

2010 Kansas Economic Report



The Honorable Mark Parkinson
Governor
State of Kansas

Jim Garner, Secretary
Kansas Department of Labor



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Message from the Secretary



This year's Kansas Economic Report provides a snapshot of the impact of the national recession on the Kansas economy during 2009. Although this is the fourth year we have released the report, the conditions we experienced in 2009 were unlike any we have seen in decades.

Our Unemployment Insurance system has definitely proven its value in this most recent recession. August 14, 2010 marked the 75th anniversary of the Social Security Act which created the state-federal system for Unemployment

Insurance. And this past year greatly demonstrated the importance of this program. Unemployment Insurance provides a vital safety net to workers who become unemployed through no fault of their own by providing money to buy food and gas, pay their utility bills and secure basic necessities. The program also has a direct and immediate stimulative effect on the economy by providing funds through UI benefits that are immediately cycled into the economy. Moreover, the program helps keep our trained and skilled workforce attracted to regional labor markets until demand for these skills returns.

In the last five months we've started seeing some positive signs in the labor market which indicate that the Kansas economy has begun to stabilize. My hope is that we can use the valuable information in this report to focus our efforts on job creation, to ensure that we reach our state's potential for job growth as recovery comes.

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

Jim Garner
Kansas Secretary of Labor



Executive Summary

Overall, the economy in Kansas declined dramatically in 2009 following the national economic recession that officially began in December 2007. Labor market conditions, including indicators like the unemployment rate and non-farm employment, reflected the slow economy. The unemployment rate, which averaged 4.4 percent in 2008, increased to 6.7 percent in 2009 and several unemployment indicators, such as the number of initial and continued claims for unemployment insurance and the associated amount of unemployment insurance benefit payments, also increased dramatically. Kansas experienced employment contraction overall and within most of the major industry sectors. Total non-farm employment, which decreased 3.3 percent in 2009, experienced the largest year-to-year decline since 1946 when total non-farm employment decreased 4.5 percent.

In keeping with the economic recession and rising unemployment, the labor market in all five metropolitan statistical areas and in the balance of the state weakened in 2009. However, early 2010 data indicate that the economy has begun to stabilize and long term labor demands indicate moderate employment expansion in Kansas.

Other economic indicators, such as personal income and exports, reinforced the lethargic nature of Kansas' economy in 2009. Personal income decreased 1.7 percent in 2009 while per capita personal income decreased 2.5 percent. Total exports in Kansas declined 28.7 percent in 2009, indicating weakened demand for Kansas' goods and services.

Kansas experienced these economic difficulties during a time when inflationary pressure halted and prices of goods and services declined. The Midwest consumer price index, which includes Kansas, decreased 0.6 percent in 2009. Several items recorded a high over-the-year decline in prices including utility gas services, which experienced a 28.2 percent decline in prices. The housing market began a substantial slowdown in 2008 and continued in Kansas and nationwide in 2009. This slowdown has affected Kansas in terms of prices, home sales and building permits, although less severely than in the previous year. Compared to the nation, the Kansas housing market has fared better in terms of over-the-year changes in prices and building permits; however, home sales nationally outperformed those in Kansas in 2009.

In spite of these challenges, Kansas has promising opportunities for economic growth and development. The market for environmentally friendly, or "green," products and services is still in its infancy, but is gaining popularity at a rapid rate. In particular, a study of Kansas businesses revealed that green employment in the state is currently concentrated in the area of energy efficiency, with future growth expected to be the greatest in the area of increasing renewable energy. This green economy is expected to harness great potential for the Kansas workforce and may serve as a stimulus for relieving current economic troubles.

Note: Due to revisions and benchmarking processes, some data may have been updated since the 2009 Economic Report was published. The data included in the 2010 Economic Report is current as of July 23, 2010. For more information on data found in this report, see Sources on page 50.



Employment

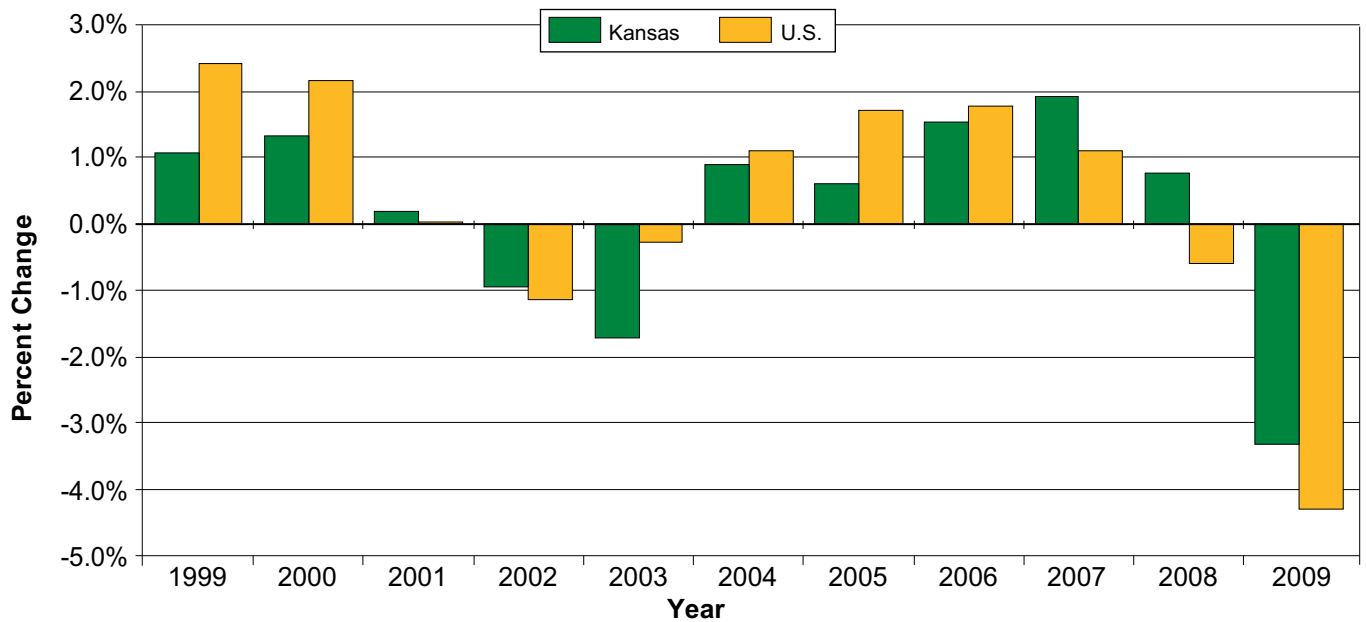
In 2009, Kansas experienced employment reductions, losing approximately 46,000 jobs. This rate of contraction, a 3.3 percent decline, was Kansas' largest recorded decline in employment since 1946. At the national level, non-farm employment declined 4.3 percent in 2009. This

Non-farm employment is one of the most current indicators of the health of the economy each month. As firms experience changes in demand for their goods and services they adjust employment levels accordingly. Employment growth indicates a healthy labor market for an area's economy.



also marked the largest decline in the nation's non-farm employment in the past 11 years. Despite the recent contraction in non-farm employment, 2009 marked the third consecutive year that Kansas' non-farm growth rate performed better than the nation's non-farm growth rate. Figure 1 illustrates the annual change in non-farm employment in Kansas and the U.S. beginning with 1999.

Figure 1
Percent Change in Non-Farm Employment
Kansas and U.S.
1999 - 2009



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

The employment reductions Kansas experienced in 2009 were due mainly to contractions in the manufacturing industry, professional and business services industry, trade, transportation and utilities industry and construction industry. The manufacturing industry in Kansas experienced the most dramatic decline in non-farm employment, losing more than 19,600 jobs in 2009. This decline is more than twice as large as the employment reductions in the professional and business services industry and three times larger



Employment

than the employment reductions in the trade, transportation and utilities industry and construction industry. Most of the major industries in Kansas experienced a decline in employment in 2009.

As shown in Table 1, early 2010 data indicates employment levels have begun to rebound in recent months. Although long-term employment growth in Kansas is projected to continue, growth is expected to be slow in 2010 as the economy continues to recover from the recession.

Table 1 Non-Farm Employment* Kansas and U.S. 1999 - 2009											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Kansas	1,328.4	1,346.1	1,348.8	1,336.1	1,313.2	1,325.0	1,333.1	1,353.8	1,380.0	1,390.6	1,344.6
U.S.	128,993.0	131,785.0	131,826.0	130,341.0	129,999.0	131,435.0	133,703.0	136,086.0	137,598.0	136,790.0	130,920.0

2010						
	January	February	March	April	May	June
Kansas	1,303.1	1,308.6	1,318.6	1,335.3	1,346.5	1,343.1**
U.S.	127,614.0	128,085.0	128,958.0	130,116.0	131,209.0**	131,456.0**

* In thousands

** Preliminary

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



Unemployment Insurance

The Kansas Employment Security Law was enacted in 1937 in concurrence with the Federal Social Security Act of 1935. Its purpose is to encourage employers to keep stable employment through unemployment insurance, which provides partial-wage replacement on a temporary basis to workers involuntarily unemployed through no fault of their own. During times of employment, the Kansas Employment Security Law allows funds to accrue in the State's Trust Fund for the purpose of providing unemployment insurance benefits during times of unemployment.



Initial Claims and Continued Claims

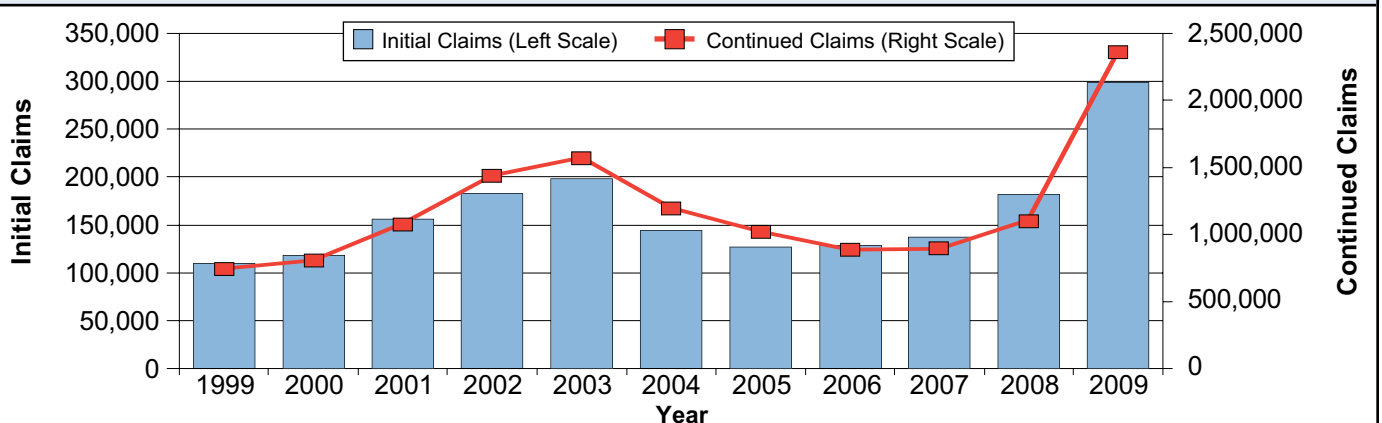
Initial claims are an indicator of new, emerging unemployment and continued claims are an indicator of the number of weeks the unemployed have claimed unemployment insurance benefits. As the number of initial and continued claims increase, so does the amount of benefit payments that the State pays out of its Unemployment Insurance Trust Fund. Therefore, these factors provide some insight into the changes in and size of the State's population of unemployed individuals.

Initial claims include new and additional claims but are not an actual count of unemployed persons because an individual may file two or more initial claims in a single year. However, initial claims are an indication of new and emerging unemployment in Kansas. Continued claims are also not a count of individuals, but are rather an indication of the number of weeks of unemployment benefits claimed by individuals. A historical view of initial claims and continued claims in Kansas is shown in Figure 2.

As expected, initial claims and continued claims generally demonstrated the same trend. With the exception of 2006, as the number of initial claims rose, so did the number of continued claims. Likewise, as the number of initial claims fell, so did the number of continued claims.

The number of initial claims peaked in 2009, increasing 64.5 percent from the previous year as illustrated in Figure 2. The number of continued claims also peaked in 2009, climbing 113.6 percent over the year. From a low

Figure 2
Initial Claims and Continued Claims
Kansas
1999 - 2009



Source: Labor Market Information Services, Kansas Department of Labor



Unemployment Insurance

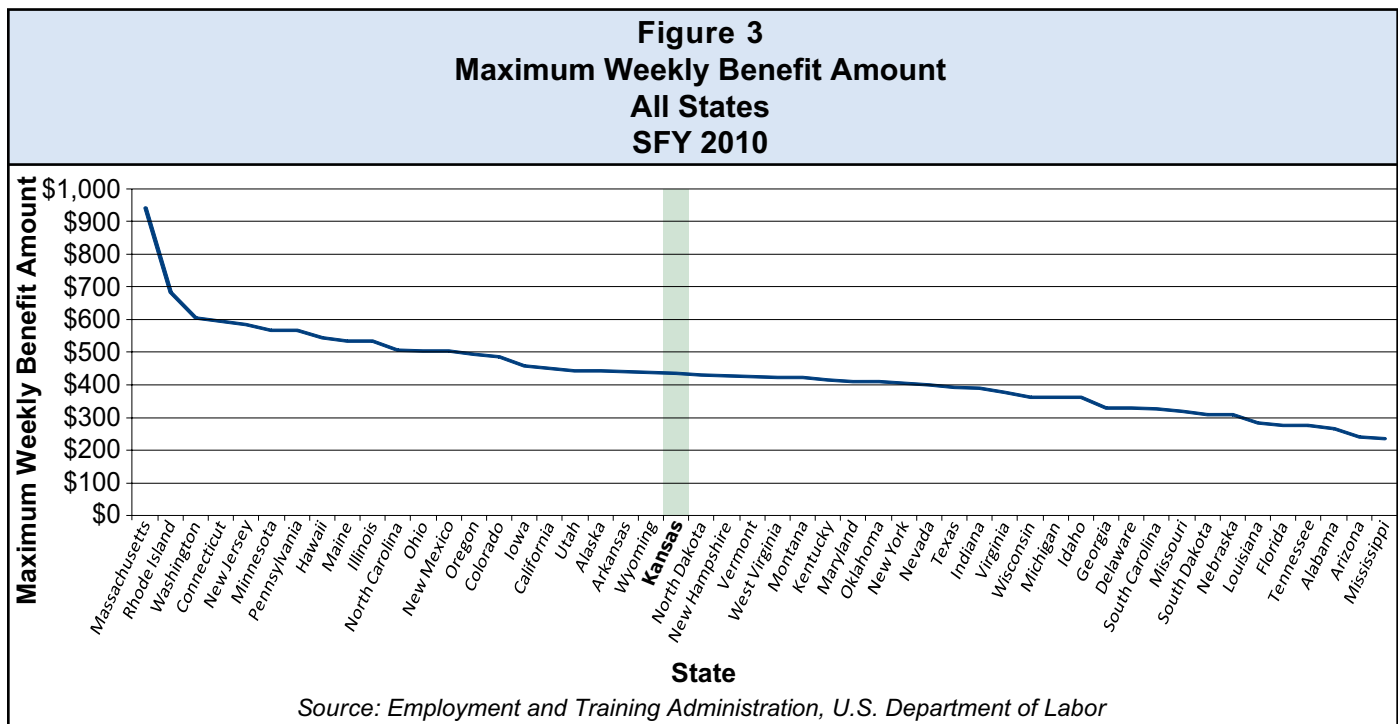
point in 1999, initial claims rose from less than 109,700 to more than 298,600 in 2009—an increase of 172.2 percent. Continued claims were also at a low level in 1999 at slightly more than 750,100 claims. Similar to initial claims, continued claims experienced a drastic 215.5 percent increase from 1999 to 2009, when continued claims reached almost 2.4 million.

The number of individuals receiving benefits payments, an indication of the number of individuals who have claimed unemployment benefits and received payment for those benefits in a given time period, also increased from 2008 through 2009. As a result of the national recession, almost 179,400 individuals in Kansas received benefit payments in 2009.

Weekly Benefit Amount

The weekly benefit amount (WBA) is the amount of unemployment insurance benefits that are paid to eligible recipients on a weekly basis. The WBA cannot be above a prescribed maximum, nor can it be below a prescribed minimum according to state law. In State Fiscal Year (SFY) 2010, the maximum WBA in Kansas was \$436 and the minimum WBA was \$109. Beginning in SFY 2011, Kansas’ maximum WBA decreased to \$435 and the minimum WBA decreased to \$108. This is the first time the WBA has declined in Kansas. The WBA fluctuates due to changes in the average weekly wage of Kansas workers, excluding the wages of those employees who work for the federal government and military.

Figure 3 compares the SFY 2010 maximum WBA in Kansas to the maximum WBA in the remaining states within the U.S. This comparison reveals that the maximum WBA in Kansas in SFY 2010 ranked 22nd among the 50 states in the nation.

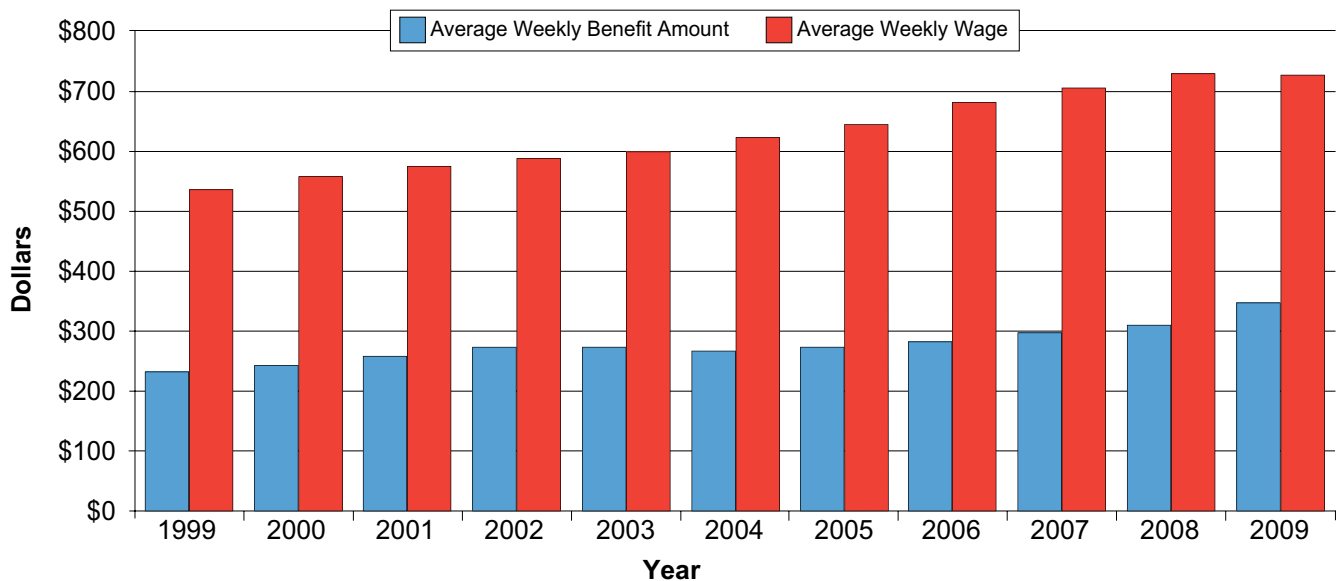




Unemployment Insurance

The average amount of unemployment insurance benefits that are paid to eligible recipients on a weekly basis is called the average WBA. In calendar year 2009, Kansas' average WBA was \$347.25. The average weekly wage during this same time was \$726.11¹. Figure 4 compares the average WBA for unemployment insurance benefits to the average weekly wage for Kansas workers from 1999 to 2009. Based on the ratio of the average WBA to the average weekly wage during this time period, unemployment insurance benefits in Kansas replaced 44.0 percent of total weekly wages on average.

Figure 4
Average Weekly Benefit Amount and Average Weekly Wage
Kansas
1999 - 2009



NOTE: Average weekly wage does not include employees of the federal government or military workers.
Source: Labor Market Information Services, Kansas Department of Labor

Trust Fund Balance

Unemployment insurance benefits are paid from the Unemployment Insurance Trust Fund. The Trust Fund is a special fund that consists of a clearing account, an Unemployment Insurance Trust Fund account and a benefit payment account. In general, these accounts include contributions from employers and interest earned. Contributions and interest represent revenue for the Trust Fund, while benefit payments represent expenditures. Together, these factors affect the overall balance of the Trust Fund. Figure 5 illustrates Kansas' month-ending Trust Fund balance from January 1994 to June 2010.

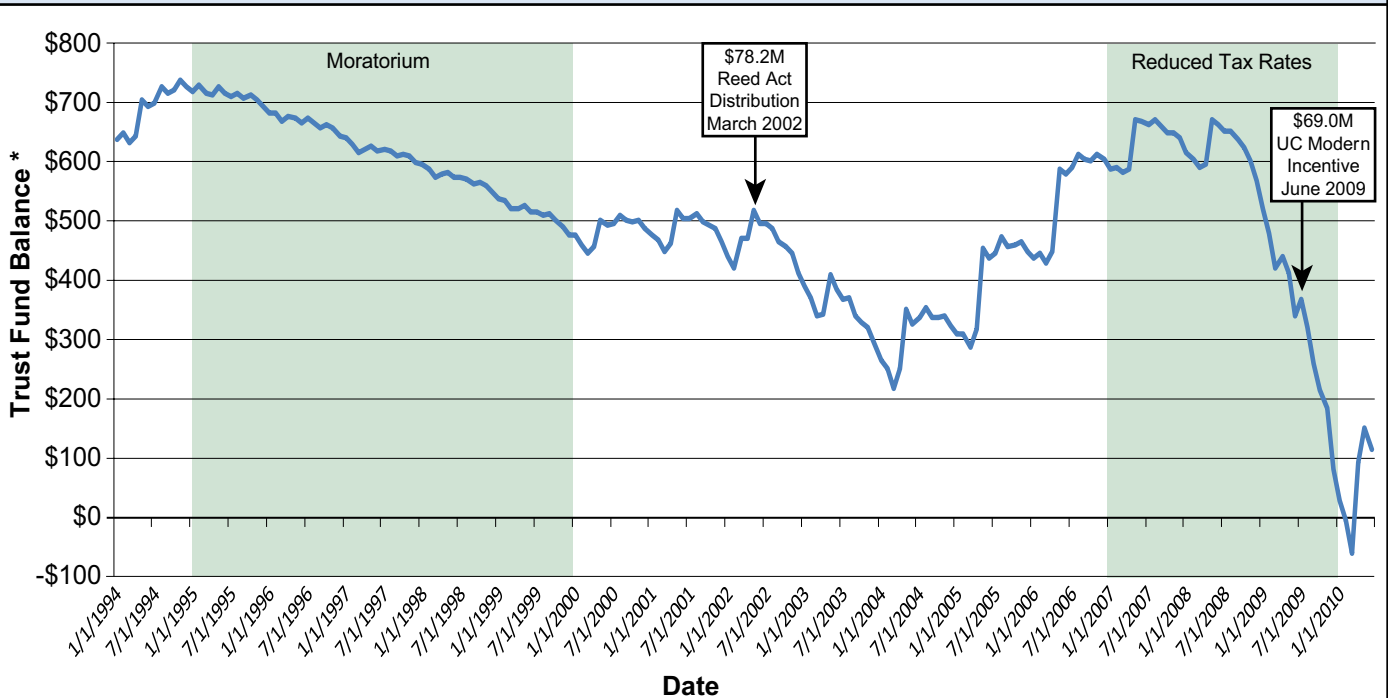
¹The average weekly wage of Kansas workers used to compute the WBA does not include employees of the federal government and military workers.



Unemployment Insurance

The large increase in initial claims, continued claims and benefit payments in 2009 clearly affected Kansas' Trust Fund. The balance in the Trust Fund decreased from \$520.9 million in January 2009 to \$28.8 million in January 2010—a 94.5 percent over-the-year decline. At the start of 2009, Kansas had the 19th healthiest Trust Fund of the 52 trust funds in the country. Due to the large influx of unemployed individuals drawing benefits from the account, the Trust Fund reached a zero balance in February 2010 and Kansas began obtaining advances from the federal government to pay unemployment insurance benefits. This is the first time in the history of Kansas' Unemployment Insurance Trust Fund that Kansas has had to obtain advances for such purposes. As of late July 2010, 35 states (including Kansas) had obtained advances from the federal government for the purpose of sustaining unemployment insurance benefits. The American Recovery and Reinvestment Act of 2009 waives any interest incurred by states for such advances through the end of 2010.

Figure 5
Trust Fund Balance
Kansas
1994 - 2010



*In millions.

NOTE: Trust fund balances for months ending February, March and April 2010 do not include advances received from the federal government.

Source: Labor Market Information Services, Kansas Department of Labor

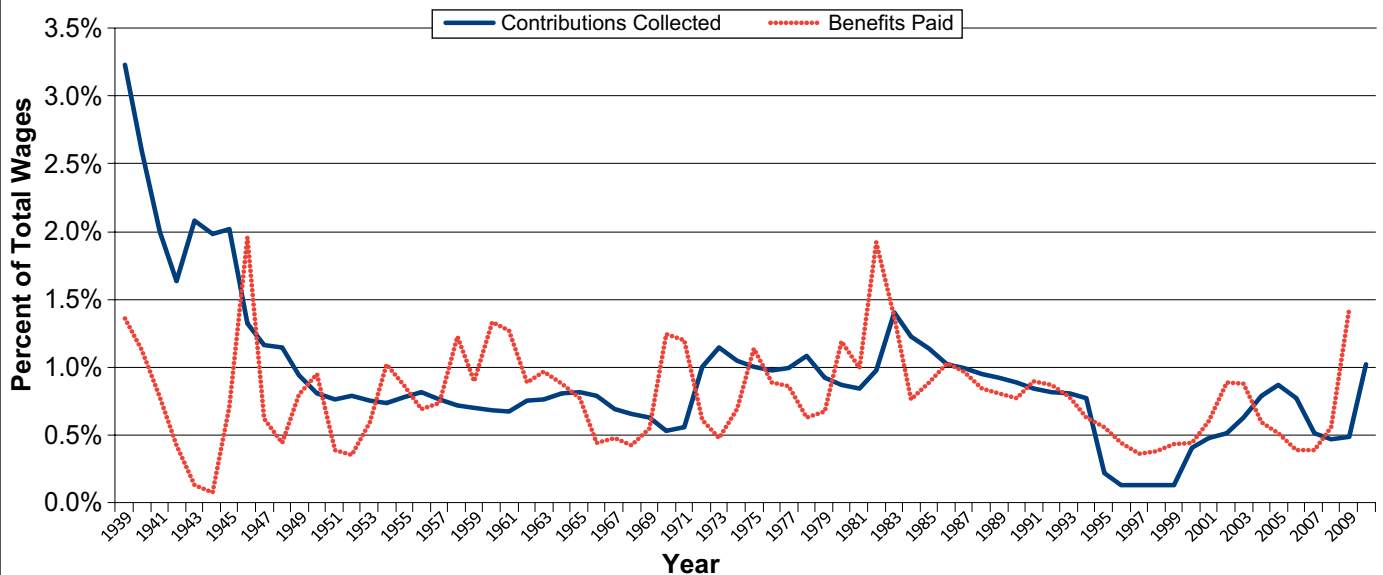


Unemployment Insurance

Each year, the tax rate that employers are assessed for unemployment insurance is recalculated based on several factors. Some of these factors include the Trust Fund balance, rate of unemployment insurance benefit payments and average annual payroll. The purpose of this is to help ensure that enough funds are contributed to the Trust Fund to cover the benefit payments that are withdrawn from the account. Figure 6 shows employer contributions and unemployment insurance benefits as a percentage of the total wages paid in Kansas. The contribution rate reflects the percent of total wages that employers must contribute to the Trust Fund in order to meet the planned yield for the year.

As Figure 6 reveals, the contribution rate in Kansas experienced large declines from the late 1930s to the early 1950s and have since fluctuated to a much smaller magnitude. Prior to 2010, the contribution rate in Kansas had not exceeded 1.0 percent since 1986, when employer contributions were equal to 1.02 percent of the total wages paid. This rate was equaled in 2010, however, due to the sharp increase in unemployment that resulted from the recent economic recession. The amount of employer contributions needed to meet the planned yield increased from 0.49 percent of total wages in 2009 to 1.02 percent of total wages in 2010.

Figure 6
Employer Contributions and Benefits Paid as Percent of Total Wages
Kansas
1939 - 2010



Note: Benefits rate for 2009 estimated by Labor Market Information Services, Kansas Department of Labor.
Benefits rate for 2010 is not available.

Source: Employment and Training Administration, U.S. Department of Labor;
Labor Market Information Services, Kansas Department of Labor

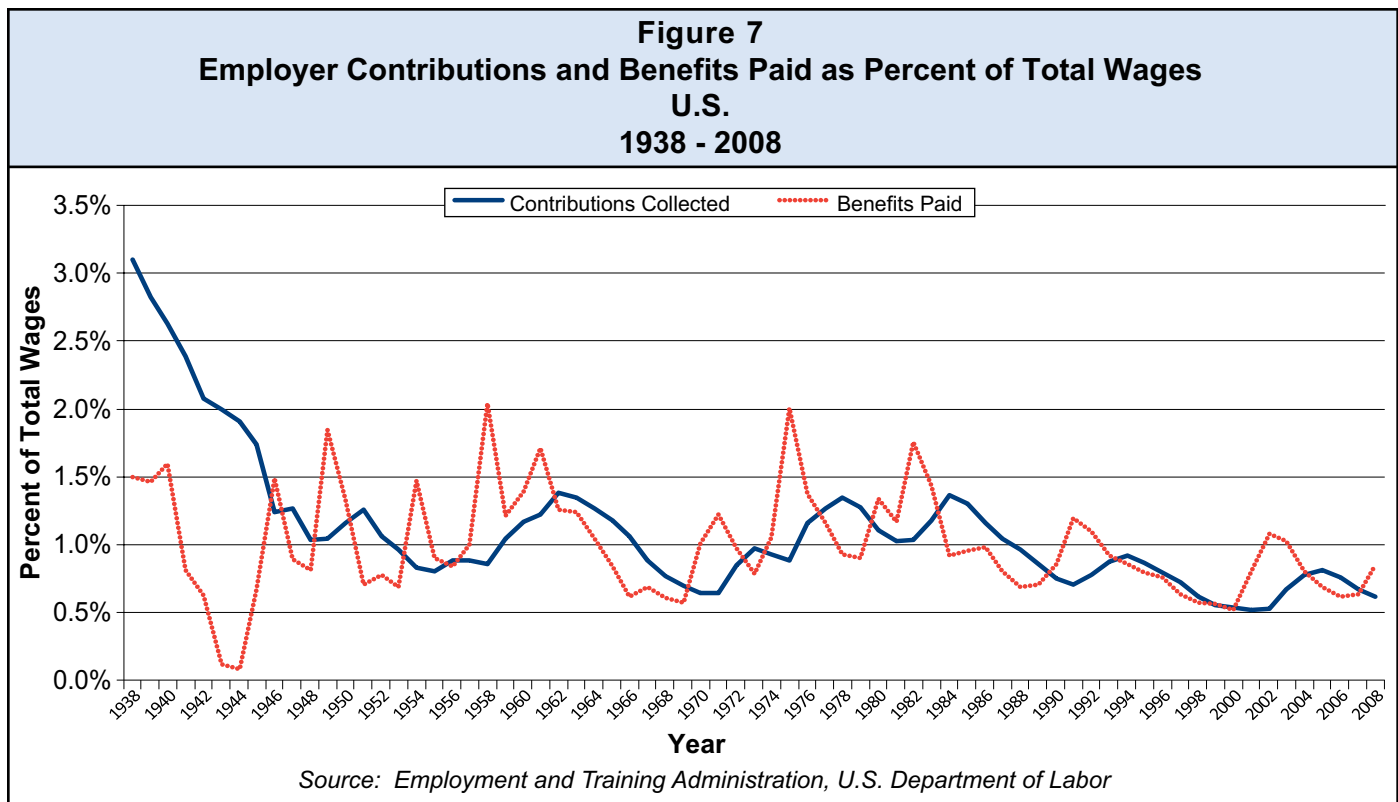


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Although the 2010 contribution rate was set at 1.02 percent of total wages in order to provide the necessary planned yield (\$406.9 million), employers are contributing at a reduced rate due to the enactment of 2010 House Bill 2676. This new law reduced the tax rates for employers in rate groups 1 through 32 and set these rates for tax years 2010 and 2011. It provided \$43.4 million in reduced contributions from nearly 38,800 employers in 2010.

Figure 6 also reveals the periods in which the rate of employer contributions was less than the rate at which unemployment insurance benefits were being paid. As shown, the rate at which employers contributed to Kansas' Trust Fund was less than the rate at which the State paid unemployment insurance benefits from 1995 through 2003. Although the contribution rate exceeded the benefit rate from 2004 through 2007, benefit payments surpassed employer contributions again in 2008.

Figure 7 shows employer contributions and unemployment insurance benefit payments as a percentage of total wages for the U.S. In general, the contribution rates for the U.S. and Kansas have demonstrated a similar trend from the late 1930s through 2008, although the U.S. contribution rate has shown less variability. Most recently, the benefit rate for the U.S. and Kansas have generally moved in the same direction as well. The U.S. contribution rate exceeded the benefit rate from 2005 through 2007, although the benefit rate surpassed the contribution rate in 2008, the most current year for which U.S. data is available.



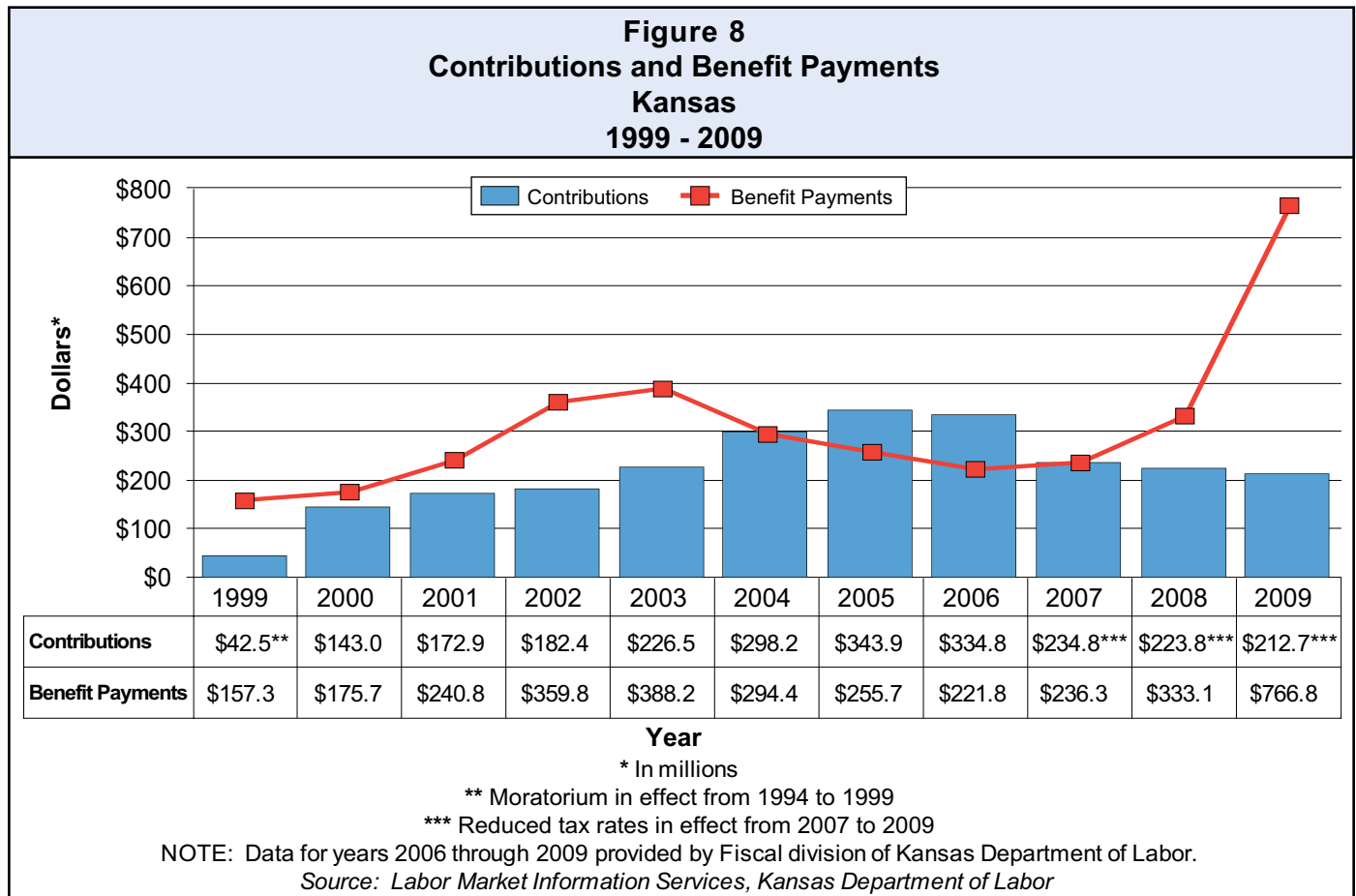


Unemployment Insurance

Contributions and Benefit Payments

Contributions and benefit payments are dollar amounts that ultimately influence the amount of money that is available in the State's Trust Fund for benefit payments. Contributions are payroll taxes that are levied on Kansas employers and are a source of income for financing the Trust Fund. Benefit payments are the total amount of unemployment insurance benefits paid to eligible claimants and are expenditures from the Trust Fund. Benefit payments are affected by such variables as initial claims, continued claims and the maximum WBA.

A historical depiction of the contributions and benefit payments in Kansas is shown in Figure 8. Contributions reached the highest amount within the most recent decade in 2005 and decreased every year thereafter. From 2007 to 2009, contribution rates were reduced in accordance with 2007 Senate Bill 83. During most of this time period, however, benefit payments were increasing. Employer contributions and benefit payments began to diverge in 2006 and reached their most opposing values in 2009. Due to the severe national recession, contributions in 2009 were \$212.7 million and benefit payments were \$766.8 million. This amount represents the highest level of benefit payments since the program's inception, rising more than 130.0 percent from 2008 to 2009.



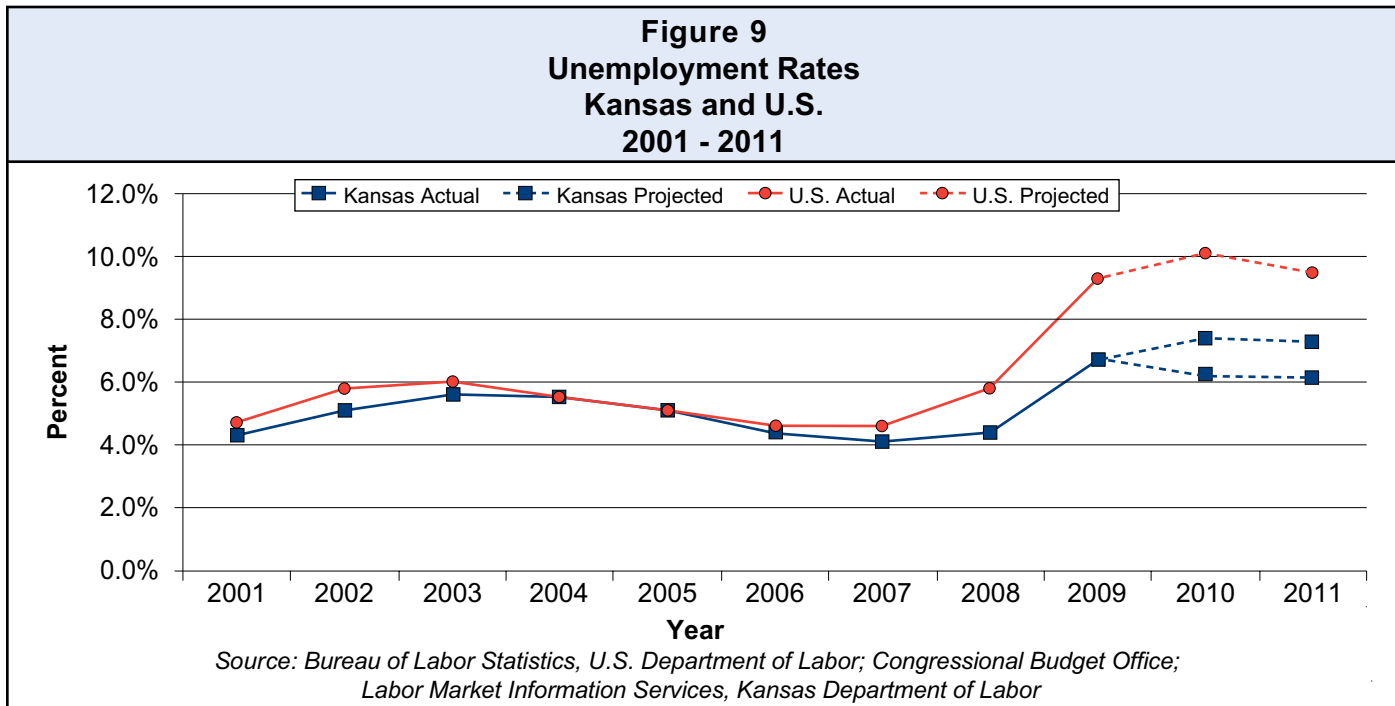


Unemployment Rate and Labor Force

Unemployment Rate

In 2009, Kansas reported an average annual unemployment rate of 6.7 percent—a rate much higher than the State experienced in 2008 (4.4 percent), but still considerably lower than the 2009 national rate of 9.3 percent. These rates are a continuation of the upward trend that had been exhibited the previous year. Much like the change in non-farm employment, the unemployment rate in Kansas and the U.S. in 2009 was much higher than the unemployment rate recorded in any year within the prior decade. The 2009 unemployment rate in Kansas represented an over-the-year increase of 2.3 percentage points, while the national unemployment rate represented a 3.5 percentage point increase. Figure 9 compares the unemployment rate in Kansas to the national unemployment rate in the previous nine years as well as the projected unemployment rates in the next two years.

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



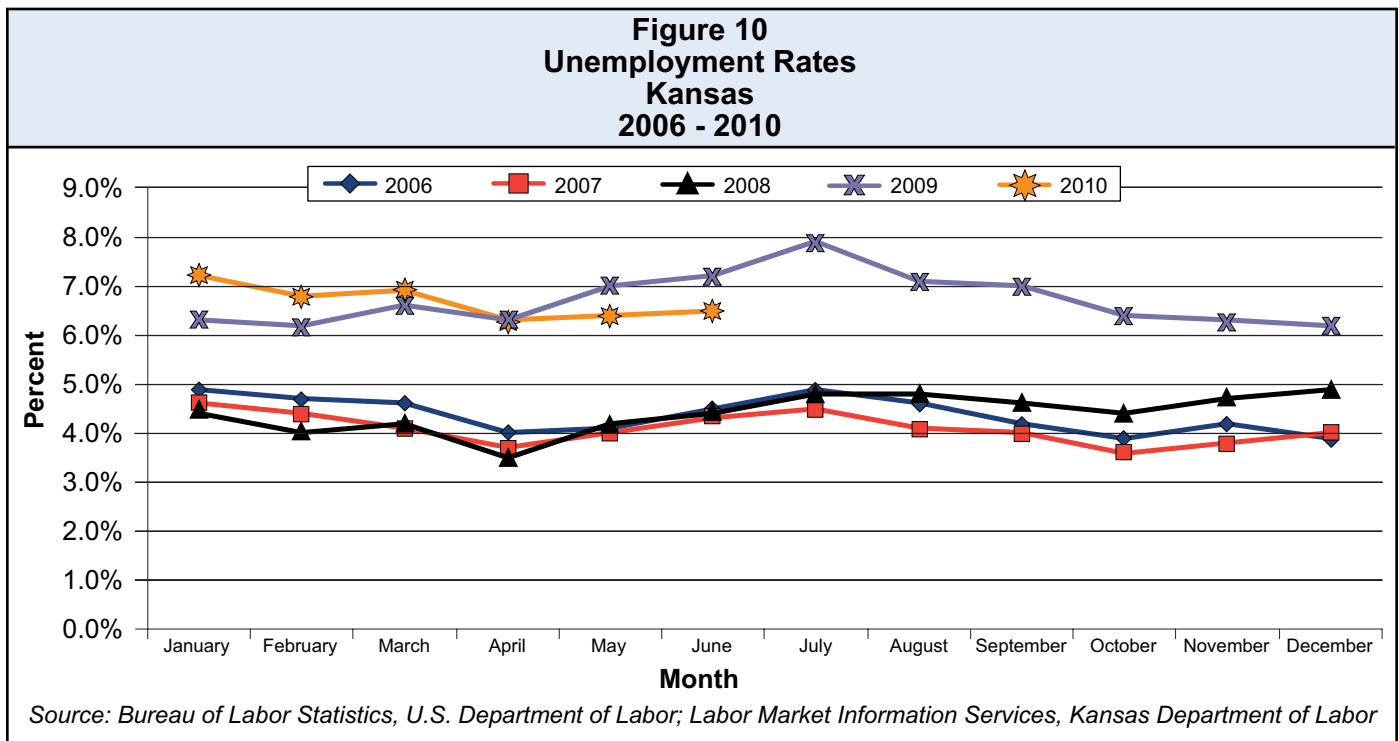
According to labor market projections, the unemployment rate in Kansas is expected to reach somewhere between 6.2 percent and 7.4 percent in 2010 and between 6.1 percent and 7.3 percent in 2011. This range of values allows for the uncertainty of the speed of the recovery. During this same time period, the national unemployment rate is projected to reach 10.1 percent (in 2010) and 9.5 percent (in 2011).

Figure 10 displays the unemployment rate in Kansas on a monthly basis for the most recent five-year period. This figure illustrates the sudden and dramatic increase in unemployment that was experienced in 2009 and continued into the early part of 2010. The unemployment rates in each of the three months in the first quarter



Unemployment Rate and Labor Force

of 2010 were above the rates experienced in the same period of 2009, while the unemployment rates in each of the three months of the second quarter of 2010 were equal to or lower than the rates experienced in the same period of 2009. To date, the month with the highest unemployment rate within recent Kansas history was July 2009 when unemployment reached 7.9 percent.



Labor Force and Labor Force Participation Rate

The labor force is the total number of people available for work—those who are employed as well as those who are unemployed and are actively seeking work. The number of people in the labor force increased from approximately 1,493,746 people in 2008 to 1,518,921 people in 2009, a 1.7 percent increase. At the same time, employment decreased 0.8 percent. When the labor force increases at a higher rate than employment, the unemployment rate rises. Such was the case in 2009. This reflected a weakened demand for workers by Kansas businesses as the economy was in a recession.

The total number of people in the labor force in Kansas has increased every year since 2001. The growth rate of Kansas' labor force reached a peak of 1.7 percent in 2009—a growth rate higher than that of any of the preceding 11 years. This is a much stronger increase than that of the nation, where the labor force decreased 0.1 percent in 2009 as reflected in Figure 11.

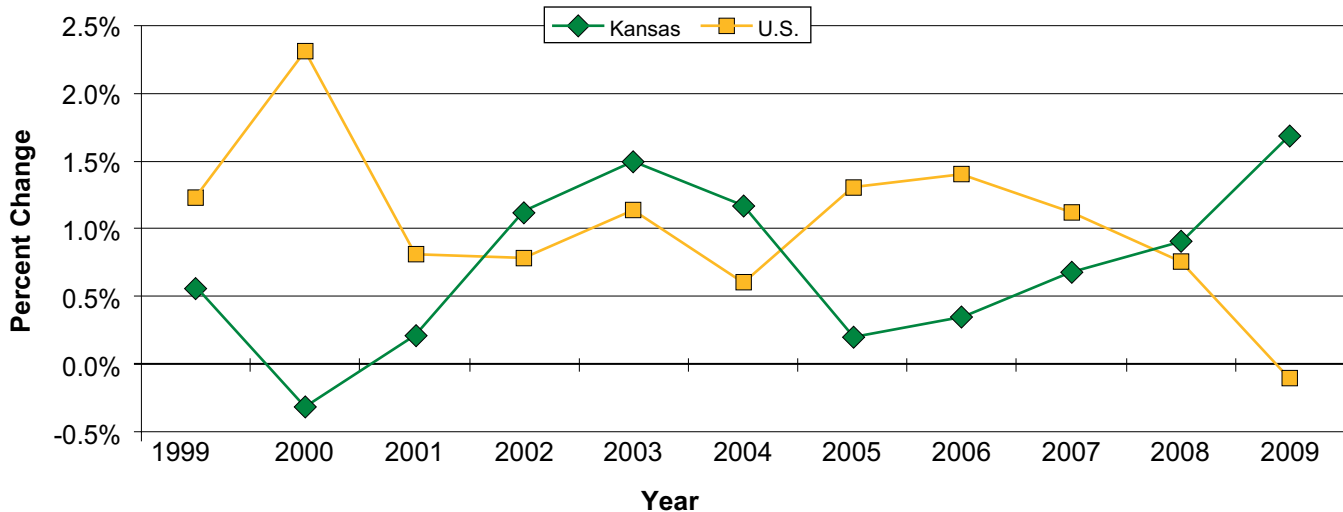
The over-the-year growth of the Kansas labor force can be attributed to the expansion of several age groups. Despite being in a recessionary period, the number of individuals in the Kansas labor force between the ages of 20 to 34 and 45 and older increased from 2008 to 2009. The most significant growth rate was among



Unemployment Rate and Labor Force

individuals in the labor force over 65 years of age, followed by individuals between the ages of 45 and 54. These age groups experienced over-the-year growth of 7.1 percent and 6.7 percent respectively. Also notable, the number of individuals ages 45 to 54 years and 55 to 64 years in the Kansas labor force were the only two age groups to increase in both years of the most recent recession (2008 and 2009).

Figure 11
Percent Change in Labor Force
Kansas and U.S.
1999 - 2009



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

From 1999 to 2009, the Kansas labor force expanded nearly 7.8 percent, while the U.S. labor force grew 10.6 percent. The different growth rates for the U.S. and Kansas may be partially explained by lower population growth in Kansas. According to estimates based on the 2000 Census, the population in Kansas grew 4.7 percent from 2000 to 2009, while the U.S. recorded an 8.8 percent increase in population during this same time period.

An important consideration in regard to the labor force is the labor force participation rate. This rate provides an indication of the percentage of all individuals above the age of 16, non-institutionalized and civilian, who participate in the labor force. As Figure 12 shows, the labor force participation rate in Kansas has been consistently higher than the national average. In 2009, the labor force participation rate in Kansas was 71.3 percent, much higher than the national rate of 65.4 percent.

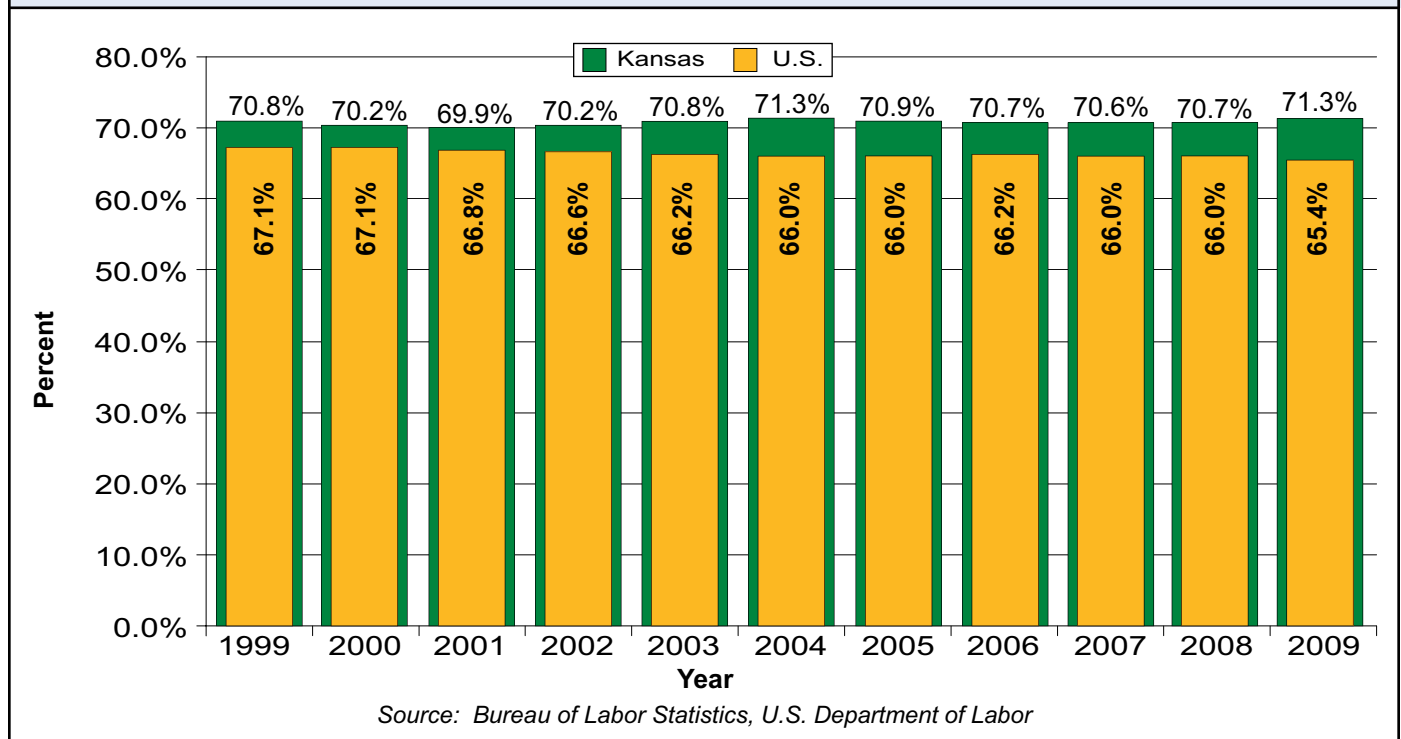
The high participation rate means that more than 71.0 percent of Kansas' population over the age of 16 is either working or looking for work. With this high of a percentage of the population participating in the labor force, additional demand for workers may not be met by simply recruiting more workers from the



Unemployment Rate and Labor Force

existing Kansas population. This factor will be particularly relevant as the “baby boomer” generation begins to retire in the coming years. Increasing productivity and population are some options that may be necessary to meet future demands for workers in Kansas. Approximately 235,000 individuals, or 15.3 percent of the civilian labor force, will be eligible for retirement in the next 10 years. This excludes the 75,000 individuals who are 65 and over and are currently a part of the labor force.

Figure 12
Labor Force Participation Rate
Kansas and U.S.
1999 - 2009



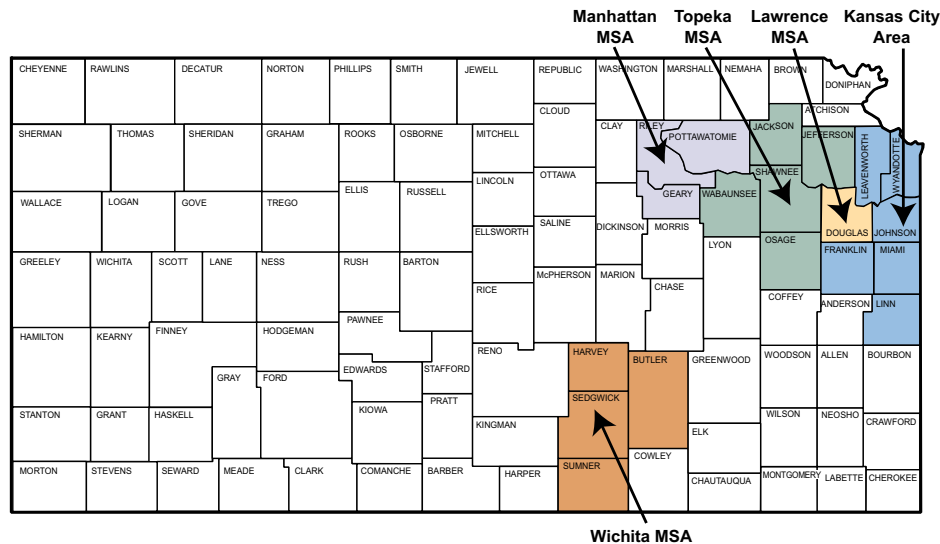
A comparison of labor force participation rates by age groups revealed that larger proportions of Kansans were working or actively seeking work than people in similar age groups nationally across all age categories. For instance, in 2009 the labor force participation rate of 16 to 19 year olds in Kansas was 50.0 percent compared to 37.5 percent nationally. This was the largest gap in participation rates of any of the major age categories. The second largest disparity in labor force participation rates was among 20 to 24 year olds. Approximately 80.7 percent of Kansans in this age group were working or actively seeking work, while the same was true of just 72.9 percent of young adults nationally. The Kansas and U.S. participation rates were most divergent at both ends of the age spectrum (16 to 24 years old and 55 years old and over).



Unemployment Rate and Labor Force

Spotlight on Kansas MSAs

Kansas is divided into five Metropolitan Statistical Areas (MSAs) and the Balance of State. The five Kansas MSAs consist of the Kansas City, Lawrence, Manhattan, Topeka and Wichita areas. The remaining areas of the state are accounted for in the Balance of State.



For each of the MSAs in Kansas, Table 2 displays the labor force and Figure 13 displays the unemployment rate. The labor force has generally demonstrated an upward trend among most of the MSAs over the past 11 years, and demonstrated an over-the-year increase among all MSAs in 2009. Meanwhile, the unemployment rate recorded in each of the five Kansas MSAs reached an 11-year high in 2009.

**Table 2
Labor Force by MSA*
Kansas
1999 - 2009**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Statewide	1,409.6	1,405.1	1,408.1	1,424.1	1,445.4	1,462.3	1,465.1	1,470.2	1,480.2	1,493.7	1,518.9
Kansas City**	402.4	401.7	405.0	408.9	420.7	427.3	432.6	432.3	437.2	438.5	443.5
Lawrence	55.0	58.5	59.3	59.7	61.7	63.1	63.2	62.7	62.0	61.5	62.8
Manhattan	51.1	51.4	51.1	51.5	53.4	55.2	55.9	57.6	62.8	61.5	62.8
Topeka	120.8	120.4	121.5	123.8	124.2	125.1	123.5	119.6	119.8	120.7	122.7
Wichita	299.6	299.1	301.7	305.1	303.0	305.2	307.2	307.8	312.2	316.1	319.7
Balance of State	480.7	474.0	469.5	475.1	482.4	486.4	482.7	490.2	486.2	495.4	507.4

* In thousands

** Kansas City Area includes Kansas portion of Kansas City MSA

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



Unemployment Rate and Labor Force

Kansas City Area

The Kansas City Area includes the Kansas portion of the Kansas City MSA. It is composed of Franklin, Johnson, Leavenworth, Linn, Miami and Wyandotte counties. In 2009, the labor force in the Kansas City Area, which includes employed and unemployed individuals, reported a growth rate of 1.1 percent. Employment declined by almost 4,700 individuals over-the-year and unemployment rose by more than 9,600 individuals. From 1999 to 2009, the Kansas City Area labor force grew 10.2 percent while employment increased 5.7 percent and the unemployment rate increased from 3.2 percent to 7.2 percent.

Lawrence MSA

Douglas County is the only county in the Lawrence MSA. The labor force in this MSA increased 2.2 percent from 2008 to 2009. During this same time, employment increased by more than 300 individuals over-the-year and unemployment rose by more than 1,000 individuals. From 1999 to 2009, the labor force grew 14.1 percent while employment increased 12.1 percent and the unemployment rate increased from 3.8 percent to 5.5 percent.

Manhattan MSA

The Manhattan MSA is comprised of Geary, Pottawatomie and Riley counties. In 2009, the labor force in the Manhattan MSA reported a growth rate of 2.2 percent. Employment increased by almost 400 individuals over-the-year and unemployment rose by almost 1,000 individuals. From 1999 to 2009, the Manhattan MSA experienced the largest labor force growth of any of the Kansas MSAs, adding just more than 11,700 people—a 22.9 percent increase. Employment increased 21.4 percent and the unemployment rate increased from 3.9 percent to 5.1 percent during this same 11-year span.

Topeka MSA

The Topeka MSA consists of Jackson, Jefferson, Osage, Shawnee and Wabaunsee counties. In 2009, the labor force in this MSA increased 1.7 percent. Meanwhile, employment declined by almost 200 individuals over-the-year and unemployment rose by more than 2,200 individuals. From 1999 to 2009, the labor force increased 1.6 percent, employment decreased 1.6 percent and the unemployment rate increased from 3.7 percent to 6.7 percent. This 11-year labor force growth rate is the smallest growth rate of any of the Kansas MSAs. The Topeka MSA is also the only Kansas MSA to experience a decline in employment from 1999 to 2009.

Wichita MSA

The Wichita MSA includes Butler, Harvey, Sedgwick and Sumner counties. The Wichita MSA experienced a 1.1 percent increase in its labor force from 2008 to 2009. During this same period, employment declined by almost 8,700 individuals over-the-year and unemployment rose by more than 12,200 individuals. From 1998 to 2008, the Wichita MSA labor force reported a gain of 6.7 percent while employment rose 2.0 percent and the unemployment rate rose from 3.9 percent to 8.1 percent. The Wichita MSA's 2009 unemployment rate of 8.1 percent was the highest rate of any of the Kansas MSAs.



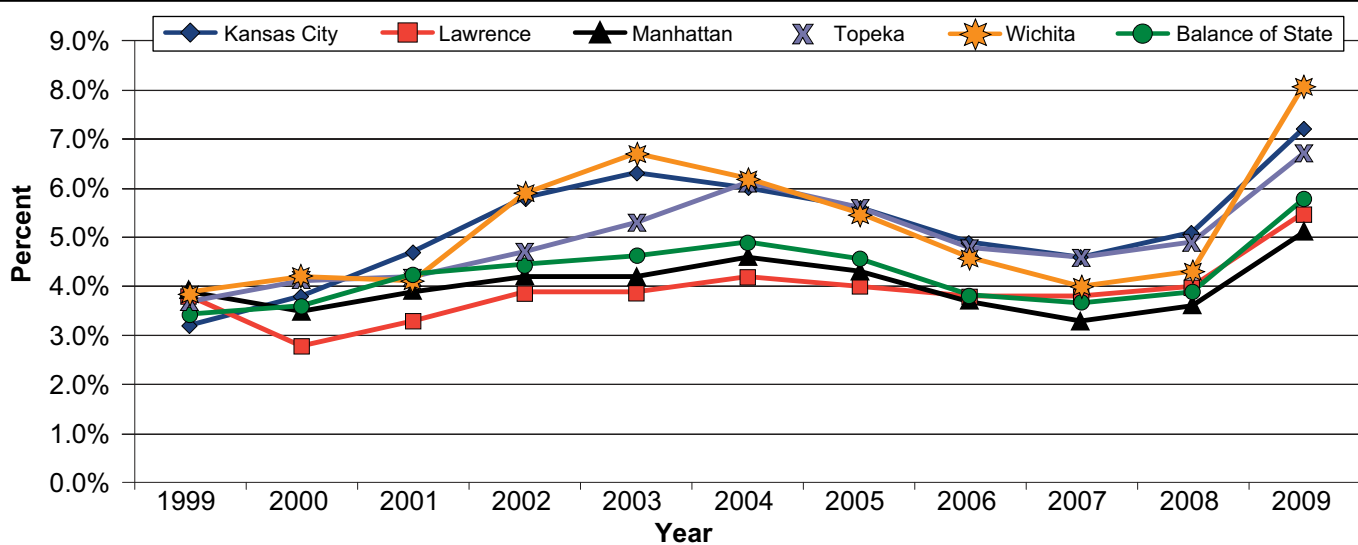
Unemployment Rate and Labor Force

Balance of State

The Balance of State contains the 86 counties not included in the MSAs. In 2009, the labor force for this area increased 2.4 percent. Employment increased by more than 1,800 individuals over-the-year and unemployment rose by more than 10,000 individuals. From 1999 to 2009, the Balance of State labor force increased 5.6 percent, employment increased 3.0 percent and the unemployment rate increased from 3.4 percent to 5.8 percent.

Of the 86 counties included in the Balance of State, Kiowa County accounted for the largest labor force growth from 2008 to 2009, increasing 9.9 percent. Wallace County and Brown County also experienced large labor force growth at 9.0 and 8.9 percent respectively. The 2009 annual civilian labor force in Kiowa County was 1,570 individuals, 922 individuals in Wallace County and 6,030 individuals in Brown County.

Figure 13
Unemployment Rate by MSA
Kansas
1999 - 2009



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



Job Vacancies

Based on May unemployment levels and preliminary job openings data from the Bureau of Labor Statistics, there are approximately 4.5 job seekers for every job opening nationally. In Kansas, there are approximately 3.0 job seekers for every job opening^②. Because there are more job seekers than there are job vacancies, this data indicates the labor market is soft both nationally and in Kansas. Furthermore, this data suggests the labor market in Kansas is less soft than the labor market in the U.S.

A comparison of the number of unemployed individuals to the number of vacant jobs indicates the tightness of an area's labor market. Moreover, 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.



2010 Kansas 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 current survey was conducted in the second quarter of 2010. It will be released in the fall of 2010.

The statewide job vacancy rate in 2010 was 2.3 percent, which indicates that for every 100 positions in Kansas, 2.3 positions were vacant and 97.7 positions were filled. According to these results, there is a higher demand for workers now than in the previous year. In the second quarter of 2010, there were approximately 32,091 job vacancies in the State—an increase from the 25,781 job vacancies recorded in the second quarter of the previous year.

The top five occupations in Kansas with the most vacancies are shown in Figure 14 along with the average hourly minimum wage offer for each position^③. The top five most vacant jobs in Kansas accounted for nearly 19.0 percent of all job vacancies in the State. The increased demand for skilled workers in the health care industry continued to be evident, as both registered nurses and nursing assistants were among the top five most vacant occupations.

Figure 15 reveals that the average hourly minimum wage offered by employers steadily increases with the educational requirements of the position. Occupations requiring an advanced degree, such as a master's or doctorate, were offered the highest average minimum wage at \$35.62 per hour. The results of the *2010 Job Vacancy Survey* also indicated that 47.6 percent of openings that required an advanced degree were open for 30 days or less—a dramatic increase from 2009, when 30.6 percent of job vacancies that required an advanced degree were open for 30 days or less. The percentage of job vacancies that required an advanced degree and were open for 30 days or less was only 11.0 percent in 2008. This suggests that the recent economic recession has increased the labor supply thereby allowing vacant positions to be filled more quickly.

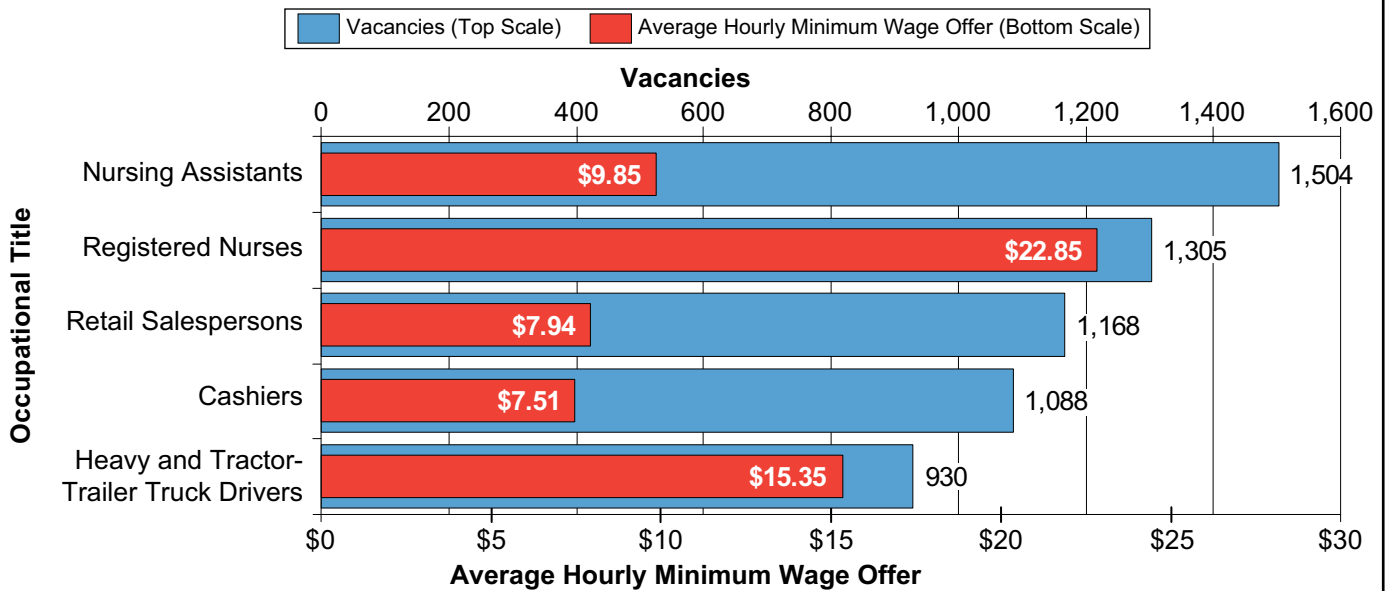
^②The number of job openings in Kansas was estimated using the *2010 Kansas Job Vacancy Survey*. Unemployment levels were computed by Labor Market Information Services using data from the Local Area Unemployment Statistics (LAUS) program, including preliminary unemployment levels in June 2010.

^③Figure 14 includes only those positions for which hourly wages can be computed. The occupations for which hourly wages cannot be computed were excluded; i.e. teachers and coaches paid on an annual basis.



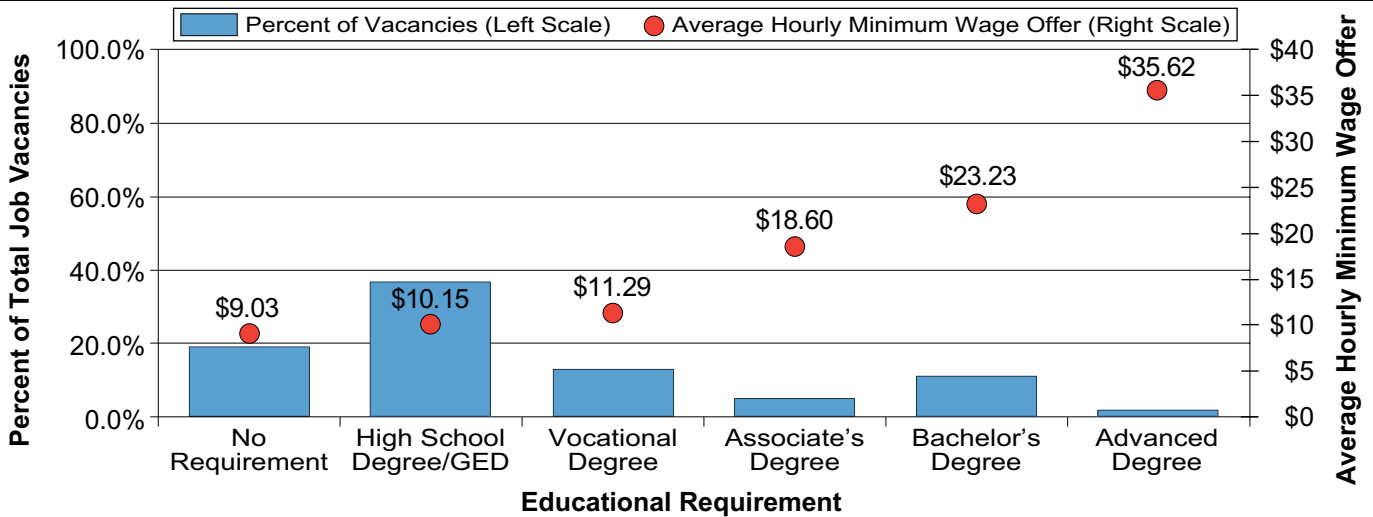
Job Vacancies

Figure 14
Top Five Most Vacant Occupations
Kansas
2010



Source: Labor Market Information Services, Kansas Department of Labor

Figure 15
Job Vacancies by Educational Requirement
Kansas
2010



Source: Labor Market Information Services, Kansas Department of Labor



Occupational Outlook

2008 - 2018 Occupational Outlook

The Kansas Department of Labor is preparing to release the 2008 – 2018 Kansas Occupational Outlook report. In this report, the agency uses employment information for 2008 as the base year and projects future occupational demands through the year 2018.

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

Table 3 displays the total employment in the base year (2008), the projected employment in 2018 as well as the absolute and percentage changes for the major industry sectors in Kansas. According to this data, the

Table 3 Industry Projections Kansas 2008 - 2018					
Industry	2008	2018	Change		
			Absolute (2008 - 2018)	Percent (2008 - 2018)	Percent (Annual Avg.)
<i>Total Employment, All Jobs</i>	1,504,100	1,651,820	147,720	9.8%	0.9%
Health Care and Social Assistance	175,550	213,180	37,630	21.4%	2.0%
Educational Services	153,630	179,540	25,910	16.9%	1.6%
Professional, Scientific and Technical Services	61,970	81,450	19,480	31.4%	2.8%
Administrative and Support and Waste Management and Remediation Services	74,750	92,730	17,980	24.1%	2.2%
Accommodation and Food Services	102,680	110,620	7,940	7.7%	0.7%
Finance and Insurance	58,500	65,440	6,940	11.9%	1.1%
Construction	65,190	71,710	6,520	10.0%	1.0%
Government	108,300	113,980	5,680	5.2%	0.5%
Transportation and Warehousing	46,330	51,980	5,650	12.2%	1.2%
Other Services (Except Government)	56,820	61,670	4,850	8.5%	0.8%
Wholesale Trade	62,990	66,800	3,810	6.0%	0.6%
Arts, Entertainment and Recreation	13,360	15,160	1,800	13.5%	1.3%
Agriculture, Forestry, Fishing and Hunting	9,570	11,290	1,720	18.0%	1.7%
Management of Companies and Enterprises	13,730	15,290	1,560	11.4%	1.1%
Real Estate and Rental and Leasing	15,050	16,100	1,050	7.0%	0.7%
Information	38,880	39,890	1,010	2.6%	0.3%
Retail Trade	147,370	148,040	670	0.5%	0.0%
Utilities	7,570	7,660	90	1.2%	0.1%
Mining	9,850	8,440	-1,410	-14.3%	-1.5%
Manufacturing	186,820	181,320	-5,500	-2.9%	-0.3%
Total Self-Employed and Unpaid Family Workers, Primary Job	95,180	99,550	4,370	4.6%	0.4%

NOTE: Numbers may not add due to rounding
Source: Labor Market Information Services, Kansas Department of Labor



Occupational Outlook

total employment in Kansas is projected to increase at an annual average growth rate of 0.9 percent—or a total growth rate of 9.8 percent—from 2008 to 2018. The health care and social assistance industry sector is projected to grow the most, adding approximately 37,630 jobs, for an annual average growth rate of 2.0 percent. The professional, scientific and technical services industry sector is projected to grow the fastest, increasing by 19,480 jobs, or 31.4 percent, from 2008 to 2018. This is equivalent to a 2.8 percent annual average growth rate.



Occupational Outlook

The 2008 – 2018 Kansas Occupational Outlook also identifies projected growth within specific occupations and all major occupational groups. Table 4 shows the projections for each of the major occupational groups in Kansas. Office and administrative support occupations are projected to grow the most, adding 19,660 jobs from 2008 to 2018 while healthcare support occupations are projected to grow the fastest, increasing 25.2 percent by 2018—an annual average growth rate of 2.3 percent.

**Table 4
Occupational Projections
Kansas
2008 - 2018**

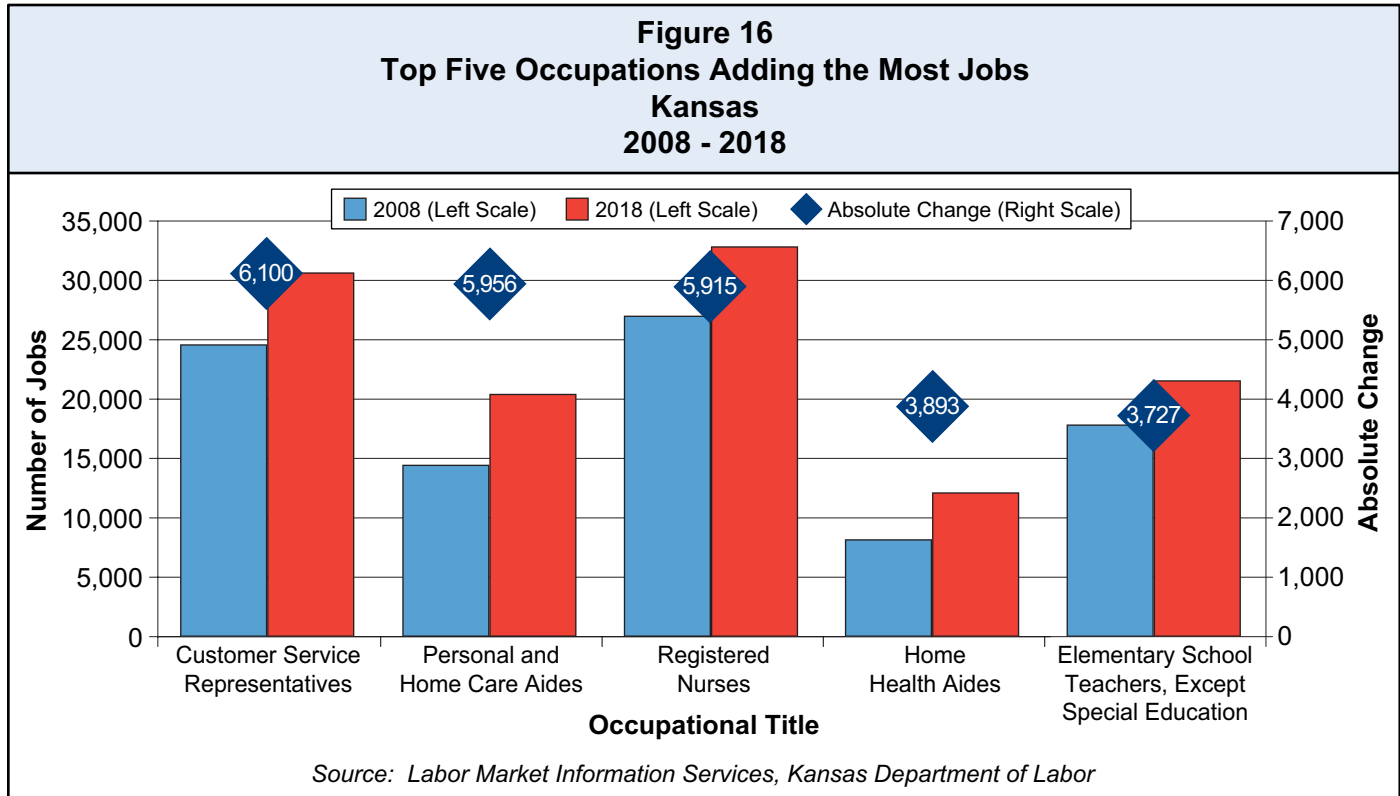
Occupational Group	2008	2018	Change		
			Absolute (2008 - 2018)	Percent (2008 - 2018)	Percent (Annual Avg.)
<i>Total, All Occupations</i>	1,504,100	1,651,820	147,720	9.8%	0.9%
Office and Administrative Support Occupations	234,000	253,660	19,660	8.4%	0.8%
Education, Training, and Library Occupations	104,640	123,410	18,770	17.9%	1.7%
Healthcare Practitioners and Technical Occupations	75,720	90,710	14,990	19.8%	1.8%
Healthcare Support Occupations	42,870	53,660	10,790	25.2%	2.3%
Food Preparation and Serving Related Occupations	116,620	127,150	10,530	9.0%	0.9%
Business and Financial Operations Occupations	62,690	72,600	9,910	15.8%	1.5%
Personal Care and Service Occupations	49,770	59,520	9,750	19.6%	1.8%
Sales and Related Occupations	151,630	159,470	7,840	5.2%	0.5%
Computer and Mathematical Occupations	33,160	39,400	6,240	18.8%	1.7%
Building and Grounds Cleaning and Maintenance Occupations	52,810	57,850	5,040	9.5%	0.9%
Transportation and Material Moving Occupations	98,320	103,200	4,880	5.0%	0.5%
Installation, Maintenance, and Repair Occupations	63,970	68,680	4,710	7.4%	0.7%
Management Occupations	80,070	84,570	4,500	5.6%	0.5%
Construction and Extraction Occupations	81,050	85,460	4,410	5.4%	0.5%
Protective Service Occupations	27,730	30,740	3,010	10.9%	1.0%
Arts, Design, Entertainment, Sports, and Media Occupations	23,690	26,530	2,840	12.0%	1.1%
Community and Social Services Occupations	18,140	20,960	2,820	15.5%	1.5%
Architecture and Engineering Occupations	29,410	32,140	2,730	9.3%	0.9%
Life, Physical, and Social Science Occupations	12,960	15,390	2,430	18.8%	1.7%
Legal Occupations	9,440	10,710	1,270	13.5%	1.3%
Farming, Fishing, and Forestry Occupations	7,710	8,700	990	12.8%	1.2%
Production Occupations	127,690	127,330	-360	-0.3%	0.0%

NOTE: The total for all occupations and subtotals within each occupational group include self-employed and unpaid family workers.
Source: Labor Market Information Services, Kansas Department of Labor



Occupational Outlook

The top five occupations in Kansas that are projected to add the most jobs by 2018 are displayed in Figure 16. Of these occupations, customer service representatives are anticipated to increase the most, adding 6,100 jobs—an annual average growth rate of 2.2 percent. The three subsequent occupations are related to health care. Personal and home care aides, registered nurses and home health aides are projected to add 5,956, 5,915 and 3,893 jobs respectively.



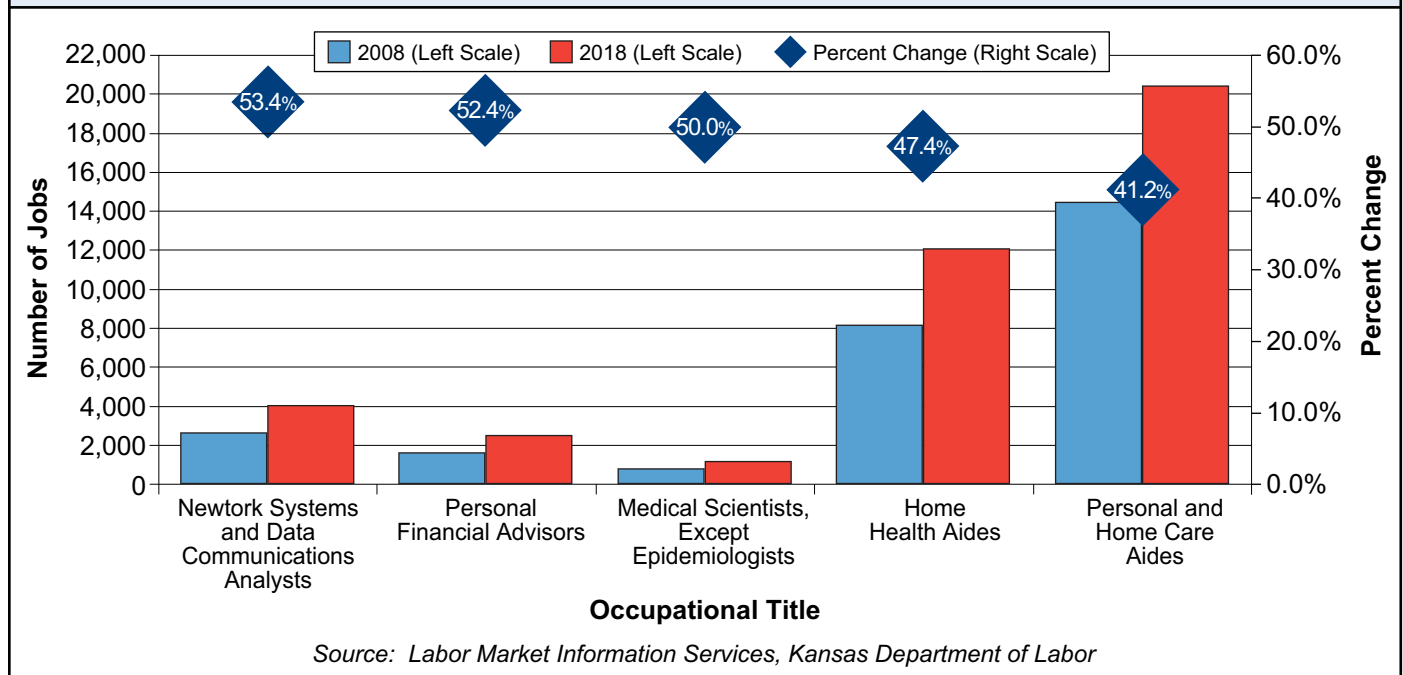


Occupational Outlook

Kansas' fastest growing occupations are also projected in the *2008 – 2018 Kansas Occupational Outlook*. These are occupations projected to have 1,000 or more jobs by 2018 and a percentage change in employment from 2008 that is at least two times the average change for all occupations. Figure 17 illustrates the top five occupations in Kansas that are projected to grow the fastest. Of these, network systems and data communications analysts are projected to be the fastest growing occupation, increasing 53.4 percent by 2018—an annual average growth rate of 4.4 percent.

Home health aides and personal and home care aides are occupations that appeared among the top five occupations projected to add the most jobs and also among the top five occupations projected to increase the fastest by 2018. The number of home health aides is projected to increase 47.4 percent by 2018 while the number of personal and home care aides is projected to grow 41.2 percent.

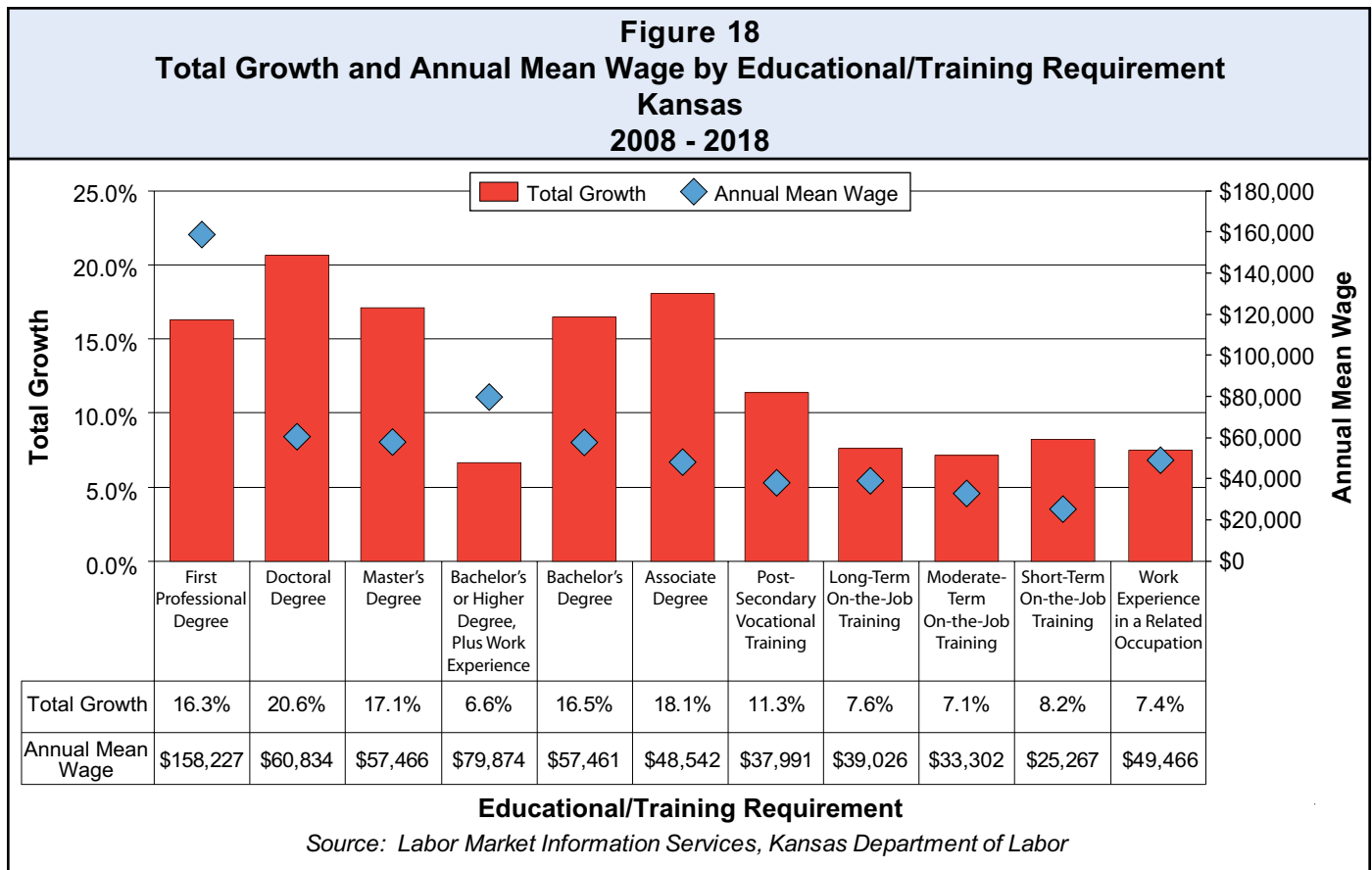
Figure 17
Top Five Fastest Growing Occupations
Kansas
2008 - 2018





Occupational Outlook

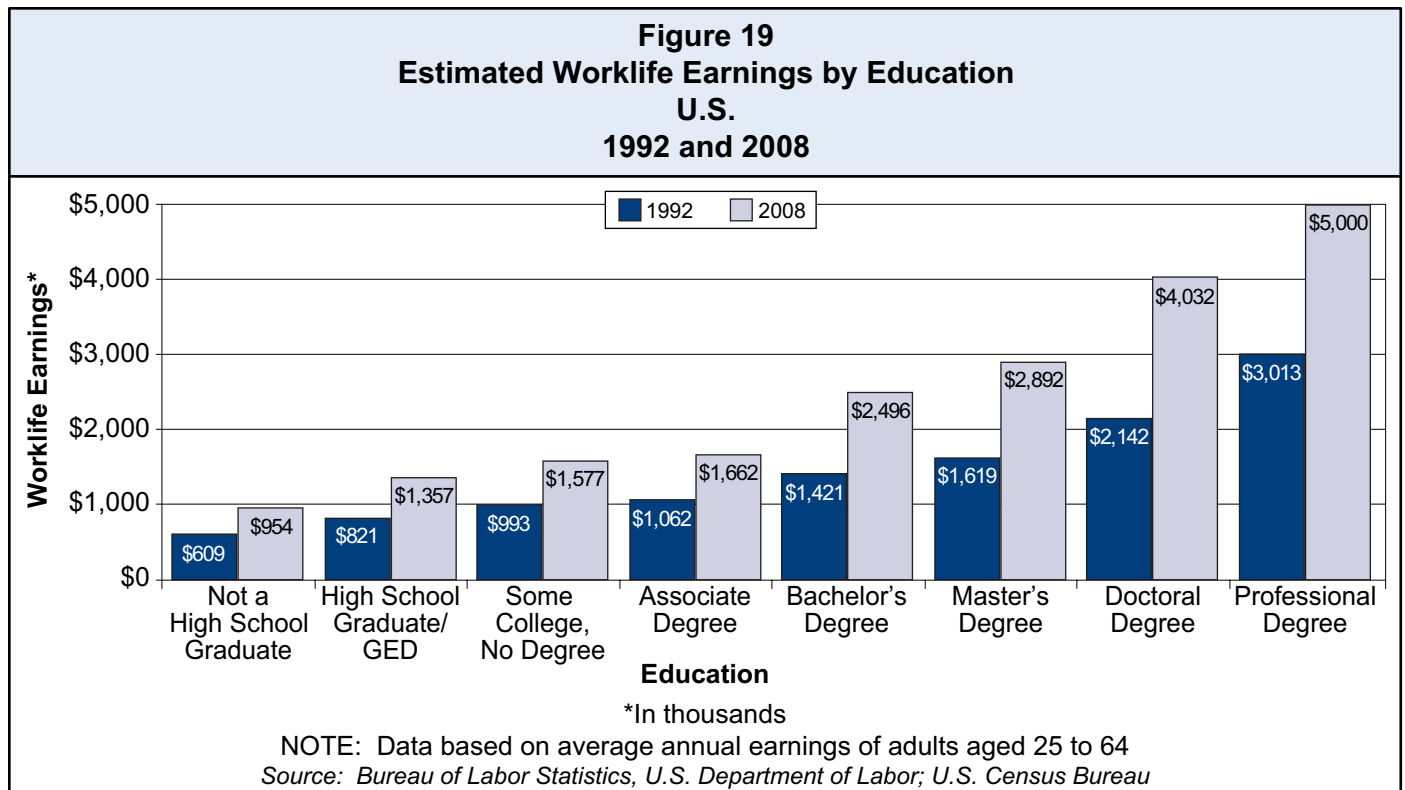
Figure 18 illustrates the total growth of all occupations in Kansas from 2008 to 2018 and annual mean wages by educational and training requirement. This figure shows that the largest growth rates are projected among occupations that require more advanced education and training. The largest growth is projected among occupations that require a doctoral degree, followed closely by those that require an associate degree and those that require a master's degree. Figure 18 also demonstrates the relationship between educational/training requirement and wages. In general, the annual mean wage increases with the advancement of educational/training requirements.





Worklife Earnings

Estimates of the average earnings that U.S. adults accumulate over the course of a “worklife” corroborate findings that suggest 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 Bureau of Labor Statistics and 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 estimates⁴. Figure 19 displays the results.



⁴The 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.



Worklife Earnings

These estimates illustrate the dramatic difference in lifetime earnings among individuals with different educational attainment levels. For instance, Figure 19 shows that over the course of a typical worklife, U.S. adults with a professional degree earn approximately \$5.0 million (the highest end of the earnings spectrum) and that as educational attainment decreases, so does the amount of lifetime earnings. Individuals without a high school degree (the lowest end of the earnings spectrum) earn approximately \$954,000—almost five times less than an individual with a professional degree.

These estimates assume that 2008 earnings levels will remain in effect through an individual's entire worklife. In reality, the value of the dollar fluctuates continuously, however. Figure 19 demonstrates how lifetime earnings have altered from 1992 levels to 2008 levels. It reveals that the same distribution of lifetime earnings holds true whether using 1992 earnings levels or 2008 earnings levels; as workers advance their educational attainment their lifetime earnings increase. The data also shows that the percent increase in lifetime earnings has generally been more dramatic among the more advanced educational levels. While the lifetime earnings of graduates with a high school degree/GED increased 65.3 percent from \$821,000 to \$1,357,000, the lifetime earnings of individuals with a bachelor's degree, master's degree or doctoral degree rose 75.7 percent, 78.6 percent and 88.2 percent respectively.



Green Economy

The green economy and green jobs demonstrate strong potential to generate large numbers of jobs at substantial levels of pay according to a wide array of research findings. In the current recession, with elevated unemployment levels, green jobs are being pursued as an avenue for facilitating new opportunities for job creation and growth. Kansas' Green Jobs Report represents a pioneering effort to identify and measure green jobs in the State through an employer survey. The results provide an important overview of the size and composition of the green economy in Kansas.



2009 Kansas Green Jobs Report
The Kansas Department of Labor recently released the findings of its first-ever study of green jobs in Kansas. For the purposes of the study, two types of green jobs were identified—primary green jobs and support green jobs. Primary green jobs were defined as jobs which directly produce a green product or provide a green service in one of five core green-related

areas including: producing renewable energy, increasing energy efficiency, agriculture and natural resource conservation, pollution prevention and environmental cleanup, and clean transportation and fuels. Support green jobs were defined as jobs that assist the performance of a primary green job.

The following is a summary of the five core green-related areas identified in the study:

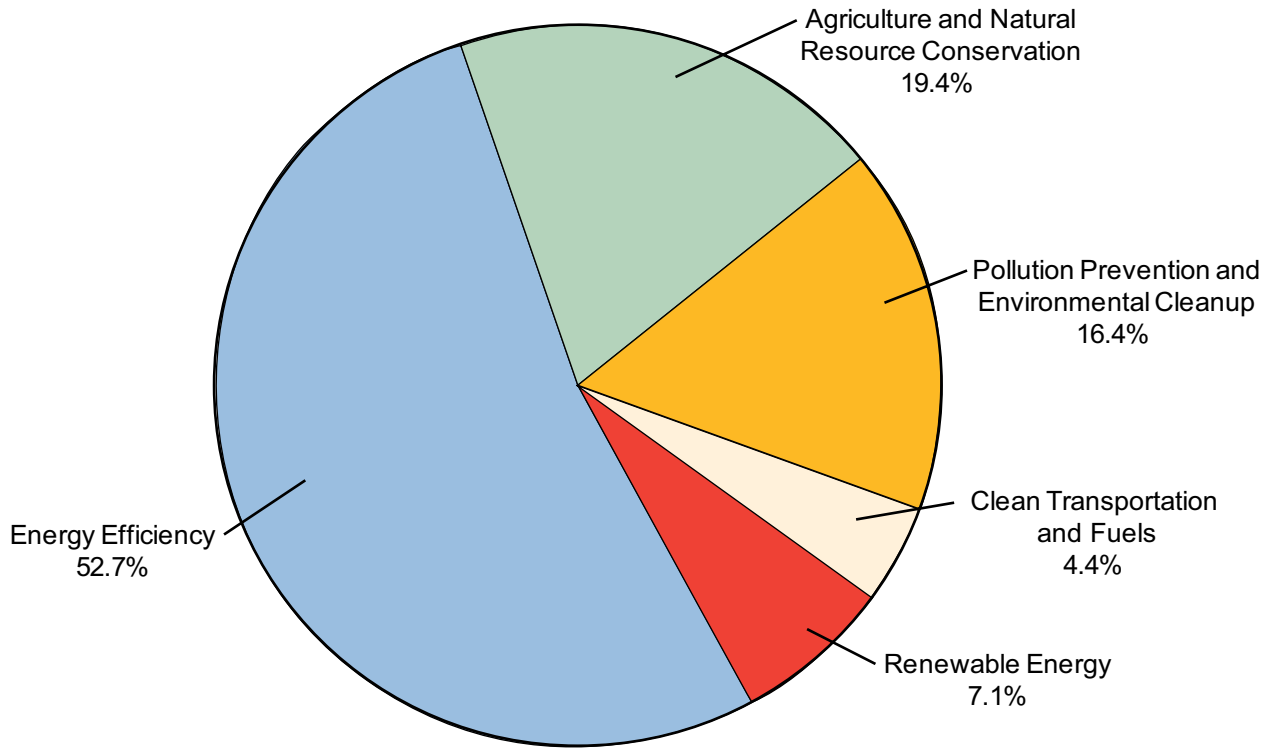
1. Producing renewable energy – employees who work to produce energy that comes from natural and sustainable resources. These resources can often be regenerated by the natural environment in a relatively short amount of time.
2. Increasing energy efficiency – employees who provide, or produce products that provide, a given level of energy service using less energy.
3. Agriculture and natural resource conservation – employees who produce products or provide services that are designed to help conserve, maintain and improve the natural environment.
4. Pollution prevention and environmental cleanup – employees who produce products or provide services that minimize or prevent the adverse effects of pollution on the natural environment and human health.
5. Clean transportation and fuels – employees who are engaged in the research, development and production of new technologies for energy storage and alternative fuels, improved fuel efficiencies and emission reductions.

The *2009 Kansas Green Jobs Report* revealed some significant findings about the green economy in Kansas. As of the second and third quarters of 2009, Kansas had an estimated 20,047 primary green jobs and 26,380 support green jobs. In sum, the total green employment in Kansas accounted for approximately 3.4 percent of Kansas' total covered employment. One of the most notable findings was that the largest proportion of green employment in Kansas was related to the area of increasing energy efficiency, while the smallest proportion was related to the area of clean transportation and fuels. The complete composition of Kansas' primary green jobs by core green-related area is shown in Figure 20.



Green Economy

Figure 20
Primary Green Jobs by Core Green-Related Area
Kansas
2009



Source: Labor Market Information Services, Kansas Department of Labor



Green Economy

The study was also able to identify the industries with the largest numbers of primary green jobs and the distribution of those jobs across the five core green-related areas. As Table 5 illustrates, the largest number of primary green jobs was in the specialty trade contractors industry. Within this industry, the largest proportion of green employment was categorized in the area of increasing energy efficiency, although smaller numbers of these jobs were also related to the remaining core green-related areas. A similar distribution held true for six of the top 10 industries with the largest numbers of green jobs.

An analysis of the primary green jobs in Kansas by industry revealed that green jobs were heavily concentrated among very few industries. In fact, the four industries with the most green jobs accounted for 55.0 percent of the total primary green jobs in the State. The remaining 45.0 percent of green jobs were distributed across 44 industries. The prevalence of primary green jobs in the construction industry sector and core green-related area of energy efficiency indicated that Kansas' green economy may have been influenced by recent national, state and local initiatives.

Table 5
Distribution of Top Ten Green Industries by Core Green-Related Area
Kansas
2009

Industry Title	Total Primary Green Jobs	Renewable Energy	Energy Efficiency	Agriculture and Natural Resource Conservation	Pollution Prevention and Environmental Cleanup	Clean Transportation and Fuels
<i>Total Green Industries</i>	20,047	1,422	10,557	3,883	3,295	890
Specialty Trade Contractors	4,228	46	3,288	217	660	17
Construction of Buildings	2,685	59	2,626	0	0	0
Administrative and Support Services	2,428	0	98	1,571	759	0
Professional, Scientific and Technical Services	1,682	224	1,126	0	314	17
Chemical Manufacturing	1,192	382	63	486	53	208
Merchant Wholesalers, Durable Goods	892	368	257	14	253	0
Heavy and Civil Engineering Construction	815	297	468	49	1	0
Nonmetallic Mineral Product Manufacturing	752	0	711	0	7	35
Motor Vehicle and Parts Dealers	693	0	0	0	483	210
Plastics and Rubber Products Manufacturing	485	0	404	81	0	0
All Other Green Industries Combined	4,195	46	1,516	1,465	765	403

NOTE: Numbers may not add due to rounding.

Source: Labor Market Information Services, Kansas Department of Labor



Green Economy

Additionally, the study of Kansas' green economy revealed the occupations with the largest numbers of primary green jobs and the distribution of those jobs across the five core green-related areas. Table 6 shows that carpenters were the most prevalent primary green job in Kansas, and that the majority of these workers produced a green product or provided a green service related to increasing energy efficiency. The employment of seven of the top 10 occupations with the most green jobs was concentrated in the core green-related area of increasing energy efficiency.

Unlike the green industries in Kansas, green jobs were much more dispersed among all occupations and less heavily concentrated in any one area. The four occupations with the most green jobs accounted for 31.7 percent of the total primary green jobs in the State, with the remaining green jobs dispersed across 117 occupations. Also notable, the results confirmed that the majority of the primary green jobs in Kansas were congruent with established, traditional occupations and were not necessarily new and emerging occupations.

Table 6
Distribution of Top Ten Green Occupations by Core Green-Related Area
Kansas
2009

Occupational Title	Total Primary Green Jobs	Renewable Energy	Energy Efficiency	Agriculture and Natural Resource Conservation	Pollution Prevention and Environmental Cleanup	Clean Transportation and Fuels
<i>Total Green Industries</i>	20,047	1,422	10,557	3,883	3,295	890
Carpenters	2,419	59	2,344	15	0	0
Heating, Air Conditioning and Refrigeration Mechanics and Installers	1,361	0	1,361	0	0	0
Construction Laborers	1,315	297	679	7	332	0
Landscaping and Groundskeeping Workers	1,252	0	0	1,241	12	0
Assemblers and Fabricators, All Other	1,199	8	610	578	3	0
Plumbers, Pipefitters and Steamfitters	1,114	0	983	16	114	0
Automotive Service Technicians and Mechanics	777	0	0	0	483	294
Maids and Housekeeping Cleaners	698	0	0	0	698	0
Operating Engineers and Other Construction Equipment Operators	577	0	228	188	144	17
Insulation Workers, Floor, Ceiling and Wall	469	0	469	0	0	0
All Other Green Occupations Combined	8,866	1,058	3,883	1,838	1,509	579

NOTE: Numbers may not add due to rounding.

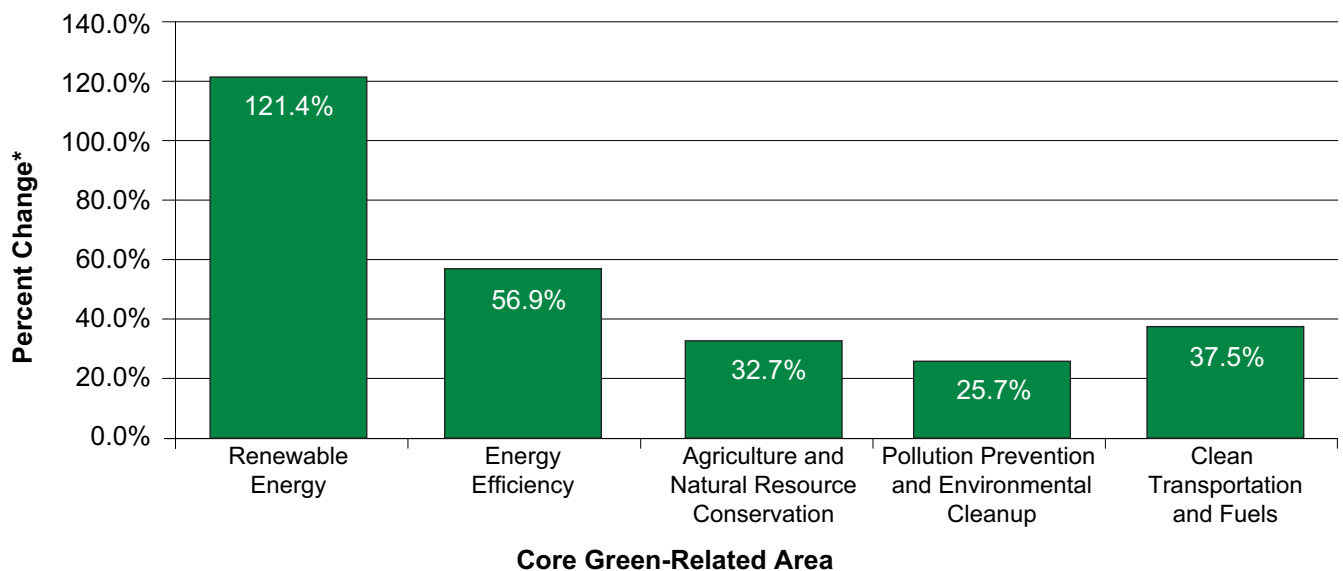
Source: Labor Market Information Services, Kansas Department of Labor



Green Economy

The study attempted to gain insight on the future direction of the green economy in Kansas by asking employers to estimate their green employment in each of the core green-related areas in 2011 to 2012. Figure 21 displays the results. Moving forward, Kansas employers anticipate the largest growth, a 121.4 percent increase, in the core green-related area of producing renewable energy. Although the largest growth is expected in renewable energy, the growth among the remaining four core green-related areas is also impressive, especially when compared to the 0.9 percent annual average growth projected among all industries—green and non-green.

Figure 21
Percent Change in Primary Green Jobs by Core Green-Related Area
Kansas
2009 - 2012



*Percentages reflect employers' expectations of green job growth in the next two to three years

Source: Labor Market Information Services, Kansas Department of Labor



Gross Domestic Product (GDP)

GDP is the broadest measure of economic conditions. The growth or decline in GDP in a specific area is commonly used as an indicator of economic health. There are two common measures of GDP, nominal and real. Nominal GDP is the measure of an area's output in current dollars, or what the value is in the market right now. Real GDP is a measure of an area's output in fixed dollars, or what the value of the output is at a fixed point in time.

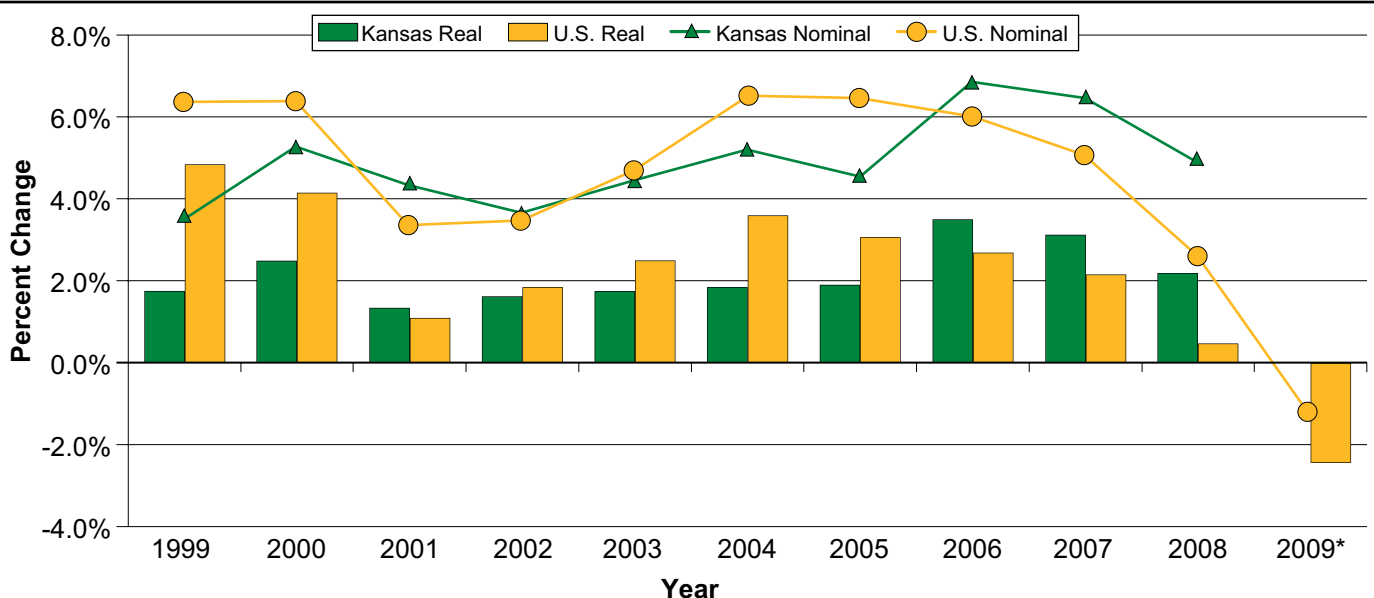


Real and Nominal GDP

Both nominal and real GDP in Kansas have consistently grown over the past decade, according to estimates from the Bureau of Economic Analysis. As shown in Figure 22, nominal and real GDP in Kansas and the nation have experienced periods of fluctuating growth throughout much of the most recent decade. Kansas data for 2009 is currently unavailable, and as such, only U.S. nominal and real GDP can be discussed in terms of the most recent year-to-year change.

Nationally, 2009 marked the first over-the-year decline in both nominal and real GDP since 1949. Although real GDP had decreased nationally in a few years following 1949 (most recently 1991), nominal GDP had increased each year up to 2009. U.S. nominal GDP decreased 1.3 percent from more than \$14.4 billion in 2008 to less than \$14.3 billion in 2009. U.S. real GDP

Figure 22
Percent Change in Real and Nominal GDP
Kansas and U.S.
1999 - 2009



* GDP by state not available for 2009

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



Gross Domestic Product (GDP)

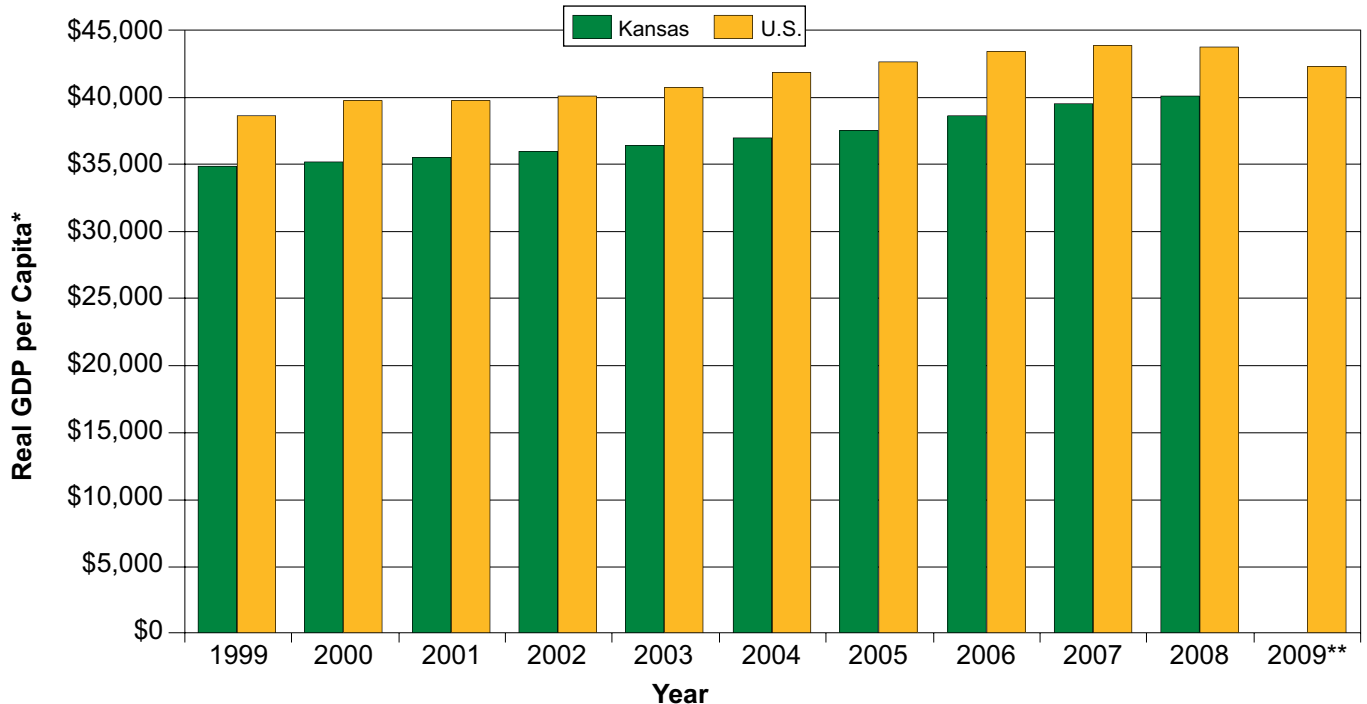
experienced an even larger decline, dropping 2.4 percent from more than \$13.3 billion (in chained 2005 dollars) in 2008 to less than \$13.0 billion (in chained 2005 dollars) in 2009.

Although 2009 data is not available for Kansas, a comparison of national and Kansas GDP over the past decade reveals the general trend of each. The nation's nominal GDP increased an average of 5.1 percent per year from 1999 to 2008, while Kansas' nominal GDP increased an average of 4.9 percent per year. Similarly, national real GDP increased an average of 2.6 percent per year, while real GDP in Kansas increased 2.1 percent per year. Kansas' nominal and real GDP has moved in the same general direction as the nation's since 1999 but to different degrees. Although both demonstrated an upward trend (with the exception of national 2009 numbers), Kansas' over-the-year increase was sometimes greater than the nation's and vice versa.

GDP per Capita

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

Figure 23
Real GDP per Capita
Kansas and U.S.
1999 - 2009



*In chained 2005 dollars
**GDP by state not available for 2009
Source: Bureau of Economic Analysis



Gross Domestic Product (GDP)

A historical look at the real GDP per capita in Kansas and the U.S. is shown in Figure 23. The most recently available data indicated that Kansas' real GDP per capita in 2008 was \$40,097, while U.S. real GDP per capita was \$43,671. In Kansas, this continued the trend of rising GDP per capita. Nationally, however, GDP per capita declined for the first time since before the beginning of the decade. National GDP per capita continued this decline in 2009, decreasing 3.3 percent to \$42,238.

Over the period from 1999 to 2008, Kansas' real GDP per capita increased an average of 1.5 percent per year, while U.S. real GDP per capita increased 1.6 percent per year. In general, the change in Kansas' GDP per capita followed the change in national GDP per capita, although to a slightly stronger or weaker degree in any given year.



Personal Income

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



In 2009, Kansas' total personal income decreased 1.7 percent to just less than \$106.9 billion. Similarly, U.S. personal income also decreased 1.7 percent to slightly more than \$12.0 trillion. Kansas was ranked 33rd among the 50 states in terms of over-the-year percent change of personal income. Table 7 compares Kansas' total personal income to total personal income nationwide. Total personal income in Kansas has consistently been lower than personal income

nationwide, but has also accounted for a steady proportion of the nationwide total. For the past decade, Kansas' total personal income has been equivalent to 0.9 percent of total personal income in the U.S.

Wages and salaries were the largest detractor, accounting for 1.5 percent of the 1.7 percent decrease in Kansas' total personal income. In terms of industries, durable goods manufacturing was the largest contributor to the decline, accounting for 0.9 percent of the 1.7 percent decrease in total Kansas personal income.

**Table 7
Personal Income*
Kansas and U.S.
1999 - 2009**

	1999	2000	2001	2002	2003	2004
Kansas	\$71,848,078	\$76,684,081	\$80,147,666	\$80,721,756	\$83,900,611	\$87,171,382
U.S.	\$7,906,131,000	\$8,554,866,000	\$8,878,830,000	\$9,054,781,000	\$9,369,072,000	\$9,928,790,000
	2005	2006	2007	2008	2009**	
Kansas	\$90,850,004	\$98,554,432	\$103,844,780	\$108,778,736	\$106,875,267	
U.S.	\$10,476,669,000	\$11,256,516,000	\$11,879,836,000	\$12,225,589,000	\$12,015,534,968	

* In thousands

** Preliminary

Source: Bureau of Economic Analysis



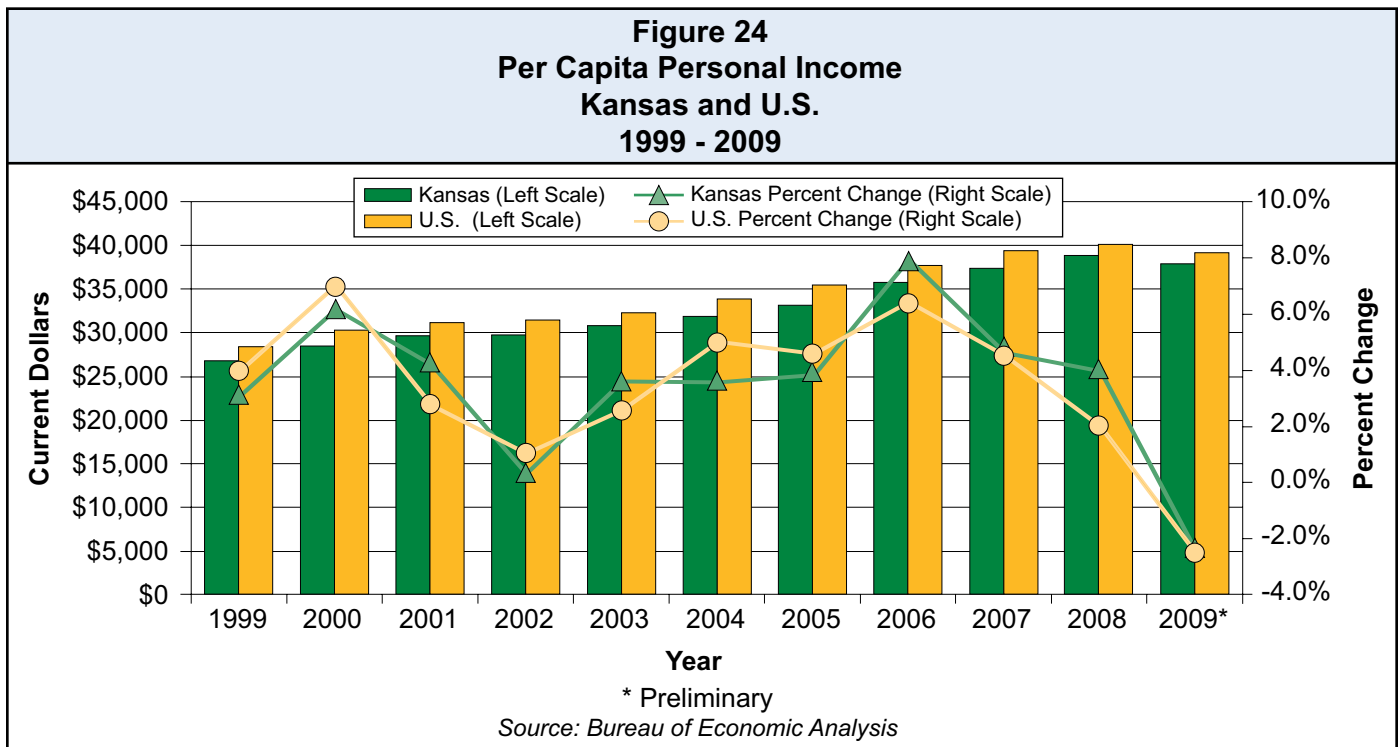
Personal Income

Per Capita Personal Income

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

Figure 24 illustrates the per capita personal income in Kansas and the U.S. in both absolute terms and as a percent change. In 2009, Kansas reported a per capita personal income of \$37,916, while the U.S. reported a per capita personal income of \$39,138. This level ranks Kansas 23rd out of the 50 states in terms of per capita personal income. From 2008 to 2009, Kansas' per capita personal income declined 2.5 percent, while the nation's per capita personal income decreased 2.6 percent.

Kansas' per capita personal income expanded 41.3 percent from 1999 to 2009 while the U.S. per capita personal income increased 38.1 percent during this same time. Although the percent change in per capita personal income in Kansas and the U.S. has fluctuated from year to year over the last decade, 2009 marks the first year that the percent change has been negative since at least 1997.






Global Business

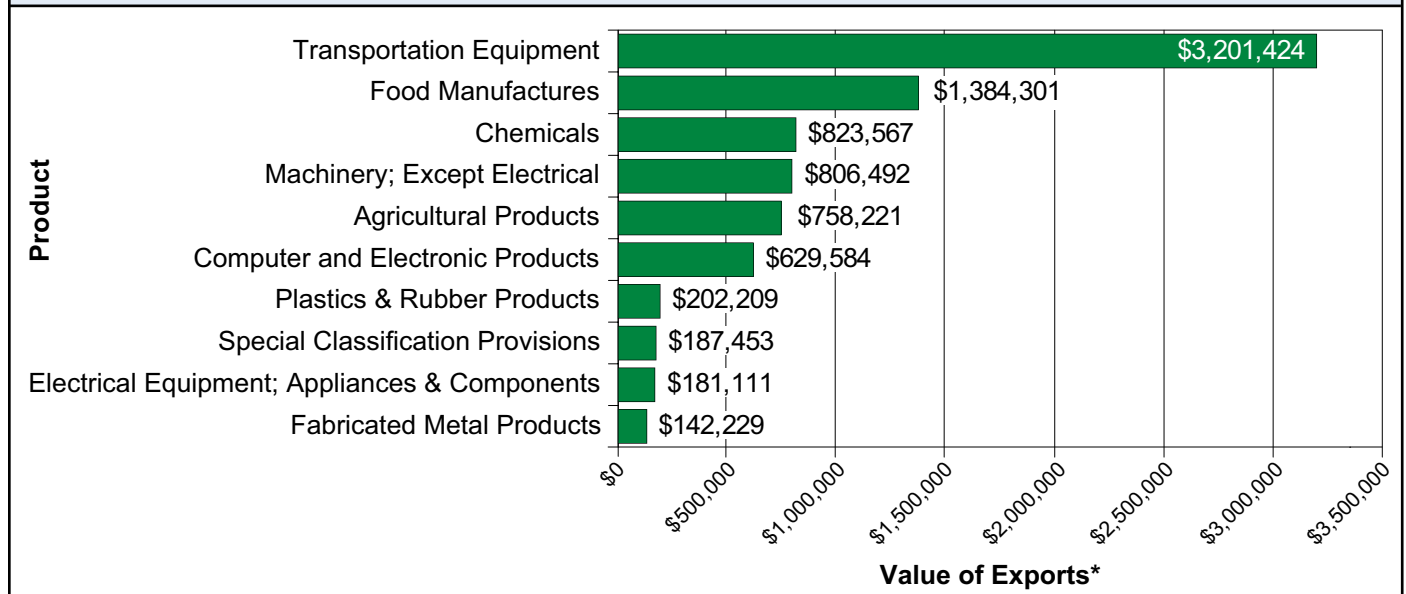
Kansas businesses compete in a global marketplace where products are sold around the world. Global economic growth contributes to the rising demand for Kansas exports. As the global economy expands, demand for products in which Kansas has a competitive advantage will continue to rise. The value of the U.S. dollar increased overall from 2008 to 2009 compared to the six major world currencies (the Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona, and Swiss Franc) included in the dollar index (\$DXY). This made the goods produced in the U.S. more expensive, thereby potentially contributing to decreased demand for U.S. goods and services.

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 product.



Kansas exports decreased 28.7 percent in 2009, from a reported \$12.5 billion in sales in 2008 to \$8.9 billion in sales to various countries around the world in 2009. The previous most recent decline in Kansas' exports occurred in 2003, when exports experienced an over-the-year decline of 8.9 percent. Canada was the country most responsible for the decline in Kansas exports from 2008 to 2009. During this period, Kansas' exports to Canada decreased \$623.6 million, accounting for 17.3 percent of the \$3.6 billion decline in total Kansas exports. However, Europe was the geographic region that most contributed to the over-the-year decline in

**Figure 25
Top Ten Exports
Kansas
2009**



*In thousands

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



Kansas exports. Of the 20 countries with the largest over-the-year decline of Kansas products, nine were European countries. Combined, Germany, the United Kingdom, Portugal, the Netherlands, Sweden, Austria, Luxembourg, France and Denmark accounted for 30.0 percent, or \$1.1 billion, of the 2008 to 2009 decrease. The declines among most of these countries are likely due to the global impact of the economic recession as well as the appreciation of the dollar relative to such nation’s currencies.

The top Kansas exports are illustrated in Figure 25. Transportation equipment was the most exported product from Kansas, with more than \$3.2 billion in sales in 2009. This sector includes industries that produce aerospace parts and products, motor vehicle parts and assembly, and other transportation equipment manufacturing. Despite being Kansas’ top export, international sales in this sector recorded a decrease of 34.7 percent from 2008 to 2009.

Food manufactures accounted for the second highest dollar amount of exported products in 2009, with nearly \$1.4 billion in exports. This sector includes livestock and agricultural products that are transformed into products for intermediate or final consumption. Chemicals were the third most exported product from Kansas with almost \$823.6 million in exports. This sector includes products created by the transformation of organic and inorganic raw materials through chemical processing. Chlorine, ethyl alcohol and synthetic dyes and pigments are examples. Chemical exports were the only products among the top eight most exported products from Kansas that showed growth. The amount of exports of chemical products increased 9.6 percent from 2008 to 2009.

Table 8 shows the countries that imported the largest dollar amount of goods and services from Kansas. Canada was Kansas’ largest trading partner in 2009, importing over \$2.0 billion in goods and services. Nevertheless, this amount reflects a 28.7 percent decrease from 2008 to 2009. Transportation equipment accounted for \$428.6 million, or 21.1 percent, of the \$2.0 billion in total Kansas exports to Canada.

Mexico imported the second highest amount of Kansas goods and services at \$1.2 billion—a 13.6 percent decline from 2008 to 2009. Japan was Kansas’ third largest importer, reporting nearly \$624.5 million in imports from Kansas—an over-the-year decrease of 26.8 percent.

Overall, Kansas ranked 30th among states in total exports and 16th among states in exports of transportation equipment.

Table 8 Top Export Countries Kansas 2009	
	Total Exports*
Canada	\$2,035,743
Mexico	\$1,207,749
Japan	\$624,453
Germany	\$380,476
United Kingdom	\$358,669
China	\$353,009
Brazil	\$297,599
Australia	\$273,393
Nigeria	\$202,075
Belgium	\$198,280

**In thousands*

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

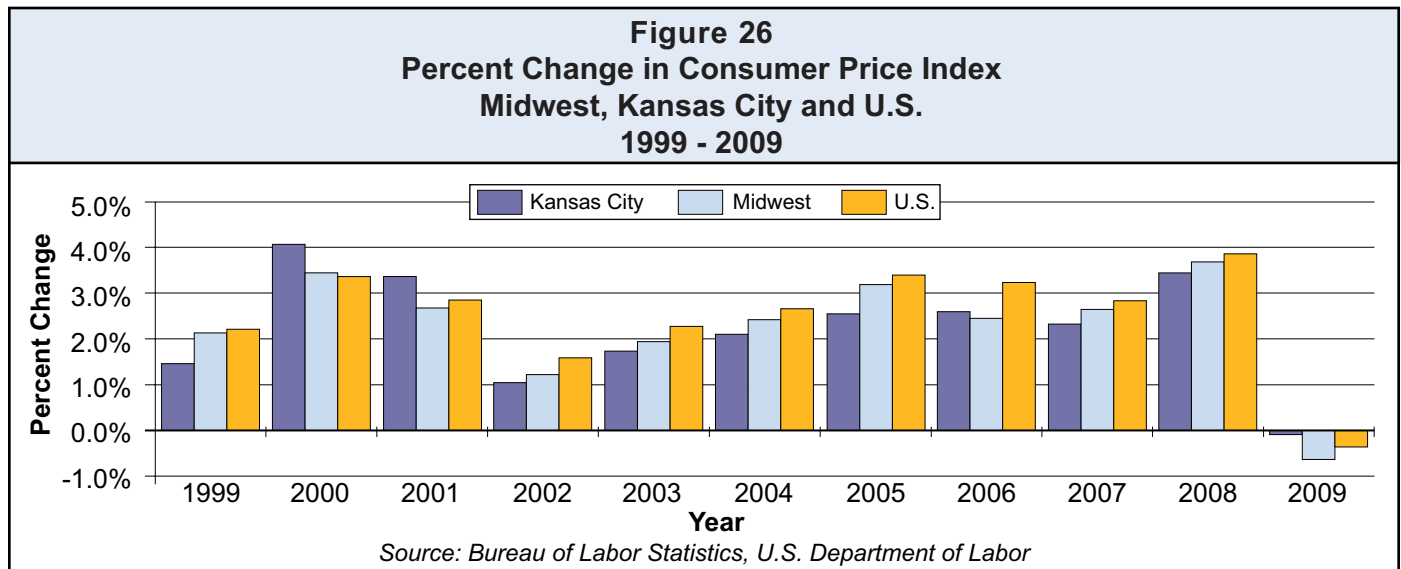


Inflation and Wages

Consumer Price Index

Figure 26 reveals the percent change in the CPI-U by three distinct groups—the U.S., the Midwest and the Kansas City MSA. Nationally, the CPI-U decreased 0.4 percent in 2009. In each of the previous 10 years, the U.S. had experienced inflation, making 2009 the first year in more than a decade that prices declined. Similarly, the Midwest recorded a 0.6 percent rate of deflation and the Kansas City MSA reported a 0.1 percent rate of deflation in 2009. This over-the-year decline in prices was the first decline in the CPI-U for the Kansas City MSA CPI-U since 1949. This was the first ever decline in the CPI-U for the Midwest region.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a representative basket of goods and services. The CPI is published by the Bureau of Labor Statistics. The most general measure of the CPI is the CPI-U, which stands for the CPI of all urban consumers. This measure factors in all prices for goods and services in the representative market basket. Kansas is one of 12 states in the Midwest CPI region.



From 1999 to 2009, inflation nationwide was 28.8 percent. During this same period, inflation in the Midwest region and the Kansas City MSA was 25.4 percent and 25.5 percent respectively. The U.S. and Midwest CPI-U figures were consistently higher than the Kansas City MSA figures from 1999 to 2008 while prices were increasing, indicating that the Kansas City MSA has lower inflationary pressures than the nation and other states in the Midwest region. Although the national and Midwest CPI-U figures were also higher than the Kansas City MSA figure in 2009, the over-the-year decline was larger.

According to annual data, several items in the Midwest CPI index recorded large over-the-year declines in prices. Utility (piped) gas services recorded the largest decline, decreasing 28.2 percent in 2009. In 2008, the price of utility (piped) gas services had increased almost 18.0 percent. The price of motor fuel and energy commodities declined 27.6 percent in 2009 as well. In the prior year, motor fuel prices had increased 15.0 percent while the price of energy commodities had risen 15.3 percent. Similarly, gasoline prices were down 27.2 percent in 2009 compared to a 14.8 percent increase in 2008. Conversely, several items in the Midwest



Inflation and Wages

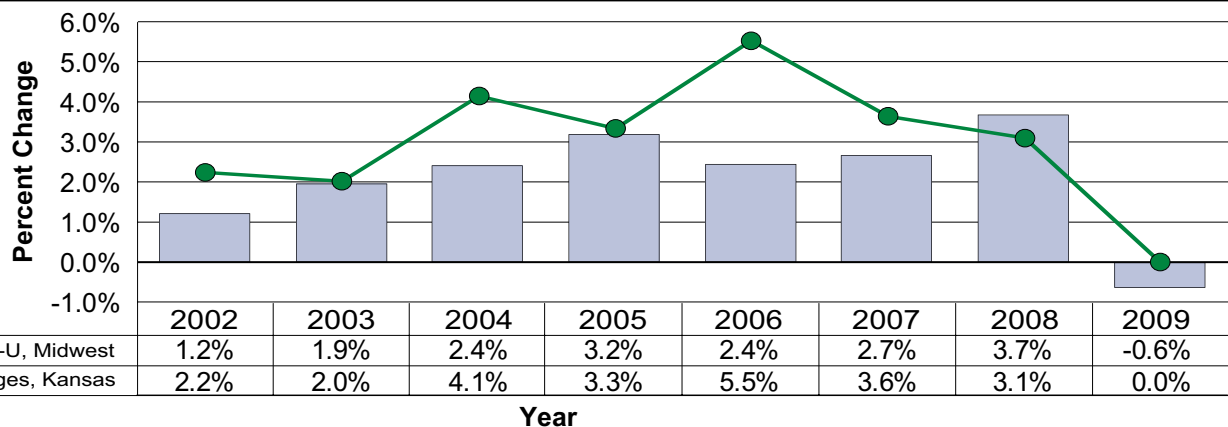
CPI index recorded over-the-year increases in prices. Other goods and services—a major category which includes tobacco products, smoking products, funeral expenses, haircuts and other personal services—experienced the largest increase in prices, rising 6.6 percent in 2009. Electricity posted the next largest increase in prices in 2009, rising just over 5.0 percent.

Wages

Wages and salaries account for slightly more than 52.0 percent of the total personal income in Kansas. They are an important component in determining the health of the economy. Wages and salaries data are more meaningful when taking inflation into consideration. If inflation increases at a faster pace than wages, wage and salary earners experience a reduction in their real (inflation-adjusted) wages, which may change or reduce consumption patterns. This can have an adverse affect on the economy since consumer spending is the largest component of GDP in the U.S. Figure 27 compares these two factors—wages and inflation—in Kansas beginning in 2002.

In 2009, the average weekly wage in Kansas remained unchanged at \$734⁶. Nationwide, the average weekly wage was \$876—remaining unchanged from the previous year as well. When accounting for 0.6 percent deflation in the Midwest region, the real average weekly wage for Kansas increased 0.6 percent. This over-the-year increase marks the first time in over a decade that the inflation-adjusted average weekly wage increased even though the average weekly wage did not increase. Similar to the trend in Kansas, the nationwide inflation-adjusted average weekly wage increased 0.4 percent.

Figure 27
Percent Change in Consumer Price Index and Wages
Kansas and Midwest
2002 - 2009



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

⁶The average weekly wage reflected here comes from the Quarterly Census of Employment and Wages (QCEW) and includes employees of the federal government. The average weekly wage used to compute the maximum and minimum WBA is also derived from the QCEW but excludes employees of the federal government and the military.



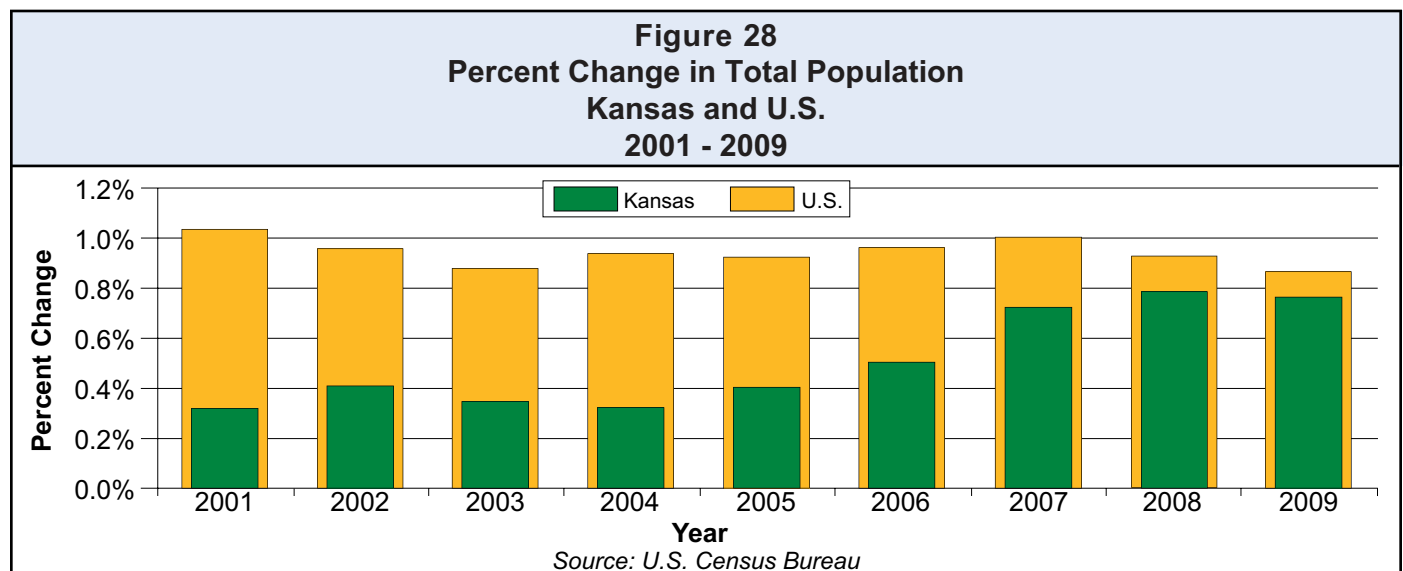
Population

Table 9 shows a historical perspective of the Kansas and U.S. populations since 2000. As this table demonstrates, the population in Kansas has grown consistently since 2000, experiencing a 4.7 percent increase from 2000 to 2009. The Kansas population increased an average of 0.5 percent per year during this period. Meanwhile, Figure 28 illustrates the percentage change in the Kansas and U.S. populations over this same time period. This illustration shows that the population growth in Kansas in 2009 was 0.8 percent, one of the largest annual growth rates of the previous eight years. The U.S. population has also experienced growth, expanding 8.8 percent from 2000 to 2009. The average growth rate of the U.S. population over this nine-year period has been larger than the average growth rate of the Kansas population at 0.9 percent per year.

Table 9 Total Population Kansas and U.S. 2000 - 2009					
	2000	2001	2002	2003	2004
Kansas	2,692,810	2,701,456	2,712,598	2,721,955	2,730,765
U.S.	282,171,957	285,081,556	287,803,914	290,326,418	293,045,739
	2005	2006	2007	2008	2009
Kansas	2,741,771	2,755,700	2,775,586	2,797,375	2,818,747
U.S.	295,753,151	298,593,212	301,579,895	304,374,846	307,006,550

Source: U.S. Census Bureau

Kansas' population was less than 1.0 percent of the total U.S. population in 2009. Although Kansas' population as a percentage of the U.S. population has generally remained constant, it has demonstrated a slight downward trend from 1.0 percent of the nationwide population in 2000 to 0.9 percent of the nationwide population in 2009. Kansas' population in 2009 ranked 33rd out of the 50 states.





Housing Sector

In the past couple of years, the housing market has seen a substantial slowdown in Kansas and the nation. The aftermath of the “sub-prime” mortgage crisis and the ensuing financial crisis had an especially strong negative impact on the housing sector from 2008 to 2009. Although the housing sector has rebounded slightly moving into 2010, the adverse effects of the sub-prime mortgage crisis continue to be felt. The negative effects are more pronounced nationwide than in Kansas.

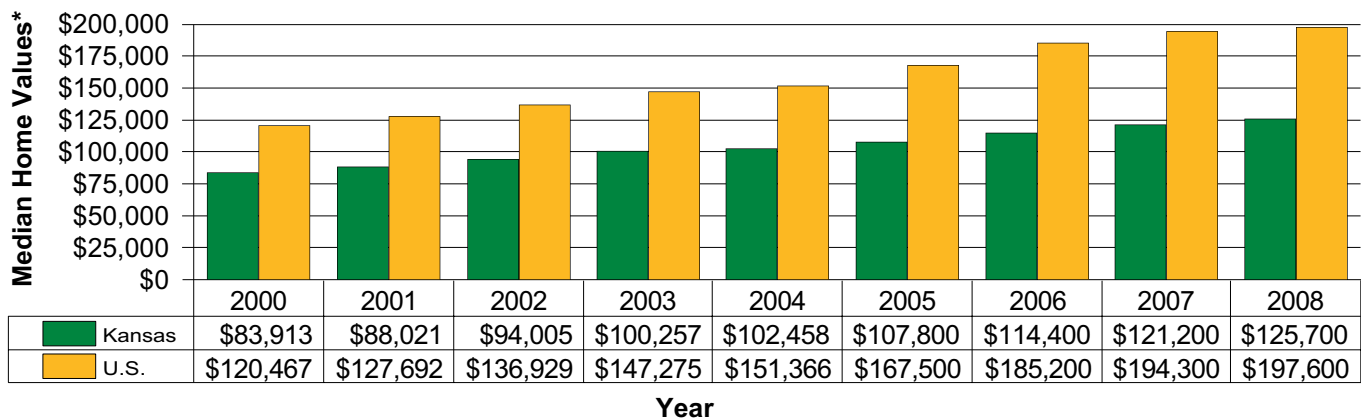
According to the data published by the Federal Reserve Bank of New York, there were approximately 12,222 housing units with subprime loans out of a total of 1.2 million housing units in Kansas in May 2010. Nationwide there were nearly 2.2 million units with subprime loans out of a total of 127.9 million housing units at that same time. Approximately 0.7 per 1000 units were in foreclosure in Kansas, compared to 2.0 per 1000 units nationwide.

Housing production is one of the largest economic activities and it crosses several industry subsectors including, but not limited to, manufacturing, construction and financial services. Growth and decline in housing activity can permeate several other areas of the economy as workers and businesses adjust to changing demand.



According to the data published by the U.S. Census Bureau’s American Community Survey (ACS) and shown in Figure 29, the median home value in Kansas has consistently been lower than that of the U.S. In 2008, the median home value in Kansas was \$125,700, while the U.S. reported a median value of \$197,600. Because home prices in Kansas have increased moderately over time while home prices in other parts of the country have increased more aggressively over the same time period, Kansas has not experienced the severe decline in home prices that many other states have experienced.

**Figure 29
Median Home Values
Kansas and U.S.
2000 - 2008**



*In adjusted 2000 dollars

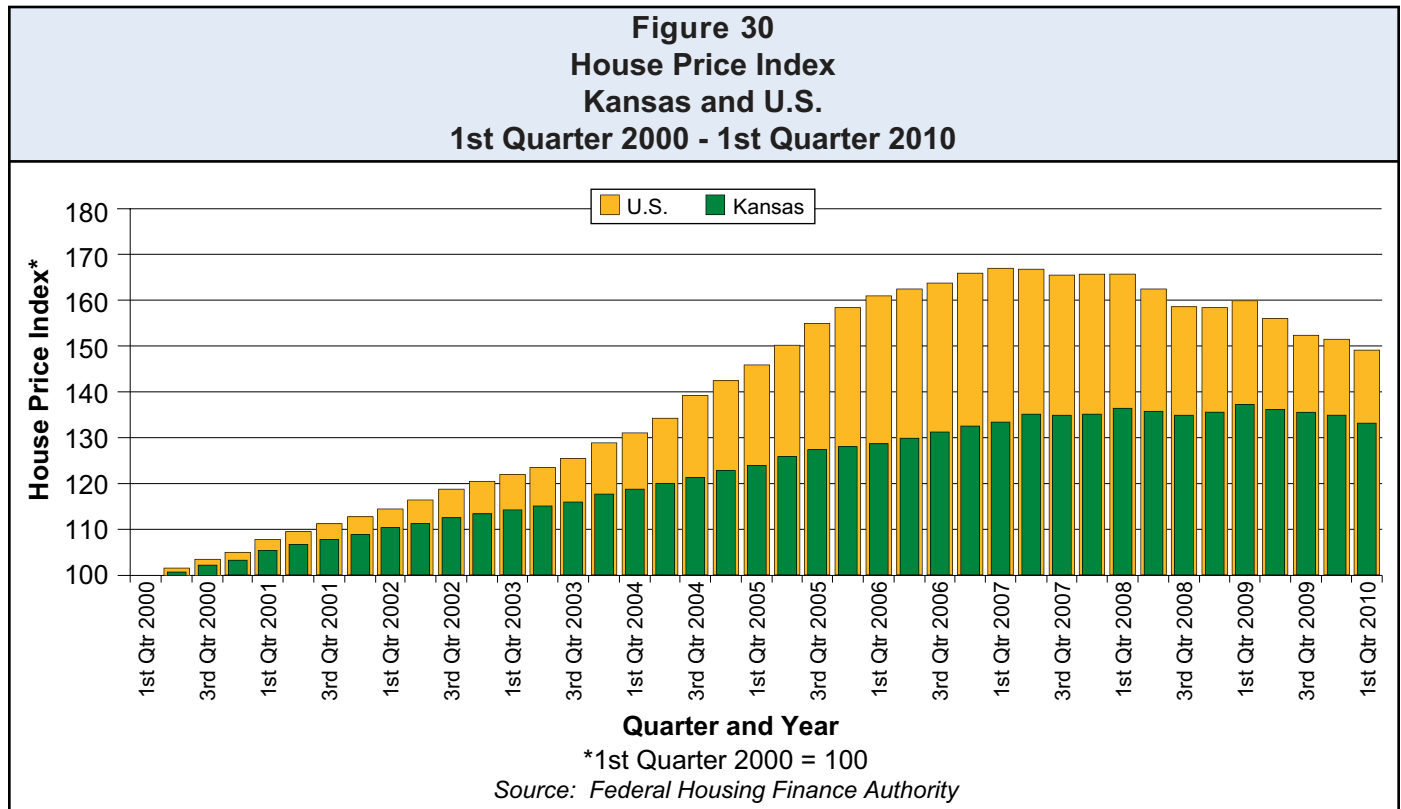
NOTE: Data from 2000 to 2003 excludes owner occupied units in multi unit structures, mobile homes and one family homes on 10 acres or more or with a business. Data from 2004 to 2008 includes all owner occupied units.

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



Housing Sector

Data compiled by the Federal Housing Finance Authority is presented in Figure 30. It indicates that home prices in the U.S. decreased 6.8 percent from the first quarter of 2009 to the first quarter of 2010, while home prices in Kansas decreased 2.9 percent.



Using a separate measure of home prices, the Standard & Poor's/Case-Shiller Home Price Index, home values nationwide rose 2.0 percent from the first quarter of 2009 to the first quarter of 2010. With the exception of the second and third quarters of 2009, quarter-to-quarter home values have been declining since mid-2006. Statewide data for Kansas is not available for this index.

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

Table 10 gives a more detailed breakdown of the housing market nationally and in Kansas. This data reveals that the characteristics present in the national housing market in 2008 also held true in Kansas' housing market. In terms of the percentage of units that were occupied and vacant and the percentage of units with



Housing Sector

and without mortgages, Kansas and the U.S. had similar experiences. A slightly larger proportion of homes were occupied in Kansas than in the nation, while a slightly larger percentage of all homes in the U.S. had a mortgage than those in Kansas.

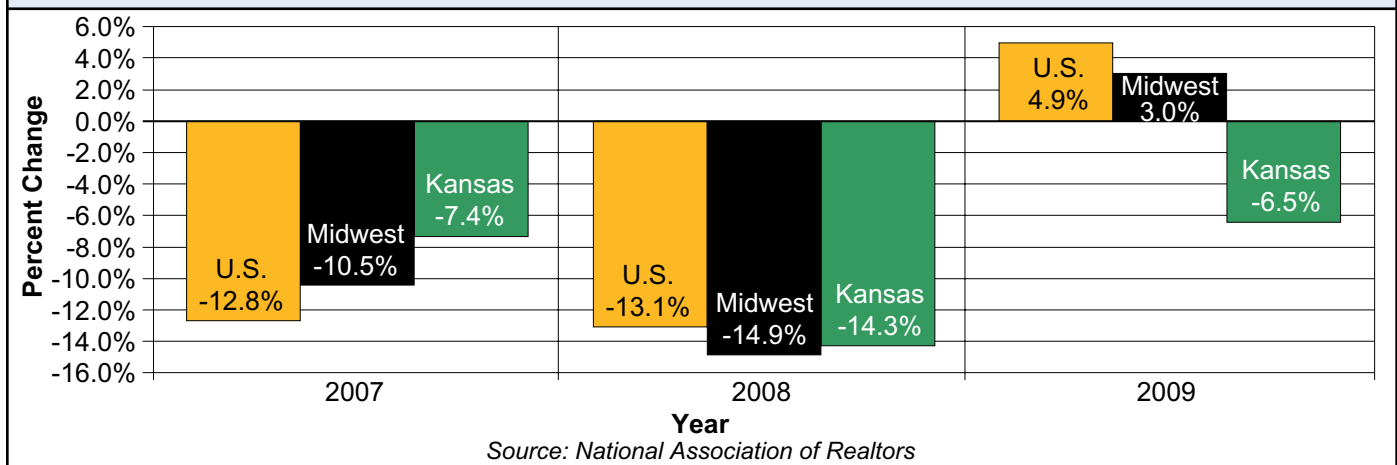
**Table 10
Housing Characteristics
Kansas and U.S.
2008**

	U.S.		Kansas	
	Count	Percent	Count	Percent
Housing Units	129,060,383	100.0%	1,226,429	100.0%
Occupied	113,101,329	87.6%	1,110,829	90.6%
Vacant	15,959,054	12.4%	115,600	9.4%
Owner Occupied Housing Units	75,373,053	100.0%	771,197	100.0%
Housing Units with a Mortgage	51,575,376	68.4%	511,339	66.3%
Housing Units without a Mortgage	23,797,677	31.6%	259,858	33.7%

Source: U.S. Census Bureau

Data published by the National Association of Realtors is shown in Figure 31. It displays the percent change in existing home sales in Kansas, the Midwest and the U.S. According to this data, sales of existing homes in Kansas declined 6.5 percent from 2008 to 2009. In 2008, there were approximately 60,400 total sales of existing homes in Kansas, while there were only 56,500 total sales in 2009. Although a decline, this was the smallest such decrease of the three most recent years. During the same time period, sales of existing homes in the U.S. increased from 4,913,000 homes in 2008 to 5,156,000 homes in 2009, an increase of 4.9 percent. This increase represents the first rise in existing home sales in the U.S. since before 2007.

**Figure 31
Percent Change in Existing Home Sales
Kansas and U.S.
2007 - 2009**

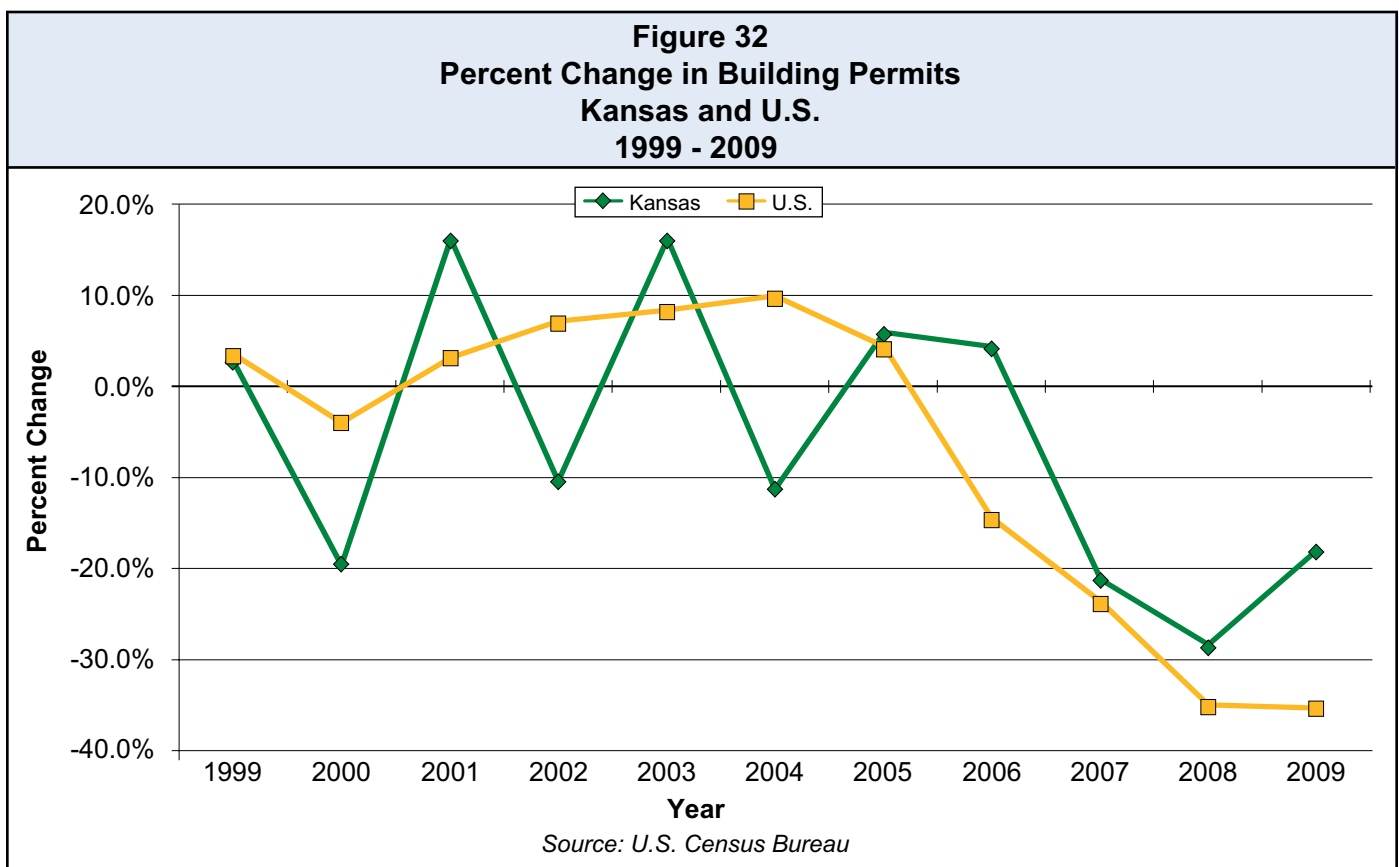


Source: National Association of Realtors



Housing Sector

The number of building permits issued can also indicate future activities in the housing market. Figure 32 compares the number of building permits issued in Kansas to the number issued nationwide. In 2009, total building permits in Kansas decreased 18.5 percent and total building permits in the U.S. decreased 35.6 percent. For Kansas, this represents a smaller over-the-year decline than that experienced in 2007 and 2008. However, 2009 does mark the third consecutive year that the number of building permits issued in Kansas has decreased. For the U.S., this decrease represents the largest over-the-year decline in building permits in the past decade. The number of building permits issued in Kansas in 2009, 6,677, is the lowest number of permits issued since before 1998. The U.S. issued only 582,963 building permits in 2009, which is also the lowest number issued nationwide since before 1998.

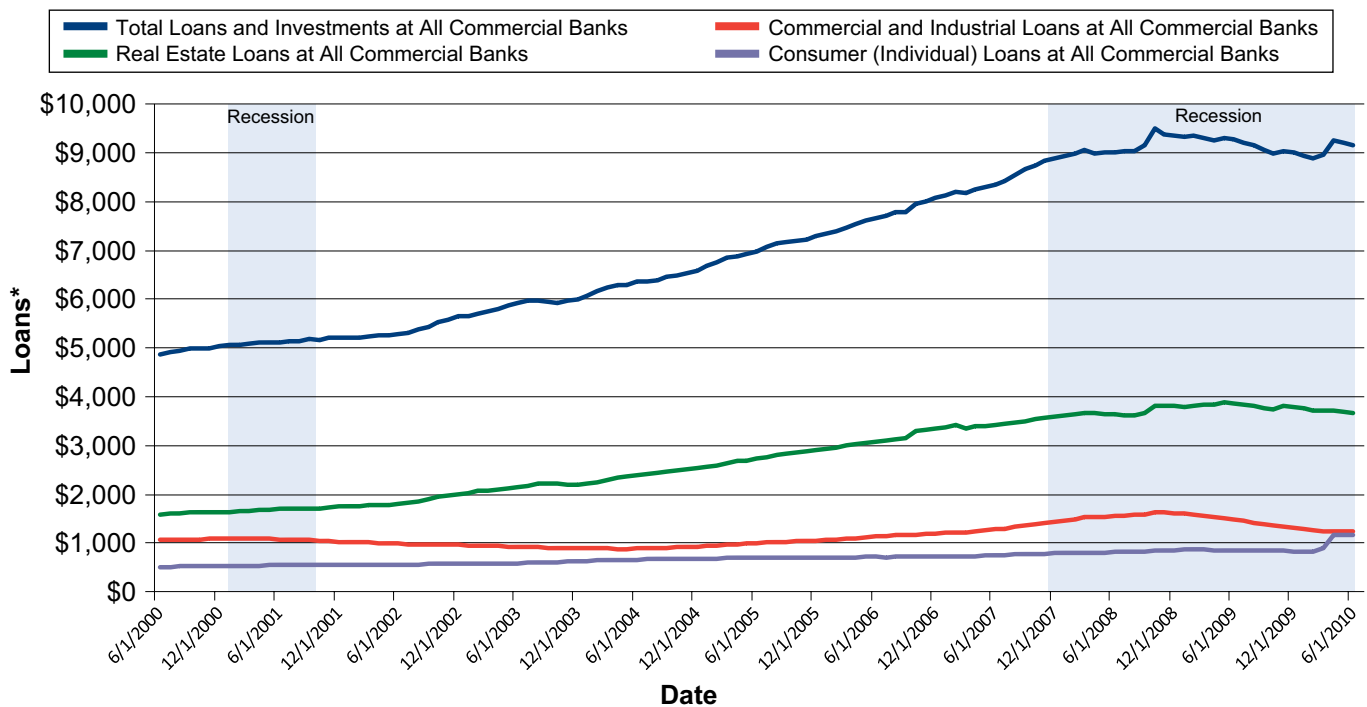




Financial Markets

The current recession, which officially began in December 2007, has resulted in a dramatic decline in the financial markets. The uncertainty of the financial markets and the overall economy led to a sharp tightening of the credit markets, which in turn made it more restrictive and expensive for individuals and firms to obtain loans. Within the first several months of the recession, loans made by commercial banks for real estate purposes began to decline. Then, beginning in the fourth quarter of 2008, nearly a year after the start of the recession, loans made by commercial banks for commercial and industrial purposes also began a consistent decline. The amount of consumer loans made by commercial banks began to decline in the second quarter of 2009, slightly later than the declines in loans for other purposes. Despite an increase in the latter months of the first quarter of 2010 (which can primarily be attributed to an increase in consumer loans), total loans by commercial banks have continued to decrease into 2010 as shown in Figure 33. Similarly, Figure 34 reveals that consumer credit available through various financial institutions, such as credit unions, finance companies, commercial banks and other institutions, declined in the early months of the most recent recession with slight increases in the second and third quarters of 2008. The increase in consumer credit was followed by stronger and more persistent declines throughout 2009 and into early 2010, indicating continued weakness in credit markets.

Figure 33
Loans Made by Commercial Banks
U.S.
2000 - 2010



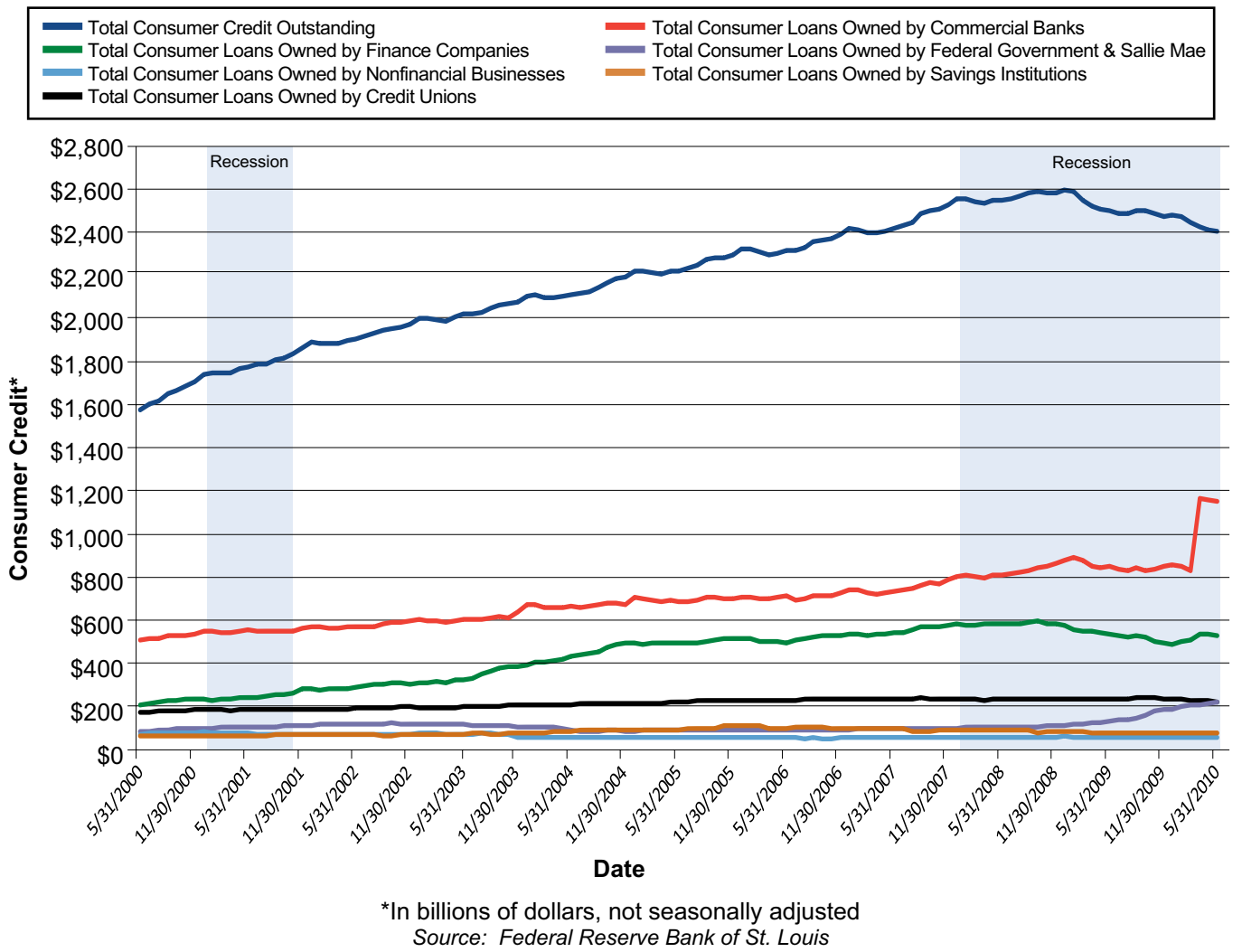
*In billions of dollars, seasonally adjusted

Source: Federal Reserve Bank of St. Louis



Financial Markets

Figure 34
Consumer Credit
U.S.
2000 - 2010

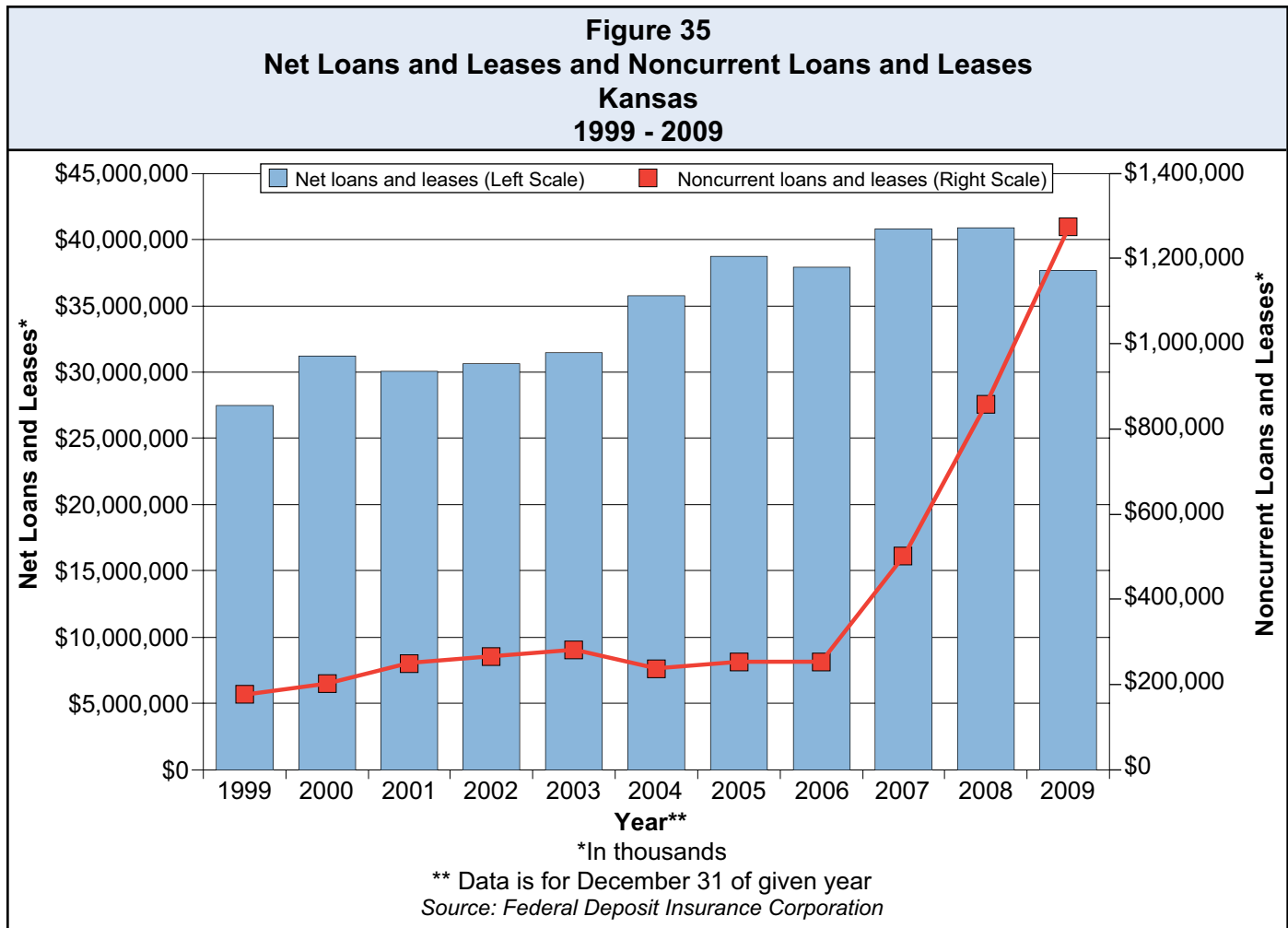


In Kansas, there were 345 commercial banks and saving institutions according to the Federal Deposit Insurance Corporation's (FDIC) Statistics on Depository Institutions. A majority of these institutions are commercial banks located in the Kansas City area. According to the FDIC, net loan and lease financing in all FDIC insured institutions in Kansas dropped 7.9 percent from approximately \$40.8 billion to \$37.6 billion from December 2008 to December 2009. Nationwide, net loan and lease financing in all FDIC insured institutions declined 8.4 percent over the year. During the same time, noncurrent loans and leases in



Financial Markets

Kansas (past due for more than 90 days) increased 48.3 percent from approximately \$858.6 million to \$1.3 billion. Noncurrent loans and leases increased 67.7 percent nationwide. The dollar amount of net loan and lease financing and noncurrent loans and leases in Kansas is illustrated in Figure 35.





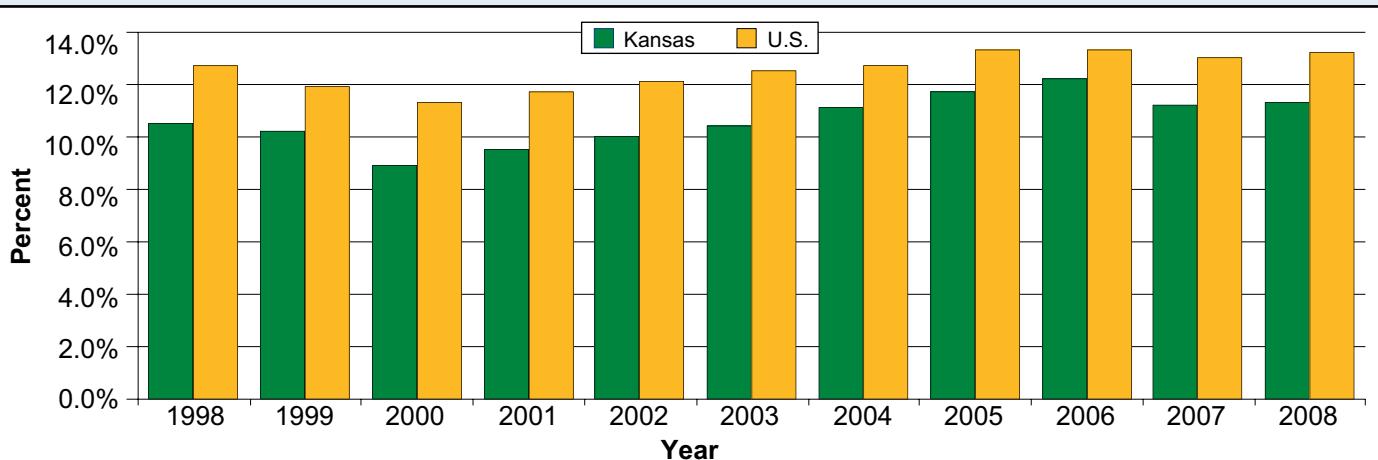
Kansas Poverty

As shown in Figure 36, the number of Kansans estimated to be living below the poverty threshold in 2008 totaled 307,804 individuals, or 11.3 percent of the total Kansas population. Nationwide the total number of individuals living under the poverty threshold was more than 39.1 million, or 13.2 percent of the total U.S. population. This signifies a slight increase from the number of individuals living below the poverty threshold in the previous year in both Kansas and the nation. There were 31 states that reported a higher percentage of individuals living in poverty than Kansas. In 2008, the poverty threshold for a family of four (2 adults and 2 children under 18) was \$21,834.

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



Figure 36
Poverty Estimates as a Percent of Total Population
Kansas and U.S.
1998 - 2008



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

Poverty among children ages 4 and younger was higher than among other age groups. In 2008, 18.4 percent of this age group in Kansas was living under the poverty threshold. Nationwide, 21.2 percent of children under 5 years of age were living beneath the poverty threshold.

The Gini Index, one of the indicators published by the U.S. Census Bureau's ACS, measures inequality of wealth distribution. A low Gini Index means more equal wealth distribution, while a high Gini coefficient indicates a more unequal distribution. A coefficient of 0.0 corresponds to perfect equality and a coefficient of 1.0 corresponds to perfect inequality. According to the 2008 ACS data, Kansas had a Gini Index of 0.442 compared to a nationwide index of 0.469, indicating more inequality nationwide than in Kansas. Notably, Kansas' Gini Index was also lower than the Gini Index of three of its four neighboring states. Only Nebraska had a lower Gini Index than Kansas at 0.427.



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