

Approved January 29, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane A. Gjerstad at
Chairperson

3:35 ~~xxx~~/p.m. on January 24, 1991 in room 423-S of the Capitol.

All members were present except: Representatives Baker, Edlund, Wagnon and Wisdom. Excused.

Committee staff present:

Lynne Holt, Research
Betty Manning, Secretary

Conferees appearing before the committee:

Jack Sampson, Member, State Board of Regents
Ted Ayres, General Counsel, State Board of Regents
Dr. William Brundage, KTEC, President
Kevin Carr, Vice President, KTEC
Marianne Hudson, Vice President, KTEC
John Moore, Senior Vice President, Cessna Aircraft

The meeting was called to order by Chairperson Gjerstad at 3:35 p.m.

Chairperson Gjerstad welcomed Jack Sampson, Member, State Board of Regents. Mr. Jackson stated he was asked to chair the Regents Task Force and charged with the responsibility of reviewing the scope and magnitude of activities at our campuses which might be in competition with private sector businesses, and to evaluate the relationship of these missions and activities to the missions of the universities. The conclusions and recommendations are included in the Regents Task Force on Public/Private Enterprise dated November 15, 1990, Attachment 1.

Ted Ayres, General Counsel for Regents, was recognized and explained the specifics of the Task Force plan. Highlights are that it is incumbent on all parties of our state educational institutions, private businesses and host communities to work together toward a better understanding of the competitive issue and a satisfactory resolution of these concerns. The task force will reconvene in January 1992 for evaluation of the effectiveness of the Regents policy regarding sales of products and services, and recommend any changes if necessary.

Mr. Sampson and Mr. Ayres responded to questions by the committee.

The Chair then welcomed Dr. William Brundage, President, KTEC, staff and board members.

Dr. Brundage opened with a quote, Attachment 2, regarding the United States becoming a bicoastal economy. He stated the objectives of KTEC are to help businesses address the dynamics of today's economy so they get a greater market share. The goals and objectives are outlined in Attachment 2.

Dr. Brundage then introduced Kevin Carr, Vice President, KTEC, who spoke about the grant programs as outlined in Attachment 2. The purpose of the grant program is to encourage businesses that have new ideas but do not possess the technical knowledge or cash for research to work through the academic institutions. KTEC provides one dollar for every one and one-half dollar the company provides. KTEC also provides a review criteria basically to

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

room 423-S, Statehouse, at 3:35 ~~xxx~~ p.m. on January 24, 1991

see what the market potential is for the product and if it is technically feasible for a reasonable timeframe and money. The goal of the program is to enhance marketshare for the company which means higher paying jobs and job security. Four hundred and three companies have benefited from the grant program. A new tracking system was initiated this year which provides for quarterly monitoring during the project and after the project is completed. This is a good tool for keeping a handle on a specific project.

Dr. Brundage introduced Marianne Hudson, Vice President of KTEC. Ms. Hudson gave a slide presentation on the goals of the five KTEC Centers of Excellence located in four of our universities. She explained how they are used as tools for fundamental and applied research, product development and equipment, expertise of faculty and students and training and seminars. These centers help to bring in outside money - more than doubling the state's investment last year.

Chairperson Gjerstad then recognized John Moore, Senior Vice President, Cessna Aircraft, representing private sector on the board of KTEC. She started with a question to Mr. Moore of the value of KTEC as it affects a businessperson.

Mr. Moore related how his company, Cessna Aircraft, went from a layoff of 800 people and a loss of \$40 million in 1986 to a profit of \$40 million in 1990 due to investments in new products, state of the art technology, good management and accountability. Since 1986, the company has created 3000 new jobs with an average wage of \$12.75. KTEC provides R&D and develops manufacturing technology to businesses who do not have the financial capability internally. Without the help of KTEC funding through the state and higher education, a lot of companies would have similar layoffs and failures as opposed to creating new businesses.

Conferees from KTEC responded to questions from the committee.

The meeting was adjourned at 4:50 p.m.

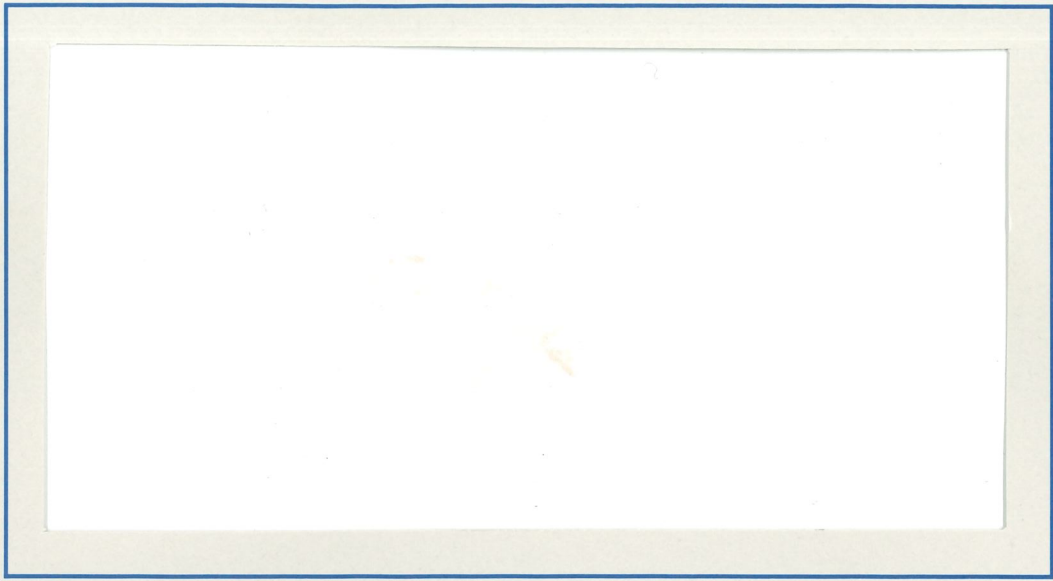
D : Jan 24, 1991

GUEST REGISTER

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
TED D. AYRES	KANSAS BOARD OF REGENTS	TOPEKA
JACK S. SAMPSON	" " " "	HUTCHINSON
Lindy Diehl	KTEC	Topeka
Phil & Moon	Cesana/KTEC	Wichita
Jamie Rutherford	KTEC	Topeka
Marianne Hudson	KTEC	Topeka
JEFF RUSSELL	UNITED TEL	TOPEKA
ALAN COBB	KASB	WICHITA
JOE GOSÉ	Univ. Daily Kansan	Lawrence
Bill Brunlage	KTEC	TOPEKA
Kevin Carr	"	"
Chris Cooper	KTEC	Topeka
George Barber	Barber & Assoc's	Topeka
Tom & M ^c Birch	observer	Lawrence
Shirley Palmer	Observer + Regent	Ft. Scott
Patricia Smilie	Observer	Fort Scott
Dave Oswald	KDoc	Topeka
Jim Josseland	KU	Lawrence



*Eco. Dev.
Attachment #1
01-24-91*

**REPORT OF THE
REGENTS TASK FORCE ON PUBLIC/
PRIVATE ENTERPRISE**

November 15, 1990

Members of the Task Force:

Mr. Jack S. Sampson, Member, Kansas Board of Regents (Chair of the Task Force)

Dr. A. David Ambler, Vice Chancellor for Student Affairs, University of Kansas

Mr. Ted D. Ayres, General Counsel, Kansas Board of Regents

Dr. Jim Dawson, Vice President for Student Affairs, Fort Hays State University

Mr. Roger D. Lowe, Vice President for Administration and Finance, Wichita State University

Mr. Morgan R. Olsen, Associate Vice President for Fiscal Affairs, Emporia State University

Ms. Susan Peterson, Assistant to the President, Kansas State University

Task Force Staff: Mr. Mark C. Bannister
Associate General Counsel, Kansas Board of Regents

Background

Colleges and universities, as well as many other not-for-profit entities, have faced numerous complaints and increasing scrutiny with regard to activities which may be considered or perceived to be in competition or conflict with private enterprise. Nationally, Congress has reviewed the question on several occasions, and the Internal Revenue Service has indicated that it will take a more aggressive stance with regard to unrelated business income taxes. On a local and state-wide basis, business persons in many areas of the country have complained that universities have taken on an entrepreneurial cloak and are in actual competition with small business. In response to such complaints, many state legislatures and college and university governing boards have taken action to examine the question and, in some cases, have proceeded to take steps to restrict or limit such "competitive activities" of colleges and universities.

In Kansas, legislative review was initiated with the introduction of Senate Bill No. 164 during the 1989 legislative session. The bill was ultimately referred to the Joint Committee on Economic Development for interim study. During that interim study, legislative attention was focused on the Regents institutions (primarily the University of Kansas and Kansas State University) as a result of accusations and claims that the Regents institution bookstores: were selling computers in competition with private vendors; were selling computers below cost; and/or were financing the sale of computers with state funds. Although a legislative post-audit study confirmed that except for one or two minor exceptions, the Regents institution bookstores were acting properly with reference to the sales of computers to students, faculty and staff, the topic continued to generate debate throughout the summer. The intensity of the discussions was such that the Joint Committee on Economic Development recommended passage of legislation, which became Senate Bill No. 437 during the 1990 session of the Kansas Legislature, which created a "private enterprise review board."

Although Senate Bill No. 437 was not voted out of Committee, at least two members of the Senate expressed continuing concerns, and indicated their support and sympathy for many of the claims being expressed on behalf of small business in Kansas. On March 15, 1990, Senator David Kerr, Chair of the Senate Economic Development Committee, formally requested, on behalf of the Committee, that ". . .the Board of Regents formulate policies (if none already exist) governing the sale of products at student unions, athletic associations and other affiliates of the Regents institutions."

In response, the Board of Regents appointed the Regents Task Force on Public/Private Enterprise at its meeting of April 19, 1990. The Board also approved adoption of the following charge to the Task Force:

The Task Force shall (i) undertake a review of the current scope and magnitude of those business activities at Regents institutions which may be in competition with the private

sector, and (ii) evaluate the relatedness of such activities to the missions of the Regents institutions. Furthermore, the Task Force should consider and develop policies that:

[i] define appropriate involvement in business activities;

[ii] recommend a protocol to be followed by Regents institutions before entering into new business activities; and

[iii] provide for the monitoring of ongoing business activities including a recommended policy for addressing and responding to the concerns of affected individuals or businesses.

A completed report shall be submitted to the Board of Regents by November 30, 1990. (emphasis supplied)

Proceedings of the Task Force

The Task Force held its first meeting on May 16, 1990, with all members present. Members reviewed the charge to the Task Force and discussed various methods of proceeding in order to meet the Board's directives. It was agreed that the Task Force should first hear from university representatives who could explain their operations, how they felt they might be competing with the private business sector, and provide views of appropriate regulation. It was agreed that invitations should be extended to the following individuals as representatives of the Regents institutions: Bill Smith, Director, Campus Activities Center, WSU, Student Unions and Centers; Kay Farley, Assistant Director, K-State Union, KSU, Student Union Bookstores; Gary Ott, Director, University Computing, WSU, Non-product Services; and Bob Senecal, Dean, Continuing Education, KU, Continuing Education.

On June 12, 1990, the Task Force met on the campus of Wichita State University. Commentary was received from the individuals referred to above. At the conclusion of the presentations, Task Force members agreed that the Task Force should also invite a set of representatives of businesses possibly affected by competition from the Regents institutions to confer with the Task Force. The Task Force agreed that invitations should be extended to Miles Schachter, President of the Connecting Point Computer Centers in Lawrence and Manhattan; Jon Levin, President and General Manager of Varney's Bookstore in Manhattan; and Bud Grant, Vice President and General Manager of the Kansas Chamber of Commerce and Industry.

The Task Force held its third meeting on June 27, 1990, in Topeka in the Board of Regents Conference Room. The meeting began with presentations by the three invited conferees. Upon conclusion of the presentations, Regent Sampson, Chair of the Task Force asked that members begin assimilating the information received and that they

direct their attention to a draft policy statement. Each Task Force member was asked to provide input to Mr. Bannister by July 31, 1990.

In addition to the input received from the presentations on June 12 and June 27, the Task Force assembled additional information from a wide variety of internal and external sources. Pertinent information was gathered from state and national sources including the Small Business Administration, the Business Coalition for Fair Competition, the National Association of College and University Business Officers, the National Association of College and University Attorneys, the National Association of College Stores and individuals who have conducted national studies on competition. The Task Force reviewed the *Report of the Joint Committee on Economic Development to the 1990 Legislature* as well as the October 1989 Performance Audit Report to the Legislative Post Audit Committee by the Kansas Legislative Division of Post Audit addressing "Personal Computer Sales by State and University Book Stores."

The Task Force considered "competition" legislation from across the United States and/or summaries thereof. Additionally, the Task Force studied "competition" policy statements developed and adopted by or for the following institutions of higher education or university systems: Oregon State University; the University of Wisconsin; the University of Colorado; the Utah State Board of Regents; and the Arizona Board of Regents. The Task Force also received copies of "The Kansas and Burge Union Advertising Policy" from the University of Kansas, and the "Unrelated Business Income Policy" of Wichita State University.

Letters were sent to the chambers of commerce of each of the cities in which Regents institutions are located, seeking information on perceived competition problems faced by businesses in that city. Input was also sought from each of the chief executive officers of the Regents institutions and the heads of both the University of Kansas Medical Center and the Kansas State University Veterinary Medical Center.

On September 11, 1990, the Task Force met on the campus of Emporia State University. Members reviewed a draft policy statement which had been prepared by Mr. Bannister using recommendations and comments received from Task Force members. The Task Force spent considerable time discussing the proposed policy draft and "testing" it against various factual scenarios. At the conclusion of the meeting, it was suggested that the policy be revised to include and/or address the day's discussion.

On September 18, 1990, the Task Force met again on the campus of Wichita State University. The Task Force was present for the presentation of Dr. Caspa L. Harris, Jr., President of the National Association of College and University Business Officers, of Washington D.C. Dr. Harris is a nationally known expert on the competition issue and has testified before Congressional committees addressing this matter. Dr. Harris provided background on the competition issue and

unrelated business income tax to a wide audience of Regents institutions representatives and then met with Task Force members separately to comment on the proposed Task Force policy recommendations and the issues at hand.

On October 11, 1990, the Task Force met on the Kansas State University campus in Manhattan. At that meeting, the Task Force reviewed the proposed draft of the Task Force Report and a proposed Board of Regents Policy on the Sale of Products and Services. Additionally, other affected Board policies were reviewed and discussed. Considerable time was spent reviewing possible applications of the proposed policy and numerous revisions were suggested and considered as a result of the input of campus constituencies. Several of these suggested revisions were implemented either wholly or in a revised form.

The Task Force held its last meeting on Wednesday, November 14, 1990, in Topeka. At that meeting, the members of the Task Force carefully reviewed the proposed final draft of the Report. After implementing several proposed modifications, the Task Force reached consensus agreement with regard to the Report of the Task Force. After discussion of appropriate procedures for dissemination of the Report, the Task Force adjourned with an expression of gratitude from Regent Sampson for the individual and collective efforts of the Task Force members.

Findings of the Task Force

As a result of their consideration and review of the public/private enterprise question in Kansas as it specifically relates to the seven institutions of public postsecondary education governed by the Kansas Board of Regents, the Task Force finds that:

1. The Kansas Board of Regents is constitutionally and statutorily charged with responsibility for the maintenance, operation and control of the seven state educational institutions of Kansas, i.e. Emporia State University; Fort Hays State University; the Kansas College of Technology; Kansas State University; Pittsburg State University; the University of Kansas; and Wichita State University.

2. The Kansas Board of Regents has approved individual mission statements for each state educational institution which seek to facilitate and encourage maximal usage of human and fiscal resources to provide quality academic instruction, research and service to the citizens of Kansas, the United States and society as a whole.

3. The academic instruction, research and service provided by the state educational institutions benefits and enhances, directly and indirectly, the private business sector of Kansas in innumerable ways.

4. The economic, intellectual and recreational contributions which each Regents institution makes to its host community are considerable.

5. The state educational institutions are, in fact, often looked to by the private business sector and their host communities to be an active partner in efforts to aid and benefit the private business sector and general business activity in the community.

6. The private business sector and the host community, in turn, make significant contributions to the successful operation of the state educational institutions creating a three-way symbiotic relationship that has been, is, and will, in the foreseeable future, continue to be, of extreme importance to all Kansans.

7. The state educational institutions, by state statute, Regent policy or practical necessity, have been required to provide certain services and products which are reasonably necessary, appropriate for or related to the educational mission of each institution. Furthermore, the provision of many of these products and services, which are considered necessary for the maintenance of campus life and the fulfillment of the missions of the state educational institutions, is not profitable or attractive to the private business sector.

8. The state educational institutions, in seeking to fulfill their assigned institutional missions, statutory responsibilities, specific commitments and general obligations, occasionally are in perceived, or actual, competition with the private business sector, or some segment thereof.

9. Many of the basic services provided by the state educational institutions are performed by non-profit auxiliary enterprises or affiliated corporations which are required to be self-supporting. Not only do these entities employ many students who benefit financially and experientially from that employment, they also fund their own maintenance, utilities and other overhead costs. The benefits to students, faculty, staff, alumni and the university communities are obvious and are provided at no or minimal cost to the taxpayers of Kansas. Were the state educational institutions required to cease all services which might be perceived to be in competition with the private business sector, or some segment thereof, an additional burden would be placed on the students, faculty, staff, alumni, host communities and on the taxpayers of Kansas.

10. Many of the products and services offered by the state educational institutions were not reasonably or readily available through the private business sector at the time they were initially made available or developed by the state educational institutions.

11. In more recent years, the scope and complexity of these products and services has increased in order to meet the contemporary needs of members of the university community and the financial requirements of the state of Kansas and the Board of Regents.

12. The state educational institutions have recently attempted to benefit and assist students, faculty and staff by serving as a conduit for discounts and other price advantages on educationally related goods and services which are made available and offered by various manufacturers, i.e. computers.

13. Universities across the country traditionally and appropriately provide many educational, social, cultural and recreational resources for their university communities through the establishment of self-supporting auxiliary enterprises. As not-for-profit entities, universities recover some of their costs and support many of these resources through the sale of products and services. These sales are not intended to compete with the private business sector, but, if successful, may, in fact, spawn and support the private business sector.

14. The fact that a product or service has previously been sold by a state educational institution should not, in and of itself, mandate that such sales continue if a question of competition arises; however, the consequences of cessation of such sales by the institution must always be considered.

15. The extent of advertising utilized in relation to some operations of the state educational institutions, both in terms of the resources committed and the media utilized, has created a sense of increased competition between the institutions and the private business sector, or some segment thereof.

16. The private business sector, as a whole, has not requested that the state educational institutions discontinue the sale of products or services, rather it has been their request that the state educational institutions not **exploit** the opportunities which may arise from the unique nature of their educational missions.

17. Issues of concern between the public and private business sector may vary from institution to institution and from community to community.

18. Some members of the private business sector have not been sufficiently informed about the statutory and fiscal responsibilities of the state of Kansas, the Board of Regents and the state educational institutions.

19. **Everything** the state educational institutions do, in fulfilling their missions, responsibilities and obligations, can, in some sense, be perceived to be in competition with the private business sector, or some segment thereof.

20. The state educational institutions have not intentionally marketed products and services to compete with the private business sector.

21. Fairness in the interactions between the state educational institutions and the private business sector must be judged on the basis of the institutions' obligation to provide quality academic experiences to their students; resource support to their faculty; and intellectual opportunities to their host community and the state.

22. It is incumbent on the state educational institutions to be sensitive to the role of the private business sector and the significant contributions which these businesses make to Kansas and to the

successful and continued operation of the state educational institutions and their respective host communities.

23. It is incumbent on the private business sector to understand and appreciate the missions of the state educational institutions; their statutory responsibilities and obligations; and the interests and goals which they seek to obtain.

24. It is incumbent on the state educational institutions, the private business sector and the host communities to work together to understand and appreciate the competition issue and to seek to find satisfactory resolutions to such issues and concerns.

25. All affected parties will benefit from the implementation and enforcement of a Regents policy statement relating to the sale of products and services, which includes a fair and equitable mechanism for the review of concerns by members of the private business sector, or segments thereof.

Recommendations of the Task Force

As a result of their consideration and review of the public/private enterprise question in Kansas as it specifically relates to the seven institutions of public postsecondary education governed by the Kansas Board of Regents, the Task Force recommends:

1. That the Kansas Board of Regents adopt the recommended Policy on Sales of Products and Services, attached hereto as Appendix A, as a new Item 22 beginning on page 10G of the Board Policy Manual.

2. That the Kansas Board of Regents revise the present Item 6 on page 3G of the Board Policy Manual presently relating to "Auxiliary Agencies" as recommended in Appendix B.

3. That the Kansas Board of Regents revise the present Item 7 on page 3G(1) of the Board Policy Manual relating to "Auxiliary Enterprises" as recommended in Appendix C.

4. That the Kansas Board of Regents revise the present Item 9 on page 4G of the Board Policy Manual relating to "Service Clearing Activities" as recommended in Appendix D.

5. That the state educational institutions should never seek to be in direct competition with the private business sector.

6. That all state educational institutions immediately initiate efforts to comply with the recommendations set forth in the Task Force Report.

7. That each state educational institution work to strengthen its communications with the private business sector on issues relating to competition.

8. That each state educational institution consider the interests of the private business sector, as well as the interests of students, when evaluating whether to sell or provide new products or services. In cases where all other things are equal, the presumption should be in favor of non-competition.

9. That efforts be made to inform the general public, the private business sector and government officials about the missions, structures and operations of the state educational institutions, that some competition is inevitable, and that issues/concerns will vary from institution to institution and from university community to university community.

10. That all interested parties consider ways by which the dependency on the sale of products and services to finance appropriate and necessary services by the state educational institutions can be reduced.

11. That the Task Force on Public/Private Enterprise be reconvened by the Board of Regents in January of 1992 to evaluate the effectiveness of the Regents Policy on Sales of Products and Services and to recommend changes if necessary or desirable.

12. That the Report of the Regents Task Force on Public/Private Enterprise be shared with all interested parties.

13. That the Council of Business Officers of the state educational institutions establish processes for the filing of the appropriate and required Internal Revenue Service unrelated business income tax forms.

Conclusion

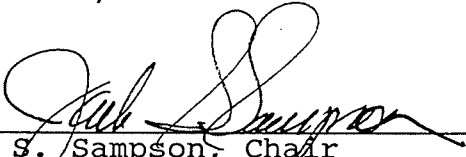
The Task Force has directed considerable efforts toward accomplishment of the assignments and responsibilities expressed in the April 19, 1990 charge issued by the Kansas Board of Regents. We are hopeful that this Report adequately reflects the seriousness with which we addressed the important, and as we found, potentially all-encompassing, issue of competition between the state educational institutions and the private business sector.

In summary, it is the view of the Task Force that while some sales of products and service at the Regents institutions are in competition with the private business sector, or some segment thereof, the magnitude of such activity is not great. Further, it is our view that no institution intentionally marketed products or services to compete with the private business sector, but did so in direct, or indirect, fulfillment of its respective mission.


The policy which we have recommended seeks to define appropriate involvement in business activities with reference to students, faculty, staff and guests of the institution and to the external community [see Sections A and B of the recommended Board of Regents policy on sales and services]. The policy recommends a protocol to

be followed before entering into new business activities [see Section C.1 of the recommended Board of Regents policy on sales and services]; provides for the monitoring of organized activities [see Section C.2 of the recommended Board of Regents policy on sales and services]; and includes a recommended vehicle for addressing and responding to the concerns of affected individuals in business [see Section D of the recommended Board of Regents policy on sales and services].


Respectfully submitted,




Jack S. Sampson, Chair
Regents Task Force on Public/Private Enterprise



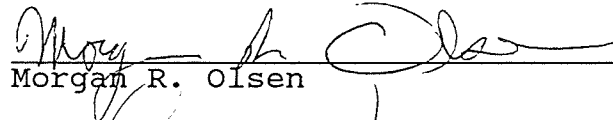
David A. Ambler



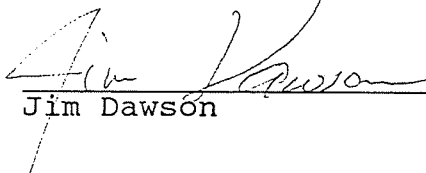
Roger D. Lowe



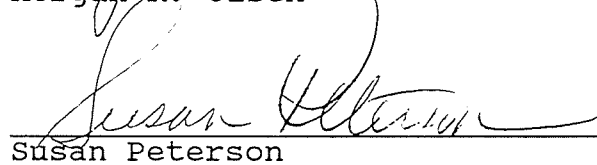
Ted D. Ayres



Morgan R. Olsen



Jim Dawson



Susan Peterson

RECOMMENDED BOARD OF REGENTS POLICIES ON SALES OF PRODUCTS AND SERVICES

It is the intent of this policy to establish guidelines for the conduct of sales of products and services for the Regents institutions in fulfilling their required missions and statutory obligations, and establish principles upon which fairness in the sale of products and services is to be judged. The complex needs of the Regents institutions require that a broad and flexible policy be established while at the same time making provision for the resolution of the legitimate grievances of the private sector which will occur from time to time. It is in the spirit of good faith and fair practice that this policy is established.

Any sale of products or services by a Regents institution, its auxiliary enterprises, or an affiliated corporation of a Regents institution (all hereinafter collectively referred to as "institution(s)") is deemed appropriate only if such sale is an integral part of or reasonably related to, an activity which is essential to the fulfillment of the institution's instructional, research or public service missions. Such activities must meet the following criteria:

A. Criteria for Sales of Products and Services to Students, Faculty, Staff, and University Guests

1. Institutions may sell products and services to students, faculty, staff, and university guests; provided, that the products and services satisfy reasonable educationally related or convenience needs of the university community and provided that such products and services are not generally available to persons who are not students, faculty, staff or university guests. University guests are defined as persons who enter a campus for an educational, research, or public service activity, and not primarily to purchase or receive products and services. Sales to university guests shall be related to the guest's purpose or needs while on campus.

2. Institutions may sell products and services to students, faculty, staff, and university guests if the product or service contributes to maintaining the quality of the educational, living, or work environment of the institution. Most crucial to maintenance of quality are efforts which impact positively on student, faculty and staff recruitment and retention, including, but not necessarily limited to: student activity association entertainment; movies; athletic and recreational events and facilities; institutional operation of student health facilities; counseling centers; musical, cultural and artistic activities; and auxiliary enterprise activities.

3. The appropriateness of sales of products and services to students, faculty, staff and university guests should also be weighed by the availability or nonavailability of the products or services in the community at the time sales were initiated. Availability may be defined in terms of convenience, quality or quantity of service.

4. The sales of products and services to students, faculty, staff and university guests shall be advertised only in media which are aimed or specifically targeted to the university community or by other methods which are limited to the campus.

B. Criteria for Sales to the External Community

In order for a product or service to be sold to the external community, two criteria must be met: 1) the product or service must be appropriate for sale; and 2) sale of the product or service must adhere to the appropriate policy on pricing. Any advertising of products or services appropriate for sale to the external community shall be reasonably related in content and cost to the product or service being sold.

1. Appropriate Sales

The following is an exclusive listing of sales to the public which are deemed to be appropriate:

a. An institution may sell a product or service which is directly related to the achievement of its institutional mission statement.

b. An institution may sell a product or service where the sale enhances the academic, cultural, recreational, or artistic environment of the university community. This shall include, but not be limited to: attendance at addresses by public speakers, musical events, athletic events, museum exhibits, and art showings.

c. Products and services which are by-products of the institution's instruction, research, or public service activities may be sold to the public; however, production of products or services for commercial sale shall not be the primary use of any institutional facilities or resources.

d. Agricultural and mineral products produced from either research activities or from land owned or leased by the institution may be sold to the public.

e. An institution may sell food service, but such food service shall be limited to the institution's campus.

f. An institution may sell clothing and other gift and souvenir items imprinted with the institutional or conference logo, seal, emblem, initials, nickname, mascot or name.

g. An institution may sell gift or souvenir items related to the operation of university museums or similar facilities.

h. An institution may sell a product or service if it has specific state or federal statutory authority or mandate to do so.

i. An institution may provide a product or service pursuant to a grant or contract with a governmental entity to provide such product or service either to the entity or to the public.

j. An institution may offer a product or service to the external community if such product or service is unavailable elsewhere in the community and is reasonably related to the institution's mission. Unavailability may be defined in terms of convenience, quality or quantity.

2. Pricing Policies

a. In establishing a price or fee for products or services, the price should generally reflect the direct and indirect costs of the products or services and should minimally reflect the price in the private marketplace. For the purpose of this policy, direct costs include, but are not limited to: all salaries, fringe benefits, supplies, and capital directly attributable to the sale of the product or service. An institution's negotiated federal indirect cost rate shall be used to determine indirect costs.

b. If the activity is integral to the fulfillment of the institution's instructional, research or public service missions, prices may be established at less than full cost recovery upon approval by the institutional chief executive officer or the chief executive officer's designee.

c. All contracts offering products or services to other state agencies shall be priced in accordance with Board policy on "Contracts with Other State Agencies, Indirect Cost Reimbursement" (Item 7.c., Page 6B).

d. If a product is an agricultural or mineral product produced either as a by-product of teaching or research activities or as a product of land owned or leased by an institution, such product shall be sold for its market value.

C. Compliance.

1. The chief executive officer of each Regents institution shall designate an officer at the Vice Chancellor or Vice President level who will approve the initiation of any new activity or program which will produce sales of products or services, or a substantial change in the type or level of existing sales of products or services, and determine that such activity or program complies with this policy. Each Regents institution shall develop policies and procedures for administrative approval of activities which satisfy the criteria of this policy.

2. The Director of Internal Audit or other designated official at each Regents institution shall review service and product sales on a regular basis and shall report and identify activities to the designated Vice Chancellor or Vice President which are not in compliance with this policy. The designated Vice Chancellor or Vice President shall review the identified activities. If the designated officer agrees that the activity is not in compliance with the policy on competition, that officer shall prescribe parameters for compliance or shall require that the activity be curtailed.

3. This policy will be applicable to private entities or individuals who sell products or services directly to students, faculty or staff pursuant to a contract with a Regents institution.

D. Competition Grievance Procedure

1. The chief executive officer of each Regents institution shall designate an officer at the Vice Chancellor or Vice President level who will receive and evaluate complaints from private enterprises alleging inappropriate or unreasonable competition by the institution with private enterprise.

2. Upon receipt of a written, formal and signed complaint, the designated official shall investigate the merits of the complaint and determine whether the activity is in compliance with the Board of Regents policy on sales of products and services. The designated official shall proceed to resolve the complaint through administrative channels if possible. If the designated official is unable to resolve the complaint within fifteen (15) working days of receipt, it will be presumed that the complaint cannot be resolved through administrative channels.

3. If it is impossible for the complaint to be resolved by the designated official through administrative channels, the complaint shall be given to the chief executive officer of the university for referral, within ten (10) working days, to the Institutional Competition Review Committee for review. An Institutional Competition Review Committee (hereinafter "Committee") shall be separately constituted and appointed by the chief executive officer for each complaint. Each Committee shall be made up of five (5) members as follows: three (3) members from the university community (one of whom shall serve as Chair of the Committee) and two (2) members representing the private sector.

4. The Committee shall, within five (5) working days of its receipt of the complaint, and after consultation with the complainant, determine whether the complainant wishes to make an oral presentation to the Committee or whether the issue(s) shall be determined based on written submissions of the parties. If the complainant desires to personally make an oral presentation to the Committee, same shall be held within twenty (20) working days of the receipt of the complaint. The Committee shall listen to the complainant and a representative of the department or area offering the product or service. The

Committee shall determine whether sales of the product or service are in compliance with the Board of Regents policy on sales of products and services. The Committee will prepare a written conclusion of its determination and recommendation of action within fifteen (15) working days of the conclusion of the oral presentation, or within fifteen (15) working days of receipt of the written submissions.

5. The Committee shall forward its recommendation to the chief executive officer of the university for review. The chief executive officer shall accept, reject, or modify the recommendation of the Committee and shall inform the Executive Director of the Board and the other chief executive officers of the recommendation of the hearing committee along with a statement of the action taken thereon by the chief executive officer within fifteen (15) working days of receipt of the Committee recommendation.

6. If the proposed action of the chief executive officer does not satisfactorily resolve the complaint or charge, the complainant may appeal the chief executive officer's decision to the Kansas Board of Regents within twenty (20) working days of receipt of the Committee's recommendations. Should review be granted, the Chair of the Board shall appoint, within twenty (20) working days of receipt of the appeal, a Regents Review Committee to review the complaint of the complainant. A Regents Review Committee shall be separately constituted for each complaint. Each Regents Review Committee shall be made up of three (3) members as follows: one member, who shall serve as Chair of the Regents Review Committee, shall be the Chair of the Board of Regents or the Chair's designee, one member shall be designated by the institutional chief executive officer where the complaint arose and one member shall be designated by the complainant. The Regents Review Committee will, within thirty (30) working days of its receipt of the complaints, make a complete review of the matter and provide its written Report and Decision to the Executive Director of the Board of Regents for implementation and reporting to the full Board of Regents.

7. This procedure is intended to facilitate discussion and the resolution of issues and not as a formal or judicial process. Neither party may be represented by counsel. Time limits should not be used to adversely affect any complaints and unusual circumstances may justify a waiver of such time limits. It is further anticipated by the Board of Regents that a conscientious and good faith effort will be made by both parties to resolve the complaint at the earliest possible opportunity and that appeals to the Board of Regents will be the exception.

8. This procedure shall not negate any other policy or afford additional rights relating to the processing of claims or charges of proscribed conduct which may be made by persons directly involved with or affected by the operation and management of a Regents institution. This procedure is applicable only to any individual without current access to an established institutional grievance procedure.

6. AUXILIARY-AGENCIES AFFILIATED CORPORATIONS

(1) ~~Auxiliary-agencies~~ Affiliated corporations are incorporated entities which are funded solely or primarily by monies other than state funds and whose purpose is to enhance or support the mission and activities of the institution. ~~Auxiliary-agencies~~ Affiliated corporations include, but are not limited to, certain alumni associations, incorporated student unions, boards of trustees, endowment associations and athletic corporations.

(2) Institutions shall not increase state funding for the operation of ~~auxiliary-agencies~~ affiliated corporations beyond normal program maintenance increases without prior approval of the Board.

7. AUXILIARY ENTERPRISES

(1) Auxiliary enterprises are self-supporting University-operated enterprises which include, but are not limited to, student housing, student health services, unincorporated student unions, and campus-bookstores-and-comparable-entities parking.

(2) The operation of auxiliary enterprises on campus is authorized when such business is related to the educational objectives of the institution. Before commencing operation of a bookstore an auxiliary enterprise, the institution shall first submit ~~to the Board for approval~~ the proposed plan for the financing, operation and management thereof and manner in which profits shall be distributed. of the auxiliary enterprise to the Board for approval. ~~In the event such activities are in competition with local business, the use of such campus facilities shall be limited to students, faculty, and employees.~~ State funds shall not be used to subsidize the operation of any organization operated as an auxiliary enterprise unless specified by the loan agreement, bond covenants or by Board action.

~~(3) State funds shall not be used to subsidize the operation of any organization operated as an auxiliary enterprise unless specified by the loan agreement, bond covenants or by Board action.~~

~~(4)~~ (3) Buildings may not be transferred from auxiliary enterprise support to general use support without approval by the Board. Such requests for transfer will only be considered at the June meeting of the Board along with requests for operating support of such buildings to be included in the June legislative budget request submitted pursuant to Item 1.b. on page 1B of the Board Policy and Procedures Manual. If approved by the Board, buildings will continue to be supported by the auxiliary enterprises until monies have been appropriated for general use operation support. Building transfers which do not involve requests for additional general use money may be brought to the Board at any time. Exceptions to these provisions may be granted under special circumstances as determined by the Board.

9. SERVICE CLEARING ACTIVITIES (Service-Clearing)

All service clearing activities must be consistent with Board policy on the sale of products or services.

a. Institutional Related Activities

Each Regents institution shall develop policies and procedures for identifying appropriate institutionally related service activities including, but not limited to, telecommunications, printing services, central stores, duplicating and reproduction services, and provide for appropriate administrative approvals prior to providing such services. ~~to-such-institutional-related-activities.~~

b. Other Organizations or Classes of Individuals

(1) Regents institutions may provide services to specific organizations or classes of individuals outside the University as approved in advance by the ~~Executive Director~~ chief executive officer. Such services will ordinarily be approved only if the organization or class of individuals has made a written request for such service. ~~, the service is not reasonably or practicably available from private resources and if the organization is within any of the following classifications:~~

(2) Individual projects to be undertaken by for approved organizations or classes of individuals shall be reviewed ~~and approved~~ by the institutions on written application prescribed by the institutions. ~~No such approval shall be granted unless the individual project is found by the institution not to be reasonably or practicably available from private sources.~~

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

KTEC PROGRAMS

Centers of Excellence - 5
Applied Research Matching Grants -
Research Equipment Grants
Training Equipment Grants
Small Business Innovation Research Grants
Seed Capital
Technical Database
Industrial Liaison
Special Projects - *telecommunications*

KTEC FY 1992 BUDGET REQUEST

	<u>Level A</u>	<u>Level B</u>	<u>Level C</u>
Operations	\$677,669	\$677,669	\$730,000
Database	50,000	50,000	50,000
Centers Peer Review	0	0	0
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
	<hr/>	<hr/>	<hr/>
TOTAL	\$5,617,353	\$5,729,700	\$9,905,000

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

KTEC SUMMARY REPORT

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

All Programs through 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

93 inventors assisted

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Enter
 AGENCY—SUBAGENCY CODES 2
 PROGRAM TITLE AND CODE A YW
 SUBPROGRAM TITLE AND CODE

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:

DC

9-2

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Ente
 AGENCY—SUBAGENCY CODES 10
 PROGRAM TITLE AND CODE
 SUBPROGRAM TITLE AND CODE

D

Activity

Significance

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 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>
<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

4-7

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Enter
 AGENCY—SUBAGENCY CODES _____
 PROGRAM TITLE AND CODE _____
 SUBPROGRAM TITLE AND CODE _____

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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

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Enter
 AGENCY—SUBAGENCY CODES _____
 PROGRAM TITLE AND CODE AC W
 SUBPROGRAM TITLE AND CODE _____

Maximize Leverage

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

TRAINING EQUIPMENT GRANTS

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

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</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1992</u>	<u>FY 1992</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Level A</u>	<u>Level B</u>	<u>Level C</u>

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

DC

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Ente
 AGENCY—SUBAGENCY CODES 2
 PROGRAM TITLE AND CODE A YW
 SUBPROGRAM TITLE AND CODE

SEED CAPITAL PROGRAM

	<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>
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

	<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>
<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)

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Enterprise
 AGENCY—SUBAGENCY CODES 00000000
 PROGRAM TITLE AND CODE Agency
 SUBPROGRAM TITLE AND CODE

	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

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Center
 AGENCY—SUBAGENCY CODES
 PROGRAM TITLE AND CODE
 SUBPROGRAM TITLE AND CODE

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

2-12

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Ente
AGENCY—SUBAGENCY CODES 2
PROGRAM TITLE AND CODE ci
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- 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:

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.

NARRATIVE INFORMATION—DA 400

DIVISION OF THE BUDGET

DEPARTMENT OF ADMINISTRATION, STATE OF KANSAS

AGENCY NAME Kansas Technology Entz
 AGENCY—SUBAGENCY CODES 7 00
 PROGRAM TITLE AND CODE C C3
 SUBPROGRAM TITLE AND CODE Ag. valt

	Actual 1990	Goal 1991	----- 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	--	--	--	--

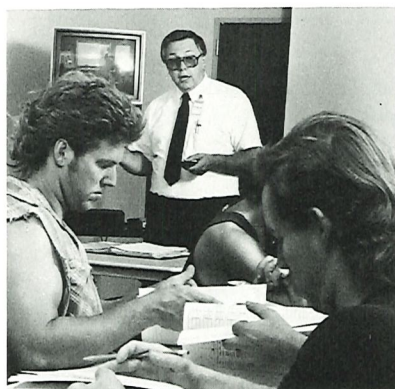
PERFORMANCE COMPARISON:

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.

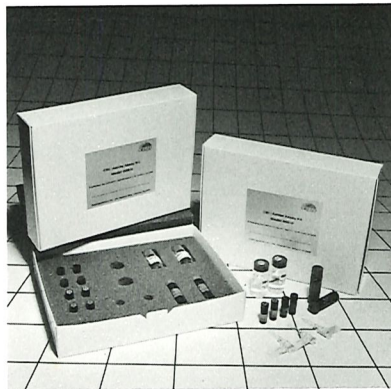
For FY92 we are requesting \$201,000 for A&B level and 212,500 for C level for salaries and office operating expenses. This is the basis for managing the center and total center funding makes little difference in the operations/management expense. The difference in the A,B, & C budget is in the amount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

7/1-2

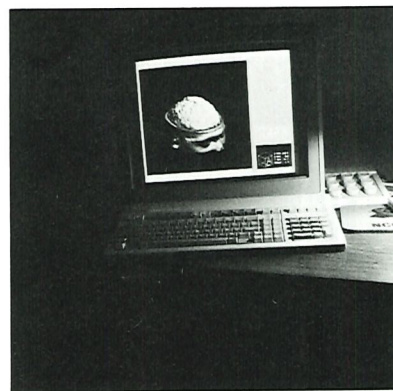
Investments in Kansas



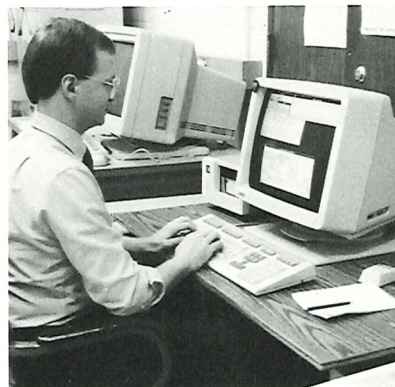
Superior Industries, Pittsburg



Oread Laboratories, Inc.,
Lawrence



3D Biomedical Imaging, Inc.,
Shawnee Mission



Kohlman Systems Research,
Lawrence



American White Wheat
Producers Association,
Atchison



Garden City Community
College, Garden City



Kansas Technology
Enterprise Corporation
112 West Sixth, Suite 400
Topeka, Kansas 66603



KTEC is mid-way through its fourth year of operation. It's time to take a look at some of the partnerships we have fostered, the investments that we have made in the name of Kansas, and the companies that have found success through our assistance.

Many more of KTEC's investments in Kansas are on the verge of success. We are pleased and proud to keep you informed of Kansas' steady progress in advanced technology economic development.

A handwritten signature in dark ink, appearing to read 'W. G. Brundage', with a long horizontal stroke extending to the right.

William G. Brundage
President

Scope of Services offered by KTEC

KTEC Centers of Excellence

Advanced Manufacturing Institute
Kansas State University

Center for Excellence in Computer-Aided
Systems Engineering
University of Kansas

Center for Technology Transfer
Pittsburg State University

Higuchi Biosciences Center
University of Kansas

National Institute for Aviation Research
Wichita State University

Applied Research Matching Grants

Research Equipment Grants

Training Equipment Grants

Small Business Innovation Research Grants

Industrial Liaison

Special Projects

Telecommunications

Protecting Intellectual Property

Ad Astra Fund

Investment in new industry in Kansas

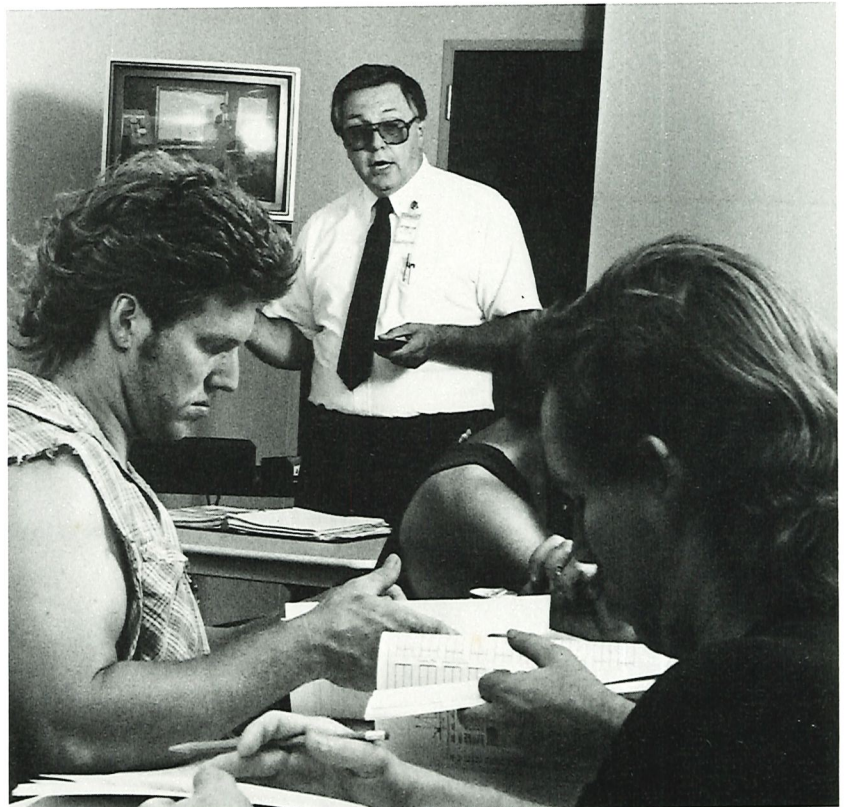
It often takes a unique partnership to foster economic development in a community. One example is the cooperative effort of the City of Pittsburg, Pittsburg State University (PSU), and other economic development groups in convincing Superior Industries to locate in Pittsburg. Superior Industries is one of the leading manufacturers of stylized aluminum wheels for Ford and General Motors.

Twenty months ago, Superior Industries International, Inc. announced plans to open a plant in Pittsburg. Training programs offered through the Technical Education Department at PSU influenced that decision. During the first year, more than 500 Superior employees have completed basic training.

This summer, the Center for Technology Transfer (KTEC's Center of Excellence at PSU) assisted the company again in planning and implementing a course in statistical process control (SPC). SPC is using statistics as a means to bring a process into control. At Superior, they're putting it to use in the manufacturing atmosphere.

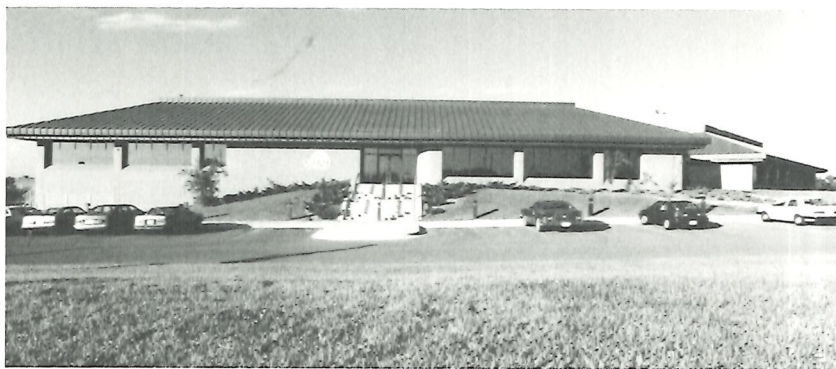
Providing technical resources for Kansas businesses is an important function of KTEC Centers of Excellence.

"The specialized training offered at PSU was a key factor in our decision to locate in Pittsburg. It has been very beneficial to our start-up operation," Ralph Shilling, Director of Human Resources, Superior Industries, Midwest Division.

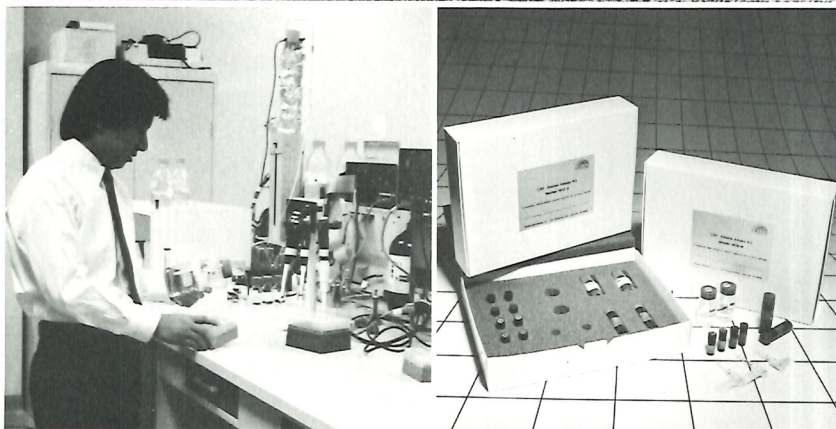


Dr. Larry Williamson, Professor in Manufacturing Engineering Technology, PSU, teaches a 10-hour segment of classes on statistical process control to all Superior Industries' employees. Photo courtesy of University Photo Services, Kansas State University, Dan Donnert photographer.

Oread Laboratories, Inc., Lawrence; Dr. O.S. Wong in his laboratory; and the CBI Amine Assay Kit.



"From discovery in the lab to a useful product is a complex process which often can take several years," Dr. O.S. Wong, Oread Laboratories, Inc., Lawrence.



Investments in biotechnology

A 1984 discovery by scientists at the Center for BioAnalytical Research at the University of Kansas is now being marketed as an analytical research test kit.

Oread Laboratories, Inc., Lawrence, is marketing CBI Amine Assay Kits primarily for use by laboratory scientists. Oread is the principal industrial contact for the Higuchi Biosciences Center (one of KTEC's Centers of Excellence at K.U.).

Dr. O. S. Wong, Analytical Pharmaceutical Chemistry Section Leader at Oread explained that the kits are used to detect low level amino acids in biological samples, such as blood. The results can assist biomedical research scientists in disease diagnosis.

Initial sales of the CBI kit are projected to be \$100,000 per year. Eventually the technology may be used in as many as 20 different analytical test kits, marketed nationally and internationally, with greatly expanded sales potential.

Investment in start-up companies

3D Biomedical Imaging Inc. (3DBI), Shawnee Mission, found their niche in a specialized market two years ago by designing computer software for three-dimensional medical, industrial and scientific visualization. For example, in the medical field the application assists in diagnostics, surgical planning and patient treatment.

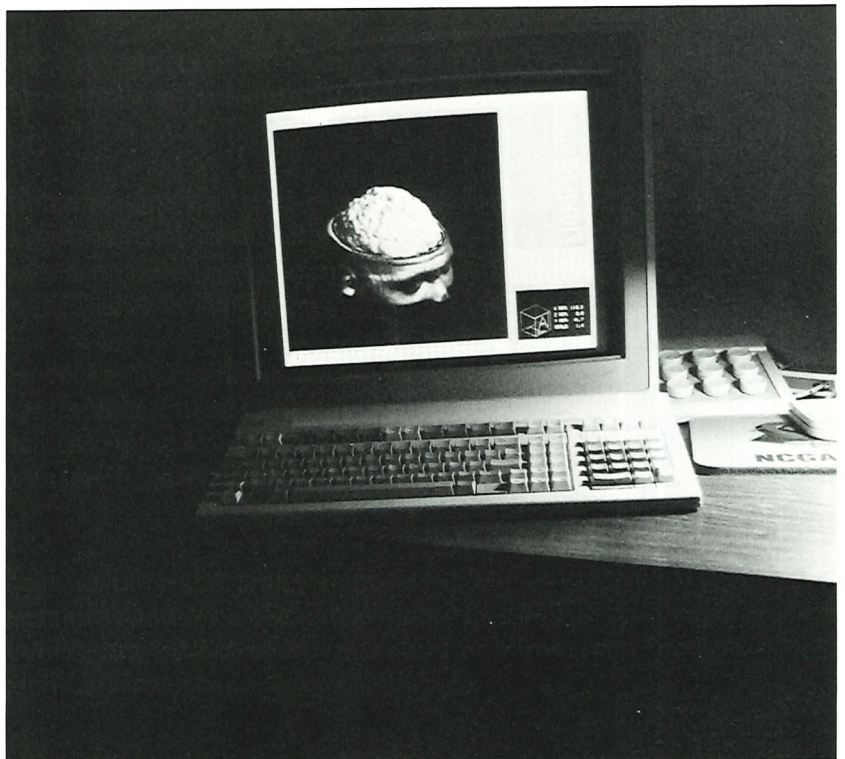
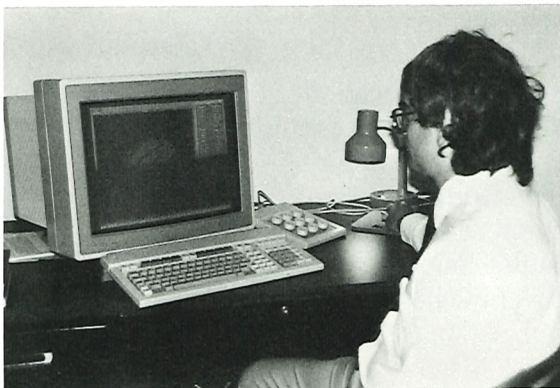
3DBI was founded in 1987 by Michael Gordon, Ph.D., an associate professor of pharmacology at the University of Kansas Medical Center, and Glen DeLoid, M.D.

In October 1989, 3DBI was selected for seed capital investment by Campbell-Becker, Inc., of Lawrence, manager of the Ad Astra Fund. KTEC is a limited partner in the Ad Astra Fund.

Today, there is an international market for the customized software package that retails for \$25,000 to \$35,000. Excellent growth is expected in 1991 due to national and international OEM agreements in place. Projected sales in 1991 are expected to reach \$400,000.

"Without the Campbell-Becker investment, we would not have been able to generate the local seed capital to develop the company," Michael Gordon, Ph.D., president of 3D Biomedical Imaging, Inc., Shawnee Mission.

Right, three-dimensional visualization of a skull; below, Dr. Michael Gordon demonstrates the software.



“Our options for utilizing computers were: lease a computer, buy a computer, or travel to the customer site in Florida. After checking around, it was much more cost beneficial to us to use the facilities at K.U.,” Paul Baker, president, Kohlman Systems Research, Lawrence.

Darin Landis, an aerospace engineer with Kohlman Systems Research, spent more than two weeks utilizing the facilities of CECASE.



Investment in Kansas' technical resources

When Kohlman Systems Research, Lawrence, found themselves in need of a DEC MicroVax computer to complete work on a software development project, their choices were few. In fact, the choices were to travel to Florida, or find a computer in Kansas.

They chose to utilize the facilities of KTEC's Center for Excellence in Computer-Aided Systems Engineering (CECASE) at the University of Kansas. The cost comparison was to spend about \$3,000 per week in Florida, or use CECASE's facilities at approximately \$200 per week. Serving the technical needs of Kansas businesses is an integral part of the activities at KTEC Centers of Excellence.

The final product, Flight Test Applications Software Package, was demonstrated for the Yugoslavian Air Force in October. The software produces final analyzed post-flight results with one-third of the time and effort of other systems. It allows major decisions in the testing and development of aircraft and systems to be based on final results. Sales projections for the software package are \$300,000 over the next three years.

Investment in Kansas' "s'wheat resources

With KTEC's assistance, Kansas has excelled in developing the growth and marketing of hard white wheat--one of the State's first alternative crops that requires no new capital investment for production, follows the same chain of events as red wheat, and offers added-value potential. White wheat products are lighter in color and milder in flavor which makes them more appealing to consumers.

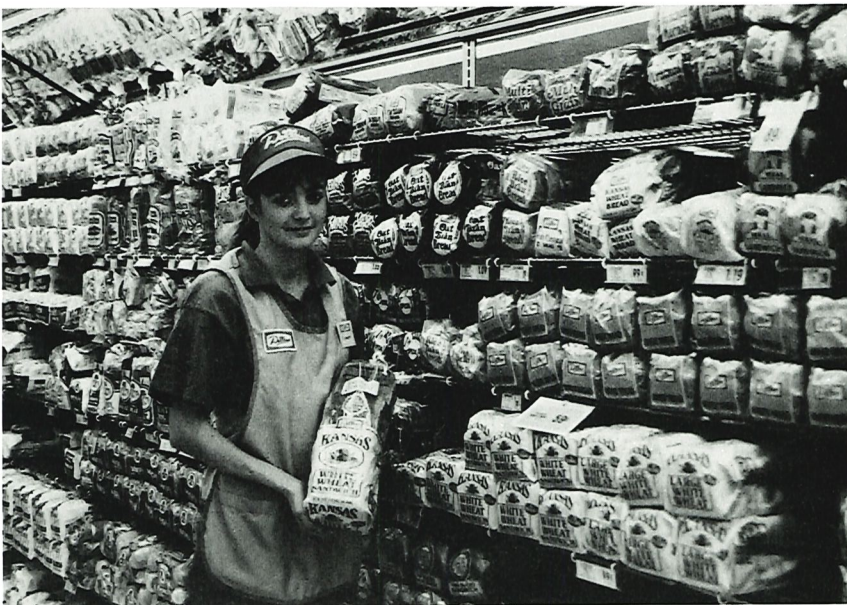
"KTEC has played a pivotal role in the development of the white wheat industry in Kansas," Kent Symns, manager American White Wheat Producers Association, Atchison.

Interest in marketing hard white wheat started in the 1970's at Kansas State University. It began gaining momentum in 1988 when the American White Wheat Producers Association (AWWPA) and the Kansas Wheat Commission (KWC) became involved. Grants through KTEC's Applied Research Matching Grant program awarded the AWWPA \$57,969 and the KWC \$388,000. The KTEC grants were matched by \$96,954 and \$712,745, respectively.

Tangible results:

- in November 1989, Kansas' Dillons grocery stores began selling Kansas Wheat Bread. More shelf products are in the planning stages.
- Stafford County Flour mills are milling white wheat for the first time in 20 years, selling it under the Hudson Cream label.
- a Topeka company is baking white wheat tortillas and marketing them locally.
- producers hope to make an extra 70 cents a bushel (1 cent per loaf of bread) on 40 million bushels of wheat per year. This could mean as much as \$28 million to the Kansas economy.

Cindy Musslin, Dillons Grocery Store, 29th & California, Topeka, stocks the bread shelves every day with Kansas Wheat Bread.



"KTEC gave us enough money to make an impact! We are pleased to be meeting the needs of our industrial clients in southwest Kansas," Dr. Gary Jarmer, Dean of Occupational Education at Garden City Community College, Garden City.



GCCC students and instructor work through a class exercise with the Festo equipment. Left to right, Dan Culbertson, student, Martin Neff, instructor, and Jose Leyva, student.

Investment in Kansas' human resources

In June 1989, Garden City Community College (GCCC) was awarded a \$70,483 Training Equipment Grant from KTEC. A hand-in-glove partnership emerged.

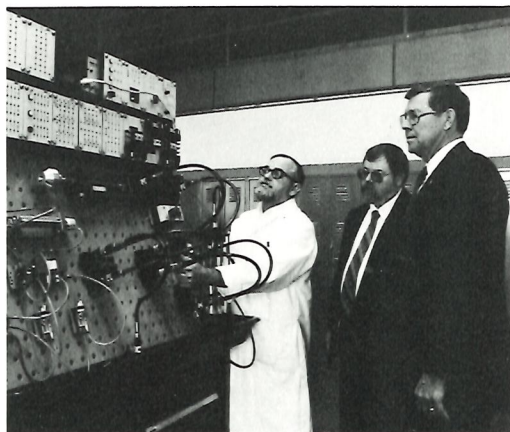
Left to right, Gerald Hundley, classroom instructor, Gary Jarmer, Dean of Occupational Education, and Dr. James Tangeman, President of GCCC, discuss the range of opportunity available to students in training on the Festo Equipment. Photos courtesy of Lydia Smith, GCCC, Information Services.

Festo Corporation, one of the world's largest manufacturers of automatic manufacturing equipment and hydraulic and pneumatic training systems, and GCCC matched KTEC's grant with \$222,108. Festo is headquartered in West Germany, with corporate offices in New York City.

Today, students utilize more than \$300,000 in automated manufacturing equipment, including computers and programs, in laboratories at GCCC. A spin-off reward came in 1990 when Festo designated GCCC the first Authorized Festo Learning Center in the United States.

The course orients students/workers to the types of equipment used in meat packing, the aircraft industry and other manufacturing. The first classes offered in the Fall of 1989 enrolled more than 40 students; more than twice that number have excelled and passed the entry level courses. Currently 89 students are enrolled in beginning and advanced levels of instruction.

"We want to add value to Kansas' raw agricultural products, but we must add value to our workforce, too. We have to train and retrain the workers of Kansas. We have to do it well if we are to succeed," said Dr. Gary Jarmer.



PRESENTATION TO
THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE
JANUARY 24, 1991

Presentation by:

John E. Moore
Chairman, KTEC Board of Directors
Senior Vice president
Cessna Aircraft, Wichita

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

Kansas Technology Enterprise Corporation

Executive Summary

Attachments

- A. Board of Directors
- B. Summary of KTEC Accomplishments
- C. Companies Benefiting from KTEC's Assistance

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. Current board members are listed in Attachment A.

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. (A copy of the enabling legislation is included in Attachment B.)

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. (See Attachment C, "The Role of KTEC Programs in Kansas' Long-Term Economic Development.")

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.

A summary of KTEC's accomplishments may be found in Attachment D and a list of the Kansas companies assisted in Attachment E.

ATTACHMENT A

**KTEC
BOARD OF DIRECTORS**

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

ATTACHMENT B
SUMMARY OF ACCOMPLISHMENTS

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

ATTACHMENT C

COMPANIES BENEFITING FROM KTEC'S ASSISTANCE

LIST OF COMPANIES KTEC HAS ASSISTED

<u>Company</u>	<u>Location</u>
A & B Fabrication	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 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 Institute of Baking	Manhattan
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
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.	Overland Park
Black & Veatch	Overland Park

Blanchat Machine Company, Inc.	Wichita
Blaylock Diesel	Baxter Springs
Blood Gas Analyzer	Overland Park
Boeing Computer Services	Wichita
Boeing Military Airplane Co.	Wichita
Bremson Data Systems	Lenexa
Brittain Machine, Inc.	Wichita
Brookover Companies	Garden City
Brown Cargo Van, Inc.	Lawrence
Buck Rogers Company	Olathe
Buhler Packing Company	Buhler
Build With Us, Inc.	Columbus
Builders Inc.	Wichita
Business Visions, Inc.	Wichita
Steven Butler	Humboldt
CAC Tool Corporation	Wichita
CASCO, Inc.	Wichita
The CAD Room	Wichita
Campbell-Becker, Inc.	Lawrence
Casco, Inc.	Wichita
Catalytic Industrial Group	Independence
CCT, Inc.	Olathe
Central Soy Foods	Lawrence
Century Wood Products	Kansas City
Cessna Aircraft	Wichita
Charloma Fiberglass	Cherryvale
Chautauqua Hill Jelly Co.	Sedan
Chemsyn Service labs	Lenexa
CIMLINC	Wichita
Cimmaron Leather Company	Hugoton
CMP Computer Services	Wichita
Coleman Company	Wichita
Collins Ambulance Corp.	Hutchinson
Columbus Telephone	Columbus
Comdisco Systems, Inc.	Lawrence
CompuSpeak Laboratories, Inc.	Overland Park
Computer Information Sciences	Manhattan
Coons Manufacturing Co.	Oswego
Cox Machine, Inc.	Wichita
CPI Corporation	Wichita
Crust Buster	Dodge City
Culligan Water	Topeka
Culvert Fish Farm	McPherson
Custom Truck Beds	Humboldt
Cypress Systems	Lawrence
D-J Engineering	Augusta
Data Security Systems	Overland Park
Data Technique	Pittsburg
Delta Management Systems, Inc.	Mission
DewEze Manufacturing	Harper
Diagnostic Concepts International	Overland Park
Dispensing Technologies, Inc.	Manhattan
Dillon's	Hutchinson
Dina	Pittsburg
DME Electronics	Wichita

Doeers Metal Products	Larned
D.O.M. Associates	Manhattan
Doskocil Foods	Hutchinson
Dougherty & Associates	Overland Park
DPRA Inc.	Manhattan
DP-Tek Inc.	Wichita
Dubbert Industries	Olathe
Dupont Enterprises	Kansas City
Earth Resource Data Corp.	Lenexa
Earthly Endeavors	Wichita
Eaton Corporation	Hutchinson
Eaton Manufacturing	Wichita
Eck & Eck Machine Co., Inc.	Wichita
Elec-Tron, Inc.	Wichita
Electronic Sensors	Wichita
EMATECH Polymers Intl.	Kansas City
Energy Reduction Systems	Hutchinson
Engineered Machine & Tool	Wichita
Engineering Specialty	Olathe
Enviromental Analytical Services, Inc.	Kansas City, MO
Eos Technologies	Leavenworth
Ernst & Young	Wichita
Exacta Machine, Inc.	Wichita
Excel Corporation	Dodge City
Excel Manufacturing, Inc.	Lenexa
Exercise Bingo	Osage City
Exline, Inc.	Salina
Farmers Union Elevator	Lindsborg
Farmland Industries, Inc.	Lenexa
Ferrell Salvage	Mulberry
FMC	Lawrence
Fiberite	Wichita
Fiber Sales Development Company	Stilwell
First Line, Inc.	Lawrence
Fitzgerald Essential Oils	Oswego
Flexweight	Great Bend
Flint Hills Foods	Alma
Flint Hills Marketing	Manhattan
FMC Corporation	Lawrence
Fuel, Inc.	Hugoton
Full Vision, Inc.	Newton
Funk Division/ Cooper Industries	Coffeyville
Garden City Inv.	Garden City
Geary Grain Company	Junction City
Georgia Pacific, Inc.	Blue Rapids
George Morris Associates	Eskridge
Glendo	Emporia
Globe Engineering Co., Inc.	Wichita
Golden Mill Sorghum	Bartlett
Goodyear Tire & Rubber Co.	Topeka
Gordon-Piatt Energy	Winfield
Great Bend Manufacturing Co., Inc.	Great Bend
Great Plains Industries, Inc.	Wichita
Great Plains Red Inc.	Wa Keeney
Greenleaf Industries	Minneapolis

Hallum Tooling	Wichita
Hanlon Chemical	Kansas City
Hanks Machining Company	Wichita
Harlow Aircraft Mfg.	Wichita
Hay & Forage Industries	Hesston
Hayes Tooling, Inc.	Olathe
HCA Wesley Medical Center	Wichita
Healey Associates, Inc.	Prairie Village
Health and Environment, Inc.	Manhattan
Heartland Communications	Lenexa
Heatron, Inc.	Leavenworth
Helios Power Co.	Pittsburg
Heritage Door Co.	Wichita
Hesston Industries	Hesston
Heyco	Garden City
Hidden Cottage Inn	Howard
Highland House	Topeka
High Plains Corp.	Colwich
High Plains Quality Foods	Ulysses
Hillsboro Industries	Hillsboro
Hill's Pet Products	Topeka
HiLine Plastics	Olathe
HI-LO Table Manufacturing	Chanute
Hix Screen Printing	Pittsburg
H. L. Miller and Son	Iola
Hose America	Iola
Hundley	Garden City
Hybrids International, Ltd.	Olathe
Hydro-Tech	Chanute
IBM Corporation	Topeka
IBP Inc.	Garden City
IPRX	Lawrence
ICADA	Manhattan
ICE Corporation	Topeka
IMP Boats	Chanute
Industrial Millwork	Seneca
IPRSS Consulting Group	Kansas City
Innovative Foods, Inc.	Colby
Integrated Support	Lenexa
Interactive Concepts Incorporated	Lawrence
Interface Consultants	Pittsburg
InterX	Lawrence
Jantz-Femco	Moundridge
Jayhawk Plastics	Olathe
J.B.'s Best	Wichita
J.D., Inc.	Lyons
Jet-Teck, Inc.	Olathe
J.I. Case Company	Wichita
J & W Industries	Oswego
K & K Sprigger	Coffeyville
Kanamak Hydraulics	Garden City
K.C. Design	Overland Park
KC Pharmacol	Lenexa
KMG Tool & Machine Co.	Wichita
Kansas Electric Utilities Research Program	Topeka

Kansas Food Parkers	Arkansas City
Kansas Gas & Electric	Wichita
Kansas Microtech, Inc.	Chanute
Kansas Minerals	Mankato
Kansas Wheat Commission	Hutchinson
Kansas Wheat House	Cimarron
K-VET Inc.	Washington
Kantronics Inc.	Lawrence
Keystone Software	Olathe
Kice Industries	Wichita
Klein Products	Moran
Kohlman Systems Research	Lawrence
Kopco	Caney
KPL Gas Service	Topeka
Kraft TeleRobotics, Inc.	Overland Park
Kramer Seed Farms	Hugoton
Kreonite Inc.	Wichita
Krueger	Olathe
L & S Machine Co., Inc.	Wichita
L & W Engineering Company, Inc.	Wichita
Labconco Corporation	Fort Scott
Lagerquist	Shawnee Mission
Lamar Electro-Air	Wellington
Landoll Corp.	Marysville
Lawrence Electronics & Computing	Lawrence
Layne Geosciences	Kansas City
Leading Edge LECS	Lawrence
Learjet Corporation	Wichita
Lee Air Inc.	Wichita
Leonard's Metal, Inc.	Wichita
Lewis, Hooper & Dick	Garden City
Lewis, Rice & Fingersh	Overland Park
Livingston Graphics	Girard
Loving & Loving	Great Bend
Martin-Logan, Ltd.	Lawrence
Master Machine Tools	Hutchinson
Matthews Machine Works	Kansas City
McGinty Machine Company, Inc.	Wichita
McPherson Manufacturing, Inc.	McPherson
MedVantage, Inc.	Shawnee Mission
Mega Manufacturing	Hutchinson
Mellow Rose, Inc.	Riley
Merchants Bank Corp.	Topeka
Metz Law Firm	Lincoln
MicroLite	Chanute/Altoona
Mid-America Elect	Olathe
Mid-Central Manufacturing, Inc.	Wichita
MidSports	Pittsburg
Mid-States Metal Lines	Stafford
Monfort-Beef Division	Garden City
Mound City Products	Mound City
Midwest Grain	Atchison
Mires Machine Co., Inc.	Wichita
Mitchell Clark Co.	Overland Park
Mobay Corporation	Lenexa

Mobile Care, Inc.	Topeka
Mold Flow	Pittsburg
Monarch Cabinets, Inc.	Independence
Monarch Cement, Inc.	Humboldt
Mound City Products	Mound City
Mykro-Tek	Wichita
NAAB Electric, Inc.	Garden City
Nance Manufacturing, Inc.	Wichita
National Mills	Pittsburg
Nationwide Printing	Kansas City
N.C. Machine	Wichita
NCR Corporation	Wichita
Nibarger Tool Services, Inc.	Wichita
North American Philips Lighting Co.	Salina
Numbers Are Fun	Stark City
Numerical Control Support	Olathe
NU-Way Industries, Inc.	Chanute
Odin Corp.	Manhattan
Odontek	Lawrence
Olathe Manufacturing	Olathe
On-Track Corp.	Overland Park
Oread Laboratories	Lawrence
Osage Metals	Kansas City
Osborne Industries	Osborne
O-Tec	Oberlin
Ottawa Truck Corp.	Ottawa
Paper Graphics	Garden City
PAR Marketing	Wichita
Paris Agri Services	Dighton
Parker Hannifin Corporation	Manhattan
Parmac	Coffeyville
Parsons Vet-tank	Parsons
Pawnee Industries	Wichita
Pawnee Plastics	Wichita
PC Boards, Inc.	Chanute
Pea/Bur Berry Farms	Sedan
Peerless Products	Kansas City
Pendelton's Fresh Kaw Valley Asparagus	Lawrence
Peterson	Overland Park
Plainsmen Manufacturing	Plains
Physio Technology, Inc.	Topeka
Pitt Plastics	Pittsburg
Plastic Fabricating	Wichita
Plessey Aero Precision Corporation	Wichita
Poli-Tron, Inc.	Pittsburg
Prairie Popcorn	Alta Vista
Precision Machining	Wellington
Precision Pattern, Inc.	Wichita
Precision Winding	Wichita
PRECO Industries	Lenexa
Professional Machine and Tool, Inc.	Wichita
Professional Resources	Lenexa
ProGene Corp.	Overland Park
PSI, Inc.	Pittsburg
Pure Water	Kansas City

Puritan Bennett Corporation
Pyramsol
Q Corporation
Quad Recovery Systems, Inc.
Rail Maintenance Company
Reeve Aquaculture
Reeve Cattle Company
RE Reeves, Inc.
Remote Computing Systems
Rhodes Loud Speakers
Rival Manufacturing
Ruf Corporation
Russell Enterprises
Safelite
Sailcraft
Saint Francis Hospital
Schwarten
Sentinel Machine
Seymour, Inc.
Shawnee Press
Shearer, Inc.
Sherwood Cabinets
Shimadzu Kansas Research Lab.
Sigma-Tek
Simco-Norvell
Sizemore Machine, Inc.
Skytouch, Inc.
Smoky Valley Grains
Solomon Electric Supply, Inc.
Sonic Technologies
Southwestern Bell Telephone
Spectrum Economics, Inc.
SPM Group, Inc.
Space Works
Speed King, Inc.
Sprenkle
Stafford County Mills
Stearman Aircraft Products
Stephen E. Korpi & Associates
St. Francis Hospital
St. John Welding
St. Joseph Medical Center
Stoffer's Land-Appraisal Service
St. Paul Cabinets
Stoutco, Inc.
Strata Environmental
Strauss Implement
Sunflower Electric
Superior Industries
Surfaces Research & Applications
Suspended Optics
Syntro Corporation
T & G Associates
Tandy Computers
Target Advertising

Lenexa
Arlington
Derby
Chetopa
Topeka
Garden City
Garden City
Pittsburg
Olathe
Arma
Kansas City, MO
Olathe
Shawnee
Wichita
Chanute
Wichita
Overland Park
Ellinwood
Topeka
Shawnee Mission
Wichita
Parsons
Lawrence
Augusta
Cheney
Wichita
Salina
Marquette
Solomon
Overland Park
Topeka
Overland Park
Lawrence
Hutchinson
Spearville
Overland Park
Hudson
Valley Center
Overland Park
Wichita
St. John
Wichita
Seneca
St. Paul
Independence
Wichita
Strauss
Hays
Pittsburg
Lenexa
Topeka
Lenexa
Leawood
Wichita
Arma

TCBC	Salina
The Gold Standard, Inc.	Lenexa
Thohoff Co.	Iola
Three Way Pattern	Wichita
TMR Corporation	Lenexa
Tramco, Inc.	Wichita
Triad Company	Salina
Tri-Con Inc.	Chanute
Triple C Company	Norton
Tru-Circle Manufacturing	Wichita
Tuffy Tools, Inc.	Quinter
Uniflo Conveyor	Wichita
Union National Bank	Wichita
Unitech Corporation	Wichita
United Machine Company, Inc.	Wichita
U.S. Awards	Wichita
U.S. Safety	Lenexa
U.S. Sprint	Kansas City
Vibraham	Wichita
Vickers Electromech	Wichita
Vision Corporation	Kansas City, MO
Waste As Feed	Olathe
Weaver Manufacturing, Inc.	Wichita
Wenger Manufacturing, Inc.	Sabetha
Wescon Products	Wichita
Western Auto	Pratt
Weymeyer	Pittsburg
Whittiker Company	Olathe
Wichita General Corporation	Wichita
Wichita Machine Products, Inc.	Wichita
Wichita Tool Company, Inc.	Wichita
Willow Pantry	Wichita
Winding Specialists	Wichita
Windsor Hills Dairy	Arkansas City
WISEDA Corporation	Baxter Springs/Oswego
Wolfe Electric	Wichita
Wood Haven Products	Perry
Woodmaster Tools	Kansas City, MO
World Wood Recycling, Inc.	Shawnee Mission
Younger & Sons Mfg.	Viola