State of Manufacturing – Nationally and in Kansas

Why is Manufacturing Important

- Manufacturing exports vital to balancing US trade
- Manufacturing is a key driver of employment growth
- Manufacturing is a key driver of high paying jobs
- Manufacturing is the principle source of R&D and innovation activity

Manufacturing Exports

Since 2000, the US share of world exports has declined from 17% to 11%. Manufacturing’s share of Kansas’s exports dropped from 91% in 2005 to 88% in 2010. 84% of Kansas exporters are small businesses. Kansas exports supported 72,000 jobs in 2009.

Manufacturing as Key Driver of Employment

Manufacturing supports an estimated 18.6 million jobs in the U.S.—about one in six private sector jobs. One hundred percent of all the new jobs in America come from small and medium sized companies, those companies employing fewer than 500 employees.

Kansas is home to 3,300 manufacturing entities employing 164,000 people in 2011. Eighty-one percent of the 3,300 companies employ less than 50 people and 2% employ over 500 people.

Manufacturing jobs help create and sustain jobs in other sectors. For every job created in manufacturing, 2.5 jobs are created in other sectors.

When it comes to the middle-class manufacturing is a critical source of employment. 51 percent of the workforce demands in manufacturing calls for skilled production workers, 46 percent for scientists and engineers and only 7 percent for unskilled production workers.

Manufacturing as Key Driver of High-paying Jobs

The average manufacturing wage in the US for 2010 was $69,878. In Kansas it was $62,261. Kansas manufacturing wages are $22,439 higher than the average compensation for nonfarm sectors in Kansas.

Manufacturing and R&D and Innovation

The US continually lead the innovation wave in the second half of the 20th century under the assumption it would continue to innovate and translate innovations into products. It allowed us to realize the economic gains from innovation at every stage from invention to production to service. Manufacturing firms perform 70 percent of the US industry R&D, despite the fact that manufacturing accounts for only 11 percent of the economy.

Kansas manufacturers have stated the importance of innovation to their businesses. According to a recent survey of over 350 Kansas manufacturers, 68% stated that innovation is very important to their business and 94% stated the adoption of innovation practices is very important to the future of manufacturing in the Midwest.

America has long looked to our universities and research institutions for cutting edge technologies. The alarming news is that the US is experiencing a downward trend in patent applications and license income. The US had a decrease of 4 percent of US patent applications, while at the same time foreign filings were up 56 percent.

From 2007 to 2008, Kansas ranked 35th in overall US manufacturing and 4th in aviation manufacturing. With industry best practices, innovation, sustainability, global exchange and an alignment of workforce training, we can improve manufacturing in Kansas for strong economic growth and vital communities.
For further information, please contact any of the NGA team members.

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