



FEDERAL RESERVE BANK OF PHILADELPHIA

Economic and Community Advisory Council

July 12, 2017, Meeting Summary

The Federal Reserve Bank of Philadelphia's Economic and Community Advisory Council (ECAC) convened for its second meeting of 2017. The council, which consists of national and regional leaders from the business, philanthropic, academic, and community development sectors, met to discuss economic and business trends and ways to leverage members' resources and expertise to affect positive change. Today's conversation was built upon previous discussions of key strategies and priorities for promoting equitable economic growth, with a special focus on the role that public-private partnerships can play in this effort.

The meeting began with presentations from Federal Reserve staff on new initiatives being led by the Bank's Community Development Studies & Education department, as well as an economic outlook presentation from Executive Vice President and Research Director Michael Dotsey. Council members were encouraged by the Bank's new projects underway in the community development space, and indicated interest in becoming more involved while asking questions about scope and timeline.

Dotsey's presentation featured an in-depth look at the decline in labor force participation rate among prime-age males, or those aged 25-54. Dotsey presented data on long-term trends in this area as well as possible underlying causes such as declining public health. Council members were highly interested in this information, and raised salient questions about additional possible causes, such as criminal justice policy and automation, which may be pushing prime-age males out of the labor force. Members also looked for more detailed breakdowns of underlying data, questioning how the trends might look when broken down by geography, ethnicity, or income.

The latter portion of the meeting featured a discussion on the role that public-private partnerships can play in promoting equitable economic growth, which is a key part of the Federal Reserve's mission in the Third District and beyond. The conversation, led by Drexel University president John Fry, touched on notable local success stories such as the development of the Philadelphia Navy Yard, which have brought public and private stakeholders together to address pressing issues in workforce and economic development. Council members emphasized the importance of engaging the private sector stakeholders



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developing workforce training programs, as employers ultimately make the decisions about the needs of the labor force. Issues such as automation, identified earlier in the meeting as a key driver of shifts in current labor force dynamics, increase the importance of training programs and other workforce development initiatives. As the skills necessary to succeed in the current economy continue to change, council members said, it will become increasingly important to have a highly-skilled and adaptable workforce ready to meet new challenges. President Harker and others noted the importance of identifying regional anchor institutions, who can lead the effort to promote workforce development through public-private partnerships and other initiatives.

Bank staff left the meeting with new insights into the challenges facing the Third District economy. Workforce development remains and will continue to be a top priority given the rapidly-evolving nature of today's economic environment. Conversations with leaders in the private, non-profit, academic, and philanthropic communities reinforced the idea that there is widespread buy-in on this issue, and cross-sector partnerships will be crucial to ensuring that workers in the Philadelphia region and beyond are equipped with the skills necessary to succeed. The Bank gained new perspectives on the underlying causes of economic trends in our region, such as the long-term decline in prime-age male labor force participation. Discussions with ECAC members will continue to inform the work that Bank staff does across a variety of economic policy areas, and members are eager to act as valuable partners in forwarding the Federal Reserve Bank of Philadelphia's strategic initiatives.