

BY KATRINA MULLEN

New from the Richmond Fed's Regional Matters blog

Sonya Ravindranath Waddell. "Is There a Credit Crunch? A View From Fifth District Businesses."

The Fed's Senior Loan Officer Opinion Survey, released in April, indicated tighter loan standards across loan types and firm sizes. Richmond Fed researchers followed up on these findings, seeking information from Fifth District businesses via the Richmond Fed manufacturing and service sector surveys to determine the extent to which Fifth District firms were finding it difficult to obtain credit. Most firms responding to the survey had not applied for new credit, nor did they plan to this year; the main reason reported for this was that they did not need the credit. Of the firms that did apply, nearly 60 percent said credit was either somewhat or much more difficult to obtain. The recurring response was lending standards had become more stringent, but some also felt banks did not want to lend.

Surekha Carpenter and Hailey Phelps. "CDFIs on the Prize: Recent Federal Awards for Community Development Financial Institutions."

The mission of community development financial institutions (CDFIs) is to expand access to financial services for low-income and other underserved populations. As a result of the COVID-19 pandemic, Congress has appropriated \$12 billion through three programs: the CDFI Rapid Response Program (RRP), the Emergency Capital Investment Program (ECIP), and the Equitable Recovery Program (ERP). In the Fifth District, of the certified CDFIs that applied, 75 percent received funding from RRP and 42 percent from ERP. Among certified depository CDFIs — that is, credit unions, banks, and holding companies — 40 percent received funding from ECIP.

Stephanie Norris. "Updates to Rural and Urban Areas Based on the 2020 Census."

The U.S. Census Bureau's 2020 urban boundaries, released earlier this year, changed the urban-rural distribution in the Fifth District. Compared to the 2010 census, the new criteria for urban areas replaced the existing threshold based on population density with one based on housing density. It also increased the population threshold and eliminated the two subcategories of urban areas. With the changes to housing and population requirements for urban areas, the United States and the Fifth District have seen increases in their rural-designated populations. In the Fifth District,

51 counties that experienced an increase in the rural population also saw an increase in the urban population. For example, the rural population of Johnston County, N.C., increased by more than 26,000 people, while its urban population increased by more than 20,000 people.

Zach Edwards and Sonya Ravindranath Waddell. "The Fifth District Labor Market: Normalization or the Beginning of a Slowdown?"

In 2021 and 2022, employers were adding 500,000 jobs per month on average; in 2023, employers have added more than 300,000 jobs per month on average, indicating signs of slowing in hiring. The Richmond Fed manufacturing and service sector surveys use diffusion indexes (the share of firms in the past month that reported increased employment minus the share reporting decreased employment) to determine employment changes. This year, the share of firms with increased employment dropped to 15 percent, while the share with decreased employment rose to 15 percent. Nonetheless, firms said it was easier to find workers with the necessary skills, with indexes within pre-pandemic levels. The largest share of firms expected to increase headcount in operational roles, such as production, front-line work, and IT.

Stephanie Norris. "Households Confront the End of Pandemic-Era Assistance Programs."

When the COVID-19 pandemic began in March 2020, the federal government responded by expanding the Supplemental Nutrition Assistance Program (SNAP) and pausing federal student loan payments. One major change to SNAP, which supports low- and moderate-income (LMI) populations and those facing temporary economic hardship, was the addition of emergency allocations (EAs) or extra funds. As of March, 4.3 million SNAP participants and 4.4 million federal student loan borrowers benefitted from these programs in the Fifth District. The EAs ended in February, and federal student loans are scheduled to resume this fall. These changes are expected to add economic challenges, particularly among LMI households. At the same time, a cost-of-living adjustment increased SNAP payments in late 2022, and the Biden administration has announced that student loan borrowers will not be delinquent or reported to credit bureaus for nonpayment through September 2024. **EF**

