

FEDERAL RESERVE BANK OF KANSAS CITY / SUMMER 2020

TEN

COVID-19: & HARDSHIP &

H O P E

Voices across the region reflect economic struggle and cautious optimism

INSIDE: Research studies showing deep, broad, historic damage
Fed programs, other resources offer pandemic assistance

TEN

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CONTENT CONTRIBUTORS

Su Bacon, Gary Barber, Cynthia Edwards,
Jeremy Hagle, Mark McDonald,
Casey McKinley, Beth Norman, Sarah Pope,
Victoria Rosengarten, Debra Skodack,
David Tejada, Timothy Todd,
Gigi Wolf, Marlina Yates

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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FEATURES



COVID-19: HARDSHIP AND HOPE

Voices across the region reflect economic struggles and cautious optimism. RESEARCH 22 | RESOURCES 26



MOUNTAIN REGION LEADERSHIP

Midway through his first year in Denver, Branch Executive Nicholas Sly discusses the Kansas City Fed's work in Colorado, New Mexico and Wyoming, as well as COVID-19's impact.



OKLAHOMA CITY BRANCH: 100 YEARS OF SERVICE

The office's history is intertwined with the pivotal role a Sooner State pioneer played in creating the Federal Reserve.



1918 FLU PANDEMIC

The deadly outbreak that eventually killed tens of millions worldwide had a Kansas connection, and it struck as the Federal Reserve drove funding for World War I.

ON THE COVER » *Designed by Alison Reichert*

From the *President*

ESTHER L. GEORGE



Pondering payments: Challenges of reaching all Americans

As the effect of the COVID-19 pandemic has reverberated, the payments system has continued to operate, ensuring that the economy continues to function. Although there have been changes in the ways transactions are occurring, the payments infrastructure that supports them is working well—though perhaps not as fast as some would like. A more pressing issue, however, is how to reach consumers who do not have the ability to receive payments electronically into a bank account. The results of the Federal Deposit Insurance Corp.’s 2017 biennial National Survey of Unbanked and Underbanked Households showed 6.5 percent of U.S. households still are unbanked, which equates to 14.1 million adults in 8.4 million households not having a checking or savings account.¹

In response to the pandemic, the federal CARES Act, which provides emergency relief programs to small businesses and consumers, was signed into law. As a result, consumers are receiving economic impact payments (EIP) to help combat the financial effects. The U.S. Treasury Department began sending EIPs to

consumers April 15, and much attention has been paid to how quickly the payments are reaching consumers. The majority of EIPs are being deposited electronically into bank accounts using tax return, Social Security Administration and information entered into an Internal Revenue Service (IRS) portal. A limited number of payments is being funded through deposits to prepaid cards. And finally, those without a bank account or who don’t provide the IRS with bank account information are receiving payments by checks in the mail; unfortunately, many of these recipients will be low-income families who may need the funds the most.

The EIP process reveals that a more efficient solution for making payments in a crisis is needed for both those with and without bank accounts. It would be beneficial not only to make payments faster, but also to ensure the reachability of all U.S. households. Proposed options that may facilitate these outcomes could include utilizing existing nonbank services, creating some form of central bank digital currency (CBDC), using real-time payment rails, and/or developing a federated directory.²

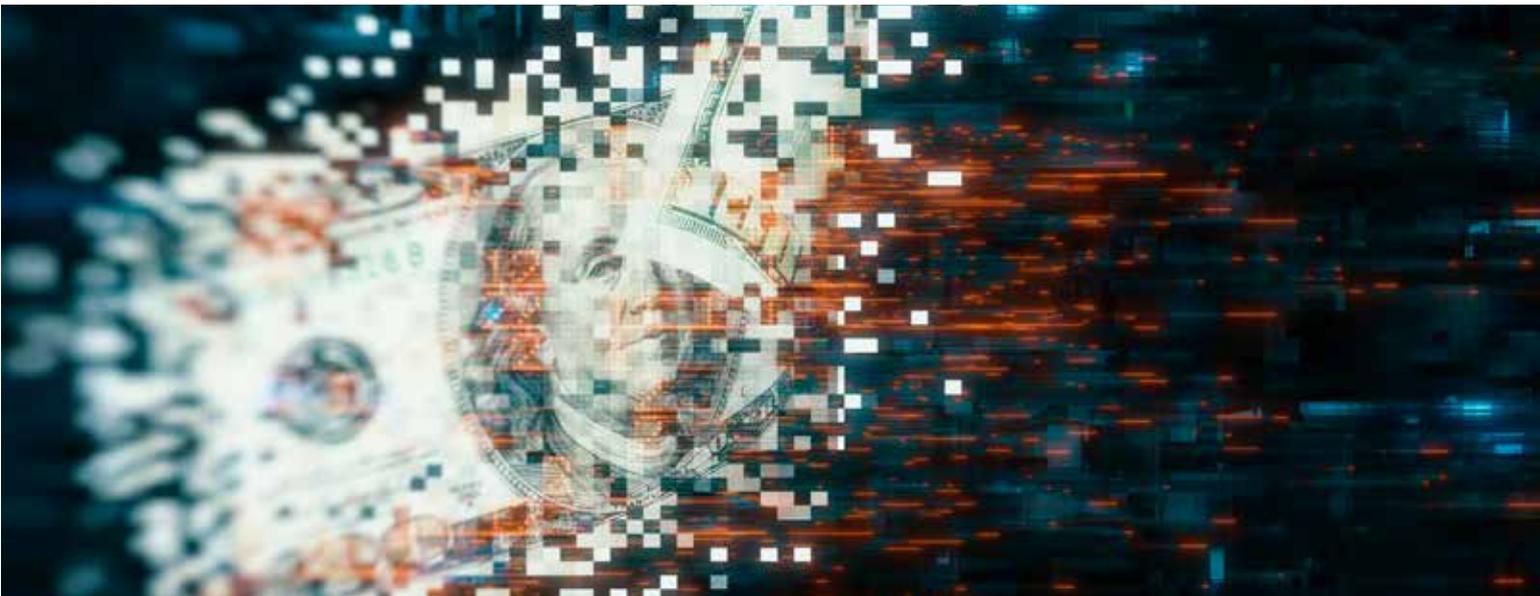
¹Accessed May 7, 2020, at <https://www.fdic.gov/news/news/press/2018/pr18077.html>

²A federated directory is one that enables a collection of directories and other sources of data to be combined and treated as a single hierarchical directory. For example, Zelle person-to-person payments utilize a directory that enables end users to pay other end users using trusted, registered providers.

Nonbank prepaid cards are one means to make electronic payments to those without a bank account. Many of these services enable direct deposit of funds such as payroll and income tax refunds to be made directly to the card account. Prepaid cards typically are network-branded and may be used at any point of sale that accepts that network's payments. Prepaid cards also may be used online to make payments and, with the use of a PIN, cash can be withdrawn at an ATM. While nonbanks are the providers of these prepaid products, they generally work with depository institutions to ultimately facilitate the payment. The Consumer Financial Protection Bureau

short of the access that being banked would offer, such services do provide an entry point to more efficient financial services.

Another option is a version of a CBDC put forth by Congress as part of the CARES Act, though not included in the law.³ Current U.S. legislation proposes pass-through "digital dollar" wallets, where digital dollars are digital ledger balances recorded as liabilities in the accounts of Federal Reserve Banks. This account-based vision of a CBDC would not require new payment rails and likely would resemble central bank reserves.



has taken steps to make it easier for consumers to receive pandemic-relief payments on prepaid cards, including the EIPs authorized in the CARES Act. As a result, nonbank service providers such as PayPal and Netspend were able to offer customers with accounts meeting certain requirements the option to receive direct deposit of the EIP funds. The availability of these accounts is helpful, but likely not a solution for all unbanked consumers. Given the pandemic, those who rely on public internet access may find that access more difficult to obtain.

However, once such accounts are established, the opportunity exists to take advantage of mobile wallets offered by these and other similar providers. While falling

The hope is that those who currently do not have a bank account would be able to open a "FedAccount" at a location such as a post office. However, questions remain as to whether those without a bank account would choose to open a FedAccount. For example, those citing privacy as a reason for being unbanked may not be inclined to open an account with the Federal Reserve due to uncertainty about how much information the Federal Reserve would be required to know about each account. Alternative CBDC models also have been proposed as

³While discussion in the United States is increasing, central banks have researched CBDC for years; see Jesse Maniff, *KC Fed Payments System Research Briefing*, February 2020.

“... HISTORY HAS SHOWN THAT A SOLID FOUNDATION IS KEY TO THE EFFICIENT FLOW OF PAYMENTS, AND TO PROMOTING INNOVATIONS THAT ENRICH END USERS’ EXPERIENCES WITH THE PAYMENTS SYSTEM.”

possible solutions. Unlike FedAccounts, these models create an entirely new instrument on a new payments platform that often is meant to resemble a digital version of cash. While it is understandable in theory that a digital version of cash makes the payments seem likely to go quicker, more needs to be understood about how a CBDC could reach consumers, such as how to verify the wallets of a CBDC user and how these would be registered for such a distribution.

Funds transfers using real-time, instant payment systems would improve both reachability and speed, as well as move funds safely and efficiently. These types of payments require an infrastructure that connects banks across the country. This nationwide reach may be achieved through the presence of the existing instant payments service, The Clearing House’s Real-Time Payments, and the Federal Reserve Banks’ FedNowSM Service, which is being built. The FedNow Service is expected to provide public benefits related to the safety, efficiency and accessibility of instant payments, specifically through its ability to reach over 10,000 of the country’s diverse depository institutions. Instant payments such as those transmitted over these new payment rails enable end users to access their funds in near real-time, with immediate settlement between depository institutions. As a result, these payments will offer a better alternative to existing electronic payment methods, but the question of how to reach those without bank accounts still would remain.

To more efficiently reach all consumers, a directory that can be used to find end-user information, agnostic to the method of payment delivery, could be a part of a solution. Owner(s) of the directory(ies) could have relationships with payment providers that would facilitate routing to the appropriate entities for distribution to their customers.

However, there are matters that still would need to be addressed with a directory, such as ensuring that data is protected, identifying the payment recipient digitally, and resolving questions of ownership of and the means by which various directories connect or can be accessed.

The combination of an instant payments service with nationwide reach, with a robust directory service, would address some of the challenges creating inefficiencies in

emergency relief payments today. However, also causing delays are other time-consuming endeavors that the payment alternatives cannot solve because they are unrelated to how the payment is sent: determining who gets the money and where the money should be sent.

Continued, concerted efforts are needed on several important fronts:

- researching how best to reach the unbanked and underbanked;
- investigating the role of nonbanks and understanding opportunities for their involvement;
- exploring experimentation and motivations for a CBDC; and
- determining the optimal directory model to gain desired benefits while managing risks.

For our part as the central bank, and a provider of payment services to U.S. depository institutions, the Federal Reserve is focused on providing modern, fast, safe payments by building and operating the FedNow instant payments rail. Although this platform will not be a solution for all of the issues noted here, history has shown that a solid foundation is key to the efficient flow of payments, and to promoting innovations that enrich end users’ experiences with the payments system. I believe these steps are critical, and ultimately, they hold the promise of getting us closer to the goal of reaching all Americans.

This message first appeared in the June 30 issue of Policy Perspectives, available at [KansasCityFed.org](https://www.kansascityfed.org).



Notes from around the Tenth District

Gruber named executive vice president, director of research



Joe Gruber had been part of the Federal Reserve Board of Governors' official staff since 2012. He started with the Kansas City Fed on May 4.

Joe Gruber in May joined the Federal Reserve Bank of Kansas City as executive vice president and director of research.

Gruber comes from the Federal Reserve System's Board of Governors, where he served as deputy director of the International Finance Division. In his Kansas City Fed role, Gruber serves as chief economist and policy advisor to President Esther George.

"Joe's experience will be a strong asset for the Kansas City Fed and will provide important perspective for my role on the Federal Open Market Committee," George said.

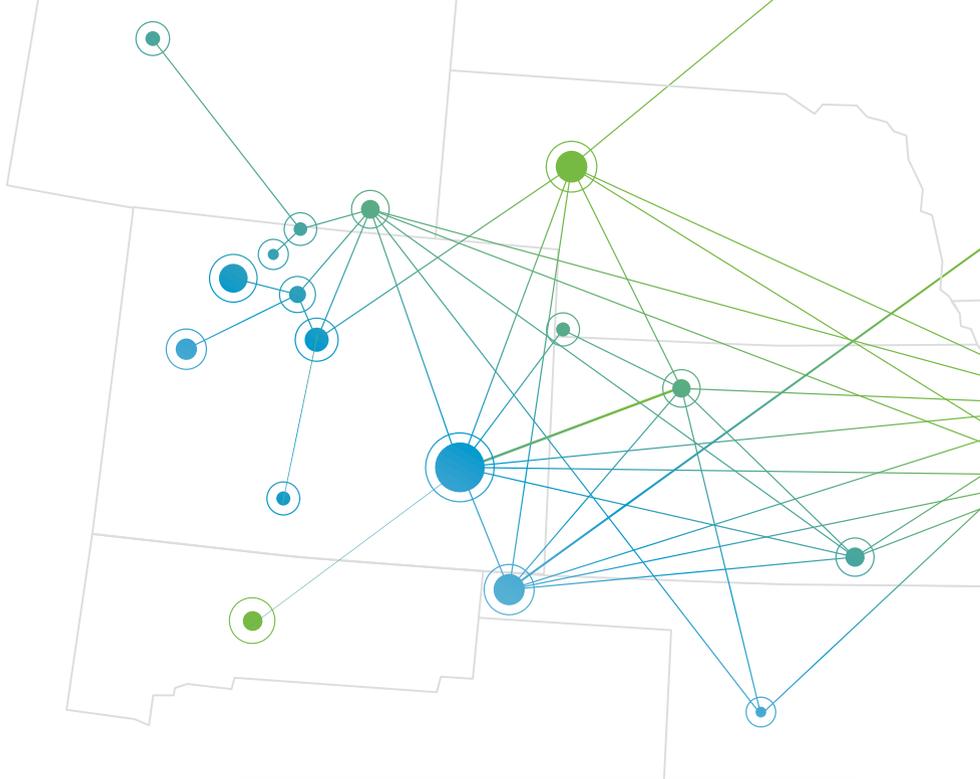
As director of the Bank's Economic Research division, Gruber leads research and analysis programs that support the Bank's missions regarding monetary policy, bank supervision and payments. He also oversees the division's responsibilities for providing high-performance computing, data warehousing and data management services to the Federal Reserve System.

"I spent some time in Duncan, Oklahoma, as a child because of my father's work in the energy industry," Gruber said. "I am glad to return to the Tenth District and to serve the region in my role."

Gruber has bachelor's degrees in International Studies and Economics from the University of Washington and a doctorate in Economics from Johns Hopkins University. He joined the Board in 2001 as an economist in the Advanced Foreign Economies section analyzing economic developments in key U.S. trading partners. In 2004, he transferred to the Trade and Quantitative Studies section and became chief of the section in 2008. Gruber joined the Board's official staff in 2012.

FURTHER RESOURCES

Follow the Bank's economic research at [KansasCityFed.org/research](https://www.kansascityfed.org/research).



Young appointed to lead People and Strategy Division

Senior Vice President Krissy Young has realigned her responsibilities to lead the Kansas City Fed's newly formed People and Strategy Division.

Young's appointment was announced by President Esther George and took effect July 1. In the announcement, George said the People and Strategy Division includes the Bank's Human Resources, Finance, Strategy and Risk operations.

Earlier this year Young was promoted to senior vice president of Human Resources and Public Affairs. She served as the chief human resources officer, leading the Bank's people and culture strategies. She also continued to lead Public Affairs activities across the District. Young joined the Bank in 2001.

"From the time I joined the Fed, I've had a wide range of opportunities to learn and grow, from work as an analyst in Financial Management through involvement in Human Resources, and in our public programs," Young said. "I am hopeful that those experiences will prove beneficial as I take on the responsibilities associated with this new role."

Young holds a bachelor's degree in Mass Communication from Northwest Missouri State University and a master's degree in Finance from Rockhurst University. She is a graduate of the Stonier Graduate School of Banking and holds an executive leadership certificate from the Wharton School of Business.



Krissy Young in June was appointed to the Bank's Management Committee and will lead the newly formed People and Strategy Division.



FURTHER RESOURCES

Learn more about the Bank's senior management at [KansasCityFed.org/aboutus/leadership](https://www.kansascityfed.org/aboutus/leadership).





Trudie Hall of Public Affairs, with more than 50 years of service, is now the longest-serving employee in the history of the Federal Reserve Bank of Kansas City. *Photo by Gary Barber*

Hall becomes longest-serving employee in Bank's history

This year Kansas City Fed employee Trudie Hall marked 50 years of service with the Federal Reserve Bank of Kansas City. In April, she achieved a designation of the longest-tenured employee in the Bank's history.

To commemorate her achievement, Hall was honored at a bankwide reception hosted by Kansas City Fed President Esther George and received a certificate of recognition from Federal Reserve Chairman Jerome Powell.

In 1970, after returning to Kansas City from college, Hall began in Accounting – hired on the spot after answering a newspaper ad. Since then she has served in several other roles, including representing the Money Museum.

Hall said that throughout her career at the Bank there have been “a lot of opportunities for me to learn new and different things, so I've changed jobs many times without changing the address.”

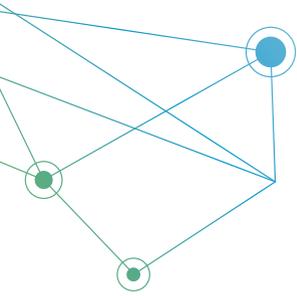
In her current role in Public Affairs, she leads the Student Board of Directors program in Kansas City.

“The Bank has provided an environment where I can constantly challenge myself,” Hall said. “Good work and good people inspire me to do more and to be more.”



FURTHER RESOURCES

Learn more about Reserve Bank career opportunities at [KansasCityFed.org/careers](https://www.kansascityfed.org/careers).



Bank Capital Analysis update released

The Kansas City Fed has released the results from its semiannual Bank Capital Analysis (BCA), which provides an objective and data-based approach to judging capital strength across the banking industry.

The BCA presents leverage ratios for individual U.S. global systemically important banks (G-SIBs), non-U.S. G-SIBs, and three other groups of institutions in the United States: large, regional and community banking organizations.

Adequate capital is vital for the safety and soundness of banks and overall financial stability. It serves as a buffer against unexpected losses and insolvency, and it protects the taxpayer-backed federal safety net for banks. Capital is particularly important for the largest systemically important banking organizations as protection against economywide financial instability.

The results released recently are as of Dec. 31, 2019, predating the effects of the COVID-19 pandemic and resultant economic instability. The economic disruptions in financial markets have led to actions by the Federal Reserve to relax regulatory capital requirements allowing for the expansion of bank balance sheets. While many banking organizations, particularly the largest, have expanded their lending, these organizations are preparing for future expected losses through temporary suspension of stock buybacks and increasing provisions for loan losses.



FURTHER RESOURCES

See the most recent results and related reports at [KansasCityFed.org/research/bankingandpayments/bca](https://www.kansascityfed.org/research/bankingandpayments/bca).



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 July, August and September.

Uinta Bank	Mountain View	Wyo.	100
Wahoo State Bank	Wahoo	Neb.	88
Gunnison Bank and Trust Co.	Gunnison	Colo.	80
Union State Bank	Clay Center	Kan.	78
Bank of Holyrood	Holyrood	Kan.	77
Farmers Bank of Lincoln	Lincoln	Mo.	75
Security State Bank	Basin	Wyo.	72
Five Points Bank	Grand Island	Neb.	23
State Bank of Burrton	Burrton	Kan.	23
America's Community Bank	Blue Springs	Mo.	22
Bank of Bennington	Bennington	Neb.	21
Payne County Bank	Perkins	Okla.	21
Farmer's State Bank	Quinton	Okla.	21
First Priority Bank	Pryor	Okla.	20
Lakeside Bank of Salina	Salina	Okla.	20
Security Bank	Tulsa	Okla.	20
Bank of Locust Grove	Locust Grove	Okla.	20
First National Bank of Coweta	Coweta	Okla.	1
RNB State Bank	Rawlins	Wyo.	1
First Bank of Beloit	Beloit	Kan.	1

Uinta Bank marks 100 years as state member bank

Uinta Bank of Mountain View, Wyoming, reached its 100th year as a state member bank in July.

This bank is the second in the Tenth District to reach 100 years of Federal Reserve membership. The first was the Bank of Versailles in Versailles, Missouri, which reached 100 years in December 2019.

The history of bank chartering is detailed in the Kansas City Fed book "State Banking and the Dawn of the U.S. Economy" by Timothy Todd. Read it at [KansasCityFed.org/publications/aboutthefed/statebankingandeconomy](https://www.kansascityfed.org/publications/aboutthefed/statebankingandeconomy).



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.

Note: Some of the activities featured in this issue took place before coronavirus closures and event cancellations were implemented.

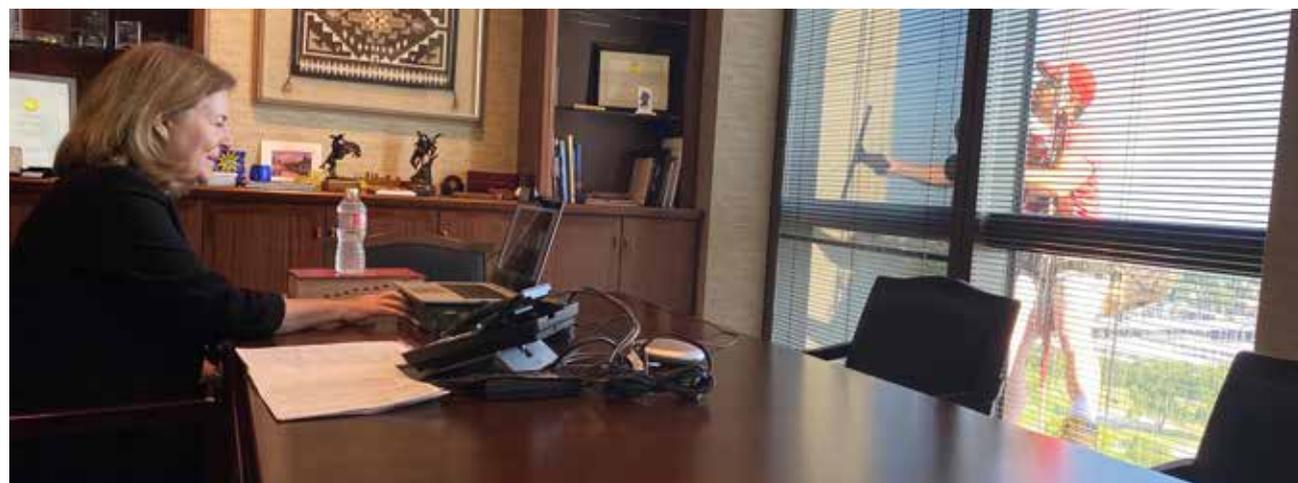
KANSAS, MISSOURI and BEYOND »



» On March 9, President Esther George and Senior Vice President Diane Raley visited Premier Manufacturing Inc. of Frederick, Colorado, as guests of President and Owner Edmond Johnson (rear, center), who serves on the Bank's Kansas City Board of Directors.



» President George spoke on March 4 at a Risk Management Association breakfast event at the Kansas City Fed's head office.



» In June, President George was interviewed via videoconference by Omaha television station KETV. George discussed the Fed's response during the pandemic and shared her outlook for the economy. Coincidentally a window-cleaning service was working at the Bank's office.

**COLORADO,
NEW MEXICO,
WYOMING »**



» In February, students from Mission Viejo Elementary School in Aurora, Colorado, visited the Denver Branch’s Money Museum for a day of learning.



» Denver Branch Executive Nicholas Sly discussed economic conditions and financial topics during the Branch’s “Evening at the Fed” gathering of educators in February. Read a midyear Q&A with Sly on page 12.



» Albuquerque and Denver Student Boards of Directors participated in networking events in March with Kansas City Alumni Board members and current Denver Branch directors along with staff, including Senior Vice President Tammy Edwards.



» Nick Sly and Denver Branch employees attended a bankwide virtual town hall in July. Because of the pandemic, the Branch and other Reserve Bank offices shifted mainly to remote work in March.

OKLAHOMA »



» Vice President and Oklahoma City Branch Executive Chad Wilkerson in May provided an update on the U.S. and Oklahoma economies for the Latino Leadership Class of the Greater Oklahoma City Hispanic Chamber of Commerce.



» On March 4, the Oklahoma City Branch Student Board of Directors shared lunch and conversation with members of the Branch's Board of Directors.

NEBRASKA »



- » In February, Senior Community Development Advisor Dell Gines (left) made an “Employer Laptop Challenge” delivery in Lincoln, Nebraska. On hand were Rich Claussen (center), community and business development consultant at Olsson, and Shawn Ryba, executive director of the South of Downtown Community Development Organization.



- » Omaha Branch Public Affairs Specialist Nicole Connelly spoke in February to apprentices in Steamfitters & Plumbers Local Union 464 about personal finance. Topics included setting goals, developing a budget and understanding compound interest.



MOUNTAIN REGION LEADERSHIP

Q&A with Denver Branch Executive Nicholas Sly

Assistant Vice President and Economist Nicholas Sly began serving as Branch Executive for the Kansas City Fed's Denver office in January.

As the Bank's chief regional economist and lead officer for Colorado, Wyoming and northern New Mexico, Sly works closely with the Branch's board of directors; engages regularly with banking, business and community leaders; conducts regional research; and actively participates in public programs. (His recent speeches and presentations are available at [KansasCityFed.org/speeches](https://www.kansascityfed.org/speeches).) Insights gained in those activities help inform the briefings he provides to President Esther George on the region's economic conditions.

Sly earned his doctorate in economics at Michigan State University and was an associate professor of economics at the University of Oregon before joining the Bank. He succeeded Alison Felix, who served as Denver Branch Executive from 2012 to 2019 and was appointed senior policy advisor for the Kansas City Fed. Because of the COVID-19 pandemic, the global, national and Rocky Mountain economic landscapes

have changed dramatically since January. Sly recently shared some thoughts on how the pandemic affected economic conditions in the region as well as his work with the Denver Branch staff.

Q: Soon after you started in Denver, a viral outbreak created a health crisis, led to dramatic economic upheaval and prompted a work-from-home posture across the Rocky Mountain region and for much of the staff in Denver. How did these circumstances affect your transition from the Economic Research division in Kansas City?

A: When I first came to the Branch I had two initial goals. The first was to build relationships with business and community leaders throughout the region. The second goal was to get to know the staff in Denver and to really understand how they individually contribute to the public service missions of the Fed. Both of those goals were never more important than they are in the current environment. The value of this Branch to the region and of the people that work in the office has

been plain to see in these difficult times. Perhaps the biggest change during my transition here was the need to ensure that we were communicating effectively about the steps we took to keep our people and our community safe.

Q: How have you gotten to know the different business areas of the Branch, and how have you been able to connect with the staff?

A: Early on I enjoyed the chance to sit down to lunch every day with folks from every part of the Branch. The cafeteria brings together all those in Cash Operations, the Supervision and Risk Management team, our Law Enforcement officers, the application development team that builds our technology, plus our Public Affairs and Facilities teams into a single space. Once it was established that I will support the Broncos, regardless that the Chiefs were heading to the Super Bowl when I arrive, people really opened up. The staff members here have strong connections with one another and a wealth of experience to share.

Listening to people in the cafeteria you can easily see the value our people bring to the nation's central bank. During our work-from-home posture, which still required a good portion of our intrepid staff to come into the Branch, I have definitely missed those lunchtime conversations. Instead I have shared the stories I hear in occasional emails, so we all can be reminded of the great work our people do.

Q: Before coming to Denver, you were a research and policy officer in the Bank's Economic Research division. Earlier, in addition to serving in academia, you worked abroad at research institutions. How have those experiences helped shape your approach to the current role?

A: I feel very lucky to have had a variety of experiences. My particular area of expertise is international economics and how trading opportunities shape our local labor markets. In this role my focus will certainly broaden as the Rocky Mountain zone has a rich mix of industries, great diversity among the people, and even an array of cultural differences that arise across states or between cities and rural areas. The mix of experiences I had prior to coming to Denver help me approach the varied aspects

of our region more easily. Likewise, through the research team in Kansas City, I had the privilege of working with leaders in payments strategies, specialists on banking conditions, innovators in data science and a variety of other subject matter experts in economics. That background is a great bedrock for engaging with real business leaders across the spectrum of industries in our zone. Also, I have a terrific new research team here in Denver with David Rodziewicz and Bethany Greene. They both have a breadth of experience that will help me better connect with the region.

Q: What are some of your thoughts on engagement with communities, businesses and experts across the region?

A: First, I have to recognize the truly remarkable willingness of so many leaders to reach out and share their perspectives in the first half of this year. So many people have picked up the phone to provide candid views of the pandemic and the challenges that arose from it. At the Fed we rely on timely information from the region to ensure the local perspective is part of the national economic discourse. Also, the Fed has undertaken a series of actions to enable real working families and businesses to weather some of the effects of the pandemic, and I see great value in sharing the Fed's perspective and building an understanding of these steps.

Q: Denver differs from Kansas City in many ways. How do you like the area?

A: I am truly grateful to have come to the Rocky Mountain region, even more so now that my family has made the move from Kansas City. We also have family throughout the zone, which helps me feel connected more quickly. The vitality of all the communities I have met with has impressed me, and I look forward to building a strong connection between those communities and the Denver Branch.



FURTHER RESOURCES

Learn more about the Denver Branch's work at KansasCityFed.org/denver.

OKC BRANCH

100



written by TIMOTHY TODD

Office's vibrant history belies rocky path to city's selection a century ago



The Oklahoma City Branch office at Third Street and Harvey Avenue is shown in 1923, the year the building opened. An addition was completed in 1962. *Federal Reserve Bank of Kansas City archives*

Since opening in 1920, the Oklahoma City Branch of the Federal Reserve Bank of Kansas City has provided Oklahomans with a direct connection to the nation's central bank. The Branch has participated in each of the Fed's missions: financial services, regulation and supervision of financial institutions and monetary policy.

Oklahoma also played a unique role in the Fed's creation in 1913. Oklahoma Senator Robert L. Owen was the Senate sponsor of the Federal Reserve Act of 1913. Owen brought to the job strong views on stabilizing the nation's financial system based on his experiences operating First National Bank of Muskogee during the banking panic of 1893.

At the time, the Fed's "decentralized" central bank structure was an innovation. The Oklahoma City Branch's centennial provides an opportunity to explore the history of the Branch's creation – a process that thrust both local rivalries and state pride under the spotlight.

President Woodrow Wilson signed the Federal Reserve Act on Dec. 23, 1913. However, the Act offered little direction on establishing the Federal Reserve System. For example, the Act devoted only about 300 words to the number of Districts, what those regions might look like and where to place headquarters – and fewer yet about Branches.

Oklahoma bankers strongly favored aligning with a regional Federal Reserve Bank headquartered in Kansas City. W.S. Guthrie, president of the Farmers' National

Bank of Oklahoma City, told the Reserve Bank Organizing Committee that an Oklahoma survey had found 80 percent of the state's banks – even some near the Texas border – backed Kansas City over Dallas.

Oklahoma divided

Unexpectedly, when the Committee unveiled the 12 Federal Reserve Districts in April 1914, Oklahoma was divided. Counties north of the Canadian River were in Kansas City's Tenth District; 34 counties south of the river were in the Dallas Fed's Eleventh District.

In drawing the Tenth District, the Committee upended some established banking relationships. Most southern Oklahoma banks had reserve accounts with banks in Oklahoma City, or with Kansas City institutions directly. Meanwhile, few had relationships with Texas banks. However, because of the District boundaries, roughly half of Oklahoma's banks would have to establish reserve accounts in Texas. One concern was that funds to create those accounts would be withdrawn from existing accounts, particularly in Oklahoma City.

"Bankers in the southern part of the state were ... almost dumbfounded," by the boundary lines, W.B. Harrison, secretary of the Oklahoma Bankers Association (OBA), told a reporter. Among banks in the Dallas Fed section of the state, almost all denounced the decision and promised to work to affect a change.

Within weeks, OBA members, under Harrison's leadership, unanimously adopted a resolution that the entire state be in the Tenth District. Banks assigned to the Dallas Fed immediately appealed directly to both Federal Reserve officials and Owen's Senate office for help. Owen also expressed his concern.

"(T)hey desire their clearings with each other ... pass through an Oklahoma clearing point," Owen wrote to the Committee secretary. "They have a natural state pride which is very powerfully felt in Oklahoma, and moreover they believe that the commercial interests of Oklahoma as a state will be much better conserved by clearing through an Oklahoma point. In this I very strongly sympathize with them, and urgently insist that the integrity of Oklahoma banking territory be not impaired by this division of the state."

Some of the anger was largely symbolic. Structurally, nothing prevented banks from maintaining existing relationships. Jerome Thralls, manager of the Kansas City Clearing House, a key figure in establishing the Kansas City Fed and knowledgeable about the region's banking relationships, expected that most country banks would use excess reserves in their own vaults to establish Fed accounts.

Harrison, writing to OBA members, said a divided Oklahoma would never merit a Branch. Several bankers echoed this concern to Owen and Fed officials.

After a hearing, the Fed's Board of Governors in May 1915, moved all but eight counties in Oklahoma's southeastern corner to the Tenth District.

Welcome to Oklahoma

While some arguments for placing all of Oklahoma in one District were valid – for example, much of south Oklahoma's

business trade was with cities to the north – others were a stretch. One was that Oklahoma, a state for just seven years, might never achieve its full economic potential if it was split between two Districts. The Oklahoma economy, however, already was flexing its muscle.

Few areas in the United States have a history as complex and diverse as Oklahoma. The region already was home to Native Americans when the Indian Removal Act of 1830 forced tribes from other U.S. regions into what was known as Indian Territory. Although tribes' social structures and practices varied in such areas as land ownership, the area's cotton and livestock production was substantial before the Civil War.

After the War, railroad construction, white settlement and land runs starting in 1889, caused growth in timber and coal mining in addition to agriculture. Although Oklahoma oil exploration predated the land runs, the industry boomed around the dawn of the 20th century, putting the frontier town of Tulsa on a fast track to becoming the proclaimed "Oil Capital of the World."

Thus, while it was apparent to Oklahomans that the region eventually would merit a Branch, the location would remain undecided for some time.

Nationwide, speculation about placing Branch offices started when the 12 Districts were announced April 2, 1914. An article about the characteristics of the Tenth District in *The Wall Street Journal* said two Branch cities were apparent: Omaha and Denver.

The situation in the southern part of the District, however, was more vexing. The article listed Oklahoma City, Tulsa and Muskogee as contenders, as well as Wichita, Kansas.



Oklahoma City Branch employees are shown in an office picture from the 1920s. *Federal Reserve Bank of Kansas City archives*

The Branch question

Branches were a difficult issue. While the public may have expected immediate openings of Branches, the new regional Banks were uninterested in additional offices and increased costs.

The first Branch in the Federal Reserve System opened Sept. 10, 1915, in New Orleans – a city many expected to be a headquarters—as a Branch of the Federal Reserve Bank of Atlanta.

Omaha and Denver both requested Branches in 1917. Omaha, a rail hub and financial center, had made a strong argument as a possible headquarters and its Branch request was approved first. The Omaha Branch opened Sept. 4, 1917. The Denver Branch opened July 14, 1918.

Requests for a Branch from the District's southern region, largely set aside pending selection and openings in Omaha and Denver, now would get their turn.

The Fed comes to Oklahoma

As *The Wall Street Journal* years earlier suggested, a Branch in Oklahoma was a unique challenge. There was no clear choice for a location nor one supported by all the area's bankers. Instead, four communities laid claim to a Branch office. The competition spotlighted regional rivalries, included some intrigue and extended longer, and with more drama, than anyone preferred.

Some cities organized quickly. Tulsa bankers drafted a request within days of the announcement of the District boundaries in 1914, but didn't even know where to send it. Muskogee bankers eventually decided to wait until the System was better established.

In 1917, when some of the Federal Reserve Act issues related to Branches were resolved, bankers from Muskogee, Oklahoma City and Tulsa joined their Denver and Omaha peers in submitting requests to the Kanas City Fed. Tulsa bankers even contacted Fed



Robert Latham Owen of Oklahoma co-authored the legislation that formed the Federal Reserve System.
Library of Congress

officials in Washington, D.C. Oklahoma cities received some consideration then, resulting in Muskogee being eliminated, according to a comment from Bank President Jo Zach Miller Jr. to a Muskogee reporter. The Kansas City Fed also indicated the issue would be resolved only after Omaha and Denver were open.

If Kansas City Fed officials hoped time would add clarity, they were mistaken. The issue only became more complex.

In 1919, bankers in Oklahoma City and Tulsa, and Wichita, filed requests for a Branch. The Kansas City Fed's Board set a July 24, 1919 hearing. It was not lacking for drama.

“With all the energy of auctioneers, Tulsa, Oklahoma City and Wichita ran up their bids yesterday for the favors of the district Federal Reserve Board,” according to *The Kansas City Journal* of July 25, 1919.

Rather than tout banking and business relationships, presenters focused on each town's superiority. A Nebraska reporter noted Oklahoma City and Tulsa “went at it tooth and nail.”

Oklahoma City bankers said many of their peers supported a branch there and that, unlike Tulsa, their city was centrally located within the state. Tulsa bankers, meanwhile, talked about their city's growth, its role in world oil markets and the need for the type of oil financing expertise found only in Tulsa.

Oklahoma City had a larger population and better rail access.

Tulsa had more wealth and a better relationship with Kansas City.

Wichita bankers took a third track, arguing that economic activity in Oklahoma City or Tulsa was only stopping there briefly before continuing “on the way to Wichita,” making it the appropriate choice.

After the presentations, the Bank's Board met Sept. 25. The Board rejected one recommendation that the Board of Governors select one of the two Oklahoma cities as the Branch site, but then approved another not to open a Branch in Oklahoma at all.

An early unpublished Bank history indicates the rejection of all cities partly was a response to the self-promoting presentations, saying they “should have been based upon the commercial fitness to serve a territory not already fully served by the Bank.”

Regardless of the reasoning, the response was quick.

Oklahoma bankers launched an immediate appeal to the Board of Governors.

“We’ll have to fight for it as we have had to fight for everything else the city ever got, but we are going to win,” Daniel W. Hogan, president of the Oklahoma City Clearing House Association told *The Daily Oklahoman* for a Sept. 27, 1919 story. By this point, some Oklahomans felt like they repeatedly had been misled. In many newspaper accounts, Oklahomans said at least three Kansas City bankers in 1914 promised Oklahoma City would receive a Branch if the state’s bankers supported Kansas City’s headquarters bid.

While Kansas City Fed officials were mulling the issue, a story in the Kansas City and Wichita press indicated Oklahoma banks might try to bolt from the Tenth District and appeal to join the Dallas District. The story quoted Harrison – the OBA official who had led the effort to get all of Oklahoma into the Tenth District.

Harrison now was living in Wichita, was president of Union National Bank and heavily involved in Wichita’s Branch effort.

Harrison told a reporter that when he was with the OBA “the Oklahoma City bankers ... had a promise from the Dallas Reserve Bank ... that if they would (join) the Eleventh District, a Branch would be established in their city.”

This conflicts with letters Harrison wrote to Oklahoma bankers in 1914-15 that a Branch might not be possible unless the entire state was in the Tenth District. Harrison may not have been encouraging Oklahoma bankers to leave the Tenth District, but he added to the growing turmoil and frustration.

Those emotions were apparent in an editorial titled, “Justice for Oklahoma,” published by *The Daily Oklahoman* soon after the Harrison article appeared

“WE’LL HAVE TO FIGHT FOR IT
AS WE HAVE HAD TO FIGHT FOR
EVERYTHING ELSE THE CITY EVER
GOT, BUT WE ARE GOING TO WIN.”

—Daniel W. Hogan

in Wichita: “Probably there has never been an act in the history of the Federal Reserve banking system so extraordinary as the act of the Tenth District Reserve Board at Kansas City in persistently and arbitrarily refusing to grant a Branch Reserve Bank in Oklahoma City.”

The lengthy editorial did not identify Harrison, but it argued that “the Dallas district would welcome Oklahoma.”

Within weeks, the Oklahoma Clearing House was coordinating efforts to redraw District boundaries – saying it was supported by about 200 Oklahoma banks.

Before that advanced, however, Oklahoma City, Tulsa and Wichita delegations went to Washington, D.C., for an Oct. 21 meeting with the Federal Reserve Board where their arguments in Kansas City continued.

After the hearings, the Federal Reserve Board on Oct. 31 asked the Kansas City Fed for details about Oklahoma banking and business relationships and said Oklahoma would receive a Branch – Wichita was deemed too close to Kansas City.

But which city in Oklahoma? The Board sent Henry Moehlenpah, who had been a Fed governor for about a week, to investigate.

Moehlenpah was a former Wisconsin banker who was “a farmer’s banker and a banker representing and understanding the needs and problems of agriculture and of the small bank.” Moehlenpah likely was best-positioned among Fed officials to understand the issues facing Oklahoma banks.

He spoke at public events in Oklahoma City, Tulsa and Muskogee, but was careful not to tip his hand, saying he would report to the Board that Oklahoma deserved a Branch. One reporter indicated the statement “was applauded to the celebrated echo.”

In addition to Moehlenpah’s work, the Board also wrote to Oklahoma banks outside of Oklahoma City and Tulsa asking which they preferred. That was good news in Oklahoma City, where bankers pointed to a previous petition in which their statewide counterparts showed strong support for Oklahoma City over Tulsa.

With the report and data in hand, the Board of Governors entered into a “long and drawn out discussion” about Oklahoma at a Dec. 17, 1919 meeting, according to the diary of Fed Gov. Charles Hamlin.

Moehlenpah reported on his trip and suggested Oklahoma City was the preferred location as long as

Tulsa banks did not have to route checks that needed to move east back through Oklahoma City to the west – which would cause unnecessary delay.

Despite Moehlenpah’s report, the issue was not yet resolved.

At least two Fed governors opposed locating any Branch in Oklahoma. Hamlin, however, convinced them and moved that Oklahoma City receive the Branch with a provision that any bank in the state could send checks through Kansas City or Oklahoma City, addressing

Tulsa’s concern. It was approved and announced later that day.

“THE OKLAHOMA CITY BRANCH OF THE FEDERAL RESERVE BANK OPENED FOR BUSINESS ... AND FROM THE START THE BANK’S BUSINESS WAS MORE THAN SATISFACTORY. IT EXCEEDED ALL EXPECTATIONS OF OFFICIALS.”

— *The Investor*

Serving Oklahoma in the 21st century

The Oklahoma City Branch opened Aug. 2, 1920. About 50 employees worked in offices on the second floor of the Continental Building at Second Street and Broadway. The Branch used vault space at the city’s First National Bank.

“The Oklahoma City Branch of the Federal Reserve Bank opened for business ... and from the start the bank’s business was more than satisfactory. It exceeded all expectations of officials,” according to *The Investor*, a local business journal.



During a 2016 tour of the Cherokee Heritage Center in Tahlequah, Vice President and Oklahoma City Branch Executive Chad Wilkerson and Cherokee County banker Susan Chapman Plumb visited the Robert Latham Owen monument. Plumb has served on the Branch's Board of Directors since 2017.

The Branch soon moved into its own building. Work on a three-story Oklahoma City Branch at Third and Harvey started in 1922. In a bit of irony, Willis J. Bailey, who as a Kansas City Fed director had led opposition to an Oklahoma Branch, had become the Bank's president. In that position, he was responsible for laying the building's cornerstone. The building, which *The Daily Oklahoman* called "a financial rock of Gibraltar," opened in 1923. An addition to the building was completed in 1962.

Like the rest of the Federal Reserve System, the Oklahoma City Branch evolved in response to a changing financial services landscape. As Americans moved from paper-based payment methods, the Branch eliminated its check processing operations while cash operations were consolidated across the System nationwide. Those changes significantly affected the office space necessary for conducting Branch operations and the office downsized.

Today, the Branch is led by a regional economist focused on providing Fed policymakers with important insight and analysis on the Oklahoma economy and, importantly, the energy sector. Branch staff is engaged in bank supervision, community development, public engagement and economic and financial education. Through a network of relationships with businesses and communities across the region, the Fed closely monitors banking and economic conditions, ensuring that Oklahoma's voice is heard in the Fed's national policy deliberations. The Branch offices are at 211 N. Robinson Ave., in downtown Oklahoma City.

FURTHER RESOURCES:

Get updates on the Oklahoma City Branch's activities and learn more about the office's history at KansasCityFed.org/oklahomacity.



EXAMINING COVID-19

RESEARCH STUDIES REVEALING WIDE-RANGING ECONOMIC EFFECTS

As the global pandemic continues, Federal Reserve economists are publishing extensive research exploring the historic consequences of the coronavirus. Visit [KansasCityFed.org/research](https://www.kansascityfed.org/research) to read or subscribe to complete *Economic Bulletins*, *Economic Review* articles, regional snapshots and other updates on the economy. Here are summaries of research conducted in the early months of the pandemic.

STUNNED BY COVID-19, ECONOMIES SEE SIGNS OF STABILIZATION

As the COVID-19 pandemic hit, a deep and broad downturn gripped the economies of the United States and the Federal Reserve's Tenth District. As stay-at-home orders and social distancing restrictions were put into place, many businesses closed, shut down parts of operations or reduced staffing. As businesses closed and consumers stayed home, job losses mounted. Within just a couple of weeks, initial claims for unemployment insurance skyrocketed from historically low levels to historically high levels. Employment has declined in almost every industry since the shutdowns started, but job losses have been slightly less severe in the Tenth District. As restrictions have been easing, business and consumer activity are showing improvement but remain well below pre-pandemic levels.

—Jason P. Brown and Alison Felix, June 2020



Above: Photo by Getty Images

Right: As local restrictions eased, a Denver coffee shop served customers in May. Photo by David Tejada

WOMEN FACED BRUNT OF EARLIEST JOB CUTS

The temporary shutdown orders and social distancing measures taken to fight the COVID-19 outbreak caused substantial job losses in the United States. Women, especially those without a college degree, have taken a bigger hit in the first wave of job losses. Although women had less than half of all jobs in February 2020, they lost 425,000 jobs in March, corresponding to 60% of all job losses. Also, women had more jobs in the hardest-hit industries—35.4 out of 56.5 million. This imbalance could lead to prolonged damage to women's employment and labor market attachment if job losses deepen and persist.

—*Didem Tüzemen and Thao Tran, April 2020*

COVID-19 CHALLENGES STATE AND LOCAL GOVERNMENT FINANCES

As the coronavirus pandemic wreaks havoc on the U.S. economy, state and local governments will not be immune from the pain. In the near term, governments face liquidity challenges, as many tax deadlines have been postponed. In the longer term, governments will experience large revenue declines that may lead to significant budget cuts. The coronavirus pandemic has disrupted tax collections and impelled increased medical spending, with potentially serious financial consequences for state and local governments tasked with a response. These consequences, in turn, could affect the U.S. economy more broadly.

The state and local government sector is an important contributor to both economic growth and employment in the United States. In 2019, the sector contributed two-tenths to overall GDP growth. In February 2020, state and local government employment together made up about 13% of U.S. total employment. State and local government employment made up an even larger share of employment in the Federal Reserve's Tenth District, ranging from 13.1% in Missouri to 21% in Wyoming. However, the economic effects of COVID-19 on state and local governments may take some time to fully materialize and may persist even as health risks dissipate.

—*Alison Felix, May 2020*



GLOBAL PANDEMIC AND THE RUN ON 'SHADOW BANKS'

In March, the global coronavirus pandemic led to a period of financial stress in which credit conditions tightened at an unprecedented pace. Elements of this stress period can be explained as a classic run on "shadow banks"—nonbank financial institutions that fund long-term assets with short-term debt. Although timely Federal Reserve interventions restored some calm to markets, shadow banks remain vulnerable to future runs because they lack the safeguards available to regulated depository institutions.

—*Rajdeep Sengupta and Fei Xue, May 2020*

AGRICULTURE FEELS INITIAL EFFECTS OF PANDEMIC

Agricultural credit conditions in the Tenth District deteriorated at a slightly faster pace at the onset of developments related to COVID-19. The Kansas City Fed's first-quarter survey of credit conditions, distributed in mid-March, indicated a larger decline in farm income and loan repayment rates than in recent quarters. Looking ahead, bankers indicated that their expectations were much more pessimistic. Beyond the survey period, further disruptions at meatpacking and food processing facilities and a substantial slowdown in ethanol production put heavy downward pressure on cattle and corn prices. Through early May, cash prices for both since January had declined more than 20%, adding pressure to already stressed farm finances in the seven states of the District.

—*Nathan Kauffman, Ty Kreitman, May 2020*



Photo by Getty Images

COVID-19 AND THE FOOD SUPPLY CHAIN

The pandemic presents unique challenges for bottlenecks in the food supply chain. News reports about crunches in food supply chains ranged from health risk at meatpacking plants to images of farmers dumping milk in fields. The Kansas City Fed region, in the middle of the United States, has a high concentration of food production. For example, food production in Nebraska accounts for about 3.5% of gross domestic product (compared with 1.4% nationwide). Food manufacturing in the state also accounts for an outsized share of employment and overall income compared with the nation. A study by the Kansas City Fed's Omaha Branch, using beef as an example, examines the food production supply chain.

Inputs: The first step in the chain is the farmer paying for inputs of feed, breeding livestock and services.
Production: In the secondary step, farmers produce cattle and add weight via pasture or feedlot systems.
Processing and distribution: Focused on packing and processing, this step also includes distribution of meat products to wholesalers.
Retail: The final step is distribution to the consumer through channels such as supermarkets, restaurants and schools.

With COVID-19, breakdowns or bottlenecks in any segment of the supply chain can affect others up and down the chain.

—Nathan Kauffman, April 2020

COVID-19 AND HOUSEHOLDS' FINANCIAL DISTRESS

Calculations strongly suggest that in response to the earnings losses that will plausibly accompany the social distancing response to COVID-19, consumer spending is likely to contract much more in areas that entered this episode with higher financial distress. Indeed, our numbers suggest that the decline in consumption will be over twice as large between the lowest and highest quintiles of financial distress. Part of this is related to the magnitude of the shock each region receives, but an equally large part is related to the pre-existing conditions of each region.

What do these results imply for policy? In our view, the findings here mean that special consideration should be given to assessing the nature of financial distress when deciding on policies designed to mitigate or offset these earnings losses. This is especially true for any policies that are already tailored toward helping more financially distressed communities, as they are likely to be most at risk and least able to maintain their living standards.

—This study, published in April 2020 and hosted at [RichmondFed.org/publications/research/coronavirus](https://richmondfed.org/publications/research/coronavirus), is part of the ongoing COVID-19 Economic Impact research series conducted by Kansas City Fed Research and Policy Officer José Mustre-del-Río and economists from other Reserve Banks.

OKLAHOMA ECONOMY HARD-HIT BUT STARTING TO PICK UP

Since March, COVID-19 and the collapse in commodity prices have presented significant challenges for the state and U.S. economies. Oklahoma employment has fallen sharply, especially in hospitality and energy, while tax collections have dropped, and many businesses worry about survival. However, state economic activity is starting to pick up, and a strong national policy response should help.

—Oklahoma Economic Snapshot, June 2020



Photo by Getty Images

NEBRASKA'S ECONOMY SHOCKED BY COVID-19

Nebraska's economy began 2020 on what appeared to be solid footing, but it has been shocked in ways bearing little resemblance to anything experienced in modern times. As COVID-19 began to spread across the globe from January to March, leading to widespread economic shutdowns, business activity collapsed and a massive number of individuals suddenly were out of work. Although the rapid deterioration of economic conditions in Nebraska was not as severe as other parts of the country, unemployment spiked in April to levels that previously may have been unimaginable. Through June, many segments of Nebraska's economy have reopened, at least partly, but the economic shock of COVID-19 appears likely to persist for months, if not years.

Significant fiscal and monetary policy support likely has mitigated some of the direst potential outcomes of the economic crisis resulting from the pandemic. However, significant risks remain. A resurgence in the virus could lead to further economic hardship. And while extreme disruption often can lead to longer-term growth, the path forward still may be arduous.

—Nathan Kauffman and John McCoy, June 2020

HOW THE PANDEMIC MIGHT RESHAPE DIGITAL PAYMENTS LANDSCAPE

Widespread adoption of real-time payments—currently in the early stages of implementation in the United States—can help shorten delays in funds availability, thereby boosting consumers' use of digital payments. Despite the increase in payments made via online or mobile channels in recent years, many consumers have not yet adopted digital payments. However, aided by various legislative and industry initiatives, consumers and businesses are adapting to the new realities of the COVID-19 pandemic by going digital.

Whether this trend will continue post-pandemic remains to be seen. Much will depend on whether the initiatives and momentum arising from this pandemic lead to sustained improvements in the ability of financially or digitally underserved consumers to participate in digital payments. Assisting unbanked and underbanked consumers in particular may require an array of stakeholders.

—Ying Lei Toh and Thao Tran, June 2020

FURTHER RESOURCES

Go to [KansasCityFed.org/research](https://www.kansascityfed.org/research) for updated reports and analysis by Bank economists.



COVID-19 RESOURCES

Fed program addressed nonprofits' funding needs as pandemic hit

written by VICTORIA ROSENGARTEN

The country started seeing effects of the coronavirus pandemic immediately. Small businesses and nonprofits were among the first to voice concern and a need for funds.

Quickly the Federal Reserve Bank of Kansas City began to coordinate efforts to launch a special virtually conducted series of its signature program, Investment Connection. The purpose was to connect funders with nonprofits affected by COVID-19.

"It was important for the Kansas City Fed to expedite the Investment Connection programs during this unprecedented time," said Tammy Edwards, Kansas City Fed senior vice president of Community Engagement and Inclusion and the director of the Bank's Office of Minority and Women Inclusion. "This community development initiative assists organizations in providing essential services to the underserved and underrepresented."

Tenth District community organizations affected by the coronavirus outbreak, with proposals that would receive Community Reinvestment Act (CRA) consideration, could apply for the chance to connect with potential funders.

"The devastation is demanding that government, nonprofits, and other organizations think broadly and creatively to address the growing needs of households and businesses across the nation," Federal Reserve Governor Lael Brainard said during welcome remarks for the May 5 Investment Connection. "The Community Reinvestment Act is a powerful tool to bring stakeholders together to find solutions that serve the needs of low- and moderate-income communities." Senior Community Development Advisor Ariel Cisneros, who leads the Investment Connection

program, received 55 percent more applications than usual. Submissions were from across the region including, New Mexico, Colorado, Oklahoma, Nebraska, Wyoming, western Missouri and Kansas.

Throughout the first week of May, the Kansas City Fed hosted five virtual Investment Connection events with more than 500 participants.

"We mobilized quickly to create a virtual and efficient substitution for our traditional, in-person event," said Cisneros. "These organizations work with the most vulnerable populations who are in need during this time of hardship."

INVESTMENT CONNECTION



FEDERAL RESERVE BANK of KANSAS CITY

Community Development Investment and Lending Partnership

As the pandemic continued, other Reserve Banks initiated Investment Connection programming with a focus on COVID-19.

The program is now offered in eight Reserve Banks and regions as far as Puerto Rico. In the Tenth District, Investment Connection has led to more than \$40 million in funding since the program began in 2011. The initiative continues to produce millions of dollars in new funding for community organizations across the Federal Reserve System and the country.



FURTHER RESOURCES

Get updates and learn more about the program at KansasCityFed.org/investmentconnection.

Companies donate computers to help meet communities' urgent technology needs

written by JEREMY HEGLE



What began as a project to narrow the digital divide has grown into a nationwide campaign to get computers into the hands of those who need them.

By February 2020, the Federal Reserve Bank of Kansas City had donated 100 Bank laptops to community organizations across the Bank's seven-state District as part of an initiative to expand broadband access. Originally the Bank wanted to create case studies to show the variety of ways computer donations could help meet community needs. The Bank's Community Development team would then promote the case studies to other employers as a low-cost way to support communities.

The onset of the coronavirus pandemic, however, resulted in an accelerated timeline and expansion of the mission. On April 13 the Kansas City Fed launched the Employer Laptop Challenge to encourage other employers to donate, as well. As of July, more than 1,500 devices had been donated.

Before the pandemic, the Community Development team chose organizations throughout the Tenth Federal Reserve District that, together, would show the range of needs donated computers could fulfill. Even then it was estimated that about a third of low-income households lacked a home computer. Now more than ever a computer at home is a lifeline to services, education and work.

THE ORGANIZATIONS SELECTED AND THEIR ORIGINAL PLANS FOR DONATED LAPTOPS:

- Center for Employment Opportunities, Oklahoma City, to help ex-offenders with job searches, applications and skills training.
- Connecting for Good, Kansas City, to continue gently refurbishing used computers and donating them to nonprofits serving lower-income residents, or selling equipment to low-income residents for \$10 to \$150.
- Center for Work Education and Employment, Denver, to help single parents transition from public assistance to good jobs.
- Denver Housing Authority, to provide computer and internet training to senior residents.
- Perkins Public Library, Perkins, Oklahoma, to launch a youth coding club for students.
- reStart Inc., Olathe, Kansas, to enable clients in its youth transitional living program to pursue education, skills development and jobs.
- ConnectLNK, Lincoln, Nebraska to provide broadband access and skills training to neighborhood residents.

However, just as the groups were receiving laptops, the onset of the global pandemic disrupted plans. Some, like reStart, could move forward as intended. Others, like the Perkins Public Library, had to pivot to respond to even more critical needs.

The library closed to the public just two days before the youth coding club was scheduled to start. Then the library began receiving urgent requests for public computer and Wi-Fi access. "The calls we got were heartbreaking," said Alison Bloyd, library director. "Our patrons were needing them to apply for benefits, to track their stimulus payments, to do teledocor conferences." The library began lending the laptops. "If they don't have internet at home or Wi-Fi at home, they just use it in the parking lot and return it before they leave," Bloyd said.

FURTHER RESOURCES

Go to KansasCityFed.org/ten for video of Connecting for Good and Perkins Public Library officials discussing the importance of donated laptops. To learn more about the program or get involved, visit KansasCityFed.org/laptopchallenge.



Programs, services provide COVID-19 recovery information, assistance

Throughout the coronavirus pandemic, the Federal Reserve has taken several steps to help consumers and businesses hurt amid the economic damage of the coronavirus pandemic.

As the impact of COVID-19 continues to be felt, there are several ways for the public to stay abreast of Federal Reserve actions and utilize timely, free resources. Here are information channels that consumers, businesses, community organizations and financial industry entities can use to help navigate the crisis.

FEDERAL RESERVE BANK OF KANSAS CITY

Read an update from President Esther George about the Bank's responses to COVID-19, and use a collection of guides related to consumer awareness, employment, community resources, economic research publications and online learning. (KansasCityFed.org/covid-19)

FEDERAL RESERVE BOARD OF GOVERNORS

Read the Board's latest decisions and announcements, access related resources, and see the most recent statements and speeches by Chairman Jerome Powell and the governors. (FederalReserve.gov)

MAIN STREET LENDING PROGRAM

This nationwide Federal Reserve program, administered by the Reserve Bank of Boston, supports lending to small and medium-sized businesses that were in sound financial condition before the onset of the pandemic. (BostonFed.org/mslp)

PAYCHECK PROTECTION PROGRAM

This Small Business Administration loan program is designed to help businesses keep their workforce employed during the pandemic. (sba.gov)

FEDERAL RESERVE CONSUMER HELP

Here consumers can get information to help guide personal financial decisions and find assistance on topics including unemployment insurance, debt collection and foreclosure. The FRCH staff also can help consumers with complaints regarding financial institutions. (FederalReserveConsumerHelp.gov/about/covid-19-resources)

COVID-19 FAQs

"What is the Federal Reserve doing to help households? Who is eligible for the Main Street Lending Program? How are state and local governments being assisted?" This page provides answers to these and other questions concerning the pandemic. (FederalReserve.gov/covid-19-faqs.htm)

CONSUMER FINANCIAL PROTECTION BUREAU

On topics ranging from CARES Act mortgage forbearance to avoiding pandemic scams, this site provides updated information and resources to help consumers manage their finances. (www.consumerfinance.gov)

FFIEC'S CONSUMER HELP CENTER

The Federal Financial Institutions Examination Council is directing consumers with complaints and questions about their bank or financial institution to the appropriate federal bank regulatory agency that can help them with their concerns. (ffiec.gov/consumercenter)

FDIC CONSUMER PROTECTION

The Federal Deposit Insurance Corp. offers a deep collection of resources to educate and protect banking consumers, revitalize communities, and promote compliance with the Community Reinvestment Act and fair-lending laws.

SHORT-TIME COMPENSATION PROGRAMS

Such programs are designed to reduce layoffs during times of reduced demand by enabling an employer to cut staff hours of workers who then are able to receive partial unemployment benefits. More than 20 states offer these programs, including four in the Tenth Federal Reserve District:

Colorado: colorado.gov/pacific/cdle/layoffassistance

Kansas: dol.ks.gov/employers/shared-work-program

Missouri: labor.mo.gov/DES/Employers/shared_work

Nebraska: dol.nebraska.gov/STC

STUDENT LOANS

The U.S. Department of Education's Office of Federal Student Aid is providing updated information for students, borrowers and parents. (studentaid.gov/announcements-events/coronavirus)

Online tools to help consumers, students learn, prepare and save



Economic effects of the coronavirus pandemic have brought household financial awareness more sharply into focus. To help consumers and students better understand economic and personal finance topics, the Kansas City Fed and the Federal Reserve System offer a wide range of online learning opportunities. Videos, podcasts, quizzes, games, online courses and more are free and available for you to explore. Get started with these:

THE FED AND YOU

A video explaining the Tenth Federal Reserve District and the economy, and what the work of Reserve Banks mean for consumers. ([KansasCityFed.org/education](https://www.kansascityfed.org/education))

FEDERAL RESERVE EDUCATION

A collection of digital resources, classroom assets and publications to equip educators and empower students. ([FederalReserveEducation.org](https://www.federalreserveeducation.org))

PUTTING YOUR PAYCHECK TO WORK

Fact sheets, resources and activities for employees to understand and make the most of their paychecks. ([KansasCityFed.org/education/consumer](https://www.kansascityfed.org/education/consumer))

FINANCIAL FABLES

Animated e-books that combine reading, economics and personal finance into life lessons, accompanied by coloring pages and family activities. ([KansascityFed.org/education/fables](https://www.kansascityfed.org/education/fables))

JAY STARTS A BUSINESS

An app that takes students into the world of entrepreneurship through an interactive, online adventure with Jay Eagle, the Tenth District mascot, walking through the process of starting a business. ([KansasCityFed.org/education/jaystartsabiz](https://www.kansascityfed.org/education/jaystartsabiz))

YOUTUBE: KIDS ASK THE KC FED

Does the Fed print money? What does the Kansas City Fed president do? Get answers to these and other questions when children directly ask the experts. (See “Kids Ask the KC Fed” in the “[KansasCityFed](https://www.kansascityfed.org)” YouTube channel.)

YOUR CENTRAL BANK

A short animated video explaining what the Federal Reserve System does for the economy.

ECON LOWDOWN

A searchable collection of economics and personal finance lessons, activities, and reading material. ([StLouisFed.org/education](https://www.stlouisfed.org/education))

FURTHER RESOURCES:

Use free economic and personal finance resources at [KansasCityFed.org/education](https://www.kansascityfed.org/education).



COVID-19: HARDSHIP &

HOP

Voices across the region reflect
economic struggle and cautious optimism



At the midpoint of a year unlike any that most Americans have seen, headlines tell a bleak story:

***Coronavirus affects millions in United States
Nearly half of U.S. population unemployed
COVID-19 cases spike as states reopen***

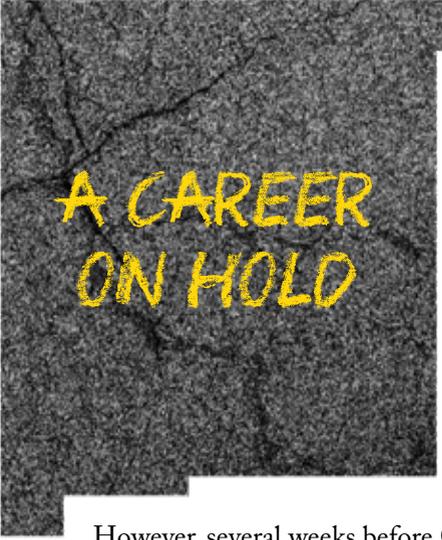
Indeed, because of the global coronavirus pandemic and its ongoing effects, everyday life is vastly different from what many expected as 2020 began. Countless workers in the Federal Reserve's Tenth District and across the country are sorting out the damage to their household finances, health and well-being. Community organizations, some strapped for funding even before the pandemic, face the challenge of providing vital services as clients' needs multiply. Businesses that managed to remain afloat during social restrictions are struggling to rebuild revenue streams, or find new ones. Meanwhile, Federal Reserve experts are putting the historic economic turmoil into context.

"The COVID-19 pandemic and the associated efforts to contain it have led to a decline in economic activity unprecedented in both severity and speed," Kansas City Fed Research and Policy Officer Jason P. Brown and Senior Policy Advisor Alison Felix wrote in an Economic Bulletin published in mid-June.

To illustrate the Main Street impact across the Tenth District, the Kansas City Fed interviewed workers, business owners and community leaders who described how their lives were affected during the early months of the pandemic. Their stories are shared as the region takes hopeful but uncertain steps toward regaining economic footing.

IN THIS ISSUE

- > Research: COVID-19's economic damage deep, broad, unfolding Page 22
- > Resources: Federal Reserve programs and other pandemic assistance Page 26
- > History: In 1918, Federal Reserve played key role amid deadly flu pandemic and World War I Page 38



A CAREER ON HOLD

Angelica Rios thought she had a good career planned. After all, Albuquerque's economy was looking stronger than it had in a while. And Rios was working in one of the fastest-growing occupations as a home health aide.

However, several weeks before COVID-19 shutdowns began in New Mexico, Rios began to suffer a cough and runny nose. With personal health being an important part of the job of caring for others, she decided to stop working as a caregiver. By the time she recovered, the pandemic had taken hold, and an immediate return to home health care was not viable.

For now, Rios is working for a food delivery service. "But caregiving is more rewarding," she said. "The care you give at the end of life – which is the care I specialize in – is some of the most rewarding things in the world because you are the last person they are spending time with ... I think that is so much more rewarding than just delivering food to people."

There was a lot of optimism about Albuquerque's economy before the pandemic and the resulting downturn.

"Albuquerque's economy is now on an upward trajectory," Synthia Jaramillo, director of the nonprofit Albuquerque Economic Development organization, wrote in a January 2020 guest column in the *Albuquerque Journal*. "... for the first time since 2008, we passed pre-recession peaks for total employment. Jobs are growing, workers have access to training, and businesses are staying open and in Albuquerque."

In September 2019, the U.S. Bureau of Labor Statistics reported that of the 30 fastest-growing occupations, 18 were in health care and related occupations. And the fastest-growing sector included home health aides and personal care aides.

Rios had worked as a home health aide for three years, shortly after moving to Albuquerque from the Philadelphia area with her son, now 5 years old. She worked for Heart is Home Cooperative Care, a project of the New Mexico Direct Caregivers Coalition. Now, she isn't sure when she will return to that job.

"I am very healthy now ... But I have to wait until they have a client," she said. "We've had a lot of clients put on hold because they weren't sure about having an outside entity in their home."

Still, she doesn't think the pandemic will change the need for home health aides.

"We will always be here," Rios said. "There will always be people who need help, and there will always be people who are willing to help."

–Debra Skodack

A man walks through a nearly deserted area of downtown Denver in May. Photo by David Tejada





Mario Medrano dates his connection to the Latino Community Development Agency (LCDA) in Oklahoma City to good memories from his youth. Medrano, operations director for the nonprofit, remembers joining his high school's Latino Club, sponsored by the LCDA, and receiving a college scholarship presented at the organization's awards banquet.

Now in his fourth year as a staff member at LCDA, which provides a range of support services, Medrano is troubled by what he's seeing as the pandemic stretches into months: "Families are scared," he said, noting that worried parents and seniors are fearing eviction. "They can't pay their rent and afford medication."

Medrano said he recalls only one call for help with rent in the four years before the pandemic. Now, such calls are frequent. With layoffs, families have run

low on funds and are depleting their savings. So, they turn to the LCDA. "They come to us for everything," Medrano said.

The LCDA offers 26 programs to, as its mission states, "enhance the quality of life in the Latino Community through education, leadership, services and advocacy." Programs are supported through state and federal contracts, corporate donations, private donations and the organization's own fundraising.

"We don't turn anyone away," said Raul Font, LCDA's president and founding member.

Because of the pandemic, the number of LCDA clients could jump to 100,000 from about 50,000 in 2019, he said. While calls for services and assistance have increased, donations have plummeted. Some major fundraising events have been postponed or may be canceled.

"We've been told now is not the time to ask for a donation," Font said.

On April 1, the LCDA sent about 90 employees home to work remotely. A handful of staff members remained in the building, and the nonprofit's two child development centers stayed open to care for clients' children. Using virtual communication tools, the LCDA continued to serve clients, as did other nonprofits in Oklahoma.

"They didn't really close – they just did business differently," said Dan Billingsley, vice president of external affairs for the Oklahoma Center for Nonprofits. "Human services organizations still provided full service."

Font said the LCDA is surviving, but things are going to "explode in July" as clients try to pay delayed rent and utility bills, jobs are lost when smaller businesses can't reopen, and school-age children need to somehow continue their educations. Inevitably depression will set in, Font said. "We are going to need two or three more therapists and counselors."

However, Font was optimistic as he reflected on the nonprofit's 29-year history: "We survived the Oklahoma City bombing, market crashes, the closing of two major oil companies. This, too, will pass."

—Su Bacon





FACING ADVERSITY AGAIN

At the beginning of 2020, high construction and labor costs were commercial real estate executive Susan Powers' only concerns about moving ahead

on several affordable-housing developments and an office building in Denver.

"There was certainly a question about how long this growth trend could continue and whether we were overbuilding multifamily developments, but the job growth continued since companies were still finding Denver to be a less-expensive place to do business," Powers said of earlier this year.

Clearly, COVID-19 has changed the challenges for Powers, president of Urban Ventures, a Denver-based development and consulting company she started 22 years ago. "First and most importantly, is the struggle some of our tenants are having to stay in business," Powers said.

Some businesses were partly open. Some tenants closed their businesses temporarily, while others have shut down permanently. As for new developments, Powers put the office building project on hold but was moving ahead with at least one affordable-housing project.

"These types of challenges with tenants and new development projects are very typical of what my fellow developer friends are experiencing," Powers said. "In many ways I feel fortunate that I am involved in the downtown Denver market because I believe it will recover before other parts of the metro Denver areas due to its strength before COVID."

Powers faced adversity before, when the oil and gas bust of the late 1980s devastated Denver, and especially downtown.

"While that wasn't a national or global recession like

we are experiencing today, for Denver it was quite an economic shock, and I am often reminded of those days as I live through COVID," Powers said. She said she doesn't expect new office projects to resume for a year or so.

"I believe that the success of our tenants determines my success, so taking the long view on what is needed to give them the room to regain their strength in these difficult times is necessary," Powers said.

—Debra Skodack



THE MEANING OF 'HOME'

Working remotely can help alleviate concerns about the spread of COVID-19 and allow employees to do their jobs while staying safe. But how do you "work from home" when you have no home?

That was the dilemma facing Ethan Hollinger-Phelps in early April when he learned that his employer, North End Teleservices in Omaha, was transitioning about 200 workers to their homes because of the pandemic. Hollinger-Phelps, 19, was homeless, living in a nearby shelter and sharing space with three roommates.

At the time, he was one of about 2,300 individuals in Nebraska lacking a permanent residence, according to the U.S. Interagency Council on Homelessness.

"I was worried," Hollinger-Phelps said about learning of the coronavirus and the company's shift to a work-from-home posture. He had only been on the job since February.

Hollinger-Phelps is a customer service representative for North End's contact center, serving clients from retail,

government, hospitality, financial, insurance and other industries. It's a job he enjoys: "I like talking to people."

And it's a job that makes it possible for him to have meals every day. Before he had a regular paycheck, there were days when "I would not eat at all," he recalled. At other times, he would order large quantities of the cheapest item on a fast-food menu and eat one large meal that day.

Making the 14-minute walk to work five days a week at North End, Hollinger-Phelps began to experience some financial stability after being, as he described, "impoverished most of my life."

Then the pandemic hit. Understanding his predicament, North End and the homeless shelter collaborated. A private area in the shelter was created for Hollinger-Phelps to take calls, and he received all of the equipment needed to do so.

When the decision was made to have employees work remotely, "we worked to replicate the onsite environment in homes," said Ashley Rae Turner, marketing and communications specialist for North End. Like Hollinger-Phelps, some of those employees were in nontraditional living environments, Turner said.

Hollinger-Phelps' role at North End is to answer calls for a federal education loan service. Many of those calls have been about COVID-19 and its effect on a caller's ability to make payments.

"I understand the stresses of financial problems, especially with debts and loans," he said. "Helping a caller set up a payment plan so they can still put food on their table and provide for their family is the most important part of my job."

Having that job provided more than regular meals. It provided hope – and eventually a home. "I was able to save enough to move out of the shelter," Hollinger-Phelps said. He moved into an apartment at the end of May. It's a 25-minute walk to work, but he doesn't mind. "Thanks to North End, I have a home and I can buy food whenever I want to," he said.

–Su Bacon



Dave True's outlook for his Casper, Wyoming, company coming out of the pandemic is based on a long history of challenges and successes in the oil industry. And, right now, his viewpoint isn't all grim.

"Although these are obviously most challenging times, we do believe that there will be opportunities developing, and the True companies will be stronger as we emerge from this dramatic decline," said True, a partner in True Drilling Co. and related businesses. "It is a time during which we can refocus on the basic fundamentals of good business and be watchful of opportunities as they develop."

True Drilling began in 1948 when Dave True's father became a small-interest owner in a two-rig drilling contracting firm in Casper. The elder True and his wife eventually became sole owners and added oil and gas exploration and production. The company now has other oilfield-related operations.

"That exposure to both the upstream and midstream segments has provided a reasonable solid foundation throughout the decades," Dave True said. And there have been challenges to face, with significant industry downturns in the 1980s and 1990s, as well as slumps that started in 2008 and 2014.

"The oil and gas industry has a history of notable ups and downs, but this has to be one of the most substantial cliff events," he said. "There have been others of note, but the one a person is going through at the time always feels like the most significant. There will be a thinning within the industry, with the less-secure companies going out of business or being absorbed by the stronger."

True says 2020 began with overall optimism. "Matter of fact, we were launching our largest pipeline expansion project in our history," he said.

But the depth and velocity of downturns caused by COVID-19 are unprecedented in Wyoming and worldwide, True said. Most of the True companies' office personnel are working from home, field work schedules have been modified, and a small number of employees were furloughed. The company's major pipeline project has been put on hold.

Even so, looking ahead, being diversified could be a benefit.

"It is sometimes a quandary whether having a basket of diversified operations serves us well in that it is extremely rare that all will be performing extremely well at any particular time," True said. "However, in the long run, it is my strong belief that our diversification has built a strong foundation."

—Debra Skodack



Pilots were grounded. Airplanes were parked. And sales of parts and fuel plunged at Yingling Aviation in Wichita. Yingling serves companies and individuals who fly planes for business travel and recreation.

"By mid-March, the pandemic was impacting both domestic and international business on the parts side, including fuel sales," said Lynn Nichols, the company's chief executive officer and chairman.

For example, parts sales in April 2019 were \$1.1 million but dropped to \$606,605 in April 2020. Fuel sales in April 2019 were \$650,322 and plummeted to \$176,172 in April of this year.

The business aviation industry saw flights decline as the number of COVID-19 cases and stay-at-home orders rose. How bad has it been?

"Worse than the Great Recession years of 2008 and 2009," said Travis Kuhn, vice president of market intelligence for Argus International, an aviation services company in Denver. When states started locking down and international travel restrictions were put into place because of the pandemic, business flights in North America dropped to 182,000 in March compared with 266,000 flights in March 2019, Kuhn said.

At Yingling, although fewer airplanes were in the air, it was good news that some were on the ground.

"On the maintenance, repair and overhaul side of our business, we had a nice backlog of business prior to the pandemic," Nichols said. Customers continued to bring their aircraft in for work and improvements. Because Yingling was considered an essential business, the company didn't close, and most of the roughly 100 employees continued to work onsite. Sanitation for high-traffic areas was increased to three times a day, meetings were conducted by Zoom, face masks were provided, and large clear plastic barriers were installed for front-line workers.

Before Nichols bought the company in 2000, he stored his own airplane at Yingling when he was flying for an office technology business he owned. Ask him how the future looks, and he responds like a pilot: "There are some clouds we have to navigate around. We can't see through them."

Despite that, Nichols was optimistic about the future of business travel. At Yingling, these days the phone is ringing more in the parts department. Customers are wanting quotes, an indicator that orders will follow.

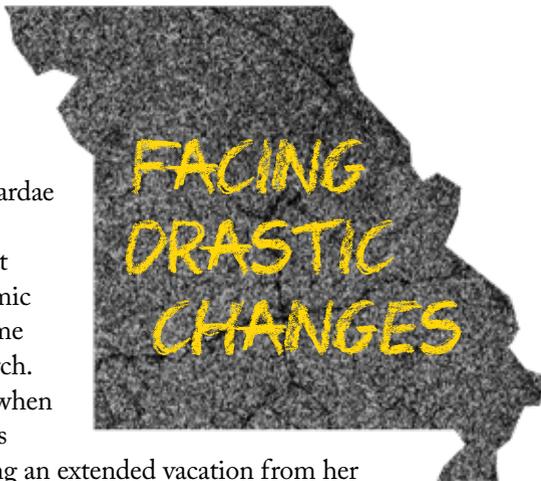
"Business is starting to come back in a very measured way," he said.

—Su Bacon



Health-care workers in June conducted drive-through COVID-19 testing in Kansas City, Kansas. Photo by Mark McDonald

For Shardae Sears, the first pandemic jolt came in March. That's when she was enjoying an extended vacation from her event-planning business and her secondary line of work as a hair stylist in Kansas City.



"While I was out of town, things drastically changed," Shears said. "When I returned home, cities were completely shutting down (because of the pandemic). Both of my jobs were pretty much shut down."

State and local restrictions on social gatherings meant that salons and barbershops had to abruptly close. Of even deeper impact for Shears and her business, Vivid Events KC, the restrictions also meant the cancellation of corporate and private bookings at the building she leases in downtown Grandview, Missouri. Before the pandemic, Shears said, she could count on two to five events per weekend.

"When you can't have gatherings over 10 people, no one wants to rent a space for that," Shears said.

With both of her income streams shut off, and sons

ages 12 and 9 at home, Shears said she applied for assistance through a cosmetology industry program, but was turned down. Applications for other assistance programs remained in limbo, she said.

Although those outcomes left her discouraged, Shears said she was grateful that during the shutdown she worked out favorable lease arrangements for the events center, and the salon where she worked a few days a week didn't charge the usual workspace fee.

At the end of May, after social-gathering restrictions eased, Shears hosted her first event since March – a small workshop for a nonprofit organization. By the beginning of June, she had started to hear from people interested in booking family celebrations – within pandemic guidelines. She also resumed booking hair clients after salons reopened.

But even as her work resumed, Shears said her experiences through the pandemic have broadened her business viewpoint. Now she's open to ventures that would be less vulnerable if conditions got worse.

"Being a small, minority-owned business, this has definitely opened my eyes to see that a service-based business is not going to make ends meet if we go through another shutdown," Shears said.

—Stan Austin

FROM THE VAULT

Kansas City Fed History

1918: The Great Pandemic

Amid deadly 'Spanish flu,' Fed guided vital World War I funding

written by STAN AUSTIN

A mysterious and lethal virus rapidly spreads across the globe. Hospitals and caregivers scramble to confront a sickness that leaves the public fearful and medical professionals perplexed. Authorities order business and social restrictions to stem the surge.

The year? ... "2020" might be an obvious answer as the COVID-19 outbreak continues. However, that scenario actually describes the "Spanish flu" outbreak of 1918. There are stark similarities between that Great Pandemic and the current one—face masks, social-distancing recommendations and overwhelmed health professionals, for example. However, there are many important differences.

Chief among them, the flu's staggering death toll – estimated at more than 50 million people worldwide – and America's involvement in World War I. Historians agree that the country's frenzied war buildup was a major factor in spreading the virus as thousands of sailors and soldiers were rushed via crowded ships to join the Allies in Europe. Still, today's coronavirus pandemic has many people looking back 102 years for parallels.

The Fed responds

From the standpoint of economic stewardship, one constant in the 1918/2020 comparisons is the vital and highly visible role played by the Federal Reserve. This year, the Board of Governors has taken several actions aimed at protecting consumers, helping businesses stay afloat, and revitalizing a national economy battered by COVID-19 shutdowns and historic unemployment. (Learn more about Federal Reserve programs and other COVID-19 resources on pages 26-29, and track updates at [FederalReserve.gov](https://www.federalreserve.gov).) In 1918, just five years after the central bank was established, the regional Reserve Banks and the Treasury were guiding the

Liberty Loan program to help finance the war effort. Aided by a massive promotional campaign involving celebrities, local volunteers and even school children across the country, \$20 billion was raised through four Liberty Loan drives and a "Victory Loan" drive that was conducted after the WWI armistice was signed Nov. 11, 1918. Although the flu was still raging, a Federal Reserve System publication the next month captured a sense of optimism about the Kansas City Fed's region.

"The high tide of business in the tenth Federal Reserve district shows a continued upward sweep, in spite of slight and temporary checks



Posters promoting the Liberty Loan program were common on city streets and building exteriors. *Library of Congress*



An emergency hospital in 1918 at Camp Funston near Junction City, Kansas. *Courtesy of the National Museum of Health and Medicine, Otis Historical Archives*

which may be attributed to special factors, such as the influenza epidemic, elections, the financing of the fourth Liberty loan, and the cessation of hostilities. As a whole, the situation is viewed with optimism and upon the broad assumption that America's task of equipping and provisioning a large part of the world has only begun." — *Federal Reserve Bulletin*, December 1918 (for the month of November), District No. 10—Kansas City

Flu's Kansas connection

A century after the flu pandemic ended, its true origin remains a topic of debate among scientists and historians. Then as now, some pointed to China as a possible source of the virus. However it generally is accepted that one of the earliest documented cases occurred in March 1918 at Camp Funston, part of the Fort Riley military complex near Junction City, Kansas.

Army cook Albert Gitchell was handling food for men being trained for WWI duty. Historical accounts note that within a week of Gitchell falling ill, roughly 500 other soldiers at the camp were sick. As cases and deaths mounted in the United States and overseas, doctors learned that the flu had the peculiarity of being most lethal with previously healthy adults from 20 to 40 years old. Moreover:

- It could kill a person within 24 hours of the first symptoms.
- An estimated 675,000 Americans died from the flu—10 times the number of U.S. deaths in the war.
- Roughly one-third of the world's population contracted the flu.
- The virus lowered Americans' collective life expectancy by 12 years.

- In one year the flu killed more people than the 14th century's Black Death killed in four.

Some experts believe that the flu became known as "Spanish" because, as the outbreak was taking hold, newspapers in Spain were reporting on the virus much more freely than their more constrained counterparts from the countries at war. The name stuck, and to this day "Spanish flu" is commonly used to refer to the 1918 pandemic.

Flu survivors included Assistant Navy Secretary Franklin D. Roosevelt, a future wartime president, and Missouri native Walt Disney, then with the Red Cross Ambulance Corps.

Whether or not Gitchell was "patient zero," the virus spread rapidly worldwide, with the first wave extending through the summer of 1918. A deadlier second wave struck in the fall, claiming 195,000 Americans in October alone. A third wave occurred in the spring of 1919.

Notably, the virus that killed tens of millions across the globe did not claim Gitchell. He recovered, survived the war and later became involved in food-related businesses in South Dakota. He died in that state in 1968, at age 78.

Cynthia Edwards of the Kansas City Fed Research Library contributed to this article.

FURTHER RESOURCES

See this article at [KansasCityFed.org/ten](https://www.kansascityfed.org/ten) for additional flu pandemic photos, historical material and research articles.



SNAPSHOTS

Summaries of reports and analysis from
Kansas City Fed economists and staff

Should we be puzzled by forward guidance?

by BRENT BUNDICK and A. LEE SMITH

Estimates show that standard models do not
overstate the sensitivity of output to communication
about future interest rates.

Research Working Paper, May 2020

Land values and credit availability

by ANA CLÁUDIA SANT'ANNA, CORTNEY
COWLEY and ANI KATCHOVA

Considering factors that represent credit availability
at agricultural banks together, rather than separately,
can better capture their effects on farmland values.

Research Working Paper, May 2020

Population turnover and growth of urban areas

by JASON P. BROWN and COLTON TOUSEY

More people are moving to and from large urban
areas, leading to faster population growth over time.

Economic Review, March 2020

Corporate leverage and investment

by W. BLAKE MARSH, DAVID RODZIEWICZ
and KARNA CHELLURI

Elevated corporate debt can influence a firm's
decision-making, even in the absence of financial
stability risks.

Economic Review, February 2020

Mobile usage and faster payments

by FUMIKO HAYASHI and YING LEI TOH

Consumers' use of mobile banking is
a good indicator of their readiness
to benefit from faster payments.

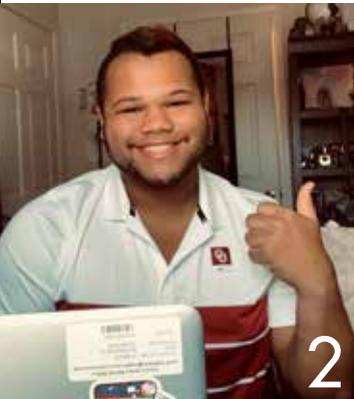
Economic Review, April 2020

See full reports, papers, data and more at [KansasCityFed.org/research](https://www.kansascityfed.org/research).

kcFED SOCIAL SEEN



Social media highlights of our engagement across the region



2



3



1



4



5

1 **KANSASCITYFED** Our Law Enforcement team's Color Guard was honored to present the U.S. flag during the @nationalwwmuseum #TapsAtTheTower. #KCFed #FederalReserve

2 **KANSASCITYFED** Keelyn Harkey, @UofOklahoma class of 2021, says his internship in Public Affairs at the #OklahomaCity Branch of the Kansas City Fed provides "valuable skills and experiences I can use in all aspects of my career." #KCFedInterns #KCFed #FederalReserve

3 **KANSASCITYFED** In honor of #K9VeteransDay, we'd like to introduce you to our 2 furry law enforcement officers that help keep our employees and facilities safe. #KCFed #DogsOfTheFed

4 **@KANSASCITYFED** Congrats to our 2020 #OklahomaCity Student Board of Directors! To protect everyone's health, a virtual pinning ceremony was held so they could be recognized from their homes. Learn about our Student Board of Directors program at <https://bit.ly/3e1v91c>. #SocialDistancing

5 **KANSASCITYFED** Rising to the occasion. @Cartwheelcartwheel captured this photo as our statues of Commerce and Industry greeted the sunrise to start another day. #KCFed

6 **@JEREMYWHEGLE** Another accepts the @KansasCityFed #EmployerLaptopChallenge! Thanks @NeelimaParasker @SnapitSolution for narrowing the #DigitalDivide by donating computers to lower-income folks in need. Employers in CO, KS, MO & NE have donated 1,200+ computers so far! #LaptopHero



6

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

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CHANGE SERVICE REQUESTED

STAY CONNECTED.
STAY INFORMED.
STAY SAFE.

As the Tenth District copes with the coronavirus pandemic, get real-time access to economic recovery resources, see updates from President Esther George, and stay abreast of actions taken by the Federal Reserve Board of Governors.

[KANSASCITYFED.ORG/COVID-19](https://www.kansascityfed.org/covid-19)

