

Approved 2-14-90
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Dave Kerr at
Chairperson

8:00 a.m./~~p.m.~~ on February 6, 1990 in room 123-S of the Capitol.

All members were present except:
Senator Jack Steineger

Committee staff present:

Bill Edds, Revisor of Statutes' Office
Lynne Holt, Kans. Leg. Research Dept.
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Paul West, Kansas Legislative Research Staff

Chairman Kerr called the meeting to order. He explained that the survey the committee recently completed showed overwhelming interest in the Economic Development Initiatives Fund. (EDIF)

He introduced Paul West of Research Staff to give an explanation of EDIF expenditures.

Mr. West supplied the committee with Attachments 1 & 2. He explained the FY 90 and FY 91 EDIF budget charts. He explained what had previously been budgeted for the various agencies, and what the Governor's current recommendations are. Several agencies are recommended for severe cutbacks, or in some cases, programs would be eliminated, such as The Industry Liaison Program.

The Department of Commerce would realize two distinct changes. (FY90)

They are:

1. A decrease of \$89,000 in State Operations.
2. A reduction of approximately \$1,000,000 in the Kansas Partnership Fund.

The Governor has also removed funding from the Small Business Enterprise Loan Program, which was previously budgeted \$1,000,000. (This program was designed to make loans to small businesses who might be below an acceptable level of risk for a bank loan.)

The FY91 Initiatives Fund chart show that the Governor is recommending \$4.9 million for KTEC. This includes \$1.6 million in reappropriated financing. Mr. West stated that these changes may result in cash flow problems for the agency.

It was noted that \$18.9 million received from Lottery revenues has helped considerably to generate income. The \$22.4 million as compared to \$15.9 million available last year is a considerable increase in revenue.

Charles Warren, Pres. of Ks. Inc., testified. (Att. 3, 4 & 5) He supplied the committee with a chart on Economic Development Funding.

Chairman Kerr explained that there would be another meeting for committee discussion on this issue to decide if the committee would desire to draft a letter of recommendation concerning EDIF funds to the Ways and Means Committee.

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 123-S Statehouse, at 8:00 a.m./~~p~~ on February 6, 1990.

Senator Karr made a motion to accept the minutes of the January 31, 1990 meeting. Senator Moran seconded. Motion carried.

Meeting adjourned.

Date 2-6-90

VISITOR SHEET

(Please sign)

Name/Company

Name/Company

Ann Patterson - KDOC

Steve Cooper - KU

Scott Hessel - Kansas Inc.

DENNIS BAKER - SRS KanWork

WD Clements - Eagle

Bob Burtch - AAC

ECONOMIC DEVELOPMENT INITIATIVES FUND
FY 1990 Demand

Bill No.	Agency/Project	Agency Estimate ^(a)		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds
NA	Kansas, Inc.:										
	Special Studies	\$ 50,000	\$ 218,343	\$ 50,000	\$ 218,343						
S.B. 558	KTEC:										
	Grant Administration	\$ 225,930	\$ 646,000	\$ 225,930	\$ 569,841						
	Research Matching Grants	850,000	2,300,000 ^b	601,872	834,000						
	Business Innovation Matching Grants	150,000	448,128	-	50,000						
	Centers of Excellence	2,055,380	2,491,564	2,055,380	2,491,564						
	Value-Added Center	210,000	563,280	210,000	539,033						
	Seed Capital	440,000	440,000	440,000	440,000						
	Research Equipment Grants	650,000	930,529	650,000	930,529						
	Training Equipment Grants	-	179,517	-	179,517						
	Special Projects	150,000	502,264	150,000	502,264						
	Industry Liaison	328,000	343,000	-	-						
	Subtotal - KTEC	<u>\$ 5,059,310</u>	<u>\$ 8,844,282</u>	<u>\$ 4,333,182</u>	<u>\$ 6,536,748</u>						
S.B. 558	Department of Commerce:										
	Training Programs	\$ 1,425,000	\$ 2,750,000	\$ 1,425,000	\$ 2,750,000						
	OOE	481,027	1,408,732	391,835	1,331,343						
	Partnership Fund	3,417,703	3,417,703	2,314,000	2,314,000						
	Main Street Grants	51,000	51,000	51,000	51,000						
	CDC Grants	100,000	425,000	100,000	425,000						
	SBDC Grants	100,000	275,000	100,000	275,000						
	Trade Show Assistance	100,000	100,000	100,000	100,000						
	Export Loan Guarantee Program	750,000	750,000	750,000	750,000						
	Eisenhower Centennial Promotion	62,500	125,000	62,500	125,000						
	Subtotal - Commerce	<u>\$ 6,487,230</u>	<u>\$ 9,302,435</u>	<u>\$ 5,294,335</u>	<u>\$ 8,121,343</u>						
NA	Department of Wildlife and Parks:										
	Hillsdale Park Development	\$ 1,000,000	\$ 1,580,566	\$ 1,000,000	\$ 1,580,566						
NA	State Board of Agriculture:										
	Marketing Program OOE	\$ 180,000	\$ 560,641	\$ 180,000	\$ 575,641						
NA	State Conservation Commission:										
	Jetmore Multipurpose Small Lake	\$ 451,250	\$ 1,301,250	\$ 451,250	\$ 1,301,250						
NA	Wichita State University:										
	Rehabilitation Engineering Center	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000						
NA	Kansas Arts Commission:										
	Programming Grants	\$ 450,000	\$ 1,298,626	\$ 450,000	\$ 1,298,626						
NA	Department of Social and Rehabilitation Services:										
	KanWork Entrepreneur Program	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000						

SENATE ECONOMIC DEVELOPMENT
Att. 1
2-6-90

Bill No.	Agency/Project	Agency Estimate ^a		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds
NA	Department of Health and Environment: Contamination Remediation Superfund Match Subtotal - H and E	\$ 1,500,000 100,000 <u>\$ 1,600,000</u>	\$ 3,750,000 100,000 <u>\$ 3,850,000</u>	\$ 1,500,000 100,000 <u>\$ 1,600,000</u>	\$ 3,469,583 100,000 <u>\$ 3,569,583</u>						
H.B. 2729	Development Finance Authority: Enterprise Loan Program	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -						
NA	Public Broadcasting Commission KOD Grant	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000						
558	State Fair: State Operations	\$ -	\$ 1,739,108	\$ 100,000	\$ 1,734,618						
H.B. 2729	Department of Revenue: Commercial Circuit Breaker	\$ -	\$ -	\$ 1,611,000	\$ 1,611,000						
	GRAND TOTAL	<u>\$ 16,457,790</u>	<u>\$ 29,875,251</u>	<u>\$ 15,249,767</u>	<u>\$ 26,727,718</u>						

Resource Estimate - EDIF

	<u>Approved</u>	<u>Governor</u>	<u>Senate</u>	<u>House</u>
Beginning Balance	\$ 1,198,503	\$ 921,097	\$ 921,097	\$ 921,097
Lottery Transfers	12,600,000	12,600,000		
Racing Transfers	2,811,264	2,209,348		
Interest Earnings	15,043	212,869		
Total Available	<u>\$ 16,624,810</u>	<u>\$ 15,944,314</u>		
Less: Expenditures and Transfers	<u>(16,457,790)</u>	<u>(15,249,767)</u>		
Ending Balance	<u>\$ 167,020</u>	<u>\$ 693,547</u>		

a) The All Funds column includes funding reappropriated from prior fiscal years.

b) The agency anticipates that \$834,000 of this amount will be expended in the current year, with the balance (\$1,466,000) being reappropriated to FY 1991 while awaiting the required private sector match.

ECONOMIC DEVELOPMENT INITIATIVES FUND

FY 1991 Demand

Bill No.	Agency/Project	Agency Request		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All F
S.B. 450	KTEC:										
	Grant Administration	\$ 50,000	\$ 681,000	\$ 227,879	\$ 608,050						
	Centers of Excellence	3,643,000	4,262,000	2,450,000	2,450,000						
	Value Added Center	623,000	873,000	331,155	331,793						
	Value Added Special Project	1,000,000	1,000,000	--	--						
	Research Matching Grants	1,250,000	2,716,000	--	1,466,000						
	Seed Capital	500,000	500,000	--	--						
	Research Equipment Grants	400,000	400,000	--	--						
	Training Equipment Grants	250,000	250,000	--	--						
	Industrial Liaison Program	300,000	300,000	--	--						
	SBIR Grants	--	--	50,000	50,000						
	Special Projects	300,000	300,000	--	--						
	Subtotal -- KTEC	\$ 8,316,000	\$ 11,282,000	\$ 3,059,034	\$ 4,905,843						
S.B. 450	Commerce:										
	State Operations	\$ 605,196	\$ 1,424,524	\$ 1,452,630	\$ 1,875,134						
	Training Programs	849,471	3,250,000	2,750,000	2,750,000						
	Partnership Loans	3,500,000	3,500,000	500,000	500,000						
	Main Street Assistance Grants	75,000	75,000	a	--						
	CDC Grants	300,000	750,000	425,000	425,000						
	SBDC Grants	100,000	350,000	275,000	275,000						
	Trade Show Assistance	200,000	200,000	150,000	150,000						
	Subtotal -- Commerce	\$ 5,629,667	\$ 9,549,524	\$ 5,552,630	\$ 5,975,134						
S.B. 452	Wildlife and Parks:										
	Education Center Design	\$ 105,000	\$ 210,000	\$ --	\$ --						
	Western Kansas Water Analysis	250,000	250,000	--	--						
	Recreational Access Program	1,250,000	1,250,000	1,250,000	1,250,000						
	Recreational Access Operations	399,611	399,611	--	317,782						
	Subtotal -- Wildlife and Parks	\$ 2,004,611	\$ 2,109,611	\$ 1,250,000	\$ 1,567,782						
S.B. 452	Board of Agriculture:										
	Market Promotion and Development	\$ 205,500	\$ 906,967	\$ 180,000	\$ 588,554						
S.B. 453	Historical Society:										
	Committee for the Humanities Grant	\$ 65,000	\$ 65,000	\$ --	\$ --						
	Historical Resources Grants	20,000	20,000	20,000	20,000						
	Subtotal -- Historical Society	\$ 85,000	\$ 85,000	\$ 20,000	\$ 20,000						
453	Kansas Arts Commission:										
	State Operations	\$ 20,000	\$ 614,730	\$ --	\$ 424,666						
	Arts Programming Grants	724,695	1,464,150	450,000	1,241,436						
	Subtotal -- Kansas Arts Commission	\$ 744,695	\$ 2,078,880	\$ 450,000	\$ 1,666,102						

SENATE ECONOMIC DEVELOPMENT
 Att. 2
 2-6-90

Bill No.	Agency/Project	Agency Request		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds
AA	Wichita State University: Rehabilitation Engineering Center	\$ 105,000	\$ 105,000	\$ --	\$ --						
. 453	School for the Visually Handicapped: Handicapped Arts Program	\$ --	\$ 75,000	\$ 75,000	\$ 75,000						
S.B. 452	State Fair: State Operations	\$ --	\$ 2,077,029	\$ 100,000	\$ 1,919,477						
H.B. 2625	Revenue: Homestead Circuit Breaker	\$ --	\$ --	\$ 9,555,000	\$ 9,555,000						
NA	State Water Plan Fund: Demand Transfers	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000						
GRAND TOTAL		\$ 19,090,473	\$ 30,269,011	\$ 22,241,664	\$ 28,272,892						

a) The Governor recommends \$51,000 for this item as a state operations expense.

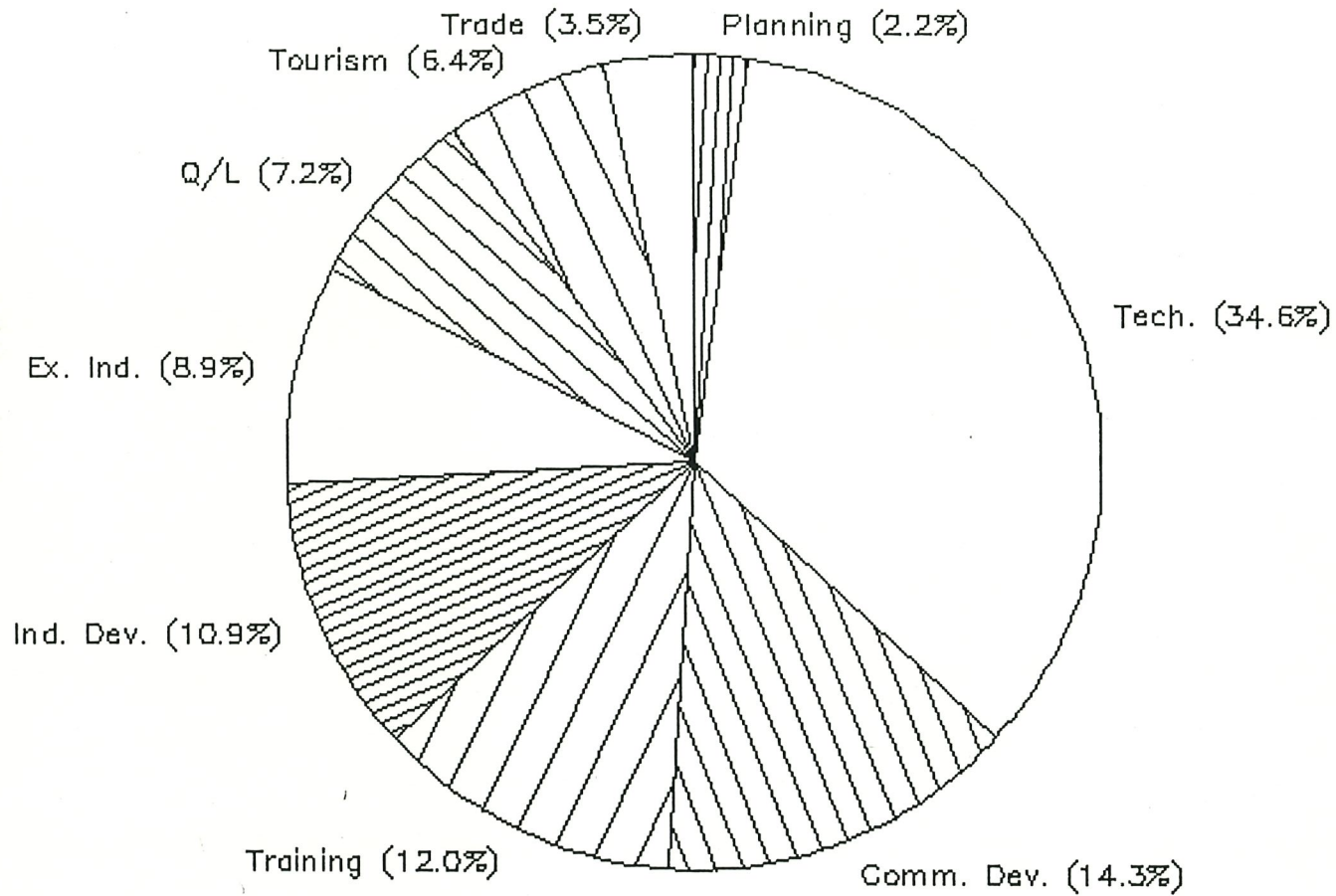
Resource Estimate - EDIF

	Governor	Senate	House
Beginning Balance	\$ 693,547	\$	\$
Lottery Transfers	18,900,000		
Racing Transfers	2,602,601		
Interest Earnings	177,051		
Total Available	\$ 22,373,199	\$ 0	\$ 0
Less: Expenditures and Transfers	22,241,664		
Ending Balance	\$ 131,535	\$ 0	\$ 0

2-2

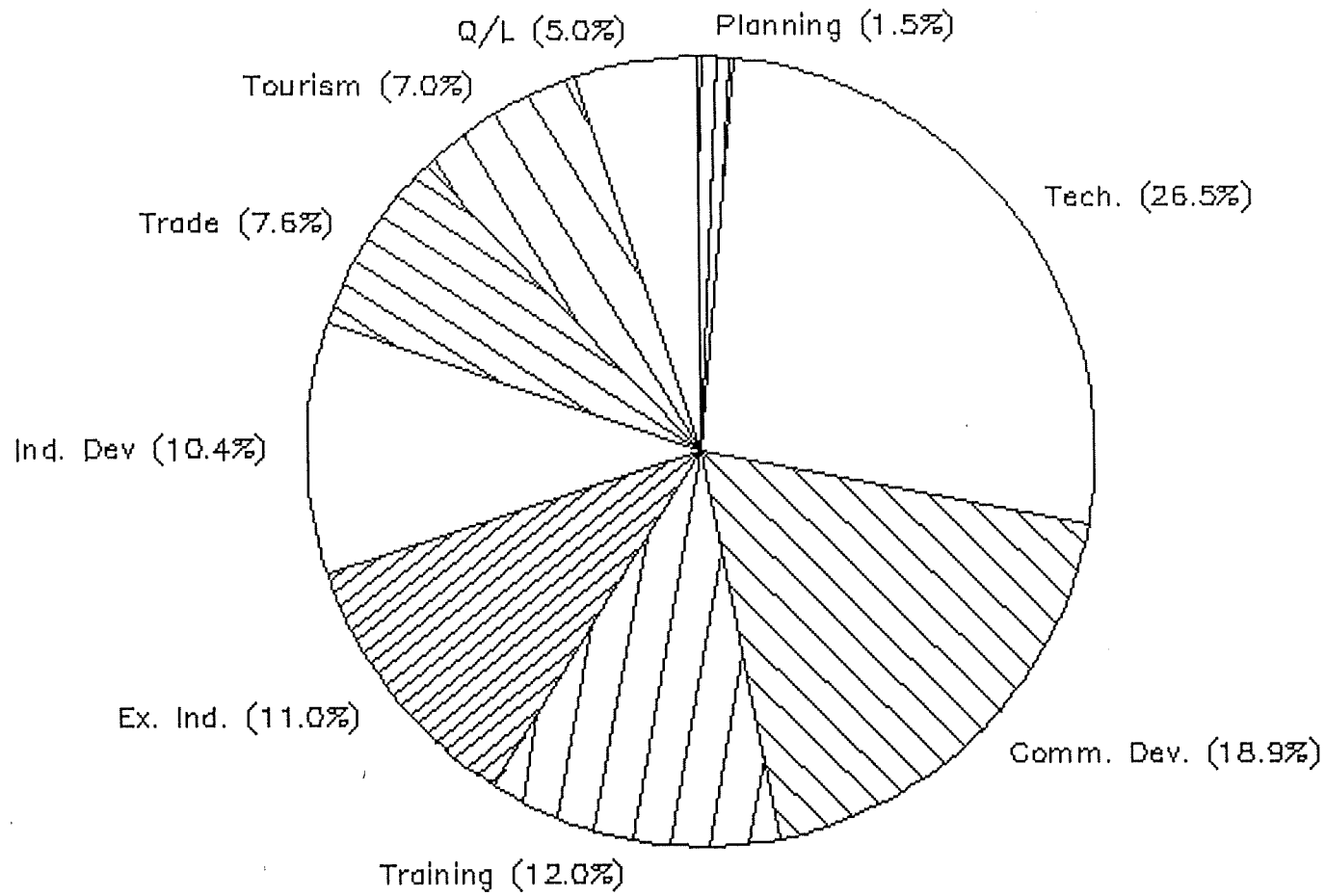
ECONOMIC DEVELOPMENT FUNDING

(FY89 Actual)



ECONOMIC DEVELOPMENT FUNDING

(FY90 Estimates As Approved)

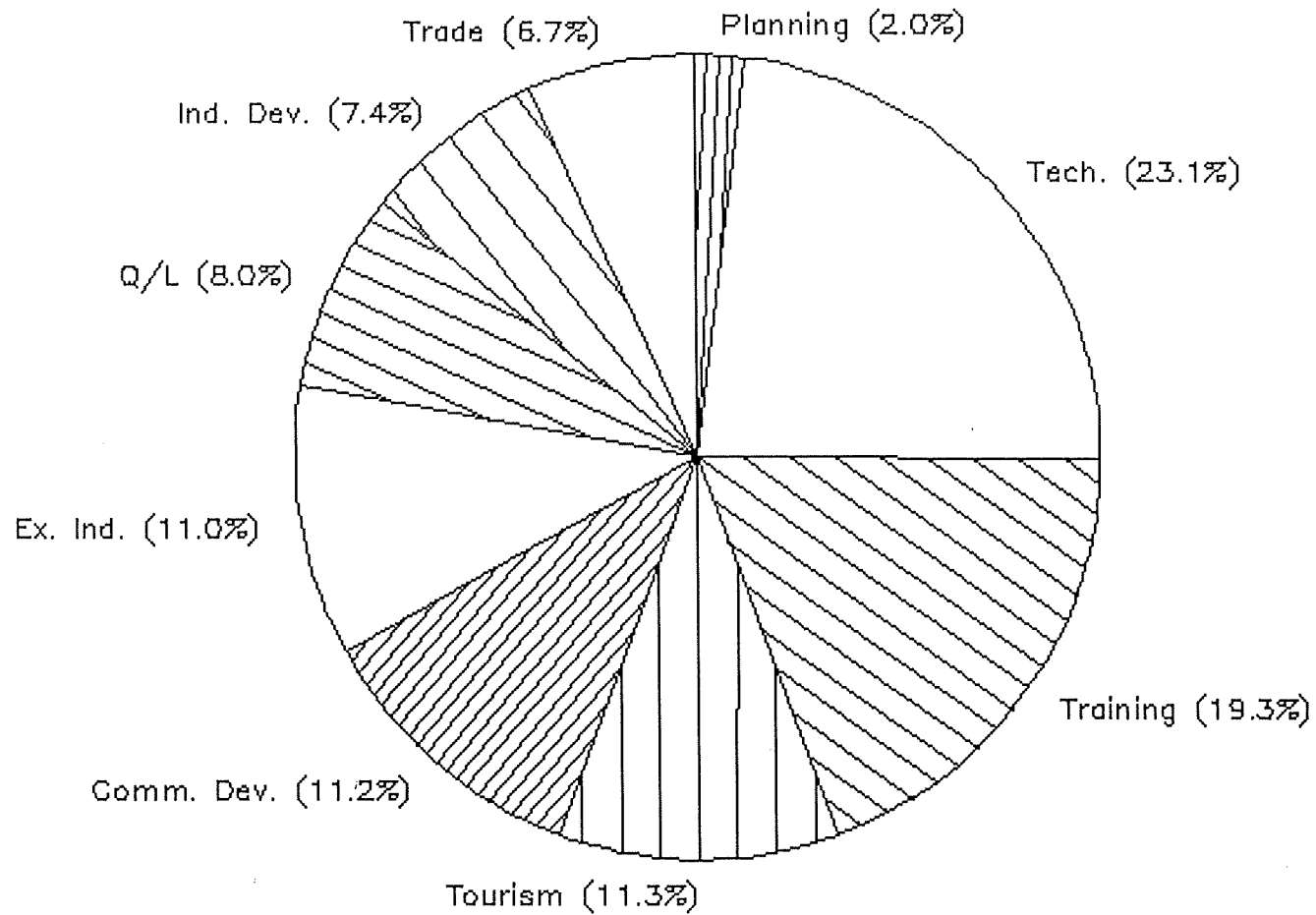


3-2

ECONOMIC DEVELOPMENT FUNDING

(FY91 - Governor's Recommendations)

3-3



ECONOMIC DEVELOPMENT FUNDING
(FY 89-91)*

Technology (Tech.):

Funding includes SGF and EDIF appropriations to Kansas Technology Enterprise Corporation (KTEC).

Community Development (Comm. Dev.):

Funding includes SGF appropriations to Community Development division in Department of Commerce and EDIF allocations to the Main Street Program and Partnership Fund.

Industrial Development (Ind. Dev.):

Funding includes SGF appropriations to Industrial Development division in Department of Commerce and proposed EDIF allocation for industrial marketing.

Existing Industry (Ex. Ind.):

Funding includes SGF appropriations to Existing Industry division in Department of Commerce. It also includes EDIF allocations to the Small Business Development Centers and Certified Development Companies grant programs in the Existing Industry division and the Enterprise Loan Fund administered by the Kansas Development Finance Authority.

Training:

Funding includes SGF and EDIF to Kansas Industrial Training and Kansas Industrial Retraining programs in the Industrial Development division in the Department of Commerce.

Quality of Life (Q/L):

Funding includes SGF and EDIF appropriations to Kansas Arts Commission and EDIF appropriations to the Historical Society and Kansas Committee on the Humanities.

Tourism:

Funding includes SGF and EDIF appropriations to Travel and Tourism division in the Department of Commerce.

Trade:

Funding includes SGF appropriations to Trade Development division in the Department of Commerce and EDIF appropriations for the Export Finance and Trade Fair Assistance programs.

Planning:

Funding includes SGF and EDIF appropriations to Kansas, Inc.

[*: Funding levels based on actual FY89, estimated FY90 and proposed FY91.]

Economic development focus changing

Bayh plans to revamp assistance programs

STAR STAFF ILLUSTRATION

By ERIC B. SCHOCH
STAR STAFF WRITER

Having inherited an economic development system designed for the 1980s, the Bayh-O'Bannon administration has started the 1990s by revamping state government's efforts to promote economic growth.

While the quasi-public organizations and university-based efforts that make up that system may not change much, the focus of the state's economic development effort probably will — at least, state officials vow it will. The result likely will affect the kinds of assistance companies and individuals can expect from state government.

Although the concepts are better defined than the details, interviews with officials in the administration of Gov. Evan Bayh and others provide an outline of intentions:

■ First, a yearlong effort to decide how to translate the administration's "Indiana focus" rhetoric into programs that de-emphasize financial incentive programs, such as grants for sewer lines to new factories, that are targeted at individual businesses.

"Certainly in the next year our intentions are to evaluate the state's economic incentives to both existing industry in the state of Indiana, and incentives to attract new industries to the state, looking at a move away from the brick and mortar incentives, giveaways, what's in effect a

wage subsidy," said Fred P'Pool, Bayh's aide for economic development.

■ An effort to coordinate the many programs created in the past several years to provide information and assistance to Hoosier businesses. This likely will give the Department of Commerce more influence over economic development issues.

"We need to pull all those players together and have a focused program," said Lt. Gov. Frank O'Bannon, explaining that the coordinat-

"We need to pull all those players together and have a focused program. It has to be someone with administrative authority."

— Lt. Gov. Frank O'Bannon



ing effort will come from the governor and lieutenant governor's office. "It has to be someone with administrative authority. That doesn't mean we're taking over those programs."

■ Attempts to find ways to get business to help itself, as government officials realize that the public sector doesn't have the money or time to do the job itself.

The Bayh administration has made it clear it views job training and retraining as its top priorities in economic development. In his State of the State speech two weeks ago, Bayh called for creating a "bipartisan task force" to re-evaluate and redesign the state's system of job training, and the administration is seeking \$3 million in additional job-training funds for the coming fiscal year.

The administration will want the recommendations of that task force to be available before the end of this year, P'Pool said.

In fact, by the end of 1990 the administration should have a comprehensive economic development legislative package to present to next year's session of the Indiana General Assembly, said Thomas L. New, O'Bannon's policy aide. He said he cannot yet link a dollar figure to that package. "It's got to be some significant new dollars if

See FOCUS Page 5

Focus

★ Continued from Page 1

you're really going to get the kind of coverage statewide that you're going to need. And it may require shifting of funds, not just new dollars," New said.

The Indiana Strategic Development Fund is a model of the approach the Bayh administration likes. The \$3 million program was created last year to fund cooperative efforts in such areas as worker training on which businesses could collaborate.

For example, commerce department Executive Director Thayer Richey said he wants to redirect some of the training funds now targeted to individual companies into joint programs similar to the Strategic Development Fund.

Meanwhile, administration officials began meeting early this month to hammer out a new program to help make existing Indiana businesses more competitive. The effort has been dubbed Manufacturing Outreach by New, although he and others question whether they want the name to imply the effort is limited to manufacturing.

Nevertheless, Indiana remains a state where manufacturing is a critical business — more than 25 percent of the jobs in Indiana are in the manufacturing sector, compared with just less than 18 percent for the nation as a whole.

"Modernization of existing business is the big thing that is going to preoccupy us" in the next decade, said Graham Toft, president of the Indiana Economic Development Council.

It is this effort to help businesses integrate new, successful technologies and management systems that has seen a mushrooming in services in the past two or three years. It also has led to sniping about turf issues and calls for better coordination.

The economic development system created by the Orr/Mutz administration — a group of independent organizations with different tasks but working toward the same goals — has begun to unravel somewhat.

Indiana's "public-private partnership" isn't as strong as it used to be, New said.

"I think in the last couple of years, even before we came into office, I think that broke down a little bit," he said. "There wasn't the kind of close coordination there might have been earlier."

As the Corporation for Science and Technology worked last year on a study of technology in Indiana, it found 25 organizations providing technical information and assistance to businesses.

"One of the things we found is that in the view of those different organizations, many of them feel they are the lead organization in a whole bunch of areas," said Stephen J. Gage, president of CST. "We've got some role sorting out to do."

Harsh assessment

The harshest assessment comes from Toft, whose Economic Development Council was created in 1985 to evaluate and coordinate the various economic development programs in the state. In a recent paper that graded the council's activities, he gave it an "F" on coordination.

"We have a totally dysfunctional economic development system right now," Toft said. "We have providers developing and delivering programs without talking to other providers who are doing similar things."

Every major university in Indiana now has programs offering businesses the consulting services of professors, the information resources of its libraries and researchers, or both. (Purdue University, in fact, operates four such programs.)

A variety of sources, including Purdue, Indiana University, the Department of Commerce and several federal agencies, provide advice and assistance on obtaining federal contracts and research funds.

The Indiana Labor and Management Council advises companies on integrating technology and people — what it calls "socio-technical systems" — but on a small scale due to limited staff and funding.

In addition to providing loans for research to young technology

companies, the Corporation for Science and Technology has created a center in Fort Wayne to produce advanced custom computer chips for Indiana firms.

And, in a test program, CST a year ago created four regional Manufacturing Technology Service centers to provide assistance to small businesses. Late last year it announced a fifth center in Evansville to join those in Terre Haute, Columbus, Fort Wayne and Merrillville.

Each center has an agent who evaluates the business and technical needs of local companies, and identifies resources available to help those firms.

"We're prepared to run 14 of these around the state," said Gage, which he said would cost just less than \$14 million annually.

Gage said it makes good sense for CST to continue to operate the centers. "I don't see anybody else ready to step in."

Not everyone agrees that this is a job for CST.

Robert J. Firenze, in fact, argues that CST created the manufacturing centers because it was being criticized for lack of returns on its original mission, providing loans for research to young technology companies. Firenze is director of the Indiana Labor and Management Council.

While the labor and management council was planning to seek additional state funds to develop regional centers to provide its brand of services, "CST had the funds and they went ahead and did it," Firenze said.

"We do not believe CST should be doing what they're doing. That's not a matter of duplication, that's a matter of usurping duties beyond their mission," Firenze said. "There's been no linkage between their centers and us."

The Bayh administration is committed to some sort of statewide system of regional manufacturing assistance centers working as information brokers.

But, said P'Pool, it's unlikely that CST will oversee the system. "The coordinating body has yet to be determined, but the coordinating role will probably come through the Indiana Department of Commerce," he said.

Extension service

During the 1988 gubernatorial campaign, Bayh said the new administration would create a Manufacturing Excellence Extension service that would deploy technology consultants throughout the state to help small and medium-size manufacturers improve their manufacturing processes.

The model for this plan was the Michigan Modernization Service, launched in 1987. The state-funded service assists small and medium-size manufacturers by contracting with professional consultants from non-profit and private organizations.

Doug Ross, former Michigan

commerce department director and now president of the Corporation for Enterprise Development in Washington, D.C., says the problem with the Michigan Modernization Service is that it's just too small. In fact, he says, all publicly funded efforts will be too small. The Michigan program has assisted about 500 firms, he said, "but the universe is 6,000 (companies), and by the time we get to all of them the Japanese will have eaten our lunch."

"The fallacy is that the public agency can be the sole supplier," Ross said. "If you are waiting for us to provide these goods and services, you're waiting for Godot."

Toft, who agrees with Ross' assessment, said the task for government now is to figure out how to spur industry to speed up the effort of modernizing itself.

In fact, Toft said, the state needs to re-evaluate its economic development system to produce one that fits the economy in the 1990s.

"We developed economic development systems in the '80s to respond to the economy of the '80s," Toft said.

"The state came up with these various programs to re-industrialize Indiana, to try to recapture our losses in manufacturing, by bringing in more manufacturing, and to do that by what we call industrial recruitment."

The second wave, he said,

was the "small business development/grow from within" wave. The third wave focuses on the need for businesses of all stripes to be competitive with businesses worldwide.

"We should be recruiting people, not businesses, by the mid-1990s, because people are the most important thing in economic development. When you recruit people, you're talking about providing quality of life, housing, education.

"These are the kinds of things that cause people to stay and attract businesses looking for high-quality employees," said Toft.

What's hot, what's not, in the 1990s

Here are the trends the Indiana Economic Development Council believes will be more important, and less important, in the 1990s. The trends are represented by the color curves. For example, recruiting new manufacturers was most important in 1980, but will be less important in the '90s.

Recruiting new manufacturers

Recruiting service businesses

Modernizing existing businesses

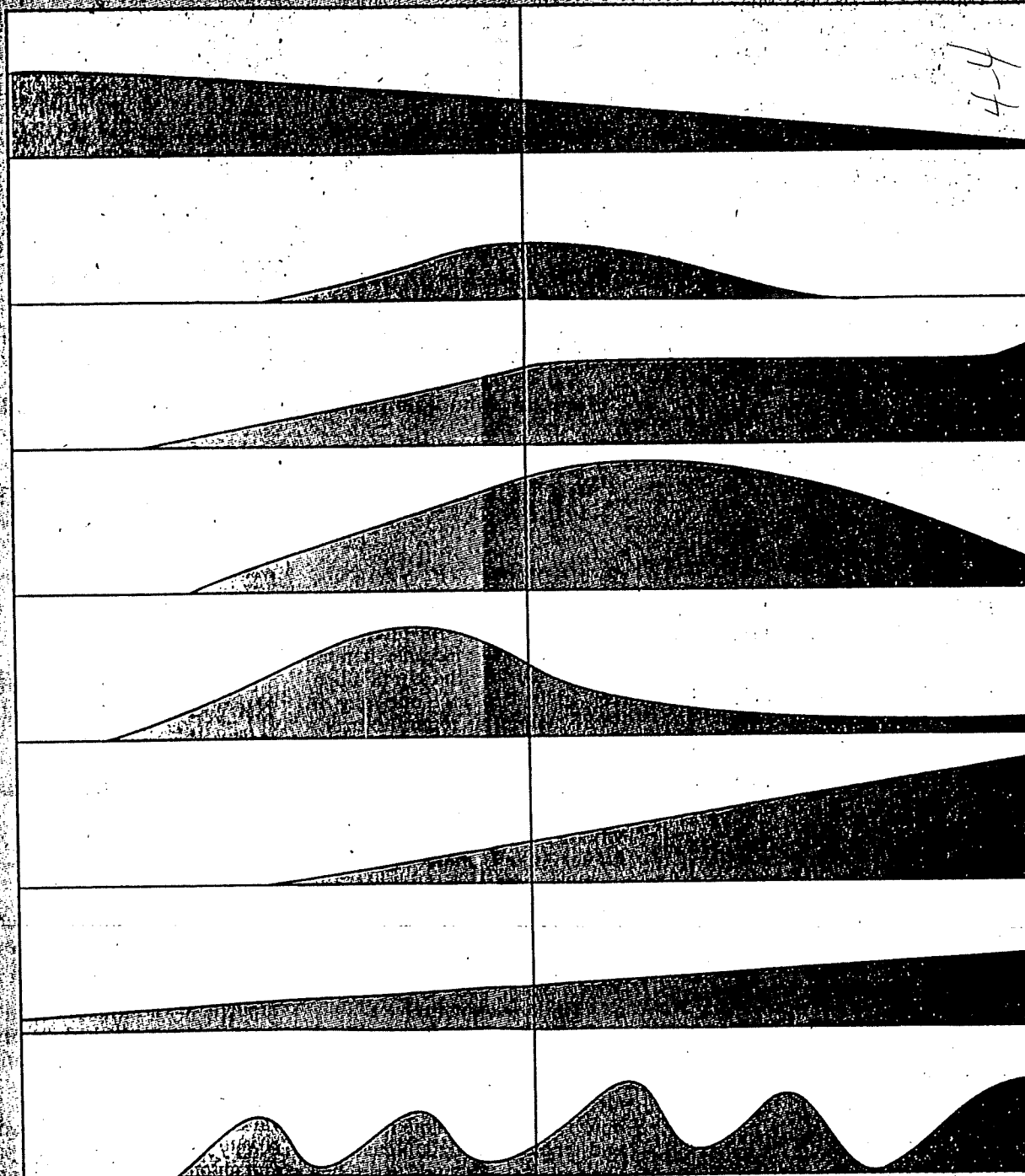
Retraining the work force

State investments in new technologies

Materials/Resource substitution

Importance of economic regions

Infrastructure investment



Programs to recruit new manufacturing businesses won't disappear, but will become progressively less important.

Recruiting new service businesses will grow for several years.

Upgrading existing companies' technologies and systems will be an important focus for the rest of the decade.

Retraining of workers will be one of the dominant efforts of the 1990s.

Interest in state-funded programs to invest in new technologies - such as the Corporation for Science and Technology - already has peaked.

The need to find substitutes for various materials and resources (including people) that are in short supply will grow swiftly.

Economic development will encourage cooperative efforts in regions that cross state lines or other such boundaries.

Infrastructure - such as roads, sewers and airports - remains important but interest rises and falls regularly.

1980

1990

2000

ECONOMIC DEVELOPMENT EXPENDITURES
Fiscal Years - 1988 to 1991

Agency/Fund	FY 88 Actual	FY 89 Actual	FY 90 Estimate*	FY91 Gov.'s Recs
Commerce (SGF)	\$5,824,167	\$6,582,132	\$8,096,506	\$5,450,897
KTEC (SGF)	1,176,013	256,878	1,011,713	246,073
Kansas Inc. (SGF)	291,712	291,770	296,129	284,256
<hr/>				
Total SGF:	\$7,291,892	\$7,130,780	\$9,404,348	\$5,981,226
<hr/>				
Total EDIF:**	\$3,364,700	\$9,776,645	\$13,276,540	\$9,261,664
<hr/>				
TOTAL FUNDING:	\$10,656,592	\$16,907,425	\$22,680,888	\$15,242,890
<hr/>				
CHANGE:				
Actual:		\$6,250,833	\$5,773,463	(\$7,437,998)
Percent:		58.7%	34.1%	-32.8%
GAMING REVENUES:***				
Total:	8,500,000	21,560,545	24,682,247	23,891,779
Eco. Devo. (%):	39.6%	45.3%	53.8%	38.8%

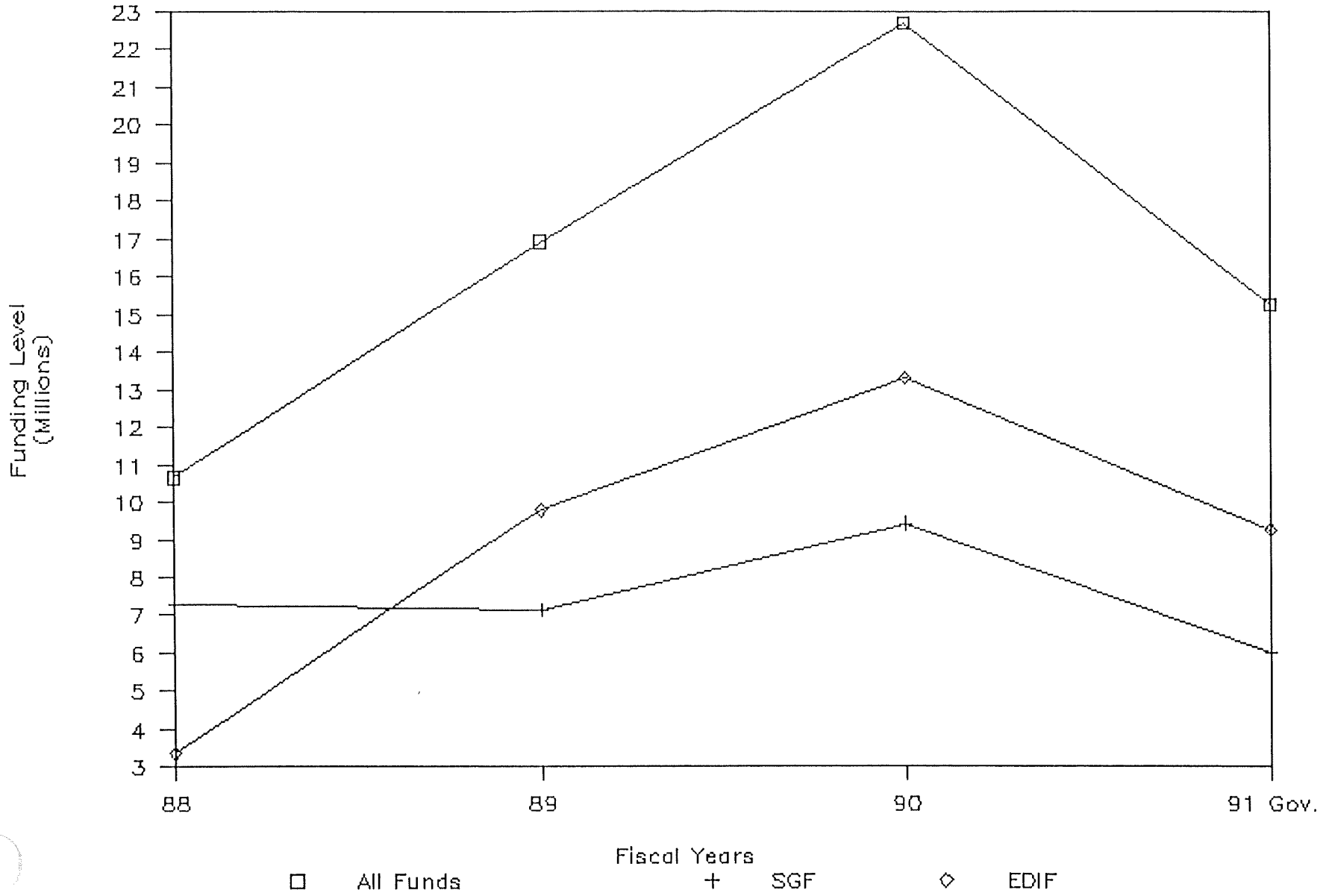
[*: FY90 estimate is as approved by Legislature and Governor during 1989 Session. It does not include any changes as recommended by Governor during 1990 Session.]

[**: Includes only those appropriations from EDIF made to Department of Commerce, KTEC, Kansas Inc., Kansas Arts Commission, Board of Agriculture (Marketing), KanWork Self-Employment, KDFA Small Business Loan Fund, and the Kansas Historical Society.]

[***: State Gaming Revenue Fund totals for FY90 and FY91 are Governor's estimates. FY88 and FY89 are actual.]

ECONOMIC DEVELOPMENT FUNDING

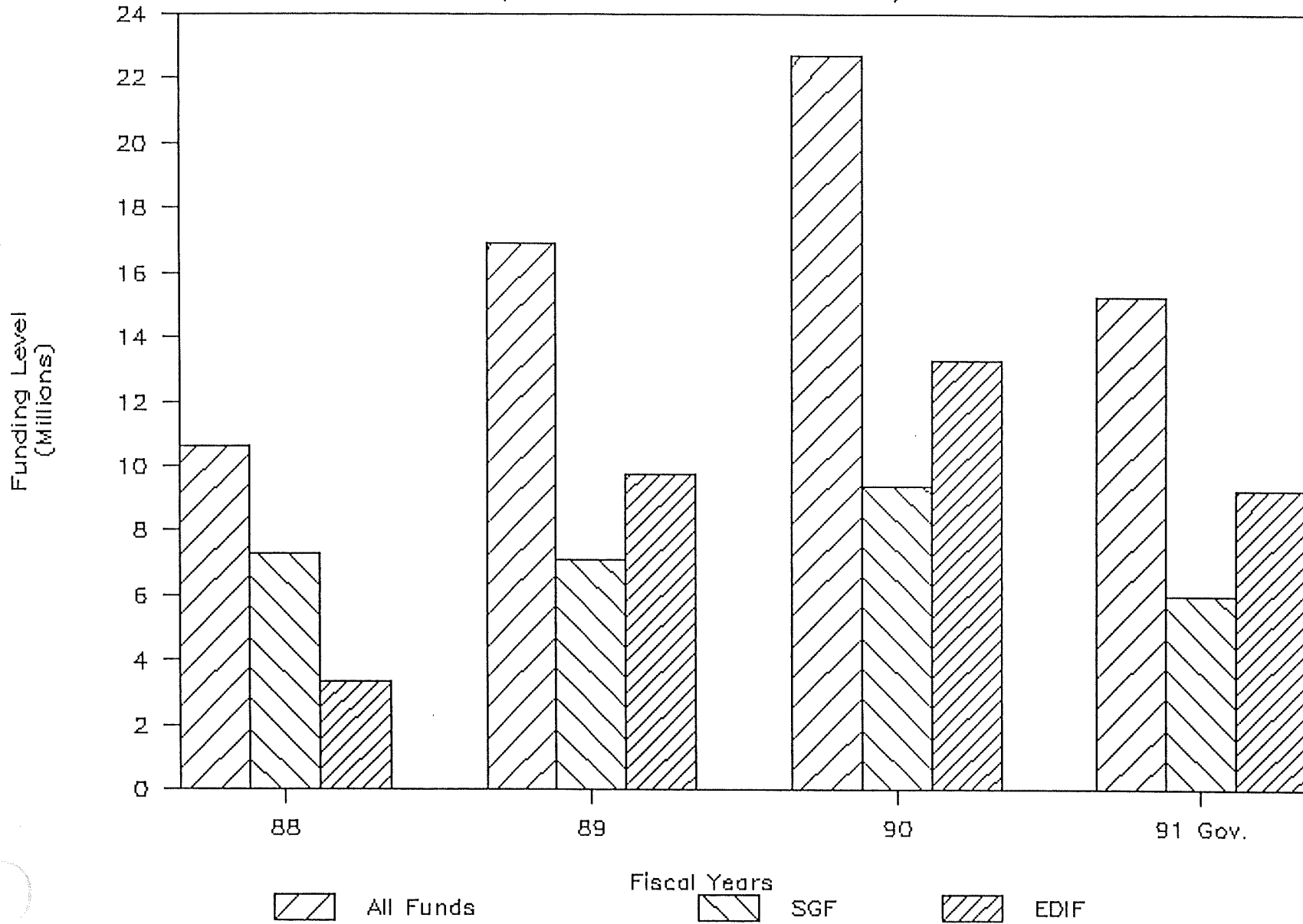
(Fiscal Years 1988 to Gov. 1991)



5-2

ECONOMIC DEVELOPMENT FUNDING

(Fiscal Years 1988 to Gov. 1991)



5-3