A “Lost Decade”
Revisiting Kansas’ past, so we can redirect its future
Claims that Kansas’ failed tax-cut experiment was justified as a response to a “lost decade” for the state’s economy aren’t borne out by what actually happened at that time. If anything, there is strong evidence that Kansas’ economic situation is worsening since the tax cuts began to weaken the state’s ability to make public investments in schools and other drivers of job growth and widespread prosperity.

An Analysis of Jobs Data for the so-called “Lost Decade” and an Examination of Kansas in the Aftermath of the Great Recession Found:

Though Kansas did lose 25,000 private sector jobs between 2000 and 2010, almost half of the job loss was concentrated in Wichita and was related to trauma in the airline industry.

Elsewhere, it was hardly a “lost decade,” as Kansas City, Kansas, for example, saw a net gain of over 15,000 jobs during the same period.

Kansas’ recovery from the recession has consistently lagged behind the entire nation and six-state region in both total and private sector job growth.

Wage and salary growth in Kansas – both total and just in the private sector – lags the nation even after the tax cuts. However, average wage and salary growth in the so-called “lost decade” beat the nation’s rate.

Kansas’ share of the national economy has declined since the tax cuts and is now lower than its average share between 2000 and 2010.

Kansas has had to weather some tough economic conditions since the start of the new millennium. Following the terrorist attacks of September 11, 2001, the nation fell into a recession – one that particularly affected the airline industry.

With Wichita as a hub for aviation manufacturing and thousands of workers being laid off, the effects of this downturn rippled outward. In early 2003, a U.S. Senate Committee discussed how the over 10,000 layoffs hurt the city. It was noted that every job in the aviation industry in Wichita creates nearly two other jobs.

The early 2000s economy was harmful to Wichita and Kansas at large and, when combined with the job loss of the Great Recession, made for a very tough 10 years for Kansas’ largest city and the entire state. Private sector job loss from 2000 to 2010 was acute: more than 25,000 statewide. Wichita, however, lost almost 12,000 of those.
The city had just over 13% of Kansas’ population in 2010, yet accounted for almost half of the private sector job loss in the state.

**Meanwhile, Kansas City, Grew by Almost 4.5% Over the Same Period**

- **+15,600 jobs**

Marking this period a “lost decade” doesn’t accurately reflect the experiences of Kansas City, Kansas, either. Despite the two recessions, KCK was able to net an additional 15,600 private sector jobs.

Wages in the “Lost Decade”

Though job growth was uneven throughout Kansas in the decade following the year 2000, wage and salary growth showed resilience. In fact, average non-farm wage growth in Kansas between 2000 and 2010 was higher than the national average, though it still lagged the region. Following the tax cuts, Kansas now finds its growth behind both the nation and region.

Even if we look at only private sector wage and salary growth, the trend is roughly the same. Kansas averaged almost 3% growth over the period, which was ahead of the nation’s 2.8% rate, but behind the six-state region (3.3%). Now, following the tax cuts, Kansas and the region are tied at 4.7% growth, but behind the nation, which grew by 5.2% between 2013 and 2014.

KANSAS’ PIECE OF THE PIE

Gross domestic product (GDP) is a measure of all the economic output in a state or country. The share of the U.S. GDP that Kansas accounts for is a good way to get a sense of how our state’s economy is growing relative to all other states. The data shows that Kansas’ piece of the economic pie is smaller than the average between 2000 and 2010. Following the tax cuts, our share continues to slide, making hollow the promises that the tax cuts would hit an economic growth accelerator.
RECOVERING FROM THE RECESSION

The recovery from the Great Recession – the worst economic downturn since the Depression – is of extra importance. It has taken years, but the country has finally added back the jobs, and then some, that were lost during the recession. The recovery in Kansas has been much slower, though. Looking at both private sector and non-farm (total) job growth since the recession officially ended in June 2009, Kansas has grown more slowly than both the nation and the six-state region.

Clearly, the actual record of Kansas’ economy between 2000 and 2010 shows the inaccuracy of calling it a “lost decade.” Two periods of nationwide recession over a relatively short time – the first of which particularly hurt Wichita and the second of which was the worst economic downturn in decades – could only skew job growth downward. And, still, some places in Kansas actually gained jobs during those tough economic times.

Wages in Kansas went from ahead of the nation’s curve in the so-called “lost decade” to behind it following the state tax cuts – seriously calling into question the claim that extra money was guaranteed to find its way into Kansans’ pockets after taxes were slashed.

Where these facts really become troublesome is when they are used to justify a tax-cut plan whose promised benefits have yet to materialize. Revising history to label the period from 2000 to 2010 a “lost decade” for Kansas is not just inaccurate. When used as reason to double down on a failed experiment it causes even more problems. The loss of revenue is limiting what we can invest in quality schools, safe communities, public health, and roads. These are the tried and true building blocks of job creation and economic growth, without which it will be very difficult for Kansas to catch up to – and eventually surpass – neighboring states and the entire country as we recover from the deep impacts of the Great Recession.