



The Federal Footprint in the Kansas City Region

August 26, 2025

Frank Lenk, Director of the Office of Economic Research

Table of Contents

1

Federal jobs have an outsized importance

2

The region vulnerable to potential federal layoffs

3

Federal spending has an even bigger impact

4

Conclusion

**Federal jobs have an
outsized importance to the
KC economy**

The federal government is the largest employer in the Kansas City area economy

29,300

The number of federal workers in the region

1 out of every 40 workers

or 2.5% of the area workforce

Nearly 3 times larger

than the region's largest private employer

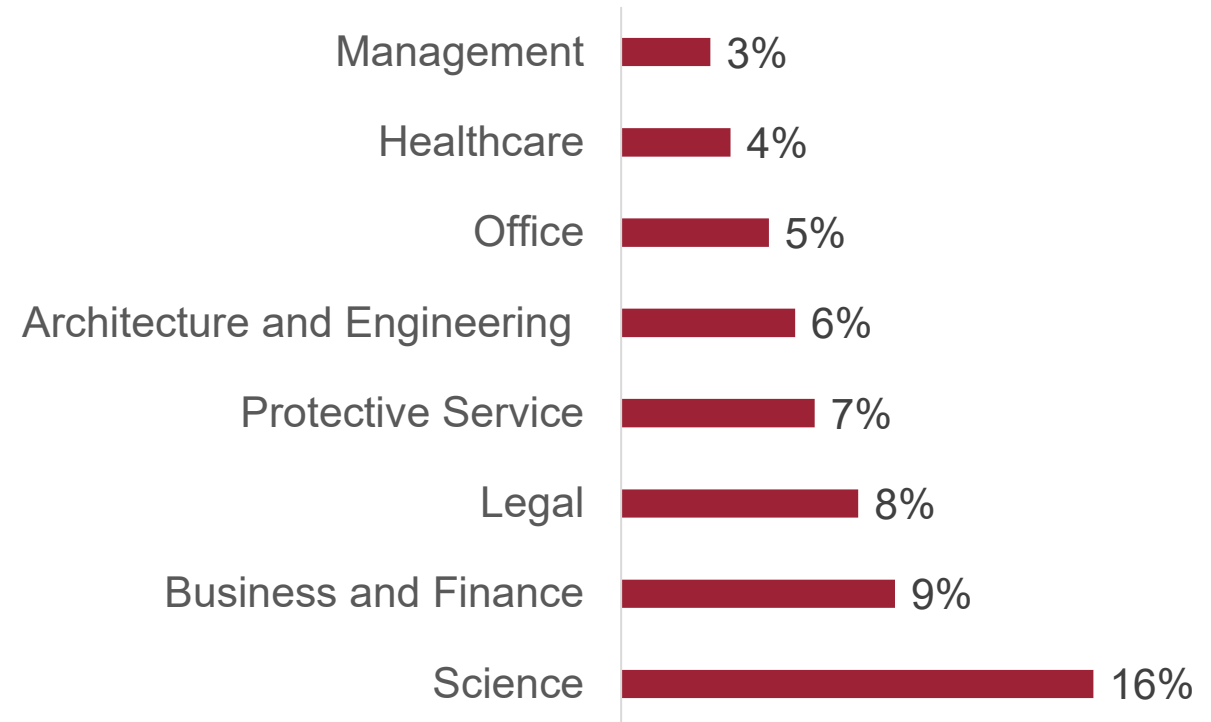


Federal government workers contribute significantly to the region's talent pool

The federal government employs an outsized share of the region's technical talent.

- 16% of its science workers
- 9% of its business and finance workers
- 8% of its legal workers
- 6% of its architecture and engineering workers

Federal Share of KC MSA Occupations
Occupations exceeding the average federal share of KC jobs (2.5%)



The KC economy has a higher concentration of federal workers than most metro areas.

The federal government has a much larger presence in Kansas City than in most other metros.

- The federal share of KC's total employment is 35% larger than average.
- This ranks 8th among the 50 largest metros.

But a larger presence means layoffs will have a larger impact.

Name	Employment Location Quotient
Washington, D.C.	6.07
Virginia Beach	4.11
Oklahoma City	2.43
Baltimore	2.11
San Antonio	1.78
San Diego	1.63
Richmond	1.42
Kansas City	1.35
Jacksonville	1.35
Memphis	1.32
New Orleans	1.23

Federal jobs bring outside money into the region to be spent and respent

This makes the multiplier for federal jobs is as large as a service industry headquarters:

2.43

Job multiplier for federal workers



**The region is vulnerable to
potential federal layoffs**

Federal layoffs are expected to be unprecedented in scale.

-84,000

The official decline in U.S. federal employment between January and July

154,000

The number of federal workers being paid not to work and whose ultimate departure is not yet counted in official employment figures

10%

The percentage decline in the U.S. federal workforce once all reductions are effective

Locally, official figures show only a small decline in the federal workforce

-700

The official decline in KC federal employment compared to June, one year ago

~+500

An estimate of the job gains the region might see if 2,600 jobs in Washington D.C. are spread across 5 USDA hubs

Federal layoffs, if permanent, would have a broad impact on the rest of the regional economy

-3,000

10% of the federal workforce in KC

2.43

Multiplied by the job multiplier for federal workers

-7,300

Yields the total potential job loss in the KC economy

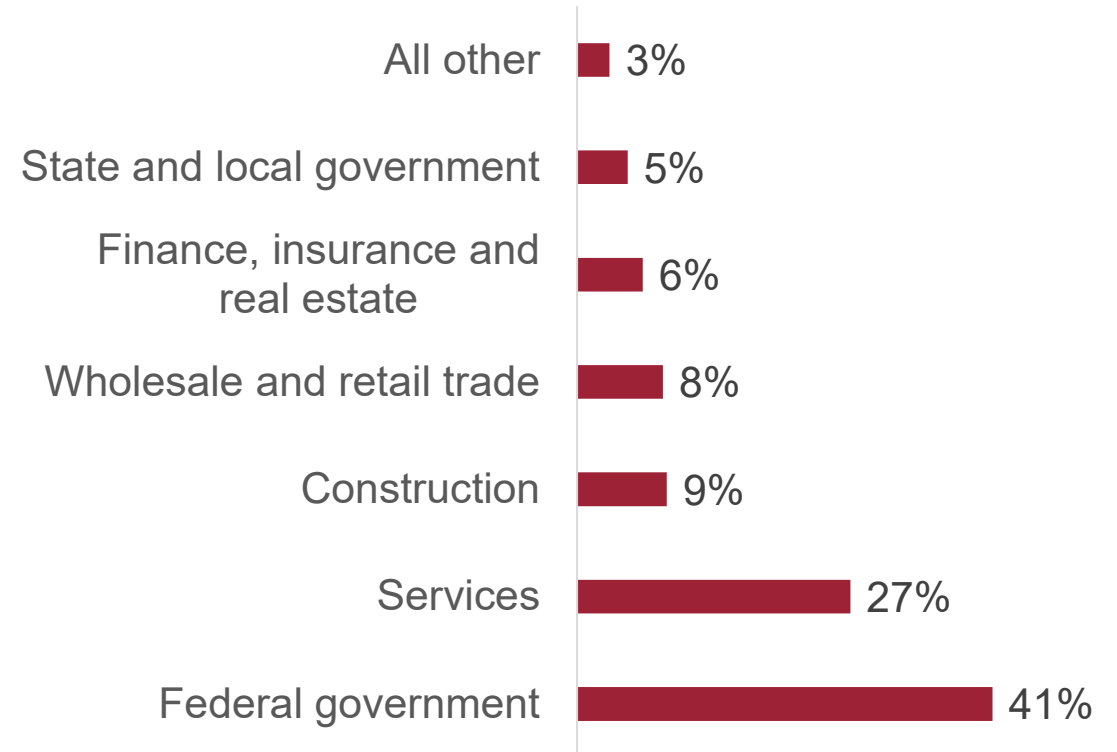


Federal layoffs, if permanent, would have a broad impact on the rest of the regional economy

The loss of 7,300 jobs will be felt in many industries:

- The 3,000 federal layoffs account for 41% of the total job loss.
- Which means that nearly 60% of the job losses are felt in other sectors.

Industry Share of Total Job Losses from Federal Layoffs



Such job losses would result in declines in economic output, population and labor force

-\$872 million

GDP impact

-7,300


Population impact

-4,500

Labor force impact



The labor force impact is less than the jobs impact because people aren't able to quickly move

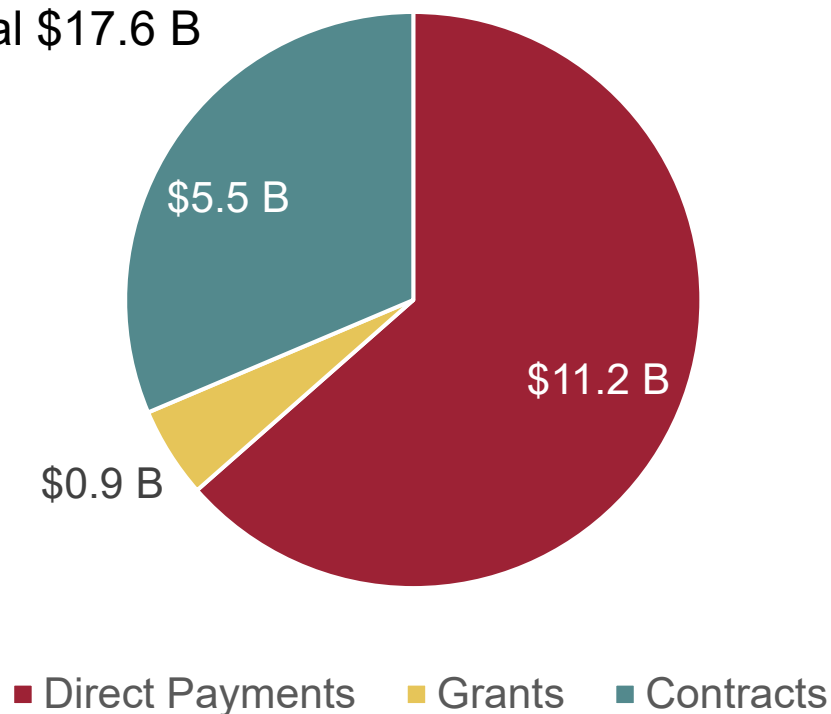
- The layoffs are assumed to take place in 2025, but we run the simulation for 10 years to look at longer-term impacts.
 - The job loss is immediate. It takes time for the labor force to adjust.
 - This opens an opportunity to mitigate the loss if they can be quickly re-employed.
 - We are in an era of chronic labor shortages due to an aging population and lower fertility rates.
 - If we can absorb the workers laid off, growth would pause rather than reverse.
- 

**Federal spending has an even
bigger impact than federal jobs**

FY 2024 Federal spending obligations in KC total nearly \$18B, or about 10% of annual GDP

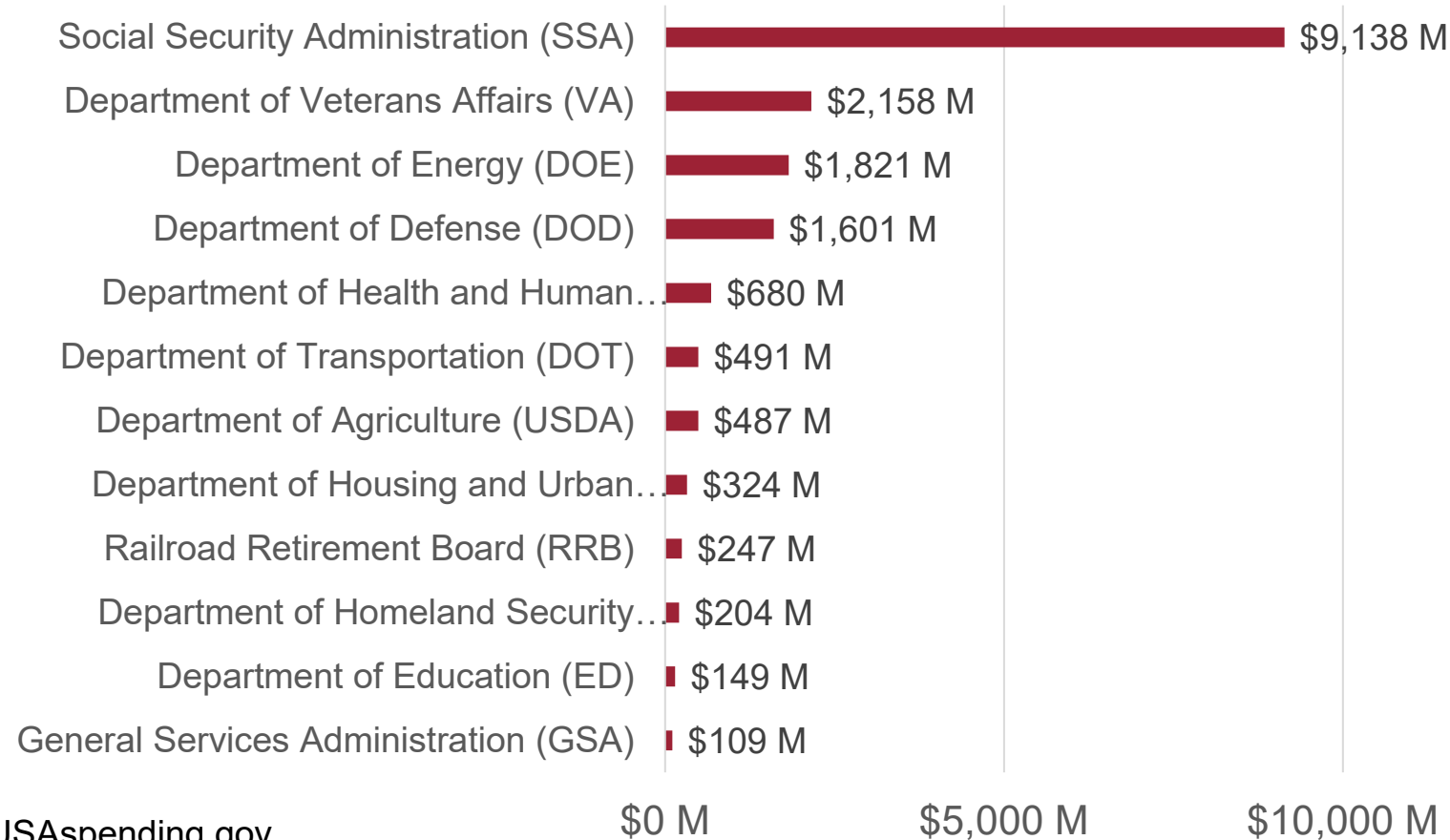
Federal Obligations Effective FY2024 By Type

Total \$17.6 B



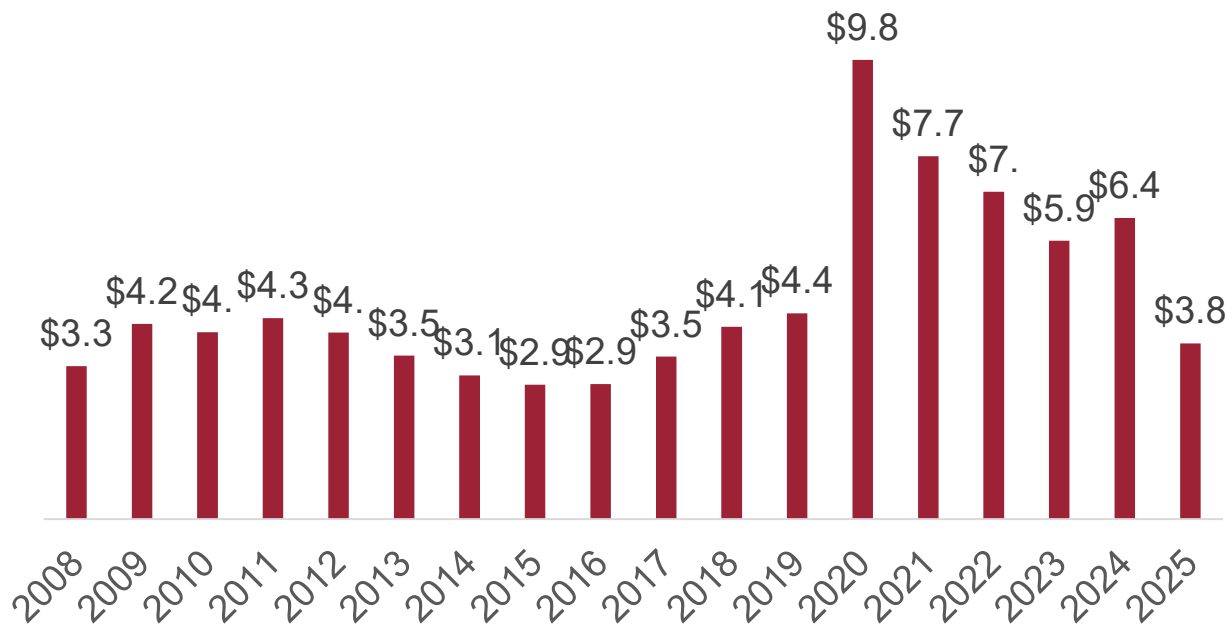
Source: USAspending.gov

Federal Obligations Effective in FY2024 by Agency

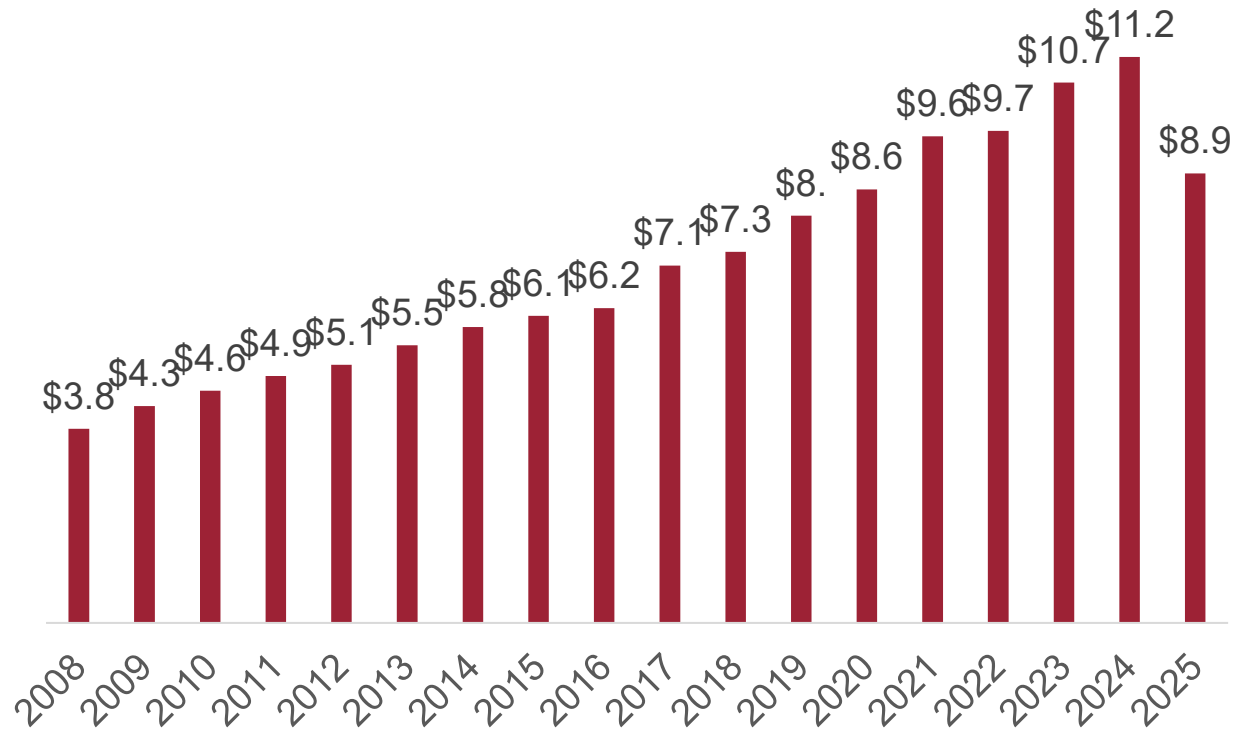


Contract and grant spending is trending down, while direct payments are trending up

Total Federal Obligations: Contracts and Grants (in \$billions)

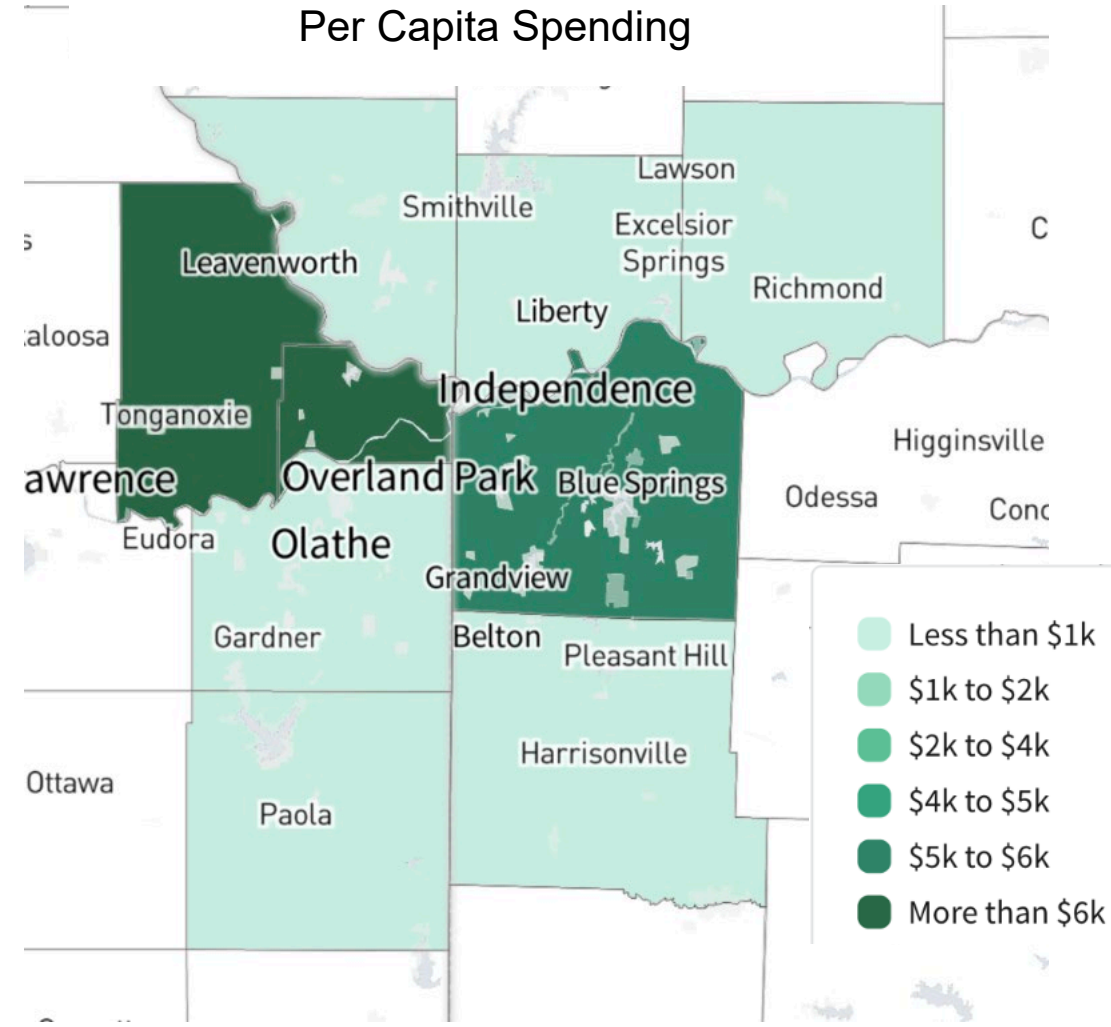
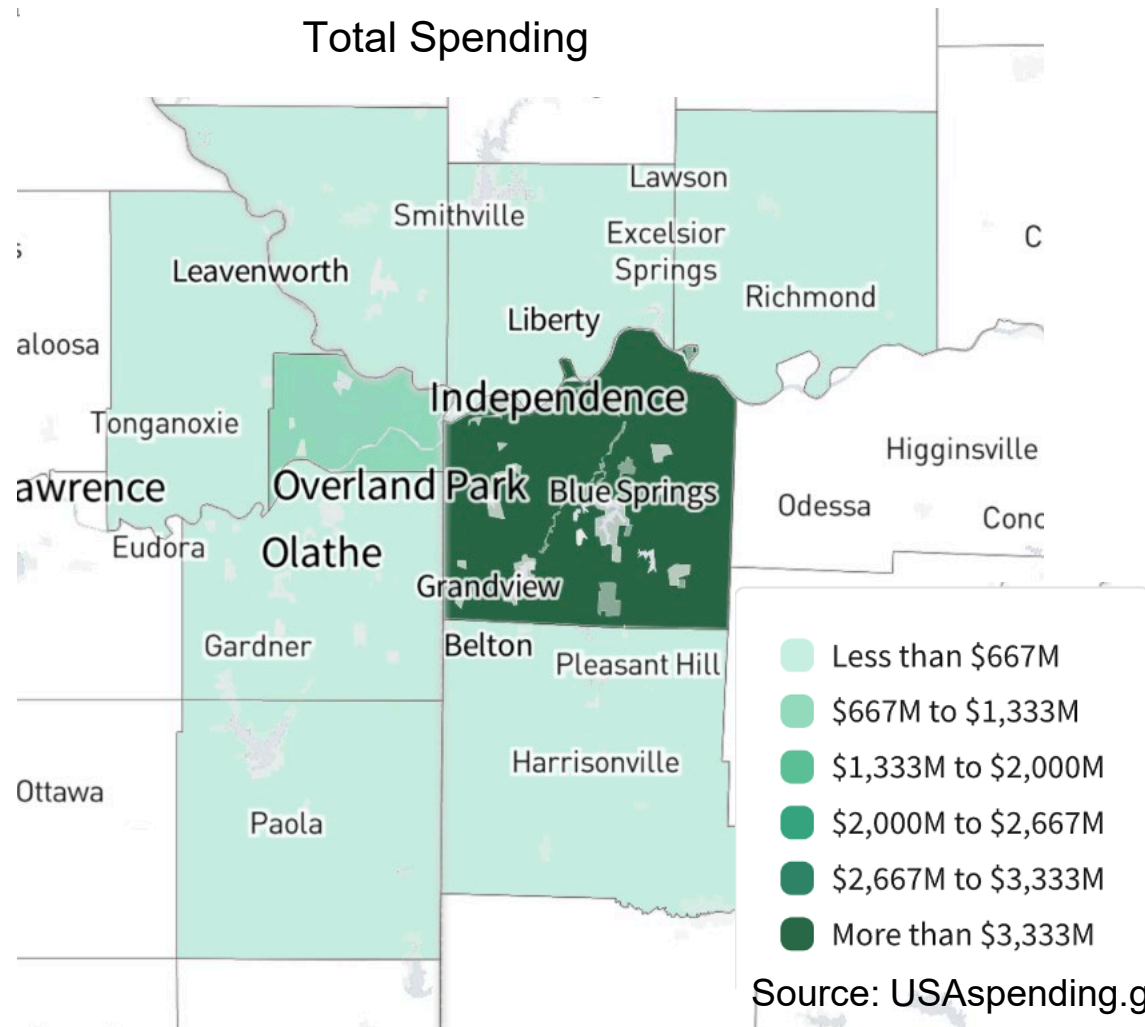


Total Federal Obligations: Direct Payments to Individuals and Businesses (in \$billions)



Source: USAspending.gov


Wyandotte and Leavenworth receive the most from federal contract spending, relative to population



It's not just the amount. These funds represent investment that helps the region grow.


- \$1.9B in USDOT funds will leverage \$1.2B in state and local funds between 2024 and 2028 for state and local transportation projects in our region.
- NSF, NIH and EDA funds are critical for accelerating the regional economy's progress in high-growth industries in animal and human health, biomanufacturing, and critical materials processing.

They also help us keep growing in the face of potential disasters

- Work by U.S. Army Corps of Engineers in the Little Blue River watershed will mitigate \$1.5 billion in projected flooding
 - The Urban Area Security Initiative, currently totaling \$1.4 million annually to our region, provides training and equipment to over 10,000 first responders and health professionals to respond to a wide variety of threats, from natural to cyber attacks to terrorism.
 - This coordinated preparedness and training is more essential than ever as our region prepares to host the fast-approaching 2026 FIFA World Cup.
- 

Beyond statistics, the lives of real people are changed by federal spending.

In 2024, for example, on the Missouri side of our region alone:

- Head Start provided 2,300 young children with high-quality early education with wrap-around services for their families.
 - Area Agencies on Aging, 750,000 meals were served to nearly 10,000 seniors.
 - 78,000 households and 164,000 people received SNAP benefits that help them afford adequate nutrition.
 - Similar stories can be told about about workforce training or health care access.
- 

Conclusion

There's been a lot of numbers in this presentation, but the bottom line is...

We are Partners in Prosperity

Working together, we can create a region where opportunity increases for all who live and work here.

A tomorrow better than today: That's the promise of America.

Here, our costs are not so high, nor our divisions so deep, that we can't make KC the place that fulfills that promise.