

Approved: 1 - 28 - 93
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Wanda Fuller at 3:30 p.m. on January 26, 1993 in Room 423-S of the Capitol.

All members were present except:

Representative Henry, excused
Representative Mead, excused

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Carlene Hill Forrest, Wichita State University

Others attending: See attached list

The Chair introduced Carlene Hill Forrest, Director, Center for Economic Development and Business Research, Wichita State University, to the committee. She gave a report on Analyzing the Impact of the Aviation Industry on the Kansas Economy. She stated there were four competitive factors necessary for success: 1) technological breakthroughs 2) access to capital 3) well-trained and educated workforce and 4) competitive business environment. (Attachment 1)

Following her presentation the Chair called for questions from the committee.

The meeting was adjourned at 4:40 p.m.

The next meeting is scheduled for January 27, 1993.

GUEST LIST

COMMITTEE: Economic Development DATE: 1-26-93

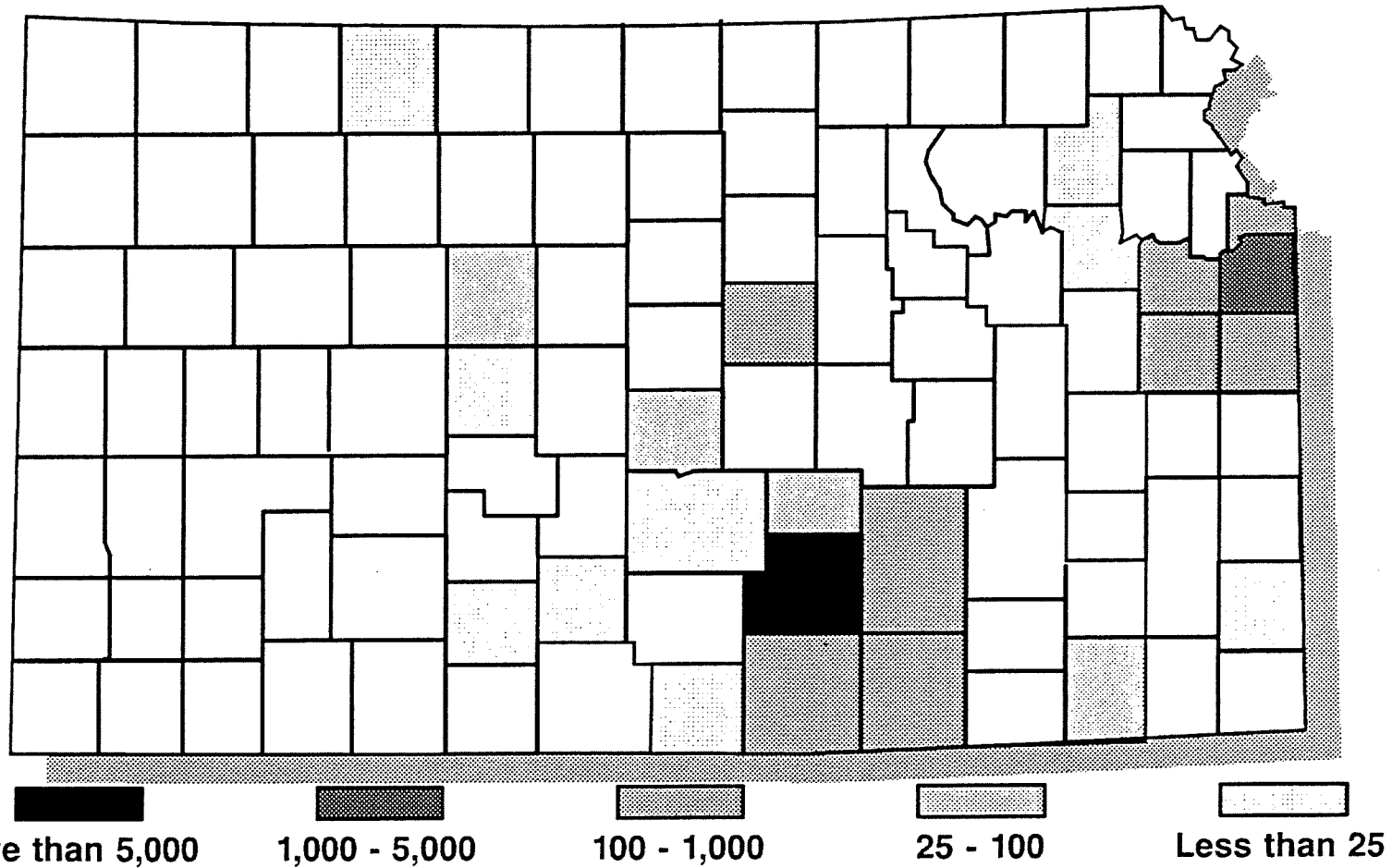
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Analysis of the Impact of Aviation Industry on the Kansas Economy

**The Wichita State University
Center for Economic Development
and Business Research**

January 26, 1993
Economic Development
Attachment 1

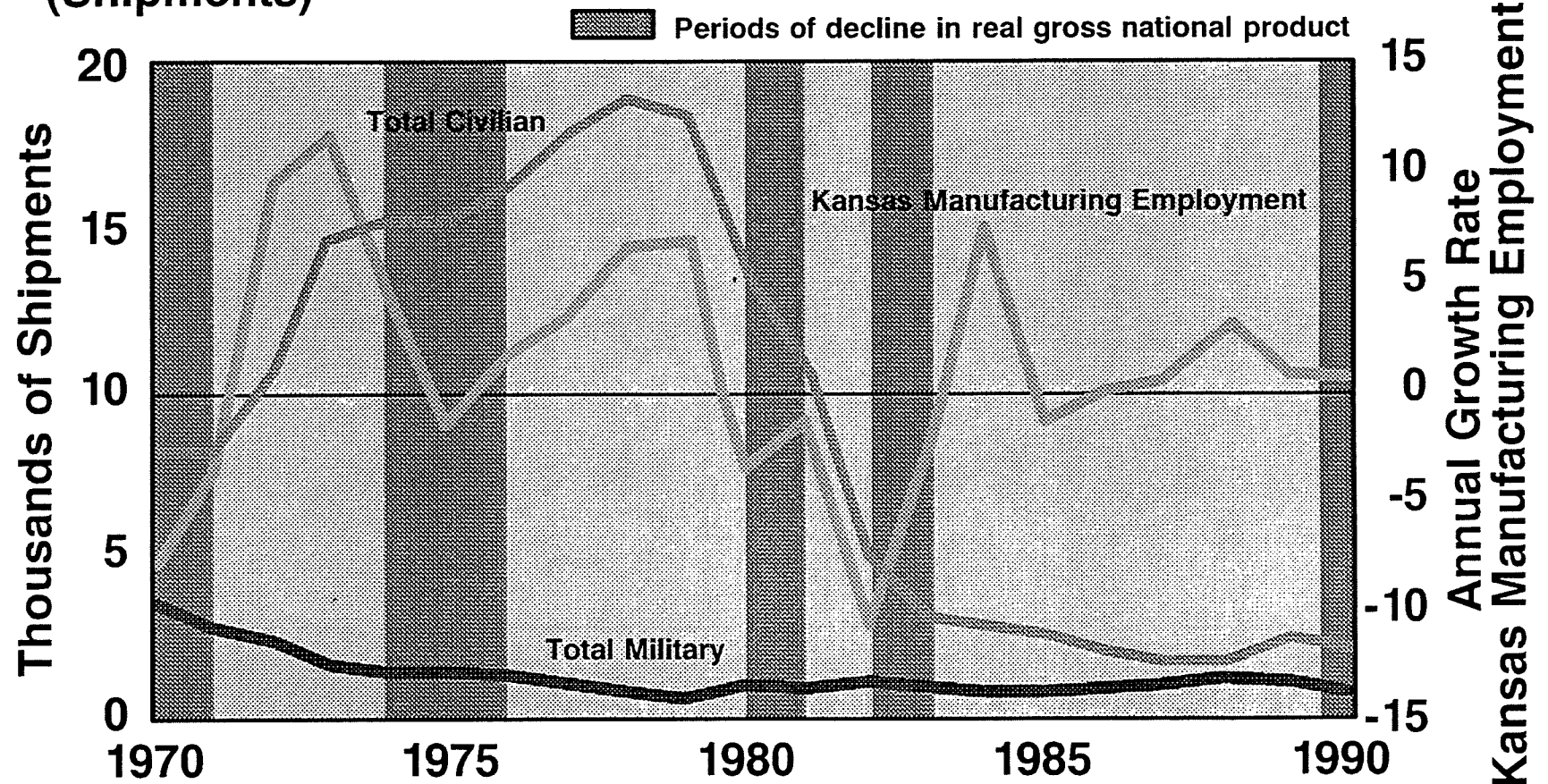
Full-Time Employees in the Aviation Industry



Compiled by CEDBR, W. Frank Barton School of Business, WSU

U.S. Aircraft Production and Kansas Manufacturing Employment

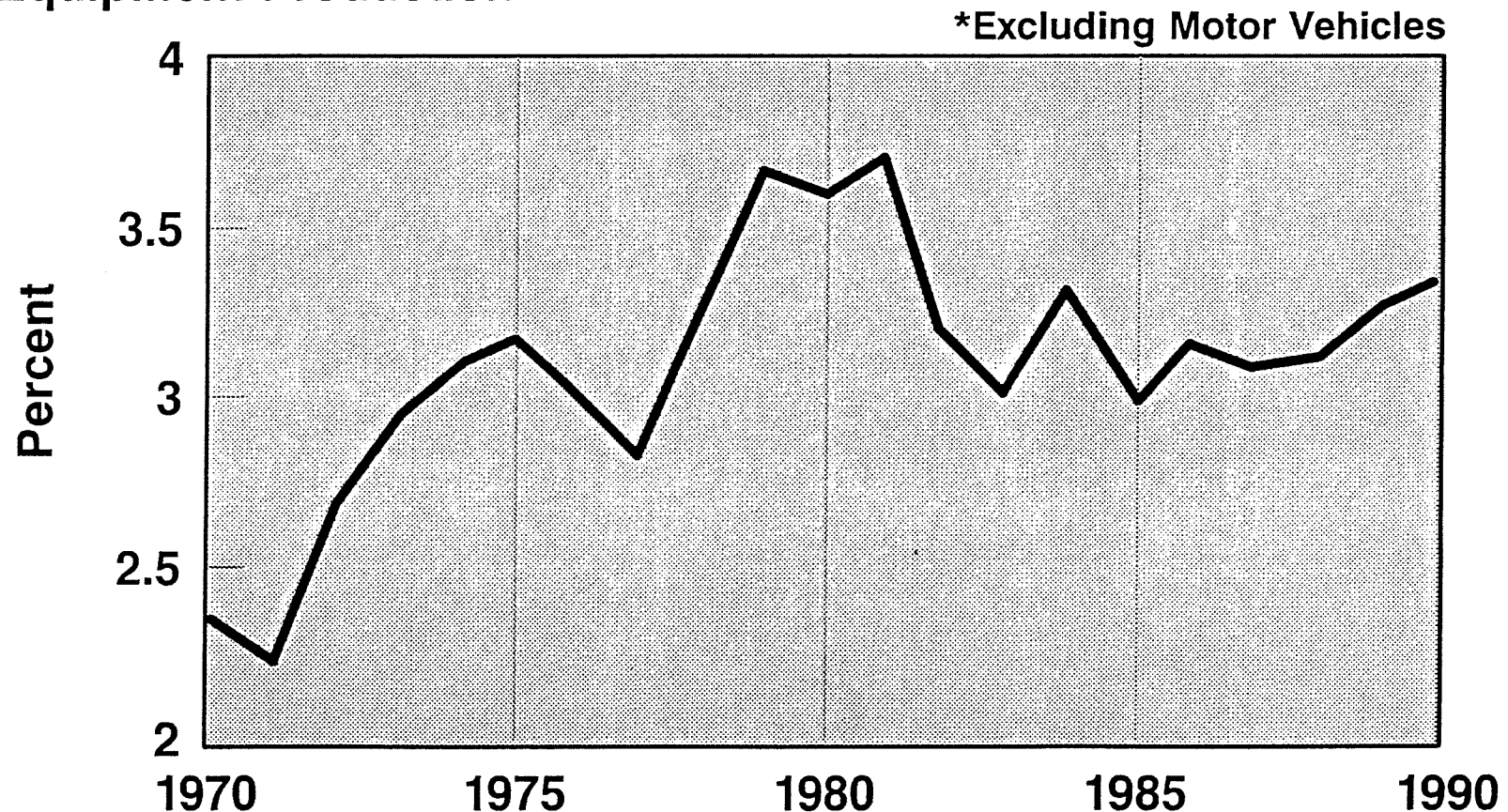
(Shipments)



Source: Aerospace Industries Assoc., Inc., "Aerospace Facts and Figures".
 Ks. Employment from U.S. Dept of Commerce, Personal Income Series
 Compiled by CEDBR, W. Frank Barton School of Business, WSU

Kansas Earnings from Transportation Equipment Production*

As a Percent of U.S. Earnings from Transportation Equipment Production

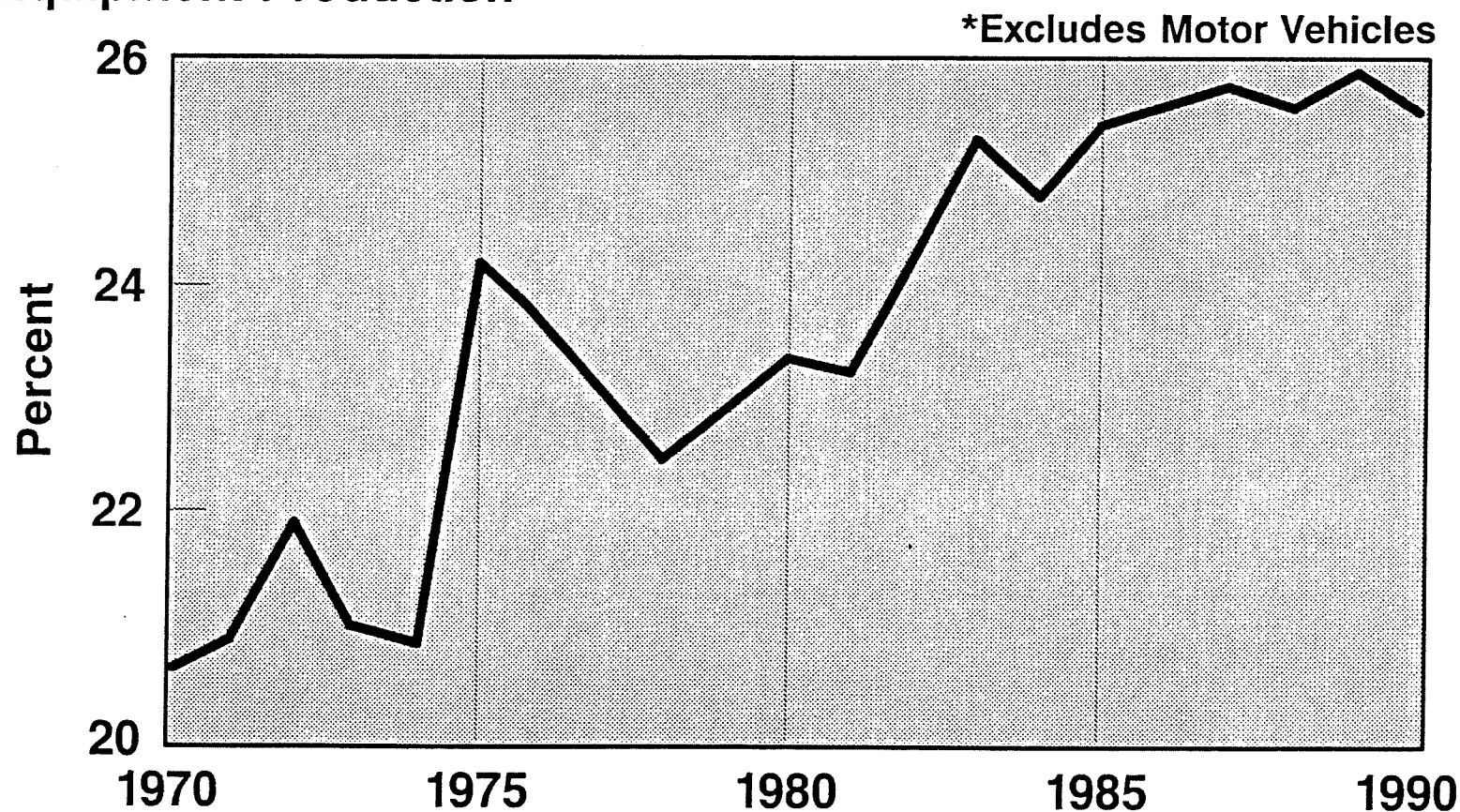


Source: U.S. Dept of Commerce, Bureau of Economic Analysis, Personal Income. Compiled by CEDBR, WSU

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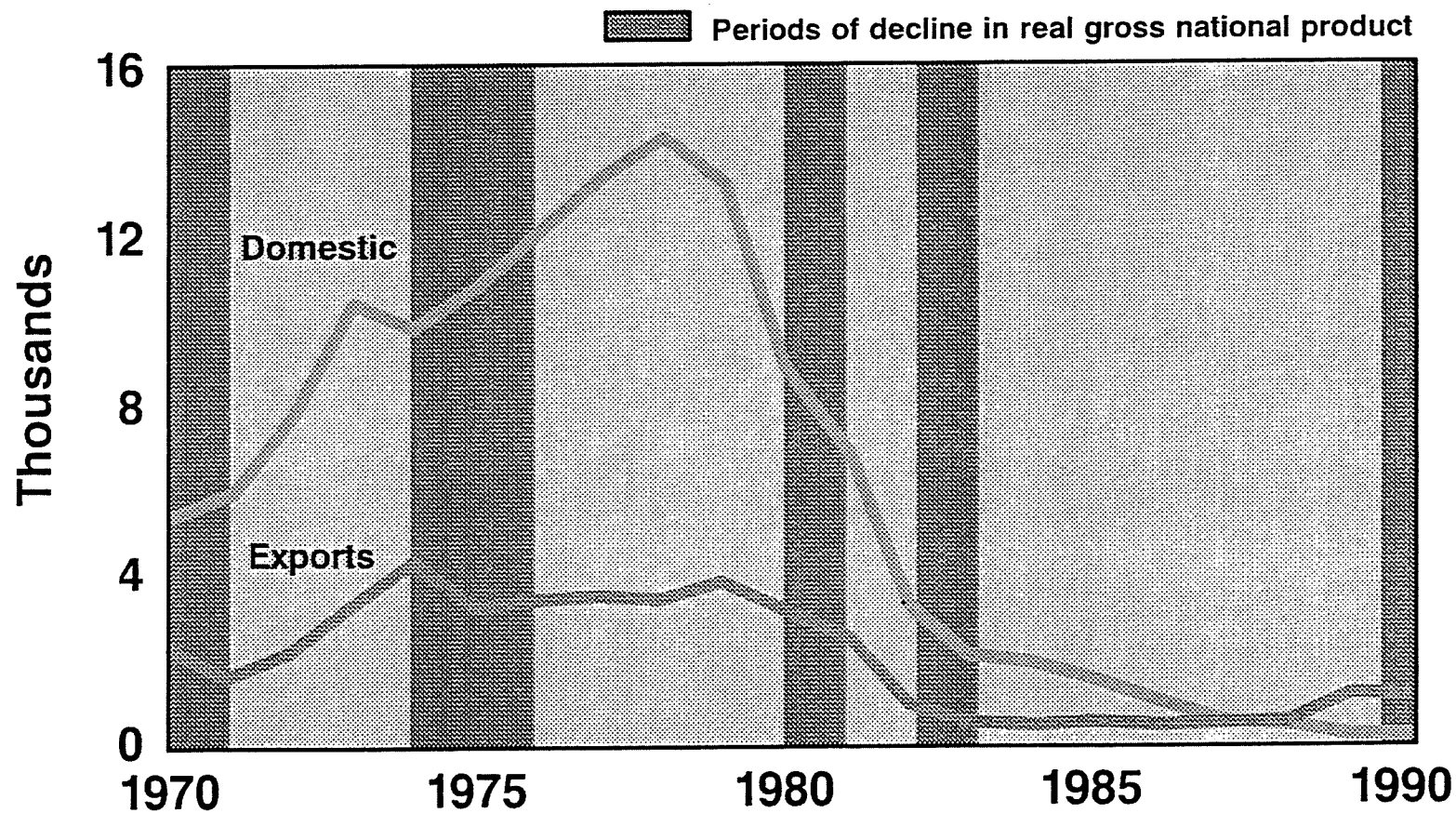
California Earnings from Transportation Equipment Production*

As a Percent of U.S. Earnings from Transportation Equipment Production



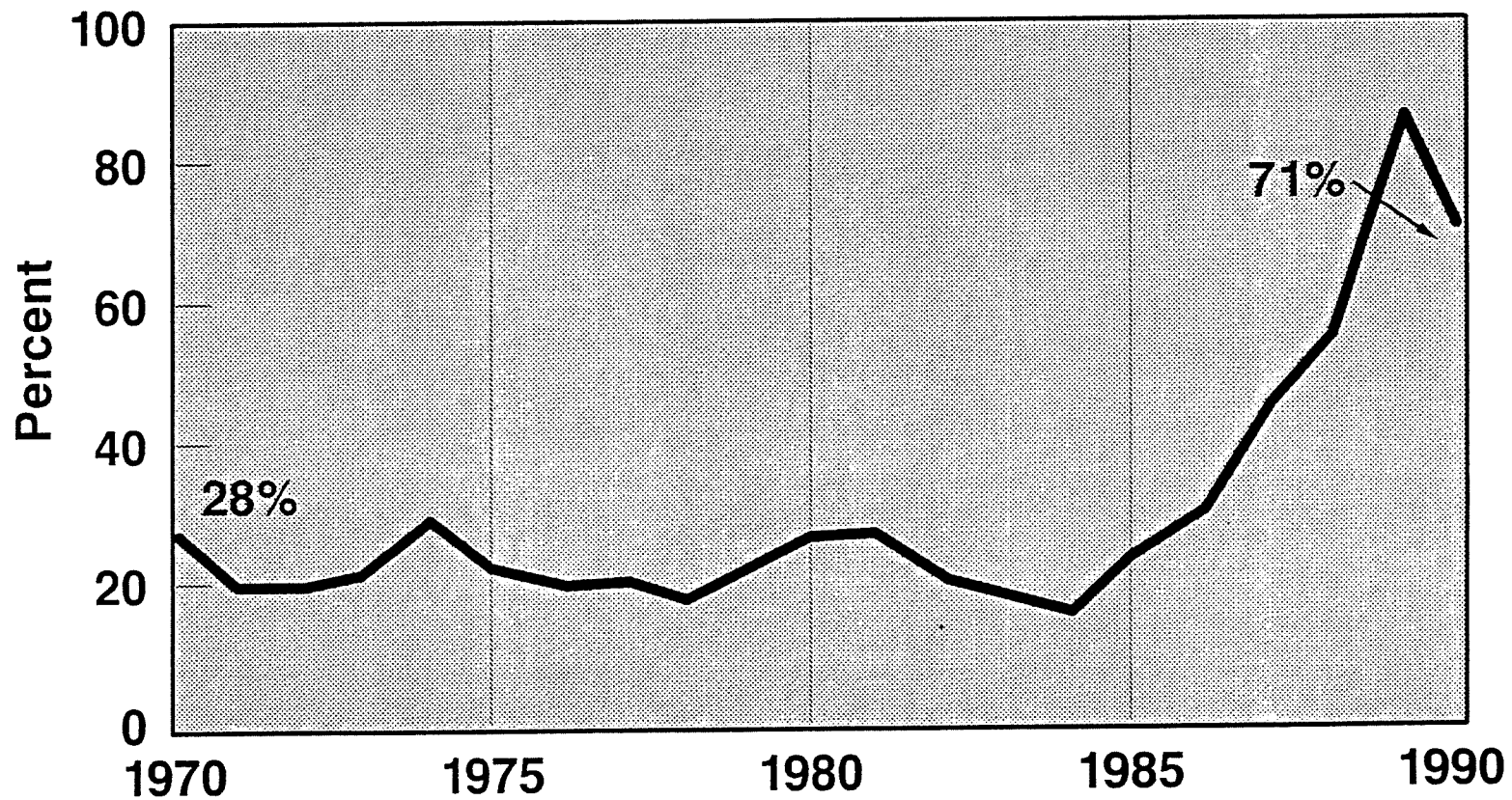
Source: Personal Income Data, Bureau of Economic Analysis. Compiled by CEDBR, WSU

U.S. General Aviation Production (Shipments)



Source: Aerospace Industries Assoc., Inc., "Aerospace Facts and Figures".
Ks. Employment from U.S. Dept of Commerce, Personal Income Series
Compiled by CEDBR, WSU

U.S. Exports of General Aviation Aircraft



Source: Aerospace Facts and Figures, 91-92. Compiled by CEDBR, WSU

Top Ten U.S. Industries

By Value Added and Payroll per Employee

Ranking	Value Added/Employee	Payroll/Employee
1	Tobacco	Petroleum & Coal
2	Petroleum & Coal	Tobacco
3	Chemical & Allied	Transportation & Equip.
4	Food & Kindred	Chemical & Allied
5	Paper & Allied	Instruments
6	Instruments	Primary Metals
7	Transportation & Equip.	Paper & Allied
8	Primary Metals	Industrial Mach & Equip.
9	Electronic & Other	Electronic & Other
10	Industrial Mach & Equip.	Fabricated Metals

Source: U.S. Dept of Commerce, Bureau of Census. Compiled by CEDBR, WSU

Top Ten U.S. Industries

By Value Added and Payroll per Employee

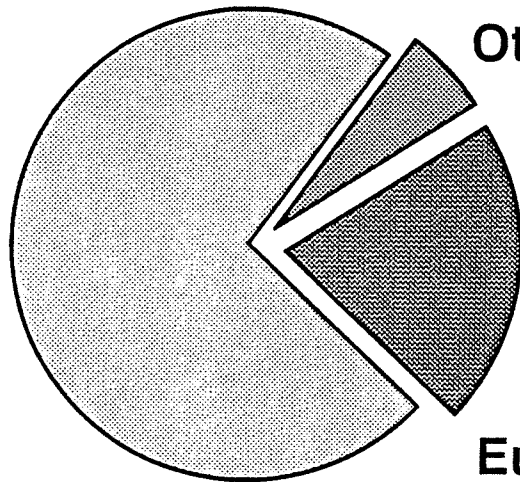
Ranking	Value Added/Employee	Payroll/Employee
1	Tobacco	Petroleum & Coal
2	Petroleum & Coal	Aircraft & Parts
3	Chemical & Allied	Tobacco
4	Food & Kindred	Transportation & Equip.
5	Paper & Allied	Chemical & Allied
6	Instruments	Instruments
7	Transportation & Equip.	Primary Metals
8	Primary Metals	Paper & Allied
9	Aircraft & Parts	Industrial Mach & Equip.
10	Electronic & Other	Electronic & Other
11	Industrial Mach & Equip.	Fabricated Metals

Source: U.S. Dept of Commerce, Bureau of Census. Compiled by CEDBR, WSU

Share of Worldwide Market

For Aerospace Products

United States 73%

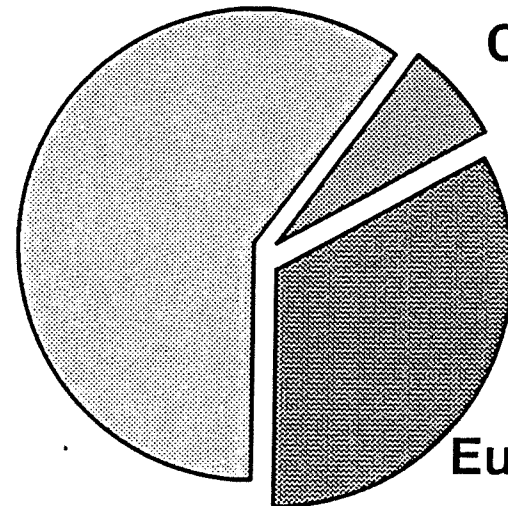


Other 6%

Europe 21%

1985

United States 60%



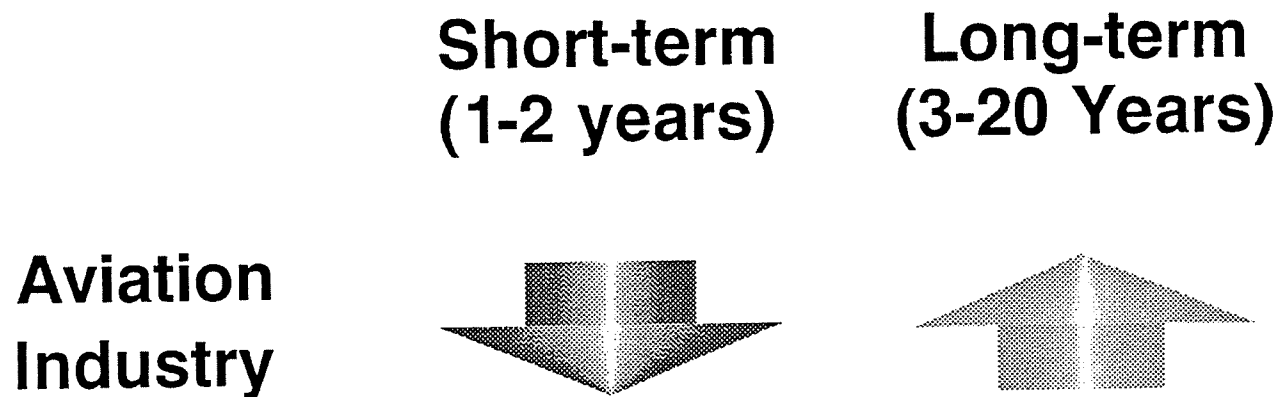
Other 7%

Europe 33%

1989

Source: Aerospace Industries Association of America CEDBR, The Wichita State University

Future Prospects for the Aviation Industry



Source: CEDBR, The Wichita State University

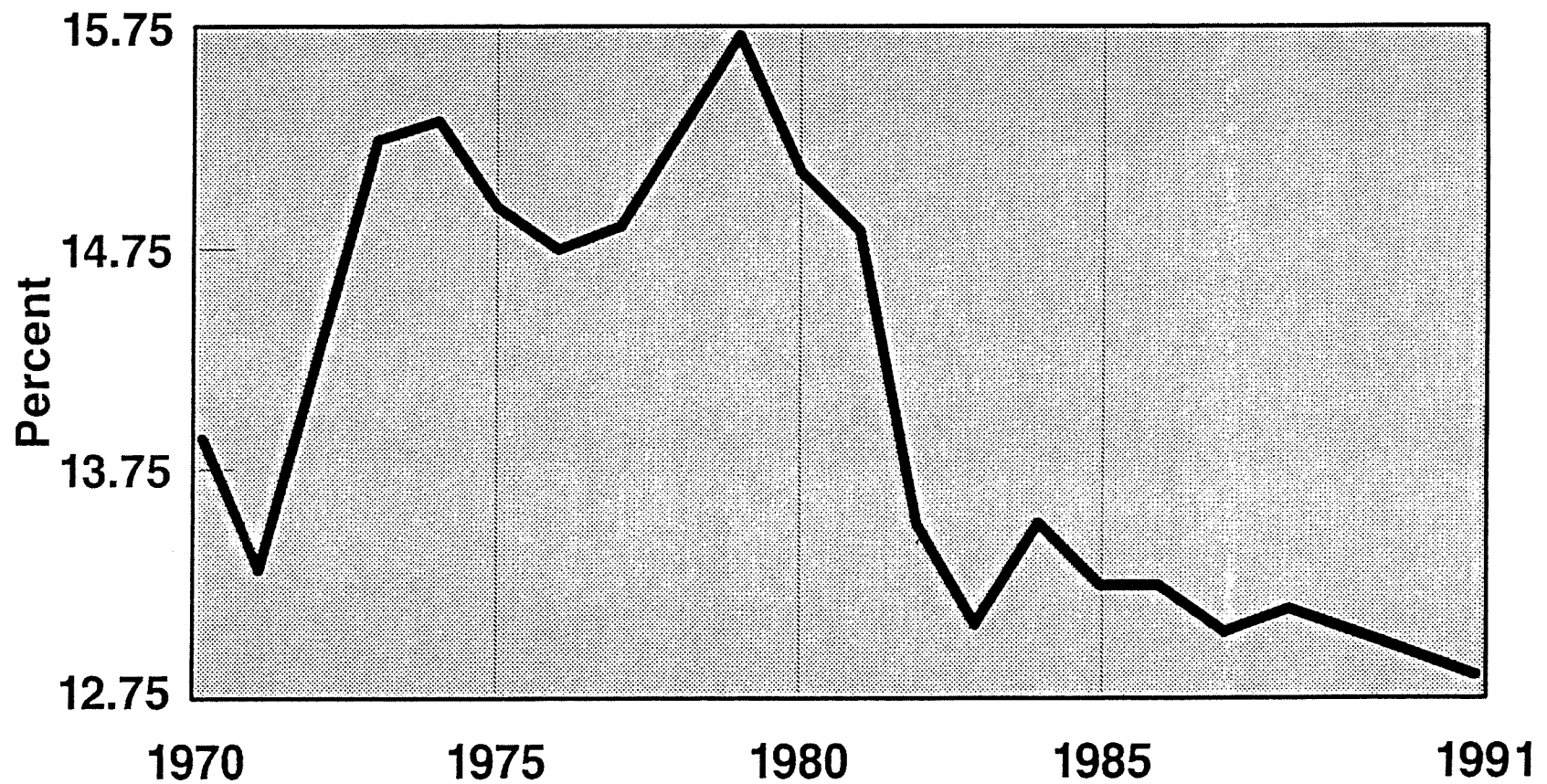
Competitive Factors for Success

Aviation Industry

- **Technological breakthroughs**
- **Access to capital**
- **Well-trained and educated workforce**
- **Competitive business environment**

Kansas Manufacturing Employment

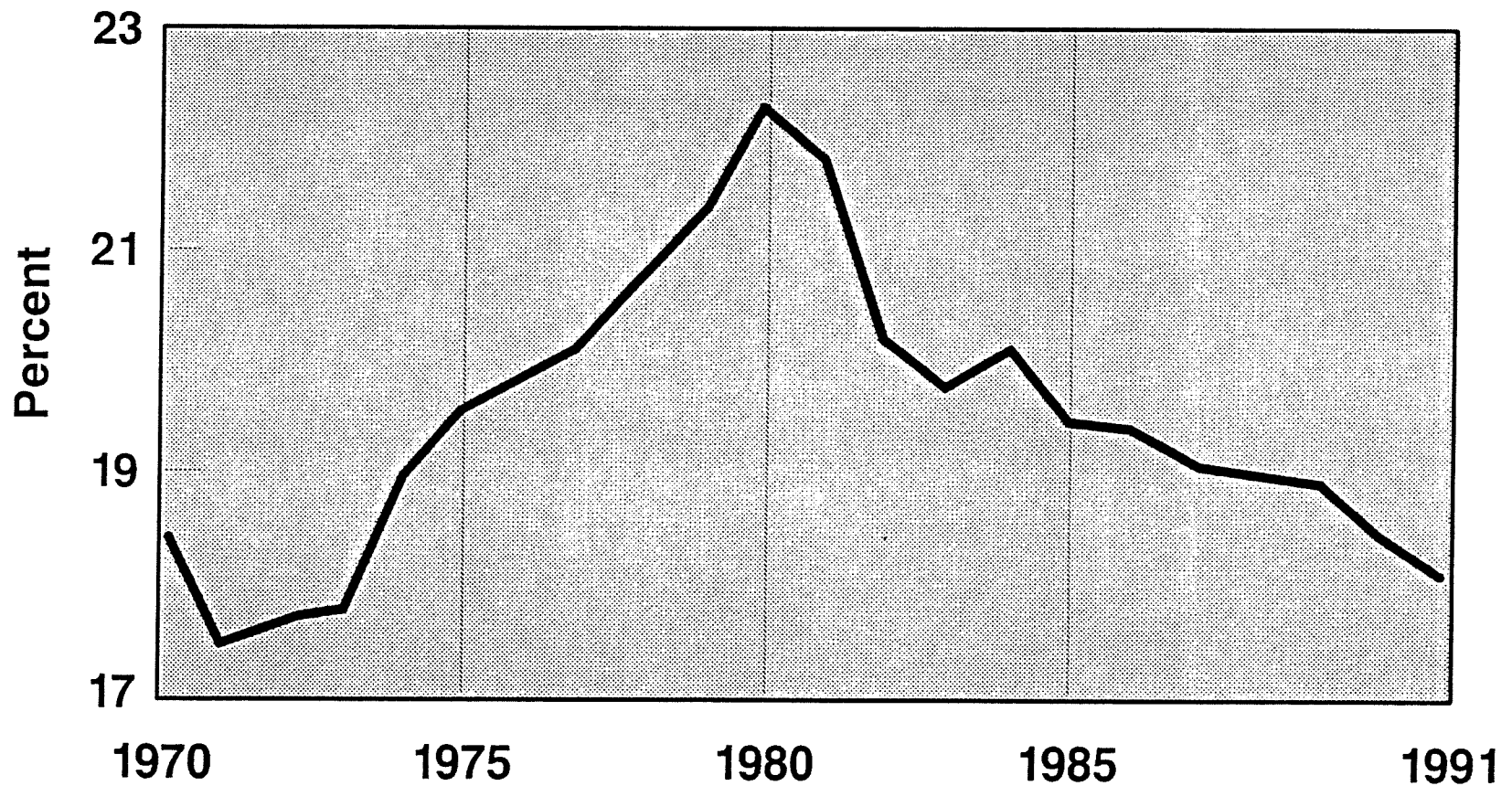
As a Percentage of Total Employment



Source: U.S. Dept of Commerce, Bureau of Economic Analysis. Compiled by CEDBR, WSU

Kansas Manufacturing Earnings

As a Percent of Total Earnings by Place of Work



Source: U.S. Dept of Commerce, Bureau of Economic Analysis. Compiled by CEDBR, WSU

Aviation Earnings in Kansas, 1991

In Millions of Nominal Dollars

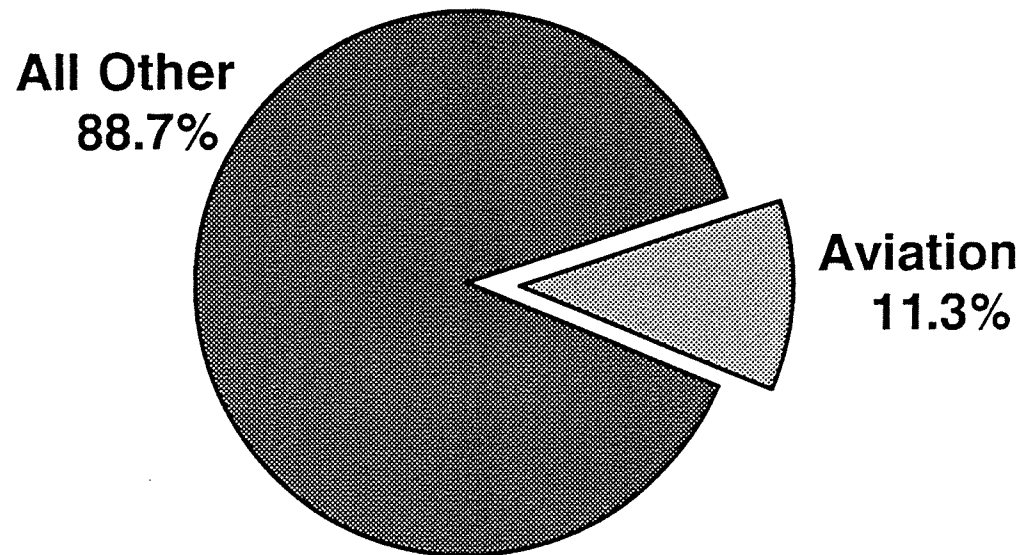
SIC Code	Total Earnings	Percentage Aviation	Aviation Earnings
All Manufacturing Industries	5,921.4	31.07	1,839.5*
33 primary metal industries	85.4	1.25	1.1
34 fabricated metal products	293.1	9.46	27.7
35 machinery, except electrical	647.9	2.45	15.9
36 electric and electronic equip	216.5	19.50	42.2
37 transportation equipment	2,058.3	85.00	1,749.6
38 instruments and related products	108.7	2.81	3.1

*Total may not add to 100 percent due to rounding

Source: Earnings Bureau of Economic Analysis. Aviation Percentages see Methodology, Appendix C. Compiled by CEDBR, WSU

Total Impact of the Aviation Industry

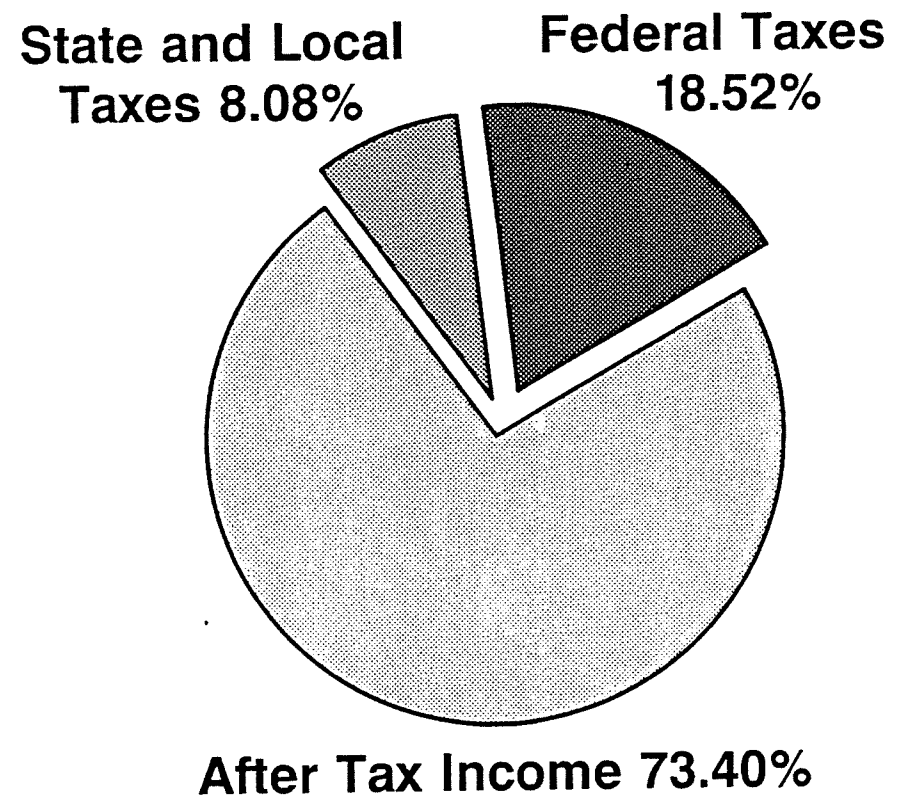
On Kansas' Earnings, 1991*



* Figures assume an income multiplier of 2.0 for Kansas. The total earnings figures are based on 1991 projections of personal income by place of work estimates from the U.S. Department of Commerce, Bureau of Economic Analysis, Table CA5, Data on Disk, released May 1992

Taxes Paid, Average Kansas Aviation Employee

Annual Salary*	\$36,579
Less taxes**	
Federal	— \$6,774
State and Local	— \$2,956
	<hr/>
After tax income	\$26,849



*Average annual salary based on 1991 payroll and employment data

**From Table 6, percent of personal income

Estimated Kansas Personal Taxes Paid

Due to Aviation Payrolls

Direct Impact*	Total Impact**
State and Local Revenues \$148.6 Million	State and Local Revenues \$297.3 Million
Federal Revenues \$340.7 Million	Federal Revenues \$681.4 Million

***Direct impact equal to payroll x 8.08% or 18.52%**

****Indirect impact equal to payroll x 2.0 x 8.08% or 18.52%**

Personal Income and Earnings by Industry

Growth Rate from 1975 - 1990

Industry	United States Growth Rate 1975 - 1990	Kansas Growth Rate 1975 - 1990
Ag. Serv., For., Fish., and other	67.62	9.84
Mining	— 7.52	— 15.78
Construction	30.14	— 6.35
Manufacturing	10.01	16.01
Transportation and Public Utilities	25.28	20.71
Wholesale Trade	35.40	14.43
Retail Trade	21.46	— 0.38
Finance, Insurance, and Real Estate	80.03	48.23
Services	117.86	98.17
Government and Gov. Enterprises	25.37	24.28
Total ten industry personal income	40.95	27.54

Source: U.S. Dept of Commerce, Bureau of Economic Analysis

Compiled by CEDBR, WSU

Earnings for Aviation Related Manufacturing Sectors

Growth Rate from 1975 - 1990

Industry	United States Growth Rate 1975 - 1990	Kansas Growth Rate 1975 - 1990
Manufacturing	10.01	16.01
Durable goods	8.63	15.75
Primary metal industries	— 34.95	— 12.24
Fabricated metal products	— 4.58	— 23.31
Machinery, except electrical	7.81	— 1.26
Electric and electronic equipment	4.21	22.32
Trans. equip. excluding motor vehicles	37.82	44.52
Instruments and related products	120.20	37.53
Total ten industry personal income	40.95	27.54

Source: U.S. Dept of Commerce, Bureau of Economic Analysis
 Compiled by CEDBR, WSU

Personal Income Kansas

In Millions

	1986	1987	1988	1989	1990	1991*
Total personal income	35,595.7	37,045.9	39,379.7	41,943.5	44,906.2	47,569.8
PCPI (Dollars)	14.6	15.1	16.0	17.0	18.1	19.1
Earnings by place of work	24,985.3	26,119.5	27,729.7	28,788.7	30,936.2	32,701.8
Farm	1,627.7	1,554.3	1,565.7	1,276.0	1,653.9	1,858.1
Ag. Serv., Forr., Fish	96.2	141.6	147.9	159.1	170.6	186.1
Mining	359.4	333.1	331.4	334.4	406.4	394.3
Construction	1,524.2	1,582.8	1,583.1	1,552.8	1,581.2	1,611.8
Manufacturing	4,853.9	4,983.1	5,255.1	5,452.5	5,686.8	5,921.4
Nondurable goods	1,788.3	1,877.8	1,957.0	2,010.8	2,072.9	2,163.8
Durable goods	3,065.6	3,105.3	3,298.1	3,441.7	3,613.9	3,758.1
Trans and public utilities	2,107.5	2,137.8	2,275.1	2,404.0	2,549.9	2,643.0
Wholesale trade	1,733.6	1,806.5	1,930.9	2,020.1	2,133.7	2,237.7
Retail trade	2,316.0	2,396.2	2,633.3	2,717.6	2,833.7	2,969.4
Fire	1,332.8	1,599.9	1,612.1	1,591.8	1,683.0	1,797.8
Services	4,801.1	5,160.3	5,679.7	6,257.0	6,906.5	7,529.4
Federal, civilian government	704.8	746.3	824.2	870.5	921.7	978.2
Military	626.0	673.2	691.1	703.1	728.7	768.5
State and local government	2,902.1	3,004.4	3,200.1	3,449.7	3,680.3	3,924.9

*Estimated by the CEDBR, based on the average annual growth rate 1985-1990

Source: U.S. Dept of Commerce, Bureau of Economic Analysis, Table CA5

Compiled by CEDBR, WSU

Full-and Part-Time Employment, Kansas

	1986	1987	1988	1989	1990	1991*
Total employment	1,361,460	1,389,716	1,421,205	1,445,941	1,472,564	1,495,703
Farm	87,497	88,706	87,768	86,097	84,411	82,393
Ag. Serv., Forr., Fish	9,433	10,472	10,811	11,003	11,448	11,928
Mining	30,903	29,653	28,390	27,018	27,057	25,599
Construction	67,398	68,360	65,885	65,113	67,458	67,706
Manufacturing	179,268	180,637	186,048	187,639	189,585	191,046
Trans and public utilities	72,082	72,429	73,167	75,535	76,305	76,565
Wholesale trade	69,897	70,144	71,361	72,408	73,311	73,984
Retail trade	212,302	217,698	225,496	231,681	232,990	237,404
Fire	92,026	95,152	97,368	96,384	97,406	99,371
Services	295,678	305,664	317,893	330,773	344,870	357,156
Federal, civilian government	28,478	28,832	29,427	29,555	29,432	29,974
Military	48,118	52,193	52,682	52,399	51,465	53,011
State and local government	168,380	169,776	174,909	180,336	186,826	191,581

*Estimated by the CEDBR, based on the average annual growth rate 1985-1990

Source: U.S. Dept of Commerce, Bureau of Economic Analysis, Table CA25

Compiled by CEDBR, WSU