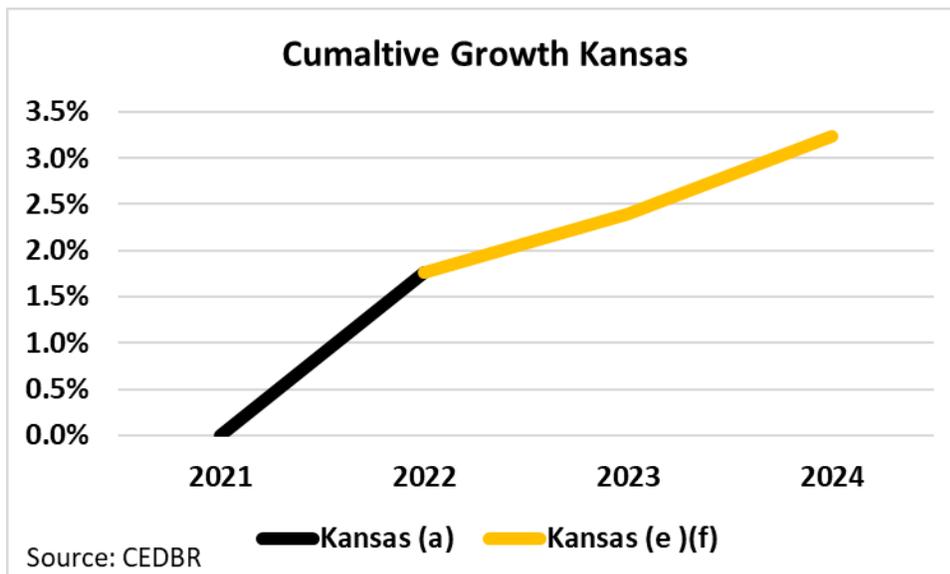


# 2023 Kansas Employment Forecast Winter Update

Uncertainty about an economic recession and inflation expectations has plagued the U.S. economy in 2022. The Bureau of Economic Analysis's preliminary estimates of Gross Domestic Product indicated significant declines, which sparked concerns about a recession. Those estimates have been revised upward but still, show losses. The third quarter estimates, however, have a significant rebound in the economy of 3.2%. An alternative measure of the economy that the Center has recently followed more closely is Gross Domestic Income (GDI). It too has a small decline in the first half of the year with a strong rebound in the third quarter. Based on these two estimates, the U.S. economy was on shaky ground in the first half of 2022 as it dealt with the fallout of the Russian invasion, increased energy prices, and residual COVID effects.

Unlike the nation, Kansas's economy grew in the first quarter of 2022 by 2.6% at an annualized rate due to agriculture, manufacturing, and management of companies. The state declined in the second quarter and rebounded in the third quarter with an annualized growth rate of 1.9%. Agriculture and manufacturing remain the stabilizing forces in Kansas.

In 2021, Kansas' employment grew by 1.1%, adding over 14,717 jobs, which is considered strong growth. In the first half of 2022, however, Kansas added 17,400 jobs as firms fiercely competed for labor. As a result of the tightening labor market and the deliberate slowdown of the U.S., the Center's forecast is for employment growth to slow down to 0.6% in 2023.



The majority of expected growth for Kansas in 2023 is within the production sectors, increasing 1.3% and adding 3,220 jobs. The natural resources, mining, and construction sector is projected to have the second-highest growth in employment, expanding by 1.2%. The durables manufacturing industry is forecast to grow the fastest with 2.2%, which is driven by the aerospace industry and multiple plant

locations and expansions. Non-durable manufacturing is expected to moderate in 2023 and 2024 after several years of robust growth.

Trade, transportation, and utility employment are forecast to expand 0.3%, increasing by 545 jobs. The slowing growth within this industry is driven primarily by the persistent inflation eroding household purchasing power and its effects on the retail subsector. The transportation, warehousing, and logistics portion of the industry had mixed market conditions. Within Kansas, the sub-sector expanded but had several setbacks to global supply chain issues.

The service sectors are projected to account for 42% of all job growth in Kansas in 2023, adding more than 3,700 jobs and increasing by 0.6%. Professional and business services are expected to rise the most within the services industry, with 1.5% in 2023 and 1.6% in 2024. On the other hand, financial activities are anticipated to decline by 3.1% in 2022 as the sector struggles to retain employees within the tight labor market.

<b>Kansas Employment by Industry*</b>							
	<b>2021 (a)</b>	<b>2022 (e)</b>	<b>2023 (f)</b>	<b>2024 (f)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Production</b>	<b>230,342</b>	<b>240,902</b>	<b>244,122</b>	<b>246,694</b>	<b>4.6%</b>	<b>1.3%</b>	<b>1.1%</b>
Nat. Resources, Mining & Cons.	69,900	73,324	74,192	74,955	4.9%	1.2%	1.0%
Durables	91,600	97,345	99,486	100,882	6.3%	2.2%	1.4%
Non-Durables	68,842	70,233	70,445	70,856	2.0%	0.3%	0.6%
<b>Trade</b>	<b>265,158</b>	<b>270,387</b>	<b>270,932</b>	<b>271,843</b>	<b>2.0%</b>	<b>0.2%</b>	<b>0.3%</b>
<b>Services</b>	<b>627,683</b>	<b>635,895</b>	<b>639,626</b>	<b>646,331</b>	<b>1.3%</b>	<b>0.6%</b>	<b>1.0%</b>
Information	16,858	17,847	17,806	17,874	5.9%	-0.2%	0.4%
Financial Activities	75,850	73,523	73,268	73,641	-3.1%	-0.3%	0.5%
Professional & Business Service	169,800	171,537	174,129	176,856	1.0%	1.5%	1.6%
Education & Health Services	197,758	198,955	199,593	201,051	0.6%	0.3%	0.7%
Leisure & Hospitality	120,108	124,900	125,614	127,157	4.0%	0.6%	1.2%
Other	47,308	49,135	49,216	49,752	3.9%	0.2%	1.1%
<b>Government</b>	<b>250,875</b>	<b>250,999</b>	<b>252,323</b>	<b>253,599</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>Total</b>	<b>1,374,058</b>	<b>1,398,184</b>	<b>1,407,003</b>	<b>1,418,467</b>	<b>1.8%</b>	<b>0.6%</b>	<b>0.8%</b>

\*Annual values are derived from average quarterly observations and projections.

(a) actual (e) estimated (f) forecasted

Source: CEDBR, BLS - CES

The household labor market conditions remain robust as employers continue adding jobs throughout 2022. Labor force is anticipated to expand by 0.3% in 2023 as firms continue to post more job openings. The growth will put further pressure on the market and will likely decrease unemployment over the next two years.

Kansas Labor Market					
	2020 (a)	2021 (a)	2022 (e)	2023 (f)	2024 (f)
<b>Rate</b>	6.0%	3.3%	3.2%	3.1%	3.1%
<b>Unemployment</b>	84,741	48,342	47,287	45,126	46,377
<b>Employment</b>	1,408,965	1,447,323	1,464,707	1,471,751	1,485,309
<b>Labor Force</b>	1,493,705	1,495,665	1,511,994	1,516,877	1,531,687

(a) actual (e) estimated (f) forecasted

Source: CEDBR, BLS - LAUS

The value of production of all goods and services within Kansas increased by 2.9% in 2021. Although there was a second-quarter decline, the state is expected to continue its recovery with a total growth of 2.4% in 2022. The growth momentum is expected to continue in the following two years, with an increase of 2.2% and 2.6%. Growth sectors include manufacturing, mining, transportation, and management of companies.

Kansas GDP by Industry*					
	2020 (a)	2021 (a)	2022 (f)	2023 (f)	2024 (f)
All industry total	-0.9%	2.9%	2.4%	2.2%	2.6%
Private industries	-0.6%	3.2%	2.8%	2.3%	2.9%
Agriculture, forestry, fishing and hunting	6.7%	-8.8%	6.5%	0.9%	1.4%
Mining, quarrying, and oil and gas extraction	22.8%	-15.5%	-1.5%	2.2%	17.2%
Utilities	2.2%	-7.0%	-3.4%	-0.4%	1.2%
Construction	-1.9%	0.6%	-11.8%	-0.7%	-0.2%
Manufacturing	-4.5%	4.9%	3.8%	4.5%	6.6%
Durable goods manufacturing	-8.6%	8.1%	5.3%	7.0%	11.0%
Nondurable goods manufacturing	-0.2%	1.8%	2.2%	1.8%	1.9%
Wholesale trade	-2.0%	2.3%	-0.6%	0.8%	0.9%
Retail trade	-2.8%	0.6%	-0.6%	1.6%	0.8%
Transportation and warehousing	-2.5%	1.9%	-1.7%	7.2%	2.4%
Information	52.5%	7.3%	10.0%	0.7%	1.1%
Finance and insurance	10.1%	6.2%	-6.7%	2.4%	1.9%
Real estate and rental and leasing	-5.9%	0.0%	0.0%	2.6%	2.6%
Professional, scientific, and technical services	0.3%	5.8%	6.5%	2.9%	2.7%
Management of companies and enterprises	-2.6%	-7.8%	35.8%	3.8%	4.0%
Administrative and support and waste management and remediation services	-4.0%	13.1%	11.2%	1.4%	1.6%
Educational services	-14.7%	5.1%	-6.2%	0.2%	-0.1%
Health care and social assistance	2.8%	1.8%	2.8%	0.5%	1.6%
Arts, entertainment, and recreation	-38.7%	28.1%	7.5%	4.0%	1.7%
Accommodation and food services	-14.7%	21.2%	3.7%	2.6%	2.7%
Other services (except government and government enterprises)	-7.3%	3.9%	3.2%	-0.2%	-0.7%
Government and government enterprises	-2.8%	0.2%	-0.6%	0.7%	0.4%
Federal civilian	2.4%	-5.8%	-3.8%	-0.9%	0.0%
Military	2.2%	4.0%	-3.3%	0.8%	0.4%
State and local	-4.7%	0.7%	0.5%	1.0%	0.4%

\*Annual values are derived from average quarterly observations and projections.

(a) actual (e) estimated (f) forecasted

Source: CEDBR, BEA