FEDERAL RESERVE BANK OF KANSAS CITY / SUMMER 2026

TEN

ROADWORK AHEAD

Scenic Tourism in Rural America Presents Miles of Economic Opportunity

Small-town mass layoffs have big impact | Community college enrollment | New Tenth District Board members

FEDERAL RESERVE BANK OF KANSAS CITY / SUMMER 2026

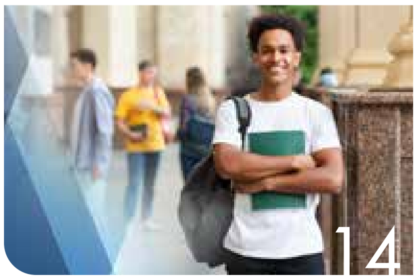
TEN

VOLUME 22 • ISSUE 1 • ISSN 1554-7469

TEN magazine is a quarterly publication of the Federal Reserve Bank of Kansas City focused on the connection between the Bank's research and the Tenth Federal Reserve District. The views and opinions expressed in TEN are not necessarily those of the Kansas City Fed, the Federal Reserve System, its governors, officers or representatives.

Learn more about the Federal Reserve Bank of Kansas City and the Federal Reserve System at KansasCityFed.org/aboutus.

FEATURES



ON THE COVER » KC Fed Community Engagement Adviser Jennifer Wilding on Route 66 in Missouri. *Photo by Gary Barber, design by Casey McKinley*

From the *President*

JEFF SCHMID

Leveraging modern payments infrastructure in community banking

(President and CEO Jeff Schmid delivered these comments May 14, 2026, at "The Future of Banking: Powering Progress, Protecting Trust," a conference hosted at the Bank.)

When we talk about the "future of banking," it's tempting to think we're discussing something distant or theoretical. But the reality is that the future is already here. Many of the innovations that will define banking in the coming decade are already proven, operational and creating opportunities for early adopters.

My message today centers on how leveraging foundational infrastructure—particularly instant payments—can strengthen competitive positioning while maintaining the trust and relationships that have always been the hallmark of community banking. This isn't about abandoning, or even distracting from, what makes community banks special. It's about accessing technological innovation to further deliver on community banking's promise and potential.

The Federal Reserve's FedNow Service, in particular, provides infrastructure that community banks can leverage. My goal is to make clear that the path forward in a rapidly changing payments landscape is both practical and achievable.

Economic outlook and banking conditions

Before addressing payments innovation specifically, let me provide some context on where I see the economy and what that means for the banking sector.

Though the U.S. economy currently faces a number of challenges, it has also shown remarkable resilience. Geopolitical developments continue to create uncertainty. While the United States is less vulnerable to global energy disruptions than in the past, higher oil prices still drain household spending power and increase costs for businesses. Yet despite these headwinds, economic fundamentals in the U.S. and in the Tenth District remain sound.

Growth is positive, with economic output expanding at a modest but steady pace so far this year. Unemployment remains relatively low by historical standards, and the labor market is functioning effectively—albeit in an unusual low-hire, low-fire environment.

Consumer spending remains the largest driver of economic activity, representing two-thirds of output. In aggregate, household balance sheets are strong. Net worth relative to income is near all-time highs, largely due to gains in equity markets and home values over recent years. These high levels of wealth are leading many households to increase their spending.

Business investment has shown particular strength around technology infrastructure and the artificial intelligence buildout, reflecting confidence in the potential for long-term productivity improvements. And productivity gains have been strong, allowing the economy to expand even as workforce growth has slowed.

I see continued inflation as the most pressing risk to the economy. While inflation has moderated significantly from its peak, in my discussions with business leaders across the Tenth District, it is clear that it is still too high.

Despite the continuing challenge of inflation, conditions are fundamentally sound in the banking sector. Capital and liquidity positions remain strong across the industry, complemented by healthy profitability levels and sound credit quality. This is particularly true for community banks, which continue to maintain higher capital ratios on average than their larger counterparts.

However—and this is critical—as important as a well-capitalized institution is, that does not insulate banks from competitive pressures. As you know, pressures on community banks are intensifying from multiple directions. An increasing number of consumers are holding balances with fintech companies and other nonbank providers. In the Tenth District alone, there were over 114 million transactions valued at $18.6 billion into and out of the two largest digital wallets last year. This dynamic isn't just driven by the next generation or tech enthusiasts. It's becoming mainstream behavior across age groups and income levels.

Customer expectations are being shaped not just by what banks offer but by the entirety of their digital experiences. One-click shopping, instant streaming and millisecond messaging in other aspects of their lives create expectations for speed and convenience in banking services.

Technology as an advantage

Artificial intelligence capabilities are increasingly important for fraud detection, cybersecurity, customer service and operational efficiency. The potential here is significant, and I know many of you are exploring AI applications. Digital assets and blockchain technology continue to evolve, with ongoing development in stablecoins, tokenized deposits and more efficient cross-border payment mechanisms. The regulatory framework is still taking shape, but these innovations will likely play a growing role in financial services.

Underlying these developments is something more fundamental, and that's payments infrastructure. Payments are the circulatory system of banking—the foundation that makes everything else possible. Without efficient, reliable money movement, other products and services lose much of their value. The most sophisticated AI model or the most elegant mobile app faces a fundamental constraint if institutions can't move money when and how customers need.

The evolution in payments has progressed from paper to electronic systems. And now electronic systems are being leveraged to support instant transactions, which represents a transformational shift rather than incremental improvement to the payment system. The move to instant settlement has fundamentally changed what's possible in terms of business models, customer experience and financial services innovation.

The Federal Reserve's role in payment modernization

The Federal Reserve has been an active participant in the payment system since its inception, when the issue at hand was clearing checks at face value. We have a public-interest mission to promote the safety and efficiency of payments; to ensure every depository institution has access to these services on an equitable basis; and to do so in an atmosphere of competitive fairness, while being mindful of the overall risks to the payment system. Private-sector providers also engage in payment clearing and settlement services, and we encourage this competition in the marketplace because it supports the processing of payments as efficiently as possible and improves the quality of services offered.

Federal Reserve Financial Services operates the central bank's critical payments infrastructure, maintaining relationships with roughly 9,000 financial institutions and processing more than $5 trillion in transactions daily. One of the benefits of having the central bank maintain an operational presence in the payment system is that it provides an informed basis from which to catalyze the industry toward modernization by providing tools, data and knowledge that institutions need to serve customers effectively.

This is not a new role for the Federal Reserve. There are many examples of the Fed acting as a convener and finding solutions to common challenges, especially as it relates to payments.

Instant payments and FedNow represent the latest chapter in this ongoing story.

> "FEDNOW ENABLES COMMUNITY BANKS TO PROVIDE THE SAME PAYMENTS CAPABILITIES AS THE LARGEST ORGANIZATIONS WHILE MAINTAINING THEIR DISTINCTIVE FOCUS ON CUSTOMER RELATIONSHIPS."
> —Jeff Schmid

Why instant payments matter now

Federal Reserve research shows that 78 percent of consumers prefer faster payments when given the option. Is that rapidly evolving preference being met by customers' primary banking relationships, or are they finding alternatives?

Businesses are also expressing expectations for faster payment options. Sixty-six percent of businesses indicate they're likely to use instant payments if their bank offers them. Further, businesses that use instant payments report 10 percent greater satisfaction with their primary financial institutions than businesses that do not.

As 24-7 commerce becomes the norm, instant access to funds becomes a must have, not a nice to have.

The journey to FedNow

In 2013, the Fed initiated a consultation on payment system improvements. From 2015 to 2017, the Kansas City Fed's then-President, Esther George, served as executive sponsor to convene a Faster Payments Task Force, which ultimately asked that the Fed build a 24/7/365 settlement infrastructure for retail payments.

Following extensive public comment processes, from 2019 to 2020, the FedNow Service, launched in 2023, answered industry requests for infrastructure that would provide broader access to instant payment capabilities. Since then, we've seen adoption and usage grow significantly.

What distinguishes FedNow

What distinguishes the FedNow Service from other payment options? Three attributes stand out.

First, FedNow operates as a trusted infrastructure provider.

The Federal Reserve operates the payment system, in part, to enable competitive positioning across the banking industry, not to compete with financial institutions for customers. The Fed's role is to provide infrastructure that institutions, regardless of their size and location, can leverage in serving their customers.

FedNow offers direct settlement access 24 hours a day, seven days a week, 365 days a year, using the funds that financial institutions hold in their master accounts at the Federal Reserve. And the Federal Reserve has worked diligently to streamline the onboarding process, with one institution completing onboarding and processing instant payments in as little as five days.

Current participation includes over 1,700 financial institutions across all 50 states, covering over 50 percent of demand deposit accounts in the country. Community banks represent 98 percent of FedNow network participants, even though only 20 percent of community banks in the U.S. have subscribed to date.

"Innovation and safety can work in concert rather than in opposition," KC Fed President and CEO Jeff Schmid said during his keynote to 150 Future of Banking attendees May 14. *Photo by Casey McKinley*

A second attribute is that FedNow enables flexible innovation.

As a use-case-agnostic platform, FedNow provides infrastructure that institutions and their customers can leverage based on their needs.

Consider some live examples:

Earned wage access and same-day pay have expanded from the gig economy into mainstream employment, helping people get their money when they need it, not just on traditional paydays. For working families, imagine getting access to your paycheck when you actually need it—rather than waiting until next Friday, when your electricity bill is due this Wednesday.

Instant loan disbursement has many potential applications, including weekend auto loan disbursements or accelerated real estate closings. One institution on the FedNow Service works with an HVAC service provider to offer indirect loans, which are often needed during the weekend or after hours.

Instant payments can significantly smooth small business cash flow issues or help protect business owners from the risks of pricing volatility. Someone shared with me a story about a farmer who purchased supplies using a traditional payment rail, but by the time their payment cleared and settled they owed an additional $30,000 due to a massive supply chain disruption event that caused prices to skyrocket. With instant settlement, the payment speed wouldn't have been a factor.

Last year we saw the first federal emergency relief disbursement sent instantly via the FedNow Service through the U.S. Treasury's digital pay program. This is a gamechanger.

These and other use cases have driven strong FedNow transaction volume growth: We have seen 460 percent year-over-year growth from 2024 to 2025, going from 47,000 transactions in 2023 to 8.4 million in 2025. That growth is continuing in 2026.

The third attribute is that FedNow supports controlled implementation with comprehensive fraud risk-management tools.

We've heard loud and clear that fraud concerns are top of mind. Enabling your institution to send instant payment transactions—not just receive them—does warrant careful consideration. But sending is also where the main benefits exist for financial institutions.

The fundamental architecture of FedNow mitigates risk as users can only push transactions—not pull them. This design provides inherent security advantages compared to networks offering debit pull options. The fraud rate is also much lower than that of paper-based check systems. Beyond this architecture, an extensive risk-mitigation toolkit already exists within FedNow and will continue to evolve in close collaboration with the industry. Innovation and safety can work in concert rather than in opposition.

Implications for community banks

What does this mean for community banks?

Revenue opportunities emerge from innovative use cases that attract customers and expand bank product offerings. Offerings like instant loan disbursement, same-day payroll, and real-time merchant settlement can differentiate institutions in their markets.

Expanding services and improving customer experience also allow institutions to better address customers' needs in-house rather than seeing those needs met elsewhere—keeping relationships intact and revenue within the institution. In today's market, customers are unlikely to ask for instant payments but instead may simply switch to a provider that offers the functionality they want.

Adopting instant payments represents an investment in infrastructure that positions institutions for the future while maintaining core community banking values, such as relationship building and knowledge of local market needs.

In essence, FedNow enables community banks to provide the same payments capabilities as the largest organizations while maintaining their distinctive focus on customer relationships.

The path forward

Momentum for instant payments is building across the industry, and community banks need to be a part of this transformation.

As I mentioned earlier, with only one in five community banks so far using FedNow, significant opportunity remains. The question isn't whether instant payment capabilities matter to customers—evidence suggests they do—but rather where customers are going to access those capabilities.

Resources are available to support institutions on this journey. The Tenth District Fed team stands ready to assist in partnership with Federal Reserve Financial Services, combining national expertise with regional market knowledge to offer tailored education, advisory group engagement and research focused on the specific needs of local institutions and their customers.

Specific considerations depend on where your institution stands with instant payments—whether you're in early exploration, evaluating send capabilities beyond receive-only functionality or already sending and identifying advanced use cases. Each stage presents opportunities for growth and to strengthen your competitive position while contributing to how the network evolves.

The economic environment requires operational excellence. Community banks have demonstrated resilience but face evolving pressures. Technology creates opportunities, but those opportunities rest on foundational elements—particularly payments infrastructure.

The future of banking involves leveraging modern infrastructure to strengthen market position. FedNow provides a means for institutions to compete effectively while maintaining their approach to trust and customer relationships.

Innovation and tradition need not be opposing forces—they can work as partners in serving communities. The future of banking is being written now, and the transformation that instant payments bring is already underway. The question for each institution is how to position itself within that evolving landscape.

FURTHER RESOURCES

Read more about the Future of Banking conference on Page 10. The 2026 Jackson Hole Economic Policy Symposium, "Financial Innovation: Implications for Payments and Policy," will continue this discussion. Watch our website in late August.

Making a CONNECTION

In founding the Federal Reserve more than a century ago, Congress recognized the importance of connecting the nation's central bank to the Main Streets of America. The Federal Reserve Bank of Kansas City carries out this role through its programs and activities throughout the Tenth District and beyond. Here is a glimpse at the recent activities of Kansas City Fed leaders and staff.

KANSAS, MISSOURI and BEYOND »

Tenth District Boards of Directors Meet in KC
Kansas City Fed President Jeff Schmid addressed April's Joint Boards of Directors meeting, which included Tenth District directors from each Branch office and the Kansas City headquarters.

Spanning history
The Joint Board of Directors toured Kansas City's recently opened Rock Island Bridge development. The 120-year-old structure, over the Kansas River, connects Kansas and Missouri and was once vital to the nearby stockyards. Port KC President and CEO Jon Stephens (left) spoke about ongoing riverfront redevelopment in the metro.

Bridge talk
At the Rock Island Bridge during a joint meeting of the Bank's boards of directors in Kansas City, Porcia Block, senior vice president and general auditor at the KC Fed (right), caught up with Denver Branch Board member Arin Emmert and Brandon Emmert.

Change of season
Oklahoma Branch Board member Mark Burrage and Joanne Li, chair of the Nebraska Branch Board, learned about hot sauces following a Board tour of Spicin' Foods, in Kansas City, Mo.

High school econ students preview Student Board of Directors learning
The Denver Branch welcomed AP economics students from East High School for the Life brieFED program, a one-day experience adapted from the Student Board of Directors curriculum. Students explored Federal Reserve operations, including cash services, personal finance and the regional economy, and gained early career insights through speed-networking sessions with Denver Branch leadership.

Going metal in Denver
The Denver regional affairs team had the opportunity to tour Zimmerman Metals in Denver and see firsthand what it takes to complete major industrial metal fabrication projects. The Zimmerman leadership team provided an inside look at the company's operations and shared insights about the realities facing manufacturers.

Denver Branch economists talk policy on TV
Denver Branch Executive, Vice President and Economist Nick Sly and Economist David Rodziewicz sat down with 9NEWS *Business Buzz* host Ryan Frazier to discuss the recent Middle East conflict, the ongoing energy shock and implications for Colorado's economy. They highlighted the Fed's work and helped make the connection between global energy markets and the everyday lives of Coloradans.

OKLAHOMA »

Women in Banking Forum

In partnership with the Oklahoma Bankers Association and the Community Bankers Association of Oklahoma, the Oklahoma City Branch hosted the 2026 Women in Banking Forum in April. The event included a leadership conversation with Oklahoma City Branch Executive, Assistant Vice President and Economist Cortney Cowley and Oklahoma City Branch Board Chair Rhonda Hooper.

Student Board of Directors tours Thunder

Members of the Oklahoma City Branch Student Board of Directors visited the Oklahoma City Thunder business offices in April. The students heard from multiple Thunder staff members and toured the NBA team's office.

NEBRASKA »

Booting up south Omaha businesses

Tony Vega, right, described his business, Plaza Latina, to Omaha Branch Executive and Senior Vice President Nate Kauffman during a May visit by Omaha Branch staff to learn about economic conditions and the experiences of entrepreneurs in South Omaha. Latino Center of the Midlands President and CEO Albert Varas, left, and Nebraska Hispanic Chamber of Commerce President Yesenia Peck, second from left, coordinated and joined for the business visits.

Tomorrow's economists

Economist Ayesha Cooray spoke about careers in her field with Nebraska high school students participating in the Nebraska Economics Challenge state finals, held at the Omaha Branch in April, in partnership with the Nebraska Council on Economic Education.

Notes from around the Tenth District

The Future of Banking conference's "Embracing Artificial Intelligence" panel included (from left) Doug Wareham of the Kansas Bankers Association, Matthew Spyers of First National Bank of Omaha, Joanne Sebby of Fiserv and Ryan Miller of the American Bankers Association.

Future of Banking Conference

"The future is already here," Kansas City Federal Reserve President and CEO Jeff Schmid told those attending the Bank's Future of Banking conference May 14.

But what does that future look like, and what's shaping it?

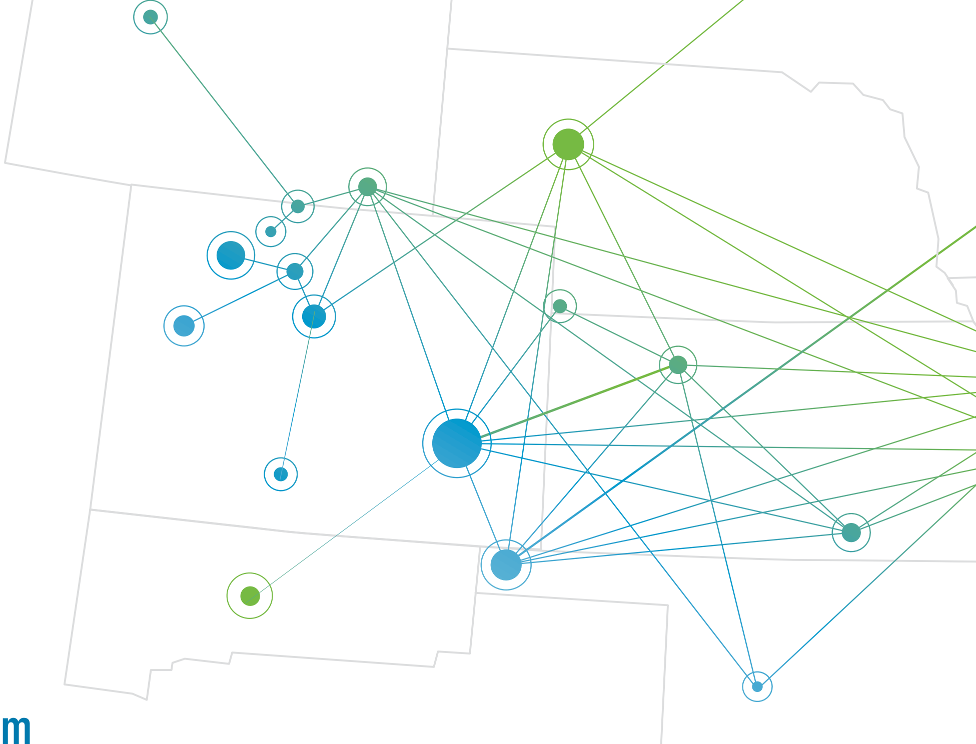
Answering those questions—through conversation, collaboration and a closer look at the forces transforming the financial industry—is the annual event's purpose. The conference, sponsored by the Kansas City Fed, brings together bankers, policymakers, researchers and industry leaders to discuss trends and innovations across banking, financial services and the broader economy.

This year's conference theme, "Powering Progress, Protecting Trust," focused on topics including artificial intelligence, digital assets, fraud prevention and the future of community banking. Sessions explored how banks are adapting to rapid technological change while continuing to meet the needs of businesses, consumers and local communities.

In a session titled "Fraud Prevention and Regulatory Trends," Zac Karpf, president of Platte Valley Bank and Platte Valley Companies, Jackie Blaesi-Freed, deputy associate director of FinCEN, and FBI forensic accountant Reed Ptomey talked about ways bankers can be vigilant and build relationships with law enforcement. Karpf identified accountability as a key weapon against fraud.

Doug Wareham, president and CEO of the Kansas Bankers Association, moderated a discussion about artificial intelligence (AI). The conversation centered on new AI tools being deployed across the banking landscape, including by regulatory agencies. Panelist Ryan Miller, vice president and senior counsel for innovation policy at the American Bankers Association, reminded the audience of a truism still applicable in the AI age: "Deliver for customers, deliver to shareholders and stay in the good graces of the regulators."

With its Future of Banking conference, the Kansas City Fed demonstrates its broad commitment to outreach and engagement across the 10th Federal Reserve District and nationally. The event creates space for industry professionals from a variety of backgrounds and institution sizes to exchange perspectives, share insights and better understand the evolving opportunities and challenges in financial services.



Minted in History: The new exhibit at the Money Museum

Have you ever wondered why our currency looks the way it does? Now you can discover the history behind it in the Money Museum's newest exhibit, Images of Liberty: Commemoration and the Art of Currency. Inspired by the 250th anniversary of the United States of America, the exhibit explores how currency designs have evolved to celebrate and commemorate the nation's heritage.

"The exhibit features some really beautiful examples of historic currency which haven't been on display before in the Museum," said Elizabeth Hartzler, museum coordinator. "You can see the intersection of artistry, security and storytelling and how they have changed over time."

The Coinage Act of 1792 established the U.S. Mint, formalizing coin production. It stated that all circulating coins have an "impression emblematic of liberty." A collection of historic currencies provides examples of how images of liberty on currency have changed over time.

There are three cases in the exhibit:

- One looks broadly at imagery on banknotes including a statue of freedom, a pioneer family, pilgrims landing on the shores of America and the classic eagle and flag.
- The second case tracks the evolution of the $2 bill and the use of John Trumbull's painting of the Declaration of Independence on its back to celebrate the Bicentennial in 1976. "There is a really cool $2 bill in this case if you look at the serial number. It's J17761976A," Hartzler added.

Two hundred fifty years after the event it depicts, John Trumbull's "Declaration of Independence" painting continues to figure into U.S. currency.

- The third case shows Bicentennial coins: the quarter, half-dollar and dollar that were redesigned with images like the Liberty Bell juxtaposed with the moon, looking back at the nation's past and forward to its space-age achievements.

The U.S. semiquincentennial (also called the bisesquicentennial, the sestercentennial or the quarter-millennium) marks the 250th anniversary of the signing of the Declaration of Independence on July 4, 2026.

The exhibit will be up until the end of the year. See KansasCityFed.org/moneymuseum for details and hours.

BEIGE BOOK: TENTH DISTRICT

Tenth District Summary for Beige Book

Economic activity increased slightly in the Tenth District; however, consumer-facing firms continued to report softer demand and margin compression. The June Beige Book noted that limited labor availability, elevated labor costs and faster AI adoption among offshore providers increasingly motivated firms to shift back-office professional functions to lower-cost global service markets.

Firms reported higher energy-related expenses, though liability insurance, packaging materials and other inputs exerted the greatest upward price pressure. Consumer-facing contacts described growing behavioral adjustments among middle-income households, including reduced frequency and lower per-visit spending at sit-down restaurants. One contact noted that "middle-income households are squeezing more life out of every dollar before deciding to spend it."

Prices in the Tenth District have increased moderately, with 65% of survey respondents reporting increased input prices compared to last month. Although firms noted an uptick in energy-related expenses, contacts indicated that non-energy costs like liability insurance, packaging materials, and other input prices all exerted the greatest upward pressure.

Community conditions: Organizations serving low- and moderate-income (LMI) populations reported increased budgetary strain, affecting their ability to meet the growing needs in LMI communities. Contacts reported reduced funding from federal and state governments, as well as from individual and corporate donations. Funding shortages have increased competition for philanthropic funds, and foundations reported that they could not fill the funding gap.

Real estate construction: There were robust increases in the cost of a variety of building materials and to higher delivery costs associated with higher oil prices. Contacts characterized the increase in materials costs as being "like tariffs all over again, but with price increases coming faster." Providers of building materials emphasized the timing of the price shock for fuel and petrochemicals undermined the previously expected pick-up in home building construction, whose growth expectations across much of the District are now reportedly anemic.

Agriculture: Conditions in the Tenth District farm economy remained split across crop and livestock sectors. Corn, soybean and wheat prices have increased moderately since April, but the spike in fuel and fertilizer costs was expected to keep profit opportunities narrow.

A beginner's guide to Stablecoin

If you've read news lately on cryptocurrency or overheard conversations about it, you've probably come across the term "stablecoin." Maybe you've wondered what stablecoins are or how they're different from other types of cryptocurrencies. Cryptocurrency is a kind of online money that isn't controlled by a government or a bank. Instead, it's decentralized, meaning it's managed on the internet, by networks all over the world. When people buy, sell or complete transactions with cryptocurrency, those actions are recorded in a public ledger.

So, what makes stablecoins unique compared with other cryptocurrencies? The clue is in the name: stable.

"Unlike the values of most cryptocurrencies, which can be highly volatile, stablecoins' value is intended to be 'stable,' since they are typically backed one-for-one by highly liquid reserves such as deposits, money market funds or U.S. Treasury bills," explained Todd Mackey, senior vice president of Payments and Strategy at the Kansas City Fed.

Stablecoins aren't cash, though, and aren't poised to surpass traditional currency's popularity.

"At this time, stablecoins are primarily used on decentralized finance exchanges as trading assets, which is exactly what they were created originally to do," said Mackey, who recently retired from the Bank after nearly 30 years. "There is also a considerable amount of stablecoins being utilized as a store of value in digital wallets, often as a hedge against inflation internationally. Only a small fraction of stablecoins is used to make payments today, though that could change in the future."

Because the role of stablecoins is evolving, governments, regulators and major financial institutions are watching closely. By staying informed about cryptocurrencies and financial technology, you'll be better equipped to make smart financial choices for yourself, your business and your family.

Read more at KansasCityFed.org, including "U.S. Consumers' Use of Cryptocurrency for Payments."

Bank Anniversaries

The following banks in the Tenth Federal Reserve District are celebrating one, five, 10, 20 or more years as Federal Reserve members in June, July, August and September.

Uinta Bank	Mountain View	Wyo.	106
Sundance State Bank	Sundance	Wyo.	95
Wahoo State Bank	Wahoo	Neb.	94
First Nebraska Bank	Valley	Neb.	92
Gunnison Bank & Trust Co	Gunnison	Colo.	86
Union State Bank	Clay Center	Kan.	84
Fusion Bank	Larned	Kan.	84
Bank of Holyrood	Holyrood	Kan.	83
Security State Bank	Basin	Wyo.	78
Citizens Bank of Edmond	Edmond	Okla.	45
Bank of Jackson Hole Trust	Jackson	Wyo.	44
State Bank of Burrton	Burrton	Kan.	29
Five Points Bank	Grand Island	Neb.	29
Bank of Commerce	Chelsea	Okla.	29
i3 Bank	Bennington	Neb.	27
Payne City Bank	Perkins	Okla.	27
Farmers State Bank	Quinton	Okla.	27
First Priority Bank	Quinton	Okla.	26
Lakeside Bank of Salina	Salina	Okla.	26
Security Bank	Tulsa	Okla.	26
All Capital Bank	Locust Grove	Okla.	26
American Exchange Bank	Elmwood	Neb.	25
American Heritage Bank	Sapulpa	Okla.	25
First Bank & Trust Co.	Clinton	Okla.	25
High Plains Bank	Flagler	Colo.	23
Chickasaw Community Bank	Oklahoma City	Okla.	22
AllNations Bank	Calumet	Okla.	22
First Bethany Bank & Trust	Bethany	Okla.	21
Cornerstone Bank	York	Neb.	20
American National Bank	Ardmore	Okla.	10
NebraskaLand Bank	North Platte	Neb.	5
Midwest Bank	Pierce	Neb.	5

WEIGHING THE WAGES:

Investigating Community College Enrollment Declines

written by ANNIE CLINKENBEARD

Despite a recent uptick following the COVID-19 pandemic, U.S. community college enrollment rates have fallen sharply since 2010. From 2010 to 2023, enrollment numbers decreased by 22% overall, or 1.7 million fewer students. This trend was widespread, with 42 states reporting enrollment declines of more than 10% over the same period.

"COMPARED WITH 2010, PROSPECTIVE COMMUNITY COLLEGE STUDENTS HAVE BETTER OUTSIDE OPTIONS. THERE ARE MORE JOBS AVAILABLE IF THEY WANT TO WORK, AND THE WAGE GAINS FROM GETTING A BACHELOR'S RATHER THAN AN ASSOCIATE DEGREE HAVE GROWN."

— Emily Pollard

A February 2026 Economic Review by Emily Pollard, associate economist at the Federal Reserve Bank of Kansas City, explores the trend further. Pollard investigates whether this decline could be attributed to supply factors in education, such as funding issues leading to reduced program offerings and increased tuition, or demand factors such as prospective students' desire to go straight into the workforce or pursue a four-year degree instead.

"After looking at the data, I concluded that demand factors have been the primary driver of enrollment declines," Pollard said. "Compared with 2010, prospective community college students have better outside options. There are more jobs available if they want to work, and the wage gains from getting a bachelor's rather than an associate degree have grown."

The state of Missouri is no exception to the decrease in community college enrollment. Brian Millner, president and chief executive officer of the Missouri Community College Association, said the change can be explained by economic factors, especially with 2010 as the benchmark.

"Community college enrollment typically has a positive correlation with the unemployment rate," Millner said. "When the unemployment rate spikes, more people decide to go back to school and pursue other fields of work, and community college enrollment also rises as a result. When you look at national enrollment data with that context, it makes sense that the U.S. hasn't topped enrollment numbers from the aftermath of the Great Recession."

Tough Choices

While the federal minimum wage has remained $7.25 per hour since July 2009, each state's minimum wage may affect the desirability of an associate degree for

Emily Pollard is an associate economist in the Economic Research Department of the Federal Reserve Bank of Kansas City.

prospective students. When making the decision to pay tuition and sacrifice time that could be spent working to pursue higher education, Millner said prospective students are often faced with a tough choice about whether short-term sacrifices for longer-term benefits are worth it financially.

Consider the tradeoff for a Missourian contemplating an associate degree in early childhood education with the goal of becoming a preschool teacher. In 2025, the median Missouri wage for a preschool teacher was $17.35 an hour, only $2.35 more than the state's minimum wage ($15 as of Jan. 1, 2026). For some, going straight into the workforce in fields such as food service, retail and housekeeping and earning a $15 starting wage with benefits is a more viable option than the upfront sacrifice of time and money pursuing higher education requires.

Still, Millner said the lifetime benefit of an associate degree shouldn't be discounted. A community college education can open doors to career paths that require specific certifications, and an associate degree is often more accessible than a bachelor's.

"There is research that people with a community college education will earn between $300,000 and $400,000 more over their lifetimes than those without," Millner said. "While a bachelor's degree holder might expect to earn closer to $1 million more over the course of their life, community college offers a cheaper, faster way to raise your prospective wage."

But that return may be shrinking. Pollard found that the average wage of associate degree holders has declined relative to that of other education levels. Both bachelor's degree holders and high school graduates have seen more wage growth than associate degree holders since 2010.

"Part of this is a change in educational requirements," Pollard said. "There are just fewer jobs out there that typically require an associate degree. For example, take registered nurses. In 2010, an associate degree was the typical education required to become a registered nurse. And while many people still attend community college to become a nurse, it's becoming more common for nurses to get bachelor's degrees."

Looking Ahead in the Higher Education Sector

Birthrates in the U.S. fell drastically after the Great Recession, and they remain near historically low levels today. While this trend has broad implications for the nation's economy, it's likely that the higher education sector may be among the first to feel the financial squeeze. Fewer prospective and enrolled students means fewer revenue opportunities for learning institutions, which may force community colleges and universities alike to shrink program offerings, reduce employee headcount or close altogether.

"While these changes are in response to reduced demand, they can still affect remaining students," Pollard said. "If a community college closes, prospective students in that community may not have a good second-choice option and be pushed out of higher education."

Community colleges are attempting to adapt to slowing demand by attracting new kinds of students. Some community colleges have also begun offering limited bachelor's degrees. And dual-enrollment programs for high school students have become increasingly popular (but so far insufficient to offset lower overall enrollment). As of the 2023–24 school year, dual-enrollment students made up 22% of all community college enrollments.

FURTHER RESOURCES

Scan the QR code to read the full Economic Review: Investigating the Recent Decline in Community College Enrollment

Meet Kansas City Director Clark Lauritzen

Chairman and president,
First National Bank of Omaha

As chairman and president of the First National Bank of Omaha, Clark Lauritzen leads a financial institution that opened its doors to customers in 1857, a decade before the Nebraska Territory became the country's 37th state. First National Bank of Omaha is a privately owned family business, and Lauritzen is the sixth generation in his family to head the bank.

In another family tradition, Lauritzen was appointed to serve on the Federal Reserve Bank of Kansas City's Omaha Branch Board in 2023. He was the second in his family to do so, following his father, Bruce R. Lauritzen, who served on the same board from 1993 to 1999.

This year, Clark Lauritzen joined the Bank's Kansas City Board of Directors.

"First National Bank of Omaha has grown organically and through acquisitions, particularly in Kansas City, where we have grown significantly in the last few years," Lauritzen said. "In October 2025, we acquired Country Club Bank, and we just announced the acquisition of Blue Ridge Bank and Trust this year. With these additions, First National Bank of Omaha now ranks in the top five in market share of all banks serving the Kansas City metropolitan area."

With First National's footprint in Kansas City expanding, Lauritzen viewed the opportunity to join the Kansas City Board as a natural next step and another chance to serve a community and work with an organization he admires.

"I am a big fan of Kansas City," Lauritzen said. "I spend a lot of time there, and I think the city's great culture is part of what makes the Federal Reserve Bank of Kansas City so special.

"One of my biggest takeaways from my time on the Omaha Branch Board was seeing up close how much of an impact the Federal Reserve has on the communities it serves—and how well the organization is run," he added. "That experience left me with a desire to do more for my community if I could, and so when I was asked to serve on the Kansas City Board, it was well timed."

Lauritzen said that, as a lifelong banker, he has always appreciated and respected the Federal Reserve's mission and the role it plays in the banking system. First National Bank of Omaha's regional presence, he added, will uniquely inform his contribution to the Kansas City Board as it works to fulfill the Fed's mission.

"Our bank operates in nine states, all of which are concentrated in the middle of the country. In many ways, we are a Tenth District bank," Lauritzen said. First National Bank is the third-largest agricultural lender in the country. Agriculture is important to our bank, it's important to our country and it's important to the Kansas City Fed.

"The number of people and businesses that bank with us in the Federal Reserve's Tenth District gives me a perspective that hopefully is valuable to the board when we're discussing economic conditions and monetary policy. I feel well positioned to offer real-time economic insights about key industries and consumer lending to the Kansas City Board."

Meet Denver Branch Director Mike Casey

President and chief operating officer, Tuff Shed Inc.

Tuff Shed, a Denver-based designer, manufacturer and installer of custom sheds and storage structures, has put up nearly 2 million buildings since it started doing business in 1981.

Mike Casey, the first Tuff Shed president to follow its founder, Tom Saurey, says the company's guiding principle is the same today as it was 45 years ago: Create products of lasting value for customers while maintaining an unwavering commitment to quality, customer service and its employees.

Casey joined the company as a regional manager in 2007 and was promoted to president in January 2012. Today, he leads a workforce of more than 2,000 employees and hundreds of contract installers across 61 manufacturing plants in 43 states, as well as the company's Denver headquarters.

Through Casey's participation in the Denver business community, he became familiar with the Federal Reserve Bank of Kansas City and its regional structure. When he was approached to join the Denver Branch Board of Directors in 2026, he recalled that it was an easy decision.

"I have always been interested in how the banking system works," Casey said. "I think as a business leader, it can provide powerful insight into what's going on economically. I view joining the Denver Branch Board as an opportunity to represent the Denver economy on a larger scale and to voice what's going on in the home-improvement sector, because not every industry experiences a slowdown or a boom at the same time.

"The Federal Reserve's dual mandate, which is maximum employment and price stability, is something Tuff Shed touches every step of the way," Casey added. "We see the full spectrum of inflation in our supply chain, and we have a large, varied workforce. I have a good perspective to present and share, in the sense that we employ a full gamut of skilled tradespeople, professionals, salespeople, laborers and entry-level employees, and I can report what Tuff Shed is experiencing in the labor market."

Looking ahead to his tenure on the Denver Branch Board, Casey said he was eager to immerse himself in economic conversations with other community leaders.

"I'm looking forward to learning from people who I interact with on the Board about what their challenges are, how they solve problems, their perspective on the economy and their outlook," Casey said.

"I'm also an advocate of the Federal Reserve's mission, and I think the more businesses are involved in the Fed's process, the better information the Federal Reserve has when it comes to making monetary policy decisions. I look forward to continuing to be an advocate for the Federal Reserve in my community."

?

FURTHER RESOURCES
Learn more about the Tenth District directors by scanning the QR code or visiting KansasCityFed.org/about-us/board-of-directors.

Meet Omaha Branch Director Chanda Chacon

President and chief executive officer, Children's Nebraska

Chanda Chacon joined Children's Nebraska as its president and chief executive officer in 2020. She leads the independent hospital's workforce of more than 4,200 people, who provide children with reliable, high-quality health care.

Chacon's decision to dedicate her career to children's health care was personal.

"I was in a car accident as a child living in Texas," Chacon said. "I needed medical care afterward, and even though I was in a city that had a children's hospital, my family never went there because we didn't know that it existed. This was more than 35 years ago, and there wasn't as much awareness of the uniqueness of pediatric health care then."

When she joined the Federal Reserve Bank of Kansas City's Omaha Branch Board of Directors, in 2026, she saw it as another opportunity to make a positive difference for families in her community.

"I'm passionate about the work I do at Children's Nebraska because it matters to people and communities. Making an impact in pediatric health care truly changes families and changes communities for the better, and that same passion for changing communities is what I hope to bring to the Omaha Branch Board."

What appealed to Chacon most about serving on the Omaha Branch Board was the chance to help the Federal Reserve build strong regional ties and collect local insights, which funnel up into monetary policy decisions.

"As a CEO of a children's hospital, I see every day how economic conditions directly impact families, workforce stability, access to health care and long-term community health," Chacon said. "This is a unique opportunity for me to bring those real-world experiences that I've had in health care to a broader dialogue about the economy while also learning from leaders across other industries who are equally invested in the strength and resilience of our communities."

Health care is a critical community service, but it's also a large economic driver: Children's Nebraska is one of the largest employers in Omaha. Because of this, Chacon said, she's able to offer perspectives of the families who receive care from Children's Nebraska as well as information about the workforce shortages, inflationary pressures and supply-chain issues that the hospital navigates.

"Hospitals see firsthand what families face related to issues like affordability, childcare, housing, transportation and access to mental and behavioral health services," Chacon said. "And I want to help contribute the perspective of a mission-driven organization that's focused on long-term outcomes.

"Children are 22% of the nation's population, but they are 100% of our future. When we invest in pediatric health care, we're not just investing in the kids we care for—we're also investing in the families that care for those kids, creating a healthier population and a healthier future. Health care organizations like Children's Nebraska operate in highly complex environments, and those experiences will be valuable to the Omaha Branch Board to inform the broader economic discussion of what's happening in our region."

Looking Back

Making the Map: How the Federal Reserve Districts Were Set

by TIM TODD

With the Federal Reserve Act of 1913, Congress established for the United States a central bank that would directly engage with communities nationwide.

This was lawmakers' third attempt to charter such an institution, and the new design was meant to improve on earlier failures. Two previous entities—one in 1791, the other in 1816—were monoliths that never gained the public's trust. Neither proved viable.

With the Fed, however, Congress crafted a decentralized structure with two key components: a Board of Governors in Washington, D.C.; and a network of regional Federal Reserve Banks, operating arms meant to serve the public in individual Federal Reserve Districts.

"Nothing quite like it had ever before been presented," Henry Parker Willis, an early Fed official, later wrote.

The structure was an innovation, but Congress had little interest in the potentially messy details. Drawing Federal Reserve District boundaries and selecting host cities for the new Reserve Banks were potential political hurdles.

Secretaries of Treasury William G. McAdoo and Agriculture David Houston (second and third from left, respectively) during a meeting of their Reserve Bank Organization Committee in New York City on Jan. 5, 1914. (KC Fed archive photo, originally produced by Culver Pictures Inc.)

Instead, the legislation placed the task in the hands of a dedicated new group: the Reserve Organizing Committee, comprising the secretaries of Treasury and Agriculture and the comptroller of currency. Other than calling for eight to 12 Districts, "apportioned with due regard to the convenience and customary course of business," the act offered little guidance.

With President Woodrow Wilson's signature added to the legislation on Dec. 23, 1913, the committee set to work almost immediately. Because Wilson's nomination of John Skelton Williams as comptroller of Currency was still tied up in congressional approval, Treasury Secretary William G. McAdoo and Agriculture Secretary David F. Houston met at McAdoo's home on Christmas Day. The first formal meeting was held the following day at U.S. Treasury offices.

Very early in the process, McAdoo and Houston agreed that there would be 12 Districts, the maximum allowed under the act. Settling on some lesser number would generate immediate public pressure to expand, they believed.

With that decision made, they embarked on three initiatives:

- Ballots were sent to the nearly 7,500 nationally chartered banks in the United States, asking where they believed their District's Reserve Bank should be located.
- The Preliminary Committee on Organization was formed, under Willis' direction, to explore internal organizational issues; it drafted some preliminary maps, among other tasks.
- The Reserve Organizing Committee (ROC) toured the United States, meeting with local business and community leaders. Over a six-week span, its members logged 10,000 miles, convened hearings in 18 cities, listened to presentations from more than twice as many cities and accepted 5,000 pages of testimony.

The Kansas City Fed's Audit Department began operating on the Bank's opening day, Nov. 16, 1914, when this photo was taken (by the Anderson Photo Company). The seated man in the foreground is auditor Maurice J. McNellis, whose grandson (Pat McNellis) began his own KC Fed career in 1978.

Meeting with the ROC, the Associated Banks of Greater Kansas City on Jan. 23, 1914, proposed a Federal Reserve District that included much of what is today the Tenth Federal Reserve District.

"Kansas City, with her splendid railroad facilities and excellent mail service, has become the natural market, financial and distributing center of the richest and most rapidly developing agricultural and mineral districts in America," the bankers' group said in written testimony.

Kansas City, however, was not the only city in the region that made a bid to house a new Federal Reserve Bank. Denver and Omaha, where the Kansas City Fed later opened Branch offices, each made presentations to the ROC, as did Lincoln, Neb.

Less than 100 days after beginning the task, the committee unveiled its map of the United States, with the Tenth District served by the Federal Reserve Bank of Kansas City. Committee members later said that "it seemed impossible to serve the great section from Kansas City to the mountains in any way other than by creating a district with Kansas City as the headquarters." In addition to the insight gained by the committee during its hearings, and later meetings in Washington, D.C., with Kansas City bankers, support for Kansas City was strong across the region, particularly from bankers in Oklahoma and Kansas.

Among the factors that influenced the Committee's decision — and a likely reason local backers on both sides of the state line united in support of a Reserve Bank on the Missouri side—was transportation. Willis later wrote that the organizing committee had "two main considerations" in determining Reserve Bank cities: existing banking relationships and "the relative ease of access of different parts of (each) District."

As decisions were being made, work was nearing completion on Kansas City's Union Station, which would become the third-largest train station in the United States. Its first trains arrived only a couple of weeks before the Bank opened for business.

As a local journalist wrote: "A $6 million Union Station with about $50 million for terminals built by the railroads, officially established Kansas City as the gateway or center for the transportation lines of the West and Southwest, and now the Bank officially establishes it as the center for the business and financial lines."

The Kansas City Fed, along with its peers in 11 other Reserve Districts, opened for business Nov. 16, 1914.

FURTHER RESOURCES

For more on the Federal Reserve's creation and the history of central banking in the United States, see the Spring 2025 edition of TEN at KansasCityFed.org/ten/looking-back-the-creation-of-the-federal-reserve.

RESEARCH SNAPSHOTS

Farm finances, stablecoins, housing amenities

Here are summaries of recent economic research published by the Federal Reserve Bank of Kansas City. Go to KansasCityFed.org/research to read the full articles and follow the latest analysis in *Charting the Economy*, a stream of timely economic data curated by the Bank's research staff.

Resilience, Not Crisis, in the U.S. Agricultural Economy

Recent reports say U.S. agriculture is in trouble, but the data shows the sector is still fairly stable. Crop prices have dropped sharply since 2022, while production costs have risen, reducing profit margins. Tariffs and lower Chinese soybean purchases have played a role, but global supply and strong production are bigger factors. Conflict in the Middle East has raised fertilizer and fuel costs, though the impact on profits so far has been small. Even with tighter margins, the farm sector remains financially healthy. Debt levels, farmland values, loan delinquencies and farm income all remain near or above long-term historical norms.

—Nate Kauffman and Ty Kreitman, May 2026
Economic Bulletin

What Explains Bank Asset Growth Since the Global Financial Crisis?

Bank assets grow for several reasons. As the economy grows, credit demand rises and inflation increases loan sizes in dollar terms. Mergers and acquisitions also make banks larger. Monetary and fiscal policies can change the amount of loans, deposits and reserves, while regulations can influence how banks choose to grow. Researchers have found that, before the COVID-19 pandemic, mergers drove most individual bank growth, whereas inflation played a bigger role afterward. They also find that banks near regulatory thresholds sometimes grow more slowly, but some grow faster by merging with other banks.

—W. Blake Marsh and Joshua A. Jacobs, April 2026
Economic Review

Stablecoin Uses and Distribution Estimates

Stablecoins are cryptocurrencies designed to keep a stable value and can be used for trading, payments, transfers and as idle holdings. This research estimates how stablecoins are actually used and finds three main points. First, payments make up less than 1% of all stablecoin use. Second, many stablecoins are locked in bridge systems, showing that blockchains still lack interoperability. Third, nearly half of all stablecoins remain in crypto finance, including exchanges and DeFi platforms, meaning the stablecoin ecosystem still depends heavily on the overall health of the crypto market.

—Franklin Noll, April 2026 Payments System Research Briefings

Sticky Prices for Inflationary Economies

High U.S. debt-to-GDP levels have raised worries about financial stability. Using high-frequency Treasury futures data, researchers identify two types of Treasury supply shocks. Debt-expansion shocks increase public debt levels and raise yields by boosting term premia, effects that tighten financial conditions and reduce investment and production, especially when debt is growing quickly. Maturity-extension shocks change the maturity structure, steepen the yield curve and lower credit risk premia and fiscal uncertainty. These shocks encourage short-term investment, even though long-term borrowing becomes more expensive. The study also finds that Treasury debt management can strengthen or offset Federal Reserve asset purchases.

—Huixin Bi, Maxime Phillot and Sarah Zubairy, April 2026 Research Working Paper

Photos (left and above) by Getty Images

Photo (right and above) by Getty Images

Nebraska Health Care Under Pressure: Increasing Costs, Consolidation and Growing Demand

Health care costs have risen faster than other goods since 2000, and medical care has become a larger part of household spending. Prices have increased especially quickly in the Midwest. At the same time, hospitals and health providers have consolidated, leading to fewer beds, fewer key services and more areas with provider shortages, especially in rural Nebraska. Despite consolidation, hospitals have continued to add staff because demand for care remains strong as the population ages. Older adults spend more on health care and devote a larger share of their income to it, meaning rising costs affect them the most.

—John McCoy, May 2026 Nebraska Economist

Natural Amenities Account for Nearly One-Third of Housing Affordability Differences Across Counties

In 2024, U.S. counties with better natural amenities—such as scenery and outdoor features—had less-affordable homes. Data showed that counties with higher natural amenity scores usually had higher home values compared with local household incomes. Natural amenities explained 31% of the differences in home affordability across all counties. In the Tenth Federal Reserve District, some counties in Colorado and Wyoming had especially high home-value-to-income ratios, and all were in very scenic areas.

—Cortney Cowley and Chase Farha, March 2026 Charting the Economy

Higher Oil Prices May Not Meaningfully Boost Oklahoma's Broader Economy

The Middle East conflict cut global oil supply by closing the Strait of Hormuz, pushing prices sharply higher. Research finds higher prices lifted oil and gas profits, but broader state gains may be limited. Prices may not stay high enough to spur widespread drilling, and Oklahoma's revenues rely more on natural gas, whose U.S. prices are falling relative to oil. Severance tax increases from oil could be offset by weaker gas revenues. Energy job gains are restrained by firms' capital discipline and improved drilling productivity, so statewide employment and investment effects are likely modest and concentrated.

—Chase Farha and Cortney Cowley, May 2026 Oklahoma Economist

Higher Oil Prices Will Likely Increase Severance Tax Revenues in Rocky Mountain States

A major disruption in global energy shipping has sharply reduced oil supply and pushed U.S. oil prices up about 60%. Although oil inventories have softened the immediate impact, prices could rise further if the disruption continues. While higher prices strain consumers and businesses, they are likely to boost severance tax revenue for Rocky Mountain states that rely heavily on energy production. Futures prices remain

relatively calm, suggesting that markets expect the situation to ease, and oil producers may not increase drilling without stronger or longer-lasting price signals. Even so, elevated oil prices could provide important fiscal benefits to energy-rich states.
—David Rodziewicz, May 2026 Rocky Mountain Economist

How Banks' Technology Spending Affects Performance

Over the past 20 years, banks have shifted their spending toward technology, data and marketing. IT and marketing now make up 19% of bank expenses, up from 4% in 2004. Higher IT spending is linked to higher profits, with banks that double their IT share seeing return on equity rise. Technology also increases income from deposit accounts and reduces loan default rates by improving screening and monitoring. However, adopting new technology requires large upfront costs, making it harder for small banks to compete and increasing pressure for consolidation in the banking industry.
—Jordan Pandolfo and Thomas Désiré, March 2026 Economic Bulletin

New Data Product Measures Balance of Risks Around Interest Rates

The Kansas City Fed's Measure of Policy Rate Skew (KC PRS) shows how financial markets view the balance risks around short-term interest rates one year ahead. It indicates the financial markets' assessment of whether future rates may turn out higher or lower than real-time forecasts. The data is updated daily and is available on the KC Fed's website.
— Hassan Aamir, Brent Bundick, Mariia Dzholos and A. Lee Smith, February 2026 Charting the Economy

Catching Up or Falling Behind? The Pace of Income Convergence in Rural and Urban America

Researchers examined how incomes in rural and urban U.S. counties have grown and whether rural areas are catching up to urban centers. From 1970 to 2010, rural counties had faster income growth and stronger "catch-up" effects, partly due to suburbanization and manufacturing growth. Since 2010, however, income convergence has slowed sharply, and rural areas no longer grow faster than urban areas. Both adjacent and remote rural counties have seen declining convergence rates. Without new economic advantages, the long-running gap between rural and urban incomes is likely to persist.
— Jason P. Brown and Bobby Beckemeyer, March 2026 Economic Review

New Data on U.S. Card-Present and Card-Not-Present Fraud Rates

New 2023 data showed a shift in debit-card fraud trends. For card-present transactions, fraud rates fell on dual-message networks but rose on single-message networks, reversing earlier patterns. Card-not-present fraud continued to climb for both network types, especially for single-message networks. Fraud losses for cardholders kept rising across nearly all categories. Losses for issuers and merchants changed, depending on the network and type of fraud. Overall, the findings show growing risks for consumers, particularly financially vulnerable ones, and highlight the need to better understand which groups face the highest fraud losses to improve fraud-prevention efforts.
— Fumiko Hayashi, February 2026 Payments System Research Briefing

NEBRASKA COMMUNITY FACES uncertainty AFTER PLANT CLOSURE

by ANDREA GALLAGHER

Tyson Foods building, photo courtesy of *Omaha World-Herald*

When news first spread through Lexington, Neb., that Tyson Foods would close its beef plant in January 2026, many residents were skeptical. Perhaps it was a rumor? Why would the city's largest employer abruptly shut down?

It didn't make sense to Rocio Casonova.

"It was a huge surprise," said Casonova, youth librarian for the city of Lexington.

It wasn't a rumor. Tyson said it was closing the Lexington facility as part of an effort to downsize its beef segment, which the company said had lost more than $1 billion in 2025. In a town of around 10,000, some 3,200 people would be laid off.

Casonova said, "My first thought was, what am I going to do to help everyone who works there?"

Local leaders step up

Casonova has lived in Lexington for 25 years. Because she's so well known in the community, people looked to her for help.

Rocio Casonova, youth librarian for the city of Lexington, Neb.

"I began receiving numerous phone calls, including one from Telemundo Nebraska," she said. "People started gathering at the Catholic church, while others came to the library where I work. Suddenly, I found myself as the go-to person for assistance and support."

The laid-off workers were asking Casonova: What will happen with my health insurance? How do I pay my bills? How do I put food on my table? She and others started answering questions however they could.

Nuria Lemus is the co-owner of local restaurant Taqueria Max. After hearing about the Tyson closure, she said there was a state of anxiety, panic and disconnect in Lexington.

"Everybody went into shock," she said. "It felt dark in the community, gloomy."

Soon, the Lexington Emergency Relief Fund was established by the Lexington Community Foundation and an anonymous donor. Lutheran Family Services helped distribute the money to eligible workers. It was designed to help them fill the gap between the layoff and their next job.

"The relief fund was created to help with bills, food vouchers, etc.," Lemus said. "It's a boost to help those affected. It wasn't going to be a long-term solution."

"We conducted training sessions at Lutheran Family Services, the community college, the Lexington Public Library and the Dawson County Extension Office," Casonova added. "We are committed to ensuring that our town is not perceived as a community abandoned by a major employer."

Disproportionate disruption: ripples from a 'major event'

John McCoy, associate economist for the Kansas City Fed, studied the issue from an economic perspective. His Economic Bulletin "Mass Layoffs Can Disproportionately Disrupt Small Communities" explores the effects of layoffs such as Tyson's, which it calls "one of the most substantial layoff events in the past 25 years after accounting for the size of the local community."

Kansas City Fed Associate Economist John McCoy discusses the impact of mass layoffs on small communities at a public forum in the spring.

"It was clearly going to be a major event for the Lexington community, and we were curious to understand how big the ripples might be," he explained. "The research shows that mass layoffs can have severe negative consequences, and they increase in magnitude for smaller communities that are less economically diversified."

McCoy said mass layoffs affect the individuals who lose their jobs and income, but negative consequences spill out into the community as well. Those who were let go from Tyson have limited means of spending on goods and services in the community, meaning more jobs losses in other industries could occur as a result.

"As the size of the layoff increases relative to the size of the local population, this effect is magnified," McCoy said. "Based on findings from this literature, I estimate that unemployment in Dawson County might rise from 3% in October 2025 to 27% within three years, given the size of the layoff (3,200 people) and county (~24,000)."

The repercussions spread further out. According to an analysis by the University of Nebraska's Center for Agricultural Profitability, the plant had the capacity to slaughter 5,000 cattle per day—approximately 4.8% of total daily U.S. beef slaughter. It estimates the annual statewide economic impact of the plant closure to be more than $3 billion. The analysis adds that losses in state personal income tax revenues are estimated at $23 million, while state sales tax revenues are projected to decline by $10 million per year.

As McCoy writes in his Fed bulletin: "Although the specific statistical effect of the mass layoff in Lexington is uncertain at this time, unemployment is expected to rise, the labor force is expected to contract, and net out-migration is expected to increase."

Moving or staying?

Alejandro Gutierrez is from Guadalajara, Mexico. He came to Lexington when he was 14 years old and his father worked at Tyson. For the past 10 years, Gutierrez also worked at the processing plant, helping with the cattle schedules in the cooler, counting and keeping track of how many cattle were run each day.

"I felt so sad the day we got the notice," he said. "I remember the first thing I did was hug my wife and kid and started crying. I was telling myself, 'What are we going to do?' My dad has been working there since 2002 and he never thought Tyson was going to close, no matter what."

Alejandro Gutierrez, former Tyson employee

Gutierrez is also an assistant soccer coach for the Lexington High School boys' soccer team, which provides him with a small stipend to get by in the meantime. He doesn't want to leave the community he has lived in for so long, but he may not have a choice.

"I really don't want to move from this town, since I came here from Mexico in 2011. I've been here half my life," he said.

He said many of his friends and former co-workers had already moved to find jobs elsewhere. Others were waiting for the school year to be over, to avoid disrupting their children's academics. For some, hope remained that another business would take over the plant, that people wouldn't have to uproot their families.

> "MY DAD HAS BEEN WORKING THERE SINCE 2002 AND HE NEVER THOUGHT TYSON WAS GOING TO CLOSE, NO MATTER WHAT."
>
> — Alejandro Gutierrez

"I have a lot of friends who had to move to Columbus, Nebraska, and others to Garden City, Kansas," he said. "I talk to them, and they are still hoping the (former Tyson) plant will re-open with something else, but I feel little by little the town is going to start going downhill if there are no jobs around."

Lexington after Tyson

During a forum this spring in Kearney on issues facing Nebraska, put on by the *Flatwater Free Press,* McCoy, Casonova and Lemus took part in a panel called "Lexington After Tyson." They talked about the Tyson closure and took questions from the audience. One thing they all agreed on was the closure's significant impact on the community.

"Many individuals who moved here with the hope of raising a family in a peaceful environment are now facing the stress of finding ways to pay their bills," Casonova said. "This often involves commuting to other communities for work, resulting in extended periods away from their children. Lexington is a vibrant community that values neighborly connections, and witnessing residents relocate has been challenging for everyone involved."

McCoy said that layoffs at this scale are rare but can yield monumental effects, particularly in rural areas.

Lexington sign welcomes visitors with Tyson in the background. Photo courtesy of *Omaha World-Herald*.

"Most mass layoffs occur in more populous areas and, while certainly challenging for individuals who are directly affected by the loss of employment, are less likely to severely impact the broader community," he said. "Larger areas tend to be more diversified and have more opportunities for unemployed people to find re-employment."

Gutierrez finds solace on the soccer field. He's played since he was 6 years old, competing for the Chivas Club in Mexico. In May, the team he helped coach upset the defending state champions to get to the Class B final, its fourth run at the title in 10 years. Hundreds of Lexingtonians followed the team to Omaha for the match. Lexington was the runner-up.

With the high school season over, Gutierrez is again looking ahead. He said he might apply at the Sustainable Beef plant in North Platte. He may move to another state. He wasn't sure yet.

"I really love this town. It's given me all I want, but I might have to move as life needs to continue." Casonova and other local leaders are working hard to bring resources to support their community and, they hope, provide a place to remain.

"We are resilient and hardworking people," she said, "and Tyson is now part of our past."

FURTHER RESOURCES

Go to *KansasCityFed.org* to read, download and share the full *Economic Bulletin* and sign up to receive alerts as new research is published.

ROADWORK AHEAD

Scenic Tourism in Rural America Presents Miles of Economic Opportunity

by KAYLA REGAN

The Blue Whale of Catoosa. Miami's last-of-its-kind hamburger bird. The bright neon lasso flashing atop the Western Motel's vintage-style sign in Vinita.

These aren't just quirky sights along Oklahoma's stretch of the legendary Route 66. For the business owners lovingly tending to them, they're important tourism assets. And for Jennifer Wilding, who traversed the storied corridor to write *The Byways Report: The Scenic Route to Rural Prosperity,* they're marvels—mini destinations that link each community's charming past to future promise.

"It's not just about the buildings or the diners. It's about the people," she said. "You can't tell the story without the people."

Published by the Kansas City Fed in early 2026, *The Byways Report* shows how Americans' ongoing love of the open road can help small towns build their economies through route-based tourism. By highlighting data alongside the experiences of people who live on those routes, the report illustrates the economic capacity of existing byways.

Route 66 at 100: "The story of America" told along crucial conduits

The Byways Report arrives as Route 66 marks its 100th anniversary, a commemoration with pivotal tourism opportunities. The report offers data-driven guidance for rural communities to harness their byways' economic power.

Small towns and rural areas, each with their unique origins and character, can attract visitors and boost prosperity when connected by a byway—that's the thesis of *The Byways Report*. One could say Wilding was destined to write it. She was, after all, born off Route 66, in Rolla, Mo. Years later, living in West St. Louis County, she would pedal her bike along old alignments, exploring little towns and getting to know the area's history. She's traced portions of the historic route several times over the decades, both for leisure and most recently for work.

As a community engagement adviser with the Kansas City Fed, Wilding has spent years studying the intersection between the economy and community development. As Route 66's big anniversary neared in 2025, Wilding saw an opportunity to link her role at the Kansas City Fed with economic development opportunities happening across America's byways.

"If I could choose just one topic related to the Fed for a project, it would definitely be Route 66," she said. "I get to make a tiny contribution to something that's been important to me my whole life. It's a thrill."

The Kansas City Fed works to foster a robust economy and maintain financial stability. According to Jeremy Hegle, assistant vice president and community affairs officer at the Kansas City Fed, achieving those aims requires strong communities; with that in mind, the Bank tries to advance economic development across its seven-state district. *The Byways Report,* Hegle said, exemplifies this effort and further underscores the Bank's dedication to serving the nearly 20 million people in its region.

"Over years of community development, outreach and research, we've built strong ties with communities throughout our district—large and small," Hegle said. "The 100th birthday of Route 66 was the perfect moment to spotlight the amazing work happening in these places."

Hegle said the Bank was uniquely suited to publish *The Byways Report* for several reasons.

- Route 66 runs across four of the seven states that compose the Tenth Federal Reserve District: Missouri, Kansas, Oklahoma and New Mexico.

- Serving nearly half a million square miles of land in the middle of the country, the Kansas City Fed is one of the Federal Reserve System's most-rural districts.

In Vinita, Okla., the Western Motel's neon sign has been re-created in vintage style. *Photo by Jennifer Wilding*

- In 2025, the Bank launched the Center for Agriculture and the Economy, which has a strong focus on rural communities like the ones featured in *The Byways Report*.

In a speech last February introducing the report, Kansas City Fed President Jeff Schmid said tourism was an important industry in many of the rural regions in the Tenth District, and byways are crucial conduits for that industry. Schmid also noted that the regional structure of the nation's 12 Reserve Banks shared strengths with byways such as Route 66.

"Route 66 is the story of America, a set of distinct regions and economies, linked together to form a more powerful whole. The fundamental importance of regionalism to the nation's development and ultimate strength continues today in the structure of the Federal Reserve. We are your bank, and we work every day to make sure you have a voice in the nation's economic policy," he said in his remarks.

"This report is just one example of how the Fed invests in understanding the regional economy, while also contributing to the region's economic success."

How a byway can generate between $250,000 and $450,000 a mile

Wilding spent months on preliminary research and interviews, then took to the road in the summer of 2025 to collect stories and anecdotes along Route 66 in Oklahoma. No playlists or car snacks for her, she said. Instead, she used her time to relay notes from conversations and what she saw into a small digital voice recorder, capturing vivid illustrations of the offbeat, sometimes beautiful sights that make up byways travel in the report.

The Route 66 Museum, in Clinton, Okla.

"Traveling the back roads, you motor straight through that town. On the approach, there are old houses made of local stone or wood, the kind of houses folks mean when they say, 'They don't build 'em like that anymore.' … You spot evidence of local haunts that give this town its sense of place," she writes in the report. "The museum that does a beautiful job of explaining the town. The bike trail that runs through, or the bridge over a wild mountain stream. The bookstore in what used to be the bank. The humble cafe with a four-star omelet. The shop with handmade goods. Some empty storefronts, with the names of the last business still painted on the glass, and they're part of the story, too."

After driving more than 1,100 miles, she came back with dozens of such observations and discoveries, including:

- Young entrepreneurs preserving the past in Miami, Okla., by restoring old gas stations.
- The Cherokee Nation telling its story and a vintage café creating memorable experiences using giant character statues and neon in Vinita, Okla.
- A group of creative residents bringing new life to Route 66 in Clinton, Okla., through a grassroots co-op.
- A retired artist using art and the history of the Dust Bowl as economic development tools in tiny Sayre, Okla.

Wilding said the report isn't about fixing small towns; it's about honoring and acknowledging what makes them special. It's an appreciative look at small town economic development, said Maree Forbes Gaughan, managing director of the National Travel Center. Gaughan, who contributed to the report, said the publication elevates the impression of rural America instead of portraying smaller communities as downtrodden or stuck in the past.

"The report helps those who live along byways understand their communities' own value, which is foundational to having any of this economic development happen," she said.

"To have something like *The Byways Report* developed and presented by the Federal Reserve raises the profile and credibility of our efforts to preserve and promote scenic tourism," she added.

"Big A," the Texaco giant, was dedicated in 2024 at Gearhead Curios, in Galena, Kan.

Tori and Eli Chenoweth outside the Marathon filling station in Miami, Okla., on the National Historic Register.

In addition to stories from the road, the report centers on findings from the National Travel Center, including that a byway can generate between $250,000 and $450,000 per mile per year in visitor spending when it:

- features heritage and cultural locations,
- offers visitors plenty of places to visit and opportunities to spend money,
- includes destination-distinctive accommodations and local cuisine and
- is well promoted.

Attitudinal barriers, not structural problems, were often the biggest hurdles to overcome, Wilding said. Community leaders didn't necessarily see tourism as a viable economic development option. Route 66, Wilding said, counters that assumption. Though not all byways can match its iconic status, Route 66 fundamentally serves as a link between towns. Smaller communities might collaborate to highlight connecting roads or even establish new scenic routes. According to Wilding, each community offers its own individual identity and culture.

"You have folks who've lived in a town forever, and they don't see some of the things that make their town special, so you sometimes have to convince longtime residents of a community what's special about their place," she said.

"We found many examples of when newer or younger residents were able to do this."

The Byways Report: filling a gap in the narrative around scenic tourism

Wilding said the report is made for easy sharing, allowing anyone to suggest it to local leaders or neighbors. In the months since it's been published, the Kansas City Fed has sent more than 2,000 copies of the report across the country, and the digital edition has been downloaded more than 500 times. Wilding has spoken at national conferences and been cited in speeches and newspapers.

At least part of its success is due to the report filling a gap in the narrative around scenic tourism, said Rhys Martin, president of the Oklahoma Route 66 Association and manager of the Preserve Route 66 initiative for the National Trust for Historic Preservation.

"One of our biggest pain points is around numbers and metrics. Anytime you ask for investors or to spend public dollars on Route 66, they say 'prove it.'" said Martin, who also contributed to the report.

"I hate using terms like gamechanger, but the report has been a really big deal because it's proving what we've been seeing on the ground here in Oklahoma. Investing in small towns and investing in the main streets is absolutely returned."

While much of the appeal of route-based tourism is based in history and nostalgia, *The Byways Report* argues that it can evolve to meet the unique needs of a small community. To do that, Martin said he hopes more people understand the value of these roads beyond dollar amounts.

"Tourism is not about some great new shiny thing. You also have to make sure that the thing that has kept the road important, which is that connection to its people, stays preserved also."

> "TOURISM IS NOT ABOUT SOME GREAT NEW SHINY THING. YOU ALSO HAVE TO MAKE SURE THAT THE THING THAT HAS KEPT THE ROAD IMPORTANT, WHICH IS THAT CONNECTION TO ITS PEOPLE, STAYS PRESERVED ALSO."
>
> — Rhys Martin

With *The Byways Report,* the Kansas City Fed shows its commitment to keeping that connection alive and supporting the people in its region—the ones who keep the diners running, maintain the old roads and welcome strangers passing through.

As Martin said: "How lucky are we to have an opportunity to show people from all around the world what the American spirit is all about?"

Wilding knows just how lucky.

"It is 9:27 a.m. on Wednesday, June 4, 2025," she recounts in *The Byways Report.* "The thunderstorms that swept through Vinita, Okla., yesterday have moved east. The storms kicked up serious wind last night, and neon is fragile. By nightfall, the cowboy on the Western Motel's new neon sign had gone dark. I am glad to see him lit up again in the morning."

With that reassurance, she once more took to the road.

Ten steps toward strengthening or starting a byway

1. **Take an appreciative view of what your town has to offer visitors.**
2. **Think in terms of collaboration, not competition.**
3. **Don't try to do it all on your own.**
4. **Embrace entrepreneurism as an economic strategy.**
5. **Preserve your past to secure your future.**
6. **Make space for many stories to be told and for communities to tell their own stories.**
7. **Create experiences that engage visitors.**
8. **Pass the torch to the next generation.**
9. **Encourage volunteers.**
10. **Attract the support of state officials and others by making the case that tourism is economic development.**

FURTHER RESOURCES

Scan the QR code to access the full *Byways Report* and get more information about the economic impact byways can offer.

Greetings FROM WICHITA

Jeremy Hill, assistant vice president and regional executive, presents to Wichita State University's Student Managed Investment Fund club during a visit in May, offering economic insights and advice for students with an interest in finance and economics.

Assistant Vice President and Regional Executive Jeremy Hill, who serves as the Kansas City Fed's regional economist for Kansas and western Missouri, visited Wichita in May. The trip included a tour of three local businesses, a roundtable with aerospace industry professionals, a presentation to the Wichita Chamber of Commerce and a conversation with Wichita State University students.

Visits such as this one are essential for gaining an in-depth understanding of how local communities are experiencing economic conditions, said Hill, whose Sunflower State connections run deep. Before joining the Fed in 2024, he spent 15 years as the director of Wichita State University's Center for Economic Development and Business Research. That experience

Jeremy Hill meets with Village Travel CEO Jeff Arensdorf and CFO Amy Hendricks. The company offers recreational bus rentals and tours and is a full-service travel agency.

laid the foundation of his economic outreach work for the Kansas City Fed.

"I have learned that understanding an economy starts with understanding its people," Hill said. "The relationships that I have built with business leaders and communities across Kansas have provided insights you simply cannot find in a dataset alone, revealing the opportunities, challenges and forces shaping industries from aerospace to food manufacturing."

(Left) Jeremy Hill talks with C.E Machine President Brian Eck during a tour of the Wichita aerospace manufacturer.

FURTHER RESOURCES

To read the full story about economic outreach in Kansas, visit *kansascityfed.org/ten*.

Greetings FROM OKLAHOMA

At the Broken Bow business roundtable, Kansas City Fed President and CEO Jeff Schmid (center) spoke with Doug Gray, assistant vice president in the Bank's Examinations and Inspections Department (left), and Larry Spradley, president and CEO of the Community State Bank in Poteau, Okla.

"To truly understand something, you have to get close to it," Oklahoma City Branch Executive Cortney Cowley said when KC Fed Tenth District leaders traveled in June through the Sooner State's southeast corner.

That's why, ahead of a Oklahoma City Branch Board of Directors meeting in Hochatown, KC Fed President Jeff Schmid and other Tenth District leaders held a business roundtable in Atoka and toured Huber Engineered Woods in Broken Bow. They also heard from Hochatown trustee Dian Jordan about her community's dual booms in vacation-property building and tourism.

"Tourism in Oklahoma is the third-largest industry," said Oklahoma City Branch Chair Rhonda Hooper, the

Hochatown trustee Dian Jordan shared tourism data.

president and CEO of Jordan Advertising. "And the beautiful surroundings of this southeast part of the state—Hochatown, Beaver's Bend, Broken Bow—attract a lot of people."

In fact, Jordan said, as many as 2.2 million people a year are coming to Hochatown.

"The time we spend with business and community leaders in the region helps us recognize that not all parts of our state are the same in terms of what drives local economies," Cowley said. "We heard specifically about the timber and tourism industries as well as the Choctaw Nation, which drives a lot of the economic growth in this area. We're really trying to make sure that we're building trust in the nation's central bank by just listening."

President Jeff Schmid talked with several staff members at Huber Engineered Woods in Broken Bow.

FURTHER RESOURCES
To read the full story about economic outreach in Oklahoma, visit KansasCityFed.org/ten.

On the Huber tour with President Jeff Schmid were (from left) Oklahoma City Branch Executive and Assistant Vice President Cortney Cowley and Branch Directors Brady Sidwell, Rebecca Thompson, Rhonda Hooper, Terry Salmon and Mark Burrage.

Tenth District *by the numbers*

ECONOMIC INDICATORS, FACTS AND TRENDS FROM THE SEVEN STATES

$5 billion

Amount of direct travel spending in 2025 by visitors to Wyoming, a 2.8% increase from 2024's figure (which counts tourists' destination and other spending).

Source: Wyoming Office of Tourism

12%

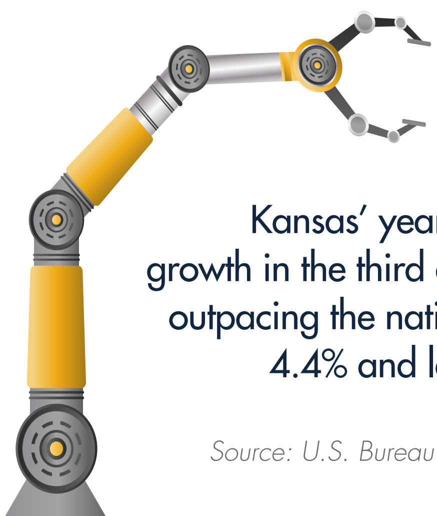
Projected increase in Nebraska's net farm income this year. Driven by higher government payments and strong livestock receipts, the figure is expected to reach a record $9.96 billion.

Source: University of Nebraska

46.6%

Increase for Denver's medical outpatient building (MOB) investment volume in 2024, making it the No. 17 MOB investment market nationwide.

Source: CBRE



6.5%

Kansas' year-over-year GDP growth in the third quarter of 2025, outpacing the national average of 4.4% and leading all states.

Source: U.S. Bureau of Economic Analysis

MORE ECONOMIC DATA

The Bank regularly publishes data about regional and national economic conditions at KansasCityFed.org/research/indicatorsdata.

7th

Missouri tied for the seventh-lowest cost of living in the United States for the first quarter of 2026.

Source: Missouri Economic Research & Information Center

$12.8 billion

What Oklahoma's tourism industry generated in direct visitor spending in 2025, supporting more than 109,000 jobs across the state.

Source: Oklahoma Tourism and Recreation Department

$13.5 million

New Mexico's fiscal year 2027 investment in trails, watersheds and outdoor access.

Source: New Mexico Outdoor Recreation Division

FROM THE VAULT

Kansas City Fed History

Apocalypse Chow

"Survival cracker." That's the unappetizing foodstuff being sampled by the KC Fed's Debbie Naert in this 1969 Ten J News photo. The close-up was the cover image of that year's September issue, accompanying a detailed overview of the original Tenth District HQ's Cold War–era emergency shelter, 33 feet under McGee Street in downtown Kansas City, Mo.

Naert, then a new employee in the Bank's supply department, appears throughout the article, titled "City in the Cellar: Idea Is Survival." She tries on utilitarian clothes and shoes from a stockpile, gauges a sleeping bag for comfort and holds still for a Geiger counter check.

The article outlines the Bank's thorough readiness: trained civil-defense wardens and radio operators, diesel generators and fuel, some 30,000 gallons of water. But by the end of the 1980s, the nuclear threat had diminished, and the shelter's bunk beds, mattresses and blankets had been sold to employees as surplus.

FEDERAL RESERVE BANK OF KANSAS CITY
1 Memorial Drive
Kansas City, Missouri 64198-0001

Dollars and Since

The United States is now 250 years old. The story of its currency dates back almost as far. Explore that history and celebrate the semiquincentennial at the KC Fed's Money Museum, where the temporary exhibition ***Images of Liberty: Commemoration and the Art of Currency*** displays rarely seen coins and bills.

Admission is free. See hours and details at KansasCityFed.org/moneymuseum.