

# *The Kansas Economy and Workforce*

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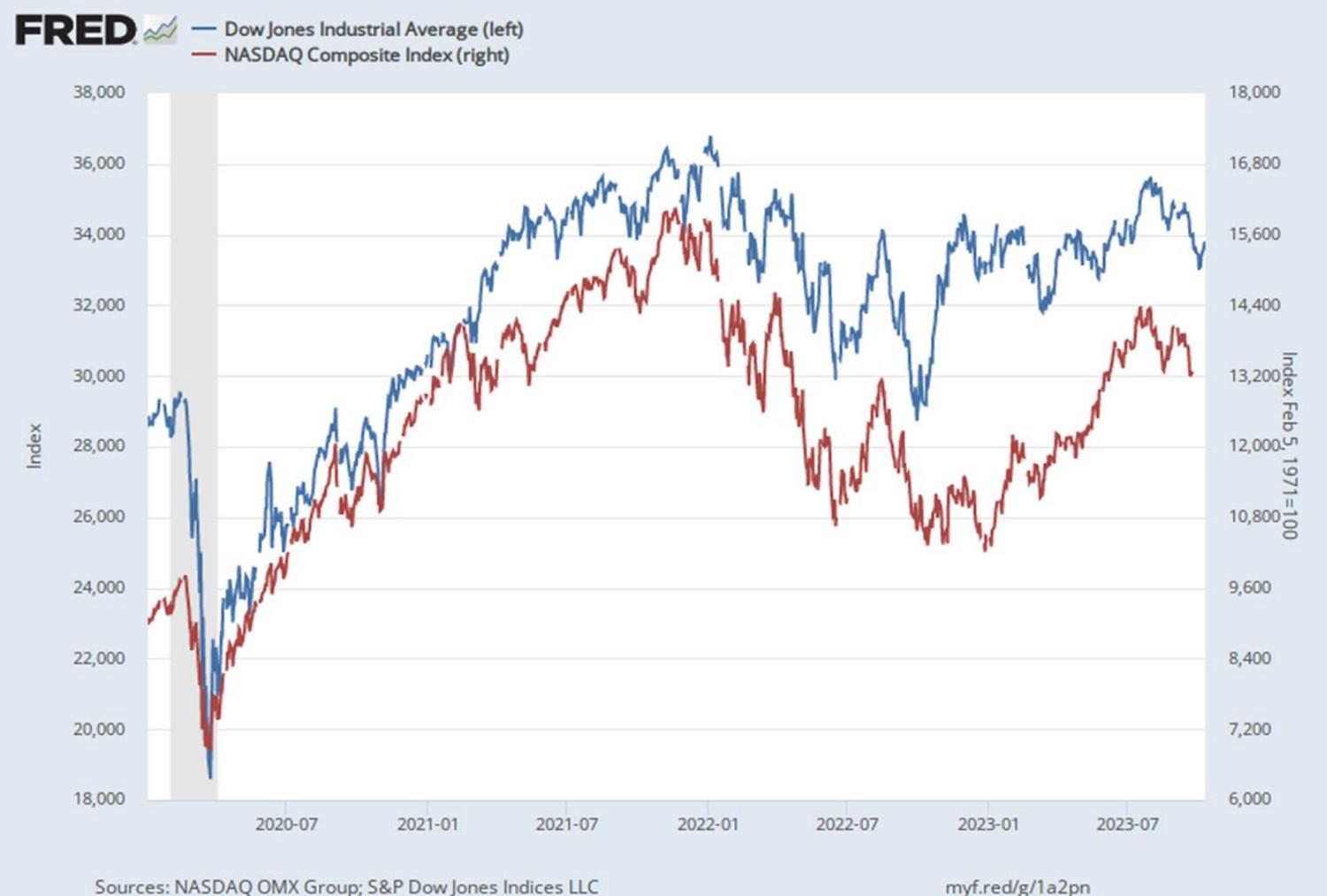
**October 19, 2023**

**KU** INSTITUTE FOR  
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SOCIAL RESEARCH  
The University of Kansas

# Overview

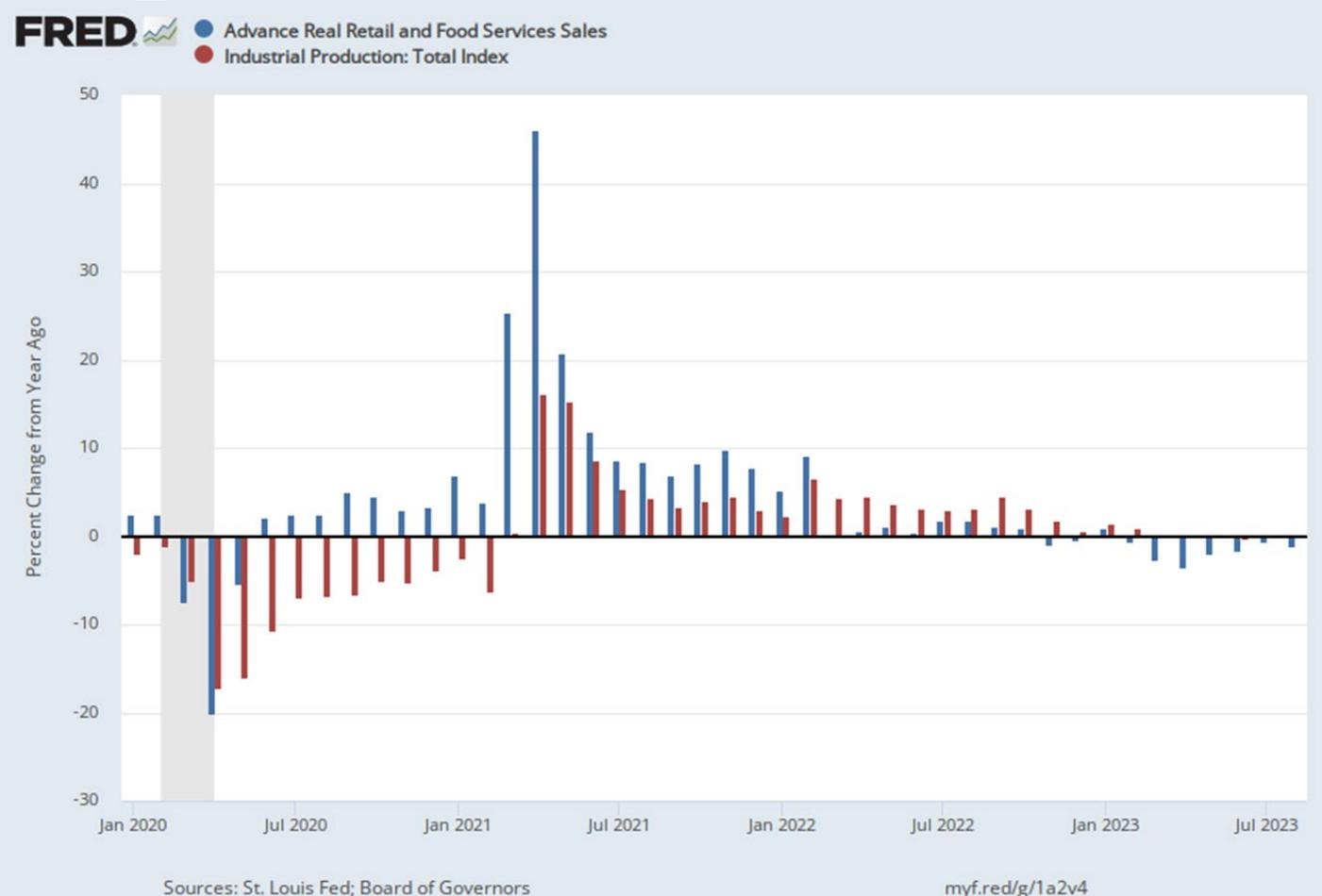
- Update on the Kansas Economy
- Employment Situation
- Inflation
- Are we in a Recession?
  - Not right now.
- Growing the Kansas Workforce

# The Stock Market is Rising Steadily



- Dow Jones Industrial Average is up 16% from a year ago.
- NASDAQ is up 22%.
- Both peaked at the beginning 2022.
- Because of increasing interest rates, the market will remain volatile.

# Industrial Production & Retail Sales in September



- Compared to a year ago, retail sales were down 1.2% in August.
- Compared to a year ago, industrial production was unchanged.
- Sales are down as consumers respond to higher prices.
- Industrial production remains steady.

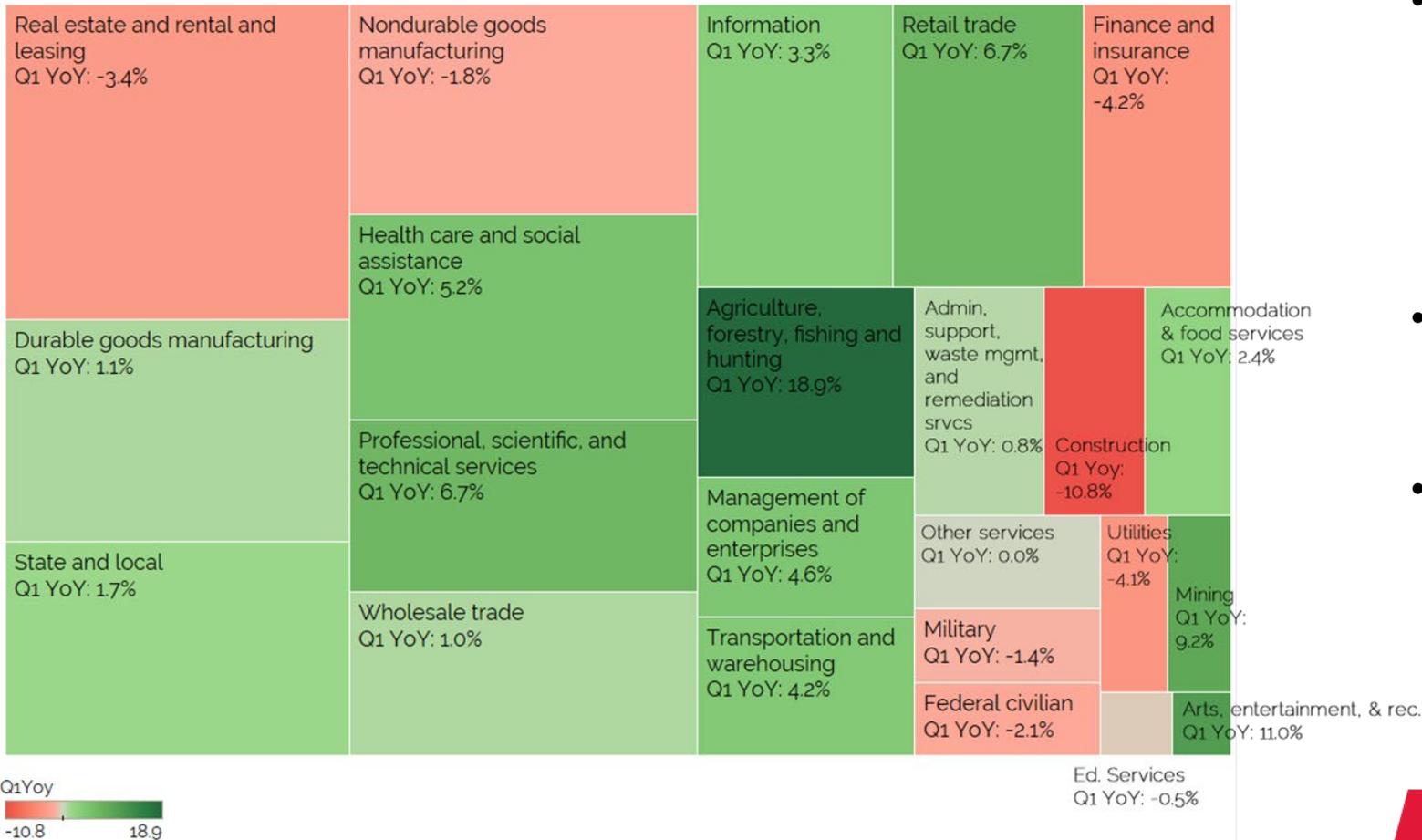
# US & Kansas Gross Domestic Product



- US Gross Domestic Product was up 2.4% from a year ago in Q2.
- Kansas Gross State Product was up 1.7% in Q1 compared to a year ago.
- Growth has accelerated over the last three quarters.

# Kansas GDP by Sector

Kansas GDP by Sector, Q1 2023

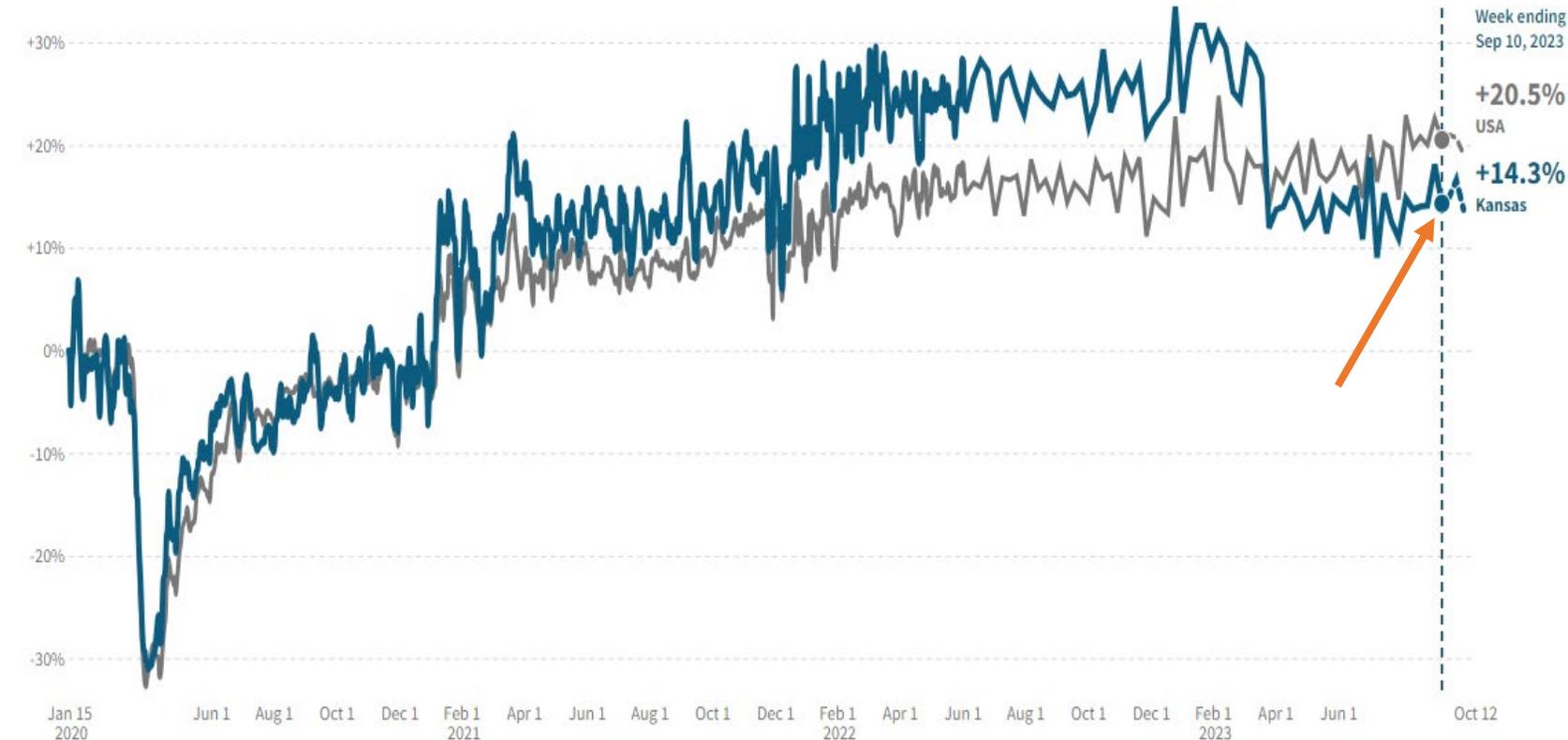


- Largest gains in retail, agriculture, arts, & mining.
  - Ag up 19% in Q1.
- Construction down 10.8% YoY in Q1.
- Finance, utilities, real estate, and nondurable manufacturing also down.

# Kansas Consumption Is Increasing

In **Kansas**, as of September 10 2023, total spending by all consumers increased by **14.3%** compared to January 2020.

DOWNLOAD CHART 



data source: **Affinity Solutions**

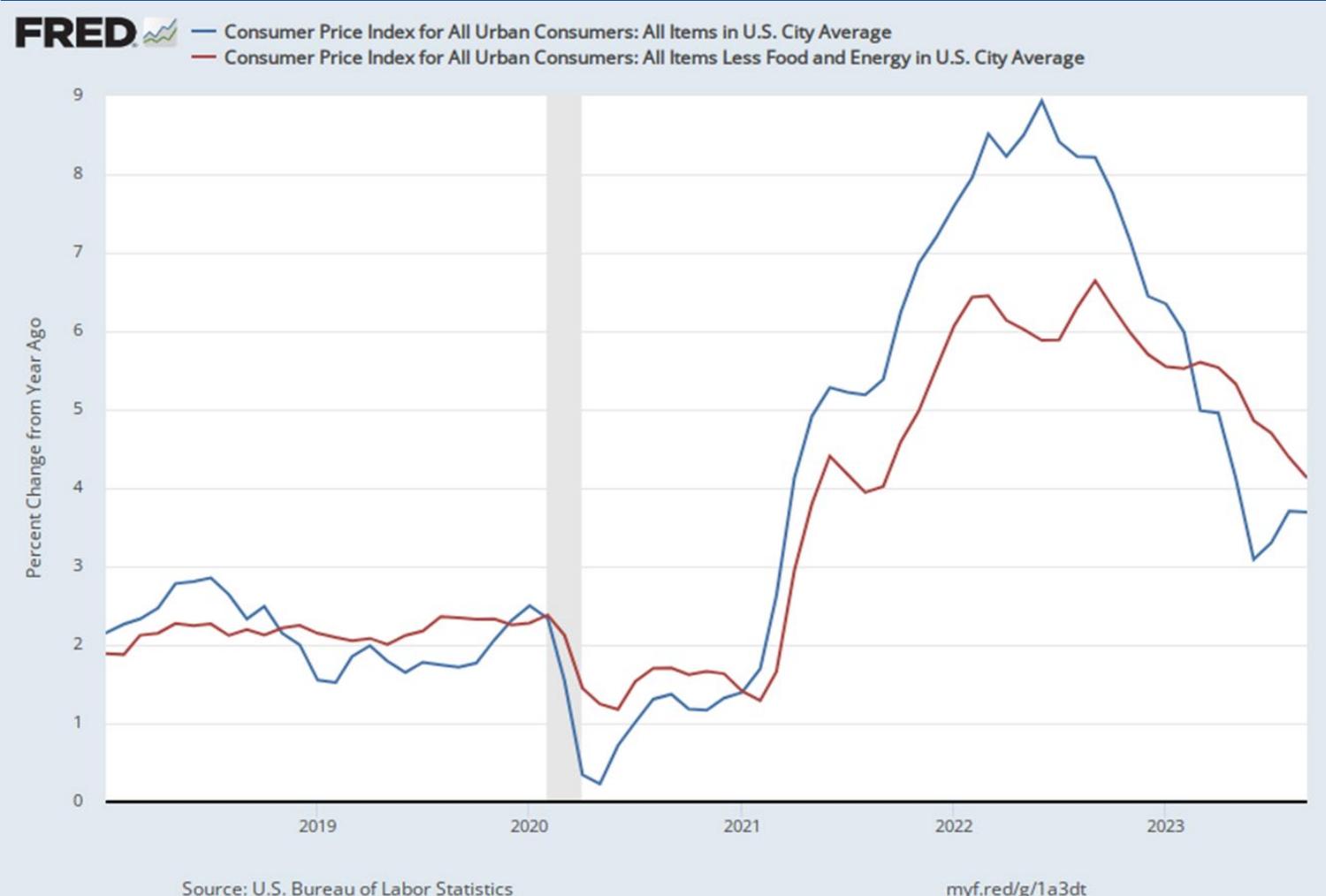
- Kansas consumption expenditures are up 14.3% compared to January 2020.
- US consumption is up 20.5%.
- **Consumption is 2/3rds of GDP.**
- **Growth will be slower.**



# Inflation is Decreasing

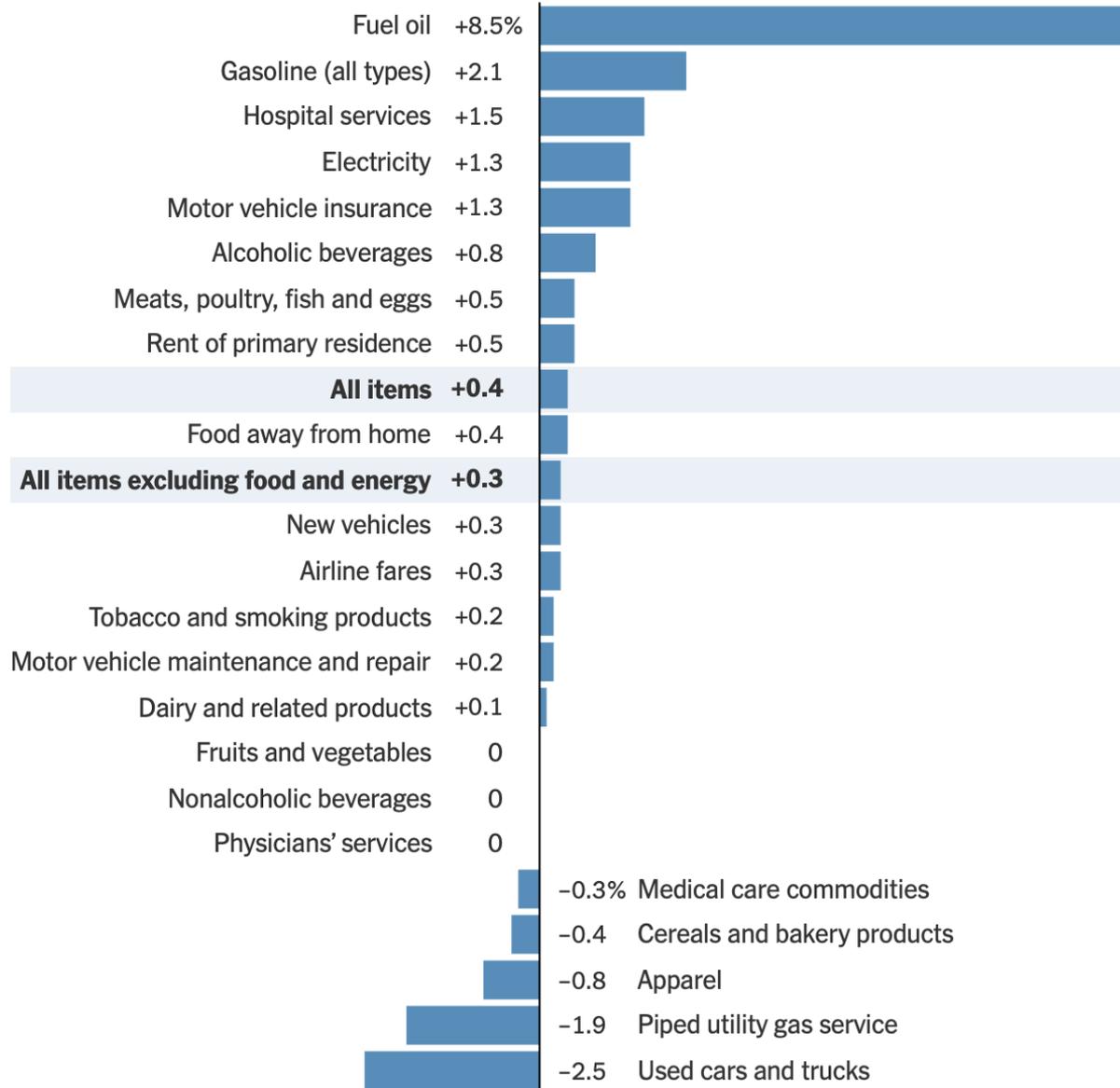
Still Higher than Target Despite Rate Hikes

# Inflation is Still Above Pre-Pandemic Levels



- YoY CPI growth peaked at 8.9% last June.
  - Still up 3.7% in the last year.
  - Core inflation up 4.1%.
- Inflation still driven by supply shocks & increased demand.

## Monthly changes in September



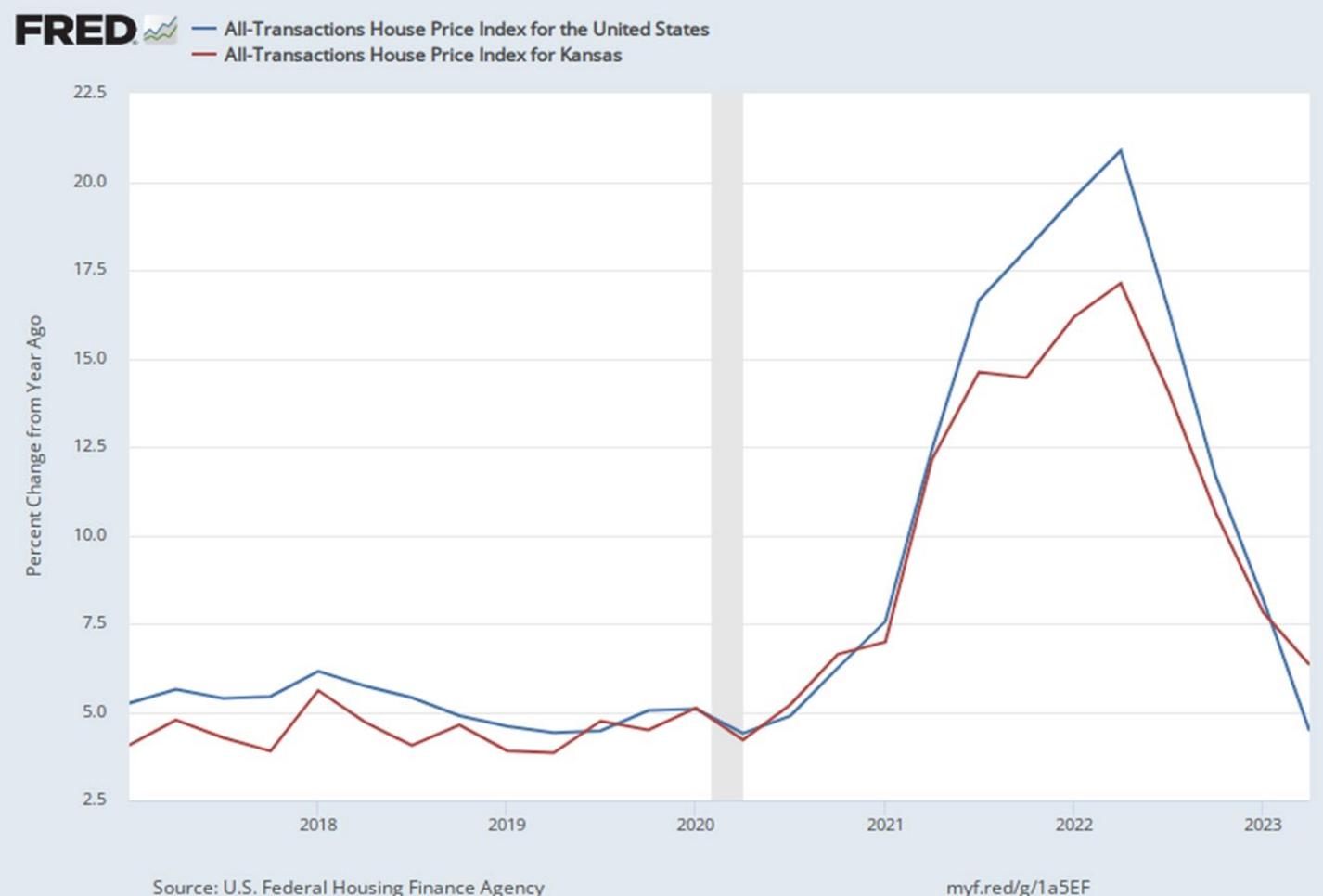
August-to-September changes in a selection of categories of the Consumer Price Index, adjusted for seasonality. • Source: Bureau of Labor Statistics • By Karl Russell

## Inflation has Increased—But at a Slower Rate than Last Year

- Pandemic services:
  - Airfare, food away from home.
  - Fuel Oil
- New vehicles
- Rent
- Other:
  - Meat, Motor Vehicle Insurance

Source: New York Times

# Housing Market is Cooling



- US housing prices are up 4.5% in Q2 2023 compared to the previous year (were up 21% in Q2 2022).
- Kansas housing prices are up 6.3% (17% in Q2 2022).
- Housing demand is up because construction was down for the past decade.
  - **Millennials are now the largest age group and they're buying houses.**

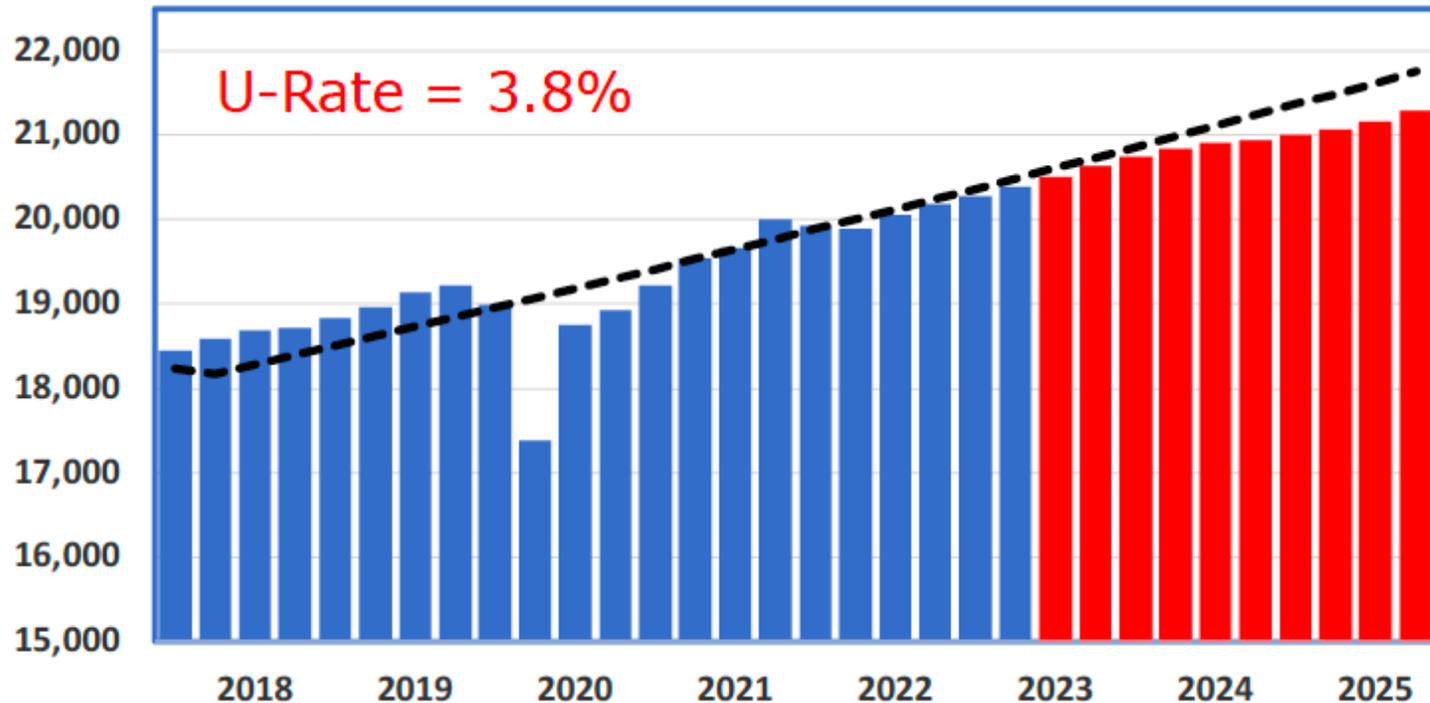


# Economic Forecast

Will there be a soft landing?

# Growth Is Forecasted to Slow Through 2025

Real GDP  
(Billions 2012\$, SAAR)

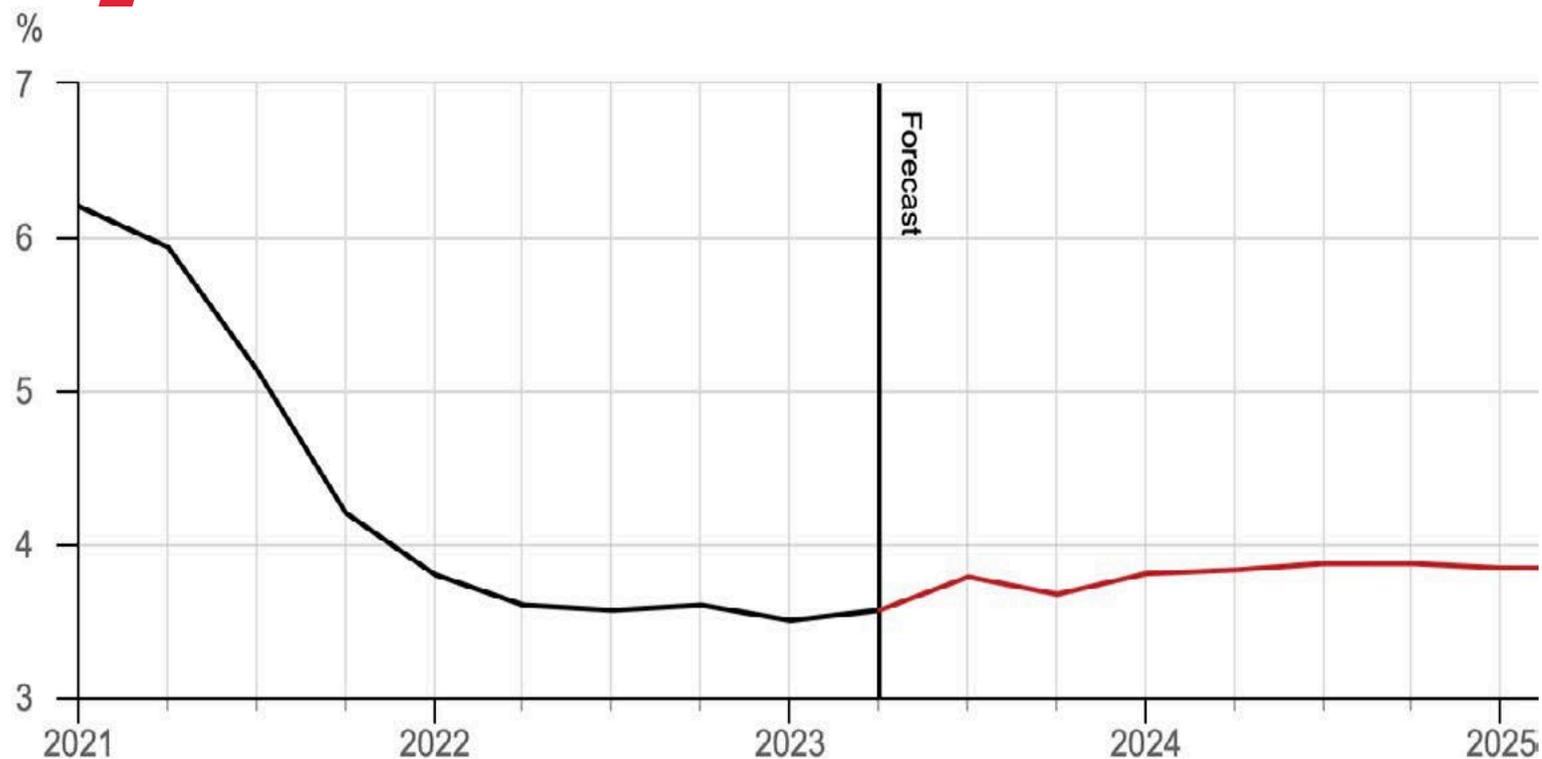


Source: US Bureau of Labor Statistics and UCLA Anderson Forecast

GDP has returned to trend. Forecasters are increasing expected growth through 2023.

Increase in interest rates will create a drag on the economy in the second half of 2024.

# Low Unemployment Is Forecast for the Next Two Years

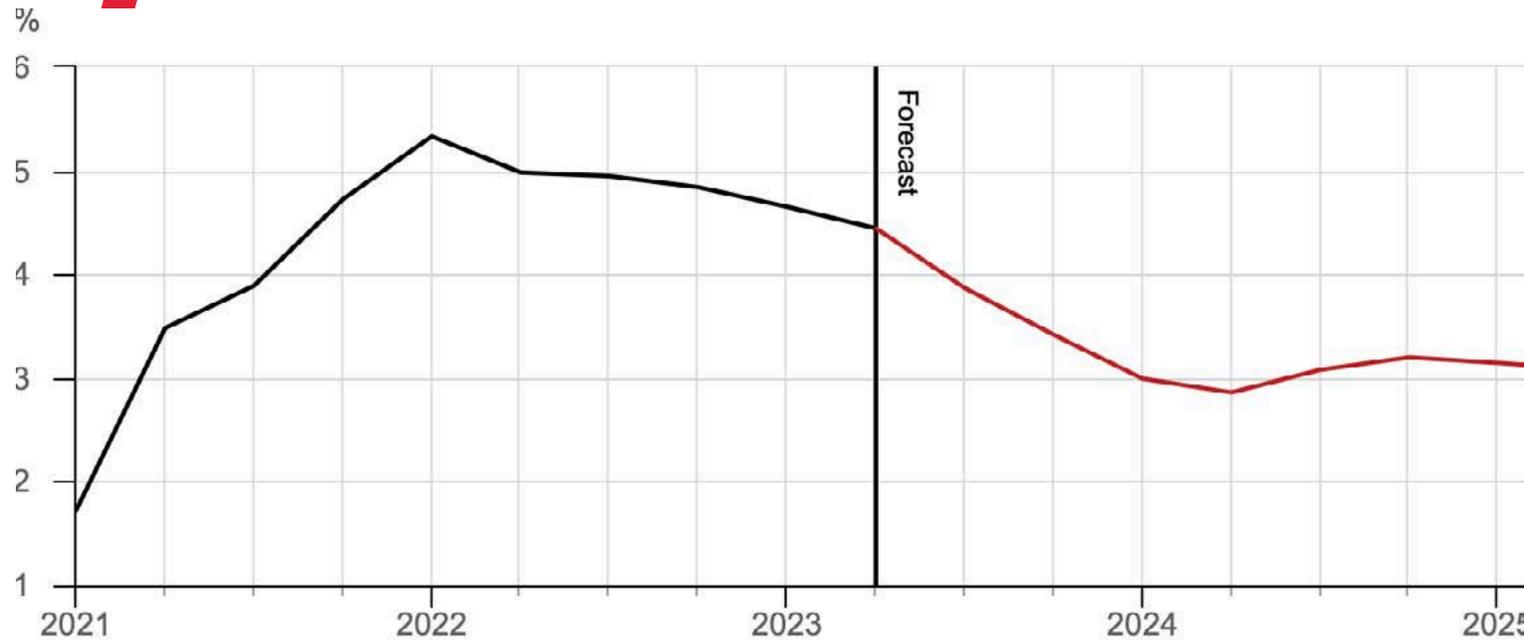


Unemployment will tick up in 2024

UCLA is not expecting huge spikes in unemployment.

Reflects the tight labor market conditions.

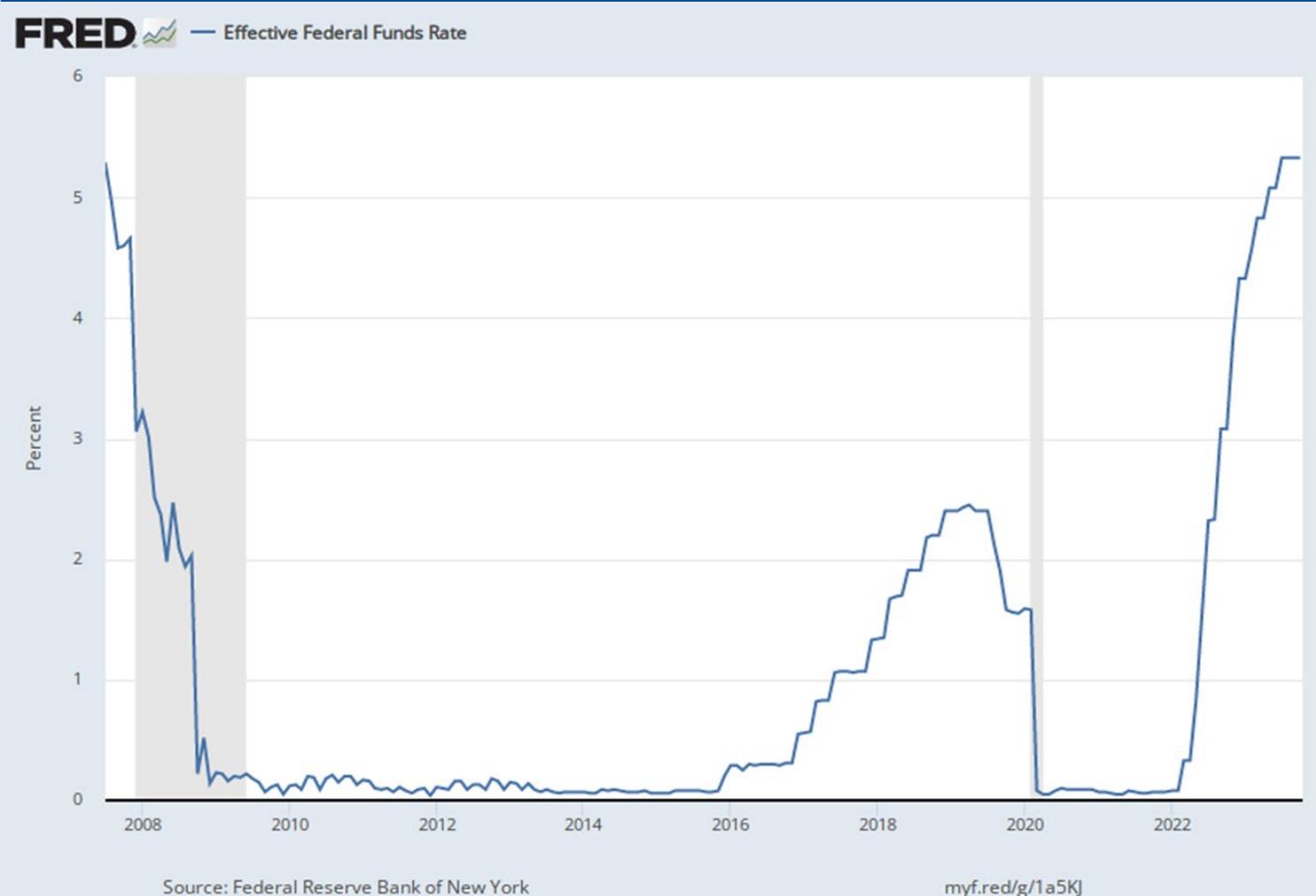
# Inflation will be with us in the near term.



The Fed is increasing rates to slow inflation. Monetary policy is just starting to have an effect (12-18 month lag).

UCLA forecasts inflation to be at 3% through 2025.

# The Fed is Maintaining High Interest Rates



Fed opted to keep rates steady in September.

Officials expect one more rate hike this year.

Target rate depends on inflation outlook and other economic factors.

# Wage Growth is Falling

## Wage Growth Tracker

three-month moving average of median wage growth, hourly data



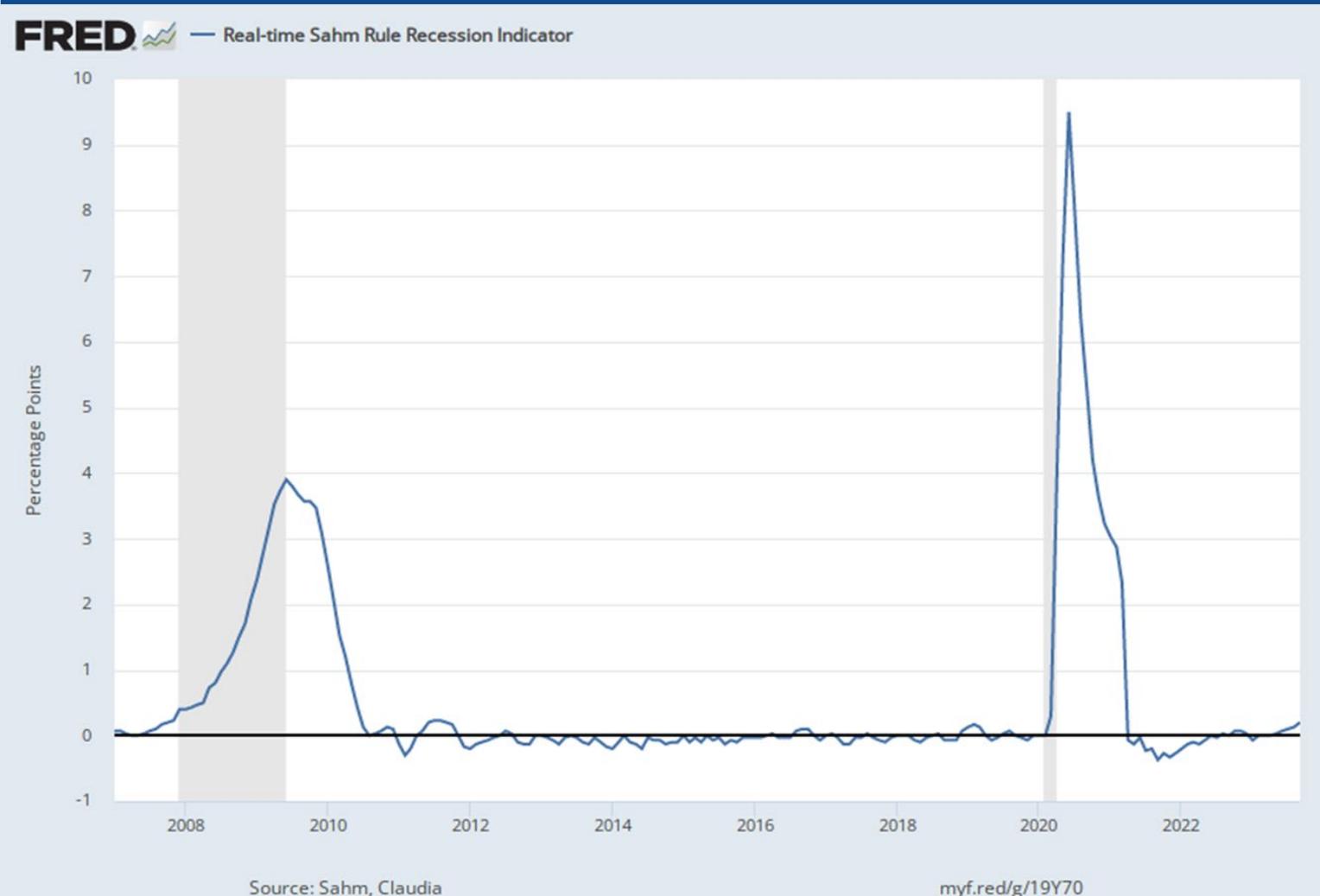
Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

Wages grew quickly in 2021 and 2022.

However, wage growth started to fall in 2023.

This reduces inflationary pressure in the economy.

# No Evidence of a Recession from the Sahm Index



No indication of recession from the Sahm Index.

Hard to call anything a recession when the economy is at full employment.



# A Strong Labor Market Protects Against a Recession

Roots of the Labor Shortage

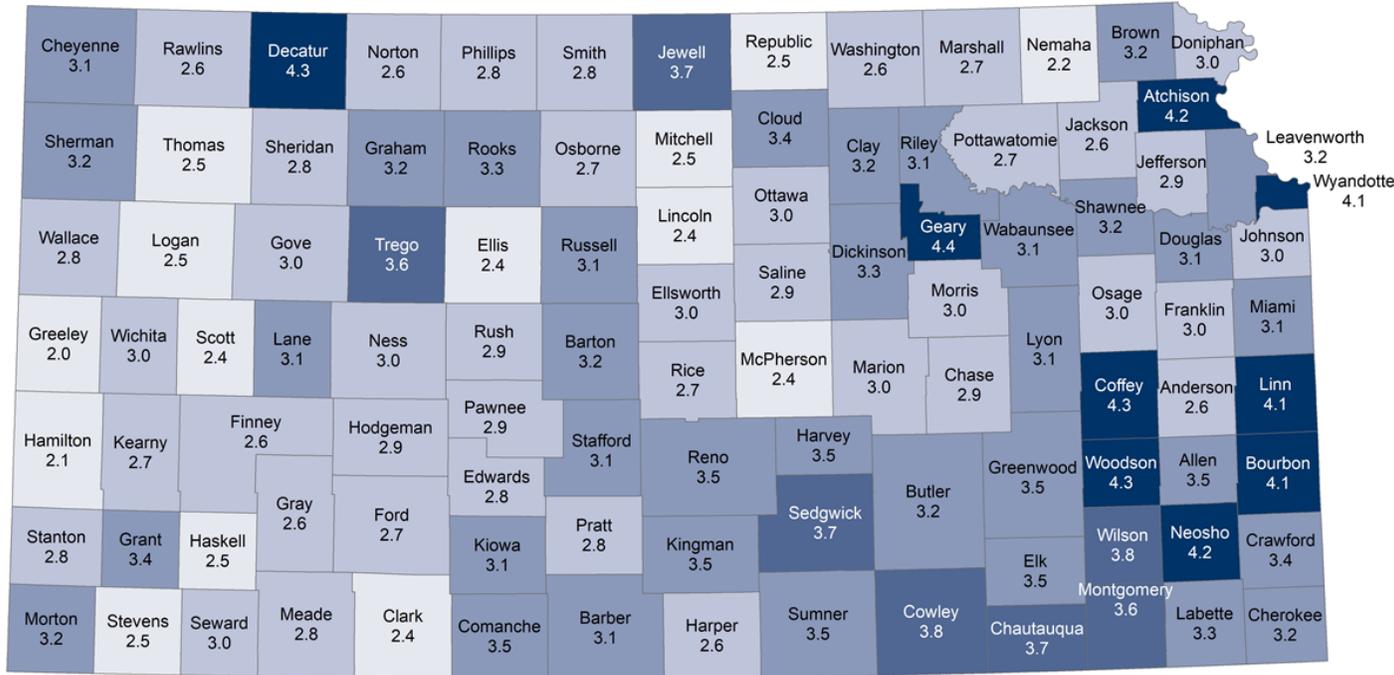
# Unemployment in August 2022



- Unemployment fell to 3.6% in September.
- Kansas unemployment rose slightly to 3.2% in August.
- Kansas remains at full employment.

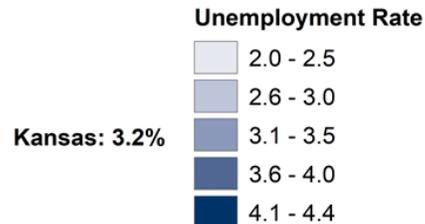
# August Kansas Unemployment Rate 3.2%

Unemployment Rate in Kansas, by County  
August 2023



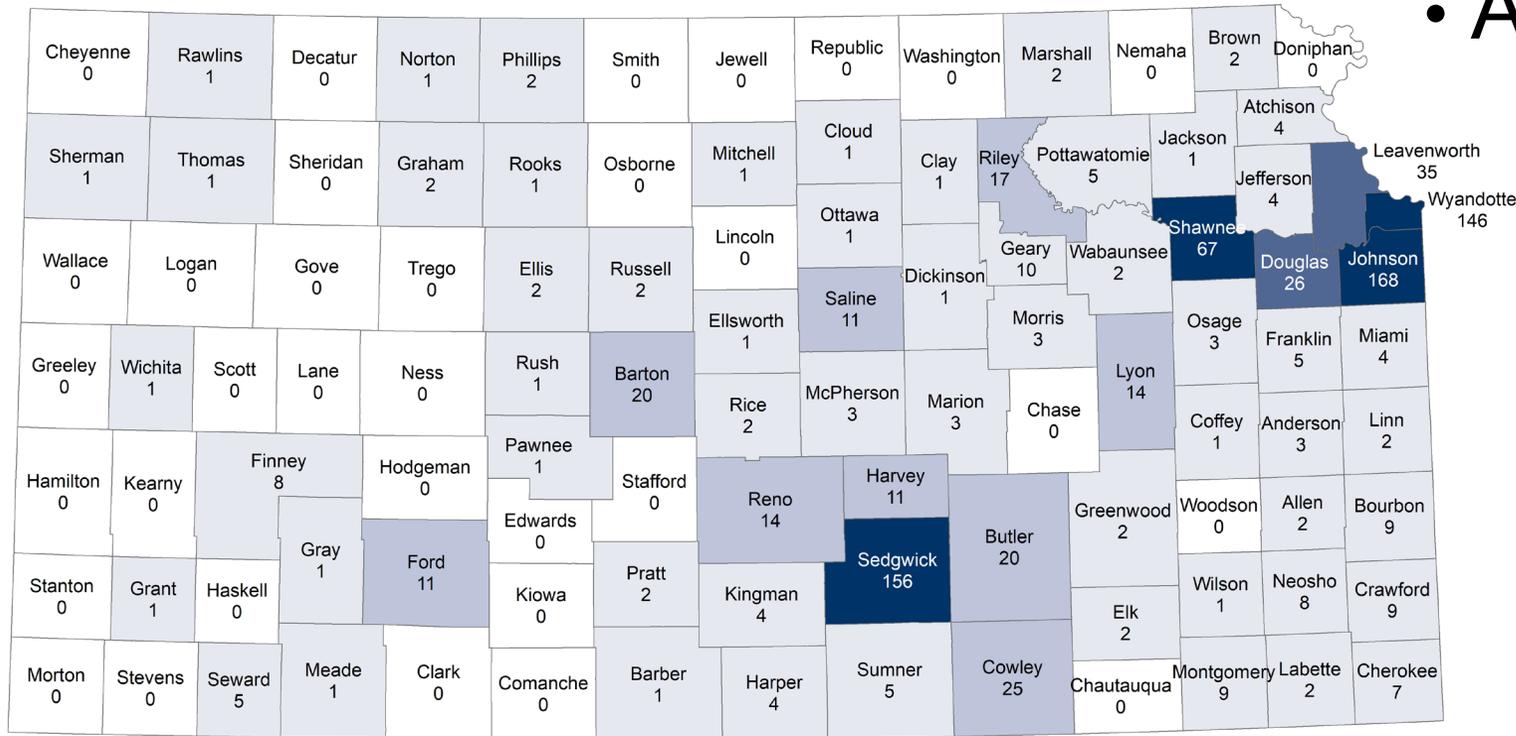
- Kansas is at full employment.
- Sedgwick County unemployment is 3.7%.
- Southeast Kansas has the “highest” unemployment rate that is ~ 4%.
- This creates a ceiling on economic growth.

Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor.



# Initial Claims by County – September

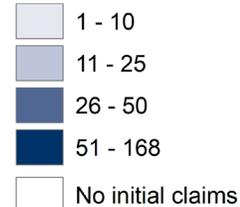
Initial Jobless Claims in Kansas, by County  
Week Ending September 2, 2023



- As of September 2nd:
  - 168 Claims in Johnson County
  - 156 in Sedgwick County
  - 67 in Shawnee County
  - 146 in Wyandotte County
  - 26 in Douglas County

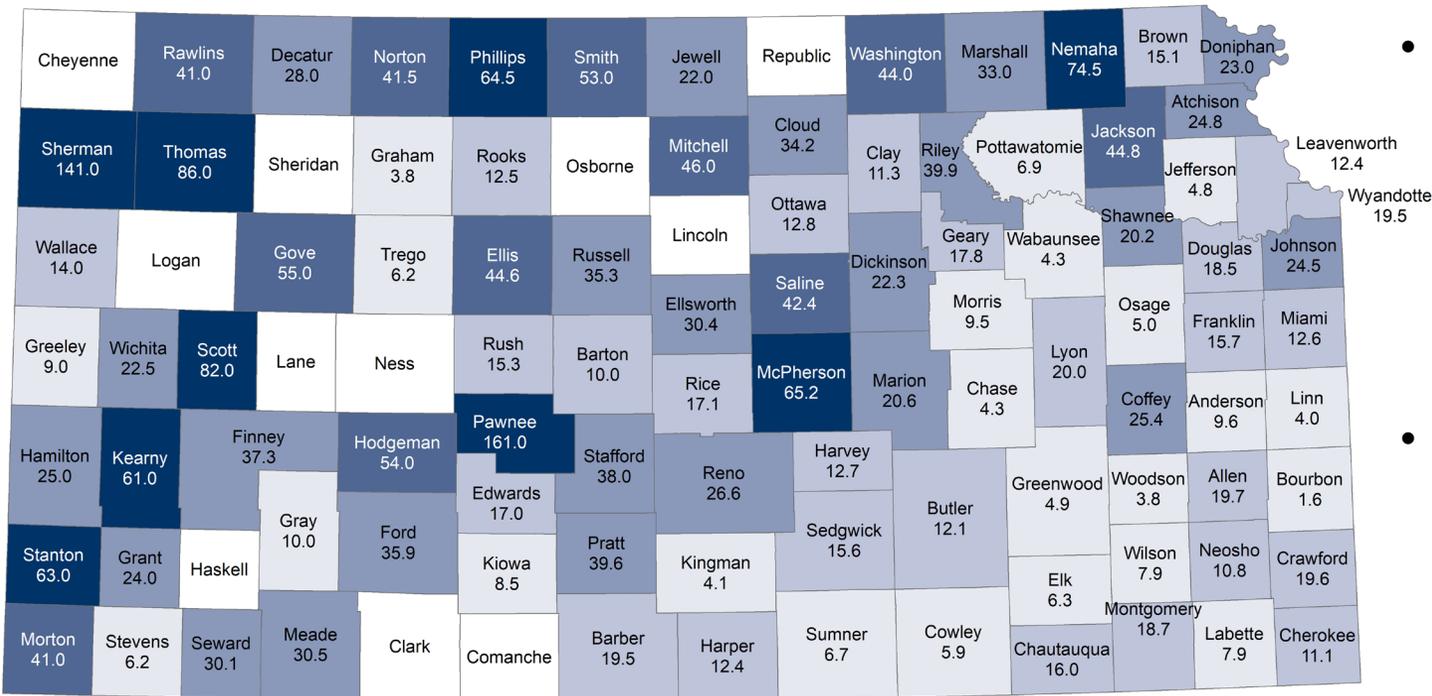
Source: Institute for Policy & Social Research, The University of Kansas;  
data from Kansas Department of Labor, Labor Market Information Services.

## Initial Claims



# Job Openings Outnumber Unemployment Claims

Job Openings per Initial Jobless Claim in Kansas, by County



- In all counties with unemployment claims, job openings outnumber claims.
- Six largest Kansas counties have 12.4-24.5 openings per claim.
- **Kansas needs workers.**

Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor, Labor Market Information Services.

Job openings advertised online in September 2023.  
Initial unemployment claimants from weeks ending August 5 through September 2, 2023.

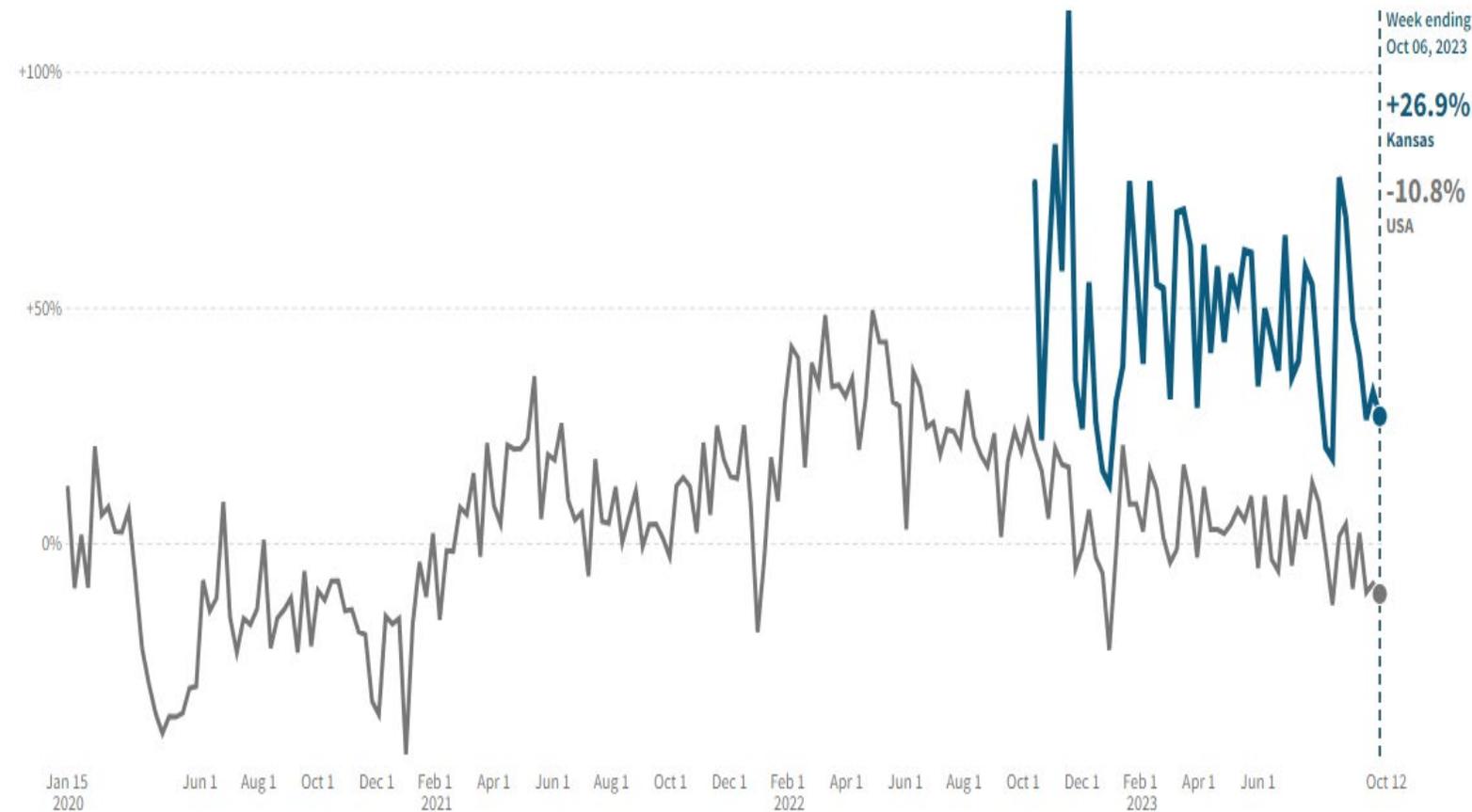


Source: IPSR calculations using Kansas Department of Labor Data

# Job Postings Have Increased

In **Kansas**, as of October 06 2023, total job postings increased by **26.9%** compared to January 2020.

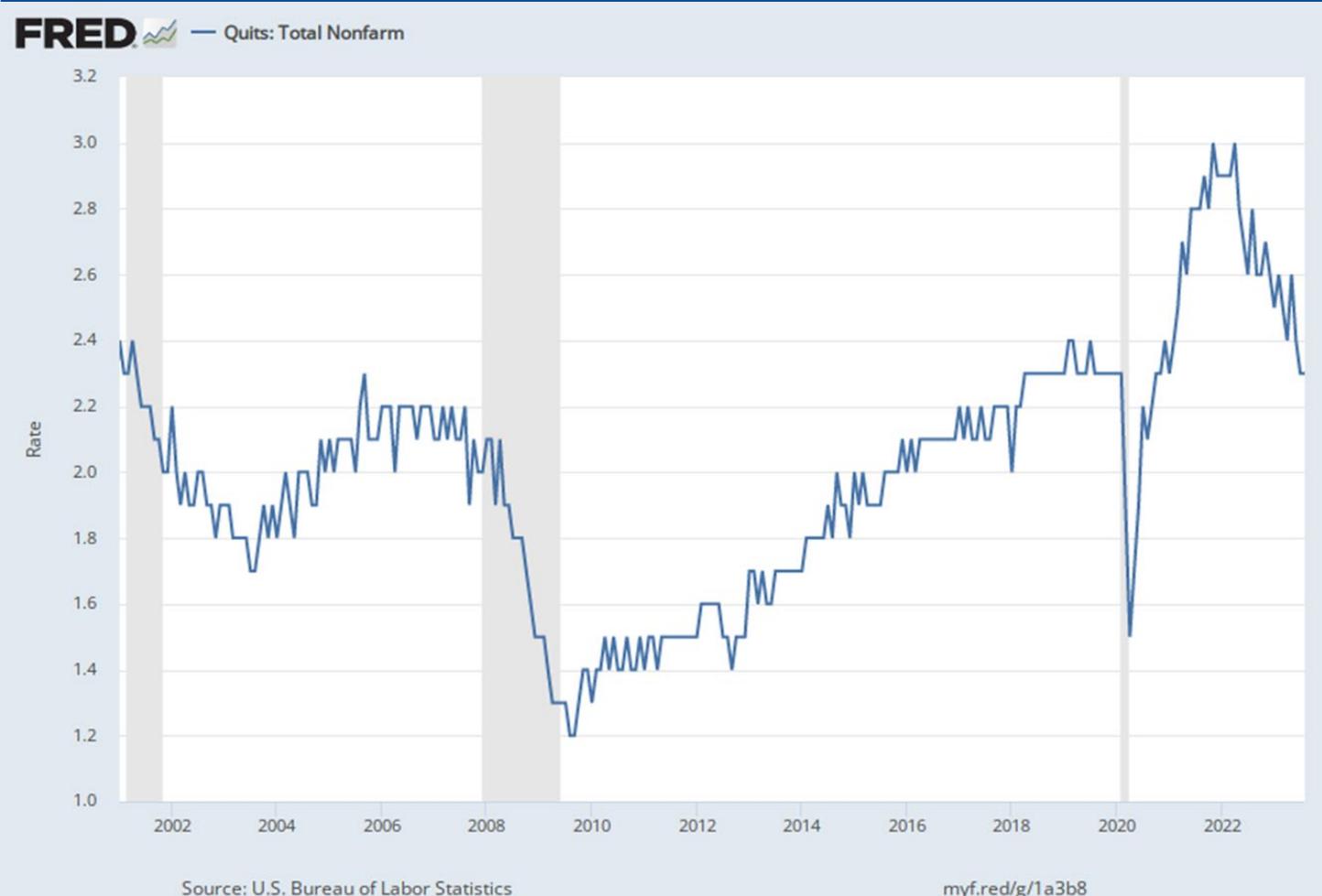
DOWNLOAD CHART 



data source: **Lightcast**

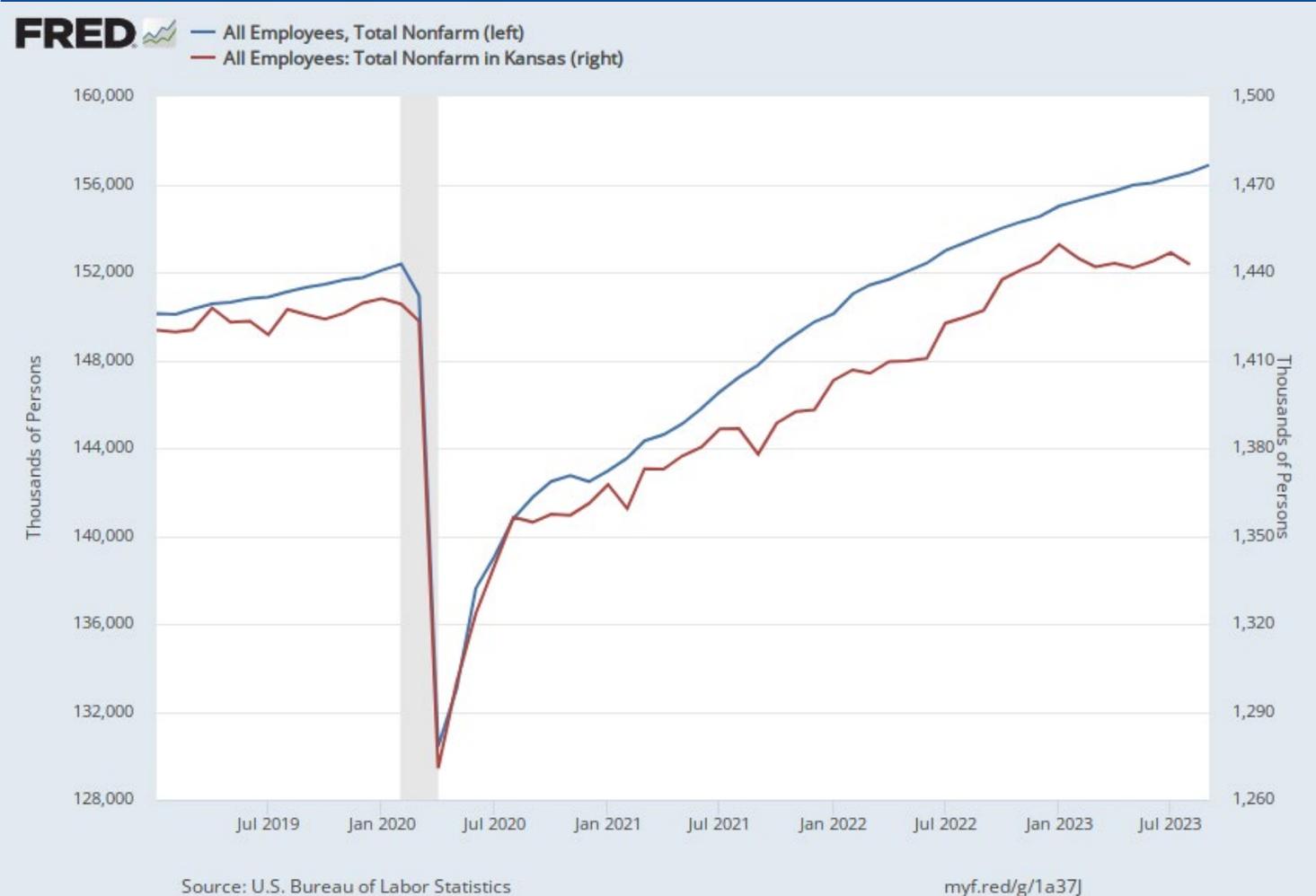
- Job Postings are up 27% in Kansas compared to the start of the pandemic.
- In the US, job postings are up 10.8%.
- Job postings are noisy.
- One approach to filling jobs is to pay more.

# Employees are Quitting in Drove



- Quit rates have fallen but are still high (2.3%)
- Driven by workers seeking better hours and compensation.

# Kansas Employment has Leveled Off

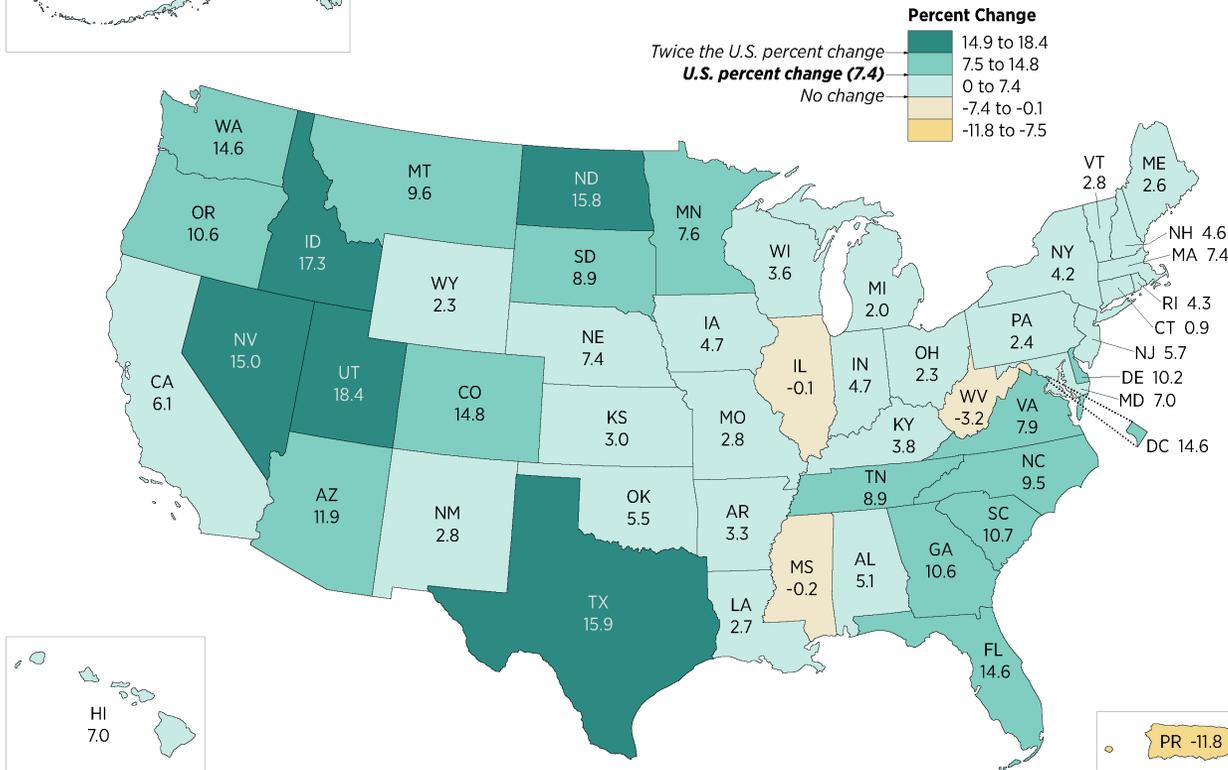


- Employment rebounded at a faster rate in the US than in Kansas.
- Employment has fully recovered in both Kansas and the US.
- However, employment has leveled off in Kansas in 2023.

# Kansas Population Growth Is Slow



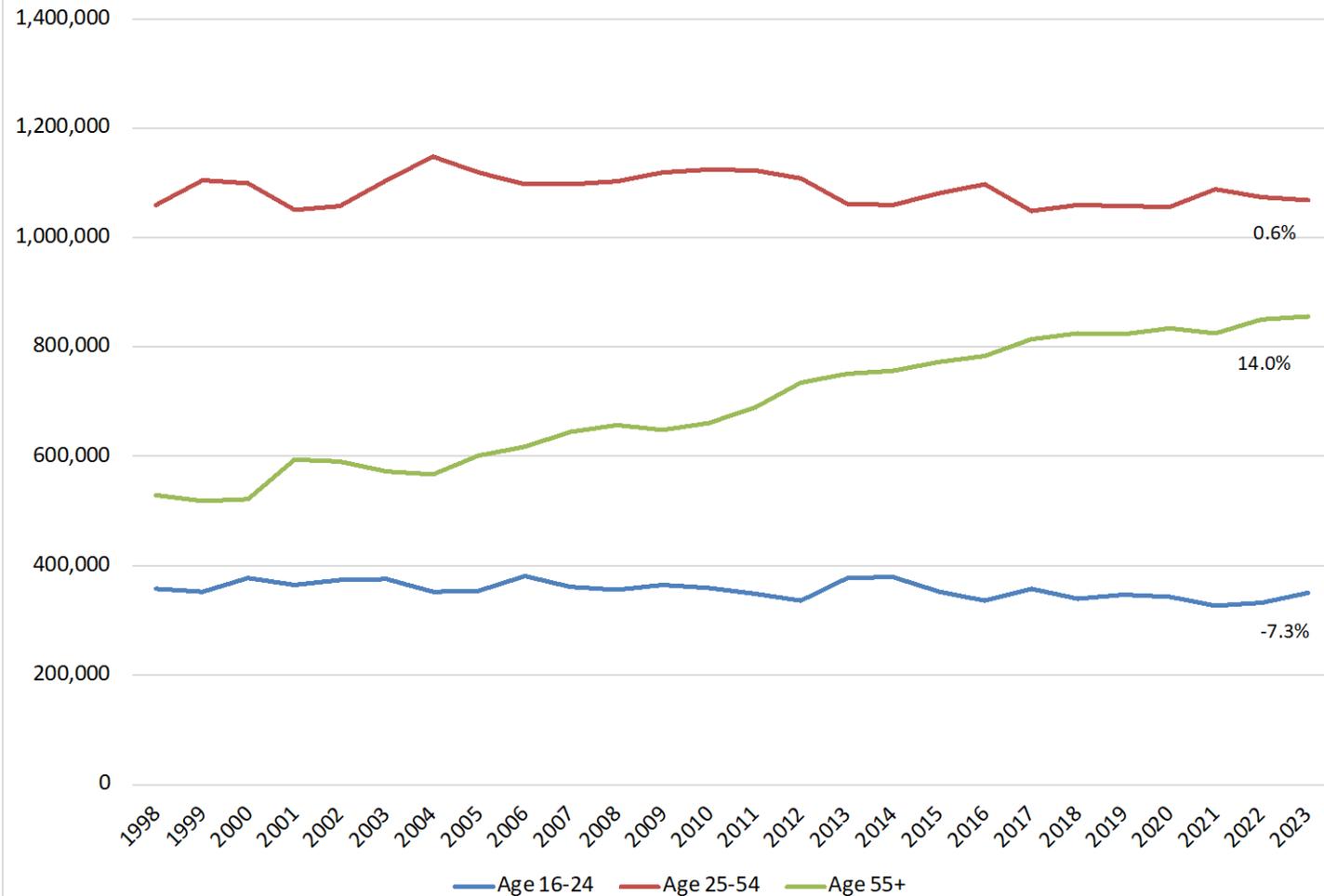
Percent Change in Resident Population for the 50 States, the District of Columbia, and Puerto Rico: 2010 to 2020



- Only Missouri grew more slowly than Kansas in the past decade.
- Kansas Speaks survey indicates that 19% of Kansans expect to live in another state within 5 years!
  - That number was 9% in 2018.

# Kansas Adult Population is Aging Rapidly

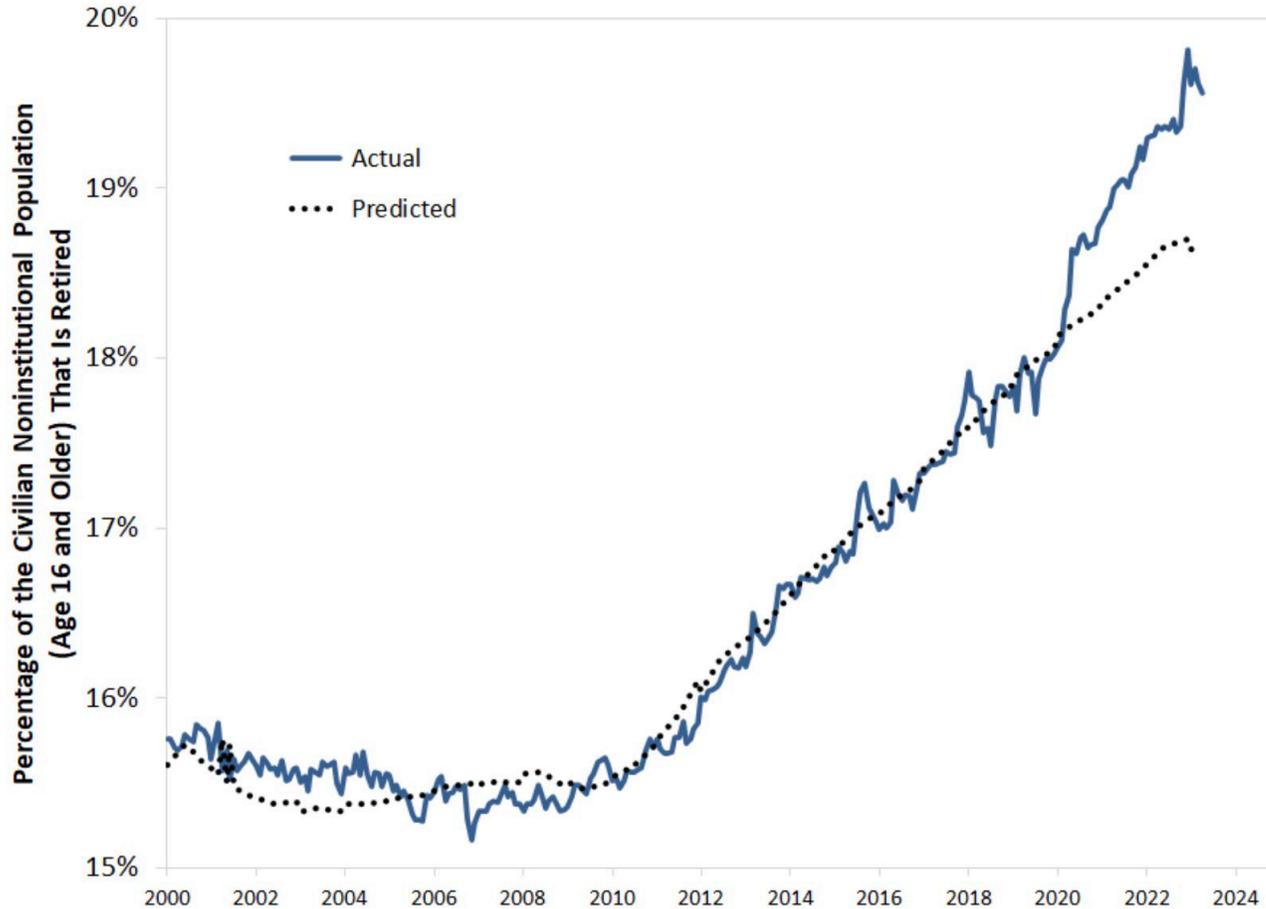
Civilian Adult Population in Kansas, by Age, 1998-2023



- Prime Aged Adult Population is flat.
- Older adult population (aged 55+) has increased 14% in the past decade.
- Young adults (aged 16-24) have declined 7%.

# Labor Shortage Has Many Causes

## Actual Retirements Began to Greatly Surpass the Predicted Trend during the Pandemic

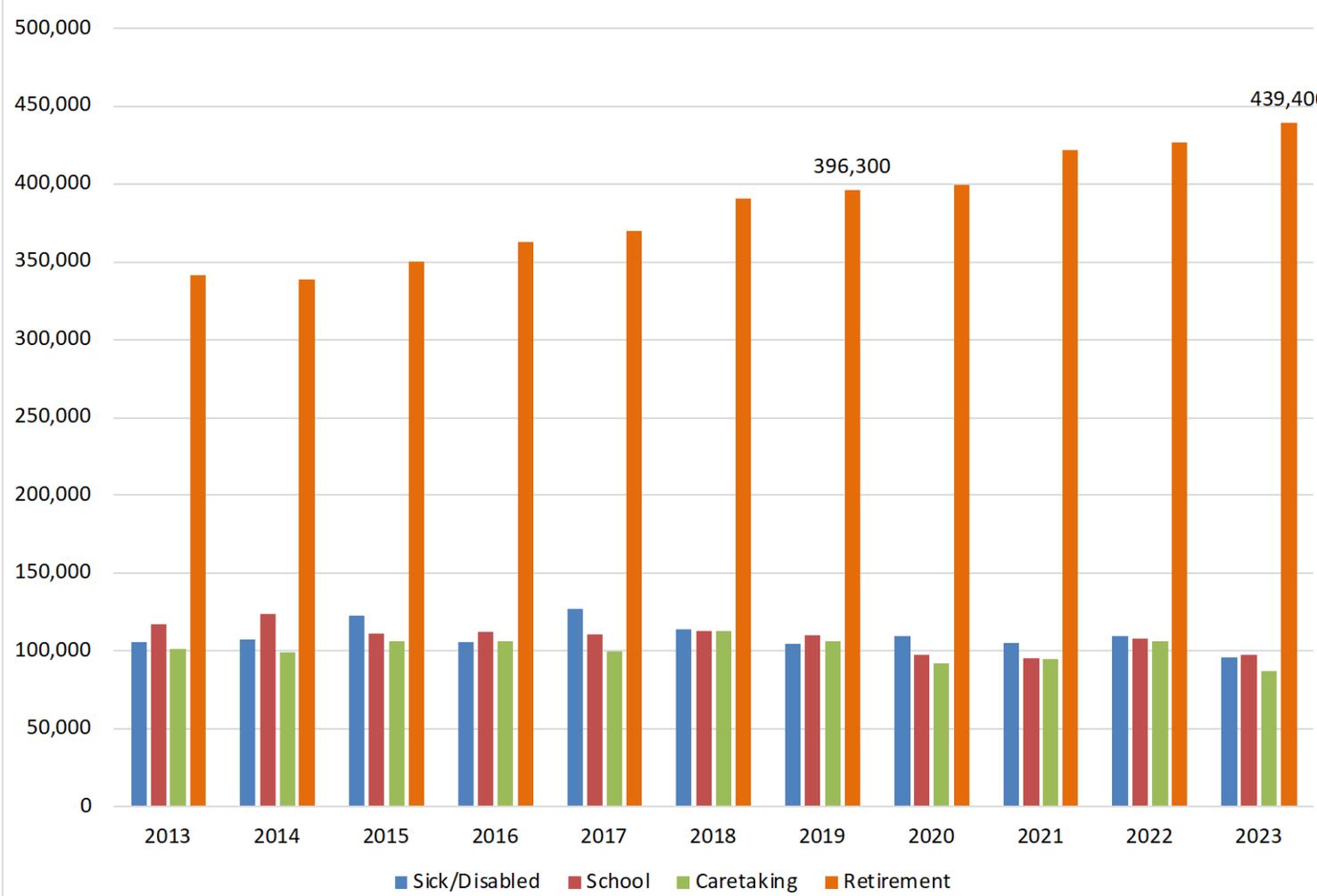


■ FEDERAL RESERVE BANK OF ST. LOUIS

- Great Retirement ~ St. Louis Fed compared actual to predicted retirements through Q1 2023.
- As of April 2024, there were more than 2.4 million excess retirees.

# Kansas Labor Shortage is Associated with Retirement

Reasons for Not Working in Kansas, 2013-2023

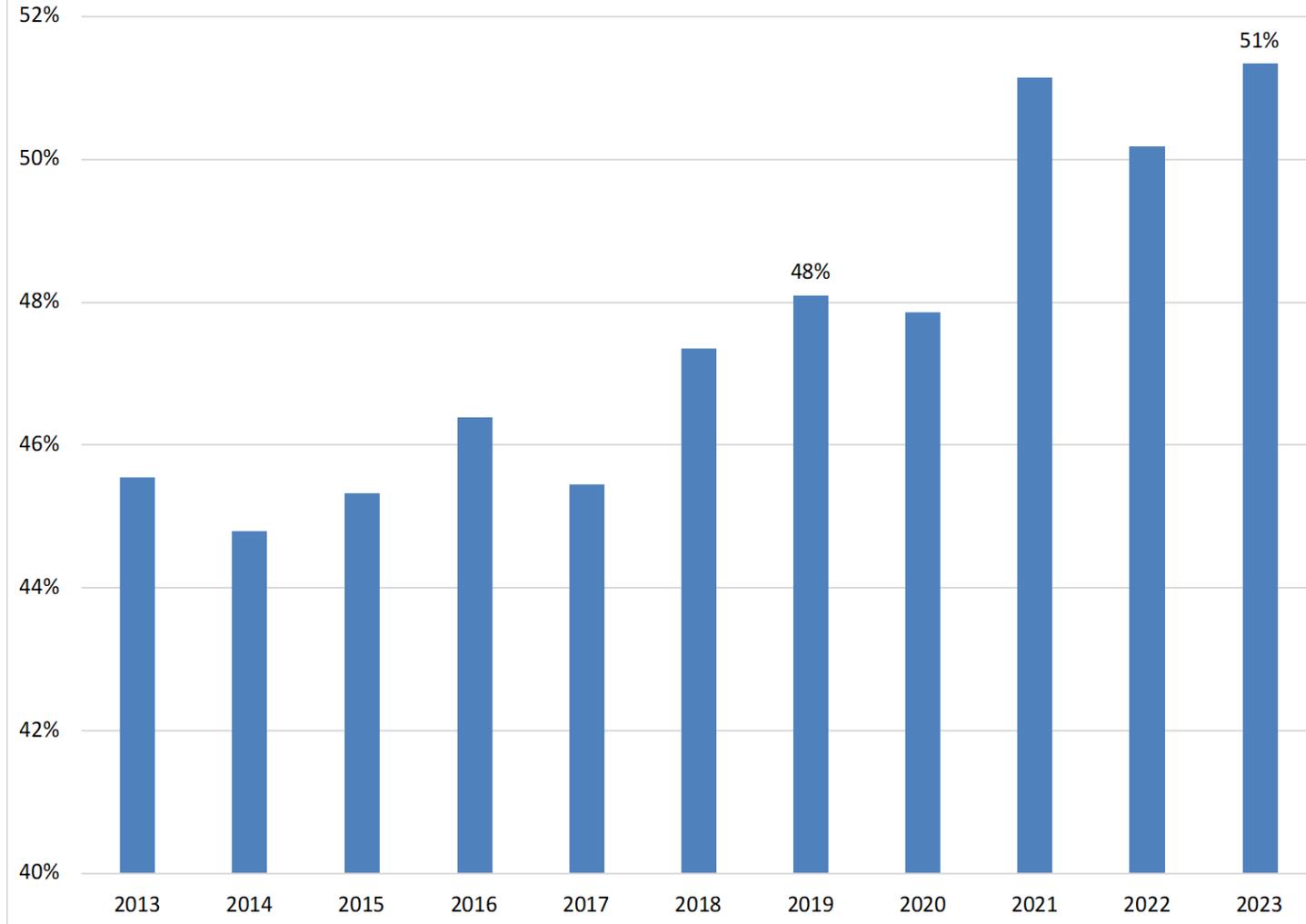


**Great Retirement ~ 43,000**  
 Kansans have retired since 2019.

- **Childcare.** Some evidence of decrease in caretaking associated with not in the labor force.

# Kansas Labor Shortage is Associated with Retirement

Retirement Intensity



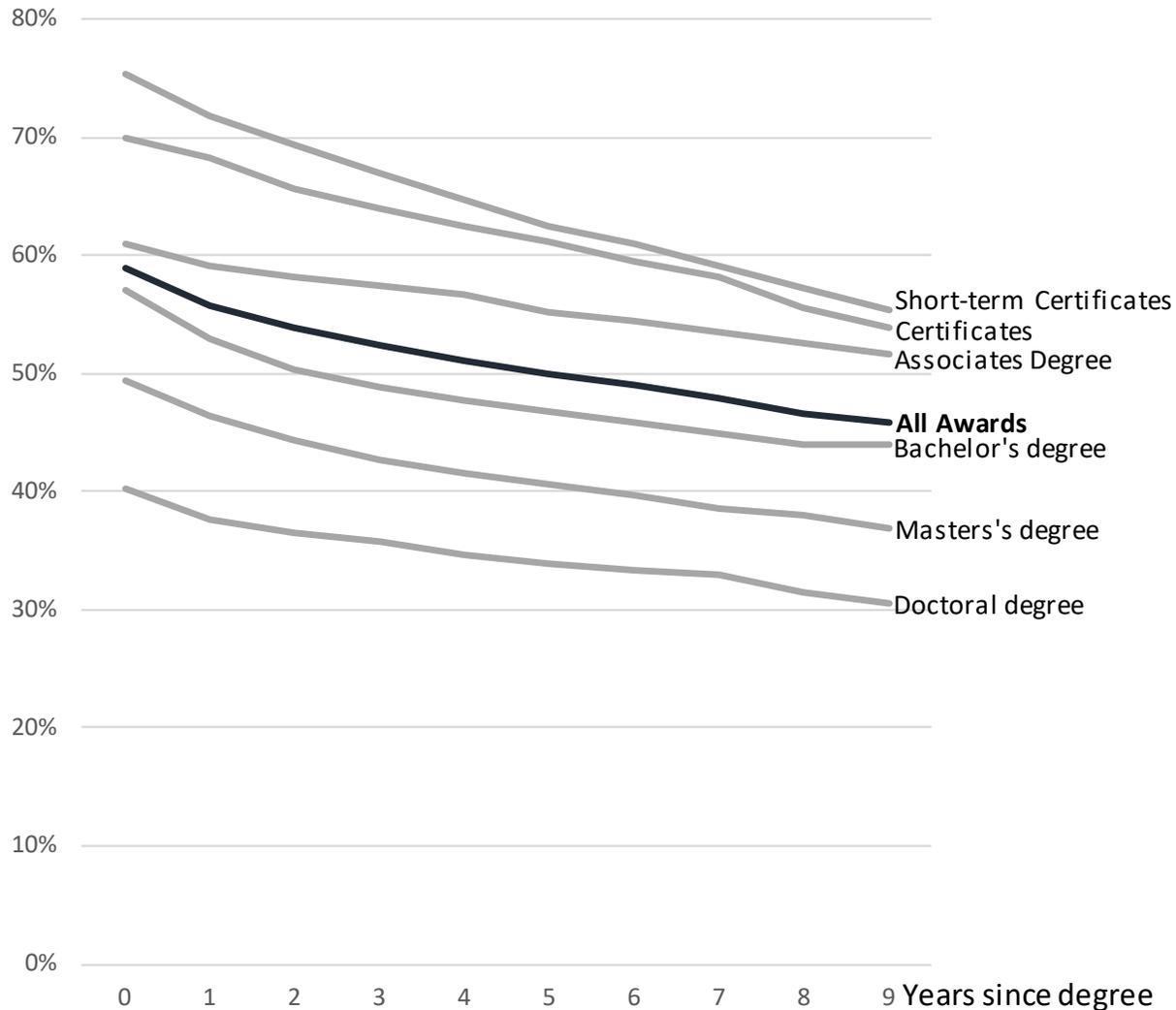
- Retirement to 55 year and older population ratio has increased to its highest level of 51%.
- Retirements started increasing in 2018 but accelerated because of the pandemic.
- The baby boom has “left the building” all at once.
- Retirees are not likely to come back.
- Kansas needs workers.



# Growing the Kansas Workforce

Retention, Migration and Salaries

# Retention of graduates from state universities in Kansas



- Kansas retains more people with Associate degrees and Certificates than other degrees.
- For BA, MA and PhD - the higher the degree, the lower the retention rate (initial and over time).
- Kansas retains fewer than half of Bachelors' degree recipients nine years after degree.

# Top destinations for out-migration from Kansas

**Table 3. Top Destinations for Kansas Out-Migrants, BA or Above, Ages 20-35**

Annual Average 2017-2021

State	Domestic Out-Migration from Kansas	Domestic In-Migration to Kansas	Net Domestic In-Migration (in minus out)
Missouri-KC Area	3,603	4,116	513
Texas	2,169	1,046	-1,123
Missouri-Non KC Area	1,318	1,291	-27
California	1,104	869	-235
Colorado	1,002	376	-626
Oklahoma	997	510	-487
Nebraska	590	759	169
New York	581	437	-144
Maryland	568	150	-418
Illinois	520	388	-132
Florida	504	339	-165
Indiana	500	382	-118
All States	17,572	16,801	-771

- By far the largest number Kansas out-migrants move to the Missouri side of the Kansas City Metro Area.
- Texas attracts over 2,000 young Kansans with Bachelor's degrees each year.
- The remainder of Missouri, California, Colorado, and Oklahoma also attract large numbers of this demographic group.
- Overall, there is a small net outflow of highly educated Kansans in the 20-35 age group.

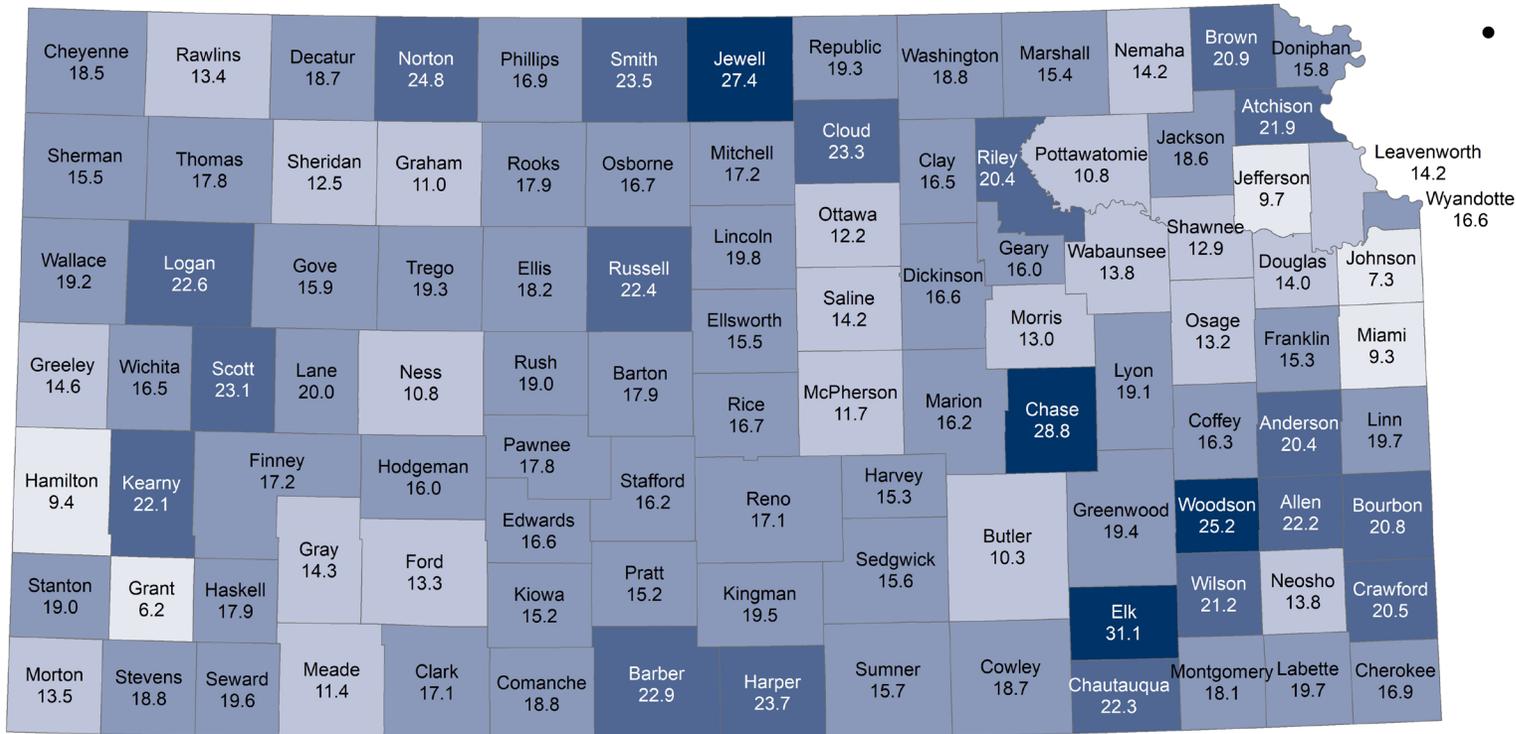


# Salaries for KBOR Graduates in Kansas and Surrounding States

Kansas pays relatively low wages

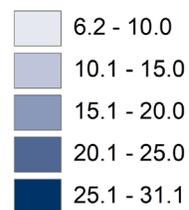
# How Many Kansans Would See a Pay Increase?

Percent of Workers Earning Less than \$25,000 in the Past 12 Months in Kansas, by County  
2017-2021



- If the minimum wage increased to \$12 per hour, about 147,000 full-time, year-round workers in Kansas would see a higher wage.

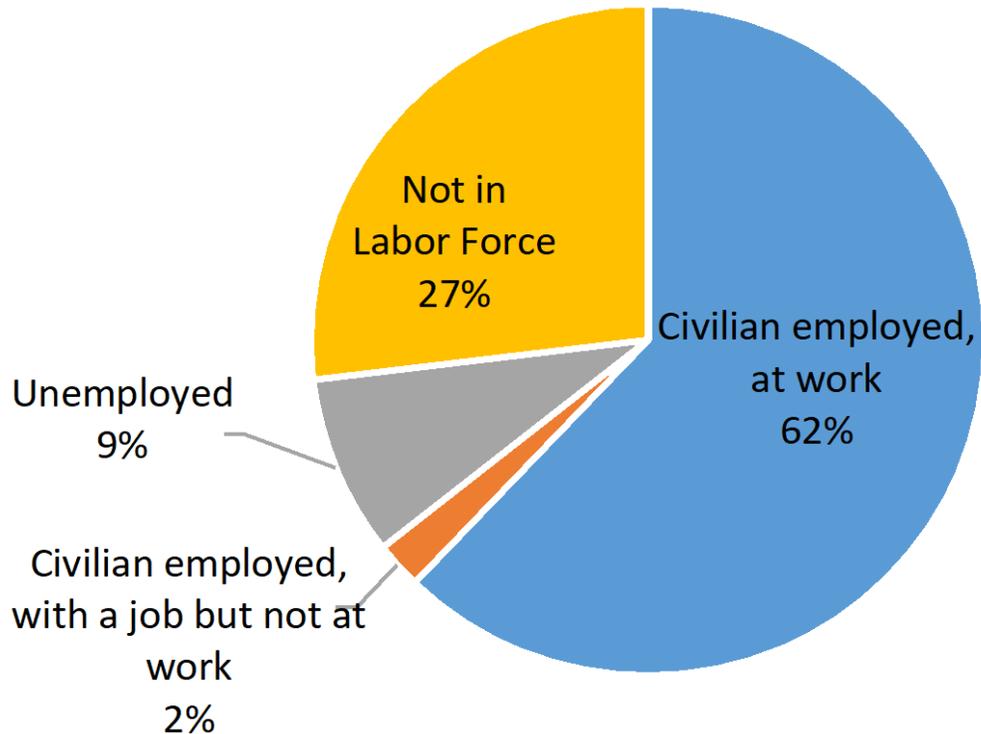
Percent of Full-Time, Year-Round Workers



Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Census Bureau, 2017-21 American Community Survey.

# How Many Kansans Are Uninsured?

Kansans Age 25-54  
without Health Insurance, 2021



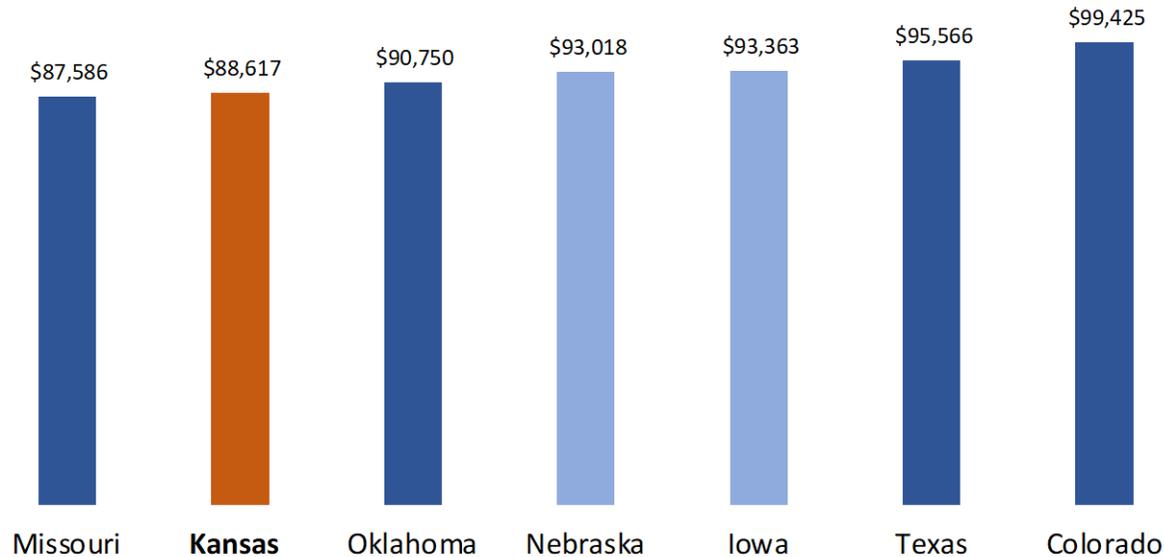
- Over 102,000 Prime-Aged Workers in Kansas are uninsured.
- No evidence that Medicaid Expansion Changed Employment (Gooptu et al 2016)

# Salaries comparison for Kansas and nearby states

- We use data on 2022 salaries by occupation with Bachelor's degree as minimum required, from Occupation Employment and Wage Statistics, BLS.
- Salaries are adjusted for Kansas prices.
- Occupations are aggregated in a broader categories similar to CIP codes, and salaries are weighted by the number of people.

# 2022 Business Salaries in Kansas and nearby states

## Business and Related Occupations



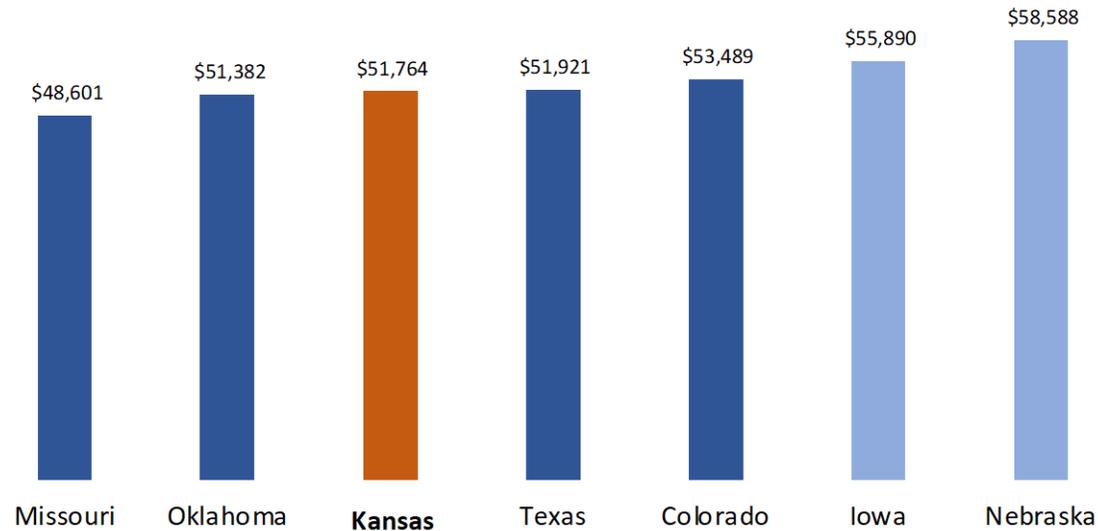
Compared to nearby states, Kansas has second lowest salaries in Business occupations.

Salaries are lower than Oklahoma, Texas and Colorado, but higher than Missouri.

Business workers earn over \$10,000 less in Kansas than Colorado.

# 2022 Education Salaries in Kansas and nearby states

## Education Occupations

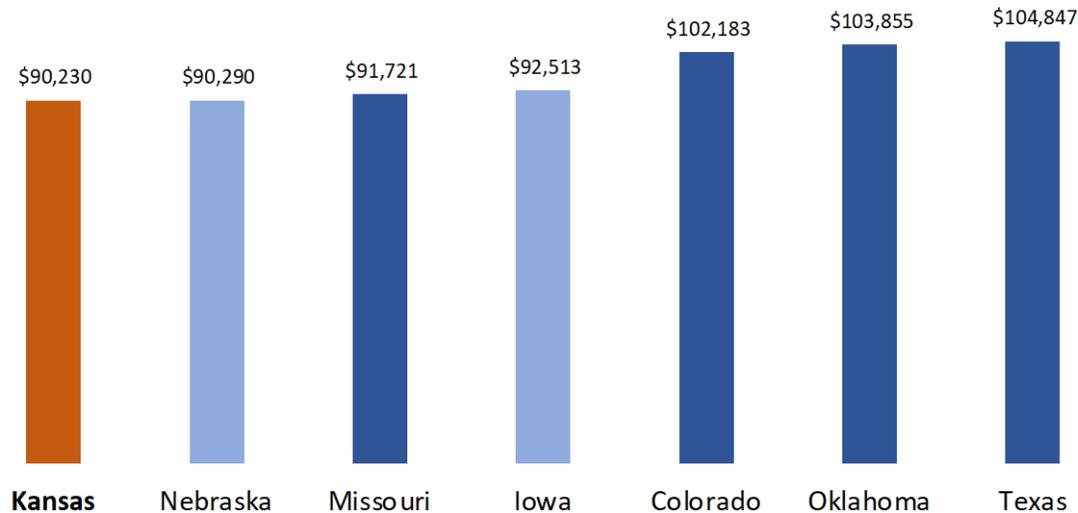


Out of nearby states, Kansas salaries in Education occupations fall somewhere in the middle.

Kansas is lower than Texas and Colorado, but higher than Missouri and Oklahoma.

# 2022 Engineering Salaries in Kansas and nearby states

Engineering Occupations

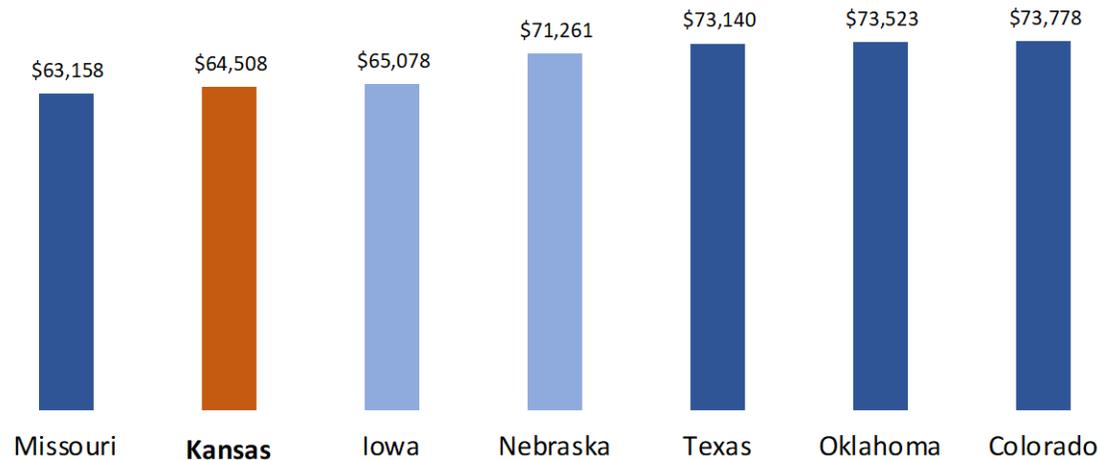


Out of nearby states, Kansas has the lowest salaries in Engineering occupations.

An engineer in Kansas earns \$15,000 less than an engineer in Texas.

# 2022 Life Science Salaries in Kansas and nearby states

Life Science Occupations



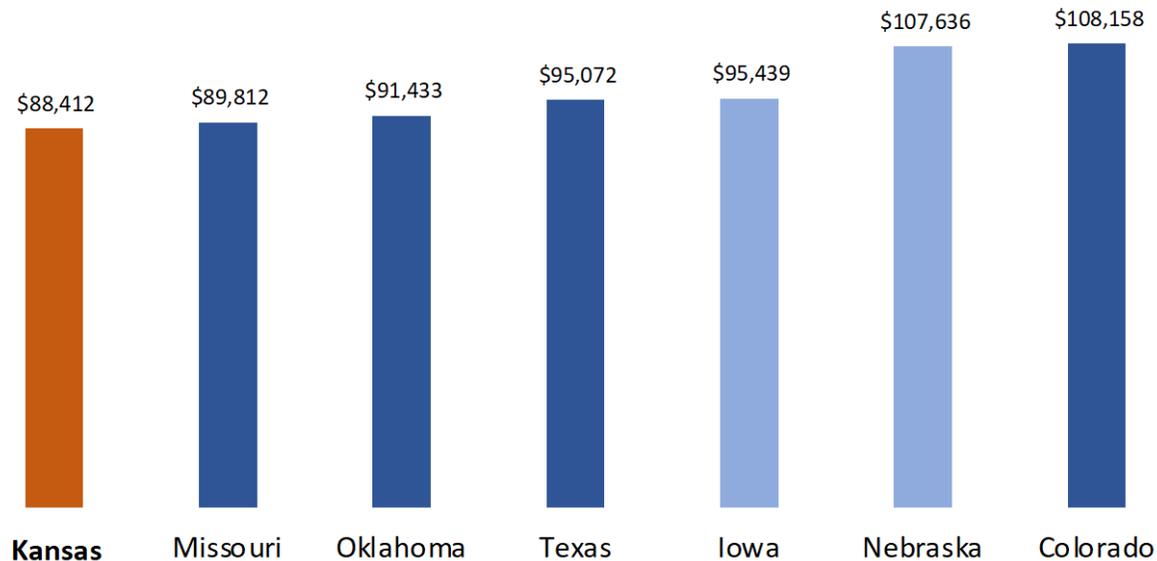
Out of nearby states, Kansas has second lowest salaries in Life Science occupations.

Kansas is lower than Texas, Colorado and Oklahoma, but higher than Missouri.

A life scientist in Kansas earns \$10,000 less than a life scientist in Texas.

# 2022 Math/Computer Science Salaries in Kansas and nearby states

## Mathematicians and Computer Scientists

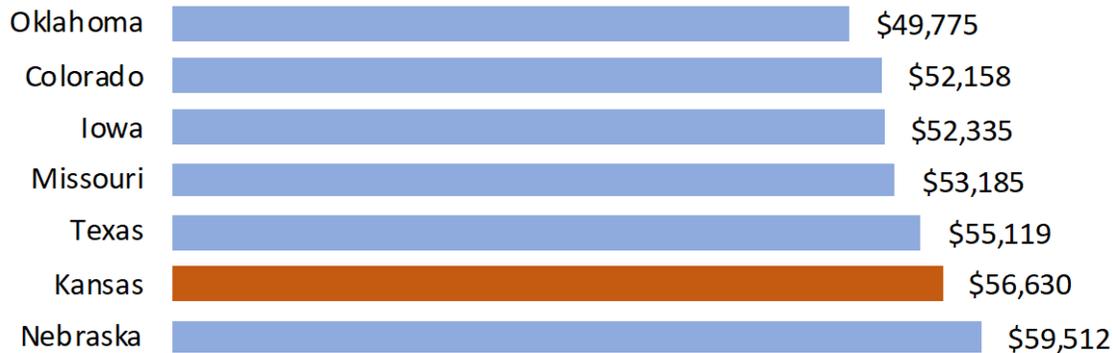


Out of nearby states, Kansas the lowest salaries in Mathematics and Computer Science occupations.

The gap is \$20,000 per year between Kansas and Colorado.

# 2022 Salaries in Kansas and nearby states for K-12 teachers

## Kindergarten Teachers, Except Special Education



- Kansas pays competitive salaries for elementary school teachers.

## Elementary School Teachers, Except Special Education

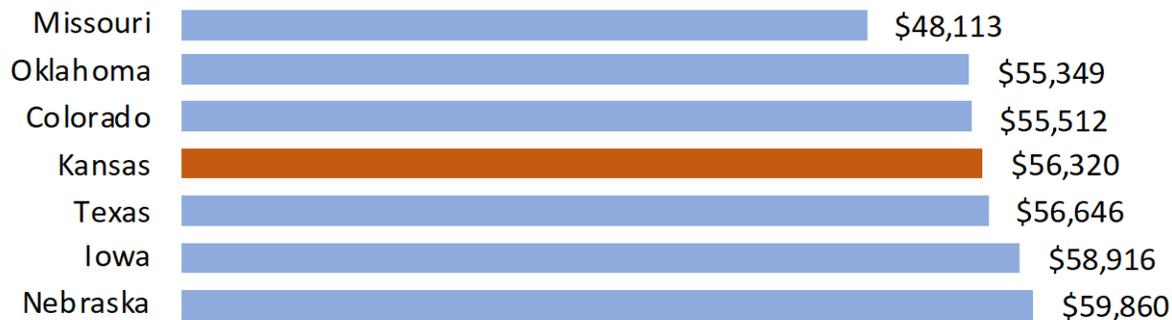


# 2022 Salaries in Kansas and nearby states for K-12 teachers

## Middle School Teachers, Except Special and Career/Technical Education



## Secondary School Teachers, Except Special and Career/Technical Education



- Kansas middle school teachers receive the highest salaries.
- Kansas high school teachers are in the middle compared to surrounding states.
- The relatively higher salaries in elementary and middle school are “averaged out” by relatively lower high school salaries to put Kansas somewhere in the middle in terms of teacher salaries.

# 2022 Salaries in Kansas and nearby states for nurses

## Registered Nurses



- Kansas Nurses and Nurse practitioners make less than similar workers in other states.

## Nurse Practitioners



# 2022 Salaries in Kansas and nearby states for other select occupations

## Accountants and Auditors

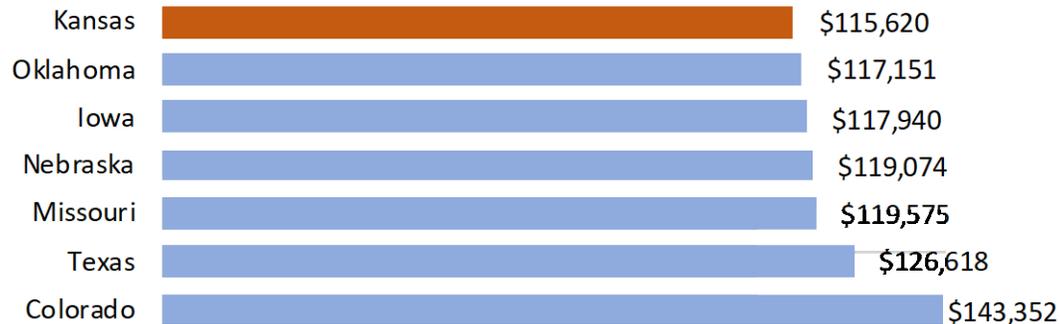


## Information Security Analysts\*



\*No Nebraska and Oklahoma data

## Human Resources Managers



Kansas accountants, human resources managers and information Security analysts make less than similar workers in nearby states.

# Conclusions

- Economy remains strong.
- Employment in the US and Kansas has rebounded to pre-recession levels
  - However, Kansas employment growth is flat.
- Inflation has come down, but we have not reached the Fed's 2% goal.
- We are not in a recession now—UCLA forecasts a “softish” landing.

# Conclusions

- Based on demand projections, Kansas will need 34,000 workers in the next decade with higher education credentials than are expected to remain in the state.
- Kansas exports trained workers to Colorado, Texas and Missouri.
  - Missouri out-migration is driven by moving across the border in Kansas City.
- Compared to surrounding states, Kansas pays low salaries.
  - This likely affects retention and migration.

# Conclusions

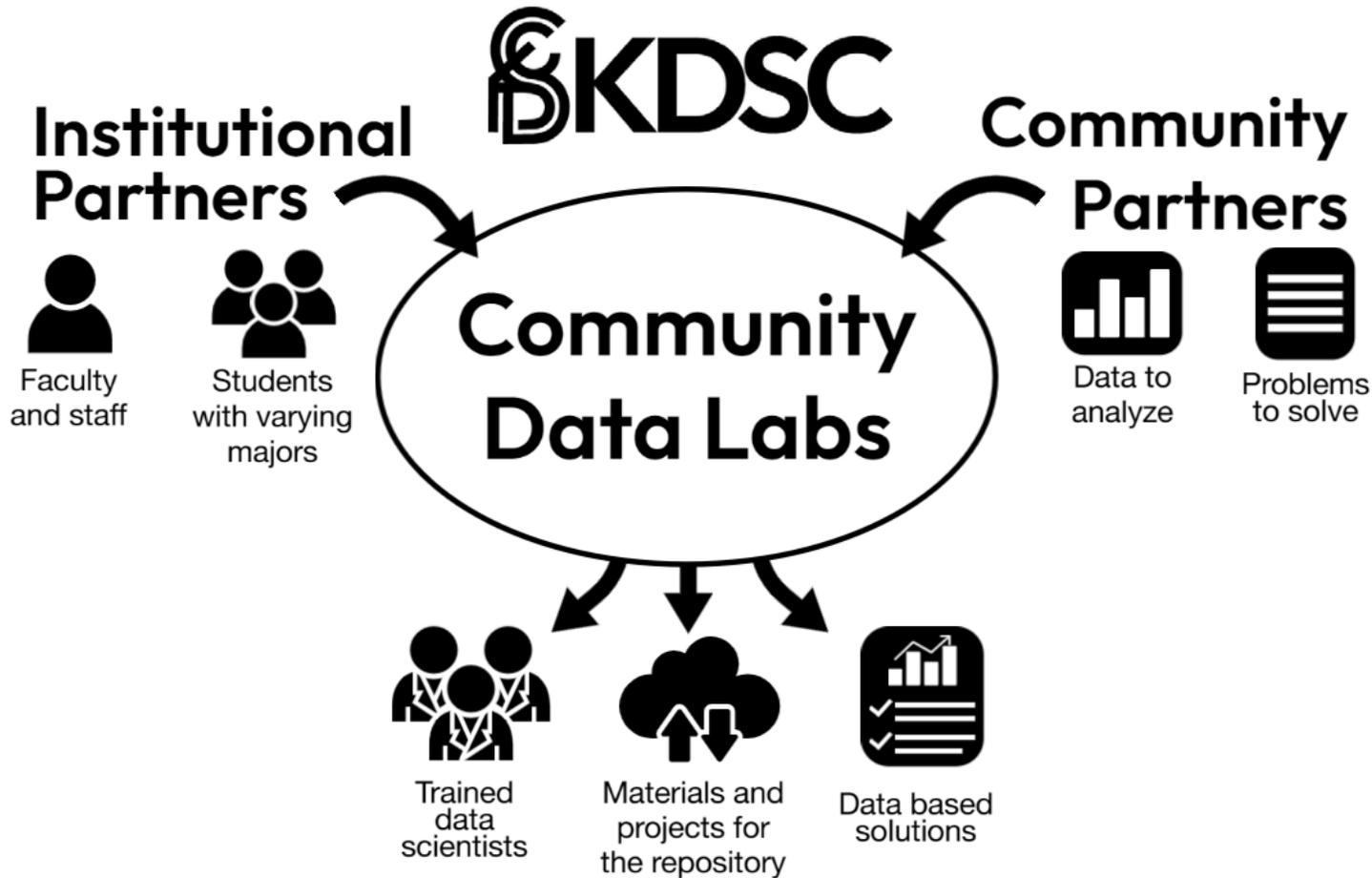
- How can Kansas increase the number of degree holders working in the state by approximately 3,400 per year?
  - Work with legislature and KSDE to improve college readiness of K-12 students and maintain the affordability of KBOR institutions.
  - Let employers know that higher wages elsewhere are attracting skilled labor out of the state.
  - Loan forgiveness programs for graduates in fields of high demand (e.g. nurses, engineers)

# Kansas Data Science Consortium (KDSC)

Primary Consortium	Funded KDSC Education Partners	Other KDSC Education Partners	Other KDSC Education Partners
University of Kansas	Baker University	Newman College	McPherson College
Kansas State University	Johnson County Community College	Friends University	Benedictine University
Wichita State University	Butler Community College	Tabor College	Bethel College
	Donnelly College	Bethany College	

- Connects organizations who have datasets and real-world questions with groups of students and faculty mentors working to provide data-driven solutions
- Funded by the National Science Foundation through the ARISE EPSCoR project

# Kansas Data Science Consortium is looking for partners with data projects!



NSF-Epscor funded project housed in IPSR.

Contact: William Duncan  
williamduncan@ku.edu



# How Can We Grow the Kansas Workforce?

Thank You!

Thank You  
Mahalo  
Kiitos  
Tack  
Toda  
Grazie  
Thanks  
Obrigado  
Takk  
Danke  
Gracias  
Merci