







# Trailing the Competition

## Governor's Measures of Economic Growth Show Kansas Behind Region

Kansas' economy is performing poorly compared to neighboring states on most measures, despite tax cuts that supporters promised would bring strong economic growth. The state is trailing in the overall output of goods and services, employment growth, wage growth and population. It is doing better on unemployment — where it has traditionally had an edge — and, recently, building permits.

FIGURE 1

	'09 to '10	'10 to '11	'11 to '12	'12 to '13	'13 to '14
Population Growth 	✓	✗	✗	✗	N/A
Gross State Product Growth 	✓	✓	✗	✗	N/A
Private Employment Growth 	✗	✓	✗	✗	✗
Private Industry Wage Growth 	✓	✗	✗	✗	N/A
Unemployment Rate 	✓	✓	✓	✓	✓
Building Permit Growth Rate 	✗	✓	✗	✗	✓

Key



= Kansas **ahead** of six-state region\*



= Kansas **behind** six-state region

\*States include: Arkansas, Colorado, Iowa, Missouri, Nebraska, and Oklahoma

Source: Governor's Council of Economic Advisors, *Indicators of the Kansas Economy* reports

Every three months, the Governor’s Council of Economic Advisors compiles a report that compares Kansas’ economic performance to the six-state region and the entire country. In Figure 1 on the previous page, we’ve organized the data in terms of whether Kansas is doing better or worse relative to the rest of the region because we compete most with these states economically. The indicators shown here are the bulk of the Key Trends outlined at the beginning of each Council report.<sup>1</sup>

Because the numbers for Kansas and the region vary, we have to look at the percentage change between years. For example, comparing Kansas’ population to the region will always show Kansas to be smaller, but looking at the change between years lets us compare the two.

Kansas is behind for five of the six indicators in the years analyzed.

Wage growth in private industry is where Kansas performs the most poorly relative to our neighbors. Kansas’ performance compared to the region is behind in three of the four years of available data. With pay

Q: What is Gross State Product?

A: Gross State Product (GSP) measures the sum total of all economic output in a state.

We can compare how much the economy of a state has grown compared to other states.

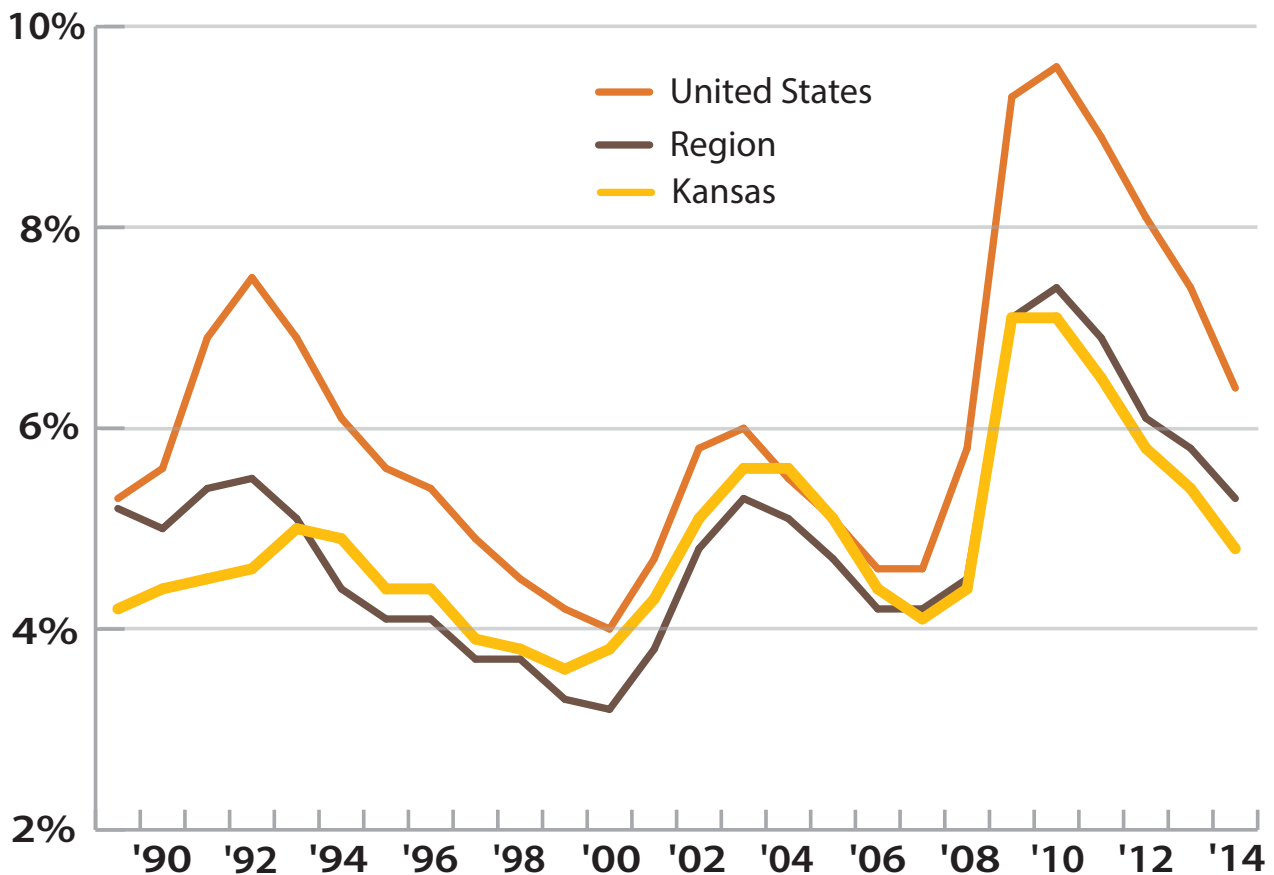
Q: What are building permits?

A: This tracks how many new privately owned housing units (both houses and apartments) were given permits to build.

Building permits are an indicator of economic health. When the economy is healthy, more houses will be built, but when there is a recession, these numbers usually decline.

**FIGURE 2**

Kansas’ Unemployment Rate Usually Below U.S., Similar to the Six State Region in the Past 25 years



Source: Bureau of Labor Statistics

increasing faster in the states around us, Kansas lacks a competitive edge in getting people to move here for work.

The private employment growth rate from year to year saw the region outpacing Kansas in four out of the five years in the reports. Population growth is another weak spot, with Kansas falling behind in all but one year. In the first full year of the tax cuts in 2013, Kansas also saw a net loss of population to other states with 4,200 more people moving out than in.<sup>2</sup>

Overall, our state has a mixed economic record with some encouraging performance on our unemployment rate and recent upticks in building permit growth rates. However, in many fundamental measures of the economy, Kansas is behind. Our overall economic output (gross state product) has been falling compared to the region, and trends in private sector job and wage growth are disappointing. With proponents of Kansas' unaffordable tax cuts indicating the unprecedented policy changes would jump-start the Kansas economy, the governor's own economic measures illustrate that the small gains that we've made aren't a result of the tax cuts.

#### **About the Kansas Center for Economic Growth and Kansas Economic Progress Council**

The **Kansas Center for Economic Growth** is a nonprofit, nonpartisan organization that conducts research and analysis to advance state policies that help ensure all Kansans prosper.

The **Kansas Economic Progress Council** is a statewide business organization whose members include businesses, local chambers of commerce, local and state trade organizations and individuals. It is a 501(c) 4 not-for-profit. Its purpose is to provide information, research and education on statewide issues that affect the economy of Kansas as well as the quality of life of its citizens.

Q: What is a 'private job'?

A. The private sector is counted as all jobs excluding farm workers, non-profit and all government employees.

These jobs are often affected by economic conditions. During a recession, many of these jobs are lost. When the economy is improving, the private sector is where most new jobs are created.

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<sup>1</sup> Several indicators were left out because of a lack of comparability to the region and U.S., such as sales tax collections, Kansas regional average net farm income, consumer price index and energy pricing and production.

<sup>2</sup> See Kansas Center for Economic Growth, "Math is Wrong on Kansas Migration," at <http://realprosperityks.com/math-wrong-kansas-migration/>