

FEDERAL RESERVE BANK OF KANSAS CITY / SPRING 2023

# TEN

## THE HYBRID WORK HORIZON

Research links at-home officing, commuting time  
and the future U.S. boom in home construction

*ANNUAL REPORT for 2022*

*How our work connects every day with the communities we serve*

Diversity and Inclusion Report | Lifetime Earnings Differences | Meet the New Tenth District Directors

# TEN

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CONTENT CONTRIBUTORS  
Gary Barber, Jason Collin, Cynthia Edwards,  
Bob Greenspan, Kate Hiebert,  
Casey McKinley, David McNeese,  
Beth Norman, Victoria Rosengarten,  
Steven Shepelwich, Debra Skodack, Brett Smith,  
Jennifer Wilding, Marlina Yates, Roya Zaidi

RESEARCH CONTRIBUTORS  
Andrew Glover, José Mustre-del-Río,  
Emily Pollard, Jordan Rappaport

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. TEN features articles on the Federal Reserve's history, structure and operations. The views and opinions expressed in TEN are not necessarily those of the Federal Reserve Bank of Kansas City, the Federal Reserve System, its governors, officers or representatives.

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Learn more about the Federal Reserve Bank of Kansas City and the history, leadership and governance of the Federal Reserve System at [KansasCityFed.org/aboutus](https://www.kansascityfed.org/aboutus).

## FEATURES



### HYBRID WORK AND THE FUTURE HOUSING BOOM

Research draws connections between remote work, commuting trends and a long-term surge in residential home construction.



### ASK AN ECONOMIST: LIFETIME EARNINGS

Differences in years worked contribute substantially to the lifetime earnings gap between Black and white individuals.



### EQUITY AND INCLUSION

The Kansas City Fed's annual OMWI report to Congress shows how diversity and teamwork enrich the Bank's workforce and business practices.



### ANNUAL REPORT FOR 2022

Explore the public's guide to the Bank's mission, operations, officers, directors, advisory councils, roundtables and more.

## ON THE COVER »

Christi Leupold, a former commuter, now works full time from her Omaha home. *Photo by Gary Barber*  
*Design by Casey McKinley*

# Reflections on 40 YEARS AT THE CENTRAL BANK



In her final speech as Reserve Bank president, Esther George asserts the importance of the Fed's structure, the public's trust and community banking

by ESTHER L. GEORGE

President, Federal Reserve Bank of Kansas City

2011-2023

*These remarks were delivered on Jan. 18, 2023, to The Exchequer Club of Washington, D.C.*

Thank you for the invitation to speak today.

In a few days, I will be stepping down from my post as president of the Kansas City Fed, having reached mandatory retirement, concluding a Fed career of more than 40 years. It has been an honor to serve the nation's central bank and to represent a region that includes all or part of seven states: Missouri, Kansas, Nebraska, Oklahoma, Colorado, Wyoming and New Mexico. There is much to appreciate about working for the Federal Reserve, certainly including its dedicated workforce. These talented people who say yes to working at the Federal Reserve on behalf of the public feel the weight of the institution's mission and its impact on every American. And, during times of crisis, they are prepared to step up in extraordinary ways.

Because the Federal Reserve's actions affect people's financial and economic situations, it is often in the headlines, including criticism, scrutiny and second guessing. One point of criticism has been the Fed's structure, with 12 independent regional district banks complementing the Board of Governors in

Washington. Some view the Fed's decentralized structure as outdated, reflecting a time when transportation and technology were far less developed. Others argue accountability would be enhanced by altering the authorities of the regional Reserve Banks in favor of more central authority with the Federal Reserve Board. Current ideas about changing the Fed include reducing the number of regional Reserve Banks from 12 to five, making Fed presidents political appointees, and requiring congressional access to Reserve Bank records, including confidential supervisory information and sensitive personnel information. The tug-of-war, targeting reform of the central bank's regional structure, governance, and authority, is not a new one. It has been in play since the Federal Reserve's founding.

In my comments this afternoon, I'll talk about the Federal Reserve from the perspective of a career central banker in the nation's heartland, focusing on issues related to policy deliberations, community banking, and the nation's payment systems. Through this lens, I've witnessed the ways the Federal Reserve's structure has figured prominently in securing the public's trust as it carries out its mandated objectives.

## Trust and confidence

One of the most unique and important aspects of the Federal Reserve's decentralized structure is the participation of the American public in the ongoing operations of the 12 Reserve Banks. The Tenth Federal Reserve District extends from the plains of the Midwest to the Rocky Mountains. Energy, agriculture, transportation and logistics are dominant economic drivers. You can drive hours through parts of the Tenth District and never see an office tower. (I apologize for bragging, but I love our wide-open spaces.)

By virtue of its design as part of a federated system, the public is able to engage directly with the Kansas City Fed and its branch offices by serving on our boards of directors and advisory groups. The governance of the regional Reserve Banks involves individuals from each District who oversee the Banks' operations and provide economic insights that inform monetary policy deliberations.

Our boardrooms are places where a labor leader and manufacturer; banker and non-profit executive; tribal leader and energy CEO, sit side by side. For a Fed

policy maker, these discussions are obviously valuable. Not only do our directors provide fiduciary oversight and important insights on economic and financial conditions, but they create a level of engagement and understanding that would not otherwise exist. These are thoughtful discussions that may encompass topics ranging from the nuances of monetary policy to how economic conditions may be affecting nonprofit donations or certain segments of the workforce. My colleagues and I often reference what we've learned from these interactions as part of FOMC deliberations or in our speeches where they can provide important real-world examples of the economy.

A few weeks ago, I attended year-end board meetings at each of our Kansas City District offices. During those meetings, we also recognized the directors who were concluding their terms of Fed service. At these meetings in Kansas City, Denver, Oklahoma City and Omaha, I listened to these individuals describe their experiences of being invited inside our organization to govern and to offer their insights and advice. Over the course of their terms, they've learned what we do, and why. They know that we check politics at the door and that our motive is to listen and learn, so that we can understand and do our work on behalf of the public we serve. Very often, they tell us that this service has introduced them to people and perspectives that they would otherwise not have experienced. For me, these were strong reminders of the central bank's deep connections with a variety of Americans.

The structure of the Fed was no accident.

Congress had already established two central banks that were unable to secure the public's trust, and their charters were not renewed. What went wrong? The First and Second Banks of the United States were isolated in what was then the national power center of Philadelphia, and with governance structures that did not reflect the system of checks and balances found in other important national institutions. Congress was keenly aware of these apparent shortcomings as it considered a third attempt to form a central bank. This time, the design moved away from a highly centralized institution with concentrated authority in favor of a decentralized system that would share authority across the nation.

The Federal Reserve System reflects a blended structure of public oversight by the Federal Reserve Board of Governors over 12 quasi-privately chartered regional

“ONE OF THE MOST UNIQUE AND IMPORTANT ASPECTS OF THE FEDERAL RESERVE’S DECENTRALIZED STRUCTURE IS THE PARTICIPATION OF THE AMERICAN PUBLIC IN THE ONGOING OPERATIONS OF THE 12 RESERVE BANKS.”

— Esther George



Reserve Banks. These regional Reserve Banks and their affiliated branches have the obligation and the opportunity to meaningfully engage with the American public within each of their designated Districts.

When creating the first central bank of the United States, Alexander Hamilton was particularly concerned that a more politically controlled bank would prove to be an enticing tool for manipulation by interests who would favor short-term political gain over long-term national stability. Decades later, the Federal Reserve’s governance and structure proved effective as the FOMC under the leadership of Chair Paul Volcker responded to high inflation. It is hard to imagine a scenario where a more politically controlled central bank would have been willing to take the very difficult and painful measures that ultimately proved necessary to restore economic and price stability for the nation. Today, the U.S. is again experiencing high inflation and the Federal Reserve is aggressively tightening monetary policy. And, once again, the benefits of central bank independence are apparent.

The Fed’s system of checks and balances includes the FOMC structure that has been in place since the mid-1930s. Only five Reserve Bank presidents are voting members of the FOMC at any one time, leaving the seven publicly appointed Fed Governors in a majority position. This arrangement promotes a diversity of views and healthy debate about policy options. In fact, an observer wouldn’t be able to tell the difference between voters and

nonvoters in any of the discussions because everyone participates equally in the meeting until the vote is taken. Just as monetary policy deliberations reflect the value of a decentralized central bank, the regional structure plays a key role in the Federal Reserve’s bank supervision and payments work.

## Community banking

The characteristics of the financial system have changed significantly over the past 40 years. Banking consolidation and concentration has resulted in a handful of Globally Systemically Important Banks—referred to as GSIBs; a small number of mid-sized banks; and, fewer, although still thousands of, small banks. Another notable change in the landscape is that nonbank financial services providers have increasingly captured a large share of the retail banking business.

There are no GSIBs headquartered in the Tenth Federal Reserve District. Instead, there are hundreds of regional and community banks. Across the region, households, small businesses and agricultural producers rely heavily on local banking firms to supply credit and deposit services. The business models, economic conditions and banking needs of a farmer in rural Kansas or Nebraska differ significantly from those of a hotel owner in Jackson, Wyoming, a real estate developer in Denver, an entrepreneur in New Mexico, a nonprofit in Missouri or an oilfield services company in Oklahoma City.



As part of farewell activities in January, Esther George visited employees throughout the head office, including a team that connected via teleconference. *Photo by Gary Barber*

As a supervisor of these banks, the Federal Reserve's understanding of these unique customer needs and local economic conditions benefits enormously from its regional structure and engagement. Regional Reserve Banks also work closely with state banking regulators to fulfill supervisory mandates.

Community bankers serve on regional Reserve Bank boards and advisory councils to inform our understanding of local economies, the financial services landscape, and concerns of consumers and communities across the country. Through this engagement, we also gain insights to the challenges facing these institutions as they provide access to credit in their communities.

Much as the profiles and business models of banks differ, so do the risks presented to the financial system. Too often, our banking regulations have lacked the nuance to fully account for the differences in risk posed by small and regional banks compared to their larger peers and non-bank financial services providers. As a result, the compliance costs and burden affecting small banks can be outsized relative to the benefits to financial stability and fair access to credit.

Finding the right calibration in today's supervisory framework will be necessary to ensure that community banks do not bear a disproportionate regulatory burden and can remain competitive as they meet the credit needs of the communities they serve. As I've noted in other remarks, opportunities exist to further develop risk-focused approaches to supervision, to better tailor capital requirements, and to provide clearer guidance around innovation and alternative business models. These steps might better balance the costs of regulation with its benefits.

Unfortunately, I am not optimistic that the legislative aims of ending "too big to fail" will serve to bring more stability and prosperity to communities that depend on small banks. The nation's largest banks continue to grow larger while holding less capital. At the same time, consolidation among smaller banks is likely to continue, as regulatory burden persists in a competitive landscape of unregulated providers offering a variety of banking services. These trends are not likely to be benign for small businesses and communities across the country.

## The payment system

Finally, the regional Reserve Banks have long played an important role in supporting the various ways Americans pay for goods and services. As Congress undertook the task of designing a central bank for the United States in 1913, it was clear that lawmakers intended for the new institution to assist in improving the performance of the nation's payment system. The day before the Federal Reserve Act was signed, Representative Carter Glass of Virginia compared the flow of payments in the economy to "highways of commerce." He used the metaphor to illustrate how the Federal Reserve, through a number of regional Reserve Banks located across the country would provide currency to fuel the economy and serve as the hub of a national clearing network for checks.

Since then, the nation's payments system has evolved dramatically. Electronic payments have flourished, and households and businesses have grown accustomed to paying for things using mobile phone apps, as well as credit and debit cards. While the marketplace responded with new ways to meet this customer demand, the "highways" on which these payments travel had not been updated, meaning it can take as much as a few days to get access to your money.

In 2019, the Federal Reserve's Board of Governors approved the development of a new service to modernize the nation's payment infrastructure. Known as FedNow, this service will enable payments to be made instantly and available anytime, including holidays and weekends. As they have historically, the regional Reserve Banks will operate the FedNow service, promoting the payment system's accessibility, safety and efficiency. By making funds available immediately, consumers can pay utility bills and rent, split the tab at a restaurant or rent payments with roommates, and small business owners will be able to pay their suppliers. Immediate access to funds could be particularly important for those on fixed incomes or living paycheck to paycheck.

Importantly, the Federal Reserve's role will ensure equitable access to banks of all sizes nationwide by operating a real-time service for faster payments alongside the existing private-sector system. Public commenters have noted the importance of safety in faster payments, highlighting the Federal Reserve's record of resiliency, especially during

periods of stress. This new retail payment infrastructure will support competition, decrease market concentration, and provide a neutral platform for innovation.

Consistent with its public mission, the launch of the FedNow service later this year recognizes that everyone deserves the same ability to make and receive payments immediately and securely, and that every bank deserves the same opportunity to offer that service to its community. FedNow will give banks of every size in every community across the country the opportunity to provide real-time payments to their customers.

## Conclusion

Through the compromises and choices made in designing the Federal Reserve System, Congress created a durable and credible public institution. Alongside the Federal Reserve Board of Governors, comprised of public officials nominated by the president and confirmed by the Senate, regional Reserve Banks were distributed across a dozen geographic Districts to carry out the System's operational functions, to be responsive to regional economic and financial conditions, and to participate in monetary policy deliberations.

Federal Reserve officials are asked to make decisions in the long-run best interest of the American public. Sometimes those decisions can be unpopular. As innovation and structural change reshape the economic landscape, all of us who work at the Fed understand that our policy decisions must take into consideration long-run public benefit and stability. Every decision and action must take into account potential unintended consequences. This is a powerful argument for central bank independence.

Across the regional Federal Reserve Bank offices that help policymakers traverse a vast geography, and in the meeting rooms at the Federal Reserve Board here in Washington, the American public has the opportunity to interact every day with the central bank in ways that can build trust.

And at the end of the day, trust really is our only product.



# Notes from around the Tenth District



## Kansas City Fed hosts 'Girls in Tech' to encourage interest in STEM

As part of Computer Science Education Week in December, the Bank hosted 90 middle school students for “Girls in Tech,” an annual event aimed at inspiring girls by introducing them to coding and other career paths in technology.

Women from information technology areas of the Kansas City Fed served as mentors for the event. In addition to guiding the students through hands-on coding puzzles as introductions to computer programming, the employees conducted a panel discussion and described their professional experiences.

The Kansas City Fed, with nearly half of its 2,100 employees in information technology roles, is committed to supporting STEM education programs and encouraging girls across the Tenth District to pursue STEM careers.

“It’s exciting to give the opportunity to these girls to come here to talk about what it is like in their environment and for them to hear about our environment,” said Emily Clothier, assistant vice president in Financial Services at the Bank. Girls in Tech is an initiative of the KC STEM Alliance, which works to connect science, technology,

engineering and mathematics (STEM) education efforts with workforce initiatives across the community. It is especially important to encourage girls to explore STEM, organizers said.

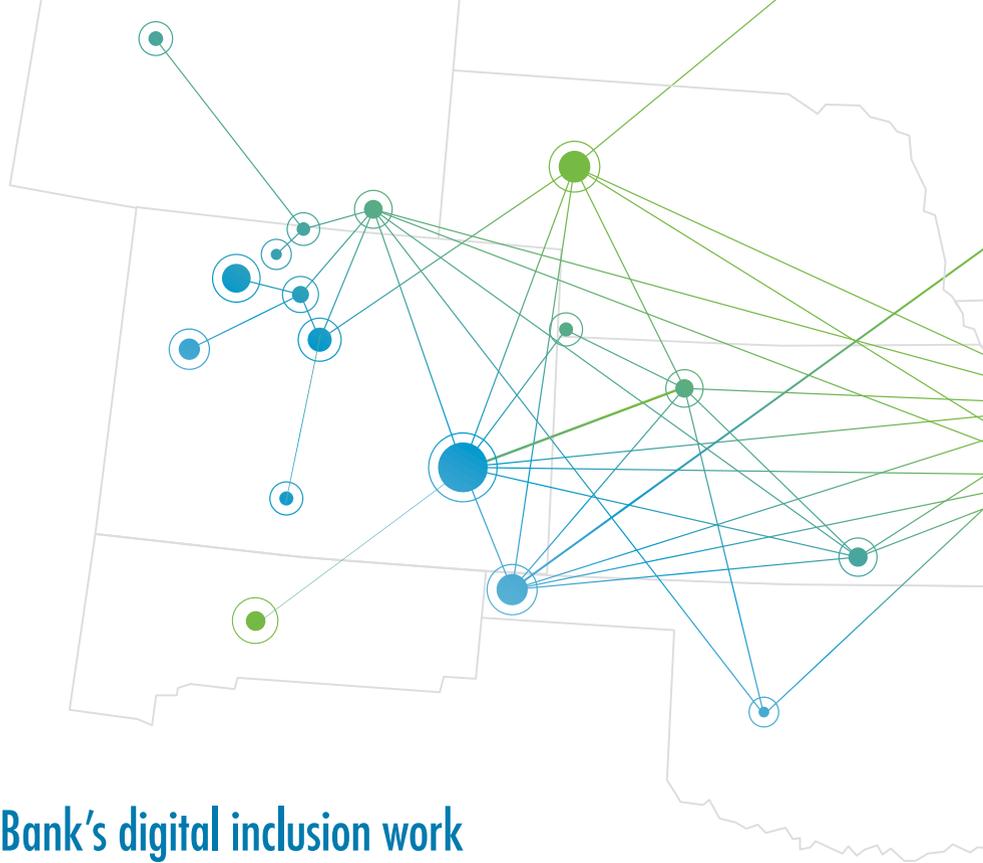
According to the National Center for Women in Technology, women hold 57 percent of all professional occupations in United States but only 26 percent of computing occupations and only 13 percent of chief technology officer roles.

“What was so special was the opportunity for the students to engage with women mentors and for the girls to see what the future can look like for them,” said Martha McCabe, executive director of the KC STEM Alliance. “The girls asked great questions, and the panelists helped them understand what it’s like being a woman in a STEM career and the importance of finding other women who can support them.”

### FURTHER RESOURCES

Visit [KansasCityFed.org/careers](https://www.kansascityfed.org/careers) to learn more about information technology roles and other career paths at the Bank.





## Laptop donations continue Bank's digital inclusion work

In January, the Kansas City Fed donated 125 used computers to PCs for People, a Kansas City-based non-profit organization that will refurbish and redistribute them to community organizations and lower-income households.

Since 2018, the Bank has donated more than 600 devices to community organizations, part of its continuing efforts to bridge the digital divide by enabling more individuals and families to have the technological means to access vital education and employment opportunities.

Laptop donations represent just one part of the Bank's commitment to digital inclusion, said Kansas City Fed Community Development Advisor Jeremy Hegle. He chairs the Federal Reserve System's Digital Equity Working Group, which seeks to expand the digital inclusion work of Reserve Banks and identify opportunities to pool knowledge and resources for broader community benefit.

In 2022, Hegle and the Working Group organized seven workshops across the country that informed state and territory leaders about billions of dollars in federal funding for digital equity programs. Some of the state staff members invited to the workshops were familiar with the Fed's community development work in digital equity. Others were surprised to learn of the System's interest in the subject.

"At a high level, the role of the Federal Reserve is to support a strong economy," Hegle said. "Most people see this through our work regulating banks, managing payment systems, and setting monetary policy. But we also know that that the economy is strongest when everyone has access to jobs, education and commerce. This is where the Federal Reserve's community development efforts come into play."

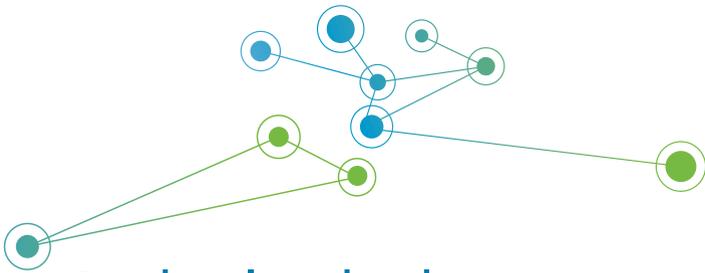


Photos (left and below) by Gary Barber



### FURTHER RESOURCES

Follow the Bank's digital inclusion work at [KansascityFed.org/community/digital-divide/](https://kansascityfed.org/community/digital-divide/).



## Presidential search underway

The Federal Reserve Bank of Kansas City's presidential search committee, which was formed last year, is continuing its work to identify a successor to Esther George, who retired at the end of January as the result of mandatory age limits for Federal Reserve Bank presidents. The search committee, consisting of the Bank's Class B and C directors, is assessing candidates based on the criteria included in the presidential job description posted on the Bank's website.

Because the focus of the search is on identifying the best candidate for the role, there is no deadline associated with the process. Following the requirements of the Federal Reserve Act and the Bank's bylaws, Kelly Dubbert, first vice president and chief operating officer, will assume the responsibilities of Bank president until a successor is selected by the Bank's non-banker directors and approved by the Fed's Board of Governors in Washington, D.C.

For more information on the search, the members of the search committee, the full job description and additional updates, visit [KansasCityFed.org/presidentialsearch](https://KansasCityFed.org/presidentialsearch).

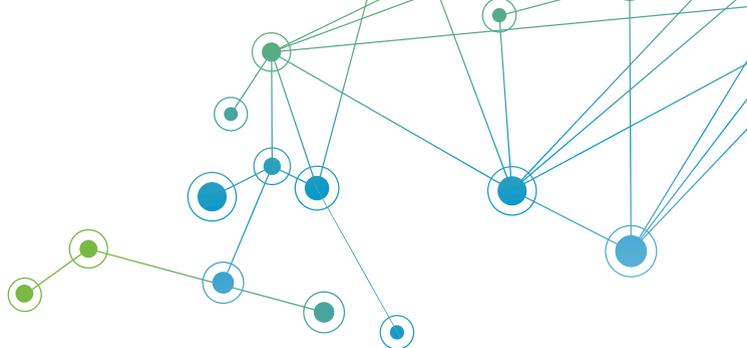


## 2023 Agricultural Symposium

The Kansas City Fed's annual Agricultural Symposium is scheduled for May 23 and 24 at the Bank. This year's theme—"The Changing Geography of Agricultural Production"—explores the factors affecting where and how commodities are produced. Experts will discuss a range of topics, including disruptions that are leading to further geographical changes, the role of investments, and the future of farm policy.

To request an invitation to attend, see the agenda and explore symposium topics, go to [KansasCityFed.org/agriculture/agricultural-symposium](https://KansasCityFed.org/agriculture/agricultural-symposium). The Kansas City Fed is a leader on topics related to the agricultural economy within the Federal Reserve System.





## Discretionary spending declines; region’s labor market remains tight

Total economic activity across the Tenth District fell slightly in February, according to feedback provided for the Federal Reserve’s Beige Book.

The Beige Book reports—made available to the public eight times a year—offer summaries on the economy in each of the Federal Reserve’s 12 regional bank districts. See the most recent Tenth District economic summaries and sign up to receive alerts at [KansasCityFed.org/surveys/beige-book](https://KansasCityFed.org/surveys/beige-book).

In the snapshot of activity in February, consumer spending continued to decline, mainly because of reduced discretionary spending on leisure and retail. Meanwhile non-discretionary spending on food, energy, and healthcare continued to rise. Several contacts for the report noted declines in workers’ overtime hours, less hiring of temp workers, and fewer new job openings.

However, employment levels remained high, and labor market conditions continued to be tight. In the housing sector, contacts highlighted the elevated levels of mobility of residents as an opportunity for rental property managers to raise rents more frequently, leading to faster rent growth on an annual basis. The recent surge in rent prices was reportedly a headwind to financing for new multifamily housing development, as the uncertainty about how to estimate future revenue growth from housing properties squelched new projects.

Community bankers reported low past-due and problem loan levels. Although some bankers highlighted concerns regarding future consumer credit performance, most respondents expected credit quality to remain largely unchanged over the next six months.

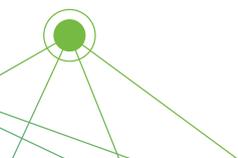
The Kansas City Fed’s sources for its section of the Beige Book include Bank and Branch directors as well as feedback from key business contacts, economists and market experts.



## 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 April, May and June.

Sundance State Bank	Sundance	Wyo.	92
First State Bank	Ness City	Kan.	89
First Nebraska Bank	Valley	Neb.	89
Bank of Hartington	Hartington	Neb.	87
BankWest of Kansas	Goodland	Kan.	84
Fusion Bank	Larned	Kan.	81
First State Bank of Temple	Temple	Okla.	80
Citizens-Farmers Bank Cole Camp	Cole Camp	Mo.	78
Bank of Commerce	Rawlins	Wyo.	45
Citizens Bank of Edmond	Edmond	Okla.	42
Bank of Jackson Hole	Jackson	Wyo.	41
Bankers Bank	Oklahoma City	Okla.	37
Mabrey Bank	Bixby	Okla.	26
Bank of Commerce	Chelsea	Okla.	26
First State Bank	Anadarko	Okla.	25
Adrian Bank	Adrian	Mo.	24
American Bank of Baxter Springs	Baxter Springs	Kan.	24
Bank of Kremlin	Kremlin	Okla.	24
Battle Creek State Bank	Battle Creek	Neb.	23
First Bank & Trust Co.	Clinton	Okla.	22
American Heritage Bank	Sapulpa	Okla.	22
Cowboy State Bank	Ranchester	Wyo.	21
Heritage Bank	Topeka	Kan.	20
Peoples Bank	Coldwater	Kan.	20
Cottonwood Valley Bank	Cedar Point	Kan.	20
FirstOak Bank	Independence	Kan.	10
Citizens Bank of Kansas	Kingman	Kan.	10
MNB Bank	McCook	Neb.	5



# 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 president and its programs and activities throughout the Tenth District, and beyond. Here is a glimpse of the recent activities of Kansas City Fed leaders and staff.

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## KANSAS, MISSOURI and BEYOND »



### **Directors' resolution honors George for Federal Reserve service, leadership**

Kansas City Fed President Esther George posed holding a retirement resolution from the Bank's Kansas City Board of Directors. Board Chair Patrick "Duke" Dujakovich made the presentation during the Tenth District's January Joint Boards of Directors meeting.



### **Kansas City's mayor attends retirement event**

Kansas City Mayor Quinton Lucas attended George's retirement reception on Jan. 23 at the Bank's head office. Lucas provided opening remarks and presented a proclamation thanking George for her service. George retired in late January after 40 years with the Federal Reserve.



### **Economic Club of Kansas City**

As part of an annual tradition, George spoke in January with members of the Economic Club of Kansas City. The Bank hosted the organization and guests.

### **George interviewed by CNBC**

In one of several nationally televised interviews during her last month as president of the Kansas City Fed, Esther George in January spoke with CNBC senior economics reporter Steve Liesman. Also pictured on left: Joe Gruber, executive vice president and research director.



### **Annual speech in Kansas City for members of the Central Exchange**

In January, George delivered her annual luncheon keynote remarks at the Central Exchange, a Kansas City organization of female business and civic leaders. Pictured with George: (center) Denise Kruse, CEO and owner of AdamsGabbert in Overland Park, Kansas, and Mimsy Tallent, Central Exchange director of marketing and operations. The event marked George's last public speech in Kansas City. She commented on economic conditions and answered the audience's questions.



### **Former Senator Blunt's office presents artwork as retirement keepsake**

Tom Salisbury, district director for former Missouri U.S. Senator Roy Blunt, presented artwork depicting the Washington Monument, in recognition of George's service to Missouri and the Tenth District.

## KANSAS, MISSOURI and BEYOND continued >>

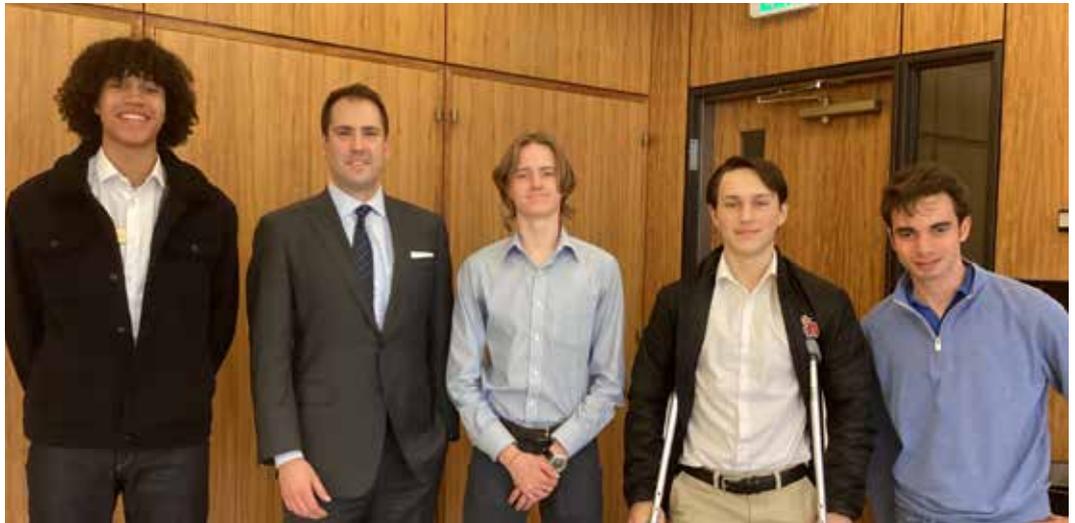


### George and Bank employees become ironworkers for a day

George and Kansas City Fed employees in January took a tour of Ironworkers Local 10's training facility near downtown Kansas City. The facility provides training and certifications in all aspects of ironwork. The tour included a virtual-worksite experience.



**COLORADO,  
NEW MEXICO,  
WYOMING »**



**Learning about monetary policy in real time**

Members of the Denver Student Board of Directors had an opportunity to learn about Federal Open Market Committee (FOMC) meetings. Along with Vice President and Branch Executive Nick Sly, they watched the February FOMC press conference and engaged in discussion about the committee's recent actions. Pictured, from left: Kai Daniels, Sly, Reid McCarty, Matthew Lufkin and Caleb Blumenthal-Roth.

**Economic update for  
financial professionals**

Nick Sly recently spoke to members of the Rocky Mountain Association for Financial Planners and members of the Colorado Chartered Financial Analysts organization. His presentation included recent economic data and trends for Colorado and the United States.



**New Mexico tour provides  
up-close look at college life**

The Albuquerque Student Board of Directors recently participated in a tour of Central New Mexico College's main campus in Albuquerque. The students took part in discussions with staff (pictured) and faculty members on financial aid and college life.



## OKLAHOMA »



### Oklahoma Branch Public Affairs team engages with educators at social studies conference in Tulsa

The Oklahoma City Branch Public Affairs team interacted with about 100 educators at the Oklahoma Council for the Social Studies Conference on Feb. 14 in Tulsa. (Pictured left to right) Public Affairs Project Manager Leslie Baker, Public Affairs Specialist Angel Allen and Public Affairs Director Sarah Dickson provided economic and personal finance education resources for the educators.



### Wilkerson speaks at commercial real estate organization's event

Chad Wilkerson, senior vice president and Oklahoma City branch executive, presented an economic outlook at the Commercial Real Estate Council's luncheon on Feb. 9 in Oklahoma City. About 125 guests attended the event. The organization comprises professionals in real estate, property management, finance and development.



### Oklahoma City Branch hosts former Board chair

Steve Agee, former chair of the Oklahoma City Branch Board of Directors (pictured at far right) brought students from his Oklahoma City University macroeconomics class to the Oklahoma City Branch in February. Senior Economist Cortney Cowley (pictured second from left) led the students through an economic outlook presentation and discussion.



### Kansas City Fed employees share career stories with Student Board of Directors

At the January session of the Oklahoma City Branch Student Board of Directors, a panel of Kansas City Fed employees from the Branch and head office provided an inside look at careers at the Fed. Pictured, from left: Kylie Miller, associate regional, public and community affairs analyst in Kansas City; and Sarah Dickson, public affairs director at the Oklahoma City Branch.

## NEBRASKA »



### **Kauffman provides insight on the agricultural economy during Texas event**

As part of the Kansas City Fed's focus on the agricultural economy, Senior Vice President and Omaha Branch Executive Nate Kauffman (pictured far right) met with agricultural association representatives and producers from the Lubbock, Texas, area in February to hear firsthand about factors shaping the region's outlook for agriculture. The discussion was hosted in collaboration with the Federal Reserve Bank of Dallas.



### **Tenth District Honor Guard conducts training**

A team of Kansas City Fed Law Enforcement officers took part in Honor Guard training at the Omaha Branch in January. The Honor Guard performs ceremonial duties, such as military honors, and participates in community engagement activities. With completion of the training, the Tenth District has 11 Honor Guard members.



### **Economic update in Lincoln**

In February, Kauffman shared an update on economic conditions for the nation and Nebraska during an event in Lincoln for commercial real estate professionals.

# BROAD REPRESENTATION, REGIONAL ROOTS

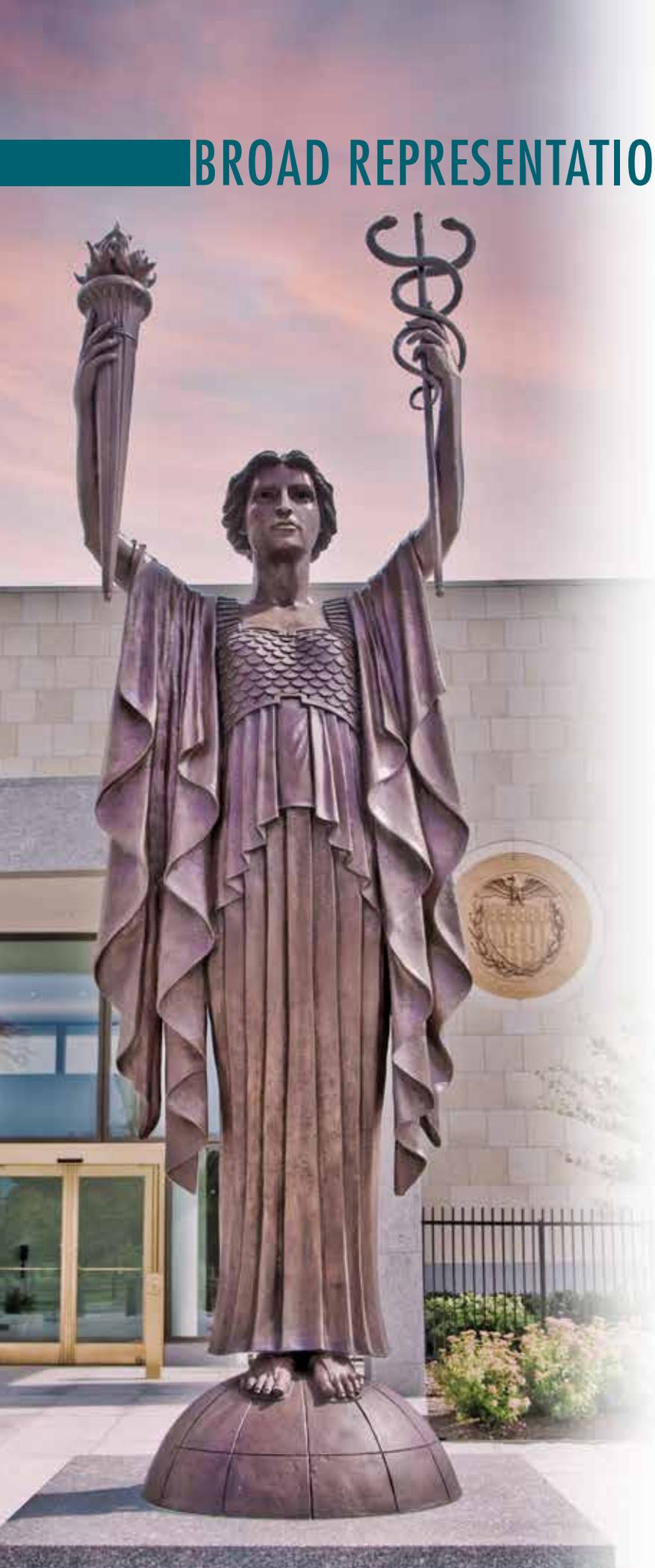
## Reserve Bank directors provide diverse expertise, vital insight

The Federal Reserve System—as designed by Congress in 1913—is a representation of public and private institutions. While the Board of Governors in Washington, D.C., is a government agency with broad oversight, there are 12 regional Federal Reserve Banks throughout the United States. These regional banks are under the direction of local boards of directors. In addition to overseeing their respective Reserve Banks, the regional Fed directors are essential conduits between their communities and the nation’s central bank, offering insight and counsel on the economy drawn from their own expertise and contacts.

These independent regional Reserve Banks, which also have affiliated Branch offices, are a direct recognition of the value that Americans place on limiting political influence and ensuring broad representation within a central bank. Before the Federal Reserve System was established, the United States made two attempts at a central bank. Neither survived, in part because large areas of the country—especially along the frontier and in the South—felt that the institutions were too closely aligned with the power centers of the Northeast.

The Federal Reserve’s Tenth District includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming. In addition to its headquarters, the Kansas City Fed has Branch offices in Denver, Oklahoma City and Omaha. Learn more at [KansasCityFed.org/about-us/board-of-directors](https://www.kansascityfed.org/about-us/board-of-directors).

**MEET THE TENTH DISTRICT  
DIRECTORS WHO BEGAN THEIR  
TERMS OF SERVICE IN 2023.**



KANSAS CITY DIRECTOR

## Ramin Cherafat

With more than 25 years in the construction industry and previous service on the Tenth District's Economic Advisory Council, Ramin Cherafat brings a broad perspective to the Kansas City Board of Directors.

Cherafat is CEO of McCownGordon Construction, a Kansas City-based company that is one of the country's largest general contractors. He leads the company's executive team and serves on its Board of Directors.

"My key responsibilities are ensuring that our company has a good, solid strategic plan, and I work with our leadership team and our business unit leaders to develop and execute that plan," Cherafat said. "We are a 100% employee-owned company, so I view my foundational role as ensuring that the company always has a good roadmap to provide growth and opportunity for our associates."

McCownGordon, founded in 1999, has greatly expanded over the years and, among other honors, has been recognized by *Fortune* magazine as one of the country's Top 100 medium-sized companies. The company now has regional offices in Manhattan and Wichita in Kansas, and in 2021 opened a Dallas-Fort Worth office. It also has launched a national business unit focused on building solutions for the manufacturing industry.

In recent years, Cherafat's insight from guiding McCownGordon's growth was shared during his service on the Economic Advisory Council, which comprises business and labor leaders from across the region. The opportunity to join the Kansas City Board reinforced his longstanding respect for the central bank's work.

"This country is the greatest country, and this is the country that people aspire to, look up to and come here for opportunity and growth and freedom, and the Federal Reserve plays a big role in that," Cherafat said. "I know the significant role that the Federal Reserve plays in policy and ensuring that the country is always in a



Photo by Gary Barber

good position for the long term, and I thought it would be an honor to serve on the Board."

That service will include sharing experiences and viewpoints from communities where McCownGordon has projects, which span numerous industries and range from urban settings to rural areas.

"Given the type of work that I'm involved in, I can bring a unique perspective to the Board," Cherafat said, noting that construction is one of the country's largest employers. "About 50% of our company's revenue is generated from the public sector, and 50% is in the private sector. Monetary policy affects the private sector in terms of real estate development and the amount of capital that corporations want to spend, so we kind of touch that whole spectrum."

It is important, Cherafat said, to provide feedback that helps the Board see a complete picture of the economy.

"I certainly want to have a feeling that I've contributed and that the perspective and information that I've brought to the table will help the group be more informed," he said. "I can tell that there's a great sense of pride and purpose at the Federal Reserve, and we're so fortunate to have such a great and talented group of professionals who work there."



KANSAS CITY DIRECTOR

## Alex Williams

Photo by Gary Barber

Alex Williams says he “wears a lot of different hats.” That comes with the territory when you’re a fifth-generation community banker.

Williams, president and CEO of the Halstead Bank in Halstead, Kansas, this year joined the Tenth District’s Kansas City Board of Directors. As the bank’s leader, he carries forward a family tradition established more than 100 years ago by his great-great-grandfather.

“My family has been in banking for a long, long time,” Williams said. “The family got started in banking in Bentley, Kansas. Today we’re still a very traditional community bank.”

Over the years the bank has opened locations in Valley Center, Kansas, and in the northwest Wichita corridor.

“We try to deliver community banking at its finest to our customers,” Williams said. “We consider ourselves an ag bank, and that dates back to our inception. About 40% of our loan portfolio is in agriculture.”

Williams noted that as the Halstead Bank’s geographic footprint has expanded, so has its business scope.

“Ag is still our bread and butter, but our growth over the last decade especially has been in a variety of industries,”

he said. “Our focus is on taking care of the communities we’re in, and hopefully they’ll take care of us.”

Williams has an undergraduate degree in Economics from Kansas State University and a master’s degree from the London School of Economics. He also is a graduate of the Bank Leaders of Kansas program and the Graduate School of Banking in Wisconsin. He serves on the Kansas Council on Economic Education and on the State Affairs and Federal Affairs committees of the Kansas Bankers Association.

Williams said he sees service on the Tenth District’s Kansas City Board as a way to build upon a longstanding connection between the Fed and community banks.

“I’ve always felt that the Kansas City Fed has been supportive of the community banking model, Williams said. “They respect the model. They have proven that to us and to community banks like us.”

Having an academic background in economics also makes Reserve Bank Board membership a good fit.

“I’ve always respected the role that the Federal Reserve plays in the American economy,” Williams said. “Economics is something that, throughout my entire life, I’ve been interested in knowing about and studying. And being a community banker, I’m always interested in learning more and studying the big picture.”

Looking ahead, Williams expects his tenure on the Board to present even more learning opportunities—from within the central bank as well as from his fellow directors.

“What I predict will be the best part of that will be the people I’ll be serving with,” he said. “I’m so impressed with the caliber of the people serving on the Board and the caliber of the staff at the Federal Reserve. The breadth of knowledge and diversity is very apparent, and it’ll be great to hear their perspectives.”

DENVER DIRECTOR

## *John J. Coyne III*

When John J. Coyne III talks about the importance of “making the communities that we serve better,” he’s not only referring to his responsibilities leading Big Horn Federal Savings Bank in his hometown, Greybull, Wyoming. He’s talking about the deep connections that come along with being “a true community banker.”

In addition to his roles as the bank’s chairman, CEO and president, Coyne is a 14-year member of the Greybull Volunteer Fire Department, and he served for 18 years as a high school basketball official, working local games and numerous state and regional tournaments. Those are examples of many ground-level connections that are vital for community success, said Coyne, who this year joined the Denver Branch Board of Directors.

“Our bank was founded in 1935, in the midst of the Great Depression, to provide funding for the purchase and ownership of homes in Wyoming’s Big Horn Basin,” Coyne said. “Over time we’ve evolved to provide all types of lending. We have six branches in four counties in north-central Wyoming, and our customer base is defined around those communities that we serve.”

Coyne noted that many of Big Horn Federal’s traits result from being a mutual savings bank, which means it has no primary owner or shareholder interest. The ideals of mutuality “allow us to provide a long-term perspective and help our customers weather storms in a really local and hometown way,” Coyne said.

It can be said that Coyne grew up in the banking industry. His father held executive roles with Big Horn Federal. As a toddler, John III appeared in advertisements and promotions for the bank.

Many years later, as the bank’s chief executive, Coyne gained insight into the Central Bank’s mission while serving on the Kansas City Fed’s Community Depository Institutions Advisory Council. The council’s members represent banks, thrift institutions and credit unions. They



*Photo by Kathy Singer*

provide perspective on lending, the economy and other topics of common interest.

Coyne’s first interaction with the Federal Reserve actually occurred during his studies at the University of Wyoming, when he signed up for a banking pilot program led by an official from the Federal Reserve Bank of Philadelphia.

Now, as he begins his 25th year in banking and his first as a Reserve Bank director, Coyne is grateful to represent the aspirations of customers and businesses in an “extraordinarily rural” region.

“I am honored to be in that position,” Coyne said. “Being able to learn, understand and contribute to the Fed means a lot. There are unique challenges that come out of a rural and largely ag-based community. It is really important to have those messages understood.”

But it’s equally important to bring insight back to his home state.

“We have roughly 18,000 customers who need our best every day,” Coyne said. “Just being associated with the Fed brings our knowledge base up and helps us understand those challenges and deal with them better, for all those we serve.”



Photo by Jason Collin

DENVER DIRECTOR

## *Del Esparza*

In its 23rd year, Del Esparza's business has had a front-seat view of the convergence of technology, media and marketing. The Albuquerque company's name—Esparza Digital + Advertising—literally reflects how communication methods and targeted messaging have changed.

"The advertising industry has evolved significantly since 2000," said Esparza, the company's CEO and a new member of the Denver Branch Board of Directors. "Digital marketing is about 80% of our business. We work with our clients to develop a message that will resonate and compel an action within a target market. In essence, we have the ability to deliver certainty."

In addition to representing large clients, Esparza Digital + Advertising works with "challenger brands"—clients who are competing with bigger companies for customers. Esparza, who holds academic degrees in economics and finance, is the author of *The Next Dinosaur*, a book published in 2021 that he describes as a "step-by-step guide" to help small and mid-sized businesses challenge larger competitors and transition from brick-and-mortar operations to an e-commerce world.

The Albuquerque native began his career at IBM and worked in marketing roles in several industries—from technology to health care—before founding the

advertising company. He has served in numerous civic and business leadership roles in New Mexico, including founding the Advocate philanthropic organization, serving as United Way capital campaign chair, and serving on the Albuquerque Chamber of Commerce's Executive Board of Directors.

As a member of the Kansas City Fed's Economic Advisory Council from 2020 to 2022, Esparza was able to interact with Reserve Bank officials and business leaders from the Tenth District. Serving on the Denver Board is a pathway to expand on that experience.

"When this opportunity presented itself, I was thrilled," Esparza said. "I have a very strong interest in monetary policy and the role of the central bank in our economy. I really want to serve the public and make a meaningful impact, and I can do that through my participation on this Board."

Part of making that impact, he said, means helping to ensure that the viewpoints and concerns of smaller businesses are heard and understood.

"I run a micro-business... We have under 20 employees," Esparza said. "When you think about the United States economy, 90% of businesses are small businesses. So I think I certainly bring that perspective from an economic standpoint. I also have clients in a variety of industries, so I'm able to bring their perspectives as well."

In addition, there is a valuable learning opportunity.

"What really excites me is to gain further insight on the decision-making process of the Federal Reserve and the considerations that go into monetary policy," Esparza said. "I'm looking forward to gaining a better understanding of that process and then taking that insight and sharing it with my community, with other business leaders, and with my clients so that they understand the complexity of these decisions."

OKLAHOMA CITY DIRECTOR

## *Mark Burrage*

Contributing to the economic growth of southeast Oklahoma is an important goal for CEO Mark Burrage and his management team at FirstBank in Antlers.

Burrage this year joined the Kansas City Fed's Oklahoma City Branch Board of Directors. The history of the bank he leads goes back to 1901, when its predecessor, Antlers National Bank, was chartered. FirstBank now operates in nine locations in six contiguous counties, and that geography is at the core of the bank's philosophy.

"My whole thought process is that we don't need to go outside of those borders to do things well for the people here in southeast Oklahoma," Burrage said. "So our focus is empowering our employees to enrich lives, to grow businesses—and we try to do that on a daily basis."

Burrage was named CEO in 2016. Under his leadership, FirstBank acquired 1st Bank and Trust, which had locations in Broken Bow, Hochatown, Wright City and Idabel.

"I can count on the great executive team that we have, as well as our board of directors at FirstBank," Burrage said. "That makes my job fun. It allows me to manage with more of a broad view for the bank."

Burrage holds a bachelor's degree in business from the University of Oklahoma and a law degree from the University of Tulsa. He served in recent years on the Kansas City Fed's Community Depository Institutions Advisory Council (CDIAC), whose members represent banks, thrift institutions and credit unions across the Tenth District.

"We have a deep respect for the Fed," Burrage said. "We've always felt that the Fed is our partner. The Fed wants to serve, and they want to help us serve."

The opportunity to be part of a Reserve Bank board of



*Photo by Bob Greenspan*

directors is an extension of that the relationship formed during his tenure on the CDIAC.

"When I said 'Yes, I want to serve on the Board,' it meant that I want to help the Fed, because they've been so good to us," Burrage said. "If I can repay that in some small way, that's a great thing."

Another aspect of Board service is that it offers a broad exchange of viewpoints on business and the economy.

"Unlike the CDIAC, the Oklahoma City Board is not made up exclusively of bankers," Burrage said. "So, what I hope to give is the banking perspective—from the businesses that we serve and the consumers that we serve."

Those perspectives are vital assets as Burrage and FirstBank strive for regional growth.

"My hope is that I will take with me a better understanding of the Fed, what they do and why," Burrage said. "I also hope to learn from other members of the Board...how they think, how they make decisions. I want to learn more about the inner workings of the Fed and take that back to southeast Oklahoma and use that to think differently about ways to help businesses grow and help consumers."



*Photo by David McNeese*

OKLAHOMA CITY DIRECTOR

## *Terry Salmon*

Since 1994, Computer System Designers (CSD) has been providing a wide variety of solutions for clients who need to stay in tune with the rapidly changing world of technology.

In that time span, founder and president Terry Salmon has seen the Oklahoma City company grow and evolve to offer engineering, training and information technology services to a customer base that includes branches of the military, the U.S. General Services Administration, the Federal Aviation Administration and the U.S. Department of Agriculture.

“CSD provides services to customers that are improved through our quality management system,” said Salmon, who this year joined the Oklahoma City Branch Board of Directors. “I’m responsible for leadership and vision for the company, as well as maintaining relationships with our clients.

Salmon, who has published numerous books and articles in the realm of information technology, holds a doctorate in applied educational studies in aviation and space education from Oklahoma State University. He serves as chairman of the board for the Oklahoma City Airport Trust. He also is a member of several other boards, including the Board of Advisors for the Greater Oklahoma City Chamber of Commerce, the

Tinker Leadership Council, the Air Traffic Control Association, and the Armed Forces Communications and Electronics Association.

He said that when presented with the opportunity to become a Reserve Bank director, he had to give it some thought, considering that “Well, I’m not a banker...I’m in the IT field.”

“Then I thought about it from the standpoint that this would be a great way for me to give back to the community,” Salmon said. “The Fed helps promote economic growth and stability in communities across the country. In addition, directors have the opportunity to learn about the inner workings of our economy and financial system—an invaluable education for anyone who is going to help the community understand the importance of a central banking system.”

Furthermore, as he starts his first year on the Board of Directors, Salmon sees his career in information technology as an asset, especially regarding the labor force.

“All entities have some IT involved,” he said. “As an IT professional who has led large-scale projects in the private and public sectors, I bring insights and perspectives on labor markets and the technological capabilities that are out there. I believe I can offer expertise and information pertaining to areas ranging from system analysis and design to project management, software development, information security, process improvement and change management.”

Being able to share ideas and experiences with other Reserve Bank board members is another appealing factor.

“I look forward to learning different perspectives on any given subject or circumstance—and getting that information from experts in their own professions,” Salmon said. “That will help me to grow, and we’ll help each other grow.”

OMAHA DIRECTOR

## Clark Lauritzen

As chairman and president of the First National Bank of Omaha, Clark Lauritzen leads a financial institution that opened its doors to customers a decade before the Territory of Nebraska became the country's 37th state.

"Founded in 1857, we are a privately owned, family business, and I represent the sixth generation in our family to lead the bank," said Lauritzen, who this year began service on the Omaha Branch Board of Directors.

Established by brothers Herman and Augustus Kountze during what the company's official history describes as a "rough and tumble" era of business pioneers, First National Bank of Omaha (FNBO) has operated with a forward-looking view.

For example, it was among the first banks in the United States to issue credit cards.

"Our vision is to be a top-performing bank for our customers, employees, communities and shareholders," Lauritzen said. "We are headquartered in Omaha, with branches in eight surrounding states. We have a national credit card business focused primarily on issuing cards for other companies to drive their customer loyalty programs. Also, we are the fourth-largest agricultural lender in the United States, and we love serving that industry."

Lauritzen holds a bachelor's degree from Princeton University and a master's degree from the Harvard University Business School. Among many civic roles, he serves as treasurer of the Nebraska Game & Parks Foundation and is a member of the STRATCOM Consultation Committee and the Westside Community Schools Foundation Board.

In addition to his family's history of FNBO leadership, Lauritzen has a historical connection to the Federal Reserve.

His father, Bruce R. Lauritzen, served on the Omaha



Photo by Bob Greenspan

Branch Board from 1993 to 1999 and represented the Kansas City Fed on the Board of Governors' Federal Advisory Council from 2009 to 2010.

"I have been interested in and passionate about banking nearly my entire life, and I have tremendous respect for the important role the Federal Reserve plays in the banking system," Clark Lauritzen said. "I particularly appreciate the way the Federal Reserve thinks and acts in the country's long-term interests when so much of the world seems focused on shorter-term outcomes."

For Lauritzen, opportunities to share what he sees in the marketplace and gain insight from peers are among many appealing aspects of Reserve Bank service.

"Because our bank serves many of the markets across the Tenth District, I think I can represent trends that we see across a variety of industries and communities," he said. "I'm incredibly excited to meet and learn from so many talented fellow directors. I also love learning more about the inner workings of the Federal Reserve System and payments in particular. The Kansas City Fed is a leader within payments, and this is an exciting time for that segment of the economy. I am honored to serve as a Federal Reserve director and to make whatever contribution I can to its mission and to the country."



OMAHA DIRECTOR

## Joanne Li

*Photo courtesy of the University of Nebraska at Omaha*

Student success and workforce development are two of the themes that University of Nebraska at Omaha (UNO) Chancellor Joanne Li emphasizes when she talks about the school's responsibilities to the community it serves.

Li, who became UNO's 16th chancellor in 2021, has joined the Omaha Branch Board of Directors this year. She leads Omaha's only four-year public research university. It is one of four campuses in the University of Nebraska System.

"My job is to set the vision and mission for the university," Li said, noting that her role ranges from ensuring an atmosphere of academic achievement to guiding strategy, recruitment, fundraising and community engagement. "UNO's vision is to advance social mobility for all members of our community."

To that end, she said, the university recognizes that "student success and workforce development are interlocking; one cannot exist without the other."

She pointed out that first-generation college students make up 36% of UNO's enrollment. It is common for students to have full-time or part-time jobs, and many students face some sort of economic challenge. "That is the current and future work force," Li said. "We ask ourselves 'What can we do to make their journey more

efficient?' We want every candidate to graduate from UNO gainfully employed. We want every student to cross that finish line and to feel like every part of their life has improved because they came here."

Li came from Hong Kong to attend college in the United States, becoming the first in her family to attend college. She holds multiple degrees in finance, including a doctorate from Florida State University, along with an undergraduate minor in economics and holds the Chartered Financial Analyst® designation.

Before coming to UNO, Li was dean of the College of Business at Florida International University in Miami. She is the first woman of color to serve as UNO chancellor and the first Asian-American in the history of the University of Nebraska System to hold an executive leadership role.

She said that given her academic training and her interest in the economy, serving on the Bank's Omaha Branch Board was a natural fit.

"Serving as a Reserve Bank director not only is a dream come true, but I also believe that through this opportunity I will be able to share some of my observations from higher education and provide some insight," Li said.

Part of that insight, she said, is the understanding that higher education alone cannot fully address the current and future labor needs across all industries and institutions. The exchange of ideas with peers will be helpful in shaping solutions.

"Collaborating and listening to information from other industry leaders on the Board is tremendously important to me as someone who leads the university and tries to solve real problems for the community," Li said. "What I would love to take away from this is the ability to connect these thoughts in a way that helps us solve the problems facing employers and the economy."

# NAVIGATING THE BENEFITS CLIFF



Fed tools address situations in which higher pay puts public assistance lifelines at risk

For some lower-income workers, even slightly higher pay can mean the loss of hundreds or even thousands of dollars in public assistance benefits. In recent years, the Kansas City and Atlanta Reserve Banks began working with state agencies and community organizations to explore that dilemma.

Now those Fed Banks, and others, have a suite of tools and strategies that states, local organizations and career counselors can use to better inform workers facing that “benefits cliff.”

The challenges inherent with benefits cliffs and plateaus—and the Federal Reserve’s efforts to study and address them—are detailed in an article at *FedCommunities.org* focusing on the personal stories of three individuals, including a worker in Colorado. The article, titled “A hand up, not a handout, to cross the benefits cliff,” also highlights Atlanta Fed research showing how losing public assistance benefits incentivizes some individuals to stay in low-paying jobs and discourages others—who are willing to work—from joining the labor force.

“Public benefits can be a lifeline for families in need, but the fear of losing them without a sure pathway to a stable, better-paying job can hold people back,” said Steven Shepelwich, Kansas City Fed senior community development advisor. Shepelwich is leading Tenth District initiatives to address benefit cliffs and is helping coordinate strategy with other Reserve Banks.

One of the tools developed and supported by the Atlanta and Kansas City Feds is a customizable

dashboard that some organizations in the Tenth District are using to help workers explore the potential returns of different careers, taking into account eligibility for public benefits.

Another tool—a more detailed financial planner—helps workers see a complete picture of their household finances as they consider career moves. A third tool, called a “snapshot,” helps workers in crisis develop an immediate path to financial stability. Several states across multiple Federal Reserve districts have begun using the benefits cliff tools. The tools, training modules and related research are available to the public at the Atlanta Fed’s website, *AtlantaFed.org*, under the acronym CLIFF (Career Ladder Identifier and Financial Forecaster).

In the Tenth District, a partnership is underway with the Oklahoma Office of Workforce Development, and the New Mexico Direct Caregivers Coalition is using the dashboard to inform policy and practices in the state. That organization is led by Executive Director Adrienne Smith, who is a member of the Tenth District Community Development Advisory Council. This year Shepelwich and colleagues have met with state government officials in the District to discuss how these tools can be used to improve workforce development outcomes and inform policy.

“Addressing benefits cliffs can provide immediate relief and hope to workers struggling to provide for their families,” Shepelwich said. “It is also key to helping employers find and develop workers that are in such demand in today’s labor market.”



## Ask an **ECONOMIST**

Andrew Glover, José Mustre-del-Río and Emily Pollard

### Lifetime earnings differences across Black and white individuals; years worked matter

Most research on the topic of earnings differences between Black and white individuals has focused on earnings differences at a single point in time—such as for a month or a year. However, this approach might understate overall or lifetime earnings inequality, especially if lifetime employment differs between Black and white individuals. For a December 2022 *Economic Review* article, available at [KansasCityFed.org/research](https://www.kansascityfed.org/research), Andrew Glover, José Mustre-del-Río and Emily Pollard went beyond point-in-time measures of earnings and examined lifetime earnings differences between Black and white individuals.

Their findings highlight how differences in years worked, which are not captured by point-in-time measures, contribute substantially to earnings differences between Black and white individuals.

### What did the research reveal about earnings differences?

We found that, on average, Black individuals earn

about one-third less than white individuals over the course of their lifetimes (a difference equivalent to about \$550,000), though the size of this gap varies by gender and education level. Differences in years worked contribute importantly to this gap as well as to earnings gaps between Black and white individuals of different genders and educational backgrounds. For example, on average, college-educated Black women have higher lifetime earnings than college-educated white women because Black women work more years over the course of their lives. In addition, Black men without a high school degree have lower lifetime earnings than similarly educated white men; fewer years worked among Black men explains the majority of this gap.

### How was your study constructed?

To observe individuals' entire lifetime earnings trajectories as well as demographic characteristics such as race, we used data from the U.S. Census Bureau's Survey of Income and Program Participation Synthetic Beta (SSB). This combined the strength of survey-based and administrative data by linking individuals surveyed in the Survey of Income and Program Participation (SIPP) to earnings data based on records from the Social Security Administration (SSA) and the Internal Revenue Service (IRS). The SIPP is a nationally representative longitudinal survey that captures a host of demographic characteristics

(such as race and education) that are typically not available in administrative data alone. By linking individuals in this survey to earnings data from the SSA and IRS, the SSB allowed us to construct lifetime earnings histories for a large sample of individuals with little to no reporting error—a sample that we then decomposed by sex and education.

## Why focus on lifetime earnings instead of annual pay?

The results of our study emphasize that focusing only on earnings per year, and not years worked, understates the Black-white earnings gap by 24 percent, reducing it in dollar terms from \$550,000 to \$417,000. Thus, lifetime earnings appear to provide a more complete measure of labor market inequality than point-in-time earnings.

To further explain, because lifetime earnings are the product of years worked and average earnings per year, our accounting framework ascribed differences in lifetime earnings to three factors: differences in the number of years worked, differences in earnings per year, and the combined effects of differences in both years worked and earnings per year, which can be thought of as a residual. It is important to note that point-in-time measures do not account for differences in years worked. Therefore, they cannot account for the first and third factors in our decomposition. Although combining point-in-time measures with some measure of employment history can help address this issue, that procedure is likely to yield imprecise estimates, as it would not account for the way individuals' earnings change over the course of their careers.

## What are some of the conclusions from this research?

There is high interest in the topic of disparate labor market outcomes across racial groups. Understanding differences in earnings between Black and white individuals is important for the design of policies and programs aimed at addressing these differences. The importance of years worked to Black-white earnings differentials provides empirical support to Federal Reserve policy aimed at reducing the unemployment rate and keeping people employed in a context of price stability. Focusing specifically on race, other studies in recent years have shown that a hot labor market is generally associated with disproportionately larger declines in the unemployment rates of Black and Hispanic women and men. Our analysis suggests that declines in unemployment can have economically meaningful effects on lifetime earnings of Black workers to the extent that the declines in unemployment can be sustained and thus increase lifetime employment of these workers.

Pictured, from left on opposite page: Emily Pollard, Andrew Glover and José Mustre-del-Río. *Photo by Gary Barber.*

### FURTHER RESOURCES

Download the full *Economic Review* article at [KansasCityFed.org/research](https://www.kansascityfed.org/research) or scan the QR code.



# THE HYBRID WORK HORIZON

by DEBRA SKODACK

When Christi Leupold heads to work, she might be contributing to a significant and long-term rise in single-family home construction.

Like countless others during the pandemic, Leupold and her husband, Aaron, each changed jobs and workplaces. She relocated her office to their Omaha home, where she works in marketing, communications and graphic design. Aaron, with a job in information technology in the agriculture sector, now works from home for part of each week.

This shift to more people working from home will have a powerful economic effect, according to research by Jordan Rappaport, senior economist at the Federal Reserve Bank of Kansas City.

In a September 2022 *Economic Review* article, Rappaport asserts that reduced commute times for work will equate to more people willing to live farther from metropolitan areas' centers. That, in turn, will open large swaths of lightly settled land at the peripheries of metropolitan areas for development and lift a long-standing constraint on single-family construction, Rappaport said.

For Christi Leupold, the flexibility to use her dining room table as a workstation is just one appealing aspect of working from her Omaha home. *Photos by Gary Barber*





"I love not having to drive. The freedom and flexibility of being home has been amazing," said, Christi Leupold, who shares her thoughts in video at [KansasCityFed.org/TEN](https://www.kansascityfed.org/TEN).

"Although home construction is contracting after recent increases in mortgage interest rates, my results suggest that in the long run, the time savings from fewer commutes could almost double single-family home construction in these metropolitan areas from its level just prior to the pandemic, an aggregate increase of 427,000 units per year," Rappaport states in the research paper, available at [KansasCityFed.org](https://www.kansascityfed.org).

Although Rappaport notes that it will take years to see those new-build numbers, the pull of hybrid or remote work is evident right now in homes across the country.

"Before COVID I would have told you I would never work from home," Christi Leupold said. "I love not having to drive. When it's 5 o'clock, I am home and not driving home. The freedom and flexibility of being home has been amazing."

"While COVID was scary and crazy and weird, it shook some things up just the right way. We see things different than we ever have before. I think we have all adjusted to working from home."

## The impact of commuting times

Rappaport's research concludes that the country's biggest metropolitan areas, which create the longest commutes, are expected to experience the largest increases in home construction from the work-from-home trend. The upturn has been long in coming.

Single-family construction remained weak throughout the 2010s despite strong demand for homes and growth in other measures of economic activity such as real gross domestic product and real disposable income, Rappaport said.

While higher interest rates had a significant effect on home building in recent years, Rappaport concludes that there is a correlation between depressed single-family housing construction and long commuting times from the outer suburbs to the central business districts of large metropolitan areas.

Rappaport said commuting delays due to traffic congestion have been steadily increasing since the 1980s, especially in the largest metropolitan areas. His research showed that for metropolitan areas with population of more than 3 million, the extra time attributable to congestion more than doubled, from 37 hours per year in 1982 to 84 hours per year in 2019.

"The thing that strikes me the most is the crazy amount of time people spend commuting in certain metro areas," Rappaport said. "It's staggering to me."



If a person can work from home for as little as two days a week that could equate to significant savings. Rappaport said that for metropolitan areas with a population of at least 1 million in 2020, the time employees save commuting from outer suburbs to central business districts by working remotely two days a week ranges from 130 to 406 hours per year.

The largest metropolitan areas, where commutes have been longest, are likely to see an especially strong boost in home construction. For example, construction is expected to more than triple in the New York, Los Angeles, Chicago, Philadelphia, and Boston metropolitan areas, according to Rappaport’s research.

Working totally or partly from home isn’t going to be for everyone. Rappaport said that hybrid working loosens the tether between where someone lives and works but does not break it.

“There is no doubt there will be a lot of variation across occupations because obviously some occupations cannot hybrid,” he said.

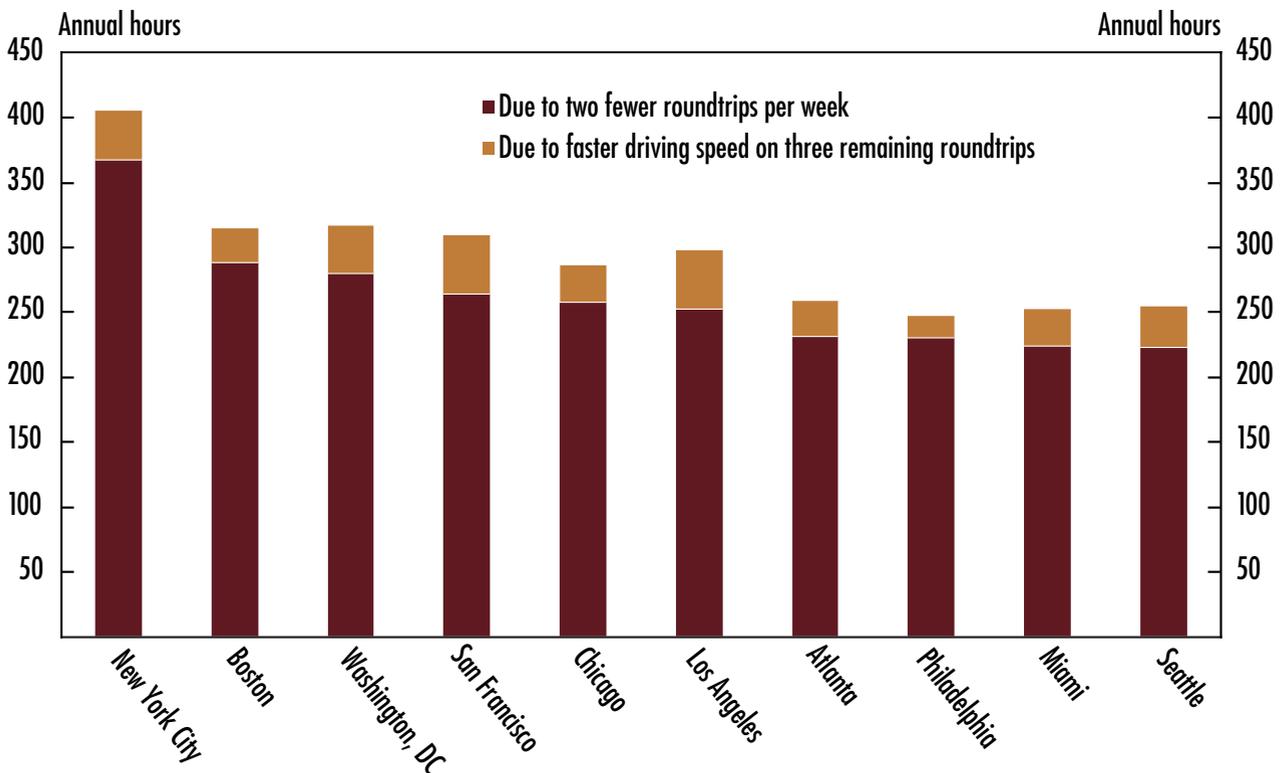
And, Rappaport said, there will be employers who will expect employees in the office, although, for now, that has been difficult for many companies to enforce because of a tight labor market.

“There will be a lot of experimentation but ultimately companies are going to be competing for workers,” he said.

It’s not unrealistic to think that offering hybrid working will become a part of an employee’s job offer along with salary and benefits.

“What companies are going to do is try to make it more attractive,” Rappaport said.

## Commuting Time Saved Working Remotely Two Days Per Week



Note: Chart shows annual time saved from working two days per week from home for a worker with pre-pandemic commuting duration equal to the 95th-percentile time to the central business district of the enumerated metropolitan area. Source: Economist’s calculations for September 2022 *Economic Review*.

“I think the evidence—and I can point to other people’s research—is that hybrid working is here to stay,” Rappaport said. “It is just a question of what is its distribution, which is going to take some time to figure out. I don’t think it’s a question of whether hybrid working is going to stick around.”

And the numbers don’t have to be large to have an effect.

“You don’t need a huge share of your population moving out farther away to have a lot of housing construction,” Rappaport said.

It’s important to understand that this will take time to unfold, and there will be interruptions.

“An important part of this is it’s going to take place over decades,” Rappaport said.

“This is not about the next year or two. In fact, we know we are in a housing slump right now because of the increase in interest rates. If you were to look at my prediction right now you might think it’s ridiculous, but I carefully titled it coming in the long term.”

“AN IMPORTANT PART OF THIS IS IT’S GOING TO TAKE PLACE OVER DECADES. THIS IS NOT ABOUT THE NEXT YEAR OR TWO.”

—Jordan Rappaport, senior economist

Long term—as in 20, 30 or 40 years.

Rappaport said the closest comparison to what this housing construction surge will look like would be when the automobile became commonplace in the 1920s.

The availability of an automobile prompted housing growth further and further from a city’s center. That

surge in housing developments continued with the increases in infrastructure and highway construction following World War II.

“You set off a transition that lasted decades,” he said.

Today, the outer suburbs have advantages. For the home buyer, there is affordability, and for the builder, there are economies of scale with the vastness of the land. All of which will take time to develop.

“As you expand out, there are all these sorts of things that have to happen together,” Rappaport said. “... You can only go so fast in this transformation. The numbers, I do think, are realistic.”

## Ripples of a future boom

While the housing construction gusto might be seen most clearly in the country’s biggest metropolitan areas, large metro areas in the Tenth District also will experience it.

In fact, those who make a living building and selling homes in outer suburbs are beginning to see indicators of that the trend.

In the Kansas City area, for example, dedicated office space is now a basic and expected component of new-home plans, said Jeff Julian, vice president of Don Julian Builders.

“I would absolutely agree with the theory,” Julian said. “We have seen a huge shift in the last two years. Every house has to have some kind of office. I don’t have any plans without a home office in it.”

And there’s a related trend tied to the rise in at-home work for two-adult households.

“Actually, the biggest shift now is two home offices, and they don’t necessarily have to be on the main floor,” Julian said. “Quite a few of our buyers work from home all the time. They say, ‘I don’t mind being a bit further out’ because they don’t need to drive to the office every day.

Andy Alloway, president of Nebraska Realty in Omaha, said he only has to look around at empty office space and parking lots in his own business neighborhood to



In video at [KansasCityFed.org/TEN](https://www.kansascityfed.org/TEN), home builder Jeff Julian describes how the rise of home officing is influencing floor plans, as with the Overland Park, Kansas, home shown here. Photo by Gary Barber

see the trend of more employees working from home.

“Construction will happen in the suburbs,” Alloway said. “Bedroom communities are really happening. The land and affordability are there. People are saying I need more room. I need to work from home. Even before the pandemic the idea of working elsewhere was appealing, but the employers weren’t as into it.”

It’s not only people wanting to have home offices, but they are seeking other benefits of the suburbs, said Nicole Rueth, senior vice president at the Rueth Team, a Denver mortgage company.

“Homes inside the metro areas, especially Denver, are creating an affordability issue,” Rueth said. “First-time homebuyers can find bigger homes which accommodate working from home, growing families, and a little more space when they are willing and able to move further out of the city center. What is helping this is new-build communities recognizing this trend.”

A clear example, Rueth said, is what is happening in Strasburg, an unincorporated area about 40 miles east of downtown Denver.

Emily Burch, a realtor who lives in Strasburg, agreed that affordability is a strong pull to the area right now. She said that many current home buyers in the area work for companies tied to nearby Denver International Airport.

Burch said there is no doubt that there will be a lot of new home construction in the area because of people’s ability to work at least a few days a week from home and its location along Interstate 70—a direct route to Denver.

“People will say, ‘I don’t have to go into the office but I can totally do it if I have to,’” Burch said.

She looks no further than new development in nearby Bennett, a few miles west of Strasburg and closer to Denver, where almost all new home models have office space.

“We all know what is coming.”



#### FURTHER RESOURCES

Read Jordan Rappaport’s full *Economic Review* article and research on other aspects of hybrid work at [KansasCityFed.org/research](https://www.kansascityfed.org/research). Go to [KansasCityFed.org/TEN](https://www.kansascityfed.org/TEN) for related video and additional resources.



# RESEARCH SNAPSHOTS

## *Corporate profits, labor markets, poverty traps*

Here are summaries from recent economic research published by the Kansas City Fed. Read the full publications and follow the latest analysis by Reserve Bank economists at [KansasCityFed.org/research](https://www.kansascityfed.org/research).

### How much have record corporate profits contributed to recent inflation?

Inflation reached a 40-year high in 2021 and continued to climb in 2022. Record corporate profits received significant public attention as a potential. Although corporate profits and inflation do not have a direct accounting relationship, inflation is directly affected by growth in the markup, or the ratio between the price a firm charges and the firm's current marginal cost of production. Firms raised markups during 2021 in anticipation of future cost pressures, contributing substantially to inflation. Markups grew by 3.4 percent during that year, whereas inflation—as measured by the price index for Personal Consumption Expenditures—was 5.8 percent, suggesting that markups could account for more than half of 2021 inflation. However, the timing and cross-industry patterns of markup growth are more consistent with firms raising prices in anticipation

of future cost increases, rather than an increase in monopoly power or higher demand.

—*Andrew Glover, José Mustre-del-Río and Alice von Ende-Becker, January 2023 Economic Review*

### LMCI momentum indicator suggests monetary policy is weighing on labor markets

In an effort to lower inflation, the Federal Open Market Committee quickly raised rates in 2022, increasing the federal funds rate by 4.5 percentage points from March to December. However, services inflation remains high, supported by a tight labor market with high wage growth. Recent readings in the Kansas City Fed's Labor Market Conditions Indicators (LMCI) suggest that monetary policy tightening is beginning to weigh on labor markets, which may

eventually lead to lower services inflation and lower inflation overall.

—*José Mustre-del-Río and Emily Pollard, February 2023*  
*Economic Bulletin*

## Labor scarcity remains key for Nebraska's economy in 2023

The last two years were good times for workers looking to find a job in Nebraska. However, a shortage of labor in the state has constrained business activity, and inflation has been an ongoing challenge. Labor shortages reached all-time highs in Nebraska in 2022, with very low unemployment and rising wages. Despite robust wage growth, inflationary pressures weighed on households, and businesses in Nebraska, and a larger workforce will likely be crucial to sustaining improvements in business and economic activity in the months ahead.

—*Nate Kauffman and John McCoy, January 2023*  
*Nebraska Economist*

## Labor market indicators to watch in the midst of uncertainty

Historically tight labor market conditions over the last year continue to exert upward pressure on prices. However, tightening financial conditions, rising economic uncertainty and wavering sentiment all raise

questions about the trajectory of labor market dynamics. A closer look at quits rates, part-time work and multiple job holders can help to filter through some of the shifting narratives that are clouding the economic outlook.

—*Bethany Greene, December 2022*  
*Rocky Mountain Economist*

## Walmart checking and Apple savings: Different motivations, similar outcomes?

While fintechs and traditional financial institutions continue to introduce new types of services, Walmart and Apple have announced plans to offer traditional financial accounts. Walmart's consumer checking account may advance financial inclusion by increasing account access to unbanked and underbanked consumers. Apple's consumer savings account may change how credit card issuers offer rewards to their customers. Both retail giants have strong customer bases with particular characteristics that could be advantages to these merchants in offering financial services. Both offerings are likely to increase competition in the financial services industry, though whether they ultimately will benefit consumers remains to be seen.

—*Terri Bradford, November 2022*  
*Payments System Research Briefing*

*Photos (left and below) by Getty Images*



## Employer credit checks: Poverty traps versus matching efficiency

A recent Kansas City Fed study explored the effects of pre-employment credit screening in both labor and credit markets. People differ in both their propensity to default on debt and the profits they create for firms that employ them. Using a calibrated economy, the study shows that workers with a low default probability are highly productive and therefore generate more profits for their employers. Thus, firms create more jobs for those with good credit. However, using credit reports to screen job applicants creates a “poverty trap”—in which an unemployed worker with poor credit has a low job-finding rate and cannot improve their credit without a job. Banning employer credit checks eliminates the poverty trap, but job seekers with good and bad credit then apply for the same jobs, which reduces matching efficiency.

—*Dean Corbae and Andrew Glover, January 2023 Research Working Paper*

regulatory capital requirements discouraged bank deposit-taking, driving up ON RRP use. However, that story neglects important contributors to the ON RRP’s surge. Research by the Kansas City Fed finds that limited money market investment opportunities, policy uncertainty, and administrative changes likely explain increased ON RRP activity.

—*W. Blake Marsh and Rajdeep Sengupta, December 2022 Economic Bulletin*

## High natural gas prices put focus on Oklahoma heating bills and drilling activity

Oklahoma is a major consumer of natural gas, ranking fourth among states in 2021 in terms of consumption per capita, behind only Alaska, Louisiana, and Wyoming. Natural gas prices in the United States surged in the first half of 2022. In more recent months, prices have been volatile but still high relative to pre-pandemic levels. While this jump in U.S. natural gas prices pales in comparison with the surge in Europe and Asia over the past year in the run-up to and fallout from the Russia-Ukraine war, it nevertheless has focused attention on consumers’ winter heating bills and Oklahoma’s potential in natural gas production.

—*Chad Wilkerson and Chase Farba, January 2023 Oklahoma Economist*

## Have lags in monetary policy transmission shortened?

The Federal Open Market Committee’s monetary policy has expanded beyond changing the federal funds rate to include forward guidance and balance sheet policy. Using these tools may shorten lags in monetary policy transmitting to inflation. Using a

proxy funds rate that incorporates tightening from these additional policy tools, a Kansas City Fed study find evidence of a shorter lag in policy transmission to inflation since 2009, though with high associated uncertainty.

—*Taeyoung Doh and Andrew T. Foerster, December 2022 Economic Bulletin*



Photo by Getty Images

## Is bank capital regulation driving continued use of the ON RRP facility?

Use of the Federal Reserve’s overnight reverse repurchase (ON RRP) facility rose in 2022, coinciding with deposit outflows and declining reserves at commercial banks. A popular narrative suggests that


  
**kcFED SOCIAL SEEN**

Social media highlights of our engagement across the region.



**1. FEDERAL RESERVE BANK OF KANSAS CITY**  
 Another month full of Student Board of Directors meetings! Our Denver students watched the FOMC press conference with Vice President and Denver Branch Executive Nick Sly, while our Albuquerque students learned about college at Central New Mexico Community College. [in](#)



**2. TYLER HANLEY, MBA** I'm excited to be at the University of Missouri-Columbia today for the Business Career Fair to represent the Federal Reserve Bank of Kansas City! [in](#)



**3. @KANSASCITYFED** We're seeing a lot of red out our windows today! Congratulations, @Chiefs! #ChiefsKingdom [t](#)

**4. KANSASCITYFED** Our Tenth District states hold some unique events, such as Colorado's @NationalWestern Stock Show. It kicked off with a cattle drive that went right by our #Denver Branch! #NWSS [t](#)

**5. @PCSFORPEOPLE** Thank you @KansasCityFed for your partnership! These computers will be securely wiped, refurbished, and provided at low-cost or no-cost to people in need in our communities! [i](#)



**GET SOCIAL»**

Find us on Find us on Instagram, LinkedIn, Pinterest, Twitter and YouTube to follow Kansas City Fed activities, share your photos and post feedback.

# Tenth District *by the numbers*

ECONOMIC INDICATORS, FACTS AND TRENDS FROM THE SEVEN STATES



# 222%

Increase in home sale inventory in the Denver metropolitan area at the end of December 2022 compared with a year earlier.

Source: Denver Metro Association of Realtors



# 7th

Kansas City's ranking among hottest housing markets for 2023, after being unranked in 2022. First on the 2023 list: Charlotte, North Carolina.

Source: Zillow

# 1,502,928

The Kansas civilian labor force, seasonally adjusted, in December 2022, compared with 1.49 million in November.

Sources: Kansas Department of Labor and U.S. Bureau of Labor Statistics



# 104.8

The Wyoming Economic Health Index value in September 2022, compared with 103.5 a year earlier, comprising data on employment, sales and tax collections.

Sources: Wyoming Economic Analysis Division, U.S. Bureau of Labor Statistics, Wyoming Department of Revenue

## MORE ECONOMIC DATA

The Bank regularly publishes data about regional and national economic conditions at [KansasCityFed.org/research/indicatorsdata](https://www.kansascityfed.org/research/indicatorsdata).



# \$4.5 billion

Estimated total adjusted gross income in 2020 for the 1,400 millionaires in New Mexico.

Source: Internal Revenue Service



# \$12.6 million

Amount spent around Scotts Bluff National Monument in Nebraska by the park's 194,000 visitors in 2021, the latest data available.

Sources: National Park Service and U.S. Geological Survey

# 5.5%

Oklahoma economy's growth in the third quarter of 2022, the third-fastest rate in the country, behind Alaska (8.7%) and Texas (8.2%)

Source: U.S. Bureau of Economic Analysis

## FROM THE VAULT

### *Kansas City Fed History*



In the 1950s, workers moved a 3,000-pound safe from an upper floor to ground level. Photo courtesy of Bank Archives.

### 'Elbow room' for Denver Branch

By the early 1950s, the Bank's Denver Branch had outgrown its space at 1111 17th St., and plans for an extensive expansion project took shape.

A July 1956 article in the Tenth District's internal newsletter—headlined "More Elbow Room at Denver"—laid out the plans, touting that "When completed, the branch building will be exactly double its present size."

Some nearby buildings were razed for the planned expansion, and workers moved a 3,000-pound safe into an earlier addition at the Branch. The safe, purchased from the Mosler Safe Company in 1952, is thought to have held historical documents and other valuables.

However, full construction of a modern Branch facility would not begin until the mid-1960s. Work was delayed partly by policy debates and speculation suggesting that Denver might become the seat of a new Federal Reserve District. In the end, congressional action to add districts did not happen, construction finally got underway, and in 1968 the Branch officially dedicated its current location at 16th and Curtis streets.

Today, the Mosler safe remains on display at the Denver Branch. Learn more about the Branch at [KansasCityFed.org/denver](https://www.kansascityfed.org/denver).



## 2022 REPORT TO CONGRESS

In 2022, the Federal Reserve Bank of Kansas City's Office of Minority and Women Inclusion (OMWI) reaffirmed its commitment to diversity, equity and inclusion (DEI).

For the Bank to successfully serve the public's interests, its workforce, procurement practices, partnerships, and financial education efforts must reflect the diversity of the Tenth District.

### THREE-YEAR DEI STRATEGY

The Bank's three-year (2022–2024) DEI plan was created to detail how a culture of diversity, inclusion, and belonging contributes to the organization's success. Through four strategic priorities—recruitment and diversity, development and inclusion, “how we work”

and supplier diversity—the plan underlines the Bank's dedication to DEI recruitment and focuses on sourcing talent and building on internal pipelines that are representative of the communities we serve and the public we represent. The Bank invests in professional and leadership development to position the workforce to deliver exceptional outcomes and to support a culture of inclusiveness and belonging.

The “how we work” framework enhances culture with policies, practices, and resources supporting an accessible and inclusive workplace. The final strategic priority emphasizes the value of supplier diversity so that all companies interested in doing business with the Bank have the opportunity, where appropriate.

*Bank employees, from left: Janelle Olawaiye, Kalynn Murray; Connor Brennan, Kate Hiebert and Eddie Villanueva.  
Photo by Gary Barber*

## PEOPLE, PROCUREMENT, AND PARTNERSHIPS

Throughout 2022, the Bank enhanced efforts to remain proactive relative to its strategy.

### PEOPLE

- Women's representation in mid-level management increased from 40.9% in 2021 to 42.5% in 2022.
- Women made up 41.1% of new hires in 2022 compared with 38.6% in 2021, while people of color made up 34.8% of the new hires in 2022 compared with 30.7% in 2021.

### PROCUREMENT

- Diverse suppliers were awarded 86 of the Bank's contracts, which contributed to 19.3% of the Bank's total reportable spend.
- To develop a more thorough understanding of supplier diversity efforts, the Bank kept track of tier-2 diverse spend in 2022. Any spend that a supplier has with women- and minority-owned businesses in support of bank projects is considered tier-2 spending. In 2022, the Bank's tier-2 spend with diverse suppliers was \$96,000.

### PARTNERSHIPS

- To honor the historical significance of African American baseball and the economic impact of the Negro Leagues, the Bank's Money Museum in Kansas City produced both temporary and virtual exhibits in conjunction with the U.S. Mint's commemorative coin program and the Negro Leagues Baseball Museum.
- The Bank published the book "A Great Moral and Social Force: America's First Black Banks," which focuses on the histories of Black banks in five U.S. cities that served as models of Black wealth and success.
- The Bank co-hosted the annual Girls in Tech event during Computer Science Education Week with the involvement of members of the Bank's Women in Technology Inclusion Network.
- The Bank hosted its annual Banking and the Economy events along with other Reserve Banks and state bankers associations. For women and professionals of color working in the financial services sector, the programs offer distinctive experiences and knowledge about leadership, DEI, banking, and the economy.

## OFFICE OF MINORITY AND WOMEN INCLUSION



After nearly 15 years of service, Tammy Edwards, Senior Vice President and Director of the Office of Minority and Women Inclusion, announced plans to retire April 1, 2023. Tammy's work has had a meaningful impact on the district and System's

low- and moderate-income communities, and played a significant role in helping to shape the culture of DEI.

Tammy joined the Bank in 2008 as assistant vice president and community affairs officer after holding various leadership positions at Sprint Corporation. She was promoted to vice president in 2012. In 2019, she was promoted to her current position on the Management Committee and leads the Bank's strategic focus on addressing community and economic development issues and fostering an engaged and inclusive workplace.

Under her leadership, several high-impact programs were created, including the Investment Connection program that matches funding organizations with nonprofits in need; economic and small business development with a focus on inclusive ecosystem building; targeted resources and programming addressing workforce development and the digital divide; division-level DEI resources; and new Inclusion Networks and ongoing programs for women and minorities in banking that offers professional development and insights on the economy and banking conditions. She also co-chaired the System's Community Affairs Officer and Public Information Officer Communications Work Group that resulted in the launch of the Fed Communities website, which provides community and economic development research, resources, and results for all 12 Reserve Banks and the Board of Governors.

In addition to these programs, Tammy chaired the Bank's Diversity Strategy Steering Council and led System DEI initiatives as a member of the OMWI Council. In 2022, she partnered with several Reserve Banks' first vice presidents to launch a system initiative with local programs and practices focused on diverse representation. This effort advanced attraction, development, and retention of a high-performing workforce.



Amanda Otte, co-lead of the Rainbow Alliance Inclusion Network, speaks with Kelly Dubbert, first vice president and chief operating officer, during the employee engagement fair in August 2022. *Photo by Gary Barber*

## INCLUSION NETWORKS

The Bank's Inclusion Networks offer new and different ways for employees to engage, which helps to support and reinforce the Bank value of inclusion. The networks help build community and connections with others for the purpose of supporting a stronger workplace. Inclusion Networks have formed around historically underrepresented communities. With the launch of two new Inclusion Networks during the summer of 2022, the Bank now has six Inclusion Networks.

The Rainbow Alliance (RA) Inclusion Network launched in June with the mission to support LGBTQIA+ employees and allies to connect, learn, and grow together. Since its inception, RA has been involved in and held a range of programs and events related to talent attraction and sourcing. In addition, internal education and awareness programs were held to build awareness for employees around a range of topics that impact and support the LGBTQIA+ community.

The Veteran Engagement Network (VEN) launched in July. VEN's mission is to provide an inclusive network that leverages the unique knowledge, experience, and skills of all Bank employee veterans, including active reservists and allies interested in learning about and supporting the military community. During VEN's inaugural year, the group organized prisoner of war/missing in action tables at three district locations (Kansas City, Denver, and Omaha); held monthly spotlight meetings to highlight individuals' time in the service; and partnered with the Bank's Community Involvement Program for a donation drive for the Veterans Community Project.

The Employee Diversity Committee (EDC) hosted quarterly small group discussions known as "Real Talk: Conversations that Matter," with the goal of creating honest, enriching, and critical conversations among Bank employees. Participants are encouraged to share perspectives that foster cultural awareness and understanding while building community. Real Talk

topics included neurodiversity, generational differences in the workplace, and creating a culture of inclusion and belonging in a hybrid work environment. The Real Talk sessions were attended by 196 employees.

The EDC also hosted their monthly book club with 124 participants. The goal of the book club is to provide an opportunity to learn about DEI topics, generate honest and critical conversations, and increase support among Bank employees.

The Minorities in Technology Inclusion Network had employee spotlight and networking events with 194 attendees that highlighted making connections as well as meeting members of management and understanding their responsibilities, professional journeys, leadership philosophies, career developments, and the importance of diverse representation in the technology industry.

The Women in Technology Inclusion Network hosted events that engaged 522 employees and covered the historical and future goals of its network, such as advocacy for women in technology and breaking down biases. They also had an event about evolving cyber threats as well as events highlighting the career journeys and thoughts on the importance of women in technology.

The People of Color in Leadership (POCL) Inclusion Network hosted 14 events, including their annual kickoff, Coffee and Conversation meetings, a leadership discussion on “Developing Cultural Curiosity,” and a conversation with Jandel Allen-Davis, member of the Kansas City Board of Directors and President and CEO of Craig Hospital in Denver, Colorado, about leading in turbulent times. One of the Coffee and Conversation meetings highlighted a Bank implemented career profile that will play a prominent

role in career progression at the Bank. Another meeting was a panel discussion that highlighted advice and guidance from members of management.

The network also engaged in a fireside chat with Bank President Esther George. During the event, President George highlighted how employee input is shaping the Bank’s DEI efforts, provided updates on the Bank’s DEI learning experiences, and shared her perspective on how DEI has evolved throughout her tenure at the Bank. POCL members also met with their respective division heads throughout the year to engage in a meaningful conversation on their division’s efforts and results around DEI.

Dani Edwards, a member of the Women in Technology Inclusion Network, assists students as they take turns as drivers in hands-on coding puzzles during the Girls in Tech event in December 2022. *Photo by Gary Barber*



For more about the Office of Minority and Women Inclusion and to read the 2022 OMWI report to Congress, visit [KansascityFed.org/aboutus/kcfedinformation/diversity](https://kansascityfed.org/aboutus/kcfedinformation/diversity).



# 2022 FEDERAL RESERVE BANK OF KANSAS CITY ANNUAL REPORT

When Congress established the Federal Reserve to serve as the central bank of the United States it was very intentional in creating an institution that would fulfill its mission in a highly effective way through roots firmly planted across this large and diverse nation. Today we continue to fulfill our mission and serve the public in the form of 12 regional Reserve Banks and their affiliated Branch offices.

The Tenth Federal Reserve District is served by the Federal Reserve Bank of Kansas City and its Branch offices in Denver, Oklahoma City and Omaha. It is the mission of our more than 2,100 employees to ensure that banks within our District are well-run and treat their customers fairly, that payments are handled safely and efficiently, and that our region is well-represented in national monetary policy deliberations.

Our work connects us directly to the communities we serve throughout a seven-state region spanning from western Missouri and across the Central Plains through the Rocky Mountains. In addition, individuals from a wide range of backgrounds throughout our District provide valuable insight to our work by participating on our Bank's various boards and advisory councils, in addition to participating in roundtable discussions or public events. These and many other constituents contribute importantly to our understanding of the region's banking and business environment, and our goal of fostering a healthy and stable economic environment.

This annual report includes information on the leadership and divisions of the Kansas City Fed and its Branches.

The 2022 audited financial statements are available at [KansasCityFed.org](https://www.kansascityfed.org).



**KELLY J. DUBBERT**  
First Vice President and Chief Operating Officer





# HOW WE serve

**OUR MISSION:** We work in the public's interest by supporting economic and financial stability.

## POLICY AND PUBLIC ENGAGEMENT

The Bank supports a healthy economy that promotes stable growth and provides opportunities for all Americans. As directed by Congress, Federal Reserve Banks participate in the monetary policy process to help promote maximum employment and price stability.

The Bank fulfills its congressionally assigned role in shaping monetary policy by executing several actions and meeting specific responsibilities year-round. This work includes:

- Producing mission-specific and insightful research analysis that informs the Bank president's views and influences policymakers at all levels.
- Providing computing resources and data warehousing to enhance research and analysis on macroeconomic, payments, banking, community development and regional issues.
- Operating regional branch offices with accessible, expert resources, including economists, examiners, community development specialists, economic educators and other specialists.
- Connecting Main Street views to regional and national policy through diverse board of directors and advisory council members.

## FINANCIAL INSTITUTION SUPERVISION

The Bank works to ensure that the nation has a safe and reliable banking system that treats customers fairly and provides credit to a diverse range of communities and businesses. Some of the actions in this scope of work:

- Leveraging our technology, service and community bank expertise to examine our region's financial institutions for safety and soundness.
- Ensuring that banks are providing fair access to credit for all consumers.
- Making short-term collateralized loans to banks and assessing risks so that we can support the region in times of crisis and stress.
- Using supervisory authority to guard against threats to the stability of the financial system.



## PAYMENTS EXPERTISE, PARTNERSHIPS AND LEADERSHIP

The Bank supports a safe, reliable, accessible and efficient payments system for all Americans and the U.S. government. In addition to processing trillions of dollars of payments for the nation's banks and the federal government, we ensure that banks have cash and coin to meet the needs of their customers. The Federal Reserve Bank of Kansas City is leading the Federal Reserve System's efforts to improve payments in the United States and make certain that the country's payments system is modern, safe, secure and accessible. Among the Bank's responsibilities:

- Supporting payments policies and systems that best serve the public.
- Using our expertise and talented technology professionals to be top provider of operational and support services to the U.S. Treasury.
- Leveraging our service culture.
- Ensuring efficiency and strong outcomes across all payments operations.



Glowing roof peaks of the Denver International Airport, depicting the state's snow-capped mountains. *Photo by Getty Images*

# HOW WE work

THE KANSAS CITY FED employs more than 2,100 workers across Colorado, Kansas, western Missouri, Nebraska, Oklahoma, northern New Mexico and Wyoming. The Bank is headquartered at 1 Memorial Drive in Kansas City, Missouri, and it operates branch offices in Denver, Oklahoma City and Omaha.

## AUDIT

The Audit Division reports to the Audit Committee of the Board of Directors and provides an independent and objective assessment of the Tenth Federal Reserve District's internal controls, risk management and governance processes to the Board and senior management. The Audit Committee meets with Audit Division management, the president and first vice president and other Bank management several times a year.

## COMMUNITY ENGAGEMENT AND INCLUSION

The Community Engagement and Inclusion Division works to promote a culture of inclusion and belonging that values diversity in the Bank's workforce, business practices and partnerships throughout the Tenth District and, in some instances, across the nation. The division leverages research, resources, programs and partnerships to address a variety of community and economic development challenges faced by low- and moderate-income individuals, communities and underserved small businesses. The division also facilitates community engagement initiatives and works with financial industry stakeholders to increase awareness of the Federal Reserve System, the economy and banking conditions. Each year, together with Human Resources, Public Affairs and other teams at the Bank, the division

produces an Office of Minority and Women Inclusion Report to Congress. Read a summary of the latest report on page 40.



Community Engagement and Inclusion events in 2022 included a "data walk" recap in Kansas City as part of digital equity work led by Community Development Advisor Jeremy Hegle (pictured at right).

## ECONOMIC RESEARCH

The Economic Research Division studies and evaluates monetary policy, macroeconomics and other issues of importance to the Kansas City Fed and the Federal Reserve System. Through publications and presentations, staff members communicate their research findings to the Bank's senior management and directors, policymakers, other researchers and the public.

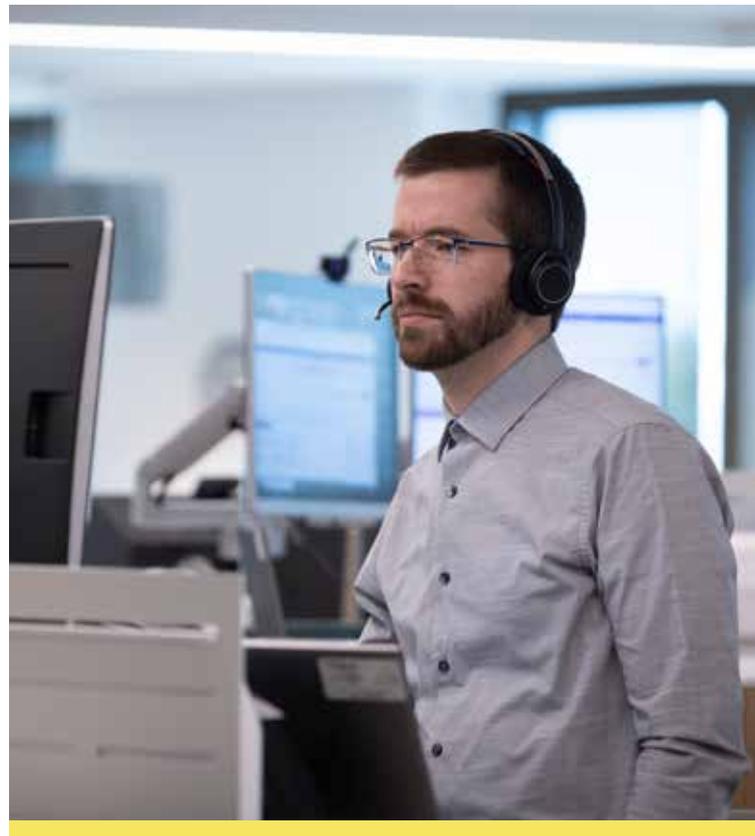
Each year, in collaboration with Public Affairs, the division develops and hosts the Jackson Hole Economic Policy Symposium, assembling central bankers, economists, policymakers and academics from around the world to discuss global economic topics. The Center for the Advancement of Data and Research in Economics (CADRE) provides high-performance computing, data warehousing, and data management services to the Federal Reserve System.

## FEDERAL RESERVE FINANCIAL SERVICES

The newly formed Federal Reserve Financial Services Division (FRFS) provides leadership and support for several FRFS and FedNow functions in support of the System's payments mission. Within FRFS, staff members provide leadership for technology, operations, product and support services. Additionally, staff lead the support functions for FedNow, a strategic initiative to develop and bring to market a faster payments service in 2023.

## INFORMATION TECHNOLOGY

Employees in this division support the efforts of all business areas in the Kansas City Fed and the Federal Reserve System through innovative information



Roles related to information technology, including that of software engineer Nathan Roberts, make up nearly half of the Tenth District's workforce.

technology solutions. Among the services and functions in this division are Technology Delivery, Tech Strategy and Enablement, Information Security and IT Client Services. The division also supports National IT functions, including Core Infrastructure Service Assurance, Identity and Access Management and the National Service Desk.



(From left) New York Fed President John Williams, former Fed Vice Chair Lael Brainard and Fed Chair Jerome Powell walked the grounds during the Jackson Hole Economic Policy Symposium.

## LEGAL

This division provides advice on legal issues to management and the Board of Directors at each office, represents the Bank in administrative and judicial proceedings, and assists the Bank in complying with applicable law. The department also counsels employees on matters concerning the Code of Conduct, and it helps educate Bank employees on various legal issues. Additionally, attorneys in the department participate in various Federal Reserve System committees.

## PAYMENTS AND LAW ENFORCEMENT

The Payments and Law Enforcement Division provides leadership, analytical support, policy analysis and research to support the Federal Reserve System's mission to promote a U.S. payment system that is efficient, safe and broadly accessible. The division also houses Payments System Research, which produces public policy-related academic research, publications and presentations on domestic and international payments systems. Additionally, the division encompasses the Cash Services function which receives and distributes currency and coin

to financial institutions, and the Law Enforcement function which safeguards the Bank's assets and provides for a secure work environment.

## PEOPLE, STRATEGY AND WORKPLACE SUPPORT

The People, Strategy and Workforce Strategy Division comprises Human Resources; Enterprise Strategy, Continuity, and Risk; Financial Management; and Facilities operations. The division serves the Bank's mission through strategic business and workforce planning, risk management, facilities management, and the acquisition and allocation of talent, material goods and financial resources. Additionally, the division houses the Human Resources Technology Center.

## REGIONAL, PUBLIC AND CORPORATE AFFAIRS

The Regional, Public and Corporate Affairs Division includes regional economic research and analysis throughout the Tenth Federal Reserve District, including the Branch executives that lead the Bank's Denver, Oklahoma City and Omaha branch offices. The division's Public Affairs department houses the corporate secretary's office and includes external

and internal communications, media relations, government relations, public programs, publishing services, student and teacher education programs, and the District's Money Museums.

### SUPERVISION AND RISK MANAGEMENT

Supervision of bank holding companies, savings and loan holding companies and state-chartered member banks in the Tenth District are the chief responsibilities of this division.

This oversight includes conducting examinations of these institutions to ensure a safe and sound banking system. Banks also are examined for compliance with consumer laws and regulations and for performance under the Community Reinvestment Act. The division reviews and analyzes applications received from banking organizations for transactions requiring approval, such as acquisitions, mergers, establishing additional branches and changes in ownership or control.

Supervision and Risk Management also has responsibility for extending credit to depository institutions and assisting organizations in managing Federal Reserve account balances. The division collects data from financial organizations, studies financial industry trends, conducts banking research and hosts seminars and forums for banks throughout the region.

### TREASURY SERVICES

The Treasury Services Division carries out its responsibilities as a fiscal agent partner with the U.S. Treasury's Bureau of the Fiscal Service through providing leadership, program management, and operational support for programs within the Payments, Debt Financing, Debt Management, and Information Management business domains within the Tenth District's Treasury Portfolio.



Brandy Rau (left) and Emily Clothier, co-chairs of the Women in Technology Community of Practice, lead a discussion during one of the group's events.



The Bank's Employee Engagement Fair encourages workers to learn more about networking, educational resources and training opportunities.

# ANNUAL REPORT 2022 MANAGEMENT COMMITTEE



(From left) Mr. Gruber, Ms. Connor, Ms. Block, Ms. Edwards, Ms. Robbins, Mr. Dubbert, Mr. Aadland, Ms. George, Ms. Cole, Ms. Humston, Mr. Zahnd, Ms. Raley, Mr. Aleman.

**Esther L. George**, President and Chief Executive Officer

**Kelly J. Dubbert**, First Vice President and Chief Operating Officer

**Denise I. Connor**, Executive Vice President and Chief Information Officer, Information Technology Division

**Joseph W. Gruber**, Executive Vice President and Director of Research, Research Division

**Kim Robbins**, Executive Vice President, Federal Reserve Financial Services Division and Chief of Enterprise Services

**Todd Aadland**, Senior Vice President, Treasury Services Division

**Josias Aleman**, Senior Vice President, Payments and Law Enforcement Division

**Amy E. Cole**, Senior Vice President and Chief Human Resources Officer, People, Strategy and Workplace Support Division

**Tammy Edwards**, Senior Vice President, Community Engagement and Inclusion Division, and Director of the Office of Minority and Women Inclusion

**Tara L. Humston**, Senior Vice President, Supervision and Risk Management Division

**Diane Raley**, Senior Vice President, Regional, Public and Corporate Affairs Division, and Chief of Staff and Corporate Secretary

**Craig Zahnd**, Senior Vice President, General Counsel and Chief Compliance Officer, Legal Division

**Porcia Block**, Senior Vice President and General Auditor, Audit Division

(Above) The Colorado Convention Center in downtown Denver. *Photo by Getty Images*



# OUR directors

## GOVERNANCE OF THE DISTRICT; GUARDIANSHIP OF THE SYSTEM

The Board of Directors of a Federal Reserve Bank is a blend of appointed and elected positions using criteria defined by Congress in the Federal Reserve Act. The nine-member board is divided evenly among three classifications. Directors serve staggered three-year terms.

### CLASS A

The three Class A directors represent commercial banks that are members of the Federal Reserve System. These directors are bankers who are nominated and elected by member banks within the Federal Reserve's Tenth District. The District includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming.

In the Class A category, a director will be elected by a specific group of member banks classified as either 1, 2 or 3. This classification is based on the total amount of capital, surplus and retained earnings for each commercial bank, with Group 1 banks being the largest. Each group within the class elects one director. For example, Kyle Heckman, chairman, president and chief executive officer of Flatirons Bank, Boulder, Colorado, is a Class A director who was elected by and represents Group 2 member banks.

### CLASS B

The three Class B directors represent the public but may not be an officer, director or employee of a financial affiliation company. These directors also are elected by member banks under the same categories as Class A directors. For example, Doug Stussi, executive advisor, Love Family Office, Oklahoma City, Oklahoma, is a Class B director elected by and representing Group 3 member banks.

### CLASS C

The three Class C directors also represent the public. However, these directors are appointed by the Board of Governors of the Federal Reserve System. Like a Class B director, a Class C director may not be an officer, director or employee of a financial affiliation company. These directors may not own stock in a bank or a bank holding company. For example, Edmond Johnson, president and chief executive officer of Premier Manufacturing Inc. and ENFusion, Frederick, Colorado, is a Class C director. From the Class C directors, the Board of Governors selects one person as chair and another as deputy chair.

(Above) A row of traditionally built businesses in downtown Jackson, Wyoming. *Photo by Getty Images*



### SERVING ON THE HEAD OFFICE BOARD

#### Federal Reserve Bank of Kansas City

Reserve Bank directors meet monthly to oversee the Bank’s operations and policies and to confer on economic and banking developments. The directors also provide information on economic conditions within the District as part of the Bank president’s preparation for Federal Open Market Committee meetings. Among directors’ responsibilities is establishing the Kansas City Fed’s discount rate, which is subject to review and determination by the Federal Reserve Board. The directors and their classifications are on page 55.

### SERVING ON THE BRANCH BOARDS

#### Denver, Oklahoma City and Omaha

Each branch of the Federal Reserve Bank of Kansas City also has its own seven-member Board of Directors. Four of these directors are appointed by the Kansas City Fed Head Office Board of Directors, and three are appointed by the Board of Governors. Branch directors serve three-year terms and engage with their respective branch executives to provide insight on regional economic conditions as well as to offer advice and counsel. Branch directors are listed on pages 56-58.

### COMMITTEE MEMBERSHIP FOR HEAD OFFICE DIRECTORS DURING 2022

#### Audit Committee

Trish Minard, Chair  
 Patrick A. Dujakovich  
 Kyle Heckman  
 Doug Stussi

#### Buildings Committee

Gregory Hohl, Chair  
 Ruben Alonso III

#### Compensation Committee

Patrick A. Dujakovich, Chair  
 María Griego-Raby  
 Doug Stussi

*Note: Board Chair Edmond Johnson is an ex officio member of each standing committee.*

(Above) El Santuario de Chimayo in New Mexico. Photo by Getty Images



(From left to right) Ms. Minard, Mr. Hohl, Mr. Johnson, Mr. Heckman, Mr. Dujakovich, Mr. Alonso, Ms. Griego-Raby, Mr. Stussi.

**Edmond Johnson**, Board Chair, President and Chief Executive Officer, Premier Manufacturing Inc. and ENFusion, Frederick, Colorado (Class C)

**Patrick A. Dujakovich**, Board Deputy Chair, President, Greater Kansas City AFL-CIO, Kansas City, Missouri (Class C)

**María Griego-Raby**, President and Principal, Contract Associates, Albuquerque, New Mexico, (Class C)

**Ruben Alonso III**, Chief Executive Officer, AltCap, Kansas City, Missouri (Class B, Group 2)

**Doug Stussi**, Executive Advisor, Love Family Office, Oklahoma City, Oklahoma (Class B, Group 3)

**Patricia J. Minard**, Executive Vice President and Chief Financial Officer, Emprise Bank, Wichita, Kansas (Class A, Group 1)

**Kyle Heckman**, Chairman, President and Chief Executive Officer, Flatirons Bank, Boulder, Colorado (Class A, Group 2)

**Gregory Hohl**, Chairman and President, Wahoo State Bank, Wahoo, Nebraska (Class A, Group 3)

In 2022, the Head Office had one vacant Class B position.

#### FEDERAL ADVISORY COUNCIL MEMBER

**Jill Castilla** (not pictured) President and Chief Executive Officer, Citizens Bank of Edmond, Oklahoma



(From left) Ms. Glaros, Ms. Gerlach, Mr. Dimond, Mr. Wright, Ms. Lucero, Ms. Allen-Davis. (Not pictured: Mr. Wallace.)

**Navin Dimond**, Branch Board Chair, Founder and Chief Executive Officer, Stonebridge Companies, Denver, Colorado (Board of Governors appointed)

**Jandel Allen-Davis**, President and Chief Executive Officer, Craig Hospital, Englewood, Colorado (Board of Governors appointed)

**Janet Lucero**, President and Chief Executive Officer, MVD Express, Albuquerque, New Mexico (Board of Governors appointed)

**Rachel Gerlach**, Chief Credit Officer, Alpine Bank, Glenwood Springs, Colorado (Kansas City Fed Board appointed)

**Nicole Glaros**, Founder and Chief Executive Officer, Phos, Boulder, Colorado (Kansas City Fed Board appointed)

**Jeff Wallace**, Chief Executive Officer, Wyoming Bank & Trust, Cheyenne, Wyoming (Kansas City Fed Board appointed)

**Chris Wright**, Chief Executive Officer, Liberty Energy Services, Denver, Colorado (Kansas City Fed Board appointed)

Branch directors provide insight on local economic conditions, and they advise and counsel the Branch executives. Branch directors must satisfy the same eligibility requirements that pertain to head office directors.



(From left to right) Mr. Sidwell, Mr. Turner, Ms. Hooper, Ms. Washington, Ms. Chapman Plumb, Mr. Duncan, Ms. Weber.

**Katrina Washington**, Branch Board Chair, Owner, Stratos Realty Group and Executive Director, Neighborhood Housing Services Oklahoma, Oklahoma City, Oklahoma (Board of Governors appointed)

**Rhonda Hooper**, President and Chief Executive Officer, Jordan Advertising, Oklahoma City, Oklahoma (Board of Governors appointed)

**Dana S. Weber**, Chief Executive Officer and Chair of the Board, Webco Industries Inc., Sand Springs, Oklahoma (Board of Governors appointed)

**J. Walter Duncan IV**, President, Duncan Oil Properties Inc., Oklahoma City, Oklahoma (Kansas City Fed Board appointed)

**Susan Chapman Plumb**, Board Chair and Chief Executive Officer, Bank of Cherokee County, Tahlequah, Oklahoma (Kansas City Fed Board appointed)

**Brady Sidwell**, Owner and Principal, Sidwell Strategies, LLC, Enid, Oklahoma (Kansas City Fed Board appointed)

**Christopher C. Turner**, President and Chief Financial Officer, The First State Bank, Oklahoma City, Oklahoma (Kansas City Fed Board appointed)



(Left to right) Mr. Maass, Mr. Karpf, Mr. Fernandez, Ms. Tapio, Ms. Martin, Mr. Sieck. (Not pictured: Ms. Hamilton.)

**L. Javier Fernandez**, Branch Board Chair, President and Chief Executive Officer, Omaha Public Power District, Omaha, Nebraska (Board of Governors appointed)

**Paul Maass**, Chief Executive Officer, Scoular, Omaha, Nebraska (Board of Governors appointed)

**Carmen Tapio**, Founder and Chief Executive Officer, North End Teleservices LLC, Omaha, Nebraska (Board of Governors appointed)

**Annette Hamilton**, Chief Operating Officer, Ho-Chunk Inc., Winnebago, Nebraska (Kansas City Fed Board appointed)

**Zac Karpf**, President, Platte Valley Bank, Scottsbluff, Nebraska (Kansas City Fed Board appointed)

**Susan L. Martin**, President and Secretary-Treasurer, Nebraska State AFL-CIO, Lincoln, Nebraska (Kansas City Fed Board appointed)

**Dwayne W. Sieck**, Managing Principal, Farnam Street Real Estate Capital, Omaha, Nebraska (Kansas City Fed Board appointed)

ANNUAL REPORT 2022  
ROUNDTABLES  
REGIONAL ECONOMIC ROUNDTABLE



Economists from the Tenth District and Kansas City Fed regional economists review activities in the District's seven states and offer insight on the future. Among the sectors covered: agriculture, banking, construction, employment, energy, exports, housing and manufacturing. The roundtable paused its activities in 2022 and is resuming in 2023.

(Above) The Bricktown Canal in downtown Oklahoma City. *Photo by Gary Barber*

# ANNUAL REPORT 2022

## FOOD AND AGRICULTURE ROUNDTABLE

The annual Food and Agriculture Roundtable brings together agribusiness executives and Kansas City Fed economists for discussion of the agricultural economy and monetary policy.

**Kanlaya Barr**

Senior Economist  
John Deere  
Urbandale, Iowa

**Bill Brooks**

Dairy Economist  
Stoneheart Consulting  
Dearborn, Missouri

**Brett Caplice**

Vice President  
Bunge  
St. Louis, Missouri

**Neil Dierks**

Chief Executive Officer  
National Pork Producers Council  
Des Moines, Iowa

**Karen Eifert Jones**

Farmer, Ag Economist  
and Master Agronomist  
Waukomis, Oklahoma

**Steve Elmore**

Chief Economist  
Corteva Agriscience  
Johnston, Iowa

**Claud Evans**

DVM  
Okfuskee County Veterinary Clinic  
Okemah, Oklahoma

**Jim Farrell**

President  
Farrell Growth Group LLC  
Omaha, Nebraska

**Kelly Farrell**

Consultant  
Farrell Growth Group LLC  
Gladstone, Missouri

**Andrew Gottschalk**

Senior Vice President  
R.J. O'Brien & Associates  
Aurora, Colorado

**Howard Hill**

Past President  
National Pork Producers Council  
Cambridge, Iowa

**Alison Krebs**

Dairy Policy Associate Director  
Leprino Foods  
Denver, Colorado

**Brian Magnusson**

Vice President, The Americas  
Lindsay Irrigation  
Omaha, Nebraska

**Katelyn McCulloch**

Director  
Livestock Marketing  
Information Center  
Littleton, Colorado

**David Pankonin**

Owner  
Pankonin's Inc.  
Louisville, Nebraska

**Tomie Peterson**

Regenerative Economies Specialist  
Intertribal Agricultural Council  
Parade, South Dakota

**Mark Recker**

Farmer  
Arlington, Iowa

**Shari Rogge-Fidler**

President and CEO  
Farm Foundation  
Chicago, Illinois

**Chris Roth**

President  
Reinke Manufacturing  
Deshler, Nebraska

**James Timmerman**

Partner  
Timmerman Land & Cattle Co.  
Springfield, Nebraska

**Ray Wyse**

Managing Director  
SWAT LLC  
Elkhorn, Nebraska

**FEDERAL RESERVE BANK OF  
KANSAS CITY STAFF**

**Nate Kauffman**

Vice President  
and Omaha Branch Executive  
Omaha, Nebraska

**Cortney Cowley**

Senior Economist  
Oklahoma City, Oklahoma

**Francisco Scott**

Economist  
Kansas City, Missouri

**Ty Kreitman**

Assistant Economist  
Omaha, Nebraska

(Left) Holy Family Shrine, Gretna, Nebraska.  
*Photo by Getty Images*

(Right) Crystal Bridge Conservatory at  
Myriad Botanical Gardens in Oklahoma  
City. *Photo by Getty Images*





Members, representing business and labor, offer insight on the regional economy.



Left to right: Mr. Murphy, Mr. Esparza, Ms. Simmons, Mr. Burkett, Mr. Gaspar, Mr. Thorpen, Mr. Cherafat, Mr. Kramer, Ms. Beatty, Mr. Eihusen. Not pictured Ms. Hamann, Mr. Washington.

(Above) Architecture in Taos County, New Mexico *Photo by Getty Images*

[Kim Beatty](#)

Chancellor  
Metropolitan Community College  
Kansas City, Missouri

[Matthew Burkett](#)

Chairman and Chief Executive Officer  
The Flyfisher Group  
Denver, Colorado

[Ramin Cherafat](#)

Chief Executive Officer  
McCownGordon Construction  
Kansas City, Missouri

[DJ Eihusen](#)

President and Chief Executive Officer  
Chief Industries  
Grand Island, Nebraska

[Del Esparza](#)

President  
Esparza Digital + Advertising  
Albuquerque, New Mexico

[Clay Gaspar](#)

Executive Vice President and Chief Operating Officer  
Devon Energy  
Oklahoma City, Oklahoma

[Jennifer Hamann](#)

Executive Vice President and Chief Financial Officer  
Union Pacific Railroad  
Omaha, Nebraska

[Joe Kramer](#)

Chief Financial Officer  
J-Six Enterprises  
Seneca, Kansas

[Tim Murphy](#)

Executive Chairman  
Murphy-Hoffman  
Leawood, Kansas

[Peggy Simmons](#)

President and Chief Operating Officer  
Public Service Company of Oklahoma  
Tulsa, Oklahoma

[Jim Thorpen](#)

Vice President, Secretary and Treasurer  
Wyoming Machinery Company  
Casper, Wyoming

[Paul Washington](#)

Executive Vice President  
IMA Financial Group  
Denver, Colorado

## ANNUAL REPORT 2022 COMMUNITY DEVELOPMENT ADVISORY COUNCIL

Members, who come from community organizations and financial institutions, meet twice a year with Kansas City Fed community development staff to offer insight on economic and community development issues in the region.



(Front row, left to right) Mr. Sufi, Ms. Abbott Patterson, Ms. Logsdon, Ms. Parasker, Ms. Peters, Mr. Ramirez, Ms. Donawa. (Back row, left to right) Mr. Greenwell, Mr. Reiff, Mr. Hoversland, Mr. Jackson, Mr. Jolley, Mr. Font. (Not pictured: Ms. McGraw, Ms. Smith, Mr. Upton.)

### Niki Donawa

Chief Community Relations  
Officer  
University Health (formerly  
Truman Medical Center)  
Kansas City, Missouri

### Raúl Font

President  
Latino Community Development  
Agency  
Oklahoma City, Oklahoma

### Don Greenwell

President and Executive Director  
The Builders' Association  
Kansas City, Missouri

### Scott Hoversland

Executive Director  
Wyoming Community  
Development Authority  
Casper, Wyoming

### Dewey Jackson

President  
Denver Area Labor Federation,  
AFL-CIO  
Denver, Colorado

### Geoff Jolley

Executive Director  
Local Initiatives Support  
Corporation  
Kansas City, Missouri

### Cindy Logsdon

Executive Director/Chief  
Executive Officer  
Citizen Potawatomi Community  
Development Corporation  
Shawnee, Oklahoma

### Angela McGraw

Director  
Do Space  
Omaha, Nebraska

### Neelima Parasker

President and Chief Executive  
Officer  
SnapIT Solutions  
Overland Park, KS

### Aubrey Abbott Patterson

President and  
Chief Executive Director  
Hutchinson Community  
Foundation  
Hutchinson, Kansas

### Amanda Peters

Senior Vice President  
CRA Program and  
Compliance Manager  
Compliance Risk Management  
Vectra Bank Colorado  
Denver, Colorado

### Alan Ramirez

Director of Strategic Lending  
Colorado Enterprise Fund  
Denver, Colorado

### Jim Reiff

Executive Director  
Nebraska Enterprise Fund  
Omaha, Nebraska

### Adrienne R. Smith

President and Chief Executive  
Officer  
New Mexico Caregivers Coalition  
Bernalillo, New Mexico

### Awais Sufi

President and Chief Executive  
Officer  
SchoolSmartKC  
Kansas City, Missouri

### Pete Upton

Executive Director  
Native 360  
Grand Island, Nebraska

## ANNUAL REPORT 2022 COMMUNITY DEPOSITORY INSTITUTIONS ADVISORY COUNCIL

Members represent banks, thrift institutions and credit unions from around the Tenth District. They meet twice a year with Kansas City Fed staff to provide perspective on lending, the economy and other issues of interest to community depository institutions. The advisory council's chair represents the District at semi-annual meetings with the Federal Reserve Board of Governors in Washington D.C.



(Left to right) Mr. Burrage, Mr. Anderson, Ms. DeVore, Mr. Wolfe, Mr. Martinez, Mr. Hove, Ms. Harmon, Mr. Tyurikov, Ms. Wade, Mr. Klug. (Not pictured: Mr. Smith.)

**Kim DeVore**, Advisory Council Chair, President, Jonah Bank, Casper, Wyoming

**Rick Anderson**, Executive Vice President and Chief Operating Officer, Sandia Laboratory Federal Credit Union, Albuquerque, New Mexico

**Mark Burrage**, Chief Executive Officer, FirstBank, Antlers, Oklahoma

**Megan Harmon**, Branch President and Chief Operating Officer, The Eastern Colorado Bank, Colorado Springs, Colorado

**Chris Hove**, President and Chief Executive Officer, Nebraska Bank of Commerce, Lincoln, Nebraska

**Ted Klug Jr.**, President, Sand Hills State Bank, North Platte, Nebraska

**Joe Martinez**, President and Chief Lending Officer, San Luis Valley Federal Bank, Alamosa, Colorado

**Jay Smith**, President and Chief Operating Officer, INTRUST Bank NA, Wichita, Kansas

**Oleg Tyurikov**, President, Community Bank & Trust, Neosho, Missouri

**Alicia Wade**, President and Chief Operating Officer, Valliance Bank, Oklahoma City, Oklahoma

**Leonard Wolfe**, President and Chairman, United Bank & Trust, Marysville, Kansas

Members represent financial institutions around the Tenth District. They meet periodically with Kansas City Fed staff to provide insight on developments in the U.S. payments system and offer advice on actions the Federal Reserve might take to ensure the system's safety and efficiency while providing broad access.



(From left) Mr. Hagan, Ms. Robinson, Mr. DeBroeck, Mr. Pierce, Ms. Doyle, Ms. McQueen, Mr. Doyle, Mr. Wiedenmann, Ms. Puckett. (Not pictured: Mr. Brown, Ms. Kaminskas, Ms. Wilson.)

**Michael Brown**, Chairman, Chief Executive Officer and President, Euronet Worldwide, Kansas City, Missouri

**Michael DeBroeck**, Director, Commercial Support Services, Intrust Bank, Wichita, Kansas

**Jon Doyle**, Senior Vice President, Operations, FNBO, Omaha, Nebraska

**Susan Doyle**, President, EPCOR, Kansas City, Missouri

**Jason Hagan**, Senior Vice President, Sunrise Banks, Omaha, Nebraska

**Kelly Kaminskas**, President-Retail Services, FirstBank, Lakewood, Colorado

**Christine McQueen**, Senior Vice President, BOK Financial, Tulsa, Oklahoma

**David Pierce**, Chief Information Officer, Canvas Credit Union, Denver, Colorado

**Chelsea Puckett**, Senior Vice President, Strategic Payments Systems, Stride Bank, Enid, Oklahoma

**Susan Robinson**, Executive Director, Kansas City Financial Center, Department of the Treasury, Kansas City, Missouri

**Chris Wiedenmann**, Senior Vice President, Commerce Bank, Kansas City, Missouri

**Uma Wilson**, Executive Vice President, UMB Bank, Kansas City, Missouri

# ANNUAL REPORT 2022 OFFICERS ROSTER

## KANSAS CITY

Esther L. George  
President and Chief Executive Officer

Kelly J. Dubbert  
First Vice President and  
Chief Operating Officer

Denise I. Connor  
Executive Vice President and  
Chief Information Officer

Joseph Gruber  
Executive Vice President and  
Director of Research

Kimberly N. Robbins  
Executive Vice President and  
Chief of Enterprise Services for  
Federal Reserve Financial Services

Todd L. Aadland  
Senior Vice President

Josias A. Aleman  
Senior Vice President

Amy E. Cole  
Senior Vice President and  
Chief Human Resources Officer

Tammy Edwards  
Senior Vice President and  
Director of the Office of Minority  
and Women Inclusion

Tara L. Humston  
Senior Vice President

Diane Raley  
Senior Vice President, Chief of Staff  
and Corporate Secretary

Craig Zahnd  
Senior Vice President,  
General Counsel, Ethics Officer  
and Chief Compliance Officer

Porcia B. Block  
Senior Vice President and  
General Auditor

Kristi Coy  
Senior Vice President

Andrew J. Frank  
Senior Vice President

Megan L. Hrudá  
Senior Vice President

William T. Mackey  
Senior Vice President

Renu A. Mehra  
Senior Vice President

Evan A. Polly  
Senior Vice President

Brosie D. Strada  
Senior Vice President

Donna J. Ward  
Senior Vice President

Luke B. Woodward  
Senior Vice President

Kara S. Bemboom  
Group Vice President and  
Associate General Counsel

William W. Dandridge  
Group Vice President

Annette K. Owens  
Group Vice President

Stephanie L. Strateimer  
Group Vice President

Adam M. Winzenried  
Group Vice President

John R. Arensberg  
Vice President

Nicholas S. Billman  
Vice President and  
Assistant General Counsel

Mark J. Boryla  
Vice President

Jason P. Brown  
Vice President and Economist

Holly C. Cartagena  
Vice President

Ernie W. Craig Jr.  
Vice President

Sean K. Foley  
Vice President

Janel K. Frisch  
Vice President and  
Chief Financial Officer

Ryan L. Harwell  
Vice President

Judith H. Hazen  
Vice President

Alfred Herman  
Vice President

Jill M. Hicks  
Vice President

Jennifer L. Hopkins  
Vice President

Melissa L. Jackson  
Vice President and  
Administrative Officer

Holly A. Koenig  
Vice President

John T. Lee  
Vice President

Brooke Metcalf  
Vice President

Randall L. Mueller  
Vice President

Amanda M. Ressler  
Vice President

Christina Robertson  
Vice President

Lindsay D. Schuler  
Vice President

David R. Smith  
Vice President

Lee Smith  
Vice President and Economist

Michael R. Steckline  
Vice President

Holly D. Steffes  
Vice President

James W. Stuart II  
Vice President and  
Assistant General Auditor

Hailie F. Turner  
Vice President

David Whittaker  
Vice President

Ingrid M. Wong  
Vice President and Assistant General  
Counsel

Frank C. Allen  
Assistant Vice President

Huixin Bi  
Research and Policy Officer

Dan A. Bower  
Assistant Vice President

Dawn Boydston  
Assistant Vice President

Dan Cade  
Assistant Vice President

Andy Chiamopoulos  
Assistant Vice President

Sharon Charles  
Assistant Vice President

Emily Clothier  
Assistant Vice President

Jennifer Cobos  
Assistant Vice President

Chris J. Constant  
Assistant Vice President

Sarah Crumley  
Assistant Vice President

Christine D. Daffron  
Assistant Vice President

Paulo Dominguez  
Assistant Vice President

Marjy Elam  
Assistant Vice President

Gregory H. Gander  
Assistant Vice President

John Gray  
Assistant Vice President

Robert L. Hampton Jr.  
Assistant Vice President

Jeffrey Imgarten  
Assistant Vice President

Stefan Jacewitz  
Research and Policy Officer

Lowell C. Jones  
Assistant Vice President

Jami K. Kennedy  
Assistant Vice President

Jeffrey G. Kisling  
Assistant Vice President

Erin Kliethermes  
Assistant Vice President

Keely Kropf  
Assistant Vice President

Olivia Kussoy  
Assistant Vice President

Jeffrey E. Legette  
Assistant Vice President

Gentry Leitner  
Assistant Vice President

Valerie Marsh  
Assistant Vice President

Christi May-Oder  
Assistant Vice President

Bill Medley  
Assistant Vice President and  
Public Information Officer

Teesha Miller  
Assistant Vice President and  
Community Affairs Officer

Roger Moore  
Assistant Vice President

Jose Mustre-del-Rio  
Research and Policy Officer

Melissa Norwood  
Assistant Vice President

Jacqueline M. Nugent  
Assistant Vice President

Jennifer O'Bryan  
Assistant Vice President

Lacey Peters  
Assistant Vice President

Albert Pisterzi  
Assistant Vice President

Jeffery E. Puckett  
Assistant Vice President

Zachary J. Richmond  
Assistant Vice President

Kristi Roman  
Assistant Vice President

Matthew Ruemker  
Assistant Vice President

Kevin Rutledge  
Assistant Vice President

Rodney J. Schmidt  
Assistant Vice President

Paul L. Somogye  
Assistant Vice President

Carissa Swanwick  
Assistant Vice President

Jared Weikum  
Assistant Vice President

Jackson A. Winsett  
Assistant Vice President

Ginger K. Wise  
Assistant Vice President

Joshua Woods  
Assistant Vice President

## DENVER

Nicholas B. Sly  
Vice President, Branch Executive  
and Economist

Amber R. Conley  
Vice President

Anne C. Gossweiler  
Vice President

Trina Chapman  
Assistant Vice President

Lara Hurst  
Assistant Vice President

William Kelper  
Assistant Vice President

## OKLAHOMA CITY

Chad R. Wilkerson  
Senior Vice President,  
Branch Executive and Economist

Michael A. Combs  
Vice President

Nick Baker  
Assistant Vice President

Dustyn DeSpain  
Assistant Vice President

Douglas L. Gray  
Assistant Vice President

## OMAHA

Nathan S. Kauffman  
Senior Vice President, Branch  
Executive and Economist

Nicholas Hatz  
Assistant Vice President

Julie Nielsen  
Assistant Vice President

Todd Rich  
Assistant Vice President

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

CHANGE SERVICE REQUESTED



## 2022 FINANCIAL REPORT

Read the 2022 Federal Reserve Bank of Kansas City's audited financial report at [KansasCityFed.org/annual-reports](https://KansasCityFed.org/annual-reports)

**MORE RESOURCES ONLINE:**  
Financial reports from previous years, as well as lists of officers, directors and advisory councils.