



OCTOBER 2020 NEWSLETTER

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CURRENT STATE OF THE ECONOMY

RISING POVERTY LEVELS



Two new studies reveal that after an ambitious economic safety net in the spring that saved millions of people from poverty. Aid from the Cares Act has now largely been exhausted creating higher poverty levels than before the coronavirus crisis.

After falling by 4 million at the start of the pandemic; since May 2020, the number of poor people doubled to over 8 million according to researchers at Columbia University.

Despite stimulus efforts, about 1/3 of the unemployed do not receive unemployment checks, undocumented workers are disqualified from unemployment aid, and no one in their households received stimulus checks.

Among individuals eligible for stimulus checks, about 30% failed to receive them; while most families received them automatically, those too poor to have filed tax returns had to apply.

These numbers are very concerning because they highlight how people are having a lot more trouble paying their bills, rent and putting food on the table.

Despite reports of an improving job market showing a slight economic rebound, it was dramatically too slow to offset benefits.

Sources:

DeParle, J. (2020). 8 million have slipped into poverty since May as federal aid has dried up. *The New York Times, Courant*. <https://www.courant.com/business/careers-finance/sns-nyt-millions-in-poverty-after-federal-aid-gone-20201015-acpwxebb2zaf5kiyuxoivl-4r6m-story.html>

Smith-Ramani, J. & Mitchell, D. (2016). The Ripple Effects of Income Volatility. *The Aspen Institute*. <https://www.aspeninstitute.org/blog-posts/ripple-effects-income-volatility/>

Vazquez, M., Mattingly, P. & Klein, B. (2020). McConnell Nixes Trump “big” Stimulus Proposal. *CNN Politics*. <https://www.cnn.com/2020/10/15/politics/donald-trump-nancy-pelosi-stimulus-coronavirus/index.html>

As a result, hard working citizens who have lost their jobs due to COVID-19 are experiencing extreme hardship and find themselves waiting in food line to feed their family (figure 1, below).



Income volatility is especially hard on low-income families who lack the savings or credit to keep essential bills paid. It acts as a kind of invisible tax, measured in units as varied as late fees, toxic stress and worse school outcomes for children.

Research on income volatility reveal that families facing one of three income disruptions; *an involuntary job loss, a health-related work limitation, or an income drop of 50 percent* or more are more likely to be evicted, miss housing and utility payments, and receive public benefits.

Obviously, these results have ripple effects on city budgets and community development. Property tax revenue will dip if families struggle to make mortgage payments; social service budgets will surge if families need public assistance to find affordable housing or replace lost wages;

Doubly important, cities with publicly owned utilities will take a financial hit when their citizens miss payments.

UNPRECEDENTED POVERTY LEVELS



In a recent analysis by Dr. Brendan O’Flaherty, professor of economics sounded the alarm that *the projected rise in homelessness would be “unprecedented”*.

An earlier study published by the Journal of Housing Economics in 2017 found that every 1% increase in unemployment rate corresponded with the homelessness rate rising by 0.65 per 10,000 people. No one has seen an increase of 10% of unemployment in a month,” he said.

“If the projections of unemployment being made now turn out to be accurate, and the relationship between unemployment and homelessness follows the historical pattern, and no other major changes occur, that’s what we can expect to happen,” O’Flaherty said. But the unemployment rate could be far worse than those projections predict.

The Bureau of Labor Statistics reported that the unemployment rate hit 14.7% in April, a level unseen since the Great Depression. That number hardly tells the whole story, as another 2.4 million Americans filed first-time unemployment claims this week — suggesting that the economic shock caused by the virus is far from over. More importantly, over 38 million people have now filed for unemployment since the lockdowns began in March, representing nearly a quarter of the nation’s entire workforce.

Source:

Derysh, I. (2020). Study projects homelessness will rise 45% in just one year due to coronavirus unemployment. Salon. <https://www.salon.com/2020/05/23/study-projects-homelessness-will-rise-45-in-just-one-year-due-to-coronavirus-unemployment/>

In California, which already has the largest homeless population in the United States, Gov. Gavin Newsom said the state projects the unemployment rate will hit 24.5% this year.

A rising homelessness rate will exacerbate the health crisis, since many will be left without a home in which to isolate. This is a major problem because it increases their overall risk to getting the virus living in conditions where they cannot wash their hands or safely social distance.

PLAN YOUR FUTURE WITH A\$SETCOIN



A year of multiple crisis occurring simultaneously has revealed numerous factors; such as, vulnerabilities in the economy, the government’s inability to effectively respond to a pandemic, inefficiencies in financial institutions and the inability of leaders to negotiate in a timely manner to lessen the financial, physical and emotional impact of COVID-19.

As a result, many citizens feel exhausted by it! Likewise, NCF II is here to offer new solutions to old reoccurring problems using innovative pathways like A\$SETcoin. Unlike the U.S. dollar or 1st generation crypto (bitcoin) not backed by anything, A\$SETcoin is backed by assets and monthly cash flow derived from ecosystem business holdings that appreciate over time.

As a stablecoin, A\$SETcoin exist in a market that is growing at astronomical rates; in the past 12 months, on-chain activity increased 800%. The combined stablecoin market cap (\$10 billion) ranks third behind Bitcoin with expectations of reaching one trillion in the next five years; currently, the overall combined market cap of stablecoins sits at \$6.7 billion dollars.

Invest, support or get involved today and join mission to create a more inclusive fair society; contact us today to see how you create your own wealth building plan with NCF II.



**Northeast Capital Fund II
has signed the pledge
joining 200+ companies for;**

“A Day for Democracy”

<https://adayfordemocracy.com/>



Quote of the Month

“We should all do something to right the wrongs that we see - not just complain about them”

– Jacqueline Kennedy Onassis

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