Approved Date: January 23, 2001

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson Representative William Mason at 3:30 p.m. on January 18, 2001 in Room 522-S of the Capitol.

All members were present except: Representative Mary Compton - E
Representative Steve Huebert - E

Committee staff present: Renae Jefferies, Revisor of Statutes
Lynne Holt, Legislative Research Department
Rose Marie Glatt, Secretary

Conferees appearing before the committee: LeAnn Schmitt, Auditor
David Strohm, Pres/CEO TrueNorth, Inc.

Others attending: See Attached List

Representative Aday moved, seconded by Representative Beggs that the minutes from the January 16 meeting be approved. The motion carried.

The Chairman introduced LeAnn Schmitt, Auditor of the Performance Audit Report on Economic Development in Kansas: A K-Goal Audit Reviewing Coordination and Effectiveness of Programs, copy on file in Legislative Division of Post Audit. Ms. Schmitt reviewed the post audit report including the findings, conclusions and recommendations (Attachment 1). The report contains appendices showing return on its seed capital investments and the results of the KDOCH and KTEC reports on their programs. The Audit focused on three questions: (1) Are Kansas' Economic Development Agencies fulfilling the roles for which they were created, and are they coordinating their Economic Development Efforts, (2) What benefit has the state received as a result of loans, grants and investments made under Economic Development Programs, and is there sufficient accountability over these moneys, (3) How do funding for Economic Development Activities and salaries for Economic Development officials in Kansas compare to other states?

Discussions followed regarding the source of funding for the three agencies, importance of getting the Economic Development message out to the Legislators, accountability of the agencies to the Legislature and public, the process of appropriations of the EDIF funds, appropriate agency for tourism, criteria for salary compensations and comparisons, original role of Kansas, Inc. and their lack of statutory authorization, problems ensuing from conflict of personalities and the need to protect and expand funds for Economic Development. The Chairman urged the committee members to review the post audit report in order to understand the history and current problems the committee is facing.

The Chairman introduced David Strohm, President/CEO, TrueNorth, Inc. and thanked him and the task force for their work. Mr. Strohm stated that their task was not an audit, but more of a business management overview. He said they made three recommendations regarding structure and two recommendations regarding opportunities (Attachment 2). The first recommendation was that the state consider placing all funding for Economic Development on the general fund due to the attrition in available funds and lack of growth in the EDIF.. Their second and third recommendations dealt with the restructuring of the three agencies including rolling it up under the Secretary of Commerce.

They found there were conflicts within the agencies, not due to personalities but to the structure itself, that created internal competitions and prevented coordination of efforts. As they reviewed the Redwood-Krider report they understood the mission of Kansas, Inc. as being that of taking an internal look at the state of Kansas, and external look at the US economy to determine how best to position Kansas. Based on that information they were to create a strategic plan for the other two agencies and then measure the successes and failures of those plans. They do not see that mission being accomplished.

The other two recommendations were regarding opportunities: First the state should become very active in developing a statewide broad band communication network with internet access for all Kansas, without LD telephone charges for some, Secondly, the state should appropriate more money for Tourism to boost the efforts currently going on statewide.

He closed by saying that the task force recommended the Governor use his power of executive reorganization order to make those changes, not to circumvent the Legislature but to add emphasis to the urgency of the report. The Governor declined stating that he wanted the Legislature involved.

Discussions followed relating to the structure of compensation of agency officers, the concept and need of Kansas, Inc. as a "think tank", the background of David Strohm and task force members, implications of the Kan-Ed bill and issues facing the Tourism industry. Mr. Strohm agreed to send the committee detailed information gathered by the committee for use in promotion for increased funding for Tourism.

Mr. Strohm gave the background and qualifications of the Task Force members. *Considerable* discussion followed regarding the selection process and appearance of bias of the task force members, continuity and board meeting attendance records, history of the Venture Capital Bill defeated in the Senate in 2000, personality conflict issues verses coordination efforts, conflict over salary differences and impact of globalization on Kansas Businesses and Tourism.

The Chairman spoke of the importance of the Interim Economic Development Committee and the need for a strategic plan that will provide changes that will create more opportunities for economic growth for Kansas.

The next meeting is January 23.

The Chairman adjourned the meeting at 4:55 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
COMMITTEE GUEST LIST

DATE: January 18, 2001

NAME	REPRESENTING
Leo Hafner	Post Audit
LeAnn Schmitt	" "
DAVID STROHM	ECONOMIC DEV. TASK FORCE
DEANN STROHM	VISITOR
Matt Goddard	HCBA
Beth Brough	KTEC
Lori Rost	KTEC
MATT MCCLOREY	KTEC

Economic Development in Kansas: A K-GOAL Audit Reviewing Coordination and Effectiveness of Programs

Thank you Madame Chair and members of the Committee.

In the first part of this audit, we looked at how well the 3 main economic development agencies in the State: Kansas, Inc., the Department of Commerce and Housing, and KTEC are fulfilling the roles for which they were originally created, how well they're coordinating their efforts, what benefit the State has received as a result of these agencies' programs and whether the agencies adequately account for the moneys they have, and how the economic development funding structure and agency head salaries in Kansas compare to those in other states.

We found that Kansas, Inc. has not become the strong coordinator and evaluator of economic development programs that the statutes seem to envision. Reasons for this include the lack of statutory authority to direct the other agencies, a small staff and budget that limits the amount of evaluation work it can do, and a potential for conflict between its roles as evaluator and coordinator.

We found that the Department of Commerce and Housing and KTEC both appear to be fulfilling their roles through a number of programs. For all 3 agencies we found some relatively minor statutory requirements they weren't following or statutes that need clarified by the legislature. These are listed in the table on page 15 and in the bulleted lists on page 17 and 18.

In regard to coordination, there is very little among the agency heads, although Kansas, Inc. and KTEC have cooperated on a few projects in recent years. Several reasons for the lack of coordination, include the tensions created because the agencies compete for funding, none of the agencies has the authority to take the lead in coordination, and the agencies have different philosophies on economic development. There is some coordination at the program level, particularly between KTEC and the Department of Commerce and Housing's Trade Development Division. However, there are few formal mechanisms to ensure that communication occurs and clients are appropriately referred.

We recommend that the Legislature consider re-examining the structure of the State's economic development system taking into account several factors we've outlined on page 21. In addition, we recommend that the Legislature amend several statutes concerning the dates the agencies' annual reports are to be published, clarify some of the statutes that require Kansas, Inc. to evaluate different aspects of the system, and amend the statutes that create KTEC's research funds to allow KTEC to fund all research from one fund.

In the second part of this audit we looked at what benefit the State has received through economic development programs and how accountable each agency is for the moneys they invest. Measuring the results of economic development programs is difficult at best. There still isn't a proven way to show a direct cause and effect relationship between the money invested and the results.

As shown in the table on page 25, in more than a decade, \$9.3 million in KTEC investments has generated more than \$1 million in cash returns and helped finance companies that employ about 600 people in Kansas. These investments currently are valued at around \$5.6 million, which is less than originally invested because investments in early stage technology companies tend to lose value before they become profitable, and because some companies have gone out of business. KTEC conducts an annual survey of its clients from the past 5 years to determine the economic impact of its programs. As shown in the table on page 26, for fiscal year 2000, KTEC reports that all its programs increased sales of Kansas companies by \$125 million, and impacted 384 jobs.

We found that KTEC and its affiliates generally are accountable for where moneys are invested, but the information that can be reported on investments funds is limited. KTEC has an accounting system that allows moneys to be tracked, a review process to evaluate investments that includes internal staff and the Board of Directors, and various conflict-of-interest policies and contractual provisions that restrict the kinds of investments that can be made. *However, the amount of investment information that can be reported to the Legislature and the public is limited. In 1997 the Attorney General issued an opinion stating that the Ad Astra Funds are private entities and therefore not subject to the Kansas Open Records Act. KTEC contends the commercialization corporations are also private corporations not subject to the Open Records Act; an Attorney General's opinion on this issue is pending.*

As for the Department of Commerce and Housing, its records show the State received economic benefits of about \$1.2 billion, which includes things like capital improvements in businesses and moneys businesses were able to leverage from private sources because they already had some funding from the Department. The Department also reports that there were over 10,000 jobs created as a result of its programs in fiscal year 2000. The results are shown in the table on page 32. The Department spent about \$61 million through its 5 economic development divisions in fiscal year 2000. We found the Department is reasonably accountable for its economic development funds, such as holding recipients of its financial assistance accountable for accomplishing specified outcomes with the funds they receive and securing loans when possible.

In the course of the audit we found that overall accountability over money going into and out of the Economic Development Initiatives Fund is weak. The Fund isn't accounted for as a single fund, but rather through many small funds which are divided into sub-accounts.

We made several recommendations to KTEC and the Department of Commerce and Housing addressing how they verify and report results data. We also recommended that the Division of Accounts and Reports and the Division of Budget should seek legislative changes needed to consolidate the EDIF sub-accounts into a single fund.

Finally, in Question 3 of the audit we found that Kansas is one of only 3 states that fund economic development programs with gaming revenues. The box on page 38 shows how other states use lottery moneys. Out of 27 states we surveyed, 12 reported that they finance 50% or more of their economic development programs with General Fund moneys. As shown in the graphs on page 40, compared to these 27 other states, Kansas ranked 10th in per-capita spending on economic development and 8th in percent of state budget spent on economic development. These statistics include federal funds the states receive for economic development programs.

The funding of economic development in Kansas is done primarily through the Economic Development Initiatives Fund which has been statutorily capped at $42.5 million, $2 million of which goes to the State Water Plan Fund. The fund has reached the point that spending on economic development programs can't increase unless other funding sources are found. For fiscal year 2001, nearly all General Fund moneys were removed from the budgets of Commerce and Housing and Kansas Inc. In addition, as shown in the table on page 42, over the past few years, an increasing number of economic development programs or projects in other agencies have been funded from the EDIF, further diminishing the amount of money available to the 3 main agencies. We recommend that the Legislature review the economic development funding structure to ensure the State has an appropriate commitment to economic development and to reduce competition and rivalry among the 3 main agencies.

In addition to the funding of economic development programs as a whole, we also looked at how the salaries of the heads of Kansas' 3 main economic development agencies, compare with their peers in other states. We found that the salaries of the Kansas executives were in line with those of similar officials in other states. As the table on page 43 illustrates, compared to 2 other agencies, the president of Kansas Inc had the 2nd highest salary, while the Secretary of Commerce and Housing ranked next to the last out of 4. The president of KTEC was the 2nd highest out of 4 similar agencies. We also looked at the salaries of the heads of KTEC's network of affiliates and found that, combined with the 3 main agency heads, most of these executives received average salary increases over the past 5 years, as compared to the average pay increase for all State employees. There were several salary increases that significantly exceeded the average with increases as high as 90%, as shown in the table on page 45.

That's a summary of the audit; the report itself contains much more information about the agencies' functions and there is more detailed information about the agencies' results and the salary comparison in appendices in the report. I'll be happy to try to answer any questions you may have about the audit.

ECONOMIC DEVELOPMENT: REFOCUSING STRATEGY FOR THE NEXT DECADE

SUMMARY OF ISSUES

In the mid 1980s, the Kansas economy was not only weak, but also under-performing the national economy. Strong legislative initiatives were enacted that created a stronger Department of Commerce, a strategic planning organization known as Kansas, Inc. and a technology focused entity entitled the Kansas Technology Enterprise Corporation (KTEC). In addition, the legislature enacted laws that enhanced incentives for companies to do business in Kansas, and dedicated the majority of funds from the lottery to economic development with the creation of the Economic Development Initiatives Fund (EDIF). These programs appear to have been successful and while the national economy is doing well, the Kansas economy is now out-performing national averages in most positive categories.

CHARGE TO THE TASK FORCE

After a decade and a half, it is time to review our economic development strategies and structure. We must identify which initiatives have worked, which changes in strategy should be considered and how we can structure our efforts to maximize effectiveness. After reviewing current strategies and structure, the task force should make policy recommendations that reflect the five highest priorities to ensure successful economic development is achieved and shared by all Kansans. The final report to the Governor is due on or before December 1, 2000.

INTRODUCTION

The accompanying report from the Task Force on Economic Development represents the unified opinions and recommendations of its members. We began our assigned task by first reviewing our charge which has guided our work. Our active interest in economic development, both as members of the business community and of the task force, has been reflected by attendance and spirited debate at our monthly meetings.

Throughout the past nine months, our group met frequently with interested parties requesting appearances as well as invited guests with whom the task force wished to have dialogue. These presenters provided valuable insight into various aspects of the Kansas economy and the statewide efforts to encourage its growth. A list of those presenters is contained in the appendix to this document and reflects the diversity of perspectives that contributed to our recommendations.

Our findings recommend increased spending for critical areas of economic development. We do not believe that additional expenditures solve all government problems but contend the return on invested dollars in well-managed economic development justifies nominal increases.

Economic development is nothing if not the marketing of the State of Kansas. Our workforce and work ethic, our natural and man-made resources, our physical infrastructure, and our people are attributes that make this state a great place to live and work. When economic times are good and jobs for our citizens are plentiful, complacency may result. We urge that the state remain committed to the challenge and re-double our efforts in order to compete successfully with other states that place a high value on economic growth.

The Task Force on Economic Development respectfully submits this report that, we hope, will contribute to the continued economic success of our state. Thanks to both Governor Graves and

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Attachment 2

Lieutenant Governor Sherrer for the opportunity to be of service.

RECOMMENDATIONS

1. Financing Economic Development for the Next Decade

That Governor Graves, in concert with the state legislature, establish a benchmark for financing economic development, specifically that Kansas should invest $1 for every $1,000 generated by the Kansas economy into stimulating commerce and enhancing the economy of Kansas.

Rationale for Recommendation 1:

Financing economic development should be a high priority strategic goal of Kansas, and benchmarks establish objective indicators to assess progress toward strategic goals. A benchmark of investing one-tenth of one percent of the Kansas economy, or $1 of every $1,000 in personal income, back into stimulating future commerce establishes an aspiration for the highest levels of competitiveness, standard of living, and quality of life in Kansas. Meeting this benchmark for the year 2000 would have required that $72 million be invested in financing economic development in Kansas.

The recommendation also addresses "excessive dependence on 'gambling' revenues to fund economic development," an issue brought to the attention of the Task Force by numerous witnesses. This recommendation will disconnect economic development from the lottery and require that economic development be funded as a state priority as most programs of state government are required to do. A dedicated fund for economic development made sense in the mid-1980s when state government's commitment to economic development was questionable and funding for economic development was a low state priority. Over the past fifteen years state economic development agencies have achieved substantial maturity, are making significant contributions to the state's economy, and are capable of justifying the priority of economic development programs within overall state priorities. Further, numerous respondents have noted that a "dedicated" fund has not prevented diversion of funds by state policy makers to purposes marginally related to economic development and may have contributed to complacency in advocacy on behalf of economic development. This recommendation should remove the gambling stigma from economic development and contribute to more effective budgetary advocacy, discipline, and priority setting for economic development programs.

2. Restructuring Economic Development for the Next Decade

State government's approach to economic development was fundamentally restructured in the mid-1980s as a consequence of a weak Kansas economy, the Redwood-Krider report of 1986, and follow-up actions by state lawmakers. The Redwood-Krider report envisioned a new set of institutions organized around the cornerstones of economic development–human capital, financial capital, innovation and technology, and infrastructure. These institutions were expected to function within an overall framework of strategic goals and objectives for economic development.

The Kansas Department of Commerce was established as the lead state agency in industrial recruitment, business assistance, international trade, and community development. The Kansas Technology Enterprise Corporation was then created to undertake complementary programs designed to stimulate new technology and related private-public partnerships. Kansas, Inc. completed the early trilogy and was designed to ensure strategic planning for economic development inclusive of public and private leadership. Kansas Venture Capital, Inc. was subsequently added to stimulate new financial capital through state tax credits.

The structure envisioned in the mid-1980s worked effectively early on and contributed to

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exceptional performance of the Kansas economy through most of the 1990s. More recently,

however, integration has given way to inter-agency competition and rivalry. Agencies have strayed from their initial charge and the vision of comprehensive and integrated structure for economic development has not been fulfilled. For these reasons, the Task Force recommends a restructuring for economic development, as outlined in this recommendation (#2) and recommendation #3 below:

Part A: That Governor Graves issue an executive reorganization order establishing the Secretary of Commerce as chair of the Kansas Technology Enterprise Corporation and making the position of President of the Kansas Technology Enterprise Corporation subject to appointment and removal by the Secretary of Commerce.

Rationale for Part A of Recommendation 2:

This recommendation addresses an issue raised frequently in testimony to the Task Force over the past six months but stated most clearly as the "failure to achieve a 'system' of economic development agencies and programs." This organizational reform would assure that the Secretary of Commerce is designated in statute as the chief executive officer of economic development for Kansas state government and give the Secretary more effective powers for coordinating those programs which have economic development as a primary purpose. This recommendation should address current problems identified by a number of individuals and organizations testifying before the Task Force, specifically, lack of coordination, inter-agency competition and rivalry, and redundant regional structures.

Part B: That Governor Graves issue an executive reorganization order assigning the Secretary of Commerce responsibility for recommending annually an economic development budget for state government and requiring all executive agencies justifying budget requests on the basis of economic development to submit such requests to the Secretary as a part of the Governor's annual review.

Rationale for Part B of Recommendation 2:

This recommendation also addresses the "failure to achieve a 'system' of economic development agencies and programs" and would assign the Secretary of Commerce budgetary coordination, as well as organizational coordination outlined in part A of this recommendation, for economic development. This budgetary reform would assure the Secretary is designated in statute as the chief budget officer for economic development in Kansas state government and give the Secretary more effective powers for coordinating those programs which have economic development as a primary purpose. This recommendation should address problems identified by the Task Force, specifically self-promotion and competition in budgeting scarce resources, and should contribute to more effective budgetary advocacy, discipline, and priority setting for economic development programs within the executive branch of state government.

Part C: That Governor Graves issue an executive order directing all executive agencies that divide the state into regions for purposes of service delivery related to economic development to align the boundaries of those regions with the naturally occurring economic regions of the state.

Rationale for Part C of Recommendation 2:

Another issue brought to the attention of the Task Force concerned state agencies that divide the state into regions for the purpose of enhancing service delivery to local communities and assuring regional coordination of state services. In some cases regional boundaries may have originally been drawn on a rational basis, but changing circumstances have undermined the initial rationale. The illogical boundaries mandated by the Kansas Department of Human Resources for implementation of the

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Workforce Investment Act is one example that has been brought to the attention of the committee. In this case, the state agency mandates that Reno and Harvey counties—two counties in the eastern half of Kansas that are economically and organizationally linked to seven counties around Sedgwick County—be aligned with counties on the Colorado border, 200 to 300 miles away. While significant effort has been made in the Governor's office to redraw these boundaries and create a more logical and synergistic platting, additional support of these efforts is needed.

The Workforce Investment Act represents a unique opportunity for the state and regions of the state to develop strategies for linking workforce issues with overall economic development. However, by mandating boundaries that divide natural economic regions, the Kansas Department of Human Resources is subverting the intent of the act and undermining regional coordination of workforce strategies. The recommended executive order, which directs state agencies concerned with economic development to align their boundaries with natural economic regions of the state, should improve state agency relations with local communities and regional coordination of state services to the benefit of economic development.

3. Strategic Planning in Economic Development for the Next Decade

That Governor Graves issue an executive reorganization order reassigning duties and staff associated with strategic planning in economic development, those currently assigned to Kansas Inc., to the Secretary of Commerce and establishing the Secretary of Commerce as chair of Kansas Inc.

Rationale for Recommendation 3:

The Task Force heard frequent testimony that strategic planning for economic development in Kansas has not been effectively conducted in recent years, and indeed, those charged with responsibility for strategic planning have been diverted to operational activities and programs. Consequently, strategic planning at the state level has failed to address a number of issues critical to the future economy of Kansas, for example, the integration of workforce development with economic development, lagging exports and vulnerabilities to global competition, non-image of Kansas, venture capital, tax laws and incentives, regulatory environment, and technological initiatives such as bio-technology development in the Kansas City metropolitan area and technology infrastructure accessible to rural Kansas.

This recommendation also addresses an issue raised frequently over the past six months but stated most clearly as the "failure to achieve a 'system' of economic development agencies and programs." Strategic planning in economic development cannot be conducted effectively in isolation from those agencies operating daily in economic development. The Task Force often heard testimony and discussion that Kansas Inc. needs to return to its strategic planning mission and not be an agency of activities and programs. This organizational reform would assure that the Secretary of Commerce is integrally involved in strategic planning for economic development and would give the Secretary more effective powers for coordinating those programs which have economic development as a primary purpose. This recommendation would also preserve the board of Kansas Inc. as a sounding board for strategic planning and forum for private-public discussion of economic development strategy.

In the last session, the legislature was faced with the issue of providing funding for a specific type of venture capital. The Task Force heard testimony from several quarters regarding the need for venture capital availability and its importance in growing, attracting and retaining emerging businesses within the state. Under this recommendation, the Secretary of Commerce should, with all expediency, research and develop a strategy to ensure the availability of adequate venture capital in Kansas. This could be either publicly funded/sponsored, privately funded, or a combination thereof.

4. Technology Enhancement in Economic Development for the Next Decade

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That Governor Graves designate an executive agency as the lead state agency to work with private industry to extend technological infrastructure—including advanced, broadband telecommunication capabilities—throughout the state, including rural as well as urban areas.

Rationale for Recommendation 4:

Increased demand for technology by large private corporations has made it difficult for much of the state of Kansas to compete with surrounding states. In rural areas of the state, where technology resources are not as readily available, a lack of technology is a significant roadblock to the success of economic development. Many communities throughout Kansas have a real desire to attract larger corporations, yet many of these communities do not have the technological capabilities to accommodate large businesses and do not know how to contact corporations that may have interest in locating within these communities.

The longer the state puts off enhancing technology, the more difficulties the state will encounter in competing with surrounding states that have taken the necessary steps to update technology to attract economic development. In rural communities, there are few opportunities to attract large-scale corporations. For many of these rural communities, losing one potential industry may mean losing the only chance the community has for attracting a large corporation. For this reason, the state should move swiftly to assure that communities are able to locate and attract interested business contacts.

In addition to being a vital component of commerce, technology serves as an important means to creating a better quality of life. Quality of life is a factor that will attract many qualified people with valuable assets to the state. If the state does not act to insure increased quality of life as a byproduct of technology, then the state will lose many of those qualified people to states that can offer them the quality of life they desire. If the state loses these qualified people, corporations may be less willing to consider Kansas as a new or relocation candidate.

The designation of a lead agency would bring immediate attention to several critical issues: insuring that the whole state has access to the Internet without having to pay long distance rates, reducing the rates of telecommunication, and creating a more comprehensive data base for identifying interested corporations. The lead agency would be responsible for searching out new, innovative technology ideas that might give Kansas an advantage over surrounding states that are competing for the same business interests.

5. The Impact of Tourism on Economic Development for the Next Decade

That Governor Graves raise the budgetary priority of tourism to be consistent with the strategic plan on tourism initiated by the Kansas Department of Commerce and Housing.

Rationale for Recommendation 5:

Economic development in Kansas should focus on developing and realizing the potential of its tourism industry. Kansas ranks last among all states in tourism advertising and should increase its funding for tourism. At the same time, the state should undertake a thorough evaluation of the way various state and local tourism-related agencies spend available monies.

Tourism is an untapped industry in the State of Kansas. Tourism not only creates revenues from tourists visiting the state but also has the potential to bring people and business into the state. State tourism agencies have done the best they can with minimum resources. As a result, the state of Kansas does not rank last among all states in tourism to the state. However, it is difficult for Kansas to compete with surrounding states that have significantly larger tourism budgets. The minimal advertising that has been done for Kansas has proven that there is interest in visiting Kansas for its historical and aesthetic value. By increasing funding for tourism, the revenues and benefits generated from tourism will more than surpass the minimal costs being spent on attracting people to the state.

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As part of the state's effort to increase tourism, the state should further evaluate how monies are being spent both locally and at the state level for tourism. It may be that local and state entities are paying for the same types of tourism-related tasks. If they could work together to provide the best strategies for increasing tourism, then state and local governments might be able to better use current available funding. However, this does not replace the need to increase funding for tourism within the state.

The state should give higher priority to the funding of public/private recreational enhancements. By combining the resources of private and public sectors, the quality and attractiveness of recreational facilities in the state will increase significantly. In addition, private industry might share some of the cost burden to develop new recreational facilities. One such example of this private/public partnership is the development of a resort by private entities on Clinton State Lake. Such partnerships should enhance the image of recreational facilities, increase tourism, and increase economic development to the state.

Closely related to tourism is parks and recreation. Funding for parks and recreation is also considerably lower than most surrounding states. The state agencies responsible for parks and recreation have difficulty competing with larger budgets from surrounding states. If the state increased funding for the Kansas Department of Parks and Wildlife, a rise in tourism would most likely result from an increase in valued attractions to the state. The department does not have sufficient resources to market its product to those inside and outside the state.

CONCLUSION

The State of Kansas must be proactive in the improvement of economic opportunity for its citizens and businesses. Economic development is an endeavor in which there is much competition: from other nations, other states, and within our own state. We as Kansans need to understand the environment in which we compete, and maintain a level of commitment that will keep our state a viable alternative for businesses and workers that consider relocation or expansion. We must continue to support our local businesses and their growth. Further, we must foster the development of new enterprises and provide opportunity for their success.

All of this should be done in a coordinated, purposeful fashion. Departments and agencies within state government should set aside extraneous differences and work together to achieve these goals. The leaders of our State, in government and business, must make personal commitments to the support of that effort and demonstrate that support through active participation. The priority of this mission should be elevated to a level at which interested Kansans from the private sector are eager to participate. And, as a state, we must make a financial commitment that is meaningful and reliable.

The recommendations contained in this report are an effort to more closely align our existing economic development efforts with these needs. Since the advent of the Redwood-Krider report, Kansas has made great strides toward achieving the goals set forth in that document. It was written in difficult economic times and was enthusiastically embraced by government and business alike. The commitments made to achieving the goals it set forth were significant.

Fortunately, times got better. Kansas' economic development effort was met with success. But with that prosperity and success has come complacency and divergence from original missions. We must re-energize our efforts, re-focus upon our objectives, and maintain a high level of purpose, because the time will once again come when we will need the fruits that economic development can bear.

After all, it is a marathon, not a sprint.

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VISION 21ST CENTURY INITIATIVE

Economic Development: Refocusing Strategy for the Next Decade

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Chair David Strohm	Augusta	President and CEO, TrueNorth, Inc.
Vice Chair Patricia Clark	Havana	Public Policy Director, Kansas Farm Bureau
Tim Emert	Independence	Kansas State Senator
Sue Storm	Overland Park	Kansas State Representative
Deryl Wynn	Kansas City	Attorney, USD #500
John Neal	Hutchinson	President/Owner, Ineeda Laundry & Dry Cleaners, Inc.
Ladd Seaberg	Atchison	President/CEO, Midwest Grain Products
John Rolfe	Wichita	Vice President of Economic Development Wichita Area Chamber of Commerce
Gene Argo	Hays	President, Midwest Energy, Inc.
Joan Bowman	Lenexa	Mayor, City of Lenexa
Richard Yoxall	Liberal	Attorney, Yoxall, Antrim, & Yoxall
Dwayne Peaslee	Lawrence	Chairman, Lawrence Building and Construction
Ed Flentje	Wichita	Research Coordinator, WSU
Mary Lynn Stevenson	Fort Scott	Executive Director, Fort Scott Area Chamber of Commerce
Marilyn Helmer	Lincoln	Owner, Village Lines Shop; President, NC Tourism Council