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**Economic and Community Advisory Council
June 21, 2018 – Meeting Summary**

The Federal Reserve Bank of Philadelphia’s Economic and Community Advisory Council (ECAC) convened in June for its first meeting of 2018. The ECAC consists of national and regional leaders from a broad range of perspectives encompassing business, philanthropic, and community development voices. The council’s most recent meeting coincided with a meeting of the Reserve Bank’s Board of Directors, which allowed for a dynamic, cross-sector conversation on key regional economic issues.

The meeting began with a presentation from Leonard Nakamura, a Vice President and Economist from the Bank’s Research Department. Dr. Nakamura gave an overview of national and regional economic conditions before providing a deeper dive on trends affecting labor market dynamics and their broader implications for economic growth. Dr. Nakamura highlighted the strength of the national economy, while outlining the ways in which economic growth has shifted away from more traditional sectors such as manufacturing. In addition to implications for the measurement of GDP, productivity and other economic indicators, this shift to a knowledge-based economy impacts the skills workers need to succeed.

This discussion of shifting labor force dynamics segued well into the meeting’s central topic. Following Dr. Nakamura’s economic report, Ashley Putnam, Director of the Reserve Bank’s Economic Growth & Mobility Project, delivered an overview of the EGMP’s efforts to address workforce development challenges in the Philadelphia region. Building off of the Reserve System’s national research on this key topic, the Bank’s community development staff is aiming to leverage regional resources to find innovative solutions to skills gap issues, promote more sustainable skills development and hiring practices, and create new pathways for workers in our region to attain the education and training they need.

Ms. Putnam’s remarks touched upon the innovative Research in Action Lab approach that the EGMP is utilizing to address key regional issues, and highlighted the numerous opportunities for removing barriers to economic mobility through collaborative partnerships and innovative pilots, ultimately fostering systems change. These issues are especially important in the city of Philadelphia, which has long experienced poverty and unemployment levels above national averages. Developing the city’s workforce and building employer investments in workforce development will be critical to addressing these longstanding issues.



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Economic competitiveness is hindered by human capital challenges in the Philadelphia region. Fostering cross-sector collaboration is crucial to tackling issues this broad, and this meeting of the ECAC offered a perfect opportunity to engage stakeholders from a wide array of industries and perspectives on the challenges facing our region's labor force.

Following Ms. Putnam's presentation, the ECAC departed the joint meeting with the Board of Directors to continue its conversation on economic mobility and workforce development. John Fry, President of Drexel University and ECAC chair, and Theresa Singleton, the Philadelphia Fed's Senior Vice President of Community Development and Regional Outreach, moderated a roundtable discussion during which council members shared their insights on these workforce challenges and offered guidance on EGMP efforts in this space.

During this discussion, council members from various industry sectors emphasized the importance of aligning the needs of employers with the needs of regional workforces to promote more sustainable hiring practices and ensure that employers invest in their workers. With trends such as automation and a shift towards a service-based economy impacting low-skill workers most acutely, council members also noted that it will be vital to identify and emphasize sectors in which middle-skill job growth is anticipated, and to promote the attainment of transferrable skills in these sectors. Healthcare, financial services, IT and construction were among the sectors identified as fitting these criteria. It will be critical to engage with employers and stakeholders in these industries to increase access to in-demand skills.

This engagement will be central to the EGMP's efforts in this space, working with employers to identify key areas for skill development, and finding solutions that address employer needs while creating opportunities for workers to move up the skills ladder. Council members highlighted programs and initiatives in their individual regions that have had success in this space, in industries such as healthcare and IT. Identifying model initiatives and adapting them to the needs of the city's workforce will be vitally important to ensuring success.

Council members from the community development sector also emphasized the importance of raising awareness of alternative pathways to education and training. Engaging civic organizations and community groups to change the conversation around skills development would provide tremendous benefits, especially to communities in which these issues are not well understood. Research from the Philadelphia Fed and others has shown that there are a large number of occupations that provide above-median wages without requiring a



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four-year college degree. Promoting access to and awareness of these careers would benefit workers who are precluded from more traditional career pathways. Council members and Reserve Banks staff discussed the benefits of raising awareness of these alternative pathways as early as possible, as well as the process of engaging the private sector to invest in more robust training programs.

While this meeting provided invaluable guidance to Reserve Bank staff focused on these topics, council members also raised critical questions that will challenge the ways in which our researchers tackle workforce development issues. For example, how does the changing nature of employment affect workforce training programs? Many corporations, especially larger operations, are transitioning to more contract labor and away from full-time employees. Career pathways are less vertical as a result, with workers moving within industries around various positions. How can workforce training programs be adapted to serve the needs of employers and workers in this context? These and other questions will inform the work that the EGMP and other Reserve Bank research initiatives undertake in this space moving forward, and these vital conversations will be continued at future council meetings.