



Recently, from the Cleveland Fed



How has the pandemic affected minority-owned firms?

Data suggest that minority-owned small businesses have been disproportionately impacted by COVID-19: They are facing higher rates of closure and sharper declines in cash balances compared to nonminority-owned small businesses. [Watch this video](#) to hear Cleveland Fed staff and area business leaders discuss recent research and innovative ways to support these businesses.



Evidence from Cleveland's Slavic Village: Subprime loans may not have caused the 2000s housing crisis

During the 2000s housing boom and bust, Cleveland experienced high growth in subprime debt and high foreclosure rates, but it's not clear these two trends are directly linked. [This Commentary explains](#) that while subprime debt was a prominent source of debt in Cleveland during the 2000s, especially in its Slavic Village neighborhood, evidence suggests subprime debt did not cause the subsequent foreclosure crisis.



How can states and localities prevent a wave of pandemic-induced evictions?

By December 2020, about 1.3 million renter households will each be behind in their rent payments by about \$5,400, according to the Philadelphia Fed. Housing policy experts from across the country recently joined the Federal Reserve Banks of Cleveland and Philadelphia to discuss state and local strategies for supporting vulnerable renters. [Watch their discussion](#) and [check out our updated eviction indicator](#) for the latest filing activity.



The struggle of the "smallest of small businesses" during COVID-19

"When they started getting the [Paycheck Protection Program] funds, you could hear the relief in their voices, the excitement, the 'look, we've got this.'" So says one accountant of minority small-business owners

who struggled to get funds to help them stay afloat and pay their employees. [Dig into this series of stories](#), which feature the voices of business owners across the country.



A US program that might help prevent layoffs during COVID-19

Short-time compensation (STC) allows workers with temporarily reduced hours to get some unemployment benefits. Use of STC programs has risen to unprecedented levels during the pandemic, but the programs are currently available in only 27 states. [Explore the costs and benefits of the STC program](#) and considerations for expanding the scope of the program.



One way the Fed is supporting the flow of credit to households and businesses

The goal of one program the Fed instituted this year is to promote confidence that funding will be available for households, businesses, banks, and municipalities during the pandemic—helping to preserve the jobs and economic activity that depend on them. Our [infographic explains how](#) in plain English. [See also these infographics that explain other Fed actions during the COVID-19 crisis.](#)

By the Numbers



2 Percent, the Federal Reserve's longer-run goal—not ceiling—for the US inflation rate

[Read our president's speech](#)



4 Economic indicators in low- and moderate-income communities that we track through surveys; all have worsened since March 2020

[See the latest update](#)



45 Major local governments (of 50 studied) that had set aside substantial savings that will help them through the COVID-19 crisis

[See how prepared cities and counties were](#)



10+ Positions for which the Cleveland Fed is hiring, including a handful for an initiative to modernize the nation's largest digital tax-collections system

[Browse our openings](#)

On the Calendar

November 19–20

2020 Financial Stability Conference: Stress, Contagion, and Transmission (virtual event)

Register

December 1

Calling all financial institutions! Join us for a CRA modernization discussion (virtual event)

Register <https://www.clevelandfed.org/digital/collections/cra> by November 25

December 3

Calling all community organizations! Join us for a CRA modernization discussion (virtual event)

Register by November 27

June 23–25, 2021

Policy Summit 2021: Pathways to Economic Resilience in Our Communities (virtual event)

Save the date

Graphic of the Month

Pushing beyond equality

You may have seen a version of this image before. It demonstrates the differences three fans experience while trying to watch a sporting event. Although equality tends to be the goal, expanded opportunity resides with equity and justice. The Paycheck Protection Program is the latest example of how a program sought to provide equal opportunity but ended up overwhelmingly excluding minority-owned businesses.

Read why equality is not enough



Source: <https://i.redd.it/zxdyxad2n3l41.jpg>, modified and adapted over time from image created by Craig Froehle in 2012.

Ask the Expert

with Susan Schaaf

Question: The Fed has proposed changing the way the Community Reinvestment Act is implemented. How could that impact our communities, and does the public have a voice in the process?

Susan: The Community Reinvestment Act (CRA) helps increase people's access to credit, such as mortgages and loans to small businesses and small farms, and the availability of financing for projects in places that need the money due to disinvestment. When people and businesses are able to access funds for improvements, entire communities benefit from the

wealth that's built. In particular, the CRA seeks to encourage wealth building in low- and moderate-income communities. The Federal Reserve is soliciting public input on what's called our [advance notice of proposed rulemaking](#) because we're proposing modernizing the way the CRA is implemented and emphasizing more support for minority communities. We're really trying to address racial inequities and income disparities that persist today.

In a perfect world, the CRA would help enable anyone who needs, and qualifies for, a loan to get a loan. People would have access to money they need to buy their first home, fix up their home, or move. Entrepreneurs would have access to funds to start and expand businesses. A CRA with clearer guidelines should lead to more homeownership, more affordable housing, and more small businesses in communities, and that would mean more jobs and more wealth building. We would also see more nonprofits getting the dollars they need (banks can receive CRA "credit" for loans and donations to nonprofits), and those nonprofits would be better able to respond to their constituents' needs. You could say, too, that communities would enjoy access to financing to invest in projects important to them.

The public can have a voice in this process and has until February 16, 2021, to comment. The Federal Reserve will use the feedback and our own research to write our proposed rule. We are seeking comments on a total of 99 questions as we design our proposed rule for changes to how we implement the CRA. Among those questions is, given the nation's current challenges, what modifications and approaches would strengthen the CRA to address ongoing systemic inequity in credit access for minority individuals and communities? We ask whether CRA consideration should be given for lending in certain places including Appalachia and whether banks should receive CRA consideration for loans, investments, or services involving a community development financial institution (commonly called a CDFI) anywhere in the country.



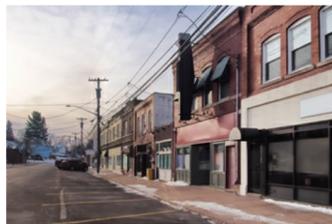
Susan Schaaf

is a senior examiner with the Cleveland Fed and a member of the team that wrote the advance notice of proposed rulemaking, through which the Federal Reserve seeks comments on changes to how the Community Reinvestment Act (CRA) is implemented. Susan has evaluated how well banks meet CRA regulations for more than 15 years.

[See and comment on the advance notice of proposed rulemaking](#)

Have a question of your own for Susan? [Email her.](#)

From around the Federal Reserve System



The implications of a "less-than recovery"

Atlanta Fed President Raphael Bostic is leading an initiative to address economic disparities in our economy and what he is calling the ["less-than recovery."](#) The Atlanta Fed is surveying localities during the pandemic and highlighting problems they are facing, particularly in low-income, minority, and rural communities. The findings are informing a more targeted outreach program by advising local government officials and the philanthropic sector on how they can support struggling businesses in their communities. In recent remarks, Bostic outlined ways to address these issues ranging from workforce development to monetary policy.



New survey findings highlight community lenders' work during COVID-19

Community Development Financial Institutions (CDFIs) have a mission to provide lending to low-income, low-

wealth, and other disadvantaged communities—and they've been critically important throughout the COVID-19 pandemic. [According to a recent survey fielded by the Federal Reserve](#), however, nearly two-thirds of CDFI respondents are slightly or somewhat concerned about their CDFI's ability to survive the pandemic. For more information about the CDFIs in your community visit the [National CDFI Directory](#).

Months of Q&As
with Cleveland Fed
experts, all in
one place.



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