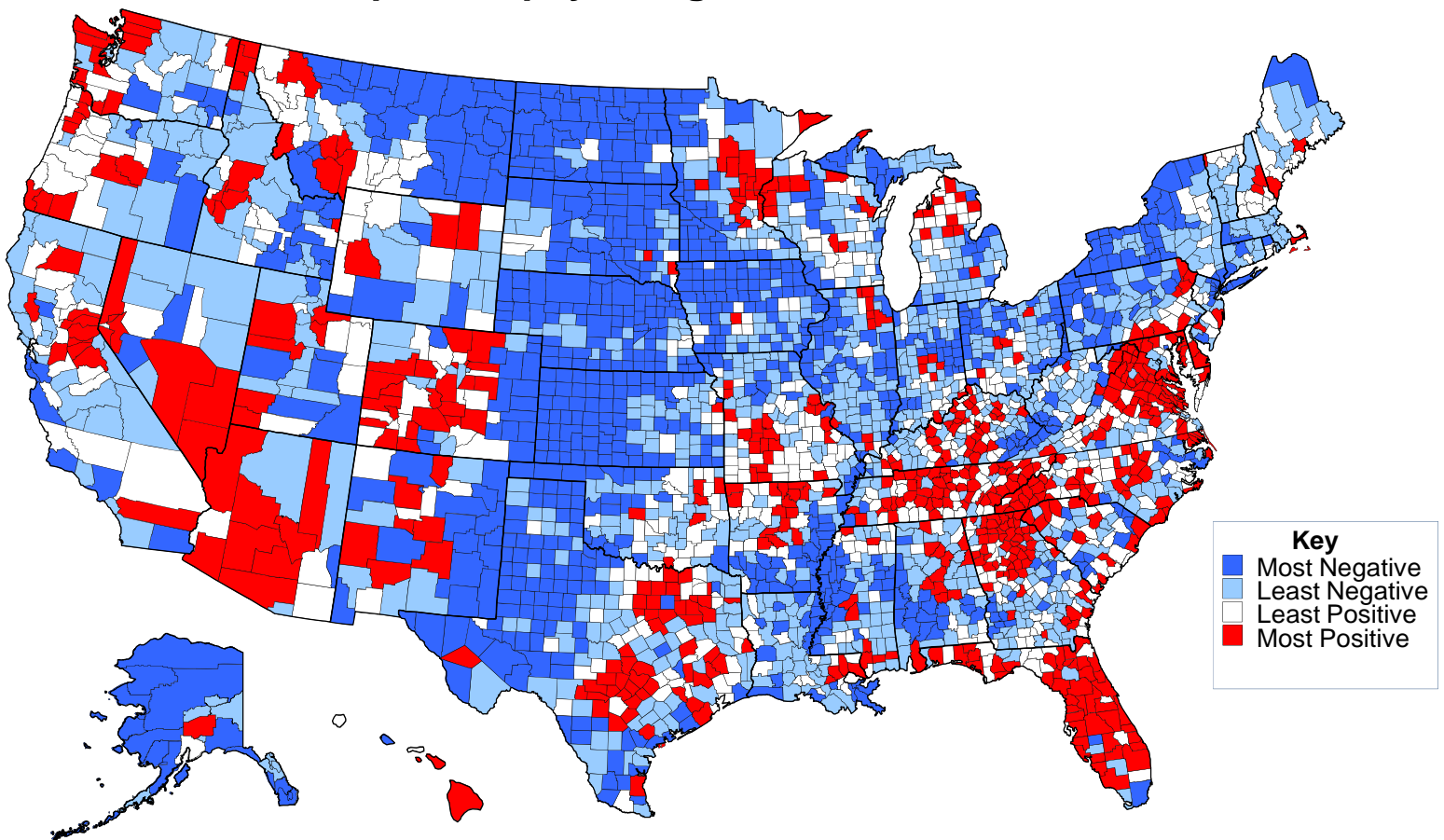


A Kansas Perspective on the County-to-County Migration of U.S. Taxpayers

Population mobility is a hallmark of the United States economy. This continual reallocation of human talent has broad implications for the evolution of regional economies. A fundamental economic tenet is that people move to where they think their life will improve.

The U.S. Internal Revenue Service tracks the county-to-county migration of taxpayers' returns, taxpayers' exemptions, and taxpayers' income. The most consistent data tabulations began in 1995. From 1995 to 2006, almost 82 million taxpayers moved across a county line, which represented about 155.6 million people and almost \$3.4 trillion in adjusted gross income. On a yearly basis, that translates into 7.4 million taxpayers, 14 million people, and \$307 billion in adjusted gross income—the approximate equivalent of every taxpaying household in Florida moving across a county line each year.

Map 1: Taxpayer Migration Patterns



Analysis of Migration Flows

Generally speaking, U.S. taxpayer migration patterns fit into three broad themes:

1. Depopulation of the Great Plains (punctuated by a counter-trend of regional urbanization).
2. Migration toward ocean and Great Lake coasts (with California as an exception).
3. Migration away from the largest metropolitan areas (and the most rural areas) to smaller metropolitan areas. The largest volume of migrants moved from major cities to relatively smaller cities, but one of the strongest net migration flows has been from major cities to completely rural areas.

These themes show up in Map 1, which breaks net migration flows into four color-coded categories: those counties with net taxpayer outflows split by the median rate of outflow and those with net positive taxpayer inflow split by the median rate of inflow

Key Findings for Kansas

- Map 1 clearly shows that Kansas is caught up in the mega-trend of taxpayer out-migration from the Great Plains. From an economic development perspective, the Great Plains region is transforming: it has experienced urbanization while the remainder of the country has experienced de-urbanization (relatively speaking).
- From a taxpayer migration perspective, only seven Kansas counties have experienced a net inflow over the 1995-2006 timeframe: Butler, Franklin, Johnson, Leavenworth, Linn, Miami, and Pottawatomie.
- Aside from the incremental growth of Wichita and Manhattan, the clear trend is for taxpayers to migrate toward the Kansas City metro area—a pattern consistent with the national trend of migration toward metro areas with population counts between about one and two million.
- Map 1 focuses solely on taxpayer migration patterns not the total number of taxpayers. Fortunately, of the 98 Kansas counties that experienced a net out-migration of taxpayers, 53 counties experienced an internal growth of taxpayers from 1995 to 2006.
- The average annual share of Kansas taxpayers crossing a state or county line (10.4%) is above the national average of 9.8 percent; the Kansas share of income (8.2%) is also just above the national average of 8.1 percent.
- All of Kansas' neighboring states (Missouri, Oklahoma and Nebraska) except Colorado experienced a net out-migration of income. The net out-migration of income in Kansas relates primarily to the net out-migration of taxpayers; a loss of \$735 million out of about \$2.9 billion (or 25 percent) related to the out-migration of higher-income taxpayers.

The Determinants of Migration and the Implications for Kansas

Statistical research tries to untangle the vast array of place characteristics that help determine population migration patterns. The importance of any specific place characteristic tends to change as people pass through different stages of life—from college through to retirement. An overview of research findings is presented below.

- **Distance:** The vast majority of moves are short moves. Long distance moves tend to be between large population centers. The primary interstate origins of migrants into Kansas are (in order): Kansas City, MO; Los Angeles, CA; Phoenix, AZ; and St. Louis, MO. The primary destinations of out-migrants are: Kansas City, MO; Phoenix, AZ; Dallas, TX; and Austin, TX.
- **Education:** Highly educated people have a higher propensity to make long distance moves than other people. Long distance moves have a higher likelihood of generating a repeat move. These findings have no clear implications for Kansas, but it does suggest that Kansas can attract educated people from other regions of the country, if the right opportunities present themselves.
- **Research reveals that even highly educated people have a preference for staying in the state in which they earned their degree—especially if the state is their birth state. Kansas need not necessarily experience a “brain drain” if graduates perceive economic opportunities in Kansas. One countervailing force: the nation’s largest cities are the only class of metropolitan area experiencing a net in-migration of single, college-educated young adults. Kansas cannot realistically compete along this dimension.**
- **De-urbanization:** On net, people are out-migrating from the largest metropolitan areas. In terms of raw numbers, the predominant movement is from metro areas of more than 2.5 million people down to those with between one and two million people. However, migration data indicate a strong net flow of people from large metro areas to completely rural areas, towns, and Wichita-sized cities. The people making these moves tend to have higher incomes. Kansas can compete in this trend.
- **Government Policy:** All else equal, taxpayers tend to out-migrate from localities that have higher tax burdens and larger government sectors (measured as a share of the economy). The evidence indicates that the government size is the cause of the out-migration rather than it being simply a statistical correlation with localities that are experiencing out-migration. Kansas has among the largest—and fastest growing—government sectors of any state in the nation. The size of local government in Kansas primarily drives this result. Making progress on this metric may, at the least, slow the net out migration illustrated in Map 1.
- **Amenities and Cost of Living:** When all else is equal, the propensity of taxpayers is to out-migrate toward better natural “amenities”: better year-round weather, better access to water bodies, and more hilly topography. Kansas has a lower quantity of these natural endowments than other states. Fortunately for Kansas, however, all else is not equal. The greater volume of taxpayers moved (over the sample period) toward counties with the opposite attributes. Kansas competes well in offsetting local attributes like a more affordable homes and lower crime rates. Amenities should be thought of broadly as a full package of place attributes that people evaluate as a package.