



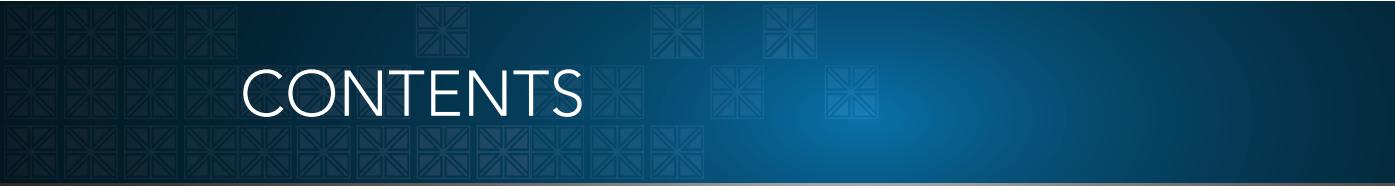
FedListens

Perspectives from the Public

Part of the Federal Reserve's
Periodic Review of Monetary Policy
Strategy, Tools, and Communications

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FEDERAL RESERVE SYSTEM



CONTENTS

THE FED LISTENS INITIATIVE.....	1
Structure of the Events	1
Broad Takeaways from 2025 <i>Fed Listens</i> Events	2
FOCUS AREAS	5
Labor Market Conditions.....	5
Inflation.....	7
Economic Outlook.....	9
Communication and Transmission of Monetary Policy.....	11
APPENDIX: SUGGESTED QUESTIONS FOR 2025 <i>FED LISTENS</i> EVENTS.....	12
Labor Market Conditions.....	12
Inflation.....	12
Communication and Transmission of Monetary Policy.....	12



THE FED LISTENS INITIATIVE

A key component of the Federal Reserve's 2025 monetary policy framework review has been the continuation of the *Fed Listens* initiative, a series of events aimed at consulting with a broad range of stakeholders in the U.S. economy. Although the Board of Governors (Board) and the Reserve Banks regularly engage with various groups as part of their normal outreach efforts, the goal of *Fed Listens* discussions is different. Through the *Fed Listens* events, policymakers are able to engage directly with a range of individuals and groups on issues pertaining to the Federal Reserve's dual-mandate goals and to gather feedback on approaches to communicating with the public about policy decisions and other considerations. In organizing the *Fed Listens* events, the Federal Reserve System aims to hear from new voices that are not already a part of its network of contacts.

This process of public engagement helps foster transparency, thereby enhancing the Federal Reserve's accountability. The events themselves have brought attention to the regular interactions that the Reserve Banks and the Board already have with a wide range of organizations around the country.

This report summarizes the points that were highlighted consistently by participants at this year's series of *Fed Listens* events. While some of the concerns raised by participants at the events lie outside the mandate of the Federal Reserve, participants provided many rich and varying insights into the effects that labor market conditions, inflation, and Federal Reserve policies have on them and their communities, and they offered several suggestions for ways the Federal Reserve can improve its communications and engagement with the public.

Structure of the Events

From March through June of this year, 10 Reserve Banks hosted public *Fed Listens* events around the country. The formats and participants varied widely, though often the events featured one or more panel sessions with representatives of a wide array of groups and organizations. Participants were drawn from outreach conducted specifically for the *Fed Listens* initiative or from the System's existing advisory councils and community networks. The participants represented small and large businesses spanning a variety of sectors, employee groups and labor unions, state and local governments, schools and community colleges, workforce development organizations, housing groups, and financial institutions. Many of the event participants hailed from organizations that aim to promote economic opportunity and support low-income communities.

Following a list of suggested questions (see the [appendix](#)), participants were asked to comment on current labor market conditions, lending conditions facing their organizations or communities, responses to changes in monetary policy, and concerns about inflation. In

addition, participants were often asked to compare economic conditions today with those in the past (a few years or a decade ago) and to provide feedback on the Federal Reserve's communications with the public.

To highlight the transparency of the review process and the *Fed Listens* initiative, whenever feasible, the events were livestreamed, and video recordings or written summaries of the events have been posted to the Board's *Fed Listens 2025* website.¹ All of the events were attended by at least one Federal Reserve policymaker (see [table 1](#)). In keeping with the "listens" framing of the events, policymakers offered only brief introductory or closing remarks, and they sometimes posed questions to the participants.

Table 1. 2025 *Fed Listens* events

Date	Location	FOMC participant(s)
March 25	Detroit Lakes, MN	Kashkari
April 23	St. Louis, MO	Musalem, Waller
May 9	Chicago, IL	Goolsbee
May 20	Keene, NH	Collins
May 21	Roanoke, VA	Barkin, Bowman
June 3	El Paso, TX	Logan
June 4	Atlanta, GA	Bostic, Cook
June 23	Schenectady, NY	Kugler, Williams
June 24	Omaha, NE	Barr, Schmid
June 27	Cleveland, OH	Cook, Hammack

Broad Takeaways from 2025 *Fed Listens* Events

- While labor market conditions are generally seen to be positive and stable, participants said that some households' budgets are extremely stretched. Some participants struggled with the notion that inflation has cooled, when prices for many items have stayed high. The high cost of essential items weighs heavily on people's daily economic experiences, and there is a widespread feeling among many people that they are not able to get ahead. Homeownership feels out of reach to many people, even in relatively lower-cost rural areas.

¹ The *Fed Listens* resources are available at <https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-fed-listens-events-2025.htm>.

- Another theme emphasized by many participants is that inflation and employment considerations are tightly intertwined: In an environment of persistently high prices, simply having a job is an insufficient way to characterize full employment. Lower-wage workers in particular are finding it increasingly hard to meet even basic needs. And for many businesses, the need to keep costs under control has added to existing pressures to increase efficiency and reduce employee head counts.
- Responses to the pandemic-related events of 2020 and 2021—including supply chain disruptions, labor market shifts, and rising inflation—have resulted in lasting changes to business practices. The shift toward increased automation to control costs and help compensate for an unpredictable or inadequate labor supply was seen as likely to continue. Businesses are also taking new approaches to hiring, training, and retaining employees, and they are creating new partnerships and collaborating with local colleges, universities, and apprenticeship programs to increase the pipeline of potential workers. Pricing strategies and cost structures have also changed to preserve profit margins and reduce uncertainty about passthrough of tariff and other input cost increases. Nevertheless, today's environment of high pricing uncertainty increasingly feels like “the new normal.”
- For most participants, other than those working in sectors where interest rates are especially salient (for example, banking, homebuilding), the perceived effects of monetary policy on their day-to-day decisions are often obscured by more immediate concerns. When asked about how the Federal Reserve should think about its monetary policy framework, many panelists gravitated to the fiscal and trade policy concerns that they see as directly affecting their operations but that are the purview of elected officials, not the Federal Reserve.
- Participants generally reported they hold positive views about the Federal Reserve and its mission, but they would like to see more engagement with local communities, and they would like to see communications with the public be less arcane and more approachable.

FOCUS AREAS

Labor Market Conditions

When asked about current conditions, there was broad agreement among participants that the labor market “is in good shape,” and it is less tight than it has been in the past few years. Even so, employers report that they still have trouble finding suitable candidates for some job types, and they see lots of openings for specialized job types, such as nurses and skilled tradespeople. Several participants also reported that they struggle to hire because they cannot meet the desired wages of candidates.

- A transportation-sector representative said they are seeing a much more stable labor market environment, with more workers coming in, less wage pressure, and less attrition.
- An education-sector representative said there is an urgent need to address wage discrepancies in the local area, because workers are incentivized to move elsewhere for higher wages and career opportunities, especially in growing career fields related to science and technology.
- A hospital chief executive officer (CEO) said competition for health-care workers is driving up wages in their area, where around a half-dozen hospitals are trying to fill positions. Another health-care representative noted they are seeing a “hollowing out” in the pool of workers in mid-tier positions, such as lab and x-ray technicians, the so-called blue collar of medicine. The problem is worsened by new hires often dropping out of training programs because they do not like the work.
- A representative of a state-run technical college shared that the institution has had three nursing faculty positions open for two years, an opening for construction faculty for over a year, and persistent challenges fully staffing their childcare center. The institution attributes this issue to the inability to offer a competitive salary. These staffing gaps mean the institution cannot deliver at capacity, leaving unmet student and employer demands.

Despite the generally solid job market and rising wages, many participants reported seeing signs of widespread underemployment. While one participant said they see individuals returning to work and not staying on unemployment insurance for as long as before, they noted the biggest job growth numbers appear to be in lower-income, entry-level, or temporary jobs that have less steady work hours. Other participants noted seeing people in their areas taking on second jobs—even when they already earn a good salary—to help cover growing family costs.

In rural communities, demographic changes are presenting particular challenges, or, as one participant put it, "the labor problem is a long-term problem in rural areas." Many participants from rural areas expressed concerns that population growth, new business formation, and new household formation are all declining. Attracting workers to rural areas is difficult, although, as one participant noted, "once they are here, they don't want to leave." Limited access to health-care services is a serious concern in many rural communities, with one participant noting that "you can't have a baby in the county."

- One participant emphasized: "Most of the time, farmers complain about property taxes and lack of high-speed internet, but that's not what drives them away; it's often the lack of services, like schools and hospitals."

Workers and employers generally noted that several of the barriers to labor supply that were exacerbated by the pandemic still exist today. For instance, the economic burden of childcare is a major workforce issue, causing a growing proportion of parents to quit work, school, or training programs, and leading others to cut back from full-time to part-time work. Other constraints were mentioned repeatedly, including a lack of affordable housing, lack of transportation, and a resistance of many workers to transition away from remote work.

A couple of participants said they found that hiring younger people for entry-level jobs has become more difficult, which they attributed to younger workers being selective about job opportunities because they have never experienced a weak job market. Others noted that younger people are expecting to move up the ladder at their place of work more quickly than their predecessors.

Both employers and job seekers expressed frustration with the job search and matching process. Employers described the hiring process as "broken," with each online job posting generating hundreds of applicants, but few in that pool that are actually qualified for the advertised role. In addition, several entry-level job seekers described the search process as challenging, with very low response rates from submitted applications.

- One nonprofit leader put it this way: "I have never met a CEO or HR [human resources] director who understands how the AI [artificial intelligence] function in Indeed or LinkedIn, or the platforms that they're using in their human resource information systems to recruit people, is actually programmed. So on the normal human side of the ledger, folks spend days, weeks, months, and sometimes years applying into the black hole of the internet for opportunities."

A number of participants representing businesses and nonprofit organizations mentioned new approaches that they have taken to strengthen the pipeline of available workers:

- At several events, participants suggested there is good momentum in building local partnerships between employers and educators, especially around the goal of fostering strong workforce development outcomes in the long term. Several successful state- and employer-funded apprenticeship programs were also identified.

- In the health sector, a participant said their efforts to develop a workforce for the future included sponsoring scholarships for nursing students at a local technical college and bringing high school students into the hospital to introduce them to career opportunities in health care.
- Another employer reported buying buildings on a closed college campus to create needed workforce housing along with job training facilities.
- Several businesses reported outsourcing certain jobs like HR services, information technology support, and accounting to contractors and overseas operators.
- A participant from the automotive sector said they had stabilized their workforce by partnering with several companies that bring employees from Puerto Rico. These workers stay for two years, and the company provides them with transportation and housing.
- A participant from the agricultural sector noted that “one of the biggest things that we saw as far as the trend in agriculture was take-up of the H-2A visa program to get people from out of this country. . . .Ten years ago, I didn’t even know there was such a thing. Every single [agricultural] cooperative in the U.S. has been hiring a significant portion of H-2A workers. One of the largest farms in the state of Wisconsin—that’s 85 percent of the workforce now. So it’s definitely made a huge impact as far as us being able to hire people.”
- A leader in the hospitality sector noted that they had greatly increased their reliance on the J-1 visa program for obtaining foreign workers and are watching carefully for any potential changes to the program.

Inflation

Inflation was frequently cited among the top concerns expressed by many *Fed Listens* participants, but it most often was mentioned within the context of concerns about the level of prices as well as the cost of certain items and keeping up with living or business expenses. Participants said the budgets of many families appear extremely stretched, with wage increases often not keeping pace with price increases. Participants agreed that consumers are much less concerned with the source of the higher expenses than with overall affordability. Several participants also noted that low- and middle-income families were finding it difficult to meet their most basic needs, with many turning to food banks for assistance.

According to some participants, inflation has created novel challenges for middle-income families that once had earned enough to cover expenses. People in this group are finding themselves unable to keep up with costs for food, housing, and health care, and yet they reportedly earn too much money to qualify for public support.

- One nonprofit leader described an underlying sense of clients’ hopelessness and anxiety about affording a future home or higher education, or simply being able to earn enough to get by in the future.

Housing costs are a prominent concern, as they are putting a strain on many households' budgets. Several participants noted that homeownership appears out of reach for many people in their communities. Others reported renters are finding they are unable to pay even "affordable" market rents. Housing supply is still constrained in many areas, with land-use policies and regulations cited by several as restraining development and pushing up the time and cost required for construction.

- A participant who provides nonprofit legal services said housing issues are the number one problem for people who seek help. The problem typically begins when renters cannot afford payments and fall behind. The challenges facing renters were exacerbated when investment groups began acquiring residential rental properties. Their fee bases are generally higher than the mom-and-pop companies that previously ran many rental housing properties. According to the participant, conditions in the region are now such that few renters will be able to save enough to make a down payment to become a homeowner.

Participants across several areas of the country also noted that their local food banks are facing rising demand:

- One food bank official reported a 60 percent increase in the number of people seeking food assistance since 2022, the year inflation reached its peak in the post-COVID-19 inflation surge. The participant noted this era coincided with the discontinuation of public support programs initiated during the COVID pandemic, including the enhanced Child Tax Credit and enhanced Supplemental Nutrition Assistance Program benefits. The end of this aid increased financial pressure on households living paycheck to paycheck.
- Another food bank reported they are serving more people now than before the pandemic—over 200,000 households monthly (up from 120,000 pre-pandemic).

Meanwhile, representatives of many businesses said that while demand is holding up, they are facing challenges from elevated cost pressures:

- A president and CEO of a daycare and family center in northwest Georgia said the cost of childcare has risen steadily over time and now is triple the proportion of household income recommended as affordable by federal guidelines. Families struggle to pay the rate.
- A representative of a nonprofit serving small businesses reported that many sole proprietors are unable to keep up with rapidly rising property, insurance, and other overhead costs.
- Rising health-care costs were often mentioned specifically as a concern, with health-care providers reporting that reimbursements are not keeping up with costs and union representatives noting that compensation increases in union contracts increasingly reflect higher costs of health benefits, not wage increases.

Economic Outlook

With regard to economic activity, participants representing businesses and nonprofits reported generally positive or stable economic conditions over the past year, with most saying that “demand has been holding up.” In contrast, most participants expressed varying concerns about the outlook going forward. Many of these concerns stem from the uncertainty surrounding potential fiscal and trade policy changes.

Participants reported that uncertainty is affecting many facets of businesses’ investment and planning decisions, limiting their “appetite to write checks” and reducing their desire for new investment projects. Participants noted the disruptive effects on their businesses when “the rules of the game change rapidly.”

- One business leader noted they were responding to uncertainty by “hitting pause” on several investments and expressed a concern that the delay might be enabling other countries to step in and gain a competitive advantage.
- A participant said that the “gutted” federal agency infrastructure is causing problems for their region. The participant noted that, until now, government agencies have been consistent and important partners in building affordable housing, supporting workforce development, and sponsoring community and economic development initiatives.
- A participant said they expected that reduced federal funding for research at universities will significantly affect students in the region’s Ph.D. programs and affect the local and national labor markets over the next 5 to 10 years.
- A health-care provider said that while they see the current demand for health care as “infinite,” they noted that “all of our problems are supply based, that and getting paid, as our largest customer is the federal government.”
- Another representative of an independent hospital with around 2,500 employees described their current situation as “unstable.” During COVID, they dropped from 70 days’ cash down to 20, where it has remained since. Over the same period, they dropped from 150 contracted nurses to 50. Wage pressures are hard to keep up with when the revenue side doesn’t keep pace. Seventy percent of their revenues are from Medicare and Medicaid, and they don’t know who will pay for Medicaid cuts, which will have a big effect. Credit agencies are “signaling red” for health industry capital expenditure projects, a very unusual development, according to participants.

Several participants mentioned ways that recent trade policies are negatively affecting businesses, households, and communities:

- One employer reported that direct tariffs were affecting 10 percent to 15 percent of their profitability.

- An employer whose firm used to manufacture goods in the U.S. reported that because their business is subject to reciprocal tariffs from other countries, they have moved their manufacturing outside the country, closer to their non-U.S. customer bases.
- Employers reported that contractors were already charging for expected price increases due to tariffs. They said that tariff costs hit certain products immediately and that secondary effects of price increases are arriving now and are reflected in promised price increases from suppliers.
- Several employers reported buying a significant amount of raw material from Canadian partners in advance to offset the expected effect of tariffs. An economic development firm reported that area businesses had contacted them about renting storage space for the inventory they acquired in advance of tariffs.
- Reflecting the Canadian response to tariffs, one employer said their business in Canada and China had “dried up,” and a nonprofit representative noted declining Canadian tourism, especially in northern New England.

Several participants with ties to the agriculture sector cited it as particularly vulnerable, noting it as “a looming macro challenge,” with federal support and safety net programs under discussion while farmers try to secure operating loans and recover from extreme weather events. Insurance rates in the sector have gone up as a result of successive natural disasters. In addition, several participants warned of the heavy effects on the agriculture sector that tighter immigration and a lasting international trade war will have, noting that “[there are] gaps in readiness to use technology to take the place of immigration.”

According to participants, businesses are increasingly relying on automation and AI, which is seen broadly as a way to cut costs. While most participants view the expected labor market effects of AI adoption with a sense of unease, some others noted that “it could be okay, as our workforce is aging, too.”

- “I felt like we progressed probably 15 years during the last 5 years as far as getting efficient and reducing our reliance on manual labor. That’s a trend that’s going to continue.”
- One farmer said that “25 years ago, we didn’t have GPS [Global Positioning System] on the tractors; now I’m watching movies while it’s driving.”
- “Part of the economic mismatch that we’ve been feeling for well over a decade is the further automation, and now the AI function is already eliminating entire sectors. . . . Go onto your LinkedIn page and see how many of the graphic designers that you know are looking for work. As soon as Canva incorporated AI into their platform, everybody who’s an armchair graphic designer all of a sudden could spit out imagery that they used to pay people for. Your human resources officers, your data analysts at banks and credit unions are all starting to go away pretty quickly, and no one is measuring that.”

Communication and Transmission of Monetary Policy

Participants in *Fed Listens* generally see the Federal Reserve's role as providing economic stability. They rely on the Fed to be steadfast and predictable in how it manages monetary policy, and they provided feedback that they want it to remain that way.

On communication, participants often recommended that the Federal Reserve consider how to communicate about its "fairly arcane" work in a manner that reaches not just "those who read the *Wall Street Journal* but regular folks." They recommended that the Fed use more "sound bites," given the current media environment, and provide links to additional information for those who want to learn more. Several also noted that the visibility of the Fed's community outreach efforts needs to be ramped up.

- When panelists at one event were asked how many of them had ever listened to a post-FOMC press conference, less than half raised their hands.
- One participant expressed that they thought the Fed could do a better job of explaining why it needs its independence, saying that this is a "big missing piece—that the public doesn't have knowledge about why [the Fed] must be independent."
- Another participant called the Fed an "undervalued resource" and recommended that someone create a *Schoolhouse Rock* episode about monetary policy and the Fed.²

Participants also provided feedback on other aspects of the Federal Reserve's mission. For example, bankers in several Federal Reserve Districts noted that they receive "great service" from the Fed and would like to see even more outreach. They also noted that the Fed's outreach is helped by its decentralized structure. Several participants recognized and commended the Fed for its role as a convenor of discussions important to them and their sectors.

- One banker requested the Fed's help in communicating about the issue of fraud affecting consumers.
- The CEO of a nonprofit staffing entity said employers appreciate the hard data released by the Fed, and a couple of participants expressed appreciation for the FRED (Federal Reserve Economic Data) data repository along with other trusted sources of information that the Fed provides. They said the data are helpful in making decisions, in addition to informing efforts to help vulnerable employees stay in the workforce.

² See, for example, the 1976 *Schoolhouse Rock* segment "I'm Just a Bill," available on YouTube at https://www.youtube.com/watch?v=SZ8psP4S6BQ&list=RDSZ8psP4S6BQ&start_radio=1.

APPENDIX: SUGGESTED QUESTIONS FOR 2025 FED LISTENS EVENTS

Labor Market Conditions

- What trends have you observed in the job market in your area over the past few quarters? What has changed in terms of the number and type of job openings?
- How are people in your community generally feeling about their job situations? And for people looking for work, how confident are they in their availability to find job opportunities?
- Are the groups you work with or community you represent seeing higher wages? Have you seen any changes in the ability of existing workers to bargain for better wages or benefits?
- Do you see areas where labor market conditions have been uneven? What sectors or job types are faring well, or particularly poorly?

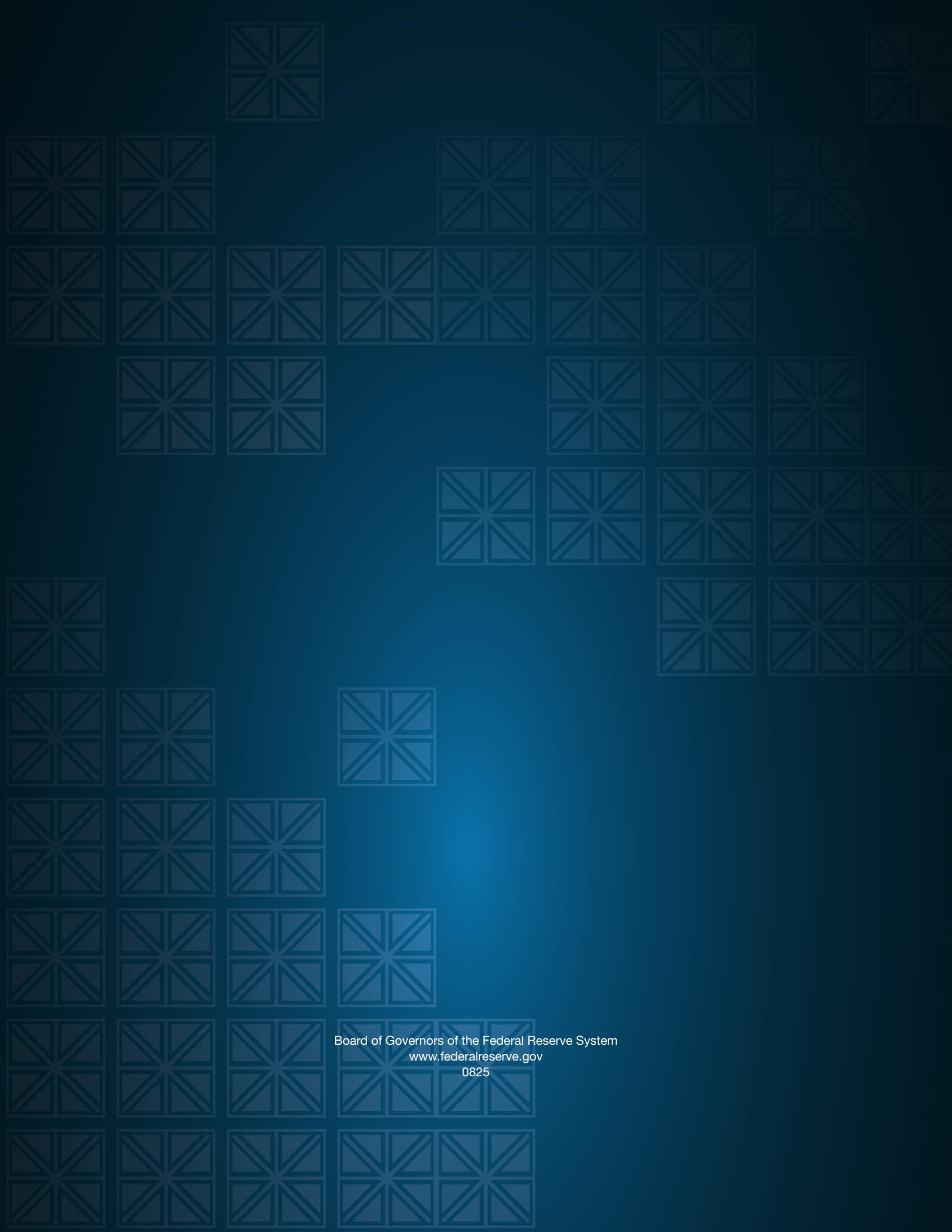
Inflation

- What are your expectations for price changes over the next year compared with last year? To the extent you are planning to raise prices, what are the main drivers and/or cost pressures behind these increases?
- How are businesses and households/communities responding to the higher prices of important items? How have changes in inflation over the past few years affected decisions to spend or invest?
- When making important spending or investment decisions, which matters most: cost or availability of credit?
- How has inflation been affecting the low- and moderate-income communities you know and/or serve?

Communication and Transmission of Monetary Policy

- From your perspective, what are the main ways the Federal Reserve's monetary policy affects you, your business, or the communities you represent—for example, with respect to housing, access to credit, retirees/savers, small businesses, and community banks?
- Over the past year, how have changes in the availability and cost of credit affected your decisions to spend or invest?

- How would you assess the Federal Reserve's communications with the public? Do you have any words of advice on how we communicate and how we can better connect what we do to the communities you interact with?
- In terms of their influence on your economic and financial well-being, how do you view the relative importance of the Federal Reserve's dual-mandate goals for maximum employment and stable prices?



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