

FEDERAL RESERVE BANK OF KANSAS CITY / SPRING 2022

TEN

COMPLEX TIMES for CATTLE INDUSTRY

Pandemic and other pressures
threaten profits, U.S. supply chain

ANNUAL REPORT FOR 2021
Service and stability in the public's interest

CDAC: 20 Years of Service and Insight | Diversity and Inclusion Report | Meet the New Tenth District Directors

TEN

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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



COMPLEX TIMES FOR CATTLE INDUSTRY

Disruptions in the sector have highlighted long-term pressures on producers and profits.



20 YEARS OF THE CDAC

Hands-on insight from the Community Development Advisory Council remains essential to the Kansas City Fed.



DIVERSITY, EQUITY AND INCLUSION

Report to Congress shows how diverse backgrounds and experiences are reflected in the Kansas City Fed's business practices and workforce.



ANNUAL REPORT FOR 2021

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

ON THE COVER »

Jeremy Cosgrove feeds cattle at his family's ranch near Council Grove, Kansas. *Photo by Gary Barber*
Design by Casey McKinley



From the *President*

ESTHER L. GEORGE

Examining the key influences for economic activity in 2022

The global pandemic hit the U.S. in full force two years ago and although its effects are still with us, the U.S. economy rebounded quickly. Looking back, 2021 saw several notable economic developments, including the largest increase in employment on record as well as the most significant pick-up in inflation in decades. The effects of a global pandemic and the extraordinary policy response that followed, both fiscal and monetary, drove those outcomes and will likely continue to set the course for the economy this year.

In this issue's President's Message, I'll discuss three key dimensions that will influence economic activity in the coming year: the outlook for demand, the outlook for supply, and the outlook for monetary policy.

The outlook for demand

The outlook for demand is a positive one. Spending was robust at the end of last year, with retail sales in the fourth quarter almost 20 percent higher than the same period in 2020, the largest annual increase on record. With the new year, the sharp rise in COVID-19 cases linked to the Omicron variant has muddled the picture somewhat. Real GDP increased a solid 7 percent in the fourth quarter, but the surge in new cases has led many forecasters to revise down their projections for the beginning of the year, even though there is a generally held view that economic activity,

and spending in particular, has become more resilient to spikes in the virus.

My own expectation is that the strength of the underlying fundamentals will continue to support solid consumption growth. Notably, household income continues to increase rapidly. Nominal labor compensation has grown roughly 10 percent over the past year amid increases in employment and wages. With a record 6.5 million people added to payrolls last year, more people working means more income and more spending in the economy. This is particularly true for the wage gains going to lower-income workers, a group that has traditionally spent a relatively large share of their paychecks.

Demand growth is also likely to be supported by healthier household balance sheets. Significant fiscal transfers, along with subdued spending early in the pandemic, allowed many to accumulate savings and pay down debt. Households now have over \$2 trillion in additional savings relative to pre-pandemic trends, and buoyant asset markets, with both equity and house prices near record highs, have also boosted wealth.

Another factor supporting demand growth is a robust outlook for state and local government spending. With sizeable transfers from the federal government, state budget balances reached record highs in fiscal year 2021. And while fiscal policy at the federal level is likely to turn contractionary as spending and transfers fall back

from elevated pandemic levels, state and local spending is expected to expand close to 10 percent in the current fiscal year, the largest increase in 15 years.

Throughout the pandemic, consumers have favored the purchase of goods, particularly durable goods. For example, additional time at home launched a wave of residential remodeling and upgrading with demand for furniture and appliances. It also inspired purchases of home exercise equipment and bicycle sales. Although durable goods consumption has fallen from its peak, the level remains 10 percent higher than its pre-pandemic trend, and there are indications it might be even higher if supply constraints weren't limiting purchases. This is particularly true for automobiles, where depleted inventories are likely weighing on sales.

In contrast to goods, spending on services remains considerably below trend, as consumers continue to avoid in-person recreation, including live performances and movies, and have cut back on visits to doctors and dentists. The same is true with business travel still disrupted; hotels and air transportation remain depressed (though it might be hard to tell from the middle seat of an overbooked flight).

The outlook for supply

Turning to the outlook for the supply of goods and services, 2021 saw supply lag demand for many categories of consumption, particularly goods. The result was higher prices. With overall demand expected to remain strong, a key question for the outlook is whether supply will be able to keep up, particularly as the ongoing public health concerns related to the pandemic threaten to delay a rotation of consumption from an overheated goods sector to a relatively slack services sector. Whether or not supply is able to rise to the occasion in part will be determined by the persistence of pandemic-related disruptions that have weighed on both product and labor markets.

One set of factors constraining supply relates to production bottlenecks and shortages, many originating in the rapid closing and subsequent slow reopening of the economy in 2020. The range of disruptions across factories and across countries has jumbled global supply networks, as have disruptions to transportation networks, including the carefully choreographed movement of shipping containers around the world temporarily collapsing in disarray. Slowly, these disruptions are being dealt with, and there are indications that the worst has passed as shipping rates have peaked and port backlogs are being cleared. Imports and inventories both increased

sharply in the fourth quarter, suggesting that supply is on the mend. Reports of supplier delivery delays declined in December even as they remain at historically elevated levels. Still, global supply networks continue to face risks. A lack of labor also has been an important constraint on

“WITH INFLATION RUNNING AT CLOSE TO A 40-YEAR HIGH, CONSIDERABLE MOMENTUM IN DEMAND GROWTH, AND ABUNDANT SIGNS AND REPORTS OF LABOR MARKET TIGHTNESS, THE VERY ACCOMMODATIVE STANCE OF MONETARY POLICY THAT HAS BEEN IN PLACE DURING THE PANDEMIC IS OUT OF SYNC WITH THE ECONOMIC OUTLOOK.”

— Esther George

supply. Speaking to contacts in my region, reports of acute labor shortages are prevalent. These reports align with the data, reflecting the ratio of job openings per unemployed person near all-time highs and workers quitting jobs at a record pace.

Today's tight labor market reflects the strength of demand but also constraints on the supply of labor. In December, the labor force participation rate remained 1.5 percentage points below its pre-pandemic level and has shown little movement in recent months. Taking into account the trend decline in labor force participation as the population ages, this amounts to a shortage of roughly 3.5 million workers. Understanding what is keeping these workers out of the labor market, and how persistent these factors are, will be important for determining how quickly the economy will grow, as well as the split between output growth and higher inflation.

So why have workers left the labor market? The pandemic likely remains a key consideration, and one that is likely to fade only slowly. In December, more than a million workers reported not being in the labor force because of COVID-19, mostly prime-age workers and disproportionately women. Throughout the pandemic, issues in childcare availability surfaced as a key constraint on labor force participation.

Another contributor to lower labor force participation has been a large increase in the proportion of the population that reports being retired. While these workers are largely not attributing their lack of workforce participation to the pandemic, I would not dismiss its role in elevating the retirement rate. Looking at detailed data, it appears much of the increase in the reported retired population does not reflect workers moving from employment to retirement but rather a sharp slowdown in the number of retirees returning to work. In normal times, there is a regular flow of retired individuals who move back into employment, in some cases out of personal interest or in other cases out of necessity. Today, it appears as though more retirees are deciding to stay retired.

The outlook for monetary policy

What does this outlook imply for the path of monetary policy? Monetary policy plays an important role in shaping the balance of demand and supply by either encouraging or moderating the growth of demand. When demand looks to overwhelm supply, economic stability and long-run growth prospects are best served by a less accommodative monetary policy that moderates the pace of demand growth. By smoothing out demand growth to allow supply time to catch up, monetary policy can support the strong and steady expansion of economic activity. With inflation running at close to a 40-year high, considerable momentum in demand growth, and abundant signs and reports of labor market tightness, the very accommodative stance of monetary policy that has been in place during the pandemic is out of sync with the economic outlook. At January's meeting, the FOMC acknowledged the need to shift its policy settings with interest rate increases and significant reductions in asset holdings on the horizon.

Removing accommodation is easily justified, but it is unavoidably complicated by the use of multiple policy instruments, as it was during the last normalization cycle less than a decade ago. To guide this process, the Federal Open Market Committee (FOMC) released a set of general principles for reducing the size of the Federal Reserve's balance sheet. These principles keep the federal funds rate as the primary tool of policy adjustments with planned significant reductions in the balance sheet to begin after the policy rate had increased. The principles also reaffirm the Committee's ample reserves operating regime and an intention to hold primarily Treasury securities in the long-run, moving away from holding mortgage-backed securities to minimize possible distortions in credit allocation.

These principles establish important guideposts as the Federal Reserve begins to dial back its policy settings. However, they are just a start, and a number of important and difficult decisions remain. In particular, I expect it will be important to consider the interaction between reductions in the size of the balance sheet and increases in the policy rate. What we do on the balance sheet will likely affect the path of policy rates and vice versa. For example, more aggressive action on the balance sheet could allow for a shallower path for the policy rate. Alternatively, combining a relatively steep path of rate increases with relatively modest reductions in the balance sheet could flatten the yield curve and distort incentives for private sector intermediation, especially for community banks, or risk greater economic and financial fragility by prompting reach-for-yield behavior from long-duration investors.

In the previous normalization cycle, the FOMC delayed adjusting the size of the balance sheet until the normalization of the funds rate was "well under way." The rationale for this timing was predicated on the novelty of balance sheet normalization and the desire for space to offset any unexpected turbulence. This rationale seems less compelling now and, from my perspective, discounts the yield curve implications of moving the funds rate higher while maintaining a large balance sheet. All in all, it could be appropriate to move earlier on the balance sheet relative to the last tightening cycle.

Regarding the ultimate size of the balance sheet, the principles state an intention to maintain securities holdings in an amount needed to implement monetary policy efficiently and effectively in an ample reserves regime.

Even as the pandemic continues to influence economic activity, monetary policy is transitioning away from its current crisis stance towards a more neutral posture in the interest of meeting its long-run objectives. Policymakers will need to grapple with the appropriate pace and size of adjustments across multiple policy tools in the context of a changing and challenging environment. That transition could be a bumpy one, with the prospect of asset valuation adjustments and the recalibration of supply and demand towards a new equilibrium.



This issue's President's Message is adapted from a speech President George delivered to the Economic Club of Indiana on Jan. 31.

Notes from around the Tenth District

Kansas City Fed earns top rating for LGBTQ+ equality

REPORT

Corporate Equality Index 2022

Rating Workplaces on Lesbian, Gay, Bisexual, Transgender and Queer Equality

Human Rights Campaign Foundation



For the second consecutive year, the Federal Reserve Bank of Kansas City has received a score of 100 on the Human Rights Campaign Foundation’s annual Corporate Equality Index. The Bank also received a top score in 2021 for the index, regarded as the country’s benchmark survey and report measuring corporate policies and practices related to LGBTQ+ workplace equality.

The Bank is among more than 840 major U.S. businesses that earned top marks this year.

“The Kansas City Fed is strengthened by diversity, and we are dedicated to having a workforce representative of the communities we serve,” said Tammy Edwards, senior vice president of the Community Engagement and Inclusion Division (CEI).

The Kansas City Fed’s efforts in satisfying all CEI

criteria earned the designation as one of the “Best Places to Work for LGBTQ+ Equality.”

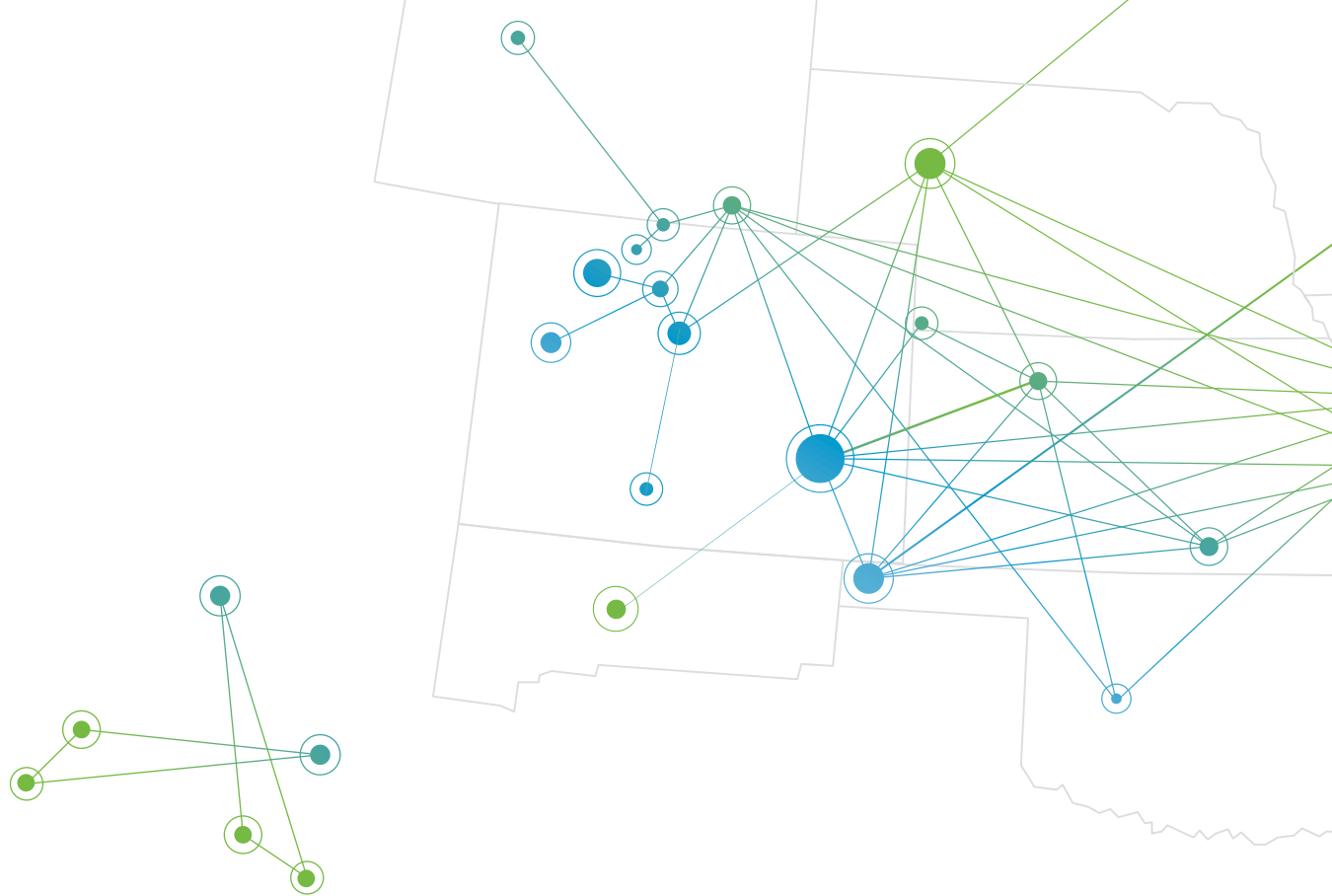
“As a part of the nation’s central bank, the Kansas City Fed relies on a diverse workforce to carry out its important public mission, with a focus on promoting a culture of inclusion and belonging,” Bank President Esther George said. “We are proud to receive this top rating for a second year.”

The full report is available online at hrc.org/cei.

FURTHER RESOURCES

Learn more about the Bank’s diversity and inclusion mission at KansasCityFed.org/about-us/diversity-and-inclusion/.





Cole appointed senior vice president and chief human resources officer

Amy Cole, previously Kansas City Fed group vice president in information technology, has been appointed senior vice president and chief human resources officer. She assumes leadership responsibility for the Bank's People & Strategy Division, which includes the Human Resources (HR), Finance and Strategy and Risk Management Departments.

Cole joined the Bank in 2005 as an analyst in the Customer Relationship Support Office. She rotated to the Customer Contact Center, where she held various management roles before moving to the HR Department in 2011. She was appointed to Assistant Vice President of HR and then promoted to vice president in 2015. Cole then rotated to National IT End User Services (EUS) in 2018 and was named group vice president in 2020. She was named EUS Executive in December 2020. She holds a bachelor's degree in business management from the University of Missouri and an M.B.A. in Leadership and Change in Human Systems from the University of Missouri-Kansas City.

In her new role, Cole joins the Bank's Management Committee, which is responsible for the Bank's strategic direction.



Amy Cole joined the Kansas City Fed in 2005.

FURTHER RESOURCES

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





Aadland assumes new leadership role; Morhaus to retire

The Federal Reserve Bank of Kansas City announced that Senior Vice President Todd Aadland has formally assumed division head responsibility for the Treasury Services Division (TSD). Also, as the Bank's Treasury director, Aadland plays a key coordinating role within the Federal Reserve System and in support of the U.S. Department of the Treasury's Bureau of the Fiscal Service. In this role, Aadland serves on the Bank's Management Committee.

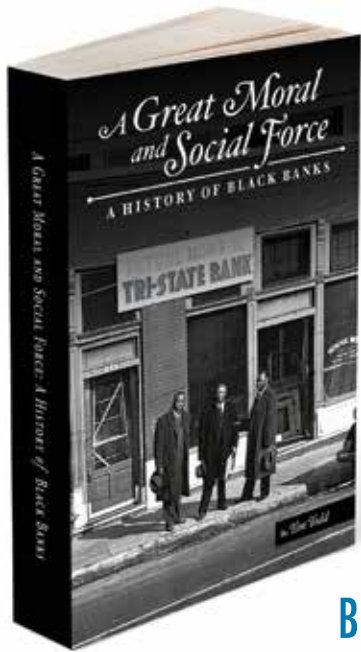
Aadland began his career at the Federal Reserve Bank of Chicago in 1995. Among his assignments there, he led the business strategy, development, and management of the Federal Reserve Banks' FedLine access solutions, used by more than 10,000 U.S. financial institutions. He joined the Kansas City Fed in 2018 as senior vice

president in the Treasury Services Division. He had been interim division head since June 2021.

Aadland succeeds Executive Vice President Dawn Morhaus, who will retire after 35 years of service. Morhaus has led several Bank divisions and many major technology programs. Morhaus was appointed assistant vice president of Retail Payments Support in 1997 and was promoted to vice president of Corporate Services in 2000. In 2004, she was named vice president of Treasury Services and in 2008 she assumed additional responsibility for Application Delivery Services in the Bank's Information Technology Division. In 2011, Morhaus was promoted to senior vice president of Treasury Services. She was promoted to executive vice president in 2017.



Todd Aadland joined the Kansas City Fed in 2018 after working at the Chicago Fed. Dawn Morhaus will retire after 35 years of service.



Smithsonian highlights book on history of Black-owned banks

In February, the Smithsonian’s National Museum of African American History and Culture highlighted *A Great Moral and Social Force: A History of Black Banks*, a Kansas City Fed book released this year.

The museum hosted a conversation with the author—the Bank’s executive writer, Tim Todd—in a virtual program titled “Historically Speaking: A Great Moral and Social Force.” The event, part of the museum’s Black History Month observances, was moderated by Michael Fletcher of ESPN’s “The Undeclared.” The program explored the book’s content, which focuses on the stories of Black banks in five cities: Richmond, Virginia; Boley, Oklahoma; Chicago, Illinois; Memphis, Tennessee; and Detroit, Michigan. The book examines factors that contributed to the dismantling of Black banks and why that has played a role in hurdles that many Black people face today regarding financial security and amassing generational wealth.

A video recording of the Smithsonian program is available at youtu.be/4wvEc1ZJ-Ns.

FURTHER RESOURCES

The book is free; order a copy at KansasCityFed.org/about-us/a-great-moral-and-social-force/.



Bank Anniversaries

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

Sundance State Bank	Sundance	Wyo.	91
First State Bank	Ness City	Kan.	88
First Nebraska Bank	Valley	Neb.	88
Bank of Hartington	Hartington	Neb.	86
BankWest of Kansas	Goodland	Kan.	83
First State Bank and Trust Company	Larned	Kan.	80
First State Bank in Temple	Temple	Okla.	79
Citizens-Farmers Bank Cole Camp	Cole Camp	Mo.	77
Bank of Commerce	Rawlins	Wyo.	44
Citizens Bank of Edmond	Edmond	Okla.	41
Bank of Jackson Hole	Jackson	Wyo.	40
Bankers Bank	Oklahoma City	Okla.	36
Bank of Commerce	Chelsea	Okla.	25
Mabrey Bank	Bixby	Okla.	25
First State Bank	Anadarko	Okla.	24
Adrian Bank	Adrian	Mo.	23
American Bank of Baxter Springs	Baxter Springs	Kan.	23
Bank of Kremlin	Kremlin	Okla.	23
Battle Creek State Bank	Battle Creek	Neb.	22
First Bank and Trust Co.	Clinton	Okla.	21
American Heritage Bank	Sapulpa	Okla.	21
Cowboy State Bank	Ranchester	Wyo.	20
Impact Bank	Wellington	Kan.	10
Equity Bank	Andover	Kan.	10
Security Bank	Laurel	Neb.	10
First Northern Bank of Wyoming	Buffalo	Wyo.	10
Southwest Bank of Weatherford	Weatherford	Okla.	5
Madison County Bank	Madison	Neb.	5
Siouxland Bank	South Sioux City	Neb.	5

Making a CONNECTION

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

KANSAS, MISSOURI and BEYOND »



Michael Hsu (second from right) joined President George, Senior Vice President Tara Humston and Kansas City Fed directors (from left) Christopher C. Turner (Oklahoma City), Kyle Heckman (Kansas City) and Patrick A. Dujakovich (Kansas City).

Acting Comptroller of the Currency visits Kansas City office

Michael Hsu, who has led the Office of the Comptroller of the Currency (OCC) since May 2021, visited the Kansas City Fed on Feb. 10 and met with President Esther George, Bank officers and directors. The OCC is an independent bureau of the Treasury Department that charters, regulates, and supervises all national banks and federal savings associations as well as federal branches and agencies of foreign banks. Before joining the OCC, Hsu was an associate director in the Division of Supervision and Regulation at the Federal Reserve Board of Governors.

Iowa Bankers conference
In February, President George delivered remarks on the economy during the Iowa Bankers Association's Management & Policy Conference in Des Moines.



Economic outlook speech in Indiana

President George traveled to Indianapolis in January for a speech to members of the Economic Club of Indiana. The organization, established in 1974, brings together established and emerging leaders to discuss issues that impact the economy.

George's speech examined factors that could influence the nation's economy in 2022. For an adaptation of her remarks, see the President's Message on page 1.



Colorado chapter of Women Corporate Directors

During a February visit to Denver, President George discussed the economy at an event hosted by the Colorado chapter of Women Corporate Directors. Joining George for a photo at the event were (from left) Lyne Andrich, chair of the Fortis Private Bank Board of Directors, and former Kansas City Fed directors Lu Córdova and Barbara Mowry.

KANSAS, MISSOURI and BEYOND continued >>

Nebraska Bankers Association

Recently President George gave a keynote to an audience of more than 60 people at the Nebraska Bankers Association's annual executives and directors conference.



President George with Kirk Riley, chairman of the Nebraska Bankers Association and president, chief executive officer and chairman of Waypoint Bank in Cozad, Nebraska.

Kansas City radio interview

President George discussed inflation, interest rates, monetary policy and other topics during an interview on Kansas City radio station KCUR's "Up to Date" program. A recording of the Feb. 9 interview is available at kcur.org/podcast/up-to-date/ under the headline "How the Federal Reserve can fix America's economy."



President George pictured during a previous interview in the KCUR studio.

ACROSS THE TENTH DISTRICT »

USDA Agricultural Outlook Forum

Omaha Branch Executive, Vice President and Economist Nathan Kauffman provided the luncheon address for the U.S. Department of Agriculture's Agricultural Outlook Forum on Feb. 24. During the virtual program, Kansas City Fed Senior Economist Cortney Cowley shared an update on agricultural credit conditions as part of a session on farm incomes. The forum is the USDA's largest annual meeting. The Kansas City Fed is a leader on the agricultural economy within the Federal Reserve System.



Student Board of Directors programs kick off

The Omaha Branch Student Board of Directors program kicked off in January with students from high schools in the Omaha Public Schools system. The students will meet throughout 2022 to explore careers, financial topics, the regional economy, and the Federal Reserve.

Oklahoma City Branch began its 10th Student Board of Directors season also in January. Nine students from six schools have met to learn about the Federal Reserve's mission and functions, as well as personal finance, budgeting and business etiquette. The students also learned about their StrengthsFinder profiles. Upcoming sessions will focus on the local economy, career planning and entrepreneurship with the Oklahoma City Branch Board of Directors.



(Above and at right) Participants in the Oklahoma City Branch Student Board of Directors program.

ACROSS THE TENTH DISTRICT *continued* »



Kauffman featured on agricultural economy podcast

In January, Nathan Kauffman joined The Farm CPA podcast, a program hosted by *Top Producer* magazine. Kauffman discussed conditions in the agricultural economy and explained the Federal Reserve's mission and functions. The podcast is available at agweb.com/news/business/taxes-and-finance/farm-cpa-podcast-federal-reserve-economist-nathan-kauffman.

Machinery company tour in Casper

Jim Thorpen, a member of the Kansas City Fed's Economic Advisory Council and vice president, secretary and treasurer of the Wyoming Machinery Co., in February conducted a tour of the company's Casper, Wyoming operations for Denver Branch Executive and Assistant Vice President Nicholas Sly and local business leaders. The company sells, rents and services Caterpillar equipment across the state.



Visit to Greybull, Wyoming

Nicholas Sly in February met with business leaders and community members in Greybull, Wyoming to talk about local economic trends and current issues.





Wilkerson speaks to Oklahoma manufacturers

Oklahoma City Branch Executive and Vice President Chad Wilkerson spoke to the Central Oklahoma Manufacturing Association members in February at Moore Norman Technology Center. His presentation included a national and regional economic overview, along with specific indicators for Oklahoma and the manufacturing industry.

Benefits Cliff dashboard used by Oklahoma City nonprofit

ReMerge is the latest organization in Oklahoma to begin using the Kansas City Fed Benefits Cliff Dashboard in its career counseling services. The Federal Reserve and community partners have been working on solutions for the benefits cliff, which can occur when career advancement puts family income above eligibility requirements for some public benefits programs. The dashboard is a set of tools and information that can help workers, employers and counselors make the most of public assistance to support career advancement. ReMerge is using the dashboard to help its clients—high-risk, high-needs mothers facing non-violent felony offenses—prepare for jobs that will provide stability for their families. Senior Community Development Advisor Steven Shepelwich is working with 11 organizations in the Tenth District on using the dashboard in a range of policy and practice settings.

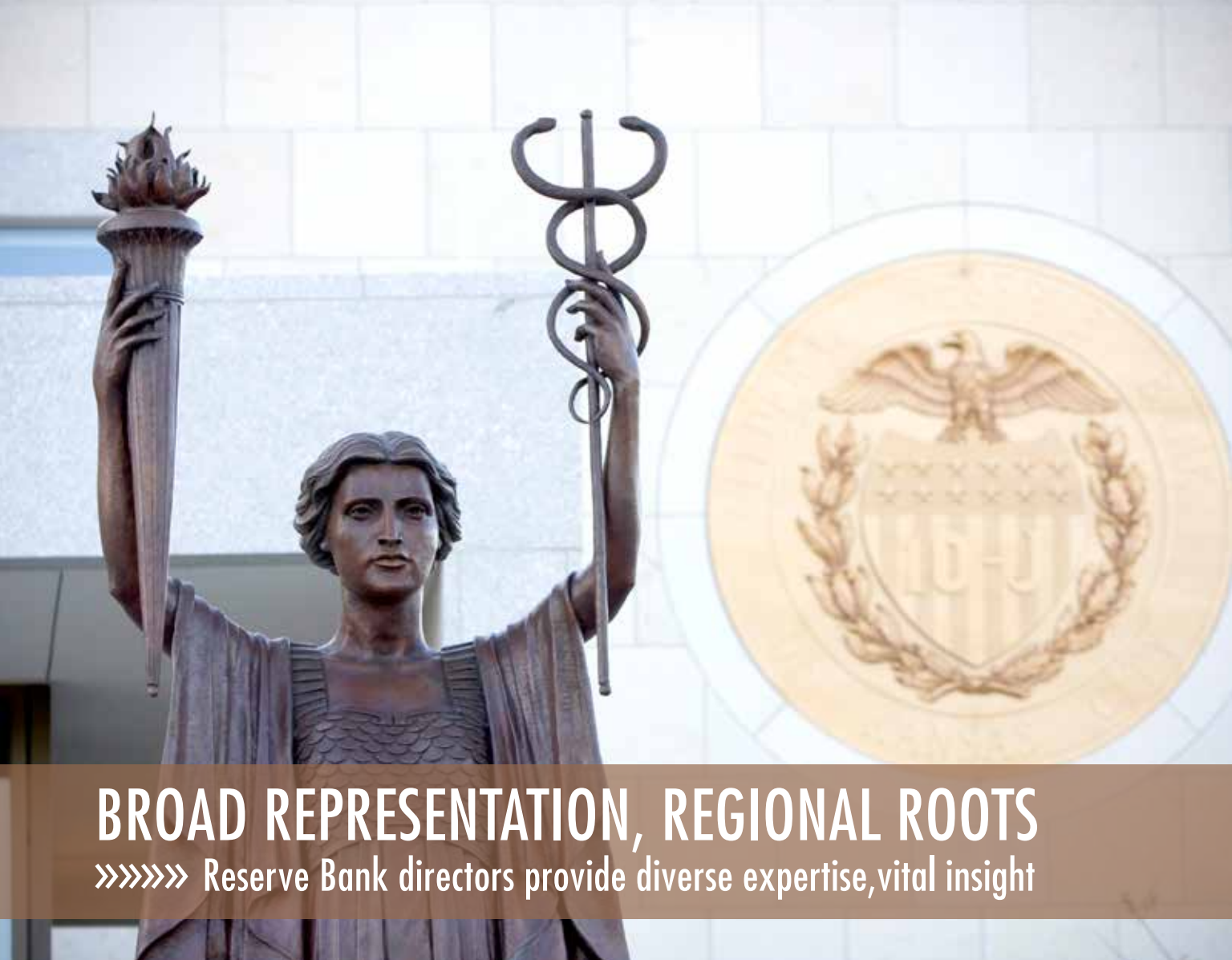


Steven Shepelwich

Colorado business podcast

Nicholas Sly in February was a guest of host David Tabor on the Denver-based ProCO360 podcast. Sly discussed the connections that Colorado businesses and households have with monetary policy and the Federal Reserve. The podcast, titled “Business Decisions, Monetary Policy Converge,” is posted at proco360.com/podcast/business-decisions-monetary-policy-converge/.





BROAD REPRESENTATION, REGIONAL ROOTS

»»»»» Reserve Bank directors provide diverse expertise, vital insight

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

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

The Federal Reserve's Tenth District includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming. In addition to its headquarters, the Kansas City Fed has Branch offices in Denver, Oklahoma City and Omaha.

MEET THE TENTH DISTRICT DIRECTORS WHO BEGAN THEIR TERMS OF SERVICE IN 2022.

» JANICE LUCERO, Denver Director

Innovation has been an important theme for Janice Lucero, the newest member of the Denver Branch Board of Directors.

Lucero was an educator before recognizing a business opportunity and creating MVD Express, an Albuquerque company whose services include processing driver's licenses, titles and motor vehicle registrations. Lucero is president and chief executive officer of MVD Express, which has operated in New Mexico since 1994 and in Montana since 2017.

Operating with the slogan "Life is busy, we make it easy," MVD Express, uses online scheduling, digital support services and other technology to streamline motorists' required tasks.

"We partner with states to provide motor vehicle services to the public in privately-owned offices without the wait," Lucero said. "We are working to provide these services across the country, and I'm focused on developing the technology, people and state contracts needed to grow this company."

In her business and her many civic roles in New Mexico, Lucero said, she thrives on developing inventive paths to address issues, solve problems and improve conditions.

"I listen and see through the lens of innovation and working to find a 'better way'—asking 'what else can we do to make things better,'" Lucero said.

That outlook meshed with the opportunity to serve as a Reserve Bank director.

"After serving on local boards and operating a business for 28 years, I've found that there are many ways to solve a problem," Lucero said. "So, it is incredibly interesting to hear how other industries and communities create better solutions for various challenges. I'm eager to be involved with the Denver Board to better understand how the actions of the Federal Reserve System will impact the lives of the people of New Mexico and our country."

Across the state, she sees those challenges up close through her longtime service on the Roadrunner



Photo by Jason Collin

Food Bank board of directors and as chair of the board of trustees for the Presbyterian Central New Mexico health care system. Lucero said that being an employer while serving with organizations directly addressing hunger and health care needs throughout the pandemic has provided keen insight into the importance of work across public-private partnerships.

"It is such an important time to give feedback on the health of local economies and what is happening on the ground within the workforce," she said. "Living in one of the poorest states has given me a greater perspective of the challenges the people of New Mexico and across America face every day. I just think the Denver Branch is a great place to have that direct pulse on all of the key issues that we're dealing with right now. It'll be interesting for me to help give feedback about my community and the things that are of the utmost importance to New Mexicans."

» RHONDA HOOPER, Oklahoma City Director



Photo courtesy of Jordan Advertising

When it comes to being a trailblazer, Rhonda Hooper has plenty of hands-on experience.

Hooper has been president and chief executive officer of Jordan Advertising in Oklahoma City since 2007, a leadership path that began after graduating from Oklahoma State University. Hooper began her career as a copy writer for a different ad agency and worked for a few years on the client side in the oil and gas industry. Then she joined Jordan Advertising, rising to the position of CEO and turning the firm, founded in 1961, into a woman-owned marketing, advertising and public relations agency. The company's work includes strategic marketing and branding for national, regional and local clients across a wide range of industries.

"We're dedicated to developing unique creative content and media strategies that enhance brand discovery, affinity and engagement along the entire customer buying journey," Hooper said.

Among many professional and civic leadership achievements, Hooper is former chair of the Greater Oklahoma City Chamber—the first woman to serve in that position in the organization's 128-year history. Earlier she was the organization's vice chair of economic development and convention and tourism development, and she now serves on the Chamber's executive committee as vice chair of business and economic inclusion. Hooper, a member of the Oklahoma State Hall of Fame, is former national chair of the OSU Alumni Association and was a founding board member of the Riata Center for Entrepreneurship in the university's Spears School of Business.

Hooper said that insight derived from those and other leadership experiences will be beneficial as she begins service on the Oklahoma City Branch Board of Directors.

"I'm highly humbled and honored to serve as a Federal Reserve director," Hooper said. "I feel that this is the most significant and impactful organization that I will experience in my lifetime of board and community service. I see the caliber of the people and the different perspectives, and I think highly of everyone who is currently serving."

A career focused on understanding people's needs and responding in innovative ways also will be an asset.

"I think it comes back to what I do for a living," Hooper said. "I wear the hat of the client, but I also wear the hat of the consumer. I happen to be a person who can relate from either perspective, understanding both sides of the equation."

Hooper said that she is looking forward to sharing knowledge from her business and civic service while tapping into insight from peers.

"I've served on a lot of different boards, and I truly love learning different business approaches and processes, and I love to solve problems," she said. "My inspiration is sparked by learning from others and building off the energy in the room. Based upon what I see in the Federal Reserve and what it stands for, I know I will learn so much."

» PAUL MAASS, Omaha Director

Like many business leaders and consumers, Paul Maass has noted how the term “supply chain” has moved to the forefront of economic conversations and research.

However, his insight on the topic is keener and more hands-on than most observers. Maass is chief executive officer of Scoular, an Omaha-based company with deep involvement in supply chain business lines for 129 years. Scoular provides a wide range of services in the grain, feed, food ingredient and biofuels industries, including storage, processing, transportation and logistics. The company has \$6 billion in annual sales and operates globally through 100 offices and facilities.

“We’re growing fast, providing safe and reliable supply chain solutions for our customers around the world,” Maass said, noting that Scoular is among the largest U.S. shippers of containers bound for foreign markets.

While economic disruptions from the COVID-19 pandemic have touched most industries, they also have led to increased public awareness of how supply chains work.

“Never before has there been as much focus and reporting on supply chain issues,” Maass said. “It’s really a unique and dynamic time.”

Before joining Scoular five years ago, Maass had 27 years of leadership experience with ConAgra, including serving as president of the Commercial Foods and Private Brands segments of ConAgra Foods (now known as Conagra Brands).

That background and his current role at Scoular will be assets during his service on the Omaha Branch Board of Directors.

“There are some really highly respected leaders from a number of different professions, so I’m excited about learning a lot, and I know that I can bring insights as well,” Maass said. “Some of those insights from what we’re seeing firsthand—in the trucking industry, the rail side of things, as well as the container side—can be valuable in terms of connecting what’s happening on the front lines today with what’s showing up in the economic data.”



Photo by Bob Greenspan

Maass is an alumnus of Iowa State University with a degree in Agricultural Business. Among several civic roles, he serves on the board of the Omaha Chamber of Commerce. In that role, he interacted with the Omaha Branch as part of a chamber group of CEOs providing feedback on economic topics that included agriculture and the impact of the pandemic. He said those opportunities to share insight were instrumental in his decision to become a Reserve Bank director.

“At Scoular, we play a role in the marketplace, and we have a lot of different connections across agriculture and across the supply chain,” Maass said. “I grew up on a farm, and the company I lead is deeply involved in agriculture. So, I’m really in a position to bring some unique and informative perspectives that I hope will be valuable and helpful to the Federal Reserve System.”

» SUSAN L. MARTIN, Omaha Director



Photo by Bob Greenspan

In a way, Nebraska State AFL-CIO President and Secretary-Treasurer Susan L. Martin has come full circle with regard to the Omaha Branch of the Kansas City Fed.

Martin, the first woman elected to lead the labor organization in Nebraska, joined the Branch's Board of Directors this year. Early in her career she was a Branch employee, with duties ranging from supporting officers to assignments in purchasing and accounting.

"I loved my time there," Martin said, adding that one memorable experience was being part of a "currency verification and destruction team" during an era when unfit notes were burned onsite.

Martin went on to a career in the Nebraska Department of Education, retiring before being elected in 2015 to head the State AFL-CIO. She was re-elected in 2017 and 2021. The organization represents

23,000 members and advocates for policies that improve the lives of working people.

"We represent labor organizations throughout the state in education, organizing and legislative work," Martin said. "Our work is really anchored in making sure that everyone who works for a living has a family-supporting wage and benefits."

Martin said that her role as an advocate for workers is part of why she embraced the opportunity to serve as a Reserve Bank director.

"I believe that the worker's voice is often overlooked in today's economy, so I want to bring the worker's perspective to conversations about economic conditions and how workers and their families are being affected," Martin said.

Another appealing aspect of Board of Directors service is the opportunity to analyze data for the greater good. In her Department of Education career, Martin was an applications developer working with K-12 schools on data collection and evaluation.

"I love data, and I love researching data to really understand what it means," she said. "And the Federal Reserve opens up a whole new side of economics, and that's really helpful—being able to understand all sides of the equation in decision-making."

Martin lives in Lincoln and serves on numerous civic boards and committees. These include the AFL-CIO State Federation/Central Labor Council Advisory Committee, Nebraska Workforce Development, United Support Memorial for Workplace Fatalities and the Lincoln/Lancaster County United Way.

Martin said that she is encouraged by recent investments in infrastructure and job creation in Nebraska, and that view represents another facet of the insight she wants to bring to the Omaha Branch Board.

"I hope that I am able to contribute that human factor into the conversation, and that's the most important thing to me, because it all ties back to the economy and everything for our workers."

Ask an **ECONOMIST**

Rajdeep Sengupta and Adam Byrdak

Bank profitability rebounds despite compressed interest margins

While traditional sources of U.S. bank revenue have struggled during the COVID-19 pandemic, overall bank profitability soared to all-time highs in 2021. Senior Economist Rajdeep Sengupta and Research Associate Adam Byrdak explored the reasons and the outlook. Their findings were published in a November 2021 *Economic Bulletin*. The full publication is available at KansasCityFed.org/research.

Which factors have driven the surge?

Return on assets (ROA), the most common indicator of overall bank profitability, reached a record high in the first quarter of 2021. However, net interest margins (NIMs) reached their lowest level in recent years by June 2021. NIMs capture the difference between the interest banks receive on loans, securities and other assets and the interest they pay on interest-bearing non-deposit and deposit liabilities. Accordingly, NIMs are widely accepted as an indicator of profitability from banks' core activities. The fact that banks continued to see such high ROA while margins from their core business activities faltered is remarkable. Even more remarkable is that the growth in bank ROA came during a period of high asset growth. Bank balance sheets expanded dramatically in the early days of the pandemic, attributed largely to increases in credit line withdrawals and deposit inflows. That said, the divergence reflected in the ROA surge amid the decline in NIMs is largely explained by a substantial reduction in banks' loan loss provisions. Loan loss provision is an income expense used by banks to prepare for expected defaults.

How has policy played a role?

Extraordinary policy measures undertaken by the Federal Reserve and the U.S. Treasury after the COVID-19 pandemic began—including loan forbearance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act—aided a rapid rebound in financial market conditions. As conditions improved, the high rates of default that banks projected at the start of the pandemic became increasingly unlikely to materialize. The reduction in projected loan losses helped overall bank profitability increase without impacting NIMs.

Will profitability continue rising?

Such positive contributions to banks' overall profitability as those seen in 2021 are likely to be transitory, and the future of bank profitability in a low-rate environment is much less certain. Moreover, recent lack of loan growth, low yields on earning assets, and the pressure to increase income from fee-based sources could create incentives for more risk-taking.



Photo by Getty Images



COVID-19

RESEARCH

Analyzing the economic impacts

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

Costs of global supply chain disruptions not the same everywhere

Most businesses—regardless of industry, location or size—are straining to obtain the materials and inputs they need to meet demand from their customers. Alongside physical delays, a significant source of those strains is the rising cost to transport and deliver the parts that businesses require to assemble goods or provide services. Global shipping rates have increased sharply over the last 18 months. Although nearly all businesses are facing rising costs from these higher international freight rates, the types of businesses prevalent in the seven states of the Federal Reserve’s Tenth District—

Colorado, Kansas, Nebraska, Oklahoma, Wyoming, and parts of Missouri and New Mexico—appear less willing or able to circumvent them.

— *Nicholas Sly and Anson Soderbery, January 2022*
Economic Bulletin

Labor markets tight, but conditions vary across states

Although consumer demand has rebounded strongly after the initial effects of the COVID-19 pandemic, overall employment is still about 5 million below pre-pandemic levels, and labor market conditions differ

<< Photo by Getty Images

widely across states. The dispersion in labor market tightness suggests that state-specific factors play a major role. States may therefore benefit from tailored fiscal policies that are specifically designed to accommodate local labor market conditions. In 36 states, labor markets have become tighter than before the pandemic. In 10 states, labor market tightness has exceeded pre-pandemic levels by more than 50%, with the most significant uptick in Nebraska (+114%), Georgia (+92 %) and Kentucky (+70%). Conversely, labor markets in 15 states (with the District of Columbia included) are less tight than before the pandemic, though the gap for most states is relatively small.

—*Johannes Matschke and Sai A. Sattiraju, December 2021 Economic Bulletin*

More time spent at home influencing housing prices

The COVID-19 pandemic initiated a historic shift in the way people use their homes, prompting millions of Americans to spend an uncharacteristically large amount of time at their residences. What was initially seen as a temporary response to a health emergency transformed into a longer-term shift in mobility patterns as the pandemic persisted through 2021. The need to use homes as offices, classrooms and havens from crowds appears to have altered outcomes in residential real estate markets, potentially in a way that lasts even as public health conditions improve. Communities where the mobility of their residents remains subdued have experienced faster growth in housing prices in recent months. While several factors have driven housing prices higher during the pandemic, the link to greater time being spent at home has implications for home values even as economic policies adjust, public safety concerns fluctuate, and local economies continue to reopen.

—*Nicholas Sly and Bethany Greene, January 2022 Rocky Mountain Economist*

Nebraska home prices surging

Home prices in Nebraska have reached all-time highs over the last two years alongside strong demand from buyers and a limited supply of homes available for sale. Demand for housing has been supported by sharp increases in household incomes, despite the pandemic, and several factors have limited the construction of new homes throughout the state. While the higher prices might be beneficial for current homeowners, the rapid increase in prices has intensified challenges of affordability for many low-income communities in the region. If housing demand remains steady in 2022, the pace of home construction and associated costs will be key determinants of price and affordability of housing in the state.

—*Nathan Kauffman and John McCoy, January 2022 Nebraska Economist*



Photo by Getty Images



COMPLEX TIMES for CATTLE INDUSTRY

Pandemic and other pressures threaten profits, U.S. supply chain

by DEBRA SKODACK

Steve Sunderman has faced a lot of challenges in recent years.

As a part of the cattle industry, Sunderman's business has withstood the effects of a cybersecurity attack, severe weather, labor shortages and a pandemic – all within a complex industry with narrow profit margins and a not-so-nimble commodity.

But as a member of a family business that has operated in Madison County, Nebraska, since the 1880s, Sunderman has perspective.

“Being in agriculture has always had its challenges,” Sunderman said. “Seeing what we have gone through in the last couple of years gives you an appreciation of those that had it just as hard or maybe harder depending on the situation they were in whether it was drought like the Dust Bowl or previous pandemics or wars.”

The U.S. cattle industry might be at another turning point, according to a December 2021 *Economic Review* paper, “Long-Term Pressures and Prospects for the U.S. Cattle Industry,” by Kansas City Fed Senior Economist Cortney Cowley.

Steve Sunderman's family's farm near Norfolk, Nebraska, has been in operation for more than 130 years. *Photo by Jake Wragge*



(Above and lower right) Steve Sunderman says his family's Madison County, Nebraska, operation includes feedlot capacity for up to 20,000 head of cattle. *Photos by Jake Wragge*

Cowley's research concludes that as it comes out of the pandemic, U.S. cattle production faces three key pressures that may affect profitability in the future: vulnerabilities along the supply chain; extreme weather conditions, particularly drought; and shifting demand from U.S. consumers.

Sunderman, whose operations include a feedlot with a capacity of 20,000 head of cattle, said he is ready.

"Quite frankly, if you are not resilient, you're not going to be able to stay in this industry," Sunderman said. "Challenges are just a part of it."

An intricate structure

Whatever challenges producers are facing, the biggest might actually be how the industry itself operates.

"I believe the U.S. beef industry in totality is the most complex set of markets on the planet," said Derrell Peel, extension livestock marketing specialist at Oklahoma State University in Stillwater. "It's vastly complex just to get animals to the point of slaughter, because we produce them in multiple production sectors ... we move them all over the country and in all sorts of environments. Then we get them to that point where

we harvest those animals ... we fabricate them ... and then it gets really complicated because we turn those animals into many thousands of different products in markets that all interact with each other. When you put all of that together it's just an enormously complex industry."

Cowley said the cattle industry's elaborate production structure means a single cow could be sold as many as six times before reaching a consumer, and all along that chain are economic dynamics.

Efforts to become more efficient have resulted in meatpackers producing higher quantities of meat with fewer cows, while selective breeding and technologies such as artificial insemination are helping the industry produce more beef per cow, Cowley said.

The end result is the pounds of beef produced per head and the total amount of beef in the United States have increased.

Because beef production and processing are expensive and capital-intensive, the U.S. meatpacking industry has been consolidating. And in an attempt to match demand with supply to reduce excess capacity, the industry is moving to "just-in-time" inventory



About the economist

For Cortney Cowley, researching the economics of the cattle industry was a bit more personal than most of her projects.

"I always enjoy the work I do as an economist at the KC Fed, but this particular project meant more than most to me personally because my late grandparents were cattle ranchers," said Cowley, a senior economist based in the Bank's Oklahoma City Branch. "While growing up, I spent a lot of time on my grandparents farm near Ada, Oklahoma, checking cattle with my grandpa and hauling hay with my dad."

When Cowley was old enough, she raised and showed heifers and steers through 4-H and the Oklahoma FFA Association.

Cowley has returned to her ranching roots. She and her husband maintain a small cattle herd that they enjoy with their children.

by DEBRA SKODACK

Sixteen-year-old Cortney Cowley and her grandparents, Chester and Erra Timmons, with Cortney's show steer, "Gus," at a livestock show in Pontotoc County, Oklahoma.



management where cattle are shipped to packing plants and slaughtered as soon as they mature.

Added to the complexities is the fact that beef is a cumbersome commodity compared with other mass-produced meats.

Cowley said cattle's longer production cycles means that any shocks or backlogs within the supply chain can take longer to work through and have more lasting effects on prices.

"They can't turn on a dime, so to speak, to adjust supply or herd sizes based on market condition," Cowley said.

By comparison, poultry producers are quite nimble in reacting to shocks.

"The poultry producers can make changes week one," Cowley said. "The pandemic happened, and they started making adjustments. Hogs are very similar."

While a cow has one calf a year, a sow can have as many as 30 piglets a year. And, both poultry and hogs can be processed quicker than cattle.

"I think the pandemic really exposed how different the cattle industry is apart from all other commodities," Cowley said.

'Very unique situation'

Beef is an important commodity for the Tenth District of the Federal Reserve. As such, the industry is watched closely along with other top commodities, such as corn, soybeans, wheat and hogs. Notably those commodities are the top five commodities for the United States as a whole.

While reviewing these commodities through the initial phase of the pandemic there was something quite noticeable, Cowley said.

All commodities—except cattle—were rebounding sharply regarding prices that producers could get by the fourth quarter of 2020. Cattle prices stayed below pre-pandemic levels until fall 2021.

"That's what really got us to thinking deeply about 'How is the cattle industry different, and why are they facing so much more pressure than the other commodities,'" Cowley said.

The cattle industry endured a slew of issues over the last two years, with COVID outbreaks shutting down or slowing work at meatpacking and processing plants, along with bouts of extreme weather and cyberattacks that stalled one of the largest meatpackers in the country.

Cowley said supply and backlogs were weighing down prices at the same time there was a roadblock of demand from reduced capacity at meatpacking plants.

"Very unique situation," Cowley said. "Very unprecedented."

Cowley said the disruptions increased consumer interest in locally sourced beef and may have spurred new ways to improve resilience, information transmission and automation in the industry.



Black Angus cattle feed on alfalfa hay at the Cosgrove family ranch near Council Grove, Kansas. Photo by Gary Barber

Michael Gunderson, head of agriculture research and strategy at MetLife Investment Management, said plant closures, rising packer margins and concerns around pricing transparency have intensified the pressures to diversify production systems.

"There will always be a demand for low-cost protein, and the sector is proficient in leveraging operational efficiencies during normal times," said Gunderson.



(From left) John Cosgrove and his sons, Lucas and Jeremy Cosgrove, at their family's cattle farm near Council Grove, Kansas. Photo by Gary Barber

“The growing demand for protein exports suggests that production expectations on these facilities are only likely to increase. This growth is happening as consumers are also demanding additional characteristics in beef—grass-fed, USDA prime and hormone-free as examples—where some producers will have an edge in product differentiation leadership.”

He said that many producers are finding success in direct-to-consumer marketing, often selling half of an animal to a single customer who can store the meat in a freezer.

“Many producers seem to prefer this arrangement for its customer intimacy, even if there isn’t a substantial price premium, finding satisfaction in cutting out the middleman,” Gunderson said.

That’s what Lucas Cosgrove of Council Grove, Kansas, has seen. His family’s farm, Old Homestead Ranch, was homesteaded in 1859.

“Early on in the pandemic, I personally watched a Facebook group called ‘Shop Kansas Farms’ explode with local and regional interest due to the bottlenecks in production from the packers,” Cosgrove said. “Those shortages at supermarkets of beef and other protein led the consumers to search elsewhere. Those who joined

that group immediately found themselves making direct contact with smaller regional producers for the first time in their lives to purchase beef direct.”

But there are challenges, Cosgrove said.

“Most ranchers already have too much on their plate to endure those challenges for razor-thin margins,” he said. “Ranching is too much work just be their ‘temporary’ meat provider in a time of chaos.”

And high demand in buying direct then created its own backlog.

“Quite frankly it proves there are not enough operational small lockers and butchers to fill that immediate demand to stabilize our food supply,” Cosgrove said.

Prospects and potential

Looking ahead, Gunderson said the cattle industry is examining three key topics: the need for slack and resiliency in the system, the need for greater transparency across the sector, and the need to balance the costs of ensuring food safety and the success of small meat processing.



John and Jeremy Cosgrove drive into a pasture on their Flint Hills ranch to feed their Black Angus cattle. Photo by Gary Barber

The pandemic revealed the challenges of having a highly concentrated, highly efficient system that suffers hugely with one plant closing.

“Processors may reconsider the true efficiency of these facilities more broadly than simply cents per pound of meat,” Gunderson said. “Congressional inquiries and industry actions suggest that the current pricing mechanisms are not widely acceptable. There appears to be change on the horizon regarding how live cattle markets will function in the future.”

Looking at the smaller producers, Gunderson said while the Department of Agriculture does a fine job of ensuring food safety, some small processors point to the costs of USDA inspectors and other regulatory burdens as the reasons for limited success.

Cosgrove, the Kansas rancher, thinks banks and government need to make a real renewed interest in small local ranchers markets.

“By encouraging small local butcher businesses to flourish and providing start-up aid, that gives small business entrepreneurs in the beef industry incentive to start or expand,” Cosgrove said.

“This is what could really strengthen the supply chain for our food and give economic relief for ranchers that actually care about the livestock they raise.”

Katelyn McCulloch, director of the Livestock Marketing Information Center in Denver, said that while the U.S. consumer is the primary focus of this country’s beef industry, China emerged as a top-three buyer of U.S. beef in 2021.

“In the medium term, the U.S. beef industry will very likely need to shift a greater focus to consumers outside its borders,” she said.

What is difficult to forecast, McCulloch said, is the effect that supply chain changes will have.

“We are living through the aftermath of a colossal shock ... but the changes we make can improve supply chain resiliency ... and push the cattle industry into its newest evolution to adapt to the challenges and demands of the future,” she said.

What Sunderman found surprising—yet encouraging for the future—was the strong demand for beef in the last two or three years.

“There are very, very, very few people who would have guessed we would have seen beef prices where we did,” he said. “No one would have thought that domestic consumers and those abroad would be willing to be pay that much for it.”



“IN THE MEDIUM TERM, THE U.S. BEEF INDUSTRY WILL VERY LIKELY NEED TO SHIFT A GREATER FOCUS TO CONSUMERS OUTSIDE ITS BORDERS.”

— Katelyn McCulloch, director of the Livestock Marketing Information Center in Denver

Now, Sunderman said, the cattle industry needs to continue to grow supply and meet demand—and keep beef affordable while trying to solve supply issues.

“That is the challenge but also the opportunity. Because I want people to enjoy beef and do it regularly.”



FURTHER RESOURCES

Read Cortney Cowley's *Economic Review* article at [KansasCityFed.org/research](https://www.kansascityfed.org/research) and learn more about the agricultural economy at [KansasCityFed.org/agriculture](https://www.kansascityfed.org/agriculture).

COMMUNITY DEVELOPMENT ADVISORY COUNCIL MARKS TWO DECADES *of* INSIGHT, REPRESENTATION

by KAYLA REGAN

Last October, the Community Development Advisory Council (CDAC) met at the Federal Reserve Bank of Kansas City for their fall meeting, discussing problems around affordable housing, digital equity and access to capital.

It sounded remarkably similar to how the very first CDAC meeting, almost 20 years ago to the day, was described. On Oct. 19, 2001, members of the new council provided insights into “enhancing outreach and resources to better serve communities in the Tenth District,” a Bank newsletter announcing the formation of the council stated.

That consistency is by design. Kansas City Fed President Esther George, who attended the council’s first meeting in 2001, said that while the Bank and the economy operate differently than in 2001, the CDAC remains a vital connection to the Tenth District’s communities.

“The role of the CDAC is just as important as ever in providing the Bank a direct line to community members representing every part of our economy,” George said. “The information we get from the council helps us serve the public more impactfully and more efficiently.”

First-hand knowledge

Since its inception, the mission of the CDAC has been to provide insight on community and economic development challenges faced by low- to moderate-income communities. The Kansas City Fed was one of the first Federal Reserve Banks to form such a council, said Ariel Cisneros, a senior community development advisor. Recalling the first year of the council, Cisneros said Bank leadership, which included George, who was a senior vice president at the time, and then-president Thomas Hoenig, decided to form the CDAC because they recognized a need to get the full story about the economy.



Aubrey Abbott Patterson, a member of the CDAC since 2019, leads the Hutchinson Community Foundation in Hutchinson, Kansas. Photo by Gary Barber



In 2017, the Community Development Advisory Council and Kansas City Fed community development staff toured 75 North, an Omaha nonprofit involved in redevelopment of the Highlander neighborhood. *Photo by Gary Barber*

“When you have the numbers on aggregate, that doesn’t tell you what somebody who’s earning \$15 or \$17 an hour is feeling or facing,” Cisneros said. “Council members were asked to give us a snapshot of what they were seeing in their world, the things that they were dealing with, and then they were asked to describe the potential intersections with the Federal Reserve and Community Development.”

Council members come from the seven states of the Tenth District and bring diverse backgrounds and perspectives—from Community Reinvestment Act (CRA) officers in banks to nonprofit representatives working on the ground. Cisneros said recruiting the first CDAC was easy, as people wanted to be connected to the Federal Reserve System and were eager to lend their voices. Michael Martinez, who oversaw

CRA efforts for Vectra Bank in Colorado and Utah, remembered being elated to be considered to serve on the first CDAC.

“I was always appreciative of the fact that the Tenth District really reached out to various sectors to understand, beyond the economists’ work and research that they do, what the pulse of the country was,” said Martinez, who lives in Denver and is now vice president and CRA officer of American Express National Bank.

He recalled his tenure on the council from 2001 to 2004 as an exciting time to be part of community development work, especially enjoying conversations around how current events related to the economy.

“REPRESENTATION HAS ALWAYS BEEN A FOCUS, AS IT’S IMPORTANT THAT WE ARE INCLUSIVE
ACROSS GEOGRAPHY, SECTOR, RACE AND GENDER.”

– Teesha Miller, assistant vice president and Community Affairs officer

“Two weeks later you’d be sitting at your kitchen table reading the newspaper about all this stuff you had just talked about,” he said.

Flo Raitano, who was executive director of Colorado Rural Development in Dillon, Colorado, and was on the Kansas City Fed’s Economic Advisory Council, remembered jumping at the chance to be part of the first CDAC. Raitano said having conversations simultaneously with the Federal Reserve and local development agencies helped solutions for rural Colorado advance much more rapidly than if that bridge—the CDAC—wasn’t there.

“Rural America needs all the champions that it can get and having the Tenth District serve that role is immensely important,” she said.

Inclusive and responsive

Teesha Miller, assistant vice president and Community Affairs officer at the Bank said CDAC members have been instrumental in advancing Community Development programming. Miller cited initiatives focused on digital inclusion, workforce development and disaster preparedness as resulting from collaboration with council members.

“The challenges low and moderate income (LMI) populations face can be leading indicators of broader economic challenges, so the council’s insights help to inform President George on monetary policy decisions, as well as help shape the Bank’s community development research, resources and programming,” Miller said.



In 2019, the CDAC and members of the Federal Reserve Bank of Kansas City’s Community Development team toured Linwood Area Ministry Place, a campus of community services in Kansas City, Missouri. *Photo by Gary Barber*

Miller recalled several recent accomplishments from the council:

- A three-year collaboration with former CDAC member Steve Radley of NetWork Kansas resulted in the Entrepreneurship Led Economic Development Certification for the International Economic Development Council in 2020.
- Digital inclusion became a core focus area of the Bank's community development work in 2019, an outcome that was the direct result of council members sharing issues around access to affordable internet, computers and digital skills training.
- When former CDAC member and current Oklahoma City Branch Director Katrina Washington shared concerns about student debt with the Community Development team, the Bank published a 2015 Research Working Paper on the subject that is still referenced today.
- Conversations with the council after a tornado devastated parts of Oklahoma in 2013 led to development of "Plan. Prepare. Prevail.," a suite of tools for small business owners and households to help document their financial records.

Washington, owner and founder of Stratos Realty Group in Oklahoma City, said the council and its accomplishments helped build credibility with groups who may be unaware of the Federal Reserve System and how it functions.

"When people find out I'm part of the Federal Reserve in any capacity, in particular, it's 'Does it matter? Does anyone listen? Is there ever any change?'" she said. "I'm

able to tell them there are people that are listening, they are trying to make changes, and I have personally seen how they are making a difference. I can tell people the Fed is there for us."

More than 60 people have served on the CDAC since it began, and current council members have come to understand the role they serve. Liddy Romero, CEO and founder of WorkLife Partnership in Colorado and a CDAC member from 2017 through 2021, described her job on the council as being a conduit of knowledge around her region's economy and the Bank.

"Money is money. It's paper and it's not the end-all, be-all," Romero said. "As funding is given to things like improving the employment rate, it's useful for the Fed to understand how it looks in action."

Awais Sufi, CEO of SchoolSmartKC in Kansas City and a CDAC member since 2019, echoed the sentiment.

"We, as members of the council, provide a perspective from the ground as to how things are unfolding with the communities that we are serving," he said. "I'm really pleased that that allows the opportunity to inform the Federal Reserve's thinking about the big structural elements that they undertake."

Serving three-year terms, council members are professionals with deep knowledge in a variety of subject matters, meaning the role at times can be intimidating, said Aubrey Abbott Patterson, a member of the council since 2019 and president and CEO of the Hutchinson Community Foundation in Hutchinson, Kansas.

Community Development Advisory Council members and the Bank's community development team shared insight with President Esther George during a 2016 meeting. *Photo by Brett Smith*





Members of the first Community Development Advisory Council in 2001: (From left) Carol Grimaldi, Peter Merrill, Mary Randolph, Tim Kenny, Robin Wells, Thomas Johnson, Michael Martinez, Dan Clark, Thomas Loy, Edward Honesty Jr., Patricia Fennell. *From Bank archives*

“Then I remember my role – to represent community philanthropy and the breadth of issues faced by low- to moderate-income communities like mine,” said Patterson.

Patterson, Sufi and Romero all agreed the collaboration is valuable, citing the knowledge and positive community outcomes that develop from the council. Patterson recalled working with Senior Community Development Advisor Jeremy Hogle for an impact investing initiative around rural broadband.

“As an expert on digital inclusion, Jeremy helped me ask the right questions, connected me to others doing similar work, and then helped us tell the story of our investment and share our lessons learned with others around the country,” Patterson said.

Romero said the council serves as powerful resource for the Tenth District.

“It’s time and it’s preparation, and we don’t see each other often, but what I get from it is three times what the time commitment is,” she said.

Marcos Hernandez, who served on the council from 2018 through 2020, said that among the benefits of service on the council is the opportunity to learn more about policy that could impact communities that members represent. Hernandez, now vice president of U.S. Bank’s Corporate Responsibility group and Community Affairs manager in Omaha, Nebraska, is especially proud of playing a part in connecting the Bank with Javier Fernandez, president and chief executive officer of Omaha Public Power District and chair of the Kansas City Fed’s Omaha Branch Board of Directors.

“You can see the value of creating those partnerships and then having opportunities for talent and leaders like Javier,” Hernandez said.

Expanding opportunities

Since 2001, the CDAC has expanded the number of council members and added new sectors based on emerging community issues. Members are also consulting more frequently throughout the year than when the council first formed, providing more opportunities for collaboration. For the past five years, the Bank has promoted an open application process, which expands opportunities to serve on the council, as well as the pool of candidates.

“Representation has always been a focus, as it’s important that we are inclusive across geography, sector, race and gender,” Miller said.

Miller said the CDAC will continue to have a strong impact on Bank operations in the future, as more attention is paid to the importance of diversity and equity in the national economy.

“We have to address growing challenges around workforce, digital inclusion, emerging technologies and their impact on LMI populations, as well as the reduction of the wealth gap,” Miller said.



FURTHER RESOURCES

Visit [KansasCityFed.org/cdac](https://www.kansascityfed.org/cdac) to learn more about the Community Development Advisory Council, including meeting the seven newest members announced in February 2022.

SNAPSHOTS

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

Higher costs to pay bills

by **YING LEI TOH**

Low-income consumers rely on costlier methods to pay bills, even if they have bank accounts.

Payments System Research Briefing, November 2021

Exploring 2020 stress test results

by **W. BLAKE MARSH**

Restrictions imposed in 2020 on dividend payments and stock repurchases effectively raised bank capital, though the threat of increased supervisory stringency may have lowered stock price returns.

Economic Review, February 2022

Spillovers at the extremes

by **ANUSHA CHARI,**

KARLYE DILTS STEDMAN and **KRISTIN FORBES**

More stringent macroprudential regulation increases international bond and equity inflows during risk-on periods as well as bond and equity outflows during risk-off episodes.

Research Working Paper, December 2021

Wealth in the utility function

by **YULEI LUO, JUN NIE** and **HENG-FU ZOU**

Consumers' desire for wealth as an end in itself leads to a lower real interest rate, a higher equity premium and greater consumption inequality.

Research Working Paper, December 2021



Shared destinies

by **CLAIRE BRENNECKE,**
STEFAN A. JACEWITZ and
JONATHAN POGACH


The futures of small banks and small businesses are connected. When small businesses decline, small banks follow.


Research Working Paper, January 2022

kcfED SOCIAL SEEN

Social media highlights of our engagement across the region.

1 **KANSASCITYFED** A new pop-up exhibit at our #KansasCity #MoneyMuseum honors the work and life of Dr. Sadie Tanner Mossell Alexander, the country's first woman of color to earn a Ph.D. in economics. 

2 **KANSASCITYFED** It was exciting to see rail welding begin this morning for the #KCStreetcar Main Street Expansion near our office! 

3 **@KANSASCITYFED** Ever wondered about the symbols on our seal? The eagle represents the U.S.; it includes 12 stars for the districts of the #FederalReserve System. The Eagle is looking toward an olive branch, a symbol for peace, and behind it is an oak branch, representing strength. 

4 **KANSASCITYFED** We couldn't let #NationalGoldenRetrieverDay go by without sharing a photo of Drago, a K9 law enforcement officer at our #Denver branch! #KCFed 

5 **FEDERAL RESERVE BANK OF KANSAS CITY** At the Kansas City Fed, we're more than just bankers and economists. Our Enterprise Architect Denise Karimi shares how her career path led her to work in Information Technology. 



GET SOCIAL»

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

Tenth District *by the numbers*

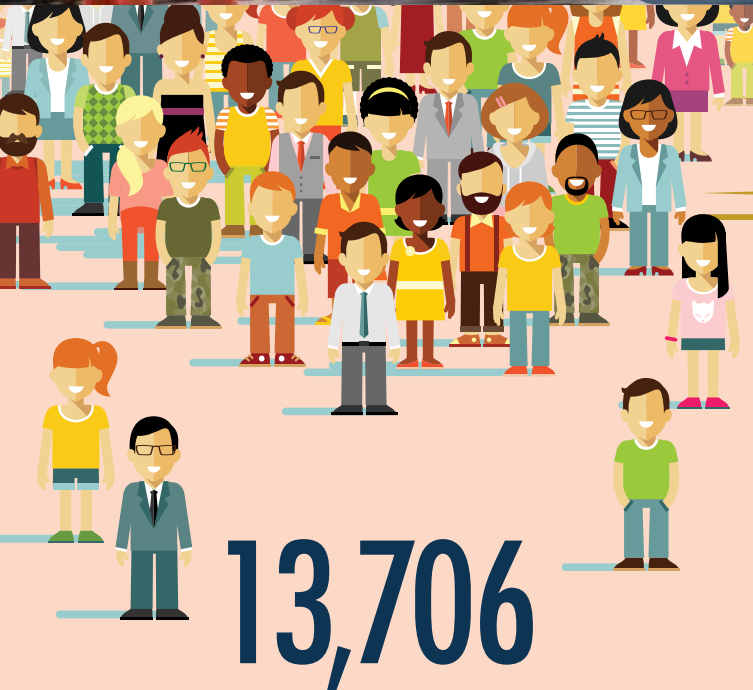
ECONOMIC INDICATORS, FACTS AND TRENDS FROM THE SEVEN STATES



1,285,070

Passengers at Wichita's Dwight D. Eisenhower National Airport in 2021, a 63% increase from 2020, when the COVID-19 pandemic weakened traffic.

Source: Wichita Airport Authority



13,706

Increase in Missouri's population for the year ending July 1, 2021, to a total population of 6,168,187—a 0.2% gain.

Source: U.S. Census Bureau



4.2%

Projection of where Colorado's unemployment rate will stand at the end of 2022, reflecting a projected 2.7% growth rate and the addition of 73,900 jobs.

Source: University of Colorado-Boulder Leeds School of Business

\$5.3 billion

New Mexico state and local government revenue generated by the oil and gas industries during the 2021 fiscal year, up \$557 million from 2020.

Sources: New Mexico Tax Research Institute and New Mexico Oil and Gas Association

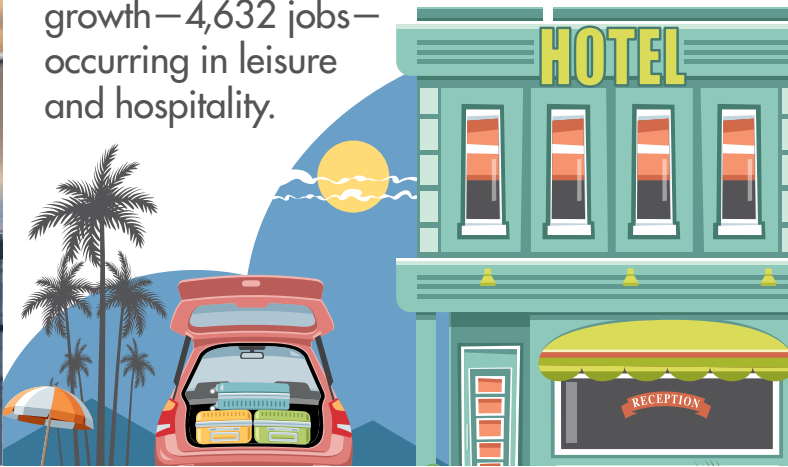
MORE ECONOMIC DATA

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



Jobs added in Wyoming from the third quarter of 2020 to the same period in 2021, with the biggest growth—4,632 jobs—occurring in leisure and hospitality.

8,967



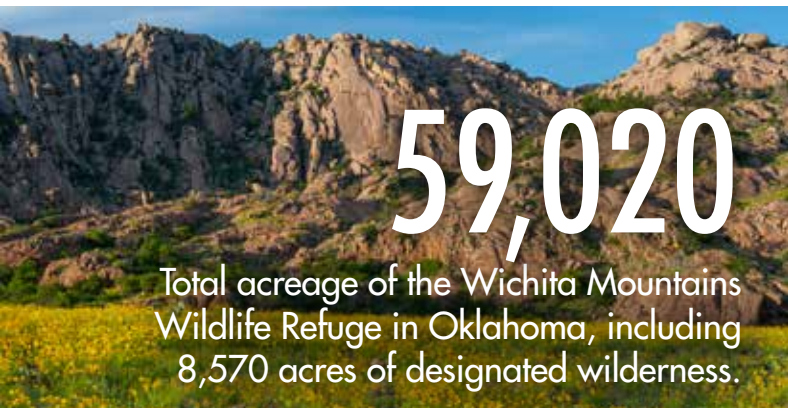
Source: Wyoming Department of Workforce Services



26%

Increase in the median value of single-family homes in Nebraska from the beginning of 2020 through October 2021.

Source: Zillow



59,020

Total acreage of the Wichita Mountains Wildlife Refuge in Oklahoma, including 8,570 acres of designated wilderness.

Source: U.S. Fish and Wildlife Service

FROM THE VAULT

Kansas City Fed History



July 1922 picture of the Oklahoma City Branch construction site. Photo courtesy of Bank Archives.

Oklahoma City Branch's home

The year 1922 was momentous for the Oklahoma City Branch, as construction started on a dedicated branch office building in the heart of downtown.

Since opening in August 1920 as the Kansas City Fed's third field office, the Branch had been in the Continental Building at Second Street and Broadway.

By the summer of 1922, the southeast corner of Northwest Third and Harvey streets had been cleared, and ground had been prepared for a 39,000-square-foot building. The property had been acquired a year earlier for \$65,000, according to the Kansas City Fed's 1921 Annual Report to the Board of Governors. (Incidentally, calculation by the Bureau of Labor Statistics estimates that \$65,000 in 1921 would have been the equivalent of about \$1 million in 2021.)

In April 1923 the Branch moved into its new home, described at the time by a local newspaper as "a financial Rock of Gibraltar." An addition to the building was completed in 1962. Utilization evolved along with advancements and consolidation within the Federal Reserve System. Learn more about the Branch's history and ongoing work at [KansasCityFed.org/oklahomacity](https://www.kansascityfed.org/oklahomacity).



2021 REPORT TO CONGRESS

The Federal Reserve Bank of Kansas City's 2021 Office of Minority and Women Inclusion (OMWI) Annual Report to Congress highlights the Bank's long-standing commitment to its people, procurement and partnerships. Formally established by the Dodd-Frank Act of 2010, the office ensures the Bank's business practices remain inclusive and represent the range of backgrounds and experiences that make up the Federal Reserve's Tenth District. The Bank recognizes that achieving its mission and serving its large, varied region requires diversity that reflects the communities it serves and the people it represents. The annual report for 2021

highlights and summarizes the many ways the Bank has made diversity, equity and inclusion efforts a priority. While the Bank has had a rich history of diversity, equity and inclusion long before the Dodd-Frank Act of 2010, the Act led to more formal standards and procedures through OMWI for: Equal Employment Opportunity and racial, ethnic and gender diversity of the workforce and all management; participation of diverse-owned and women-owned businesses in the Bank's programs and contracts; fair inclusion in the workforce of contractors; and technical assistance for diverse-owned and women-owned businesses.

<< (From left) Employees Jessica Kraus, Community Engagement and Inclusion; Brendan Fowler, Information Technology and Customer Support; Danielle Robinson, Supervision and Risk Management; and Jason Zhang, Information Technology and Customer Support.

The Federal Reserve Bank of Kansas City's Office of Minority and Women Inclusion (OMWI) in 2021 continued to build and strengthen the Bank's commitment to diversity, equity and inclusion.

The Bank recognizes that achieving its mission and serving its large, varied region requires diversity that reflects the communities it serves and the people it represents.

The Bank experienced a number of successes relative to its strategy of focusing on People, Procurement and Partnerships in 2021.

OFFICE OF MINORITY AND WOMEN INCLUSION

The Bank has taken many steps forward to advance outcomes related to diversity, equity and inclusion, which has long been a focus at the Kansas City Fed. In 2021, the Bank's Diversity and Inclusion Department, which houses the Office of Minority and Women Inclusion, revised its name to the Office of Diversity, Equity and Inclusion. The Bank's focus on equity and ensuring that all employees are provided opportunities to contribute, succeed and grow is not new. Rather, the change in the department's name formally recognizes the importance of equity and the role the office plays in partnering to advance DE&I across the Bank.

To read more about the Bank's DE&I work, visit www.KansasCityFed.org/diversity.

OFFICE OF MINORITY AND WOMEN INCLUSION



Tammy Edwards

Tammy Edwards is senior vice president of the Community Engagement and Inclusion Division and director of the Office of Minority and Women Inclusion for the seven states of the Tenth District. She leads engagement initiatives for strategic stakeholders and directs programs that address challenging community and economic development issues that affect underserved individuals and communities.

Appointed OMWI director in 2018, Tammy provides strategic leadership for the development and implementation of diversity, equity and inclusion strategies.

Tammy joined the Bank in July 2008 after a long career in the private sector.



Chris Constant

Chris Constant is assistant vice president in the Community Engagement and Inclusion Division. He assumed this role in 2020 and provides leadership for diversity, equity and inclusion, as well as strategic stakeholder engagement initiatives.

Chris joined the Bank in January 2011.



The Bank's Office of Diversity, Equity and Inclusion includes, from left, DE&I specialists Drake Hall and Amy Sanchez; Senior Vice President Tammy Edwards; Manager Ashton Chapman; and Assistant Vice President Chris Constant.

STANDARDS AND PROCEDURES

Through its OMWI, the Bank has created and maintains formal standards and procedures for the following:

- Equal Employment Opportunity and racial, ethnic and gender diversity of the workforce and senior management.
- Participation of minority-owned and women-owned businesses in the Bank's programs and contracts.
- Technical assistance for minority-owned and women-owned businesses.

PEOPLE, PROCUREMENT AND PARTNERSHIPS

The Bank's focus on diversity, equity and inclusion applies to all business areas. Throughout 2021, the Bank enhanced its efforts to remain proactive and progressive relative to its strategy.

PEOPLE

- Officers who are people of color (increased from 14% in 2020 to 16% in 2021.)

- The percentage of new hires who are women (increased from 38% in 2020 to 39% in 2021.)

PROCUREMENT

- The Bank continued tracking tier 2 diverse spend in 2021 to establish a more comprehensive view of its financial impact to diverse suppliers. Tier 2 spend is any spend a supplier has with minority- and women-owned businesses in support of Bank projects. The Bank tracked a total of \$54,878 in tier 2 spend with diverse suppliers this year.
- The Bank's 2021 results validate that its supplier diversity strategy is effective. Total spend with diverse suppliers represented 18.9% of overall reportable spend. This represented an increase of 1.7% compared to 2020.

PARTNERSHIPS

- The Bank was recognized with a top score of 100 on the Human Rights Campaign Foundation's 2021 Corporate Equality Index, the nation's premier

benchmarking survey and report measuring corporate policies and practices related to LGBTQ+ workplace equality. This is the second year the Bank has earned this recognition.

- The Kansas City Fed hosted its first “Women in System Economic Research Conference,” a two-day event designed to bring together economists throughout the Federal Reserve System to connect women economists and research staff across the System, promote their work, and provide networking opportunities.
- In 2021, the Bank partnered with other Reserve Banks across the Federal Reserve System to host the annual Minorities in Banking and Women in Banking forums, as part of its Banking and the Economy programming.
- The Bank hosted a “Fed Listens” event at the new First Americans Museum with tribal leaders. The “Fed Listens” series began in 2019 as a way for the Federal Reserve to directly hear how monetary policy affects peoples’ daily lives.

HERE ARE SOME EXAMPLES FROM 2021 OF HOW WE CONTINUE TO MAKE DIVERSITY, EQUITY AND INCLUSION A PRIORITY WITHIN OUR WORKPLACE.

Diversity, equity and inclusion education is accomplished through new employee orientation, professional development courses and management training. The Real Talk Program, which was formed in 2019 with the goal of creating honest, enriching and critical conversations among employees in safe and confidential spaces, continued in 2021.

To assist new employees and further develop diversity, equity and inclusion education, resources were added to the Bank’s new employee onboarding program to help employees recognize and acknowledge potential blind spots and strategize ways to overcome them. Also, in 2021

resources continued to be developed for Bank leaders to better understand cultural differences, develop personal awareness and identify cultural dynamics at work.

MENTORSHIP AT THE BANK

To assist employees in developing specific skills and enhancing professional growth, the Bank offers a comprehensive mentoring program. Comprised of distinctive pathways, Perspectives Mentoring Pathways is designed to meet the broad needs of employees and create an employee-driven path to personal and professional development. The Emerge pathway provides one-on-one formal mentoring opportunities for employees to partner with members of Bank management to develop leadership competencies and behaviors. In 2021, 15% of the Bank’s population of people of color participated in the Emerge pathway program; 23% of the Bank’s women employees participated.

INCLUSION NETWORKS

To further support a sense of employee inclusion and belonging, the Bank in 2021 built on its framework of DE&I employee groups to include employee-led shared identity groups. The new framework is called Inclusion Networks and helps employees build deeper connections and a sense of belonging around underrepresented community groups. In 2022, the Bank will usher in several new inclusion networks formed around categories such as race, ethnicity, sexual orientation, people with disabilities, military status and gender. Existing diversity, equity and inclusion groups such as the Employee Diversity Committee, Minorities in Technology, Women in Technology and the People of Color in Leadership are cornerstones of the new Inclusion Network framework.

In 2021, the groups hosted 201 programs and events, published 26 articles to employees with more than 6,000 views, and accounted for 103 employee referrals by sharing open positions posted by the Bank.



“I APPRECIATE THE OPPORTUNITY TO EXPLORE AND BE A PART OF NEW DE&I PROGRAMS AND INITIATIVES IN MY ROLE. IT’S GREAT THAT WE CAN DISCUSS WHERE THE BANK IS IN ITS OWN DE&I JOURNEY — WHERE WE WERE, WHERE WE ARE, WHERE WE NEED TO BE AND HOW TO CONTINUE FORWARD.”

— Amy Sanchez
Community Engagement & Inclusion

The Employee Diversity Committee (EDC), made up of 115 volunteers from across the Bank, hosted a variety of cultural and professional development programs throughout the year. The continuation of the Real Talk program brought together hundreds of employees to learn about relevant world diversity issues while providing a space for sharing perspectives. The EDC relaunched the Diversity and Inclusion Book Club, promoting discussions on four books, including a showcase from a local Kansas City author. People of Color in Leadership provides a networking and development forum for employees of color who are current or aspiring leaders in the Bank. Throughout 2021, they held small group mentoring sessions, a leadership panel discussion, a virtual discussion with an external speaker and a fireside chat with Bank President Esther George.

The Minorities in Technology network focuses on empowering people of color while promoting an inclusive culture in technology and innovation. The group hosted events to support summer technology interns, connect people of color technologists for networking, and partner with the Tenth District’s TechEdge program on the annual Code-A-Thon for college students. The TechEdge program helps entry level talent develop technical and professional skills while defining their career paths.

The Women in Technology Community of Practice focuses on empowering current and aspiring women technologists through mentoring, knowledge sharing, community outreach and leadership opportunities. The group hosted events focused on the impact of the pandemic on women in the technology sector.

in memoriam: DEBRA BRONSTON 1957-2021

Debra Bronston, a retired Kansas City Fed officer who helped lay the foundation of the Bank's ongoing commitment to diversity and inclusion, is remembered as an inclusive and dynamic leader who strived to make impactful connections across the Bank and in the community. Debra passed away in 2021, leaving a strong legacy as the first African American member of the Bank's official staff.

Debra began her career at the Bank in 1979 and worked in both Bank Supervision and Human Resources. During her distinguished career, Debra worked to establish the Bank as a founding partner of the Kansas City Chapter of the Urban Financial Services Coalition, and went on to serve at the national level. She also led the implementation of a number of programs and initiatives designed to foster and enhance diversity at the Bank. She retired as an assistant vice president in the Human Resources Department in 2011.

"When I joined the Bank 40 years ago, I shared a workspace with Debra and learned so much from her," said Bank President Esther George. "She taught me about banking supervision and people more generally."



Former Bank President Thomas Hoenig and Debra Bronston stand together during her retirement reception in 2011.



After spending several years in the Supervision division, Debra moved to Human Resources, where she was asked to expand the Bank's diversity efforts.

"Before OMWI was established, Debra was the Bank's first diversity officer and her impact is still felt today," Esther said.

Senior Vice President Donna Ward, who served as the Bank's first OMWI director, remembers Debra as a caring person and can trace many of the Bank's current diversity programs and initiatives back to Debra.

"She worked closely with senior leaders to develop an early version of the Bank's diversity strategy, including community partnerships, recruiting plans, and employee programs and training," Donna said.

Senior Vice President and General Auditor Porcia Block remembers how welcoming Debra was to her when she was hired in the banking supervision division.

"When I joined the Bank, Debra was one of the Black leaders who I looked up to," Porcia said. "She was cool, caring and generous with her time, advice and wise counsel. Debra will be missed."



President Esther George opened the Bank's annual Agricultural Symposium in 2021 from her family farm near St. Joseph, Missouri. The symposium, which drew more than 735 online attendees, was one of many ways the Bank continued its engagement with the public across the Tenth District, and the nation, throughout the pandemic. *Photo by Gary Barber*

2021

FEDERAL RESERVE BANK OF KANSAS CITY

ANNUAL REPORT

In 2021, the COVID-19 pandemic continued to pose challenges for our nation and the economy. After a brief period in the summer, as vaccines became widely available, it appeared that some pandemic-related pressures had eased. However, we were confronted by an emerging Delta variant that created new concerns about the spread of the virus and the ability to gather safely in large numbers.

While our economy rebounded from this development quickly, the pandemic's effects have been felt across many sectors. As businesses and suppliers battled supply chain issues, consumers felt the effects as the delivery of some goods slowed and others became less available. Labor market issues left some businesses understaffed, presenting further challenges. By year-end, inflationary pressure was evident, causing policymakers to adjust policy settings.

It is times such as these when I believe the work of a regional Federal Reserve Bank may be the most critical. The ability to engage directly with local communities across the United States — through relationships we have built across years of personal contact — is imperative to the Fed's understanding of real-time economic conditions and essential to our responsibilities as the nation's central bank. Despite the challenges of 2021, the Kansas City Fed's 2,000 employees, based in offices in Kansas City, Denver, Oklahoma City and Omaha, continued to serve our public mission, ensuring that financial institutions are well run, that payments move safely and efficiently, and that our region has an active role in the nation's monetary policy deliberations.

We recognize that the pandemic has brought about significant and perhaps lasting change to some aspects of our economy and financial system. We will watch the extent to which the pandemic has accelerated adjustments in the way people conduct business, and monitor the long-term impact of changes in the labor market and inflationary pressures on households and how industries evolve to meet the challenges of the market.

Insight into these questions will come from not only our research and analysis, but from our many contacts and engagements across the region. In this challenging economic environment, the value of the input we receive from individuals who serve on our boards of directors and our advisory councils is particularly evident. That is why I am pleased to share the 2021 annual report to recognize the contributions of those individuals, in addition to the Bank's staff, and the many partners and stakeholders that worked with us throughout the year.



ESTHER L. GEORGE
President and Chief Executive Officer



HOW WE serve

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

POLICY AND PUBLIC ENGAGEMENT

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

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

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

FINANCIAL INSTITUTION SUPERVISION

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

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



PAYMENTS EXPERTISE, PARTNERSHIPS AND LEADERSHIP

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

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



Kansas sunflowers at dusk. *Photo by Getty Images*



HOW WE work

THE KANSAS CITY FED employs more than 2,000 workers across Colorado, Kansas, western Missouri, Nebraska, Oklahoma, northern New Mexico and Wyoming. The Bank is headquartered at 1 Memorial Drive in Kansas City, Missouri, and it operates branch offices in Denver, Oklahoma City and Omaha.

AUDIT

The Audit Division reports to the Audit Committee of the Board of Directors and provides an independent and objective assessment of the Tenth Federal Reserve District's internal controls, risk management and governance processes to the Board and senior management. The Audit Committee meets with Audit Division management, President Esther George, First Vice President Kelly Dubbert and other Bank management several times a year.

COMMUNITY ENGAGEMENT AND INCLUSION

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

System, the economy and banking conditions. Each year, together with Human Resources, Public Affairs and other teams at the Bank, the division produces an Office of Minority and Women Inclusion report to Congress. Read a summary of the latest report on page 38.

ECONOMIC RESEARCH

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

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

<< Sunrise over the Dismal River in the Nebraska Sandhills. Photo by Getty Images

performance computing, data warehousing, and data management services to the Federal Reserve System.

FINANCIAL SERVICES

The Financial Services Division includes Cash Services, Wholesale Payments Operations and Support, and the Financial Services Policy Committee Support Office, which coordinates strategic and business planning for the Federal Reserve's financial services responsibilities. The division also houses Payments System Research, which produces public policy-related academic research, publications and presentations on domestic and international payments systems.

INFORMATION TECHNOLOGY AND CUSTOMER SUPPORT

Employees in this division support the efforts of all business areas in the Kansas City Fed and the Federal Reserve System through innovative information technology solutions. The division also supports more than 110,000 financial services customers in nearly 10,000 organizations. Among the services and functions under this division are the National Service Desk, the Customer Relations and Support Office and the Customer Contact Center. The division also encompasses Information Security, IT Training and IT Client Services and Business Relationship Management.

LEGAL AND ADMINISTRATIVE SERVICES

This division provides advice on legal issues to management and the Board of Directors at each office. The division represents the Bank in administrative and judicial proceedings, assists the Bank in complying with applicable law, counsels employees on matters concerning the Code of Conduct, and helps educate Bank employees on various legal issues. The division also includes the Facilities Management and Law Enforcement functions, which perform a variety of services to maintain efficient and effective internal operations at the Kansas City Fed. This includes maintaining the Reserve Bank's facilities and providing a safe and secure work environment. Additionally, the division houses the Human Resources Technology Center.



(Top) Senior Economist Jordan Rapport, part of the Economic Research Division, was featured in a Studio 10 video about his hybrid officing study. Photo by Kevin Wright

(Bottom) In Community Engagement and Inclusion, the Investment Connection program is led by Senior Advisor Ariel Cisneros, shown with program participant Lisa Bloomquist Palmer of HomesFund in Denver. Photo by Gary Barber



As part of his role in Regional, Public and Corporate Affairs, Denver Branch Executive Nicholas Sly provided an economic update in Blackhawk, Colorado.

PAYMENT STRATEGIES

This Payment Strategies Division provides leadership, analytical support, policy analysis and research to support the Federal Reserve System's mission to promote a U.S. payment system that is efficient, safe and broadly accessible. Staff members in this division lead a program management office that is guiding a strategic initiative to improve the U.S. payment system. FedNow will be available to depository institutions in the United States and will enable individuals and businesses to send instant payments through their depository institution accounts.

PEOPLE AND STRATEGY

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

REGIONAL, PUBLIC AND CORPORATE AFFAIRS

The Regional, Public and Corporate Affairs Division

includes regional economic research and analysis throughout the Tenth Federal Reserve District, including the Branch executives that lead the Bank's Denver, Oklahoma City and Omaha offices. The division's Public Affairs department houses the corporate secretary's office and includes external and internal communications, media relations, government relations, public programs, publishing services, student and teacher education programs, and the District's Money Museums.

RETAIL PAYMENTS TECHNOLOGY SERVICES

This division maintains and develops all of the Retail Payments Office's technical resources for the Federal Reserve System. In collaboration with National IT and external vendors, the division ensures that automated clearinghouse and check processing applications meet service-level expectations.



A'Yanna Webster is part of the Human Resources staff in the People and Strategy Division.

(Right) Law Enforcement officers presented colors at a Kansas City Monarchs game. (From left) Edgardo Melo, Robert Chmidling, Juan Martinez, Bryan Kendrick and Johnny Smith.

SUPERVISION AND RISK MANAGEMENT

Supervision of bank holding companies, savings and loan holding companies and state-chartered member banks in the Tenth District are the chief responsibilities of this division. This oversight includes conducting examinations of these institutions to ensure a safe and sound banking system. Banks also are examined for compliance with consumer laws and regulations and for performance under the Community Reinvestment Act. The division reviews and analyzes applications received from banking organizations for transactions requiring approval, such as acquisitions, mergers, establishing additional branches and changes in ownership or control.

Supervision and Risk Management also has responsibility for extending credit to depository institutions and assisting organizations in managing Federal Reserve account balances. The division collects

data from financial organizations, studies financial industry trends, conducts banking research and hosts seminars and forums for banks throughout the region.

TREASURY SERVICES

Within the Treasury Services Division, the Bank carries out its fiscal agent responsibilities by partnering with the U.S. Treasury to provide program leadership and support for programs within the Payments, Debt Management, and Information Management business areas. The Treasury's Bureau of Fiscal Service has designated the Kansas City Fed as a strategic partner to provide development and implementation services for the Disbursement Services Modernization Initiative, which will modernize business processes and solutions for disbursing federal payments.



ANNUAL REPORT 2021 MANAGEMENT COMMITTEE



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

Esther L. George, President and Chief Executive Officer

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

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

Dawn B. Morhaus, Executive Vice President, Treasury Payment Services Division

Kim Robbins, Executive Vice President, Payment Strategies Division and Chief of Enterprise Services for Federal Reserve Financial Services

Josias Aleman, Senior Vice President, Financial Services Division

Denise I. Connor, Senior Vice President, Information Technology and Customer Support Division

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

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

Renu Mehra, Senior Vice President and Retail Payments Office Chief Information Officer, Retail Payments Technology Services Division

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

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

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

(Above) Autumn colors at the Maroon Bells near Aspen, Colorado. Photo by Getty Images



OUR directors

GOVERNANCE OF THE DISTRICT; GUARDIANSHIP OF THE SYSTEM

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

CLASS A

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

In the Class A category, a director will be elected by a specific group of member banks classified as either 1, 2 or 3. This classification is based on the total amount of capital, surplus and retained earnings for each commercial bank, with Group 1 banks being the largest. Each group within the class elects one director. For example, Patricia J. Minard, chair, president and CEO of Southwest National Bank, Wichita, Kansas, is a Class A director who was elected by and represents Group 1 member banks.

CLASS B

The three Class B directors represent the public but may not be an officer, director or employee of a financial affiliation company. These directors also are elected by member banks under the same categories as Class A directors. For example, Ruben Alonso III, chief executive officer, AltCap, Kansas City, Missouri, is a Class B director elected by and representing Group 2 member banks.

CLASS C

The three Class C directors also represent the public. However, these directors are appointed by the Board of Governors of the Federal Reserve System. Like a Class B director, a Class C director may not be an officer, director or employee of a financial affiliation company. These directors may not own stock in a bank or a bank holding company. For example, María Griego-Raby, president and principal, Contract Associates, Albuquerque, New Mexico, is a Class C director. From the Class C directors, the Board of Governors selects one person as chair and another as deputy chair.



SERVING ON THE HEAD OFFICE BOARD

Federal Reserve Bank of Kansas City

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

SERVING ON THE BRANCH BOARDS

Denver, Oklahoma City and Omaha

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

COMMITTEE MEMBERSHIP FOR HEAD OFFICE DIRECTORS

Audit Committee

Doug Stussi, Chair
Patrick A. Dujakovich
Kyle Heckman
Patricia J. Minard

Buildings Committee

Gregory Hohl, Chair
Ruben Alonso III
María Griego-Raby

Compensation Committee

Patrick A. Dujakovich, Chair
María Griego-Raby
Cassandra Savage

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

(Above and previous page) The Grand Teton mountains in Wyoming. Photo by Getty Images



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

Edmond Johnson, Board Chair, President and Owner, Premier Manufacturing Inc. and eNFUSION, Frederick, Colorado (Class C)

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

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

Cassandra R. Savage, Owner and Member, The Savage Group LLC, Lenexa, Kansas (Class B, Group 1)

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

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

Patricia J. Minard, Chair, President and Chief Executive Officer, Southwest National Bank, Wichita, Kansas (Class A, Group 1)

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

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

FEDERAL ADVISORY COUNCIL MEMBER

John B. Dicus (not pictured), Chairman, President and Chief Executive Officer, Capitol Federal Financial, Topeka, Kansas



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

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

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

Jacqueline Baca, President, Bueno Foods, Albuquerque, New Mexico (Board of Governors appointed)

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

Nicole Glaros, Chief Investment Strategy Officer, Techstars, Boulder, Colorado (Kansas City Fed Board appointed)

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

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

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



(From left) Ms. Weber, Ms. Washington, Mr. Turner, Ms. Patel, Mr. Duncan, Ms. Chapman Plumb, Mr. Sidwell.

Tina Patel, Branch Chair, Chief Financial Officer, Promise Hotels, LLC, Tulsa, Oklahoma

(Board of Governors appointed)

Katrina Washington, Owner, Stratos Realty Group, Oklahoma City, Oklahoma (Board of Governors appointed)

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

J. Walter Duncan IV, President, Duncan Oil Properties Inc., Oklahoma City, Oklahoma

(Kansas City Fed Board appointed)

Susan Chapman Plumb, Board Chair and Chief Executive Officer, Bank of Cherokee County, Tahlequah, Oklahoma

(Kansas City Fed Board appointed)

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

Christopher C. Turner, President and Chief Financial Officer, The First State Bank, Oklahoma City, Oklahoma

(Kansas City Fed Board appointed)



(From left) Mr. Sieck, Mr. Henning, Mr. Fernandez, Ms. Russel, Ms. Tapio, Ms. Hamilton, Mr. Karpf.

Kimberly A. Russel, Branch Chair, Chief Executive Officer, Russel Advisors, Lincoln, Nebraska
(Board of Governors appointed)

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

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

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

Thomas J. Henning, President and Chief Executive Officer, Cash-wa Distributing Co., Kearney, Nebraska
(Kansas City Fed Board appointed)

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

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

ANNUAL REPORT 2021 ROUNTABLES REGIONAL ECONOMIC ROUNDTABLE

Economists from the Tenth District meet annually with Kansas City Fed regional economists to review the seven states' activities from the past year and offer insight on the future. Among the sectors discussed: agriculture, banking, construction, employment, energy, exports, housing and manufacturing.



Russell Evans
Interim Dean, Professor of
Economics and Director, Steven C.
Agee Economic Research and
Policy Institute
Oklahoma State University



Michael 'Mo' O'Donnell
Acting Director, Bureau of Business
and Economic Research
University of New Mexico



Jeremy Hill
Director, Center for Economic
Development and Business Research
Wichita State University



Eric Thompson
Associate Professor of Economics
and Director of the Bureau of
Business Research Economics
University of Nebraska



Christelle Khalaf
Associate Director, Center for
Business and Economic Analysis
University of Wyoming



Richard L. Wobbekind
Associate Dean for Business and
Government Relations,
and Senior Economist
University of Colorado Boulder



Sarah Low
Associate Professor of Regional
Economics, University of Missouri

(Above) Soybean fields in a valley along the Missouri River, near Glasgow, Missouri. Photo by Getty Images

ANNUAL REPORT 2021

FOOD AND AGRICULTURE ROUNDTABLE

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

Jerry Adams

Chief Executive Officer and Owner
Adams Land & Cattle
Broken Bow, Nebraska

Kanlaya Barr

Lead Economist
John Deere
Urbandale, Iowa

Ankush Bhandari

Vice President
Gavilon LLC
Omaha, Nebraska

Bill Brooks

Instructor, Agricultural Economics
Northwest Missouri State University
Dearborn, Missouri

Neil Dierks

Chief Executive Officer
National Pork Producers Council
Des Moines, Iowa

Zach Ducheneaux

Executive Director
Intertribal Agriculture Council
Gettysburg, South Dakota

Steve Elmore

Chief Economist
Corteva Agriscience
Johnston, Iowa

Claud Evans

Veterinarian
Minority Farmers Advisory
Committee
Okemah, Oklahoma

Jim Farrell

President
Farrell Growth Group
Omaha, Nebraska

Kelly Farrell

Consultant
Farrell Growth Group
Gladstone, Missouri

Steve George

President and Chief Executive Officer
Fremont Farms of Iowa LLP
Newton, Iowa

Dewayne Goldman

Executive Director
National Black Growers Council
Pine Bluff, Arkansas

Andrew Gottschalk

Senior Vice President
and Market Analyst
RJ O'Brien & Associates LLC
Greenwood Village, Colorado

Howard Hill

Pork Producer
Hill Farms
Cambridge, Iowa

Pam Johnson

Iowa Farmer and Former President of
National Corn Growers Association
Floyd, Iowa

Karen Eifert Jones

Farmer, Ag Economist and Master
Agronomist
Waukomis, Oklahoma

Alison Krebs

Dairy Policy Associate Director
Leprino Foods
Denver, Colorado

Bill Lapp

President
Advanced Economic Solutions
Omaha, Nebraska

Katelyn McCulloch

Director
Livestock Marketing Information
Center
Lakewood, Colorado

David Pankonin

Owner
Pankonin's Inc.
Louisville, Nebraska

Harvey Reed

Chairman
Minority Farmers, Ranchers &
Veterans Advisory Committee
Gretna, Louisiana

Chris Roth

President

Reinke Manufacturing Co. Inc.

Deshler, Nebraska

Brady Sidwell

Owner and Principal

Sidwell Strategies LLC

Enid, Oklahoma

FEDERAL RESERVE BANK STAFF

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Vice President and Omaha Branch Executive

Omaha, Nebraska

Cortney Cowley

Senior Economist

Oklahoma City, Oklahoma

Ty Kreitman

Assistant Economist

Omaha, Nebraska

David Rodziewicz

Senior Economics Specialist

Denver, Colorado

A chamisa sagebrush plant near the Sandia Mountains in Albuquerque.

Photo by Getty Images



ANNUAL REPORT 2021 ADVISORY COUNCILS ECONOMIC ADVISORY COUNCIL

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



Back row, left to right: Ms. Besnette Hauser, Mr. Esparza, Mr. Thorpen, Mr. Sanders and Mr. Kramer. Front row, left to right: Mr. Gaspar, Ms. Martiny, Mr. Davis, Mr. Murphy and Ms. Simmons. (Not pictured: Ms. Hamann, Ms. Prenger and Mr. Washington)

(Above) Aspen trees in the San Juan range of the Rocky Mountains. *Photo by Getty Images*

[Carrie Besnette Hauser](#)

President and Chief Executive Officer
Colorado Mountain College
Glenwood, Colorado

[Henry Davis](#)

Owner, President and Chief Executive Officer
Greater Omaha Packing Co. Inc.
Omaha, Nebraska

[Del Esparza](#)

President
Esparza Digital + Advertising
Albuquerque, New Mexico

[Clay Gaspar](#)

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

[Jennifer Hamann](#)

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

[Joseph Kramer](#)

Chief Financial Officer
J-Six Enterprises
Seneca, Kansas

[Alise Martiny](#)

Secretary and Business Manager
Greater Kansas City Building
and Construction Trades Council
Kansas City, Missouri

[Tim Murphy](#)

Executive Chairman
Murphy-Hoffman Company
Leawood, Kansas

[Jeanette Prenger](#)

President and Chief Executive Officer
ECCO Select
Kansas City, Missouri

[Jason Sanders](#)

Senior Vice President and Provost
University of Oklahoma Health Sciences Center
Oklahoma City, Oklahoma

[Peggy Simmons](#)

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

[Jim Thorpen](#)

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

[Paul Washington](#)

Executive Vice President
IMA Financial Group
Denver, Colorado

ANNUAL REPORT 2021 COMMUNITY DEVELOPMENT ADVISORY COUNCIL

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



(Left to right) Mr. Sufi, Mr. Greenwell, Ms. Robinson-Woods, Mr. Jolley, Ms. Parasker, Mr. Reiff, Ms. Donawa, Ms. Abbott Patterson, Ms. Smith. (Not pictured: Mr. Font and Ms. Romero)

[Niki Donawa](#)

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

[Raúl Font](#)

President
Latino Community Development Agency
Oklahoma City, Oklahoma

[Don Greenwell](#)

President
The Builders Association
Kansas City, Missouri

[Geoff Jolley](#)

Executive Director
Local Initiatives Support Corporation
Kansas City, Missouri

[Neelima Parasker](#)

President and Chief Executive Officer
SnapIT Solutions
Overland Park, Kansas

[Aubrey Abbott Patterson](#)

President and Chief Executive Director
Hutchinson Community Foundation
Hutchinson, Kansas

[Jim Reiff](#)

Executive Director
Nebraska Enterprise Fund
Omaha, Nebraska

[Cecilia J. Robinson-Woods](#)

Superintendent
Millwood Public Schools
Oklahoma City, Oklahoma

[Liddy Romero](#)

Founder and Chief Executive Officer
WorkLife Partnership
Denver, Colorado

[Adrienne R. Smith](#)

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

[Awais Sufi](#)

President and Chief Executive Officer
SchoolSmartKC
Kansas City, Missouri

ANNUAL REPORT 2021 COMMUNITY DEPOSITORY INSTITUTIONS ADVISORY COUNCIL

Members represent banks, thrift institutions and credit unions from around the Tenth District. They meet twice a year with Kansas City Fed staff to provide perspective on lending, the economy and other issues of interest to community depository institutions.



(Left to right) Ms. Stuewe, Mr. Shettlesworth, Ms. DeVore, Mr. Crum, Mr. Gdowski, Mr. Koehn. (Not pictured: Mr. Agnes, Mr. Bastian, Ms. Castilla, Mr. Shannon and Ms. Wade)

Gerry Agnes, President and Chief Executive Officer, Elevations Credit Union, Boulder, Colorado
Aaron Bastian, President, Fidelity Bank, N.A., Wichita, Kansas
Jill Castilla, President and Chief Executive Officer, Citizens Bank of Edmond, Edmond, Oklahoma
Gary Crum, President and Chief Executive Officer, Western States Bank, Laramie, Wyoming
Kim DeVore, President, Jonah Bank, Casper, Wyoming
Tom Gdowski, President and Chief Executive Officer, Equitable Financial Corp., Grand Island, Nebraska
Brad Koehn, Regional President, Midwest Bank N.A., Lincoln, Nebraska
T.W. Shannon, Chief Executive Officer, Chickasaw Community Bank, Oklahoma City, Oklahoma
Alan Shettlesworth, President and Chief Operating Officer, Main Bank, Albuquerque, New Mexico
Kristie Stuewe, President and Chief Executive Officer, First Missouri Bank, Brookfield, Missouri
Alicia Wade, President and Chief Operating Officer, Valliance Bank, Oklahoma City, Oklahoma

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



Mike Atkins
Chief Executive Officer
Open Technology Solutions
Centennial, Colorado



Russell Oatman
Senior Vice President
First National Bank of Omaha
Omaha, Nebraska



Michael Brown
Co-founder, Chief Executive Officer
and Chairman of the Board
Euronet Worldwide
Kansas City, Missouri



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



Scott Copeland
Executive Vice President
BancFirst
Oklahoma City, Oklahoma



Susan Robinson
Executive Director
National Processing Center
Bureau of Fiscal Services
Kansas City, Missouri



Michael DeBroeck
Senior Vice President
Intrust Bank
Wichita, Kansas



Chris Wiedenmann
Senior Vice President
Commerce Bank
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Susan Doyle
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EPCOR
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Uma Wilson
Senior Vice President
UMB Bank
Kansas City, Missouri



Kelly Kaminkas
President-Retail Services
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Executive Vice President
and Director of Research

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Executive Vice President

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

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Senior Vice President

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and Chief Human Resources Officer

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Senior Vice President and Chief
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of the Office of Minority and
Women Inclusion

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Senior Vice President

Renu A. Mehra
Senior Vice President
and Retail Payments Office
Chief Information Officer

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

Craig Zahnd
Senior Vice President, General
Counsel, Ethics Officer
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and General Auditor

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Assistant Vice President

Matthew Ruemker
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Kevin Rutledge
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Rodney J. Schmidt
Assistant Vice President

David R. Smith
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Paul L. Somogye
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Jared Weikum
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Jackson A. Winsett
Assistant Vice President

Ginger K. Wise
Assistant Vice President

Ingrid M. Wong
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and Assistant General Counsel

Joshua Woods
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Anne C. Gossweiler
Vice President

Trina Chapman
Assistant Vice President

Max Gwin
Assistant Vice President

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Assistant Vice President

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Nick Baker
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Dustyn DeSpain
Assistant Vice President

Douglas L. Gray
Assistant Vice President

OMAHA

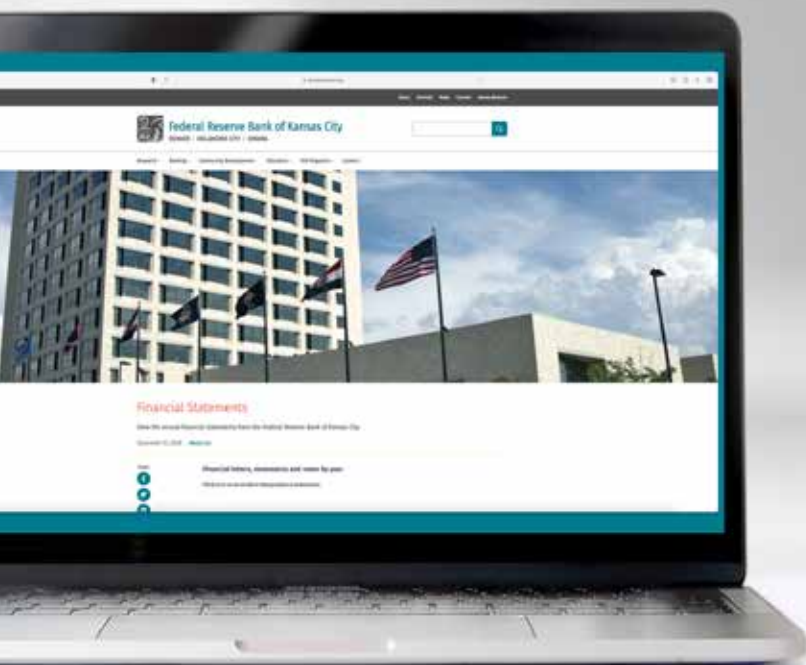
Nathan S. Kauffman
Vice President, Branch Executive
and Economist

Nicholas Hatz
Assistant Vice President

Todd Rich
Assistant Vice President

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

CHANGE SERVICE REQUESTED



2021 FINANCIAL REPORT

The Federal Reserve Bank of Kansas City's 2021 audited financial report is available at [KansasCityFed.org/about-us/kc-fed-information/annual-reports](https://www.kansascityfed.org/about-us/kc-fed-information/annual-reports).

Financial reports from previous years, as well as lists of officers, directors and advisory councils, also are online.