KANSAS
DEPARTMENT OF LABOR

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July 2006 Labor Report

Embargoed to 7:30AM
August 18, 2006

More Kansans are participating in the labor force than ever before. Kansas recorded 1,503,889 people in the labor force in July 2005.

"The Kansas labor market continues to grow steadily. New jobs, low unemployment and increasing state revenues are positive signs for the Kansas economy ," said Secretary of Labor Jim Garner.

July estimates signal the largest number of people on record in the Kansas labor force at more than 1.5 million. Kansas recorded 1,428,253 people employed, while 75,636 were unemployed. The unemployment rate increased slightly to 5.0 percent between June and July. Compared to last year, the rate was down. Kansas reported a 5.3 percent unemployment rate in July 2005.

For another month, jobs improved over the year in Kansas. The state had 6,300 more jobs than in July 2005. Over the year, six of 11 industries added jobs. Following a trend of recent months, the construction industry continued to gain jobs, particularly in areas related to residential housing construction. Between June and July, Kansas lost 32,500 jobs, primarily due to seasonal changes in local schools.

"Despite the positive indicators for our economy, there are also signs that some areas are leveling off. Recently, initial claims for unemployment have increased slightly, indicating slowed hiring in some areas," said Garner.

More labor statistics and reports are available on the KDOL Web site.

For more information, contact Beth Martino at 785.296.0901.

Kansas Economy At-A-Glance

Over the Month Change *(June 2006 to July 2006)**		
	Level	**Change**
July Unemployment	5.0%	+0.3
July Jobs	1,323,100	-32,500
Industry adding most jobs: Construction	69,400	+300
Over the Year Change *(July 2005 to July 2006)**		
July Unemployment	5.0%	-0.3
July Jobs	1,323,100	+6,300
Industry adding most jobs: Government	233,100	+4,100

**Estimates are seasonally unadjusted.*

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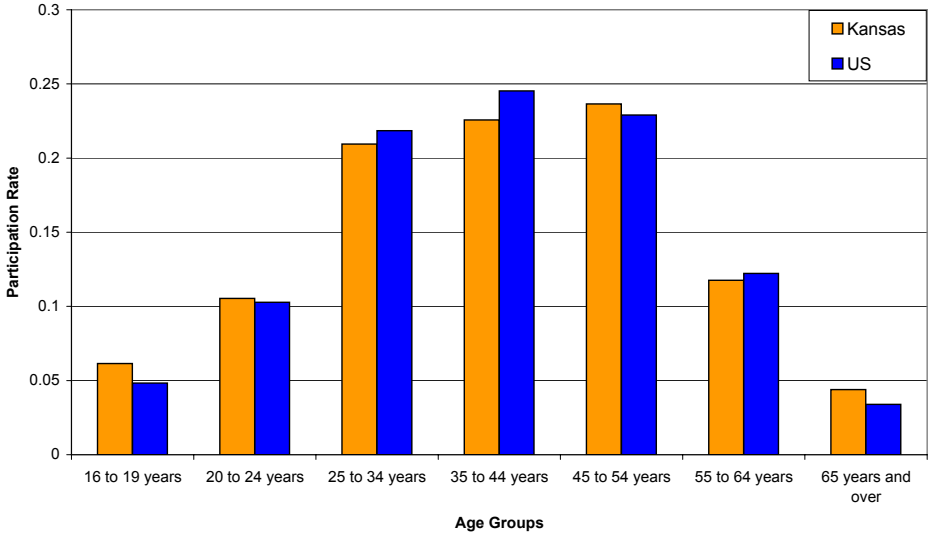
National labor market information is available online from the Bureau of Labor Statistics.

Spotlight on the Kansas Labor Force

Figure 1
Composition of Civilian Labor Force
Kansas vs. US
2004

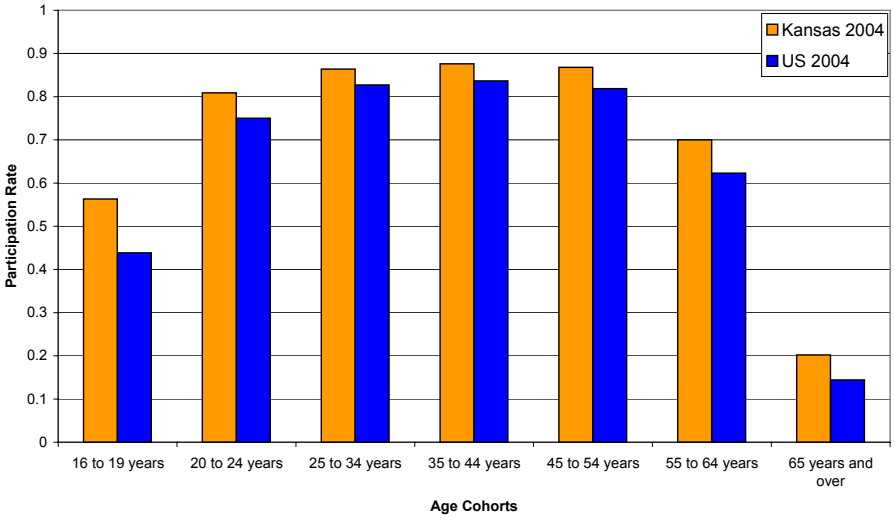


Kansas' seasonally unadjusted labor force reached 1,503,889 in July, a gain of 4,200 over the month. This marks the highest recorded seasonally unadjusted labor force in Kansas. Unemployment increased by approximately 5,100 pushing the unemployment rate to 5.0 percent. A significant amount of this change reflected seasonal variations. Over the year, the unemployment rate decreased 0.3 percentage points from 5.3 percent in July 2005.

Characteristics of the Kansas Civilian Labor Force

The Kansas civilian labor force is a count of people 16 years of age and older who are employed and unemployed. But not everyone who is 16 years of age and older is counted in the labor force. For example, individuals who are unemployed and not looking for work are not included in the labor force. The Bureau of Labor Statistics and the Census Bureau publishes a count of the civilian non-institutional population, which estimates all individuals age 16 and older who are not in institutions (such as patients and inmates) and or actively serving in the military. In 2004 the Kansas civilian non-institutional population was approximately 2,069,000 and the civilian labor force was approximately 1,469,000. This means 71.0 percent of the working age population participated in the labor force, compared to 66.0 percent nationally.

Figure 2
Labor Force Participation Rate Within Age Groups
Kansas vs. US
2004



A large percentage of people age 16 and older in Kansas participate in the labor force. The American Community Survey reports an employment/population ratio of 75.6 percent for Kansas in 2004 (for population ages 16-64) and ranks Kansas eighth among all states. Nationwide, the ratio is 69.4 percent.

Participation of different age groups

Within the past few years there has been increased attention towards the "aging workforce." Most studies say that within the next few years there will be a large portion of the workforce eligible for retirement.

Figure 1 compares the composition of the Kansas and national workforce in 2004. It is evident that Kansas has a larger percentage of the workforce age 16 to19 and age 20 to 24 than the average national workforce. The 55 to 64 age group, who would be of immediate concern in terms of retirement, makes up a larger percentage of the labor force nationally than in Kansas. It is also noteworthy that in Kansas a larger percentage of people age 65 and older participate in the labor force than the national average.

Comparing the labor force participation rate within each age group confirms that Kansas has a high employment/population ratio. Figure 2 indicates that in all age groups, Kansans participate significantly more in the labor market than the national average. However, when compared to previous years, the participation rate increased for only two age groups: age 55 to 64 and 65 years and older.

Several recent studies have mentioned the effect of declining or stagnant Kansas population levels. One strategy of dealing with labor shortages resulting from population change would be to target group(s) with low or decreasing labor force participation rates and work to increase their participation level.

This article briefly highlights some demographic statistics of the Kansas workforce. Understanding and responding to labor market dynamics, particularly those related to the aging workforce, would require substantial in-depth study and analysis.

Kansas Unemployment Statistics

	July 2006	June 2006	July 2005
Initial Claims*	11,387	9,346	10,774
Insured Rate (percent)	1.3	1.3	1.6
Average Payment	$273.9	$276.4	$269.4
Individuals Receiving Payments	18,548	17,667	21,285
Reserves ($000)	589,007	578,219	445,257
Benefit Payments (millions)	$16.1	$16.1	$18.7

**Intrastate plus Agent (Kansas residents)*

Initial claims rose 21.8 percent from June to July, and were 5.7 percent higher than one year ago. The average weekly insured unemployment rate was unchanged from June 2006 and down from the average rate one year earlier.

The reserve fund balance at the end of July was $589.0 million, up from $445.3 million in July 2005.

The monthly KDOL Labor Report provides information on numerous aspects of the Kansas labor market. The statistics on the unemployment insurance program provide a picture of unemployment in Kansas. This article briefly explains one aspect of the unemployment data, initial claims, included in this monthly publication. Next month, find out more about average benefit payments.

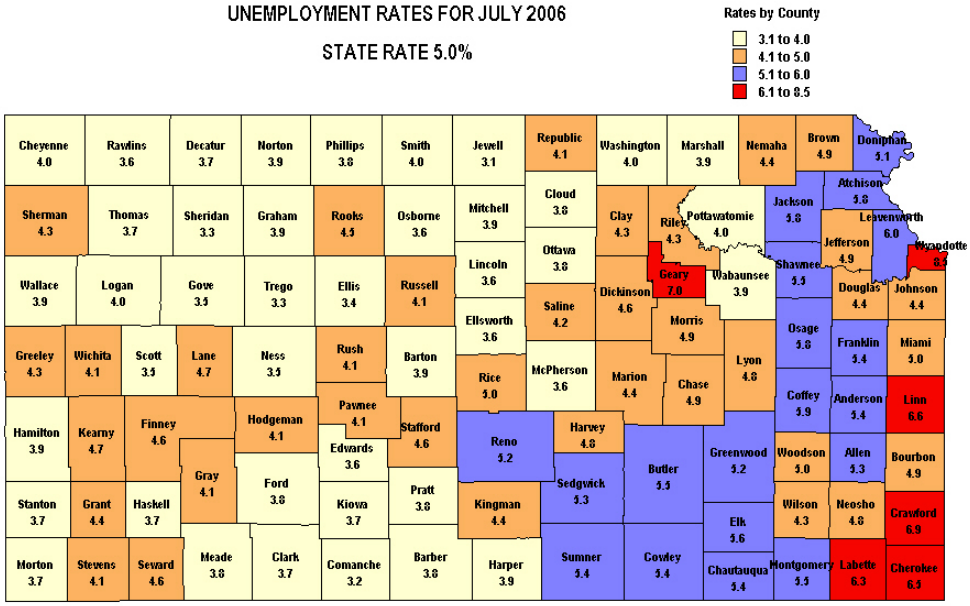
Insured Unemployment: Insured unemployment is a measure of the number of individuals claiming unemployment benefits. The insured unemployment rate is approximately equal to the number of individuals claiming benefits divided by all individuals covered under unemployment insurance laws. For example, if the insured rate is 1.5, this implies that, on average, 1.5 percent of those individuals covered by unemployment insurance laws are currently claiming benefits.

When looking at the insured rate, it is important to remember that unemployment benefits are not available to all people who are jobless. For example, some unemployed individuals worked for employers not required by Kansas law to pay unemployment tax, thus making any claimants ineligible for benefits. In addition, some groups like students, pensioners and the self-employed may not meet unemployment benefit eligibility requirements. Furthermore, qualification requirements for unemployment insurance vary among states. Thus, the insured unemployment rate is not the most accurate indicator of the overall number of people who are unemployed.

County Unemployment

This map depicts unemploymer rates for Kansas counties in July 2006. These rates are not seasonally adjusted.

Current and historical county unemployment information is available on the KDOL Web site



Unemployment in Kansas and MSAs

Kansas	**July 2006**	**June 2006**	**July 2005**
Civilian Labor Force	1,503,889	1,499,635	1,500,080
Employment	1,428,253	1,429,090	1,419,957
Unemployment	75,636	70,545	80,123
Unemployment Rate	5.0	4.7	5.3
Lawrence MSA			
(Douglas County)			
Civilian Labor Force	62,364	63,523	62,019
Employment	59,637	60,965	59,350
Unemployment	2,727	2,558	2,669
Unemployment Rate	4.4	4.0	4.3
Topeka MSA			
(Jackson, Jefferson, Osage, Shawnee and Wabaunsee Counties)			
Civilian Labor Force	125,181	124,642	125,649
Employment	118,400	118,609	118,643
Unemployment	6,781	6,033	7,006
Unemployment Rate	5.4	4.8	5.6
Wichita MSA			
(Butler, Harvey, Sedgwick and Sumner Counties)			
Civilian Labor Force	314,920	308,631	311,845
Employment	298,344	293,189	293,269
Unemployment	16,576	15,442	18,576
Unemployment Rate	5.3	5.0	6.0
Kansas City Area			
(Franklin, Johnson, Leavenworth, Linn, Miami and Wyandotte Counties)			
Civilian Labor Force	443,657	439,251	441,844
Employment	419,987	416,070	416,613
Unemployment	23,670	23,181	25,231
Unemployment Rate	5.3	5.3	5.7

Developed in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Ask the Economist

by Inayat Noormohmad, KDOL Labor Economist

I've noticed some numbers in your report are not seasonally adjusted. What are seasonally unadjusted numbers?

During certain months of the year there are large fluctuations in both labor force and nonfarm employment numbers. These fluctuations are often explained as seasonal variations. The Kansas Department of Labor publishes the seasonally unadjusted (or actual) data for both labor force and nonfarm employment. This data reflects seasonal fluctuations. The Bureau of Labor Statistics publishes both the seasonally unadjusted and seasonally adjusted data.

Seasonal adjustment is a statistical technique which eliminates the influences of weather, holidays, the opening and closing of schools and other recurring seasonal events from an economic time series. This permits easier observation and analysis of cyclical, trend and other non-seasonal movements in the data. By eliminating seasonal fluctuations, the series becomes smoother and it is easier to compare data from month to month.

When comparing seasonally unadjusted data year-to-year, most of the recurring seasonal events are accounted for in the comparison. For example, when comparing July 2005 and July 2006, both months reflect the closing of schools. Therefore, the difference in employment over the year is due to reasons other than recurring events. The difference in the employment level would be due to events which are specific to that year, such as weather, strikes or some other factors. We have witnessed this trend in our data this year. Because of the mild winter during the early part of 2006, there were reports of increased construction activities causing the construction industry employment to increase earlier in the year than it has historically.

When comparing data month-to-month, it is important to consider seasonal variations which may account for large parts of monthly fluctuations. Month-to-month seasonally unadjusted changes are a good indicator of actual changes in labor force and employment and allow users to understand the size of seasonal variations. Using year-to-year changes would perhaps be more useful in understanding changes in the data that reflect events which are non-recurring. Looking at year-to-year changes allows users to decipher changes that occurred due to an increase or decrease in economic activities or other events that do not reoccur on a regular basis.

The KDOL Web site

A variety of labor market information is available on the KDOL Web site. You can find information for the entire state as well as some specific regions within the state. Visit the KDOL Web site to find:

- Labor Market News Releases
- Current and Historical Labor Force Estimates
- Current and Historical Job Estimates
- The Kansas Wage Survey
- The Kansas Occupational Outlook
- Affirmative Action Reports
- The Kansas Job Vacancy Survey

Questions or suggestions regarding the labor market information on the KDOL Web site can be emailed to laborstats@dol.ks.gov

Nonfarm Jobs in Kansas and MSAs

	July 2006	June 2006	July 2005	Over the Month Change Actual	Over the Month Change Percentage	Over the Year Change Actual	Over the Year Change Percentage
Kansas*							
All Industries	1,323.1	1,355.6	1,316.8	-32.5	-2.4%	6.3	0.5%
Goods-Producing	257.2	257.2	254.6	0.0	0.0%	2.6	1.0%
Natural Resources & Mining	7.7	7.7	7.7	0.0	0.0%	0.0	0.0%
Construction	69.4	69.1	66.5	0.3	0.4%	2.9	4.4%
Manufacturing	180.1	180.4	180.4	-0.3	-0.2%	-0.3	-0.2%
Service-Providing	1,065.9	1,098.4	1,062.2	-32.5	-3.0%	3.7	0.3%
Trade, Transportation & Utilities	258.5	259.7	260.3	-1.2	-0.5%	-1.8	-0.7%
Information	37.9	38.3	40.0	-0.4	-1.0%	-2.1	-5.3%
Financial Activities	70.9	71.0	70.9	-0.1	-0.1%	0.0	0.0%
Professional & Business Services	133.6	134.0	132.9	-0.4	-0.3%	0.7	0.5%
Educational & Health Services	163.4	164.4	162.8	-1.0	-0.6%	0.6	0.4%
Leisure & Hospitality	114.5	115.4	113.8	-0.9	-0.8%	0.7	0.6%
Other Services	54.0	53.9	52.5	0.1	0.2%	1.5	2.9%
Government	233.1	261.7	229.0	-28.6	-10.9%	4.1	1.8%

Topeka MSA
(Jackson, Jefferson, Osage, Shawnee and Wabaunsee Counties)

	July 2006	June 2006	July 2005
All Industries	109.3	112.1	109.2
Goods-Producing	15.2	15.3	14.9
Natural Resources and Construction	6.5	6.6	6.3
Manufacturing	8.7	8.7	8.6
Service-Providing	94.1	96.8	94.3
Trade, Transportation and Utilities	20.3	20	20.1
Information	2.7	2.8	2.8
Financial Activities	7.6	7.6	7.5
Professional and Business Services	8	8.1	8.2
Educational and Health Services	16.9	16.9	16.7
Leisure and Hospitality	7.8	7.8	7.7
Other Services	5.3	5.3	5.2
Government	25.5	28.3	26.1

Wichita MSA
(Butler, Harvey, Sedgwick and Sumner Counties)

	July 2006	June 2006	July 2005
All Industries	288.2	290.5	282.1
Goods-Producing	77.9	77.6	76.7
Natural Resources and Construction	17	17.1	16.4
Manufacturing	60.9	60.5	60.3
Service-Providing	210.3	212.9	205.4
Trade, Transportation and Utilities	49.9	49.7	49
Information	5.8	5.8	6
Financial Activities	11.8	11.7	11.6
Professional and Business Services	27.7	27.5	26.8
Educational and Health Services	40.5	40.4	39.1
Leisure and Hospitality	27.4	27.4	26
Other Services	12.5	12.6	12
Government	34.7	37.8	34.9

Kansas City, KS MSA
(Franklin, Johnson, Leavenworth, Linn, Miami and Wyandotte Counties)

	July 2006	June 2006	July 2005
All Industries	427.9	433.1	425.5
Goods-Producing	61.1	61.1	60.4
Natural Resources and Construction	24.5	24.1	24.1
Manufacturing	36.6	37	36.3
Service-Providing	366.8	372	365.1
Trade, Transportation and Utilities	92.2	92.2	93.9
Information	22.2	22.3	22.6
Financial Activities	30.5	30.5	30.3
Professional and Business Services	68	68	66.2
Educational and Health Services	48.3	48.3	47.7
Leisure and Hospitality	37.1	37.5	37.2
Other Services	15.5	15.7	15.1
Government	53	57.5	52.1

Lawrence MSA
(Douglas County)

	July 2006	June 2006	July 2005
All Industries	49.1	52	48.8
Goods-Producing	7	7	7.2
Service-Providing	42.1	45	41.6
Trade, Transportation and Utilities	8.2	8.3	7.9
Professional and Business Services	4.2	4.3	4
Educational and Health Services	6.1	6.1	6.1
Leisure and Hospitality	6.5	6.6	6.2
Government	11.8	14.3	12.1

**All nonfarm data are preliminary and seasonally unadjusted. Data in thousands.*

Kansas Nonfarm Jobs

Over the Month Change

Nonfarm employment in Kansas declined by 32,500 jobs from June to July 2006. Most of this decline was reported in government, particularly local government. These declines largely reflected public educational institution workers who had contracts for less than 12 months per year. Teachers who have a full 12-month contract and are on leave are counted in employment. The Kansas public school system has approximately 65,400 certified and non-certified employees in addition to state and local colleges and university employees. Although many of these employees work with a 12-month contracts, those working under contracts for less than 12 months are excluded from employment, causing employment to drop significantly during July. Due to the timing of school closings this year, less of this decline occurred in June.

Other notable over the month change occurred in the trade, transportation and utilities sector, which declined by 1,200 jobs mostly in retail and wholesale trade. The educational and health services sector declined by 1,000 jobs from June to July, mostly due to summer closings of private educational institutions. This change offset minor gains in hospitals of 200 jobs. Gains in the food services industry were offset by a decline in amusement, gambling and recreation and accommodation industries, causing the leisure and hospitality sector to decline by 900 jobs.

Over the Year Change

According to the preliminary seasonally unadjusted estimates, Kansas had 6,300 more nonfarm jobs in July 2006 than a year earlier. Several industries contributed to this over the year growth. Government reported the largest increase of 4,100 jobs, mostly due to increases in local government employment. The construction industry posted the second largest gain of 2,900 jobs over the year mainly due to increased activity in residential housing. Increases in industries related to residential housing, such as building equipment contractors, building finishing contractors and other specialty trade contractors also contributed to the overall increase in the construction industry. According to the U.S. Census Bureau, housing building permits increased over the year, from 6,508 in June 2005 to 7,033 in June 2006. There was notable increase in permits for residential construction for five or more units, which more than doubled from 639 to 1,309 during the same time period.

An increase in personal services helped the other services industry to gain 1,500 new jobs over the year. Notable losses were reported in the trade, transportation and utilities sector and in the information sector. In the trade, transportation and utilities sector, transportation and warehousing, particularly truck transportation (1,200) contributed to the loss of jobs over the year. A decline of 2,100 jobs in the information sector came primarily from the telecommunications industry, more specifically, publishing, telecommunication and motion pictures industries.