

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on January 22, 2001, in Room 423-S of the Capitol.

All members were present except: Representative Flora - absent

Committee staff present: Raney Gilliland, Legislative Research Department  
Gordon Self, Revisor of Statutes Office  
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Connie Fischer, Director, Agriculture Products Development Division, Kansas Department of Commerce and Housing

Others attending: See attached list

Minutes of the January 10 meeting were distributed. Chairman Johnson asked members to notify the committee secretary of any corrections or additions prior to 5:00 p.m., January 29, or they will be considered approved as presented.

Connie Fischer, Director, Agriculture Products Development Division, Kansas Department of Commerce and Housing, addressed the committee and introduced staff that was in attendance. She highlighted the accomplishments of the Agriculture Value Added Center in providing technical and financial support for the creation and expansion of producer-based alliances and value-added businesses. Achievements in the From the Land of Kansas trademark program, International Trade program, and Domestic Marketing program were also discussed. She noted that the Division works closely with other divisions of the Kansas Department of Commerce & Housing providing agricultural clients access to all the Department's programs. (Attachment1)

Copies of the Kansas Department of Commerce and Housing's Annual Report will be available later this week.

Representative Freeborn moved to introduce a committee bill to establish a Kansas AgrAbility Program. Seconded by Representative Larkin, the motion carried.

Representative Schwartz moved to introduce a committee bill to provide a tax credit for investment in new generation and value-added cooperatives. Seconded by Representative Freeborn, the motion carried.

Representative Thimesch moved to introduce a concurrent resolution urging Congress to pass legislation allowing interstate shipment of state inspected meat. Seconded by Representative Larkin, the motion carried.

Representative Thimesch moved to introduce a committee bill directing the Agriculture Products Development Division in the Kansas Department of Commerce & Housing to inform and assist small meat processing plants desiring to change from state to federal inspection to allow them to market their products in interstate commerce. Seconded by Representative Ostmeyer, the motion carried.

The meeting adjourned at 4:43 p.m. The next meeting is scheduled for January 24, 2001.

# HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: JANUARY 22, 2001

| NAME                 | REPRESENTING        |
|----------------------|---------------------|
| Don M Ryan           | KCA                 |
| Joe Lieber           | HS Co op Council    |
| Megan Kilgore        | KDOCF H-Ag Division |
| DIXIE RUSSELL        |                     |
| MELEESA YOUNGGREN    | KDOCF H-AG DIVISION |
| CONNIE FISCHER       |                     |
| SARAH ROBBEN         |                     |
| LEE MASENTHIN        |                     |
| RAY HAMMARLUND       |                     |
| JERRY DUDLEY         |                     |
| Andy Shaw            | Kearney Law Office  |
| Bill Howgill         | Governor's office   |
| Jon Shaw             | KACD                |
| Ladd Johnson         | KLA                 |
| Mary Jane Stattelman | KGFA                |
| Rebecca Reed         | KDA                 |
| Bill Sulber          | Kansas Farm Bureau  |
|                      |                     |
|                      |                     |



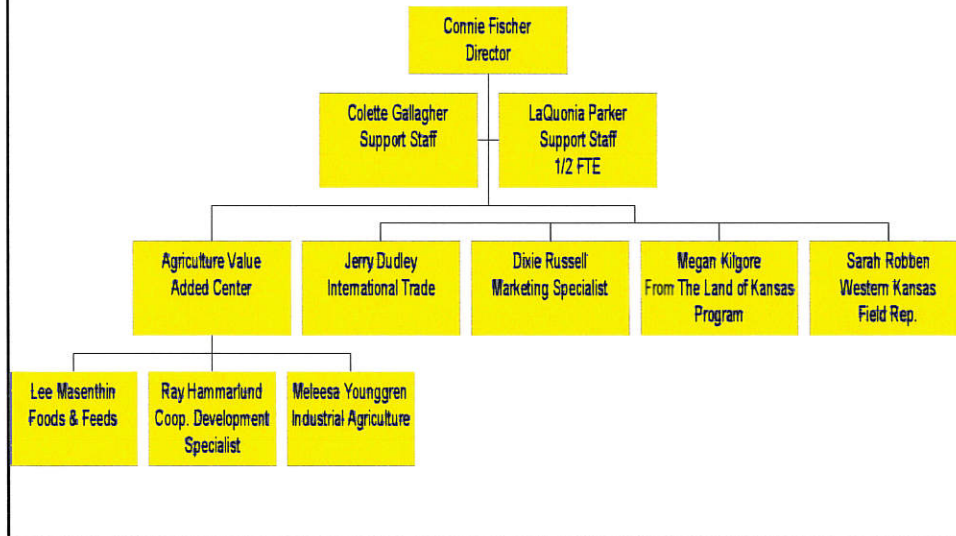
KANSAS DEPARTMENT  
*of* COMMERCE & HOUSING  
**AGRICULTURE PRODUCTS DEVELOPMENT DIVISION**

House Agriculture  
Committee

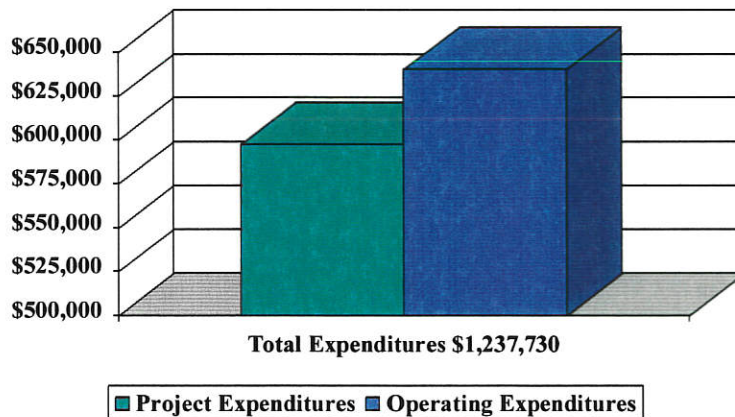
January 22, 2001

Connie Fischer

## Organizational Chart Agriculture Products Development Division



## FY2000 Division Expenditures





## 1999 Value Added Conference Pittsburgh, KS

- KDOC&H partnered with KSU and USDA to host the event.
- Over 200 participants attended the conference.
- A grant from USDA partially covered conference expenses.



Kansas agriculture producers attend a break-out session at the conference.

## Agricultural Value Added Center

- The AVAC provided \$406,238 in the form of loans during FY 2000.
- The AVAC committed \$87,250 to KSU's Pilot Plant facilities.
- AVAC client sales, patronage, & premiums for FY2000 was \$14,679,207.

## Advanced Market Concepts St. George, KS

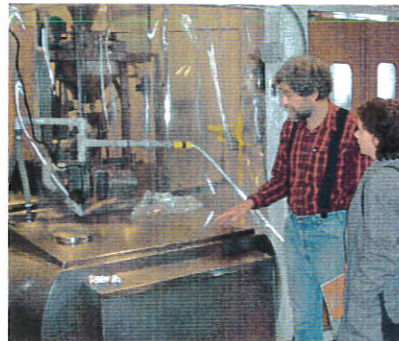
- Provided a \$19,000 commercialization loan for the construction of 100% soy-ink pilot plant.
- Projected to utilize the oil from 2 million bushels of soybeans annually.
- Current Status: Refining the technology to conduct market survey and stock sale.



Soy-ink pilot plant located at KSU's Manufacturing Learning Center.

## Central Soyfoods Lawrence, KS

- Provided a \$50,000 commercialization loan to relocate and expand their soy processing facility for tofu and tempeh.
- Projected to utilize approximately 1000 bushels/year of organic soybeans, procured from the Kansas Organic Producers Cooperative.
- Current Status: New plant operational in December 2000



Owner/Operator Jim Cooley shows Megan Kilgore their new facility

## Great Plains Corn Processing Coop. Southwest Kansas

- Received a \$50,000 loan to conduct research on the feasibility of building a corn masa mill in Kansas.
- KDOC&H money was matched with \$30,000 from the Kansas Corn Commission, \$5,000 from the KS Coop. Development Center, and \$75,000 of individual producer money.
- Current Status: Conducting research for the feasibility study.

## Kansas Ethanol Plant Feasibility Study

- The Division provided \$8,800 to develop a template that assists producer groups to determine the feasibility of ethanol production in their area.
- The KS Corn and Grain Sorghum producer and commission groups provided the balance of funding, \$8,800, for the template.
- The template is projected to save each group \$10,000.
- Current Status: Over 60 templates have been distributed and the Division is currently providing assistance to 7 groups who are interested in ethanol production.

## Gourmet Ethnic Breads Shawnee, KS

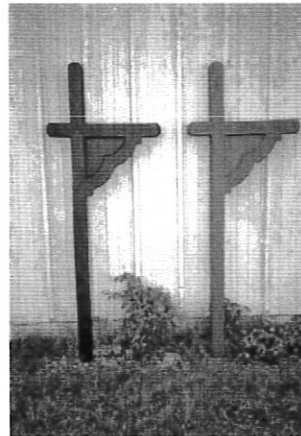
- The Division provided a \$12,000 loan to assist the company market bread mixes.
- The company utilizes approximately 11,000 bushels of white wheat annually from the American White Wheat Producers Association.
- The loan allowed the company to move production from Nebraska to Kansas.
- Current Status: The company has generated \$51,684 in sales to date. They are now marketing bread mixes as part of a cultural-diversity curriculum to educational organizations nationwide.



Leo Feighney, owner, displays product in the retail outlet.

## Millennium Plastic Wood Wichita, KS

- The company received a \$22,000 commercialization loan to develop and market products made from a wheat straw and recycled plastic composite material.
- Current Status: The company received approval from the Federal Highway Administration to make guard-rail spacers for use on federal and state highways nationwide. Six states have sent letters of intent to purchase these blocks.



Mailbox posts manufactured from 50% wheat straw and 50% recycled plastic.

## National Sunflower Association

- Provided \$50,000 to study the effects of NuSun sunflower oil on human blood cholesterol.
- The project is a cooperative effort among the states of Kansas, North Dakota, South Dakota, Minnesota, and the National Sunflower Association.
- Proctor & Gamble recently announced it would use NuSun oil for Pringle's potato chips.
- Kansas ranks 3<sup>rd</sup> in the U.S. with an annual production of 405,750,000 lbs. The Northern Sun plant, in Goodland, would be positively impacted with a favorable result of this study.
- In 1999, Kansas produced 372 million pounds of sunflower oil from 250,000 acres planted for sunflower oil.

## Pines International Lawrence, KS

- The company received a \$48,238 commercialization loan to purchase equipment needed to expand their production.
- This expansion allowed the company to increase its market share by capitalizing on an international competitor's production shortfall.
- Projected to increase commodity purchases from local producers by \$500,000.
- Current Status: This project has generated \$886,710 in sales to date. The company has indicated their increased production has been crucial to remaining competitive in international markets.



Jeff Richards, Production Manager, operates the grinding system purchased with AVAC funds.



## Rainbow Organic Farms Uniontown

- The company received a \$58,800 commercialization loan to upgrade a state-inspected meat processing facility to a federally inspected facility.
- Processing has been moved from a Missouri-based operation to a Kansas processor and is projected to generate savings for Kansas beef producers.
- Current Status: The plant became federally inspected on Sept. 1, 2000. The plant has generated \$98,128 in sales to date.

## Roberts Seeds New Cambria

- The company received a \$55,000 commercialization loan to purchase packaging equipment for a stone-ground flour mill.
- The project is projected to utilize 45,000 bushels/year of white wheat which will save AWWPA approx. \$50,000/year in transportation costs.
- Current Status: All major equipment has been installed. Wiring should be completed by Feb. 1 and the plant should be operational by mid February



Flour mill located near New Cambria.

## Valley Vegetable Cooperative Cloud & Republic Counties

- The company received a \$90,000 commercialization loan to locate a frozen vegetable processing facility in Scandia.
- KDOC&H Business Development Division has offered \$20,000 in KEIOF funds for the project.
- Individual producers contributed \$1 million in risk capital.
- Current Status: The company is finalizing their debt financing. Construction scheduled for 2001/2002.



Representatives from KDOC&H's Agriculture, Business Development and Community Development Divisions meet with Valley Vegetable Coop. representatives to discuss incentives for the vegetable processing facility.

## Whispering Cottonwood Farms Salina, KS

- The company received a \$1,200 commercialization loan to build a specialty walk-in cooler, allowing them to expand their direct-delivery organic produce business.
- The company is projected to expand from 70 to 90 clients.
- Current Status: The company has generated \$4776 in sales to date and added 10 new clients.



Jim Cusick works in the field during planting season.

## KSU Wheat Research Center

- KDOC&H provided \$6,000 to assist in the milling of hard white wheat.
- Milling data was made available to grain processors and flour samples were provided to baking companies to improve the industry transition to white wheat.
- Current Status: 48 samples of flour were provided to 16 milling and baking companies for R&D trials.

## Food Safety News Conference

- The Division provided a \$600 sponsorship to hold a news conference on irradiated beef.
- Co-sponsored with KS Beef Council, Kansas Wheat Commission, NCBA, Johnson County Community College, KSU, and private industry.
- The news conference was attended by 11 press representatives and resulted in national print coverage via Reuters, as well as a minimum of 16 print stories in five regional papers, three television spots, and two Internet features.

## KSU Pilot Plants

- KDOC&H provided \$87,250 to the foods and meats labs at KSU to help provide technical assistance such as food labeling, nutritional analysis, shelf-life testing, and product development to Kansas entrepreneurs, food, and meat companies.
- The pilot plant provided technical assistance on 1,242 separate occasions to clients, saving them a minimum of \$300,000 (compared to the costs of using a commercial laboratory.)

## International Agriculture

- The Division, cooperating with the KDOC&H Trade Division, hosted 19 foreign trade groups during FY2000.
- The Division assisted 3 Kansas companies acquire \$514,053 in grants to assist them with their export marketing.
- Technical assistance and past financial assistance resulted in more than \$260,000 in premiums for the NE Kansas producer group, AgraMarke.

## Value-Enhanced Marketing of Hard Red Winter Wheat to Mexico

- The Division spearheaded this project that researches all aspects of a direct marketing grain system, from grain origination and transportation, to milling and baking.
- Identity preserved wheat from Kansas producers was shipped to Grupo Trimex (a flour milling company, in Mexico City),
- Joint project with Kansas Wheat Commission, KSU Grain Science and the 21<sup>st</sup> Century Alliance.
- Total project costs \$203,587, to which KDOC&H has contributed \$113,587 and the Kansas Wheat Commission has contributed \$90,000.



IP Wheat from Kingman, Kansas producers, being loaded into railcars, before being shipped to Grupo Trimex in Mexico City.

## Meet Your Customer/Supplier in Mexico

- Kansas exhibited at this tradeshow sponsored by the US Grains Council.
- Representatives from the KDOC&H, Kansas Corn Growers, AgraMarke, and 21<sup>st</sup> Century Alliance attended the conference/tradeshow.



A Mexican buyer visits with Connie Fischer, via an interpreter.



## *From the Land of Kansas* Trademark Program

- Membership in the program increased from 623 to 680 in FY2000.
- In FY 2000, 26 FLOK clients utilized the Trade Show Assistance Program (\$6,207 total program expenditure.) These companies generated approximately \$36,000 in sales from their respective trade shows.
- The FLOK program represented its clients at many tradeshows and events throughout the year, including the Kansas Sampler Festival, Festival of Breads, Buy KS First Tradeshow, Kansas Fruit Growers Conference, and day on the farm activities.

## Buy Kansas First Tradeshow

- The Division hosted a buyers reception during the opening evening of the tradeshow.
- The reception was attended by approximately 500 wholesale and retail buyers.
- 27 FLOK companies Exhibited at the Buy Kansas First Tradeshow



Buyers reception at the Buy Kansas First Tradeshow.

## Looking Forward to the Future

- Spring 2001 trade mission to Mexico
- Kansas is host to the Midwest-US Japan conference in September 2001.
- USDA Grant Application for Small Scale Dairy Processing Feasibility Study.
- Business Enhancement Grant program for *From the Land of Kansas* program.
- Direct Meat Marketing Seminars
- Kansas Black Farmers Producers Association.



KANSAS DEPARTMENT  
of COMMERCE & HOUSING

# TRADE MISSION TO MEXICO

Monterrey ★ Guadalajara



May 20-25, 2001



The Kansas Department of Commerce & Housing's Trade Development Division and Agriculture Products Development Division are leading a trade mission to Mexico in order to provide Kansas companies the opportunity to make and develop contacts within their respective industries. This opportunity will allow participants to begin building relationships that will create or increase exports to Mexico.

Monterrey and Guadalajara have been identified as the number two and number three cities in terms of economic importance in Mexico. Monterrey was named the best city in Latin America in which to do business in 1999 by *Fortune Magazine* and is a dynamically growing industrial and commercial business center. Guadalajara is another growth area that is important in such industries as agriculture and electronics, among others.

Participation Fee:

**\$750\***

***Participation fee includes:***

- ★ A set itinerary with pre-qualified appointments made in Monterrey and Guadalajara
- ★ Transportation between airports and hotels
- ★ Pre-mission briefing
- ★ Breakfast briefings in each city
- ★ Wrap-up session/dinner

**The registration deadline is March 9. *Space is limited to the first ten companies.***

**For more information contact Jamie Collop at (913) 345-8072.  
e-mail: [jcollop@kdoch.state.ks.us](mailto:jcollop@kdoch.state.ks.us)**

*\*Price does not include airfare, food and lodging, taxis, interpreters, or other personal expenses.*

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# FISCAL YEAR 2000 ANNUAL REPORT

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## EXECUTIVE SUMMARY



KANSAS DEPARTMENT  
*of* COMMERCE & HOUSING



*The Kansas economy continued to show exceptional strength throughout State Fiscal Year 2000. Despite interest rate hikes and a fluctuating stock market, employment, productivity, and confidence continued unabated. Jobs were created through both the expansion of homegrown companies and the recruitment of new ones, through the efforts of the Kansas Department of Commerce & Housing (KDOC&H).*

*Despite this tremendous success, challenges remain. Parts of the agriculture sector continue to experience difficulties, an especially troublesome situation given the importance of agriculture to the state's economy. Moreover, the economic good news was not spread evenly over the state. Northeast Kansas continued to lead in growth, with southeast Kansas not far behind. However, south-central Kansas (including Wichita) grew at a somewhat slower pace, and other regions of the state experienced little or no growth at all, even though there were several instances of successful development in individual communities.*

*The importance of continued economic development efforts can scarcely be exaggerated. It has been noted more than once before, and merits repeating: we live in a world of change. Yesterday's strategies are not always equal to today's challenges and opportunities. The challenge of decreasing unemployment evolves into the challenge of increasing productivity; the challenge of job creation evolves into the challenge of creating better jobs; the challenge of promoting economic growth evolves into the challenge of modernizing and expanding other community resources, including housing, recreational facilities, and other physical infrastructure.*

*This past fiscal year, the KDOC&H continued to address economic and community development using a variety of complementary approaches. For example, traditional business recruitment efforts, aided by innovative job training programs and tax incentives, resulted in more than 5,500 jobs, approximately \$165 million in payroll, and \$400 million in capital investment for the state. At the same time, the Agency continued to work with homegrown businesses, including smaller firms seeking to add value to the state's agricultural resources. Among other accomplishments, clients of the Agency's Agriculture Value Added Center increased sales and producer premiums to \$14.5 million, and the Housing Development Division financed the construction of 1,228 rental units.*

*The next section of this Executive Summary, By the Numbers, highlights other quantitative indicators of the Agency's activities. The remainder of the Summary is organized by the Agency's seven divisions: Administration, Agriculture Products Development, Business Development, Community Development, Housing Development, Trade Development, and Travel & Tourism Development.*

*The Agency's divisional structure facilitates management and reporting. However, it should not create the illusion that real-world economic and community development activities are so neatly arranged. Successful development requires coordination across divisional, agency, and governmental boundaries. No single division, program, government agency, civic group, or private business can take sole credit for the accomplishments presented in this report. They result from the cooperation of numerous individuals, communities, and organizations. Support from the citizens of Kansas also helped make FY00 a productive, successful year.*



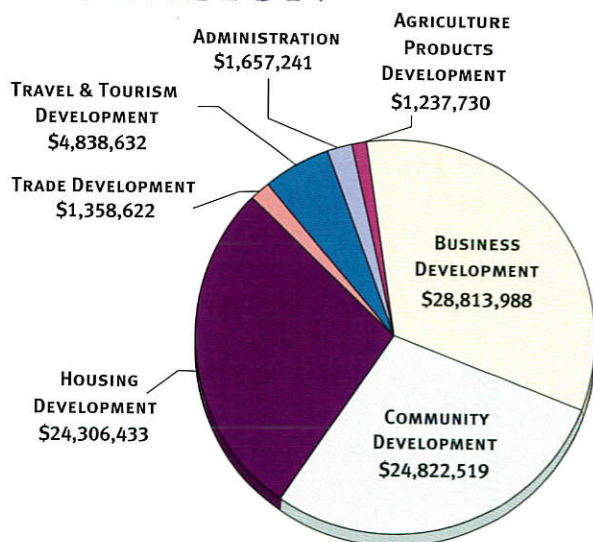


# KDOC&H STRUCTURE & BUDGET

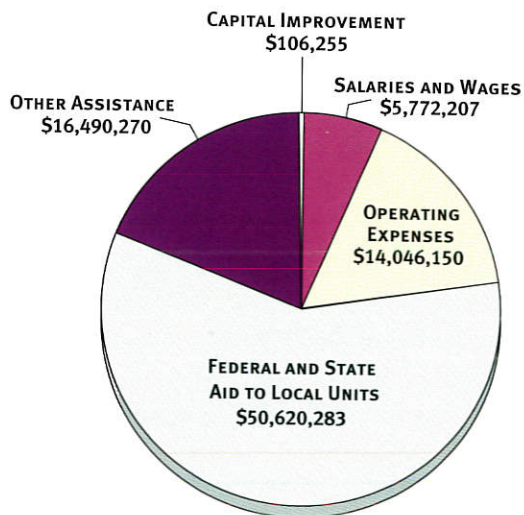
The Kansas Department of Commerce & Housing exists to provide leadership to ensure economic opportunities for all Kansans. Agency personnel numbers 133, comprising of seven divisions: Administration, Agriculture Products Development, Business Development, Community Development, Housing Development, Trade Development, and Travel & Tourism Development.

The KDOC&H is funded by the State General Fund, the Economic Development Initiatives Fund (derived from Kansas Lottery proceeds), federal funds, and fee funds. In FY00, we channeled 77.1 percent of that money to local communities and businesses throughout the state. Less than seven percent (\$5,772,207) of our budget was allocated for salaries and wages for employees, and 16.1 percent (\$14,046,150) was devoted to direct agency services.

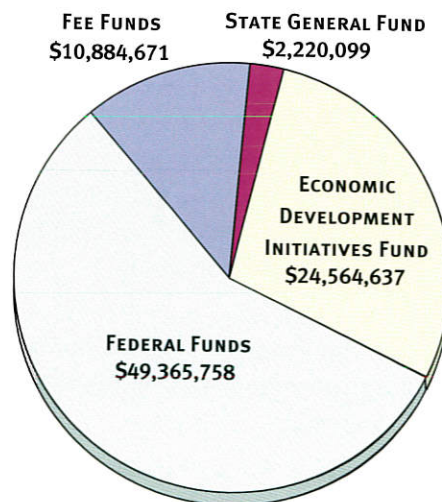
## EXPENDITURES BY DIVISION



## EXPENDITURES BY OBJECT



## REVENUE SOURCES







## BY THE NUMBERS

- ★ As a result of business recruitment efforts, 40 companies decided to establish or expand a facility in Kansas. These projects are expected to create more than 5,500 new jobs, with a payroll of approximately \$165 million, and have a total capital investment of \$400 million.
- ★ Sales and agricultural producer premiums by clients of the Agriculture Value Added Center (AVAC) surpassed \$14.5 million.
- ★ Membership in the *From the Land of Kansas* (FLOK) trademark program increased by nearly ten percent to 680 companies.
- ★ In FY00, 90 Community Development Block Grant (CDBG) projects were completed. Combined, these projects created or retained 272 jobs, rehabilitated 140 homes, demolished 47 unsafe structures, and laid 130 miles of water mains and 6.87 miles of sewer lines in communities throughout Kansas.
- ★ Sixteen economic development CDBG projects awarded in FY00 are projected to create 649 new jobs and leverage \$22.2 million in additional private/public investment.
- ★ Twenty-nine private nonprofit organizations were awarded tax credit allocations under the Community Service Tax Credit program (CSTC). As a result, these projects raised \$1.9 million in private donations.
- ★ Tourism marketing efforts resulted in over \$4.2 million in media exposure in travel publications, radio, and newspapers worldwide.
- ★ Support to filmmakers, provided by the staff of the Kansas Film Commission, resulted in over \$13 million in spending, generating 400 part-time jobs statewide.
- ★ Forty-four Tourism Attraction Development Grant projects were funded in 36 counties across the state, which leveraged an additional \$5.1 million in non-state funds.
- ★ The four state-owned Travel Information Centers located in Goodland, Kansas City,

Olathe, and the Belle Plaine area greeted nearly 450,000 people. Ninety-five percent of these visitors indicated they were extremely satisfied with the service and information provided by the centers.

- ★ Over 14,500 employees from 112 Kansas companies will receive training as a result of training grants made by the KDOC&H. Funding of these projects totaled \$19.9 million. These state funds leveraged \$21 million in private-sector matching funds.
- ★ The KDOC&H granted \$2.6 million to 208 first-time homebuyers, which in turn leveraged nearly \$10 million in private mortgage funds from the state Mortgage Lenders Consortium.
- ★ The Housing Development Division financed the construction of 1,228 rental units and the acquisition and rehabilitation of 184 rental units.
- ★ Seventy-five Kansas Trade Show Assistance Program (KTSAP) grants were provided to 56 companies. To date, these KTSAP award recipients have reported export sales of \$15.4 million.
- ★ The Trade Development Division recruited \$11.7 million in foreign direct investment, resulting in 570 new jobs.

## ADMINISTRATION

The Administration Division is committed to executing the most efficient and effective support operations possible for the KDOC&H. The Division provides support for all of the Agency's programs and initiatives in the areas of Fiscal, Research and Analysis, Marketing, Human Resources, and Information Systems. Although diverse in nature, the activities of the Division are united by the common purpose of ensuring that the other divisions have the resources necessary to provide high-quality service to our customers: the communities, businesses and – most importantly – the people of Kansas.

The Division's job is to allow the other agency divisions to reach their goals and objectives in a coordinated and consistent manner. The Division





assists program managers by processing vouchers, collecting current statistical data, preparing news releases, maintaining computer hardware and software, and providing marketing support.

In addition, the Division has made several notable accomplishments over the last year. In particular, a new comprehensive database was developed for use in planning, reporting, and measuring agency programs and activities.

*Developing Kansas*, the Agency's newsletter, is now recognized as a major source of information among the state's professional economic and community development practitioners. The Agency recently created a new Technology Projects Manager position that will focus exclusive attention on maintaining and improving the Agency's web site.

Although not as visible to agency customers as other agency divisions, the Administration Division has, and will continue to play, a vital role in the success of the KDOC&H.

## AGRICULTURE PRODUCTS DEVELOPMENT

The Agriculture Products Development Division is committed to improving the economic condition of Kansas producers and boosting the prosperity of rural communities. The Division accomplishes this by acting as a catalyst for economic development through the Agriculture Value Added Center (AVAC), the *From the Land of Kansas* (FLOK) trademark program, the International Trade program, the Domestic Marketing program, and the Garden City field office.

### *Agriculture Value Added Center*

The objective of the Agriculture Value Added Center is to provide technical and financial support for the creation and expansion of producer-based alliances and value-added businesses. The AVAC pursues this objective through the Foods & Feeds program, the Industrial Agriculture program, and the

Cooperative Development program. These programs offer technical and financial assistance to businesses, trade associations, advocacy groups, and research groups.

The AVAC provided \$406,238 in the form of commercialization loans during FY00. In addition, the Center committed \$87,250 to Kansas State University's pilot plant facilities to provide additional technical assistance to clients statewide. The AVAC also granted \$77,900 to assist market development efforts for the beef, wheat, sunflower, corn, and sorghum industries. In FY00, AVAC client sales and producer premiums surpassed \$14.5 million.

### *From the Land of Kansas Trademark Program*

*From the Land of Kansas* (FLOK) is a trademark program designed to help Kansas companies market their services and products. Membership in the FLOK trademark program increased by ten percent in FY00, rising from 623 to 680 companies. Trademark program clients continued to take advantage of marketing opportunities such as the *Buy Kansas First!* Exposition (attended by 27 FLOK clients and approximately 500 retail and wholesale buyers), the FLOK Trade Show Assistance program, financing (available through the Agriculture Value Added Center), and other KDOC&H programs administered by other divisions. Companies registered in the FLOK trademark program also utilized Kansas State University's pilot plants on nearly 200 different occasions.

### *International Marketing Program*

The Division continued to focus significant efforts on helping Kansas agricultural producers and processed food companies gain access to foreign markets. The Division worked with, and/or hosted, 19 separate foreign trade groups that included representatives from Australia, Austria, Brazil, China, Iran, Japan, Mexico, and numerous ambassadors from their respective embassies in Washington, D.C.





During FY00, Kansas companies utilizing the Mid-America International Agri-Trade Council's (MIATCO) branded program were awarded \$514,053 in international marketing grants. By utilizing the program effectively, the KDOC&H earned the Best Utilization of the MIATCO Branded Program Award.

### *Garden City Field Office*

The Garden City field office continues to provide an important service that is well received by our clients in western Kansas. Field staff helped provide one-on-one consultation services with 105 contacts in the western Kansas region.

## **BUSINESS DEVELOPMENT**

In FY00, the Business Development Division recruited a record 40 companies that ultimately chose to locate new facilities in the state. Combined, these 40 projects are projected to create \$400 million in capital investments, more than 5,500 new jobs, and approximately \$165 million in annual payroll. Results from the Division's workforce training programs were also exemplary - nearly 14,500 employees from 111 Kansas companies received training. In addition, the Business Development Division became the home of Kansas School to Careers (KSTC), a program previously administered by the Kansas State Department of Education. Under the Division's leadership, KSTC has become an important educational and economic development resource in many Kansas communities.

Growth and expansion of the state's existing employer base continued to be a priority. In FY00, the Division's field staff continued to play a key role in identifying and assisting existing companies capable of benefiting from the state's numerous economic development programs and incentives. Companies targeted by the field staff created approximately 2,000 new jobs and made nearly \$200 million in capital investments. The Division also continued to provide a variety of non-financial technical assistance to the state's small businesses,

helping businesses achieve their individual goals, and assisting communities to build environments conducive to business success and economic growth.

### *Workforce Training Programs*

Kansas has funded customized workforce training programs for business and industry since 1972. This effort includes the Kansas Industrial Training (KIT) program, the Kansas Industrial Retraining (KIR) program, the Investments in Major Projects and Comprehensive Training (IMPACT) program, and Training Equipment Grants (TEG). All of these programs receive funding from the Kansas Lottery through the Economic Development Initiatives Fund (EDIF), with the exception of IMPACT, which is bond financed. Nearly 80 percent of the 112 companies were first-time participants in the Division's training programs, evidence that efforts to market training programs to a broad range of Kansas companies are working.

Funding of workforce training projects totaled \$19,899,146. In FY00, these state funds leveraged \$21,028,550 in private-sector matching funds. Once training is complete, this effort will result in the skill training of 14,529 individuals. Separated by program: IMPACT and KIT will cover the training for 7,991 newly created jobs; KIR will cover 4,854 employees that will be retrained and their positions retained; TEG will cover 1,684 jobs comprised of both newly created jobs, as well as retained jobs.

### *Kansas School to Careers*

The vision of Kansas School to Careers (KSTC) is a quality education, quality experience, and quality employment for every Kansan. The mission of the initiative is to provide an education that empowers students to make confident choices that will ensure economic independence and a successful career. In FY00, the KDOC&H sponsored two grant competitions, resulting in the creation of an additional 28 local partnerships and the continuation of the seven regional grants. The 33 current local partnerships now cover 99 school districts, nearly one-third of all school districts in the state.

Along with providing technical assistance to the





partners, a major focus of KSTC for this past year was hosting statewide activities. Some of these activities include: American Careers for Kids (ACK), STARBASE, National Health Science Career Path Model, teacher internships, the Real Game series, the Connecting Education and Employment Conference, National Groundhog Job Shadow Day, and Youth2K.

## ***Kansas Existing Industry Expansion Program***

The Kansas Existing Industry Expansion Program (KEIEP), which was approved by the Kansas Legislature in 1996, provides a dedicated fund for use in assisting the growth and retention of existing Kansas companies. Performance-based agreements are developed, which provide for a value-for-value basis for the partnership between the business and the state. In addition, a cost-benefit analysis is required on all projects. Projects must also be able to document community support. In FY00, KEIEP funded nine projects, helping to create 681 new jobs.

## ***Kansas Economic Opportunity Initiatives Fund***

The 1994 Kansas Legislature established the Kansas Economic Opportunity Initiatives Fund (KEOIF) in recognition of the need to assist Kansas communities and businesses when faced with unique opportunities or challenges. Awards can be provided for: major expansions of an existing Kansas commercial enterprise; potential locations to Kansas of the operations of a major employer; awards of significant federal or private sector grants which have financial matching requirements; departures from Kansas, or substantial reduction in the operation of a major employer; and closures of a major federal or state institution or facility. In FY00, KEOIF helped fund 21 projects and helped retain or create over 5,000 jobs.

# **COMMUNITY DEVELOPMENT**

The Community Development Division is committed to preserving and enhancing the quality of life of Kansas communities by increasing their capacity to meet their needs. The KDOC&H serves as a catalyst and financial partner with local governments in building local capacity and achieving local prioritized goals. The programs of the Division strive to strengthen communities by providing technical, planning, and financial assistance for projects that provide a suitable living environment and expand economic opportunities.

Funding for most of the Division's programs comes from the U.S. Department of Housing and Urban Development (HUD) Small Cities Community Development Block Grant (CDBG) program. These block grant funds provide grant and administrative resources for programs targeted toward low- to moderate-income individuals. In addition to federally funded programs, state FY00 funds provided \$241,694 for the Incentives Without Walls program for designated Main Street cities, \$219,500 for Rural and Metropolitan Community Capacity Building grants, and \$5 million of future state tax revenue through the Community Services Tax Credit program. While resources from these state-funded programs are not targeted specifically to persons of low-income and moderate-income, the applicants must document the need for these state resources and the benefit that will be derived from state investment in local projects.

## ***Community Development Block Grant Awards***

Projects funded by CDBG are not completed in the same fiscal year that the grants are awarded. Typically, cities and counties have 18 months to two years to complete a project, and some take longer. In FY00, 90 CDBG projects were completed or closed. Combined, these projects created or retained 272 jobs, rehabilitated 140 homes, demolished 47 unsafe structures, laid 131.43 miles of water mains and 6.87 miles of sewer lines in





communities throughout Kansas. These 90 projects provided benefits to 68,959 Kansans, of which 37,820 (nearly 54 percent) met low- to moderate-income (LMI) guidelines. Grant funds of \$25,073,754 in these closed projects actually leveraged \$57,891,881 in other public and private resources, generating a 2.3 to 1 return on investment.

In FY00, \$28.3 million in new grants was awarded. The \$28.3 million in CDBG projects awarded in FY00 are projected to leverage five public or private dollars for each CDBG dollar invested in a Kansas community. All of the CDBG Economic Development and the Micro-loan programs were funded with program income during FY00. Program income funds are recaptured through repayments of earlier loans. A tracking system developed in 1997, and modified in 2000, tracks all scheduled payments and collateral to assure on-time repayment and community follow-up on collateral.

### ***Main Street and Incentives Without Walls***

The Main Street program is the cornerstone to preserving and revitalizing downtown commercial districts in Kansas. The Incentives Without Walls (IWW) program is a flexible program that assists small businesses within the designated Main Street area to make improvements, expand, or otherwise enhance their business. The Main Street program is active in 21 designated cities and more than 20 Kansas Downtown Development Associations (KDDAs). Enhancing the viability of these commercial districts preserves the heritage of the communities at the same time. The Main Street program offers management training, consulting, evaluation, and design assistance. Financial resources, including both loans and grants, from the IWW program totaled \$241,963 in FY00.

### ***Community Capacity Building Grant Program***

The Community Capacity Building Grant program is divided into metropolitan and non-

metropolitan communities. There are four targeted uses for the Metropolitan Community Capacity Building Grant program: neighborhood revitalization in blighted urban areas; growth management in cities with populations of less than 10,000; inter-jurisdictional planning; and downtown revitalization. The purpose of the Non-Metropolitan Community Capacity Building Grant program is to encourage collaborative community development planning and plan implementation in non-metropolitan counties. In FY00, six metropolitan and eight non-metropolitan grants were awarded, totaling \$219,500.

### ***PRIDE Program***

PRIDE is a community-initiated effort to assist local leaders to prepare for, and manage change, through a dynamic hands-on approach focusing on community self-improvement. The program addresses such areas as planning, housing, community services, and community enrichment. Any Kansas community is eligible to participate in PRIDE. In this program, communities develop and implement a citizen-initiated plan of action, and are then eligible for cash awards funded by corporate sponsors acknowledging local successes. Tools developed through the Community Capacity Building program are integrated into the work of the PRIDE organizations to assist in these efforts. The KDOC&H and the K-State Research & Extension co-administer the program, providing technical assistance and training opportunities for the local programs.

### ***Community Service Tax Credit Program***

Twenty-nine private non-profit organizations were awarded tax credit allocations in FY00 under the Community Service Tax Credit program. Through June 30, 2000, these projects had claimed \$1,230,751, or 25 percent of their \$5 million allocation, generating \$1,923,871 in private contributions for these entities. FY00 awardees have until December 31, 2000, to complete their fundraising and to certify their tax credit allocations.





# HOUSING DEVELOPMENT

The Housing Development Division has four primary areas of emphasis: Homeownership, Rental Housing, Housing with Supportive Services, and Asset Management. The goal of the Division's activities in all of these areas is to create housing opportunities for Kansans through the development of resources, partnerships, and technical assistance. This goal is achieved through using a variety of strategies and approaches, including increasing homeownership opportunities, leveraging the construction of more affordable rental housing, promoting energy efficiency improvements for owner-occupied and rental housing, providing affordable housing through rental assistance to low-income families and senior citizens, and creating housing opportunities for previously underserved persons and communities.

## *Homeownership*

In FY00, the Division granted \$2,591,437 to 208 first-time homebuyers, who in turn leveraged nearly \$10 million in private mortgage funds from the state Mortgage Lenders Consortium. The consortium includes 130 lenders spread over all 105 Kansas counties. In addition, the Division assisted 1,573 persons in achieving homeownership through mortgage revenue bonds (MRBs). Beneficiaries of MRBs were spread over 38 counties in Kansas. The Division also rehabilitated 106 homes through the Homeowner Rehabilitation program. Five additional homes were rehabilitated through the Homeowner Emergency Rehabilitation Opportunities (HERO) program, which combines HOME funds with federal weatherization funds to initiate repairs of an urgent nature.

## *Rental Housing*

The objective of rental housing activity is to increase the availability of decent, affordable rental housing for eligible Kansans. This fiscal year, the Division financed the construction of 1,228 rental units and the acquisition and rehabilitation of 184 rental units. This was accomplished through the use

of \$43,397,270 in housing tax credits and \$32,050,000 in private activity bonds. The Rental Housing section also monitored 148 projects, generating \$392,698 in program income. The Division also processed \$972,360 in HOME Tenant-Based Rental Assistance funding to help 417 low-income families living in rental housing.

Funds and community commitment were leveraged through loaning \$1,485,600 to 11 Community Housing Development Organizations (CHDOs). These local nonprofit housing corporations used the funds to acquire and rehabilitate or construct new rental units. Loans totaling \$782,965 were also made to other local developers through the Interim Development Loan Fund. These developers used the funds to expedite the development of quality rental housing. In total, these activities generated \$108,749,417 in local funding.

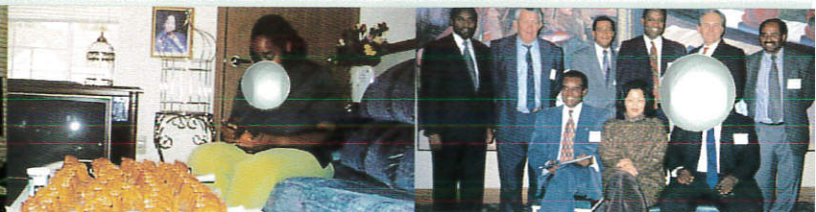
## *Housing with Supportive Services*

The objective of Housing with Supportive Services is to help provide emergency housing, supportive services, and/or home repair to families in need. In FY00, the Division assisted 23,676 homeless families in 77 counties through the Emergency Shelter Grant program and, in the process, leveraged \$996,268 in local funds. The Division also helped weatherize 708 homes and 442 rental units in 88 counties. Through the Community Services Block Grant program, the Division helped an additional 23,011 low-income persons make progress toward self-sufficiency.

## *Asset Management Services*

Under Asset Management, the Division monitors the U.S. Department of Housing and Urban Development (HUD) and Federal Deposit Insurance Corporation (FDIC) housing units. In so doing, the Division helps assure safe, quality housing for low- to-moderate income households. This fiscal year, the Division provided technical assistance to 45 property owners and property management companies. This technical assistance generated \$517,112 in income from monitoring and administration fees.





# TRADE DEVELOPMENT

The Trade Development Division serves Kansas as the lead office to facilitate international marketing activities for export and international investment projects. The objective for both international marketing and investment is to stimulate job creation in Kansas. In calendar year 1999, exports for the state of Kansas increased five times as much as exports for the United States as a whole. With current export revenues of \$4.85 billion, total Kansas exports have increased 39 percent over the past five years. Even more impressive, merchandise exports (non-agricultural commodities) have increased 53 percent in the same time period.

## *International Investment*

The Division promotes the state of Kansas worldwide and recruits foreign firms to establish new facilities in the state. The marketing strategy combines both promotional events and personal contacts. In FY00, the Division recruited \$11.7 million in foreign direct investment, resulting in 570 new jobs.

## *International Marketing*

Export assistance and outreach to Kansas companies are core objectives for the Division. In FY00, 280 companies received personalized export counseling services from Division staff. Successful export activity is voluntarily provided by many of the clients who receive counseling services. In FY00, nearly 70 of these companies reported an export success with the total value of \$33.7 million in 12-month projected and actual export sales. Forty-three percent of the 280 companies that received personalized export counseling services were new to the KDOC&H program. In addition, 180 of the companies that received export counseling services were visited at their facilities, a 20 percent increase over the prior fiscal year.

To service the primary trading regions for Kansas, four overseas offices provide on-the-ground

export expertise for Kansas companies. Located in Australia, Hong Kong, Japan, and the United Kingdom, KDOC&H representatives work hard to establish new business for Kansas products around the world. The Kansas trade team performed 101 market/regulatory researches and 68 distributor/agent searches in FY00. The Division also hosted several high-level diplomatic visits to the state in FY00, including the 2000 Ambassador's Tour led by Senator Sam Brownback.

## *Kansas Trade Show Assistance Program*

In order to encourage participation in the international marketplace, the Kansas Trade Show Assistance Program (KTSAP) offers financial support to Kansas businesses exhibiting in foreign and domestic trade shows attracting international buyers. Seventy-five grants were provided to 56 companies in FY00, and nearly 65 percent of the award recipients were new to the program. To date, KTSAP award recipients have reported combined export sales of \$15.4 million as a result of their participation in trade shows. This is an astounding return on investment of \$168 for every dollar that was awarded by the state. Also, as a result of participating in those trade shows, the companies reported 898 international sales leads, 89 distributor agreements, nine international licensee agreements, and established seven international joint ventures.

## *Kansas Export Finance Program*

The Kansas Export Finance program was established through legislation in 1989 to provide financial and technical assistance to Kansas-based exporters. With the Export Finance Fund of approximately \$800,000, the state can issue 90 percent guarantees on loans, up to 50 percent of the fund. These guarantees are issued to lending institutions to encourage them to make working capital loans to Kansas exporters. The loans help Kansas companies pay for costs associated with a specific export sale or, in some cases, a group of export sales. Since the inception of the program, 41 loan guarantees worth \$9.7 million have been





issued, supporting \$45.8 million in export sales for Kansas companies. In FY00, 20 companies requested and received export finance counseling, and three export loan guarantees were issued, totaling \$1.1 million. These loans supported over \$7.2 million in export sales.

## TRAVEL & TOURISM DEVELOPMENT

Marketing efforts within the Travel & Tourism Development Division continue to encourage travelers to choose Kansas as their destination. During FY00, the Division followed a strategy of cooperative marketing initiatives, creating opportunities for leveraging limited marketing dollars, and supporting numerous state and local tourism promotion efforts. The Division also augmented its general advertising strategy with targeted special-interest marketing efforts directed toward six specific niche markets. These special-interest targets include travelers interested in Western Frontier, Nature-Based Tourism, Agri-Tourism, Aviation, Hunting, and the Arts. These niche messages are carried through all of the Division's tourism marketing initiatives, including the *Travel & Event Guide*, press kit, Attraction Development Grant program, public relations, and *KANSAS!* magazine.

The Division received a total of 119,110 requests for information generated from its marketing and promotional efforts. According to the Advertising Effectiveness Study conducted for the Division by the Nicholson-Reid Research Group, more than one third (37 percent) of those who asked for information about Kansas as a result of seeing the Division's 1999 print advertising campaign traveled to Kansas. These travelers spent over \$25 million, returning \$47 back to the state for every dollar spent on tourism promotion.

Visitors traveling to Kansas stayed an average of 3.2 nights in the state and spent approximately \$345 per trip (showing an increase of \$71 per trip

over FY99's average of \$274 per trip). In FY00, 52 percent of those who traveled to the state described Kansas as their primary destination, up slightly from the previous year. Many visitors reported multiple trips to Kansas, with the average number of trips being 1.7 during FY00.

Travel Information Center (TIC) activity was steady, with staff greeting and influencing the decision-making of nearly 450,000 visitors. Past studies conducted by the Division revealed that those who stopped by a TIC and visited with a tourist counselor extended their stay by one-half day. This, of course, had a substantial bearing on the economic impact of travel in Kansas.

In FY00, the Attraction Development Grant program experienced a big infusion of additional dollars, growing from \$450,000 in FY99 to over \$952,000. Forty-four projects were funded in 36 counties across the state. Combined, they leveraged an additional \$5.1 million in non-state funds.

*KANSAS!* magazine finished out the fiscal year with 45,732 subscribers, generating \$667,352 in revenue. Research indicates that attractions and organizations featured in the magazine experience on average a 35 percent increase in inquiries, 14 percent increase in visitation, and a 15 percent increase in gift shop sales (when applicable).

### *Kansas Tourism Alliances*

Following the strategic plan and recommendations made by the Young, Nichols, Gilstrap research firm, the Division initiated the development of six statewide marketing alliances. The 339 current alliance members meet on a bi-monthly basis around the state and represent convention and visitors bureaus, chambers of commerce, attractions, events, and travel services.

In May 2000, the Division partnered with the Kansas State Historical Society in sponsoring the second annual Kansas Alliance Conference. This conference, which was attended by over 120 tourism industry professionals statewide, continued to build on the initiatives established at the creation of the alliances.





KANSAS DEPARTMENT  
*of* COMMERCE & HOUSING

Gary Sherrer, Lt. Governor/Secretary

700 S.W. Harrison Street, Suite 1300  
Topeka, Kansas 66603-3712

(785) 296-3481

TTY (Hearing Impaired): (785) 296-3487

Fax: (785) 296-5055

e-mail: [admin@kdoch.state.ks.us](mailto:admin@kdoch.state.ks.us).

[www.kansascommerce.com](http://www.kansascommerce.com)

THIS SEMINAR IS BEING BROUGHT TO YOU BY:



## Your Chance for a One-on-One Consultation!

You will have the opportunity to have a one-on-one consultation with trade show expert Larry Hettinger. If you are interested in a consultation, please call Megan Kilgore at (785) 296-7006 to set up your time with Hettinger by February 6. Space is limited.

If you will need special accommodations, contact the Kansas Department of Commerce & Housing. Please make your request at least five working days in advance.  
Phone: (785) 296-2994 • Fax: (785) 296-3665  
TTY (hearing impaired): (785) 296-3487

KANSAS DEPARTMENT  
of COMMERCE & HOUSING  
AGRICULTURE PRODUCTS DEVELOPMENT DIVISION



700 S.W. Harrison Street, Suite 1300  
Topeka, Kansas 66603-3712

300-17

# MAXIMIZING YOUR TRADE SHOW EXPERIENCE

February 13, 2001  
Holiday Inn  
1616 W. Crawford  
Salina, KS





## SPEAKERS

**LARRY HETTINGER** is the President of Show Resources, Inc. in Lenexa, Kans. Ten years ago he started Productive Trade Shows, Inc., which currently has 14 employees with sales over 1.5 million. In 1994 and 1995, the company was recognized as one of Kansas City's Fastest Growing Companies by Ingram's Magazine. He has been a featured speaker at several events, including four consecutive years as the pre-show speaker for the Springfield, MO, Chamber Expo. He has also addressed the Kansas Livestock Association, the Kansas Calvary, the Kansas City Direct Marketing and American Marketing Association. Plus, during the summer of 2000 he educated 300 exhibitors with the "Eye Power" seminar. He has also been published in several journals and magazines.

**PATTY CLARK** has been the Public Policy Director for Kansas Farm Bureau since 1999. Before Farm Bureau, Clark served as the director of the Agriculture Products Development Division of the Kansas Department of Commerce & Housing. Clark also served as the sales director for Chataqua Hills Jelly Company and started KS Select, mail order baskets for companies in Kansas.

**BRIAN AND JANA LINDLEY** are members of From the Land of Kansas. They own Lindley Land and Cakes, Rockin' Heart Farm Products, and Alphabet Soup Desktop Publishing. They have effectively used their web site as a marketing tool to advise visitors of upcoming trade shows so people can "find them on the road."

**DONNA COOK** is the owner of Rabbit Creek Products. She began the company in 1984 with a 12 bean soup mix. It now has more than 350 different gourmet mixes, including muffins, brownies, cookies, breads, soups, dips, sauces, and original seasoning mixes that it sells to 4000 retailers, including Bob Evans stores, Swiss Creamery and other specialty and gourmet shops. Rabbit Creek exhibits at the Fancy Food Shows in San Francisco and Chicago.

## SCHEDULE

**8:15 a.m. Registration**

**9:00 a.m. This is Show Business**

- ★ The Opportunity
- ★ The Power
- ★ The Objectives
- ★ The Budget

**9:40 a.m. Rehearsal Time**

- ★ The Stage is Set (design)
- ★ The Promotion

**10:00 a.m. Break**

**10:10 a.m. The Performance**  
Working the SHOW booth

**10:40 a.m. The Morning After Headlines**

- ★ Leads vs. Lists
- ★ Show Results

**10:55 a.m. Questions & Answers**

**11:00 a.m. Lunch**

**12:00 p.m. Break-out Sessions**

1. One-on-one consultation with Larry Hettinger
2. Overview of Kansas Trade Show Assistance Program and FLOK Trade Show Assistance

**12:50 p.m. Break**

**1:00 p.m. Break-out Sessions**

1. One-on-one consultation with Larry Hettinger
2. Panel Discussion

**1:45 p.m. Seminar Overview**

## REGISTRATION

Name(s): \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

**REGISTRATION FEE IS \$10.**

**REGISTRATION DEADLINE IS FEB. 9.**

**Space is limited so please register early.**

**METHOD OF PAYMENT:**

Check

Money order

*Make payable to Kansas Department of Commerce & Housing*

**PLEASE DETACH AND MAIL REGISTRATION FORM AND PAYMENT TO:**



**KANSAS DEPARTMENT  
of COMMERCE & HOUSING**

**AGRICULTURE PRODUCTS DEVELOPMENT DIVISION**

700 S.W. Harrison Street, Suite 1300  
Topeka, Kansas 66603-3712

**REGISTRATION DEADLINE,**

**SUBSTITUTIONS, AND CANCELLATIONS:**

Registrations are needed no later than Feb. 9 to facilitate making final meeting arrangements. Substitutions of one person for another are permissible anytime without penalty. Please inform the KDOC&H office to assist in name tag preparation. Because of meal guarantees, cancellations must be made no later than Feb. 9 to receive a full refund. Late cancellations and no-shows will not receive a refund.

1-29

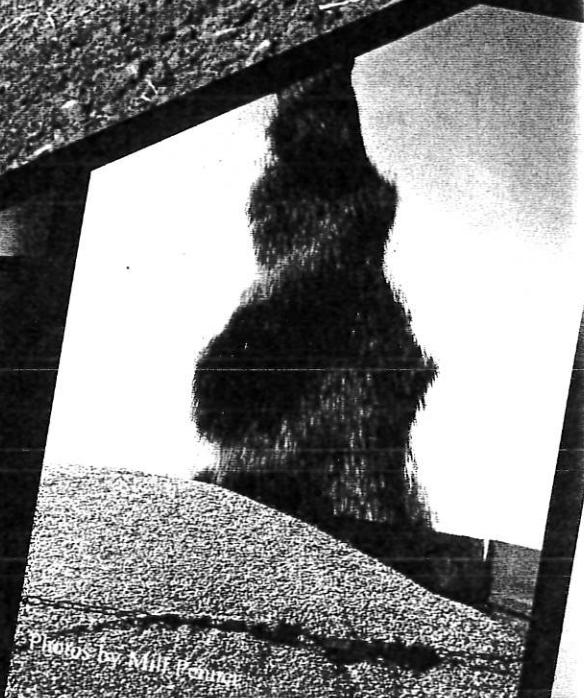
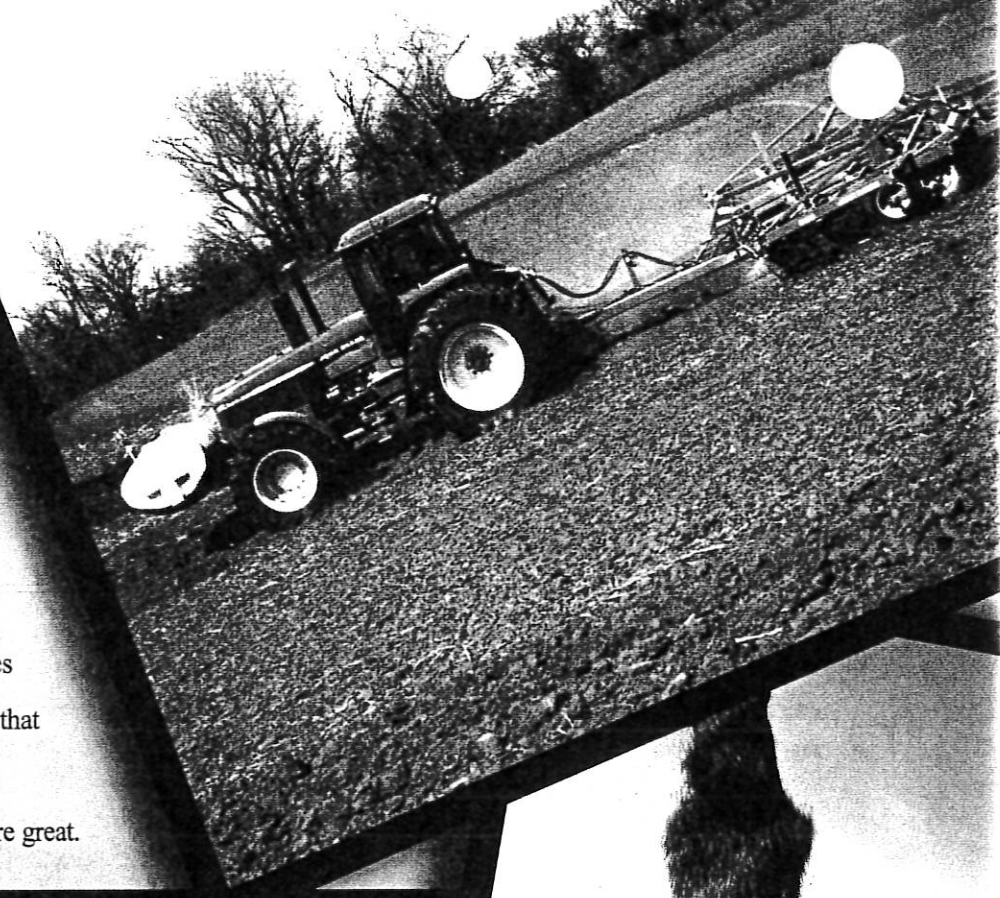


s Kansas agriculture feeds

the world, it also feeds Kansas, providing jobs and opportunities for Kansas in all areas of the state. Production agriculture has a rich heritage in Kansas. For generations, Kansas farmers and ranchers have labored on the land working not only to provide the world's food and fiber, but to continue a tradition of stewardship that is passed down from generation to generation. Because agriculture is at the heart of Kansas' families and the Kansas economy, it is of utmost importance that producers have the opportunity to grow and prosper. But the stresses for today's beginning agriculturist are great. The age-old challenges of weather and markets, combined with the current financial investment required to enter the production sector, have limited the opportunities for people in agriculture today.

*"I was surprised how easy the program was to use. You would think that a government program would be cumbersome, but the Beginning Farmer Loan Program is very non-bureaucratic. It's an asset to the bank and the farmer."*

*Ed Sourk, Silver Lake Bank, White Cloud, KS*



Photos by Mill Penner

Photo by Mill Penner



# BEGINNING FARMER LOAN PROGRAM

Kansas Development Finance Authority

Info Courtesy of:



KANSAS DEPARTMENT of COMMERCE & HOUSING AGRICULTURE PRODUCTS DEVELOPMENT DIVISION

1-30



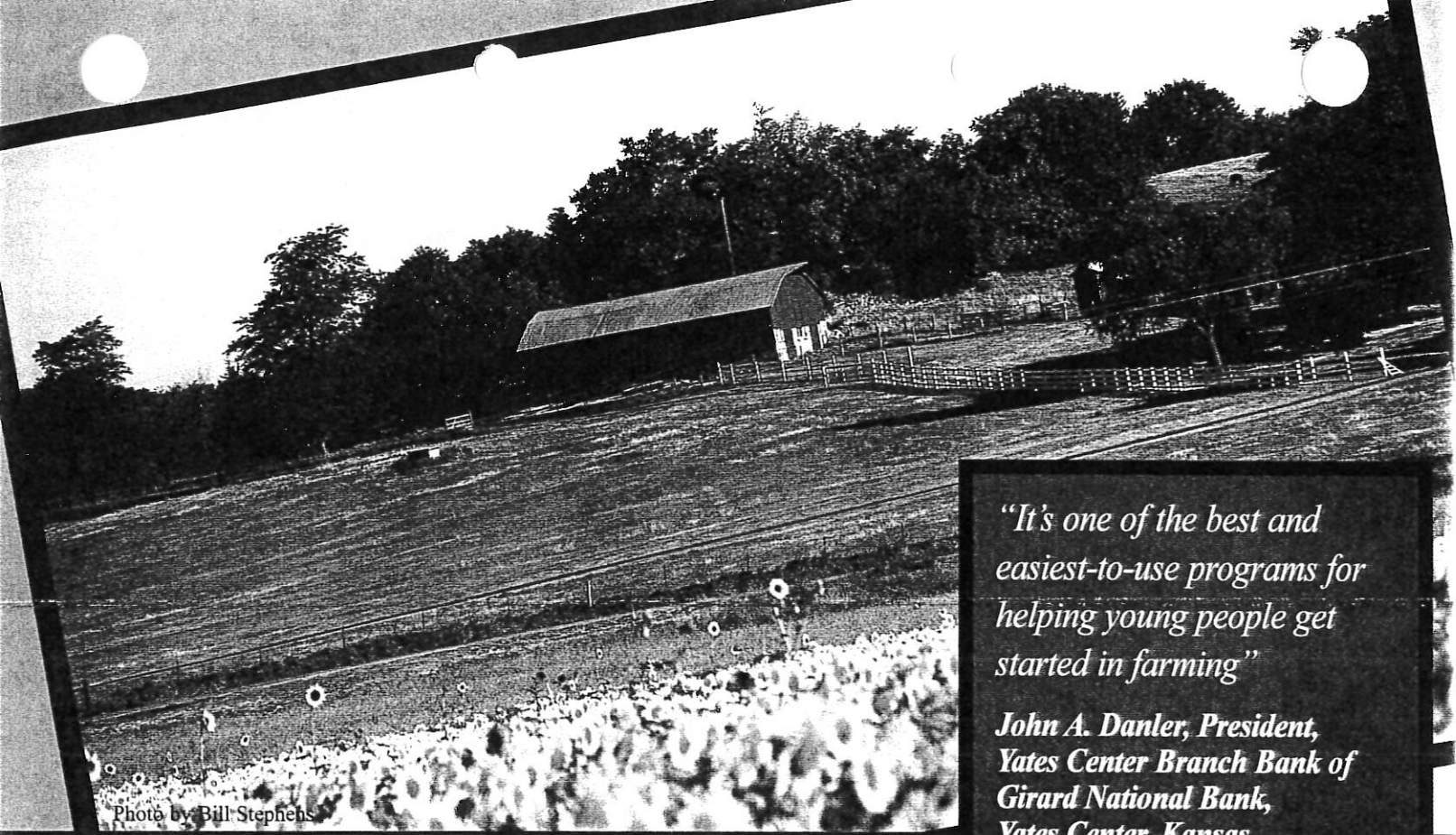


Photo by Bill Stephens

*"It's one of the best and easiest-to-use programs for helping young people get started in farming"*

**John A. Danler, President,  
Yates Center Branch Bank of  
Girard National Bank,  
Yates Center, Kansas**

**K**nowing that Mother Nature will always challenge Kansas farmers and ranchers, the state of Kansas seeks to assist with the "business of agriculture." The Beginning Farmer Loan Program, using currently available resources, seeks to provide financing to new and existing producers to start or keep them in farming.

**T**he Beginning Farmer Loan Program can assist producers who:

- Need a little extra help with financing to be successful in their farming operations.
- Want to purchase agricultural land, agricultural improvements, depreciable agricultural property, or a combination of such projects.
- Have never had a direct or indirect ownership interest in substantial farmland.
- Need a loan of \$250,000 or less to purchase land or to purchase or construct buildings and improvements on land, or to purchase depreciable agricultural property.
- Do not intend to refinance existing debt with money borrowed through this program.

To find out more about the below-market interest rate loans to finance farming projects, contact:



Kansas Development  
Finance Authority  
700 S.W. Jackson Street,  
Suite 1000  
Topeka, KS 66603-3761

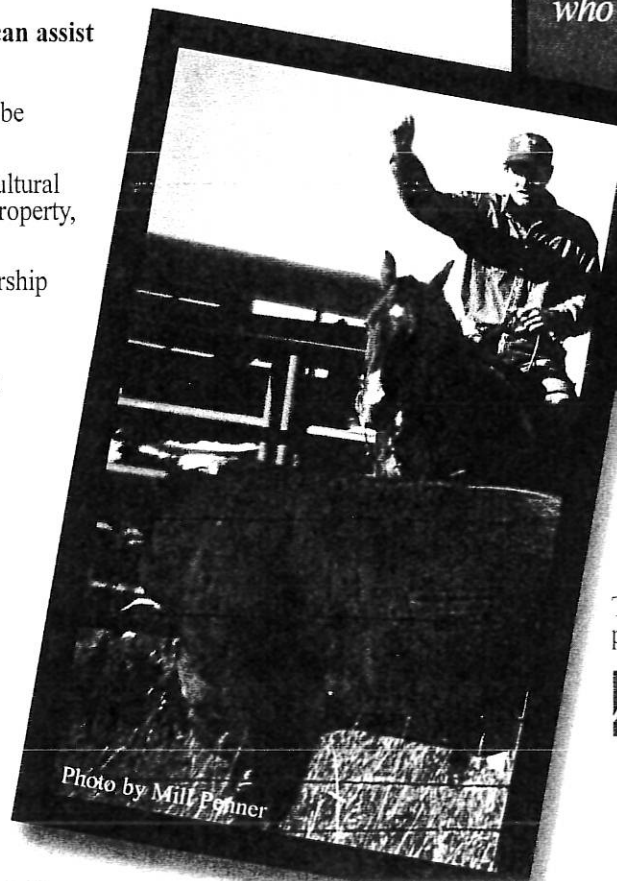


Photo by Mill Penner

*"I believe this program should be a first part of every farmer's first land purchase. Anyone who qualifies should use it — there is no other deal that beats it."*

**Guy Gaskill,  
Senior Vice President,  
The Bank,  
Winona, Kansas**

To explore other agricultural-related programs, contact:



KANSAS DEPARTMENT  
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AGRICULTURE PRODUCTS DEVELOPMENT DIVISION

700 S.W. Harrison Street, Suite 1300  
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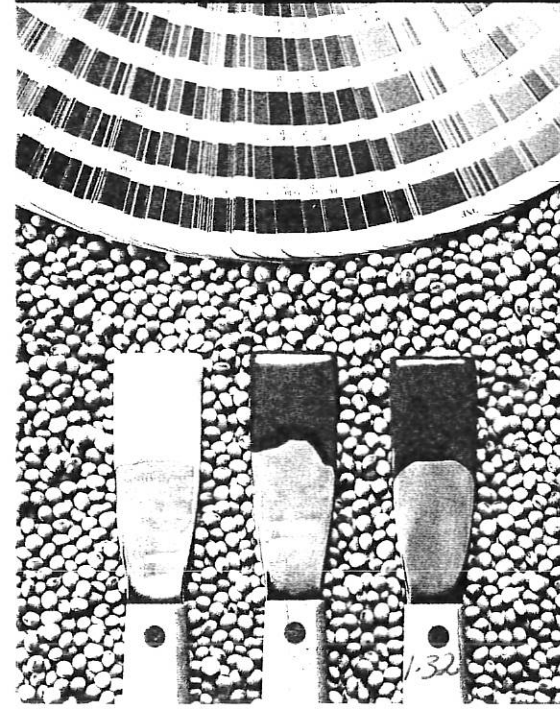
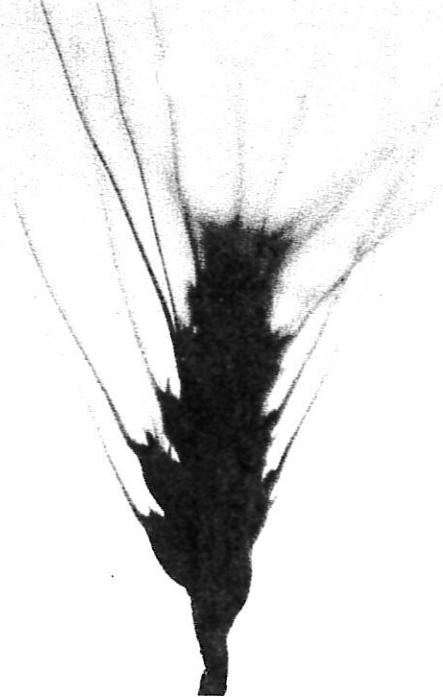
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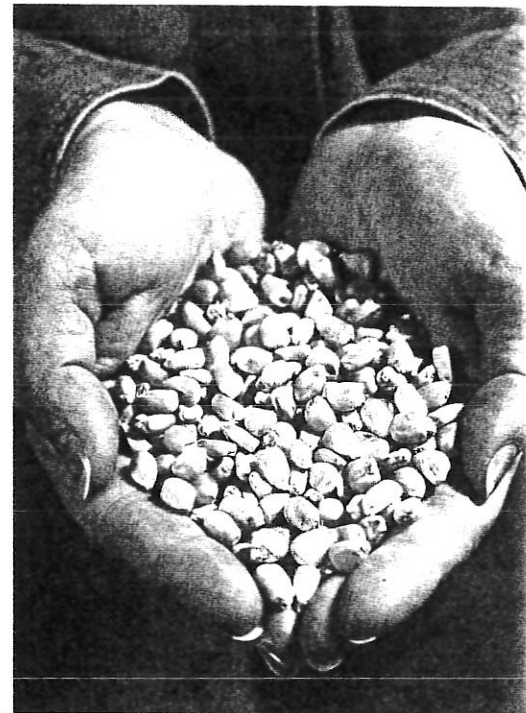
AGRICULTURE:

ADDING VALUE

TO EXCELLENCE



AS KANSAS AGRICULTURE FEEDS THE  
WORLD, IT ALSO FEEDS KANSAS,  
PROVIDING JOBS AND OPPORTUNITIES  
FOR KANSANS IN ALL AREAS OF THE  
STATE. BECAUSE AGRICULTURE IS AT THE  
VERY HEART OF KANSAS' ECONOMY, IT  
IS OF UTMOST IMPORTANCE TO HELP  
KEEP PRODUCERS GROWING AND  
PROSPERING FOR THE YEARS TO COME.

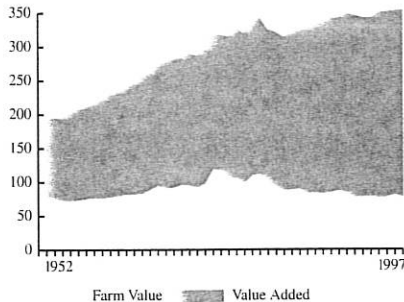


Value-added  
agriculture  
gives producers  
more control over  
their products  
and profits.



Kansas' presence in the world-wide food market continues to grow. But so have economic pressures from outside the farm gate. Over-production, global competition, and changing consumer trends combine to challenge producers to find alternative ways to maximize profits and minimize risks.

**Market Value vs. Farm Value**



In the last ten years, the price spread between raw farm goods and finished products has increased dramatically. It is no longer enough to produce the nation's best and most abundant commodities. To succeed in today's global market, Kansans must look for new, non-traditional methods to capture more of the profit from goods made from their crops and livestock.

*Kansans must add value to excellence.*

## Your Business is Growing; Our Job Is To Keep It That Way

Kansas producers are not alone in their search for success. The Agriculture Products Development Division, a powerful resource within the Kansas Department of Commerce & Housing, can help. Our job is to partner with those involved in improving the economic conditions of Kansas producers and boosting the prosperity of our rural communities. One way we do that is through value-added agriculture.

Value-added is a common term with powerful implications for Kansas agriculture. Today, we are working with many Kansas producers, lenders, educators, and experts to create new products and alliances that add value to raw commodities.

Adding value is the process of changing or transforming crops or livestock into products with greater value in the world marketplace. The quality and reputation of Kansas-grown raw goods opens the door to increased demand and profitability. The results for Kansans are increased incomes and enhanced job opportunities.

## Resources for Your Farm, Your Family, Your Future

The Agriculture Products Development Division can help producers create alliances or cooperatives to take advantage of market opportunities and economies of scale. Our highly experienced staff provides new and existing businesses with expert assistance in agricultural research, marketing, and production to develop value-added products. We even offer many services and programs to help distribute or market these products once they are developed.

## Market Development Services

Identifying new markets for Kansas products is a primary goal of the Division. Market development services include the funding and facilitating of research, market development studies, and exploration of new markets.

## The Agricultural Value Added Center

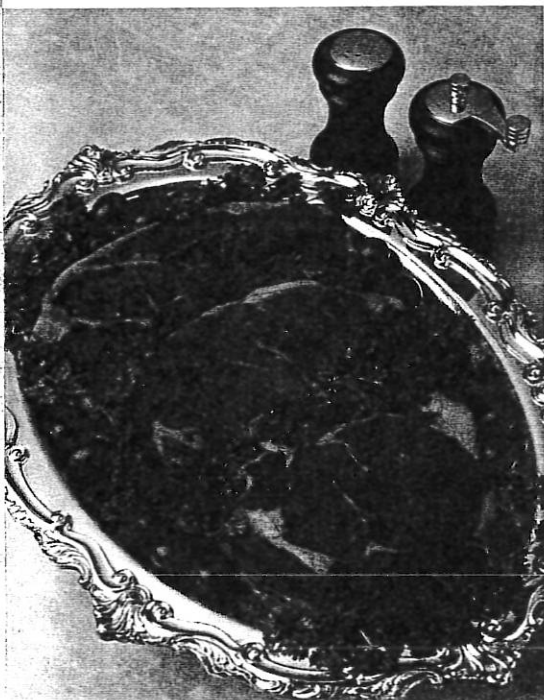
The Value Added Center promotes the development and commercialization of agricultural products and processes. The office assists agricultural entrepreneurs and existing companies by providing technical assistance, information, research, and a competitive loan program. It also provides producers with assistance in business planning, product development, technology, and marketing. Two primary components of the Value Added Center are the Foods and Feeds Program and the Industrial Agriculture Program.

## Foods and Feeds Program

This program encourages business diversification by providing food and feed producers with assistance in nutritional labeling, product sourcing, and pilot plant access. Funding is available for producers to explore the feasibility of starting new businesses and to help launch viable ventures.

## Industrial Agriculture Program

The Industrial Agriculture Program focuses on non-food, non-feed uses of commodities. It provides services and financial resources to businesses that apply technology to agricultural commodities.





In the last ten years, the spread of raw farm goods and finished products has increased dramatically.



### **International Marketing Program**

Development of international markets for processed foods, agricultural commodities, and livestock is a priority. The international marketing group conducts trade missions and coordinates itineraries for foreign buying teams. It also works to build alliances with commodity commissions, agricultural organizations, and educational institutions, then helps direct marketing research projects in support of these alliances.

### ***From the Land of Kansas* Trademark Program**

The *From the Land of Kansas* trademark program works to heighten consumer awareness and increase loyalty to products produced and marketed by Kansans. The Agriculture Products Development Division provides educational opportunities, marketing consultation, and business development assistance to help participants grow and prosper.

### **The Power of Kansas' Leading Economic Development Agency**

The Agriculture Products Development Division can even put many other divisions within the Kansas Department of Commerce & Housing to work on behalf of Kansas producers. Our staff members routinely collaborate with other divisions, including Administration, Business Development, Community Development, Housing Development, Trade Development, and Travel & Tourism Development.

### ***Turning Straw Into Gold Is No Longer the Stuff of Fairy Tales***

Members of the Golden Forest Ag Fiber Cooperative know there is more than one way to commercialize Kansas' most bountiful commodity. They've taken advantage of recent innovations to form a company positioned to provide wheat straw, the primary ingredient of a new construction material called strawboard.

By coordinating the efforts of wheat producers and analyzing the needs of the emerging fiber industry, the Agriculture Products Development Division assisted a producer-based straw procurement cooperative:





The Agriculture Products Development Division meets with other groups to explore new ways of adding value to agriculture commodities.



Kansas' superior raw goods are the foundation for creating high-quality finished products for consumers around the world.

the Golden Forest Ag Fiber Cooperative. The goal of this closed cooperative is to help members receive a fair price for their fiber while participating in the developing agricultural fiber industry.

Using the combined resources of its members, the Golden Forest Ag Fiber Cooperative is working to become a supplier of fiber to companies making fiber products. In addition, the new cooperative is searching for opportunities for new fiber technologies. Members, in turn, benefit from receiving an ownership interest in the production companies based upon shares of stock they buy.

This cooperative ensures that its members receive a fair price for their agricultural fiber and provides an investment vehicle for producers in the value-added process. The Agriculture Products Development Division assisted the cooperative with an organizational plan and business finance package, ensuring that processing operations have an economical and steady supply of products for manufacturing.

***Can You Imagine Receiving Greater Returns for Your Cattle?***

It's a reality for some producer-members of U.S. Premium Beef, an

alliance of cattle producers who supply a product that satisfies consumer demands. Stockholders in U.S. Premium Beef Ltd., shared over \$13.5 million in premiums for their cattle from December of 1997 to the fourth quarter of 1999.

It all started with a solid business plan and financial assistance from the KDOC&H Agriculture Products Development Division. In June of 1997, the Division awarded a "bridge loan" to USPB to enable the cooperative to complete its initial stock offering to producers. Because of the program's success, this loan was repaid in full in December of 1997 when USPB began processing members' cattle.

Today, USPB is a partner with Farmland Industries in the ownership of Farmland National Beef Packing Company, the nation's fourth largest beef processor and a leader in branded value-added products.

"The KDOC&H Agriculture Products Development Division was an invaluable help to USPB and its members," states Steve Hunt, President, U.S. Premium Beef Ltd. "We appreciate the commitment this Division has made to adding value to agriculture. We look



forward to continuing our joint efforts to help Kansas beef producers profit through success.”

### ***From Kansas to a Gift Shop Near You***

George and Lori Montgomery of Buhler, Kansas, began working with the Agriculture Products Development Division in 1998 to open G & L Advantages, a packaging, gift, and souvenir manufacturer. Their products are manufactured from Kansas wheat straw fiberboard.

The Division helped provide the Montgomery's with a commercialization loan and assistance in business planning. In addition, the Division located trade shows and gift shops in which G & L Advantages features its products.

By adding value to a plentiful commodity, G & L Advantages creates products that are attractive, economical, and environmentally friendly. G & L provides jobs to Kansans and positively impacts other small businesses while building awareness of the emerging fiberboard industry.

### **Adding Value: Attitude Before Action**

Value-added agriculture is all about changing your mind to change your economic future. In order to add value, Kansas producers must think of themselves as producers of high-quality consumer products rather than producers of raw goods. It is this attitude, along with hard work and persistence, that enables producers to cultivate the new ground of innovation and opportunity.

As with any new business venture, value-added agriculture is not a quick, easy fix. Some producers may try value-added innovations or coordina-

tions that are not as successful as they hoped. Some may even fail.

However, for most, value-added agriculture offers a greater chance of prospering in today's complex business world. With the help of industry experts, financial institutions, and the Agriculture Products Development Division, Kansas producers can explore these new opportunities and cultivate new means for success.

### **A Proud Past, a Prosperous Future**

Agriculture is a tradition, but it is also a business – a business that some Kansas families have chosen for more than a century. For Kansans who have made the choice to remain on the farm, value-added agriculture is an excellent way to continue prospering from the business of agriculture. It's all about making life better for Kansas and its rural communities. It's all about adding value to excellence.



Contact us for more information:



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