

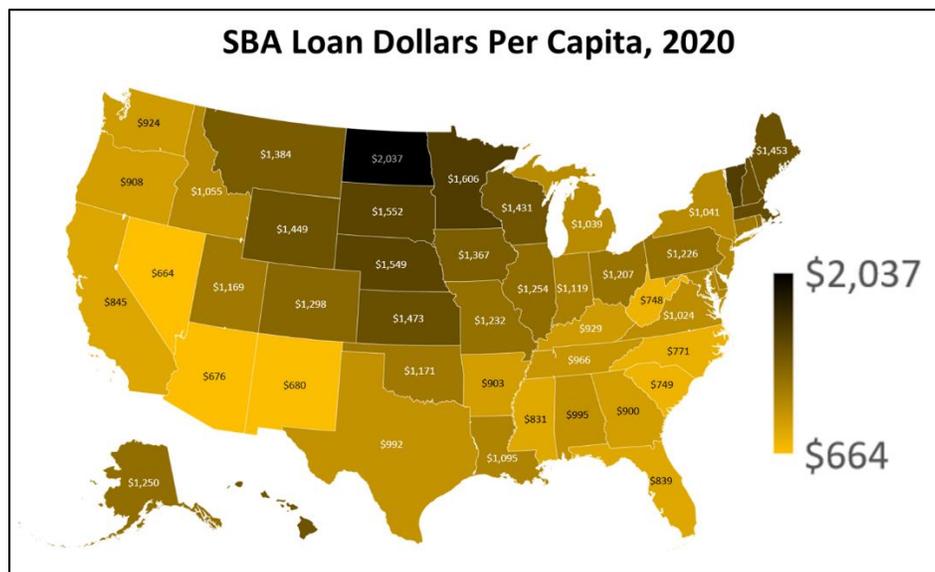
## Executive Summary

Sedgwick County Safe Operating Grants provided \$6.4 million to small businesses impacted by the Coronavirus impact, sourcing funding from the County's allocation as part of the national CARES Act, published March 27, 2020.

The funding associated with the CARES Act was an economic injection within the regional economy during a concentrated period. The flow of cash into the market from the federal government created a stimulus effect that would not have been present without that source. This study measured the impact of cash flow at one static point. That is, this study only calculated how that cash was transferred through the supply chain, households, and other consumption spending. As the money circulates through the economy, it will stay here for an undetermined period before the effects diminish through leakages.

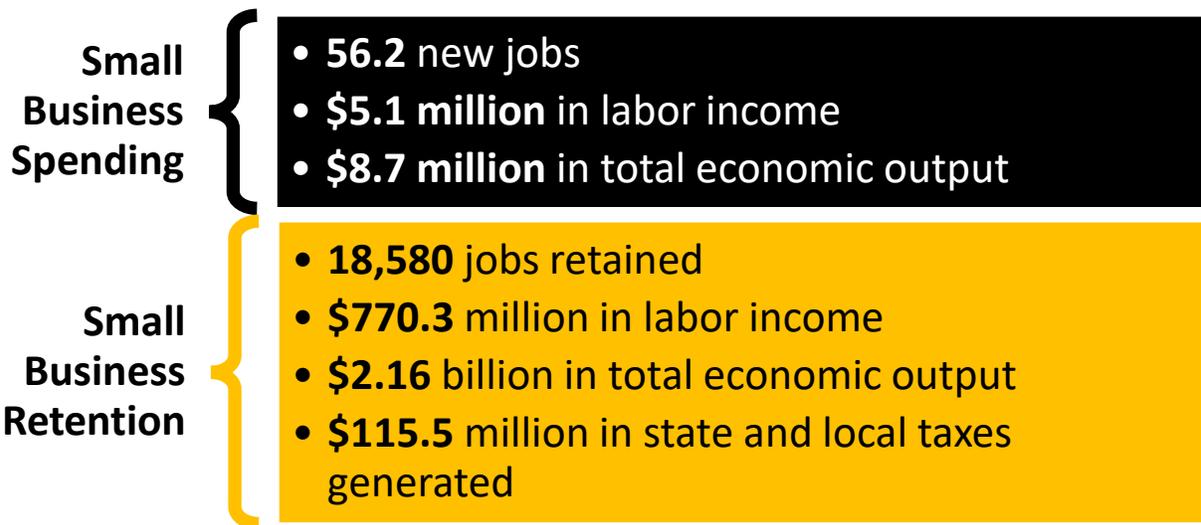
A core purpose of the CARES funding was to temporarily prop up the economy long enough to surpass the negative effects of the pandemic and for demand to return. The long-term costs associated with the initial injection of cash have been left out of this study. This argument aims to determine the net benefit of spending future tax revenue to forgo the immediate adverse effects during the pandemic's peak. The net temporal impact, which would account for inflation and opportunity costs, is an important topic to consider and will likely receive additional addition at the national level.

This study isolated the transactions of the stimulus effect within the regional economy. Further, this study assumes that the financial burden of the injection will be prolonged far enough that it will not directly impact the economy within two years or will be, at minimum, net neutral.



Kansas received \$1,473 of SBA award per capita in 2020, higher than the average per capita amount of \$1,150.

## Impact Summary



### Small business Impact- Spending

The funding spent to help small businesses is the first element of the impact felt on the regional economy. Isolating the funding on the regional economy provides a baseline of how the Sedgwick County Safe Operating Grant ripples through the community. Fundamentally, this method follows the cash flow and excludes the initiative's business retention and expansion elements, which sets a minimum impact that the program had on Sedgwick County.

Based on the injection of cash of \$6,430,000 to 1,295 entities within Sedgwick County, the money has a stimulus effect by increasing additional business demand of \$2,805,703. That is, businesses locally would increase additional demand from other regional firms, and households would purchase more goods and services. The direct injection and the extra business demand create just over 56 jobs with a total labor income of \$5.1 million.

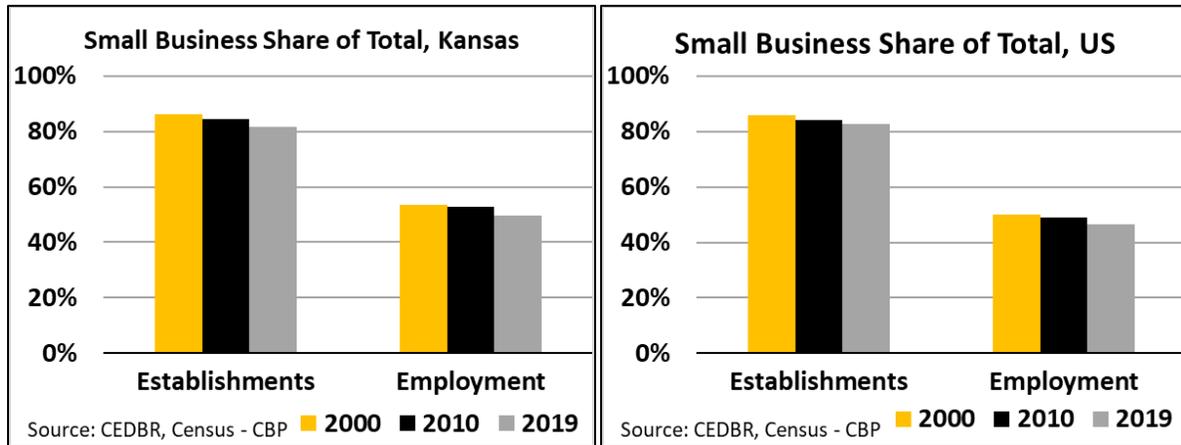
Impact: Small Business Spending				
	Direct	Indirect	Induced	Total
Employment	37.1	0.7	18.4	56.2
Labor Income	\$4,231,454	\$32,511	\$870,506	\$5,134,471
Output	\$6,430,000	\$112,803	\$2,692,900	\$8,714,209

Source: CEDBR, Sedgwick County

Measuring the impact solely on the cash value discounts the purpose of the funding to curb potential economic risks of business failures and stimulate future growth. The next sections further measure those values. It is important to note that one should not add the small business impacts together; rather, each has separate methods for valuing the effect.

## Small Business Impact – Retention and Growth

The U.S., Kansas, and Wichita economies were on a growth trajectory prior to the pandemic. However, as risks unfolded in early 2020, small businesses were one of the most vulnerable segments.



A mitigating factor in the vulnerability of the economy and labor force due to the Coronavirus pandemic is that though small businesses are disproportionately vulnerable to disruption, they represent a progressively smaller fraction of the total establishments in Kansas and nationally over time.

To measure the Sedgwick County Safe Operating Grant, the study used survey questions developed and implemented by Sedgwick County for the award participants. To isolate the program's value, the Center excluded firms that subsequently closed its operation as of March 2022. Therefore, this study included all employment associated with each of the 1,250 organizations that both received funding and was able to stay open (fully, partially, or remotely).

It was assumed that all the participants needed the funding, and it played a critical role in helping the organization navigate the turbulent economic environment. The level of importance, however, was not explicitly requested within the survey. In some cases, it might have been the lifeline needed to keep the doors open or strategically pivot the organization, which would have long-term economic benefits. Alternatively, the funding might not have had a significant impact. Therefore, the following impacts should be viewed as the total potential retention value and strategic alignment of small businesses within Sedgwick County.

Based on the \$6,430,000 allocated to organizations with Sedgwick County, that funding helped leverage and support 12,964 direct jobs. In addition, those same firms, which were estimated to pay their employees just over \$39,000, were able to support an additional 5,616 jobs. The stimulus effect of injecting cash into the economy, therefore, supported firms directly and helped several others within the county. For every one-hundred jobs supported by this grant program, forty-three additional jobs were indirectly and positively impacted.

Another way of considering the economic value of supporting the local firms is that the \$6,430,000 in the grant program helped stabilize the firms, which in turn were able to generate over \$115.5 million in state and local tax revenue.

### Small Business Impact - Employment

	Direct	Indirect	Induced	Total
Agriculture	19	1	2	22
Mining	148	19	9	176
Construction	306	46	21	374
Manufacturing	640	35	9	684
TIPU	109	232	109	450
Trade	1,419	182	549	2,150
Service	10,323	2,269	2,061	14,653
Government	-	57	14	71
<b>Total</b>	<b>12,964</b>	<b>2,842</b>	<b>2,775</b>	<b>18,580</b>

Source: CEDBR, Sedgwick County

### Small Business Impact - Labor Income

	Direct	Indirect	Induced	Total
Agriculture	\$165,677	\$42,378	\$36,348	\$244,404
Mining	\$6,092,638	\$793,522	\$375,406	\$7,261,566
Construction	\$18,478,800	\$2,839,340	\$1,244,554	\$22,562,694
Manufacturing	\$39,759,278	\$2,046,511	\$624,225	\$42,430,015
TIPU	\$2,363,050	\$16,154,981	\$7,604,834	\$26,122,864
Trade	\$38,010,298	\$10,018,086	\$19,757,679	\$67,786,063
Service	\$403,081,974	\$94,366,357	\$100,251,718	\$597,700,050
Government	\$0	\$5,003,050	\$1,225,258	\$6,228,308
<b>Total</b>	<b>\$507,951,716</b>	<b>\$131,264,224</b>	<b>\$131,120,023</b>	<b>\$770,335,962</b>

Source: CEDBR, Sedgwick County

### Small Business Impact - Output

	Direct	Indirect	Induced	Total
Agriculture	\$592,317	\$77,636	\$128,859	\$798,813
Mining	\$49,882,707	\$6,030,887	\$3,041,682	\$58,955,275
Construction	\$44,812,047	\$9,676,738	\$4,526,899	\$59,015,684
Manufacturing	\$151,875,243	\$14,039,251	\$7,940,088	\$173,854,583
TIPU	\$7,416,055	\$65,437,960	\$29,926,258	\$102,780,273
Trade	\$151,860,460	\$32,960,400	\$60,501,569	\$245,322,429
Service	\$936,315,113	\$280,017,782	\$296,849,148	\$1,513,182,043
Government	\$0	\$7,003,734	\$2,484,886	\$9,488,619
<b>Total</b>	<b>\$1,342,753,942</b>	<b>\$415,244,388</b>	<b>\$405,399,389</b>	<b>\$2,163,397,719</b>

Source: CEDBR, Sedgwick County

## Total State and Local Tax

Employee Compensation	\$	73,826
Tax on Production and Imports	\$	94,781,408
Households	\$	18,354,858
Corporations	\$	2,272,150
<b>Total</b>	<b>\$</b>	<b>115,482,242</b>

Source: CEDBR, Sedgwick County

## Workforce

The Sedgwick County Safe Operating Grant also provided funding to three core workforce institutions: Friends University, Wichita State University Campus of Applied Sciences and Technology, and Workforce Alliance of South-Central Kansas, Inc. It is important to note that the pandemic's impact on the market goes beyond its effects on the "hard hit" sectors. Labor economists quickly observed that this event destroyed jobs that would not come back and created new labor opportunities. Those shifts within the labor market created additional burdens on firms of all sizes. As the market quickly reaccelerated after the shutdowns, organizations were scrambling to fill new positions.

Investments within the labor market help smooth out the transition periods where some households have been structural disenfranchised. The structural shifts were caused by the destruction of positions that no longer match the labor market needs. Some of these shifts were on the horizon but punctuated by the pandemic. Nonetheless, some households were in manufacturing, business services, and retail with skills and talents that no longer match what firms need. Investments within workforce institutions help smooth the transition.

The following impact shows the value of the money spent at the institutions and how those organizations further support the regional economy through their subsequent purchases. What is missing from this analysis is perhaps the key value of this type of investment. Increasing access, improving the quality of instruction, and speeding up the education process provide multiple benefits to the marketplace. Advancing the human capital of the workforce, for example, will have a direct value to local firms. Not only filling open positions means that it can keep up with demand, but education also provides increased productivity. When a labor market becomes more productive for firms, companies can pay more to their workers, increasing household spending and providing upward mobility. All of these factors have long-term positive effects on the regional economy.

The Sedgwick County Safe Operating Grant provided just under \$1.9 million of funding for administrative expenses, facilitating distancing, personal protective equipment, small business assistance, among other costs. It is important to note that had it not been for the funding, these same organizations would have to have allocated other funds to these services or reduced their ability to meet the demand. Further, these funds provided leverage for the organizations to pivot and meet different demands from local firms.

The \$1.9 million in funding supported just under 18 direct positions and almost 25 jobs. The 25 jobs account for a total labor income of \$1 million and a total output of \$3 million.

<b>Workforce Impact - Employment</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Agriculture	-	-	-	-
Mining	-	-	-	-
Construction	-	0.1	-	0.1
Manufacturing	-	-	-	-
TIPU	-	0.2	0.1	0.4
Trade	-	0.1	0.7	0.8
Service	17.8	3.1	2.7	23.5
Government	-	-	-	0.1
<b>Total</b>	<b>17.8</b>	<b>3.5</b>	<b>3.6</b>	<b>24.9</b>

Source: CEDBR, Sedgwick County

<b>Workforce Impact - Labor Income</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Agriculture	\$0	\$21	\$48	\$69
Mining	\$0	\$446	\$493	\$939
Construction	\$0	\$4,722	\$1,629	\$6,352
Manufacturing	\$0	\$1,648	\$819	\$2,467
TIPU	\$0	\$14,109	\$9,966	\$24,075
Trade	\$0	\$6,540	\$25,909	\$32,448
Service	\$671,886	\$136,232	\$131,188	\$939,306
Government	\$0	\$2,961	\$1,604	\$4,565
<b>Total</b>	<b>\$671,886</b>	<b>\$166,679</b>	<b>\$171,655</b>	<b>\$1,010,221</b>

Source: CEDBR, Sedgwick County

<b>Workforce Impact - Output</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Agriculture	\$0	\$98	\$169	\$266
Mining	\$0	\$3,532	\$3,992	\$7,524
Construction	\$0	\$16,098	\$5,926	\$22,024
Manufacturing	\$0	\$13,107	\$10,421	\$23,528
TIPU	\$0	\$60,570	\$39,243	\$99,813
Trade	\$0	\$21,666	\$79,337	\$101,003
Service	\$1,888,114	\$411,356	\$388,506	\$2,687,977
Government	\$0	\$7,517	\$3,258	\$10,775
<b>Total</b>	<b>\$1,888,114</b>	<b>\$533,944</b>	<b>\$530,852</b>	<b>\$2,952,910</b>

Source: CEDBR, Sedgwick County

## Acknowledgment

The following people were responsible for the successful completion of the impact study, including the data collection and economic modeling. Lindsay Poe Rousseau, chief financial officer at Sedgwick County Division of Finance, provided the data for the project and feedback on the study scope and deliverables.

At Wichita State University's Center for Economic Development and Business Research (CEDBR), Jonathan Norris served as project lead for the study. He provided technical expertise, proofing, and analysis throughout the project. Jeremy Hill, Director of CEDBR served as the principal investigator and provided theoretical and technical expertise, as well as project management.

The Center for Economic Development and Business Research, a unit of the W. Frank Barton School of Business at Wichita State University, is responsible for any errors in this report. Inquiries may be directed to: Center for Economic Development and Business Research, 1845 Fairmount St. Wichita, KS 67370. The Center can be reached by telephone at 1-316-978-3225 or through the website at [www.CEDBR.org](http://www.CEDBR.org).

## Economic Impact Model

The impact model used to estimate the economic effects of the logistics industry on the regional and state economies was IMPLAN (IMPact analysis for PLANning). IMPLAN is one of the most commonly used models for impacts similar to this project. Alternative models are less common in practice and tend to involve a higher level of customization. The advantage of using this model is that it is broadly available and uses straightforward methodologies. Others could replicate the study or even develop similar studies to provide reliability or comparability.

## Terms and Definitions

- **Direct impact** – A direct effect measures an industry's initial change or value in terms of dollars, jobs, or wages.
- **Disposable personal income** – The after-tax income is calculated by subtracting wages and benefits minus taxes.
- **Indirect impact** – An indirect effect measures the supply chain impact from an initial change or direct impact.
- **Induced impact** – An induced impact measures the household effect from increased demand from an initial change or direct effects.
- **Labor income impact** – Labor income includes all forms of employment income and encompasses employee compensation and proprietor income.
- **Market area** – This study used Sedgwick County to capture the core impact of the economic activity.
- **Multiplier** – A multiplier captures the inter-industry effects from a change to a primary sector. A value greater than one indicates a positive impact on the economy for every dollar or job created.
- **Output impact** – An output effect measures the total value of a business's production and equals revenues.
- **Personal consumption expenditures** – Personal consumption is the amount of income available for consumption after taxes and savings.
- **Tax on corporations** – Corporation taxes include dividends and corporate profits.
- **Tax on households** – Household taxes include income, fines and fees, motor vehicle license, property, and fishing and hunting.
- **Tax on production** – Production taxes include sales, property, motor vehicle licenses, severance, other related taxes.
- **TIPU sector** – The TIPU sector includes transportation, information, and public utilities.
- **Total impact** – A total effect adds the direct, indirect, and induced effects to estimate the full impact on a regional economy.



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### About the Center

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