



Economic and Community Advisory Council February 22, 2024

The Federal Reserve Bank of Philadelphia's Economic and Community Advisory Council (ECAC) convened the first meeting of 2024 on February 22, in person at the Federal Reserve Bank of Philadelphia, with an option to attend virtually. The ECAC consists of national and regional leaders offering a broad range of perspectives, including business, philanthropy, academics, community development, higher education, healthcare, and organized labor. The meeting focused on consumer trends as well as current business, labor market, and economic conditions. Four new members joined the council this year: a member in the philanthropic sector, a member in higher education, a member in the regional workforce development sector, and a member in the commercial real estate industry. Altogether, 10 ECAC members were in attendance. More information about the ECAC council and its members can be found on the [Federal Reserve Bank of Philadelphia website](#).

Theresa Singleton, senior vice president of Community Development and Regional Outreach, opened the meeting and facilitated introductions. Dennis Pullin, the council chair, provided welcoming remarks before turning the meeting over to President Patrick Harker, who shared his reflections on the state of the economy. Ryo Tashiro, outreach economist and advisor in the Research Department, delivered a presentation on current economic and consumer trends, and labor market dynamics, and Bryan Stuart, economic advisor and economist, presented on inequality and opportunities for economic mobility. After each presentation, Chair Pullin facilitated a discussion among members. The highlights of both components are included below.

Several members reflected on emerging business conditions in their industry sectors, with one member expressing cautious optimism about retail businesses holding less inventory and consumers spending. Yet this member also noted some consumers are more conservative in their spending, actively seeking lower prices and higher value. Both high-end on-premises dining experiences and low-end delivery meals are on the rise, according to a member in hospitality. In higher education, students are weighing the value proposition of a college education against the debt burden they will incur.

A member in the housing sector believes that the gap between people in the highest and lowest income ranges seems to be getting wider, partly because of the timing of home purchases relative to interest rates and rising home values. Members in the community development sector also underscored market disparities, noting that low- to moderate-income (LMI) community needs are worsening as residents struggle with food insecurity, the ability to



pay rent and utilities, finding childcare and transportation to work and school, and increasing debt. Several members commented that the asset-limited income-constrained employed (ALICE) population needs more support at a time when costs are high, affordable housing is scarce, especially in overpopulated areas, and various government supports that came about during the pandemic are being eliminated. In addition, philanthropic giving and fundraising levels are not as strong as they were during the pandemic, according to a member in this sector. A healthcare representative reported that health systems that serve a disproportionate number of vulnerable and increasingly aging populations have more government payors, straining their ability to cover rising costs.

Another theme that emerged during the conversation is the impact of policy changes and the reduction or elimination of programs on the communities or customers council members serve. A member in higher education reported that already minimal state funding in Pennsylvania could be further limited based on a proposed restructuring plan. A community development member noted that government-sponsored food distribution is about a quarter of what it was during the pandemic, while the number of families with food insecurity has risen by 50 percent. Surprisingly, food insecurity at a national level remained level during the pandemic, but it is rising now without various supports, including supplemental food benefits and child tax credits. A member in the technology sector noted the elimination of the Affordable Connectivity Program, which provided limited income households access to broadband necessary for work, school, healthcare, etc. In the energy sector, a member commented that the momentum of the transition to decarbonize has slowed down because of energy policy uncertainty, which impacts their ability to raise capital to make investments in the utility infrastructure.

Labor dynamics trends varied by region and industry sector. A workforce development leader noted that businesses across central Pennsylvania experienced a lasting power shift in recent years from the employer to the employee, as employees demand more pay, pathways, and purpose. However, other business leaders noted an easing of labor pressures in recent months. Except for those in healthcare, employers who can provide stability, competitive pay, and benefits are experiencing improved turnover rates and less time to fill jobs. These employers are also getting less pushback from employees about requirements for more in-office time. A member in the hospitality sector echoed a similar sentiment, saying that availability of labor is better, but it is still costly. Conversely, a member in healthcare reported that the healthcare industry continues to experience wage pressure, high quit rates, and persistent challenges filling open positions.

Additional challenges noted by several council members include a job skills mismatch, a lack of soft skills, and employees who are not prepared to transition to a higher-skilled work environment. In addition to education and training, more robust supports and mentoring programs are required to ensure equitable economic mobility among lower-skilled workers. A



member in workforce development cited the need for a better understanding of barriers those entering the workforce face, so that impactful solutions and meaningful partnerships can be developed. Another member noted some of these skills alignment challenges could be a result of the shift to more remote/hybrid work schedules and difficulty in virtual learning for workers newer to the workforce.

After the group discussion ended, Chair Pullin turned the meeting back over to President Harker for closing remarks. President Harker expressed his appreciation for the members' insights on consumer trends and the state of the economy and for their perspectives as employers. The council will reconvene on August 7, 2024.