

Approved: January 29, 1996  
date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 26, 1996 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Feleciano, Gooch, Harris, Hensley, Petty, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Committee Secretary

Conferees appearing before the committee:  
Gordon Lormor, President, Kansas Value Added Center, Manhattan  
Gary Sherrer, Secretary, Department of Commerce and Housing  
Galen Swenson, Assistant Secretary, Department of Agriculture

Others attending: See attached list

The Chair advised the Committee this is an "informational only" meeting. **SB 507 abolishing the agricultural value added center**; and the **Executive Reorganization Order transferring the agricultural marketing division to the department of commerce and housing** are both referred to the Senate Agricultural Committee. The Chair further called the Committee's attention to a copy of SB 507, a copy of a paper from Kansas Value Added Center, Attachment 1; a copy of a letter from Charles R. Warren, President Kansas Inc., dated January 25, 1996, Attachment 2

Secretary Sherrer testified regarding the Executive Reorganization Order. Secretary Sherrer stated transferring the agricultural marketing division from the Department of Agriculture to the Department of Commerce and Housing (KDOCH) will utilize the resources of the state in a more effective manner; will alleviate duplication of programs and the fragmentation of programs that presently exist. The Department of Commerce has a marketing division that has the expertise to undertake the marketing of agricultural products.

Secretary Sherrer stated he strongly endorses the Kansas Value Added Center (KVAC). KVAC has a small budget and staff and has lacked the necessary coordination and continuum of leadership in the administration of the Center. Mr. Sherrer informed the Committee the structure of the Value Added Center does not lend itself to be fully integrated with the other agencies and programs in the state.

Galen Swenson, Assistant Secretary, Department of Agriculture, stated the consolidation of the marketing division is consistent with the Governor's directive to identify programs with like function areas and potential duplication of service. The state's trade promotion, development, and marketing efforts for all of agriculture will benefit by merging such efforts into an expanded trade promotion network that ultimately creates a one stop center for business enhancement. The affiliation between KVAC and the KDOCH will ensure a higher level of service with greater human resources and lesser administration. Consolidating both programs into KDOCH allows staff to develop complete research/development/marketing plans for agricultural business interests. Attachment 3

Gordon M. Lormor, Interim President, Kansas Value Added Center (KVAC) briefed the Committee on what constitutes value added agriculture, KVAC's role in state economic development, and how KVAC has interacted with other state agencies. Mr. Lormor stated KVAC is a non-profit, quasi-state agency created by the 1988 Legislature to increase economic opportunities for Kansans through the development of value added agricultural industry in Kansas. The initial focus was the development of pilot plant facilities to act as research and development laboratories for existing and potential small scale value added processing. The functions of KVAC are as vital to Kansas today as they were in 1988. Mr. Lormor stated without KVAC there would be a loss of focus on agriculture and access to funding for commercialization and product development might be lessened for smaller companies. Attachment 4.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m.  
on January 26, 1996.

Mr. Lormor, in response to questions regarding marketing products and tracking impact of programs, stated the Center has done a poor job in marketing and had been promised KTRAC for tracking purposes, but was not in receipt of the program as yet.

Mr. Lormor acknowledged the commonalities between marketing of products with KDOCH; however, he fears the focus on agricultural goods and research could be harmed. Mr. Lormor stated the lack of continuous leadership and the strained relationship between the Center and Kansas State University contributed to the problems the Center has experienced.

Upon motion by Senator Downey, seconded by Senator Ranson, the Minutes of the January 25, 1996 meeting were unanimously approved.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for January 29, 1996.



# KVAC

Kansas Value Added Center

# KVAC

The current structure of the  
Kansas Value Added Center is being  
dissolved, right before your eyes  
...only you can save it.

# KVA

Please visit the KVAC booth (#16) at the  
**Yellow Brick Road to Commercialization**  
**Friday, January 26, 1996**  
**10:00 a.m. - 3:00 p.m.**  
**South Wing of the Rotunda, State Capital**

Discover how KVAC has assisted the  
constituents in your district. With your help,  
KVAC will continue harvesting the value-  
added economic potential in Kansas.

Please read the enclosed KVAC fact sheet. Learn what you can do to keep KVAC in the green.

*Senate Commerce Committee*  
*January 26, 1996*  
*Attachment 1 thru 1-3*

*Myth: Eliminating KVAC as a separate entity (dividing it between KTEC, KSU and KDOC&H) would result in substantial savings and produce better coordination of services for small firms seeking assistance.*

**Fact:** These proposed savings are a result of undefined changes in KVAC's budget, the shifting of priorities and personnel from one agency to three, and the evolution of an unknown program at one university campus, KSU.

*Myth: The Division of the Budget claims that \$255,459 will be saved from KVAC's FY 1996.*

**Fact:** These alleged savings represent (1) an almost total elimination of KVAC's successful commercialization (Return on Investment) program -- from \$484,208 to \$150,000; (2) the elimination of two key personnel positions within KVAC; and (3) the proposed new performance contract with Kansas State University for \$300,000. In 1995, KVAC awarded KSU \$170,069 which was used to fund value added research activities and expenses for KVAC- sponsored value added pilot facilities. The Division of the Budget has not provided information on how KSU will operate this proposed new program or why it was necessary to increase KSU funds by \$120,931. KSU is not the only Kansas college/university exploring value added agriculture. Would funds be available for these institutions?

*Myth: KVAC duplicates services provided by other state agencies.*

**Fact:** KVAC provides a service for Kansans that no other state agency can. KVAC functions as a client advocate, helping entrepreneurs and small businesses gain access to resources and research needed for agricultural product development and commercialization. It is recognized as the Center which coordinates communication and information between individuals, private enterprise, state agencies, and universities. The KVAC staff provides technical information and problem solving; to assist during the product development and commercialization process; conducts seminars and sponsors technical training workshops. Additionally, KVAC has helped establish the following value added processing facilities available to value added clients:

- |                                 |                           |
|---------------------------------|---------------------------|
| Wet Milling Pilot Plant         | Pasta Pilot Plant         |
| Thermal Processing Lab          | Pilot Feed Center         |
| Food Products Development Lab   | Pilot Flour Mill          |
| Sensory Analysis Center         | Meat Processing Lab       |
| Horticulture Pilot Plant        | Extrusion Research Center |
| Pilot Bakery Science laboratory | Contract Kitchen          |

The Dairy Processing Plant and AIB are also available for value added activities.

*Myth: There are other monetary resources available to support small and medium entrepreneurs.*

**Fact: The 1995 National Census of Early Stage Capital Financing publication confirms that an "Entrepreneurial Capital Gap" exists in the United States. This need for seed and start-up capital is being ignored by the large venture firms but is being partially filled by the relatively few public, private and combination funds that enable early-stage financing. Fortunately, the legislature has provided KVAC with state sponsored economic development seed funds to invest in sound proposals submitted by Kansans. Through KVAC Holdings, Inc., KVAC has been able to establish a Return On Investment program to collect payback on investments within three to seven years.**

*Myth: KVAC has received a seemingly large operational budget to invest in agriculture, the #1 industry in Kansas.*

**Fact: KVAC has received substantially less dollars for its value added agriculture program than other economic development programs funded by the State of Kansas. Since 1990 (and including the 1996 budget),**

KTEC	\$61,452,426
KTEC Special Projects	1,465,481
MAMTC	16,829,444
<b>KVAC</b>	<b>5,004,646</b>

In February, 1995, Kansas, Inc. conducted a peer review of the Kansas Value Added Center. The Peer Review Report, dated March 8, 1995, concluded:

"The Kansas Value Added Center was created to meet an important economic need in Kansas: developing the value added agriculture industry. Since 1989, considerable progress has been made in creating the industrial 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 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...**"

(emphasis added by KVAC)

Continued support of KVAC's programs -- and its existing structure, will ensure that the legislative mandate to develop investment grade agricultural value added technologies and products is realized.

# KANSAS, INC.

Charles R. Warren, *President*

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

January 25, 1996

Senator Alicia Salisbury  
Chair, Senate Committee on Commerce  
Room 120-S  
The Statehouse  
Topeka, Kansas

Dear Senator Salisbury:

I noticed in the Senate Calendar that Gordon Lormor, Interim President, Kansas Value Added Center, will be testifying before your committee on Friday morning, January 26.

I had the opportunity to hear his testimony and response to the Kansas, Inc. evaluation and the recommendations concerning the Kansas Value Added Center before the House Appropriations subcommittee on Tuesday. If his testimony is the same or similar, it will contain a number of personal references to myself and the conduct of our evaluation. Many of these statements are not factually correct and represent a distortion of the procedures undertaken during the evaluation and the peer review conducted in February 1996. I would 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. I have enclosed a chronology of events that details our requests for information from KVAC, as well as the correspondence between Kansas, Inc. and KVAC.

The conclusions and recommendations on KVAC are based on the findings from the peer review, as well as the results our analysis. They were arrived based on discussions with the Division of Budget, the President of KTEC, and the Secretary of Commerce and Housing. They were discussed and agreed to by the Kansas, Inc. Board of Directors on three occasions. No other topic in the evaluation received more consideration from the Board than KVAC.

I would point out to the committee that the KVAC recommendations are not mine alone, but have been adopted by the Kansas, Inc. Board, the Division of Budget, and the Governor. They are based on extensive review of KVAC and professional, objective analysis by a team of recognized experts, as well as Kansas, Inc. staff in fulfillment of its legislative mandate to evaluate and review the performance and accomplishments of state funded economic development programs.

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*Board of Directors*  
Governor Bill Graves, *Co-Chair*

*Senate Commerce Committee*  
John Moore, *Co-Chair*  
*January 26, 1996*

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

*Attachment 2 thru 2-5*

The recommendations on KVAC are intended to increase the support and effectiveness of state assistance for the development of value added agriculture and its contribution to the Kansas economy. From FY 1989 to FY 1995, the State has spent \$4,141,595 to support KVAC. The results achieved to date are disappointing. KVAC has had over seven years to demonstrate that it can achieve the results expected. A new approach is essential to ensure that the value added community is served in an accountable and effective manner.

If desired, I can be present at the hearing on Friday morning and would be willing to respond to any questions that you or the committee may have. You may wish to provide the committee a copy of this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles", with a horizontal line extending to the right.

Charles R. Warren, Ph.D.  
President



**Data Gathering Process from the  
Kansas Value Added Center  
for the Kansas, Inc.  
*Analysis of Business Assistance Programs***

- May 1, 1995: Written request to David Hurt, President of KVAC, for list of clients and client information from fiscal years 1992-1994. Original deadline of May 26, 1995 for return of information. No response received from KVAC by deadline.
- May 29 - June 2: Tim Paris telephoned KVAC offices to inquire on requested data. Met with Lisa Atkinson to explain the data request. Mr. Paris provided KVAC with the list of clients identified through the KVAC peer review process as a starting point for data collection.
- June 5-June 9: Information returned to Kansas, Inc., but was incomplete. Most of the information received consisted only of mailing addresses of KVAC clients. Tim Paris telephoned Lisa Atkinson about insufficiency of data. Client information returned to Ms. Atkinson with request for additional data.
- June 19 - June 23: Requested information again returned to Kansas, Inc. from KVAC. Information was still inadequate to conduct analysis of KVAC business assistance. Ms. Atkinson told Mr. Paris that the information provided was all that was available.
- July 18: Memorandum sent to Rich Bendis, KTEC, along with all client data provided by KTEC and its subsidiary organizations, requesting that the data be verified and corrected where necessary. Deadline of July 27, 1995 given for return of corrected or verified information. No response was received from KVAC.
- October 2-6: Tim Paris telephoned KVAC and spoke to Dr. Deborah Hicks about KVAC portion of the report. Dr. Hicks explained that there were internal personnel difficulties within KVAC and assured that better information could be provided. Tim Paris sent by fax the list of KVAC clients previously supplied to Kansas, Inc. along with the client survey forms and accompanying information to assist in completing necessary data. Tim Paris explained that a deadline was approaching for completion of the document, but that if Dr. Hicks could assemble and return the information within two weeks, all new information would be included in the report. No response was received from KVAC.
- October 27: Draft copies of the report were sent to each agency for their comments and final verification.
- November 11, 1995: Written response to report from KVAC Interim President Gordon Lormor received by Kansas, Inc. along with listing of all KVAC clients dating from 1989 to 1995.

SENT TO:  
Gary Sherrer  
Rich Bendis  
Paul Clay  
David Hurt ✓  
Jack Alumbaugh  
Tom Hull  
Ally Devine  
Rex Wiggins

May 1, 1995

Agency Director  
Agency Name  
Address  
City, State Zip

Dear \_\_\_\_\_:

Kansas, Inc. has been assigned the responsibility for oversight and evaluation of Kansas economic development programs and activities. The broad evaluation mandate vested in Kansas, Inc. is found in K.S.A. 74-8010.

*Kansas, Inc. shall review and evaluate the effectiveness of economic development programs within the state, including, but not by way of limitation, the Kansas technology enterprise corporation programs and activities, the major programs and activities of the department of commerce, the statewide risk capital system, the venture capital tax credit, and the research and development activities tax credit.*

Kansas, Inc. is currently conducting a major and comprehensive evaluation and program audit of the programs and activities underway by the following state agencies or state-funded entities:

Kansas Department of Commerce and Housing (KDOC&H)  
Kansas Technology Enterprise Corporation (KTEC)  
Mid-America Manufacturing Technology Corporation (MAMTC)  
Kansas Value Added Center (KVAC)  
Kansas Certified Development Companies (funded by the KDOC&H) (CDC's)  
Kansas Small Business Development Centers (SBDC's)  
Kansas Department of Agriculture (KDA)  
Kansas Venture Capital, Inc. (KVIC)

The evaluation will focus on Kansas economic development programs designed for the purposes of business formation, business expansion, business retention, and industrial

recruitment. Performance of the economic development programs will be reviewed for the fiscal years 1992, 1993, and 1994. Our evaluation of the programs will concentrate on three areas: 1) program outcomes or results; 2) distributional consequences; and 3) customer satisfaction.

The attachment to this letter provides a detailed explanation of the evaluation that is being undertaken. The attachment also lists by agency the individual programs that will be included in this review.

Kansas, Inc. staff members Mikel Miller and Tim Paris will contact the program directors in each agency directly to collect information and data that is required for the evaluation. We will start immediately to collect information on clients served by each program. We would like to complete this phase by the end of May 1995.

If you have any questions about the planned evaluation, please don't hesitate to call me directly. Your assistance and cooperation in this evaluation project is greatly appreciated.

Sincerely,

Charles R. Warren, Ph.D.  
President

Enclosure

STATE OF KANSAS

BILL GRAVES, GOVERNOR  
Alice A. Devine, Secretary of Agriculture  
901 S. Kansas Avenue  
Topeka, Kansas 66612-1280  
(913) 296-3558  
FAX: (913) 296-8389

KANSAS DEPARTMENT OF AGRICULTURE

TESTIMONY

TO THE  
SENATE COMMITTEE ON COMMERCE

by  
GALEN SWENSON  
Kansas Department of Agriculture

Presented January 26, 1996

Good morning, Madame Chair and Members of the Committee. My name is Galen Swenson, Assistant Secretary of the KS Department of Agriculture. I would like to share brief comments on behalf of Secretary Allie Devine regarding the proposal to consolidate efforts of the KS Value Added Center(KVAC) with program areas of the KS Department of Commerce and Housing(KDOCH).

The concept of such consolidation is consistent with the Governor's directive to our agency to identify programs with like function areas and potential duplication of service. The KS Department of Agriculture has identified similar program efforts where consolidation will benefit the ag community by transferring the agency's marketing programs into the KS Department of Commerce and Housing. The state's trade, promotion, development, and marketing efforts for all of agriculture will benefit by merging such efforts into an expanded trade promotion network that will ultimately benefit buyers of KS products by creating a one stop center for business enhancement. The Governor's Ag Advisory Board unanimously supported the concept to transfer ag marketing efforts into the KDOCH. It was noted by the Board, that finally, ag industry interests will be welcomed at business level discussions within a professional aligned organization with specific responsibilities of promotion/development.

Similarly, such affiliation between the KVAC and the KDOCH would ensure a higher level of service with greater human resources and lesser administration/overhead. The advantage of the consolidation of both programs into the KDOCH, allows staff to develop complete research/development/marketing plans for ag business interests while having a readily available base of financial incentives at hand.

Our support of such concept compliments a consolidated approach to business development for the ag industry in the state allowing greater user access and ultimate success.

Thank you for allowing me to share these comments.

*Senate Commerce Committee  
January 26, 1996*

# STATE OF KANSAS

BILL GRAVES, GOVERNOR  
Alice A. Devine, Secretary of Agriculture  
901 S. Kansas Avenue  
Topeka, Kansas 66612-1280  
(913) 296-3558  
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## KANSAS DEPARTMENT OF AGRICULTURE

### PROPOSAL SUMMARY

**Subject:** Marketing and Promotion Function Consolidation

**Summary:** The proposal would transfer functions and personnel from KDA's Division of Marketing to the Kansas Department of Commerce and Housing (KDCH).

**Purpose:** Kansas industries and products receive marketing and promotion assistance from KDCH, with one exception. Agricultural products and commodities are promoted through KDA's Division of Marketing. Not surprisingly, KDCH and KDA duplicate numerous activities. Both agencies currently administer similar product promotion programs targeting similar markets. KDA's Land of Kansas and KDCH's Hands of Kansas programs are prime examples. The transfer will eliminate duplication of state services, saving taxpayers \$505,000 in state general funds.

The agricultural community can have confidence that KDCH will maintain and expand the strong agricultural marketing activities currently conducted by KDA's Division of Marketing. Agricultural promotion is not new to KDCH. The two agencies have a history of working together on joint projects using joint support personnel. Since 1990, 67 KDCH/KDA promotion projects have been conducted.

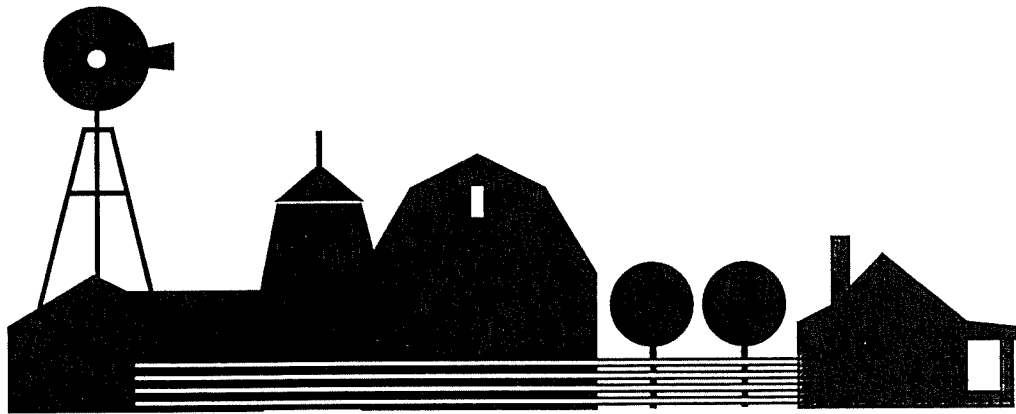
The transfer will enhance state-sponsored agricultural marketing efforts by integrating agricultural promotion into the broader state-wide promotion activities already conducted by KDCH. Combining the expertise of KDCH and KDA personnel to coordinate agricultural promotion activity with more comprehensive KDCH programs will provide the agricultural community greater visibility and access to domestic and international customers. For example, it makes sense to integrate KDA's live animal and grain promotion activities with KDCH's export promotion efforts in processed foods.

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# KANSAS VALUE ADDED CENTER

CREATES

# AGRICULTURAL SUCCESS



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AN INFORMAL REPORT TO THE KANSAS LEGISLATURE

*by the*

**Kansas Value Added Center**

January 26, 1996

*Senate Commerce Committee  
January 26, 1996*

*Attachment 4 thru 4-*

January 26, 1996

Madam Chair, Vice Chair and members of the Senate Commerce Committee, my name is Gordon Lormor and I want to thank you for the opportunity to speak to you today about the Kansas Value Added Center, its mission and how KVAC has created value added agricultural success in Kansas.

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. In 1994, I was reappointed by Senator Bud Burke and in September of last year, I assumed the duties of interim president of the Kansas Value Added Center.

I feel my private sector appointment was based, at least in part, on my general business experience. I have owned three companies, lived and worked for four years in Japan, and almost five years in Zürich, Switzerland. These experiences have given me a first hand look at international and domestic business operations. As general director Europe, for a U.S. computer peripheral manufacturer, I established six wholly owned or joint venture companies and appointed fourteen distributors. For three years, I co-owned a computer distribution company -- selling my percentage of the company in 1989. I returned to the United States and began working with Farmland Industries in 1989. Initially, I managed three companies for Farmland: a commodity consulting and marketing organization, a farm producer consulting company, and Farmland's new satellite data network MarketPulse® (which became FarmData2®). Later I moved into the International Division, as Director of International Business Services and was instrumental in establishing Farmland's Mexico City office. I left Farmland in 1994, to build a technology organization in California with the potential for an operation in Kansas.

As you may know, the Kansas, Inc., report and the Division of the Budget have recommended that KVAC's functions and budget be divided between the Kansas Technology Enterprise Corporation (KTEC), Kansas State University (KSU), and the Kansas Department of Commerce & Housing

(KDOC&H). I am not here today, to defend the Kansas Value Added Center from the recommendations made by the Kansas, Inc., report entitled, "Evaluation of Kansas Business Assistance", nor the Division of the Budget's abolishment of KVAC as a stand alone agency.

Instead, I would like to explain why value added agriculture is important for Kansas and to identify the role KVAC has played in the development of value added agriculture. My presentation will be simple. I think you can appreciate the time and expense it takes to present a program to your committee.

First I would like to introduce my staff:

- ▶ Dr. Deborah Hix, Ph.D. - director of our Foods and Feeds program.
- ▶ Ms. Sherry Schoonover - manager of our Industrial Agricultural program.
- ▶ Ms. Carolyn Biegel -Administrative Assistant.

They are here to assist me if needed and to support our Yellow Brick Road exhibit in the Capitol Rotunda.

I was told that I was not supposed to bring with me any of our success stories -- those people who have worked with KVAC and who would be willing to testify before the committee on the effectiveness of our activities. However, you are invited to visit our Yellow Brick Road exhibit number 16, in the South Capitol wing. There, you will be able to see a small sampling of the number of Kansas companies that have benefited from KVAC assistance. In addition, please look at Attachment A, which contains a partial list of KVAC's clients in your district who are currently selling products to local as well as international markets.



I mentioned earlier that I was appointed to the Leadership Council and have served for several years. In addition, I am president of KVAC Holdings, Inc., the commercialization entity associated with KVAC. My interest in serving on KVAC's Leadership Council was directly related to my experiences while working at Farmland Industries. I have seen how farm and food producers gain substantial, additional revenue opportunities when they participate in value added activities. Farmland Industries has given its membership the opportunity to share in the risks as-well-as the rewards of value added food and fiber processing.

According to figures provided by the Senechal, Jorgenson and Hale Consulting Company, the average farming operation yields a one and one-half, to three percent return on its investment. Food processors, on the other hand, have enjoyed substantial return on investment opportunities averaging from fifteen to seventeen percent annually. Farmers hold \$790 billion in fixed assets which generate \$60 billion in net income. Food processors hold \$110 billion in fixed assets which generate \$80 billion in net income. A farmer may receive \$4.50 for a bushel of wheat at his local elevator. This same bushel could be processed into 65 loaves of specialty bread and sold for \$3 to \$4 a loaf (representing a possible 5,777 percent increase in gross revenue potential). These and greater returns are possible when value is added to raw commodities.

Members of the committee, value added activities are important for Kansas as they will bring additional tax dollars and add employment opportunities for this state. There can be a dramatic impact on rural areas if value added businesses and industries are targeted for development. This is the reason the 1988 Legislature felt a focused and dedicated, value added resource center was needed in Kansas. I offer that nothing in this reasoning has changed. Value added was and is important for Kansas. When value added opportunities are created, dramatic revenue increases can and should be expected.

In order that you can understand KVAC's role in value added activities, I would like to present how KVAC functions. I will use the overhead projector. A copy of the overheads is included in your packet (Attachment B).

When I was told that I had the opportunity to address you today, Senator Salisbury's office provided an agenda that included:

- ▶ What is KVAC's role?
- ▶ How has it helped constituents?
- ▶ How does KVAC interact with other state agencies?
- ▶ Basically, why should there be a KVAC?

I will address these points during the following presentation.

#### KVAC PRESENTATION - Attachment B

### **THE ROLE OF THE KANSAS VALUE ADDED CENTER IN ECONOMIC DEVELOPMENT**

The **Kansas Value Added Center** was created by the Legislature in 1988. Its' mission is to enhance the economy of the State of Kansas by providing assistance to agriculturally related value added endeavors. It accomplishes this mission by providing technical assistance, pilot plant facilities and value added development programs which promote economic development, foster rural revitalization and enhance the growth of Kansas agriculture. KVAC is the primary technical resource center for

new and existing companies to develop and expand their value added product lines, and for those seeking vertical integration.

The *objective of value added agriculture* is to recover more of the retail value of food and fiber products for Kansas farm and food producers. Through value added product development, Kansas entrepreneurs have access to an expanding global market place and opportunity to achieve higher-margins. Kansas can profit from the development, processing, marketing, and distribution of value added agricultural products which command a premium price in domestic as well as in global markets.

Four elements characterize the Kansas Value Added Center:

1. Promotion of networking and teamwork with the Value Added Alliance which includes: KSU Extension Service, the Kansas Dept. of Agriculture, KVAC sponsored Sensory Laboratory and the SBDC's.
2. Technical service and support
3. Research and product development
4. Technology transfer from research institutions to industry
5. Commercialization of new ventures

**NETWORKING** - KVAC serves as the main hub of the Value Added Alliance, a network of resources available throughout Kansas to answer ever-increasing agricultural value added product development and processing questions. KVAC cooperates and coordinates with other Kansas

agencies in the Alliance to support business development which promotes Kansas agriculture.

KVAC has taken the lead to develop a value added team approach to product development and commercialization. This approach was designed to move a client from Level One (a basic idea stage) through the Value Added Alliance to Level Three (product commercialization).

A typical value added team approach involving the development and commercialization of a value added idea, product, or project cooperates as follows:

### **LEVEL ONE**

**PROSPECTIVE CLIENT REVIEW** - KVAC is contacted for assistance - KVAC, Kansas Dept. of Ag., KSU Extension Service, KVAC sponsored Sensory Lab personnel, and SBDC -- each could have input to the client's product or project through technical and business related support. The support would be aimed at assisting the client in the development of a business plan, and their project or product. KVAC coordinates and monitors the entire process.

**SENSORY SCREENING** - KVAC, KSU Extension Service and Sensory Lab personnel provide sensory testing of the product for the client. This is used to improve product appearance, taste, packaging, etc.

**VALUE ADDED CLIENT** - Once the client has passed through Client Review and Sensory Screening, they become a "Value Added Client". KVAC, Kansas Dept. of Ag., Sensory Lab personnel, SBDC assist the client as needed. KVAC, assuming the lead role would coordinate:

- ▶ **ECONOMIC FEASIBILITY:** Market Analysis, Costing Analysis, Distribution Needs

- ▶ PRODUCT SCALE-UP: Shelf Life, Food Safety and Regulations
- ▶ SENSORY ANALYSIS: Focus Group and Consumer Group Testing
- ▶ ENGINEERING: Manufacturing Process and Equipment Information

## **LEVEL TWO**

**VALUE ADDED PANEL/ALLIANCE - COMMERCIALIZATION** - At level two, the client is provided the necessary services that will allow the project or product to reach the market. KVAC would monitor and assist in the process, with Kansas Dept. of Ag., Sensory Lab personnel, Kansas Dept. of Commerce & Housing, MACC, KVAC Holdings, Inc., or other agencies. The services could entail assistance in:

- ▶ LABELING, REGISTRATION AND LICENSING REQUIREMENTS
- ▶ MARKET DEVELOPMENT
- ▶ FINANCING
- ▶ PRODUCTION FACILITIES
- ▶ ENTRY INTO THE LAND OF KANSAS PROMOTION PROGRAM

## **LEVEL THREE**

**A NEW KANSAS VALUE ADDED BUSINESS, INDUSTRY, OR PRODUCT** - is added to the domestic and international markets.

While the primary emphasis is on building value added agri-business and industry, KVAC also serves as an agricultural technology information center providing:

- ▶ Technical training opportunities through seminars and workshops
- ▶ Information on agricultural research discoveries, current industry trends and manufacturing processes through newsletters, workshops and seminars
- ▶ Literature search, copy, and retrieval services

**TECHNICAL SERVICE AND SUPPORT** - KVAC provides one-on-one consulting and problem-solving services. As a consultant, KVAC provides technical assistance to Kansas businesses and serves as a clearinghouse for value added agricultural information. KVAC also provides pilot laboratory facilities with skilled technicians to conduct product development and resolve specific industrial problems.

**RESEARCH AND DEVELOPMENT, TECHNOLOGY TRANSFER AND COMMERCIALIZATION OF NEW VENTURES** - To ensure that research and product development activities are market-driven, KVAC, along with other value added entities, identify commercial opportunities for transfer to value added industries in Kansas. This ongoing process will provide assistance to Kansas companies as they identify, develop, and commercialize new agricultural technologies. Cooperation with existing government agencies, companies, universities and other organizations is essential to fulfilling KVAC's mission.

Members of the committee, I must admit to you, that since my original appointment to the Leadership Council in 1992, I have seen KVAC go through a tremendous amount of what Farmland's former president Jim Raney called "whitewater." When I first came to the Leadership

Council, I believe there were twelve council members. We could all sit around one table in a small conference room and make decisions. We had a strong and effective director, a competent staff and clear objectives.

KVAC expended energy and dollars to create, from scratch, a technical value added processing capability that is second to none. The Legislature wanted this infrastructure and KVAC built and staffs thirteen pilot laboratory facilities. The legislature wanted value added agriculture to build new companies and to help existing businesses expand in Kansas. This has been accomplished.

In 1993, the Legislature increased the number of members on the Leadership Council from twelve to sixteen. We no longer meet in a small room and the decision making process has dramatically slowed down. Also, beginning in 1994, KVAC has had several leadership and personnel issues that have impeded or lessened its ability to be effective. It appears to me, that the current move to abolish KVAC as a stand alone agency is based, at least in part, on this and other issues that are not directly related to KVAC's mission or its value to the State.

With strong and effective leadership, issues can be solved, momentum can be increased and decisions can be made. However, I suggest to you and your fellow members of both the House and Senate, that no matter what kind of problems KVAC has faced in the past, the need for a focused value added system in Kansas is greater than ever. With KVAC's competent staff, a new Leadership Council structure, a revised mission outlining clear and attainable objectives, KVAC can continue to build on its successes.

KVAC has seen an increasing emphasis placed on value added agriculture by individuals, cooperatives, and commercial companies who want to tap into these value added, revenue opportunities. KVAC is currently working with a number of groups who are dedicated to rural economic development and the continuation of a strong agricultural base in Kansas. These groups are ready to identify and commercialize processes or a technologies for products that can be

produced from their locally grown raw commodities. They include: The Western Kansas Rural Economic Development Alliance (representing approximately 50 counties in the state), See-Kan RC&D (ten counties in southeastern Kansas), the 21st Century Alliance (membership goal is 2,000 producers), the American White Wheat Producers Association, Cloud Corp., numerous cooperatives representing grain and beef interests, and others.

I have been asked by many people to list our successes. You will see a partial list of KVAC's clients in Attachment A. We have also provided a list for each committee member of the KVAC clients in your district. To me, this spells success. KVAC created a technical infrastructure where none existed. It has expanded its influence over Kansas and federal value added processing activities and created a technical, value added resource infrastructure which is second to none. KVAC has worked with many other state agencies to build a strong value added program in Kansas. I can assure you that KVAC is a first class value added resource center.

#### **A FEW KVAC CLIENT SUCCESS STORIES**

It is important for you to remember that KVAC began as a granting agency. A return on investment strategy has been implemented, but not until 1994. Through this Commercialization program, KVAC provides seed capital funding for companies that have limited access to funds. 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. KVAC has provided approximately \$533,812 for commercialization projects 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.



A tour of the local grocery stores will provide some of the impact KVAC funds have made on the development of value added agriculture and the Kansas economy. As of May 26, 1995, one major Kansas grocery chain revealed the following:

- ▶ The meat section contained 81 Kansas products, sporting names such as Fanestil, OHSE, Nehring, Flint Hills, Rodeo, Das Smokehaus, and the store's' private label.
- ▶ The grains section contained 34 Kansas products recognizing Kretschler, the Granary, Hudsons Cream, Kansas Sun, Chris Cakes, the store's private label, and Western Star.
- ▶ There were three honey products supplied by the Dietz family and 22 varieties of Big Top popcorn.
- ▶ The fruits, vegetables, and deli sections promoted products from the Alma Cheese Factory, Reser's, and Santa Fe in addition to the store's private label.
- ▶ Depending on the season, the fresh produce aisle offers 29 Kansas selections ranging from Indian corn to sunflower and bird seeds to Louisburg cider and Lost Trail root beer.
- ▶ The ever-expanding condiments section offered a minimum of 17 specialty products prepared by Lem's, Curley's, Golden Mill and Country Salad Dressings (Dinah's).
- ▶ The snack product line is dominated by 20 varieties manufactured by Art's and Mary's and Sante Fe.
- ▶ The jams and jellies aisle was mastered by the 22 varieties produced at Briarwood Farms.
- ▶ The seasonings aisle held 29 selections from Williams and Carey, while the names of

Steffens and Jacksons were found on 20 dairy products.

- ▶ The innovation of Kansas entrepreneurs was truly seen in the assortment of 93 ethnic foods sporting names like Ramirez, Spanish Gardens, Reser, Mama Lupes, Lopez, and La Siesta.
- ▶ The freezer section carried 41 entree items from Cafe Olé, Fastbreak, Tony's, the store label, and Red Baron.
- ▶ The pet food aisle featured product from STP-by-STP and Thompson's to name a few.

**Interchem and Stratco, Leawood, KS.** These companies received a joint award for \$12,000 in February 1993, to commercially develop transportation and boiler fuels from renewable resources. Stratco, an engineering and technology company, designed a cost-effective conversion process and constructed the prototype plant. Research, funded by KVAC, was performed at Kansas State University to support Biodiesel fuel development by the companies. "While working with soybean methyl esters in 1993, we supplied fuel to every major city in the United States," explained Mr. Lee Der, Interchem President. "We found that we could not be competitive in the field of diesel fuels, so we turned to formulating industrial soy-based cleaners. The business at Interchem has truly been an evolutionary process, beginning with KVAC dollars."

**MarCon Catering, Inc.,** 124 W. 8th, Washington, KS 66968. Marilyn Hanshaw and Connie Allen visited KVAC in 1991 to explore the feasibility of turning their pie-baking hobby into a full-time business. KVAC:

- ▶ Introduced the "pie ladies" to the local small business development center (SBDC) for business plan development.
- ▶ Networked the company to the American Institute of Baking (AIB) for nutritional labeling

assistance.

- ▶ Provided references for manufacturers and suppliers of bakery equipment, ingredients and supplies.
  
- ▶ Provided chemical, sensory and shelf-life analyses.

Currently, MarCon Catering, Inc. bakes over 40 varieties of pies and supports 15 full-time employees. MarCon pies can be purchased in over 200 grocery stores and restaurants in Kansas and Nebraska. In 1995, MarCon produced 250,000 pies which retailed for \$7.00-\$8.00 each, totaling \$2,000,000. "We expect to double that figure in 1996 as we expand into the baked and unbaked frozen line," said Connie Allen, "and our sugar-free pie market is increasing at a remarkable rate".

**Dinah's Noodles, Inc.**, 707 Campbell, Clyde, KS 66938. Dinah's Noodles, Inc. grew from a home-based business, distributing product in its own company vehicle to a plant where wholesalers from a six state region came to pick up product in their own refrigerated trucks. In 1992, Dinah's Noodles, Inc. was recognized as the Kansas Outstanding Woman-Owned Business in the Manufacturing Category by the Kansas Department of Commerce and Housing Office of Minority Business.

Dinnah's company provides direct employment for 25 of the 900 families living in Clyde, KS. Dinah's noodles and salad dressings are carried by 5 major food service/institution distributors and can be purchased in over 9 states. Dinah's products are sold under their own label, as well as private labels for Dillons and Shurfine. KVAC:

- ▶ Introduced Dinah to the local small business development center (SBDC) for business plan development.
  
- ▶ Networked the company to the American Institute of Baking (AIB) for nutritional labeling assistance.

- ▶ Introduced company to the "From the Land of Kansas" marketing promotion.
- ▶ Provided references for manufacturers and suppliers of food equipment, ingredients and supplies.
- ▶ Provided assistance through KSU for sensory analysis, shelf-life studies, product scale-up, packaging options, plant design and equipment configuration.
- ▶ Financed Dinah's new venture, the salad dressing line (\$5,000).

"I'm proud of our sales growth," remarked Dinah. "In 1992, our company almost went broke, due to a problem with the noodles thawing in the big grocery stores. KVAC provided technical assistance to correct the problem, and in 1993 we earned \$175,000. In 1994 we earned \$255,000 and in 1995 \$305,000. I expect that to increase quite a bit in 1996, with our new line of dressings." Dinah manufactures 600-1200 jars of salad dressings each month which retail for \$2.19 each. "If KVAC hadn't awarded me \$5,000 to expand, I never would have started my salad dressing line."

**Cloud Corp., Inc.**, Concordia, KS. KVAC provided \$26,000 in funding to a group of 12 farm producers in Concordia, KS. With the funds, the group hired a consultant with corn processing experience, purchased a corn cutter, and performed a feasibility study. Last Fall, the group harvested 12-15 varieties of sweet corn. "The calculated percent cut ranged from 30-48%," professed Kirk Lowell, "and the industry standard is 33%!" Processing sweet corn in Concordia, KS should become an extremely profitable business. Del Monte has already discussed contracting with the group for Kansas corn. In addition, five varieties of sweet corn were raised for G&S Corn Bites, another growing value added product, at no charge. To date, one full-time job has been created, excluding the farm producers.

These are but a few of the many successful firms that have profited from KVAC's focused value added activities. I am sure over the past few days, you have seen other successful programs (KTEC, MAMTC, and others). However, as a business person, I am more than mystified by the amount of support given to these agencies in comparison to KVAC.

Granted, over the past six years, KVAC's budget has increased. However, if you compare its portion to other economic development programs funded with Economic Development Initiative Funds (EDIF), 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 portion 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 has not received the attention or financial support it deserves.

I firmly believe any de-emphasize of agriculture and specifically value added agriculture would be a monumental mistake for Kansas. As you know, agriculture is the largest industry in the state (when the number of jobs and dollars earned are combined for both production and processing).

However, for the Kansas producer of raw commodities, the largest portion of the revenue stream occurs after the "farm gate."

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 food and feed related programs. While our Industrial Agricultural program may transfer to KTEC, we have not been provided information on how any of these other changes will be structured or what results may be expected.

I offer to this 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, like KTEC, instrumental in creating substantial and sustainable growth for Kansas. With your help this will become a reality.

Thank you for this opportunity to speak before the committee.

Gordon M. Lormor

Interim President, KVAC

Attachments: A - a partial list of KVAC clients

B - overhead presentation

C- budget 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 66401WB  
existing - 9 meat & cheese products

Forerunners, Inc.  
RR 1, Box 87  
Wamego, 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

421

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

164  
160  
324 companies  
assisted since  
1990  
H22

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		\$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	\$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					\$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

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