

Approved: 2-5-96
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on February 1, 1996 in Room 423-S of the Capitol.

All members were present.

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes
Lila McClafin, Committee Secretary

Conferees appearing before the committee:
Gary Sherrer, Secretary, Department of Housing and Commerce
Lynn Rundle, Executive Vice President, Kansas Wheat Growers Association
Edward P. Reznicek, Kansas Organic Producers, Goff
Gordon Lormar, Interim President, K-VAC
Fadi Aramouni, Kansas State University

Others attending: See attached list

Chairperson Corbin called on Senator Clark to explain his bill request. Senator Clark explained the proposal concerning county elections and protest petitions relating to swine production facilities. Senator Clark moved the bill be introduced. Senator Tillotson seconded the motion. The motion carried.

SB 507 - abolishing the agricultural value added center and the leadership council.

Written testimony was distributed from: Jeffrey Zimmerman and Gordon Chaffin, LaLouisians, Inc. Shawnee, KS. (Attachment 1) and James B. Catey, Calido Chile Traders Systems, Inc. (Attachment 2). Their testimony opposes **SB 507**. The Chairperson Corbin continued the hearing on **SB 507**. He called on Secretary Sherrer.

Secretary Sherrer supported **SB 507**, as they are convinced it will enhance the efforts of the value added program and strengthen the KVAC mission (Attachment 3).

Lynn Rundle urged the legislature to work with producers and industry to create a program that would meet the needs of Kansas. He suggested several states that have excellent programs that Kansas might take a look at (Attachment 4).

Ed Reznicek testified in the past fifteen months KVAC had helped him with grants, support helped him obtain an important customer, and supplied other contacts. He found KVAC staff to be very accessible. He supported keeping KVAC intact (Attachment 5).

Gordon Lormar testified to retain KVAC and suggested that a moratorium be declared for two years. KVAC could continue with a new mission, structure, and achievable goals. His testimony reviews the KVAC programs, role and focus, and structure (Attachment 6). Also distributed was Attachment D, which contains: KVAC Peer Review Schedule and Report; KVAC's "Point by Point" Response to the Kansas, Inc. Report, "Evaluation of Kansas Business Assistance- Draft Final Report October 1995"; and Correspondence (Attachment 7).

Fadi Aramouni is an Extension Specialist in Food Systems in the Department of Foods and Nutrition at Kansas State University, also he is manager of the Kansas Value-Added Food Produce Development Laboratory. He reviewed his roll in the value-added program, and encouraged its continuation (Attachment 8).

Due to time constraints the hearing will be continued. The next meeting is scheduled for February 5, 1996.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 1, 1996

NAME	REPRESENTING
Deborah Hix	KVAC
Anita Ohide	Kansas Farm Bureau
Cindy Diehl	KTEC
Kevin Carr	KTEC
Sherry S. Johnson	KVAC/KTEC Ind. Ag.
Rich Bonds	KTEC
Fadi Aramouni	KSU, Extension
Susan Wollersen	KSU, Extension
John Yost	KS Farm Bureau
Richard Larson	" " "
David Schmidt	KS. Farm Bureau
Greg Krissch	KS Dept of Ag
Gwen Swenson	KIDA
Marty Vanier	KS Ag Alliance
Lois Neumann	KARL III
Juan W. Wyatt	Kansas Farmers Union
Ed Reznick	KS Organic Producers
Ronald O Rude	K.F.B.
Bruce K. Otto	K.F.B.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 1, 1996

NAME	REPRESENTING
Bob Harwood	
Frank Ahlander	K F B
Gordon Lormor	KVAC
Cheryl Lormor	—

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Sen. Corbin

LA LOUISIANE, INC.
5819 Nieman Rd.
Shawnee, KS 66203
(913) 268-8877

January 31, 1996

Senator David R. Corbin
Senate Agricultural Committee
Topeka, Kansas 66612

RE: KVAC

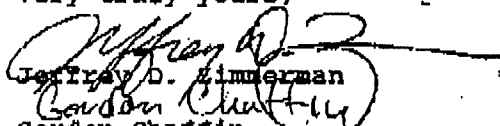
Dear Senator Corbin:

We are writing this letter as a strong advocate of the KVAC program. We started a food manufacturing company approximately one year ago. In approximately July of 1995 we obtained some information about KVAC and contacted Deborah Hicks about the possibility of obtaining services from that corporation.

We have received valuable services which we feel will give our company a great chance at success. We have obtained testing and analysis of our recipes for labeling and development purposes, assistance in preparing a business plan, significant advice and financial assistance. KVAC provided a scholarship for attendance at Fast Track training through the Kauffman Foundation in Kansas City. The training we received there, we believe, will be invaluable to the success of our company.

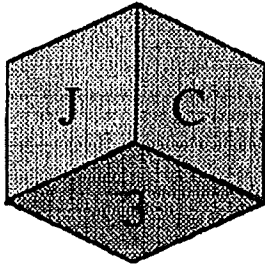
We have made significant progress since our association with KVAC in bringing our food products to market. We are ready to begin the manufacturing and distribution process and our products will be on the market shortly.

Very truly yours,


Jeffrey D. Zimmerman
Gordon Chaffin

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attachment 1

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Food Manufacturing
715 West Wabash Ave.
Olathe, KS 66061-4234

JC³

Kansas Senate Agricultural Committee
Senator David Corbin
re; Senate Bill #507
Abolishment of Agricultural Value Added Center

Calido Chile Traders Systems, Inc.



Jim Cattey
Director of Manufacturing

5360 Merriam Dr. • Merriam, Kansas 66203
Phone (913) 384-0019 • Fax (913) 384-0110

Dear Senator Corbin and Members of the Senate Agricultural Committee:

I would like to voice my support of the function and potential of the Kansas Value Added Center. KVAC has provided invaluable support to my own company JC3, and to Calido Chile Traders where I am presently Director of Manufacturing.

I first learned of KVAC in late 1993 when JC3 encountered a technical problem while co-packing our fudge product for the Lotta Hotta Company. Having graduated from the University of Missouri School of Agriculture I knew that Kansas had a good Ag Extension program. Since I had encountered a problem that I could not resolve, I started by contacting the K-State Foods & Nutrition Department. It was there that I first learned of KVAC and their assistance to start-up companies. As a trained Ralston Purina Dealer and having worked with private sector tech-support departments, I was very impressed by the level and depth of support that I found. The cooperation between KVAC and other K-State Departments also shocked me after previous involvement's with Government Agencies. I must confess that early in the relationship the cooperation was so seamless at times that I was unsure when I had passed between these two distinct entities.

KVAC has served me as a coordinator for service and technical support, as a test bed for new process options in the thermal lab, and as a financial benefactor to develop new items that were problematic in a production environment. As my association continued, all questions received a reference to the appropriate Kansas business development agency, and often I was unaware of their existence. Having started and operated a successful feed and farm supply, I was impressed by the level of support available to fledgling Kansas companies. However, as my needs developed into a more intermediate phase, I started to notice that my options for support began to diminish. This phase of intermediate development will be the most critical for any green business person. Here is the only downfall that I found of the entire system, and it is present across the platform of the state support agencies that I encountered.

I understand the Kansas goal was to clone a business development community from existing agencies that would function similarly to Minnesota's and Nebraska's. I would suggest that an unclear direction or final agenda have been the limitations of the system that I encountered. Generally an uncertainty of how to help my company was

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attachment 2

resent in KVAC. A debate rages as to how KVAC could assist the companies I represent, since I was not all raw Kansas ingredients. I believe that any company that will locate and produce a product within the State of Kansas should have full access to any business development support that exists. This has not been the case. I believe a central directorship with a unified and common goal to develop any and all business will be the only approach that works for the future. This central system can be composed of individual agencies that are decentralized. Function is possible as long as they are unified in their goals and consistently accountable to performance for the State of Kansas.

Out of my experience, I have previously suggested to KVAC that their services available should be a more intermediate nature, not just primary concept development. I believe KVAC has a place in the system, however the system is what needs to be changed and developed.

Thank you for the opportunity to submit my observations and thoughts.

Sincerely,



James B Cattey
Director of Manufacturing
Calido Chile Traders Systems, Inc.

**TESTIMONY TO THE SENATE AGRICULTURE COMMITTEE
THE KANSAS DEPARTMENT OF COMMERCE & HOUSING
GARY SHERRER, SECRETARY
FEBRUARY 1, 1996**

Mister Chairman and members of the Committee, I appreciate the opportunity to appear before you today to discuss the movement of the Kansas Value-Added Center (KVAC) to the Kansas Department of Commerce and Housing. This is an example of maximizing state resources for optimum economic results, and it merits deliberation.

Commerce and Housing supports the mission of KVAC in its support of agriculture, a critical component of the state's economy. KVAC's mission is significant because it is essential that we utilize Kansas commodities for Kansas value-added products. Many companies throughout the state produce such products. At Commerce and Housing, we strongly believe in this industry, as evidenced by funding several value-added companies. Here are a few examples:

<u>Company</u>	<u>Location</u>	<u>Funding (KEOIF)</u>
Culver Fish Farm	Hutchinson	\$ 77,000
NCM Foods	McPherson	\$500,000
BioFoam	Smith Center	\$ 80,000
Naturall Fibre Board	Minneapolis	\$150,000
Armour/Swift/Eckrich	Junction City	\$200,000
Confidential	Mankato	Negotiating

Transferring KVAC's resources (human and financial) to Commerce and Housing makes a great deal of sense. I do not believe we are delivering quality government services, as they are expected of us, when we create a sixteen member board of directors and executive director to oversee a budget of barely \$800,000. Unfortunately, this is how KVAC is structured. This only slows the delivery of customer service and should not be necessary if the staff is comprised of economic development professionals. Our agency operates many programs with budgets exceeding that number.

The issue is not the elimination of a focus on value-added agriculture. The issue is the elimination of a cumbersome process with costly overhead. This is an effort to enhance value-added agriculture, not eliminate it. I heard testimony yesterday that mentioned the marketing efforts of KVAC. At the same time, we have a marketing division within the Department of Agriculture. I heard of the use of Small Business Development Centers (SBDCs), which receive significant funding from Commerce and Housing. How much fragmentation and duplication can we afford? The people around the state with whom I visit think we should not tolerate any.

It is interesting that those who oppose this bill all agree that KVAC needs significant revamping. The only issue is this: Do you want to adopt this proposal or something else? The only problem is this: The meter is running, and I see no other alternatives before us.

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attachment 3*

As we prepare to implement a marketing division with programs from the Kansas Department of Agriculture, combined with the financial support programs of Commerce and Housing, we are convinced that we can only enhance the efforts of value-added agriculture. We also believe that our partnership with Kansas State University will further strengthen the KVAC mission, ultimately benefitting the value-added industry in Kansas. Every component is in place for delivering more with less, and we welcome the opportunity.

KVAC

	<u>FY96</u>	<u>FY97</u>
KTEC		
Operating	\$146,678	\$108,000
Grants	\$156,521	\$200,000
KVAC		
Operating	\$303,050	----
Grants	\$327,687	----
KDOC&H		
Operating	----	\$109,025
Grants and Performance Contracts	----	\$300,000
<u>TOTAL</u>		
Operating	\$449,728	\$217,925
Grants	<u>\$484,208</u>	<u>\$500,000</u>
	\$933,936	\$717,925



1115 Westport, Suite G • Manhattan, KS 66502 • (913) 587-0007 • FAX (913) 587-0003

Senate Agriculture Committee-
Hearing on S. B. - 507
February 1, 1996

Chairman Corbin and Members of the Committee:

My name is Lynn Rundle, I serve as Executive Vice President of the Kansas Association of Wheat Growers. Our members adopted new policy at the 1995 annual meeting which expresses our support for value added systems that wheat producers have an opportunity to control and profit from. Our policy states:

"It is increasingly important that wheat producers develop processing systems to add value to their products. Therefore KAWG supports efforts to build systems in which producers own and control the processing of wheat into products for the end user."

The Kansas Value Added Center's purpose and mission in part is explained in H.B. 2536, the enabling KVAC legislation. Section B states that "The objectives of the center shall include:

" establishing an industrial agriculture industry for the state of Kansas, commercializing the developed industrial agriculture technology in smaller communities and the rural areas of Kansas."

As the Committee examines this legislation, I urge you to examine KVAC's success in accomplishing this objective. How have we done with all the

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economic development initiatives in Kansas in accomplishing this objective , building on the strength of the region and the Kansas economy, agriculture. I would suggest there is room for improvement and changing the structure of economic development services delivery systems is an important consideration.

Let me explore with you a success story of a similar entity in North Dakota called the Ag Products Utilization Commission (APUC) . APUC was started in 1979 with simple goal according to its' 1994 annual report, " develop agriculture processing plants in the state." Since its' inception APUC has been a catalyst in creating forming many of the 30 new farmer owned value added processing businesses started in North Dakota in the past 5 years. Farmer owned and capitalized "new generation " cooperatives like Dakota Growers Pasta, a \$40 million pasta plant owned by 1500 farmers and Pro-Gold, a \$260 million corn wet milling plant owned by 4,200 farmers and Drayton Grain Processing, a \$9 million frozen dough business owned by 210 farmers would likely not be started without the initial feasibility and business plan development dollars that APUC provided to organized groups of farmers.

APUC's role and mission is simple. They have put economic development funds into the hands of entrepreneurs/farmers who have a vision to add value as part of their farm business. They have kept administration costs and operating expenses down to less than 10 percent of their \$2.8 million grant budget. APUC has a nine member board, 4 of which must be farmers by statute. They have put limited dollars into value- added research but their greatest investment has been business development.

The Department of Budget's recommendation contained in S.B. 507 still spends 22 percent on salaries and operating expenses, a decrease of 6 percent from the status quo.

What we need in Kansas in an APUC like conduit. Kansas farmers are moving towards the concept of farmer owned value added business development and vertical integrated systems. We need economic development dollars directed into expanding opportunities for farmers and ranchers to own a bigger share of the food dollar. .

As you proceed I urge you to work together with producers and industry , thinking outside the box of "status quo" and create a program that meets our needs in Kansas. With the success of APUC and Minnesota's (AURI) program as a road map, let's re-examine our current programs and create something that encourages value added investment by farmers. Agriculture is changing and as government's role as a direct supporter of farm income decreases, now more than ever we need programs with KVAC like missions to be packaged as streamlined services to the producer.

Thank you for the opportunity . I would respond to any questions.

Edward P. Reznicek
Marketing Coordinator
Kansas Organic Producers
Rt. 2, Box 23
Goff, KS 66428
913/939-2032

Re: Senate Bill 507 - KVAC
Senate Agriculture Committee
January 31, 1996 Hearing

Mr. Chairman, members of the committee, thank you for the opportunity to testify. My name is Ed Reznicek and I'm here on behalf of the Kansas Organic Producers to testify in opposition to Senate Bill 507 and in support of keeping KVAC essentially intact as it currently exists.

I'm a mixed grain and beef cattle farmer in Nemaha County and I also coordinate organic grain sales for the Kansas Organic Producers. The Kansas Organic Producers has been around for some time. However, over the last couple of years KOP has reorganized as a co-op, and we market a variety of mostly bulk grains for our members. I'm sure you have heard about identity preserved, value added production and marketing. That is what Kansas Organic Producers is about.

Currently much of our members' grain is shipped out of state in bulk truckloads. We need to develop value added processing closer to home to reduce transportation costs, expand and diversify sales and to develop more consistent and steady markets.

Over the last 15 months KVAC has helped us with two small grants to help finance travel to meet with an out-of-state processor, training in co-op development and management, and bringing an out-of-state farmers coop representative to Kansas to discuss their value-added cooperative activities. This support helped us obtain an important customer with whom we are working to build an ongoing, long term business relationship. KVAC's assistance with our member training and in establishing contacts with other organizations doing value added enterprises will help us develop value added processing here at home. Also, KVAC's leadership in assessing the possibility of developing a cooperatively owned, Kansas based cereal-snack food is another example that offers our members and other farmers an opportunity to capture a larger piece of the food dollar. This is an important effort and needs to continue.

KVAC staff are accessible. I've seen them at numerous farmer meetings where they seem to get a good sense of the issues and problems farmers face. This puts KVAC in a position to better respond to farmers' needs. It is how we in KOP became familiar with KVAC. Because KVAC staff have their "ear to the ground" on what is occurring with value-added processing in Kansas, they are a valuable resource for obtaining expertise, networking with other businesses, and identifying a wide range of potential resources for developing projects. KVAC has responded quickly and timely to our requests for assistance. Foundations and other governmental agencies do not respond with that same kind of promptness. A small amount of money at the right time can make a huge difference. It has helped us pin down an important sale and take advantage of training and networking opportunities.

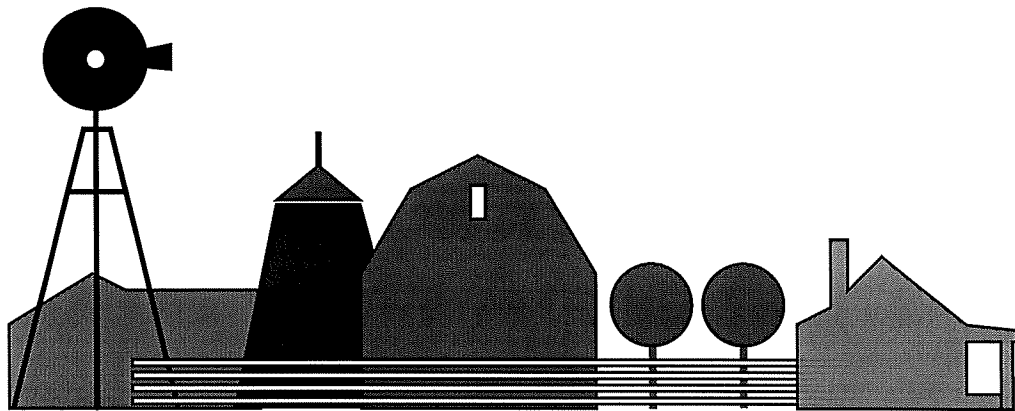
My understanding is that KVAC was originally established to help farmers and small and rural businesses develop value added products using the raw commodities we produce. This is a good and important mission, one that KVAC is carrying out and which is yielding results. To abolish KVAC and scatter it's functions and budget to other agencies will weaken, if not destroy, this focus. Leave KVAC intact and let it continue to pursue it's worthwhile public mission.

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attachment 5*

KANSAS VALUE ADDED CENTER

CREATES

AGRICULTURAL SUCCESS



**AN INFORMAL REPORT TO THE SENATE AGRICULTURAL
COMMITTEE - KANSAS LEGISLATURE**

by the

Kansas Value Added Center

FEBRUARY 1, 1996

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February 1, 1996

Mr. Chairman, Vice Chair and members of the Senate Agricultural Committee, my name is Gordon Lormor. I appreciate the opportunity you have provided me today, to speak about Senate Bill No. 507 which would abolish the Kansas Value Added Center (KVAC) and the Leadership Council.

Since September of 1992, I have served as a member of the Kansas Value Added Leadership Council. I was appointed by the previous administration to the international position and in 1994, I was reappointed by Senator Bud Burke. I am also president of the for profit holding company, KVAC Holdings, Inc. Since September of last year, I have been serving as the interim president. The position of KVAC president was vacated in June 1995, and I was asked by KVAC's Executive Committee, later confirmed by the Leadership Council, to serve in this interim capacity. Initially, I was only going to serve two or three months, as the KVAC Leadership Council anticipated that a new president would be hired by late 1995 or early 1996. Due to the recent activities concerning the future of KVAC, a search for a new president is on hold and my services as interim president have been extended.

Last week, I testified before the Sub-Committee of the House Appropriations Committee for Tax, Transportation and Commerce, and the Senate Commerce Committee. In these hearings, I have offered what I feel are definitive reasons why KVAC should remain a focused, stand alone entity. The main points of my testimony were:

- ▶ KVAC was created by the 1988 Legislature to provide the citizens of Kansas a focal point for value added activities. If KVAC is abolished as a stand alone agency and divided into thirds and supervised by three different entities, all of the focus and the effectiveness of our value added programs will be lost. I believe this would lead to a further decline in the economy of rural Kansas. It would place additional burden on those individuals, groups, cooperatives, and others seeking value added assistance for rural economic development.

Senate Agricultural Committee
Testimony of Gordon M. Lormor

- ▶ It is not logical for Kansans interested in developing value added agricultural products to search among three agencies (KTEC, Kansas State University, and the Kansas Department of Commerce & Housing) for assistance when they can, and have, come to one center (KVAC).

- ▶ While the Division of the Budget states that dollar savings and increased efficiencies will be derived, these conclusions have yet to be supported by objective and statistically significant data. In addition, no plans, programs, or objectives have been set forth to explain what this new structure will do or how it will operate.

- ▶ The Division of the Budget's recommendation provides for \$300,000 as a performance contract between Commerce and Kansas State University. In FY 1995, KVAC provided KSU approximately \$170,000 (not \$300,000) to fund commercial research and to support the value added pilot laboratory facilities that were created by KVAC and the university. Neither KVAC, nor KSU required \$300,000 to support and operate this program. What is the university to do with the additional \$129,931 (\$300,000 - \$170,069) that is provided in this "new structure? What will it focus on and who will coordinate this effort? What is the justification for these additional funds? To my knowledge, no information has been presented to explain how the program at the university might be structured, what it is to accomplish, and why it is necessary for the Division of the Budget to increase the funds by \$130,000.

- ▶ Also, the Division of the Budget recommend placing KVAC's Industrial Ag. program within KTEC and the Foods & Feeds Program, in KDOC&H. What rationale was used to justify this separated structure? Both programs refer clients and potential projects to each other and both programs benefit from this close working relationship. Both programs work with

technology and transfer that technology to the client. Both commercialize projects, and both work toward the same goal -- the promotion, cultivation, and advancement of value added activities in Kansas. Both programs could be within KTEC or KDOC&H, but what purpose does it serve to divide them?

If I was a member of this legislative body, I would want these questions answered before I voted on any legislation that would abolish an effective program and infrastructure. Members of the committee, this recommendation and division simply does not make sense.

Today, I would like to suggest an alternative to the abolishment of KVAC. I will present a new vision for value added agriculture, what it should accomplish, and how it might be structured.

However, before I do that, I feel it is extremely important for the committee to understand that I object strongly to the testimony given yesterday by Dr. Charles Warren as it relates to the Peer Review and the Kansas, Inc. report on Kansas Business Assistance. In October of last year, I hand delivered to Kansas, Inc., KVAC's point by point response to the issues raised by Kansas, Inc. in its "*Evaluation of Kansas Business Assistance - Draft Final Report October 1995.*" This report was extremely critical of KVAC, and as pointed out in our letter, we feel the majority of the criticism was totally without foundation.

In the letter which accompanied the draft report, dated October 30, 1995, Dr. Warren stated several things (a copy of this information is provided in Attachment D):

- ▶ "I would appreciate receiving your written comments on the report by November 13, 1995. If there are errors of fact or omission in the report, please indicate them to us. We will make any corrections necessary to improve the accuracy of the report. If there are objections or

arguments against the findings and recommendations in the report, we will provide them to the Board of Directors and publish your written comments in the final version of the document."

My first point is, the only response we have ever received from Kansas, Inc., addressing our point by point response, is Dr. Warren's letter of December 6, 1995 (copy enclosed). This letter clearly shows that the main point of contact for Kansas Inc., occurred with Ms. Sherry Schoonover's Assistant in the Topeka office, not KVAC's administrative office in Manhattan. Please note, the letter from Ms. Schoonover (KVAC Industrial Ag. manager) which states she was unaware that Kansas, Inc. had requested information, or that it was being provided from the Topeka office.

Since I have not seen the final report, I cannot comment on whether our comments were published. However, I can state that no attempt has been made by Kansas, Inc. to amend its report based upon the inaccuracies and inconsistencies we found in their review of KVAC.

Dr. Warren mentioned yesterday that during the Peer Review, they found serious management deficiencies at KVAC. Dr. Warren also stated that he spent a great deal of time with the president of KVAC, and the Leadership Council to improve these issues. He mentioned that "nothing has been adopted." Members of the committee this simply isn't what I have observed.

I would agree with the Peer Review, that for a time in mid 1994, KVAC and KSU had a managerial issue that needed to be resolved. This was between the Kansas State University Extension Value Added Specialists and the senior manager at KVAC. This issue was resolved to the satisfaction of KVAC and Dean Marc Johnson of the College of Agriculture (KSU). However, no one at KVAC is aware of any contact between Dr. Warren and the president of KVAC after the Peer Review.

Senate Agricultural Committee
Testimony of Gordon M. Lormor

As I stated earlier, I have been a member of KVAC's Leadership Council since 1992. Contrary to what I believe I heard yesterday, at no time have I been aware that Dr. Warren has ever given KVAC assistance of any kind. I would also note that the Peer Review identified several areas which KVAC needed to address, and yesterday, Dr. Warren implied these had not been acted upon by KVAC. Since my arrival in September as interim president, we have adopted many of the suggestions made by the Peer Review and have worked closely with KTEC, to streamline and improve our proposal, contract and award procedures.

I am addressing these issues because, contrary to Dr. Warren, I feel the Kansas, Inc. "*Evaluation of Kansas Business Assistance*" was "the document" that the Division of the Budget used when it recommended the abolishment of KVAC.

I would also like to take this opportunity to reply to Dr. Warren's letter to Senator Alicia Salisbury, Chair of the Senate Commerce Committee, as dated January 25, 1996. In this letter Dr. Warren addressed several issues and specifically mentioned my lack of knowledge of the Peer Review process: "I would also note that Mr. Lormor has no personal knowledge of the peer review or the evaluation that was begun in May 1995, since he did not become interim president until September 1995." Members of the committee, this type of statement is indicative of the inaccuracies and lack of understanding, of KVAC's activities, that we have had to deal with since Dr. Warren began the evaluation of KVAC. Granted, I did not become the interim president until September; however, I was an active member of the KVAC Leadership Council for a number of years, and was aware of the peer review.

One last thought on this issue, ...in my testimony before the Sub-Committee of the House Appropriations Committee, I testified extensively about the Kansas, Inc. report and my criticism was very direct. At this time, I would also like to state that after I became aware of the scope of the

Kansas, Inc., review of KVAC (mid to late October 1995), I contacted Mr. Tim Paris of the Kansas, Inc. office. Mr. Paris was extremely helpful and courteous as he attempted to reconstruct for me, the events and information relating to this issue. His assistance and professionalism is very much appreciated.

At this point, I would like to return to my comments concerning KVAC. We know that value added agriculture means taking a raw commodity, grain, cattle, etc., modifying the product in some manner to obtain more value or income. Simply, this is the objective of value added -- making and earning more from basic commodities. KVAC assists individuals, groups, and businesses realize this ambitious objective. How does KVAC do this? By working with various entities, to achieve the common value added goal.

Last Friday, during the Yellow Brick Road exhibit, you may have seen a small sampling of products produced by Kansas businesses that were assisted by KVAC. These products are currently being sold in Kansas, as-well-as internationally (over 502 products). The number of contacts who seek assistance is quit extensive. For example, if we look at how the number of telephone inquiries have risen in the Value Added Food Processing Laboratory (one of 13 pilot labs funded by KVAC), you can see how value added activities have increased (Attachment A):

1989	total number of calls	14
1990	total number of calls	127
1991	total number of calls	243
1992	total number of calls	320
1993	total number of calls	708
1994	total number of calls	987 (through October 1994)
1995	total number of calls	1,100 approximate

In addition, please look at Attachment B, which contains a partial list of KVAC's clients in your district who are currently selling products to local as well as international markets.

Based on my service in the KVAC organization, I firmly believe that many of these products would have never made it to the market without KVAC. I am convinced that KVAC's approach of client advocacy and one-on-one consulting provided hope when no hope was visible and assistance when the client had no idea these services were available. KVAC has diligently worked with clients so that these products could become a reality.

Ladies and Gentlemen, we have heard yesterday and will hear again today from several companies testifying on behalf of KVAC. Please ask them which structure would be more "user friendly," a focused program (in one location), or one separated into three agencies.

I realize KVAC is not perfect and I would like to comment on what I feel are three critical issues concerning KVAC that need to be resolved:

- ▶ Role and Focus
- ▶ Programs
- ▶ Structure

ROLE AND FOCUS

In the past, the 1988 Legislature identified ten objectives and four functions for KVAC to accomplish. These were separated into technical, communication, research, and the development of an industrial agriculture based industry for Kansas. KVAC functions were to concentrate on market development and distribution assistance. While these objectives and functions were delineated, no mechanism was suggested or formulated to objectively measure the effectiveness of

the organization.

As we look at KVAC today, it has accomplished a great deal in the development of a technical infrastructure, assisted in the development of new products and jobs, and it has started to develop an industrial component. KVAC, and Kansas have a first class infrastructure and I do not feel at this time, that additional technical infrastructure is required. However, these facilities are concentrated at KSU. In the future, if we need to provide additional facilities, like our contract kitchen in Linwood, Kansas, perhaps it would be better if they were located in other areas of the state, to bring our program closer to the potential users

To me, KVAC's role in state economic development is simple. KVAC should be the one entity for the coordination of value added agricultural activities in Kansas. Its purpose in state economic development should be two-fold:

- ▶ First - creating rural economic development through programs which provide financial assistance and other services for products, projects, businesses and industry.
- ▶ Second - continuing the development of businesses and industries throughout the state (rural and urban) that foster the development of value added agricultural products.

PROGRAMS

COMMUNITY PROGRAMS - To further the impact of KVAC's existing Foods & Feeds and Industrial Agricultural programs, KVAC should work more closely with local community groups to establish a "partner" relationship. KVAC has seen an increasing emphasis placed on regional development. Groups such as wKREDA (representing approximately 50 western Kansas counties),

SEE-KAN RC&D (ten counties in southeastern Kansas), the 21st Century Alliance, Cloud Corp., Tallgrass Prairie Producers, and others are actively pursuing the identification of projects which would focus on rural economic development (industrial uses of agriculture or foods & feeds value added projects). The intent of these partnerships would be to:

- ▶ Focus up front, research on viable commercial projects (be proactive on research rather than reactive),
- ▶ Find successful companies who have ideas for new products, and who are looking for partners to share the risk (go out into the market and find business),
- ▶ Develop this relationship into a successful joint venture entity (find companies who are already successful, and bring technology from the university shelf, or other entities to the project) and assist in the project's funding,
- ▶ Work with interested local communities to develop programs that would provide economic incentives for the creation of a new entity and a method to share in the success or failure of the new joint venture.

FINANCIAL PROGRAMS - As new businesses, projects, and products are being developed, they need access to capital. There is a huge capital gap in available sources of project funding for small to medium sized entrepreneurs. It should be realized that startup businesses or those which seek less than \$1.0 million in funding have little or no access to funds. KVAC and the State of Kansas must continue to provide access to capital for these entrepreneurs and visionaries. Without this financial assistance, many worthwhile projects and the employment opportunities they bring for rural and urban areas will be lost.

One of the main conclusions from the State Sponsored Seed and Venture Funds Conference (held last October in Kansas City), has been drawn by Richard T. Meyer, Ph.D., Anderson School of Business, in his report: "*The 1995 National Census of Early Stage Capital Financing.*" He clearly states that those entrepreneurs seeking funds in the range up to \$1 million will not find funding to any degree, outside of their own personal savings and private investors (which usually only takes them to the \$100,000 level). There is a funding void from \$100,000 to \$1 million. This void is only being addressed by state sponsored economic development seed funds. These funds are the only realistic source for this type of risk capital. Venture Capitalists generally enter this "capital" market only when projects reach \$1 million. They are simply not interested in projects with limited financial impact.

The Kansas Legislature must commit to seed capital activities, make funds available for this process, and realize that the payback on this investment is "long term." It will not occur in two to three years, but more likely in five to seven years.

RETURN ON INVESTMENT (ROI) - When this financial assistance is provided, each project must be objectively evaluated on the basis of its potential return on the State's investment (ROI). To me, the commercialization of projects which create businesses, foster community development and return monies to the State are not inconsistent activities. You are not making a choice between big business and small business, or rural versus urban. You are not de-emphasizing the creation of entrepreneurs, family businesses, or rural community development.

You want to fund those projects that have the best chance for success and those that return the greatest profit. An objective measure of a project's success is its potential to return a profit on the project (its return on investment). When profits are returned to the state, they provide additional funds for future projects.

Kansas is extremely fortunate as it has Economic Development Initiative Funds (EDIF) which flow from the State's Lottery to selected projects. However, we have seen the Legislature and the citizens of Kansas struggle with the lottery issue. If monies are returned through ROI, and if the Lottery is abolished at some time in the future, non-tax dollars may still be available for our future entrepreneurs and the employment opportunities they will create. Without ROI and the lottery, taxing citizens for economic development is perhaps the only alternative -- a path few may want to pursue.

KVAC should place a high priority on developing new financial programs. We need programs that "partner" or provide risk sharing in the financing of quality projects. These could take the form of "micro-loan programs" where KVAC and local/rural financial institutions (banks, credit unions, etc.) would make funds available to quality projects based on conditions set by KVAC. The marketing, application, and approval process for these projects would be made at the rural or local financial level, without consideration or approval of the project from KVAC (except for funds availability). If the right financial partners are selected, this should speed up the process, level the risk, increase the number of quality projects, and eventually provide more employment opportunities over the long term.

MARKETING CONSIDERATIONS - The State must have a focused marketing program for KVAC and its value added agricultural activities. The objective of this marketing effort would be to seek out quality projects and clients (become proactive rather than reactive), and provide entrepreneurs with access to marketing and distribution opportunities.

The State Board of Agriculture's Ag. Marketing program and personnel should be transferred to KVAC, not to the Department of Commerce & Housing. Since Ag. Marketing is already focused on agriculture, its programs could be tailored to KVAC's new role. Thus, the value added client would have access to immediate, needed and useful marketing support.

VALUE ADDED ANALYSIS - A statewide value added statistical survey must be undertaken. The purpose of the study would be to identify the value added baseline in 1996 (i.e., the number of companies producing value added products, the industry segment this production is in, its value, number of employees and hopefully, where value added opportunities may exist). To my knowledge, this has never been done in Kansas. This survey would provide the basis for understanding the extent of value added activities and over time, it could be used to measure the growth in value added products, companies, etc.

STRUCTURE

LEADERSHIP COUNCIL - The current structure of the KVAC Leadership Council does not facilitate the organization's mission or activities, and it should be restructured. Because of its size and its representation, the decision making process takes too long and is polarized along certain agendas. I recommend that it be restructured into an advisory body of no more than seven members.

The make up of the advisory council could include: four private sector members (representing small, medium, and large value added companies and one financial banker, investment banker or seed capital fund manager), one member of a regional rural economic development entity, one legislator (from the Senate or House Ag. Committees), and one member from KSU who works directly with value added agricultural responsibilities.

The role of the advisory council would be to work with the KVAC staff to identify new business relationships and opportunities. It would provide the KVAC staff counsel and act as a sounding board on strategic agendas. Managing KVAC's operational issues would be the responsibility of the KVAC president.

KVAC ORGANIZATIONAL STRUCTURE - KVAC should remain a subsidiary/reporting unit under the Kansas Technology Enterprise Corporation (KTEC). KVAC should retain its existing organizational structure with a president and reporting staff.

The offices of the Food & Feed, Industrial Ag., and the marketing component should be in one office location. The program should be moved from the KSU campus. Although the university provides a number of services, which in the past were invaluable to the development of KVAC's technical component, the close proximity to KSU has not allowed KVAC to develop its own identity. This has caused confusion and at times blurred KVAC's impact with its clients.

The main technical component should continue to be funded and conducted at KSU; however, other educational institutions and private industry should be utilized to increase KVAC's presence across Kansas as appropriate.

As mentioned earlier, the Ag. Marketing component of the State Board of Agriculture should be transferred to KVAC to increase the marketing expertise in value added agriculture. New marketing programs need to be developed which provide additional benefits for the "Land Of Kansas" promotion.

KVAC'S BUDGET - While it might be unpopular to discuss adding funds to a program, I am convinced that, from the start, KVAC has been grossly underfunded as it compares to the industry it is supposed to represent. Since 1990, and through FY 96, KVAC has received \$5,004,646 from the States' Economic Development Initiative Fund (EDIF) for the development of value added agriculture. Of that total, \$3,160,976 has been used to develop the technical infrastructure at KSU, fund commercial research, and to provide grants and loans to Kansas companies.

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KVAC has provided approximately \$533,812 for commercialization projects (starting in Fiscal Year 1994) and expects to receive over \$845,000 as a return on its investment (over a three to five year period). These value added activities, representing more than 72% of KVAC's total funds, have been directly returned to Kansas related activities.

Granted, over the past six years, KVAC's budget has increased. However, if you compare its percentage to other economic development programs funded with EDIF funds, it appears that the disbursement of monies has not been proportional to, what I perceive, should have been expended for the leading industry in Kansas -- agriculture.

The figures in Attachment C dramatically illustrate that during the period FY 1990 through FY 93, KVAC's portion of EDIF expenditures grew from 6.6% in FY 90 (its first year of funding) to 7.8%, while KTEC's share was 93.4% to 74.2% respectively. As a total of all funds expended from FY 1990 to FY 1996:

KTEC received	74.2%
MAMTC received	19.9%
KVAC received	5.9%

I am not suggesting that any one agency has received too much money. Rather, in any business situation in which a company has greater access to capital, its abilities, opportunities and successes increase. For some reason, value added agriculture in Kansas has not received the attention or the financial support it deserves.

Members of the committee, in summary, I firmly believe any de-emphasis of agriculture, especially one such as Senate Bill No. 507, which specifically de-emphasizes value added agriculture would be a monumental mistake for Kansas. When I read this bill, I find that:

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- ▶ KVAC and its Leadership Council are abolished,
- ▶ All property is transferred to KSU,
- ▶ All powers, duties and functions related to the technical assistance component of the program are transferred to the secretary of commerce and housing, and
- ▶ No mention is made of a KTEC Industrial Ag. component.

As a citizen of Kansas, I am concerned that in this "rush" to abolish KVAC as a stand alone entity, there has been little, if any, long range planning for value added programs. We have not been provided information on how any of these proposed changes will be structured or what results are expected.

On Friday of last week, I made an offer to the Senate Commerce Committee, that KVAC and its Leadership Council, be a partner in the effort to find the best system that would address the strategic direction of KVAC and Kansas value added agriculture. We want KVAC to become a model of value added activities. If moratorium is declared for two years, and if KVAC is allowed to continue with a new mission, structure, and achievable goals, Kansas can still compete effectively. However, should the Legislature abolish KVAC, and should this result in a diluted and dispersed value added program, Kansas will be passed on the "value added super highway" by Nebraska, Missouri, North and South Dakota and others who have placed a premium on the development of a focused value added program.

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Thank you for this opportunity to speak before the committee. I would be happy to answer any questions.

Gordon M. Lormor
Interim President, KVAC

Attachments: A - a partial list of KVAC's Value Added Processing Laboratory clients
B - KVAC clients by Senate District
C - budget information
D - Kansas, Inc. information

Value Added Companies and Their Products that
 KSU Extension Foods & Nutrition has assisted via KVAC Support

2 Rivers Salsa
 717 S. Glenn
 Wichita, KS 67213 SG
 new - 1 sauce product

Acadia Enterprises L.L.C.
 960 East Pineview
 Olathe, KS 66061 JO
 new - 1 sauce product

Allenbrand, Kathy
 601 S. Race
 Spring Hill, KS 66083 JO
 new - 1 dry beverage product

Andale Locker
 RR 1, Box 7
 Andale, KS 67001 SG
 existing - 4 meat products

Anderson Bar-B-Que
 P.O. Box 1133
 Junction City, KS 66441-1133 GE
 new - 3 sauce products

Angel's Del Santa Fe
 4140 SW Huntoon
 Topeka, KS 66604 SN
 new - 1 sauce product

Archer, Steve
 2122 Marvonne Rd.
 Lawrence, KS 66047 DG
 new - 1 beverage product

Art's Mexican Products, Inc.
 615-617 Kansas Ave.
 Kansas City, KS 66105 WY
 existing - 5 sauce products

Bagatelle Bakery
 1425 N. Pershing
 Wichita, KS 67208 SG
 existing - 10 products

Baja Foods Company
 1326 Ruby Ave.
 Kansas City, KS 66103 WY
 new - 1 sauce product

Bern Meat Plant, Inc.
 Box 97
 Bern, KS 66408 NM
 existing - processor certification

Berning Blue Co.
 Box 151
 Marienthal, KS 67863 WH
 new - 5 products

Bert & Wetta Sales, Inc.
 P.O. Box 130
 Larned, KS 67550 PN
 existing - 2 products

Betty's Delights
 105 S. Lincoln
 Hillsboro, KS 67063 MN
 new - 8 products

Big E's Blue Cheese
 216 E 23rd St
 Ottawa, KS 66067 FR
 new - 1 product

Big Top Popcorn
 2910 S Kansas Ave.
 Topeka, KS 66611 SN
 existing - 11 products

Bio-Foods, Inc.
 Rt. 2, Box 107
 Oskaloosa, KS 66088 JF
 new - equipment and micro.testing

Black, Jerry
 20200 Travis Ln.
 Bucyrus, KS 66013 MI
 new - 3 products

Bowser, Rex
 Rt. 1, Box 32A
 Marquette, KS 67464 MP
 new - 2 sauce products

Brant's Meat Market

 Lucas, KS RS
 existing - 4 products

Bread Basket
 RR 1, Box 238
 Courtland, KS 66939
 new - 1 product

Briarwood Farms
 Rt. 2, Box 152
 Alma, KS 66401 WB
 new - 14 products, equip. ,
 processor certification

Burke Foods, Inc.
 903 E. Mona Cr.
 Wichita, KS 67216 SG
 new - 1 product

Byblos
 3088 W 13th St.
 Wichita, KS 67203 SG
 new - 1 product

Calico's Cupboard
 720 N. 2nd
 Atchison, KS 66002 AT
 new - 1 dessert product

Calido Chili Traders
 5360 Merriam Dr.
 Merriam, KS 66203-2122 JO
 new - 18 products

Carolyn Dodson, Inc.
 P.O. Box 8341
 Wichita, KS 67208 SG
 existing - 2 products

Carr, Jim
 2503 N 59th Terr
 Kansas City, KS 66104 WY
 new - 1 sauce product

Cheyenne Gap
 19385 Hwy. 18
 Luray, KS 67619-9217 RS
 existing - 1 flour product

Cinda's Sauces
 P.O. Box 573
 Meade, KS 67864 ME
 new - 7 sauce products

Cline, Phil
 R.R. 1, Box 252A
 McClouth, KS 66056 JF
 new - 1 sauce product

Cobble & Broberg Food Sales
 16116 W 126th
 Olathe, KS 66062 JO
 new - 1 sauce product

Collins Southdowns

 Wakeeney, KS 67672 TR
 existing - 2 meat products

Cookies by Carolyn
305 Main
Little River, KS 67457 RC
existing - 13 products

Country Platter Products, Inc.
803 E. 17th
Wichita, KS 67214 SG
existing - 25 meat products, HACCP

Crane, John
7018 Woodland Dr.
Shawnee, KS 66218 JO
new - 1 sauce product

Culver Fish Farm
Rt. 2
McPherson, KS 67460 MP
existing - 1 product, packaging

Daddy Jack's
3901 Friar
Wichita, KS 67204 SG
new - 1 condiment product

David's Herbs
Rt. 1, Box 488
Perry, KS 66073 JF
existing - 1 product

Davis, Nurit
1412 Todd Place
Wichita, KS 67207 SG
new - 4 flour mixes

Depot Market and Cider Mill
Rt. 1, Box 192A
Courtland, KS 66939 RP
existing - 7 products

Dickoff, Pam
7447 Burlingame Rd.
Wakarusa, KS 66546 SN
new - start-up

Dinah's Noodles, Inc.
Box 393
Clyde, KS 66938 CD
new - 4 products

Dixon Tom-A-Toes
5051 Speaker Rd.
Kansas City, KS 66106 WY
new - HACCP, Quality Assurance

Downstairs, Company, The
8345 Hadley
Overland Park, KS 66212 JO
new - 3 condiment products

EAM, Inc.
2735 S Hydraulic
Wichita, KS 67216-2120 SG
new - 6 products, sauces & entrees

Earthly Endeavors
2836 E. Douglas Ave.
Wichita, KS 67214 SG
existing - 3 cookie products

Edwards Bros. Cheesecake Co.
1449 Smith Court, No. 3
Wichita, KS 67212
new - 4 dessert products

Eleni's Greek gourmet
7900 Outlook Ln.
Prairie Village, KS 66208 JO
new - 1 cookie product

El Zarape
P.O. Box 1604
Garden City, KS 67846 FI
new - 1 sauce product

Emerson's Best Products
P.O. Box 5770
Topeka, KS 66605 SN
new - 1 sauce product

ExpoCenter Restaurant
1726 Harrison St.
Topeka, KS 66612 SN
new - 1 dessert product

Fields of Fair
Rt. 1, Box 14
Paxico, KS 66526 WB
existing - quality assurance program

Fifi's Restaurant
Lawrence, KS DG
new - 1 sauce product

Finita's Fancies
1119 N. Indiana Ave.
Columbus, KS 66725 CK
new - 2 condiment products

Flint Hills Foods
P.O. Box 435
Alma, KS 66401 WB
existing - 9 meat & cheese products

Forerunners, Inc.
RR 1, Box 87
Warrego, KS 66547 PT
existing - 7 vegetable products

G&S Inc.
1305 Northcourt
McPherson, KS 67460 MP
new - 1 snack product

Gardner Deli
213 E. Main
Gardner, KS 66030 JO
existing - 1 product

Gates BBQ
2200 E 12th
Kansas City, MO 64127
existing - 6 sauce products

Golden Harvest Popcorn
3421 Merriam Lane
Overland Park, KS 66203 JO
existing - 7 snack products

Golden Mill Sorghum
Rt. 1, Box 29
Bartlett, KS 67332 LB
existing - 1 product

Granary, The
Rt. 2, Box 103
Downs, KS 67437 OB
existing - 2 flour mix products

Grandma Hoerner's Inc.
R. R. 1, Box 147
Alma, KS 66401
new - 2 products

Grannie's Homemade Mustard
Rt. 3, Box 14
Hillsboro, KS 67063 MN
existing - 1 condiment product

Grate Food Processing
Rt. 2, Box 13
Wakeeney, KS 67672 TR
new - 1 canned product

Hancock, Jamie
Rt. 2, Box 99
Alma, KS 66401 WB
new - 3 baked products

Hathaway, Marty
8066 Monrovia
Lenexa, KS 66215 JO
new - 1 beverage

Heartland Aquaculture
P.O. Box 1036
Garden City, KS 67846 FI
existing - 1 fish product

Heartland Mill, Inc.
Rt. 1, Box 2
Marienthal, KS 67863 WH
existing - 15 products

Heideman Smokehouse
E. Main St.
Seneca, KS 66538 NM
existing - 1 product

Helmuth Country Bakery, Inc.
6706 W. Mills Road
Hutchinson, KS 67501 RE
existing - 2 products

Henke Enterprises
1106 N. Manhattan Ave.
Manhattan, KS 66502 RL
new - 4 beverage products

Hill, Bill
1606 E. First St.
Hutchinson, KS RE
new - 1 sauce product

Hollingsworth, Ann
2616 Tiana Terr.
Manhattan, KS 66502 RL
new - 1 meat snack product

Home on the Range

Modoc, KS SC
new - 3 meat snack products

Iron Horse BBQ
Rt. 4, Box 122
Galva, KS 67443 MP
new - 1 sauce product

J&L Distributors
800 SE Street
Paola, KS 66071 MI
existing - 2 beverage products

Jamaican Hots
1920 N. 26th
Kansas City, KS 66104 WY
new - 2 pickle products

JC3 Company
715 W. Wabash Ave.
Olathe, KS 66061 JO
new - 1 product (merged w/Calido)

J-Triple B Farms
323 Poyntz Ave.
Manhattan, KS 66502 RL
new - 1 product

JW Mozey-On Inn
916 Manning
Winfield, KS 67156 CL
new - 1 condiment product

Jen-Kay Kitchens, Inc.
P.O. Box 126
Wilson, KS 67490 RS
new - 1 sauce product

Jenkins, Kim
750 Western Apt. #21B
Topeka, KS 66606 SN
new - 1 baked product

Jerry's Catering
512 S 10th St.
Manhattan, KS 66502 RL
new - 1 sauce product

Kaleidoscope Candies
9770 Adams Creek Rd.
Wamego, KS 66547 PT
new - 2 products

KS Bean Co., Inc.
510 Camden Dr.
Salina, KS 67401 SA
new - 2 condiment products

Kansas City Stinger's
456 N. 17th
Kansas City, KS 66102 WY
new - 4 snack products

Kansas Wheathearts
RR 1, Box 29
Healy, KS 67850 LE
new - 1 cookie product

Kansas Wheat House
Box 1051
Cimmarron, KS 67835 GY
existing - 20 grain products

Keeler BBQ
Box 263
Baldwin City, KS 66006 DG
new - 1 sauce product

Kingsfords Inc.
24052 W 63rd
Shawnee Mission, KS 66226 JO
existing - 2 sauce products

LA Cakes and Cookie Bouquets
Manhattan, KS 66502 PO
new - 6 products

La Louisiane, Inc.
5819 Nieman Rd.
Shawnee, KS 66203 JO
new - 9 products

Land of Oz Meats
1812 Gen. Jim Road
Salina, KS 67401 SA
new - 2 products

Lara Enterprises
3927 Overland Dr.
Lawrence, KS 66049 DG
existing - 1 product

Lems, Inc.
906 Texas Court
Hutchinson, KS 67502 RE
existing - 4 condiment products

Lik'M Products
2502 Brentwood
Hutchinson, KS 67502 RE
existing - product line formulation

Longstaff, James
426 NE Scotland
Topeka, KS 66616 SN
new - 1 sauce product

Louisburg Cider Mill
P.O. Box 670
Louisburg, KS 66053 MI
existing - 10 products

Mr. Melon
P.O. Box 16093
Shawnee, KS 66203 JO
new - 1 beverage product

Mama Lupe's Products
P.O. Box 1801
Topeka, KS 66601 SN
existing - 3 products

Marcon Catering
124 W 8th
Washington, KS 66968 WS
existing - 10 baked products

Martin, Maria

Lawrence, KS DG
new - 1 baked good

McKenzie Orchard & Produce
R.R. 1, Box 166
White City, KS 66872 MR
existing - 1 condiment product

Midwest Mex
10600 Polfer Rd.
Kansas City, KS 66109 WY
new - 1 sauce product

Miller, Bob
219 Kiowa St.
Leavenworth, KS 66048 LV
new - 1 sauce product

Ming's Chinese Restaurant
1625 S. Seneca
Wichita, KS 67213 SG
existing - 2 condiment products

Murray, George and Patricia
3238 SW Oakley Ave.
Topeka, KS 66614 SN
new - 1 sauce product

Myers Farm Bakery
Rt. 1, Box 78
Zenda, KS 67159 KM
new - 2 sauce products

Nahas, Rabih
P.O. Box 963
Hutchinson, KS 67504 RE
new - 4 products

Nostalgic Re-Creations
1109 Mound St.
Atchison, KS 66002 AT
new - 2 beverage products

Nutra-Shield, Inc.
15416 Johnson Dr.
Shawnee, KS 66217 JO
existing - 3 products

Olde Towne Restaurant
126 N. Main
Hillsboro, KS 67063 MN
new - 1 sauce product

Olde World Spices & Seasonings
5100 Foxridge Dr.
Mission, KS 66202 JO
existing - 1 product

PJ's New Horizons
P.O. Box 651
Bucklin, KS 67834 FO
new - 4 condiment products

Pat's Beef Jerky
401 Main
Liebanthal, KS 67553 RH
new - 1 meat snack

Pearl's Originals
Little Blue Haven Farms
Barnes, KS 66933 WS
new - 1 flour mix product

Pendleton's Kaw Valley Asparagus
1446 E. 1850 Rd.
Lawrence, KS 66046 DG
existing - 3 products

Pet Drinks, Inc.
12008 W. 87th, Suite 361
Lenexa, KS 66215 JO
new - 2 pet products

Pickle Cottage, The
12989 Windy Rd.
Bucklin, KS 67834 FO
new - 23 pickle products

Pines International, Inc.
P.O. Box 1107
Lawrence, KS 66044 DG
existing - 4 products

Pioneer Marketing
1923 N. Mosley
Wichita, KS 67215 SG
existing - 10 snack products

Pony Express Ranch
P.O. Box 246
Marysville, KS 66508 MS
existing - 1 product

Popcorn Exchange Co.
2008 Antler Ridge Dr.
Garden City, KS 67840 FI
existing - 3 snack products

Powell, Meta
2708 N. Terrace
Wichita, KS 67220 SG
new - 1 sauce product

Prairie Thyme, Ltd.
2 S. 13th St.
Kansas City, KS 66102 WY
new - 8 products

R. Doty BBQ Sauce
P.O. Box 20052
Wichita, KS 67208 SG
new - 1 sauce product

Rabbit Creek Products
Rt. 2, Box 185
Louisburg, KS 66053 MI
existing - 50 products

Rainbow Honey Farm
P.O. Box 363
Concordia, KS 66901 CD
existing - 2 products

Ramsour, David
4007 N. Farmstead
Wichita, KS 67220 SG
new - 1 condiment product

Ranch Hand Foods
P.O. Box 13286
Edwardsville, KS 66113 JO
existing - 16 products

Redding, Dale
Box 1184
Liberal, KS 67905 SW
new - 1 sauce product

Rees Fruit Farm
Box 186-D
Topeka, KS 66617
existing - 1 beverage product

Reynolds, Marian
1800 Wooden Road
Dodge City, KS 67801 FO
new - 2 entree products

Rightmire, Debra
15101 Woodson
Overland park, KS 66223 JO
new - 4 syrup products

Ripley, Prescott
1703 E 1000
Lawrence, KS 66049 DG
new - 2 entree products

Roasty Toasty Popcorn
326 Neosho
Burlington, KS 66839 CF
existing - 6 snack products

Rock Island Market
835 E 1st St.
Wichita, KS 67202 SG
new - 5 products

Roper, Cathy
3950 N. 183rd West
Colwich, KS 67030 SG
new - 2 baked products

Sabres Marketing, Inc.
6801 Par Lane
Wichita, KS 67212 SG
new - 1 condiment product

Salsalito Salsa
15 Peach Tree Lane
Wichita, KS 67207 SG
new - 1 condiment product

Senor Stan's
1900 W 31st #J10
Lawrence, KS 66046 DG
new - 3 condiment products

Sa-Plez
1955 N. Andover Rd.
Andover, KS 67002 BU
new - 2 pet beverages

Scott, Richard
P.O. Box 448
Strong City, KS CS
new - 2 snack products

Sercus, Barry
8966 Funston
Wichita, KS 67207 SG
new - condiment product

Seybert Food Processing
P.O. Box 387
Meade, KS 67864 ME
new - 10 condiment products

Sifers Valomilk Candy
5112 Merriam Dr.
Merriam, KS 66203 JO
existing - 1 candy product

Sinclair, Will
500 E. Rutledge
Yates Center, KS 66783 WO
new - 2 products

Smokehouse BBQ
700 N. Summit
Girard, KS 66743CR
new - 1 sauce product

Snowden, Mark
Rt. 2, Box 334
Ft. Scott, KS 66701 BB
new - 1 product

Spann, Will
Lawrence, KS DG
new - 1 dessert product

Spears Restaurant
4323 W. Maple
Wichita, KS 67209 SG
existing - 10 condiment products

Stephenson, J.W.
R.R.1, Box 190
Riverton, KS 66770
new - 2 sauce products

Strelow, Larry
450 N Dexter
Valley Center, KS 67147 SG
existing - equipment suppliers

Sunflower Foods & Spice
11648 W 90th
Overland Park, KS 66214 JO
new - 21 products

Sweet Fire Sauce Co.
5818 Nall
Mission, KS 66202 JO
new - 2 condiment products

Taylor's Cha-Cha
2646 N. Early
Kansas City, KS 66101 WY
new - 3 condiment products

TLC
2801 W Central
Wichita, KS 67203 SG
new - 19 baked products

Tortilla Factory, The
7015 E. 35th St. N
Wichita, KS 67226 SG
existing - 10 products

Thompson, Jerry
402 S Ohio
Iola, KS 66749AL
new - 2 sauce products

Top Cat Enterprises
6604 E K-4 Hwy
Gypsum, KS 67448 SA
new - 4 flour substitutes

Tudor, Judy
P.O. Box 483
St. Francis, KS 67756 CN
new - 4 baked products

Tuttle, Steve
P.O. Box 38
Quinter, KS 67752 GO
new - 1 sauce product

Twin Valley Popcorn
427 Commercial
Greenleaf, KS 66943 WS
existing - 40 flavors of popcorn

Uncle Swede's Co.
211 W. Garfield
Lindsborg, KS 67456 MP
new - 1 sauce product

Underhill Farm
R.R. 1, Box 176A
Moundridge, KS 67107 MP
existing - 1 meat snack product

Velvet Creme Popcorn, Inc.
4710 Belinder
Shawnee Mission, KS 66205 JO
existing - 2 snack products

Vista Enterprises
1911 Tuttle Creek Blvd.
Manhattan, KS 66502 RL
existing - 1 dessert product

Wakim, Mimi
1313 N. Westlink
Wichita, KS 67212 SG
new - 1 entree product

Wells, Renee'
P.O. Box 133
Grenola, KS 67346 EK
new - 1 snack product

Western Star Mill Co.
Div. of ADM Milling Co.
Salina, KS 67402-1400 SA
existing - 1 flour product

Western Sunflower Co.
150 N. Chickamauga
Colby, KS 67701 TH
existing - 4 products

Wetta Egg Farm, Inc.
2909 N 263 St. W
Andale, KS 67001 SG
existing - 1 product

Wheatland Foods
2006 Eisenhower
Hays, KS 67601 EL
new - 2 snack products

160 additional inactive files

KVAC Grants Received by Dr. Fadi Aramouni KSU Extension Foods & Nutrition January, 1990 - June, 1995

Development of a reduced calorie caramel corn formulate. KVAC 90- , January, 1990, \$3,000.

company: Twin Valley Popcorn Green leaf, KS	status: complete	results: Formulas were developed using poly-dextrose Patent was issued in 1993 License agreement reached with company Product on market
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Establishing a Pilot Value-Added Food Product Development Laboratory. KVAC 90-13a, \$76,000. June, 1990.

Laboratory renovation	\$20,000.	status: complete	results: Facility for Kansas food processors equipped for safety and quality testing, product development, processing training, shelf-life studies, market tests, and production scale-up.
Equipment	45,000.		
Analytical Instruments	5,000.		
Supplies and Ingredients	6,000.		

Equipment purchased:

30-gallon steam jacketed kettle	stainless steel table and sink
preparation table with two 5-gallon kettles	lye peeler
steam blancher	pulper/finisher
floor scale	homogenizer
autoclave	analytical instruments

Used equipment was purchased when available and existing space was remodeled to minimize costs.

Juice Processing Workshop, KVAC 91-14, May, 1991, \$2,000 (with K. Gast)

participants:

Beadles, Lee Wichita, KS	Rees Fruit Farm Topeka, KS
Beck, Billie Dodge City, KS	Schmidt, Mike and Jackie Emporia, KS
Burns, Mike and Charlene Sedan, KS	Strelow, Larry and Pat Valley Center, KS
Fields of Fair Paxico, KS	Oswald, John Wichita, KS
Fieldstone Vineyards Overbrook, KS	Heim, William Leavenworth, KS
Gutschenritter, John Neodesha, KS	Wernert, Donald Rose Hill, KS
Morgan, Wayne Haven, KS	

results: Attendees were taught how to handle and extract grape juice
Chemical and physical evaluation tests were demonstrated

Jams and Jellies Workshop, June, 1990,

participants:

Best of the Sweet Country Alta Vista, KS	status: complete
Briarwood Farms Alma, KS	Seybert Food Processing Meade, KS
Chautauqua Hills Sedan, KS	

results: Attendees introduced to Federal Standards of Identity for jams and jellies
Basic concepts of quality assurance taught
Quality characteristics of jams and jellies identified
Reference materials distributed
Compliance with regulations emphasized
Laboratory demonstrations of formulations

Test Run of Sterile Pack Grape Juice, KVAC 91-20, July, 1991, \$5,000.

company: KS Food Packers, Inc. status: complete
Windsor Hills Dairy
Arkansas City, KS

results: 8000 boxes produced
Marketed and sold

Burns, Mike
Sedan, KS

Value-Added Research, KVAC 92- , December, 1991, \$18,000.

equipment: \$9,000.
supplies 8,800.
office expenses 200.

companies:
Best of the Sweet Country
Alta Vista, KS

results:
product development
quality evaluations
shelf-life testing

companies:
Rightmire, Debra
Kansas City, KS

results:
product development
quality evaluations
shelf-life testing

companies:
Butch's BBQ Sauce
Ellsworth, KS

results:
product development
quality evaluations
shelf-life testing

companies:
Tuggle, Suzie
Concordia, KS

results:
quality evaluations
process development

Cinda's Smoke Sauce
Whitewater, KS

120 gal smoke sauce
(4x30 gal batches)

Twin Valley Popcorn
Greenleaf, KS

product development
quality evaluations
production scale-up
shelf-life testing
production scale-up

Depot Market & Cider Mill
Courtland, KS

30 gal cider jelly
30 gal crabapple jelly
5 gal cider syrup
40 bu. apples pulped for apple butter

Vista Enterprises
Manhattan, KS

product development
quality evaluations
shelf-life testing

Dinah's Noodles
Clyde, KS

quality evaluations
packaging alternatives

Expocenter Restaurant
Topeka, KS

evaluation of equipment needs
processing and packaging options
product development
shelf-life testing
quality evaluations

Osage House
Manhattan, KS

product development
process development
quality evaluations

Pendleton's Kaw Valley Asparagus
Lawrence, KS

product development
quality evaluations

Steiny's Homegrown Popcorn
Downs, KS

product development
quality evaluations

Other lab activity:

Evaluation of commercial hydrocolloids for reduced calorie syrups and jellies
Safety evaluation of home-style canned quick breads - report available, poster presentation
Development of a low-calorie corn nut product
Evaluation of aseptically packed grape juice

Professional Development Award for Pack Expo Meeting in San Francisco, 1991, \$1,000

Scholarships for fifteen Kansans to attend the "Better Process Control School" at the Univ. of NE, 1991, \$6,900.

participants:	status: complete	results: All attendees successfully completed requirements of course to become certified processors of low-acid foods.
Angel's Del Santa Fe Topeka, KS	Kay-Pat-Al Co. Topeka, KS	
Bonham, Anna Hutchinson, KS	Pendleton's Kaw Valley Asparagus Lawrence, KS	
Briarwood Farms Alma, KS	The Pickle Cottage Bucklin, KS	
Forerunners, Inc. Wamego, KS	Riggs, Marilyn Moreland, KS	
KS Food Packers Arkansas City, KS		

Promoting the Use of Tilapia in Food Service Operations in Kansas. KVAC 92- January, 1992. \$10,000.

companies:	Heartland Fish Garden City, KS	status: complete	results: 500 recipe booklets printed for institutional use 500 table tents printed 200 promotional sheets printed Presentations to Kansas Restaurant Assoc. Entree served to 140 food service personnel
	Culver Fish Farm McPherson, KS		

Value-Added Products from Mushrooms. KVAC 92-06, February, 1992. \$1,500.

company:	Toto Cure Mushrooms Atchison, KS	status: complete	results: 2 formulations developed Results shared with company Company closed in 1993?
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Value-Added Products from Mushrooms: institutional use. KVAC 92-06b, May 1992. \$3,500.

company:	Toto Cure Mushrooms Atchison, KS	status: complete	results: Bulk marinated mushroom product developed for restaurant use.
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Snack Food Evaluation and Marketing. KVAC 90-17b, February, 1992, \$5,000 (with Edgar Chambers).

company:	G&S Inc. McPherson, KS	status: complete	results: 100 consumer test by Sensory Analysis Center Results shared with company for marketing plan
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Justin Hall Value Added Processing Laboratory Technician Support. KVAC 92-21, March, 1992, \$7,000

position:	part-time laboratory technicians for assisting value-added clients and equipment maintenance	status: complete	results: Assisted # companies with product development, test batch production, client visits, production scale-up, and and safety testing
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Round Table Evaluation and 100 Consumer Panel Testing of Kansas Food Products, KVAC 92-26, March, 1992, \$8,500 (with Edgar Chambers)

status: complete	results: 20 products evaluated
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Development of Reduced Calorie Syrups for Kansas Processors. KVAC 92-27, March, 1992. \$5,000 (with Edgar Chambers).

companies:	Briarwood Farms Seybert Food Processing Chautauqua Hills Debra Rightmire Depot Market & Cider Mill	status: complete	results: Development and evaluation of model syrups Physical, chemical, and sensory data collected Model tested by Kansas companies Formulations incorporated into product line by Kansas companies
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Food Product Development Lab, 1992, \$3,945

Modified Atmosphere [Packaging] Equipment for the Value Added Laboratory. KVAC 92- , July 1992. \$12,000.
table-top vacuum packager purchased status: complete results: Packager available for test use by
Kansas food processors

Food Development Laboratory Equipment Technologist. KVAC 93-07, September, 1992. \$23,000.
additional \$27,000 for continued position support August, 1993

position_duties: equipment technologist/laboratory assistant microbiological assays
chemical and physical analyses product formulations
test batch runs equipment maintenance and sanitation
pilot plant clean up and on-site assistance

Phase III Graduate Assistant. KVAC 91-09 (Continued), October 1992. \$12,000.

Scholarships for twenty-three Kansans to attend the "Better Process Control School" at the Univ. of NE, 1992, \$18,000

Value Added Lab Operations Account. KVAC 93-18 (Foods & Nutrition) \$200.00
company: Finita's Fancies BBQ Sauce status: complete results: test batch produced
Columbus, KS

Graduate Assistant: nutrition labeling databases. KVAC 93-10, December, 1992. \$12,000
companies: status: complete results: Report provided to KVAC

Lab Equipment, KVAC 91-21, January, 1993, \$5,675
mill grinder \$1,500.
roaster 4,175.
tumbler/coater 5,000. (KVAC 91-21, January, 1993)

Professional Development Award to attend conference on "Fat and Cholesterol Reduced Foods" and "Low-Calorie Foods: Sweeteners and Bulking Agents. KVAC 93-25, March, 1993, \$2,365.

Roundtable and consumer evaluation of foods for Kansas food processors. KVAC 93-21, April, 1993. \$19,100 (with Edgar Chambers)

Value-Added Processing Laboratory: technician support. KVAC 93-36, May, 1993. \$27,000.

Graduate Assistant - Product Development & Processing Methods. KVAC 93-12, June, 1993, \$12,000

FOCUS publication and nutritional labeling assistance. KVAC 94-01, July, 1993. \$23,500.
Bi-monthly publication designed for Kansas agricultural processors to promote quality and value-added food products. Topics include changes in laws and regulations, technical information, marketing trends, and information on seminars and workshops. Mailing list includes 1100 businesses and the state agencies that provide services to these businesses.

Nutrition labeling assistance is designed to help small food processors in Kansas comply with federal regulations requiring nutrition information on labels. Private chemical analysis for product information ranges from \$400-\$600 per product and labeling additional costs. With the purchase of labeling software, Kansas companies will have economical access to nutrition information and be able to comply with regulations.

Apple cider testing. KVAC 94-04, September, 1993. \$10,000
companies: status: complete results: 9 companies participated in the study
Over 100 samples were collected and tested
E. coli O157:H7 and Salmonella.
All samples tested negative for these
pathogens.
Other microbial and quality data was collected
and shared with individual processors.

B.J. Orchard Spring Hill, KS	Rees Fruit Farm, Inc. Topeka, KS
Depot Market & Cider Mill Courtland, KS	Sandhill Prairie Farm Lyons, KS
Louisburg Cider Mill Louisburg, KS	

Polk's Farm
Burrton, KS

Steffen, Nick
Conway Springs, KS

Pome on the Range Orchards
Williamsburg, KS

Van Meter Orchards
Thayer, KS 66776

Wild Horse Orchard
McLouth, KS

Pickled egg reformulation. KVAC 94-05, January, 1994. \$2,500.

company: Wetta Egg Farm
Andale, KS

status: complete

results: pickled egg brine reformulated
to prevent clouding from spices
product on market

Development of flavored oils. KVAC 94-07, January, 1994, \$2,500

company: Prairie Thyme, Ltd.
Kansas City, KS

status: complete

results: products developed and commercialized

Development of low fat coleslaw and potato salad dressings. KVAC 94-06, January, 1994, \$5,000

company: Dinah's Noodles

status: complete

results: products developed and commercialized

Investigate potential of liquid pet drink. KVAC 94-08, January, 1994, \$2,500

company: Sa-Plez
Wichita, KS

status: in progress

results: product developed, further development needed
company is doing further marketing studies
shelf-life testing
formulation assistance

FOCUS Newsletter Editor and Nutrition Labeling Assistant, KVAC 94-11 (continuance of 94-01), April, 1994, \$26,600

KVAC Food Product Development and Testing Assistant, KVAC 94-12 (renewal 91-09), April, 1994 \$28,200

Development of Client Criteria for Assisting Food Processors in Kansas, KVAC 94-15, April, 1994 \$18,000

status: material compiled
further revisions needed

results: awaiting final revisions for printing

Preparation and Application of Edible Wheat Protein Coatings on Snack Food, KVAC 94-21, June, 1994, \$6,500 (with Tom Herald)

companies:

Big Top Popcorn
Topeka, KS

status: In progress

results: Initial tests run on coating for french
fries.
Report written.
Additional work being conducted.

G&S Inc.
McPherson, KS

Pioneer Marketing
Wichita, KS

Kaw Valley Farms
Manhattan, KS

Twin Valley Popcorn
Greenleaf, KS

Snack Food Processing Equipment, KVAC 94-26, June, 1994, \$15,500

equipment: vibrator/hopper \$2,500.
wet/dry seasoner 2,750.
handler on seasoner 250.
air popper 10,000.

status: equipment acquired
stored in Seaton Hall

results: awaiting facilities to install

Two Food Product Development Assistants 1994, KVAC 94-28, April, 1994, \$19,200

status: completed

results: # new products developed
and commercialized by Kansas
companies

Professional Development Award for Canadian IFT in Vancouver. April, 1994 \$1,380

sessions attended:

status: completed

results: Report submitted to KVAC

Product Development
Ingredient Technologies
ISO 9000

Support of a newsletter printing entitled FOCUS (on value-added agricultural products) published bi-monthly for the benefit of Kansas food processors. Amount varies with number printed. Since 1990.

Kansas Value-Added Clients 1995. \$37,000

status: in progress

results:

Accomplishments:

Holder of a U.S. Patent #5,215,770. Reduced Calorie Flavored Popcorn.

Publications:

Extension Publications:

Focus on Value-Added Agricultural Products: A bimonthly newsletter targeted at food processors in the state of Kansas.

Quality Control in Jams and Jellies Manufacture. A quality control booklet for small jam and jelly operations.

Aramouni, F.M. and Anderson, S. 1994 "Product Development of Value-Added Foods: Basic Concepts for Small Food Processors."

Aramouni, F.M. and Hachmeister, K. 1994. "Shelf-life of Food Products."

Aramouni, F.M. and Clymer, T. 1994. "Labeling of Processed Foods."

Aramouni, F.M. and Hachmeister, K. 1994. "Food Additives."

Aramouni, F.M. and Clymer, T. 1993. "Quick Reference Guide for Kansas Food Processors."

Value-Added Activities:

Telephone Inquires and follow up received in 1994:— — 1103
Researched and answered questions on the following:

Labeling — — — — 249
Equipment — — — — 57
Processing — — — — 59
Ingredients — — — — 88
Safety — — — — — 37
Analysis — — — — — 168

Development: regulations, formulations, concept — — — — 273
Other: Finances, short courses, follow-ups — — — — — 173
Office/Lab Consultations: clients/companies came
in to use services — — — — — 34
On-Site Visits: — — — — — 11
Product Development Projects: — — — — — 15
Product Analyzed: >150 products. Proximate analyses, micro-
bial analyses, physical testing and shelf-life evaluations.

Requests/Inquiries and follow up received in 1995: — — — 1280
Researched and answered questions on the following:

Labeling — — — — — 291
Equipment — — — — — 74
Processing — — — — — 114
Ingredients — — — — — 119
Safety — — — — — 69
Analysis — — — — — 182

Development: regulations, formulations, concept — — — — 200
Other: Finances, short courses, follow-ups — — — — — 231
Office/Lab Consultations: 61 visits by 47 clients/companies
to our labs.
On-Site Visits: — — — — — 14
Product Development projects: — — — — — 26
Product Analyzed:>200 products. Proximate analyses, microbial
analyses, physical testing and shelf-life evaluations.

Telephone Inquiries Received: 1989: total of 14 calls.
1990: total of 127 calls.
1991: total of 243 calls.
1992: total of 320 calls.
1993: total of 708 calls.
Thru October of 1994: total of 987 calls.

Researched and answered questions on the following:

Labeling: regulatory compliance/nutritional
Equipment: suppliers, requirements
Processing: parameters (time, temp)
Ingredients: sources, preservatives, function
Analysis: chemical, physical, microbial
Development: regulations, formulations, concept
Other: finances, short courses, follow-ups

Office/Lab Consultations: 1990 was 9
 1991 was 10
 1992 was 38
 1993 was 65
 Thru October of 1994 was 34

On-Site Visits: 1990 total of 19
 1991 total of 32
 1992 total of 24
 1993 total of 26
 Thru October of 1994 total of 11

Product Development projects: 1990 was 5
 1991 was 13
 1992 was 16
 1993 was 20
 Thru October of 1994 was 15

Products Analyzed:>150 products. Proximate analysis,
microbial analysis, physical testing and shelf-life
evaluations.

ATTACHMENT - C

6-31

Expenditures By Program:	Actuals FY 90	Actuals FY 91	Actuals FY 92	Actuals FY 93	Actuals FY 94	Actuals FY 95	Budget FY 96	Totals
KTEC	\$5,129,383	\$6,813,350	\$5,726,607	\$6,499,649	\$9,277,415	\$11,737,950	\$16,268,072	\$61,452,426
Special Projects	\$74,391	\$597,350	\$441,000	\$352,740	\$0	\$0	\$0	\$1,465,481
KVAC:								
Foods & Feeds/Adm							\$630,737	
Industrial Ag.							\$303,199	
KVAC Total	\$366,712	\$674,276	\$649,625	\$622,192	\$874,570	\$883,335	\$933,936	\$5,004,646
MAMTC	\$0	\$0	\$1,490,338	\$2,778,904	\$5,000,957	\$4,448,256	\$3,110,989	\$16,829,444
Total Expenditures	\$5,570,486	\$8,084,976	\$8,307,570	\$10,253,485	\$15,152,942	\$17,069,541	\$20,312,997	\$84,751,997
Total Expenditures By Object								
All KTEC Programs:								
Salaries and Wages	\$397,003	\$452,797	\$729,173	\$977,935	\$1,112,257	\$1,635,314	\$1,963,064	\$7,267,543
Contractual Services	\$368,053	\$449,155	\$589,221	\$1,222,836	\$1,468,680	\$1,623,302	\$1,606,882	\$7,328,129
Commodities	\$13,603	\$10,098	\$23,389	\$34,382	\$63,328	\$62,974	\$68,453	\$276,227
Capital Outlay	\$12,073	\$53,196	\$167,597	\$115,745	\$184,467	\$201,740	\$41,500	\$776,318
Nonexpense Items	\$100	\$0	\$500	\$0	\$1,500,000	\$1,500,050	\$3,450,000	\$6,450,650
Subtotal - State Ops.	\$790,832	\$965,246	\$1,509,880	\$2,350,898	\$4,328,732	\$5,023,380	\$7,129,899	\$22,098,867
Other Assistance/Grant	\$4,779,654	\$7,119,730	\$6,797,690	\$7,902,587	\$10,824,210	\$12,046,161	\$13,183,098	\$62,653,130
Total Expenditures	\$5,570,486	\$8,084,976	\$8,307,570	\$10,253,485	\$15,152,942	\$17,069,541	\$20,312,997	\$84,751,997
KVAC								
Salaries and Wages	\$101,303	\$110,913	\$148,895	\$116,962	\$144,827	\$229,742	\$267,111	\$1,119,753
Contractual Services	\$55,156	\$44,515	\$49,527	\$56,246	\$86,139	\$104,979	\$174,264	\$570,826
Commodities	\$1,854	\$1,529	\$4,032	\$3,460	\$6,373	\$5,295	\$5,353	\$27,896
Capital Outlay	\$229	\$7,448	\$3,400	\$1,510	\$48,448	\$14,060	\$3,000	\$78,095
Nonexpense Items	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Subtotal - State Ops.	\$158,642	\$164,405	\$205,854	\$178,178	\$285,787	\$354,076	\$449,728	\$1,796,670
Other Assistance/Grant	\$200,070	\$490,871	\$423,771	\$444,014	\$588,783	\$529,259	\$484,208	\$3,160,976
University Transfers	\$8,000	\$19,000	\$20,000	\$0	\$0	\$0	\$0	\$47,000
Total Expenditures	\$366,712	\$674,276	\$649,625	\$622,192	\$874,570	\$883,335	\$933,936	\$5,004,646
Percentage of Total KTEC	93.4%	91.7%	74.2%	66.8%	61.2%	68.8%	80.1%	74.2%
Percentage of Total KVAC	6.6%	8.3%	7.8%	6.1%	5.8%	5.2%	4.6%	5.9%
Percentage of Tot. MAMTC	0.0%	0.0%	17.9%	27.1%	33.0%	26.1%	15.3%	19.9%
Number of FT Positions								
KTEC	10.0	11.5	11.5	11.0	11.0	35.0	35.0	
KTEC Sp. Project			7.5	10.1	15.5			
KVAC	2.0	3.0	3.5	3.0	4.5	6.0	6.0	
Foods & Feeds/Adm							4.0	
Industrial Ag.							2.0	
KVAC Sp. Project		0	0.5	0	0	0	0	

ATTACHMENT D

- I. KVAC Peer Review Schedule and Report
- II. KVAC's "Point by Point" Response to the Kansas, Inc. Report, "Evaluation of Kansas Business Assistance - Draft Final Report October 195"
- III. Correspondence

*Senate Ag. Co.
2-1-96
Attachment 7 7-1*

INTEROFFICE MEMORANDUM

To: Charles Warren, Kansas Inc.
CC: Maggie Riggs
From: David Hurt
Date: February 9, 1995
Subject: KVAC Review

As per your request, the Tuesday 2/21 portion of the review meeting is shaping up as follows:

- 8:15-8:30 Panel arrives @ 216 Call Hall (KVAC office), meeting will convene at 8:30 in conference room 206.
- 8:30-10:00 Orientation session with KVAC staff
- 10:00 Break (coffee and rolls have been ordered)
- 10:15 Group discussion with Value added Extension Specialists (Aramouni, Boyle, Rausch, Erickson, and Gast have been contacted)
- 11:15 KVAC/KSU
Donoghue and Johnson advised of the time and location. (Assume you have contacted them re purpose of meeting).
- 12:00 Lunch at the Ramada Inn for 12 around a single table.
(preordered lunch for panel, clients, and KVAC reps)
Transportation will be provided.
- 1:30-2:30 Discussion with KVAC clients
(Shirley Stempert, Pickle cottage, Bucklin; Bill Oetinger, owner of GreenValley Meats, Clay Center; Donna Johnson, Director of Meetech, Topeka; Manjo Jain, President of Biocore/Biofoods, Topeka have been invited to attend).

FROM THE DESK OF...

DAVID HURT
PRESIDENT
KANSAS VALUE ADDED CENTER
216 CALL HALL, KSU
MANHATTAN, KANSAS 66506-3814

2:30 - 3:30 Tour of facilities, (coordinated by Debroah Hix and specialists)

3:30-4:00 Break (soft drinks provided)

913-532-7033
Fax: 913-532-7036

4:00 Closing discussions with Council/Staff.

PEER REVIEW
KANSAS VALUE ADDED CENTER

Report of:

Mark McAfee, Deputy Director, AURI
Warren Schmidgall, Executive Vice President,
Hills Pet Nutrition, Inc.
Robert J. Sherwood, President, Center for Business Innovation, Inc.
Charles R. Warren, President, Kansas, Inc.

March 8, 1995

Kansas, Inc.
632 S.W. Van Buren Street
Topeka, Kansas 66603
913-296-1460

**Peer Review of the
Kansas Value Added Center**

Summary of Recommendations

1. The Leadership Council of the Kansas Value Added Center should clearly define the roles and responsibilities of the Council and those of the President. The Council should focus its attention toward strategic planning, policy matters, program priorities, and the measurement and evaluation of performance. The President should manage the organization and be delegated the full responsibility for program administration and supervision of staff. The Council should increase the President's authority to make grant awards under \$10,000.
2. The Leadership Council, upon the recommendation of the President, should develop a three to five year plan for the KVAC. This plan should be based upon the strategic plan developed at the July 1994 retreat. It should include an explicit time line for the accomplishment of objectives and clear benchmarks for success.
3. The success of the Kansas Value Added Center depends upon the cooperation and support of Kansas State University. The two institutions have developed a mutual dependence in fulfilling their shared commitment and mission of assisting in the growth of value-added agriculture for Kansas. KSU provides exceptional resources and expertise, particularly through the value added extension specialists, as well as facilities to the center. KVAC has provided significant financial support for staff, operating expenses, and facilities and equipment to KSU. KSU needs to adapt its services to respond to the needs and time frame of business. KVAC can appropriately request that KSU be accountable to KVAC in reporting its use of facilities, equipment and staff in support of the KVAC mission. KVAC and KSU should urgently reach agreement and sign the memorandum of understanding and operating procedures that are now being negotiated between them. This agreement should be concluded within thirty days.
4. Based on its budget, staffing, and capacity, KVAC is best suited to serve small firms and start-up businesses. Its priorities should be placed on serving small firms, without distinction to food, feed, or industrial applications. It should place the highest priority on those projects having an impact on rural economic development.
5. The newly assigned mission of aiding the development of industrial uses in value added agriculture can provide significant new opportunities for Kansas business. The KVAC role as a regional coordinator of the federal Alternative Agricultural Research and Commercialization Center (AARC) provides important opportunities for Kansas and can provide substantial leverage of federal dollars. This area should also be given high priority.

6. The Peer Review Team recommends a major shift in the type of grant awards made by KVAC made. To date, the vast majority of dollars have been awarded to KSU for purchase of equipment, staff support and research projects. The bulk of grant funding should be shifted toward those projects that directly involve business clients and that have a strong potential for commercialization. It is recognized that many of the grants to Kansas State University finance business assistance programs and activities. There should be a percentage, e.g., 20%, reserved for larger firms involved in industrial use applications that offer a potential of large return or have the capacity to leverage significant federal dollars.
7. KVAC needs to establish a clear system for the review and award of grants. Such a grant system should identify: 1) eligibility for grant awards, 2) type of projects for priority consideration, 3) the schedule and requirements for submission and review of applications, 4) application format and documentation requirements, 5) type and amount of matching funds required, and 6) equity, royalty or other payback arrangements to be negotiated.
8. KVAC should make grant awards to businesses under an explicit policy that anticipates a return on the KVAC investment. In negotiating grant awards and payback arrangements, KVAC should establish clear and quantifiable indicators of success and the terms or conditions of repayment or reimbursement. These terms should be agreed on at the time a grant award is executed with a firm.
9. KVAC needs to enhance its marketing and communication efforts to increase awareness of its programs and capabilities in the State. Its grant programs need to be more effectively marketed to stimulate applications for funding. An increased number of applicants should produce a more competitive grant process and produce more successful projects.
10. The KVAC Leadership Council needs to place a very high priority on establishing a clear system of benchmarks for organizational success. Specifically, KVAC needs to adapt the KTEC project tracking system to its own use and integrate it into its management system. KVAC must closely monitor progress and accomplishments of its grantees and systematically record and evaluate the impact and results of its programs.
11. KVAC should explore the possibility, under current legislation, of establishing itself as a separate 501(c)(3), non-profit corporation that can operate as a KTEC subsidiary. As such, KVAC could enter into an annual contractual arrangement for funding and performance measurement with KTEC. The organizational model envisioned for KVAC is similar to the innovation and commercialization corporations now operating in Lawrence, Manhattan, and Wichita.

Peer Review of Kansas Value Added Center

The Peer Review Process

At the request of the President of the Kansas Technology Enterprise Corporation (KTEC), Kansas, Inc. conducted a peer review of the Kansas Value Added Center on February 20-22, 1995. The peer review is required by K.S.A. 74-8120. The Peer Review Team was selected by the President of Kansas, Inc. and consisted of:

- o Mark McAfee, Deputy Director, Agricultural Research Utilization Institute (AURI), St. Paul, Minnesota.
- o Robert J. Sherwood, President, Center For Business Innovation, Inc., Kansas City, Missouri.
- o Warren Schmidgall, Executive Vice President, Hills Pet Nutrition, Inc. and Board Member, Kansas, Inc., Topeka, Kansas.
- o Charles R. Warren, Ph.D., President, Kansas, Inc.

Prior to the site visits, team members were provided an extensive set of background materials on KVAC assembled by the staff. These written materials described and explained its history, enabling legislation, annual reports, organizational and personnel structure, budgets and annual expenditures for fiscal years 1989 to 1995, program descriptions, lists of projects and clients, and supporting activities from Kansas State University and the Cooperative Extension Service.

Before undertaking the review, team members developed and agreed upon a set of evaluation issues and questions that would form the basis for the team's examination. See Attachment A. The major topics covered in the review were: 1) Mission, Goals and Objectives, 2) Outcomes and Clients Served, 3) Policy and Management Structure, and 4) Coordination with Related Entities.

At the direction of the President of Kansas, Inc., a schedule of interviews and meetings was arranged with key individuals involved with KVAC. The meeting schedule was facilitated by the President, Dr. David Hurt. The team began its review with a dinner meeting on Monday evening, February 20, in Topeka, with members of the Leadership Council, Kansas legislators, and the KVAC President. (See Attachment B.)

On Tuesday, February 21, the team traveled to Manhattan, Kansas and Kansas State University (KSU), to interview and meet with key participants, as well as to visit the KVAC offices and the offices, laboratory facilities, and pilot plants of KSU. The schedule included: initial meeting with KVAC staff and Council members; group discussion with Value Added Extension Specialists; a meeting with Dr. Marc Johnson, Dean, School of Agriculture, and Director, Cooperative Extension Service, and Dr. Tim Donoghue, Vice Provost of Research and Dean of the Graduate School, KSU; luncheon meeting with KVAC clients; tour of KVAC facilities and KSU staff, and a closing discussion and debriefing with KVAC staff and the

Council Chair and Vice Chair. The complete list of individuals included in the meetings and tours is included as Attachment B.

On Wednesday morning, February 22, the peer review team met at the offices of Kansas, Inc. to discuss its findings and conclusions, and to agree on the major content of its report and its recommendations. This report was written by Charles Warren, President, Kansas, Inc. and reviewed in draft by the peer review team members.

KVAC History and Background

The Kansas Agricultural Value Added Center was created by the 1988 Legislature.¹ The defined purpose of the organization was to foster economic development by providing technical assistance to Kansas agriculturally related value added processing endeavors. Providing economic benefits to rural Kansas has been a major goal of KVAC.

The following statutory objectives were established in 1988:

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

KVAC operated within this legislation during its first five years. In 1993 the Legislature expanded the program objectives by merging KVAC with KTEC's Industrial Agriculture program. The Legislature also enlarged the Leadership Council from 12 to 16 members and placed the KVAC program within KTEC for financial purposes and program reviews. In return, KVAC was provided access to KTEC's corporate capabilities for assisting the agriculture value added industry in Kansas. With these capabilities, KVAC is empowered to obtain equity positions in companies receiving financial support, receive royalties from successful technologies, and have revolving loan capacities to reallocate return on revenues from successful investments. In July 1994, KVAC created a for-profit corporation, KVAC Holdings, Inc.

¹ The information in this section is taken from the FY 1996 budget submission of KTEC and is quoted or paraphrased directly from that source.

The 1993 legislative changes added these objectives:

1. Achieve substantial and sustainable continuing growth for the Kansas economy through value added products from agriculture;
2. Serve as a catalyst for industrial agriculture through technological innovation in order to expand economic opportunity for all Kansas communities;
3. Establish an industrial agriculture industry for the state of Kansas;
4. Commercialize the developed industrial agricultural technology in small communities and the rural areas of Kansas; and
5. Develop investment grade agriculture value added technologies and products.

KVAC has restated these multiple objectives into seven capsule statements for communication with the public:

1. Technical assistance
2. Develop a network to collect and distribute information
3. Provide accessibility of pilot plant facilities
4. Technical assistance to new business
5. Communication and cooperation
6. Establish research and development programs
7. Substantial and sustainable continuing growth for Kansas.

Dr. David Hurt was hired as President of KVAC in April 1994. The KVAC program directors are relatively new to the organization. The Center's main office is located on the central campus of Kansas State University to facilitate interaction with the resources located there, including the KSU agriculture extension value added specialists, and other faculty. The KVAC industrial agriculture uses program is housed at the KTEC offices in Topeka.

The total budgets for KVAC from fiscal years 1989 through 1995 are shown below:

FY 1989	\$71,270
FY 1990	\$366,712
FY 1991	\$674,276
FY 1992	\$649,625
FY 1993	\$622,192
FY 1994	\$874,570
FY 1995	\$882,950

The significant increase in KVAC's budget from 1993 to 1994 is attributed to the transfer of \$250,000 from KTEC's industrial agriculture program to KVAC.

Major Findings

Council and Staff Roles

KVAC has reached a level of maturity since its creation in 1988 and now needs to move to a higher level of sophistication in defining the roles and responsibilities of the Leadership Council, the President, and the staff. The Council is too directly involved in management and should focus its attention toward strategic planning, policy matters, and the measurement and evaluation of performance. Currently, the Council approves all grant awards over \$1,000.

The team concluded that there was no clear sense of short and long term objectives, nor clear priorities established in terms of the Center's activities. KVAC seems to be operating on a year-to-year framework. A KVAC strategic plan was developed at a Leadership Council retreat held on July 13-15, 1994. The KVAC Strategic Plan dated August 1994 was reviewed by the team.

The team recommends that the policy and procedures that operate between the Leadership Council and the President be redefined consistent with a 3 to 5 year plan of operation. This plan should build on the KVAC Strategic Plan developed at the retreat. However, a series of timelines and success benchmarks should be clearly articulated.

In short, the Leadership Council should operate at a strategic and policy level and the President should manage the organization. In this regard, the amount of funding for awards made by the President should be raised to a much higher level, perhaps up to \$10,000 per award. Mark McAfee notes that the Executive Director of AURI, the Minnesota counterpart to KVAC, may approve expenditures under \$25,000.

KVAC/KSU Relations

Over the past several years, the arrangements between KVAC and KSU have been positive for both organizations. The University and KVAC share the same mission and both have a commitment to value added agriculture. The University possesses considerable expertise, much of it highly specialized, in disciplines important to value added agricultural business, both large and small. During the past four years, KVAC has funded about \$300,000 of equipment located at Kansas State University for pilot plant facilities and consumer food processing and measurement. KVAC has substantially increased KSU's capability to assist value added processors.

The Cooperative Extension specialists who work with KVAC are an important resource to the Center. Five specialists in value added agriculture were funded as part of the Margin of Excellence program in 1989 by the Legislature as a conscious effort to support and strengthen the capabilities of KVAC. These extension specialists have received funding from KVAC for personnel, facilities, supplies and equipment to provide help to small value added firms, for example, in nutritional labeling, food safety testing, product quality, and processing.

The University provides expertise, pilot plants, and laboratory facilities. In addition, the University supports KVAC by donating office space, utilities and other indirect support. KVAC serves as the primary broker, facilitator in meeting client needs, and as an integrator of needs and resources. There is a mutual dependence between the two organizations in their shared mission toward value added agriculture. For this reason, it is critically important that a strong, effective, and cooperative relationship exist between them.

For reasons partly attributable to a divergence in academic and commercialization goals and related managerial styles, the relationship between KVAC and KSU appears to have deteriorated. There is a conflict between KVAC's renewed emphasis on commercialization and the research/education orientation of the University.

In fulfilling its original objective of "substantial and sustainable continuing growth for Kansas," KVAC must demand accountability in its expenditures from the University. KVAC has to be more client-directed than research-oriented. This creates certain tensions. KVAC clients need responses to their requests under a time-line that is industry and market regulated rather than one driven by the academic schedule. For example, the University assigns graduate students on a semester basis, and they often assume that period is their time frame for performance. KVAC technical assistance must be provided with a sense of business urgency.

The leadership of both Kansas State University and the Kansas Value Added Center recognize the current tensions and difficulties that exist in their relationship. Once again, there is a mutuality of objectives and KVAC, in particular, is highly dependent on the university. For this reason, it is appropriate that KVAC is located on the KSU-Manhattan campus. The Peer Review Team applauds the current efforts underway by both parties to complete a memorandum of understanding and urges that this document, and the agreement it would represent, be completed within thirty days.

Project and Client Focus

The KVAC mission in value added agriculture is directed at both large and small producers, as well as food and non-food uses of agricultural products. These can be very different constituencies with distinct characteristics and needs. Based on its budget, staffing and capacity (e.g., basic technical assistance, pilot plants), KVAC is currently best suited to serve small firms. The Peer Review Team believes this is where its priorities should be placed. Yet, there is not a clear sense of priority with respect to the emphasis that should be

given to the dichotomies of food vs. non-food and small vs. large producers. The current effort seems to be more opportunistic than planned.

In most instances, KVAC would have little to offer the large food processing company. In most cases, such large companies that desire or need assistance from Kansas State University have probably already established a long-term relationship to gain that assistance. It was noted that there may be special situations where KVAC might serve as a broker for certain specialized forms of assistance, such as those offered by the Sensory Analysis Unit. The types of basic aid that are being provided, e.g., determining shelf life, helping with nutritional labelling, etc., are clearly more appropriate to small or start-up food processing firms.

Non-food or industrial uses of agricultural commodities are a recent addition to the KVAC mission. There are significant opportunities in this area and non-food uses should be emphasized by KVAC. In setting its priorities for allocation of grant funds, the team believes there should be a percentage, e.g., 20%, reserved for larger firms involved in industrial use applications that offer a potential of large return or have the capacity of leveraging significant federal dollars.

KVAC Budget and Grant Awards

Approximately two-thirds of the KVAC annual budget is expended for grants to the university and business community. These grant awards are made for the primary purpose of aiding value added agriculture processors. A review of the list of grants provided to the team for the years 1993 to 1995 revealed that Kansas State University participated in 69 percent of the dollars awarded. Sixty percent of the grant award dollars were made directly to Kansas State University. Of that amount, \$254,700 provided staff support to university faculty and \$166,800 was applied to the purchase of equipment for the university. Many of the grants that go direct to university researchers are for R&D projects, some of which do benefit firms directly. A total of 16 grants or \$93,712 in awards were made jointly to a business and KSU researcher. During the 1993-1995 period, only 10 grants were made solely to a Kansas business with the total amount of awards at \$268,668, or 26 percent of the total grants made by KVAC.

KVAC Grant Awards, 1993-1995

Recipient	\$ Amount	Percent of Total
Kansas State University	\$631,165	60
Pittsburg State University	28,900	3
KSU & Business	93,712	9
Business Assns.	9,140	1
Businesses	268,668	26
Other	14,342	1
Total	\$1,045,927	100

KVAC grant funds have greatly increased the capacity of Kansas State University to assist value added firms through staffing and equipment purchases. However, the peer review team concluded that this capacity-building phase has been largely accomplished. It is now time to leverage that capacity by placing a much higher priority on awards that provide direct assistance to businesses, especially for projects that can lead to commercialization.

The team concluded that KVAC lacked a clear system for the review and award of grants. Policies and procedures need to be established on a formal basis that identify: 1) eligibility for grant awards; 2) priorities for awards; 3) the schedule and requirements for submission and review of applications; 4) application format and requirements; and 5) type and amount of matching funds required. The clients interviewed indicated that no clear guidelines existed and there was no published schedule for making awards. Clients also expressed frustration with the lack of guidance for preparing applications and submitting financial information.

Interviews with client firms that had received cash awards revealed that each firm had agreed to enter into a payback arrangement if the firm or product was successful. But in no case was success defined in quantifiable terms. KVAC needs to establish on an up-front basis exactly what is meant by "success" with each client that is granted an award.

In most cases, KVAC should take the perspective that it will attempt to obtain a return on its investment with each grant that it makes. It will need to establish explicit guidelines on the payback that is expected, e.g., 1.5 times the award, or 2 times award, or five times award, or royalty payments. The amount of return expected should be calibrated based on the amount of risk that the project entails. KVAC also needs to determine the amount of time it is willing to accept for its return. KVAC clients stated they would be willing to enter into a payback arrangement, but only if the investment made was significant in terms of the size of the project.

There is a need to stimulate more requests for grants on the part of KVAC. A greater demand for grants by KVAC will produce true competition and should result in the award of higher performing grants. A ratio of two to one in terms of grant applications and grant awards would probably be sufficient. KVAC does have an obligation to balance the probability of success with the client's need for assistance. Yet, all other things being equal, KVAC should make awards to clients with the greatest probability of the highest return.

Organization and Structure

The Kansas Value Added Center has had an ambiguous organizational history. It was originally created as an autonomous entity within KTEC. Initially the Center was guided by a Leadership Council of 12 persons; the council was expanded to a membership of 16 persons in 1993. The employees of KVAC are legally employees of KTEC and the budget of KVAC is subject to the approval of the Board of Directors of KTEC. For all practical purposes, KVAC is an entity within KTEC with its own externally appointed Board. The President of KVAC was hired by the Leadership Council which also has the authority to terminate the President.

The Peer Review Team recommends, if feasible under existing legislation, that KVAC be established as a separate 501(c)(3) non-profit corporation that would operate as a subsidiary of KTEC. The team believes that an appropriate organizational model would be one similar to the innovation and commercialization corporations, such as the Lawrence, Manhattan, and Wichita Innovation Corporations. In this form, KVAC could then enter into an annual contract with KTEC for its funding with clear performance measures established. Apparently, this change can be accomplished by KTEC under its existing legislative authority and charter. However, it is suggested that legislative approval or endorsement of this organizational change be obtained. This is a long-range recommendation that can be accomplished over a period of three years. The team believes that this restructuring would make KVAC more market-driven and give much more emphasis to its commercialization objectives.

Under such a new organizational structure, it would then be appropriate for KVAC to enter in more defined contractual arrangements with Kansas State University and work with the university more on a project-by-project basis. A team member also suggested that KVAC might wish to co-locate with the Manhattan Commercialization Center in its off-campus location. This physical move might improve its coordination with other service providers and economic development entities. However, it might compromise its close relationship with the university faculty, staff and related facilities.

Measuring KVAC Success

The KVAC Leadership Council needs to place a very high priority on establishing a clear system of benchmarks for organizational success. These benchmarks should measure

success on a project basis, as well as on the contribution to the Kansas economy generated by the state's investment in KVAC. In doing so, the Council can readily adopt many of the methods and systems that are working for its parent organization, KTEC. Specifically, KVAC needs to adapt the KTEC project tracking system to its own management system. This would enable KVAC to follow-up on its activities, and record the impact of its projects. KVAC should be very specific in the adoption of targets and performance criteria. For example, it should rely on such quantifiable indicators as: jobs created, jobs retained, revenues generated by client firms, income generated, or sales generated by client firms. Other equally significant indicators are the amount of private investment leveraged or the amount of federal R&D dollars or grant awards leveraged. In measuring its success, KVAC should give a clear priority to creating new jobs and increased income for rural communities.

A member of the peer review team cautioned that while patents issued may be a valid indicator for academic purposes, patents, by themselves, do not provide a reliable measure of commercial success.

Summary

The Kansas Value Added Center was created to meet an important economic need in Kansas: developing the value added agricultural industry. Since 1989, considerable progress has been made in creating the institutional capacity and expertise to provide invaluable assistance to value added agricultural start-ups and existing businesses. Kansas State University is well equipped to help the value-added community, and is positioned to serve that community effectively. Its partnership with the KVAC is appropriate and needs to be strengthened. The KVAC/KSU value added team has provided invaluable assistance to a number of small, food processors and is viewed positively by its clientele. The investments made by the Kansas Legislature in the KVAC are beginning to pay significant dividends as the Center has achieved a level of maturity and sophistication in performing its mission. At this stage in its organizational development, KVAC needs to refocus its resources and activities toward the commercialization of value added, food and non-food products, and undertake projects that will more directly lead to the fulfillment of its primary strategic goal: "substantial and sustainable continuing growth for Kansas."

Attachment A

Kansas, Inc. Peer Review of the Kansas Value Added Center Evaluation Issues and Questions

Mission, Goals and Objectives

1. What were the 1988 mission, goals and objectives of KVAC?
2. Have they evolved over the past seven years?
3. How does KVAC contribute to achievement of the State's strategy for economic development, "A Kansas Vision?"
4. How are annual goals and objectives established? What is the role of the council in setting them? What is the role of the President and staff?

Outcomes and Clients Served

5. Who has KVAC served over the past several years? Existing businesses? Entrepreneurs? University Researchers? Others?
6. How are projects and clients selected? Is the selection process competitive? On what basis and by whom are resource allocation decisions made? Are criteria established for client selection and project funding? To what extent are market considerations or commercialization potential utilized in project selection?
7. Are performance standards to evaluate outcomes established at the outset? What quantitative and qualitative measures are used to evaluate success?
8. What return on investment has KVAC achieved since 1988 (firms started, jobs created, business retention and expansion, private and federal investment leveraged)?
9. How does KVAC measure customer satisfaction and the responsiveness of its program activities to client needs? What objective measures are available to assess client satisfaction?

Policy and Management Structure

10. How are KVAC's Policies determined? What policy role is played by: the Governor and the Legislature, KTEC, the Council, Kansas State University, the President and staff?
11. How has the policy and management setting of KVAC evolved over the past seven years? What problems have been identified and how have they been addressed? What problems currently exist in KVAC policy and management activities?

12. What is the extent of, and how effective is, industry participation in KVAC policy setting?
13. How is KVAC managed? How is the management role of the Council and the President distinguished? To what extent does KTEC participate in KVAC management? Are the policy and management structures or arrangements appropriate?
14. Is the staffing and budget resources allocated to KVAC appropriate to its goals and mission?
15. How effective is KVAC at strategic planning, annual business planning, priority setting, budgeting?

Coordination with Related Entities

16. How does KVAC coordinate its activities with related entities in Kansas? How does KVAC contribute to the success of other Kansas economic development entities? How do related organizations contribute to KVAC's mission and performance?
17. What support and assistance does KVAC require and receive from related organizations? How does Kansas State University contribute to KVAC's mission? Does KVAC receive the external support and assistance it requires to be effective? What changes are needed?
18. Does KVAC play a leadership role within its field of activity? Within Kansas? Within the Great Plains region? Nationally? How does its role as a regional center of the national Applied Agricultural Research Center (AARC) contribute to its mission?

Attachment B

Lists of Persons Interviewed by KVAC Peer Review Team

- A. Legislators
 - Rep. David Heinemann, R., Garden City
 - Rep. Bruce Larkin, Council member, D., Baileyville
 - Rep. Steve Lloyd, Council member, R., Clay Center
 - Senator Jerry Karr, D., Emporia

- B. Council Members
 - Jay Breidenthal, Chairman, KTEC and Council member
 - Richard Hahn, Member, Chair, Grain Sciences Department, KSU
 - Maggie Riggs, Chair, Hutchinson
 - Lois Shicklau, Vice-Chair, Haven

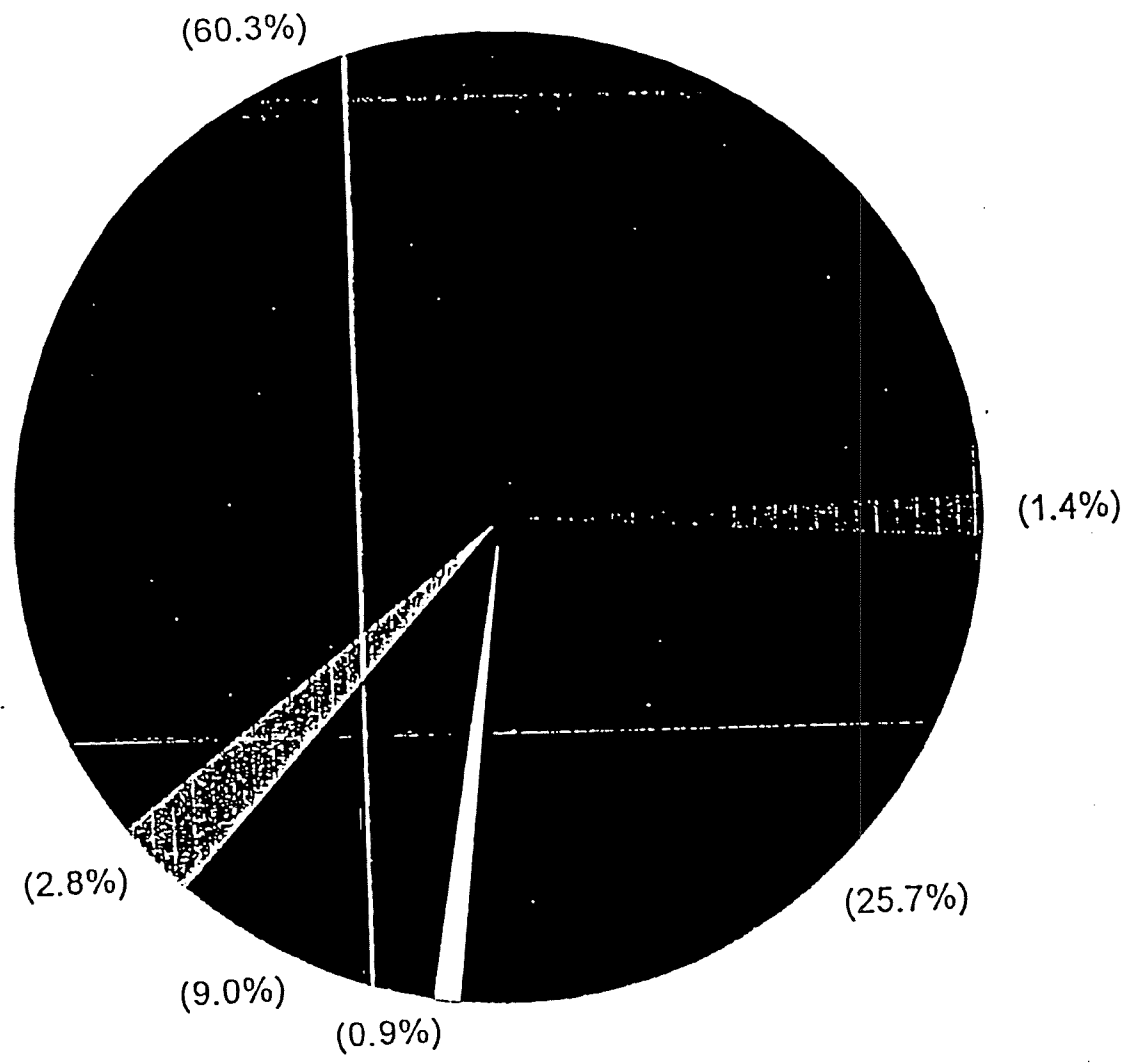
- C. Kansas State University
 - Tim Donoghue, Vice Provost for Research, KSU
 - Marc Johnson, Dean, School of Agriculture, Director,
Agricultural Extension Service and Council member

- D. Value Added Extension Specialists
 - Fadi Armouni, Department of Foods and Nutrition
 - Donald B. Erickson, Professor, Community Enterprise
Development
 - Karen L.B. Gast, Extension Horticulturist
 - Kent D. Rausch, Extension Food Engineer
 - Sheri L. Smithey, Assistant Professor, Department of
Biological and Agricultural Engineering

- E. KVAC Staff
 - David Hurt, President
 - Deborah Hix, Manager, Food/Feeds
 - Jim Parker, Manager, Marketing/Information
 - Sherry Schoonover, Manager, Industrial Agriculture

- F. KVAC Clients
 - Kyle Bauer, Vice President, Green Valley Meats, Clay Center
 - Donna Johnson, Director, Meetch Corporation, Lawrence
 - Kirk Lowell, CloudCorp Economic Development Group, Concordia
 - Barry and Shirley Stempert, Pickle Cottage, Bucklin

KVAC Grant Awards, 1993-1995



- KSU
- ▨ PSU
- Univ/Bus.
- ▤ Assns.
- Business
- ▩ Other



KVAC

November 11, 1995

Mr. Charles R. Warren
President
Kansas, Inc.
632 S.W. Van Buren, Suite 100
Topeka, Kansas 66603

Re: Evaluation of Kansas Business Assistance - Draft Final Report
October 1995

Dear Mr. Warren:

We value the peer review process, as it can provide meaningful insight and information that can be used to improve operating policies and procedures. Your undertaking is to be commended in its scope. However, we feel that your evaluation as reported in the draft final report as captioned above, did not reflect an accurate picture of KVAC.

Our previous telefax of 11/06/95 mentioned, in general terms, our concerns about your review and that we would forward our formal response to you prior to your board meeting (November 16, 1995). We have made a point by point response to the comments raised by Kansas, Inc. When I have quoted the report's comments, they appear in italics followed by KVAC's response. By this letter, we hope to improve the accuracy of the above captioned report as follows:

1.0 PAGE 9-13, FUNDING/STAFFING:

1.1 Kansas Inc. states: *... "KVAC is currently staffed by three full-time persons. Five value-added extension specialists employed by Kansas State University provide technical support and expertise to clients."*

1.2.1 KVAC response: Since FY 95, KVAC has had six full time positions not three:

<u>Position</u>	<u>Status</u>
President	Interim President
Director of Foods/Feeds Program	Staffed
Manager of Industrial Agriculture	Staffed
Communications Manager	Currently Vacant
Two Administrative Assistants/Support	Staffed

1.2.2 KVAC response: Both KVAC and KSU provide technical assistance. KVAC has qualified Ph.D., M.B.A. and M.S. level personnel on staff to initially review client needs, recommend courses of action, and refer the client to KSU or other technical resources throughout

KANSAS VALUE ADDED CENTER

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the state. KVAC, through Kansas State University has seven KSU Value Added Specialists that can be called upon to assist clients in specific technical areas (this assistance is covered in an agreement with the university). In addition, we utilize various other resources including: the Departments of Commerce & Housing, Health & Education, and Agriculture, the Small Business Development Centers throughout the state, and/or other agencies, private companies, etc.

2.0 PAGE 9-14, PROGRAM TRACKING SYSTEM:

2.1 Kansas, Inc. states: *"KVAC did not have a client tracking system in operation during the time frame of this evaluation."*

2.2 KVAC response: This statement is totally in error. KVAC has always had a client tracking system and we continue to use the following:

- ▶ Computer Spread Sheet Software - listing Proposal/Award Number (chronologically, by fiscal year received), Client Name, Level of Funding, Date of Payment, etc. This system, established in 1989, provides accurate and detailed client tracking for every KVAC award or proposal. It is updated as new proposals are received and/or as awards or payments are made. We have included these sheets, by fiscal year for your review (enclosures A - G)
- ▶ KVAC has always maintained a client contact system both on computer and paper based systems. Whenever someone calls the office, a telephone contact sheet is filed out. These sheets are entered into our data base. I have included several copies for your review (enclosure H refers).
- ▶ KTEC/KTRAC system - please refer to our remarks in section 6.1 of this letter.

3.0 PAGE 9-14. KANSAS, INC. DATA BASE TABULATIONS:

3.1 Kansas, Inc., states: *"KVAC provided records of 76 incidents of assistance and the names and addresses of 71 companies or individuals who had entered into agreements for technical assistance. Not all of these clients had signed formal contracts"*.

3.1.1 KVAC response: The list of KVAC clients as previously provided by Kansas, Inc., (Kansas, Inc., telefax 11/01/95 refers) does not reflect the information set forth in our spread sheets. Therefore, we cannot comment as to why information was missing -- because we feel it was provided during the peer review meeting held at KVAC (sub para 3.3.1 refers).

- ▶ My review of KVAC's client tracking system reveals that KVAC has provided services to 506 clients through FY 1995 vs. the 71 clients as stated in your reports. This information is reflected in enclosures A - G.

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- ▶ Of these 290 have received financial assistance from KVAC. In 1989, KVAC did not generally enter into formal contractual relationships, except for university awards/or infrastructure grants. Awardees received a "grant letter" which notified them of the grant and any stipulations that might apply.
- ▶ Commencing in fiscal year 1994, KVAC initiated a "new policy" of requiring a return on investment (ROI) on commercial awards. At that time, we did not use a formal contract document for all awards, rather it was a letter agreement/format (copy provided as enclosure I refers).
- ▶ All university awards have been covered by an agreement beginning in 1990 and renewed as required - enclosure J refers). This last fiscal year, KVAC entered into a Memorandum Of Understanding (MOU) with KSU. It covers the working relationships with the pilot lab facilities (KVAC established) and the use of the Value Added Extension Specialists/Ag Processing Utilization Specialists.
- ▶ Since my arrival in September, we have developed a written contract/agreement for all commercial awards and are negotiating a new agreement with KSU to cover value added activities.

3.2 Kansas, Inc., states: *"Of the 71 individual company records provided by KVAC, only 19 instances of assistance were identified by year. KVAC could not identify the year in which assistance was provided by 57 instances of assistance."*

3.2.1 KVAC response - We cannot understand why your records indicate that only 19 instances of assistance could be identified by year, when all of our information is keyed to the year in which it is received. All clients, especially awardees are listed by year (enclosures A - G refer). This information is readily available from our tracking system and its data sheets.

3.3 Kansas, Inc., states: *"Other outcome measures were also poorly recorded. Only four records were provided of jobs created or retained."*

3.3.1 KVAC response: KVAC has produced Annual Reports since 1989, with the exception of 1994 (and these were included in the black three ring binder the peer review committee received). These reports provided information to ascertain our outcome measures detailing the number of clients and counties served, new products commercialize, projects authorized, number of seminars provided, number of grants awarded, etc. During this period, we did not collect information on a regular basis on jobs created, sales increase, etc. However, In 1991, KVAC undertook an economic impact survey to better understand its impact on the State's economy (sub para 6.2 refers).

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Kansas, Inc.
November 11, 1995

To be more diligent in this effort, in FY 1994, as part of our awards program, we begin requesting this information on a quarterly basis. In addition, I sent out a survey last month to collect economic impact information (sub para 6.3.2 refers). As soon as we have collected this information, I will be pleased to forward it to your office. In the future, we will be more efficient in monitoring economic development and impact information.

4.0 PAGE 9-15, PROGRAM PERFORMANCE MEASURES:

4.1 Kansas, Inc., states: *"KVAC substantially overhauled its system of performance measurement for the FY 1997 budget document. KVAC has essentially combined both outputs and outcomes into one category of 'performance indicators'. . . This list includes both output and outcomes measures, but does not make the distinction as required by the Division of Budget in the development of the budget document."*

4.1.1 KVAC response: We do not feel that we "substantially overhauled" our performance measurement system. We inadvertently omitted the two Headline Titles/Categories which should have been shown. This was a regrettable omission on our part and not an attempt to overhaul our performance measurement system. The performance measures can be easily displayed, by taking the existing list as provided in the FY 96 - FY 97 budget document, dividing the listed performance indicators at the midpoint and adding the "Headline Titles" (pages 54 and 55 of the KVAC FY 1997 Budget Document refer). When this is done, the performance measures would be in compliance as follows:

Add This Headline Title: "FOODS & FEEDS PROGRAM - OUTPUT MEASURES":

Existing	Number of clients served,
	Counties served,
Measures	Presentations, seminars, workshops conducted,
	Client scholarships for technical training

Add This Headline Title: "FOODS/FEEDS PROGRAM - OUTCOME MEASURES":

Existing	Products developed,
	Products commercialized,
Measures	Businesses developed,

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New jobs created,

Proposals funded,

Add This Headline Title: "INDUSTRIAL AGRICULTURE - OUTPUT MEASURES":

Existing	Identify new options for Kansas ag products, either via meeting or pre-proposal,
Measures	New uses projects determined to be worthy of funding consideration,
	Conduct workshops/seminars,

Add This Headline Title: "INDUSTRIAL AGRICULTURE -OUTCOME MEASURES":

Existing	Actual Projects funded,
	Business developed based on new ideas from workshops,
Measures	Clients served

5.2 Kansas, Inc., states: "KVAC is similar to many programs operated by KTEC in that many clients engage in activities which continue for more than one year. It is therefore imperative that KVAC list both the number of ongoing clients served, and also the number of new clients served as separate measures. This practice will allow KVAC to more accurately describe the activities of the agency for the previous year."

5.2.1 KVAC response: Since 1989, KVAC has provided a list of contacts in its annual reports (as provided to Kansas, Inc. supra 3.3.1 refers):

	<u>Number</u>		<u>Number</u>	<u>Carry Over</u>	<u>%</u>
New Contacts FY 89	301	Total Contacts FY 89	302	01	
New Contacts FY 90	331	Total Contacts FY 90	381	50	13.12
New Contacts FY 91	240	Total Contacts FY 91	398	158	39.70
New Contacts FY 92	166	Total Contacts FY 92	331	165	49.85
New Contacts FY 93	100	Total Contacts FY 93	302	202	66.89

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If it is suggested that this measure be incorporated into the budget as an item for measurement, then we do not feel this suggestion will work. It would be difficult if not impossible, to project two years in advance, the level of ongoing support (i.e., the number of clients carried over from year to year). The KVAC information suggests that on average over 40% will be carried over to the next year. In addition, this is not a measurement which would lend itself to either Output or Outcome measures (of any significance). It is significant as a measure to show where our time is being spent (new clients vs. existing). However, a retention rate of any percentage year-to-year is not a goal KVAC would want to attain -- we want to see our clients/contacts out of the KVAC system developing new products, increasing sales, etc. As a management tool to show where the effort is going, it is an excellent idea.

6.0 PAGE 9-15, PROGRAM ISSUES:

6.1 Kansas, Inc., states: *"KVAC should be challenged to provide documentation to verify that performance measures listed in FY 1995 budget document can be substantiated through credible record keeping and client tracking. To achieve this goal, KVAC should adopt a system of client tracking based on the model of the ARMF (sic KTEC ARMF) program. This program requires grant recipients to submit quarterly reports indicating any economic impact to the company as a result of the assistance provided. This will assure KVAC a system of reliable and documented performance measurement."*

6.1. KVAC response: When the peer review personnel visited KVAC's offices, they were given a three inch, black, notebook binder which provided a complete overview of KVAC. It included several sections on client tracking. As previously mentioned, since its inception, KVAC has had a client tracking system both on spreadsheet and database software.

While this is a credible system, over the past two years we have sought ways to improve its performance. KVAC has evaluated several systems including MINES - which is adequate for manufacturing and engineering client tracking, but we were told it couldn't be modified to accept the types of data we need. We also looked at KTEC's ARMF program system (which was mentioned in your report). As you know, it is a mini-main frame, IBM AS/400 system which is not readily accessible by personal computer.

Based on our systems and procedures in place, we cannot understand how you drew the conclusion that we do not possess a credible tracking system. We have required since FY 1994, the first year we were ROI oriented, that all awardees provide KVAC quarterly reports on their progress including economic impact data. Since KVAC's inception, it has required the university to provide reports. We cannot understand how your team arrived at this conclusion based on the systems we have in place and the information that was provided to them in the black binders (supra 3.3.1 refers). I have provided copies of award letters from the various years for your review.

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In October of this year, we have instituted a more formal contractual client/KVAC relationship. It is based on the KTEC award system. We need to improve our follow up procedures with clients, to ensure that KVAC receives these reports in a timely manner. This has been instituted.

KVAC has also adopted several of KTEC's "paper" based pre-proposal, and other client flow procedures. These should ensure uniformity of reporting categories and improve our ability to provide information.

KVAC has been working closely with KTEC, in its efforts to develop the KTRAC database tracking system. However, this system is not available and won't be until late in the first quarter of calendar 1996. If "KTRAC" had been up and running when your team visited KVAC, I'm sure you would have seen the benefits of this system over current methods.

6.2 In October, 1991, KVAC undertook a survey of its clients to develop information on KVAC's economic impact on the State (enclosures I and J refer). The survey covered the:

- ▶ Professionalism of KVAC staff
- ▶ Usefulness of services
- ▶ Subsequent client action after KVAC
- ▶ Impact of services on client's business
- ▶ Suggestions for improvement
- ▶ How did they hear about KVAC
- ▶ Query on the type of business
- ▶ Length in business
- ▶ Number of employees
- ▶ Increase/decreases in employee levels
- ▶ Changes in profits
- ▶ Query on the introduction of new products
- ▶ Reliance on family income
- ▶ Demographic information
- ▶ Size of business
- ▶ Query on additional KVAC support required
- ▶ Additional Comments

The overall impression from this survey (39% return rate) was extremely complementary and positive toward KVAC, its professionalism, content of its programs, etc. (copy of results enclosed).
In general, 147 surveys were sent out and 57 were returned with comments such as:

- ▶ Was your contact with KVAC handled professionally?

Yes 51 No 0

- ▶ What impact has KVAC had on your business?

Too early to tell 8

None 4

Good or positive 7

Gave more hope for success

Improved - now I can back up what I say. We look more professional.

Access to experience we don't have and could not afford.

Significant. The funding has been lifeblood through start-up phase.

Because of your assistance, I could see possibilities for expansion of the business,

i.e. new products, contracting manufacturing, and trends in the food industry.

Profit has increased 9

Employment has increased 11

Introduced new products 20

We think KVAC is wonderful. It allowed us to find information necessary for getting into fields not possible unless we were on the inside.

Thanks for the help. Rural Kansas is sometimes overlooked . . . information sent to us was very helpful.

KVAC is an asset to the state of Kansas and should receive high priority support.

This is one of the very few government organizations that exceeded my expectations and actually did more than they advertise.

KVAC is valuable for Kansas. Keep up the good work.

Keep up the good work. Rural Amer. economic health depends on the value added concepts for its growth and development.

6.3 Page 9-15 continued, Kansas, Inc., states: *"In late October 1995, the new executive director of KVAC...notified Kansas, Inc., staff that they have undertaken a new survey of the KVAC clients..."*

6.3.1 KVAC response: The title of the position is president, not executive director and I am serving in an "interim" capacity.

6.3.2 KVAC response: In October of 1995, we undertook another survey of all commercial awardees to provide information on the following:

- ▶ Manner in which the results of KVAC's award has helped commercialize products, processes or knowledge base.
- ▶ Actual and/or projected sales in dollars for a five year period.

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- ▶ Projected sales in dollars for a five year period (if new award).
- ▶ Export sales in dollars.
- ▶ Employees added.
- ▶ Dollars saved.
- ▶ Query whether or not the award enhanced production or operating efficiency.
- ▶ Query on the benefits that are expected.
- ▶ Query on other benefits that may have occurred to other Kansas companies as a result of the award..

At the present time, approximately 20% of the surveys have been returned. The responses have been very promising:

Basic Financial/Economic Impact Information (20% return):

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Sales	75,000					
	12,000	17,000	25,000	40,000	100,000	
			945,000	1,908,000	3,000,000	6,000,000
	16,065	20,000	25,000	30,000	35,000	40,000
	663,000	1,688,000	1,408,000	1,255,000	1,502,000	
Exports			10,000	15,000	20,000	25,000
Jobs Added	3	4	5	7	10	0
	2	2	3	3	4	4
			13-20	20	35	60
	1	1	-1	0	0	0
Dollars Saved	20,000					
	5,000	5,000				

Comments - From returned surveys::

- ▶ If we can successfully commercialize the technology, this small business will quickly become a multi-million dollar company. This award is allowing us the opportunity to evaluate and test market a very promising technology.
- ▶ If we are successful high quality rural employment opportunities will occur.
- ▶ Significant increases for our processors, other increases for local graphics companies, printer, box manufacturer, retail outlets, and food cooperative.
- ▶ Will increase sales by \$1,000,000.
- ▶ Able to hire additional people to increase our sales.

- ▶ Replacing out of state produced product with locally grown wheat.
- ▶ Provide our Kansas growers a premium of between 10 and 70 cents per bushel.
- ▶ We currently have two joint ventures with multi-national companies
- ▶ We have been recognized as a player in the area of Agro composites.
- ▶ KVAC's support of the Wheat Utilization Summit helped bring together a variety of stakeholders to identify key steps to increase the commercialization of new products made with wheat.
- ▶ This project simply allowed us to offer a more complete line of products much quicker.
- ▶ When our company succeeds in establishing a totally new industry ...hundreds of producers in Kansas will share in that success.
- ▶ KVAC award made the business start up possible by supporting testing of diets and hiring help to get production started. Information obtained reduced production costs and provided funds to keep us going prior to marketing.

6.4 Page 9-15 continued, Kansas, Inc. response: *"Since the Department of Commerce and Housing now has responsibility [sic] for the Agricultural marketing and directory activities, it makes sense to transfer KVAC from KTEC to KDOC&H so that all these closely related activities can be managed together and coordinated. The industrial uses program of KTEC should remain in its present location."*

6.4.1 KVAC response: The industrial uses program is a KVAC program not a KTEC program. KVAC's Industrial Ag. program is housed in the same building as KTEC (which might lead to some confusion). In August of this year, the KVAC Leadership Council asked KTEC to provide a managerial/supervisory role for this program until the end of fiscal year 1996 (June 30). KTEC was asked to provide this service, as the position of KVAC president was vacant. It was not practical at that time, to supervise this position in any other manner. This was a temporary move by the Leadership Council and in no way was it considered permanent.

If KVAC was placed under KDOC&H, this would, in our opinion, be a move to "centralize" functions. On page 1-6 of your report, the last recommendation for the State's strategy on economic development is: "Decentralize the administration and delivery of business and technical assistance." However, it appears that several of your recommendations for how specific programs should be delivered, indicate a contradictory move towards a centralized vs. decentralized approach -- which

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is inconsistent with your given strategies.

7.0 ADDITIONAL COMMENTS (KEYED TO THE EVALUATION REPORT):

7.1 Page 4-6, Kansas, Inc., statement: *"The delivery of economic development programs and assistance in the State of Kansas must achieve, not only significant economic benefits to Kansas companies, but also a high degree of customer satisfaction. Customer satisfaction cannot be measured simply by the successful execution of a project, but also must consider the timeliness and expedience of the assistance, the knowledge and competence of the economic development professionals involved with the company, and the overall value of the assistance to the company.*

Customer satisfaction is an increasingly important factor in determining the value and outcomes of many state programs. For instance, many programs do not have direct impact over job creation, but rather serve as brokers of information or other forms of technical assistance. For these programs, a rating of customer satisfaction may be less tangible than jobs or exports, but is a significant and meaningful indicator of the value of the assistance provided to an individual or company."

7.1.1 KVAC response: We would enthusiastically promote this statement. We would also suggest that our surveys clearly indicate and support the notion that we are viewed as an important factor in the professional development of our client base. Our clients seem especially pleased with the services we are offering.

We do not understand, if this is as important as you have stated, why Kansas, Inc., chose not to survey any of our clients. Surely this information would have been of value to Kansas, Inc., in its evaluation of KVAC.

7.2 PAGE 10-11, CHAPTER 10 - POLICY OPTIONS AND RECOMMENDATIONS, KANSAS VALUE ADDED CENTER:

7.2.1 Kansas, Inc., recommendation: *"Abolish the Kansas Value Added Center and transfer its functions from KTEC to KDOC&H. Retain responsibility for the industrial use of agricultural products in KTEC.*

The recent decision to transfer the agricultural marketing function of the Department of Agriculture to the Department of Commerce and Housing makes this recommendation a logical next step to further reduce duplication of services and increase coordination between related programs that serve the small producer of food and non-food, value added agricultural products. The Marketing Division of the Department of Agriculture and KVAC served the same constituency of small businesses."

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7.2.2 KVAC response: We do not agree with this recommendation. In addition, your statement concerning duplicity of agencies/services, etc., is not in our opinion indicative of the actual situation. In fact, your data tables on pages 6-1, 6-2, and 6-3, clearly demonstrate that KVAC's client base has little commonality with any of the other agencies.

In table 6-1, which represents "breakdown by agency of the number and percentage of clients that received assistance from another agency during the three year evaluation period."

- ▶ Your information states: *"The most frequently observed combinations of agencies in order of frequency, were: 1) KDOCH, KTEC, and MAMTC; 2) KTEC, MAMTC and a CDC; 3) KDOC&H, MAMTC and a CDC."* KVAC was not included in this list.
- ▶ *"When only two agencies were accessed by the same company, the most frequent association was between CDCs and SBDCs with 45 common clients. The other most frequently observed interactions between two agencies were: 1) MAMTC and KDOC&H (24 common clients), 2) KDOC&H and the CDCs (21 common clients), and 3) KDOC&H and KTEC (21 common clients)." Again, KVAC was not included in this list.*
- ▶ *"Table 6-2 reports overall occurrences of interactions, including all instances where two, three, or four agencies had a single client in common. When the frequency of interactions relative to the size of each agency's client base is observed, MAMTC had the highest percentage of client firms that were also assisted by at least one other economic development agency. Table 6-2 shows that 47 percent of the clients that were assisted by MAMTC ... were also clients of at least one other agency. KTEC was second with 38.1..., and 22.6 percent of KDOC&H clients were assisted by at least one other agency."*
- ▶ Out of eight agencies KVAC was second from the bottom.
- ▶ Table 6-3 is even more meaningful, it *"reports interactions between each agency as a percentage. MAMTC had the highest percentage of clients that were assisted by another agency, . . .KTEC was second."* Please note: table 6-3 shows KVAC's percentages as 2.8% interaction with KDOCH; 1.4% with KTEC; 0.0% with MAMTC; 2.8% with CDC; 2.8% with SBDC; 11.3% with AG and 0.0% with KVCI.

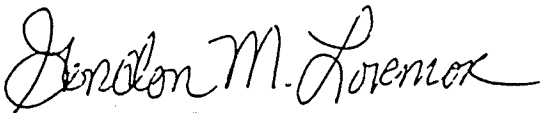
We hardly feel that an incidence of 11.3% of interaction of the same clients with AG, constitutes a meaningful case of duplicity of effort. Some of the commonality with AG, is due to labelling requirements. KVAC assists clients with the technical analysis of products. AG Marketing provides information on Federal compliance, design and marketing support. In most instances, the client begins the label process with KVAC and then goes to AG Marketing for additional support. While this might suggest that there

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is some commonality, it is a different function, and not statistically significant to show the causal relationship suggested by Kansas, Inc.

KVAC realizes that its systems are not complete nor perfect. We are constantly looking for ways to improve our performance and systems and appreciate your suggestions. We are grateful for this opportunity to respond to your evaluation and amend any misconceptions. KVAC and its Leadership Council are looking forward to the revised report. Please contact me if there is any further information that we can provide.

Sincerely,



Gordon M. Lormor
Interim President, KVAC

enclosures

cc: KVAC Leadership Council
KTEC

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KVAC PROJECTS AS OF 11/5/92

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCUMBER Y/N	MATCH FUNDING	DATE OF PAYMENT	PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR									OR OTHER SOURCES			
89-01	"Celebrate Kansas"		KS St Bd of Ag	Tabloid Advertisement	\$15,000.00	05-05-89	Y	\$15,000.00	PAID	2240	N		05-25-89	\$15,000.00	\$0.00
89-02	KSU Sensory Panel Training		KSU Foods & Nutrition	Panel Training	\$8,500.00	05-15-89	Y	\$8,500.00	PAID	5990	N		06-01-90	\$8,500.00	\$0.00
89-03	Graduate Asst PHASE I	(90-28)	KSU Ag Eng	Aquaculture Markets	\$12,000.00	07-01-89	Y	\$12,000.00	PAID	5990	N		10-17-89	\$12,000.00	\$0.00
89-04	Graduate Asst PHASE I	(90-29)	KSU Ag Econ	Aquaculture Technology	\$12,000.00	07-06-89	Y	\$12,000.00	PAID	5990	N		10-23-89	\$12,000.00	\$0.00
89-05	Flavor & Text Stdy PHASE I	(90-30)	KSU Sensory Analysis	Aquaculture	\$4,650.00	07-13-89	Y	\$4,650.00	PAID	2990	N		01-25-90	\$4,650.00	\$0.00
89-06	Strategy Workshop		William Hudson	Design & Conduct Workshop		06-06-89	Y	\$9,000.00	PAID	2790	N		07-28-89	\$3,750.00	\$5,250.00
							Y		PAID	2790	N		12-28-89	\$5,250.00	\$0.00
89-07	Graduate Asst PHASE I	(90-31)	KSU Foods & Nutrition	Food Technologist	\$12,000.00	07-21-89	Y	\$12,000.00	PAID	5990	N		10-17-89	\$12,000.00	\$0.00
89-08	Hrd Wheat Bulgur PHASE I	(90-32)	Amer White Wheat Assn	White Wheat Project	\$35,000.00	09-06-89	Y	\$35,000.00	PAID	5990	N		09-19-89	\$10,000.00	\$25,000.00
									PAID	5990	N		11-29-89	\$15,000.00	\$10,000.00
									PAID	5990	N		01-26-90	\$10,000.00	\$0.00
89-09	Microwave Bierock Sandwich		Robert Broughton	Manufacture Food Items		09-26-89	N		CANCEL		N				\$0.00
89-10	Poultry Fact Sheet		SE KS Poultry Ind	Publish fact sheet	\$2,650.00	12-07-89	Y	\$2,650.00	PAID	5990	N		01-05-90	\$2,650.00	\$0.00
89-11	Quality of KS Jams, etc		KSU Sensory Analysis	Flavor/texture evaluation	\$10,000.00	01-01-90	Y	\$10,000.00	PAID	5990	N		02-19-90	\$5,000.00	\$5,000.00
									PAID	5990	N		06-07-90	\$5,000.00	\$0.00
89-12	May Preservation Spray		KSU Ag Eng/Nutri-Shld	Reformulation	\$3,500.00	04-02-90	Y	\$3,500.00	PAID	5990	N		06-12-90	\$3,500.00	\$0.00
1989 TOTAL PROJECTS					\$115,300.00			\$124,300.00					\$0.00	\$124,300.00	\$0.00

KVAC PROJECTS AS OF 11/5/92

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCUMBER Y/N	MATCH FUNDING		PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR									OR OTHER SOURCES	DATE OF PAYMENT		
90-01	Sugarless Carmel Corn		KSU Foods & Nutrition	Twin Valley - Greenleaf	\$3,000.00	01-15-90	Y	\$3,000.00	PAID	5990	N		06-25-90	\$3,000.00	\$0.00
90-02	Organic Foods Mkt Study		KS Rural Ctr.		\$3,500.00	01-24-90	Y	\$3,500.00	PAID	2790	N	\$15,000.00	03-09-90	\$3,500.00	\$0.00
90-03	Wet Proc of Wheat		KSU Chem Eng.	Non-Food Applications	\$5,000.00	01-26-90	Y	\$5,000.00	PAID	5990	N	\$20,114.00	03-02-90	\$5,000.00	\$0.00
90-04	CHA/Biomass for Hiway	(92-23)	KSU Civil Eng.	Hiway Deicer	\$2,500.00	01-05-90	Y	\$2,500.00	PAID	5990	N		06-30-90	\$2,500.00	\$0.00
90-05	Fruit & Veg Proc		KSU Hort	Pilot Plnt - Equip	\$18,625.00	01-26-90	Y	\$17,300.00	PAID	5990	N		03-08-90	\$17,300.00	\$0.00
90-06	Utilization of Wheat Germ		KSU Foods & Nutrition	Germ Protein in Meat Prdts	\$2,000.00	01-01-90	Y	\$2,000.00	PAID	5990	N		06-07-90	\$2,000.00	\$0.00
90-07	Leather Processing		Bainter's Leather	Ken Kaba, Hoxie					CANCEL		N				\$0.00
90-08	White Wheat Mktg Study		WSU Mktg Dept\AWMPA	Purchase of software	\$1,000.00	01-08-90	Y	\$1,000.00	PAID	5990	N		03-08-90	\$1,000.00	\$0.00
90-09	Extru Scientist PHASE I P. Neumann	(91-11)	KSU Grain Sci & Ind	Wenger Extrusion	\$20,000.00	01-01-90	Y	\$15,000.00	PAID	5990	N		05-17-90	\$15,000.00	\$0.00
90-10	Composite Matls-Plastics	(92-33)	KSU Chemical Eng	Leather plastic composites	\$15,000.00	01-01-90	Y	\$15,000.00	PAID	5990	N	\$16,364.00	03-02-90	\$15,000.00	\$0.00
90-11	Package Opener		KSU Eng Exp Station	Windsor Hills	\$1,500.00	04-12-90	Y	\$1,500.00	PAID	5990	N		05-23-90	\$1,500.00	\$0.00
			Engg Cntr for Computer	Controlled Automation	\$8,500.00		Y		PAID	5990	Y	(moved to 91-17)			
90-12	Calf Milk Replacer		Midwest Grain Products	KSU Ani Sci & Ind did work	\$10,500.00	04-25-90	Y	\$5,286.00	PAID	5990	N	\$2,643.00	11-30-90	\$5,286.00	\$0.00
90-13a	Food Development Lab		KSU Foods & Nutrition	Pilot Plant-Equipment	\$76,000.00	03-15-90	Y	\$76,000.00	PAID	5990	N		10-12-90	\$76,000.00	\$0.00
90-13b	Dry Mix Dev Lab		KSU Grain Sci & Ind	Pilot Plant-Equipment	\$24,000.00	03-13-90	Y	\$24,000.00	PAID	5990	N		06-29-90	\$24,000.00	\$0.00
90-14	Commercialize Ind Uses for Ag		KS State Bd of Ag	Sponsor conference	\$2,500.00	03-01-90	Y	\$2,500.00	PAID	2380	N		05-08-90	\$2,500.00	\$0.00
90-15	Sorghum Molasses Proc Seminar		Bill Morris-Univ of TM	Golden Mill Sorghum	\$1,500.00	06-08-90	Y	\$846.70	PAID	2620	N		11-09-90	\$573.35	\$273.35
													11-09-90	\$273.35	\$0.00
90-16a	Nutritional Labeling Analysis		Amer Inst of Baking	Analysis for KS Food Co's	\$20,000.00	01-01-90	Y	\$20,000.00	PAID	2790	Y		03-15-90	\$325.00	\$19,675.00
													04-26-90	\$25.00	\$19,650.00
													05-07-90	\$525.00	\$19,125.00
													06-12-90	\$1,150.00	\$17,975.00
													09-18-90	\$200.00	\$17,775.00
													10-05-90	\$2,312.50	\$15,462.50
													11-08-90	\$400.00	\$15,062.50
													12-17-90	\$1,168.27	\$13,894.23
													02-12-91	\$100.00	\$13,794.23
													03-08-91	\$1,275.00	\$12,519.23
													04-02-91	\$850.00	\$11,669.23
													05-03-91	\$1,980.04	\$9,689.19
													06-07-91	\$225.00	\$9,464.19
													07-18-91	\$450.00	\$9,014.19
													08-13-91	\$75.00	\$8,939.19
													09-06-91	\$750.00	\$8,189.19
													10-21-91	\$495.00	\$7,694.19
													11-04-91	\$250.00	\$7,444.19
													01-04-92	\$350.00	\$7,094.19
													03-16-92	\$1,431.58	\$5,662.61
													04-08-92	\$150.00	\$5,512.61
													05-05-92	\$225.00	\$5,287.61
													Reconcile books	\$100.00	\$5,187.61
													05-22-92	\$5,187.61	\$0.00

KVAC PROJECTS AS OF 1991

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING \$	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCUMBER Y/N	MATCH FUNDING OR OTHER SOURCES	DATE OF PAYMENT	PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR												
91-01	Provide Support Services		KC-Tech Associates	Consulting	\$5,000.00	12-06-90	Y	\$5,000.00	PAID	5990	Y		01-31-91 03-16-92	\$2,000.00 \$3,000.00	\$3,000.00 \$0.00
91-02	Send-A-Cake Spec Occasions		Amer Inst of Baking	Formulation testing	\$3,000.00	11-16-90	Y	\$3,000.00	LIQUIDATED	5990	Y	\$18,400.00	10-04-91 05-18-92	\$380.00 \$2,620.00	\$2,620.00 \$0.00
91-03	Low fat hamburger additive Encapsulated Acids		KSU Ani Sci & Ind		\$3,500.00	11-16-90	Y	\$3,500.00	PAID	5990	Y		03-02-93	\$3,500.00	\$0.00
91-04	Mkt Catfish-Farmland Foods		KSU Foods & Nutri	Quality testing	\$5,000.00	11-16-90	Y	\$5,000.00	PAID	5990	Y		08-01-91	\$5,000.00	\$0.00
91-05	Packaging Tech Short Course		Packaging (Central Files)		\$6,000.00	11-16-90	Y		CANCEL						
91-06	Marketing Seminar		KS State Bd of Ag	Seminar			Y	\$306.24	PAID	2790	N			\$306.24	\$0.00
91-07	Graduate Asst Phase III	(93-12)	KSU Ag Eng	(Continuation)	\$12,000.00	01-01-91	Y	\$12,000.00	PAID	5990	Y		10-17-91	\$12,000.00	\$0.00
91-08	Graduate Asst Phase III	(93-11)	KSU Ag Econ	(Continuation)	\$12,000.00	01-01-91	Y	\$12,000.00	PAID	5990	Y		07-31-91	\$12,000.00	\$0.00
91-09	Graduate Asst PHASE III	(93-10)	KSU Foods & Nutrition	(Continuation)	\$12,000.00	01-01-91	Y	\$12,000.00	PAID	5990	Y		07-31-91	\$12,000.00	\$0.00
91-10	Hard Wheat PHASE II	(92-16)	Wilke International	(Continuation)	\$15,000.00	03-25-91	Y	\$15,000.00	PAID	5990	N		04-15-91	\$15,000.00	\$0.00
91-11	Extru Scientist PHASE II P. Neumann	(92-19)	KSU Grain Sci & Ind	(Continuation)				\$15,000.00	PAID	5990	N		01-22-91	\$15,000.00	\$0.00
91-12	Graduate Asst PHASE I		KSU Gr Sci & Ind	Wheat Starch Modification	\$12,000.00	01-01-91	Y	\$12,000.00	PAID	5990	Y		06-05-92	\$12,000.00	\$0.00
91-13	Better Process Ctrl School		KSU Ext Foods & Nutri	Fadi Aramouni	\$6,500.00	04-24-91	Y	\$6,785.00	PAID	5990	N		09-23-91	\$6,785.00	\$0.00
91-14	Fruit Juice Proc Wrkshp 1991		KSU Horticulture	Karen Gast	\$2,000.00	04-24-91	Y	\$2,000.00	PAID	5990	N		05-23-91	\$2,000.00	\$0.00
91-15	Pest Extermination		Bio-Electrics	Erich Sarapu	\$20,000.00	03-02-91	N		CANCEL						\$0.00
91-16	Bakery Mixer Design		Sternberg & Sons Bakery	George Sternberg		04-29-91	N		CANCEL						\$0.00
91-17	Value Added Lab Equip		KSU Foods & Nutri, Gr Sci & Ind, Ag Engg	Cryojet Test Stand	\$78,000.00	05-01-91	Y	\$78,000.00		5990	Y		06-06-91	\$8,000.00	\$70,000.00
			KSU Gr Sci & Ind	Thermal Proc Lab					PAID	5990			09-26-91	\$52,000.00	\$18,000.00
			KSU Ag Engineering	Justin Lab					PAID	5990			11-05-91	\$18,000.00	\$0.00
			KSU Cooperative Ext												
	(moved from 90-11)		KSU Foods & Nutrition	Laboratory	\$8,500.00			\$8,500.00	PAID	5990			10-18-91	\$8,500.00	\$0.00
91-18	Summer Baking Sci Intern		KSU Gr Sci & Ind/ Wheat Commission	J. Ponte/S. Davis	\$850.00	05-01-91	Y	\$850.00	PAID	5990	N		05-29-91	\$850.00	\$0.00
91-19	Identity Preserved Wheat PHASE II	(92-02)	Great Plains Red	Commercialization of Hard Red Spring Wheat	\$35,000.00	05-01-91	Y	\$35,000.00	PAID	5990	N	\$35,000.00	05-29-91	\$35,000.00	\$0.00
91-20	Aseptic Grape Juice Test		Ext Foods & Nutri/ Food Packers, Ark City	Fadi Aramouni	\$5,000.00	05-01-91	Y	\$5,000.00	PAID	5990	N		05-29-91	\$5,000.00	\$0.00

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KVAC PROJECTS AS OF 1992

PROJECT NUMBER	PROJECT TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCLUMBER Y/N	MATCH FUNDING		PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR									OR OTHER SOURCES	DATE OF PAYMENT		
92-01	Hard White Wheat Bulgur PHASE III	(89-08)	AWMPA	(continuation)	\$35,000.00	06-19-91	Y	\$35,000.00	PAID	5990	N		07-23-91	\$35,000.00	\$0.00
92-02	Identity Preserved Wheat PHASE III	(90-19)	Great Plains Red	(continuation)	\$35,000.00	06-01-91	Y	\$35,000.00	PAID	5990	N		07-23-91	\$35,000.00	\$0.00
92-03	White Wheat Bran		KSU Gr Sci & Ind/AWMPA	Pilot Plant Testing	\$800.00	06-19-91	Y	\$800.00	PAID	5990	N	\$8,660.00	07-23-91	\$800.00	\$0.00
92-04	Heat Foods Product Development		AIB/John Rogers	Nutritional Cookie develop	\$3,000.00	05-01-91			CANCEL	5990	N				\$0.00
92-05	Prairie Popcorn Marketing fee Best of the Sweet Country		Prairie Popcorn	Marketing fee	\$3,000.00	06-26-91	N		CANCEL						\$0.00
92-06a	Toto Cure Mushrooms		KSU Foods & Nutrition	Process improve/training	\$5,000.00	06-01-91	Y	\$1,500.00	PAID	5990	N		04-03-92	\$1,500.00	\$3,500.00
92-06b	Toto Cure Mushrooms		KSU Foods & Nutrition	Toto Cure Mushrooms				\$3,500.00	PAID	5990	Y		06-02-92	\$3,500.00	\$0.00
92-07	KS Agribus Processing Residue		KSU Engg Extension Richard Nelson	Disposal for wastes in KS	\$7,500.00	07-03-91	Y	\$7,500.00	PAID	5990	N	\$15,000.00	09-13-91	\$7,500.00	\$0.00
92-08	Wheat Strawboard Phase I		Pittsburg State/Walt Adams		\$3,509.00	08-02-91	Y	\$3,509.00	PAID	5990	N		09-30-91	\$3,509.00	\$0.00
92-09	Grain Cleanings as Potential Biomass Energy Source		Smoot Grain/Engg Extension Richard Nelson		\$5,000.00	09-20-91	Y		CANCEL	5990	N	\$145,000.00			\$0.00
92-10	Collagen Technology		Biocore/KSU Vet Med	Veterinary applications	\$15,000.00	01-01-92	Y	\$14,049.00	PAID	5990	Y	\$5,400.00	02-07-92	\$7,500.00	\$6,549.00
92-11	Evaluation of Canola Varieties PHASE II	(90-21)	KSU Ag Exp Station	(continuation)	\$6,000.00	01-06-92	Y	\$6,000.00	PAID	5990	N	\$1,848.00	01-21-92	\$6,000.00	\$0.00
92-12	Soy Yogurt Fermentation		Central Soy Foods/ KSU Chemical Engineering	soy milk, soy yogurt	\$6,000.00	09-20-91	Y	\$6,000.00	PAID	5990	N	\$2,900.00	03-26-92	\$6,000.00	\$0.00
92-13	Utilization of Wheat Germ		KSU Foods & Nutrition	patent process	\$2,000.00	11-04-91	N		CANCEL						\$0.00
92-14	Kansas Retail Bakers Beth Aeschlman		Wheat Commission, BOA, KSU Gr Sci & Ind		\$12,000.00	01-02-92	Y	\$12,000.00		5990	Y	\$24,000.00			\$12,000.00
									PAID				05-29-92	\$1,170.43	\$10,829.57
									PAID				06-22-92	\$1,829.58	\$8,999.99
									PAID				07-27-92	\$1,385.38	\$7,614.61
									PAID				08-25-92	\$1,204.00	\$6,410.61
									PAID				09-28-92	\$1,493.34	\$4,917.27
									PAID				10-23-92	\$2,088.54	\$2,828.73
									PAID				11-05-92	\$1,285.23	\$1,543.50
									PAID				11-18-92	\$1,543.50	\$0.00
92-15	AWMPA Bulgur Mktg		AWMPA/Gordley Assoc	Consulting services	\$5,000.00	01-06-92	Y	\$5,000.00	PAID	5990	N		03-24-92	\$5,000.00	\$0.00
92-16	White Wheat Market Development PHASE III	(90-22)	Wilke International	(continuation)	\$10,000.00	01-09-92	Y	\$10,000.00	PAID	5990	N		01-23-92	\$10,000.00	\$0.00

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KVAC PROJECTS AS OF 1992

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCLUMBER Y/N	MATCH FUNDING		PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR								OR OTHER SOURCES	DATE OF PAYMENT		
92-17	Tilapia in Food Service		KSU Hotel, Rest. Mngmt	\$10,000.00	01-02-92	Y	\$10,000.00	PAID	5990	N	No Match	04-08-92	\$10,000.00	\$0.00
92-18	Biodiesel Commercialization PHASE I		Interchem/Stratco Inc	\$12,000.00	01-03-92	Y	\$12,000.00	PAID	5990	N	\$60,000.00	01-28-92	\$12,000.00	\$0.00
92-19	Extru Scientist PHASE III P. Neumann	(93-09)	KSU Grain Sci & Ind	\$15,000.00	02-04-92	Y	\$15,000.00	PAID	5990	N		03-17-92	\$15,000.00	\$0.00
92-20	Use of Wheat Isolate in Phase II Nursery Pig Diets	(92-26)	Midwest Grain Products	\$2,900.00	01-22-92	Y	\$2,900.00	PAID	5990	N	\$2,900.00	03-26-92	\$2,900.00	\$0.00
92-21	Technician Support Justin Hall Laboratory		KSU Foods & Nutrition	\$7,000.00	01-17-92	Y	\$7,000.00	PAID	5990	N	No Match	08-04-92	\$7,000.00	\$0.00
92-22	Pasta Taste Panel Work		KSU Foods & Nutrition	\$5,000.00		Y	\$5,000.00	PAID	5990	Y	\$5,000.00	06-10-92	\$5,000.00	\$0.00
92-23	Biobased CHP Road De-Icer	(90-04)	KSU Civil Engineering	\$15,000.00		N		CANCEL		N				\$0.00
92-24	Nutri-Shield Soy Oil		KSU Ag Engineering/ Nutri-Shield	\$2,500.00		Y		CANCEL	5990	N				\$0.00
92-25	Value Added Thermal Processing Laboratory Equipment		KSU Ag Engineering	\$19,700.00	02-26-92	Y	\$19,700.00	PAID	5990	N		04-10-92	\$19,700.00	\$0.00
92-26	Round Table Evaluation/ Consumer Panel PHASE I	(93-21)	KSU Foods & Nutrition	\$8,500.00		Y	\$8,500.00	PAID	5990	N		04-03-92	\$8,500.00	\$0.00
92-27	Reduced Calorie Syrups		KSU Foods & Nutrition	\$5,000.00	03-11-92	Y	\$5,000.00	PAID	5990	N		04-15-92	\$5,000.00	\$0.00
92-28	Bio Expo '92		Bio Expo Conference	\$10,000.00	04-02-92	Y	\$10,000.00	PAID	5990	N	\$10,000.00	05-11-92	\$10,000.00	\$0.00
92-29	Vegetable Crop Drying Thermal Processing Lab		KSU Ag Engineering	\$1,000.00		Y	\$1,000.00	PAID	5990	Y		06-08-92	\$1,000.00	\$0.00
92-30	Evaluation of Wheat Gluten Films		Midwest Grain Products	\$7,500.00		Y	\$7,500.00	PAID	5990	N	\$7,500.00	05-12-92	\$7,500.00	\$0.00
92-31	Strawboard Feasibility Study		Alteca Ltd	\$5,000.00		Y	\$5,000.00	PAID	5990	Y		05-15-92	\$5,000.00	\$0.00
92-32	Beef Offal Packaging and Shelf Life Studies PHASE I	(93-03)	Flint Hills Foods	\$2,500.00		Y	\$2,500.00	PAID	5990	Y		05-18-92	\$2,500.00	\$0.00
92-33	Dev of Hide-Silicone Co Polymer Interpenetrating Polymer Networks	(90-10)	KSU Chemical Eng	\$35,709.00		Y	\$35,709.00	PAID	5990	Y		05-22-92	\$35,709.00	\$0.00
92-34	Dev of Small Scale Wet-Processing Lab Facilities for Wheat & Other KS Grains For Food and Non Food Uses		KSU Ag Engineering	\$75,500.00		Y	\$75,500.00	PAID	5990	Y		05-27-92	\$75,500.00	\$0.00
92-35	Starch Encapsulated Pesticides		KU Cntr for Research	\$25,000.00		Y	\$25,000.00	PAID	5990	Y		08/25/92	\$25,000.00	\$0.00
92-36	MAP Packaging System		KSU Foods & Nutrition	\$12,000.00		Y	\$12,000.00	PAID	5990	Y		07-15-92	\$12,000.00	\$0.00
92-37	Research on Milling & Grain Sorghum		KSU Gr Sci & Industry	\$15,000.00		Y	\$15,000.00	PAID	5990	Y		06-05-92	\$15,000.00	\$0.00

KVAC PROJECTS AS OF 3/28/94

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCUMBER Y/N	MATCH FUNDING OR OTHER SOURCES	DATE OF PAYMENT	PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR												
93-01	Sorelle Inc		KSU Ani Sci & Ind	Beef Curry	\$1,500.00	07-09-92	Y	\$1,500.00	PAID	5990	N		09-01-92	\$1,500.00	\$0.00
93-02	Trade Show Assistance		Garden City Chamber						CANCEL	5990	N				\$0.00
93-03	Beef Offal Test Marketing PHASE II	(92-32)	Flint Hills Foods		\$5,000.00		Y	\$5,000.00	PAID	5990	N		08-07-92	\$5,000.00	\$0.00
93-04	Use of Wheat Isolate in Phase II Nursery Pig Diets	(92-20)	Midwest Grain Products/ KSU Ani Sci & Ind	J. Morrill/J. Hancock	\$3,400.00	08-26-92	Y	\$3,400.00	PAID	5990	N	\$3,400.00	12-15-92	\$3,400.00	\$0.00
93-05	Eval of Spray Dried Wheat Gluten Component of Calf Starters		Midwest Grain Products	KSU Ani Sci & Ind	\$2,967.50	09-02-92	Y	\$3,000.00	PAID	5990	N	\$2,967.50	01-26-93	\$3,000.00	\$0.00
93-06	Eval of Semi-Moist Extrusion Processing of Starter Diets for Swine		KSU Ani Sci & Industry	Wenger Manufacturing	\$4,537.50	09-04-92	Y	\$4,600.00	PENDING	5990	Y	\$4,537.50			\$4,600.00
93-07	Justin Hall Lab Technologist		KSU Foods & Nutrition	Equip Tech PHASE II Research Associate	\$23,000.00	09-11-92	Y	\$23,000.00	PAID	5990	N		10-23-92	\$23,000.00	\$0.00
93-08	Seaton Hall Lab Technologist		KSU Ag Engineering	Equip Tech PHASE I	\$16,000.00	09-11-92	Y	\$16,000.00	PAID	5990	N		10-12-92	\$16,000.00	\$0.00
93-09	Extrusion Sci PHASE IV P. Neumann	(90-09)	KSU Gr Sci & Ind	(continuation)	\$15,000.00	09-11-92	Y	\$15,000.00	PAID	5990	N		10-16-92	\$15,000.00	\$0.00
93-10	Graduate Asst		KSU Foods & Nutri		\$12,000.00	09-11-92	Y	\$12,000.00	PAID	5990	N		12-22-92	\$12,000.00	\$0.00
93-11	Graduate Asst		KSU Animal Sciences	Liz Boyle	\$12,000.00	09-11-92	Y	\$12,000.00	PAID	5990	Y		06-22-93	\$12,000.00	\$0.00
93-12	Graduate Asst		KSU Foods & Nutri		\$12,000.00	09-11-92	Y	\$12,000.00	PAID	5990	Y		08-16-93	\$12,000.00	\$0.00
93-13	Focus Grps for White Wheat Bread Package Design		Sensory Analysis Cntr	Dillions/AWPA	\$2,450.00	08-31-92	Y	\$2,450.00	PAID	5990	N	\$2,450.00	04-06-93	\$2,450.00	\$0.00
93-14	Effects of Microbial Food Add on Nutrient Digest in Greyhound Dogs		KSU Ani Sci & Ind	Prima Inc	\$6,200.00	09-11-92	Y	\$6,200.00	PAID	5990	N	\$1,600.00	12-01-92	\$6,200.00	\$0.00
93-15	Veal Patty		KSU Ani Sci & Ind Ranch Hand Foods	Liz Boyle Veal Patty	\$651.20	09-11-92	Y	\$651.20	PAID	5990	N	??	10-23-92	\$651.20	\$0.00
93-16	Tallow-Based Biodiesel Feasibility Analysis		KSU Engg Extension	R. Nelson, M. Schrock	\$3,000.00	08-28-92	Y	\$3,000.00	PAID	5990	N		09-28-92	\$3,000.00	\$0.00
93-17	Eval of Soluble Wheat Protein as Milk Replacer		Midwest Grain Products/ KSU Ani Sci & Ind	J. Morrill/S. Bassi	\$6,930.00	09-01-92	Y	\$6,930.00	PAID	5990	Y	\$6,930.00	06-16-93	\$6,930.00	\$0.00
93-18	Value Added Operations Acct		KSU Ag Engineering	R. Flores Pendleton/Mustard Seed Farms J. Jeffrey/Pendleton	\$4,500.00	10-13-92	Y	\$4,500.00	PAID	5990	N				\$4,500.00
													12-07-93	\$600.00	\$3,900.00
													03-08-93	\$300.00	\$3,600.00
													04-06-93	\$300.00	\$3,300.00

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KVAC PROJECTS AS OF 3/28/94

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCUMBER Y/N	MATCH FUNDING OR OTHER SOURCES	DATE OF PAYMENT	PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR												
				Am Inst Baking /Gilbert Ind	\$2,000.00	05-13-93	Y	\$2,000.00	PAID	5990			05-19-93	\$2,000.00	\$0.00
93-30	Eval of Perf Characteristics of Flours Milled on Kice Short Flow Mill vs. KSU Exp. Mill														
93-31	Investigation of Microbio Safety and Shelf-life of Tofu			Grad Assist Phase I	\$14,163.00	05-05-93	Y	\$14,163.00	PAID	5990			06-22-93	\$14,163.00	\$0.00
					\$2,000.00	05-11-93	Y	\$2,000.00	PAID	5990			06-10-93	\$2,000.00	\$0.00
93-32	Freeze Dried Peony Flower Evaluation														
					\$29,920.00	05-11-93	Y	\$19,865.00	PAID	5990			06-04-93	\$19,865.00	\$0.00
93-33	Aerated Washout System and Washout Basin			Sweetwater Sprouts											
					\$80,000.00								06-14-93	\$2,500.00	
					\$2,500.00	05-13-93	Y	\$2,500.00	PAID	5990			03-24-94	\$27,900.00	
93-34	Equipment Purchase Request			steam generator	\$27,900.00	05-12-93	Y	\$27,900.00	PAID	5990			06-17-93	\$11,891.00	
				RRcomm. size freeze dryer	\$11,891.00	05-04-93	Y	\$11,891.00	PAID	5990			08-05-93	\$8,000.00	
				dough divider-rouner	\$8,000.00	04-08-93	Y	\$8,000.00	PAID	5990			08-05-93	\$4,400.00	
				Crepe Machine	\$4,400.00	04-08-93	Y	\$4,400.00	PAID	5990			06-22-93	\$25,309.00	\$0.00
				Tortilla Press	\$73,000.00	04-28-93	Y	\$25,309.00	PAID	5990					
				Used for wheat and other KS grains											
	Develop Small Scale Wet Processing Lab Facility	92-34	KSU Ag Engineering		\$20,200.00		Y	\$20,200.00	PAID	5990			06-22-93	\$20,200.00	\$0.00
93-35	Val Added Thermal Proc Lab			2 grad assistants									08-16-93	\$27,000.00	\$0.00
93-36	Val Added Product Devel Lab			position funding	\$34,722.00	05-11-93	Y	\$27,000.00	PAID	5990			06-18-93	\$15,000.00	\$0.00
93-37	Research on Wet Milling of Grain Sorghum	92-37	KSU Grain Sciences		\$15,000.00	05-18-93	Y	\$15,000.00	PAID	5990					
					\$12,000.00	04-28-93	Y	\$12,000.00	PAID	5990			06-17-93	\$12,000.00	\$0.00
93-38	Prep of a White Wheat Bran Fiber Ingredient from White Wheat Bran	92-38	KSU Grain Sciences												
					\$15,000.00	04-28-93	Y	\$15,000.00	PAID	5990			06-18-93	\$15,000.00	\$0.00
93-39	Starch Program	91-12	KSU Grain Sciences	Grad. Asst. Phase II	\$55,767.00	03-26-93	Y	\$10,000.00	PAID	5990			08-05-93	\$10,000.00	\$0.00
93-40	Kide Silicone Copolymer Interpenetrating Polymer Networks			KSU Chem Engineering											
FY93 TOTAL PROJECTS					\$675,640.20			\$446,497.80					\$21,885.00	\$433,397.80	\$13,100.00

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KVAC PROJECTS AS OF 8/25/94

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCLUMBER Y/M	MATCH FUNDING OR OTHER SOURCES	DATE OF PAYMENT	PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR												
					\$23,500.00	07-08-93	Y	\$23,500.00	Paid	5990			11-09-93	\$23,500.00	\$0.00
94-01	Focus Publication & Nutri. Labeling Asst.		Ext. Foods & Nutri.		\$5,000.00		Y	\$5,000.00		5990			10/29/93 01/31/94 05/25/94	\$220.00 \$446.00 \$525.00	\$3,809.00
94-02	KSU - Lab Operations														
94-03	Field Test using tallowate		Engg. Ext.		\$5,000.00	07-01-93	Y	\$5,000.00	Paid	5990			11-17-93	\$5,000.00	\$0.00
94-04	Apple Cider Testing		Ext. Foods & Nutri.		\$10,000.00		Y	\$10,000.00	Paid	5990			11-09-93	\$10,000.00	\$0.00
94-05	Wetta Egg Farm		Ext. Foods & Nutri.	Pickled Egg Reformulation	\$2,500.00		Y	\$2,500.00	Paid	5990			02-22-94	\$2,500.00	\$0.00
94-06	Dinah's Noodles		Ext. Foods & Nutri.	Dev. coleslaw & potato salad dressing	\$5,000.00		Y	\$5,000.00	Paid	5990			02-22-94	\$5,000.00	\$0.00
94-07	Prairie Thyme, Ltd.		Ext. Foods & Nutri.	Dev. flavored oils	\$2,500.00		Y	\$2,500.00	Paid	5990			02-22-94	\$2,500.00	\$0.00
94-08	Sa-Plaz		Ext. Foods & Nutri.	Investigate potential of liquid pet drink	\$2,500.00		Y	\$2,500.00	Pending	5990					\$2,500.00
94-09	Nutri-Shield Inc.		Nutri Shield		\$4,000.00		Y	\$4,000.00	Paid	5990			03-24-94	\$4,000.00	\$0.00
94-10	Optical Image Analysis Sys.		KSU Animal Sciences	equipment	\$4,000.00		Y	\$4,000.00	Paid	5990					
94-11	FOCUS Newsletter Ed/Nutri. Labeling Asst.		KSU Ext. Foods & Nutri.		\$26,600.00	03-25-94	Y	\$26,600.00	Paid	5990		benefits	04-26-94	\$26,600.00	\$0.00
94-12	KVAC Food Product Devel. & Testing Asst.		KSU Ext. Foods & Nutri.		\$28,200.00	03-23-94	Y	\$28,200.00	Paid	5990		benefits	04-28-94	\$28,200.00	\$0.00
94-13	Extrusion Research Cntr Position		KSU Grain Science		\$18,000.00	02-25-94	Y	\$18,000.00	Paid	5990			05-10-94	\$18,000.00	\$0.00
94-14	KVAC Thermal Process Lab/Wet Grain Process Lab Mngr		KSU Ag Engg		\$30,000.00	03-25-94	Y	\$30,000.00	Paid	5990			05-05-94	\$30,000.00	\$0.00
94-15	Client Criteria Development		KSU Ext Foods & Nutri.		\$18,000.00	03-23-94	Y	\$18,000.00	Paid	5990			04-26-94	\$18,000.00	\$0.00
94-16	Low Cost Wet-Milling of Gr. Sorghum to Obtain Readily Accessible Starch		KSU Grain Science		\$15,750.00	03-28-94	Y	\$15,750.00	Paid	5990			05-05-94	\$15,750.00	\$0.00
94-17	Prep. of a White Wheat-Bran Fiber Ing. from White Wheat-Bran		KSU Grain Science		\$15,750.00	03-28-94	Y	\$15,750.00	Paid	5990					\$0.00
94-18	Wood Waste Utilization		KSU Forestry, Hort. & RR		\$1,000.00	03-30-94	Y	\$1,000.00	Pending	5990		\$11,000.00			\$1,000.00
94-19	Great Plains Bakers		KS Bakery Asst. Program		\$12,000.00	03-28-94	Y	\$6,000.00	Paid	5990		\$6,336.00	04-26-94	\$6,000.00	\$0.00
94-20	Wheat Gluten & Wheat Starch Based Adhesives, Films . .		Midwest Grains		\$81,150.00	08-93	Y	\$81,150.00	Paid	5990		multiple	06-22-94	\$81,150.00	\$0.00

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KVAC PROJECTS AS OF 8/25/94

PROJECT NUMBER	TITLE	REFERENCE (PROJECT FILED UNDER)		DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE (Y/N)	COMMITTED \$ AMOUNT	STATUS	OBJECT CODE #	ENCLUMBER Y/N	MATCH FUNDING OR OTHER SOURCES	DATE OF PAYMENT	PAID \$ AMOUNT	BALANCE OUTSTANDING
		NUMBER	SPONSOR												
94-21	Preparation and Application of Edible Wheat Protein Coatings		KSU Foods & Nutri		\$6,500.00	04-30-94	Y	\$6,500.00	Paid	5990	Y		07-20-94	\$6,500.00	\$0.00
94-22	Conversion of Leather By-Product into a Food Product		Biofoods/Biocore		\$52,000.00	03-25-94	Y	\$52,000.00	Paid	5990		KTEC/INO.	06-24-94	\$52,000.00	\$0.00
94-23	Wheat as a Source of Non-Functional Protein		KSU Grain Science		\$15,750.00	04-29-94	Y	\$15,750.00	Paid	5990	Y		07-20-94	\$15,750.00	\$0.00
94-24	Small Scale Study of Corn in-Sin Drying		KSU Bio & Ag Engg.		\$34,652.00		Y	\$34,652.00	Pending	5990	Y				\$34,652.00
94-25	Equipment - Development of Small Scale Vet-Processing Lab Facility		KSU Bio. & Ag. Engg		\$35,300.00	04-26-94	Y	\$35,300.00	Paid	5990	Y		07-20-94	\$35,300.00	\$0.00
94-26	Equipment - Snack Food Processing		KSU Foods & Nutri.		\$15,500.00		Y	\$15,500.00	Paid	5990	Y		07-20-94	\$15,500.00	\$0.00
94-27	Grad Asst. - Meat Science		KSU Animal Science		\$10,500.00		Y	\$10,500.00	Paid	5990	Y		08-02-94	\$10,500.00	\$0.00
94-28	Grad Asst. - Food Prod. Development		KSU Foods & Nutri		\$19,200.00		Y	\$19,200.00	Paid	5990	Y		07-19-94	\$19,200.00	\$0.00
94-29	Planning Retreat		Penner Foundation		\$15,342.00		Y	\$14,342.00	Paid	5990			06-13-94	\$14,342.00	\$0.00
94-30	Western Kansas Dairy Recruit		Dodge City Ford County Development Recruit		\$2,500.00	05-19-94	Y	\$1,500.00	Paid	5990			06-13-94	\$1,500.00	\$0.00
94-31	IFT Assistantship		KSU Bio & Ag Engg		\$525.00	05-20-94	Y	\$525.00	Paid	5990	Y		07-20-94	\$525.00	\$0.00
FY94 Total Projects					\$516,719.00			\$508,719.00						\$466,758.00	\$41,961.00

Other money taken from grant line but not project dollars:

KSU Transfers	20,000.00
KVAC Holdings	58,000.00
L. Boyle	677.00*
F. Aramouni	1,380.00*
	<u>80,057.00</u>

*Money used to travel to 1994 American Assoc. of Meat Processors Convention and 1994 Annual Meeting of the Canadian Institute of Food Technologists.

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KANSAS VALUE ADDED CENTER

PROJECTS AS OF 05/05/95

PROJECT NUMBER	TITLE	REF. NUMBER	SPONSOR	DESCRIPTION	REQUESTED FUNDING	PROPOSAL DATE	APPROVE	COMMITTED DOLLAR AMOUNT	STATUS	OBJECT CODE #	ENCUMBER	MATCHING FUND	MATCHING FUND SOURCE	DATE OF PAYMENT	DOLLAR AMOUNT PAID	BALANCE OUTSTANDING
95-01	Innovative Technologies for Agro Based Composites		Meetech Corp.		\$15,953.00	08/05/94	Y	\$15,953.00	Paid	5990				09/22/94	\$15,953.00	\$0.00
95-02	Small Scale KS Food Processor Marketing: An Evaluation of Distribution Channel Alternatives		93-20 Capper Coop Center		\$6,000.00	05/13/94	Y	\$6,000.00	Paid	5990				09/29/94	\$6,000.00	\$0.00
95-03	Sweetwater Bean Sprouts		D. Ebbert		\$9,420.00	07/01/94	Y	\$9,420.00	Paid	5990				11/01/94	\$9,420.00	\$0.00
95-04	Wheat Producers Survey		Ag. Economics		\$500.00		Y	\$500.00	Paid	5990				09/27/94	\$500.00	\$0.00
95-05	Travel Support to the Bioprocess Tech. Seminar		Ag. & Bio. Engg.		\$500.00	09/26/94	Y	\$500.00	Paid	5990				10/06/94	\$500.00	\$0.00
95-06	Ideal Blend of Wheat Gluten & Spray Dried Plasma Protein of Nursery Pigs		MW Grain Products		\$4,900.00	09/06/94	Y	\$4,900.00	Paid	5990		\$4,900.00		11/29/94	\$4,900.00	\$0.00
95-07	Wheat Utilization Summit: Building Demand through New Uses		NAWGF		\$1,000.00	10/24/94	Y	\$1,000.00	Paid	5990				11/10/94	\$1,000.00	\$0.00
95-08	KVAC Shortcourse		KSU Animal Sciences		\$5,000.00	09/21/94	Y	\$5,000.00	Paid	5990				12/22/94	\$5,000.00	\$0.00
95-09	KS Organic Producers		Cancelled	Change of object code	\$139.75	02/17/94	Y	\$0.00	Cancelled	5990				12/22/94	\$0.00	\$0.00
95-10	Ostrich Steak Research		Green Valley Meats		\$21,500.00	12/07/94	Y	\$21,500.00	Paid	5990				01/27/95	\$21,500.00	\$0.00
95-11	Com Processing Comm.		CloudCorp Inc.		\$26,000.00		Y	\$26,000.00	Paid	5990				01/27/95	\$26,000.00	\$0.00
95-12	PSU-Business & Tech Inst.		Dr. Petrovic		\$31,090.00	12/09/94	Y	\$28,900.00	Paid	5990				02/21/95	\$28,900.00	\$0.00
95-13	Product Quality Development & Marketing Research for Ranchers Direct Marketing Grass Fed Meat		Grassfed Meat Marketing Group		\$5,000.00		Y	\$5,000.00	Pending	5990						\$5,000.00
95-14	Commercialization of Fly Larvae Production for Fish Food		Fly Pro LLC		\$28,000.00		Y	\$28,000.00	Paid	5990				04/18/95	\$28,000.00	\$0.00
95-15	Testing a New Strawberry Plasticulture System for Adaptability to KS		KS Fruit Growers Assoc.		\$7,637.00		Y	\$7,637.00	<i>Paid</i> Pending	5990						\$7,637.00
95-16	Round Table & Consumer Evaluation of Foods for KS Processors		Sensory Analysis Center		\$11,540.00		Y	\$11,540.00	<i>Paid</i> Pending	5990						\$11,540.00

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95-17	Wheat Gluten & Wheat Starch Based Biodegradable Molded Articles, Films & Sheeting	MW Grain	\$120,000.00	Y	\$62,500.00	Paid	5990	04/18/95	\$62,500.00	\$0.00
95-13	Engineering Design and Economics of an Agro-plastics Manufacturing Facility	Pinnacle Technology	\$25,380.00	Y	\$25,380.00	Paid	5990	06/20/95	\$25,380.00	\$0.00
95-19	The Manufacture and Sale of Cider from Locally Grown Turner's Orchard Apples	Donald Turner	Declined award	Y	\$0.00	Declined	5990			\$0.00
95-20	Acquisition of Chopin Aleograph for Wheat Flour Quality Testing	Dr. Ponte, KSU Grain Science	\$22,029.00	Y	\$22,029.00	Pending	5990			\$22,029.00
95-21	Equipment Grant to Support Value Added Ag Research	Dr. Barbara Gatewood, CTID	\$16,000.00	Y	\$16,000.00	Paid	5990	06/20/95	\$16,000.00	\$0.00
95-22	Request for Addition Assistance of Sweet Water Bean Sprout Project	David Ebbert, Quinter, KS	\$2,000.00	Y	\$2,000.00	Paid	5990	06/06/95	\$2,000.00	\$0.00
95-23	Wet-Milling and Thermal Processing Plant	KSU Bio & Ag Engg.	\$35,000.00	Y	\$35,000.00	Pending	5990			\$35,000.00
95-24	Research Student Support	KSU Animal Sciences	\$10,500.00	Y	\$10,500.00	Pending	5990			\$10,500.00
95-25	Don Erickson Operating Fund	KSU Ag Economics	\$10,000.00	Y	\$10,000.00	Pending	5990			\$10,000.00
95-26	Graduate Student Support	KSU Horticulture, Forestry & Rec. Resources	\$15,000.00	Y	\$15,000.00	Pending	5990			\$15,000.00
95-27	Food Product Development Lab	KSU Foods & Nutri.	\$37,000.00	Y	\$37,000.00	Pending	5990			\$37,000.00
95-28	Retrieval Services	KSU Farrell Library	\$10,000.00	Y	\$10,000.00	Pending	5990			\$10,000.00
FY95 TOTAL PROJECTS			\$482,983.75		\$417,259.00			\$4,900.00	\$253,553.00	\$163,706.00

07/31/92

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Enclosure H,
(one page, partial list

DATE	COMPANY	NAME	ADDRESS	SUBJECT/TOPIC
07/01/88	KANSAS DEPARTMENT OF HUMAN RESOURCES	Celso Ramirez	KS Advisory Comm on Hispanic Affairs, 1309 SW Topeka Blvd Topeka KS 66612	hispanic affairs
08/01/88	ENGINEERING	Donald Rathbone	KSU, 146 Durland Hall Manhattan KS 66506	engineering; Leadership Council appointment 1988 - present
08/10/88	COLLEGE OF AGRICULTURAL	Walter Woods	KSU, 115 Waters Manhattan KS 66506	agriculture; Leadership Council appointment 1988
08/10/88	EXCEL CORPORATION	Dale Rodman	151 N. Main, Box 2519 Wichita KS 67201	co-product opportunities; meat; Leadership Council 08/10/88 - 06/30/91
08/10/88	KRAMER SEED FARMS	Jim Kramer	907 South Monroe Hugoton KS 67951	Leadership Council 08/10/88 - 06/30/90 - 06/30/92
09/08/88	REEVE CATTLE CO	Lee Reeve	PO Box 1036 Garden City KS 67846	Cattle; Leadership Council 09/08/88 - 06/30/90 - 06/30/92
01/26/89	PICKETT'S GARDENS & GREENHOUSE	Karen Pickett	Route 1, Box 14 Burlingame KS 66413	rhubarb; asparagus; applies; cherries; pears; strawberries; basil; sage; chives; parsley; honey; herbs
02/15/89	UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN	Don Holt	Ag Exp Station, 211 Mumford Hall, 1301 West Gregory Drive Urbana IL 61801	bio-technology; capital; venture
04/20/89	KANSAS BANKERS ASSOCIATION	Becky Tongish	1500 Merchants National Bldg, 8th and Jackson Topeka KS 66612	economic development; capital; rural development
05/01/89		Jim Allen	Route 3 Ottawa KS 66067	Leadership Council appointment 1989-90; Resigned as Senator in 1991.
05/01/89	ADM ARKADY FOOD INGREDIENTS	Lyle Woods	100 Paniplus Roadway Olathe KS 66061	specialty doughs
05/01/89	AQUACULTURE ENGINEERING	Jim Sterbenz	PO Box 114 Shawnee Mission KS 66201	aquaculture; indoor food fish production
05/01/89	BIOTECHNICA AGRICULTURE INC	Virgil Smail	7300 West 110th St., Suite 540 Overland Park KS 66210	new crops
05/01/89	BUHLER PACKING CO	John Yoder	206 North Maple, PO Box 68 Buhler KS 67522	marketing canned meat products; slaughtering; processing; wild game
05/01/89	DONAN INTERNATIONAL	Antonio Bello	Colby KS 67701	popped wheat snack; build plant
05/01/89	FITZGERALD ESSENTIAL OILS	Kevin Fitzgerald	Route 3, Hill Crest Vlg. #4 Pittsburg KS 66762	peppermint oil extraction; processing
05/01/89	KANSAS STATE BOARD OF AGRICULTURE	Sam Brownback	109 S.W. 9th Topeka KS 66612-1280	Commercializing Industrial Uses for Ag Conference; Leadership Council appointment 1988 - present
05/01/89	PACK AMERICA CORP		Kansas City (area)	producer; distribute; shopping bags

KVAC CONTACT LIST
Susan's contacts
September, 1994

Enclosure H, p.3
(one page, partial list)

<u>Firm name/Address</u>	<u>Name of Contact</u>	<u>Phone#</u>	<u>Contact Date</u>	<u>Comments</u>
AgVision Box 307 Johnson, KS 67855	Gary Jorgensen	(316) 492-2232	9-1-94	Requested that his name be added to FOCUS mailing list. Referred to Tami 9/2/94.
Anderson's Bar-B-Que P.O. Box 1133 Junction City, KS 66441	Mitch Anderson	(913) 532-6120	9-7-94	Mailed info. on stove top pots and suppliers.
Beloit Planning Comm.	John Cyr	(913) 738-2218	9-8-94	Requested info. on FmHA grant program. Referred to Sherry.
Cafe Int'l./Star Foods P.O. Box 763 Moundridge, KS 67107	Andrew Herrera	(316) 345-2670		
Dept. of Ag. Econ. Waters 314 Kansas State University Manhattan, KS 66506	Arlo Biere	(913) 532-4433	9-9-94	Requested update on funding request.
Div. of Biology Bushnell Hall Kansas State University Manhattan, KS 66506	Diane Post	(913) 532-7627	9-2-94	Requested update on funding from Leadership Council.
Flint Hills Foods, Inc. P.O. Box 435 Alma, KS 66401	Bob Danler	(913) 765-3396	9-7-94	Ret'd call from Susan. KVAC requested project reports. Bob will send reports to KVAC by 9/30/94.
Keeler's Bar-B-Q & Box 263 Baldwin City, KS 66006-9263	Garry Keeler	(913) 594-2166	9-9-94	Had stopped by in August, toured campus and pilot plants. Mailed referral info. on Fadi and Loreen 9-9-94.

LH/L



KVAC

March 30, 1995

(FY 94)

RE:

Dear Dr.

The proposal submitted by _____ requesting funding for the above named project was presented to the KVAC Leadership Council on March 23, 1995. Thank you for taking the time to come to Topeka and present your request directly to Council members.

The Council is willing to fund and share the risk at 50% of the requested amount (\$62,500). The other conditions set by the Council are the following:

- The purchased equipment would be available for use as an experimental pilot plant facility for other qualified developmental interests based upon scheduling and coordination with your staff and KVAC. Prospective users would coordinate their requests through our office.

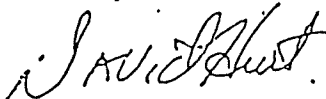
- _____ would payback the awarded amount at the rate of 5% of the sales made from the products produced as a result of the use of this equipment.

- Submission of quarterly reports and other contact to keep us informed about the progress of significant milestones related to the project. At the end of the project, a final report and an economic impact report would be provided.

If you agree with the conditions of this award, please signature below and return a copy of this letter to KVAC. The award will be forwarded upon receipt.

The Council and KVAC staff are impressed with the progress _____ team have made to date in developing new uses for Kansas wheat. We are looking forward to continuing this relationship.

Sincerely,


David Hurt, President

I agree with the conditions of the KVAC award as described above,

KANSAS VALUE ADDED CENTER

Kansas State University, 216 Call Hall, Manhattan, KS 66506-1604, Tel: (913) 532-7033, Fax: (913) 532-7036
112 SW Sixth Street, Suite 40S, Topeka, KS 66603, Tel: (913) 296-3363, Fax: (913) 296-6391

MEMORANDUM OF AGREEMENT

THIS AGREEMENT is entered into as of April 1, 1990 at Manhattan, Kansas by Kansas State University, Department of Foods and Nutrition of Manhattan, Kansas, hereinafter referred to as the "University," and Kansas Value-Added Center, 307 Umberger Hall, Kansas State University, Manhattan, KS 66506-3418 hereinafter referred to as the "Sponsor."

WITNESSETH THAT the purpose of this agreement is to outline and describe the responsibilities to be assumed by the contracting parties in connection with research entitled "The study of functional properties and utilization of wheat germ protein flour in model systems and in meat products" (See Attachment A)

Part 1. Duration.

This agreement is for a period of one year from April 1, 1990 to March 31, 1991 and may be continued for successive one year periods by mutual written consent or upon thirty days advance written notice by either party. If terminated by the Sponsor, any payments previously made will be retained by the University.

Part 2. Consideration.

The Sponsor agrees to donate to the University the sum of \$2,000 to be expended by the University to cover costs of the project. Payment in the amount of \$2,000 will be made by the Sponsor to the University on or about March 1, 1990.

Part 3. The Parties Hereto Agree That.

- a. The University will provide the utilities and office, laboratory and field space needed for this project.
- b. Funds granted by the sponsor are to be used by the University without an itemized accounting to provide the necessary personnel, equipment, contractual services, supplies, commodities, travel and other items needed in connection with the project, including reimbursement for indirect costs if provided for in an attached budget.
- c. All equipment purchased from this fund, as well as any income from the sale of items produced by this project, shall be the property of the University.
- d. The direction and coordination of the project shall be by a member of the Department of Foods and Nutrition selected by consent of the Sponsor and the University. The conduct of the project shall be under full control of the University.
- e. Brief reports of progress of the proposed study will be made periodically by the University to the Sponsor and a final report will be rendered on completion of the project. Representatives of the Sponsor may consult with members of the staff of the University regarding progress of the project at opportune times.

Part 4. University Policy on Intellectual Property.

The University will retain all rights to intellectual property except that before the University licenses or assigns any of such rights to a third party, Sponsor will have a right of first refusal to license or take an assignment of such rights to intellectual property on the same terms and conditions as have been offered to the third party. Sponsor shall have thirty days after notice of the terms and conditions offered to the third party to exercise its right of first refusal.

Part 5. Publication and Sequestration.

The University reserves the right to publish any results of fundamental value to society. In no case shall the Sponsor use the name of the University in any advertising without the University's written permission. If, through this or a subsequent Agreement, rights to intellectual property arising from the project are assigned to the Sponsor, then the University will, upon written request from the Sponsor, sequester results for a period not to exceed two years in order to allow for the filing of patent applications. If intellectual property rights are not assigned to the Sponsor, the Sponsor must obtain University approval before publishing the results.

The Sponsor shall be afforded the opportunity to review all papers prior to their publication, and, at the Sponsor's request, the University shall modify such papers to prevent the disclosure of confidential business information furnished by Sponsor.

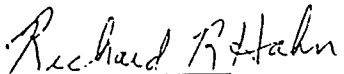
The University recognizes the rights of the Sponsor to maintain their competitive advantage. At the same time, the Sponsor recognizes the right of the University to publish results of fundamental value. The parties agree that the results of the work under this agreement will be reviewed to protect both parties' rights as outlined above.

Part 6. Non-Disclosure.


During the course of this research, the Sponsor may provide formulas and other confidential business information which is required to conduct the project. This information is to be held as confidential by the University unless it: (1) is in the public domain, (2) is knowledge previously held by the University; or (3) becomes available through a third party. The term "confidential business information" includes, but is not limited to, Sponsor's involvement with this project, University's relationship with Sponsor and University's use of Sponsor's product.

IN WITNESS WHEREOF the parties hereto have signed this Agreement as of the day and year first above written.

KANSAS VALUE-ADDED CENTER


Dr. Richard R. Hahn, Director
Kansas Value Added Center

KANSAS STATE UNIVERSITY


Keith L. Ratzloff
Controller *w'64*

MAR 5 1990

RENEWAL

Memorandum of Agreement (MOA)

THIS RENEWED MEMORANDUM of Agreement is entered into as of February 4, 1991 at Manhattan, Kansas, between Kansas State University, Fairchild Hall #2 of Manhattan, Kansas hereinafter referred to as the "University", and Kansas Value Added Center, Manhattan, Kansas, hereinafter referred to as the "Sponsor".

WITNESSETH THAT the purpose of this renewed Memorandum of Agreement is to record the mutual consent of both parties to renew the agreement as set out below in connection with Kansas Value Added Center-Foods and Nutrition, entitled Functionality and Utilization of Wheat Germ Protein Flour in Model Systems and In Meat Products.

Duration of Renewal

The Memorandum of Agreement between the above-named parties, entered into April 1, 1990 is hereby extended for a period beginning as of April 1, 1991 and terminating March 31, 1992.

Consideration of Renewal

There is no additional consideration beyond that provided in the original agreement or previous renewals."

Additional Terms of Renewal

All other terms and conditions of the Memorandum of Agreement remain the same.

IN WITNESS WHEREOF the parties hereto have set their hands as of the day and year indicated.

SPONSOR

KANSAS STATE UNIVERSITY

Richard Hahn
Richard Hahn
Director

Robert P. Lowman 2/15/91
Robert P. Lowman
Associate Vice Provost for Research

DATE:

DATE:

January 26, 1990

Kansas State University
Foods & Nutrition Dept
Justin Hall
UNIVERSITY

Dr. :

In regard to your proposal entitled _____, the
KVAC Leadership Council at its January 19th meeting approved
funding in the amount of \$3,000.

Enclosed you will find a "Contract for Services Rendered" by and
between Kansas Value Added Center and the KSU Foods & Nutrition
Department for your review. If contract meets with your approval
sign and return original copy to our office. Please be sure to
attach the current experimental plan reflecting the work being
done.

Upon receipt of signed contract KVAC will proceed with execution
of payment to you.

We are looking forward to working with you toward completion of
this important project. If you have any questions or comments,
please do not hesitate to contact me.

Sincerely,



Richard R. Hahn
Director

/mkg

Richard R. Hahn, Ph.D.
Director

307 Umberger Hall, Kansas State University
Manhattan, Kansas 66506-3418
913-532-7033 FAX: 913-532-7036

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KVAC

April 6, 1995

re:

Dear _____ :

Congratulations! The proposal submitted by the _____ requesting funding for the above named project was presented to the KVAC Leadership Council on March 23, 1995. The Council has approved an award for \$5,000.00 in accordance with your proposal of February 1, 1995. The Council asked the following conditions be attached to your project:

- The data obtained from this project outlining the value added opportunities provided by the technique will be available for use by anyone in Kansas.
- Biannual reports will be submitted to KVAC outlining your progress and findings.

If you agree with the conditions of this award, please sign below and return the original copy of this letter to KVAC. The award will be forwarded upon receipt.

Deborah Hix will serve as the technical contact for KVAC and will be responsible for following progress of the study, as well as assisting you as needed. Best of luck to your group in this endeavor.

Sincerely,

David Hurt, President KVAC

I accept and agree to the conditions stated above:

cc: Jerry Jost, Kansas Rural Center
Deborah Hix, Manager KVAC Foods/Feeds Program

/dkh

f:\wp\win60\award\wilson

KANSAS VALUE ADDED CENTER

Kansas State University, 216 Call Hall, Manhattan, KS 66506-1604, Tel: (913) 532-7033, Fax: (913) 532-7036
112 SW Sixth Street, Suite 408, Topeka, KS 66603, Tel: (913) 296-3363, Fax: (913) 296-6391

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October 15, 1991

Enclosure L, p.1

- 1~
- 2~ 3~
- 4~
- 5~, 6~ 7~

During KVAC's two years of existence, we have worked with a large number of Kansas companies assisting with technical questions. You have been in contact with KVAC one or more times. We need your feedback on how we did for you and any comments you can provide for future improvement. Please take a few minutes to fill out the attached questionnaire as completely as it applies to you.

We appreciate working with you in the past and are looking forward to seeing you in the future. We can meet KVAC's mission of providing technical assistance to the Kansas Value Added Processing Industry, only if we have your support and feedback.

Thanks,

Richard Hahn, Director

KVAC FOLLOW-UP QUESTIONNAIRE

1. Was your contact with KVAC handled professionally?
2. Was the information or assistance what you needed?
Comments:
3. What action did you take based on the KVAC contact?
4. What impact has KVAC had on your business?
5. What suggestions do you have for improvement of KVAC?

Richard R. Hahn, Ph.D.
Director

307 Umberger Hall, Kansas State University
Manhattan, Kansas 66506-3418
913-532-7033 FAX: 913-532-7036

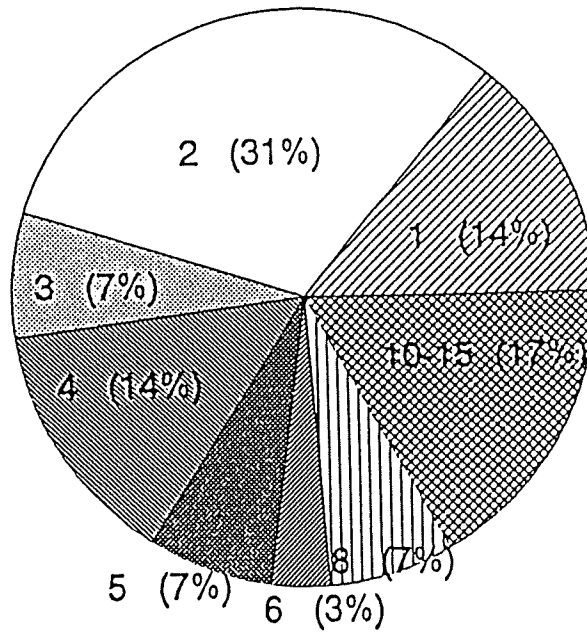
7-54

6. How did you find out about KVAC?
 ___ Read about it in _____
 ___ Referred by _____
 ___ Other _____
7. What type of business do you have or are you thinking of starting?
8. How long have you been in business? _____
9. How many employees do you have? _____
10. In the past year, has your employment
 ___ increased _____ stayed the same
 ___ decreased _____ By how many? _____
11. How has your profit changed in the last year? (circle one)
 1 - My profit has increased 4 - I am breaking even
 2 - My profit has stayed the same 5 - I am not making a profit
 3 - My profit has decreased
12. Have you introduced new products in the last year? ___ Yes ___ No
 How many? _____
 Are they line extensions or new to your business? _____
 What percentage of your sales do they constitute? _____
13. How much do you depend on this business for family income? (circle one)
 1 - Not at all 3 - Up to 50% of income
 2 - Up to 25% of income 4 - 100% of income
14. What is your age? (circle one)
 1 - under 18 years 4 - 50-64 years
 2 - 18-34 years 5 - 65 years and over
 3 - 35-49 years
15. What is the size of the place where your business is located? (circle one)
 1 - rural, farm 4 - 5,001 to 10,000
 2 - less than 1,500 5 - 10,001 to 50,000
 3 - 1,500 to 5,000 6 - over 50,001
16. Do you need additional KVAC assistance at this time? ___ Yes ___ No
 Your phone number is: _____
17. Do you have any other comments?

THANK YOU!

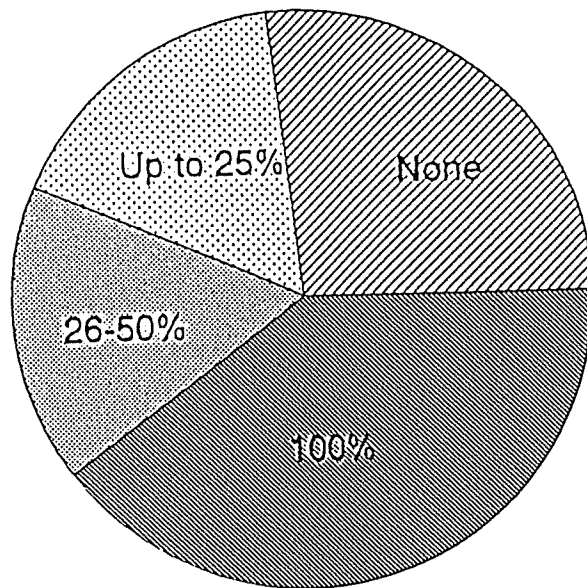
7-55

9. How many employees do you have?



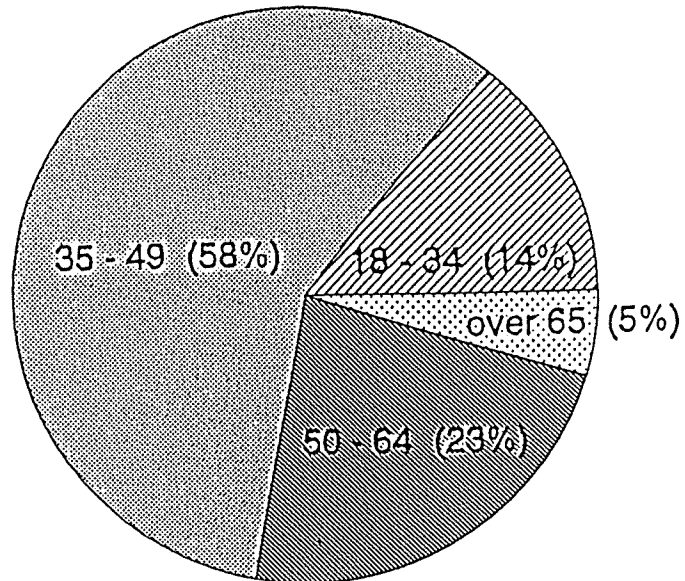
PRELIMINARY RESULTS OF KVAC FOLLOW UP QUESTIONNAIRE

13. Dependence on business for family income



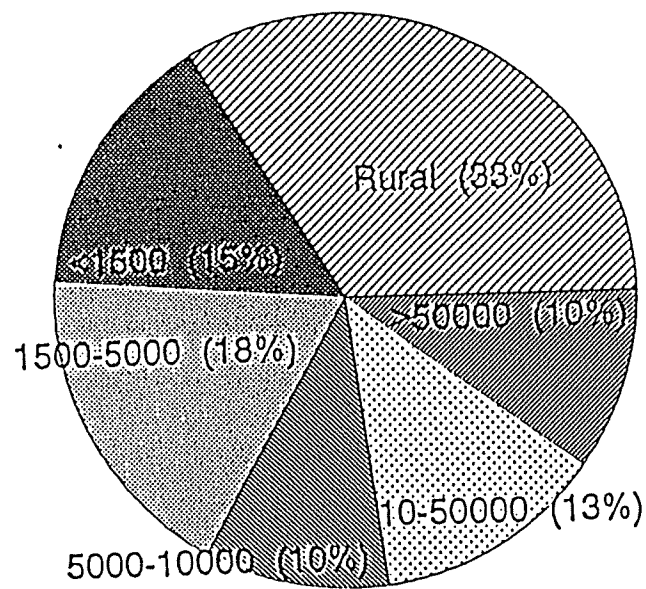
PRELIMINARY RESULTS OF KVAC FOLLOW UP QUESTIONNAIRE

14. Age



PRELIMINARY RESULTS OF KVAC FOLLOW UP QUESTIONNAIRE

15. Size of location



Survey Data and Comments

147 - mailed
 57 - returned *39% return rate* 4 - no address 4 - re-mailed

Questions:

1. Was your contact with KVAC handled professionally?

Yes - 51 No - 0

Comments: yes - Very much so, as well as very willing to help.
 Yes - I was very pleased. Very professional. Extremely.

2. Was the information or assistance what you needed?

Yes - 40 No - 3

Comments:

- +Our nutritional label can now be brought up to date...
- +I am working on some of their suggestions now.
- +Had an appointment with AIB which helped us answer many of our questions.
- +KVAC did analysis on our product as well as Sensory Lab-Taste Test. We needed the above information and had no other place to go but KVAC.
- +Yes, we are working to get a new business in our community involving some KVAC work.
- +Yes, and much more. As other questions arose they were answered.
- +Yes -...networking opportunities provided were in addition to the information asked for.
- +Received printed information right away - 2
- +...many times it went beyond not only what I knew I needed, but what I didn't know I needed.
 For example, working with the scientists and technicians at AIB.
- +Big help
- +The grape juice processing seminar was very beneficial to our members.
- +Helped us get started on reserch for our project.
- +Scholarship to attend the Cookie Production seminar at AIB was a most valuable experience.
- I was seeking financial assistance ... none was available. - 2
- Very good although I didn't receive all the information I requested...did not receive shelf-life info.
- Somewhat.
- There was no follow-up.
- No.. did not have the needed people to work on our program.

3. What action did you take based on the KVAC contact?

"None yet." or "None" - 11

Plans are in the works to change labels - 4

Working with the university. - 2

Site location - 1

Made further contact based on KVAC references - 3

Market research - 2

Accumulating data, field tests, research, tests - 2

Their suggestions are under consideration now.

I do not have a business yet but KVAC was very supportive.

Submitted an SBIR small business grant request with a cooperating business

Whatever we needed to!

Formulated baking procedures, storage procedures, wrapping procedures for cakes. More effective product development.

Moved on with our [processing] plans.

Varied, but usually followed course of action developed with KVAC advice.

A venture is in progress.

Project has basically lay dormant, worked thru county agent.

Seminar set up.

4. What impact has KVAC had on your business?

Too early to tell or None yet - 8

None - 4

Good or positive - 7 Improve our mixing and baking. Reduced costs of grain analyses.

Source of information - 4

We have been able to further the intended use of our product.

Gave more hope for success, probably helped me decide to go ahead, encouragement to proceed.

Decided not to go into business.

Improved - now I can back up what I say. We look more professional.

Access to experience we don't have and could not afford.

A thorough and well organized beginning.

Significant. The funding has been "lifeblood" through start-up phase.

Quicken our learning curve.

Because of your assistance, I could see possibilities for expansion of the business, i.e. new products, contracting manufacturing, and trends in food industry.

5. What suggestions do you have for improvement of KVAC?

None at this time - 9

More funds - 5

Better communication of services - 3

Needs to become much more aggressive in pursuing value-added production...

They offered ideas for a much larger operation than we wanted. In some cases, they should think small or ask how large an operation is wanted.

Perhaps faster.

I think there isn't enough KVAC employees for the work they have to do from my point of view.

Workshops

Just always be available for help like in the past.

Keep up good work! Seems to be ok. Couldn't be better.

None! Too often improvements are covers for increased bureaucracy and the excellent and informal assistance offered by Dr. Hahn was indispensable.

Stay in direct contact and as near small community as possible, pursuing new ideas from grass roots.

Continue testing for nutritional labeling

Help Board of Ag with efforts to open a warehouse for small KS producers.

6. How did you find out about KVAC?

Read about it - 11 in... FOCUS-2

Newspaper - 4

Professional publications

KS Extension Newsletter

Grass & Grain

Referred by - 29

SBDC - 3

Kansas DIRECT - 2

KS Wheat Commission

Kansas Rural Center

County Agent - 2

AIB

KS Crop Improvement Assn.

KTEC - 2

Other KVAC Clients or contacts - 4

KS Board of Ag. - 5

Extension Specialists - 2

American Ingredients

Leadership Council Rep.

Ks. legislator - 2

Community Leadership Council

22.4%
59%

18.4.0
 Other - 9
 Kansas Food Expo, Topeka, KS, April 1990 - 2
 Contacted by KVAC - 2
 Vegetable Growers Meeting in Manhattan.
 Contact with Dr. Hahn - 2
 Knew about it through my extension work.

7. What type of business do you have or are you thinking of starting?
- | | |
|--|-------------------------------|
| Bakery-wholesale, retail - 3 | Pecan Processing Plant |
| Marketing - 5 | Tortilla factory |
| Food Mfg/Processing - 8 | Retail Meats - 2 |
| Commercial fish producer/processor - 2 | Specialty food |
| Cereal grain products - 6 | Mail order food |
| Restaurant - 2 | Ethanol plant |
| Economic development - 2 | Smoke sauce or barbecue sauce |
| Sunflower/soybean oil processing plant | Farm raise deer for venison. |
| Food ingredient market development/sales | Recycling - 2 |
| Grape growing/winemaking | Starch thermal plastics plant |
| Dry mixes | |

8. How long have you been in business?
- 1 year or less - 9
 - >1 yr. less than 5 yrs. - 9
 - 5 - 10 years - 8
 - >10 years - 12

9. How many employees do you have?

<u># employees</u>	<u># companies</u>
1	4
2	9
3	4
4	4
5	2
6	2
7	0
8	2
9	0
10-15	5
>15	3

10. In the past year, has your employment
- Increased - 11
 - Decreased - 5
 - Stayed the same - 23

11. How has your profit changed in the last year?
- My profit has increased - 9
 - My profit has stayed the same - 4
 - My profit has decreased - 6
 - I am breaking even - 6
 - I am not making a profit - 11

12. Have you introduced new products in the last year?
- Yes - 20
 - No - 17
- How many new products? ranged from 1 to 30

13. How much do you depend on this business for family income?

Not at all - 9 34%
 Up to 25% of income - 5 15% (14.7%)
 Up to 50% of income - 5 15% (14.7%)
 100% of income - 15 44%

14. What is your age?

Under 18 - 0
 18 - 34 - 7 14%
 35 - 49 - 29 58%
 50 - 64 - 11 22%
 65 years and over - 3 6%

15. What is the size of the place where your business is located?

Rural, farm - 14 45% 31%
 Less than 1,500 - 7 15.5%
 1,500 - 5,000 - 7 15.5%
 5,001 - 10,000 - 5 11%
 10,001 - 50,000 - 7 15.5%
 over 50,001 - 5 11%

87% located in areas <10,000
 73%

16. Do you need additional KVAC assistance at this time?

Yes - 16 No - 31

17. Do you have any other comments?

Would like to deal with KVAC more closely to improve my business for 1992.

We have had limited exposure since our business is new product development. We will work more with them when a mfg. facility is established.

We appreciate any and all help you have given us and will gladly take any in the future.

We think KVAC is a wonderful. It allowed us to find information necessary for getting into fields not possible unless we were on the inside.

You have an important operation - please keep it going!

Although the information we have received is being used presently, we anticipate this same information to help us more so in the near future.

You have done a great job for us.

We have had limited exposure since our business is new product development. We will work more with them when a manufacturing facility is established.

Keep up the good work.

We are happy with the work your center did for us!

This is one of the very few government organizations that exceeded my expectations and actually did more than they advertise. If I decide to start this business I will definitely use their services again.

Thanks for your help. Rural Kansas is sometimes overlooked...information sent to us was very helpful.

-I feel that KVAC really does not understand the hostility of the small business climate in Kansas and the weakness of the state's infrastructure.

I would like assistance on the marketing end of my products.

KVAC is an asset to the state of Kansas and should receive high priority support.

We are very glad that KVAC is available. We were very well pleased with Richard Hahn's visit to our community, and with his presentation at our meeting. We were in need of the positive outlook, and the understanding shown of the challenges we face. A building/business has recently been purchased by 3 people who are starting a restaurant. We will be starting soon to see what we can produce locally to sell through it. We will be calling on you!

We really appreciate having access to the assistance that is provided by KVAC. Thank you for your help.

Thank you for sharing information with my student doing the research.

KVAC is valuable for Kansas. Keep up the good work.

Keep up the good work. Rural Amer. economic health depends on the value added concepts for its growth and development.

I feel we will proceed with the meat processing in the near future, will need help then.

7-64

KANSAS, INC.

Charles R. Warren, *President*

632 S.W. Van Buren, Suite 100, Topeka, Kansas 66603
(913) 296-1460 • fax (913) 296-1463

October 30, 1995

Gordon Lormor, President
Kansas Value Added Center
216 Call Hall
Kansas State University
Manhattan, KS 66502-1604

Dear Mr. Lormor:

Enclosed is the draft final report of the Kansas, Inc. *Evaluation of Kansas Business Assistance*. The draft report is being sent to you for review and comment. The findings, conclusions, recommendations and policy options in this report are subject to the approval of the Kansas, Inc. Board of Directors. The Board will review the draft report at its meeting on November 16, 1995. Copies of this report are being sent to the Board members, the Division of the Budget, and the agency heads responsible for the programs that were evaluated.

I would appreciate receiving your written comments on the report by November 13, 1995. If there are errors of fact or omission in the report, please indicate them to us. We will make any corrections necessary to improve the accuracy of the report. If there are objections or arguments against the findings and recommendations in the report, we will provide them to the Board of Directors and publish your written comments in the final version of the document.

While I realize the time period for this review is limited, please give prompt attention to the report. It is essential that we have your response prior to the November 16 meeting, so that the agency responses can be assembled and shared with the Board of Directors.

I would like to thank you and your staff for the cooperation and assistance you have provided to Kansas, Inc. staff in the conduct of this evaluation.

Sincerely yours,



Charles R. Warren
President

Enclosure

Board of Directors

Governor Bill Graves, *Co-Chair*

John Moore, *Co-Chair*

Jay Anderson • Joe Bauman • Paul Burke • John Farmer, III • Greg Jones • Gerald Karr • John Prather
Warren Schmidgall • Deryl Schuster • Vince Snowbarger • Gary Sherrer • Jack Wempe • Larry Williams

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KANSAS, Inc.

Charles R. Warren, *President*

632 S.W. Van Buren, Suite 100, Topeka, Kansas 66603
(913) 296-1460 • fax (913) 296-1463

December 6, 1995

Mr. Gordon Lormor
Interim President, KVAC
216 Call Hall
Kansas State University
Manhattan, Kansas 66506

Dear Mr. Lormor:

Thank you for providing Kansas, Inc. with your prompt response to the Draft Final Report of the Evaluation of Kansas Business Assistance. We appreciate your time and effort in helping to improve the accuracy of the information contained in the report. Upon review of your comments, however, I feel compelled to offer an explanation as to how Kansas, Inc. arrived at the figures concerning KVAC which are listed in the report.

The evaluation conducted by Kansas, Inc. was limited to a three year period between fiscal years 1992 and 1994. Only in selected cases were program records collected from periods beyond this time frame. In the case of KVAC, Kansas, Inc. requested only those business clients served by KVAC during the FY 1992-1994 time period.

You state in your response that "...KVAC has provided services to 506 clients through 1995 vs. the 71 clients as stated in your reports." This statement may be true, but Kansas, Inc did not collect data from KVAC through 1995, nor did we collect data from years before FY 1992. Tim Paris, Kansas, Inc. research staff, visited with Ms. Lisa Atkinson of KVAC in early May, 1995, to establish the parameters of the client list to be collected by Kansas, Inc. Mr. Paris originally requested data on those clients listed through the KVAC peer review process. Ms. Atkinson, however, stated to Mr. Paris that this list was over representative of "technical assistance" clients, and that not all of these businesses or individuals had entered into formal agreements with KVAC. Mr. Paris then modified his request and asked only for those clients who had entered into formal agreements for technical assistance.

Ms. Atkinson returned within a matter of weeks and delivered records to Kansas, Inc. of the set of clients requested by Mr. Paris. These records, however, were woefully inadequate for the purpose of our evaluation. With the exception of only a few records, there was little client data listed except for name, address and phone number. We still have these records which were delivered by Ms. Atkinson if you would like to review them.

Board of Directors

Governor Bill Graves, *Co-Chair*

John Moore, *Co-Chair*

Jay Anderson • Joe Bauman • Paul Burke • John Farmer, III • Greg Jones • Gerald Karr • John Prather
Warren Schmidgall • Deryl Schuster • Tim Shallenburger • Gary Sherrer • Jack Wenpe • Larry Williams

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Kansas, Inc. also excluded from its database records of clients which were not businesses or individuals. For example, in your response to our evaluation, you have provided a list of each client served by KVAC. However, many if not most of these clients were various Departments of Kansas State University. Kansas, Inc. made the decision to limit the scope of our evaluation to include business clients only. This limitation is stated in the title of our report, "Evaluation of Kansas Business Assistance."

Kansas, Inc. also returned all KVAC client data on two separate occasions to review and to verify the data which had been supplied to Kansas, Inc. In neither case was any response received from KVAC.

It would appear, also that there may be a misinterpretation as to how we defined a "client tracking system" which our report states as missing at KVAC. We are referring to a system of data collection and client follow-up, that is designed to measure program impact, results, and satisfaction. While you included information in your response regarding a client survey conducted in 1991, KVAC did not demonstrate an annual and continuous tracking system to Kansas, Inc. Therefore, we could not verify economic impact to clients served between FY 1992 and FY 1994. We did, however, mention in our report that KVAC has initiated a long term client follow-up survey in 1995 to gather economic impact and customer satisfaction data.

I hope this letter has served to clear up any questions you may have had regarding our analysis on Kansas business assistance programs. I would be happy to discuss any of our findings with you personally if you would like additional information or explanation.

Sincerely,



Charles R. Warren, Ph.D.
President

KVAC - Industrial Agriculture
Managed by the *Kansas Technology Enterprise Corporation*



December 19, 1995

Maggie Riggs
Sweetwater Sprouts
1 East 9th
Quest Center
Hutchinson, KS 67501

Dear Maggie:

This letter is in response to your request clarifying staff in the evaluation of KVAC recently conducted by Kansas, Inc.

I was unaware that KVAC was requested to provide information to Kansas, Inc. for the purpose of the evaluation.

I have not met Tim Paris and have had no correspondence or contact with anyone from Kansas, Inc. during the evaluation process.

Furthermore, I had no contact with the Manhattan office regarding the evaluation.

Please let me know if further information is needed.

Sincerely,

Sherry Schoonover, Manager
Industrial Agriculture

cc: Gordon Lormor
Rich Bendis



Cooperative Extension Service

Extension Foods and Nutrition
244 Justin Hall
Manhattan, Kansas 66506-1407
913-532-5782
FAX: 913-532-3132

**STATEMENT OF
FADI M. ARAMOUNI, ASSOCIATE PROFESSOR
EXTENSION FOODS & NUTRITION
KANSAS STATE UNIVERSITY**

BEFORE THE

SENATE AGRICULTURE COMMITTEE

DAVID CORBIN, CHAIRMAN

FEBRUARY 1, 1996

Chairperson Corbin, Distinguished Members of the Senate Agriculture Committee and other guests.

My name is Fadi Aramouni and I am an Extension Specialist in Food Systems in the Department of Foods and Nutrition at Kansas State University. One of my responsibilities is to provide technical assistance to the Kansas food processing industries, concentrating on product development, food safety, quality assurance, food labeling, and rules and regulations issues.

In 1995, my office received over 1300 inquiries and requests for assistance from Kansas food processors relating to these topics. We conducted various physical, chemical, and microbiological analyses on 157 food products for safety and quality evaluations, helped produce 170 Nutrition Facts panels for 48 Kansas companies for their products to comply with the federal Nutrition Labeling and Education Act, and assisted Kansas entrepreneurs and small food companies in placing 15 new products on the market through product and process development.

I also manage the Kansas Value-Added Food Product Development Laboratory where many of these activities are performed. This facility evolved from joint cooperation among Kansas State University for providing existing space, the Cooperative Extension Service for funding my position and part-time support staff, and the Kansas Value Added Center for funding to renovate the space, equip with instrumentation, provide support staff for laboratory activities, and provide for some operating expenses.

KSU, County Extension Councils, Extension Districts, and U.S. Department of Agriculture Cooperating.

All educational programs and materials available without discrimination on the basis of race, color, national origin, sex, age, or disability.

*Senate Ag Co
2-1-96
attachment 8 8-1*

This laboratory is open to Kansas companies and entrepreneurs to test new products and ideas, gain hands-on experience in using commercial equipment, and receive training for safety and quality evaluations of their food products. A total of 34 companies took advantage of this facility last year.

I work closely with other extension specialists on the K-State campus and with extension agents in the state, and I cooperate with other state agencies such as the Kansas Department of Agriculture, Marketing Division- where our main collaborator has been Ms. Loreen Locke McMillan- the Kansas Department of Health and Environment, the Kansas Value Added Center and many Small Business Development Centers located across the state.

In addition to the technical assistance aspect of my program and the one-on-one educational effort, I have also helped organize numerous seminars and workshops to address the issues mentioned above, and I have authored a variety of reference materials and fact sheets as part of my extension educational outreach.

Today, I would like to specifically address my relationship as an Extension Specialist at KSU with the Kansas Value Added Center over the past six years. When I arrived on the KSU campus in the fall of 1989, the value-added concept was very new. My first goal was to assess the current services, facilities and resources available for assisting Kansas food companies. Little laboratory space, commercial equipment, or instrumentation was available for working with the rapidly-growing cottage food industry. Realizing those limitations, I submitted proposals to KVAC for cooperative support with Kansas State University's Department of Foods and Nutrition for facility renovation and commercial equipment and instrumentation purchases.

As our capabilities grew with facilities and equipment, so did the demand for our assistance. Also during this time, the U.S. Food and Drug Administration was proposing major changes in the nutrition information regulations to be complied with by food processors. By May, 1994, the Nutrition Labeling and Education Act was in effect and most retail products would require nutrition information. KVAC, myself, and the other extension specialists realized the potential impact of these regulations and together, we began initiating training sessions, written materials, and individual consultations to help Kansas food companies comply. KVAC provided grant funding to acquire a computer database and support personnel to work with the volume of products and Kansas companies requesting nutrition labeling. My administrators at the Cooperative Extension Service at KSU supplemented this funding and my Department Head in Foods and Nutrition made available laboratory space, instrumentation and supplies to make this particular service available at an affordable

cost. Its success is evidenced by the few hundreds Nutrition Facts panels you see on Kansas food products that were developed through our program.

Other major funding support provided by KVAC has gone toward graduate student support for direct work for Kansas companies. Typical projects have included product development for new markets such as fat-free or sugarless snacks, low-calorie jams, jellies, syrups, flavored vinegars and oils, and honey spreads. Other projects have been for problem solving to improve product safety and stability, increase shelf-life, or improve sensory characteristics. This work is coordinated with the client for direct market applications and has resulted in many new products being introduced into the market, including a patent on fat-free caramel corn with licensing rights sold to a Kansas company in Greenleaf, KS.

As an Extension professional in a Land Grant University, I am committed to keep providing my services to Kansas citizens, particularly small food processing businesses and entrepreneurs, who have found these services essential to the survival and success of their business. However, these services require a substantial financial commitment on the part of the state, irrespective of the source. I hope that such support would be continued so we can keep supporting Kansas citizens and businesses.

Thank you for your time and your consideration.