CONSUMER FINANCIAL PROTECTION BUREAU | JULY 2020

Insights from the Making Ends Meet Survey

CFPB Office of Research

Research Brief No. 2020-1

Consumer Financial Protection Bureau

Introduction

This research brief presents results from the Consumer Financial Protection Bureau's Making Ends Meet Survey, a nationally representative survey of adults with a credit record. [1] The CFPB's Office of Research developed the survey. The survey results provide a deeper understanding of how often U.S. consumers have difficulty making ends meet, how they cope with these shortfalls, and their subsequent financial difficulties. The survey is part of the Bureau's statutory mission to conduct research on markets for consumer financial products and services, the experiences and access to credit for traditionally underserved communities, and consumer understanding and choice of products, among other things.

The Bureau conducted the survey in May 2019, before COVID-19 and the response to it altered many people's lives in the spring of 2020. Although the survey predates COVID-19, understanding how well-prepared households are for negative shocks such as job loss and the consequences of those adverse events helps shed light on how consumers deal with financial problems in general.

The sample for the survey was selected from the Bureau's Consumer Credit Panel (CCP), a 1-in-48 random and deidentified sample of credit records maintained by one of the top three nationwide credit reporting agencies.[2] This link to the CCP is a key advantage of the survey compared to other surveys. The link provides a deeper understanding of the circumstances—both positive and negative—that lead U.S. consumers to make the choices about debt observed in the credit bureau data. Using the CCP also strengthens the survey by ensuring the sample contains sufficient representation of particular groups by oversampling consumers with lower credit scores, with recent credit delinquencies, and those living in rural areas. Ultimately, 2990 consumers responded to the survey either on paper or online.[3] The survey is weighted to be

[1] Reported prepared by Scott Fulford, Ph.D., and Marie Rush in the Office of Research.

[2] 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 at 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 at http://www.consumerfinance.gov/privacy/system-records-notices/market-and-consumer-research-records-2/.

[3] Because the sampling is based on credit records, only consumers with a credit record are part of the sample frame. The survey is weighted to be broadly representative of consumers with a credit record. Throughout, when we refer to consumers, we mean consumers with a credit record. There are important differences between consumers with a credit record and all consumers, some of which we summarize in the methodology section. For more information on the "credit invisibles" see: Kenneth P. Brevoort, and Philipp Grimm, and Michelle Kambara, 2015, "Data Point: Credit Invisibles" CFPB Office of Research, May 2015. Available: https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf.

nationally representative of consumers with a credit record. Additional details on the survey methodology can be found in the appendix.

Key results from the survey:

- In May 2019, 40.4 percent of U.S. consumers reported that they had difficulty paying a bill or expense in the previous year. People with lower incomes and lower credit scores were much more likely to report having difficulties, but 18 percent of respondents with incomes over $100,000 reported having difficulty paying a bill or expense in the previous year.
- Households that suffered a period of unemployment, reduced work hours, or an inability to work because of illness were nearly twice as likely to report having difficulty paying a bill or expense than households that had not experienced these events. If respondents could point to an event that caused them difficulty, 48 percent listed medical expenses and 33 percent listed job loss or other loss of income. Auto repair, helping friends and family, and home repair were also important reasons for difficulty.
- Half of respondents said they borrowed, either formally or informally, when they had difficulty paying a bill or expense. Half reported cutting back on other expenses (the options are not exclusive). Thirty-four percent skipped a payment or paid another bill late.
- Seventy-two percent of respondents could point to a specific event that caused them to have difficulty. For 77 percent of these respondents, the event was unexpected.
- If a respondent had difficulty paying for one bill or expense, she or he was often also unable to pay for other necessities such as food, utilities, rent, or the mortgage.
- Many households are ill-prepared to weather even a short-term loss of their main source of income. Among survey respondents, 52 percent reported they could cover expenses for two months or less if they lost their main source of income using all available sources including borrowing, using savings, selling assets, and seeking help from family or friends. Twenty percent could cover expenses for two weeks or less.

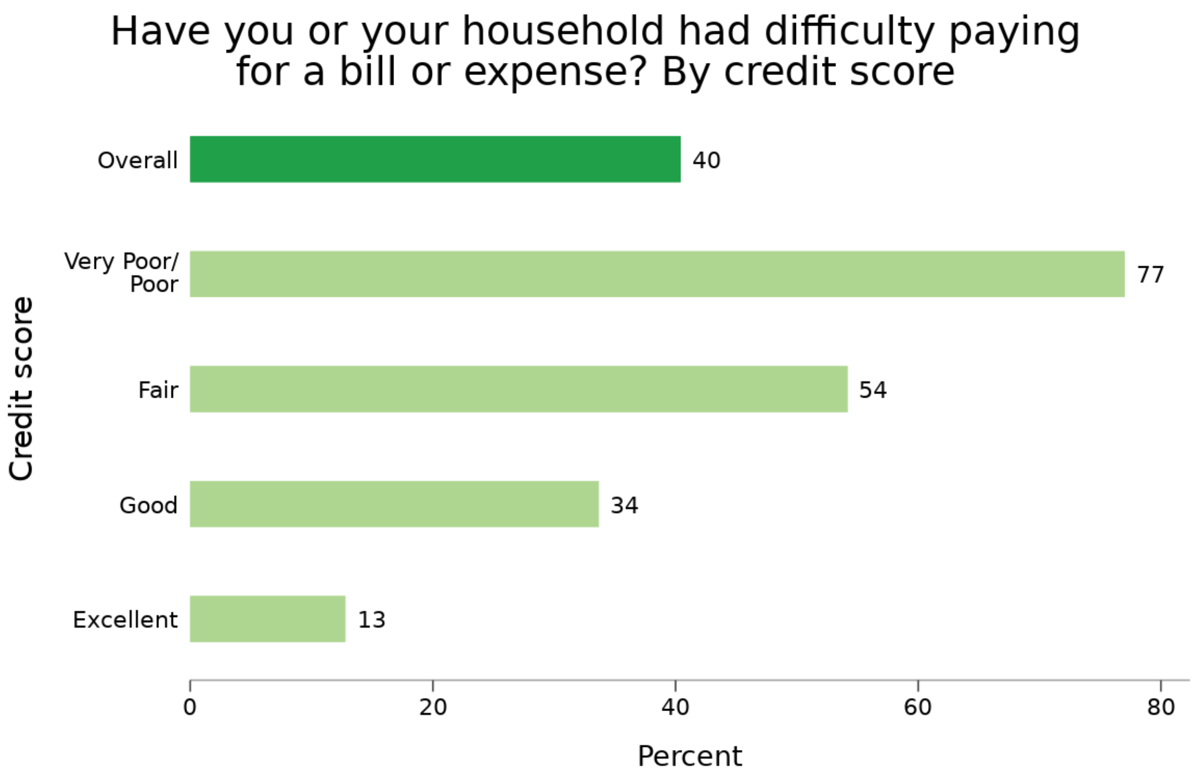
The Bureau is currently conducting a follow-up survey with the respondents from the first survey that will provide more information on how COVID-19 and responses to it have affected people's financial lives.

Difficulty paying a bill or expense

The survey focused on understanding the shocks consumers face and how often consumers have financial problems. For some households, an unexpected loss of income or a big expenditure shock such as a car repair may cause significant hardship. Other households may be better equipped to weather such shocks.

Overall, 40.4 percent of U.S. consumers reported that they or their household "had difficulty paying for a bill or expense" at least once in the previous year. Figure 1 shows how having difficulty differs by the respondent's credit score as of June 2019, when most respondents were answering the survey.[4] Respondents with higher scores were much less likely to report having difficulty than respondents with lower scores. Yet one eighth of respondents with the highest scores reported having difficulty paying a bill or expense in the previous year and one third of respondents with good scores reported having difficulty, demonstrating that difficulties can arise regardless of credit score.

Figure 1: "At any time in the past 12 months have you or your household had difficulty paying for a bill or expense?" by credit score category[5]



[4] All analyses use a commercially available credit score.

[5] The credit score categories we use are based on a standard classification system for the commercially available credit score we use. See one description of common categories here: https://www.experian.com/blogs/ask-experian/credit-education/score-basics/what-is-a-good-credit-score/.

Table 1: "At any time in the past 12 months have you or your household had difficulty paying for a bill or expense?"

Group	Had difficulty paying a bill or expense (percent)
Age group	
Age <40	47.5
Age 40-61	44.3
Age >=62	25.1
Sex	
Male	33.8
Female	46.8
Race and ethnicity[6]	
Non-Hispanic White	35.0
Black or African American	64.9
Hispanic	47.4
Other	33.0
Geographic group	
Metro	39.7
Some urban	44.5
Rural	43.8
Annual household income in 2018	
$20,000 or less	62.4
$20,001 to $40,000	55.5
$40,001 to $70,000	38.8
$70,001 to $100,000	30.6
More than $100,000	17.7
Education	
Less than a high school degree	59.7
High school or vocational	49.8
Some college	40.3
College or post-graduate	31.5

[6] These categories are exclusive, although the underlying questions allows for multiple races and ethnic backgrounds. Respondents who selected "Black or African American" are classified as "Black or African American" regardless of whether they also selected another race or Hispanic ethnicity. Hispanic include Hispanic-White. "Other" includes Asian, "American Indian or Alaska Native" and Native Hawaiian Pacific Islander.

Table 1 shows how frequently different demographic and socioeconomic groups reported having difficulty paying a bill or expense. Consumers under age 62 were nearly twice as likely to report having difficulty paying a bill or expense than consumers 62 and older.[7] Respondents with lower incomes were more likely to have difficulties, but 18 percent of respondents in households with annual income of more than $100,000 reported having difficulty paying a bill or expense in the previous year. Although respondents living in metropolitan areas were slightly less likely to have problems paying for a bill or expense, the differences between respondents in metro areas and outside of metro areas is relatively small.[8]

On average, African Americans were more than twice as likely as non-Hispanic whites to have difficulty paying a bill or expense. The difference in the estimates between African American's and other groups persists even when controlling for income, age, gender, education, and rural status.[9] There are many reasons that could explain this disparity. We note some of the reasons here, but evaluating which reasons are the most important is beyond the scope of this research brief. In 2016, African American households had one tenth of the median net wealth (assets minus debt) of non-Hispanic white households.[10] African American households have lower access to formal credit and are much more likely to be unbanked or underbanked.[11] Lower average wealth also means that the friends and family networks of African Americans have less to spare. At the same time, these networks may be more important: 15 percent of African American respondents to the survey experienced a "significant unexpected expense" from "giving a gift or loan to a family member or friend outside your household" compared to only 10

[7] It is possible that some respondents interpreted the question as difficulty making a transaction, for example, by using an online platform for the first time, rather than difficulty finding funds. The question is in a section of the survey with the title "Running out of Money" suggesting that this interpretation is unlikely.

[8] 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 (defined as RUCC 4, 5, and 6); and fully rural counties lacking any substantial urban area and not adjacent to a metro area (defined as RUCC 7, 8, and 9). RUCC are discussed more here: https://www.ers.usda.gov/data-products/rural-urban-continuum-codes/.

[9] In a regression with difficulty paying a bill or expense as the dependent variable, being African American significantly predicts having difficulty even when income, rural status, age, education, and gender are included. Being Hispanic did not significantly predict having difficulty when controlling for these characteristics.

[10] See p. 13 in Jesse Bricker, Lisa J. Dettling, Alice Henriques, Joanne W. Hsu, Lindsay Jacobs, Kevin B. Moore, Sarah Pack, John Sabelhaus, Jeffrey Thompson, and Richard A. Windle, 2017, "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, 103(3). Available: https://www.federalreserve.gov/publications/files/scf17.pdf.

[11] See pp. 3 and 10 in Federal Deposit Insurance Corporation, 2017, "2017 FDIC National Survey of Unbanked and Underbanked Households." Available: https://www.fdic.gov/householdsurvey/2017/2017report.pdf.

percent of non-Hispanic white respondents.[12] Hispanics were somewhat more likely to report having difficulty paying a bill or an expense, but the difference is explained by other characteristics such as income and age.

Exposure to economic shocks

Having difficulty paying a bill or expense may occur when a household experiences a negative financial shock. Yet not all households that experience a negative financial shock have difficulties. In addition, many events that were expected may still cause financial difficulties and some households may have financial difficulties even without a significant negative shock. To better understand the kinds of events that lead to difficulties, the survey asked whether a household had experienced several different events that often come with financial costs.

Table 2 shows a selection of events or shocks from the survey and how frequently respondents reported experiencing that event. It then shows how often a respondent who reported experiencing that event or shock also reported having difficulty paying a bill or expense in the past year. While many of these events may have caused the financial difficulties directly, the questions were asked separately. Some of the events may have occurred after the most recent difficulty paying a bill or expense. As discussed later, however, difficulty paying one bill or expense is often recurring and part of a wider nexus of financial problems, so it is useful to understand the kinds of events that are associated with financial difficulties.

People who reported that a household member had a period of unemployment had difficulty 69 percent of the time, nearly double the average. People who reported a reduction in work hours, working less because of illness or injury, or an increase in child care or dependent care expenses were similarly much more likely to also report having difficulty paying a bill or expense in the previous year. Table 2 demonstrates that very often those who experienced a shock or significant household event also had trouble paying a bill or expense. However, not all who experienced these events reported having trouble. Some respondents were able to weather these events and still make ends meet.

[12] Fifteen percent of Hispanics reported significant expenses from gifts or loans. The differences in the importance of group networks may also contribute to the wealth gap. Recent evidence suggests that "middle- and upper-income blacks are more likely to provide informal financial assistance than their white counterparts" and suggests that this difference can account for part of the wealth gap. See: Rourke L. O'Brien, 2012, "Depleting Capital? Race, Wealth and Informal Financial Assistance," Social Forces: 91(2): 375-396. Available: https://doi.org/10.1093/sf/sos132.

Table 2: Household events and having difficulty paying a bill or expense.

Event	Had that shock or event (percent)	Had difficulty paying a bill or expense (percent)
Period of unemployment	17	69
Worked less because of illness or injury	11	68
Increase in child care or dependent care	8	66
Reduction in work hours	19	65
Natural disaster affected your home, employer, or business	3	63
A major vehicle repair or replacement	27	59
A major medical or dental expense	29	56
Someone was born, adopted, or moved into your household	8	54
You moved to a new residence	13	52
A major house or appliance repair	21	48
A TV, computer, or mobile phone repair or replacement	20	46

In addition to facing these household events, many households also face the challenge of variable monthly income. Almost one quarter of U.S. consumers report that their income changes "somewhat" or "a lot" from month to month, as shown in Table 3. Having difficulty paying a bill or expense is more common among those with variable income. Forty-nine percent of households whose income varies reported having difficulty at least once in the last year, compared to only 37 percent of those whose income does not change from month to month.

Table 3: Income variability and difficulty paying a bill or expense

Level of variability	Percent of respondents selecting	Had difficulty paying a bill or expense (percent)
Income is about the same each month	76	37
Income varies somewhat from month to month	19	47
Income varies a lot from month to month	5	56

Respondents were also asked to provide the reasons why household income varied from month to month. Table 4 reports the most common answers. The most commonly selected answers were variable work hours or irregular work (62 percent); variable self-employment income (45 percent); bonuses, commissions or tips (41 percent); and overtime (38 percent). About half of all respondents who selected one of those four reasons also reported having difficulty paying a bill or expense. Variable income does not necessarily mean uncertain income. For example, overtime during the busy season may be expected each year, with a large portion of yearly income coming in a short time. Yet even if income changes are expected, maintaining constant expenditures from month to month while income changes requires significantly more budgeting and planning to make ends meet every month than if income and expenditures were matched monthly.[13]

Table 4: Reason why income was variable, among respondents reporting variable income

Reason why income was variable	Share selected (percent)	Had difficulty paying a bill or expense (percent)
Variable work hours or irregular work	62	52
Variable self-employment income	45	50
Bonuses, commissions, or tips	41	40
Overtime	38	49

What does it mean to have difficulty paying a bill or expense?

This section examines some of the causes and consequences of having difficulty paying a bill or expense. Having difficulty may mean different things to different people, may happen more or less frequently during the year, and may have different consequences for different people. This section examines some of these varied experiences.

Seventy-two percent of the people who ran out of money felt that the most recent time was caused by a specific event. Having difficulty may often be the accumulation of many events, so the most recent or largest event may be the most salient, but not the sole cause. Table 5 shows a selection of the events that people pointed to as the reason they had difficulty. The most common events that respondents reported were: medical expenses (48 percent), job loss or other loss of income (33 percent), auto repair (31 percent), helping a family member (27 percent), and home repair (20 percent).

These results are representative of consumers' experiences in May 2019. Large events such as the economic dislocations related to the COVID-19 pandemic may alter what causes people to have difficulty. Yet even before the pandemic, a large proportion of people who had difficulty

[13] For examples of some of the strategies that U.S. consumers use to smooth consumption in the face of variable expenditures, see Jonathan Morduch and Rachel Schneider, 2017*, The Financial Diaries: How American Families Cope in a World of Uncertainty*, Princeton, NJ: Princeton University Press.

reported it was because of medical expenses or job loss. Such events are likely to be particularly frequent during the spring and summer of 2020 because of the responses to the pandemic. Future Bureau research will examine these pandemic-related issues.

Table 5: What was the event that caused you to have difficulty paying for a bill or expense, if there was one?[14]

Event	Selected event (percent)	Event was unexpected (percent)
Medical expenses or fees	48	85
Loss of job or other income	33	78
Auto repair	31	87
Helping children, parents, or other family members	27	84
Home repair	20	81
Loss of income from illness	20	87

If respondents could point to an event that caused them difficulty, that event was usually unexpected. On average, for the respondents who pointed to a specific event, 77 percent reported that the event was unexpected. As Table 5 shows, the most common reasons for having difficulty were also the most likely to be unexpected. For example, the event was unexpected for 85 percent of respondents who reported that medical expenses or fees caused them difficulty. However, not all events that cause problems are unexpected. If a respondent pointed to legal bills, for example, they were unexpected for only 53 percent of respondents who reported that those bills caused them difficulty. Moving expenses that caused difficulty were unexpected for 65 percent of respondents who reported that those expenses caused them difficulty. Even when people have advance notice, they may still not be able to prepare sufficiently for the financial consequences of the event which may be larger than expected.

People dealt with difficulties paying for a bill or expense in a variety of ways. Figure 2 shows a selection of the most frequently used options. The survey asked: "Which of the following did you do when you had difficulty paying that bill or expense?" and listed many possible options. Respondents were asked to check all that apply and given the option to write in their own response. Half of respondents said they borrowed, including formal borrowing such as with a credit card or home equity loan, informal borrowing from friends and family, and borrowing from an alternative financial service provider using an auto-title loan, through a pawn shop, or a payday loan. A significant portion of respondents either did not pay for all of the bill or expense

[14] Loss of job or other income is the combined options of "Loss of job" and "Other loss of income."

(32 percent) or negotiated a lower or delayed payment (26 percent). Some respondents sought additional income (13 percent).

Figure 2: "Which of the following did you do when you had difficulty paying that bill or expense?"

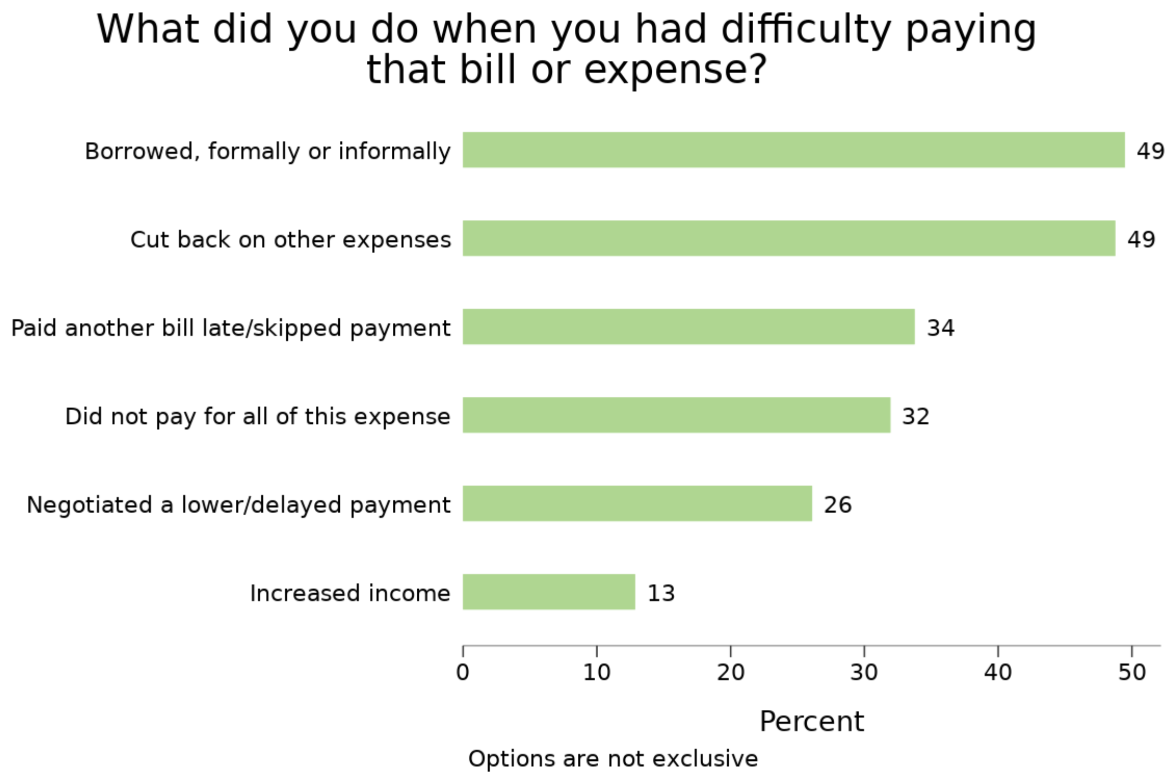


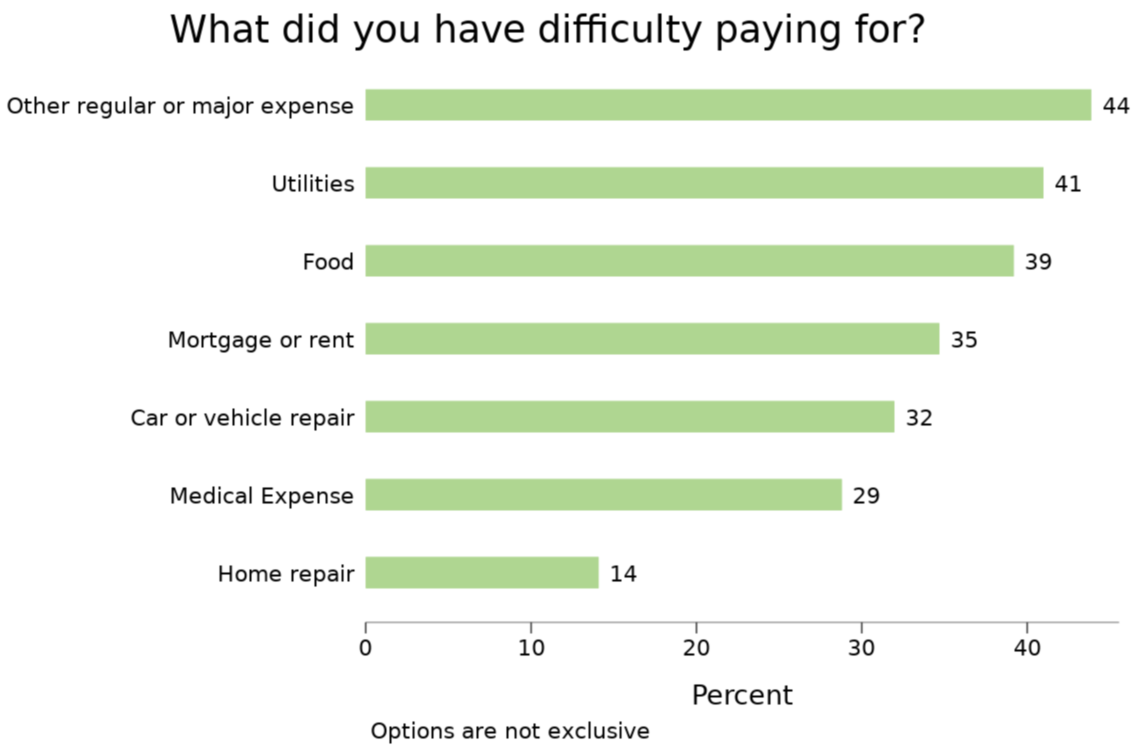
Figure 2 illustrates that broadly speaking, respondents used several, not necessarily exclusive, strategies to deal with difficulties paying a bill or expense. These different strategies illustrate the different kinds of adjustments that households can make in response to a shock. Many respondents dealt with difficulty paying a bill or expense by borrowing. Borrowing requires the respondent to pay back the loan, generally with interest, which reduces the resources the respondent has available for consumption in the future. Importantly, as many respondents cut back on other expenses, making some sacrifices today, as borrowed. Others sought to increase income today, reducing the time available for other things. Finally, many respondents became delinquent on some bill or debt, either the one that caused the difficulty or a different one. Not paying for a bill or expense may cause difficulty in the future by, for example, having a utility cut off, causing eviction, having a delinquency on a credit record that increases the costs of borrowing, or having the debt referred to a collection agency.[15]

If people could point to a specific event, they typically pointed to a larger unexpected expense or loss of income that caused them to have difficulty paying for a bill or expense. This larger event also had ripple effects in other parts of people's lives, as indicated by the frequency with which people cut back on other expenses or paid another bill late. Figure 3 examines some of these broader implications and, more specifically, shows responses to the question: "Paying for one major expense may make it harder to pay other bills or expenses. When you ran out of money, what did you have difficulty paying for?" The survey asked this question to all respondents who had difficulty paying a bill or expense and asked respondents to mark all of the options that applied to them.

Of people who had difficulty, 39 percent reported being unable to pay for food. Many people also reported being unable to pay for regular expenses such as mortgage or rent (35 percent) and utilities (41 percent). Many respondents selected more than one option.

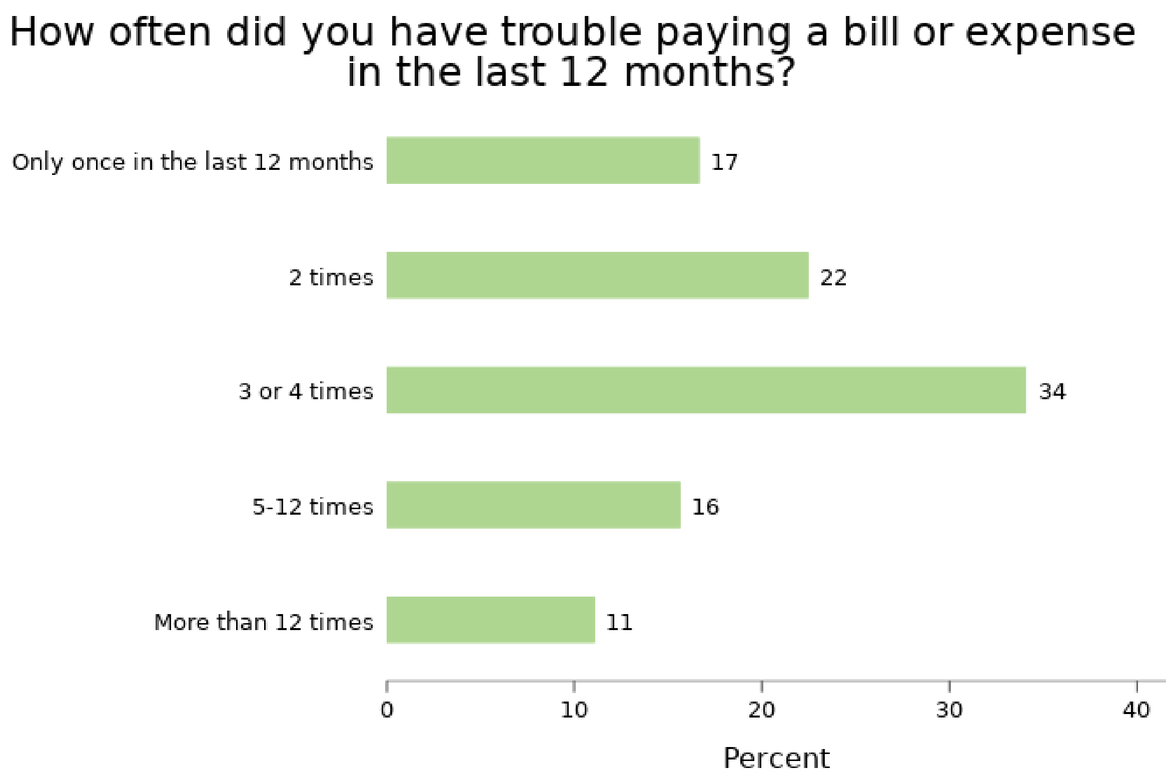
[15] For the experiences of debt collection, see: CFPB, 2017, "Consumer Experiences with Debt Collection: Findings from the CFPB's Survey of Consumer Views on Debt," January 2017. Available: https://www.consumerfinance.gov/data-research/research-reports/consumer-experiences-debt-collection-findings-cfpbs-survey-consumer-views-debt/.

Figure 3: "Paying for one major expense may make it harder to pay other bills or expenses. When you ran out of money, what did you have difficulty paying for? *Please mark all that apply*."



The preceding discussion focuses on whether a respondent had difficulty at any time in the prior year and the characteristics of the most recent difficulty. Figure 4 shows that people who report having difficulty paying a bill or expense tend to have trouble several times a year. The median consumer who had difficulty paying a bill or expense had trouble three to four times in the past year. Sixteen percent of households report having difficulty between 5 and 12 times in the past year; 11 percent report having difficulty more than 12 times.

Figure 4: "How often did you have trouble paying a bill or expense in the last 12 months."

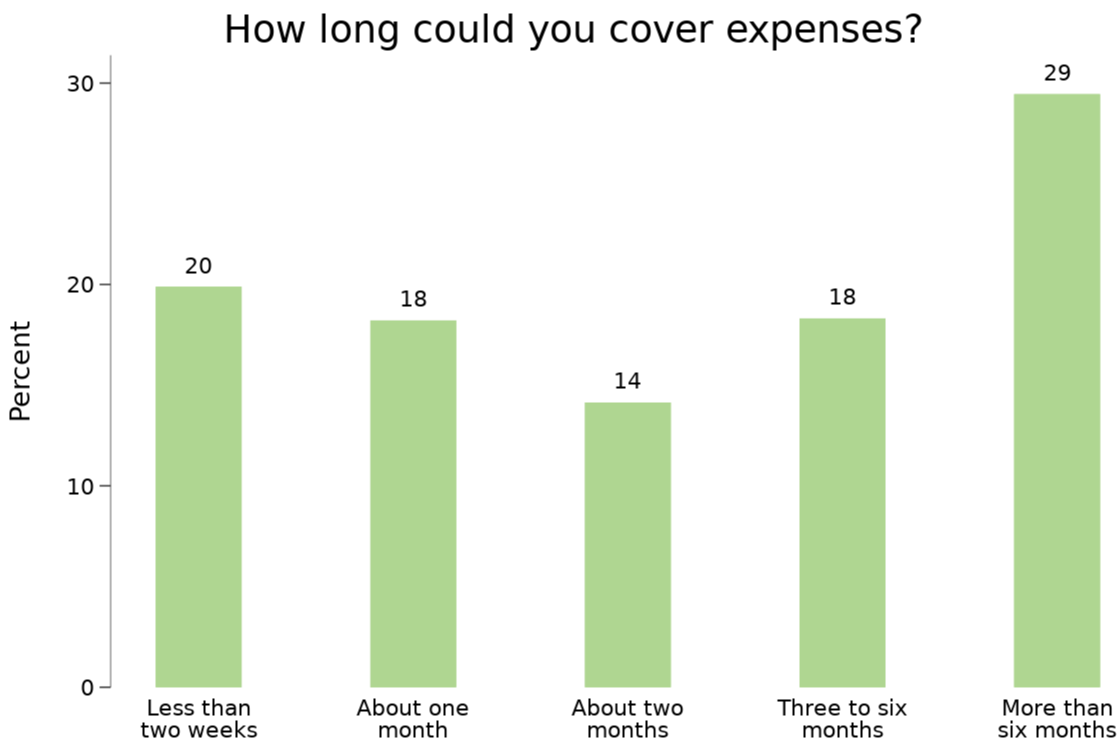


Many U.S. households could cover just a few months of expenses if income dropped

The previous sections examine how often U.S. consumers reported having shocks and how often they reported having trouble making ends meet. Often, respondents had difficulty paying for a bill or expense after some unexpected expense or the loss of income (see Table 5). Yet, as Table 2 shows, many respondents faced shocks or events and did not report having difficulty paying a bill or expense. This section looks at one aspect of financial fragility by examining how long households could cover expenses following the loss of its main source of income.

Households have many possible ways to cover expenses, both expected or unexpected. Some may seek to borrow formally, such as by using a credit card or personal loan. Others might seek help from friends and family or sell something. To try to understand how the extent of the resources available to a household compare to its expenses, the survey asked: "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?" Figure 5 shows the responses to this question.

Figure 5: "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?"



Even putting together all sources of funds, one fifth of households would not be able to cover expenses for more than two weeks without their main source of income. Thirty-eight percent who lost their main source of income could cover their expenses for less than one month and 52 percent could cover expenses for two months or less.

The question asks respondents to think broadly about their financial situation rather than to consider only a narrow source of funds, such as in a checking account. The question thus captures how long a household, using all resources available to it, could cover its expenses after losing its main source of income without significantly altering its lifestyle. The question is hypothetical, so may not represent what a household would actually do. In addition, during a recession, credit may become less available and friends and family may have less to share, so this question may understate the exposure of U.S. households to a widespread income loss.

Conclusion

This brief presents the first results from the Bureau's Making Ends Meet survey. The survey results provide a deeper understanding of how often U.S. consumers have difficulty making ends meet and how they cope with financial shortfalls. U.S. consumers are frequently exposed to financial shocks which can lead to difficulty paying for bills and expenses. Consumers who experience difficulty often adjust by borrowing, cutting back on other expenses, not paying bills or expenses, or seeking additional income. Many consumers report that they are not well prepared to weather even a brief period of loss of their main income source without altering their lifestyle.

Although the survey took place in May 2019, many of the findings are particularly relevant during the coronavirus pandemic and its aftermath. Millions of consumers have recently become unemployed or furloughed. Many others face unexpected medical bills or child care expenses. The results presented in this brief indicate that these events are likely to have a significant impact on consumers' ability to make ends meet. The Bureau is currently conducting a follow-up survey with the respondents from the first survey that will provide more information on how COVID-19 and responses to it have affected people's financial lives.

APPENDIX A: SURVEY METHODOLOGY

The sample for the survey was selected from the Bureau's Consumer Credit Panel (CCP), a 1-in-48 random and deidentified sample of credit records maintained by one of the top three nationwide credit reporting agencies (NCRAs).[16] 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 Bureau 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 Bureau.

The primary focus of the survey is on consumers who may recently have had difficulty making ends meet. To ensure the survey included responses from consumers facing these problems, the survey sample disproportionately included records in the lowest quartile of credit scores and with a recent delinquency. The Bureau also devoted one third of the sample to consumers living in rural areas or in Native American trusts, tribal lands, or reservations. Oversampling consumers in rural areas and consumers facing difficulty helps to ensure a sufficient sample size for these consumers.

The survey questionnaire contained 97 questions on several topic areas including: the general financial situation, experiences with credit, running out of money, household events, and perspectives on shopping and preferences.

The Bureau developed the questionnaire in several steps. The Bureau conducted a pilot of the survey in 2017. As part of developing the pilot, the Bureau's contractor conducted cognitive testing of the survey questionnaire. Based on the pilot and cognitive testing, the Bureau revised several questions, particularly the section on Making Ends Meet, to better capture respondents' experiences. The final questionnaire reflected public comments on a proposed questionnaire

[16] 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 at 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 at http://www.consumerfinance.gov/privacy/system-records-notices/market-and-consumer-research-records-2/.

which was published as part of the process of obtaining approval to conduct the survey under the Paperwork Reduction Act.[17]

The Bureau based the survey protocol on its Survey of Consumer Views on Debt.[18] The Bureau tested the protocol in its pilot and experimented with strategies to encourage respondents to take the survey online.[19] The first survey mailing included a print version of the survey and a link to take the survey online. The initial mailing contained a cover letter in English and Spanish, a print version of the survey in English, and a five-dollar bill as a token of appreciation. The online version included a Spanish option. The Bureau followed up with a postcard a week later, then sent another survey and five-dollar bill to non-responders in week five, and sent a final postcard in week seven. The entire field period lasted 12 weeks.

The survey was mailed to 15,000 consumers starting on May 22, 2019. Ultimately, 2990 consumers responded for a response rate of approximately 20 percent. This response rate is similar to the pilot and to the Survey of Consumer Views on Debt, but lower than surveys that focus on populations that are more financially secure such as the National Survey of Mortgage Origination, which has a 30 percent response rate.[20]

Weighting

Because it is a sample of credit records, the CCP is not representative of the U.S. adult population. The most obvious difference is that the CCP does not include people without credit records. Around 11 percent of the U.S. adult population is "credit invisible," lacking a credit record.[21] Further, there is an important distinction between credit records and people with a credit record. A small but notable fraction of credit records are "fragments" which contain only a portion of a consumer's credit history that has not been properly associated with the consumer's

[17] The survey was assigned OMB control number 3710-066.

[18] See: CFPB, 2017, "Consumer Experiences with Debt Collection: Findings from the CFPB's Survey of Consumer Views on Debt," January 2017. Available: https://www.consumerfinance.gov/data-research/research-reports/consumer-experiences-debt-collection-findings-cfpbs-survey-consumer-views-debt/.

[19] See: Bucks, Brian, Mick Couper, and Scott Fulford, 2020, "A Mixed-Mode and Incentive Experiment Using Administrative Data," *Journal of Survey Statistics and Methodology,* 8(2): 352-369.

[20] See: Robert B. Avery, Mary F. Bilinski, Tim Critchfield, Craig Davis, Ian H. Keith, Ismail E. Mohamed, Saty Patrabansh, Jay D. Schultz, and Rebecca Sullivan, 2020, "National Survey of Mortgage Originations Technical Documentation," February 2020. Available: https://www.fhfa.gov/DataTools/Downloads/Documents/NSMO-Public-Use-Files/NSMO-Technical-Documentation-20200220.pdf.

[21] For more on what is known about people who lack credit records, see: Brevoort, Grimm, and Kambara, 2015.

main file. For example, in estimating the fraction of credit invisibles, the Bureau excluded 8.1 percent of records as likely fragments.[22]

The survey is weighted to be representative of the CCP and thus, roughly (but not exactly due to fragments), representative of adults in the U.S. with a credit record. The weights used in all of the analyses 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 differences in response rates). The Bureau took two additional weighting steps. First, women answered the survey disproportionally more than men, so the Bureau adjusted the weights to match the pooled American Community Survey from 2013 through 2017. Second, the disproportionate sampling resulted in some 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. The Bureau employed a weight smoothing method to average weights within quintiles of adjustment cells.[23] These combined weights ensure that the weighted distributions for the sample of respondents align with the CCP and the population of consumers for key variables.

Skip logic coding

The survey included multiple nested questions, in which the response to one question directed the respondent to either continue answering subsequent follow-up questions or skip to a later question. The online version of the survey automatically directed respondents to the correct next question based on their answers, so online respondents did not see or respond to questions that did not follow the logic of their answer to the previous question. Because most respondents completed the paper mail-in survey (74 percent), automatically enforcing question skip patterns was not possible for those respondents.

To help form consistent responses, Bureau researchers created several rules when paper-survey respondent answers were inconsistent due to a respondent not following skip instructions. Doing so requires some judgment, because, by definition, the answers to some questions are inconsistent with the answers to others. In most instances of incorrect skip logic, answers to

[22] See p. 28 in Brevoort, Grimm, and Kambara, 2015.

[23] The Bureau employed a weight smoothing method proposed by Beaumont (2008) that is potentially more robust to model misspecification and sampling misspecification than weight trimming. Within the adjustment cells defined by all possible combinations of the four score quartiles, recent delinquency indicator, three age groups, and three rural groups (where these last two groups defined the strata), the Bureau calculated five quintiles of weights and assigned the records within each quintile-combination the mean of that quintile-combination. Doing this adjustment brings the maximum influential weight from 38.6 times the mean squared-weight to 12.6 times. See: Beaumont, Jean-François, 2008, "A New Approach to Weighting and Inference in Sample Surveys," *Biometrika*: 95(3), 539-553. Available: doi: 10.1093/biomet/asn028.

follow-up questions that were not consistent with the skip pattern were set to missing and not considered in any analysis.

For questions related to difficulty paying expenses, there were several follow up questions that were all predicated on responding “Yes” to reporting having had difficulty paying a bill or expense in the past twelve months. About eight percent of respondents answered one or more of the follow up questions in this section, even after they selected “No” or left the question blank, and therefore should have skipped to the next section. To ensure that all experiences of financial difficulty were captured as accurately as possible, Bureau researchers analyzed all responses to each survey that did not follow the skip logic in this section. Based on the responses selected to the follow-up questions, some respondents provided enough information to suggest that they did have difficulty paying a bill or expense. For these respondents, Bureau researchers changed the lead-in answer to “Yes,” to reflect the later answers. For respondents who did not provide enough insight into their (potential) financial issues to indicate that they had experienced difficulty, any responses to questions following up on having difficulty were set to missing and not included in any analysis.

Benchmarking

To understand the accuracy of the collection protocol and weighting process, this section compares the weighted Making Ends Meet (MEM) estimates to publicly reported estimates from similar questions from other surveys. As discussed in the section on weighting, an important distinction between the MEM survey and other surveys is the CCP sample frame. This sample frame differs in important ways from the sample frames of other nationally representative surveys. The MEM survey is weighted to be representative of the CCP which does not include people without a credit record. The results from the MEM survey may differ based on the sample population as well as differences in the underlying questions.

Tables 6 and 7 below show demographic comparisons between Making Ends Meet (MEM) and the 2018 American Community Survey (ACS) and Census population estimates. The table displays the question and answer options from the Making Ends Meet survey, along with the weighted percentage of respondents selecting each answer, and the comparable statistic from the ACS. For several questions, the categories for MEM and the ACS are not identical, so this comparison provides general insight into comparability, rather than an exact benchmark.

Overall, MEM estimates compare to the ACS across levels of age, education, race, and income. The largest differences occur when ACS categories and MEM categories do not precisely align or when the population under consideration differs. MEM is sampled from the CCP and is weighted to be representative of the CCP, while the ACS is designed and weighted to match the population estimates from the Census Bureau population estimates program.[24]

The sex balance is almost identical between the two surveys. This close relationship occurs because the weighting process for MEM included a calibration step to adjust for sex-imbalanced response patterns to match the ACS.

The MEM population tends to be slightly older than the ACS population, although some of the individual age-range discrepancies are due to differences in categorization. For example, the youngest group in MEM, those aged 18 to 24, represent about seven percent of the total sample.

The MEM sample tends to be somewhat better educated than the ACS. In particular, four percent of the weighted MEM sample has less than a high school degree, compared to 12 percent in the ACS. This difference may be due to the sample population differences. "Credit invisibles"—people who do not have a credit record—tend to live in areas with lower incomes.[25] They may also be less well educated than average. Also of note, the ACS educational attainment measures only represent those aged 25 or older, which could account for some of the differences.

The MEM sample matches the Census population estimates from 2020 fairly closely on race and ethnicity. We use the Census population estimates because they allow a similar characterization by race and ethnicity for the adult population. Following a similar approach used by the FDIC unbanked/underbanked study[26] and others, the MEM categorization is exclusive so that analysis can cleanly compare groups. The categorization is: 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. We follow the same construction using the national population estimates, grouping more than one race with "Other."

Table 6: Demographic comparison of Making Ends Meet to American Community Survey

---

[24] See: p. 135 in United States Census Bureau, 2014, "American Community Survey Design and Methodology (January 2014)." Available: https://www2.census.gov/programs-surveys/acs/methodology/design_and_methodology/acs_design_methodology_report_2014.pdf.

[25] See: Brevoort, Grimm, and Kambara, 2015.

[26] See p. 73: Federal Deposit Insurance Corporation, 2017.

Group	MEM (Percent)	ACS[27] (Percent)
What is your sex?		
Male	49.6	49.2
Female	50.4	50.8
How old are you?[28]		
Less than 25 years (18-24 MEM, 20-24 ACS)	6.9	9.3
25-34 years	15.1	18.5
35-44 years	17.9	16.9
45-54 years	17.6	17.7
55-61 years (55-64 ACS)	13.1	17.2
62 years or older (65 or older ACS)	29.3	20.5
What is your highest level of education?[29]		
Less than a high school degree	4.2	12.4
High school degree	20.3	27.1
Technical or vocational degree	7.3	
Some college, but no degree	22.0	20.6
Two-year college degree	8.5	8.4
Four-year college degree	23.1	19.4
Postgraduate degree (for example, MA, PhD, JD, MBA, MD)	14.7	12.1
High school graduate or higher	95.8	87.7
Bachelor's degree or higher	37.7	31.5
Race and ethnicity[30]		
Non-Hispanic White	66.2	67.5
Black or African American	13.6	12.2
Hispanic	11.1	12.5
Asian	4.4	5.0
Other	4.8	2.8

Another important dimension for comparison is the income distribution of the MEM and ACS populations. The ACS provides more detailed income distributions, with smaller ranges of household income than MEM. Therefore, direct comparisons of income are not possible for all categories. Table 7 shows that even when the comparison groups are not identical, both the ACS

[27] ACS Demographic and Housing Estimates, American Community Survey 2018 5-Year estimates Data Profiles. Available: https://data.census.gov/cedsci/table?q=United%20States&tid=ACSDP5Y2018.DP05.

[28] The ACS percentages are calculated for the population 20 and older.

[29] The ACS reports educational attainment among the population 25 and older.

[30] Race and ethnicity are from the Census National Population by Characteristics tables rather than the ACS and are for age 20 and over from Census estimates. See: Census Bureau, 2020, National Population by Characteristics: 2010-2019. Available: https://www.census.gov/data/tables/time-series/demo/popest/2010s-national-detail.html.

and MEM estimates follow a comparable income distribution although there are important differences. MEM reports 10 percent of the population had a household income of $15,000 or less and ACS reports about 12 percent. The MEM survey includes a notably lower fraction of households with income of $100,000 or more (21 percent) than does the ACS (28 percent). The MEM survey asks: "What was your household's annual income in 2018 from all sources (wages, tips, interest, child support, alimony, investment or rental income, retirement, Social Security, and government benefits such as food stamps)?" after instructions to help the respondent define the household. The ACS asks for income in the past 12 months for each of eight individual sources of income and each member of the household. It is possible that by probing for each type of income and household member, the additional questions prompt additional recall.

Table 7: Income distribution comparison of MEM and ACS

Annual Household Income in 2018	MEM (percent)	Income and Benefits (in 2018 inflation-adjusted dollars)[31]	ACS (percent)
$15,000 or less	10.3	$14,999 or less	11.9
$15,001 to $20,000	7.6	$15,000 to $24,999	9.3
$20,001 to $40,000	19.2	$25,000 to $34,999	9.3
$40,001 to $70,000	24.5	$35,000 to $49,999	12.6
N/A	-	$50,000 to $74,999	17.5
$70,001 to $100,000	17.3	$75,000 to $99,999	12.5
More than $100,000	21.1	$100,000 or more	27.9

Several topics and questions in the Making Ends Meet survey have been studied in previous nationally representative surveys, such as the FDIC survey of Unbanked and Underbanked Households (FDIC) [32] in, 2017, the Federal Reserve Board's Survey of Consumer Finance[33] (SCF), in 2017, the Pew Survey of American Family Finances[34] (Pew) in 2015, and the Federal

[31] Selected Economic Characteristics, American Community Survey 2018 5-Year estimates Data Profiles. Available: https://data.census.gov/cedsci/table?q=United%20States&tid=ACSDP5Y2018.DP03&g=0100000US&vintage=2018&hidePreview=true&moe=false&y=2018&d=ACS%205-Year%20Estimates%20Data%20Profiles.

[32] Federal Deposit Insurance Corporation, 2017.

[33] "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances" Board of Governors of the Federal Reserve System. Available: https://www.federalreserve.gov/publications/files/scf17.pdf.

[34] See: Pew Charitable Trusts, 2015, Survey of American Family Finances, "Top-lines accompanying "Americans' Financial Security: Perception and reality." Available: https://www.pewtrusts.org/~/media/assets/2015/03/fsm-poll-results-toplines_artfinal_v3.pdf.. The proportions are the sum across each row of the results reported in item 7 In addition, see: "The Role of Emergency Savings in Family Financial Security: How Do Families Cope With: Financial Shocks?" 2015, Pew Charitable Trusts. Available: https://www.pewtrusts.org/~/media/assets/2015/10/emergency-savings-report-1_artfinal.pdf.

Reserve Board Survey of Household Economics and Decision-making[35] (SHED) in 2018. Table 9 presents the weighted responses to a selection of directly-comparable questions from the MEM survey to results found in the public reports of these other surveys. The questions cover a range of topics that are important to the MEM survey including access to financial services, use of alternative financial services, income volatility, and household shocks.

In MEM, six percent of households lack access to traditional banking (as measured by not having a checking account), about the same share reported in both the FDIC survey and the SHED, 6.5 percent and six percent respectively. Income variability is also similar across multiple surveys. All three surveys indicate about 70 to 75 percent of households have stable income, and about 20 percent have income that varies somewhat month-to-month. The share with more-variable income is higher in the FDIC survey (nine percent) than in the MEM and Pew surveys (roughly five percent).

MEM estimates a higher share taking out pawn shop loans than the FDIC survey, although the differences are small in terms of percentage points. The FDIC survey asks about pawn shop loan use by the respondent or anyone else in the household in the previous year, rather than in the previous six months. MEM asks about pawn shop loan use only for the respondent.

Consumer access to credit is also broadly similar in the MEM and SCF. MEM reports that about one quarter of the population was denied the credit they applied for or decided not to apply for fear of being turned down in the past year. The SCF reports that 21 percent of the population faced this issue.

MEM reports a slightly higher rates of homeownership than similar surveys. In the MEM, 66.1 percent of respondents report that they own their primary residence. This compares to about 64 percent of SCF respondents reporting that they own their primary residence.

Similar shares of respondents experienced various household shocks in the past 12 months across surveys. While MEM reports lower shares experiencing either a major vehicle repair or replacement, around 27 percent, or a major house or appliance repair, about 21 percent, these estimates are still in line with those reported by Pew, 30 percent and 24 percent, respectively.

[35] "Report on the Economic Well-Being of U.S. Households in 2018," Board of Governors of the Federal Reserve System. Available: https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf.

Table 9: Selected question comparisons across multiple surveys

	MEM	FDIC	Pew	SHED	SCF
Bank Access					
No one in the household currently has a checking account	5.9	6.5	-	6	-
Which best describes your household's income from month to month?					
Income is about the same each month	75.9	-	73.5	71	-
Income varies somewhat from month to month	19.1	-	20.7	19	-
Income varies a lot from month to month	5.0	-	5.8	9	-
Pawn Shop Loans					
Taken out a pawn shop loan in the last 6 months	2.5	1.4	-	-	-
Access to Credit					
Were denied credit or did not apply for fear of being denied in the past year	25.1	-	-	-	20.8
Home Ownership					
Own current residence	66.1	-	-	-	63.7
Household Shocks					
A major vehicle repair or replacement	26.8	-	30	-	-
A major house or appliance repair	20.9	-	24	-	-