.6	2.7	30.0	1.6	35.0	1.6
Black	52.2	5.1	55.5	3.9	64.9	3.9
Hispanic	52.2	3.5	35.0	4.3	47.4	4.7
Asian	18.0	4.4	23.7	6.2	24.6	5.8
Other	45.8	7.0	52.1	7.7	41.7	6.7
Education						
Highschool or less	43.7	5.3	42.8	3.1	50.9	3.0
Some college but no degree	47.7	3.4	38.8	3.3	42.5	3.2
Two-year college or vocational	44.0	3.8	41.0	3.3	42.6	3.4
College or post-graduate	22.5	2.1	22.6	1.8	31.5	2.1
Age group						
Less than 40	46.7	4.3	38.8	3.3	47.3	2.8
40 - 61	40.0	2.2	42.0	2.0	45.2	2.1
Greater than 61	20.3	2.4	23.3	1.8	25.5	2.0
Income group						
$20,000 or less	57.9	5.8	60.1	4.0	62.4	3.6
$20,001-$50,000	47.2	3.0	46.6	3.0	55.5	3.2
$50,001-$80,000	38.0	5.8	30.5	2.8	38.8	2.8
$80,001-$125,000	25.7	3.0	23.6	2.9	30.6	3.1
$125,001 or greater	11.3	3.4	13.8	2.1	17.7	2.2
Geographic group						
Metro	36.0	2.2	33.0	1.5	39.5	1.6
Some urban	37.6	4.9	43.8	3.4	46.7	2.8
Rural	25.8	6.6	40.1	3.9	44.4	2.1
Military Service						
None	37.8	2.1	33.5	1.5	40.1	1.6
Some service	20.2	4.5	29.8	3.6	29.1	3.4
Student debt status						
$0	33.2	2.2	33.6	1.5	37.7	1.5
$10,000 or less	45.9	6.9	33.6	6.9	52.9	6.9
Greater than $10,000	46.8	4.1	40.1	4.1	51.2	3.7

FIGURE 2: IF YOUR HOUSEHOLD HAD DIFFICUTY PAYING FOR A BILL OR EXPENSE IN THE LAST 12 MONTHS, HOW OFTEN DID YOU HAVE TROUBLE?



When households have difficulty at least once, they are likely to have difficulty several more times. Figure 2 shows how many times households had difficulty if they had difficulty at least once. It was most common for households to have difficulty three to four times. Only 10 percent of households had difficulty only once, if they had difficulty at all. Meanwhile, 21 percent of households had difficulty between 5 and 12 times, and 13 percent had difficulty more than 12 times.

FIGURE 3: "PAYING FOR ONE MAJOR EXPENSE MAY MAKE IT HARDER TO PAY OTHER BILLS OR EXPENSES. THE MOST RECENT TIME YOU HAD DIFFICULTY, DID YOU HAVE DIFFICULTY PAYING FOR . . .?"



Because difficulties tend to be grouped, households that experienced a difficulty often had difficulties with other expenses as well. Figure 3 shows the percentage that also had difficulty with other expenses. The options were not exclusive; households could select more than one expense, and many did. In the year up to February 2022, half of households that experienced at least one difficulty also had difficulty paying for food, slightly more than half had difficulty with mortgage or rent, 44 percent had difficulty with a medical expense, and 70 percent had difficulty paying for utilities.

3.3 Ability to cover lost income

Beyond paying all their bills in the past, many households do not have the savings or the ability to borrow to protect them from an income fall. Figure 4 shows how long households could cover their expenses using savings or borrowing if they lost their main source of income. As of February 2022, only 27 percent of households could cover expenses for more than six months, while 21 percent could cover expenses for less than two weeks.

FIGURE 4: "IF YOUR HOUSEHOLD LOST ITS MAIN SOURCE OF INCOME, ABOUT HOW LONG COULD YOU COVER EXPENSES BY, FOR EXAMPLE, BORROWING, USING SAVINGS, SELLING ASSETS, OR SEEKING HELP FROM FAMILY OR FRIENDS?"

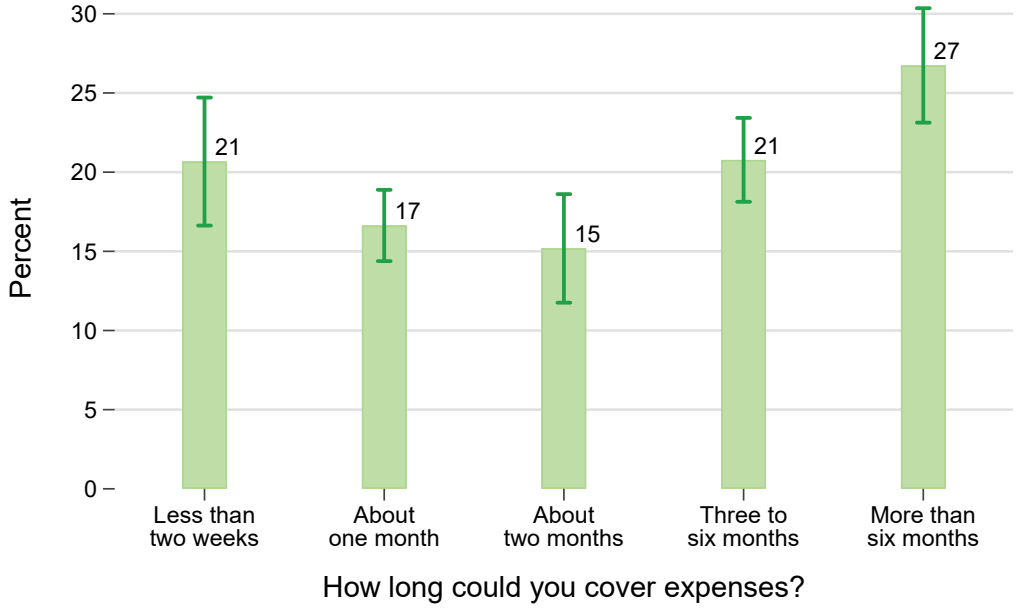


Table 3 shows the percentage of households who would not be able to cover their expenses for more than a month if they lost their main source of income, combining the first two options in Figure 4. Being unable to cover expenses for more than a month suggests the household is not prepared to weather even a brief interruption in income from injury or unemployment. We did not ask a comparable question to all February 2021 respondents, so we do not report for February 2021.

In February 2022, 37.3 percent of households could not cover expenses for more than a month, down slightly from 38.1 percent in June 2019. In both periods, Black and Hispanic consumers were substantially more likely than non-Hispanic white consumers to be unable to cover expenses for more than a month.

There appears to have been a divergence across education and income groups from 2019 to 2022, with higher income and education groups more able to cover their expenses and lower income and education groups less able to cover their expenses. The share of consumers with at least a four-year college degree who could not cover expenses for more than a month decreased from 24.8 percent in 2019 to 18.8 percent in 2022. Meanwhile, the share among consumers with a high school degree or less increased from 52.9 to 57.7 percent and the share among consumers with a two-year degree or only some college degree increased slightly, as well. Thus, while the overall percentage decreased slightly, the decrease is explained by a large fall among the college educated and a generally small increase for everyone else.

A similar divergence occurred across income groups, although the income categories between surveys are not exactly the same, so differences across surveys are partly explained by differences in composition, particularly for the highest income groups (see Appendix B for the full definitions).[9] This divergence may have come from expenses for lower income groups increasing more than income over 2021.

Meanwhile, racial and ethnic differences in being unable to cover expenses for more than a month persisted largely unchanged. Nearly 51 percent of Black and Hispanic households could not cover expenses for more than a month in February 2022, while this was the case for only 32 percent of non-Hispanic white households and 24 percent of Asian households. These differences were largely unchanged since 2019.

[9] The income categories for the June 2019 and February 2022 surveys do not align perfectly: June 2019 includes $100,000 or more, while February 2022 includes $125,000 or more, so some of this divergence for high incomes is likely mechanical. Since education is strongly correlated with income, the education divergence suggests that the income divergence is not only compositional.

TABLE 3: COVERING EXPENSES WITHOUT MAIN SOURCE OF INCOME (SEE APPENDIX B FOR DETAILED GROUP DEFINITIONS)

Percent who could not cover expenses for more than a month without main source of income	February 2022		June 2019	
	Mean	Std Err	Mean	Std Err
Overall	37.3	2.1	38.1	1.4
Race				
White	32.0	3.0	33.6	1.6
Black	50.8	5.1	52.6	4.3
Hispanic	50.9	3.5	49.9	4.8
Asian	23.6	5.4	24.0	5.7
Other	47.3	6.7	45.7	6.9
Education				
Highschool or less	57.7	5.4	52.9	3.0
Some college but no degree	43.2	3.4	41.8	3.2
Two-year college or vocational	43.5	3.8	41.0	3.4
College or post-graduate	18.8	2.0	24.8	1.9
Age group				
Less than 40	44.2	4.3	47.2	2.9
40 - 61	36.2	2.2	37.4	2.0
Greater than 61	33.0	3.8	29.2	2.0
Income group				
$20,000 or less	72.2	4.2	63.7	3.6
$20,001-$50,000	53.8	3.0	54.3	3.3
$50,001-$80,000	36.3	5.9	35.3	2.7
$80,001-$125,000	21.8	2.8	30.5	3.1
$125,001 or greater	4.2	1.4	12.1	1.9
Geographic group				
Metro	34.6	2.2	37.0	1.6
Some urban	53.2	5.3	44.3	2.8
Rural	51.7	10.2	47.0	2.0
Military Service				
None	37.3	2.2	38.3	1.6
Some service	23.8	5.1	28.8	3.4
Student debt status				
$0	36.2	2.4	35.2	1.5
$10,000 or less	41.7	7.1	46.4	6.9
Greater than $10,000	42.2	4.0	51.4	3.7

4. Financial inflows and outflows

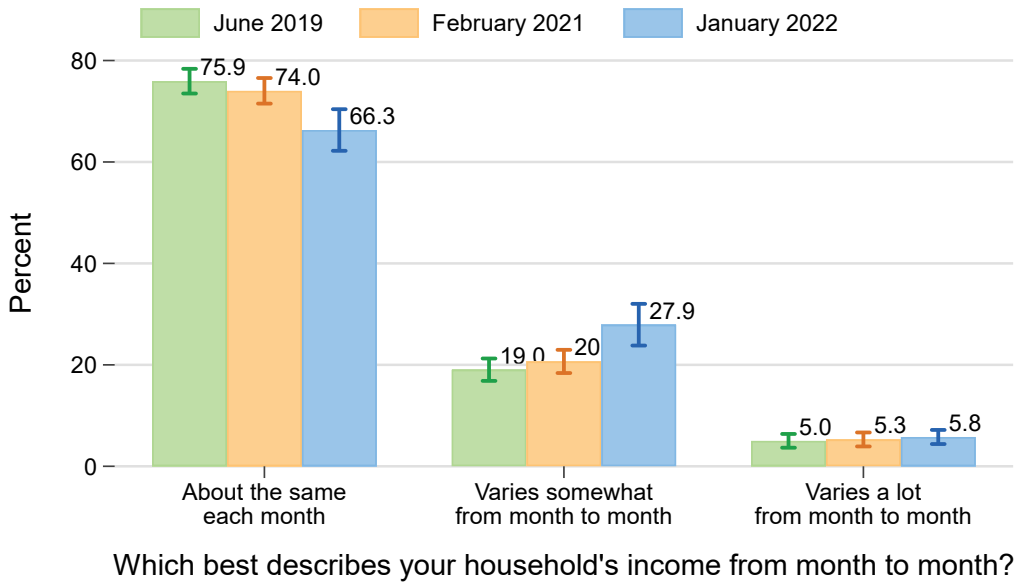
Consumers face many financial inflows and outflows that help determine their financial health. This section examines some of the most important inflows and outflows that consumers face: income variability, income drops, unexpected expenses, rental difficulties and evictions, and households' support to and from other households. In addition, although pandemic assistance had largely ended by February 2022, it was important in the two years before the survey, so we also examine its continuing impact.

4.1 Variable income

Many consumers experience variation in monthly income due to factors such as variable work hours, overtime, self-employment income, or tip- or commission-based income.[10] Income variability appears to have increased from previous years. In each survey wave, we asked respondents how much their income varied from month to month. Figure 5 shows the percentages across surveys. In June 2019, 76 percent of consumers said their income was the same from month to month, 19 percent said their income varied somewhat, and 5.0 percent said it varied a lot. These numbers did not change much in February 2021, despite the pandemic. In February 2022, however, 27.9 percent of consumers said their income varied somewhat from month to month, and 5.8 said their incomes varied a lot.

[10] See Scott Fulford and Marie Rush, "Insights from the Making Ends Meet Survey," CFPB Research Brief No. 2020-1, July 2020, https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf, at p. 8.

FIGURE 5: INCOME VARIABILITY ACROSS SURVEYS



Combining consumers who said their income varies somewhat or a lot, Table 4 shows changes from June 2019 to February 2022. Overall, there was nearly a 10 percentage point increase in the percentage of consumers who said their income varies somewhat or a lot. The increase appears relatively broadly felt but was larger for consumers with lower incomes or education levels.

The increase in income variability was particularly concentrated among the youngest consumers. While the percentage of consumers 40 to 60 years old who said their income varied somewhat or a lot increased by 4.2 percentage points since February 2021, the percentage increased by 17.6 percentage points among consumers under age 40. Meanwhile, older consumers' income volatility was unchanged and consistently much lower in all years.

In each year, Hispanic consumers experience more income variability than other ethnic or racial groups. In 2022, 40.8 percent reported that their income varies somewhat or a lot from month to month.

TABLE 4: VARIABLE INCOME (SEE APPENDIX B FOR DETAILED GROUP DEFINITIONS)

Percent whose income varies somewhat or a lot	February 2022		February 2021		June 2019	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	33.7	2.1	26.0	1.3	24.1	1.2
Race						
White	32.4	3.1	24.4	1.5	20.9	1.3
Black	34.0	4.1	30.0	3.5	33.5	4.3
Hispanic	40.8	3.4	25.7	3.7	30.4	4.3
Asian	31.7	6.0	28.8	6.6	22.5	5.5
Other	29.1	5.4	34.2	8.9	30.5	7.4
Education						
Highschool or less	43.1	5.7	27.7	2.8	27.6	2.9
Some college but no degree	38.7	3.3	23.5	2.8	23.9	2.8
Two-year college or vocational	34.3	3.5	29.7	3.0	25.8	3.0
College or post-graduate	25.3	2.2	23.6	1.8	21.0	1.8
Age group						
Less than 40	47.7	4.4	30.1	3.1	31.6	2.7
40 - 61	35.6	2.2	31.4	2.0	26.1	1.9
Greater than 61	17.4	1.8	18.1	1.6	11.5	1.3
Income group						
$20,000 or less	38.9	4.7	34.5	4.2	29.7	3.6
$20,001-$50,000	38.2	2.8	28.7	2.7	27.5	3.0
$50,001-$80,000	43.5	6.3	26.1	2.7	21.0	2.3
$80,001-$125,000	25.5	2.9	21.4	2.7	25.1	3.0
$125,001 or greater	21.5	3.2	21.7	2.3	19.0	2.2
Geographic group						
Metro	34.5	2.4	25.7	1.4	24.6	1.4
Some urban	29.1	4.3	28.7	3.2	19.5	2.0
Rural	30.3	7.7	24.9	3.0	23.7	1.8
Military Service						
None	36.3	2.4	27.6	1.4	25.3	1.4
Some service	21.0	4.6	16.4	2.6	14.2	2.5
Student debt status						
$0	33.3	2.5	26.8	1.4	24.1	1.4
$10,000 or less	37.5	6.7	23.9	5.6	18.0	4.4
Greater than $10,000	34.7	3.8	21.0	3.4	25.8	3.2

4.2 Household shocks to income and expenses

Households frequently face unexpected expenses and drops in income. Table 5 shows the frequency that consumers or someone in their household experienced a "significant drop in income" in the 12 months before the February 2022 survey. The most frequent income drops came from periods of unemployment or work hour reductions. Many consumers experienced income drops because of sickness or injury. And many consumers had an income drop because they stopped working or worked less to take care of children or to take care of someone who was sick.

In addition, 2.1 percent of consumers experienced a loss of rental income when they reduced rent or had tenants leave and 2.9 percent experienced income losses because tenants did not pay some or all of the rent that was due. The survey did not ask respondents whether they owned a rental property, but in the 2019 Survey of Consumer Finances, 13.1 percent of households held a residential property other than their primary residence, which includes rental properties and second or vacation homes.[11] The small overall share of households with a rental property suggests that a relatively large portion of households with rental income experienced significant losses in the year leading up to February 2022. We examine renters and evictions in a later section.

[11] Neil Bhutta, Jesse Bricker, Andrew C. Chang, Lisa J. Dettling, Sarena Goodman, Joanne W. Hsu, Kevin B. Moore, Sarah Reber, Alice Henriques Volz, and Richard A. Windle, "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, September 2020, 106(5): p. 16, https://www.federalreserve.gov/publications/files/scf20.pdf.

TABLE 5: INCOME DROPS IN THE YEAR PRECEDING FEBRUARY 2022

Reasons for income drops	Respondent (%)	Someone else in respondent's household (%)
Period of unemployment or furlough	12.8	10.8
Reduction in work hours	15.5	11.6
Change to lower paying job	6.0	6.2
Loss of government benefits	5.1	5.4
Worked less because of illness or injury	11.4	9.6
Worked less to care for sick	7.4	6.6
Worked less or stopped working to take care of children	7.1	6.7
Retired	5.9	4.3
Could not work because someone in your household was in jail	1.6	3.5
Lost rental income because you reduced rent or your tenants moved out	2.1	3.8
Lost rental income because tenants did not pay some or all rent due	2.9	4.0
Other significant drop in income	7.2	7.2

Households experience significant unexpected expenses even more frequently than income drops. Table 6 shows the frequency with which households experienced a significant unexpected expense in the year before the survey. One-third of households experienced a major unexpected expense from vehicle repair or replacement, 31 percent a significant unexpected medical expense, 30 percent a computer or mobile phone replacement or repair, and 27 percent major household repairs.

TABLE 6: SIGNIFICANT UNEXPECTED EXPENSES IN THE YEAR PRECEDING FEBRUARY 2022

Unexpected expenses	Percent
A major medical or dental expense	30.9
Giving a gift or loan to a family member or friend outside your household	14.1
A major vehicle repair or replacement	33.9
A major house or appliance repair	26.6
A computer or mobile phone repair or replacement	29.6
Legal expenses, taxes, or fines	16.1
Increase in childcare or dependent care expenses	8.4
Some other major unexpected expense	15.8

4.3 Pandemic assistance

Pandemic policies continued to affect households in February 2022 as they dealt with variable income and expense shocks although most direct assistance policies had ended. Earlier Making Ends Meet reports examined the impacts these policies had on households.[12] In this section, we examine who received assistance and barriers to receiving it.

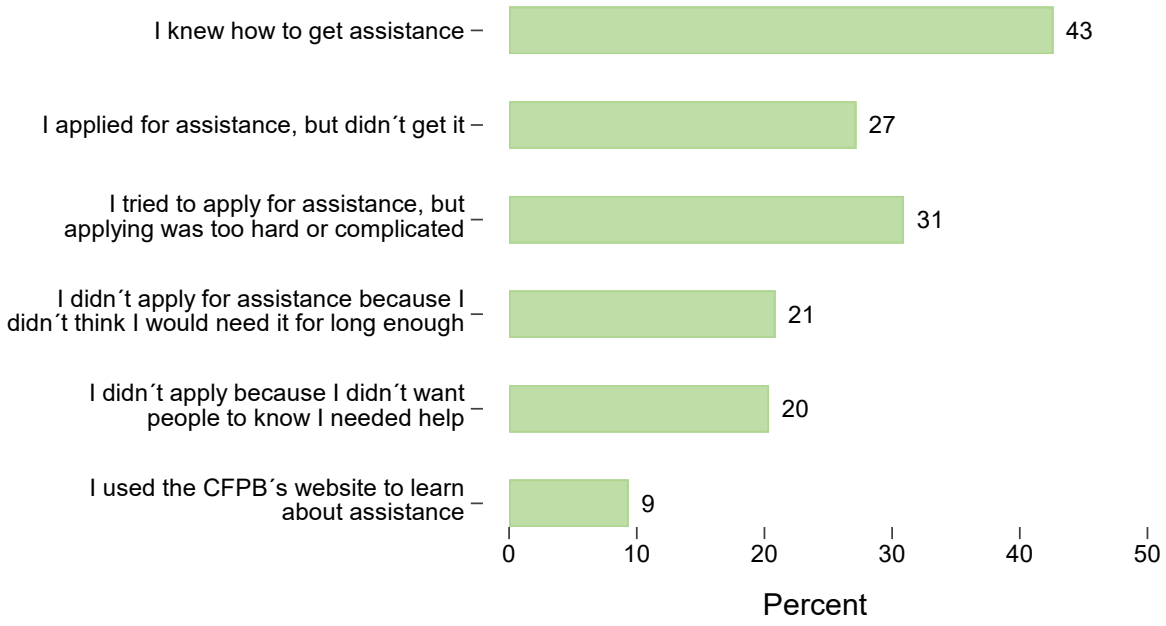
When asked directly, 26 percent of consumers reported needing financial assistance during the pandemic. The rest of this section limits the analysis to consumers who reported needing assistance.

Figure 6 shows the share of consumers who needed assistance and answered yes to a series of questions about financial assistance during the pandemic. Only 43 percent of consumers who needed assistance knew how to get it. An important barrier to assistance was difficulty applying; 31 percent of consumers who needed assistance tried to apply but found applying too hard or complicated. Even then, 27 percent of consumers who reported needing assistance applied but did not get assistance. The options were not exclusive; for example, consumers could say that they knew how to get assistance, and applied but didn't get it, or could have needed multiple

[12] See Scott Fulford and Cortnie Shupe, "Consumer finances during the pandemic: Insights from the Making Ends Meet Survey," Consumer Financial Protection Bureau Data point No. 2021-3, December 2021, https://www.consumerfinance.gov/data-research/research-reports/consumer-finances-during-pandemic-insights-making-ends-meet-survey/; and Alexandra Dobre, Marie Rush, and Eric Wilson, "Financial conditions for renters before and during the COVID-19 pandemic," CFPB Research Brief No. 2021-9, September 2021, https://www.consumerfinance.gov/data-research/research-reports/financial-conditions-for-renters-before-and-during-covid-19-pandemic/.

types of assistance, some of which they might have found easy to apply for and some too complicated.

FIGURE 6: "ARE ANY OF THE FOLLOWING STATEMENTS TRUE ABOUT YOUR EXPERIENCE WITH FINANCIAL ASSISTANCE SUCH AS EVICTION PROTECTION, RENT RELIEF, MORTGAGE FORBEARANCE, OR OTHER LOAN DEFERRAL OR FORGIVENESS DURING THE PANDEMIC?" AMONG HOUSEHOLDS THAT REPORTED NEEDING FINANCIAL ASSISTANCE DURING THE PANDEMIC



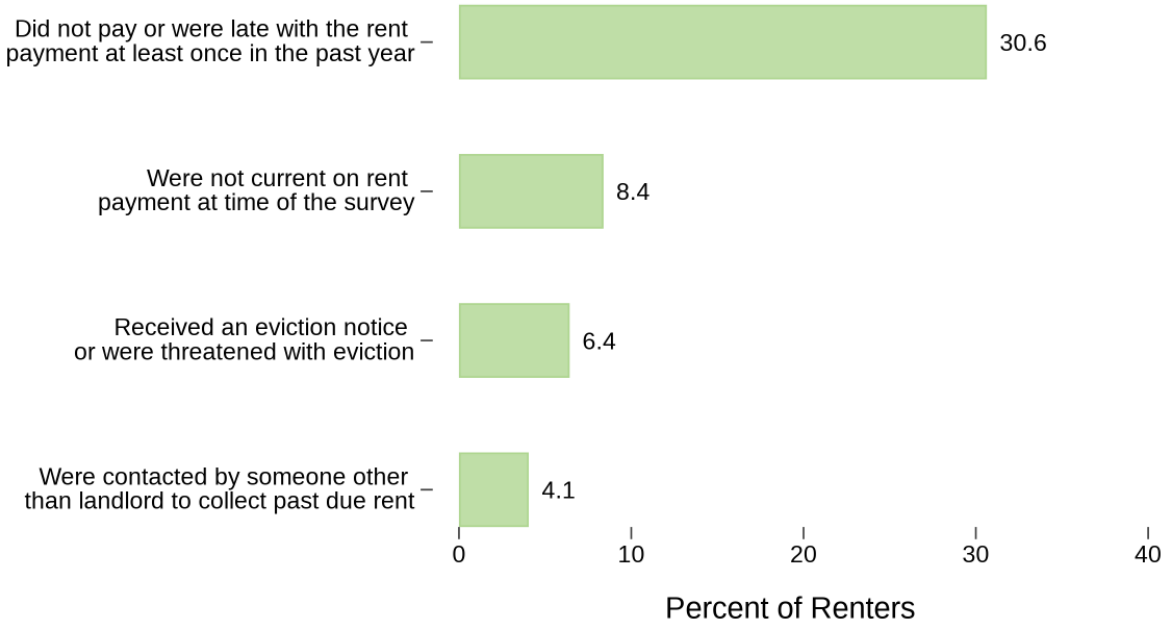
Twenty percent of consumers did not want others to know they needed help and 21 percent who did not think they would need assistance for a long enough period of time.

The CFPB played an important role in connecting consumers to appropriate information, even though it was not directly administering financial assistance programs. Nine percent of consumers who reported needing assistance used the CFPB's website to learn about assistance.

4.4 Renting and evictions

Approximately 63 percent of consumers live in a home that they or someone else in the household own and 32 percent of consumers rent. Renters have lower incomes and are more likely to be Black or Hispanic than homeowners.[13] Approximately five percent of consumers do not own a home or pay rent. There are many reasons a consumer may not pay rent if they don't own a home. For example, a family member or friend who does not live in the household may own the home and allow them to remain rent-free, or they may be a student living in university-provided housing whose room-and-board is covered by a parent. Because the survey was mailed to addresses on file with a credit bureau, it is unlikely that the survey reached many if any unhoused or incarcerated people and was less likely to reach people who are housing insecure with an address that changes frequently. We may therefore underestimate the percent of consumers who do not own a home or pay rent.

FIGURE 7: RENTERS AND EXPERIENCES OF NEGATIVE EVENTS



The survey asked several questions about housing with a particular focus on the experiences of renters. Figure 7 displays the percent of renters who experienced each of four different negative events. Among renters, almost one third did not pay or were late with the rent payment at least once in the past year. Fewer households were not current at the time of the survey, suggesting that having occasional problems with the rent was common, but catching up was also common.

[13] Alexandra Dobre, Marie Rush, and Eric Wilson, "Financial conditions for renters before and during the COVID-19 pandemic," CFPB Research Brief No. 2021-9, September 2021, https://www.consumerfinance.gov/data-research/research-reports/financial-conditions-for-renters-before-and-during-covid-19-pandemic/

Still, 6.4 percent of renters reported receiving an eviction notice or being threatened with eviction in the previous year and 4.1 percent reported contact by someone other than their landlord to collect past-due rent.

Within the group of renters who had not paid or been late with a rental payment in the past year, consumers with lower credit scores in December 2020 (the most recent score we have before the survey lookback period) were more likely to receive an eviction notice or be threatened with eviction. Of renters who missed or were late with a payment, 19.6 percent of those with a poor or fair credit score (under 670) received an eviction notice or were threatened with eviction, while 5.2 percent of those with a good or better credit score (at least 670) received an eviction notice or were threatened with eviction.

A series of survey questions asked consumers about rental assistance during the pandemic. Among the 37 percent of consumers whose households do not own their residence, relatively few received any kind of rental assistance. Table 7 shows what percentage of non-owners report receiving coronavirus-specific rent payment flexibility, eviction protection, and rental assistance. The questions asked the respondent to check one option from "Did not receive," "Received," and "Received and still receiving."

TABLE 7: "DID YOU RECEIVE FLEXIBILITY OR ASSISTANCE FROM ANY OF THE FOLLOWING CORONAVIRUS-SPECIFIC PROGRAMS OR PROMOTIONS?" (LIMITED TO NON-HOME-OWNING HOUSEHOLDS)

Programs or Promotions	Did Not Receive (%)	Received and no longer receiving (%)	Still Receiving (%)
Any form of assistance	91.6	5.1	3.4
Rent Payment Deferment/Flexibility	94.0	3.3	2.7
Eviction Protection	97.0	2.7	0.2
Rental Assistance	94.9	4.0	1.1

Six percent received rent payment flexibility during the pandemic, including 2.7 percent who were still receiving rent flexibility in February 2022. While a small group received eviction protection, by February 2022 almost none were, reflecting the fact that federal and state eviction moratoria had largely ended by the time of the survey. It is likely that more consumers benefited from eviction protection than reporting they were actively receiving it because they may not have known what steps their landlords would have taken in the absence of eviction protections. While 4 percent had received rental assistance, by February 2022 only 1.1 percent of non-homeowning households were still receiving rental assistance.

TABLE 8: "DID YOU RECEIVE FLEXIBILITY OR ASSISTANCE FROM ANY OF THE FOLLOWING CORONAVIRUS-SPECIFIC PROGRAMS OR PROMOTIONS?" (LIMITED TO RENTERS WHO HAD NOT PAID OR BEEN LATE WITH THE RENTAL PAYMENT AT LEAST ONCE IN THE LAST YEAR)

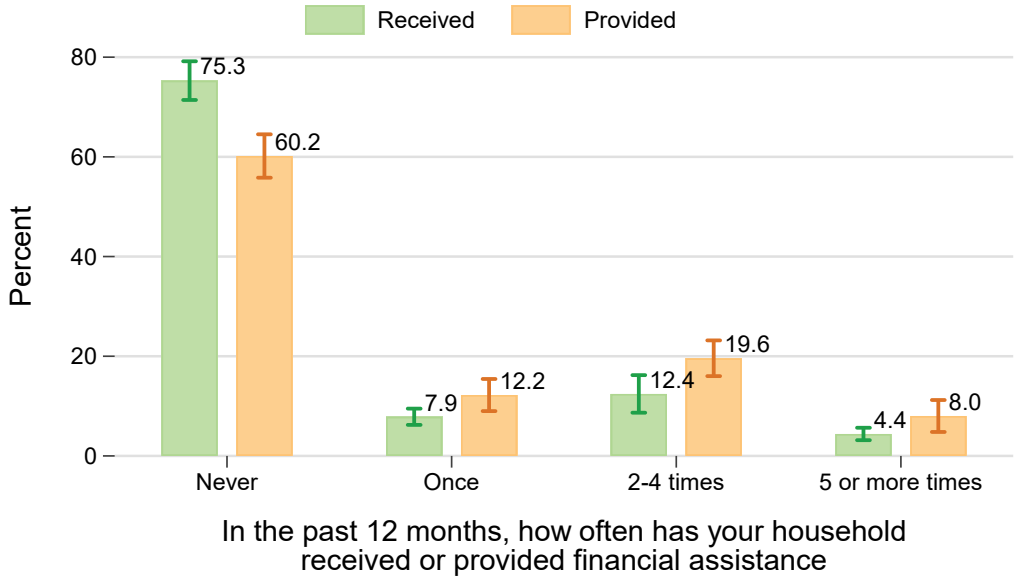
Programs or Promotions	Did Not Receive (%)	Received and no longer receiving (%)	Still Receiving (%)
Any form of assistance	80.4	14.5	5.2
Rent Payment Deferment/Flexibility	87.0	9.0	4.0
Eviction Protection	90.3	9.1	0.6
Rental Assistance	84.4	13.0	2.6

Rental assistance was more common among renters experiencing problems, but was still not common. Table 8 shows the percentage of renters who had not paid or been late with a rental payment who received some sort of coronavirus specific rental assistance. For renters who had not paid or been late with a rental payment in the past year, 19.7 percent either received or were still receiving some form of assistance with rent or eviction, including the 13 percent who received rental assistance.

4.5 Support to or from other households

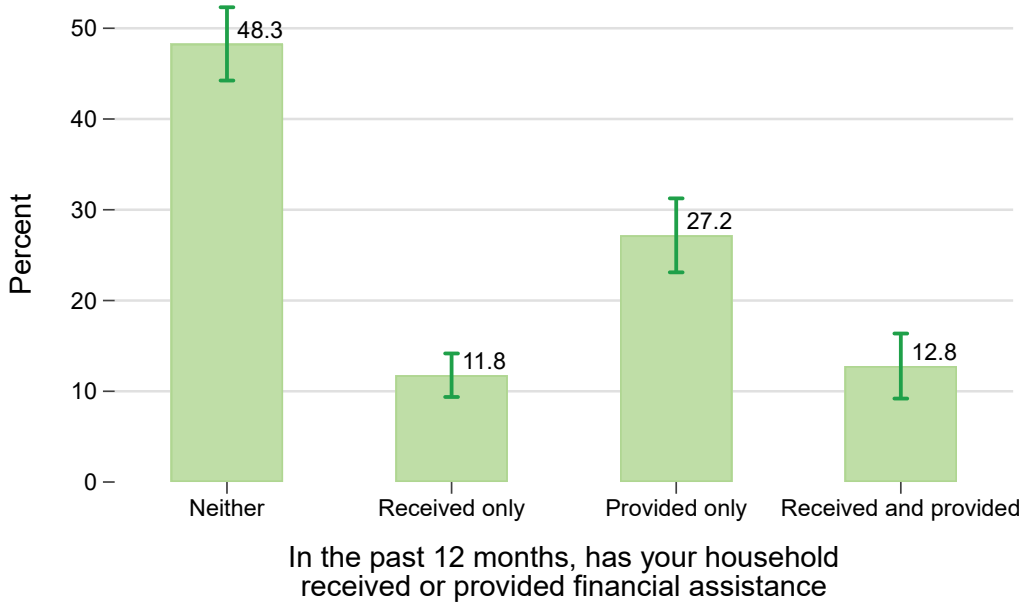
Many households provide financial support or receive financial support from other households. These financial relationships can help households weather financial shocks, but they can also be a source of financial stress for the giving households. Figure 8 shows that 25 percent of households received financial assistance from friends or family outside the household and 40 percent provided assistance. Most households who received any assistance received it more than once with about half receiving assistance two to four times. Similarly, most households who provide assistance provided it more than once, with about half providing assistance two to four times per year.

FIGURE 8: HOW FREQUENTLY HOUSEHOLDS RECEIVED OR PROVIDED FINANCIAL ASSISTANCE TO FRIENDS OR FAMILY IN THE PAST YEAR



More than half of households either received or provided financial assistance to friends or family outside the household in the previous year. Figure 9 shows the percentage of households that received assistance, provided assistance, both received and provided, or did neither. While 27 percent only provided assistance, 13 percent both received and provided, more than the 12 percent who received only. This finding suggests that mutual financial aid is important for many families. Because the question asked only about support in the previous year, these percentages do not include families who receive support one year and provided it another.

FIGURE 9: HOUSEHOLDS THAT RECEIVED, PROVIDED, OR BOTH RECEIVED AND PROVIDED FINANCIAL ASSISTANCE



Receiving and providing financial assistance varied substantially across consumer groups. Table 9 shows that Black households were both more likely to provide financial assistance and more likely to receive it than non-Hispanic white families. Unsurprisingly, receiving financial assistance declined substantially with age, likely because parents and grandparents helped support younger generations. Yet providing assistance was relatively constant with age, suggesting that even younger generations helped each other. Receiving assistance was also more common in rural areas.

TABLE 9: FINANCIAL ASSISTANCE FROM AND TO OTHER HOUSEHOLDS (SEE APPENDIX B FOR DETAILED GROUP DEFINITIONS)

	Received Financial Assistance (%)		Provided Financial Assistance (%)	
	Mean	Std Err	Mean	Std Err
Overall	24.7	2.0	39.8	2.2
Race				
White	24.1	2.8	40.0	3.2
Black	31.9	5.4	49.1	5.1
Hispanic	25.0	2.8	35.4	3.2
Asian	15.6	4.5	30.4	6.4
Other	24.3	5.6	39.9	6.5
Education				
Highschool or less	34.0	5.6	42.6	5.8
Some college but no degree	27.1	3.3	40.5	3.3
Two-year college or vocational	20.7	2.8	33.0	3.3
College or post-graduate	19.1	2.1	40.2	3.1
Age group				
Less than 40	37.3	4.4	39.4	4.8
40 - 61	22.4	1.9	41.3	2.2
Greater than 61	15.4	3.4	35.0	3.0
Income group				
$20,000 or less	47.6	5.4	26.5	3.8
$20,001-$50,000	30.8	3.3	38.9	3.2
$50,001-$80,000	26.0	6.2	49.3	5.9
$80,001-$125,000	12.5	2.3	34.5	3.1
$125,001 or greater	8.5	2.5	42.9	5.7
Geographic group				
Metro	23.3	2.1	40.1	2.5
Some urban	30.3	6.1	37.0	4.6
Rural	38.9	11.7	40.7	11.5
Military Service				
None	26.3	2.2	39.2	2.3
Some service	11.4	3.2	46.4	9.2
Student debt status				
$0	22.4	2.3	39.9	2.6
$10,000 or less	32.8	6.3	41.7	6.7
Greater than $10,000	35.3	4.0	38.9	3.9

5. Access to credit

This section examines consumers' access to credit and the credit products consumers use, focusing primarily on credit cards and small dollar, high-cost products, such as payday loans, pawn loans, auto title loans, and overdraft, rather than high-value secured products, such as auto loans and mortgages.

5.1 Credit applications

Many consumers regularly apply for credit. One measure of credit access is whether consumers who apply for credit obtain it, but applications only capture part of access to credit because consumers are also frequently turned down and may decide not to apply because they anticipate they will be turned down. Table 10 shows these three distinct aspects of credit access. Overall, 44 percent of consumers applied for some sort of credit in the past year. Meanwhile, 22 percent of all consumers were turned down or not given as much credit as they applied for at least once. This calculation is not conditional on applying. When we limit it to consumers who applied for credit, 42 percent were turned down or not given as much credit as they applied for. At the same time, 24 percent of consumers did not apply for credit because they thought they might be turned down. Altogether, 29.7 percent of consumers either did not apply or were turned down for some credit at least once in the past year.

TABLE 10: WHETHER CONSUMERS "APPLIED FOR CREDIT OR A LOAN IN THE LAST YEAR," WERE "TURNED DOWN FOR A LOAN OR NOT GIVEN AS MUCH CREDIT AS YOU APPLIED FOR," OR "THOUGHT ABOUT APPLYING BUT CHANGED YOUR MIND BECAUSE YOU THOUGHT YOU MIGHT BE TURNED DOWN."

	Applied (%)		Turned down or did not receive as much credit as applied for (%)		Decided not to apply because anticipate being turned down (%)	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	44.0	2.1	21.6	2.2	23.9	2.1
Race						
White	43.2	3.0	19.8	3.4	20.2	3.2
Black	48.5	5.1	29.9	4.0	33.3	4.0
Hispanic	47.7	3.5	25.2	3.0	31.9	3.2
Asian	28.9	6.1	8.8	3.5	13.3	4.4
Other	54.4	8.2	29.4	7.8	43.8	9.0
Education						
Highschool or less	45.0	5.7	35.2	6.2	35.3	6.0
Some college but no degree	42.9	3.3	21.8	2.6	27.9	3.1
Two-year college or vocational	48.4	3.9	21.7	3.0	30.7	3.5
College or post-graduate	42.8	2.8	12.5	1.7	12.6	1.6
Age group						
Less than 40	53.5	4.2	31.1	5.2	38.3	4.9
40 - 61	50.6	2.3	21.9	1.9	21.6	1.8
Greater than 61	28.5	2.9	11.8	2.6	12.0	1.4
Income group						
$20,000 or less	32.9	4.4	35.2	5.4	35.4	4.6
$20,001-$50,000	44.5	3.1	23.1	2.3	28.6	2.5
$50,001-$80,000	51.1	5.7	28.8	7.6	37.3	7.0
$80,001-$125,000	48.4	3.5	17.0	2.9	14.9	2.6
$125,001 or greater	41.0	4.8	6.8	1.8	3.4	1.0
Geographic group						
Metro	43.2	2.3	20.9	2.5	24.3	2.4
Some urban	43.4	5.1	27.8	6.4	23.6	4.1
Rural	58.7	9.0	18.5	5.6	17.8	5.3
Military Service						
None	45.7	2.2	22.7	2.6	25.1	2.5
Some service	31.4	6.1	14.8	3.7	16.0	3.9
Student debt status						
$0	41.3	2.5	20.5	2.7	22.8	2.5
$10,000 or less	51.5	7.2	22.3	5.2	23.0	5.2
Greater than $10,000	56.7	4.1	27.2	3.7	30.5	3.8

Credit applications did not vary substantially across racial or ethnic groups, except for Asian Americans who applied less frequently (but with a large standard error because our sample of Asian Americans is small). Credit applications are also fairly stable across education groups. Older Americans were much less likely to apply for credit. Credit applications were most common among consumers with middle incomes; both high-income households and low-income households were less likely to apply for credit.

While there are some differences in applications across consumer groups, the biggest differences come from being turned down or not applying. Black consumers were 10 percentage points more likely to be turned down than white consumers and 13 percentage points more likely to not apply in the first place. Hispanic consumers were similarly more likely to be turned down and more likely to not apply in the first place. Across income groups, the highest income households were rarely turned down and rarely decided not to apply because they worried they would be turned down. However, access to credit was a concern even for middle-income households. Twenty nine percent of consumers whose household income was $80,000 or less—a group that includes more than half of all U.S. households[14]—report being turned down or not given as much credit as they wanted. Similarly, about 33 percent of consumers whose household income was $80,000 or less did not apply because they worried they would be turned down.

[14] Jessica Semega and Melissa Kollar, "Income in the United States: 2021" Census Bureau Current Population Reports, P60-276, September 13, 2022, https://www.census.gov/library/publications/2022/demo/p60-276.html.

5.2 Credit card availability and use

Credit cards are the most commonly available form of consumer credit. Table 11 shows how having a credit card varies across consumer groups. In the 2022 Making Ends Meet survey, 80.2 percent of consumers had a credit card. Credit cards were most common among high-income households and consumers with at least a four-year college education; 95 percent of households with incomes over $80,000 or a college degree had a credit card. Meanwhile, 65 percent of Black consumers and 72.5 percent of Hispanic consumers had a credit card. Consumers under age 40 and lower-income consumers were somewhat less likely to have a credit card.

Nearly half of consumers with a credit card did not pay their full balance the month prior to the survey and so are "revolving" debt from month to month.[15] While many consumers find credit cards a useful payment mechanism, typically only consumers who do not pay their full bill every month are charged interest. Even though Black consumers were less likely to have a credit card, they were the most likely to be revolving debt. While revolving was more common for lower-income households, half of households with incomes from $20,000 to $125,000 were revolving and 30 percent of households with more than $125,000 in income were revolving.

[15] The survey's association with credit bureau data gives us two ways to measure whether someone has a credit through the survey and the credit bureau. For consistency, we measure revolving conditional on having a credit card in the survey. We measure credit card debt using the credit bureau data for open credit cards, not conditional on the survey.

TABLE 11: WHETHER A CONSUMER HAS A CREDIT CARD, IS REVOLVING ON IT, AND CREDIT CARD DEBT BY DEMOGRAPHIC GROUP[16]

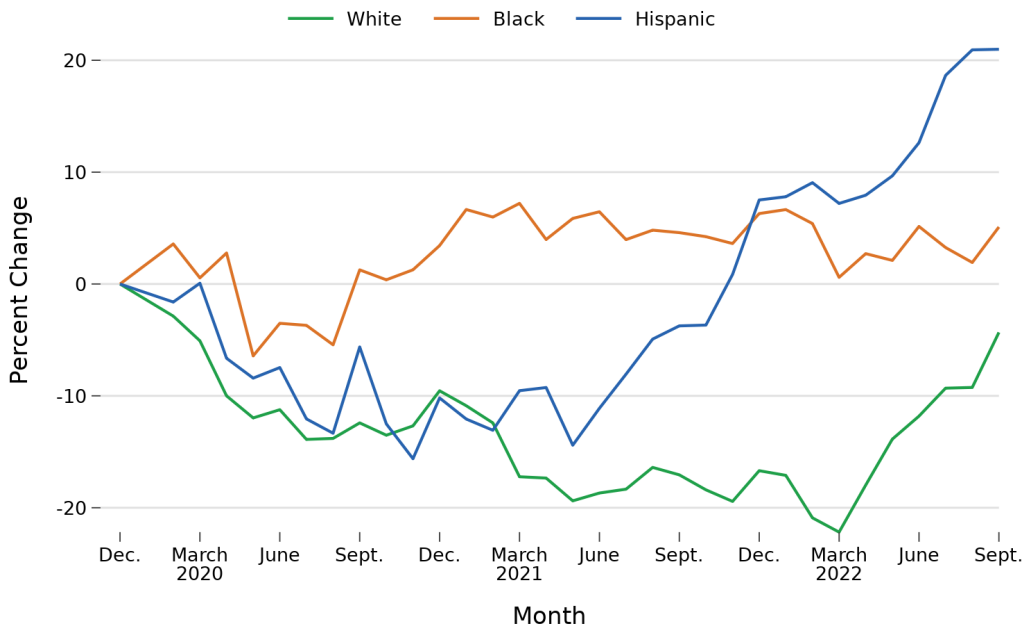
	Has a Credit Card (%)		Revolving (if have a credit card, %)		Credit Card Debt	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	80.2	2.1	47.0	2.0	4773	285
Race						
White	83.3	3.0	43.8	2.7	4731	378
Black	65.2	5.3	62.3	4.3	4002	549
Hispanic	72.5	3.8	57.9	3.5	4683	599
Asian	95.4	1.9	31.1	6.5	6540	1531
Other	84.3	5.2	53.3	9.6	5395	1443
Education						
Highschool or less	56.7	5.6	41.6	5.3	2266	349
Some college but no degree	85.7	2.7	60.4	3.4	5477	644
Two-year college or vocational	77.0	3.9	61.5	3.9	4882	569
College or post-graduate	95.2	1.2	40.5	2.8	6179	511
Age group						
Less than 40	75.0	4.5	48.3	4.5	3211	413
40 - 61	83.3	2.0	55.1	2.5	7354	538
Greater than 61	81.1	4.2	39.5	2.3	3786	363
Income group						
$20,000 or less	47.1	5.3	60.3	4.8	1572	356
$20,001-$50,000	75.9	3.3	51.2	3.0	3123	345
$50,001-$80,000	82.3	6.4	51.9	5.6	4530	651
$80,001-$125,000	96.0	1.4	52.0	3.6	7526	673
$125,001 or greater	95.3	2.6	29.9	4.1	7431	1001
Geographic group						
Metro	82.2	2.2	46.1	2.2	5042	323
Some urban	69.6	6.4	53.6	4.9	3229	600
Rural	67.1	12.3	50.9	7.5	3334	1113
Military Service						
None	82.1	2.2	48.0	2.1	4987	316
Some service	87.7	3.4	39.7	8.1	4864	1103
Student debt status						
$0	78.5	2.5	41.3	2.2	4213	297
$10,000 or less	76.8	6.7	64.3	7.3	8101	1920
Greater than $10,000	90.7	2.0	70.0	4.2	6905	710

[16] We measure having a credit card and revolving it from the survey, which may be different than whether the consumer has an open card in the CCP. Credit card debt is the sum of the debt on all open retail and general purpose credit lines in the CCP.

Credit card debt is composed of two components: transactions from the previous month and any revolving debt left over from previous months. Moreover, consumers are limited by their credit card limit. This combination complicates the relationship between credit card debt, income, and other demographic characteristics. For example, although the highest income consumers had the most credit card debt, they were the least likely to be revolving that debt. Taking the top of the income range for each group in Table 11 (except for the $125,000 or greater group), the debt-to-income ratio for all groups was between 5.5 and 7.7 percent and lower income groups were more likely to revolve at least some of that debt.

Figures 10, 11, and 12 show how credit card debt has evolved over the last several years for select groups. In each figure, we fix the group based on the February 2022 survey and use the CCP to examine how that group's credit card debt changed since December 2019. Figures 10, 11, and 12 are conditional on having an open credit card in the CCP and consumers with a credit card, but zero reported credit card debt, are included. We index the figures to December 2019 and adjust for inflation, so the figures show the percentage change in real credit card debt for each group since 2019. In Figure 10, we do not show credit card debt separately for Asian and other racial groups due to the small sample size and in Figure 12 we combine income groups because of sample size and to make the figure clearer.[17]

FIGURE 10: CREDIT CARD DEBT BY RACE AND ETHNICITY (INDEXED TO DECEMBER 2019, INFLATION ADJUSTED)



[17] In addition, when calculating credit card debt, we drop one consumer whose credit card debt changed by several orders of magnitude more than other consumers.

FIGURE 11: CREDIT CARD DEBT BY AGE (INDEXED TO DECEMBER 2019, INFLATION ADJUSTED)

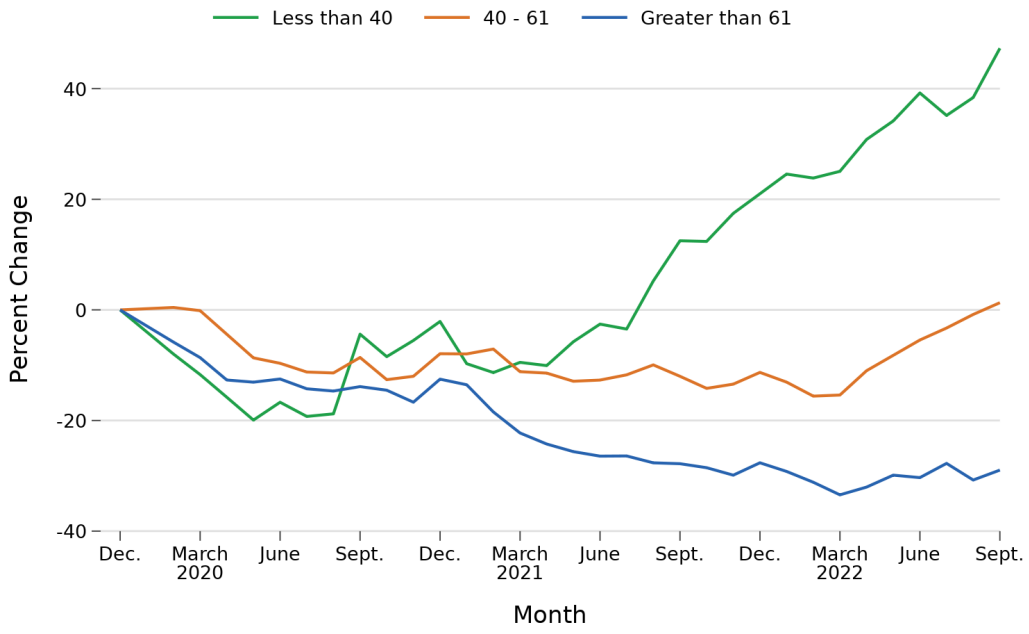
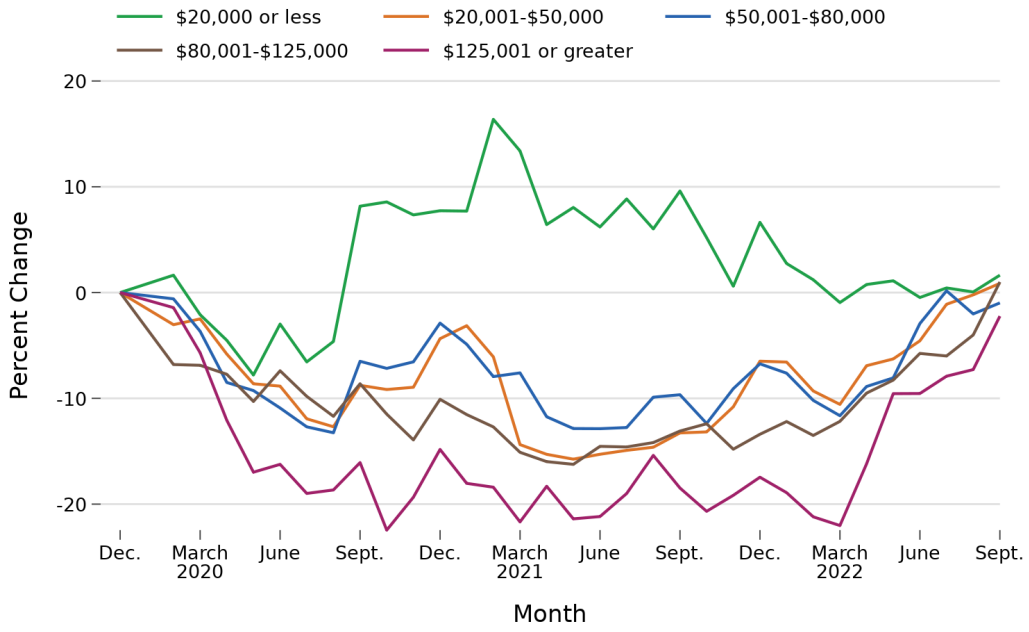


FIGURE 12: CREDIT CARD DEBT BY INCOME (INDEXED TO DECEMBER 2019, INFLATION ADJUSTED)



For all groups in Figures 10, 11, and 12, real credit card debt dropped sharply at the pandemic's start in March 2020. Credit card debt mostly stayed 10 to 20 percent lower until January or March 2021 and then dropped more. Two new rounds of Economic Impact Payments were deposited in January 2021 and March 2021. The fall in credit card debt starting in March 2020 was not because of reduced credit card limits, since limits did not decline except for the highest score consumers.[18] For most groups, real credit card debt stayed low until early 2022. Constant levels of inflation-adjusted credit card debt in Figures 10, 11, and 12 mean that, in nominal terms, credit card debt has been increasing at about the rate of inflation, which was high over 2021 and 2022. Real credit card debt is still more than 10 percent lower for all income groups in September 2022 than it was in December 2019.

However, for some groups, credit card debt has been increasing after falling early in the pandemic. The real credit card debt of Hispanic consumers and consumers under age 40 in February 2022 has been increasing rapidly since around June 2021. Meanwhile, older consumers have either had flat or decreasing credit card debt, as have non-Hispanic white and Black consumers. These trends reflect other evidence in this report on financial well-being, income variability, and ability to weather an income drop that the financial situation of Hispanic consumers and consumers under age 40 appeared to deteriorate rapidly over 2021 and 2022. These trends may be driven by the same underlying forces; in our sample, Hispanic consumers are significantly younger on average.

5.3 Alternative financial services

A small but significant fraction of consumers use alternative financial services, such as payday, auto title, and pawn loans. As discussed in previous reports, users of these products tend to use them intensively, frequently rolling over loans.[19] Figure 13 shows the percentage of consumers who report taking out a new payday, pawn, or auto title loan, or having had an overdraft. The June 2019 survey asked about taking out a payday, auto title, or pawn loan in the previous six months, while the other surveys asked about the previous 12 months, so these questions are not completely comparable across surveys. Nonetheless, our prior research demonstrates that people who use these products typically do so repeatedly, so whether someone has used an alternative financial service in the previous six months is likely to be similar to whether someone

[18] Corinne Candilis and Ryan Sandler, "Credit card limits are rising for most groups after stagnating during the pandemic," CFPB Blog, August 11, 2021, https://www.consumerfinance.gov/about-us/blog/credit-card-limits-rising-for-most-groups-after-stagnating-during-pandemic/.

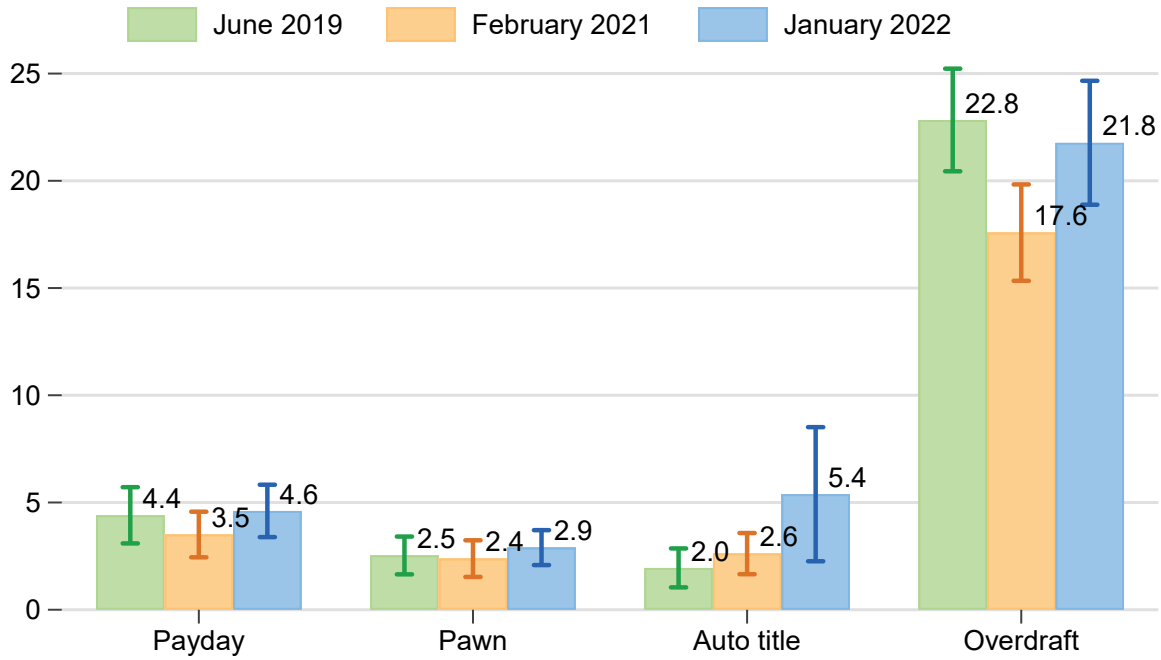
[19] Scott Fulford and Cortnie Shupe, "Consumer use of payday, auto title, and pawn loans: Insights from the Making Ends Meet Survey," CFPB Office of Research, Research Brief No. 2021-1, May 2021, https://www.consumerfinance.gov/data-research/research-reports/consumer-use-of-payday-auto-title-and-pawn-loans-insights-making-ends-meet-survey/.

has used an alternative financial service in the previous 12 months. All surveys asked about overdraft in the previous 12 months.

During the first year of the pandemic, use of payday, pawn, and overdraft services declined. While our questions on payday and pawn are not completely comparable, other research confirmed a large decline, as well.[20] The five percentage point decline in overdraft is particularly notable. The bars in Figure 13 show the 95 percent confidence intervals and the decline is large enough to be statistically significant at a 95 percent level.

Between the 2021 and 2022 surveys, use of these financial services rebounded to their pre-pandemic levels or higher. The rise in auto title loans, in particular, increased by nearly 2.8 percentage points although the confidence intervals on this estimate are particularly large. While the 95 percent confidence intervals for all of these high-cost products are generally large enough to include the February 2021 level of use, the results suggest that consumers are using these products again.

FIGURE 13: PERCENTAGE OF CONSUMERS USING PAYDAY, PAWN, AUTO TITLE, OR OVERDRAFTING IN THE LAST 12 MONTHS



[20] Veritec Solution "Update: COVID-19 Impact Study on Small-Dollar Lending," October 22, 2020, https://www.veritecs.com/update-covid-19-impact-study-on-small-dollar-lending/.

6. Student Loans

This section examines who holds student loans and highlights some characteristics of student loan borrowers. Table 12 shows the percentage of consumers who held any student debt as of the December before each survey. We report the December values to hold seasonal variation constant. Overall, 18.8 percent of consumers held at least some student debt in December 2021. Black consumers were nearly twice as likely as Hispanic and non-Hispanic white consumers to hold student debt. Student debt was also more common among younger consumers, consumers with no military service history, and consumers in metropolitan areas. Consumers across most income levels held some student debt at similar rates.

Among consumers with a four-year college degree, 28.1 percent held some student debt, while 24.5 percent of those with a two-year or vocational degree did. A significant fraction—19.4 percent—of people with some collegiate education but no degree had student debt as well. Some of these consumers may be in the process of completing their degrees. Among consumers 25 years old or older, a smaller but still significant proportion—15 percent—of those with some collegiate education but no degree had student debt in December 2021. Only 2.3 percent of those without any college held student debt.

TABLE 12: PERCENTAGE OF CONSUMERS WITH STUDENT DEBT BY DEMOGRAPHICS

	December 2021		December 2020		December 2018	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	18.8	1.3	15.6	1.1	19.1	1.1
Race						
White	17.6	1.7	15.0	1.3	18.1	1.3
Black	31.3	3.9	24.9	3.3	28.6	3.5
Hispanic	16.7	2.5	15.1	3.1	18.2	3.4
Asian	10.8	4.0	9.1	3.2	13.0	4.4
Other	18.6	5.8	9.7	3.1	13.9	4.4
Education						
Highschool or less	2.3	.6	4.3	1.1	4.3	1.1
Some college but no degree	19.4	2.9	17.1	3.1	22.2	2.9
Two-year college or vocational	24.5	3.4	12.6	2.1	17.7	2.5
College or post-graduate	28.1	2.4	23.5	1.9	28.1	2.0
Age group						
Less than 40	31.5	3.4	29.4	2.9	37.0	2.7
40 - 61	20.6	1.8	15.1	1.4	18.4	1.6
Greater than 61	4.4	.9	4.7	.8	4.7	.9
Income group						
$20,000 or less	14.3	3.1	15.0	2.8	17.4	2.8
$20,001-$50,000	19.5	2.3	11.0	1.8	17.8	2.5
$50,001-$80,000	19.7	3.2	18.4	2.7	19.6	2.4
$80,001-$125,000	23.9	3.2	18.9	2.6	22.7	2.7
$125,001 or greater	18.2	3.2	16.2	2.3	20.4	2.5
Geographic group						
Metro	20.2	1.5	15.9	1.2	19.7	1.3
Some urban	12.1	3.2	14.5	2.5	15.4	2.0
Rural	8.6	3.5	9.6	1.6	14.5	1.5
Military service						
None	20.7	1.5	17.6	1.3	21.4	1.3
Some service	13.8	3.8	6.8	1.7	10.6	2.1

Table 13 shows how the percentage with student debt varies by income and education level. Student debt is strikingly prevalent among the lowest income consumers with some college, whether or not they have completed a college degree. Over one-third of consumers with a degree earning less than $20,000 a year had student debt and one quarter of consumers with some college but no degree earning less than $20,000 had student debt. These percentages are similar for consumers earning from $20,001 to $50,000 and $50,001 to $80,000. Student debt is concentrated among the young (see Table 12) and earnings typically grow with age, so this pattern is partly explained by age. But the explanation does not change the distributional fact that student loans are more common among consumers with the lowest incomes.

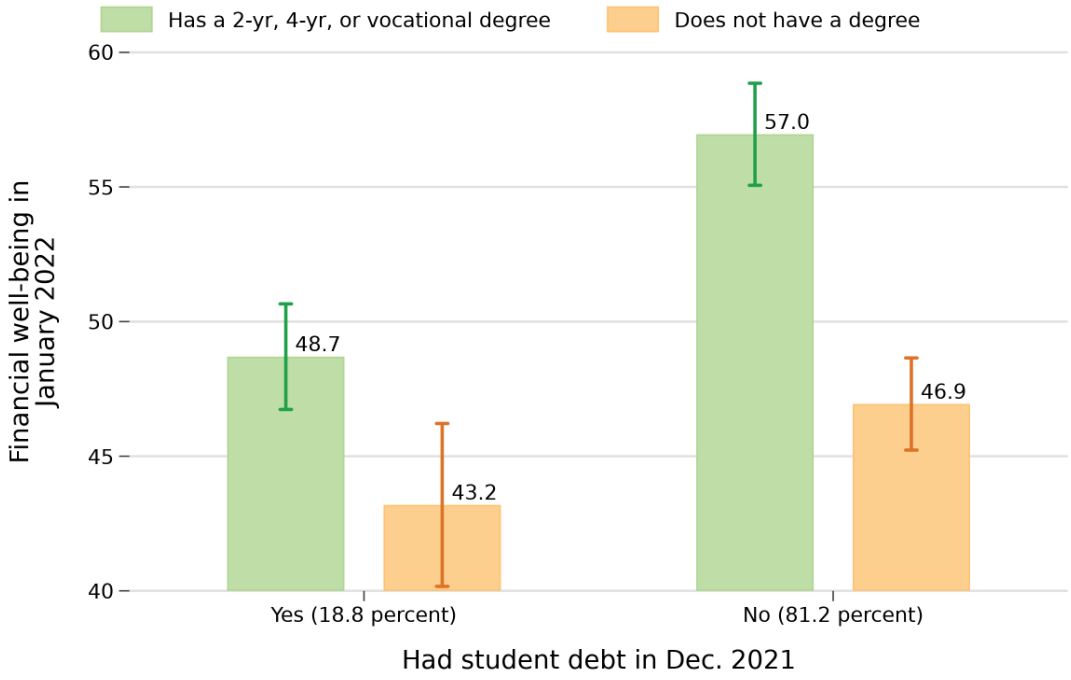
TABLE 13: PERCENT WITH STUDENT DEBT BY DEGREE STATUS AND INCOME[21]

Income	Vocational, two-year, four-year, or graduate degree	Std Err	Some college, but no degree	Std Err	High school degree or less	Std Err
Overall	27.2	1.9	19.4	2.9	2.3	1.3
$20,000 or less	36.4	7.8	24.9	7.2	1.8	.9
$20,001-$50,000	33.5	3.9	20.3	5.0	3.1	1.1
$50,001-$80,000	29.3	3.9	22.3	7.6	2.8	1.8
$80,001-$125,000	29.1	4.0	-	-	-	-
$125,001 or greater	20.1	3.6	-	-	-	-

Figure 14 shows that consumers with student debt have lower financial well-being than those without student debt, and that financial well-being for those with student debt, but without a degree, is lower still. The average financial well-being score for consumers with a degree and without student debt is 57.0 compared to a score of 48.7 for consumers with a degree and student debt. This gap is as about as large as the financial well-being difference between consumers in households earning $20,000 to $50,000 and earning $80,000 to $125,000 (see Section 3.1). Comparing among consumers without a degree, there is a smaller 3.7 point gap between consumers with student debt and consumers without. The largest difference is between consumers with a degree and no debt and debt but no degree.

[21] Some values suppressed because of small sample sizes.

FIGURE 14: FINANCIAL WELL-BEING BY STUDENT DEBT AND DEGREE



In August 2022, the Department of Education announced that individuals with federal student loans who earn under $125,000 per year would have up to $10,000 in student debt forgiven.[22] At the time this report was published, the plan was on hold and the Department of Education was no longer accepting applications for forgiveness due to pending litigation. Among those earning less than $125,000, 19.4 percent had student debt of some variety, and 22 percent of these individuals had less than $10,000. These numbers do not correspond precisely to the percentage of people whose debt would be completely forgiven under the Department of Education's forgiveness program. Within the CCP, we cannot distinguish between federal student loans and privately held student loans, which are not subject to the program. Recent estimates, however, suggest that 92 percent of outstanding student loans are held by the federal government.[23]

[22] The announcement also included forgiveness for Pell Grant recipients of up to $20,000 and for married couples jointly earning less than $250,000 per year. See Department of Education, "Biden-Harris Administration Announces Final Student Loan Pause Extension Through December 31 and Targeted Debt Cancellation to Smooth Transition to Repayment," August 24, 2022, https://www.ed.gov/news/press-releases/biden-harris-administration-announces-final-student-loan-pause-extension-through-december-31-and-targeted-debt-cancellation-smooth-transition-repayment.

[23] The percentage of student loans is based on outstanding balance. See Elan Amir, Jared Teslow, Christopher Borders, "The MeasureOne Private Student Loan Report," December 15, 2021, https://fs.hubspotusercontent00.net/hubfs/6171800/assets/downloads/MeasureOne%20Private%20Student%20Loan%20Report%20Q3%202021%20FINAL%20VERSION.pdf.

Table 14 shows average student debt balances among those with student debt by selected demographics. It also shows the percentage of borrowers whose incomes are under $125,000 and whose student balances are under $10,000—that is, the percentage of borrowers whose entire student loan balance would be eligible for forgiveness under the Department of Education's proposed policy, if all student loans were federal loans. Finally, it includes the average percentage of a borrower's balance that would be forgiven under that policy, if all student loans were federal loans. Several demographic groups yielded a sample size too small for analysis when looking only at consumers with student debt. We only report demographic subgroups with sufficient sample size among consumers with student debt in Table 14.

TABLE 14: AVERAGE BALANCES, PERCENT WHO MEET INCOME THRESHOLD FOR FORGIVENESS AND HAVE BALANCES LESS THAN $10,000, AND AVERAGE PERCENT OF BALANCE POTENTIALLY ELIGIBLE FOR FORGIVENESS AMONG STUDENT BORROWERS

	Average student debt balance		Percent of borrowers with income under $125,000 and balances under $10,000		Average percent of balance eligible for forgiveness	
	Mean	Std Err	Mean	Std Err	Mean	Std Err
Overall	42264	3532	17.6	2.5	40.1	2.6
Race						
Non-Hispanic white	37634	4013	18.1	3.7	39.7	3.7
Black	58718	10367	10.5	3.5	38.1	3.9
Age group						
Less than 40	39482	4530	16.2	3.8	40.7	3.8
40 or older	45689	5536	19.6	3.3	39.4	3.3
Income group						
$50,000 or less	37288	4659	25.7	4.4	53.8	4.0
$50,001 or more	45627	5059	13.4	3.2	32.0	3.2
Education						
Some college, or high school degree or less	18647	2034	31.4	6.6	66.6	4.8
Vocational, two-year, four-year, or graduate degree	48601	4384	14.1	2.8	33.3	2.8

Non-Hispanic white borrowers held an average of $37,634 in student debt, while Black borrowers had an average of $58,718. Student debt balances were also higher for younger borrowers, borrowers with higher incomes, and borrowers with a vocational, two-year, four-year, or graduate degree.

Overall, 17.6 percent of student loan borrowers would be eligible to have their entire balance forgiven under the policy outlined by the Department of Education. This includes 14.1 percent of student loan borrowers with a vocational, two-year, four-year, or graduate degree and 31.4 percent of student loan borrowers who have a high school degree or less. It also includes 18.1 percent of non-Hispanic white student loan borrowers and 10.5 percent of Black student loan borrowers.

Finally, the average student loan borrower would be eligible to have about 40 percent of their balance forgiven under the policy. This number grows to 67 percent among borrowers without a degree and shrinks to 33 percent among borrowers with a postsecondary degree. Average percentages of balance forgiven are similar between Black and non-Hispanic white borrowers and for borrowers earning below or above $50,000 per year. The average student loan borrower earning under $50,000 per year would be eligible to have more than half their balance forgiven.

7. Conclusion

Consumers appeared to be at a crossroads in 2022. In the previous year, a tight labor market, reductions in household spending, and unprecedented aid to families, the unemployed, and small business had left many households with substantial savings and greater ability to pay their bills. As a result, financial well-being increased during the first year of the pandemic.[24]

By 2022, these gains started to slip, especially for renters, Hispanic consumers, and consumers under the age of 40. By most measures, the average consumer was still better off than before the pandemic, but the direction was no longer positive. Fewer consumers were having difficulty paying their bills compared to before the pandemic, but more had difficulty compared to February 2021. Consumers felt less confident about their finances and financial well-being had returned to its pre-pandemic level. Income variability increased and many consumers were not prepared to weather a financial downturn without cutting their expenses.

Should a recession occur and unemployment increase, more families will be face difficulties making ends meet. Our research suggests that families faced with difficulties making ends meet often cut regular household expenses, such as utilities, food, and medical expenses, and often seek to delay rent or mortgage payments. Many consumers turn to their friends or families for help. These relationships help some families manage problems but can also spread problems to their communities. Families experiencing problems may also turn to high-cost forms of credit, such as payday, auto title, pawn, and overdraft. These products' use increased from February 2021 to February 2022.

Meanwhile, startling disparities in financial health and access to credit remain between racial and ethnic groups. Black consumers are substantially more likely to have difficulty paying bills and expenses than non-Hispanic white consumers. And they are much more likely to be turned down for credit or not apply for credit because they fear being turned down. Black consumers are also more likely to have both given and received financial help from friends or family.

This report examines how the average consumer's financial status evolved during a volatile economic time. It also seeks to dig below the average to understand the financial status of underserved consumers and communities and to track emerging risks. By doing so, the CFPB can be better prepared with policy solutions to mitigate such risks. The CFPB will continue to undertake data driven research to understand and report on consumers' economic conditions.

[24] Scott Fulford and Cortnie Shupe, "Consumer finances during the pandemic," CFPB Data Point No. 2021-3, December 2021, https://files.consumerfinance.gov/f/documents/cfbp_making-ends-meet-survey-insights_report_2021-12.pdf.

APPENDIX A: SURVEY RESPONSE, SAMPLING, AND WEIGHTING

We mailed the survey to 16,800 consumers and had 1,798 surveys returned for postal non-delivery and 2226 completed and partial responses. We define complete response responses as responses that answered several key questions spread across the survey. There were 2,125 complete responses. The AAPOR Response Rate 1 is 12.65 percent, excluding partial responses; Response Rate 2 is 13.25 percent assuming all delivered and non-deliverable mailings are eligible and counting all partials as responses. Many credit records are fragments, so an alternate response rate excludes these mailings gives an AAPOR Response Rate 3 of 14.16 percent.[25]

The survey package included a 12-page paper survey, but also offered an online and mobile option by visiting a website, texting a number, or scanning a QR code. Approximately one third of respondents took the survey online.

The sample for the February 2022 survey was selected from the CFPB's Consumer Credit Panel (CCP), a 1-in-48 random and deidentified sample of credit records maintained by one of the three nationwide credit reporting agencies (NCRAs).

The NCRA associated the survey responses to CCP information through a process that preserved the confidentiality of consumers in the survey sample, survey responses, and credit record information. The CFPB selected the survey sample and informed the NCRA which anonymized credit records were selected. The NCRA mailed the surveys using its database of addresses. Survey responses were collected by the NCRA's subcontractor, who removed any direct personally identifying information and other potentially identifying information that respondents may have inadvertently included before returning the results to the CFPB. The June 2019 survey report contains additional details on the survey development process and survey protocol.[26]

[25] See American Association for Public Opinion Research, "Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys," revised 2016, https://www.aapor.org/AAPOR_Main/media/publications/Standard-Definitions20169theditionfinal.pdf.

[26] Scott Fulford and Marie Rush, "Insights from the Making Ends Meet Survey," CFPB Research Brief No. 2020-1, July 2020, https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf.

Previous Making Ends Meet surveys have focused on understanding consumers who may have had recent financial difficulty, the pandemic's financial impact, and consumers' savings habits. In addition to these themes, the February 2022 survey included a section on debt collection and developed new questions to understand how the financial experiences of African Americans, Hispanics, and other potentially underserved consumers may differ.

To help achieve sufficient statistical power to understand the experiences of these consumers, the survey sampling overweighted select groups from the CCP. We oversampled: consumers with recent collections, consumers with 60-day delinquencies, consumers with very poor or poor credit scores, consumers living in majority Black or Hispanic areas, consumers living in below median-income areas, consumers who were likely to be Black or Hispanic as predicted by the NCRA, and consumers who were likely to be low income as predicted by the NCRA. The NCRA predictions are based on its internal analysis for marketing. Based on previous Making Ends Meet surveys, these marketing variables are predictive of race, ethnicity, and income, but are also potentially error prone and biased. Because we ultimately asked respondents about their income and race, we use these variables only for weighting, not for analysis. We undersampled records that are likely to be credit record fragments based on our analysis. Finally, we trim sampling weights to avoid extreme weights.

The final survey weights combine selection weights (to account for the fact that certain sets of credit records were sampled at higher rates than others) and nonresponse adjustment weights (to account for systematic differences in response rates). We model non-response based on: (1) observables used to draw the initial sample including credit score, recent delinquencies, and recent collections; and (2) predictive variables from the CCP, including change in credit score over the previous year, a third-degree polynomial in the age from the CCP, and whether the NCRA predicts the consumer is female; and (3) an indicator for whether any of the variables used for weighting was missing and imputed. Finally, we applied a raking step to better match the 2014-2019 ACS for adults 18 and over.

After calculating the initial weights, we applied a weight smoothing method to reduce the influence of very large weights. Excessive weight variation can lead to instability of estimates and large estimate variances because some individual records receive far more weight than others. We employed a weight smoothing method to average weights within quintiles of cells defined by our sampling cells.

APPENDIX B: DEMOGRAPHIC GROUP DEFINITIONS

Many tables and figures report estimates by demographic groups. This appendix explains how we define these groups when they are not self-explanatory.

Race and ethnicity. Following a similar approach used by the FDIC unbanked/underbanked study[27] and others, the Making Ends Meet (MEM) racial and ethnic categorization is exclusive so that analysis can cleanly compare groups. The categorization is as follows: if a respondent self-identifies as "Black or African American," she is included in the Black or African American category regardless of other responses. If the respondent self-identifies as "Hispanic," she is included in the Hispanic category unless she self-identifies as Black or African American. The "Non-Hispanic white" group includes respondents who only selected the white category. "Asian" includes respondents who selected Asian, but not Black or Hispanic. "Other" include respondents who did not answer the question and Native American and Pacific Islanders.

Income group. Different MEM surveys have used somewhat different income classifications, so the income groupings across surveys are not exactly the same. Each survey asks about income over the previous tax year. We do not adjust for inflation between surveys. To compare across years, we group income buckets from the 2019 survey into the income bucket that most closely matches the 2022 and 2021 survey options. The "Less than $15,000" and "$15,001-$20,000" income buckets from the 2019 survey are grouped into the "$20,000 or less" bucket in the tables. The "$20,001-$40,000" income bucket from the 2019 survey is shown as "$21,000-$50,000" in the tables. The "$40,001-$70,000" income bucket from the 2019 survey is shown as "$50,001-$80,000" in the tables. The "$70,001-$100,000" income bucket from the 2019 survey is shown as "$80,001-$125,000" in the tables. Lastly, the "$125,001-$200,000" and "Greater than $200,000" buckets from the 2022 survey and the "Greater than $100,000" bucket from the 2019 survey are grouped into the "$125,001 or greater" section in the tables.

The February 2021 survey consisted of two similar surveys: (1) a shorter follow up to the respondents from the June 2019 survey, and (2) a new survey to a new smaller sample of consumers. The shorter follow-up relies on the income categories in June 2019 survey, while the new survey used new income categories that are the same as the 2022 survey. The combination of categories above was applied to create a unified income group variable for the February 2021 survey.

[27] Federal Deposit Insurance Corporation, "FDIC National Survey of Unbanked and Underbanked Households," 2017: 73, https://www.fdic.gov/analysis/household-survey/2017/2017report.pdf.

Rural and Urban. Metro and non-metro areas are based on whether the respondent's county contains an urban area of 50,000 or more population. The definitions are based on the Department of Agriculture's 2013 Rural-Urban Continuum Codes (RUCC) with Metro counties containing a metro area (defined as RUCC 1, 2 and 3); some urban counties containing a smaller urban area or adjacent to a metro area (RUCC 4, 5, and 6); and fully rural counties lacking any substantial urban area and not adjacent to a metro area (RUCC 7, 8, and 9).[28]

Military status. Each survey asked about the respondents' military status with options: "No military service," "On active duty," "Reserve or National Guard," and "Veteran or retired." We include all respondents who answer the last three options as having some military service and everyone else as none.

Student loan status. We use the CCP student loan tradelines in the December before each survey (December 2018, 2020, and 2021) to calculate how much student loan debt respondents had at the time of the survey. Student loan debt may include both federal and private debt.

[28] RUCC are discussed more in: USDA Economic Research Service, "Rural Urban Continuum Codes," accessed December 6, 2022, https://www.ers.usda.gov/data-products/rural-urban-continuum-codes.

APPENDIX C: COMPARISON TO OTHER SURVEYS

To understand the accuracy of the collection protocol and weighting process for the February 2022 survey, this section compares the weighted February 2022 Making Ends Meet (MEM) estimates to publicly reported estimates from similar questions from other surveys. Previous reports make similar comparisons for the other Making Ends Meet surveys. An important distinction between the MEM survey and other surveys is the CCP sample frame. The MEM surveys are weighted to be representative of the CCP which does not include people without a credit record or people under age 18. The results from MEM surveys may differ based on the sample population, as well as differences in the underlying questions and survey variation.

Tables 15 and 16 show demographic comparisons between the Making Ends Meet survey, the 2014-2019 American Community Survey (ACS)[29] and the 2021 Current Population Survey (CPS).[30] The tables display the options from the Making Ends Meet survey, along with the weighted percentage of respondents selecting each option, and the comparable statistics from the ACS. We only include comparable statistics for CPS in the education demographic because the ACS and CPS noticeably differ for this set of statistics which shows the difficulty in making comparisons across surveys.

[29] See: United States Census Bureau, "American Community Survey," https://www.census.gov/programs-surveys/acs.

[30] See: United Stated Census Bureau, "Current Population Survey," https://www.census.gov/programs-surveys/cps.html.

TABLE 15: DEMOGRAPHIC COMPARISONS BETWEEN MAKING ENDS MEET AND THE AMERICAN COMMUNITY SURVEY (PERCENT)

	MEM	ACS 2019[31]	CPS 2021
What is your sex?			
Male	46.5	48.7	
Female	53.5	51.3	
How old are you?			
18-24 years	7.4	12.2	
25 - 34 years	19.6	17.9	
35 - 44 years	16.8	16.3	
45 - 54 years	15.6	16.7	
55 - 61 years	9.1	12.0	
62 years or older	31.4	24.9	
What is your highest level of education?			
Less than a high school degree	10.2	12.1	9.6
High school degree	19.4	23.8	28.3
Some college, but no degree	13.3	22.7	17.1
Two-year college degree, Technical or vocational degree	16.0	11.8	10.0
Four-year college degree	24.9	18.6	22.2
Postgraduate degree	16.1	10.9	12.8
Race and Ethnicity			
Non-Hispanic white	61.8	63.6	
Black	12.7	13.1	
Hispanic	14.9	15.4	
Asian	6.1	6.8	
Other	4.5	1.0	

We follow the same construction using the ACS population estimates where possible, grouping three or more major races with "Other."

[31] ACS groupings are calculated from ACS 5-year microdata estimates. Numbers for our previous report differ slightly due to the use of ACS 5-year microdata estimates for all variables, including race and ethnicity which made use of 2010 Census population estimates in previous reports.

TABLE 16: INCOME COMPARISONS BETWEEN MAKING ENDS MEET AND 2015-2019 ACS[32]

Annual Household Income	MEM	ACS 2019
$50,000 or less	40.6	34.4
$50,001 to $80,000	22.6	18.4
$80,001 to $125,000	16.2	19.2
More than $125,000	20.5	28.1

For the 2022 MEM survey, we asked a more inclusive gender question which makes comparisons to other surveys imprecise. The 2022 MEM survey allowed for an "Other (such as trans or non-binary)" option and a "prefer not to answer" option and allowed respondents to select all that apply. The ACS asks a binary sex question. In Table 15, we report the percentage that answered either male or female. Among the other options, 1.9 percent of consumers selected the "other" and 2.4 percent selected "prefer not to answer." These percentages are somewhat lower than surveys which ask more detailed questions about current gender and sex assigned at birth or surveys of select populations. [33]

Overall, MEM estimates are comparable to the ACS or CPS across levels of sex, age, and ethnicity, although with important differences that may reflect the different sample frames. The largest differences occur when ACS and CPS categories do not precisely align with MEM categories or when the population under consideration differs and this can be seen in the levels of education. MEM is sampled from the CCP and is weighted to be representative of the CCP. In contrast, the ACS and CPS are designed and weighted to match the population estimates from the Census Bureau population estimates program. [34] Comparing the ACS and the CPS, the CPS uses a much smaller sample size than that of the ACS and it is a voluntary survey, unlike the ACS. One important difference between surveys is that MEM skews somewhat older than the ACS.

[32] The 2022 MEM survey income categories refer to the respondents' 2021 annual income, while ACS categories are for respondents' income in the past year, adjusted for inflation to 2019 prices.

[33] Pew Research Center, "About 5% of young adults in the U.S. say their gender is different from their sex assigned at birth," 2022, https://www.pewresearch.org/fact-tank/2022/06/07/about-5-of-young-adults-in-the-u-s-say-their-gender-is-different-from-their-sex-assigned-at-birth/; United States Census Bureau, "New Household Pulse Survey Data Reveals Differences between LGBT and Non-LGBT Respondents During COVID-19 Pandemic," 2021, https://www.census.gov/library/stories/2021/11/census-bureau-survey-explores-sexual-orientation-and-gender-identity.html.

[34] See United States Census Bureau, "American Community Survey Design and Methodology," January 2014, p. 135, https://www2.census.gov/programs-surveys/acs/methodology/design_and_methodology/acs_design_methodology_report_2014.pdf; and United States Census Bureau, "Weighting: Current Population Survey," accessed December 6, 2022, https://www.census.gov/programs-surveys/cps/technical-documentation/methodology/weighting.html.