Labor Market Overview

April 2005

Kansas Department of Labor

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Introduction

This publication is an overview of job trends in Kansas from calendar year 2000 to 2004. The data used for the graphs included in this publication are a summary of information released monthly by the Kansas Department of Labor, Labor Market Information Services.

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Kansas Department of Labor Employment and Jobs Data

At the Kansas Department of Labor (KDOL), the Labor Market Information Services (LMIS) division produces a variety of data on the Kansas economy. This important information supports workforce development, business development and economic planning decisions across our state.

In this report, employment data has been produced using information collected from a survey of households in Kansas. Four types of employment information are produced using this household data:

1. Civilian Labor Force estimates
2. Employment estimates
3. Unemployment estimates
4. Unemployment rate

Jobs data in this report has been produced using a monthly survey of approximately 5,100 Kansas employers. The data collected from this survey includes:

1. Jobs
2. Worked hours
3. Earnings

Why LMIS Information is Valuable

Since as early as 1890, the State of Kansas has been collecting workforce statistics. This valuable data, now produced by LMIS, is valuable for many groups including businesses, educators, researchers, economic development professionals and students. Because this data is used for making important decisions, LMIS has high standards for the way it is collected and the reports produced.

LMIS statistical data is representative of the entire state and most of it is supported by the Bureau of Labor Statistics (BLS). This BLS support includes financial resources as well as process requirements involving set procedures for how data is compiled. The BLS requirements ensure this information is unbiased and free from political interpretation.

LMIS statistical data comes from a number of sources including national data made available to state research agencies. An example is the Current Population Survey (CPS). This survey includes 60,000 households containing 112,000 persons 16 and older.

There are approximately 67,000 employers subject to unemployment tax laws in the State of Kansas. A common LMIS survey of employers could involve more than 6,000 contacts with employers.

Another source of LMIS information involves unemployment tax records, which all employers subject to unemployment tax law are required to report. Due to confidentiality laws, private survey companies do not have access to this information.

Finally, while a majority of surveys conducted by LMIS are voluntary, LMIS surveys have an impressive 75 to 90 percent return rate. The LMIS staff work diligently with employers and others on completion of surveys.

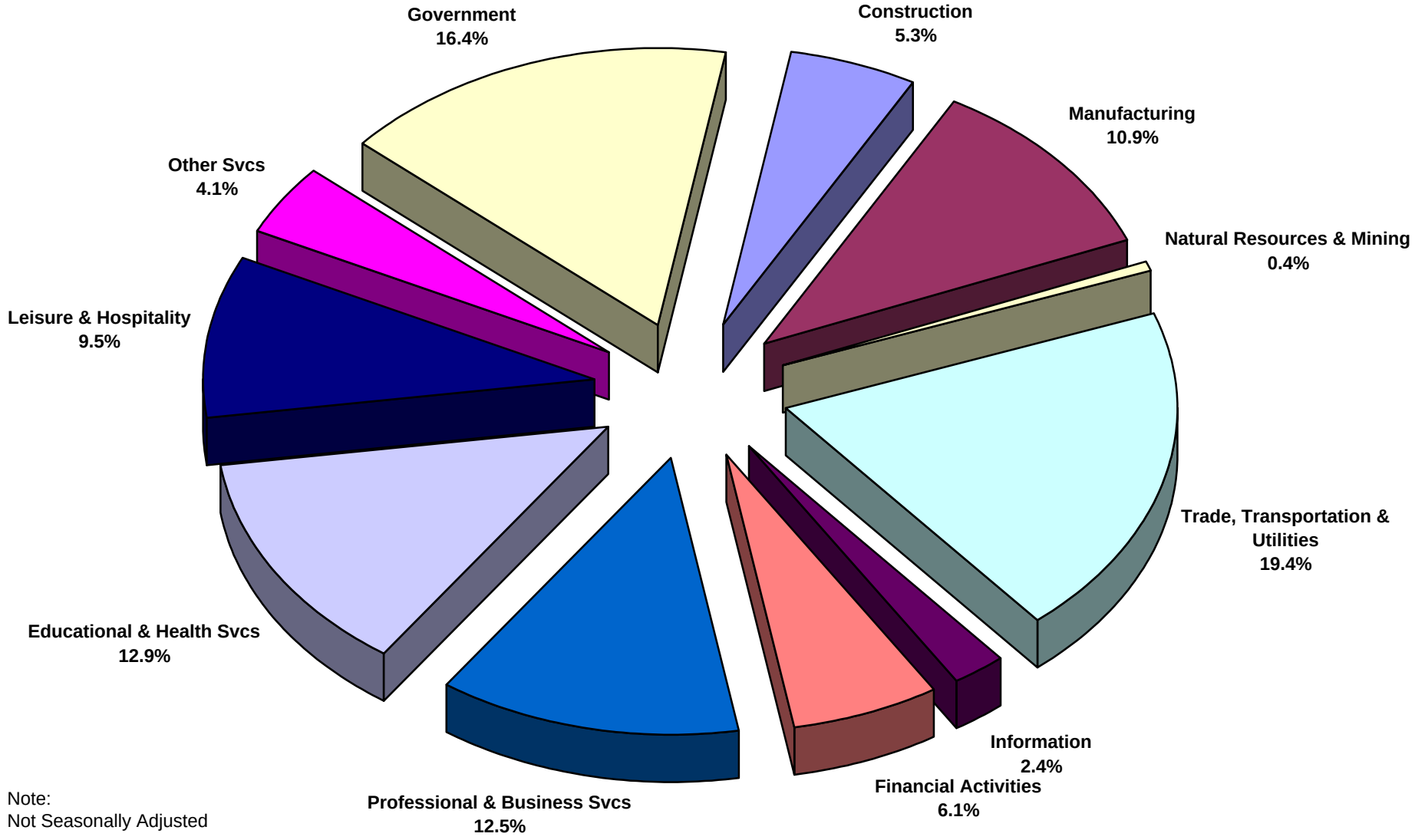
Major Industries in the Economy

Figure 1 reflects how jobs are distributed within the 11 major industry categories that comprise the national economy. The major industry categories are listed below with examples of some activities included in each. The examples are not limited to those listed.

- Construction: construction of buildings or engineering projects such as highways and utility systems
- Manufacturing: production of materials and transformation of materials into products
- Natural Resources and Mining: extraction of solid and liquid minerals and gases, quarries and well operations
- Trade, Transportation and Utilities: wholesale and retail trade, warehousing, privately-owned utilities and all types of transportation
- Information: publishing, motion picture and sound recording, broadcasting and telecommunications
- Financial Activities: banking, insurance and real estate
- Professional and Business Services: management of companies and enterprises, administrative services, attorneys, accountants and consultants
- Educational and Health Services: private schools, health care and social service facilities
- Leisure and Hospitality: arts, entertainment and recreational facilities, lodging and food services
- Other Services: personal services including barber and beauty shops, funeral homes, membership organizations including unions and political organizations
- Government: all local, state and federal government establishments

The figure reflects the percentage of jobs in each sector in the national economy. The largest sector of the economy in 2004 is trade, transportation and utilities, making up 19.4 percent of the national economy. Government, educational and health services and professional and business services follow closely.

Figure 1
2004 National
Major Industry Breakout

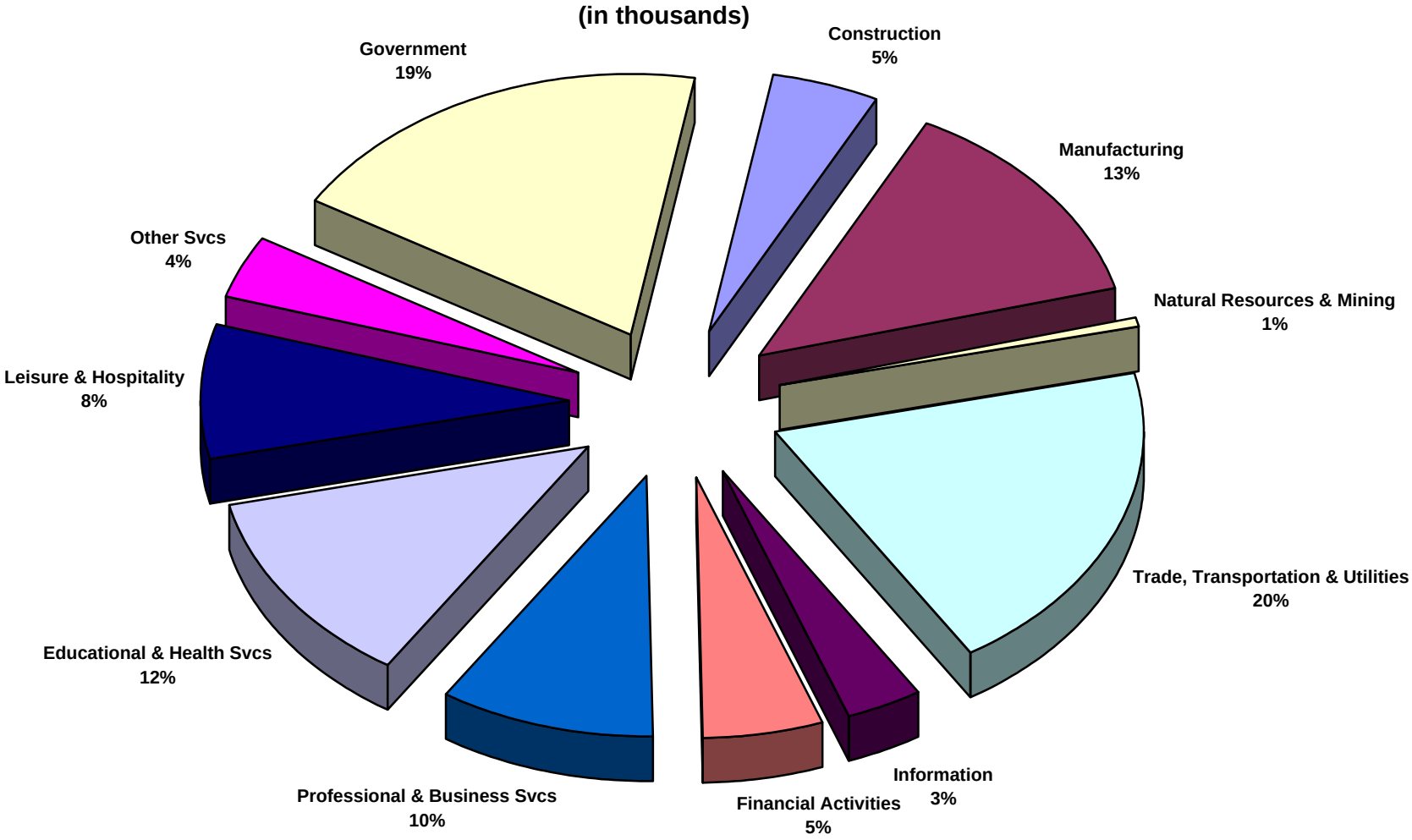


Note:
Not Seasonally Adjusted

The same 11 major industry categories are represented in *Figure 2* for the Kansas economy. The largest sector of jobs in the Kansas economy in 2004 also is trade, transportation and utilities, followed closely by government, manufacturing, and educational and health services.

Overall, the industry breakouts for the national economy and the Kansas economy are similar.

Figure 2
2004 Kansas
Major Industry Breakout
(in thousands)



Note:
Not Seasonally Adjusted

Job Growth and Decline

National Job Trends vs. Kansas Job Trends

Figure 3 tracks the number of jobs monthly for the last five years in the national economy. This data shows that the month-by-month trends are very similar from year-to-year. For example, the national economy typically has a decline in jobs from June to July and from December to January. This data also shows that the overall number of jobs declined beginning in 2001, but have recently returned to pre-2001 levels.

Kansas job numbers for the last five years, month-by-month, are reflected in *Figure 4*. As in the national data, the job numbers for Kansas show that the month-by-month trends are similar each year. During a typical 12-month period, there are periodic increases and declines due to seasonal hiring trends in both the national and Kansas economies.

Over the last five years in Kansas, the highest number of jobs was recorded in late 2000 and early 2001. Jobs declined in late 2001 and 2002. However, as indicated in *Figure 4*, the job decline "bottomed out" in 2003 and began to recover in 2004. While job numbers in Kansas are not yet above pre-2001 levels, the 2004 numbers indicate a steady increase over the past several months.

In *Figure 5*, the percent change in jobs nationwide is presented for 2000-2004. This data is based on the annual average for jobs nationwide each year. Following 2001, jobs declined over one percent nationwide. The decline continued in 2003. In 2004, jobs nationwide grew a little more than one percent.

In Kansas, the percent change in jobs from 2000-2004 is presented in *Figure 6*. Jobs declined between 2001 and 2002, but not as much as the national economy. The largest decline in Kansas was between 2002 and 2003. In 2004, Kansas jobs grew for the first time in two years, by 0.8 percent.

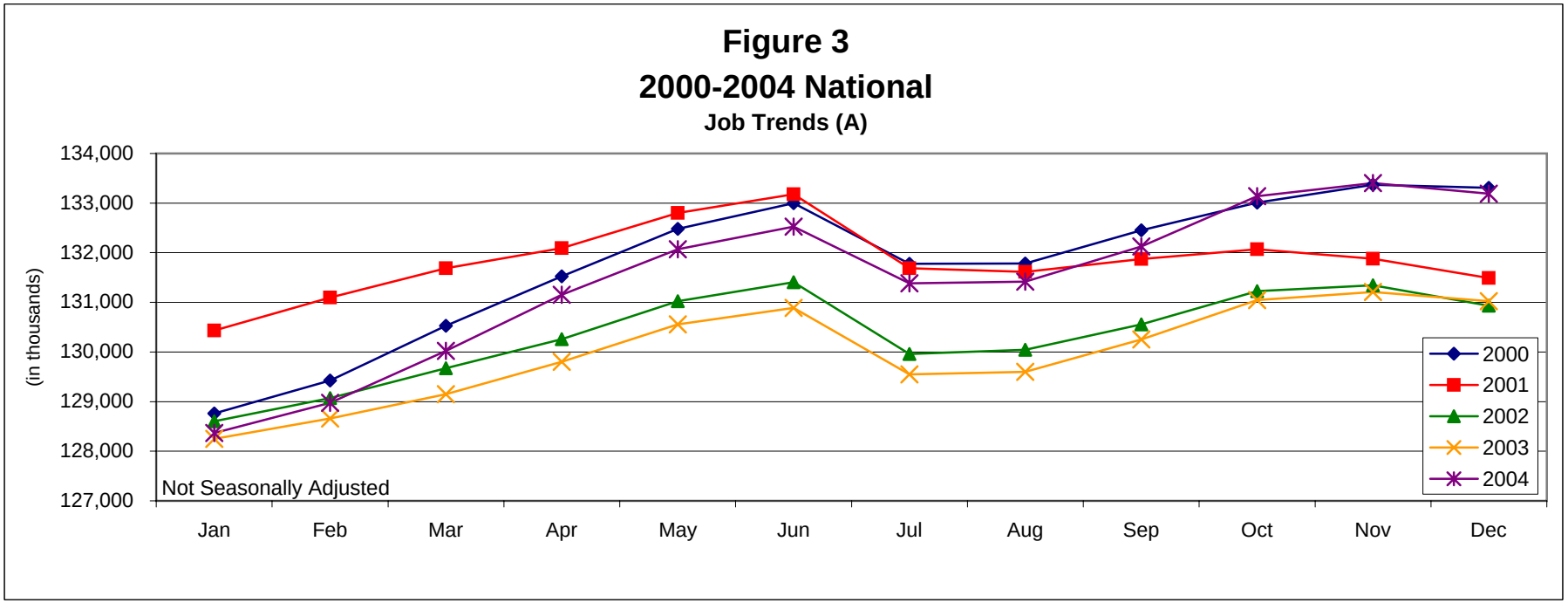


Figure 3
2000-2004 National
Job Trends (A)
134,000
133,000
132,000
131,000
130,000
129,000
128,000
127,000
(in thousands)
Not Seasonally Adjusted
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2000
2001
2002
2003
2004

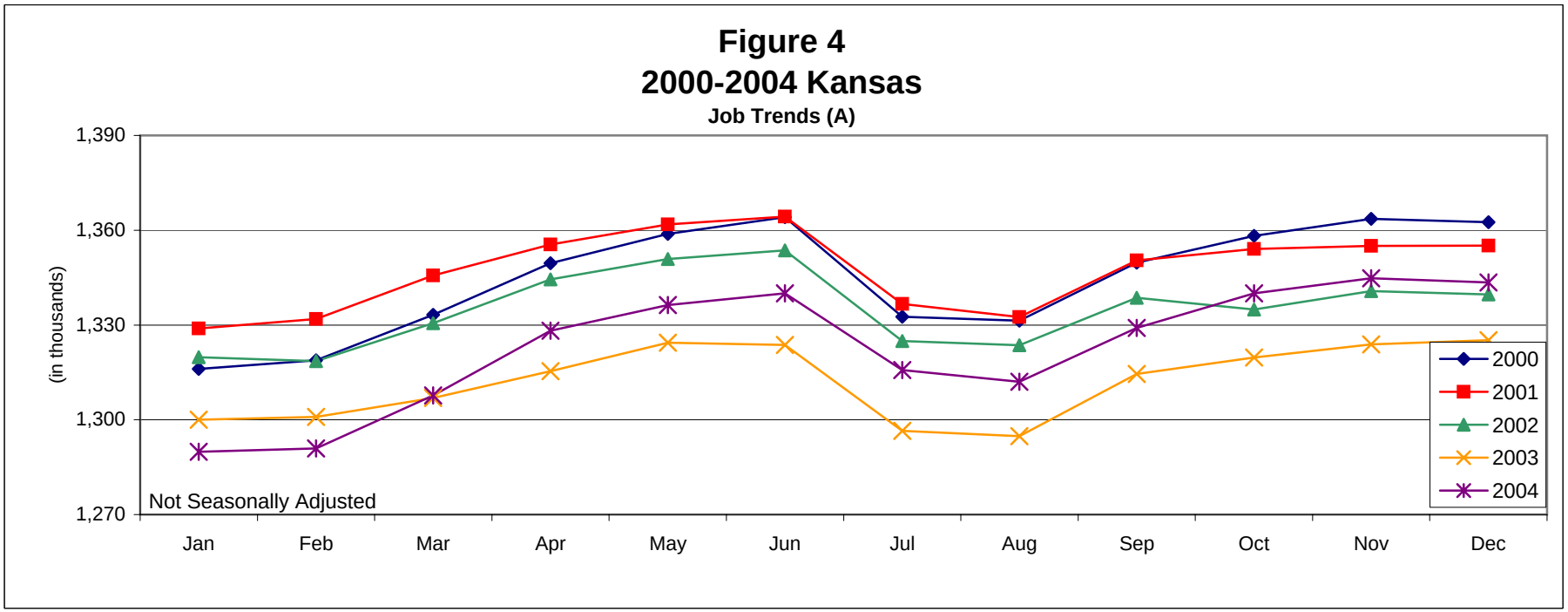
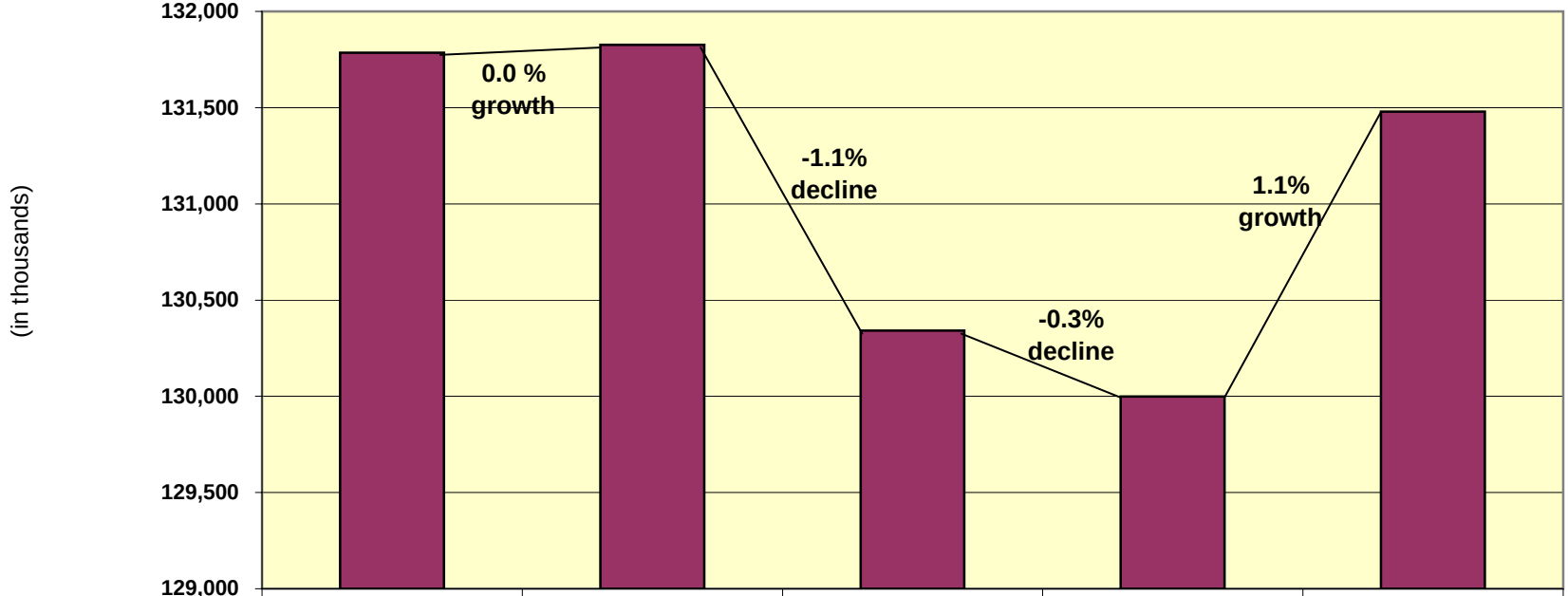


Figure 4
2000-2004 Kansas
Job Trends (A)
1,390
1,360
1,330
1,300
1,270
(in thousands)
Not Seasonally Adjusted
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2000
2001
2002
2003
2004

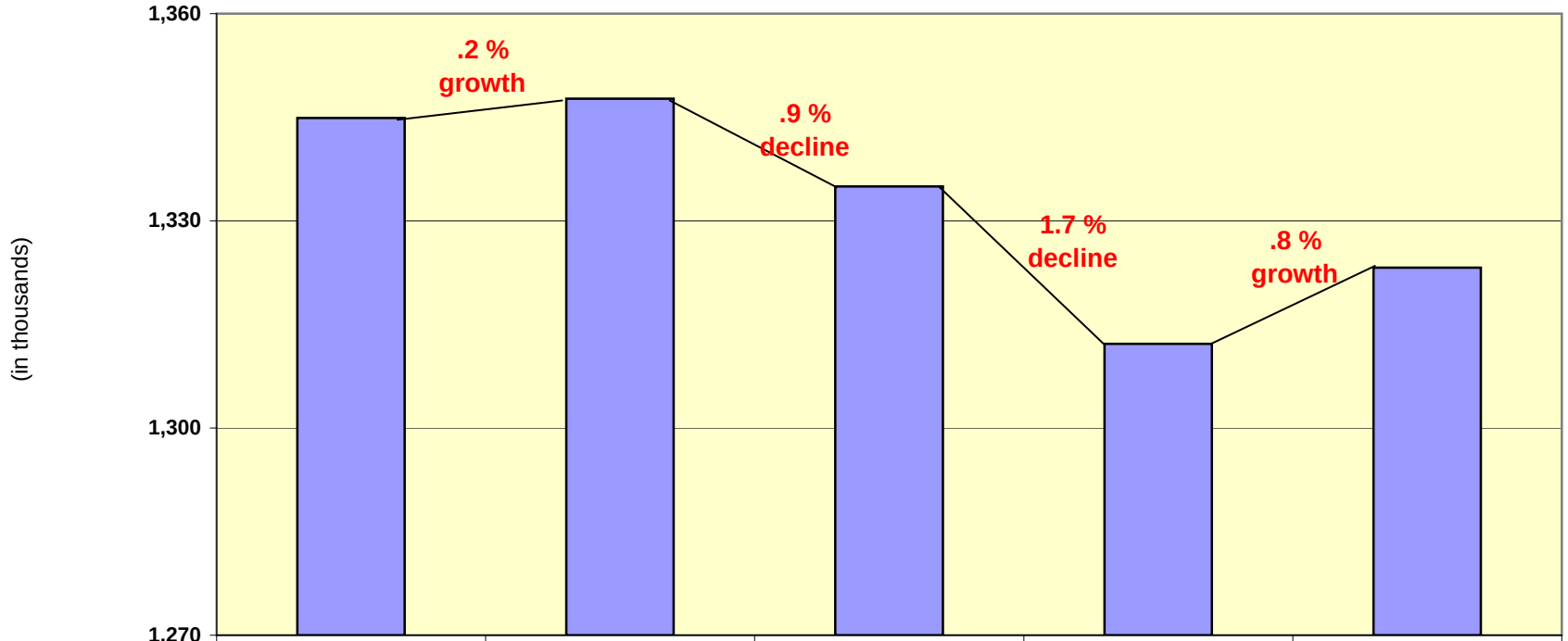
Figure 5
2000-2004 National
Job Trends (B)



	2000	2001	2002	2003	2004
Annual Average of Jobs	131,785.0	131,826.0	130,341.0	129,999.0	131,480.0

Not Seasonally Adjusted

Figure 6
2000-2004 Kansas
Job Trends (B)



	2000	2001	2002	2003	2004
Annual Average of Jobs	1,344.9	1,347.7	1,335.0	1,312.2	1,323.2

Not Seasonally Adjusted

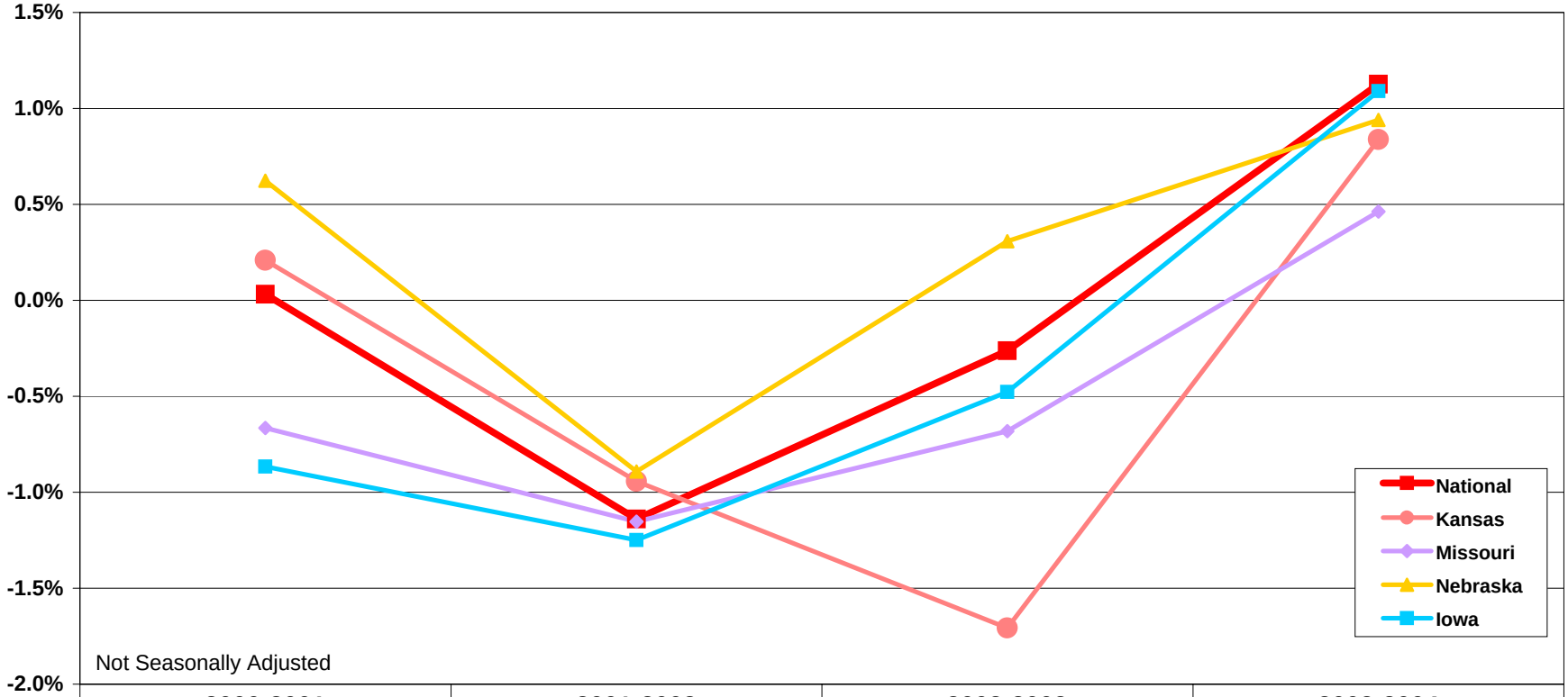
Kansas jobs declined later than other areas of the country primarily because of layoffs in manufacturing related industries that responded more slowly to the economic downturn following the terrorist attacks of September 11, 2001.

Midwest Job Trends

Figure 7 shows the yearly percent change in jobs for Missouri, Iowa, Nebraska, Kansas and the nation from 2000-2004.

While many states experienced steep declines in jobs between 2001 and 2002, Kansas did not experience as steep a decline until 2003. As mentioned earlier, Kansas jobs declined later than other areas of the country primarily because of layoffs in manufacturing related industries that responded more slowly to the economic downturn following the terrorist attacks of September 11, 2001. In 2003 and 2004, all the states presented in the chart experienced some job growth. In Kansas, growth still lags behind the national trend and that of many Midwest states.

Figure 7
2000-2004 National vs Midwest States
Job Changes
(Yearly Percent Changes)



	2000-2001	2001-2002	2002-2003	2003-2004
National	0.0%	-1.1%	-0.3%	1.1%
Kansas	0.2%	-0.9%	-1.7%	0.8%
Missouri	-0.7%	-1.2%	-0.7%	0.5%
Nebraska	0.6%	-0.9%	0.3%	0.9%
Iowa	-0.9%	-1.2%	-0.5%	1.1%

Job Trends by Industry

The changes in jobs between 2000 and 2004 for goods producing industries nationwide are presented in *Figure 8*. Jobs in all the goods producing industries declined during this period, with the most drastic decline in manufacturing.

Figure 9 represents job changes between 2000 and 2004 for goods producing industries in Kansas. Jobs in natural resources and mining increased during this period, but jobs in construction and manufacturing declined.

In natural resources and manufacturing jobs, Kansas performed better than national trends. In construction jobs, Kansas did not perform as well as the nation. Overall, it appears that Kansas job trends were more positive than national trends in goods producing industries over the last five years.

National job trends for the last five years in service providing industries are reflected in *Figure 10*. *Figure 11* presents the same information for Kansas jobs. In six of the eight industries classified as service providing, Kansas did not perform as well as the national trends between 2000 and 2004.

Figure 8
2000-2004 National
Goods Producing Industries
Job Changes

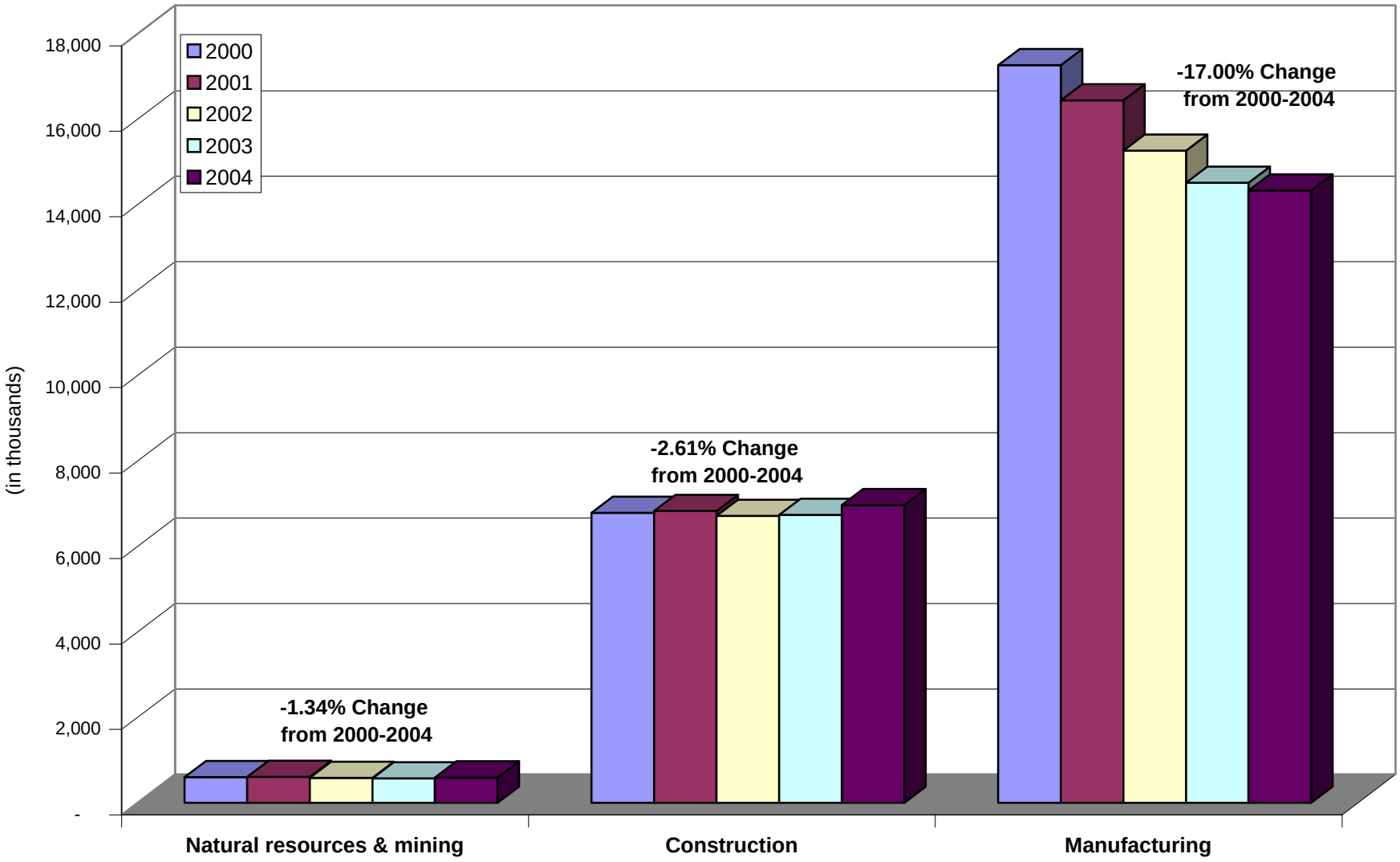
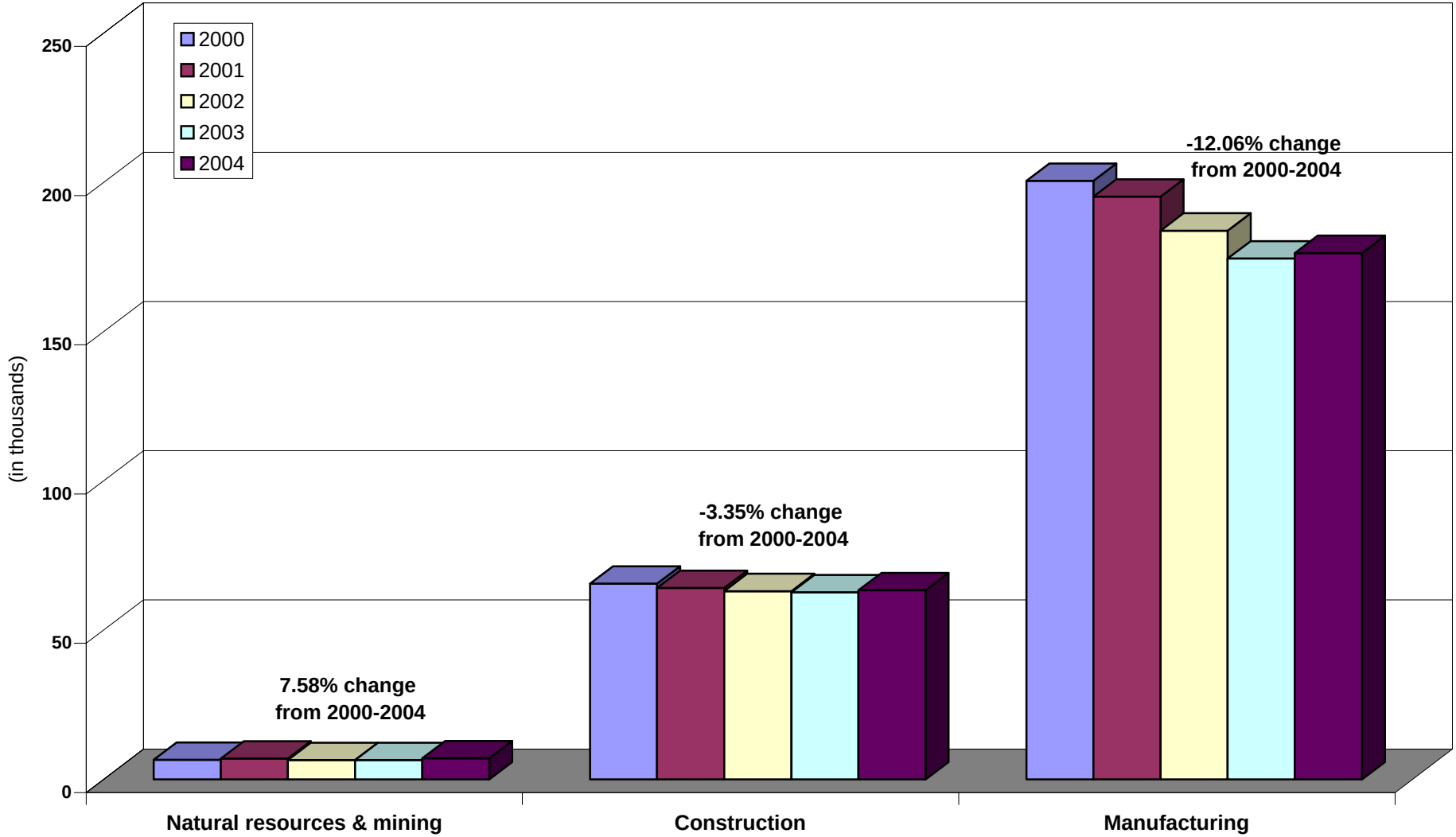


Figure 9
2000-2004 Kansas
Goods Producing Industries
Job Changes



Not Seasonally Adjusted

Figure 10
2000-2004 National
Service Providing Industries
Job Changes

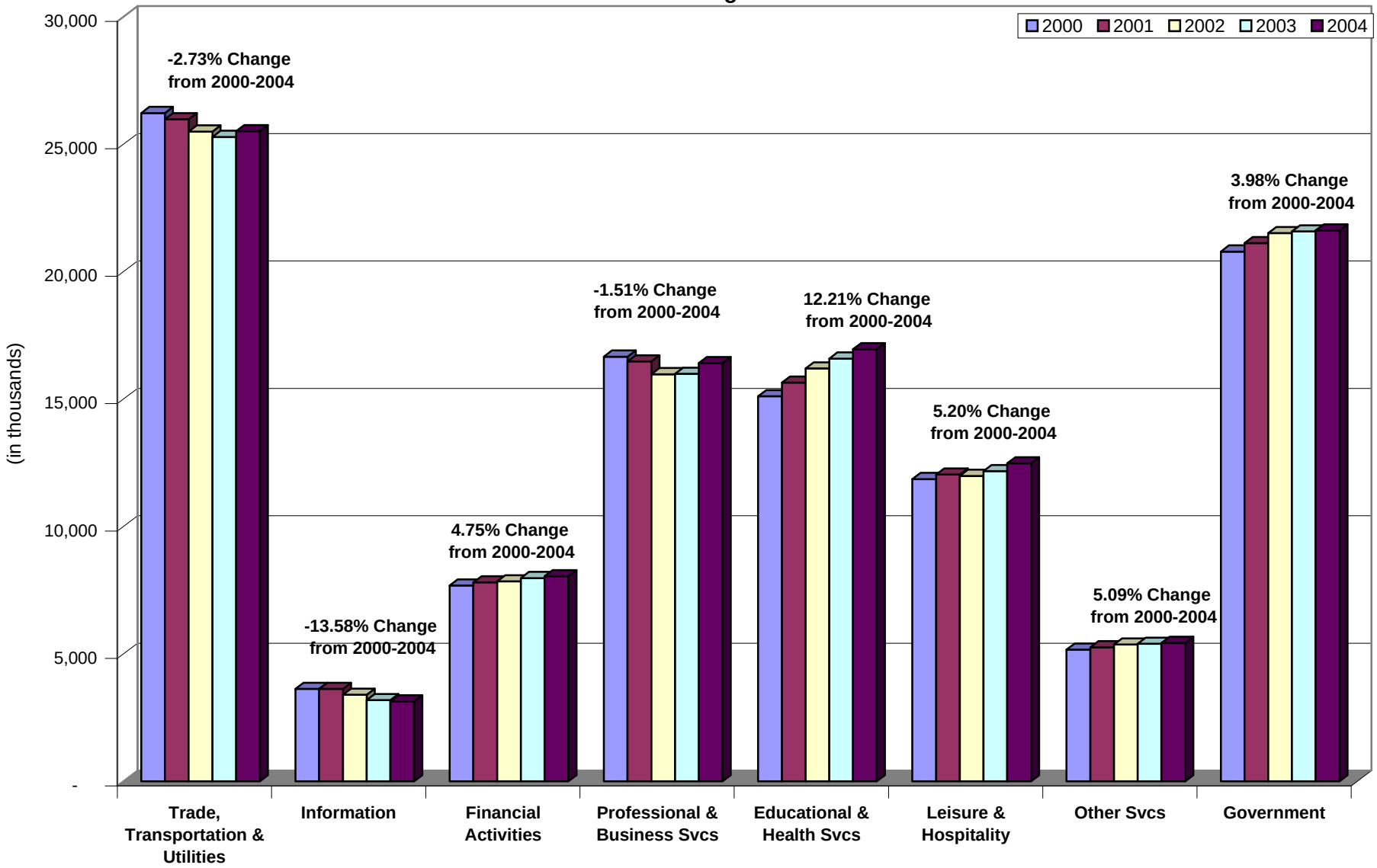
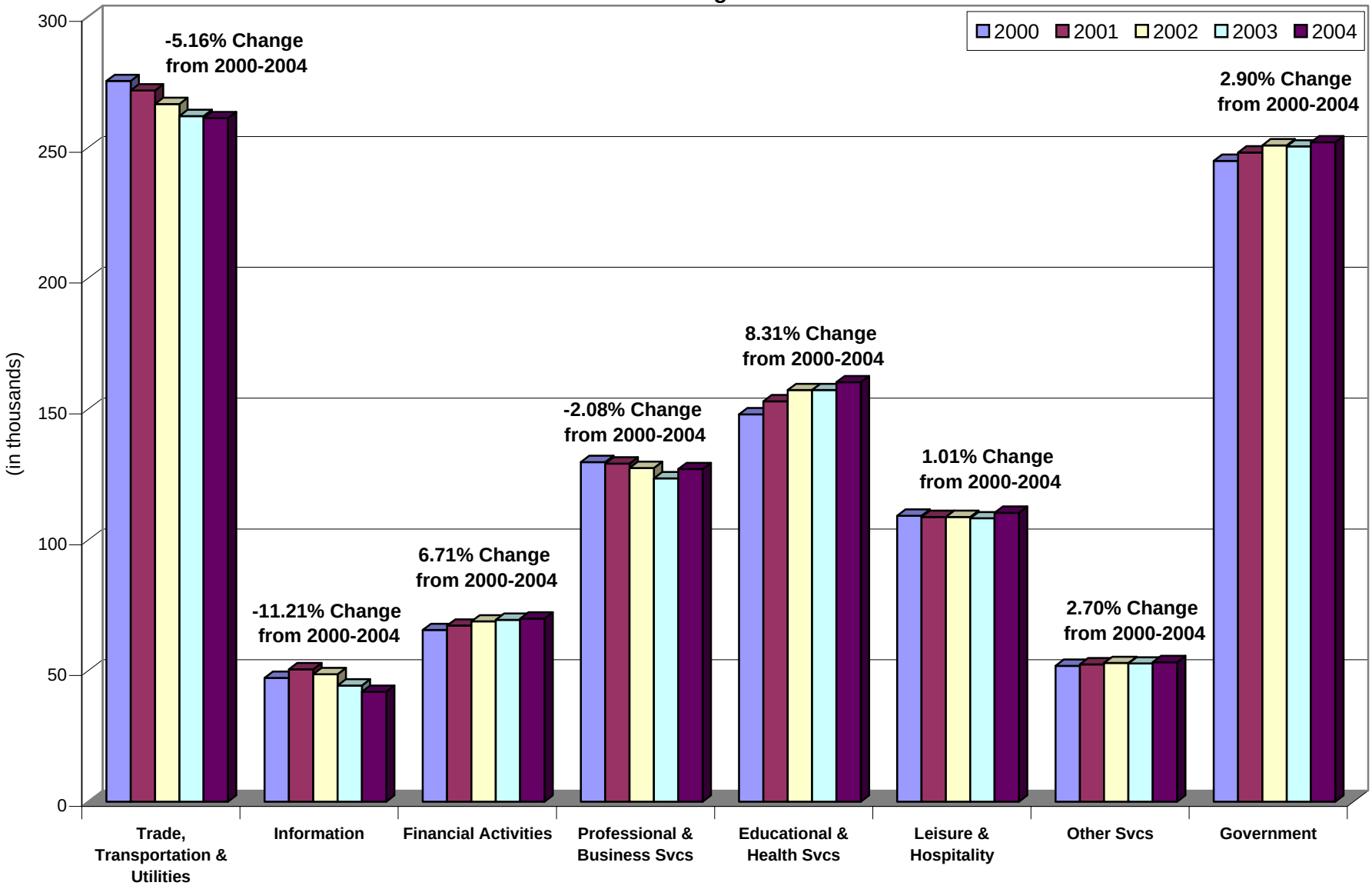


Figure 11
2000-2004 Kansas
Service Providing Industries
Job Changes



Mass Layoffs

Mass layoff numbers are collected from establishments that have at least 50 initial claims for unemployment insurance filed against them during a 5-week period. The numbers initially are reported with no regard for the duration of the layoff. For example, if a manufacturing plant shuts down for two weeks during the holiday season and all 200 employees are laid off during that two week period, that manufacturing plant would be counted in the number of establishments experiencing a mass layoff. The plant is included in the mass layoff numbers even though the workers in this example cease unemployment benefits and return to work following the two-week closure.

Once each quarter, the initial estimates are re-examined and revised to include only establishments with 50 or more layoffs that exceed 30 days in duration. As a result, preliminary monthly mass layoff numbers are typically higher than those issued at the end of each quarter.

Figure 12 reflects mass layoff numbers month-by-month for the last five years and the first three months of 2005. The annual total of mass layoffs increased consecutively for two years beginning in 2001. However, in 2003 and 2004, the annual total of mass layoffs declined.

The preliminary numbers of January 2005 are higher than previous years, but that number has not yet been confirmed to exclude layoffs less than 30 days in duration. A common practice in the manufacturing industry is to close for a short period around the holidays, causing numerous temporary layoffs in December and January.

Figure 12
2000-2005 Kansas
Mass Layoff Events

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
2000	14	4	5	4	7	8	10	-2	3	3	13	19	88
2001	10	8	7	4	6	8	9	11	4	5	13	25	110
2002	16	4	7	9	14	4	15	11	3	8	16	22	129
2003	15	5	9	5	7	11	14	6	6	6	6	29	119
2004	14	6	5	9	5	11	17	4	4	5	6	16	102
2005	34(p)	5(p)	3(p)										39(p)

p : preliminary.

Seasonally Adjusted Statistics

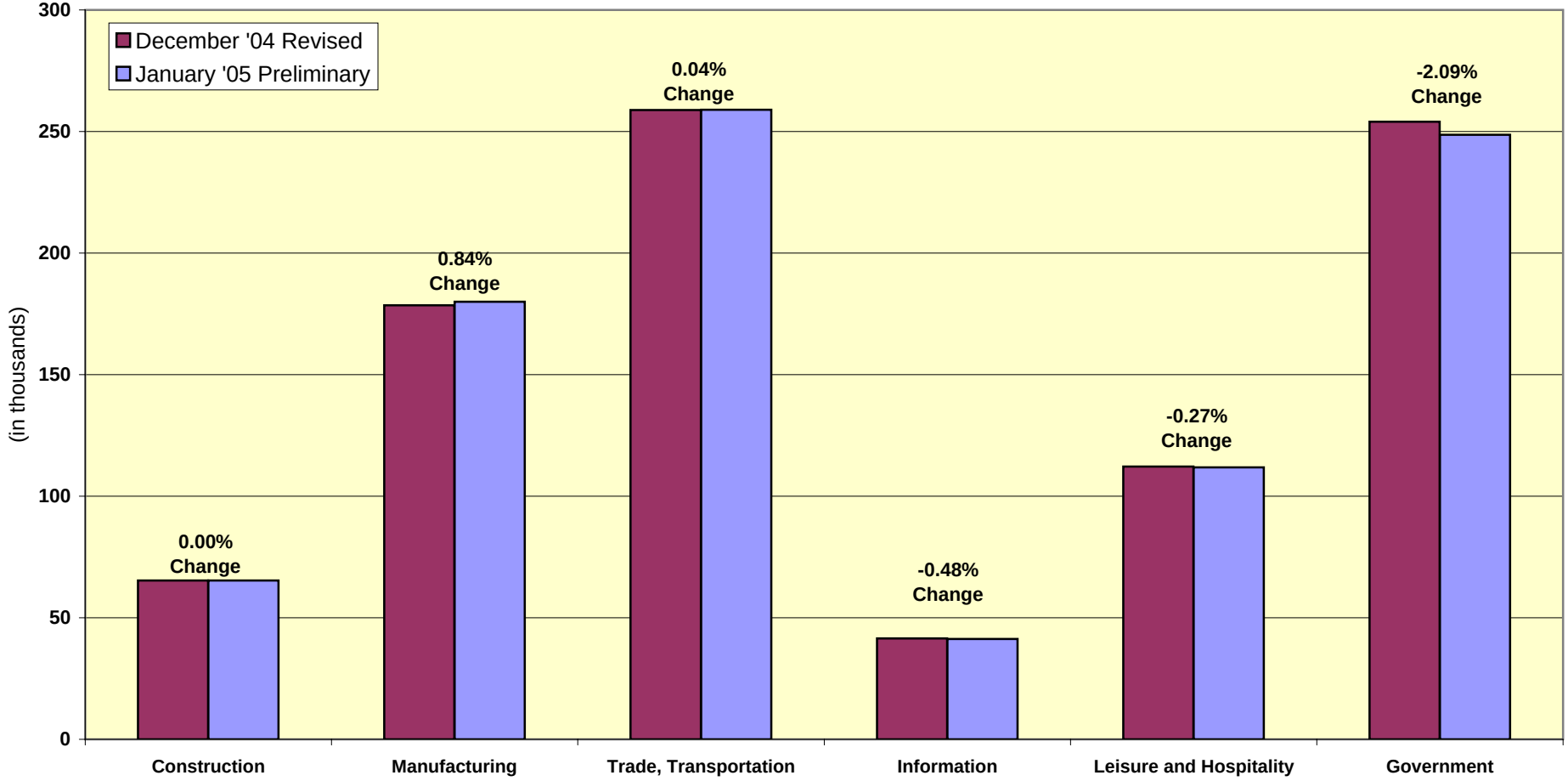
Each month, estimates for jobs and employment are published by both the federal BLS and KDOL. Some estimates are seasonally adjusted and others are not seasonally adjusted. Seasonal adjustment is designed to reduce the effect of seasonal hiring trends that follow a more or less regular pattern each year. The adjustments make it easier to observe non-seasonal movements in jobs and employment estimates.

However, seasonally adjusted numbers do not completely remove all the effects of seasonal hiring patterns in employment or job estimates. If changes in a particular industry are greater than planned for in seasonal adjustment formulas, the changes will be reflected in job or employment estimates.

For example, *Figure 13* shows Kansas job changes by industry between December 2004 and January 2005. While these numbers are seasonally adjusted, two job declines reflected in the data are in leisure and hospitality and government industry sectors. Even though the numbers in *Figure 13* are seasonally adjusted, both declines are largely attributable to seasonal hiring patterns. Many schools and eating and drinking establishments lay off some personnel during and following the holiday season. These groups account for most of the change noted in leisure and hospitality and government jobs during this time period.

It is not uncommon to witness declines in jobs between December and January in the Kansas economy. The seasonal hiring trends in the state influence jobs and employment at this time of year.

Figure 13
December 2004-January 2005 Kansas
Job Changes by Industry
(*Seasonally Adjusted)*



Industry Profile: *Government*

Government is one industry included in the 11 major industries in the national and Kansas economies. The following is a profile of some recent trends in government jobs. Subsequent *Labor Market Overviews* produced by LMIS will include profiles of other major industries in the national and Kansas economies.

The government sector includes jobs in local, state and federal government in the State of Kansas. Local employment consists of jobs in all city, county and township agencies, including but not limited to:

- Public schools – unified school districts and community colleges
- City and county hospitals
- Local fire departments and law enforcement
- Public transit, water and street departments
- Tribal councils (Casino employment also is reflected in local government jobs)

State employment consists of jobs in all state agencies, including but not limited to:

- Civil service, faculty and student-filled jobs at state educational facilities
- State judicial system and penitentiaries
- State-owned hospitals
- State highway system

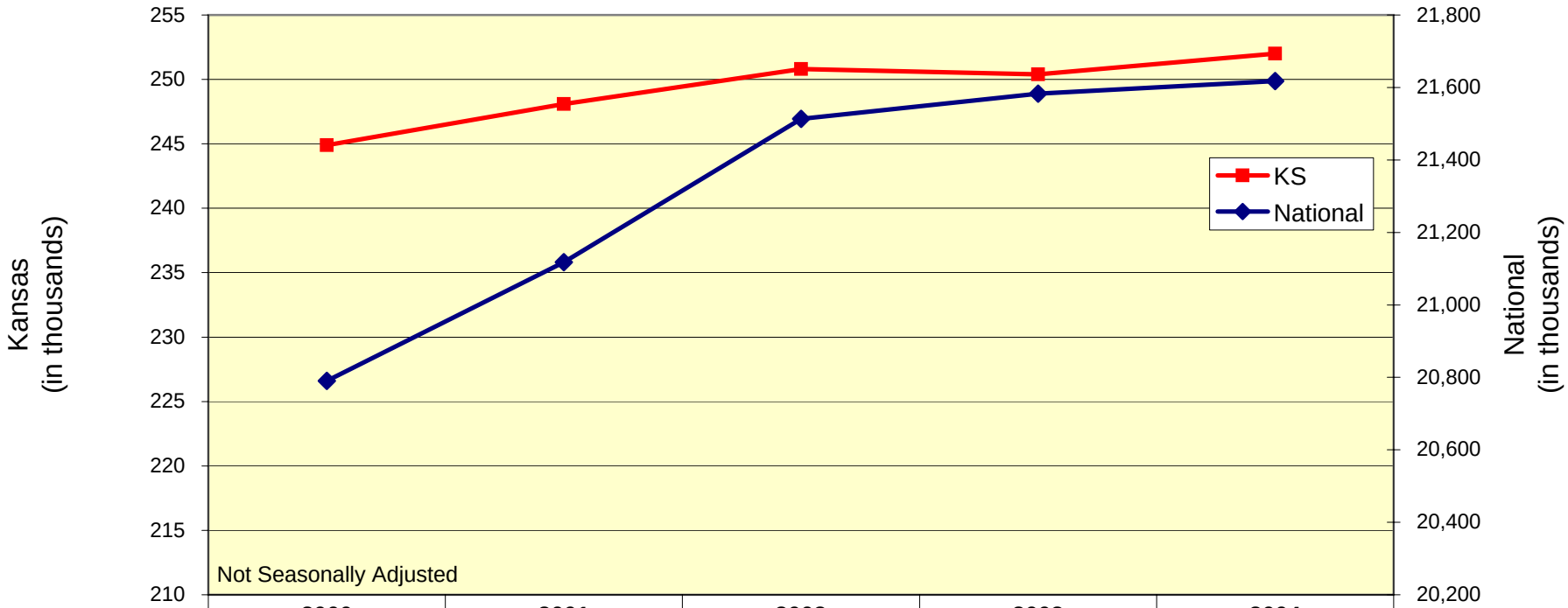
Federal employment consists of jobs in all federal agencies in Kansas, including but not limited to:

- Postal Service
- Federal judicial system and penitentiaries
- Veterans hospitals
- Civilian jobs on military establishments; Military positions are not included

The number of government jobs in Kansas and the nation are compared in *Figure 14*. Government jobs nationwide have increased between 2000 and 2004, while the number of government jobs in Kansas has changed very little.

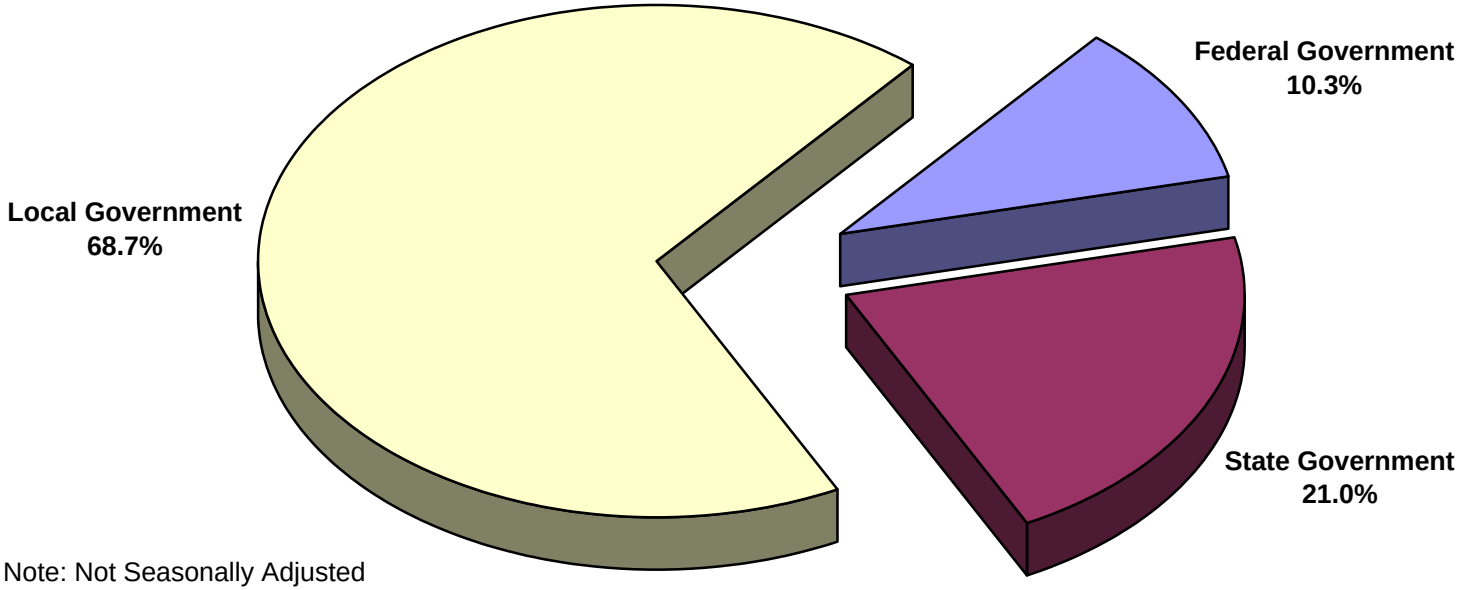
As illustrated in *Figure 15,* local government in Kansas accounts for more than two-thirds of the government sector. In other words, almost 70 percent of Kansas government jobs are at the local level. *Figure 15* is based on 2004 annual average employment in Kansas government jobs. When examining trends in Kansas government jobs, it is important to keep in the mind the large role of local government.

Figure 14
2000-2004 Kansas vs National
Government Jobs
(Federal, State & Local)



	2000	2001	2002	2003	2004
KS	244.9	248.1	250.8	250.4	252.0
National	20,790.0	21,118.0	21,513.0	21,583.0	21,618.0

Figure 15
2004 Kansas Government Jobs



Note: Not Seasonally Adjusted

Summary

In summary, this report reflects overall job growth in Kansas during the last year. While the declines following the terrorist attacks of September 11, 2001 affected the nation and many Midwest states in 2002, Kansas didn't feel the full impact of these events until 2003.

However, in 2004, Kansas job numbers began to improve and have steadily improved into 2005.

Service industry job growth appears to fall behind the national trends, but goods producing jobs are performing better than the nation.

A careful examination of both long-term trends and short-term changes is the best way to assess the economic situation in Kansas. Simply looking at job or employment changes from month-to-month or in another short time frame only provides a snapshot of the job market. To accurately assess the Kansas economy, a review of both short-term and long-term changes provides the best insight.