

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

**Lawrence / Douglas County
Economic Indicators Report
First Quarter 2003**

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Lawrence/Douglas County Economic Indicators

First Quarter, 2003

Overall economic conditions in Lawrence in the first quarter were not as bright as could have been wished for. Unemployment insurance claims reached an all time high, and place of work employment data indicated 2.6 percent fewer jobs were available in Lawrence in the first quarter of this year as compared to last. However, total numbers of employed people who live in Lawrence rose slightly, indicating that employees have had some success in finding jobs outside of Douglas County to replace the fewer available locally. Local sales tax collections for both the city and county were down about 3 percent for the year, indicating consumer's continued hesitance to spend. On the positive side, guest tax collections began to recuperate from a difficult 2002, and single family home construction appears to be on track for a decent year.

LOCAL SALES TAX COLLECTIONS

Lawrence and Douglas County both experienced quarterly decreases in sales tax collections in the first quarter, by 3.4 percent for Lawrence and 3.9 percent for Douglas County. Compared to first quarter levels in 2002 collections were off as well, by about 3 percent for both. Collections in the first quarter are historically somewhat erratic for a variable which can be quite seasonal, and collections have increased or decreased dramatically in previous first quarters with little consistency.

TOURISM AND CONVENTIONS

First quarter transient guest tax collections fell 34 percent from the previous quarter, but adjusting for seasonal effects (the winter months are the slowest for tourist activity) total collections actually grew 3.7 percent from the previous quarter. At seasonally adjusted rates, collection totals were 6.3 percent higher than their level a year ago. This was a positive sign for the local tourism industry which weathered a fairly difficult and sparse 2002.

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

Both the labor force and the total number of people employed in the Lawrence MSA grew in the first quarter as compared to the previous quarter. As the rates of growth were about equal for both, the unemployment rate remained the same. Compared to a year ago, however, the number of unemployed fell 7.7 percent. The labor force data is collected by place of residence, meaning it counts the number of people who live in Lawrence and hold jobs, regardless of where those jobs exist. According to the 2000 Census nearly a quarter of these employed people commute out of the county to work each day, so changes in employment levels listed here reflect in part the economic conditions of the job pool in neighboring areas as well as in Lawrence.

NONFARM PAYROLL EMPLOYMENT (Place of work data)

In contrast to the labor force numbers listed above, the nonfarm payroll employment figures count the number of jobs which exist within the geographic borders of the Lawrence MSA, regardless of where the employees live who fill those jobs. Therefore, changes here reflect more closely the economic conditions of Lawrence industry and not as closely the fortunes of employees who live in the city; for many of them, as mentioned above, actually draw a paycheck from another town. This explains why the labor force numbers above can indicate a growth in employment in the first quarter, while total nonfarm payroll employment actually fell 1.7 percent for the quarter and 2.6 percent for the year. Therefore, the increase in the number of employed people living in Lawrence

during the first quarter (listed above) primarily reflects employees who found jobs outside of Douglas County, not jobs which were created locally. Indeed, all but the Manufacturing and Finance sectors of the local economy possessed fewer jobs as compared to the first quarter of 2002, and even the growth in those two sectors came to only 2 percent each. Page 3 has more detail.

JOB SERVICE CENTER

Initial unemployment insurance claims continued their steady growth of the last many months, reaching a record high 1,476 for the first quarter. While unemployment claims typically peak in the first quarter, this year's total is 6 percent higher than last year's, and double that when seasonal variations are taken out. Initial unemployment claims count the number of people who file for unemployment insurance, and each person can only be counted once a year.

CONSTRUCTION

In 2002 the total number of single family permits taken out in Lawrence totaled only 299, the first year since 1990 the number fell below 300. But in so far as any prediction can be made from the first quarter of 2003, single family homes appear to be on track for a better year. In 2002 the number of single family home permits sold in the first quarter totaled only 54, but this year the number reached 71 by the end of March. Multi-family permits, on the other hand, dropped 60 percent from the first quarter of last year, to only 12 for the first three months of this year. Overall, the total number of construction permits taken out in Lawrence for the first quarter was 8.6 percent fewer than a year ago.

In the unincorporated areas of Douglas County total construction was up nearly 11 percent for the year, though the value of all permits was actually 9 percent less. In other words, more projects were begun but they were small in size.

HOME SALES

The average price of an ACCRA-defined new home sold in Lawrence rose to \$255,930 in the first quarter, an increase of 5 percent from a year ago and the first time the price has exceeded \$250 thousand. The ACCRA-defined new home has 2,400 square feet of living area and is supposed to be typical of those purchased by upper-level managers. Recently ACCRA began recording prices of used homes as well, these they define as 3-bedroom, 2 bath homes between 1,600 and 2,100 square feet and built between 1972 and 1997. The average price of this type of home was \$187,156 in the first quarter, an increase of 9 percent from last year.

ELECTRIC UTILITIES

Few things are so predictable as the increase in residential electric utility meters in Lawrence. For the year the number of meters grew 2.1 percent, the same as every year. Commercial meters grew by 24, or 0.5 percent since last year, to a total of 4,418 in the first quarter. Total kilowatt-hours were low for the quarter since electrical usage declines in the winter months, but was up 4 percent since a year earlier, which reflects the higher number of consumers.

NOTE

This will be the last report in the Lawrence/Douglas County Economic Indicator series. In the future they will be replaced by an abbreviated economic barometer report, to be published by the Lawrence Chamber of Commerce. To be placed on their mailing list please contact Heather Ackerly at hackerly@lawrencechamber.com.

Lawrence/Douglas County Economic Indicators
First Quarter, 2003

	Current Period (1q03)	Previous Period (4q02)	Percent Change %	Year Ago (1q02)	Percent Change %
SALES TAX REVENUE (Thousands of Dollars) (note 1)					
Douglas County Sales Tax Collections	\$3,002	\$3,109	-3.4	\$3,078	-2.5
Lawrence Sales Tax Collections	\$2,748	\$2,858	-3.9	\$2,841	-3.3
TOURISM & CONVENTIONS					
Transient Guest Tax	\$93,440	\$141,917	-34.2	\$76,690	21.8
Rolling Quarterly Average	\$118,903	\$114,715	3.7	\$111,853	6.3
CIVILIAN LABOR FORCE (note 2)					
Total Civilian Labor Force	59,491	58,251	2.1	57,625	3.2
Total Employment	56,870	55,683	2.1	54,784	3.8
Unemployed	2,621	2,568	2.1	2,840	-7.7
Civilian Unemployment Rate	4.41%	4.41%	0.0	4.93%	-10.5
EMPLOYMENT (note 3) (Quarterly averages)					
Total Non-Farm	50,500	51,367	-1.7	51,833	-2.6
Natural Resources and Construction	2,400	2,533	-5.3	2,467	-2.7
Manufacturing	3,600	3,600	0.0	3,533	1.9
Wholesale Trade	800	800	0.0	867	-7.7
Retail Trade	5,300	5,733	-7.6	5,733	-7.6
Transportation and Utilities	1,567	1,600	-2.1	1,567	0.0
Information	2,600	2,600	0.0	2,733	-4.9
Finance	1,800	1,800	0.0	1,767	1.9
Professional and Business Services	3,533	3,667	-3.6	3,800	-7.0
Educational and Health Services	5,067	5,367	-5.6	5,367	-5.6
Leisure and Hospitality	6,200	6,167	0.5	6,233	-0.5
Government	14,767	14,700	0.5	14,967	-1.3
JOB SERVICE CENTER (Quarterly totals)					
Initial Unemployment Insurance Claims	1,476	1,212	21.8	1392	6.0
IU Claims, rolling 4-quarter average	1,175	1,154	1.8	1037	13.3

note 1: 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, Lawrence MSA.

note 3: Place of Work figures, Lawrence MSA.

Lawrence/Douglas County Economic Indicators
First Quarter, 2003

	Current Period (1q03)	Previous Period (4q02)	Percent Change %	Year Ago (1q02)	Percent Change %
CONSTRUCTION (Lawrence)					
Total Number of Building Permits	592	682	-13.2	648	-8.6
Single Family	71	90	-21.1	54	31.5
Multifamily	12	30	-60.0	32	-62.5
Number of Units	31	60	-48.3	65	-52.3
New Business/Commercial	13	10	30.0	6	116.7
Total Value of All Permits (Thousands of dollars)	\$25,947	\$35,328	-26.6	\$22,715	14.2
Single Family	\$11,463	\$12,860	-10.9	\$7,532	52.2
Multifamily	\$2,493	\$5,874	-57.6	\$5,193	-52.0
New Business/Commercial	\$5,894	\$10,058	-41.4	\$2,743	114.9
Business Remodels/Additions	\$3,844	\$3,789	1.5	\$3,712	3.6
All Other (note 4)	\$2,253	\$2,746	-17.9	\$3,534	-36.3
CONSTRUCTION (Douglas County unincorporated) (note 5)					
Total Number of Building Permits (all types)	319	141	126.2	288	10.8
New Residential	12	20	-40.0	12	0.0
New Business/Commercial	7	6	16.7	5	40.0
Total Value of All Permits (Thousand of Dollars)	\$3,329	\$4,864	-31.6	\$3,666	-9.2
New Residential	\$2,297	\$3,501	-34.4	\$2,067	11.1
New Business/Commercial	\$99	\$49	100.6	\$812	-87.8
NEW & EXISTING HOME SALES					
Price of ACCRA-defined New Home (note 6)	\$255,930	\$249,659	2.5	243,117	5.3
Price of ACCRA-defined Used Home (note 7)	\$187,156	\$172,488	8.5	171,514	9.1
ELECTRIC UTILITIES (City of Lawrence)					
Average # Residential Meters	36,793	36,514	0.8	36,035	2.1
Average # Commercial Meters	4,418	4,392	0.6	4,394	0.5
Average # Industrial Meters	27	23	14.6	22	23.0
Total Kilowatt Hours Used (Millions)	231.9	238.4	-2.7	222.9	4.0

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

note 5: In 2003 the Kansas Department of Human Resources switched to the NAICS classifications system, previously they had used the SIC system.

note 6: The ACCRA new home is defined as 2,400 square feet, construction begun in last 90 days.

note 7: The ACCRA used home is defined as 3-bedroom, 2-bath, built between 1972-1997

Sources:

Douglas County Appraiser's Office
 Kansas Department of Revenue
 Kansas Power & Light
 Labor Market Information Services, Kansas Department of Human Resources
 Lawrence Convention and Visitors Bureau
 Building Inspection Department, City of Lawrence

PER CAPITA INCOME: DOUGLAS AND SURROUNDING COUNTIES, KANSAS 1991-2001

Among the nine comparative counties, Douglas county ranked 6th in per capita income in 2001, the last year for which data is currently available.

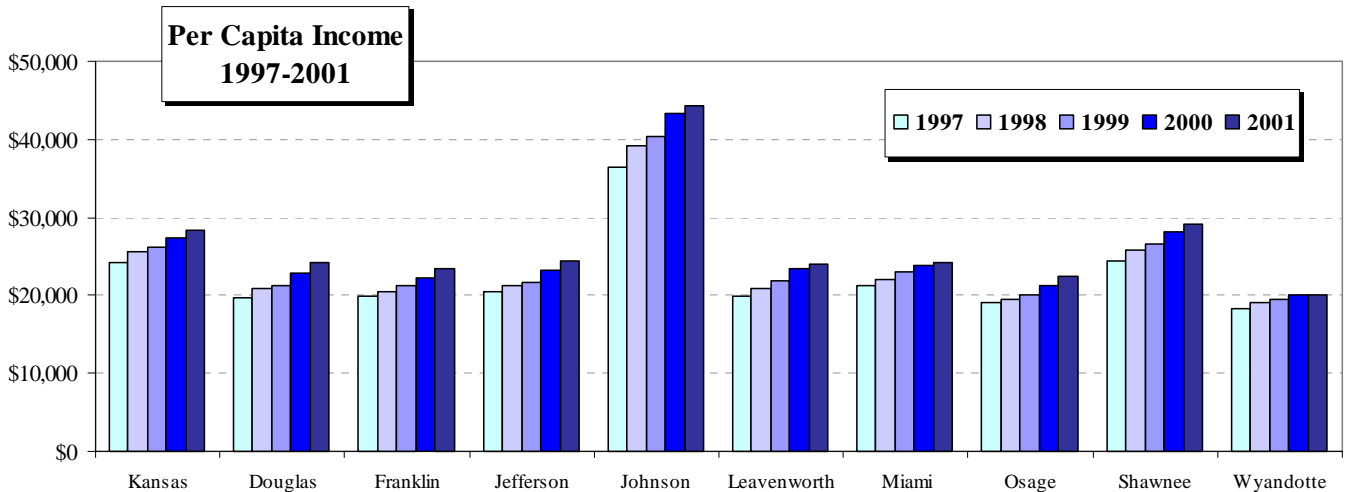
Also, the Douglas county per capita income in 2001 was about \$4,300 less than the statewide average. The county with the highest per capita income in 2001 was Johnson

and the lowest was Wyandotte. Although Douglas county is not a rural county, per capita incomes remain more similar to other rural counties than the urban centers surrounding it.

Per capita income in Douglas county grew over 57 percent from 1991 to 2001. The statewide average growth rate was 51.2 percent. Among the comparative counties, Douglas county's growth rate tied in second place along with Johnson County; Franklin's growth rate was the highest at 61.4 percent.

Dollars	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Kansas	18,806	19,905	20,438	21,258	21,771	22,977	24,182	25,519	26,134	27,439	28,432
Douglas	15,324	16,204	16,588	17,523	17,939	18,534	19,750	20,941	21,268	22,892	24,129
Franklin	14,535	15,875	15,694	16,666	17,429	18,767	19,879	20,480	21,228	22,223	23,465
Jefferson	16,063	17,370	17,369	18,703	18,621	20,253	20,406	21,187	21,687	23,190	24,463
Johnson	28,130	29,513	30,624	31,766	33,385	34,684	36,407	39,137	40,400	43,280	44,308
Leavenworth	15,333	17,010	17,168	18,008	18,380	19,024	19,865	20,831	21,848	23,498	24,071
Miami	15,870	17,110	17,793	18,530	19,261	20,185	21,276	22,092	23,057	23,809	24,275
Osage	14,409	15,630	15,730	16,224	16,816	18,584	19,005	19,528	20,012	21,198	22,536
Shawnee	19,547	20,441	21,096	22,034	22,629	23,591	24,406	25,799	26,499	28,127	29,144
Wyandotte	14,694	15,598	16,080	17,101	17,447	17,624	18,314	19,082	19,580	20,130	20,173

% Change	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	91-01
Kansas	5.8	2.7	4.0	2.4	5.5	5.2	5.5	2.4	5.0	3.6	51.2
Douglas	5.7	2.4	5.6	2.4	3.3	6.6	6.0	1.6	7.6	5.4	57.5
Franklin	9.2	-1.1	6.2	4.6	7.7	5.9	3.0	3.7	4.7	5.6	61.4
Jefferson	8.1	0.0	7.7	-0.4	8.8	0.8	3.8	2.4	6.9	5.5	52.3
Johnson	4.9	3.8	3.7	5.1	3.9	5.0	7.5	3.2	7.1	2.4	57.5
Leavenworth	10.9	0.9	4.9	2.1	3.5	4.4	4.9	4.9	7.6	2.4	57.0
Miami	7.8	4.0	4.1	3.9	4.8	5.4	3.8	4.4	3.3	2.0	53.0
Osage	8.5	0.6	3.1	3.6	10.5	2.3	2.8	2.5	5.9	6.3	56.4
Shawnee	4.6	3.2	4.4	2.7	4.3	3.5	5.7	2.7	6.1	3.6	49.1
Wyandotte	6.2	3.1	6.3	2.0	1.0	3.9	4.2	2.6	2.8	0.2	37.3



Source: U.S. Bureau of Economic Analysis