



**Economic and Community Advisory Council
April 16, 2021 – Meeting Summary**

The Federal Reserve Bank of Philadelphia’s Economic and Community Advisory Council (ECAC) convened virtually on April 16 for its first meeting of 2021. 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 current consumer, business, and economic trends and challenges related to the COVID-19 pandemic. There were 13 ECAC members in attendance, and one member provided a written summary that was shared with the group in advance of the meeting. Ryo Tashiro, senior outreach economist, provided a detailed economic update presentation ahead of the meeting.

The Bank’s senior vice president of Corporate Affairs, Deborah Hayes, opened the meeting by introducing the new chair, Chellie Cameron, and welcoming new members Sophia Ahmad, Tony Allen, Jose Garces, John Harmon, and Omar Woodard. Chair Cameron briefly discussed the agenda and goals of the council and turned the meeting over to President Patrick Harker to provide his reflections on the economy. After taking questions, President Harker turned the meeting over to Bob Hunt, SVP and director of the Consumer Finance Institute, for an update on recent research findings and future initiatives around consumer trends. After questions, Bob Hunt turned the meeting over to Chair Cameron, who asked for insights from each member.

Aligning with past council discussion, challenging labor market dynamics were a strong theme among members. The struggle to find and keep qualified workers has worsened for most members, even for some that were economically strong during the pandemic. Frontline service workers, such as in the food service industry, are especially difficult to find. As a result, the cost of wages has increased and employers are deploying new recruitment strategies to attract workers, such as signing bonuses. Workforce strains are causing businesses to modify hours or close intermittently. In addition, a lack of drivers is limiting delivery and distribution channels. These cost and operating pressures in addition to the hardships already incurred in the prior year are expected to result in additional permanent closures for vulnerable businesses.

Domestic supply chains are challenged as retail and wholesale manufacturers confront supply shortages and factory production issues. Inflation persists for materials used for manufacturing and packaging. Global supply chains are also seeing disruptions from still-closed borders, tariffs, and major project delays due to border and surveillance policy changes.

Despite the challenges identified, members highlighted that some sectors are experiencing renewed demand. Leisure and hospitality are showing positive signs of a recovery

as capacity and spacing restrictions are lifted and people start moving around, dining, and traveling again. Certain businesses, like theme parks and movie theatres, are opening after many months of closure. Other sectors, including retail convenience, technology and telecommunications, and manufacturing, experienced strong economic activity throughout the pandemic.

Council members also reflected on consumer trends have emerged or increased in recent months. For example, the desire to own a home has never been higher. Millennials, who lagged behind other generations in homebuying, are now more eager to enter the market. Current homeowners continue to invest in their home accommodations, and related businesses, such as homebuilding and home improvement sales, and services remain strong. Another trend nationwide is migration to areas with lower cost of living, as remote work opportunities are becoming more widely available. Another trend noted was the increase in consumers investing in cryptocurrency markets, which could become a concern from an investor protection standpoint.

Health is a major consideration among council members, particularly the behavioral health of their employees, students, and community members. Rates of post-traumatic stress, burnout, and suicide have increased, especially among healthcare workers. Substance use disorders and overdose cases are trending up and more patients are experiencing mental health crises. The impact of delayed care and screenings during the pandemic is also emerging, as hospitals are seeing a higher degree of acuity in patients. College-level students are a particularly vulnerable group.

Once a COVID-19 vaccine became available, health systems partnered with community and business leaders to support equitable access. While the vaccine rollout was a significant turning point at the time of the meeting, some members warned that COVID-19 is still a significant crisis in many parts of the world, which will impact the global economy. Other countries, particularly those with emerging economies, will need vaccination planning support in order for a global recovery from the pandemic to be achieved.

Council members also reported that the pandemic exposed and exacerbated racial, health, and other disparities. As a result, innovative partnerships between healthcare and academic institutions, businesses, philanthropic organizations, nonprofit groups, and the government will be essential in order to provide more equitable access to healthcare, employment, and other services. Access to affordable quality childcare and broadband service is needed to help remove barriers to employment and education. Relief programs for owners and renters, as well as for potential homebuyers, can offer home stability and encourage wealth building among underserved communities. These collaborative efforts will be needed to



ensure that cities and regions allocate funds more effectively, improve labor market dynamics, build a better infrastructure, ensure that a racial equity lens is applied to recovery efforts, and provide more robust support to small businesses, particularly those businesses owned by entrepreneurs of color.

The meeting concluded with President Harker highlighting the importance of the council members' perspectives and the ways they are supporting the economic recovery. The council will further explore the issues identified at the next ECAC meeting in August 2021.