

W. Frank Barton School of Business

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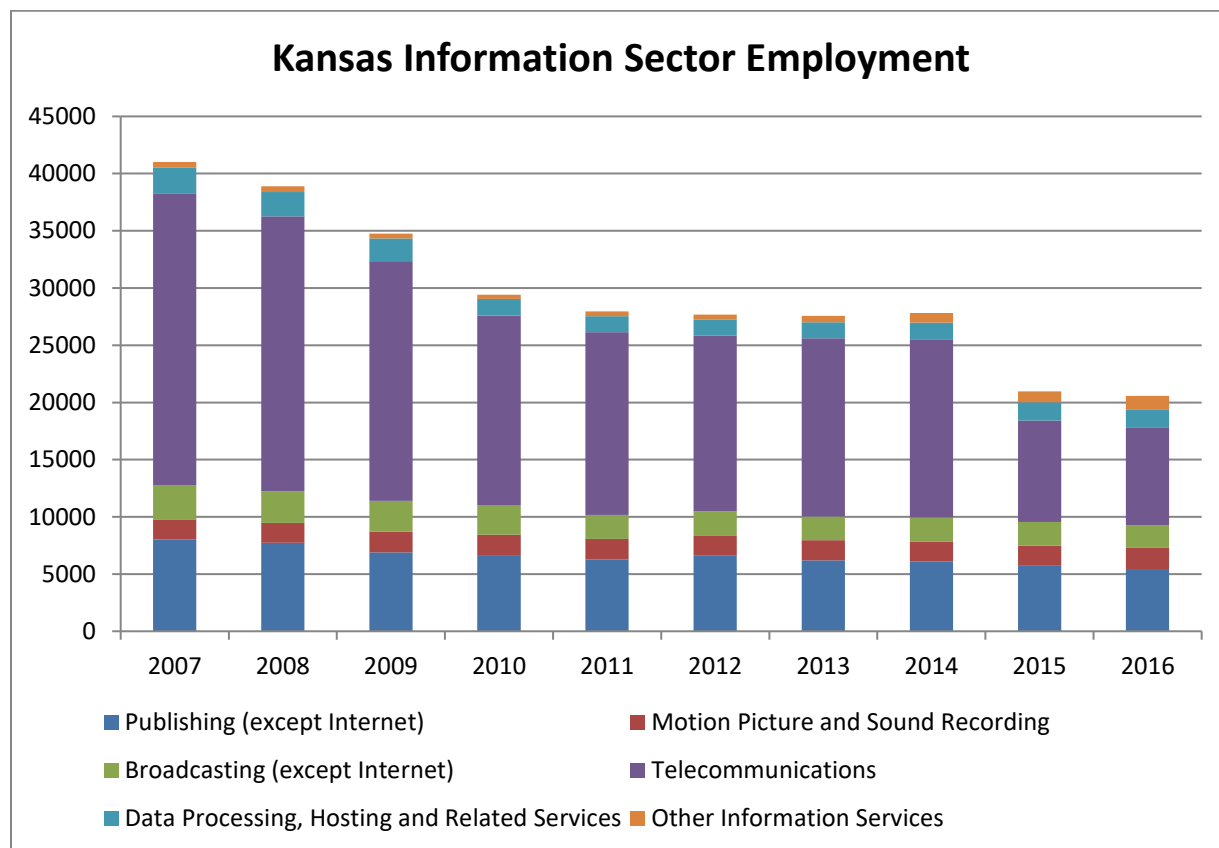
Kansas Industry News & Developments: Information Industry



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In 2017, information sector employment continued to decrease in Kansas, declining to 19,000 workers statewide in October 2017¹. The information sector is comprised of media publishers, radio and television broadcasters, telecommunications carriers, and other information-related businesses. Kansas information sector employment peaked in 2001 with over 50,000 workers. Since then, employment in the sector has declined by over 60 percent, with broad declines across all sub-sectors and regions.



The bulk of Kansas information employment is in the telecommunications sector, which in 2016 comprised over 40 percent of total state information sector employment. The other major sector of the industry in Kansas is publishing, with over 25 percent of total industry employment. The remaining four information subsectors each comprise less than 10 percent of total employment, with fewer than 2,000 workers each statewide in 2016.

¹ Source: U.S. Bureau of Labor Statistics' State and Metro Area Employment, Hours and Earnings.

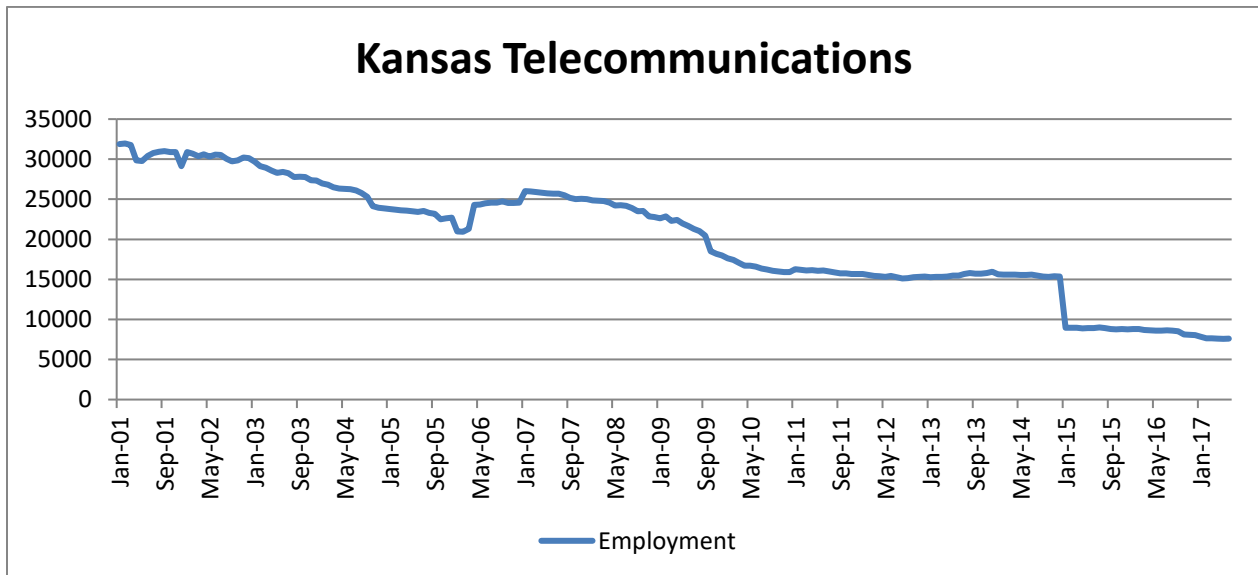
Telecommunications

The telecommunications sub-sector once employed over 30,000 workers in Kansas, but by the end of 2016 employment in the sub-sector declined to 8,500 workers². This trend continued in 2017 with employment declining by an additional 400 workers through October.

The Sprint campus in Overland Park, one of the largest employers in the Kansas telecommunications sector, has experienced repeated rounds of layoffs in the past several years. In 2016 the firm announced over 800 layoffs from the campus, following over 2,000 layoffs in 2014. The Convergys telecommunications and insurance call center in Wichita laid off over 200 of its 350 workers in 2017 after the end of one its client's programs.

Sprint and T-Mobile pursued a merger of the two telecommunications giants starting in 2014, but in November 2017 official talks of the proposed merger ended, with the two firms unable to reach satisfactory terms. The failure of the merger, according to a *Kansas City Star* article, will help protect the remaining 6,000 workers on the Overland Park Sprint campus from additional layoffs in the short-term, but could raise longer-term questions about the viability of Sprint's ability to compete as a stand-alone company, which could have longer-term implications for the campus.³

Kansas City, KS, employed over 20,000 telecommunications workers in 2001, comprising over two-thirds of Kansas's total telecommunications employment. As Sprint and other telecommunications firms in the Kansas City, KS area shrank so did telecommunications employment and as of October 2017 the area employs approximately 3,200 telecommunications workers, a decline of 200 workers since 2016 and less than 40 percent of the state's total telecommunications employment.



² Employment data in this article is from the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages, unless otherwise noted.

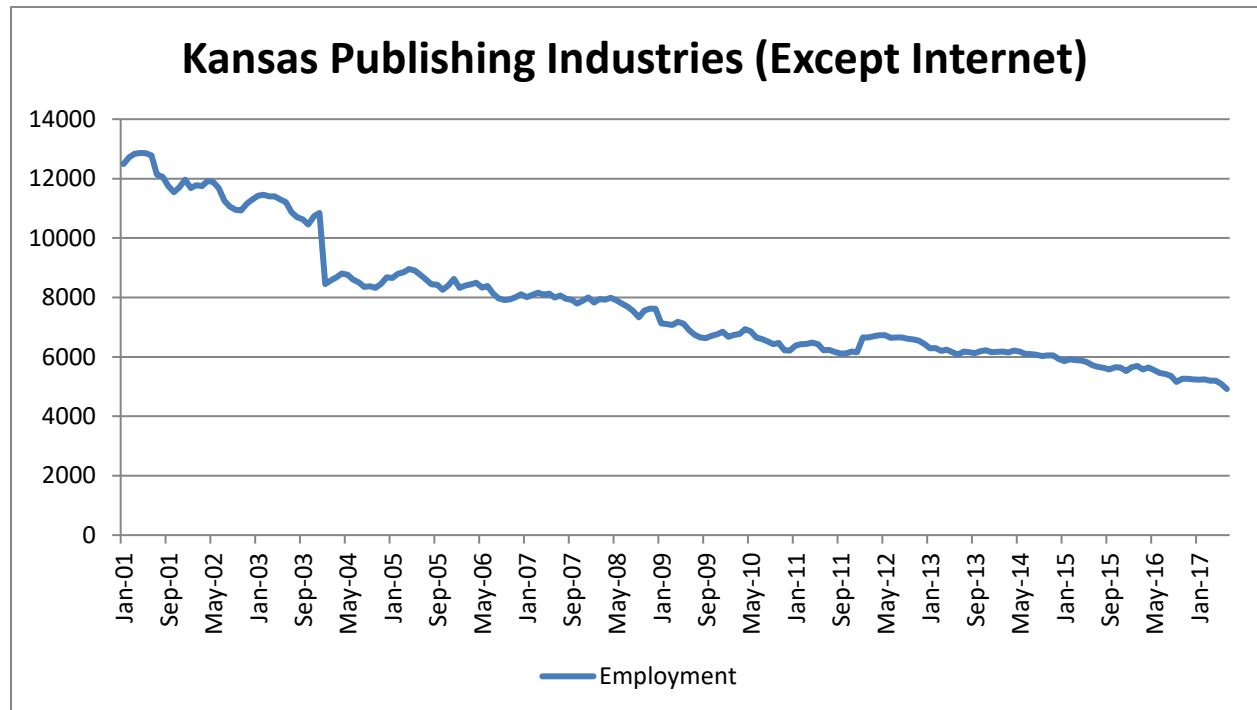
³ "Sprint drops T-Mobile merger, easing employee worries but raising doubts about future", *Kansas City Star*, November 4th 2017, <http://www.kansascity.com/news/business/article18278571.html>

Publishers

The non-internet based publishing industries in Kansas have seen continued employment declines, similar to the information industry overall. In June 2017, Kansas employment in the publishing sector was estimated to be approximately 5,000 workers, down from over 12,000 workers in 2001. The sector averaged approximately 5,400 workers in 2016. The single largest publishing subsector in Kansas is newspaper publishing, which employed approximately 1,800 workers in 2016. The periodical, book, and software publishing sectors each employed approximately 1,000 workers in 2016.

In 2017, the *Wichita Eagle*, one of the largest newspapers in Kansas, moved their headquarters to a new location in the Old Town district in Wichita, housing their approximately 100 employees in a 24,000 square foot location. The paper moved its printing operation to Kansas City, Missouri, in 2016.⁴

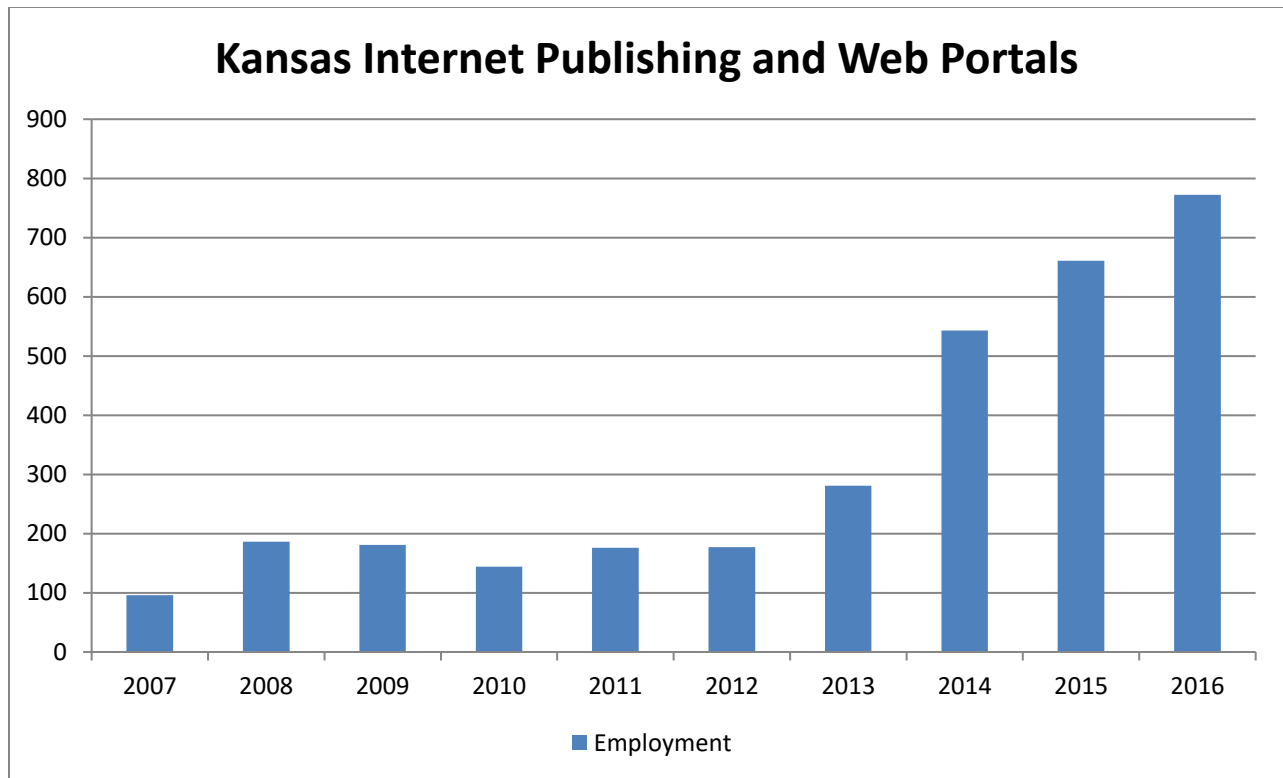
The *Topeka Capital-Journal* newspaper was sold, along with nine other daily newspapers, from Morris Communications Co. to GateHouse Media in 2017. With the purchase, GateHouse Media owns over 130 daily newspapers and 500 non-daily papers across the country, including 18 in Kansas.⁵



Internet publishing and web portals is one of the few growth subsectors in the information industry, expanding from under 100 workers in Kansas in 2007 to almost 800 workers in 2016. While it comprises a smaller portion of the Kansas information industry than the national average, Kansas internet publishing and web portals employment has been growing twice as quickly as the national average.

⁴ Source: "Wichita Eagle signs deal for new downtown headquarters", *Wichita Eagle*, January 3rd 2017, <http://www.kansas.com/news/business/article124312049.html>

⁵ Source: "Capital-Journal sold to GateHouse Media", Kansas Press Association, August 10th 2017 <http://kspress.com/1258/capital-journal-sold-gatehouse-media>.



Motion Picture and Sound Recording

In Kansas, the motion picture and sound recording sector primarily consists of movie theaters. In 2016, movie theaters comprised almost 90 percent of the sector’s total employment of 1,800 workers. Overall, employment in this sector has been very stable, with approximately the same number of employees in 2016 as in 2005.

In May 2017, the Wichita-based Warren Theater chain was sold to Regal Entertainment Group, a national movie theater chain. Warren Theaters owned seven movie theaters, five in the Wichita area and two in Oklahoma. In December 2017, Regal Entertainment announced its pending sale to Cineworld Group, a British movie theater chain.⁶

⁶ Source: “Warren Theares has a new owner – again,” *Wichita Eagle*, December 5th 2017
<http://www.kansas.com/news/business/article188115489.html>

Other Information Sectors

Non-internet broadcasting employment declined by over 40 percent from 2001 to 2016, with employment declines in each of the last nine years. In 2016, employment in the sector declined to approximately 2,000 workers. The majority of the employment in the sector is in radio broadcasting, which had approximately 1,250 workers in 2016, with much of the rest of the sector's employment in television broadcasting. Both subsectors saw declines in employment in recent years as firms in the industry consolidate.

The data processing and hosting sector followed a similar pattern of decline in the early 2000s. The sector, which employed almost 3,000 workers in Kansas in 2001, shrank to under 1,400 workers in 2011. However, since 2011, the sector is slowly recovering, adding over 200 workers statewide from 2011 to 2016.