

Approved: January 28, 1997
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on January 21, 1997 in Room 423-S of the Capitol.

All members were present except: Barbara Allen (Excused)
Bob Tomlinson (Excused)

Committee staff present: Lynne Holt, Legislative Research Department
Beverly Renner, Committee Secretary

Conferees appearing before the committee: Lt. Governor/Secretary Gary Sherrer, Department of Commerce & Housing

Others attending: See attached list

Lt. Governor Gary Sherrer, speaking as Secretary of the Kansas Department of Commerce & Housing (KDOC&H) briefed the committee on the department and the six divisions that provide the programs and services. They include: Agriculture Products Development, Business Development, Community Development, Housing, Trade Development and Travel and Tourism (Attachment 1). Lt. Governor Sherrer also referred to the Department's *1996 Annual Report*.

Representative Long moved for approval of the January 14, 15 and 16 meeting minutes as distributed.
Representative Sharp seconded the motion. The motion carried.

Chairman Mason adjourned the meeting at 4:25 p.m

The next meeting is scheduled for January 22, 1997.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
COMMITTEE GUEST LIST

DATE: January 21, 1997

NAME	REPRESENTING
Bue Jaunee	Boeing
MATT BRISCH	KDOCH
MARY FAYE LAFAVER	KDOCH
Chris Williams	KDOCH
Randy Speaker	KDOCH
Steve Kelly	KDOCH
MIKE WOSICKI	KTEC
Roger Fraudie	KGC
JASON PITSENBACHER	BRAD SMOOT
Morine Kruse	KDOCH + H
Michael Miller	Ks, Inc.
Sherry Brown	KDOCH + H
Shelby Devine	KDOCH + H
Erral V. WILLIAMS	KDOCH + H.
Dick Dilsaver	Coleman

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON ECONOMIC
DEVELOPMENT
THE KANSAS DEPARTMENT OF COMMERCE & HOUSING
GARY SHERRER, LT. GOVERNOR/SECRETARY
JANUARY 21, 1997**

Mister Chairman and members of the Committee, I am here today to provide an overview of the programs and services of the Kansas Department of Commerce & Housing. My comments will highlight the results contained within one of the documents you have each received--the Fiscal Year 1996 Annual Report. After a brief discussion, I would welcome any questions and/or comments you might have for me.

I. Introduction

There are six divisions within the Kansas Department of Commerce & Housing that provide programs and services that directly benefit the people of this state. They are: Agriculture Products Development, Business Development, Community Development, Housing, Trade Development, and Travel and Tourism. Their goals are derived from the agency's mission: To provide leadership to ensure economic opportunity for Kansans. The following information highlights how Commerce & Housing meets this goal.

II. KDOC&H Overview

The Agriculture Products Development Division has concentrated its resources in value added activities, international trade, market research and development, and trademark programs. The value added component is a very good example of the Division's commitment to economic development. The Agricultural Value Added Center has the potential for a broad impact on the Kansas economy, and with this program in Topeka, the Division can serve clients more efficiently. The Center has technical expertise to offer clients, grant assistance to develop commercial potential, technology transfer to entrepreneurs, and pilot plant facilities for product development and testing. All of this adds value to Kansas agricultural goods and services, and increases net profits for Kansas farmers as raw commodities are demanded.

The Division is also working closely with the Business Development, Community Development, and Trade Development divisions, accessing programs and services to better serve the agriculture community.

The Business Development Division promotes investment and growth for Kansas businesses through a number of highly successful programs. Kansas Enterprise Zone, Export Finance, Minority & Women Business Development, Kansas Match, and Workforce Training are just a few of these. All of the Division's programs have had an impact on the Kansas economy, and complete results from Fiscal Year 1996 can be found on pages nine through 38 of the Annual Report.

*House Economic Development
January 21, 1997
Attachment 1*

The Division provides high quality workforce training and life-long learning opportunities to adults. Workforce Training programs--Kansas Industrial Training (KIT), Kansas Industrial Retraining (KIR), and Investments in Major Projects and Comprehensive Training (IMPACT)--have significant impact on employees and employers across the state. These programs have been developed in a manner that provides reasonable flexibility for the client in terms of training curriculum and structure, and allows post-secondary and vocational technical institutions to be a partner in these efforts. In Fiscal Year 1996, the Workforce Training staff (comprised of three individuals) secured a record 89 projects that will ultimately train more than 12,000 workers at 79 companies. Further details on these projects can be found on pages nine through 33 of the Annual Report. The need for workforce training continues to grow. Employers have clearly recognized that success in today's marketplace requires a workforce that possesses specific work skills, is adaptable to changing environments, and can work well in a team atmosphere.

The Division is a catalyst in sustaining and enhancing economic development capacity in Kansas. Their mission is founded upon the creation and retention of jobs and increasing capital investment. The Division's finance and incentive programs are utilized by existing Kansas companies wishing to expand, as well as new companies coming into the state. Last year, in conjunction with the Community Development and Housing divisions, the Business Development Division helped launch the Kansas Consolidated Plan. This initiative provides a comprehensive approach to economic development, allowing Kansas communities to access critical programs and services simultaneously. The agency is currently incorporating the other four divisions, which will result in true consolidation.

The Community Development Division addresses economic development in a number of ways. One of the Division's programs, the U.S. Small Cities Community Development Block Grant (CDBG), is a significant contributor to the infrastructure of the Kansas economy. The primary focus of the CDBG program is the development of viable communities by providing decent housing and a suitable living environment, and expanding economic opportunities--primarily for persons of low and moderate incomes. CDBG strengthens the Kansas economy through public and private infrastructure enhancements, investing more than \$20 million annually. These community improvement investments benefit Kansas communities of 50,000 or less. Complete information about this program is available in the Annual Report, pages 42 through 45.

Economic development is further enhanced through the Main Street program. In Fiscal Year 1996, Main Street's Incentives Without Walls grant program provided \$200,000 in funding to 17 Kansas communities involved in revitalizing their downtown areas. This resulted in a five-to-one return on investment in dollars leveraged from the private sector, and created and retained nearly 100 jobs. The Main Street program is further explained on pages 43, and 48 through 51 of the Annual Report.

The Housing Division provides housing opportunities for Kansans through the development of resources, partnerships, and technical assistance. Demonstrating the linkage to economic development, the Division, through the leveraging of public and private capital, created more than \$140 million in new economic development activity in Kansas in Fiscal Year 1996.

The Division is consistently working to increase the availability of affordable housing in Kansas. In Fiscal Year 1996 the Division granted \$1.8 million to first-time home buyers. This was leveraged by nearly \$6 million from local lending institutions. One hundred-sixty households in 31 counties benefitted. During the same time period, the Division, through the Low Income Housing Tax Credit (LIHTC) program and tax-exempt bonds, financed the development of more than 1,000 new rental units, and the rehabilitation of more than 1,700 existing units.

The Division is actively working to provide housing opportunities throughout the state, initiating new programs and services, and strengthening those that are most effective. Fiscal Year 1996 results can be found on pages 56 through 58 of the Annual Report.

The Trade Development Division plays a key role in helping Kansas companies become export-ready. Through the Kansas Trade Show Assistance Program (KTSAP), more than 100 Kansas companies in Fiscal Year 1996 received the financial help they needed for promoting their products domestically and internationally. Another successful, cost-effective avenue for exposing Kansas products overseas is participation in catalog shows, whereby a staff member represents a group of Kansas companies at a foreign trade show. Product samples and information are taken to the show, and trade leads are established for the companies, all without direct company participation, and for a minimal cost.

Division staff also play an important role by providing companies with the technical assistance necessary to enter the global market. This includes understanding the business climate of the world market, knowing where to access other means of financial capital, and cultivating and maintaining relationships with business professionals in other countries. Last fiscal year, the Division hosted nearly 200 dignitaries and business persons from 22 countries including Japan, Korea, Russia, England, and Latin America. Fiscal Year 1996 results from the Trade Development Division are located on page 61 of the Annual Report.

The Travel and Tourism Division promotes tourism opportunities in Kansas designed to increase travel-related expenditures within the state. Several highlights from Fiscal Year 1996 are testimony to the Division's success. Inquiries for travel information increased 79 percent, from 99,929 in Fiscal Year 1995 to 179,006 last year. Thirty-three percent of these inquiries resulted in actual visits to the state, with these visitors spending more than \$16 million during their travels. The Kansas Film Commission facilitated 30 motion picture and television projects, resulting in direct Kansas expenditures of more than \$5 million.

Tourism promotion also included increased advertising in several national and regional magazines, and the distribution of more than 400,000 Kansas Travel and Event Guides, featuring information on a multitude of Kansas events and attractions. Sixteen Attraction Development grants were awarded, projected to increase by 85 percent visitation to various attractions across Kansas. More than 100 full- or part-time jobs are expected to be created as a result. Fourteen Marketing Matching grants were also awarded, allowing attractions to effectively advertise statewide and regionally. A comprehensive summary of the programs and services of the Travel and Tourism Division is located on pages 65 and 66 of the Annual Report.

III. Accountability

Accountability for our actions is an essential component of our daily operations. There are three elements of accountability that apply directly to Commerce & Housing. First, the Annual Report you have before you is our most comprehensive compilation of accountability. Much like a private corporation, this document is a report to our shareholders--the citizens of Kansas.

The second element is how well we performed. Activities do not necessarily indicate results. Effectiveness of activities measures success. Last year we created a Quality Assurance Program at Commerce & Housing, designed specifically for this purpose. A complete account of this program is in the Annual Report on pages three through five. I would like to share some of the numbers that indicate the level of customer satisfaction. In a survey rating the overall quality of service of four of our divisions, nearly 80 percent of the respondents rated the service as "excellent." The remainder all rated it as "good." In rating Commerce & Housing field representatives, 100 percent of the respondents felt satisfied with the service they received.

Finally, accountability is expressed through specific, measurable goals, required of every division. These goals all have standard measurements that include objectives, strategies, and outcomes. These are further broken down into categories such as private dollars leveraged, job creation and retention, and cost/benefit analysis. (An example of division goals is attached.) As another measure of accountability, we are in a partnership with Kansas, Inc. to develop an "econometric" model to help us evaluate the cost/benefit component of some of our projects. This will allow us to gauge our performance and strengthen programs as needed.

IV. Conclusion

At Commerce & Housing we are committed to providing economic opportunity and economic growth throughout Kansas. Our programs and services are dedicated to this goal, and our people are providing the leadership and expertise which allow us to meet this goal--all of which are building a stronger, healthier Kansas economy.

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OBJECTIVES/STRATEGIES	TIMELINE	RESPONSIBILITY	PROJECTED BUDGET	ACTUAL COST	YTD RESULTS
TRAVEL TRADE					
OBJECTIVE #1: Generate \$500,000 worth of articles or broadcast airtime on Kansas Tourism.					
STRATEGIES:					
A. Develop materials for marketing to the press					
Action Steps:					
1. Develop tourism promotional press kit			\$3,000.00		
- write copy	Aug 1	Jerry, MW			
- design letterhead	Aug 5	Admark			
- print letterhead	Aug 16	State Printer			
- kits assembled for mailings	Aug 19 week	Ann			
2. Develop monthly fact/teaser sheet			\$5,000.00		
- send letters to communities requesting input	Aug 9	MW			
- determine editorial calendar	Aug 19 week	MW			
- write copy	Sept 2 week	Admark?, freelance			
- design layout	Sept 9 week	Admark, Andrea			
- printed	Sept 27	State Printer			
3. Produce additional slides for distribution to media		MW, Ann			
- select slides					
-make duplicates			\$2,000.00		
- catalog duplicates					
- establish library "check-out" system for slide distribution					

1. Establish relationships with 15 key Kansas "dailies", 3 Topeka television stations and 3 Wichita television stations and 5 key radio stations/networks					
- Set-up personal visits & deliver new press kit (Fall)	Aug - Sept	MW, Matt Brisch			

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OBJECTIVES/STRATEGIES	TIMELINE	RESPONSIBILITY	PROJECTED BUDGET	ACTUAL COST	YTD RESULTS
- Follow-up with Thank you	Aug - Sept	MW			
- Mail monthly fact/teaser sheet	monthly starting Sept	MW			
- Phone calls on a monthly/quarterly basis	On-going	MW			
- Set-up personal visit in the spring prior to National Tourism Week	March 1997	MW			
2. Establish system of press releases for distribution through CVBs & Chambers of communities with "weeklies"	Sept	MW, Ann	---		
3. Establish contact with key Kansas "weeklies"	Sept	MW, Ann	---		
4. Establish relationships with 25 key national, out-of-state, journalists			---		
- determine 25 key journalists to target	Aug 26	MW			
- determine top 5	Aug 26	MW			
- set-up personal visits with top 5 key out-of-state journalists and deliver new press kits	by Sept 26	MW	\$1,000.00		
- follow-up with Thank You to top 5	by Oct 4	MW			
- send letter of introduction to the remaining 20 journalists	by Oct 4	MW			
- mail fact/teaser sheet monthly	On-going	MW			
- phone calls on a monthly/quarterly basis	On-going	MW			
5. Develop an internal system for public relations for the division including but not limited to press releases, interviews, public speaking engagements and trade shows	Sept	MW			
- set up notebooks	Aug 5	Ann			
- issue memo from Norine Kruse to staff	Aug 9	MW			
6. Develop a comprehensive public relations plan for detailed follow-up of this strategy					
- planning meeting	Aug	staff			
- outline	Aug	MW			
- draft of plan	Sept	MW			
- final plan	Sept	MW			
7. Establish bi-monthly Division newsletter and distribute to appropriate mailing list	On-going	MW, Andrea, staff	\$5,000.00		
C. Market to members of the Midwest Travel Writer's Association					
Action Steps:					
1. Join Midwest Travel Writer's Association	Feb	MW	\$500.00		
2. Attend Spring Meeting (April 1997) in Kansas City	April 2 - 6	MW	\$500.00		

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OBJECTIVES/STRATEGIES	TIMELINE	RESPONSIBILITY	PROJECTED BUDGET	ACTUAL COST	YTD RESULTS
3. Investigate sponsorship of breakfast at Spring Meeting	April 2 - 6	MW	\$4,000.00		
4. Conduct pre or post fam tours			\$2,500.00		
- Coordinate state itinerary	Jan	MW			
- Secure ground transportation	Jan	MW			
- Develop and mail invitations	Jan	MW, Admark			
- Confirm itinerary arrangements	April	MW			
- Conduct tour	April	MW			
- Forward follow-up material	April	MW, Ann			
D. Conduct and host press trips and site visits as needed					
Action Steps:					
1. Investigate Chisholm Trail Fam with OK & TX (Fall)	Aug	MW	\$2,500.00		
2. Conduct America's Heartland Rendevous Fam (Spring)	April	MW	\$2,500.00		
3. Conduct TWA/America's Heartland Fam (tentative Fall)	Fall	MW	\$2,500.00		
4. Conduct Midwest Travel Writer's pre/post fam (Spring)	April	MW	see C-4		
E. Purchase/develop a database sales call system for journalists to develop a more targeted contact list. This database system would allow for tracking of individual writer's activities, as well as publications' activities.	Oct	MW	\$500.00		
F. Contract for national clipping service for tracking and economic analysis of published articles.	Sept	MW	\$6,000.00		
OBJECTIVE #2: Conduct a positive public relations campaign to the tourism industry and the media					
A. Continue legislator and community notification of articles printed			---		
Action Steps:					
1. Re-write letter	Sept 13	MW			
2. Update database	Sept 13	Ann			
3. Establish system	Sept 13	MW, Ann			
Establish a system for Thank You's from the Division			---		

GOAL 1. To increase local community development capacity through a systematic process of skill development.

- Outcomes:
- * Redesigned KDOCH planning process
 - * Reinvention of PRIDE is complete and being implemented by Kansas communities
 - * Main Street Emeritus Cities Program modifications implemented
 - * Community Capacity Building Workshop curriculum developed and delivered
 - * Increased number of communities with local comprehensive plans or other planning documentation outlining goals and strategies for local development [REQUIRES BASELINE MEASUREMENT]
 - * Increased number of communities presenting comprehensive solutions to community problems instead of "spot" solutions to "spot" problems and which are linked to local planning documentation [REQUIRES BASELINE MEASUREMENT]

GOAL 2: To establish a system of simple procedures for customers to access resources and which, at the same time, maintains the integrity and legal requirements of the programs.

- Outcomes:
- * Technical Task Force established to develop planning standards to satisfy multiple agency requirements [REQUIRES SUPPORT OF SECRETARY TO OTHER AGENCIES]
 - * Increased number of communities using the comprehensive application round to access resources of multiple programs in a single process
 - * Reduced decision time between application receipt and announcement
 - * Policies developed for "teaming" to improve internal coordination on projects involving multiple program resources
 - * Improved communication mechanisms developed to inform communities of changes at the State and Federal level, to share successful strategies from other communities, and to recognize community achievements
 - * System established to prompt counties to update strategic plans and preserve Enterprise Zone status

GOAL 3: To increase the quality and quantity of regional resources (private, nonprofit, and government) available to assist communities.

- Outcomes:
- * CDBG Grant Administrator Certification Program designed and tested, including identifying networks for training of local government officials

- * Directory of Resources (perhaps expanded version of existing Kansas Rural Development Council database) including private foundation resources developed
- * Improve/restructure regional development organizations to ensure statewide coverage and capacity to deliver services

GOAL 4: To reorganize Community Development Division staff responsibilities to better utilize the respective skills of individuals, to balance workloads, and to improve communication across program and responsibility lines.

- Outcomes:
- * Improve staff communication and clearly define position responsibilities
 - * Redistribute specific responsibilities to achieve improved balance across all division positions
 - * Implement Human Resource Plan ensuring current position descriptions exist, new personnel system adopted, and appropriate classification requested for all Division personnel
 - * Implement training strategy to address specific skill deficiencies or professional development needs of staff