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On the Ground in the Fourth District: **COVID-19 Impacts on Communities and the Organizations Serving Them**

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ABOUT THE SURVEY

The spread of the Coronavirus Disease (COVID-19) and the many efforts to slow it are affecting communities across the nation. In order to best respond to this crisis, information is needed about the scope and scale of challenges in various communities. To collect that information, all 12 Reserve Banks and the Board of Governors of the Federal Reserve System fielded a survey about the effects of COVID-19 on communities and the entities serving them. The survey was in the field between April 8 and April 10, 2020, and it resulted in 3,899 responses. The responses were collected through a convenience sampling method that relied on Reserve Bank and Board of Governors stakeholder contact databases to identify representatives of nonprofit organizations, financial institutions, government agencies, and other community organizations. These representatives were invited by email to participate in an online survey. National findings of the survey, cited in this report, are detailed in [*Perspectives from Main Street: The Impact of COVID-19 on Communities and the Entities Serving Them*](#).

Impacts of COVID-19 in the Fourth District

To better understand how COVID-19 is affecting communities and service organizations in its own Fourth District—comprising Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia—the Cleveland Fed elicited input from more than 600 direct service providers during the survey fielded between April 8 and April 10, 2020. The information gathered through the survey provides current insights on the level of disruption, recovery expectations, impacts, and policies developed to mitigate the fallout from COVID-19.

KEY FINDINGS

When asked about the impact of COVID-19 on the communities they serve

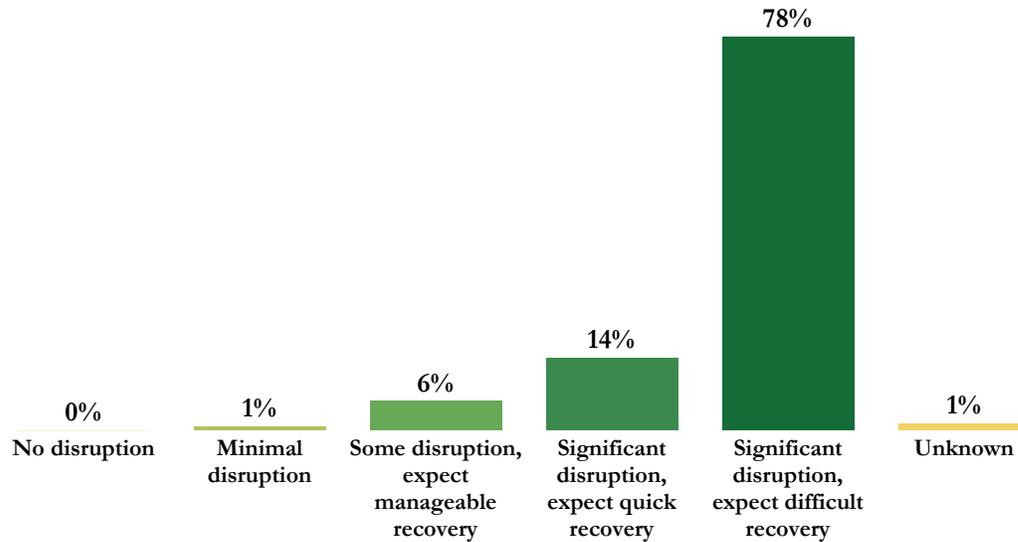
- Nearly 78 percent of Fourth District respondents indicated COVID-19 was a significant disruption to the economic conditions of the communities they serve and that recovery is expected to be difficult, compared to 69 percent of all survey respondents.
- Forty-five percent of Fourth District respondents indicated it will take more than 12 months for their communities to return to the conditions prior to the COVID-19 disruption, with the next highest percentage of respondents (16 percent) indicating recovery within 3–6 months. Thirty-five percent of all respondents indicated it will take more than 12 months to return pre-COVID-19 conditions, with the next highest percentage of the respondents (19 percent) indicating recovery within 10–12 months.

When asked about the impacts of COVID-19 on their organizations

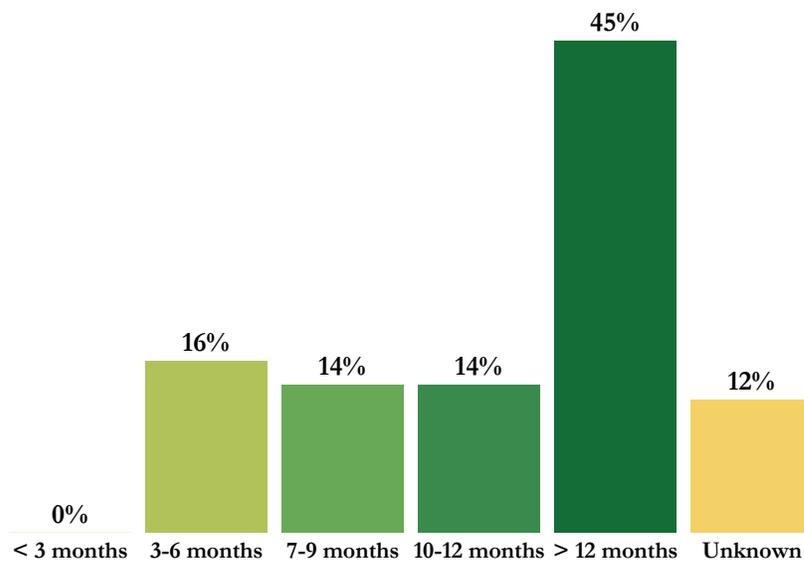
- Sixty-four percent of Fourth District respondents indicated COVID-19 is significantly disrupting the entity they represent, with 41 percent expecting the recovery to be quick and 23 percent expecting the recovery to be difficult. A larger share of total respondents (72 percent) indicated a significant disruption, with nearly 31 percent of the share indicating the recovery will be difficult.
- Fifty-three percent of Fourth District respondents indicated they could operate for six months or less before experiencing financial distress, with 20 percent of the share indicating they could operate for less than three months. For comparison, 51 percent of all respondents indicated they could operate for six months or less, with 25 percent indicating they could operate for less than three months.
- Seventy-six percent of Fourth District respondents indicated demand for their services has increased or is anticipated to increase, and more than half of Fourth District respondents (51 percent) noted a corresponding decrease or anticipated decrease in their ability to provide services. By comparison, 66 percent of total respondents indicated that demand for their services has increased or is anticipated to increase, and about 55 percent mentioned their ability to provide services has decreased or is likely to decrease.

Impacts of COVID-19 on Lower-income Communities

At this point in time, what level of disruption is COVID-19 having on economic conditions in the communities you serve? (N=140)



How long do you expect it will take for the communities you serve to return to the conditions they were experiencing before the impact of COVID-19? (N=140)



TOP COVID-19 IMPACTS ON LMI COMMUNITIES YOU SERVE

When asked to identify the top impacts of COVID-19 on the communities they serve, the following impacts were most commonly cited:

- Income loss due to layoffs, reduced hours, and business closures
- Increased demand for basic needs such as food, stable housing, and rental assistance
- Business closures due to revenue loss
- Increased concerns for health, safety, and issues related to mental health

The Cleveland Fed received an early look at mounting concerns about COVID-19 from our regularly distributed [Community Issues Survey \(CIS\)](#), which was administered in March, when respondents raised concerns about lost wages and decreased hours, particularly among workers with limited resources to buffer an income disruption. These concerns were realized more fully in the April COVID-19 survey. Yet many of the impacts identified in the April survey, including housing instability and financial distress, were evident in LMI communities prior to COVID-19, suggesting that many LMI communities were entering the crisis in an already vulnerable position. For example, when asked about the availability of affordable housing in the six months prior to March, more than 47 percent of the March survey respondents reported decreases; just 10 percent reported an increase. The financial well-being of LMI individuals also declined (41 percent) according to our March survey respondents—only 11 percent reported an increase during the past 6 months.

LOCAL RESPONSES TO MITIGATE IMPACTS OF COVID-19

Survey respondents were asked to identify promising efforts in their local communities that might minimize both household and financial instability during the pandemic. Topping the list are efforts that address residents' immediate needs such as access to food, quickly disbursed funds to frontline nonprofits, and support for small businesses.

Efforts related to food assistance include the expansion of food pantries and a unique partnership between the Greater Cleveland Food Bank and the National Guard to organize weekly large-scale food distributions to meet rising demand. The responsiveness of philanthropy to quickly address community needs generated several comments. In particular, [The Greater Cleveland COVID-19 Rapid Response Fund](#) and the [COVID-19 Regional Response Fund](#) in the Cincinnati area, were called out. Both of these funds include coalitions of philanthropy—corporate and civic partners that support the efforts of nonprofits working on the frontlines of crisis. Many of the organizations receiving the grants provide food assistance, shelter assistance, and healthcare-related services to vulnerable populations including the disabled, seniors, and low-income families. Several respondents mentioned enhanced business support services and funding being provided to small businesses during the crisis. Examples included business-serving organizations and local financial institutions engaging with small businesses to provide guidance and technical assistance on the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan Program. Some respondents identified specific loan and grant programs that were created to assist small businesses. Among them was an [emergency relief fund](#) created by Summit County to quickly provide grants to small businesses as a supplement to federal and state resources. Another is an [Emergency Working Capital Fund](#) created by the City of Cleveland to assist small businesses in covering operating cost during the crisis.

POLICIES TO MITIGATE IMPACTS OF COVID-19

When asked about policies that might help minimize household and business financial instability, the PPP, stimulus payments, unemployment compensation expansion, and loosening of requirements for the Supplemental Nutrition Assistance Program (SNAP) were mentioned by numerous respondents. Eviction moratoriums and halting utility disconnections were also cited by several respondents.

Paycheck Protection Program

Since the survey was administered, the first round of PPP funds has been exhausted and a second round of funds is expected to dissipate quickly. While PPP was touted as critically important for small businesses, many respondents expressed concerns about accessing the funds, particularly for the smallest businesses. One respondent wrote, **“The SBA PPP is a good program, but it has taken some time to get clear the process and underwriting from the government. But we are concerned that access has been by larger business that might not need the aid. Smaller businesses and no-employee businesses, like contractors and other service businesses, are struggling to access the aid.”**

Changes to this second round of funding may address some of the concerns. In particular, there is a reserve of funds for smaller community banks and Community Development Financial Institutions (CDFIs). This reserve has the potential to broaden access for the smaller businesses and nonprofits, especially those firms that have relationships with these smaller lenders. [Early reporting from the Small Business Association’s Office of Inspector General](#) indicates that nearly forty percent of the loans, so far, are being made by lenders with assets of less than \$10B, which include smaller banks and CDFIs, and, with an average loan size of \$75,000, it appears some smaller businesses are getting access to the program. However, the report indicates access to PPP loans remains an issue for underserved markets and individuals.

Stimulus and Unemployment Compensation

Not surprisingly, stimulus payments and enhanced unemployment compensation benefits are considered crucial to mitigating the economic impacts of COVID-19. But concerns about the timeliness of payments and challenges with the application process were on the minds of respondents. According to one respondent, **“These programs are still rolling out and they are taking longer to get actual money to people and entities than expected.”** Another added, **“Changes to SNAP and unemployment have made them less restrictive and are helping households. Unfortunately, call centers are overwhelmed with volume and it will be a while before these benefits reach people.”**

Officials in [Ohio](#) and [Pennsylvania](#) acknowledge computer system and call center challenges and are working to address the weaknesses, a situation which is contributing to delays in claims processing. Concerns about the duration of the crisis were on the mind of this respondent: **“Fiscal stimulus including business loans and enhanced unemployment compensation will help once dollars start flowing; however, the assistance will only help buffer the shock. Many businesses will not come back at full strength, and it will take several months to years to fully scale once social distance requirements are lifted.”**

Waivers

Several respondents mentioned the importance of [waiving certain requirements](#) for families and children receiving public benefits during the crisis. This respondent’s comment is indicative of many responses: **“Federal and state policy that waives requirements to get public assistance [are important]. Examples include waiving the demographic info collection during emergency food distribution, increasing SNAP to maximum benefit levels for families, waiving work requirement documentation, freezing redeterminations [of program eligibility]. These are things that get money into the pockets of people in need.”**

Evictions moratoriums

In both Kentucky and Pennsylvania, there are statewide moratoriums on evictions, with [Kentucky's](#) in place for the duration of the pandemic and [Pennsylvania's](#) in place through July 10, 2020. While there is no statewide moratorium on evictions in Ohio, a number of [cities](#) throughout the state put them in place with varying moratorium lift dates. Eviction moratoriums and halting utility disconnections, noted a number of respondents, are helping to mitigate the fallout from COVID-19 for many community residents. While these actions are welcomed, several respondents expressed concerns about what will happen when the [moratoriums are lifted](#). As one respondent wrote, **“While the eviction stops will assist on a temporary basis, it is a temporary salve. Rent will come due, and, for many, the relief is not moving fast enough or simply will not be enough.”** Added another respondent, **“Evictions are likely to be slowed in the short term, but projected and anticipated evictions [are likely] to spike as income disruptions persist in the mid- to long term.”**

CONCLUSION

The results from this survey highlight the immediate impacts of COVID-19, including income loss, housing instability, and business closures in communities across the Fourth District. Survey respondents indicate recovery will be difficult and long for the LMI communities and individuals they serve. Though policy and programmatic responses to COVID-19 ramped up quickly and continue to evolve and expand as the crisis continues, respondents are concerned about the longer-term impacts of the crisis on communities and vulnerable populations, particularly as moratoriums are lifted and need for funding and assistance remain. The Cleveland Fed is committed to monitoring these issues and tracking COVID-related developments and will continue to engage with stakeholders on issues impacting the mobility and resilience of LMI communities in our District.

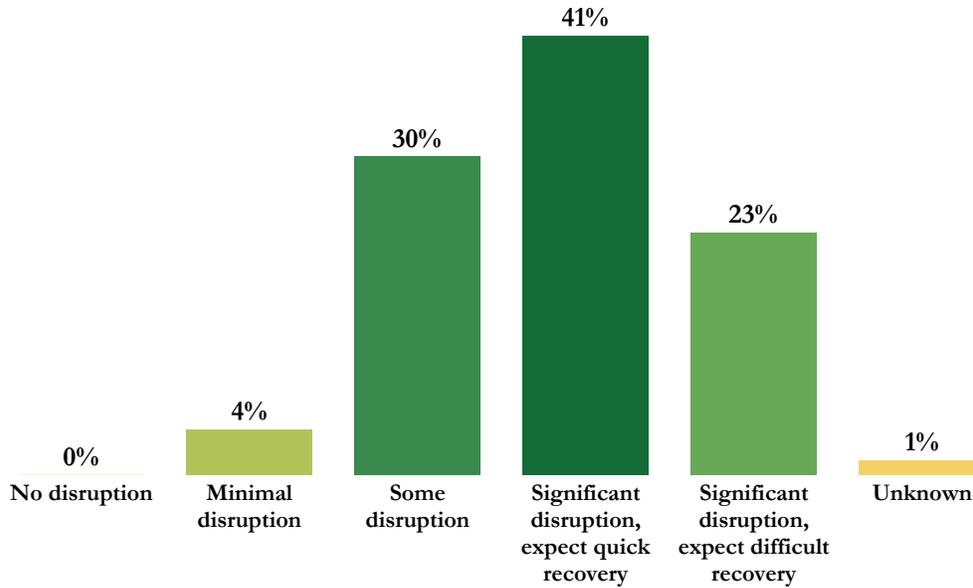
Impact of COVID-19 on Entities Serving Lower-income Communities

In what ways has COVID-19 impacted the entity you represent?

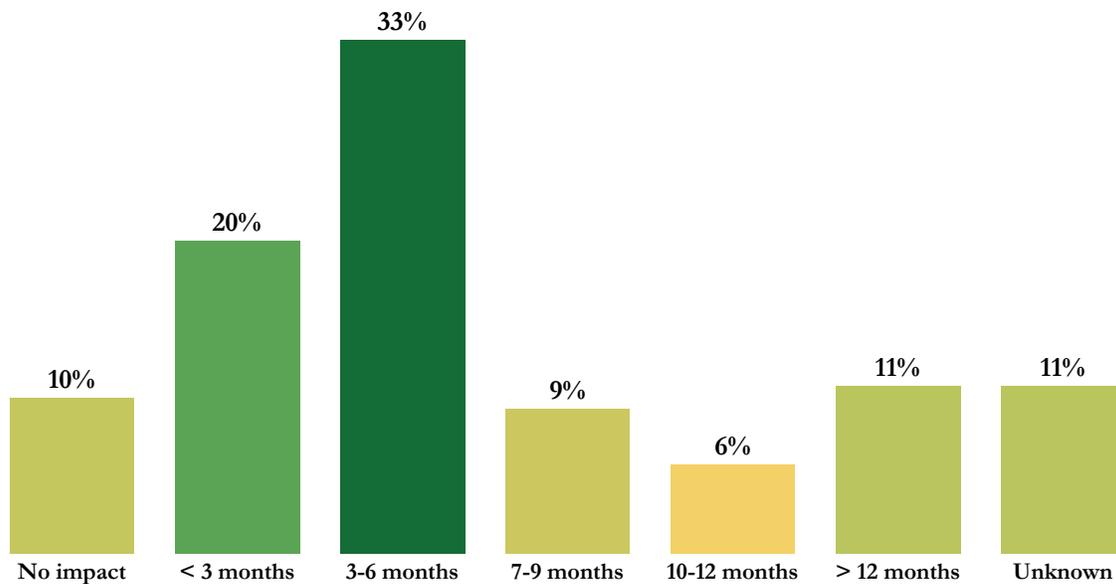
	Demand for services (n=140)	Ability to provide services (n=140)	Staffing levels (n=140)	Expenses (n=139)	Fee for service (n=140)	Philanthropic funding (n=140)	Government funds (n=140)
Decrease	10.0%	31.4%	20.7%	5.8%	19.3%	15.0%	5.0%
Anticipated decrease	5.7%	20.0%	18.6%	11.5%	12.9%	24.3%	17.1%
No change	7.9%	21.4%	45.0%	34.5%	29.3%	22.1%	24.3%
Increase	49.3%	8.6%	5.0%	23.7%	1.4%	7.1%	8.6%
Anticipated increase	26.4%	17.1%	9.3%	23.0%	5.7%	15.7%	35.0%
N/A	0.7%	1.4%	1.4%	1.4%	31.4%	15.7%	10.0%

Impact of COVID-19 on Entities Serving Lower-income Communities

At this point in time, what level of disruption is COVID-19 having on the entity you represent? (N=140)

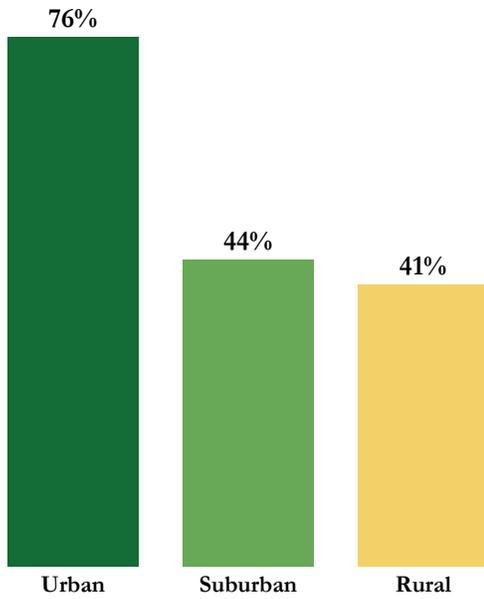


How many months can the entity you represent operate in the current environment before exhibiting financial distress? (N=139)

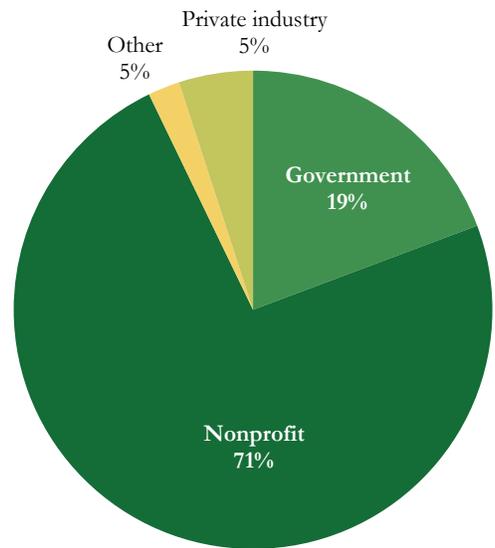


Respondent Profile

What type of area do you serve? (N=140)
Select all that apply.*

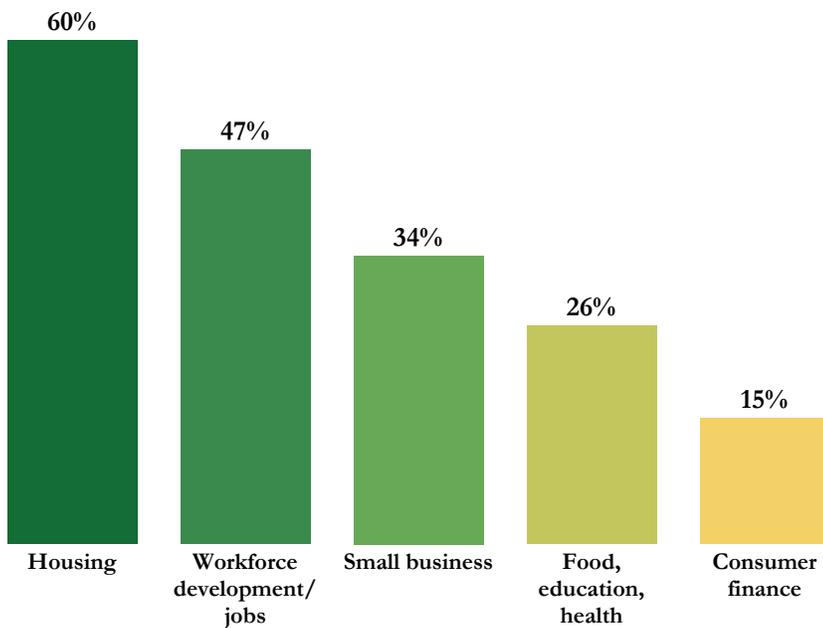


What type of entity do you represent? (N=140)

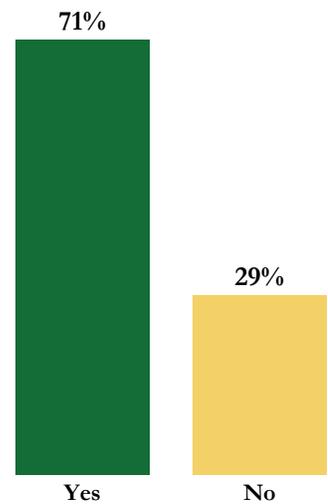


* Aggregate percentages exceed 100% due to the ability of respondents to select all that apply.

What issues do you work on? (N=139)
Select all that apply.*



Are you a direct service provider? (N=140)



* Aggregate percentages exceed 100% due to the ability of respondents to select all that apply.