

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 13, 1990 in room 123-S of the Capitol.

All members were present except:  
Senator Vidricksen

Committee staff present:

- Bill Edds, Revisor of Statutes' Office
- Lynne Holt, Kansas Legislative Research Dept.
- Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

- Paul West, Kansas Legislative Research Dept.

Chairman Kerr called the meeting to order and said that the agenda would be continued discussion and a possible recommendation concerning Economic Development Initiative Fund (EDIF) for the budget of KTEC. The recommendation would be made to Senator Allen, Subcommittee Chairman of Ways and Means KTEC budget.

Initially, 60% of Lottery income was to be allocated for economic development. The Governor's recommendations will greatly affect the money available to KTEC for their specific programs.

Chairman Kerr stated that he felt the reduction in funds to KTEC would be extremely detrimental to many integral programs of KTEC, to the point of rendering them ineffective.

Paul West of the Research Dept. once again explained the Economic Development Initiatives Fund charts, (Att. 1 & 2). (Attachments 3, 4, & 5 were also attachments of KTEC's expenditures & budget analysis.) In response to a question from Chairman Kerr, Bill Brundage of KTEC responded that the balance of \$96,545 was to cover the following expenses:

Communications	\$19,500	Work Shops	\$6,700
Printing	6,300	Contracted	
Advertising	10,000	Services	6,376
Travel	7,500	Research	16,707
Legal Fees	15,200	Bd. of Dir.	
Publications	600	Meetings	3,500
Capital Outlay	6,200	Hospitality	4,000

After reviewing the Initiatives Funds charts, particular attention was given to the Industrial Liaison Program and Special Projects Program which are in serious need of funding.

Mr. Brundage informed the committee that KTEC is already committed to Wyandotte County and Garden City for Industrial Liaison Programs which are currently underway, and it would put KTEC into a very critical situation to be forced to discontinue them.

After committee discussion, Senator Winter made a motion that the committee submit a letter of recommendation to Senator Allen, Chairman of Ways and Means Subcommittee on the KTEC budget, to propose an increase in the use of EDIF funds for KTEC, and that the increased EDIF funding generally follow the priorities of the agency. Senator Salisbury seconded. Motion carried. (Att. 6) Sen. Steineger requested to be recorded as "passing". Meeting adjourned.

Date 2-13-90

VISITOR SHEET

(Please sign)

Name/Company

Name/Company

Name/Company	Name/Company
Ann Patterson - KDOC	
Cindy Diehl - KTEC	
Bill Brunase - KTEC	
Kevin Can - KTEC	
Walt Darling - Budget	
Charles Wynn	Kansas Time
Alan Steppat - Pete McGill & Assoc.	
Harold Stonies - Ks Bank & Trust	
Bob Grant - KCCI	

ECONOMIC DEVELOPMENT INITIATIVES FUND  
FY 1990 Demand

Bill No.	Agency/Project	Agency Estimate <sup>(a)</sup>		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All
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 <sup>b</sup>	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	\$ 5,059,310	\$ 8,844,282	\$ 4,333,182	\$ 6,536,748						
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	\$ 6,487,230	\$ 9,302,435	\$ 5,294,335	\$ 8,121,343						
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						

Bill No.	Agency/Project	Agency Estimate <sup>a</sup>		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	\$ 1,500,000	\$ 3,750,000	\$ 1,500,000	\$ 3,469,583						
		<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>						
	Subtotal - H and E	<u>\$ 1,600,000</u>	<u>\$ 3,850,000</u>	<u>\$ 1,600,000</u>	<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						
B. 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						
	<b>GRAND TOTAL</b>	<u>\$ 16,457,790</u>	<u>\$ 29,875,251</u>	<u>\$ 15,249,767</u>	<u>\$ 26,727,718</u>						

2-2

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	<u>15,043</u>	<u>212,869</u>		
Total Available	\$ 16,624,810	\$ 15,944,314		
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 Funds
S.B. 450	<b>KTEC:</b>										
	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	<u>\$ 8,316,000</u>	<u>\$ 11,282,000</u>	<u>\$ 3,059,034</u>	<u>\$ 4,905,843</u>						
S.B. 450	<b>Commerce:</b>										
	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	<u>\$ 5,629,667</u>	<u>\$ 9,549,524</u>	<u>\$ 5,552,630</u>	<u>\$ 5,975,134</u>						
S.B. 452	<b>Wildlife and Parks:</b>										
	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	<u>\$ 2,004,611</u>	<u>\$ 2,109,611</u>	<u>\$ 1,250,000</u>	<u>\$ 1,567,782</u>						
S.B. 452	<b>Board of Agriculture:</b>										
	Market Promotion and Development	\$ 205,500	\$ 906,967	\$ 180,000	\$ 588,554						
S.B. 453	<b>Historical Society:</b>										
	Committee for the Humanities Grant	\$ 65,000	\$ 65,000	\$ --	\$ --						
	Historical Resources Grants	20,000	20,000	20,000	20,000						
	Subtotal -- Historical Society	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>						
53	<b>Kansas Arts Commission:</b>										
	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	<u>\$ 744,695</u>	<u>\$ 2,078,880</u>	<u>\$ 450,000</u>	<u>\$ 1,666,102</u>						

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
A	Wichita State University: Rehabilitation Engineering Center	\$ 105,000	\$ 105,000	\$ -	\$ -						
S.B. 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						
<b>GRAND TOTAL</b>		<b>\$ 19,090,473</b>	<b>\$ 30,269,011</b>	<b>\$ 22,241,664</b>	<b>\$ 28,272,892</b>						

2-2

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

KANSAS TECHNOLOGY ENTERPRISE CORPORATION  
 FY 1990 BUDGET ANALYSIS  
 (As of January 31, 1990)

ALL FUNDS	Beginning Allocation	Expenditures & Commitments	Balance	SB 558 Proposed Cuts
Operations/KTR Data Base*	\$646,000	\$549,455	\$96,545	\$76,159
Centers of Excellence	2,491,564	2,450,171	41,393	0
KS Agricultural Value Added Center	563,280	317,056	246,224	24,247
Research Matching Grants	2,344,568	1,265,824	1,078,744	1,510,568
Seed Capital	440,000	440,000	0	0
Research Equipment Grants	930,529	866,690	63,840	0
Training Equipment Grants	179,517	179,517	0	0
Industrial Liaison	343,000	300,000	43,000	343,000
SBIR	448,128	3,971	444,157	398,128
Special Projects	502,264	277,837	224,427	0
<b>TOTAL</b>	<b>\$8,888,850</b>	<b>\$6,650,521</b>	<b>\$2,238,329</b>	<b>\$2,352,102</b>

Expenditures and commitments estimates will be reconciled to Central Accounting records by February 9, 1990.

\*Division of Budget refers to Operations, and the Kansas Technology Resource Data Base Contract as "Grant Administration". Approximately \$60,000 is devoted to actual grant administration, \$72,000 to complete data base development, with the remainder of the \$646,000 for overall operations.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION  
FY 1991 BUDGET ANALYSIS

	KTEC Request (new \$ only)	Gov.Rec. (SB 450) (new \$ only)	Gov.Rec. (incl. reap. from SB 558)
Operations/KTR Data Base*	\$681,000	\$435,974	\$608,050
Centers of Excellence	4,262,000	2,450,000	2,450,000
KS Agricultural Value Added Center	873,000	331,155	331,793
Ag Value Added Special Project	1,000,000	0	0
Research Matching Grants	1,250,000	0	1,466,000
Seed Capital	500,000	0	0
Research Equipment Grants	400,000	0	0
Training Equipment Grants	250,000	0	0
Industrial Liaison	300,000	0	0
SBIR	0	50,000	50,000
Special Projects	300,000	0	0
<b>TOTAL</b>	<b>\$9,816,000</b>	<b>\$3,267,129</b>	<b>\$4,905,843</b>
EDIF Portion	\$8,316,000	\$3,059,034	\$4,659,770
SGF Portion	1,500,000	208,095	246,073

Expenditures and commitments estimates will be reconciled to Central Accounting records by February 9, 1990

\*Division of Budget refers to Operations, and the Kansas Technology Resource Base Contract as "Grant Administration". Approximately \$60,000 is devoted to actual grant administration, \$50,000 to maintenance of the data base, with the remainder of the \$681,000 for overall operations. Governor recommends \$331,066 for Salaries and Wages (\$84,993 from EDIF), compared to KTEC's request of \$528,383 (all from SGF).



KANSAS TECHNOLOGY ENTERPRISE CORPORATION  
SUMMARY OF FY 1990 EXPENDITURES & COMMITMENTS  
As of January 31, 1990  
(All Appropriations)

Program Title	Beginning Allocation	Expenditures To Date	Unpaid Commitments	Balance 1-31-90
Operations:				
Staff Operations	\$559,000	\$293,930	\$168,525	\$96,545
KTR Data Base	72,000	34,159	37,841	0
Centers Review	15,000	15,000	0	0
<u>Subtotal Operations</u>	<u>646,000</u>	<u>343,089</u>	<u>206,366</u>	<u>96,545</u>
Centers of Excellence	2,491,564	2,450,171	0	41,393
Ks. Value Added Center	563,280	155,158	137,651	270,471
Research Match. Grants	2,344,568	598,443	667,381	1,078,744
Seed Capital	440,000	440,000	0	0
Research Equip. Grants	930,529	424,042	442,647	63,840
Training Equip. Grants	179,517	82,399	97,118	0
Adv. Tech. Indus. Liaison	343,000	0	300,000	43,000
Small Business Innov.	448,128	3,971	0	444,157
<u>Special Project Fund</u>	<u>502,264</u>	<u>30,454</u>	<u>247,384</u>	<u>224,427</u>
<b>TOTAL</b>	<b>\$8,888,850</b>	<b>\$4,527,727</b>	<b>\$2,098,547</b>	<b>\$2,262,576</b>

STATE OF KANSAS

DAVE KERR  
SENATOR, THIRTY-FOURTH DISTRICT  
P.O. BOX 2620  
HUTCHINSON, KANSAS 67504-2620



TOPEKA

SENATE CHAMBER

February 13, 1990

COMMITTEE ASSIGNMENTS  
CHAIRMAN: ECONOMIC DEVELOPMENT  
MEMBER: EDUCATION  
FINANCIAL INSTITUTIONS AND INSURANCE  
JUDICIARY  
WAYS AND MEANS

Senator Jim Allen, Chairman  
Ways and Means Subcommittee on the  
Kansas Technology Enterprise Corp.

Dear Jim:

The Senate Committee on Economic Development briefly reviewed and discussed requested and recommended expenditures from the Economic Development Initiatives Fund for FY 1990 and FY 1991. The focus on that review was on the budget of the Kansas Technology Enterprise Corporation (KTEC).

On behalf of the Senate Committee, I am requesting that the Subcommittee consider increased funding from the Economic Development Initiatives Fund for KTEC's programs. It is the Committee's view that this funding should generally reflect the agency's expenditure priorities, which include the Centers of Excellence, the Industry Liaison program, Special Projects, and the Research Matching Grants program.

Thank you for granting the Committee the opportunity to have some input on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Dave Kerr".

Dave Kerr, Senator  
Chairman of Senate Committee  
on Economic Development

DK/sp

SENATE ECONOMIC DEVELOPMENT  
2-13-90 Att. 6