



**Economic and Community Advisory Council
November 19, 2024**

The Federal Reserve Bank of Philadelphia's Economic and Community Advisory Council (ECAC) convened the third and final meeting of 2024 on November 19, in person at the Federal Reserve Bank of Philadelphia with an option to attend virtually. The ECAC consists of national and regional leaders offering a broad range of perspectives, including business, philanthropy, academics, community development, and organized labor. The meeting focused on anticipated changes in the labor market and global supply chains following a change in political administrations next year, the current state of consumer spending and real estate, and a conversation on the impacts of student loan debt and anchor institutions in the Third District region. There were 11 ECAC members in attendance, four 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. Chair Dennis Pullin then gave a brief overview of the agenda, before turning it over to President Patrick Harker, for his reflections on the economy. After taking questions, President Harker turned the meeting over to Ryo Tashiro, senior outreach economist, who gave a presentation on the current economic outlook, business and consumer conditions, and labor market dynamics. Following Tashiro, Chair Pullin facilitated a group discussion on the broader supply and demand expectations for industries that council members represented across the Third District. Then, Deborah Diamond, the director of the Philadelphia Fed's Anchor Economy Initiative, presented on her work understanding the Philadelphia region's reliance on anchor institutions. Subsequently, Tomás Monarrez, senior research fellow, presented on his research on student loan repayment resumptions. The council members then convened for another discussion on these topics and how they relate to the conditions of their industries and regions.

One topic that emerged during the discussion was how immigration policy changes could impact business conditions and labor markets across sectors. A member from the housing development and construction industry noted how labor was currently very manageable in terms of cost and supply, but that the national rhetoric could have an impact on worker sentiment and employers' ability to hire and retain workers. Another member representing organized labor spoke about how the focus on reducing immigration could further tighten an already tight labor market. A member representing hospitality pointed to the difficulties that the Philadelphia region's dining sector could face should immigration policy drastically change in the coming year. From the nonprofit side, another member from the northeastern Pennsylvania region discussed how labor market stability in their region would depend heavily on the ability to retain and acclimate new and incoming immigrant populations. These concerns reflected the broader theme of uncertainty and concern about the potential of disrupting a manageable labor market.

The discussion shifted next toward consumer sentiment and spending patterns across industries. Members representing the consumer goods industry noted how shoppers are continuing to trade down to more budget-friendly options and purchasing fewer discretionary goods on shopping trips. A leader of a nonprofit noted how philanthropic support has dampened in the past year while there have been consistent spikes in food insecurity among households in the Third District. However,



this outlook was contrasted with an optimistic outlook from the hospitality and dining sector, where a member reported strong and consistent growth as return to office movements have led to a revitalization of downtown bars and restaurants. These conditions supported a broader theme in the group discussion of a bifurcated economy between consumers that had stable income and those that did not.

Despite the differing experiences of consumers across income levels, there was group consensus on the rapidly increasing and higher anticipated energy demands in the coming years. A member from the energy sector raised the impact of technological innovations in artificial intelligence and data storage on energy usage. Energy demands of data centers are predicted to accelerate in the coming years, leading to questions about whether the capability exists to educate the kind of workforce that is needed to support the required infrastructure. This sentiment also continued in the subsequent discussion about opportunities to strengthen private sector and higher education partnerships to create a workforce equipped to meet the demands of the future.

Finally, council members discussed how current commercial and residential real estate conditions are impacting their organizations and communities. The members from the housing and development space echoed the economics of an undersupplied housing market and the potential impact of inflationary changes along with a tightening labor supply. Additionally, they discussed how changes to government-financed housing policies could affect the supply of multifamily space and construction in affordable and middle market rental housing. Potential inflationary changes in the materials needed for construction on the commercial and residential side was also discussed as an area of anticipated concern.

Following a short break and additional presentations, Deborah Diamond led a discussion on the implications of student loan debt and opportunities to build a more integrated anchor economy. Members pointed to the burdens of student loan debt limiting younger workers' ability to purchase homes. Additionally, a member noted how uncertainty around student loan debt forgiveness policies has contributed to the strain that borrowers may feel. A higher education leader added that some of the reasons for rising college costs relate to the increase in demand for student mental health services and campus renovations. A council member from the consumer goods sector described the "arms race for capital" as a driving factor in the rising costs among many high-performing colleges and universities across the country. The continued closures of smaller colleges around the Third District region were also mentioned as a concern among members.

The disconnect between the rising costs of higher education and the modern demands of the labor market fed into a discussion about opportunities for stronger partnerships between the private sector and colleges and universities. A member from the utilities industry noted that partnerships are needed to shape a curriculum and develop a workforce prepared to address emerging technologies and accelerated energy demands. Additionally, a member from the nonprofit sector discussed how the growing elderly population in northeastern Pennsylvania and the consolidation and restructuring of ownership among healthcare institutions in the region is straining the existing physician workforce, necessitating more affordable and accessible training options for physicians, nurses, and aides. The discussion concluded with a conversation on the partnerships that council members are currently



pursuing in their regions with anchor institutions, such as apprenticeship programs in the energy sector and a partnership between a healthcare provider and a nursing school in rural Pennsylvania.

After the facilitated group discussions, Deborah Diamond turned the meeting back over to President Harker for closing remarks. President Harker expressed his appreciation for the members' insights on the current state of the economy. The council will reconvene in April 2025 with Loree Jones Brown serving as the new chairperson and Steve Voskuil as vice chairperson.