



FEDERAL RESERVE BANK OF PHILADELPHIA

Economic and Community Advisory Council March 25, 2020 – Meeting Summary

The Federal Reserve Bank of Philadelphia’s Economic and Community Advisory Council (ECAC) convened virtually on March 25 for its first meeting of 2020. The ECAC consists of national and regional leaders from a broad range of perspectives encompassing business, philanthropic, academic, and community development voices. This meeting focused on the impact and challenges of the COVID-19 pandemic, and all members were in attendance.

The Bank’s Strategic Outreach and Engagement Officer, Erin Mierzwa, opened the meeting by welcoming new members Dana Strong, Joe Sheetz, and Marty Connor. President Patrick Harker provided his reflections on the economy and Federal Reserve’s response to COVID-19 and answered questions submitted by the members. President Harker then turned the meeting over to the council chair, Don Schwarz, who asked each member to provide his/her insights.

All council members reported that the pandemic has caused business demands to shift in their industries. These shifts vary by industry, size, and geography. Healthcare and other essential service sectors are seeing increased demand; others, including those related to travel and energy, have seen a significant drop in demand. Members report a notable disruption in the commercial market, although there was variation in the residential market experience at the time of the meeting. Technology companies are experiencing a huge surge in demand for broadband access to support households and businesses alike.

Companies with larger geographic footprints are also experiencing more variation in business disruption, as the pandemic is impacting select regions of the country more acutely. Several members with operations in China have been confronting challenges associated with the virus overseas for eight weeks, which has provided valuable insight on response protocols in the United States. Others who have operations in Northeast cities, such as New York and Philadelphia, are facing more restrictive conditions now.

Specific concerns for nonprofit organizations and small businesses were highlighted. Several members reported that small businesses in their communities are in great jeopardy and will likely deplete their cash within a few months. Nonprofit organizations are working with their partners to stabilize and bring needed resources to the communities they serve. Demand for services from nonprofits will likely increase, just as their ability to fundraise and expand their capacity decreases. Small businesses and nonprofits will likely need support and expense relief in the months ahead.



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Members also reflected on how the pandemic will cause industry sectors to evolve in the years to come. Businesses are finding ways to adapt to the virtual environment, and demand for business travel and office space may be reduced. With the shift to virtual learning, we may also see profound changes in the higher education delivery model. Finally, the insurance industry will inevitably adjust its risk framework to facilitate underwriting and clarify pandemic coverage in business interruption language. In most cases, pandemic losses are excluded from coverage, unless explicitly stated.

Another major theme of the group discussion was emerging workforce challenges as the virus is spreading in communities across the country and globally. Keeping workers safe, supported, and employed are among the primary concerns. All council members reported using technology, where possible, to continue conducting business organizations. Some were compelled to accelerate digital transformations already underway in order to make platforms available immediately. Council members shared ways in which their organizations are now working remotely, conducting virtual inspections, engaging in telemedicine, and even hosting virtual job fairs. However, most continue to require at least a portion of their staff to report to a workplace where they have enhanced safety protocols, including providing personal protective equipment (PPE), practicing social distancing, banning nonessential visitors, and canceling or postponing nonessential activities.

All members noted a focus on keeping their workers employed, but some are concerned that the decreased demand for service and reduced revenue streams will make it difficult to continue for an extended period of time. Several council members have also implemented strategies to reward and encourage workers, including wage increases for frontline workers who are most at risk; additional weeks of paid time off for employees who are sick, quarantined, or, in some cases, just uncomfortable with reporting to work; and salary continuance when employees are not working due to mandatory shutdowns. Retail businesses have been retooled for social distancing to protect employees, as well as customers. Drive-through and curbside pickup delivery options are implemented where possible. Self-service food and beverage options have been converted to full service, and no-touch payment options have been implemented. Home repair technicians are limited to essential-only repairs.

Council members also reflected that mental health is a growing concern as more people are living in isolation and fears of contracting COVID-19 escalate. Counseling services will be



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needed for onsite workers, as well as those connecting from home. Students will also require additional support, as the learning environments have shifted rapidly.

Finally, the group highlighted cross-sector partnerships that are forming to identify solutions and help navigate the crisis. Council members reported new collaborations between healthcare systems, businesses, philanthropy, universities, nonprofit organizations, and federal, state and local governments to address challenges resulting from the pandemic. Some of the major hardships they identified are lack of COVID-19 tests and reagents, lack of needed supplies such as PPE and hand sanitizer, limited hospital beds and ventilators, lack of healthcare workers in certain areas, and the growing fears of the spread of the virus. All council members' organizations are contributing in some way to support their communities and workforce through creative solutions. To ease the income challenges faced by many workers and small businesses, companies are providing free services, waiving fees, accepting payment delays, and extending other support to communities in need. Others are donating or making PPE, sanitizers, and testing supplies.

The meeting concluded with President Harker highlighting the importance of gaining real-time insights from the members on what they are experiencing. The next ECAC meeting, scheduled for August, will likely continue the discussion on the pandemic.