

Kansas Department of Commerce
Department Overview, Special Initiatives and Audit Summary
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Overview

As the state's lead economic development agency, the Kansas Department of Commerce strives to empower individuals, businesses and communities to achieve prosperity in Kansas. To this end, the Department comprises a variety of programs and services that create jobs, attract new investment, provide workforce training, encourage community development and promote the state as a great place to live and work. This is accomplished through the Department's two major Divisions:

- **Business and Community Development** focuses on growing the Kansas economy and strengthening the state's communities. This is done by:
 - The creation and retention of jobs and capital investment, through recruiting new companies and helping existing companies grow.
 - Using various community development programs (such as the Community Development Block Grant and the Rural Opportunity Zones program) to make Kansas communities, especially in rural areas, economically strong and vibrant.
 - Providing individualized counseling and expertise to Kansas companies expanding their export markets.
- **Workforce Services** links businesses, job candidates and educational institutions to ensure that employers can find skilled workers.

The Department also oversees two Commissions:

- The **Kansas Athletics Commission** promotes and regulates the state's combat sport industry by regulating and facilitating high-quality competitive sporting events.
- The **Kansas Creative Arts Industries Commission** is focused on leveraging the potential of the creative industries sector to create jobs and grow the Kansas economy.

Fiscal Year 2015 Budget

Revenue Sources	DOB Recommendation (in millions)
State General Fund	0.24
Economic Development Initiative Fund	18.83
Federal Funding	57.17
Special Revenue	50.89
Total	127.13

Business Development Successful Projects – By Fiscal Year

(Capital Investment in millions; FY 2015 numbers July 1-Dec.31, 2014)

Year	Projects	Total Jobs	New Jobs	Retained Jobs	Capital Inv.
2011	115	11,874	5,805	6,069	542.6
2012	164	15,426	13,348	2,078	2,359.8
2013	191	20,049	12,023	8,026	1,395
2014	175	15,267	10,260	5,007	1,383
2015	81	4,131	3,654	477	520.6

The Department's Business Recruitment Team had a number of successful projects in non-metropolitan areas of the state, with more than 32 percent of the overall jobs and 51 percent of the overall capital investment for our successful projects in non-metropolitan areas of the state. The manufacturing sector had the highest number of project leads in FY 2014, and the manufacturing and professional service sectors had the most successful projects.

10 Key Successful Projects (Fiscal Year 2014)

Project	Jobs created	Capital Inv. (in millions of \$)
Alliance Data Services, Lenexa	531 new	18
AIG PC Global Services, Olathe	300 new	24.1
Catalyst Artificial Lift, Iola	100 new, 22 retained	3.6
Grantham University, Lenexa	500 new	22.5
GVL Polymers, Beloit	50 new	2.3
Hospira, McPherson	150 new, 320 retained	89
Intouch Solutions, Overland Park	350 new, 342 retained	22.7
Netsmart Technologies, Overland Park	417 new	26.8
Quest Diagnostics, Lenexa	500 new, 100 retained	9.5
TM Track Machines, Parsons	75 new	4
Total	2,973 new, 784 retained	222.5

Media Accolades and Rankings

The state's recruitment and retention/expansion success earned Kansas wide media coverage and exposure among site location consultants nationwide. The state was recognized by several major media outlets, surveys or publications for business excellence in 2014. Key media accolades and rankings include:

- The state won *Area Development Magazine's* Silver Shovel Award for 2014, which recognizes state economic development agencies that drive significant job creation through a variety of innovative policies. This is the fifth consecutive Shovel Award for Kansas.
- Kansas was ranked as the fifth best "Pro-Business State" by Pollina Corporate, a nationally recognized real estate company.
- Commerce was ranked as the fifth best state economic development agency in the country by Pollina.
- According to *Business Facilities* magazine, Kansas ranked in the top 10 in several key energy sectors, including renewable energy (power generation), installed wind power capacity, and wind power as a percentage of overall energy. *Business Facilities* also ranked Kansas in the top 10 among Aerospace/Defense Industry Leaders.

Kansas Exports Update

Kansas exports for 2013 were \$12.45 billion, an increase of 6.46 percent compared to 2012 and the highest figure observed since 2008. Over the last several years, Kansas exports have grown steadily, and 2013's total was nearly 26 percent higher than 2010.

While final export totals are not yet available for calendar year 2014, through November, Kansas exports had reached \$10.99 billion for the year. That is \$2.07 billion more than the regional average of \$8.92 billion during the same period (for the five state region of Kansas, Colorado, Missouri, Nebraska and Oklahoma).

Top Five Countries for Kansas Exports	Amount (in millions), 2014 through November
Canada	\$2,297
Mexico	\$1,598
China	\$1,092
Japan	\$748
Brazil	\$507

Top Five Export Products	Amount (in millions), 2014 through November
Aircraft and Parts	\$1,853
Cereals	\$1,451
Meat and Edible Meat Offal	\$1,250
Industrial Machinery	\$1,134
Electric Machinery and Parts	\$875

Special Initiatives

Kansas Edge (www.TheKansasEdge.com)

The Kansas Edge reshoring initiative was launched in September 2014. The initiative aims to help Kansas capture manufacturing jobs that are returning to the U.S. in the growing reshoring trend. A key feature of the initiative is its website, TheKansasEdge.com. In addition to providing information on how doing business in Kansas is more affordable than offshoring production, this website features a unique database of Kansas suppliers that is dynamic and continually updated. The database allows businesses to easily identify manufacturers and suppliers across the state.

Rural Opportunity Zones

The Rural Opportunity Zones (ROZ) program was expanded by the Legislature in 2014 to include four new rural counties, bringing the total number of ROZ counties to 77. The Department oversees the student loan repayment portion of the program, which is a shared cost with participating counties. To date, 2,008 applications have been received, with 946 accepted participants and 458 pending applications. In surveying participants, the Department found that 58.7 percent of participating households have purchased or built homes and 17 percent of participating households have purchased or started a business since moving to a ROZ county.

Legislative Post Audit of Economic Development programs

Legislative Division of Post Audit recently concluded the third and final part of its economic development audit. The audit found that all of the state's major economic development programs create significant returns on investment for Kansas.

These programs are essential to the economic development toolbox that the Legislature has provided for Kansas. It is important to note that the study was not intended to evaluate the relative value of the programs. While some show a much larger return on investment than others, Commerce believes that all of these programs fill critical roles in addressing the different requirements of businesses.

In December 2014, the American Economic Development Institute and Pollina Corporate Real Estate, one of the most influential site consulting firms in the U.S., ranked the Department as the nation's fifth best state economic development agency. The top 10 included two bordering states, Missouri and Nebraska. As a result of the strength of other states in the region, Kansas needs the best possible set of economic development tools to create jobs and attract investment.

The successes that Pollina recognized in its ranking were made possible by the outstanding partnerships between the Department, state and local leaders and businesses. The support of the Legislature and Kansas communities for a strong economy helps differentiate our state and attract businesses and jobs.

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