

PROJECT PORCHLIGHT | SEPTEMBER 2020

From Disruption to Redemption: Helping America Overcome Disaster

COVID-19 created an unprecedented economic disaster that requires a comprehensive response.

[PORCHLIGHT.ORG](https://porchlight.org)

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Abstract

Natural disasters come with many familiar connotations. We often picture the urgency of emergency vehicles, the devastation of infrastructure damage, and the unsettledness of a shaken new reality.

2020 has been a destructive year on many fronts. While natural disasters—from jarring earthquakes to powerful tornadoes—dominated the first part of the year, global attention has inextricably turned toward the novel coronavirus. Escalating cases of COVID-19 and a crushing death count only tell part of the story.¹

Weeks of lockdowns to prevent the virus's spread created a sudden and comprehensive economic downturn. Consequently, millions of people are laid off, furloughed, receiving reduced compensation, or are otherwise negatively impacted by the pandemic.²

As a result, people's physical and financial needs have changed virtually overnight, requiring Money Management International (MMI) and Project Porchlight to quickly pivot our service offerings to meet the moment.

These changes are instructive in multiple ways. First, we hope that our pivot can help other organizations supporting their communities during chaotic times and uncertain circumstances. Second, we want to convey the positive impact of the financial support that makes our work possible. Project Porchlight is tangible evidence of how corporate social responsibility improves community recovery following disaster.



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What We'll Cover in This White Paper

Rapidly shifting circumstances forced us to alter many facets of our systems. In this paper, we will detail these changes while documenting the impact that they've had on our clients. This includes:

- An overview of the economic effect of COVID-19 and the impact of our support strategies.
- A data-driven explanation of peoples' shifting service needs.
- Testimonials from Project Porchlight counselors.
- Next steps for 2020 and beyond.

A COVID-19 response is a natural and necessary extension of our services.








Disaster is Disaster

While a pandemic looks different from a natural disaster, it has many of the same financial implications. In conjunction with federal, state, and local authorities, Project Porchlight spent years developing a framework for supporting natural disaster victims with their financial recovery efforts, making a COVID-19 response a natural and necessary extension of our services.

Shifting Client Needs

Disaster victims face common recovery barriers that impact the process.³ This includes:

-  Navigating bureaucracy and red tape
-  Having limited access to credit
-  Becoming victims of scams
-  Trouble accessing needed resources
-  Difficulty prioritizing debts and other financial obligations

Disaster is Disaster

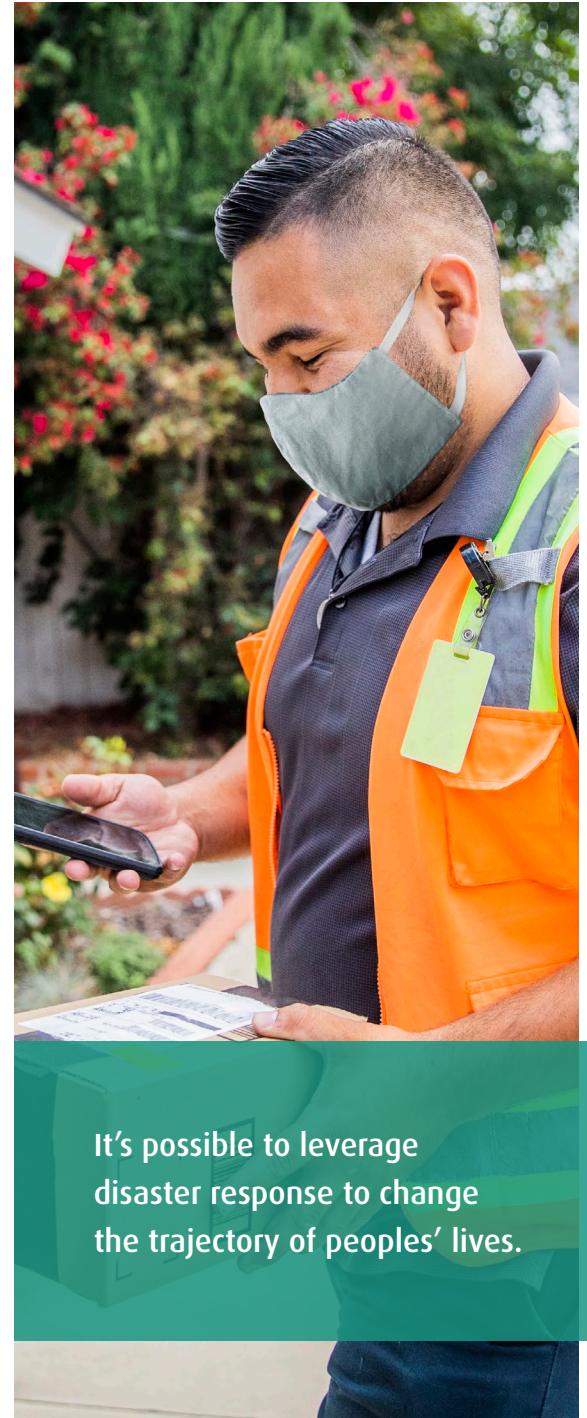
Inequity in the Recovery Process

While natural disasters don't discriminate, the recovery process often includes systemic inequities that make full financial restoration more difficult. Victims with low to moderate incomes experience a slower recovery for a number of reasons.

- Fewer discretionary dollars are available to facilitate a quick recovery.
- Reduced housing stock increases the cost of stable housing.
- Experience gaps make it more challenging to navigate the process.
- Procedural mistakes complicate recovery efforts.

This reality is especially apparent during the COVID-19 pandemic. Not only are racial and ethnic minorities more likely to experience an increased risk of severe illness⁴, but essential workers, those continuing to provide goods and services during the pandemic, are disproportionately composed of minority groups.⁵

In response, Project Porchlight provides people with support, tools, and systems education to address the financial challenges that accompany a disaster event. It's possible to leverage disaster response to change the trajectory of peoples' lives. Investing in disaster recovery is both a short and long-term solution to economic inequality. In return, people emerge more financially resilient and capable than ever before.



It's possible to leverage disaster response to change the trajectory of peoples' lives.

Economic anxiety is pervasive and hardships are exacerbated by inequities.



By the Numbers

Like with other natural disasters, the financial hardships accompanying the pandemic are exacerbated by substantial inequities. Specifically, race, gender, and socioeconomic status play a prominent role in a person's ability to restore their lives and livelihoods.

Economic Concerns Caused by COVID-19



Nearly **50%** of lower-income Americans report household **job or wage loss** due to COVID-19. Additionally, only **23% have emergency funds** to sustain their financial obligations for at least three months.⁶



It's estimated that **one-third of US jobs are vulnerable** because of the COVID-19 economic recession. According to McKinsey & Co, "**more than 80% are held by low-income workers.**"⁷



An assessment of the financial impact from COVID-19 found that "**Women, young adults, and groups of color** are particularly likely to be low-wage workers."⁸



By April, **three in ten** Americans had **lost income** due to coronavirus.¹¹



Even before the crisis, **11% of working households** and **21% of renters** lacked sufficient resources to pay for basic needs and housing costs. As the Boston Metropolitan Area Planning Council notes, "This situation exposes how many households and workers already **lacked financial security before COVID-layoffs.**"⁹



Polling data supports what many of us intuitively understand. Economic anxiety is pervasive, with as many as **90% of people experiencing financial stress** during this turbulent time.¹²

By the Numbers

Our Response

At Project Porchlight, our rapid pivot toward providing support services for financial victims of COVID-19 yielded tangible results. **As of September 2020:**



MMI has **recorded over 19,000 client interactions** referencing COVID-19 related concerns and financial challenges.



Project Porchlight disaster recovery lines have **received over 15,000 calls**, predominantly from individuals whose primary or secondary hardship is the result of COVID-19.



Project Porchlight has **performed over 7,000 client assessments or check-ins**, the majority of which were individuals and households impacted by COVID-19.

Our Findings



Client Profile

74% Low-to Moderate-Income
56% BIPOC and Latinx
612 Average Credit Score



Primary Challenge

51% Reduced Income
40% Total Job Loss
9% Increased Expenses



FinHealth Score®

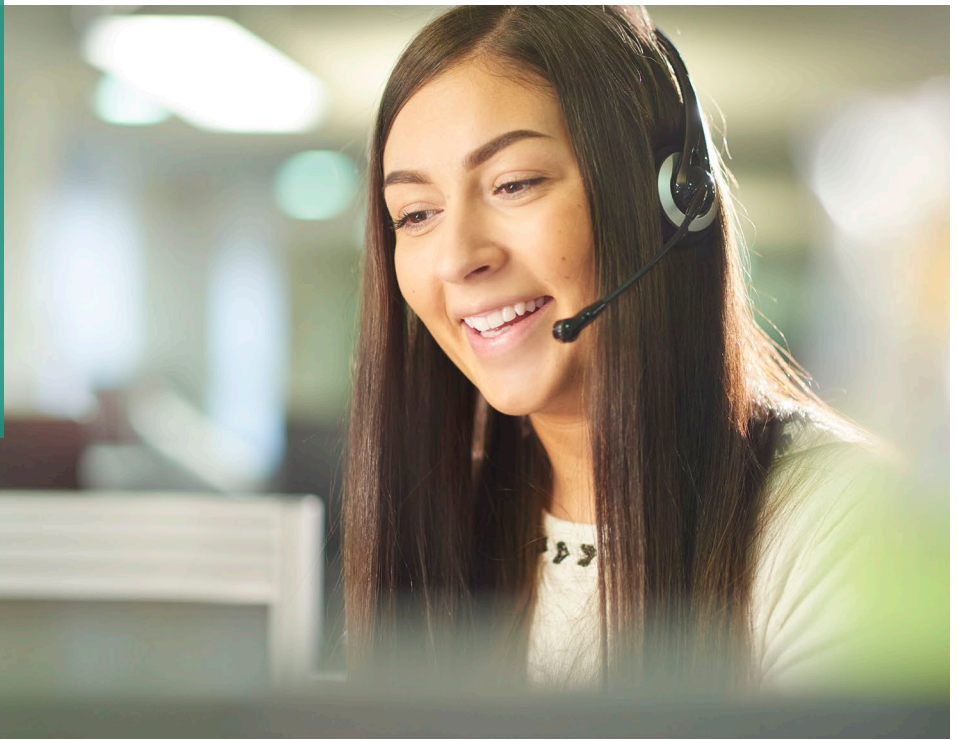
53% Vulnerable
44% Coping
3% Healthy



Housing Status

52% Rent
38% Own
8% Live With Others
2% Homeless

Helping clients navigate the financial hardship associated with COVID-19 is challenging, but rewarding.



Stories From Our Counselors

Joji Varghese

ATLANTA

Helping clients navigate the financial hardship associated with COVID-19 is uniquely challenging, but it's something that the Project Porchlight counseling team is well-equipped to manage. I recently supported Lora, a neurosurgeon recruiter for 25 years, who is out of work because her services are not in-demand during the pandemic. At the same time, she was the primary caregiver for her grandchildren because her daughter was battling illness during the downturn. Fortunately, I was able to walk Lora through the mortgage forbearance process, ultimately helping her receive a three-month pause in her payments. This simple action relieved significant financial pressure from Lora, allowing her to focus on her family without worrying about housing instability or immediate financial stress.



Fortunately, I was able to walk Lora through the mortgage forbearance process, ultimately helping her receive a three-month pause in her payments.

Stories From Our Counselors

Jessica Garza

HOUSTON

Unfortunately, some of our clients have endured a double burden, experiencing a natural disaster and pandemic at the same time. That was the case for John, my Project Porchlight client in Nashville, Tennessee, who was impacted by tornados that ravaged the area. Shortly after the storm, his income was reduced because of COVID-19. When we first spoke, John hadn't applied for any assistance programs because of difficulty navigating the bureaucracy that often surrounds these resources. I'm glad that I can lend my experience and expertise in this area so that John can get the support he needs to recover from tornado damage and a pandemic-induced financial downturn.



John can get the support he needs to recover from tornado damage and a pandemic-induced financial downturn.


Johanna McCathern

ATLANTA

Sometimes, receiving disaster assistance is a complicated process. That was the case for Danielle, a client who struggled to secure employment during COVID-19 but who was denied assistance several times. I was able to help Danielle appeal these outcomes while also establishing a plan to regain her financial footing. It was clear that she felt empowered and educated, two traits that can help her both now and in the future. COVID-19 is a unique disaster event because the damage is often unseen, making clients less likely to seek or receive assistance. I'm thrilled that I'm able to be a helpful resource in a time of widespread financial hardship.



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Project Porchlight
helps navigate a highly
bureaucratic process
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Conclusion

As we approach the close of 2020, the COVID-19 pandemic and its ancillary financial implications remain undeterred. It's clear that the fallout from this pandemic will be widespread and far-reaching. Therefore, it's critical that we use this time to equip people with the financial skills that will allow them to thrive today, tomorrow, and for years to come.

Financial counseling gives people the support, tools, and systems education that puts them on a path to full financial recovery. Often, these services reach people who would not have otherwise achieved this outcome. In response, Project Porchlight allows people to borrow our skills and experiences, helping them navigate a highly bureaucratic process that is often a barrier to financial recovery.

What's more, this service provides a skill set that can be applied long after the disaster subsides. In a very real way, it's possible to leverage financial disaster protocols to alter the financial trajectory of peoples' lives.

Long-term disaster recovery caseworkers effectively support the emotional and physical challenges experienced by disaster victims. Project Porchlight makes a unique contribution to these efforts by supporting peoples' financial future, collectively allowing communities to holistically heal from a disaster event.

There is so much good that can be done when people have the right support to overcome financial challenges, something that feels especially prescient now but that also has consequences that will long outlast the pandemic.

Thanking Our Funders

Project Porchlight and this report is made possible by a generous grant from **MetLife Foundation** that allowed MMI to expand its disaster recovery services in 2019. MetLife Foundation's two-year commitment to Project Porchlight is a tangible expression of their belief that "financial health belongs to everyone." Together, we've helped make that a reality for thousands of people. We are grateful for their continued support of MMI and Project Porchlight.



We also thank **Fannie Mae**, Project Porchlight's founding partner. MMI's relationship with Fannie Mae has spanned nearly 20 years, with Project Porchlight operating Fannie Mae's Disaster Response Network since 2018.

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