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Center for Economic Development and Business Research

Kansas Manufacturing

Plastics and Rubber Product Manufacturing

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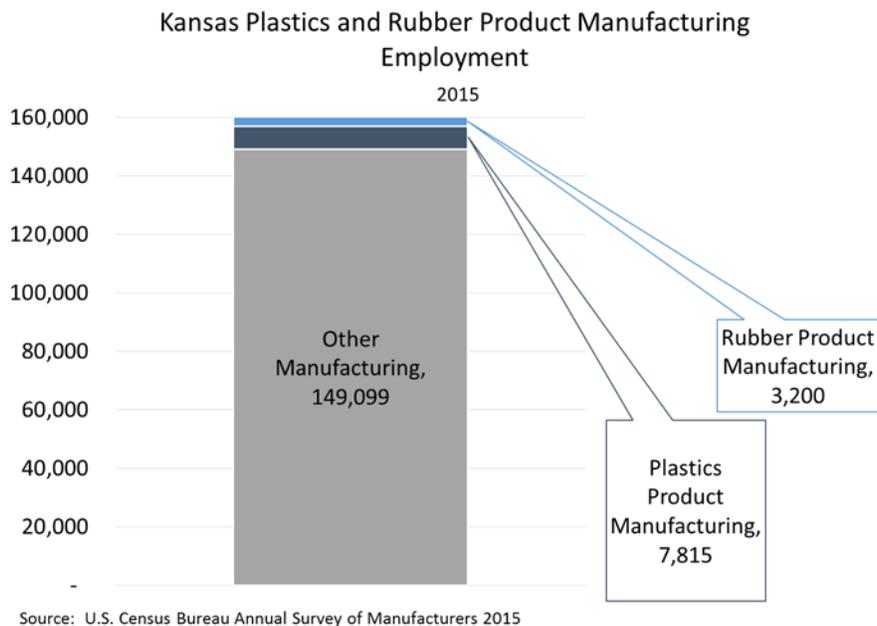
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Plastics and Rubber Product Manufacturing

Industries in the plastics and rubber products manufacturing subsector make goods by processing plastic materials and raw rubber. This subsector is restricted to the production of products made of just one material, either solely plastic or rubber. There are many production processes that include plastics or rubber in combination with other materials. Those production processes are not included in this subsector.

Plastics and rubber products manufacturing accounts for seven percent of total state manufacturing employment. Plastics product manufacturing is the largest industry in this subsector in Kansas, employing 4.9 percent of the state's manufacturing workers. Rubber product manufacturing employs two percent of the manufacturing workers in Kansas.¹



In Kansas, plastics and rubber product manufacturing is a low-wage industry with generally flat employment growth. There are about 130 establishments in the state in this subsector, 12 of which have more than 250 employees.² Over the past decade employment in this industry has averaged around 9,000 workers, with employment contracting an average of 0.3 percent annually.³

¹ Unless otherwise referenced, all data in this report is from the U.S. Census Bureau Annual Survey of Manufactures 2015

² U.S. Census Bureau – County Business Patterns 2015

³ Bureau of Labor Statistics – Quarterly Census of Employment and Wages

Plastics Product Manufacturing

This industry group comprises establishments primarily engaged in processing new or recycled plastics into intermediate or final products. Within most of these industries, the production process is such that a wide variety of products can be made.

There is a low concentration of plastics product manufacturing in Kansas, relative to the United States as a whole. There are nine percent fewer workers in this industry in Kansas than the national average. This industry accounts for 4.9 percent of Kansas manufacturing employment. There are approximately 110 establishments in Kansas in this industry. Half of the employment is at establishments with over 250 employees.⁴ One of the largest employers in the state is Spears Manufacturing Company, a producer of plastic pipe fittings and valves.⁵

Over the next five years, this industry is expected to stabilize. Growth in utilities and nonresidential construction markets will help offset volatility in demand from other sectors. Improvements in plastics technology have made plastic pipes more attractive to markets that have historically relied on pipes made of metal or concrete, including oil and gas, and water supply markets.⁶

Employment

There was an average of 6,300 plastics product manufacturing workers in Kansas between 2005 and 2015. Industry employment decreased significantly in the 2008 recession and has increased steadily since that time, with the exception of 2015 when employment decreased.⁷

Of the 7,815 plastics product manufacturing employees in Kansas in 2015, 80 percent were production workers, and 20 percent were nonproduction workers. There were 0.24 nonproduction workers for each production worker in the state, lower than the national average for this industry of 0.30 nonproduction workers for each production worker.

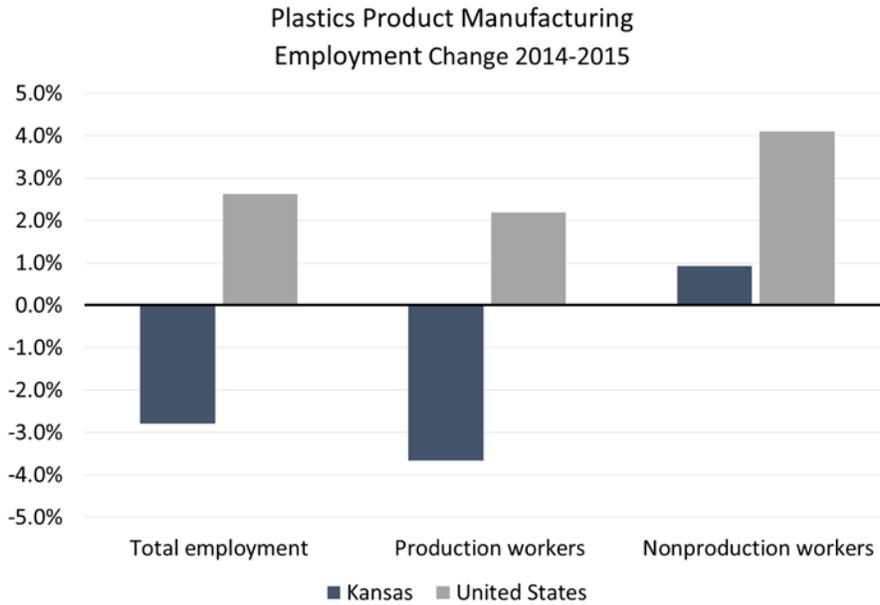
Between 2014 and 2015, plastics product manufacturing employment decreased in Kansas and increased in the United States. There was a total decrease in Kansas of 225 workers; production workers decreased by 239 and nonproduction workers increased by 14 workers.

⁴ U.S. Census Bureau – County Business Patterns 2015

⁵ Infogroup, Inc.

⁶ IBIS World – Plastic Pipe and Parts Manufacturing in the U.S., February 2017

⁷ Bureau of Labor Statistics – Quarterly Census of Employment and Wages



Source: U.S. Census Bureau Annual Survey of Manufacturers 2015

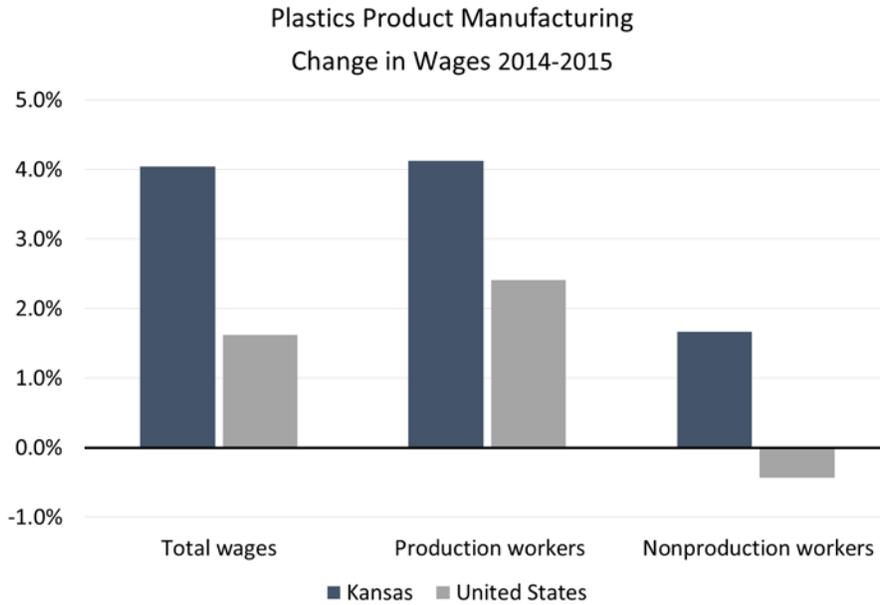
Wages

Plastics product manufacturing is a generally low-wage industry. The average salary in 2015 for employees in this industry in Kansas was \$46,036, 17.5 percent lower than the average salary for manufacturing in the state. At \$36,520 annually, production workers in this industry earned 23.2 percent less than the average for production workers in Kansas. At \$85,254 a year, nonproduction workers earned 11.4 percent more than the average for nonproduction workers in manufacturing in Kansas.

Plastics Product Manufacturing Annual Wage per Worker 2015	
Total employment	\$46,036
Production workers	\$36,520
Nonproduction workers	\$85,254

Source: U.S. Census Bureau Annual Survey of Manufacturers

Between 2014 and 2015, total wages in this industry increased in Kansas and in the United States. The relative change in Kansas was much larger. The total increase in wages can be attributed to a relatively large increase in the wages for production workers and a somewhat smaller increase in wages for nonproduction workers.



Source: U.S. Census Bureau Annual Survey of Manufacturers 2015 - Inflation adjusted growth rate.

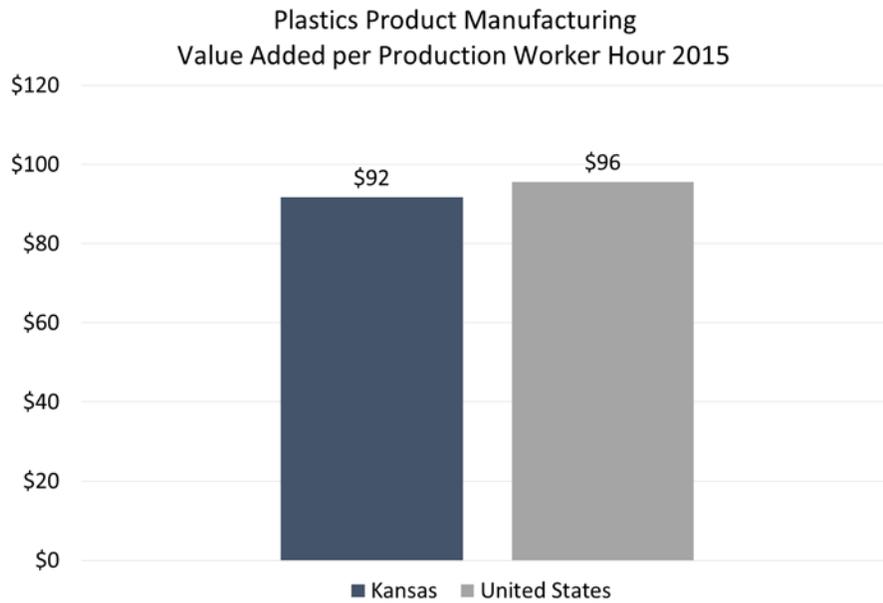
In Kansas, there has been an increase in employment and wages for nonproduction workers in plastic product manufacturing, indicating an increase in demand for these workers. There has been a decrease in employment and an increase in wages for production workers, indicating a shortage of workers in this area.

Productivity

In 2015, plastic product manufacturing workers in Kansas worked an average of 40.3 hours a week, down 1.1 percent from 2014 and more than the national average for this industry of 39.83, which increased 0.1 percent from 2014. It is also more than the average for manufacturing in Kansas of 39.06 hours a week.

In the United States, the average value added per production worker hour in manufacturing, in general, was \$152 in 2015.⁸ In 2015, the average value added per production worker hour for plastic product manufacturing was \$96. The Kansas average was \$92. This difference in productivity may be attributed to the difference in the specific type of manufacturing done in Kansas, the amount of capital investment by local companies, the skill and experience of local production workers, or other factors.

⁸Productivity is an average measure of the efficiency of production. It can be measured as the ratio of inputs to outputs. In measuring the efficiency of manufacturing industries, it is common to measure productivity as the ratio of the production hours to the value added from the manufacturing activity. The value added from the manufacturing activity is determined by subtracting the cost of materials and supplies from the value of shipments.



Source: U.S. Census Bureau Annual Survey of Manufacturers 2015

Rubber Product Manufacturing

This industry group comprises establishments primarily engaged in processing natural, synthetic, or reclaimed rubber materials into intermediate or final products using processes, such as vulcanizing, cementing, molding, extruding, and lathe-cutting.

There is a high concentration of rubber product manufacturing workers in Kansas, 72 percent above the national average. There are approximately 3,200 employees in this industry in the state, two percent of manufacturing employment. There are about 20 establishments in this industry in Kansas.⁹ The largest employer is Goodyear Tire and Rubber Company in Topeka.¹⁰

Industry performance is expected to improve over the next five years as the unemployment rate remains low and consumer incomes rise. Consumers are projected to drive at higher rates, requiring tires to be replaced more frequently.¹¹

Employment

There was an average of 3,000 rubber product manufacturing workers in Kansas between 2005 and 2015. Industry employment has been relatively flat over the past decade, growing at an average annual rate of 0.3 percent.¹²

⁹ U.S. Census Bureau – County Business Patterns 2015

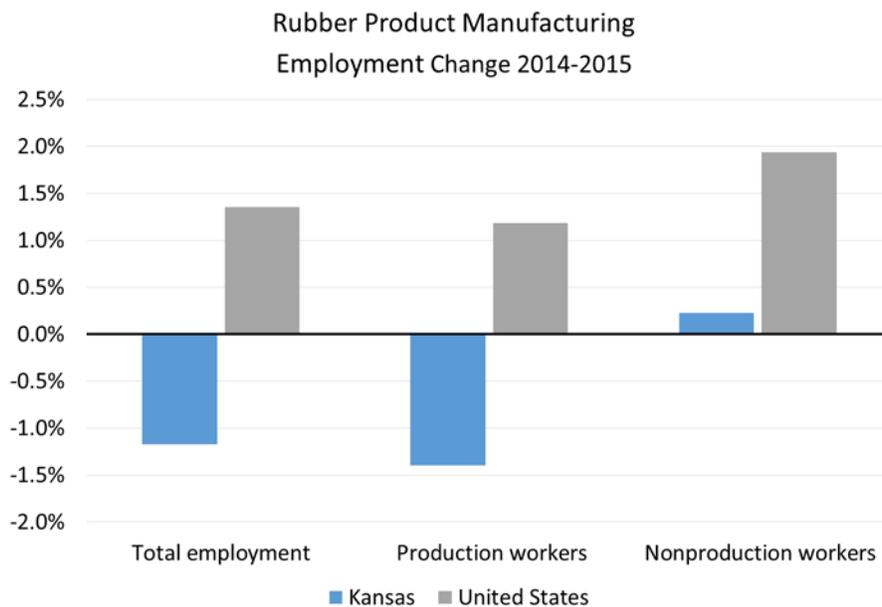
¹⁰ Infogroup, Inc.

¹¹ IBISWorld – Tire Manufacturing in the U.S. January 2017

¹² Bureau of Labor Statistics – Quarterly Census of Employment and Wages

Of the 3,200 rubber product manufacturing workers in Kansas in 2015, 86 percent were production workers, and 14 percent were nonproduction workers. There were 0.16 nonproduction workers for each production worker in the state, lower than the national average for this industry of 0.30 nonproduction workers for each production worker.

Between 2014 and 2015, total rubber product manufacturing employment decreased in Kansas by 1.2 percent and increased in the United States as a whole by 1.4 percent. There was a total decrease in Kansas of 38 workers, a reduction of 39 production workers and an increase of one nonproduction worker.



Source: U.S. Census Bureau Annual Survey of Manufacturers 2015

Wages

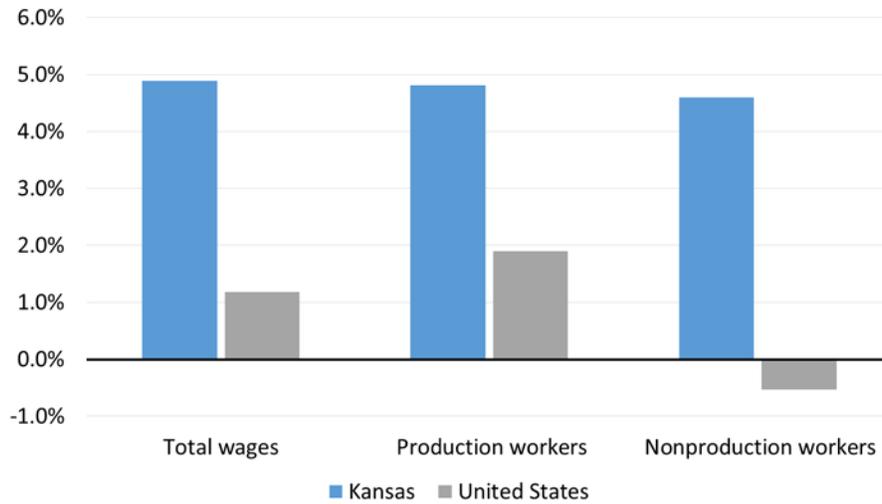
Jobs in rubber product manufacturing are low-wage jobs in Kansas. The average salary in 2015 for this industry in Kansas was \$49,195, 11.8 percent lower than the average salary for manufacturing in the state. At \$44,845 annually, production workers in rubber products manufacturing earned 25.7 percent less than the average for production workers in Kansas. At \$76,54 a year, nonproduction workers earned 0.6 percent less than the average for nonproduction workers in manufacturing in Kansas.

Rubber Product Manufacturing Annual Wage per Worker 2015	
Total employment	\$49,195
Production workers	\$44,845
Nonproduction workers	\$76,054

Source: U.S. Census Bureau Annual Survey of Manufacturers

Between 2014 and 2015, wages in rubber product manufacturing increased in both Kansas and the United States. The increase in Kansas was relatively much larger than the national average.

Rubber Product Manufacturing Change in Wages 2014-2015



Source: U.S. Census Bureau Annual Survey of Manufacturers 2015 - Inflation adjusted growth rate.

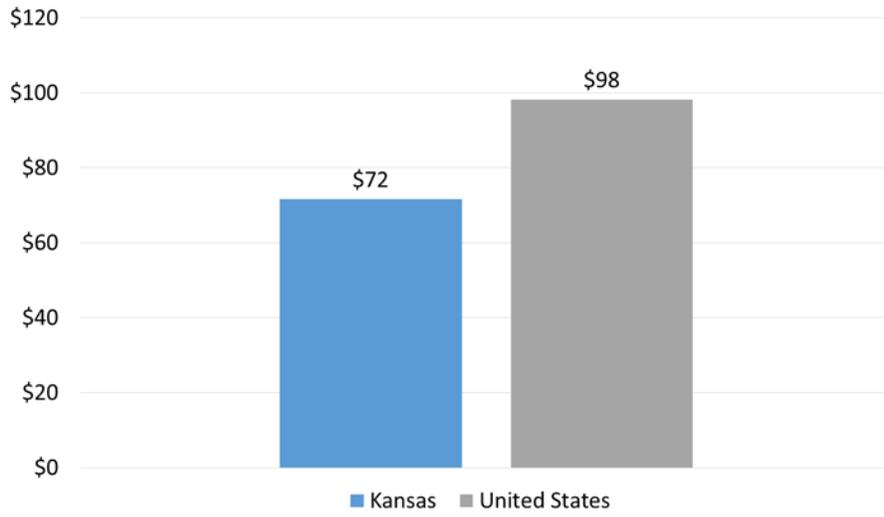
In Kansas, there has been an increase in employment and wages for nonproduction workers in rubber product manufacturing, indicating an increased demand for these workers. There has been a decrease in employment and an increase in wage for production workers indicating there is a shortage of these workers.

Productivity

In 2015, rubber product manufacturing workers in Kansas worked an average of 42 hours a week, an increase of 10.3 percent from 2014. This is somewhat more than the national average of 39.80 hours, which decreased 0.2 percent from 2014. It is greater than the mean for manufacturing in Kansas of 39.06 hours a week.

In the United States, the average value added per production worker hour in manufacturing, in general, was \$152 in 2015. In 2015, the average value added per production worker hour for rubber product manufacturing was \$98 in the United States. The Kansas average was \$72. This difference in productivity may be attributed to the difference in the specific type of manufacturing done in Kansas, the amount of capital investment by local companies, the skill and experience of local production workers, or other factors.

Rubber Product Manufacturing
Value Added per Production Worker Hour 2015



Source: U.S. Census Bureau Annual Survey of Manufacturers 2015