

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Barbara P. Allen at 3:30 p.m. on January 30, 1996 in Room 423-S of the Capitol.

All members were present except: Rep. Toplikar - excused
Rep. Long - excused
Rep. Kirk - excused
Rep. Glasscock - excused
Rep. King - excused

Committee staff present: Eric Milstead, Legislative Research Department
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee: Dr. Ed Hammond, President, Ft Hays State University
Harry Stephens, Vice President of Student Affairs, Legislative Liaison for the President
Dale Lemons, Business and Technology Institute, Pittsburg State University

Others attending: See attached list

Dr. Ed Hammond, President, Ft Hays State University, gave a briefing on Ft Hays State University's role in improving economic development in the state (Attachment 1).

Harry Stephens, Vice President for Student Affairs, Legislative Liaison for the President, gave an overview of how Emporia State University assists communities and businesses in terms of economic development (Attachment 2).

Dale Lemons, Business and Technology Institute, Pittsburg State University, gave an overview of the Business and Technology Institute at Pittsburg State University. (Attachment 3).

The meeting was adjourned at 4:25 p.m.

The next meeting is scheduled for January 31, 1996.

**HOUSE ECONOMIC DEVELOPMENT COMMITTEE
GUEST LIST**

DATE: Tuesday, January 30

NAME	REPRESENTING
Ron Pfl	FHCU
Mark Bennett	FHCU
C. Dale Kinnon	PSU
Lina Brown	John Peterson Assoc.
Lynn Everett	ESU
Lynn Stephens	ESU
Charisetta Shield	Intern for Al Lane

TESTIMONY TO THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

Presented by Edward H. Hammond, President, Fort Hays State University

January 30, 1996

Madam Chairperson, Members of the Committee:

Fort Hays State University has worked for many years to improve the economic base and well-being of the citizens of Kansas -- particularly those in its Western Kansas service area. The University has done so in several ways: 1) it has acted as a leader and as a partner in addressing regional economic development issues; 2) it has provided scores of businesses direct assistance through its Small Business Development Center; 3) it has provided training for larger businesses through the Fort Hays State University Management Development Center; and 4) Fort Hays State University's Docking Institute of Public Affairs has become a leading entity in the state of Kansas in providing economic development research and consulting work for governmental and non-profit agencies.

Leader/Partner: Fort Hays State University has taken a leadership role in addressing a number of regional needs. For example, the University was a major player in the Hays area's efforts to attract Cessna. It has been and is currently involved with other Western Kansas efforts to recruit major employers. Fort Hays State has been an active partner in addressing primary health care issues in Western Kansas -- assisting in doctor recruitment and as a partner in training nurse practitioners. The lack of a stable health care system can be one of the most significant impediments to business recruitment in rural areas. Fort Hays State joined with the six Western Kansas community colleges in forming the Western Kansas Educational Compact many years ago to address the training needs of employers and to provide for the educational needs of Western Kansans. Fort Hays State has

*Economic Development
January 30, 1996
Attachment 1*

pulled from the talents of faculty across the University in building customized training programs for significant employers including: Sunflower Electric, Yuasa/Exide, Hays Medical Center and Adronics, Inc.

The Board of Regents has charged Fort Hays State University with a state-wide mission in the integration of computer and information technologies into education and business. The University has been very active in this manner. Nearly eight years ago, Fort Hays State University first took technology on the road to demonstrate its possibilities for rural communities. Currently, as University President, I frequently make presentations on the integration of information technology to such significant groups as the Kansas Chamber of Commerce and Industry, the Kansas Bankers Association, the Kansas Rural Telecommunications Project, and Leadership Kansas. Other faculty and administrators are frequently involved in providing demonstrations and presentations which assist businesses and communities as they plan for the impact of these technologies. Fort Hays State University is working as part of the western Kansas Rural Economic Development Alliance to put an Internet demonstration unit on the road. This unit will demonstrate Internet applications for local chambers of commerce, schools, and other community organizations. Volunteers from the University are also working to assist approximately 20 communities in jointly bidding the creation of World Wide Web Pages.

In addition to general institutional efforts, the University has three specialized entities which focus on specific aspects of economic development. The Fort Hays Small Business Development Center assists qualifying small businesses. The FHSU Management Development Center provides research and consulting for "non-qualifying" larger businesses. The Docking Institute of Public

Affairs focuses on community development issues. FHSU also hosts a site for the Mid-America Manufacturing Technology Corporation (MAMTC).

Fort Hays Small Business Development Center The Fort Hays Small Business Development Center (SBDC) provides four general levels of service (see attached chart). The lowest level of service is "one-time" contacts. This consists of providing business start-up packets, information on resources, basic business information, and answers to call-in and walk-in questions. The SBDC provides short-term assistance. This type of assistance is provided to the small business by a counselor and deals with such issues as internal business operations and expansion planning. Long-term assistance consists of in-depth counseling and multiple contacts. The Fort Hays SBDC also provides educational seminars aimed directly at the needs of small businesses. These seminars cover topics ranging from "Business Use of the Internet" to "Developing a Business Plan" to "Business Marketing."

Fort Hays State University Management Development Center The Fort Hays State Management Development Center works primarily with "non-qualifying" businesses. These are established larger businesses who have specific management training or applied economic research needs. For example, the Management Development Center has specialized in providing Total Quality Management Training. Its applied research has included such things as market research for rural banks and economic impact statements for businesses. The Management Development Center, the Department of Economics, and the Department of Agriculture have facilitated the annual "Ag Outlook Conference" for farmers, agri-business people, and agricultural bankers for almost twenty years. U.S. House Agriculture Committee Chairman, Pat Roberts, served as the 1995 keynoter.

Docking Institute of Public Affairs The Docking Institute of Public Affairs is a university based “think-tank” and research institute that focuses primarily upon rural economic development. The Docking Institute’s clients are local, state, and federal governmental entities and non-profit organizations including: economic development corporations, certified development companies, chambers of commerce, United Ways, and hospitals.

The Docking Institute's major programs include:

- Strategic Planning
- Center for Survey Research
- Public Administration Training
- Telecommunications
- Public Policy Research

The Docking Institute performed its initial strategic plan in 1987 for the Ellis County United Way. Since that time, it has performed more than 30 county/city strategic plans. These plans have generally dealt with such key issues as: economic development, community revitalization, and health care.

The Center for Survey Research has performed more than 25 surveys over the last three years. These surveys include both telephone and mail-out surveys. Telephone surveys are performed using a Computer Aided Telephone Interview (CATI) System. Surveys may be community, regional, state-wide, or even national in scope. Recent surveys have included research for the City of Garden City, Logan County, Kansas, Inc., St. Catherine Medical Center, the Kansas Telecommunications Strategic Planning Committee, the Kansas Health Foundation, and a nation-wide survey of independent telephone companies.

Public administration training is a program which responds to training requests from public organizations. For example, for the last five years, the Docking Institute has provided a formal program of training for the Kansas County Treasurer's Association. The vast majority of county treasurers in Kansas have participated. The Docking Institute has also provided training programs in conjunction with the Kansas County Clerk's Association, the Kansas League of Municipalities, and the Kansas Planning Association.

Telecommunications is an area in which the Docking Institute has developed a unique expertise. The Institute has held the annual "Telepower" Conference since 1992. This conference focuses on telecommunications issues including tools for economic development and education. Approximately 200 people have attended this conference each year. Participants generally include business people, local economic development personnel, chamber of commerce leaders, educators, city and county elected leaders, and a sprinkling of legislators and executive branch officials. Governors Finney and Graves of Kansas and Governor Nelson of Nebraska have participated in the conference. This conference includes recognition of both a business and a public (such as a school, city, or hospital) "Telecommunications Success Story" from the states of Kansas, Nebraska, and Colorado. Case studies are performed of these entities to produce an annual book which is used by both economic development people for practical use and academic faculty for teaching.

The Docking Institute was asked to provide input into both the Colorado and Nebraska telecommunications strategic plans and performed survey work and documentation for the Kansas telecommunications strategic plan. Its faculty speak frequently on telecommunications and economic development -- across Kansas, at national meetings, and even internationally.

The Docking Institute performs public policy research as requested by cities, counties and other organizations. These studies include housing studies, economic impact statements, census and population data analysis, labor studies, wage studies, and program evaluations.

The Docking Institute preaches to rural communities and regions the need to cooperate and to build alliances and relationships. It practices what it preaches. Its recent cooperative activities have involved the western Kansas Economic Development Alliance, the Tri-State Initiative for Economic Development, the University of Kansas and Kansas State University, the Center for the New West in Denver, the Kansas Rural Development Council, Pioneer Country and Great Plains Certified Development Corporations, and the Heartland Center for Leadership Development.

Conclusion Fort Hays State University is dedicated to creating a positive future for the people of Kansas. We believe that some areas of Kansas have excellent momentum economically. Regardless of what the State of Kansas does or does not do, these areas will do well. We believe that our University and other state organizations can and must make a difference in the rural areas of Kansas to assure that they not only survive, but that they are significant economic contributors to the future of this state. We believe that Fort Hays State University's long-term future is directly tied to the future of Western Kansas; without it prospering, the University cannot thrive. Therefore, we will make every effort that we can to ensure its future.

I thank the Chair and the members of this committee for the opportunity to testify.

Edward H. Hammond, President
Fort Hays State University
600 Park Street
Hays, Kansas 67601-4099
(913) 628-4231
PXEH@fhsuvm.fhsu.edu

Attachments:

SBDC Assistance Chart
SBDC testimonial letters
SBDC Newsletter
Docking Institute Newsletter

Note: Each legislative member of The House of Economic Development Committee and the Senate Commerce Committee receives the Docking Institute Annual Report each April.

FORT HAYS STATE UNIVERSITY SMALL BUSINESS DEVELOPMENT CENTER

SUMMARY OF ACTIVITIES

Type of Activity	1992	1993	1994	1995
One Time Contacts:				
Requests for information, referral, business start-up packets; typically requiring less than one hour of contact and no follow up.	205	384	517	485
Short Term Case:				
Assistance provided to a small business by a counselor; dealing with the internal operations of the business, expansion planning, etc. More than one contact, but less than twelve hours of time spent.	66	73	104	108
Long Term Case:				
Assistance provided to a small business by a counselor; dealing with the internal operations of the business, requiring more in-depth assistance. Multiple contacts, requiring twelve or more hours of assistance.	38	43	44	39
Total Client Assistance:	309	500	665	632
Educational Seminars:				
Seminar or workshops offered on topics of interest to small business owners. Offered at locations throughout the region to be more accessible to all parts of the region.				
Number of Programs:	18	14	18	19
Number of Participants:	346	201	184	166

AMERICAN PLASTIC MACHINERY CORP.

APM

January 17, 1994

Dr. Ed Hammond, President
Fort Hays State University
600 Park Street
Hays, KS 67601

RF

JAN 19 1994

PRES. OFFICE

Dear Dr. Hammond,

American Plastic Machinery Corporation was established in January of 1993 with the goal of manufacturing machines used by the thermoforming industry which would offer our customers high quality and value.

During our first year we exceeded our goal of \$500,000 in sales and have been profitable. We are becoming known in the industry by offering quality equipment and good service to our customers.

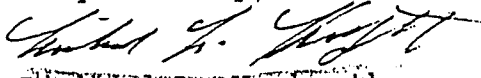
Early on we realized that as a group of Engineers we needed extensive help in structuring our company in the areas of Accounting and Marketing. Although we had many skills as a result of our training and experience, we lacked many required business skills.

After talking to several groups, we came to the realization that very few could offer us the assistance which we required. Mr. Wayne Bollig of the Mid Kansas Economic Development Commission suggested that we contact the Small Business Development Center, which we did.

Clare Gustin and Sheryl Davis have proven to be invaluable to us during our first year. Clare has assisted us in the areas of Marketing and Advertising, offering advise on how to project ourselves to the industry. Sheryl visited with us to gain an understanding of our manufacturing process and then developed an effective accounting system which allowed us to track our performance. She has also offered her expertise on improving our operation.

Without their help and the others who work with them we probably would not be successful today. They provided the assistance which we needed, and went beyond that by giving us guidance in areas which we had not even begun to address. We are grateful that the Small Business Development Center was in place to assist us and particularly that Clare and Sheryl were available. We appreciate their help very much and look forward to working with them in the future.

Respectfully,



Richard L. Hockmuth
President

Stockton Monuments Co., Inc.
P.O. Box 251
Stockton KS 67669
(913) 425-7111

Tuesday, November 29, 1994

Jerry Moran
2758 Thunderbird Dr.
Hays KS 67601

Dear Senator Moran;

As new small business owners, we would like to make our views known to you regarding the Small Business Development Center.

Just recently we were notified by SBDC that Stockton Monuments Co. was chosen as a "Small Business Success Story" for 1994. We acquired this business in April 1993. It is our firm belief that without the assistance and expertise of the SBDC, we would have never been able to work through the process of owning this business. In our scenario, the SBDC helped keep an established business (started in 1887) alive by helping us, the prospective buyers, determine the best options for purchase. The SBDC has continued to provide assistance with the daily issues of management and the record keeping process. The personnel at the Hays SBDC have been very professional and interested in the success of this venture.

We are personally encouraging you to actively support the SBDC throughout the future legislative sessions. As all state agencies and programs need financial resources to survive, we hope you will consider the facts of how important the SBDC is to the future economic growth of Kansas. Small businesses are what the large and small towns of Kansas need for their own survival. All small businesses will change hands someday, without a resource like SBDC many of these businesses may cease to exist or survive.

Please make it a priority in the coming legislative session to take a personal interest in the future of Kansas by fully providing for the needs of the SBDC. Without the on-going success of small businesses, it will be evident that the Kansas economy will suffer. Please do not let the SBDC take a "backseat" to other programs. The financial support of the SBDC is of utmost importance.

Cordially,

Bradley D Johnson
President
Stockton Monuments Co., Inc.

Ron G Sorensen
Secretary - Treasurer
Stockton Monuments Co., Inc.

Comments to the House Economic Development committee
Tuesday, January 30, 1996

Emporia State University

The emergent philosophy is that government, the university and industry are partners in the national effort to enhance the American economy. Emporia State University works with community, business, and government organizations to provide assistance and support.

Concrete examples of how Emporia State University assists communities, businesses, or state or local governments, in terms of economic development, research or other forms of technical assistance are as follows.

- ESU reports approximately 30 research, traineeship, curriculum development, and service projects totaling over \$2 million in sponsored projects.
- ESU units that directly contribute to research and service to economic development are listed. The Business Centers listed below offered 25 seminars and summer programs in calendar year 1995. The Center for Small Business Development (SBDC) advised 304 businesses and worked with the Eastern KS Economic Development group to finance 55 projects for \$11.6 million thereby creating 275 jobs and retaining 45 jobs. The SBDC working with the Eastern KS Economic Development group has an outstanding performance record in Kansas.

The Jones Institute for Educational Excellence
The Science and Mathematics Education Center
The Flint Hills Education and Research Development Association
The Institute for Business and Economic Development
The Center for Small Business Development
The Center for Insurance Education
The Center for Management Development Services

- Professional associations are located/headquartered at ESU. The State of Kansas central office for elementary administrators and secondary administrators is housed at ESU. ESU is a center for National Board Certification, a program that helps assess and prepare teachers for national certification.
- The Hubbard Future Teachers Academy recruits 100 of the best Kansas high school students to develop leadership skills and communication and to inform them about the field of education as a career.
- There are numerous volunteer/internship programs coordinating education and real professional experience involving university students. Teacher education students provide free remediation in mathematics and science to at-risk K-12 children in the Emporia public schools.

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- The early childhood development program and the university operated child day care center serve the community. The center recruits children with special needs that might not be accepted in other public centers. University students gain experience volunteering in the child care center. In the Industrial Counseling masters level program, all students participate in a semester practicum in business or industry for no pay to carry out human resource and administrative activities. Art therapy students gain clinical experience and provide service at no cost to organizations throughout the State of Kansas.
- Undergraduate research is conducted in the division of psychology and special education to promote the field. It is not unusual for undergraduates to attend and present papers at professional conferences. As a result, a high level of student expertise benefits area schools.
- The ESU Memorial Union (which is not state-supported), brings approximately 5,000 junior high and high school students to our community each summer including: Future Business Leaders (1,400 participants), FHA/HERO (600), National Forensic League High School Debate Tournament, State Junior High and High School Music Festivals. Other local, state and national activities held include: KS Assoc. of Secondary School Principals, Elementary Principals, School Administrators, Emporia Area Chamber of Commerce annual meeting, Emporia State Federal Credit Union annual meeting, Kansas Main Street Conference, National Teachers Hall of Fame induction.
- ESU student activity fees help support the Emporia Arts Council each year (\$15,000) to draw recognized artists and performers to the Emporia area. The Memorial Union Activities Council brings speakers and cultural events to the campus and enriches the community.
- ESU hosts softball tournaments in the Spring and Summer. Many teams and spectators from out of town come for the tournaments. Track meets are held at ESU and thousands of spectators attend these events and spend more than one day in Emporia. Thousands of spectators attend football events for ESU varsity games, the 4A KSHSAA Football Championships, and Emporia High School games which are held at the ESU stadium. University staff and students and the community use ESU recreational facilities all year long. Over 1,250 youth use the physical education recreational facilities in summer sport camps. Community soccer clubs use the ESU soccer fields for practice. A National Off-road Bicycle Association race brings riders from several states.
- Museums/Galleries and other collections and sites are open to the community including the Norman R. Eppink Art Gallery, the Peterson Planetarium, Schmidt Museum and the Geology Museum and Natural Areas.



BUSINESS & TECHNOLOGY
I N S T I T U T E

of
Pittsburg State University

The Business and Technology Institute

- of Pittsburg State University is a comprehensive economic development organization providing business and technology leadership in serving clients and stakeholders for improvement in the economic well-being of Kansas, the region and the nation.



BUSINESS & TECHNOLOGY
I N S T I T U T E

The BTI offers **FINANCE, MANAGEMENT and TECHNOLOGY** assistance through integrated services

- Small Business Development Center, SBDC
- Certified Development Company, CDC, Mid-America, Inc.
- Grants and Special Projects, GSP
- Center for Design, Development and Production, CDDP
- Mid-America Manufacturing Technology Center, MAMTC



BUSINESS & TECHNOLOGY
I N S T I T U T E

The Business and Technology Institute

(continued)

- ISO Secretariat
- Business Teleconferencing Center
- KDOC&H Field Representative., Co-located



BUSINESS & TECHNOLOGY
I N S T I T U T E

Economic Development
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Attachment 3

Small Business Development Center

Regional Office
Kathryn Richard, Director



Small Business Development Center: Services

- Small Business Counseling (free, confidential)
 - existing businesses
 - startup businesses
- Business Information
- Resource Library
- Low-Cost Training
- Management Assistance Areas --Business Startup --Business Plans
 - Accounting/Records
 - Cash Flow Analysis
 - Market Analysis
 - Feasibility Analysis
 - Etc.



SBDC Service Area

- Allen
- Anderson
- Bourbon
- Cherokee
- Crawford
- Labette
- Linn
- Montgomery
- Neosho
- Wilson



Mid-America, Inc, Certified Development Company

Bruce Fairbank
Director



Mid-America Certified Development Company

- ▶ SBA 504 Loans
- ▶ SBA 7(a) Loans
- ▶ SBA Low-Doc Loans
- ▶ SBA Greenline, Revolving Line of Credit Loans
- ▶ Conventional Financing Assistance
- ▶ RECD Business and Industry Loan Applications
- ▶ Community Revolving Loan Fund Applications



CDC Service Area

- ▶ Allen
- ▶ Anderson
- ▶ Bourbon
- ▶ Cherokee
- ▶ Crawford
- ▶ Labette
- ▶ Linn
- ▶ Labette
- ▶ Linn
- ▶ Miami
- ▶ Montgomery
- ▶ Neosho
- ▶ Wilson
- ▶ Woodson



Grants and Special Projects Division

Steve Robb
Director



Grants and Special Projects

- Grant Proposal Writing
- Grant Administration
- Loan Applications
- SBIR/STTR Applications
- Entrepreneurial Assistance
- Develop a KTEC Commercialization Center
- Business and Community Planning
 - Strategic Plans
 - Feasibility Studies
 - Marketing Studies/Plans
 - Consulting
- CDBG Economic Development Grants
- Develop New Funding Sources



Center for Design, Development and Production

A KTEC Center of Excellence
at
Pittsburg State University

C. Dale Lemons, Director



CDDP:

The mission of the Center for Design, Development and Production is to render **technical assistance** and conduct **applied research and development** for manufacturers of Southeast Kansas, Kansas, and the nation for the purpose of contributing to economic development in Kansas and the region.



CDDP:

- The CDDP concentrates its technology emphasis in three areas and provides general technology assistance.
 - POLYMER/PLASTICS LABORATORY
 - RAPID PROTOTYPING LABORATORY
 - WOOD TECHNOLOGY LABORATORY
 - MAMTC REGIONAL OFFICE



POLYMER/PLASTICS LABORATORY: *SERVICES*

- | | |
|------------------------|---|
| ▪ Contract Research | ▪ Consultation |
| ▪ Material Development | - Polymer Synthesis |
| ▪ Process Development | - Characterization |
| ▪ Product Design | - Applications |
| ▪ Material Selection | ▪ Polymer/Plastics Analysis and Testing |
| ▪ Process Selection | |
| ▪ Shared Manufacturing | |



RAPID PROTOTYPING LABORATORY:

SERVICES

- Part Design
- Translate CAD Files, 2D to 3D
- Produce Wax or Plastic Models
- Produce Layered Paper Models
- Produce Molds
- Cast Metal Prototypes
 - Green Sand, etc.
 - Investment
- Investment Molds
- Short Run Metal Casting, Production
- Molds for Plastic Processing



WOOD TECHNOLOGY LABORATORY: SERVICES

- Part/Product Design
- Applied Research
- Part/Product Prototyping
- CAD Files for CNC Router
- CNC Router Production Runs
- Consulting
 - Coatings
 - Safety
 - Process
- Training
 - Software
 - Machining
- Panel Processing



Mid-America Manufacturing Technology Center PSU Regional Office

Steve Davis
Director



MAMTC Regional Office: What It Does

- Hands-on Consulting
- Customized Training
- Seminars/Workshops
- Product Testing
- Technology Demonstrations
- Contract CDDP Services
- Dimensional Management
- Engineering and other Technical Assistance
- Vendor/Technology Searches
- Equipment Demos
- Quality Improvement Assistance
- Computer Simulation and Automation, CIM



PSU MAMTC SERVICE DELIVERY AREA

- Allen
- Bourbon
- Coffey
- Labette
- Montgomery
- Wilson
- Anderson
- Cherokee
- Crawford
- Linn
- Neosho
- Woodson

-Additional Services to border counties of SW Mo. through satellite office in Joplin



BUSINESS & TECHNOLOGY
INSTITUTE

BTI FUNDING

UNIT	PSU CASH /CDDP	PSU INKIND	STATE EDIF/ KTEC	FEDERAL	BUSINESS INDUSTRY FEES
CDC		21629	34930		11067
SBDC	66837	61416	25750	70125	0
CDDP		104316	480000	677467	94900
MAMTC	312190	271700		311000	103341
GSP		21629			61000
BTI	74450	21803			
TOTALS	453,477	502,493	540,680	1,058,592	270,308



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BTI OUTCOMES: CY95

UNIT	NO. COMPANIES SERVED	JOBBS CREATED / SAVED	INCREASED SALES	LOANS CREATED
CDC	26	185	\$7,992,273	\$10,843,635
SBDC	483	40	30%	\$464,500
CDDP	4	NA	NA	NA
MAMTC	205	106	\$2,450,000	NA
GSP	18	278	\$1,500,000	\$5,531,348
TOTALS	736	609	\$11,942,273	\$16,839,481



BUSINESS & TECHNOLOGY
INSTITUTE

Barriers to Optimum BTI Economic Development Service Delivery

- Too many agency "masters"
- Inflexible funding patterns
- Uncertain funding sources
- Geographical boundaries
- Changing policies/practices relative to funding
- Top-down directives rather than grass-roots need driven



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