

**THE UNIVERSITY OF KANSAS
Policy Research Institute
ECONOMIC ANALYSIS REPORT**

**Lawrence / Douglas County
Economic Indicators Report
First Quarter 2002**

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Lawrence/Douglas County Economic Indicators

First Quarter, 2002

The first quarter is generally one of slower economic growth, and this year was no exception. Nevertheless, a look at the indicators suggests Lawrence is still moving ahead at a steady pace. Sales tax collections for the city and county were at their second highest levels ever. Employment was up in Douglas County but so also was unemployment, in other words, there was an increase in the labor force. The majority of industry level employment figures showed steady or slightly increased employment from the previous year's values. About the only significant area of decline was in construction activity as compared to the year before, but the decrease was not major.

LOCAL SALES TAX COLLECTIONS

Sales tax collections for Lawrence and Douglas County were up for both the quarter and the year. In Lawrence, average first quarter sales tax collections were \$2,840,960, an increase of 4 percent from the previous year and the second-highest quarter on record, after the fourth quarter of 2000. Douglas county collections were likewise at their second-highest level, at \$3,077,546. This was an increase of 1.2 percent from the previous quarter and 3 percent for the year.

TOURISM AND CONVENTIONS

Transient guest tax collections stood at \$76,690 in the first quarter, a decrease of 41 percent from its value in the fourth quarter of last year. However, guest tax revenues are nearly always lower in the first quarter than the rest of the year, since that is the time of least tourist activity. Since guest taxes are so seasonal, it is often more interesting to look at their rolling four-quarter averages. This index takes out any seasonal effects. Doing so we observe that guest tax collections in the first quarter have remained nearly steady, increasing less than one percent for the year.

CIVILIAN LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT (Place of residence data)

In this quarter a somewhat unusual phenomenon was observed: the civilian labor force, employment, and unemployment all three increased; not only from the previous quarter but from their values a year ago. What made it possible for employment and unemployment to rise at the same time was the increase in the labor force: by 3 percent for the quarter and 4.5 percent for the year. The labor force is the number of people who choose to work, or at least attempt to do so. And 1,652 more people chose to work in the first quarter of this year than in the previous quarter. Most of them found jobs, but some did not. And as a percentage of the whole, the number of people who could not find work or who had been laid off increased. Therefore, the unemployment rate was 4.37 in the first quarter, a 3.3 percent increase for the quarter; however nearly 2 percent lower than the previous year. This indicates that, at least for the last two quarters, while the labor force is growing, the number of people who are unable to find new jobs is increasing at a faster rate than the number of people who are.

WAGE AND SALARY EMPLOYMENT (Place of work data)

The figures for place of work data reflect how many jobs there are in any given industry in Lawrence. In the first quarter of 2002 most sectors saw declines from the previous quarter, but for the year more of them showed increases or stable levels. This is a good observation. In the first quarter employment tends to lag a bit as compared to other times of the year. Part of this is due to

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seasonal effects related to the advent of winter. The increased employment in most sectors for the year, however, indicates a growing economy.

The Construction sector saw the largest annual increase in employment with a growth of 12.3 percent, or 266 jobs. However, employment did decrease 4 percent for the quarter but this is quite natural given that construction employment is one of those areas most affected by winter weather. Indeed, the 4 percent decrease is rather mild for typical first quarter trends. So Lawrence was off to a good start in 2002 for construction activity. The second fastest growing sector was Government, which increased employment by nearly 4 percent in the first quarter as compared to the previous year. Again, as compared to the previous quarter employment was slightly down, but this is natural for the Government sector.

As to those sectors with employment declines as compared to a year ago, the Finance, Insurance and Real Estate sector saw the worst of it. Continuing a downward trend which has been unabated for nearly three years, employment decreased another 4 percent for the quarter and nearly 14 percent for the year. Unfortunately, the Manufacturing sector also shed some jobs, bringing employment in that industry to about the same level it was in 1999.

JOB SERVICE CENTER

Initial unemployment claims for Douglas county were up 271 from the last quarter to 1,392 in the first quarter of this year. Unemployment typically peaks in the first quarter, however, so such an increase is not unexpected. Looking at the seasonally adjusted 4-quarter average, however, shows that even after taking into account seasonal effects the number of unemployment claims still increased nearly 14 percent from the previous quarter and almost 40 percent from the previous year. Therefore, the increase was quite substantial.

CONSTRUCTION

At first sight there appears to be something quite dire about the number of construction permits in the first quarter of 2002. The number of multifamily permits taken out down by 37 percent for the quarter, over 48 percent for the year? This does look bad on the surface, but the true story is not so shocking. Construction activity is nearly always down a little bit in the first quarter, due to winter weather. And comparing multifamily construction to the first quarter of last year is a little bit unfair: that quarter saw very nearly an all time high in multifamily construction. Nevertheless, on the whole, construction activity was a bit down in the first quarter of this year, both in the number of permits taken out for significant construction projects (housing and new business) as well as in their total value. But we also saw above that construction employment was doing fairly well. In other words, construction firms haven't been too concerned with the lower number of permits taken out in the first quarter.

The total value of all construction permits in Lawrence was \$22.7 million in the first quarter, a decrease of 30 percent for the quarter and 45 percent for the year. The two biggest projects begun were a \$2.4 million remodel of Lawrence Paper begun in February and a \$1.1 million permit taken out in March for a new Intrust Bank branch on 9th street.

As for the unincorporated areas of Douglas County, the number of permits taken out in the first quarter was up over 160 percent for both the quarter and the year. But this was simply due to the

implementation of a new kind of permit, Home Occupation Registration permits. These were instituted so the county could keep track of home businesses, and all home business practitioners were required to register as one of three types of home business, depending on the size and type of their operation. These permits must be renewed each year, and renewals are done in February, March, and April by township. This will cause the number of permits for Douglas County to peak each year, primarily in the first quarter. For the first quarter of this year there were 193 Home Occupation Registration permits taken out, totaling \$17,155. Ignoring these, the actual number of building permits decreased by about 12 percent for the year. The number of Residential permits were down 30 percent for the year. The total value of all permits decreased nearly 22 percent for the quarter but compared to the year before stood at about the same amount.

NEW AND EXISTING HOME SALES

Single family home sales information was temporarily unavailable at time of printing. However, we do have ACCRA data. The price of an ACCRA defined home in the first quarter for Lawrence was \$239,389. This was nearly the same price it was the previous quarter, but some \$4,000 less than a year ago. The ACCRA defined house is designed to be representative of houses owned by those earning incomes in the top 20% in the area, and so therefore is not a true indication of the *average* house price in Lawrence.

ELECTRIC UTILITIES

The total number of kilowatt hours used in the first quarter in Lawrence was 223 million; a figure nearly unchanged from the previous quarter but down a significant 14.5 percent for the year. In general, however, the weather for the first three months of this year were not so cold as during the same months the year before.

The number of residential meters kept at their unflagging but slow growth pace. The total number in the first quarter stood at 36,035, about 2.5 percent more than the year before. The number of commercial meters is also continuously growing in Lawrence. Over 200 were added from the first quarter of 2001 to the first quarter of 2002

Lawrence/Douglas County Economic Indicators
First Quarter, 2002

	Current Period (1q02)	Previous Period (4q01)	Percent Change %	Year Ago (1q01)	Percent Change %
SALES TAX REVENUE (Thousands of Dollars) (note 1)					
Douglas County Sales Tax Collections	\$3,078	\$3,040	1.2	\$2,985	3.1
Lawrence Sales Tax Collections	\$2,841	\$2,775	2.4	\$2,729	4.1
TOURISM & CONVENTIONS					
Transient Guest Tax	\$76,690	\$130,258	-41.1	\$75,114	2.1
Rolling Quarterly Average	\$111,853	\$111,459	0.4	\$111,392	0.4
CIVILIAN LABOR FORCE (note 2)					
Total Civilian Labor Force	58,956	57,304	2.9	56,393	4.5
Total Employment	56,380	54,879	2.7	53,884	4.6
Unemployed	2,576	2,425	6.2	2,508	2.7
Civilian Unemployment Rate	4.37%	4.23%	3.3	4.45%	-1.8
EMPLOYMENT (note 3) (Monthly averages)					
Nonfarm Wage & Salary Employees	51,500	53,067	-3.0	51,100	0.8
Manufacturing	5,300	5,433	-2.5	5,600	-5.4
Construction & Mining	2,433	2,533	-4.0	2,167	12.3
Transportation & Public Utilities	2,100	2,067	1.6	2,100	0.0
Wholesale Trade	1,000	1,000	0.0	1,000	0.0
Retail Trade	10,467	11,167	-6.3	10,633	-1.6
Finance/Insurance/Real Estate	1,500	1,567	-4.3	1,733	-13.5
Services	13,267	13,433	-1.2	13,000	2.1
Government	15,433	15,867	-2.7	14,867	3.8
Farm Employment	500	533	-6.3	500	0.0
JOB SERVICE CENTER (Quarterly totals)					
Initial Unemployment Insurance Claims	1,392	1,121	24.2	898	55.0
IU Claims, rolling 4-quarter average	1,037	913	13.6	748	38.6

note 1: State sales tax collections are unavailable at this time. See text of the report.

County and City sales tax figures reflect the period in which the receipts were issued to the local governments.

note 2: Place of Residence figures, Douglas County.

note 3: Place of Work figures, Douglas County.

Lawrence/Douglas County Economic Indicators
First Quarter, 2002

	Current Period (1q02)	Previous Period (4q01)	Percent Change %	Year Ago (1q01)	Percent Change %
CONSTRUCTION (Lawrence)					
Total Number of Building Permits	648	771	-16.0	588	10.2
Single Family	54	69	-21.7	62	-12.9
Multifamily	32	51	-37.3	62	-48.4
Number of Units	65	120	-45.8	239	-72.8
New Business/Commercial	6	6	0.0	7	-14.3
Total Value of All Permits (Thousands of dollars)	\$22,715	\$32,040	-29.1	\$41,697	-45.5
Single Family	\$7,532	\$11,889	-36.6	\$8,613	-12.6
Multifamily	\$5,193	\$10,020	-48.2	\$14,437	-64.0
New Business/Commercial	\$2,743	\$5,350	-48.7	\$7,363	-62.7
Business Remodels/Additions	\$3,712	\$2,328	59.5	\$9,617	-61.4
All Other (note 4)	\$3,534	\$2,453	44.1	\$1,667	112.0
CONSTRUCTION (Douglas County unincorporated)					
Total Number of Building Permits (all types)	288	107	169.2	109	164.2
New Residential	12	18	-33.3	17	-29.4
New Business/Commercial	5	0	-	4	25.0
Total Value of All Permits (Thousands of dollars)	\$3,666	\$4,676	-21.6	\$3,648	0.5
New Residential	\$2,067	\$3,462	-40.3	\$2,729	-24.3
New Business/Commercial	\$812	\$0	-	\$284	186.0
NEW & EXISTING HOME SALES					
Single Family Numbers	n/a	286	-	n/a	-
Price of ACCRA-defined Home	\$239,389	\$238,980	0.2	243,389	-1.6
ELECTRIC UTILITIES (City of Lawrence)					
Average # Residential Meters	36,035	35,821	0.6	35,202	2.4
Average # Commercial Meters	4,394	4,374	0.5	4,168	5.4
Average # Industrial Meters	22	23	-4.4	23	-5.7
Total Kilowatt Hours Used (Millions)	222.9	224.4	-0.7	260.6	-14.5

note 4: Includes the value of permits for signs, plumbing, electrical, mechanical, accessory structures, detached garages business and residential demolition, and swimming pools.

n/a: not available at time of printing

Sources:

Kansas Department of Revenue
 Kansas Power & Light
 Lawrence Board of Realtors
 Labor Market Information Services, Kansas Department of Human Resources
 Lawrence Convention and Visitors Bureau
 Office of the Zoning Division, Douglas County Public Works
 Building Inspection Department, City of Lawrence

PER CAPITA INCOME: DOUGLAS AND SURROUNDING COUNTIES, KANSAS 1990-2000

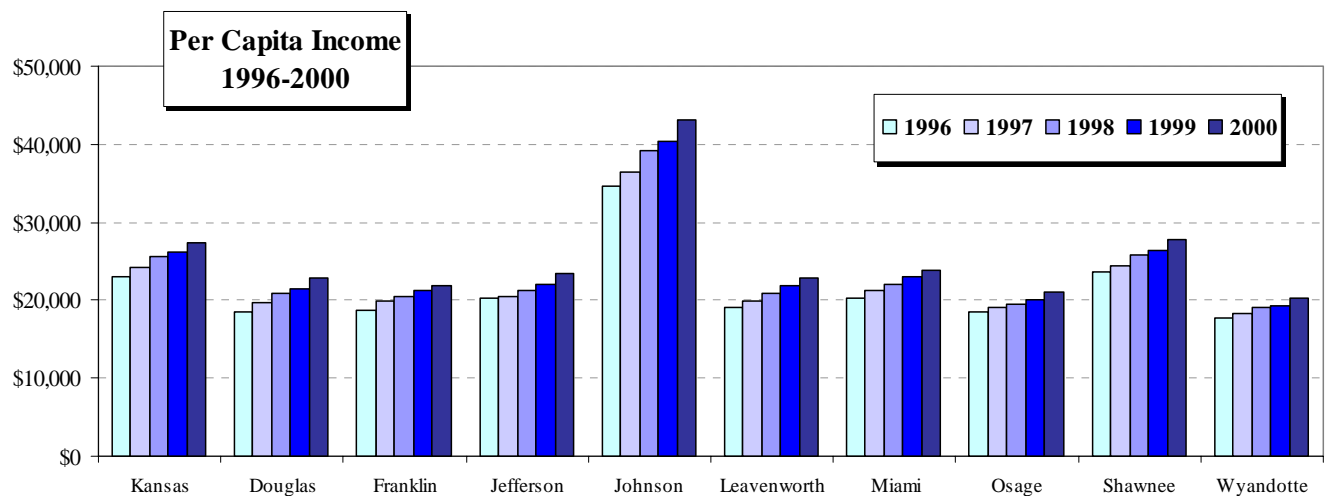
Among the nine comparative counties, Douglas county ranked 6th in per capita income in 2000, the last year for which data is currently available. Also, the Douglas county per capita income in 2000 was about \$4,600 less than the state-wide average. The county with the highest per capita income in 2000 was Johnson and the lowest was

Dollars	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Kansas	18,177	18,806	19,905	20,438	21,258	21,771	22,977	24,182	25,519	26,155	27,374
Douglas	14,731	15,324	16,204	16,588	17,523	17,939	18,534	19,750	20,941	21,461	22,747
Franklin	13,983	14,535	15,875	15,694	16,666	17,429	18,767	19,879	20,480	21,331	21,852
Jefferson	15,753	16,063	17,370	17,369	18,703	18,621	20,253	20,406	21,187	22,106	23,348
Johnson	26,929	28,130	29,513	30,624	31,766	33,385	34,684	36,407	39,137	40,425	43,168
Leavenworth	15,007	15,333	17,010	17,168	18,008	18,380	19,024	19,865	20,831	21,762	22,768
Miami	15,788	15,870	17,110	17,793	18,530	19,261	20,185	21,276	22,092	22,976	23,822
Osage	14,380	14,409	15,630	15,730	16,224	16,816	18,584	19,005	19,528	20,152	21,112
Shawnee	18,999	19,547	20,441	21,096	22,034	22,629	23,591	24,406	25,799	26,418	27,784
Wyandotte	14,166	14,694	15,598	16,080	17,101	17,447	17,624	18,314	19,082	19,367	20,191

% Change	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	90-00
Kansas	3.5	5.8	2.7	4.0	2.4	5.5	5.2	5.5	2.5	4.7	50.6
Douglas	4.0	5.7	2.4	5.6	2.4	3.3	6.6	6.0	2.5	6.0	54.4
Franklin	3.9	9.2	-1.1	6.2	4.6	7.7	5.9	3.0	4.2	2.4	56.3
Jefferson	2.0	8.1	0.0	7.7	-0.4	8.8	0.8	3.8	4.3	5.6	48.2
Johnson	4.5	4.9	3.8	3.7	5.1	3.9	5.0	7.5	3.3	6.8	60.3
Leavenworth	2.2	10.9	0.9	4.9	2.1	3.5	4.4	4.9	4.5	4.6	51.7
Miami	0.5	7.8	4.0	4.1	3.9	4.8	5.4	3.8	4.0	3.7	50.9
Osage	0.2	8.5	0.6	3.1	3.6	10.5	2.3	2.8	3.2	4.8	46.8
Shawnee	2.9	4.6	3.2	4.4	2.7	4.3	3.5	5.7	2.4	5.2	46.2
Wyandotte	3.7	6.2	3.1	6.3	2.0	1.0	3.9	4.2	1.5	4.3	42.5

Wyandotte. Although Douglas county is not a rural county, per capita incomes remain more similar to other rural counties, due mainly to the preponderance of low-wage, student held jobs.

Per capita income in Douglas county grew over 54 percent from 1990 to 2000. The state-wide average growth rate was 50.6 percent. Among the comparative counties, Douglas county's growth rate ranked much better as the county with the 3rd fastest growing per capita income. This indicates there could be the beginnings of a trend for Douglas County's levels to catch up to its neighbors.



Source: U.S. Bureau of Economic Analysis