

***Long-Term Economic Trends in the  
Regions of Kansas, 1969-2003***

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## Key Findings

- The East Central region of Kansas—Johnson County and its contiguous counties—is the only region competitive with the United States on the metrics contained in this report. It is also the only economic force keeping the state of Kansas competitive with the Plains region.
  - Except for the East Central region, wage compensation per worker lags the Plains region and the United States, which is consistent with findings elsewhere that Kansas lags the Plains and the United States in terms of productivity growth.
  - Except for the East Central region, Kansas lags the United States (but not the Plains) in employment growth.
  - Except in the East Central region, Kansas lags the United States (but not the Plains) in aggregate wage compensation growth.
- Each region of Kansas has demonstrated steady employment growth relative to population growth, despite slow (or negative) population growth in many regions. This outcome is the result of greater labor force participation, a trend that is consistent with the U.S. and Plains region.
- Over the past 30 years, Kansas has generated non-farm proprietorships more slowly relative to wage and salary employment than both the U.S. and the Plains region. The Kansas ratio is 1.2-to-1 while the U.S. and Plains ratios are 1.9-to-1 and 1.4-to-1, respectively. This finding suggests that Kansas may offer a less attractive environment for new business start-ups relative to competing states.
- Only the East Central and South Central regions—the relatively urban regions of Kansas—have demonstrated sustained increases in per-proprietor income growth over the past two decades (in the non-farm sector)—the time period following the early-1980s economic recession in the United States.
- The number of farm proprietorships in several Kansas regions has declined faster than the U.S. and Plains average.
- On a per-farm proprietor basis, the South West region has significantly out-performed other regions of the state with a lot of commercial farms.

## Report Overview

This report places the current Kansas economy in historical perspective. It also provides a reference for comparing select economic trends of the different regions of Kansas to each other, to the state, to the Plains region, and to the nation. This report is one of a set of seven companion reports that look at long-term economic trends in Kansas from different perspectives.<sup>1</sup> The focus here compares population, proprietorship, and income growth in the different regions of Kansas, as illustrated in the charts and tables that comprise the report.

One organizing principle for each of the companion reports is to create metrics that will help evaluate productivity growth in Kansas. The Center for Applied Economics at the University of Kansas School of Business published a report in November 2004 titled “The Kansas Productivity Puzzle.”<sup>2</sup> The report found that Kansas has systematically lagged behind the nation and the Plains region in terms of productivity growth from 1977 to 2001, the years of availability for the necessary data. Furthermore, the productivity lag exists in all industry sectors (except durable goods manufacturing).

Productivity is defined as output per worker over a specific unit of time. Productivity was measured in “The Kansas Productivity Puzzle” by dividing Kansas gross state product (the state equivalent of gross domestic product) by the number of workers in Kansas. This metric effectively defines the market value of Kansas’ annual output of goods and services on a per-worker basis. However, no sub-state equivalent to gross state product exists. Fortunately, wage data may offer a suitable approximation to worker productivity.

Economists have long noted a close relationship between labor productivity and wages, both in theory and in economic data. Firms cannot pay workers more than the value of what they produce. Therefore, compensation levels should closely track increases in average output per worker. Indeed, for the state of Kansas, over the period 1977-2001, the relationship between output per worker and compensation per worker is nearly exact, having a statistical correlation of 98 percent. (See footnote 2.)

## Data and Methods

This report relies on the close correlation in Kansas between per-worker compensation and productivity in order to use the trends in per-worker compensation as a proxy for

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<sup>1</sup> The companion reports are: “Long-Term Industry Trends in the Regions of Kansas, 1969-2000: Part I—An Industry Focus,” “Long-Term Industry Trends in the Regions of Kansas, 1969-2000: Part II—A Regional Focus,” “Economic Trends Along the Kansas-Nebraska Border, 1969-2003,” “Economic Trends Along the Kansas-Missouri Border, 1969-2003,” “Economic Trends Along the Kansas-Oklahoma Border, 1969-2003,” “Economic Trends Along the Kansas-Colorado Border, 1969-2003.”

<sup>2</sup> This report is available on-line at: <http://www.cae.business.ku.edu>. For a more academic treatment of the same topic, see: Peter F. Orazem, “Slow Growth and the Kansas Productivity Puzzle,” *Kansas Policy Review*, Vol. 26, No. 2 (Fall 2004), published by the Policy Research Institute of the University of Kansas, and available on-line at: <http://www.ku.edu/pri/publicat/kpr/archive.shtml>.

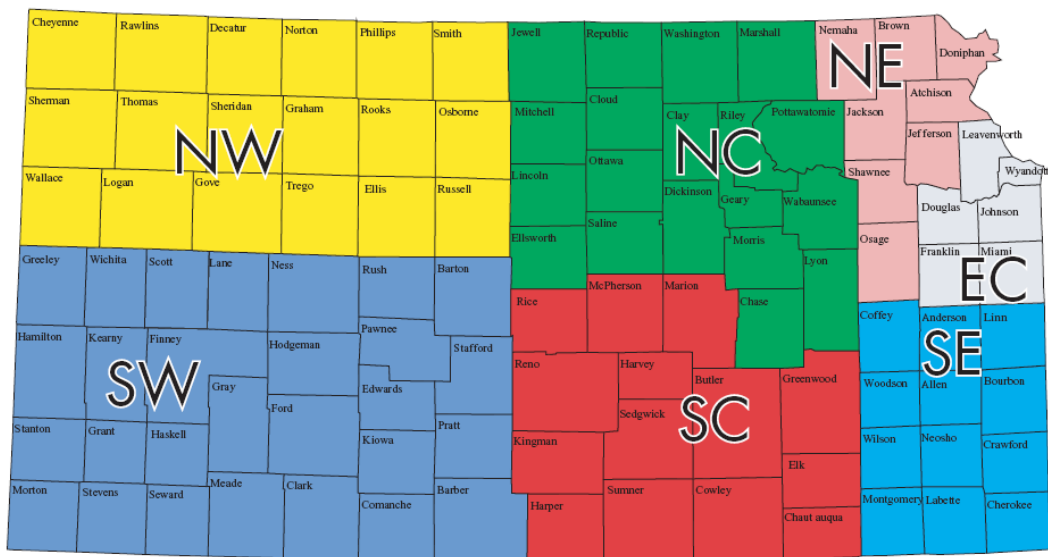
relative productivity trends among the various regions of Kansas. The regional focus requires the use of county-level data.

The primary data for all of the charts and tables contained in this report comes from the U.S. Bureau of Economic Analysis (BEA), Regional Economic Accounts, Local Area Annual Estimates (<http://www.bea.gov/bea/regional/data.htm>). The authors aggregated county-level data reported by the BEA into the seven economic development regions defined by the Kansas Department of Commerce (see Figure 1). The sample period ends in 2003 because that is the latest year of data published by BEA.

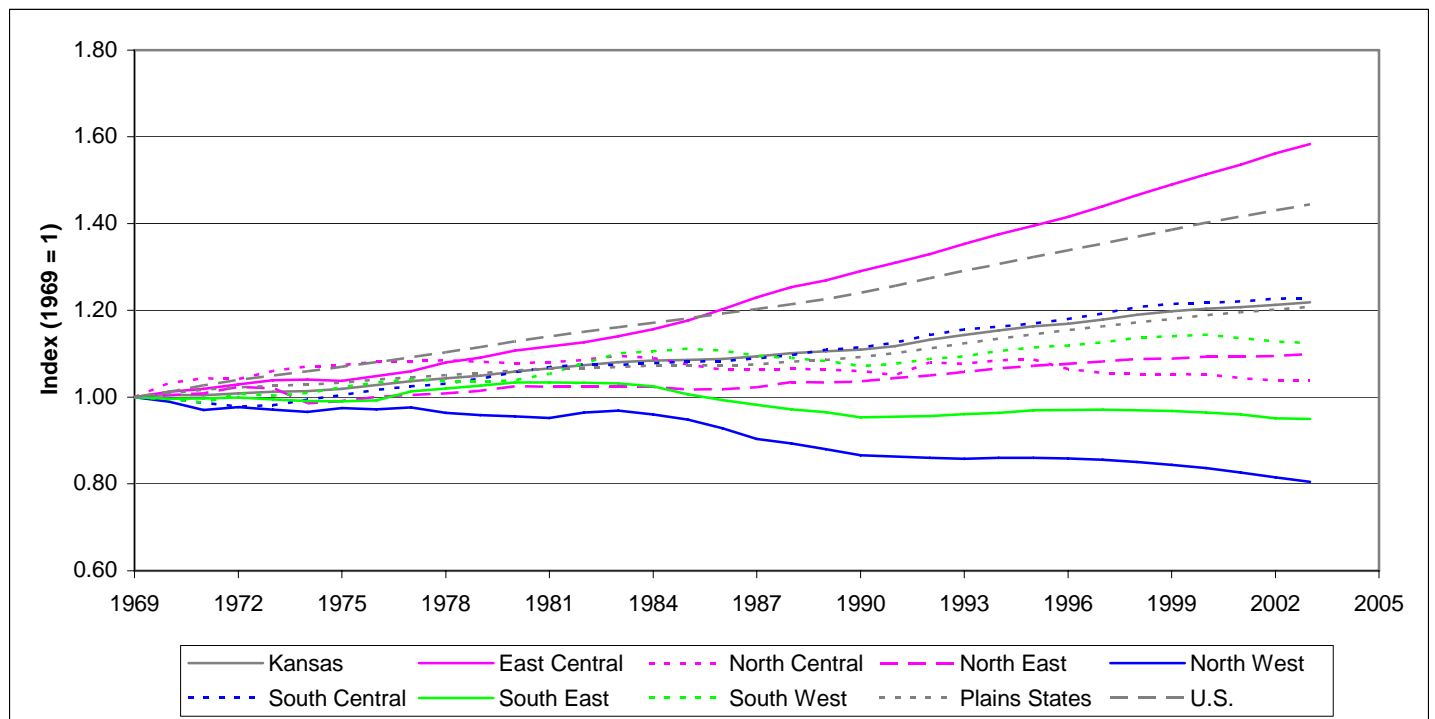
The most appropriate BEA data to use for measuring productivity is gross state product (GSP), because that metric strives to allocate corporate profits, and other measures of value-added, to their proper geographic location. The BEA currently does not have a similar procedure for allocating corporate profits to counties. Instead it measures county-level income by wages and salary disbursements and proprietors' income. For purposes of measuring productivity, using wage and salary disbursements offers the next best metric to GSP. Proprietors' income should be used only when it is unavoidable. Wage and salary disbursements (including employer-paid benefits and social insurance taxes) are reported separately in this report.

Proprietors' income is not a stable proxy for productivity. First, BEA relies on Internal Revenue Service taxpayer data to estimate proprietorships and proprietor income. This method makes proprietor data more linked to a proprietors' residence than place of business operation. Second, proprietor income is related to the many intricacies associated with income tax law, and may therefore not reflect good measures of value-added per proprietor input.

**Figure 1: Economic Development Regions of Kansas as Defined by the Kansas Department of Commerce**



**Chart 1: Trends in Population by Region, 1969-2003**



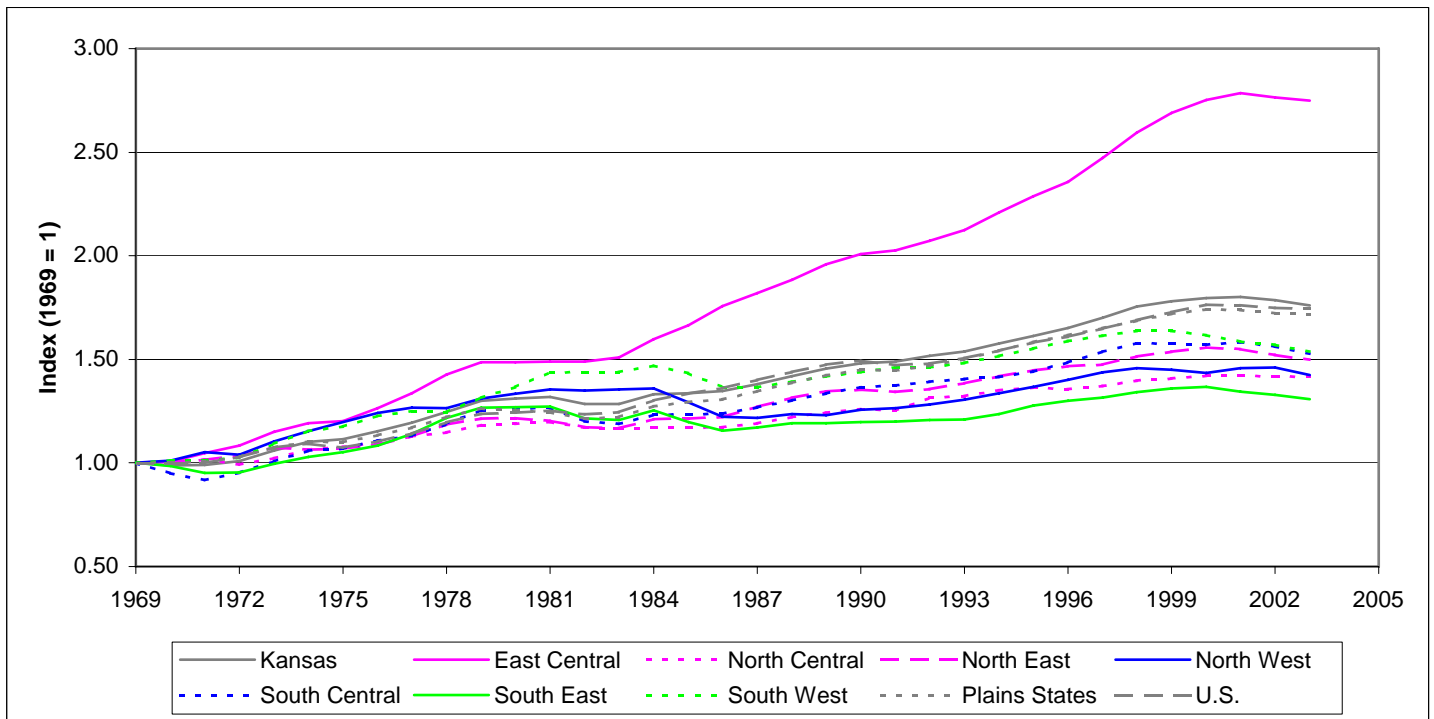
(Note: The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota)

**Comments on Chart 1:**

- The North West region has been steadily depopulating since 1969. Table 1, at the back of the report, illustrates that the North West has experienced a 30-year average annual population growth rate of -0.62 percent. The South East has been steadily depopulating since 1981, with a 30-year average annual growth rate of -0.15 percent.
- Kansas’ most urban regions, the East Central and South Central regions, have pulled up the state’s average population growth rate, with the East Central region being the engine of growth (as it is for virtually every economic metric). The North Central region, despite the presence of Salina, has pulled down the state average population growth rate. See Table 1.
- One interesting feature of the long-term trends in Kansas is the steady growth of employment in the state’s regions despite slow (or negative) population growth. In all regions employment growth exceeds population growth. This outcome is the result of greater labor force participation, a trend that is consistent with the U.S. and Plains region. The table below compares the 1973-2003 average annual growth rates (%) by region. (Total Employment includes proprietors.) See Table 1 for greater detail.

Region	Population	Total Employment	Wage & Salary Employment
Kansas	0.62	1.62	1.71
East Central	1.41	2.97	2.95
North Central	-0.07	0.89	1.08
North East	0.25	1.08	1.11
North West	-0.62	0.61	0.85
South Central	0.75	1.41	1.39
South East	-0.15	0.81	0.92
South West	0.38	0.98	1.14
Plains States	0.55	1.52	1.57
United States	1.07	1.78	1.63

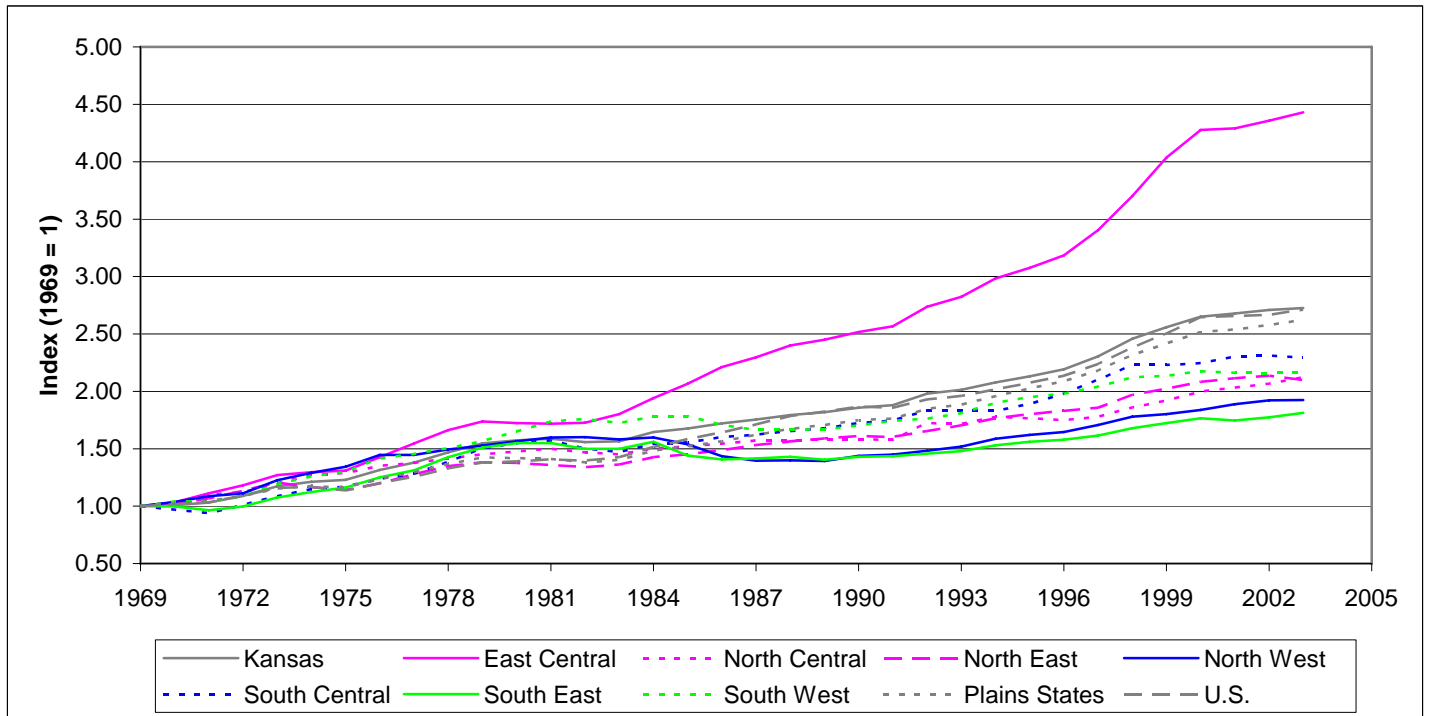
**Chart 2: Trends in the Number of Wage and Salary Workers by Region, 1969-2003**



**Comments on Chart 2:**

- Every region of Kansas, except the East Central region lags both the nation and the Plains region in terms of wage and salary employment growth. It is the booming growth of the East Central region, primarily Johnson County, which pulls the Kansas 1973-2003 average annual growth rate (1.71%) above the rate of the nation (1.63%) and the Plains region (1.57%). However, for the decade 1993-2003, despite the East Central region’s average annual growth rate of 2.61 percent, the Kansas rate of 1.36 percent lagged the U.S. rate of 1.47 percent, and just beat the Plains region rate of 1.35 percent.
- Visually, it appears that the South West region has generated wage and salary employment at a faster rate than the South Central region, but all of the South West advantage occurred in the early 1970s. Over the 1973-2003 period, the South West region experienced an average annual growth rate of 1.14 percent compared with the South Central region’s rate of 1.39 percent. The South West places third among the regions in long-term wage and salary employment growth. See Table 1.

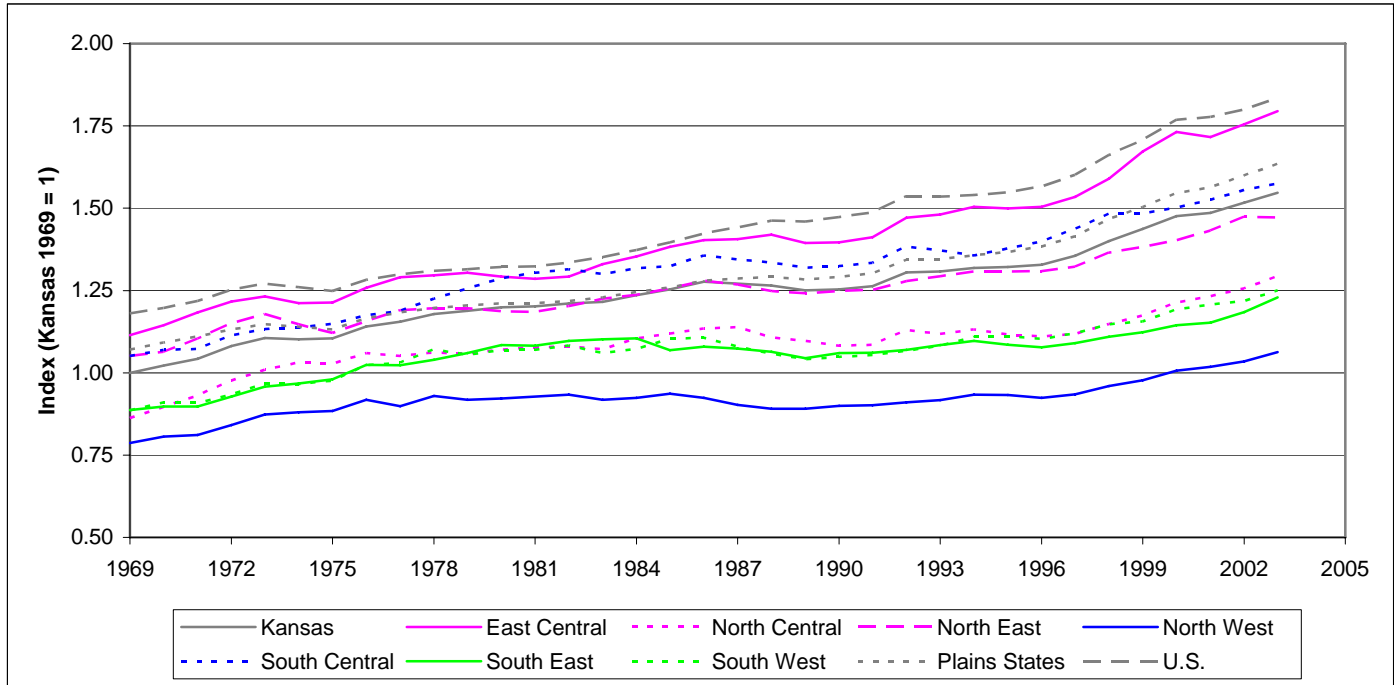
**Chart 3: Trends in Aggregate Inflation-Adjusted Wage and Salary Disbursements (including Employer-Paid Benefits and Social Insurance Taxes), 1969-2003, Constant 2003 Dollars**



**Comments on Chart 3:**

- The trends illustrated are similar to those shown in Chart 2. See Table 3 for greater detail. The average annual growth in aggregate wage compensation (1973-2003) in the East Central region (3.99%) exceeds that of the U.S. (2.63%) and the Plains (2.49%). All other regions lag the U.S. and the Plains. The South Central region (2.19%) is the Kansas runner-up.
- The importance of aggregate wage and salary data for this report is that, as mentioned in the Overview, they are a proxy for aggregate output, a measure needed to determine how much of Kansas’ economic growth is due to productivity growth as opposed to employment growth. See the comments related to Chart 4.

**Chart 4: Trends and Relative Levels of Inflation-Adjusted Wage and Salary Disbursements Per Wage and Salary Worker (including Employer-Paid Benefits and Social Insurance Taxes), 1969-2003, Constant 2003 Dollars**



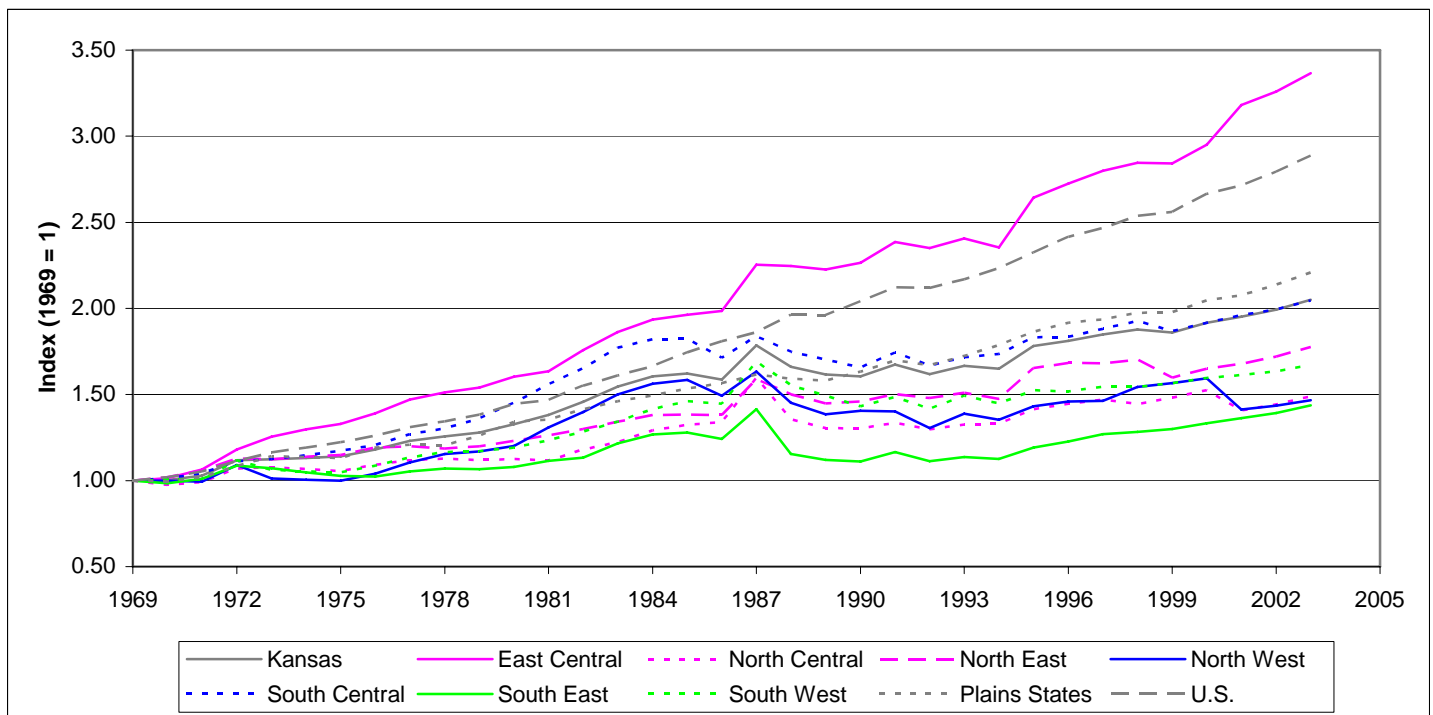
**Comments on Chart 4:**

- A business cannot sustain an operation if it pays a worker more than the market value of what the worker produces, so the relative level of wage compensation per worker provides insight into the efficiency with which a worker produces goods and services and the relative market-value of those goods and services. The growth rate of wages per worker provides insight into the speed at which workers’ efficiency is improving, given the market-value of the goods and services being produced. See Table 3 for more detail.
- We split the aggregate economic growth (production) of a region into two components: employment growth and productivity growth. The table below ties Charts 2, 3, and 4 together to demonstrate the components of regional growth. As mentioned in the Overview, we use wage and salary compensation (in lieu of gross state product) as a proxy for growth in the value of regional inflation-adjusted production output from 1969 to 2003.

Region	Production Growth (%)	Employment Growth (%)	Productivity Growth (%)
Kansas	173	97	76
East Central	343	228	115
North Central	112	52	60
North East	110	60	50
North West	93	50	43
South Central	129	66	63
South East	81	37	45
South West	117	65	52
Plains States	162	91	72
United States	171	95	76

- The East Central region is the only region of Kansas keeping the state competitive. All other regions significantly lag the U.S. and the Plains. Three particularly interesting question: What has the South Central region (as an urban area) done wrong? What has the South West region (as a rural area) done right? How have the North Central and South East regions grown productivity so much relative to employment?

**Chart 5: Trends in the Number of Non-Farm Proprietors by Region, 1969-2003**



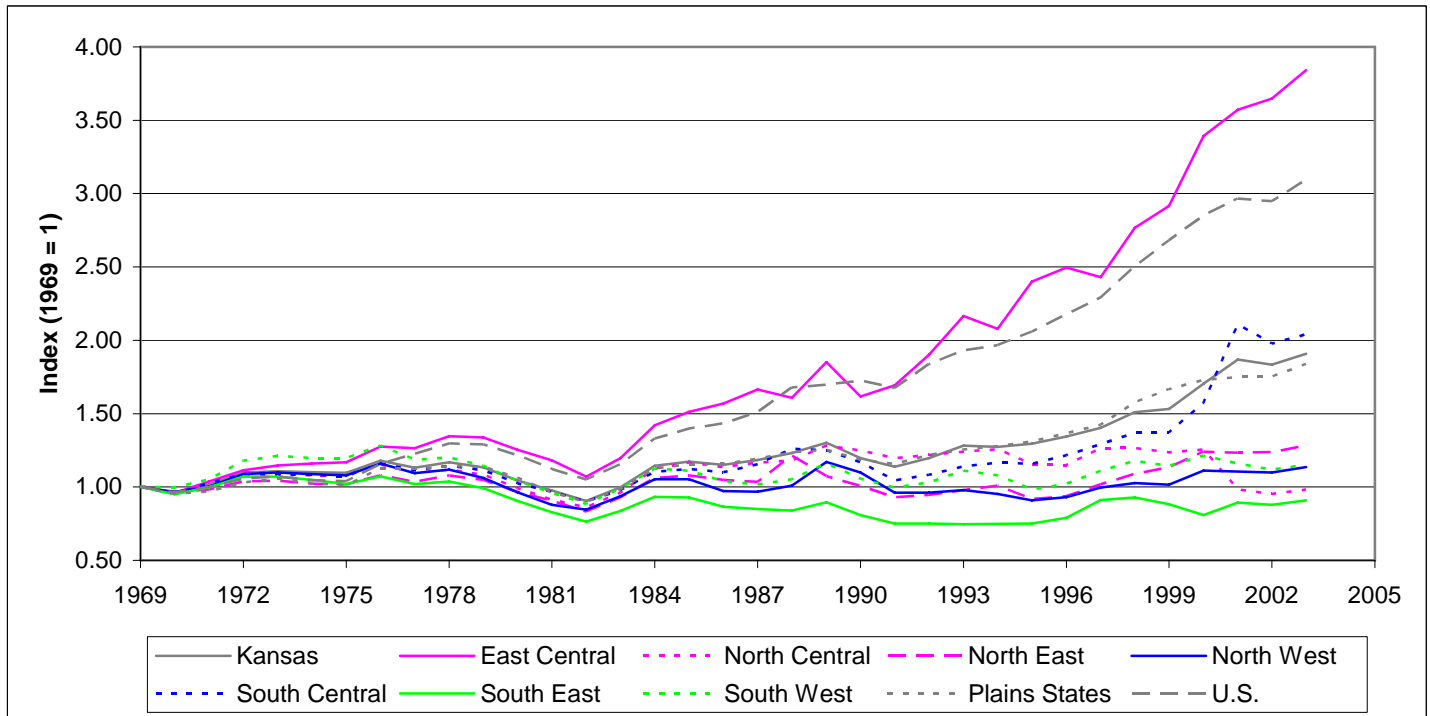
**Comments on Chart 5:**

- Non-Farm Proprietorships offers a good regional proxy for what is popularly referred to as “entrepreneurial activity.” Notice that something caused a spike in non-farm proprietorships in every Kansas region in 1987. One explanation for the spike is the federal Tax Reform Act of 1986, since a spike is also apparent in the U.S. and the Plains one year later.
- One method for evaluating “entrepreneurial activity” is to measure the relative growth of non-farm proprietorships against the growth of population and alternative employment opportunities. The table below compares the 1973-2003 average annual growth rates (%) by region. See Tables 1 and 4 for greater detail.

Region	Non-Farm Proprietors	Population	Wage & Salary Employment
Kansas	2.03	0.62	1.71
East Central	3.34	1.41	2.95
North Central	1.08	-0.07	1.08
North East	1.53	0.25	1.11
North West	1.24	-0.62	0.85
South Central	2.01	0.75	1.39
South East	0.98	-0.15	0.92
South West	1.52	0.38	1.14
Plains States	2.22	0.55	1.57
United States	3.08	1.07	1.63

- Kansas generates non-farm proprietors more slowly relative to employment (1.2 to 1) than both the U.S. (1.9 to 1) and the Plains (1.4 to 1). The North West region beats all other Kansas regions (and the Plains) with a ratio of 1.46 to 1.
- Relative to population growth, the East Central region ranks second, and the North West ranks third behind the U.S. in terms of the growth of non-farm proprietorships. (South Central ranks seventh.)
- Relative to the growth of wage and salary employment, the South Central region ranks third and the North East region ranks fourth behind the U.S. and Plains, respectively, in terms of the growth rate of non-farm proprietorships.

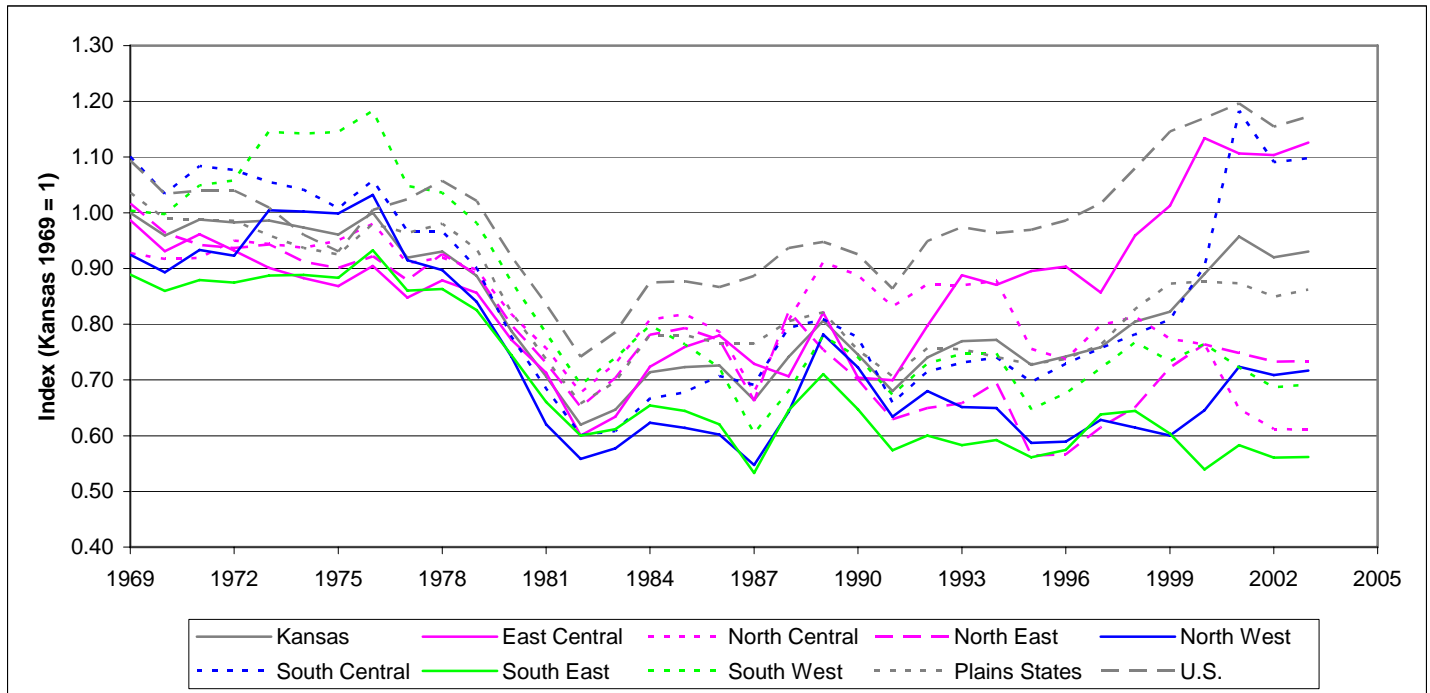
**Chart 6: Trends in Aggregate Inflation-Adjusted Non-Farm Proprietor Income, 1969-2003, Constant 2003 Dollars**



**Comments on Chart 6:**

- As in other metrics in this report, the East Central region is the only region competitive with national trends. East Central growth in non-farm proprietorship income is the only economic force keeping Kansas competitive with the Plains region. However, the South Central region provided some competitive support for Kansas starting in the mid-1990s.
- Despite steady growth in the number of non-farm proprietorships in the South East region, the trends in aggregate income have remained flat, which also shows up in Chart 7 as flat per-proprietor income growth.
- The North West has had virtually no growth in aggregate non-farm proprietorship income since 1969, combined with virtually no growth in the number of non-farm proprietors since the mid-1980s.
- See Table 5 for more details.

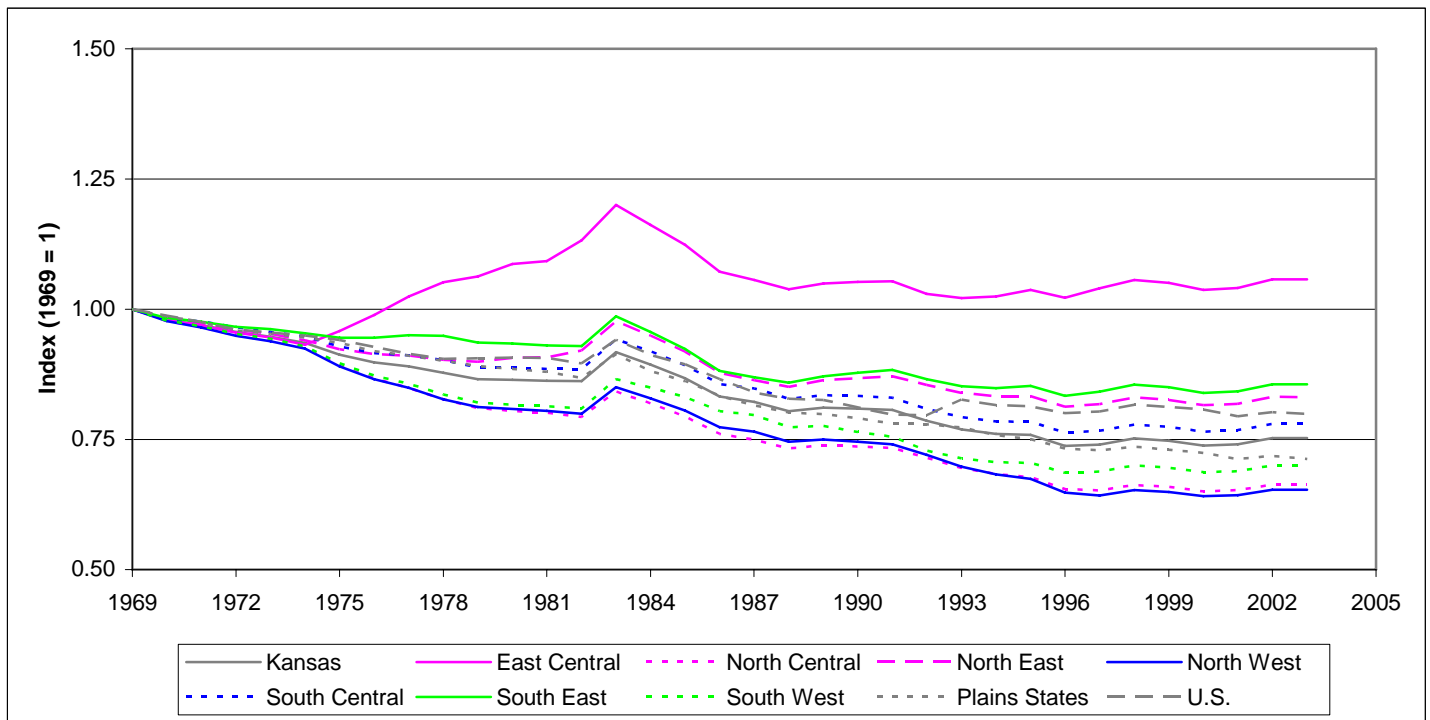
**Chart 7: Trends and Relative Levels of Inflation-Adjusted Non-Farm Proprietor Income Per Non-Farm Proprietor, 1969-2003, Constant 2003 Dollars**



**Comments on Chart 7:**

- Chart 7 illustrates how much proprietors’ income is influenced by macroeconomic conditions. There are three distinct episodes: (1) the recessions of 1970 and 1973 combined with the Arab oil embargo of the early 1970s, (2) the rapid inflation of the late 1970s and the recessions of the early 1980s, and (3) the post-1982 recovery (briefly interrupted by the recessions of mid-1990 to early-1991 and 2001).
- In the first episode, Kansas proprietors fared better than those of the U.S and the Plains, with the oil market conditions helping proprietors in Western Kansas.
- The second episode of high inflation had a uniformly negative impact on non-farm proprietors in all regions.
- Only the East Central and South Central regions—the relatively urban regions of Kansas—have demonstrated sustained increases in the third episode following the early-1980s recession. Non-farm proprietors in the North West and South East regions have experienced particularly disappointing performances in per-proprietor income.
- See Table 6 for greater detail.

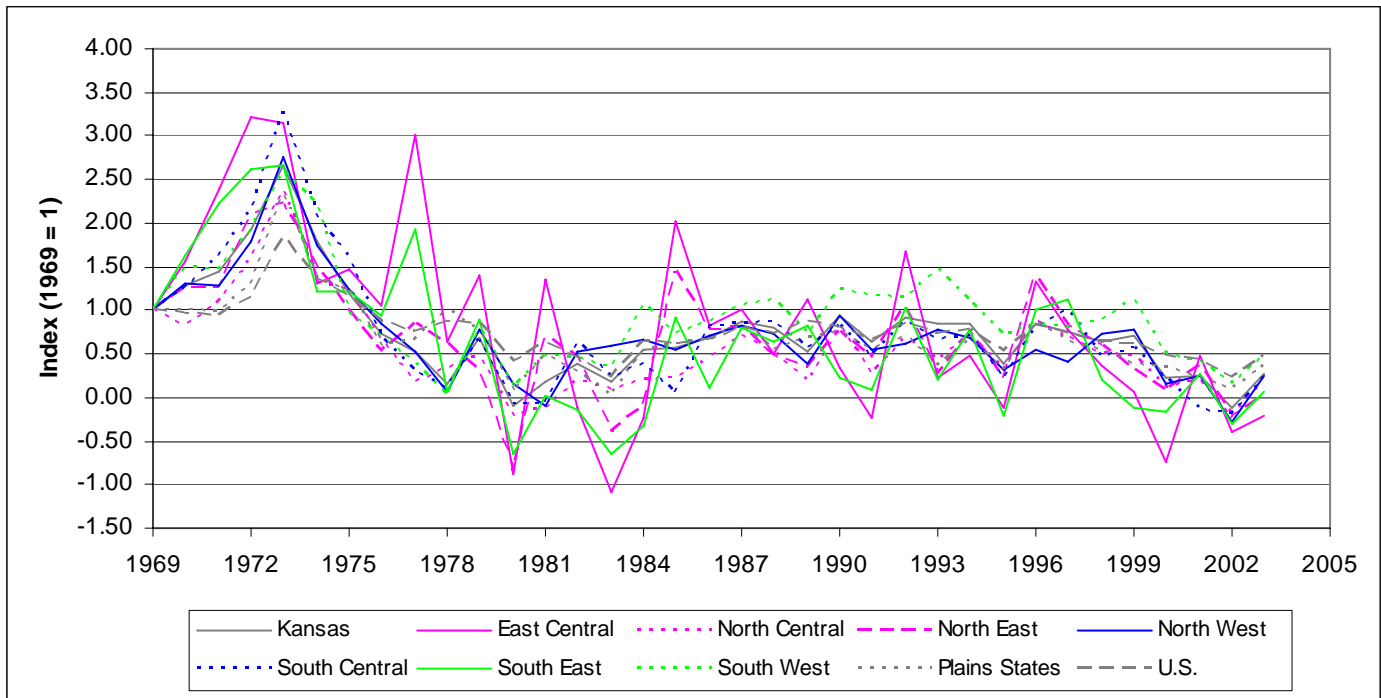
**Chart 8: Trends in the Number of Farm Proprietors by Region, 1969-2003**



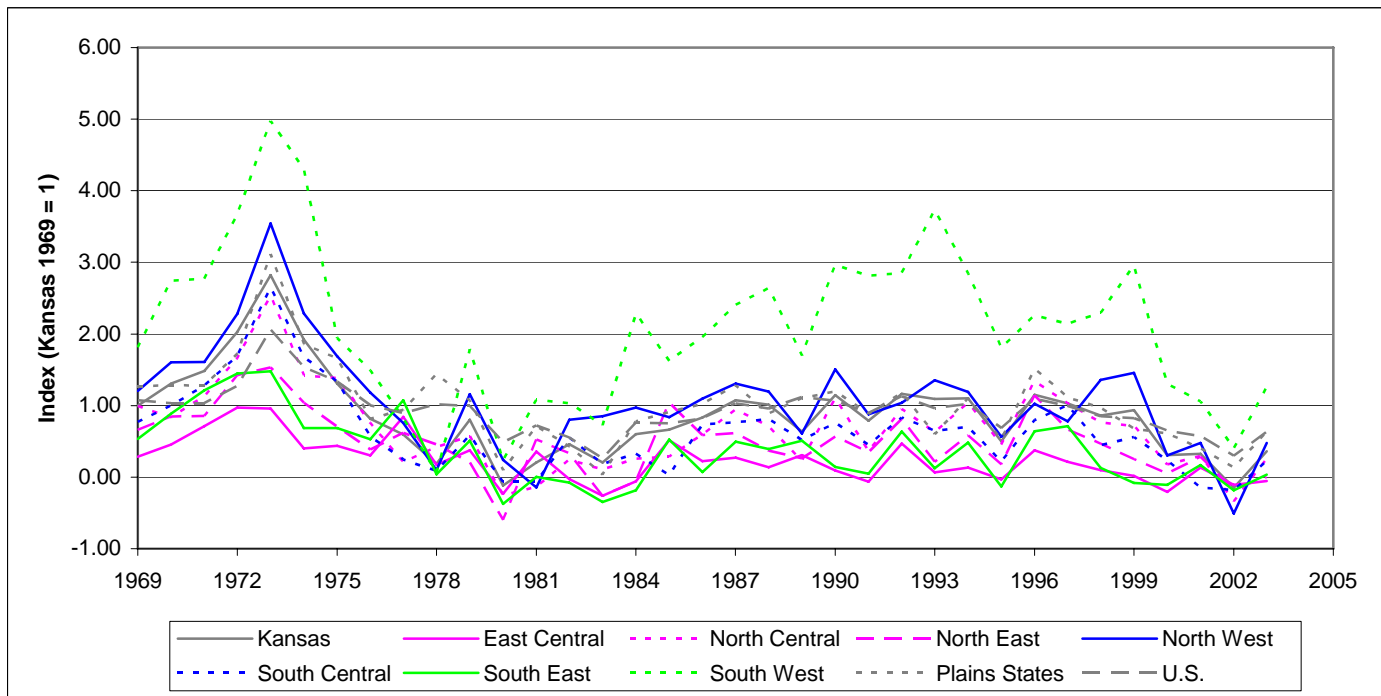
**Comments on Chart 8:**

- Farm proprietorships have steadily decreased in Kansas, the U.S., and the Plains states. The Kansas exception is the East Central region, which has essentially remained flat.
- The East Central farming employment may be explained by “hobby farming” around the suburbs of Kansas City.
- Perhaps surprisingly, the number of farm proprietorships in several Kansas regions has declined faster than the U.S. average. Table 4 shows that the 1973-2003 average annual decline for the U.S. is -0.59 percent. The declines in the North Central, North West, and South West regions have been much quicker. The decline in the South Central region has also been quicker than the U.S., but that would be expected from a relatively urban region.

**Chart 9: Trends in Aggregate Inflation-Adjusted Farm Income, 1969-2003, Constant 2003 Dollars**



**Chart 10: Trends and Relative Levels of Inflation-Adjusted Farm Income Per Farm Proprietor by Region, 1969-2003, Constant 2003 Dollars**



**Comments on Charts 9 and 10:**

- The 1973 spike in farm income is related to unique market factors associated with a surge in wheat sales to Russia.
- The low level of per-proprietor earnings in the East Central region supports the notion of hobby farming.
- The significantly higher per-proprietor earnings in the South West is indicative of commercial farm operations. Why has the South West out-performed other areas of the state with a lot of commercial farms?

**Table 1: Population and Employment Figures for Select Years, by Region**

Population	1973	1983	1993	2003	Average Annual Growth (%)				
					1973	1983	1993	2003	1973-2003
Kansas	2,264,369	2,415,529	2,556,547	2,724,786	*	0.65	0.57	0.64	0.62
East Central	573,077	628,880	746,366	873,101	*	0.93	1.73	1.58	1.41
North Central	305,354	315,490	310,170	298,930	*	0.33	-0.17	-0.37	-0.07
North East	246,958	247,726	256,110	265,907	*	0.03	0.33	0.38	0.25
North West	119,230	118,959	105,324	98,871	*	-0.02	-1.21	-0.63	-0.62
South Central	610,163	668,035	718,678	764,539	*	0.91	0.73	0.62	0.75
South East	213,532	221,588	206,226	203,889	*	0.37	-0.72	-0.11	-0.15
South West	196,055	214,851	213,673	219,549	*	0.92	-0.05	0.27	0.38
Plains States	16,628,032	17,325,258	18,209,613	19,585,918	*	0.41	0.50	0.73	0.55
United States	211,349,205	233,792,014	259,918,588	290,788,976	*	1.01	1.06	1.13	1.07

Full and Part-Time Employment*	1973	1983	1993	2003	Average Annual Growth (%)				
					1973	1983	1993	2003	1973-2003
Kansas	1,090,098	1,327,117	1,533,739	1,764,294	*	1.99	1.46	1.41	1.62
East Central	245,887	328,385	453,112	591,980	*	2.94	3.27	2.71	2.97
North Central	151,118	167,956	184,642	197,264	*	1.06	0.95	0.66	0.89
North East	121,804	133,524	154,429	168,327	*	0.92	1.47	0.87	1.08
North West	61,271	73,980	69,042	73,443	*	1.90	-0.69	0.62	0.61
South Central	310,393	380,246	429,093	472,251	*	2.05	1.22	0.96	1.41
South East	94,989	112,026	109,597	120,914	*	1.66	-0.22	0.99	0.81
South West	104,636	131,000	133,824	140,115	*	2.27	0.21	0.46	0.98
Plains States	8,064,620	9,195,840	11,004,092	12,689,195	*	1.32	1.81	1.44	1.52
United States	98,432,500	116,056,700	141,779,400	167,174,400	*	1.66	2.02	1.66	1.78

Number of Wage and Salary Workers	1973	1983	1993	2003	Average Annual Growth (%)				
					1973	1983	1993	2003	1973-2003
Kansas	847,718	1,027,820	1,230,431	1,408,067	*	1.95	1.82	1.36	1.71
East Central	206,667	271,213	381,877	494,194	*	2.76	3.48	2.61	2.95
North Central	113,204	129,021	146,427	156,471	*	1.32	1.27	0.67	1.08
North East	98,511	107,111	126,919	137,299	*	0.84	1.71	0.79	1.11
North West	38,462	47,232	45,453	49,628	*	2.08	-0.38	0.88	0.85
South Central	249,964	294,669	348,247	378,612	*	1.66	1.68	0.84	1.39
South East	68,478	83,103	83,261	90,015	*	1.95	0.02	0.78	0.92
South West	72,432	95,471	98,247	101,848	*	2.80	0.29	0.36	1.14
Plains States	6,395,761	7,260,581	8,920,875	10,201,694	*	1.28	2.08	1.35	1.57
United States	84,662,000	98,047,000	118,722,000	137,321,000	*	1.48	1.93	1.47	1.63

\* Includes Wages and Salary Workers and Proprietors

**Table 2: Total Earnings and Earnings Per Worker Figures for Select Years, by Region (Includes Proprietors)**

**Total Earnings by Place of Work**

	Actual Dollar Figures (Millions)				Constant 2003 Dollar Figures (Millions)				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	\$ 9,477	\$ 21,498	\$ 38,315	\$ 61,432	\$ 31,541	\$ 34,946	\$ 45,952	\$ 61,432	*	1.03	2.78	2.95	2.25
East Central	2,164	6,008	12,975	24,691	7,201	9,767	15,561	24,691	*	3.09	4.77	4.73	4.19
North Central	1,239	2,402	3,982	5,534	4,125	3,904	4,775	5,534	*	-0.55	2.03	1.49	0.98
North East	1,044	2,181	3,710	5,473	3,475	3,545	4,450	5,473	*	0.20	2.30	2.09	1.53
North West	568	909	1,249	1,662	1,890	1,477	1,498	1,662	*	-2.43	0.14	1.04	-0.43
South Central	2,703	6,554	11,076	17,111	8,995	10,654	13,284	17,111	*	1.71	2.23	2.56	2.17
South East	682	1,535	2,100	3,067	2,270	2,495	2,519	3,067	*	0.95	0.10	1.99	1.01
South West	1,077	1,910	3,222	3,894	3,585	3,105	3,865	3,894	*	-1.43	2.21	0.08	0.28
	-	-	-	-	-	-	-	-					
Plains States	72,994	151,273	278,443	464,257	242,934	245,904	333,945	464,257	*	0.12	3.11	3.35	2.18
United States	919,297	2,223,990	4,239,044	7,113,751	3,059,551	3,615,233	5,084,013	7,113,751	*	1.68	3.47	3.42	2.85

**Earnings Per Worker**

	Actual Dollar Figures				Constant 2003 Dollar Figures				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	\$ 8,694	\$ 16,199	\$ 24,981	\$ 34,820	\$ 28,934	\$ 26,332	\$ 29,961	\$ 34,820	*	-0.94	1.30	1.51	0.62
East Central	8,799	18,296	28,634	41,710	29,284	29,741	34,342	41,710	*	0.15	1.45	1.96	1.19
North Central	8,202	14,300	21,564	28,055	27,298	23,245	25,862	28,055	*	-1.59	1.07	0.82	0.09
North East	8,572	16,330	24,027	32,514	28,529	26,546	28,816	32,514	*	-0.72	0.82	1.21	0.44
North West	9,268	12,282	18,088	22,624	30,844	19,966	21,693	22,624	*	-4.26	0.83	0.42	-1.03
South Central	8,707	17,237	25,814	36,232	28,979	28,020	30,959	36,232	*	-0.34	1.00	1.59	0.75
South East	7,180	13,700	19,165	25,368	23,894	22,271	22,985	25,368	*	-0.70	0.32	0.99	0.20
South West	10,295	14,579	24,079	27,793	34,265	23,700	28,878	27,793	*	-3.62	2.00	-0.38	-0.70
Plains States	9,051	16,450	25,304	36,587	30,123	26,741	30,347	36,587	*	-1.18	1.27	1.89	0.65
United States	9,339	19,163	29,899	42,553	31,083	31,151	35,859	42,553	*	0.02	1.42	1.73	1.05

**Table 3: Wage and Salary Disbursements for Selected Years, by Region, Total and Per Wage-and-Salary Worker**

(Note: Wage and Salary Disbursements include employer-paid benefits and social insurance taxes.)

**Wage and Salary Disbursements**

	Actual Dollar Figures (Millions)				Constant 2003 Dollar Figures (Millions)				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	\$ 7,013	\$ 19,138	\$ 33,411	\$ 54,244	\$ 23,339	\$ 31,110	\$ 40,071	\$ 54,244	*	2.34	2.33	3.01	2.56
East Central	1,905	5,526	11,743	22,088	6,340	8,982	14,084	22,088	*	2.95	4.38	4.65	3.99
North Central	855	2,118	3,398	5,038	2,846	3,443	4,076	5,038	*	1.20	1.40	2.11	1.57
North East	869	2,009	3,408	5,034	2,891	3,266	4,087	5,034	*	0.71	2.05	2.09	1.62
North West	251	664	865	1,314	836	1,079	1,038	1,314	*	2.06	-0.71	2.25	1.19
South Central	2,118	5,868	9,916	14,845	7,048	9,539	11,893	14,845	*	2.51	2.04	2.02	2.19
South East	491	1,402	1,874	2,755	1,633	2,280	2,247	2,755	*	2.85	-0.42	1.83	1.41
South West	524	1,550	2,207	3,171	1,745	2,520	2,647	3,171	*	3.19	0.22	1.73	1.71
	-	-	-	-	-	-	-	-					
Plains States	54,879	136,660	248,977	415,258	182,645	222,150	298,606	415,258	*	1.42	2.77	3.29	2.49
United States	805,157	2,029,879	3,783,377	6,276,325	2,679,677	3,299,694	4,537,518	6,276,325	*	1.52	3.08	3.29	2.63

**Wage and Salary Disbursements Per Wage-and-Salary Worker**

	Actual Dollar Figures				Constant 2003 Dollar Figures				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	\$ 7,224	\$ 15,370	\$ 21,917	\$ 30,893	\$ 24,041	\$ 24,985	\$ 26,285	\$ 30,893	*	0.39	0.51	1.63	0.84
East Central	8,063	16,829	24,860	36,283	26,834	27,357	29,816	36,283	*	0.19	0.86	1.98	1.01
North Central	6,490	13,132	18,025	24,927	21,599	21,347	21,618	24,927	*	-0.12	0.13	1.43	0.48
North East	7,712	15,590	21,855	29,786	25,668	25,343	26,212	29,786	*	-0.13	0.34	1.29	0.50
North West	5,760	11,774	15,450	21,198	19,169	19,139	18,530	21,198	*	-0.02	-0.32	1.35	0.34
South Central	7,399	16,469	23,111	31,151	24,625	26,772	27,718	31,151	*	0.84	0.35	1.17	0.79
South East	6,248	13,958	18,112	24,079	20,794	22,689	21,722	24,079	*	0.88	-0.43	1.04	0.49
South West	6,405	13,619	18,339	25,184	21,318	22,139	21,995	25,184	*	0.38	-0.07	1.36	0.56
Plains States	7,553	15,686	22,734	32,967	25,137	25,499	27,266	32,967	*	0.14	0.67	1.92	0.91
United States	8,314	17,093	25,912	37,130	27,671	27,785	31,077	37,130	*	0.04	1.13	1.80	0.98

**Table 4: The Number of Farm and Non-Farm Proprietors for Selected Years, by Region**

**Number of Farm Proprietors**

	1973	1983	1993	2003	Average Annual Growth (%)				
					1973	1983	1993	2003	1973-2003
Kansas	83,563	80,906	67,823	66,364	*	-0.32	-1.75	-0.22	-0.77
East Central	4,706	5,969	5,082	5,258	*	2.41	-1.60	0.34	0.37
North Central	17,150	15,378	12,702	12,110	*	-1.08	-1.89	-0.48	-1.15
North East	8,149	8,352	7,178	7,113	*	0.25	-1.50	-0.09	-0.45
North West	12,252	11,106	9,112	8,531	*	-0.98	-1.96	-0.66	-1.20
South Central	16,139	15,899	13,376	13,157	*	-0.15	-1.71	-0.16	-0.68
South East	10,280	10,543	9,114	9,148	*	0.25	-1.45	0.04	-0.39
South West	14,887	13,659	11,259	11,047	*	-0.86	-1.91	-0.19	-0.99
Plains States	621,636	595,903	504,032	464,734	*	-0.42	-1.66	-0.81	-0.96
United States	2,627,000	2,589,000	2,273,000	2,198,000	*	-0.15	-1.29	-0.33	-0.59

**Number of Non-Farm Proprietors**

	1973	1983	1993	2003	Average Annual Growth (%)				
					1973	1983	1993	2003	1973-2003
Kansas	158,817	218,391	235,485	289,863	*	3.24	0.76	2.10	2.03
East Central	34,514	51,203	66,153	92,528	*	4.02	2.59	3.41	3.34
North Central	20,764	23,557	25,513	28,683	*	1.27	0.80	1.18	1.08
North East	15,144	18,061	20,332	23,915	*	1.78	1.19	1.64	1.53
North West	10,557	15,642	14,477	15,284	*	4.01	-0.77	0.54	1.24
South Central	44,290	69,678	67,470	80,482	*	4.64	-0.32	1.78	2.01
South East	16,231	18,380	17,222	21,751	*	1.25	-0.65	2.36	0.98
South West	17,317	21,870	24,318	27,220	*	2.36	1.07	1.13	1.52
Plains States	1,047,223	1,339,356	1,579,185	2,022,767	*	2.49	1.66	2.51	2.22
United States	11,143,500	15,420,700	20,784,400	27,655,400	*	3.30	3.03	2.90	3.08

**Table 5: Total Income for Farm and Non-Farm Proprietors for Selected Years, by Region**

**Farm Proprietors' Income**

	Actual Dollar Figures (Millions)				Constant 2003 Dollar Figures (Millions)				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	\$ 1,286	\$ 185	\$ 1,120	\$ 437	\$ 4,281	\$ 301	\$ 1,343	\$ 437	*	-23.32	16.13	-10.61	-7.32
East Central	25	(17)	5	(5)	82	(28)	6	(5)	*	n/a	n/a	n/a	n/a
North Central	237	19	120	57	788	30	144	57	*	-27.77	16.83	-8.88	-8.39
North East	68	(25)	23	(0)	226	(40)	28	(0)	*	n/a	n/a	n/a	n/a
North West	237	106	187	74	788	172	224	74	*	-14.14	2.70	-10.50	-7.59
South Central	233	33	131	54	776	54	157	54	*	-23.43	11.30	-10.10	-8.50
South East	83	(41)	17	6	276	(66)	21	6	*	n/a	n/a	-11.70	-12.01
South West	404	111	636	252	1,344	180	763	252	*	-18.22	15.56	-10.49	-5.43
	-	-	-	-	-	-	-	-					
Plains States	10,561	241	4,568	5,353	35,147	392	5,479	5,353	*	-36.22	30.19	-0.23	-6.08
United States	29,539	7,579	33,058	25,159	98,310	12,320	39,647	25,159	*	-18.75	12.40	-4.45	-4.44

**Non-Farm Proprietors' Income**

	Actual Dollar Figures (Millions)				Constant 2003 Dollar Figures (Millions)				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	\$ 1,178	\$ 2,175	\$ 3,784	\$ 6,751	\$ 3,920	\$ 3,535	\$ 4,538	\$ 6,751	*	-1.03	2.53	4.05	1.83
East Central	234	500	1,226	2,609	779	813	1,471	2,609	*	0.43	6.11	5.90	4.11
North Central	147	265	463	439	491	430	555	439	*	-1.31	2.58	-2.32	-0.37
North East	107	196	279	439	358	318	335	439	*	-1.16	0.52	2.74	0.69
North West	80	139	197	274	265	226	236	274	*	-1.59	0.43	1.51	0.11
South Central	352	653	1,030	2,212	1,171	1,061	1,235	2,212	*	-0.98	1.53	6.00	2.14
South East	108	173	210	306	361	281	251	306	*	-2.45	-1.12	1.98	-0.55
South West	149	249	379	472	497	405	455	472	*	-2.02	1.16	0.36	-0.17
	-	-	-	-	-	-	-	-					
Plains States	7,554	14,372	24,898	43,646	25,142	23,363	29,861	43,646	*	-0.73	2.48	3.87	1.86
United States	84,601	186,532	422,609	812,267	281,564	303,219	506,848	812,267	*	0.74	5.27	4.83	3.59

**Table 6: Earnings Per Proprietor for Farm and Non-Farm Proprietor for Selected Years, by Region**

**Farm Proprietors' Income Per Farm Proprietor**

	Actual Dollar Figures				Constant 2003 Dollar Figures				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	15,393	2,288	16,507	6,590	51,229	3,719	19,797	6,590	*	-23.07	18.20	-10.42	-6.61
East Central	5,233	(2,921)	980	(1,023)	17,416	(4,749)	1,175	(1,023)	*	n/a	n/a	n/a	n/a
North Central	13,814	1,218	9,476	4,703	45,976	1,981	11,364	4,703	*	-26.98	19.09	-8.45	-7.32
North East	8,344	(2,955)	3,243	(0)	27,769	(4,804)	3,890	(0)	*	n/a	n/a	n/a	n/a
North West	19,337	9,514	20,506	8,659	64,356	15,466	24,593	8,659	*	-13.29	4.75	-9.91	-6.47
South Central	14,448	2,079	9,769	4,106	48,084	3,380	11,716	4,106	*	-23.32	13.24	-9.95	-7.87
South East	8,062	(3,868)	1,885	649	26,831	(6,287)	2,260	649	*	n/a	n/a	-11.74	-11.67
South West	27,122	8,094	56,513	22,806	90,265	13,158	67,778	22,806	*	-17.52	17.81	-10.32	-4.48
Plains States	16,989	404	9,063	11,519	56,540	657	10,870	11,519	*	-35.95	32.39	0.58	-5.17
United States	11,244	2,927	14,544	11,446	37,423	4,759	17,443	11,446	*	-18.64	13.87	-4.13	-3.87

**Non-Farm Proprietors' Income Per Non-Farm Proprietor**

	Actual Dollar Figures				Constant 2003 Dollar Figures				Real Average Annual Growth (%)				
	1973	1983	1993	2003	1973	1983	1993	2003	1973	1983	1993	2003	1973-2000
Kansas	7,417	9,958	16,069	23,290	24,684	16,187	19,272	23,290	*	-4.13	1.76	1.91	-0.19
East Central	6,778	9,765	18,535	28,194	22,558	15,873	22,230	28,194	*	-3.45	3.43	2.41	0.75
North Central	7,101	11,235	18,148	15,309	23,632	18,264	21,766	15,309	*	-2.54	1.77	-3.46	-1.44
North East	7,096	10,840	13,741	18,363	23,615	17,621	16,480	18,363	*	-2.89	-0.67	1.09	-0.83
North West	7,554	8,889	13,593	17,941	25,141	14,449	16,303	17,941	*	-5.39	1.21	0.96	-1.12
South Central	7,942	9,369	15,262	27,486	26,431	15,230	18,304	27,486	*	-5.36	1.86	4.15	0.13
South East	6,676	9,421	12,174	14,063	22,218	15,314	14,601	14,063	*	-3.65	-0.48	-0.37	-1.51
South West	8,618	11,397	15,595	17,326	28,682	18,526	18,704	17,326	*	-4.28	0.10	-0.76	-1.67
Plains States	7,214	10,731	15,766	21,578	24,008	17,443	18,909	21,578	*	-3.14	0.81	1.33	-0.36
United States	7,592	12,096	20,333	29,371	25,267	19,663	24,386	29,371	*	-2.48	2.18	1.88	0.50

## **Definitions Related to the Data Used in this Report** (Provided by U.S. Bureau of Economic Analysis)

### **Total Full-Time and Part-Time Employment**

The BEA employment series for states and local areas comprises estimates of the number of jobs, full-time plus part-time, by place of work. Full-time and part-time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.

Proprietors employment consists of the number of sole proprietorships and the number of partners in partnerships. The description "by place of work" applies to the wage and salary portion of the series and, with relatively little error, to the entire series. The proprietors employment portion of the series, however, is more nearly by place of residence because, for non-farm sole proprietorships, the estimates are based on IRS tax data that reflect the address from which the proprietor's individual tax return is filed, which is usually the proprietor's residence. The non-farm partnership portion of the proprietors employment series reflects the tax-filing address of the partnership, which may be either the residence of one of the partners or the business address of the partnership.

The employment estimates are designed to be consistent with the estimates of wage and salary disbursements and proprietors' income that are part of the personal income series. The employment estimates are based on the same sets of source data as the corresponding earnings estimates and are prepared with parallel methodologies. Two forms of proprietors' income—the income of limited partnerships and the income of tax-exempt cooperatives—have no corresponding employment estimates.

### **Wage and Salary Workers**

Wage and salary jobs, also referred to as wage and salary employment, measures the average annual number of full-time and part-time jobs in each area by place-of-work. All jobs for which wages and salaries are paid are counted. Full-time and part-time jobs are counted with equal weight.

Jury and witness service, as well as paid employment of prisoners, are not counted as wage and salary employment; the payments for these activities are classified as "other labor income" in the personal income measure. Corporate directorships are counted as self-employment.

## **Wage and Salary Disbursements**

Wage and salary disbursements consists of the monetary remuneration of employees, including corporate officers salaries and bonuses, commissions, pay-in-kind, incentive payments, and tips. It reflects the amount of payments disbursed, but not necessarily earned during the year.

Wage and salary disbursements is measured before deductions, such as social security contributions and union dues.

In recent years, stock options have become a point of discussion. Wage and salary disbursements includes stock options of nonqualified plans at the time that they have been exercised by the individual. Stock options are reported in wage and salary disbursements. The value that is included in wages is the difference between the exercise price and the price that the stock options were granted.

## **Number of Farm Proprietors**

Farm self-employment is defined as the number of non-corporate farm operators, consisting of sole proprietors and partners. A farm is defined as an establishment that produces, or normally would be expected to produce, at least \$1,000 worth of farm products--crops and livestock--in a typical year. Because of the low cutoff point for this definition, the farm self-employment estimates are effectively on a full-time and part-time basis. The estimates are consistent with the job-count basis of the estimates of wage and salary employment because farm proprietors are counted without regard to any other employment. Also referred to as farm self-employment.

## **Farm Proprietors' Income**

Farm proprietors' income consists of the income that is received by the sole proprietorships and the partnerships that operate farms. It excludes the income that is received by corporate farms.

## **Number of Non-Farm Proprietors**

The BEA local area estimates of non-farm self-employment consist of the number of sole proprietorships and the number of individual business partners not assumed to be limited partners. The non-farm self-employment estimates resemble the wage and salary employment estimates in that both series measure jobs—as opposed to workers—on a full-time and part-time basis. However, because of limitations in source data, two important measurement differences exist between the two sets of estimates. First, the self-employment estimates are largely on a place-of-residence basis rather than on the preferred place-of-work basis. Second, the self-employment estimates reflect the total number of sole proprietorships or partnerships active at any time during the year—as opposed to the annual average measure used for wage and salary employment.

## **Non-Farm Proprietors' Income**

Non-farm Proprietors' Income consists of the income that is received by non-farm sole proprietorships and partnerships and the income that is received by tax-exempt cooperatives.

The national estimates of non-farm proprietors' income are primarily derived from income tax data. Because these data do not always reflect current production and because they are incomplete, the estimates also include four major adjustments--the inventory valuation adjustment, the capital consumption adjustment, the "misreporting" adjustment, and the adjustment for the net margins on owner-built housing.

The inventory valuation adjustment offsets the effects of the gains and the losses that result from changes in the prices of products withdrawn from inventories; this adjustment for recent years has been small, but it is important to the definition of proprietors' income.

The capital consumption adjustment changes the value of the consumption, or depreciation, of fixed capital from the historical-cost basis used in the source data to a replacement-cost basis.

The "misreporting" adjustment adds an estimate of the income of sole proprietors and partnerships that is not reported on tax returns.

The adjustment for the net margins on owner-built housing is an addition to the estimate for the construction industry. It is the imputed net income of individuals from the construction or renovation of their own dwellings.

The source data necessary to prepare these adjustments are available only at the national level. Therefore, the national estimates of non-farm proprietors' income that include the adjustments are allocated to states, and these state estimates are allocated to the counties, in proportion to tax return data that do not reflect the adjustments.

In addition, the national estimates include adjustments made to reflect decreases in monetary and imputed income that result from damage to fixed capital and to inventories that is caused by disasters, such as hurricanes, floods, and earthquakes. These adjustments are attributed to states and counties on the basis of information from the Federal Emergency Management Agency.

# KANSAS, INC.

Created by the 1986 Legislature, Kansas, Inc. is an independent, objective, and non-partisan agency designed to conduct economic development research and analysis with a goal of crafting policies and recommendations to insure the state's ongoing competitiveness for economic growth. This is achieved through these primary activities: 1) developing and implementing a proactive and aggressive research agenda; 2) identifying and promoting strategies and policies from the research; 3) conducting evaluation reviews and oversight of programs; and, 4) collaboration with economic development entities and outreach to potential partners. Kansas, Inc. is designed to be a public private partnership with expectations that state investments are leveraged with other funds to maintain a strong research portfolio.

A 17-member Board of Directors co-chaired by the Governor and a private sector representative governs Kansas, Inc. Nine Board members are representatives from identified industries in the private sector and other members are: the Secretary of Commerce, Legislative leadership, the Kansas Board of Regents, and a representative from labor.

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