

**THE FEDERAL RESERVE IS CHARGED WITH PROMOTING A HEALTHY FINANCIAL SYSTEM AND ECONOMY, BUT ITS MONETARY POLICY TOOLS TOWARD THAT GOAL CAN SEEM FAR REMOVED FROM ISSUES FACING LOCAL COMMUNITIES.**

That's why the local partnerships of Reserve Banks are a valuable complement to what are viewed as the Fed's more traditional functions. The Richmond Fed's role in outreach often involves convening stakeholders to deliver programming or to identify solutions to local economic challenges. By forming solid partnerships with experts on the ground—including nonprofits, businesses, financial institutions, local and state government agencies, educators, and civic organizations—the Richmond Fed can maximize its reach and best help local economies in what remains a challenging economic environment for many communities.

**Long-Standing Partnerships**

Many of the Richmond Fed's partnerships are long-standing, but are being used in new ways in response

to the financial crisis and recession. In few places is the need for outreach and information more apparent than in the realm of economic and personal finance education. Although the Fed has considerable expertise in this area, it could not reach the quantity or diversity of audiences that it does without partnering with educational organizations that have the resources to develop and deliver educational content on a wide scale. The Richmond Fed's partners include state Councils for Economic Education, the Jump\$tart Coalition for Personal Financial Literacy, Junior Achievement, K-12 teachers, and local colleges.

In 2010 the Richmond Fed launched the Fed Experience, an interactive exhibit in the lobby of the Bank's main office. The Fed Experience is free and open to the public, and conveys the basics of the Federal Reserve's responsibilities through games, activities, and historical accounts from past Fed chairmen. The exhibit is a useful tool for engaging the community and the Bank's partners by, for example, combining exhibit tours with personal finance programming provided by local organizations ranging from the Richmond Ballet to the Virginia Council on Economic Education. These partnerships will continue to grow in 2011.

The Richmond Fed also lends its expertise to groups outside the educational community that have a direct interest in the economic health of their constituents. Along with the American Association of Retired Persons and the state of West Virginia, the Richmond Fed helped organize Money\$mart week, a series of a dozen events throughout the state targeting children, adults, and senior citizens. Financial institutions, too, have become



PHOTO: MICHAEL BATTS

Students from Richmond-area middle schools experiment with the price stability game in the Fed Experience, the new interactive exhibit that opened in 2010 in the lobby of the Richmond Fed.

increasingly interested in conducting their own financial education programs in schools. The Richmond Fed partnered with local bankers on a “Back to School at the Fed” series in which the Fed’s on-staff economic education experts train local bankers on user-friendly personal finance curriculum materials and share tips for engaging grade school audiences. This program resulted in workshops in Charleston and Morgantown, W.Va., and Richmond, Va., co-hosted with the Bankers Associations of those states.

Such collaborations leverage what is perhaps the oldest of the Fed’s important partnerships: its relationship with the banking industry. The Fifth District houses one of the most active and diverse banking communities in the Federal Reserve System. Through bank supervision, the Richmond Fed helps financial institutions operate more soundly, and in the process those institutions provide critical insight into the financial system and economic conditions on “Main Street.” One of the messages to emerge during the past year is that many of the nation’s small businesses have had difficulty accessing capital during the economic recovery. Small businesses employ half of the nation’s private sector workers, so their health is an important factor in overall economic growth. The Richmond Fed sponsored seven forums across the District bringing together lenders, small business owners, business development professionals, and elected officials to explore the roots of, and potential solutions to, credit access issues facing small businesses.

### Partnerships to Support Local Economic Recovery

Though the regional Reserve Banks operate independently, they collaborate in each of the Fed’s functional areas to develop best practices and to discuss and discover factors potentially hindering economic recovery at the local level. The recent recession’s roots in housing-related issues have focused the outreach efforts of many Reserve Banks on foreclosure prevention and neighborhood stabilization.

The Richmond Fed hosted foreclosure prevention workshops that connected hundreds of mortgage holders and lenders throughout the Fifth District to address delinquent loan situations. The Bank’s partners ranged from local congressional offices and city governments to nonprofits. Additional foreclosure

events helped spur discussions between city leaders and nonprofits on how to address vacant and abandoned properties.

The Reserve Banks collaborated on a System-wide Neighborhood Stabilization Summit held at the Board of Governors in September 2010 to discuss challenges and solutions relating to the problems that vacant



PHOTO: SARAH ECKSTEIN

U.S. Rep. John Sarbanes (D-Md.), center, Mindy Lehman of the Maryland Bankers Association, and Richmond Fed Senior Vice President David Beck discuss credit conditions facing small business owners at a small business lending event in Baltimore in June 2010.

properties can pose for neighborhoods. These collaborative efforts complemented the Richmond Fed’s local work, and helped bring new solutions to localities that may otherwise have limited access to new models for neighborhood stabilization.

A stronger labor market will be a key component of economic recovery for many communities. High unemployment and structural decline in certain industries have required some workers to seek out new training or switch careers. The Richmond Fed hosted a forum with the Virginia Community College Workforce Alliance to discuss some of the steps workers (and prospective workers) are taking to improve their job prospects. Fed Chairman Ben Bernanke attended the forum, held in June 2010 in Richmond, and heard from students who attend local community colleges. Community colleges offer flexible, affordable education and training programs to students, many of whom juggle full-time jobs and parental responsibilities.

## Partnerships to Help Address New Economic Challenges

Looking forward, the Richmond Fed's partnerships will be critical to monitoring new and developing economic challenges. Like other Reserve Banks, the Richmond Fed relies on advisory councils that provide insight on some of the Fed's key operational areas. The Richmond Fed recently announced changes to the structure of

PHOTO: JIM STRADER



President Jeffrey Lacker, center, and First Vice President Sarah Green learn about physics experiments at Jefferson Lab at a regional forum in Hampton Roads, Virginia.

its advisory councils to better reflect the issues facing residents of the Fifth District. After many years of valuable contributions to the Bank and the region, two existing advisory councils—the Small Business and Agriculture Advisory Council and the Community Development Advisory Council—drew to a close in the fall of 2010 and will be replaced in 2011 with the Community Investment Council. This new council will inform Richmond Fed leadership about emerging economic issues and trends in communities within the District, including, but not limited to, low- and moderate-income neighborhoods. The information will be used to help shape Bank policy decisions and guide

the strategic direction of the Richmond Fed's efforts to engage and inform the community.

To track the economic recovery at the local level, the Richmond Fed will continue to interact directly with the business and community leaders of the Fifth District. Regional economic forums are a recently developed outreach tool. Through the forums, Bank leadership, including President Jeffrey Lacker and First Vice President Sarah Green, participate in a series of on-site meetings with local policymakers, business leaders, and community members over multiday visits to Fifth District regions. The forums are an effective mechanism for the Richmond Fed to provide information about changes in the economy and policy, as well as to hear firsthand about economic conditions at the local level and share that information across many functional areas of the Bank. The Richmond Fed visited three areas in 2010—Morgantown, W.Va., Hampton Roads, Va., and North Carolina's Research Triangle—and forums in Northern Virginia and the Eastern Shore of Maryland are slated for 2011.

At the policy level, economic recovery also calls for the Fed's ongoing collaboration with other policymaking bodies, especially in the area of regulatory reform. The Dodd-Frank financial reform legislation will require the Fifth District to work closely with the 11 other Reserve Banks, the Board of Governors, and other regulatory agencies to continue implementing changes in ways that are constructive and sound. The new law requires some new financial education strategies, the transfer of some responsibilities to the new Consumer Financial Protection Bureau, and increased regulatory responsibilities. This will require both close interagency collaboration and developing relationships with new organizations not previously supervised by the Federal Reserve.

The Richmond Fed's partnerships strengthen its contribution to local economic health in a multitude of ways. They also contribute to better policymaking by establishing an ongoing channel for a two-way flow of information between Fed officials and the private sector. For these reasons, the Richmond Fed's partnerships will always be critical to fulfilling its complementary missions. ■