

**THE UNIVERSITY OF KANSAS**  
**Institute for Public Policy and Business Research**  
**School of Business**  
**Department of Economics**  
**RESEARCH PAPERS**

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## **The Kansas Business Environment**

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**prepared for**  
**Kansas, Inc.**

**by**  
**Norman Clifford, Associate Scientist**  
**Robert Glass, Assistant Scientist**  
**Charles E. Krider, Professor of Business**

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**Charles E. Krider**  
**Professor, School of Business**  
**Director, Institute for Public Policy and Business Research**

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## TABLE OF CONTENTS

Executive Summary .....	i
Introduction .....	1
Methodology .....	1
Survey Sample .....	1
Survey Focus .....	2
Summary of Survey Results .....	3
Government and Business Interaction .....	4
Taxes .....	4
State Regulations .....	6
Incentives .....	7
Export Assistance .....	9
Tools of Business .....	10
Kansas' Physical Infrastructure .....	10
The Kansas Labor Force .....	12
Availability of Technology .....	13
Availability of Financial Capital .....	14
Amenities of Life .....	15
Cultural Activities .....	16
Public Education .....	16
Quality of Life .....	16
Implications .....	17
Conclusion .....	19
Appendix A: Survey Questionnaire .....	21
Appendix B: Frequencies for Survey Questions .....	33

## TABLES

Table 1: Distribution of the Sample by Firm Type and Size .....	2
Table 2: Summary of Strengths and Weaknesses: 800 Service and Manufacturing Firms .....	3
Table 3: Extent to Which Each of the Following Taxes Affects Firm's Investment Decisions .....	4
Table 4: Extent to Which Each of the Following Taxes Affects Firm's Investment Decisions By Service and Manufacturing Firms .....	5
Table 5: Extent to Which Each of the Following Taxes Affects Firm's Investment Decisions By Firm Size .....	6
Table 6: Benefit of Burden of State Regulations As Answered by the 60 Percent of Firms That Were Aware of State Regulations That Had an Impact on Their Firm .....	7
Table 7: Value of State and Local Government Programs Providing Targeted Tax, Financial, and Training Incentives to Firms That Have Used Such Programs .....	8
Table 8: Reasons Targeted Incentive Programs Were Not Used By Firms Broken Down by Manufacturing and Service Firms .....	9
Table 9: Percentage of Firms Receiving Export Assistance by State Agency .....	9
Table 10: Effectiveness of Export Support Received From State Agencies .....	9
Table 11: Strength or Weakness of the State's Physical Infrastructure by Type of Region .....	10
Table 12: Suitability of Types of Physical Infrastructure for Firm's Business Activities .....	11
Table 13: Suitability of Types of Physical Infrastructure for Firm's Business Activities by Type of Region .....	12
Table 14: Effectiveness of Labor Programs Rated by Firms That Have Used Them .....	12
Table 15: Housing as a Constraint by Type of Region .....	13
Table 16: Availability of Technology as a Strength or Weakness of the Kansas Business Environment by Type of Region .....	13
Table 17: Availability of Technology as a Strength or Weakness of the Kansas Business Environment By Size of Firm .....	14
Table 18: Availability of Financial Capital in Kansas as a Strength or Weakness of the Kansas Business Environment .....	15
Table 19: Difficulty of Obtaining Capital .....	15

## EXECUTIVE SUMMARY

This research was sponsored by Kansas, Inc. to be used as one source of information that informed the steering committee whose charge was the revision of the earlier state strategy developed by Kansas, Inc. The revision was intended to take the original state strategy as a starting point, and, using the three or four years of experience accumulated since it was implemented, see what mid-course corrections might be most beneficial. The research in this report is an assessment of the business climate in Kansas as reported by the firms who do business in the state. Since the state has had a package of economic development programs in place for approximately a decade, it was presumed that the business environment in Kansas relative to that of other states was relatively good. It was the goal of the study to identify a few areas that remain problematic, in the hope that limited economic development resources could be moved into areas where they would produce the largest gains.

### Methodology

A telephone survey of 800 Kansas businesses was conducted during August and September of 1996. The population consisted of those firms which would in general face competition from out of state businesses. A stratified sampling procedure was used, in which the population was broken into six different categories composed of small, medium, and large firms in manufacturing and service industries.

The purpose of the survey was to evaluate the Kansas business climate from the perspective of Kansas businesses. The survey instrument focused on three basic classifications of state environmental factors a business must work with in order to survive and prosper: each of these classifications was divided into subcategories which are listed below.

<i>Government and Business Inter action</i>	<i>Tools of Business</i>	<i>Amenities of Life</i>
Taxes	Finance Capital	Cultural Activities
Regulations	Labor Force	Public Education
Incentives	Physical Infrastructure	Quality of Life
Export Assistance	Availability of Technology	

### Results

Firms in Kansas generally rated the business environment as good. Firms were especially satisfied with the quality of life in Kansas, the state's labor force, and public education in the state. They also reported generally positive attitudes towards the availability of technology, physical infrastructure, the availability of financial capital, and state and local government incentives. Businesses generally felt that state regulations were a strength rather than a weakness of the state's business environment. A large majority of firms did not export outside the United States, and did not feel the need to do so. Businesses were less sanguine about the Kansas tax structure and the relationship between the burden of taxes and the benefits conferred upon business by the state. Although they did not feel that it was crucial to the business environment, firms reported the

lack of availability of cultural activities as a weakness of the Kansas business climate. The precise areas that seem in most need of attention, according to the firms that were surveyed, are (1) the property tax on commercial and industrial real estate, (2) the property tax on machinery and equipment, and (3) the availability of air service in the state.

## **Implications**

Although the overall conclusion of this report is that firms in general rate the Kansas business climate as good, they indicated some specific areas that are in need of improvement. The policy implications, from the point of view of the businesses in this survey, are listed below.

**1. The overall Kansas business environment is good, and therefore changes should take the form of fine tuning rather than a major overhaul of the state's economic development programs and activities.**

The state has had a program of economic development strategies in place for ten years. Thus, the business environment survey could be viewed in part as collecting information on firms' satisfaction with that program. The survey's clear finding that firms are satisfied with the Kansas business environment generally is consistent with the conclusion that firms find the state's overall economic development program to be working well. Thus, the appropriate course is to pursue a modest agenda for change in specific areas that are found to be lacking.

**2. The Kansas business climate would be substantially improved by reducing or eliminating the property tax on business equipment and machinery.**

The state and local tax structure was rated the weakest part of the Kansas business environment by the firms in the survey. The property tax on business equipment and machinery was rated as a strong or somewhat negative effect on the firm's investment decisions by 70 percent of the respondents. The rate of investment affects the productivity of labor in the short run, but it affects productivity even more so in the long run, for example, as a sequence of lower investments accumulates to cause a very significant reduction in the level and age of the capital stock. Since labor productivity is the single most significant determinant of the well being of the average Kansan, actions that have effects on the level of investment by firms can have important consequences.

**3. The property tax on commercial and industrial real estate should be reduced.**

The property tax on commercial and industrial real estate was rated as a strong or somewhat negative effect on the firm's investment decisions by 73 percent of the respondents, the highest total for any specific tax. Although some investments in new equipment, such as updating an existing plant, may not require any additional real estate, others, such as an expansion of an existing plant or the opening of a new plant, may require the firm to acquire additional land. Thus, a tax on commercial and industrial real estate could well influence the rate of investment in equipment and thereby affect the productivity of labor.

**4. The efficiency of the workers compensation system should be improved to provide reasonable costs to employers while maintaining protection for employees.**

The workers compensation tax was rated as a strong or somewhat negative effect on the firm's business decisions by 68 percent of the respondents, and a strong negative effect by 40 percent of the respondents. This was the highest strong negative rating of any individual tax. The revenues from the workers compensation tax directly benefit workers, so simply reducing the tax would not necessarily benefit Kansas workers, since the gains from increased productivity could be more than offset by the losses of workers compensation benefits. Thus, the implication is that the efficiency of the workers compensation system should be improved to provide reasonable costs to employers while maintaining protection for employees.

**5. Attention should be paid to the availability of air services in the state.**

Air services were rated the lowest among the three kinds of infrastructure on the survey. Even in urban counties, only one in five firms rated air services good or superior in terms of suitability to their business activities. Although it seems unlikely that good or superior air services could be made available uniformly across the state, an effort should be made to identify places where significant improvements can be made.

**6. Transportation services for mid-sized counties should be improved.**

Firms in mid-sized counties ranked the highway system as inadequate twice as often as firms in either rural or urban counties. They also ranked air services as inadequate more often than either urban or rural firms. Thus, the transportation infrastructure in general seems to be further from the needs of firms in mid-sized counties, and efforts should be focused there.

**7. The availability of affordable housing in rural and mid-sized communities should be addressed.**

Although 72 percent of the surveyed firms said that the availability of housing was not a constraint on their ability to expand, the seriousness of the housing constraint varies significantly between urban and non-urban areas. While only three percent of firms in urban counties found availability of housing to be a serious constraint, 14 percent of the firms in mid-sized counties and 18 percent of the firms in rural counties reported to be a serious constraint. Thus, availability of housing is acting as a serious constraint on expansion for a significant number of firms in rural and mid-sized counties, and presumably on the ability of new businesses to locate in those counties.

**8. Access to technology should be made available to all firms.**

Although fewer than one in five firms reported access to technology as a weakness of the Kansas business climate, it is still significant that a minority of firms see access to technology as a problem. Thus, efforts to make technology available to all firms should be continued and enhanced.

## INTRODUCTION

This research was undertaken as part of the process, undertaken by Kansas, Inc., of revising the Kansas state strategy for economic development. The research was used as one of the sources of information that informed the steering committee that was in charge of examining the earlier state strategy developed by Kansas, Inc. The revision process was intended to be one that would take the existing strategy as a starting point, and using the three or four years of experience accumulated since it was implemented, see what changes and corrections needed to be made. It was thus intended to be in the nature of a mid-course adjustment, rather than a change of destination.

The research reported on below is an assessment of the business environment in Kansas as reported by those who must operate within it: the firms who currently do business in the state. Given the fact that the state has had a coherent set of economic development tools in place for about a decade, it could be presumed that generally the business environment in Kansas might be relatively good. The package of highway programs that is just drawing to a close might, for example, be expected to lead to a sense among the state's businesses that the highway system is currently serving their needs rather well, and in the survey of businesses in Kansas we did indeed find that to be the case. Thus, the expectation was that the study would find that in general the business environment in Kansas was reasonably good compared to other states. It was hoped, however, that the study could discover a few areas that appeared to be especially problematic, in the hope that limited economic development resources could perhaps be moved in the direction of areas in which they could have the most dramatic effects.

As the report below illustrates, firms in Kansas do in general rate the business environment as good. Firms were especially satisfied with the quality of life in Kansas, the state's labor force, and public education in the state. They also reported generally positive attitudes towards the availability of technology, physical infrastructure, and the availability of financial capital. They also generally felt that state regulations were a strength rather than a weakness of the state's business environment. They were less sanguine about the Kansas tax structure and the relationship between the burden of taxes and the benefits conferred upon business by the state. Although they did not feel that it was crucial to the business environment, firms also reported the lack of availability of cultural activities as a weakness of the Kansas business climate. The precise areas that seem in most need of attention according to the firms that were surveyed are (1) the property tax on commercial and industrial real estate, (2) the property tax on machinery and equipment, and (3) the availability of air service in the state.

## METHODOLOGY

### Survey Sample

The Institute for Public Policy and Business Research (IPPBR) conducted a survey of Kansas business firms aimed at evaluating the Kansas business environment from the perspective of Kansas firms. A total of 800 firms were contacted: 400 manufacturing firms and 400 service oriented firms. The random sample was not selected from a list of all firms in Kansas; rather the focus of the survey was on the firms which face out-of-state competition. Thus, the survey focused on manufacturing firms and service oriented firms whose business was inter-state in



nature. For example, a local barbershop or attorney, in general, face only local competition and, as such, were left out of the population sampled. Also, in order to make sure a sufficient number of larger firms were in the sample, a stratified sample was used which broke the population into six different groups: large manufacturing and service firms (251 or more employees), medium manufacturing and service firms (50 to 250 employees), and small manufacturing and service firms (5 to 49 employees). As a result, all manufacturing firms and nearly all service firms in Kansas with more than 250 employees were included. If firms had simply been telephoned at random, the sample would have been nearly all small or medium size firms. The resulting sample still was primarily small and medium firms as can be seen in Table 1.

**Table 1**  
**Distribution of the Sample**  
**by Firm Type and Size**

Number of Employees	Number of Firms Responding	
	Manufacturing	Services
5 to 49	314	334
50 to 250	70	34
251 or more	15	29
<b>Total</b>	<b>399</b>	<b>397</b>

Number of employees was not available for four firms

### Survey Focus

The purpose of the survey was to evaluate the Kansas business environment from the perspective of Kansas businesses. The survey instrument focused on three basic classifications of state environmental factors a business must work with in order to survive and prosper: the interaction between the state government and business, the basic business tools necessary to operate a business, and the amenities of life that a state can provide the employees of businesses. Each of these classifications was separated into three or four categories of business environmental factors which are listed below.

*Government and Business  
Inter action*

Taxes  
Regulations  
Incentives  
Export Assistance

*Tools of Business*

Finance Capital  
Labor Force  
Physical Infrastructure  
Availability of Technology

*Amenities of Life*

Cultural Activities  
Public Education  
Quality of Life

Clearly, this is not an exhaustive list of possible categories of interest, but it is more than adequate to gain a perspective on businesses attitude toward the business environment in Kansas.

## SUMMARY OF SURVEY RESULTS

For each of the categories listed in the previous section, the first question asked the respondents was if they thought the particular category was a strength or a weakness of the Kansas business environment. A summary of the responses to the initial question are presented in Table 2. After this initial question, the respondents were then asked more detailed questions.

**Table 2**  
**Summary of Strengths and Weaknesses**  
**800 Service and Manufacturing Firms**

	Strength	Neutral	Weakness
<b>Government and Business Interaction</b>			
State and Local Incentives	50%	13%	18%
State Regulations	42%	21%	29%
State and Local Tax Structure	17%	25%	42%
<b>Tools of Business</b>			
Labor Force	68%	8%	21%
Availability of Technology	60%	15%	16%
Physical Infrastructure	57%	17%	18%
Availability of Financial Capital	52%	13%	21%
<b>Amenities of Life</b>			
Quality of Life	90%	3%	6%
Public Education	63%	12%	22%
Cultural Activities	47%	16%	30%

The survey responses: (1) Very much a weakness, (2) Somewhat of a weakness, (3) Neutral, (4) Somewhat of a strength, and (5) Very much a strength were aggregated as follows: (1) and (2) were combined as "Weakness" in this table, while (4) and (5) were combined as "Strength". The percentages do not sum to 100 because two other responses, "Not applicable to my business" and "Don't know" were also recorded. Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

The results in Table 2 suggest two interesting general points. First, the classification with the highest negative rating is government and business interaction. The two categories which are the major weaknesses are state and local tax structure and state regulations while state and local incentives to business are a significant strength. The only category in the business environment which had a larger number of respondents find it as a weakness rather than a strength was the state and local tax structure. Even here, 42 percent see it as a weakness and 42 percent see it as neutral or a strength. Second, all of the categories under the classification "tools of business" are overwhelmingly seen as strengths in Kansas. Those respondents viewing these categories as strengths outnumber those who see them as weaknesses by more than two to one. These two points suggest that the Kansas business environment is viewed by firms as relatively good.

## GOVERNMENT AND BUSINESS INTERACTION

The interaction with government, either state or local, is the one part of the business environment that state policy can directly affect and thus, if it wishes, improve. However, the government does face difficult decisions in balancing the improvement of the business environment with the demands of other constituencies. Also, because of the nature of the interaction, friction between government and business seems unavoidable. Consider the first two categories: taxes (the government taking revenue) and regulation (the government telling business what it can and what it cannot do). In both cases one would expect friction to develop. In the case of the third category, incentives to business, the role is changed and government is giving something to business. In this case, one would expect business to look more favorably on the behavior.

### Taxes

The Kansas state and local tax structure is perceived as the greatest weakness in the state business environment. In general, manufacturing firms have a slightly more negative view of taxes in the state than service oriented firms. For all the firms, 31 percent view taxes as somewhat higher in Kansas and 13 percent view taxes as much higher in Kansas. In order to get a balanced picture of how firms view the tax structure, we need to contrast their view of how taxes in Kansas compare to other states to their view of how the services that they get in return in Kansas compare to other states. In the survey responses, state and local government services are seen as lower than other states by 18 percent of the respondents, the same as other states by 42 percent of respondents, and higher than other states by 15 percent of respondents. Thus, it does not appear that firms feel that their perceived higher tax burden in Kansas is completely offset by an above average level of services that Kansas provides to businesses.

**Table 3**  
**Extent to Which Each of the Following Taxes**  
**Affects Firm's Investment Decisions**

	<b>Strong Negative</b>	<b>Somewhat Negative</b>	<b>No Effect</b>
Property Tax on Commercial and Industrial Real Estate	31%	42%	25%
Property Tax on Machinery and Equipment	32%	38%	28%
Corporate Income Tax	20%	36%	39%
Personal Income Tax	21%	36%	39%
Sales Tax on Business Purchases	19%	35%	43%
Workers Compensation Tax	40%	28%	29%
Unemployment Insurance Tax	21%	31%	44%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

The extent to which particular taxes are perceived to influence investment decisions by firms is illustrated in Table 3. The three taxes which have the most negative impact on expansion and investment decisions are the property tax on commercial and industrial real estate, the property tax on machinery and equipment, and the workers compensation tax. Of the surveyed firms, 73 percent report that the property tax on commercial and industrial real estate has a negative effect on investment decisions, while 70 percent say that the property tax on machinery and equipment has a negative effect on their investment decisions. The workers compensation tax has the highest strongly negative effect on expansion and investment decisions, with 40 percent of the surveyed firms reporting such an effect.

As shown in Table 4, there are some significant differences between manufacturing and service firms in reporting the sensitivity of their investment and expansion decisions to individual taxes. In particular, manufacturing firms are even more negative than firms in general about the property tax on commercial and industrial real estate and the property tax on machinery and equipment, with 80 percent of such firms reporting a negative effect on investment and expansion decisions from either of those taxes.

**Table 4**  
**Extent to Which Each of the Following Taxes**  
**Affects Firm's Investment Decisions**  
**By Service and Manufacturing Firms**

	<b>Strong Negative</b>	<b>Somewhat Negative</b>	<b>No Effect</b>
<b>Property Tax on Commercial and Industrial Real Estate</b>			
Manufacturing Firms	37%	43%	19%
Service Firms	25%	40%	31%
<b>Property Tax on Machinery and Equipment</b>			
Manufacturing Firms	41%	39%	19%
Service Firms	24%	36%	36%

400 Manufacturing Firms and 400 Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

Firm size also has a significant effect on the extent to which individual taxes affect firm's investment and expansion decisions, as is clear from Table 5. In the cases of the property tax on machinery and equipment, the property tax on commercial and industrial real estate, and the workers compensation tax, the percentage of firms that reported that these taxes have a strong negative effect on their investment decisions decreased dramatically as the size increased from small (fewer than 50 employees) to medium (50 to 250 employees) to large (more than 250 employees). In all three cases small firms were more than twice as likely to say that the tax has a strong negative effect on investment decisions than were large firms.

**Table 5**  
**Extent to Which Each of the Following Taxes**  
**Affects Firm's Investment Decisions**  
**By Firm Size**

	<b>Strong Negative</b>	<b>Somewhat Negative</b>	<b>No Effect</b>
<b>Property Tax on Commercial and Industrial Real Estate</b>			
Small	33%	41%	23%
Medium	24%	43%	31%
Large	16%	45%	36%
<b>Property Tax on Machinery and Equipment</b>			
Small	34%	37%	26%
Medium	29%	42%	27%
Large	14%	36%	45%
<b>Workers Compensation Tax</b>			
Small	42%	26%	28%
Medium	33%	32%	33%
Large	20%	43%	27%

800 Manufacturing and Service Firms

Small: 5-49 Employees

Medium: 50-250 Employees

Large: More than 250 Employees

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

### **State Regulations**

A majority of the firms that responded to the survey found the state's regulatory environment to be relatively unburdensome. Only 60 percent of those surveyed said that they were aware of state regulations that had an impact on their firms. Of the 60 percent that were aware of such regulations, only 29 percent viewed them as a weakness of the Kansas business climate, while 42 percent viewed them as a strength. Thus, fewer than one in five of the 800 firms surveyed (140 firms) viewed the regulatory climate in Kansas as a weakness of the state's business environment.

Although firms overwhelmingly did not view state regulations as a weakness of the business economy, that does not necessarily mean that such regulations do not impose a costly burden on them. It is certainly possible that firms could find the burden of regulations costly, and at the same time be willing to bear such costs because they find that the regulations provide business (or other) benefits that in some way offsets those costs. Thus, firms that said that they were aware of state regulations that had an impact on their firm were asked to what extent those regulations were a benefit or a burden to the firm. Their responses are summarized in Table 6. Slightly more than half of the firms who were aware of state regulations that had an impact on their firms said that the regulations were a burden to them. Thus, out of the 800 firms surveyed, 257 (a little less

than 1 of 3) responded that they were aware of state regulations that were a burden, and a large majority of those felt that such regulations were “somewhat of a burden” rather than a “strong burden.”

**Table 6**  
**Benefit of Burden of State Regulations**  
**As Answered by the 60 Percent of Firms That Were Aware of**  
**State Regulations That Had an Impact on Their Firm**

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Serious Burden	10%
Somewhat of a Burden	44%
Neutral	34%
Somewhat of a Benefit	11%
Strong Benefit	1%

---

481 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

Some additional light can be shed on the issue of the burden of state regulations by examining the answers to an open ended question: respondents who said that they were aware of state regulations that had an impact on their firms were asked, “Which area of state regulation, if any, is most burdensome for your business?” Since the responses to this question were open ended, the answers varied widely. However 56 of the 270 responses took the form of naming specific agencies, and of those 56, 31 were federal agencies (mostly EPA and OSHA). It seems safe to conclude that to some extent (which might be substantial) respondents had difficulty distinguishing between state and federal regulations. Thus, the degree of burden of state regulations as appraised by business firms may be even smaller than it appeared above.

It is also clear from the open ended question that many respondents construed the notion of state regulation quite broadly. Although the most commonly cited regulations related to the environment (88 of 275 responses were identifiable as relating to environmental regulation), 26 referred to taxation (including the level of taxes) and 27 referred to workmen’s compensation (including the level of the payments). Thus, even to the limited extent that respondents’ firms felt that state regulations were a burden on their firms, it would be somewhat difficult to pinpoint the particular areas of state regulation and the particular features of regulation that actually pose a significant cost to Kansas businesses.

### **Incentives**

State and local government programs that provide for targeted tax, financial, and training incentives for firms are rated by them as a strength of the business environment compared to other states, with half the firms surveyed viewing these programs as a strength and less than one-fifth seeing them as a weakness. Only 12 percent of the firms surveyed were unaware of the existence of at least one such program in Kansas. Of the 167 times that these programs were used by the surveyed firms, these programs were found to be very valuable 62 percent of the time and somewhat valuable 20 percent of the time (Table 7). When firms were asked to identify the

incentive programs they had used, it appeared that training programs were the most extensively used (48 percent of the time), with tax incentives next (35 percent of the time) followed by financial incentives (17 percent of the time). Not all of the responses were classified, since in some cases it was not possible to associate a response with any known program, while, in other cases, the person responding to the survey was not aware of the program that had been used.

**Table 7**  
**Value of State and Local Government Programs**  
**Providing Targeted Tax, Financial, and Training Incentives to**  
**Firms That Have Used Such Programs**

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Very Valuable	62%
Somewhat Valuable	20%
Not Valuable	8%
Do Not Know	9%

---

167 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

There were significant differences between manufacturing and service firms in terms of the intensity with which they used incentive programs. While 26 percent of the manufacturing firms had used one or more of these incentive programs, only 11 percent of non-manufacturing firms reported using such incentive programs. As the results in Table 8 show, although there was little difference in the fraction of respondents that felt there were no programs that were of use to their particular firm, a significantly larger percentage of service firms (25 percent) than manufacturing firms (17 percent) reported being unaware of targeted incentive programs. In addition, a significantly larger percentage of service firms (21 percent) than manufacturing firms (13 percent) reported that they believed that they were not eligible for the programs. Interestingly, a higher percentage of manufacturing firms (13 percent) than service firms (4 percent) reported that they thought that the application process was too difficult. This may indicate that these manufacturing firms knew more about some of the details of the programs than their counterparts in the service sector. One further bit of evidence may shed some light on the reasons why a smaller proportion of service firms made use of targeted incentive programs. Of the manufacturing firms that had used these programs, 72 percent rated them as very valuable, while only 36 percent of the service firms that used the programs gave them a very valuable rating. Thus, in spite of the responses reported in Table 7, it may be that one reason that service firms use these programs less frequently is that they are somewhat less applicable to their businesses.

**Table 8**  
**Reasons Targeted Incentive Programs Were Not Used By Firms**  
**Broken Down by Manufacturing and Service Firms**

	Manufacturing Firms <sup>a</sup>	Service Firms <sup>b</sup>
Unaware of Programs	17%	25%
Ineligible for Programs	13%	21%
Application Process is Too Difficult	13%	4%
Not of Use to My Firm	37%	40%
Other	13%	2%
Don't Know	8%	9%

a. 289 Manufacturing Firms. b. 339 Service Firms.

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

### Export Assistance

One goal of the survey was to get some indication of the Kansas business environment's influence on the exporting activity of Kansas firms. Of the 800 firms surveyed, 22 percent exported their products outside the United States. Of the total who did so, 143 were manufacturing firms and 29 were service firms. Of the firms that were currently exporting, 15 percent (26 firms) reported having received export assistance from the State of Kansas. The agencies from which those firms received assistance are displayed in Table 9.

**Table 9**  
**Percentage of Firms Receiving Export Assistance by State Agency**

KDOCH	39%
World Trade Center, Wichita	27%
MAMTC	12%
Don't Know	23%

26 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

In general, the firms who received assistance found that assistance to be effective, as shown in Table 10.

**Table 10**  
**Effectiveness of Export Support Received From State Agencies**

Effective	58%
Neutral	4%
Ineffective	15%

26 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.



In order to get a more rounded picture of the exporting situation faced by Kansas firms, the respondents were asked in an open ended question whether their firms faced any special problems in exporting their goods and services outside the United States. All but a handful of firms responded that they faced no special problems in exporting their goods outside of the United States. A small number of firms conveyed the fact that they had no desire to expand their markets outside of the United States. Given this distribution of responses, it seems safe to conclude that the vast majority (78 percent of firms in the sample) that are not exporting do not believe export assistance would transform them into exporting firms.

## TOOLS OF BUSINESS

The tools of business category includes some of the basic features of business environment: physical infrastructure, the labor force, financial capital, and technology. In general, the firms surveyed took a favorable view of these aspects of the business environment, although some areas were seen as lacking. All four of these areas were rated as strengths of the Kansas business environment by a majority of the firms: 68 percent of the firms rated the Kansas labor force a strength, and 89 percent of the firms ranked quality of life as a strength. Only 16 percent of the firms surveyed ranked technology as a weakness, 18 percent said that physical infrastructure was a weakness, and 21 percent said that the labor force and the availability of financial capital was a weakness. There do appear to be pockets of weakness within the overall picture that firms have of these four categories, however, such as the suitability of air service.

### Kansas' Physical Infrastructure

The state's physical infrastructure was seen as a strength by 57 percent of the firms who responded to the survey, while only 18 percent replied that it was a weakness. This profile was remarkably consistent across firms located in rural, mid-size, and urban counties, as shown in Table 11. If anything, firms located in rural counties rated the state's infrastructure slightly stronger than did their counterparts elsewhere in the state, while firms located in mid-size counties (the larger counties outside of the nine metropolitan counties) rated physical infrastructure somewhat lower than firms in the rest of the state.

**Table 11**  
**Strength or Weakness of the State's Physical Infrastructure by Type of Region**

	<b>Strength</b>	<b>Neutral</b>	<b>Weakness</b>
Rural	60%	13%	17%
Mid-size	53%	18%	20%
Urban	57%	17%	18%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

There were significant differences in the ratings of the three major kinds of physical infrastructure that the survey covered: the highway system, air services, and telecommunications. Only 13 percent of the respondents viewed the highway system as inadequate and 43 percent

viewed it as good or superior, suggesting that the highway building and maintenance program of the late 1980s and early 1990s was effective. Similarly, only 9 percent of the respondents viewed telecommunications as inadequate, while 45 percent viewed it as good or superior. On the other hand, firms' rankings of air services were considerably lower than their rankings of the other two categories, with only 17 percent of the firms rating air services as good or superior, while 35 percent rated them as inadequate. Air services are clearly viewed as a weak link in the state's infrastructure.

**Table 12**  
**Suitability of Types of Physical Infrastructure for Firm's Business Activities**

	<b>Good/Superior</b>	<b>Adequate</b>	<b>Inadequate</b>
Highway System	13%	40%	43%
Air Services	35%	33%	17%
Telecommunications	9%	43%	45%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

A question that naturally arises is how the ratings of the physical infrastructure are distributed among the areas of the state. Do firms in rural areas, for example, feel the need for infrastructure improvements more than firms in metropolitan areas? The breakdown in Table 13 attempts to shed some light on the answer to this question. Here we do see a few significant differences by the type of county the firm is in.

The highway system is seen as inadequate by 24 percent of firms in mid-sized counties, twice the rate as in either rural or urban counties. Similarly, firms in mid-sized counties are more likely to rank air services as inadequate than their counterparts in either urban or rural counties. One possible explanation is that many mid-size counties have economies that are changing more rapidly than the capacities of the infrastructure to serve those economies. Telecommunications, however, presents a different picture. Of firms located in rural counties, 14 percent rated telecommunications as inadequate, while only 9 percent of firms in mid-size counties and 6 percent of firms in urban counties rated telecommunications as inadequate.

The fact that overall firms ranked physical infrastructure about the same whether they were in rural, mid-sized, or urban counties suggests that in general firms are likely to locate where they can get what they need. On the other hand, the fact that firms in mid-sized counties were more likely to rank highways and air services as inadequate suggests that some areas of infrastructure may not be keeping up with the dynamic economies in many of these counties.

**Table 13**  
**Suitability of Types of Physical Infrastructure for Firm's Business Activities**  
**by Type of Region**

		Good/Superior	Adequate	Inadequate
<b>Highway System</b>				
	Rural	45%	40%	12%
	Mid-size	37%	38%	24%
	Urban	45%	42%	11%
<b>Air Services</b>				
	Rural	11%	36%	36%
	Mid-size	15%	28%	45%
	Urban	21%	25%	29%
<b>Telecommunications</b>				
	Rural	39%	44%	14%
	Mid-size	46%	42%	9%
	Urban	47%	43%	6%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

### **The Kansas Labor Force**

The state's labor force is seen as one of the strengths of the Kansas business environment by the firms in the survey, with 68 percent rating it as a strength and 21 percent seeing it as a weakness. Many of the firms in the survey have made use of labor force programs available in the state: 9 percent of the firms have used KIT, KIR, or SKILL from the Kansas Department of Commerce and Housing, 12 percent have used the Job Training Partnership Act program, and 30 percent have used the KDHR Employment Services Program. A total of 53 manufacturing firms and 18 services firms have used at least one of these programs. Table 14 shows the effectiveness of these programs as judged by the firms that have used them. The KIT, KIR, SKILL suite of programs and the Joint Training Partnership Act program were rated as effective by more than two thirds of the firms that have used them, while the Employment Services Program was less well regarded, with 39 percent of the firms that used it finding it ineffective.

**Table 14**  
**Effectiveness of Labor Programs**  
**Rated by Firms That Have Used Them**

	Effective	Neutral	Ineffective
KIT, KIR, SKILL	70%	6%	22%
Joint Training Partnership Act	69%	12%	19%
KDHR Employment Services Program	48%	11%	39%

71 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

One less obvious feature of the labor force situation faced by firms is the availability of housing in an area, but it comes into play when firms need to attract new labor from outside the area in which they are located. It is common for observers around the state to report a near crisis housing situation. Our survey found, however, that for most firms and in most areas, the availability of housing is not a constraint on the ability of businesses to expand. Only 10 percent of the firms replied that housing was a serious constraint while 72 percent said that it was not a constraint. Nevertheless, housing is more likely to be a constraint on businesses to expand outside of urban areas. The extent to which this is true in Kansas is shown in Table 15. Only a small fraction of firms located in urban areas (3 percent) find housing to be a serious constraint on their ability to expand. In mid-sized counties, however, 14 percent of firms find housing to be a serious constraint while another 13 percent find it to be somewhat of a constraint. In rural communities these percentages jump to 18 percent for both responses. Thus, it does appear that housing can be acting as a constraint on the ability of some urban and rural firms to expand.

**Table 15**  
**Housing as a Constraint by Type of Region**

	<b>Serious Constraint</b>	<b>Somewhat of Constraint</b>	<b>Not a Constraint</b>
Rural	18%	18%	57%
Mid-size	14%	13%	68%
Urban	3%	9%	81%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

### **Availability of Technology**

The availability of technology is also seen as a strength of the Kansas business environment by the firms in the survey. Only 16 percent of the firms called it a weakness, while 60 percent called it a strength. Interestingly, these numbers held up well across different types of counties, as shown in Table 16. Although the percentage of firms that rated technology as a weakness went up slightly for those located in mid-sized and rural counties, so did the percentage of firms that rated them as a strength.

**Table 16**  
**Availability of Technology as a Strength or Weakness  
of the Kansas Business Environment  
By Type of Region**

	<b>Strength</b>	<b>Neutral</b>	<b>Weakness</b>
Rural	63%	10%	19%
Mid-size	63%	12%	16%
Urban	56%	18%	14%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

The percentages of firms finding the availability of technology a strength were also fairly stable when broken down by size of firm. To the extent that they deviated from the overall percentage, the deviations were somewhat surprising. Large firms were somewhat more likely to say that the availability of technology was a weakness than either medium sized or small firms, while small firms were more likely to say that the availability of technology is a strength. This may mean that larger firms are on average more in need of up to date technology, and that to the extent that they find access to new technologies difficult to obtain, they are more likely to be affected by it in a serious way. Although 62 percent of the firms surveyed said that keeping current with technological changes and developments was not a problem, another 27 percent said that it was somewhat of a problem, and 8 percent said that it was a very serious problem.

Some firms have kept up with changes in technology by making use of technology transfer programs that are available in the state. Of the firms surveyed, 15 percent have used technology transfer programs available from KTEC, MAMTC, or the state's universities. These programs were highly rated, with 76 percent of the firms who have used such programs characterizing them as effective.

**Table 17**  
**Availability of Technology as a Strength or Weakness**  
**of the Kansas Business Environment**  
**By Size of Firm**

	<b>Weakness</b>	<b>Neutral</b>	<b>Strength</b>
Small	15%	14%	61%
Medium	15%	20%	54%
Large	22%	11%	57%

800 Manufacturing and Service Firms

Small: 5-49 Employees

Medium: 50-250 Employees

Large: More than 250 Employees

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Availability of Financial Capital**

The availability of financial capital is viewed by firms in the survey as a relative strength of the Kansas economy. More than half (52 percent) of the firms said that it was a strength, while only about a fifth (21 percent) found it to be a weakness. Once again, the pattern holds relatively constant when the responses are broken down by type of county, as in the top half of Table 18, although the availability of financial capital may be viewed as slightly more positive in mid-sized counties. Again, there are no large changes in the distribution of responses when the responses are broken down by size of firm, as in the bottom half of Table 18. Although small and medium-sized firms may be a bit more likely to find the availability of financial capital to be a weakness, they are also slightly more likely to characterize it as a strength.

**Table 18**  
**Availability of Financial Capital in Kansas as a Strength or Weakness**  
**of the Kansas Business Environment**

	Strength	Neutral	Weakness
<b>By Type of Region</b>			
Rural	54%	10%	23%
Mid-size	55%	12%	17%
Urban	51%	14%	23%
<b>By Type of Firm</b>			
Small	53%	13%	22%
Medium	52%	15%	19%
Large	48%	14%	16%

800 Manufacturing and Service Firms

Small: 5-49 Employees

Medium: 50-250 Employees

Large: More than 250 Employees

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

As Table 19 shows, about one in five firms finds it difficult to find capital, whether working capital, capital to finance new plant and equipment, or capital to finance a new product or technology. Fewer firms find it easy to find capital to finance a new product or technology (51 percent) than to find capital to finance new plant and equipment or working capital (59 percent).

**Table 19**  
**Difficulty of Obtaining Capital**

	Difficult	Neutral	Easy
Working Capital	20%	13%	59%
Capital to Finance			
New Plant and Equipment	22%	8%	59%
Capital to Finance New			
Product or Technology	22%	19%	51%

800 Manufacturing and Service Firms

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

## AMENITIES OF LIFE

Although the list of possible amenities of life is long, the survey focused on three that were judged to have a possible effect on firms investment and location decisions: cultural activities, public education, and general quality of life. The availability of amenities is important to Kansans for many reasons, some of which have little to do with the Kansas business climate. In this study, however, the treatment of amenities had a narrower focus; the objective was to shed some light on the issue of the availability and quality of amenities that might conceivably be considered to be

a significant feature of the Kansas business climate, and to see if such amenities do affect firms' decisions in any important way. It appears that business firms rate the quality of life in Kansas rather highly, although as will emerge below, the notion of quality of life that was being employed by respondents did not appear to include the availability of cultural activities.

### **Cultural Activities**

Kansas businesses rate the availability of cultural activities as a weakness, relative to the other features of the business climate covered by the survey. The availability of cultural activities was rated as a strength of the Kansas business environment by 47 percent of the respondents in the survey, and a weakness by 30 percent. Offsetting this somewhat negative perception, however, is the fact that a majority of the firms surveyed (54 percent) answered that the availability of cultural activities in a community is unimportant for their decision to invest there, while another 23 percent found such availability somewhat important. Only 19 percent of the firms surveyed responded that the availability of cultural activities in a community is important for their firm's investment decision. Thus, although the availability of cultural activities is not rated highly by Kansas firms, it may not be a significant weakness to business.

### **Public Education**

Public education is rated as a strength of the Kansas business environment by 63 percent of the firms in the survey, and 74 percent of the firms think that public education in a community is important for the firm's decision to invest there. Interestingly, 22 percent of the firms said that public education was a weakness of the Kansas business environment. Furthermore, when asked in an open ended question at the beginning of the survey to list the advantages for the firm of doing business in Kansas, only one response referred to the public education system in the state. This could simply mean that the respondents perceived the question to be somewhat more narrowly focused than was intended, or it could mean that there is a certain amount of ambiguity in the survey results as regards the view that firms have of the public education system.

### **Quality of Life**

Quality of life was rated as a strength of the Kansas business environment by more firms (89 percent) than any other feature. From the results above, it is clear that the availability of cultural activities was not weighted heavily in the overall assessment of the quality of life in Kansas by these firms. From the responses to the open ended question about the strengths of doing business in Kansas, it appears that aspects of the quality of life that were most heavily weighted by these firms was a kind of Midwestern, smaller town setting, where the character of the local community is perceived as an important positive feature of peoples lives.

Given the extremely high rating given to the overall quality of life in Kansas, the generally strong view of public education, and the sense among most firms that any perceived lack of availability of cultural activities is not a serious drawback to investing in a community, it appears that the amenities of life constitute one of the clear strengths of the Kansas business environment.

One of the points that emerged from the focus groups was that when people moved from somewhere else to Kansas, they expected that they wouldn't like it. However, after they were here they found that they did like it, although they had some difficulty in saying exactly what changed their minds. Thus, the amenities of life may be an advantage to firms that are already here, but they may not constitute a strong attraction to firms from outside the state. This raises a question about whether it is possible to communicate an appreciation for the quality of life in Kansas to those outside the state, and if so, what would be effective means to do so.

## IMPLICATIONS

Although the overall conclusion of this report is that firms in general rate the Kansas business climate as good, they indicated some specific areas in need of improvement. This section gathers, in the form of policy implications, the areas where business would like to see efforts focused.

**1. The overall Kansas business environment is good, and therefore changes should take the form of fine tuning rather than a major overhaul of the state's economic development programs and activities.**

The state has had a program of economic development strategies in place for ten years. Thus, the business environment survey could be viewed in part as collecting information on firms' satisfaction with that program. The survey's clear finding that firms are satisfied with the Kansas business environment generally is consistent with the conclusion that firms find the state's overall economic development program to be working well. Thus, the appropriate course is to pursue a modest agenda for change in specific areas that are found to be lacking.

**2. The Kansas business climate would be substantially improved by reducing or eliminating the property tax on business equipment and machinery.**

The state and local tax structure was rated the weakest part of the Kansas business environment by the firms in the survey. The property tax on business equipment and machinery was rated as a strong or somewhat negative effect on the firm's investment decisions by 70 percent of the respondents. The rate of investment affects the productivity of labor in the short run, but it affects productivity even more so in the long run, for example, as a sequence of lower investments accumulates to cause a very significant reduction in the level and age of the capital stock. Since labor productivity is the single most significant determinant of the well being of the average Kansan, actions that have effects on the level of investment by firms can have important consequences.

**3. The property tax on commercial and industrial real estate should be reduced.**

The property tax on commercial and industrial real estate was rated as a strong or somewhat negative effect on the firm's investment decisions by 73 percent of the respondents, the highest total for any specific tax. Although some investments in new equipment, such as updating an existing plant, may not require any additional real estate, others, such as an expansion of an existing plant or the opening of a new plant, may require the firm to acquire additional land.



Thus, a tax on commercial and industrial real estate could well influence the rate of investment in equipment and thereby affect the productivity of labor.

**4. The efficiency of the workers compensation system should be improved to provide reasonable costs to employers while maintaining protection for employees.**

The workers compensation tax was rated as a strong or somewhat negative effect on the firm's business decisions by 68 percent of the respondents, and a strong negative effect by 40 percent of the respondents. This was the highest strong negative rating of any individual tax. The revenues from the workers compensation tax directly benefit workers, so simply reducing the tax would not necessarily benefit Kansas workers, since the gains from increased productivity could be more than offset by the losses of workers compensation benefits. Thus, the implication is that the efficiency of the workers compensation system should be improved to provide reasonable costs to employers while maintaining protection for employees.

**5. Attention should be paid to the availability of air services in the state.**

Air services were rated the lowest among the three kinds of infrastructure on the survey. Even in urban counties, only one in five firms rated air services good or superior in terms of suitability to their business activities. Although it seems unlikely that good or superior air services could be made available uniformly across the state, an effort should be made to identify places where significant improvements can be made.

**6. Transportation services for mid-sized counties should be improved.**

Firms in mid-sized counties ranked the highway system as inadequate twice as often as firms in either rural or urban counties. They also ranked air services as inadequate more often than either urban or rural firms. Thus, the transportation infrastructure in general seems to be further from the needs of firms in mid-sized counties, and efforts should be focused there.

**7. The availability of affordable housing in rural and mid-sized communities should be addressed.**

Although 72 percent of the surveyed firms said that the availability of housing was not a constraint on their ability to expand, the seriousness of the housing constraint varies significantly between urban and non-urban areas. While only three percent of firms in urban counties found availability of housing to be a serious constraint, 14 percent of the firms in mid-sized counties and 18 percent of the firms in rural counties reported to be a serious constraint. Thus, availability of housing is acting as a serious constraint on expansion for a significant number of firms in rural and mid-sized counties, and presumably on the ability of new businesses to locate in those counties.

**8. Access to technology should be made available to all firms.**

Although fewer than one in five firms reported access to technology as a weakness of the Kansas business climate, it is still significant that a minority of firms see access to technology as a

problem. Thus, efforts to make technology available to all firms should be continued and enhanced.

## **CONCLUSION**

Overall the Kansas business environment was rated positively by firms in the survey. Nevertheless, there were some areas of concern that received widespread attention. In general, firms rated the state and local tax structure as a weakness of the Kansas business environment by a wide margin. In addition, this apparent weakness was not offset by an equal feeling that the state and local government services were a strength, compared to other states. Thus, from the point of view of Kansas firms, the general fiscal structure as it relates to the businesses climate is a weakness.

The property tax on machinery and equipment, the property tax on commercial and industrial real estate, and the workers compensation tax appear to be the most problematical for firms. Firms in general, but especially smaller firms, reported that these taxes had a strong negative effect on their investment and expansion decisions.

Although the state's physical infrastructure, especially highways and telecommunications, were viewed as strengths, air services appears to be another area in which firms feel that the state's business environment may be lacking somewhat compared to other states. Finally, firms in mid-sized counties appeared to be the least satisfied with the state's infrastructure, rating not only air services but also highways lower than did firms in either rural or metropolitan counties.

There were also some surprises in the findings. For example, firms did not rate the availability of financing as a particular problem area. Telecommunications and highways were rated well even in rural areas. Housing was not generally seen to be a big constraint on hiring labor, even outside of metropolitan areas. Firms reported little difficulty in keeping up with the latest technology. And firms reported almost no difficulty in exporting products if they wanted to do so. Thus, one might conclude that the Kansas business environment is relatively good, and that efforts to improve it could be concentrated in the areas of two or three individual taxes, on infrastructure, such as air service, and housing in rural areas.

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**APPENDIX A**  
**SURVEY QUESTIONNAIRE**

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## Kansas Business Environment Survey

### Preamble

### PART I. Survey

1. How long has your firm been doing business in Kansas?

\_\_\_\_\_ years

2. For your firm today, what are the advantages and strengths of doing business in Kansas? (*open response*)

3. For your firm today, what are the disadvantages and weaknesses of doing business in Kansas? (*open response*)

R1. I am now going to ask you some questions about Kansas state and local taxes.

4. For firms such as yours, is the Kansas state and local tax structure a strength or a weakness of the Kansas business environment, compared to other states?

- \_\_\_ a. very much a weakness
- \_\_\_ b. somewhat of a weakness
- \_\_\_ c. neutral
- \_\_\_ d. somewhat of a strength

OR \_\_\_ e. very much a strength  
\_\_\_ f. not applicable to my business  
\_\_\_ g. don't know

5. What is your perception of how state and local taxes on businesses in Kansas compare with those in other states?

Are overall state and local taxes for businesses such as yours

- \_\_\_ a. much lower
- \_\_\_ b. somewhat lower
- \_\_\_ c. about the same
- \_\_\_ d. somewhat higher

OR \_\_\_ e. much higher  
than in other states?

- \_\_\_ f. don't know

6. **What is your perception of how state and local GOVERNMENT-PROVIDED SERVICES for businesses in Kansas compare with those in other states?**

**Do you think that the level of government-provided services for businesses such as yours are**

- a. much lower
- b. somewhat lower
- c. about the same as
- d. somewhat higher

**OR**  e. much higher  
**than in other states?**

- f. not applicable to my business
- g. don't know

7. **I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.**

**(Answer no effect, somewhat negative effect, strong negative effect)**

- property tax on commercial and industrial real estate
- property tax on machinery and equipment
- corporate income tax
- personal income tax
- sales tax on business purchases
- workers compensation tax
- unemployment insurance tax

- R2. **I am now going to ask you some questions about state and local economic development incentives.**

8. **State and local governments in Kansas have a number of programs that provide targeted tax, financial, and training incentives for firms to locate or expand in Kansas. From the point of view of firms such as yours, are these incentives a strength or a weakness of the Kansas business environment when compared with other states?**

- a. very much a weakness
- b. somewhat of a weakness
- c. neutral
- d. somewhat of a strength

- OR**  e. very much a strength
- f. not applicable to my business
  - g. don't know about these programs

9. **Has your business ever used any of these state incentive programs?**

Yes (Go to #10A)

No (Go to 11)

Don't Know (Go to R3)

10A. **Please name any of these programs that your business has used. (*Open-response. If the respondent gives a description of the program, the surveyor will enter the description and then prompt, "Do you know the name of the program?" If the respondent knows the name, then the surveyor will enter the name of the program. If not, the surveyor will prompt, "Do you know the name of the agency that administers the program?" and enter the name of the agency if the respondent knows it.*)**

10B. (*For each program named by the respondent in question 10A, the surveyor will ask the respondent to rate that program's value to the firm as*

Not valuable

Somewhat valuable

Very valuable

*Thus the sequence would be program1, value1, program2, value2, etc.*

11. **Why haven't you used these programs?**

unaware of the programs

ineligible for the programs

application process is too difficult

not of use to my firm

other\_\_\_\_\_

R3. **I am now going to ask you a few questions about the state's regulatory environment. Please note that I am asking specifically about state regulations, not federal regulations, that may effect firms that are doing business in Kansas.**

12. **Are you aware of STATE regulations that have an impact on your firm?**

Yes

No (Go to remark R4)



13. Overall would you consider Kansas current state regulations on business activities a strength or a weakness of the Kansas business environment when compared to other states?

- a. very much a weakness
- b. somewhat of a weakness
- c. neutral
- d. somewhat of a strength

- OR
- e. very much a strength
  - f. not applicable to my business
  - g. don't know

14. Which of the following best describes the overall effect of STATE regulations on your business?

- Serious burden
- somewhat of a burden
- neutral
- somewhat of a benefit
- strong benefit

15. Which area of state regulation, if any, is most burdensome for your business?

Name of regulation \_\_\_\_\_

OR None \_\_\_\_\_

16. Which area of state regulation, if any, is most beneficial to your business?

Name of regulation \_\_\_\_\_

OR None \_\_\_\_\_

R4. Now I am going to ask you some questions about the state's physical infrastructure, including transportation, utilities, and telecommunications.

17. For firms such as yours, is the state's physical infrastructure a strength or a weakness of the Kansas business environment?

- a. very much a weakness
- b. somewhat of a weakness
- c. neutral
- d. somewhat of a strength

- OR
- e. very much a strength
  - f. not applicable to my business
  - g. don't know

18. **How suitable is the state's highway system for your business activities?**

- very inadequate
- somewhat inadequate
- adequate
- good
- superior

19. **How suitable are the state's air services for your business activities?**

- very inadequate
- somewhat inadequate
- adequate
- good
- superior

20. **How suitable are the state's telecommunications services for your business activities in the state?**

- very inadequate
- somewhat inadequate
- adequate
- good
- superior

R5. **I am now going to ask you a few questions about the state's labor force.**

21. **Overall, would you rate the state's labor force a strength or a weakness of the Kansas business environment?**

- a. very much a weakness
- b. somewhat of a weakness
- c. neutral
- d. somewhat of a strength
- OR  e. very much a strength
- f. not applicable to my business
- g. don't know

22. **Have you ever used the KIT (Kansas Industrial Training), KIR (Kansas industrial retraining), or SKILL ( State of Kansas Investment in Lifelong Learning) programs?**

- Yes
- No (Skip to 24)

- 23. How effective have you found these programs?**  
very effective  
somewhat effective  
neutral  
somewhat ineffective  
not effective
- 24. Have you ever used the JTPA(Job Training Partnership Act) program?**  
Yes  
No (Skip to 26)
- 25. How effective have you found this program?**  
very effective  
somewhat effective  
neutral  
somewhat ineffective  
not effective
- 26. Have you ever used the employment service program from the Kansas Department of Human Resources?**  
Yes  
No (Skip to 28)
- 27. How effective have you found this program?**  
very effective  
somewhat effective  
neutral  
somewhat ineffective  
not effective
- 28. To what extent does the availability of housing act as a constraint on your ability to expand your business in Kansas?**  
Serious constraint  
somewhat of a constraint  
not a constraint
- R6. I am now going to ask you a few questions about the availability of advanced technology in the state.**

29. From the point of view of firms such as yours, is the availability of technology to Kansas firms a strength or a weakness of the Kansas business environment?
- a. very much a weakness
  - b. somewhat of a weakness
  - c. neutral
  - d. somewhat of a strength
  - e. very much a strength
  - f. not applicable to my business
  - g. don't know
30. To what extent is it a problem for your firm to keep current with technological changes and developments?
- not a problem
  - somewhat of a problem
  - a very serious problem
31. Have you ever used technology transfer programs available from KTEC (*pronounced K-Tech*), MAMTC (*pronounced Mam-tech*), or the state's universities?
- Yes
  - No (Go to R7)
32. How effective have you found these programs?
- very effective
  - somewhat effective
  - neutral
  - somewhat ineffective
  - not effective
- R7. I'm now going to ask you a few questions about the availability of financial capital in the state.
33. From the point of view of firms such as yours, would you rate the availability of financial capital in Kansas a strength or a weakness of the Kansas business environment?
- a. very much a weakness
  - b. somewhat of a weakness
  - c. neutral
  - d. somewhat of a strength
  - e. very much a strength
  - f. not applicable to my business
  - g. don't know

34. **How difficult is it for your business to obtain working capital?**  
very difficult  
somewhat difficult  
neutral  
somewhat easy  
very easy
35. **Suppose your business wanted to invest in new plant and equipment . How difficult would it be for your business to obtain financial capital for new plant and equipment?**  
very difficult  
somewhat difficult  
neutral  
somewhat easy  
very easy
36. **How difficult would it be for your firm to find capital to finance the introduction of a new product or new production technology?**  
very difficult  
somewhat difficult  
neutral  
somewhat easy  
very easy
88. **I am now going to ask you some questions about the quality of life in Kansas as it relates to businesses such as yours.**
37. **For businesses such as yours, would you rate the quality of life in Kansas as a strength or weakness of the Kansas business environment?**  
\_\_\_a. very much a weakness  
\_\_\_b. somewhat of a weakness  
\_\_\_c. neutral  
\_\_\_d. somewhat of a strength  
\_\_\_e. very much a strength  
\_\_\_f. not applicable to my business  
\_\_\_g. don't know
- 38A. **How important is public education in a community to your firm's decision to expand or invest in the area?**  
unimportant (Skip to 39A)  
somewhat important  
important

38B. **How would you rate public education as a strength or weakness of the Kansas business environment?**

- a. very much a weakness
- b. somewhat of a weakness
- c. neutral
- d. somewhat of a strength

OR  e. very much a strength

39A. **How important is the availability of cultural activities in a community to your firm's decision to expand or invest in the area?**

- unimportant (Skip to R9)
- somewhat important
- important

39B. **How would you rate the availability of cultural activities as a strength or weakness of the Kansas business environment?**

- a. very much a weakness
- b. somewhat of a weakness
- c. neutral
- d. somewhat of a strength

OR  e. very much a strength

**R9. I am now going to ask you some questions about exporting goods and services.**

40. **Does your business currently export its goods or services outside of the U.S.?**

- yes (Go to 42)
- no

41. **Does your firm face any special problems in exporting its goods or services outside the U.S.?** (*open ended*) (Go to R10)

42. **Has your firm received any form of export assistance from the state of Kansas?**

- Yes
- No (Go to question R10)

43. **Which state agency provided export assistance to you?**

- Kansas Department of Housing and Commerce
- World Trade Center in Wichita
- MAMTC (*pronounced Mam-tech*) (Mid America Manufacturing Technology Center)

*(If respondent wants to answer more than one of the agencies, surveyor should ask which agency provided the most assistance and list only that one.)*

**44. How effective was the assistance that you received?**

- very effective
- somewhat effective
- neutral
- somewhat ineffective
- not effective

**R10. I am now going to ask you a final question.**

**45. What are the top three issues that need to be addressed to improve the business climate in Kansas? (Open response)**

**PART II. Surveyor Entered information: to be entered from the phone number sheets.**

- 46. SIC code \_\_\_\_\_**
- 47. City \_\_\_\_\_**
- 48. County \_\_\_\_\_**
- 49. Number of employees \_\_\_\_\_**
- 50. Verbal SIC description \_\_\_\_\_**

**APPENDIX B**  
**FREQUENCIES FOR SURVEY QUESTIONS**



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**Q4**

**For firms such as yours, is the Kansas state and local tax structure a strength or a weakness of the Kansas business environment, compared to other states?**

	<b>Frequency</b>	<b>Cumulative Percent</b>	<b>Cumulative Frequency</b>	<b>Percent</b>
Weakness	333	41.6	333	41.6
Neutral	200	25.0	533	66.6
Strength	139	17.4	672	84.0
Not applicable to my business	31	3.9	703	87.9
Don't know	97	12.1	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q5**

**What is your perception of how state and local taxes on businesses in Kansas compare with those in other states?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Much lower	6	0.8	6	0.8
Somewhat lower	87	10.9	93	11.6
About the same	194	24.3	287	35.9
Somewhat higher	248	31.0	535	66.9
Much higher	101	12.6	636	79.5
Don't know	164	20.5	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q6**

**What is your perception of how state and local GOVERNMENT-PROVIDED SERVICES for businesses in Kansas compare with those in other states?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Much lower	35	4.4	35	4.4
Somewhat lower	109	13.6	144	18.0
About the same	338	42.3	482	60.3
Somewhat higher	105	13.1	587	73.4
Much higher	16	2.0	603	75.4
Not applicable to my business	26	3.3	629	78.6
Don't know	171	21.4	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7A**

**I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.**

***Property Tax on Commercial & Industrial Real Estate***

---

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
No effect	198	24.8	198	24.8
Somewhat negative effect	332	41.5	530	66.3
Strong negative effect	247	30.9	777	97.1
Don't know	23	2.9	800	100.0

---

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7B**

**I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.**

***Property Tax on Machinery & Equipment***

---

	<b>Frequency</b>	<b>Cumulative Percent</b>	<b>Cumulative Frequency</b>	<b>Percent</b>
No effect	220	27.5	220	27.5
Somewhat negative effect	300	37.5	520	65.0
Strong negative effect	258	32.3	778	97.3
Don't know	22	2.8	800	100.0

---

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7C**

**I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.**

***Corporate Income Tax***

---

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
No effect	308	38.5	308	38.5
Somewhat negative effect	284	35.5	592	74.0
Strong negative effect	162	20.3	754	94.3
Don't know	46	5.8	800	100.0

---

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7D**

I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.

*Personal Income Tax*

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
No effect	314	39.3	314	39.3
Somewhat negative effect	289	36.1	603	75.4
Strong negative effect	171	21.4	774	96.8
Don't know	26	3.3	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7E**

I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.

*Sales Tax on Business Purchases*

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
No effect	340	42.5	340	42.5
Somewhat negative effect	280	35.0	620	77.5
Strong negative effect	149	18.6	769	96.1
Don't know	31	3.9	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7F**

I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.

*Workers Compensation Tax*

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
No effect	229	28.6	229	28.6
Somewhat negative effect	223	27.9	452	56.5
Strong negative effect	316	39.5	768	96.0
Don't know	32	4.0	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q7G**

**I would like to know to what extent each of the following taxes affects your firm's expansion and investment decisions in Kansas.**

*Unemployment Insurance Tax*

---

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
No effect	350	43.8	350	43.8
Somewhat negative effect	246	30.8	596	74.5
Strong negative effect	169	21.1	765	95.6
Don't know	35	4.4	800	100.0

---

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q8**

**State and local governments in Kansas have a number of programs that provide targeted tax, financial, and training incentives for firms to locate or expand in Kansas. From the point of view of firms such as yours, are these incentives a strength or a weakness of the Kansas business environment when compared with other states?**

---

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Weakness	141	17.6	141	17.6
Neutral	104	13.0	245	30.6
Strength	399	49.9	644	80.5
Not applicable to my business	60	7.5	704	88.0
Don't know about these programs	96	12.0	800	100.0

---

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q9**

**Has your business ever used any of these state incentive programs?**

---

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	147	18.4	147	18.4
No	628	78.5	775	96.9
Don't know	25	3.1	800	100.0

---

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

### Q10A

Please name any of these programs that your business has used. (*Open-response. If the respondent gives a description of the program, the surveyor will enter the description and then prompt, "Do you know the name of the program?" If the respondent knows the name, then the surveyor will enter the name of the program. If not, the surveyor will prompt, "Do you know the name of the agency that administers the program?" and enter the name of the agency if the respondent knows it.*)

### Q10B

For each program named by the respondent in question 10A, the surveyor will ask the respondent to rate that program's value to the firm

#### Q10B1

##### Value of Incentive Program 1 to Firm

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Not valuable	13	9.2	13	9.2
Somewhat valuable	29	20.6	42	29.8
Very valuable	83	58.9	125	88.7
Don't know	16	11.3	141	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

#### Q10B2

##### Value of Incentive Program 2 to Firm

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Not valuable	1	4.3	1	4.3
Somewhat valuable	4	17.4	5	21.7
Very valuable	18	78.3	23	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

#### Q10B3

##### Value of Incentive Program 3 to Firm

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Very valuable	3	100.0	3	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q11**  
**Why haven't you used these programs?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Unaware of programs	132	21.0	132	21.0
Ineligible for programs	107	17.0	239	38.1
Application process is too difficult	49	7.8	288	45.9
Not of use to my firm	244	38.9	532	84.7
Other	43	6.8	575	91.6
Don't know	53	8.4	628	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q12**  
**Are you aware of STATE regulations that have an impact on your firm?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	481	60.1	481	60.1
No	291	36.4	772	96.5
Don't know	28	3.5	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q13**  
**Overall would you consider Kansas current state regulations on business activities a strength or a weakness of the Kansas business environment when compared to other states?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Weakness	140	29.1	140	29.1
Neutral	100	20.8	240	49.9
Strength	202	42.0	442	91.9
Not applicable to my business	3	0.6	445	92.5
Don't know	36	7.5	481	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q14**

Which of the following best describes the overall effect of STATE regulations on your business?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Serious burden	47	9.8	47	9.8
Somewhat of a burden	210	43.7	257	53.4
Neutral	165	34.3	422	87.7
Somewhat of a benefit	51	10.6	473	98.3
Strong benefit	6	1.2	479	99.6
Don't know	2	0.4	481	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q17**

For firms such as yours, is the state's physical infrastructure a strength or a weakness of the Kansas business environment?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Weakness	145	18.1	145	18.1
Neutral	133	16.6	278	34.8
Strength	454	56.8	732	91.5
Not applicable to my business	22	2.8	754	94.3
Don't know	46	5.8	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q18**

How suitable is the state's highway system for your business activities?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Very inadequate	30	3.8	30	3.8
Somewhat inadequate	84	10.5	114	14.3
Adequate	323	40.4	437	54.6
Good	271	33.9	708	88.5
Superior	74	9.3	782	97.8
Don't know	18	2.3	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.



**Q19****How suitable are the state's air services for your business activities?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very inadequate	141	17.6	141	17.6
Somewhat inadequate	138	17.3	279	34.9
Adequate	266	33.3	545	68.1
Good	118	14.8	663	82.9
Superior	18	2.3	681	85.1
Don't know	119	14.9	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q20****How suitable are the state's telecommunications services for your business activities in the state?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very inadequate	24	3.0	24	3.0
Somewhat inadequate	49	6.1	73	9.1
Adequate	343	42.9	416	52.0
Good	277	34.6	693	86.6
Superior	80	10.0	773	96.6
Don't know	27	3.4	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q21****Overall, would you rate the state's labor force a strength or a weakness of the Kansas business environment?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Weakness	171	21.4	171	21.4
Neutral	64	8.0	235	29.4
Strength	541	67.6	776	97.0
Not applicable to my business	7	0.9	783	97.9
Don't know	17	2.1	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q22**

Have you ever used the KIT (Kansas Industrial Training), KIR (Kansas industrial retraining), or SKILL (State of Kansas Investment in Lifelong Learning) programs?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Yes	71	8.9	71	8.9
No	713	89.1	784	98.0
Don't know	16	2.0	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q23**

How effective have you found these program?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Very effective	27	38.0	27	38.0
Somewhat effective	23	32.4	50	70.4
Neutral	4	5.6	54	76.1
Somewhat ineffective	7	9.9	61	85.9
Not effective	9	12.7	70	98.6
Don't know	1	1.4	71	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q24**

Have you ever used the JTPA(Job Training Partnership Act) program?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Yes	96	12.0	96	12.0
No	686	85.9	782	97.9
Don't know	17	2.1	799	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q25****How effective have you found this program?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very effective	34	35.4	34	35.4
Somewhat effective	32	33.3	66	68.8
Neutral	11	11.5	77	80.2
Somewhat ineffective	4	4.2	81	84.4
Not effective	14	14.6	95	99.0
Don't know	1	1.0	96	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q26****Have you ever used the employment service program from the Kansas Department of Human Resources?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	238	29.8	238	29.8
No	539	67.4	777	97.1
Don't know	23	2.9	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q27****How effective have you found this program?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very effective	43	18.1	43	18.1
Somewhat effective	71	29.8	114	47.9
Neutral	25	10.5	139	58.4
Somewhat ineffective	35	14.7	174	73.1
Not effective	58	24.4	232	97.5
Don't know	6	2.5	238	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q28**

**To what extent does the availability of housing act as a constraint on your ability to expand your business in Kansas?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Serious constraint	76	9.5	76	9.5
Somewhat of a constraint	101	12.6	177	22.1
Not a constraint	573	71.6	750	93.8
Don't know	50	6.3	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q29**

**From the point of view of firms such as yours, is the availability of technology to Kansas firms a strength or a weakness of the Kansas business environment?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Weakness	125	15.6	125	15.6
Neutral	117	14.6	242	30.3
Strength	478	59.8	720	90.0
Not applicable to my business	35	4.4	755	94.4
Don't know	45	5.6	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996

**Q30**

**To what extent is it a problem for your firm to keep current with technological changes and developments?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Not a problem	498	62.3	498	62.3
Somewhat of a problem	213	26.6	711	88.9
A very serious problem	64	8.0	775	96.9
Don't know	25	3.1	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q31**

**Have you ever used technology transfer programs available from KTEC (*pronounced K-Tech*), MAMTC (*pronounced Mam-tech*), or the state's universities?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	121	15.1	121	15.1
No	647	80.9	768	96.0
Don't know	32	4.0	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q32**

**How effective have you found these programs?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very effective	50	41.0	50	41.0
Somewhat effective	43	35.2	93	76.2
Neutral	11	9.0	104	85.2
Somewhat ineffective	11	9.0	115	94.3
Not effective	7	5.7	122	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996

**Q33**

**From the point of view of firms such as yours, would you rate the availability of financial capital in Kansas a strength or a weakness of the Kansas business environment?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Weakness	169	21.1	169	21.1
Neutral	104	13.0	273	34.1
Strength	418	52.3	691	86.4
Not applicable to my business	34	4.3	725	90.6
Don't know	75	9.4	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q34****How difficult is it for your business to obtain working capital?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very difficult	58	7.3	58	7.3
Somewhat difficult	99	12.4	157	19.6
Neutral	100	12.5	257	32.1
Somewhat easy	245	30.6	502	62.8
Very easy	227	28.4	729	91.1
Don't know	71	8.9	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q35****Suppose your business wanted to invest in new plant and equipment. How difficult would it be for your business to obtain financial capital for new plant and equipment?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very difficult	78	9.8	78	9.8
Somewhat difficult	100	12.5	178	22.3
Neutral	67	8.4	245	30.6
Somewhat easy	253	31.6	498	62.3
Very easy	222	27.8	720	90.0
Don't know	80	10.0	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q36****How difficult would it be for your firm to find capital to finance the introduction of a new product or new production technology?**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Very difficult	77	9.6	77	9.6
Somewhat difficult	102	12.8	179	22.4
Neutral	153	19.1	332	41.5
Somewhat easy	227	28.4	559	69.9
Very easy	178	22.3	737	92.1
Don't know	63	7.9	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q37**

For businesses such as yours, would you rate the quality of life in Kansas as a strength or weakness of the Kansas business environment?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Weakness	49	6.1	49	6.1
Neutral	24	3.0	73	9.1
Strength	715	89.4	788	98.5
Not applicable to my business	1	0.1	789	98.6
Don't know	11	1.4	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q38A**

How important is public education in a community to your firm's decision to expand or invest in the area?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Unimportant	187	23.4	187	23.4
Somewhat important	147	18.4	334	41.8
Important	447	55.9	781	97.6
Don't know	19	2.4	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q38B**

How would you rate public education as a strength or weakness of the Kansas business environment?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Weakness	135	22.0	135	22.0
Neutral	72	11.7	207	33.8
Strength	385	62.8	592	96.6
Don't know	21	3.4	613	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q39A**

How important is the availability of cultural activities in a community to your firm's decision to expand or invest in the area?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Unimportant	433	54.1	433	54.1
Somewhat important	186	23.3	619	77.4
Important	153	19.1	772	96.5
Don't know	28	3.5	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q39B**

How would you rate the availability of cultural activities as a strength or weakness of the Kansas business environment?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Weakness	110	30.0	110	30.0
Neutral	58	15.8	168	45.8
Strength	173	47.1	341	92.9
Don't know	26	7.1	367	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q40**

Does your business currently export its goods or services outside of the U.S.?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Yes	172	21.5	172	21.5
No	612	76.5	784	98.0
Don't know	16	2.0	800	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.



**Q42**

Has your firm received any form of export assistance from the state of Kansas?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Yes	26	15.1	26	15.1
No	128	74.4	154	89.5
Don't know	18	10.5	172	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q43**

Which state agency provided export assistance to you?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
KDOCH	10	38.5	10	38.5
World Trade Center in Wichita	7	26.9	17	65.4
MAMTC	3	11.5	20	76.9
Don't know	6	23.1	26	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.

**Q44**

How effective was the assistance that you received?

	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Very effective	8	30.8	8	30.8
Somewhat effective	7	26.9	15	57.7
Neutral	1	3.8	16	61.5
Somewhat ineffective	2	7.7	18	69.2
Not effective	2	7.7	20	76.9
Don't know	6	23.1	26	100.0

Source: IPPBR University of Kansas survey of 800 manufacturing and service firms, 1996.