

Approved: 2-13-96
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 12, 1996 in Room 423-S of the Capitol.

All members were present except: Quorum was present.

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

Conferees appearing before the committee:

Others attending: See attached list

A motion was made by Senator Sallee to adopt the minutes of February 6, 7 and 8. The motion was seconded by Senator Tillotson. Motion carried.

Chairperson Corbin announced that a fiscal note for **SB 558** had been distributed. Attention was called to **SB 507 - abolishing the agricultural value added center and the leadership council**. The amendment from the meeting of February 6 was still on the table. The Chair called on Senator Clark to present his proposal.

Senator Clark distributed his proposal (Attachment 1). The proposal would lay out a new structure for what is currently termed the Kansas Value Added Center (KVAC), the Department of Agriculture's Ag Marketing and value added technical services. In addition, there are other economic development and community assistance programs that could be considered as a part of the new structure. He thought this structure would fit clients one stop shopping. Senator Clark responded to questions regarding the Governor's budget recommendations.

To give the members an opportunity to review the proposal before action was taken, Chairperson Corbin said action would be delayed until Thursday, February 15,

The meeting adjourned at 10:48.

The next meeting is scheduled for February 13, 1996.

SENATE AGRICULTURE COMMITTEE GUEST LIST

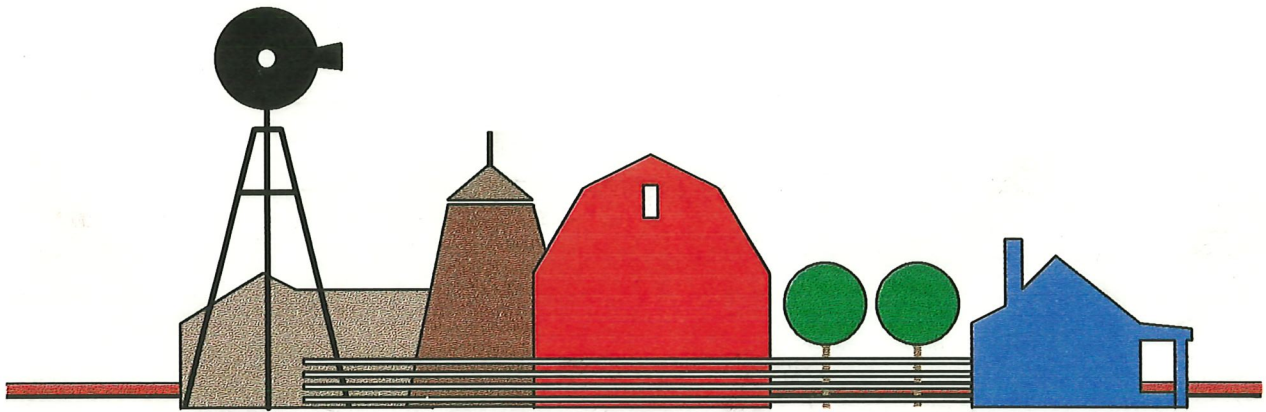
DATE: 2-12-96

NAME	REPRESENTING
Gordon LORMOR	KVAC
Cheryl LORMOR	KVAC
Cambryn Biegl	KVAC
Deborah Hix	KVAC
Derenda Mitchell	Governor
BILL R. FULLER	Kansas Farm Bureau
Kerri Ebert	KS Dairy Assn.
Leon Conner, DVM	KVMA
Leslie Kaufman	Kansas Farm Bureau
Ran Hermes	DIVISION OF THE BUDGET
Jim Allen	Seaboard
Mark Boncellina	KDOCTH
Kevin Can	KTEC
Cindy Diehl	"
Sherry Sissonover	Ind. Ag.
Steve	Kansas, Inc.
Mike Beam	Ks. Livestk. Assn.
Louise Schneider	Ks LIVESTOCK ASSN
Marty Vanier	Ks Ag Alliance

KANSAS VALUE ADDED Agriculture

A Proposal For:

Fiscal Year 1997 and Beyond



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

by the

Kansas Value Added Center

FEBRUARY 12, 1996

*Senate Ag Co
2-12-96*

attachment / i-1

KANSAS VALUE ADDED AGRICULTURE
A PROPOSED STRUCTURE
FY - 1997 AND BEYOND

The following is a proposed new structure for what is currently termed the Kansas Value Added Center (KVAC), the Department of Agriculture's, Ag. Marketing Division and value added technical services. This proposal would combine KVAC and Ag. Marketing into a new entity to deliver value added services for Kansans. In addition, there are a number of other economic development and community assistance programs that could be considered as a part of this new structure.

The rationale for this new proposal, is that no other entity in the state exists which provides client mentoring and commercialization for value added agriculture. Kansans want "one-stop" shopping and they want to work with one agency that will work with and for them from beginning to the end -- from product development through commercialization. It is also imperative that the staff of this agency possess business expertise and technical agricultural background to assist clients with their endeavors.

The proposal will examine the following issues:

- ▶ Objectives - what should a value added program in Kansas accomplish.
- ▶ Organization - what is the best structure to accomplish these objectives.
- ▶ Programs - specifically, what programs are needed in the organization.
- ▶ Pro Forma Budget - what financial structure might be needed to meet these objectives.
- ▶ Rural Center of Excellence (comprised of other Economic/Community Development Programs) - what existing programs within the state might enhance this new structure.

OBJECTIVES

This new value added structure must accomplish the following objectives:

- ✓ 1. Assist Kansans in the development of value added agricultural products and industries.
- ✓ 2. Assist in the commercialization of value added agricultural opportunities in rural Kansas communities.

The first priority of this new structure would be to develop a three year business plan which would delineate the objectives, strategies, and action plans necessary to accomplish these objectives. The objectives would be measurable by the number of: new products created, products improved, new value added industries established; and the number of jobs created in existing industries.

ORGANIZATION

A new entity would be created from the Kansas Value Added Center (KVAC) and Dept. of Ag. Marketing Division -- the "Kansas Agricultural Products Development Corporation (APDC)." This entity would be a legislated, "quasi-corporation" enjoying the same legal status as any Kansas corporation and would have its own line item in the Kansas State Budget.

KVAC Holdings, Inc., the for profit corporation established by KVAC, later transferred to KTEC (in order to meet legal requirements), should be transferred to APDC. This could be accomplished by the assignment/transfer of KVAC Holdings, Inc. shares (as held by KTEC), to APDC. The name of the holding corporation should also be changed to reflect the association with APDC. Currently, KVAC Holdings, Inc. holds cash in the amount of approximately \$153,000, with no outstanding

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liabilities.

ADVISORY BOARD - APDC would report to a seven member advisory board of directors appointed by the governor and consisting of individuals who are directly involved in adding value to agricultural commodities as follows: 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 the Department of Commerce & Housing, Business Development Division.

The role of the advisory board would be to work with the APDC staff to identify new business relationships and opportunities and to approve projects greater than \$50,000 in value. Board members should be selected so that they can actively participate with APDC in establishing commercial "linkage" relationships with potential APDC clients. The board would also counsel the APDC staff and act as a sounding board on strategic agendas. Managing APDC's operational issues would be the responsibility of the APDC president.

The Department of Agriculture's Ag. Marketing Division and KVAC personnel should be moved to APDC. Current information suggests that this would add eight positions to KVAC's six, for a new organization total of 14 FTE's. While the current job descriptions/accountabilities are transferring to APDC from KVAC and Ag. Marketing, APDC, in its business plan development process, should be free to adjust these duties as needed to met the objectives of the organization. It is possible that through this reorganization a reduction in FTE positions might be realized. However, this should occur only, if required, after the development of the business plan.

APDC ORGANIZATIONAL STRUCTURE - Advisory Board, Chair of Advisory Board, President, program directors, and support staff. Currently, KVAC has six positions authorized (one

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is currently vacant). With the addition of Ag. Marketing staff, the FY 97 total would be 14 positions (includes three support staff). No further additions are anticipated for FY 97.

PROGRAMS

APDC would structure its programs to meet its objectives. Based on current information on the programs transferring from the Dept. of Agriculture and those from KVAC, the following program activities are suggested:

- ▶ ✓ **COMMERCIALIZATION PROGRAM** - Would be designed to achieve the organization's objectives through effective strategies and action plans. The program would focus on assisting Kansans to improve existing products and bring new products to the market. This would be a proactive program whereby APDC actively seeks out commercial partners (local community development organizations, producer groups, alliances, cooperatives, private industry, and others) who are seeking to build value added agricultural opportunities in rural and urban areas. This program would focus its efforts on:
 - 1) developing partner relationships with companies that are already successful, who have ideas for new products and are looking for partners to share the risk;
 - 2) matching existing, commercially viable research with risk sharers looking for new product ideas/or improvements to existing products; and
 - 3) working with interested local community development organizations to develop programs that would provide economic incentives for the creation of new entities/or facilities in these rural areas.

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- ▶ FINANCIAL PROGRAMS - Adequate funding for commercial programs must be a priority of this new structure. It is recommended that various financial programs be developed including:

Seed Capital Fund - From Economic Development Initiative Funds (EDIF), such that at least \$2.0 million is available for the first two to three years. These funds will be used to fund feasibility studies for new projects, and to commercialize new/improved product and industry initiatives. The fund could be divided in two parts: one for direct APDC programs and one for indirect micro-loans.

Direct Loans - APDC would make funds available to potential clients for commercialization of value added products/industries. The format for this loan program could be either a grant, or return on investment basis.

Micro-Loan Program - A portion of the \$2.0 million seed capital fund, or \$1.0 million could be used in "risk-sharing" loan programs. This program would be a joint venture between APDC and local community lending institutions (banks, credit unions, etc.) whereby APDC stands 60% of the risk and the local bank 40%. The local lender would share in a greater percentage of the profit of the loan (i.e. 60% to local lender, and 40% to APDC).

This would provide a strong incentive for the local lender to make loans available for projects they might not normally fund. The terms and conditions of the loan program would be set by APDC. The marketing, application, and approval process for these loans would be made at the rural or local financial level, without consideration or approval of the project from APDC. Each lender would be "qualified" by APDC -- once the local lender was qualified, they would be given a yearly maximum loan

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commitment. 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.

Leverage Funding Programs - A full time effort should be placed on developing alternative sources of funding -- including federal, foundation, and seed/venture capital.

- ▶ ✓ MARKETING PROGRAMS - APDC would place a strong emphasis on marketing issues so that Kansans have access to coordinated programs that develop marketing skills, and to facilities and markets so they are competitive in the global market place. These would include not only traditional marketing and informational programs aimed at informing potential users of the APDC system, they would also include providing assistance (to the private sector) on the development of a marketing and distribution support network for small value added producers. APDC would direct clients to available marketing products and services, providing a mechanism for the distribution of information (both print, electronic, and other media), and continue the marketing support activities of the former Ag. Marketing Division (if so delineated in the new business plan).

From The Land of Kansas Promotion/Trademark Program - Should be upgraded to include the necessary safety and FDA requirements. Currently, this program is solely a marketing trademark promotional effort. It does not guarantee product quality, sanitation, or compliance with federal regulations.

Statistical Analysis of Value Added Opportunities - An analysis of the Kansas base line of existing and potential value added activities is needed. This would establish the objective measurements for evaluating the success of APDC and would also be

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used to determine potential value added opportunities.

- ▶ **✓ TECHNICAL PROGRAMS** - Currently technical services are primarily delivered through Ag. Extension at Kansas State University. A proposal under consideration would provide approximately \$300,000 a year to KSU (from the Dept. of Commerce & Housing) to perform value added technical services.

Based on a trend that shows the dollar amounts to KSU for all activities are declining, it appears that \$300,000 for a "technical service performance contract" is an excessive amount and could be reduced. Historically, KVAC has provided KSU \$237,000 per year (1989 to 1995) to build and maintain a technical value added infrastructure on the KSU campus. These amounts included extensive investment, for several years, in the value added pilot laboratory facilities (both equipment and staff - Appendix A) -- which are now complete.

In 1995, KVAC provided KSU approximately \$180,000 to be used for all technical, equipment, staff, research and other activities (Appendix B):

Equipment (Alveograph)	\$22,029
Equipment	<u>\$16,000</u>
Subtotal	\$38,029
Product Sensory Evaluation	\$11,540
Market Distribution Analysis	\$6,000
Wheat Survey	\$500
Farrell Library	<u>\$10,000</u>
Subtotal	\$28,040

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Staff - Thermal Processing	\$35,000
Staff - Animal Science	\$10,500
Staff - Ag. Economics	\$10,000
Staff - Horticulture	\$15,000
Staff - Food Product Development Lab	<u>\$30,000</u>
Subtotal	\$100,500

Supplies - Food Product Development Lab	<u>\$7,000</u>
Subtotal	\$107,500

Education - Travel Support Bioprocess Seminar	\$500
KVAC/KSU - HACCP Short Course	<u>\$5,000</u>
Subtotal	\$5,500

TOTAL PROVIDED KSU FY 1995 **\$179,069**

<u>LAB</u>	Number of KVAC <u>Project Clients</u>	\$ Cost <u>Per Client</u>
Foods & Nutrition	61	\$606.56
Thermal Processing	3	\$11,666.66 (Note 1)
Meat Processing Lab	2	\$5,250.00

Note 1: KVAC clients = 3, overall number of clients = 10

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Obviously, certain pilot labs are under utilized and/or the costs associated with their current use is out of line. In FY 1997, KVAC wanted to work with each pilot lab to establish a base line number of expected clients/lab use, and the associated costs to develop a new pilot lab award structure (block grants).

APDC could either contract on a per client cost basis with private industry, or KSU, for technical services (as the pilot lab infrastructure is complete). It is anticipated that on a per client basis, considerable savings could be generated.

PRO FORMA BUDGET

The development of a three year budget would be an integral component of the business plan. As such, this proposal will only address pro forma amounts as current budget information is unavailable. This pro forma budget is based on estimates and KVAC's FY 1997 Level B request:

<u>Agency</u>	<u>Full Time Personnel</u>	<u>Estimated Budget</u>
KVAC	6	\$875,622 (Note: 1)
Ag. Mktg.	8	\$500,000 (Note: 2)
APDC	14	\$1,375,622 million (approximate)
Add:		<u>\$2,000,000 (seed capital from EDIF -- Note 3)</u>
Total		\$3,375,622 million (suggested)

Note: 1 The amount \$875,622 is KVAC's FY 1997 Level B request. The Division of the Budget in its new structure recommended 2 FTE's to the Department of Commerce & Housing

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@ \$406,800 (including a \$300,000 performance contract between Commerce and KSU), and 2 FTE's to KTEC @ \$ 258,900. Under this new proposal, six KVAC positions and the requested level B FY 1997 budget would transfer to the new organization.

Note: 2 This is an estimate only - the actual dollar amount and total number of personnel is unknown.

Note: 3 It is requested that, at a minimum, \$2.0 million from the EDIF be utilized to establish a value added agricultural seed capital fund. The funds would be used over a two to three year period to assist APDC as it works with industries, groups, alliances, and entrepreneurs to establish new value added agricultural industries and products.

OTHER ECONOMIC AND COMMUNITY DEVELOPMENT ENTITIES

RESPONSE TO SENATOR STAN CLARK'S REQUEST FOR OUTLINING

A RURAL CENTER OF EXCELLENCE

After a careful review of the existing rural development resources funded through KSU, the following programs have missions closely related to that of KVAC: *to foster rural revitalization and economic development by providing technical and financial assistance to agricultural value added endeavors.*

✓ **Kansas Center for Rural Initiatives (KCRI).** This is a university-based organization designed to link the resources of KSU with rural communities across Kansas. The main objectives of KCRI include:

1. To increase coordination among faculty and other units at KSU working on rural development issues.

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2. To encourage interdisciplinary policy and applied research on rural development at KSU.
3. To address needs of rural individuals and groups by mobilizing and delivering financial and human resources, ideas, and information to build self-initiative and empower rural individuals, groups, and communities.
4. To encourage coordinated rural development efforts among institutions of higher education, public schools, agencies, and other organizations with rural interests.

KVAC, as the center for the maintenance of networking and the agricultural resource database has been addressing many of these needs for some period of time. KCRI develops a newsletter, community profile, and calendar of events providing information about KCRI activities and recent accomplishments in rural development which are similar to the FOCUS newsletter KVAC has funded with KSU Extension.

KCRI is funded through grants from the W.K. Kellogg Foundation, the U.S. Department of Commerce, the U.S. Department of Education, and fees charged for services. KCRI's advisory board is comprised of a representative from each of the colleges at KSU, the Farrell Library, Continuing Education, the Faculty Senate, the Graduate School, the KS Department of Agriculture, the KS Department of Commerce and Housing, Extension Service, the Kansas Rural Development Council, the Huck Boyd National Institute for Rural Development, and constituent representatives. KCRI is directed by Carol Peak and includes 4 FTE and 6 PTE for two programs: KCRI is housed jointly with the Kansas Community Service Program. Neither program staffs an agricultural specialist.

✓ **Kansas Community Service Program (CSP).** This program is designed to involve KSU students in community service and to promote rural revitalization. The following are the primary components of the program:

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1. Involve students in community service teams where they plan and implement long-term rural community improvements projects.
2. Provide students with short-term experience in improving rural Kansas communities through SAVE projects.
3. Serve as a community service clearinghouse to match KSU students with community volunteer opportunities.
4. Provide student volunteers for the YES (Youth Education Service) program. Students who are at risk receive a tutoring partner.
5. Community service teams involving students in planning and implementing long-term community improvement projects in international settings.

The program is directed by Carol Peak and is housed jointly with the Kansas Center for Rural Initiatives. The two programs share 4 FTE and 6 PTE. Neither program has an agricultural specialist on staff. Funding may be available for student internships through the Ewing Marion Kaufmann Foundation.

✓ **Kansas Center for Community Economic Development (KCCED).** This program is a partnership between KSU and the University of Kansas, funded by a grant through the U.S. Department of Commerce. The purpose of the Center is to bring University expertise in community economic development to rural Kansas. This purpose is accomplished by KVAC on a much broader scale, utilizing expertise available in the State. KCCED activities include the following:

1. Community workshops

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2. Organization and leadership development training
3. Just-in-time assistance
4. Collecting community information

KVAC staff have a membership in this program and have participated in several of the above functions.

✓ **Empowerment Initiative for Community Development.** This program is supported by the W.K. Kellogg Foundation. The program is designed to establish leadership development classes for community residents at participating community colleges. The community colleges support communities through the following:

1. Development of a curriculum specific to local needs
2. Delivery of courses to local community residents
3. Providing support during the community-based action phase of the course where participants use newly learned skills to implement community projects
4. Assisting with identifying and accessing outside resources
5. Facilitating the building of individual leadership skills

The program is directed by Carol Peak.

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Small Business Development Center (SBDC). KVAC currently has an established on-going working relationship with 25 Kansas SBDCs. The SBDC provides the value added client assistance to identify and develop their business plan, the blueprint for a successful new business venture. The SBDC supervises the Kansas Rural Enterprise Institute (KREI).

✓ **Kansas Rural Enterprise Institute (KREI).** This program is designed to focus on rural business related economic issues and to utilize resources available at KSU to address those issues. KREI activities include:

1. Conducting applied research
2. Scheduling strategic planning conferences and specialized courses
3. Providing counseling

This is not a program with separate personnel from the SBDC. It allows the regional Manhattan-based SBDC to work state-wide, to publish materials and conduct seminars otherwise restricted under the SBDC mission. The SBDC and KREI are directed by Fred Rice. The office supports 3 FTE, PTE and student assistants.

✓ **Huck Boyd Institute for Rural Development.** This program is a partnership between KSU and the Huck Boyd Foundation. The mission is to enhance rural development by helping rural people help themselves. The objectives include:

1. Strengthening the role of the private sector entrepreneurship, and local leadership in rural development

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2. Encouraging cooperation among rural development providers
3. Identifying emerging rural policy needs and communicating/facilitating needed strategies for the future through outreach to rural communities
4. Articulating and promoting the important benefits of agriculture and rural life and an appreciation of their vital importance to the nation
5. Utilizing the strategic alliances and partnerships in accomplishing our mission.

The Huck Boyd Institute is founded on the principle that people can get more done when they work together. It conducts policy studies and produces reports dealing with rural issues such as multi-community collaboration and international trade. The program seeks to encourage rural entrepreneurs and community leaders through its weekly Kansas Profile radio program. The program is currently housed in the same suite of offices as KVAC. The program has 1 FTE (Ron Wilson, the director) and shares 1 FTE with the KARL program.

✓ **Kansas Direct Program.** This program functions as a single point of contact for development, information, referral, coordination, and training. The program searches for the best available sources of information during problem solving and identifies qualified experts who can be contacted. The program is an excellent fit with services being provided by KVAC. The program director, Sonny Sisk, will be retiring within a few months. The program currently supports 4 FTE and 1 PTE.

✓ **Kansas Pride Program.** This is a self-help program designed to promote community leadership. The program is sponsored by the KSU extension service and the Kansas Department of Commerce and Housing. The program is intended to encourage all communities, regardless of size, to initiate and carry out plans for total community development. The program facets include:

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- ▶ planning
- ▶ economic development
- ▶ transportation
- ▶ education
- ▶ community enrichment
- ▶ energy conservation
- ▶ leadership skills
- ▶ community service
- ▶ utilities
- ▶ housing

The program is directed by Stan McAdoo.

✓ **Community Economic Development.** This program provides resources to rural communities in the form of publications, data bases, financial impact studies, and extension specialists. Community economic development includes:

1. Strategic community planning
2. Telenet and the distant learning programs for rural communities
3. County extension agent training in community and economic development
4. Special community projects such as county assessment surveys, economic impact analysis, and trade potential analysis

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5. Media for rural community issues and community development such as newsletters, news releases, radio, and special reports.

One of the major concerns and activities of this program is to create economic opportunities in rural areas. County extension councils bring in teams of processors and extension specialists to address public issues facing rural Kansas. The program is directed by David Darling, KSU Extension Specialist.

- ✓ **Engineering Extension Service (EES).** This program is an outreach effort of the College of Engineering at KSU by transferring technology from the campus research laboratory to homes, businesses, and industry. Program emphasis is on energy and the environment. Requests for technical information are received from engineers, technicians, business, and industry statewide, ranging from alternate energy applications, conservation, mitigation, and measurement of environment pollution in Kansas communities and businesses. This program would fit nicely with the KVAC Industrial Agricultural program. The program is directed by Dr. Richard Hayter, KSU.

↓
Pollution Prevention Institute (PPI). This program was established to respond to increased demand for expertise in the area of pollution prevention and other environmental issues. This provides opportunities for applied research, technology transfer, student internships, and employment opportunities for KSU graduates. PPI serves businesses, regulatory agencies, technical assistance groups, trade associations, and private citizens. Services include:

- nonregulatory assistance
- on-site assessments
- training seminars
- workshops

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- presentations to industry groups and regulators
- information dissemination

The program is directed by Michele Feenstra, KSU.

✓ **Center for Rural Education and Small Schools.** This is a research, development, and service center in the KSU College of Education with the objective of assisting local schools play an active role in their economic and community development. Students are encouraged, as a class, to purchase a small business and then to run it. The program is directed by Robert Newhouse, KSU.

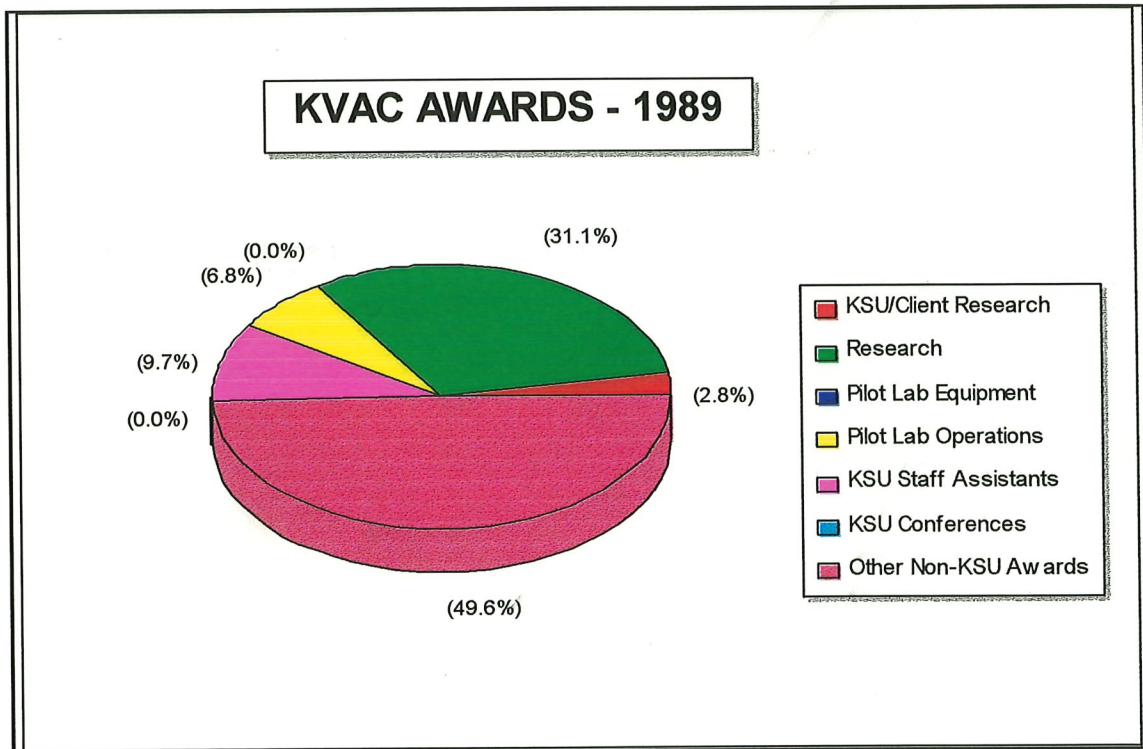
✓ **Rural Clearinghouse for Education and Development.** This is a national effort to improve rural access to continued education. the goal of the Clearinghouse is to improve rural access to a broad range of information and training programs. The Clearinghouse makes presentations and specialized publications to help communicate rural needs to policy makers, national associations, and educational leaders. The Clearinghouse is totally funded by grant money with the exception that housing for the Clearinghouse is provided by the Division of Continuing Education. The program is directed by Jackie Spears.

In addition, Appendix C contains a list of Kansas rural resources as provided in the *Kansas Rural Resources Directory*, Kansas Center for Rural Initiatives, 51 College Court Building, Kansas State University.

ap A
appendix 8

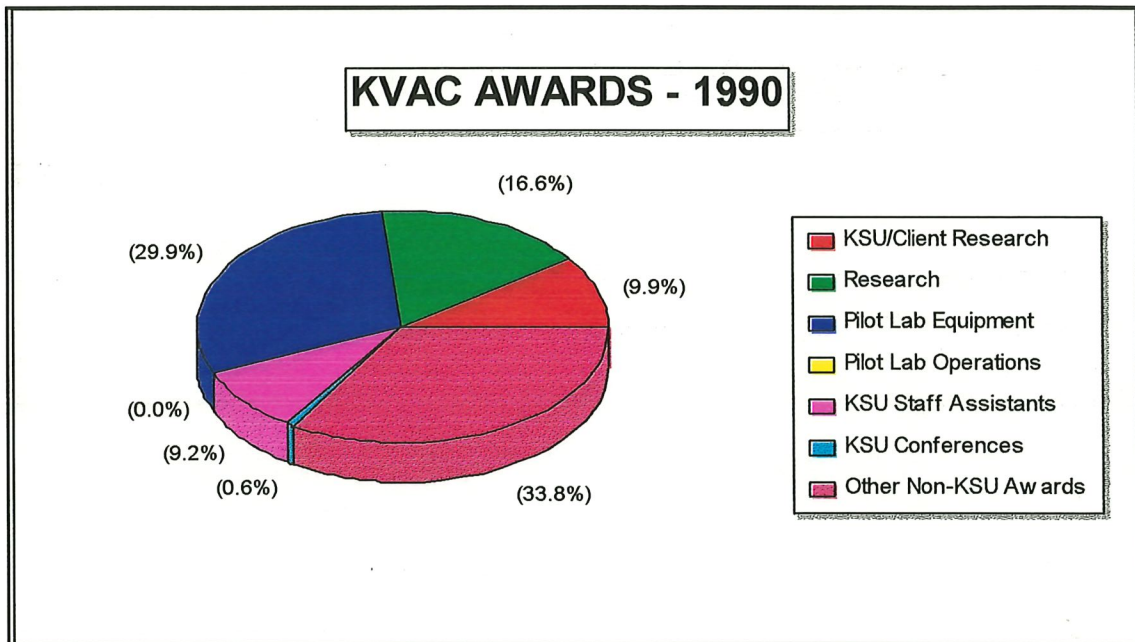
KVAC AWARDS FOR 1989

KSU/Client Research	\$3,500.00	2.80%
Research	\$38,650.00	31.10%
Pilot Lab Equipment	\$0.00	0.00%
Pilot Lab Operations	\$8,500.00	6.80%
KSU Staff Assistants	\$12,000.00	9.70%
KSU Conferences	\$0.00	0.00%
Other Non-KSU Awards	\$61,650.00	49.60%
TOTAL AWARD \$\$	\$124,300.00	



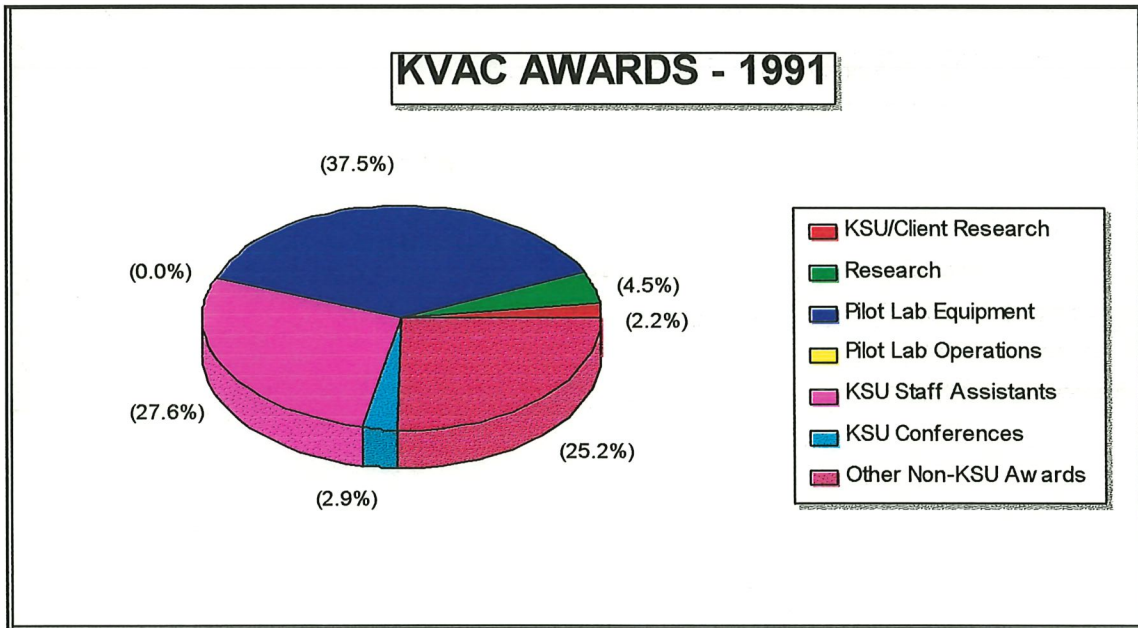
KVAC AWARDS FOR 1990

KSU/Client Research	\$38,786.00	9.90%
Research	\$65,120.00	16.60%
Pilot Lab Equipment	\$117,300.00	29.90%
Pilot Lab Operations	\$0.00	0.00%
KSU Staff Assistants	\$36,000.00	9.20%
KSU Conferences	\$2,421.39	0.60%
Other Non-KSU Awards	\$132,346.70	33.80%
TOTAL AWARD \$\$	\$391,974.09	



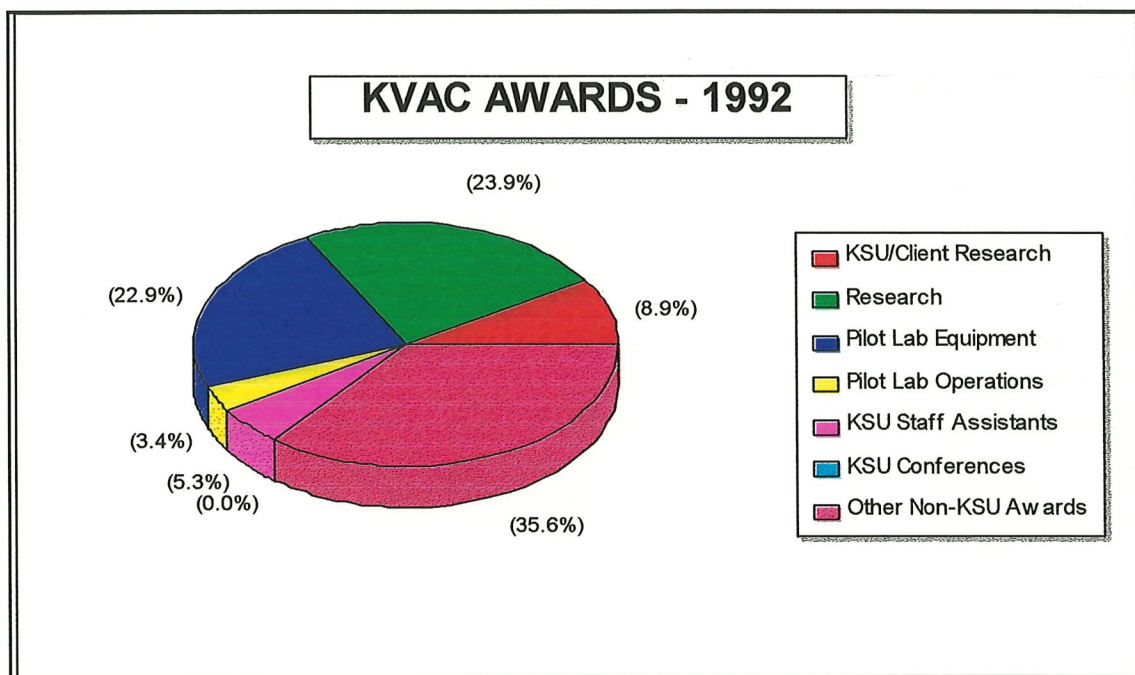
KVAC AWARDS FOR 1991

KSU/Client Research	\$5,000.00	2.20%
Research	\$10,500.00	4.50%
Pilot Lab Equipment	\$86,500.00	37.50%
Pilot Lab Operations	\$0.00	0.00%
KSU Staff Assistants	\$63,850.00	27.60%
KSU Conferences	\$6,785.00	2.90%
Other Non-KSU Awards	\$58,306.24	25.20%
TOTAL AWARD \$\$	\$230,941.24	



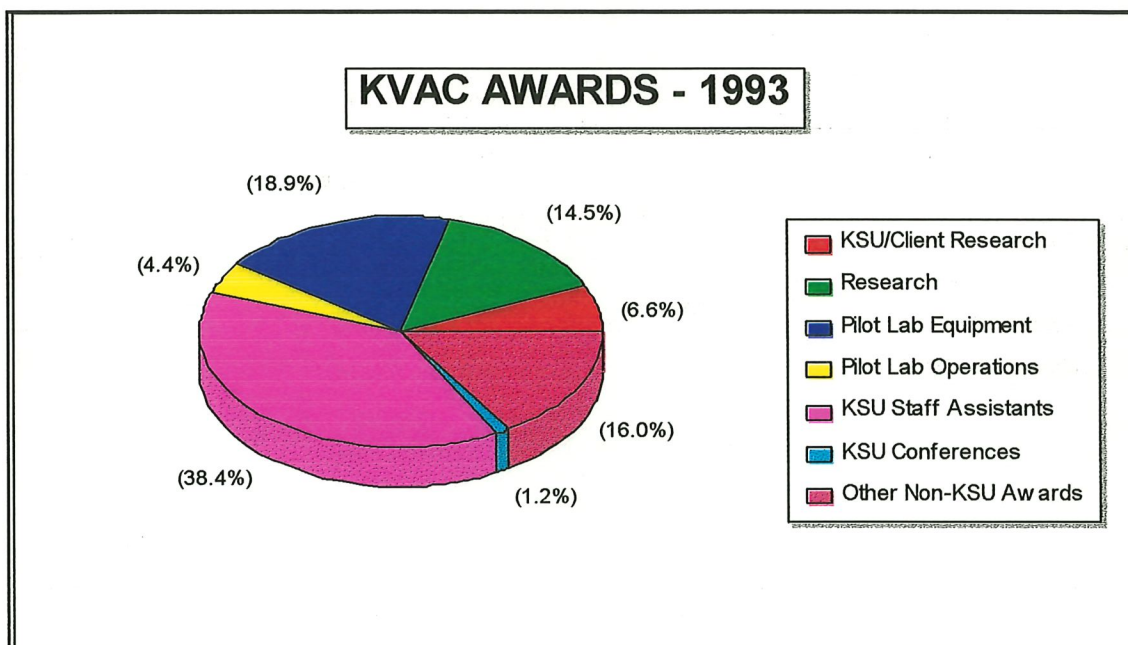
KVAC AWARDS FOR 1992

KSU/Client Research	\$37,049.00	8.90%
Research	\$99,459.00	23.90%
Pilot Lab Equipment	\$95,200.00	22.90%
Pilot Lab Operations	\$14,300.00	3.40%
KSU Staff Assistants	\$22,000.00	5.30%
KSU Conferences	\$0.00	0.00%
Other Non-KSU Awards	\$148,409.00	35.60%
TOTAL AWARD \$\$	\$416,417.00	



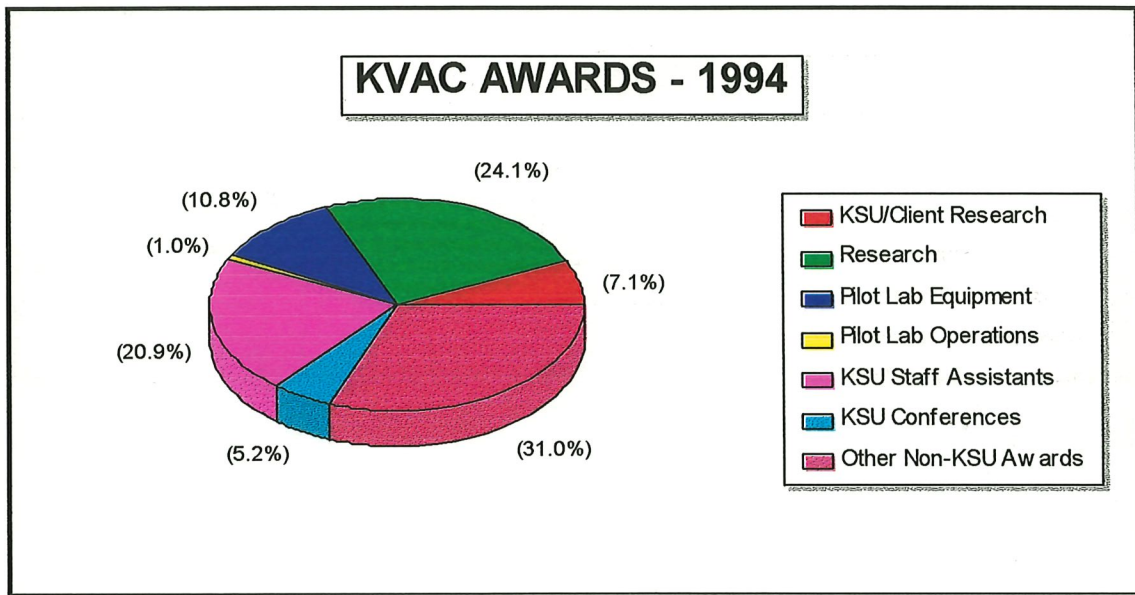
KVAC AWARDS FOR 1993

KSU/Client Research	\$28,671.80	6.60%
Research	\$62,930.00	14.50%
Pilot Lab Equipment	\$82,000.00	18.90%
Pilot Lab Operations	\$19,100.00	4.40%
KSU Staff Assistants	\$166,363.00	16.00%
KSU Conferences	\$4,994.48	1.20%
Other Non-KSU Awards	\$69,268.00	38.40%
TOTAL AWARD \$\$	\$433,327.28	



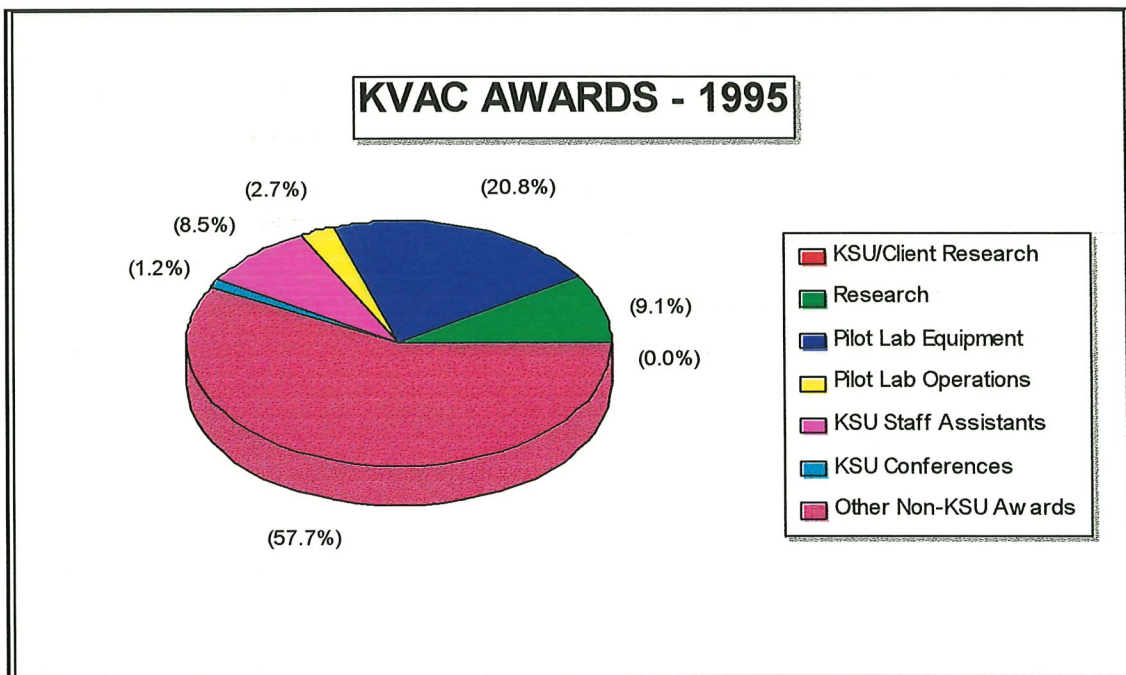
KVAC AWARDS FOR 1994

KSU/Client Research	\$36,000.00	7.10%
Research	\$122,402.00	24.10%
Pilot Lab Equipment	\$54,800.00	10.80%
Pilot Lab Operations	\$5,000.00	1.00%
KSU Staff Assistants	\$106,425.00	20.90%
KSU Conferences	\$26,600.00	5.20%
Other Non-KSU Awards	\$157,492.00	31.00%
TOTAL AWARD \$\$	\$508,719.00	



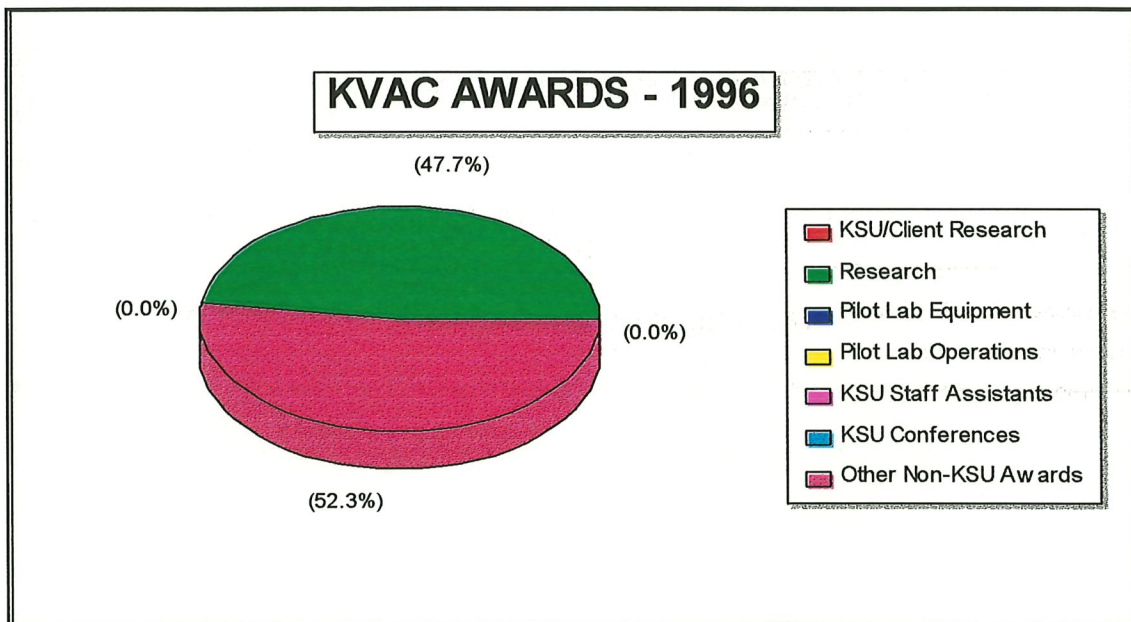
KVAC AWARDS FOR 1995

KSU/Client Research	\$0.00	0.00%
Research	\$38,529.00	9.10%
Pilot Lab Equipment	\$88,000.00	20.80%
Pilot Lab Operations	\$11,540.00	2.70%
KSU Staff Assistants	\$36,000.00	8.50%
KSU Conferences	\$5,000.00	1.20%
Other Non-KSU Awards	\$244,085.00	57.70%
TOTAL AWARD \$\$	\$423,154.00	



KVAC AWARDS FOR 1996

KSU/Client Research	\$0.00	0.00%
Research	\$75,500.00	47.70%
Pilot Lab Equipment	\$0.00	0.00%
Pilot Lab Operations	\$0.00	0.00%
KSU Staff Assistants	\$0.00	0.00%
KSU Conferences	\$0.00	0.00%
Other Non-KSU Awards	\$82,860.00	52.30%
TOTAL AWARD \$\$	\$158,360.00	



**KANSAS VALUE ADDED CENTER
PROJECTS FUNDED THROUGH KANSAS STATE UNIVERSITY
FISCAL YEAR 1995**

Project	Title	Department	Award	Date
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INFRASTRUCTURE:

- | | | | | |
|-------|--|--|----------|----------|
| 95-16 | <i>Expert Evaluation of Products for Kansas Processors</i>
<u>Project status:</u> Ongoing. <u>Objective:</u> To provide professional sensory analysis during food product development. <u>Results:</u> The group meets the first Thursday of every month to analyze new KS food products. <u>Jobs created:</u> 1 full-time, 1 full-time retained; 12 value added panelists. | <i>Sensory Analysis Center</i> | \$11,540 | 03-23-95 |
| 95-20 | <i>Acquisition of Chopin Alveograph for Wheat Flour Quality Testing</i>
<u>Project status:</u> On-going. <u>Objective:</u> To obtain objective measurements of wheat flour quality. <u>Jobs created:</u> None directly; expect to increase market for Kansas wheat. <u>Results:</u> KVAC has received the following information regarding the direct and indirect benefits of the alveograph:
<ul style="list-style-type: none"> • Buyers are requesting alveograph information as a prerequisite to wheat purchases • A 5000 metric ton Turkish order was finalized based on the KSU alveograph information • Bunge, a major wheat buyer was impressed with KS' ability to provide alveograph data | <i>Grain Science</i> | \$22,029 | 05-23-95 |
| 95-21 | <i>Equipment Grant to Support Value Added Ag Research</i>
<u>Project status:</u> On-going. <u>Objective:</u> To measure texture and strength of polymers made from plant materials. <u>Results:</u> KVAC award enabled dept. to receive national funding from NRI. The instrument was upgraded. The department hired a new faculty member to research polymers and other plant fibers/composites. <u>Jobs created:</u> 1 full-time, indirectly. | <i>Clothing/Textiles/Interior Design</i> | \$16,000 | 05-23-95 |

November 15, 1995
Deborah Hix, Ph.D.

ap B
Appendix B

1-28

Project	Title	Department	Award	Date
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RESEARCH:

- 95-02 *Small-scale KS Food Processor Marketing: Evaluation of Distribution Channel Alternatives* KSU Ag Economics \$ 6,000 09-01-94
Project status: Completed 7/31/95. Objective: To determine KS food processor interest in developing a marketing distribution system.
Results: 86% of those surveyed are interested in a joint distribution/purchasing system. The Arthur Capper Coop Center is interested in working with KVAC to set up warehousing and distribution centers around the certified contract facilities. Jobs created: 1 full-time.
- 5-04 *Support for Wheat Producer Survey* KSU Ag Economics \$ 500 09-08-94
Project status: Completed 09-01-95. Objective: To determine farmer attitudes toward producing identity-preserved grain under contract.
Results: If the premium level is high enough, farmers will produce identity-preserved grain under contract. Encouraged AWWPA to add a sales force; KAWG formed the 21st Century Club (318 farmers interested in forming a cooperative). Spawned additional investigation into KS cooperatives. Next step: Conduct a workshop with KAWG to discuss open and closed co-ops. Jobs created: 3 indirectly.

BLOCK GRANT AWARDS:

- 95-23 *Wet-milling and Thermal Processing Plant* KSU Ag Engineering \$35,000 05-25-95
Project status: On-going. Objective: To provide funding for the value added thermal process pilot plant and a research assistant to staff the facility. Assistance is provided to Kansans interested in developing new food and/or feed products. Jobs created: 1 full-time.
- 95-24 *Research Student Support* KSU Animal Science \$10,500 05-23-95
Project status: On-going. Objective: To provide laboratory assistance for KVAC clients. Jobs created: 1 full-time.
- 95-25 *Don Erickson Operating Fund* KSU Ag Economics \$10,000 05-23-95
Project status: On-going. Objective: To provide funding for additional travel/capital outlay required to assist KVAC clients. Dr. Erickson has utilized a portion of the fund to purchase a laptop computer to provide economic training in the field. Jobs created: None directly.

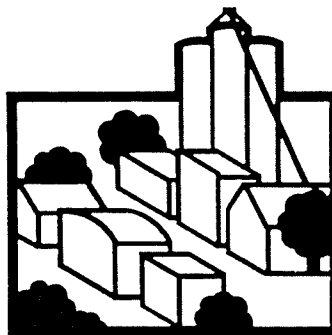
November 15, 1995
Deborah Hix, Ph.D.

Project	Title	Department	Award	Date
95-26	<i>Value Added Support in Horticulture and Agronomy</i> <u>Project status:</u> On-going. <u>Objective:</u> Technical assistance for KVAC clients in the areas of fruits, vegetables, and herbs. <u>Jobs:</u> None directly.	<i>Extension</i>	\$15,000	05-23-95
95-27	<i>Food Product Development Laboratory</i> <u>Project status:</u> On-going. <u>Objective:</u> \$30,000 for the salary of an extension assistant to provide laboratory assistance; \$7,000 for KVAC client supplies. <u>Jobs created:</u> 1 full-time.	<i>Foods & Nutrition</i>	\$37,000	05-23-95
95-28	<i>Literature Search, Copy, and Retrieval Services</i> <u>Project status:</u> On-going. <u>Objective:</u> To assist entrepreneurs during the literature search portion of product development. <u>Jobs created:</u> None directly.	<i>Farrell Library</i>	\$10,000	05-23-95

EDUCATION:

95-05	<i>Travel Support to the Bioprocess Technology Seminar</i> <u>Project status:</u> Completed. <u>Objective:</u> To transfer knowledge and technology from the KSU Extension Specialist to KS entrepreneurs. <u>Results:</u> Dr. Smithee presented information during the value added short course on food processing 01-21-95. <u>Jobs created:</u> none directly.	<i>Ag Engineering</i>	\$ 500	09-08-94
95-08	<i>KVAC/KSU Hazard Analysis of Critical Control Points (HACCP) Short Course</i> <u>Project status:</u> Course dates 01-20 through 01-21-95. <u>Objective:</u> To educate KS food processors in the areas of business startup, market trends, food safety and product labeling regulations. <u>Results:</u> Attendance was 55 for the 2-day workshop. Forty-three food products from 15 companies were evaluated by participants. <u>Jobs created:</u> None directly.	<i>Extension</i>	\$ 5,000	12-22-94

Kansas
Rural Resource Directory



Kansas Center for Rural Initiatives
51 College Court Building
Kansas State University
Manhattan, Kansas 66506-6001
(913) 532-6868

Kansas State University Center for Leadership 84
Kansas Technology Enterprise Corporation 86
Kansas Water Office, The 89
National Employment Wire Service Corporation 96
Northeast Kansas Library System 68
Southwestern Bell Telephone Company 115

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Kansas Small Business Development Centers 75
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B. FY 1997 – Budget Year

	CHANGE FROM FY 1996	
	<u>Agency Request</u>	<u>Governor's Recommendations</u>
Dollar Change:		
State General Fund	\$ (448,028)	\$(216,057)
All Other Funds	1,041,699	(851,902)
TOTAL	\$ 593,671	\$ (1,067,959)
Percent Change:		
State General Fund	(4.7)%	(2.3)%
All Other Funds	9.7	(8.0)
TOTAL	2.9%	(5.4)%
FTE Positions	6.0	(10.0)

The agency requests \$20,758,386 for operating expenditures in FY 1997. Essentially, the request would allow for the maintenance of current service levels, with two exceptions.

Weights and Measures. The agency's request includes \$987,891 from fee funds and 16.0 additional FTE positions for the augmentation of the Weights and Measures program. Under this plan, the petroleum measurement enforcement program would be returned to the public sector. The livestock scale program would be returned to partial state inspection, with some funds generated by a certification program, and one of the two required tests per year performed by state inspectors. The headhouse scale program would be returned to public oversight. According to the agency, assistance might be available from the Kansas Grain Inspection Department. Other subprograms would remain under private inspection with greatly increased state oversight through some staffing enhancements and the use of statistical sampling programs. Private scale companies and owners of private devices would be put on notice that the law must be enforced and that the state would have data to identify noncompliance.

The Governor does not recommend the fee funding or the new positions requested by the agency.

Agricultural Market Promotion and Development. The agency requests \$374,743 in FY 1997, which is \$791,339 less than the current year estimate. The difference is due to the transfer of marketing programs to the Department of Commerce and Housing. This program is reduced by 10.0 FTE positions, four of which are also transferred to the Department of Commerce and Housing. In the future, this subprogram will concentrate on research and development activities.

The Governor concurs with the agency's proposal to transfer marketing programs to the Department of Commerce and Housing.

In the agency budget, funding is included for a step movement, 2½ percent unclassified merit increase, and longevity bonuses for eligible employees.

The Governor recommends step movement for classified employees, unclassified merit of 2½ percent for six months, and longevity bonuses only for those at the end of their pay range.

10/4/97

Business Development Division – Financing Summary

	Actual FY 95	Agency Est. FY 96	Governor's Rec. FY 96	Agency Req. FY 97	Governor's Rec. FY 97
Salaries and Wages:					
State General Fund	\$ 720,738	\$ 472,521	\$ 463,098	\$ 486,087	\$ 471,018
EDIF	370,648	673,420	667,628	827,451	913,310
Other Funds	33,410	48,996	48,996	91,039	91,039
Subtotal-Salaries	<u>\$ 1,124,796</u>	<u>\$ 1,194,937</u>	<u>\$ 1,179,722</u>	<u>\$ 1,404,577</u>	<u>\$ 1,475,367</u>
Other Op. Expenditures:					
EDIF	\$ 876,875	\$ 887,286	\$ 887,286	\$ 980,837	\$ 1,298,637
Other Funds	1,961,799	1,686,111	1,686,111	2,096,538	1,903,961
Subtotal-OOE	<u>\$ 2,838,674</u>	<u>\$ 2,573,397</u>	<u>\$ 2,573,397</u>	<u>\$ 3,077,375</u>	<u>\$ 3,202,598</u>
Local Aid/Other Asst.:					
EDIF	\$ 6,217,055	\$ 8,941,309	\$ 8,941,309	\$ 10,875,000	\$ 10,125,000
Other Funds	1,725,984	4,634,500	4,634,500	8,642,224	6,739,480
Subtotal-Aid	<u>\$ 7,943,039</u>	<u>\$ 13,575,809</u>	<u>\$ 13,575,809</u>	<u>\$ 19,517,224</u>	<u>\$ 16,864,480</u>
TOTAL for the Division	<u><u>\$ 11,906,509</u></u>	<u><u>\$ 17,344,143</u></u>	<u><u>\$ 17,328,928</u></u>	<u><u>\$ 23,999,176</u></u>	<u><u>\$ 21,542,445</u></u>

Important Issues in This Program

- ◆ The agency requests the addition of 4.0 new FTE positions (\$175,683—primarily from EDIF) to be transferred from the Department of Agriculture. Following a review of its functions and activities, the Department of Agriculture concluded that certain marketing functions within that agency mirrored or were related to marketing functions within KDOC&H. The duplication of efforts within the two agencies were deemed an ineffective use of resources by the agencies. It was determined, by mutual consent of the agencies, that those functions and 4.0 FTE be transferred to the Business Development Division of KDOC&H. KDOC&H believes the combination of resources will allow a more directed and effective marketing effort for Kansas products. The 4.0 FTEs include the following: 1.0 Economic Development Rep. IV; 1.0 Economic Development Rep. III; 1.0 Economic Development Rep. II; and 1.0 Office Assistant.
- ◆ The Governor concurs with the request.
- ◆ The agency requests \$14,385,371 for the Workforce Training program and \$4,000,000 is KIT/KIR funding. Of that amount, \$8,245,224 is estimated for SKILL funds to help firms offset the costs of company-specific workforce training projects. The balance of the request is ear-
- ◆ The Governor recommends \$11,537,830 for Workforce Training. Of that amount, \$6,342,480 is for SKILL program services while \$3,250,000 is for KIT/KIR. The balance of the recommendation includes \$141,389 for salaries and wages, and \$1,803,961 for other operating expenditures.