THE ECONOMIC IMPACT OF STATE SUPPORT FOR THE ARTS IN KANSAS

prepared by

Bob Glass and Shirley Sicilian
Research Associates

Institute for Public Policy and Business Research
The University of Kansas
Lawrence, Kansas 66045
(913) 864-3701

prepared for

Kansas Arts Commission

March 1986

Anthony L. Redwood, Executive Director
Institute for Public Policy and Business Research

Report No. 104

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This report contains the results of a study conducted by the Institute for Public Policy and Business Research (IPPBR) to determine the economic and social impact of state support of the arts through the Kansas Arts Commission. The study is divided into two parts: (1) a sectoral evaluation of the economic impact of art in Kansas, and (2) a description of the contributions of art to the quality of life in Kansas. In part one we measure the economic presence of art as an industry in Kansas by showing how, and to what degree, the art industry interacts with the rest of the state economy. It is clear that state funding for the arts has a tangible and quantifiable impact on Kansas' economic vitality. Expenditures made by the Kansas Arts Commission generate income for all sectors of the Kansas economy.

State support for the arts also has an impact on the Kansas economy indirectly through its contributions to the quality of life in Kansas. Quality of life is a significant concern in firms' location and expansion decisions and thus a primary factor in economic development. Part two delineates the relationships between a healthy art environment, a high quality of life, and active economic development.

Part I : A Sectoral Evaluation of the Economic Impact of State Support of the Arts in Kansas

Part one of this study estimates the primary and secondary

impacts of spending by the Kansas Arts Commission on the Kansas economy. The primary, or initial, impact of the KAC in the Kansas economy takes the form of direct expenditures. Direct expenditures by the KAC fall into two categories: administrative expenditures and grant awards. In addition, spending by individuals as a result of attendance at events funded by KAC will also be included as a direct expenditure since this spending is prompted by and complementary to state funding of the arts. Examples of this type of complimentary expenditure are the food, lodging, travel, and babysitting expenses incurred in conjunction with attendance of KAC funded events.

Besides the primary impacts of the KAC expenditures, secondary impacts from these expenditures also occur which need to be taken into account in order to fully measure the economic impact of the Arts Commission expenditures. These secondary effects are the result of the transition of Arts Commission expenditures into gross income for the recipient of the expenditures, whether these expenditures go to pay wages and salaries or to purchase goods and services. Some portion of this income immediately leaves Kansas either because a business from which the good or service is purchased is located outside the state or because some portion of the wages and salaries generated are spent outside the state. The income which leaves Kansas is referred to as a leakage because it no longer contributes to the Kansas economy. However, the portion of the income created which remains in Kansas, when

spent, will generate additional income in Kansas. The secondary effects of the Arts Commission expenditures are the resulting additional economic activity generated in Kansas as the initial impact diffuses through the Kansas economy. The magnitude of the secondary impact is determined by the rate at which the income created by the initial expenditures leaks out of Kansas.

We decided to use an input-output methodology for estimating the secondary effects. The data we used to construct a model would have allowed us to create a one hundred and twenty-five by one hundred and twenty-five sector model but because of certain limitations discussed later, we chose to use a thirteen sector input-output model. Most of the one hundred and twenty-five possible sectors were grouped together to create eight major fields of endeavor: agriculture; mining; construction; manufacturing; transportation; finance and insurance; wholesale, retail, and services; and communications and utilities. Finance, insurance and real estate are often grouped into a standard major industrial classification, but in our case it was best to separate real estate from this combination in order to segregate the effects on the economy due to expenditures by art concerns for office space. A travel sector was formed by grouping the individual sectors hotels, restaurants, gas stations and car dealerships. The printing and newspaper publishing sector was kept separate to best reflect the effects on the economy of

advertising by the arts. A sector containing artist supplies, office supplies and other miscellaneous retail was extracted from the rest of the retail sector since a large proportion of spending on the arts takes place in these industries. The sector title entertainment is of special significance in the art-specific model since it contains the sub-sectors dancing schools, miscellaneous theatrical services, theatrical equipment and supply houses, orchestras and bands, art galleries, halls and auditoriums, and other entertainment. The thirteen sectors are listed in Table 1. Because of the awkwardness of the sector titles, only the numbers associated with them in Table 1 will be used in the remaining tables of this report.

Table 1

Sector Names and Corresponding Sector Numbers

Sector #	Sector Names
1	Agriculture
2	Mining
3	Construction
4	Manufacturing
5	Printing and Newspaper
6	Transportation
7	Finance and Insurance
8	Wholesale, Retail, and Services
9	Communications and Utilities

10	Travel*
11	Artist Supplies, Office Supplies,, other Retail
12	Office Space
13	Entertainment**

* contains the following sectors: hotels, restaurants, gas stations

**contains the following sectors: dancing schools, misc. theatrical services, theatrical equipment and supply houses, orchestras and bands, art galleries, halls and auditoriums, other entertainment

Measuring the Primary Impact

The Kansas Arts Commission provided data on KAC administrative expenditures, KAC grant recipient's administrative and program expenditures, and KAC grant recipient's program ticket sales. Unfortunately, the categorization of these expenditures by the KAC is not of the type readily adapted to use in economic models. It was necessary to reorganize the KAC data so that it fit into the thirteen sectors of our input-output model. This section of the report outlines the basic procedures that were used to determine and segregate the primary expenditures. As with nearly all empirical economic research, our procedures are a combination of common sense where possible and assumptions where necessary.

Determining the primary impact of the KAC direct administrative expenditures is a relatively straightforward matter since all of the relevant data is available in sufficient detail to catagorize each type of expenditure as a wage and salary expendi-

ture or as an expenditure made in one of the thirteen sectors of the model. The wages and salary expenses are in turn allocated among the thirteen sectors on the basis of the average propensity of wage and salary earners to consume of each sector. The average propensity to consume for each sector is derived from actual data on income and consumption patterns by dividing consumption for each sector by total personal income. The resulting average propensities to consume are listed in Table 2.

Table 2

Average Propensity to Consume

Sector #	Average Propsensity Consume
1	.0096
2	.0
3	.0
4	.3386
5	.0083
6	.0053
7	.0389
8	.1269
9	.0423
10	.0385
11	.0
12	.0892
13	.0052

The KAC grant expenditures were more difficult to manipulate into our thirteen sector model. The first problem faced was the fact that the KAC grant to a particular organization was not that organizations only source of income. Thus, in almost all cases it was impossible to tie specific grant money to specific expenses. Instead, our analysis had to be based on all of the recipient's expenditures. It was simply infeasible to do anything else. This procedure is quite justified, however, by the fact that many of the projects funded would not exist or would exist only in a diminished state if KAC grant funding was not available. In their budget request for fiscal year 1985, the Kansas Arts Commission cited several cases which illustrate this point:

> EXAMPLE I-
> William Inge Theatre Festival, Independence Community College
> Requested $5,000 - Granted $1,500
> Proposal: To host a nationwide playwriting contest where the winning script would be produced by the University of Kansas Theatre Department in conjunction with production workshops and demonstrations to be held during a two-week festival.
> Altered Project: The production of the winning script was dropped and the number of demonstrations reduced. Plans include a playwriting contest but only on a limited scale.
>
> EXAMPLE II-
> Walnut Valley Festival, with KHCC-FM, Hutchinson.
> Requested $2,488 - Granted $700.
> Proposal: To tape the Walnut Valley Festival to be broadcast on National Public Radio. This festival hosts the national finals of the Bluegrass Flat Picking contest and is considered an easy entry on to the National Public Radio system.
> Altered Project: Taping of the festival was done on a

limited scale and reduced quality eliminated the chances for national distribution.

EXAMPLE III-
Historical Mural Project, Tonganoxie Chamber of Commerce.
Requested $3,160 - Granted $1,000.
Proposal: To place a mural on one of the faces of the historic Tonganoxie railroad depot which was currently undergoing restoration. The artist was to be selected through a competitive process.
Altered Project: Cancelled.

EXAMPLE IV-
Kids on the Block, Lawrence Parks and Recreation Commission.
Requested $3027 - Granted $500.
Proposal: To help children dispel negative feelings about handicapped children by viewing and participating in a puppet theatre production dealing with attitudes about handicaps. The troupe of puppeteers was to be composed of both normal and handicapped children.
Altered Project: Cancelled.

EXAMPLE V-
Writers of the Heartland, University of Kansas Audio Reader.
Requested $4319 - Granted $1,000.
Proposal: To tape recognized Kansas writers reading their own works for broadcast on Audio Reader, which serves 7,000+ blind listeners.
Altered Project: Cancelled.

Another obstacle faced was that the data collected by the KAC on grant recipient's expenditures was grouped into broad expenditure categories which needed to be broken down into sufficient detail for use in a sectoral economic model. Table 3 sets out the KAC expenditure catagories and the corresponding sectors of the input-output model into which these expenditures had to be separated.

Table 3

KAC Expenditure Categories and Corresponding Input-Output Sectors

KAC Code	Expenditure Category Explanation	Input-Output Sectors
AAD	Administrative personnel	Salary (according to APC*)
ASP	Administrative and Program Space Rental	Office Space Entertainment
AKD	Administrative and Program Utilities, Supplies, Other Operating Expenses and Other Supplies	Communications and Utilities Artist Supplies, Office Supplies and Other Retail
ADA	Artist and Exhibition Fees	Salary (according to APC*) Entertainment
ATR	Travel	Travel
AMA	Marketing	Printing and Newspaper

*APC = Average Propsensity to Consume

It was not possible to do a complete canvasing of all grant recipients to determine their actual detailed expenditures. However, grant recipients within the same type of program, exhibited marked similarities in their expenditure patterns. Since a complete canvasing of all grant recipients was not possible, these similarities were exploited in allocating the broad expenditure catagories among the thirteen sectors and wages and salary. The total expenditure on the four hundred and sixty-seven grants awarded in fiscal year 1985 were distinguished according to the Kansas Arts Commission program codes as set out in Table 4.

Table 4
Grants Recipients Total Expenditure
by Kansas Arts Commission Program Codes

Total Expenditures	Primary Code	Secondary Code
$ 323,037		INH
143,200	AIE	MAJ
2,456	AIE	MIN
329,690	AIS	
8,000	AIS	INH
18,523	ARA	MAJ
11,747	ARA	MIN
1,138,002	ARO	BPG
1,780,043	ARO	CHG
271,605	ARO	MAJ
20,714	ARO	MIN
1,127,238	CDL	CDG
42,140	CDL	CHG
15,376	CDL	MAJ
3,593	CDL	MIN
39,938	CDP	MAJ
22,650	CDP	MIN
67,511	CDS	BPG
11,557	CDS	MAJ
3,199	SAW	MIN
34,236	SPA	MAG
946	SPA	MIN
17,790	SPN	INH
11.055	TDA	KTP
84,721	TDA	MAJ
1,438	TDA	MIN
84,516	TMV	KTP
229,898	TMV	MAJ
51,771	TMV	MAK
40,487	TMV	MIN
158,111	TTH	KTP
27,966	TTH	MAG
3,912	TTH	MIN
34,332	TVA	INH
69,499	TVA	MAG
6,225	TVA	MIN

IPPBR conducted a limited telephone survey in which at least one grant recipient in each of the fifteen primary programs was

contacted. For certain primary programs it was useful to contact several grant recipients within that primary program. In these cases, recipients were contacted according to the secondary codes. The grant recipients with the twenty-five largest total program expenditures were also contacted. The information obtained in this sampling is the basis for estimating the break-down of KAC grant recipients expenditure catagories into economic sectors.

Arts spending has an additional impact in that it induces spending on other, complementary, goods. The Kansas Arts Commission has available data on admission sales for each arts program. A study by the Canada Research and Evaluation Council suggests that this data can be used to estimate spending by spectators on such things as hotels, restaurants gasoline, and babysitters. It is assumed, based on a review of relevant economic impact studies, that for every dollar spent on tickets, one dollar and six cents ($1.06) is spent on ancillary spectator expenditures. We multiplied the total ticket sales for the KAC events by 1.06 and subtracted ticket expenditures to get total spectator spending. We made the assumption that approximately fifty percent of this spectator spending was for babysitting and the rest was for restaurants, hotels, and gas stations. Babysitting expenditures become part of our model as a salary expense. The change in spending on restaurants, hotels, and gas stations affected change in final demand through the travel sector.

Table 5 shows the total primary impact from KAC administrative expenses, grants recipients expenses, and induced spectator spending.

Table 5

Total Primary Impact of Kansas Arts Commission Expenditures

Sector #	Direct Impact
1	27,689.00
2	0
3	0
4	976,625.00
5	720,899.00
6	15,186.00
7	112,199.00
8	366,018.00
9	418,215.00
10	468,247.00
11	2,110,511.00
12	431.266.00
13	1,124,686.00

Measuring the Secondary Effects

The determination of the direct effects of KAC expenditures is a straightforward application of accounting techniques and common sense. The measurement of secondary effects, however, presents a methodological challenge because of the inability to measure the effects directly. Several techniques have been developed to estimate secondary effects. The best technique is to use an input-output (I-O) model to generate estimates of these secondary effects. The major drawback of this method is the expense of creating such a model. IPPBR is in the second year of a three year grant to develop a dynamic I-O model of Kansas, and

although the model is not yet completed, enough data has been gathered to provide the basic static I-O model of Kansas necessary for this study.

An I-O model is a structural description of the intricate flow of goods and services within a regional economy. Fundamentally the demand for any good or service can be broken down into two parts--final demand (consumers, government, and exports) and intermediate demand. Intermediate demand is the use of a good or service in the production of another good or service. It is through the complex flows of intermediate demand that the secondary impacts are created. An increase in the final demand for a product increases the demand for all of the intermediate products used in its production. In an I-O model the intermediate flows are captured by using a coefficient matrix which reflects the proportion of all other goods used in the production of one good. By multiplying this coefficient matrix by total output in each sector one gets total intermediate demand in the economy. Then by adding intermediate demand to final demand one gets total output. This basic relationship can be compactly written in matrix form. Let A be the coefficient matrix for intermediate demand, X be a column vector for total output and D be a final demand vector. Then

$$A X + D = X$$

Using elementary matrix alegbra, one can show that

$$D = X - AX = (I-A)X$$

where I is the identity matrix. Then

$$(I-A)^{-1} D = X$$

where the minus one indicates the inverse operation. What the final equation shows is that some matrix, $(I-A)^{-1}$, multiplied by final demand gives total output. Thus a change in final demand multiplied by the same matrix will give the change in total output. The matirx $(I-A)^{-1}$ is then the matrix by which we can determine the changes in intermediate demand due to the change in final demand.

For our purposes, we need the coefficient matrix in order to develop the $(I-A)^{-1}$ matrix. A special coefficient matrix was created for this project to reflect the sectors important to the art industry. Because of the difficulty involved in inverting a matrix, we limited the number of sectors to 13. More than 13 sectors would have raised the difficulty of inverting the matrix beyond a feasible level. A special coefficient mateix was created for this project to reflect the sectors important to the art industry. The $(I-A)^{-1}$ matrix resulting from the coefficient matrix developed for this project is given in Table 6.

Table 6

I-A Matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13
1	2.01634	0.06033	2.21427	0.49640	0.14761	0.10543	0.04944	2.27217	0.06778	0.21289	0.06298	0.03630	0.23479
2	0.18361	1.07433	0.14915	0.29166	0.09620	0.08897	0.04087	0.05060	0.26093	0.12105	0.04881	0.01916	0.07380
3	0.02752	0.04695	1.01468	0.02733	0.01700	0.07925	0.02051	0.01895	0.05474	0.02604	0.02521	0.08031	0.03662
4	1.03779	0.22593	0.81949	1.93255	0.56307	0.39916	0.17902	0.25531	0.23612	0.69509	0.22101	0.09858	0.35508
5	0.00705	0.00220	0.00453	0.00638	1.10182	0.00617	0.04121	0.01134	0.00520	0.00844	0.00828	0.00284	0.01669
6	0.00974	0.00556	0.00952	0.01181	0.03165	1.10658	0.01272	0.01736	0.00734	0.00762	0.00803	0.00287	0.00505
7	0.08083	0.01812	0.02589	0.03579	0.02904	0.04188	1.33461	0.03265	0.02645	0.04661	0.05285	0.03913	0.04503
8	0.09224	0.03469	0.06999	0.07678	0.08661	0.07896	0.19520	1.10013	0.05589	0.10090	0.11970	0.03499	0.11990
9	0.08688	0.05502	0.04115	0.07108	0.05015	0.06404	0.06724	0.05720	1.14400	0.074523	0.07486	0.01426	0.09432
10	0.01342	0.00781	0.01224	0.01627	0.02404	0.01686	0.03954	0.02507	0.01051	1.01311	0.01563	0.00615	0.03639
11	0.00369	0.00158	0.02931	0.00196	0.00119	0.00274	0.00139	0.00125	0.00186	0.00133	1.00109	0.00244	0.00206
12	0.04209	0.12804	0.03643	0.05457	0.05908	0.03717	0.07510	0.06255	0.05329	0.09593	0.11872	1.09097	0.10597
13	0.00090	0.00051	0.00255	0.00088	0.00075	0.00073	0.00112	0.00160	0.00771	0.00476	1.00081	0.00021	1.14625

Our estimate of secondary effects of the Arts Commission expenditures was found in a simple two step procedure. In the first step, the $(I-A)^{-1}$ matrix was multiplied by the change in final demand estimated in section A of this report. The result of this operation is the total change in output in each sector of the Kansas economy due to the change in final demand. The second step is to subtract the primary effect from the total effect in each sector to give the secondary effect. The primary, secondary and total effects are listed in Table 7.

Table 7

Primary, Secondary, and Total Impact of Kansas Arts Commission Expenditures

Sectors	Primary Impact	Secondary Impact	Total Impact
1	27,689	1,193,596	1,221,285
2	0	743,828	743,828
3	0	214,270	214,270
4	976,625	2,794,574	3,774,199
5	720,899	132,293	853,192
6	15,286	74,533	89,192
7	112,199	320,207	432,406
8	366,018	672,922	1,038,940
9	418,215	502,781	920,996
10	468,247	134,563	602,810
11	2,110,511	10,600	2,121,111
12	431,266	605,120	1,036,386
13	1,124,686	173,886	1,298,572
Total	6,771,641	7,576,173	14,347,814

The results presented in Table 7 seem reasonable if taken as orders of magnitude rather than as exact dollar amounts. Certain of the secondary impact figures are obviously intuitive. For

example, the large secondary impact on the sectors of manufacturing; wholesale trade, retail trade, and services; and communications and public utilities seems quite natural. The relatively small secondary impact on printing and newspapers; office supplies, artist supplies and other retail trade; and entertainment also seem natural. The large secondary impact on mining, office space and agriculture are less intuitive. The large secondary impact on mining reflects the use of Kansas produced oil and gas by Kansas industry. The major portion of the large secondary impact on office space is from the two sectors of entertainment and office supplies, artist supplies and other retail trade. The most troubling result is the large secondary impact on agriculture. The major source of this increased demand for agricultural products is manufacturing. Historically, Kansas manufacturing has been agriculturally oriented. In fact, about twenty percent of all goods and service inputs to manufacturing are agricultural.

It is possible to derive a vector of multipliers representing the impact of the Kansas Arts Commission's support for the arts on each of the thirteen sectors of the Kansas economy. This vector of multipliers shows how total output for each sector changed for each dollar spent on art. To generate a vector of art multipliers we must first normalize the 'primary impact', or 'change in final demand' vector to give us the propensity of

the art industry to make expenditures in each sector. The resulting average propensities to expend show how the average dollar of art is distributed among the thirteen sectors. The art industries propensity to expend is listed for each sector in Table 8 below.

Table 8

KAC Art Industry's Average Propensity to Expend by Sector

Sector	Average Propensity to Expend
1	0.004089
2	0.000000
3	0.000000
4	0.144225
5	0.106460
6	0.002243
7	0.016569
8	0.054052
9	0.061761
10	0.069149
11	0.311674
12	0.363688
13	0.166090

If we multiply the vector of propensities to expend by the $(I-A)^{-1}$ matrix we have a vector of numbers representing the

change in total output for each sector given a change in Kansas Arts Commission spending of one dollar. Table 9 shows how a dollar spent on the arts by the KAC has generated changes in output for each sector of the economy.

Table 9

Change in Total Output in Each Sector Resulting from KAC Spending $1

Sector	Change in Total Output
1	0.180354
2	0.109845
3	0.031642
4	0.557356
5	0.125997
6	0.013248
7	0.063856
8	0.153426
9	0.136009
10	0.089021
11	0.313239
12	0.153050
13	0.191769
Total effect on all sectors	2.118812

A final note of caution should be given concerning the

results in Table 9. It is tempting to add up the multipliers for each sector and call that result - 2.12 - the art multiplier in Kansas. This would be true only if any future change in the expenditures by the KAC and their grants recipients remained in exact proportion to the expenditures analyzed above. Put another way, any change in the mix of expenditures will change the value of the multiplier. Instead of one simple multiplier as is popular in the "Economic Impact of Art" literature, we have given a matrix of multipliers. Our results are not as simple to understand but we feel the increase in complexity is less than the value of the increased realism our results reflect.

In Part One of this report we have tried to capture the complex interactions between the expenditures of the KAC and the Kansas economy. We have focused exclusively on the measurable contributions art as an industry makes to the state economic base by providing income to residents. In concentrating on these measurable monetary benefits our function has been to elaborate the tangible, financial consequences of state support of the arts. In doing so, however, we have entirely neglected the more intangible consequences that support of the arts can have on a state through the art's contributions to quality of life. Part Two of this report provides a discription of art's contribution to the quality of life in a state and the further effects this can have on the state economy.

Part II: A Description of the Contribution of Art to the Quality of Life in Kansas

Art and Quality of Life

Quite apart from the economic impact the arts as an industry may have on a region are the general social impacts that are generated emanate from the existence of a prospering, active cultural life in the region. In his article, The Arts and Urban Development, (in W.S. Hendon, et al., editors, Economic Policy for the Arts, Cambridge, Mass.:Abt Books, 1980), James L. Shanahan suggests that:

> "...the arts and their appreciation have an aesthetic potential which permeates all human experience; that is for some people the arts can provide the aesthetic thread from which the quality of life's fabric is woven. This provides the context for the claim that the arts can be directly related to emotional well-being and mental health."

David Cwi (Public Support of the Arts: Three Arguments Examined, Journal of Cultural Economics , Vol.4-No.2, Dec.'80) maintains that non-market benefits of the arts include the enhancement of national or local identity, pride and international prestige. Toffler, as cited in Cwi notes that:

> "The arts play an important role in integrating individuals into subcultures within the larger society; they provide a running critique of social policy; they act on value systems that accelerate or retard change and they educate individuals to new role possibilities and styles of life(15, p. 263 as quoted in Cwi p. 43)

State support of the arts has clearly been widely appreciated by the people of Kansas. Over fiscal year 1985, not less

than 1,834,229 million people attended or participated in 467 arts events all across Kansas.

Quality of Life, Cultural Ammenities and Economic Development

George Washington said in 1788 that "The arts and sciences are essential to the prosperity of the State and to the ornament and happiness of human life." Since then, many economists have expounded on the impact art has on quality of life and several studies have shown that quality of life is increasingly becoming a major factor in firm location and expansion decisions. In his book, Making Business Location Decisions[1], Roger Schmenner has occasion to discuss the effect quality of life has on business location decisions:

> "Several industries, notably those in high technology areas, have no particular location-sensitive costs such as transportation or labor which constrain their location decisions in important ways. Companies such as Motorola, IBM, Burroughs, Perkin-Elmer, and Honeywell are remarkably free to locate their production capacity almost anywhere in the United States.
>
> "In the absence of some primary concerns that affect location, such firms usually consider certain subjective aspects when generating and evaluating potential sites. In assessing the competitive demands placed upon their manufacturing operations, many high technology companies have concluded that the best locations for their plants are those most likely to be attractive environments for their engineers and managers. After all, broad-ranging and rapid new product development, effective engineering, and timely delivery are the salient competitive weapons in these companies; and these weapons are fashioned by a talented, dedicated, and happy corps of engineers and managers. Their plant location decision is one of analyzing where the most

attractive places to live in the United States are located."

A national survey of manufacturing executives performed by the Harvard-MIT Joint Center for Urban Studies[2] identified the most important influences on large firms in their national plant location decisions. This study found "Attractive place for engineers and managers to live" more important in plant location decisions than "Low labor rates" and every goverment-controlled cost factor. The results are set out in Table 10.

Table 10

Influences on Plant Location Decision - National Plant Openings in all Industries

Factors Viewed as "Musts"	% of Plants Citing Factor
Favorable Labor Climate	76
Proximity to Market	55
Attractive Place for Engineers and/or Managers to Live	35
Proximity to Supplies, Resources	31
Ease in Obtaining Environmental Permits	17

Source: Roger Schmenner, "Location Decisions of Large Firms: Implications for Public Policy," Center for Urban Economic Development, Commentary (January, 1981).

A survey a high-technology manufacturers conducted by the Federal Reserve Bank of Kansas City[3] provides information about the characteristics of high-technology manufacturers location decisions: forty-three percent of the survey respondents reported "cultural amenities" as having some significance in

determining their location in a state and fifty-one percent reported "improve cultural amenities" as having some significance in determining expansion.

Finally, a 1981 survey of 500 of the 1,000 largest U.S. industrial corporations identified the importance of factors in locating plants in the continental United States. In this survey, "quality of life for employees" ranked seventh in importance compared to twenty-five other factors. Table 11 shows their results.

Table 11

Fortune Survey
Comparative Importance of Factors in Locating Next Mainland U.S. Plant

(1981 Rank Order) 1981 Factor Rank (Figures in () are 1976 ranks)	Weighted Score 1981	1976
1. productivity of workers(1)	82	82
2. efficient transportation facilities for materials and products(1)	79	82
2. community receptivity to business and industry(3)	79	80
4. state and/or local attitude toward taxes on business and industry(5)	77	79
5. availability of energy supplies(3)	75	80
6. ample area for future expansion(8)	71	70
7. costs of property and construction(6)	70	71
7. quality of life for employees(n.a.)	70	n.a.
10. state and local posture on environmental controls and processing of environmental impact reports(6)	69	71
11. water supply(9)	66	68
11. calm and stable social climate(14)	66	62
13. adaquate civic waste treatment facilities(14)	63	62

14.availability of technical or professional workers(22)	62	53
15.financing inducements(23)	61	51
15.fiscal health of state and/or city(12)	61	63
15.proximity to customers(12)	61	63
15.availability of unskilled or semi-skilled workers(10)	61	66
19.state and/or local personal income tax structure	60	60
20.proximity to raw materials, components,or supplies(16)	59	61
20.proximity to services(17)	59	60
20.efficient transportation facilities for people(20)	59	55
23.a growing regional market(20)	57	55
24.availability of clerical workers(24)	49	47
25.personal preferences of company executives(26)	42	36
26.proximity to other company facilities(25)	37	37

n.a.: not asked

Weighted score: respondents were asked to rate each of 26 possible factors as to their importance in locating the company's probable next new plant. The rating scale had five points, ranging from "extremely important" to "not at all important". For ease of interpretation, the answers were presented in the form of "weighted scores" so that if every respondent had said "extremely important", the weighted score would be 100, and if every respondent had said "not at all important", the weighted score would be 0.

Source: FORTUNE Market Research Survey, Why Corporate America Moves Where, (New York, New York: Time Inc, 1982), p.9

A central element of any economic development strategy must be to continue and expand the state's commitment to a high quality of life in Kansas. Benefits to the state from state funding of the arts do not stop with aesthetics. These state expenditures make an enormous contribution to economic development efforts through their impact on quality of life.

A National Assembly of State Arts Agencies survey reveals that

Kansas' state per capita spending on the arts is currently very low in comparison to other states. State spending on the arts in Kansas is 24.2 cents per capita. This level of spending rates Kansas a ranking of fifty-first among the fifty states and six territories. Among the states in our seven state region, Kansas per capita spending on the arts ranks sixth.

A prospering, active arts environment creates many cultural benefits for a society. These cultural benefits help foster a high quality of life. A high quality of life aids in the economic development of society. This economic development will in turn contribute to the quality of life, thereby encouraging further economic development. In this sense expenditures on the arts set in motion a kind of "economic development multiplier" which is fueled by art's contributions to quality of life.

Footnotes

1. Roger W. Schmenner, Making Business Location Decisions, (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1982.

2. Roger Schmenner, "Location Decisions of Large Firms: Implications for Public Policy," Center for Urban Economic Development, Commentary (January, 1981)

3. Smith, Tim R. anda Marla Borowski, "High-Technology Development in the Tenth District", Federal Reserve Bank of Kansas City, Economic Review.

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