2009 Kansas Economic Report

KANSAS
DEPARTMENT OF LABOR

The Honorable Mark Parkinson
Governor
State of Kansas

Jim Garner, Secretary
Kansas Department of Labor

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Message from the Secretary - *August 2009*

This marks the third year we've released a statewide economic report. Our goal has been to provide a tool for measuring how the Kansas economy is performing compared to previous years and compared to the nation. But this year, we face a unique situation.

The 2009 Kansas Economic Report, which includes data from 2008, presents a picture of an economy that is miles away from the one we're living in now. Our nation is in the midst of a recession greater than we've seen in several decades, and Kansas is not immune from its impact.

As the economy has slowed we have seen a decline in the demand for workers and a dramatic increase in the number of out-of-work Kansans. It presents a sharp contrast to what we were experiencing even just one year ago.

Still, the 2009 Kansas Economic Report provides a measure of how the Kansas economy was performing through 2008, and coupled with information from previous reports helps to give a "big picture" view of our economy's ups and downs.

This year's report also includes a new section about Kansas' green economy—a topic that is sparking interest in policy decisions and conversations across the country. In the coming years, Kansas has the chance for growth in green jobs specifically in renewable energy where we rank third in the country for our wind energy potential.

Keeping our focus on these and other opportunities to diversify our economy will help Kansas be prepared for the recovery that we know is coming.

Thank you for your interest in the Kansas economy. I hope you find this report a helpful and valuable resource.

Jim Garner
Kansas Secretary of Labor

Executive Summary

Kansas experienced employment growth in most of the major industry sectors in 2008 despite the economic recession that officially began in December 2007. However, at 0.8 percent, it was the weakest growth rate in employment since 2005.

Labor market conditions, including indicators like the unemployment rate and non-farm employment, indicate that growth in employment across all major industries in Kansas is beginning to slow. The Kansas unemployment rate, which averaged 4.4 percent in 2008, increased from 4.1 percent in 2007. Facing an economic slowdown and rising unemployment, the labor market in all four metropolitan statistical areas and the balance of state softened in 2008. Long-term labor demands indicate continuted employment expansion in Kansas into the future, although short-term labor demands indicate that employment will decline in 2009.

Considering other economic indicators such as the gross domestic product, personal income and exports, Kansas experienced a healthy but slowing economic growth in 2008. Real gross domestic product in Kansas increased by 2.2 percent, while real per capita gross domestic product increased 1.3 percent in 2008. All major industries recorded growth in their output from 2007 to 2008. Similarly, personal income continued to grow in 2008 with per capita personal income increasing 4.0 percent. Total exports in Kansas increased 21.8 percent in 2008, indicating strong growth in industries that export goods and services.

In 2008, Kansas experienced this economic growth during a time when inflationary pressure increased significantly. The Midwest consumer price index, which includes Kansas, rose 3.7 percent in 2008. Several items recorded high over-the-year increases in prices including utility gas services, which experienced the the highest inflation at 17.9 percent. The housing market saw a substantial slowdown in both Kansas and the nation in 2008. This slowdown impacted Kansas in terms of prices, home sales and building permits.

Overall, the economy in Kansas grew in 2008, although at a much slower pace than in the previous year. Labor market conditions in 2008 indicated a softening labor market. Due to the impact of high inflationary pressure, rising unemployment rates, and a slowing housing market coupled with tightening of the credit markets, the overall economic activity in Kansas is expected to continue to slow in 2009.

In spite of these challenges, Kansas has promising opportunities for economic growth and development. A new and emerging market for environmentally-friendly products and services is on the horizon. This green economy is expected to harness great potential for the Kansas workforce and may serve as a stimulus for these difficult economic times. Future studies will reveal more concrete information on this topic.

Note: Due to revisions and benchmarking processes, some data may have been updated since the 2008 Economic Report was published. For more information on data found in this report, see Sources on page 39.

2009 Kansas Economic Report

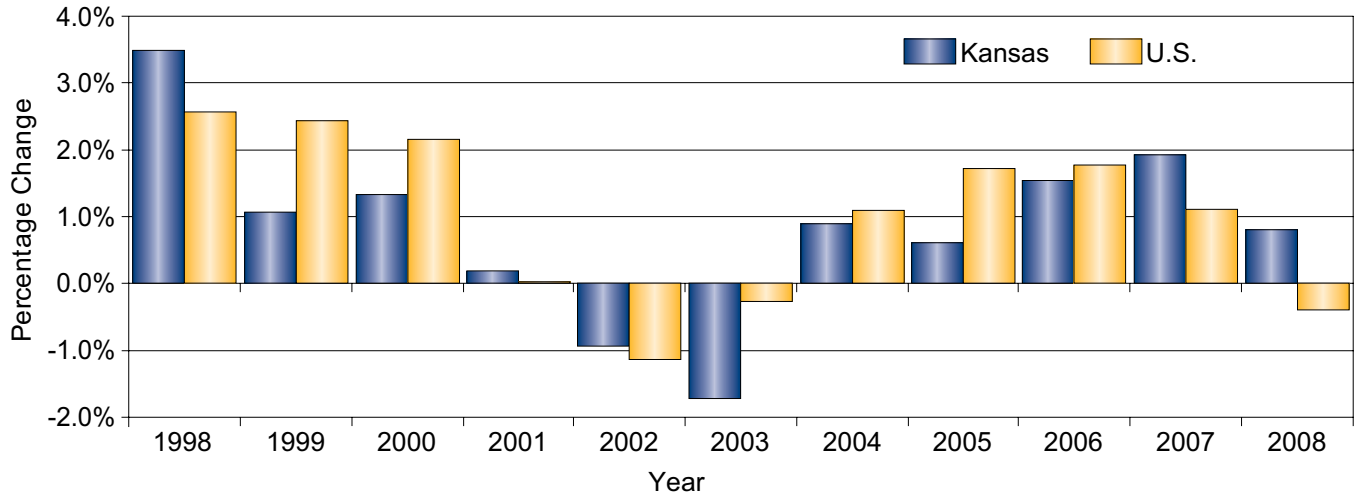
Employment

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.

In 2008, Kansas experienced employment growth, adding approximately 11,100 jobs. This growth rate of 0.8 percent was Kansas' weakest recorded growth in employment since 2005. At the national level, non-farm employment declined by 0.4 percent in 2008. This marks the first decline in the nation's non-farm growth rate since 2003 and is also the second consecutive year that Kansas' non-farm growth rate outpaced the nation.

In 2008, Kansas experienced employment growth, adding approximately 11,100 jobs.

Figure 1
Percentage Change of Non-Farm Employment
Kansas and U.S.
1998 - 2008



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

The employment growth experienced in 2008 was due mainly to expansion in the education and health services and professional and business services industries. Although most of the major industries in Kansas gained employment in 2008, the construction, information, and financial activities industries experienced a contraction in employment.

Early 2009 data indicates employment growth has continued to slow in recent months. Although long-term employment growth in Kansas is projected to continue, we anticipate jobs to decline in 2009.

Table 1
Non-Farm Employment*
Kansas and U.S.
1998 - 2008

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Kansas	1,314.2	1,328.4	1,346.1	1,348.8	1,336.1	1,313.2	1,325.0	1,333.1	1,353.8	1,380.0	1,391.1
U.S.	125,930.0	128,993.0	131,785.0	131,826.0	130,341.0	129,999.0	131,435.0	133,703.0	136,086.0	137,598.0	137,066.0

2009							
	January	February	March	April	May	June	July
Kansas	1,361.7	1,362.4	1,365.9	1,362.7	1,364.9	1,349.7	**1,326.3
U.S.	132,302.0	132,138.0	132,077.0	132,336.0	132,720.0	**132,651.0	**131,318.0

* In thousands
** Preliminary

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

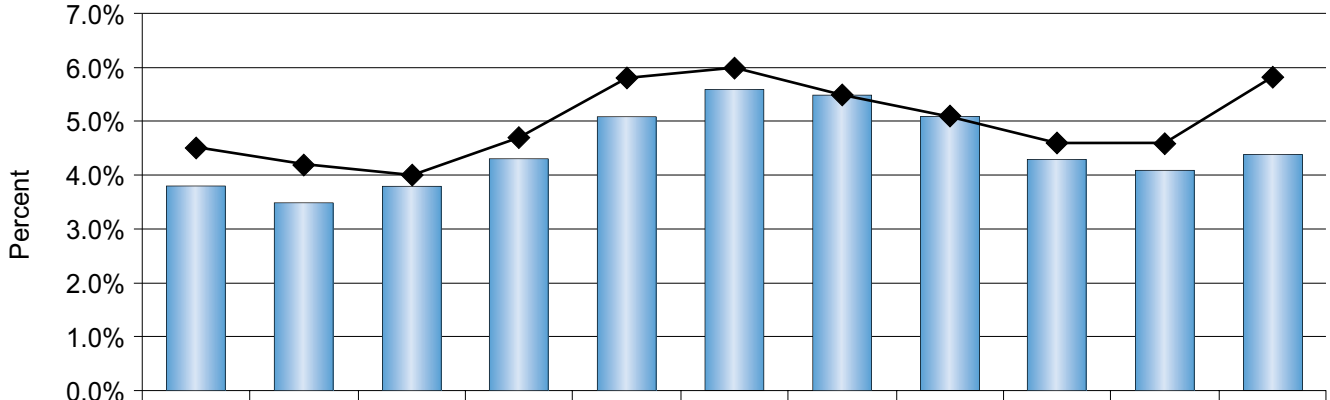
Unemployment Rate and Labor Force

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

Unemployment Rate

In 2008, Kansas reported an unemployment rate of 4.4 percent – a rate considerably lower than the national rate of 5.8 percent. These rates are a departure from the downward trend that had been exhibited in each of the four previous years. The 2008 unemployment rate in Kansas represents an over-the-year increase of 0.3 percentage points, while the national unemployment rate represents a 1.2 percentage point increase.

Figure 2
Unemployment Rates
Kansas and U.S.
1998 - 2008



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Kansas	3.8%	3.5%	3.8%	4.3%	5.1%	5.6%	5.5%	5.1%	4.3%	4.1%	4.4%
U.S.	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%

Year

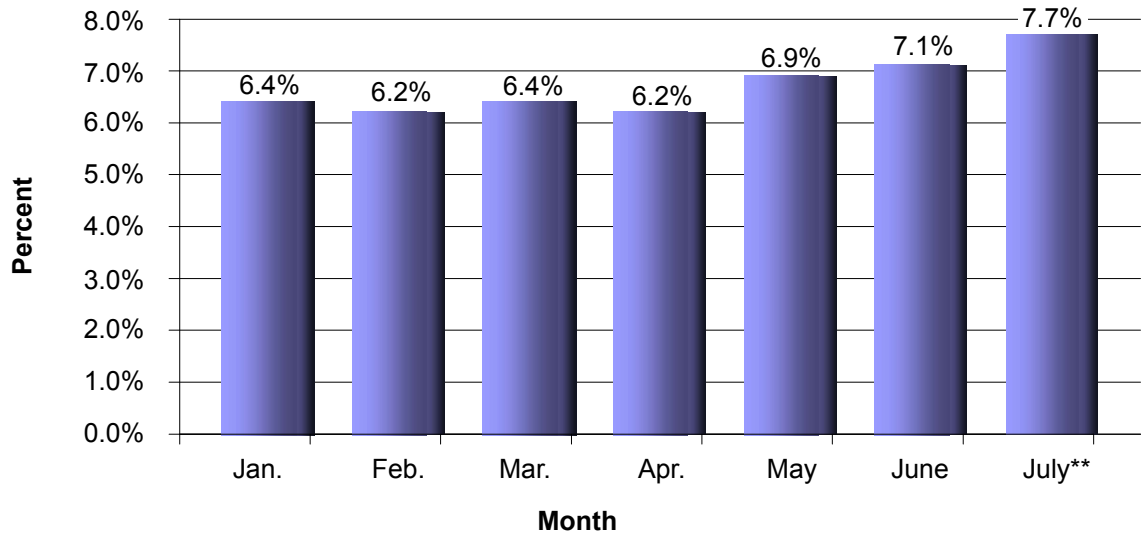
Source: Bureau of Labor Statistics; Labor Market Information Services, Kansas Department of Labor

The labor force is the total number of people available for work – those who are employed as well as those who are unemployed but are actively seeking work. The number of people in the labor force increased from approximately 1,485,237 people in 2007 to 1,496,943 people in 2008, a 0.8 percent increase. At the same time, employment increased by 0.4 percent. When the labor force increases at a higher rate than the increase in employment, the unemployment rate rises. Such was the case in 2008. This reflects a weakened demand for workers by Kansas businesses as the economy slows down. Also, the over-the-year percent increases in the labor force and employment were below the long-term average increases demonstrated since 1980.

Initial 2009 unemployment rates have been substantially higher than in 2008 due to the recent slowdown in the labor markets.

The unemployment rate in Kansas climbed to a high of 7.7 percent (a preliminary estimate) in July 2009. Unemployment rates are not projected to return to previous levels in the near future. They are expected to exceed the unemployment rates reached in the 1980s recessionary period.

Figure 3
Unemployment Rate*
Kansas
2009



*Not seasonally adjusted
**Preliminary

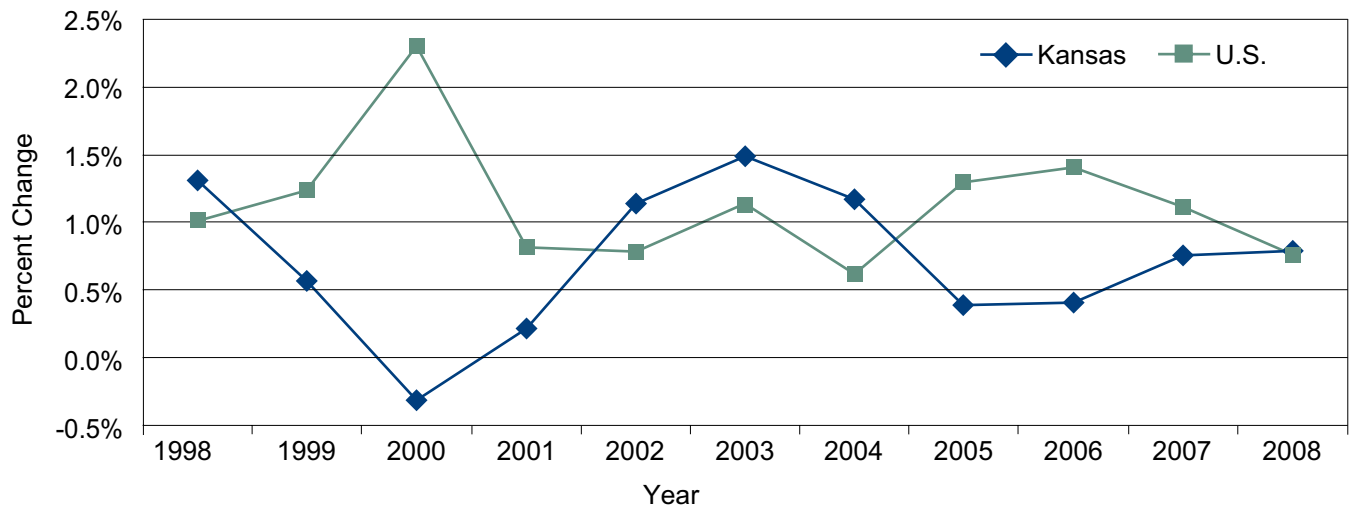
Source: Bureau of Labor Statistics; Labor Market Information Services, Kansas Department of Labor

Labor Force and Labor Force Participation Rate

The total number of people in the labor force in Kansas has increased every year since 2001. In 2003, Kansas' labor force growth peaked at 1.5 percent and has slowed since. In 2008, the Kansas labor force grew by 0.79 percent, which is a slightly stronger increase than the national average of 0.76 percent.

The total number of people in the labor force in Kansas has increased every year since 2001.

Figure 4
Percent Change in Labor Force
Kansas and U.S.
1998 - 2008

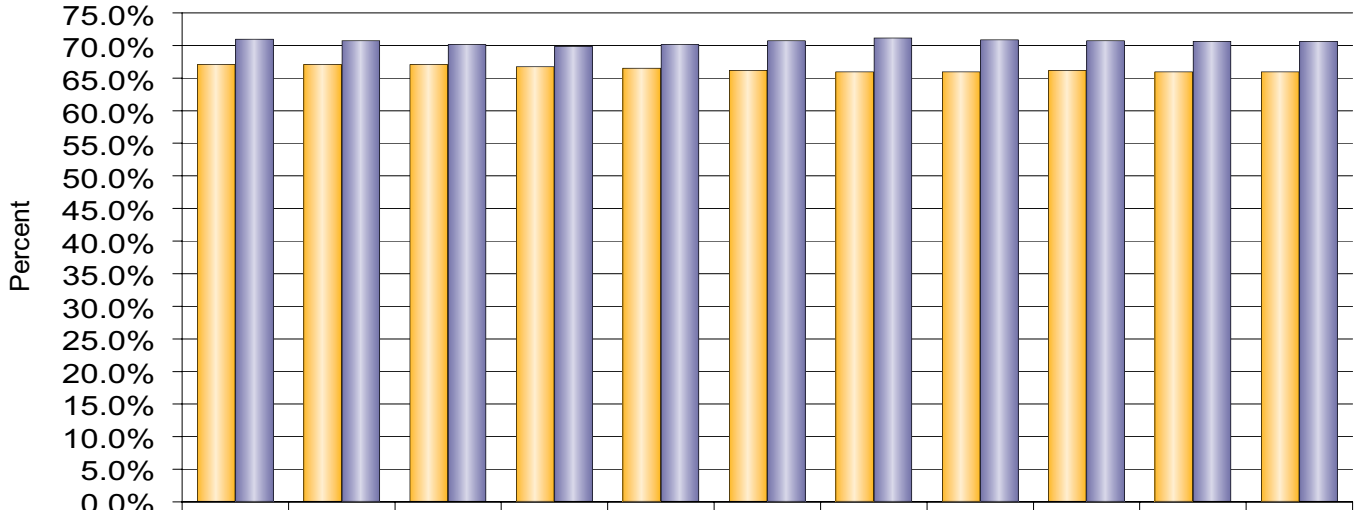


Source: Bureau of Labor Statistics; Labor Market Information Services, Kansas Department of Labor

From 1998 to 2008 the Kansas labor force expanded nearly 6.8 percent, while the U.S. labor force grew almost 12.1 percent. The different growth rates for the U.S. and Kansas may be partially explained by lower population growth in Kansas. Based on estimates from the 2000 Census, the population in Kansas grew by 4.1 percent from 2000 to 2008, while the U.S. recorded a 7.8 percent increase in population during this same time period.

An important consideration in regard to the labor force is the labor force participation rate. This rate provides an indication of the percentage of all individuals above the age of 16, non-institutionalized and civilian, who participate in the labor force. The labor force participation rate in Kansas has been consistently higher than the national average. In 2008, the labor force participation rate in Kansas was 70.7 percent, much higher than the national average of 66.0 percent.

Figure 5
Labor Force Participation Rate
Kansas and U.S.
1998 - 2008

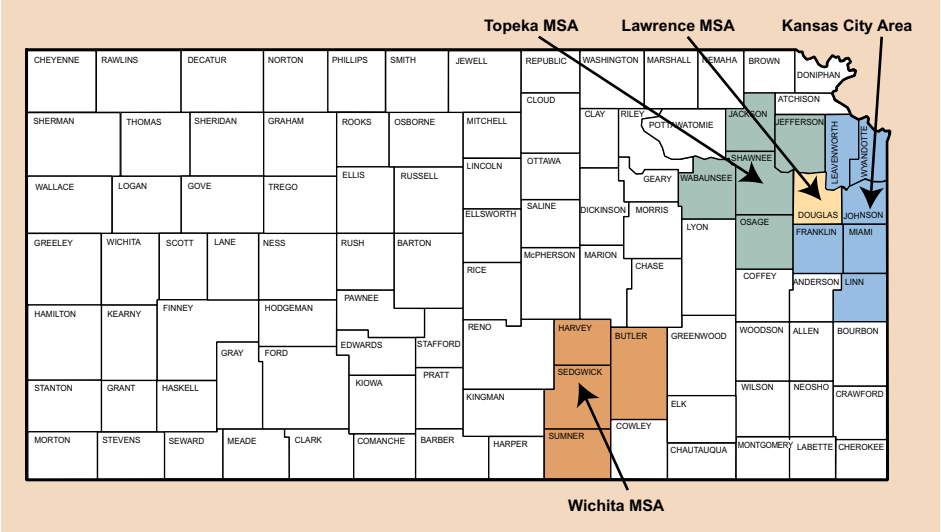


	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
U.S.	67.1%	67.1%	67.1%	66.8%	66.6%	66.2%	66.0%	66.0%	66.2%	66.0%	66.0%
Kansas	71.0%	70.8%	70.2%	69.9%	70.2%	70.8%	71.2%	70.9%	70.8%	70.7%	70.7%

Year

Source: Bureau of Labor Statistics

The high participation rate means that more than 70.0 percent of Kansas' population over the age of 16 is either working or looking for work. With this high percentage of the population participating in the labor force, an additional demand for workers may not be met by simply recruiting more workers from the existing Kansas population. This factor will be particularly relevant as the "baby boomer" generation begins to retire in the coming years. Increasing productivity and population are some options that may be necessary to meet future demands for workers in Kansas. Approximately 228,000 individuals, or 15.1 percent of the civilian labor force, will be eligible for retirement in the next 10 years. This excludes the 70,000 individuals who are 65 and over and are currently a part of the labor force.



Spotlight on Kansas MSAs

Kansas is divided into four Metropolitan Statistical Areas (MSAs) and the Balance of State. The four Kansas MSAs consist of the Kansas City, Wichita, Topeka, and Lawrence areas. The remaining areas of the state are accounted for in the Balance of State. 2008 marks the first year since 2004 that any of the MSAs or the Balance of State have experienced an increase in their unemployment rates, as seen in Figure 6.

Table 2
Labor Force by MSA*
Kansas
1998 - 2008

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Statewide	1,401.6	1,409.6	1,405.1	1,408.1	1,424.1	1,445.4	1,462.3	1,468.0	1,474.0	1,485.2	1,496.9
Kansas City **	395.4	402.4	401.7	405.0	408.9	420.7	427.3	433.5	433.4	438.6	442.9
Wichita	298.4	299.6	299.1	301.7	305.1	303.0	305.2	307.8	308.6	313.3	319.6
Lawrence	54.2	55.0	58.5	59.3	59.7	61.7	63.1	63.3	62.9	62.2	62.0
Topeka	121.7	120.8	120.4	121.5	123.8	124.2	125.1	123.7	119.9	120.2	122.0
Balance of State	531.9	531.7	525.4	520.6	526.6	535.8	541.6	539.7	549.2	550.9	550.4

* In thousands
** Note that the Kansas City Area includes Kansas portion of Kansas City MSA
Source: Bureau of Labor Statistics; Labor Market Information Services, Kansas Department of Labor

Kansas City Area

The Kansas City Area includes the Kansas portion of the Kansas City MSA. It is composed of Johnson, Leavenworth, Miami, Wyandotte, Franklin, and Linn counties. In 2008, the labor force in the Kansas City Area, which includes employed and unemployed individuals, reported a growth rate of 1.0 percent and the unemployment rate increased to 5.0 percent – the highest rate since 2005. From 1998 to 2008, the Kansas City Area labor force grew 12.0 percent while employment increased 10.6 percent and the unemployment rate increased from 3.9 percent to 5.0 percent.

Wichita MSA

The Wichita MSA includes Butler, Harvey, Sedgwick, and Sumner counties. The Wichita MSA experienced a 2.0 percent increase in its labor force from 2007 to 2008. During this same period, the unemployment rate in the Wichita

MSA rose to 4.2 percent. From 1998 to 2008, the Wichita MSA labor force reported a gain of 7.1 percent while employment rose 6.0 percent and the unemployment rate rose from 3.2 percent to 4.2 percent.

Topeka MSA

The Topeka MSA contains Jackson, Jefferson, Osage, Shawnee, and Wabaunsee counties. In 2008, the labor force in this MSA increased 1.4 percent while the unemployment rate rose to 4.9 percent – the highest rate since 2005. From 1998 to 2008, the labor force increased 0.2 percent, employment decreased 0.1 percent, and the unemployment rate increased from 4.5 percent to 4.9 percent. This 10-year labor force growth rate is the smallest growth rate of any of the Kansas MSAs. The Topeka MSA is also the only Kansas MSA to experience a decline in employment from 1998 to 2008.

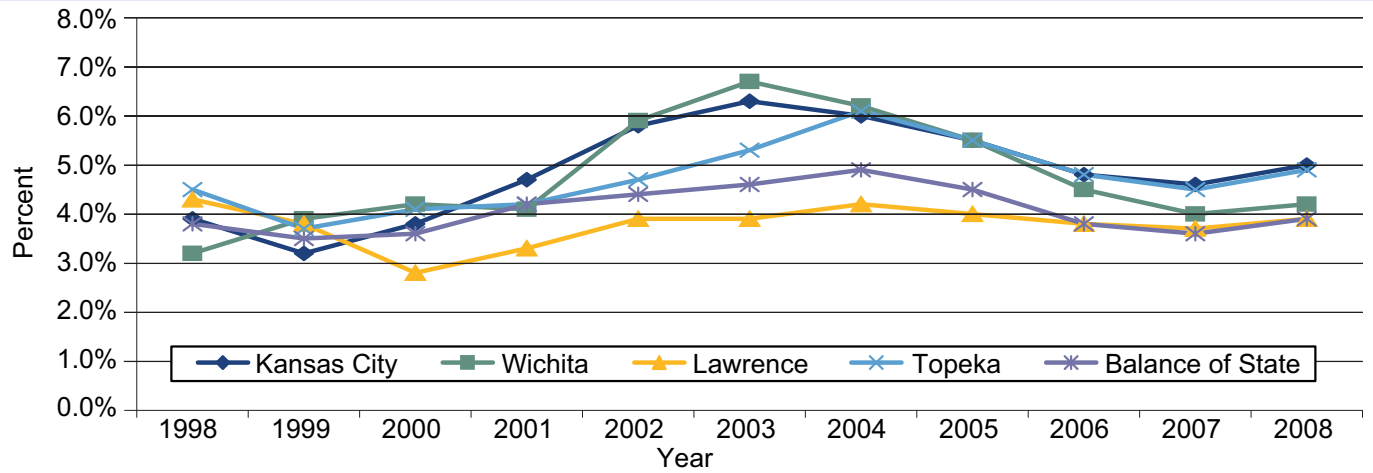
Lawrence MSA

Douglas County is the only county in the Lawrence MSA. The labor force in this MSA declined for the third consecutive year in 2008 from 62,198 people to 62,042 people, a 0.3 percent decrease. The unemployment rate for this MSA increased to 3.9 percent. Despite recent declines, from 1998 to 2008, the Lawrence MSA experienced the largest labor force growth of any of the Kansas MSAs, adding just more than 7,800 people – a 14.5 percent increase. Employment increased 14.9 percent and the unemployment rate decreased from 4.3 percent to 3.9 percent during this same 10-year span. The Lawrence MSA is the only Kansas MSA to experience a larger growth in employment than in the labor force, which indicates a strong demand for workers and a healthy labor market.

Balance of State

The Balance of State contains the 89 counties not included in the MSAs. In 2008, the labor force for this area decreased by 446 people, or about 0.1 percent, and the unemployment rate increased to 3.9 percent – the highest rate since 2005. From 1998 to 2008, the Balance of State labor force increased 3.5 percent, employment increased 3.4 percent, and the unemployment rate increased from 3.8 percent to 3.9 percent.

Figure 6
Unemployment Rate by MSA
Kansas
1998 - 2008



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

Short-Term Outlook

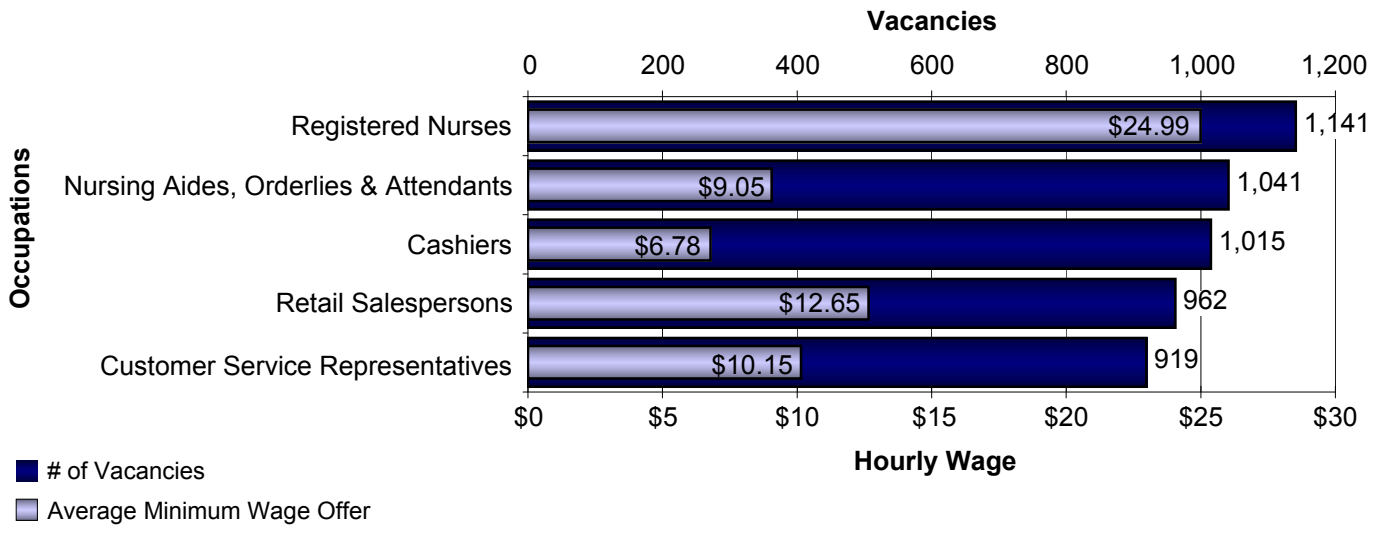
2009 Job Vacancies

The Kansas Job Vacancy Survey provides a recent snapshot of the short-term demand for workers in Kansas.

The Job Vacancy Survey is conducted annually by the Kansas Department of Labor. It surveys employers across the state in order to measure recent labor demands by industry and occupation. The most recent survey was conducted in the second quarter of 2009 and will be released in September. Results of the survey indicate there is less demand for workers now than in the previous year.

The statewide job vacancy rate in 2009 was 1.9 percent, or 1.9 job vacancies for every 100 filled positions. In the second quarter of 2009, there were approximately 25,781 job vacancies in the state – a substantial decline from the 46,584 job vacancies recorded in the second quarter of the previous year. The top five most vacant jobs in Kansas accounted for nearly 20.0 percent of all job vacancies in the state. The increased demand for skilled workers in the health care industry continues to be evident, as both registered nurses and nursing aides and orderlies/attendants are listed in the top five most vacant occupations.

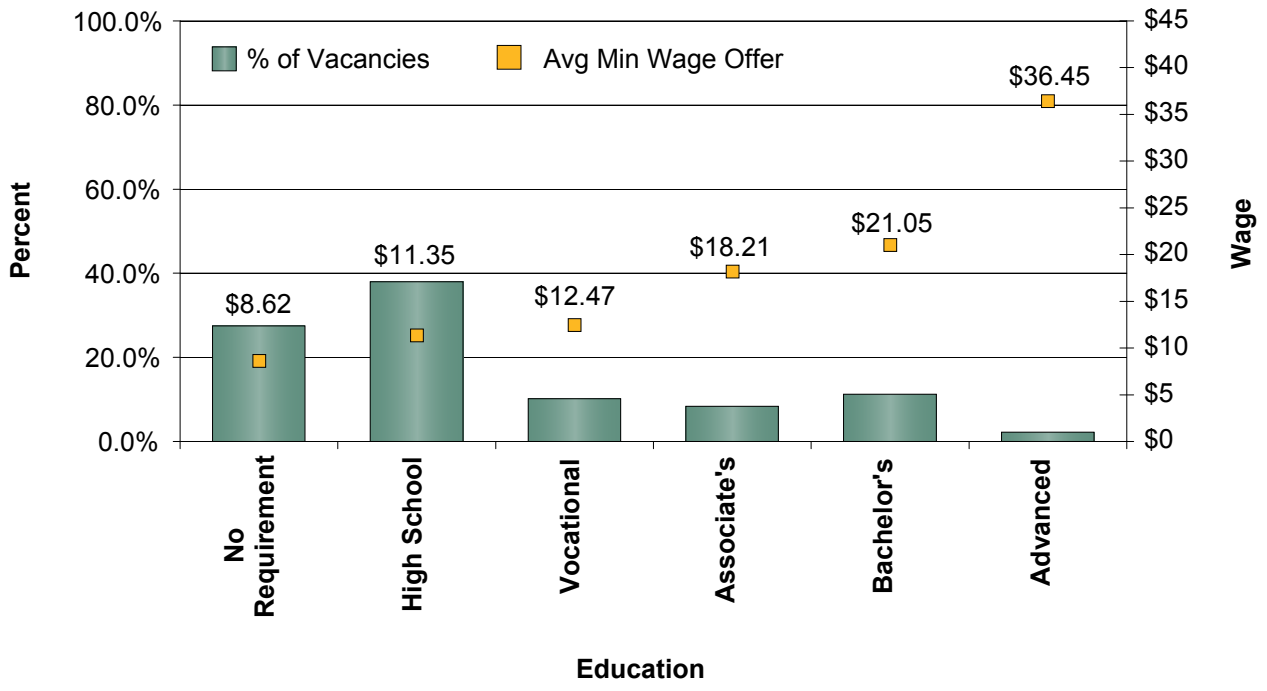
Figure 7
Top Five Most Vacant Occupations
Kansas
2009



Source: Labor Market Information Services, Kansas Department of Labor

Wages offered for these vacant positions closely correlate with the education requirements for the positions. The average minimum wage offered by employers steadily increases with the level of education required for the position. Occupations requiring an advanced degree, such as a master's or doctorate, were offered the highest average minimum wage at $36.45 an hour. The results of the 2009 Job Vacancy Survey also indicated that 30.6 percent of openings that required an advanced degree were open for less than 30 days. This is a dramatic increase from 2008, when only 11.0 percent of job vacancies that required an advanced degree were open for less than 30 days.

Figure 8
Job Vacancies by Education Requirement
Kansas
2009



Source: Labor Market Information Services, Kansas Department of Labor

Long-Term Outlook

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

2006-2016 Occupational Outlook

The Kansas Department of Labor is currently preparing to release the *2006 – 2016 Kansas Occupational Outlook* report. For this report, the agency uses employment information for 2006 as the base year and projects future occupation demands through the year 2016.

Table 3
Occupational Projections
Kansas
2006 - 2016

Occupational Group	2006	2016	Change		
			Actual 2006 - 2016	Percent 2006 - 2016	Percent Annual Avg.
Total, All Occupations	**1,468,555**	**1,644,158**	**175,603**	**12.0%**	**1.1%**
Office and Administrative Support Occupations	233,659	257,083	23,424	10.0%	1.0%
Education, Training, and Library Occupations	94,931	109,967	15,036	15.8%	1.5%
Food Preparation and Serving Related Occupations	113,579	126,148	12,569	11.1%	1.1%
Personal Care and Service Occupations	48,970	61,521	12,551	25.6%	2.3%
Healthcare Practitioners and Technical Occupations	70,813	82,646	11,833	16.7%	1.6%
Business and Financial Operations Occupations	61,004	72,205	11,201	18.4%	1.7%
Construction and Extraction Occupations	81,603	91,875	10,272	12.6%	1.2%
Healthcare Support Occupations	42,612	52,393	9,781	23.0%	2.1%
Sales and Related Occupations	153,542	163,293	9,751	6.4%	0.6%
Building and Grounds Cleaning and Maintenance Occupations	49,877	58,408	8,531	17.1%	1.6%
Management Occupations	73,926	81,422	7,496	10.1%	1.0%
Computer and Mathematical Occupations	27,639	35,008	7,369	26.7%	2.4%
Installation, Maintenance, and Repair Occupations	62,319	69,292	6,973	11.2%	1.1%
Transportation and Material Moving Occupations	97,632	102,510	4,878	5.0%	0.5%
Community and Social Services Occupations	18,929	23,176	4,247	22.4%	2.0%
Architecture and Engineering Occupations	25,926	30,054	4,128	15.9%	1.5%
Production Occupations	132,385	136,513	4,128	3.1%	0.3%
Protective Service Occupations	26,959	30,926	3,967	14.7%	1.4%
Arts, Design, Entertainment, Sports, and Media Occupations	24,529	26,769	2,240	9.1%	0.9%
Farming, Fishing, and Forestry Occupations	7,433	9,558	2,125	28.6%	2.5%
Life, Physical, and Social Science Occupations	10,990	12,680	1,690	15.4%	1.4%
Legal Occupations	9,298	10,711	1,413	15.2%	1.4%

Source: Labor Market Information Services, Kansas Department of Labor

The total employment in Kansas is projected to increase at an annual average growth rate of 1.1 percent – or a total growth rate of 12.0 percent – from 2006 to 2016. The Health Care and Social Assistance industry sector is projected to grow the most, adding approximately 36,687 jobs – an average annual growth rate of 2.0 percent. The Management of Companies and Enterprises industry sector is projected to grow the fastest increasing by 4,116 jobs, or 40.9 percent, from 2006 to 2016. This is equivalent to a 3.5 percent annual average growth rate.

Table 4
Industry Projections
Kansas
2006 - 2016

Industry	2006	2016	Change		
			Actual 2006 - 2016	Percent 2006 - 2016	Percent Annual Avg.
Total Employment, All Jobs	**1,468,555**	**1,644,158**	**175,603**	**12.0%**	**1.1%**
Health Care and Social Assistance	165,916	202,603	36,687	22.1%	2.0%
Administrative and Support and Waste Management and Remediation Services	71,665	93,614	21,949	30.6%	2.7%
Educational Services	146,730	167,191	20,461	13.9%	1.3%
Professional, Scientific, and Technical Services	57,934	76,702	18,768	32.4%	2.8%
Accommodation and Food Services	101,520	112,050	10,530	10.4%	1.0%
Information	39,451	49,573	10,122	25.7%	2.3%
Construction	64,829	74,083	9,254	14.3%	1.3%
Transportation and Warehousing	45,728	52,637	6,909	15.1%	1.4%
Total Local Government	61,866	68,637	6,771	10.9%	1.0%
Finance and Insurance	56,278	62,927	6,649	11.8%	1.1%
Other Services (Except Government)	54,745	60,089	5,344	9.8%	0.9%
Management of Companies and Enterprises	10,061	14,177	4,116	40.9%	3.5%
Wholesale Trade	60,067	63,519	3,452	5.8%	0.6%
Agriculture, Forestry, Fishing, and Hunting	9,523	12,458	2,935	30.8%	2.7%
Arts, Entertainment, and Recreation	13,707	16,273	2,566	18.7%	1.7%
Real Estate and Rental and Leasing	15,381	17,076	1,695	11.0%	1.1%
Retail Trade	148,686	149,352	666	0.5%	0.0%
Total State Government	21,673	21,955	282	1.3%	0.1%
Total Federal Government	23,131	23,115	-16	-0.1%	0.0%
Utilities	7,283	6,998	-285	-3.9%	-0.4%
Mining	8,728	8,263	-465	-5.3%	-0.5%
Manufacturing	183,007	182,503	-504	-0.3%	0.0%

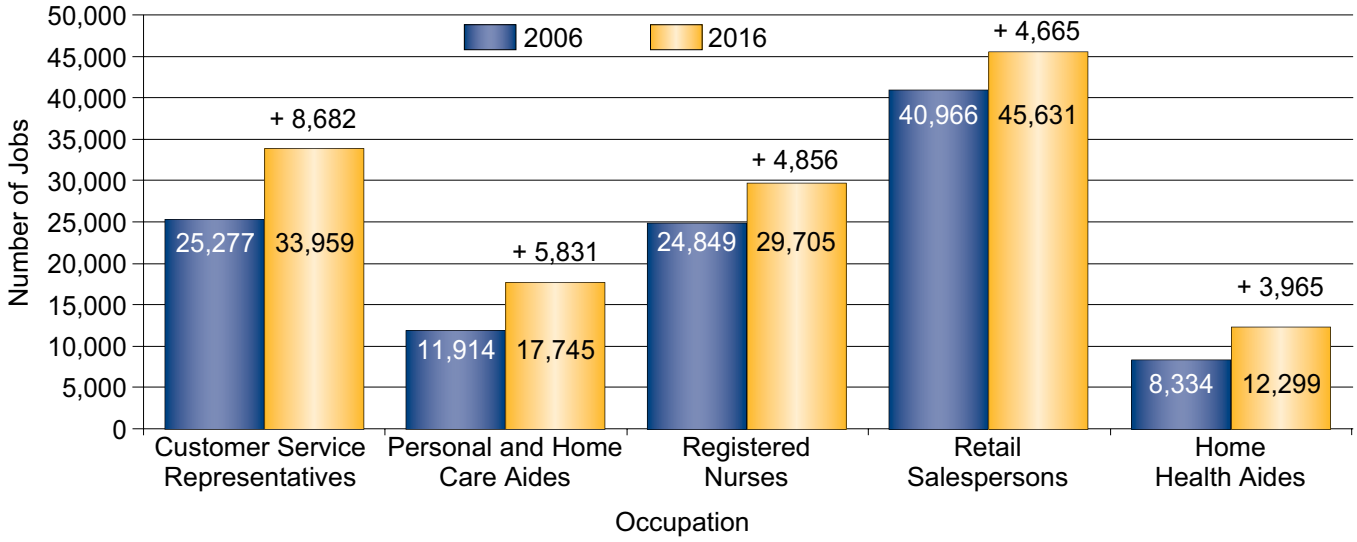
Source: Labor Market Information Services, Kansas Department of Labor

In addition to projecting growth by industries, the *2006 – 2016 Kansas Occupational Outlook* looks at projected growth within specific occupations as well as all major occupational groups. Office and administrative support occupations are projected to grow the most, adding 23,424 jobs from 2006 to 2016. Farming, fishing, and forestry occupations are projected to grow the fastest, increasing 28.6 percent by 2016 - an average annual growth rate of 2.5 percent.

The 2006 – 2016 Kansas Occupational Outlook looks at projected growth within specific occupations as well as all major occupational groups.

Of the occupations that are projected to add the most jobs in Kansas by 2016, customer service representatives are anticipated to increase the most, adding 8,682 jobs – an annual average growth rate of 3.0 percent. Positions as personal and home care aides are projected to increase by 5,831 jobs by 2016 while registered nurses are projected to add 4,856 jobs. These increases represent annual average growth rates of 4.1 percent and 1.8 percent respectively.

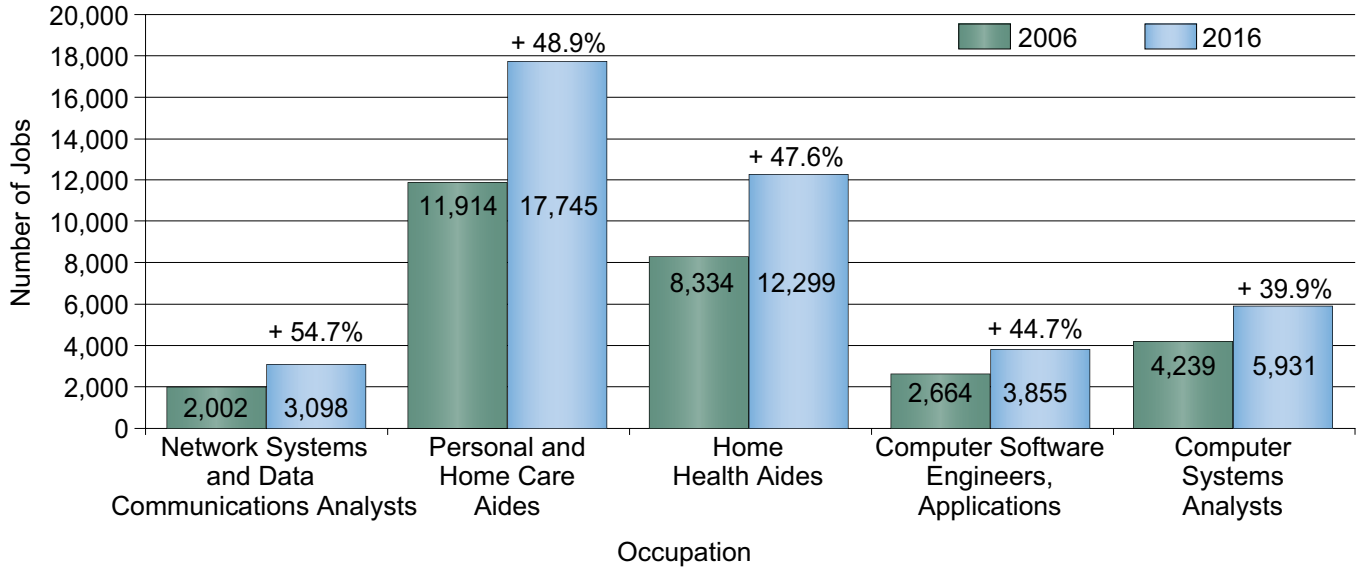
Figure 9
Top Five Occupations Adding the Most Jobs
Kansas
2006 - 2016



Source: Labor Market Information Services, Kansas Department of Labor

Kansas' fastest growing occupations are also projected in the *2006 – 2016 Kansas Occupational Outlook*. These are occupations projected to have 1,000 or more jobs by 2016 and a percentage change in employment from 2006 that is at least two times the average change for all occupations. Network systems and data communications analysts positions are projected to be the fastest growing occupation, increasing 54.7 percent by 2016 – an annual average growth rate of 4.5 percent. Demand in this occupation is projected to increase from 2,002 jobs in 2006 to 3,098 jobs in 2016.

Figure 10
Top Five Fastest Growing Occupations
Kansas
2006 - 2016



Source: Labor Market Information Services, Kansas Department of Labor

Green Economy

The green economy and green jobs are gaining status in policy conversations across the country. Although no clear definition has been formulated for either concept, the impact that the green economy and green jobs will have on the labor market is undeniable. Generally, the green economy refers to those economic activities that relate to renewable energy, energy efficiency, agriculture and natural resource conservation, pollution prevention and environmental cleanup, and clean transportation and fuels. Green jobs refer to those occupations involved in the production of goods and/or provision of services in one of the five above green-related areas of activity.

The green economy and green jobs are gaining status in policy conversations across the country.

Renewable energy has been addressed in numerous studies conducted by research institutions and organizations around the globe.

Kansas ranks third in the country in terms of its wind energy potential.

In particular, renewable energy has been addressed in numerous studies conducted by research institutions and organizations around the globe. Renewable energy comes from natural and sustainable resources that can be regenerated within a relatively short time period by the natural environment. Because of this ability to naturally regenerate, renewable energy sources are more environmentally friendly, and thus considered "green." The renewable energy sector of the green economy is commonly divided into the following areas: wind, water, solar, biomass, and geothermal. Although Kansas possesses at least moderate solar and geothermal resource potential, multiple studies have shown wind energy and biomass energy to hold the greatest potential for future development in Kansas.

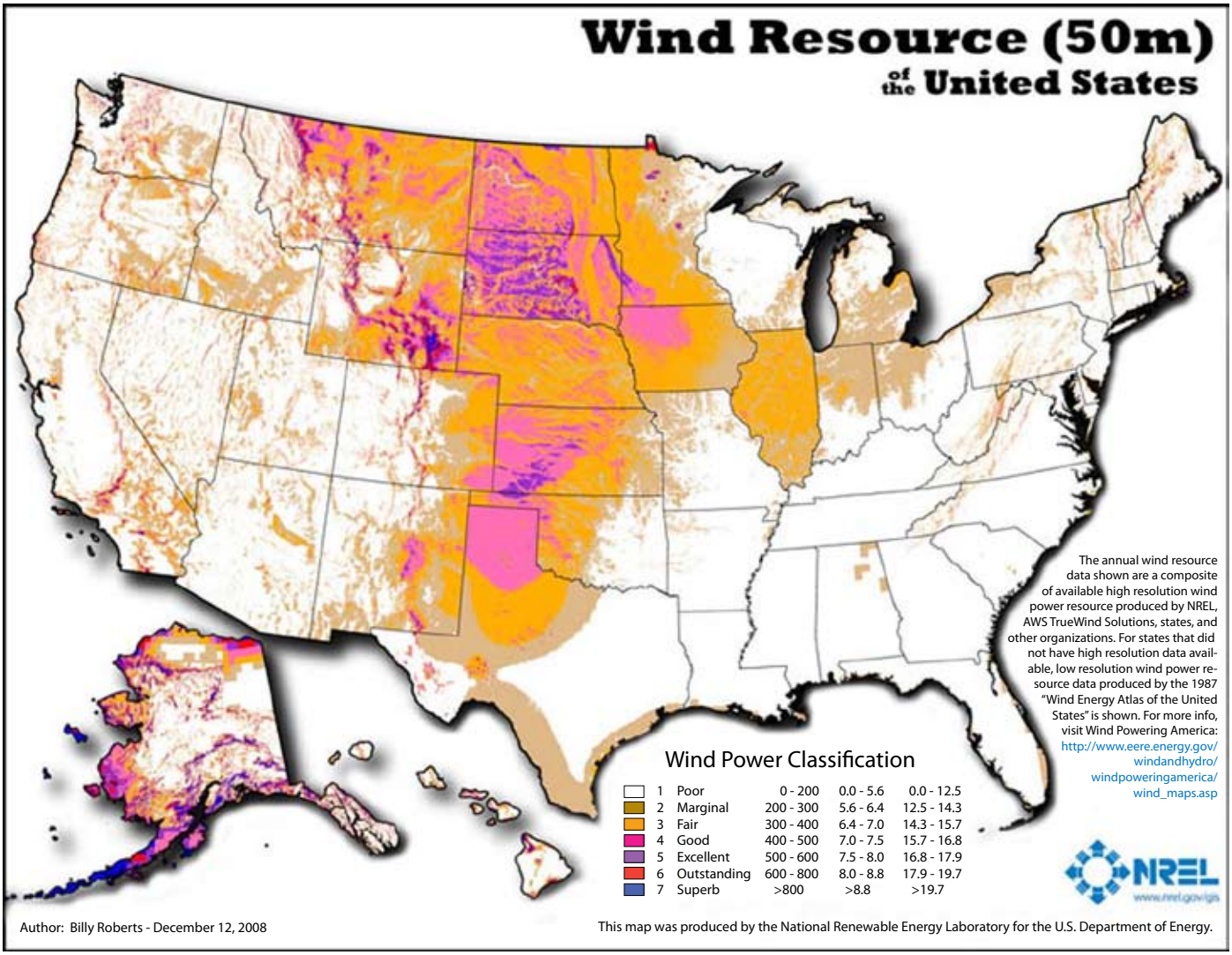
Table 5
Top 10 States with Most Wind Energy Potential
U.S.
2009

State	Annual Energy*
North Dakota	1,210
Texas	1,190
Kansas	1,070
South Dakota	1,030
Montana	1,020
Nebraska	868
Wyoming	747
Oklahoma	725
Minnesota	657
Iowa	551

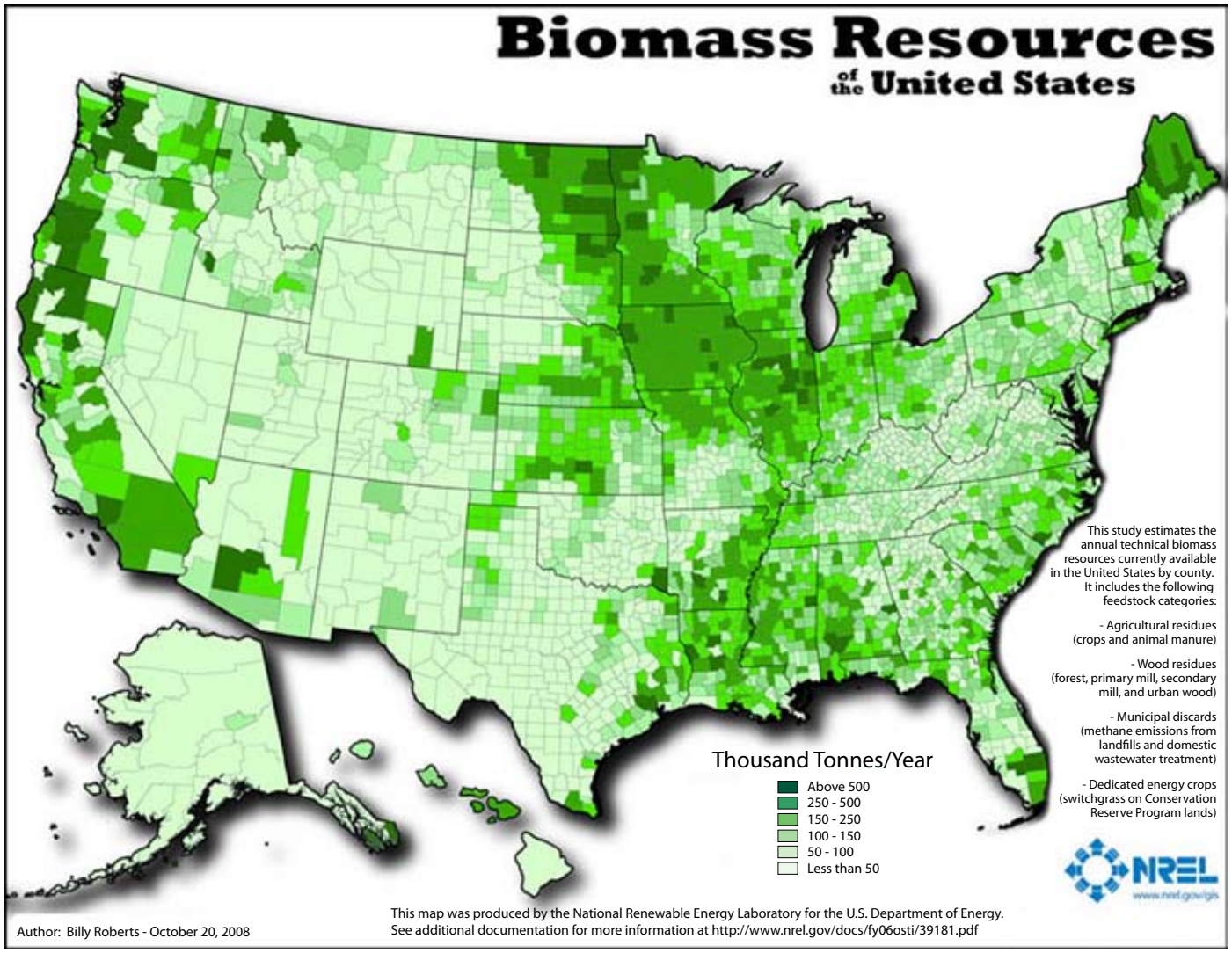
* In billions of kilowatt hours

Source: American Wind Energy Association

According to the American Wind Energy Association, Kansas ranks third in the country in terms of its wind energy potential. Portions of central Kansas, as well as the western half of the state, demonstrate the greatest potential for capturing wind energy.



Kansas also has strong biomass energy resource potential due to its agricultural base. Biomass is plant matter such as wood, agricultural crops, and waste material that can be manipulated and used to generate energy. Central Kansas possesses the strongest biomass potential in the state. In particular, Reno County is estimated to have the greatest amount of available biomass resources for energy development at more than 500,000 metric tonnes per year.



Although renewable energy has great potential for future development in the green economy, energy efficiency, agriculture and natural resource conservation, pollution prevention and environmental cleanup, and clean transportation and fuels also account for a considerable portion of both future and current green jobs. Less Kansas-specific information is known about these green-related areas of activity, but the findings of several other states confirm the importance of each.

The field of energy efficiency focuses on using less energy to achieve the same or greater level of performance. Green building practices, retrofitting activities, and the production of more energy efficient appliances are prime examples of energy efficiency. Activities related to agriculture and natural resource conservation aim to safeguard and/or improve natural resources and the environment. Organic farming and forest and land management are examples. Pollution prevention and environmental cleanup includes products or services designed to minimize or prevent adverse impacts on the natural environment, such as water treatment and hazardous waste cleanup activities. Finally, activities related to energy storage, alternative fuels, and fuel efficiencies are a part of clean transportation and fuels. Examples include the development and production of advanced batteries and fuel cells as well as biodiesel, ethanol, and other alternative fuels.

Energy efficiency focuses on using less energy to achieve the same or greater level of performance.

Energy efficiency is likely to be among the largest green-related areas within the green economy while agriculture and natural resource conservation, pollution prevention and environmental cleanup, and renewable energy are likely to account for much smaller percentages of current green jobs

The proportion of green jobs that fall in each green-related area is dependent upon the economy within each individual state, but one clear trend is evident from other states' findings. Washington, Michigan, and Oregon have surveyed employers in order to develop a baseline measurement of the green jobs in each state's respective economy. Their results show that energy efficiency is likely to be among the largest green-related areas within the green economy while agriculture and natural resource conservation, pollution prevention and environmental cleanup, and renewable energy are likely to account for much smaller percentages of current green jobs. Still less is known about clean transportation and fuels because, of the three states having conducted a survey of their green economy, only Michigan devoted special attention to this green-related area of activity.

Given such findings, it is expected that these green-related areas are present in Kansas' green economy as well. Even so, there are particular difficulties in determining the specific industries and occupations within the green economy, and the employment and wage information associated with them. The work to determine universal definitions and measurements of green occupations and industries continues across the U.S. at the state and national levels. At this time, a study of the actual number of Kansas workers employed in the five green-related areas described above is being conducted, although the results are not yet complete.

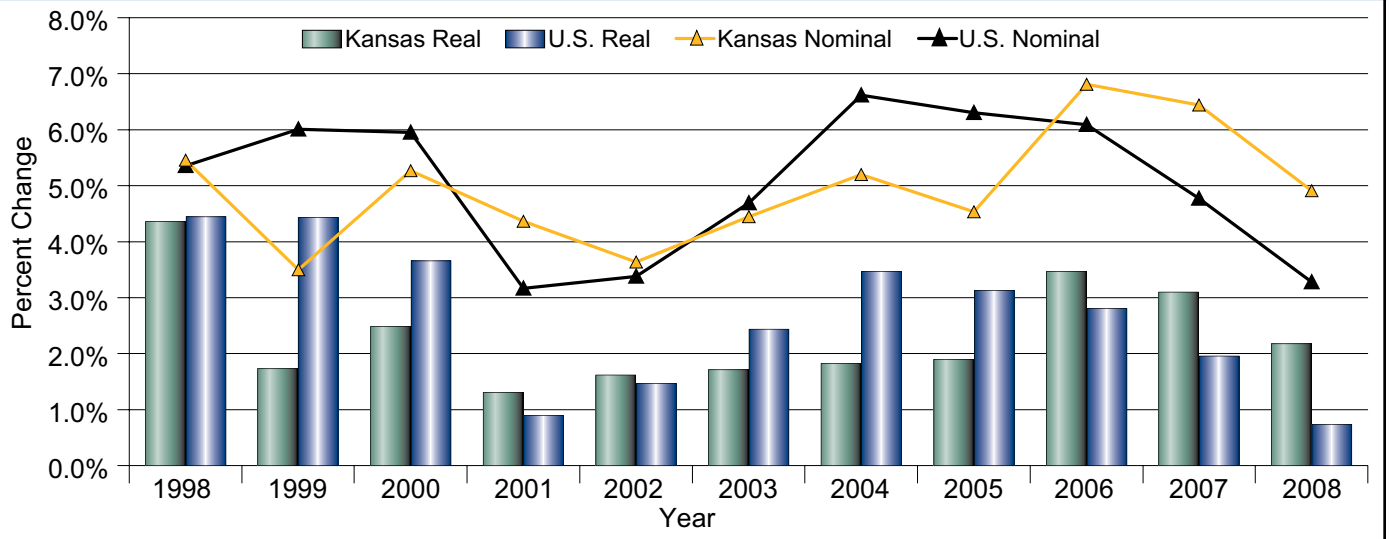
Gross Domestic Product (GDP)

Gross Domestic Product (GDP) is the broadest measure of economic conditions. 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.

Both nominal and real GDP in Kansas have consistently grown over the past decade, according to estimates from the Bureau of Economic Analysis.

From 1998 to 2008, Kansas nominal GDP grew 61.5 percent, while real GDP grew 23.5 percent. During the same time period, U.S. nominal GDP expanded at a slightly higher rate of 63.2 percent, while real GDP grew 28.0 percent. Generally, the percentage change in Kansas' nominal and real GDP follows the national trend.

Figure 11
Percent Change in Real and Nominal GDP
Kansas and U.S.
1998 - 2008



Source: Bureau of Economic Analysis

Kansas outpaced the nation in nominal GDP growth in 2008. Nominally, Kansas GDP grew to more than $122.7 billion in 2008, up 4.9 percent from 2007. Kansas had an over-the-year expansion in real GDP of 2.2 percent, reaching over $98.1 billion. U.S. nominal and real GDP demonstrated over-the-year growth of 3.3 percent and 0.7 percent, respectively.

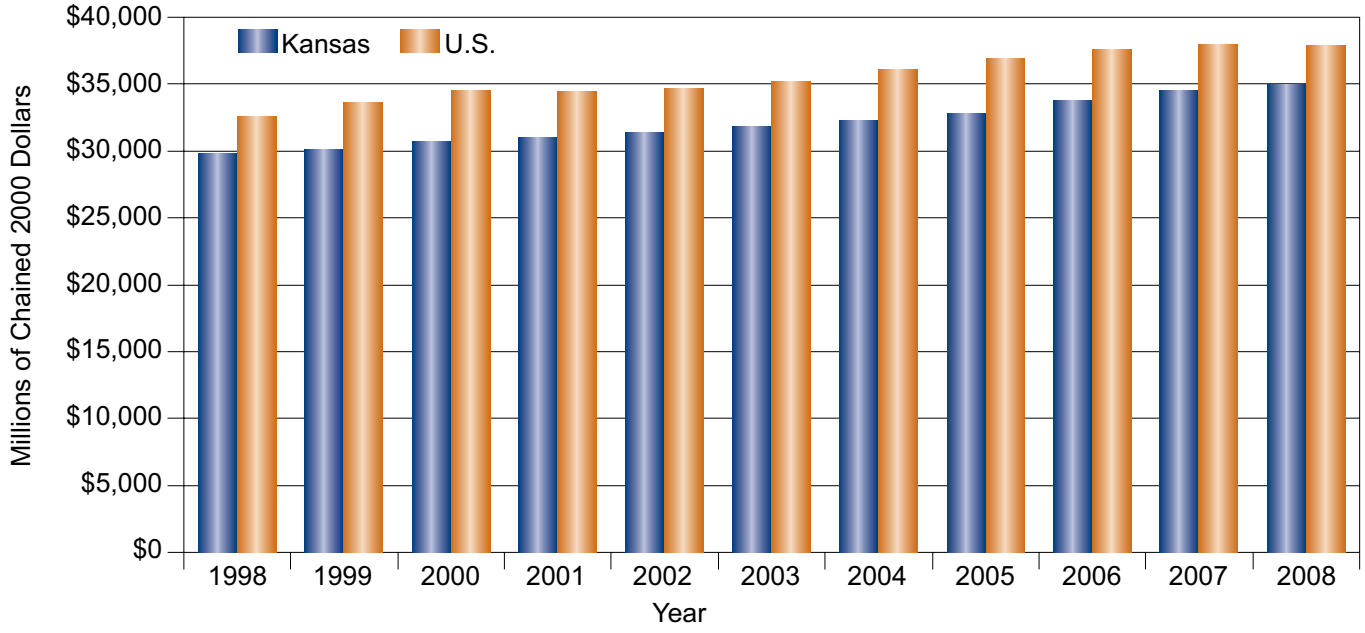
Kansas ranked 7th among the 50 states in terms of over-the-year growth rate of real GDP. However, the 2.2 percent growth for Kansas in 2008 was below the 2007 growth rate of 3.1 percent. Overall, Kansas' GDP accounts for less than 1.0 percent of total U.S. GDP in both nominal and real terms.

Gross Domestic Product (GDP) per Capita

GDP per capita is calculated by dividing real or nominal GDP by the population for any given area. GDP per capita gives an idea of the standard of living for the area. As a standard of living measure, GDP per capita can be used to evaluate and compare different countries, states, or areas.

Kansas ranked 28th in the nation in terms of real GDP per capita among the 50 states in 2008. At the same time Kansas' real GDP per capita was $35,013, U.S. real GDP per capita was $37,899. From 2007 to 2008, Kansas' real GDP per capita increased 1.3 percent and the U.S. real GDP per capita decreased 0.2 percent. This was only the second decline in U.S. real GDP per capita to occur in the past decade. In 2001, the U.S. real GDP per capita decreased 0.1 percent. Over the period from 1998 to 2008, Kansas' real GDP per capita increased 17.3 percent, while the U.S. real GDP per capita increased 16.1 percent.

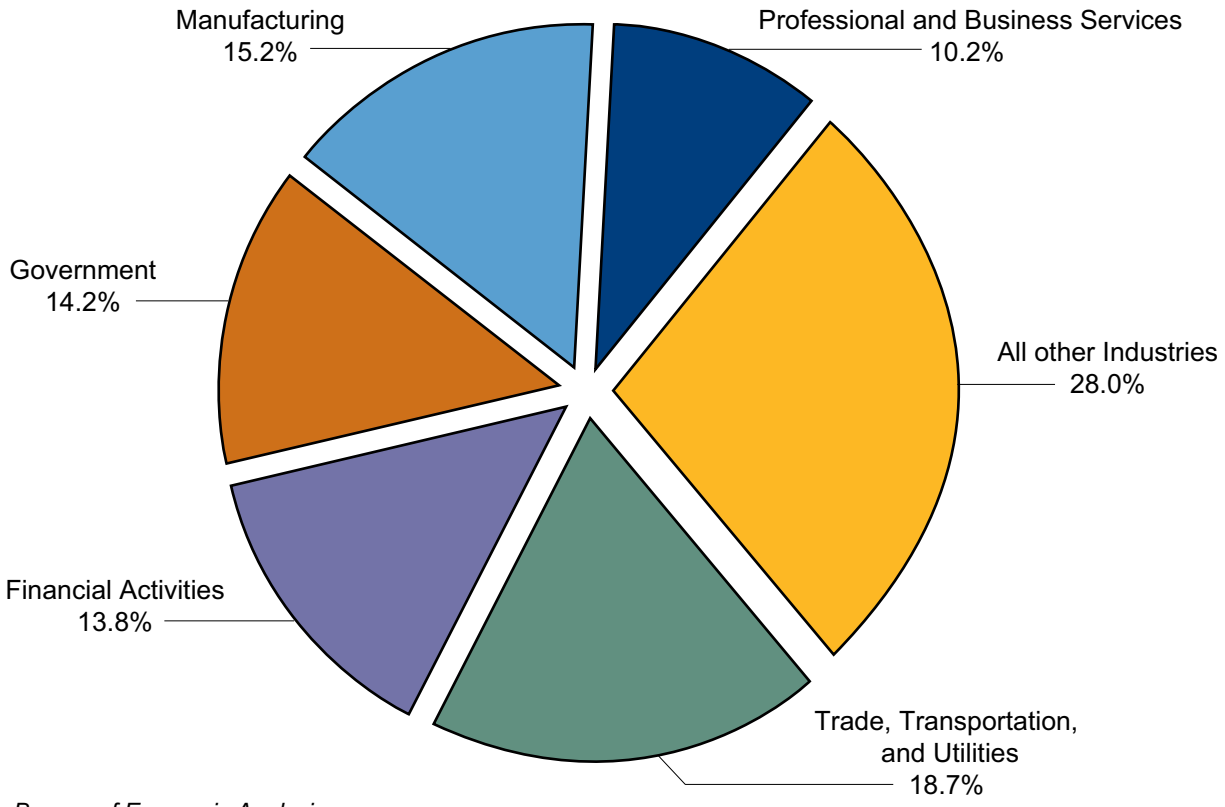
Figure 12
Real GDP per Capita
Kansas and U.S.
1998 - 2008



Source: Bureau of Economic Analysis

Industries Contributing to Gross Domestic Product (GDP)
Several industry sectors contribute to Kansas' nominal GDP. The trade, transportation, and utilities sector was the largest single sector to contribute to Kansas' nominal GDP in 2008, making up 18.7 percent of total GDP. The contribution to nominal GDP by this sector totaled just under $23 billion. Additionally, the manufacturing industry contributed to 15.2 percent of total nominal GDP in Kansas, while the government and financial activities industries added 14.2 and 13.8 percent, respectively. Together, these four industries accounted for nearly 62.0 percent of all nominal GDP in the state. This trend is similar to that of the nation where the same four industries accounted for approximately 61.1 percent of the total national GDP.

Figure 13
Nominal GDP by Industry
Kansas
2008



Source: Bureau of Economic Analysis

In Kansas, each of the major industry sectors contributed a larger dollar amount to nominal GDP in 2008 than 2007. The professional and business services sector recorded the largest over-the-year percentage increase in contributions to GDP, rising 9.1 percent. This industry contributed $1 billion more to Kansas' nominal GDP in 2008 than 2007, reaching $12.5 billion in 2008. Even so, this industry's contribution to overall Kansas GDP was only the fifth largest at 10.2 percent. This industry includes professional and technical services, management of companies and enterprises, and administrative and waste services.

The smallest over-the-year percentage increase in contributions to nominal GDP was recorded by the information industry. While this industry accounted for the third largest percentage increase in nominal GDP from 2006 to 2007, the industry contributed $45 million more to Kansas' nominal GDP in 2008 than 2007 - only a 0.6 percent increase. The information industry's contribution to overall Kansas GDP reached just over $7.2 billion during this time.

Each of the major industry sectors reported increases in nominal GDP from 2007 to 2008.

The smallest percentage increase in over-the-year nominal GDP was recorded by the information industry.

Table 6
Nominal GDP by Industry*
Kansas
2007 - 2008

Industry	2007	2008	Percent Change
Natural Resources & Mining	$6,456	$6,960	7.8%
Construction	$4,282	$4,364	1.9%
Manufacturing	$17,954	$18,599	3.6%
Trade, Transportation & Utilities	$21,986	$22,951	4.4%
Information	$7,175	$7,220	0.6%
Financial Activities	$16,283	$16,888	3.7%
Professional & Business Services	$11,465	$12,509	9.1%
Educational & Health Services	$8,848	$9,446	6.8%
Leisure & Hospitality	$3,321	$3,446	3.8%
Other Services, Except Government	$2,829	$2,929	3.5%
Government	$16,386	$17,418	6.3%

*In millions of current dollars
Source: Bureau of Economic Analysis

Personal Income

Personal income is another important measure of economic success. This measure is used to identify the portion of an area's output transferred to individuals. Personal income includes earnings, property income, and transfer payments. It is a measure of income that is available for spending and can be used as an indicator of the well-being of residents of an area.

In 2008, Kansas' total personal income increased by 4.9 percent to more than $106.4 billion.

In 2008, Kansas' total personal income increased by 4.9 percent to more than $106.4 billion. Meanwhile, U.S. personal income increased 3.9 percent to just under $12.1 trillion. Kansas was ranked 11th among 50 states in terms of over-the-year percentage increase of personal income.

Wages and salaries were the largest contributor, accounting for 2.5 percent of the 4.9 percent increase in Kansas' total personal income. In terms of industries, state and local government contributed the largest percentage, adding 0.5 percent of the 4.9 percent increase in total Kansas personal income. The professional and technical services and health care and social assistance industries closely followed, with each of the industries contributing 0.4 percent.

Table 7
Personal Income*
Kansas and U.S.
1998 - 2008

	1998	1999	2000	2001	2002	2003
Kansas	$67,800,281	$70,158,367	$74,569,739	$77,563,762	$78,606,098	$81,116,278
U.S.	$7,415,709,000	$7,796,137,000	$8,422,074,000	$8,716,992,000	$8,872,871,000	$9,150,320,000

	2004	2005	2006	2007	2008
Kansas	$84,642,115	$88,105,888	$95,159,936	$101,444,002	$106,420,552
U.S.	$9,711,363,000	$10,252,973,000	$10,978,053,000	$11,634,322,000	$12,086,533,576

* In thousands
Source: Bureau of Economic Analysis

Per Capita Personal Income

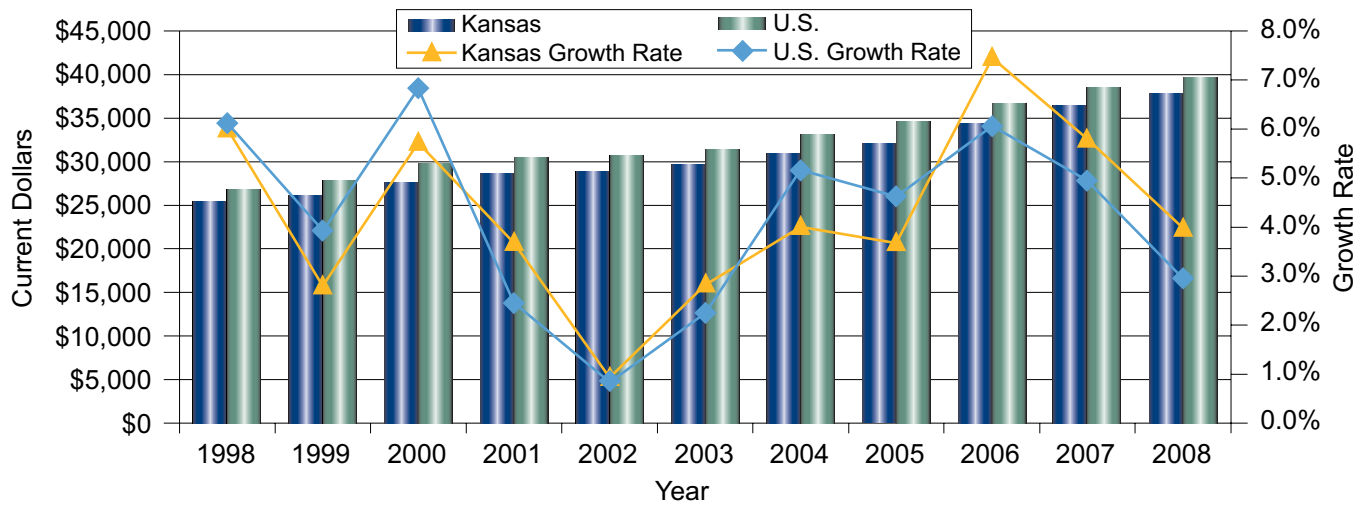
Similar to GDP, personal income can be expressed as per capita to show the average share of personal income for each individual in a given area. Per capita personal income is calculated by dividing total personal income by the population for any given area. As a measure of the wealth of the population of a given area, it provides a common measure for evaluating and comparing different countries, states, or areas.

In 2008, Kansas reported a per capita personal income of $37,978, while the U.S. reported a per capita personal income of $39,751. This level ranks Kansas 24th out of the 50 states in terms of per capita personal income. From 2007 to 2008, Kansas' per capita personal income grew 4.0 percent, while the nation's per capita personal income increased 2.9 percent.

Kansas' per capita personal income expanded 49.0 percent from 1998 to 2008 while the U.S. per capita personal income increased 47.9 percent during this same time. With the exception of 2004 and 2005, Kansas' per capita personal income has grown faster than the U.S. per capita personal income each year since 2001.

Kansas' per capita personal income expanded 49.0 percent from 1998 to 2008 while the U.S. per capita personal income increased 47.9 percent during this same time.

Figure 14
Personal Income Per Capita
Kansas and U.S.
1998 - 2008



Source: Bureau of Economic Analysis

Global Business

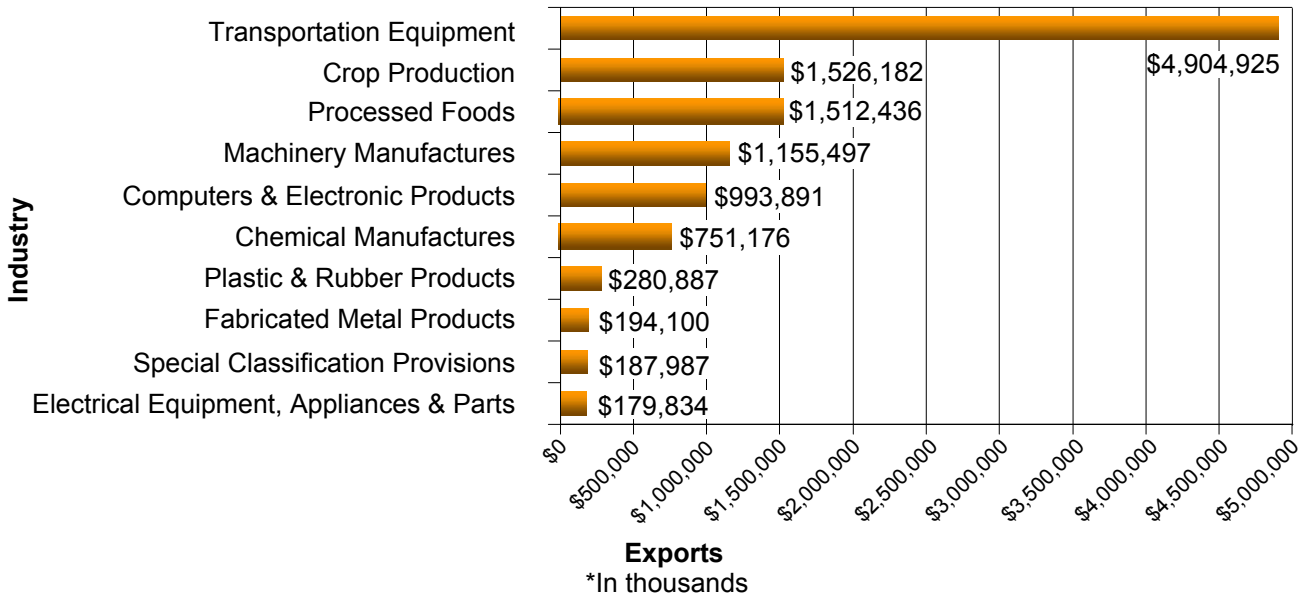
Kansas has a thriving export business, trading a variety of goods and services that range from food to aerospace products. Exports can demonstrate the diversity of an economy and can show areas where a state may have a competitive advantage in the production of a specific product.

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 expands, demand for products in which Kansas has a competitive advantage will continue to rise. The depreciation of the U.S. dollar in 2008 compared to other world currencies made the goods produced in the U.S. less expensive, contributing to increased demand for U.S. goods and services.

Transportation equipment was the most exported product from Kansas, with more than $4.9 billion dollars in exports in 2008.

Kansas exports increased 21.8 percent in 2008, with a reported $12.5 billion in sales to various countries around the world. Exports in Kansas have increased by 150.9 percent since 2002. Transportation equipment was the most exported product from Kansas, with more than $4.9 billion dollars in exports in 2008. This sector includes industries that produce aerospace parts and products, motor vehicle parts and assembly, and other transportation equipment manufacturing. Exports in this industry recorded an increase of 25.8 percent from 2007 to 2008.

Figure 15
Top Ten Exports*
Kansas
2008



*In thousands

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

Crop production accounted for the second highest dollar amount of exported products, with over $1.53 billion in exports. This sector includes establishments such as farms, orchards, and nurseries that engage in growing crops as a source of food and fiber. Processed foods were the third most exported products with more than $1.51 billion dollars in exports. This includes food manufacturing for animals, several types of processed food products for human consumption made from grain, as well as several types of food products made from beef, poultry, and swine. Of the top three sectors, crop production experienced the largest over-the-year growth, increasing 48.6 percent from 2007 to 2008. This was largely due to high commodity prices in 2008.

Canada was Kansas' largest trading partner in 2008, importing almost $2.7 billion in goods and services. This amounts to a 8.1 percent increase from 2007 to 2008. Transportation equipment accounts for $722.5 million, or 27.2 percent, of the $2.7 billion in total Kansas exports to Canada.

Mexico imported the second highest amount of Kansas goods and services at nearly $1.4 billion – a 52.6 percent increase from 2007 to 2008. The largest increase of exports in terms of dollars was also to Mexico, who imported an additional $481.4 million during this time.

Table 8
Top Export Countries
Kansas
2008

	2008*
Canada	$2,659,376
Mexico	$1,397,208
Japan	$853,087
Germany	$630,837
United Kingdom	$597,018
China	$510,984
Brazil	$504,198
Iraq	$338,914
Australia	$281,486
South Africa	$242,142

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

Japan was Kansas' third largest importer, reporting nearly $853.1 million in imports from Kansas – an over-the-year increase of 126.5 percent. Large over-the-year increases in the transportation equipment (659.6 percent), primary metal manufacturing (37,146.4 percent), beverage and tobacco product manufacturing (1,127.3 percent), and forestry and logging (1,798.2 percent) sectors helped contribute to this large overall increase in Kansas exports to Japan. Germany came in fourth with more than $630.8 million in imports – an increase of 2.4 percent from 2007.

Overall, Kansas ranked 27th among states in total exports and 15th among states in exports of transportation equipment.

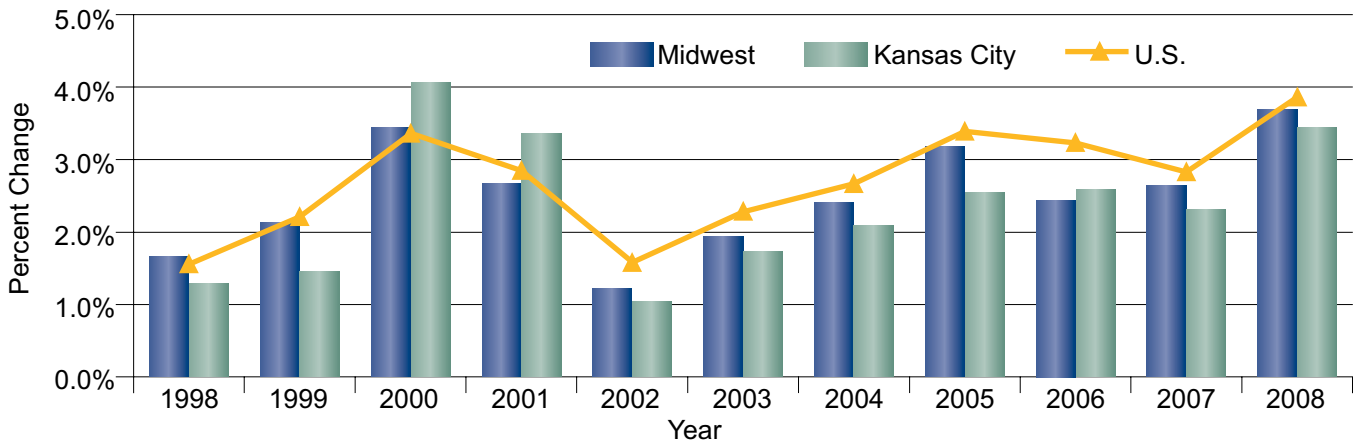
Inflation and Wages

Consumer Price Index (CPI)

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.

Based on the U.S. CPI-U, the national inflation rate was 3.9 percent in 2008. During the same year, the Midwest recorded an inflation rate of 3.7 percent and the Kansas City MSA reported an inflation rate of 3.4 percent. Kansas is one of 12 states in the Midwest CPI region. In the Midwest region, utility gas services and energy commodities recorded the largest over-the-year increase in prices – 17.9 and 15.3 percent respectively.

Figure 16
Percent Change in Consumer Price Index (CPI-U)
Midwest, Kansas City, and U.S.
1998 - 2008



Source: Bureau of Labor Statistics

From 1998 to 2008, inflation nationwide was 32.1 percent. During this same period, inflation in the Midwest region and the Kansas City MSA was 28.9 percent and 27.5 percent respectively. The U.S. and Midwest CPI-U figures were generally higher than the Kansas City MSA figures, indicating that the Kansas City MSA has lower inflationary pressures than the nation and other states in the Midwest.

According to annual data, several items in the Midwest CPI index recorded high over-the-year increases in prices. Motor fuel prices increased 15.0 percent in 2008 compared to 9.7 percent in 2007. Similarly, transportation prices were up 5.8 percent compared to 2.9 percent during 2007, while food and beverage prices were up 5.5 percent compared to 3.7 percent during the last calendar year. Utility gas services experienced the most inflation, rising 17.9 percent in 2008. In the previous calendar year, the prices of utility gas services decreased 1.2 percent.

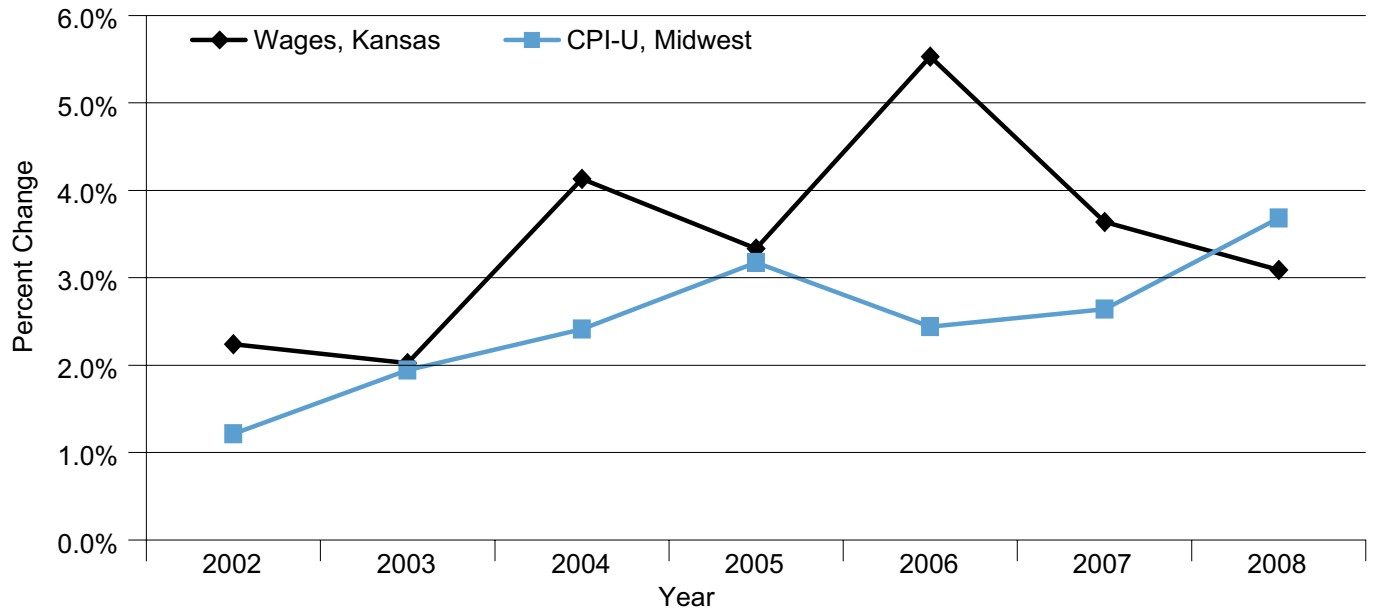
Wages

Wages and salaries account for 53.4 percent of the total personal income in Kansas. They are an important component in determining the health of the economy. Wages and salaries 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 because consumer spending is the largest component of the Gross Domestic Product in the U.S.

In 2008, the average weekly wage in Kansas increased 3.1 percent to $734. Nationwide, the average weekly wage increased by 2.5 percent in 2008 to $876. When accounting for 3.7 percent inflation in the Midwest region, the real average weekly wage for Kansas decreased 0.6 percent. This over-the-year decrease marks the first time the inflation-adjusted average weekly wage has declined since before 2002. Similar to the trend in Kansas, the inflation adjusted average weekly wage decreased 1.4 percent nationwide.

Regarding the wage increases across industries in Kansas, the construction industry recorded the largest over-the-year increase, rising 5.7 percent. The mining industry closely followed with a 5.3 percent increase. While these two industries experienced the largest over-the-year increase in wages, the management and utilities industries recorded the highest average weekly wages paid among all industries. The management of companies and enterprises industry paid $1,596 in average weekly wages during 2008, while the utilities industry paid $1,405.

Figure 17
Consumer Price Index (CPI-U) and Wages
Kansas and Midwest
2002 - 2008



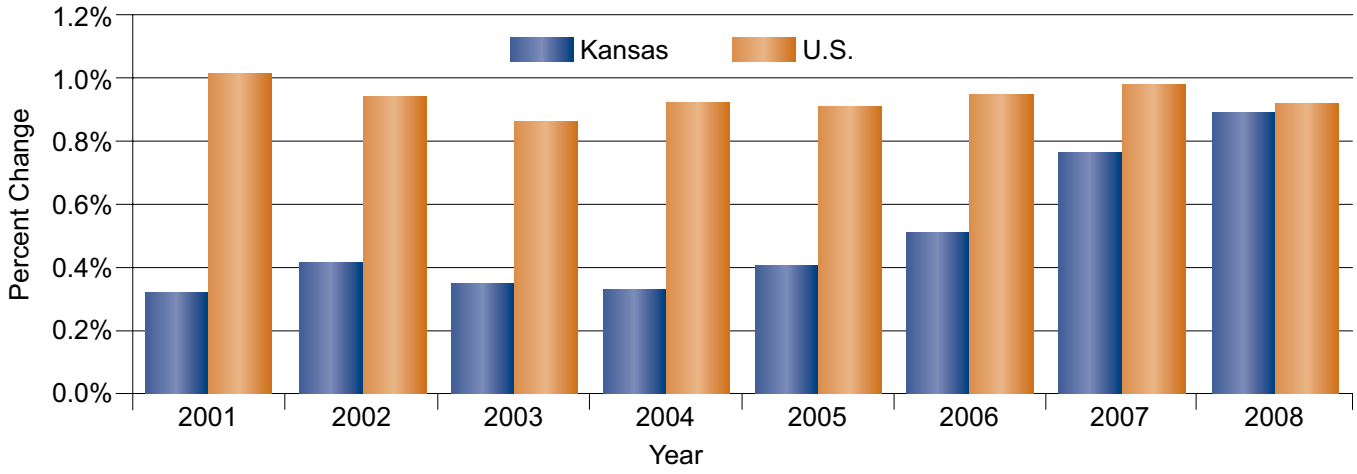
Source: Bureau of Labor Statistics; Labor Market Information Services, Kansas Department of Labor

Population

The population in Kansas has grown consistently since 2000, experiencing a 4.1 percent increase from 2000 to 2008. The Kansas population increased an average of 0.5 percent per year over this same period. In 2008, population growth in Kansas was 0.9 percent, the largest annual growth rate of the previous seven years. The U.S. population has also experienced growth, expanding 7.8 percent from 2000 to 2008. The average growth rate of the U.S. population over this seven-year period has been larger than the average growth rate of the Kansas population at 0.9 percent per year.

Kansas' population in 2008 was less than 1.0 percent of the total population. Although Kansas' population as a percentage of the U.S. population has remained basically constant, it has demonstrated a slight downward trend from 0.95 percent of the nationwide population in 2000 to 0.92 percent of the nationwide population in 2008. Also in 2008, Kansas' population ranked 33rd out of the 50 states.

Figure 18
Percent Change in Total Population
Kansas and U.S.
2001 - 2008



Source: U.S. Census Bureau

Table 9
Total Population
Kansas and U.S.
2000 - 2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Kansas	2,692,681	2,701,346	2,712,561	2,722,070	2,731,069	2,742,204	2,756,267	2,777,382	2,802,134
U.S.	282,171,936	285,039,803	287,726,647	290,210,914	292,892,127	295,560,549	298,362,973	301,290,332	304,059,724

Source: U.S. Census Bureau

Housing Sector

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.

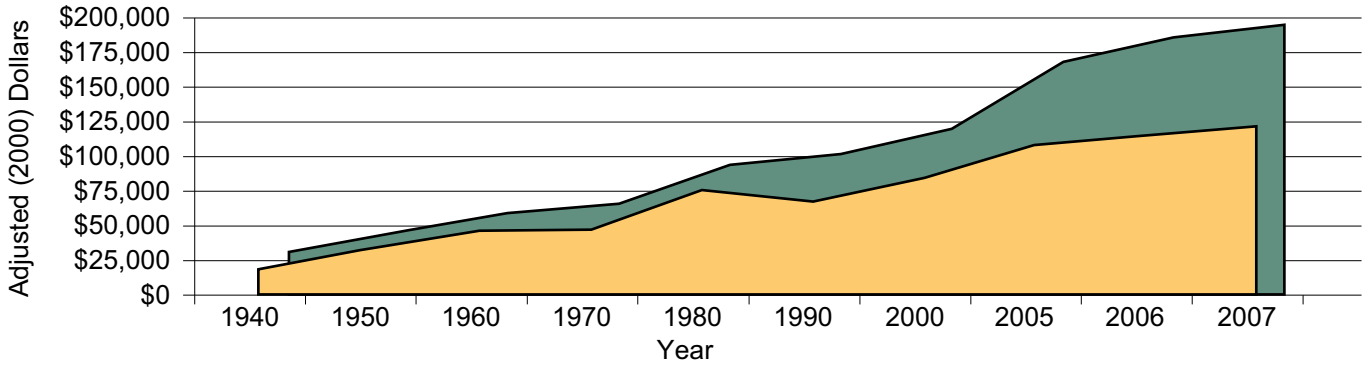
In the past year, the housing market has seen a notable slowdown in Kansas and the nation.

In the past year, the housing market has seen a notable slowdown in Kansas and the nation. The aftermath of the "sub-prime" mortgage crisis and the ensuing financial crisis continue to have a strong negative impact on the housing sector. The negative effects certainly are more pronounced nationwide than in Kansas.

According to the data published by the Federal Reserve Bank of New York, there were approximately 13,875 housing units with subprime loans out of a total of 1.2 million housing units in Kansas in May 2009. Nationwide there were nearly 2.5 million units with subprime loans out of a total of 127.9 million housing units at that same time. Approximately 0.7 per 1,000 units were in foreclosure in Kansas, compared to 2.3 per 1,000 units nationwide.

According to the data published by the American Community Survey (ACS), the median home value in Kansas has consistently been lower than that of the U.S. In 2007, the median home value in Kansas was $121,200, while the U.S. reported a median value of $194,300. Due to a moderate growth in home prices in Kansas, compared to dramatic increases in other parts of the country, Kansas has not experienced the dramatic declines in home prices experienced in many other parts of the country.

Figure 19
Median Home Values
Kansas and U.S.
1940 - 2007

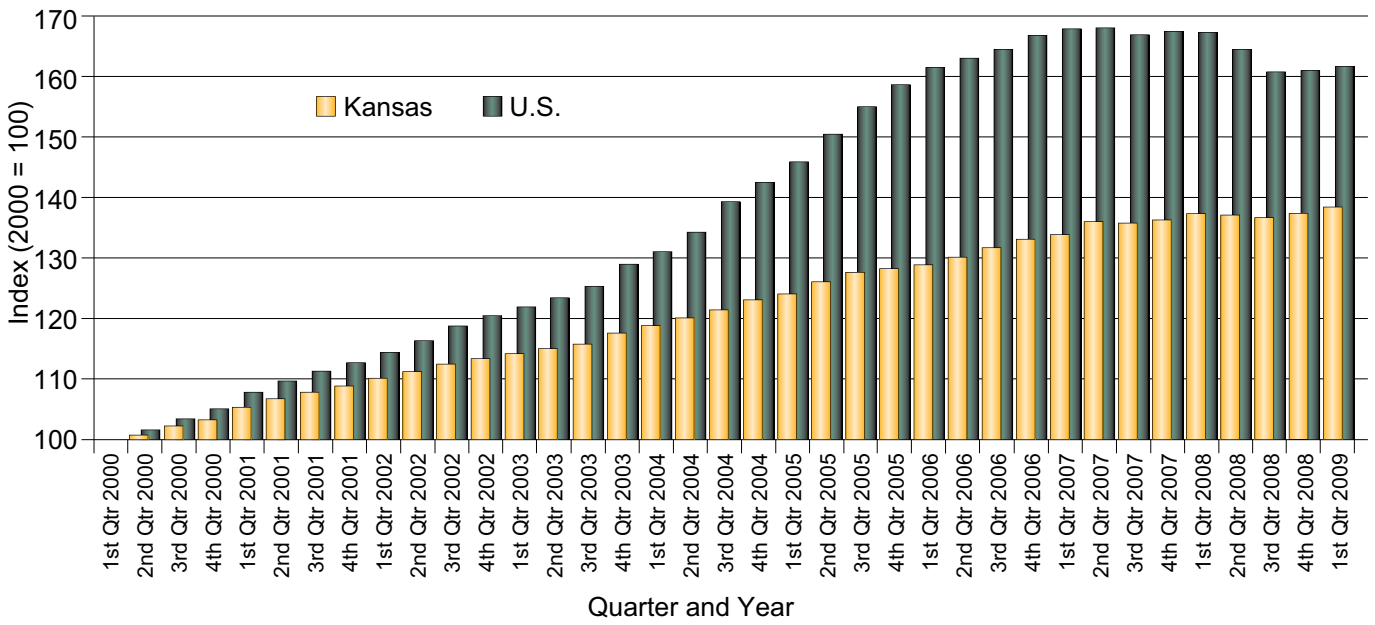


	1940	1950	1960	1970	1980	1990	2000	2005	2006	2007
Kansas	$18,000	$33,100	$45,800	$46,500	$74,800	$66,700	$83,500	$107,800	$114,400	$121,200
U.S.	$30,600	$44,600	$58,600	$65,300	$93,400	$101,100	$119,600	$167,500	$185,200	$194,300

Source: U.S. Census Bureau

Data compiled by the Office of Federal Housing Enterprise Oversight (OFHEO) indicates home prices in the U.S. decreased 3.8 percent from the fourth quarter of 2007 to the fourth quarter of 2008, while home prices in Kansas posted a slight increase of 0.8 percent. Using a separate measure of home prices, the S&P/Case-Shiller Home Price Indices, home values nationwide dropped by 19.1 percent from the first quarter of 2008 to the first quarter of 2009. This decrease is the largest drop in home values recorded since before 1990. Statewide data for Kansas is not available for this index.

Figure 20
Housing Price Index
Kansas and U.S.
1st Quarter 2000 - 1st Quarter 2009



Source: Office of Federal Housing Enterprise Oversight

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 the 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 even decline, this may have a negative effect on consumer spending, impacting the economy as a whole.

When housing prices increase, homeowners' unrealized wealth increases.

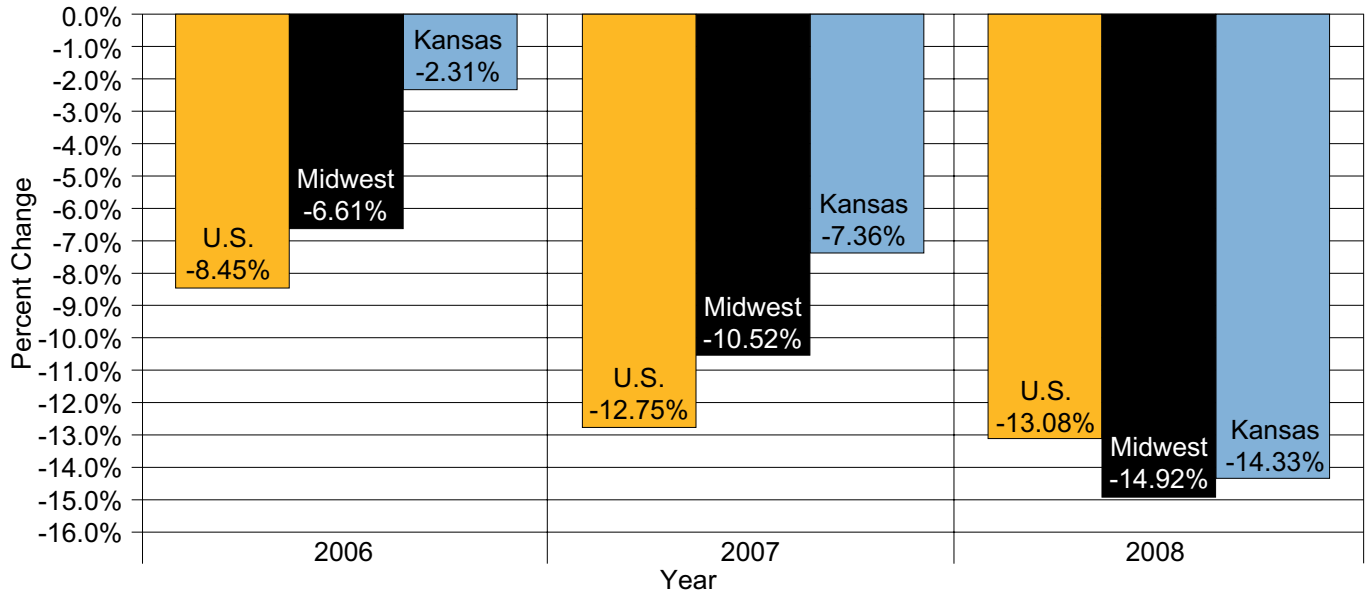
Table 10
Housing Characteristics
Kansas and U.S.
2007

	U.S.		Kansas	
	Count	Percent	Count	Percent
Housing Units	127,895,430		1,219,100	
Occupied	112,377,977	88%	1,088,835	89%
Vacant	15,517,453	12%	130,265	11%
Owner Occupied Housing Units	75,515,104	59%	763,887	63%
Housing Units with a Mortgage	51,615,003	68%	499,877	65%
Housing Units without a Mortgage	23,900,101	32%	264,010	35%

Source: U.S. Census Bureau

According to the data published by the National Association of Realtors (NAR), sales of existing homes in Kansas declined by approximately 14.3 percent from 2007 to 2008. In 2007, there were approximately 70,500 total sales of existing homes in Kansas, while there were only 60,400 total sales in 2008. During the same time period, sales of existing homes in the U.S. declined from 5,652,000 homes in 2007 to 4,913,000 homes in 2008, a decrease of 13.1 percent.

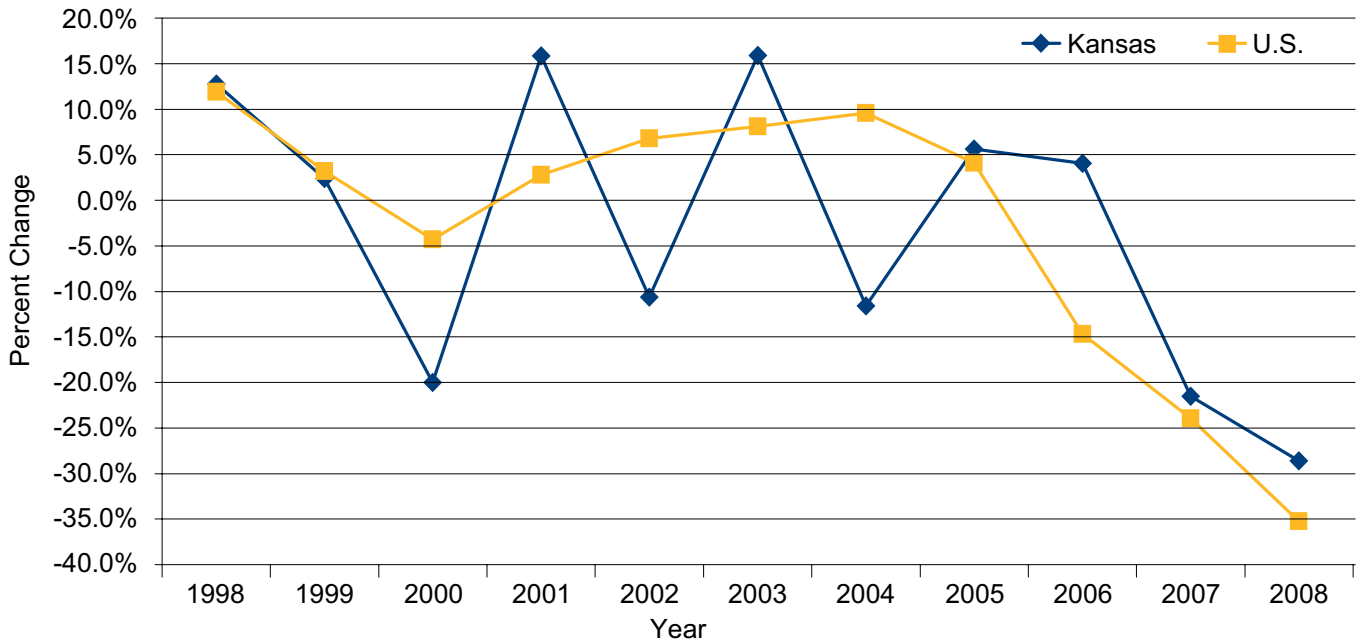
Figure 21
Percent Change in Existing Home Sales
Kansas and U.S.
2006 - 2008



Source: National Association of Realtors

The number of building permits issued can also indicate future activities in the housing market. In 2008, total building permits in Kansas decreased 28.6 percent and total building permits in the U.S. decreased 35.3 percent. Such decreases represent the largest over-the-year decline in building permits in the last decade for both Kansas and the nation. The number of building permits issued in Kansas in 2008, 8,188, is the lowest number of permits issued since before 1997. The U.S. issued only 905,359 building permits in 2008, which is also the lowest number issued nationwide since before 1997.

Figure 22
Percent Change in Building Permits
Kansas and U.S.
1998 - 2008

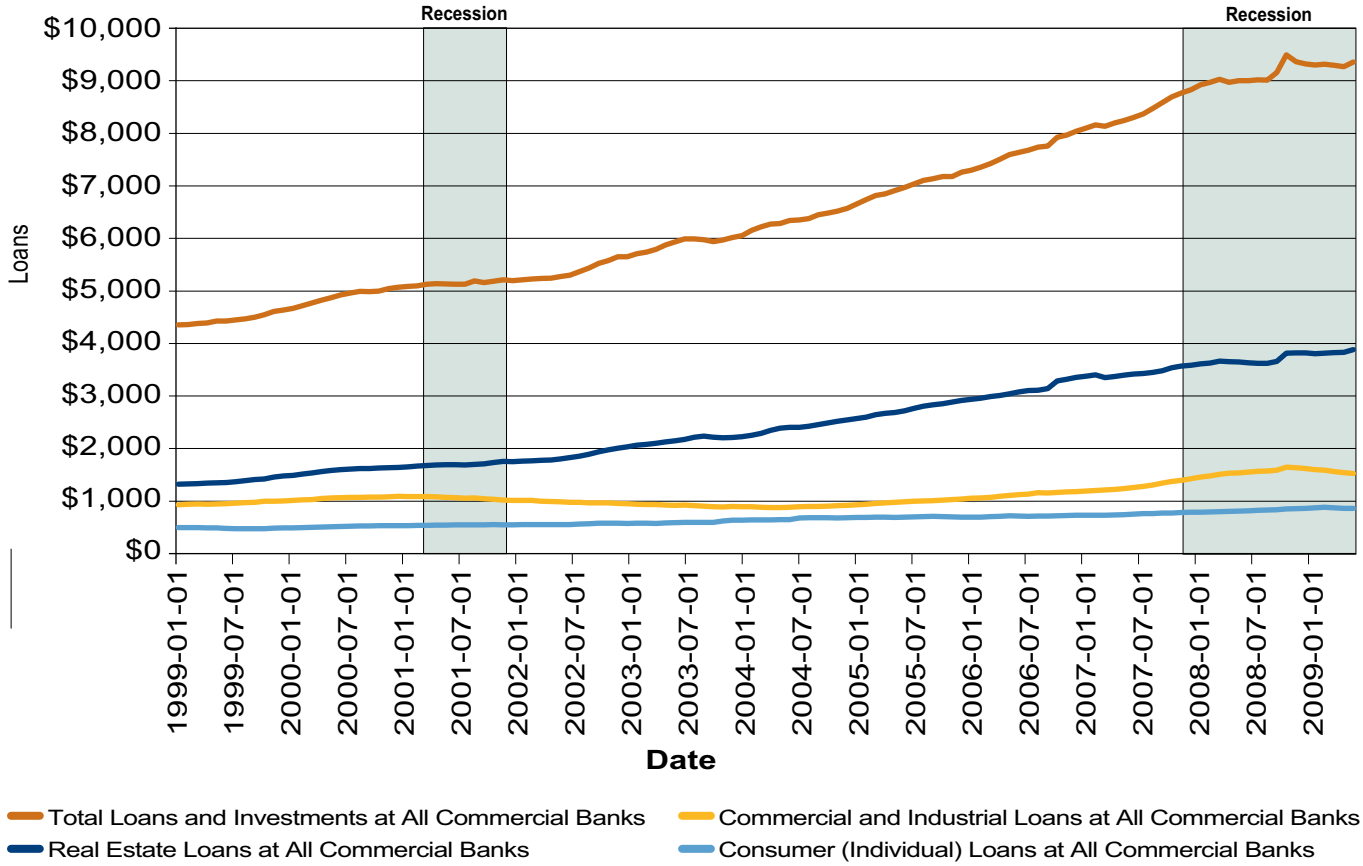


Source: U.S. Census Bureau

Financial Markets

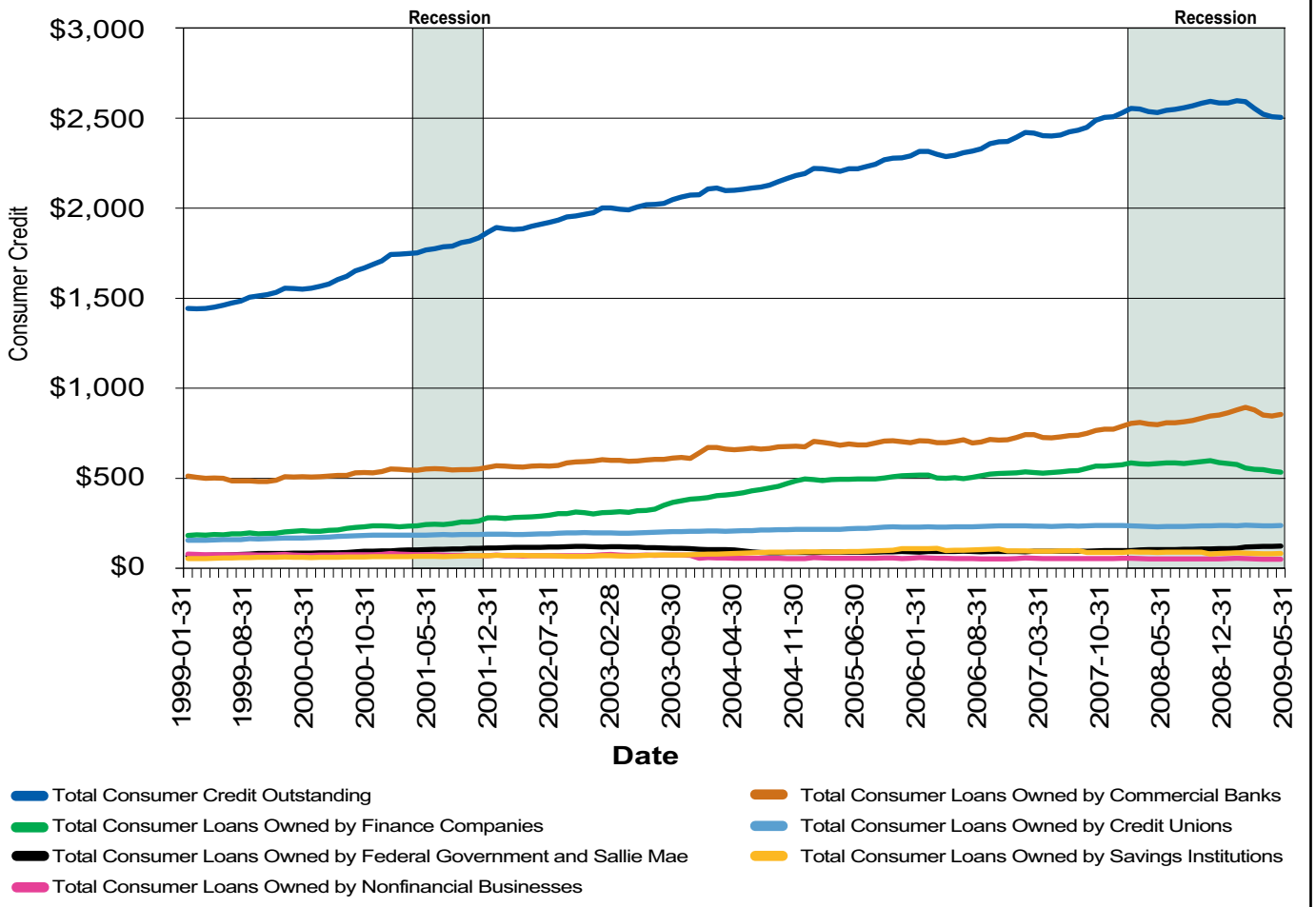
Following the slowdown in the housing market, the recession, which officially began in December 2007, also prompted a rapid deterioration of the financial markets. The uncertainty of the financial markets and the overall economy led to a sharp tightening of the credit markets, which in turn made it more restrictive and expensive for individuals and firms to obtain loans. At the beginning of the recession, loans made by commercial banks for real estate and commercial and industrial purposes began to decline. Despite a slight rise during the third quarter of 2008, loans have continued to decrease into 2009. Similarly, consumer credit available through various financial institutions, such as credit unions, finance companies, commercial banks and other institutions, declined in the early part of the recession with slight increases in the second and third quarters of 2008. The slight increase in consumer credit was also followed by strong declines into early 2009.

Figure 23
Loans Made by Commercial Banks*
U.S.
January 1999 - June 2009



** In billions of dollars, seasonally adjusted*
Source: U.S. Federal Reserve
Information current as of 08-04-2009

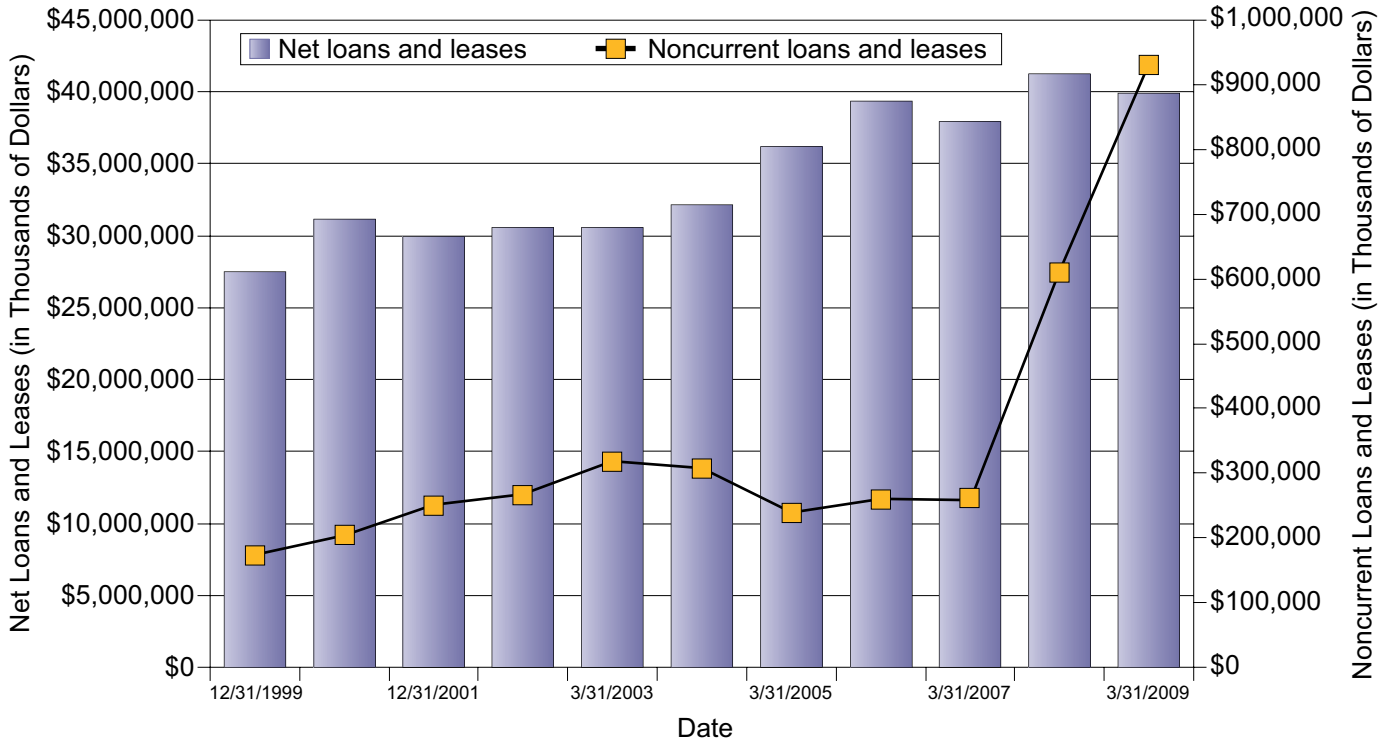
Figure 24
Consumer Credit*
U.S.
January 1999 - May 2009



** In billions of dollars, not seasonally adjusted*
Source: U.S. Federal Reserve
Information current as of 08-04-2009

In Kansas, there were 345 commercial banks and saving institutions according to the March 2009 Federal Deposit Insurance Corporation (FDIC) report. A majority of these institutions are commercial banks located in the Kansas City area. According to the FDIC report, net loan and lease financing in Kansas in all FDIC insured institutions dropped by 3.2 percent from approximately $41.2 billion to $39.9 billion from March 2008 to March 2009. Nationwide, net loan and lease financing in all FDIC-insured institutions declined by 3.9 percent. During the same time, noncurrent loans and leases in Kansas (past due for more than 90 days) increased by 52.5 percent from approximately $610.4 million to $931.9 million. Noncurrent loans and leases increased 112.7 percent nationwide.

Figure 25
Net Loans and Leases and Noncurrent Loans and Leases
Kansas
December 1999 - March 2009*



Source: Federal Deposit Insurance Corporation
**1999 to 2002 are fourth quarter data while 2003 to 2009 are first quarter data*

The decline in the availability of loans and credit to consumers and firms is likely to have caused the sharp declines in fixed domestic investments nationwide. From the first quarter of 2008 to the first quarter of 2009, fixed domestic investments decreased 17.5 percent in seasonally adjusted annualized numbers as reported by the Bureau of Economic Analysis. Nationwide, consumer expenditures (in current dollars), which account for more than 70.4 percent of GDP, posted only modest declines – decreasing 0.6 percent.

The decline in the availability of loans and credit to consumers and firms is likely to have caused the sharp declines in fixed domestic investments nationwide.

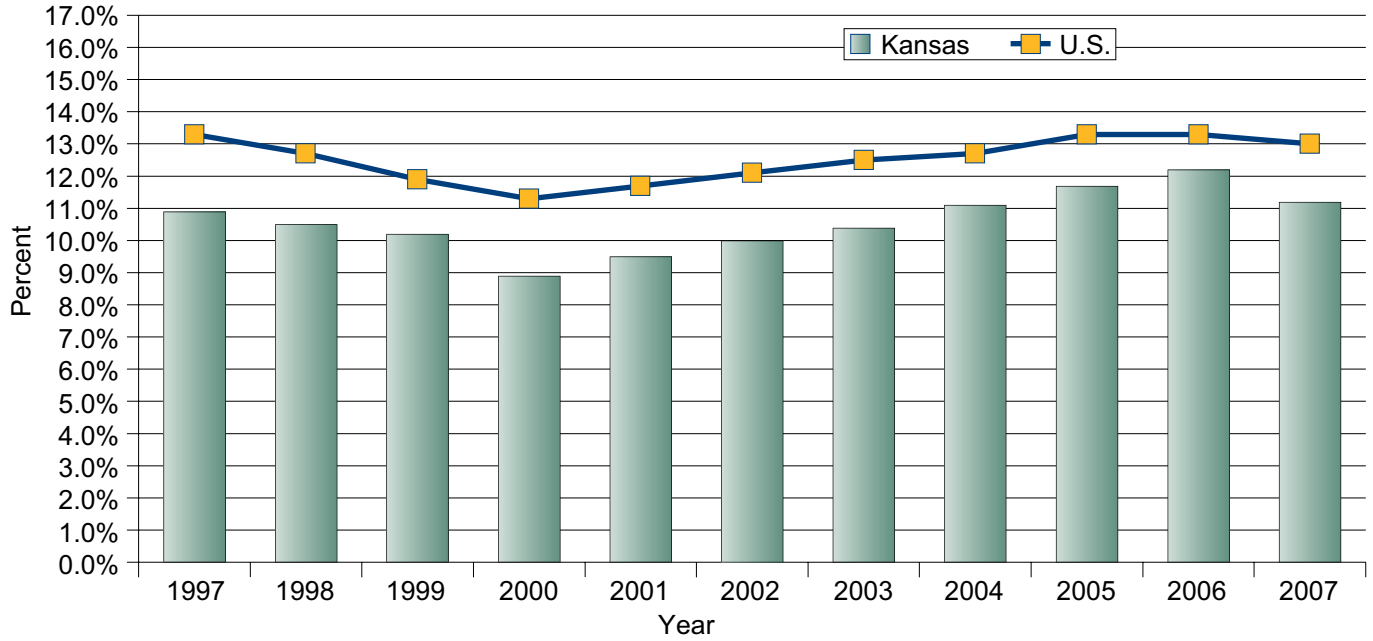
Kansas Poverty

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

The number of Kansans estimated to be living below the poverty threshold in 2007 totaled 301,826 individuals, or 11.2 percent of the total Kansas population.

The number of Kansans estimated to be living below the poverty threshold in 2007 totaled 301,826 individuals, or 11.2 percent of the total Kansas population. Nationwide the total number of individuals living under the poverty threshold was more than 38 million, or 13.0 percent of the total U.S. population. This signifies the first decline in the number of individuals living below the poverty threshold since 2000 in both Kansas and the nation. There were 32 states that reported a higher percentage of individuals living in poverty than Kansas. In 2007, the poverty threshold for a family of four (2 adults and 2 children under 18) was $21,027.

Figure 26
Poverty Estimates as a Percentage of Total Population
Kansas and U.S.
1997 - 2007



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

Poverty among children under five years of age was higher than among other age groups. In 2007, 17.9 percent of this age group in Kansas was living under the poverty threshold. Nationwide 20.8 percent of children under five years of age were living beneath the poverty threshold.

The Gini Index, one of the indicators published by the U.S. Census Bureau's American Community Survey (ACS), measures inequality of wealth distribution. A low Gini index means more equal wealth distribution, while a high Gini coefficient indicates a more unequal distribution. Zero corresponds to perfect equality and one corresponds to perfect inequality. According to the 2007 ACS data, Kansas had a Gini index of 0.444 compared to a nationwide index of 0.467, indicating more inequality nationwide than in Kansas. Notably, Kansas' Gini index was also lower than the Gini Index of three of its four neighboring states. Only Nebraska had a lower Gini Index than Kansas at 0.429, suggesting that with the exception of Nebraska, Kansas has a more equal wealth distribution than any of its neighbors.

With the exception of Nebraska, Kansas has a more equal wealth distribution than any of its neighbors.

Sources

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