

**Summary of Federal Reserve Board *Fed Listens* Event:
Perspectives on Maximum Employment and Price Stability**

October 4, 2019

Chair Powell provided opening remarks and the motivation for the *Fed Listens* event at the Board of Governors in Washington, D.C. He explained that the Federal Reserve System is hosting *Fed Listens* events around the country to improve its listening to and communication with representatives from diverse communities across the country.

The two panels focused on the Federal Reserve's statutory, or dual, mandate: The first panel was devoted to discussing maximum employment, and the second panel focused on price stability. Federal Reserve policymakers asked questions about the labor market, inflation, the effects of the Fed's monetary policy on different communities and groups across the country, and the Fed's communications about monetary policy.

Panel 1: Maximum Employment

The first panel, moderated by Governor Brainard, featured speakers from two nonprofit organizations (Denise Scott, Local Initiatives Support Corporation, and Melinda Mack, New York Association of Training and Work Professionals), an industry consortium (Chad Moutray, National Association of Manufacturers), a start-up focused on freelance and gig economy workers (Sara Horowitz, Trupo), and an educational institution (Gregory Haile, Broward College). Several of the organizations work on increasing employment in low-income communities, sometimes partnering with businesses that provide jobs and training. Some organizations also work on education, housing, and health-care issues.

Current labor market conditions

When asked whether the labor market feels as if it is at “full employment,” the majority of panelists answered “no.” Many cited pockets of persistently high unemployment—for instance, although the national unemployment rate is below 4 percent, some Zip codes and neighborhoods in large metropolitan areas have unemployment rates above 10 percent. Nevertheless, panelists agreed that a strong national labor market can help underserved populations find jobs and become attached to the labor force.

Panelists discussed structural barriers to employment faced by certain types of individuals and communities. Suitable housing was mentioned as a common barrier to stable

employment; it is difficult for individuals to be focused and available for work when their homes are uninhabitable or they need to move frequently. Distance and transportation were mentioned as additional barriers that prevent people from connecting with job opportunities even in strong labor markets.

On the industry side, the manufacturing association representative indicated that employers perceive the labor market as tight; some companies have tried to delay the retirement of experienced employees because they find it difficult to hire qualified workers. At the same time, community organizations and colleges are offering degree and training programs to help individuals qualify for gainful employment.

Skills, wages, and the cost of living

Panelists discussed some reasons for mismatch between the needs of employers and the skills of workers. Some participants mentioned that, even in tight labor markets, many job postings have education requirements that screen out suitable candidates. One panelist noted that, paradoxically, employers invest less in training during expansions because skilled workers are more likely to be poached when the labor market is tight. In expansions, workers might also prefer to earn money in low-skilled jobs rather than spend time seeking additional qualifications that would make them more likely to get a position with higher pay. However, in downturns, when many workers have a renewed interest in training and degree programs, there is less funding from employers and government sources. In addition, the college president noted that logistical barriers and a lack of information from official and unofficial sources can prevent capable individuals from upgrading their skills to qualify for better-paid jobs.

When asked about the relationship between wages and living expenses, panelists generally agreed that many jobs do not pay a living wage. Some pointed to survey evidence that a large fraction of employed individuals cannot meet their monthly expenses. One panelist mentioned the hollowing out of the middle class, possibly related to the decline of unions and collective action. Another mentioned that wages in many caregiving occupations, which are a growing proportion of employment, are set by Medicaid reimbursement rates and not by the market. The speaker representing self-employed workers highlighted the importance of safety net programs for independent workers who have less access to government and employer-provided benefits.

Panelists generally focused on the costs of housing, health care, and childcare in their discussions of living expenses. Panelists mentioned that affordability is not the only challenge; in addition, it is important that these services are stable, easy to obtain, and of acceptable quality. They noted that these key services support workers' abilities to remain employed and attached to the labor force.

The Federal Reserve's relationship with the public

Panelists were asked to suggest ways that the Fed could improve its communication with the public. One panelist suggested that the Fed enlist local ambassadors—individuals who are trusted and have large networks within their communities—who can help the Fed connect with and transmit information to populations it does not typically reach. Another proposed that the Fed partner with trusted organizations. Several panelists agreed the Fed uses too much jargon, with one noting that even terms like “maximum employment” and “price stability” sound very academic and abstract to most people. Some panelists suggested that outreach efforts, such as the Federal Reserve Bank of New York’s comic book for school kids, and more general economics and personal finance education could help bridge the gap between the Fed and the public. On a more positive note, some of these community and industry leaders mentioned that they make use of Federal Reserve System tools, such as those on Opportunity Occupations.¹

¹ Several Federal Reserve Banks (Atlanta, Cleveland, and Philadelphia) provide analysis of “opportunity occupations”—those that pay above the median wage and are generally accessible to individuals without a bachelor’s degree—across metropolitan areas and over time.