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August 4, 2023

The Honorable Beverly Gossage
Kansas State Capitol - House of Representatives
300 SW 10th St., Room 445-S
Topeka, KS 66612

Re: KDOL Follow Up to Questions from the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight Committee Meeting on August 2, 2023

Madame Chair and Members of the Committee:

Thank you for inviting us to present to your committee on August 2nd. I noted two questions during the presentation that required a response from our agency. The questions and answers are listed below.

Location Quotient

Committee Chair Beverly Gossage had questions related to location quotient, so I wanted to follow up on that and provide some additional clarifying information.

- In general, a location quotient (LQ) is a ratio that compares the concentration of a resource or activity – employment, for example – in a defined area to that of a larger area or base. Using OEWS data, LQ's can be used to compare local area occupational employment in a metropolitan statistical area or State to that of the nation as a whole. LQs greater (less) than one indicate a local concentration of employment that is higher (lower) than that of the U.S. as a whole.

$$\text{Location Quotient} = \frac{(\text{Area occupational employment} / \text{Area total employment})}{(\text{U.S. occupational employment} / \text{U.S. total employment})}$$

Occupational Employment and Wage Statistics

Senator Pat Pettey asked if we take total compensation, including benefits, into account when assessing occupational wages. Here is some additional information about the OEWS program.

- The Occupational Employment and Wage Statistics (OEWS) program produces employment and wage estimates for approximately 830 occupations based on a survey of business establishments (employers). The OEWS survey covers wage and salary workers in nonfarm establishments and does not include the self-employed, owners and partners in unincorporated firms, household workers, or unpaid family workers.
- OEWS data are published annually with a May reference date.
- OEWS wage estimates represent wages and salaries only, and do not include nonproduction bonuses or employer costs of nonwage benefits, such as health insurance or employer contributions to retirement plans.
- The Occupational Employment and Wage Statistics (OEWS) program is a voluntary survey that the Labor Market Information Services division uses to collect data from Kansas employers in cooperation with the Bureau of Labor Statistics. This data is then used to help us identify the High Demand High Wage occupations, create staffing patterns (occupations found within an industry) for our employment projections and to also create products like the Career posters shown in the presentation. These products are then used by:
 - State and local workforce investment boards as well as training professionals use the information to determine the need for local employment and training services.

- Economic development specialists use the information to estimate available labor supply.
- Researchers use the data to study trends in labor markets and industries and to understand labor costs for new markets.
- Students and counselors use the information for career planning.
- Compensation specialists use the data to determine equitable and competitive pay and develop recruiting packages.
- More information about the OEWS program can be found here: https://www.bls.gov/oes/oes_emp.htm

Additional Information from my speaking notes

Committee Chair Beverly Gossage asked for the additional information that was included in my speaking notes, here is what I covered that was not explicitly in the presentation:

- Percent share of total industry employment among the projection regions.
 - In Ambulatory Health Care Services, the Kansas City area and South Central Kansas were the only two regions to increase their share of total employment. The share of total employment in the Kansas City area grew from 30.2% in 1990 to 38.9% in 2021, while South Central Kansas saw an increase from 26.5% to 27.3% over the same period. Additionally, Southeast Kansas has seen a sharp decline in employment in this industry in recent years, with its share of total employment falling from 10.2% in 2015 to 6.9% in 2021.
 - In Hospitals, the Kansas City area, North Central Kansas, and Northwest Kansas all experienced increases in their share of total employment, though the largest gains by far were in the Kansas City area. Since 1990, the share of total hospitals employment in the Kansas City area has risen from 27.0% to 37.6%. While the other four regions did see a decline in their share of total employment in this industry, South Central Kansas was the only region to experience a decline in the number of jobs in the hospitals industry. Since 1990, South Central Kansas has seen its share of total employment in hospitals erode from 25.3% to 16.5% while the number of jobs in this industry has declined from 13,431 in 1990 to 12,063 in 2021.
 - In Nursing and Residential Care Facilities, only the Kansas City area and South Central Kansas experienced an increase in their share of total employment. Since 1990, the Kansas City area has grown its share from 14.8% to 29.4% in 2021, while South Central Kansas has seen its share of employment increase from 20.7% to 23.0%.
- Change in Nursing and Residential Care Facilities employment for each of the projection regions from 1990 to 2021.
 - Actual employment change in Nursing and Residential Care Facilities varied widely among the Kansas projection regions. The Kansas City area and South Central Kansas saw sizeable gains of 6,428 and 2,608 respectively. Northeast and Southwest Kansas experienced more modest gains of 1,105 and 207 respectively. North Central and Northwest Kansas saw little change, declining by 251 and 94. Southeast Kansas experienced the largest decline, decreasing by 1,321 jobs from 1990 to 2021.

If you have any further questions or would like additional information, please contact our government Affairs Director, Julie Menghini.

Respectfully,

Nathan Kessler, Labor Economist
 Labor Market Information Services
 Kansas Department of Labor

CC: Brenda Landwehr, Rep. Vice-Chair
 Elizabeth Cohn, Kansas Legislative Research Department