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## **2008 State of Labor Address**

Good morning, everyone. I'm Jim Garner, Secretary of the Kansas Department of Labor, and on behalf of Governor Kathleen Sebelius and myself, I want to wish each of you a great Labor Day weekend.

Since my first State of Labor Address six years ago in 2003, we have seen the Kansas economy show significant growth. Although the state's labor market has rebounded since that time, we find ourselves in a time when the national economy is again struggling.

Each year we take this occasion Labor Day to reflect on the state of the labor market and report on the Kansas economy where we stand today as a state and where we are going. And today our agency releases the second annual Kansas Economic Report, a handy collection of important economic and labor market information reflecting conditions in Kansas.

This is a time of uncertainty with high energy and fuel prices, increasing food costs and a housing and credit crisis. And although the Kansas labor market performed very well during 2007, we are starting to feel the impact of the national economic situation, seeing slower job growth in Kansas over the past few months.

There are many bright spots in our Kansas economy. In 2007, we experienced robust employment growth, adding 25,200 jobs. That's a 1.9 percent growth rate, the strongest rate since 1998. In 2007, U.S. nonfarm employment grew by 1.1 percent, making it the first year since 2001 that Kansas outpaced the national growth rate. Our unemployment rate at 4.1 percent remains lower than the national rate of 4.6 percent.

The healthy job growth in 2007 reflects employment expansion in the professional and business services, education and health services, government and trade, transportation and utilities industries. All of the major industries in Kansas reported job growth last year.

One new policy that has helped Kansas employers, and thus our economy, is the Unemployment Insurance Tax Reduction Act, signed into law by Governor Sebelius in March of 2007. This new law reduced rates for most employers. For 2007, Kansas employers realized nearly 78 million dollars in savings. And, in 2008 we expect employers to see savings of more than 90 million dollars. These savings keep money in the Kansas economy and help make Kansas a more competitive place to do business.

Despite these very positive events in 2007, we recognize that Kansas is starting to feel the impacts of the slow down in the national economy. Although employment growth has continued in 2008, it has slowed in recent months and we estimate only modest increases during 2008 and 2009. The unemployment rate has slightly increased in recent months. We anticipate the rate to increase to 4.4 percent in 2008 and 4.6 percent in 2009. We are already seeing an increase of continued unemployment claims each week compared to last year.

The slow down in the national economy has given rise to the clear need for extended unemployment benefits to help families deal with prolonged job losses. Last month, Congress rightly approved the Extended Unemployment Compensation program of 2008. Staff at the Kansas Department of Labor has been working to implement this new extended benefits program. Since August 7, the agency has paid out over \$1,145,000 in benefits, and we anticipate processing up to 40,000 claims under this program by the time it ends on March 29, 2009. While it would definitely be better if these hard-working and temporarily unemployed Kansans were not in this situation, these extended benefits are a very effective tool to help stimulate the economy and to help families keep the bills paid.

In addition to handling unemployment benefits, the Kansas Department of Labor is also charged with keeping an eye on the future of the labor market in our state. In June of 2008, we published the 2014 Kansas Occupational Outlook. This report is an important tool to examine future demand and make-up of the labor market.

We estimate that the total employment in Kansas will increase 12.3 percent from 2004, the base year in these projections, to 2014. As our population ages, greater demand for workers in the Health Care and Social Assistance industries grows, estimated to add nearly 38,000 jobs in Kansas. In fact, three of the top five occupations that are projected to grow the most are in the health care sector. In addition, we see a growing need for workers in Transportation Equipment Manufacturing occupations and teachers at all levels.

I also wish to take this occasion to note that this summer marks the tenth anniversary of the DeBruce Grain Elevator explosion near Haysville. Seven workers died and ten were injured when grain dust was ignited and exploded. The anniversary of this tragedy reminds us to remain vigilant when it comes to workplace safety.

Workplace safety must be a constant goal not something that we focus on only in the wake of tragedy. After a decade of steady progress, we have seen a slight increase in the last few years in the number of workplace injuries. In 2007, more than 69,000 workplace accidents were reported in Kansas and 49 Kansans lost their lives due to work-related accidents. Workplace accidents increased more than four percent from the previous year.

The Kansas Department of Labor provides many services to help Kansas businesses identify and abate workplace hazards and decrease the likelihood of accidents. If you are a Kansas employer, I encourage you to contact us for a free workplace safety consultation.

This weekend will see many Kansans enjoying time with family and friends. As we enjoy this last holiday of summer, I encourage everyone to take a moment to recognize the contributions working men and women make every day to building the economy of our state and making Kansas a great place to live and work.

Happy Labor Day!

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