

Approved 3-27-90  
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 March 23, 1990 in room 123-S of the Capitol.

All members were present except:

Senator Winter  
Senator Feleciano  
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:

Rep. Diane Gjerstad  
Charles Warren, Pres. of Kansas, Inc.  
Jack Allston, Exec. Dir. of Ellis County Coalition for Economic Development  
Secretary Harland Priddle, Dept. of Commerce  
John Mahon, White City Printing

Chairman Kerr called the meeting to order and announced that the meeting would be a hearing on H.B. 2603, which is to establish strategic planning grants for rural communities in Kansas. Chairman Kerr also informed the committee of his strategy for working bills to be passed out of the committee before deadline the following week.

Rep. Diane Gjerstad testified in support of H.B. 2603. She stated that the bill establishes small grant assistance programs for non-metropolitan counties in the state. The goal is to use people within a county because they would best know what is needed for the future.

She explained the bill to the committee. Some highlights were that the bill provides for the establishment of a five-member community strategic planning grant committee. Also, incorporation of planning grants that must be used for the development of countywide economic development plans. The recipient is required to provide additional funds equaling 25% of the amount of the grant.

Action grants of not more than \$50,000 shall be awarded with a match equal to the entire amount of the grant.

Charles Warren, Pres. of Ks., Inc. testified in support of H.B. 2603. He stated that it has been very difficult to find ways to help the rural counties. Providing assistance to counties to organize, appoint leadership, access its strengths and weaknesses would be very helpful. Mr. Warren stated that the funding for this program would come from the Kansas Lottery (EDIF). It would help the non-metropolitan areas to address economic development in a more sophisticated way.

Jack Allston, Exec. Director of Ellis County Coalition for Economic Development testified in support of the bill. (Att. 1) He stated several instances where the Ellis County Coalition for Economic Development have been very successful in helping new industry start-ups and relocations to their county. He stated that the Coalition not only assisted existing industries, but would target certain types of industries that would have a good location fit into their county as well. The Coalition has also assisted other communities in their efforts to attract industry.

Secretary Harland Priddle, Dept. of Commerce testified. (Att. 2 & 3). He stated that the Department suggested that an advisory committee be established with Charles Warren, Pres. of Ks., Inc. as Chairman. He outlined several changes that the Department would like to see, and stated that the cost could be anywhere from two to four additional staff.

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.m. on March 23, 1990

John Mahon, White City Printing testified in opposition to the bill.  
(Att. 4) He stated that the best thing the Legislature can do for the small town businessman is to leave his money in his pocket. He stated that he felt the small towns, (800 or less), were being totally left out concerning economic development. He asked that Legislature keep "small towns" in mind when they voted on economic development issues.

Attachment 5 is testimony submitted by Dr. Charles Krider.

Meeting adjourned.





TESTIMONY FOR THE KANSAS SENATE ECONOMIC DEVELOPMENT COMMITTEE

March 23, 1990

Jack Allston, CID/CED  
Executive Director  
Ellis County Coalition for Economic Development

The evolution of economic development planning in Ellis County began with the closing of Baxter Travenol Laboratories in 1984, which was a substantial loss of some 800 jobs and a traumatic shock to the Ellis County economy. This announcement came at a time when the local agriculture and agribusiness sectors remained depressed, compounding with a worldwide decline in oil prices. Several individuals and groups began to believe that it was time to take a look at the following questions. What was being done? What changes might be in order? How efficient and effective are the present policies and efforts? And, how can we be better positioned and get the biggest "bang for our buck"?

A group requested that Professor Ronald Fundis of Fort Hays State University conduct an evaluation of existing agencies and budgets, and make whatever recommendations relevant for improving the process. The report was presented in April of 1987 and summarized the activities of the major players in economic development in Ellis County, including the Ellis County Economic Development Department, Midwest Energy, the City of Hays, and the Convention and Visitors Bureau, along with the Hays Area Chamber of Commerce.

The formation of one entity underscored a fundamental rule of politics and economic success. Organization creates power. In this case, the power to attack the economic doldrums that have been disturbing the quality of life in Ellis County since the mid-1980's. The Ellis County Coalition for Economic Development was incorporated in late 1987, met and elected Directors in January of 1988, and in March of 1988 a consultant was hired to facilitate a strategic planning retreat. Prior to the strategic planning retreat, a strengths and weaknesses survey was conducted by the Hays Area Chamber of Commerce and followed-up by interviews of key people within the community.

The objective of the strategic planning retreat was to formalize a tool for realizing visionary thinking and establishing long-term direction and implementing actions leading to the achievement of coherent and planned results. In other words, a strategic plan should be seen as a compass for an organization. The compass, of course, is a derivative of the organization's mission. Most importantly, specific activities or projects are not only related to the organization's missions, but are provided direction by the strategic plan. This sense of concept and direction helps to economize on scarce resources and places great emphasis on the team approach, by providing a common focus.

In May of 1988, the retreat was held at Fort Hays State University. Professor Fundis was not elected to lead the mission, because he was previously involved in the formation of the Coalition. Instead, the Coalition chose to bring in an outside facilitator, David Kolzow, of Kolzow and Associates from Irvine, TX, and formerly of the Fantus Corporation. The goals and issues of the retreat were identified and objectives and strategies need to be formalized.

The Executive Director, Professor Fundis and Dr. Larry Gould, of the University, went to work on setting up those objectives and strategies. The strategic plan was adopted on August 1, 1988. The strategic plan is a five-year plan, due for modification in 1990. It outlined the following:

- 1) A mission calling for the realization of countywide economic progress through a team effort.
- 2) The most efficient use of the county's scarce economic development resources.
- 3) Aiding existing businesses.
- 4) Attracting new businesses.
- 5) Diversification of the county economy and the coordination of public and private economic development efforts.
- 6) And lastly, improving and protecting the county's quality of life.

The goals of the Coalition became the following:

- 1) To implement a program to assist existing industries, not only manufacturing, but service industries as well.
- 2) A marketing program that would target certain types of industries that would have a good locational fit for Ellis County.
- 3) A regionalization program to work with surrounding counties on improving the economic base.
- 4) Developing financial programs to assist in leveraging financial transactions for small businesses.
- 5) To develop the necessary infrastructure and sites for development in Ellis County, including a new interchange off of I-70 that would lead directly to the Hays Airport Industrial Park.
- 6) The merger of all of the economic development organizations under one entity and establishment of responsibilities of key staff members.

The results have been the following:

- 1) Three new industries have been attracted to Hays, KS. Yuasa Exide Battery Corporation, which has been attracted to the former Baxter Travenol Laboratories facility. Yuasa Exide plans to employ approximately 200 by the end of the year.
- 2) In addition to Yuasa Exide, Alaniz & Sons, a direct mail marketing firm, occupied a 40,000 sq. ft. shell building that was built and developed by the Ellis County Economic

- Development Corporation, a bricks and mortar corporation devoted solely for the purposes of economic development. Alaniz & Sons employ 135 permanent full-time employees.
- 3) Adronics/Elrob Manufacturing of Cedar Grove, NJ, announced that they were to make a partial relocation of their New Jersey facility to Hays. One of the principles, Greg Robinson of Adronics, has moved to Hays to begin production at the facility. The firm should employ over 100 people.

In all of these transactions, Kansas Industrial Training Funds have been used to assist in the training that was so critical to those firms.

The Coalition also established in late 1988 a formalized retention and expansion program known as TIP (Tapping Industrial Potential). The program asked for volunteers to call on existing manufacturers in Ellis County. The volunteers included: accountants, lawyers, bankers, and casualty and property underwriters. These individuals were chosen as the volunteers to do the calling because of their advisor/client relationship with these industries. It was the feeling by the Coalition that these individuals would have better access to information from these firms. Over 25 firms were called on and it assisted in the development and financing of three of those firms. Included in those calls was Cross Manufacturing, which has decided to remain in the city and develop its industry after having been through Chapter 11.

In 1990, the Coalition has begun TIP II, which has focused on the construction industry and will involve 35 companies that will be called on by the volunteers. The volunteers used a Field Interview Form (FIF) as an instrument to assist the company with the needs. The FIF was turned into the staff and the staff followed-up on a call to the company, to assist the company if needed.

In the area of marketing, the Coalition has found that it is very important that the industries be targeted because of the limited amount of resources that Ellis County has and the distance the community is from major market places. In 1989 the Coalition purchased a software package from Strategic Planning Designs, which has been since purchased by PHH Fantus. The program is a highly specialized targeting package to assist economic developers. Currently, the Coalition is working on plans to develop brochures and other materials, along with the video that the Coalition currently uses with prospects. The brochures will be specifically targeted to key industries throughout the United States.

With regionalization, the Coalition is a big supporter of the Western Kansas Policy Board which has unified Western Kansas communities around a central legislative initiative program. The Coalition has also assisted other communities in their efforts to attract industry. Most particularly, the Coalition assisted

Russell County in the effort to convince state officials to build a state correctional facility in the community.


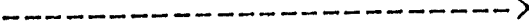

The main initiative in reference to the infrastructure and sites goal of the Coalition, has been to build an interchange that would lead directly to the Hays Airport Industrial Park. Since enhancement monies were available from the Department of Transportation this year, the Coalition assisted the city in the application process to build the interchange. Currently, the interchange application is being considered by the Kansas Department of Transportation. This is a critical element to the future of economic development in our community.

Lastly, but perhaps most importantly, several agencies have combined to work with the Coalition. The county eliminated their economic development department and the University has established a contractual relationship with the Coalition to share a consultant to assist with data gathering. The Chamber of Commerce is continuing in its efforts to support the Coalition, as are the Hays Area Convention and Visitors Bureau, the City of Hays, the Hays Business Improvement District, the City of Ellis, the Ellis Chamber of Commerce, the City of Victoria, the Ellis County Economic Development Corporation, and most recently, the Ellis County Dentists and Physicians. In addition, the Coalition works closely with the Fort Hays Small Business Development Center, which is located in the Coalition office. The Small Business Development Center is at the core of most of the retention and expansion projects in Ellis County.

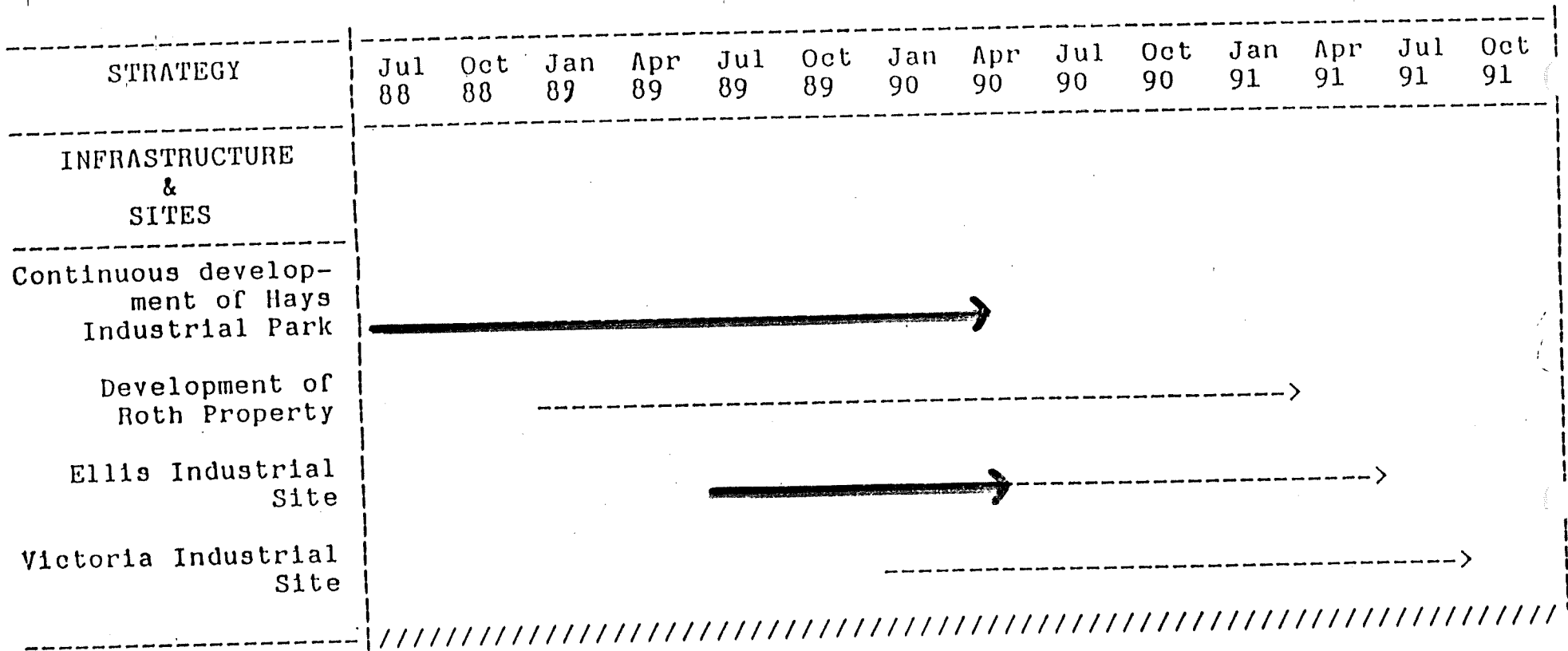
Attached are timelines that the Coalition Board and staff are responsible for. All strategies of the Coalition are weighed by the location on the timelines. Staff is accountable for the majority of the projects that are undertaken within the strategies. Therefore, there is an accountability factor and a measuring device. Strategic planning is the "compass" upon which the Coalition is driving Ellis County. Our goal is to create wealth through the mobilization of human, financial, and physical capital, and natural resources to generate marketable goals and services.

On behalf of the Ellis County Coalition for Economic Development and the Board of the Directors of the Kansas Industrial Development Association, I support the concept of strategic planning because of its importance in economic development and its possible effects in assisting rural economic development.

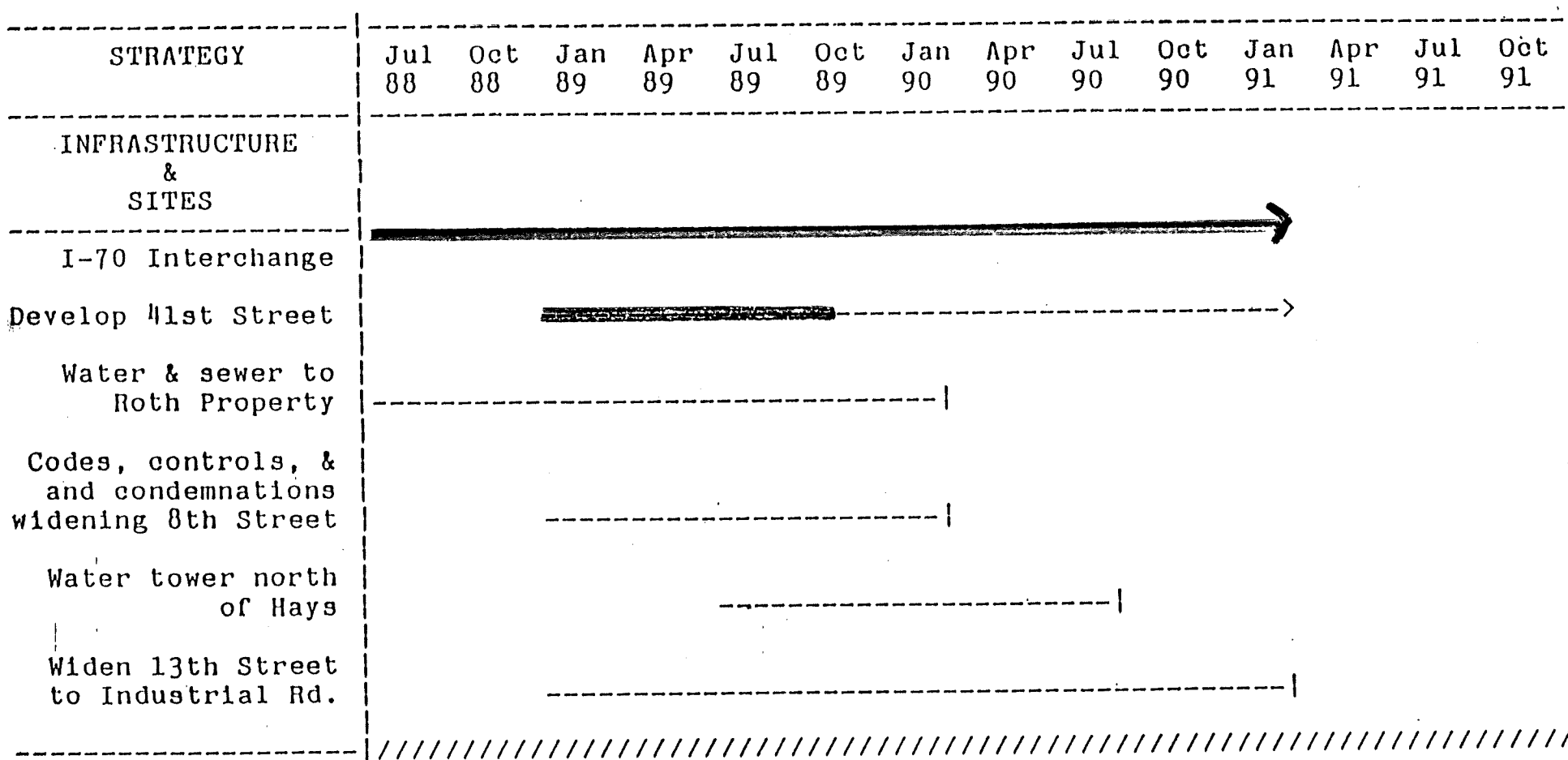
Thank You.

STRATEGY	Jul 88	Oct 88	Jan 89	Apr 89	Jul 89	Oct 89	Jan 90	Apr 90	Jul 90	Oct 90	Jan 91	Apr 91	Jul 91	Oct 91
REGIONALISM														
Establishment of Western Kansas Policy Develop- ment Board														
Written agreements with surrounding counties														
														





1-6



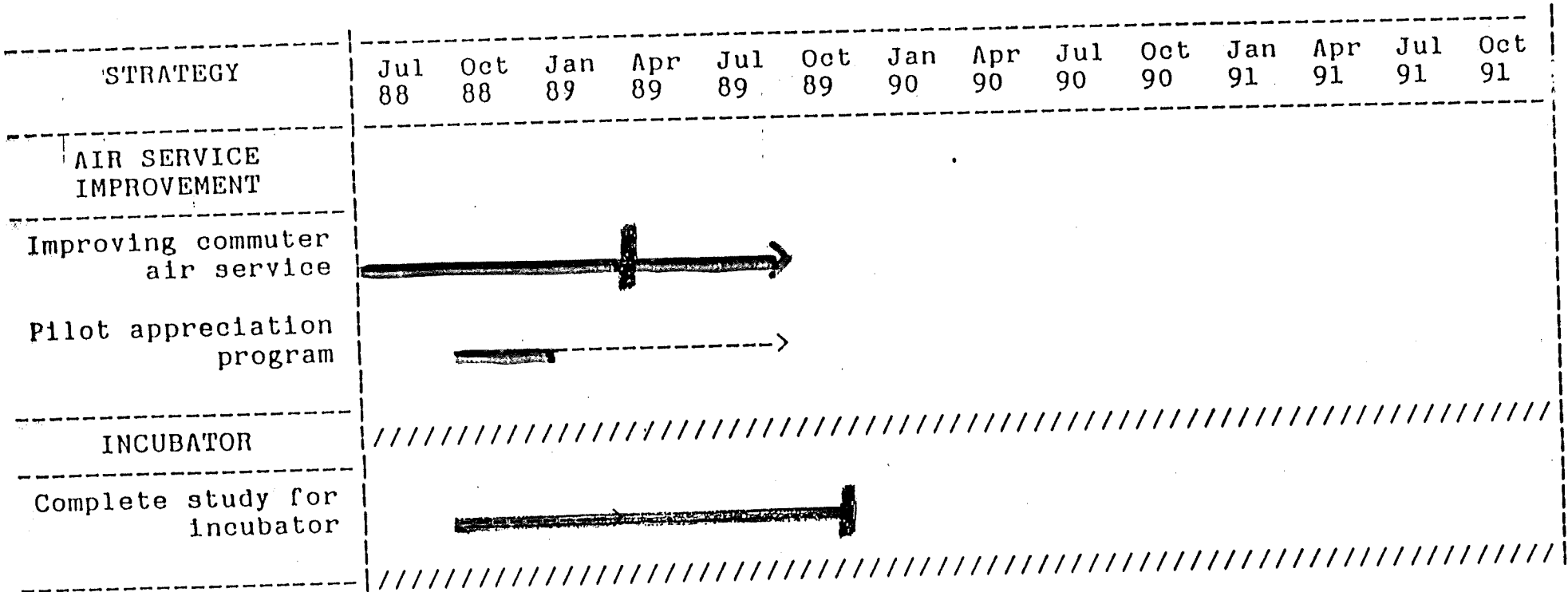
1-7

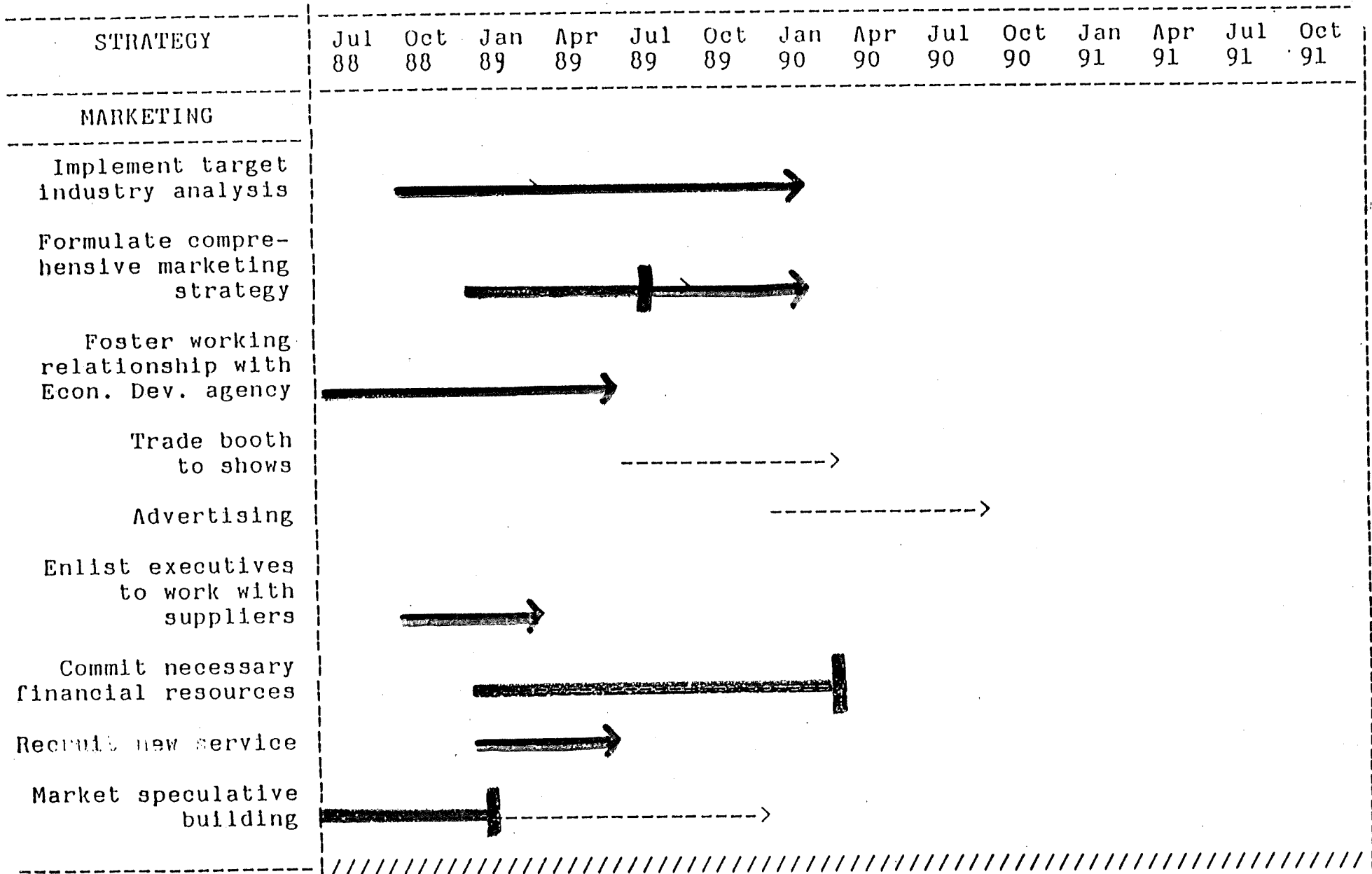
	Jul 88	Oct 88	Jan 89	Apr 89	Jul 89	Oct 89	Jan 90	Apr 90	Jul 90	Oct 90	Jan 91	Apr 91	Jul 91	Oct 91
STRATEGY														
FINANCE														
Lender commitment program			—————											
Revolving loan fund					—————									
Venture capital council			—————→											
Access other institutions	—————→													
Maximize partnership with NWKPD	—————→													

8-1

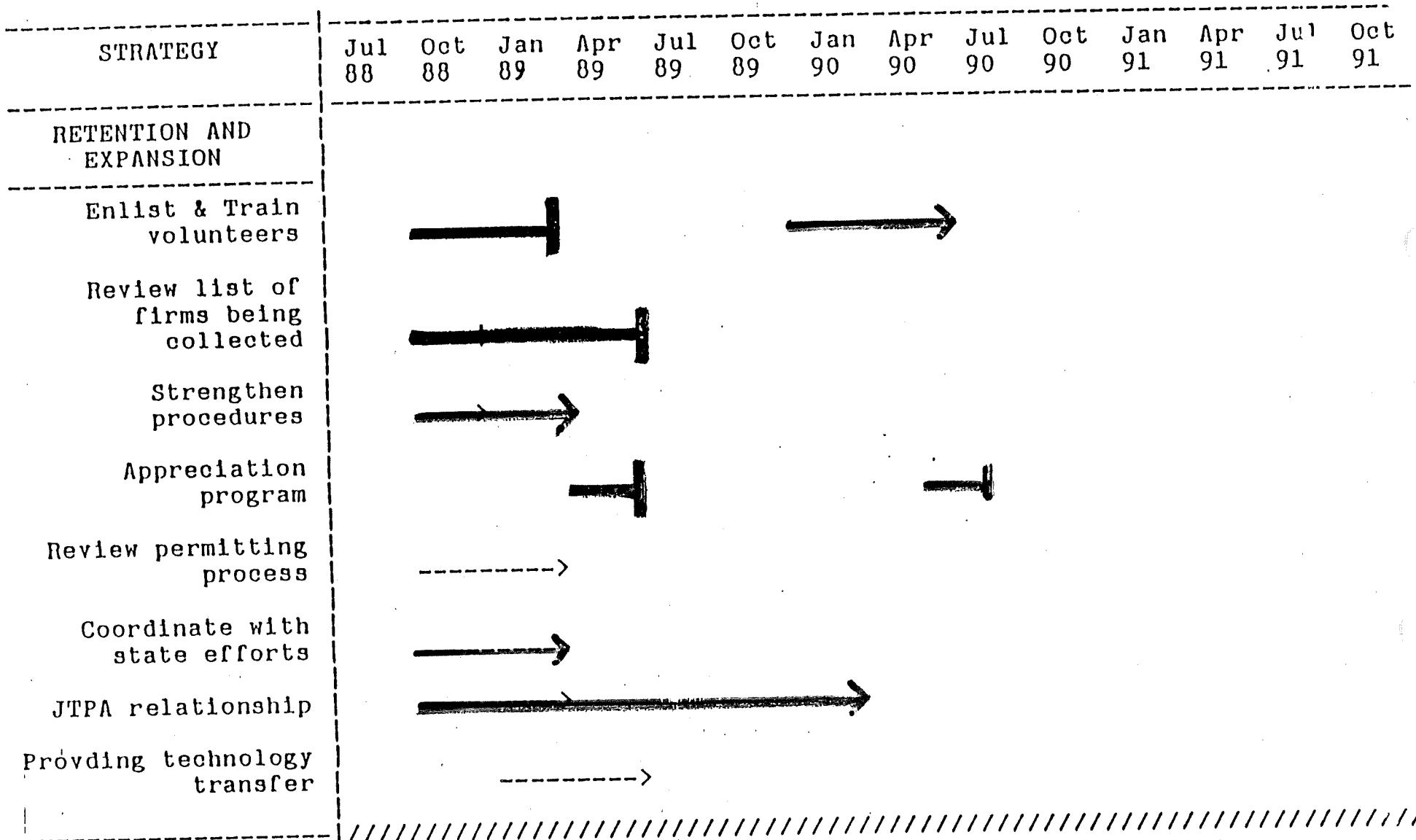








17-1



1-12





**TESTIMONY**  
**ON**  
**HOUSE BILL 2603**  
**TO THE**  
**SENATE ECONOMIC DEVELOPMENT COMMITTEE**

**BY**  
**HARLAND E. PRIDDLE**  
**SECRETARY OF COMMERCE**

**MARCH 23, 1990**

SENATE ECONOMIC DEVELOPMENT  
3-23-90 Att. 2

Mr. Chairman and Members of the Committee,

I fully concur in the need for a strong planning process as we move toward implementing strategies and policies in the future for economic development. Kansas, Inc. completed a study and made presentations to the Joint Committee on Economic Development regarding the possibilities of a planning process for rural communities in Kansas. House Bill 2603 establishes this program in legislation.

While I concur completely in the need for the planning process, I believe it is in our best interest to consider some changes regarding management and definition of responsibilities as currently outlined in Substitute for House Bill 2603.

Under Section 2, we believe the definition of planning and action grants should be outlined. In our opinion, planning grants should be those grants used to assess the strengths and weaknesses of a community and identify possible strategies and programs to eliminate or reduce these weaknesses. Action grants would develop a program and strategic plan to ensure the community/county efforts are proceeding along state strategy lines and will be most beneficial to the area.

Also in Section 2, we believe metropolitan county definitions should not reflect Butler, Harvey, Leavenworth, and Miami as metropolitan counties. We suggest the elimination of those in Section 2(b).

With reference to Section 4 of the bill, the Department of Commerce is designated in statute as the lead agency for economic

development. We believe the current arrangement allowing a committee to develop criteria and award grants is not consistent with the current programs now assigned to our responsibility and implemented within our agency. We also believe it would be much more effective to establish a program similar to the existing Block Grant Programs, but much more flexible, as a means of administering the strategic long-range planning process. In this regard, we suggest amending the bill to allow for a more identifiable group of committee members who we believe have a vested interest in strategic planning. Briefly summarized, these members would include the president of Kansas, Inc. to act as chairman, one member from the Kansas Association of Counties, one member from Kansas League of Municipalities, one member from Regional Planning Commissions, one member from Certified Development Corporations, one member from each of the Standing Committees of Economic Development, one member from the Kansas Industrial Developers Association, and other members as deemed necessary by the Secretary of Commerce in administering this program.

In Section 6(c), we believe the legislation should not reflect the directed action of entering into agreements with universities for the purpose of this act. We propose the Secretary of Commerce use university programs, such as the Kansas Center for Community and Economic Development and others, to provide assistance as currently outlined in other sections of the bill.

In Section 6(d), we believe the Department of Commerce should

submit the report to the Joint Committee on Economic Development.

A complete redraft of Sections 4, 5, and 6 to reflect these suggestions has been completed.

Under Section 7, we suggest the Department of Commerce be the approving authority for the use of grant proceeds. This system is currently used in the Small Cities Program to allow a continuity and management function in order that any contracting being done would be consistent with the strategies and permit the accreditation process for the use of consultants in developing long-range plans.

These suggested changes are believed to be consistent with current management of programs within the Department of Commerce. It also allows the use of university resources and other providing services as a means of assisting communities. The use of an advisory committee provides input from the major sectors being affected by such a program as the strategic planning process for communities.

In moving to defining the basic product to be developed by communities, the following is suggested:

- A. Phase I of the program would be the assessment of strengths and weaknesses within a community to identify those areas which need to be improved before a long-range plan can be developed.
- B. Phase II within the planning process would consist of specific identification of programs and projects to allow



for the community to be competitive in economic development not only with other communities in Kansas, but throughout the nation.

- C. Phase III would consist of detailed and specific development of long-range economic development plans and strategies best suited for the community and consistent with state strategy elements for economic development.

In administration of this program, we would ask the Community Development Division within the Department of Commerce to be responsible for its management process. The Community Development Division currently is involved in planning grants and technical assistance of communities. We believe a minimum of two people will be required to implement this program. This may increase as detailed actions are identified at a later time, but the initial implementation and actions with the advisory committee should be possible with this type of staffing.

Mr. Chairman, we would be pleased to work with you and others in a possible subcommittee structure to identify the specific comments and amendments we have discussed today if you and the committee desire to do so.

I would be pleased to respond to any questions you might have.

AN ACT concerning community strategic planning assistance; establishing the community strategic planning grant committee; providing for a grant program; prescribing certain functions for the department of commerce and Kansas, Inc., for such program.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act shall be known and may be cited as the community strategic planning assistance act.

Sec. 2. As used in this act:

(a) "Committee" means the community strategic planning grant committee established by section 4;

(b) "metropolitan county" means the county of ~~Butler,~~ Douglas, ~~Harvey,~~ Johnson, ~~Leavenworth,~~ Miami, Sedgwick, Shawnee or Wyandotte; and

(c) "nonmetropolitan county" means any county which is not a metropolitan county.

(d) "planning grant" means grants used to assess strengths and weaknesses of a community and identification of strategies and programs to eliminate or reduce weaknesses.

(e) "action grants" means grants used to develop strategic plans and programs for future economic development.

Sec. 3. The purposes of the community strategic planning assistance act are to:

(a) Build and enhance economic development capacity at the local and regional levels;

(b) develop and sustain long-term commitments for local development efforts;

(c) encourage broad-based local and multi-county development strategies that build on local strengths and to complement and reinforce statewide economic development strategy;

(d) improve the ability of local communities to effectively use economic data and analysis in the strategic planning process for economic development;

(e) maximize state investments in economic development through more efficient implementation of limited resources; and

(f) provide recognition for successful communities and to motivate other communities.

Sec. 4. (a) There is hereby established the community strategic planning grant advisory committee which is composed of five members as follows, the members of which shall be appointed by the secretary of commerce from the following:

~~(1) One member shall be the president of Kansas, Inc., or the president's designee;~~

~~(2) one member shall be the director for the national institute for rural development or the director's designee;~~

~~(3) one member shall be the director of community development of the department of commerce or the director's designee; and~~

~~(4) two members shall be individuals who are members of the Kansas industrial developers association, who are employed in metropolitan counties and who are appointed by the governor.~~

(1) One member shall be the president of Kansas, Inc., who shall act as Chairman.

(2) One member from the Kansas association of counties;

(3) one member from the Kansas league of municipalities;

(4) one member from the regional planning commission;

(5) one member from the certified development companies;

(6) one member from the Kansas industrial developers association;

(7) at least one member from each of the legislative standing committees on economic development; and

(8) other members the secretary deems necessary in developing the criteria and selection process for strategic planning and action grants.

(b) The committee is hereby attached to the department of commerce as a part thereof for support. All budgeting, purchasing, and related management functions of the committee shall be administered by the secretary of commerce. The secretary of commerce shall provide office and meeting space and such clerical and other staff assistance as may be necessary to assist the committee in carrying out its powers, duties and functions under this act.

(c) Members of the committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto

Sec. 5. ~~The committee~~ department of commerce shall administer the provisions of this act to provide grants to city-county economic development organizations, located in nonmetropolitan counties, for the development and implementation of county-wide economic development strategy plans.

Sec. 6. (a) Subject to the provisions of appropriations acts and in accordance with the provisions of this act, the ~~committee~~ secretary of commerce may provide planning grants and action grants to city-county economic development organizations located in nonmetropolitan counties, for the development and implementation of county-wide economic development strategy plans. In addition, the secretary of commerce will provide necessary management systems to ensure plans are updated, implemented, or changed as necessary.

(b) The committee shall establish grant eligibility criteria and ~~shall administer~~ the competitive selection process for the awarding of planning grants and action grants. Planning grants shall be for the development of county-wide economic development strategy plans. One or more planning grants may be awarded to any city-county economic development organization. No planning grant shall be less than \$2,000 and the aggregate of all planning grants awarded to a city-county economic development organization shall not exceed \$20,000. Any city-county economic development organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant. Action grants shall be for the implementation of county-wide economic development strategy plans. Action grants shall not exceed \$50,000 and any city-county economic development organization receiving a grant shall be required to provide additional funds equaling 100% of the amount of the action grant.

(c) The committee and Secretary of Commerce will use ~~shall enter into an agreement with Kansas state university and the university of Kansas~~ for the services of the Kansas center for community economic development at Kansas State University and University of Kansas and other university programs as necessary for the administration of this program. Under ~~the~~ these arrangements agreement, the Kansas center for community economic development ~~and others shall~~ may be asked to provide services to city-county economic development organizations awarded grants to assist in developing, organizing, and implementing community strategic plans in cooperation with cities and counties in the region and to encourage local initiatives to the greatest extent possible. Such services include, but are not limited to, the development of survey instruments, data analysis, facilitator training, report preparation assistance, on-site visitation and consultation services and follow up and related services for the development of county-wide economic development strategy plans.

(d) Prior to July 1 of each year, the Kansas center for ~~community economic development and the committee~~ department of commerce shall present an annual report of activities under this act to the joint committee on economic development.

Sec. 7. City-county development organizations can use, with prior approval of the department of commerce, planning grant proceeds for the acquisition of technical assistance for strategy development activities, identification of specific projects, and other related services from the Kansas center for community economic development or other economic development service providers. City-county economic development organizations can use action grants for hiring of technical assistance, implementation, evaluation and reassessment of strategies, purchasing of equipment and other services and economic development activities undertaken by public-private partnerships as authorized for cities under K.S.A. 12-1617h, and amendments thereto, and for counties under K.S.A. 19-4104 et seq., and amendments thereto.

Sec. 8. Any two or more such city-county economic development organizations, located in nonmetropolitan counties, may jointly and cooperatively undertake the development and implementation of an economic development strategies plan for such multi-county region.

Sec. 9. No planning grants or action grants shall be awarded under this act on or after July 1, 1993.

Sec. 10. Two years after the last grant is awarded under this act, Kansas, Inc., shall evaluate each economic development strategic plan developed and determine the degree that such plan has been implemented and report such evaluations and determinations to the governor and legislature.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.

AN ACT concerning community strategic planning assistance; establishing the community strategic planning grant committee; providing for a grant program; prescribing certain functions for the department of commerce and Kansas, Inc., for such program.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act shall be known and may be cited as the community strategic planning assistance act.

Sec. 2. As used in this act:

(a) "Committee" means the community strategic planning grant committee established by section 4;

(b) "metropolitan county" means the county of ~~Butler,~~ Douglas, ~~Harvey,~~ Johnson, ~~Leavenworth,~~ Miami, Sedgwick, Shawnee or Wyandotte; and

(c) "nonmetropolitan county" means any county which is not a metropolitan county.

(d) "planning grant" means grants used to assess strengths and weaknesses of a community and identification of strategies and programs to eliminate or reduce weaknesses.

(e) "action grants" means grants used to develop strategic plans and programs for future economic development.

Sec. 3. The purposes of the community strategic planning assistance act are to:

(a) Build and enhance economic development capacity at the local and regional levels;

(b) develop and sustain long-term commitments for local development efforts;

(c) encourage broad-based local and multi-county development strategies that build on local strengths and to complement and reinforce statewide economic development strategy;

(d) improve the ability of local communities to effectively use economic data and analysis in the strategic planning process for economic development;

(e) maximize state investments in economic development through more efficient implementation of limited resources; and

(f) provide recognition for successful communities and to motivate other communities.

Sec. 4. (a) There is hereby established the community strategic planning grant advisory committee which is composed of five members as follows ,the members of which shall be appointed by the secretary of commerce from the following:

~~(1) One member shall be the president of Kansas, Inc., or the president's designee;~~

~~(2) one member shall be the director for the national institute for rural development or the director's designee;~~

~~(3) one member shall be the director of community development of the department of commerce or the director's designee; and~~

~~(4) two members shall be individuals who are members of the Kansas industrial developers association, who are employed in metropolitan counties and who are appointed by the governor.~~

(1) One member shall be the president of Kansas, Inc., who shall act as Chairman.

(2) One member from the Kansas association of counties;

(3) one member from the Kansas league of municipalities;

(4) one member from the regional planning commission;

(5) one member from the certified development companies;

(6) one member from the Kansas industrial developers association;

(7) at least one member from each of the legislative standing committees on economic development; and

(8) other members the secretary deems necessary in developing the criteria and selection process for strategic planning and action grants.

(b) The committee is hereby attached to the department of commerce as a part thereof for support. All budgeting, purchasing, and related management functions of the committee shall be administered by the secretary of commerce. The secretary of commerce shall provide office and meeting space and such clerical and other staff assistance as may be necessary to assist the committee in carrying out its powers, duties and functions under this act.

(c) Members of the committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto



Sec. 5. The ~~committee~~ department of commerce shall administer the provisions of this act to provide grants to city-county economic development organizations, located in nonmetropolitan counties, for the development and implementation of county-wide economic development strategy plans.

Sec. 6. (a) Subject to the provisions of appropriations acts and in accordance with the provisions of this act, the ~~committee~~ secretary of commerce may provide planning grants and action grants to city-county economic development organizations located in nonmetropolitan counties, for the development and implementation of county-wide economic development strategy plans. In addition, the secretary of commerce will provide necessary management systems to ensure plans are updated, implemented, or changed as necessary.

(b) The committee shall establish grant eligibility criteria and ~~shall administer~~ the competitive selection process for the awarding of planning grants and action grants. Planning grants shall be for the development of county-wide economic development strategy plans. One or more planning grants may be awarded to any city-county economic development organization. No planning grant shall be less than \$2,000 and the aggregate of all planning grants awarded to a city-county economic development organization shall not exceed \$20,000. Any city-county economic development organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant. Action grants shall be for the implementation of county-wide economic development strategy plans. Action grants shall not exceed \$50,000 and any city-county economic development organization receiving a grant shall be required to provide additional funds equaling 100% of the amount of the action grant.

(c) The committee and Secretary of Commerce will use ~~shall enter into an agreement with Kansas state university and the university of Kansas~~ for the services of the Kansas center for community economic development at Kansas State University and University of Kansas and other university programs as necessary for the administration of this program. Under ~~the~~ these arrangements ~~agreement,~~ the Kansas center for community economic development and others shall ~~may be~~ asked to provide services to city-county economic development organizations awarded grants to assist in developing, organizing, and implementing community strategic plans in cooperation with cities and counties in the region and to encourage local initiatives to the greatest extent possible. Such services include, but are not limited to, the development of survey instruments, data analysis, facilitator training, report preparation assistance, on-site visitation and consultation services and follow up and related services for the development of county-wide economic development strategy plans.



(d) Prior to July 1 of each year, the Kansas center for ~~community economic development and the committee~~ department of commerce shall present an annual report of activities under this act to the joint committee on economic development.

Sec. 7. City-county development organizations can use, with prior approval of the department of commerce, planning grant proceeds for the acquisition of technical assistance for strategy development activities, identification of specific projects, and other related services from the Kansas center for community economic development or other economic development service providers. City-county economic development organizations can use action grants for hiring of technical assistance, implementation, evaluation and reassessment of strategies, purchasing of equipment and other services and economic development activities undertaken by public-private partnerships as authorized for cities under K.S.A. 12-1617h, and amendments thereto, and for counties under K.S.A. 19-4104 et seq., and amendments thereto.

Sec. 8. Any two or more such city-county economic development organizations, located in nonmetropolitan counties, may jointly and cooperatively undertake the development and implementation of an economic development strategies plan for such multi-county region.

Sec. 9. No planning grants or action grants shall be awarded under this act on or after July 1, 1993.

Sec. 10. Two years after the last grant is awarded under this act, Kansas, Inc., shall evaluate each economic development strategic plan developed and determine the degree that such plan has been implemented and report such evaluations and determinations to the governor and legislature.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.

We are here to discuss House Bills 2602 and 2603. When I look at the provisions of these bills I look at them from the viewpoint of a resident of a small Kansas town, and I come here to plead the case of small Kansas towns. Now the word "small" is a relative term. An ant is small to a dog, and a dog is small to a horse, and I guess everything is small to an elephant.

My definition of a small town is one with a population of about 800 or less. I don't class Herington or Marysville or Clay Center as small towns. I sure don't put Newton and Independence and Garden City in that class, either, no matter what the federal guidelines say.

It seems to many of us in small Kansas towns (my definition) that when it comes to economic development we are being left out of the action. We are forced to wonder just how committed our state leaders really are to saving the small rural community. There is a lot of fine talk, but when the laws are passed and the organizations funded, the help is going to towns that we don't consider small at all.

We have to wonder why that is. Our state already has a multitude of agencies and departments devoted to rural economic development and they must be working, at least a little. Just yesterday I got a slick publication entitled "Developing Kansas", which reported a large number of economic success stories. But Gentlemen, the problems of Winfield and Abilene are not the problems of White City and Corning and Axtell, and the laws that help Lindsborg and Parsons are no help at all to Americus and Leonardville.

Some of you must have grown up in a small Kansas town. It's a good life in many ways, and we hope to keep it that way for our children and grandchildren. Please keep us in mind as you consider this and other economic development legislation.

With all that in mind, I looked long and hard at House Bills 2602 and 2603. Bill 2602 purports to "establish economic development regions and provide for regional economic development." It says the Secretary of Commerce is to give a multi-county regional economic development and planning organization in each region \$50,000 for three years. That's \$50,000 x 6 regions x 3 years or \$900,000. These multi-county planning organizations are to use the money to help city/county economic development organizations with their economic development strategy plans.

House bill 2603 says the secretary can also give \$50,000 to the city/county economic development organizations for developing and implementing their economic development strategy plans. No limit to the number of these grants is stated. Presumably every non-metropolitan county in the state could have one. That would add up to \$4,800,000.

In other words, you want to take five million dollars from the taxpayers and give it to a group of planners, and then another million from the taxpayers to another group of

planners to help the first group of planners do their planning.

Gentlemen, do you really think this is the best way to spend six million dollars?

Note that neither of these proposed statutes mentions any real hardware. For six million dollars we are not promised even one real productive job; no buildings, no roads, no sewers, no power lines, no airports, no machinery, not even a parking lot. You are trying to sell us taxpayers another six million dollars worth of paper, and frankly gentlemen, my bathroom paper holder just ain't that big.

I went through the stack of paper in my Economic Development File, trying to list all the Economic Development organizations we already have. We've got

The Kansas Cavalry

Kansas, Inc.

Small Business Development Centers

Kansas Center for Community Economic Development

Main Street Program

Pride Program

Kansas Technology Enterprise Corporation

Economic Development Grants

Kansas Venture Capital, Inc.

One-stop Clearing House

Community Improvement Grants

Regional Coordinating Councils

K-State Extension Service Economic Development

Committees

Probably there are more I don't have in my file. Gentlemen, if all these agencies can't get the job done, what makes you think that another layer of bureaucracy will be successful.

There comes a time when you have to stop planning and start producing, and I think we are at that point, maybe already past it. The name of the game here is jobs and payrolls. The only jobs these bills will create will be for the bureaucrats who get to spend the six million. There is already a whole industry grown up around just writing grant applications. If you think that sector of the economy is experiencing hardship, and a lot of grant application consultants are out of work, you've got here the perfect instrument to help them out. The rest of us won't see much of that six million.

I know it is too late to introduce any bills in this session, but most of you will be back next year, so let me just leave you with a couple of ideas to mull over for next term. I've often been told that you should not gripe about a problem unless you have a solution. I don't wholly subscribe to that. I can tell a rotten egg when I smell one, even though I can't lay a fresh one.

First of all, the best thing you can do for the small town businessman is to leave his money in his pocket. Though SOME legislators, and ALL bureaucrats don't think so, he really does know how to spend it wisely. Here's an example from my own town. Back in the thirtys, in the depths of the

depression, the people of White City decided they wanted a library. So they got together and held a lot of box suppers and ice cream socials, and got some material and a lot of labor donated, and they built a library. We didn't have much then, but what we had we kept. There was no state income tax and no state sales tax, and hardly anyone had to pay federal income tax. We couldn't do it today - too much of our available surplus resources goes to Topeka and Washington.

A massive tax cut would produce more economic development than all the planners you could crowd into the Expo Center.

While we're on the subject of taxes, please vote against raising the sales tax, under any pretense. Small town people have to spend a lot of their dollars in other cities or other counties. Those cities and counties would get the sales tax money, and we small towners would be worse off than ever. Please think about that.

A very concrete thing you could do next session is to encourage, or require, that state procurement contracts give small town businesses a fair chance. I've bid on two state contracts and even though I won one, neither experience was pleasant. Of course, I can only speak about printing and mailing contracts, but both of the ones I worked on had requirements that made no economic sense at all, that were obviously pointed at keeping the business in Topeka. For instance, the one I'm working now, for KPERS, has a 4-hour pickup requirement - this is for material that goes out one to four times a YEAR. The last stuff I mailed under this contract sat in the State Printing plant for a week before I was notified that I had four hours to pick it up. This kind of thing is not helping small town (my definition) economic development. I hope you can do something about that situation.

I want to thank all of you for hearing me, and especially my Senator, Senator Montgomery, for arranging it.

Gentlemen, we really do know what we need to do, and we know what we need to have so we can do it. We don't need any more plans; we need the bricks and the mortar and the nuts and the bolts.

TESTIMONY ON SUB HB 2603  
COMMUNITY STRATEGIC PLANNING ASSISTANCE PROGRAM

presented to  
Senate Economic Development Committee  
March 23, 1990

presented by  
Dr. Charles Krider  
Professor, School of Business  
and  
Director, Business Research  
Institute for Public Policy and Business Research  
and  
Co-Director, Kansas Center for Community Economic Development  
University of Kansas

for further information contact:

Genna Ott  
or  
Stacie Cooper

### Endorsement of Sub HB 2603

The Kansas Center for Community Economic Development (KCCED) at the University of Kansas supports Sub HB 2603 to assist rural communities with strategic planning. Our experience is that communities are extremely interested in this type of planning and that many are starting this process. State assistance in this area will ensure that planning occurs throughout the state and will increase the prospects for successful planning efforts. State grants are particularly needed that target assistance to rural communities. Sub HB 2603 would establish such grants.

### Background on KCCED

The Kansas Center for Community Economic Development (KCCED) is a joint center between the Institute for Public Policy and Business Research at the University of Kansas and the Kansas Center for Rural Initiatives at Kansas State University. It is funded by a federal grant from the Economic Development Administration of the U.S. Department of Commerce and is in its second year of operation. The purpose of KCCED is to bring university expertise in economic development to non-metropolitan communities in Kansas.

Current activities of KCCED include: 1) disseminating information through an annual conference on community economic development, presentations, newsletters and publications; 2) providing strategic planning assistance through workshops and individual community consultations; 3) providing data upon request and working on the development of a shared database for use by communities; 4) consulting with communities on economic development projects as requested; and 5) conducting research and evaluation on economic development issues.

As previously mentioned, one of the major activities of KCCED is to provide strategic planning assistance to non-metropolitan Kansas communities. Last fall, KCCED held two workshops on strategic planning in western and central Kansas. A total of twelve communities participated in the two workshops with an audience of approximately 50 participants for each workshop. This spring, two additional workshops will be held thanks to an economic excellence grant from Southwestern Bell to the Institute for Public Policy and Business Research. These workshops will cover southeast and northeast Kansas. In fact, the southeast Kansas workshop is taking place today (March 23) with seven communities (40 community leaders) participating. In addition to these one day workshops, KCCED has conducted follow-up workshops and provided on-site consultations upon request of several communities that attended the workshops last fall.

### Administration/Organization

Sub HB 2603 would be best administered by a state agency and the most logical place would be the Department of Commerce. This is in line with the Governor's executive order designating the Secretary of Commerce with the lead responsibility for rural development within the executive branch.

The grant figures proposed in the substitute bill are reasonable - \$20,000 maximum for planning and \$50,000 maximum for action. The separation between "planning" and "action" grants would enable individual communities at varying stages of economic development to maximize their efforts/resources. It would enable those communities that already have a viable strategic plan to obtain

funds for implementation. It would also avoid the misuse of "action" grants for those communities that have not developed such a viable plan. In addition, the matching aspect of the grants is not only reasonable but necessary in ensure local commitment.

### Conclusion

The key issue for rural Kansas is how to promote economic development. Successful rural communities are, and will continue to be, those which through organization, local leadership, and adequate resources (both technical and financial), are able to develop their own community-based unique strategies for growth. The National Governors' Association 1988 Task Force Report, New Alliances for Rural America, strongly endorses this point.

"...The responsibility for creating a future lies within rural communities themselves. Decisions about priorities must be made at the local level by individuals working on their own and in cooperation within their neighbors...Top-down strategies will not work. States have resources that can help rural communities, and they have the responsibility to invest these resources in encouraging communities to address the future, set goals, and restructure."

Sub HB 2603 is in line with the role that states should take to assist rural communities.