

TEN



dealing with a

DOWNTURN

study explores ways recession deepens
household financial distress

TEN

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DEALING WITH A DOWNTURN

A Federal Reserve study explores how recessions can deepen household financial distress. | COVID-19 RESEARCH 14



ENCOURAGING GROWTH IN BANKING CAREERS

The shift to a virtual format expanded the reach of Kansas City Fed forums aimed at enhancing careers of minorities and women in banking and finance.



ASK THE FED: THE RISE OF EARNED WAGE ACCESS

Fintech programs providing early access to wages have gained popularity during the pandemic, but they are not without potential costs.



100 YEARS AGO, A BRAND-NEW HOME

In 1921, the Kansas City Fed moved to the 925 Grand building, an architectural showpiece that would be the Tenth District's headquarters for more than 80 years.

ON THE COVER »

Angie Gumminger, a school bus driver in the Kansas City area, is working toward financial stability after seeing her livelihood hampered by the pandemic. Design by Alison Reichert

From the *President*

ESTHER L. GEORGE



Energy sector provides important context for broader economy

See the Notes section, Page 5, for a summary of the 2020 Energy Conference, which was conducted virtually.

It was my pleasure last November to host our annual Energy Conference with President Rob Kaplan and his team at the Federal Reserve Bank of Dallas. Combined, our two Federal Reserve districts serve an area of the central United States that accounts for almost half of the nation's energy production. This area includes the key energy-producing states of Oklahoma, Texas and Wyoming, and accounts for around 60% of U.S. oil and gas production, as well as nearly 60% of the electricity generated by wind power.

Obviously, energy plays an important role in our regional economies and employs a substantial number of workers, but it is also a central component of national economic activity with implications for monetary policy and the environment in which monetary policy operates. It is a direct component of economic output through production, employment and investment in the sector. At the same time, monetary policy, through its effect on interest rates and asset prices, has implications for the energy sector, primarily by shaping aggregate demand, but also through its impact on commodity prices and perhaps the structure of the industry.

Given that the channels linking energy to the overall economy are incredibly complex and wide-ranging, I'll focus on four sectors—manufacturing, agriculture, government finances and consumers—which I believe illustrate the broader point: that an understanding of energy sector developments is essential for understanding economic developments more generally, and therefore give context for monetary policy.

Manufacturing: Natural gas and U.S. comparative advantage

Energy is an important input into manufacturing, and fluctuations in the price and availability of energy have important spillovers for the sector. One aspect of this is how the decline in the price of natural gas relative to oil has boosted the comparative advantage of U.S. manufacturing over the past decade, and how an increase in the relative price of natural gas could unwind that advantage.

As technological advances led to a sharp increase in U.S. natural gas production starting in 2006, the higher supply pushed down the price of natural gas relative to the alternatives and led industries to substitute towards natural gas and away from other energy sources. This was true for

utilities, as has been well reported, but also manufacturers. The decline in the relative price of natural gas boosts the competitiveness of U.S. manufacturing, in part because U.S. manufacturers tend to use natural gas more extensively than their foreign competitors, who are often more oil-dependent.

This comparative advantage is apparent in the performance of U.S. exports. From 2006 to 2019, the United States became a leading exporter of gasoline and petroleum products and captured market share around the world. Overall, spillovers from low natural gas prices were likely an important support for U.S. exports in recent years and a contributor to the strength of economic growth.

Recent developments, however, threaten this comparative advantage. This year, benchmark oil prices have declined as natural gas prices have increased, in part as falling U.S. oil production has cut back on the supply of associated natural gas production. The relative price of Henry Hub natural gas to West Texas Intermediate crude oil fell by almost half over the period from 2006 to 2019, but ticked up by almost a third this year. If such a shift in relative prices were to persist, and futures markets suggest that it will, certain U.S. exports are likely to suffer a decline in competitiveness, and the aggregate economy is likely to face an additional headwind as we continue our recovery.

Agriculture: Electric cars don't need ethanol

The agricultural sector is also subject to spillovers from the energy sector, in part because agriculture is an energy-intensive industry, but also even more directly through ethanol. Corn used for ethanol accounts for more than a third of U.S. corn production. For perspective, the acreage devoted to corn destined for ethanol is equivalent to about 50,000 square miles, or two-thirds the area of Nebraska. With demand for ethanol largely dependent on the demand for gasoline, fluctuations in gasoline consumption have important implications for the farm economy. As the pandemic compressed gasoline demand, there were immediate spillovers to the agricultural economy, and demand for ethanol fell off sharply.

In addition to the cyclical linkages, longer-term trends in energy usage also have ramifications for the agricultural sector. As motor vehicles have become more fuel efficient, domestic demand for ethanol has flattened out, even as increased exports have continued to support production. Looking farther ahead, quick advances in the technology around electric vehicles, as well as aggressive government mandates promoting electric vehicles in China and elsewhere, pose further challenges to the long-run outlook for ethanol. Somewhat ironically, the push toward electric vehicles is likely a significant threat to what is currently one of the largest sources of renewable energy in the United States.

Government: Finances under threat

As energy-dependent states well understand, the performance of the energy sector also significantly affects state tax revenues and spending. Although severance taxes only make up around 1% of state tax revenues nationally, they play an outsized role in many energy-dependent states. During the current crisis, most states have faced substantial budget shortfalls as tax collections have fallen in almost every revenue category and pandemic-related government spending has risen. In energy states, sharp drops in severance taxes have exacerbated these pandemic-related budget



shortfalls. Thus, state governments in energy states are struggling. Large reserve funds can help to offset some of the decline in tax revenues, but most of these states will also be forced to make spending cuts over the next couple of years, likely creating a further headwind to the recovery.

In the longer term, many state governments in energy states will continue to look for ways to not only diversify their economies, but also to diversify their revenue streams. This will be particularly important for states that rely on revenue from commodities that are expected to face continued downward pressure over the longer term such as coal and natural gas.

Consumers: Are gasoline price shocks a thing of the past?

Historically, particularly following the oil shocks of the 1970s, the most discussed, and perhaps most important, spillover from the energy sector has been the effect of gasoline prices on consumer spending. With households dependent on gasoline for transportation, changes in oil prices have a direct impact on household budgets. Higher gasoline prices decrease the amount that can be spent on other goods, which can be a drag on consumption and the economy. Similarly, lower

gasoline prices boost the resources available to buy other goods and have historically supported consumption. How important a gasoline price shock is to consumers depends on the share of gasoline in total expenditures. The lower the share of gasoline in total expenditures, the less important and the less likely that a change in gas prices will have a meaningful effect on overall consumption. Over time, the amount of household budgets devoted to gasoline has been falling, from about 4% in the 1980s to only about 2% in 2019, suggesting a declining importance of oil price shocks to overall macroeconomic volatility.

The COVID-19 shock could further loosen the grip of gasoline prices on consumers' budgets and reduce the already lowered sensitivity of consumption to changes in the price at the pump. The pandemic dampened demand for gasoline as the volume of commuting fell off sharply with the rise in unemployment and increase in the number of employees working from home. Gasoline sales in April were off by a third of their pre-pandemic level. While mobility has increased with the lifting of stay-at-home restrictions, gasoline demand remains well below normal levels, according to the Energy Information Administration and Affinity Solutions. One thing that seems unlikely to ever bounce back fully is the amount of commuting. With many workplaces offering, or likely to offer, increased workplace flexibility, not only is gasoline demand likely to be lower, but it is also likely to be more elastic. More elastic demand (with the caveat that not all jobs are tele-workable) should lower the volatility of overall consumption in response to gasoline price shocks.

Putting it all together, developments in the energy sector have widespread effects across the economy, both transmitting and amplifying near-term cyclical shifts, but also leading to longer-term structural trends. Energy shapes the context for economic growth and inflation, in both the near-term and long-run, arguing for monetary policymakers to keep a close eye on energy dynamics.



Notes from around the Tenth District



Southwest Baptist University's Code-A-Thon team members: (Front row, left to right) Andrew Eisenhour (Team White), Mathew Baldinger (Team Black) and Levi Zustiak (Team Black). (Second row, from left) Drew Ross (Team White), Coleman Yantis (Team White) and Thomas Schaal (Team White). (Back row, from left) Tim DeClue (professor and coach), Elise O'Banion (Team White), Jenna Cantrell (Team Black), Slate Rehm (Team Black) and Devon Nelson (Team Black).

Southwest Baptist University wins 2020 Code-A-Thon

The Federal Reserve Bank of Kansas City in November selected a team from Southwest Baptist University (SBU) in Bolivar, Missouri, for first-place honors in the fifth Kansas City Fed Code-A-Thon. The annual event focuses on encouraging and inspiring collegiate computer science and engineering students.

Thirteen teams comprising more than 50 students competed under the assignment of developing an application that could address a real-life problem related to the coronavirus pandemic. Teams were judged on such criteria as innovation, user experience, functionality, impact potential, and presentation. Southwest Baptist had two teams in the competition—Team White and Team Black.

The winning team, Team White, developed a “smell training” application to help infected people regain their sense of smell. The app creates two routines and two exercises to help people regulate and re-train their sense of smell. It was inspired by members of the team who have been affected by COVID-19.

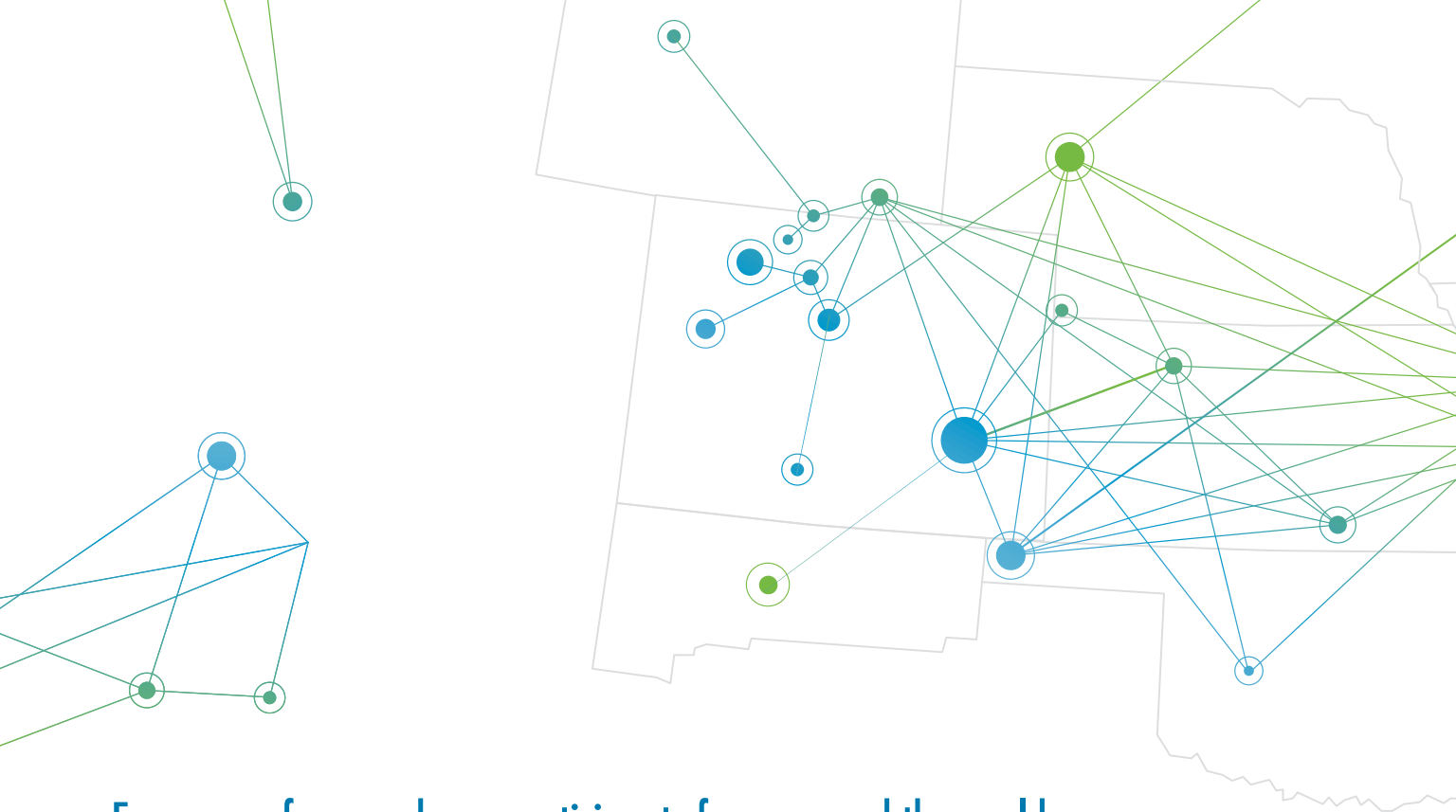
Second place was awarded to a team from Drury University (Springfield, Missouri) in the school's first year of Code-A-Thon participation. Team Black from SBU took third place in the competition. For the second time, Langston University (Langston, Oklahoma) professor Ralph Grayson received the University Champion Award, presented to the most committed and engaged faculty member in the competition.

Code-A-Thon is administered by information and technology staff at the Kansas City Fed, where nearly 50 percent of all employees are IT professionals. Through Code-A-Thon and other programs, the Bank supports STEM education efforts to help develop a talent pipeline. Several current Kansas City Fed employees are past Code-A-Thon participants.



FURTHER RESOURCES

Learn more about Code-A-Thon at [youtube.com/user/KansasCityFed](https://www.youtube.com/user/KansasCityFed). To receive information about the 2021 Code-A-Thon, email KC.Codeathon@kc.frb.org.



Energy conference draws participants from around the world

Nearly 1,500 people participated in the fifth annual “Energy and the Economy” conference hosted in November 2020 by the Federal Reserve Banks of Kansas City and Dallas.

The virtual event, “Navigating the Changing Energy Landscape,” featured Kansas City Fed President Esther L. George, who provided the afternoon keynote address, and Dallas Fed President Robert Kaplan, whose remarks opened the conference.

The conference drew registrations from 36 countries and 43 U.S. states, reaching a diverse group of bankers, academics, government employees and energy professionals to discuss regional, national and international energy issues, said Chad Wilkerson, Kansas City Fed vice president and Oklahoma City Branch executive. Wilkerson was a co-host for the conference.

“Since the typical audience for the conference has been 200 people, due to space constraints, this was a great opportunity to showcase our energy conference virtually to a global audience,” Wilkerson said. “The variety of

experts who spoke addressed the outlook for the global crude oil market, opportunities and risks of the global energy transition, and energy finance. The last session featured a conversation with energy executives, which was important in these challenging times for oil and gas.”

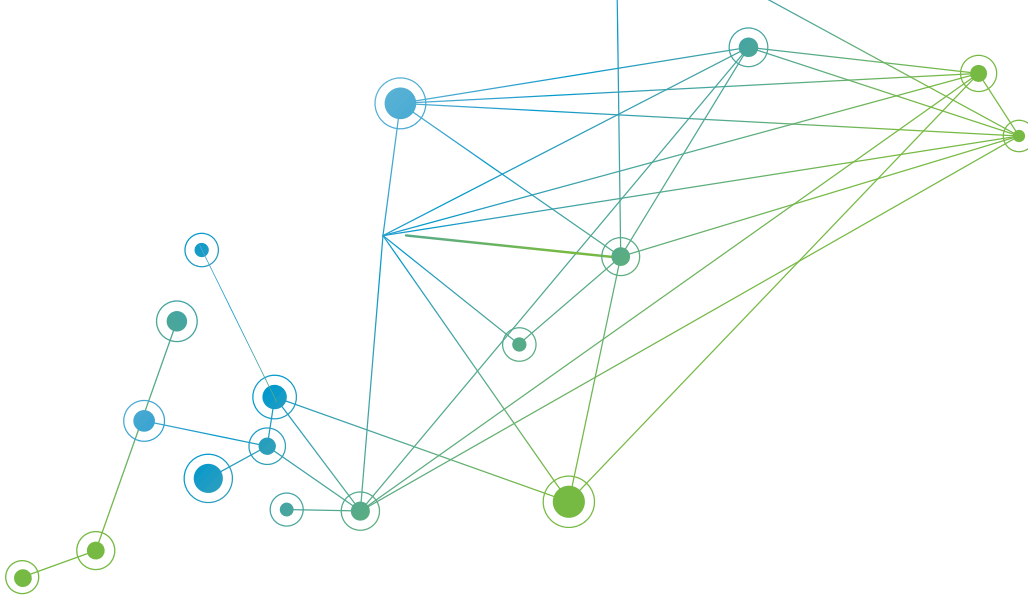


Oklahoma City Branch Executive Chad Wilkerson (top left) led a discussion of “The Changing U.S. Energy Landscape” that included (clockwise from top right) Rick Muncrief, chairman and chief executive officer of WPX Energy; Cindy Taylor, chief executive officer and president of Oil States International; and Paula Gold-Williams, president and chief executive officer of CPS Energy.



FURTHER RESOURCES

Conference presentations are available at DallasFed.org/research/events/2020/20energy.



Love's joins Laptop Challenge with donation to Oklahoma City school

Love's Travel Stops & Country Stores, one of the largest privately-owned companies in the United States, in October donated 40 laptop computers to Crooked Oak High School in Oklahoma City, as part of the Federal Reserve Bank of Kansas City's Employer Laptop Challenge.

The Bank's program, launched in early 2020, focuses on bridging the digital divide in communities by promoting access to affordable broadband, as well as access to devices needed to participate in today's digital environment. Through December of 2020, businesses and government entities had donated more than 5,000 devices. Donors included, from Colorado, Alpine Bank and the City and County of Denver; from Kansas, Mariner Wealth Advisors and SnapIT Solutions; and, from Kansas City, Missouri, H&R Block, Lead Bank and Burns & McDonnell.

Chad Wilkerson, Kansas City Fed vice president and Oklahoma City branch executive, said closing the digital divide was important before COVID-19 but has become even more urgent in recent months. Schools need additional computers to overcome challenges created by COVID-19.

"Computers and internet provide a vital connection for essential services and learning, and those without them could fall behind," Wilkerson said. "The Employer Laptop Challenge encourages organizations to join Love's and the Fed in refurbishing and donating used laptops to community members in need."



Photo by Getty Images

With schools adopting virtual learning formats to keep students, faculty and staff safe during the pandemic, many schools and families are facing financial burdens, including affording computers. Love's is looking into the possibility of donating additional computers in 2021.

Love's is no stranger to working with the Kansas City Fed. Doug Stussi, Love's executive vice president and managing director, serves on Bank's Kansas City Board of Directors.



FURTHER RESOURCES

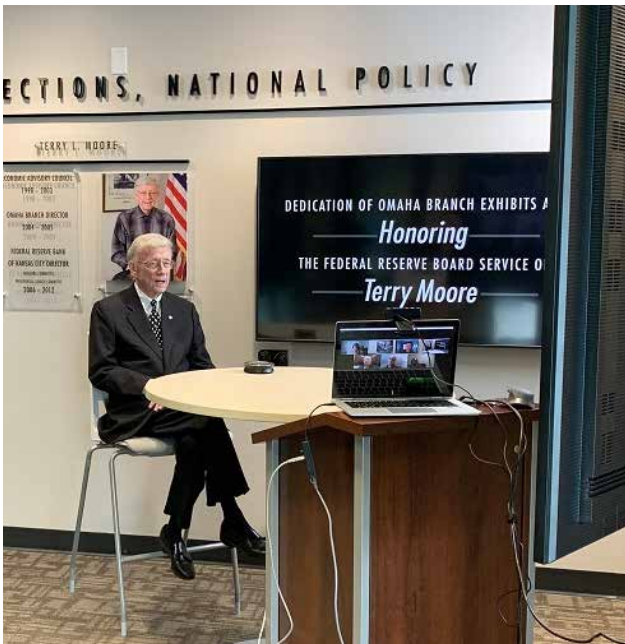
To donate or learn more, go to [KansasCityFed.org/community/digitaldivide](https://www.kansascityfed.org/community/digitaldivide).



New display recognizes role of Omaha Branch, directors

A new display area in the lobby of the Kansas City Fed's Omaha Branch honors those who have served the region. One component of the exhibit explains the important role of District directors and highlights the service of former alumni director Terry Moore.

The space was dedicated in a virtual ceremony hosted by President Esther George, Senior Vice President Diane Raley, Omaha Branch Executive Nate Kauffman and former Bank President Tom Hoenig.



The Omaha Branch's lobby display recognizes the service of former director Terry Moore, who spoke at the dedication.

During the streamed event, George explained that the display celebrates the Bank's work and connections to the Omaha community and all of Nebraska.

"Not only will the exhibit help the public understand what we do in this office and across the United States,

it is also an opportunity to explain the ways in which individuals across the country are engaged in Federal Reserve's governance and contribute to our policy deliberations," George said.

The size of the Federal Reserve staff at the Omaha Branch has more than doubled in recent years. This growth required facility improvements, including improved secure entrances.

The new display includes Moore's portrait and information about his service with the Kansas City Fed. Moore has the distinction of the longest service tenure of any Board member in the Tenth District, having served a total of 15 years—two terms on the Kansas City Board of Directors, two years on the Omaha Branch Board and two terms on the District's Economic Advisory Council. Moore is the retired president of the Omaha AFL-CIO and was once the longest-serving elected labor leader in the country.

"Beyond his years of service, Terry has been a trailblazer in bringing organized labor's perspective to the Federal Reserve System," George said. "He was the first labor leader to sit on the Kansas City Fed's Board of Directors. Without Terry's contributions, it's more difficult to say how or when we would have developed the network of labor leaders we have today."

Joining the virtual dedication event were alumni directors who served alongside Moore, including Wyoming Governor Mark Gordon, a former Kansas City Board member.



FURTHER RESOURCES

Learn more about the work of the Kansas City Fed's Omaha Branch at [KansasCityFed.org/omaha](https://www.kansascityfed.org/omaha).



Agriculture research papers examine productivity outlook

Papers that would have been presented at the Federal Reserve Bank of Kansas City’s annual Agricultural Symposium have been published to help inform future discussions. The 2020 forum, titled “The Roots of Agricultural Productivity Growth,” was canceled because of the coronavirus pandemic.

The topic of productivity growth, and the papers written in anticipation of the symposium, remain relevant in the agricultural sphere. The following papers and a foreword by President Esther L. George can be viewed at KansasCityFed.org/research/agriculture/agsymposium.

The drivers of U.S. agricultural productivity growth

For many years, investments in research and development have supported gains in agricultural productivity. These investments, which have slowed in more recent years, will be key determinants to future increases in productivity and technological innovation.

-Philip G. Pardey and Julian M. Alston

Interacting with the next wave of farm operators: Digital agriculture and potential financial implications

The adoption and use of technology presents the agricultural sector an opportunity to improve productivity in the future.

-Terry W. Griffin, LaVona S. Traywick and Elizabeth A. Yeager

An empirical investigation of productivity spillovers along the agricultural supply chain

Changes to productivity on the farm could have implications for productivity in other segments of the economy.

-Sergio H. Lence and Alejandro Plastina

Bank Anniversaries



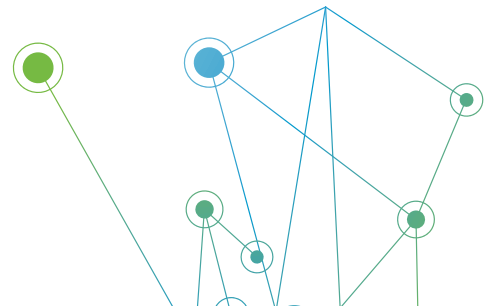
The following banks in the Tenth Federal Reserve District are celebrating one, five, 10, 20 or more years as Federal Reserve members in January, February or March.

Colorado B&TC of La Junta	La Junta	Co.	97
Lusk State Bank	Lusk	Wyo.	87
Community B&TC	Neosho	Mo.	79
Oklahoma Capital Bank	Tulsa	Okla.	29
Community State Bank	Poteau	Okla.	26
Adams B&TC	Ogallala	Neb.	26
Union State Bank	Arkansas City	Kan.	25
Exchange Bank of Missouri	Fayette	Mo.	25
Missouri Bank II	Sedalia	Mo.	25
Bank of Star Valley	Afton	Wyo.	25
Emerald Bank	Burden	Kan.	23
Exchange B&TC	Perry	Okla.	23
Bank of Wyandotte	Wyandotte	Okla.	23
First Option Bank	Osawatomie	Kan.	22
Town & Country Bank	Ravenna	Neb.	21
Lamar Bank & Trust Co.	Lamar	Mo.	21
First Bank	Antlers	Okla.	20
Verus Bank of Commerce	Fort Collins	Colo.	10

Environmental drivers of agricultural productivity growth and socioeconomic spillovers

Environmental factors are important contributors to the future outlook for agricultural productivity. Factors that are likely to be especially important over the long-term include extreme heat and ozone pollution.

-Wolfram Schlenker





President Esther L. George (left) and Senior Vice President Tammy Edwards participated in the 2020 forums.

WITH VIRTUAL FORMAT EXPANDING REACH, banking forums help women, minorities grow careers, expand networks

by SARAH POPE

The Federal Reserve Bank of Kansas City hosted its annual “Banking and the Economy” forums during the fall of 2020 to help equip women and people of color with tools to enhance their careers and increase their awareness of the Federal Reserve’s mission and resources.

The series includes two annual forums—Minorities in Banking and Women in Banking—as well as ongoing webinars. Due to the virtual delivery of the 2020 forums because of the coronavirus pandemic, each was marketed to a national audience.

“We are in unprecedented times, which made presenting the conferences both more challenging and more critical than ever,” said Chloé Davidson, program manager for the Banking and the Economy series. “The all-virtual experience provided the unique opportunity for us to reach a broader audience and address timely topics to inform, motivate and connect attendees.”

In September, “A Forum for Minorities in Banking” attracted banking and financial services industry professionals from across the United States. The fifth annual forum planning was led by the Kansas City Fed, in partnership with the other 11 Reserve Banks and the Board of Governors. The virtual platform allowed the conference to grow from 150 attendees in 2019 to more than 700 attendees, with representation from more than 300 organizations and 42 states.

In October, the Kansas City Fed hosted “A Forum for Women in Banking” in partnership with the Oklahoma Bankers Association and the Community Bankers Association of Oklahoma. The conference virtually convened women leaders from across the Tenth District for a day of banking, economic and leadership topics. The event included more than 300 participants, representing more than 200 organizations across more than 20 states.

A webinar series was launched in July to complement the Banking and the Economy forums. The webinars provided content on a range of topics including leading inclusively during a crisis, the history of America’s Black banks, economic and financial services updates, as well as cybersecurity tips. The series reached nearly 800 viewers from across the country.

“Under the cloud of a pandemic, we worked very hard and remained agile to design and deliver the virtual forums and webinars,” said Senior Vice President Tammy Edwards, who oversees Tenth District stakeholder engagement programs. “The expanded reach and feedback we received indicated the programming resonated with our stakeholders.”

FURTHER RESOURCES

Learn more about these forums and register for future programs at [KansasCityFed.org/events](https://www.kansascityfed.org/events).



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 across Colorado, Kansas, western Missouri, Oklahoma, Nebraska, northern New Mexico and Wyoming. Here is a glimpse at the recent activities of President Esther L. George and the staff of the Kansas City Fed.

KANSAS, MISSOURI and BEYOND »

Branches, headquarters host year-end town halls

The Kansas City Fed has a tradition of hosting annual receptions at the close of each year as a way to connect with banking, business and community leaders throughout the seven states of the Tenth District. For 2020, in lieu of in-person events, Bank President Esther George participated in a series of virtual town halls in December. She was joined by Denver Branch Executive Nick Sly for the Colorado, Wyoming and northern New Mexico town hall; Omaha Branch Executive Nate Kauffman for the Nebraska town hall and Executive Writer and Historian Timothy Todd for Kansas and western Missouri; to answer questions, submitted in advance and live from participants, on topics related to banking, payments and the economy. An Oklahoma City event will be held in January.



Esther George and Timothy Todd hosted the town hall for Kansas and western Missouri.

Students and 21st Century careers

President Esther George shared insight from her leadership journey with high school students and educators across the country during a live, virtual event in October. George's session, titled "A Portrait of Leadership," was part of the Bank's 21st Century Careers student webinar series. To see a video of the session, visit [KansasCityFed.org/education](https://www.kansascityfed.org/education) and click Videos on the Career Education in the Classroom page.



Exploring the Kansas economic outlook

Esther George was a featured speaker during the 41st annual Kansas Economic Outlook Conference in October. The conference is presented by Wichita State University's Center for Economic Development and Business Research. Because of the coronavirus, the 2020 event was a mixture of virtual and in-person sessions. More than 700 business and community leaders participated, sharing insight on prospects for growth in 2021. The national economy was the topic of George's presentation. Other sessions explored health care, small business, and employment.

Supporting women in leadership

Esther George was among the business, community and government officials featured during the "We Work for Change 2020" virtual event hosted in September by United Women's Empowerment, or "United We." During the event the organization, formerly known as the Women's Foundation, announced its name change. George's session was titled "Women & Economic Recovery." United We said that more 1,000 people participated in the event, which focused on advancing women's economic and civic leadership. The event coincided with the 100th anniversary of the 19th Amendment's ratification, which ensured women's right to vote.

ACROSS THE TENTH DISTRICT »



Investment Connection

Senior Community Development Advisor Ariel Cisneros held a District-wide discussion on Investment Connection in December, providing information to help organizations maximize their proposals for funding. Investment Connection continues to bring community and economic development organizations together with the funding community, resulting in loans, investments, grants and services. The program has connected community organizations with more than \$42 million in funding while educating and inform the broader funding community of issues and challenges throughout our communities. Learn more at KansasCityFed.org/community/investmentconnection.

Young Professional Interchange

Emerging leaders from across Omaha's workforce voiced their perspectives on the local and regional economy during the Omaha Branch's inaugural Young Professional Interchange, held virtually in September. The event aimed to bring together professionals in their 20s and 30s to network and share their viewpoints on where the economy might be headed in the months and years to come. Following an update on the regional economy from Omaha Branch Executive Nate Kauffman, the participants engaged in discussions on local challenges.

Oklahoma Economic Forum

In October, 300 bankers, business representatives and community leaders statewide attended the virtual Oklahoma Economic Forum. Chad Wilkerson, Oklahoma City Branch executive, provided an economic update and discussed the national and state outlook, focused on indicators important to Oklahoma, such as energy, centered on local economic and community issues.

Mountain Region economy

Nick Sly, Denver Branch executive, hosted four Economic Forums in October, connecting virtually with bankers, business and community leaders in Colorado, New Mexico and Wyoming. He presented a regional economic update and a national outlook. The forums included a specific presentation on the energy sector's importance in the Denver zone.



Student boards meet virtually

The Kansas City Fed's Student Board of Directors program shifted to a virtual format for the 2020-21 mentoring program, allowing students from high schools around the Tenth District to connect with peers and local business professionals. Students on the Kansas City, Denver, Albuquerque, Oklahoma City and Omaha Student Boards meet with their respective cohorts monthly to learn about the Federal Reserve, careers, personal finance and student loans, the economy and business etiquette.



The Oklahoma Branch Student Board of Directors meets with Branch staff.

ACROSS THE TENTH DISTRICT »



Talking with small businesses

Omaha Branch Executive Nate Kauffman held a roundtable discussion in October with area small business leaders to hear first-hand about the pandemic's impact on their companies as well as other dynamics concerning small business growth. This topic

will further be explored in the *Nebraska Economist*, at kansascityfed.org/research/regionaleconomy In November, as part of U.S. Rep. Adrian Smith's Virtual Small Business and Community Roundtable series, Senior Community Development Advisor Dell Gines joined a panel of experts and small business owners to discuss challenges and opportunities for growing small businesses during the pandemic.

Empowering women in the workplace

Chad Wilkerson, Oklahoma City Branch executive, took part in a panel discussion for the third "Banking and the Economy: A Forum for Women in Banking" conference. The panel was moderated by Susan Chapman Plumb, chair and CEO of the Bank of Cherokee County and member of the Oklahoma City Branch Board of Directors. Other panelists included T.W. Shannon, CEO of Chickasaw Community Bank, and Josh Rowland, president and CEO of Lead Bank. They explored how men can be allies to women by recognizing micro-aggressions, advocating for equitable and fair policies, and through mentoring and sponsoring.



(Clockwise from top left) Chad Wilkerson, Josh Rowland, T.W. Shannon, Susan Chapman Plumb.



Financial Education
in OKLAHOMA

Financial Education in Oklahoma

The Oklahoma City Branch and the Oklahoma Jump\$tart Coalition presented the 17th Annual Financial Education in Oklahoma Conference in November. Discussions under the topic "Financial Literacy: A Powerful Tool for Social Justice" featured leaders sharing expertise in racial equity research and financial education fields. The event explored the data, tools and resources that can be utilized in programs to build a more equitable community for all.



COVID-19 and the agricultural economy

Omaha Branch Executive Nate Kauffman joined University of Nebraska Medical Center Chancellor Dr. Jeffrey P. Gold on "Rural Health Matters", a program on RFD-TV, in November. The program focuses on rural health issues, especially in light of the COVID-19 pandemic. Kauffman joined the show to discuss the health of the rural economy and the agricultural sector. Clips from the broadcast are available at www.rfdtv.com and the network's "Rural Health Matters" channel at YouTube.

Ask the FED

Terri Bradford and Julian Alcazar

Exploring the rise of earned wage access

With many consumers facing cash constraints during the COVID-19 pandemic, financial technology programs that enable workers to access earned wages ahead of payday have gained popularity. Federal Reserve Bank of Kansas City Senior Payments Specialist Terri Bradford and Payments Specialist Julian Alcazar in September 2020 published a *Payments System Research Briefing* that examined this trend.

How do these programs work?

“Early” and “earned” wage access programs (EWAs) fill a need by allowing cash-strapped workers to access funds in advance of payday.

Earned wage access programs are employer-based services and operate through a contract allowing a provider to access an employer’s time and attendance records to determine actual earned wages. The employee pays a fee that varies based on whether funds are received via the Automated Clearinghouse (ACH) or instantly via a card network. On payday, the provider collects funds directly from the employer for any earned wages disbursed ahead of payday.

Early wage access programs operate through agreements between the provider and the employee and do not involve the employer. A consumer downloads an application, establishes an account with basic information, and links a checking account. For these programs, the EWA provider functions more like a lender, providing access to a percentage of wages earned on a given day, as reported by the employee. Unlike a lender, however, these types of providers rely on a subscription or tip model, paid by the employee, for revenue.

Are there potential risks?

Both types of programs have been touted as options to help cover unexpected expenses and avoid high-cost alternatives such as check-cashing services and payday loans, but there are risks. For example, if an employee is a repeat user, the accumulated fees could rival recurring overdraft fees. In addition, EWA providers do not have insight into all deductions from an employee’s paycheck, such as for retirement and health care, which could result in the employee overleveraging. Moreover, an employee could “double dip” by using the earned wages program through an employer and then using an early wage mobile application for the same day’s wage. This could leave the employee short on payday; when the early wage access program sweeps the worker’s checking account, an overdraft fee might result.

What is the outlook?

Looking ahead, earlier access to wages might also be facilitated by the adoption of instant payments, such as those that will be available using the Federal Reserve System’s forthcoming FedNow Service and are available today through The Clearing House’s Real-Time Payments. Enhanced availability of instant payments could better enable banks to offer services that EWA providers offer, such as earlier access to payroll and push notifications. As instant payment services become more broadly available, payroll providers might see these services as beneficial and begin to leverage them to compete for employers. Employers might do the same to attract and retain employees. Ultimately consumers will benefit by reducing time between pay cycles.



FURTHER RESOURCES

Read the full *Payments System Research Briefing* on this topic at [KansasCityFed.org/research](https://kansascityfed.org/research).

COVID-19 RESEARCH

Uncovering economic implications, assessing the outlook



Throughout the coronavirus pandemic, research by Reserve Bank economists has examined the many ways employment, commerce, policy and everyday life have been affected. As the public health crisis and economic turmoil continue, visit [KansasCityFed.org/research](https://www.kansascityfed.org/research) to read and subscribe to the latest in-depth analysis. Here are summaries of pandemic-related studies published in recent months.

Surprising surge in business formation

Business formation in the United States had been declining for several decades before COVID-19 set off a recession in the U.S. economy. Recessions tend to accelerate ongoing changes in the economy, and the pandemic might have been expected to hasten the decline in business formation. However, the economic downturn associated with the pandemic appears to have reversed this trend. A study shows that business formation, as measured by new business applications, actually has surged since late May. However, it is too early to tell whether this shift is temporary or permanent. New businesses often bring new ideas or more efficient ways of delivering goods and services. If permanent, an increase in the rate of business formation could have implications for the shape of the recovery as well as future innovation and productivity growth in the U.S. economy.

—Jason P. Brown, November 2020 Economic Bulletin

Photos by Getty Images

Federal debt higher but appears sustainable for now

When the COVID-19 pandemic delivered a swift and sudden blow to the U.S. economy earlier this year, Congress passed unprecedented fiscal stimulus packages in response. These fiscal actions, together with monetary policy interventions from the Federal Reserve, have provided timely assistance to households and businesses, supporting a relatively quick, but so far partial, rebound of economic activity. However, the fiscal stimulus also led to a sharp increase in federal debt, raising concerns about future fiscal sustainability. The Congressional Budget Office currently projects federal government debt to rise to 98% of GDP in 2020, up from its projection of 80% made a year ago. However, an analysis suggests the federal government still has some fiscal room to maneuver at the current debt level. Over a longer time, debt sustainability will depend, to a large extent, on future fiscal policies—specifically, whether the government can curb mandatory spending and raise taxes.

—Huixin Bi, Wenyi Shen and Shu-Chun S. Yang, November 2020 *Economic Bulletin*

Pandemic losses affected work-from-home jobs, too

While the majority of pandemic-related job losses have been in occupations in which working from home was not possible, work-from-home or “teleworkable” jobs were not pandemic-proof. In addition, the number of teleworkable jobs lost and recovered differed by workers’ gender and education status. College-educated and non-college-educated women experienced larger employment losses and slower recoveries in teleworkable jobs than their male counterparts. These findings resulted from a Kansas City Fed analysis focusing on pandemic-related employment changes among prime-age individuals (ages 25 to 54), who account for the largest share of employed working-age individuals. The analysis shows that the majority of employment losses among prime-age individuals from February to April were in non-teleworkable jobs, though teleworkable jobs also saw losses over that period.

—Didem Tüzemen and Thao Tran, September 2020 *Economic Bulletin*



Farming financial outlook improves

The outlook for agricultural credit conditions in the Tenth District improved in the third quarter alongside increases in commodity prices and the announcement of additional government aid. After dropping sharply in the second quarter due to disruptions associated with the COVID-19 pandemic, the prices of most agricultural commodities began to recover in the summer months. Strengthening demand supported additional increases in crop prices through the third quarter and into October, expanding profit opportunities for many producers heading into harvest. As a result, credit conditions deteriorated at a notably slower pace and the share of bankers reporting declines in farm income and loan repayment rates dropped from the previous quarter.

—Nathan Kauffman and Ty Kreitman, Third Quarter 2020 *Ag Credit Survey*

Policies at foreign central banks might spill over to United States

After the 2008 global financial crisis, advanced economies turned to unconventional monetary policies to provide additional stimulus while short-term interest rates were constrained by their effective lower bound. However, the speed of economic recovery differed markedly among these economies, leading to differences in the timing and intensity of unconventional monetary policies across central banks. These differences might have generated “spillover effects” that undermined policy tightening in the United States after 2015. A study shows evidence of spillovers from the European Central Bank, the Bank of Japan and the Bank of England to the United States as well as evidence that these spillovers increased during the asynchronous withdrawal from unconventional monetary policy. These results suggest that in the absence of international spillovers, long-term yields in the United States would have been higher than those observed at the end of 2017.

—*Karlye Dilts Stedman, October 2020 Economic Review*

Fewer loans issued to farmers limit lending activity

Farm lending remained muted in the third quarter but increased from last year, according to the National Survey of Terms of Lending to Farmers. Amid ongoing weakness in the agricultural economy surrounding developments related to the COVID-19 pandemic, the total volume of non-real estate farm loans remained subdued. Loans for operating expenses increased from last year but were less than the last three years, and the number of new loans originated to farmers declined for nearly all loan types. Similar to the previous quarter, government payments and lending programs might have offset both declines in farm revenues and financing needs of some farm borrowers in the third quarter.

—*Cortney Cowley and Ty Kreitman, October 2020 Ag Lending Update*

Job loss, training and labor market scarring in the Rocky Mountain region

The economic outlook for both the United States and the Rocky Mountain region continues to be highly uncertain and linked with the course of the COVID-19 pandemic. When workers are separated from their jobs, they can lose more than a source of income. Jobs help workers gain experience, develop skills and access training that builds proficiency and fuels career progression. These lost opportunities are examples of labor market scarring that pose longer-run risks to recovery in the labor market. From January to April, when national employment numbers hit a recent low, 3.5 million jobs were lost across the United States in occupations that require substantial on-the-job training. In the Rocky Mountain region, job losses in these training-intensive occupations totaled more than 75,000 individual positions. In comparison, these losses exceed the loss of similar jobs during the global financial crisis by 40%.

—*Nicholas Sly and Bethany Greene, October 2020 Rocky Mountain Economist*



Fiscal implications of interest rate normalization in the United States

At the zero lower bound (ZLB), a decline in tax revenues and the real bond price drives up government debt. During normalization, interest payments continue to rise higher than they would have had rates not reached the ZLB, potentially increasing government debt even as output and tax revenues recover. A Reserve Bank study finds that against the yardstick of ability to pay, interest rate normalization is unlikely to pose an immediate threat to debt sustainability at the current net federal debt level of 90% to 100% of gross domestic product. If the net federal debt reaches 150% of GDP, however, sovereign default risk can rise more quickly. Analysis suggests that a more active monetary policy better anchors inflation expectations and generates a faster recovery than a less active one, helping slow debt accumulation during normalization.

—Huixin Bi, Wenyi Shen and Shu-Chun S. Yang, *October 2020 Research Working Paper*

PPP drives increase in small business C&I lending

Outstanding balances on small business commercial and industrial (C&I) loans increased significantly in the second quarter, driven primarily by loans related to the Small Business Administration's (SBA) Paycheck Protection Program (PPP). Outstanding small business C&I loans increased 70.4% in the second quarter compared with the previous year, while the portion of these loans secured by SBA guarantees increased from 8% to 47% in the same period. Originations of new small business C&I loans increased more than 930% from the second quarter of 2019 and over 970% from the first quarter of 2020. Interest rates decreased across all loan types, but most significantly for fixed rate term loans, which fell to 1.20%, just above the PPP rate of 1.00%.

—Christi May-Oder and Thomas Hobson, *Small Business Lending Survey, September 2020*



Capital flows in risky times

A sudden decrease in the risk appetite of global investors increases the probability of uncommonly large bond outflows from emerging markets. Studying the risk-on/risk-off shocks for emerging market capital flows and returns shows that these shocks have important implications not only for the median of emerging markets flows and returns but also for the left tail. Further, while there are some differences in the effects across bond vs. equity markets and flows vs. asset returns, the effects associated with the worst realizations (left tail) are generally larger than on the median realization. Using the COVID-19 shock as a way to examine the pattern of flow and return shows that the sizable risk-off nature of this shock engenders reactions that reside deep in the left tail of most relevant emerging market quantities.

—Anusha Chari, Karlye Dilts Stedman and Christian Lundblad, *August 2020 Research Working Paper*



ON THE BRINK

Fed explores dilemma that can stifle upward mobility for lower-wage workers and deepen hardships for families

The severe economic effects of the coronavirus have shed light on many financial difficulties facing workers and households. One dilemma that has been increasingly problematic during the pandemic is known as the “benefits cliff.”

Federal Reserve Banks are working to raise awareness of this situation and find solutions in partnership with community organizations and government entities that are involved with workforce development.

Kansas City Fed Senior Community Development Advisor Steven Shepelwich is helping lead these efforts in the Tenth District and is part of a broader Federal Reserve System team. Recently he provided some background on the issue and outlined some of the initiatives underway.

Q: What is the “benefits cliff?”

A: This situation is a financial barrier to economic mobility, and it can occur when career advancement – getting a new job with higher pay, for example – puts family income above eligibility requirements for public benefits programs. As a result of losing that assistance, the family can actually become financially worse off—facing a “benefits cliff”—or no better off, which can be called a “benefits plateau.”

While a new job could provide much greater long-term income, the immediate shortfall might make it too risky to pursue higher-paying work.

Research by the Federal Reserve Bank of Atlanta shows that the severity of benefits cliffs and plateaus can depend on factors such as a worker’s family composition and geographical location.

Q: Which broader problems can result from these situations?

A: Getting a higher-wage job doesn't necessarily mean that a person's new income will cover all household expenses. Losing access to public benefits that help with expenses—such as medical insurance or child care—in many cases means that workers have a financial disincentive to invest in their upward movement from lower-wage jobs.

The eligibility and structure of financial assistance programs meant to help families become financial independent all too often have the unintended consequence of making that goal more difficult to obtain. Appropriate benefits and work supports are often needed after an individual begins to move up in a job. By looking more closely at these situations and their effects, policies can be better designed to provide equitable outcomes that will positively impact families and the economy.

Q: Why are the Reserve Banks and partners involved, and how are they working toward solutions?

A: Ensuring that every family has the opportunity to participate in and benefit from the economy is a key part of the Federal Reserve's mission. Putting a spotlight on the benefit cliffs can help individuals make better decisions; businesses will better understand the realities faced by many of their workers; and policymakers can make changes supported by evidence. Together, this can make a significant difference in both individual families and regional economies.

We have worked with the Oklahoma Office of Workforce Development and the Atlanta Fed on developing a tool that shows the expected cliffs faced by workers as they train to meet Oklahoma's most in-demand jobs. We are now starting pilot programs to show its usefulness for training specialists, employers and job seekers as we move into recovery from the pandemic. The Atlanta and Richmond Feds are working with other states on similar initiatives that will collectively provide powerful insights on how benefit cliffs can be transformed to on-ramps toward economic mobility.

Q: How can the public participate or get more information on this topic?

A: The Atlanta Fed has developed robust research and practical tools to both understand and address this issue at the state and regional level. The bank's Advancing Careers for Low-Income Families initiative provides a comprehensive introduction to this work for policymakers, workforce professionals, researchers and employers.

The Kansas City Fed is talking with stakeholders across our district to develop new partnerships in addition to our work with the Oklahoma Office of Workforce Development.



FURTHER RESOURCES

The public can learn more about Federal Reserve research and initiatives to improve workers' mobility and find solutions for families facing the benefits cliff at frbatlanta.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families.aspx.

dealing with a DOWN TU

study explores ways recession deepens financial distress in households

by DEBRA SKODACK

Yvonne Whittaker was living her dream as 2020 began.

She moved back to Colorado in January. She found a great apartment and later got hired as a bartender and server at a new restaurant featuring craft beer brewing – an industry in which Whittaker, 33, plans a career.

“I thought ‘I have this job ... I’m set,’ ” Whittaker said. “‘It’s going to be good, and I am not going to have to worry about finances.’ And then, all of this happened.”

Whittaker’s employer – Ska Street Brewstillery in Boulder – was opened to the public exactly one hour and 11 minutes on March 16 before being shuttered by a statewide COVID-19 lockdown.

Whittaker lived on unemployment until Ska Street reopened in early June. Even with a job, making ends meet proved to be a struggle. She had rent and utilities to pay, groceries to buy, and a credit card payment to make.

“Some weeks I would count my money at the end of the day and say, ‘Oh, I might actually be able to pay all my bills this month,’ ” Whittaker said. “And then other weeks almost no one came into the restaurant because they didn’t feel comfortable going out.”

Whittaker kept a strict budget and bought only necessities. Even so, to get by, she found herself maxed out on credit cards and making a difficult decision to withdraw money from her individual retirement account.

(Image right) Yvonne Whittaker moved back to Colorado in early 2020 and had just started working as a bartender and server before a COVID-19 shutdown. *Photo by David Tejada*



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“IF YOU LOOK AT THE INITIAL INFORMATION AND DATA WE HAVE FROM THE COVID-19 RECESSION IT LOOKS LIKE THE EARNINGS OR EMPLOYMENT LOSSES ASSOCIATED WITH THIS PANDEMIC ARE ALSO FALLING DISPROPORTIONATELY IN AREAS OF HIGHER FINANCIAL DISTRESS.”

— José Mustre-del-Río



“I didn’t realize it was going to be that bad,” Whittaker said.

Individual financial hardships caused by the pandemic have been vast, but for some the burden has been heavier, according to a Federal Reserve research paper published in September. “Household Financial Distress and the Burden of Aggregate Shocks” examines a fact that Whittaker and countless others have been facing: The coronavirus pandemic has disproportionately hurt certain individuals, much like the 2007-09 recession.

“In both of these cases it appears that people in greater financial distress are being hurt the most,” said José Mustre-del-Río, research and policy officer at the Federal Reserve Bank of Kansas City. Mustre-del-Río co-authored the research paper with Federal Reserve System colleagues Kartik Athreya, Ryan Mather and Juan M. Sanchez.

Their study found that the pandemic – like the 2007-09 recession – did not affect individuals uniformly. Simply put, individuals with debt going into an economic recession can be greatly affected when the downturn takes hold.

“It is very clear that what we are calling financial distress is something quite prevalent,” Mustre-del-Río said. “There is a large share of individuals who at any point in time are delinquent on their credit cards or reaching their maximum level on their credit cards.”

The economists centered on credit card debt partly because so many individuals have access to such credit lines, and an individual can become delinquent without immediate consequences like repossession of a car or home.



School bus driver Angie Gumminger had steady work before the pandemic disrupted classes and related trips. She sought help through a nonprofit organization that provides financial coaching. *Photo by Gary Barber*

“You can have collection offices calling you or mailing you, but it is kind of hard for them to take away anything from you immediately,” Mustre-del-Río said.

“That is a part of the reason why people actually become delinquent on credit card debt. That short-term loss or cost doesn’t appear to be that big.”

The Federal Reserve’s research paper stated that the households hardest hit in the 2007-09 recession were not diversified, in that they had a larger share of net wealth in their homes.

“Then what you would see there is areas of greater financial distress were the same areas the largest decline in home values,” Mustre-del-Río said.

“If you look at the initial information and data we have from the COVID-19 recession it looks like the

earnings or employment losses associated with this pandemic are also falling disproportionately in areas of higher financial distress.”

More specifically, the data revealed that people with higher financial distress work in the leisure and hospitality sector.

Mustre-del-Río said the overarching theme is that even though the 2007-09 recession and the COVID-19 recession are two very different events with different economic shocks it appears that those most affected are individuals with greater financial distress.

And those with financial distress will likely change how they consume.



photo by David Tejada

A big shift in behavior

Because of the pandemic, things certainly changed for Melissa Pond, a full-time student who works Sundays as a barista in Denver.

“I definitely have seen a drastic difference in how I live my life; it’s a lot more reserved,” Pond said. Though she has kept her eight-hour shift, wages from tips have fallen from about \$20 an hour before COVID-19 to about \$5. “I am penny-pinching any way I can. I make lists to decide what I am going to buy for groceries. And instead of making a new meal every night, I am making one big meal to last the rest of the week.”

The pandemic’s effect on Colorado’s leisure and hospitality sector was chilling in 2020. In January, the state’s unemployment rate was 2.5%, with about 345,000 people working in the state’s leisure and hospitality sector, according to the U.S. Bureau of Labor Statistics. In April, the state’s unemployment rate swelled to 12.2%. There were only 184,000 Coloradoans working in leisure and hospitality in April, a sharp drop of 46.3% from a year earlier. That decline was more than double the drop in any other sector.

That sharp decline rippled out to consumption.

Sales tax revenue was slightly less than \$7 billion in April, compared with almost \$8.6 billion in April 2019, according to the Colorado Department of Revenue. Tax revenue in the state’s category of Food Services and Drinking Places dropped from \$1 billion in April 2019 to just under \$500 million in April 2020. And tax revenue in Colorado for clothing and clothing accessories stores fell from \$289 million in April 2019 to \$88.7 million in April 2020.

Many people left the leisure and hospitality sector altogether in 2020, said Liddy Romero, executive director of WorkLife Partnership, a Denver nonprofit organization, and a member of the Kansas City Fed’s Community Development Advisory Council. Certainly, efforts like the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) helped workers, Romero said. But, she added, so many people were simply trying to survive with no ability to pay credit card debt.

Indeed, credit card debt did enlarge for many for that very reason during the pandemic, said Thea Garon, senior director, program, at the Financial Health Network, a nonprofit financial services consultancy in Chicago. Garon said her organization’s research and

data collected in August 2020 concluded people with higher levels of debt had higher financial stress and hardship in the pandemic.

“People who report unmanageable levels of debt were also significantly more likely to say they experienced other forms of financial hardship since the beginning of the pandemic in March, including struggling to put food on the table, keep a roof over their heads, and afford necessary health care,” Garon said. “At the same time, many people have turned to their credit cards to make ends meet during the pandemic.”

Further, Garon said her organization’s research shows that individuals with low incomes have been more likely than those with high incomes to say they reduced their spending and drew down on their savings to make ends meet.

“This is likely due to the fact that lower-income Americans are bearing the brunt of the COVID-19 economic crisis, which has led to disproportionate job losses in the sectors of leisure, hospitality, entertainment and travel,” Garon said.

Finding a path toward stability

Angie Gumminger has experienced that situation.

Gumminger drives a bus for a Kansas City area school district. Work was steady for her until spring break in March. Then on-site classes were halted, as well as the use of school buses. She was paid, but what Gumminger needed was the extra pay she earned driving buses for such activities as field trips, summer school and taking athletes to sporting events.

“With my base pay I am able to pay rent, the car payments and utilities—but that’s about it,” she said.

Gumminger knows financial distress and its consequences quite well from the 2007-09 recession.

Gumminger said her ex-husband had a difficult time finding a job when he returned from contract work in Iraq, she said. Things turned from bad to worse. They lost their home in foreclosure. Gumminger filed for bankruptcy in 2011.

By 2020, before COVID-19, she was in better financial shape, although she had loans to pay.

“I haven’t had a credit card in about 10 years,” she said. “I seem to get into trouble with them. I would max them out and be unable to pay. It’s very stressful. They want their money, and you know you don’t have it. I fear that.”

To help, Gumminger sought help and advice from Rachel Barker, vice president for financial coaching at Community Services League, a nonprofit organization in Independence, Missouri. Barker said credit card debt is a real danger for people trying to stabilize their finances.

“Credit cards are often one of the last things to be paid once you have stretched every dollar,” Barker said. “Paying the minimum payments doesn’t do very much. At some point, people realized that.”

Barker works with individuals to resume a healthy relationship with credit cards because that is what is needed if someone wants to buy a home.

“We see credit cards as a credit-building tool,” Barker said. “We coach on how to use credit cards to your advantage when you can pay on time and keep balances low.”

That’s exactly what Gumminger wanted—an improved credit score so she could refinance her car loan and, ultimately, own a home again.

Gumminger’s circumstances from the 2008 financial crisis and the COVID-19 recession illustrate some of the findings explored in the Federal Reserve research paper.

“It shows how things spiral out of control and financial distress can ultimately lead to bankruptcy,” Mustre-del-Río said. “Importantly, it is not clear that bankruptcy makes everything better as sometimes people get right back into financial distress because the reasons that led them down the path didn’t vanish. On the flip side, it is great to hear that she is working with a financial manager, because it does seem that this kind of intervention can be really key to breaking the cycle of financial distress.”

Tenth District *by the numbers*

ECONOMIC INDICATORS, FACTS AND TRENDS FROM THE SEVEN STATES



46

Average number of minutes Albuquerque, New Mexico, commuters save daily during the COVID-19 pandemic, slightly lower than the national average of 49.6 minutes.

Source: Upwork



9.4%

Increase in federal government employment in Missouri through the third quarter of 2020 compared with the same period in 2019.

Source: Bureau of Labor Statistics and Haver Analytics

395,000

Estimated number of military veterans living in Colorado.

Source: Colorado Office of Economic Development and International Trade

MORE ECONOMIC DATA

The Kansas City Fed regularly conducts surveys about regional economic conditions and publishes the data at [KansasCityFed.org/research/indicatorsdata](https://www.kansascityfed.org/research/indicatorsdata).



-4.7%

Projected 2020 change in real Kansas Personal Income, a measure of residents' economic well-being.

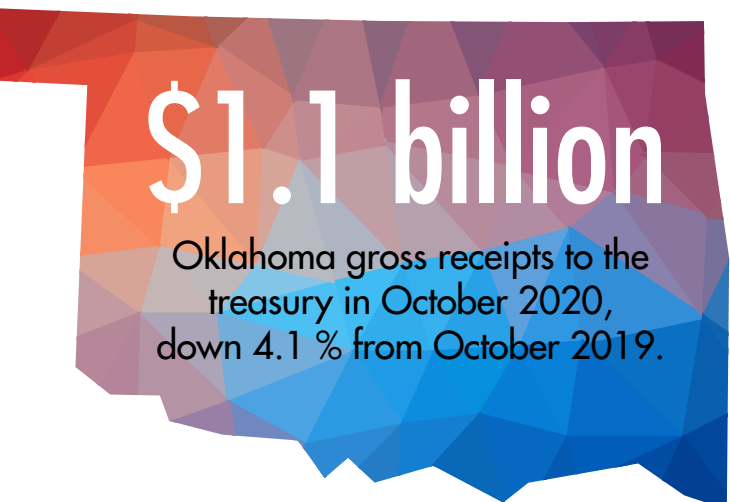
Source: Kansas Division of the Budget



19 million

Number of acres Nebraska crop producers plant each year, with corn and soybeans accounting for about 70% of the total.

Sources: Nebraska Farm Bureau and the Platte Institute



Source: Office of the State Treasurer



Improvement in Wyoming's unemployment rate, from a 2020 high of 9.6% in April to 6.1% in September.

Source: Wyoming Department of Administration and Information

FROM THE VAULT

Kansas City Fed History



An Egyptian temple inspired 925 Grand's lobby design.

1921: Bank gets a brand-new home

One hundred years ago, excavation work was giving way to construction for 925 Grand, an architectural showpiece that would be the Federal Reserve Bank of Kansas City's headquarters for more than 80 years.

Many other downtown locations had been considered before the fast-growing Bank purchased the Glendale Building site at the northeast corner of 10th Street and Grand Avenue. The Bank's head office had been inside the R.A. Long building just across the street.

A few facts about 925 Grand:

- At 21 stories, it was a skyscraper for its time. Over the years, taller buildings sprang up downtown.
- It officially opened in November 1921 and remained the headquarters until 2008, when the current head office opened at 1 Memorial Drive.
- The building contractor was the George A. Fuller Co., builder of Kansas City's Union Station. The architects—Graham, Anderson, Probst and White—designed Chicago's Wrigley Building, Field Museum and Shedd Aquarium.
- Cost of construction was estimated at \$4.3 million.
- Air conditioning was installed in 1934.
- In 1953, former President Harry Truman began leasing an office on the 11th floor until work was completed on the Truman Library in nearby Independence, Missouri.
- The building can be seen in U2's 1997 "Last Night on Earth" music video, which was partly filmed along Grand.

SNAPSHOTS

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

Deciphering FOMC communication

by TAEYOUNG DOH, DONGHO SONG
and SHU-KUEI YANG

A new text-analysis method finds that the wording
of Federal Open Market Committee statements
can have significant effects on financial markets.

Research Working Paper, October 2020

Macroeconomic fallout of banking system shutdowns

by QIAN CHEN, CHRISTOFFER KOCH,
GARY RICHARDSON and PADMA SHARMA

A study of bank deposit suspensions finds that
the effects varied by the phase of the business
cycle as well as the duration and magnitude
of the suspensions.

Economic Review, November 2020

Effects of power plant closure on local air

by JASON P. BROWN and COLTON TOUSEY

The closure of a coal-fired power plant reduces
local air pollution and mortality probabilities with
an estimated local benefit of \$1 to \$4 billion.

Research Working Paper, October 2020

The 'spirit of capitalism' and growth implications

by QICHUN HE, YULEI LUO, JUN NIE
and HENG-FU ZOU

A new model shows that higher nominal interest
rates could promote economic growth in the
long run.

Research Working Paper, November 2020

Forecasting growth using cross-country data

by YIFEI LYU, JUN NIE and SHU-KUEI X. YANG

Such U.S. data helps produce more accurate
forecasts for GDP growth during economic
downturns but is less helpful in normal times.

Research Working Paper, September 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




1



2

1 **@KANSASCITYFED** "I'm honored to have served with many soldiers who have placed the needs of others, including their country, before their own. The saying "all gave some, some gave all," reminds me of the heroes I've served with." - Eddie Villanueva, #KCFed Law Enforcement Supervisor #VeteransDay 

2 **@KANSASCITYFED** Our OKC Branch 100th anniversary year of commemoration continues! Did you know? In 1979, rather than incinerating damaged #currency, the #KCFed began shredding it. Today, shredded money is a coveted takeaway after visiting our @OKC Money Museum <https://bit.ly/36bFa8S> #OKCFED100 

3 kcFED CODE-A-THON





4



5

3 **@KANSASCITYFED** The #KCFed held an awards ceremony today for its fifth annual #CodeAthon. This year's participants had two days to develop an application that addressed real-life problems related to #COVID19. More than 50 students making up 13 teams competed. <https://bit.ly/38eQ4NT> 

4 **KANSASCITYFED** A #FemaleFirst at the #KCFed. In 1971 Virginia Sutton was named the Kansas City Fed's first female auditor. Learn about other important women who have served the Tenth District over the past 100 years in our online exhibit, Banking On Her. View the exhibit at KansasCityFed.org/BankingOnHer. 

5 **FEDERAL RESERVE BANK OF KANSAS CITY** Kansas City Fed President & CEO Esther George spoke to high school students during a webinar in our 21st Century Careers virtual series. She emphasized that failure is an important teacher, as important as success. To watch the recorded webinar, visit <https://lnkd.in/dU3Cvc2>. 

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CHANGE SERVICE REQUESTED

WHEN IS A BANK *not* A BANK?

Senior Payments Specialist Terri Bradford explains what a “neobank” is—*and isn’t*—in a TEN Talk podcast.



Listen to our podcasts at [KansasCityFed.org/tentalk](https://www.kansascityfed.org/tentalk)