



WAMPO Region Government Vitality Index Report

March 2023

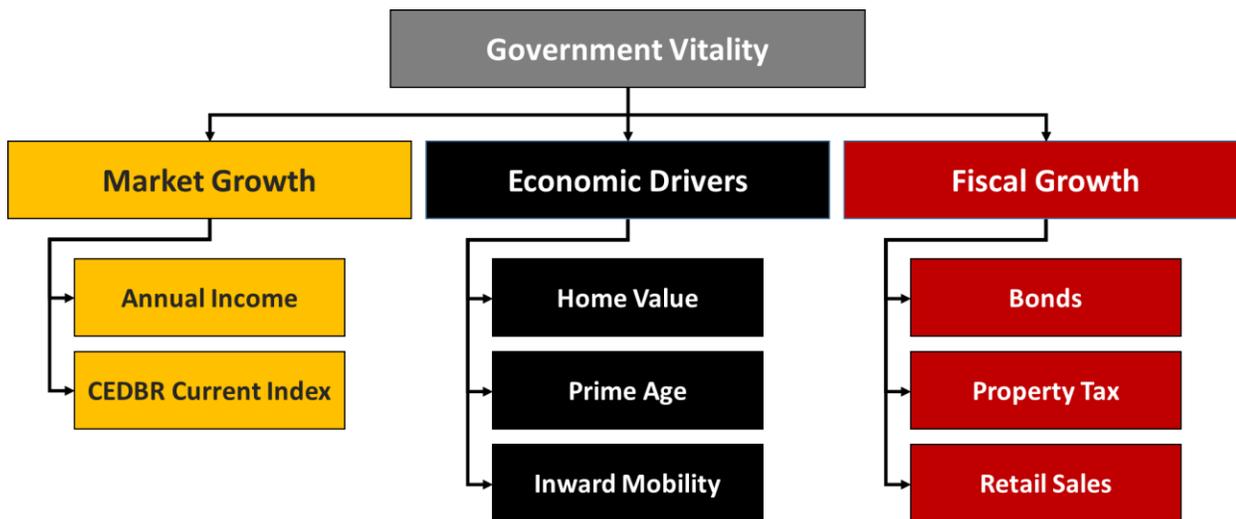
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The structure of local government finances varies significantly across the region. Understanding underlying economic drivers and the dependency on those drivers can help local leaders identify the vulnerabilities and opportunities as they budget for the upcoming year.

Wichita State University’s Center for Economic Development and Business Research has provided some data variables that might be of value to local governments since it began publishing its Kansas Economic Review in 2019. Starting in the 2023 edition, the Center created an index version of selected variables that impact local governments’ fiscal health and vitality. The index should be considered preliminary, as the Center is currently seeking feedback from government entities to help refine future versions. Additional data are needed to understand the fiscal health of any one entity. As such, the index should only provide broad guidance regarding overall fiscal health and future financing capabilities.

The Government Vitality index weights the ranking of fiscal, market, and economic growth factors equally. Because the index forces a political geography to be at the top and bottom, one might accidentally infer that a community lower on the index is at risk. The level of financial risk of any one government entity requires more information than can be provided within this report.



Market Growth

Local governments are a product of their regional economies and will expand and contract based on the strengths and weaknesses of the market. As a community grows, there is more consumption, and the value of properties increases, all of which drive both fiscal revenue and costs.

The market growth component of the index uses a five-year growth rate of the cities’ per capita personal income and the CEDBR Current Index. The Current Index includes employment, wage rates, aerospace production, durable and nondurable consumer goods production, oil production, and wheat prices, and is used to capture the influence of local industries and labor markets.

Economic Drivers

Besides broad regional economic factors, local governments are also heavily influenced by critical economic drivers that directly relate to fiscal revenue and costs. To capture some of the economic drivers of local governments, this index uses increases in the median home value, the share of the prime-age workforce, and the share of people moving into the county from anywhere else.



At the aggregate level for all Kansas counties, the primary revenue driver is based on home values. Therefore, increasing median home value indicates future potential fiscal revenue.

Although broader population growth can drive a regional economy, this index narrows the segment down to the prime-age worker, which includes those between 23 and 54 years. The increase in the ratio of prime-age workers to total population captures the segment that contributes the most to a regional economy. During this period of life, most are engaged within the labor market and have the highest consumption. This indicator was chosen as some communities have shrinking prime-age workers as labor forces continue to age. As such, those aging communities are at higher financial risk in the future.

Housing availability, particularly for moderate and low-income families, has been a constraint for most counties and cities within Kansas. Therefore, the third variable within the economic driver dimension captures the growth in the share of people moving into homes in the community that do so from outside the community. Those areas with a higher increase will likely benefit from an increased tax base and consumption.

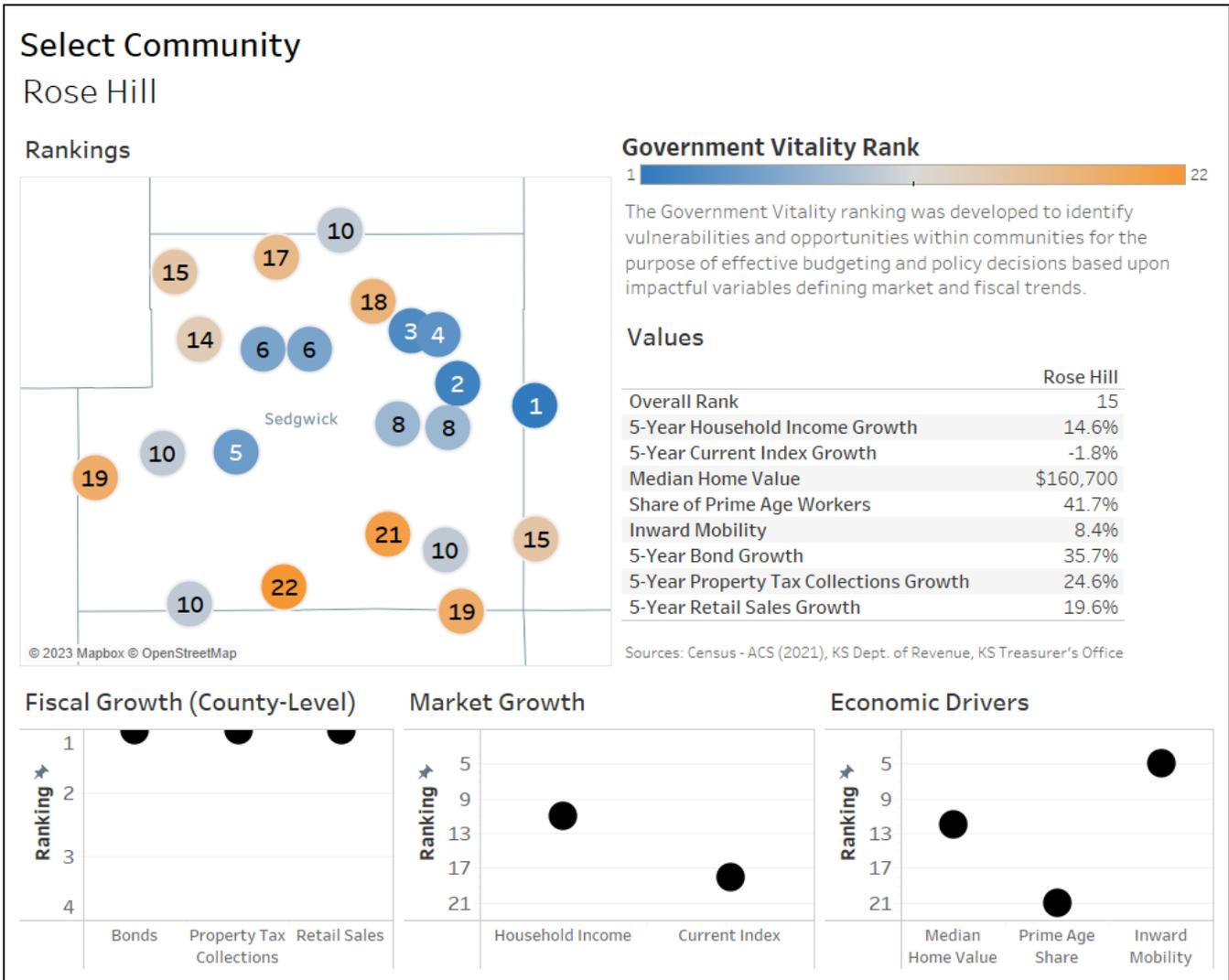
Fiscal Growth

Because of inflation, which this index does not capture endogenously, the growth of fiscal revenue at some level is essential to maintaining government services. Further, stagnated revenues can be detrimental to local governments. The most obvious and likely the highest risk today associated with stagnant revenues is the competition for labor. The highest share of expenses for most local government entities is the workforce. If revenues are not increasing, retaining talent won't be easy.

The authors of this report recognize that some policymakers might want to reduce the size of the government. Furthermore, some communities might have budget or finance inefficiencies leading to more relative costs than needed to provide services, and thus are able to continue meeting a set service level without fiscal growth by improving efficiency. These issues should be addressed individually, and this index will not be helpful because it aggregates all governments at the county level.

The first component of the fiscal growth portion of the index is bonds. It is important to note that the bonds captured in the index come from the State of Kansas Treasurer's Office and includes the following types (not fully inclusive): general obligation, roads, hospitals, junior colleges, and industrial revenue. Increasing bond growth captures the communities' desire and ability to invest for future growth. However, too much bond financing can create economic risks by decreasing its future ability to leverage investments. As such, the Center provides a per capita measurement of total bond indebtedness compared to the statewide average.

The second component, property tax revenue, tends to be the largest source of income for most local governments. The third component of the fiscal dimension of this index is retail sales. Not all local governments capture retail sales tax; however, this component can be a sizeable fiscal driver for some communities. This is particularly true for tourism- and oil-dependent communities that benefit from hotel stays and retail consumption.



Above is a preliminary Government Vitality dashboard using data for the city of Rose Hill. The upper-left map will show the overall Government Vitality ranking, with variable-specific rankings presented in charts along the bottom, separated by dimension. Raw values for each variable will be contained in the center-right table. All graphics will update automatically based on a dropdown selection at the top.

Below are two tables containing data for cities in the WAMPO region. The first table includes raw values, while the second table includes ranks overall and by each dimension. For example, the highest-ranked cities in the region for the overall Government Vitality index are, in order: Andover, Bel Aire, Park City, Kechi, and Goddard.



WAMPO Region Government Vitality Index

Community	Market Growth		Economic Drivers			Fiscal Growth*		
	Household Income	CEDBR Current Index	Prime Age	Inward Mobility	Median Home Value	Bonds	Property Tax	Retail Sales
Andale	-3.4%	14.3%	51.4%	2.4%	\$178,900	11.3%	19.1%	19.3%
Andover	20.7%	5.0%	54.4%	9.8%	\$234,900	35.7%	24.6%	19.6%
Bel Aire	17.8%	-0.1%	60.5%	11.3%	\$168,400	11.3%	19.1%	19.3%
Bentley	-22.4%	-4.4%	59.5%	17.3%	\$116,000	11.3%	19.1%	19.3%
Cheney	1.5%	4.7%	53.5%	3.0%	\$116,800	11.3%	19.1%	19.3%
Clearwater	7.1%	-4.4%	54.1%	2.5%	\$152,900	11.3%	19.1%	19.3%
Colwich	1.0%	11.9%	58.4%	1.3%	\$174,400	11.3%	19.1%	19.3%
Derby	5.3%	-1.3%	58.1%	5.5%	\$180,600	11.3%	19.1%	19.3%
Eastborough	15.7%	-0.2%	28.1%	4.9%	\$381,600	11.3%	19.1%	19.3%
Garden Plain	38.0%	5.0%	51.5%	0.2%	\$164,800	11.3%	19.1%	19.3%
Goddard	33.1%	9.3%	59.6%	0.7%	\$164,100	11.3%	19.1%	19.3%
Haysville	16.3%	-2.3%	56.3%	1.4%	\$125,800	11.3%	19.1%	19.3%
Kechi	9.9%	2.5%	58.9%	9.7%	\$215,300	11.3%	19.1%	19.3%
Maize	-16.5%	19.6%	56.5%	2.9%	\$184,100	11.3%	19.1%	19.3%
Mount Hope	8.1%	1.3%	55.0%	6.8%	\$109,500	11.3%	19.1%	19.3%
Mulvane	-3.2%	-2.4%	55.5%	4.5%	\$136,400	7.4%	17.3%	8.3%
Park City	15.0%	5.0%	63.6%	7.0%	\$132,500	11.3%	19.1%	19.3%
Rose Hill	14.6%	-1.8%	41.7%	8.4%	\$160,700	35.7%	24.6%	19.6%
Sedgwick	30.3%	0.1%	51.7%	6.6%	\$124,000	-27.4%	19.5%	12.1%
Valley Center	-0.4%	2.7%	46.2%	3.1%	\$166,300	11.3%	19.1%	19.3%
Viola	155.8%	82.8%	51.7%	0.0%	\$133,600	11.3%	19.1%	19.3%
Wichita	15.1%	-0.5%	60.4%	5.2%	\$145,300	11.3%	19.1%	19.3%

* Fiscal Growth variables utilize county-level data imputed onto cities due to lack of city-level data.

Source: CEDBR, Census - ACS, KS Dept. of Revenue, KS Treasurer's Office

Community	Overall Rank	Market Growth			Economic Drivers				Fiscal Growth*			
		Total Rank	Household Income	Current Index	Total Rank	Prime Age	Inward Mobility	Home Value	Total Rank	Bonds	Property Tax	Retail Sales
Andale	14	9	20	3	15	19	17	6	4	3	4	3
Andover	1	4	5	8	3	13	3	2	1	1	1	1
Bel Aire	2	7	6	14	1	2	2	8	4	3	4	3
Bentley	17	22	22	21	6	5	1	21	4	3	4	3
Cheney	19	13	16	9	20	15	14	20	4	3	4	3
Clearwater	22	20	14	22	17	14	16	13	4	3	4	3
Colwich	6	8	17	4	9	7	19	7	4	3	4	3
Derby	10	19	15	17	4	8	9	5	4	3	4	3
Eastborough	8	9	8	15	10	22	11	1	4	3	4	3
Garden Plain	10	3	2	7	20	18	21	10	4	3	4	3
Goddard	5	2	3	5	11	4	20	11	4	3	4	3
Haysville	21	16	7	19	19	10	18	18	4	3	4	3
Kechi	4	9	12	11	2	6	4	3	4	3	4	3
Maize	6	9	21	2	8	9	15	4	4	3	4	3
Mount Hope	15	13	13	12	14	12	7	22	4	3	4	3
Mulvane	19	21	19	20	12	11	12	15	4	3	4	4
Park City	3	5	10	6	5	1	6	17	4	3	4	3
Rose Hill	15	18	11	18	12	21	5	12	1	1	1	1
Sedgwick	10	6	4	13	18	17	8	19	3	4	3	3
Valley Center	18	17	18	10	15	20	13	9	4	3	4	3
Viola	10	1	1	1	22	16	22	16	4	3	4	3
Wichita	8	13	9	16	6	3	10	14	4	3	4	3

* Fiscal Growth variables rank 1 to 4 due to unavailability of city-level data. County data is imputed onto cities.

Source: CEDBR, Census - ACS, KS Dept. of Revenue, KS Treasurer's Office

Acknowledgement

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At CEDBR, Jonathan Norris served as project lead for the study. He provided technical expertise, proofing, and analysis throughout the project. Jeremy Hill, Director of CEDBR, served as the Principal Investigator and provided theoretical and technical expertise, as well as project management.

The Center for Economic Development and Business Research, a unit of the W. Frank Barton School of Business at Wichita State University, is responsible for any errors in this report. Inquiries may be directed to: Center for Economic Development and Business Research, 1845 Fairmount St. Wichita, KS 67370. The Center can be reached by telephone at 1-316-978-3225 or through the website at www.CEDBR.org.



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About the Center

This report was produced by The Center for Economic Development and Business Research (CEDBR), part of the W. Frank Barton School of Business at Wichita State University. We are a reliable resource for local, state and national demographic and economic data. We strive to enhance economic growth and development through our applied and objective research, which makes us an active and well-respected partner with economic development leaders.