

TREN

Spring 2015

FEDERAL RESERVE BANK OF KANSAS CITY

Inside:

U.S. energy trends effects on trade

100 years of the *Economic Review*

Commitment to Diversity and Inclusion:
2014 OMWI Report

THE SWITCH

Wage growth increases for workers who change jobs

ANNUAL REPORT ISSUE

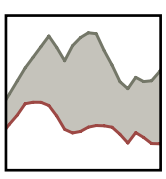


PHOTO BY BOB GREENSPAN

On The Cover:

<p>THE SWITCH Wage growth increases for workers who change jobs..... 2</p> <p>Wage growth is often cited as an important gauge of the labor market's strength. A Kansas City Fed economist found that in the current economy workers who stay in the same job are unlikely to see their wages vary much month to month, but workers who switch jobs have seen wage growth as the labor market continues to tighten.</p>
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FEATURES



<p>U.S. ENERGY TRENDS EFFECTS ON TRADE Increased productivity changes markets..... 6</p> <p>Over the last three decades, U.S. imports and exports have more than doubled as a share of gross domestic product, and energy net exports were a substantial part of the change.</p>



<p>100 YEARS OF DATA, STATISTICS AND FACTS Commemorating the <i>Economic Review</i> 8</p> <p>First published in 1916, the Federal Reserve Bank of Kansas City's definitive economic research publication, <i>Economic Review</i>, has focused on a variety of topics from monetary policy to agriculture within the Tenth Federal Reserve District, the nation and international economies.</p>
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<p>2014 ANNUAL REPORT28</p> <p>Listings of the Federal Reserve Bank of Kansas City's officers, directors, advisory councils, roundtable groups, and more, including a look at the organization's inner workings.</p>



<p>COMMITMENT TO DIVERSITY AND INCLUSION: 2014 Report to Congress55</p> <p>The Office of Minority and Women Inclusion (OMWI), established under the guidelines of the Dodd-Frank Act, continues a long tradition of diversity at the Kansas City Fed.</p>
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IN THIS ISSUE

1	PRESIDENT'S MESSAGE
10	INSIDE LOOK: BOARD OF DIRECTORS' PROFILES
17	COMMON CENTS
20	MAKING A CONNECTION
22	NOTES

Commemorating 100 years of the *Economic Review*

For the past 100 years, researchers at the Federal Reserve Bank of Kansas City have studied and analyzed regional, national and international economies in order to better inform the central bank's policymaking process.

Today, Bank economists are still dedicated to researching areas such as agriculture, banking, finance, labor markets, payments and energy. While their work provides important context for the Federal Reserve to better understand what is happening in the economy, the Bank has made it a priority throughout its history to share much of this information broadly with the public. This research, which is often featured in *TEN*, can provide useful insights for the decisions consumers, small business owners, bankers, students, workers and others face every day.

This year, the Kansas City Fed will commemorate the centennial of the *Economic Review*, the Bank's flagship economic research publication. Since 1916, this publication, which was then known as the *Report of Conditions in District 10*, focused on topics affecting the economy within the Tenth Federal Reserve District and across the nation.

The Kansas City Fed opened its doors on Nov. 16, 1914, with a handful of employees. As the Bank grew, staff collected and published financial data about the regional economy, but it wasn't until 1918 that a formal division was dedicated to analysis.

The division and its primary publication changed in the 1940s when the Federal Reserve System took a uniformed approach to economic research, formally establishing research departments across each of the 12 Reserve Banks. In 1978, the Bank's research publication underwent a significant change when its name changed from the *Monthly Review* to *Economic Review*, and its content reflected a new focus on publishing independent, staff research. This

gave economists the freedom to create valuable new insights into important public policy questions while developing a wide variety of reports and surveys.

In the same way technology has remade the global marketplace over the past 100 years, it has had a profound impact on the way the Federal Reserve conducts research. Data can now be gathered, transferred and analyzed within days, hours, or even seconds with the use of computerization and the Internet. The Kansas City Fed has established itself as a leader in this area by providing high-performance computing services for researchers using large and complex datasets that make up the raw data for innovative research.

Technology has also changed the way we present research. Today, the Bank posts all of its research, including the *Economic Review*, online at KansasCityFed.org. On our website, readers can sign up to receive email alerts of new research and subscribe to the print versions of our publications, including *TEN*.

In the midst of these changes, the Kansas City Fed will continue to pursue its mission—to produce high quality economic research on issues relevant to the Federal Reserve and the public. The *Economic Review*, and *TEN*, will remain at the forefront of this mission as we continue to evolve.



A handwritten signature in black ink that reads "Esther L. George". The signature is fluid and cursive, written in a professional style.

**ESTHER L. GEORGE, PRESIDENT
FEDERAL RESERVE BANK OF KANSAS CITY**

A hand holding a white marker in front of a whiteboard. The whiteboard has handwritten text in blue marker: "Students pres", "Lincoln's coura", and "states' celebrat".

THE SWITCH

Wage growth increases for workers who change jobs

Wages for workers have remained either stagnant or tight in recent years—the result of the recession and a sluggish recovery. Economists, however, see signs of improvement, especially among workers who change jobs.

José Mustre-del-Río, an economist with the Federal Reserve Bank of Kansas City, says recent statistics on wages and compensation have showed promising growth in the labor market. Wage growth is often an important gauge of the labor market's strength.

Although the wages of workers who stay in the same job have varied slightly or not at all month to month, workers who have voluntarily

left an employer to take another job have seen significant wage growth in recent quarters.

“With the quits rate rising and returning to pre-recession levels, we should expect to see even greater wage growth for job switchers and ultimately job stayers in the future as competitive pressures take hold,” Mustre-del-Río said.

An unexpected field

For years, Olivia Malone made a good living teaching vocal performance to students ages 13 and older in a Kansas City suburb. Her teaching sessions, typically in the evenings because of



OLIVIA MALONE taught vocal performance privately for 15 years before she changed jobs and became an alternative education aide for the Olathe, Kan., School District.

PHOTO BY BOB GREENSPAN

her students' schedules, pulled her away from her family.

Then five years ago, even though the economy was recovering from the recession, the number of students she was teaching dwindled.

At the same time, the demographics of the industry also changed. Parents encouraged their children to seek college degrees in fields outside of music—decisions most likely influenced by the recession, Malone said. So instead of fostering the careers of young teens and adults, the industry became flooded with parents who wanted their young children—ages 6 to 8—to be trained in musical performance.

Parents pushed for instant results. Instead

of having their children spend years in vocal training, parents enrolled them in music institutions that put students on stage in a performance atmosphere within a few months, not years. Malone, who has taught professionally for more than 15 years, says it doesn't work that way.

"It was becoming more about instant gratification, but the world hasn't changed," she said. "Many of them are not ready for that level."

Malone had graduated with a degree in music education, but she went into private teaching instead of obtaining her teaching certificate for public education. She had a

choice to make: spend the time and money to gain her certification or go into an educational field that didn't require certification.

"I couldn't afford to," she said. "I have a family and needed the income."

Malone became a paraprofessional, working with special needs students. She quickly learned, however, that she could make more money substituting than teaching full time.

"Most full-time paras only make between \$9 and \$11 an hour and I made slightly higher as a sub," she said.

The work was demanding and Malone was on-call, which made it difficult to know how much she would work week to week.

"We work all day without a break and it's one-on-one with a student and you don't know the severity you're walking into—the severity of the student's needs," she said.

After two years in which her wages and the work were little changed, she decided to seek another position. Well-paying jobs were scarce, and other positions for which she was qualified didn't pay enough.

She found a job as an alternative education aide with the Clair Learning Center. The center is the Olathe School District's alternative school for students living in the psychiatric residential treatment center at KidsTLC, a nonprofit organization serving children and families across Kansas.

"It's a much better situation" financially and professionally, Malone said. She works full time for the district, which provides her paid benefits and a solid work schedule. She works flexible hours, giving her more time with her family, and her income is more than when she worked as a paraprofessional.

"I'm working in a field I didn't expect to work in, but it's been very rewarding," she said.

Tracking workers and wages

Mustre-del-Río says many workers like Malone are benefiting from improvements in the jobs market, but the improvement has been slow.

In the recent recession and recovery, many

workers were forced to change jobs through the loss of employment. Although some workers found new jobs, wages either were equal to or less than in their previous employment. Other workers remained unemployed until the economy improved, but the jobs they found didn't necessarily mean better wages. Workers fortunate enough to maintain their employment either saw little or no increase in wages. And workers leaving their jobs for better employment dropped dramatically during that time.

Data, however, show a recent tightening in the labor market, in that workers are voluntarily leaving jobs for better employment opportunities, which economists call the quits rate.

Mustre-del-Río used data from the Survey of Income and Program Participation and Automatic Data Processing's Workforce Vitality Index to gain a historical perspective of wage growth for job changers. He also used the Job Openings and Labor Turnover Survey from the Bureau of Labor Statistics to measure the quits rate within the private sector.

The measure shows significant cyclicalities in wages—rising during economic expansions and falling sharply in recessions. The data also show that wage growth among job changers comoves with the quits rate.

Looking at data from the third quarter of 2011 to the third quarter of 2014, Mustre-del-Río explained that the quit rates rose beginning in 2013, and switchers' average wage growth rose from roughly 4.3 percent per quarter in the first quarter of 2013 to 5.6 percent in the third quarter of 2014.

Job switchers in the leisure and hospitality industry reached average wage growth of 7.7 percent, while switchers in professional and business services saw wage increases of 6.8 percent by the third quarter of 2014. In contrast, switchers in the education and health sectors observed gains of only 3.9 percent and switchers in the manufacturing sector saw wage gains of 4.2 percent.

Mustre-del-Río says these trends will become more broad-based as the labor market

continues to tighten and worker turnover rises, creating a more competitive environment.

A comfortable position

Andy Marso was a newspaper reporter for most of his career. He chose the profession because he loved the work—it wasn't about the money, he said.

Marso's career advanced modestly after he graduated with a degree in journalism from the University of Kansas. He first worked as a sports reporter and columnist for a weekly newspaper in the northwest suburbs of Kansas City and eventually took a full-time position covering sports at a daily community newspaper in the southern metro area. His tenure there lasted three years before the recession took hold. He lost his job in a mass layoff in 2009.

"The entire market became tight after that," he said.

Newspaper jobs and journalism jobs in general were scarce. The industry shifted toward employers, who reduced average wages, laid off employees and left positions unfilled to cut costs.

Marso taught for a short time for a nonprofit and worked part time at a newspaper in Minnesota before attending graduate school at the University of Maryland. After grad school, he took a job at a Baltimore newspaper, where he barely made ends meet. He eventually moved back to Kansas, landing a job as a state government reporter in Topeka.

"You could see things starting to open up," he said. "Positions that were once left open after someone left were being filled."

The pay was decent, but the hours were long when the Kansas Legislature was in session, he said. And then last year, the Kansas Health Institute News Service offered him a position on its staff and he accepted in August.

Marso's new job has put him in a comfortable position in his career. He has the ability to report on important issues in the healthcare industry while earning a better salary and benefits.



ANDY MARSO has worked in newspapers most of his career, but recently changed jobs to write about the healthcare industry. Marso is one of many workers in the United States who have seen their wages increase by changing jobs.

"It's allowed me to buy a house, given me more (financial) stability and I can pay more into my retirement fund," he said.



KEVIN WRIGHT, EDITOR

FURTHER RESOURCES

"Following the Leaders: Wage Growth of Job Switchers," By José Mustre-del-Río

www.KansasCityFed.org/publicat/research/macro-bulletins/mb14/Mustre-del-Rio.pdf

COMMENTS/QUESTIONS are welcome and should be sent to teneditors@kc.frb.org.

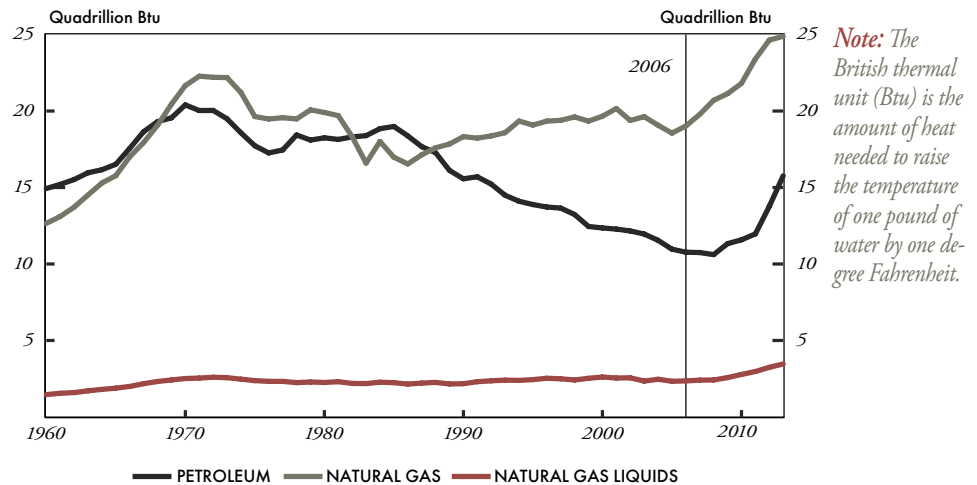
U.S. ENERGY TRENDS EFFECTS ON TRADE

INTERNATIONAL TRADE IS A GROWING SHARE OF ECONOMIC ACTIVITY IN THE UNITED STATES and an element of economic growth. And over the last three decades, imports and exports have more than doubled as a share of gross domestic product. Moreover, the contribution of net exports to economic growth has also increased. Energy net exports were a substantial part of the change, as its contributions to real annual GDP growth increased from -0.1 percentage point to 0.2 percentage point in the same periods.

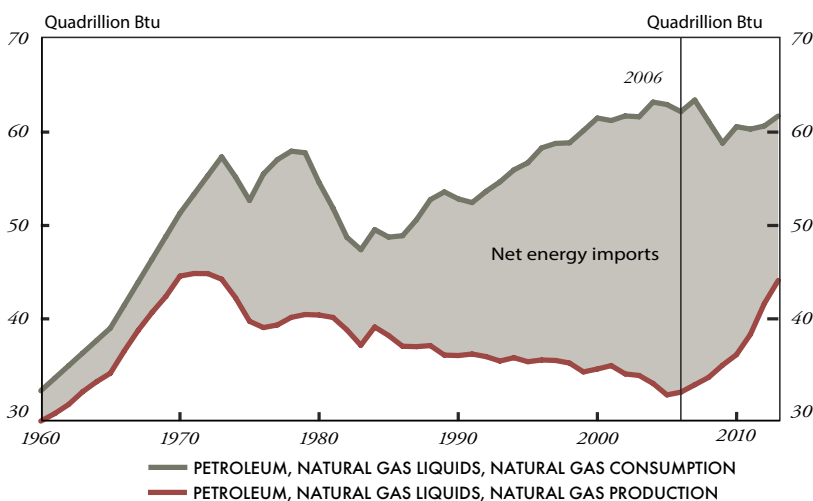
Hydraulic fracturing and horizontal drilling technologies led to a significant structural change in energy production. Currently, the Energy Policy and Conservation Act of 1975 bans the export of most domestic crude oil in an effort to insulate the United States from worldwide price shocks. Policy changes, however, could bolster the recent domestic production growth's effects on trade.

U.S. ENERGY PRODUCTION

After declining for several years, U.S. energy production increased in 2006. Production of natural gas and natural gas liquids reached historical highs in 2013. Petroleum production has experienced wide swings—increased to historical highs in 1970, largely decreased until 2006 and then increased through 2013.



Sources: Energy Information Administration and Haver Analytics



Sources: Energy Information Administration and Haver Analytics

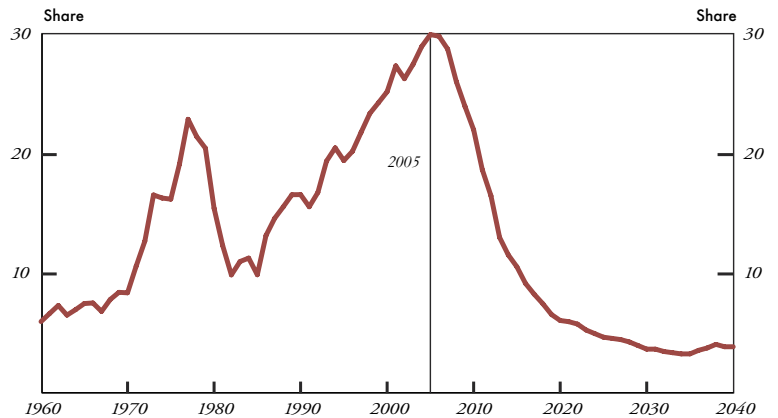
U.S. PRODUCTION, CONSUMPTION AND IMPORTS OF PETROLEUM AND NATURAL GAS

From 1980 to 2005, U.S. imports for crude oil, natural gas liquids and natural gas grew while domestic production declined. The increase in energy production after 2006 led to significant declines in net imports.

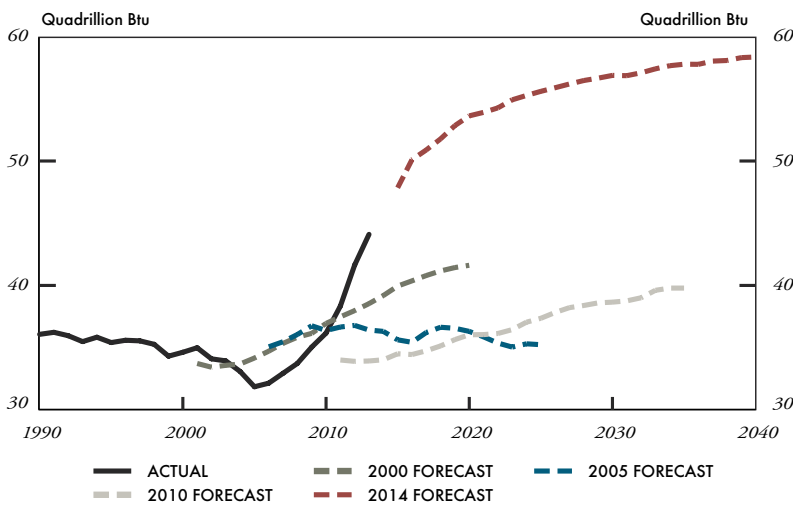
Further resources: "Implications of Recent U.S. Energy Trends for Trade Forecasts" by Craig S. Hakkio and Jun Nie: www.kansascityfed.org/publicat/econrev/pdf/14q4Hakkio-Nie.pdf

NET ENERGY IMPORTS AS A SHARE OF ENERGY CONSUMPTION

Energy Information Administration (EIA) forecasts illustrate the changes in energy trade by showing net imports of energy as a share of energy consumptions from 1960 to 2040. As shown, imports peaked in 2005 at 30 percent. By 2013, imports fell to 13 percent and are projected to fall to 6.1 percent by 2020 and 3.3 percent in 2035.



Sources: Energy Information Administration and Haver Analytics



Source: Energy Information Administration

PRODUCTION OF CRUDE OIL, NATURAL GAS LIQUIDS AND NATURAL GAS

EIA forecasts on energy production and imports have remained conservative and unable to keep up with the domestic energy sector's fast growth. As the charts show, actual energy production has outpaced energy forecasts, which also has altered forecasts on domestic net imports of petroleum and natural gas (not shown in chart).

To better capture recent changes in energy production and study its effects on future U.S. trade, Federal Reserve Bank of Kansas City's Craig Hakkio, a senior vice president and special advisor on economic policy, and Jun Nie, a senior economist, developed an analytical model that separates the energy and nonenergy components to forecast near-term imports and exports for both. The model's framework provides an independent forecast and can generate alternative forecasts under additional assumptions of future domestic energy production.

Combining the forecasts for imports and exports, net energy imports are expected to narrow by 40 percent in 2014 and 2015, which helps reduce the current trade deficit by about 14 percent.

The framework forecasts a 4.6-percent decline in 2015. Key factors shaping this forecast include relatively stable domestic energy consumption and a continued increase in production, which reduces reliance on energy imports.

4.6%
2015

19.4%

Energy exports are expected to increase 19.4 percent in 2015. The strong growth is supported by both a continued increase in domestic energy production and continued rising foreign demand.

100 years of data, statistics and facts

COMMEMORATING THE *ECONOMIC REVIEW*

First published in 1916, the Federal Reserve Bank of Kansas City's primary economic research publication, *Economic Review*, has focused on a variety of topics, including monetary policy, agriculture, energy, banking, payments systems, labor markets and industries within the Tenth Federal Reserve District, the nation and international economies.

The *Economic Review* has evolved since its early years, reshaping its focus and especially its name (see sidebar, page 9), which changed several times after the first issue was published less than two years after the Kansas City Fed opened on Nov. 16, 1914.

When the Kansas City Fed started publishing the economic data it collected, writers and bank staff produced the information as part of their daily duties. It wasn't until 1918 that the staff was organized as a separate Editorial and Statistical department (see sidebar, page 8).

The first department head was Perl W. Morgan, a newspaperman who at one time led the news department at *The Kansas City Star*. Newspaper accounts at the time described Morgan's position at the Kansas City Fed as that of a statistician. And early publications, although informative, leaned toward statistical analysis rather than economics. Although the publication's name changed four times in its first 25 years, *Monthly Review* typically remained part of its name.

Although economic thought often is traced to Aristotle, who examined the ideas of acquisition and trade, it wasn't until the latter 1930s that economics left behind philosophical or political treatises and became more grounded in math and science. Banks in the early 20th century, however, had few uses for economists.

Most banks in the Tenth District were small community banks, including some located inside general stores. Economics was mainly for academics, and even the Kansas City Fed was hesitant to add economists to its staff.

In correspondence with the Board of Governors in the 1930s, the Bank expressed its apprehension. It was the Great Depression and the Kansas City Fed hadn't increased wages or staff and was reluctant to make changes to its operations.

Reluctant or not, passage of two key banking measures—the Banking Act of 1933 and the Bank Act of 1935—helped bring the need for economists into focus. The 1933 measure formed the Federal Open Market Committee (FOMC) and the 1935 measure reorganized the FOMC and restructured the Federal Reserve System. Following passage of these measures, the Board of Governors pushed for the use of economists at each Reserve Bank. The economists would advise Reserve Bank presidents on monetary policy issues and other matters that would help them as members of the FOMC.

GENERAL ORGANIZATION of THE "RESEARCH" DEPARTMENT

Editorial and Statistical (approx. 1918 – 31)
Research and Statistics (approx. 1932 – 37)
Statistical Division (approx. 1937 – 43)
Research Department (1944-present).

"Economic" is added to the Research Department title sometime between 1952 and 1963.

The Economic Review

(AND ITS PREDECESSORS):

The Kansas City Fed's first professional economist, T. Bruce Robb, was hired in 1936. Robb had received his master's and Ph.D. degrees from Yale University and taught economics at various universities before coming to the Federal Reserve. It wasn't until 1943, with the appointment of Charles O. Hardy, that the Research and Statistical Department was led by an officer-level position (vice president), who also was a professional economist.

According to the American Economic Association, Hardy was an established economist before coming to the Kansas City Fed, where he reorganized its economic publications.

Robb was manager of the Research and Statistical Department from 1943-46 under Hardy, and was research director from 1946-50 after Hardy resigned.

Robb and Hardy made several improvements to what then was called *The Monthly Review: Agricultural and Business Conditions*, adding graphs, charts and analysis in the reporting of regional economic conditions.

While Robb was director, the Federal Reserve agreed to use the title "Research Department" across the System, and Reserve Banks began to hire more economists. By 1950, the publication's name was shortened to *Monthly Review* and its purview was expanded under the leadership of Clarence W. Tow, who was director of research for 20 years.

More definitive changes occurred in the 1970s. Economists began to publish independent, self-directed research in the *Monthly Review*. This gave economists the opportunity to create valuable new insights into important public policy questions. The publication's name changed to *Economic Review* during this decade.

These changes translated into a complete integration of economic thought pertinent to the Federal Reserve. Articles highlighted economists' knowledge in banking, finance, macroeconomics, agriculture, energy, labor, supervision and regulation, monetary policy, payments and community development.

With the advent of the information age, the Kansas City Fed has provided high-performance

1916 – 19 (volumes 1 – 4)

Report of Conditions in District 10

1920 (volume 5)

The Monthly Bulletin Covering Conditions in the Tenth Federal Reserve District

1921 – 25 (volumes 6 – 10)

The Monthly Review Covering Conditions in the Tenth Federal Reserve District

1926 – 36 (volumes 11 – 21)

The Monthly Review of Agricultural, Industrial, Trade and Financial Conditions in the Tenth Federal Reserve District

1937 – 53 (volumes 22 – 38)

The Monthly Review: Agricultural and Business Conditions

1954 – 77 (volumes 39 – 62)

Monthly Review

1978 – 2015 (volumes 63 – 100)

Economic Review

computing services for researchers using large and complex datasets. Technology also has allowed the Kansas City Fed the opportunity to share its research online. Although the way economists conduct and publish research may have changed throughout the last 100 years, the *Economic Review* has remained at the forefront as the Kansas City Fed's primary economic publication, offering reliable, timely and significant research on relevant issues.



KEVIN WRIGHT, EDITOR

COMMENTS/QUESTIONS are welcome and should be sent to teneditors@kc.frb.org.

BROAD REPRESENTATION, REGIONAL ROOTS

KANSAS CITY FED RELIES ON DIRECTORS FOR INSIGHT

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

This system of the independent regional Reserve Banks, which also have affiliated Branch offices, are in direct recognition of the value Americans place on limiting influence and ensuring broad representation. Prior to the Federal Reserve, the United States had made two attempts at a central bank, but large areas of the country, especially along the frontier and in the South, felt the institutions were too closely aligned with the power centers of the Northeast, and the institutions were abandoned.

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

Here's a closer look at Tenth District directors who joined their boards in 2015.



A professional portrait of Ashley J. Burt, a man with short brown hair and a light beard, wearing a dark suit, a light-colored striped shirt, and a purple patterned tie. He is looking directly at the camera with a slight smile. The background is a blurred office setting with a lamp and computer monitors.

ASHLEY J. BURT
DENVER DIRECTOR

PHOTO BY DAVID TEJADA

ASHLEY J. BURT

Ashley Burt must be ready for anything as president of a small community bank.

“I can be working on interest rate risk and then have to change a light bulb,” said Burt, who is a director on the Federal Reserve Bank of Kansas City’s Denver Branch Board.

The Gunnison Bank and Trust Co. in Gunnison, Colo., is in a mountain valley, high in the heart of the Rocky Mountains. The remoteness of Gunnison, and its tourism economy, keeps the bank’s customer base from changing or growing rapidly.

“We have to be a lot of different things to this base,” Burt said. “We have always specialized in commercial lending, but as needs have changed, so have we.”

Burt’s level of customer contact is high.

“That is one of the reasons to bank with a smaller community bank. You can sit down with a decision maker,” he said. “It is also one of the reasons that working at a small bank is rewarding. You become a sounding board, and really get to know your customers and their business.”

Good customer service and a willingness to change is what it takes to be successful in today’s banking environment, Burt said.

He plans to use his 19 years of community

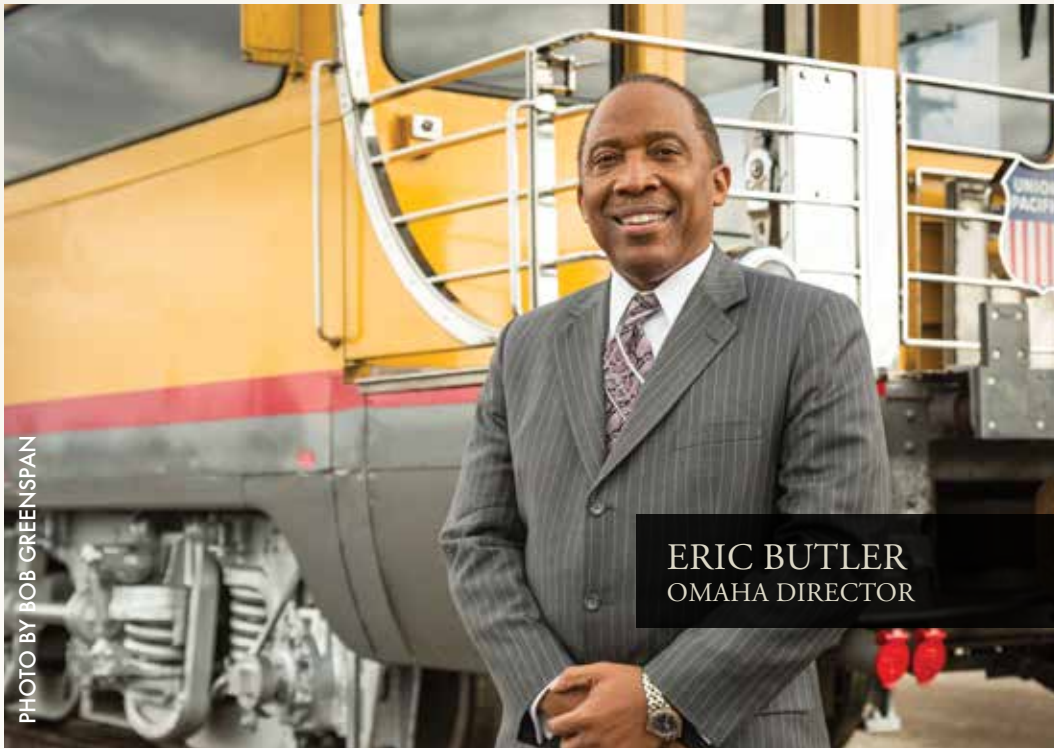
banking experience and his experience as an entrepreneur, which includes small business and owning and operating a private school with his wife Jackie, to help him provide the Federal Reserve feedback and direction.

Because of consolidation in the banking industry—due to repercussions of the recession—interaction among financial institutions and other industries has lessened, Burt said. Becoming a director provides him better opportunities for interaction, along with having direct interaction with the Federal Reserve System.

Burt has always been fascinated with the Federal Reserve—from its complex public-private structure to its effect on the cyclical nature of employment and inflation.

His perspective about the Federal Reserve transformed, however, when he was invited to the 2008 grand opening of the Kansas City Fed’s new building. He took a tour with then Federal Reserve Chairman Ben Bernanke and Kansas City Fed President Tom Hoenig.

“It was an exceptional experience, and I was exposed to the Fed in a different way,” he said. “I could see and feel the sincerity and engagement of the employees that made up this institution. It is an institution that I am proud to be a part of.”



ERIC BUTLER

Eric Butler says the Federal Reserve System plays a vital role in the country's economy. He understands its importance as the executive vice president of marketing and sales and chief commercial officer for Union Pacific.

"We talk often about the impact our brand and our employees have on the communities where they live and work," he said. "I'm excited about collaborating with other community leaders and the Federal Reserve in its efforts to develop and strengthen our economy."

Butler recently joined the Federal Reserve Bank of Kansas City's Omaha Branch Board of Directors.

"For many years, I have served in varying leadership roles in the Omaha community," he said. "Being a member of the board gives me the opportunity to share my expertise and perspective with the Federal Reserve and help guide policies that will best serve our community and our country."

That experience and perspective comes from ensuring that Union Pacific's seven major business divisions—agricultural products, automotive, chemicals, coal, industrial products, intermodal and Mexico—deliver on the

company's promise to its customers.

"This business generates more than \$22 billion in annual revenue," he said. "As a member of Union Pacific's senior leadership team, I also participate in the development and execution of strategies that ensure Union Pacific maintains its position" as a transportation and logistics company.

The Kansas City Fed watches the economic conditions of the Tenth District and the nation, whether it's banking trends or production in the energy sector.

Union Pacific provides transportation to virtually all sectors of the economy, and Butler meets regularly with customers to understand their businesses and market conditions. It's this diversity of business experience that Butler wants to share with the Federal Reserve.

"As a member of the board, I bring a broad perspective on the condition of our economy," he said. "As a community leader, I bring perspective on how we can best serve our community."

GARY DEFRANGE

Running a resort may seem like “no work and all play,” but being responsible for one of the nation’s largest ski resorts keeps Gary DeFrange busy.

“We are a seasonal business and go from approximately 200 employees during off-season to approximately 1,850 employees at the busiest time of the year,” DeFrange said.

DeFrange, who is president and COO, must ensure his staff gives customers the best experience possible at Winter Park Resort in Winter Park, Colo.

Besides responsibility for daily operations in areas such as lifts, ski patrol, snow making and grooming, maintenance and hospitality, DeFrange oversees strategic planning and execution.

It’s a year-round job for DeFrange, who is a director on the Federal Reserve Bank of Kansas City’s Denver Branch Board of Directors.

“In addition to skiing in the winter, we also have a full summer program that includes a number of activities,” he said.

Such as the largest downhill bike park in the United States.

DeFrange got into the resort industry later in his career.

“I spent the first 27 years of my career after

graduating from college in banking,” he said.

He started as a management trainee and became chairman, president and CEO of his company’s largest bank in Colorado and area president for the company’s banks in Colorado, Wyoming and New Mexico.

“Now having been in the resort business for 17 ½ years, I have a very wide range of experience,” he said.

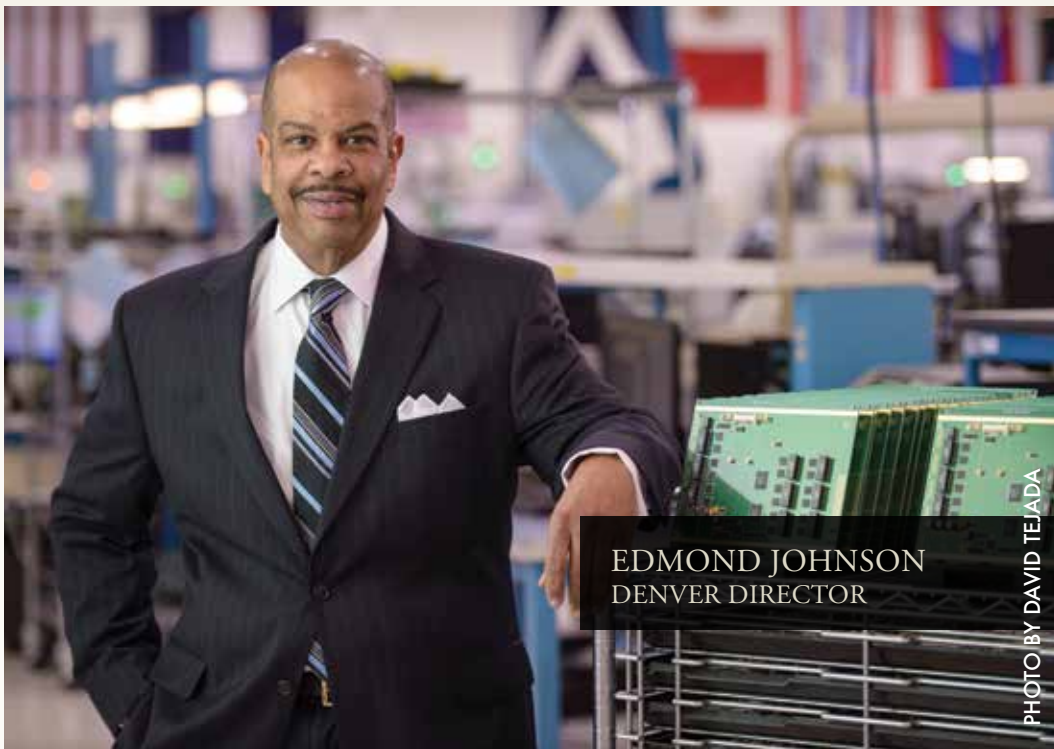
DeFrange wants to use his experience to give the Federal Reserve a seasoned perspective about business and the marketplace that can help make decisions important to the local, regional and national economies.

“I understand from the banking point of view what it takes to make loans that are safe and priced right,” he said. “I not only understand the rules banks have to follow, but also why it is important to follow those rules.”

A bank must make money to remain strong and properly serve its community, he said, adding that he also understands the banking client’s point of view.

“I know what it takes to grow a business and am very aware of the various forces in our economy that drive success or prevent it.”





EDMOND JOHNSON
DENVER DIRECTOR

PHOTO BY DAVID TEJADA

EDMOND JOHNSON

Edmund Johnson knows what it takes to grow a business. He used his business experience and education to grow Premier Manufacturing Inc. into one of the largest contract electronics manufacturing service providers in Colorado.

As president and owner, he focuses the company on “five core areas of competency:” manufacturing, quality, purchasing, human capital and finances. By making sure each area is “tactically and operationally” sound and proficient, the company can fulfill its mission of providing customers with “a quality product on time at a competitive cost,” he said.

His company, headquartered along the front range of the Rocky Mountains in Frederick, also concentrates on treating its employees fairly, “with a sense that they are not just employees but owners.”

He wants to impart his business knowledge and experience to the Federal Reserve Bank of Kansas City as a director of the Denver Branch Board.

“As a small business owner I have a relationship with the community,” he said. “I have knowledge of the manufacturing ecosystem and am able to provide anecdotal input

that can be relevant and timely for the leadership of the Tenth District of the Federal Reserve.”

Before founding Premier Manufacturing, Johnson worked in management and middle management positions in manufacturing operations and supply chain management for IBM, AST Computers, US Robotics, 3COM and Maxtor Corp. Johnson also was part of the Ford Motor Co.’s Minority Dealership Training Program.

For Johnson, however, serving as a director is more than imparting knowledge.

“I felt it was my civic duty to support” an institution like the Federal Reserve, he said. “One that is very important to our financial structure. I was honored to be chosen to serve on the Board of Directors.”

His civic-mindedness goes beyond serving the Federal Reserve System. Johnson is involved in his community, supporting scholarship funds and charity programs.

Johnson also hopes to learn from his experience as a director.

“I want to have a better understanding of the central banking system, including the money supply and regulatory climate,” he said.

TINA PATEL

Tina Patel immigrated to the United States with her family in search of the American dream. Her journey started in 1979, but she's no longer searching for the dream, she's living it.

Patel, a director for the Federal Reserve Bank of Kansas City's Oklahoma City Branch Board, grew up cleaning hotel rooms. Now she is Chief Financial Officer of Promise Hotels Inc., in Tulsa, Okla.

"My motto now is, 'From cleaning up hotel rooms to cleaning up in the board room,'" Patel said.

Promise Hotels achieves its mission and vision by focusing on "our core values of professionalism, respect, opportunity, motivation, innovation, success and enthusiasm."

She incorporates these values into her daily routine, which starts the night before when she develops a list of objectives to complete the next day. Sometimes, however, her list must wait because the hotel service industry never sleeps.

"With a passion to serve, our policy is that a guest's satisfaction trumps all things," she said.

As a director, Patel hopes to use these core values as she gives the Federal Reserve System real-time experiences and feedback.

"I handle all of the banking relationships for Promise Hotels, and during this time, one

of my key goals was to serve on a bank board, thinking maybe on a community bank in Tulsa," she said. "It never even occurred to me the thought of having the opportunity to serve on a board in the Federal Reserve System."

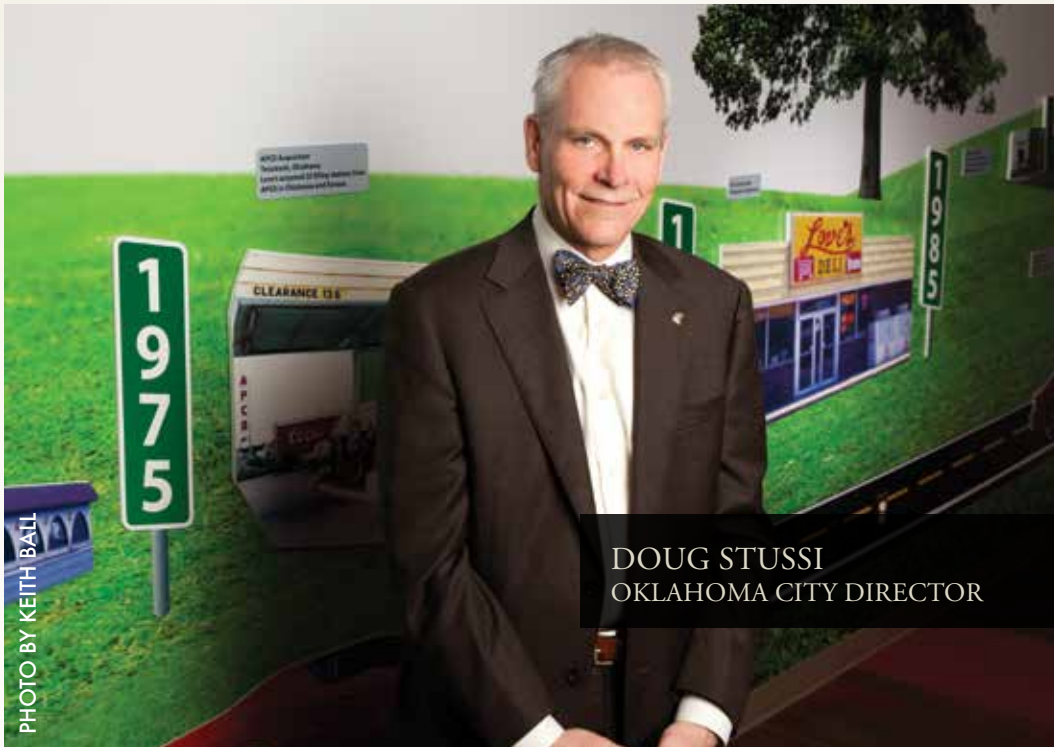
As a small business hotel entrepreneur and finance officer, Patel spends a lot of time in the business environment that falls under the Kansas City Fed's oversight—community banking.

"My entire company's growth for the last 20 years has been due to community banks lending money in order for us to achieve our American dream," she said. "I want to bring those experiences from the past and present to my board to help them better understand the achievements and struggles that small businesses face daily and the economy's effect on it."

She also hopes to learn from the experiences of other directors and gain more knowledge about the Federal Reserve System and the economy.

"I am excited to meet people who have a passion for our economy and to network and to build long-lasting relationships," she said.





DOUG STUSSI
OKLAHOMA CITY DIRECTOR

DOUG STUSSI

Every day is a new and unique challenge for Doug Stussi, who spends much of his time with business development as CFO of Love's Travel Stops and Country Stores.

Love's is a family owned business, founded by Tom and Judy Love, with headquarters in Oklahoma City.

"We are a retail fuel business and have diversified extensively in both the fuel wholesale and logistics businesses and retail businesses that touch our travel stops and convenience stores," Stussi said.

In addition to 280 travel stops, 60 convenience stores and 200 truck tire-care and roadside service facilities, Love's recently entered the budget-value hotel and self-storage industries. In 2014, the company began offering invoicing services to trucking company customers.

Love's wholesale fuel and logistics business includes more than 480 transport trucks and 1,000 rail cars that transport refined products, biofuels, crude oil, diesel exhaust fluid (DEF) and compressed gasses; crude oil and ethanol-based railcar loading terminals; DEF dilution and bulk terminal facilities; shipping on all major refined products pipelines; and trading in both the physical and financial refined products markets.

Besides business development, Stussi, who is a director on the Federal Reserve Bank of Kansas City's Oklahoma City Branch Board, manages the company's relationship with its external capital partners and helps develop the strategic direction of its accounting, tax, treasury, credit, H/R, risk management and risk control departments, he said.

He wants to use his knowledge and perspective from a private, family-owned business, his accounting background and experience in the business community of central Oklahoma and the nation in his role as a director.

It will give him "a sense of fulfillment if I can be in some way helpful in fulfilling the mission of the Federal Reserve Bank, not only in the Tenth District, but nationally," he said.

Stussi also sees being on the board as an opportunity to learn about the economic drivers and conditions of the region and gain knowledge "just sitting in the same room with lots of really bright folks." He said this knowledge will help him improve as a CFO and in his service to the Love family.

For more information on the Federal Reserve Bank of Kansas City's directors, visit KansasCityFed.org/aboutus/leadership.



There's a Money App for That!

Using technology to introduce financial concepts is a great way to appeal to our young digital natives. Of course, we can't just let kids loose on the Internet to discover and learn these concepts on their own. Some research and vetting of sites is needed to determine the specific financial topics covered and if they are age and content-appropriate for your child. To save you time and energy, a few sites and apps that may be beneficial in developing kids' financial knowledge are listed below.

Please keep in mind that it is hard for younger children to comprehend saving and spending concepts online if they have had no basic experience with coins and paper money first. Start with hands-on games using play money, as well as counting activities with real money, to give them this background. Once they have a basic framework of how money transactions work, introduce money websites and apps as additional teaching tools.

In exploring websites to look for interesting and fun ways of introducing financial concepts, there are many with interactive components that help kids learn while they play. Here is a list of free sites with the ages they might appeal to:

- <http://www.sesamestreet.org/parents/topicsandactivities/toolkits/save?gclid=CK3>

For the youngest learners, there are videos that introduce saving, spending and donating titled "Three Jars" and "Learning to Wait" (ages 3-6).

- <http://www.usmint.gov/kids/>

This site is also known as HIP Pocket Change. It includes coin facts and a "Dollar Dive" game that emphasizes saving habits (ages 5-10).

- <http://www.themint.org>

This site promotes saving with five simple

savings tricks and a saving and compounding calculator (ages 7-12).

- pbskids.org/itsmylife/games/mad_money_flash.html

The "Mad Money" game is a fun way for kids to set savings goals and track spending (ages 7-12).

- senseanddollars.thinkport.org

Budgeting activities on this site include "Check It Out," where students budget income to pay bills, and "Plan Your Dream Prom," which shows how to budget for the big event (ages 13-18).

- ItAllAddsUp.org

This site takes budgeting to the next level with "Budget Odyssey," which introduces fixed and variable expenses, and "Saving and Investment Blitz," which tests personal finance and math skills.

Looking at financial apps, three criteria were kept in mind: the app had to focus on saving, spending or budgeting money; it had to be from a reputable source; and it had to be free. There may be other excellent apps available for a cost of anywhere between 99 cents and \$10, but those are for you to check out. The plethora of great free apps, however, prove that quality does not have to be pricey.

Here are five apps that meet the criteria, with operating system and age-level noted.

- **Green\$treets: Unleash the Loot!** (iOS) is an app with a game component. Kids save money to afford shelter and food for animals they have rescued in the game (ages 5-8).

- **Kids Money** (iOS) allows kids to input income of allowance or gift money and calculates how long it will take to reach a desired savings goal (ages 6-10).

- **Bankaroo** (iOS and Android) is a child's virtual bank where they can set savings goals,

track allowance and spending, and earn badges for reaching goals. Started by an 11-year-old and her father, it is available internationally and tracks a variety of currencies (ages 6-12).

- P2K Money (iOS) helps children to create a wish list and track their allowances to see how funds add up to make list purchases (ages 8-12).

- Spending Tracker (iOS and Android) helps teens track their spending so they can stick to a budget and save money (ages 13-18).

As you use technology to introduce the financial basics, your young one should enjoy the interactive format as they learn and play online. And children who have fun while learning money concepts are likely to retain this knowledge long down the road.

Michele Wulff is a former public school educator of 30 years and a recipient of the national peer award "Excellence in Teaching Economics." As an economic education coordinator with the Kansas City Fed, she offers practical advice on how to educate young people on personal financial matters.



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Fed's role by providing resources for teachers, students and the public. Visit our website at KansasCityFed.org for more information.

FEDERAL RESERVE RESOURCES Financial Fables E-Books

Through quick, interactive online e-books, children can learn saving, spending and budgeting concepts. *Penny Pigeon and the Missing Nest Egg* focuses on saving for the future and has related online activities (ages 4-9). www.kansascityfed.org/education/fables

Piggy Bank Primer: Saving and Budgeting

(Online game and iOS app)
This e-book uses a story, activities and puzzles to introduce saving, spending and budgeting (ages 6-10). www.stlouisfed.org/education_resources/piggy-bank-primer-saving-and-budgeting/

No Frills Money Skills: Growing Money (Video)

This video introduces saving as a way to grow money through compounding interest (ages 12-18). www.stlouisfed.org/education_resources/no-frills-money-skills/episode-1-growing-money/

Econ Ed Mobile Learning App (iOS)

This app allows you to visualize and understand how inflation and cost of credit affect your saving and spending decisions. It includes a cost estimation game (ages 14-18). www.stlouisfed.org/education_resources/econ-ed-mobile-learning-app/

Review and Rate!

TO IMPROVE YOUR CHILD'S CRITICAL THINKING SKILLS, HAVE THEM DO THIS EXERCISE.

DIRECTIONS: Choose three websites or apps to explore and evaluate, completing the information below for your "customer review." Then give each an overall rating using 1-3 stars as your recommendation to others. Choose your favorite site and explain your choice.

Name of website/app: _____

What did you learn? _____

Was it easy to understand? ___yes ___no Was it fun to use? ___yes ___no

How do you rate it? (1 star=OK) (2 stars=Good) (3 stars=Great) ★ ★★ ★★★

Name of website/app: _____

What did you learn? _____

Was it easy to understand? ___yes ___no Was it fun to use? ___yes ___no

How do you rate it? (1 star=OK) (2 stars=Good) (3 stars=Great) ★ ★★ ★★★

Name of website/app: _____

What did you learn? _____

Was it easy to understand? ___yes ___no

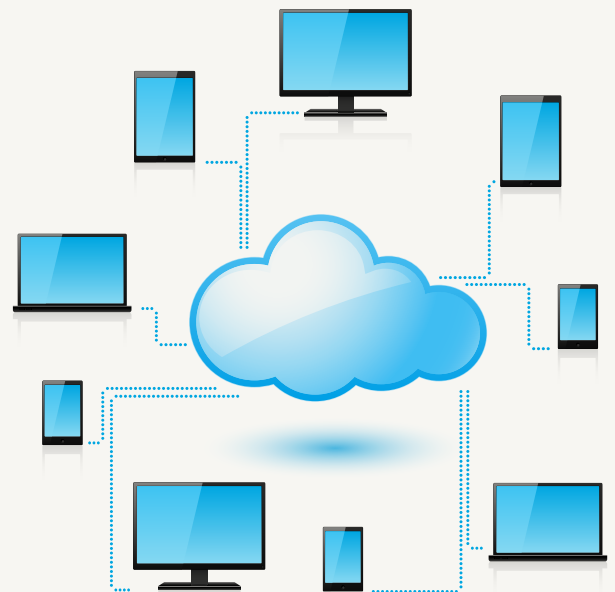
Was it fun to use? ___yes ___no

How do you rate it? (1 star=OK) (2 stars=Good) (3 stars=Great)

★ ★★ ★★★

My favorite site was _____

because _____



MAKING A

CONNECTION

REGIONAL FEDERAL RESERVE PRESIDENTS SERVE IN SEVERAL CAPACITIES, ONE OF WHICH IS A CONDUIT BETWEEN THEIR FEDERAL RESERVE DISTRICTS' COMMUNITIES AND THE NATION'S CENTRAL BANK. Presidents also use their expertise to help communities outside their district. In fulfillment of her role, Kansas City Fed President Esther George made recent visits to communities throughout the Tenth District.



President Esther George, left, with Bryan Bassett, Dice Holdings Inc. Healthcare Division; Deanna Bassett, Dizzion Inc.; and Denver Branch Board Chair Larissa Herda at the Federal Reserve Bank of Kansas City's Denver Branch holiday reception in December 2014.



George, second from the right, speaks with Pat Dujakovich, far right, president of the Greater Kansas City AFL-CIO, during a meeting with community and business leaders who wanted to discuss monetary policy and its effect on local and regional businesses, industries and economies. Missouri Congressman Emanuel Cleaver, left of George, and Kansas City, Mo., Mayor Sly James, third from left, also attended the event at the Federal Reserve Bank of Kansas City.

Beverly Kracher, left, a professor at Creighton University and executive director of the Business Ethics Alliance, and Ernie Goss, right, the Jack A. MacAllister chair in Regional Economics and professor of Economics at Creighton, asked George questions during “What Does the Future Hold for Community Banks: A special Business Ethics Alliance event” at Creighton in Omaha, Neb.



George spoke to a group of business and community leaders during a visit to McCook, Neb.



George met with Kumar Krishnan, president and CEO of Services and Technology Corp. in Bartlesville, Okla., when he visited the Kansas City Fed’s offices in Kansas City. George meets with business and community leaders throughout the Tenth District to receive information about economic conditions and feedback about the Fed’s role and influence in the marketplace.

Kansas City Fed introduces energy survey

In January, the Federal Reserve Bank of Kansas City released a new quarterly publication called the Tenth District Energy Survey. The survey, created by Kansas City Fed staff in its Oklahoma City Branch office, includes responses from medium to large energy firms located or headquartered in the Tenth District, including drilling and exploration firms, energy equipment and rental services, pipeline services and other related businesses.

“Introducing this survey is a way to help us better understand the industry and provide information to senior Bank management and eventually, the public,” said Megan Williams of the Kansas City Fed’s Oklahoma City Branch office.

Chad Wilkerson, Oklahoma City Branch executive and economist, and Williams started this effort because one-third of the United States’ energy producers are headquartered in Oklahoma and the Tenth District as a whole is heavily focused on energy.

The survey asks questions related to drilling, revenues, capital expenditures, supplier delivery time, profits, number of employees, employee hours, wages and benefits, access to credit and expected energy prices.

The survey also covers drilling constraints and key factors driving business plans. Special questions, such as “How do you think your business will be affected if the crude oil export ban is lifted?” are asked in each survey, depending on current issues and events. All results are diffusion indexes – the number of firms indicating increases minus the number of firms indicating decreases.

With the drop in oil prices at the end of 2014 and sustained low prices, energy is an important topic. The initial release of the survey results to the public prompted attention from news outlets throughout Oklahoma and

the Kansas City Fed’s Tenth District.

“Energy is a big component of Tenth District and U.S. economies—especially in Oklahoma,” Williams said.

Energy survey release dates for 2015:

Second Quarter.....Friday, April 10

Third Quarter.....Friday, July 10

Fourth Quarter.....Friday, Oct. 9

Subscribe to the survey on KansasCityFed.org at <http://www.kc.frb.org/ealert/index.cfm>



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.	84
First State Bank	Ness City	Kan.	81
First Nebraska Bank	Valley	Neb.	81
Bank of Hartington	Hartington	Neb.	79
Bankwest of Kansas	Goodland	Kan.	76
First State Bank of Colorado	Hotchkiss	Colo.	73
First State Bank and Trust Company	Larned	Kan.	73
First State Bank in Temple	Temple	Okla.	72
Citizens-Farmers Bank Cole Camp	Cole Camp	Mo.	70
Bank of Commerce	Rawlins	Wyo.	37
Citizens Bank of Edmond	Edmond	Okla.	34
Bank of Jackson Hole	Jackson	Wyo.	33
Castle Rock Bank	Castle Rock	Colo.	29
Bankers Bank	Oklahoma City	Okla.	29
First Bethany Bank and Trust	Bethany	Okla.	10
First Bank and Trust Company of Fullerton	Fullerton	Neb.	5
First Community Bank	Beemer	Neb.	5
Investors Community Bank	Chillicothe	Mo.	1
Bank of the Flint Hills	Wamego	Kan.	1
CornerBank	Winfield	Kan.	1
Buffalo Federal Bank	Buffalo	Wyo.	1
New Century Bank	Belleville	Kan.	1

George to serve as executive sponsor of Federal Reserve payments initiatives

Federal Reserve Bank of Kansas City President Esther George is a member of the Federal Reserve's Financial Services Policy Committee and will serve as the executive sponsor of the payments initiatives for the Federal Reserve System. In the coming months, George will name leaders for a number of key initiatives who, along with the Federal Reserve's current financial services product and industry relations leaders, will have responsibility for the goals outlined a recently released paper, "Strategies for Improving the U.S. Payment

System." The paper, created through a joint initiative between the Federal Reserve Board and Federal Reserve Banks, presents a plan for collaborating with industry to enhance the speed, safety and efficiency of the U.S. payment system. A committee of Reserve Bank presidents, first vice presidents and Board governors will oversee the multiyear initiative.

The paper is available on the Federal Reserve System's Financial Services payments website at FedPaymentsImprovement.org.



FEDERAL RESERVE BANK of Kansas City President Esther George (center) talked about the new payments initiative with Federal Reserve Governor Jerome Powell (left) and Federal Reserve Bank of St. Louis First Vice President Dave Sapenero. George appeared on a nationwide webcast and answered questions about the Fed's plan to improve the payments system.

Kansas City Fed's student board of directors program expands to Albuquerque

The Federal Reserve Bank of Kansas City's student board of directors program, which aims to provide high school juniors and seniors with a greater understanding of economics, personal finance and the Federal Reserve System, boasts 71 total participants in five cities for the 2014-2015 school year.

Enrollment is at an all-time high as the program has expanded through a partnership with the El Paso Branch of the Dallas Fed to include students in Albuquerque, N.M., who attend La Cueva and Volcano Vista High Schools. The Kansas City Fed's student board program also includes public school students from Kansas City, Omaha, Denver and Oklahoma City metropolitan areas.

"We're excited about expanding our student board of directors program into

Albuquerque," said Jennifer Clark in the Fed's Omaha office. "It extends our reach to serve students in an area of our District where we don't have a Branch office."

All student board members participate in activities to increase their understanding of personal finance, business etiquette, college and career preparation, monetary policy and the regional economy. Lessons about the local economy are tailored to each group.

Members of the Kansas City Fed's four boards of directors and its official staff have supported the objectives of the student board program by sharing their time. The student board members in Albuquerque, for example, have met with Kansas City Fed President Esther George and Assistant Vice President and Branch Executive Alison Felix; Steve Maestas, chair of the Kansas City Fed's Board of Directors; and Anne Haines Yatskowitz, a member of the Kansas City Fed's Denver Branch Board of Directors.

"These interactions help the students better understand how the Federal Reserve functions while exposing them to a variety of career paths at the Federal Reserve and in other industries," Felix said. "Directors from the four Boards have been extremely generous with their time, and in turn, have provided the students with wonderful opportunities to learn firsthand from industry and community leaders in their area."

Student Board participants by location:

- Kansas City - 25
- Denver - 14
- Oklahoma City - 13
- Omaha - 14
- Albuquerque - 5

Visit www.kansascityfed.org/education/foreducators/student-board/index to learn more.



DURING A STUDENT BOARD OF DIRECTORS MEETING, Sam Chapman, assistant economist at the Kansas City Fed's Denver Branch, participates in a credit role play activity with AJ Pino, a student board member from Volcano Vista High School in Albuquerque, N.M.

Kansas City Fed's Oklahoma City Branch moves to new office



ROY WILLIAMS, president and CEO of the Greater Oklahoma City Chamber, second from left, makes a few comments during the grand opening ceremony for the Federal Reserve Bank of Kansas City's Oklahoma City Branch. Oklahoma City Mayor Mick Cornett, far left, Kansas City Fed President Esther George, center, and Chad Wilkerson, Oklahoma City Branch executive, also spoke at the event.

The Oklahoma City Branch of the Federal Reserve Bank of Kansas City moved to a new location in the south tower of Leadership Square at 211 N. Robinson last fall. The previous space was unavailable for lease renewal and the Kansas City Fed was fortunate that downtown Oklahoma City had great office space options. The new office offers improved technology with updated audio-video and video-conference capabilities, an increased amount of meeting spaces and some room for future staff growth.

"It's been a very smooth transition for the staff from the old office to the new, and

we're enjoying being in a modern building with modern amenities, such as the food court downstairs and a brand-new parking garage," said Chad Wilkerson, a member of the Bank's official staff located in Oklahoma City. "Our directors and other visitors really like the space, and we're confident the general public will as well once we have all of the equipment installed to host larger events."

Learn more about the Oklahoma City Branch office on KansasCityFed.org under About Us.

Kansas City Fed announces establishment of Census Research Data Center

The Federal Reserve Bank of Kansas City along with the Kauffman Foundation, the University of Kansas, the University of Kansas Medical Center, the University of Missouri-Kansas City, and the University of Missouri, announced the establishment of a Census Research Data Center (RDC) in Kansas City. The data center, one of 24 planned RDC locations across the country, will be located at the Kansas City Fed's headquarters and will provide approved researchers with secure access to restricted micro-level U.S. Census Bureau data.

These data are used to produce aggregated measures such as personal income, consumer spending, corporate profits and employment. Research using the microdata underlying the aggregate measures can provide a much better understanding of the Tenth Federal Reserve District and the national economy, including analysis of cyclical and structural changes that are affecting businesses and households.

Kansas City Fed Vice President and Economist Jonathan Willis, who will serve as co-executive director of the RDC along with E.J. Reedy, director of research and policy at the Kauffman Foundation, listed several benefits the data center brings to the Kansas City Fed.

"Currently, the nearest locations to Kansas City are data centers located in Chicago and Minneapolis," he said. "Having one in our building provides convenient access for approved researchers."

The presence of the data center also compliments the Kansas City Fed's reputation throughout the research community as a hub for hosting large datasets and providing advanced computing resources for researchers. The center is expected to open in the fall of 2015. Because of the data's confidential nature,



KANSAS CITY FED VICE PRESIDENT and Economist Jonathan Willis will serve as co-executive director of the RDC along with E.J. Reedy, director of research and policy at the Kauffman Foundation.

the Census Bureau reviews all requests for access to Census data at the RDC. Approved projects must demonstrate scientific merit, pose no risk of disclosure, and researchers are required to protect the confidentiality of the data they access.

Findings based on the data are often published in a wide range of peer-reviewed social science journals. The RDC will be staffed by a U.S. Census Bureau employee who will be responsible for providing feedback for researchers in the proposal development process and ensuring that researchers follow appropriate procedures when working on approved projects.

The research data center program is administered by the Census Bureau's Center for Economic Studies. More information about the RDCs is available at <https://www.census.gov/ces/rdcresearch>.



2014 financial report

The Federal Reserve Bank of Kansas City's 2014 audited financial report is at KansasCityFed.org. Past financial reports, and officers, directors and advisory councils listings, also are online.

2014 annual report



As the central bank of the United States, the Federal Reserve has a broad range of responsibilities. Its mission areas are conducting monetary policy, supervising and regulating financial institutions and providing financial services to depository institutions.

The Federal Reserve Bank of Kansas City, as one of the 12 regional headquarters, plays a key role in the success of these three areas. Here's a look at the operations of the Kansas City Fed and its Branch offices in Denver, Oklahoma City and Omaha.

The 2014 audited financial report for the Federal Reserve Bank of Kansas City is available online at *KansasCityFed.org*.

President Esther George cuts the ribbon for the Federal Reserve Bank of Kansas City's new Oklahoma City Branch offices. Also attending the opening, from left, Roy Williams, president and CEO of the Greater Oklahoma City Chamber; James Dunn, Oklahoma City Board chair; Richard Ratcliffe, Kansas City Board director; Oklahoma City Mayor Mick Cornett; Chad Wilkerson, Oklahoma City Branch executive; Jane Haskin, Oklahoma City Board director; Michael Coffman, Oklahoma City Board director; Rose Washington, Kansas City Board director; Clint Abernathy, Oklahoma City Board director; and Charles Hall, Oklahoma City Board director.



work

federal reserve bank of kansas city



Craig Shanahan works for Facilities Management, which is a department in Administrative Services and maintains the Federal Reserve Bank of Kansas City's buildings and grounds.

administrative services

This division performs a variety of services to maintain efficient and effective internal operations at the Kansas City Fed. Functions include maintaining the Reserve Bank's facilities; providing a safe and secure work environment; developing and implementing human resources strategies to meet the evolving needs of the Fed's workforce and operating environment; developing the Bank's budget and monitoring its expenses; and providing accurate financial accounting and reporting. Additionally, the division houses the Human Resources Technology Center, which provides project management and operational support for the centrally managed Federal Reserve System HR application portfolio; and the Office of Minority and Women Inclusion (OMWI), which is responsible for overseeing the Bank's diversity initiatives as outlined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Facilities Management, Law Enforcement, Human Resources and Financial Management are included in the Administrative Services Division, which employs 294 people.

audit

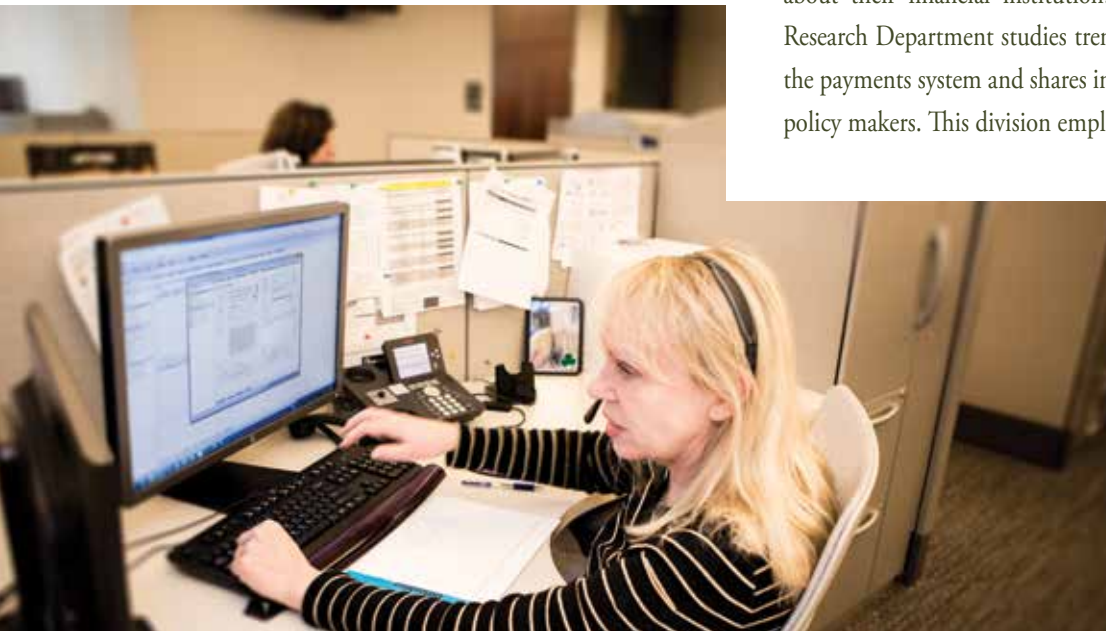
Audit reports to the Audit Committee of the Board of Directors and provides an independent and objective assessment of the Tenth Federal Reserve District's internal controls, risk management and governance processes to the Board of Directors and senior management. It employs 23 people.



financial services

Financial Services provides financial institutions with services and support in accessing the payments system and meeting the public's demand for currency and coin.

Through Cash Services, Wholesale Operations, Customer Relations and Support departments, and Federal Reserve Consumer Help, the division receives deposits and distributes currency and coin; supports secure and timely transfers of funds and securities between financial institutions; provides financial institutions customer support and access to payment networks; consults with and sells payments services to financial institutions and manages customer relationships; and provides service to consumers nationwide who have questions or complaints about their financial institution. The Payments System Research Department studies trends and developments in the payments system and shares insights with industry and policy makers. This division employs 189 people.



Julie Uriell is a Call Center agent in the Customer Contact Center, which helps financial institutions.

economic research

Economic Research 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. Annually, the division, in collaboration with Public Affairs, develops and hosts the prestigious Jackson Hole Economic Policy Symposium in Wyoming, where central bankers, economists, policymakers and academics from around the world gather to discuss global economic topics. Research Automation provides high performance computing and data warehousing services to the Federal Reserve System. This division employs 53 people.



Melissa Norwood meets with team members who provide technological support for the Federal Reserve System's paper and electronic payments systems and oversight of the FedACH Technology Training Program.

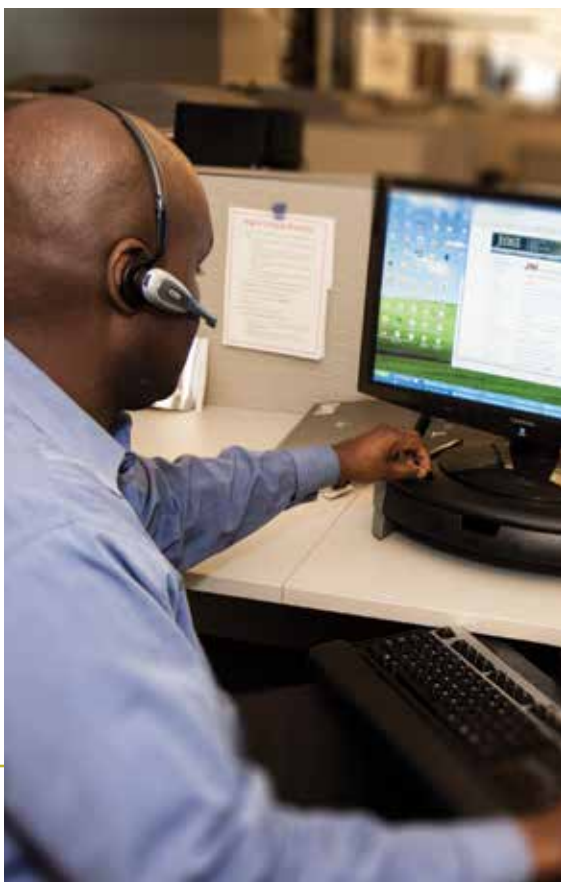
retail payments technology services

The Retail Payments Technology Services Division is responsible for providing the technology services supporting the Federal Reserve System's Check and Automated Clearing House services. The Division's mission is to foster the integrity, efficiency and accessibility of U.S. retail payment and settlement systems in support of financial stability and economic growth. The division employs 72 people within the District, but has oversight for an additional 158 staff members across multiple other Reserve Districts.



Economists and research associates, such as (left to right) Associate Economist Michael Redmond, Research Associate Daniel Molling, Economist Didem Tuzemen, Economist Jose Mustre-del-Rio, Research Associate William Xu, and Research Associate Thealexa Becker, study and evaluate regional, national and global economic conditions for a wide variety of purposes, such as monetary policy and marketplace assessments.

information technology



The Information Technology Division works to support the efforts of business areas in the Federal Reserve Bank of Kansas City and the Federal Reserve System through innovative information technology solutions. This division includes the Federal Reserve System's National Service Desk operations; oversight of server management and internal network centralization; staff supporting National IT General Computing, Network, Telephony and Desktop Storage Operations and SharePoint administration, as well as local IT Client Services and Information Security. This division employs 167 people.

Call Center employees with the National Service Desk, like Ed Demasio, ensure that Federal Reserve System employees' computers and network systems function properly.

legal



The Legal Division serves as the Kansas City Fed's legal counsel, in support of the policy and business objectives of the Federal Reserve Bank of Kansas City. It provides legal services on complex matters affecting the Bank, including drafting and reviewing legal documents, negotiating contracts for goods and services, interpreting applicable laws affecting the Bank, counseling on banking supervision and regulations, reviewing published statements of Bank policies and procedures, conducting various trainings for management and managing the Bank's involvement in litigation and administrative proceedings. The Legal Division also supports senior management and the Bank's Boards of Directors at its head office and three branches, provides guidance on the Bank's Code of Conduct and collaborates on matters with colleagues across the Federal Reserve System. This division employs seven people.

regional, public and community affairs

The division's primary responsibilities are research and policy influence, resource development, and communications and public understanding. Regional Affairs' economists track developments in the District's economy and present their findings to senior management as part of the Bank's monetary policy deliberations. Through publications, money museums, media relations, electronic communication and educational programs, Public Affairs works to explain the Fed's purpose and functions. Community Affairs promotes community and economic development for lower income communities and small businesses through research, resources and programming. The division employs 63 people.



Trudie Hall, left, helps educate the public about economics, financial issues and Federal Reserve operations as part of the Regional, Public and Community Affairs Division.

technology solutions delivery

The Technology Solutions Delivery Division is comprised of three primary areas including Information Security, Application Delivery Services and Treasury Services. The Information Security area ensures the Bank's information assets are safeguarded. The Application Delivery Services team is responsible for the architecture, integration/development and quality assurance testing for a growing portfolio of technology solutions across a variety of business domains. The Treasury Services area, acting in its Fiscal Agent role, provides project management oversight and support for application solutions developed to support the U.S. Department of Treasury. The division employs more than 325 people.



Elizabeth Thompson, left, and Roopa Gowda are members of the Software Quality Assurance team in Application Delivery Services, which is a department of Technology Solutions Delivery.

supervision and risk management



Chris Constant, left, and Rory Ibarra work with other members of the Supervision and Risk Management's Consumer Affairs Department which examine banks for compliance with consumer laws and regulations.

This division is responsible for supervising bank holding companies, savings and loan holding companies and state-chartered member banks in the Tenth District. The responsibilities include conducting examinations of these institutions to ensure a safe and sound banking system. Staff also examines banks for compliance with consumer laws and regulations and for performance under the Community Reinvestment Act. The division's applications function 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. The division's credit and risk management function extends credit to depository institutions and assists organizations in managing Federal Reserve account balances. The division also collects data from financial organizations, studies financial industry trends, conducts banking research and hosts seminars and forums for banks throughout the region. This division employs 324 people.

As the Federal Reserve Bank of Kansas City's senior leadership team, the Management Committee guides the organization's mission, vision, values and objectives.

directors
roundtables
advisory
councils
officers

federal reserve bank of kansas city

management committee



(From left) Ms. Pacheco, Ms. Ward, Ms. Morhaus, Mr. Davig, Mr. Dubbert, Mr. Moore, Ms. George, Ms. Pennell, Ms. Sellers, Ms. Connor and Ms. Raley.

Esther L. George, President and Chief Executive Officer

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

Denise I. Connor, Senior Vice President of Retail Payments Technology Services and Federal Reserve System Retail Payments
Chief Information Officer

Troy A. Davig, Senior Vice President of Economic Research and Director of Research

Kevin L. Moore, Senior Vice President of Supervision and Risk Management

Dawn B. Morhaus, Senior Vice President of Technology Solutions Delivery

Barbara S. Pacheco, Senior Vice President of Financial Services

Karen A. Pennell, Senior Vice President of Information Technology and National IT Senior Executive of End User Services

Diane M. Raley, Senior Vice President of Regional, Public and Community Affairs and Board Secretary

Veronica R. Sellers, Senior Vice President and General Counsel (Advisor to Management Committee)

Donna J. Ward, Senior Vice President of Administrative Services and Director of the Office of Minority and Women Inclusion

directors

federal reserve bank of kansas city

governance of the district; guardianship of the system

The Board of Directors of a Federal Reserve Bank is filled with a blend of appointed and elected positions using the 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 Tenth Federal Reserve District. The District includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming.

Under 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 and surplus for each commercial bank, with Group 1 banks being the largest. Each group within the class elects one director. For example, David W. Brownback, president and chief executive officer of Citizens State Bank and Trust Co. of Ellsworth, Kan., is a Class A director who was elected by, and represents, Group 2 member banks.

Class B

The three Class B directors represent the public, but, may not be an officer, director or employee of a financial affiliation company. These directors are also elected by member banks under the same categories as Class A directors. For example, John T. Stout, Jr., chief executive officer of Plaza Belmont Management Group LLC of Shawnee Mission, Kan., is a Class B director elected by Group 1 member banks.

Class C

The three Class C directors also represent the public. These directors, however, 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, Rose M. Washington, executive director of the Tulsa Economic Development Corporation in Tulsa, Okla., 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 40.

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 Federal Reserve Bank of Kansas City while three are appointed by the Board of Governors. Branch directors serve three-year terms and provide their respective Branch executives with insight on regional economic conditions as well as offer advice and counsel. Branch directors are on pages 41-43.

board of directors, kansas city



(From left) Mr. Stout, Mr. Brownback, Mr. Maestas, Mr. Wake, Ms. Mowry, Mr. Ratcliffe, Ms. Washington and Mr. Thompson.

Barbara Mowry, Board Chair, Chief Executive Officer, GoreCreek Advisors, Greenwood Village, Colorado (Class C)

Steve Maestas, Board Deputy Chair, Chief Executive Officer, Maestas Development Group, Albuquerque, New Mexico (Class C)

Rose M. Washington, Executive Director, Tulsa Economic Development Corporation, Tulsa, Oklahoma (Class C)

John T. Stout, Jr., Chief Executive Officer, Plaza Belmont Management Group LLC, Shawnee Mission, Kansas (Class B, Group 1)

Richard K. Ratcliffe, Chairman, Ratcliffe's Inc., Weatherford, Oklahoma (Class B, Group 2)

Len C. Rodman (*not pictured*), Chairman, President and Chief Executive Officer (retired), Black & Veatch, Overland Park, Kansas (Class B, Group 3)

Paul J. Thompson, President and Chief Executive Officer, Country Club Bank, Kansas City, Missouri (Class A, Group 1)

David W. Brownback, President and Chief Executive Officer, Citizens State Bank & Trust Co., Ellsworth, Kansas (Class A, Group 2)

Max T. Wake, President, Jones National Bank & Trust Company, Seward, Nebraska (Class A, Group 3)

*Directors oversee the Bank's operations and policies,
and confer on economic and banking developments.*

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

Larissa L. Herda, Board Chair, Chair, Chief Executive Officer and President (retired), tw telecom inc., Littleton, Colorado
(Board of Governors appointed)

Margaret M. Kelly, Chief Executive Officer (retired), Re/Max, LLC, Denver, Colorado (Board of Governors appointed)

Richard L. Lewis, President and Chief Executive Officer, RTL Networks, Inc., Denver, Colorado (Board of Governors appointed)

Lilly Marks, Vice President for Health Affairs, University of Colorado, Executive Vice Chancellor, Anschutz Medical Campus, Denver, Colorado
(Kansas City Fed Board appointed)

Brian R. Wilkinson, President, Steele Street Bank and Trust, Denver, Colorado (Kansas City Fed Board appointed)

Anne Haines Yatskowitz (*not pictured*), President and Chief Executive Officer, ACCION New Mexico-Arizona-Colorado,
Albuquerque, New Mexico (Kansas City Fed Board appointed)

Mark A. Zaback, President and Chief Executive Officer, Jonah Bank of Wyoming, Casper, Wyoming (Kansas City Fed Board appointed)

board of directors, denver



(From left) Mr. Zaback, Mr. Wilkinson, Ms. Marks, Mr. Lewis, Ms. Herda and Ms. Kelly.

James D. Dunn, Board Chair, Chairman, Mill Creek Lumber & Supply Co., Tulsa, Oklahoma (Board of Governors appointed)

Clint D. Abernathy, Owner, Abernathy Farms, Inc., Altus, Oklahoma (Board of Governors appointed)

Peter B. Delaney, Chairman, Chief Executive Officer and President, OGE Energy Corp, Oklahoma City, Oklahoma
(Board of Governors appointed)

Linda Capps, Vice Chairman, Citizen Potawatomie Nation, Shawnee, Oklahoma (Kansas City Fed Board appointed)

Michael C. Coffman (*not pictured*), President and Chief Executive Officer, Panhandle Oil and Gas, Inc., Oklahoma City, Oklahoma
(Kansas City Fed Board appointed)

Charles R. Hall, Chairman and Chief Executive Officer, Exchange Bank and Trust Company, Perry, Oklahoma (Kansas City Fed Board appointed)

Jane F. Haskin, President and Chief Executive Officer, First Bethany Bank and Trust, Bethany, Oklahoma (Kansas City Fed Board appointed)

board of directors, oklahoma city



(From left) Mr. Hall, Ms. Capps, Mr. Abernathy, Mr. Dunn, Mr. Delaney and Ms. Haskin.

board of directors, omaha



(From left) Ms. Hindery, Mr. Bourne, Mr. Farrell, Mr. Russell, Mr. Esch and Mr. Krejci.

James C. Farrell, Board Chair, President and Chief Executive Officer, Farmers National Company, Omaha, Nebraska
(Board of Governors appointed)

John F. Bourne, International Representative, International Brotherhood of Electrical Workers (IBEW), Omaha, Nebraska
(Board of Governors appointed)

G. Richard Russell, President and Chief Executive Officer, Millard Lumber Inc., Omaha, Nebraska (Board of Governors appointed)

Brian D. Esch, President and Chief Executive Officer, McCook National Bank, McCook, Nebraska (Kansas City Fed Board appointed)

Anne Hindery, Chief Executive Officer, Nonprofit Association of the Midlands, Omaha, Nebraska (Kansas City Fed Board appointed)

Jeff W. Krejci, President and Director, Cornerstone Bank, York, Nebraska (Kansas City Fed Board appointed)

James L. Thom (*not pictured*), Vice President, T-L Irrigation Co., Hastings, Nebraska (Kansas City Fed Board appointed)

Participants from ranching, agriculture, biofuels, dairy, financing and other sectors meet annually with Kansas City Fed staff to give presentations on their industry and participate in open discussion.

economic roundtables

federal reserve bank of kansas city

food and agriculture roundtable



*(Front row, from left) Mr. Elmore, Mr. Wyse, Mr. Kauffman, Mr. Headley, Mr. Bhandari and Mr. Wellman;
(Middle row, from left) Mr. R. Farrell, Mr. J. Farrell, Mr. Horan, Mr. Barr, Mr. Timmerman and Mr. Hill;
(Back row, from left) Mr. Brooks, Mr. Robb, Mr. Dierks, Mr. Swedberg and Mr. George.*

food and agriculture roundtable

Hosts

Nathan Kauffman

Federal Reserve Bank of Kansas City-Omaha Branch
Omaha, Nebraska

Maria Akers

Federal Reserve Bank of Kansas City-Omaha Branch
Omaha, Nebraska

Barrett Barr

Deere and Company
Bettendorf, Iowa

Ankush Bhandari

Gavilon, LLC
Omaha, Nebraska

Bill Brooks

INTL FCStone
Dearborn, Missouri

Neil Dierks

National Pork Producers Council
Urbandale, Iowa

Steven Elmore

DuPont Pioneer
Johnston, Iowa

Jim Farrell

Farmers National Company
Omaha, Nebraska

Ron Farrell

Farrell Growth Group, LLC
Kansas City, Missouri

Steve George

Fremont Farms of Iowa LLP
Malcom, Iowa

Peter Headley

MetLife Agricultural Investments
Overland Park, Kansas

Howard Hill

National Pork Producers Council
Urbandale, Iowa

Bill Horan

Horan BioProduction, LLC
Rockwell City, Iowa

Jim Robb

Livestock Marketing Information Center
Lakewood, Colorado

Joe Swedberg

Hormel Foods Corporation
Austin, Minnesota

Jim Timmerman

Timmerman Land & Cattle
Springfield, Nebraska

Steve Wellman

American Soybean Association
Syracuse, Nebraska

Ray Wyse

S.W.A.T., LLC
Omaha, Nebraska

regional economic roundtable



(From left) Mr. D. Mitchell, Mr. Robinson, Mr. J. Mitchell, Mr. Rickman, Mr. Thompson and Mr. Wobbekind.

David Mitchell, Assistant Professor, Missouri State University, Springfield, Missouri

Jeff Mitchell, Director, Bureau of Business and Economic Research, University of New Mexico, Albuquerque, New Mexico

Dan Rickman, Regents Professor of Economics, Oklahoma Gas and Electric Services Chair in Regional Economic Analysis, Oklahoma State University, Stillwater, Oklahoma

Jim Robinson, Principal Economist, State of Wyoming, Economic Analysis Division, Laramie, Wyoming

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

Richard L. Wobbekind, Senior Associate Dean for Academic Programs, Executive Director, Business Research Division, University of Colorado, Boulder, Colorado

Economists from throughout the Tenth District meet annually with Kansas City Fed staff to review the state's activities from the past year and offer future insight. Sectors discussed include housing, manufacturing, agriculture, construction, energy, banking, employment, retail and exports.

advisory councils

federal reserve bank of kansas city

Members, who represent business and labor from the Tenth District, meet twice a year with Kansas City Fed staff to offer insight on the regional economy.

economic advisory council



(From left) Mr. Martin, Mr. Latenser, Mr. Lackey, Ms. Vincent-Collawn, Mr. Aulick, Ms. Williams, Mr. Solomon, Ms. Patel, Mr. DeFrangé and Mr. Johnson.

Vincent L. (Vinc) Aulick, President, Aulick Industries and Aulick Manufacturing, Scottsbluff, Nebraska

Gary DeFrangé, President and Chief Operating Officer, Winter Park Resort, Winter Park, Colorado

Katherine Gold (*not pictured*), President, Goldbug, Inc., Aurora, Colorado

Edmond Johnson, President/Owner, Premier Manufacturing, Frederick, Colorado

Ken Lackey, Chairman of the Board, Nordam, Tulsa, Oklahoma

John Latenser, Owner, Neff Packaging Systems, Kansas City, Kansas

Steve Martin, President and Chief Executive Officer, Blue Cross Blue Shield, Omaha, Nebraska

Jim D. Neiman (*not pictured*), Vice President and Chief Executive Officer, Neiman Enterprises, Inc., Hulett, Wyoming

Tina Patel, Chief Financial Officer and Co-Owner, Promise Hotels, Tulsa, Oklahoma

Dan Solomon, Chief Risk Officer, Koch Industries, Inc., Wichita, Kansas

Douglas J. Stussi (*not pictured*), Executive Vice President and CFO, Love's Travel Stops & Country Stores, Inc., Oklahoma City, Oklahoma

Pat Vincent-Collawn, Chairman, President and Chief Executive Officer, PNM Resources, Albuquerque, New Mexico

Bridgette Williams, Deputy Director, Heavy Constructors Association of Greater Kansas City, Kansas City, Missouri

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

Marie Longserre, President and Chief Operating Officer, Santa Fe Business Incubators, Santa Fe, New Mexico

Shelley Marquez (*not pictured*), Vice President & Community Development Manager, Wells Fargo Bank, Denver, Colorado

Clyde McQueen, President and Chief Executive Officer, Full Employment Council, Kansas City, Missouri

Daniel Padilla, Regional Branch Director, First National Bank, Omaha, Nebraska

Steve Radley (*not pictured*), President and Chief Executive Officer, NetWork Kansas, Andover, Kansas

John Santner (*not pictured*), Midwest Regional Director, NeighborWorks America, Kansas City, Missouri

Natalie Shirley (*not pictured*), President, Oklahoma State University-Oklahoma City, Oklahoma City, Oklahoma

Katrina Washington, Broker/Owner of Stratos Realty, Stratos Realty Group LLC, Oklahoma City, Oklahoma

Leslie Wright, Senior Vice President, Risk Management, Hilltop National Bank, Casper, Wyoming

community development advisory council



(From left) Mr. Padilla, Ms. Washington, Mr. McQueen, Ms. Longserre and Ms. Wright.

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

David Burrage, President and Chief Executive Officer, FirstBank, Atoka, Oklahoma

John Dicus, President and Chief Executive Officer, Capitol Federal Savings Bank, Topeka, Kansas

Douglas Ferraro, President and Chief Executive Officer, Bellco Credit Union, Greenwood Village, Colorado

Copper France, President, Bank of Commerce, Rawlins, Wyoming

Lisa Ginter (*not pictured*), Chief Operating Officer, CommunityAmerica Credit Union, Lenexa, Kansas

Kyle Heckman, President and Chief Executive Officer, Flatirons Bank, Boulder, Colorado

James Landen, President, Security National Bank of Omaha, Omaha, Nebraska

Patricia (Trish) Minard, President and Chief Executive Officer, Southwest National Bank, Wichita, Kansas

Elaine Paxton, President and Chief Executive Officer, First National Bank of Clinton, Clinton, Missouri

Rebeca Romero Rainey (*not pictured*), Chairman and Chief Executive Officer, Centinel Bank, Taos, New Mexico

James Robinson (*not pictured*), President and Chief Executive Officer, Nodaway Valley Bank, St. Joseph, Missouri

Lee R. Symcox, President and Chief Executive Officer, First Fidelity Bank, Oklahoma City, Oklahoma

David J. Warnemunde, Chairman, President and Chief Executive Officer, Madison County Bank, Madison, Nebraska

community depository institutions advisory council



(From left) Mr. Landen, Mr. Symcox, Mr. Warnemunde, Mr. Heckman, Ms. Paxton, Mr. France, Ms. Minard, Mr. Ferraro, Mr. Burrage and Mr. Dicus.

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

payments advisory group



(From left) Ms. Howe, Mr. Reuter, Ms. Padmanabhan, Mr. Lindgren, Mr. Lyons, Mr. Frank, Ms. Haskin, Mr. Oatman, Mr. Thurman, Mr. Fosler, Ms. Vande Velde and Mr. Copeland.

Scott Copeland, Executive Vice President, BancFirst, Oklahoma City, Oklahoma

Alan Fosler, Senior Vice President and Cashier, Union Bank & Trust Company, Lincoln, Nebraska

Mark Frank, Executive Vice President, CoBiz Bank, Denver, Colorado

Jane E. Haskin, President and Chief Executive Officer, First Bethany Bank & Trust Co., Bethany, Oklahoma

Janet Howe, Executive Vice President and Chief Operating Officer, ANB, Colorado Springs, Colorado

Steve Lindgren, Executive Vice President and Chief Operating Officer, Cornhusker Bank, Lincoln, Nebraska

Tim Lyons, President, TFCU The Credit Union, Broken Arrow, Oklahoma

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

Suchitra Padmanabhan, President, CBW Bank, Weir, Kansas

Jim Reuter, President, FirstBank Data Corporation, Lakewood, Colorado

Bob Thurman, Chief Executive Officer, Credit Union of America, Wichita, Kansas

Tamara Vande Velde, First Vice President & Chief Information Officer, Capitol Federal Savings, Topeka, Kansas

officers

federal reserve bank of kansas city

kansas city

Esther L. George

President and Chief Executive Officer

Kelly J. Dubbert

First Vice President and
Chief Operating Officer

Denise I. Connor

Senior Vice President

Troy A. Davig

Senior Vice President
and Director of Research

Kevin L. Moore

Senior Vice President

Dawn B. Morhaus

Senior Vice President

Barbara S. Pacheco

Senior Vice President

Karen A. Pennell

Senior Vice President

Diane M. Raley

Senior Vice President and
Board Secretary

Veronica R. Sellers

Senior Vice President
and General Counsel

Donna J. Ward

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

Josias A. Aleman

Senior Vice President and
General Auditor

Craig S. Hakkio

Senior Vice President and
Special Advisor on Economic Policy

Larry D. Bailey

Vice President

Kristi A. Coy

Vice President

Kevin J. Craig

Vice President

Tammy N. Edwards

Vice President

Brian C. Faros

Vice President and
Chief Information Officer

Andrew J. Frank

Vice President

Janel K. Frisch

Vice President and
Chief Financial Officer

Richard L. Henry

Vice President

Kristofer K. Hogan

Vice President

Mark C. Horan

Vice President

Megan L. Hruda

Vice President

James H. Hunter

Vice President

George A. Kahn

Vice President and Economist

W. Todd Mackey

Vice President

Renu A. Mehra

Vice President

Charles S. Morris

Vice President and Economist

Todd A. Offenbacher

Vice President

Annette K. Owens

Vice President

Kimberly N. Robbins

Vice President

Linda S. Schroeder

Vice President

Amy M. Seck

Vice President

Brosie D. Strada

Vice President

Stephanie L. Stratemeier

Vice President

Mark A. Watson

Vice President

Pamela L. Weinstein

(Retired Aug. 31, 2014)

Vice President

Jonathan L. Willis

Vice President and Economist

Kristina J. Young

Vice President

Susan E. Zubradt
Vice President

John R. Arensberg
Assistant Vice President

Stanley R. Beatty
Assistant Vice President

Kara S. Bemboom
Assistant Vice President
and Assistant Board Secretary

Mark J. Boryla
Assistant Vice President

Dan A. Bower
Assistant Vice President

J. Stephen Bradberry
Assistant Vice President

San Cannon
Assistant Vice President

Amy E. Cole
Assistant Vice President

Kelley D. Courtright
Assistant Vice President

Kelli J. Cox
Assistant Vice President

Ernie W. Craig Jr.
Assistant Vice President

Tanya L. Cvetan
Assistant Vice President

Dennis V. Denney
Assistant Vice President

Nick P. Denning
Assistant Vice President

Sean K. Foley
Assistant Vice President

Thomas J. Foster
Assistant Vice President

John Gray
Assistant Vice President

Lori D. Haley
Assistant Vice President

Robert L. Hampton
Assistant Vice President

Ryan L. Harwell
Assistant Vice President

Jill M. Hicks
Assistant Vice President

Ann L. Hoelting
Assistant Vice President

Dawn Howell
Assistant Vice President

Tara L. Humston
Assistant Vice President

Melissa L. Jackson
Assistant Vice President and
Public Information Officer

Lowell C. Jones
Assistant Vice President

D. Rick Lay
Assistant Vice President

Christi A. May-Oder
Assistant Vice President
and Assistant General Auditor

Randall L. Mueller
Assistant Vice President

Jacqueline M. Nugent
Assistant Vice President

Evan A. Polly
Assistant Vice President

Erika Ramirez
Assistant Vice President
and Community Affairs Officer

Michael R. Steckline
Assistant Vice President

James W. Stuart II
Assistant Vice President

Leesa G. Thompson
Assistant Vice President

Willem Van Zandweghe
Assistant Vice President and Economist

James Wilkinson
Assistant Vice President and Economist

Adam M. Winzenried
Assistant Vice President

Ginger K. Wise
Assistant Vice President

Luke B. Woodward
Assistant Vice President

Catherine A. Zeigler
Wholesale Operations Officer

denver

R. Alison Felix
Assistant Vice President,
Branch Executive and Economist

Amy C. Hileman
Assistant Vice President

Trina L. Parsley
Assistant Vice President

Richard Thorne
Assistant Vice President

oklahoma city

Chad R. Wilkerson
Vice President, Branch
Executive and Economist

Robert W. Toler
Assistant Vice President

omaha

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

Nicholas Hatz
Assistant Vice President



Commitment to DIVERSITY & INCLUSION



FEDERAL RESERVE BANK *of* KANSAS CITY

2014 REPORT TO CONGRESS *on the*

OFFICE *of* MINORITY *and* WOMEN INCLUSION



PEOPLE

PRACTICES

PARTNERSHIPS

Table of CONTENTS



58 EXECUTIVE SUMMARY

60 OVERVIEW

62 PEOPLE: MINORITY *and* WOMEN EMPLOYMENT

68 PRACTICES: MINORITY- *and* WOMEN-OWNED BUSINESS INCLUSION

74 PARTNERSHIPS: OUTREACH *and* FINANCIAL EDUCATION

84 APPENDIX

ON THE COVER: *Federal Reserve Bank of Kansas City employees, from left: Chris Constant, Consumer Affairs; Steve Flowers, Information Technology; Latonya Prather, Financial Management; Pat Schleiger, Exams and Inspections-Omaha; Ingrid Wong, Legal; and Harry Harris, Law Enforcement-Denver.*



Esther L. George
PRESIDENT AND CHIEF EXECUTIVE OFFICER
FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 31, 2015

For many years, the Federal Reserve Bank of Kansas City has taken steps to ensure the diverse region it serves is represented in its workforce, its procurement and supplier relationships, and in the partnerships it develops with community and educational organizations.

This report highlights the many ways we have made diversity and inclusion a priority throughout the year in the areas of people, practices and partnerships. This report details our efforts in meeting the requirements outlined by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Through the Bank's OMWI, we seek to strengthen and continuously improve our long-standing traditions of ensuring our activities are inclusive and representative of the range of backgrounds and experiences that make up the Tenth Federal Reserve District. The following pages tell the story of our successes and challenges in meeting this goal during 2014.

This past year, the Federal Reserve System commemorated its centennial, providing an opportunity for reflection on the progress the nation's central bank has made over the years in a number of areas that are vital to ensuring it is carrying out its public mission.

In addition to this report, please visit www.KansasCityFed.org/diversity to learn more about our successes, innovative programs and links to past OMWI annual reports. This page also includes information on our supplier and hiring opportunities as well as summaries of our key community initiatives.

Esther L. George
President and Chief Executive Officer
Federal Reserve Bank of Kansas City

Executive SUMMARY



The Bank's Diversity Strategy Steering Committee includes, from left: Senior Vice President Dawn Morhaus, Vice President Krissy Young, Senior Vice President and OMWI Director Donna Ward, Senior Vice President Kevin Moore, OMWI Deputy Director Andrea Hendricks, Senior Vice President and General Counsel Veronica Sellers, Senior Vice President Diane Raley, and Senior Vice President Denise Connor. Not pictured: Vice President Kristi Coy, Vice President Mark Watson and Vice President Stephanie Stratemeier.

THE FEDERAL RESERVE BANK OF KANSAS CITY'S OFFICE OF MINORITY AND WOMEN INCLUSION CONTINUED TO LEAD AND STRENGTHEN THE BANK'S LONG-STANDING COMMITMENT to the principles outlined in Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Bank recognizes that achieving its public mission within its large, varied region requires that its people, practices and partnerships reflect the diverse communities it serves and the people it represents.

OFFICE of MINORITY and WOMEN INCLUSION

The Kansas City Fed's Office of Minority and Women Inclusion (OMWI) is led by Donna Ward, who has served as the office's director since 2010. Ward is the Bank's senior vice president of the Administrative

Services Division, which has responsibility for the Bank's human resources and procurement functions.

In 2014, the Bank appointed Andrea Hendricks as OMWI deputy director. In this role, Hendricks leads the Bank's diversity and inclusion and organizational development strategies as the Bank prepares for workforce growth over the next few years. Hendricks has more than 20 years of experience in diversity and inclusion initiatives, development and community engagement.

In addition, a steering committee composed of senior-level officers, advises these efforts and provides resources to implement the Bank's OMWI and diversity strategies. This structure ensures broad Bank-wide support for diversity and inclusion initiatives.

STANDARDS *and* PROCEDURES

The Bank has established formal standards and procedures for the following through its OMWI:

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

PEOPLE, PRACTICES *and* PARTNERSHIPS

The Bank's focus on diversity and inclusion applies to all business areas. Throughout the year, the Bank experienced numerous successes, including:

PEOPLE

- The Bank's hiring rates for diverse job candidates continued to increase in 2014. The total minority hiring rate for the year was 20.5 percent, compared to 20 percent in 2013. The hiring rate for women increased to 40.0 percent in 2014, compared to 36.9 percent a year earlier.
- Minority participation in the Bank's mentorship program has risen from 6 percent in 2010 to 21 percent in 2014. In addition, the participation rate for female

employees has risen from 14.4 percent in 2010 to 25.1 percent in 2014.

PRACTICES

- The Bank spent 20.1 percent of its total reportable spend with minority- and women-owned firms, an increase from 16.5 percent a year ago.
- Minority- and women-owned firms were awarded 22.8 percent of all 2014 contracts, and the Bank identified and included diverse suppliers in 78.6 percent of all requests for proposals in 2014.

PARTNERSHIPS

- More than 1,500 urban high school students participated in targeted educational and mentoring programs led by the Bank.
- The Bank's innovative financial education programs, including the Student Board of Directors, the Financial Education Summit and Teach Children to Save, continued to establish a standard for success.



Donna Ward, right, serves as OMWI director and senior vice president of the Bank's Administrative Services Division. In addition to overseeing the Bank's diversity and inclusion strategy, she oversees the human resources and procurement functions. Andrea Hendricks, left, is the Bank's OMWI deputy director and leads the Bank's diversity, inclusion and organizational development strategies.

OVERVIEW



Members of the Bank's Minority Management Mentorship Circle include, from left: Kari Anderson, Customer Contact Center; Margery Sendze, Information Technology; Latonya Prather, Financial Management; Josias Aleman, senior vice president and general auditor; and Andrea Hendricks, deputy OMWI director.

FOUNDED IN 1914, THE FEDERAL RESERVE BANK OF KANSAS CITY is one of 12 Regional Banks, which along with the Board of Governors in Washington D.C., comprise the Federal Reserve System.

THE TENTH DISTRICT

As the central bank for the United States, the Federal Reserve System is responsible for three mission areas: setting the nation's monetary policy, providing financial services to depository institutions, and supervising and regulating financial institutions. The System's decentralized structure, which includes local boards of directors and advisory councils at each Reserve Bank, ensures that a broad spectrum of views from the public at the regional level is included in national policy deliberations.

The Kansas City Fed employs more than 1,500 people at its head office in Kansas City and Branch offices in Denver, Oklahoma City and Omaha. The Bank is responsible for the Tenth Federal Reserve District, an area that includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

The economy of the Tenth District represents a wide and diverse range of industries, including agriculture, banking, energy, manufacturing, aerospace, hospitality/tourism and military. About 33 percent of the District's residents live in rural areas, more than the national average of approximately 20 percent. Additionally, 27 percent of the District's population is minority compared to about 36 percent of the nation as a whole.



The Bank's 12-member senior leadership team, which is comprised of executives responsible for setting policy and strategic direction, includes eight women, representing 66.7 percent of senior leadership. This is much higher than the 25.1 percent average for equivalent positions at Kansas City-area companies. Minorities represent 16.7 percent of the senior leaders, exceeding the 6.1 percent average for equivalent positions at Kansas City-area companies.

The Bank also focuses on diversity among the members of its boards of directors. In 2014, women held board leadership positions across the District, including as chair of the Kansas City head office and chair of the Denver Branch. Additionally, minorities and women represented 37 percent of the board of director positions across the District in 2014.

PEOPLE

MINORITY *and* WOMEN EMPLOYMENT



The Bank recognizes that diversity of thought and experience leads to innovative solutions. Pictured above is employee Randy Augustus of the Kansas City Fed's Application Delivery Services Department.

STRATEGIES

THE FEDERAL RESERVE BANK OF KANSAS CITY RECOGNIZES THAT DIVERSITY OF THOUGHT AND EXPERIENCE LEADS TO INNOVATIVE SOLUTIONS TO MEET ITS CURRENT AND FUTURE CHALLENGES. This

commitment to diversity, which includes such factors as race, gender, religion, national origin, age, sexual orientation and disability, strengthens the Bank's ability to attract, retain and develop the talented workforce needed to carry out its public role.

During 2014, the Bank strengthened its long-standing commitment to ensure it is recruiting and developing a workforce that is representative of the labor pool of qualified candidates for positions at all levels in the markets where it operates. The Bank continued to assess its practices and outreach initiatives throughout the year to support the success of this strategy.

RESULTS: *Recruitment*

The Bank expanded its presence and engagement with students at several historically black colleges and universities and Hispanic-serving institutions. Through classroom presentations, participation in career fairs and conducting on-campus interviews, the Bank continued to grow its pipeline of diverse candidates.

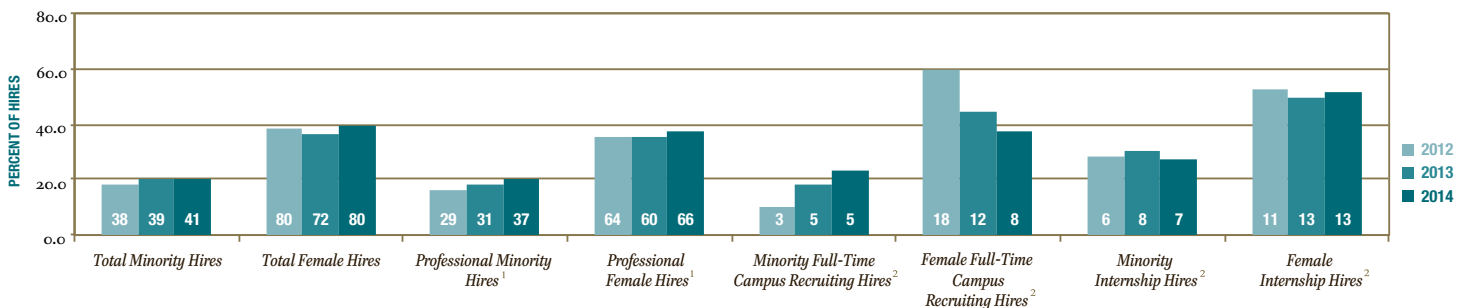
Throughout 2014, the Bank engaged with a number of diverse educational institutions, including:

- Clark Atlanta University
- Colorado State University-Pueblo
- Lincoln University
- Morehouse College
- Spelman College
- University of New Mexico

33

The Bank participated in 26 diverse college and recruiting events in 2014, as well as seven urban career fairs hosted by the Asian American Chamber of Commerce, the Urban League and other community partners.

MINORITY *and* FEMALE RECRUITING



¹Percentage reflects official, management and professional staff.

²Data reflects employees who started in the represented year.



Calvin Robertson of the Bank's Application Delivery Services Department, center, is recognized by Bank President Esther George, right, and First Vice President Kelly Dubbert, left, at the Bank's awards ceremony for employees who earned a graduate degree.

23.8%

The hiring rate for minority full-time hires through campus recruiting, including at majority-minority colleges and universities, was 23.8 percent in 2014.



The Bank recruits diverse interns, such as Lisa Vongchingtrong, through recruiting events and through programs such as INROADS. These internships provide students with the experience needed to succeed beyond the classroom.

STRENGTHENING COMMUNITY PARTNERSHIPS

The Bank continued its focus on strengthening its partnership with community organizations dedicated to supporting the career placement and advancement of minority and women employees. These organizations include the Kansas City chapters of the Urban Financial Services Coalition, INROADS, National Black MBA Association and National Society of Hispanic MBAs.

As part of the Federal Reserve System, the Bank also leverages partnerships with a number of national organizations such as Women in Technology International, Association of Latino Professionals in Finance and Accounting, National Association of Black Accountants, the Society of Hispanic Professional Engineers and the Thurgood Marshall College Fund. The Federal Reserve attended national diversity conferences and worked with these organizations to support diverse hires and create awareness among prospective employees of job opportunities.



The Bank partners with groups such as the National Black MBA Association to support the career advancement of minority employees. Pictured second from left is Garrett Webster, director of the YMCA Young Achievers Program, with college students at an NBMBAA event hosted at the Bank.



The Bank was recognized by the National Society of Hispanic MBAs for its diversity and inclusion programs. Pictured from left are NSHMBA Past President Jimmy Gaona, OMWI Deputy Director Andrea Hendricks, Senior Vice President and OMWI Director Donna Ward and NSHMBA President Laura Alvarez.

RESULTS: *Employee Retention and Development*

By fostering an inclusive work environment and offering support and professional development through employee orientation and ongoing coaching, mentoring and training, the Bank fosters a diverse and inclusive workforce. Through dedicated resources, the Bank facilitates successful transitions, promotes high achievement at all levels and retains talented employees, including minority and female employees. Bank initiatives include:

- Mentorship
- Communities of Practice
- Training and development opportunities
- New employee programs
- Leadership development

MENTORSHIP MATTERS

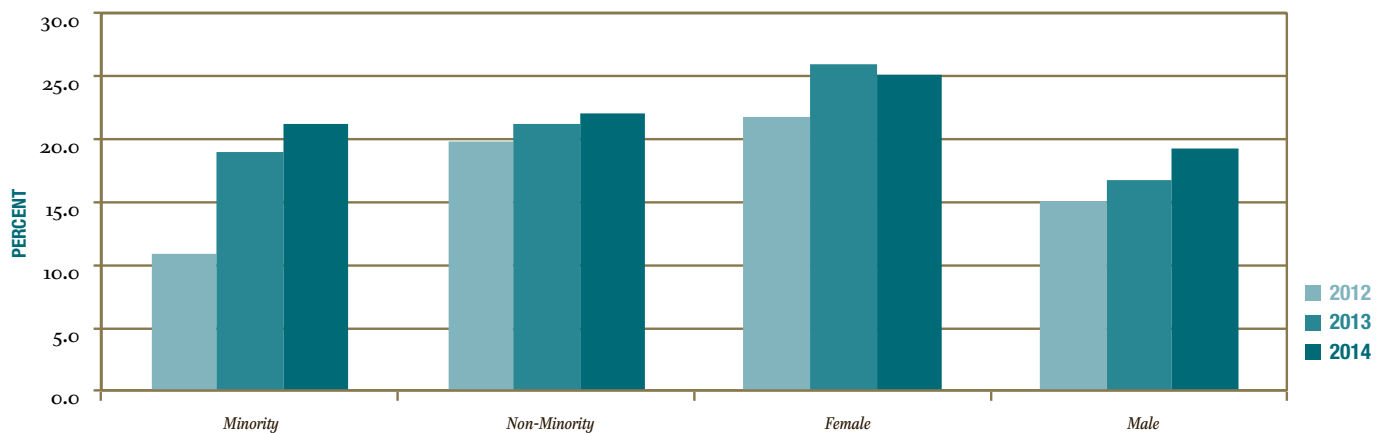


The Bank's retention and development initiatives include a formal mentorship program. Bank President Esther George, center, is pictured with employees who were honored for excellence in mentorship.

308

In 2014, 308 Bank employees, or 21.7 percent of the Bank's total workforce, participated in the Bank's formal mentorship program. This was the highest level of participation ever at the Bank. Of these participants, 21 percent of minority and 25.1 percent of women employees were engaged in a formal mentorship relationship. Of minority managers and supervisors, 83 percent participated in the mentorship program.

MENTORSHIP PROGRAM *Participation Rates*





The Bank's Employee Diversity Council promotes awareness of diversity issues through a number of employee education opportunities.

EMPLOYEE EDUCATION and COMMUNICATION

Supporting and maintaining an inclusive work environment requires the commitment of each individual employee. At the Bank, employees are expected to understand the role diversity plays in the success of the Bank and contribute to an inclusive environment through a number of formal and informal opportunities.

Throughout 2014, the Bank led a number of programs and events that enabled employees to better understand the importance of fostering diversity and inclusion in the workplace. A key tool the Bank utilizes to provide diversity training is the Employee Diversity Council (EDC). The EDC works to promote an inclusive environment by reinforcing employee awareness of diversity and inclusion through a variety of education opportunities.

Among these efforts is Diversity Awareness Week. During this event, employees participated in a number of special presentations on topics such as the economic impact of diversity; a multicultural showcase featuring poetry, short skits, cultural dress and oration; and a discussion on "Black History Across the River: Exploring the Rich Black History in Kansas City, Kan."

Employees serve as diversity liasons in each of the Bank's business lines. Members of the EDC also gather regularly to review the Bank's diversity and inclusion strategies.

The Bank also makes diversity training for employees available throughout the year on topics including:

- ADA and FMLA: A Closer Look
- Being an Inclusive Leader
- Building Trust
- Generations
- Valuing Differences
- Peacock in the Land of Penguins

INTERNAL REPORTING and ASSESSMENT

The Bank has an established systematic process to measure progress toward achieving its goals related to diversity and inclusion. On a quarterly basis, senior leaders assess the Bank's performance by reviewing diversity recruiting results, including workforce representation compared to Kansas City Metropolitan Statistical Area data, minority and women hiring rates, minority and women college and university activities, participation in urban career fairs, employment advertisements placed in diverse media and partnerships with community organizations.

Retention also is monitored through separation rates, mentorship program participation, and results from employee engagement surveys. Diversity and EEO-related metrics are shared regularly with the Bank's Management Committee. Additionally, semi-annual Diverse Workforce and Spend Reports are prepared at the Bank and Division levels and shared with senior management.

CHALLENGES

The Bank is committed to its workforce diversity and inclusion strategies and addressing challenges in meeting its goals. Key challenges include:

- The Bank's workforce composition continues to evolve to an increasingly knowledge- and technology-based skill set. The demand for highly specialized and technical positions, particularly for minority and women candidates with experience in these areas, presents a challenge for the Bank's recruitment efforts.
- Within the markets in which the Bank operates, there are a limited number of colleges and universities that are historically minority focused.

LOOKING AHEAD

As the Bank continues to seek ways to improve in its workforce inclusion efforts, it has identified a number of future goals, including:

- Enhance the mentoring program's strategy to increase engagement and development.
- Develop local, regional and national partnerships with minority professional organizations beyond the Tenth Federal Reserve District to attract professionals to the Bank.
- Expand recruiting efforts to include additional historically black colleges and universities and Hispanic-serving institutions.
- Identify signature networking and recruiting opportunities with minority and women professionals with an emphasis on IT professional organizations.
- Continue to use social media to reach out to the community.



Members of the Bank's Retail Payments Technology Services Department were recognized for their leadership during the Bank's Connect 10 program in 2014. The program provides employees with opportunities to participate in diversity-related activities throughout the year.

PRACTICES

MINORITY- and WOMEN-OWNED BUSINESS INCLUSION



Dr. Emmanuel Ngomsi, president of All World Languages and Cultures, meets with members of the Bank's Purchasing Unit, Lauren Cooper and Diana Serrano, to discuss his company's contract with the Bank to provide translation services for Bank websites and publications.

STRATEGIES

THE FEDERAL RESERVE BANK OF KANSAS CITY'S COMMITMENT TO SUPPLIER DIVERSITY CREATES VALUE BY PROVIDING THE BANK WITH ACCESS TO A WIDER POOL OF QUALIFIED SUPPLIERS. This practice also benefits the community by providing small and diverse businesses access to business opportunities. To confirm this commitment, the Bank states in each of its contracts that it is committed to equal opportunity in employment and contracting. The Bank's contracts further require that a contractor entering into a contract with the Bank confirm a similar commitment in its own business practices.

The Bank's supplier diversity strategy encourages the acquisition of goods and services from diverse suppliers, including minority- and women-owned businesses. In carrying out this strategy, the Bank seeks to include at least one minority- and one woman-owned business in competitive acquisitions, when available.

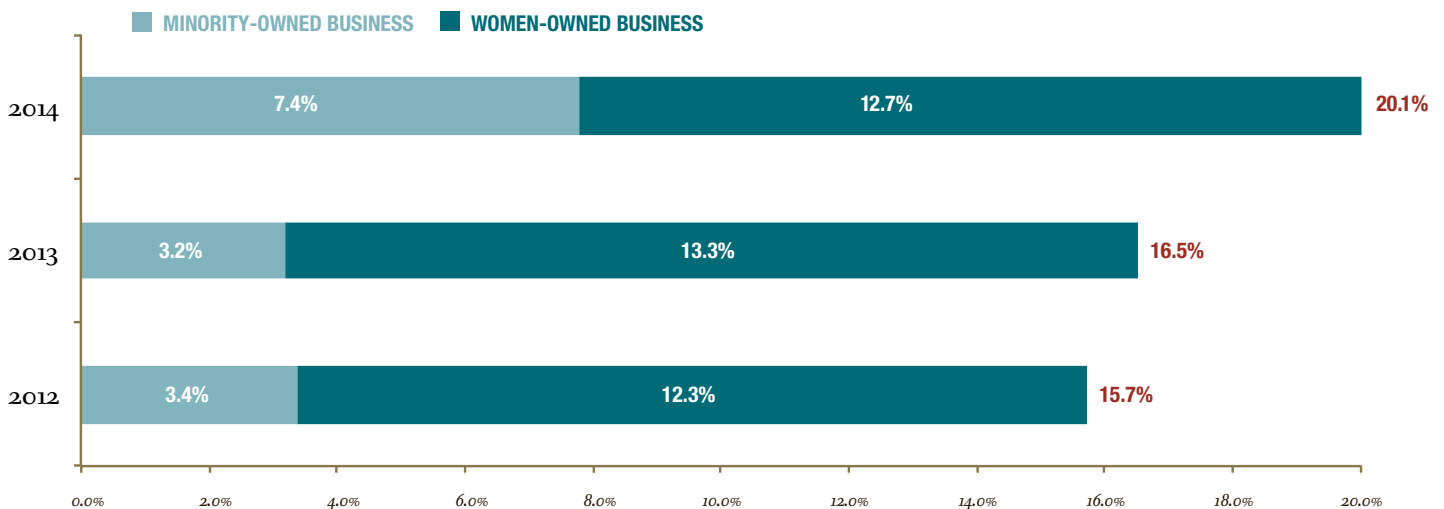
RESULTS: *Procurement Opportunities*

To identify suppliers for contracting opportunities, Bank staff engages with local, regional and national groups and organizations through outreach activities and events targeted to diverse suppliers. The Bank also educates suppliers about the Bank's business practices and encourages their participation in contracting opportunities. These strategies, along with evaluation and measurement processes, positioned the Bank to make progress in 2014 toward achieving its supplier diversity objectives.

20.1%

In 2014, the Bank spent 20.1 percent of its total reportable spend with minority- and women-owned businesses, compared to 16.5 percent in 2013 and 15.7 percent in 2012. This growth reflects the significant progress the Bank has made over the past several years by pursuing an inclusive supplier strategy.

2012-2014 PERCENT *of* SPEND *with* DIVERSE SUPPLIERS



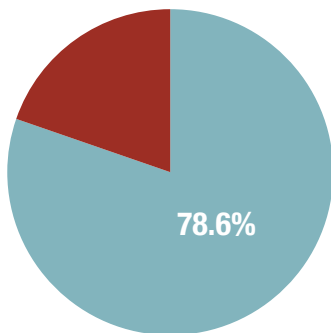
SPEND *with* CONTRACTORS *and* SUPPLIERS

	2014 AMOUNT	2014 PERCENT	2013 AMOUNT	2013 PERCENT	2012 AMOUNT	2012 PERCENT
Total Reportable Spend ¹	\$42.8 million	100.0	\$42.9 million	100.0	\$45.6 million	100.0
Total Diverse Spend	\$8.6 million	20.1	\$7.1 million	16.5	\$7.2 million	15.7
Women-Owned Businesses ²	\$5.4 million	12.7	\$5.7 million	13.3	\$5.6 million	12.3
Minority-Owned Businesses ²	\$3.2 million	7.4	\$1.4 million	3.2	\$1.6 million	3.4

¹ Reportable spend includes all vendor payments except those made for/to association memberships, dues and fees; international banks; inter-company/inter-Fed transfers; government payments; payment network fees; rent; and utilities.

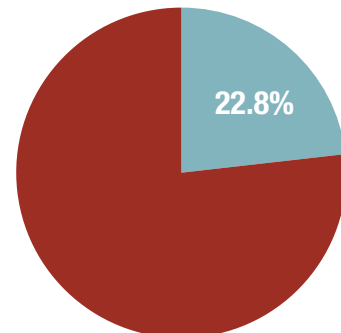
² Minority women-owned business spend is captured in spend for minority-owned businesses and is not double-counted in the women-owned business category.

2014 DIVERSE SUPPLIER INCLUSION



The Bank identified and included diverse suppliers in 78.6 percent of all requests for proposals in 2014.

2014 CONTRACTS AWARDED *to* DIVERSE SUPPLIERS



The Bank awarded 22.8 percent of all contracts to minority- or women-owned businesses in 2014.

61.2%

The Bank received responses from 61.2 percent of minority- and women-owned businesses included in competitive acquisitions. This excludes contracts with outside staffing agencies.

RESULTS: *Increasing*

Awareness

The Bank partners with local, regional and national organizations that support minority- and women-owned business members. These partnerships help the Bank communicate business opportunities and build its network of diverse suppliers. Partner organizations include:

- Asian American Chamber of Commerce of Greater Kansas City
- Greater Kansas City Chamber of Commerce
- Hispanic Chamber of Commerce of Greater Kansas City
- Kansas Black Chamber of Commerce
- Mountain Plains Minority Supplier Development Council (MPMSDC)
- Women's Business Development Center

OUTREACH *and* COMMUNITY ENGAGEMENT

In 2014, the Bank participated in 14 outreach events and activities that provided staff with opportunities to network and connect with diverse suppliers, learn more about supplier diversity best practices, and support the efforts of community partners. The Bank partnered with the Mountain Plains Minority Supplier Development Council (MPMSDC) to host a webinar with about 40 participants. During the webinar, the Bank shared information about its general business needs and procurement practices, and the MPMSDC discussed its supplier development programs.

Additionally, the Bank hosted a Staffing Agency Day at the Fed where Bank leadership discussed how staffing agencies can participate in contracting opportunities. The Bank's Employee Diversity Council also partnered with the Hispanic Chamber of Commerce to host a Hispanic Business Fair. During this event, Hispanic-owned businesses came to the Bank to display and sell their products and services to Bank employees.

The Bank also collaborates with other Reserve Banks to develop and promote initiatives that strengthen supplier diversity. In 2014, the Bank participated in two national supplier diversity conferences hosted by the Women's Business Enterprise National Council and the National Minority Supplier Development Council.

IN 2014, THE BANK DEVELOPED AND EXPANDED ON PARTNERSHIPS WITH SEVERAL COMMUNITY ORGANIZATIONS, PARTICIPATING IN THE FOLLOWING PROGRAMS AIMED AT REACHING DIVERSE SUPPLIERS:

- Asian American Chamber of Commerce Networking Lunch and Learn
- Hispanic Chamber of Commerce Annual Recognition
- Hispanic Business Fair for Bank employees hosted by the Bank and the Hispanic Chamber of Commerce
- Institute for Supply Management-Kansas City Meeting on the Economic Outlook and Diversity Impact on Today's Economy
- Kansas City Government Contracting and Procurement Forum Business Fair
- Metropolitan Community College and Mountain Plains Minority Supplier Diversity Council Minority- and Women-Owned Business Expo
- MPMSDC Breakfast Brainstorm
- MPMSDC Executive Leadership Panel
- MPMSDC Networking Events (two events)
- National Minority Supplier Development Council Annual Conference
- Procurement Webinar hosted by the Bank and the MPMSDC
- Staffing Agency Day at the Fed
- Women's Business Enterprise National Council Business Fair

INTERNAL REPORTING *and* ASSESSMENT

The Bank has established systematic processes to measure progress towards achieving its supplier diversity strategies. On a quarterly basis, senior management assesses the Bank's performance by reviewing supplier diversity results, including:

- Spend and contracts awarded to diverse suppliers.
- Inclusion and response rates of diverse suppliers in contracting opportunities.
- Cost savings associated with contracts awarded to diverse suppliers.
- Outreach events attended or hosted by the Bank.

The Bank regularly shared information about diverse suppliers, including spend amounts, with senior leaders within each business area to enhance transparency around these performance metrics and to encourage continued focus on supplier diversity. The Bank also shared information about its supplier diversity strategies and results with employees through a senior leader forum to increase Bank-wide awareness about the value of supplier diversity.

CHALLENGES

- The Bank continues to make progress on its supplier diversity objectives, but several challenges remain, for example, identifying qualified diverse suppliers for certain goods and services, such as proprietary software.
- Additionally, while the diverse supplier response rate improved from 57.8 percent in 2013 to 61.2 percent in 2014, the Bank continues to be challenged with increasing the responsiveness of diverse suppliers to its requests for proposals. The Bank regularly surveys suppliers who did not respond to a request for proposal to solicit feedback. This feedback indicates that suppliers who do not respond often do not feel they have the resources to provide the goods or services or they cannot provide the goods or services during the time schedule required.
- The Bank's staff will continue to focus on providing technical assistance to help diverse suppliers understand how to engage with the Bank and encourage their participation in contracting opportunities.

LOOKING AHEAD

The Bank has identified the following opportunities to enhance its supplier diversity and inclusion efforts in 2015:

- Work with business areas to identify needs earlier in the process in order to more proactively seek and engage potential minority- and women-owned businesses for future contracting opportunities.
- Provide more opportunities to connect qualified suppliers with business areas that may have needs for the goods or services they offer.
- Continue to identify improvements to business practices that may improve the ability to source qualified diverse suppliers through new tools and processes.



Elaine Hamilton-Bruner is president of Vision 5, a diverse business the Bank contracted with in 2014 to assist in the production of animated videos used to explain the Federal Reserve's work.

The Bank regularly engages with diverse business groups to increase awareness of business opportunities. At right, Sook Park, executive director of the Asian American Chamber of Commerce of Kansas City, speaks with a visitor at a recent chamber event hosted at the Bank.



PARTNERSHIPS OUTREACH and FINANCIAL EDUCATION



Danadra Jean-Noel, Public Affairs, leads a financial lesson for school children as part of the Bank's Teach Children to Save program. The event reached more than 8,300 students in the Kansas City metro.

STRATEGIES

IN 2014, THE BANK STRENGTHENED ITS LONG-STANDING COMMITMENT TO PROVIDING FINANCIAL EDUCATION AND MENTORSHIP OPPORTUNITIES to urban high schools and minority students across the seven-state region it serves.

Throughout the year, the Bank partnered with diverse school districts, youth organizations and community groups to reach thousands of students and teachers. The Bank's investment in financial education will lead to stronger communities, stable neighborhoods and better opportunities for young people of diverse backgrounds.

RESULTS:

A number of innovative programs, such as the Student Board of Directors, provides high school students from urban school districts with hands-on knowledge about personal financial strategies.



FINANCIAL EDUCATION *and* MENTORSHIP

19,038

The Bank reached 19,038 people in urban and underserved communities in 2014 by hosting and participating in 73 financial education programs across the Tenth District.

Dell Gines, Community Affairs, leads a session on black entrepreneurship at the Bank.



29

The Bank's Kansas City head office, as well as its branch offices in Omaha, Oklahoma City and Denver, participated in 29 financial education events at urban high schools in 2014. These schools included South High School (Denver), JC Harmon High School (Kansas City, Mo.), MLK Early College (Denver), John Marshall High School (Oklahoma City), Northeast High School (Kansas City, Kan.), Sumner Academy (Kansas City, Kan.), Lincoln College Prep (Kansas City, Mo.), Central High School (Omaha) and Volcano Vista High School (Albuquerque, N.M.).

1,549

During the year, 1,549 urban high school students participated in targeted educational programs developed and organized by the Bank.

Jared Freemon, an intern with Public Affairs, leads a financial education session for young people. Freemon was a member of the Bank's Student Board of Directors and served as coordinator for the Summer @ the Fed program.



8,300

Teach Children to Save: In April 2014, 187 Bank volunteers visited 390 classrooms throughout the Kansas City metro area to share financial education lessons to more than 8,300 elementary-age students.

Through the Bank's Teach Children to Save program, Bank volunteers reached thousands of students from across the Kansas City metro area.



Innovative Programs

RESOURCE DEVELOPMENT

The Bank is committed to creating resources for educators to use in diverse classrooms to help them integrate financial and economic concepts into existing curriculum requirements.

Youth Entrepreneurship:

In 2014, the Bank developed a suite of resources on the topic of youth entrepreneurship to encourage educators to teach about entrepreneurship as a viable career option. Economic education staff, in partnership with Community Development staff, engaged in promoting small business development with low- and moderate-income communities and developed resources that included:

- Videos of diverse entrepreneurs in the Bank's footprint, sharing their challenges and lessons learned for students; teachers are provided with discussion questions to supplement the videos.
- An assessment and lesson plan on entrepreneurial potential and considering entrepreneurship as a career option.
- Links to other Federal Reserve curricula and resources on entrepreneurship.

Federal Reserve Financial Education Day:

Each Tenth District office sponsored a program with a majority-minority high school or youth program on October 22 for Federal Reserve Financial Education Day. This year's program focused on college and career readiness for diverse high school students, and incorporated financial capability fundamentals along with the concepts of educational attainment.

High school students participating in Financial Education Day worked together to brainstorm ideas for budgeting, career planning and other concepts.



MATH X *Economics*

More than 30 students from urban city schools in the Kansas City metro area joined staff from the Bank's Economic Research Department in March to learn more about career options in the fields of mathematics and economics.

During the one-day "Math X Economics" program, the high school juniors and seniors heard from Bank President Esther George, economists and professionals from other area firms who shared their career experiences in fields that depend on an in-depth knowledge of mathematical concepts. The students, who were nominated to participate in the program by their teachers, also learned how economics could be applied to everyday situations.

The students also received individual coaching on effective networking strategies and practical advice on applying for summer jobs and internships. The program received positive feedback from participants, and the Bank plans to host the program again in 2015.



Students from urban schools in the Kansas City area participated in the Math X Economics program at the Bank in 2014.

As part of the Student Board of Directors program, participants from the Kansas City board visited Washington, D.C., and attended the Youth Leadership Summit.



STUDENT BOARD *of* DIRECTORS CONTINUES SUCCESS

Since 2012, the Bank has provided targeted mentoring and college and career development to dozens of diverse high school students through its Student Board of Directors program. The program invites students from urban school districts to participate in a year-long program during which they gain hands-on knowledge about personal financial strategies and potential education and career paths.

During the 2013-14 school year, 56 students throughout the Bank's district participated in Student Board programs at each of the Kansas City Fed's four offices. Throughout the year, the students met with Bank staff and other speakers on topics ranging from business etiquette to public speaking. The students also participated in business tours to learn more about the local economy and entrepreneurship.

"As a first generation graduate and future college student, it is really tough to find helpful resources," said one participant, Kenji Walker, a student at African Centered Preparatory Academy in Kansas City. "Being a part of the Student Board of Directors has allowed me to shape my career goals and stay motivated."

Tierra Conyers, a member of the Omaha Branch's Student Board said the program was an enriching experience. "Every meeting offered something exciting, new, different and overall, a thrill," she said. "I'm so thankful for this program because it opened me up to something I knew nothing about."

The program has seen several enhancements for the 2014-15 school year. Starting in the fall of 2014, staff in the Denver Branch worked with the Federal Reserve Bank of Dallas' El Paso Branch to launch a new Student Board of Directors program in Albuquerque, N.M. In addition, students from the Kansas City office's Student Board participated in a Youth Leadership Summit held in the fall in Washington, D.C.

The Student Board "helped me take a few more steps in my journey to adulthood," said Cynthia Odu, a student at Lincoln College Preparatory Academy in Kansas City. "I feel more assured in my position in life, and more confident in myself and my abilities."

SUMMER @ THE FED

During the summer of 2014, seven college-bound students from the Kansas City, Mo., and Kansas City, Kan., school districts who participated as members of the Bank's Student Board of Directors continued their involvement with the Kansas City Fed as paid interns earning a market-rate wage of \$12 per hour with the Summer @ the Fed program.

Through the program, which marked its third year in 2014, the students learned more about financial literacy and used economic education curriculum to mentor more than 600 young people involved in summer programs at several community organizations in the Kansas City area, such as the Boys and Girls Club of Greater Kansas City, Operation Breakthrough, KidZone and The Upper Room.

In addition to their mentorship role, the interns gained valuable experience working in a corporate environment completing small projects and participating in workshops led by Bank staff on college and career planning, business communication and other topics.

One intern, LaShale English, described the experience as “an eye-opener and life changing.”

“Personal interaction with the young children has been my favorite part of being a Summer Activities Director at the Federal Reserve Bank,” said another intern, Cynthia Odu. “Every time I interact with kids I realize that I could be a great teacher. I enjoy helping people learn and one of my main goals in life is to share my knowledge with others.”

As part of the 2014 program, the student interns met John Hope Bryant, CEO and Founder of Operation Hope. One student, Brianne Hawkins, noted that Bryant's comments were very inspiring and helped her realize that teaching financial concepts to young people “is very significant and I am even more proud of the work we do.”

In addition to visiting with Bryant, students explored concepts related to entrepreneurship during visits to the 1 Million Cups program, operated by the Kauffman Foundation, and the Sprint Accelerator program.

Summer @ THE FED

In its third year, Summer @ the Fed provided an opportunity for interns to lead and coordinate financial education activities for more than 600 children.



COMMUNITY PARTNERSHIPS

Along with its programs aimed at students at urban and diverse schools, the Kansas City Fed partners with a number of community organizations to provide financial information and resources for underserved communities. A number of these events are listed below.

EVENT	DATE	LOCATION	ATTENDANCE
OPS Academy Junior Internship Prep Day	Feb. 6	Omaha	50
20/20 Leadership High School Student Workshop	Feb. 21	Kansas City	80
Omaha Public Schools reVision Plan	Feb. 24	Omaha	50
Ignition College Connection Personal Finance Presentation	March 8	Omaha	40
OCEE Personal Finance and Economics Challenge Competition	April 1	Oklahoma City	250
Money Smart Kansas City Financial Fun Fest	April 6	Kansas City	350
Denver Public Schools, Alternative Cooperative Extension credit workshop	April 11	Denver	35
Outstanding Economic Student Awards	April 24	Oklahoma City	76
Money Smart Kansas Shreds Contest	April 25	Kansas City	120
Kansas City Black Business Conference	April 26	Kansas City	200
Colorado Department of Education- Governor's event	May 1	Denver	120
Reality U	May 8	Kansas City	100
Mountain Region Black Economic Summit	May 30	Denver	40
Citizen Potawatomi Youth Summit	July 16	Oklahoma City	255
SummerWorks Personal Finance	July 18	Omaha	100
Bull and Bear Investment Camp	Aug. 8	Kansas City	25
New Mexico Tribal UCC Workshop	Aug. 20	Denver	37
Financial Algebra: Stock Market Presentations	Oct. 10	Denver	50
Personal Finance Day/Operation HOPE	Oct. 22	Denver	140

CHALLENGES

The Bank continues to face challenges related to its financial education efforts, including the following:

- Public school districts will continue to be stretched by budget challenges that limit teachers' ability to attend Bank-led training and seminars. Educators are also expected to face limited time and resources that will affect their ability to participate in professional development opportunities the Bank provides.
- Many classrooms will continue to face challenges regarding the amount of time available for economic and financial education activities. The Bank continues to seek ways to incorporate economic education concepts into existing curricular areas, such as math and reading.
- Increasing focus on standards-based teaching requirements in many school districts is preventing teachers from exploring financial and economic concepts with their students in the classroom.

LOOKING AHEAD

The Bank plans to expand and improve its economic education efforts in a number of ways in 2015:

- Provide additional opportunities for the Bank's Student Boards of Directors to expand their personal finance knowledge, career and college preparation activities and networking opportunities with peers and Bank mentors.
- Continue to include culturally relevant anecdotes and examples throughout the Bank's educational resources to ensure maximum effectiveness.
- Strengthen and grow partnerships with urban and diverse schools and community organizations that work with underserved populations.
- Develop additional interactive activities and new resources to make financial concepts relatable for all audiences.



The Bank will continue to strengthen and grow its partnerships with urban and diverse schools through programs such as the Academy of Finance.

Female Representation

JOB CATEGORIES	WHITE		BLACK OR AFRICAN AMERICAN		HISPANIC OR LATINO	
	Number	Percent	Number	Percent	Number	Percent
Executive / Sr. Officials & Managers	7	87.5	-	-	1	12.5
First / Mid Officials & Managers	96	88.9	7	6.5	2	1.9
Professionals ¹	278	84.8	22	6.7	10	3.0
Technicians	27	75.0	7	19.4	1	2.8
Sales Workers	2	50.0	1	25.0	1	25.0
Administrative Support	103	69.1	23	15.4	18	12.1
Craft Workers	-	-	-	-	-	-
Service Workers	4	66.7	1	16.7	-	-
TOTAL	517	80.9%	61	9.5%	33	5.2%

Male Representation

JOB CATEGORIES	WHITE		BLACK OR AFRICAN AMERICAN		HISPANIC OR LATINO	
	Number	Percent	Number	Percent	Number	Percent
Executive / Sr. Officials & Managers	3	75.0	-	-	1	25.0
First / Mid Officials & Managers	120	91.6	4	3.1	4	3.1
Professionals ¹	356	84.6	22	5.2	13	3.1
Technicians	64	81.0	12	15.2	1	1.3
Sales Workers	2	100.0	-	-	-	-
Administrative Support	29	78.4	2	5.4	2	5.4
Craft Workers	33	91.7	1	2.8	1	2.8
Service Workers	69	72.6	13	13.7	8	8.4
TOTAL	676	84.0%	54	6.7%	30	3.7%
GRAND TOTAL	1,193	82.6%	115	8.0%	63	4.4%

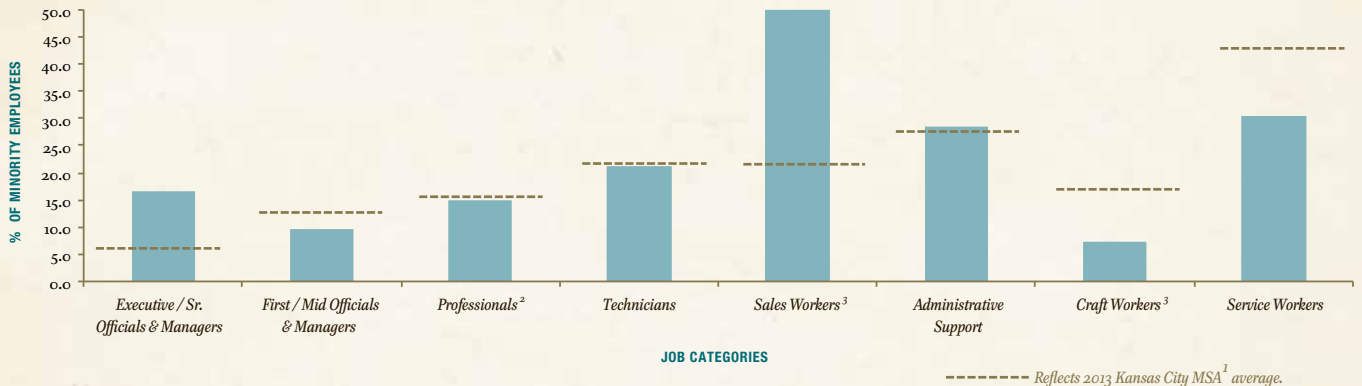
¹Professionals include analysts, economists, examiners, and IT professionals.

NATIVE HAWAIIAN OR PACIFIC ISLANDER		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES		OVERALL TOTALS	
<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
-	-	-	-	-	-	-	-	8	100
-	-	3	2.8	-	-	-	-	108	100
1	0.3	14	4.3	-	-	3	0.9	328	100
-	-	1	2.8	-	-	-	-	36	100
-	-	-	-	-	-	-	-	4	100
1	0.7	3	2.0	-	-	1	0.7	149	100
-	-	-	-	-	-	-	-	0	0
-	-	1	16.7	-	-	-	-	6	100
2	0.3%	22	3.4%	0	0.0%	4	0.6%	639	100%

NATIVE HAWAIIAN OR PACIFIC ISLANDER		ASIAN		AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES		OVERALL TOTALS	
<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
-	-	-	-	-	-	-	-	4	100
-	-	1	0.8	1	0.8	1	0.8	131	100
-	-	24	5.7	2	0.5	4	1.0	421	100
-	-	1	1.3	-	-	1	1.3	79	100
-	-	-	-	-	-	-	-	2	100
-	-	4	10.8	-	-	-	-	37	100
-	-	1	2.8	-	-	-	-	36	100
1	1.1	4	4.2	-	-	-	-	95	100
1	0.1%	35	4.3%	3	0.4%	6	0.7%	805	100%
3	0.2%	57	3.9%	3	0.2%	10	0.7%	1,444	100%

Note: Numbers may not add due to rounding. Information reflects EEO-1 data as defined by the Equal Employment Opportunity Commission (EEOC). The data is as of August 31, 2014, in order to match our submitted annual EEO-1 report to the EEOC. The report is primarily based on employee self-identification. Per EEOC guidance, if race or ethnic information is not self-reported, observer identification may be used. The Federal Reserve Bank of Kansas City follows a practice of reviewing employee representation against the Kansas City MSA EEO-1 data (broken down by EEO-1 categories). The Bank uses EEO-1 category data because measuring performance against the broader population is not comparable; the broader population data does not take into account the demographics of the labor pool that feed into each job group.

2014 MINORITY WORKFORCE REPRESENTATION % *Kansas City Office*



Minorities make up 16.7 percent of the Bank's Senior Management team, more than double the Kansas City MSA average.

2014 FEMALE WORKFORCE REPRESENTATION % *Kansas City Office*



Women make up 45.9 percent of the Bank's First/Mid-level Officials and Managers, exceeding the Kansas City MSA.

¹Kansas City Metropolitan Statistical Area (MSA) is based on 2013 federal statistics provided by the EEOC.

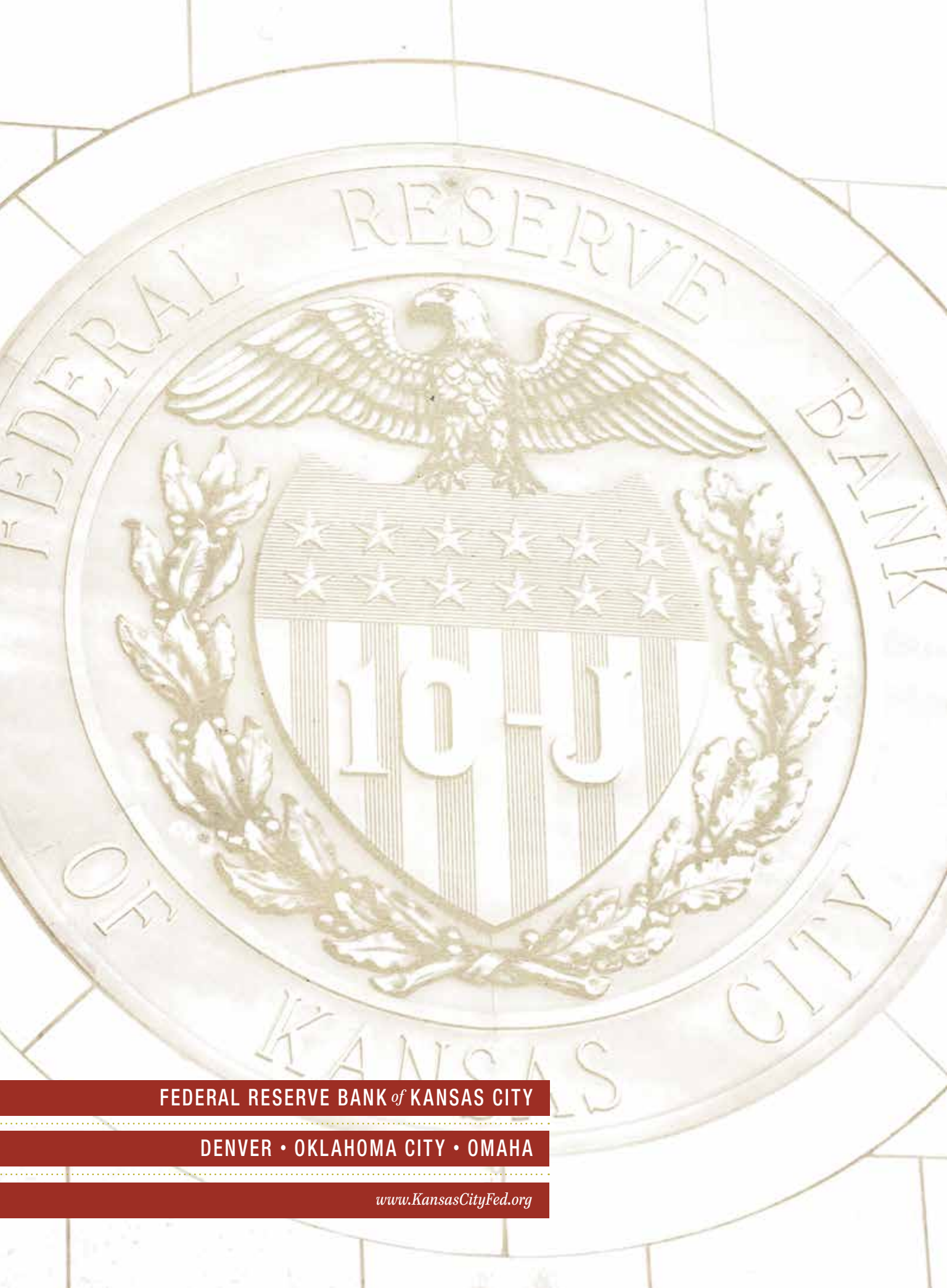
²Professionals include analysts, economists, examiners, and IT professionals.

³Sales workers and craft workers represent a small number of the total workforce.

Note: Numbers may not add due to rounding. Information reflects EEO-1 data as defined by the Equal Employment Opportunity Commission (EEOC). The data is as of August 31, 2014, in order to match our submitted annual EEO-1 report to the EEOC. The report is primarily based on employee self-identification. Per EEOC guidance, if race or ethnic information is not self-reported, observer identification may be used. The Federal Reserve Bank of Kansas City follows a practice of reviewing employee representation against the Kansas City MSA data.

MINORITY *and* FEMALE RECRUITMENT

DIVERSITY RELATED RECRUITING ACTIVITIES	RESULTS		
	2014	2013	2012
Total Number of Minority and Women College and University Events Attended	26	28	25
<i>Historically Black Colleges and Universities Events Attended</i>	10	9	10
<i>Hispanic-serving Colleges and Universities Events Attended</i>	14	17	11
<i>Women's Colleges Events Attended</i>	2	2	4
Sponsorship or Participation in Urban Career Fairs	7	6	4
Number of Employment Advertisements Placed in Diverse Media - Electronic	4,391	5,039	4,084
Number of Employment Advertisements Placed in Diverse Media - Print	10	10	10
Number of Partnerships with Community Organizations - Minority Employment	10	10	9



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The Federal Reserve System

Congress created the Federal Reserve in 1913 to bring financial stability after a number of banking panics. It is the nation's third central bank. The first, established in 1791, and the second, created in 1816, were each operational for 20 years. In both cases, its charter failed to be renewed and the banks closed.

With the Federal Reserve Act, Congress sought to create a central bank the public would be more likely to support by making it "decentralized" with more local control. This new structure was designed to overcome one of the primary weaknesses of the previous central banks: public distrust of an institution that many felt could potentially be under the control of either government or special interests. The new central bank is a network of 12 regional Federal Reserve Banks, located throughout the country and under the leadership of local boards of directors, with oversight from the Board of Governors in Washington, D.C., a government agency.

The Federal Reserve is considered to be independent within government and broadly insulated from political pressures. While members of the Board of Governors are nominated by the president of the United States and confirmed by the Senate, the Federal Reserve's regional structure, including local boards of directors and advisory councils, ensures that views from a broad spectrum of the public nationwide contribute to the central bank's deliberations.

President Woodrow Wilson signed the Federal Reserve Act on Dec. 23, 1913, and the 12 regional Federal Reserve Banks opened on Nov. 16, 1914.

The Federal Reserve Bank of Kansas City

The Federal Reserve Bank of Kansas City and its Branches in Denver, Oklahoma City and Omaha serve the Tenth Federal Reserve District, which encompasses Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming. As a part of the Federal Reserve System, the Bank participates in setting national monetary policy, supervising and regulating numerous commercial banks and bank holding companies, and providing other services to depository institutions.



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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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