



FEDERAL RESERVE BANK OF RICHMOND

Lacker Speaks on Investing in People as an Economic Growth Strategy

Research conducted at the Richmond Fed indicates that recent trends in unemployment and labor force participation — and the labor market’s slow recovery from the 2008–2009 recession — are due at least in part to long-term changes in the economy that are difficult for monetary policy to offset. President Jeffrey Lacker noted in a [recent speech](#) that this research has prompted the Richmond Fed to consider long-run strategies that might improve labor market outcomes.

Lacker suggests thinking about workforce development at the level of the individual: What can be done to improve people’s skills and adaptability, what economists call “human capital”? This approach suggests that policymakers may realize high returns from encouraging individual investments in skills starting at a young age. The payoff from training — both for hard skills and “soft” skills, like patience and work ethic — is reaped over one’s entire lifetime. The earlier workers invest, the longer they have to profit from their investments. Research also suggests that there may be large gains from better informing young people about the risks and rewards of multiple career paths and postsecondary educational choices.

While workforce development is commonly thought of as a short-term treatment to retrain furloughed workers in a recession, research suggests workforce development can work as a long-term vaccine that makes workers more resilient to labor market conditions. The Richmond Fed’s perspectives on workforce development can be found [here](#).

A Unique Challenge for Summer Campers

This summer, kids across the Greater Richmond area are attending camps. And for the third year running, they have

a chance to take a unique field trip to participate in activities not typically associated with fun in the sun. Our Bank’s [Summer Camp Challenge](#), recently [featured on American Public Media’s “Marketplace” program](#), engages K–8th graders in our interactive exhibit, [The Fed Experience](#). Campers play games that teach basic economic and personal finance concepts, from markets and prices to spending and saving.

The goal of the summer camp program is to help students learn about their connection to the economy and build foundational knowledge and skills that will help them make [big financial decisions](#) later in life — a key focus of our Bank’s education efforts. Since 2012, the program has allowed us to have continued engagement with more than 2,000 students beyond the school year.

State of the Fifth Federal Reserve District

Economic activity in the Fifth District generally increased in recent months. Payroll employment expanded and, although the unemployment rate increased slightly to 5.8 percent in May, labor force participation also rose steadily in the past few months. Manufacturing and service sector activity was reported on favorably both in surveys conducted by the Federal Reserve Bank of Richmond and in comments by other key contacts throughout the District. Residential real estate conditions were somewhat mixed. Home prices continued to grow, permitting activity was mixed, and housing starts softened. In addition, there were comments across the District about housing activity not meeting expectations based on prior spring performances. Read the full report [here](#).



Regional Economic Forum

Regional Economic Forum Bank Leaders visited Lynchburg, Virginia, on June 25–26 to hold a Regional Economic Forum. The forum was designed to explore the unique aspects of the Lynchburg region in order to better understand economic developments taking place regionally, and nationally. Bank leaders heard from business, education, and community representatives about the importance of a well-trained workforce in a series of tours and roundtable discussions. Many technology and education initiatives are tied to workforce development.

The two-day event provided Bank executives an opportunity to explore several important sectors in the region — wireless technology, manufacturing, and early childhood education. Bank leaders held roundtable discussions to learn more about the area’s wireless technology and manufacturing industries. In addition, they toured the Center for Applied Engineering and Research in Forest, Virginia, and visited Central Virginia Community College to learn about the XLR8 STEM Academy, a science-technology-engineering-mathematics program that is offered to area high school juniors and seniors.

President Jeffrey Lacker gave a speech — [“Investing in People as an Economic Growth Strategy”](#) — to business and community leaders at Lynchburg College during the Lynchburg Regional Business Leaders Breakfast on June 26. And Bank leaders also visited Randolph College, which operates a nursery school that has received a four-star rating from the Virginia Star Quality Initiative, a voluntary quality rating and improvement system for early learning programs. A roundtable discussion took place with area

educators and community leaders discussing early childhood education and the effective use of available state programs, community engagement, and their role in workforce readiness and creating an educational foundation for the future.

Our Outreach function organizes the twice-yearly regional forums around our District so Bank leaders can not only go into our communities and meet with our constituents, but also provide the community with an opportunity to learn more about the Richmond Fed and our work. The next visit will be to Asheville, North Carolina, in October.

Upcoming Events & Activities

- **September 23** — [Homeschool Day](#), Richmond, Virginia.
- **October 16** — [Riverfront Museum Crawl](#), Richmond, Virginia.

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Research Resources

- [Community Data Resources](#)
- [Economic Snapshot](#) (includes labor market, household and housing market conditions)
- [National Economic Indicators](#)
- [Data and Mapping](#)
- [Surveys of Business Activity](#)
- [Supervision, Regulation and Credit](#)

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