

Approved 2-12-91
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by George Teagarden at
Chairperson

1:30 ~~a.m.~~ p.m. on January 29, 1991 in room 514-S of the Capitol.

All members were present except: Representative Hensley (excused)

Committee staff present: Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Susan Miller, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Dr. Richard R. Hahn, Director, Kansas Agricultural Value-Added Center
Bernie L. Hanson, Chairman, KVAC Leadership Council
Dr. William G. Brundage, President, Kansas Technology Enterprise Corporation
George Morris, owner of George Morris and Associates, Eskridge, Kansas
Charles R. Warren, President, Kansas Inc.

Others attending: see attached list.

Dr. Richard R. Hahn, Director, Kansas Agricultural Value-Added Processing Center, appeared to report on the programs and accomplishments of the Kansas Value-Added Center (KVAC). His presentation, including the "Strategic Plan" of the Center, was provided (Attachment 1). He stated the purpose of KVAC is to develop and transfer technology for the commercialization of food and nonfood agricultural products in Kansas. KVAC has two basic programs: one is aimed at technical assistance and the other is aimed at technology development and commercialization. Dr. Hahn reviewed several examples of KVAC's contacts with Kansas food processors. He advised that the budget request for KVAC for FY 1992 is \$475,190 which represents a reduction from the FY 1991 funding of \$555,032. The Governor's FY 1992 recommendation is \$348,000 State General Fund. The cuts as a result of reduced funding would be in the grants area and in operations.

Bernie L. Hansen, Chairman, KVAC Leadership Council, testified that KVAC has been critical in assisting small food processors in Kansas since its creation and he requested that funding be continued and that the Leadership Council concept be retained.

Dr. William Brundage, President, Kansas Technology Enterprise Corporation (KTEC), presented a status report to the Committee on KTEC which he explained is a state-owned nonprofit corporation governed by a 15-member Board of Directors. Dr. Brundage provided written testimony including KTEC's history, organization chart, and a summary of programs (Attachment 2). Dr. Brundage emphasized that KTEC makes research and development accessible and affordable to Kansas companies so that they can compete.

Dr. Brundage introduced George Morris, owner of George Morris and Associates, Eskridge, Kansas, who testified that KTEC has provided critical assistance to him in the development of a carbonizing incinerator.

In addition, Dr. Brundage reported that Kansas is one of four finalists for one of two grants for \$12.9 million over a six-year period from the National Institute for Standards and Technology. The grant would be to help about 2,000 small manufacturers in the state learn how to modernize their plants. This would apply to companies of 50 employees or less. The decision will be made in March, 1991.

Charles R. Warren, President, Kansas Inc., presented a status report on activities and accomplishments of Kansas Inc. (Attachment 3). In addition, Mr. Warren provided the following documents pertaining to Kansas Inc.: a listing of the Board of Directors (Attachment 4), a graph and table showing the funding history from 1987 (Attachment 5), a recent newspaper article regarding Kansas Inc. (Attachment 6), schematics showing the organization and strategic elements of economic development in the state (Attachment 7) and a list of Kansas Inc. publications (Attachment 8).

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S Statehouse, at 1:30 ~~am~~/p.m. on January 29, 1991

Mr. Warren stated there are two fundamental purposes of economic development: to provide increased income to our citizens and to insure the fiscal viability of state and local government by strengthening the economic base of Kansas. Mr. Warren stated the four basic functions of Kansas Inc. are: strategic planning, research, policy development and coordination, and oversight and evaluation. He noted Kansas Inc. consists of four FTE positions and by law 33 percent of its

budget must come from private sources. The Governor has recommended \$281,988 State General Fund for Kansas Inc. in FY 1992 and Mr. Warren stated this was the amount requested by the agency.

Representative Helgerson moved that the minutes of January 23 and 24, 1991 be approved as presented. Representative Dean seconded. Motion carried.

The meeting was adjourned at 3:00 p.m. The next meeting is scheduled for January 30 at 1:30 p.m. in 514-S.

KVAC REPORT TO 1991 LEGISLATURE

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HA
1-29-91
Attachment 1

PROGRAM EXPLANATION:

The Kansas Agricultural Value Added Processing Center (KVAC) was created by the 1988 legislature. Its purpose is to foster economic development by providing technical assistance to Kansas agriculturally related value added processing endeavors. KVAC grew from a concern for the economic plight of agriculture and rural Kansas due to the general distressed condition of agriculture and the number of people leaving farms and rural communities. Various commissions, task forces and state agencies conducted studies of the condition of agriculture in the 1985 to 1988 period. Among these reports are the following:

- Kansas Economic Development Study: findings, strategy, and recommendations (Redwood - Krider Report).
- Report of the Task Force on Agriculture of the Legislative Commission on Economic Development (December 1986).
- Kansas Agriculture and Rural Communities: changing and adapting to survive. Kansas State Board of Agriculture (October 1987).
- Agriculture 2000, the Kansas Plan. KSU Agriculture Experiment Station (October 1987).
- The Future Direction of Kansas Agriculture and Agribusiness A Blue Print Study. Kansas State Board of Agriculture (January 1988).
- Task Force Report on Non-Food Uses of Kansas Agricultural Product. Kansas State Board of Agriculture (January 1989).

A constant theme in these reports was that agricultural value added processing could provide economic benefits to agriculture and rural Kansas. In addition, "The State of Kansas can facilitate the success of private endeavors by assuring a supportive commercial environment and by supporting technical assistance and infrastructure facilities useful to Kansas industry." (Blue Print study p. XIV)

STATUTORY HISTORY:

Early in the 1988 session, Senator Fred Kerr and others began work on the formal establishment of an agricultural value added processing center. The resulting bill, SB 599, responded to the need for such a center as reported by a number of commissions and study groups. Upon passage by both houses, the bill was signed by the governor on May 10, 1988. The bill is now codified as 1988 Supp. 76-481, et. seq.

The bill provided six objectives for the center and for a 12 member Leadership Council to set policy and hire a director. The first meeting of the Leadership Council was in September 1988 and a director was hired on March 26, 1989. The center became operational May 1, 1989.

Activities of the center are subject to appropriations acts. Appropriations for operations of the center are included within the budget of Kansas Technology Enterprise Corporation. In addition to operational funding, the legislature on several occasions has provided funding for special projects to be administered by KVAC. The KVAC director is required to present the strategy, goals, and budget proposals to the legislature annually. The Agricultural Value Added Processing Center is scheduled to sunset on July 1, 1992.

KANSAS AGRICULTURAL VALUE-ADDED PROCESSING CENTER
Leadership Council

Authorization S.B. 599
 Appointed By: Governor Mike Hayden

Chairperson: Bernie L. Hansen

Vice Chairperson: Jim Allen

PRIVATE SECTOR REPRESENTATIVES

	<u>Appointment Date</u>	<u>Expiration Date</u>
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STRATEGIC PLAN

Adopted: 11/27/89
Revised: 08/01/90
Revised: 01/02/91

STRATEGIC PLAN

KANSAS AGRICULTURAL VALUE ADDED PROCESSING CENTER

January 2, 1991

OUTLINE OF PLAN

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**AGRICULTURAL VALUE ADDED PROCESSING CENTER
MISSION/GOALS/STRATEGIES**

Mission:

The mission of the Agricultural Value Added Center (KVAC) is to enhance the economy of the State of Kansas by providing technical and market information, research and development programs and pilot facilities to assist agriculturally related value added processing endeavors.

Objectives (as established in 1988 Supp. 76-481, et. seq., 10 May, 1988:

1. Providing technical assistance to existing and potential value added processing facilities including incubator facilities.
2. Developing a network for collecting and distributing information to individuals involved in value added processing.
3. Initiating pilot plant facilities to act as research and development laboratories for existing and potential small scale value added endeavors in Kansas.
4. Providing technical assistance to new agriculture value added processing businesses.
5. Developing and promoting communication and cooperation among private businesses, state government agencies and private colleges and universities in Kansas.
6. Establishing research and development programs in technologies that have value added commercial potential for food and non-food agricultural products.

Strategies:

1. KVAC will put its primary emphasis on assistance to small agricultural processing businesses in all sections of the state of Kansas. We will be particularly responsive to opportunities directed toward rural development and revitalization.

2. The center will primarily respond to opportunities that come to us. We will seek to generate new businesses and new industries through a planned industry visitation program. We will respond promptly to all inquiries.
3. All activities of KVAC will be market oriented. We will insist that all clients have a clear understanding of the marketplace and that their commercialization efforts are market directed and market driven.
4. KVAC will provide factual technical information and assistance to all Kansas businesses and entrepreneurs. Depth and extent of assistance will depend on the amount of value added potential for the opportunity.
5. The Center will make every effort to preserve client confidential information and not unnecessarily divulge their business activities without prior approval.
6. Center programs and assistance will have commercialization targets of two to three years or less.
7. The Center will build on the present strengths of Kansas, its agriculture production, current processing, markets, and institutions.
8. KVAC will coordinate its activities with other agencies and be a link between private industry and state agencies and universities.
9. The Value Added Center will be visionary, innovative, and creative in its approach. We will try to anticipate the future and develop programs, products, and technologies that will survive.

Programs and Goals:

In carrying out its mission, KVAC established a number of programs and procedures for delivering its services to the customer. The following programs and goals are established for FY91:

- 1. We will provide a central focus for responding to technical questions from Kansas value added processors.**

KVAC will be a center for assisting Kansas citizens and companies to develop products and analyze markets for value added agricultural products. The center will provide information and technical consulting for the agricultural value added industry. We will also have the capability of conducting developmental activities on a limited basis in cooperation with industrial clients.

Goals established:

1. We will hold initial discussions on all requests to the center within 10 working days.
 2. Reasonable targets will be established for furnishing information to clients that meet client needs and are within the capability of KVAC. Once established, targets may not be changed without concurrence of client.
 3. The center will follow up with clients as required to keep them moving in the commercialization process.
 4. Have sufficient technical consultants, KVAC associates, and part-time help committed or under contract to adequately serve the needs of KVAC clients.
 5. Visit at least two Kansas businesses each month to learn of their needs and seek their input in identifying future technologies.
 6. Provide technical training "scholarships" for small businesses to encourage acquisition of necessary technical knowledge.
- 2. We will develop needed pilot and development facilities.**

Many pilot processing facilities suitable for developing value added agricultural products already exist in Kansas. These facilities will be fully utilized before requesting additional facilities. The need to provide operating funds, new or modified equipment and support personnel to make these facilities usable will be addressed.

Goals established:

1. Maintain agreements for private industry use of existing university pilot plants.
 2. Implement KVAC Wet and Dry Development Laboratory funding and continue to develop justification for food processing development equipment and facilities for use by KVAC clients.
 3. Provide pilot facilities as required for commercialization of three client ideas in FY91.
 4. Requests for use of University Pilot Plants will be translated into a project form and scheduled as quickly as possible considering the universities' teaching and research needs. Charges will be negotiated according to KVAC policies.
3. We will strengthen the States technology transfer and technical communication capabilities.

The center will develop a strong, interdisciplinary outreach program of technical assistance in value added processing. Expertise will be developed in processing, production, quality assurance, packaging, safety, economic feasibility, and market analysis. The center will be a leader in effecting coordination with state and federal programs and with businesses, producer groups, community groups, and others involved in value added commercialization.

Goals established:

1. We will maintain close contact with other state agencies and hold periodic meetings to coordinate activities of the various groups.
2. We will establish files and databases of technical and product literature for easy access of clients.
3. We will establish data links with sources, libraries, etc. for obtaining required information.
4. Conduct a minimum of two technical training seminars per year. Seek cooperation with Extension, Board of Agriculture, and other interested groups.
5. Information of a general nature generated by KVAC will be widely disseminated in Kansas.

4. We will provide focus and leadership to agriculture value added research and development programs.

Kansas has significant technical expertise in a number of value added technologies. The role of KVAC is to provide information and guidance in the best commercial opportunities and to provide seed funding to explore new and promising areas.

Goals established:

1. Maintain a close working relationship with key value added technologists.
2. Maintain contact with Federal and other value added programs.
3. Bring industrial participation to value added development programs.
4. Identify and fund two promising exploratory programs vital to Kansas future.

Staffing of Center

The Center will operate with a small staff and rely on consultants, service contracts, and graduate assistants to provide necessary services. Essential staff are the director, office manager, and market research manager. Due to limited funding, we have delayed filling the market research position.

Budget to Support Program

	<u>FY90 Actual</u>	<u>FY91 Budget</u>	<u>FY92 Budget Request</u>
Salaries	\$101,303	\$145,000	\$135,190
Operating Expenses	30,933	43,000	52,000
Grants & Contracts	<u>234,476</u>	<u>376,475</u>	<u>287,000</u>
Total Expended	\$366,712	\$564,475	\$474,190
Authorized but not dispersed until FY91	<u>116,500</u>		
	<u>\$483,212</u>		

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PROPOSED PROGRAM FOR SUPPORT OF SMALL FOOD PROCESSING COMPANIES

OBJECTIVE: To provide technical, market research, and product development assistance for new and existing Kansas small food processors.

OPERATIONS: This program would work in close cooperation with KSU Value Added Extension Specialists and the Board of Agriculture, Marketing Division. Its primary role is to insure that Kansas companies have the technical knowledge and back up support to economically produce and market quality food products that meet regulatory requirements and market needs.

The program operates in the following manner:

1. Provides a referral service to assist companies in dealing with the right resources.
2. Provides technical consultants and information on specific company problems.
3. Provides matching funding for specific company commercialization projects.
4. Funds projects of general interest to the Kansas food industry or product segments.
5. Provides training and education through publications, training grants, workshops, etc.

BUDGET:

Technical resources	\$ 30,000
Equipment purchases	20,000
Projects	62,000
Scholarship grants	3,163
Nutritional labeling support	<u>10,000</u>
TOTAL	\$125,163

PROPOSED MEAT PROCESSING INDUSTRY SUPPORT PROGRAM

Meat processing is the largest food processing industry in Kansas and we rank #1 in U.S. cattle slaughter. The industry employs more than half of all food processing jobs for the state. The industry is dominated by four large companies but there is also a large number of small processors. Due to the decrease in red meat consumption, the Kansas industry has suffered a series of plant closings and a general difficult competitive situation.

KVAC must be prepared to help protect this major source of food processing jobs. New initiatives under way or planned where KVAC might play a role would include:

1. Meat processing by-product utilization.
2. New processing techniques such as Surimi products.
3. Nutrition oriented meat products development.
4. Convenience oriented meat product development.
5. Cost reduction/product mix improvement.

In addition, we must support the small regional meat processors. They currently serve niche markets not attractive to the large processors. These companies must continue to innovate and evolve in order to survive. Since they are small, with limited internal resources, KVAC needs to be sensitive to and respond to their special needs.

Closely related industries where we need to continue our efforts are the pet food processors. Kansas has a special opportunity in pet foods. Hills Pet Food, Topeka, is a leading innovator in specialty animal diets. They and others sponsor considerable nutrition work at the KSU veterinary school. Plus we now have the Extrusion Center in Grain Science and Industry which is the leading processing mode for these products. We need to pull all these resources together for the economic benefit of the state.

Interest in intensive aquaculture has increased significantly. We now have three indoor systems in operation and two more in the planning stages. We have only one small processor with limited capability, and marketing and economics are relatively unknown. Major support will be required for this industry to become established.

Budget for meat processing:

By-product utilization	\$ 10,000
Product development for regional processors	10,000
Pet food program	5,000
Aquaculture production, processing, marketing	<u>10,000</u>
TOTAL	\$ 35,000

PROPOSED GRAIN AND BAKING INDUSTRY PROGRAM

Milling and baking is the states second largest food processing industry with 1/4 of the food industry jobs. Manhattan Kansas also is the world center for milling and bakery technology with the KSU Grain Science Department, American Institute of Baking, USDA Grain Marketing Lab, Wheat Quality Council and a number of other organizations located there. Technology developed in Manhattan is transferred world wide. Kansas needs to capture its share of this technology in the form of new products and businesses for the state. We also need to make sure this unique expertise is maintained.

Potential Project Areas:

1. Capitalize on the Extrusion Center by developing products for commercialization in Kansas (breakfast food, snacks, pasta).
2. Support development of hard white winter wheat as a identify preserved grain and as a raw material for a wide range of high quality, unique Kansas food products.
3. Development of specialty feeds for aquaculture and exotic animals.
4. Specialty baked product development (cookies, mixes, microwave products).
5. New product and process development for wet milled wheat processing.
 - * Improved separation techniques.
 - * New uses for modified gluten, starch, etc.
 - * Emphasis on non food - non feed uses. Both from wheat and other agricultural raw materials.

Budget

White Wheat Program	\$ 35,000
Red Wheat Program	35,000
Extrusion Programs	25,000
Other Projects	<u>5,000</u>
TOTAL	\$ 100,000

PROPOSED FRUIT AND VEGETABLE PROGRAMS

Fruits and vegetables are a growing segment of the food industry, driven by the consumers demand for freshness, quality, safety, and nutrition. KSU Extension and the Board of Agriculture have been effective in stimulating production through the many farmers markets. These will continue to grow and become a major outlet for the small producer.

Kansas is ready to enter the next phase of development. We have the climate, soil, and irrigation water that are required plus a number of growers are expressing interest in expanding production. We lack the cheap field labor and automation that will be required and do not have the handling facilities or marketing organization that is necessary to compete on a regional or national level. In FY90, KVAC provided KSU the beginning of an experimental sorting, grading, packing system that will be used to develop procedures and demonstrate for Kansas growers how to pack products for these expanded markets.

Proposed FY91 Program

1.	Education of growers in grading, packing, etc.	\$ 5,000
2.	A market study of crops to grow and ways to market.	7,500
3.	Processing for non-traditional markets and outlets for excess production	<u>7,500</u>
	TOTAL	\$ 20,000

PROPOSED SPECIALTY FOOD PRODUCTS FOR KANSAS

Current trends in food processing are toward larger and more centralized food processing plants and strong national branding of products. Kansas should continue its quest to attract these large plants, especially where we have a raw material advantage (meat, grain based, and baking). At the same time, specialty products with regional appeal are also growing rapidly. This is the area where Kansas companies can do quite well. Some areas of opportunity include the following:

1. Dry mix convenience products - the low capitol requirements for mixes make this attractive. In addition, we have two contract packers in the state who do an excellent job. We have a number of wheat flour based operations that are doing quite well. KVAC's role will be to begin to get more sophisticated products developed and marketed.
2. Frozen foods - the low energy rates in Kansas suggest that this is an excellent location for freezing and drying processing operations. We are a big producer of frozen pizza. As with dry mixes, our role needs to be to get upscale frozen products such as meals, and entrees developed and commercialized.
3. Ethnic foods - this could be considered a subclass of both dry mix and frozen products but it is a strong enough trend to justify a place of its own. Kansas has several producers of Mexican food. There are additional opportunities here but KVAC's role should be to get prepared for the next innovation. With the lowering of the iron curtain there is a suggestion that Middle European will be the next craze.
4. Snack foods and hors d'oeuvres - the U.S. is becoming a land of "grazers". People snack at all times of day and night. There are opportunities for products that can combine nutrition with the taste and appeal of current salted snacks.
5. The institutional market - nearly one half of our food is consumed away from home. Product requirements are highly segmented and the marketing chain is largely regional (the largest food service company, Sisco, has less than 4% of the market). This is ideally suited for the regional producer and marketer.

Budget

Dry mix development (equipment & projects)	\$ 20,000
Institutional marketing	10,000
Ethnic foods	<u>10,000</u>
TOTAL	\$ 40,000

UNIDENTIFIED DEVELOPMENT OPPORTUNITIES

A significant portion of KVEC's program budget should remain for as yet unidentified opportunities. It is not possible to forecast even one year in advance in the dynamic, ever changing food industry. As in the past, the Leadership Council will alter priorities and adapt programs to meet these changing needs.

One area being explored are veterinary and pharmaceutical opportunities as applied to Agricultural Value Added. KU has a leading pharmacy school and KSU vet school is highly regarded. With biotechnology expected to have major impacts on agriculture in the 90s, these two resources should be an excellent source of value added opportunities.

In this category also are situations that arise when companies encounter unexpected growth opportunities or product and process problems. KVEC should have available a small reservoir of funds that could be quickly utilized to meet a special situation.

Budget \$ 0

REPORT TO LEGISLATURE

Project 89-12

Small manufacturer located in North Central Kansas. Company has four employees with projected 1991 employment of 18.

Product History

Product is sprayed on hay bales, silage, grains and other forage products exposed to the elements to reduce moisture uptake and spoilage. It was introduced in late 1988 and is protected by US patent 4,846,890.

Highlights of contacts with KVAC

- September '89 ■ First meeting (have averaged 1 contact/week since then).
- November '89 ■ Business plan evaluated and opportunities to reduce costs identified.
- January '90 ■ Project authorized - experimental work by KSU Ag Engineering.
- April '90 ■ Laboratory work completed.
- June '90 -
January '91 ■ Field tests planned and assistance provided.
- June '90 ■ Patent Infringement Assistance.
- February '90 -
December '90 ■ Work with suppliers to develop sources of supply.
- August '90 ■ Field demonstration.
- December '90 -
January '91 ■ Contracts for reformulated product signed.
- January '91 - ■ Consultation on a new product.

Cost of Assistance

KVAC staff time and \$3,500 for laboratory assistance.
Company costs for field testing in excess of \$15,000.

Value of Assistance

Cost of reformulated product \$1.45/pound less than original formula.
Projected cost savings on actual 1990 sales is \$343,000.
('91 contracts will significantly surpass '90 sales)

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REPORT TO THE LEGISLATURE

Project 90-15

Small food processor located in Southeast Kansas.
Family owned business growing, processing, and marketing sorghum syrup.
Eight family members involved in operating business.

Key contacts with KVAC

- May '89 ■ Crystallization problems in syrup.
September '89 ■ Requested information on evaporation temperatures of sugar solutions and design of evaporators.
February - March '89 ■ Product seized by Missouri Department of Health as "adulterated". KVAC diagnosed problem is due to improper processing and product is only "out of specification". Product is safe and wholesome. KVAC discussed problem with Missouri Department of Health and product released for sale on April 3.
May '90 ■ Requested information on vacuum processing equipment.
July '90 ■ Samples of material "fouling" evaporation pans was analyzed and cleaning instructions presented.
October '90 ■ Sorghum Syrup processing short course presented at plant. Attended by eight company employees, seven state regulatory people, and sixteen other processors.
December '90 ■ Established industry testing program with KSU Extension having major role.

Value of KVAC's assistance in product seizure

Product placed under embargo - 4,000 gal valued at \$13.50/gal
Lost revenue \$ 54,000
Unrecovered costs \$ 27,500
Value fully recovered through KVAC assistance.

Cost to KVAC -- staff time
cost of short course \$1,000

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CONFIDENTIAL

REPORT TO THE LEGISLATURE

Project 90-FLI

Start up food business located in Central Kansas.

Highlights of contacts with KVAC

- May '90 ■ First contact to discuss concept and marketing. Information requested on Bureau of Alcohol licensing requirement.
- August '90 ■ Requested information on juice sources, packaging equipment and water treatment.
- November '90 ■ First 10 cases of product produced.
- December '90 ■ Requested assistance on laboratory analysis of product and ingredients.

Cost of Assistance

KVAC staff time.

Project 90-TG

Small food processor expanding plant. Located in Northwest Kansas. Will employ 3-5 in expanded plant.

Highlights of Contacts with KVAC

- March '90 ■ Contacted KVAC for assistance in designing new mill and inspection of used equipment.
- May '90 ■ Design complete, equipment purchased, building construction underway.
- December '90 ■ Assistance in start up of mill - performs well. Company has ten times original capacity, improved sanitation and consistent project quality.

Cost of Assistance

KVAC staff time.
Initial consultant fees \$1,000.
Company spent \$30,000 on equipment and additional consultant fees.

REPORT TO THE LEGISLATURE

Grain company from Southwestern Kansas wishing to get into flour milling

First contact by telephone April '90.

Meeting arranged with KSU flour milling personnel in May '90. Process, products, markets and costs were discussed. A list of additional contacts were provided.

November '90 additional market information requested.

January '91 requested assistance in hiring general manager to assist in designing, constructing, and operating mill.

Cookie Bakery in South Central Kansas

Contacted KVAC November '89 regarding formulation, ingredient and processes.

Provided scholarship to AIB specialty short course in March '90.

Additional help provided in April-May '90 in selecting commercial equipment and equipment testing.

Current status - expanding production from 70 doz./week to 30,000 dozen/week. Employment will increase from three to seven. Profitable at end of first full year of operation.

Specialty food processor in East Central Kansas

Makes and markets an array of food products in small quantities. Frequent requests for assistance with formulas, commercial sources of ingredients and packaging. December '90 requested KVAC assistance with business and marketing plan and product cost and quality for venture capital expansion of business.

Tortilla producer in Eastern Kansas

Assistance requested in "sticky" tortilla problem in Summer '90. Arranged plant visit with consultant. Formula modifications and process changes recommended and problem solved.

Farmer in Southeast Kansas

Called in December '90 seeking information on soybean processing and products. Interested in small scale processing. Supplied information.

CONFIDENTIAL

REPORT TO THE LEGISLATURE

Kansas Jam and Jelly Quality

Kansas has seven jam and jelly producers registered with the "Land of Kansas" program. KVAC initiated a program in early 1990 to assist these producers to improve their quality and profitability. The program consisted of the following three aspects:

1. Assessment of product quality.

Five processors submitted three samples of their product which were measured for flavor, texture, consistency of production, and chemical analysis. Information was provided to each processor on their product.

2. A jam and jelly quality seminar.

The companies were invited to an all day seminar on jelly production and quality techniques (five companies and sixteen people attended).

3. Personal follow up.

In plant assistance has been provided to three companies to correct specific problems.

Results achieved

- Product quality and consistence has improved.
- Production costs and lost batches have been reduced.
- Product lines have been extended - new flavors added (KVAC developed a "no sugar" formula being used by three processors).
- Sales have increased and profitability improved.

Cost of program

KVAC staff time.

\$10,000 for quality testing at KSU Sensory Center.

\$ 1,000 for formula development and KSU extension follow up.

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CONFIDENTIAL

REPORT TO THE LEGISLATURE

Nutrition Labeling Assistance (Project 90-16)

In mid 1990, the FDA announced its intention of making nutrition labeling mandatory for all food products. The cost of getting the required laboratory analysis will be in excess of \$200/product. The legislation may exempt small manufacturers from this requirement, but consumers are demanding labeling be on all products. This is placing a significant economic hardship on small processors.

In August 1990, KVAC began a program to assist companies registered in the Board of Agriculture "Land of Kansas" food promotion program with nutrition labeling. We offered to perform the necessary laboratory work to obtain nutrition analysis for one of their products and provide consultation on the FDA product labeling requirements.

As of 31 December 1990, 42 Kansas companies have submitted products for nutrition labeling consultation. Cost is running about \$300 per product. The benefit to the Kansas processor is he now has a product that is fully and correctly labeled, and contains the information the consumer is requiring. Kansas small processors can now compete equally in the market place with major companies.

An added benefit to Kansas has been the qualification of a Kansas analysis laboratory to perform this type of analysis. Previously, Kansas food processors had to send products to Denver, Minneapolis, Chicago, St. Louis or Des Moines for this type of testing.

KVAC FINANCIAL INFORMATION

	<u>FY89</u> <u>Actual</u>	<u>FY90</u> <u>Actual</u>	<u>FY91</u> <u>Budget</u>	<u>FY92</u> <u>Request</u>
<u>Funding</u>				
General Fund	\$ 0	\$ 250,000	\$ 0	\$ 0
EDIF	175,000	175,000	481,155	475,190
Special Appropriations	0	35,000	35,000	0
Carry over	<u> </u>	<u>103,517</u>	<u>38,877</u>	<u>0</u>
 Total Funds Available	 \$ 175,000	 \$ 563,517	 \$ 555,032	 \$ 475,190

Spending

Salaries	\$ 20,156	\$ 101,303	\$ 145,000	\$ 135,190
Operations	31,327	72,361	50,500	53,000
Grants & contracts	<u>20,000</u>	<u>326,729</u>	<u>359,532</u>	<u>287,000</u>
 Total expended	 \$ 71,483	 \$ 500,393	 \$ 555,032	 \$ 475,190
 Governors Budget cut		 \$ 24,247		
 Carry over	 \$ 103,517	 \$ 38,877	 \$ 0	

Comments

1. Division of Budget Recommendations for FY92 is \$388,190.
2. KVAC needs to receive money in equal monthly amounts rather than at end of fiscal year as in FY91.
3. KVAC needs ability to carry over money since projects authorized in one fiscal year may be completed in a different fiscal year.

PERFORMANCE INDICATORS:

KVAC in its Strategic Plan is committed to judge its success using the following measures:

1. Number of jobs created or saved in Kansas agricultural processing industries.
2. Sales and profitability improvements of KVAC clients resulting from interaction with the center.
3. Profitability improvements in Kansas agriculture resulting from increased processing generated by KVAC assistance.
4. Cost savings generated through KVAC assistance.

Quantitatively measuring these KVAC contributions to economic development must occur over a several year period. In many cases technical contributions such as a new product do not become profitable for two to five years. Likewise, in job creation, the input of many factors besides technical are required making it difficult to directly link jobs and technical assistance. We will continue to look for quantitative measures and cite examples as they occur.

However, in the short term and on an annual basis we will use six indirect methods as measures.

1. Number of clients served, their location in the state and size of the community. Our goal is to provide technical support to 36 new contacts with the center each year and maintain technical contact with at least 48 companies through continued technical support. These contacts will represent all sections of the state and include small rural communities.
2. Degree of satisfaction with KVAC services as determined by discussion with users and repeat customers. Appropriate comments will be cited.
3. Number of KVAC suggestions implemented and potential value to company. Our goal is that at least 1/2 of our new and ongoing contacts will implement KVAC information.
4. Number of new and improved products, processes, and innovations introduced by our clients using KVAC services. Our goal is to commercialize at least four new products per year.
5. We will also document as much as possible a cost/benefit ratio for our expended funds. A positive ratio will be maintained.

	Actual <u>1990</u>	Goal <u>1991</u>	----- 1992 -----		
			A	B	C
Clients served					
* new	88	36	30	30	36
* ongoing	32	48	48	48	48
Counties served	66	40	40	40	40
Suggestions implemented	--	50%	50%	50%	50%
New products	1	3	2	2	4
Projects authorized	23	20	15	15	20
Cost/project	\$ 15,035	\$ 18,000	\$ 18,000	\$ 18,000	\$18,000
Seminars sponsored	5	4	4	4	6
Reports Published	9	6	5	5	9
Cost savings documented	\$437,000	--	--	--	--
Jobs impacted	3	--	--	--	--

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KVAC STATISTICS - CALENDAR YEAR 1990

Companies provided assistance	
New to KVAC	71
Ongoing assistance	30
Labeling only	42
Meetings held with companies	
New to KVAC	26
Aided prior to 1990	27
In-state trips	50
Out-of-state trips	10
Meetings with state agency personnel	56
Meetings with university personnel	89
Meetings with economic development groups	11
Seminars/Talks	23
Value Added Specialists meetings	6
KVAC Leadership Council meetings	6

KVAC GRANT PROGRAM (total since May '89)

Contracts for Technical Assistance Resources	\$ 109,500
Business Specific Projects	
Designated by legislature (white wheat, red wheat)	\$ 116,000
Technical Assistance (24 companies)	\$ 45,500
Nutrition Labeling (42 companies)	\$ 20,000
Purchase of Pilot Plant Equipment (KSU, WSU)	\$ 117,300
Seed money for new technology for Kansas	
New crops (canola, organic foods)	\$ 15,500
New Processors (aquaculture, biomass, extrusion)	\$ 32,000
Non food uses (starch plastics, leather composites)	\$ 37,500

OTHER RESULTS

Newsletter published - Sent to 800 Kansas agriculture processors and economic development individuals and groups.

Fourteen Market and Technology reports issued.

Food Analysis laboratory in Kansas qualified.

Five seminars sponsored or co-sponsored.

Eight training scholarships provided to Kansas companies and technologists.

Assisted five firms in receiving technology matching grants. Total value of grants \$212,000 with match an excess of \$318,000.

REPORT TO LEGISLATURE

White Wheat Commercialization - Progress Report

The 1989 legislature appropriated \$35,000 from EDIF to assist white wheat commercialization. These funds were placed in the KVAC budget for FY 90, 91, and 92. KVAC has contracted with the American White Wheat Producers Association (AWWPA) to conduct these commercialization efforts. AWWPA provides quarterly reports and frequent consultation with KVAC on the progress of its commercialization efforts.

AWWPA was chartered in April 1988 under Kansas Cooperative Law. A nine member board of directors provides overall policy and management direction. Offices are located in Atchison, KS. There currently are two employees, eight preferred stockholders and 50 common stockholders. Capitol stock totals \$46,200.

AWWPA intends to implement an alternative marketing system for hard white wheats that will permit producers, either individually or collectively, to maintain ownership of their production to the end user and retain more of the value of their wheat.

Marketing Status

AWWPA has demonstrated that high quality white wheat flour and bran can be grown and processed by their contracted milling arrangements. Repeat sales have been made to a number of markets, but sales volume is not sufficient to be profitable nor to adequately test the premium that will be paid for white flour and bran.

Keys to Success

1. AWWPA Must establish wholesale flour sales volume. Major industrial customers have not committed due to lack of guaranteed supply and questions regarding premiums that can be expected.
2. Sales volume of specialty products such as bulgur production, institutional and retail flour sales, and premium bran sales, must be increased while maintaining margins.
3. Sufficient return must be generated for the growers to justify storing of the grain and any yield and growing problems.
4. Volume of production and sales must be increased to the 1 mm bu/year level to provide "break even" operation.

REPORT TO LEGISLATURE

GREAT PLAINS RED COMMERCIALIZATION - PROGRESS REPORT (#90-19)

The 1990 Legislature appropriated \$35,000 from EDIF funds for commercialization of high protein hard red winter wheat (Senate Bill 793 amended). The bill further stipulated the money must be matched on a \$1 for \$1 basis by the Kansas Wheat Commission. On 24 July 1990, a contract was signed between KVAC, Kansas Wheat Commission, and Great Plains Red, Inc. of Wakeeney to carry out the intent of the bill.

Great Plains Red was incorporated in August 1984 to commercialize identity preserved high protein hard red winter wheat for the milling and baking industry. They have 23 stockholders with capitol stock of \$124,000. The business occupies a 5,000 square foot facility at 706 Barclay Avenue in Wakeeney. In the last four years, Great Plains Red has suffered net operating losses totaling \$129,577. The primary reason for the losses has been insufficient volume of production to cover necessary operating expenses. Employment was increased from two to five during 1990.

The project objectives prepared in consultation between Great Plains Red, Kansas Wheat Commission, and KVAC address the steps necessary for commercial success and if successfully completed should provide a profitable self supporting business.

At the mid point of this project year, Great Plains Red has contracted for 27,000 acres of grain to be grown (a 10 fold increase over its '90 crop year plantings), and is achieving the projected 50¢/bu premium for its growers on the '90 crop.

FUTURE

The market at Kansas mills for a high protein blending wheat to replace spring wheats imported from Minnesota and North Dakota is approximately 1 mm bu/year. Even at today's depressed prices of \$2.63/bu., the 27,000 ac plant in 90 should produce a new market of \$2.3 mm for Kansas wheat. In addition, there will be a 50¢/bu protein premium paid to the farmer (approximately \$1,550 extra for each of the 275 growers). In addition, Great Plains Red Inc will receive \$223,000 in operating income and there is royalty income of \$102,000 to the seed producer. Overall, successful completion of this project should provide over \$3 mm/year of new income for the Kansas economy. Great Plains Red is currently considering if support will be requested for FY92.

PRESENTATION TO
THE HOUSE APPROPRIATIONS COMMITTEE
JANUARY 29, 1991

Presentation by:

William G. Brundage, Ph.D.
President of
Kansas Technology Enterprise Corporation

HA
1-29-91
Attachment 2

KTEC

"The United States is becoming a bicoastal economy with the sixteen coastal states accounting for 42 percent of the nation's population and 70 percent of the real growth in wages and partnership income during the 1980's. Midwestern states (with the exception of the Minneapolis-St. Paul area and the forty-mile strip from Ann Arbor to Detroit) may be stuck in an "economic long wave" unless they can transform themselves into financial or high-tech centers."

Bell, D.
"The World and the United States in 2013"
Daedalus, 1987

Kansas Technology Enterprise Corporation

TABLE OF CONTENTS

- I. Executive Summary
- II. Why was KTEC Created?
- III. Accountability
- IV. Organization Chart
- V. Programs
- VI. Summary of Results
- VII. Performance Indicators
- VIII. FY 1992 Budget Requests, A, B & C
- IX. Success Stories

I. EXECUTIVE SUMMARY

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

EXECUTIVE SUMMARY

I. KTEC Organization

The Kansas Technology Enterprise Corporation (KTEC) is a state-owned nonprofit corporation governed by a 15-member Board of Directors. The board includes: the Governor, or at the discretion of the Governor, the Secretary of Commerce; four members of the legislature appointed by legislative leaders; and ten directors appointed by the Governor. Should the Secretary of Commerce be designated to represent the governor, that individual serves as an important, direct liaison to the governor's office. Of the ten members appointed by the Governor, six must represent the private sector and four must be scientists or engineers at institutions of higher education. Members serve staggered terms of four years. The board is very active in steering KTEC's programs, budget, expenditures, and staffing.

KTEC's President is selected and supervised by the board and is responsible for directing the corporation. The President has a staff of seven to manage KTEC's programs.

II. KTEC Funding Sources

The majority of KTEC's funds come from the Economic Development Initiatives Fund (EDIF). In FY 1991, KTEC was allocated \$5,815,904 in EDIF revenues. A very small portion of KTEC's budget, \$204,453 in FY 1991, was appropriated from the State General Fund. These latter funds support approximately one-third of KTEC's operational costs.

KTEC is directed to and has a successful history of leveraging state monies with financing from the private sector and federal government agencies. Since its inception, KTEC has provided \$15.1 million to universities and businesses in the state and has attracted \$35.5 million from other sources to Kansas.

III. Need for KTEC

KTEC was created to improve the health of Kansas' economy by fostering innovation in existing and developing businesses. When it created KTEC in 1987, the state recognized that without technological innovation (state-of-the-art technologies and competitive products), Kansas would experience a declining economy as a result of, not having competitive products or manufacturing techniques.

As the world economy changes, manufacturers must become more efficient and sell new and/or enhanced products every few years in order to survive. This is especially difficult for small businesses, as they rarely can afford the full costs of research and development. Most businesses in Kansas are small to medium in size; consequently, it is essential that an infrastructure for research and development and state-of-the-art manufacturing and production capabilities be created.

KTEC has designed an infrastructure that will enable Kansas companies of all sizes to develop the products and techniques necessary to compete in the world marketplace. The infrastructure provides hands-on support for innovation by Kansas companies by linking them to: (1) university research, technical assistance and training programs; (2) financing for research and product

velopment; (3) venture capital for business expansion; and (4) information on adaptation of new technology (e.g. federal programs, advanced telecommunications, and patent information). Ultimately the infrastructure will result in substantial and sustainable economic growth in Kansas.

IV. KTEC Programs

KTEC is building the infrastructure with a series of integrated financing and consultation programs. The three largest programs are:

KTEC Centers of Excellence - university-based research centers that provide research and development, product development, company networking programs, training, seminars and technical consulting for many client companies. Each center has a particular technical focus:

<u>Center Name</u>	<u>Technology Focus</u>
Advanced Manufacturing Institute (KSU)	manufacturing processes, advanced materials
Center of Excellence in Computer Aided Systems Engineering (KU)	computer analysis, software development
Center for Technology Transfer (PSU)	woods, plastics, printing
Higuchi Biosciences Center (KU)	pharmaceuticals, biotechnology
National Institute for Aviation Research (WSU)	aviation, engineering

Applied Research Matching Grants - provides partial financing of research to develop new or improved products for sale by Kansas companies. Many projects are conducted jointly by one company and one university.

KTEC Industrial Liaison Offices - technical experts provide consultation to small companies, including resolution of problems "on the factory floor." KTEC supports two outreach offices with locations in Great Bend/Garden City and Overland Park.

KTEC supports other important programs including: advising inventors on how to protect and market their inventions; providing research and training equipment at academic institutions for use by industry; developing a seed capital program; assisting small businesses in obtaining federal research contracts; and creating a consortium that will develop and coordinate an advanced telecommunications system for use throughout Kansas by businesses, schools, hospitals, universities, community groups, and government.

Most of these programs are directed locally, by industry, academic institutions, and economic development groups. KTEC manages its investments by communicating with and monitoring the local efforts. KTEC's staff and board of directors employ a number of management tools including a computerized project tracking system, comprehensive evaluations, and strategic planning.

KTEC's administrative costs are exceptionally low. During Fiscal Year 1991, the agency retained only eight (8) staff members and administrative costs represent 10.7% of its budget. Yet, thorough, professional administration of programs is still possible because of active participation by the Board of

Directors, volunteers from the private sector and academia, and a management system designed to keep overhead at a minimum.

IV. Results

KTEC has had many successes in its three-year history and may be one of the most cost-effective programs of its kind. KTEC initiatives have:

- helped create 2,320 new jobs;
- assisted 347 Kansas companies and 93 inventors;
- more than doubled the state's investment -- \$15.1 million from KTEC has leveraged \$35.3 million from industry and the federal government;
- been important to the start-up of 26 companies and the expansion of 25; and;
- increased Kansas product sales by \$16.2 million.

These results have had an important impact on Kansas; however, the economic impact of KTEC will grow dramatically over the next several years. It is difficult to quantify all of the effects of the infrastructure now in place, the enhanced capacity of Kansas universities, the value of technologies already developed that are about to enter the marketplace, and the ultimate value of the new businesses that have been created. A few examples show the potential impact of KTEC investments:

- KTEC's support of the Higuchi Biosciences Center at KU is helping develop a pharmaceutical industry, when none existed before. Oread Laboratories, which markets technologies developed at the center, has grown from 2 employees in 1987 to more than 70 today. Other start-up companies are on the horizon, and several large firms from outside Kansas have expressed an interest in establishing a presence in Kansas in order to take advantage of this expertise.
- Several Kansas companies, including Dillon's grocery stores, now sell new Kansas wheat-based products that resulted from a KTEC project in which KSU researchers found a way to enhance the quality of hard white winter wheat. The improved wheat could help Kansas farmers make an extra 70 cents for each bushel used in the new bread, meaning a potential gain of \$28 million to the Kansas farm economy.
- A \$70,483 training equipment grant to Garden City Community College (GCCC) led to another \$300,000 from Festo Didactic Corporation and training for more than 100 employees. The training in hydraulic and pneumatic machines prepared employees for the meatpacking and aircraft industries. The project was so successful that John Deere chose GCCC for its Great Plains area training facility for mechanics and servicemen.
- KTEC recently submitted a proposal to a federal agency that could bring \$12 million to Kansas during the next six years. The effort would provide training and consultation to more than 1,800 small manufacturers in the state. The Centers of Excellence and Liaison Offices, as well as community colleges and economic development agencies, form a "Delivery System" that is the basis of the proposal. Kansas' proposal is considered one of the strongest competitors for the federal grant because of the KTEC infrastructure.

Why KTEC Was Created

I. History--

July 1983, KATC

July 1986, KTEC Legislation

January 1987, KTEC To better represent the public;

II. To blend the cultures of academia, the private sector, and government;

To better represent the public;

To operate like a business;

To establish credibility with business and academia;

To address unique accountability and management requirements;

To address staffing requirements; and

To transcend political boundaries.

III. ACCOUNTABILITY

KTEC Accountability

I. Required

Board of Directors

- Appointed by Governor and Confirmed by Legislature
- 4 Legislators appointed by Leadership of both parties
- Governor or designee

Annual Audit

Audit by Division of Post Audit

Evaluation Criteria

Peer Review

Oversight by Kansas, Inc.

Business Plan

All Funds Processed through Accounts and Reports

Annual Budget Proposal to Division of Budget (performance indicators included)

Close Communication with Legislative Economic Development Committees

KTEC Accountability

II. Other

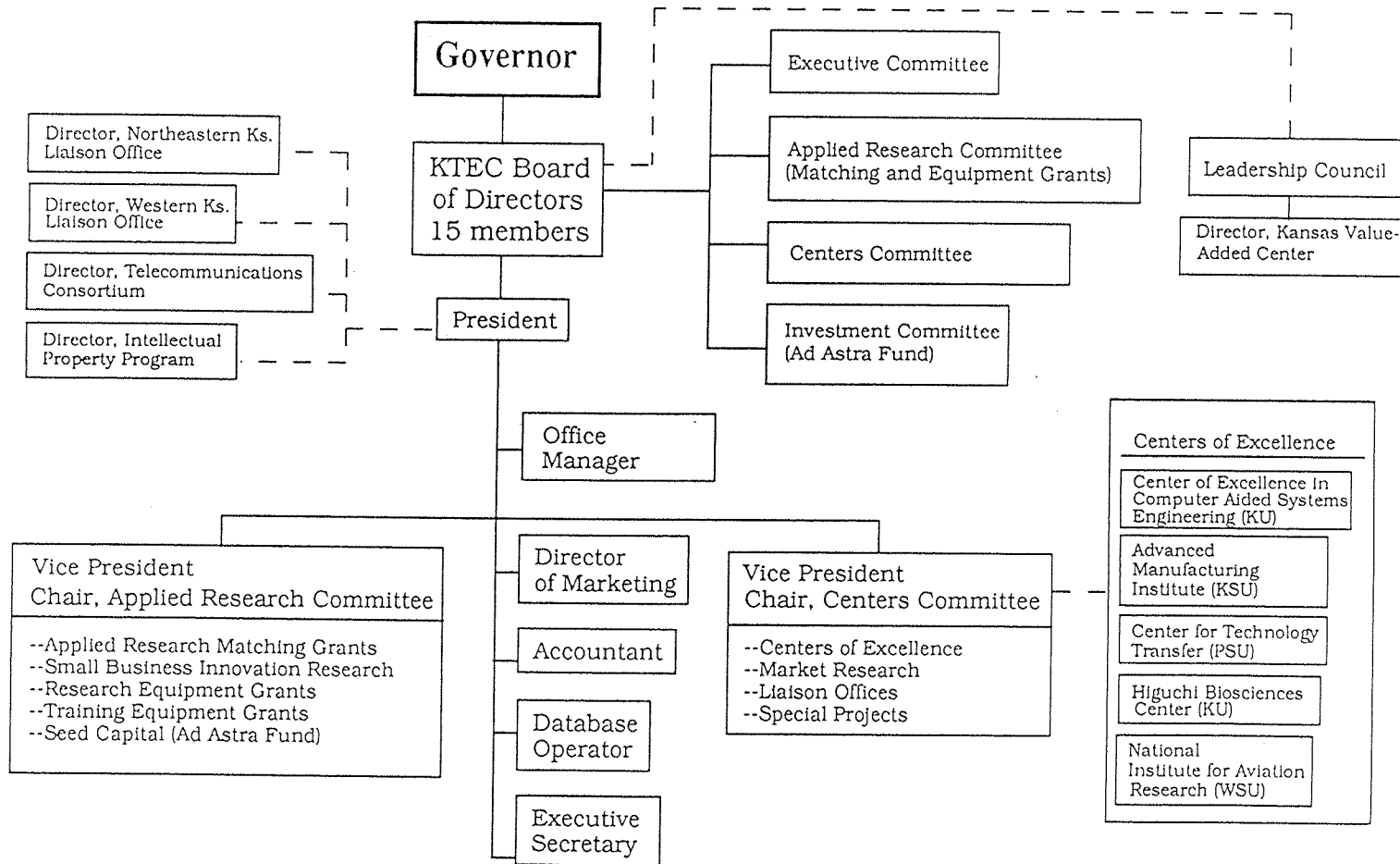
Strategic Planning

Return on Investment

Committees

Tracking System

IV. ORGANIZATION CHART



KANSAS TECHNOLOGY ENTERPRISE CORPORATION

William G. Brundage
President

John E. Moore
Chairman

Private Sector

Richard Bendis
President
Network Health Services, Overland Park

John Davis
President
Fidelity State Bank, Garden City

John E. Moore
Senior Vice President
Cessna Aircraft, Wichita

Lois Schlickau
Past President
Kansas Board of Agriculture, Haven

Lloyd T. Silver, Jr.
President
LSC, Inc., Shawnee Mission

Carol Wiebe
Director of Economic Development
Hillsboro Development Corp., Hillsboro

Higher Education Representatives

Dr. John Breazeale
V. P. for Academic Affairs
Wichita State University

Dr. Theodore Kuwana
Regents Distinguished Professor
University of Kansas

Dr. Gale Simons
Associate Dean of Engineering
Kansas State University

Dr. F. Victor Sullivan
Dean, School of Technology
Pittsburg State University

Governor's Designee

Secretary of Commerce

Legislative Appointments

Representative George Dean
Representative Rochelle Chronister
Senator Norma Daniels
Senator Dave Kerr

V. PROGRAMS

KTEC PROGRAMS

Centers of Excellence
Applied Research Matching Grants
Research Equipment Grants
Training Equipment Grants
Small Business Innovation Research Grants
Seed Capital
Technical Database
Industrial Liaison
Special Projects

11-8

VI. SUMMARY OF RESULTS

KTEC SUMMARY REPORT

Accumulative investments, leveraged monies,
and results from KTEC initiatives.

All Programs, 1984 - June 1990

KTEC Investment: \$15.1 million

Leveraged with:

\$18.1 million in industry funding

\$9.9 million in federal funding

\$7.5 million in venture capital

Total: \$35.5 Million

Results:

26 company start-ups

25 company expansions

\$16.2 million in increased sales

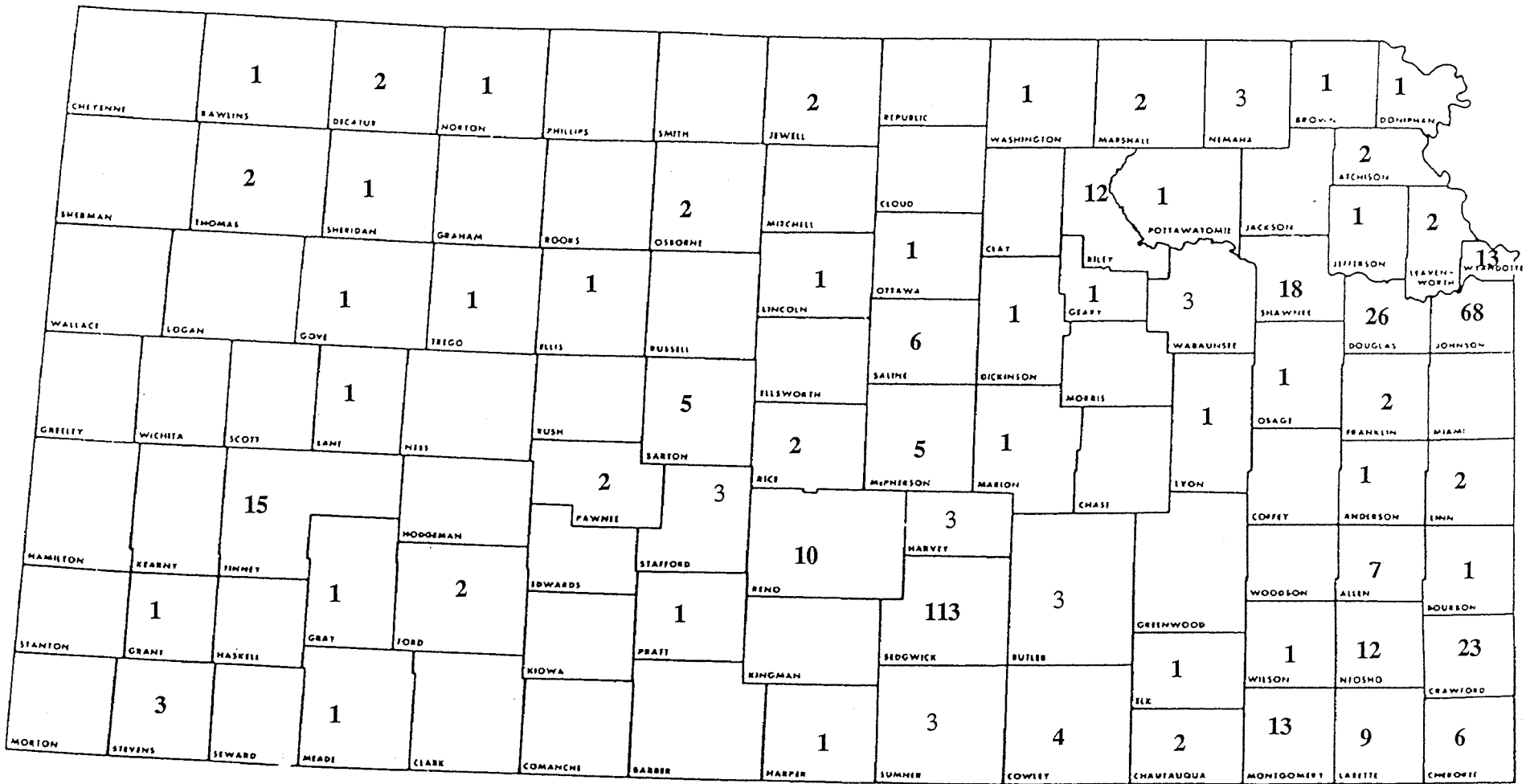
2,320 jobs created

74 new technologies

23 patents issued or pending

1/29/91

Businesses Assisted by KTEC Programs Number of Firms By County

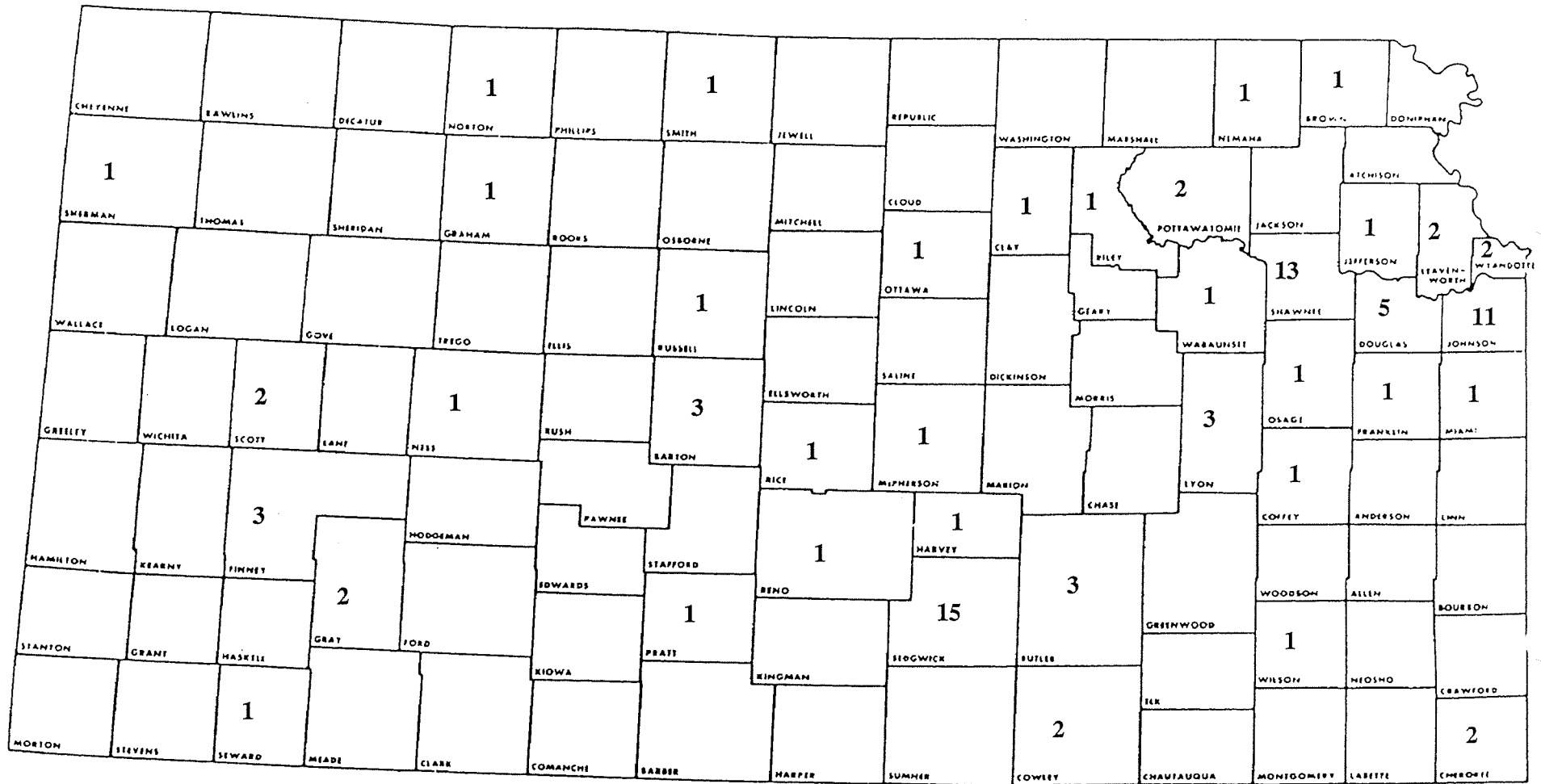


440 Companies Assisted,
Representing 66 Counties

2-19

1/29/91

KTEC Inventor Assistance Program Number of Inventors in 1990, by County

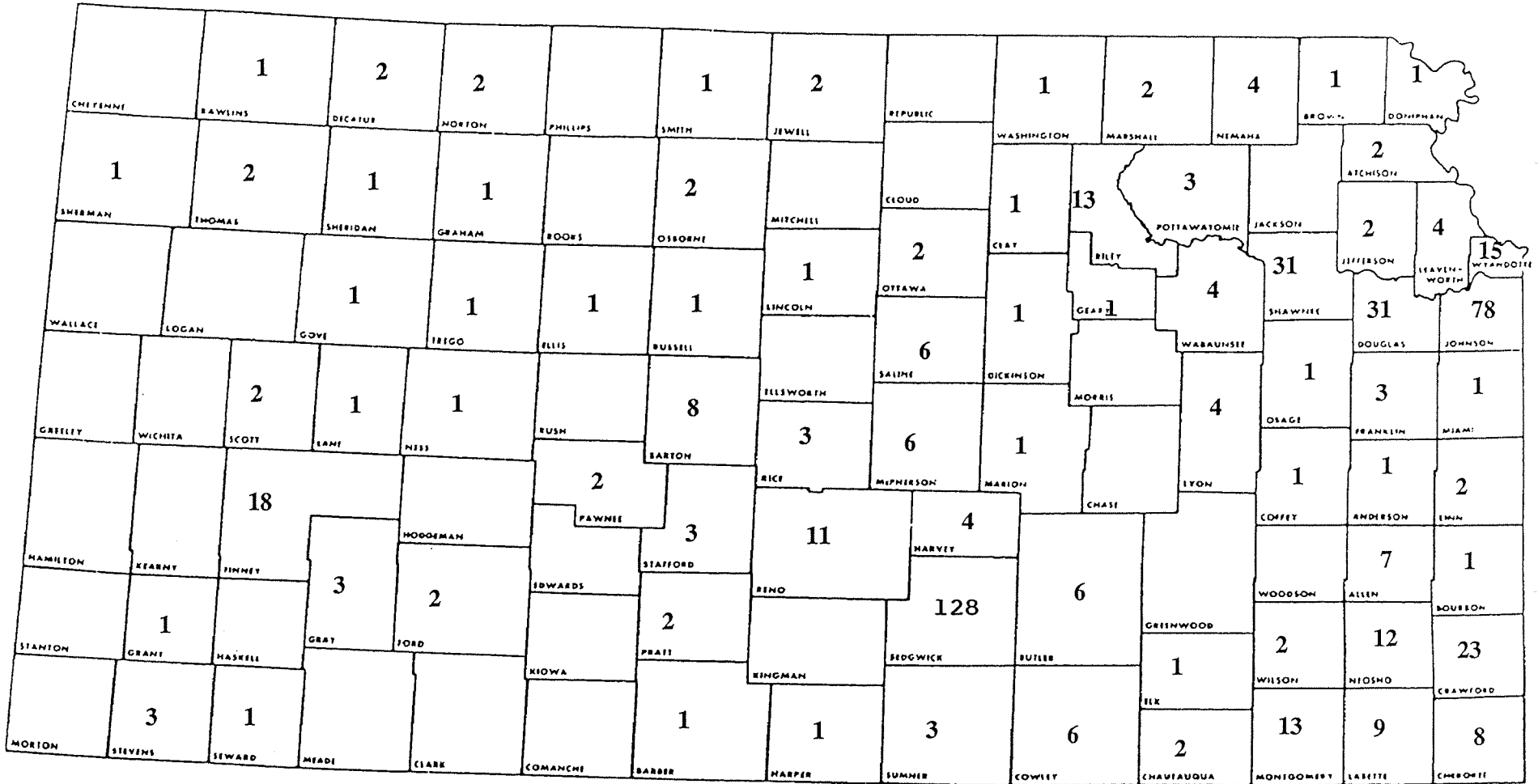


94 Inventors Assisted, Representing 40 Counties

2-20

1/29/91

Composite Map Business and Inventors Assisted by KTEC Programs by County



534 Total Businesses and Inventors Assisted
76 Counties Represented

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COMPANIES PARTICIPATING IN KTEC PROGRAMS
1/29/91

<u>Company</u>	<u>Location</u>
A & B Machine, Inc.	Salina
Aarons Repair	Great Bend
Abitibi-Price	Hiawatha
ACC Electronics	Independence
Accumix, Inc.	Garden City
Ace Foundry	Kansas City
ACT, Inc.	Shawnee Mission
Acra-Plant, Inc.	Garden City
ADM Arkady Food Ingredients	Olathe
Advanced Video Technologies	Overland Park
AeroComm Machining	Wichita
Aero Machine Co., Inc.	Wichita
Aero Mach Labs	Wichita
Aero Technologies, Inc.	Wichita
Agri-Technology	Coffeyville
Alberston & Hein, Inc.	Wichita
Allco Chemical	Columbus
Allen Press	Lawrence
Alvamar, Inc.	Lawrence
Amaranth Corporation	Oberlin
American Concrete	Pittsburg
American First Services, Inc.	Wichita
American Metal Fabrication	Wichita
American Plains Agri-Technologies	Colby
American Water Purification, Inc.	Wichita
American White Wheat Producers Assn.	Atchison
Ametek, Inc.	Wichita
Aplin & Associates	Overland Park
Aptus Enviromental Services, Inc.	Coffeyville
Aquaculture Engineering, Inc.	Bonner Springs
Arnel Communications	Baxter Springs
Arpeda Corporation	Silver Lake
As-Cast Steel	Lawrence
Associated Co., Inc.	Wichita
ATI Filter	Ottawa
Automate	Chanute
Automated Aircraft Tooling	Wichita
Automotive Controls Corp.	Independence
Avmar Research Labs	Wichita
B & B Machine & Tooling, Inc.	Wichita
B & D Instruments	Valley Center
Bainter's Worldwide Leather Products	Hoxie
Balderson, Inc.	Wamego
Bates Marketing Services	Wichita
Beech Aircraft Corp.	Wichita
Bell & Carlson	Atwood
Bendix-King	Olathe
Biocore, Inc.	Topeka
Biomune Corp.	Lenexa

Biotechnic Agriculture, Inc.
Black & Veatch
Blanchat Machine Company, Inc.
Blaylock Diesel
Boeing Commercial Airplane Group
Boeing Computer Services, Inc.
Boeing Military Airplane Co.
Bremson Data Systems
Brittain Machine, Inc.
Brookover Companies
Brown Cargo Van, Inc.
Buck Rogers Company
Buhler Packing Company
Build With Us, Inc.
Builders Inc.
Business Visions, Inc.
Steven Butler
Cabin Crafts Co.
CAC Tool Corporation
The CAD Room
Campbell-Becker, Inc.
Casco, Inc.
Catalytic Industrial Group
CCT, Inc.
Central Soy Foods
Century Wood Products
Cessna Aircraft
Charloma Fiberglass
Chautauqua Hill Jelly Co.
Chemsyn Service Labs
CIMLINC
Cimmaron Leather Company
CMP Computer Services
Coleman Company
Collins Ambulance Corp.
Columbus Telephone
Comdisco Systems, Inc.
CompuSpeak Laboratories, Inc.
Computer Coupon
Computer Information Sciences
Cookbook Publications
Coons Manufacturing Co.
Copies Plus
Cox Machine, Inc.
CPI Corporation
Crust Buster/Speed King, Inc.
Culligan Water
Culvert Fish Farm
Custom Truck Beds
Cypress Systems
D-J Engineering
Data Security Systems
Data Technique
Delta Management Systems, Inc.
DewEze Manufacturing

Overland Park
Overland Park
Wichita
Baxter Springs
Wichita
Wichita
Wichita
Lenexa
Wichita
Garden City
Lawrence
Olathe
Buhler
Columbus
Wichita
Wichita
Humboldt
Garden City
Wichita
Wichita
Lawrence
Wichita
Independence
Olathe
Lawrence
Kansas City
Wichita
Cherryvale
Sedan
Lenexa
Wichita
Hugoton
Wichita
Wichita
Hutchinson
Columbus
Lawrence
Overland Park
Wichita
Manhattan
Larned
Oswego
Olathe
Wichita
Wichita
Dodge City/Spearville
Topeka
McPherson
Humboldt
Lawrence
Augusta
Overland Park
Pittsburg
Mission
Harper

Diagnostic Concepts International
Dice Video
Dispensing Technologies, Inc.
Dillon's Bakery
Dina Corporation
DME Electronics
Doeers Metal Products
D.O.M. Associates
Dorskocil Foods
Dougherty & Associates
DPRA Inc.
DP-Tek Inc.
Dubbert Industries
Dupont Enterprises
E & F Mfg.
Earth Resource Data Corp.
Earthly Endeavors
Easton Manufacturing
Eaton Corporation
Eck & Eck Machine Co., Inc.
Elec-Tron, Inc.
Electronic Sensors
EMATECH Polymers Intl.
Energy Reduction Systems
Engineered Machine & Tool
Engineering Specialty
Eos Technologies
Ernst & Young
Exacta Machine, Inc.
Excel Corporation
Excel Manufacturing, Inc.
Exercise Bingo
Exline, Inc.
Farmers Union Elevator
Farmland Industries, Inc.
Ferrell Salvage
FMC
Fiberite
Fiber Sales Development Company
The Finishing Touch
First Line, Inc.
Fitzgerald Essential Oils
Flexweight
Flint Hills Foods
Flint Hills Marketing
FMC Corporation
Fuel, Inc.
Full Vision, Inc.
Funk Division/ Cooper Industries
Galaxy Audio
Garden City Inv.
Geary Grain Company
GENA
General Electric Aircraft Maintenance
Georgia Pacific, Inc.

Overland Park
Neodesha
Manhattan
Hutchinson
Pittsburg
Wichita
Larned
Manhattan
Hutchinson
Overland Park
Manhattan
Wichita
Olathe
Kansas City
Wichita
Lenexa
Wichita
Wichita
Hutchinson
Wichita
Wichita
Wichita
Kansas City
Hutchinson
Wichita
Olathe
Leavenworth
Wichita
Wichita
Dodge City
Lenexa
Osage City
Salina
Lindsborg
Lenexa
Mulberry
Lawrence
Wichita
Stilwell
Pittsburg
Lawrence
Oswego
Great Bend
Alma
Manhattan
Lawrence
Hugoton
Newton
Coffeyville
Wichita
Garden City
Junction City
Topeka
Arkansas City
Blue Rapids

George Morris Associates
Glendo
Global Trade Opportunities
Globe Engineering Co., Inc.
Golden Mill Sorghum
Goodyear Tire & Rubber Co.
Gordon-Piatt Energy
Great Bend Manufacturing Co., Inc.
Great Plains Industries, Inc.
Great Plains Red Inc.
Greenleaf Industries
Hallum Tooling
Hancock Electric
Hanlon Chemical
Hanks Machining Company
Harlow Aircraft Mfg.
Hay & Forage Industries
Hayes Tooling, Inc.
HCA Wesley Medical Center
Healey Associates, Inc.
Health and Environment, Inc.
Heartland Communications
Heatron, Inc.
Helios Power Co.
Heritage Door Co.
Hesston Industries
Heyco
Hidden Cottage Inn
Highland House
High Plains Corp.
High Plains Quality Foods
Hillsboro Industries
Hill's Pet Products
HiLine Plastics
HI-LO Table Manufacturing
Hix Screen Printing
H. L. Miller and Son
Hose America
Hundley
Hybrids International, Ltd.
Hydro-Tech
Hypercard Workshop
IBM Corporation
IBP Inc.
IPRX
ICADA
ICE Corporation
IMP Boats
Industrial Millwork
IPRSS Consulting Group
Innovative Foods, Inc.
Integrated Support
Interactive Concepts Incorporated
Interface Consultants
InterX

Eskridge
Emporia
Lawrence
Wichita
Bartlett
Topeka
Winfield
Great Bend
Wichita
Wa Keeney
Minneapolis
Wichita
Lyons
Kansas City
Wichita
Wichita
Hesston
Olathe
Wichita
Prairie Village
Manhattan
Lenexa
Leavenworth
Pittsburg
Wichita
Hesston
Garden City
Howard
Topeka
Colwich
Ulysses
Hillsboro
Topeka
Olathe
Chanute
Pittsburg
Iola
Iola
Garden City
Olathe
Chanute
Pittsburg
Topeka/Wichita
Garden City
Lawrence
Manhattan
Manhattan
Chanute
Seneca
Kansas City
Colby
Lenexa
Lawrence
Pittsburg
Lawrence

Jantz-Femco
Jayhawk Plastics
J.B.'s Best
J.D., Inc.
Jet-Teck, Inc.
J.I. Case Company
J & W Industries
K & K Sprigger
Kanamak Hydraulics
K.C. Design
KC Pharmacol
KMG Tool & Machine Co.
Kansas Electric Utilities Research
Kansas Food Parkers
Kansas Gas & Electric
Kansas Microtech, Inc.
Kansas Minerals
Kansas Wheat Commission
Kansas Wheat House
K-VET Inc.
Kantronics Inc.
Keystone Software
Kice Industries
Klein Tools, Inc.
KOAM TV
Kohlman Systems Research
Kopco
KPL Gas Service
Kraft TeleRobotics, Inc.
Kramer Seed Farms
Kreonite Inc.
Krueger
L & S Machine Co., Inc.
L & W Engineering Company, Inc.
Labconco Corporation
Lagerquist
Lamar Electro-Air
Landoll Corp.
Lawrence Electronics & Computing
Layne Geosciences
Leading Edge LECS
Learjet Corporation
Lee Air Inc.
Leonard's Metal, Inc.
Lewis, Hooper & Dick
Lewis, Rice & Fingersh
Livingston Graphics
Loving & Loving
Magic Focus, Inc.
Martin-Logan, Ltd.
Master Machine Tools
Matthews Machine Works
McGinty Machine Company, Inc.
McPherson Manufacturing, Inc.
MedVantage, Inc.

Moundridge
Olathe
Wichita
Lyons
Olathe
Wichita
Oswego
Coffeyville
Garden City
Overland Park
Lenexa
Wichita
Topeka
Arkansas City
Wichita
Chanute
Mankato
Manhattan
Cimarron
Washington
Lawrence
Olathe
Wichita
Moran
Pittsburg
Lawrence
Caney
Topeka
Overland Park
Hugoton
Wichita
Olathe
Wichita
Wichita
Fort Scott
Shawnee Mission
Wellington
Marysville
Lawrence
Kansas City
Lawrence
Wichita
Wichita
Wichita
Garden City
Overland Park
Girard
Great Bend
Augusta
Lawrence
Hutchinson
Kansas City
Wichita
McPherson
Shawnee Mission

Mega Manufacturing
Mellow Rose, Inc.
Merchants Bank Corp.
Metal Fab
Metz Law Firm
MicroLite
Mid-America Elect
Mid-America Plastics
Mid-Central Manufacturing, Inc.
MidSports
Mid-States Metal Lines
Midway Products
Monfort-Beef Division
Mound City Products
Midwest Grain
Mires Machine Co., Inc.
Mitchell Clark Co.
Mobay Corporation
Mobile Care, Inc.
Mold Flow
Monarch Cabinets, Inc.
Monarch Cement, Inc.
Mound City Products
Mykro-Tek
NAAB Electric, Inc.
Nance Manufacturing, Inc.
National Mills
Nationwide Printing
N.C. Machine
NCR Corporation
Nibarger Tool Services, Inc.
North American Philips Lighting Co.
Numbers Are Fun
Numerical Control Support
NU-Way Industries, Inc.
Odin Corp.
Odontek
Olathe Manufacturing
On-Track Corp.
Oread Laboratories
Osage Metals
Osborne Industries
O-Tec
Ottawa Truck Corp.
Paper Graphics
PAR Marketing
Paris Agri Services
Parker Hannifin Corporation
Parmac
Parsons Vet-tank
Pawnee Industries
Pawnee Plastics
PC Boards, Inc.
Pea/Bur Berry Farms
Peerless Products

Hutchinson
Riley
Topeka
Wichita
Lincoln
Chanute/Altoona
Olathe
Garnett
Wichita
Pittsburg
Stafford
Bendena
Garden City
Mound City
Atchison
Wichita
Overland Park
Lenexa
Topeka
Pittsburg
Independence
Humboldt
Mound City
Wichita
Garden City
Wichita
Pittsburg
Kansas City
Wichita
Wichita
Wichita
Salina
Stark City
Olathe
Chanute
Manhattan
Lawrence
Olathe
Overland Park
Lawrence
Kansas City
Osborne
Oberlin
Ottawa
Garden City
Wichita
Dighton
Manhattan
Coffeyville
Parsons
Wichita
Wichita
Chanute
Sedan
Kansas City

Pendelton's Fresh Kaw Valley Asparagus
Peterson, Inc.
Plainsmen Manufacturing
Phoenix Group
Physio Technology, Inc.
Pitt Plastics
Plastic Fabricating
Plessey Aero Precision Corporation
Poli-Tron, Inc.
Prairie Popcorn
Precision Machining
Precision Pattern, Inc.
Precision Products
Precision Winding
PRECO Industries
Probe Adventures, Inc.
Professional Machine and Tool, Inc.
Professional Resources
ProGene Corp.
PSI, Inc.
Pure Water Corporation
Puritan Bennett Corporation
Pyrmasol
Q Corporation
Quad Recovery Systems, Inc.
Quality Consultants
Rail Maintenance Company
Reeve Aquaculture
Reeve Cattle Company
RE Reeves, Inc.
Remote Computing Systems
Resources Recovery
Rhodes Loud Speakers
Ruf Corporation
Russell Enterprises
Safelite
Sailcraft
Saint Francis Hospital
Schwarten
Sentinel Machine
Seymour, Inc.
Shawnee Press
Shearer, Inc.
Sherwood Cabinets
Shimadzu Kansas Research Lab.
Simpson Enterprises
Sigma-Tek
Simco-Norvell
Sizemore Machine, Inc.
Skytouch, Inc.
Smoky Valley Grains
Solomon Electric Supply, Inc.
Sonic Technologies
Southwestern Bell Telephone
Spectrum Economics, Inc.

Lawrence
Overland Park
Plains
Pittsburg
Topeka
Pittsburg
Wichita
Wellington
Pittsburg
Alta Vista
Wellington
Wichita
Wichita
Wichita
Lenexa
Burr Oak
Wichita
Lenexa
Overland Park
Pittsburg
Kansas City
Lenexa
Arlington
Derby
Chetopa
Wichita
Topeka
Garden City
Garden City
Pittsburg
Olathe
Coffeyville
Arma
Olathe
Shawnee
Wichita
Chanute
Wichita
Overland Park
Ellinwood
Topeka
Shawnee Mission
Wichita
Parsons
Lawrence
Topeka
Augusta
Cheney
Wichita
Salina
Marquette
Solomon
Overland Park
Topeka/Wichita/Mission
Overland Park

SPM Group, Inc.
Space Works
Sprenkle
Stafford County Mills
Stearman Aircraft Products
Stephen E. Korpi & Associates
St. John Welding
St. Joseph Medical Center
Stoffer's Land-Appraisal Service
St. Paul Cabinets
Stoutco, Inc.
Strata Environmental
Strauss Implement
Sunflower Electric
Sunny Development, Inc.
Superior Industries
Surfaces Research & Applications
Suspended Optics
Syntro Corporation
T & G Associates
Tandy Computers
Target Advertising
TCBC
The Gold Standard, Inc.
Thohoff Co.
Three Way Pattern
TMR Corporation
Tramco, Inc.
Triad Company
Tri-Con Inc.
Triple C Company
Tru-Circle Manufacturing
Tuffy Tools, Inc.
Uniflo Conveyor
Union National Bank
Unitech Corporation
United Machine Company, Inc.
U.S. Awards
U.S. Safety
U.S. Sprint
Vague Trading Company
Vibrahum
Vickers Electromech
Waste As Feed
Weaver Manufacturing, Inc.
Wenger Manufacturing, Inc.
Wescon Products
Western Auto
Weymeyer
Whittiker Company
Wichita General Corporation
Wichita Machine Products, Inc.
Wichita Tool Company, Inc.
Wilkins, Inc.
Willow Pantry

Lawrence
Hutchinson
Overland Park
Hudson
Valley Center
Overland Park
St. John
Wichita
Seneca
St. Paul
Independence
Wichita
Strauss
Hays
Parsons
Pittsburg
Lenexa
Topeka
Lenexa
Leawood
Wichita
Arma
Salina
Lenexa
Iola
Wichita
Lenexa
Wichita
Salina
Chanute
Norton
Wichita
Quinter
Wichita
Wichita
Wichita
Wichita
Wichita
Lenexa
Overland Park
Wichita
Wichita
Wichita
Olathe
Wichita
Sabetha
Wichita
Pratt
Pittsburg
Olathe
Wichita
Wichita
Wichita
Osborne
Wichita

Winding Specialists
Windsor Hills Dairy
WISEDA Corporation
Wolfe Electric
Wood Haven Products
World Wood Recycling, Inc.
Younger & Sons Mfg.

Wichita
Arkansas City
Baxter Springs/Oswego
Wichita
Perry
Shawnee Mission
Viola

KTEC is also working with 18 out-of-state companies interested in establishing an operation in Kansas. Most of these are in the start-up stage.

KTEC INVENTORS ASSISTANCE PROGRAM
INVENTORS ASSISTED IN 1990

<u>INVENTOR</u>	<u>INVENTION</u>	<u>LOCATION</u>
Adams, Walter	Bldg. Material	Goodland
Allen, Bob	Exercise Equipment	Arkansas City
Alvarado, Gabriel	Hypodermic Needle	Lawrence
Bahr, Rex	Drinking Bottle	Topeka
Ballard, David	Cooler-Drink	Meriden
Bauerle, Larry	Chemical Compound	Sabetha
Beck, Royal	Flag Holder	Byers
Blevins, Leslie	Heating Device	Lawrence
Blume, Robert	Electronic Tester	Fort Scott
Brauer, Michael	Jewelry Storage Board	Ellinwood
Briggs, Jerry	Mechanical Device	Wamego
Britton, Arnold	Hand Tool	Wichita
Burney, William	Mattress Carrier	Topeka
Cain, Joe	Timing Device	Topeka
Carter, Lonnie	Heat Engine	Ashland
Cartwright, Earl	Decoration	Olathe
Christie, Gary	Golf Cart	Russell
Clausen, Glenn	Power Dozer	McPherson
Dean, Dale	Medical Device	Shawnee
Dunn, James	Patient Care Product	Topeka
Edwards, Robert	Energy Device	Shawnee
Eichenauer, Dale	Farm Bail Wagon	Ingalls
Elsten, Don	Auto Bumper Step	Baxter Springs
Erickson, Peggy	Telephone Adaptor	Overland Park
Fairchild, Ken	Watering Device	Scott City
Fisher, Bob	Folding Saw Horse	Lawrence
Flake, Joe	Fire Fighting Equipment	Paola
Flowers, Glenda	Wheelchair Device	Topeka
French, Pat	Chemical Solvent	Ness City
Garret, Leonard	Pool Filter	Lansing
Gian, Michael	Vapor Encapsulator	Garden City
Gleason, Terry	Pallet Repair Device	Maple Hill
Gottlob, Cliff	Auto Engine	Arkansas City
Goucher, Gerald	Auto Engine	El Dorado
Gripe, Thomas	Elevator Work Station	El Dorado
Gwess, Titus	Electric Timer	Wichita
Haas, Bryan	Dog Walker	Overland Park
Hoskins, Jeannette	Drinking Glass	Kansas City
Hulett, Robert	Medical Device	Emporia
Job, Gary	Electronic Billboard	El Dorado
Johnson, A. C.	Passenger Trailer	Pratt
Johnson, Chad	Exercise Game	Maples
Johnson, Ken	Electronic Tester	Topeka
Jones, James	Insect Control Device	Wichita
Journey, John	Insect Trap	Haysville
Kearney, Pat	Electronic Device	Wichita
Knetzer, Marvin	Hand Tool	Wichita
Knoll, Darwin	Hand Tool	Haysville
Komala, Ted	Shears Holder	Topeka
Krocker, Todd	Plumbing Fixture	Topeka

<u>INVENTOR</u>	<u>INVENTION</u>	<u>LOCATION</u>
Lang, Gene	Solar Distillation	Wichita
Malloy, John	Electric Thermos	Topeka
Martin, Eldon	Rotasist	Topeka
Martin, Geoffrey	Magnetic Device	Olathe
Meadows, Jon	Music Electronics	Topeka
Miller, Dan	Urine Director	Osage City
Morris, Wayne	Rescue Device	Lansing
Mozingo, Melvin	Electric Engine	Emporia
Mufich, Frank	Transmissive Glasses	Overland Park
Nedham, Farid	Smart Ruler	Lawrence
Nogy, Francis	Medicine	Wichita
Oss, Jim	Camouflage Mask	Hiawatha
Piper, David	Ladder Carrier	Lawrence
Pratt, Dana	Wheelchair Device	Wichita
Price, David	Electric Emasculator	Alden
Pridy, Frank	Candy Holder	Tecumseh
Redinger, Jerry	Tire Carrier	Halstead
Reyes, Romy	Game	Shawnee
Rogers, Sam	Picnic Table	Leroy
Rollins, William	Break Pot Shield	Cimarron
Rome, Brenda	Food Container	Garden City
Rundle, Harlan	Construction Material	Clay Center
Sandmeyer, Cary	Card Holder	Topeka
Schaffer, Glenn	Trolling Boat Motor	Hoisington
Sease, Stan	Building Material	Shawnee
Semsroth, Dick	Chip Shredder	Neodesha
Shoenthaler, Cliff	Plastic Device	Norton
Singer, Morris	Electric Bed	Kansas City
Smith, Randall	Auto Accessory	Wichita
Stogstill, Dan	Oil Container	Gaylord
Story, Pierre	Minority Toy	Ft. Riley
Sumner, Melvin	Level	Ottawa
Taylor, Ed	Electronic Motor	Hutchinson
Thomas, Steven	Circuit Interrupter	Great Bend
Thrush, Kenneth	Wallpaper Machine	Wichita
Treeby, Colin	Electronic Device	Admire
Turner, Atlas	Construction Material	Derby
Turpin, Joe	Rodent Trap	Scott City
Vonseggen, Brad	Tooth Brush Holder	Overland Park
Williams, Robert	Farm Implement	Garden City
Williams, Teresa	Child Alarm Device	Wichita
Wilson, James	Ear Muffs	Wichita
Young, E. J.	Article Holder	Liberal
Zvolanek, Chris	Automatic Wheelchair	Hill City

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VII. PERFORMANCE INDICATORS

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technolc ite:
 AGENCY—SUBAGENCY CODES 00
 PROGRAM TITLE AND CODE Agencyw
 SUBPROGRAM TITLE AND CODE

KTEC

PERFORMANCE INDICATORS:

CENTERS OF EXCELLENCE

	<u>FY 1990</u> <u>Actual</u>	<u>FY 1991</u> <u>Estimate</u>	<u>FY 1992</u> <u>Level A</u>	<u>FY 1992</u> <u>Level B</u>	<u>FY 1992</u> <u>Level C</u>
<u>High quality research programs</u>					
Number of participating businesses	275	350	375	375	430
Industry funds invested	\$1,262,869	\$1,923,000	\$2,200,000	\$2,200,000	\$4,000,000
Federal funding attracted	\$2,718,820	\$3,273,000	\$3,500,000	\$3,500,000	\$4,800,000
Number of center employees & researchers	104.5	140	140	140	190
Number of graduate students and visiting scientists	166	190	190	190	250
Number of papers published	240	290	290	290	380
<u>Commercialization and Industrial Use</u>					
New technologies developed	32	35	35	35	45
Patents filed and issued	10	10	10	10	40
Licenses awarded	0	0	1	1	5
Conferences, workshops and seminars held	42	50	50	50	60
Attendance at conferences, workshops, seminars	1,791	3,000	3,000	3,000	4,000
<u>Impact on Existing and New Businesses</u>					
Jobs created	106	170	200	200	250
Companies assisted and reporting benefit	275	350	375	375	430
Sales dollars created	\$1,428,000	\$2,000,000	\$2,500,000	\$2,500,000	\$3,000,000
Cost savings to companies	\$1,511,000	\$2,500,000	\$3,200,000	\$3,200,000	\$3,900,000
New companies formed	12	14	15	15	15
Companies relocated from outside state	2	2	3	3	4
Venture capital attracted	\$22,000	\$1,000,000	\$2,000,000	\$2,000,000	\$3,000,000

At Level C, the increases in the performance indicators for the Centers would be generated from the following activities:

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NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technol nte
 AGENCY—SUBAGENCY CODES 100
 PROGRAM TITLE AND CODE Agencyv
 SUBPROGRAM TITLE AND CODE

KTEC

<u>Activity</u>	<u>Significance</u>
Development of advanced materials for the aviation, electronics, and general manufacturing industries	Advanced materials is one of the top five areas of interest for industry and federal agencies
Expansion of crash laboratory and wind tunnels	Companies use labs to test their equipment to gain FAA certification; potential for spin-off companies
Expansion of woods and plastic research at CTT	35-40 percent of CTT's clients request help in plastics; opportunity to enhance national reputation in woods
Attract new biotechnology researchers to HBC	Necessary to maintain national leadership with biotechnology companies; increase venture capital to their holding company
Purchase computer equipment; begin industry affiliates program at CECASE	Computer equipment used by several companies; affiliates program effective economic development tool in other states

APPLIED RESEARCH MATCHING GRANTS

	<u>FY 1990</u> Actual	<u>FY 1991</u> Estimate	<u>FY 1992</u> Level A	<u>FY 1992</u> Level B	<u>FY 1992</u> Level C
<u>Assistance to Companies</u>					
Hands-on research/tech transfer	31	30	26	26	38
Existing companies assisted	25	21	17	17	26
New company start-ups	5	8	7	7	10
Relocations from out-of-state	1	1	2	2	2
<u>Innovative Projects</u>					
Patents Issued	5	6	5	5	7
New Technologies Prototyped	11	13	12	12	16
<u>Maximize Leverage</u>					
Industry match--projects	\$2,500,586	\$2,200,000	\$1,900,000	\$1,900,000	\$2,700,000
Venture capital attracted	\$835,000	\$2,500,000	\$4,000,000	\$4,000,000	\$4,000,000

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NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technolo ter
 AGENCY—SUBAGENCY CODES JO
 PROGRAM TITLE AND CODE Agencyw
 SUBPROGRAM TITLE AND CODE

KTEC

DC

Increased jobs and sales *NOTE--Given a 3 to 5-year time lag between awarding grants and commercialization of new products, the jobs and sales increases tied to various budget levels will be realized accordingly.

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
New jobs	165	450	600	600	650
Increased sales	\$2,600,000	\$10,000,000	\$20,000,000	\$20,000,000	\$20,000,000
3 to 5-year new jobs			1,500	1,500	2,500
3 to 5-year new sales			\$60,000,000	\$60,000,000	\$100,000,000

University/Industry Collaboration

Students on company proj.	36	40	32	32	45
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INDUSTRIAL LIAISON

	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
Jobs Created	20	50	50	70
Sales Increases	\$500,000	\$1,500,000	\$1,500,000	\$1,800,000
Costs Saved	\$800,000	\$2,000,000	\$2,000,000	\$2,400,000
Companies Assisted	25	40	40	50
Companies Contacted	100	200	200	250
Match Dollars	\$150,000	\$300,000	\$300,000	\$500,000
ARMG & SBIR Applications	6	8	8	13

RESEARCH EQUIPMENT GRANTS

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
<u>Companies Assisted</u>					
Hands on research/training	40	45	35	35	70
Other companies assisted	12	25	20	20	35

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NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technolo te
 AGENCY—SUBAGENCY CODES 0
 PROGRAM TITLE AND CODE Agencyw
 SUBPROGRAM TITLE AND CODE

KTEC

DC

Maximize Leverage

Industry and Federal Match \$721,399 0 0 0 \$1,050,000

TRAINING EQUIPMENT GRANTS

	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Level A</u>	<u>FY 1992 Level B</u>	<u>FY 1992 Level C</u>
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Upgrade technical skills

Industry employee training	70	100	100	150	200
Student enrollees	80	125	150	200	250

Maximize leverage

Industry and Federal match 0 \$375,000 0 \$280,000 \$625,000

SMALL BUSINESS INNOVATION RESEARCH

	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Level A</u>	<u>FY 1992 Level B</u>	<u>FY 1992 Level C</u>
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Proposal/award activity

Federal proposals assisted in	4	12	6	6	18
Federal proposals awarded	1	3	2	2	5
Dollars leveraged	\$441,471	\$450,000	\$225,000	\$225,000	\$675,000

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NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technol Inte
 AGENCY—SUBAGENCY CODES 00
 PROGRAM TITLE AND CODE Agencyw
 SUBPROGRAM TITLE AND CODE

KTEC

SEED CAPITAL PROGRAM

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
AD ASTRA					
Companies funded	8	2	2	2	2
Dollars leveraged	\$1,120,398	\$900,000	\$900,000	\$900,000	\$900,000
Jobs created	10	5	50	50	50
INCUBATOR					
Companies funded		5	5	5	12
Dollars leveraged		\$200,000	\$100,000	\$100,000	\$500,000
Jobs created		10	10	10	30

KANSAS TECHNOLOGY RESOURCE DATA BASE

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
<u>System implementation</u>					
Number of sites using system	0	3	7	7	7
<u>System operation</u>					
Inquiries processed	0	75	250	250	250
Follow-up projects initiated	0	10	40	40	40

SPECIAL PROJECTS

Intellectual Property Program:
 (Initiated in February of FY 1990)

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NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technol inte
 AGENCY—SUBAGENCY CODES 57100
 PROGRAM TITLE AND CODE Agency
 SUBPROGRAM TITLE AND CODE

KTEC

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
Presentations	10	20	20	20	30
Workshops	3	5	5	5	7
Seminars	1	3	3	3	5
Inventors given assistance	21	40	50	50	75
Inventors contacted	100	200	100	100	200
Number of patents issued to clients assisted by the program	--	5	5	5	10
Number of innovations successfully commercialized	--	1	5	5	7
Jobs created	--	10	10	10	50

Patent Depository Library:

(To be designated in FY 1991)

- This is a one-time grant from KTEC
 - The designee will supply projections for their performance indicators
1. Number of Kansans utilizing the library; and
 2. Increase/decrease of patents/copyrights issued to Kansans.

Invention Development Assist Pilot Program (IDAP):

(Implemented in FY 1991)

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
Inventors applied	--	62	60	60	100
Projects funded	--	6	12	12	12
Number of new products (result of IDAP program)	--	--	5	5	12

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NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technol nte
 AGENCY—SUBAGENCY CODES 100
 PROGRAM TITLE AND CODE Agency
 SUBPROGRAM TITLE AND CODE

KTEC

Telecommunications:

(Implemented FY 1990)

1. Develop strategic plan:
 - a. Increased and broadened membership of consortium to include 20 organizations in FY 1990;
 - b. Established regular meetings of the consortium and members encouraged to communicate between meetings. Softened or removed barriers so members could focus on interests of the state and people rather than focus on special interests in FY 1990 and FY 1991;
 - c. Convinced consortium provider memberships to assist with development of a strategic plan in FY 1990; and
 - d. Strategic plan to be published in FY 1992.
2. Conduct video teleconferencing demonstrations to increase awareness of small business community:
 - a. Number of demonstrations to date--5
3. Establish a multi-site video teleconferencing testbed (projected early FY 1992):
 - a. Installation of equipment and use of the equipment; and
 - b. Number and quality of users.
4. Develop a consensus on a Kansas standard for video teleconferencing in order to encourage maximum system interoperability:
 - a. Standard to be published in FY 1992.
5. Initiate a research effort into video compression algorithms and coder/decoder systems:
 - a. Development of a codec which can be manufactured and marketed by a Kansas company in FY 1992 or FY 1993.

	FY 1990 Actual	FY 1991 Estimate	FY 1992 Level A	FY 1992 Level B	FY 1992 Level C
Strategic Plan	--	--	complete	complete	complete
Demonstrations	5	6	5	5	5
Multi-state testbed users	--	--	10	10	30
Standards	--	--	complete	complete	complete
New companies	--	--	--	--	1

Quality Improvement Network (TQM):

(The Joint Legislative Committee on Economic Development has instructed Kansas Inc. to develop the criteria

2-40

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technolc nte
AGENCY—SUBAGENCY CODES 00
PROGRAM TITLE AND CODE Operati
SUBPROGRAM TITLE AND CODE Ag. Valu

- Program emphasis targets will be maintained unless altered by Leadership Council.
- Recommendations and funding guidelines will be forwarded to Leadership Council as appropriate.
- New initiatives will be generated as required to meet overall program objectives.
- A minimum of 20 development projects will be funded in FY92.

PERFORMANCE INDICATORS:

KVAC in its Strategic Plan is committed to judge its success using the following measures:

KVAC

1. Number of jobs created or saved in Kansas agricultural processing industries.
2. Sales and profitability improvements of KVAC clients resulting from interaction with the center.
3. Profitability improvements in Kansas agriculture resulting from increased processing generated by KVAC assistance.
4. Cost savings generated through KVAC assistance.

Quantitatively measuring these KVAC contributions to economic development must occur over a several year period. In many cases technical contributions such as a new product do not become profitable for two to five years. Likewise, in job creation, the input of many factors besides technical are required making it difficult to directly link jobs and technical assistance. We will continue to look for quantitative measures and cite examples as they occur.

However, in the short term and on an annual basis we will use six indirect methods as measures.

1. Number of clients served, their location in the state and size of the community.
2. Degree of satisfaction with KVAC services as determined by our users.
3. Number of KVAC suggestions implemented and potential value.
4. Number of new and improved products, processes, and innovations introduced by our clients using KVAC services.
5. Number of projects authorized.
6. Average cost per project.

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(17)

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technolc 7nta
 AGENCY—SUBAGENCY CODES 00
 PROGRAM TITLE AND CODE Operati
 SUBPROGRAM TITLE AND CODE Ag. Valu

KVAC

	Actual <u>1990</u>	Goal <u>1991</u>	----- 1992 -----		
			A	B	C
Clients served					
* new	88	36	30	30	36
* ongoing	32	48	48	48	48
Counties served	66	40	40	40	40
Suggestions implemented	--	50%	50%	50%	50%
New products	1	3	2	2	4
Projects authorized	23	20	15	15	20
Cost/project	\$ 15,035	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Seminars sponsored	5	4	4	4	6
Reports Published	9	6	5	5	9
Cost savings documented	\$437,000	--	--	--	--
Jobs impacted	3	--	--	--	--

PERFORMANCE COMPARISON:

Funding history for KVAC shows that \$366,712 was expended in FY90 plus \$116,500 were committed to projects but not actually dispersed during FY90 due to awarding the grants late in the fiscal year and the time required to get contracts drawn and work underway. We had \$36,475 in undesignated monies that were rolled over into FY91. Monies available in FY91 are \$481,155 in new appropriation for KVAC, \$35,000 in new appropriation for projects earmarked by the legislature and to be managed by KVAC, and \$172,320 in rollover funds with \$135,851 of this encumbered or committed for projects. At the end of FY91 we anticipate having no rollover money but we expect to have a portion of our funds to be committed to projects, but not yet expended due to having 2/3 of our funds made available after 15 March 1991. This will make managing the cash flow difficult in FY91 and impact the results we will be able to achieve in this fiscal year.

For FY92 we are requesting \$201,000 for A&B level and 212,500 for C level for salaries and office operating expenses. This is the basis for managing the center and total center funding makes little difference in the operations/management expense. The difference in the A,B, & C budget is in the amount of matching commercialization funding that is available to support value added companies and capital outlay.

et

VIII. FY 1992 BUDGET REQUESTS: A, B & C

KTEC FY 1992 Budget Request

	Level A	Level B	Level C
Operations	\$677,669	\$677,699	\$730,000
Database	50,000	50,000	50,000
Centers	3,215,000	3,215,000	5,100,000
Matching Grants	1,049,684	1,049,684	1,500,000
Research Equipment Grants	0	0	700,000
Training Equipment Grants	0	112,347	250,000
SBIR	25,000	25,000	75,000
Seed Capital	100,000	100,000	500,000
Industrial Liaison	300,000	300,000	500,000
Special Projects	200,000	200,000	500,000
Total	\$5,617,353*	\$5,729,700*	\$9,905,000*

47-2

Kansas Inc.

Status Report on Activities and Accomplishments

prepared for the

**House Committee on Appropriations
The Kansas Legislature**

January 29, 1991

Kansas Inc.
Charles R. Warren, President
Capitol Tower Building
400 S.W. Eighth Street, Suite 113
Topeka, Kansas 66603-3957
(913) 296-1460

*HA
1-29-91
Attachment 3*

Background

Kansas Inc. was created by the 1986 Legislature to provide central direction and guidance to the State's economic development activities. Its four basic functions are: strategic planning, research, policy development and coordination, and oversight and evaluation. The Kansas Inc. statute was amended by the 1990 Legislature to clarify the strategic planning responsibilities of Kansas Inc. and the Kansas Department of Commerce. The use of private sector funds and the private sector matching requirement were also revised.

Kansas Inc. has operated for a period of four years since the formation of the Board of Directors. It has been a fully staffed, operating entity for a period of three and one-half years. The current president has served in that position for two years and nine months.

July 1, 1986	Effective date of enabling legislation
Sept. 18, 1986	First Meeting of the Board of Directors
March 10, 1987	Initial date of employment of President
Dec. 3, 1987	Resignation of First President, Tim Witsman
Feb. 15, 1988	Appointment of 2nd President, Charles Warren

Purposes of Kansas Inc.

The purposes of Kansas Inc. are set forth in K.S.A. 74-8002:

1. undertake ongoing strategic analysis in order to determine the state's areas of potential and continuing competitive economic advantage and disadvantage;
2. oversee the formulation of economic development policy and strategic planning for the state;
3. oversee the targeting of scarce state resources by size and sector of economic activity and by geographic location within the state in order to enhance the state's potential comparative economic advantages;
4. undertake continuing strategic planning for the improvements of the state's tax, regulatory and expenditure policies to enhance the state's potential comparative economic advantages;
5. oversee crisis management and opportunity management of short term potential gains or losses in economic activity through impact analysis;
6. serve in an advisory capacity to the Kansas Department of Commerce;
7. provide appropriate oversight to ensure the successful implementation of Kansas Venture Capital, Inc.;

8. forge a supportive partnership with the legislative standing and joint committees on economic development, the Governor and the Secretary of Commerce, the Kansas Technology Enterprise Corporation, Kansas Venture Capital, Inc., Kansas Certified Development Companies, Kansas Small Business Development Centers, Kansas public and private educational institutions, and other appropriate private and public sector organizations in achieving the economic goals of the state;
9. establish goals, priorities and program standards, and evaluate the effectiveness of state economic development programs and policies according to the goals, priorities and standards established;
10. institutionalize ongoing means of collaboration between the executive and legislative branches, the business, agricultural and financial sectors, educational institutions and local communities to create a developing Kansas economy, the increasing innovation, creativity, diversity and productivity of which is greater than any one sector can achieve acting alone; and,
11. review and evaluate the Kansas Technology Enterprise Corporation, the major programs and activities of the Department of Commerce, the statewide risk capital system, the venture capital tax credit, and the investments in research and development activities tax credit.

Comments on Fulfillment of the Purposes

Each of the above purposes is reviewed and comments made on the extent to which Kansas Inc. has attained them.

1. Strategic Analysis

The Kansas Inc. research program has played a significant role in public and legislative consideration of key economic development issues. In the past three years, 21 research reports have been completed, and four research projects are now in progress.

The research conducted has been directed at policy change. The basic purpose has been to develop empirical evidence on issues identified by the Board and staff, as well as topics requested by the Governor and the Legislature, and prepare a set of policy options for consideration. The major subjects addressed include:

1. Business and Property Taxes
2. International Exporting
3. Work Force Training
4. Rural Development
5. Capital Availability and The Kansas Banking Industry
6. The Oil and Gas Industry

These and other topics selected for analysis have been related directly to the areas of state competitive advantage and disadvantage as identified in the Redwood/Krider, Kansas Inc. strategic plan.

The analyses conducted by Kansas Inc. on each of these subjects have contributed to legislative review and the enactment of either major changes in existing state policies or the adoption of significant new programs in economic development. Examples of the reforms include: revisions of Kansas business taxes; reform of state banking laws, and expansion of tax credits for venture capital. Examples of new initiatives include: Partnership Loan Program, Export Finance Program, Trade Fair Assistance Program, Community Strategic Planning Program, Grants Reporting System, Governor's Council on Work Force Training, and the Information Network of Kansas.

Kansas Inc. has relied heavily on the Regents' universities to provide research support. Major research contracts have been carried out by the Institute of Public Policy and Business Research, the University of Kansas; the Hugo Wall Center for Urban Studies, the Wichita State University; and by faculty at Kansas State University. Private consultants and firms have been used on other studies where specific expertise was required.

A significant portion of the Kansas Inc. budget is dedicated to research and analysis, primarily on a contractual basis with Regent's universities and private consultants. The dollar amounts and percentage of the total budget expended for research over the past five fiscal years is listed on the following page.

Kansas Inc. currently has four research projects underway. Charles Krider, University of Kansas, is directing a study of adult basic education to develop policy options for increasing adult literacy and improving the basic skills of adults in the work force. A "Guide to Business Financing in Kansas" is being prepared by Ernst & Young. Jarvin Emerson, Kansas State University, is analyzing the "Birth and Death of Firms in Kansas" using the unemployment insurance data base. Ed Flentje, Wichita State University, is completing an analysis of the state capital budgeting. FY91 research funds have not been committed as of this date. The data analysis by Jarvin Emerson will be continued during this fiscal year. A major portion of the budget will be devoted to evaluation studies. Research funds will be reserved for contingencies or special studies which are requested by the Board, the Governor, or Legislature.

The research and analysis conducted by Kansas Inc. has met the highest standards of scholarship and has been recognized for its objectivity. Research results have been disseminated through broad public distribution of published reports, testimony before legislative committees, and newspaper and journal articles. Graham Toft, President of the Indiana Economic Development Council, stated that, "*Kansas Inc. has established a strong partnership with the state universities, and has effectively based its policies on sound economic theory.*"

Table 1

Kansas Inc. Research Expenditures

	Dollar Amount	Percent of Total Budget
FY 87	\$26,317	16.9
FY 88	96,066	31.0
FY 89	240,715	46.6
FY 90	203,468	42.2
FY 91(*)	139,055	33.0
Total	\$705,621	

* estimate based on current legislative appropriation.

2. *Oversee the formulation of economic development policy and strategic planning.*

Based on its research and analysis and its articulation and refinement of the strategic plan for Kansas economic development, Kansas Inc. has played a major role in the formulation of economic development policy.

At the beginning of the last three legislative sessions, staff has presented to the Board of Directors detailed background material, including results and analyses based on various Kansas Inc. research projects, covering key issues directly related to the state's economic development strategy. The Board used this information to develop specific policy recommendations for the 1988, 1989 and 1990 Legislatures.

From these recommendations, several program initiatives and new policy direction have been implemented; many of which have contributed, in a very short time, to the economic growth and health of all Kansans. These initiatives are:

1. Community Strategic Planning Grants Program.
2. First and second year funding of the Margin of Excellence,
3. Creation of a small business loan fund,
4. Economic and community development grant reporting system,
5. Income tax reduction,
6. Information Network of Kansas, Inc.
7. Funding of the State Water Plan,
8. Export Finance Act,
9. Trade Fair Assistance Act,
10. Sales tax exemption on machinery and equipment,
11. Corporate income tax apportionment options,

12. Extension of venture capital tax credits,
13. The repeal of the alternative minimum tax,
14. Branch banking and,
15. Kansas Lottery renewal.

Other recommendations of the Board of Directors have not yet been successful in the Legislature. These issues include interstate banking, qualified admissions to the State's universities, corporate hog farming, a corporate income tax reduction and, third year funding for the Margin of Excellence.

The Kansas Inc. role in economic development policy has been carried out with the Legislature through its participation in joint and standing committees; through the President's role as advisor to the Cabinet; and, through its ongoing involvement with executive branch agencies and economic development entities, both in the public and private sectors.

Kansas Inc. staff has refined and updated the Redwood/Krider strategic framework into a detailed statement of goals, objectives and actions that have been embodied into a single document, titled *Directions, Kansas*. This strategic plan provides an overall framework to guide the activities of the various entities involved in economic development. The strategic plan does need to be accompanied by a statement of "vision" that can more clearly communicate the broad goals of economic development to the general public. The strategy needs to be more widely circulated among state decision makers and the general public. Refinement of the strategy and its dissemination will be a major objective of Kansas Inc. in 1991.

Kansas Inc. has contributed to policy innovation and analysis during the past three years. Douglas Ross, President of the Corporation for Enterprise Development, stated on October 19, 1990: "*We believe you have consistently tried to figure out, in creative and interesting ways, what policies should be in place.*"

3. *Oversee the targeting of scarce state resources.*

Kansas Inc. has taken some important steps in overseeing the targeting of scarce state resources. Yet, the allocation of economic and community development funds by the State has been made largely on the basis of individual program needs and requirements.

Kansas Inc. was successful in ensuring that the Partnership Loan Fund was restricted to use for the attraction and expansion of basic industries.

Kansas Inc. has obtained additional tools that will increase its ability to oversee resource targeting. In its *Rural Development Action Plan*, an index of county distress and vitality was developed and is now being updated on an annual basis to provide a reliable method of determining need. Senate Bill 436 established a community and economic development grants reporting system that requires state agencies to report annually to Kansas Inc. on the distribution of grants and loans. The first report on these distributions was made by Kansas Inc. in October 1990. This data will enable an evaluation of whether funds are targeted appropriately.

Research on the birth and death of Kansas firms is being conducted for Kansas Inc. by Jarvin Emerson, a Kansas State University economist, using state unemployment insurance data. This research will provide a basis for determining the growth and decline of industrial sectors by geographic location and size of firm. It can be used to assess the distribution of economic development efforts among sectors of the economy.

4. Undertake continuing strategic planning for improvements of state tax, regulatory, and expenditure policies.

As explained in 1. above, Kansas Inc. has devoted considerable resources to analysis of state business taxes through its 1987 and 1990 studies of the comparative business tax structure, its study of reappraisal and classification, and its study of taxation of the oil and gas industry. Each of these studies has led to, or promises to, produce major improvements in business taxation.

Kansas Inc. has yet to address state regulatory policies affecting business in any systematic way. Review of the recent legislative requirement to prepare economic impact statements for new state regulations is a potential topic for Kansas Inc. attention. A study of environmental regulations affecting the energy industry has also been considered. State expenditure policies have not been addressed by Kansas Inc., although Kansas Inc. has made recommendations on the expenditure of EDIF funds.

5. Oversee crisis management and opportunity management.

This purpose was included for Kansas Inc. in the event a major plant location, crisis, or opportunity: for example, the super-collider project, occurred. No event of this nature has taken place recently that would require the agency's participation.

6. Serve in an advisory capacity to the Department of Commerce.

The Secretary of Commerce is a member of the Board of Directors of Kansas Inc. and has played a major role in its activities. Staff members of Kansas Inc. and the Department enjoy a close working relationship. They have participated jointly in research, legislative liaison, and policy development. The Department and Kansas Inc. are jointly responsible for implementation of the community strategic planning program.

7. Provide appropriate oversight to ensure the successful implementation of Kansas Venture Capital, Inc.

The Kansas Inc. Board of Directors has received periodic informational briefings from the President of KVCI, inc. It is kept informed through quarterly reports of KVCI investments and activities. Kansas Inc. played a major role in securing amendments to the venture capital tax credit legislation that enabled the further development of KVCI.

KVCI is a separate, for-profit entity, governed by an independent board of directors. The Kansas Inc. board is kept informed of the plans and accomplishments of KVCI to ensure its activities are consistent with the overall strategy.

8 & 9. *Forge supportive partnerships and Institutionalize ongoing means of collaboration.*

These two purposes can be assessed together. They are the essence of the role being played by Kansas Inc. in its capacity as the leading public/private partnership in economic development for Kansas.

Partnership and collaboration begins with the Board of Directors of Kansas Inc. which includes representation from the State Executive Branch, the Legislature, key components of the private sector, the universities and labor. It provides a formal, institutional mechanism unique in the state where leadership representatives can meet and discuss major policy issues in a neutral forum.

The requirement that funding of Kansas Inc. be a shared responsibility among the state government and the private sector has strengthened the partnership further. Private fund raising has required the Board and staff to educate and involve the business community in its activities. Extensive effort is made to keep the business community informed of our work and accomplishments. Currently, approximately 80 private companies and individuals contribute financially to the annual budget.

The President of Kansas Inc. is directly responsible to the Board of Directors, but, in practice, he also reports to and serves the Governor (as an advisor to the Cabinet he attends the monthly cabinet meetings) and the leadership of the Legislature and its committees. He is also required to be responsive to the business leadership of the State.

Collaboration with the public and private sector has been achieved through membership by the President of Kansas Inc. in various associations, boards, committees and advisory bodies. Currently, the President is a member of:

- 1) Governor's Council on Work Force Training (Chairman);
- 2) Board of Directors of the Information Network of Kansas;
- 3) Geographic Information Systems Policy Board;
- 4) Community Strategic Planning Grants Committee (Chairman);
- 5) KanWork Self Employment Loan Committee;
- 6) Educational Excellence Grants Committee, State Board of Education;
- 7) Southwestern Bell Economic Excellence Grants Committee;
- 8) Kansas Small Business Development Centers Advisory Council;
- 9) Advisory Council, Kansas Association of Inventors;
- 10) Board of Directors, Kansas Industrial Development Association; and,

The President of Kansas Inc. also served on the Governor's Task Force for the Future of Rural Communities, and was one of five members of the Economic Development Review Panel that recommended selection of the System Enhancement Projects for the Highway

Program. Kansas Inc. is a member of the Kansas Chamber of Commerce and Industry and the Wichita Chamber of Commerce.

Through these memberships, service on other ad hoc committees and task forces, and invitations to speak to community organizations and local economic development groups, Kansas Inc. has been able to help build a collaborative network of providers and clients. Kansas Inc. is often sought for advice on policy issues and development projects by state-wide and local groups.

Kansas Inc. has strengthened its collaboration with outside organizations by establishing public/private advisory committees for its major research projects.

Kansas Inc. staff attends the regular board meetings of KTEC and those of the Kansas Association of Certified Development Companies. It has sponsored meetings with the Executive Directors of the Kansas Economic Development Districts and is engaged in a jointly funded project with the EDDs and KU to develop a strategic planning data base.

Kansas Inc. has made significant progress in forging partnerships and institutionalizing ongoing collaboration with the wide variety of agencies, organizations, business and individuals that are involved in economic development. While these partnerships are maturing, much work remains to be done to ensure cooperation and coordination among the various entities.

Kansas Inc. is well known among the most active of the business community, but still lacks recognition and support from the broader segment of private companies. It needs to expand its base of private donors. Kansas Inc. has not attained the complete and fully supportive partnership with the private sector that it needs. Its efforts at increasing collaboration have been multiple and extensive, yet its capacity to ensure collaboration is limited by its advisory character.

10 & 11. Establish Goals, Priorities, and Program Standards and evaluate ... state economic development programs

Kansas Inc. has developed a comprehensive plan to fulfill its evaluation purpose. To date, it has conducted a formal evaluation study of one program: the certified development companies.

Kansas Inc. has prepared a plan for the conduct of a comprehensive, multi-year evaluation program for the State of Kansas. The plan will involve detailed evaluation studies of the 28 identified economic development programs currently managed by the Kansas Department of Commerce, KTEC, the venture capital companies, and other related state agencies. It will require a major investment of time and resources by the Board and Staff and the close cooperation of the Legislature and the responsible state agencies.

1/91

KANSAS INC.
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1-29-91
Attachment 4

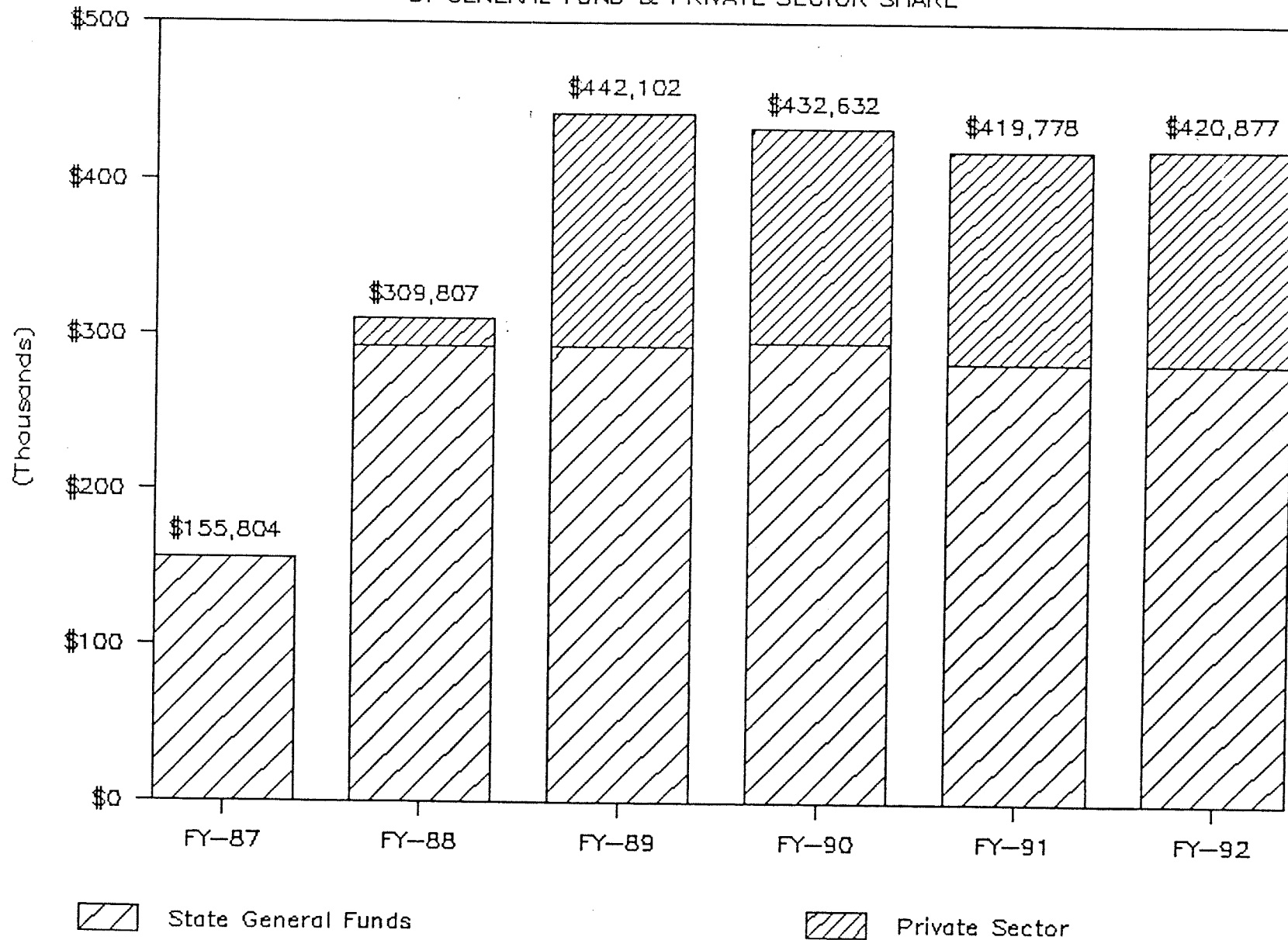
KANSAS INC. BUDGET LEVELS: FY-87 THROUGH FY-92

	FY-87	FY-88	FY-89	FY-90	FY-91	FY-92
BUDGET APPROPRIATION:						
SGF	\$176,750	\$291,750	\$291,770	\$297,939	\$281,251	\$281,988
PRIVATE	\$0	\$145,919	\$145,928	\$148,970	\$138,527	\$138,889
EDIF	\$0	\$0	\$75,000	\$50,000	\$0	\$0
TOTAL	\$176,750	\$437,669	\$512,698	\$496,909	\$419,778	\$420,877
EXPENDITURES:						
SGF	\$155,804	\$291,712	\$291,770	\$294,687	\$281,251	\$281,988
PRIVATE	\$0	\$18,095	\$150,332	\$137,945	\$138,527	\$138,889
EDIF	\$0	\$0	\$75,000	\$50,000	\$0	\$0
TOTAL	\$155,804	\$309,807	\$517,102	\$482,632	\$419,778	\$420,877

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1-29-91
Attachment 5

KANSAS INC. BUDGET, FY87-FY92

ST GENERAL FUND & PRIVATE SECTOR SHARE



5-2

Economic efforts in Kansas 'unique'

By NANCY TOMPKINS
The Capital-Journal

Kansas holds an edge over other states in its economic development efforts, but needs more communication from communities and the private sector to help create better-paying jobs, a panel of evaluators said Friday.

A panel of six economic development experts from across the country took a hard look at Kansas' efforts since 1986 and its strategy and approach, said panelist Doug Ross, president of the Corporation for Enterprise Development, Washington, D.C.

The evaluators deemed Kansas "unique" among many states in that it "understands its economic needs and acts upon them," Ross said.

As evidence, he cited the state's formation of Kansas Inc. "where the governor, Legislature and private sector come together and figure out the needs of the state and the strategy for addressing them."

Kansas Inc. is the state's public-private partnership that develops economic development policy and strategic planning.

"That has given Kansas a real advantage, and we urge you to maintain that structure," Ross said.

Ross said Kansas' economic strategy appears to be expanding.

"The part that remained was to try to make sure there is a job for every Kansan," he said. "What we see being added to your goals was a second goal of trying to make sure those are better-paying jobs."

That requires more skilled people and higher performance companies, he said.

"To create better-paying jobs effectively, the state will have to go much further than it has in involving both the private sector and the regions of the state — the communities by region," he said.

"The next emphasis is to have communities come together in regional clusters," said evaluator James Kenworthy, Ann Arbor, Mich., manager of research and technology programs with the Michigan Strategic Fund. "They need to take more of a hands-on ownership of regional economic development plans, which includes the key industries in those communities."

Involving the people affected by the local economy is more effective than "sitting in Topeka or listening to outside experts who are telling you about what's working someplace else," he said.

Ross said while Kansas ranked high among the states, the United States isn't "stacking up very well against European and Asian competition in their approach to economic development."

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1-29-91

Attachment 6

Quote from Scott Fosler, Vice President, Committee for Economic Development, at January 18, 1991 Peer Review Meeting:

"Kansas Inc. has established a sound foundation and strategy on which to build. It is unusual among the states. It incorporates the latest thinking in economic development theory and strategy. It provides a sound institutional base by combining the executive branch, the legislative branch, and the private sector, on a bipartisan basis, in an overall institutional framework where the key issues of the state can be discussed. This institutional structure alone has given Kansas a comparative advantage which puts it in the lead with regard to other states."

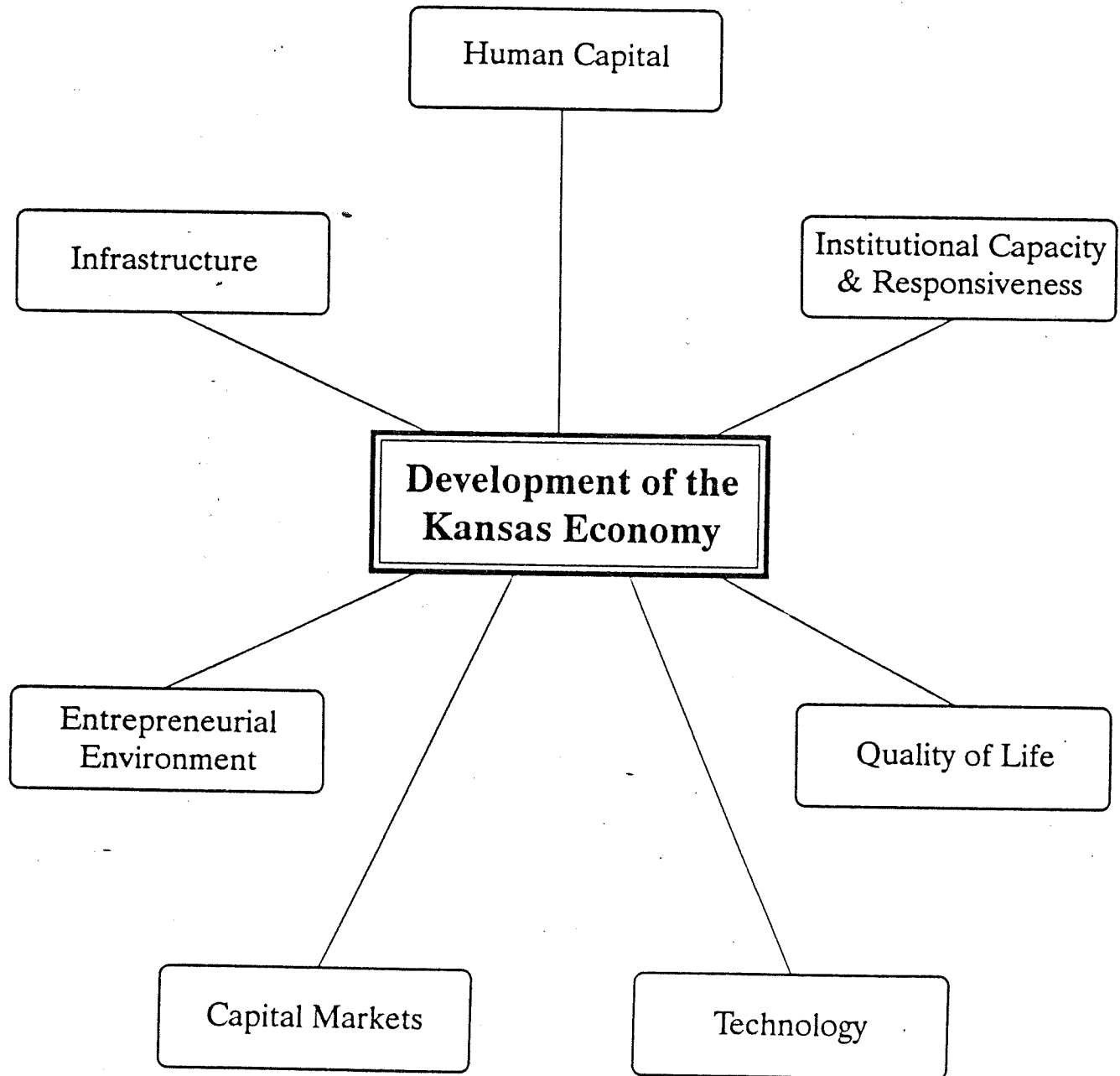
KANSAS ECONOMIC DEVELOPMENT STATE NETWORK

<i>State Policy Guidance</i>	GOVERNOR LEGISLATURE PRIVATE SECTOR		
<i>Strategic Planning/ Policy Development</i>	BOARD OF DIRECTORS KANSAS INC.		
<i>Strategic Plan Implementation</i>	DEPARTMENT OF COMMERCE <i>Trade Development Existing Industry Community Development Industrial Development Travel and Tourism</i>		
<i>Planning and Implementation (Strategic Elements)</i>	Human Capital Board of Regents Board of Education Department of Human Resources Social and Rehabilitation Services AVTS & Community Colleges Regents' Universities	Capital Markets Kansas Development Finance Authority Kansas Venture Capital, Inc. Certified Development Companies	Infrastructure Department of Health and Environment Kansas Conservation Commission Department of Wildlife and Parks Department of Transportation
	Technology Kansas Technology Enterprise Corporation	Entrepreneurial Environment Small Business Development Centers Board of Agriculture (Marketing)	Quality of Life Kansas Arts Commission Committee for the Humanities Kansas Historical Society State Library

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 Attachment 1

Strategic Linkages:

These seven strategic elements form an organizational framework from which policy options, program initiatives and economic priorities can be more readily identified and understood. For a strategic economic development plan to achieve its purpose, an easily identifiable relationship between the elements of success and the means of achievement must exist. The graph below is the first level of this chain to success.



KANSAS INC.

Listing of Publications

Available:

1. Proposal for Expenditure of Economic Development Initiatives Fund
Staff Report
October, 1987
2. A Study of the Impacts on Kansas of Corporate Swine Farm Laws
Development International, Inc.
December, 1987
3. How Well Does Kansas Compete? A Comparison of the Business Tax Structure of Kansas and Nearby States
Institute for Public Policy and Business Research, The University of Kansas
November, 1987
4. International Exporting and Non-Exporting Businesses in Kansas
Institute for Public Policy and Business Research, The University of Kansas
June, 1988
5. Capital Availability and the Kansas Banking Industry
Scott Gard and Associates, Inc.
January, 1989
6. Kansas Manufacturing Industry: Profile and Trends 1975-1985
Staff Report
March, 1989
7. Kansas Economic Development Update
Staff Report
June, 1989
8. Redwood-Krider Report Update
Staff Report
June, 1989

9. Growing Your Own: Small Business Incubators in Kansas
Staff Report
July, 1989
10. Rural Development Action Plan
Staff Report
August, 1989
11. Report on Kansas Certified Development Companies
Center for Economic Development and Business Research, The Wichita State University
October, 1989
12. Information Network of Kansas
Capital Research Services, Inc./Kansas Bar Association
November, 1989
13. Work Force Training: The Challenge for Kansas
Institute for Public Policy and Business Research, The University of Kansas
December, 1989
14. Strategic Analysis of the Oil and Gas Industry in Kansas
Arthur D. Little, Inc.
April, 1990
15. Report on Reappraisal and Classification
Hugo Wall Center for Urban Studies, The Wichita State University
April, 1990
16. Economic Development Investments in Ten States: A Descriptive Analysis
Institute for Public Policy and Business Research, The University of Kansas
July, 1990
17. Costs and Taxes in Selected Kansas Industries: An Executive Summary
Staff Report
September, 1990
18. County Economic Vitality and Distress: 1990 Report Update
Staff Report
September, 1990

19. Governor's Council on Work Force Training: Report to the Governor
Council Report
September, 1990
20. Business Taxes in Kansas and Nearby States
Volume One: Overview of State and Local Taxation in the Region
Volume Two: Results from a Tax Simulation Model
Institute for Public Policy and Business Research, The University of Kansas
October, 1990
21. Economic and Community Development Grants and Loans Report: Fiscal Year 1990
Staff Report
October, 1990

Forthcoming:

1. Dynamics of Industry and Firm Change: 1985-1989
Kansas State University
2. Assessing State Government's Capacity for Planning, Budgeting, and Financing
Capital Improvements
Hugo Wall Center for Urban Studies, The Wichita State University
3. Guide to Business Financing in Kansas
Ernst & Young, Inc./Kansas Inc./Department of Commerce
4. Kansas Adult Basic Skills Education
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