

Approved March 5, 1991
Date

MINUTES OF THE Senate COMMITTEE ON Economic Development

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

8:00 a.m./~~p.m.~~^{XXX} on February 27, 1991 in room 123-S of the Capitol.

All members were present except:
Senator Paul Feleciano
Senator Janice McClure (excused)
Senator Lana Oleen (excused)

Committee staff present:
Bill Edds, Revisor of Statutes' Office
Lynne Holt, Legislative Research Department
LaVonne Mumert, Committee Secretary

Conferees appearing before the committee:
Dan Pilcher, National Conference of State Legislatures

Senator Dave Kerr, Chairman, called the meeting to order and introduced Dan Pilcher, National Conference of State Legislatures.

Dan Pilcher mentioned that he served as a member of the peer review group who conducted a study in January for Kansas, Inc. of the state's economic development efforts. Mr. Pilcher said that the first conclusion of the group was that Kansas is the leader in the way economic development is approached and the manner of tying together the roles of the Legislature, Governor, Kansas, Inc., universities and the private sector. He added that Kansas is very much a model.

Mr. Pilcher talked about third wave economic development. He characterized first wave as recruitment efforts, second wave as state programs providing some sort of service and third wave as initiatives where the state's role is a catalyst or facilitator. He mentioned KTEC (Kansas Technology Enterprise Corporation) programs and the community strategic planning grants as examples. Mr. Pilcher said many states are concluding that too much emphasis has been placed in "inputs" -- the number of programs, amount of funding, number of employees, etc., rather than on whether a program is efficient. Mr. Pilcher said there is an emphasis on regions within a state and another emphasis on geographic regions, consisting of several states. He gave examples of state groupings who are targeting specific industries.

Mr. Pilcher said Michigan has had a strategic funds capital access program which created a loan loss reserve fund with banks to encourage them to make higher risk types of loans. He talked about North Carolina's rural economic development center which is a source of information, technical assistance and capital to assist small towns. He mentioned Pennsylvania's industrial resource center network whose purpose is to work with individual firms, work with specific industry clusters and work with small suppliers that provide goods to the state's major corporations. Mr. Pilcher discussed Oregon's strategy which focuses on the state's secondary wood products industry. The state is putting about \$6 million into a board that is controlled, designed and run by the industry. Its purpose is to provide a network to bring small firms together and to create an extension service which focuses on firms which fall in the middle. Mr. Pilcher mentioned that they are also working on a voucher system as a way companies can choose what type of assistance they would like from which company.

Mr. Pilcher also discussed principles of third wave. He complimented Kansas because its economic development efforts are research based. He said this is the reason Kansas is so far ahead of other states. Mr. Pilcher said Kansas, Inc. can bring to bear the knowledge of the global economy and how it will impact the state. He said an area where states need to do a lot of work is in having a thorough understanding of a particular market and industry. Other principles he mentioned are leveraging resources, new organizational approaches, investments designed to bring about a specific

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Economic Development,
room 123-S, Statehouse, at 8:00 a.m./~~p.m.~~^{XX} on February 27, 1991

behavior in the private sector, putting choice in the hands of consumers, accountability, the government's role as a broker, the government as a provider of last resort if the market can't be restructured and strategies driven by demand. Mr. Pilcher said there are many things that could be done with some slight modification to get communities and industries to work together. He mentioned new roles for trade associations and political questions about who "owns" these types of programs. Mr. Pilcher said a third wave type of program would be self-correcting.

Answering a question from Senator Petty, Mr. Pilcher said that the key role for the state in assisting local efforts is to "help them help themselves" and to be a catalyst. Charles Warren (Kansas, Inc.) noted that the community strategic planning grant program requires cities, counties and the private sector to work together to jointly submit an application. Senator Salisbury asked about the voucher system being proposed in Oregon. Mr. Warren mentioned that the concept is similar to the KIT (Kansas Industrial Training) program in that companies are free to select who will provide the training whether it be a community college, area vocational-technical school or private entity.

Mr. Pilcher concluded by explaining Oregon's concept for a system of benchmarks for more than 100 indicators to measure the effect of the state's economic development efforts. He said they plan to then use these results to make new recommendations.

Chairman Kerr thanked Mr. Pilcher for his presentation, and the meeting was adjourned at 9:00. The next meeting of the Committee will be Thursday, February 28, 1991.

Date 2/27/91

SENATE ECONOMIC DEVELOPMENT
VISITOR SHEET

(Please sign)

Name/Company

Name/Company

Name/Company	Name/Company
Ray Petty	Independence, Inc. <i>Lawrence</i>
Bud Grant / KCCI	
Brad Mean / KDAC	
Jimmy Lida / KDOE	
Scott Hessel, K's Inc.	
Paul Johnson	PACK