

Approved: January 27, 2010

Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 p.m. on January 20, 2010, in Room 152-S of the Capitol.

All members were present except:

Representative Owen Donohoe- excused  
Representative Don Hill- excused  
Representative Joe Seiwert- excused  
Representative Ron Worley- excused

Committee staff present:

Doug Taylor, Office of the Revisor of Statutes  
Reed Holwegner, Kansas Legislative Research Department  
Brandon Fissel, Kansas Legislative research Department  
Ann Deitcher, Committee Assistant

Conferees appearing before the Committee:

Stan Ahlerich, President, Kansas, Inc.

The Chair introduced Stan Ahlerich who gave an economic update stating that the U.S. economy is transitioning from the deepest and longest post-WWII recession (which bordered on the depression side) to an economy that will likely be characterized by subdued but positive growth for the rest of this year and next. (Attachment 1).

Referring to the aerospace industry, Mr. Ahlerich said that while they experienced significant losses, with more than 12,000 employee layoffs announced in Wichita between October 2008 and November 2009,, the pace has slowed. (WSU CEDBR Economic Outlook).

General manufacturing employment decreased 13.9 percent, resulting in a loss of 26,100 employees. (U.S. Bureau of Labor Statistics).

Mr. Ahlerich said that it was all good news regarding Kansas' Energy and Natural Resources. The Kansas oil and gas industry is nearly a \$6.3 billion industry. Nationally, Kansas ranks 9<sup>th</sup> among the 31 oil producing states and 9<sup>th</sup> among the 32 natural gas producing states. Over 2,800 permits to drill oil and gas wells were issued in 2009 in Kansas. (KIOGA). He said that Kansas ranks among the top 10 in wind energy production and potential.

In the area of Rural Development and Agriculture, Mr. Ahlerich said that the outlook improved in October and November 2009 with rising commodity prices. The cattle and hog prices have edged up, but have remained below breakeven prices due to rising feed costs. District bankers reported having ample funds for creditworthy borrowers and expected farmland values to hold steady in coming months. (KCFED).

Questions and answers followed.

The Chair informed the Committee of the agendas for upcoming meetings.

The meeting was adjourned at 5:00 p.m.

The next meeting is scheduled for January 25, 2010.

# Kansas, Inc. Presentation to the House Economic Development & Tourism Committee

*Economic Update*

January 20, 2010



## About Kansas, Inc.

- Strategic Planning
  - *Leveraging our Foundations and Designing the Future: A Kansas Economic Renaissance*
- Research and Analysis
- Evaluation and Benchmarking
  - Commerce, KTEC, KBA, NetWork Kansas



Economic Development & Tourism

Date: 1-20-10

Attachment # 1-1

## “All Economic Development is Personal”

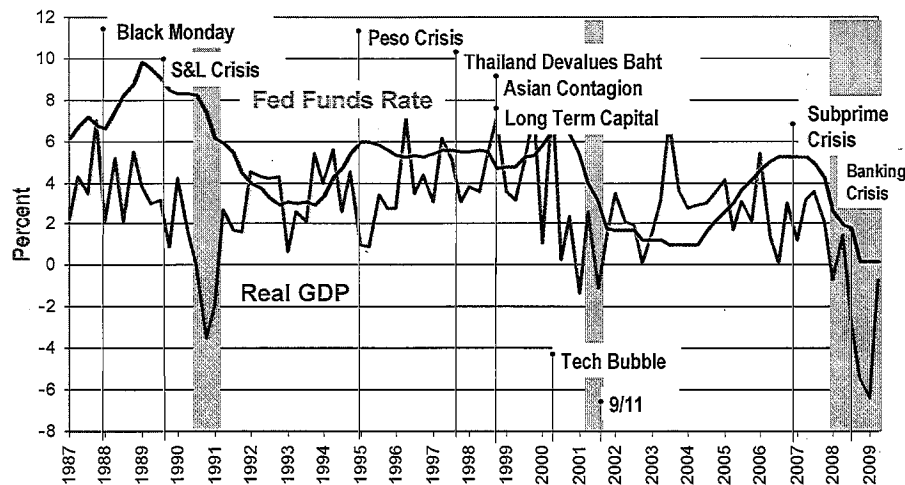
## Economic Outlook

- The U.S. economy is transitioning from the deepest and longest post-WWII recession (which bordered on the depression side) to an economy that will likely be characterized by subdued but positive growth for the rest of this year and next.
- After four consecutive quarters of negative growth, there are now three forward-looking indicators that have each, individually, signaled the end of past recessions and points toward further positive economic activity.
- Most of the key drivers to this substantial decline are showing marked signs of improvement. In terms of likely importance...
  - Non-agency mortgage market collapse bottomed in March
  - Falling home prices are mixed but clearly decelerating in the hardest hit areas
  - Systematic banking collapse has largely been taken off the table by time and TARP
  - Tight credit conditions improving rapidly for credit-worthy risks
  - The acceleration in unemployment has begun to slow substantially
  - The global equity swoon bottomed over the November to March time frame
  - Oil prices have been more than halved

## Economic Outlook

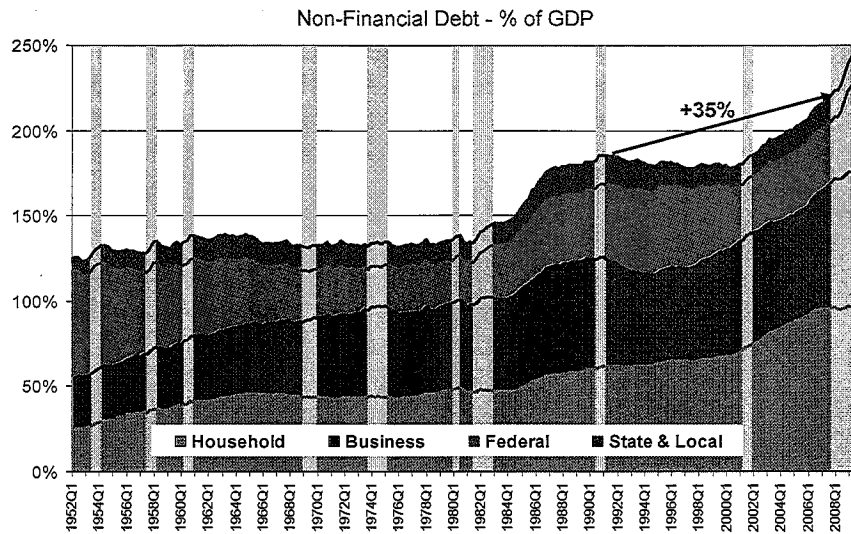
- Still, huge headwinds persist. The rapid growth in both household and business debt that drove most of this decade's economic expansion will continue to contract while the Fed replaces credit with money creation and Congress stimulates with deficit spending.
- Key wildcards – the dollar, equity markets, how quickly home prices firm up and avoiding either outright deflation or spiraling inflation.

## Crisis Management (shaded columns represent recessions)



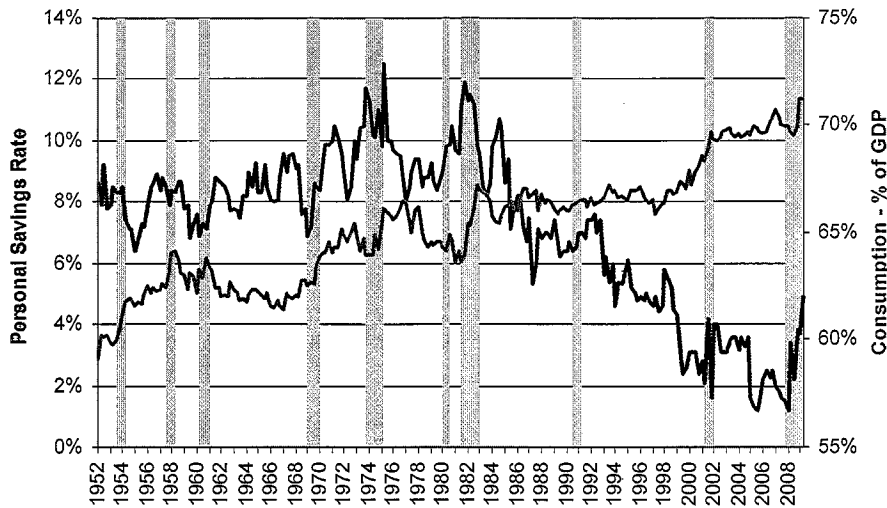
Real GDP is annualized quarterly

## Recent U.S. Growth Largely Debt-Financed



6

## Savings vs. Consumption



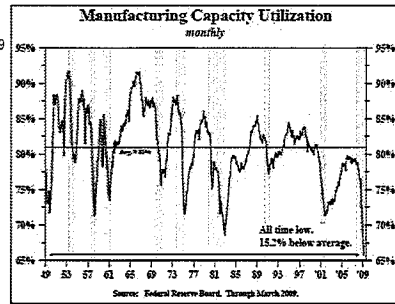
7

## Economic Slack Reaches Record Levels



- On a year over year basis, the decline in employment is the largest since the current data series began.
- The broader “U6” under-employment rate that includes the “less active” or “part-time” workers who want to work full time reached an all time high of 15.6%.
- The Fed projects unemployment to unfortunately approach at least the 10% level. That may actually be too low.

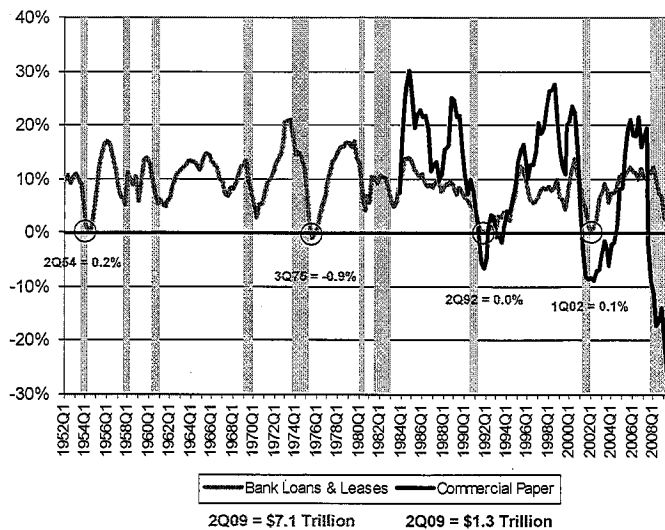
- While workers are being laid off, plants are shutting down (think big three).
- In addition, recent investment in energy exploration, mining capacity, and utility infrastructure, sparked by the run up in commodity prices, has exacerbated the economic slack with capacity utilization at an all time low.
- It is hard to inflate when property values are declining and wage growth is decelerating or even nonexistent.



8

## Credit Has Contracted

U.S. Commercial Bank Lending & Commercial Paper – Y-O-Y % Change

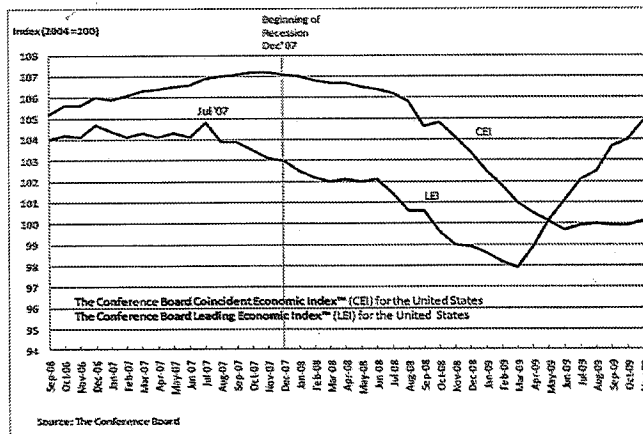


9

## Some Potentially Positive Economic Indicators

- Leading Economic Indicators
- ISM Manufacturing Index
- Initial Claims for Unemployment

## Leading Economic Indicator

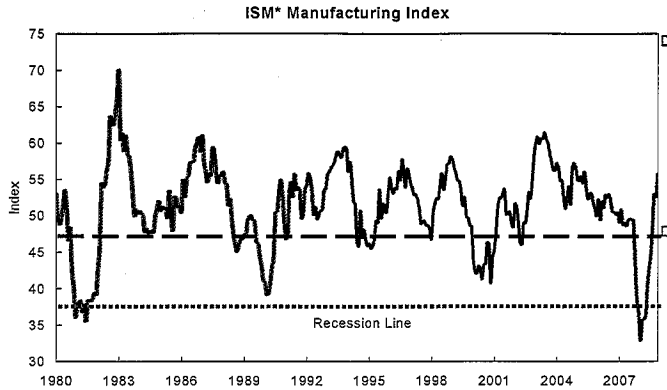


□ The LEI increased 0.9 percent in November, 0.3 percent in October, and 1.2 percent in September.

□ Improving financial conditions, labor market indicators and housing permits have contributed to the LEI's recent gains.

- *The Conference Board LEI index is based on key variables intended to forecast future economic activity. These variables have historically trended downward before a recession and upward before an expansion.*

## ISM Manufacturing Index



Economic activity in the manufacturing sector expanded in December for the fifth consecutive month to 55.6, signaling growth.

Overall, the recovery in manufacturing is continuing, but there are still some industries mired in the downturn.

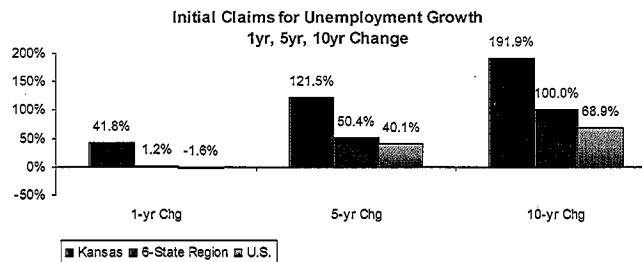
- The Manufacturing ISM (Institute for Supply Management) Report On Business® is based on data compiled from purchasing and supply executives nationwide.

**Kansas, Inc.**

12

## Initial Claims for Unemployment

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	22,859	16,115	10,319	7,832	41.8%	121.5%	191.9%
6-State Region	152,339	150,465	101,285	76,170	1.2%	50.4%	100.0%
U.S.	2,187,975	2,222,579	1,561,656	1,295,439	-1.6%	40.1%	68.9%



- Initial Claims for Unemployment have decreased since 2008 for the U.S.; however, Kansas claims have increased. Kansas claims are below their high in December 2008 of 37,500.
- Initial claims for unemployment typically rise as the economy moves into recession and fall as the economy recovers. Claims traditionally peak in the winter months of November, December and January.

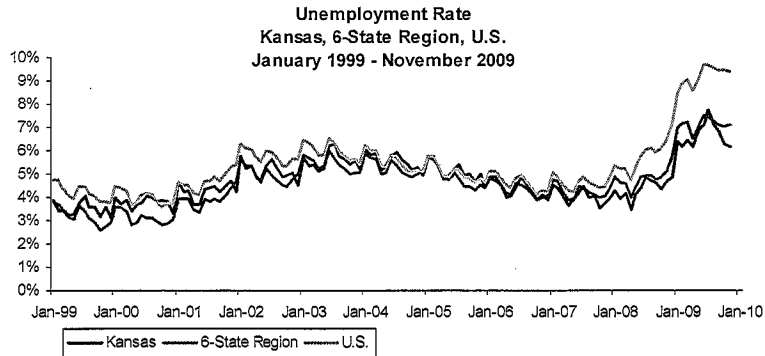
13

1-7



## Unemployment & Unemployment Rate

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	93,866	70,807	78,027	50,880	32.6%	20.3%	84.5%
6-State Region	819,521	591,954	557,784	298,043	38.4%	46.9%	175.0%
U.S.	14,407,000	10,015,000	7,665,000	5,380,000	43.9%	88.0%	167.6%
Kansas (%)	6.2%	4.7%	5.3%	3.6%	1.5%	0.9%	2.6%
6-State Region (%)	7.1%	5.1%	5.0%	2.8%	2.0%	2.1%	4.3%
U.S. (%)	9.4%	6.5%	5.2%	3.8%	2.9%	4.2%	5.6%



- U.S. unemployment at 10% during December 2009, approximately 14.7 million.

14

## Kansas Business Sectors

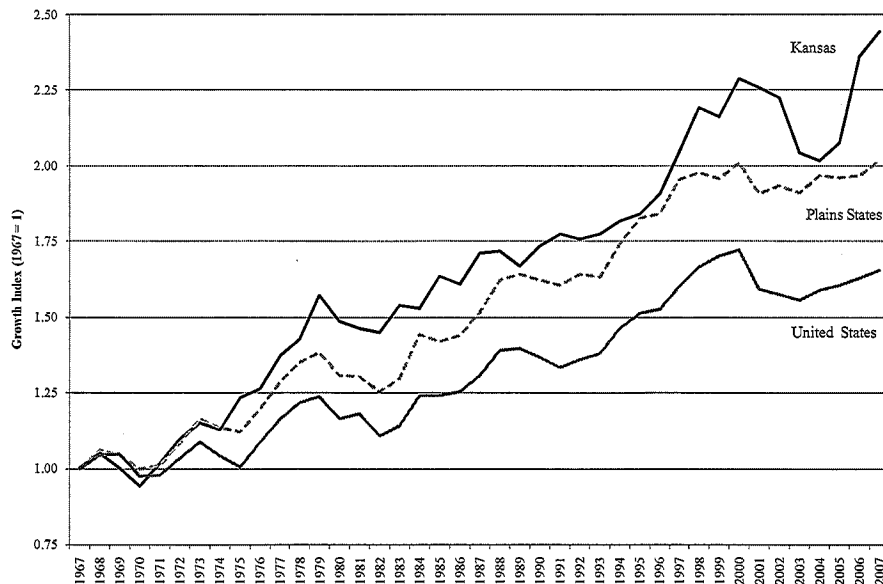
- Manufacturing – Aerospace and General
- Professional, Scientific & Technical Services
- Energy and Natural Resources
- Rural Development and Agriculture

15

## Manufacturing – Aerospace and General

- **Aerospace** – The aircraft industry experienced significant losses, with more than 12,000 employee layoffs announced in the Wichita MSA between October 2008 and November 2009, but, the pace has slowed. (WSU CEDBR Economic Outlook)
- **General** – Manufacturing employment decreased 13.9 percent from November 2009 to November 2008 in Kansas, to 161,400 employees, a loss of 26,100 employees. (U.S. Bureau of Labor Statistics)

Chart 1: Growth in Value of Manufacturing Output (2007 Dollars), 1967-2007



Source: U.S. Bureau of Economic Analysis

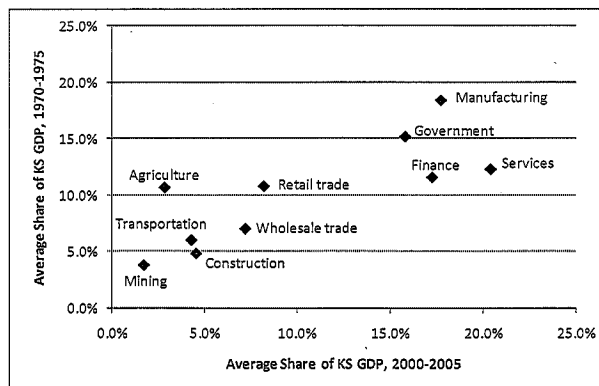
— Kansas    - - - Plains States    — United States

## Professional, Scientific and Technical Services

- Service sector employment decreased 1.0 percent from November 2009 to November 2008 in Kansas, to 269,400 employees, a loss of 2,600 employees. (U.S. Bureau of Labor Statistics)
- Areas covered -
  - Engineering
  - Communications
  - Technology
  - Financial Fields
  - Healthcare
  - Skilled Trades
  - Etc.

## Professional, Scientific and Technical Services

Industry Shares of Kansas GDP, 1970-75 vs. 2000-05



Source: U.S. Bureau of Economic Analysis

## Energy and Natural Resources

- The Kansas oil and gas industry is nearly a \$6.3 billion industry.(KIOGA)
- Nationally, Kansas ranks 9<sup>th</sup> among the 31 oil producing states and 9<sup>th</sup> among the 32 natural gas producing states. (KIOGA)
- Over 2,800 permits to drill oil and gas wells were issued in 2009 in Kansas. (KIOGA)
- The global financial crisis in late 2008 and 2009 eroded oil and natural gas demand and prices – oil prices fell 76 percent, only to make a small recovery during the latter half of 2009 and natural gas prices have fallen 59 percent and have yet to see a recovery. (KIOGA)
- Kansas ranks among the top-10 in wind energy production and potential.



20

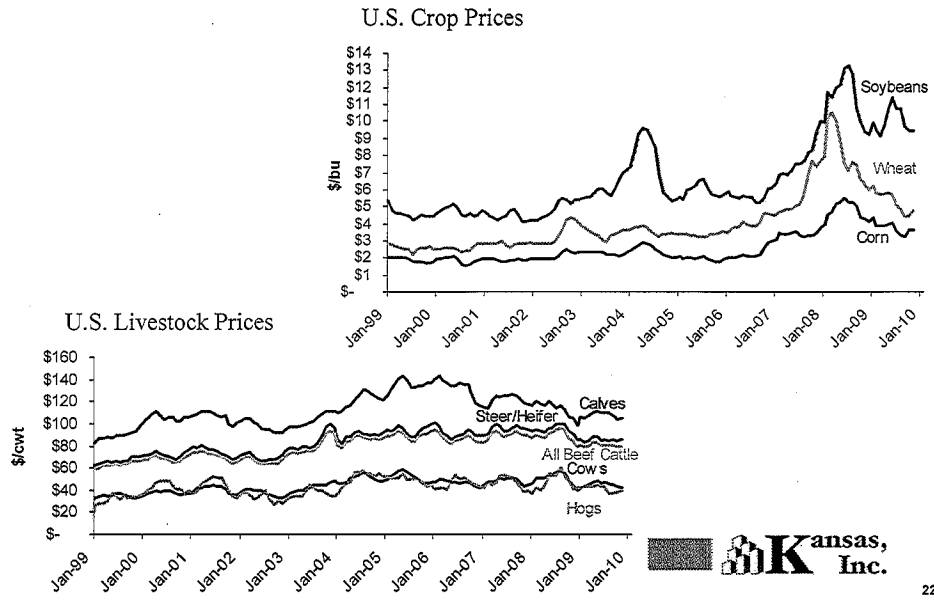
## Rural Development and Agriculture

- Agricultural outlook improved in October and November 2009 with rising commodity prices. Despite reports of above-average corn and soybean yields, grain prices have risen due to improved export activity and a delay in the fall harvest. Wet weather pushed back the fall harvest in all District states and slowed winter wheat planting. (KCFED)
- Cattle and hog prices have edged up, but remained below breakeven prices due to rising feed costs. District contacts reported further reductions in livestock supplies through herd liquidations. (KCFED)
- District bankers reported having ample funds for creditworthy borrowers and expected farmland values to hold steady in coming months. (KCFED)



21

## Rural Development and Agriculture



## Conclusions

- Economic data is sobering.
- There are signs of an incremental recovery.
- Long-term is optimistic?

End of Slideshow

Questions/Comments?

[www.kansasinc.org](http://www.kansasinc.org)

 Kansas,  
Inc.

24



## Indicators of the Kansas Economy Data Book

1-14  
Dec-09

### About IKE

The Kansas, Inc. Board of Directors initiated a project with the goal of identifying critical variables that explains the current condition of the Kansas economy relative to its surrounding states and the U.S. The Indicators of the Kansas Economy (IKE) project concept was the result of a perceived need for a single source of objective and consistent information that allows public and private leadership, as well as all interested Kansans to better understand the economy and enhance decision-making capacity.

Working with a broad range professionals, including researchers, university professors, state officials and business leaders, the Kansas, Inc. Board of Directors identified and reviewed a set of variables for their comprehensiveness and ability to depict key elements of the Kansas economy. Whenever possible, regional and national data was included to illustrate how Kansas compares to both the 6-State Region and the U.S. on a 1-, 5-, and 10-year period. The 6-State Region includes: Arkansas, Colorado, Iowa, Missouri, Nebraska and Oklahoma. When identifying variables efforts centered on data:

- Electronically accessible;
- Able to be captured for all states and the U.S.; and,
- Released annually, with a preference to monthly data.

Kansas, Inc. has received two grants from the Information Network of Kansas (INK) to significantly advance the sophistication, outreach and quality of the IKE project. Through these grants, Kansas, Inc. has partnered with University of Kansas, Institute for Policy and Social Research (IPSR); Wichita State University, Center for Economic Development and Business Research (CEDBR); and Kansas Geological Survey, Data Access and Support Center (DASC) to develop the framework for several variables to be displayed both interactively and electronically on a county, state, regional and national level. These efforts have also provided the model for a future IKE website where all data will be dynamically displayed and archived.

Throughout the IKE project an advisory committee, consisting of researchers, university professors, state officials and business leaders has provided insight and suggestions regarding the overall direction of the IKE project, adding significant value to the final product. Included within this version are several suggestions from the advisory committee regarding content, and several suggestions on additional variables, currently in the developmental stage will be included in future versions of IKE.

This updated release is another step in IKE becoming a one-stop resource of economic data for policymakers, university researchers, business leaders and the general public. As the Kansas economy changes, Kansas, Inc. recognizes the IKE project must continue to evolve to meet the needs of all individuals. Kansas, Inc. welcomes feedback to improve the value of the IKE project.

**Employment and Unemployment**

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
<b>Total Nonfarm Employment</b> (all employees, thousands)							
Kansas	1,347.0	1,407.1	1,346.2	1,347.6	-4.3%	0.1%	0.0%
<b>Private Sector Employment</b> (all employees, thousands)							
Kansas	1,077.6	1,135.1	1,087.7	1,099.5	-5.1%	-0.9%	-2.0%
<b>Manufacturing Employment</b> (all employees, thousands)							
Kansas	161.4	187.5	179.1	201.6	-13.9%	-9.9%	-19.9%
<b>Service Employment</b> (all employees, thousands)							
Kansas	269.4	272.0	258.5	248.1	-1.0%	4.2%	8.6%
<b>Public Sector Employment</b> (all employees, thousands)							
Kansas	846.0	873.1	837.2	825.5	-3.1%	1.1%	2.5%
<b>Unemployment Rate</b> (%)							
Kansas	6.2%	4.7%	5.3%	3.6%	1.5%	0.9%	2.6%
<b>Initial Claims for Unemployment</b> (all employees)							
Kansas	22,859	16,115	10,319	7,832	41.8%	121.5%	191.9%

**Wages/Entrepreneurship**

**Private Establishment Data** (total private establishments, all employee sizes)

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	81,912	80,276	75,569	2.0%	8.4%

**Private Industry Wage Levels** (average annual wages, all employees, all private establishments)

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas \$	38,735	37,579	31,794	3.1%	21.8%

**Energy**

**Oil Production and Price** (most recent month of production and price)

	Jul-09	Jul-08	Jul-04	Jul-99	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,393,917	3,200,114	2,794,094	2,791,059	6.1%	21.5%	21.6%
Price (\$/bbl) \$	64.15	133.37	40.78	20.10	-51.9%	57.3%	219.2%

**Natural Gas Production and Price** (most recent month of production and price)

Production (mcf)	29,794,936	32,413,242	34,709,829	48,058,862	-8.1%	-14.2%	-38.0%
Price (\$/mcf) \$	3.43	10.62	5.62	2.20	-67.7%	-39.0%	55.9%

**Agriculture**

**KFMA Average Net Farm Income by Region**

Region	NW	NC	NE	SW	SC	SE	Avg. All Assn.
2007 \$	233,000	81,288	114,118	108,397	88,849	114,423	115,035
2008 \$	150,935	101,573	115,877	81,546	133,778	132,962	123,397
5-yr avg \$	111,037	63,468	85,594	53,086	73,966	89,618	80,922
10-yr avg \$	74,781	48,867	56,404	42,410	53,190	67,420	58,445

**General Economic Data**

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
<b>Population</b>							
Kansas	2,802,134	2,777,382	2,722,070	2,660,598	0.9%	2.9%	5.3%

**Gross State Product** (millions of current dollars)

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	122,731	116,986	93,560	76,005	4.9%	31.2%	61.5%
6-State Region	950,154	906,636	728,919	584,370	4.8%	30.4%	62.6%
U.S.	14,165,565	13,715,741	10,886,172	8,679,657	3.3%	30.1%	63.2%

**Personal Income Estimates** (millions of dollars)

	2009 (Q1-3)*	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	107,002	106,421	84,642	70,158	0.5%	26.4%	52.5%
6-State Region	823,153	818,676	654,227	523,803	0.5%	25.8%	57.1%
U.S.	12,020,404	12,086,534	9,711,363	7,796,137	-0.5%	23.8%	54.2%

**Per Capita Personal Income Estimates** (\$)

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	38,820	37,389	30,822	26,032	3.8%	25.9%	49.1%
6-State Region	37,425	36,224	29,898	24,683	3.3%	25.2%	51.6%
U.S.	40,208	39,430	32,284	27,258	2.0%	24.5%	47.5%

**Consumer Price Index**

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	206.2	201.7	184.8	164.6	2.2%	11.6%	25.3%
U.S. City Average	216.3	212.4	191.0	168.3	1.8%	13.3%	28.5%

**Chicago Fed National Activity Index (CFNAI)**

	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09	Jun-09	Nov-08
CFNAI	(0.32)	(1.02)	(0.95)	(0.63)	(0.26)	(1.82)	(2.99)

**Building Permits** (new privately owned housing units authorized)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	717	482	895	1,184	48.8%	-19.9%	-39.4%

**Sales Tax Collections** (\$)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	159,415,826	170,202,299	143,047,713	123,498,012	-6.3%	11.4%	29.1%





**Indicators of the Kansas Economy  
Variables**

1-16  
Dec-09

**IKE - Variables**

**General Economic Data**

	<b><u>Page</u></b>
Population (annually)	4
Gross State Product (annually)	5
Personal Income (annually) and Per Capita Personal Income (annually)	6
Consumer Price Index (monthly)	7
Chicago Fed National Activity Index (monthly)	8
Building Permits, New Private Residences (monthly)	9
Kansas Sales Tax Collections (monthly)	10

**Employment and Unemployment**

Total Nonfarm Employment (monthly)	11
Private Sector Employment (monthly)	12
Manufacturing Employment (monthly)	13
Service Employment (Professional Services, Information) (monthly)	14
Public Sector Employment (Federal, State, Local government) (monthly)	15
Unemployment Rate (monthly)	16
Initial Claims for Unemployment (monthly)	17

**Wages/Entrepreneurship**

Private Industry Wage Levels (annually)	18
Private Industry Establishment Data by Firm Size (annually)	19

**Agriculture**

USDA Farm and Agriculture Data, Commodity Price Index (monthly)	20
Kansas Farm Management Data (annually)	21

**Energy**

Oil (price and production levels) (monthly)	22
Natural Gas (price and production levels) (monthly)	23

**Kansas City Fed Current Economic Conditions**

Kansas City Federal Reserve Bank 10th District Current Economic Conditions	24
--	----

**Short-Term (2007 to 2008)**

- Kansas population up 24,752 (0.9%)
- 6-State Region population up 222,117 (1.0%)
- U.S. population up 2,769,392 (0.9%)

**Long-Term (1998 to 2008)**

- Kansas population up 141,536 (5.3%)
- 6-State Region population up 1,866,224 (9.2%)
- U.S. population up 28,205,620 (10.2%)

**2008 Population Estimates**

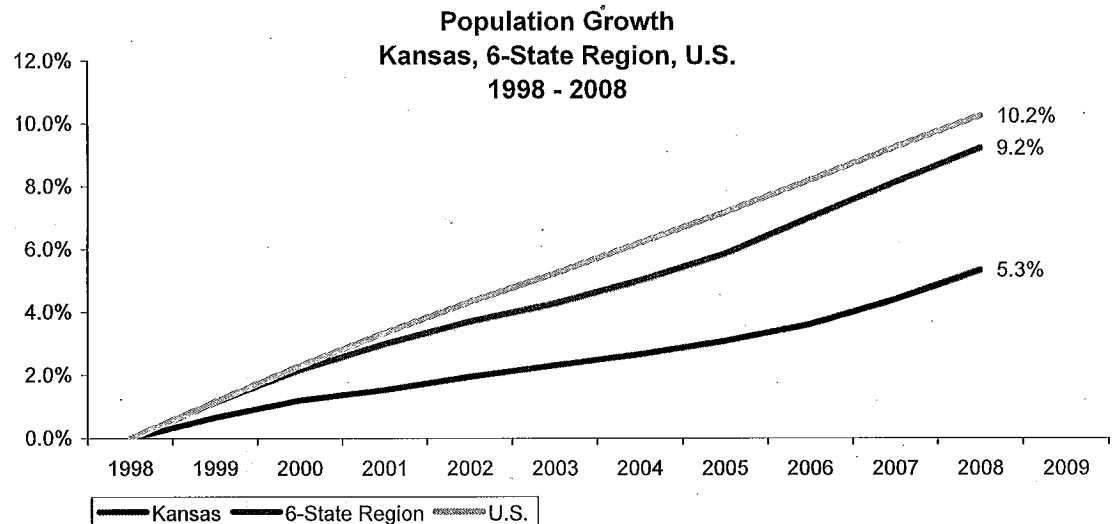
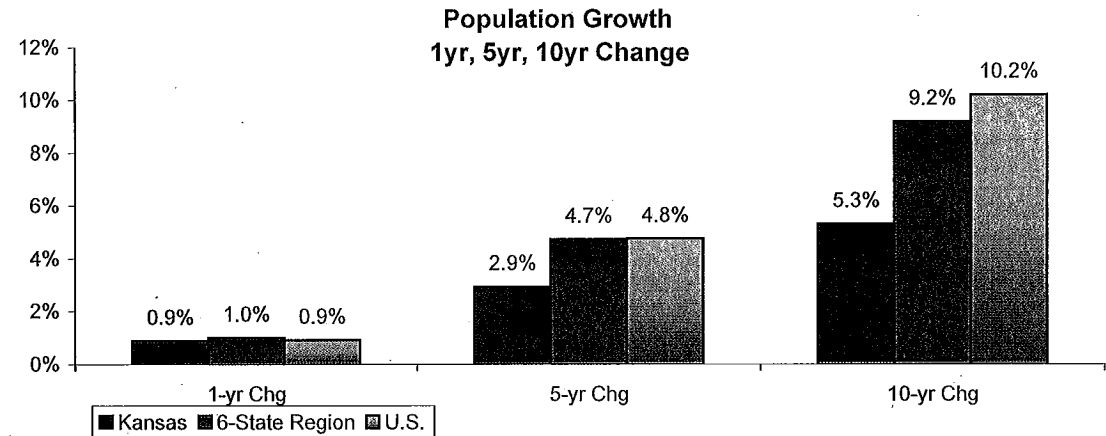
Region	Population
Kansas	2,802,134
Arkansas	2,855,390
Colorado	4,939,456
Iowa	3,002,555
Missouri	5,911,605
Nebraska	1,783,432
Oklahoma	3,642,361
6-State Region	22,134,799
U.S.	304,059,724

**About the data and graphs**

The U.S. Census Bureau publishes total resident population estimates and demographic components of change (births, deaths, and migration) each year. The reference date for estimates is July 1. Estimates usually are for the present and the past, while projections are estimates of the population for future dates. These estimates are developed with the assistance of the Federal State Cooperative Program for Population Estimates (FSCPE). These estimates are used in federal funding allocations, as denominators for vital rates and per capita time series, as survey controls, and in monitoring recent demographic changes. With each new issue of July 1 estimates, the estimates are revised for years back to the last census.

**Population**

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,802,134	2,777,382	2,722,070	2,660,598	0.9%	2.9%	5.3%
6-State Region	22,134,799	21,912,682	21,133,324	20,268,575	1.0%	4.7%	9.2%
U.S.	304,059,724	301,290,332	290,210,914	275,854,104	0.9%	4.8%	10.2%





## Indicators of the Kansas Economy Gross State Product

Dec-09

81-1

### Short-Term (2007 to 2008)

- Kansas GSP up \$5,745 million (4.9%)
- 6-State Region GSP up \$43,518 million (4.8%)
- U.S. GSP up \$449,824 million (3.3%)

### Long-Term (1998 to 2008)

- Kansas GSP up \$46,726 million (61.5%)
- 6-State Region GSP up \$365,784 million (62.6%)
- U.S. GSP up \$5,485,908 million (63.2%)

### 2008 Gross State Product

(millions of current dollars)

Region	Gross State Product	
Kansas	\$	122,731
Arkansas	\$	98,331
Colorado	\$	248,603
Iowa	\$	135,702
Missouri	\$	237,797
Nebraska	\$	83,273
Oklahoma	\$	146,448
6-State Region	\$	950,154
U.S.	\$	14,165,565

### About the data and graphs

GSP captures state economic growth, providing an overall analysis of the performance of the economy. GSP is the value added in production by the labor and property located in the state.

In concept, an industry's GSP, referred to as its "value added," is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported.)

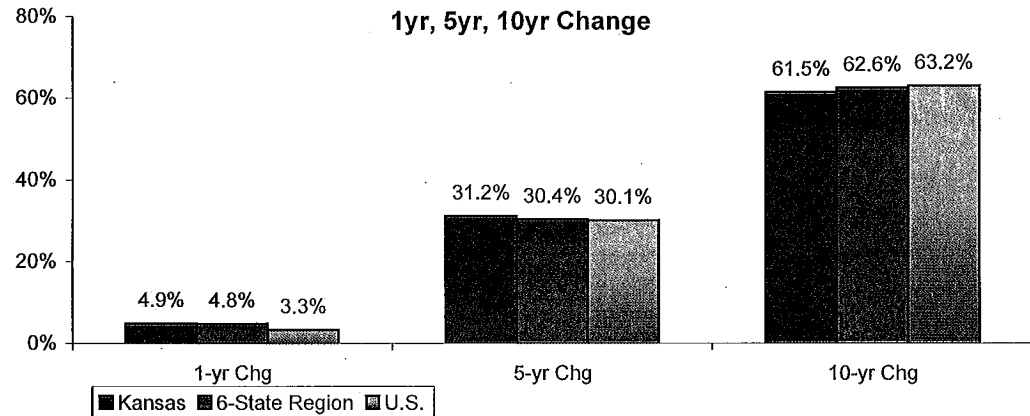
All GSP data is displayed in current dollars and are not adjusted for inflation.

### Gross State Product (GSP)

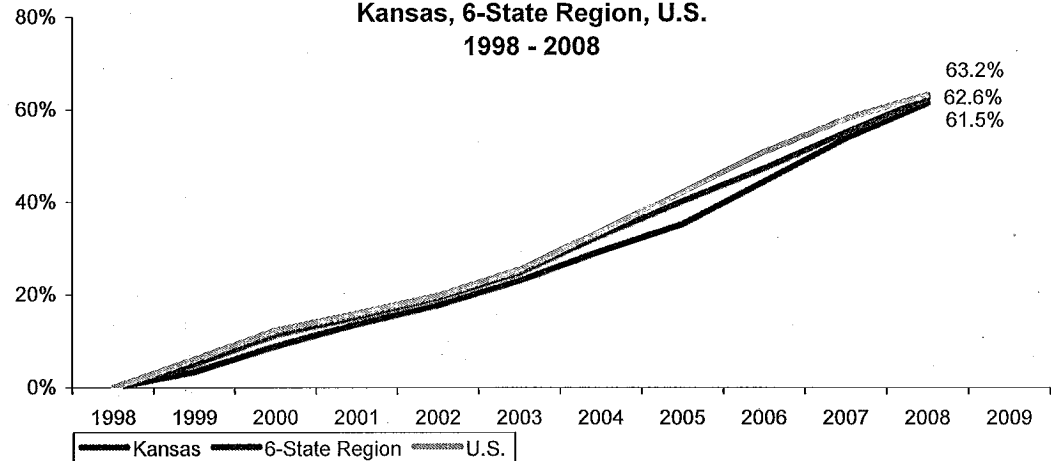
(millions of current dollars)

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	122,731	116,986	93,560	76,005	4.9%	31.2%	61.5%
6-State Region	950,154	906,636	728,919	584,370	4.8%	30.4%	62.6%
U.S.	14,165,565	13,715,741	10,886,172	8,679,657	3.3%	30.1%	63.2%

### Gross State Product Growth 1yr, 5yr, 10yr Change



### Gross State Product Growth Kansas, 6-State Region, U.S. 1998 - 2008



Source: 2008 annual data

U.S. Department of Commerce - Bureau of Economic Analysis

<http://www.bea.gov/regional/>

**Short-Term (2007 to 2009)**

- Kansas PI up \$581 million (0.5%)
- 6-State Region PI up \$4,477 million (0.5%)
- U.S. PI down \$66,130 million (-0.5%)

---

- Kansas PCPI up \$1,431 (3.8%)
- 6-State Region PCPI up \$1,202 (3.3%)
- U.S. PCPI up \$778 (2.0%)

\*2009 personal income is the average of Q1, Q2, and Q3 estimates.

**Long-Term (1998 to 2008)**

- Kansas PI up \$36,844 million (52.5%)
- 6-State Region PI up \$299,350 million (57.1%)
- U.S. PI up \$4,224,267 million (54.2%)

---

- Kansas PCPI up \$12,788 (49.1%)
- 6-State Region PCPI up \$12,742 (51.6%)
- U.S. PCPI up \$12,950 (47.5%)

**About the data and graphs**

Personal income is the income that is received by all persons from all sources and is reported quarterly and is seasonally adjusted at annual rates. Per capita personal income is the annual personal income divided by the population.

Personal income is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. The personal income of an area is the income that is received by, or on behalf of, all of the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients. All state estimates are in current dollars (not adjusted for inflation).

Source: 2008 annual data, 2009 quarterly data

U.S. Department of Commerce - Bureau of Economic Analysis

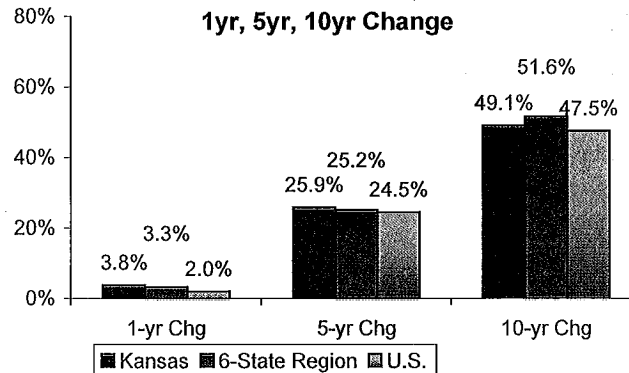
**Personal Income Estimates (PI) - (millions of dollars)**

	2009 (Q1-3)*	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	107,002	106,421	84,642	70,158	0.5%	26.4%	52.5%
6-State Region	823,153	818,676	654,227	523,803	0.5%	25.8%	57.1%
U.S.	12,020,404	12,086,534	9,711,363	7,796,137	-0.5%	23.8%	54.2%

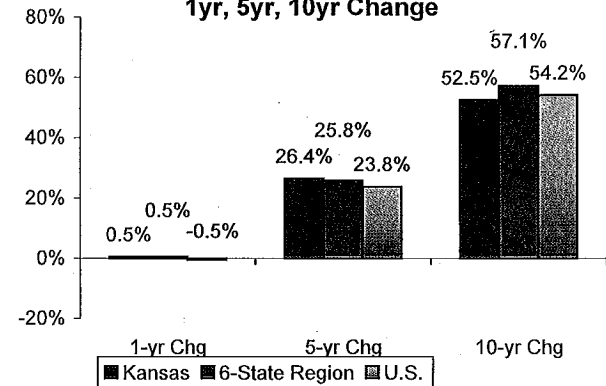
**Per Capita Personal Income Estimates (PCPI) - (\$)**

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	38,820	37,389	30,822	26,032	3.8%	25.9%	49.1%
6-State Region	37,425	36,224	29,898	24,683	3.3%	25.2%	51.6%
U.S.	40,208	39,430	32,284	27,258	2.0%	24.5%	47.5%

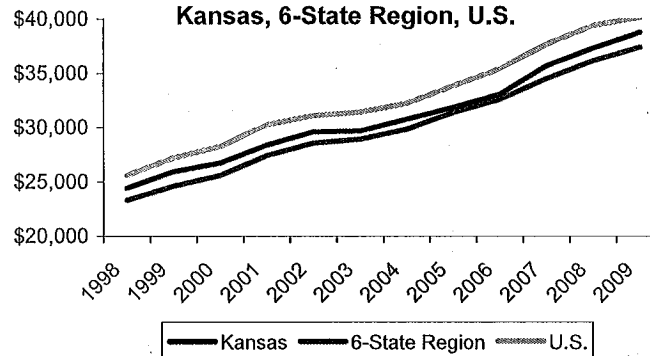
**Per Capita Personal Income Growth  
1yr, 5yr, 10yr Change**



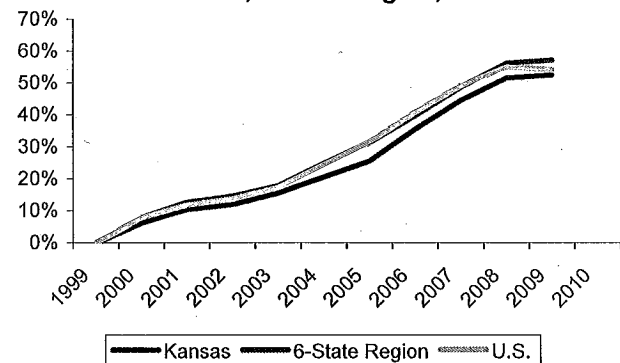
**Personal Income Growth  
1yr, 5yr, 10yr Change**



**Per Capita Personal Income Levels  
Kansas, 6-State Region, U.S.**



**Personal Income Growth  
Kansas, 6-State Region, U.S.**



<http://www.bea.gov/regional/>

02  
1-20

**Short-Term (2008 to 2009)**

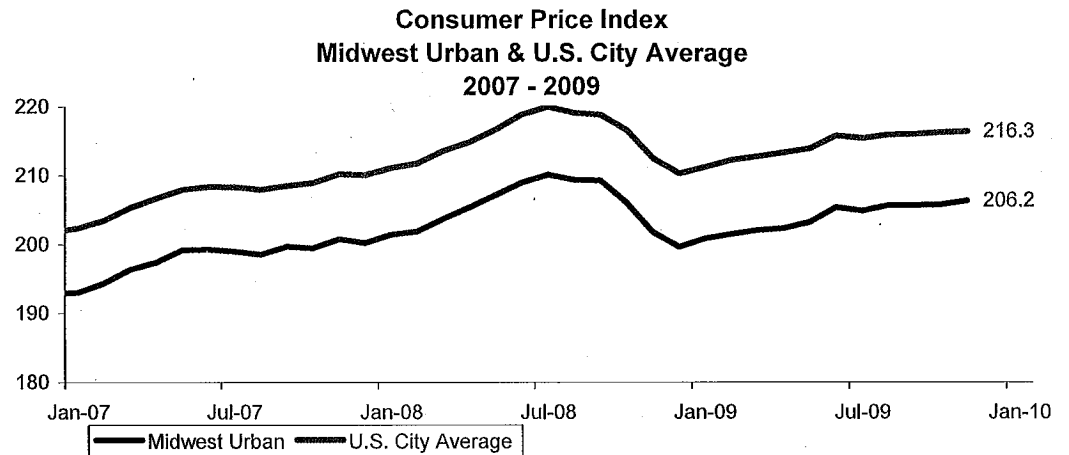
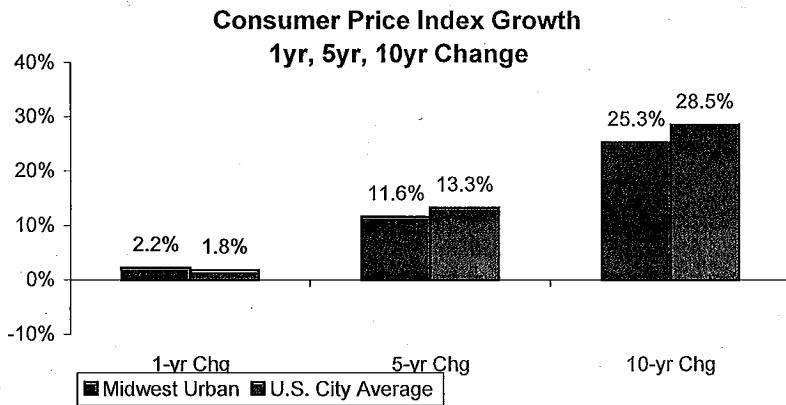
- Midwest Urban CPI up 4.5 (2.2%)
- U.S. City Average CPI up 3.9 (1.8%)

**Long-Term (1999 to 2009)**

- Midwest Urban CPI up 41.6 (25.3%)
- U.S. City Average CPI up 48.0 (28.5%)

**Consumer Price Index (CPI)**

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	206.2	201.7	184.8	164.6	2.2%	11.6%	25.3%
U.S. City Average	216.3	212.4	191.0	168.3	1.8%	13.3%	28.5%

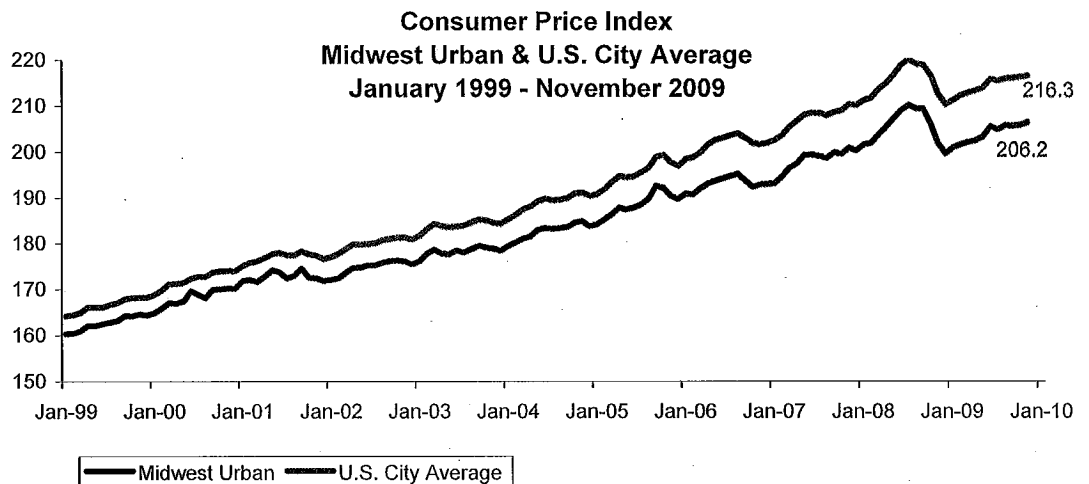


**About the data and graphs**

The CPI program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. It is the most widely used measure of inflation.

The U.S. City Average is a measure of the average change over time in the prices paid by urban consumers throughout the United States for a market basket of consumer goods and services. It is adjusted to equal 100 during the base period of 1982-1984. The U.S. City Average CPI reflects spending patterns for all urban consumers, who represent about 87 percent of the total U.S. population.

The Midwest Urban Consumer Price Index is calculated in the same way as the U.S. City Average CPI, however, the Midwest CPI is limited to consumers within the Midwest Census region.



18-1

**Short-Term (2009)**

During November 2009, the CFNAI was -0.32, up sharply from -1.02 in October. Two of the four broad categories improved, although only the production and income category made a positive contribution. Production-related indicators made a positive contribution of 0.35 to the index in November; employment-related indicators made a contribution of -0.12 in November; consumption and housing indicators made a contribution of -0.48 in November; and the sales, orders and inventories category made a contribution of -0.07 in November. Thirty-six of the 85 indicators made positive contributions to the index in November, while 49 made negative contributions. Fifty-three indicators improved from October to November, while 32 deteriorated.

**Long-Term (1990 to 2009)**

Since January 1990 the CFNAI has demonstrated excellent predictive power as CFNAI values have fallen substantially prior to each of the two most recent recessions, from July 1990 to March 1991, and from March 2001 to November 2001.

**About the data and graphs**

The performance of the U.S. economy has a major impact on the performance of the Kansas economy.

The Chicago Fed National Activity Index (CFNAI) is a monthly U.S. index designed to better gauge overall economic activity and inflationary pressure.

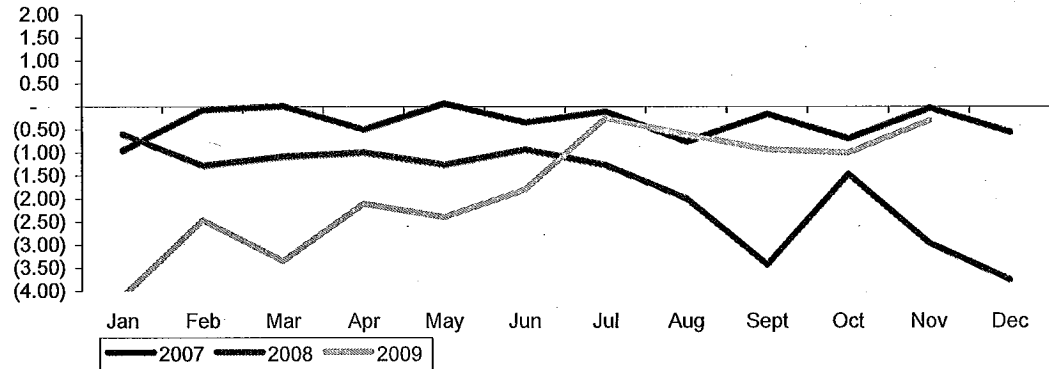
The index uses 85 economic indicators from four broad categories of data: production and income; employment, unemployment and hours; personal consumption and housing; and sales, orders and inventories. **A positive number indicates above average growth while a negative number indicates below average growth. Sustained CFNAI readings above zero suggest increased inflationary pressures over the coming year.**

Source: 2009 monthly data  
Federal Reserve Bank of Chicago

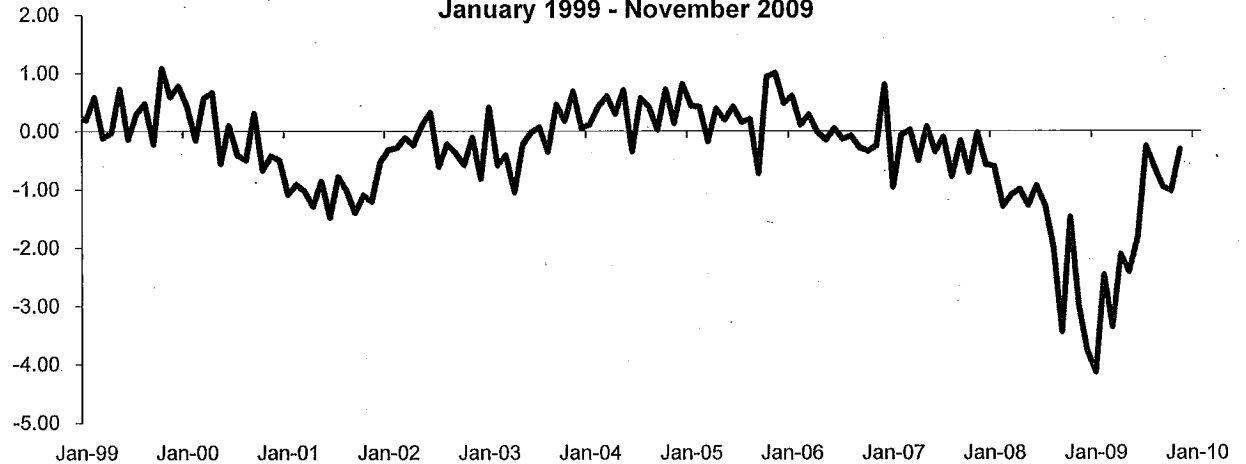
**CFNAI**

	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09	Jun-09	Nov-08
CFNAI	-0.32	-1.02	-0.95	-0.63	-0.26	-1.82	-2.99

**Chicago Federal Reserve National Activity Index  
2007 - 2009**



**Chicago Federal Reserve National Activity Index  
January 1999 - November 2009**



1-22

**Short-Term (2008 to 2009)**

- Kansas building permits up 235 (48.8%)
- 6-State Region building permits up 3 (0.1%)
- U.S. building permits up 505 (1.3%)

**Long-Term (1999 to 2009)**

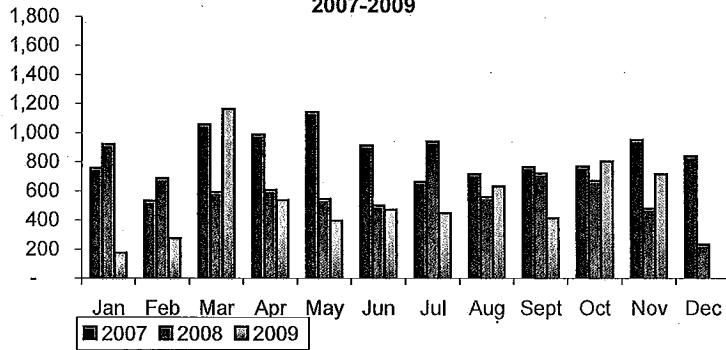
- Kansas building permits down 467 (-39.4%)
- 6-State Region building permits down 6,859 (-69.6%)
- U.S. building permits down 80,378 (-66.4%)

**Building Permits**

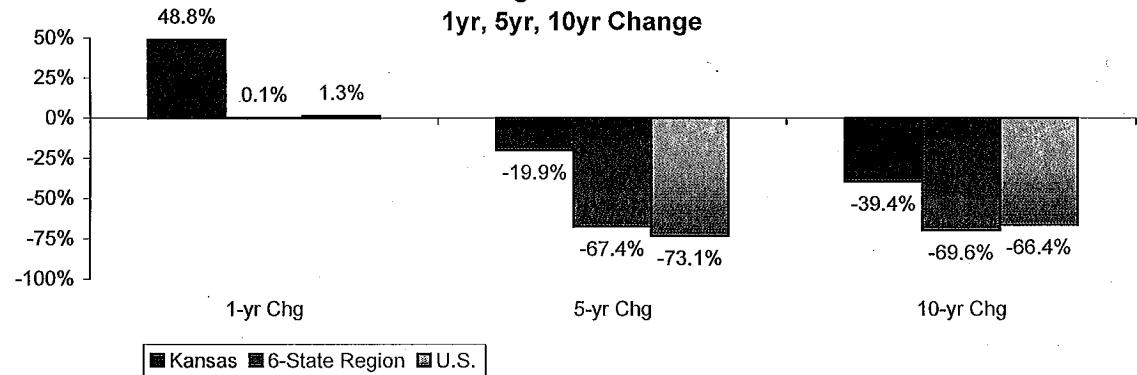
(new privately owned housing units authorized)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	717	482	895	1,184	48.8%	-19.9%	-39.4%
6-State Region	2,991	2,988	9,167	9,850	0.1%	-67.4%	-69.6%
U.S.	40,747	40,242	151,399	121,125	1.3%	-73.1%	-66.4%

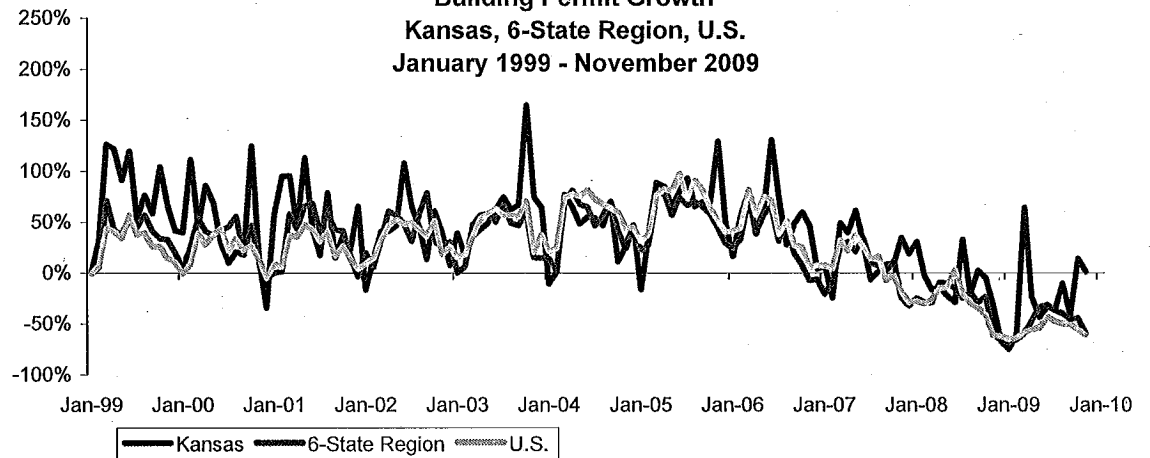
Building Permits Issued in Kansas  
2007-2009



Building Permit Growth  
1yr, 5yr, 10yr Change



Building Permit Growth  
Kansas, 6-State Region, U.S.  
January 1999 - November 2009



Regarding building permits, a housing unit is a house, an apartment, a group of rooms or a single room intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have a direct access from the outside of the building or through a common hall.

1-23

**Short-Term (2008 to 2009)**

- Kansas sales tax collections down \$10,786,473 (-6.3%)
- \$1,229,522,552 collected ytd through August 2009
- \$1,990,655,688 collected total during 2008

**Sales Tax Collections**

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas \$	159,415,826	\$ 170,202,299	\$ 143,047,713	\$ 123,498,012	-6.3%	11.4%	29.1%

**Long-Term (1999 to 2009)**

- Kansas sales tax collections up \$35,917,814 (29.1%)
- \$1,456,121,970 collected total during 1999

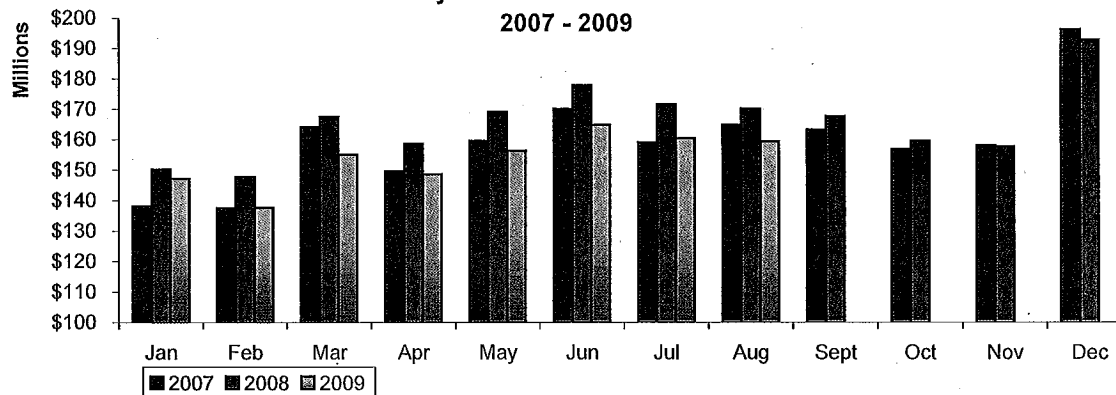
**About the data and graphs**

Monthly sales tax collections have trended higher as the economy has grown and two sales tax rate increases have been enacted. Annually, December typically collects the highest sales tax revenue, with January and February collecting the least. Consumers tend to delay purchases during a downturn in the economy, which can be reflected in lower sales tax collections in months proceeding and during a recession. Monthly sales tax collections tend to increase as the economy improves and consumer spending increases.

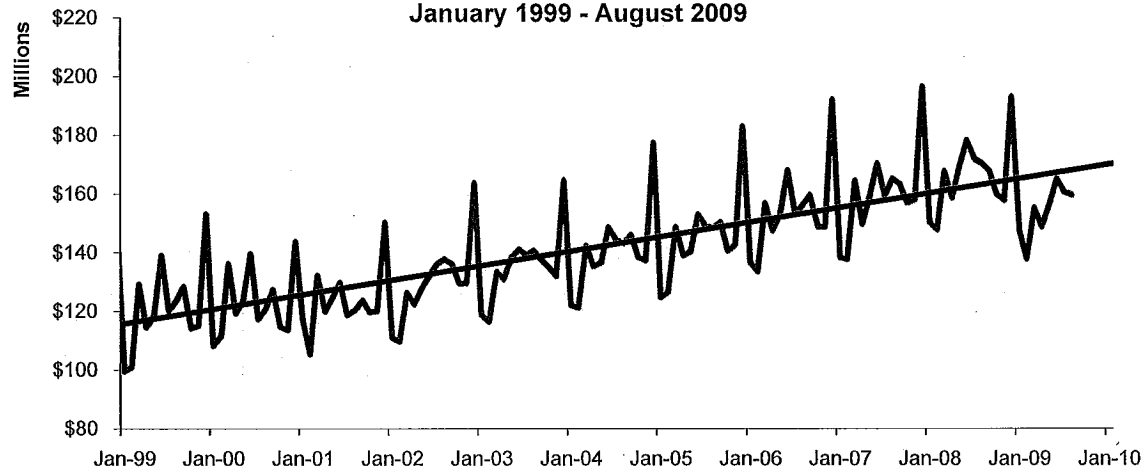
Tracking sales tax collections in Kansas gives insight into consumer behavior and demand. Sales tax collections can fluctuate widely from month to month. Since January 1990, state sales tax rates have increased on two occasions. In June 1992, the state sales tax rate increased from 4.25% to 4.90% and in July 2002 the state sales tax rate increased to 5.30%.

Various cities and counties in Kansas have an additional local sales tax. The entire listing of local sales tax rates is available at <http://www.ksrevenue.org/salesratechanges.htm>

Monthly Kansas Sales Tax Revenue  
2007 - 2009



Monthly Kansas Sales Tax Revenue  
January 1999 - August 2009





**Short-Term (2008 to 2009)**

- Kansas total nonfarm employment down 60,100 (-4.3%)
- 6-State Region total nonfarm employment down 288,200 (-2.8%)
- U.S. total nonfarm employment down 4,659,000 (-3.4%)

**Long-Term (1999 to 2009)**

- Kansas total nonfarm employment down 600 (0.0%)
- 6-State Region total nonfarm employment up 217,300 (2.2%)
- U.S. total nonfarm employment up 960,000 (0.7%)

**November 2009 Total Nonfarm Employment Levels**

(all employees, thousands)

State	Employment
Kansas	1,347.0
Arkansas	1,183.2
Colorado	2,247.0
Iowa	1,501.0
Missouri	2,730.0
Nebraska	950.2
Oklahoma	1,562.6

**About the data and graphs**

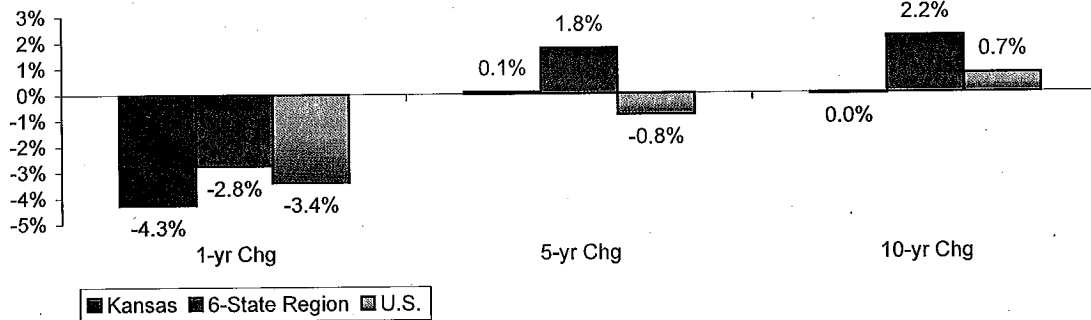
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation.

*BLS total nonfarm employment calculations does not include non-civilian employment.*

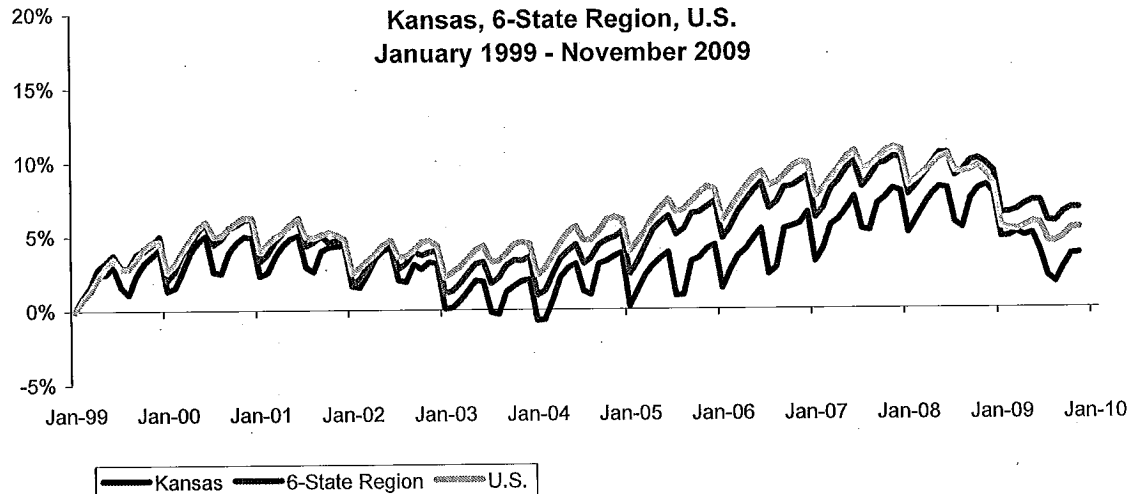
**Total Nonfarm Employment**  
(all employees, thousands)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,347.0	1,407.1	1,346.2	1,347.6	-4.3%	0.1%	0.0%
6-State Region	10,174.0	10,462.2	9,998.9	9,956.7	-2.8%	1.8%	2.2%
U.S.	132,223.0	136,882.0	133,301.0	131,263.0	-3.4%	-0.8%	0.7%

**Total Nonfarm Employment Growth**  
**1yr, 5yr, 10yr Change**



**Total Nonfarm Employment Growth**  
**Kansas, 6-State Region, U.S.**  
**January 1999 - November 2009**



**Short-Term (2008 to 2009)**

- Kansas private sector employment down 57,500 (-5.1%)
- 6-State Region private sector employment down 307,700 (-3.6%)
- U.S. private sector employment down 4,605,000 (-4.0%)

**Long-Term (1999 to 2009)**

- Kansas private sector employment down 21,900 (-2.0%)
- 6-State Region private sector employment up 11,600 (0.1%)
- U.S. private sector employment down 1,103,000 (-1.0%)

**November 2009 Private Sector Employment Levels**

(all employees, thousands)

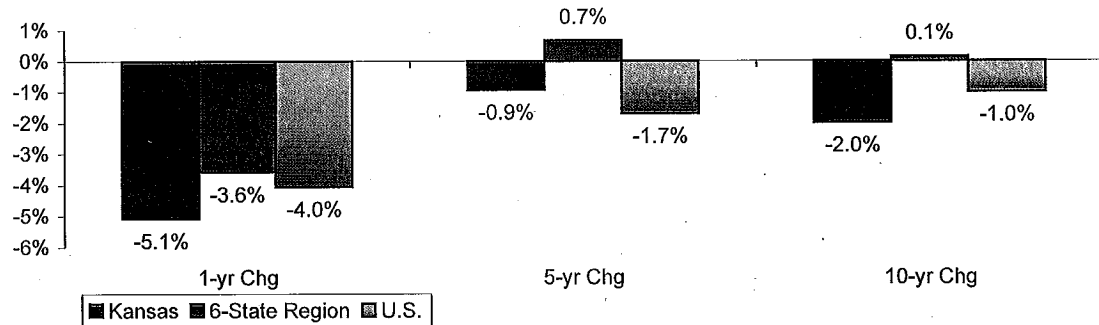
State	Employment
Kansas	1,077.6
Arkansas	957.0
Colorado	1,846.6
Iowa	1,241.6
Missouri	2,266.6
Nebraska	779.0
Oklahoma	1,222.5

**Private Sector Employment**

(all employees, thousands)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,077.6	1,135.1	1,087.7	1,099.5	-5.1%	-0.9%	-2.0%
6-State Region	8,313.3	8,621.0	8,258.1	8,301.7	-3.6%	0.7%	0.1%
U.S.	109,247.0	113,852.0	111,128.0	110,350.0	-4.0%	-1.7%	-1.0%

Private Sector Employment Growth  
1yr, 5yr, 10yr Change

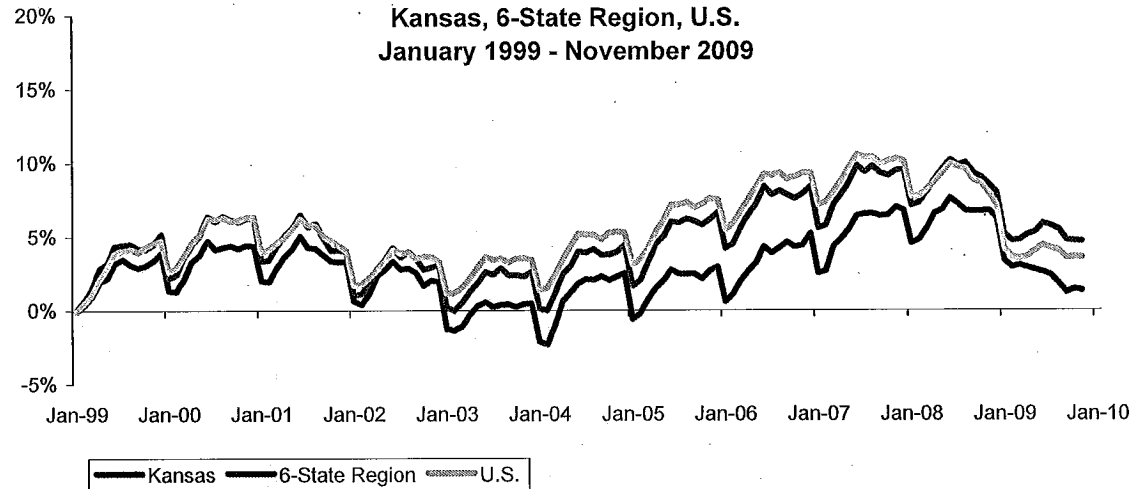


**About the data and graphs**

The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation.

BLS private sector calculations include all nonfarm sectors, while excluding Federal, State, and Local government sectors.

Private Sector Employment Growth  
Kansas, 6-State Region, U.S.  
January 1999 - November 2009



Source: 2009 monthly data  
U.S. Department of Labor - Bureau of Labor Statistics  
Kansas Department of Labor - Labor Market Information

52-1



## Indicators of the Kansas Economy Manufacturing Employment

Dec-09

### Short-Term (2008 to 2009)

- Kansas manufacturing employment down 26,100 (-13.9%)
- 6-State Region manufacturing employment down 100,800 (-9.3%)
- U.S. manufacturing employment down 1,403,000 (-10.7%)

### Long-Term (1999 to 2009)

- Kansas manufacturing employment down 40,200 (-19.9%)
- 6-State Region manufacturing employment down 361,600 (-27.0%)
- U.S. manufacturing employment down 5,580,000 (-32.2%)

### November 2009 Manufacturing Employment Levels

(all employees, thousands)

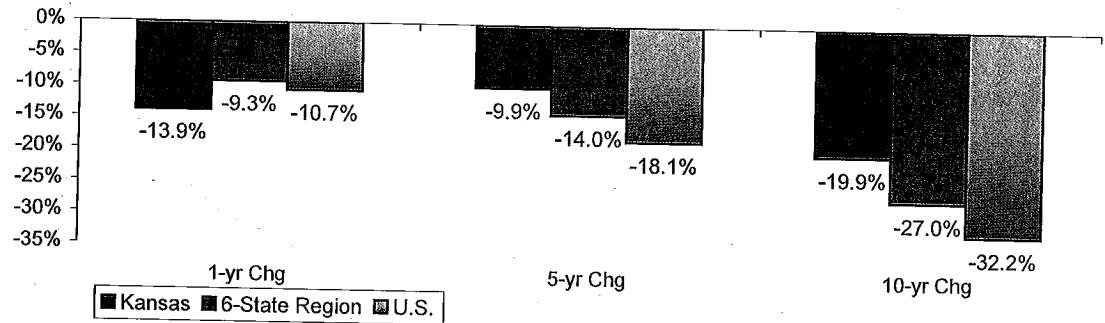
State	Employment
Kansas	161.4
Arkansas	162.6
Colorado	127.8
Iowa	204.8
Missouri	259.8
Nebraska	91.2
Oklahoma	131.3

### Manufacturing Employment

(all employees, thousands)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	161.4	187.5	179.1	201.6	-13.9%	-9.9%	-19.9%
6-State Region	977.5	1,078.3	1,137.2	1,339.1	-9.3%	-14.0%	-27.0%
U.S.	11,737.0	13,140.0	14,331.0	17,317.0	-10.7%	-18.1%	-32.2%

### Manufacturing Employment Growth 1yr, 5yr, 10yr Change

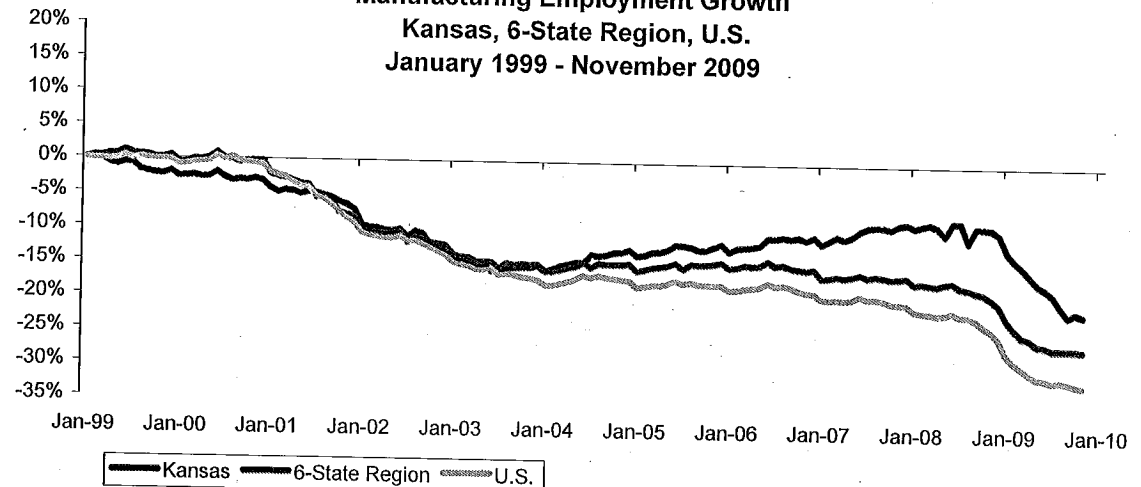


### About the data and graphs

The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation.

The manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.

### Manufacturing Employment Growth Kansas, 6-State Region, U.S. January 1999 - November 2009



e: 2009 monthly data  
U.S. Department of Labor - Bureau of Labor Statistics  
Kansas Department of Labor - Labor Market Information

<http://www.bls.gov/bls/employment.htm>  
<http://laborstats.dol.ks.gov/>



## Indicators of the Kansas Economy Service Employment

Dec-09

### Short-Term (2008 to 2009)

- Kansas service employment down 2,600 (-1.0%)
- 6-State Region service employment down 134,900 (-2.0%)
- U.S. service employment down 2,136,000 (-2.3%)

### Long-Term (1999 to 2009)

- Kansas service employment up 21,300 (8.6%)
- 6-State Region service employment up 362,100 (5.7%)
- U.S. service employment up 5,077,000 (5.9%)

### November 2009 Service Employment Levels

(all employees, thousands)

State	Employment
Kansas	269.4
Arkansas	730.5
Colorado	1,561.7
Iowa	967.5
Missouri	1,878.8
Nebraska	638.1
Oklahoma	974.0

### About the data and graphs

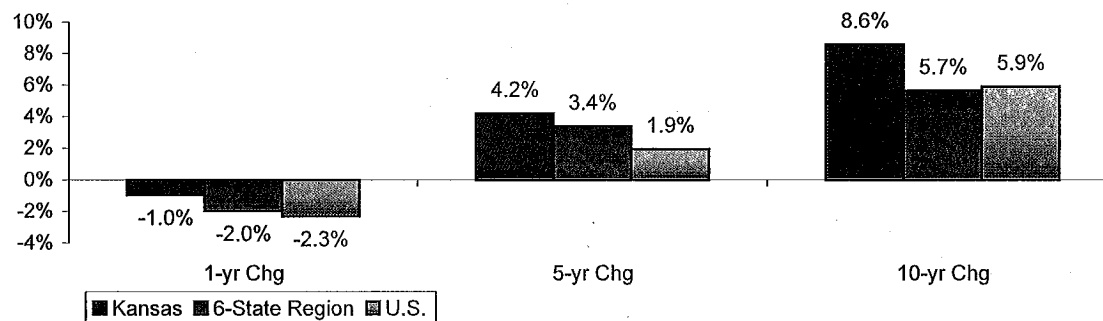
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation. While BLS service sector calculations include government, *Kansas, Inc.*, has defined the overall service sector to include the following BLS sectors: trade, transportation, and utilities; information; finance; professional and business; education and health; leisure and hospitality; and other services.

### Service Employment

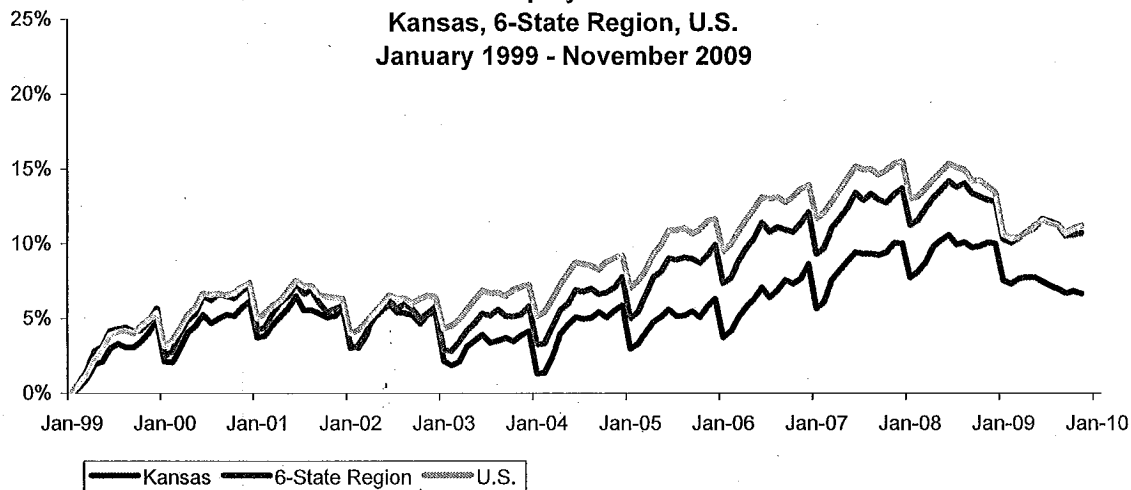
(all employees, thousands)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	269.4	272.0	258.5	248.1	-1.0%	4.2%	8.6%
6-State Region	6,750.6	6,885.5	6,529.1	6,388.5	-2.0%	3.4%	5.7%
U.S.	90,719.0	92,855.0	88,989.0	85,642.0	-2.3%	1.9%	5.9%

### Service Employment Growth 1yr, 5yr, 10yr Change



### Service Employment Growth Kansas, 6-State Region, U.S. January 1999 - November 2009



Source: 2009 monthly data  
U.S. Department of Labor - Bureau of Labor Statistics  
Kansas Department of Labor - Labor Market Information

<http://www.bls.gov/bls/employment.htm>  
<http://laborstats.dol.ks.gov/>

\$2.1

### Short-Term (2008 to 2009)

- Kansas public sector employment down 27,100 (-3.1%)
- 6-State Region public sector employment up 19,500 (1.1%)
- U.S. public sector employment down 54,000 (-0.2%)

### Long-Term (1999 to 2009)

- Kansas public sector employment up 20,500 (2.5%)
- 6-State Region public sector employment up 205,700 (12.4%)
- U.S. public sector employment up 2,063,000 (9.9%)

### November 2009 Public Sector Employment Levels

(all employees, thousands)

State	Employment
Kansas	846.0
Arkansas	226.2
Colorado	400.4
Iowa	259.4
Missouri	463.4
Nebraska	171.2
Oklahoma	340.1

### About the data and graphs

The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for series come from a monthly survey of employers. The data are subject to major and minor revisions. The series count the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the public sector and one in retail, would be counted in both sectors.

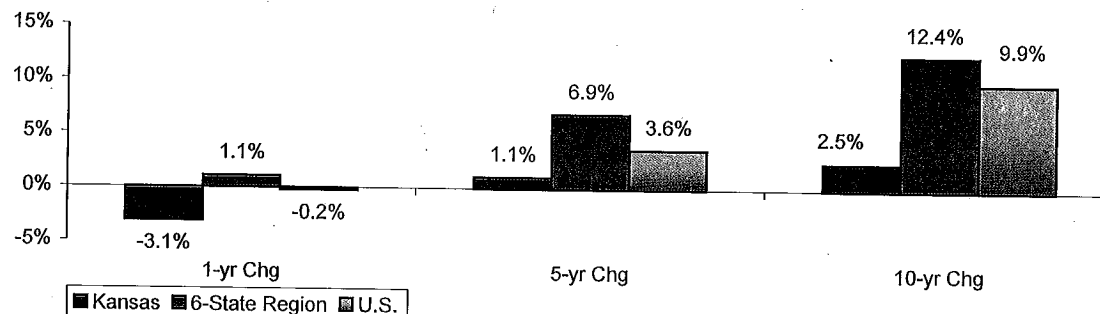
The data series chosen for IKE are not adjusted for seasonal variation; hence the short term employment graph shows substantial decreases in July and August when many public school personnel are off the job. *Kansas, Inc. has included Federal, State, and Local Government*

### Public Sector Employment

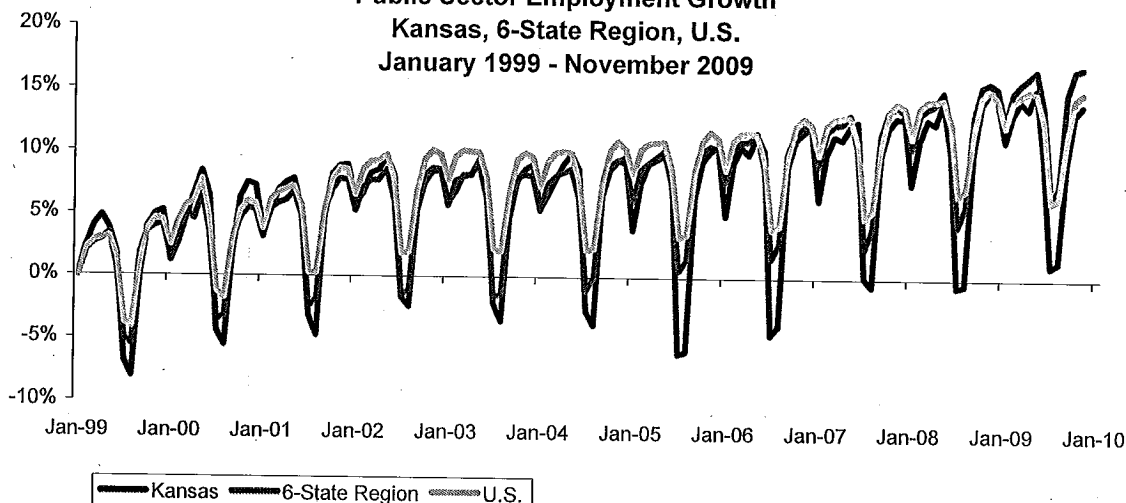
(all employees, thousands)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	846.0	873.1	837.2	825.5	-3.1%	1.1%	2.5%
6-State Region	1,860.7	1,841.2	1,740.8	1,655.0	1.1%	6.9%	12.4%
U.S.	22,976.0	23,030.0	22,173.0	20,913.0	-0.2%	3.6%	9.9%

**Public Sector Employment Growth  
1yr, 5yr, 10yr Change**



**Public Sector Employment Growth  
Kansas, 6-State Region, U.S.  
January 1999 - November 2009**



o: 2009 monthly data

U.S. Department of Labor - Bureau of Labor Statistics  
Kansas Department of Labor - Labor Market Information

<http://www.bls.gov/bls/employment.htm>  
<http://laborstats.dol.ks.gov/>



**Indicators of the Kansas Economy  
Unemployment and Unemployment Rate**

65-1  
Dec-09

**Short-Term (2008 to 2009)**

- Kansas unemployment up 23,059 (32.6%)
- 6-State Region unemployment up 227,567 (38.4%)
- U.S. unemployment up 4,392,000 (43.9%)

---

- Kansas unemployment rate up (1.5%)
- 6-State Region unemployment rate up (2.0%)
- U.S. unemployment rate up (2.9%)

**Long-Term (1999 to 2009)**

- Kansas unemployment up 42,986 (84.5%)
- 6-State Region unemployment up 521,478 (175.0%)
- U.S. unemployment up 9,027,000 (167.8%)

---

- Kansas unemployment rate up (2.6%)
- 6-State Region unemployment rate up (4.3%)
- U.S. unemployment rate up (5.6%)

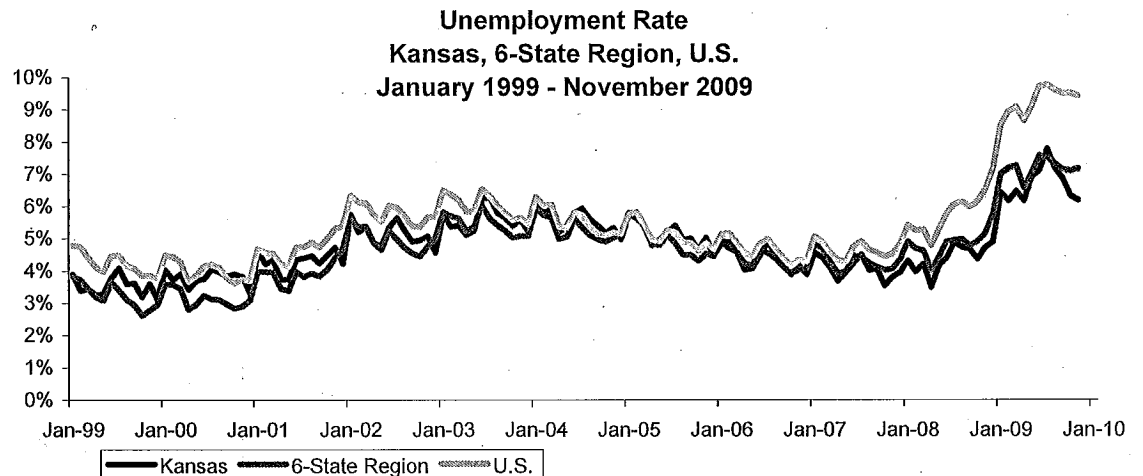
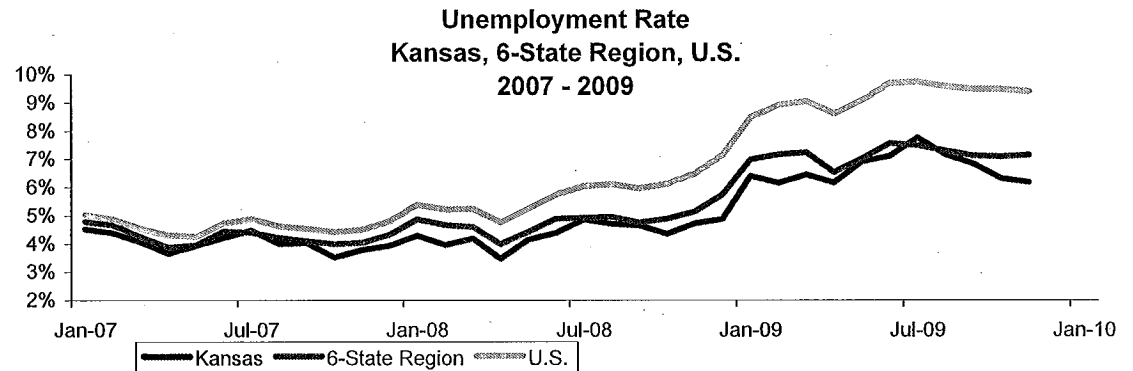
**About the data and graphs**

The unemployment rate represents the number unemployed as a percent of the labor force. As defined in the Current Population Survey, unemployed persons are persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.

The unemployment rate contains a seasonal component, it rises during summer as new high school and college graduates enter the civilian labor force and in January, when retailers lay off holiday employees. The unemployment rate also contains a business cycle component, rising during recessionary periods when people currently in the labor force lose jobs.

**Unemployment and Unemployment Rate  
(all employees)**

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	93,866	70,807	78,027	50,880	32.6%	20.3%	84.5%
6-State Region	819,521	591,954	557,784	298,043	38.4%	46.9%	175.0%
U.S.	14,407,000	10,015,000	7,665,000	5,380,000	43.9%	88.0%	167.8%
Kansas (%)	6.2%	4.7%	5.3%	3.6%	1.5%	0.9%	2.6%
6-State Region (%)	7.1%	5.1%	5.0%	2.8%	2.0%	2.1%	4.3%
U.S. (%)	9.4%	6.5%	5.2%	3.8%	2.9%	4.2%	5.6%



Source: 2009 monthly data  
U.S. Department of Labor - Bureau of Labor Statistics  
Kansas Department of Labor - Labor Market Information

<http://www.bls.gov/bls/employment.htm>  
<http://laborstats.dol.ks.gov/>



## Indicators of the Kansas Economy Initial Claims for Unemployment

Dec-09

1-30

### Short-Term (2008 to 2009)

- Kansas initial claims up 6,744 (41.8%)
- 6-State Region initial claims up 1,874 (1.2%)
- U.S. initial claims down 34,604 (-1.6%)

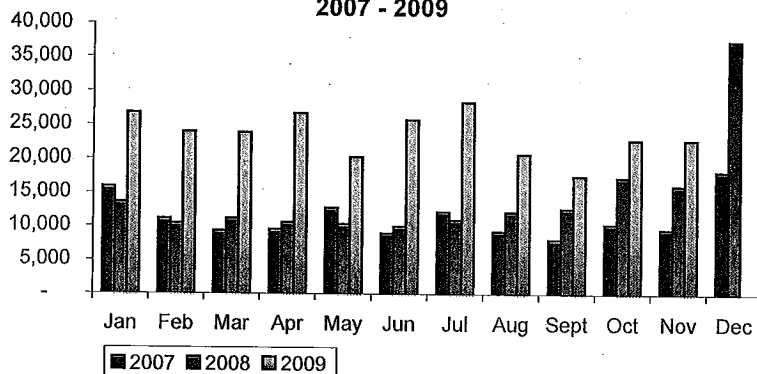
### Long-Term (1999 to 2009)

- Kansas initial claims up 15,027 (191.9%)
- 6-State Region initial claims up 76,169 (100.0%)
- U.S. initial claims up 892,536 (68.9%)

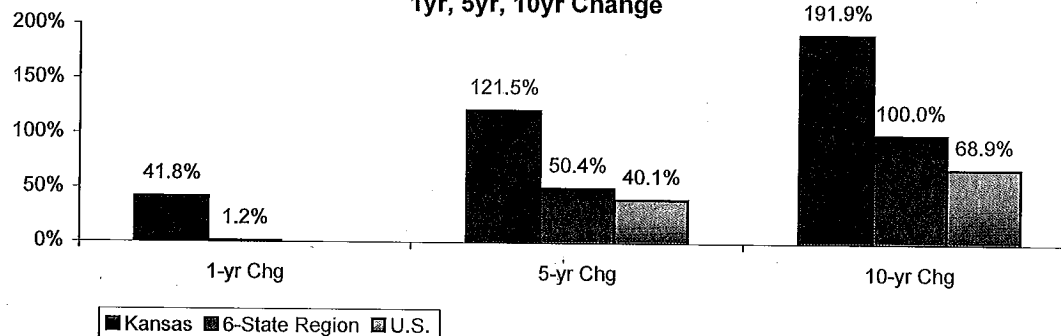
### Initial Claims for Unemployment (all employees)

	Nov-09	Nov-08	Nov-04	Nov-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	22,859	16,115	10,319	7,832	41.8%	121.5%	191.9%
6-State Region	152,339	150,465	101,285	76,170	1.2%	50.4%	100.0%
U.S.	2,187,975	2,222,579	1,561,656	1,295,439	-1.6%	40.1%	68.9%

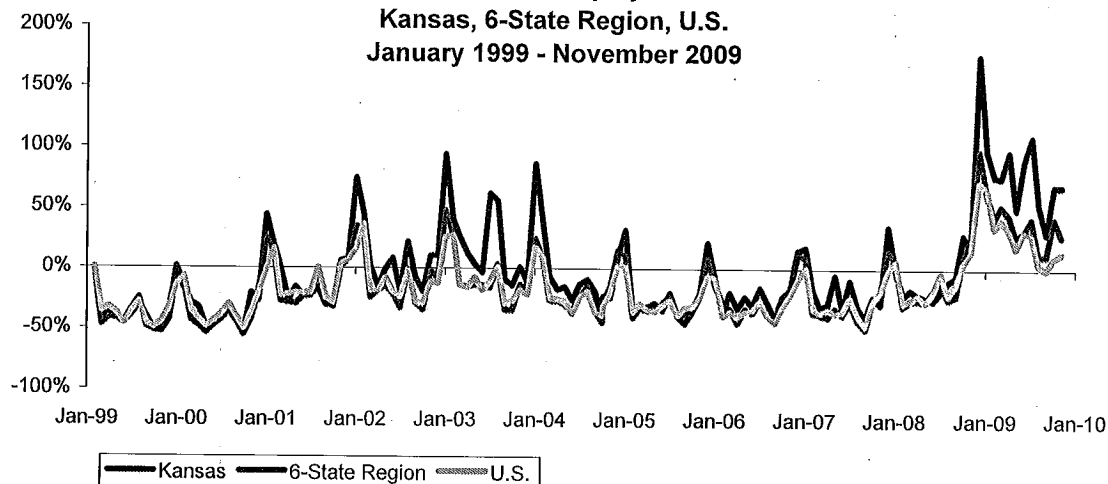
Initial Claims for Unemployment in Kansas  
2007 - 2009



Initial Claims for Unemployment Growth  
1yr, 5yr, 10yr Change



Initial Claims For Unemployment Growth  
Kansas, 6-State Region, U.S.  
January 1999 - November 2009



### About the data and graphs

Initial claims for unemployment count the number of applications of workers who separated from their jobs and who wish to begin unemployment compensation or to extend the period of eligibility. The data are collected by the U.S. Department of Labor, Employment and Training Administration. The data produced by this agency are not seasonally adjusted. Initial claims for unemployment typically rise as the economy moves into recession and fall as the economy recovers. Initial claims for unemployment traditionally peak in the winter months of November, December, and January.

Source: 2009 monthly data  
U.S. Department of Labor - Employment and Training Administration

<http://workforcesecurity.doleta.gov/unemploy/claimssum.asp>

**Short-Term (2008 to 2009)**

- Kansas private industry wage level up \$1,156 (3.1%)
- 6-State Region private industry wage level up \$1,219 (3.3%)
- U.S. private industry wage level up \$1,009 (2.3%)

**Mid-Term (2004 to 2009)**

- Kansas private industry wage level up \$6,941 (21.8%)
- 6-State Region private industry wage level up \$6,741 (21.2%)
- U.S. private industry wage level up \$7,863 (21.0%)

**2009 (p) Private Industry Wage Levels**

(average annual wages, all employees, all private establishments)

State	Annual Wage
Kansas	\$ 38,735
Arkansas	\$ 36,088
Colorado	\$ 47,788
Iowa	\$ 36,140
Missouri	\$ 40,716
Nebraska	\$ 36,036
Oklahoma	\$ 36,816

(p) - 2009 1st quarter avg weekly wage multiplied by 52 weeks

**About the data and graphs**

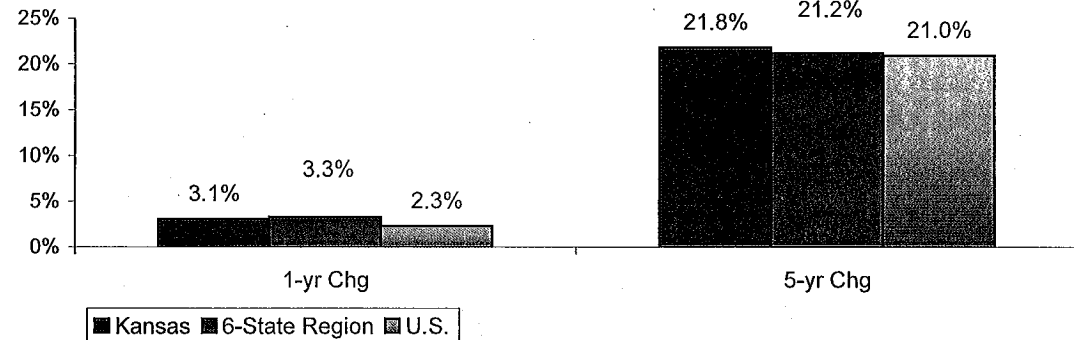
The Quarterly Census of Employment and Wages Program is a cooperative program involving the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor and the State Employment Security Agencies (SESAs). The QCEW program produces a comprehensive tabulation of employment and wage information for workers covered by State unemployment insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. *Private Industry wage levels were calculated using QCEW program data. Wage levels were calculated as an average of all private industries and establishments.*

**Private Industry Wage Levels**

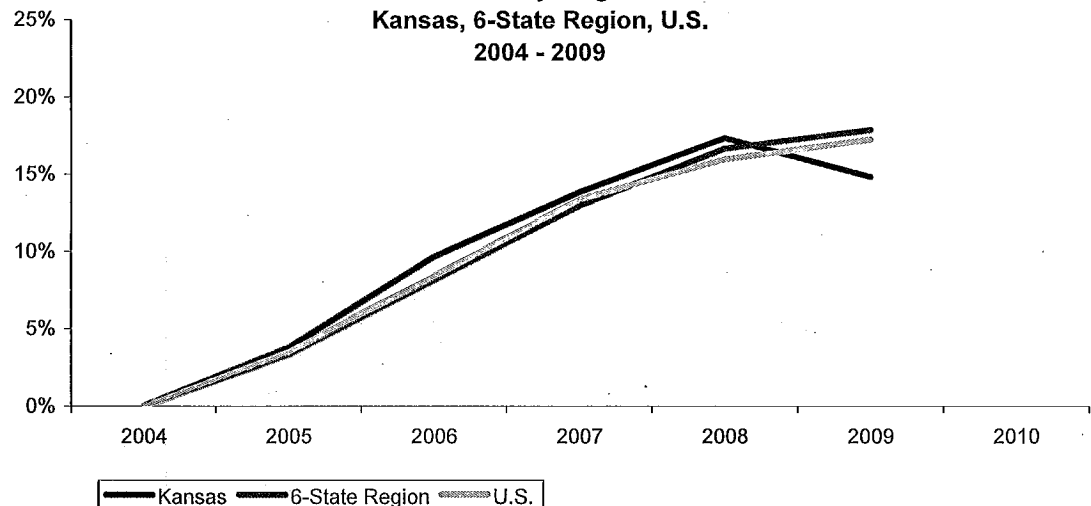
(average annual wages, all employees, all private establishments)

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	\$ 38,735	\$ 37,579	\$ 31,794	3.1%	21.8%
6-State Region	\$ 38,531	\$ 37,312	\$ 31,790	3.3%	21.2%
U.S.	\$ 45,371	\$ 44,362	\$ 37,508	2.3%	21.0%

**Private Industry Wage Growth**  
**1yr, 5yr, Change**



**Private Industry Wage Growth**  
**Kansas, 6-State Region, U.S.**  
**2004 - 2009**



Source: 2008 annual data, 2009 quarterly data  
U.S. Department of Labor - Bureau of Labor Statistics



## Indicators of the Kansas Economy Private Establishment Data

Dec-09

### Short-Term (2008 to 2009)

- Kansas total establishments up 1,636 (2.0%)
- 6-State Region total establishments down 466 (-0.1%)
- U.S. total establishments up 82,557 (0.9%)

### Mid-Term (2004 to 2009)

- Kansas total establishments up 6,343 (8.4%)
- 6-State Region total establishments up 48,736 (8.0%)
- U.S. total establishments up 792,906 (9.9%)

### Kansas Private Establishment Data

(total private establishments, by employee size)

Year	1-9	10-49	50-99	100+
2004	56,780	15,216	1,995	1,578
2005	57,852	15,206	2,029	1,599
2006	59,890	15,209	2,057	1,662
2007	59,748	15,549	2,114	1,691
2008	60,803	15,650	2,110	1,713
2009 (p)	62,665	15,576	2,084	1,587
1-yr Chg	3.1%	-0.5%	-1.2%	-7.4%
5-yr Chg	10.4%	2.4%	4.5%	0.6%

(p) - preliminary

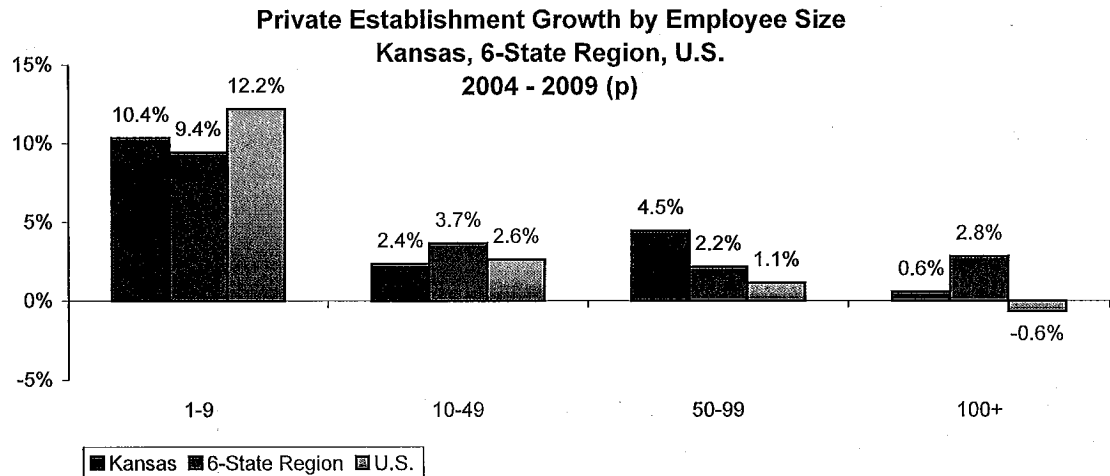
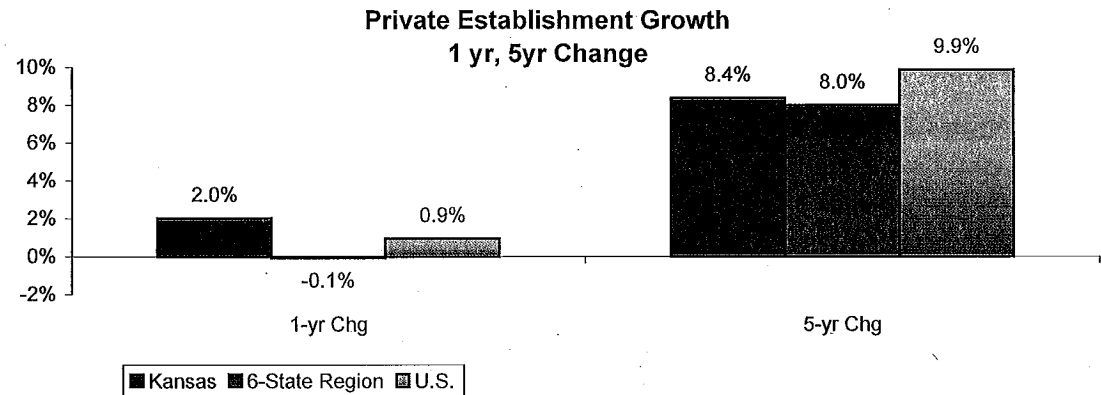
### About the data and graphs

According to the U.S. Small Business Administration, small businesses provide approximately 75 percent of the net new jobs added to the economy and employ 50.1 percent of the private work force. This data tracks the number of business establishments by employee size to help understand what size businesses are growing. The Quarterly Census of Employment and Wages (QCEW) program includes data on the number of establishments, monthly employment, and quarterly wages, by NAICS industry, by county, by ownership sector, for the entire United States. *This variable includes private establishments only, as determined by the QCEW program.*

### Private Establishment Data

(total private establishments, all employee sizes)

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	81,912	80,276	75,569	2.0%	8.4%
6-State Region	658,060	658,526	609,324	-0.1%	8.0%
U.S.	8,819,766	8,737,209	8,026,860	0.9%	9.9%

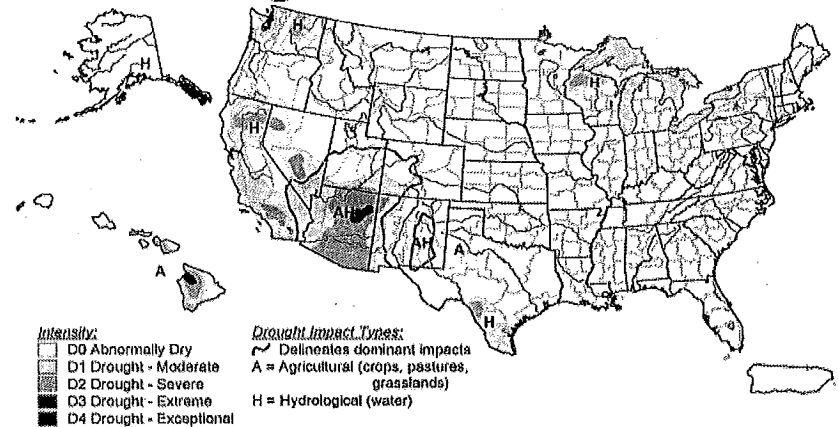


(12/1/09 USDA Agricultural Prices) KANSAS: The November **All Farm Products Index** of Prices Received by Kansas farmers, at 129 percent of the 1990-92 base, is up 2 points from October but down 15 points from November 2008. The **All Crops Index** in November, at 160 percent of the 1990-92 base, is up 4 points from October but down 26 points from 2008. The **Meat Animals Index**, at 111 percent of the 1990-92 base, is up 2 points from October but 5 points below last year.

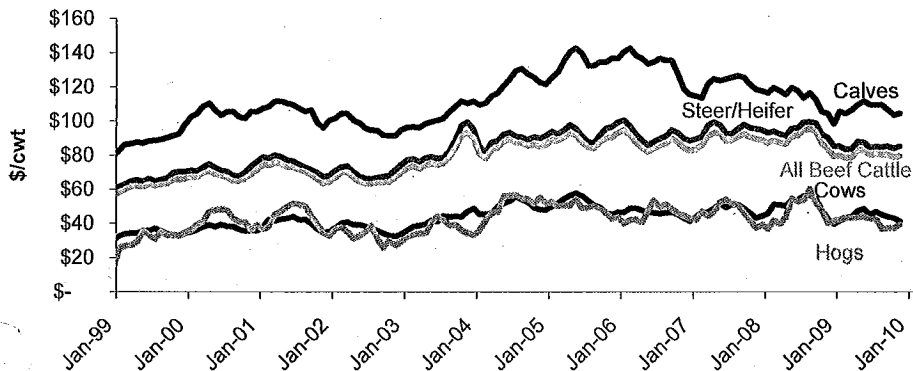
**Wheat** prices in mid-November, at \$4.59 per bushel, are up 38 cents from October but 80 cents below last November. **Corn** prices in mid-November, at \$3.54 per bushel, are up 3 cents from October but 99 cents below last November. Farmers received an average of \$5.67 per cwt. for **grain sorghum** in mid-November, up 38 cents from October but 89 cents below last November. **Soybean** prices, at \$9.25 per bushel in mid-November, are up 15 cents from October and 42 cents above last November. **All hay** prices averaged \$103 per ton in mid-November, up \$4 from October but \$25 lower than last year. **Alfalfa hay** averaged \$107 per ton, unchanged from October but \$31 lower than last November. **Other hay**, at \$78 per ton, is up \$6 from October but \$17 below last November.

**All beef cattle** were bringing an average of \$85.90 per cwt. in mid-November, up \$1.10 from October but \$4.30 below the price last November. **Cow** prices, at \$43.00 per cwt., are down \$1.00 from October and 90 cents below the price last November. **Steers and heifers** averaged \$86.80 per cwt., up \$1.20 from October but \$4.80 below November 2008. **Calf** prices in mid-November were \$111.00 per cwt., up \$1.00 from October but down \$2.00 from November 2008. The **all hog** price of \$36.60 per cwt. for mid-November is up \$3.40 from October and up 80 cents from last November. **Sow** prices averaged \$36.00, up \$8.30 from October but \$1.60 lower than November 2008. **Barrow and gilt** prices averaged \$36.70 per cwt. in mid-November, up \$2.70 from October and \$1.20 above last November.

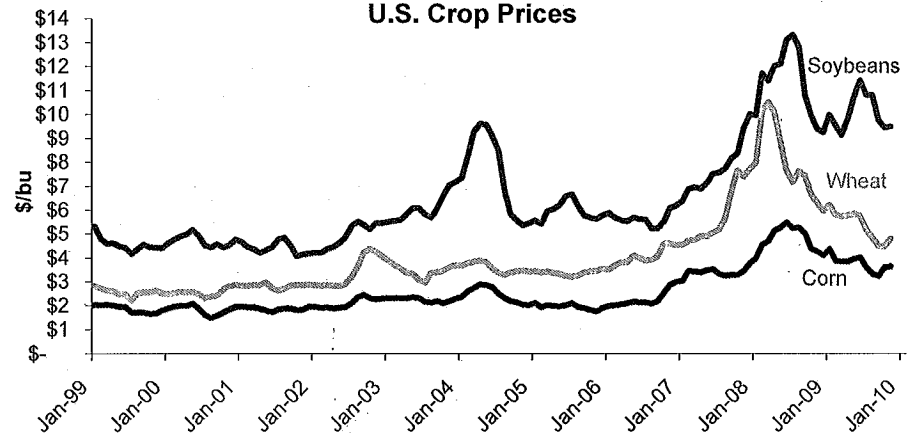
**U.S. Drought Monitor** December 22, 2009  
Valid 7 a.m. EST



U.S. Livestock Prices



U.S. Crop Prices



Source: 2009 monthly data  
United States Department of Agriculture - NASS  
National Drought Mitigation Center

<http://www.nass.usda.gov>  
<http://www.drought.unl.edu>



**Indicators of the Kansas Economy  
Kansas Farm Management Association Data**

Page 1  
Dec-09

**Short-Term (2008)**

- 1,452 farms reported farm operation data to KFMA
- KFMA farms averaged \$471,145 in value of farm production
- \$347,748 in total farm expense
- KFMA average net farm income was \$123,397
- NW region had the highest net farm income at \$150,935
- SW region had the lowest net farm income at \$81,546

**KFMA Average Net Farm Income by Region**

Region	NW	NC	NE	SW	SC	SE	Avg. All Assn.
2007	\$ 233,000	\$ 81,288	\$ 114,118	\$ 108,397	\$ 88,849	\$ 114,423	\$ 115,035
2008	\$ 150,935	\$ 101,573	\$ 115,877	\$ 81,546	\$ 133,778	\$ 132,962	\$ 123,397
5-yr avg	\$ 111,037	\$ 63,468	\$ 85,594	\$ 53,086	\$ 73,966	\$ 89,618	\$ 80,922
10-yr avg	\$ 74,781	\$ 48,867	\$ 56,404	\$ 42,410	\$ 53,190	\$ 67,420	\$ 58,445

**Long-Term (1998 to 2008)**

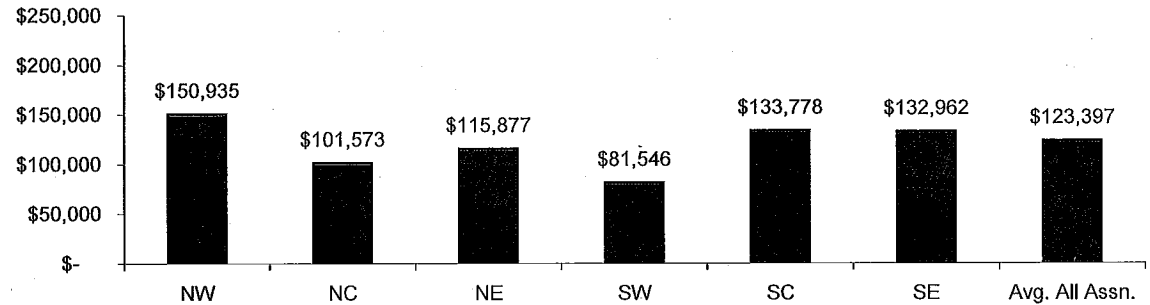
- KFMA average net farm income varies widely from year to year
- 5-yr average net farm income was \$80,922
- 10-yr average net farm income was \$58,445

**About the data and graphs**

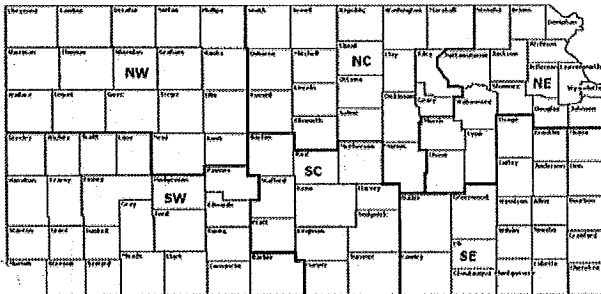
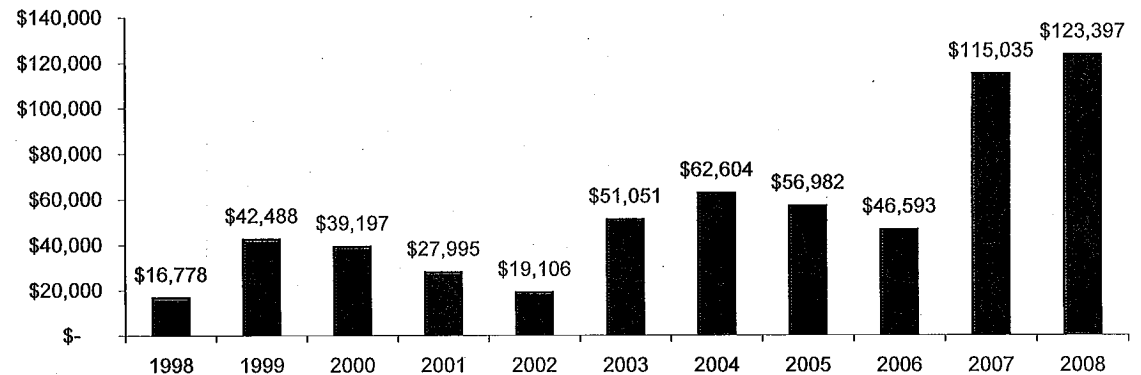
The Kansas Farm Management Association (KFMA) program is one of the largest publicly funded farm management programs in the U.S. Membership in the KFMA program includes over 2,500 farms and over 3,200 families.

The goals of the KFMA program are to provide each member with information about business and family costs to improve farm business organization, farm business decisions, and farm profitability; and minimize risk. Through on-farm visits, whole-farm analysis, and other educational programs, Association Economists assist producers in developing sound farm accounting systems; improving decision making; comparing performance with similar farms; and integrating tax planning, marketing, and asset investment strategies. The KFMA program is organized into six regional associations.

**2008 Kansas Farm Management Association  
Average Net Farm Income by Region**



**Kansas Farm Management Association  
Average Net Farm Income  
1998 - 2008**



Source: 2008 annual data  
Kansas State University - Kansas Farm Management Association



## Indicators of the Kansas Economy Oil Production and Price

Dec-09

1-35

### Short-Term (2008 to 2009)

- Kansas oil production up 193,803 bbl (6.1%)
- Oil price down \$69.2 (-51.9%)

### Long-Term (1999 to 2009)

- Kansas oil production up 602,858 bbl (21.6%)
- Oil price up \$44.1 (219.2%)

### 2009 Oil Production/Price

Month	Production*	Price	Month	Production*	Price
January	3,429,873	\$ 41.71	July	3,393,917	\$ 64.15
February	3,112,269	\$ 39.09	August		\$ 71.05
March	3,310,925	\$ 47.94	September		\$ 69.41
April	3,247,188	\$ 49.65	October		\$ 75.72
May	3,254,937	\$ 59.03	November		\$ 77.99
June	3,273,879	\$ 69.64	December		

\* Recent months production usually incomplete and revised upwards.

### About the data and graphs

Since the 1990's, monthly production of oil has steadily declined in Kansas. Kansas has experienced a natural decline in oil production as it becomes increasingly difficult to extract oil over time. CO<sub>2</sub> sequestration and other oil recovery techniques show great promise in recovering a larger share of the know oil reserves in Kansas. The higher prices received for oil along with new technology developments have helped to stabilize oil production levels since 1999.

These prices represent the Cushing, OK WTI Spot Price FOB (\$/Barrel). The amount of oil produced is measured (barrels of oil).

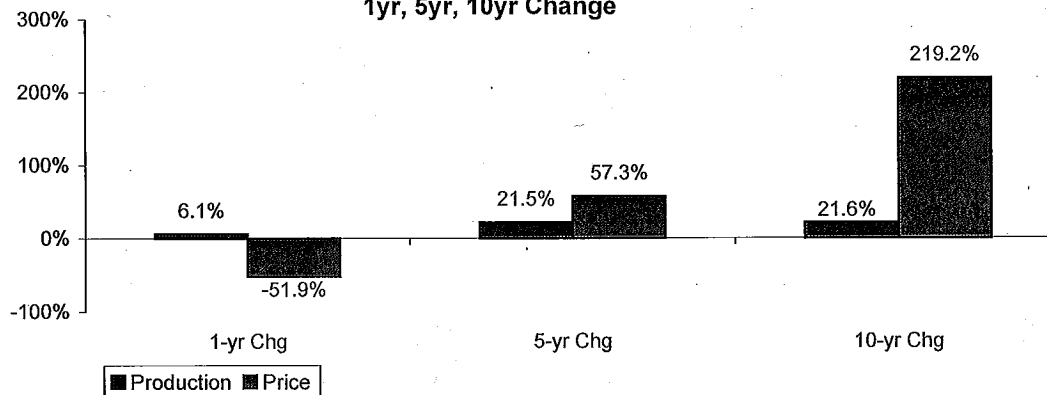
Source: 2009 monthly data  
Kansas Geological Survey  
Energy Information Administration

### Oil Production\* and Price

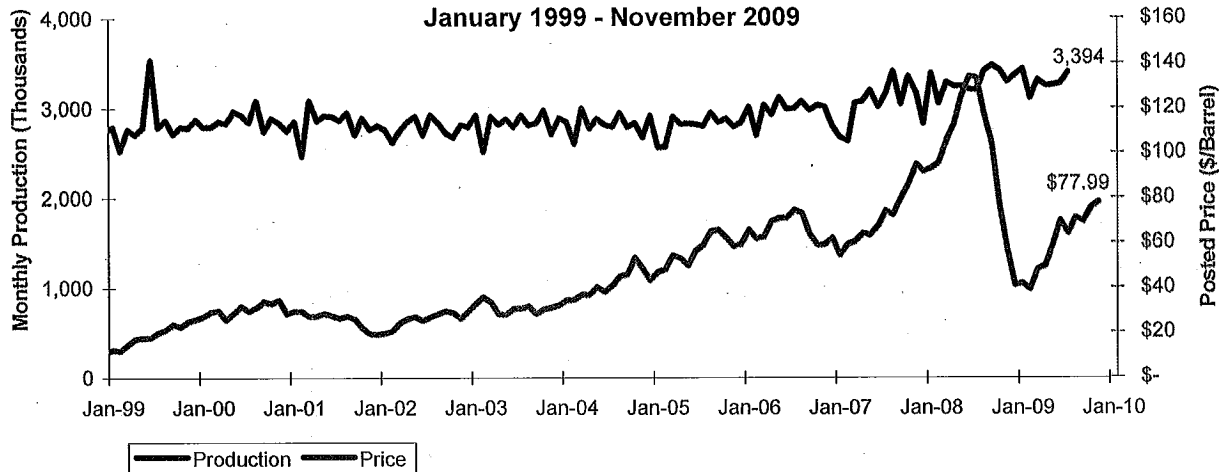
(most recent month of both production and price information)

	Jul-09	Jul-08	Jul-04	Jul-99	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,393,917	3,200,114	2,794,094	2,791,059	6.1%	21.5%	21.6%
Price (\$/bbl)	\$ 64.15	\$ 133.37	\$ 40.78	\$ 20.10	-51.9%	57.3%	219.2%

### Oil Production and Price Growth 1yr, 5yr, 10yr Change



### Oil Production and Price January 1999 - November 2009



<http://www.kgs.ku.edu/PRS/petro/interactive.html>  
<http://www.eia.doe.gov/>



## Indicators of the Kansas Economy Natural Gas Production and Price

2009  
Dec-09

### Short-Term (2008 to 2009)

- Kansas natural gas production down 2,618,306 mcf (-8.1%)
- Natural gas price down \$7.2 (-67.7%)

### Long-Term (1999 to 2009)

- Kansas natural gas production down 18,263,926 mcf (-38.0%)
- Natural gas price up \$1.2 (55.9%)

### 2009 Natural Gas Production/Price

Month	Production*	Price	Month	Production*	Price
January	31,519,692	\$ 5.15	July	29,794,936	\$ 3.43
February	28,727,682	\$ 4.19	August		\$ 3.14
March	31,042,764	\$ 3.72	September		\$ 2.92
April	29,757,314	\$ 3.43	October		
May	31,038,568	\$ 3.45	November		
June	29,359,665	\$ 3.45	December		

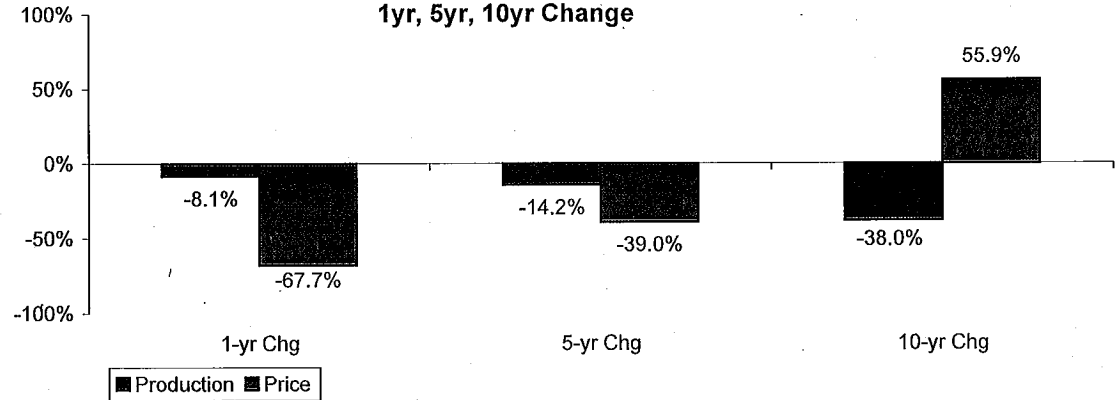
\* Recent months production usually incomplete and revised upwards.

### Natural Gas Production\* and Price

(most recent month of both production and price information)

	Jul-09	Jul-08	Jul-04	Jul-99	1-yr Chg	5-yr Chg	10-yr Chg
Production (mcf)	29,794,936	32,413,242	34,709,829	48,058,862	-8.1%	-14.2%	-38.0%
Price (\$/mcf)	\$ 3.43	\$ 10.62	\$ 5.62	\$ 2.20	-67.7%	-39.0%	55.9%

### Natural Gas Production and Price Growth 1yr, 5yr, 10yr Change

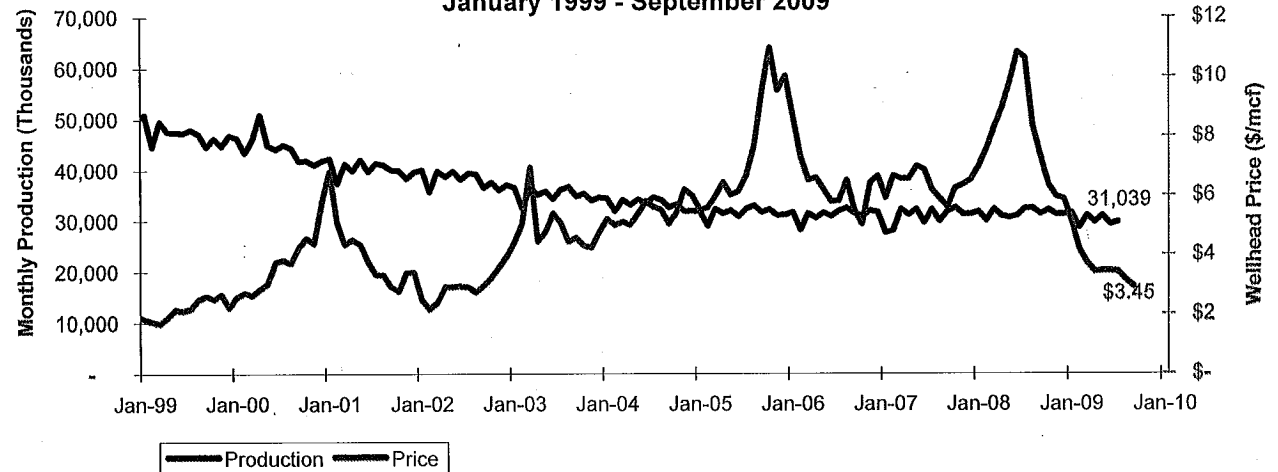


### About the data and graphs

Since the 1990's, the monthly production of natural gas has declined in Kansas, as the Hugoton natural gas field has decreased in production. The Hugoton natural gas field is the state's largest natural gas field and extends into Oklahoma and Texas. As with Kansas oil production, natural gas production is experiencing a natural decline in production. Price for natural gas has remained fairly constant in the 1990's, and since March 1999 prices have rose considerably.

These prices represent wellhead price, the value at the mouth of the well. The amount of natural gas produced is measured in Mcf's (thousand cubic feet).

### Natural Gas Production and Price January 1999 - September 2009



Source: 2009 monthly data  
Kansas Geological Survey  
Energy Information Administration

<http://www.kgs.ku.edu/PRS/petro/interactive.html>  
<http://www.eia.doe.gov/>

**December 2, 2009 - Tenth District - Kansas City** - The Tenth District economy continued to expand modestly in October and early November. Retail sales increased and were expected rise further, but the travel and tourism sector remained weak. Manufacturing activity also grew moderately, with production, new orders, and exports rising since the last survey period. Residential real estate recovered further, while the commercial real estate market continued to deteriorate.

**Consumer Spending** - Consumer spending rose in October and early November, but was supported by heavy price discounting. Most District retailers reported increased sales, especially for mid-priced, durable items such as appliances. Sales of high-priced and luxury items generally continued to decline, although some jewelers reported increased sales. Most retailers reported declines in inventories. Retailers expected sales to strengthen and for prices to steady over the next three months, along with further inventory reductions. Auto dealers reported stability in recent sales activity and were optimistic about their prospects going forward. The market for larger trucks and SUVs was reported as recovering. In the tourism sector, hotel occupancy rates were down markedly compared to year-ago levels, and the outlook was characterized as grim. However, air traffic rebounded somewhat from lower levels during the summer.

**Manufacturing and Other Business Activity** - District contacts reported that manufacturing production increased moderately in October and November, but production remained well below the previous year's levels. Volume of shipments and new orders also rose, while employment leveled off following a year of decline. Export orders expanded moderately, with more substantial growth expected over the next six months. Expectations for future factory activity were generally optimistic. Sales and capital expenditures in the high-tech services sector grew solidly, and sales were expected to increase more robustly in the near term. Contacts in the transportation sector also reported increased sales and capital spending. However, one contact said a reduction in the number of competing carriers had allowed some District trucking companies to maintain freight volume despite lower shipping demand overall.

**Real Estate and Construction** - The residential real estate market showed further signs of recovery in October and early November, but conditions in the commercial real estate market continued to erode. More housing starts and increased traffic from potential buyers were reported by area home builders, while new and existing home sales enjoyed a solid rebound from the previous year's levels, leading to a moderate overall decline in inventories. Inventory reductions, in turn, helped to stabilize home prices in the District, although prices remained below year-ago levels in most areas. Realtors reported that the increase in sales was in large part driven by first-time home buyers taking advantage of the federal tax credit. Sales were strongest for lower-end homes and investor properties, particularly bank-owned foreclosure properties, while sales of luxury homes were anemic. In the commercial real estate market, already low absorption rates continued to fall, putting downward pressure on rents. Construction remained very distressed, although some demand for smaller projects was reported. Sales of commercial real estate continued to decline, pushing down prices, but fewer contacts reported a sales drop than in previous survey periods. District contacts reported that valuations have fallen 20 to 30 percent from their peak in some areas of the District. A number of contacts stated that higher collateral requirements have been impeding smaller businesses engaged in real estate development projects.

**Banking** - Bankers reported weaker loan demand, increased deposits, and a continued negative outlook for loan quality. Overall loan demand fell at about the same pace as in the previous survey. Demand for commercial and industrial loans fell moderately, and demand for commercial real estate loans edged downward. On the other hand, respondents reported little change in demand for residential real estate loans and consumer installment loans. Some banks continued to tighten credit standards on commercial real estate loans, but credit standards for other loan categories were unchanged. About half of respondents reported lower loan quality than a year ago, an appreciably smaller fraction than in the previous survey. However, well over a third of banks expect loan quality to decline over the next six months, similar to the previous survey. Deposits continued to rise, with most categories sharing in the increase.

**Energy** - Responding to continued gains in crude prices and a recent upturn in natural gas prices, energy activity rose slightly in the most recent survey period. However, the rig count remained well below the peak level of mid-2008. Higher crude oil prices also translated into stronger ethanol prices and profits, spurring a rebound in ethanol production. Crude oil prices were expected to build upon recent gains and natural gas prices were expected to edge up over the next three months. But District contacts reported that natural gas production had not declined as significantly as expected given the steep drop in drilling over the last year. The efficiency gains in drilling operations over the past year and the activation of previously drilled but untapped wells was expected to preclude any energy sector employment gains in the near term.

**Agriculture** - The agricultural outlook improved in October and November with rising commodity prices. Despite reports of above-average corn and soybean yields, grain prices have risen due to improved export activity and a delay in the fall harvest. Wet weather pushed back the fall harvest in all District states and slowed winter wheat planting, especially in Oklahoma. Cattle and hog prices have edged up, but remained below breakeven prices due to rising feed costs. District contacts reported further reductions in livestock supplies through herd liquidations. District bankers reported having ample funds for creditworthy borrowers and expected farmland values to hold steady in coming months.

**Wages and Prices** - District contacts reported moderately lower prices for finished goods and services and few wage pressures since the last survey period. Purchasing managers said that input prices generally rose, driven by higher commodity prices, and they expected input prices to increase further going forward. Output prices were reported as modestly lower but were expected to stabilize over the next six months. Consumer prices largely decreased as a result of the use of heavy discounting to bolster sales. Hotel rates were down significantly in light of weak demand, but restaurant menu prices were stable. District contacts generally did not report any wage pressures or plans to raise wages in the near term.

**About the data** *The Summary of Commentary on Current Economic Conditions by Federal Reserve District, commonly known as the "Beige Book," is published eight times each year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. This document summarizes comments received from business and other contacts outside the Federal Reserve and is not a commentary on the views of Federal Reserve officials. The Federal Reserve Bank of Kansas City covers the 10th District of the Federal Reserve, which includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, and portions of western Missouri and northern New Mexico.*

## **Kansas, Inc.**

Created by the Legislature in 1986, Kansas, Inc. is an independent, objective, and non-partisan organization designed to conduct economic development research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing competitiveness for economic growth. To attain our mission, Kansas, Inc. undertakes these primary activities: 1) Identifying, building, and promoting a Strategic Plan for economic development efforts in the State of Kansas; 2) To complement the Strategic Plan, Kansas, Inc. develops and implements a proactive and aggressive research agenda, which is used to identify and promote sound economic development strategies and policies; 3) Through collaboration and outreach with economic development entities and other potential partners, Kansas, Inc. conducts evaluation reviews and provides oversight of economic development programs to benchmark development efforts in the State of Kansas.

Co-Chaired by the Governor, Kansas, Inc. is governed by a 17-member Board of Directors. Board members, as mandated by legislation, include four members of Legislative leadership, a representative from the Board of Regents, the Secretary of Commerce, the Commanding General of the Kansas Cavalry, a representative from labor, and eight members from the private sector representing key Kansas industrial sectors. Private sector members are appointed by the Governor and confirmed by the Kansas Senate.

### **Board of Directors**

#### **Co-Chairs**

**Governor Mark Parkinson**  
Topeka

**Donna Johnson**  
Pinnacle Technology, Lawrence

#### **Members**

**Gene Argo**  
Mid-America Rodeo Company, Hays

**Don Landoll**  
Kansas Cavalry, Marysville

**Don Schnacke**  
Donald P. Schnacke, P.A., Topeka

**Patti Bossert**  
Key Staffing, Topeka

**Wil Leiker**  
AFL-CIO, Topeka

**Secretary William Thornton**  
Kansas Department of Commerce, Topeka

**Rep. Tom Burroughs**  
State Representative, Kansas City

**Lawrence McCants**  
First National Bank, Goodland

**Stephen Waite**  
Waiteco, El Dorado

**Rep. Lana Gordon**  
State Representative, Topeka

**John Pilla**  
Spirit AeroSystems, Wichita

**Sen. David Wysong**  
State Senator, Mission Hills

**Sen. Tom Holland**  
State Senator, Baldwin City

**Reginald Robinson**  
Kansas Board of Regents, Topeka

#### **Staff**

**Debby Fitzhugh**  
Director of Operations

**Stan R. Ahlerich**  
President

**Dan Korber**  
Sr. Research Analyst

1-38



632 SW Van Buren, Suite 100  
Topeka, KS 66603  
(785) 296-1460  
(785) 296-1463 (fax)  
**[www.kansasinc.org](http://www.kansasinc.org)**  
[ksinc@ink.org](mailto:ksinc@ink.org)