

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 28, 2005 in Room 241-N of the Capitol.

All members were present except:

Dale Swenson- unexcused
L. Candy Ruff- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Norm Furse, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Wally Kearns, State Director, Kansas Small Business Development Center Network

Others attending:

The Chairman opened the meeting and said the Minutes of January 21, 25 and 26 were distributed and would be approved at the end of the meeting. A revised list of the Workers Compensation Advisory Council members was distributed (Attachment 1).

Corey D. Peterson, Associated General Contractors of Kansas, requested introduction of a bill regarding prompt payment terms in private commercial construction projects.

Wally Kearns, State Director, Kansas Small Business Development Center (KSBDC), stated the Network helps start and grow small businesses in Kansas and has been an integral player in economic development in Kansas since its inception in October of 1983. Implementation of the KSBDC program, upon completion of the annual Cooperative Agreement, rests with the KSBDC Network and the sponsoring statewide host organization, which is Fort Hays State University (FHSU).

The KSBDC network is a collaborative program between the U.S. Small Business Administration (SB), the Kansas Department of Commerce (KDOC), cities, counties, chambers, economic development agencies, and institutions of higher learning. The state of Kansas is a very important stakeholder in the KSBDC through financial support from the Kansas Department of Commerce. In addition, KDOC and the KSBDC have developed a very strong partnership and are collaborating on a number of different projects.

The KSBDC counseling approach is one of guidance and education, not of doing the work for the client. The central point of the KSBDC's approach is teamwork. KSBDC focuses on more than just helping a business owner write a business plan or fill out loan applications. If the business is not operating well, all the money in the world is not going to make it successful and will simply increase the debt load. The focus is on the holistic picture. All of the areas that affect a business's health and, ultimately, its bottom line is reviewed.

The KSBDC uses local cash matching funds provided by the Kansas Department of Commerce and the hosts of the eight regional centers and two outreach centers to leverage \$747,032 of Federal funding from the U.S. Small Business Administration. The funds are used to operate the KSBDC Network and deliver services to entrepreneurs (Attachment 2).

The Chairman stated that if there were no corrections the Minutes of January 21, 25 and 26 stood as approved.

The meeting adjourned at 10:40 a.m. and the next meeting will be February 1, 2005.

WORKERS COMPENSATION ADVISORY COUNCIL MEMBERS

(Revised 1-05)

Paula S. Greathouse, Director
Div of Workers Compensation
800 SW Jackson St., Ste 600
Topeka, KS 66612-1228
(785) 296-4000
FAX 785-296-0025
Paula.Greathouse@dol.ks.gov

Wanda K. Roehl
Raytheon Aircraft Co.
PO Box 85
Wichita, KS 67201-0085
(MAIL PACKETS TO:
2140 S LINDEN CT
WICHITA KS 67207)
(316) 676-8915
FAX (316) 676-6342
wanda_roehl@raytheon.com

Terry Leatherman
KS Chamber of Commerce & Ind.
835 SW Topeka Blvd.
Topeka, KS 66612
(785) 357-6321
FAX (785) 357-4732
tleatherman@kansaschamber.org

Kenneth D. Clark
Teamsters Local Union #696
3600 NE Sardou Ave., Bldg 2
Topeka, KS 66616
(785) 232-3866
FAX 785-232-6096
ShamUPS@aol.com

John M. Ostrowski
McCullough, Wareheim & LaBunker
PO Box 1453
Topeka, KS 66601
(785) 233-2323
FAX 785-233-0430
johnostrowski@mcwala.com

Robert Alford
2552 N Dellrose St
Wichita, KS 67220
(316) 683-2200
(No e-mail address)

Steve Wanamaker
Charlton-Manley, Inc.
2348 SW Topeka Blvd.
Topeka, KS 66611
(785) 233-2790
FAX 785-865-3398
swanamaker@charltonmanley.com

Vacancy (one member resigned in December, 2004)

Gary L. Jordan
Jordan & Chappell
313 S. Hickory St.
Ottawa, KS 66067
(785) 242-5566
FAX (785) 242-6349
jclogi@ott.net

Terri Roberts
KS. State Nurses Asso.
1208 SW Tyler St.
Topeka, KS 66612
(785) 233-8638
FAX (785) 233-5222
troberts@ksna.net

Jeffrey E. King
Hampton & Royce
119 W Iron Ave.
Salina, KS 67402
(785) 827-7251
FAX (785) 827-2815
jeking@hamptonlaw.com

Rita Rogers
Machinists Union Lodge No 70
3830 S Meridian
Wichita, KS 67217
(316) 522-1591
FAX (316) 522-7989
rogersr@d70iam.org

Comm Labor
1-28-05
Atch #1

Handouts

House Commerce and Labor Committee

January 28, 2005

Testimony by:

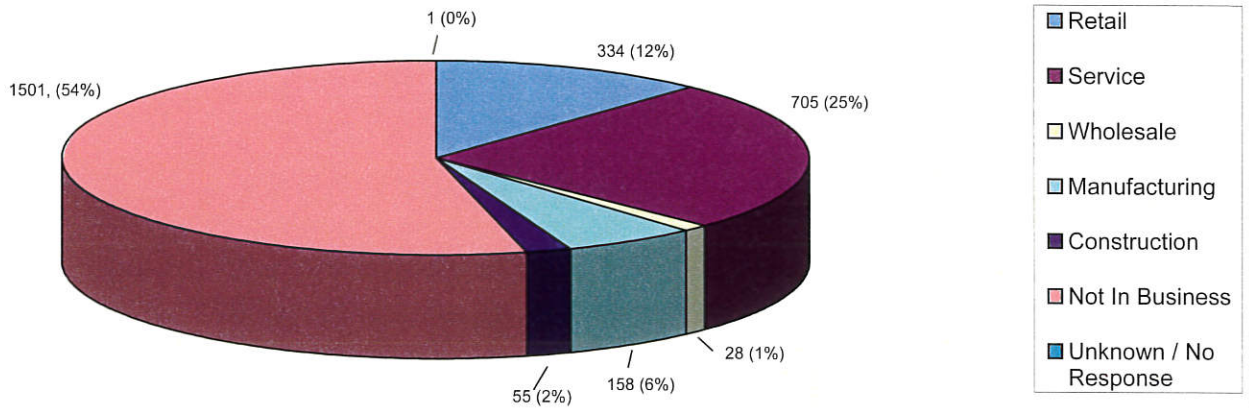
Wally Kearns, State Director,
Kansas Small Business Development Center Network
Growing Kansas Entrepreneurs

- H1** Entrepreneurial Activity CY 2004
- H2** Entrepreneurial Activity CY 2002 – 2004
- H3** Results of the Economic Impact Study Conducted in 2004
- H4** KSBDC Clients Help Kansas' Economy Grow Comparative Analysis 2002 Vs 2003
- H5** Economic Impact Survey
- H6** KSBDC Core Values

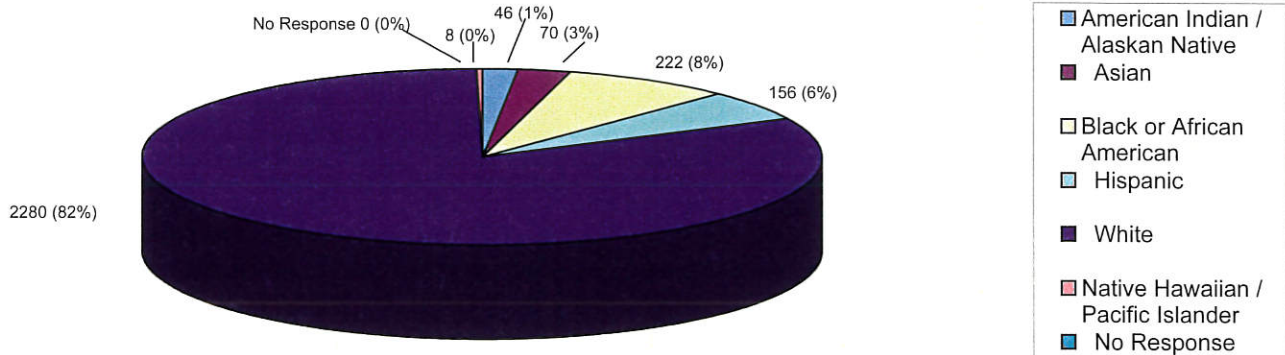
Commerce Labor
1-28-05
Atch # 2

Entrepreneurial Activity CY 2004

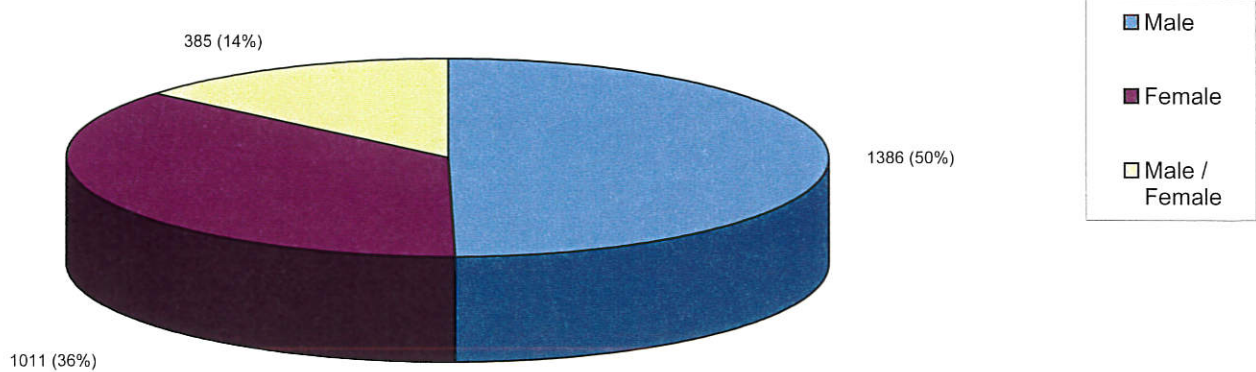
TYPE OF BUSINESSES ASSISTED IN CY 2004



ETHNICITY OF CLIENTS ASSISTED IN CY 2004

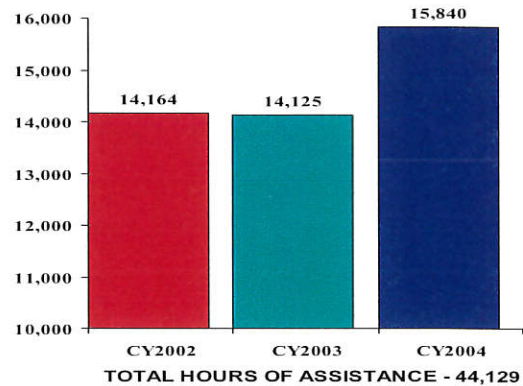
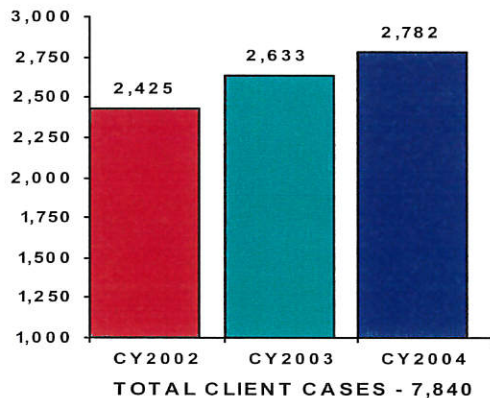


GENDER OF CLIENTS ASSISTED IN CY 2004

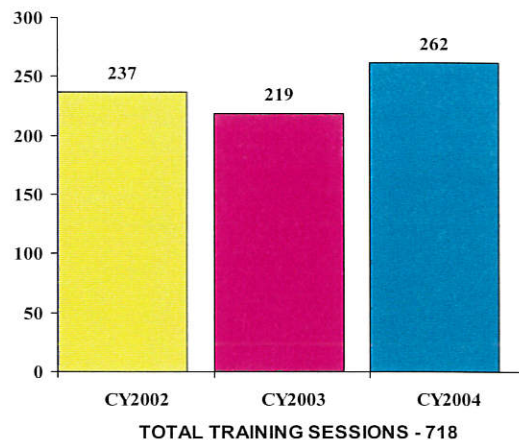
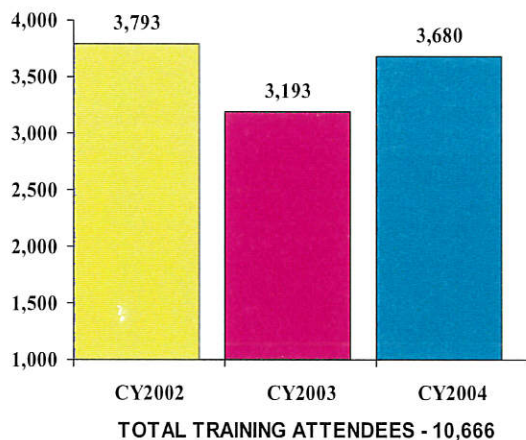


Entrepreneurial Activity CY 2002 - 2004

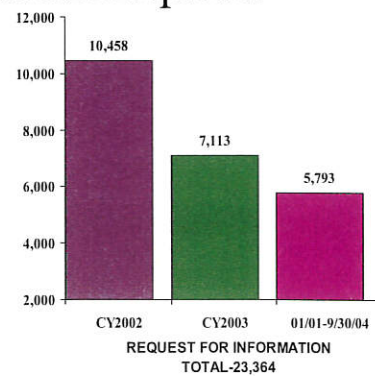
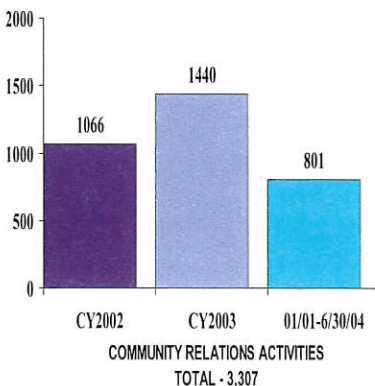
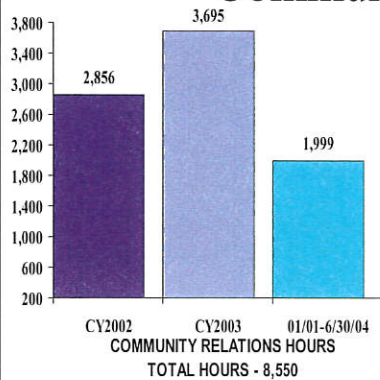
Counseling



Training



Community Relations and Information Requests



Kansas Small Business Development Center
RESULTS OF THE ECONOMIC IMPACT STUDY CONDUCTED IN 2004
OF COUNSELING ACTIVITIES 2002-2003

Return on Investment:

Clients assisted by the Kansas Small Business Center generate sales and jobs that return more tax revenues to Kansas than the cost of operating the KSBDC program.

Kansas Impact:

Sales increased	\$71.0 million
Jobs created	543
Jobs saved	398
Taxes generated	\$5.26 million
Financing obtained	\$16.01 million

Financing obtained by 868 clients from a total of 10,442 KSBDC clients in the past 48 months:
\$93,195,129

Tax Revenue Generated

Approximately \$2.03 million to Federal
 Approximately \$3.24 million to State
 Total additional tax revenue \$5.27 million
Compared to total cost of operating the KSBDC, counseling activities generated \$2.77 in tax revenues in one year for every \$1.00 spent on the entire program.

Sales

Average increase in sales was \$104,525
KSBDC clients experienced an increase of 46.7% in sales revenue, compared to an average decrease of -1.7% for Kansas businesses.

Employment

KSBDC clients increased employment by 23.7%, compared to 1.1% for Kansas businesses.

The KSBDC Network of 8 regional and 2 outreach centers in **2003: Provided** 14,125 hours of direct counseling to 2,633 individuals and small businesses. **Attracted** 3,193 participants to 219 workshops/seminars. **Responded** to 7,113 requests for information.

Capital Injection

An estimated \$16.1 million in financing was obtained by 192 clients as a result of counseling received.

This figure suggests that every dollar expended on the KSBDC operation was leveraged by approximately \$8.45 in new capital raised from external sources.

KSBDC Quality Ratings

Was the counselor knowledgeable?

Score was 4.16 on a 5 point scale.

Would you recommend the SBDC to another small business owner?

91.0% of respondents said "Yes."

66% of respondents indicated counseling of similar quality was not available at a price they were able to pay.





KSBDC Clients Help Kansas' Economy Grow¹

March 17, 2004

KSBDCs help create new businesses.

Long-term counseling clients started **257 businesses** in year 2003.

KSBDCs help create and save jobs.

Long-term counseling for small businesses and aspiring entrepreneurs helped generate **1,367 new jobs**, 733 full time jobs and 634 part time jobs and helped small businesses **save** an additional **1,506 jobs**, 879 full time jobs and 627 part time jobs in the year 2003.

KSBDCs help increase sales.

Long-term counseling helped small businesses and aspiring entrepreneurs generate **\$59.6 million in new sales**.

KSBDCs help create investment in our economy.

Long-term counseling helped 463 small businesses and aspiring entrepreneurs **obtain \$38.1 million in financing which included \$10.4 million in equity injections** in the year 2003.

KSBDCs create more revenue than they cost the taxpayer.

Long-term counseling generated approximately **\$18.62 in state tax revenues for every \$1 the Kansas Department of Commerce (KDOC) spent on the KSBDC program**. Overall, long-term counseling generated approximately **\$39.83 in federal tax revenues and \$4.16 in state tax revenues for every \$1 spent on the KSBDC program** by all partners in the year 2003.

KSBDC counseling clients create more jobs than the average business.

Established businesses that received long-term KSBDC counseling experienced job growth of **51.8% between 2002 and 2003 – compared to 1.1% for Kansas businesses in general**.

KSBDC counseling clients have faster sales growth than the average business.

Established businesses that received long-term KSBDC counseling **experienced sales growth of 37.4% between 2002 and 2003 – compared -1.7% for Kansas businesses in general**.

KSBDCs help bring together federal, state and private economic development resources.

For every Federal dollar that is spent on the KSBDC program, at least one non-Federal dollar must be raised by the recipient KSBDC.

The **focus of the Kansas Small Business Development Center Network (KSBDC)** is to provide, high quality substantive services to small businesses in the areas of retention, expansion and start-up using a team approach. The KSBDC has been an integral player in economic development in Kansas since its inception in October of 1983. KSBDC clients create new wealth in Kansas by starting and growing businesses, creating and saving jobs, and accessing capital.

In 2003, the KSBDC Network provided 14,125 hours of free one-to-one counseling to 2,637 clients, conducted 219 workshops for 3,193 participants, and responded to 7,094 information requests.

The Kansas Small Business Development Center Network (KSBDC), **consisting of eight regional centers and two outreach centers**, is a unique infrastructure that combines public and private resources to help Kansans start, manage and grow their own businesses...promoting free enterprise and economic prosperity.

The KSBDC is a partnership program with the U.S. Small Business Administration, the Kansas Department of Commerce, Cloud County Community College, Emporia State University, Fort Hays State University, Garden City Community College, Greater Topeka Chamber of Commerce, Johnson County Community College, Manhattan Area Chamber of Commerce, Pittsburg State University, University of Kansas, Washburn University, and Wichita State University. The state-wide host for the KSBDC is Fort Hays State University.

For additional information about KSBDC services, call 1-877-625-7232 or browse the web site www.fhsu.edu/ksbdc

¹Based on a response rate of 33 percent (863 of 2,633 clients)



**KSBDC Clients Help Kansas Economy Grow
Comparative Analysis
2002 Vs 2003**

Business Starts, Jobs Created and Saved, Increased Sales and Access to Capital

KSBDC Clients	2002¹	2003²	Percent Change
New Businesses Started	183	257	40.4
Jobs Created	894	1,367	52.9
-Full time	496	733	47.8
-Part time	398	634	59.3
-Kansas businesses average	-3.0%	1.1%	136.7
-KSBDC clients average	5.1%	56.9%	1,015.7
Jobs Saved	377	1,506	299.5
-Full time	221	879	297.7
-Part time	156	627	301.9
Increased New Sales	\$40.5 million	\$59.6 million	47.2
-Kansas businesses average	-1.8%	-1.7%	5.6
-KSBDC clients average	19.5%	37.4%	91.8
Investment including Equity	\$22.5 million	\$38.1 million	69.3
-Equity injection	\$4.7 million	\$10.4 million	121.3
-Investment assistance clients	237	463	95.4

State Return on Investment

Counseling	2002 State Tax Revenue Generated¹	2003 State Tax Revenue Generated²	Percent Change
\$1.00 invested by KDOC in Counseling	\$8.64	\$18.62	115.5
\$1.00 invested in the total cost of KSBDC program	\$2.17	\$4.16	91.7

Federal Return on Investment

Counseling	2002 Federal Tax Revenue Generated¹	2003 Federal Tax Revenue Generated²	Percent Change
\$1.00 invested by SBA in Counseling	\$19.80	\$39.83	101.2
\$1.00 invested in the total cost of KSBDC program	\$9.07	\$18.60	105.1

¹Based on a response rate of 31 percent (750 of 2,425 clients).

²Based on a response rate of 33 percent (863 of 2,633 clients).

Economic Impact Survey

Your help completing
this form is
very important!

Dear KSBDC Client:

The Kansas Small Business Development Center (KSBDC) is strongly committed to providing timely, high quality, and responsive services to our many clients across the state.

According to our records you received assistance from
Please take a moment to complete the attached questionnaire, fold with this side out and return it to us. No postage is necessary; or you may fax your evaluation to us at (785) 291-3261. Feel free to make additional comments if you would like. **Note: Your response is confidential and does not require your name or the name of your business.**

If we do not receive your information by February 1, 2005, we will contact you via telephone to remind you of this important request; save us both time by responding by mail, email or fax. (Thank you.)

We appreciate the opportunity to work with you and value your feedback. If you have any questions or comments that you would like to address directly with me, please call toll free (877) 625-7232 or send e-mail to ksbdc.wkearns@fhsu.edu

Thank you!

Wally Kearns
State Director

Please answer the following questions:

1. Did you start a business? Yes ___ No ___
2. If Yes, the date you started Month _____ Year _____
3. Are you still in business? Yes ___ No ___

Comments And/Or Suggestions:

Client ID:



Core Values:

Each member of the Kansas Small Business Development Center Network is personally committed to:

- High standards of ethics, integrity and professionalism;
- Passion, personal commitment, and dedication;
- The entrepreneurial spirit;
- The success of our clients;
- Customer-driven services;
- Competent, pertinent, enthusiastic assistance;
- Continuous improvement through shared learning;
- Partnerships;
- Measurable performance that is results-oriented;
- Business health and economic growth;
- The vital role small business plays in the overall development of communities and their economy.