

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

---

**Lawrence / Douglas County  
Economic Indicators Report  
Second Quarter 2000**

---

**Prepared by:**

**Luke Middleton  
Research Economist**

**October 2000**

**Steven Maynard-Moody  
Interim Director, Policy Research Institute  
The University of Kansas**

# Lawrence/Douglas County Economic Indicators

## Second Quarter, 2000

The second quarter figures for the Lawrence/Douglas County economy show robust growth in nearly every area. Employment was up by over one thousand jobs since last quarter, and construction activity was at an all time high for both Lawrence and the County. There was a flip side though: guest tax revenues began to slip, and unemployment was up considerably from a year ago.

### STATE SALES TAX COLLECTIONS

Due to a change in the sales tax processing system, state sales tax revenue figures have been unavailable since last year. However, the Kansas Department of Revenue has stated they are nearly done with preparing revised data for release and expect to publish it in time for the next edition of this report.

### LOCAL SALES TAX COLLECTIONS

The Kansas Department of Revenue has also instituted a change in the way they handle local sales tax collections. All local sales taxes go first to the KDOR, where they are processed. The correct amount is then sent back to the city or county. Previously, the Department had reported sales tax collections in the month during which they were processed, or received. Now, collections are reported for the month issued; that is, the month in which they are sent back to local governments. The effect is such that a given amount of sales tax collections that was listed under the old system in May would now be listed in June. Consequently, the information in this report does not compare with previous editions.

That said, sales tax collections fell from last quarter for both Lawrence (-11 percent) and Douglas County (-4.5 percent). A decrease in second quarter collections is historically typical, however, as students tend to leave for the summer and the local population declines.

### TOURISM AND CONVENTIONS

Nearly \$120,000 was collected in transient guest taxes in the second quarter. While up about 25 percent from the first quarter, the average increase in second quarter guest tax growth for the last ten years has been around 60 percent. Such being the case, a 25 percent increase can actually be viewed as a downward trend in guest tax collections. The rolling quarterly average, which eliminates seasonal effects, bears this out: it decreased 5 percent from last quarter and 4.4 percent from a year ago.

### FINANCIAL INSTITUTIONS

For the last three quarters both net loans and deposits have grown slowly but steadily, showing an unusual stability for indicators which have historically been very erratic. Net loans continued growing moderately at 3 percent from last quarter, about the same rate it has been for a year. Deposits increased as well, about \$15 million from last quarter, or 2.4 percent.

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

Employment in Douglas County increased to 55,413 jobs in the second quarter, a healthy 2 percent compared to the average second quarter increase of about 1.2 percent. However, due to steady growth in the labor force, unemployment was up a considerable 21 percent from the decade lows posted a year ago, and was only down six jobs (-0.3 percent) from the first quarter of this year.

### WAGE AND SALARY EMPLOYMENT (Place of work data)

Employment growth remained strong in most sectors. The two which increased most from the previous quarter were Construction & Mining (21.5 percent) and Farming (20 percent), but these sectors vary by season and typically add jobs in the spring. Manufacturing employment was also up for the quarter (by 2.4 percent), as were Retail Trade (5.2 percent), Services (2 percent) and Government (1.2 percent).

Overall growth for the year was a sluggish 1 percent for total nonfarm employment. The Finance, Insurance and Real Estate employment sector decreased nearly 11 percent for the year, and Wholesale Trade dropped 8 percent from an already low 1999 second quarter. Off-setting these declines were Manufacturing, which continued its strong upward trend with a 5.6 percent increase for the year, and Retail Trade, which grew a steady 4 percent. Indeed, Retail Trade has grown very consistently over the last ten years, second only to the Services sector.

### **JOB SERVICE CENTER**

Unemployment insurance claims were down considerably, dropping nearly 34 percent from the first quarter. However, since the second quarter of 1999 they have increased almost 15 percent, bringing them to the same level they were before the record lows experienced last year.

### **CONSTRUCTION**

Both Lawrence and the rest of Douglas County saw an increase in construction activity, both from the previous quarter and for the year. The total number of building permits issued in Lawrence for the second quarter was 846, just one permit shy of the record set for the same quarter in 1998. Single family permits led the increase, up 45 percent from last quarter and up 53 percent in value to almost \$15 million. Single family permit values were also up for the year, but by only 2 percent. New business/commercial permits also increased slightly for the quarter (3 permits), although they were down for the year in both numbers (-31 percent) and value (-14 percent). And while total building permits may have been high for Lawrence, their total value was down to \$28.7 million, a reduction of 15 percent for the quarter and 18 percent for the year.

The Douglas County zoning department has added a new type of permit called reinspection permits. These are required if the original inspection of a structure fails to meet building codes, resulting in the inspector making an additional trip later on to ensure compliance. At \$22.50 each, the value of these permits is negligible, but with 36 issued in the second quarter, they did make the total number of permits look extremely high, shooting up over 100 percent from the first quarter. However, even ignoring the reinspection permits the number of permits issued for Douglas County was still at a record high. Total value of all permits was also impressive at just over \$5 million, a two-year high.

### **NEW AND EXISTING HOME SALES**

Single family home sales increased 97 percent in the second quarter to 353 units, but the average second quarter growth for the last ten years has been 103 percent- families obviously like to buy homes in the spring. The increase of 2.6 percent from the previous year is a much more meaningful number, reflecting what anyone who lives in Lawrence already knows: more people are continuing to move here.

The price of an ACCRA-defined home rose about 8 percent from the first quarter to \$225,457. Comparisons with last year are still not possible, due to a change in the definition of an ACCRA house, which took place last September. The definition itself is rather involved, but its primary stipulations are that the house must have 3 bedrooms and 2 baths, be newly built (not pre-fabricated) and previously un-lived in on an 8,000 square foot lot, and the house itself must be 2,400 square feet. Last year's change was in the square footage of the house, which prior to September of 1999 had been 1,800 square feet.

### **ELECTRIC UTILITIES**

Total kilowatt hours were up a hefty 6 percent for the quarter, reflecting this year's early arrival of summer heat. All meter numbers were up for the year, with residential meters increasing 2 percent from the second quarter of 1999, commercial meters 3.6 percent, and industrial meters growing 3.7 percent.

**Lawrence/Douglas County Economic Indicators**  
**Second Quarter, 2000**

	<b>Current Period (2q00)</b>	<b>Previous Period (1q00)</b>	<b>Percent Change %</b>	<b>Year Ago (2q99)</b>	<b>Percent Change %</b>
<b>SALES TAX REVENUE (Thousands of Dollars) (note 1)</b>					
State Sales Tax Collections	n/a	n/a	-	n/a	-
Douglas County Sales Tax Collections	\$2,770	\$2,902	-4.5	\$2,640	5.0
Lawrence Sales Tax Collections	\$2,365	\$2,651	-10.8	\$2,493	-5.1
<b>TOURISM &amp; CONVENTIONS</b>					
Transient Guest Tax	\$119,568	\$96,146	24.4	\$144,965	-17.5
Rolling Quarterly Average	\$121,863	\$128,213	-5.0	\$127,475	-4.4
<b>FINANCIAL INSTITUTIONS (Thousands of Dollars)</b>					
Bank & S&L Net Loans (note 2)	\$536,387	\$520,815	3.0	\$485,474	10.5
Bank & S&L Deposits	\$703,661	\$687,170	2.4	\$673,116	4.5
<b>CIVILIAN LABOR FORCE (note 3)</b>					
Total Civilian Labor Force	57,480	56,400	1.9	56,464	1.8
Total Employment	55,413	54,327	2.0	54,754	1.2
Unemployed	2,067	2,073	-0.3	1,710	20.9
Civilian Unemployment Rate	3.60%	3.68%	-2.2	3.03%	18.8
<b>EMPLOYMENT (note 4) (Monthly averages)</b>					
Nonfarm Wage & Salary Employees	50,233	48,733	3.1	49,733	1.0
Manufacturing	5,700	5,567	2.4	5,400	5.6
Construction & Mining	2,633	2,167	21.5	2,600	1.3
Transportation & Public Utilities	1,400	1,400	0.0	1,400	0.0
Wholesale Trade	1,133	1,200	-5.6	1,233	-8.1
Retail Trade	11,400	10,833	5.2	10,967	3.9
Finance/Insurance/Real Estate	1,900	1,900	0.0	2,133	-10.9
Services	11,700	11,467	2.0	11,700	0.0
Government	14,367	14,200	1.2	14,233	0.9
Farm Employment	600	500	20.0	567	5.8
<b>JOB SERVICE CENTER (Quarterly totals)</b>					
Initial Unemployment Insurance Claims	571	860	-33.6	498	14.7
IU Claims, rolling 4-quarter average	706	688	2.6	539	31.0

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: Banks, Savings & Loans and Credit Unions have been combined in this category, with 7 local institutions reporting.

note 3: Place of Residence figures, Douglas County.

note 4: Place of Work figures, Douglas County.

**Lawrence/Douglas County Economic Indicators**  
**Second Quarter, 2000**

	<b>Current Period (2q00)</b>	<b>Previous Period (1q00)</b>	<b>Percent Change %</b>	<b>Year Ago (2q99)</b>	<b>Percent Change %</b>
<b>CONSTRUCTION (Lawrence)</b>					
Total Number of Building Permits	846	583	45.1	784	7.9
Single Family	113	78	44.9	105	7.6
Multifamily	8	19	-57.9	16	-50.0
Number of Units	62	116	-46.6	33	87.9
New Business/Commercial	9	6	50.0	13	-30.8
Total Value of All Permits (Thousands of dollar	\$28,668	\$33,688	-14.9	\$35,060	-18.2
Single Family	\$14,837	\$9,701	52.9	\$14,558	1.9
Multifamily	\$3,323	\$6,161	-46.1	\$2,892	14.9
New Business/Commercial	\$3,674	\$13,205	-72.2	\$8,637	-57.5
Business Remodels/Additions	\$4,040	\$1,675	141.2	\$4,676	-13.6
All Other (note 5)	\$3,415	\$2,947	15.9	\$4,297	-20.5
<b>CONSTRUCTION (Douglas County unincorporated)</b>					
Total Number of Building Permits (all types)	159	79	101.3	106	50.0
New Residential	25	16	56.3	21	19.0
New Business/Commercial	3	2	50.0	1	200.0
Total Value of All Permits (Thousands of dollar	\$5,099	\$2,676	90.5	\$3,890	31.1
New Residential	\$4,081	\$1,886	116.4	\$2,951	38.3
New Business/Commercial	\$85	\$41	106.3	\$40	112.5
<b>NEW &amp; EXISTING HOME SALES</b>					
Single Family Numbers	353	179	97.2	344	2.6
Price of ACCRA-defined Home (note 6)	\$225,457	\$209,220	7.8	n/a	n/a
<b>ELECTRIC UTILITIES (City of Lawrence)</b>					
Average # Residential Meters	35,134	34,547	1.7	34,398	2.1
Average # Commercial Meters	4,177	4,166	0.3	4,030	3.6
Average # Industrial Meters	28.3	29.0	-2.4	27.3	3.7
Total Kilowatt Hours Used (Millions)	255.2	240.7	6.0	236.7	7.8

note 5: Includes the value of permits for signs, plumbing, electrical, mechanical, accessory structures, detached garages, business and residential demolition, and swimming pools.

note 6: Price comparisons can not be made prior to the 4th quarter of 99 due to changes in the ACCRA definition of a house.

**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  
 Financial information from phone survey of 7 local institutions  
 Office of the Zoning Division, Douglas County Public Works  
 Building Inspection Department, City of Lawrence

Policy Research Institute  
 University of Kansas

## EMPLOYMENT CHANGES IN NORTHEAST KANSAS CITIES

1999 continued the slow-down in employment growth experienced by most of our sample cities in 1998. This trend can be easily observed in the graph below. Kansas City was the notable exception with employment increasing 3.4 percent in 1999, the highest growth it has seen in a decade marked by decline. However, its ten-year growth rate was a paltry 1 percent, and it has only just now achieved the same employment levels it possessed in 1990.

With 1,200 new jobs in 1999, employment in Lawrence grew about three percent; this down a point from last year's four percent but still a modest increase. And at nearly 27 percent (9,112 jobs), its ten-year growth rate was second only to Olathe's among the cities compared. Furthermore, this rapid growth is expected to continue, according to Demographics Daily, an online publication of American City Business Journals. It predicts Lawrence will be the fastest growing city in the midwest for the next 25 years in terms of population.

Count	1995	1996	1997	1998	1999
Kansas City	63,325	63,022	64,656	65,460	67,695
<b>Lawrence</b>	<b>38,744</b>	<b>38,666</b>	<b>40,438</b>	<b>42,010</b>	<b>43,225</b>
Leavenworth	12,868	13,015	13,402	13,856	14,330
Manhattan	19,652	19,725	20,290	20,700	20,838
Olathe	39,928	40,728	42,985	44,789	46,319
Topeka	61,828	62,120	62,074	63,130	63,580
<b>Kansas</b>	<b>1,278,500</b>	<b>1,288,000</b>	<b>1,326,000</b>	<b>1,364,000</b>	<b>1,391,000</b>

Source: Kansas Department of Human Resources

Differences	1996	1997	1998	1999	90-99
Kansas City	-303	1,634	804	2,235	773
<b>Lawrence</b>	<b>-78</b>	<b>1,772</b>	<b>1,572</b>	<b>1,215</b>	<b>9,112</b>
Leavenworth	147	387	454	474	2,224
Manhattan	73	565	410	138	2,099
Olathe	800	2,257	1,804	1,530	10,450
Topeka	292	-46	1,056	450	3,394
<b>Kansas</b>	<b>9,500</b>	<b>38,000</b>	<b>38,000</b>	<b>27,000</b>	<b>172,000</b>

Growth Rate	1996	1997	1998	1999	90-99
Kansas City	-0.48%	2.59%	1.24%	3.41%	1.16%
<b>Lawrence</b>	<b>-0.20%</b>	<b>4.58%</b>	<b>3.89%</b>	<b>2.89%</b>	<b>26.71%</b>
Leavenworth	1.14%	2.97%	3.39%	3.42%	18.37%
Manhattan	0.37%	2.86%	2.02%	0.67%	11.20%
Olathe	2.00%	5.54%	4.20%	3.42%	29.13%
Topeka	0.47%	-0.07%	1.70%	0.71%	5.64%
<b>Kansas</b>	<b>0.74%</b>	<b>2.95%</b>	<b>2.87%</b>	<b>1.98%</b>	<b>14.11%</b>

In contrast, Topeka's employment growth rate dropped to below 1 percent in 1999, wiping out nearly half the jobs it created the preceding year. This seemingly bad news was offset by Topeka's unemployment rate, which in the same period plunged to its lowest levels in over 20 years, averaging 3.6 for 1999.

The State of Kansas as a whole increased employment in 1999 by about 27,000, but again, this was less than the previous year's increase. Growth for the decade registered in at a considerable 14 percent.

Data on this page come from the Kansas Department of Human Resources' "Labor Force Estimates." Due to frequent revisions current numbers are unlikely to match those cited in previous reports. Employment figures for cities are based on the ratio of the city's population to that of its county during the 1990 census, and do not reflect the precise number of employed in a given town. These estimates can be viewed online at <http://laborstats.hr.state.ks.us/lfe/lfe.htm>.

