



# Overview of Kansas' Comprehensive Economic Plan

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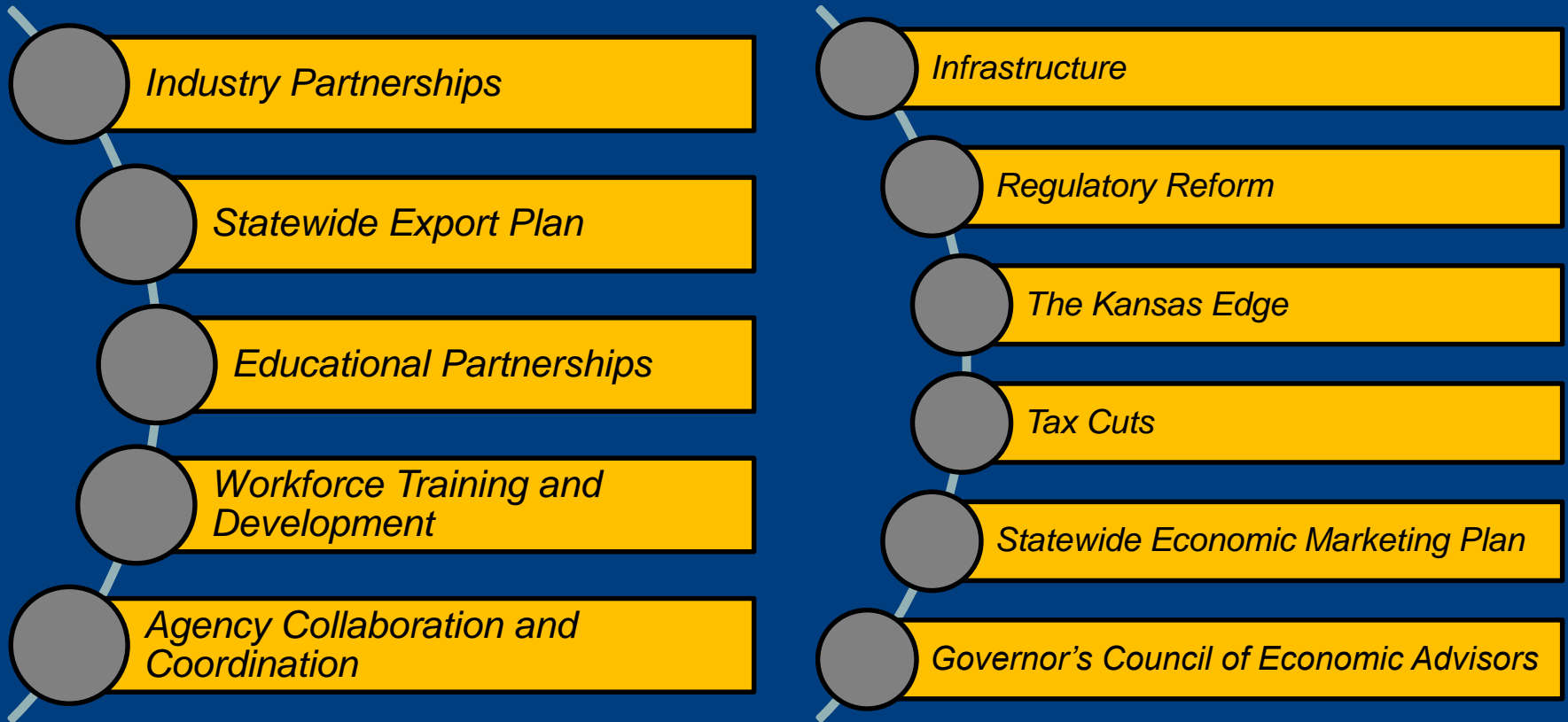


# Why Does Kansas Need a Comprehensive Plan?

- Build an environment conducive to investment and growth
- Support inherent industry clusters
- Ensure government is right sized and efficient
- Leverage resources to compete in a global and regional economy



# What is Kansas' Comprehensive Plan?



# Kansas' Comprehensive Plan

- Industry Partnerships
  - summits with leaders in key industry sectors
- Statewide Export Plan
  - public/private
- Regulatory Reform
  - Office of the Repealer/business survey
- Infrastructure
  - water, roads
- *The Kansas Edge*
  - business to business website



# Kansas' Comprehensive Plan

- Workforce Training and Development
  - talent recruiting and development/Workforce AID
- Educational Partnerships
  - community and technical colleges, universities
- Agency Collaboration and Coordination
- Governor's Council of Economic Advisors
  - strategic policy and research
- Statewide Economic Marketing Plan
- Tax Cuts



# National Headwinds

- GDP growth remains sluggish at the national level
- Monetary policy set by Fed helpful but limited
- Federal government slow to reform fiscal policies impacting businesses
- National changes shifted base of U.S. economy toward innovation and professional services and away from manufacturing
- China slowdown
- Stock market uncertainty
- Value of dollar



# U.S. Gross Domestic Product

2010				2011				2012				2013			
2.5				1.8				2.8				2.6			
Quarter				Quarter				Quarter				Quarter			
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1.6	3.9	2.8	2.8	-1.3	3.2	1.4	4.9	3.7	1.2	2.8	0.1	1.1	2.5	4.1	2.6
2014								2015							
2.4								1.45							
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
-2.1	4.6	5.0	2.2	0.7	3.9	2.0	?								



# Regional Headwinds

- The Midwest is a highly competitive region
- Many states in the Kansas region also making significant efforts to enhance and build a strong business environment
- Oil and gas prices have declined significantly
- Agricultural sector challenged by low commodity prices
- Diverse characteristics of surrounding states





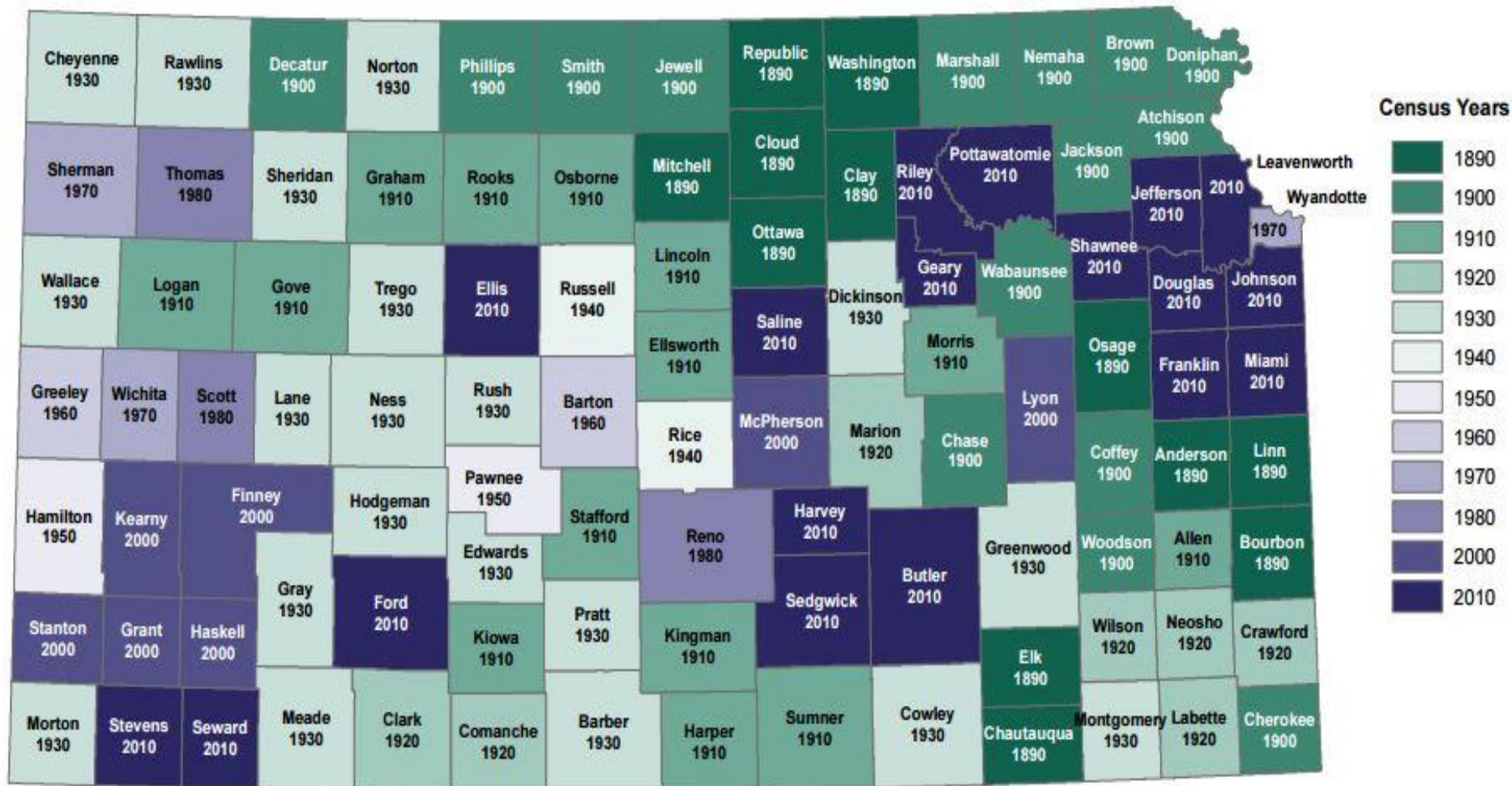
# Population Loss

- In 1890, Kansas had 2.27% of the U.S. population
- Since then, population growth has been sluggish and has decreased in every decade
- In most Kansas counties, population peaked years ago
- Now Kansas has less than 1% of the US population



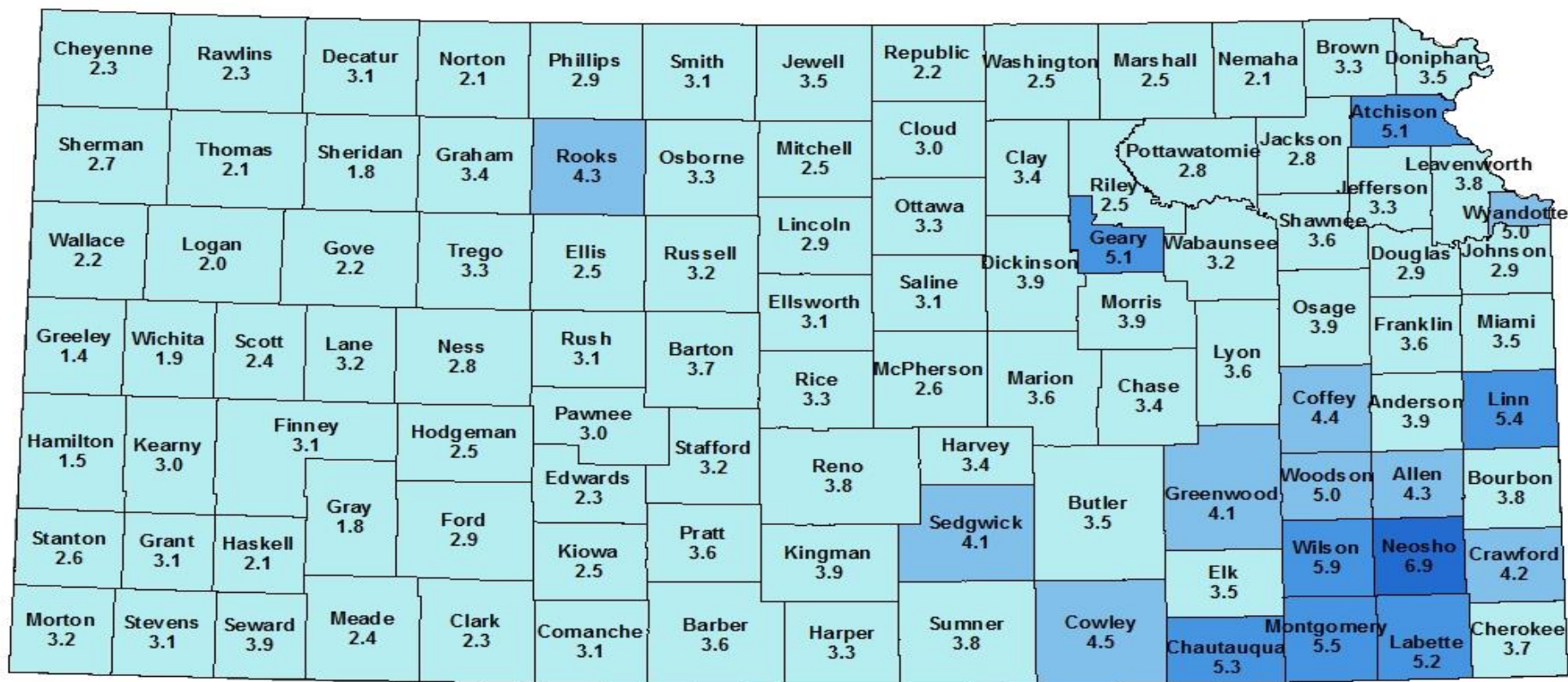
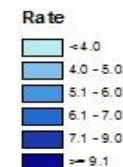
# Population Loss

Census Year of Maximum Population by Kansas County  
1890-2010



# Not Enough Workers

NOVEMBER 2015  
UNEMPLOYMENT RATES



Note: County unemployment rates are only available not seasonally adjusted

Source: Kansas Department of Labor, Labor Market Information Services, in conjunction with the Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)

# Recession and Recovery

## In Kansas

- Private sector jobs lost in the recession:
  - More than 76,000
- Private sector jobs recovered since the recession:
  - More than 88,000

SO WHAT'S THE PROBLEM ??



# Manufacturing Challenges

- Manufacturing has been declining nationwide for years – in 2015, only 30,000 workers were added nationally
- Technological innovations and efficiencies in manufacturing have had a permanent effect on staffing levels
- Slow recovery has impacted all industries in the manufacturing sector
- These global market forces impact the entire country, but are especially felt in Kansas because of our concentration of manufacturers





# Impact on Manufacturing Jobs

- Kansas is highly dependent upon manufacturing – 11.5% of Kansans work in this sector
- More than 30,000 manufacturing jobs lost in the recession; only 4,000 recovered
- In contrast, most of our surrounding states have lower levels of manufacturing employment:
  - Colorado – 5.7%
  - Missouri – 9.3%
  - Oklahoma – 8.5%
  - Nebraska – 9.8%



# Manufacturing's Share of GSP

- Manufacturing's role in Kansas is significantly greater than in some neighboring states, and accounts for 15.9% of the state's gross product
- Most of our surrounding states' contribution to state GSP are much lower by comparison:
  - Colorado – 7.3%      Missouri – 13.1%
  - Oklahoma – 10.1%      Nebraska – 12.7%



WHERE DO WE STAND ?





# Updates

- *Kansas Department of Commerce*
  - Statewide public/private comprehensive export strategy
  - [www.KansasEdge.com](http://www.KansasEdge.com) and new Commerce website
  - Market and promote Kansas image and strengths
- *Joint efforts – Commerce and Regents*
  - Workforce AID (Aligned with Industry Demand)
  - University Engineering Initiative Act
- *Kansas Board of Regents*
  - Governor's Excel in Tech Ed (SB 155)
  - Accelerating Opportunity: Kansas (AO-K)
  - University Research Grants



# Updates

- *Kansas Department of Revenue*
  - Zero tax on non-wage business income for small business
  - 71% of tax savings to individuals/families; 20% to small business
  - Personal income tax rate reduced from 6.45% to 4.6%
  - 388,000 low income Kansans moved to zero tax liability
  - 8,666 new business filers
- *Kansas Department of Agriculture*
  - 50 year water vision
  - Focus on value added agriculture – carbs to protein and decreasing reliance on water resources
  - Increase research related to agriculture growth industries, including pet food, ag technology and ag manufacturing



# Updates

- *Kansas Department of Labor*
  - Increased trust fund balance from -\$84M to +\$450M
  - Decreased length of unemployment from average 33.9 weeks to 16 week low/26 week high
  - Implemented work requirement for claimants receiving benefits/collaborative agency efforts to assist with employment
  - Recouped \$31M in fraudulent unemployment activity
- *Kansas Department of Transportation*
  - New intermodal facility in Edgerton
  - New transload facilities in Great Bend and Garden City



# Updates

- *Kansas Department for Children & Families*
  - Reduction in average months on TANF (Temporary Assistance for Needy Families) assistance
  - Increased JAG (Jobs for America's Graduates) programs at public high schools
  - Increased students at benchmark in 4<sup>th</sup> Grade Reading/Kansas Reading Roadmap program
- *Office of the Repealer*
  - Business survey netted 3700/6000 responses
  - Support for 181 suggested repeals or modifications; 70+ signed into law



# A Comprehensive Plan for Kansas

- Kansas' economic growth plan is comprehensive with many different components
- Flexible, responsive to business needs, efficient, responsible with taxpayer dollars, to meet continually changing demands
- Early results show we are creating opportunities and moving in the right direction



# Ultimately its About Kansans

At the end of the day, our vision is to leave a legacy to our children and grandchildren, and preserve our great Kansas values and traditions

