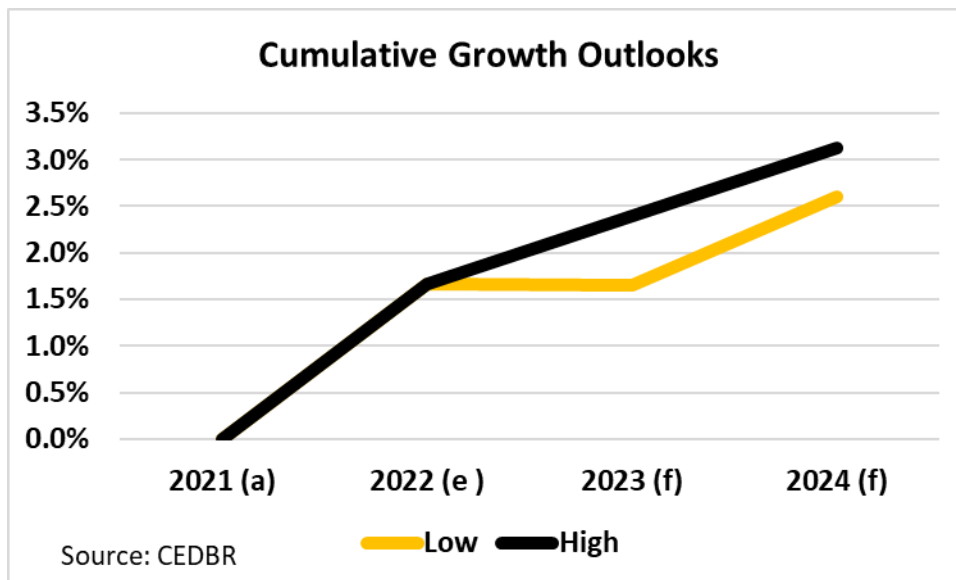


2023 Kansas Employment Forecast

According to the Bureau of Economic Analysis, the U.S. economy grew by 5.7% in 2021 after contracting 3.7% the prior year. The first half of 2022 registered two consecutive quarters of negative real GDP growth, prompting some reporters to declare a recession. Those declarations, however, might be premature. It is important to note that the National Bureau of Economic Research is the official entity to call a recession, which is always retroactive and includes other variables beyond GDP. Currently, there are mixed signals about the broader economic conditions. Market volatility, inflation, the housing market, and negative consumer sentiment contributed to economic pessimism. Alternatively, gross domestic income, employment, and retail sales have remained robust and appear to be a proverbial firewall to a recession.

In 2021, Kansas' employment grew by 1.1%, adding over 14,700 jobs. In the Center's more optimistic outlook, employment growth is projected to add 10,107 new jobs at a gain of 0.7% in 2022. The slowing growth expectations are due to the tightened monetary policy and the labor market approaching full employment. Because of the potential market correction, the Center has a lower bound forecast for the state of 0.0% in 2023 and 0.9% in 2024.



The majority of expected growth for Kansas in 2023 is within the production sectors, increasing 1.4% and adding 3,316 jobs. The natural resources, mining, and construction sector is projected to have the second-highest growth in employment, expanding by 1.3%. The durables manufacturing industry is forecast to grow the fastest with 1.9%, 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 850 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 55% of all job growth in Kansas in 2023, adding more than 5,600 jobs and increasing 0.9%. Within the services industry, professional and business services are expected to rise the most, with 1.5% in 2023 and 1.4% in 2024. On the other hand, financial activities are anticipated to decline by 2.7% in 2022 as the sector struggles to retain employees within the tight labor market.

Kansas Employment by Industry*							
	2021 (a)	2022 (e)	2023 (f)	2024 (f)	2022	2023	2024
Production	230,308	240,308	243,624	245,748	4.3%	1.4%	0.9%
Nat. Resources, Mining & Cons.	69,933	73,452	74,421	74,997	5.0%	1.3%	0.8%
Durables	91,550	97,292	99,099	100,497	6.3%	1.9%	1.4%
Non-Durables	68,825	69,565	70,104	70,254	1.1%	0.8%	0.2%
Trade	264,925	268,814	269,663	270,172	1.5%	0.3%	0.2%
Services	627,433	637,476	643,075	649,235	1.6%	0.9%	1.0%
Information	16,842	18,823	18,876	18,967	11.8%	0.3%	0.5%
Financial Activities	75,842	73,774	74,039	74,327	-2.7%	0.4%	0.4%
Professional & Business Services	169,742	172,250	174,836	177,296	1.5%	1.5%	1.4%
Education & Health Services	197,558	198,310	200,403	202,437	0.4%	1.1%	1.0%
Leisure & Hospitality	120,117	125,149	125,537	126,733	4.2%	0.3%	1.0%
Other	47,333	49,170	49,384	49,475	3.9%	0.4%	0.2%
Government	250,600	249,477	249,819	251,065	-0.4%	0.1%	0.5%
Total	1,373,267	1,396,074	1,406,182	1,416,221	1.7%	0.7%	0.7%

*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 demand is anticipated to expand by 0.6% 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				
Year	Labor Force	Employed	Unemployed	Unemployment Rate
2021 (a)	1,495,665	1,447,323	48,342	3.34%
2022(e)	1,512,574	1,462,258	50,316	3.44%
2023(f)	1,521,700	1,473,137	48,563	3.30%
2024(f)	1,529,590	1,481,029	48,561	3.28%
(a) actual (e) estimated (f) forecasted				
Source: CEDBR, BLS - LAUS				

Due to unique market conditions increasing purchasing power in 2021, inflation-adjusted retail sales grew by 11.1%. However, in 2022, as the economy opened up after the global pandemic and consumption spending shifted from retail to service-related expenses like restaurants and entertainment. Furthermore, inflation eroded discretionary income, or after-tax pay, which slowed consumption for middle and lower-income households.

**Inflation-Adjusted Taxable Retail Sales Growth
Kansas**

Year	Sales(\$Billions)* **	Growth Rate
2020(a)	2.840	-
2021(a)	3.155	11.1%
2022(e)	3.323	5.3%
2023(f)	3.364	1.2%
2024(f)	3.402	1.1%

* Annual values, in billions are derived from monthly observations and projections. ** 2021\$

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

Source: CEDBR, BLS - KSDOR