



Economic and Community Advisory Council

August 14, 2025

The Federal Reserve Bank of Philadelphia's Economic and Community Advisory Council (ECAC) convened for the second time this year on August 14 at the Federal Reserve Bank of Philadelphia. The ECAC consists of national and regional leaders offering a broad range of perspectives, including business, philanthropy, academics, and community development. There were nine ECAC members in attendance, one of whom attended virtually. More information about the ECAC council and its members can be found on the [Federal Reserve Bank of Philadelphia website](#).

Deborah Hayes, senior vice president of Corporate Affairs, opened the meeting and facilitated introductions. Council Chair Loree Jones Brown then gave welcoming remarks and turned it over to President Anna Paulson for her opening reflections and outlook on the economy. After President Paulson took questions from members, Mike Renna, president and CEO of South Jersey Industries, gave a presentation on the utility model and growing energy supply challenges. Then Kali Aloisi, outreach economist, gave a presentation on economic trends, business and consumer conditions, and workforce dynamics.

The discussion opened with members commenting on how policy changes and uncertainty are affecting organizations across industries. Multiple members cited tariffs and higher prices as disruptive and said that the uncertainty is obstructing the ability to respond. The impact of the tariffs is still not fully known, as the supply chain process and other factors can delay the impact. Some companies are pulling back or reconsidering construction projects, especially long-term projects, as they are finding it difficult to manage the risks associated with unstable prices. Others are looking at ways to diversify supply chains to minimize the disruption of tariffs. Consumers are becoming more wary of higher prices. Uneasy customers are more price sensitive and selective in what they purchase. On the topic of inflation, members pointed out that it erodes buying power, investment value, and living standards. Real estate investors who are expecting higher input costs will build that into their return expectations in terms of yield.

Members noted that cuts in federal funding are also starting to affect organizations and communities. Planned Medicare cuts, occurring at the same time an aging population is switching from private insurance to Medicare, will force healthcare providers to absorb more costs due to denials. To offset these expenses, healthcare providers may be forced to

cut community programs and jobs. In rural areas, decreased funding and rising costs may lead to hospital closures. New cuts to food assistance programs such as Supplemental Nutrition Assistance Program (SNAP) while food pantries are seeing higher food costs will expose more people to food insecurity, including lower-income workers and federal employees who have recently been let go. The lack of funding for higher education institutions, especially in Philadelphia, will stifle innovation and limit future graduates. These shortfalls have been absorbed for the time being, but it is not a sustainable solution.

Real estate trends vary depending on category. A member in the affordable housing space is finding challenges in financing these projects and noted difficulty in finding anchor tenants like grocery stores in the current economic environment. Another member representing real estate development noted a contraction in demand, with no new developments started in their portfolio. They have observed biotech companies closing or reducing space requirements, with some laying off workers. Growth areas include engineering/defense-based R&D and government-supported chip manufacturing facilities. A member in the convenience retail space noted continued expansion despite rising construction costs over the last five years.

The labor market shows mixed conditions across sectors. A member representing manufacturing noted no difficulty hiring qualified workers, except for second and third shifts, and a member in convenience retail noted improved turnover rates. Conversely, several members mentioned workforce reductions through various means, such as implementing performance management processes, a quiet hiring freeze, or replacing people with automation where possible. A member in community development emphasized critical workforce pipeline challenges, particularly in healthcare, where educator shortages are limiting training capacity. A member in real estate highlighted concerns about the aging construction workforce, noting that its largest segment is White males over 55.

Several other topics emerged during the meeting. Positively, several members noted that the pandemic had strengthened their organizations by forcing them to become more agile and better able to withstand uncertainty. One member raised concern regarding the potential economic impact of a Southeastern Pennsylvania Transportation Authority (SEPTA) transportation shutdown on workers and employers in Philadelphia and surrounding areas. Members also noted that the growing use of artificial intelligence (AI) technology in retail, healthcare, and other sectors could impact the economy and



workforce dynamics both positively and negatively. We plan to delve deeper into the impact of AI adoption in our next ECAC meeting.

After the facilitated group discussions, the meeting was turned back over to President Paulson for closing remarks, who expressed her appreciation for the members' insights on the current state of the economy. The council will reconvene one more time in November 2025.