

Community Issues & INSIGHTS

Organizations Adapt Approaches to Meet Increased Community Need: Findings from the Community Issues Survey 2021

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The Federal Reserve Bank of Cleveland's Community Issues Survey collects information semiannually from direct service providers to monitor economic conditions and identify issues impacting low- and moderate-income (LMI) individuals and communities in the Fourth District—a region that includes Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia. In March 2021, we surveyed more than 600 service providers who directly serve LMI individuals and communities across our District and received 90 responses (13 percent response rate).¹ The results of this survey provide insights into how organizations and the communities they serve are faring roughly one year into the COVID-19 pandemic. The results of the survey are summarized here and share on-the-ground perspectives about issues affecting our communities in real-time.²

KEY FINDINGS

Since September 2020, survey respondents indicate some improvement in the economic conditions for the communities they serve but remain well below the pre-pandemic figures (March 2020). Respondents indicated the issues impacting the LMI individuals and communities they serve, including the lack of affordable housing units, jobs, and broadband access, were evident before the pandemic and continue to be a challenge since the onset of the pandemic. Respondents also shared concerns about the disparate effects the pandemic has on LMI individuals and communities and voiced concerns that the disparity will widen. Yet, through collaboration and changes to operations, organizations are finding ways to effectively serve their communities in the post-pandemic era.

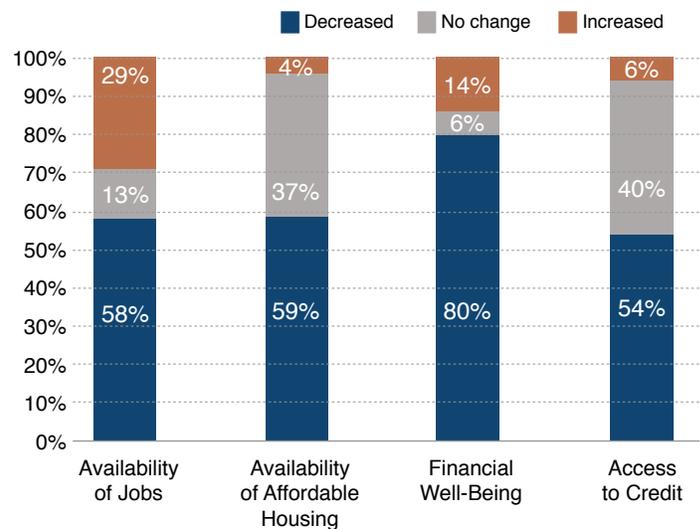
According to our survey respondents:

- After falling sharply in September 2020, **job availability** for LMI workers improved but remains well below the March 2020 index. About 60 percent of respondents indicated job availability had declined since September 2020.
- **Access to credit and affordable housing** are virtually unchanged from September 2020.
- Respondents continue to note a decrease in **financial well-being**. Though a smaller share reported this decrease than in September 2020, nearly 80 percent of March 2021 respondents indicated financial well-being had decreased.
- The social and economic issues facing their communities **are not new or emerging** but have been intensified by the conditions of the pandemic. The disparate effects of the pandemic on LMI individuals are a concern. At the same time, many respondents also consider the renewed attention to these challenges to be somewhat positive, as it has led to increased collaboration among community organizations and may potentially effect systemic change.
- Organizations have **adjusted operations** (such as instituting social-distancing measures and online delivery of services) in response to pandemic-related issues in order to serve constituents. Most respondents anticipate that these adjustments will be long-term to permanent.

Economic Conditions in LMI Communities: An Overview

To assess the economic conditions for LMI residents in the Fourth District, we asked respondents to tell us how the availability of jobs and affordable housing, access to credit, and overall financial well-being has changed over time for the LMI communities they serve. As shown in Figure 1, most survey respondents reported declines across all four economic conditions, with 80 percent indicating financial well-being had decreased and nearly 60 percent saying the availability of jobs and affordable housing had declined since September 2020.

Figure 1. Change in the Economic Conditions for LMI People in the Six Months Prior to March 2021



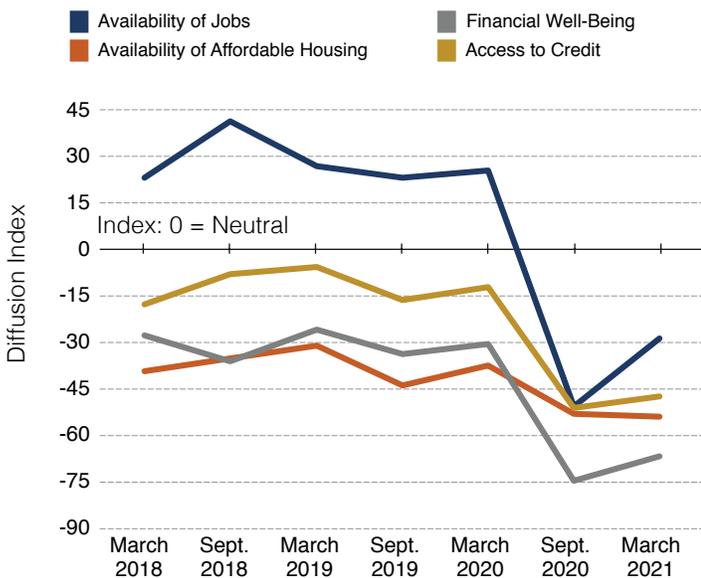
We build a diffusion index from each survey question so we can observe trends in responses over time. Except for the availability of affordable housing, Figure 2 shows that the indices had increased slightly since September 2020 but are still far below pre-pandemic levels. Notice that all the indices dropped between March 2020 and September 2020, with job availability showing the sharpest decline; 51 percent more respondents indicated job availability was worsening than improving in September 2020. This is a significant change from March 2020, when 25 percent more respondents believed the availability of jobs was **improving** than worsening. Though we are seeing slight indications of economic recovery and adaptation to the challenges of the ongoing pandemic, more respondents are reporting decreases than increases across all four of the LMI community indices.

Diffusion Indices

A diffusion index is a useful way of summarizing data to understand if something is improving or worsening over time. In the diffusion indices referenced here [LMI community indices (Figure 2) and organization indices (Figure 4)], each response to a survey question is tallied as increased, decreased, or no change. That survey question's diffusion index is then calculated by subtracting the percent of decreased responses from the percent of increased responses. An index value greater than zero means that the average response indicates improving conditions, and a value less than zero means that the average response suggests worsening conditions.

The highest value of 100 would occur if every respondent believed job availability was improving, while the lowest value of -100 would occur if every respondent believed it was worsening. When we compare the values over time, we get a sense of how conditions are changing. For more information on the calculation, see the Survey Methodology section.

Figure 2. LMI Community Indices



Top Issues Impacting LMI Residents of the Fourth District

Survey respondents were asked what issue most impacted the welfare of LMI communities within the past year. Replies to this question are reported here, along with anecdotes about how such issues have played out in the community and what emerging trends respondents feel will impact LMI communities in the future.

Affordable Housing Availability and Evictions

While the lack of affordable housing was an issue in LMI communities before the pandemic, several respondents indicated the issue has worsened due to rising unemployment rates in their communities. One respondent stated, “COVID-19 and the subsequent increase in unemployment increased the demand for affordable housing.” A number of respondents raised concerns that the potential lifting of eviction moratoriums without adequate rental relief being instated may lead to **widespread evictions and foreclosures**. The number of evictions tends to surge after temporary policies (such as eviction bans and federal stimulus support) end unless the economy experiences significant improvement. “The number of people facing eviction is a huge concern,” one respondent stated, especially in the wake of the Dayton region reportedly losing “1,000 units of affordable housing mostly for working families” to the tornado in 2019. The respondent continued, “Evictions and the lack of decent, safe, affordable housing are threats to family stability.”

At the time of the survey, respondents expressed that both they and their clients were unsure about the longevity of policies banning evictions. However, as of March 29, 2021, the CDC **has extended the national eviction moratorium** for nonpayment of rent through June 30, 2021. According to several respondents, LMI community members are seeking counsel from local direct service providers regarding the permanence and availability of pandemic-related support. For respondents who mentioned affordable housing as a concern, there is a shared belief that “without rent relief, there will be a housing crisis.”

To meet the need for more affordable housing, several respondents mentioned creating new housing relief-focused products for their clients. “We have created a new loan product that will help fill gaps in the mortgage market in Cuyahoga County,” one shared. Another’s organization “paid out \$475,000 in rental assistance in 2020” and continues to distribute assistance in 2021 at the same amount.

Barriers to Employment

According to several respondents, unemployment and underemployment are not necessarily a product of low job availability (as jobs become increasingly available as time goes on) but may be due to insufficient wages, pandemic-related issues, and inadequate job training opportunities.

Even if there are employment opportunities, jobs are often entry level and do not allow individuals to adequately support themselves and escape accumulated debt. As one respondent wrote, “Many of the jobs available in the Dayton, Ohio, area do not provide a living wage. I work with many folks who work [two] jobs just to pay the bills. Many are single mothers.”

The pandemic has also created barriers to employment. According to some respondents, individuals who may otherwise be seeking employment may not be doing so currently out of concern for their own and/or the health of their households. This fear may also be preventing their clients from taking advantage of the employment services offered by community organizations. Additionally, with many children participating in online schooling from home, caretakers may be unable to work full time (or at all) due to childcare responsibilities and a lack of affordable care alternatives. Some respondents indicated individuals may also be unemployed or underemployed due to a lack of affordable transportation options in some communities. This barrier, which was a pre-pandemic issue, has compounded with issues brought on by the pandemic to make employment an even more tenuous condition for many.

For many, there is also a lack of adequate job training opportunities. As one respondent put it, there is a “disconnect between the many jobs that are available and the skills, training, and interests of those needing gainful employment.” These responses indicate that simply increasing job availability may not be able to address high rates of un- and under-employment among LMI individuals if these barriers remain in place.

How are organizations that serve LMI communities faring?

Direct service providers play an important role in the economic mobility of the LMI communities that they serve. That is why we also asked respondents to report on changes in the following issues impacting their organizations during the past six months (Figure 3): demand for services, available funding, and capacity to meet the needs of their communities.

Nearly 76 percent of respondents reported an increase in demand for services. Most respondents also reported an increase in funding availability (54 percent). The reasons for the increase in funding were attributed to governmental funds for COVID-19 relief, including the CARES Act and the Paycheck Protection Program (PPP), and increased contributions from foundations and private donors. However, for respondents, availability of government funding did not always translate into an ability to put those resources to use. As one respondent writes, “Opportunities for REIMBURSABLE funding increased (i.e., CARES Act), but our ability to reach and serve clients made it hard to turn that potential funding into ACTUAL funding.”

When it came to the organizations’ capacity to meet demand, most respondents (56 percent) reported no change, with only 29 percent reporting an increase. Respondents that reported increased capacity attributed it to additional staff hired after earlier layoffs (filling what one respondent called “critical vacancies”), increased availability of funding, and the return of volunteers and interns to operations.

Figure 3. Change in Community Organizations’ Operations between September 2020 and March 2021

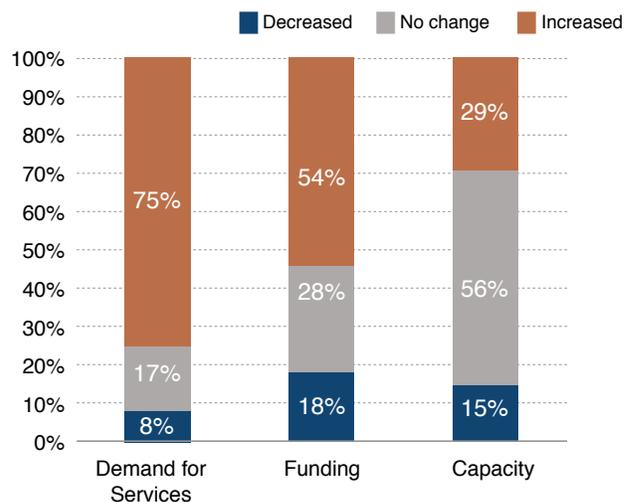
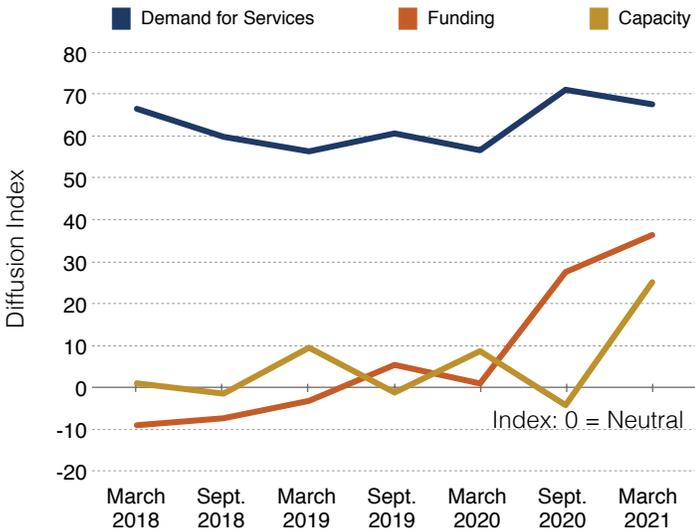


Figure 4 shows that more respondents indicated that both funding and their capacity to serve their clients increased since September 2020. Similarly, more respondents indicated their capacity to serve clients improved considerably in March 2021 after worsening between March 2020 and September 2020. Demand for services, however, is on a slight decline after a dramatic rise in the percent of respondents indicating an increase between March and September 2020.

Figure 4. Organization Indices



Survey respondents were asked to specifically report if they applied for a PPP loan and if they received the loan. Just more than half (51 percent) of the survey respondents applied for a PPP loan, and nearly all (96 percent) received the loan, with all respondents (who opted to disclose) receiving at least 90 percent of the funds they applied for. According to the Federal Reserve System’s *Small Business Credit Survey 2021 Report on Employer Firms*, nationally, 82 percent of small businesses surveyed applied for a PPP loan, with 77 percent of applicants receiving all the funding they requested.³

As of March 11, 2021, the Small Business Administration (SBA) has begun to implement the **American Rescue Plan**, which will provide additional relief to small businesses and hard-hit industries. New efforts include expanding PPP eligibility to more nonprofits and allocating \$100 million to a **Community Navigators** initiative. Described by the SBA as a “cultural change to break long pre-existing roadblocks for small business owners,” this initiative will go toward assisting organizations providing COVID-19 support and access to pandemic-related resources, with special attention paid to minority-owned, rural-owned, and otherwise underserved small businesses.

Pandemic-Related Changes to Organizations’ Operations

When asked about the impacts of COVID-19 on direct service provider operations, almost uniformly respondents reported their operations were impacted in some way. The extent to which organizations were adversely affected by COVID-19 seemed to be dependent on their ability to successfully switch to (at least mostly) remote work models and increase their capacity to meet clients’ needs.

Online (Instead of In-Person) Services

Formerly in-person services were offered remotely, and if office hours remained, they were significantly reduced. Remote work adaptations included installing plexiglass cubicles, mandating temperature checks at the door, obtaining laptops for the staff who normally working on desktop computers, increasing VPN licenses, and purchasing remote-calling software. Many of these measures were quite costly to organizations, and the feasibility of implementing them often relied on obtaining additional funding. The process of procuring funding, however, drastically changed during the pandemic, as well. Fundraising efforts pivoted to online events, and volunteer-dependent organizations found themselves having to function without the additional support. The switch to online work wasn’t challenging for only service providers, though. The people and communities they serve are also affected by these changes. Many respondents reported that households encountered problems accessing broadband, computers, and libraries, all of which limited their ability to take advantage of remote services.

Community Partnerships

Given the increased need for services during COVID-19, several organizations successfully increased capacity to meet community needs by partnering with other direct service providers. Many respondents mentioned either establishing new collaborative projects or expanding existing partnerships. One respondent detailed ongoing work with the Miami Valley Community Action Partnership (CAP) to deliver 5,500 meals a week to families and hire out-of-work chefs to prepare the meals. “CAP funded the enterprise with federal dollars, and County Cares money eventually paid for us to hire drivers to deliver meals,” the respondent stated.

A few respondents also mentioned joining forces with other organizations and using federal funding to provide grants to small businesses and households affected by COVID-19. While this certainly does not describe the majority of the survey’s respondents, a handful of organizations in the last six months have found themselves able—especially when partnered with other agencies—to offer financial assistance to clients. “We convened a statewide network of CDFIs to help distribute grant dollars to small businesses,” said one respondent about offering concessionary loans as a new product. “The network distributed \$200 million to small businesses in the state of Pennsylvania.” Another respondent described partnering with a local group of funders to launch two “Resilience Funds” to distribute grants to local businesses affected by the pandemic and assist them in reopening or expanding their businesses.

Ripple Effects of the Pandemic

We asked our respondents if they predict that the changes they have made to their organizations' services and operations will be short-term, long-term, or permanent. Most survey responses (about 65 percent) reflected a general feeling that while certain measures, such as mask-wearing and social distancing, will likely be short-term, at least some changes will be long-term or permanent in some capacity. This was often expressed as a positive result. Organizations that have expanded services to care for more people in the last six months anticipate that they will continue to be able to operate within this widened domain and continue to collaborate via newly forged community partnerships. One respondent spoke of the advantage of transitioning to a telehealth-heavy model, as it turned out to be "a benefit for providing better access to minority communities where transportation and childcare [availability] may be inconsistent."

Other respondents anticipate changes to be long-term due to lasting effects of the pandemic on LMI communities. The self-identified task for many direct service providers will be providing support to clients catching up with an opening economy as the consequences of COVID-19 continue to ripple through vulnerable populations. As one respondent noted, "I think the next year will be devoted to supporting the regression in learning and helping stabilize people in poverty." These negative ripple effects include the impacts of extended remote learning for students experiencing poverty and the loss of revenue to small businesses (**particularly those that are minority-owned**), potentially influencing the long-term availability of job opportunities. "What will the long-term impacts be?" one respondent asked. "What will high school graduation rates look like in the future? What will our talent pipeline look like in the near future?"

Emerging Community Issues— Not "Emerging" at All

Importantly, many respondents noted that the emerging issues they reported were not emerging at all but are existing issues that have been further exacerbated by the pandemic. This is the case for inequities across the board—in the arenas of healthcare, education, and broadband access, among others. One respondent captured the sentiment of many, "I am very concerned about the unequal impact of the pandemic. As life returns to some semblance of 'normal' for those on the higher economic levels, I am afraid they will forget about the very large number of people who were suffering economically before the pandemic and are suffering even more so now and the many more people who have dropped into poverty as a result of the pandemic. The gulf between haves and have-nots is likely to widen even further."

The Digital Divide

During the last year, the internet has become increasingly necessary for Americans to be full participants in the academic, professional, and interpersonal worlds. This increased reliance on technology has illuminated an already existing issue of concern among survey respondents: the fact that LMI households often lack access to affordable, reliable internet. Respondents frequently referred to this gap in access as the digital divide. The divide is **especially prevalent** in rural communities but is a concern in LMI communities more generally as well.

According to one respondent, "[t]he digital divide has significantly impacted the ability of poor families to get resources or participate in educational programs during the pandemic." Throughout survey responses, organizations voiced fear that the past year of remote learning will result in school children being significantly and noticeably behind previous cohorts, and that this deficit will be felt in the labor force down the line. These long-term effects, according to respondents, will be especially pronounced for LMI students unable to connect to the internet.

School children are not the only demographic made vulnerable by the digital divide. Our respondents say the divide for older adults has "increased social isolation" and compromised "the ability to age well in [the] community." Many respondents shared that they have recently implemented programs angled toward bridging this divide in both elderly and school-aged populations. For example, three Cleveland non-profits (Benjamin Rose Institute on Aging, Ashbury Senior Community Computer Center, and DigitalC) launched a collaborative program in March 2021: **Virtual Services for Older Adults**. Participants in the program receive—among other services—free laptops, internet and technology training, and internet connectivity for up to one year. However, as one respondent expressed, there is a need for a "much more sustainable investment in underserved urban and rural communities."

While switching to online delivery of services has allowed new opportunities to “provide services beyond geographic boundaries,” as one respondent writes, the switch has simultaneously motivated organizations to reach those still without access. The respondent continued: “Our virtual services have driven our efforts to address the digital divide, which has led us into engagement with a variety of partnerships and community collaborations to address this issue.”

A Silver Lining

When asked about positive emerging issues and trends in their communities, many respondents referred to the federal response to pandemic relief and vaccination rollouts as encouraging. There is hope that emergency funding can be leveraged into opportunities to develop community infrastructure, increase employment opportunities, and make housing more available and affordable. According to respondents, the pandemic has served to shed more light and attention on race and race-based health outcomes, the digital divide, and other long-standing issues, and this was noted as a potential positive if it leads to systemic change.

For some, conducting work online has presented opportunities to become better acquainted with the everyday needs of clients and the financial issues they face. “It has caused us to both create new programs and potentially change how we collect rents in the future,” one respondent noted. Another shared that presenting school board and city council meetings online has allowed for increased attendance and engagement with the community.

Finally, many respondents found that the pandemic—while difficult—has resulted in strengthened community ties and a renewed commitment to change through collaboration. One respondent noted, “Organizations have learned how to collaborate to achieve a common goal. Local direct service providers have also learned to be more responsive. CDFIs have become more visible in the past year, which opens up opportunities for more funding and expansion.”

Conclusion

The timing of the March 2021 Community Issues Survey finds our respondents one year out from the onset of a global pandemic. With vaccine rollouts underway and the end of rampant spread of the virus in sight, respondents are now expressing a great degree of uncertainty about what a post-pandemic economic landscape will look like and to what extent the adjustments their organizations have made will be permanent. While *On the Ground in the Fourth District: COVID-19 Impacts on Communities and the Organizations Serving Them* detailed the immediate adjustments service providers had to make, we can now see that many organizations have modified services in an attempt to cope with the adverse circumstances COVID-19 caused. Often collaboratively, organizations have settled into remote work and low- or no-contact delivery models, secured new forms of funding where possible, and have begun to identify and address the issues that stand to exact long-term effects on households and small businesses in their communities. Existing social inequities—in housing, employment, education, internet access, and beyond—have become further exacerbated by the conditions of the pandemic, and without appropriate support, there are concerns these inequities will continue to worsen. One example of such concerns is the pandemic’s effect on the availability of affordable housing and the consequent threat of a looming eviction crisis in the absence of relief. However, according to many respondents, COVID-19 has brought about the twin good of increasing awareness of the structural challenges the most vulnerable face and promoting of productive cooperation between direct service providers—two developments that will be central in the journey toward recovery.

Survey Methodology

The Federal Reserve Bank of Cleveland developed this survey tool to elicit perspectives from community stakeholders that directly serve LMI communities and individuals about key issues impacting the economic mobility and resiliency of those populations. In March 2021, the online survey was distributed to over 600 individuals working in direct service organizations in the Fourth District; 90 completed the survey. The following tables show the type of organizations that provided responses to our survey and in which states the organizations were located. Please note the responses reflect the perspectives of those responding to the survey; they do not reflect the perspectives of all the organizations within the Fourth District or those of the Federal Reserve Bank of Cleveland.

Respondents by Organization Type

Community service provider*	30	33.3%
Government entity	19	21.1%
Neighborhood and housing development organization	15	16.7%
Foundation/Funder	10	11.1%
Workforce/Economic Development	5	5.6%
Community Development Financial Institution	3	3.3%
Private sector	2	2.2%
Other	6	6.7%
	90	100.0%

*Community service providers include organizations such as community action agencies and social service organizations

Respondents by State

	Population in District (2019)	Survey Response (March 2021)
Ohio	68.5%	71%
Pennsylvania	19.1%	19%
Kentucky	11.5%	9%
West Virginia	0.9%	1%
	100.0%	100.0%

Type of Clients Predominantly Served

	Urban	Rural	Suburban
Percentage	58%	30%	12%
	52	27	11

Survey Methodology: Diffusion Indices

The replies of survey respondents to questions related to the conditions of the LMI communities they serve and the organizations they represent are calculated to build the LMI Community Index and Organization Index. The calculation and example that follow are a guide to better understand the information provided in the indices:

$$\text{Diffusion Index} = (I - D) * 100$$

I = increase (% of observations)

D = decrease (% of observations)

Index > 0 indicates improving conditions

Index = 0 is neutral

Index < 0 indicates worsening conditions

Example: A decrease in the index from 40 to 20 would indicate that conditions have still improved but that more respondents are stating that conditions are worsening.

Endnotes

- ¹ See end of report for a chart detailing the distribution of direct service provider categories.
- ² **Read the results** of similar national surveys that Community Development Departments throughout the Federal Reserve System undertook in 2020. **Explore the Cleveland Fed's resources** on pandemic-related impacts on the Fourth District and in the nation.
- ³ In 2020, the Federal Reserve System conducted the Small Business Credit Survey seeking to document the impact of COVID-19 on small businesses across the country.