

AD ASTRA PER ASPERA
Kansas
Department of Labor



2013 Kansas Economic Report



**Labor Market
Information Services**



The Honorable Sam Brownback
Governor
State of Kansas

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Message from the Secretary

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

Each year, the Kansas Department of Labor (KDOL) releases the Kansas Economic Report, providing a detailed look into the wellbeing of our state’s economy and reviewing reports that the Labor Market Information Services (LMIS) division compiles throughout the year. I am pleased to present to you the 2013 Kansas Economic Report.

Kansas is a special place. Our people are some of the hardest working and most dedicated in the country. Our manufacturers and engineers build the best airplanes in the world, keeping our military service men and women safe and allowing our Kansas families to travel the world. Our cities are home to global headquarters of some of the country’s leading technology companies, strong and prosperous service sector businesses and some of the best health care providers around. Kansas is truly a special place and has a unique economy.



The Kansas economy is continually improving and trending in the right direction, and remains consistently healthier than the overall national economy. The July unemployment rate is 5.9 percent, more than 1.5 percent lower than the national rate. This shows the “infrastructure” of our state’s economy is healthy and steadily improving. The unemployment rate is still higher than the pre-recession annual averages in the time period we show (2002-2012). But the average unemployment rate in 2012 (5.7 percent) was the lowest unemployment rate in the state since 2008.

Demand for workers appears to be returning, giving reason for optimism as the state continues to recover from the Great Recession. The occupational outlook includes initiatives such as the Governor’s Career and Technical Education (CTE) program. This initiative addresses the occupational mismatch between the skills of unemployed persons and the required skills of the most vacant occupations. High school students can qualify for free college tuition in approved CTE courses at Kansas technical and community colleges. This will allow them to earn industry recognized credential in key high-demand occupations.

The information included in this 2013 Kansas Economic Report describes in detail many of the trends we have experienced in the last year.

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

A handwritten signature in black ink that reads "Lana Gordon". The signature is written in a cursive, flowing style.

Lana Gordon, Secretary
Kansas Department of Labor

Executive Summary

The Kansas economy continued to show signs of recovery in 2012. Several labor market indicators showed continued improvement but still have not reached pre-recession levels. Non-farm employment rose and the unemployment rate fell for the second consecutive year, while unemployment insurance claims decreased for the third consecutive year. Non-farm employment increased by 18,100 or 1.4 percent, which is the first time job growth has exceeded 1 percent since 2007. The unemployment rate decreased by 0.8 percent from 6.5 percent in 2011 to 5.7 percent in 2012.

The economic well-being of businesses continued to improve. The gross domestic product (GDP) increased for the third consecutive year, with gains in nine of the 11 major industries. State export sales increased 0.8 percent despite the U.S. dollar appreciating, which made goods more expensive. As in 2011, exports in agricultural products led the increase, as more people internationally choose to buy Kansas farm products, especially wheat. Credit markets continue to improve, as the amount of net loans and leases increased for the first time since the recession, while the amount of noncurrent loans and leases decreased for the second straight year.

Several economic factors also improved for individuals. Personal income improved for the third straight year as more people returned to work and financial markets continued to improve. Real wages, which take inflation into account, increased by 0.9 percent from 2011 because inflation remained a relatively low at 2 percent. Median home prices rose in Kansas for the second year despite the fact that U.S. median prices continued to decline. The growth rate in the number of building permits during 2012 was the highest recorded in this century, although the number of permits is still down from the days of the housing bubble.

The number of people in the Kansas labor force declined for the third consecutive year, causing some concern despite the overall positive outlook of the economy. People have gone from being unemployed to completely out of the labor force, indicating they may have left for school or family obligations, or they have become discouraged and believe there are no jobs for them currently. The labor force participation rate also decreased for the third year in a row, but Kansas' rate still remains one of the highest in the nation, especially for those 16 to 19 years old.

The 2013 Job Vacancy Survey and Help Wanted Online data reveals that economic growth is continuing into 2013. The Job Vacancy Survey showed a 5.5 percent increase in job openings from second quarter 2012 to second quarter 2013. Online job openings published by Help Wanted Online increased in 2012 and reached an all-time high in June 2013.

Note: Due to revisions and benchmarking processes, some data may have been updated since the last Economic Report was published. The data included in the 2013 Economic Report is current as of August 18, 2013. For more information on data found in this report, see Sources on page 48-49.

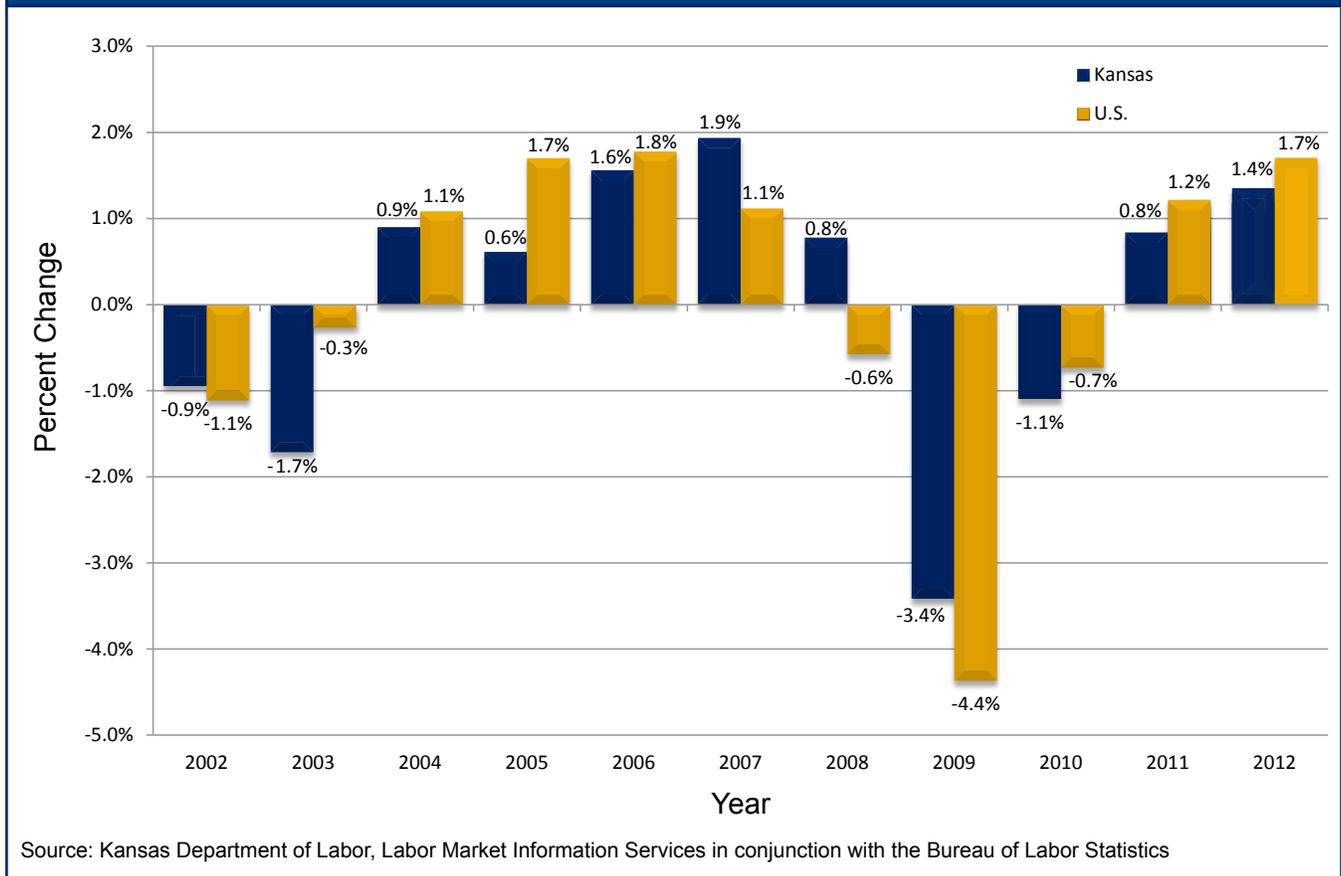
Statewide Summary

Employment

Non-farm employment is one of the most current indicators of the economy's health 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 2012, Kansas experienced a 1.4 percent increase in non-farm employment, adding 18,100 jobs. This is the highest job growth Kansas has seen in the past five years. Nationally, non-farm employment increased by 1.7 percent, an improvement on the 1.2 percent increase in 2011 and the 0.7 percent decrease in 2010. This is also the highest non-farm job growth since 2007 in the U.S. *Figure 1* illustrates the annual change in non-farm employment beginning in 2002 in Kansas and the U.S.

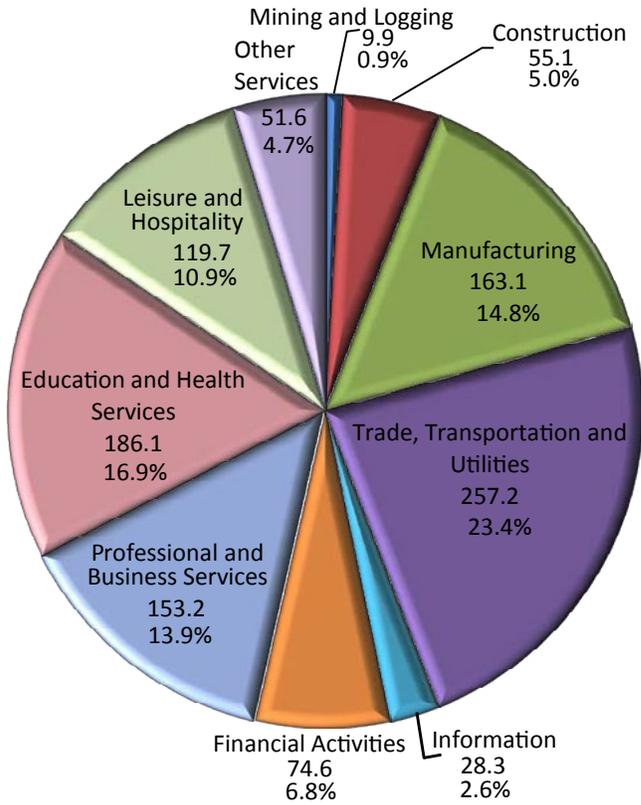
Figure 1
Percent Change in Non-Farm Employment
Kansas and U.S.
2002 - 2012



Employment growth was seen in Kansas throughout most industries in 2012. The professional and business services industry experienced the largest increase in 2012, gaining 4,900 jobs. This growth was throughout the industry, led by a 2,600 job increase in administrative and waste services. The leisure and hospitality industry also experienced significant growth, adding 4,700 jobs. These gains were primarily in accommodation and food services, which added 3,200 jobs. Trade, transportation and utilities gained 2,300 jobs throughout the industry.

Statewide Summary

Figure 2
Private Sector Employment by Industry*
Kansas, 2012



*In Thousands (Percentages are rounded and may not equal exactly 100%)
Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Two industries recorded employment declines, while employment in the other services industry remained unchanged. Declines continued for the information industry, with a loss of 300 jobs. However, this was an improvement from last year's decline of 2,000 jobs. Government recorded the largest decline for a second consecutive year, losing 900 jobs in 2012. Job gains in local government were offset by losses at the state and federal levels. *Figure 2* displays private sector employment by industry in 2012.

Table 1 shows that since January 2013, employment has continued to edge upward. A comparison of monthly non-farm employment from 2012 to 2013 reveals an over-the-year increase in every month. This increase is significant as an economic indicator because it eliminates the influence of many seasonal factors that are evident when making comparisons from month-to-month.

Although the Great Recession officially started in December 2007 and ended June 2009, Kansas reached its most recent peak in non-farm employment in May 2008. The lowest employment since May 2008 was recorded in January 2010. Since that month, Kansas has gained 82,100 jobs, a 6.3 percent gain. However, June 2013 employment remains 23,400 jobs, or 1.7 percent, lower than in May 2008. Nationally, the most recent peak in non-farm employment was in November 2007, with the lowest employment since then occurring in January 2010. From November 2007 to June 2013, employment in the U.S. has experienced a net loss of 1.7 percent, but is up 7.4 percent since the lowest point.

Table 1
Non-Farm Employment*, Kansas and U.S.
2002 - 2013

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kansas	1,336.1	1,313.2	1,325.0	1,333.1	1,353.9	1,380.1	1,390.8	1,343.3	1,328.6	1,339.7	1,357.8
U.S.	130,450	130,100	131,509	133,747	136,125	137,645	136,852	130,876	129,917	131,497	133,739
	2013										
		January	February	March	April	May	June**				
Kansas		1,347.8	1,358.2	1,362.0	1,371.5	1,380.6	1,382.6				
U.S.		132,704	133,752	134,570	135,513	136,383	136,777				

*In Thousands

**Preliminary

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

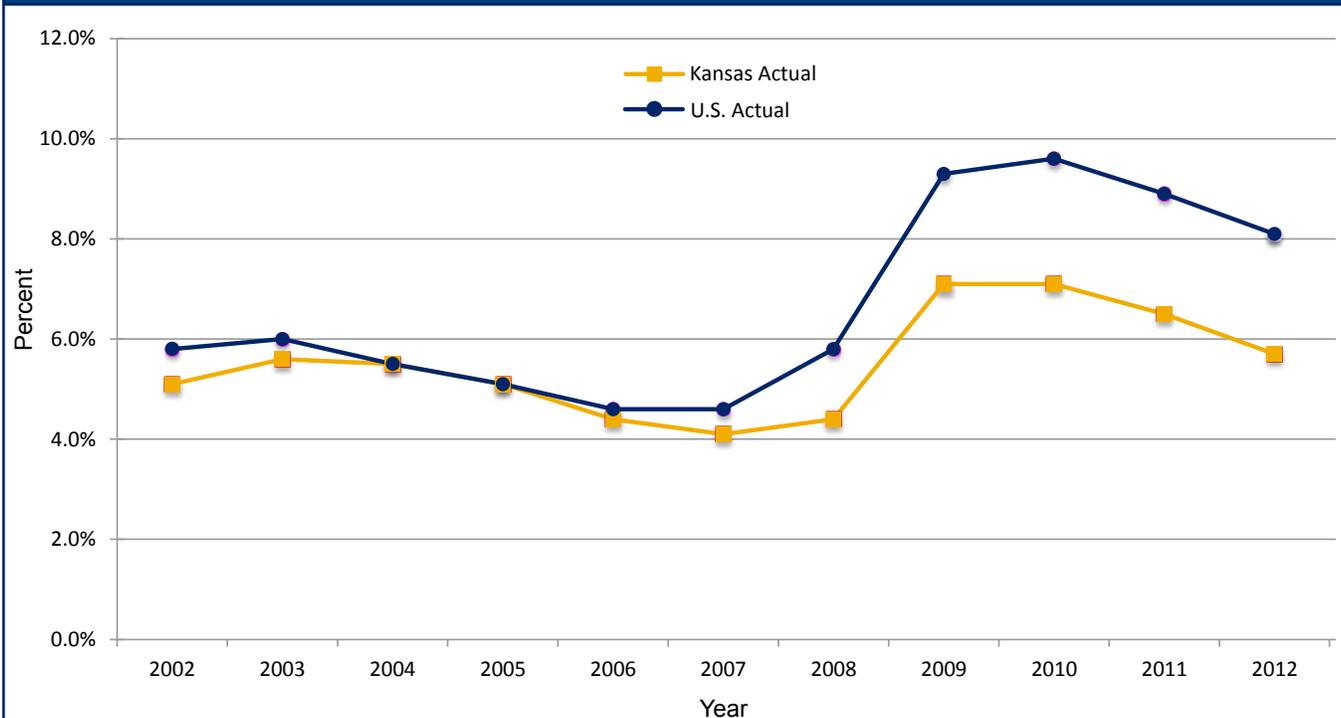
Statewide Summary

Unemployment Rate

The unemployment rate is one of the most notable economic statistics because it shows the number of people in the labor force who are available and looking for work, as a percentage of the labor force. It tracks the business cycle and measures labor demand relative to labor supply. Lower rates of unemployment indicate a lower supply of available workers in the market.

In 2012, Kansas recorded an average annual unemployment rate of 5.7 percent, an improvement from 6.5 percent in 2011. This marks the lowest unemployment rate in the state since 2008. Kansas' rate continues to be significantly lower than the national unemployment rate, which fell to 8.1 percent in 2012. The national rate is the lowest since 2008 and recorded a 0.8 percent decrease from 2011. *Figure 3* compares the unemployment rates for Kansas and the U.S. from 2002-2012.

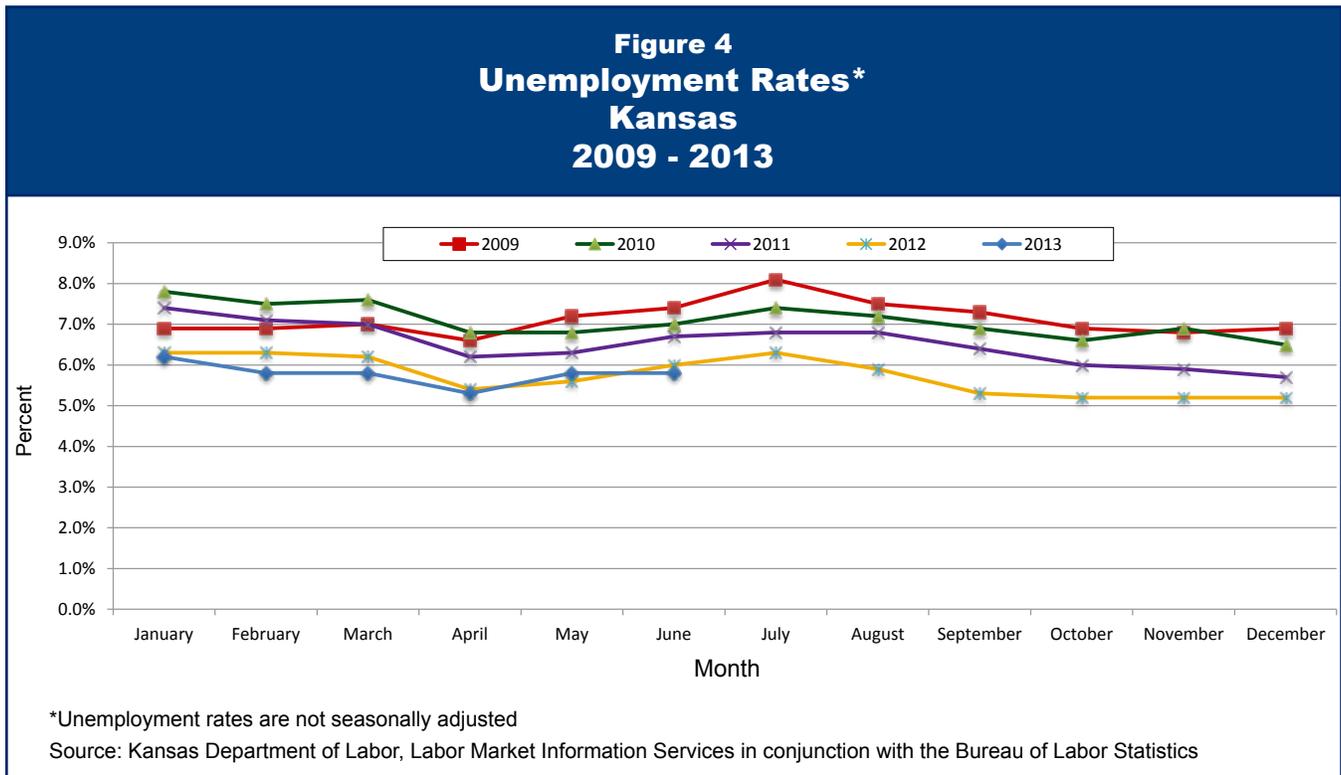
Figure 3
Unemployment Rates
Kansas and U.S.
2002 - 2012



Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics and the Congressional Budget Office

Statewide Summary

Figure 4 displays the not seasonally adjusted unemployment rate in Kansas on a monthly basis for the last five years. The rate has continued on a downward trend, following the peak in July 2009. Since December 2010, the monthly unemployment rate has continued to be lower than the rate in the prior year, with the exception of May 2013. Kansas has not seen an unemployment rate above 7 percent since March 2011.

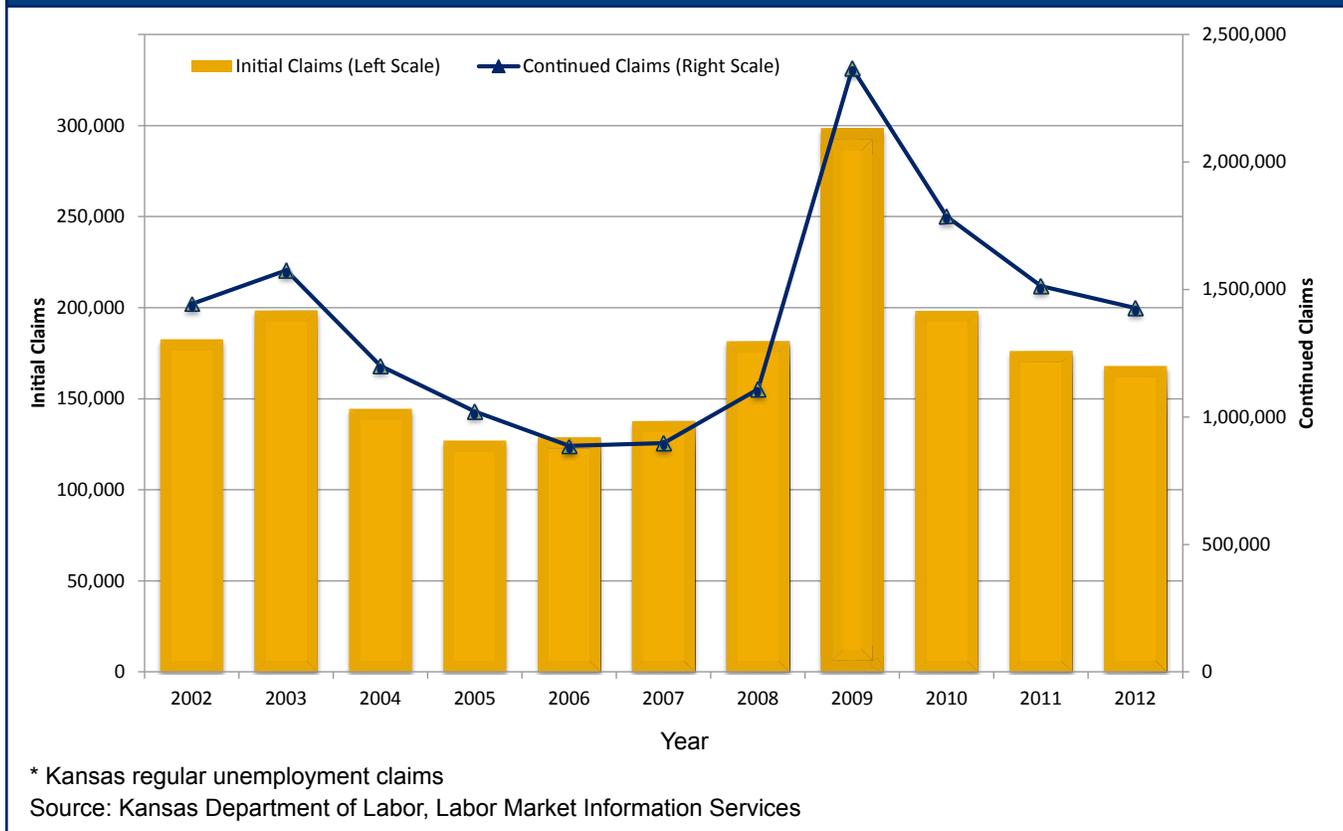


Initial and Continued Claims

Analyzing trends in Unemployment Insurance (UI) claims is another way to assess the labor market and unemployment. Initial claims are an indicator of new, emerging unemployment, and continued claims indicate the level of difficulty the unemployed are having at finding a new job. The count of initial and continued claims is not a representation of total unemployment, although the majority of Kansas workers are covered under Unemployment Insurance laws. The measure of initial and continued claims excludes workers who are self employed, working for family members and employees of certain non-profit organizations. Others excluded from this count are workers who have exhausted all benefits, have not filed for benefits or are not entitled to benefits. Unemployment Insurance data is beneficial because it provides an important and timely indicator of labor market conditions.

Statewide Summary

Figure 5
Initial Claims and Continued Claims*
Kansas
2002 - 2012



As seen in *Figure 5*, the number of regular UI initial claims filed in 2012 decreased by 4.7 percent, after an 11.1 percent decrease in 2011. In addition, regular UI continued claims declined by 5.7 percent in 2012, following a 15.2 percent decrease in 2011. In 2009, initial and continued claims rapidly increased, reaching a peak of 298,620 and 2,366,839 respectively. Even with the large percent decreases in both types of claims, the numbers remain at higher levels than in pre-recession years as the economy slowly recovers from the recession.

Labor Force and Labor Force Participation

The number of people in the Kansas labor force – those above the age of 16 who are employed, or unemployed and actively seeking work – was 1,489,320 in 2012, a slight decline from 1,498,872 in 2011. This was a 0.6 percent decrease in the labor force. The small movement was caused by a 0.2 percent increase in the number employed, and a 12.6 percent decrease in the number of unemployed. The decrease in the number of unemployed could be caused by individuals leaving the labor force or delaying entry. Individuals are considered to have left the labor force if they are not employed and are not actively looking for work. Multiple factors such as choosing to attend school, family obligations, or becoming discouraged and believing there are no jobs available, could contribute to an individual's decision to leave or delay entering the labor force.

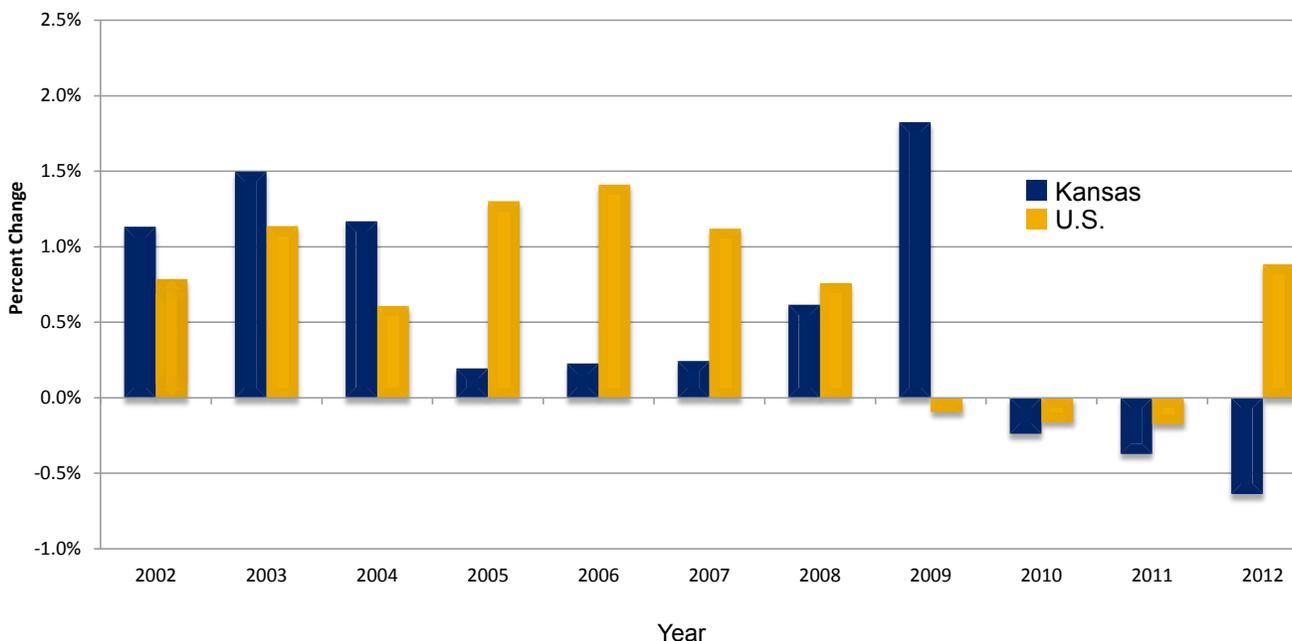
Statewide Summary

The Kansas labor force experienced a distribution change in 2012 within different age groups. The labor force increased by 11.7 percent for individuals 16 to 19 years old. The labor force of those ages 55 to 64 increased by 3.3 percent, and that of those 65 years or older rose by 8.5 percent. Older workers choosing to delay retirement puts pressure on the labor market because jobs that would typically become open from retirements are not available. This means more jobs have to be created to take into account people entering the labor force. This does not include the people who are currently unemployed.

The labor force decline was substantial for three age groups. The 25 to 34 year age group decreased 5.3 percent in 2012, following a historical 13 percent increase in 2011. This decline stems from a reduction in both employed and unemployed persons. The reduction of people 25 to 34 years old was caused by this group leaving the labor force after temporarily entering the labor force during the recession. Individuals 35 to 44 years and 45 to 54 years experienced declines of 3 percent and 3.8 percent respectively. A possible explanation for the declines in these two groups is an increase in individuals who are not actively seeking employment because of personal reasons, such as school attendance or family responsibilities. The labor force decrease in these age groups could also be contributed to no longer wanting a job or discouragement with current job prospects.

In 2012, the U.S. experienced an increase in the labor force for the first time since 2008, recording an expansion of 0.9 percent. *Figure 6* shows the percent change in the labor force beginning in 2002 for Kansas and the U.S.

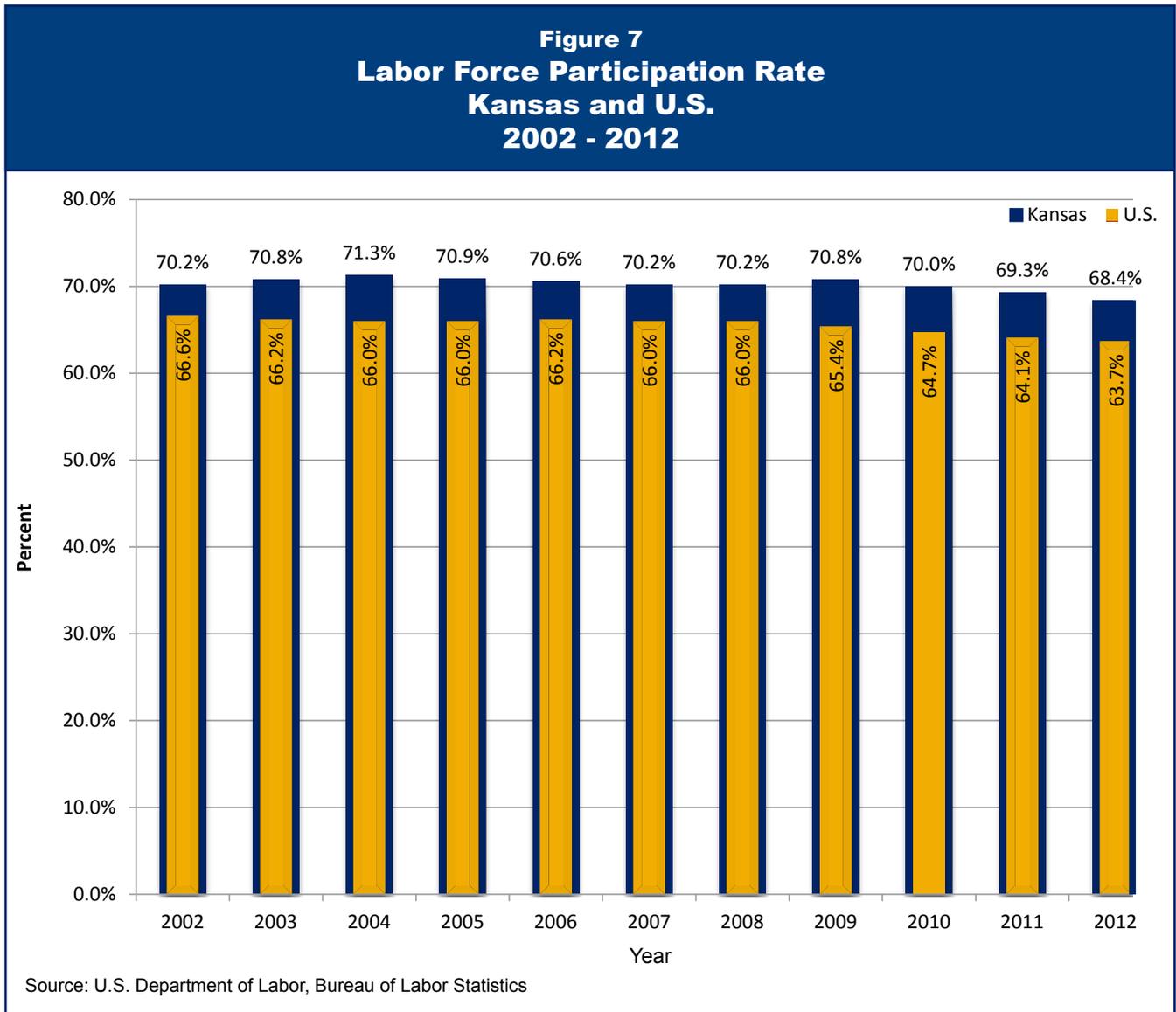
Figure 6
Percent Change in Labor Force
Kansas and U.S.
2002 - 2012



Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Statewide Summary

The labor force participation rate in Kansas remained among the highest in the nation. The labor force participation rate is the percentage of all individuals above the age of 16, non-institutionalized and civilian, who participate in the labor force. For Kansas, this rate was 68.4 percent, which is the 10th highest rate in the nation, and well above the national rate of 63.7 percent. This is shown in *Figure 7*. The 2012 rate is a decline from a 69.3 percent labor force participation in 2011, making it the lowest in Kansas since 1985.



A large contributor to Kansas having such a high labor force participation rate has traditionally been the rate of individuals 16 to 19 years old. They had a participation rate of 46.8 percent in 2012. This is a 3.7 percent increase from the 43.1 percent rate in 2011, and 12.5 percent above the national average. It is also the ninth highest rate in the nation for that age group. The participation rate for every other age group in Kansas is also above the national average.

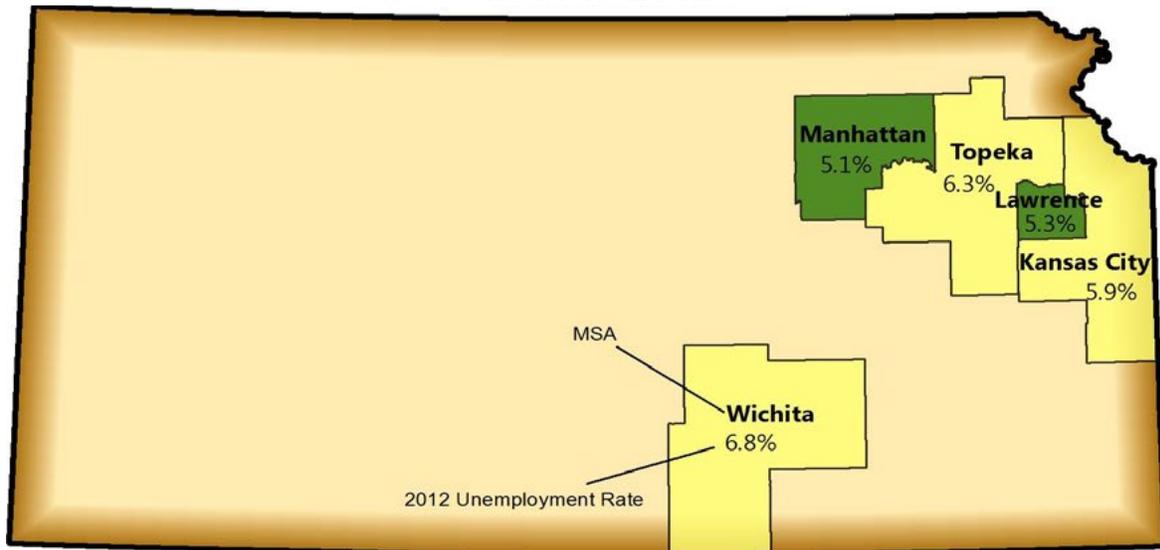
Metropolitan Statistical Areas

The state of Kansas contains all or part of six Metropolitan Statistical Areas (MSAs), which are major urban areas. MSAs also include surrounding areas with a high number of commuters. The Lawrence, Manhattan, Topeka and Wichita MSAs are entirely in Kansas, while parts of the Kansas City and St. Joseph MSAs are also in Kansas. The Kansas Department of Labor releases data for the four MSAs completely in Kansas along with the Kansas counties of the Kansas City MSA, called the Kansas City Area. MSAs are important because of their concentrated population and employment. Information pertaining to the labor force, population demographics and industry employment in these areas can give insight into how the overall state fares.

Unemployment Rate

In all MSAs, unemployment decreased from 2011 to 2012. However, three out of the five MSAs still have higher unemployment rates than the state average; Wichita, Topeka and the Kansas City Area. The Manhattan MSA recorded the lowest unemployment rate of the five in 2012, at 5.1 percent. This was a 0.6 percent improvement from 2011. The Wichita MSA continued to have the highest unemployment rate at 6.8 percent. However, it recorded the largest improvement in the unemployment rate with a decrease of 1.1 percentage points. See the map below for a comparison of unemployment rates by MSA from 2011 to 2012.

**Unemployment by Metropolitan Statistical Area (MSA)
2011 to 2012**



MSA	Unemployment Rate		
	2011	2012	2011 - 2012 Change
Kansas City Area	6.8%	5.9%	-0.9%
Lawrence	5.8%	5.3%	-0.5%
Manhattan	5.7%	5.1%	-0.6%
Topeka	6.9%	6.3%	-0.6%
Wichita	7.9%	6.8%	-1.1%
Statewide	6.5%	5.7%	-0.8%

2012 Unemployment Rate

- Improved from Previous Year and Lower than State Average
- Improved from Previous Year and Higher than State Average

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics.

Metropolitan Statistical Areas

Labor Force

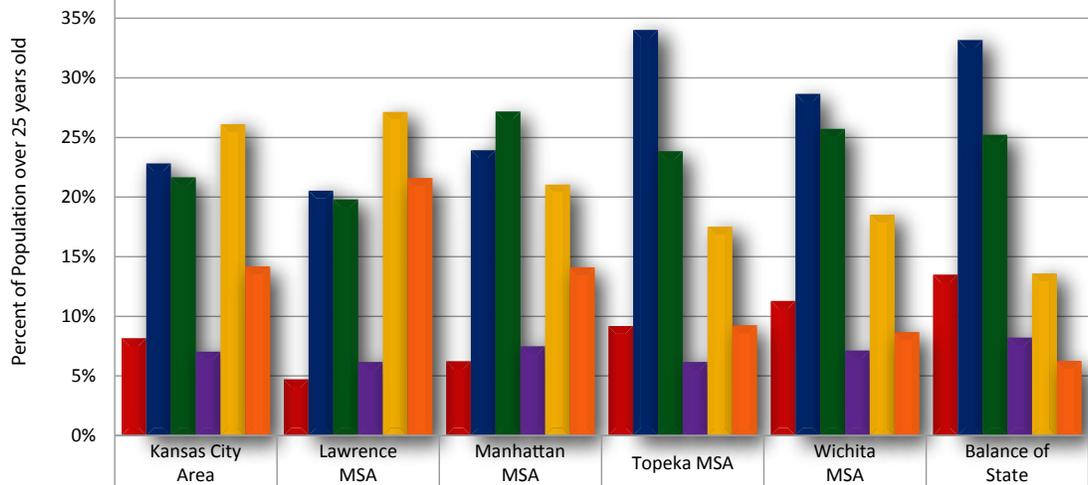
In 2012, the labor force declined in four of the five MSAs. The Manhattan MSA recorded the only growth, with an increase of 0.5 percent. The Kansas City Area labor force decreased by 0.3 percent and the Lawrence MSA declined by 0.4 percent. Labor forces in the Topeka and Wichita MSAs both declined by 1.1 percent.

When looking at the past 10 years, three of the five MSAs have expanded their labor force. The Manhattan MSA has experienced large growth with a 21.2 percent labor force increase. The Lawrence MSA and Kansas City Area recorded more modest gains at 3.3 and 7.3 percent respectively in the last decade. The Wichita MSA labor force decreased by 0.9 percent from 2002 to 2012, while the Topeka MSA declined by 2.4 percent.

Educational Attainment

One factor that appears to have an impact on labor force growth rates in the MSAs is the educational attainment of the population. *Figure 8* below shows the educational level of the population for each MSA above 25 years old. The three MSAs that have recorded labor force growth for the past 10 years are also the three MSAs with the highest percentage of people in 2011 with at least some level of college education. The Lawrence MSA had the most educated population above 25 years old, with 74.7 percent having at least some level of college, including 48.8 percent of the population holding at least a bachelor's degree. Both the Manhattan MSA and Kansas City Area had similar educational demographics in 2011. In the Manhattan MSA, 69.8 percent of the population above 25 years old had at least some college education, and 69 percent in the Kansas City Area fell into the same category.

Figure 8
Educational Attainment by MSA, Kansas
2011



■ Less than HS	8.2%	4.7%	6.2%	9.2%	11.3%	13.5%
■ High School Graduate or Equivalent	22.8%	20.5%	23.9%	34.0%	28.7%	33.2%
■ Some College	21.7%	19.8%	27.2%	23.9%	25.7%	25.2%
■ Associate's Degree	7.0%	6.2%	7.5%	6.2%	7.1%	8.2%
■ Bachelor's Degree	26.1%	27.1%	21.1%	17.5%	18.5%	13.6%
■ Graduate or Professional Degree	14.2%	21.6%	14.1%	9.2%	8.7%	6.3%

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

Metropolitan Statistical Areas

The Topeka and Wichita MSAs, the two that recorded a decline in the labor force in the past 10 years, had a less educated population overall in 2011. In Wichita, only 60 percent of the population above 25 years old had some college education, and they led the state in the number of people with less than a high school diploma/GED, at 11.3 percent. The Topeka MSA had a lower percentage of people with some college education, at 56.8 percent of the population above 25 years old falling under that category. The Topeka MSA also had the highest percentage of individuals with only a high school diploma/GED, at 34 percent.

In the Balance of State, the counties which are not in a MSA, only 53.3 percent of the population above 25 years old had at least some college education. A potential reason for that is because people with a college education are choosing to leave the rural areas to live in the MSAs, where there are more job opportunities requiring their education. Conversely, most jobs in the rural areas do not require higher education, meaning there is less of an incentive to have a highly educated workforce.

Kansas City Area

The Kansas City Area is comprised of six counties: Franklin, Johnson, Leavenworth, Linn, Miami and Wyandotte. In 2012, the non-farm employment in the Kansas City Area increased by 10,800 from 2011, contributing to a total of 443,000 jobs. At 2.5 percent, this was the largest percentage growth of any Kansas MSA.

The two industries that gained the most employment in the Kansas City Area were professional and business services and leisure and hospitality. Professional and business services grew by 4,300 jobs, or 5.9 percent. Growth in this sector stemmed from large additions in professional, scientific and technical services, and administrative and waste services. Leisure and hospitality employment increased by 2,000 jobs, or 5.6 percent with gains primarily in accommodation and food services. No major industry lost employment, but there were two notable subsectors that experienced declines. Federal government employment decreased by 400, or 4.6 percent, while management of companies and enterprises lost 300 jobs, or 5 percent.

Lawrence MSA

The Lawrence MSA includes only Douglas County; however its population and employment concentration makes it a major urban center for the state. Employment in the Lawrence MSA was 50,700 jobs in 2012, the lowest in any Kansas MSA. This was an improvement of 500 jobs from 2011 to 2012.

Government and leisure and hospitality were the two fastest growing industries in the Lawrence MSA in 2012. Government employment increased by 500 jobs, or 3.3 percent, while leisure and hospitality added 300 jobs, or 4.8 percent. Professional and business services was the only industry to report a decline in employment, losing 300 jobs, or 6.3 percent.

Metropolitan Statistical Areas

Manhattan MSA

The Manhattan MSA is comprised of Geary, Pottawatomie and Riley counties. In the Manhattan MSA employment improved by 1,100 jobs, to a total of 56,200 in 2012. Growth was experienced in both service providing and goods producing industries. Service providing industries added 900 jobs, or 1.8 percent, mostly because of gains in government employment. Goods producing industries increased their employment by 200 jobs, or 3.2 percent.

Topeka MSA

The Topeka MSA contains Jackson, Jefferson, Osage, Shawnee and Wabaunsee counties. The Topeka MSA gained 400 jobs since 2011, recording a total of 109,400 jobs. This was the smallest growth of any Kansas MSA in 2012.

The two industries in the Topeka MSA with the most employment gains were: professional and business services; and mining, logging and construction. Professional and business services employment increased by 500 jobs, or 4.6 percent. Mining, logging and construction employment grew by 400 jobs, or 8.2 percent.

Government, and leisure and hospitality recorded the largest employment declines in 2012. Government employment decreased by 600 jobs, or 2.1 percent, with losses throughout all levels of government. Leisure and hospitality lost 200 jobs, or 2.2 percent. These losses were in accommodation and food services.

Wichita MSA

The Wichita MSA contains Butler, Harvey, Sedgwick and Sumner counties. The Wichita MSA recorded employment of 285,600 jobs in 2012, a growth of 2,700 since 2011. This is the highest number of jobs gained in any Kansas MSA.

The two industries with the largest employment growth were leisure and hospitality, and manufacturing. Leisure and hospitality gained 1,300 jobs, or 4.8 percent, with job growth in: arts, entertainment and recreation; and accommodation and food services. Manufacturing added 800 jobs or 1.5 percent. This growth was in durable goods, with gains recorded in machinery manufacturing and transportation equipment manufacturing. The largest employment declines were in information and government. The information industry lost 400 jobs, an 8.2 percent decline. Government decreased by 200 jobs, or 0.5 percent, caused by losses at the federal and state levels.

Population

Table 2
Total Population, Kansas and U.S.
2001 - 2012

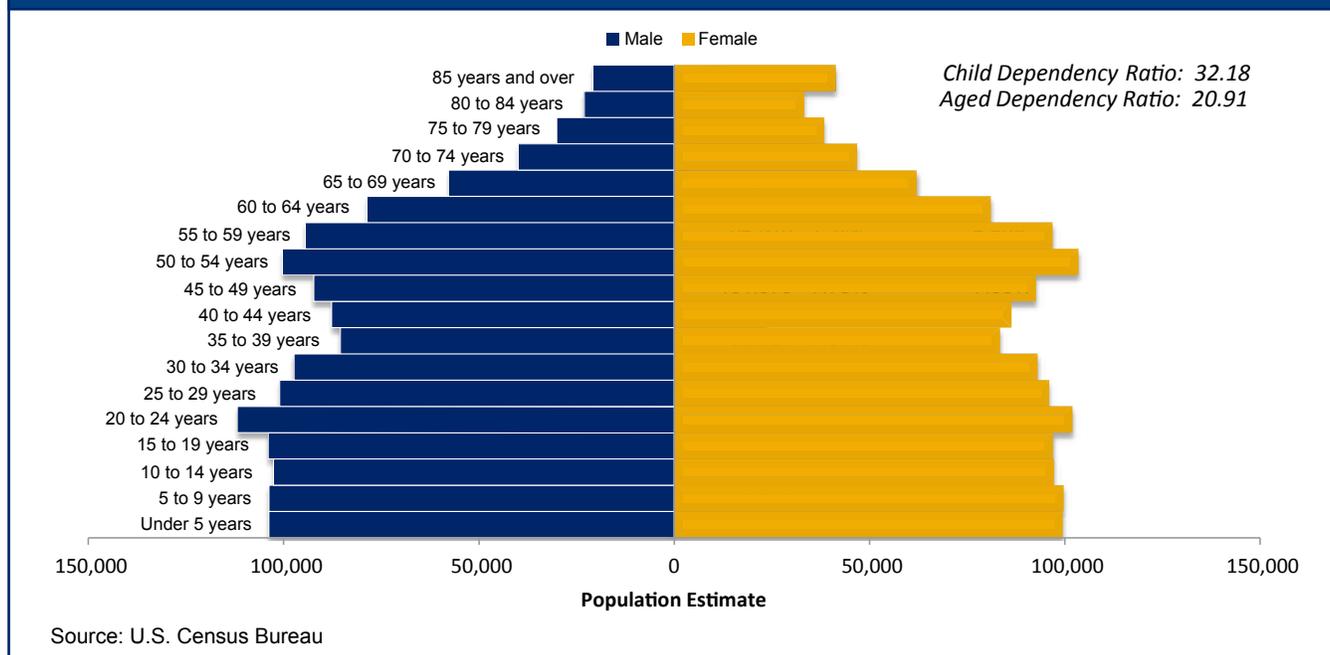
	2001	2002	2003	2004	2005	2006
Kansas	2,702,162	2,713,535	2,723,004	2,734,373	2,745,299	2,762,931
U.S.	284,968,955	287,625,193	290,107,933	292,805,298	295,516,599	298,379,912
	2007	2008	2009	2010	2011	2012
Kansas	2,783,785	2,808,076	2,832,704	2,858,837	2,870,386	2,885,905
U.S.	301,231,207	304,093,966	306,771,529	309,326,225	311,587,816	313,914,040
Note: 2001 - 2009 data has been revised using 2010 Census data						
Source: U.S. Census Bureau						

Table 2 shows a historical perspective of the Kansas and U.S. populations since 2001. The Kansas population has grown consistently, experiencing a 6.8 percent increase from 2001 to 2012. The population increased an average of 0.6 percent per year during this period. The 2012 population growth in Kansas was 0.5 percent, the second lowest annual growth rate since 2005. The U.S. population has also experienced growth, expanding 10.2 percent since 2001. The average growth rate of the U.S. population since 2001 has been larger than that of Kansas, at 0.8 percent. The U.S. population grew 0.7 percent for the second consecutive year in 2012, the smallest annual growth rates since 1937. Kansas' population made up 0.9 percent of the total U.S. population in 2012 for the 12th consecutive year. Kansas ranked 33rd out of the 50 states in population for 2012.

Figure 9 on the following page is a population pyramid, a graphical representation of the population's distribution by age and gender. The youngest age groups are represented at the bottom of the pyramid and older age groups are at the top. Population pyramids are used to analyze demographics in order to better plan an area economy. The population pyramid displays the 2012 Kansas population by age group. The population distribution of Kansas is bimodal, with two large groups of people. The first large group is the 50 to 54-year-olds. The second group is 20 to 24-year-olds, which has the highest percentage share of all age groups.

Population pyramids can provide dependency ratios. Separate dependency ratios are calculated for children, the Child Dependency Ratio, and for seniors, the Aged Dependency Ratio. Dependency ratios represent the number of dependents, as a percentage of the population between 15 and 64 years old. The higher the ratio is, the more burden there is on the workforce to provide for dependents. In 2012, the Child Dependency Ratio was higher than the Aged Dependency Ratio because a larger percentage of persons were younger than 15 years old compared to those 65 and above.

**Figure 9
Kansas Population Pyramid
2012**



Productivity

Labor productivity can be measured as the ratio of real gross domestic product (GDP) to the number of workers; or the number of worker-hours used in producing real GDP. The number of workers is used so that the measure of labor productivity describes how much output each worker produces in a given year.

Labor productivity is an important concept because it increases firms' profits, employment and labor compensation. A higher level of productivity increases profits for firms through higher revenue, lower costs or both. Employers can raise profits and revenues by increasing output using the same number of workers. Firms can also maintain existing levels of output using fewer workers to reduce the cost of production and increase profits. Employers attract and retain workers with higher productivity by offering higher compensation in the form of wages and/or fringe benefits which increase their standard of living. Finally, an increase in labor productivity has a scale effect in the short run - holding wages constant, there is an increase in labor demand since the cost of labor per unit of output is lower. In the long run, there is also a substitution effect – the relative decrease in the cost of labor per unit of output results in substitution of capital for labor. If wages grow, but not as much as growth in productivity, labor demand will rise but not as much.

Job Vacancies

From *Table 3*, the level of labor productivity in Kansas has stayed consistently lower than that of the U.S. Compared to Kansas, labor productivity in 2000 was lower in Missouri, Nebraska and Oklahoma but higher in Colorado. In 2006 and 2012, Colorado and Nebraska had higher levels of labor productivity while Missouri and Oklahoma had lower levels than Kansas. The gap in productivity between the U.S. and Kansas was \$9,562 in 2000, rose to \$12,002 in 2006 and decreased to \$9,844 in 2012.

Labor productivity can change over time because of factors including; improvements in labor quality or human capital development, increases in the capital-labor ratio and technological progress. When determining productivity changes, productivity is normalized in the year 2000 (the base year) at 100, to create a productivity index. In *Table 3*, Kansas achieved higher growth in productivity than the nation from 2000 to 2012. Nebraska and Oklahoma realized greater growth in labor productivity than the state, while Colorado and Missouri showed lower growth in labor productivity than Kansas. The highest growth in the productivity index for Kansas was between 2009 and 2012; the index increased by 7 percent.

Table 3					
Productivity (Additional Output per Worker)					
Kansas, 2000 - 2012					
U.S.	82,003	85,737	89,151	90,027	94,270
Kansas	72,441	75,207	77,149	78,853	84,426
Colorado	84,906	87,789	87,793	89,991	95,059
Missouri	71,267	75,275	75,143	76,508	79,592
Nebraska	70,752	75,398	78,927	82,642	85,037
Oklahoma	68,563	72,865	76,899	80,106	80,932
Labor Productivity Index					
	2000	2003	2006	2009	2012
U.S.	100	104.6	108.7	109.8	115.0
Kansas	100	103.8	106.5	108.9	116.5
Colorado	100	103.4	103.4	106.0	112.0
Missouri	100	105.6	105.4	107.4	111.7
Nebraska	100	106.6	111.6	116.8	120.2
Oklahoma	100	106.3	112.2	116.8	118.0

Source: U.S. Department of Labor, Bureau of Labor Statistics and Bureau of Economic Analysis

Job Vacancies

The number of job vacancies in a given area is a measure of the labor market's health. A comparison of the number of unemployed individuals to the number of vacant jobs indicates the tightness of an area's labor market. The number of job openings in Kansas that employers are actively trying to fill provides a snapshot of the current demand for workers in the state.

2013 Job Vacancy Survey

The Job Vacancy Survey is conducted by the Kansas Department of Labor during the second quarter of each year. It surveys employers across the state in order to measure recent labor demands by industry and occupation. The most recent survey was conducted in the second quarter of 2013.

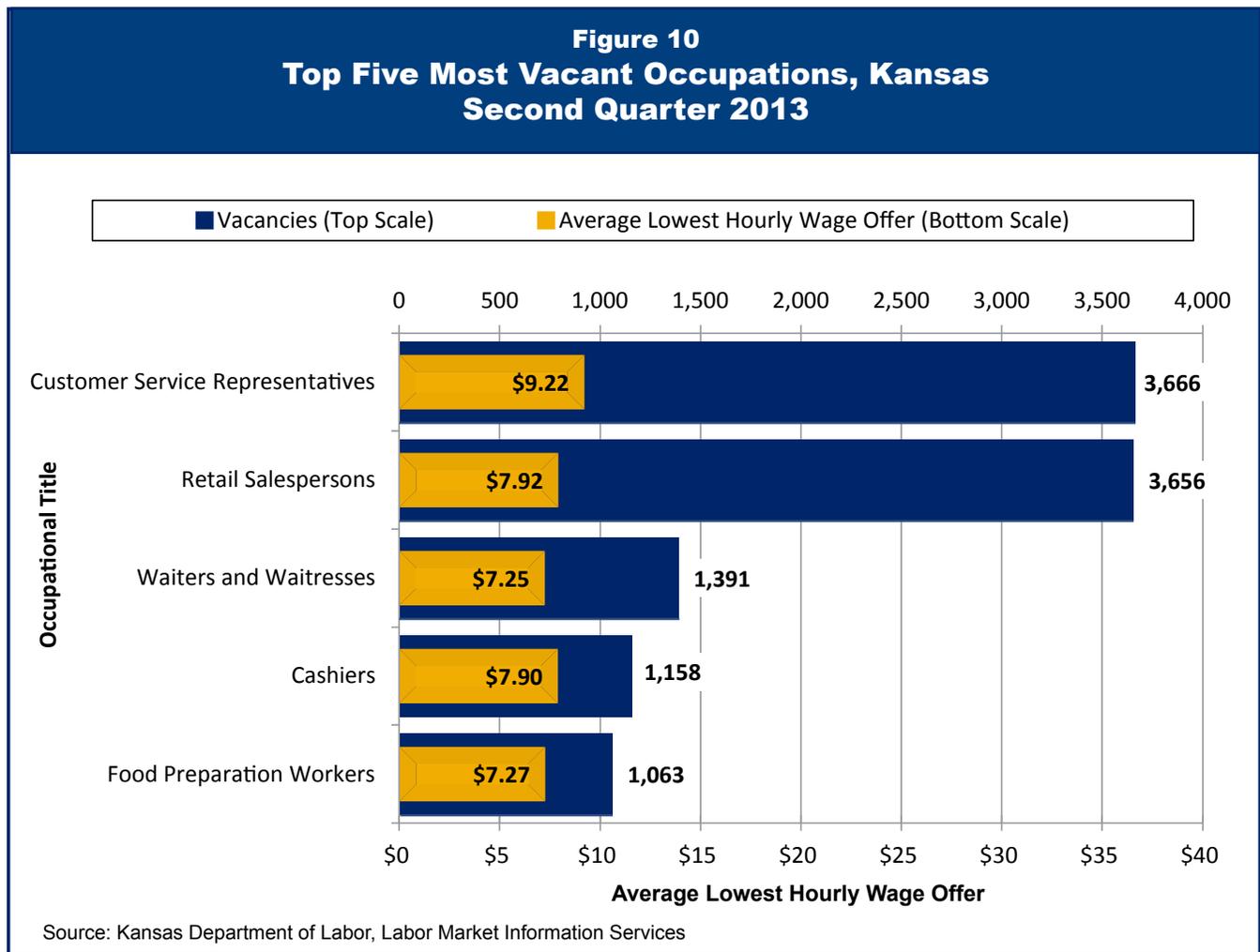
The statewide vacancy rate in the second quarter 2013 was 2.8 percent, which indicates that for every 100 positions in Kansas, 2.8 positions were vacant and 97.2 were filled. This is an increase from 2.7 percent during the second quarter 2012. There were 37,981 job vacancies in the state, a 5.5 percent increase from 2012.

Job Vacancies

There were approximately 2.2 job seekers for every opening in Kansas, which is an improvement from last year when there were 2.3 job seekers for every job¹. According to the Bureau of Labor Statistics, there were 3.1 job seekers for every job opening nationally in June 2013, down from 2012 when there were 3.5 job seekers per opening. Since there are more job seekers than there are job vacancies, the labor market remains soft both nationally and in Kansas. However, conditions are improving and the labor market in Kansas is better off than the national average.

The top five occupations in Kansas with the most vacancies are shown in *Figure 10* below, along with the average lowest hourly wage offered for each position. The top five most vacant jobs in Kansas accounted for 28.8 percent of job vacancies in the state.

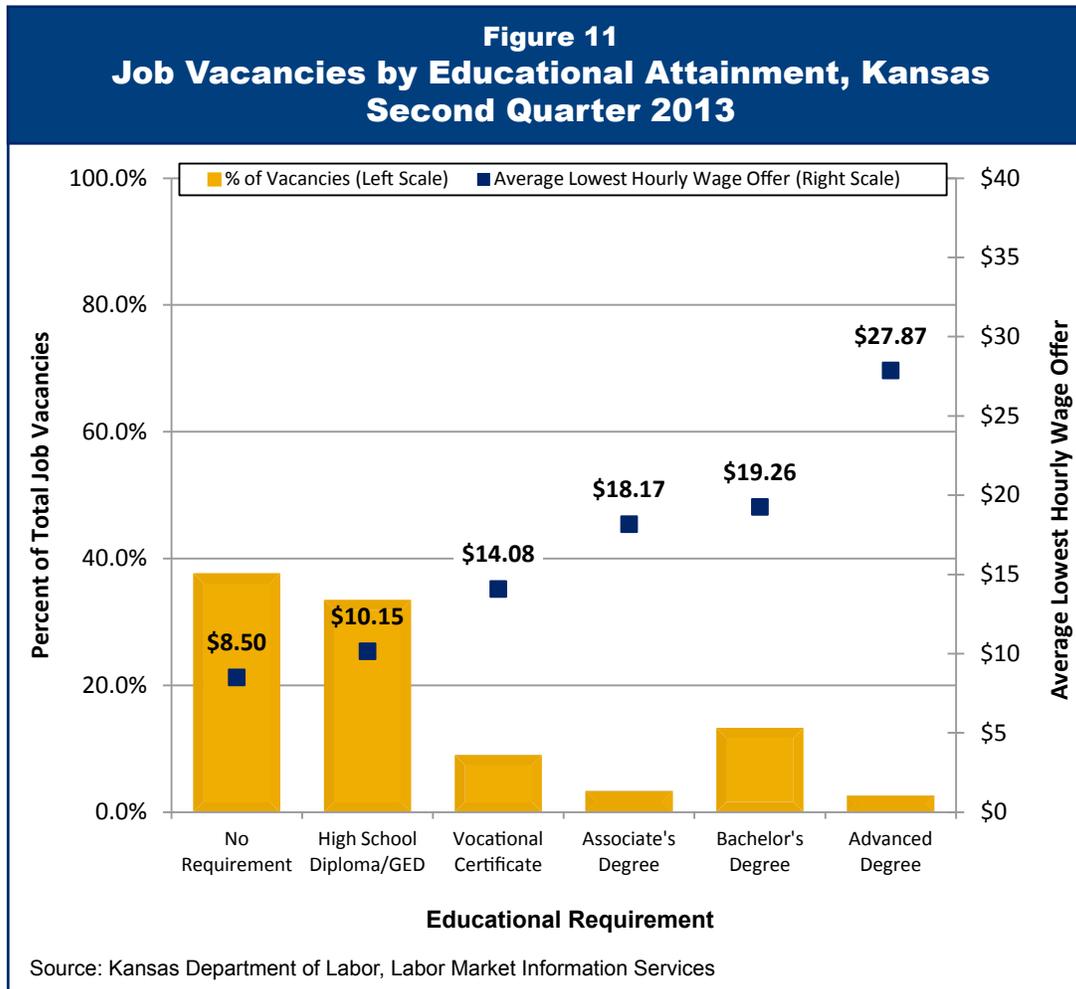
Customer service representatives were the most vacant positions in Kansas with 3,666 job vacancies in the second quarter of 2013. This along with retail salespersons, the second most vacant job, shows an increased demand for sales and office workers. These openings are a sign of consumer confidence rising in Kansas. As the economy continues to recover, and more people choose to increase purchases of goods and services, the level of hiring for these two occupations is likely to grow.



¹ This was calculated by dividing the average unemployment for the second quarter 2013 as computed from the Local Area Unemployment Statistics (LAUS) program by the number of job vacancies.

Job Vacancies

Figure 11 below reveals that the average lowest hourly wage offered increases with the educational requirements of the position. Openings with no education requirement had an average lowest hourly wage offer of \$8.50. Those requiring an advanced degree, such as a master's or doctorate degree, were offered the highest average wage at \$27.87 per hour. The majority of job vacancies, at 71.2 percent, require either no education or a high school diploma. Only 15.9 percent of job openings require a bachelor's degree or higher. This may indicate a shortage of workers for positions with lower educational requirements or a higher turnover rate for those type of jobs.



Help Wanted Online (HWOL)

The Help Wanted Online Data Series™ (HWOL) is a database produced by the Conference Board that contains unique, online job advertisements from more than 1,200 online job boards and newspaper websites. The series is updated on a monthly basis for the U.S., regions, states and metropolitan areas. HWOL provides both non-seasonal and seasonally adjusted data. Duplicate advertisements, ads on corporate websites and ads in written form only (e.g. newspapers, magazines, etc.), are all excluded from the data. HWOL provides continuous real-time data on labor demand that the Job Vacancy Survey does not provide. However, the Job Vacancy Survey is more likely to capture openings from smaller businesses and businesses in rural areas than HWOL, because they are less likely to advertise openings on the Web.

Job Vacancies

Figure 12 below shows the number of online job openings in Kansas on a monthly basis from 2008 through 2013. The number of online job openings declined in December 2008 and continued to remain lower than pre-recession levels in 2009 and 2010. Changing direction in 2011, the number of online job openings increased and generally remained higher than the openings recorded from 2008 to 2010. Continuing with that trend in 2012, online job openings surpassed 2011 openings and remained higher than the previous five years. Throughout the first six months of 2013, online job openings were greater than 2012 openings. Minor over-the-year changes were recorded, as each month followed a similar trend experienced in 2012. Online job openings reached an all-time high of 46,623 in June 2013, an increase of 1,923 openings compared to June 2012. A monthly addition of 1,637 openings was recorded from May to June 2013. The number of online job openings has increased by 13,537 since January 2012.

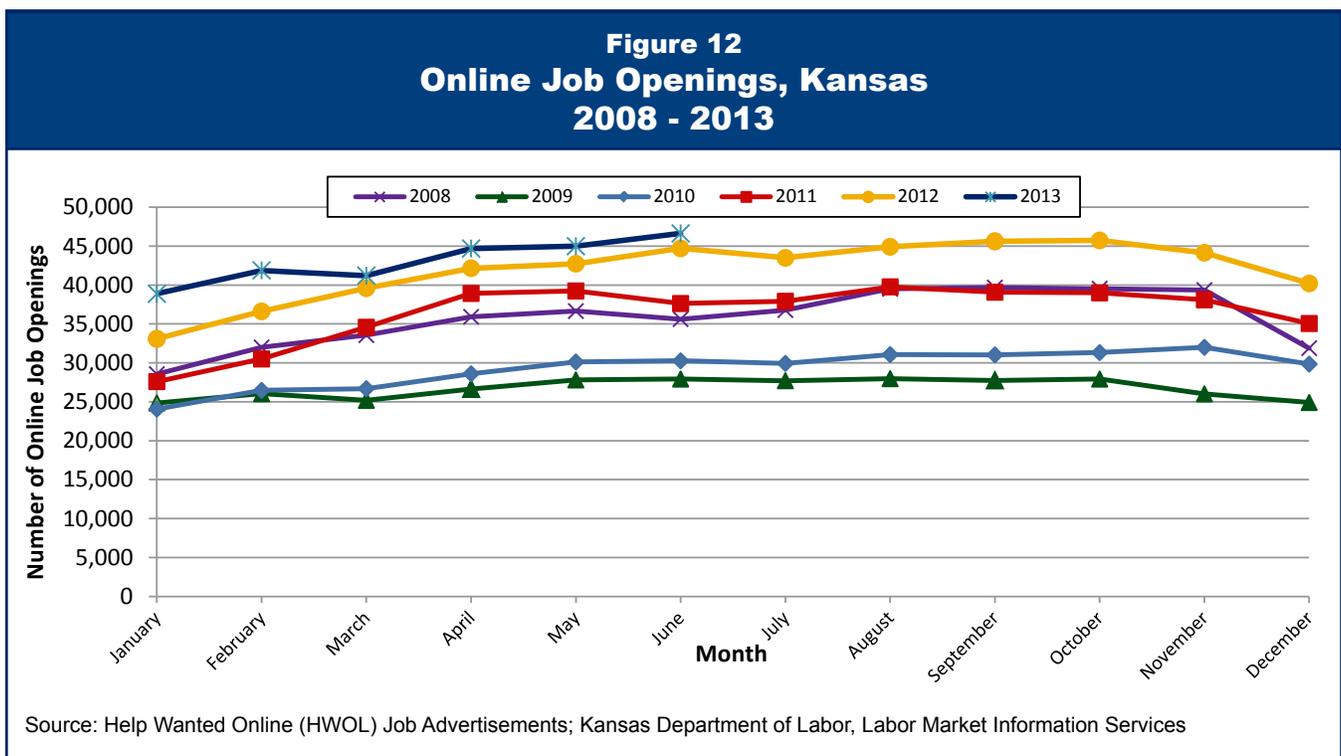


Table 4 on the following page, shows the monthly average of job openings for every major occupational group in 2012 and 2013. Numbers for 2013 are estimated using January to June 2013 data. In both years, healthcare practitioners and technical occupations recorded the most online job openings. A large contributor to this is registered nurse positions, which have the most online job openings of any individual occupation in Kansas. Registered nurse openings averaged 1,913 in 2012 and 2,016 in 2013. Sales and related occupations had the second highest online job openings in both years. The two occupations with the most postings in this group were retail salespersons and first-line supervisors of retail sales workers, which had a combined monthly average of 2,202 openings in 2012 and 1,825 in 2013. Management occupations had the third most online job openings in 2013 and the fifth highest in 2012. Online job openings for medical and health services managers were the primary driver in this group, recording a monthly average of 576 openings in 2012 and 649 openings in 2013.

Job Vacancies

Demand for workers appears to be returning, giving reason for optimism as the state continues to recover from the Great Recession. In November 2007, the month prior to the official start of the recession, there were 1.5 unemployed persons per online job opening. The number of unemployed persons per online job opening peaked in January 2010 when 4.8 persons were unemployed per online job opening. As of June 2013, there were 1.9 unemployed persons per online job opening, indicating continuing improvement in today's economy.

While there are more online job openings in the state, the geographic distribution of those openings are not even. In June 2013, 65.2 percent of online job openings in Kansas were in either the Kansas City Area or the Wichita MSA. Only 17.7 percent of online job openings are in a county not located in an MSA. In fact there were on average, 1.9 unemployed persons per online job opening in the MSAs and 3.8 unemployed persons per online job opening in the Balance of State.

Table 4
Average Monthly Online Job Openings by Occupational Group
Kansas
2012 & 2013

Occupational Group	2012	2013*
Healthcare Practitioners and Technical Occupations	5,842	5,516
Sales and Related Occupations	5,369	5,058
Management Occupations	4,142	4,771
Office and Administrative Support Occupations	4,549	4,432
Computer and Mathematical Occupations	4,296	4,408
Transportation and Material Moving Occupations	2,389	2,481
Business and Financial Operations Occupations	2,116	2,289
Food Preparation and Serving Related Occupations	1,534	2,185
Installation, Maintenance, and Repair Occupations	1,702	1,915
Architecture and Engineering Occupations	1,835	1,781
Production Occupations	1,400	1,354
Healthcare Support Occupations	1,234	1,171
Education, Training, and Library Occupations	1,055	1,003
Arts, Design, Entertainment, Sports, and Media Occupations	860	933
Construction and Extraction Occupations	736	796
Building and Grounds Cleaning and Maintenance Occupations	613	714
Community and Social Services Occupations	628	611
Personal Care and Service Occupations	563	473
Life, Physical, and Social Science Occupations	400	402
Protective Services Occupations	364	358
Legal Occupations	132	233
Farming, Fishing, and Forestry Occupations	128	139
Military Specific Occupations	22	17

*2013 average is calculated using January - June 2013 data

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

There also appears to be a mismatch between the skills of unemployed persons and the required skills of the most vacant occupations. In 2013, 37.5 percent of initial unemployment claims filed by Kansas residents were by people who worked in either manufacturing or construction. However, production occupations and construction and extraction occupations, ranked only 11th and 15th respectively in the number of average monthly openings in 2013. The fact that healthcare practitioners and technical occupations have consistently more vacancies than other groups shows a low supply of people qualified to fill those positions.

Governor's Initiative

In January 2012, Kansas Governor Sam Brownback outlined an initiative to align K-12 and post-secondary education more closely to technical and non-technical careers. It is known as the Governor's Career and Technical Education (CTE) Initiative. The program invests state dollars into career and technical education and encourages high school students to enroll in college level CTE and earn industry recognized credentials in key high-demand occupations. The Career and Technology Act, passed by the 2012 Kansas Legislature and signed by Governor Brownback, provides:

- \$8.75 million for student tuition in career and technical programs
- \$1.5 million for high schools that increase the number of students earning an industry-recognized credential in key occupations
- \$50,000 in marketing to increase student participation
- School transportation costs to transport high school students to their local community or technical college

Beginning in the 2012-2013 school year, Kansas high school students can qualify for free college tuition in approved CTE courses at Kansas technical and community colleges. Through the initiative, school districts can also receive \$1,000 for each student who graduates from that district with industry-recognized credentials in key occupations. More information can be found at www.kansasregents.org/governors_cte_initiative. *Table 5* on the following page lists the qualifying credentials for the Governor's CTE Initiative.

Occupational Outlook

**Table 5
Kansas Governor's Career Technical Education (CTE) Initiative
Qualifying Credentials**

Occupation	Credentials/Certification Qualifying for Incentive Payment	Average Annual Wages 2011
Truck Drivers, Heavy and Tractor Trailer, Truck Drivers, Light or Delivery Services, Industrial Truck & Tractor Operators	Commercial Driver License (CDL)	\$39,040
Nursing Assistants, Orderlies *	Certified Nurse Aide (CNA)	\$23,030
Electricians	<i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Electrical Level 1	\$47,180
Construction Laborers	<i>National Center for Construction Education and Research (NCCER)</i> - Core Curriculum: Introduction to Craft Skills and Construction Laborer	\$29,920
Automotive Service Technicians & Mechanics	<i>National Automotive Student Skills Standards Assessment (NA3SA)</i> - 4 Automobile Assessments (Brakes, Electrical/Electronic Systems, Engine Performance and Suspension and Steering), <i>Automotive Service Excellence (ASE)</i> - Automotive Service Technician Level 1	\$36,920
Plumbers, Pipefitters, and Steam fitters	<i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Plumbing and Pipefitting Level 1	\$48,550
Bus and Truck Mechanics and Diesel Engine Specialists	<i>National Automotive Student Skills Standards Assessment (NA3SA)</i> - 4 Medium/Heavy truck Assessment (Brakes, Electric/Electronic Systems, Diesel Engines and Steering and Suspension), <i>Automotive Service Excellence (ASE)</i> - Medium and Heavy Trucks (Diesel)	\$40,310
Computer User Support Specialists *	<i>Cisco</i> - Certified Entry Networking Technician, <i>CompTIA</i> - A+, <i>CompTIA</i> - Network +, <i>Cisco</i> - Certified Network Associate, <i>Cisco</i> - Certified Network Professional	\$44,012
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	<i>North American Technician Excellence (NATE)</i> HVAC R, <i>ICE</i> Residential, Light Commercial or Commercial HVAC, <i>HVAC Excellence</i> Heating, Air Conditioning, Light Commercial HVAC	\$43,430
Welders, Cutters, Solderers, and Brazers	<i>American Welding Society (AWS)</i> 3 Position Qualifications (AWS 1F, 2F and 1G); <i>American Society of Mechanical Engineers (ASME)</i> Section 9 Standards (6G level)	\$34,650
Carpenters	<i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Carpentry Level 1	\$40,170
Assemblers, and Fabricators, All Other	<i>Manufacturing Skills Standards Council (MSSC)</i> Certified Production Technician (CPT), <i>National Institute for Metalworking Skills (NIMS)</i> Machining Level I	\$43,150
Machinists	<i>Manufacturing Skills Standards Council (MSSC)</i> Certified Production Technician (CPT), <i>National Institute for Metalworking Skills (NIMS)</i> Machining Level I	\$37,740
Industrial Machinery Mechanics	<i>Manufacturing Skills Standards Council (MSSC)</i> Certified Production Technician (CPT), <i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Industrial Maintenance Level I	\$42,720
Petroleum Pump System Operators, Refinery Operators, and Gaugers	<i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Control Center Operations	\$55,470
Sheet Metal Workers	<i>Manufacturing Skills Standards Council (MSSC)</i> Certified Production Technician (CPT), <i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Sheet Metal Level 1, <i>National Institute for Metalworking Skills (NIMS)</i> Metal Forming I	\$41,110
Cement Masons and Concrete Finishers	<i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Concrete Finishing, <i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Introduction to Masonry Level 1	\$36,140
Structural Metal Fabricators and Fitters	<i>Manufacturing Skills Standards Council (MSSC)</i> Certified Production Technician (CPT), <i>National Center for Construction Education and Research (NCCER)</i> Core Curriculum: Introduction to Craft Skills and Sheet Metal Level 1, <i>National Institute for Metalworking Skills (NIMS)</i> Metal Forming I	\$37,920
Agricultural Equipment Operators	Commercial Driver License (CDL)	\$32,030
Farmer, Ranchers, and Other Agricultural Managers *	<i>Kansas Department of Agriculture (KDA)</i> KS Commercial Pesticide Applicators Certificate, <i>Kansas Department of Agriculture (KDA)</i> Agriculture Skills and Competencies Certificate	\$68,060

* Using 2010 wages with 2010 Occupational Equivalent

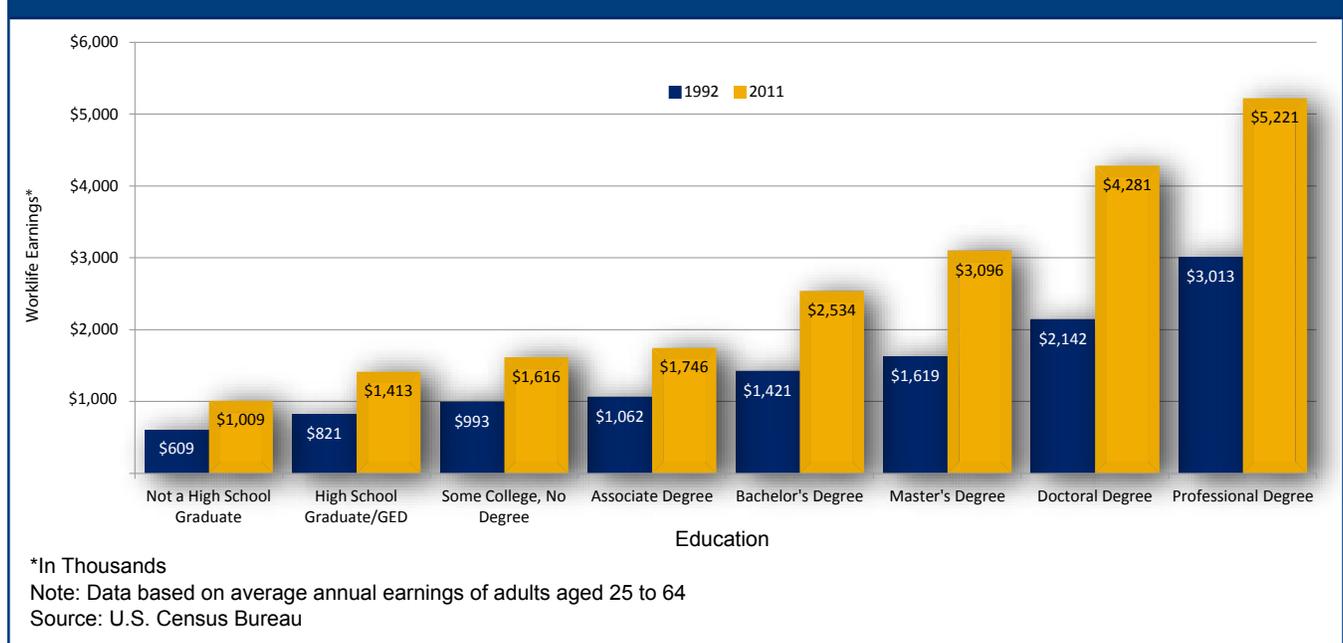
Source: Kansas Board of Regents

Worklife Earnings

Estimates of the average earnings that U.S. adults accumulate over the course of a “worklife” suggest that employees’ wages are correlated with educational attainment. An individual’s worklife, as defined by the U.S. Census Bureau, is the 40-year period between the ages of 25 and 64. Using methodology set forth by the U.S. Census Bureau, mean earnings were separated into four age groups – 25 to 34, 35 to 44, 45 to 54, and 55 to 64 – and eight educational levels in order to calculate lifetime earnings estimates².

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

Figure 13
Worklife Earnings by Educational Attainment, U.S.
1992 & 2011



These estimates make two assumptions. The first is that all adults in the U.S. will work for 40 years. That may not be the case for people with advanced degrees since they are in school longer than someone with a less advanced degree. Also, higher earners are more likely to retire before the age of 65. It is also assumed that 2011 earnings levels will remain in effect throughout an individual’s entire worklife. Since the value of the dollar fluctuates constantly, this is not the case. *Figure 13* shows how lifetime earnings have changed from 1992 to 2011 levels. It reveals that the same distribution of earnings among educational levels exists, with workers earning more in their lifetime as they attain more education and the percent increase in lifetime earnings has been more dramatic among advanced educational levels.

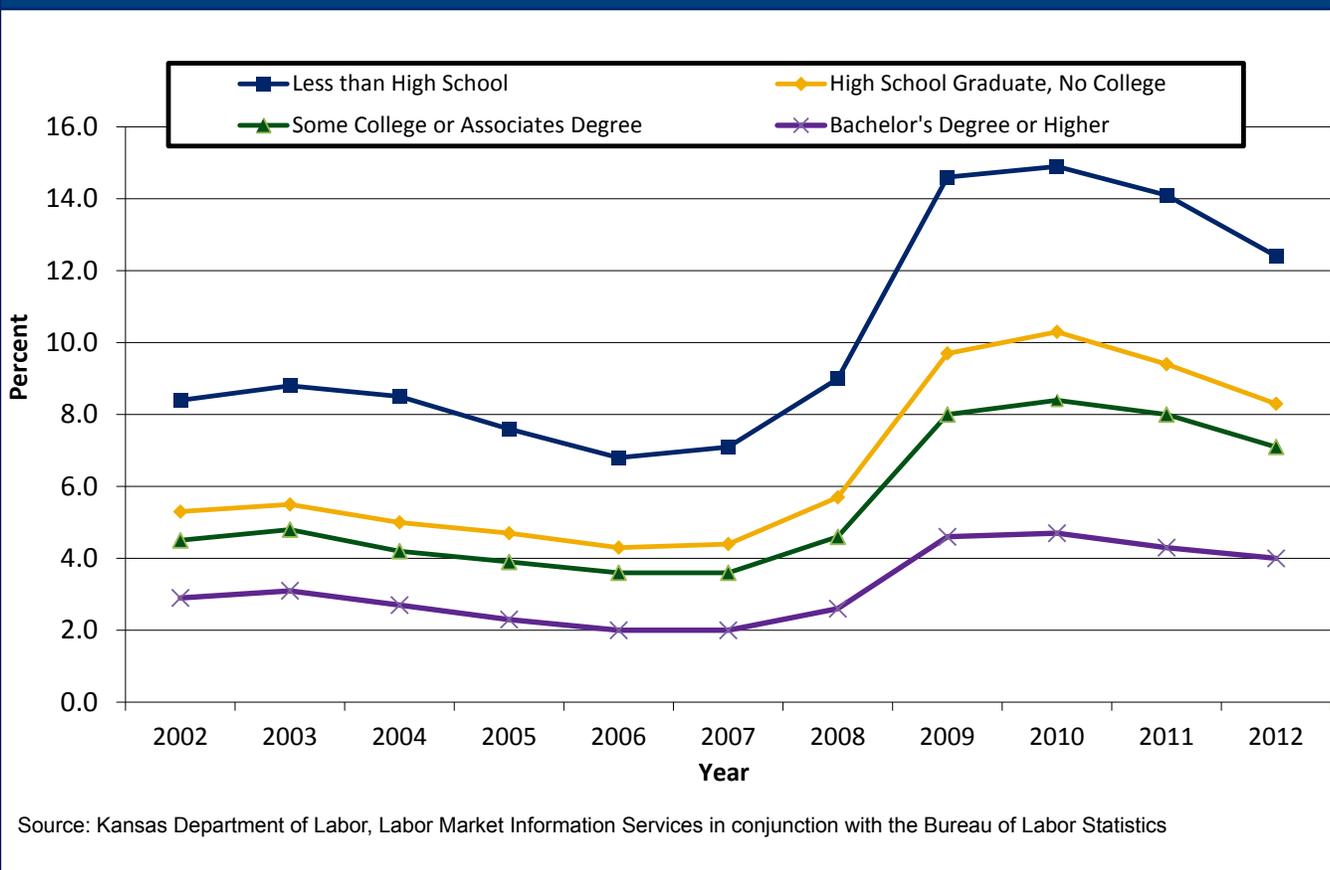
² The following methodology was used to calculate the average lifetime earnings of U.S. adults and is based on the methodology used by the U.S. Census Bureau. To begin, the average earnings of individuals 25 to 34 years old who did not graduate from high school was multiplied by 10 (the number of years in this age group) and the process repeated for those aged 35-44, 45-54 and 55-64 who also did not graduate from high school. Then, the four 10-year totals were added up, resulting in an estimated lifetime earnings total for those without a high school education. This process was then repeated for the seven remaining educational levels. Note that these estimates are for the U.S. and are not specific to Kansas.

Worklife Earnings

Individuals with less than a bachelor's degree experienced an increase in lifetime earnings ranging from 62.7 to 72.1 percent. Those with a bachelor's degree or higher saw their lifetime earnings increase by 78.3 percent to as high as 99.9 percent for those with doctoral degrees.

Education has a high impact on worklife earnings as well as other factors including unemployment. In 2012, the national unemployment rate for individuals with less than a high school degree was 12.4 percent, as seen in *Figure 14*. Individuals with a bachelor's degree or higher experienced an unemployment rate of only 4 percent. Overall the unemployment rate by educational attainment, has demonstrated the same trends as the national unemployment rate, rising from 2006 through 2010, then decreasing for the first time in 2011 and again in 2012. However, when looking at the unemployment rate by each level of education acquired, the rate consistently decreases as education increases.

Figure 14
Unemployment Rates by Educational Attainment, U.S.
2002 - 2012

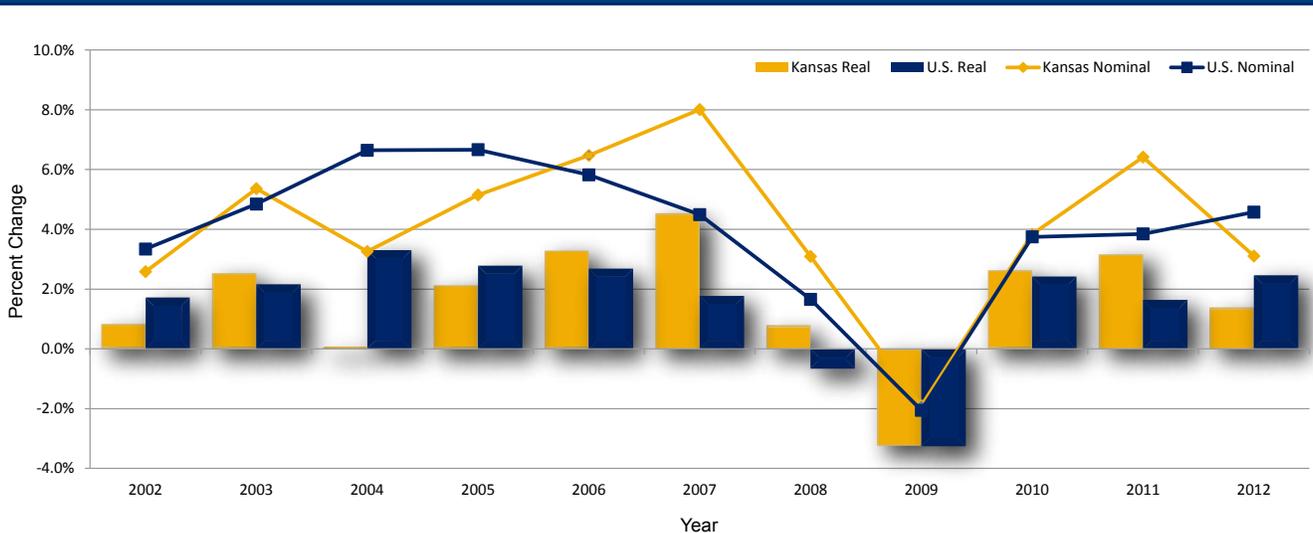


Gross Domestic Product

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 GDP. 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. In this report, real GDP is calculated using 2005 dollars as the base.

According to estimates from the Bureau of Economic Analysis, both the nominal and real GDP in Kansas grew for the third consecutive year in 2012. Kansas' nominal GDP rose to \$139 billion, a 3.1 percent increase. This is lower than the 4 percent growth in the U.S. nominal GDP. Kansas' real GDP increased 1.4 percent reaching \$119 billion. The U.S. real GDP recorded a 2.5 percent increase. Kansas ranked 31st in 2012 among the 50 states for both nominal and real GDP. *Figure 15* shows the annual percent change in nominal and real GDP for both Kansas and the U.S.

Figure 15
Percent Change in Real and Nominal GDP
Kansas and U.S.
2002-2012



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

Source: Bureau of Economic Analysis

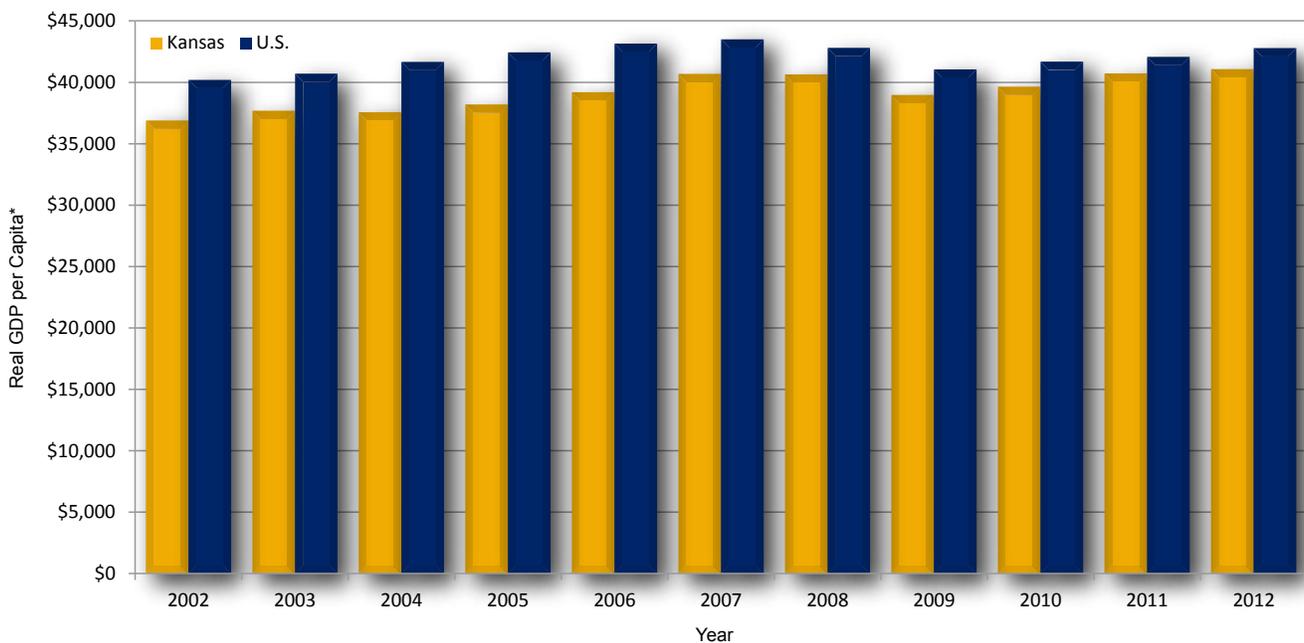
From 2002 to 2012, the Kansas nominal GDP grew by 51.6 percent, surpassing the national growth rate of 47.2 percent. During the same time period, Kansas' real GDP increased by 18.4 percent, which is higher than the national real GDP growth of 16.2 percent.

Gross Domestic Product (GDP)

Gross Domestic Product (GDP) per Capita

The GDP per capita is a measure of the standard of living for a given area that is calculated by dividing the real or nominal GDP by the population of a given area. A historical look at the real GDP per capita in Kansas and the U.S. is shown in *Figure 16*. Kansas recorded a real GDP per capita of \$41,070 in 2012. This ranks Kansas 25th out of the 50 states. The real GDP per capita in Kansas rose slightly in 2012 by 0.9 percent. The U.S. real GDP per capita rose 1.7 percent to \$42,784, from 2011 to 2012. Since 2002, Kansas has experienced a real GDP per capita growth rate of 11.3 percent, while the U.S. real GDP per capita increased by 6.5 percent in the same time period.

Figure 16
Real GDP per Capita*, Kansas and U.S.
2002 - 2012



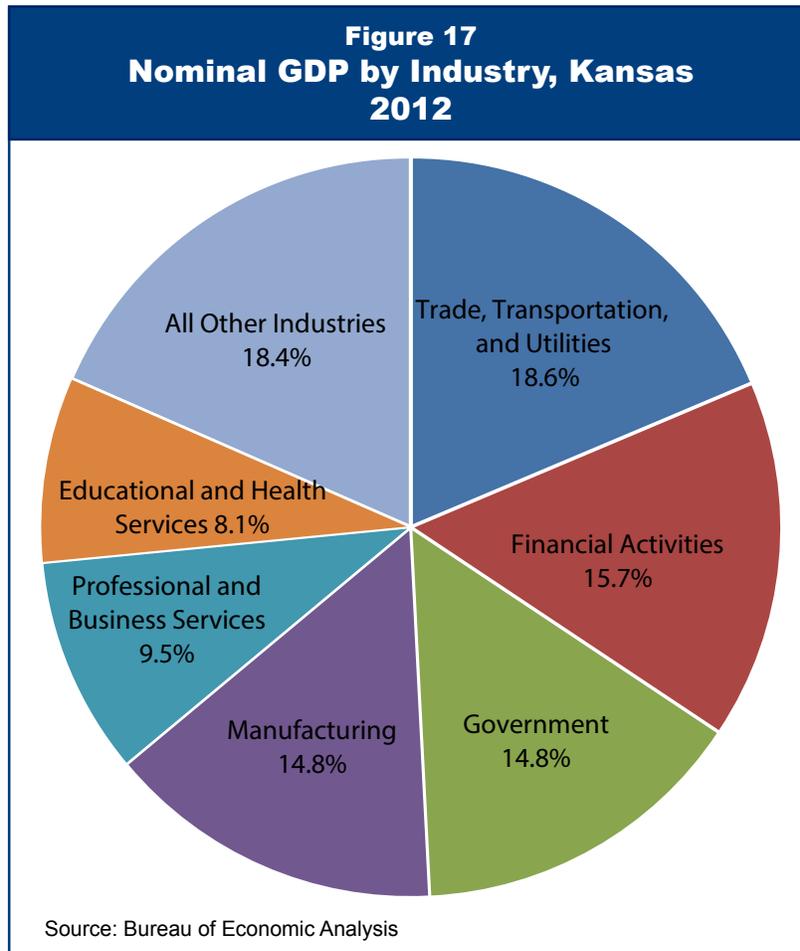
*In chained 2005 dollars

Source: Bureau of Economic Analysis

Gross Domestic Product (GDP)

Industries Contributing to Gross Domestic Product (GDP)

Several industry sectors contribute to Kansas' nominal GDP, as shown in *Figure 17*. The trade, transportation and utilities sector was the largest contributor to Kansas' nominal GDP in 2012, contributing 18.6 percent, or \$25.9 billion to the state's nominal GDP. The financial activities sector contributed 15.7 percent of the total nominal GDP in Kansas. The government and manufacturing industries added 14.8 percent each to the nominal GDP. Together, these four industries: trade, transportation and utilities; financial activities; government; and manufacturing, accounted for 63.9 percent of all nominal GDP in Kansas. This trend is also seen in the nation, where the same four industries accounted for 61.4 percent of the total GDP.



In Kansas, nine of the 11 major industries showed a gain in their contribution to nominal GDP from 2011 to 2012, while two recorded an over-the-year decline. Construction recorded the largest percentage increase in contributions to GDP, rising 9.7 percent. This industry contributed approximately \$0.4 billion more to Kansas' nominal GDP in 2012 than in 2011. The construction contribution to the overall Kansas GDP was only the ninth largest at 3.3 percent. The manufacturing industry had the highest overall growth in GDP with a \$0.9 billion contribution increase to Kansas' nominal GDP, a 4.5 percent increase.

Gross Domestic Product

The largest decline by percentage in contributions to nominal GDP was from the natural resources and mining industry. Natural resources and mining contributed approximately \$500 million less in 2012 than in 2011, a 7.1 percent reduction. The only other industry to experience a decline in 2012 was the other services industry, which includes entities such as auto shops, hair salons, and non-profit organizations. This industry experienced a 0.2 percent decrease in its contribution to the nominal GDP. *Table 6* on the following page shows the industries by their contribution to the nominal GDP.

Table 6 Nominal GDP by Industry*, Kansas 2011 - 2012			
Industry	2011	2012	Percent Change
Trade, Transportation & Utilities	\$25,078	\$25,901	3.3%
Financial Activities	\$21,497	\$21,830	1.5%
Government	\$20,016	\$20,607	3.0%
Manufacturing	\$19,622	\$20,503	4.5%
Professional & Business Services	\$12,792	\$13,229	3.4%
Educational & Health Services	\$10,868	\$11,276	3.8%
Natural Resources & Mining	\$7,628	\$7,087	-7.1%
Information	\$5,691	\$6,201	9.0%
Construction	\$4,156	\$4,558	9.7%
Leisure & Hospitality	\$4,025	\$4,375	8.7%
Other Services, Except Government	\$3,394	\$3,386	-0.2%
*Millions of Current Dollars			
Source: Bureau of Economic Analysis			

Through the use of location quotients, KDOL can identify which industry sectors contribute to the economic vitality of Kansas. Location quotients are an economic base analysis that focuses on the concentration of employment in a target economy compared to a reference area.

A location quotient equal to one means that the percent of total employment in a certain industry is the same in both the target and reference areas. If the location quotient is less than one, or the percent of total employment for a local area's industry is less than the reference area, then the industry is assumed to have its income generated from within the local area and is considered an area of economic disadvantage compared to the reference area. If the location quotient is greater than one, or the percent of total employment for an industry is greater in the target area than in the reference area, this means the industry generates income from outside the local area. It is assumed that economic growth of the industry stems from export growth; therefore, industries with a location quotient greater than one for a local area are economically advantageous for that area.

Gross Domestic Product

Table 7 below lists the location quotients by industry sector for Kansas, and its border states, with the U.S. as a reference area. Nine of the 19 industry sectors in Kansas recorded a location quotient greater than one. The three sectors which Kansas has the greatest advantage in are utilities, manufacturing, and mining, quarrying, and oil and gas extraction. Manufacturing is especially noteworthy because transportation equipment manufacturing had the highest location quotient of any subsector in Kansas. Food manufacturing also had the third highest location quotient of any subsector. Mining, quarrying, and oil and gas extraction is also notable, with high location quotients for both oil and gas extraction and support activities for mining. Agriculture, forestry, fishing and hunting is another noteworthy industry because it measured near one in 2012. That brings the state's concentration in this industry to the same as the rest of the nation, despite animal production and aquaculture having the second highest location quotient of any subsector.

Table 7
Location Quotients by Industry Sector, 2012
United States as Reference Area

NAICS Industry Sector	Kansas	Colorado	Missouri	Nebraska	Oklahoma
NAICS 11 Agriculture, forestry, fishing and hunting	0.93	0.71	0.50	1.57	0.78
NAICS 21 Mining, quarrying, and oil and gas extraction	1.29	2.22	0.25	0.21	6.59
NAICS 22 Utilities	1.49	0.86	1.12	0.42	1.93
NAICS 23 Construction	1.01	1.21	0.94	1.10	1.14
NAICS 31-33 Manufacturing	1.40	0.65	1.05	1.16	1.03
NAICS 42 Wholesale trade	1.07	0.97	1.05	1.06	0.97
NAICS 44-45 Retail trade	0.99	0.96	1.03	1.03	1.06
NAICS 48-49 Transportation and warehousing	1.03	0.84	0.99	1.36	0.93
NAICS 51 Information	1.06	1.52	0.99	0.93	0.77
NAICS 52 Finance and insurance	1.04	1.05	1.10	1.38	0.91
NAICS 53 Real estate and rental and leasing	0.73	1.26	0.90	0.66	1.01
NAICS 54 Professional and technical services	0.81	1.32	0.83	0.82	0.76
NAICS 55 Management of companies and enterprises	0.71	0.93	1.54	1.21	0.72
NAICS 56 Administrative and waste services	0.99	1.07	0.92	0.82	1.08
NAICS 61 Educational services	0.55	0.71	0.84	0.55	0.53
NAICS 62 Health care and social assistance	1.02	0.86	1.07	0.98	0.99
NAICS 71 Arts, entertainment, and recreation	0.80	1.38	1.06	0.94	0.65
NAICS 72 Accommodation and food services	0.91	1.16	1.00	0.88	1.02
NAICS 81 Other services, except public administration	0.77	0.87	0.98	0.98	0.72
NAICS 99 Unclassified	n/a	0.25	n/a	n/a	0.01

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Personal Income

Personal income is an important measure of economic health or well being. This measure identifies the portion of an area's output that is transferred to individuals. Personal income includes earnings, property income and transfer payments. It measures income that is available for spending and is an indicator of the economic well-being of residents in an area.

In 2012, Kansas' total personal income increased by 2.9 percent to approximately \$120.7 billion. Nationally, personal income increased 3.5 percent to \$13.4 trillion. All components of personal income increased in Kansas. The primary reasons for the rise in personal income were increases in work earnings and earnings from dividends, interest and rent. Work earnings increased 2.2 percent, while earnings from dividends, interest and rent increased by 6.1 percent. More people working led to the growth in work earnings, while improving financial markets led to the rise in earnings from dividends, interest and rent.

Kansas was ranked 37th among the 50 states in percentage change of personal income from 2011 to 2012, an improvement from the 42nd ranking the state received from 2010 to 2011. *Table 8* compares Kansas' total personal income to the total personal income nationwide. For the past decade, Kansas' total personal income has been equivalent to 0.9 percent of total personal income in the U.S.

Table 8
Personal Income*, Kansas and U.S.
2001 - 2012

	2001	2002	2003	2004	2005	2006
Kansas	\$80,150,780	\$80,704,843	\$83,901,163	\$87,176,582	\$90,875,825	\$98,577,190
U.S.	\$8,878,830,000	\$9,054,702,000	\$9,369,072,000	\$9,928,790,000	\$10,476,669,000	\$11,256,516,000
	2007	2008	2009	2010	2011	2012**
Kansas	\$104,846,995	\$113,632,720	\$107,608,668	\$110,205,217	\$117,385,786	\$120,732,283
U.S.	\$11,900,562,000	\$12,451,660,000	\$11,852,715,000	\$12,308,496,000	\$12,949,905,000	\$13,401,868,693

Note: 2001-2009 Kansas data has been revised using 2010 Census data

*In thousands

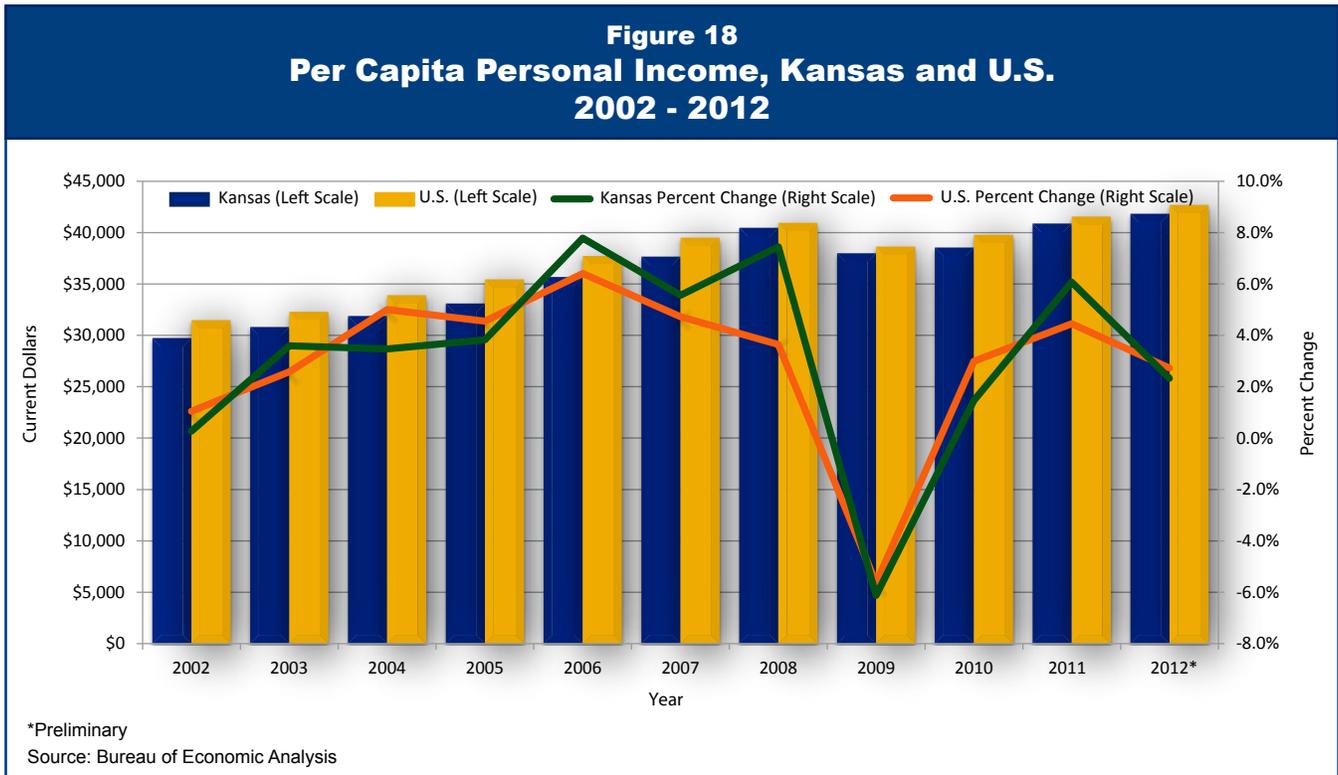
**Preliminary

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. It measures the wealth of the population and provides a common measure for evaluating and comparing countries, states or areas.

Figure 18 illustrates the per capita personal income in Kansas and the U.S. in both absolute terms and as a percentage change. In 2012, Kansas recorded a per capita personal income of \$41,835, while the U.S. recorded a per capita personal income of \$42,693. Kansas ranks 24th out of the 50 states in terms of per capita personal income. From 2011 to 2012, Kansas' per capita income increased 2.3 percent, while the nation's per capita personal income increased 2.7 percent.



Kansas' per capita personal income expanded 40.7 percent from 2002 to 2012, while the U.S. increased 35.6 percent during this time. With the exception of 2009, per capita personal income has increased every year during this time span in both Kansas and the U.S.

Global Business

Kansas has a strong 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 identify areas where a state may have a competitive advantage in the production of a specific good.

Kansas businesses compete in a global marketplace, where economic growth contributes to the rising demand for Kansas exports. As the global economy recovers, demand for products in which Kansas has a competitive advantage will rise. The value of the U.S. dollar appreciated overall, compared to other world currencies from 2011 to 2012. This made goods produced in the U.S. relatively more expensive, potentially decreasing demand for U.S. goods and services.

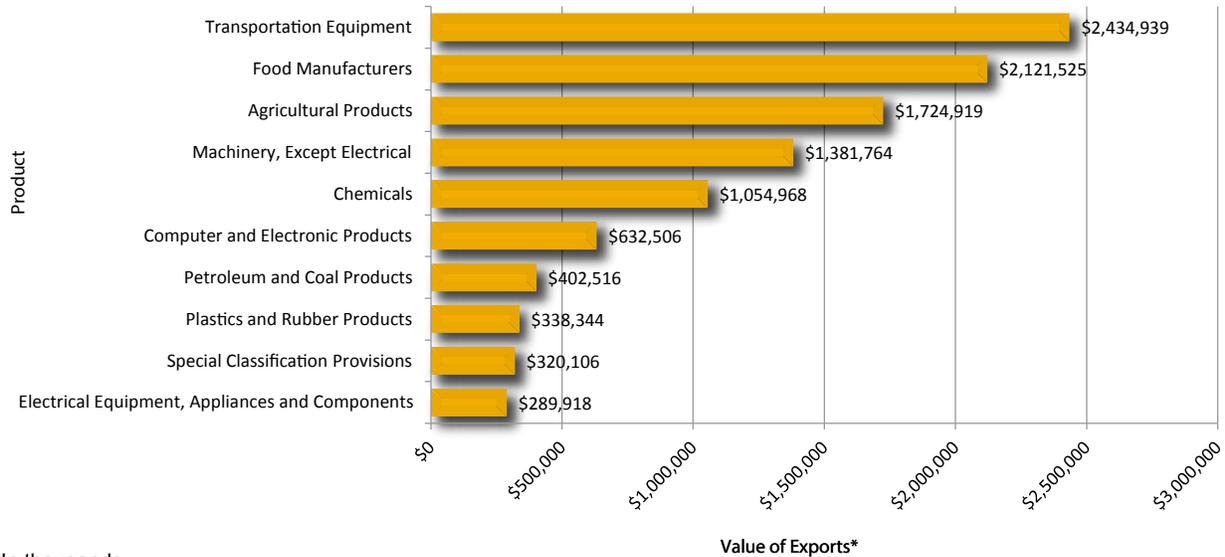
Despite the appreciation of the U.S. dollar, Kansas export sales increased 0.8 percent in 2012. Total sales grew from \$11.6 billion in 2011 to \$11.7 billion in exports to various countries around the world in 2012. Kansas ranks 33rd among all states in total exports. This is the eighth time in the past nine years that Kansas export sales have increased. In fact this is the second highest total ever recorded by Kansas. Exports have increased 157.3 percent since 2003, but are still down 6.5 percent from the peak in 2008.

The annual growth was spurred by large increases of exports in three sectors: agricultural products; petroleum and coal manufacturing; and machinery manufacturing. Agricultural products increased export sales by \$248 million, a 16.8 percent growth. The primary reason for this increase was growth in wheat exports, which make up approximately 52 percent of sales in this sector. Agricultural products are the third most exported products from Kansas, recording \$1.7 billion in export sales. Nigeria is the leading importer of Kansas agricultural products, followed by Mexico and China. Four countries at least doubled the amount of their Kansas agricultural product imports and 12 countries started importing agricultural products that did not import any in 2011. Italy, Algeria and Cameroon were the largest importers of the group that started importing Kansas agricultural products for the first time in 2012.

The petroleum and coal manufacturing sector includes industries that transform crude petroleum and coal into usable products. Petroleum and coal manufacturing experienced a sales growth of \$224 million, a 125.3 percent increase. An increase in the export of light oils and preparations, like gasoline, was a large factor in this growth. This was the seventh most exported product from Kansas. Canada is the leading importer of Kansas petroleum and coal products, followed by Mexico and China.

The machinery manufacturing sector includes industries that produce machinery for agricultural, construction, industrial and commercial purposes. Machinery manufacturing exports rose by \$171 million, a 14.2 percent increase. Products from this industry are the fourth most exported products from Kansas, with \$1.4 billion in sales. Canada is the leading importer of machinery manufacturing products, followed by Australia and Mexico.

Figure 19
Top 10 Exports, Kansas
2012



*In thousands

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

Transportation equipment continues to be the most exported product from Kansas, as shown in *Figure 19*. Kansas ranks 25th among all 50 states in transportation equipment exports. This sector includes industries that produce aerospace parts and products, motor vehicle parts and assembly, and other transportation equipment manufacturing. This sector earned \$2.4 billion in sales in 2012, representing 20.8 percent of all Kansas exports. However, this is a decline of 4.1 percent from 2011. Since 2008, the amount of transportation equipment exports has decreased by 50.4 percent. This is largely because of the decrease in demand for civilian aircraft, with sales declining \$566 million since 2009. Seven countries imported at least \$100 million less of transportation products in 2012 compared to 2008. Canada is the leading importer of transportation equipment from Kansas, followed by the United Kingdom and Brazil.

Table 9 shows the countries that imported the highest dollar amount of goods and services from Kansas. Canada was the state's largest trading partner in 2012, importing approximately \$2.7 billion in goods and services. This amounts to a 7.1 percent increase from 2011 to 2012. A total of 63.3 percent of Canadian imports from Kansas came from the transportation equipment, machinery, petroleum and coal, and food manufacturing industries.

Mexico imported the second largest amount of Kansas goods and services at nearly \$1.5 billion. However, Mexico also recorded a \$163 million decrease in exports from 2011. Agricultural products and transportation

Table 9
Top Export Countries, Kansas
2012

	Total Exports*
Canada	\$2,745,693
Mexico	\$1,457,806
China	\$1,137,964
Japan	\$742,205
Nigeria	\$566,397
United Kingdom	\$523,706
Germany	\$366,174
Brazil	\$354,585
Australia	\$293,216
South Korea	\$235,629

*In thousands

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

Consumer Price Index

equipment manufacturing contributed most to this decrease, falling by \$86 million and \$30 million respectively.

China was the third largest importer of Kansas products, with approximately \$1.1 billion in sales. Exports to China have increased by 222.4 percent since 2009. Agricultural products accounted for approximately 61 percent of the increase. Kansas ranks sixth among states who export agricultural products to China. China recorded the largest percentage gain of any country in *Table 9* in 2012 imports of Kansas goods, with an increase of 70.3 percent.

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 is the CPI of all urban consumers. Kansas is one of 12 states in the Midwest CPI region.

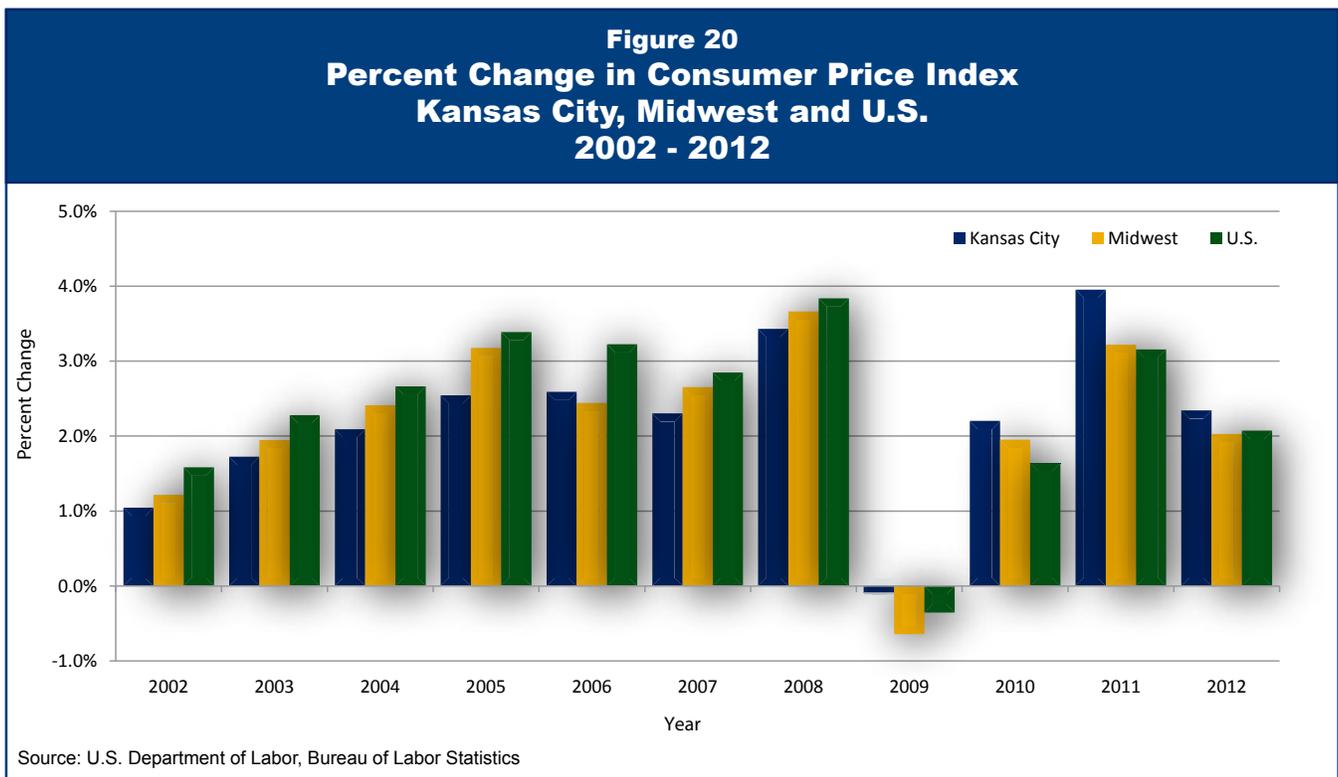


Figure 20 indicates the percent change in the CPI-U of three distinct groups – the U.S., the Midwest and the Kansas City MSA. Nationally, the CPI-U increased for the third consecutive year in 2012, by 2.1 percent. This is lower than the average inflation rate since 2002, at 2.4 percent. The Midwest recorded an increase in the CPI-U of 2 percent in 2012, which is also below the average inflation rate since 2002, of 2.2 percent. The Kansas City MSA CPI-U rose by 2.3 percent, which is higher than the average inflation rate of 2.2 percent since 2002.

From 2002 to 2012, inflation nationwide was 29.6 percent. During this same period, inflation in the Midwest region was 26.8 percent and 26.9 percent in the Kansas City MSA. Until recently, the U.S. and Midwest CPI-U inflation figures were higher than the Kansas City MSA. From 2002 to 2008, the U.S.

Wages

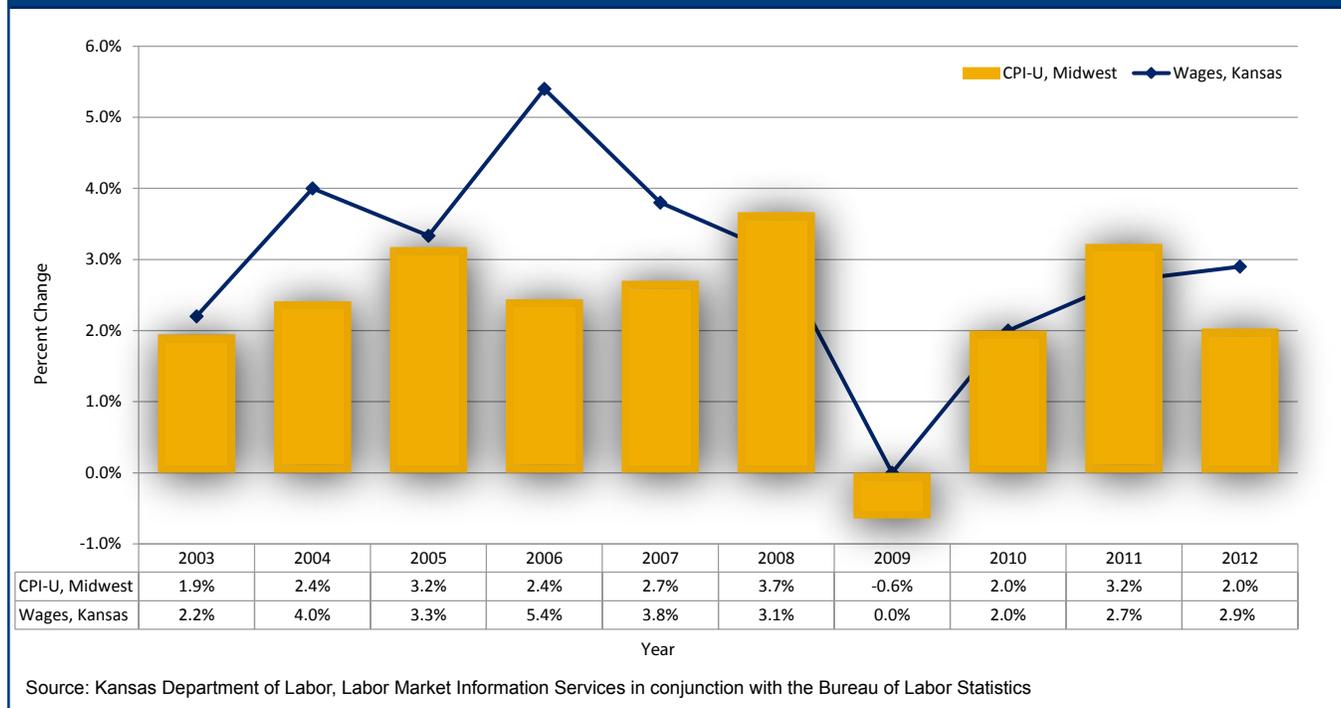
and Midwest CPI-U increased at a higher rate than in the Kansas City MSA. For the past four years, the Kansas City MSA has had the highest inflation rate of the three. This shows inflationary pressures were greater in the Kansas City MSA during that time than in the Midwest and the nation. This can mostly be attributed to a higher increase in food and transportation service prices in the Kansas City MSA from 2008 to 2012, than the increases recorded in the Midwest and the rest of the nation.

According to annual data, several items in the Midwest CPI index recorded large changes in prices from 2011 to 2012. Apparel recorded the largest increase of 4.3 percent in 2012, and medical care had the second largest increase at 4 percent. Prices for piped utility gas services experienced the largest decrease in 2012, at an 11.9 percent decline. There were only three other items that declined in price from 2011 to 2012: energy services, household energy, and fuels and utilities. Also, 2012 saw the smallest increase in motor fuel prices since year-to-year changes were negative in 2009.

Wages

Wages and salaries accounted for 49.9 percent of the total personal income in Kansas in 2012, and are an important component in determining the health of the economy. Wage and salary data are more meaningful when taking inflation into consideration. If inflation increases at a faster pace than wages, wage and salary earners experience a reduction in their real (inflation-adjusted) wages, which may change or reduce consumption patterns. This can have an adverse affect on the economy since consumer spending is the largest component of GDP in the U.S. *Figure 21* compares wages and inflation in Kansas, beginning in 2003.

Figure 21
Percent Change in Consumer Price Index and Wages
Kansas and Midwest
2003 - 2012



Housing

In 2012, the average weekly wage in Kansas rose to \$791, an increase of 2.9 percent from 2011. Nationwide, the average weekly wage improved to \$948, an increase of 2.6 percent. When accounting for the 2 percent inflation in the Midwest region, the real average weekly wage in Kansas rose by 0.9 percent. This is the eighth time since 2003 that the real average weekly wage has seen growth in Kansas. The national real average weekly wage also increased, recording a 0.5 percent growth in 2012 compared to a 0.4 percent decline in 2011.

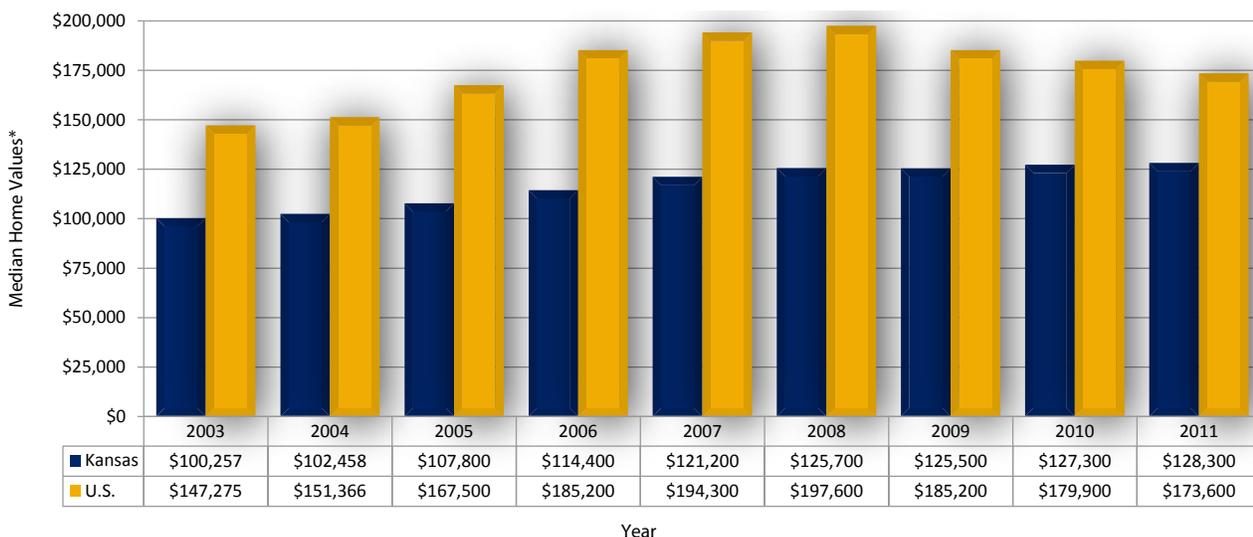
Housing

Housing production is one of the most significant 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 few years, the housing market has seen a substantial slowdown in Kansas and the nation. This led to declining home values and a slowdown in building in recent years. Nationally, the housing market is continuing a downward trend, but there appears to be reason for cautious optimism that the housing market has stabilized in Kansas.

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

Figure 22
Median Home Values, Kansas and U.S.
2003 - 2011



*In adjusted 2000 dollars

Note: Data from 2003 excludes owner occupied units in multi-unit structures, mobile homes and one family homes on 10 acres or more or with a business. Data from 2004 to 2011 includes all owner occupied units.

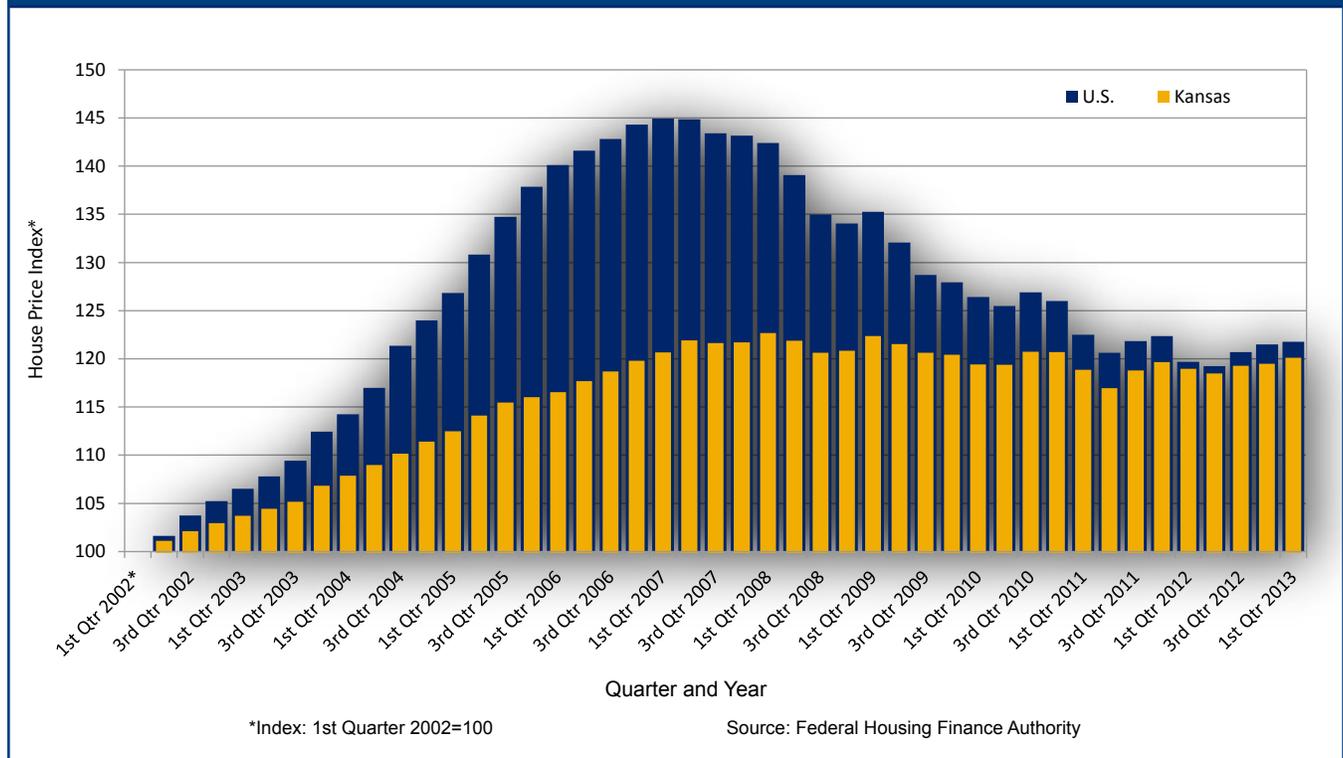
Source: U.S. Census Bureau, American Community Survey

Housing

According to data published by the U.S. Census Bureau's American Community Survey (ACS) and shown in *Figure 22* on the previous page, the median home values in Kansas increased by 0.8 percent between 2010 and 2011, after a 1.4 percent increase in the previous year. Nationwide, median home values continue to decline, recording a 3.5 percent decrease. Kansas has consistently had lower median home values than that of the U.S. However, median home values in Kansas have remained more stable than the nation as a whole.

Another measure of home prices is seen in the data compiled by the Federal Housing Finance Authority as presented in *Figure 23* below. It indicates that home prices in the U.S. increased 1.7 percent from the first quarter of 2012 to the first quarter of 2013, while home prices in Kansas increased by 1 percent during the same time.

Figure 23
House Price Index, Kansas and U.S.
1st Quarter 2002 - 1st Quarter 2013



Housing

Table 10 gives a more detailed breakdown of the housing market nationally and in Kansas. This data reveals that in 2011 a higher percentage of housing units were occupied in Kansas than throughout the U.S. As previously mentioned, this will lead to a reduced supply of housing and higher home prices. The table also shows that Kansas has a slightly lower percentage of housing units with a mortgage than the U.S.

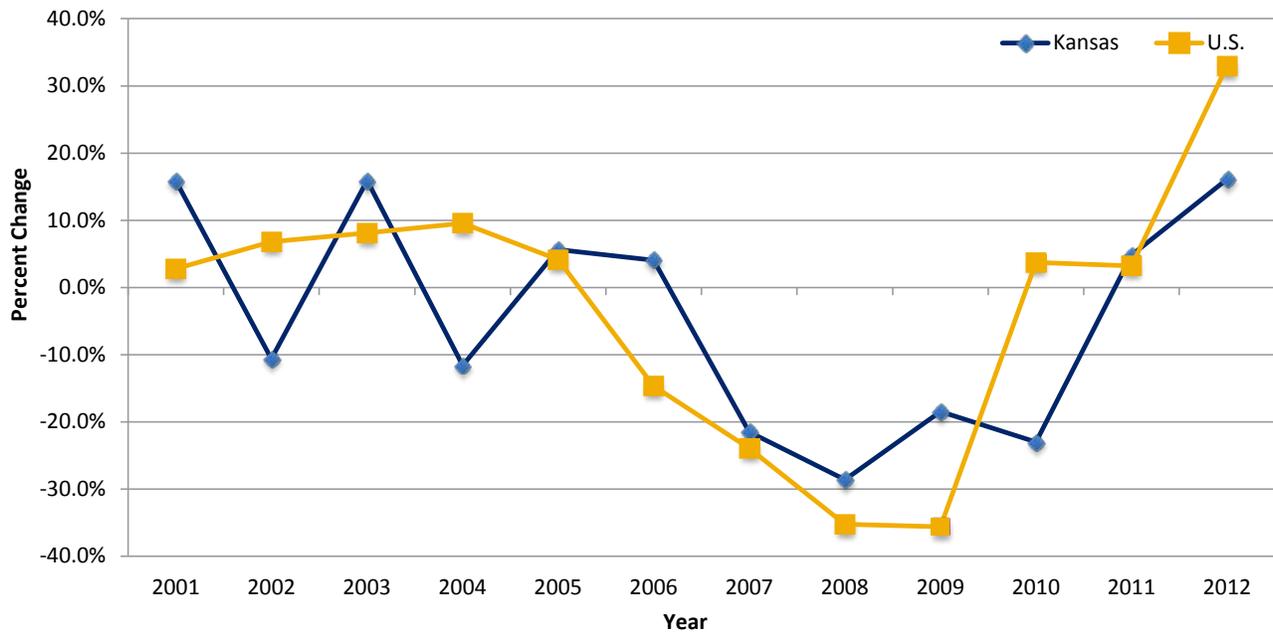
Table 10 Housing Characteristics, Kansas and U.S. 2011				
	U.S.		Kansas	
	Count	Percent	Count	Percent
Housing Units	132,316,248	100.0%	1,237,738	100.0%
Occupied	114,991,725	86.9%	1,101,701	89.0%
Vacant	17,324,523	13.1%	136,037	11.0%
Owner Occupied Housing Units	74,264,435	100.0%	747,079	100.0%
Housing Units with a Mortgage	49,325,615	66.4%	472,920	63.3%
Housing Units without a Mortgage	24,938,820	33.6%	274,159	36.7%

Source: U.S. Census Bureau

The number of building permits issued can also indicate future activities in the housing market. Figure 24 on the following page, compares the number of building permits issued in Kansas to the number issued nationwide. In 2012, the number of building permits issued nationwide increased for the third consecutive year, while those issued in Kansas increased for the second consecutive year. This marks the longest period of growth in building permits issued in Kansas since 2006. The number of building permits in Kansas grew from 5,386 in 2011 to 6,252 in 2012, a 16.1 percent increase. Building permits in Kansas are still down by 58.5 percent from the value recorded in 2003, the highest number since 1999. The number of building permits issued in the U.S. grew from 624,061 in 2011 to 829,658 in 2012, a 32.9 percent increase. However, this is still significantly lower than the peak of nearly 2.2 million building permits issued in 2005.

Housing

Figure 24
Percent Change in Building Permits, Kansas and U.S.
2001 - 2012



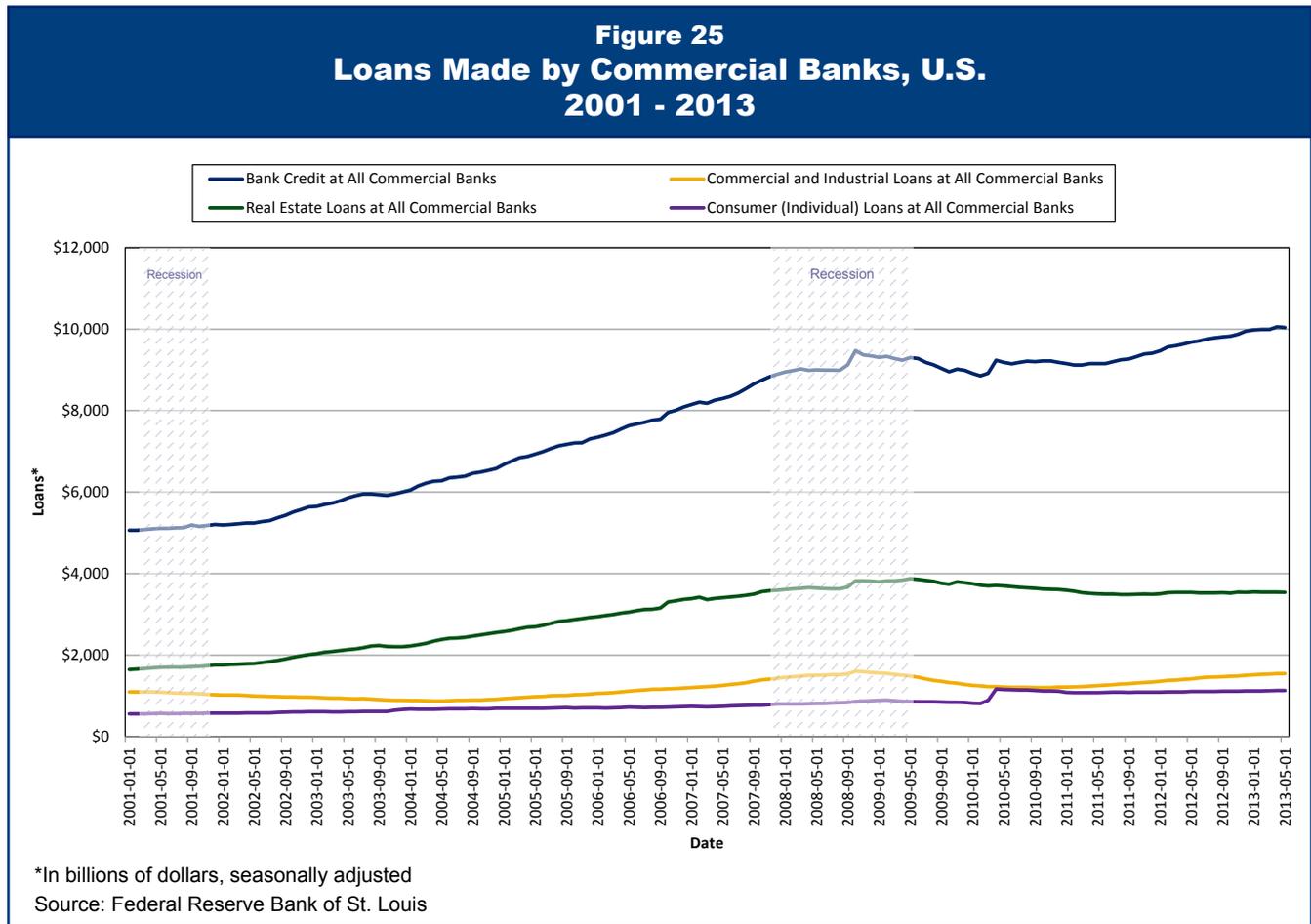
Source: U.S. Census Bureau

Both Kansas and the U.S. experienced an increase in the number of single-unit and multi-unit housing permits issued. Single-unit housing, constructed for single households, saw permits in Kansas increase from 3,469 to 4,120, an 18.8 percent growth in 2012. Single-unit housing permits increased nationwide by 23.9 percent, from 418,498 to 518,695 in 2012. Multi-unit housing is designed for multiple households and includes structures such as duplexes and apartment complexes. The number of multi-unit housing building permits issued in Kansas increased by 11.2 percent, from 1,917 to 2,132 from 2011 to 2012. Nationally, multi-unit housing permits increased from 205,563 to 310,963 in 2012, resulting in a 51.3 percent growth.

Banking and Credit

Uncertainty created by the recent recession caused a tightening of credit markets in the U.S. from late 2008 through early 2010. This made it more restrictive and expensive for individuals and firms to borrow money. As seen below in *Figure 25*, since early 2010 the number of loans by commercial banks has trended upward to higher than pre-recession levels. An upward trend can also be seen in the number of commercial and industrial loans, which is a good sign for future business expansion. Consumer loans increased during the second quarter of 2010, but have remained stable through 2012. Real estate loans are down from the second quarter of 2010, and have remained relatively stagnant since the second quarter of 2011, reflecting the weakness of the U.S. housing market.

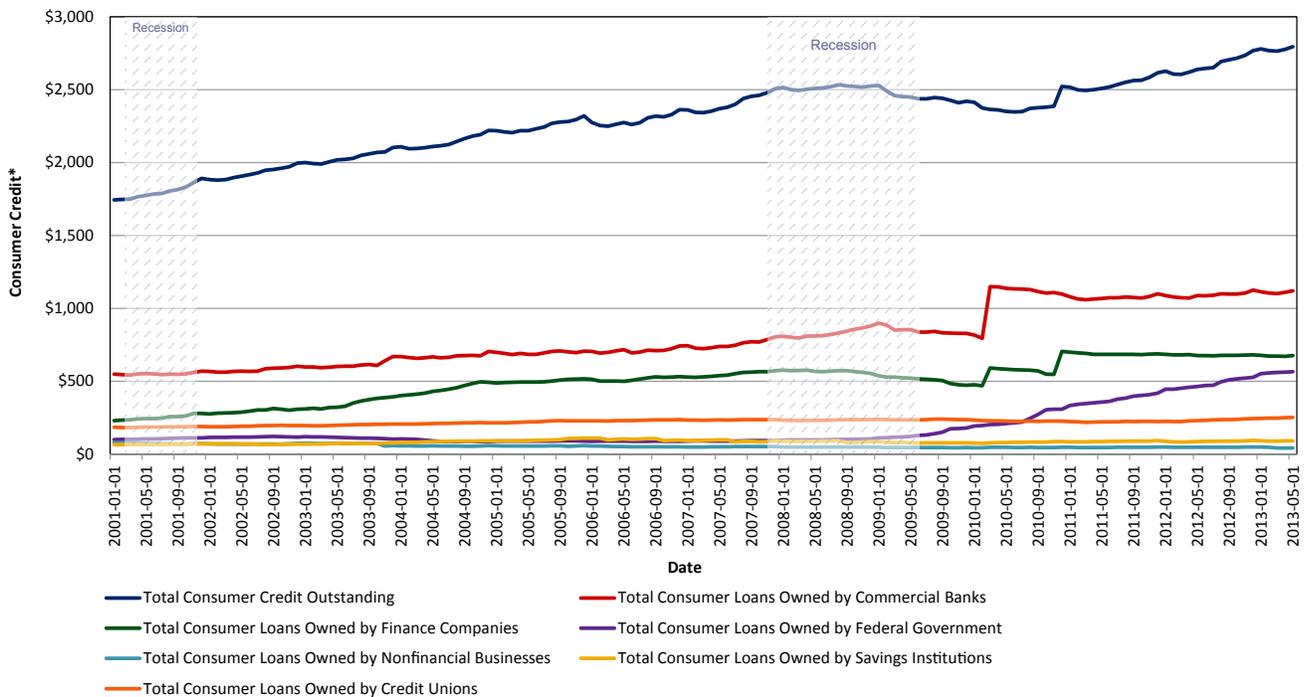
Figure 25
Loans Made by Commercial Banks, U.S.
2001 - 2013



Banking and Credit

The amount of outstanding consumer credit also declined from the recession, but has been trending upward since third quarter 2010 and has surpassed pre-recession levels. In the first quarter of 2011, there was a law change in the reporting of loans owned by commercial banks and finance companies, resulting in an increase seen on the graph. As seen in *Figure 26*, the amount of consumer loans owned by the federal government has significantly grown, more than five times than the beginning of 2008. An increase in the number of student loans issued in recent years has caused this increase.

Figure 26
Consumer Credit, U.S.
2001 - 2013



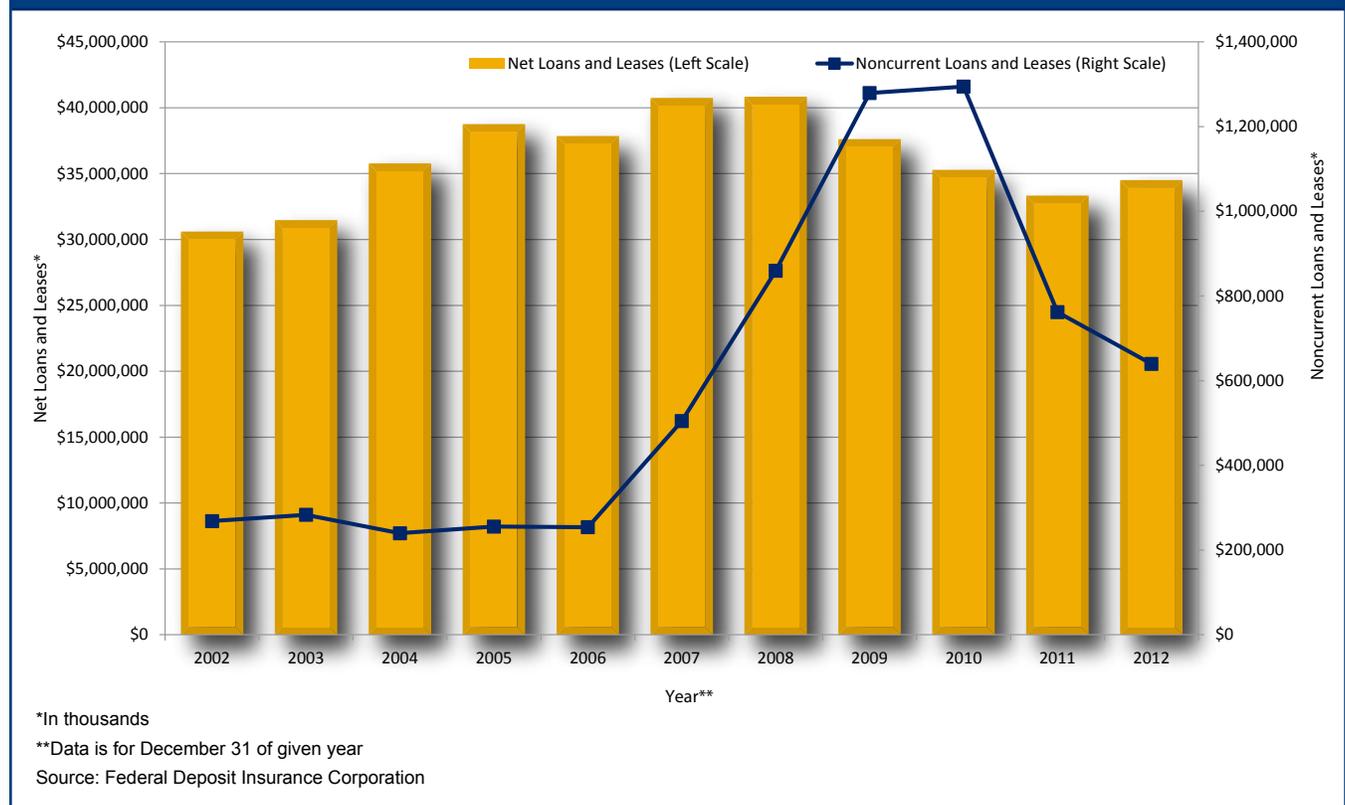
*In billions of dollars, not seasonally adjusted

Source: Federal Reserve Bank of St. Louis

Banking and Credit

In Kansas there are 331 commercial banks and savings institutions, according to the Federal Deposit Insurance Corporation's (FDIC) Statistics on Depository Institutions. The majority of these institutions are commercial banks located in the Kansas City Area. According to the FDIC, net loan and lease financing in all FDIC institutions increased 3.5 percent from \$33.3 billion to \$34.5 billion from December 2011 to December 2012. Since December 2008, the amount of net loan and lease financing has declined 15.5 percent. Nationwide, net loan and lease financing in all FDIC insured institutions increased 3.4 percent from 2011 to 2012. During the same time, noncurrent loans and leases in Kansas (past due for more than 90 days) decreased 16 percent, from \$761.8 million to \$639.6 million. The dollar amount of net loan and lease financing and noncurrent loans and leases in Kansas is illustrated in *Figure 27* below.

Figure 27
Net Loans and Leases and
Noncurrent Loans and Leases, Kansas
2002 - 2012



Economist's Note

The Unemployment Rate and It's Movements *By Efua Afful*

Young individuals are becoming the largest proportion of the unemployed. Their unemployment is usually frictional and short-lived, but may result in high unemployment rates. Those high unemployment rates may not accurately reflect labor market conditions. Instead, they provide a transient and necessary flow to match jobs to workers, especially where there is an increasing number of new entrants. This is also supported by the decrease in median and mean unemployment duration and the marked increase in the proportion of those unemployed five weeks or less. In a nutshell, while there may be an increase in the unemployment rate, the components determine whether there is good or bad news in the labor market.

**Table 11
Number of People Unemployed* and
Unemployment Rate by Age and Gender, Kansas
2011 and 2012**

Age	2011		2012	
	Unemployed	Unemployment Rate	Unemployed	Unemployment Rate
16-19	9.6	16.0%	14.3	21.3%
20-24	16.9	10.8%	14.9	9.7%
25-34	27.7	7.4%	18.0	5.1%
35-44	17.3	6.4%	10.6	4.1%
45-54	15.8	5.0%	11.3	3.7%
55-64	12.1	5.0%	11.1	4.4%
65+	2.9	3.5%	2.1	2.3%
Male				
16-19	5.4	19.9%	7.3	21.7%
20-24	9.6	11.0%	9.3	12.0%
25-34	16.9	8.2%	10.5	5.5%
35-44	10.1	6.9%	5.2	3.7%
45-54	8.3	5.3%	6.9	4.4%
55-64	6.2	4.6%	5.0	3.7%
65+	1.5	3.5%	0.9	1.8%
Female				
16-19	4.2	12.8%	7.0	20.8%
20-24	7.4	10.5%	5.6	7.4%
25-34	10.9	6.5%	7.6	4.6%
35-44	7.2	5.8%	5.5	4.5%
45-54	7.5	4.8%	4.4	3.0%
55-64	6.0	5.3%	6.1	5.2%
65+	1.4	3.5%	1.2	3.0%

*In Thousands

Note: Numbers may not sum to total due to rounding

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

An important microeconomic determinant of unemployment, age, suggests that older individuals have participated in the labor market longer, have gained more experience, and possibly more education than younger individuals. This creates a preference for employers to hire older workers. First, higher levels of experience decreases training costs, potentially increasing profits for employers if revenues remain constant. Thus, it saves costs to hire individuals with higher levels of experience. Second, it is more likely that older individuals have more education than younger individuals. It is assumed that higher levels of education and training indicate a higher level of productivity in the workplace. Lower rates of unemployment are typical as age increases, as seen in *Table 11* on the previous page. However, the marginal returns to education and experience decrease with time. This effect is seen in similar or slightly higher unemployment rates in individuals above 45 years old.

For both males and females, the unemployment rate among those ages 16 to 19 increased in 2012. The unemployment rate for females increased from 12.8 to 20.8 percent, while that for males increased from 19.9 to 21.7 percent. Those in this age group often have the highest rate of unemployment, as seen in *Table 11*. Between 2011 and 2012, while the overall labor force participation rate decreased from 69.3 to 68.4 percent, the rate for those ages 16 to 19 years old increased from 43.1 to 46.8 percent. This means that there were more individuals looking for work in this age group, as a proportion of the civilian non-institutional population. It is plausible that the increase in the 16 to 19-year-old unemployment rate was the result of an increased labor force participation rate and traditionally higher frictional unemployment.

Among all other age groups, the subgroup with the highest level of unemployment was males between the ages of 20 and 24 years, at 12 percent. There was a decrease in the number of people employed by 8,630, and a relatively small decrease in the number of people unemployed by 275. The labor force decreased by 8,850 in 2012. It is plausible that the net flow from the state of employment to non-participation was higher than the net flow from unemployment to non-participation, resulting in an increase of the unemployment rate.

Table 12 presents information about the share of the unemployed by age group. Individuals aged 25 to 34 make up the largest proportion of those unemployed in both years. They are the largest component of the civilian non-institutional labor force. It is typical for this group to have such a large lead in the labor force because of its relative population size.

Table 12		
Unemployed by Age as Percentage of Total Unemployed, Kansas		
2011 and 2012		
Age	2011	2012
16-19	9.4%	17.4%
20-24	16.7%	18.0%
25-34	27.4%	21.9%
35-44	17.1%	12.9%
45-54	15.6%	13.7%
55-64	12.0%	13.5%
65+	1.8%	2.5%
Male		
16-19	9.3%	16.2%
20-24	16.6%	20.6%
25-34	29.3%	23.3%
35-44	17.6%	11.5%
45-54	14.5%	15.2%
55-64	10.7%	11.1%
65+	2.0%	1.9%
Female		
16-19	9.6%	18.8%
20-24	16.8%	14.9%
25-34	24.8%	20.2%
35-44	16.4%	14.6%
45-54	17.1%	11.8%
55-64	13.6%	16.3%
65+	1.5%	3.2%
<small>Note: Numbers may not sum to total due to rounding Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the bureau of Labor Statistics</small>		

In 2012, the share of those aged 25 to 34 decreased from 27.4 to 21.9 percent, with a larger change in share for males than females. For both genders, the group with the second largest share was those aged 35 to 44 in 2011. In 2012, the rank changed to those aged 20 to 24. This suggests that while the unemployment rate decreased, those unemployed between the ages of 35 and 44 were matched with jobs at a higher proportion than those between the ages of 20 and 24.

It is plausible that the labor market gave even higher preference to education and experience, there were more jobs that required these factors, older people were located in areas with higher growth in employment, the matching feature of the labor market increased its efficiency for older workers or any other factor that would match older workers at a higher rate than younger workers. Males followed the same trend as the overall market. For females, the second largest proportion of unemployed changed from those aged 45 to 54 to those 16 to 19 years old. In general those aged 25 to 34, 35 to 44, and 45 to 54 decreased their share of the unemployed. Those aged 16 to 19, 20 to 24, 55 to 64, and 65 and above increased their share of the unemployed.

The length of an unemployment term can provide information about the nature of unemployment. A shorter duration of unemployment indicates that individuals are entering or reentering the labor force, that individuals are moving from one job to another or there is some business turnover, among other things. It is expected that these activities will result in job matches, they will not end, and they are a necessary feature of the labor market. A longer duration of unemployment may suggest that if there are jobs available, there is some mismatch between the jobs and the unemployed in terms of skills, education, geography or occupation.

From *Table 13* on the following page, there were decreases in the number of people unemployed for every duration category from 2011 to 2012. The largest percent decreases in the number of people unemployed occurred for the longest duration categories. Those unemployed 52 weeks or longer decreased by 9,800 or 37.8 percent, followed by those unemployed for 27 to 51 weeks, with a decline of 3,900 individuals or 31 percent. The long-term unemployed, or those unemployed 27 weeks or longer decreased by 13,700 individuals, or 35.6 percent. While the decreases are encouraging, it is important to understand whether they are gaining employment or leaving the labor force because they are discouraged by prospects in the labor market. In 2011, out of 17,900 individuals who were not in the labor force but available to work, 3,775 were discouraged over their job prospects and 14,150 cited other reasons why they were not looking for jobs. In 2012, the number of discouraged workers increased to 4,850, a difference of 1,075 individuals.

The increase in the number of discouraged workers is very small in comparison with the decrease in the number of individuals in long-term unemployment status. It is plausible that some of them gained employment and others left the labor force for other reasons. The median duration of unemployment decreased from 16.5 weeks in 2011 to 12.5 weeks in 2012, a change of four weeks. The mean duration decreased by approximately five days.

Table 13
Number of People Unemployed by
Duration of Unemployment, Kansas
2011 and 2012

	2011	2012	Change
Total Unemployed	101.3	82.3	-18.8%
Less than 5 weeks	24.5	22.6	-7.7%
5-6 weeks	5.1	4.9	-4.4%
7-10 weeks	10.7	10.3	-4.0%
11-14 weeks	7.9	6.6	-16.2%
15-26 weeks	14.6	13.2	-9.9%
15+ weeks	53.1	37.9	-28.6%
27-51 weeks	12.5	8.6	-31.0%
27+ weeks	38.5	24.8	-35.6%
52+ weeks	26.0	16.2	-37.8%
Median duration	16.5	12.5	-4.0 weeks
Mean duration	30.9	30.2	-5 days

*In Thousands

Note: Numbers may not sum to total due to rounding

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Table 14
Number of People Unemployed by Duration of
Unemployment as Percentage of Total Unemployed
Kansas, 2011 and 2012

	2011	2012
Total Unemployed	100.0%	100.0%
Less than 5 weeks	24.2%	27.5%
5-6 weeks	5.1%	6.0%
7-10 weeks	10.6%	12.5%
11-14 weeks	7.8%	8.0%
15-26 weeks	14.4%	16.0%
15+ weeks	52.4%	46.1%
27-51 weeks	12.3%	10.5%
27+ weeks	38.0%	30.1%
52+ weeks	25.7%	19.6%

Note: Numbers may not sum to total due to rounding

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Economist's Note

The decrease in long-term unemployment is reflected in the changes in the proportions of individuals unemployed by duration category, as shown in *Table 14*. In 2011, those unemployed for 52 weeks or longer accounted for the largest share of the unemployed, at 25.7 percent. In 2012, those unemployed five weeks or less accounted for the highest share of the unemployed, at 27.5 percent. This was an increase of 3.3 percentage points since 2011. This observation supports that younger individuals are becoming a larger share of the unemployed and their unemployment may be frictional in nature, a short-term phenomenon.

There are many reasons why people may be unemployed. There are those who lose their jobs temporarily or permanently, individuals who voluntarily quit their jobs, and those who recently entered the labor market. The number of individuals who lost their jobs decreased by 16,100, or 31.5 percent from 2011 to 2012. About 9,200 people in 2011 and 6,900 in 2012 who lost their jobs, were on a temporary lay off. Those on a temporary lay off are considered unemployed even though they will be called back to work. This group is likely to cause an increase in the unemployment rate in the short term, but their subsequent employment may lower the rate. Those who were not on a temporary lay off decreased by 15,500, or 31.1 percent. Fewer individuals left their jobs in 2012 than in 2011.

Table 15
Number of People Unemployed by
Reason for Unemployment*, Kansas
2011 and 2012

Reason for Unemployment	2011	2012
Total Unemployed	101.3	82.3
Total job losers & persons who completed temporary jobs	59.1	41.3
Job losers	51.1	35.0
On temporary lay-off	9.2	6.9
Not on temporary lay-off	49.9	34.4
Permanent job losers	41.9	28.1
Persons who completed temporary jobs	8.1	6.3
Job leavers	10.2	6.8
Total entrants	31.9	34.3
Total reentrants	27.1	23.3
Reentrants who last worked 12 or less months ago	12.7	11.1
Reentrants who last worked more than 12 months ago	14.4	12.2
New entrants	4.9	11.0

*In Thousands

Note: Numbers may not sum to total due to rounding

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Economist's Note

As shown in *Table 16*, the only category of unemployed that increased was the group of total entrants, supported by new entrants and total reentrants. There were 4,900 new entrants in 2011. In 2012 the number increased by 126.8 percent, to 11,000. New entrants come from those who just turn 16 and are not institutionalized, those above the age of 16 who have never participated in the labor force, those previously institutionalized, and individuals who move into the state and add to the labor force. It takes time for new entrants to find jobs and it may raise the unemployment rate. If new entrants enter the labor force at an increasing rate, higher rates of unemployment may occur from month to month. However, the higher rate may not be an accurate descriptor of the labor market, but reflect a trend of an increasingly positive outlook of the economy.

The largest percent increase in the share of unemployed was observed by total reentrants, whose share increased from 31.5 to 41.7 percent of the total. The proportion of new entrants increased from 4.8 to 13.4 percent. The largest percentage decrease in unemployment was for those who lost jobs and those who completed temporary jobs, who decreased from 58.4 to 50.2 percent. The proportion of job leavers decreased from 10.1 to 8.2 percent. Overall, the share of jobs losers and job leavers decreased, while the share of total entrants, specifically new entrants, increased.

Table 16
Number of People Unemployed by Reason for
Unemployment as a Percentage of Total Unemployed
Kansas, 2011 and 2012

Reason for Unemployment	2011	2012
Total Unemployed	100.0%	100.0%
Total job losers & persons who completed temporary jobs	58.4%	50.2%
Job losers	50.4%	42.4%
On temporary lay-off	9.1%	8.4%
Not on temporary lay-off	49.3%	41.8%
Permanent job losers	41.4%	34.1%
Persons who completed temporary jobs	8.0%	7.7%
Job leavers	10.1%	8.2%
Total entrants	31.5%	41.7%
Total reentrants	26.7%	28.3%
Reentrants who last worked 12 or less months ago	12.5%	13.5%
Reentrants who last worked more than 12 months ago	14.2%	14.8%
New entrants	4.8%	13.4%

Note: Numbers may not sum to total due to rounding

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Economist's Note

Those who are currently employed may work part-time because they have no other option. From 2011 to 2012 there was an increase of 1,700, or 10.9 percent, in the number of individuals who were employed part time for economic reasons, but usually worked full time. Part-time work may have been necessitated by slow business or employment that is seasonal in nature. Those who usually work part time and experienced hour reductions for economic reasons, decreased from 48,200 to 35,400 individuals. Those in this group desire to work full time and are available to work full time, but were only able to find part-time or seasonal employment. The two measures mentioned determine some level of underemployment. Overall, the level of underemployment with respect to working part time for economic reasons decreased from 2011 to 2012.

Table 17
Employment Status, Kansas
2011 and 2012

Status	2011	2012	% Change
Usually Work Full-Time	1,119.4	1120.6	0.1%
1-34 hours for economic reasons	15.8	17.5	10.9%
Usually Work Part-Time	279.2	279.1	0.0%
1-34 hours for economic reasons	48.2	35.4	-26.7%
Unemployed	101.3	82.3	-18.7%
Looking for full time work	81.7	63.0	-22.9%
Looking for part time work	19.5	19.3	-1.2%

*In Thousands Note: Numbers may not sum to total due to rounding

Source: Kansas Department of Labor, Labor Market Information Services in conjunction with the Bureau of Labor Statistics

Not all unemployed individuals were looking for full-time opportunities. Reasons for part-time employment instead of full time include access to childcare services, caring for other family members, enrollment in education or training, ill-health, disability and limit on earnings for social welfare programs, among others. Individuals looking for part-time employment decreased from 19,500 in 2011 to 19,300 in 2012. Those looking for full-time employment decreased from 81,700 to 63,000, a decrease of 22.9 percent. Full-time employment seekers decreased their share of those unemployed from 80.7 to 76.5 percent.

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