

Economic Impact of
Kansas City International Airport
FY 2014
Executive Summary

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by



EXECUTIVE SUMMARY

Kansas City International Airport (KCI or the Airport) is the only primary commercial service airport serving the Kansas City, MO-KS, metropolitan statistical area (MSA) and the adjacent counties of Franklin and Douglas in Kansas and Buchanan in Missouri. The Airport not only facilitates business and trade by providing air transportation, but it is also an important economic engine. The economic activity at the Airport creates a ripple effect in the local economy—generating billions of dollars in revenues for local businesses, thousands of jobs for the local workforce, and billions of dollars in income for local households. This report estimates the Airport’s economic contributions to its 17-county primary service area in FY 2014, using economic impact analysis.

In FY 2014, 21 passenger carriers and 3 all-cargo carriers provided commercial air transportation from KCI to 42 destinations across the United States and 4 destinations abroad (Figure 1). That year, the Airport enplaned nearly 5 million passengers and 106 million pounds of cargo. Aircraft operations totaled 128,000, including general aviation and military operations. In CY 2013, the Airport ranked 35th among U.S. commercial service airports by total passengers, 34th by air cargo, and 64th by total aircraft operations, according to traffic data from the Airports Council International-North America (ACI-NA).

Figure 1 Airport Activity, FY 2014



The Airport’s primary service area consists of the following 17 counties within the Kansas City-Overland Park-Kansas City, MO-KS, combined statistical area:

State	Counties			
Kansas	Douglas	Johnson	Linn	Wyandotte
	Franklin	Leavenworth	Miami	
Missouri	Bates	Cass	Jackson	Ray
	Buchanan	Clay	Lafayette	
	Caldwell	Clinton	Platte	

The 17-county primary service area had a population of 3.3 million and a workforce of nearly 1.2 million in CY 2014. It had lower unemployment rates than the nation in the last five years. In CY

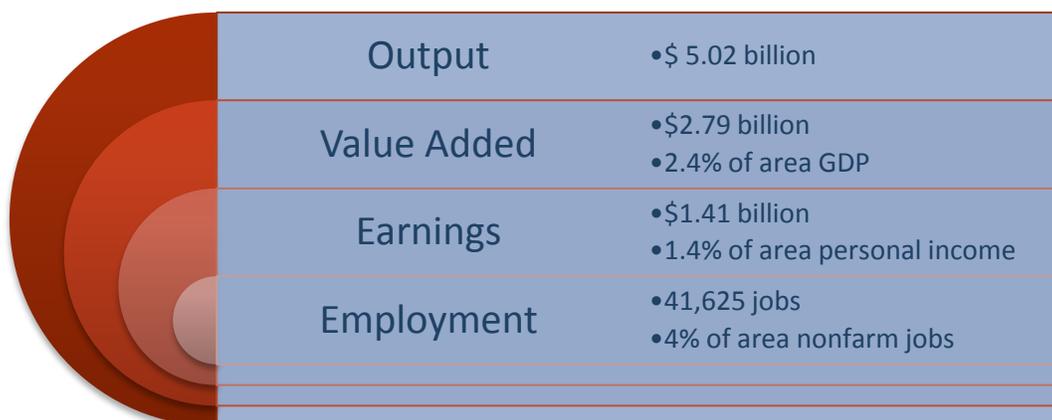
2014, the area’s average unemployment rate was 5.5 percent, compared to 6.2 percent nationwide. The average personal income per person in the area has been on par with the national average: \$44, 654 in CY 2013, compared to \$44,765 for the United States in the same year. In CY 2013, the area produced approximately \$102 billion in total personal income and \$118 billion in gross domestic product (GDP).

Figure 2 presents four measures of the Airport’s economic impact on the 17-county primary service area: employment, earnings, output, and value-added. The four measures are not meant to be added together. Each one presents a different way of measuring economic contributions:

- *Employment* refers to jobs created from direct, indirect and induced economic activity resulting from the operation and development of the Airport.
- *Earnings* refer to the personal income earned from those jobs.
- *Output*, measured by business revenue, refers to the value of goods and services produced. It is the most popular and broadest measure.
- *Value added* includes wage income and corporate profits, representing the difference between an industry’s output (gross revenue) and the cost of intermediate inputs (utilities, supplies and services purchased from other firms). This measure approximates the contribution to GDP.

We estimate that the Airport’s activity in FY 2014 contributed 41,625 jobs, \$1.41 billion in earnings, and \$5.02 billion in economic output to the 17-county primary service area. Of the \$5.02 billion output impact, \$2.79 billion represented the value added to the area’s GDP. The Airport’s economic impact represented 4 percent of the area’s total nonfarm jobs in 2013, 1.4 percent of the area’s total personal income, and 2.4 percent of the area’s GDP.

Figure 2 KCI's Total Economic Impact on its 17-County Primary Service Area, FY 2014



The Airport's total economic impact consists of direct, indirect and induced impacts. *Direct impact* refers to the initial round of economic activity that occurs when:

- Airlines and other entities at the Airport provide services to passengers and shippers (*airport services*).
- Nonresident passengers make purchases from local businesses outside the Airport (*visitor spending*).
- The Aviation Department incurs capital costs to maintain and improve airport facilities (*capital outlay*).

This initial impact generates multiplier effects throughout the economy in two ways:

- When businesses buy intermediate inputs from other businesses (*indirect impact*).
- When workers spend their income on housing, food, groceries, and other things (*induced impact*).

Figure 3 shows the components of the Airport's total output impact.

Figure 3 Components of KCI's Output Impact (\$5.02 Billion)

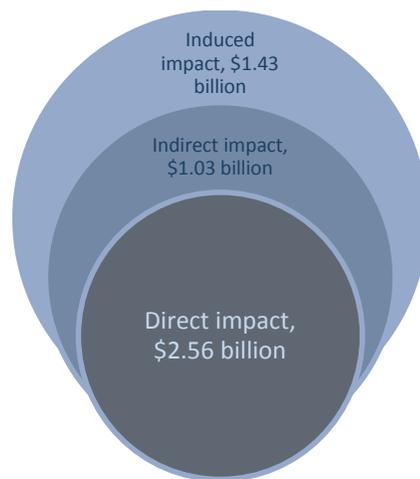


Figure 4 shows the distribution of the Airport's total output impact by source economic activity.

Figure 4 Airport's Output Impact by Source

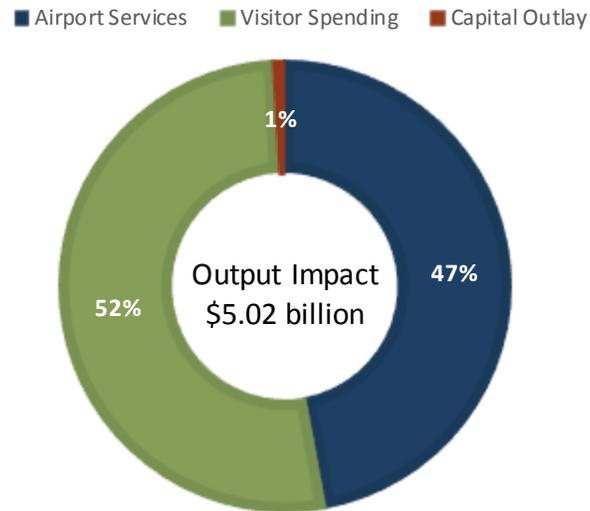
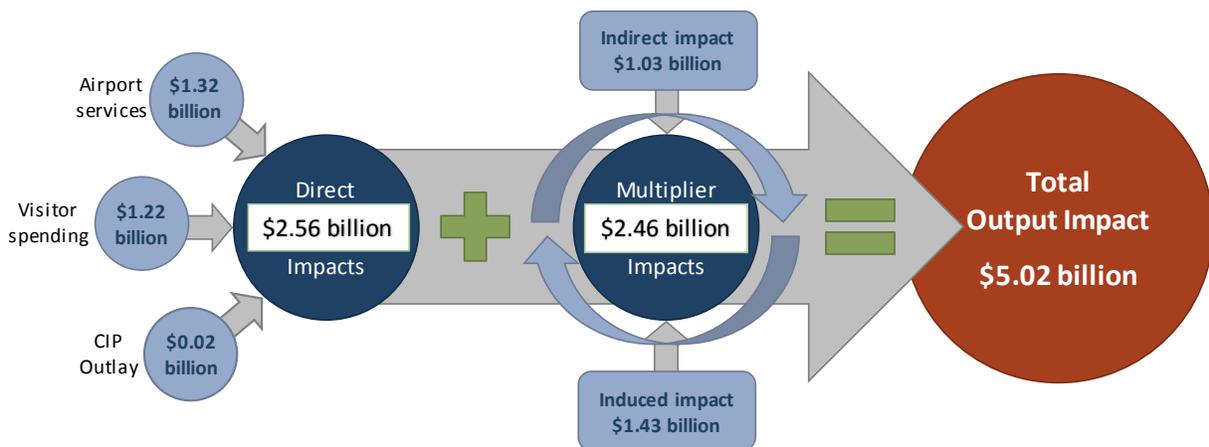


Figure 5 shows the sources and components of the Airport's economic impact.

Figure 5 KCI'S Total Economic Impact—Greater Than The Sum Of Its Parts



The economic activities arising from the operation of the Airport generate tax revenues that help fund local government services and public infrastructure. Taxes, however, represent a transfer of income from businesses and individuals to the government. They do not represent additional economic impact. We estimate that the economic activities generated by the Airport in FY 2014 contributed approximately \$37 million to county sales tax revenues in the 17-county area. They also contributed approximately \$47million in revenues to the city of Kansas City, Missouri, from the following taxes and fees:

- Hotel/motel sales tax
- Hotel arena fee
- Convention and tourism tax
- Rental car license fee
- Rental car arena fee
- Rental car energy recovery fee
- Earnings tax

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