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COMPARISON OF ECONOMIC DEVELOPMENT EXPENDITURES IN KANSAS COMMUNITIES

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Introduction

In an effort to learn more about economic development expenditures in Kansas communities, the Institute for Public Policy and Business Research conducted a telephone survey in the 30 largest communities of the state. The survey, completed in February 1989, focused on budget volumes targeted for economic development by the various cities, counties, chambers of commerce and other economic development agencies. Also, the survey aimed at obtaining information on the communities main sources for funding. Economic development expenditures were defined in the survey as costs for management of economic development programs (staff salaries, staff development, postage etc.), prospect development (advertising, direct mail, entertainment and other prospect services), collateral materials (brochures, video), and special programs development (research, marketing, industrial site development, etc.). Although travel and tourism promotion may be an important aspect of a community's economic development efforts, it was not included in this survey, and all communities have a separate budget devoted to the convention and tourism industry funded through the transient guest tax collections.

Survey Design and Questionnaire

The chambers of commerce in the 30 communities surveyed were contacted first to find out about existing economic development programs, budgets and economic development agencies within their community or county. In the majority of cases, the economic development departments of the chambers functioned as the principal agency and there was a joint effort for funding economic development programs. If the chamber did not have an economic development department and/or public and private agencies did not form a coalition for funding economic development, the municipal, county-based or quasipublic development agencies were contacted individually and their budgets listed separately.

The attached questionnaire gives an overview of the information gathered in the survey. In order to obtain consistent data for all communities surveyed, the budgets were compared to a list of line items attached to the questionnaire. In some communities, in-kind contributions by the county, city or chamber played a significant role, such as the provision of office space, management, staff assistance, equipment etc. Since the monetary value of in-kind contributions are difficult to measure, they are not included in this survey. As can be seen from the questionnaire, the survey primarily focused on information on the 1989 and 1988 budget volume for economic development within each community and on the main sources for funding. In addition, information about local economic development agencies was gathered and recorded (see Table 4).

Findings

Economic development expenditures in the 30 communities surveyed varies according to size of the population and to initiatives by public and private agencies. Budgets for economic development range from $1.5 million in Wichita to $48,000 in Chanute/Neosho County (see Table 1). Of the 30 communities surveyed, four do not have an established annual budget for economic development, but three of these communities have formed an economic development council, staffed with volunteers and equipped with private-sector funds for project development. Among the 26 communities with an established economic development budget, 19 had a budget of more than $100,000. In medium-sized cities with a population of 20,000 to 60,000, budget volumes range from $215,000 in Hutchinson to $72,360 in Emporia (see Table 2 and 3). On average, cities of this size plan to spend $146,870 in 1989.

Two-thirds of the communities contacted have made a joint effort for economic development, whereby the city, county, chamber of commerce, private businesses and others agencies (e.g. airport authorities, WSU) have formed a coalition and provide funding for a budget. Funding for economic development is derived primarily from the public sector, which contributed $5.8 million or 73.2% to the budgets, on average. Private capital, including contributions by chambers of commerce represents another important source of funding. For the 26 communities that had an established budget for economic development for 1989, $1.5 million or 26.8% is funded by the private sector. Accordingly, three-fourths of the

sum of all budgets is funded by public and one-fourth by private sources. Private-sector money is provided mainly through chambers of commerce, but also through airport authorities, public utility companies and private membership organizations.

As reported by the League of Kansas Municipalities, there are 81 cities in Kansas that impose an industrial tax levy to support economic development (see Table 5). Cities with industrial tax levies make up 43% of the survey sample, and the other 57% of the cities surveyed had no industrial tax levy. Of the 105 Kansas counties, 37 have imposed an economic development tax levy in 1988 (see Table 6). Counties with such tax levies represented 46% of the counties in which communities were surveyed for economic development budgets.

TABLE 1
ECONOMIC DEVELOPMENT EXPENDITURES IN KANSAS COMMUNITIES

	1989 Budget	SOURCES FOR FUNDING			
		City	County	Private	Other(1)
Wichita	$1,474,116(2)	$250,000	$250,000	$974,116	$100,000
Kansas City, KS					
City	300,000	300,00	—	—	—
Wyandotte County	200,000	—	200,000	—	—
Chamber of Commerce	50,000	—	—	50,000	—
Bd of Pblc Utilities	550,000	—	—	—	550,000
Bonner Springs	25,000	25,000	—	—	—
Topeka	278,000	150,000	20,000	88,000	20,000
Overland Park	110,000	75,000	—	25,000	—
Lawrence	130,000	30,000	50,000	50,000	—
Olathe	120,000	60,000	—	60,000	—
Salina	169,600	85,000	20,000	25,000	20,000
Hutchinson	215,000	75,000	140,000	—	—
Leavenworth	100,000	—	50,000	31,000	—
Manhattan	180,000	65,000	45,000	70,000	—
Lenexa	163,000	135,000	—	22,000	—
Emporia	72,365	44,390	15,000	12,975	—
Garden City	100,000	20,000	60,000	20,000	—
Junction City	175,000	57,500	57,500	—	—
Dodge City*	NA				
Pittsburg	151,000	151,000	—	—	—
Hays					
Coalition for Econ. Development	116,900	63,000	—	33,900	20,000
Ellis County	81,370	—	81,370	—	—
Great Bend	131,500(3)	61,000	160,000	—	—
Liberal	80,000	60,000	20,000	—	—
Newton	154,000	68,000	44,000	42,000	—
Arkansas City*	NA				
Parsons*	NA				
McPherson	125,000	36,000	50,000	3,000	36,000
Winfield*	NA				
Atchison	94,100	94,100	—	—	—
El Dorado					
El Dorado Inc.	60,000	30,000	—	30,000	—
Butler County	129,000	—	129,000	—	—
Ottawa	84,000	50,000	30,000	4,000	—
Chanute	48,500	48,500	—	—	—
Montgomery County Action Council (Coffeyville & Independence)	103,000	27,500	65,000	10,000	—

* Budget expected for 1990 or later.
(1) Local utilities companies, airport authorities, WSU.
(2) Transportation development ($20,000) and downtown development ($250,000) not included.
(3) Seed capital pool ($81,000) and highway program ($8,500) not included in total.

Note: Cities are ranked according to their respective 1986 populations.

Source: Institute for Public Policy and Business Research, Survey, February 1989.

TABLE 2
RANK OF COMMUNITIES BY SIZE OF
1989 ECONOMIC DEVELOPMENT BUDGET

	1989 Budget
Wichita	1,474,116
Kansas City, KS	1,125,000
Topeka	278,000
Hutchinson	215,000
Hays	198,270
El Dorado	189,000
Manhattan	180,000
Junction City	175,000
Salina	169,600
Lenexa	163,000
Newton	154,000
Pittsburg	151,000
Great Bend	131,500
Lawrence	130,000
Olathe	120,000
Overland Park	110,000
Montgomery County (Coffeyville,Independence)	103,000
Garden City	100,000
Leavenworth	100,000
Atchison	94,100
Ottawa	84,000
Liberal	80,000
Emporia	72,365
Chanute	48,500

Source: Institute for Public Policy and Business Research, Survey, February 1989.

TABLE 3
POPULATION AND ECONOMIC DEVELOPMENT
EXPENDITURES IN KANSAS COMMUNITIES

	1986 City Population	1989 Budget(s)	1988 Budget(s)
Wichita	288,870	1,474,116	1,452,166
Kansas City, KS	162,070	1,125,000	1,115,022
Topeka	118,580	278,000	246,000
Overland Park	96,510	110,000	5,000
Lawrence	56,490	130,000	93,700
Olathe	52,180	120,000	120,000
Salina	42,830	169,600	160,000
Hutchinson	41,500	215,000	269,000
Leavenworth	36,230	100,000	94,000
Manhattan	33,750	180,000	180,000
Lenexa	27,380	163,000	177,000
Emporia	24,610	72,365	NA
Garden City	22,770	100,000	NA
Junction City	20,290	175,000	115,260
Dodge City*	19,710	NA	NA
Pittsburg	18,310	151,000	150,000
Hays	17,810	198,270	75,000
Great Bend	17,390	131,500	137,000
Liberal	16,560	80,000	NA
Newton	16,380	154,000	142,000
Arkansas City*	12,990	NA	NA
Parsons*	12,700	NA	NA
McPherson	12,190	125,000	73,000
Winfield*	11,650	NA	NA
Atchison	11,400	94,100	92,000
El Dorado	10,990	189,000	150,000
Ottawa	10,750	84,000	80,000
Chanute	10,190	48,500	39,000
Montgomery County Action Council (Coffeyville & Independence)		103,000	97,000

*Budget expected for 1990 or later.

Source: Institute for Public Policy and Business Research, Survey, February 1989. U.S. Bureau of the Census, 1980 Census of Population, PC80-1-A-18; Current Population Reports, Series P-26, No. 86-WNC-SC.

TABLE 4
ECONOMIC DEVELOPMENT AGENCIES IN KANSAS COMMUNITIES

Wichita	Wichita/Sedgwick County Partnership for Growth
Kansas City, KS	Department of Economic Development and Planning, Kansas City, KS
	Wyandotte County Economic Development Commission
	Chamber of Commerce, Economic Development Council
	City of Bonner Springs
	Board of Public Utilities
Topeka	Chamber of Commerce, Economic Development Dept.
Overland Park	Chamber of Commerce, Economic Development Dept.
Lawrence	Chamber of Commerce, Economic Development Dept.
Olathe	Chamber of Commerce, Economic Development Dept.
Salina	Chamber of Commerce, Economic Development Dept.
Hutchinson	Chamber of Commerce, Economic Development Dept.
Leavenworth	Leavenworth Area Development Corporation (private, nonprofit)
Manhattan	Chamber of Commerce, Economic Development Dept.
Lenexa	Chamber of Commerce, Economic Development Council
Emporia	Chamber of Commerce, Economic Development Dept.
Garden City	Finney County Economic Development Corporation
Junction City	Junction City/Geary County Economic Development Comm.
Dodge City	Economic Development Corporation (volunteers and private funds)
Pittsburg	City of Pittsburg Business Relations
Hays	Ellis County Coalition for Economic Development
	Ellis County Economic Development Department
Great Bend	MidKansas Economic Development Commission
Liberal	Chamber of Commerce, Economic Development Dept.
Newton	Harvey County Jobs Development Council
Arkansas City	
Parsons	Jobs Incorporated (nonprofit organization)
McPherson	McPherson Industrial Development Company Inc.
Winfield	
Atchison	Chamber of Commerce, Economic Development Dept.
El Dorado	Butler County Economic Development Department
	El Dorado, Inc.
Ottawa	Chamber of Commerce, Economic Development Dept.
Chanute	City of Chanute Economic Development Department
Montgomery County (Coffeyville/Independence)	Montgomery County Action Council
Southeast Kansas	MidAmerica Inc. (nonprofit development corporation focusing on industrial recruitment in 12 counties in Southeast Kansas)

Source: Institute for Public Policy and Business Research, Survey, February, 1989.

TABLE 5
INDUSTRIAL DEVELOPMENT TAX LEVIES IN KANSAS CITIES

CITY	1987 POP.	1980 RATE	1984 RATE	1985 RATE	1987 RATE
Abilene	6,430	.80	.79	.95	1.001
Anthony	2,743	1.00	1.00	1.00	1.00
Ashland	1,177	1.00	1.00	1.01	1.00
Atchison	11,402	1.00	----	----	----
Baldwin City	2,798	----	----	1.00	.975
Bartlett	156	.74	1.08	1.36	----
Baxter Springs	4,502	1.00	1.00	1.00	1.00
Belle Plaine	1,721	----	----	----	.98
Burlington	3,283	1.00	1.00	.98	1.00
Caney	2,313	.97	.03	.03	.03
Canton	869	----	.416	.49	.49
Chanute	10,889	.50	.50	.50	1.00
Cheney	1,398	.10	.102	.098	1.00
Cherryvale	2,631	.45	.10	.10	1.00
Chetopa	1,620	.50	.50	.50	.50
Clay Center	4,824	.75	.25	1.00	1.00
Coffeyville	14,590	.01	.50	.01	.50
Columbus	3,522	.50	.50	.50	.50
Concordia	6,779	.25	1.01	1.02	1.01
Cottonwood Falls	911	.50	.04	.03	.03
Council Grove	2,285	.10	1.00	1.00	1.00
Downs	1,287	1.00	1.00	1.00	1.00
El Dorado	11,272	1.00	1.00	.997	.99
Ellis	2,123	.34	.393	.718	1.00
Ellsworth	2,380	1.00	1.00	1.00	1.00
Emporia	27,087	.98	1.00	1.00	1.00
Erie	1,467	1.00	1.00	1.00	1.00
Eureka	3,384	.10	----	.07	----
Fort Scott	8,746	.50	.50	.493	.494
Fredonia	2,873	1.00	.10	1.00	1.00
Great Bend	17,637	.772	.51	.973	.897
Harper	1,768	.64	.10	.10	1.00
Herington	2,893	1.00	1.00	1.04	1.033
Hiawatha	3,684	1.00	1.00	1.00	1.00
Hillsboro	2,614	.10	1.00	1.00	.986
Hoisington	3,675	.164	.093	.094	.990
Holton	2,964	----	.94	.95	.90
Horton	1,960	1.00	1.00	1.00	1.00
Independence	10,997	.10	1.00	.97	1.00
Iola	7,025	.15	.49	.47	.50
Junction City	19,987	1.00	----	.35	1.00
LaCrosse	1.526	.53	.10	.10	1.00
Lakin	2,123	1.00	.51	.51	.51
Larned	4,875	1.00	1.00	1.00	1.00
Lindsborg	3,270	.50	.997	1.00	.987
Lucas	522	.50	.50	1.01	1.00
Lyons	3,964	.50	.50	.50	.496
Manhattan	32,381	1.00	1.00	1.00	.051
Marion	1,901	1.00	1.00	.99	.987
Marysville	3,776	.96	1.00	1.00	.999
McPherson	12,039	.16	.40	.67	.778
Medicine Lodge	2,711	----	1.50	1.50	----
Minneapolis	2,060	.94	1.00	1.00	1.00
Moran	583	1.00	----	----	----
Mulvane	4,408	----	.496	.498	.926
Natoma	520	1.00	1.06	----	----
Neodesha	3,261	1.00	1.00	1.00	1.00
Ness City	1,885	1.00	.99	1.00	.966
Norton	3,277	.50	.50	1.00	1.00
Onaga	684	----	----	----	1.00
Osage City	2,829	----	1.00	1.00	1.00
Osawatomie	4,576	.50	1.00	1.00	1.00
Osborne	2,005	.50	.55	1.55	1.50
Oskaloosa	1,112	.60	.60	.60	.60
Oswego	2,158	1.00	1.00	1.00	1.00
Paola	4,387	1.00	1.00	1.00	1.00
Parsons	13,089	1.00	.75	.87	.89
Phillipsburg	3,123	----	----	----	1.00
Pittsburg	18,489	.25	1.00	.994	.986
Plainville	2,450	1.00	----	.99	1.00
Russell	5,647	.90	.25	----	1.00
Sabetha	2,268	1.00	----	----	----
St. John	1,569	.50	----	----	----
Sedgwick	1,541	.01	.98	.078	.995
Seneca	2,334	.02	.92	.897	.914
Smith Center	2,172	----	.50	1.00	1.00
Stafford	1.364	.50	----	----	----
Stockton	1,838	1.00	----	.97	.34
WaKeeney	2,526	.70	.70	.70	.70
Wakefield	807	1.00	1.00	----	.10
Winfield	11,770	.50	.49	.50	.50

Note: Cities of the survey sample are underlined.

Source: League of Kansas Municipalities, Research Information Bulletin. Vol. X, No. 463, January 14, 1988.

TABLE 6
ECONOMIC DEVELOPMENT TAX LEVIES
IN KANSAS COUNTIES

	1986 Population	Economic Development Rate
Butler	48,000	0.487
Crawford	37,600	0.067
Ellis	27,700	0.483
Franklin	21,900	0.400
Geary	31,100	0.170
Harvey	30,800	0.562
Labette	25,400	0.270
Leavenworth	60,600	0.096
Riley	63,400	0.495
Saline	50,000	0.500
Sedgwick	391,100	0.233
Wyandotte	174,100	0.334

Source: Kansas Government Journal, January, 1988.

APPENDIX

LINE ITEMS OF ECONOMIC DEVELOPMENT BUDGETS IN KANSAS COMMUNITIES

Management:	Salaries and Wages
	Payroll taxes
	Benefits
	Professional Development
	Travel, Conferences and Seminars
	Rent
	Property Taxes
	Utilities and Maintenance
	Insurance
	Equipment Rental/Maintenance
	Telephone
	Postage
	Printing and Publications
	Subscription and Dues
	Automobile
Prospect Development:	Advertising
	Direct Mail
	Prospect Travel and Entertainment
	Customized Proposals
	Public Relations
Collateral Materials:	Brochures
	Image Development (Community Brochure, Video)
Special Programs Development:	Research
	Marketing of Public Relations

TELEPHONE SURVEY QUESTIONNAIRE
ECONOMIC DEVELOPMENT EXPENDITURES
BY CHAMBER OF C./CITIES/COUNTIES

1. Date survey was conducted_____

2. Chamber of Commerce_____Phone_____

3. Person contacted_____Title_____

4. Does the Chamber have an economic development department?
Yes_____ If no, skip to Question 8.

5a. What is the budget volume for economic development?

$_____per year (1988) $_____ per year (1989)

5b. Which sources do you have for funding the budget?

_____

_____

6. Do you have an economic development director?

Yes_____ No_____ Other staff _____

7a. Explicitly, what item designated to economic development are included in the budget? (read from list)

_____

7b. Are there other items targeted to economic development that are not included in the budget, such as

(1) research support/contacts_____

(2) travel and tourism promotion_____

(3) promoting and marketing of industrial parks_____

(4) transportation/highway development_____

(5) seed capital pool_____

(6) _____

8a. Do you contract for economic development services with an economic development corporation/private company?

Yes_____ If no, skip to Question 9.

8b. How much do you spend for this service?

$_____per year

9. Are there other public/private economic development agencies in your community?

a. City_____

Name of Director_____ Telephone_____

Budget 1988/89 $_____

b. County_____

Name of Director_____ Telephone_____

Budget 1988/89 $_____

c. Other (non-profit)_____

Name of Director_____ Telephone_____

Budget 1988/89 $_____