The Federal Reserve Board has fielded the Survey of Household Economic Decisionmaking (SHED) each fall since 2013 to understand the range of financial challenges and opportunities facing families in the United States. This brief discusses the most recent data available from the SHED survey conducted in October 2019.

The 2019 SHED asked respondents about the experiences of their families with being imprisoned or jailed and whether or not they had unpaid legal expenses, fees, or court costs. Respondents were asked whether they, or a family member, had spent one or more nights in jail and/or prison, and whether or not they, or a family member had any unpaid legal expenses, fines, fees, or court costs.

Overall

One-in-five U.S. adults (20%) have had a member of their immediate family imprisoned or jailed for one night or longer, including:

- 35% of Black adults
- 30% of adults of 2+ races
- 25% of Hispanic adults
- 18% of White adults
- 28% of LGB adults

One-in-twenty U.S. adults (5%), and/or someone in their immediate family, had unpaid legal expenses, fines, fees or court costs, including:

- 10% of Black adults and adults of 2+ races
- 7% of Hispanic adults
- 4% of White adults
- 7% of LGB adults

Experiences With Discrimination

U.S. adults with experiences with discrimination in the prior year were more likely to have (or to have family members with) experiences with jail, and to have unpaid legal expenses or court costs.

- One-in-three U.S. adults (35%) who had experienced discrimination in the prior year had a member of their immediately family who had been imprisoned or jailed one or more night, compared to 19% of those who had not—over 1.75x more often.
- One-in-eight U.S. adults (14%) who had experienced discrimination in the prior year had, or someone in their family had, unpaid legal expenses, compared to 4% who had not—over 3x more often.

Financial Outlook

Those who had personal or family experiences with prison or jail, or unpaid legal expenses were less likely to have an optimistic appraisal of their financial wellbeing.

- Fewer than two-thirds of those who had an immediate family member spend 1+ night in jail reported they were at least “doing okay” in 2019 (66%), compared to over three-quarters of those did not (79%).
- Only half of those who had, or had an immediate family member with, unpaid legal or court costs reported they were at least “doing okay” in 2019 (50%), compared to over three-quarters of those who did not (78%).

Credit Scores

Those who had personal or family experiences with prison or jail, or unpaid legal expenses, were more likely to have “Poor” or “Very poor” credit scores.

- U.S. Adults who had an immediate family member spend 1+ night in jail were more than 2x more likely to have “Poor” or “Very poor” credit scores (16% vs. 7%).
- U.S. Adults who had, or had immediate family members with, unpaid court fees were 3.5x more likely to have “Poor” or “Very poor” credit scores (28% vs. 8%).

Credit Cards

Those who had personal or family experiences with prison or jail, or unpaid legal expenses, were less likely to have a credit card than those who did not.

- One-in-five of those who had an immediate family member who had spent 1+ night in prison/jail did not have any credit cards (22%), 2x more often than for those who did not (11%).
- Nearly one-in-three of those who had, or had immediate family members with, unpaid court fees, did not have any credit cards (32%)—more than 2x more often than for those who did not (13%).

Among those with a credit card, those with personal or family experiences with prison or jail, or unpaid legal expenses, were more likely to carry a balance on their card.

- Two-thirds of those who had an immediate family member who had spent 1+ night in prison/jail had carried an unpaid balance on one or more of their credit cards in the previous year (64%)—as compared to less than half of those who did not (46%).
- Nearly three-quarters of those with, or had immediate family members with, unpaid court fees had carried an unpaid balance on one or more of their credit cards in the previous year (74%)—as compared to less than half of those who did not (49%).

Credit Applications

Those who had personal or family experiences with jail or unpaid legal expenses were less likely to be approved for credit, and were more likely to be approved for credit but offered less credit than they had applied for, than those who did not.
Those who had an immediate family member who had spent 1+ night in prison/jail were:
• 2x more likely to have been turned down for the credit they had applied for (35% vs. 18%).
• 1.5x more likely to have been approved for credit, but not as much as they had applied for (20% vs. 13%).
• One-in-five had not submitted some, or any applications for credit because they thought they might be denied credit (20%) more than 2x more often than those who did not (8%).

Those who had, or had immediate family members with, unpaid court fees were:
• 2.5x more likely to have been turned down for credit that they had applied for (51% vs. 20%).
• 2x more likely to have been approved for credit, but not as much as they had applied for (28% vs. 14%).
• One-in-three had not submitted some, or any, applications for credit because they thought they might be denied (34%), more than 3x more often than those who did not (9%).

**Alternative Financial Services**

Those who had personal or family experiences with jail, or unpaid legal expenses, were **more likely to make use of alternative financial services** (AFS) (i.e. payday loans, check cashing services, pawn shops, money order services, title loans) than those who did not.
• Those who had an immediate family member who had spent 1+ night in prison/jail were over 2x more likely to have used AFS in the last year (29% vs. 13%).
• Those who had, or had immediate family members with, unpaid court fees were over 3x more likely to have used AFS in the last year (47% vs. 15%).

**Unbanked & Underbanked**

Those who had personal or family experiences with jail, or unpaid legal expenses, were **more likely to be unbanked** (i.e. to not have any checking, savings, or money market accounts) and to be underbanked (i.e. to have a bank account, but to have utilized an AFS in the previous year).

Those who had an immediate family member spend 1+ night in jail were more than 2x more likely to be unbanked (7% vs. 3%). An additional 25% were underbanked, compared to 12% who did not. In total, 32% of those who had an immediate family member spend 1+ night in jail were unbanked or underbanked, as compared to 15% of those who did not.

Those with unpaid legal or court costs were 2.75x more likely to be unbanked than those who did not (11% vs. 4%). An additional 38% were underbanked, as compared to 13% of those who did not. In total, 49% of those with unpaid legal or court costs were unbanked or underbanked, as compared to 17% of those who did not.

**Financial Literacy**

Those who had personal or family experiences with jail, or unpaid legal expenses, were more likely to answer none of the three financial literacy questions on the survey correctly.
• Those who had an immediate family member spend 1+ night in jail were more likely to answer none of the three financial literacy questions correctly than those who had not (17% vs. 14%).
• Those with unpaid legal or court costs were more likely to answer none of the financial literacy questions correctly than those who did not (19% vs. 14%).

**Emergency Savings**

 Those who had personal or family experiences with jail, or unpaid legal expenses, were **less likely to have an emergency savings** or rainy day fund than those who did not.
• Those who had an immediate family member spend 1+ night in jail more than one-quarter less likely to have an emergency or rainy day fund than those who did not (43% vs. 60%).
• Those with unpaid legal or court costs were half as likely to have an emergency or rainy day fund than those who did not (29% vs. 58%).

**Conclusion**

The SHED 2019 data reveals that individuals who have had experiences with the justice system have worse financial wellbeing overall than those who have not had. The data shows that they have diminished financial literacy as well as access to products in the financial services industry and are more vulnerable to predatory financial providers.

Those with experiences with the justice system could benefit from access to financial counseling and educational resources, as well as to financial products that can empower them to create savings and financial security.

Increasing access to this underserved community would enable them to improve their economic wellbeing for themselves, their families, and communities.

**Notes:**
1 Spencer Watson is the Executive Director for the Center for LGBTQ Economic Advancement & Research, a 501(c)4 nonprofit with a mission to research, educate, and advocate for financial and economic issues for LGBTQ communities. Spencer holds a J.D. from Berkeley Law and has worked as a communications specialist for numerous nonprofits on a wide array of topics, including K12, civil rights, and antipoverty issues.