

Approved: February 2, 1999  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT .

The meeting was called to order by Chairperson Bill Mason at 3:30 p.m. on January 26, 1999 in Room 522-S of the Capitol.

All members were present except: Representative Annie Kuether - E  
Representative Doug Gatewood - E  
Representative Susan Wagle - E

Committee staff present: April Holman, Legislative Research Department  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee: Mikel Miller, Kansas, Inc.

Others attending: See Attached

Chairman Mason gave a brief history of Kansas, Inc., which was created in 1986 by the Legislature to provide an independent, objective and non-partisan organization that seeks to build consensus and act collectively to achieve state economic development goals. He recommended committee members review their reports, as they are an excellent resource.

Mikel Miller, Kansas Inc. briefed the committee on two reports. The first report updates the *1997 County Economic Vitality and Distress Report* (Research Report, updated December 1998, on file at the Kansas, Inc. Agency). The report is based on the most recent data available from several economic indicators which are then combined into a statistical formula to produce an overall assessment score.

Ms. Miller gave testimony on the shift in the overall levels of vitality and distress exhibited during the previous years (Attachment 1). Discussions followed regarding: long term strategic planning, use of data, criteria and formula used in rankings, meaning of relative rankings, percentage of weighting for eight indicators for data compilation and future economic growth due to the Cessna plant in SE Kansas.

Ms. Miller agreed to provide information used to weight the indicators for Representative Osborne. Discussion continued on the nine year county comparisons (page 16-17 of the report). Representative Aday asked for the 1996 Strategic Plan, Ms. Miller will provide that plan.

Ms. Miller briefed the committee on the second report, *Grants and Loans Report* (Research Report, dated December 1998 on file at the Kansas, Inc. Agency). She gave testimony on the details of statewide Economic Development, Community Development, Community Development Block Grants, and Natural Resources grants and loans activity and distribution patterns across the state (Attachment 2). The distribution of grants and loans compared to population was discussed.

The next meeting is Thursday, January 28, 1999.

The Chairman asked if anyone had bills to introduce to the committee. Hearing none, he adjourned the meeting at 4:20 p.m.



**Kansas, Inc. Testimony**  
**Presented to House Economic Development Committee**  
**by Mikel Miller**  
**January 26, 1999**

**County Economic Vitality and Distress Report**  
**1997 Report Update**

Since 1989, Kansas, Inc. has presented an annual update on overall county economic vitality and distress. The Vitality & Distress report is based on the most recent data available from several economic indicators which are then combined into a statistical formula to produce an overall assessment score. The scores are then ranked to provide a historical view of the vitality and distress of each county. This 1997 report update provides new data for each economic indicator and calculates new assessment scores for each county by size and region.

A consistent measurement of decline or growth is difficult to construct but is necessary for assessing an area's general strength and growth potential over time. This analysis attempts to provide a comprehensive view of a county's economic condition by taking into account several statistical indicators. We hope you will find this publication to be of value to you in the course of your work.

The data examined in this report show a dramatic shift in the overall levels of vitality and distress exhibited during the previous years. Unlike previous years, mid-sized counties as a group exhibited lower distress rankings than rural counties as a group. (Figure 1)

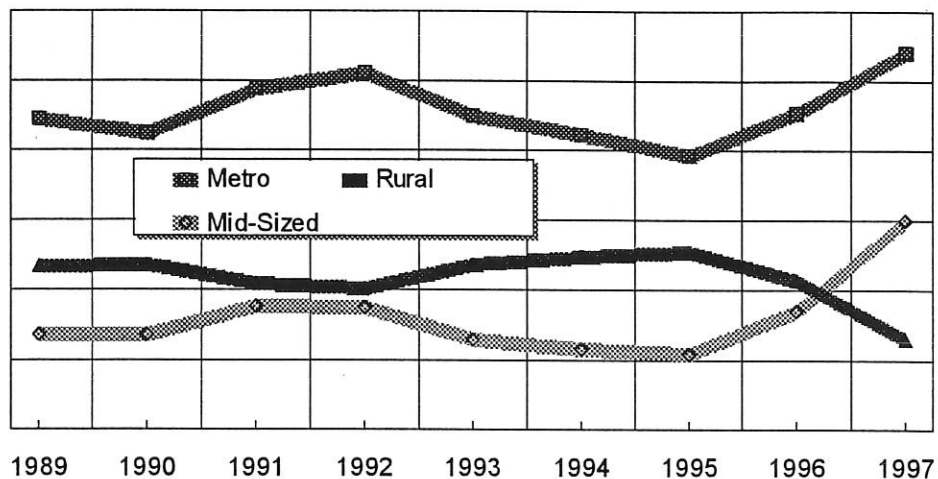
The shift in this year's rankings may be primarily attributed to short-term employment losses (-3.0%) and long-term population decreases in rural counties (-4.6%) relative to contrasting stronger short-term employment growth in metropolitan and mid-sized counties. While rural counties experienced an overall rise in per capita property valuations (10.5%) and per capita income (7.1%) greater than those achieved in metropolitan or mid-sized counties, neither combined were sufficient to offset the losses in population and employment suffered by rural counties as a whole.

Because rankings are relative to the performance of other county groups, the mid-sized counties' ascension from the bottom ranking of prior years is more a function of the rural counties' decline than of any significant improvement in the mid-sized counties' performance over the previous year. Mid-sized counties are still suffering from overall low short-term employment growth (1.6%), population losses (-0.6%), and low per capita income and property valuation relative to the other groups. On a brighter note, the mid-sized group's per capita income increased by 7.0%, which was a greater increase than the metropolitan county group recorded.

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Metropolitan counties on the other hand enjoyed strong population increases (9.0%) and short-term employment growth (4.7%), per capita income more than \$5,700 above that of mid-sized counties, and largest working age population among the county groups. On the downside, the metropolitan counties had the smallest increases in per capita income (5.5%) and the largest percentage of welfare population (3.7%) among the county groups.

**Historical Overall Vitality Rankings**  
The Higher the Line, the Less Distress Exists



**Figure 1**

**1997 County Economic Vitality and Distress Rankings**

Johnson County remained as the state’s least distressed county for the eighth consecutive year, retaining its position atop the vitality and distress rankings by a wide margin in the final vitality and distress scores. To achieve this distinction, Johnson County scored within the top quintile in seven of the eight individual indicators, including the top ranking in population growth and in per capita income.

Following Johnson County as the ten least distressed counties in the state were Haskell, Kearny, Ellis, Stanton, Pottawatomie, Stevens, Miami, McPherson, and Grant Counties. Two of the ten counties fall into the metropolitan classification, three are mid-sized counties, and the remaining five are rural counties. Newcomers to this distinction are Miami, Ellis, and McPherson Counties rising a combined total of 26

rankings. Those newcomers bumped Greeley, Gray, and Meade from the top ten performers.

Elk County emerged in this year's report update as the state's most distressed county. Chautauqua County, having held this ill fame last year, rose four rankings to number 101. In all, four of the ten most distressed counties are in the Southeast region and three border that region on the west.

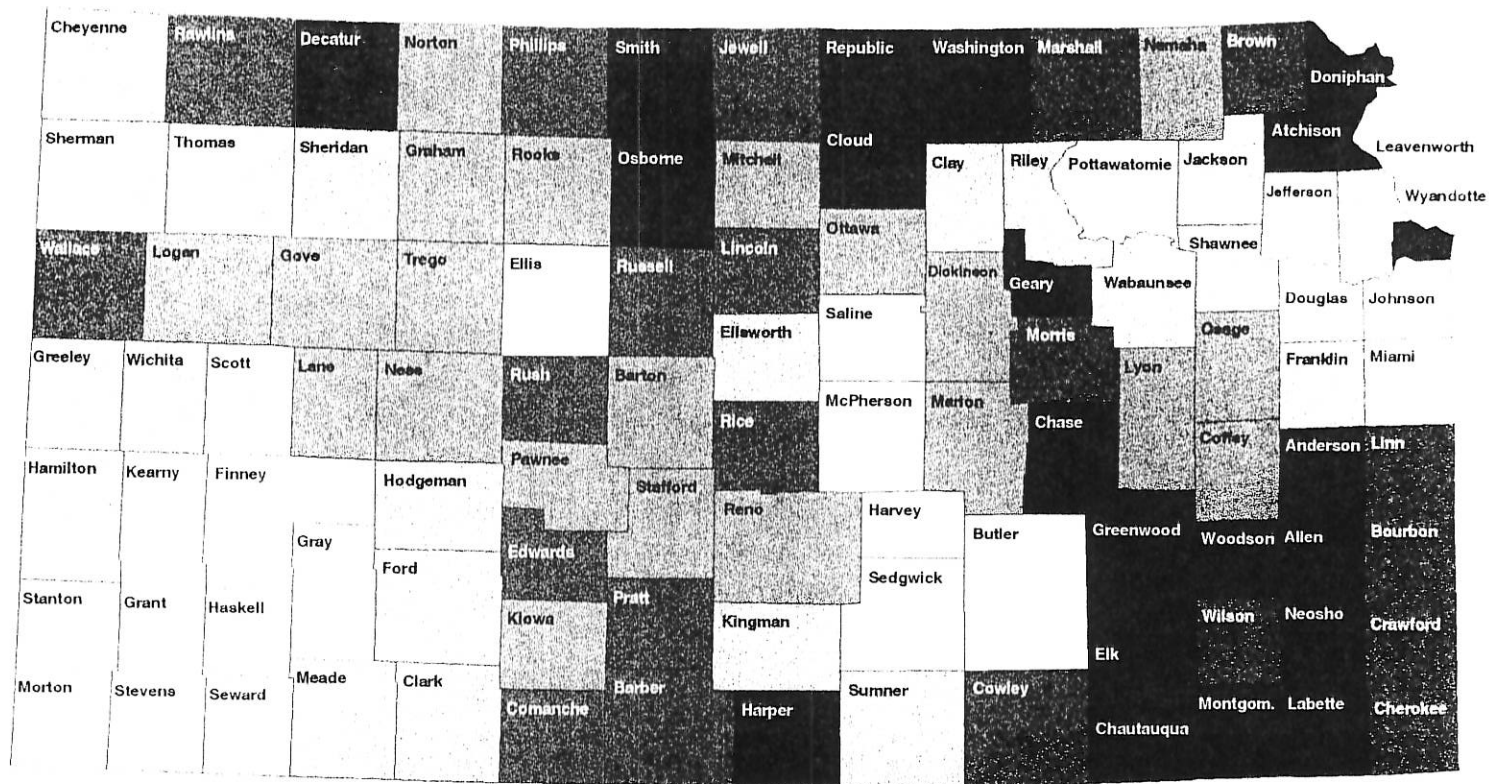
Table 1 lists the County Economic Vitality & Distress Rankings for 1997. Figure 2 is a map highlighting the areas of greatest economic distress. Complete tables, listing each county with historical rankings, and rankings by each indicator in the distress formula, are provided in the Appendix to this report.

### 1997 County Economic Vitality & Distress Rankings

Rank 1997	County	Rank 1997	County	Rank 1997	County	Rank 1997	County	Rank 1997	County
1	Johnson	22	Wabaunsee	43	Logan	64	Cowley	85	Chase
2	Haskell	23	Meade	44	Reno	65	Edwards	86	Doniphan
3	Kearny	24	Ellsworth	45	Kiowa	66	Jewell	87	Washington
4	Ellis	25	Hodgeman	46	Coffey	67	Lincoln	88	Decatur
5	Stanton	26	Sumner	47	Osage	68	Pratt	89	Smith
6	Pottawatomie	27	Ford	48	Lane	69	Russell	90	Atchison
7	Stevens	28	Thomas	49	Rooks	70	Phillips	91	Wyandotte
8	Miami	29	Greeley	50	Stafford	71	Brown	92	Osborne
9	McPherson	30	Clark	51	Ottawa	72	Crawford	93	Woodson
10	Grant	31	Leavenworth	52	Dickinson	73	Marshall	94	Montgomery
11	Saline	32	Sheridan	53	Barton	74	Comanche	95	Allen
12	Finney	33	Clay	54	Pawnee	75	Linn	96	Neosho
13	Seward	34	Sherman	55	Nemaha	76	Rawlins	97	Harper
14	Gray	35	Cheyenne	56	Marion	77	Morris	98	Greenwood
15	Sedgwick	36	Hamilton	57	Ness	78	Wallace	99	Republic
16	Butler	37	Shawnee	58	Mitchell	79	Rush	100	Geary
17	Douglas	38	Jackson	59	Gove	80	Rice	101	Chautauqua
18	Morton	39	Wichita	60	Lyon	81	Cherokee	102	Labette
19	Scott	40	Riley	61	Graham	82	Wilson	103	Anderson
20	Jefferson	41	Kingman	62	Trego	83	Barber	104	Cloud
21	Harvey	42	Franklin	63	Norton	84	Bourbon	105	Elk

Table 1

# Figure 2 County Economic Vitality & Distress



(Darker shading indicates greater distress.)



**Kansas, Inc. Testimony**  
**Presented to Senate Commerce Committee**  
**by Mikel Miller**  
**January 26, 1999**

**Fiscal Year 1998 Grants & Loans Report**

**Introduction**

Since 1990, Kansas, Inc. has issued an annual report detailing statewide economic development, community development, CDBG, and natural resources grants and loans activity and distribution patterns across the state. This report is a continuation of that series of reports, and chronicles awards made during FY 1998. The responsibility for this report was assigned to Kansas, Inc. by the 1990 Legislature (K.S.A. 74-8015).

This report provides the Governor, the Legislature, and the general public a better understanding of grants and loans activity in the State of Kansas. This report is most useful when considering issues such as targeting scarce resources to geographic regions of the state, or to areas of greatest economic distress.

**Methodology**

For this analysis, grants and loans administered by several state agencies were grouped into four categories: 1) Economic Development, 2) Community Development, 3) Small Cities Community Development Block Grants (CDBG), and 4) Natural Resources. Each category of loans and grants was analyzed with regard to total dollars awarded, distribution per capita, distribution per capita compared to population share, distribution by region of the state, and distribution by county size. Each category is also analyzed to determine distribution of grants and loans by level of economic distress as measured by the latest update of the *County Economic Vitality and Distress Report* published by Kansas, Inc. in December, 1998.

In the interest of time, I will present only the economic development grants and loans analysis.

**FY 1998 Report Findings--Economic Development Grants & Loans**

The grants and loans programs included in this category are administered by the Kansas Department of Commerce & Housing (KDOC&H), and the Kansas Technology Enterprise Corporation (KTEC).

Programs included in this analysis are:

Kansas Department of Commerce & Housing

- a. Kansas Industrial Training and Retraining Programs (KIT/KIR)
- b. Certified Development Companies (CDCs)
- c. Small Business Development Centers (SBDCs)
- d. Attraction Development Matching Grants

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- a. Tourism Marketing Grants
- f. Kansas Trade Show Assistance Program (KTSAP)
- g. Kansas Economic Opportunity Initiatives Fund (KEOIF)
- h. Kansas Existing Industries Expansion Program (KEIEP)
- i. Training and Equipment Grants
- j. Agriculture Products Development Grants

Kansas Technology Enterprise Corporation

- a. Applied Research Matching Funds (ARMF)
- b. State Small Business Innovation Research (SSBIR) Matching Grants
- c. Invention Development Assistance Program (IDAP)
- d. Special Projects



## Economic Development Grants & Loans

*By Economic Distress:*

Per Capita Distribution - Figure 1 illustrates per capita funding levels for economic development grants and loans to counties categorized by economic distress. Counties ranking within the two most distressed categories of counties received the greatest funding per capita in FY 1998 with the most highly distressed counties receiving \$5.74 per capita and the next most distressed group receiving \$5.78 per capita in economic development grants and loans. Relatively high per capita funding in counties with low and marginally low distress were primarily a result of a number of large KEOIF and KEIEP grants provided by KDOC&H, and to a lesser extent, several large ARMF and SSBIR grants awarded by KTEC. It should be said that KDOC&H also made substantial KEOIF and KEIEP investment in the two most distressed categories of counties. In the highly distressed counties, KEOIF and workforce training programs were the dominating influenced on per capita funding figures. A perfectly equitable distribution of funds would be \$4.38 per capita.

### Economic Development Grants & Loans

Funding Per Capita by Economic Distress, FY 1998

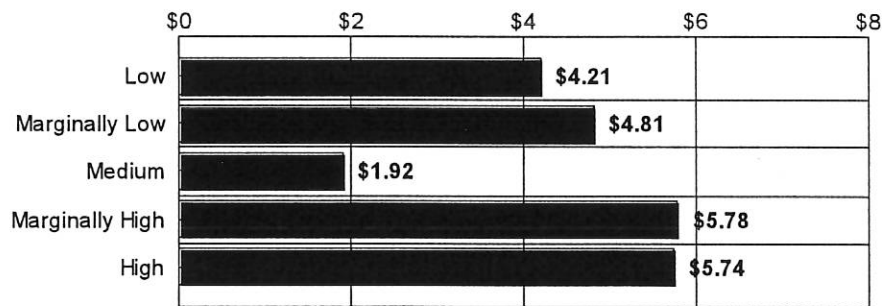


Figure 1

- **Percent of Funding to Percent of Population** - Figure 2 highlights funding by distress category compared to the category's share of the state's population. The marginally high, high, and marginally low distress groupings all received larger shares of funding than their shares of the state's population, approximately 3.0% more for the marginally high and high distress groupings and almost 2.0% more for the marginally low. In contrast, counties in the low and medium distress categories received a smaller share of funding than was their share of the state's population with the largest disparity being seen in the medium distress category. Counties in the low distress category received the largest portion of funding (52.1%), however, these counties are home to a similarly large portion of the state's population (54.2%).

## Economic Development Grants & Loans

Percent of Funding by Economic Distress, FY 1998

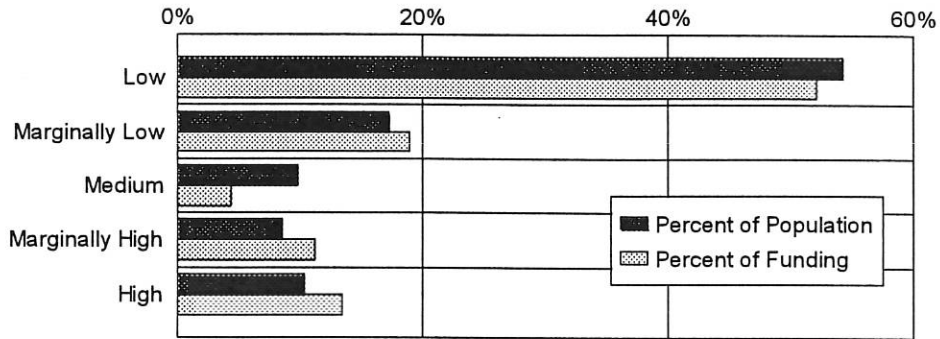


Figure 2

Summary Table 1 reports the actual distribution of economic development grants and loans by economic distress for FY 1998. The information in this table was used to construct Figure 1 and Figure 2.

<i>Distress</i>	Total Funding	Percent of Funding	Population 1997	Percent of Population	Funding Per Capita
<i>Low</i>	\$5,919,937	52.1%	1,406,803	54.2%	\$4.21
<i>Marginally Low</i>	\$2,146,023	18.9%	446,422	17.2%	\$4.81
<i>Medium</i>	\$489,654	4.3%	255,198	9.8%	\$1.92
<i>Marginally High</i>	\$1,270,989	11.2%	219,824	8.5%	\$5.78
<i>High</i>	\$1,530,110	13.5%	266,593	10.3%	\$5.74
<b>Total</b>	<b>\$11,356,714</b>	<b>100.0%</b>	<b>2,594,840</b>	<b>100.0%</b>	<b>\$4.38</b>

## Economic Development Grants & Loans

### By County Size

- Per Capita Distribution - Figure 3 illustrates per capita distribution of economic development grants and loans among metropolitan, mid-sized, and rural counties in FY 1998. Mid-sized counties in Kansas were awarded more economic development funding per capita than either metropolitan or rural counties. Mid-sized counties received approximately the same level of funding as in FY 1997 while rural counties received \$.72 per capita less than in FY 1997. Metropolitan counties received \$.66 less per capita in FY 1998 than in FY 1997. A perfectly equitable distribution of funds would be \$4.38 per capita.

The 1997 update of the *County Economic Vitality and Distress Report* assigns an average distress ranking of 21 for metropolitan counties, 45 for mid-sized counties, and 62 for rural counties. (A ranking of 1 indicates the lowest economic distress and a ranking of 105 indicates the highest economic distress.)

### Economic Development Grants & Loans

Funding Per Capita by County Size, FY 1998

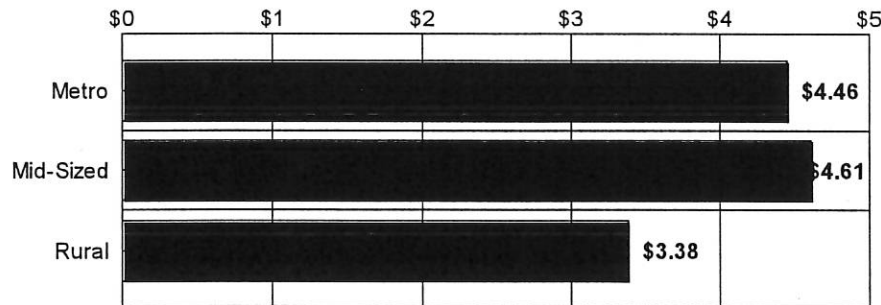


Figure 3

- Percent of Funding to Percent of Population - Figure 4 highlights the funding within each size category compared to population share. Both metropolitan and mid-sized counties were awarded slightly higher percentages of funding than their shares of the state's population. Metropolitan counties were awarded 57.0% of all economic development grants and loans and are home to 56.0% of the state's population. Mid-sized counties received 33.8% of all funding, and are home to 32.1% of the state's population. Conversely, rural counties received a slightly lower percentage of funding than is their share of the state's population, being awarded 9.2% of all economic development grants and loans in relation to their 11.9% of the state's population.

## Economic Development Grants & Loans

Percent of Funding by County Size, FY 1998

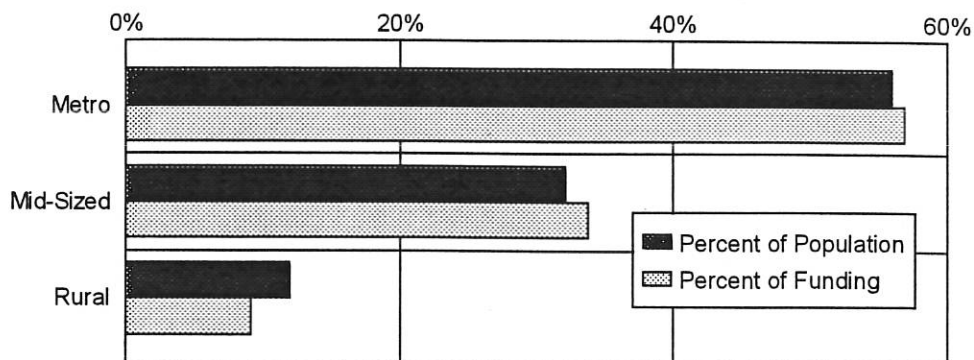


Figure 4

Summary Table 2 reports the actual distribution of economic development grants and loans by county size for FY 1998. The information in this table was used to construct Figure 3 and Figure 4.

<i>Size</i>	Total Funding	Percent of Funding	Population 1997	Percent of Population	Funding Per Capita
<i>Metro</i>	\$6,472,558	57.0%	1,452,862	56.0%	\$4.46
<i>Mid-Sized</i>	\$3,843,043	33.8%	834,063	32.1%	\$4.61
<i>Rural</i>	\$1,041,113	9.2%	307,915	11.9%	\$3.38
<b>Total</b>	<b>\$11,356,714</b>	<b>100.0%</b>	<b>2,594,840</b>	<b>100.0%</b>	<b>\$4.38</b>

## Economic Development Grants & Loans

*By Geographic Region:*

- Per Capita Distribution - Figure 5 depicts per capita funding levels for the regions of Kansas for FY 1998. The North Central region received the greatest per capita funding of economic development grants and loans among all regions of the state in FY 1998. Counties within this region were awarded a total of \$5.82 per capita, followed by counties in the Northeast region, which were awarded \$5.24 per capita. Counties in the Southeast region received the third highest per capita funding level at \$3.48, followed by counties in the South Central region, which were awarded \$3.40 per capita. A perfectly equitable distribution of funds would be \$4.38 per capita.

The 1997 update of the *County Economic Vitality and Distress Report* assigns an average distress ranking of 35 for the Southwest region, 45 for the Northeast, 57 for the North Central, 57 for the Northwest, 57 for the South Central, and 85 for the Southeast region. (A ranking of 1 indicates the lowest economic distress and a ranking of 105 indicates the highest economic distress.)

## Economic Development Grants & Loans

Funding Per Capita by Region, FY 1998

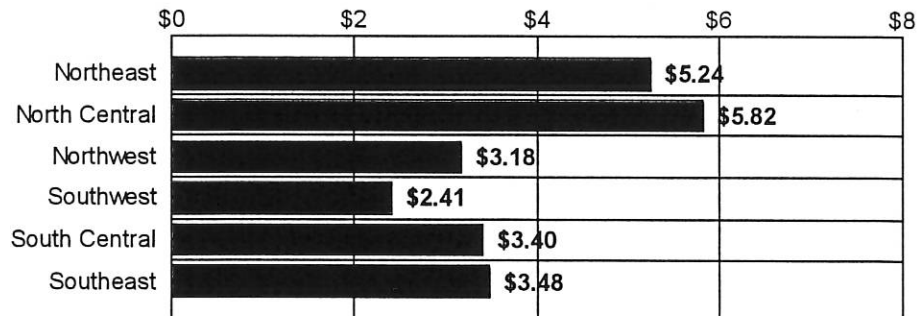


Figure 5

- Percent of Funding to Percent of Population - Figure 6 illustrates each region's percentage share of economic development funding to their share of the state's population. Counties in Northeast Kansas received close to half (47.9%) of all economic development grants and loans in FY 1998. This figure is somewhat greater than the region's 40.0% share of the state's population. The North Central region also received a slightly greater percentage of funding than its share of the state's population, being awarded 17.8% of all grants and loans while comprising only 13.4% of the state's residents. The remaining regions received less funding than their populations would predict. The South Central region experienced the greatest disparity between share of funding and share of population, followed by the Southwest region.

## Economic Development Grants & Loans

Percent of Funding by County Size, FY 1998

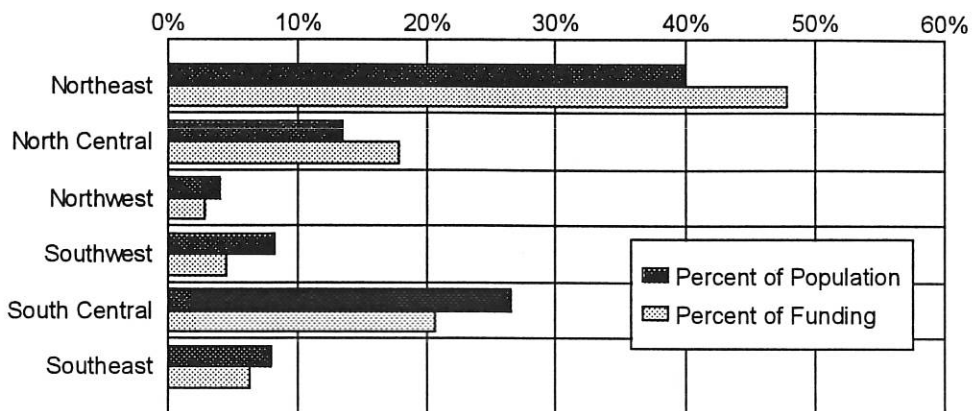


Figure 6

Summary Table 3 presents the data on distribution of economic development funding by region for FY 1998. The information in this table was used to construct Figure 5 and Figure 6.

<i>Region</i>	Total Funding	Percent of Funding	Population 1997	Percent of Population	Funding Per Capita
<i>Northeast</i>	\$5,437,472	47.9%	1,038,466	40.0%	\$5.24
<i>North Central</i>	\$2,026,103	17.8%	348,139	13.4%	\$5.82
<i>Northwest</i>	\$326,703	2.9%	102,725	4.0%	\$3.18
<i>Southwest</i>	\$511,085	4.5%	212,332	8.2%	\$2.41
<i>South Central</i>	\$2,340,506	20.6%	687,938	26.5%	\$3.40
<i>Southeast</i>	\$714,845	6.3%	205,240	7.9%	\$3.48
<b>Total</b>	<b>\$11,356,714</b>	<b>100.0%</b>	<b>2,594,840</b>	<b>100.0%</b>	<b>\$4.38</b>