

**Kansas Economic Outlook**  
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National employment declined 0.8 percent in 2010. Year-over-year average annual employment grew a meager 0.4 percent in June 2011, and only modest gains are expected in 2012. Continued unemployment claims remain well above average, housing and mortgage markets continue to falter and consumer confidence is waning. Yet, individual businesses boast strong balance sheets and high profitability.<sup>i</sup> The mixed messages from national indicators cause many to question whether the great recession has ended. Local indicators have been equally confusing.

The Kansas unemployment rate was 6.8 percent in July 2011. This continues the general decline in unemployment rates that began after reaching a peak of 8.2 percent in July 2009. Much of the decline was due to a decrease in the number of active participants in the labor force, not from gains in employment. As of this writing, Kansas employment is on track to decrease 0.5 percent in 2011, after declining 1.5 percent in 2010.

Creighton University's Business Conditions Index has been equally volatile. Kansas fell below 50 in November 2008, indicating an economic contraction, and hit a low of 29.7 in June 2009. Since fall 2009 the Index has remained above 50, only occasionally wavering. However, in August the index fell more than 10 points to 43.6. The Kansas index is expected to remain volatile due to the state's dependence on global markets and reliance on weather-dependent agriculture.<sup>ii</sup>

Signs of economic weakness include:

- A decline in Creighton University's Index to the lowest level since November 2009 (42.1).
- A decline in the average annual number of hours worked in the goods production sector of 2.1 percent between June 2010 and June 2011.
- A decline of 0.5 percent in the average annual all-transactions housing price index in June 2011, showing weakness in the residential home market.<sup>iii</sup>

Signs of economic stability include:

- A decline in the average annual number of people unemployed in June 2011 of 6.6 percent when compared to June 2010.
- A gain of 2,800 jobs in the goods producing sector, when comparing June 2010 to June 2011.
- A 14.1 percent increase in state revenue from fiscal year 2010 to fiscal year 2011, indicating the start of a recovery in the state.<sup>iv</sup>

The indicators, when taken together, point to a slower recovery than originally anticipated in Kansas. Employment is expected to decline 0.5 percent in 2011. In 2012, Kansas employment is projected to increase 1.1 percent, gaining approximately 15,000 jobs.

The industry segments that are expected to contract in 2012 include:

- Information, down 2.7 percent, for a loss of 790 jobs
- Financial activities, down 0.4 percent, for a loss of 300 jobs
- Leisure and hospitality, down 0.5 percent, for a loss of 540 jobs

The largest expanding sectors of the Kansas' economy in 2012 are forecasted to be:

- Professional and business services, up 3.4 percent, for a gain of 4,715 jobs
- Education and health services, up 2.6 percent, for a net gain of 4,685 jobs
- Durable goods, up 1.9 percent, for a net gain of 1,855 jobs

In summary, national economic indicators have slowed. It is unlikely that significant employment growth will occur in the near future. The pace of the national rebound has and will continue to restrict growth in the Kansas economy.

<b>Kansas Employment by Industry Summary*</b>					
	2010 (a)	2011 (e)	2012 (f)	2011-2012 Level Change	2011-2012 Percent Change
<b>Total Nonfarm</b>	<b>1,323,033</b>	<b>1,316,110</b>	<b>1,331,120</b>	<b>15,010</b>	<b>1.1%</b>
<b>Production Sectors</b>	<b>221,350</b>	<b>219,710</b>	<b>223,550</b>	<b>3,840</b>	<b>1.7%</b>
Natural Resources, Mining & Cons.	61,767	59,630	60,295	665	1.1%
Manufacturing	159,583	160,080	163,255	3,175	2.0%
Durable Goods	96,983	96,855	98,710	1,855	1.9%
Non-Durable Goods	62,600	63,225	64,545	1,320	2.1%
<b>Trade, Transportation &amp; Utilities</b>	<b>250,958</b>	<b>249,790</b>	<b>251,280</b>	<b>1,490</b>	<b>0.6%</b>
Wholesale Trade	58,183	57,790	58,045	255	0.4%
Retail Trade	140,367	139,670	140,070	400	0.3%
Transportation & Utilities	52,408	52,330	53,165	835	1.6%
<b>Service Sectors</b>	<b>588,742</b>	<b>583,825</b>	<b>592,500</b>	<b>8,675</b>	<b>1.5%</b>
Information	31,150	29,065	28,275	-790	-2.7%
Financial Activities	70,833	68,530	68,230	-300	-0.4%
Professional & Business Services	141,758	140,730	145,445	4,715	3.4%
Education & Health Services	180,358	183,545	188,230	4,685	2.6%
Leisure & Hospitality	113,117	110,340	109,800	-540	-0.5%
Other Services	51,525	51,615	52,520	905	1.8%
<b>Government</b>	<b>261,983</b>	<b>262,785</b>	<b>263,790</b>	<b>1,005</b>	<b>0.4%</b>
*Annual values are derived from average quarterly observations and projections.					
(a) actual (e) estimated (f) forecasted					

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<sup>i</sup> <http://www.economy.com/dismal/pro/article.asp?cid=224370>

<sup>ii</sup> [Creighton University's Business Conditions Index](#)

<sup>iii</sup> [Federal Housing Finance Agency](#)

<sup>iv</sup> [Kansas Department of Revenue](#)