



2011 Kansas Economic Report



The Honorable Sam Brownback
Governor
State of Kansas

Karin Brownlee, Secretary
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Message from the Secretary



Greetings—thank you for your interest in the Kansas economy.

Each year, the Kansas Department of Labor releases the Kansas Economic Report, providing a detailed glimpse into the health of our State’s economy and reviewing many of the reports that the Department of Labor compiles throughout the year. I am pleased to present to you the 2011 Kansas Economic Report.

Kansas is a special place. Our people are some of the hardest working and most dedicated in the country. Our farms produce goods that are exported all over the globe. Our manufacturers and engineers build the best airplanes in the world, keeping our military service men and women safe and allowing our Kansas families to travel the world. Our cities are home to global headquarters of some of the country’s leading technology

companies, strong and prosperous service sector businesses and some of the best health care providers around. Kansas is truly a special place and has a truly unique economy.

However, we have seen we are not immune to the overall trends of our suffering national economy. The Great Recession hit us and hit us hard. The number of unemployed Kansans has been higher the last couple of years than at any time in decades. The Unemployment Insurance Trust Fund even required a sizable loan from the federal government in order to keep benefits flowing to those in need. Our entire staff at the Kansas Department of Labor is working diligently to provide excellent service to our customers, workers and employers alike.

A silver lining in the current economic conditions is the Kansas economy has consistently been healthier than the overall national economy. Our current unemployment rate is 6.5 percent – almost two and a half points lower than the national average. While this is still too high, it shows the “infrastructure” of our state’s economy is healthy and ready to rebound at any moment.

The information included in this 2011 Kansas Economic Report digs down and describes in detail many of the trends we have experienced in the last year as well as what we might expect to see during the months ahead. The staff in our Labor Market Information Services Division has worked tirelessly to present this information in a user-friendly format. We hope this is beneficial to you and we welcome your feedback at Communications@dol.ks.gov.

Again, thank you for your efforts to grow the Kansas economy and make Kansas the best place in America to work and do business.

A handwritten signature in cursive script that reads "Karin Brownlee". The ink is dark and the signature is fluid and legible.

Karin Brownlee
Secretary
Kansas Department of Labor

Executive Summary

Overall, the economy in Kansas continued to be slow in 2010 despite the official end of the recession in June 2009. Labor market conditions, including indicators like the unemployment rate and non-farm employment, did not show any real improvement in 2010. The unemployment rate improved slightly from an average of 7.1 percent in 2009 to 7.0 percent in 2010. However, both the number of employed and unemployed Kansans declined, indicating a possible increase in discouraged workers – those who are unemployed and available to work, but have stopped looking for jobs because of the difficulty in finding employment. Non-farm employment declined for the second year in a row, recording a 1.5 percent decrease. This is a lower rate of decline than in 2009, when employment reduced by 3.4 percent.

However, there are positive signs that the economy is recovering. The unemployment rate continues to decrease in 2011 from numbers posted a year ago, giving reason for cautious optimism of a recovery beginning to take hold. Kansas continues to have a high labor force participation rate compared to the rest of the nation. Both short-term and long-term occupational projections show an increase of jobs in the future in the vast majority of occupations and industries. Also, the number of online job openings has increased steadily over recent months, indicating an increase in the demand for Kansas workers.

Inflation also returned in 2010 after the year of deflation experienced in 2009. The Midwest Consumer Price Index (CPI) – a measure of the change in price paid by consumers for a representative basket of goods and services – which includes Kansas, increased by 1.9 percent. There were several large over-the-year increases in prices, with the highest increase being 18.9 percent in the price of motor fuel. For the second straight year, increases in wages have outpaced inflation, meaning that workers' spending power has actually increased. The housing market also continues to be weak in Kansas as home prices declined slightly and existing home sales and the number of building permits decreased. Despite the softness of the market, the Kansas housing market has fared better than most of the nation.

On a positive note, the business climate in Kansas did improve in 2010. The gross domestic product (GDP) – the sum of all goods and services produced in the state – grew after declining in 2009. GDP growth was also experienced in nine of the 11 major industry sectors, including large increases in natural resources and mining, manufacturing, and trade, transportation and utilities. Exports also increased from 2009 to 2010 by \$1 billion, spurred by the growing demand for food products and chemical products, including ethanol.

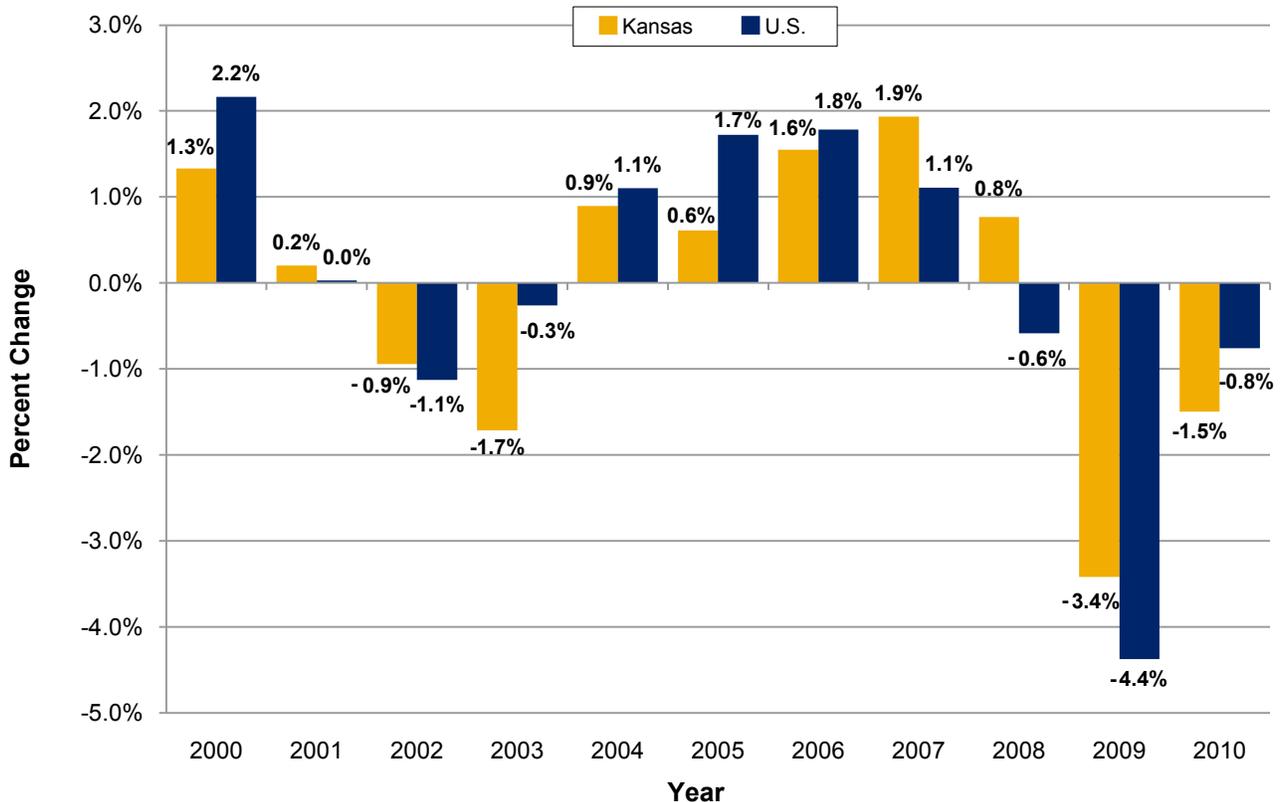
Note: Due to revisions and benchmarking processes, some data may have been updated since the 2010 Economic Report was published. The data included in the 2011 Economic Report is current as of July 22, 2011. For more information on data found in this report, see Sources on page 50.

Employment

In 2010, Kansas experienced employment reductions for the second year in a row, losing approximately 20,000 jobs. This resulted in a 1.5 percent contraction in non-farm employment, which is better than the 3.4 percent decline experienced in 2009. Nationally, non-farm employment decreased 0.8 percent, also better than the 4.4 percent decrease in 2009. This is the first time since 2006 that Kansas' non-farm growth rate was lower than the national rate. Figure 1 below illustrates the annual change in non-farm employment in Kansas and the U.S. beginning with 2000.

Non-farm employment is one of the most current indicators of the health of the economy each month. As firms experience changes in demand for their goods and services, they adjust employment levels accordingly. Employment growth indicates a healthy labor market for an area's economy.

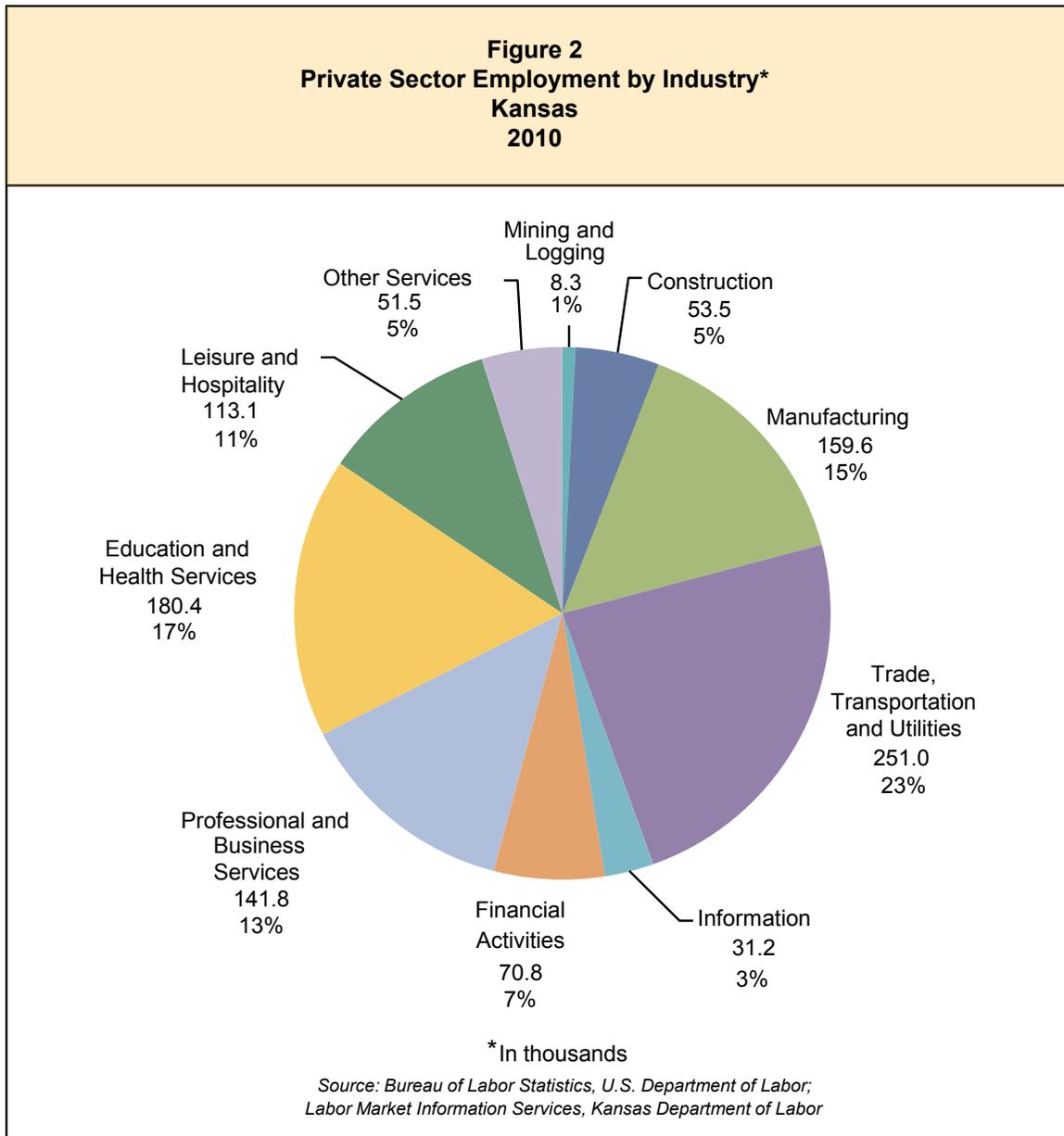
Figure 1
Percent Change in Non-Farm Employment
Kansas and U.S.
2000 - 2010



Source: Bureau of Labor Statistics, U.S. Department of Labor; Labor Market Information Services, Kansas Department of Labor

Employment

Employment reductions continued in most industries in 2010. The manufacturing industry recorded the largest decline, losing 7,600 jobs. The construction industry, trade, transportation and utilities industry and information industry also experienced significant declines, losing approximately 4,000 jobs each. The professional and business services industry led industries that expanded in 2010, gaining 1,000 jobs. Below, Figure 2 displays the private sector employment by industry in 2010.



Employment

As shown in Table 1 below, since February 2011 employment has generally trended upward. However, a comparison of monthly non-farm employment in 2010 to monthly non-farm employment in 2011 reveals an over-the-year decrease in every month. This over-the-year decrease is significant when used as an economic indicator, as it eliminates the influence of many seasonal factors that are evident when making over-the-month comparisons. The last time monthly non-farm employment was higher than the same month during the previous year was in October 2008.

Table 1 Non-Farm Employment* Kansas and U.S. 2000 - 2010											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kansas	1,346.1	1,348.8	1,336.1	1,313.2	1,325.0	1,333.1	1,353.8	1,380.0	1,390.6	1,343.1	1,323.0
U.S.	131,785.0	131,826.0	130,341.0	129,999.0	131,435.0	133,703.0	136,086.0	137,598.0	136,790.0	130,807.0	129,818.0

2011						
	January	February	March	April	May	June**
Kansas	1,295.4	1,294.6	1,309.3	1,325.6	1,334.6	1,330.6
U.S.	128,183.0	128,994.0	129,899.0	131,072.0	131,703.0	132,079.0

*In thousands

** Preliminary

Source: Bureau of Labor Statistics, U.S. Department of Labor;
Labor Market Information Services, Kansas Department of Labor

Although the most recent recession officially started in December 2007 and ended in June 2009, Kansas reached its most recent peak in non-farm employment in May 2008, and its most recent low in February 2011. Nationally, the most recent peak in non-farm employment was in November 2007, with the most recent low occurring in January 2010. Since November 2007, Kansas has experienced a 5.3 percent net loss in employment while the U.S. has experienced a 5.0 percent net loss.

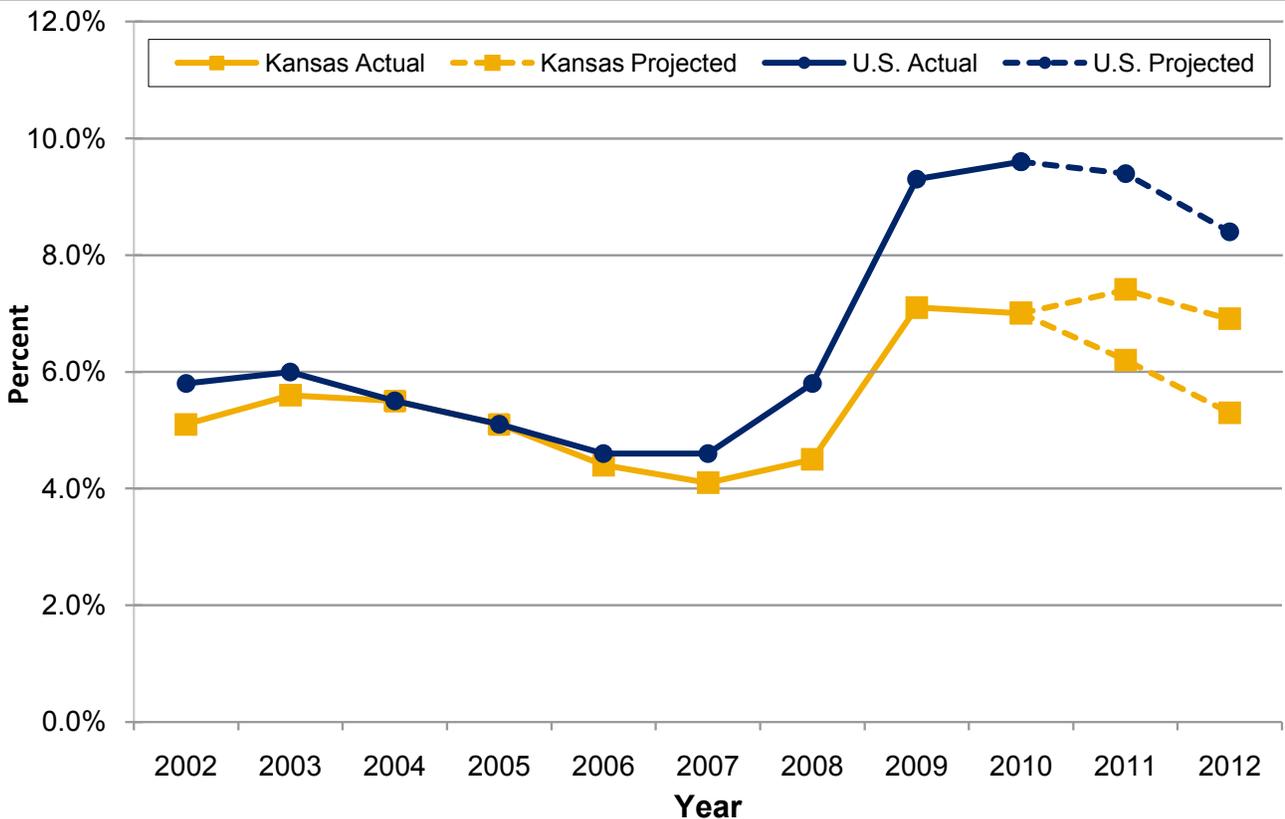
Labor Force Statistics

Unemployment Rate

In 2010, Kansas reported an average annual unemployment rate of 7.0 percent, down from 7.1 percent in 2009. This marks the first decline – albeit small – in the state unemployment rate since 2007. Kansas’ rate continues to be significantly lower than the national unemployment rate, which averaged 9.6 percent in 2010. The national rate increased for the third straight year, recording a 0.3 percent increase from 2009. Figure 3 below compares the unemployment rates for Kansas and the U.S. for 2002-2010, as well as the projected rates for the next two years.

The unemployment rate and labor force provide key insights into the dynamics of labor availability and demand.

Figure 3
Annual Employment Rates
Kansas and U.S.
2002 - 2012

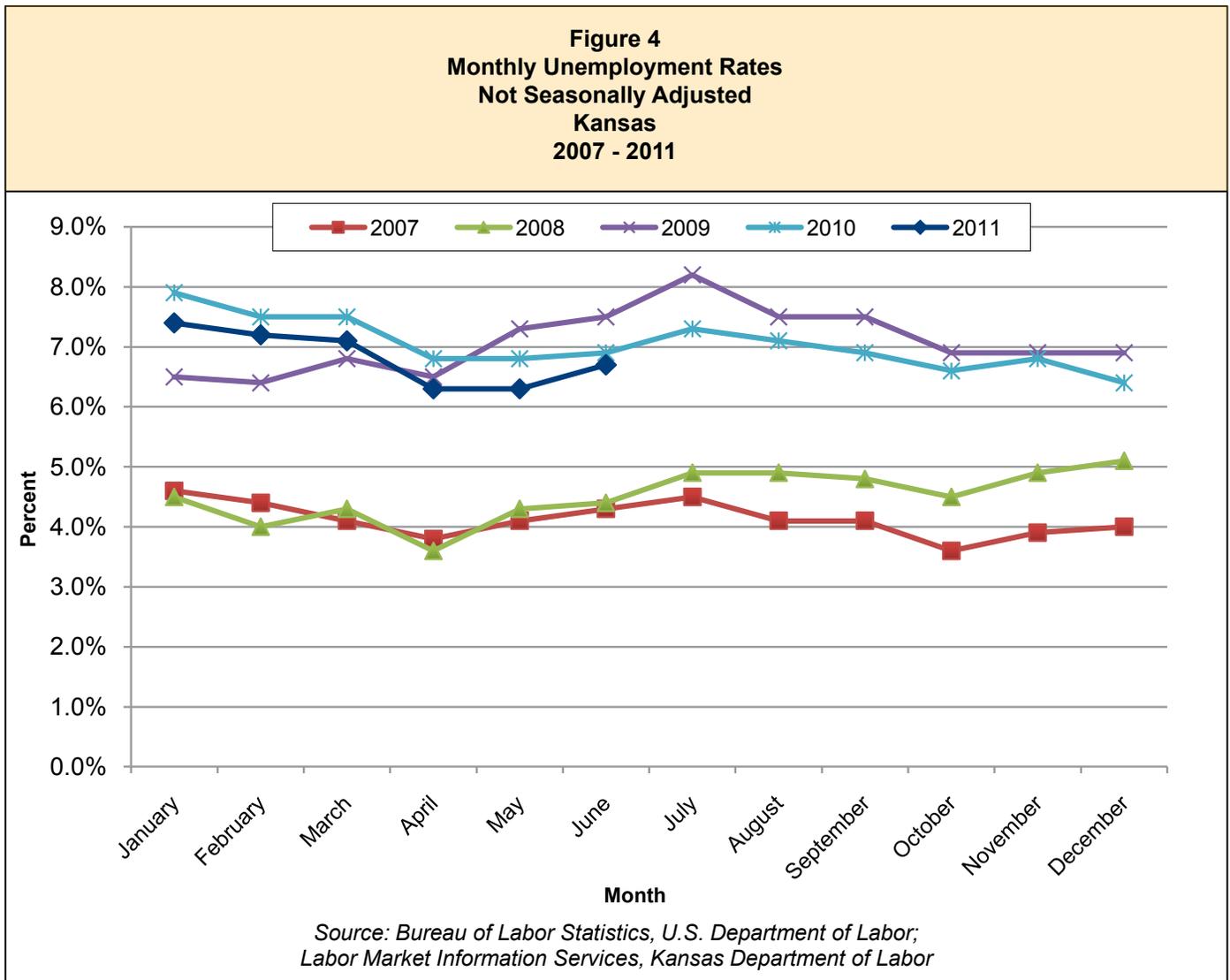


Source: Bureau of Labor Statistics, U.S. Department of Labor; Congressional Budget Office; Labor Market Information Services, Kansas Department of Labor

Labor Force Statistics

According to labor market forecasts, the unemployment rate in Kansas is projected to fall to between 6.2 percent and 7.4 percent in 2011, and to between 5.3 percent and 6.9 percent in 2012. This range allows for the uncertainty of economic conditions. The national unemployment rate is projected to decrease in this same period, lowering to 9.4 percent in 2011 and 8.4 percent in 2012.

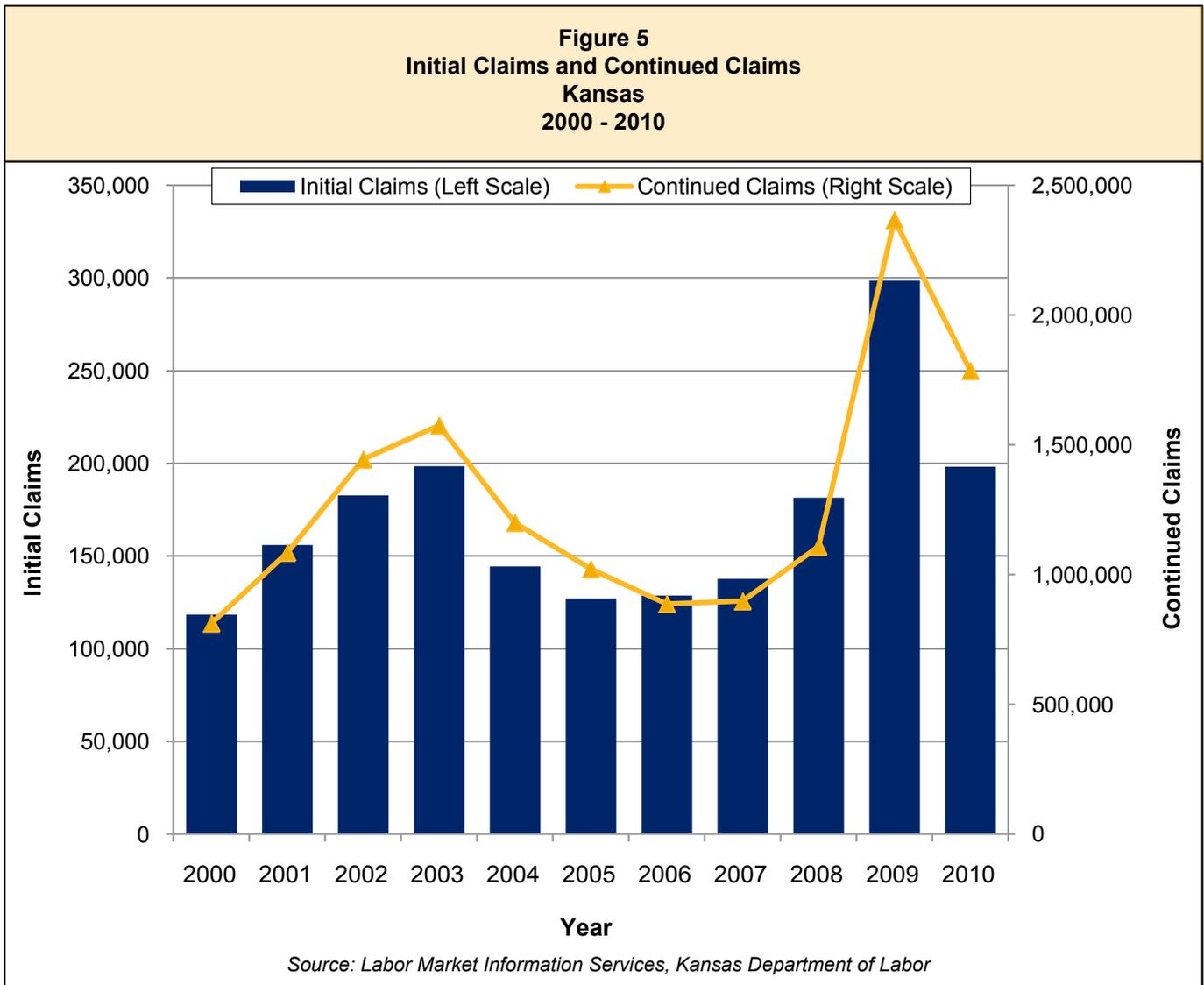
Figure 4 below displays the unemployment rate in Kansas on a monthly basis for the most recent five-year period. After the unemployment rate peaked in July 2009 at 8.2 percent, the rate has generally trended downward. Since May 2010, the unemployment rate has continued to be lower than the rate experienced in the same month during the previous year.



Labor Force Statistics

Initial and Continued Claims

Reviewing Unemployment Insurance (UI) claim numbers is another way to assess unemployment. Initial claims are an indicator of new, emerging unemployment, while continued claims are an indicator of the difficulty the unemployed have finding a new job. Neither are actual counts of unemployed persons since an individual may file multiple initial or continued claims in a single year. A historical view of initial and continued claims in Kansas is shown in Figure 5 below.



Labor Force Statistics

As expected, initial and continued claims generally demonstrate the same trend. With the exception of 2006, as the number of initial claims rose, so too did the number of continued claims. Likewise, as the number of initial claims fell, the number of continued claims fell as well.

Further, the number of initial claims decreased by 33.6 percent in 2010 from the peak experienced in 2009. The number of continued claims also fell 24.6 percent in 2010. However, the number of claims is still significantly higher than pre-recession levels. From 2005 to 2010, initial claims rose 56 percent while continued claims rose by 74.9 percent.

Labor Force and Labor Force Participation

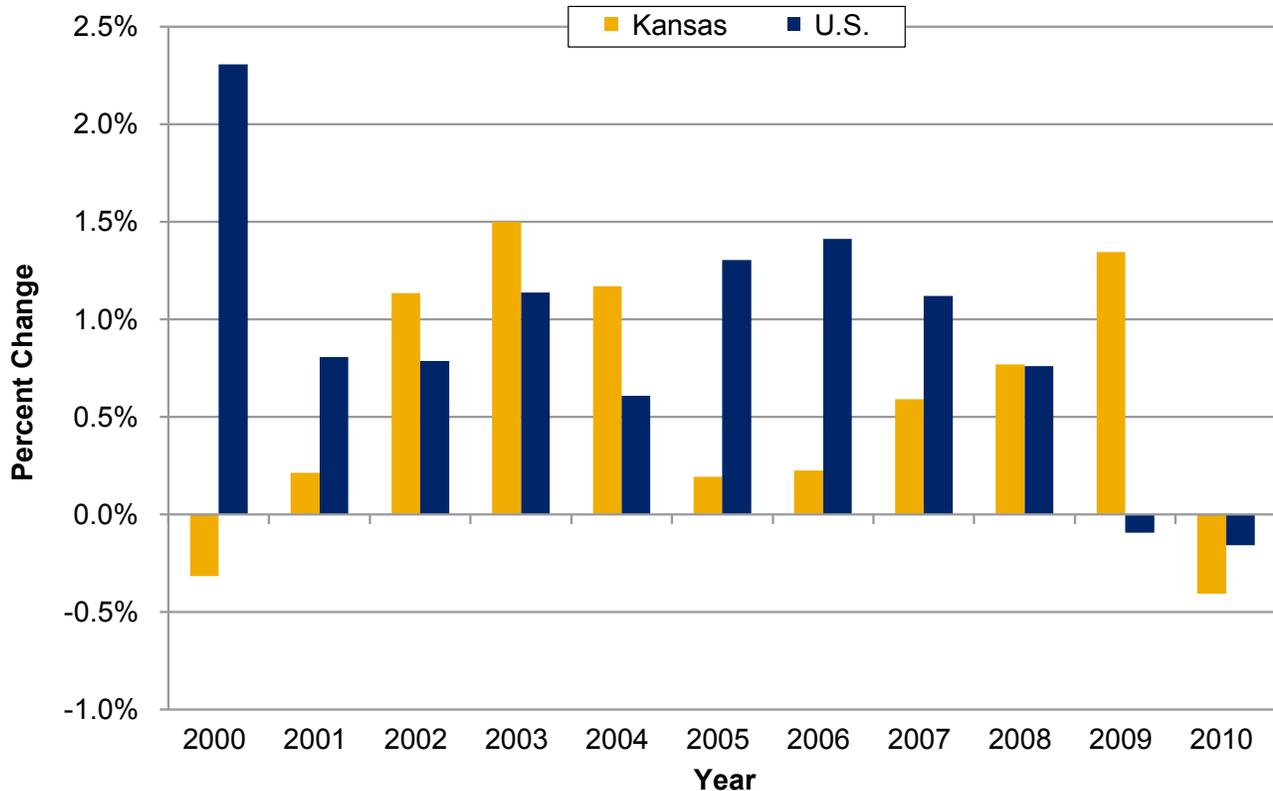
The number of people in the Kansas labor force (those over the age of 16 who are employed or unemployed and actively seeking work) measured 1,502,313 in 2010, a decrease from 1,508,422 people recorded in 2009. Reductions of 0.4 percent in the number of employed and 1.0 percent in the number of unemployed contributed to the decline. When both employment and unemployment decrease, this indicates people have left the labor force due to either leaving the state of Kansas or because they are no longer actively seeking employment. There are several possible reasons for this, including retirement or people becoming marginally attached to the labor force. Additionally, those that are marginally attached include discouraged workers, those who are not looking for work due to the belief there are no available jobs, and those who have not looked for work due to personal reasons such as family or school.

This downward trend is also seen when looking at the labor force by age group. The labor force declined for all age groups except for those between the ages of 25 and 34 and those 65 years or older, which recorded a 2.5 percent increase and remained unchanged respectively. One of the major reasons that these two groups did not record a decrease is that they were the only two age groups that saw an increase in population between 2009 and 2010. The largest declines in the labor force were recorded for people between 16 and 24 years old and 45 to 54 years old, which decreased by 5.7 and 5.2 percent respectively. A possible explanation for the large declines in these two groups are an increase in discouraged workers and an increase in people in the 16 to 24 year old age group attending post-secondary institutions and not looking for jobs.

2010 was the first year the labor force in Kansas decreased in size since 2000. The U.S. recorded a decline for the second straight year of 0.2 percent. As a result, the percent change for the U.S. is better than the percent change in Kansas for the first time since 2007, as reflected in Figure 6 on the following page.

Labor Force Statistics

Figure 6
Percent Change in Labor Force
Kansas and U.S.
2000 - 2010



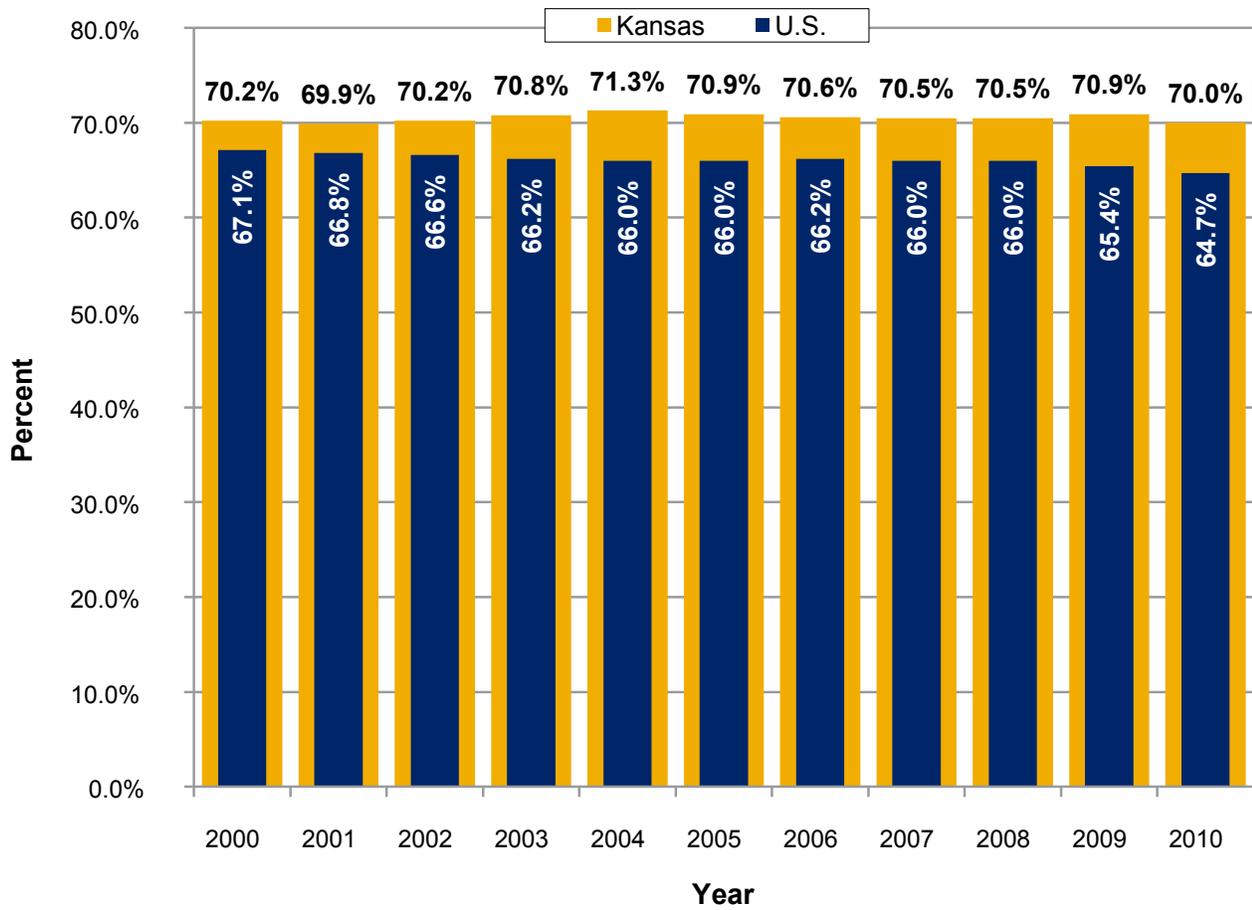
Source: Bureau of Labor Statistics, U.S. Department of Labor;
Labor Market Information Services, Kansas Department of Labor

However, the labor force participation rate in Kansas remained among the highest in the nation. The labor force participation rate measures the percentage of all individuals above the age of 16, non-institutionalized and civilian, who participate in the labor force. For Kansas, this rate was 70.0 percent, which is the seventh highest rate in the nation and well above the national rate of 64.7 percent, as shown in Figure 7 on the next page. This is a decline from 70.9 percent in 2009, making the 2010 rate the lowest since 2001.

A large contributor to Kansas having such a high labor participation rate is the rate for individuals between 16 to 19 years old. This age group has a labor participation rate of 48.7 percent, which is 13.8 percent above the national average for the age group and the ninth highest rate in the nation. The rate for every other age group in Kansas is also above the national average.

Labor Force Statistics

Figure 7
Labor Force Participation Rate
Kansas and U.S.
2000 - 2010

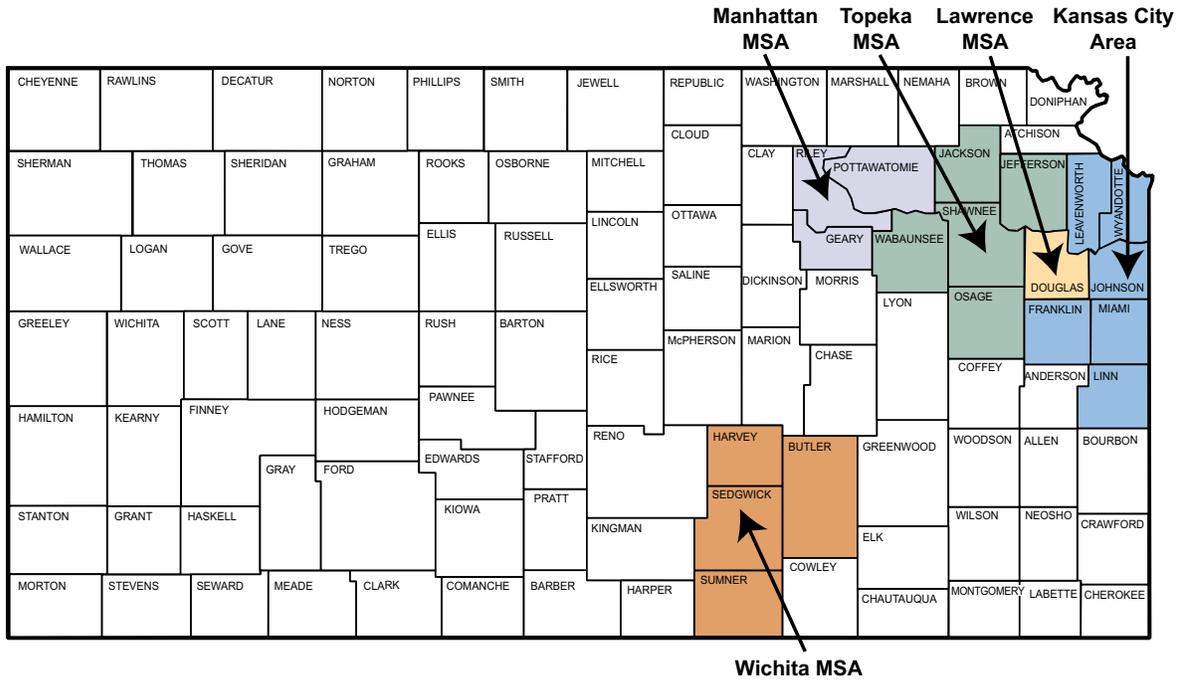


Source: Bureau of Labor Statistics, U.S. Department of Labor

Labor Force Statistics

Labor Force Statistics for the MSAs

Kansas is divided into five Metropolitan Statistical Areas (MSAs) plus an additional area known as the “Balance of State” – the collection of all other counties not included in a specific MSA. The five Kansas MSAs consist of the Kansas City, Lawrence, Manhattan, Topeka and Wichita areas.



For each of the MSAs in Kansas, Table 2 below displays the labor force and Figure 8 on the next page displays the unemployment rate. The labor force has seen a general upward trend over the past decade.

Table 2 Labor Force by MSA* Kansas 2000 - 2010											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Statewide	1,405.1	1,408.1	1,424.1	1,445.4	1,462.3	1,465.1	1,468.4	1,477.1	1,488.4	1,508.4	1,502.3
Kansas City**	401.7	405.0	408.9	420.7	427.3	432.6	431.8	436.3	437.1	434.5	430.3
Lawrence	58.5	59.3	59.7	61.7	63.1	63.2	62.6	61.9	61.3	62.8	63.3
Manhattan	51.4	51.1	51.5	53.4	55.2	55.9	57.5	62.7	61.2	62.3	64.5
Topeka	120.4	121.5	123.8	124.2	125.1	123.5	119.4	119.6	120.2	122.9	124.1
Wichita	299.1	301.7	305.1	303.0	305.2	307.2	307.5	311.6	315.0	320.1	314.4
Balance of State	474.0	469.5	475.1	482.5	486.3	482.7	489.6	485.1	493.7	505.8	505.7

* In thousands

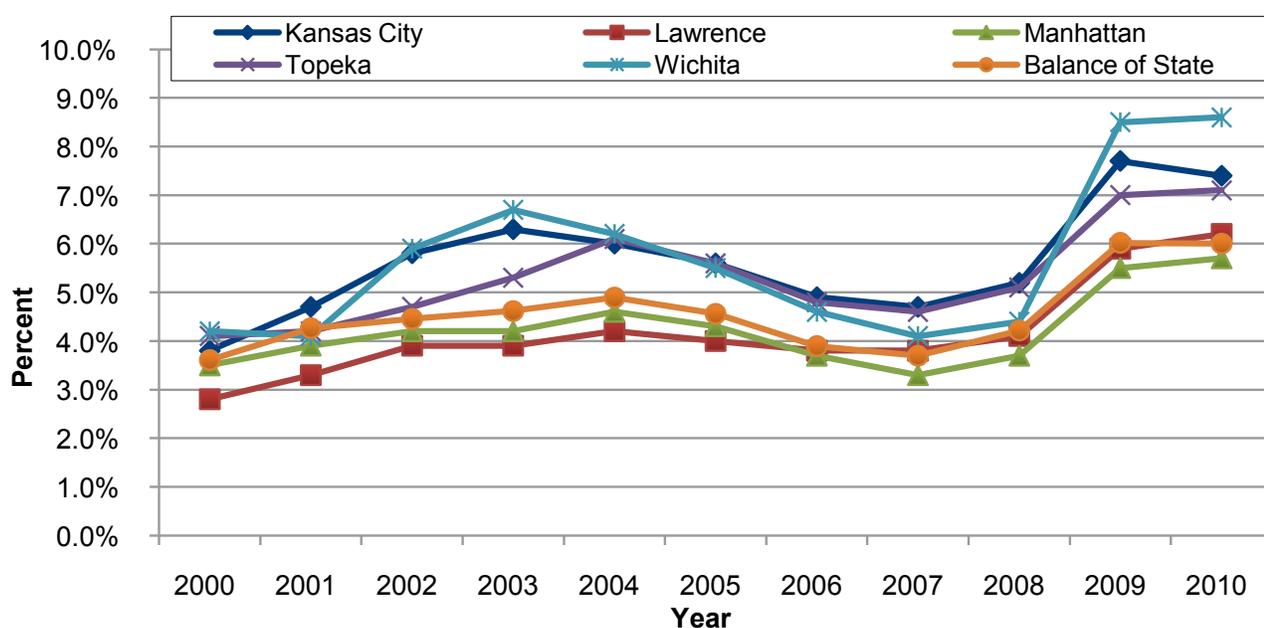
Kansas City includes Kansas portion of Kansas City MSA

NOTE: Numbers may not add due to rounding

Source: Bureau of Labor Statistics, U.S. Department of Labor; Labor Market Information Services, Kansas Department of Labor

Labor Force Statistics

Figure 8
Unemployment Rate by MSA
Kansas
2000 - 2010



Source: Bureau of Labor Statistics, U.S. Department of Labor;
 Labor Market Information Services, Kansas Department of Labor

In 2010, the labor force expanded in three of the MSAs and contracted in two. The unemployment rate increased for the second straight year in four out of the five MSAs in 2010. The exception was the Kansas City Area, where the unemployment rate improved by 0.3 percent.

Kansas City Area

The Kansas City Area includes the Kansas portion of the Kansas City MSA. It is composed of Franklin, Johnson, Leavenworth, Linn, Miami and Wyandotte counties. In 2010, the labor force contracted by 1.0 percent. Both employment and unemployment declined. Employment decreased by approximately 2,700 individuals, while unemployment decreased by about 1,600 individuals. From 2000 to 2010, the Kansas City Area labor force increased 7.1 percent, while the unemployment rate increased from 3.8 percent to 7.4 percent.

Lawrence MSA

Douglas County is the only county in the Lawrence MSA. The labor force experienced a slight growth of 0.9 percent in 2010. The number of employed individuals increased by more than 300, while the number of unemployed increased by more than 200 individuals. From 2000 to 2010, the labor force increased 8.3 percent, while the unemployment rate increased from 2.8 percent to 6.2 percent.

Labor Force Statistics

Manhattan MSA

The Manhattan MSA is comprised of Geary, Pottawatomie and Riley counties. The labor force recorded the highest growth among the MSAs, edging up by 3.4 percent. The number of individuals employed grew by almost 1,900, while the number of unemployed individuals increased by approximately 300. The Manhattan MSA also has the fastest growing labor force of any MSA in Kansas between 2000 and 2010, with an increase of 25.5 percent. During that same time, employment increased by 22.6 percent, while the unemployment rate increased from 3.5 percent to 5.7 percent.

Topeka MSA

The Topeka MSA consists of Jackson, Jefferson, Osage, Shawnee and Wabaunsee counties. In 2010, the labor force grew by 1.0 percent. Employment rose by more than 1,000 individuals, while unemployment increased by more than 200 individuals. From 2000 to 2010, the labor force increased by 3.1 percent, the smallest growth rate of any Kansas MSA for this time period. The Topeka MSA was also the only Kansas MSA to experience a decline in employment from 2000 to 2010, recording a decrease of about 100 individuals. The unemployment rate has increased from 4.1 percent in 2000 to 7.1 percent in 2010.

Wichita MSA

The Wichita MSA includes Butler, Harvey, Sedgwick and Sumner counties. The Wichita MSA recorded the largest over-the-year decrease in the number of individuals in the labor force with a decline of 1.8 percent. Both employment and unemployment decreased by more than 5,500 and more than 100 respectively. From 2000 to 2010, the labor force grew by 5.1 percent. Employment increased by 0.3 percent from 2000 to 2010, while the unemployment rate increased from 4.2 in 2000 to 8.6 in 2010, the largest unemployment rate increase among Kansas MSAs.

Balance of State

The Balance of State includes the remaining 86 counties not included in any of the five MSAs. The labor force for this area showed very little change, decreasing by more than 100 individuals. The number of individuals employed and unemployed both decreased by less than 100 individuals. From 2000 to 2010, the Balance of State labor force increased 6.7 percent, with the number of employed increasing by 4.0 percent and the unemployment rate increasing from 3.6 in 2000 to 6.0 in 2010.

Of the 86 counties included in the Balance of State, 44 counties experienced growth in the labor force while 42 counties recorded a decrease. Hodgeman County recorded the largest over-the-year growth with a 5.0 percent increase. Decatur County posted the largest over-the-year decline with a 5.3 percent reduction.

Job Vacancies

2011 Kansas Job Vacancy Survey

The Job Vacancy Survey is conducted by the Kansas Department of Labor during the second quarter of each year. It surveys employers across the State in order to measure recent labor demands by industry and occupation. The most current survey was conducted in the second quarter of 2011. The numbers in this report are preliminary and the full Job Vacancy Survey report will be released in the fall of 2011.

A comparison of the number of unemployed individuals to the number of vacant jobs indicates the tightness of an area's labor market. Moreover, the number of job openings in Kansas that employers are actively trying to fill provides a snapshot of the current demand for workers in the State.

The statewide job vacancy rate in the second quarter of 2011 was 2.3 percent, which indicates that for every 100 positions in Kansas, 2.3 positions were vacant and 97.7 positions were filled. This equates to approximately 30,697 job vacancies in the State, a slight decrease from the 32,091 recorded in the second quarter of 2010.

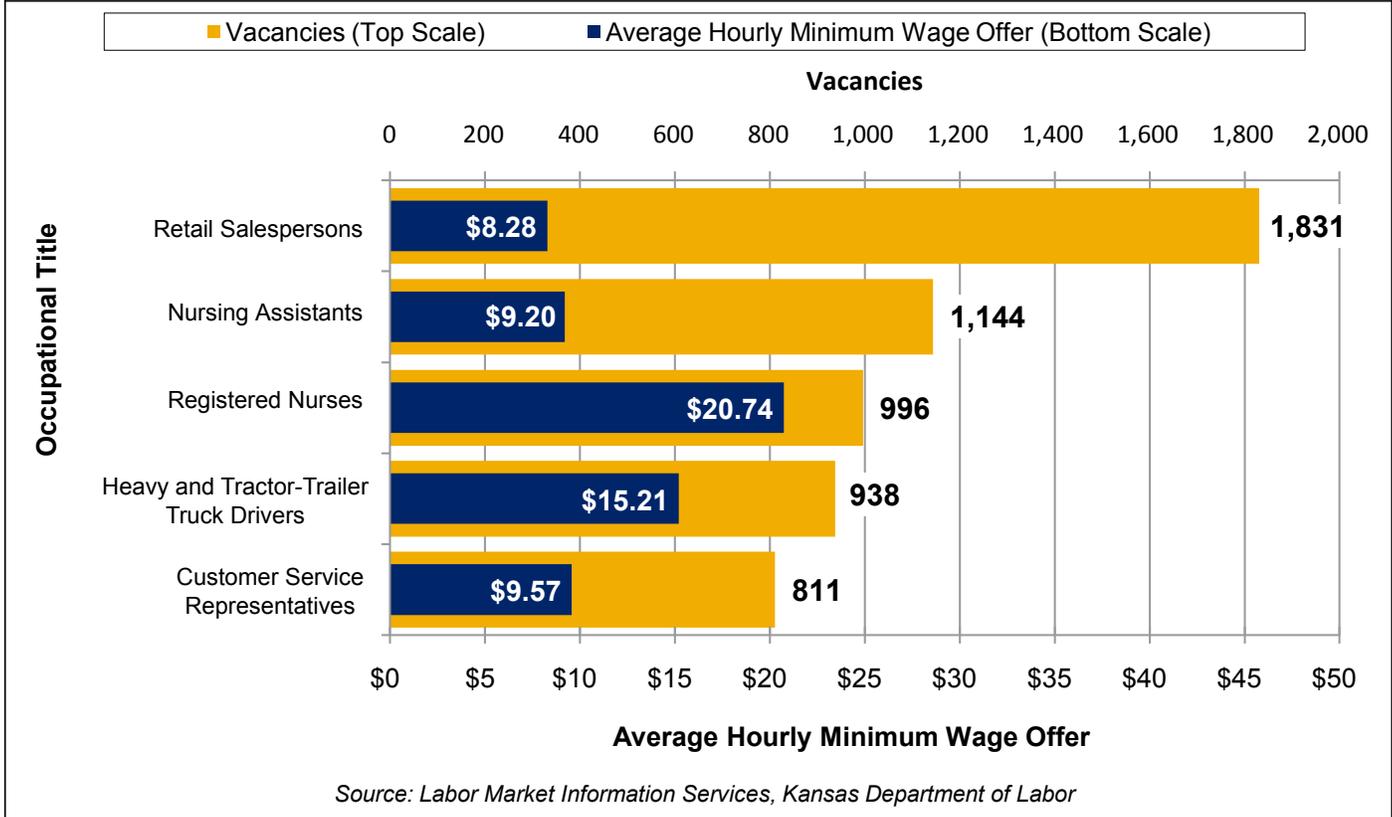
There are approximately 3.1 job seekers for every job opening in Kansas, which is little changed from 2010 where there were 3.2 job seekers for every job opening.¹ According to the Bureau of Labor Statistics, there were 4.4 job seekers for every job opening nationally in May 2011, which is an improvement from last year when there were 5.1 job seekers for every job opening. Since there are more job seekers than there are job vacancies, this data indicates the labor market is soft both nationally and in Kansas. Furthermore, this data suggests the labor market in Kansas is less soft than the labor market in the U.S.

The top five occupations in Kansas with the most vacancies are shown in Figure 9 on the following page, along with the average hourly minimum wage offer for each position. The top five most vacant jobs in Kansas accounted for 18.6 percent of job vacancies in the State.

¹ This was calculated by dividing the number of job vacancies by the average unemployment for the second quarter 2011 as computed from the Local Area Unemployment Statistics (LAUS) program, including preliminary unemployment levels in June 2011.

Job Vacancies

**Figure 9
Top Five Most Vacant Occupations
Kansas
2011**

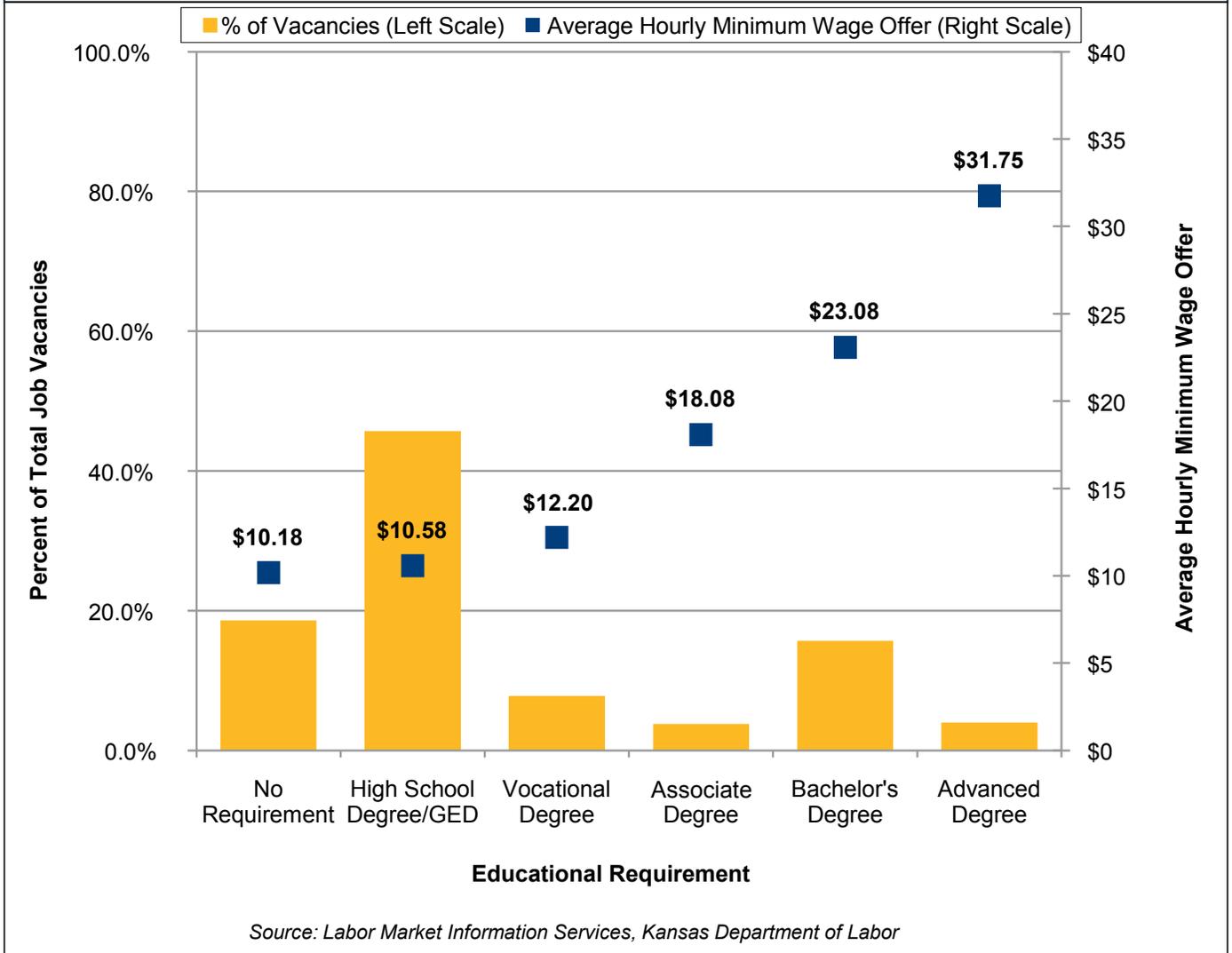


Retail salespersons were the most vacant occupation in Kansas with 1,831 job vacancies in second quarter of 2011. The increased demand for skilled workers in the health care industry continued to be evident, as both nursing assistants and registered nurses were the second and third most vacant occupations respectively.

Figure 10 on the next page reveals that the average hourly minimum wage offered by employers steadily increases with the educational requirements of the position. Occupations requiring an advanced degree, such as a master's or doctorate, were offered the highest average minimum wage at \$31.75 per hour. Interestingly, the average hourly minimum wage for vacancies requiring no educational level, a high school diploma and vocational training went up while the average hourly minimum wage went down for those vacancies requiring an Associate's degree or higher. This may indicate that employers may have a higher demand for the positions requiring lower educational levels, while there is lower demand for positions requiring college degrees. Supporting this view, Figure 10 also shows that the majority of job openings (64.3 percent) either have no educational requirements or only require a high school diploma.

Job Vacancies

Figure 10
Job Vacancies by Educational Requirement
Kansas
2011

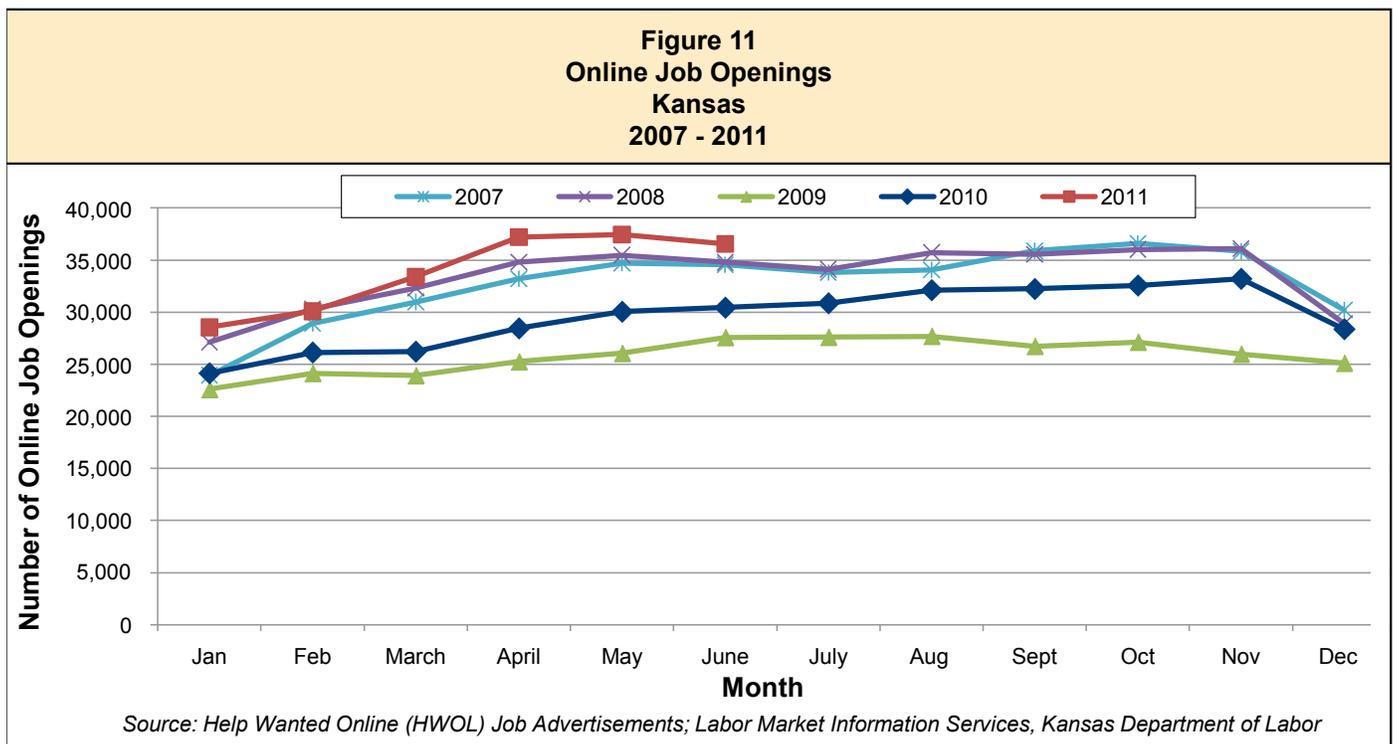


Job Vacancies

Help Wanted Online

Labor Market Information Services now provides data from the Help Wanted Online Data Series™ (HWOL)². HWOL is a database that contains unique, online job advertisements from more than 1,200 online job boards and newspaper websites and is updated on a monthly basis for areas including the U.S., specific regions, states and metropolitan areas. Excluded from the HWOL data are duplicate advertisements, ads on corporate websites and ads that appear in written form only, e.g. newspapers, magazines, etc. HWOL provides non-seasonal and seasonally adjusted data.

Figure 11 below shows the number of online job openings in Kansas on a monthly basis from 2007 through 2011. As expected, the number of online job openings declined in December 2008 and continued to remain lower than pre-recession levels in 2009 and 2010. However, the number of online job openings has generally trended upward over the past year and a half, reaching approximately 37,000 online job openings in June 2011. The number of online job openings has been higher than pre-recession levels throughout 2011, with new record highs in the number of online job openings being recorded in April and May 2011. These months surpassed the previous high recorded in October 2007. It is also notable that openings in each month of 2011 have surpassed the number of openings for the same time period in 2010.



² HWOL is a product of the Conference Board, a global, independent business membership and research association working in the public interest of which the Kansas Department of Labor is a member. The Conference Board is an objective, independent source of economic and business knowledge that conducts research on various topics.

Job Vacancies

Below, Table 3 shows the monthly average of the number of job openings for every major occupational group in 2010 and 2011. In both years, health practitioners and technical occupations recorded the most online job openings. A major contributor to this is registered nurse positions, which have the most online

Table 3 Average Monthly Online Job Openings by Occupational Group Kansas 2010 and 2011		
Occupational Group	2010	2011*
Healthcare Practitioners and Technical Occupations	5,819	6,285
Sales and Related Occupations	3,910	4,617
Office and Administrative Support Occupations	3,357	3,573
Management Occupations	2,542	3,104
Computer and Mathematical Occupations	2,377	2,981
Transportation and Material Moving Occupations	1,560	1,850
Business and Financial Operations Occupations	1,346	1,636
Architecture and Engineering Occupations	1,149	1,476
Installation, Maintenance, and Repair Occupations	1,194	1,411
Healthcare Support Occupations	1,279	1,404
Production Occupations	827	1,097
Food Preparation and Serving Related Occupations	708	747
Education, Training, and Library Occupations	631	729
Arts, Design, Entertainment, Sports, and Media Occupations	498	604
Community and Social Services Occupations	460	489
Construction and Extraction Occupations	469	476
Building and Grounds Cleaning and Maintenance Occupations	371	416
Life, Physical, and Social Science Occupations	407	408
Personal Care and Service Occupations	283	337
Protective Services Occupations	276	279
Legal Occupations	165	153
Farming, Fishing, and Forestry Occupations	78	88
Military Specific Occupations	47	32

*2011 average is calculated using January - June 2011 data

Source: *Help Wanted Online (HWOL) Job Advertisements; Labor Market Information Services, Kansas Department of Labor*

Job Vacancies

job openings of any individual occupation in Kansas with a monthly average of 1,632 online job openings in 2010 and 1,884 in 2011. Sales and related occupations posted the second most online job openings in both years. The two occupations that led the number of postings in this occupational group were retail salespersons and first-line supervisors of retail sales workers, which had a combined monthly average of 1,490 online job openings in 2010 and 1,773 in 2011. Office and administrative support occupations had the third most online job openings in both years. Online job openings for customer service representatives were the primary driver in this occupational group, recording a monthly average of 654 openings in 2010 and 843 openings in 2011.

Despite record highs in the number of online job openings, the level of unemployment remains high in Kansas. The primary reason for this is the demand for labor is still relatively low, although it is improving. As of June 2011, there were 2.8 unemployed persons per online job opening. In comparison, in the month prior to the official start of the most recent recession, November 2008, there were 2.0 unemployed persons per online job opening. The number of unemployed persons per online job opening peaked in July 2009 when 4.6 persons were unemployed per online job opening.

The geographic location of unemployed individuals and online job openings also provides additional insight into the unemployment situation. In June 2011, 59.2 percent of the online job openings in Kansas were either in the Kansas City area or the Wichita MSA. In fact, there were only 2.5 unemployed persons per online job opening in counties located in a MSA, while there were 3.6 unemployed persons per online job opening in the Balance of State meaning there are currently more job opportunities in the MSAs.

A final explanation to offer is that there is a mismatch between the skills that unemployed persons possess and the skills required for jobs that are currently vacant. For example, 46.7 percent of initial claims filed by Kansas residents since the beginning of 2008 have been from workers that were employed in the manufacturing and construction industries. However, as seen in Table 3, the primary occupations in those industries (production occupations and construction and extraction occupations) only rank 11th and 16th respectively in the average monthly number of online job openings thus far in 2011. Another example of a mismatch would be the fact that online job openings for registered nurses are consistently higher than any other profession, proving a high demand for these positions and a low supply of people qualified to fill those positions.

Occupational Outlook

2010-2012 Occupational Outlook (Short-Term Outlook)

The Kansas Department of Labor recently completed the 2010–2012 Occupational Outlook. For this report, the agency uses employment information for the second quarter of 2010 as the base period and projects future occupational demands through the second quarter of 2012.

Occupational projections provide an important look into the future demand for workers and the composition of the labor market.

Table 4 below displays the total employment in the base period (second quarter of 2010), the projected employment for the second quarter of 2012 and the absolute and percent changes in employment by major industry sectors in Kansas. Total employment in Kansas is projected to increase by 0.9 percent between

**Table 4
Industry Projections
Kansas
Second Quarter 2010 - Second Quarter 2012**

Industry	2010 Q2	2012 Q2	Change	
			Absolute (2010 Q2 - 2012 Q2)	Percent (2010 Q2 - 2012 Q2)
<i>Total Employment, All Jobs</i>	1,430,578	1,443,165	12,587	0.9%
Manufacturing	159,818	164,079	4,261	2.7%
Administrative and Support and Waste Management and Remediation Services	70,199	74,411	4,212	6.0%
Health Care and Social Assistance	180,357	184,144	3,787	2.1%
Educational Services	146,938	148,600	1,662	1.1%
Wholesale Trade	59,915	61,371	1,456	2.4%
Professional, Scientific, and Technical Services	60,424	61,630	1,206	2.0%
Construction	55,256	56,341	1,085	2.0%
Transportation and Warehousing	40,866	41,793	927	2.3%
Retail Trade	140,771	141,615	844	0.6%
Mining	8,288	8,988	700	8.4%
Accommodation and Food Services	101,294	101,987	693	0.7%
Management of Companies and Enterprises	15,273	15,847	574	3.8%
Agriculture, Forestry, Fishing and Hunting	10,202	10,524	322	3.2%
Utilities	7,760	7,846	86	1.1%
Real Estate and Rental and Leasing	14,540	14,573	33	0.2%
Arts, Entertainment, and Recreation	14,145	14,097	-48	-0.3%
Other Services (Except Government)	55,338	55,223	-115	-0.2%
Finance and Insurance	56,840	55,167	-1,673	-2.9%
Information	29,794	27,353	-2,441	-8.2%
Government	112,405	107,669	-4,736	-4.2%
Total Self-Employed and Unpaid Family Workers, Primary Job	90,155	89,907	-248	-0.3%

NOTE: Numbers may not add due to rounding

Source: Labor Market Information Services, Kansas Department of Labor

Occupational Outlook

2010 and 2012. Manufacturing is projected to have the greatest increase in number of added jobs of any major industry, adding 4,261 jobs. This is closely followed by administrative and support and waste management and remediation services which is projected to add 4,212 jobs.

Additionally, the largest percentage increase in jobs is projected to be in the mining sector, which includes oil and gas extraction, with an 8.4 percent increase in jobs during this time frame. These projections assume that we will continue to experience higher oil and gas prices along with an increased demand for domestic sources of oil and gas. These factors make oil and gas production more profitable, therefore creating an increased need for workers. The only private sector industries projected to experience significant employment declines from 2010 to 2012 are information and financial services.

**Table 5
Occupational Projections
Kansas
Second Quarter 2010 - Second Quarter 2012**

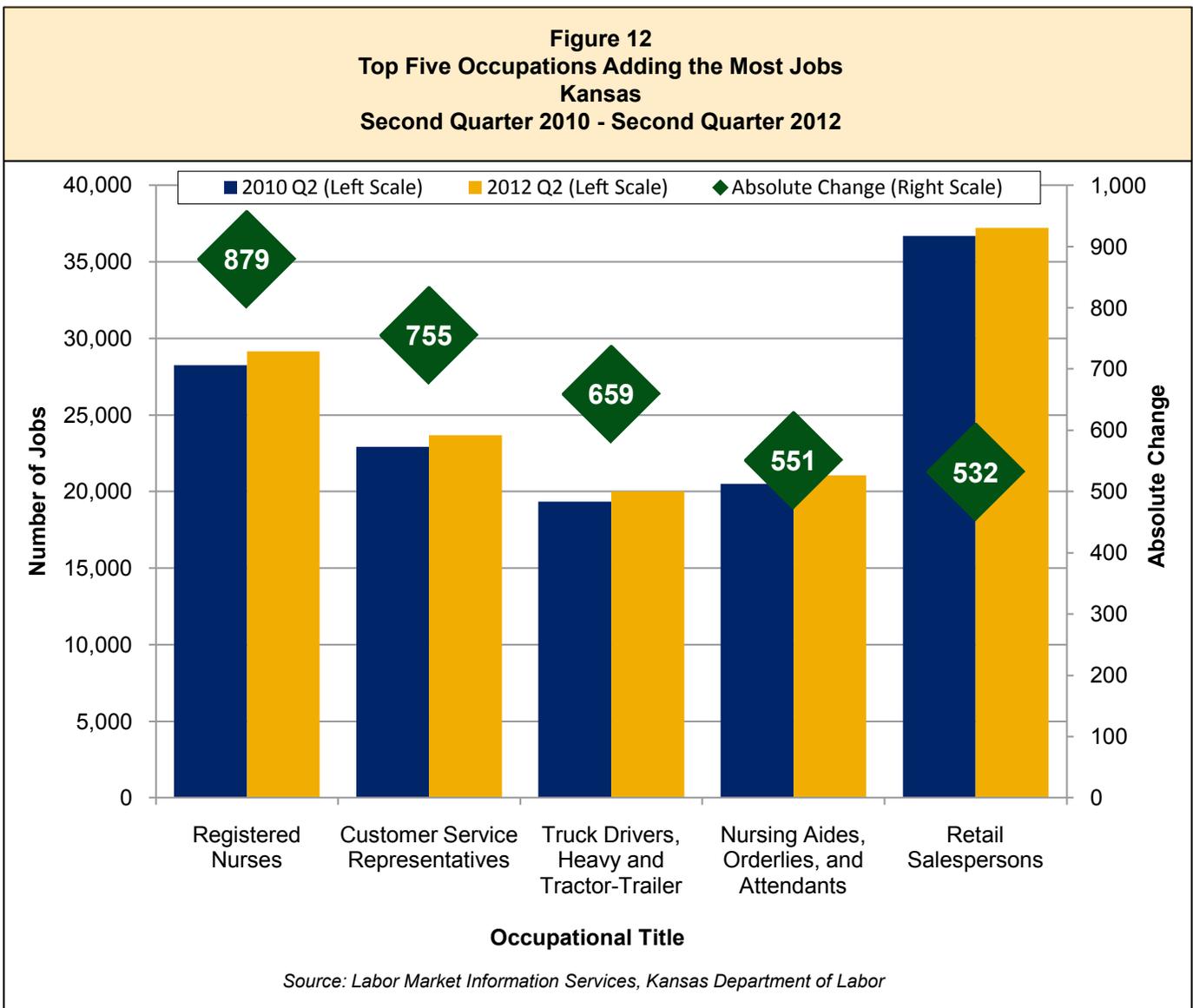
Occupational Group	2010 Q2	2012 Q2	Change	
			Absolute (2010 Q2 - 2012 Q2)	Percent (2010 Q2 - 2012 Q2)
<i>Total, All Occupations</i>	1,430,578	1,443,165	12,587	0.9%
Production Occupations	112,244	115,016	2,772	2.5%
Healthcare Practitioners and Technical Occupations	78,316	80,021	1,705	2.2%
Healthcare Support Occupations	43,986	45,278	1,292	2.9%
Construction and Extraction Occupations	69,989	71,268	1,279	1.8%
Sales and Related Occupations	145,686	146,837	1,151	0.8%
Education, Training, and Library Occupations	98,439	99,432	993	1.0%
Transportation and Material Moving Occupations	91,087	92,074	987	1.1%
Food Preparation and Serving Related Occupations	114,411	115,362	951	0.8%
Building and Grounds Cleaning and Maintenance Occupations	53,099	53,761	662	1.2%
Installation, Maintenance, and Repair Occupations	58,539	59,088	549	0.9%
Personal Care and Service Occupations	46,614	46,896	282	0.6%
Architecture and Engineering Occupations	25,841	26,077	236	0.9%
Office and Administrative Support Occupations	223,672	223,862	190	0.1%
Farming, Fishing, and Forestry Occupations	8,164	8,315	151	1.8%
Computer and Mathematical Occupations	30,233	30,307	74	0.2%
Management Occupations	75,586	75,631	45	0.1%
Arts, Design, Entertainment, Sports, and Media Occupations	23,985	23,967	-18	-0.1%
Life, Physical, and Social Science Occupations	12,972	12,922	-50	-0.4%
Protective Service Occupations	27,457	27,365	-92	-0.3%
Community and Social Services Occupations	23,714	23,617	-97	-0.4%
Legal Occupations	9,078	8,962	-116	-1.3%
Business and Financial Operations Occupations	57,466	57,107	-359	-0.6%

NOTE: The total for all occupations and subtotals within each occupational group include self-employed and unpaid family workers.
Source: Labor Market Information Services, Kansas Department of Labor

Occupational Outlook

In addition to projecting growth by industry, the 2010–2012 Occupational Outlook identifies projected growth within specific occupations as well as all major occupational groups. Table 5 on the opposite page shows projections for all the major occupational groups in Kansas. As a result of the projected growth in manufacturing, production occupations are projected to add the most jobs, growing by 2,772. Healthcare support occupations, which include aides and assistants in the health care industry, are projected to have the highest percentage increase from 2010 to 2012, adding 2.9 percent more jobs. No occupational groups are expected to experience significant employment reductions.

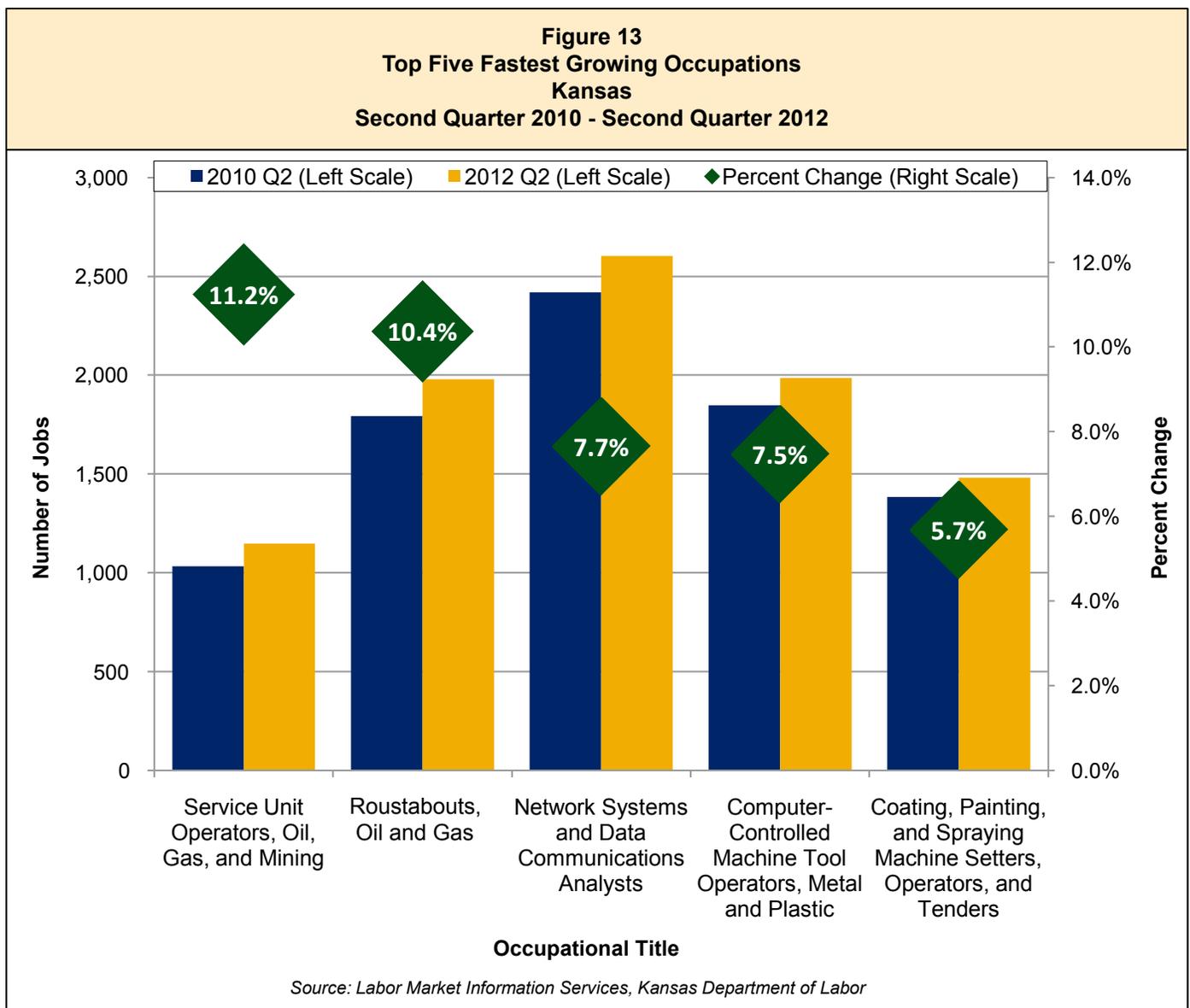
Figure 12 below illustrates the five occupations in Kansas projected to add the most jobs. These five occupations combined are projected to add 3,376 new jobs. Of these occupations, registered nurses are anticipated to add the most jobs, with an increase of 879. The number of customer service representatives



Occupational Outlook

is projected to increase by 755. The top four occupations are projected to grow approximately three percent from 2010 to 2012, while retail salesperson jobs are projected to increase by 1.5 percent.

Figure 13 below displays the five fastest growing occupations by percentage in Kansas. These are occupations that are projected to have 1,000 or more jobs by 2012 and a percentage change in employment from 2010 that is at least two times the average change for all occupations. Oil, gas and mining service unit operators are projected to be the fastest growing occupation increasing by 11.2 percent by 2012. In a related occupation, oil and gas roustabouts – those who assemble or repair oil field equipment – are also expected to experience a significant growth of 10.4 percent.



Occupational Outlook

2008-2018 Occupational Outlook (Long-Term Outlook)

The Kansas Department of Labor recently released the 2008–2018 Kansas Occupational Outlook report. In this report, the agency uses employment information for 2008 as the base year and projects future occupational demands through the year 2018.

Table 6 below displays the total employment in the base year (2008), the projected employment in 2018, as well as the absolute and percentage changes for the major industry sectors in Kansas. According to this data, the total employment in Kansas is projected to increase at an annual average growth rate of 0.9 percent – or a total growth rate of 9.8 percent – from 2008 to 2018. The health care and social assistance industry sector is projected to grow the most, adding approximately 37,630 jobs, for an annual average growth rate of 2.0 percent. A significant cause for this projected increase is the large projected growth in the number of people over the age of 55. According to the Kansas Department of Administration, this age group is expected to

**Table 6
Industry Projections
Kansas
2008 - 2018**

Industry	2008	2018	Change		
			Absolute (2008 - 2018)	Percent (2008 - 2018)	Percent (Annual Avg.)
<i>Total Employment, All Jobs</i>	1,504,100	1,651,820	147,720	9.8%	0.9%
Health Care and Social Assistance	175,550	213,180	37,630	21.4%	2.0%
Educational Services	153,630	179,540	25,910	16.9%	1.6%
Professional, Scientific and Technical Services	61,970	81,450	19,480	31.4%	2.8%
Administrative and Support and Waste Management and Remediation Services	74,750	92,730	17,980	24.1%	2.2%
Accommodation and Food Services	102,680	110,620	7,940	7.7%	0.7%
Finance and Insurance	58,500	65,440	6,940	11.9%	1.1%
Construction	65,190	71,710	6,520	10.0%	1.0%
Government	108,300	113,980	5,680	5.2%	0.5%
Transportation and Warehousing	46,330	51,980	5,650	12.2%	1.2%
Other Services (Except Government)	56,820	61,670	4,850	8.5%	0.8%
Wholesale Trade	62,990	66,800	3,810	6.0%	0.6%
Arts, Entertainment and Recreation	13,360	15,160	1,800	13.5%	1.3%
Agriculture, Forestry, Fishing and Hunting	9,570	11,290	1,720	18.0%	1.7%
Management of Companies and Enterprises	13,730	15,290	1,560	11.4%	1.1%
Real Estate and Rental and Leasing	15,050	16,100	1,050	7.0%	0.7%
Information	38,880	39,890	1,010	2.6%	0.3%
Retail Trade	147,370	148,040	670	0.5%	0.0%
Utilities	7,570	7,660	90	1.2%	0.1%
Mining	9,850	8,440	-1,410	-14.3%	-1.5%
Manufacturing	186,820	181,320	-5,500	-2.9%	-0.3%
Total Self-Employed and Unpaid Family Workers, Primary Job	95,180	99,550	4,370	4.6%	0.4%

NOTE: Numbers may not add due to rounding

Source: Labor Market Information Services, Kansas Department of Labor

Occupational Outlook

grow by 88,000 people thus creating increased demand for the services provided by the health care and social assistance industry sector. The professional, scientific and technical services industry sector, which includes businesses such as law offices, engineering firms and computer services, is projected to grow the fastest, increasing by 19,480 jobs, or 31.4 percent, from 2008 to 2018. This is equivalent to a 2.8 percent annual average growth rate.

The 2008 – 2018 Kansas Occupational Outlook also identifies projected growth within specific occupations and all major occupational groups. Table 7 below shows the projections for each of the major occupational groups in Kansas. Office and administrative support occupations are projected to grow the most, adding 19,660 jobs from 2008 to 2018. Furthermore, healthcare support occupations are projected to grow the fastest, increasing 25.2 percent by 2018, an annual average growth rate of 2.3 percent.

**Table 7
Occupational Projections
Kansas
2008 - 2018**

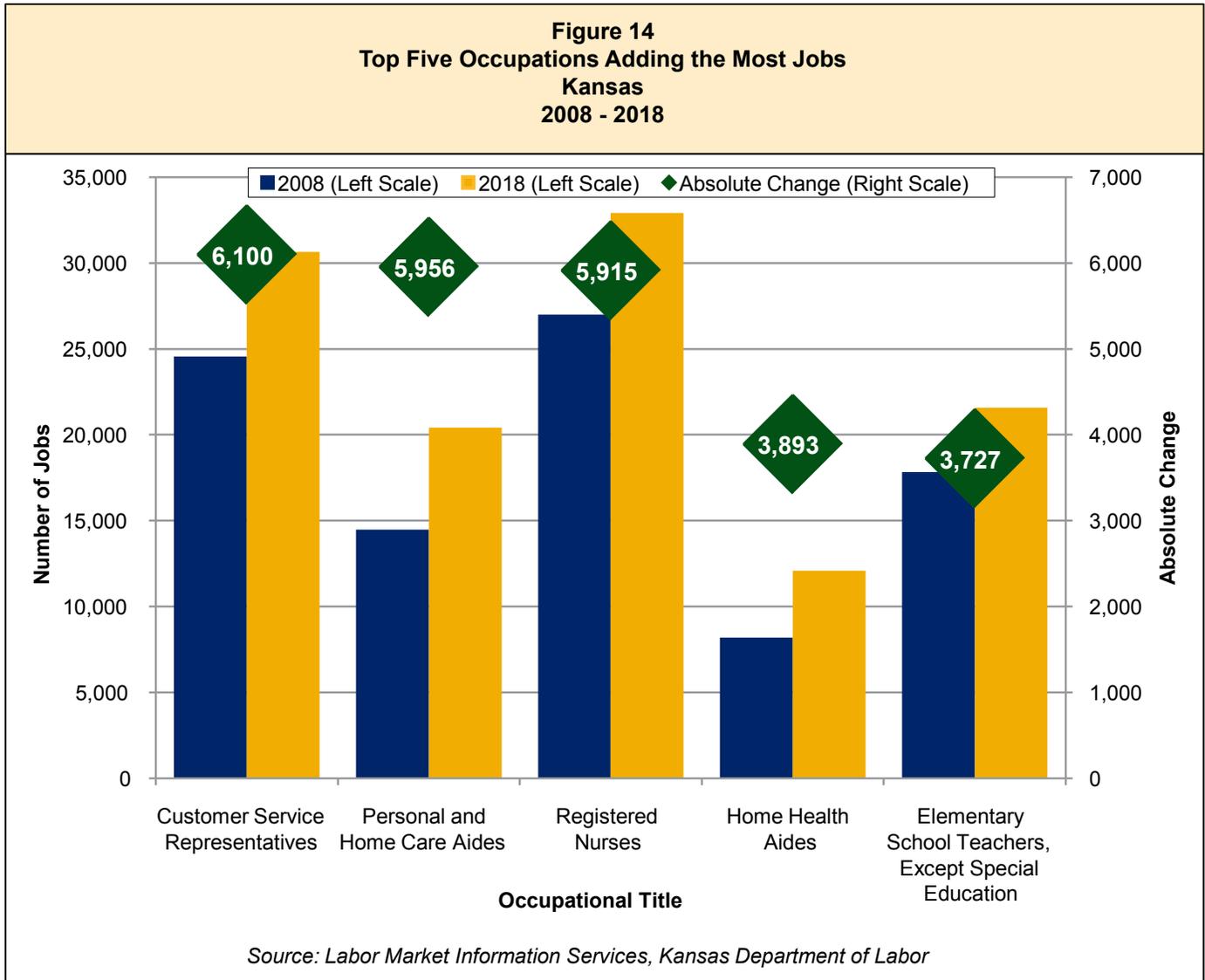
Occupational Group	2008	2018	Change		
			Absolute (2008 - 2018)	Percent (2008 - 2018)	Percent (Annual Avg.)
<i>Total, All Occupations</i>	1,504,100	1,651,820	147,720	9.8%	0.9%
Office and Administrative Support Occupations	234,000	253,660	19,660	8.4%	0.8%
Education, Training, and Library Occupations	104,640	123,410	18,770	17.9%	1.7%
Healthcare Practitioners and Technical Occupations	75,720	90,710	14,990	19.8%	1.8%
Healthcare Support Occupations	42,870	53,660	10,790	25.2%	2.3%
Food Preparation and Serving Related Occupations	116,620	127,150	10,530	9.0%	0.9%
Business and Financial Operations Occupations	62,690	72,600	9,910	15.8%	1.5%
Personal Care and Service Occupations	49,770	59,520	9,750	19.6%	1.8%
Sales and Related Occupations	151,630	159,470	7,840	5.2%	0.5%
Computer and Mathematical Occupations	33,160	39,400	6,240	18.8%	1.7%
Building and Grounds Cleaning and Maintenance Occupations	52,810	57,850	5,040	9.5%	0.9%
Transportation and Material Moving Occupations	98,320	103,200	4,880	5.0%	0.5%
Installation, Maintenance, and Repair Occupations	63,970	68,680	4,710	7.4%	0.7%
Management Occupations	80,070	84,570	4,500	5.6%	0.5%
Construction and Extraction Occupations	81,050	85,460	4,410	5.4%	0.5%
Protective Service Occupations	27,730	30,740	3,010	10.9%	1.0%
Arts, Design, Entertainment, Sports, and Media Occupations	23,690	26,530	2,840	12.0%	1.1%
Community and Social Services Occupations	18,140	20,960	2,820	15.5%	1.5%
Architecture and Engineering Occupations	29,410	32,140	2,730	9.3%	0.9%
Life, Physical, and Social Science Occupations	12,960	15,390	2,430	18.8%	1.7%
Legal Occupations	9,440	10,710	1,270	13.5%	1.3%
Farming, Fishing, and Forestry Occupations	7,710	8,700	990	12.8%	1.2%
Production Occupations	127,690	127,330	-360	-0.3%	0.0%

NOTE: The total for all occupations and subtotals within each occupational group include self-employed and unpaid family workers.

Source: Labor Market Information Services, Kansas Department of Labor

Occupational Outlook

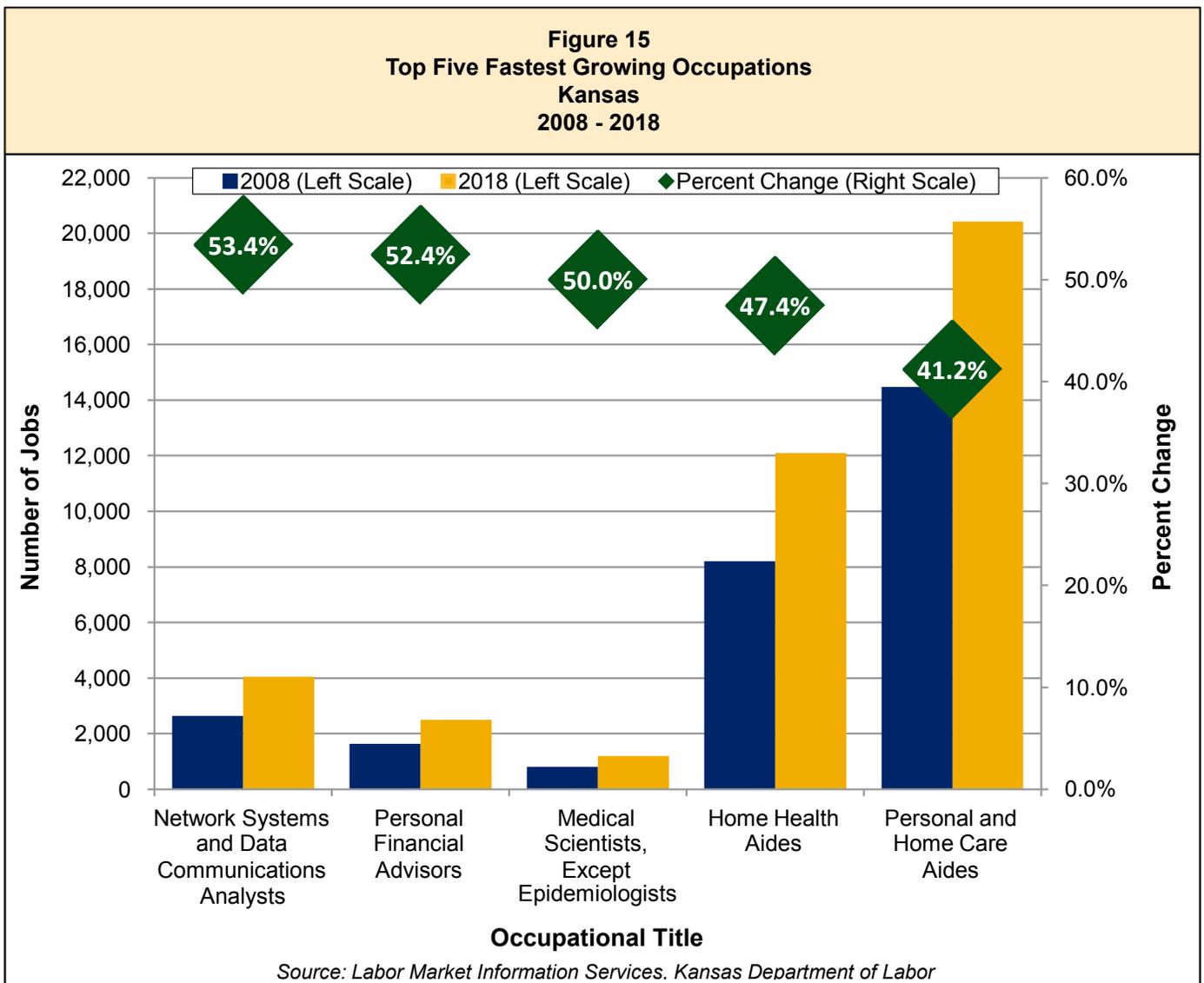
The top five occupations in Kansas that are projected to add the most jobs by 2018 are displayed in Figure 14 below. Of these occupations, customer service representatives are anticipated to increase the most, adding 6,100 jobs – an annual average growth rate of 2.2 percent. The three subsequent occupations are all related to health care. Personal and home care aides, registered nurses and home health aides are projected to add 5,956, 5,915 and 3,893 jobs respectively.



Occupational Outlook

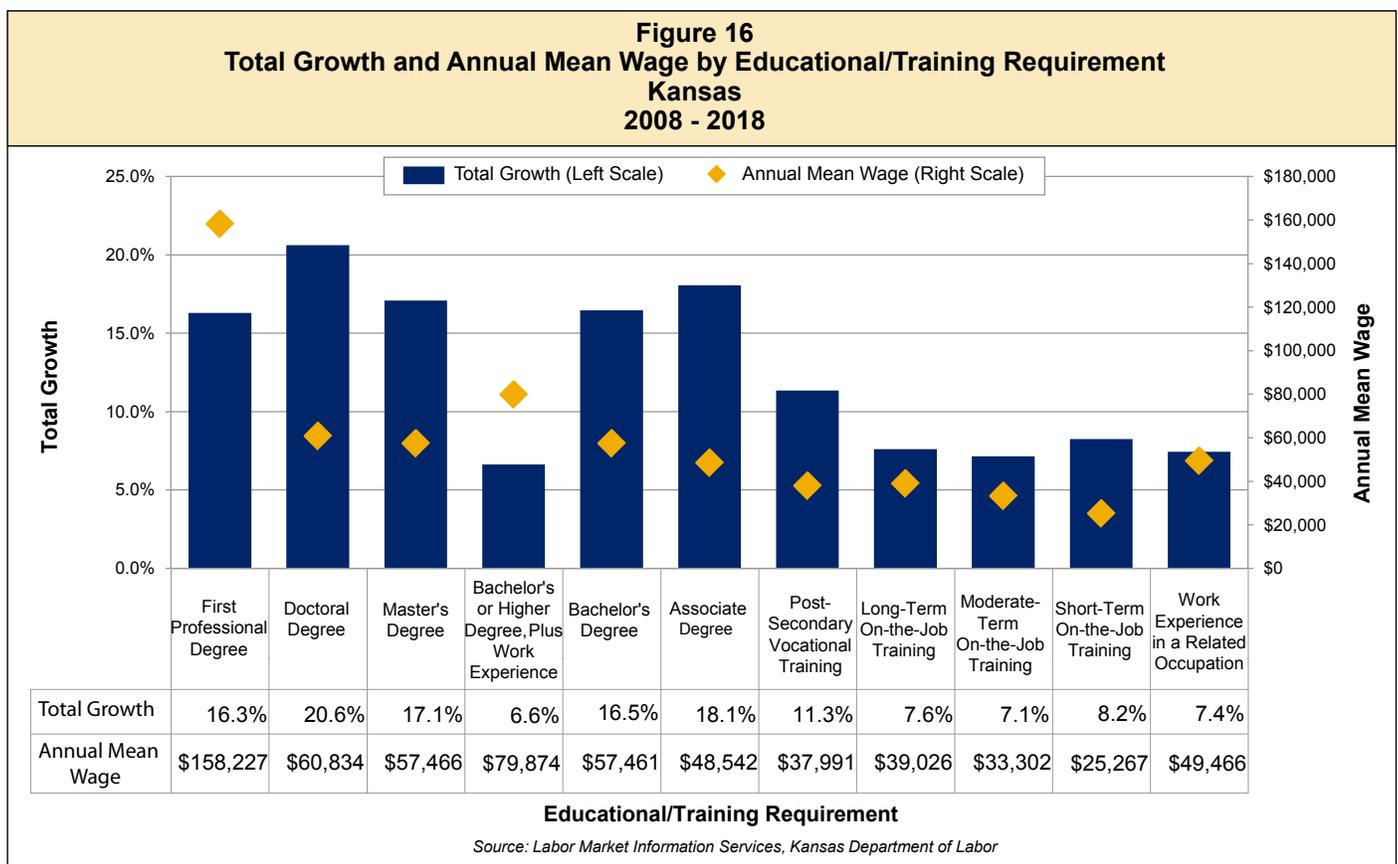
Kansas' fastest growing occupations are also projected in the 2008–2018 Kansas Occupational Outlook. These are occupations that project to have 1,000 or more jobs by 2018 and a percentage change in employment from 2008 that is at least two times the average change for all occupations. Figure 15 below illustrates the top five occupations in Kansas that are projected to grow the fastest. Of these, network systems and data communications analysts are projected to be the fastest growing occupation, increasing 53.4 percent by 2018 – an annual average growth rate of 4.4 percent.

Home health aides and personal and home care aides are occupations that appeared among the top five occupations projected to add the most jobs and are also among the top five occupations projected to increase the fastest by 2018. The number of home health aides is projected to increase 47.4 percent by 2018 while the number of personal and home care aides is projected to grow 41.2 percent.



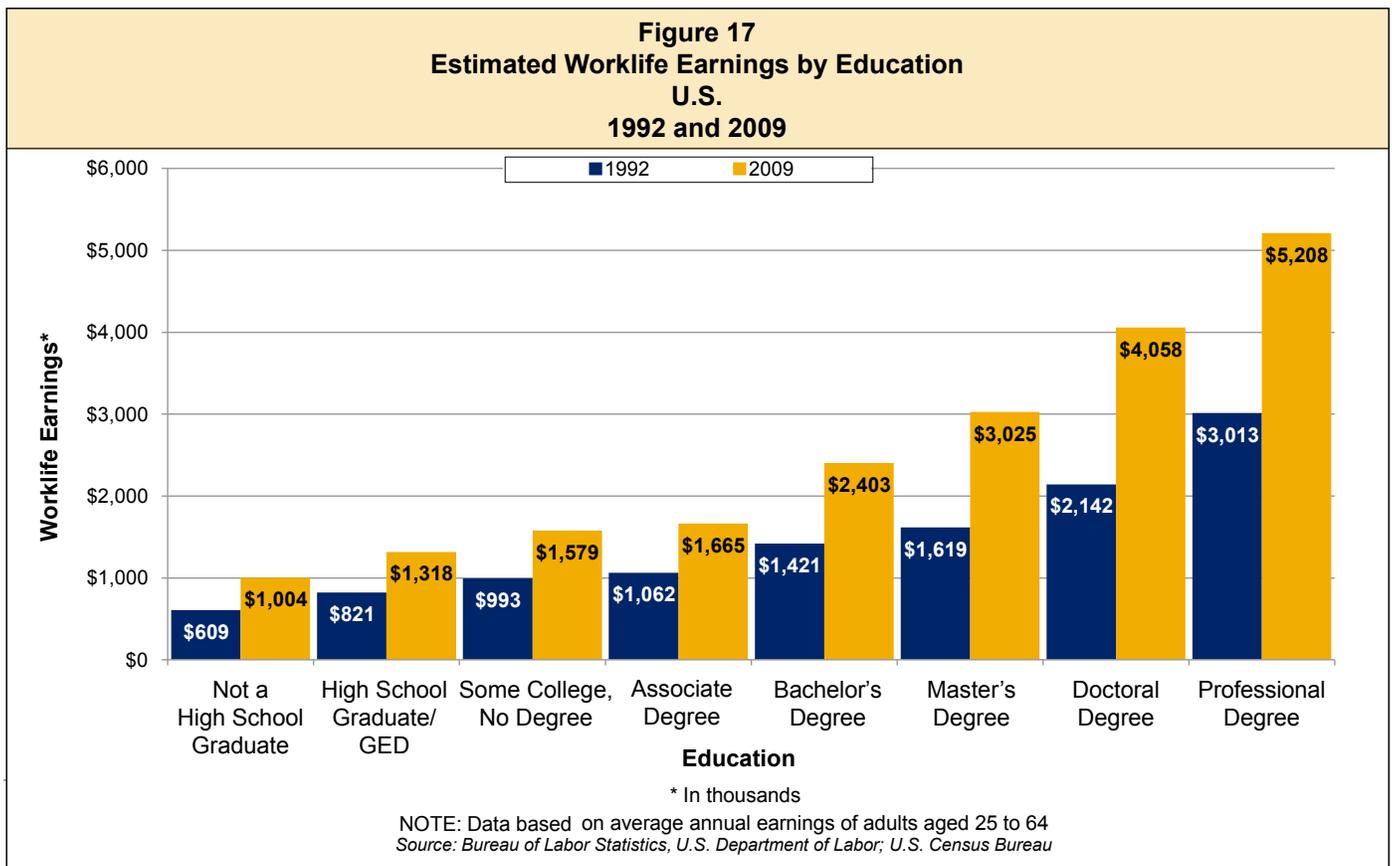
Occupational Outlook

Figure 16 below illustrates the total growth of all occupations in Kansas from 2008 to 2018, as well as annual average wages by educational and training requirement. This figure shows that the occupations that require more advanced education and training are projected to grow faster than those with lower educational and training requirements. The largest growth is projected among occupations that require a doctoral degree, followed closely by those that require an associate degree and those that require a master's degree. Figure 16 also demonstrates the relationship between educational/training requirements and wages. In general, the annual average wage increases with the amount of educational/training requirements for an occupation. However, as seen in the bachelor's degree or higher plus work experience category, a person's annual wage can also be greatly affected by a person's work experience as well.



Worklife Earnings

Estimates of the average earnings that U.S. adults accumulate over the course of a “worklife” corroborate findings that suggest employees’ wages are correlated with educational attainment. An individual’s worklife, as defined by the U.S. Census Bureau, is the 40-year period between the ages of 25 and 64. Using methodology set forth by the Bureau of Labor Statistics and the U.S. Census Bureau, average earnings were separated into four age groups – 25 to 34, 35 to 44, 45 to 54 and 55 to 64 – and eight educational levels in order to calculate lifetime earnings estimates³. Figure 17 displays the results below.



³ The following methodology was used to calculate the average lifetime earnings of U.S. adults and is based on the methodology used by the U.S. Census Bureau. To begin, the average earnings of individuals 25 to 34 years old who did not graduate from high school was multiplied by 10 (the number of years in this age group) and the process repeated for those aged 35-44, 45-54 and 55-64 who also did not graduate from high school. Then, the four 10-year totals were added up, resulting in an estimated lifetime earnings total for those without a high school education. This process was then repeated for the seven remaining educational levels. Note that these estimates are for the U.S. and are not specific to Kansas.

Worklife Earnings

These estimates illustrate the large differences in lifetime earnings among individuals with different educational backgrounds. For example, adults with a professional degree earn approximately \$5.2 million in their lifetime (the highest amount of any educational level) with the amount of lifetime earnings declining as educational attainment decreases. Individuals without a high school degree earn approximately \$1 million in their lifetime, which is the lowest amount of any educational level.

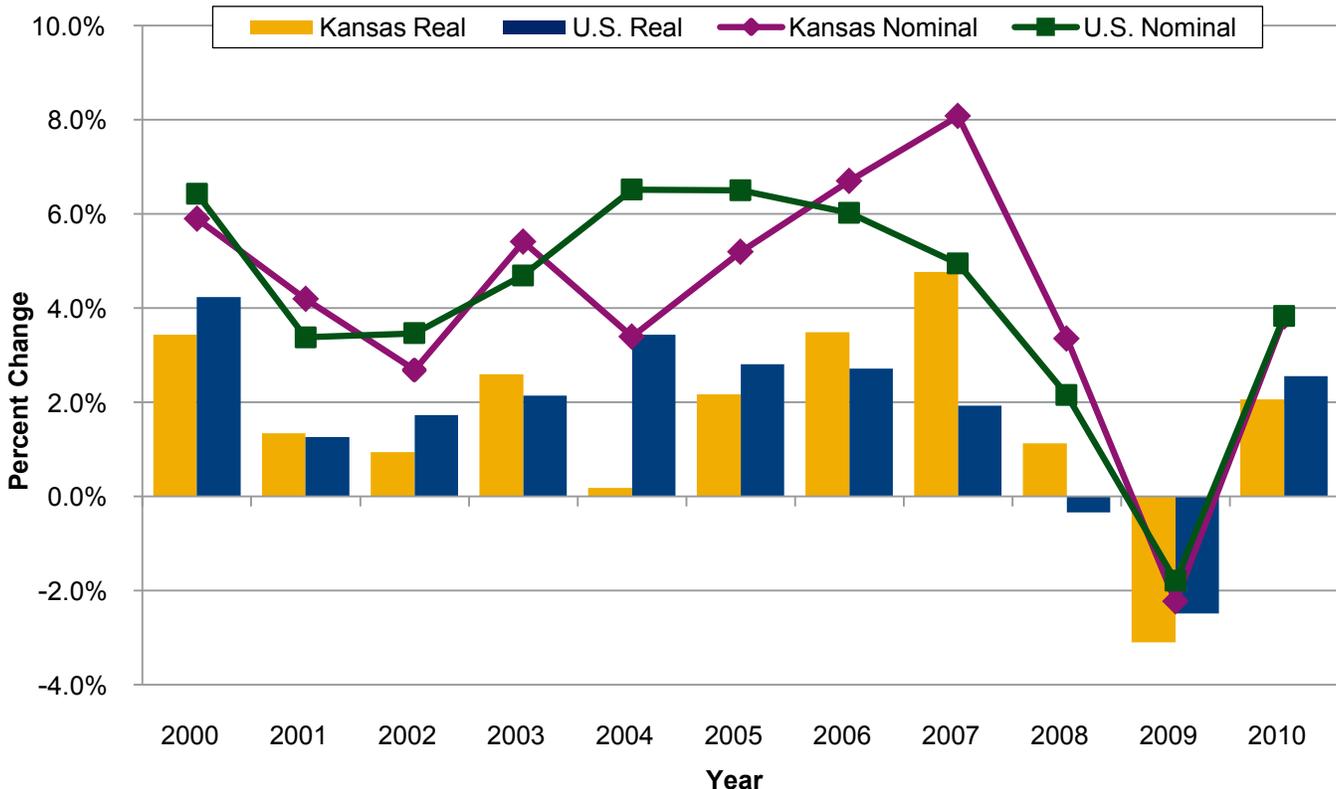
These estimates make two assumptions. As mentioned earlier, one is that all adults in the U.S. will work for 40 years. That may not be the case for people with advanced degrees since they are in school longer than someone with a less advanced degree. Also, higher earners are more likely to retire before the age of 65. It is also assumed that 2009 earnings levels will remain in effect throughout an individual's entire worklife. Since the value of the dollar fluctuates constantly, this is not the case. Figure 17 also shows how lifetime earnings have changed from 1992 levels to 2009 levels. It reveals that the same distribution of earnings among the educational levels exists with workers earning more in their lifetime as they attain more education. The data also shows that the percent increase in lifetime earnings has been more dramatic among more advanced educational levels. Individuals with less than a bachelor's degree experienced an increase in lifetime earnings ranging from 56.8 percent to 64.9 percent, while those with a bachelor's degree or higher saw their lifetime earnings increase by 69.1 percent to as high as 89.4 percent for those with doctoral degrees.

Gross Domestic Product

According to estimates from the Bureau of Economic Analysis, both the nominal and real GDP in Kansas grew in 2010 after posting declines in 2009. Kansas' nominal GDP rose to \$127.2 billion, a 3.8 percent increase. This matched the growth rate in the U.S. nominal GDP. Kansas' real GDP increased 2.1 percent reaching \$114.0 billion. The U.S. real GDP recorded a 2.6 percent increase. Kansas ranks 26th nationally among the

Gross Domestic Product, or GDP, is the broadest measure of economic conditions – it is the sum of all goods and services produced in a given area (Kansas). The growth or decline in GDP in a specific area is commonly used as an indicator of economic health. There are two common measures of GDP, nominal and real. Nominal GDP is the measure of an area's output in current dollars, or what the value is in the market right now. Real GDP is a measure of an area's output in fixed dollars, or what the value of the output is at a fixed point in time. In this report, real GDP is calculated using 2005 dollars as the base.

Figure 18
Percent Change in Real and Nominal GDP
Kansas and U.S.
2000 - 2010



NOTE: Nominal and real GDP in Kansas excludes the compensation of federal civilian and military personnel stationed abroad and government consumption of fixed capital for military structures located abroad and for military equipment, except office equipment. Nominal and real GDP in the U.S. includes these items.

Source: Bureau of Economic Analysis

Gross Domestic Product

50 states in nominal GDP and 31st in real GDP. Figure 18 on the opposite page shows the annual percent change in nominal and real GDP for both Kansas and the U.S.

From 2000 to 2010, Kansas nominal GDP grew by 48.3 percent, outpacing the national growth rate of 47.2 percent. During the same time period, Kansas mirrored the national trend in real GDP growth, as the Kansas and U.S. real GDP increased by 16.5 percent and 16.7 percent respectively.

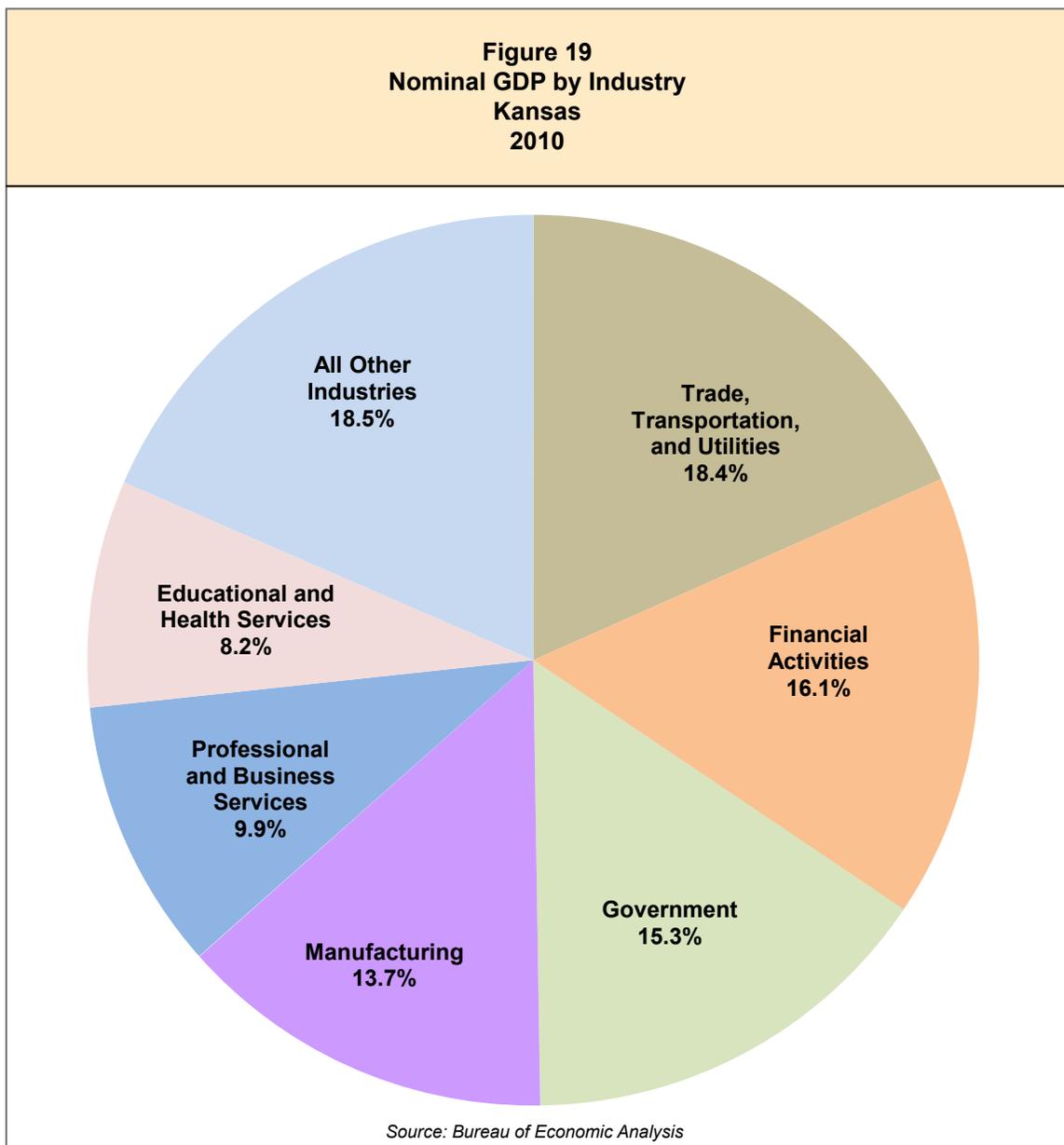
Gross Domestic Product per Capita

The GDP per capita is a measure of the standard of living for a given area that is calculated by dividing the real or nominal GDP by the population of a given area. Kansas recorded a real GDP per capita of \$39,964 in 2010. This ranks Kansas 26th out of the 50 states. The U.S. real GDP per capita was \$42,429. Since 2000, Kansas has experienced a real GDP per capita growth rate of 9.9 percent, while the U.S. real GDP per capita increased by only 6.7 percent in the same time period.

Gross Domestic Product

Industries Contributing to Gross Domestic Product

Several industry sectors contribute to Kansas' nominal GDP. As Figure 19 below shows, the trade, transportation and utilities sector was the largest single sector to contribute to Kansas' nominal GDP in 2010, making up 18.4 percent of total GDP. The contribution to nominal GDP by this sector totaled \$23.3 billion. Additionally, the financial activities sector contributed to 16.1 percent of the total nominal GDP in Kansas, while government and manufacturing industries added 15.3 and 13.7 percent, respectively. Together, these four industries accounted for 63.5 percent of all nominal GDP in the State. This trend is similar to that of the nation where the same four industries accounted for 62.0 percent of the total national GDP.



Gross Domestic Product

In Kansas, nine of the major industry sectors posted an over-the-year gain in the dollar amount contributed to nominal GDP in 2010, while two recorded an over-the-year decline. Natural resources and mining recorded the largest over-the-year increase in contributions to GDP, rising 21.2 percent. The natural resources and mining sector contributed approximately \$1.1 billion more to Kansas' nominal GDP in 2010 than in 2009. However, this industry's contribution to the overall Kansas GDP was only the seventh largest at 5.0 percent. This industry includes agriculture, forestry, mining, quarrying and oil and gas extraction. Other industries that had a \$1 billion or more over-the-year increase in their contributions to the nominal GDP were the manufacturing industry and the trade, transportation and utilities industry.

The largest decline by percentage in the over-the-year contributions to nominal GDP was recorded by the information industry. This industry contributed approximately \$600 million less in 2010 than in 2009, a 9.2 percent reduction. The only other industry to experience an over-the-year decline was construction, which experienced a 1.6 percent decline in its contribution to the nominal GDP.

**Table 8
Nominal GDP by Industry*
Kansas
2009 - 2010**

Industry	2009	2010	Percent Change
Natural Resources and Mining	\$5,281	\$6,400	21.2%
Manufacturing	\$16,334	\$17,406	6.6%
Professional and Business Services	\$11,920	\$12,535	5.2%
Trade, Transportation and Utilities	\$22,336	\$23,339	4.5%
Government	\$18,784	\$19,495	3.8%
Educational and Health Services	\$10,110	\$10,471	3.6%
Leisure and Hospitality	\$3,513	\$3,616	2.9%
Financial Activities	\$20,108	\$20,452	1.7%
Other Services, Except Government	\$3,053	\$3,066	0.4%
Construction	\$4,061	\$3,996	-1.6%
Information	\$7,043	\$6,395	-9.2%

*Millions of current dollars

Source: Bureau of Economic Analysis

Global Business

Kansas businesses compete in a global marketplace where products are sold around the world. Global economic growth contributes to the rising demand for Kansas exports. As the global economy recovers, demand for products in which Kansas has a competitive advantage will rise. The value of the U.S. dollar declined overall from 2009 to 2010 compared to other world currencies. This made goods produced in the U.S. less expensive, thereby potentially increasing demand for U.S. goods and services.

Kansas has a strong export business, trading a variety of goods and services ranging from food to aerospace products. Exports can demonstrate the diversity of an economy and can identify areas where a state may have a competitive advantage in the production of a specific product.

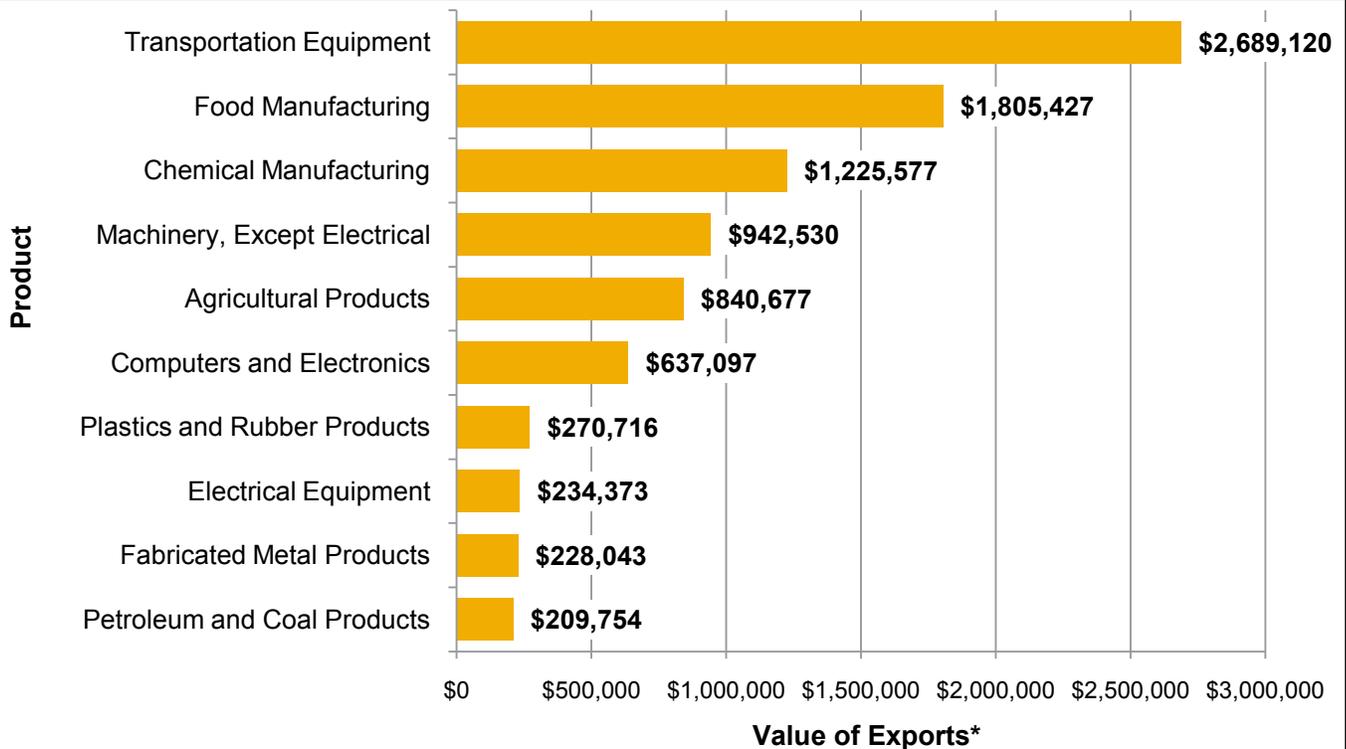
Kansas export sales increased 11.1 percent in 2010, from a reported \$8.9 billion in sales in 2009 to \$9.9 billion in sales to various countries around the world in 2010—making Kansas the 30th ranked state in total exports. This is the sixth time in seven years that export sales have increased. Kansas exports have increased 117.9 percent during this time period but are down 20.8 percent from the peak experienced in 2008.

The annual growth was spurred by large increases of exports by food and chemical manufacturers. The food manufacturing sector includes industries that process animal meat, produce animal food and produce processed food for human consumption. Food manufacturing recorded export sales growth of approximately \$420 million, a 30.4 percent increase. Products from food manufacturers are the second most exported products from Kansas, recording \$1.8 billion in export sales. Japan is the leading importer of Kansas food manufacturing products, followed by Mexico and Canada.

The chemical manufacturing sector includes industries that produce household chemicals, plastics and ethanol. Chemical manufacturing experienced a sales growth of approximately \$400 million, a 48.8 percent increase. Products from this industry are the third most exported products from Kansas, with \$1.2 billion in sales. Canada is the leading importer of Kansas chemical manufacturing products, followed by Ireland and Mexico.

Transportation equipment continues to be the most exported product from Kansas, as shown in Figure 20 on the following page. The amount of exports of transportation equipment from Kansas ranks 19th among the United States. This sector includes industries that produce aerospace parts and products, motor vehicle parts and assembly, and other transportation equipment manufacturing. This sector earned \$2.7 billion in sales in 2010, representing 27.1 percent of all Kansas exports. However, this represents a sales decline of 16.0 percent from 2009. A significant reason for this decline is the decrease in the demand for business and general aviation aircraft. Total aerospace products and parts exports in the U.S. decreased 3.9 percent over-the-year but Kansas' share of exports in this sector decreased at an even greater rate due to the high concentration of manufacturers of business and general aviation aircraft in the state. Canada is also the leading importer of transportation equipment from Kansas followed by Brazil and the United Kingdom.

**Figure 20
Top Ten Exports
Kansas
2010**



*In thousands

Source: Office of Trade and Industry Information (OTII), U.S. Department of Commerce

Table 9 on the following page shows the countries that imported the largest dollar amount of goods and services from Kansas. Canada was Kansas' largest trading partner in 2010, importing a little more than \$2.5 billion in goods and services. This amounts to a 25.4 percent increase from a year ago. Transportation equipment accounts for \$601.9 million, or 23.6 percent, of exports to Canada. This is an increase of \$173.3 million from 2009. Kansas ranks 17th among states in terms of the amount of exports of transportation equipment to Canada.

Global Business

A significant increase in exports of chemical manufacturing products to Canada also occurred in 2010. Kansas chemical manufacturers exported \$418.1 million worth of goods to Canada, an increase of \$121.1 million from 2009. A major factor in this increase is new legislation in Canada from September 2010 that requires all gasoline sold in the country to contain at least five percent ethanol. Kansas ranks 18th among states in the amount of exports of chemical manufacturing products to Canada.

Mexico imported the second largest amount of goods and services from Kansas at nearly \$1.3 billion, a 6.0 percent increase from 2009. Agricultural products are the most exported Kansas product to Mexico, making up 38.4 percent of total exports to Mexico. Japan was Kansas' third largest trading partner, importing approximately \$586 million of Kansas goods and services, although this is a 6.2 percent decline from 2009.

Of the countries listed in Table 9 below, China recorded the largest over-the-year gain by percentage in the imports of Kansas goods, representing an increase of 49.3 percent. This made China Kansas' fourth largest trading partner in 2010, at slightly less than \$527 million. The most exported Kansas products to China are food manufacturing products, with China importing \$170.4 million worth of Kansas food products. Transportation equipment is the second most exported product to China at \$68.5 million. Exports of both types of products recorded an approximately 50 percent increase from 2009.

Table 9 Top Export Countries Kansas 2010	
	Total Exports*
Canada	\$2,552,080
Mexico	\$1,280,120
Japan	\$585,907
China	\$526,916
United Kingdom	\$433,647
Brazil	\$392,521
Germany	\$257,597
Australia	\$253,401
Nigeria	\$243,315
South Korea	\$227,522

*In thousands

Source: Office of Trade and Industry Information (OTII), U.S. Department of Commerce

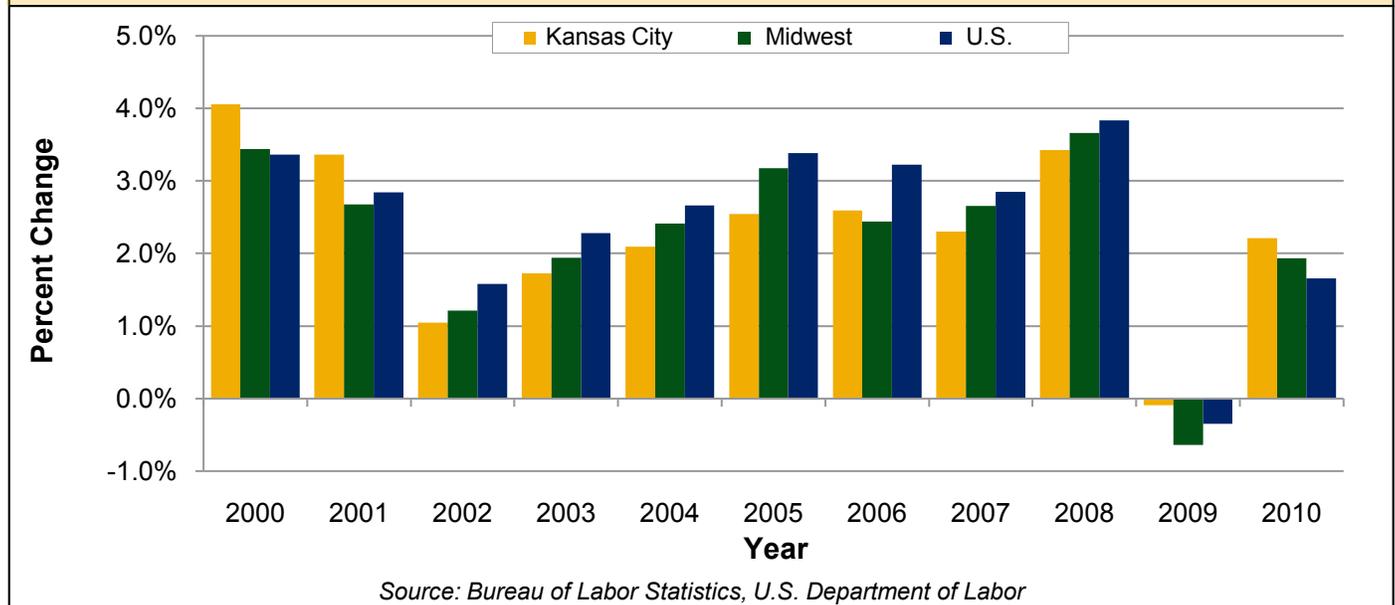
Inflation and Wages

Consumer Price Index

Figure 21 below reveals the percent change in the CPI-U by three distinct groups – the U.S., the Midwest and the Kansas City MSA. Nationally, the CPI-U increased by 1.7 percent in 2010 after experiencing a 0.4 percent decline last year. This is still lower than the average inflation rate experienced since 2000 (2.5 percent). The Midwest recorded an increase in the CPI-U in 2010 of 1.9 percent, which is also below the average inflation rate since 2000 (2.3 percent). The Kansas City MSA CPI-U rose by 2.2 percent, mirroring the average inflation rate since 2000 (2.3 percent). The Midwest and Kansas City MSA also experienced declines of 0.6 percent and 0.1 percent respectively in the CPI-U in 2009.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a representative basket of goods and services. The CPI is published by the Bureau of Labor Statistics. The most general measure of the CPI is the CPI-U, which stands for the CPI of all urban consumers. This measure factors in all prices for goods and services in the representative market basket. Kansas is one of 12 states in the Midwest CPI region.

Figure 21
Percent Change in Consumer Price Index
Midwest, Kansas City and U.S.
2000 - 2010



Inflation and Wages

From 2000 to 2010, inflation nationwide was 26.7 percent. During this same period, inflation in the Midwest region and the Kansas City MSA was 23.6 percent and 23.3 percent respectively. The U.S. and Midwest CPI-U figures were generally higher than the Kansas City MSA numbers and increased at a higher rate from 2002 to 2008. In 2009, the Kansas City MSA had the lowest rate of deflation of the three and in 2010 experienced the highest inflation rate of the three. This shows that over the past two years, inflationary pressures are greater in the Kansas City MSA than in the Midwest and the nation. This can mostly be attributed to a higher increase in food and apparel prices in the Kansas City MSA from 2008 to 2010 than the increases recorded in the Midwest and the rest of the nation. The Midwest also experienced higher inflation than the U.S. in 2010, mostly due to a higher increase in housing prices.

According to annual data, several items in the Midwest CPI index recorded large over-the-year increases in prices. Motor fuel, which includes gasoline, recorded the largest increase of 18.9 percent in 2010 after prices fell 27.6 percent in 2009. Prices for unleaded regular gasoline in particular rose 19.1 percent in 2010. Energy commodity prices increased 18.7 percent in 2010 after declining 27.6 percent in 2009. The price of used cars and trucks also increased 12.6 percent in 2010. The only items that declined in price from 2009 to 2010 were household furnishings and operations, recreational activities and apparel.

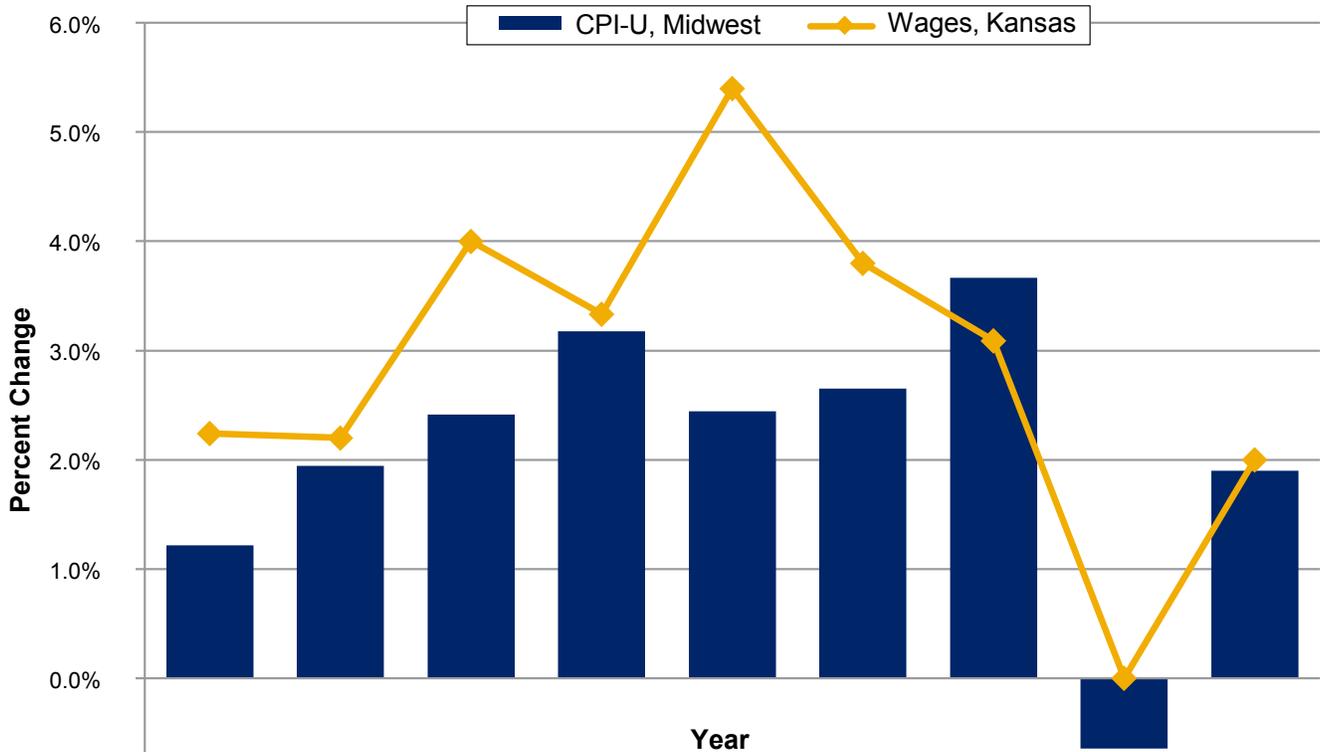
Wages

Wages and salaries account for 49.8 percent of the total personal income in Kansas. They are an important component in determining the health of the economy. Wage and salary data are more meaningful when taking inflation into consideration. If inflation increases at a faster pace than wages, wage and salary earners experience a reduction in their real (inflation-adjusted) wages, which may change or reduce consumption patterns. This can have an adverse affect on the economy since consumer spending is the largest component of GDP in the U.S. Figure 22 on the following page compares these two factors – wages and inflation – in Kansas beginning with 2003.

In 2010, the average weekly wage in Kansas rose to \$749, an increase of 2.0 percent from 2009. Nationwide, the average weekly wage improved to \$899, an increase of 2.6 percent. When accounting for the 1.9 percent inflation in the Midwest region, the real average weekly wage in Kansas recorded a slight increase of 0.1 percent. This is the second straight year that the real average weekly wage has grown, after an increase of 0.6 percent last year. The national real average weekly wage also grew for the second straight year, increasing by 0.9 percent in 2010 compared to a 0.4 percent increase in 2009.

Inflation and Wages

Figure 22
Percent Change in Consumer Price Index and Wages
Kansas and Midwest
2002 - 2010



	2002	2003	2004	2005	2006	2007	2008	2009	2010
CPI -U, Midwest	1.2%	1.9%	2.4%	3.2%	2.4%	2.7%	3.7%	-0.6%	1.9%
Wages, Kansas	2.2%	2.2%	4.0%	3.3%	5.4%	3.8%	3.1%	0.0%	2.0%

Source: Bureau of Labor Statistics, U.S. Department of Labor; Labor Market Information Services, Kansas Department of Labor

Population

The population of Kansas is 2,853,118 according to the 2010 U.S. Census. Kansas has grown 6.1 percent since the last census in 2000, an average increase of 0.6 percent annually. This is the seventh straight census that Kansas' population has grown as seen in Table 10 below. The growth rate is lower than that experienced in the 1990s (8.5 percent) but is still the second highest growth rate experienced in the past five decades.

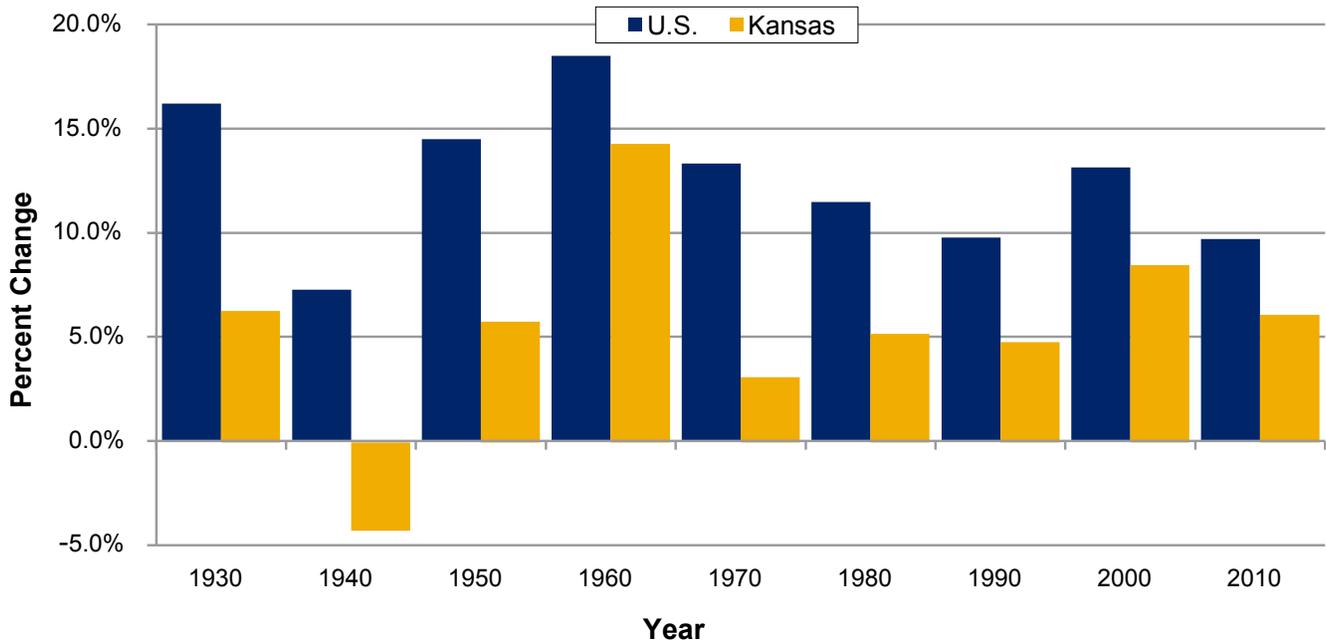
Table 10 Total Population Kansas and U.S. 1920 - 2010					
	1920	1930	1940	1950	1960
Kansas	1,769,257	1,880,999	1,801,028	1,905,299	2,178,611
U.S.	106,021,568	123,202,660	132,165,129	151,325,798	179,323,175
	1970	1980	1990	2000	2010
Kansas	2,246,578	2,363,679	2,477,574	2,688,418	2,853,118
U.S.	203,211,926	226,545,805	248,709,873	281,421,906	308,745,538

Source: U.S. Census Bureau

Population

The 2010 U.S. Census revealed that the U.S. population is 308,745,538. The U.S. population grew 9.7 percent between censuses, an average growth rate of nearly 1.0 percent annually. Below, Figure 23 shows the percent change in population between censuses for Kansas and the U.S. The population of Kansas makes up 0.9 percent of the total population of the U.S., which is down slightly from 2000 when Kansas' population was 1.0 percent of the U.S. total. Kansas ranks 33rd out of the 50 states in population size.

Figure 23
Percent Change in Total Population
Kansas and U.S.
1930 - 2010



Source: U.S. Census Bureau

Housing Sector

In the past few years, the housing market has seen a substantial slowdown in Kansas and the nation. This has led to an increase in foreclosures, declining home values and a decrease in home sales in the past year. The negative effects continue to be more pronounced nationwide than in Kansas.

Housing production is one of the largest economic activities and it crosses several industry subsectors including, but not limited to, manufacturing, construction and financial services. Growth and decline in housing activity can permeate several other areas of the economy as workers and businesses adjust to changing demand.

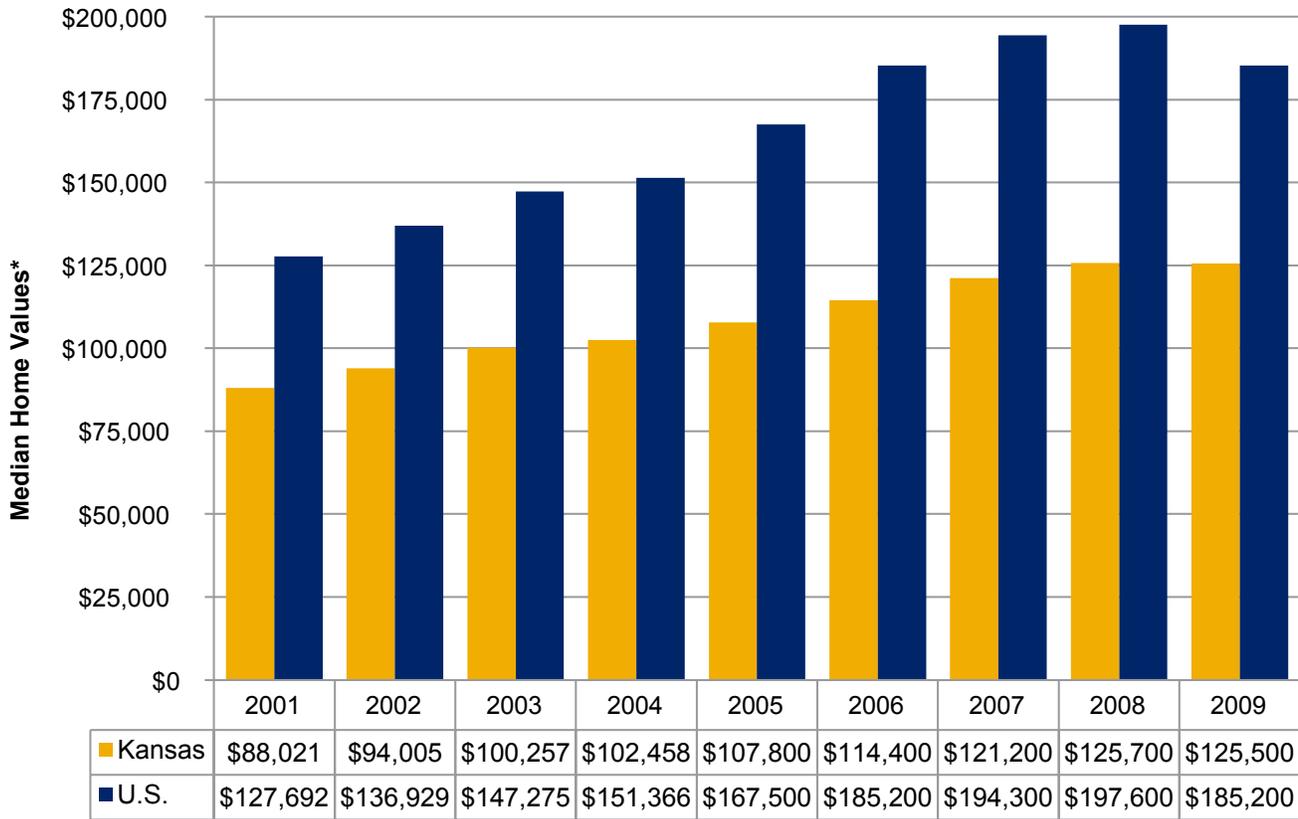
The “sub-prime” mortgage crisis was one of the catalysts for the weakening of the housing market. According to data published by the Federal Reserve Bank of New York, there were approximately 11,500 housing units with subprime loans in Kansas out of a total of 1.2 million housing units as of November 2010. Nationally, there were more than 2.0 million housing units with subprime loans out of a total of 127.9 million housing units. The percentage of subprime housing units in foreclosure in Kansas is 8.4 percent, compared to 13.5 percent nationally.

According to data published by the U.S. Census Bureau’s American Community Survey (ACS)⁴ and shown in Figure 24 on the following page, the median home values in Kansas decreased by 0.2 percent between 2008 and 2009. This is significantly better than the 6.3 percent decline experienced nationwide during the same time period. This is the first time median home values experienced a decline in Kansas since the 1980s. Kansas has consistently had lower median home values than that of the U.S.; however, median home values in Kansas have remained more stable.

⁴ The American Community Survey is an annual survey conducted by the U.S. Census Bureau to obtain information not collected by the U.S. Census (i.e. income and commuting patterns) and to track changes in the size and demographics of the population between censuses.

Housing Sector

Figure 24
Median Home Values
Kansas and U.S.
2001 - 2009



Year

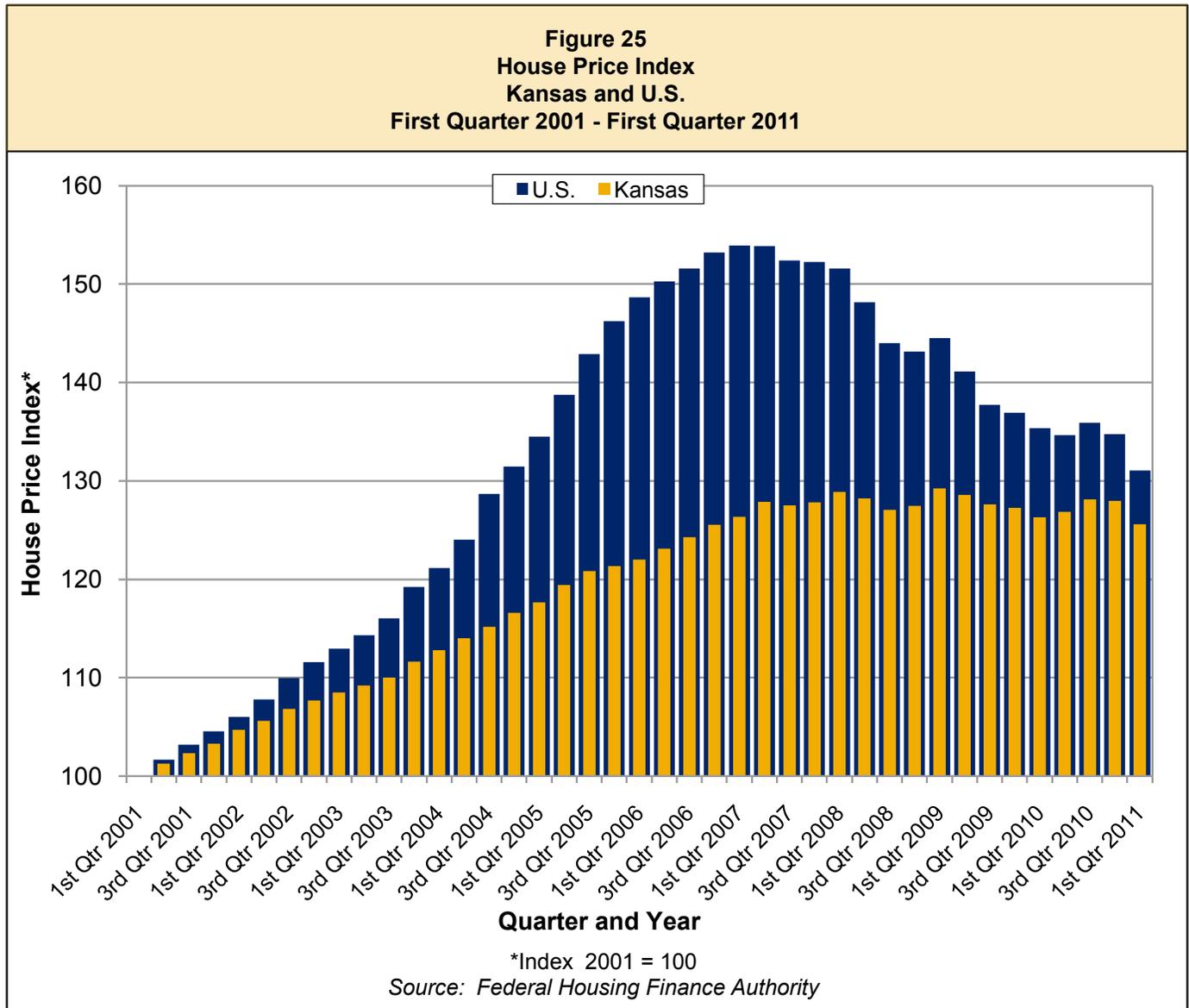
*In adjusted 2000 dollars

NOTE: Data from 2001 to 2003 excludes owner occupied units in multi unit structures, mobile homes and one family homes on 10 acres or more or with a business. Data from 2004 to 2009 includes all owner occupied units.

Source: American Community Survey, U.S. Census Bureau

Housing Sector

Another measure of home prices is seen in data compiled by the Federal Housing Finance Authority, and presented in Figure 25 below. It indicates that home prices in the U.S. decreased 3.1 percent from the first quarter of 2010 to the first quarter of 2011, while home prices in Kansas decreased 0.6 percent.



Using a third measure of home prices, the Standard & Poor's/Case-Shiller Home Price Index, home values nationwide decreased 5.1 percent from the first quarter of 2010 to the first quarter of 2011. Quarter-to-quarter home values have decreased since mid-2006 with the exception of the second and third quarters of 2009 and the second quarter of 2010 when home prices briefly went up due to increased demand created by the first-time homebuyer's tax credit. Statewide data for Kansas is not available for this index.

Housing Sector

For most homeowners, their home represents a significant asset. When housing prices increase, homeowners' unrealized wealth increases. The increase is unrealized because although the value of his/her home has increased, a homeowner's wealth does not reflect this increased value until the home is sold. This increased unrealized wealth may affect consumer spending as households borrow against or sell this asset. If home values slow their ascent or contract, this may have a negative effect on consumer spending, impacting the economy as a whole.

Table 11 below gives a more detailed breakdown of the housing market nationally and in Kansas. This data reveals that the characteristics present in the U.S. housing market in 2009 also held true in the Kansas housing market. In terms of the percentage of units that were occupied and vacant and the percentage of units with and without mortgages, Kansas and the U.S. had similar experiences. A slightly larger proportion of homes were occupied in Kansas than in the nation, while a slightly larger percentage of all homes in the U.S. had a mortgage than those in Kansas.

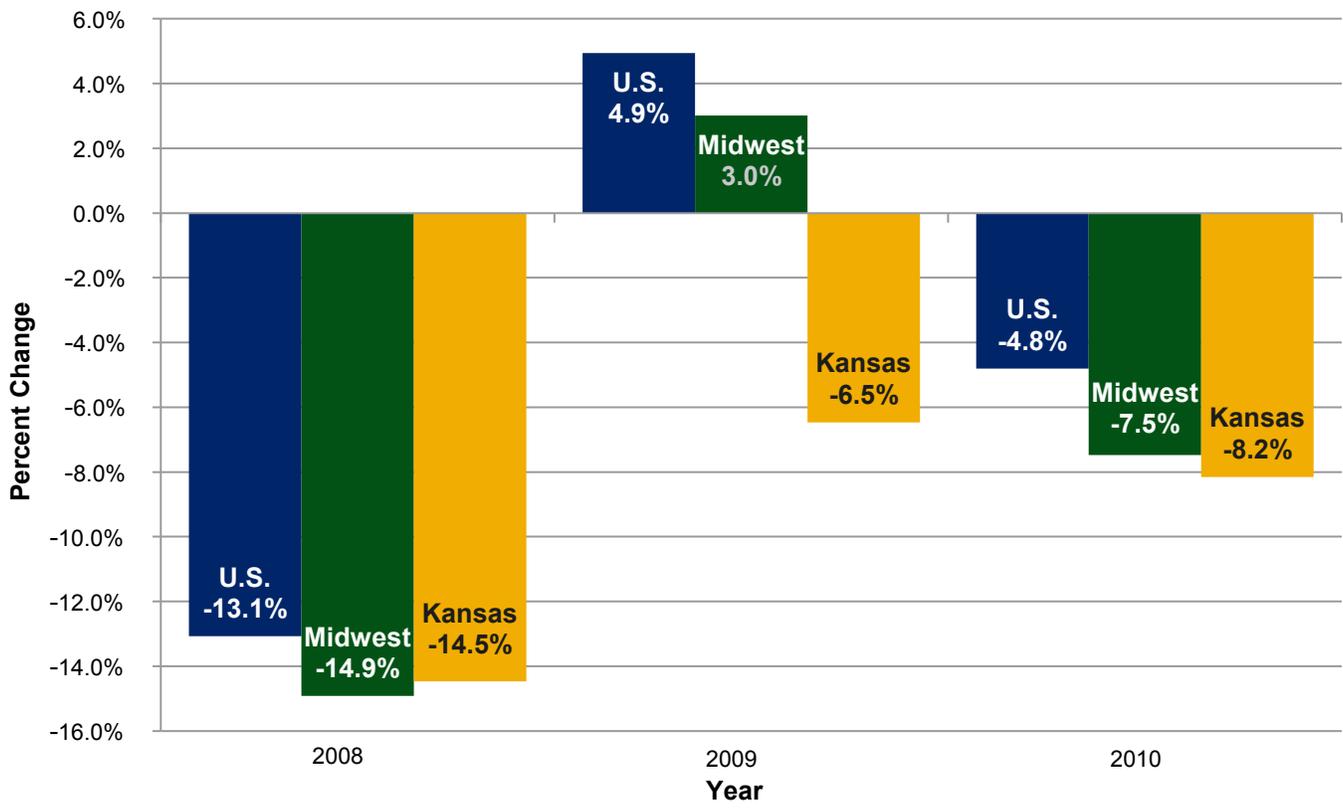
Table 11 Housing Characteristics Kansas and U.S. 2009				
	U.S.		Kansas	
	Count	Percent	Count	Percent
Housing Units	129,949,960	100.0%	1,231,995	100.0%
Occupied	113,616,229	87.4%	1,104,976	89.7%
Vacant	16,333,731	12.6%	127,019	10.3%
Owner Occupied Housing Units	74,843,004	100.0%	749,151	100.0%
Housing Units with a Mortgage	50,747,854	67.8%	486,683	65.0%
Housing Units without a Mortgage	24,095,150	32.2%	262,468	35.0%

Source: U.S. Census Bureau

Data published by the National Association of Realtors is shown in Figure 26 on the following page. It displays the percent change in existing home sales in Kansas, the Midwest and the United States. According to this data, existing home sales decreased in Kansas as well as in the Midwest and nationwide in 2010. Existing home sales in Kansas declined from 56,400 in 2009 to 51,800 in 2010, a decrease of 8.2 percent. Existing home sales in the Midwest experienced a similar decline of 7.5 percent, while nationwide existing home sales decreased by 4.8 percent from 5.2 million in 2009 to 4.9 million in 2010.

Housing Sector

Figure 26
Percent Change in Existing Home Sales
Kansas and U.S.
2008 - 2010



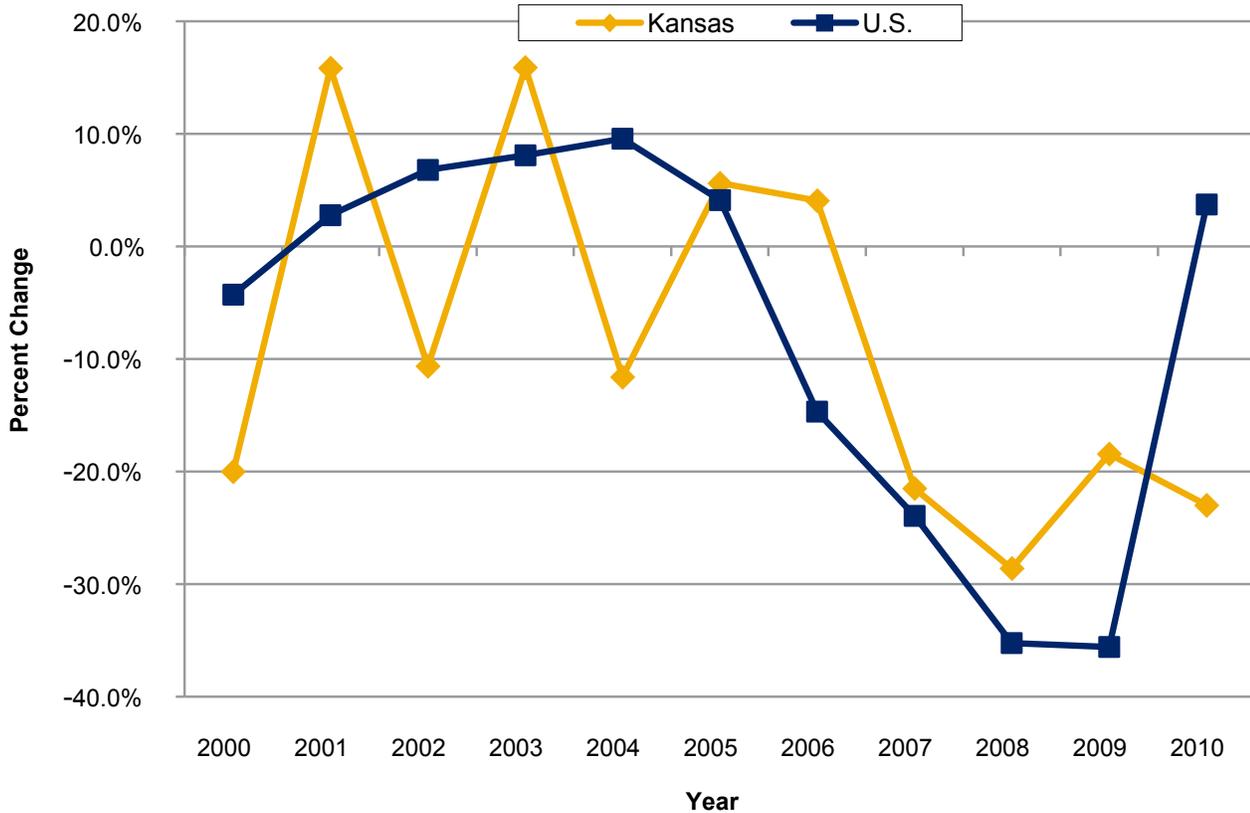
Source: National Association of Realtors

The number of building permits issued can also indicate future activities in the housing market. Figure 27 on the following page compares the number of building permits issued in Kansas to the number issued nationwide. In 2010, the number of building permits issued nationwide increased for the first time since 2005 while building permits issued in Kansas continued to decline for the fourth straight year. Building permits in Kansas decreased from 6,677 in 2009 to 5,140 in 2010, a 23.0 percent decrease. This is the lowest number of building permits issued in Kansas since the number of building permits began to be tracked in 1960. In the U.S., the number of building permits issued grew from 582,963 in 2009 to 604,610 in 2010, a 3.7 percent increase. However, this is still significantly lower than the peak of nearly 2.2 million building permits issued in 2005.

Housing Sector

Multi-unit housing helps explain how the number of building permits increased nationwide and continued to decrease in Kansas. Multi-unit housing is housing designed for multiple households; including duplexes and apartment complexes. The number of multi-unit housing building permits issued in the U.S. increased 15,484 from 2009 to 2010, contributing 71.5 percent of the growth in building permits. There were 1,239 fewer building permits issued in Kansas for multi-unit housing, accounting for 80.6 percent of the decrease in building permits from 2009 to 2010.

Figure 27
Percent Change in Building Permits
Kansas and U.S.
2000 - 2010



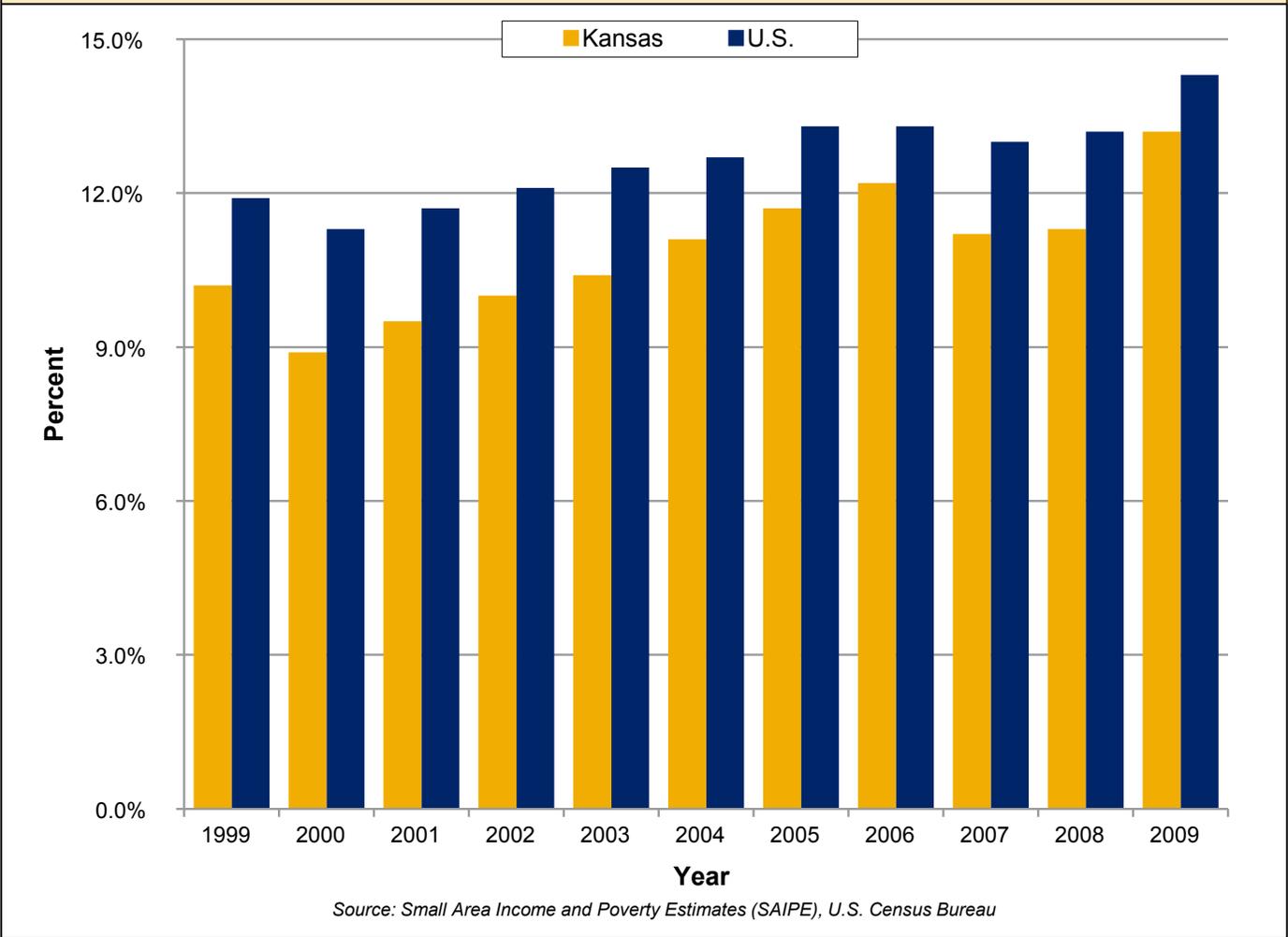
Source: U.S. Census Bureau

Kansas Poverty

As shown in Figure 28 below, the number of Kansans estimated to be living below the poverty threshold in 2009 totaled 359,692 individuals, or 13.2 percent of the total Kansas population. Nationwide the total number of individuals living under the poverty threshold was approximately 42.9 million, or 14.3 percent of the total U.S. population. This signifies the second consecutive year that the number of individuals living below the poverty threshold has increased in both Kansas and nationally. Since 2007, the number of individuals in poverty has increased by 19.2 percent in Kansas and 12.7 percent in the U.S. This multi-year

Poverty estimates offer a glimpse of likely economic disparity in a given area. If average incomes rise while more people enter poverty, income disparity (the gap between rich and poor) may rise.

Figure 28
Poverty Estimates as a Percent of Total Population
Kansas and U.S.
1999 - 2009



Kansas Poverty

increase in poverty can be attributed directly to the Great Recession. There were 26 states that reported a higher percentage of individuals living in poverty than Kansas. In 2009, the poverty threshold for a family of four (two adults and two children under 18) was an annual income of \$21,756.

Poverty among children ages 4 and younger was higher than among other age groups. In 2009, 21.5 percent of this age group in Kansas were living in households under the poverty threshold. Nationally, 23.2 percent of children under the age of 5 were living in households beneath the poverty threshold.

The Gini Index, one of the indicators published by the U.S. Census Bureau's American Community Survey, measures inequality of wealth distribution. A low Gini Index means more equal wealth distribution, while a high Gini coefficient indicates more unequal wealth distribution. A coefficient of 0.0 corresponds to perfect equality and a coefficient of 1.0 corresponds to perfect inequality. According to the 2009 ACS data, Kansas had a Gini Index of 0.444, compared to a nationwide index of 0.469, indicating more inequality nationwide than in Kansas. Notably, Kansas' Gini Index was lower than the Gini Index of three of its four neighboring states. Only Nebraska had a lower Gini Index than Kansas at 0.440.

Sources

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U.S. Census Bureau (www.census.gov)



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