



A Survey of 300 Business Owners and Executives in the State of Kansas

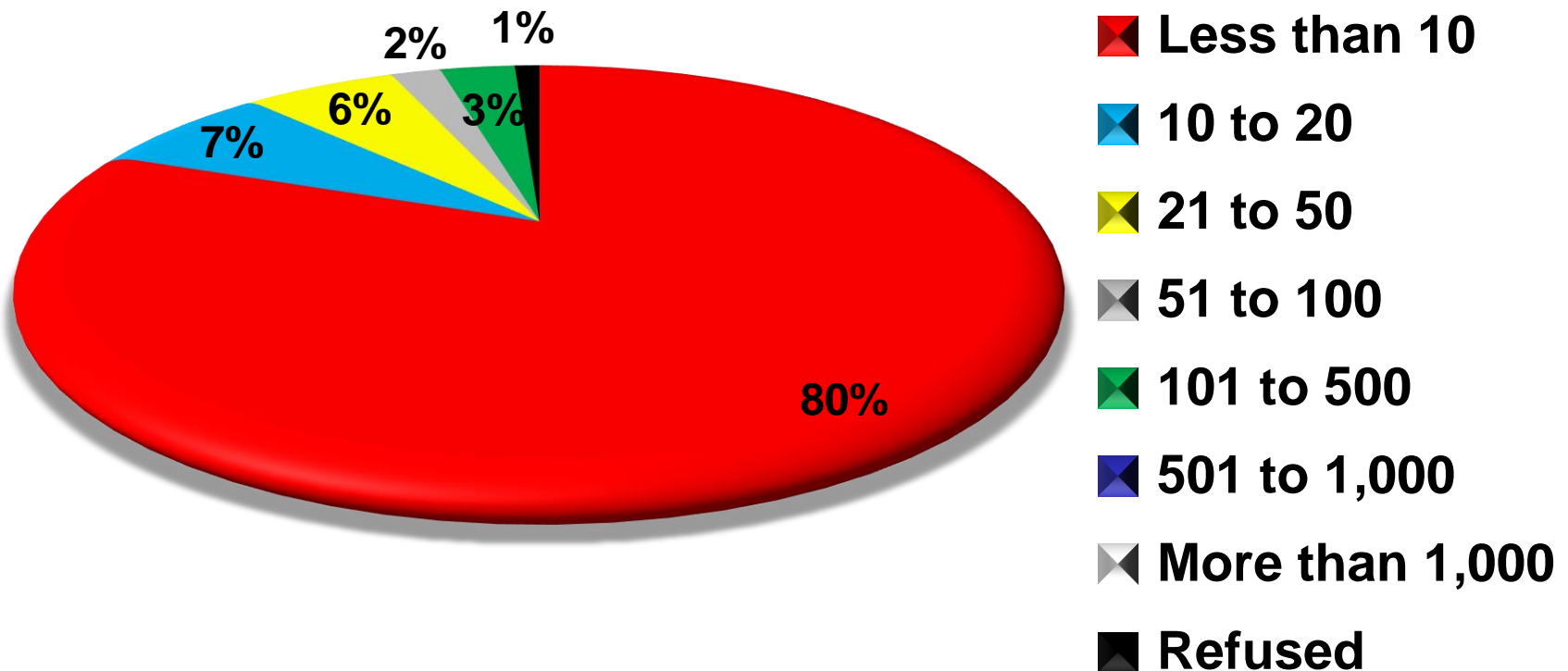
Margin of Error: +/- 5.6%

Interviewing Conducted November 30 – December 9, 2020

Pat McFerron
President
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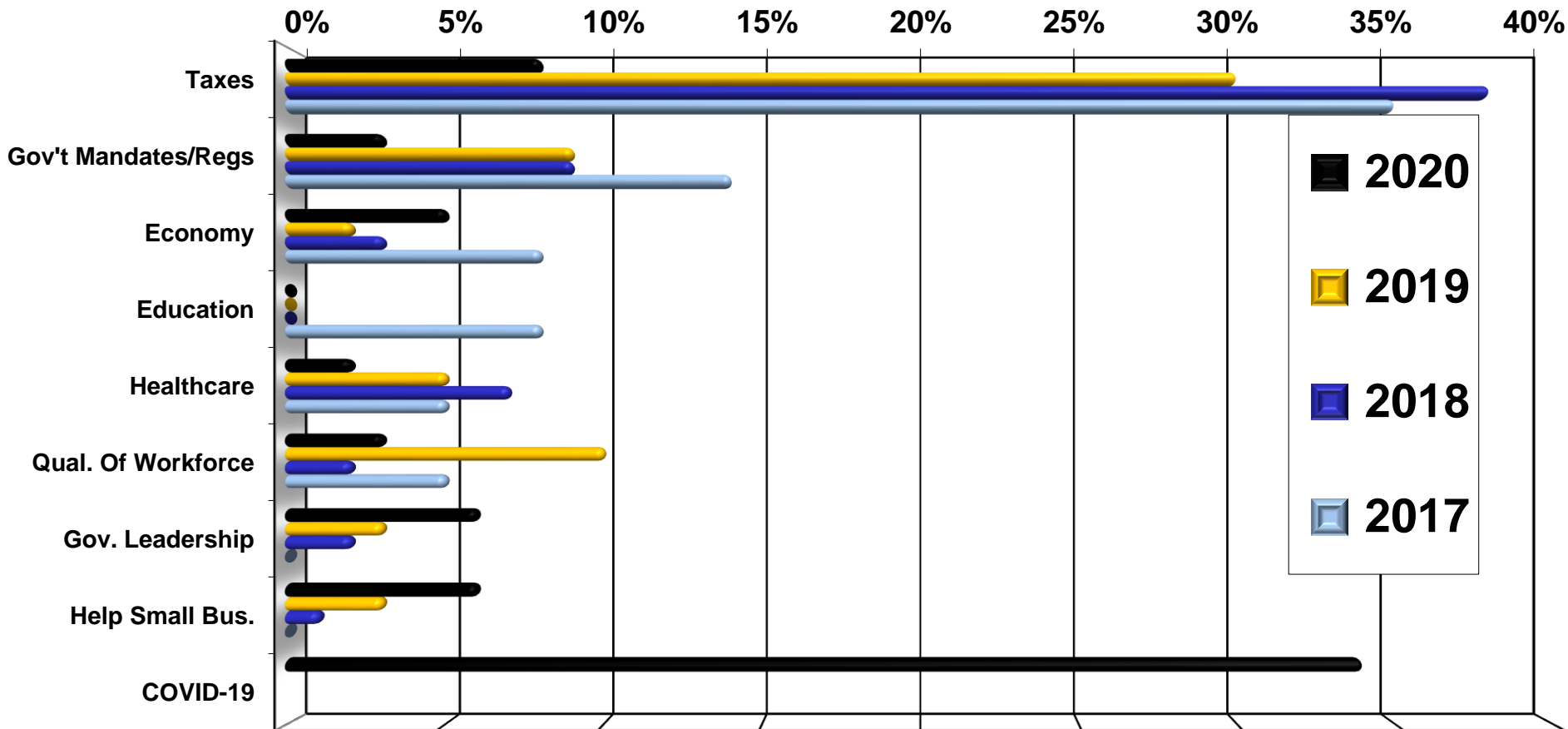


Number of Employees in Businesses Polled



As has been consistent in past polls, this study is dominated by the smallest businesses. In this study, an employer with 2 employees has the same voice as one employing 200.

Most Important Issues for Kansas Business (Open Ended)



This question is incredibly skewed by the presence of COVID-19. There is also little question that the pandemic also has led to increased concern about government leadership and the need to help small business – two categories that have grown despite the dominance of COVID-19 as a concern.

Most Important Issues for Kansas Business?



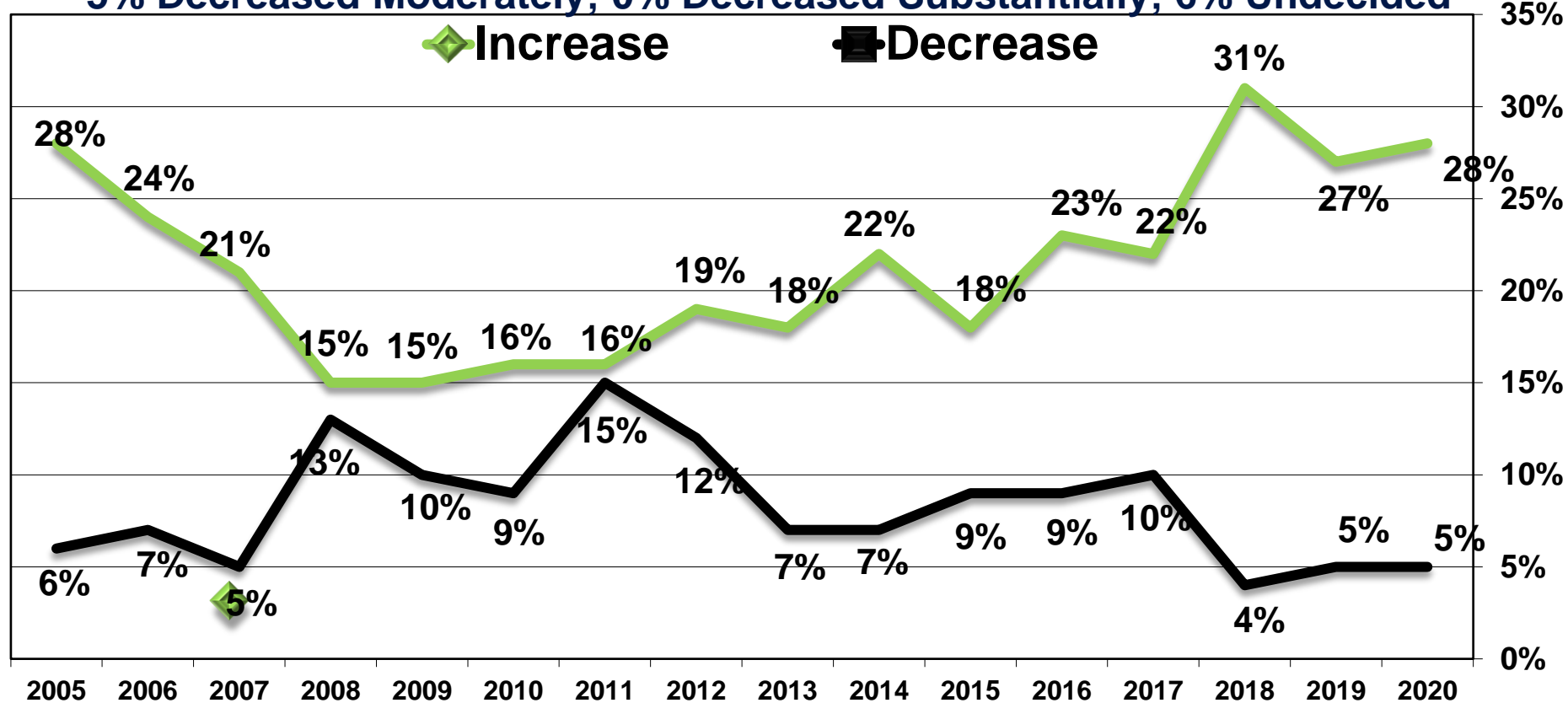
Most Important to Profitability? (Up to 2 Selected)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Workers' comp	8%	9%	10%	9%	11%	5%	8%	8%	8%	18%	13%	19%	4%
Unemployment comp	6%	6%	5%	5%	5%	5%	5%	5%	8%	6%	7%	3%	1%
Manage healthcare costs	34%	36%	35%	37%	44%	34%	33%	31%	30%	32%	38%	32%	23%
Lower taxes on business	52%	54%	48%	45%	38%	41%	40%	40%	30%	34%	49%	43%	35%
Decrease regs/mandates	25%	22%	26%	27%	30%	27%	29%	26%	23%	21%	22%	18%	13%
Stop frivolous lawsuits	10%	9%	8%	10%	12%	14%	16%	15%	16%	15%	16%	13%	13%
Limit growth of government	16%	17%	15%	18%	21%	23%	13%	11%	12%	13%	14%	17%	16%
Economic incentives	12%	15%	13%	15%	12%	17%	17%	15%	17%	15%	20%	18%	13%
Reduce fuel/energy costs	14%	14%	13%	11%	10%	12%	19%	31%	24%	28%	21%	20%	42%

With this question that excludes COVID-19, we see remarkable consistency – Lower my taxes, help me address healthcare costs, and decrease mandates.

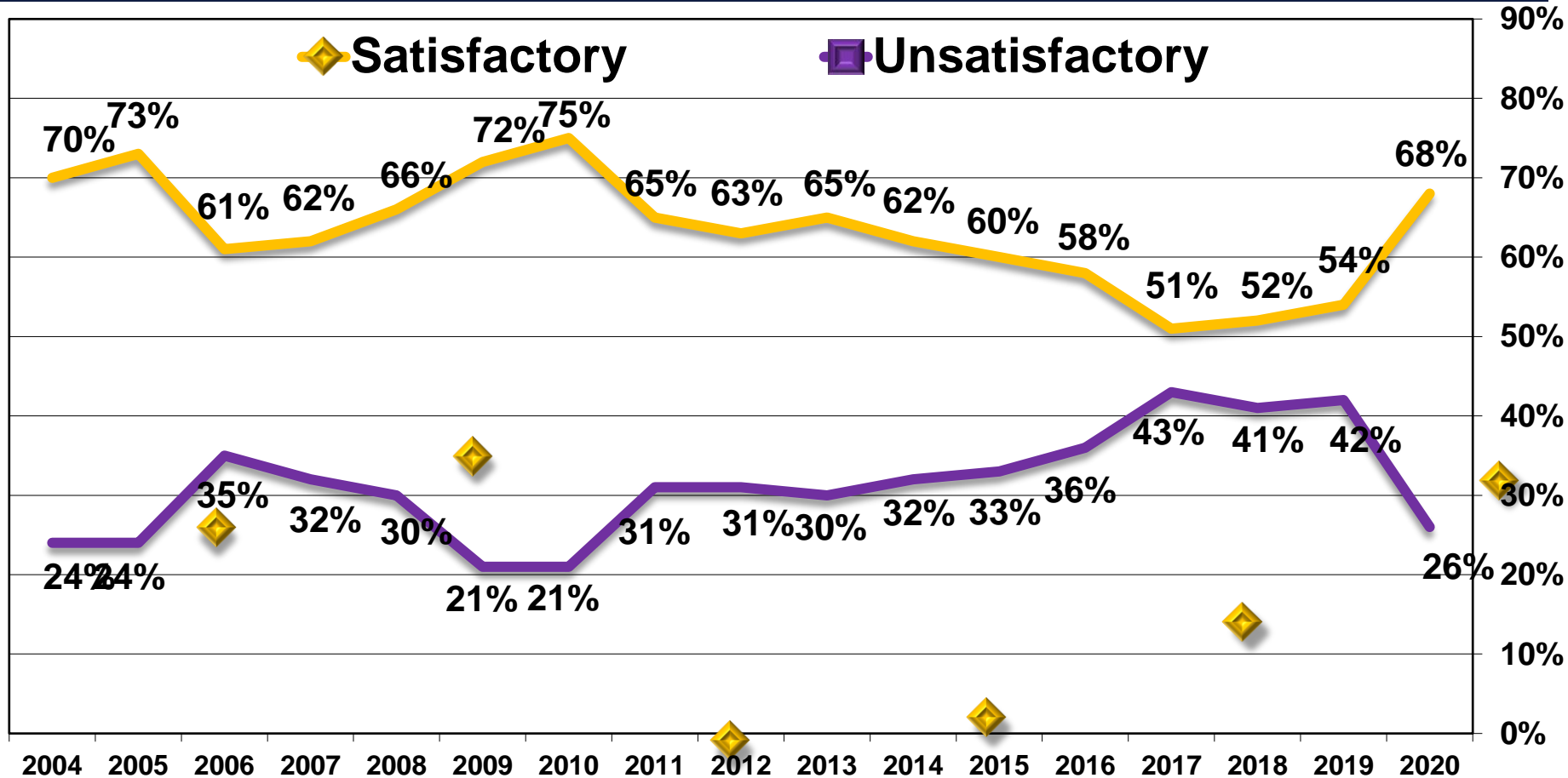
Workforce Size Over Next Year

3% Increased Substantially; 25% Increased Moderately; 60% Stayed the Same; 5% Decreased Moderately; 0% Decreased Substantially; 6% Undecided



Despite 2020 and COVID-19, this is an optimistic group with 28% saying they intend to add employees in the coming year.

Satisfaction with Workforce?

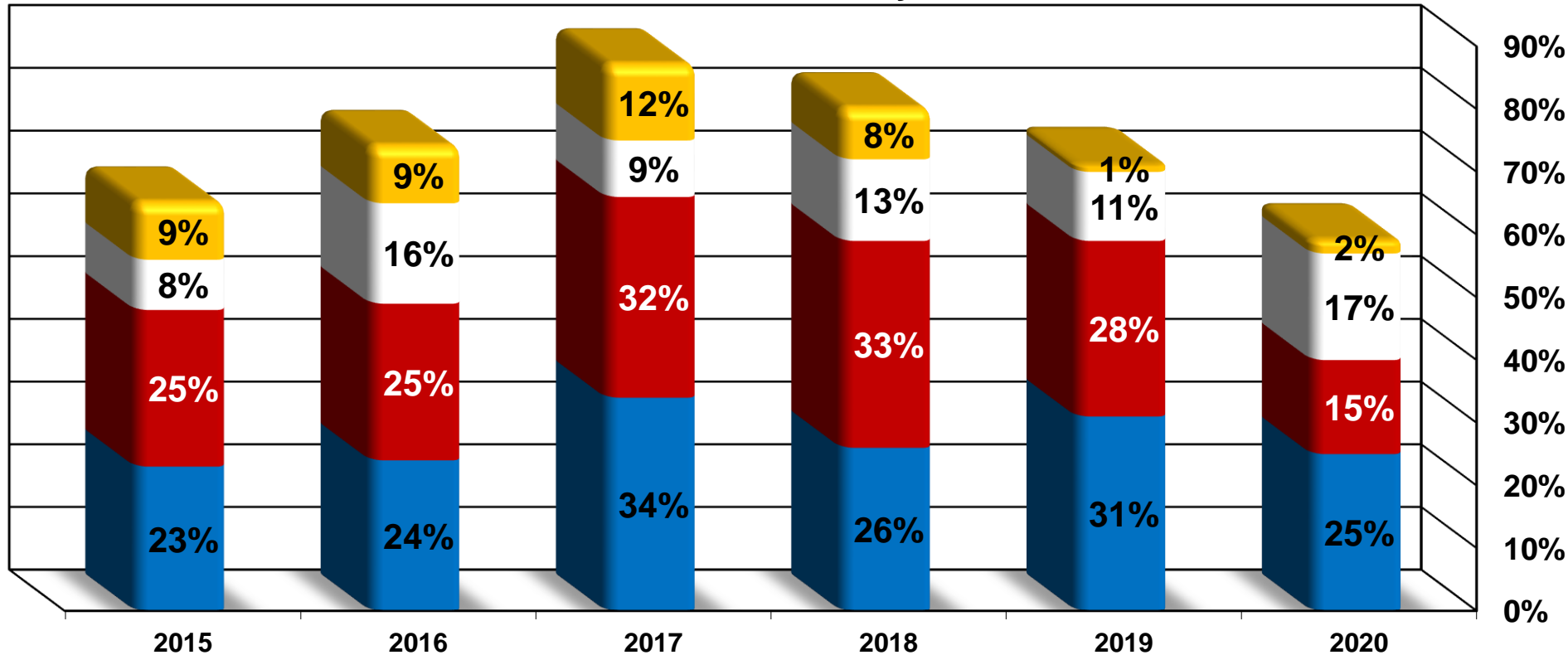


As generally occurs during tougher economic times, satisfaction with the workforce has increased. The simple fact is, there is a little less competition for a workforce today than when we asked the question last year. In fact, these are the best numbers we have seen since the poor economy of 10 years ago.

Why Not Rate Workforce Higher? (Open Ended)

**25% Will to Work; 15% Lack of Education; 11% Too Easy to Get Benefits;
4% No Jobs; 2% Supply Shortage; 2% Wages; 29% Do Not Know**

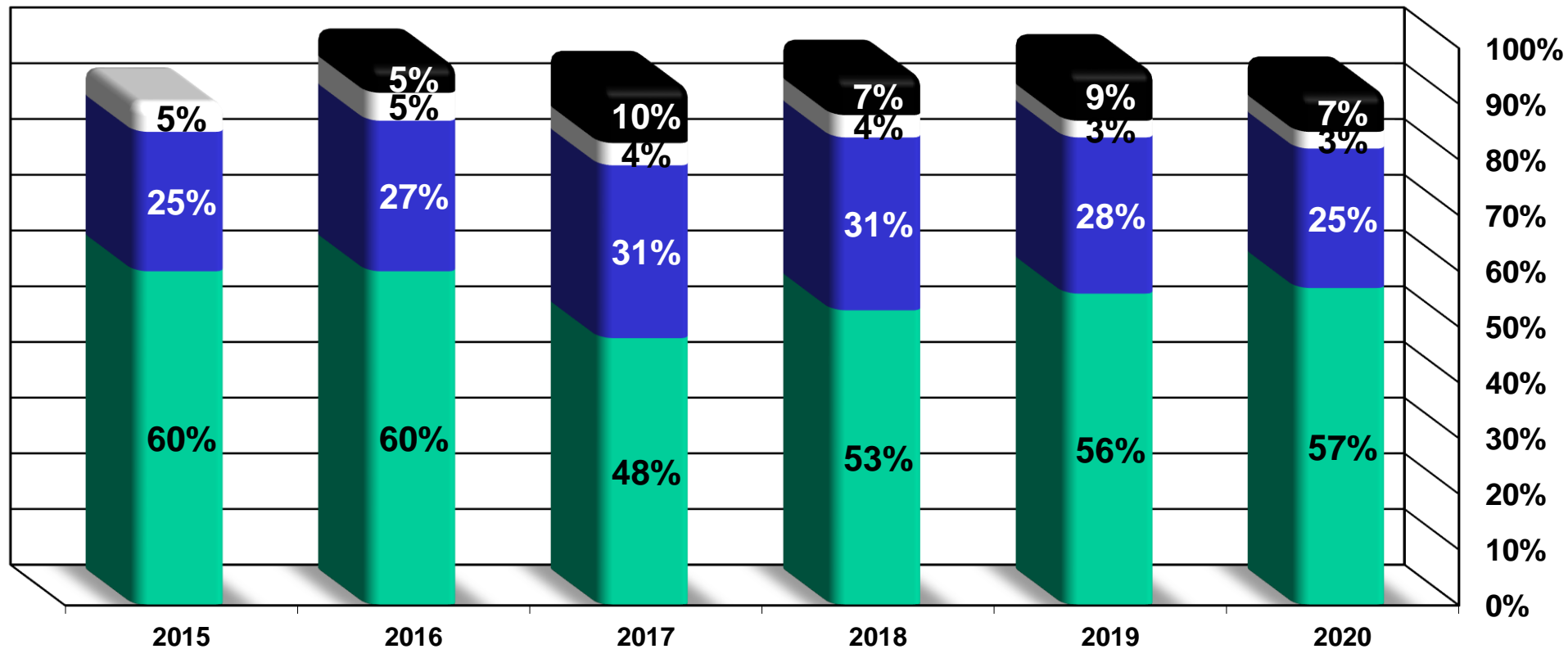
Will to Work Lack Education Too Easy to Get Benefits Miscellaneous



Asked only of those not satisfied with the workforce. We continue to see concern about education decrease while concern about ease of benefits has increased.

Greatest Concern with Kansas Workforce?

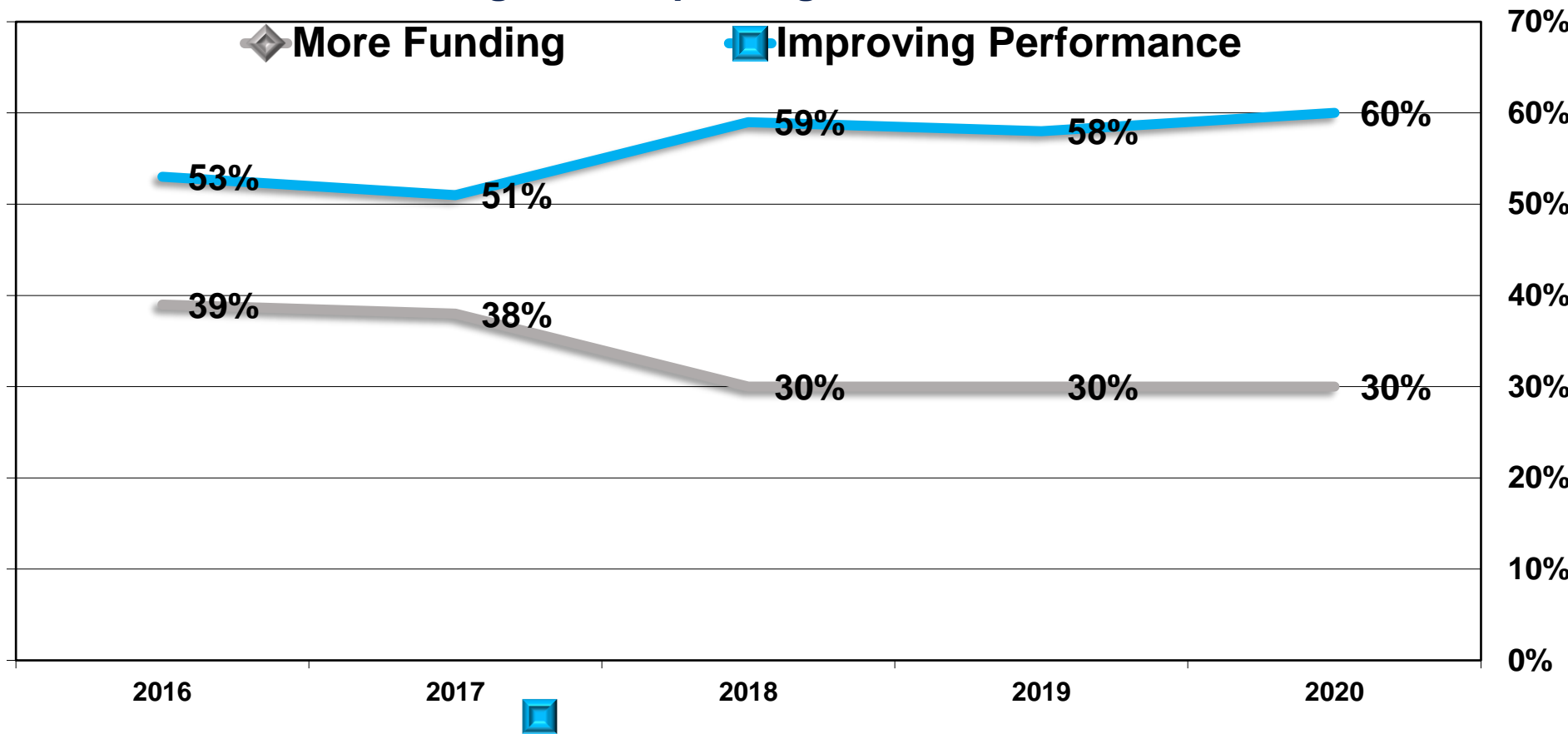
■ Soft Skills ■ Technical Skills ■ Employees w/ Degrees ■ Pass Drug Test



While only slight, we do see concern about soft skills increasing for the fourth year in a row. Desire for those with a college degree remains the least concerning – and by quite a bit.

More Important for Improving Education?

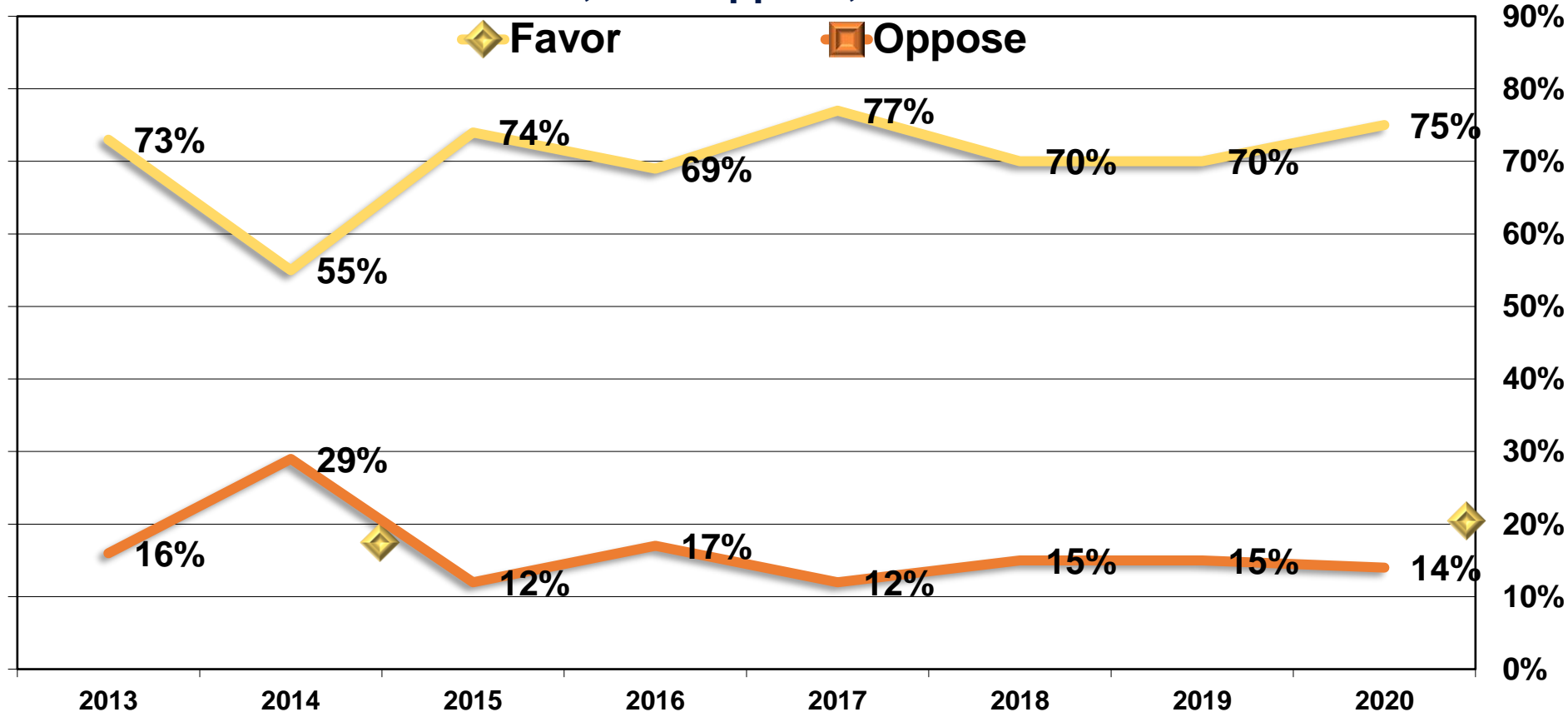
30% More Funding; 60% Improving Performance; 10% Undecided



Twice as many business leaders believe the education focus should be on performance outcomes as opposed to funding.

Increase Funds for Classroom Instruction beyond 55%?

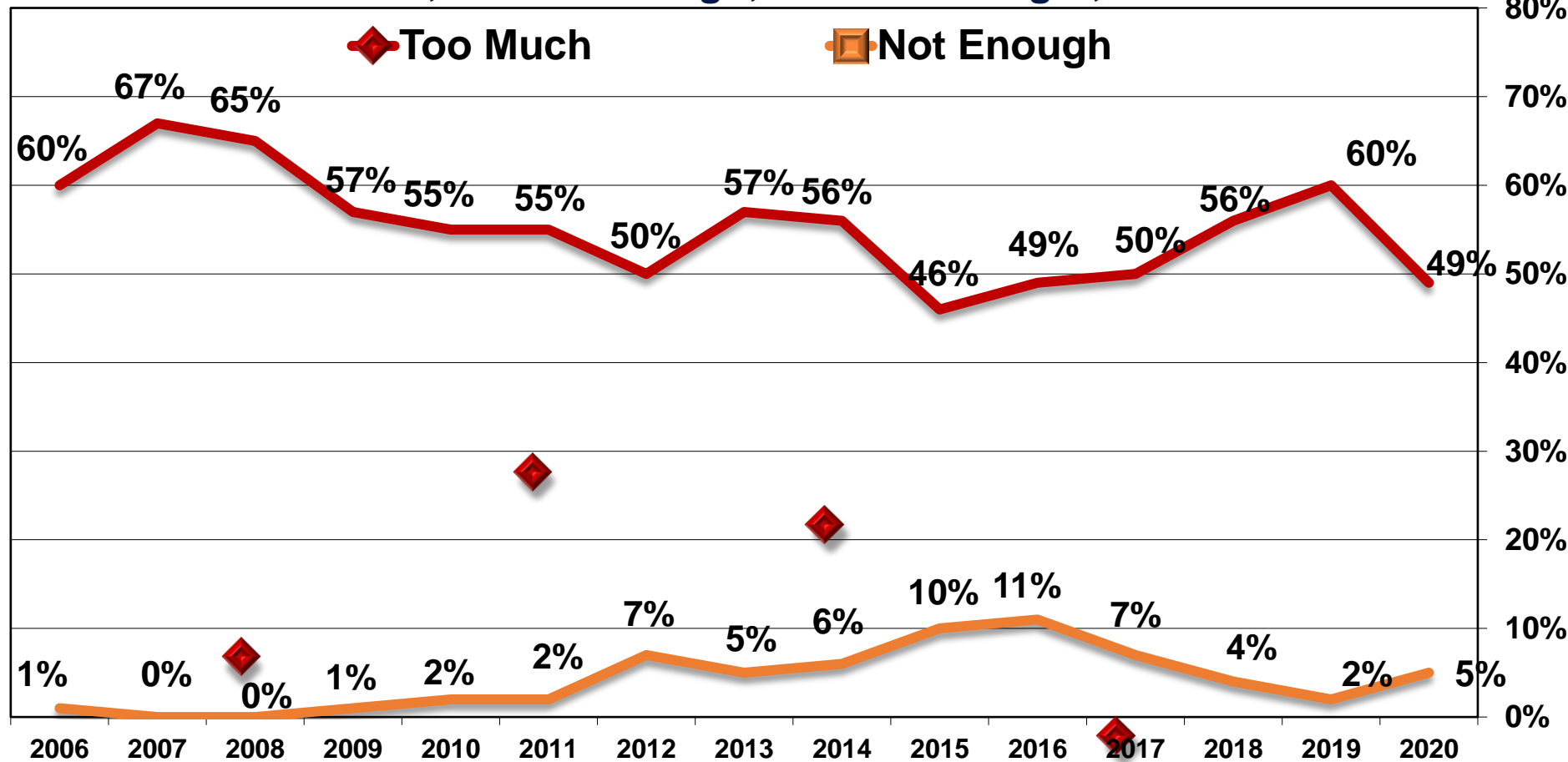
75% Favor; 14% Oppose; 11% Undecided



After a dip for a few years, we are back to three-quarters of business leaders wanting to increase the percentage of education funds getting to the classroom

How Much Paid in Taxes? (State and Local)

49% Too Much; 5% Not Enough; 44% About Right; 2% Undecided

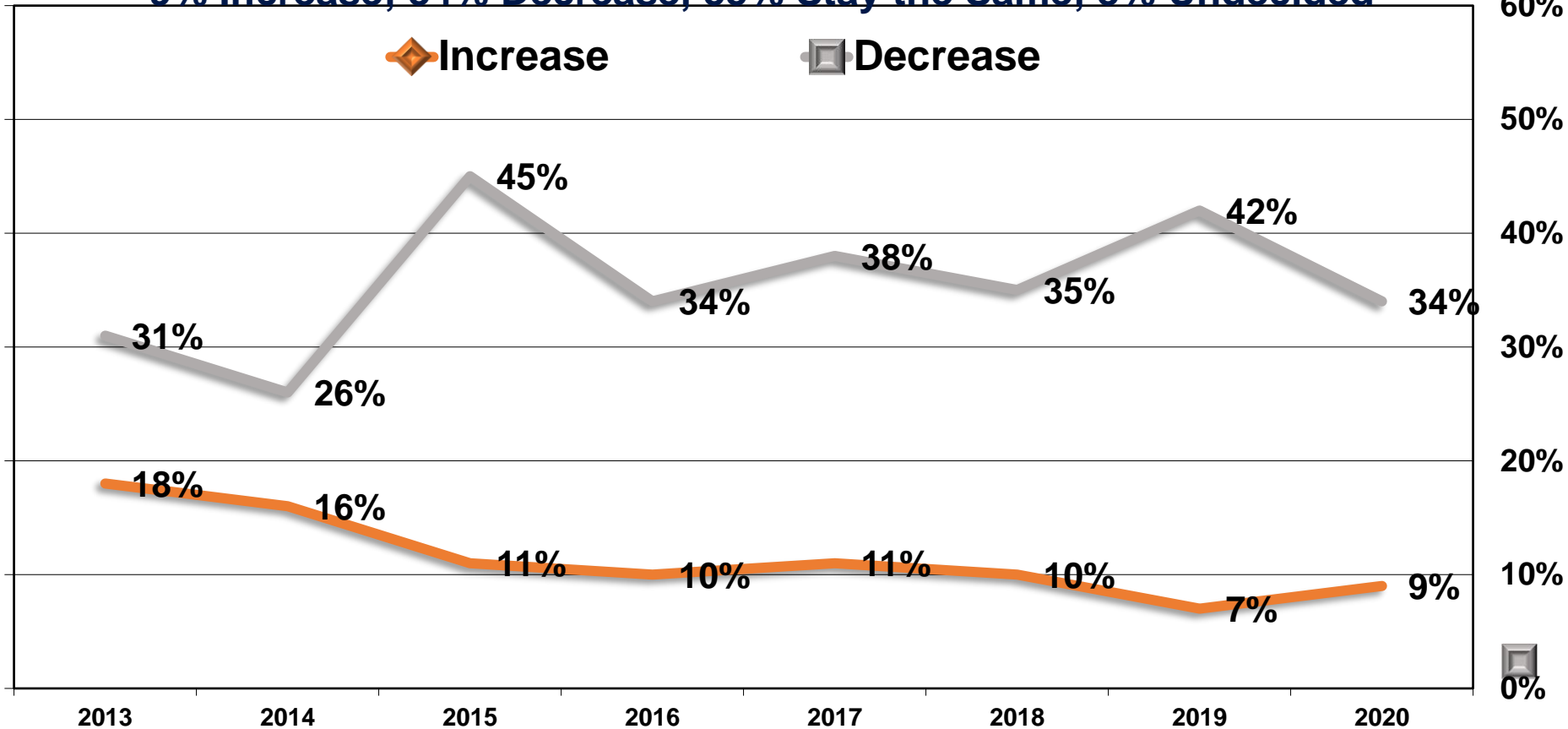


Tax sensitivity is down a bit – still 10 times as many business leaders believe too much is paid in taxes as too little.

Change State Sales Tax?

9% Increase; 34% Decrease, 55% Stay the Same; 3% Undecided

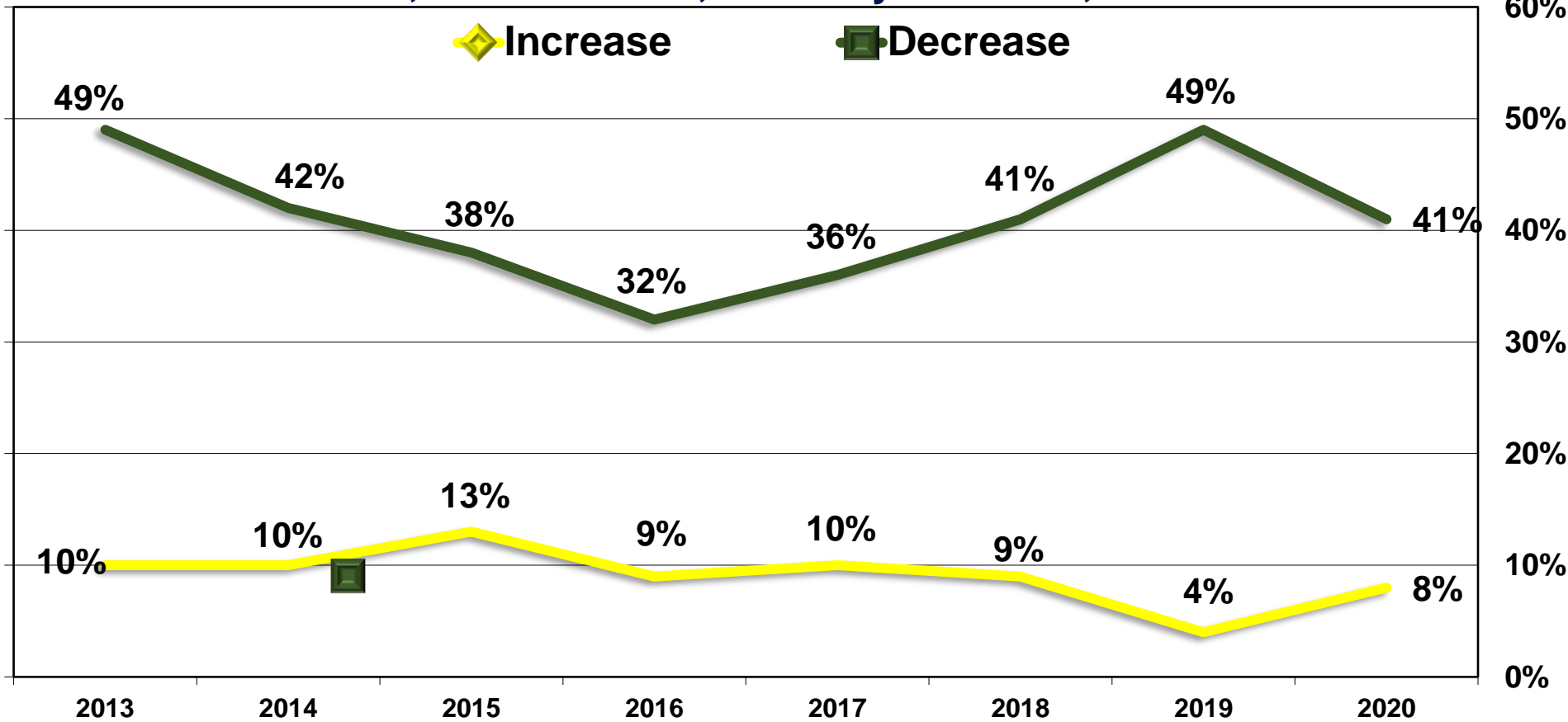
◆ Increase □ Decrease



We see very little interest in increasing the state sales tax.

Change Personal Income Tax?

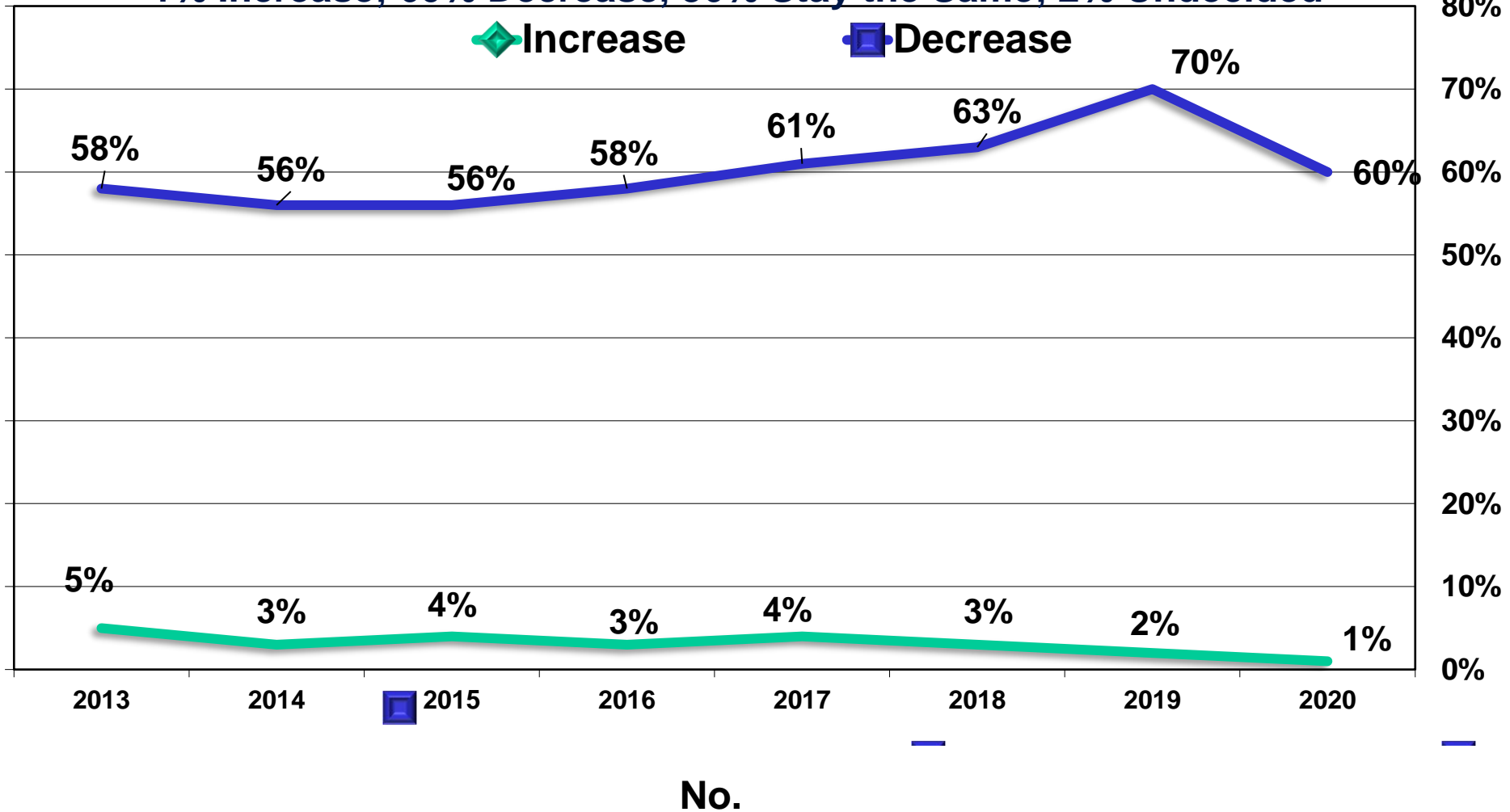
8% Increase; 41% Decrease, 50% Stay the Same; 0% Undecided



While up from last year, we still see very few wanting to increase the personal income tax – and much lower than we saw during Governor Sam Brownback’s second term.

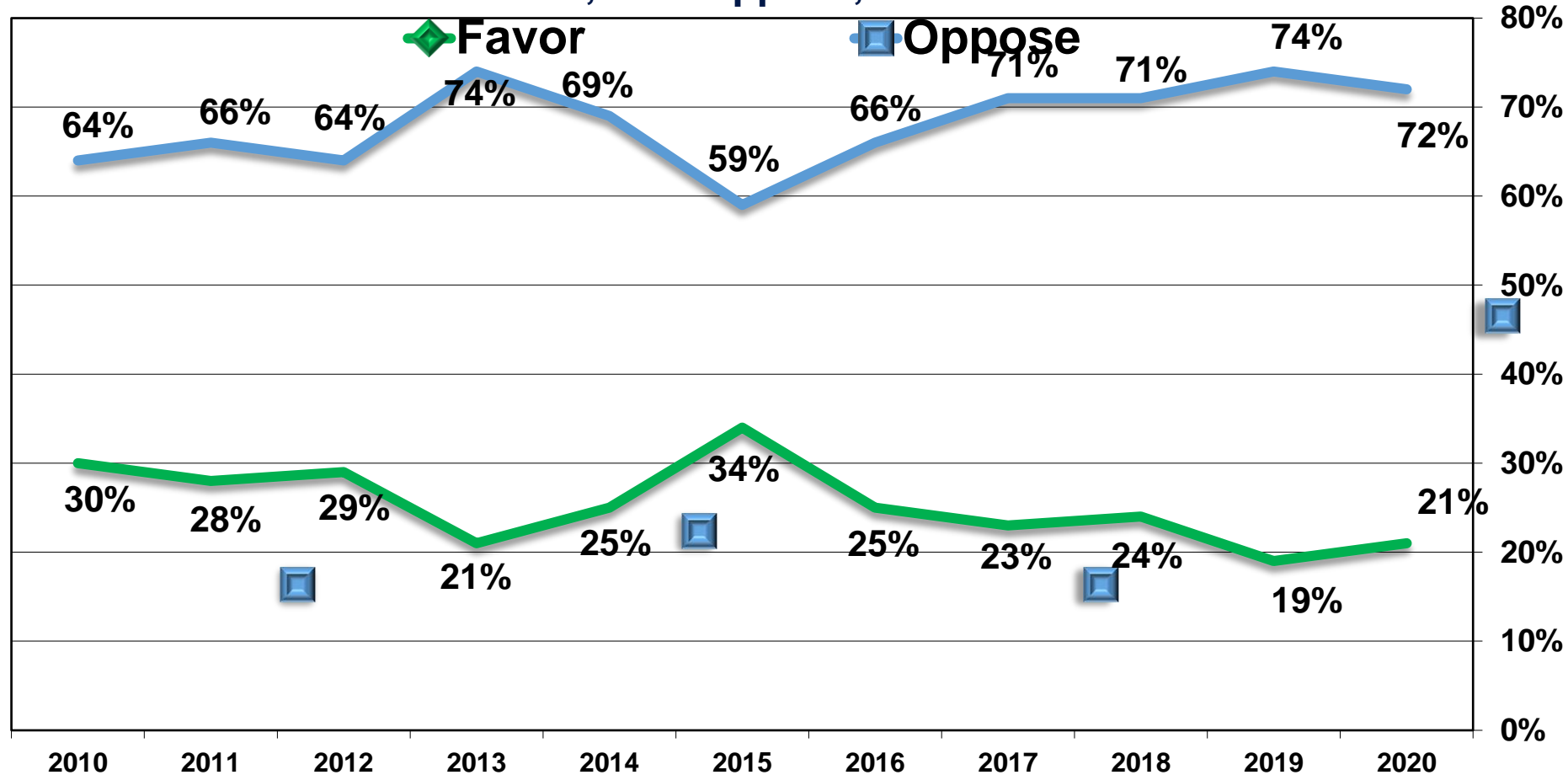
Change Property Tax?

1% Increase; 60% Decrease, 36% Stay the Same; 2% Undecided



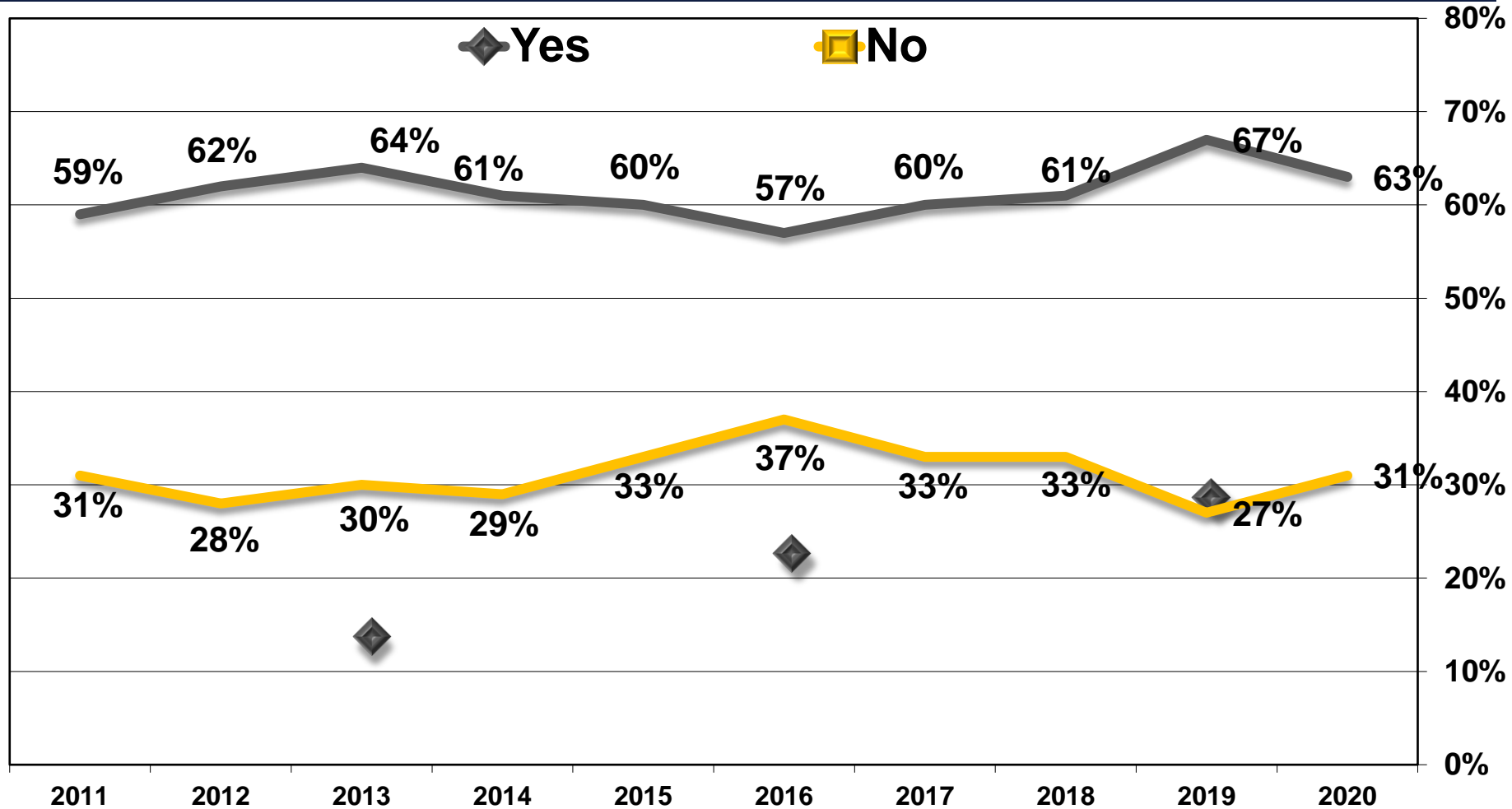
Institute a Sales Tax on Professional Services?

21% Favor; 72% Oppose; 7% Undecided



Yet again, we see little interest in new taxation.

Would it Help the Kansas Economy to Lower Taxes?

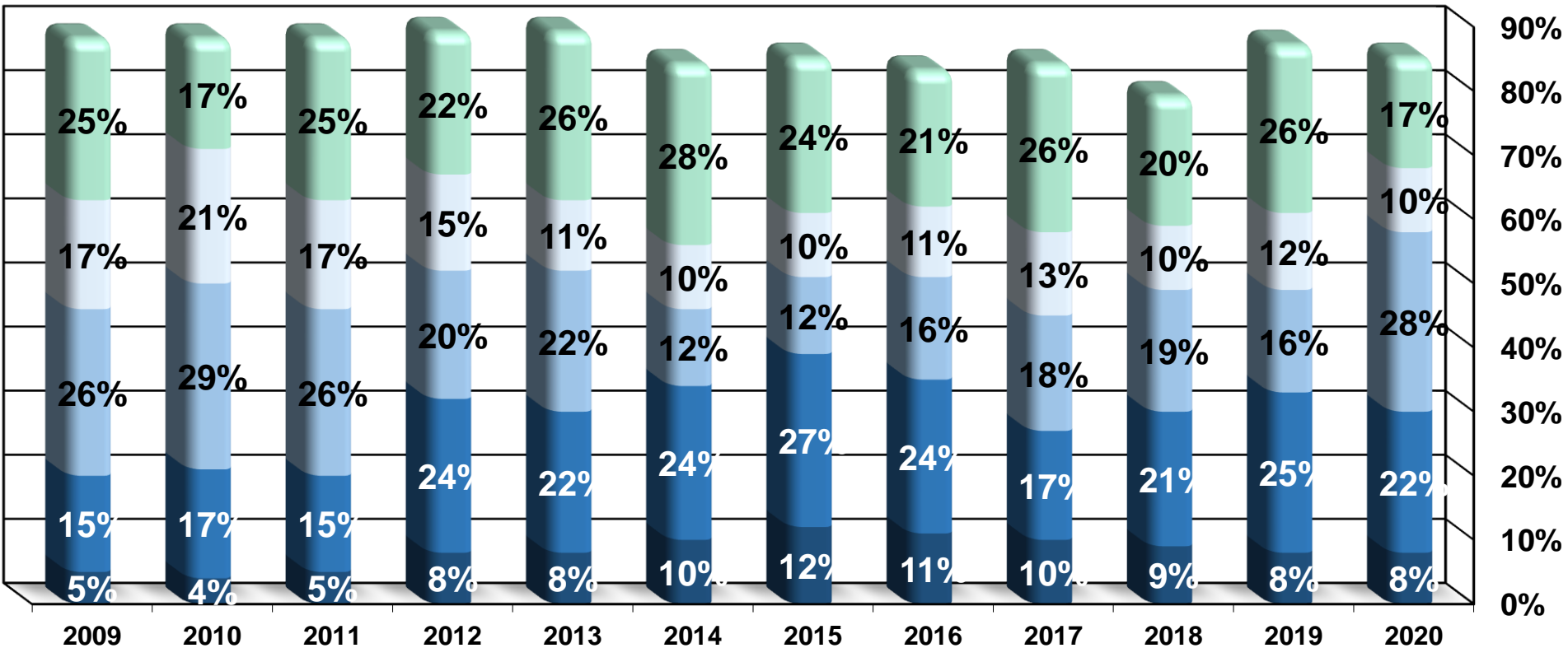


It is not just reluctance to pay taxes that causes opposition to tax increases – it is a fundamental belief that a correlation between tax rates and a robust economy exists.

How Much Should Be Cut?

8% Never Cut; 22% Cut Up To 5%; 28% Cut 6% - 10%; 10% Cut More Than 10%;
17% Never Raise; 15% Undecided

■ Raise Taxes / Never Cut ■ Cut Up to 5% ■ Cut 6 - 10% ■ Cut More than 10% ■ Never Raise Taxes



77% of Kansas business leaders say the state budget should be cut up to 5% before any tax increase is considered.

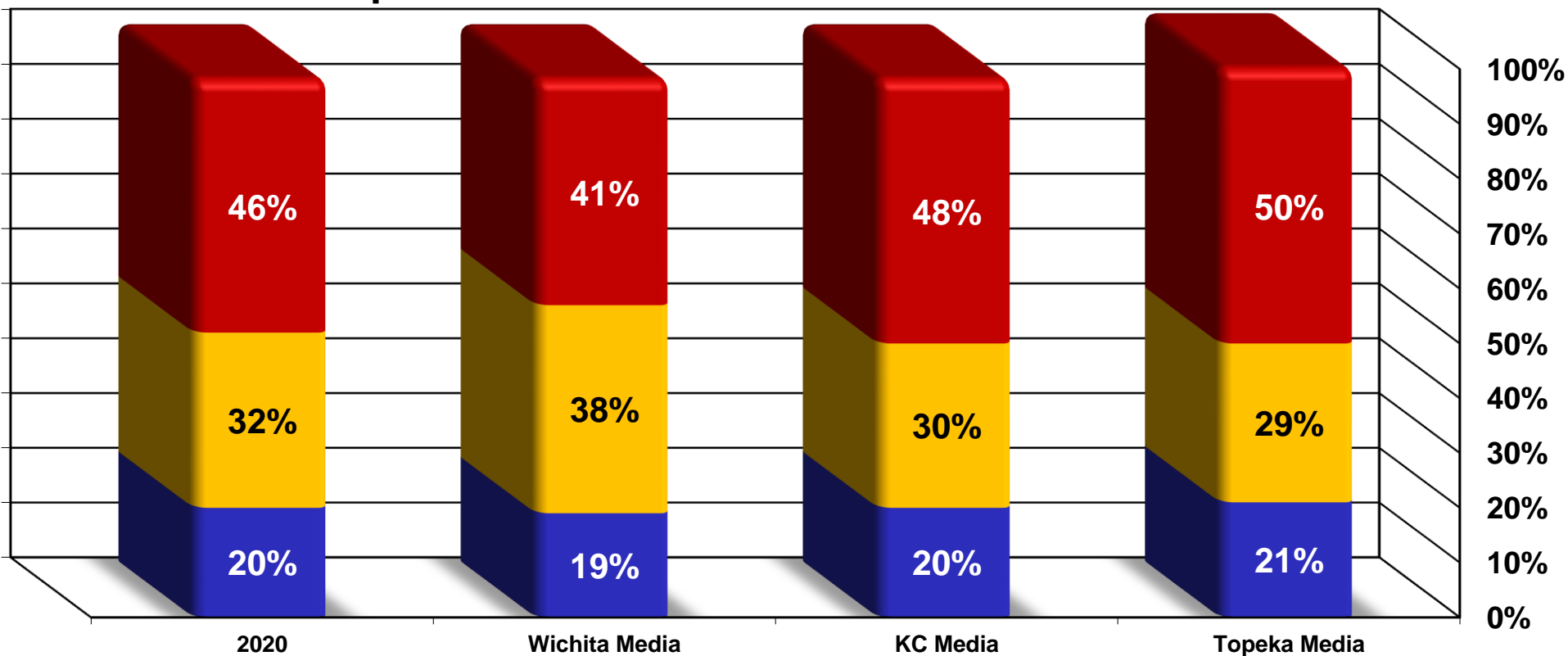
Government Response to COVID Pandemic?

20% Helped; 32% No Effect; 46% Hurt; 6% Undecided

■ Helped

■ No Effect

■ Hurt

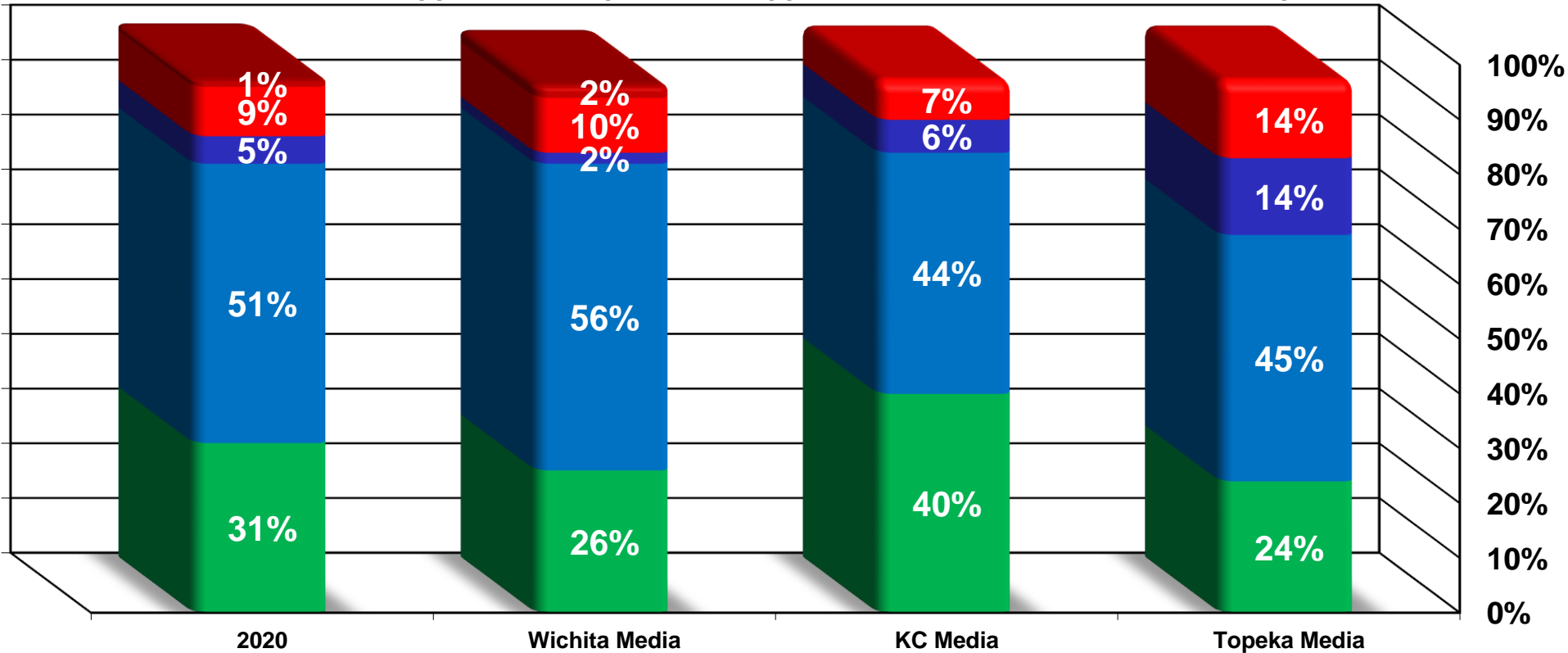


More than twice as many business leaders believe the government response to COVID-19 has hurt as believe it has helped. This sentiment is especially strong in the Topeka and Kansas City media markets.

Effect on Supply Lines from COVID?

31% No Effect; 51% Difficult to Get Supplies; 5% Impossible to Get Supplies; 9% More Difficult to Provide Customers; 1% Impossible to Provide Customers; 4% Uncertain

■ No Effect ■ Difficult Supplies ■ Impossible Supplies ■ Difficult to Provide ■ Impossible to Provide

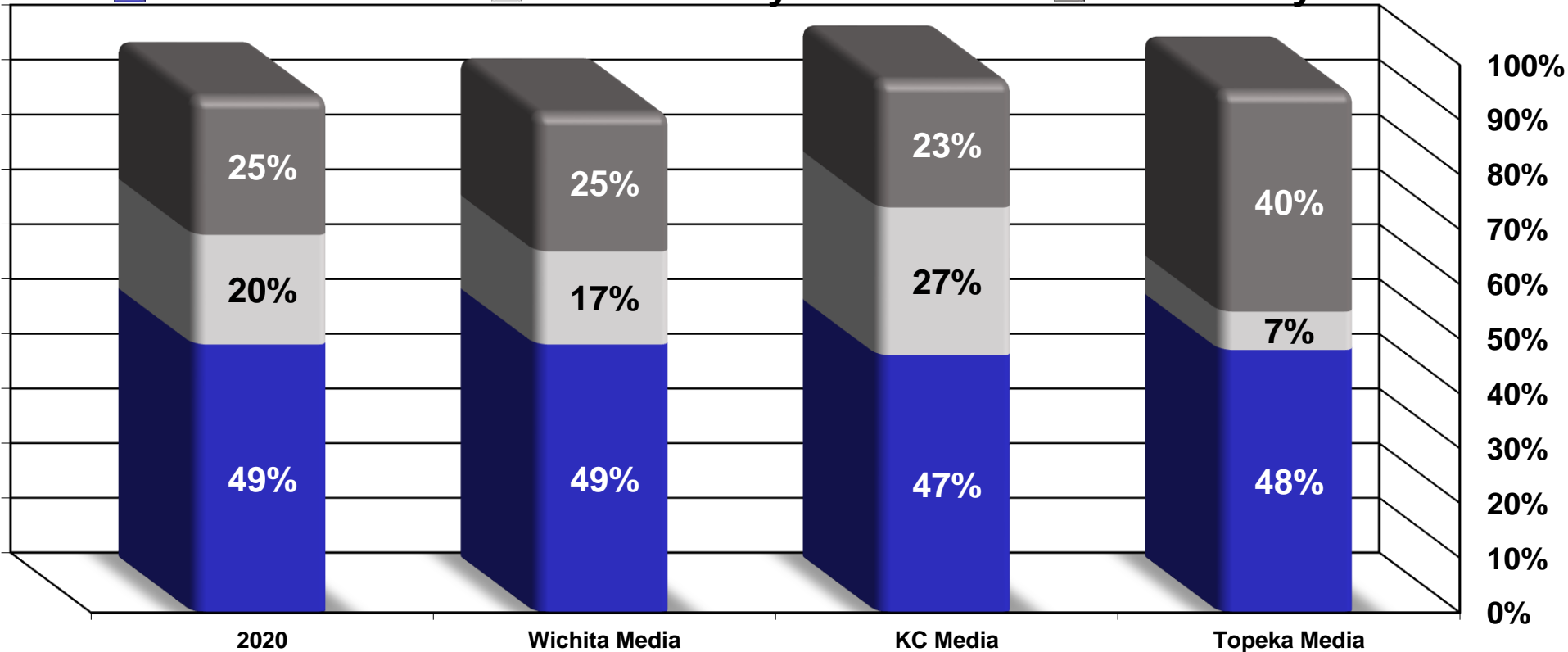


66% of businesses have had supply chain issues related to COVID-19. The bulk of this has been on the receiving supplies end, not providing products. Still, 10% have not been able to always provide products to their customers. Those in the Kansas City media market have been the least effected, still 57% there have had difficulties with supplies.

Effect from COVID on Employee Work Schedules?

49% Not Altered; 20% Substantially Limited at Job Site; 25% Moderately Limited at Job Site;
5% Uncertain

■ Not Altered ■ Substantially Altered ■ Moderately Altered



Roughly half of Kansas businesses have altered employee work schedules because of COVID-19. A study done in May showed altered schedules at that time to be higher.

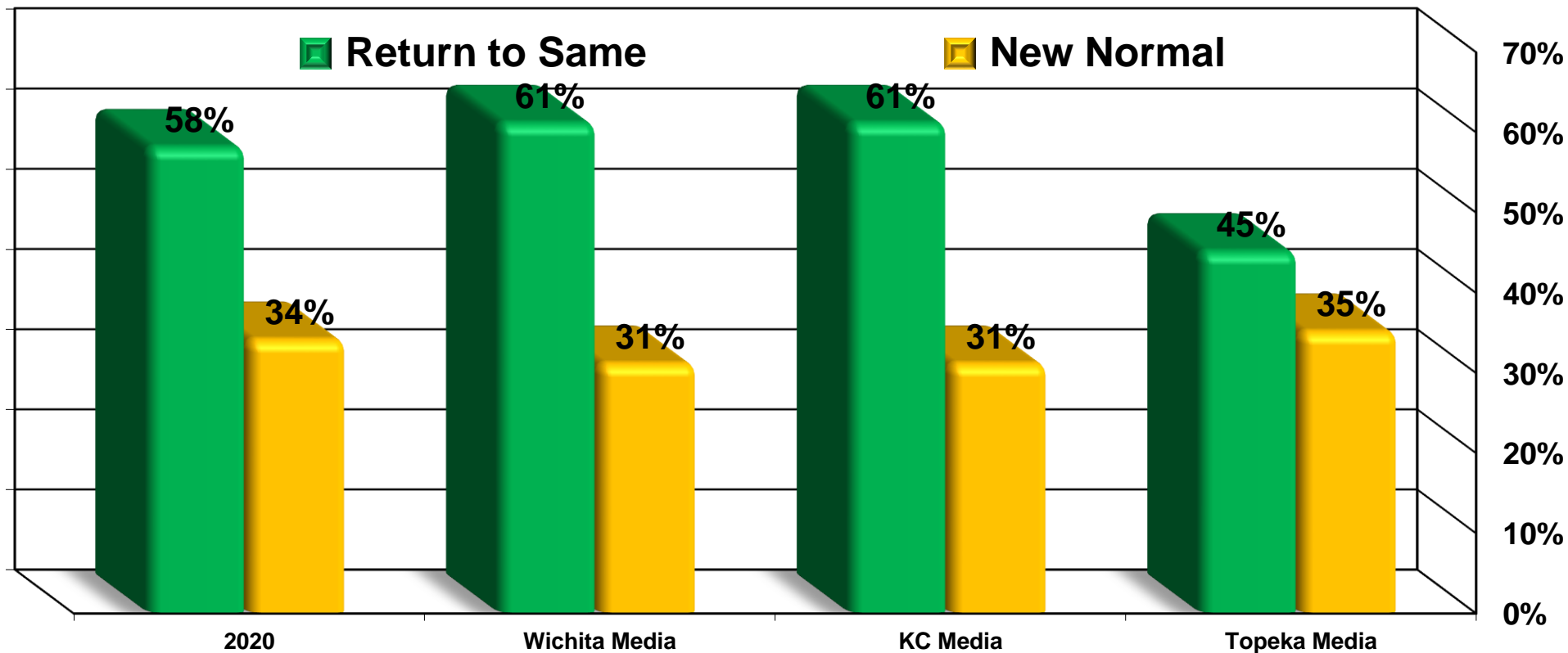
How Limited Working at Job Sites?

Mentioned	Less than 10 Employees	More than 10 Employees	More than 50 Employees
Work From Home	10%	25%	33%
Laid Off Employees	8%	5%	0%
Reduced Hours	13%	16%	13%
Paid Time Off	1%	7%	13%
Altered Schedules / More Shifts	3%	7%	7%

The greater the number of employees, the more likely work-from-home is being done and the less likely layoffs are occurring. There really is very little PTO for those with fewer than 10 employees.

Long-term Work Beliefs After COVID?

58% Return to Same Schedules Before; 34% Altered Schedule Changes New Normal;
9% Undecided



Asked only of those who have altered schedules, we see 58% of those expecting to return to normal work patterns. Overall, this means 34% of the roughly 50% (or 17% overall) are going to see permanent change because of COVID-19. This change looks to be greatest in the Topeka market.

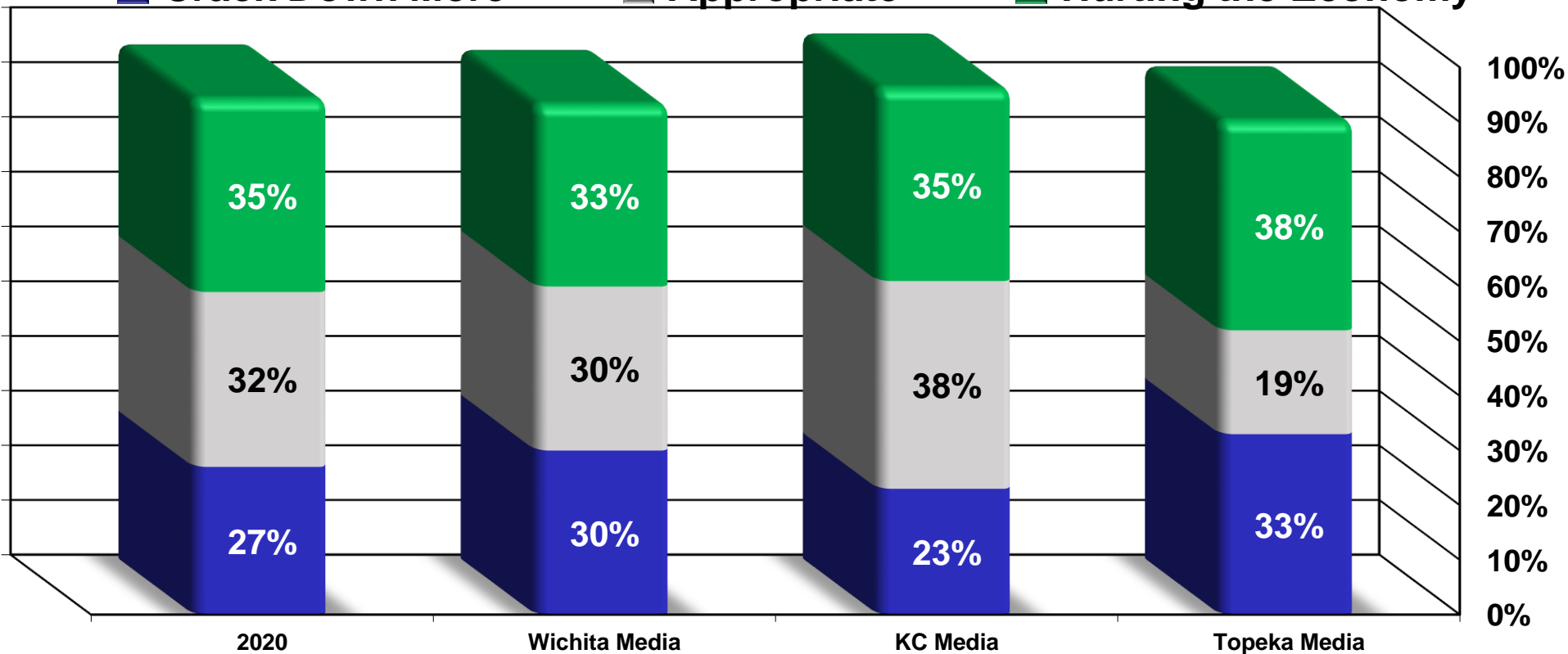
Preferred COVID-19 Response by Federal Gov't?

27% Crack Down More; 32% Appropriate Approach; 35% Hurting the Economy;
6% Undecided

■ Crack Down More

■ Appropriate

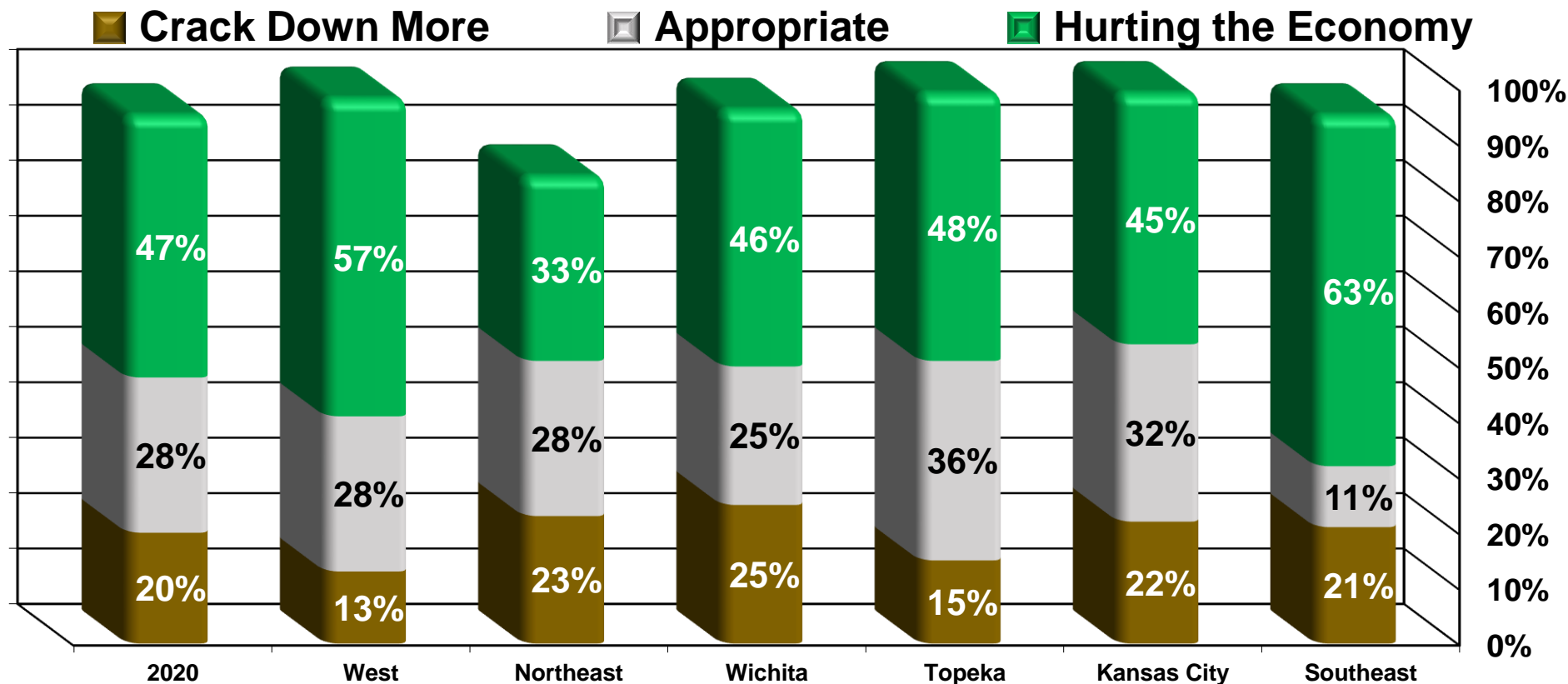
■ Hurting the Economy



When it comes to business leaders, we see more saying the federal response has hurt the economy than say more crack-down is needed, but overall, it is fairly balanced with more than a third saying it has been too much, just under a third approving, and slightly above a quarter wanting more done.

Preferred COVID-19 Response by Kansas Gov't?

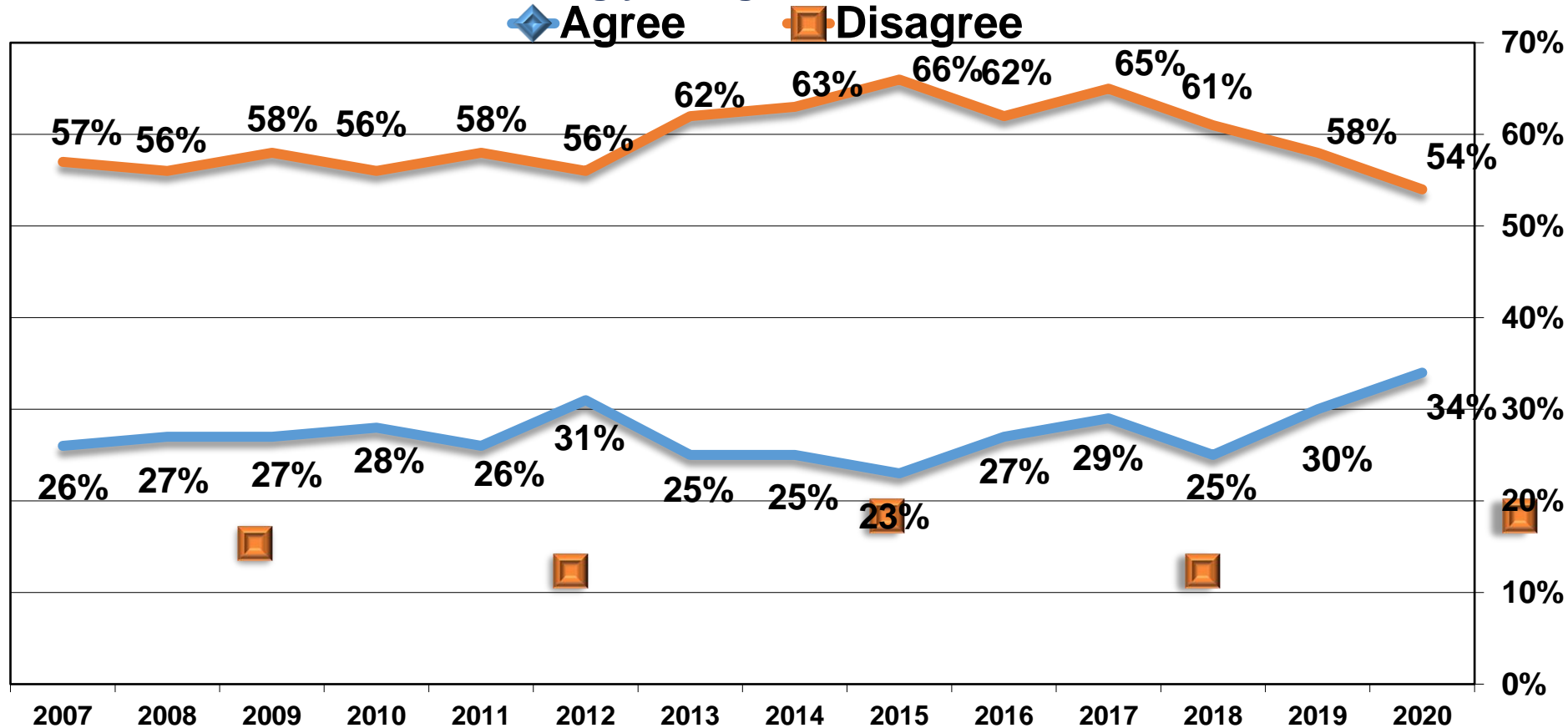
20% Crack Down More; 28% Appropriate Approach; 47% Hurting the Economy;
4% Undecided



When we look at the state, we see a bit of a different picture with almost half of business owners saying that state actions have hurt the economy more than necessary. This is especially strong in the rural west and southeast. Just one-in-five business owners want more stringent actions.

Kansas Has Best Business Climate in America?

12% Strongly Agree; 21% Somewhat Agree; 33% Somewhat Disagree;
22% Strongly Disagree; 12% Undecided





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