

Approved 3-24-87  
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Wint Winter, Jr. at  
Chairperson

12:45 ~~am~~/p.m. on March 19, 1987 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Lynne Holt, Legislative Research Department  
Paul West, Legislative Research Department  
Arden Ensley, Revisor of Statutes  
Mary Allen, Secretary to the Committee

Conferees appearing before the committee:

Harland Priddle, Secretary, Kansas Department of Commerce  
Susan Osborne-Howes, State Director, Kansas Small Business Development Center  
Mike Grub, Greater Hays Business Improvement District  
Ray Rothgeb, Independence Main Street Project  
Rosalys Rieger, Member of Board of Directors of Manhattan Main Street Program  
Hannes Zacharias, President, Kansas Downtown Development Association  
Joe Swalwell, Downtown Topeka, Inc.  
Brenda Spencer, Manhattan Main Street Program  
Nick Jordan, Travel Industry Association of Kansas  
George Barbee, Kansas Lodging Association  
Harriet J. Lange, Executive Director, Kansas Association of Broadcasters  
Judy Billings, Director, Convention Bureau in Lawrence, Kansas

The joint meeting of the Senate Economic Development Committee and the Senate Ways and Means Sub-Committee on HB 2272 was called to order at 12:45 p.m. by the Chairman, Senator Wint Winter, Jr.. The purpose of the meeting was to review the proposed budget of the Kansas Department of Economic Development for the fiscal year ending June 30, 1988.

Harland Priddle, Secretary of the Department of Commerce, discussed the organization of that department and then presented a summary of its budget. (Attachment I) He also discussed the Funding Formula for Kansas Certified Development Companies. (Attachment II)

Susan Osborne-Howes, State Director of the Kansas Small Business Development Center, spoke to the Committee on the proposed KDOC budget. She urged that funding for Small Business Development Centers should remain at the \$250,000 level or be increased instead of being reduced to \$175,000 as is contained in the KDOC budget. (Attachment III)

The next conferee was Mike Grub, member of the Greater Downtown Hays Business Improvement District. He urged that funding for the KDOC's Main Street Program be to the full \$60,000 level. (Attachment IV)

Ray Rothgeb, Main Street Project Manager for the Independence Main Street Project, Independence, Kansas, told the Committees that he urges funding of the Main Street Program at the \$60,000 level. (Attachment V)

Rosalys Rieger, member of the Board of Directors of the Manhattan, Kansas, Main Street Program, asked the Committees to restore the funding in the KDOC budget for the Main Street Program to \$60,000. (Attachment VI)

Hannes Zacharias, President of the Kansas Downtown Development Association, appeared before the Committees to request that state funding for the Kansas Main Street Program be increased from \$48,000 to the original agency request of \$60,000. (Attachment VII)

Joe Swalwell, Downtown Topeka, Inc., urged the Committees to support funding for the Kansas Main Street Program.

Brenda Spencer, Project Manager for the Manhattan Main Street Project, briefly discussed preservation of downtown areas as it relates to the Main Street Program. She also stressed the importance of the technical assistance which the national and state KDOC Main Street

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 529-S, Statehouse, at 12:45 ~~a.m.~~/p.m. on March 19, 1987

Programs provide.

Nick Jordan, Legislative Chairman for the Travel Industry Association of Kansas, spoke to the Committees on the KDOC Division of Travel and Tourism Development budget. He observed that the State of Kansas has fallen behind nationally and regionally in its appropriations to promote travel to Kansas. He listed four specific requests on and above the current budget proposals. (Attachment VIII) He emphasized the need for funding in the budget for promoting and hosting the 1988 Society of American Travel Writers and National Tour Association conventions to be held in Kansas City.

George Barbee, Kansas Lodging Association, said that his association supports the testimony and recommendations given by the Travel Industry Association of Kansas. He urged support for some state funding for promotions and hosting of the National Tour Association and the Society of American Travel Writers conventions.

Judy Billings, Director of the Convention Bureau in Lawrence, Kansas, testified in support of state funding for promotion and hosting for the travel conventions to be held in Kansas City.

The next conferee was Harriet J. Lange, Executive Director of the Kansas Association of Broadcasters. She gave the Committees an update on the Ah Kansas broadcast promotion. She urged support for retention of funding for this joint program between KDOC and the KAB. (Attachment IX)

The meeting was adjourned by the Chairman at 2:10 p.m..

GUEST LIST

NAME

~~John~~  
Rosemary Reger  
Brenda Spencer  
David Barclay  
Ora F. Reed  
Nick Jordan  
George Barber  
Harlan Fiddle  
Bob Radcliffe  
Don Schuack  
Ray Rothgeb  
Mike Ouf

REPRESENTING

Southwest K. Tourism  
Jobs Center  
Manhattan Main Street -  
Manhattan Main Street Program  
DOC  
DOC  
Travel Industry Assn. of Kansas  
Ks Lodging Assn.  
Dept. of Commerce  
Lawrence  
Topeka - KIOGA  
Independence Main Street  
Hayes, Kansas from MS

MISSION OF THE DEPARTMENT OF COMMERCE

The Department of Commerce shall act as lead agency of the State for Economic Development for the promotion of business, industry, trade and tourism.

*Senate Committee on Economic Development  
3-19-87*

*Attachment I*

DEPARTMENT OF COMMERCE -- OFFICE OF THE SECRETARY  
Harland E. Priddle / 296-3480

Mission: The Department of Commerce shall act as lead agency of the State for Economic Development for the promotion of business, industry, trade and tourism.

DEPUTY SECRETARY  
David Barclay / 296-3481  
GENERAL ADMINISTRATION  
Policy Analysis & Research Unit  
Fiscal Accounting & Personnel

EXISTING INDUSTRY DEVELOPMENT  
DIVISION

Jack Montgomery / 296-5298  
Director

Mission: To promote and encourage the growth, diversification, and retention of business and industry in Kansas.

Major Activities:

- \* Small Business
- \* Minority Business Devel.
- \* One Stop Permitting
- \* Field Offices
- \* Local Community Technical Assistance
- \* Community Development Block Grants--Economic Development
- \* Liaison with Small Business Development Centers, Certified Development Companies, Venture Capital Companies

INDUSTRIAL DEVELOPMENT  
DIVISION

Bill Thompson / 296-2652  
Acting Director

Mission: To attract new business and industry from outside the state, thereby creating jobs, attracting new capital investment, and expanding and diversifying the state's economic tax base.

Major Activities:

- \* Domestic Business Recruitment
- \* International Business Recruitment
- \* Targeted Marketing Program
- \* National Promotion Campaign

TRADE DEVELOPMENT DIVISION

Eldon Fastrup / 296-4027  
Director

Mission: To increase sales of Kansas agricultural and manufactured products worldwide, thereby creating jobs, bringing new dollars into the state, and enhancing the growth and expansion of the state's economic base.

Major Activities:

- \* Domestic Trade Development
- \* International Trade Development
- \* Agriculture Trade Development

TRAVEL & TOURISM  
DEVELOPMENT DIVISION

Cathy Kruzic / 296-7091  
Director

Mission: To increase the number of visitors to Kansas by promoting the state as a travel opportunity to both Kansans and non-Kansans alike.

Major Activities:

- \* Promotion
- \* Tourist Information Centers
- \* Kansas Magazine
- \* Film Services

COMMUNITY DEVELOPMENT  
DIVISION

Don Gragg / 296-3485  
Director

Mission: To provide grants, loans and technical assistance to Kansas communities to stimulate and support economic development activity.

Major Activities:

- \* Community Assistance
- \* Mainstreet Program
- \* PRIDE Program
- \* Community Development Block Grants--Small Cities
- \* Enterprise Zones
- \* Certified Cities Program

FY 1986 - FY 1988

DEPARTMENT OF COMMERCE/KTEC/KANSAS, INC.  
BUDGET SUMMARY

	<u>FY 86</u>	(Revised) <u>FY 87</u>	<u>FY 88</u>	<u>Gov. Rec.</u>
Department of Commerce	\$19,216,467	\$22,360,360	\$22,114,588 (A) \$22,215,688 (B) \$39,341,460 (C)	\$25,005,833
General Administration	\$ 857,828	\$ 1,240,755	\$ 2,518,648 (A) \$ 2,519,748 (B) \$ 2,731,012 (C)	\$ 4,486,942*****
Community Development	\$14,969,872	\$14,760,221	\$14,806,210 (A,B) * \$29,838,183 (C)	\$14,903,520
**Existing Industry	\$ 447,237	\$ 1,097,834	\$ 1,233,951 (A,B) \$ 1,246,366 (C)	\$ 1,177,837
Industrial Development	\$ 1,090,791	\$ 2,074,611	\$ 1,871,589 (A) \$ 1,946,589 (B) \$ 3,046,883 (C)	\$ 2,378,878
*** Trade Development	--	\$ 110,902	\$ 435,810 (A) \$ 460,810 (B) \$ 650,810 (C)	\$ 872,940
Travel & Tourism	\$ 1,195,150	\$ 1,214,239	\$ 1,248,380 (A,B) \$ 1,828,206 (C)	\$ 1,185,716
****Advanced Technology	\$ 655,589	\$ 1,861,798	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
	\$19,216,467	\$22,360,360	\$22,114,588 (A) \$22,215,688 (B) \$39,341,460 (C)	\$25,005,833

- \* \$14,850,000 programmed for Infrastructure Loan Program, State Development Grant Program and Incubator Loan Program
- \*\* Increased field offices from 2 to 5 in FY 87/88
- \*\*\* New Division in FY 87
- \*\*\*\* Converts to KTEC 1/12/87
- \*\*\*\*\* Includes: Kansas, Inc. \$ 437,625 (\$291,750 SGF & \$145,875 private)  
KTEC \$2,502,334 (\$952,334 SGF & \$1.55 M lottery)  
Equip. Training Grants \$ 500,000

DEPARTMENT OF COMMERCE  
BUDGET HIGHLIGHTS -- FY 1988

DOC Division

Gov. Rec.

House Rec.

Senate Rec.

Conf. Committee

General Administration

FY 88 -- \$1,045,814  
- Europe Office.  
\$250,000 for full  
year operation of  
the European office.  
  
- Policy Director.  
\$37,638 for a Dir.  
of Policy Analysis  
and Research.  
(R/K Rec. No. 33)

- Japan Office. At the  
agency's request, the  
House shifted \$170,000  
for contractual repre-  
sentation in Japan from  
the Industrial Devel.  
Div. to Administration  
Div.

Community Development

FY 88 -- \$488,402  
- Main Street. \$48,000  
for the Main Street  
program. Continued  
assistance to 7 exist-  
ing cities and 3 new  
cities. New cities  
must each pay a  
\$4,000 fee to cover  
program costs.

- Concurred.

- Incubators. \$100,000  
is recommended for  
contracted incubator  
feasibility studies.  
(R/K Rec. No. 34)

- Concurred.

Division

Gov. Rec.

House Rec.

Senate Rec.

Conf. Committee

- CDBG. \$14 million federal CDBG funding for community improvement projects and business loans likely to continue.

- No action necessary.

- Inter-Div. FTE Shift. At the Agency's request, the House shifted 1 FTE from the Community Devel. Div. to the Existing Industry Div. Organizational move; no cost.

- CRA. The Community Resource Act is being transferred to KSU.

- No action necessary.

Existing Industry Development

FY 88 -- \$624,857

- Field Offices. Hill City, Garden City, Salina, Wichita, Overland Park, Pittsburg. Co-located wherever possible.

- CDC Grants. \$290,000 for Certified Dev. Co. grants (FY 86 funding: \$400,000)

- House increased to \$388,000 based on FY 87 increase in business loans packaged, and limited state assistance to 5 years.

- SBDC Grants. \$175,000 for Small Business Development Centers (FY 86 funding: \$250,000)

- House urged the Senate to consider the effect of the reduction.



Industrial Development

FY 87

- GM Training. DOC, with the knowledge of legislative leaders, negotiated a training agreement with GM as part of an incentive package to keep their 4,000 employee KC plant in Kansas. \$315,693 of that agreement is unfunded in FY 1987. DOC has offered cuts of \$150,000 in FY 87 to pay half of the unfunded obligation and requested \$165,693 from the Legislature to cover the balance. The total FY 87 commitment is \$666,304; the total FY 88 commitment is \$225,000 for a total of \$891,304.

- House concurred with DOC's proposed \$150,000 cut to fund half of the FY 87 GM obligation.

FY 88

- KIT Funds. \$1 million (\$500,000 SGF and \$500,000 lottery) for Kansas Industrial Training program.

- House reduced the FY 88 \$500,000 SGF recommendation to \$184,000.

- Inter-Dept. FTE Shift. At the request of DOC and the Dept. of Human Resources, the House added 1 FTE to prevent the termination of the state's business training coordinator. No additional funds are needed. The FTE for the position is currently in Human Resource's FTE count.

Division

Gov. Rec.

House Rec.

Senate Rec.

Conf. Committee

Trade Development

- FY 88 -- \$1,217,539
- Advertising. \$500,000 for business recruitment advertising. - Concurred.
- Clerical. \$15,559 is for an Office Assist. II to handle increased workload generated by increased advertising. - Concurred.
- FY 88 -- \$662,940
- Trading Company. \$100,000 is requested to contract with a trading company to assist Kansas market and sell its products in the far east. - Concurred.
- Export Loans. \$250,000 (lottery) to establish a state loan guarantee program to assist exporters. The \$250,000 will serve as a 25% loan reserve fund, thereby enabling the state to guarantee \$1 million in export loans. - Concurred.
- Ag. Transfer. Two international marketing positions transferred to DOC July 1, 1987 from Board of Agriculture. This transfer gives DOC clear responsibility for all international trade to DOC. - Concurred.

Division

Gov. Rec.

House Rec.

Senate Rec.

Conf. Committee

Travel & Tourism Development

FY 88 -- \$778,471

- Nat'l. Conventions. \$15,000 to hire temporary staff to assist in hosting two major national tourism conventions in the fall of 1988 -- the National Tour Assoc. and the Society of American Travel Writers Conventions.

- Concurred.

- KBA/KPA. \$20,000 for the Kansas Broadcasters Assoc. for airing promotional ads in-state. \$2,000 for the Kansas Press Assoc. for the same purpose.

Special Appropriations

- Equipment Grants. \$500,000 (lottery) is recommended for business training equipment grants to vocational schools and community colleges.

- Concurred.

FUNDING FORMULA FOR  
KANSAS CERTIFIED DEVELOPMENT COMPANIES

PERFORMANCE

<u>Number of Deals, Loans Packaged</u>	<u>State Funding</u>
1-10	\$1,000/deal
11-20	\$1,500/deal
21 and up	\$2,000/deal

STAGE OF DEVELOPMENT

<u>Stage</u>	<u>State Funding</u>
Start-up: 0-6 months	\$15,000
6 months - 2 years	\$10,000
2 - 4 years	\$ 7,500
4 or more years	\$ 5,000

GEOGRAPHIC AREA

\$500 per county or \$500 if citywide

*Senate Committee on Economic Development*  
*3-19-87*

FY 1988 CDC Formula Funding Projection Based on  
FY 1987 Actual Experience (July - December, 1986)

Annual Funding Projection (FY 1988)

Performance	No. of Deals*	Deals 1-10 \$1,000/ea	Deals 11-20 \$1,500/ea	Deals >20 \$2,000/ea		TOTAL
Avenue Area	24	\$10,000	\$15,000	\$8,000		\$33,000
Big Lakes	6	\$6,000	\$0	\$0		\$6,000
Four Rivers	6	\$6,000	\$0	\$0		\$6,000
Greater Southwest	12	\$10,000	\$3,000	\$0		\$13,000
Lenexa	0	\$0	\$0	\$0		\$0
McPherson	0	\$0	\$0	\$0		\$0
Mid-America	4	\$4,000	\$0	\$0		\$4,000
MO-KAN	0	\$0	\$0	\$0		\$0
Neosho Basin	4	\$4,000	\$0	\$0		\$4,000
Nine County	30	\$10,000	\$15,000	\$20,000		\$45,000
Pioneer Country	22	\$10,000	\$15,000	\$4,000		\$29,000
SCKEDD	32	\$10,000	\$15,000	\$24,000		\$49,000
Topeka/Shawnee Co.	0	\$0	\$0	\$0		\$0
Wakarusa Valley	0	\$0	\$0	\$0		\$0
Wichita Area	0	\$0	\$0	\$0		\$0
<b>TOTAL</b>	<b>140</b>	<b>\$70,000</b>	<b>\$63,000</b>	<b>\$56,000</b>		<b>\$189,000</b>

Stage of Development	Start-up 0-6 mo. \$15,000	6 mo.- 2 yrs. \$10,000	2-4 yrs. \$7,500	4 or more years \$5,000	TOTAL
Avenue Area				\$5,000	
Big Lakes			\$7,500		
Four Rivers			\$7,500		
Greater Southwest				\$5,000	
Lenexa			\$7,500		
McPherson				\$5,000	
Mid-America				\$5,000	
MO-KAN				\$5,000	
Neosho Basin		\$10,000			
Nine County				\$5,000	
Pioneer Country			\$7,500		
SCKEDD				\$5,000	
Topeka/Shawnee Co.			\$7,500		
Wakarusa Valley	\$15,000				
Wichita Area				\$5,000	
<b>TOTAL</b>	<b>\$15,000</b>	<b>\$10,000</b>	<b>\$37,500</b>	<b>\$40,000</b>	<b>\$102,500</b>

\* Number of deals is estimated on the basis of six months quarterly reports which have been doubled for an annualized projection. No other estimate has been made for possible deals to be done by any individual CDC in the remaining six months.

Geographic Area	No. of Counties	\$500/ County	\$500/ Citywide	TOTAL
Avenue Area	1	\$500		
Big Lakes	5	\$2,500		
Four Rivers	10	\$5,000		
Greater Southwest	19	\$9,500		
Lenexa			\$500	
McPherson			\$500	
Mid-America	10	\$5,000		
MO-KAN	6	\$3,000		
Neosho Basin	6	\$3,000		
Nine County	9	\$4,500		
Pioneer Country	18	\$9,000		
SCKEDD	13	\$6,500		
Topeka/Shawnee Co.	1	\$500		
Wakarusa Valley	1	\$500		
Wichita Area			\$500	
TOTAL		\$49,500	\$1,500	\$51,000

Colocation \$0

SUBTOTAL \$342,500

Possible additional funding required:

Approval of Leavenworth Area Development  
 Stage: \$15,000  
 Area: \$500 \$15,500

Approval of Johnson County  
 Stage: \$15,000  
 Area: \$500 \$15,500

Number of deals above six month activity (estimate)  
 Performance: \$15,000 \$15,000

GRAND TOTAL \$388,500



**kansas  
small business  
development center  
advisory council**

Ben Vidricksen  
chairperson  
Salina

Douglas Wright  
vice chairperson  
Topeka

Statement of Testimony

SUSAN OSBORNE-HOWES

STATE DIRECTOR

KANSAS SMALL BUSINESS DEVELOPMENT CENTER

Before

THE ECONOMIC DEVELOPMENT COMMITTEE  
AND  
WAYS AND MEANS SUBCOMMITTEE  
OF KANSAS


March 1987

Topeka, Kansas

*Senate Committee on Economic Development*

*3-19-87*

*Attachment III*



**KSBDK Statewide Administrative Office**  
021 Clinton Hall  
Campus Box 148  
The Wichita State University  
Wichita, Kansas 67208-1595  
(316) 689-3193

MR. CHAIRMAN, MY NAME IS SUSAN OSBORNE-HOWES. I AM THE DIRECTOR OF THE KANSAS SMALL BUSINESS DEVELOPMENT CENTER. MY OFFICE IS LOCATED IN THE COLLEGE OF BUSINESS ADMINISTRATION AT THE WICHITA STATE UNIVERSITY. I APPRECIATE THIS OPPORTUNITY TO TESTIFY BEFORE YOU ON THE SMALL BUSINESS DEVELOPMENT CENTER PROGRAM.

SBDSCS WERE FIRST FOUNDED BECAUSE THE UNITED STATES CONGRESS SAW SMALL BUSINESS AS AN ASSET TO THE COMMUNITY AND AS ESSENTIAL TO THE ECONOMY--- PROVIDED BUSINESS AND TECHNICAL ASSISTANCE CAN HELP INCREASE THE PROBABILITY OF SUCCESS FOR BUSINESS.

STUDIES HAVE INDICATED SEVERAL FACTS:

1. 85% OF SMALL BUSINESSES FAIL WITHIN THE FIRST FIVE YEARS PRIMARILY DUE TO LACK OF BUSINESS KNOWLEDGE AND SKILLS.
2. APPROXIMATELY 85% OF ALL NEW JOBS ARE GENERATED BY SMALL BUSINESSES WITH LESS THAN 100 EMPLOYEES.
3. KANSAS IS A SMALL BUSINESS STATE--WITH MORE THAN 69,000 SMALL BUSINESSES AND ONLY 153 LARGE BUSINESSES IN 1986.
4. KANSAS IS ABOVE AVERAGE IN SMALL BUSINESS OWNERSHIP PER CAPITA--ALMOST 90% OF OUR BUSINESSES HAVE LESS THAN 20 EMPLOYEES (U.S. AVERAGE IS 77%).
5. KANSAS RANKED 10TH IN BUSINESS BANKRUPTCIES IN 1985.

FIRST STARTED IN 1976, TODAY THERE ARE 49 OPERATING SBDSCS--KANSAS WAS THE 27TH. THE KANSAS SBDSCS WERE FOUNDED IN OCTOBER 1983, WITH FUNDING FROM THE SBA MATCHED BY EQUAL FUNDING FROM SIX OF THE REGENTS' INSTITUTIONS (STATE UNIVERSITY) AND WASHBURN UNIVERSITY AND JOHNSON COUNTY COMMUNITY COLLEGE IN OVERLAND PARK. LIKE THE OTHER STATE SBDSCS--THE KANSAS NETWORK UNITES SMALL BUSINESS WITH THE ACADEMIC INSTITUTIONS IN THEIR COMMUNITIES-- NOT FOR THE PURPOSE OF PURE RESEARCH, BUT LINKING EXPERTISE WITH NEED. SBDSCS ARE A GOOD EXAMPLE OF COOPERATION BETWEEN THE UNIVERSITY AND THE



BUSINESS COMMUNITY.

IN OCTOBER 1983, THE U.S. SMALL BUSINESS ADMINISTRATION AWARDED A \$257,690 SBDC GRANT TO WICHITA STATE UNIVERSITY, WHICH WAS DESIGNATED AS THE LEAD CENTER AMONG THE EIGHT PARTICIPATING INSTITUTIONS. THE 1987 AWARD IS \$669,500, THE FEDERAL CAP FOR THE KANSAS PROGRAM. SINCE JULY, THE KSBDC HAS RECEIVED \$250,000 FROM THE STATE LEGISLATURE AND \$97,000 FROM THE DEFENSE LOGISTICS AGENCY TO ESTABLISH PROCUREMENT ASSISTANCE CENTERS.

IN TERMS OF STATE FUNDING GOALS AND ACCOMPLISHMENTS, KSBDC HAS COMPLETED 80% OF SHORT-TERM GOALS, 73% OF LONG-TERM GOALS, AS OF FEBRUARY 1987. KSBDC EXPECTS TO EXCEED ALL STATE GOALS BEFORE THE END OF THE JUNE 30TH CONTRACT YEAR. APPROXIMATELY 75% OF THE ALLOCATED \$250,000 STATE FUNDING HAS BEEN EXPENDED TO DATE.

SINCE THE RECEIPT OF STATE FUNDING, THE SBDC'S HAVE BEEN COMMITTED TO REACHING ALL SMALL BUSINESSES. IN 1986, KSBDC PROVIDED COUNSELING AND/OR TRAINING IN 91 OUT OF 105 KANSAS COUNTIES. OUR GOAL IS TO REACH EVERY KANSAS COUNTY--BOTH RURAL AND URBAN AREAS. AGRIBUSINESS CASES INVOLVED MORE THAN 40% OF FORT HAYS STATE UNIVERSITY'S COUNSELING CASELOAD LAST YEAR.

A RECENTLY CONDUCTED IMPACT STUDY PROVIDED THE FOLLOWING CONCLUSIONS:

1. EMPLOYMENT INCREASED BY 417 FULL-TIME EQUIVALENT POSITIONS.
2. SALES AND REVENUES INCREASED BY \$5,874,936.
3. PROFITS INCREASED BY \$1,087,352.
4. TAXES FOR THE STATE OF KANSAS INCREASED BY AT LEAST \$291,528.
5. OVER 37% OF THE LONG-TERM CLIENTS EXPERIENCED INCREASES IN EMPLOYMENT.
6. OVER 39% OF THE CLIENTS EXPERIENCED INCREASE IN THEIR REVENUES.
7. 33% OF THE CLIENTS INDICATED THAT THEIR PROFITS HAD INCREASED.

Note: Results based on long-term cases (12 hours or more).

GENERAL COUNSELING EVALUATIONS CONDUCTED BY KSBDC SHOW THAT 82 PERCENT RATED SBDC SERVICES THEY RECEIVED AS GOOD, VERY GOOD OR EXCELLENT. EIGHTY-SIX PERCENT WOULD RECOMMEND SBDC SERVICES TO OTHER SMALL BUSINESS PERSONS.

#### SBDC SERVICES

THREE MAJOR TYPES OF SERVICES ARE PROVIDED BY SBDC REGIONAL AND ASSOCIATE CENTERS.

FIRST, SBDC'S PROVIDE FREE, ONE-ON-ONE, CONFIDENTIAL COUNSELING TO ANY SMALL BUSINESS IN KANSAS THAT CAN'T AFFORD TO PAY FOR PROFESSIONAL COUNSELING.

SECOND, SBDC'S PROVIDE LOW COST, PRACTICAL TRAINING SEMINARS USING EXPERTS IN AREAS SUCH AS MARKETING, FINANCIAL PLANNING, LOAN OPPORTUNITIES, PROCUREMENT OPPORTUNITIES, ETC.

THIRD, SBDC'S SERVE AS A RESOURCE CENTER AND OFTEN REFER CLIENTS TO OTHER INFORMATION SOURCES.

#### ACCOMPLISHMENTS

TODAY, WE HAVE ELEVEN ASSOCIATE CENTERS TO ADD TO OUR ORIGINAL EIGHT---PART OF THE STATE LEGISLATURE'S MANDATE TO DEVELOP AN OUTREACH PROGRAM FOR OUR SERVICES---SO THAT ASSISTANCE IS READILY ACCESSIBLE TO ALL SMALL BUSINESSES IN KANSAS.

ASSOCIATE CENTERS ARE LOCATED AT COLBY, GREAT BEND, GARDEN CITY, DODGE CITY, LIBERAL, PRATT, HUTCHINSON, ARKANSAS CITY, EL DORADO, SALINA AND KANSAS CITY, KANSAS. THESE ASSOCIATE CENTERS ARE LOCATED AT AREA COMMUNITY COLLEGES, CHAMBERS OF COMMERCE AND CDC'S WHICH PROVIDE SALARIES, OFFICE SPACE, FURNITURE, EQUIPMENT, SUPPLIES, ETC. THIS ALLOWS STATE FUNDING TO BE SPENT ON DIRECT CONSULTING ACTIVITIES WITH SMALL BUSINESSES IN EACH ASSOCIATE CENTER RATHER THAN ON ADMINISTRATIVE COSTS.

BETWEEN OCTOBER 1983, AND FEBRUARY 1987, KSBDC HAS COUNSELED MORE THAN 4,300 CLIENTS, PRESENTED MORE THAN 680 TRAINING SEMINARS WITH MORE THAN 16,000 ATTENDEES. APPROXIMATELY 400 CASES ARE CURRENTLY OPEN STATEWIDE.

SIGNIFICANT ACCOMPLISHMENTS IN 1986 INCLUDE THE FOLLOWING:

\*KSBDC HAD ITS FIRST OFFICIAL ON-SITE REVIEW IN OCTOBER 1986. THE REVIEW, MANDATED BY THE U.S. CONGRESS FOR ALL SBDCS, WAS CONDUCTED BY TWO STATE SBDC DIRECTORS AND TWO SBA SBDC PROJECT OFFICERS. KSBDC WAS CITED FOR THE QUALITY OF ITS DIRECTORS, THE RAPID BUT CONTROLLED GROWTH OF ITS SERVICES, ITS ACTIVE ADVISORY COUNCILS AND ITS CLOSE COOPERATIVE RELATIONSHIP WITH THE SMALL BUSINESS ADMINISTRATION AND UNIVERSITY ADMINISTRATION.

\*SBDCS CO-LOCATED WITH SEVERAL OTHER MEMBERS OF THE KANSAS ECONOMIC DEVELOPMENT INITIATIVE. THESE INCLUDE CDC'S, CHAMBERS OF COMMERCE, AND VENTURE CAPITAL COMPANY.

\*THE KSBDC CONTRACTED WITH THE MARKETING DEPARTMENT OF THE WICHITA STATE UNIVERSITY TO CONDUCT AN INDEPTH STUDY OF KANSAS SMALL BUSINESS NEEDS. UNDER THE DIRECTION OF DR. FREDERIC KRAFT AND DR. PHILLIPS GOODELL, STATE-WIDE INTERVIEWS, FOCUS GROUPS AND SURVEYS ARE BEING CONDUCTED AND THE RESULTS WILL BE COMPLETED BY JUNE 30, 1987.

SUMMARY

A NATIONAL STUDY HAS FOUND THAT STATE AND FEDERAL DIRECT TAXES GENERATED BY THE INCREASE IN BUSINESS SALES FROM SBDC COUNSELED BUSINESSES HAS FAR EXCEEDED THE INVESTMENT IN THE PROGRAM. FOR EVERY ONE DOLLAR IN FEDERAL FUNDS SPENT ON THE SBDC PROGRAM, \$9.40 WAS RETURNED IN NEW TAXES. FOR EVERY ONE DOLLAR IN STATE MONEY SUPPORTING THE SBDC PROGRAM, \$10.90 WAS

RETURNED TO THE STATE IN NEW STATE TAXES.

I UNDERSTAND THAT A CUTBACK IN STATE FUNDING FOR FY 88 IS BEING CONSIDERED FOR THE SBDC PROGRAM AS WELL AS FOR SEVERAL OTHER ECONOMIC DEVELOPMENT PROGRAMS. THE KANSAS SMALL BUSINESS DEVELOPMENT CENTER PLAYS AN INTEGRAL ROLE IN THE ECONOMIC DEVELOPMENT OF KANSAS AND HAS SHOWN ITSELF TO BE AN INVESTMENT IN KANSAS'S FUTURE.

I ASK THAT YOU EVALUATE OUR ACCOMPLISHMENTS CAREFULLY AND RECOMMEND THAT THE KANSAS STATE LEGISLATURE CONTINUE THE FUNDING AT THE SAME \$250,000 LEVEL OR INCREASE ITS COMMITMENT TO THE 69,000 PLUS SMALL BUSINESSES IN KANSAS.

I THANK YOU FOR THE OPPORTUNITY TO SHARE OUR ACCOMPLISHMENTS WITH YOU. I WOULD NOW LIKE TO INTRODUCE THE DIRECTORS OF OUR SBDC'S WHO ARE HERE WITH ME TODAY AND I WOULD THEN BE HAPPY TO ANSWER ANY QUESTIONS.

# Greater Downtown Hays

Business Improvement District 1401 Main Hays, Kan., 67601 913-628-8201

TESTIMONY PRESENTED TO  
SENATE ECONOMIC DEVELOPMENT COMMITTEE  
SENATOR WINT WINTER, JR. CHAIRMAN

PRESENTED BY  
Mike Grub,

Commissioner, City of Hays; Independent Businessman; Member, Hays Area Chamber of Commerce; and Member, Greater Downtown Hays Business Improvement District.

01 Senator Winters, members of the Committee, I am Mike Grub representing the City of  
02 Hays, the Greater Downtown Hays Business Improvement District and the Hays Area  
03 Chamber of Commerce. I appear before you today as a proponent of full funding for the  
04 Kansas Main Street Program.  
05 The City of Hays has been hit recently with hard economic realities. Revenue to the city  
06 has decreased dramatically due to the multiple, parallel declines in oil, agriculture and  
07 the loss of Travenol, the community's largest private employer. Minimum estimated job  
08 loss exceeds 3000 in Ellis County. Construction and new business starts are  
09 progressing, if any, at a snail's pace.  
10 In spite of all of our problems, the citizens of Hays refuse to roll over and play dead. We  
11 have initiated a self-assessed mandatory Business Improvement District in the  
12 downtown area to inject \$29,500 of private dollars for the revitalization of downtown  
13 Hays. We know the State of Kansas encourages our efforts towards self directed economic  
14 development revitalization.  
15 In addition, the City of Hays has earmarked \$50,000 for specific economic needs of the  
16 community. This includes identification of a new tenant for the Travenol facility,  
17 enactment of the city ordinance authorizing the formation of the business  
18 improvement district, authorization of monies for downtown economic development

*Senate Committee on Economic Development*  
3-19-87  
*Attachment II*

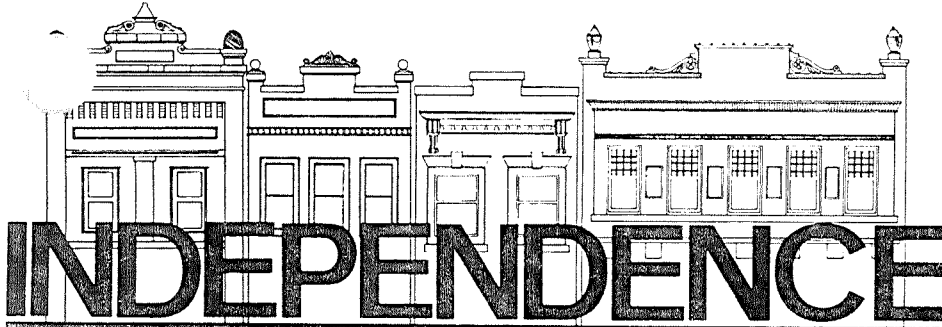
19 needs and active participation in the community wide economic development steering  
20 committee, a coalition of city, county, business and Fort Hays State University  
21 interests. As you can see, Hays is serious about job creation, job retention and overall  
22 economic development.

23 Hays is quite impressed with the success of the National Main Street Program in our  
24 sister cities in Kansas. We feel it is essential to be able to participate in the program.  
25 The National Main Street Program will provide to Hays the technical expertise, advise,  
26 encouragement and help us focus and coordinate our efforts toward the total  
27 revitalization of our downtown area.

28 We are serious about the National Main Street Program and its importance to the entire  
29 State of Kansas, the current Main Street Cities and to cities such as Hays who wish to be  
30 included in the program this year. The push towards statewide economic development  
31 must not sacrifice downtown Kansas. Manufacturing and industrial jobs are vital to  
32 Kansas, but our downtowns and their impact on the quality of life in the community are  
33 also of considerable importance.

34 Quality of life, be it hospitals, roads, churches, synagogues, airlines, parks, fire  
35 departments, rail service or schools is the key factor toward retention of population in  
36 the state. We have worked hard to develop an excellent quality of life in western Kansas  
37 in general and Hays in particular. We must not allow this to erode.

38 We urge you to fund the Department of Commerce Main Street Program to the full  
39 \$60,000 level. This seems to be a minimal investment with a maximum returns for the  
40 State of Kansas.



P.O. BOX 611  
INDEPENDENCE  
KS 67301

316-331-2300

\*main street

Senate Committee on Economic Development,  
March 19, 1987, 12:30 PM

RE: Testimony for Main Street Funding

Mr. Chairman, Members of the committee. I am Ray Rothgeb, Main Street Project Manager for the Independence Main Street Project, Independence, Kansas. Independence was one of the first five city named as a Kansas Main Street City. We are privileged and honored to have such a designation. We have accepted the challenge that was set forth in a proclamation issued by the Governor of this state on October 18th, 1985 to "participate in a project through demonstration of commitment to the four-point approach of the National Main Street Center" and we have been aggressive in demonstrating a "readiness to implement a successful program of organization, promotion, design and economic restructuring" for our downtown. And we have endeavored to become a "successful model of downtown revitalization for the state."

The City of Independence made a three year, \$90,000 commitment to fund the administration of this project. Since its inception we have tracked over one million dollars of reinvestment from the private sector in our downtown in facade renovations and interior renovation and rehabilitations. In a nine month period, ending December 1986, Independence experienced 13 new business openings with only eight closing, netting five new businesses in Downtown Independence. This resulted in a net increase of 20 new jobs. In the same calendar year our community invested over \$7,000 of in-kind services and supplies to the Main Street Project. This does not include the many hours of volunteer service generated by over 200 persons involved in the program. 1986 retail sales, based on city sales tax receipts, indicate that Independence experienced a 3.61% increase over 1985. A new industry has just located in Independence.

We have taken the four-point approach out to other communities in Southeast Kansas. I have personally spoken to Chambers of Commerce and civic groups in Eureka, Burlington, Oswego and Cherryvale. I am scheduled to share our experience with Chanute.

Most of this is a direct or sympathetic response to the attitude that has been generated by the Main Street Project

*Senate Committee on Economic Development  
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in our community. The Main Street project is here because you chose to support the program and provide a level of expertise through the State Main Street Coordinators and through your contract with the National Main Street Center that would not normally be available to communities the size of Independence.

It is important that funding for this program be maintained at the highest level to provide this opportunity to as many Kansas communities as possible.

As I mentioned in my introductory comments we made a three year commitment to the Main Street Project. We would hope that you will continue your support.





The Main Street Program in Manhattan has been a great asset to the downtown revitalization effort and proved to be a valuable economic development tool.

### OVERVIEW

- I. The program provided the incentive downtown needed to establish a strong independent revitalization program. Although many such efforts were in place in Manhattan, the Main Street program gave the organizational structure to strengthen and coordinate all efforts under one program.

A strong local commitment among the public and private sectors provided necessary funding of approximately \$100,000. Manhattan's program is funded by the City, County, Chamber of Commerce, Mall developers, Downtown Merchants Association, Business Improvement District and individual contributors.

### II. BENEFITS

- A. Great Spin-Off Investment from public developments and improvement projects. In 1986, private investment alone in 12 individual projects totaled \$1.2 million.
- B. Creation and Retention of Businesses and Jobs
  1. Many temporary construction jobs were created with public improvement projects and individual building projects.
  2. In 1986, downtown Manhattan saw 16 new or relocating businesses creating/retaining 73 jobs, 11 business closings, loss of 50 jobs. In a very challenging period of demolition/construction, downtown saw a net gain of 5 businesses creating 23 jobs.  
38.4% of the new/relocating businesses were new to the state of Kansas creating 28 new jobs.
- C. Improving Quality of Life downtown is important to community and becoming increasingly critical in final decisions involving industrial recruitment.
- D. Retention of retail dollars in the state is another benefit. Manhattan's market area extends north to communities which frequently shop in Omaha and Lincoln. As Manhattan develops as a regional shopping center, retail dollars currently lost to Nebraska will be retained in Kansas.

### III. SUMMARY

The Main Street program works and should be considered an investment in economic development for smaller cities in Kansas.

The initial cities are the best selling point for the program statewide. Local commitments were solicited initially for a three (3) year period; the state must also continue this three-year commitment to the initial cities in order to complete the establishment of such programs which will then continue independently for years to come.

The program should be expanded to add new cities, but not at the expense of cutting services to existing cities.

The preliminary allocation of \$48,000 is not sufficient to provide continued services to the existing 7 cities and add 2 new cities. The amount should be restored to the \$60,000 figure to ensure future of a quality economic development program for the state of Kansas.

*Senate Committee on Economic Development  
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Attachment II*



Manhattan Main Street Project  
 1986 Economic Summary  
 Manhattan, Kansas  
 Brenda Spencer, Project Manager

Downtown Redevelopment in Manhattan is a subject most frequently thought of in terms of the new mall, office complex or southern arterial. One aspect seldom given due recognition is the spin-off of private investment in downtown properties and the job retention and creation by downtown businesses. 1986 figures illustrate downtown development does have a positive economic effect on the community as a whole.

- A. Private Investment in Individual Buildings:  
 12 projects representing \$1,162,000.00 in private investments.

Dave Gross, 329 Poyntz Avenue.  
 Ron Reid, 415-423 S. 4th.  
 McCullough Development Co., 420-430 S. 4th.  
 Nina Miley - Swanson's Bakery, 424 Houston.  
 Steve Hanson - S. M. Hanson Music, 316 Poyntz.  
 Judith Rush - Lady Foot Shoes, 110 S. 4th.  
 Jim Hayes - Hayes House of Music, 327 Poyntz.  
 Charles Elliott, 300 Poyntz.  
 Weist Corner Partnership, 228 Poyntz.  
 Kaup Furniture, 306 Poyntz.  
 Sullivan & Associates, 720 Poyntz.  
 Burger King, 301 Poyntz.

B. Business Tally

1. New Businesses: these are new businesses opening their doors in Manhattan. Jobs created are new jobs for the city and in the state.

<u>Business</u>	<u>New Jobs Created</u>
S. M. Hanson Music - headquarters in Salina opened Manhattan store	4
Giles House of Glamour - new business started	3
Harper's - parent company in Kansas City opened Manhattan store	6
Bogey & Co. - new business started	10
Edelaine's Wedding Plus - an existing Salina business expanded to open Manhattan store	3
Forest City - mall developers opened a leasing office	2
Total new jobs created	<hr/> 28

2. Relocating or Expanding Businesses: these are businesses moving into the downtown area from other cities or other areas in the city OR businesses relocating within the downtown area.

<u>Business</u>	<u>Jobs Retained</u>
Ron Reid & Associates Architects - moved downtown from another area of city	6
Brent Bowman & Associates Architects - moved downtown from another area of city	10
Wamego Radio KSKT - moved sales office from Wamego to downtown Manhattan	2
Lady Foot Shoes - relocated within the downtown area	4
Hayes House of Music - relocated within the downtown area	3
Regulator Time Co. - relocated within the downtown area	2
Swanson's Bakery - relocated within the downtown area	5
Lords and Ladys - relocated within the downtown area	10
Sowell Tailors - relocated within the downtown area	3
Total Jobs Retained	<u>45</u>

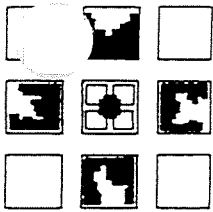
3. Business Closings

11 businesses - a loss of 50 jobs.

4. Summary

16 new or relocating businesses	73 jobs
<u>11 closing businesses</u>	<u>50 jobs</u>
Net total of 5 businesses	23 jobs new or retained

28 jobs - 38.4% of the total jobs created or retained are new to the City of Manhattan and the State of Kansas.



# KANSAS DOWNTOWN DEVELOPMENT ASSOCIATION

P.O. BOX 2836  
TOPEKA, KANSAS 66601

Statement by Hannes Zacharias, President  
Kansas Downtown Development Association

Presented to joint meeting of the Senate Economic Development Committee  
and  
the Senate Ways and Means Subcommittee  
March 19, 1987

In support of funding for the Kansas Main Street Project

Mr. Chairman, members of the committee, I am Hannes Zacharias, President of the Kansas Downtown Development Association, representing members from 22 Kansas communities in support of the Kansas Main Street Project - a program funded through the Kansas Department of Commerce.

We come here today to ask you to increase state funding for this project from \$48,000 to the original agency request of \$60,000.

As you recall, the Kansas Main Street project provides technical assistance for three years from the National Main Street Center for selected Kansas cities. In October of 1985, the Department of Commerce selected five cities - Hutchinson, Independence, Lawrence, Manhattan, and Winfield to be the initial communities receiving this technical assistance. Such services include on-site visits by national consultants, volunteer board and local management training, and professional advice on downtown revitalization, particularly in the areas of organization, design, promotion, and economic restructuring. In October of 1986, two additional cities, Fort Scott and Dodge City, were added to this list.

To be considered for selection, each community must commit funds for a full-time downtown manager for at least a three year period. Often these funds are pooled from downtown merchants, Chambers of Commerce, counties, cities, and corporations making the financing of downtown revitalization a community effort.

For these technical services, the state funded \$40,000 in FY1986 and FY1987, coupled with approximately \$26,000 in private contributions. The initial contract in FY1986 was \$45,350, and in 1987 \$61,360.

The results of this program are, in our eyes, dramatic. Over an eight month period from February 1986 through October of 1986 in the initial five cities, this program spurred \$86,350 in downtown facade renovations, a net gain of 41 new business openings, a net gain of 100 jobs, and over \$1.8 million in new and other construction downtown (see attached). Additionally, the program has mustered hundreds of volunteers who contribute thousands of hours to improve their downtown.

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*3-19-87*

*Attachment VII*

We realize that these dollars and jobs are not in the category of "primary job" creation and have little direct impact on industrial location and expansion. We do feel, however, that they reflect improvements in our downtowns which weigh heavily in "quality of life" factors used by out of state industries looking for new quarters.

We feel the program works and would like to see it made available for other Kansas communities. The problem, as is usually the case, is funding.

The agency requested in the "A", "B", and "C" level budgets that \$60,000 be allocated for the Main Street Project. The Division of Budget recommended \$48,000, which was recently approved by the House. At this level of funding, the Department of Commerce would be forced to:

- a. Not include any new cities in FY1988 to maintain services to existing communities.
- b. Add new cities but reduce overall services and thereby jeopardize the program's success.
- c. Charge each new city approximately \$4,000.

None of these options appear palatable, especially with the state goal to expand this project to new cities each year and maintain a quality program. There is no way to increase services by expanding the program from 7 to 9 or 10 cities with 20% less funds. Additionally, asking new cities to pay \$4,000 each when previous cities (often smaller in size) did not, is unfair.

We feel the Kansas Main Street Project works in improving the "quality of life" in Kansas communities. The investment made by the state has paid off many times over in both real dollars and volunteer efforts. We urge you to increase funding for this program to the original agency request of \$60,000.

Thank you.

SUMMARY- KANSAS MAIN STREET PROJECT  
 Private Reinvestment in Main Street Downtowns  
 (Projects completed February 1986 - October 1986)

City	Facade Renovations		New & Other Construction		Buildings Sold		Business Starts, Relocations & Expansions		Business Closings		Net Gain	
	No.	Amount	No.	Amount	No.	Amount	No.	New Jobs	No.	Jobs Lost	No.	Jobs
Hutchinson	*	**	22	\$597,615	NA	NA	22	86	11	64	+11	+22
Independence	3	\$19,500	11	\$299,650	5	\$1.35M	17	35	5	8	+12	+27
Lawrence	NA	NA	21	NA	NA	NA	17	46	7	31	+10	+15
Manhattan	1	\$65,000	7	\$916,500	2	\$50,000	11	55	7	33	+4	+22
Winfield	2	\$ 1,800	1	\$ 24,000	2	NA	7	20	3	6	+4	+14
Total	6	\$86,350	62	\$1,837,765	9	\$1.40M	74	242	33	142	+41	+100

\* Number of projects not defining type of construction  
 \*\* Does not include acquisition costs

LEGISLATIVE TESTIMONY  
DEPARTMENT OF COMMERCE-DIVISION OF TRAVEL & TOURISM DEVELOPMENT  
BUDGET

SENATE WAYS & MEANS SUB-COMMITTEE  
SENATE ECONOMIC DEVELOPMENT COMMITTEE  
THURSDAY, MARCH 19, 1987

BY  
NICK JORDAN  
LEGISLATIVE CHAIRMAN  
TRAVEL INDUSTRY ASSOCIATION OF KANSAS

*Senate Committee on Economic Development  
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Attachment VIII*

Thank you Mr. Chairman, and members of the committee, my name is Nick Jordan and I am appearing as Legislative Chairman for the Travel Industry Association of Kansas. We appreciate the opportunity to testify pertaining to the Department of Commerce, Division of Travel and Tourism Development budget.

Economic development continues to be an all-out effort in the state of Kansas. The important triad of economic development; to import dollars, create jobs, and broaden our tax base is increasing within the travel industry in the state. In 1985 travel expenditures totaled \$1.9 billion, a 9.7 percent increase over 1984. The travel industry is the SECOND LARGEST EMPLOYER IN THE STATE with 41,900 jobs. Traveler spending also generated \$63.5 million in state tax revenues and \$23.2 million in local tax revenues.

Yet with all this good news there is a tendency and danger to forget we live in a very competitive environment. There is aggressive competition for the travel dollar. While the private sector and communities within the state have increased their efforts and expenditures to promote travel to Kansas the state has not met the challenge. Our state has fallen behind nationally and regionally in its appropriations to promote travel. Budget resources devoted to travel development are a prime measure of the state commitment to encouraging economic growth through tourism.



Nick Jordan's Testimony

Let me quote from the Redwood-Krider Report. "Travel and tourism is a growth industry in the United States, but Kansas is not currently competitive in developing this industry. Kansas's spending on travel and tourism has not kept pace with other states, and Kansas currently ranks 47th (report used 85-86 figures when Kansas ranked 44th) among the states in funding for its travel and tourism office. We believe Kansas has greater potential in this industry than has previously been recognized."

While Kansas ranks 47th nationally, we rank dead last regionally. Missouri, Oklahoma, Iowa and Nebraska all have greater budgets than the state of Kansas. Iowa alone jumped by 142 percent, from a \$615,000 budget to a \$1.49 million budget in 1986-87.

The Redwood-Krider Report made specific suggestions on how to go about establishing an overall travel and tourism strategy for the state. Their recommendations included funding increases for research on travel and tourism in the state and for marketing Kansas attractions in and out of the state. We, as the travel industry, heartily agree with these recommendations.

We would like to make the following specific requests on and above the current recommended budget.

Nick Jordan's Testimony

(1) \$60,000 be appropriated to join the private sector and communities in promoting and hosting the 1988 Society of American Travel Writers and National Tour Association conventions in Kansas City. These are two of the greatest travel industry conventions in the nation and can certainly put Kansas on the map through media exposure and create more motorcoach tour business. A luncheon at the National Tour Association convention is going to cost approximately \$100,000 alone. The private sector will obviously commit funding to help financially host these groups.

Attached is a copy of an article which testifies to the benefits Michigan enjoyed by hosting the Society of American Travel Writers.

(2) \$500,000 be appropriated for out-of-state advertising. The state of Kansas currently DOES NOT advertise outside of the state. This amount would match the lowest budget in the region--Nebraska.

(3) \$30,000 be appropriated to hire a full-time sales/marketing person to attend important travel shows and make personal calls on potential clients.

(4) \$50,000 be appropriated for research to identify the demographics of travelers to the state, why they are coming, how they are arriving and where they are visiting in the state.

Nick Jordan's Testimony

We are very aware of the financial position of the state in making these requests. Hopefully, you will consider these appropriations as an investment. You will receive a return for your money. For every dollar currently in the travel division budget, travelers are spending over \$1500.

If we were forced to prioritize we certainly would like to see appropriation's for the Society of American Travel Writers and National Tour Association conventions. These are so important.

In closing let me leave you with a saying from the Flying W Ranch in Colorado Springs. "There ain't been no business got here, except it been gone after." We want to go after business for Kansas and believe we can further increase travel expenditures in the state resulting in increased employment and tax revenues.

Thank you again for this opportunity to testify on behalf of Senate Bill

# Travel writers put Michigan on front page

By Julie Candler

Only a world's fair or a major sports event could attract more attention than Michigan got by hosting the annual convention of the Society of American Travel Writers.

Last September, about 260 gathered at the Grand Traverse Resort Village in Traverse City, Mich., for the event. Within a week, the press began praising Detroit and Michigan, and the state's charms still are being touted by newspapers, magazines, radio and network tv.

As a result of the convention and factors favoring domestic travel, the state expects a 9% increase in tourism revenue in 1986. The Michigan Travel Bureau of the Department of Commerce projects a 5.6% increase in person trips (100 miles or overnight by an individual) to a record 49.7 million for the year. Travelers are expected to pour \$13.7 billion into the state's economy and generate a record 298,000 jobs.

Tourism is Michigan's third largest industry, next to vehicle production and agriculture. In 1985, it produced state tax revenues of \$582.2 million. *Michigan Living* magazine, published by the Automobile Club of Michigan, labels tourism the state's low-tech growth industry. During the last recession, when auto sales and employment dropped, tourism continued to grow.

The travel writers convention cost \$250,000 in tax funds and contributions in kind from the travel industry. In return, it produced thousands of inches in the print media and precious minutes on national tv. One inch of favorable editorial comment evokes five times the credibility of the same amount of advertising, says Beverly Beitaire, president of Detroit-based PR Associates, the Michigan Travel Bureau's agency. On that basis, the investment in the SATW convention hit a marketing jackpot.

What sent the nation's most prestigious group of travel writers to Michigan was luck combined with savvy marketing, says Leonard R. Barnes, editor of *AAA Michigan Living* and former president of SATW.

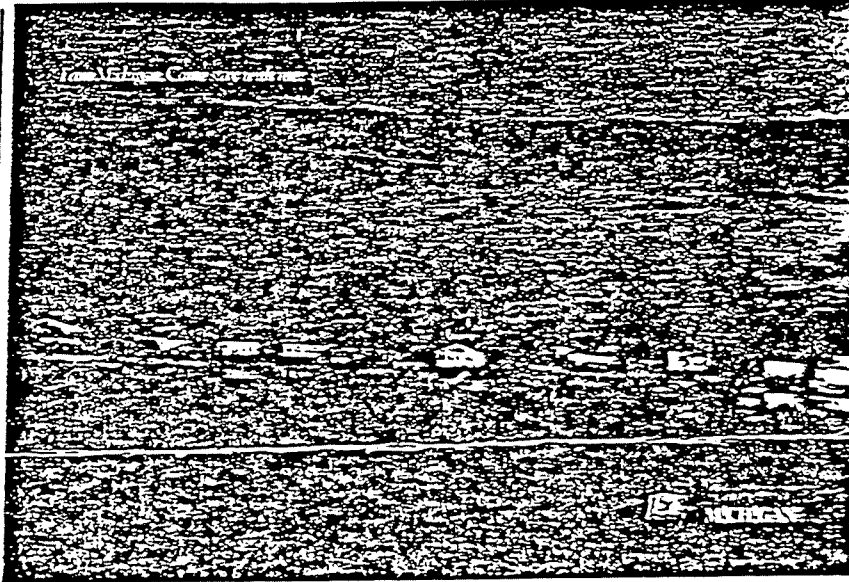
The organization had not convened within the continental U.S. since 1975. There was a feeling 1985 was the year to meet in the U.S., Mr. Barnes says.

But in 1983 when he proposed Michigan as the site of the 1985 convention, the response was, "Why Michigan? There's nothing to write about there."

Support came from Glenn Lashley, SATW president since 1985 and a travel writer who was impressed with Michigan.

"We had two other sites for consideration—Miami Beach and the colonial towns of Mexico," Mr. Lashley says. "But neither of those proposals came

Julie Candler is a free-lance writer based in Birmingham, Ala.



Michigan lures visitors with a \$3.41 million tourism ad budget.

through. We decided to take Michigan and start working two years ahead."

In 1983, when the choice for 1985 was announced to the 360 conventioners in Israel, the Michigan boosters heard more complaints about lack of story material. Counteracting that misconception was the next task. "A lot of these people are free-lance writers," Mr. Barnes says. "They have to try to make a living out of their travels."

Unless Michigan boosters could convince SATW members they would find enough good stories to make their trip to Michigan pay, attendance at the convention would be low.

Enter Detroit-based ad agency Ross Roy and senior vp Bruce Miller. Michigan's 1982 campaign, "Say Yes to Michigan," evolved into "Yes Michigan" by the summer of 1983, backed by a continually increasing ad budget. From October, 1985, to October, 1986, ad support for the tourism campaign is \$3.41 million, Mr. Miller says.

To help lure travel writers to the convention, Ross Roy produced posters, pamphlets and a 7½-minute film. Representatives of the Michigan Travel Bureau displayed them at the SATW's 1984 convention in Budapest.

In the following months, SATW members were the target of a direct mail campaign coordinated by Kathy Usitalo, vp-communications for the Metropolitan Detroit Convention and Visitors Bureau, Detroit, and Al Sandner, director-communications for the Michigan Travel Bureau.

In October, 1984, they sent each member a cap from the 1984 World Champion baseball team, the Detroit Tigers. With it was a letter of invitation to Michigan from Gov. James Blanchard. Near the holiday

panied a jar of cherry preserves from Traverse City.

In February, the members received nightcaps from a potential story source, the Red Flannel Factory near Grand Rapids, Mich.

Other mailings enclosed story ideas from the Michigan Travel Bureau. The writers received a list of 100 resource persons with addresses, phone numbers and a wrapup on the story possibility. The list included everything

the convention contained the highest ratio of working writers ever to attend the SATW convention, which also attracted editors and publicists, Ms. Usitalo says.

To help writers with contacts, and to generate Michigan residents' awareness of the convention and tourism's economic importance, the Travel Bureau contracted with PR Associates.

In addition to introducing SATW members to story contacts, agency account supervisor Sharian Douglas and an associate helped arrange interviews of the travel writers by local broadcast media.

The gathering took two years of planning, headed by Michigan Travel Bureau director John Savich; Deborah Keiley, president of the Grand Traverse Convention and Visitors Bureau; and William McLaughlin, director of the Detroit Convention and Visitors Bureau.

They set aside the first weekend of the 10-day convention for business meetings and tours of the Traverse City area. Then attendees broke into groups for four-day trips. One group toured Mackinac Island and the Grand Rapids area. Another visited the

Copper Country of the Upper Peninsula and Isle Royale National Park. A third traveled down the state's West Coast through Muskegon and the early Dutch settlement in Holland. They regrouped in Detroit and spread out again for optional visits to Greektown, Windsor, Ont., restaurants, Greenfield Village and more business meetings at Detroit's Renaissance Center.

After the convention, one of the first clippings to arrive at Mr. Sandner's desk at the travel bureau was from the *Los Angeles Times*.

"Detroit's appropriately



The Society of American Travel Writers said "Yes Michigan" in September, 1985.

from the inventor of the snowmobile to an expert on Michigan shipwrecks. Some of the contacts agreed to visit the convention press room to be interviewed.

"It really helps the writer to get several story leads and know where to reach somebody to confirm something if notes get rusty," says Mr. Lashley.

"The area that's going to prevail is the area that comes up with unique sources of information for unique stories.

"People want something that's not going to be covered by another writer," he says.

the theme for what is happening here," travel columnist Frank Riley wrote. Other stories—from the *Miami Herald*, *Houston Chronicle*, *Dallas Morning News*—all contained positive accounts. The *Chicago Tribune* and *Chicago Sun-Times* each produced several stories.

Writers raved about Michigan's waters, its friendly people, restaurants "as good as Manhattan's best," its highway system and its variety of attractions.

Following the convention, ad support for the Yes! Michigan tourism campaign, from October, 1985, to October, 1986, increased to \$4 million, Mr. Miller says. He estimates the media split at 50% tv, 30% radio and 20% print. Print outlets include a regional issue of *People* and AAA publications. The year-round campaign is directed to states whose residents most often travel to the Wolverine State: Illinois, Ohio, Indiana, Wisconsin, Minnesota and, of course, Michigan.

"We're starting to look at promoting our excellent golf courses and our 1987 sesquicentennial celebration in some test markets outside the Great Lakes region," Michigan Travel Bureau's Mr. Savich says.

"The positive reaction of these cynical travel writers showed us that we have something that compares well with New England, the Northwest Coast and the South," he says.

In addition to stepped up ad spending, Michigan received a favorable share of free publicity.

"Through December we were averaging two stories a week in major newspapers," Mr. Sandner says.

The second wave of publicity began this spring. In mid-April, Cable News Network did a feature on the promotion of tourism in Michigan and Illinois, the only state in the U.S. to out-spend Michigan. When Jane Laskey, *Esquire* travel editor, was interviewed on "CBS Morning News" about the terrorist threat to European travel, she told of two places in the U.S. with a European ambience. One was Michigan's Mackinac Island.

*USA Today* chose Michigan as one of only two states to receive one day's exclusive coverage in an eight-day series on travel in the U.S.

"There's no way we would have had that exposure if we hadn't had that convention," Ms. Usitalo says.

"Their [travel writers] attitude was that Michigan had been a well-kept secret," Ross Roy's Mr. Miller says.

"We were especially proud that they chose Michigan for the first visit in the continental United States in 10 years," Mr. Sandner says. "They normally go to exotic places overseas like the Bahamas, Poland, Hungary, Israel, and the Queen Elizabeth II in 1986.

"In Michigan they adopted a new policy. After 1988, once every three years the convention



**Kansas Association Of  
Broadcasters**

818 Merchants National Bank Bldg., Topeka, Kansas 66612

913/235-1307

March 19, 1987

TO: Subcommittee/KDOC Budget-Travel and Tourism

FROM: Harriet J. Lange  
Executive Director

RE: Ah Kansas Broadcast Promotion

In June 1982, the Kansas Association of Broadcasters and the Kansas Department of Economic Development launched a joint effort for the broadcast of radio and television commercials, which KDED produced as part of their Ah Kansas campaign. At that time, Kansas was only the second state in the nation to implement such a program; and we believe the results have far exceeded expectations.

Since the inception of the program 4½ years ago, Kansas radio and television stations have contributed air time amounting to over \$1.7 million in value (or an average of about \$31,000 per month). KDED's investment was \$10,000 in FY 83; \$15,000 in FYs 84 and 85; \$20,000 in FY 86; and \$30,000 in FY 87.

It is our hope that you will support retention of this cooperative program which has resulted in a substantial return on the state's investment.

Other economic development initiatives in which the KAB is involved are outlined on the attached. KAB President Hank Booth's letter of March 11 to Kansas radio broadcasters has been well received...over 30 radio stations (as of March 18) have indicated that they would air a 4½ minute monthly program on economic development facts and assistance that is available from KDOC. Others whose format is not suitable for the program, have indicated that they would air the 60 second PSA's.

The "Linger Longer in Kansas" radio station promotion (information attached) has also been well received. Many stations across the state have become an official "Linger Longer" station.

HJL/pkm

*Senate Committee on Economic Development  
3-19-87*

Attachments

*Attachment IX*

**PRESIDENT**  
Hank Booth  
KLWN/KLZR, Lawrence

**SECRETARY/TREASURER**  
Don Neer  
KTOP/KDVV, Topeka

**EXECUTIVE DIRECTOR**  
Harriet Lange, CAE  
KAB, Topeka

Marty Melia  
KLOE AM, Goodland

Stu Melchert  
KSCB AM/FM, Liberal

Dennis Czechanski  
KTKA TV, Topeka

**PRESIDENT-ELECT**  
John Mileham  
KWCH TV, Wichita

**PAST PRESIDENT**  
Sam Elliott  
KULY/KHUG  
Ulysess/Hugoton  
KU, Lawrence

**DIRECTORS**  
Jan Elliott  
KLOE TV, Goodland

Cliff Shank  
KSKU FM, Hutchinson

Wayne Grabbe  
KRSL/KCAY, Russell

Dick Painter  
WIBW AM/FM, Topeka

Harlan Reams  
KSAS TV, Wichita

KANSAS ASSOCIATION OF BROADCASTERS

KDOC - AH KANSAS BROADCAST PROMOTION

	FY 83 (June 82- June 83)	FY 84 (July 83- June 84)	FY 85 (July 84- June 85)	FY 86 (July 85- June 86)	(Partial) FY 87 (July 86- Feb. 87)
\$ Value/Radio	\$250,428	\$223,396	\$203,636	\$243,300	\$ 137,330
\$ Value/TV	\$189,998	\$209,904	\$131,504	\$117,505	\$ 66,315
Total Value (R/TV)	\$440,426	\$433,300	\$335,140	\$360,805	\$ 203,645
KDED/KDOC Investment	\$ 10,000	\$ 15,000	\$ 15,000	\$ 20,000	\$ 30,000

Total \$ Value of air time from inception of program: \$1,773,316  
(or an average of \$31,000 / month)



Kansas Association Of Broadcasters

818 Merchants National Bank Bldg., Topeka, Kansas 66612

913/235-1307

March 11, 1987

Dear Broadcaster Friends,

I am excited to announce that our initiatives on broadcaster involvement in the effort to get the Kansas economy going again have been received with several ideas for action in the state capitol. Now that we have indicated that we want to help it is time to put our air time where our mouths have been. The possibilities for the positive influence by the radio and TV stations of Kansas on the future of the state are controlled only by our own imaginations.

Secretary of Commerce Harland Priddle has suggested that he is willing to do a 4:30 program on a monthly basis to promote what the state is able to do for local individuals, businesses and communities. Last week we met with the secretary and he indicated that he has been amazed by the lack of information available to the general public about what type of help is already available. It is his plan to develop a program that we can send either by satellite or by tape to let our radio listeners know what some of those programs are. We hope that you will indicate that you can use such a program. The Secretary has also indicated a willingness to do a series of 60" PSA's that will do basically the same thing. We hope to include TV in this plan as well. If your format can't handle the longer program please consider using the PSA's. Secretary Priddle is an extremely good communicator. His message is simple...we need to get the people and the businesses of Kansas looking up instead of looking down.

We in the broadcasting industry can have a positive influence on the future of the state of Kansas. Now is the time to get started. This is a great way to show that we are willing to be a part of the solution.

Please indicate on the enclosed form whether or not you would air, on a monthly basis, a 4½ minute program on economic development, by Secretary of Commerce Harland Priddle. Secondly, indicate how you would prefer to receive the program, i.e., tape or KIN or KAN network satellite channel.

Return the form to the KAB by March 20. Thank you.

Sincerely,

Hank Booth  
KAB President

HB/pkm

**PRESIDENT**  
Hank Booth  
KLWN/KLZR, Lawrence

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Harlan Reams  
KSAS TV, Wichita



OFFICIAL  
**"Linger Longer in Kansas"  
Radio Station Participation**

The Travel and Tourism Development Division of the Kansas Department of Commerce (formerly Kansas Department of Economic Development) will soon introduce an exciting new promotion for out-of-state visitors to Kansas called "Linger Longer."

The "Linger Longer" program offers a free \$19.95 retail value Coleman 2-gallon jug to visitors who:



- A. Stay at least one night in a participating Kansas hotel, motel or campground;
- B. Eat at least one meal in a participating Kansas restaurant or patronize a participating specialty shop;
- C. Visit at least one participating Kansas tourism-related attraction.

Participation will be verified through "Linger Longer" Coupon Books distributed to visitors at all Kansas Tourist Information Centers as well as participating Chambers of Commerce and Convention and Visitors Bureaus. Companion directories listing all participating establishments statewide will be distributed with the coupon books. Initial distribution of 50,000 coupon books and directories is scheduled to begin approximately Memorial Day, 1987.

**YOUR STATION CAN ALSO PARTICIPATE.**

As you know, the overwhelming majority of visitors to Kansas travel by private auto. They depend on local radio for news, weather and other information helpful to travelers. In 1987 these travelers will be seeking out "Linger Longer" participants to earn the free Coleman jug.

**The "Linger Longer" program can help build this audience for you and build business for your local travel-related advertisers!**

As a "Linger Longer In Kansas" participant, your station will be listed in the official "Linger Longer" Directory given with the coupon book to visitors. Your listing will include city, call letters, frequency and hours of operation.

In return for this listing, Kansas Travel and Tourism asks only that your station pledge to:

1. Provide news, weather and other information of interest to travelers on a regular basis.
2. Work with your local "Linger Longer In Kansas" participating establishments to promote the program. This will include encouraging the radio advertising of their services during heavy tourism months.
3. Develop programming as possible to highlight the many attractions of interest to Kansas visitors.

**The cost is minimal!** Your station will be designated an official "Linger Longer In Kansas" participant for the entire year for a one time enrollment fee of just \$25.00 (the same fee all other participating establishments pay).

We believe this is a unique opportunity to work with your local advertisers and potential advertisers in the promotion of Kansas tourism while you provide a valuable service to our visitors.

Become an official "Linger Longer In Kansas" station today! Enrollment deadline is March 1, 1987. Thank you for your support.

**Cathy L. Kruzic**  
Director Kansas Travel & Tourism

**YES!**

We want to be an official 1987 "Linger Longer In Kansas" radio station!

Attached is our check for \$25.00 payable to Kansas Tourism "Linger Longer" Campaign. Please list our station(s) in the official "Linger Longer In Kansas" Directory as follows:

Station Call Letters \_\_\_\_\_ AM  FM

Station Frequency \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

NOTE: AM and FM stations under single ownership must enroll separately for both to be listed.

Please send to: Kansas Department of Commerce Travel & Tourism Development Division  
400 West 8th St., 5th Floor  
Topeka, KS 66603  
Attention: "Linger Longer" Marketing Manager