

Approved: February 25, 2008
Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Vice-Chairman Terri Huntington at 3:30 P.M. on February 18, 2008 in Room 519-S of the Capitol.

All members were present except:

Lana Gordon, excused
Gary Hayzlett, excused
Don Myers, excused

Committee staff present:

Emalene Correll, Kansas Legislative Research Department
Ryan Hoffman, Kansas Legislative Research Department
Jason Long, Office of the Revisor of Statutes
Matt Todd, Office of the Revisor of Statutes
Janet Henning, Committee Assistant

Conferees appearing before the committee:

Stan Ahlerich, President, Kansas Inc.
Justin Marlowe, Ph.D., Department of Public Administration/Institute for Policy and Social Research, University of Kansas
Richard Caplan, NetWork Kansas

Stan Ahlerich, President, Kansas Inc., told Committee members a major component of Kansas, Inc's statutory requirement is that they periodically assess the effectiveness of the various economic development initiatives throughout Kansas. (Attachment 1)

Dr. Justin Marlowe, Department of Public Administration, University of Kansas, served as principal investigator for the Evaluation of the Department of Commerce and provided an overview of the evaluation to Committee members. The evaluation was designed to answer the overall question of whether Commerce business assistance activities are achieving their stated mission of "advancing prosperity for all Kansans." (Attachment 2) *(Evaluation of the Kansas Department of Commerce - on file Kansas, Inc.)* *(An Evaluation of the Kansas Center for Entrepreneurship - on file Kansas, Inc.)*

Richard Caplan, NetWork Kansas, reported to Committee members on the *Evaluation of the Kansas Center for Entrepreneurship*. Mr. Caplan stated that NetWork Kansas has worked diligently to develop procedures, policies, and approaches to provide budding entrepreneurs with tools that are user-friendly and practical, and that avoided creating a bureaucracy-based organization. (Attachment 3)

A question and answer session followed the presentation.

The meeting was adjourned at 4:40 P.M. The next meeting is scheduled for Tuesday, February 19, 2008.

Kansas, Inc. Testimony
House Economic Development and Tourism Committee
February 18, 2008
Stan R. Ahlerich, President

Chairperson Gordon, members of the House Economic Development and Tourism Committee, Kansas, Inc. appreciates the opportunity to share with you results from the Evaluation of the Kansas Department of Commerce and the Evaluation of the Kansas Center for Entrepreneurship. A major component of Kansas, Inc.'s statutory requirements is that we periodically assess the effectiveness of the various economic development initiatives throughout Kansas.

Today, I will briefly set the context for each of these evaluations and have the principal investigators provide an in-depth overview of each respective evaluation. We hope this information is of value to you through the course of your work, and again, thank you for the opportunity and we applaud the common sense approach of your Committee to build prudent policies for our future.

K.S.A. 74-8010. Review and evaluation of state economic development programs and activities; recommendations to legislature.

(a) Kansas, Inc. shall review and evaluate the effectiveness of economic development programs and activities within the state, including, but not by way of limitation, the Kansas technology enterprise corporation programs and activities, the major programs and activities of the department of commerce, the statewide risk capital system, the venture capital tax credit, and the research and development activities tax credit. The effectiveness of the research and development activities tax credit shall be measured by the extent to which the tax credit encourages innovation and development of new value-added products and processes which will lead to the commercialization of new products and processes by primary job creating Kansas businesses.

(b) Kansas, Inc. shall periodically conduct a review and evaluation of economic development programs and activities. The review and evaluation should include:

- (1) A performance analysis of the extent to which the purposes of the acts providing for the programs and activities have been achieved; and
- (2) the economic and fiscal impact of the programs and activities on the state's economy and jobs created.

(c) Based on the findings of its review and evaluation, Kansas, Inc. will recommend to the legislature the continuation in effect, modification, or repeal of the acts providing for the programs and activities.

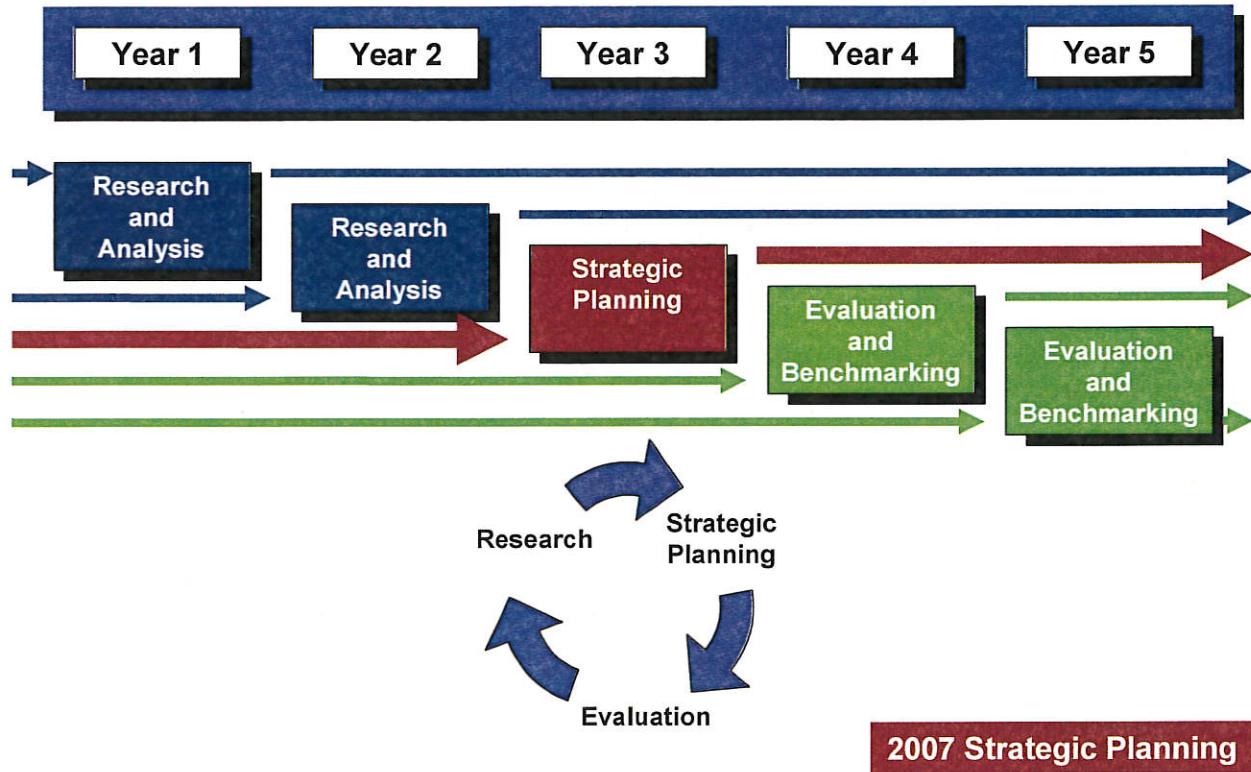
History: L. 1986, ch. 298, § 10; L. 1996, ch. 88, § 5; L. 2003, ch. 154, § 74; July 1.

As depicted in the figure on the next page, Kansas, Inc. attempts to formulate the Strategic Plan approximately every five years. While Strategic Planning is our core mission, both the research and evaluation roles are equally as important to the process.

Kansas, Inc. is charged with identifying, building, and promoting a Strategic Plan for economic development efforts in the State of Kansas. To complement the Strategic Plan, Kansas, Inc. develops and implements a proactive and aggressive research agenda, which is used to identify and promote sound economic development strategies and policies. This research provides the foundation for the Strategic Planning process.

Through collaboration and outreach, with economic development entities and other potential partners, Kansas, Inc. conducts evaluation reviews and provides oversight of economic development programs to benchmark economic development efforts in Kansas. The evaluation and benchmarking stage usually begins following the completion and implementation of the Strategic Plan.

Also illustrated in the figure on the next page, many circumstances can cause these roles to overlap. Kansas was designed as a public-private instrumentality of state government, and is well-equipped with the flexibility and expertise to adapt to these situations and provide economic development strategic planning, research and analysis, and evaluation and benchmarking at any time during this cycle.



This brief overview hopefully illustrates the importance and interconnectivity of strategic planning, research and evaluation in terms of our statewide economic development efforts. Each part is a critical to the process.

Dr. Justin Marlowe, Department of Public Administration, University of Kansas, served as principal investigator for the Evaluation of the Department of Commerce and will provide an in-depth overview of the evaluation.

Executive Summary from the Kansas Department of Commerce Evaluation –

This report presents the findings from a comprehensive evaluation of the Kansas Department of Commerce (hereafter “Commerce”) business assistance activities. The evaluation was designed to answer the overall question of whether Commerce business assistance activities are achieving their stated mission of “advancing prosperity for all Kansans.” To answer this question we spent 12 months – from October 2006 through September 2007 – collecting a variety of information about Commerce programs. We reviewed thousands of pages of Commerce documents; interviewed 52 Commerce staff across the six divisions that deliver the majority of the agency’s traditional business assistance services; spoke with other personnel across state governments who coordinate with Commerce; reviewed business assistance programs in five other states; surveyed nearly 1,200 Kansas businesses to gather their perceptions of Commerce; held focus groups with local business and community leaders in five different communities across the state; and interviewed more than two dozen executives in the business and site location communities.

Our evaluation reached three basic conclusions. First, we found a preponderance of evidence that Commerce business assistance programs are achieving their stated mission. Virtually all of its key stakeholders, both inside and outside of Kansas, are positively impressed by Commerce’s programs and staff. The vast majority of businesses that receive Commerce assistance were satisfied with the experience of working with Commerce, and virtually all businesses that have interacted with Commerce said its assistance enabled them to hire new employees, increase profits, or expand other opportunities. Most of the evidence we collected suggests Commerce programs are generally well-run and make accountable, effective use of public dollars. Executives in both the business and site location communities consistently called Commerce staff some of the best, most professional economic development personnel in the country.

Our second conclusion is that Commerce’s organizational capacity is eroding, which might jeopardize its ability to achieve that mission in the future. By capacity we mean three things. The first is human capital, which as mentioned, is clearly one of Commerce’s most valuable assets. Business assistance is a “relationship business,” and current Commerce staff have well-established relationships throughout the business community. But those relationships are more closely tied to individuals than to positions or institutions, and the agency stands to lose that advantage absent an effective transition of new individuals into those same relationships. A second concern is leadership. We found much evidence that changes in executive-level leadership, regular modifications to the agency’s structure and organization, and a slow but steady increase in responsibilities have harmed perceptions of Commerce throughout Kansas. Those changes, along with the recent shift of the Workforce Development function to Commerce from the former Department of Labor, have contributed to a sense of “mission drift” and disconnect among some of the agency’s key stakeholders. A third aspect of capacity is information technology. We found little evidence of effective communication across divisions within Commerce, and stakeholders consistently said they do not feel as though they are well-informed about the agency’s people and programs. We suggest policy options for addressing these concerns in our conclusions.

And third, we found evidence of a growing incongruence between the programs and assistance Commerce offers, and the state’s economic development needs. Across the state, and in developing areas in particular, stakeholders envision Commerce providing a broader palette of more flexible economic development tools designed to have “real time” influence on business decisions. In rural areas this incongruence has to do with scope; Commerce stakeholders envision a much broader role for the agency, including expanding its programs to assist existing businesses and broader involvement in economic development-related needs like housing and workforce training. We also make recommendations that might help to mitigate this concern.

Richard Caplan, of Richard Caplan and Associates, led an independent consulting team for the Evaluation of the Kansas Center for Entrepreneurship and will provide an in-depth overview of the evaluation.

Executive Summary from the Kansas Center for Entrepreneurship Evaluation –

The Kansas Prosperity Summits of 2003 led to initiatives in legislation for economic development in Kansas, particularly for entrepreneurship enhancement. Those included the Center for Entrepreneurship, the Center for Entrepreneurship Tax Credit Program and Fund, and the Rural Business Development Tax Credit Program.

The Center for Entrepreneurship (the Center), along with the Center for Entrepreneurship Fund (the Fund) was established in the Kansas Economic Growth Act of 2004 with explicit statements that evaluation of the Center and the Fund would be accomplished through Kansas, Inc. by January 2008. An independent consulting team led by Richard Caplan & Associates of Prairie Village, Kansas and The John E. Arnold Company of Topeka were hired by Kansas, Inc. in June 2007 to conduct an independent assessment of the performance of the Center for its first three years of operation. This evaluation has assessed the entrepreneurial activity across Kansas supported by NetWork Kansas and StartUp Kansas and strived to measure the breadth and depth of these efforts.

To direct the Center, an 11 member Board of Directors of the Center was appointed by the Secretary of Commerce in consultation with the Governor's office. The Board and staff of the Kansas Department of Commerce worked to follow the dictates of the statute, contracting in December 2004 with Kansas Small Business Development Center as the third party to establish the Center. The Center Board and Kansas Small Business Development Center staff and Department of Commerce staff recruited and hired an Executive Director in May 2005. Because there was a similarly-named institution at Wichita State University, the Center changed the name to NetWork Kansas in August, 2005. Likewise, the Fund was changed to StartUp Kansas to avoid confusion and to more appropriately reflect the intent of the use of the Fund monies.

NetWork Kansas has worked diligently to develop procedures, policies, and approaches to provide emerging Kansas entrepreneurs with tools that were user-friendly and practical, and that avoided creating a bureaucracy-based organization.

A call center to provide entrepreneurial information has been established out of NetWork Kansas' Wichita offices. A website was built (www.networkkansas.com) that entrepreneurs and the counselors at the call center can use to assist prospective clients. NetWork Kansas has enlisted the support and help of over 400 Resource Partners who will provide direct services to potential entrepreneurs, refer questions to the call center and receive referrals. These Resource Partners are public and non-profit entities engaged in providing some kind of economic development services.

There has been considerable collaboration, cooperation, and assistance from agencies of the state, particularly the Kansas Department of Commerce and the Kansas Small Business Development Center.

The statute also was explicit that NetWork Kansas was to work through regional and local economic development organizations, such as community development corporations (CDCs), economic development organizations, enterprise facilitation groups, regional foundations, etc. Therefore, NetWork Kansas made no attempt to provide all the services an entrepreneur might need, choosing to provide the tools necessary to be the "Portal" —the single point of contact with a network of resources, increased access to capital, and a strong regional approach — through which entrepreneurs can make a call and find help from the other organizations.

StartUp Kansas was provided with a one-time allocation of \$450,000 and the authorization to provide Tax Credits to donors to obtain additional funds. StartUp Kansas has developed appropriate and fair criteria for evaluating potential recipients and relies also on the Resource Partner who is sponsoring the loan or grant for their judgment on the potential success. At the end of FY 2006 eight donors had contributed \$221,000 to StartUp Kansas, creating and/or retaining 29 jobs in five small communities across Kansas. Loans and grants in four other communities are pending as of the date of this report. Of the total amount to be invested, the support partner must provide at least 40%. StartUp Kansas may provide a maximum of 60%. NetWork Kansas calculates that the loans leveraged approximately \$1.7 million in additional funds from commercial loans and investments.

The challenge for NetWork Kansas is to get the word out about its programs and services. Extensive interviews and surveys of Resource Partners were performed as a part of this evaluation. The survey was distributed electronically and through regular mail to 252 individuals.

In summary, NetWork Kansas outreach and communications efforts are diverse, frequent, and, for the most part, well received by a majority of the entities they strive to serve. Some of the major survey findings include:

- A total of 79% of the survey respondents have had dealings with NetWork Kansas.
- A total of 60% of the users received assistance from NetWork Kansas.
- Of those users, 48% found the assistance "extremely useful," and 37% described assistance as "somewhat useful." Only one in seven, or 15%, responded that the assistance they received was not useful.
- An impressive 61% indicated that the staff was extremely effective, and only 6% indicated that the staff was "not useful".
- The survey found that 70% of the business ventures that had been in communication with NetWork Kansas were moving forward, and only 6% had discontinued their business development efforts. As enhancing business growth is the principle objective of NetWork Kansas, this finding is a significant, positive finding.
- In regards to the 40% matching requirement, slightly more than half (57%) expressed the opinion that the requirement is reasonable, while 43% indicated that it disqualified participation in the loan program.
- Most importantly, 90% of those respondents that had contact with NetWork Kansas indicated that the staff was helpful. These findings are a very strong indication that the call center is performing satisfactorily.
- As a result of these favorable responses, 77% answered that they would recommend NetWork Kansas/StartUp Kansas to others.

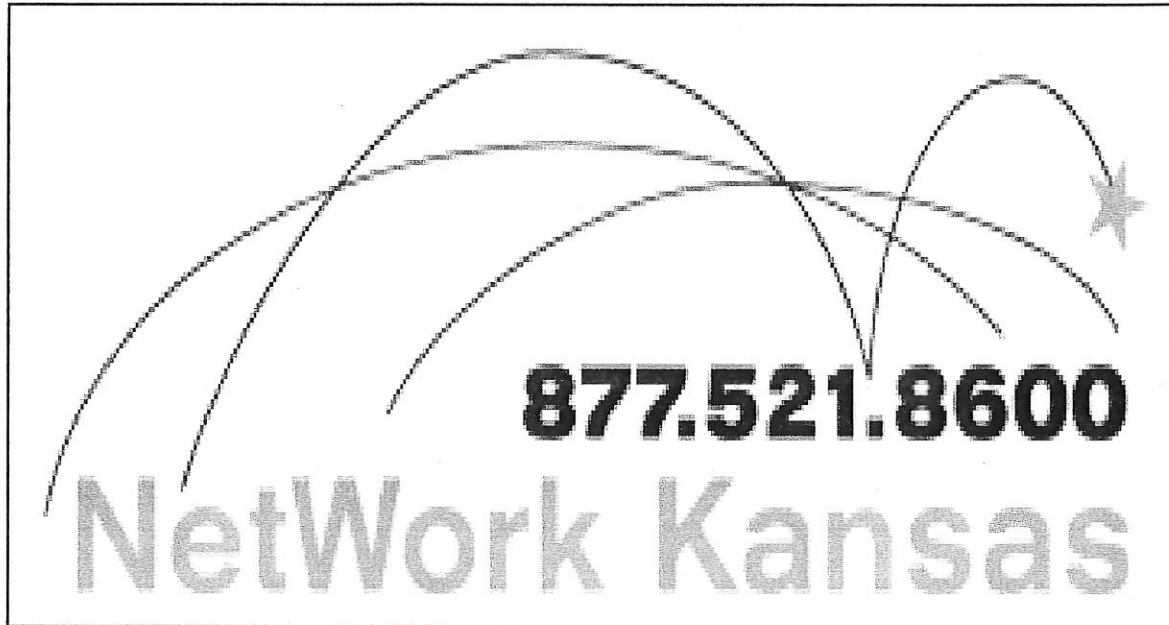
There is a growing number of inbound client contacts per month, showing a peak of 6,252 in June 2007, up from the prior year's number of 1,447 contacts. K-State Research and Extension agents have been enlisted as Resource Partners providing coverage of all counties in Kansas.

In August 2007, the Board of Directors also authorized a new initiative to be rolled out in September, "E Communities," in which up to \$1 million of the \$2 million in tax credits for StartUp Kansas will be provided to communities which apply by the end of October for up to \$250,000 each, to be awarded by the Board competitively. This innovation is expected to springboard new economic development activities and entrepreneurship.

Overall, Resource Partners, advisors, and the Regional Foundations expressed the opinion that NetWork Kansas and StartUp Kansas are valuable additions to the Kansas economic development armament. Some who have been sponsors are not pleased with the paperwork to process a loan, and StartUp Kansas has responded and made some changes to make it easier.

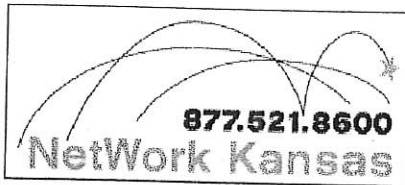
In summary, NetWork Kansas made substantial efforts in trying to reach the Resource Partners and economic development organizations throughout the state. Some were skeptical that NetWork Kansas was needed, that it duplicated the operations of other economic development organizations. Most, however, felt that Kansas needed more economic development help, and if NetWork Kansas was a way to get the Legislature and/or the Department of Commerce paying more attention to their region and help create jobs and stabilize the local economy, then they would support it.

The program is effective and the operations are cost effective. The Center is carrying out what the legislation intended be done. Although the evaluation was required to occur three years from the date of the creating statute, quantifiable results and progress to date is somewhat limited. However, the Center has complied with the letter and intent of the legislation and the foundation is in place for Network Kansas to have successes going forward.



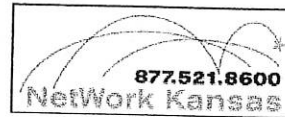
An Evaluation
of the
**Kansas Center for
Entrepreneurship**

February 18, 2008



An Evaluation
of the
**Kansas Center for
Entrepreneurship**

November 2007



An Evaluation
of the
Kansas Center for Entrepreneurship

Prepared by
RICHARD CAPLAN & ASSOCIATES
With assistance from
The John E. Arnold Company
Professor John Charnes, University of Kansas School of Business

Prepared for
KANSAS, INC.

Legislative Intent . . .

Section 74-99c04 "The purpose of the Kansas Center for Entrepreneurship is to:

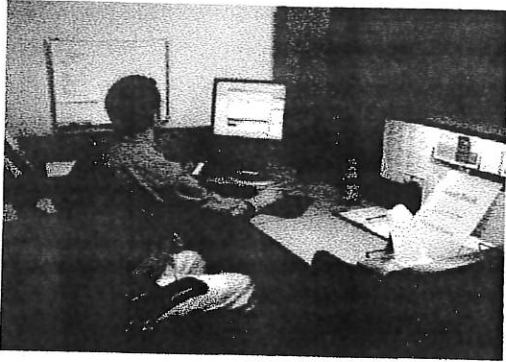
- *Provide increased availability of an accessibility to capital, particularly at the seed capital investment stage,*
- *Encourage wealth creation through new jobs that increase the wage base promoting new business development and*
- *Encourage individuals to invest in the Kansas community entrepreneurship fund and assist regional and community organizations in providing seed funding for entrepreneurs."*

The statute was explicit that NetWork Kansas work through regional and local economic development organizations.

Approach. . .

1. A new call center provides entrepreneurial information out of a Wichita office
2. A website (www.networkkansas.com) supports this effort
3. Support and help from 400+ resource partners who provide direct services refer questions and referrals
4. Collaboration and assistance from state agencies, particularly the Department of Commerce and the Kansas Small Business Development Center
5. Provide the tools to be the "Portal" — single point of contact with a network of resources, increased access to capital, and help from the other organizations

NetWork Kansas Call Center employee responding to an inquiry at Wichita Office.



Key Public Outreach Efforts . . .

- Signed up over 400 resource partners as of August 2007
- Staff routinely meets with several dozen organizations and groups
- As of July 2007 resource partners in 73 of the 105 counties
- 171 active clients working with NetWork Kansas in some way and have serviced 248 clients
- July 2006 = 1,447 inquiries to call center; June 2007 = 6,252 inquiries
- 80 active clients in Greensburg
- Initiated a *Client Satisfaction Survey in March 2006* (Results: 48% rate "Excellent" in satisfaction with the Call Center counselors, 38% rate "Above Average")
- Plans to continue the surveys every six months

Network Kansas Tax Credits . . .

- Original 2004 legislation offering 50% tax credits did not attract contributions
- Revised 2006 legislation raising the tax credit rate to 75% proved successful resulting in NetWork Kansas becoming operation in March 2006
- As of the end of FY 2007, \$221,000 of donations made from eight donors

Budget Summary . . .

- Initial annual budget was \$450,000
- The Department of Commerce determines the annual budget working with the NetWork Kansas staff and the Board of Directors
- FY 2008 budget is higher using \$115,000 of carryover
- A contract with Kansas Small Business Development Center handles accounting and budgeting submissions
- The expenditures and budget in the NetWork Kansas 2006 Annual Report reflect the commitment to both transparency and accountability
- Donations for tax credits through June 2007 at \$221,000; An additional \$280,000 has been committed
- Donations sources include Board members, advisors, and other higher income individuals the staff has contacted

StartUp Kansas Funding Program . . .

Three ways a support partner can utilize StartUp Kansas; all require the support partner to provide a minimum 40% match for the project:

1. Direct grant to the entrepreneurial venture: Support partner must provide at least 40%. StartUp Kansas may provide a maximum of 60%.
2. Loan to the entrepreneurial venture: Support partner must provide at least 40%. StartUp Kansas may provide a maximum of 60%.
3. Equity position in the entrepreneurial venture.

StartUp Kansas may provide a maximum 60% match.

Grant and Loan Evaluation Criteria . . .

1. Adherence to the statutory criteria
2. Entrepreneur's need and use of funding
3. Projected sales, sales growth and employment
4. Percentage of the support partner funding match
5. Presence of any third-party funding
6. Resource partner demonstrates the capacity to support the entrepreneur
7. The resource partner demonstrates ability to collaborate with NetWork Kansas and other NetWork Kansas providers
8. Demonstrates local support for the project

Users Evaluation Survey . . .

- The survey was distributed electronically and through regular mail to 252 individuals
- A total of 51 responses, for a response rate of 20%.
- Response level is sufficient to reach statistically valid conclusions

SURVEY RESPONDENTS INCLUDED . . .

City of Parsons	City of Wichita
Cloud County Community College	Columbus Telephone Co.
Cowley College	El Dorado Main Street
Ellis County Coalition for Economic Development	Emporia Main Street
Emporia State University	Four Rivers Development, Inc.
Garden City Downtown Vision, Inc.	Haysville Community Development Office
Herington Economic Development Corporation	Hodgeman County Economic Development
IBSA, Inc.	Kansas Department of Commerce
Kansas Electric Power Cooperative	Kansas World Trade Center, Inc.
Kansas Women's Business Center	Kansas Small Business Development Center
Marion County Economic Development Department	McPherson County Small Business Dev.Assn.
MidAmerica Manufacturing Technology Center (MAMTC)	MidAmerica Minority Business Development
Pottawatomie County Economic Development Corp.	Rooks Co. Economic Development
Southwest Kansas Technical School	Support Kansas City, Inc.
Southwest Johnson County EDC	U.S. Small Business Administration
UMKC Entrepreneurial Legal Services Clinic	Western Kansas Business Consulting
Wichita Technology Corporation Type of Business	

3-4

Users Survey Results . . .

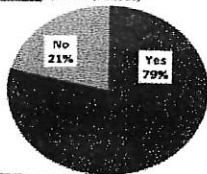
- 48% found the assistance "extremely useful", 37% described their assistance as "somewhat useful", 15% responded assistance was not useful
- 61% indicated that the staff was extremely effective vs. 6% indicated that the staff was "not useful"
- 77% would recommend NetWork Kansas / Start Up Kansas to others
- Leading reasons people contact NetWork Kansas include:
 - a) New business operation 25%
 - b) Business expansion 21%
 - c) Business attraction 11%

Users Survey Results . . . (continued)

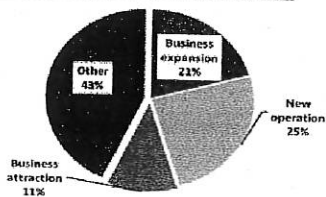
- 49% were initiated by NetWork Kansas which reflects on their outreach efforts
- 49% are in communication with NetWork Kansas on a monthly basis followed by 21% annually and 3% who communicate weekly
- 70% of the business ventures that had been in communication with NetWork Kansas were moving forward, 6% had discontinued their business development efforts

More specifically . . .

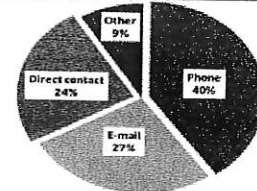
Have you had experience with Network Kansas? (51 responses)



What prompted the interaction with NK?



How was your contact with NK initiated?

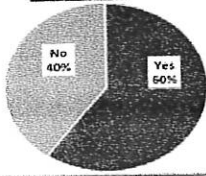


Frequency of NK staff contact

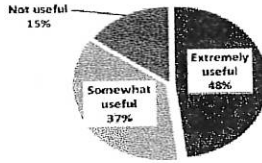


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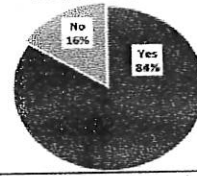
Did Network Kansas or SUK provide assistance?



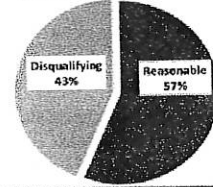
How useful was NK/SUK assistance?



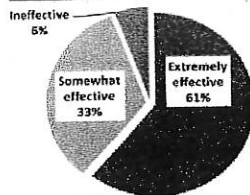
Were call the Center referrals correct for your needs?



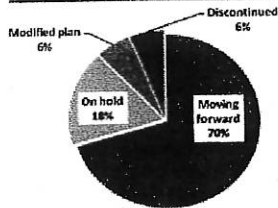
How do you find the 40% Match requirement?



How effective was NK and SUK staff?

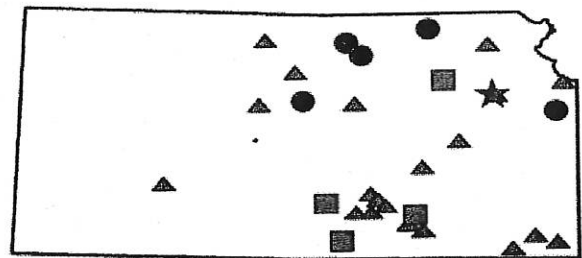


Current status of your business venture?



NetWork Kansas Outreach . . .

● Loan Recipients ■ Pending loans ▲ Survey respondents



3-6

Loans and Grants Made to Date . . .

- Five (5) loans have been made as of the September 2007
- Four (4) loans were pending as of October 2007
- Five (5) different resource partners have participated in the program for these nine (9) projects
- NetWork Kansas calculates the loans leveraged some \$1.7 million in additional funds from commercial loans and investments
- Five (5) applications have been denied plus another two (2) applications did not meet the statutory eligibility criteria

LOANS AND GRANTS - THROUGH SEPTEMBER 2007

Washington County News	Washington	Loan	\$37,500	Four Rivers Development (\$25,000)	Retained jobs	Sales Tax
M & G Designs	Sylvan Grove	Loan	\$45,000	Four Rivers Development (\$30,000)	Created and retained jobs	N/A
Eastern Equipment & Sales	Greely	Grant	\$1,200	Anderson County Economic Development	Created jobs	Sales Tax
Coppec's Sports Apparel & Shoes	Concordia	Loan	\$45,000	North Central Regional Planning Commission (\$60,000)	Retained and created jobs	Sales Tax
Jensen Tire, Service & Mini Mart	Courtland	Loan	\$37,500	Four Rivers Development (\$25,000)	Retained jobs	Property & Sales Tax
TOTAL	5 communities	4 loans 1 grant	\$166,200	3 partners	Created: 4 jobs; 2 part-time; Retained: 23.25 jobs	

LOANS AND GRANTS PENDING - OCTOBER 2007

Jill's Hutchin' Post & Waterin' Hole	Caldwell	Loan	\$26,500	South Central Kansas Economic Development
Hardtail Hanna Custom Cycles	Kingman	Loan	\$30,000	South Central Kansas Economic Development
Xtreme Enterprises, LLC	St. George	Grant	\$4,640	Advanced Manufacturing Institute
CJ's	Burden	Loan	\$15,000	South Central Kansas Economic Development

Conclusions and Recommendations

Conclusions . . .

1. The Network Kansas Board of Directors represent an appropriate mix of the state's entrepreneurial talent and serve the organization well.
2. The enabling legislation generates some confusion with regard to the operation of the organization.
3. The *Bliz-Trakker* tool used by NetWork Kansas does a good job of providing the important information quickly to inquiries and allowing monitoring and reporting to be timely and efficient.
4. There has been good collaboration, cooperation and assistance from agencies of the state, particularly the Department of Commerce and the Kansas Small Business Development Center.

Conclusions . . . (continued)

5. The Board's decision-making criteria associated with the grants and loan process are rational, fair, and financially sound.
6. The focus of the loan and grant efforts have met the legislative intent of primarily serving rural areas of Kansas.
7. The regional foundations and the 75% rural business development tax credits have provided an enhanced awareness of tax credits for gap financing throughout the state.
8. The seven regional foundations are an addition to the leadership pool in the economic development field.

Conclusions . . . (continued)

9. NetWork Kansas has worked diligently to develop procedures, policies, and approaches to provide budding entrepreneurs with tools that are user-friendly and practical, and that avoided creating a bureaucracy-based organization.
10. The call center staff and supporting working manual are being used effectively and help working with and through a wide range of regional and local economic development organizations.
11. The expenditures of NetWork Kansas have been handled frugally.

Conclusions . . . (continued)

12. NetWork Kansas outreach and communications efforts are diverse, frequent, and for the most part well received by a majority of the entities they strive to serve.
13. A majority of resource partners and the seven regional foundations express the opinion that NetWork Kansas and StartUp Kansas are valuable additions to the Kansas economic development armament. Some are not pleased with the paperwork to process a loan, and StartUp Kansas has responded and made some changes to make it easier.

Recommendations

1. The Kansas Small Business Development Center and Fort Hays State University have done a good job of minimizing bureaucratic operations amongst all parties. It is recommended that relationships and roles be more clearly defined before the existing arrangements become too established.
2. An unduly complicated administrative process could be streamlined by having NetWork Kansas be more independent and report annually directly to the Kansas Secretary of Commerce and contract with an accounting firm for their limited accounting needs.
3. Network Kansas staff has made substantial efforts in trying to recruit and communicate with resource partners and economic development organizations. However, some of partners have not been contacted or are not aware of NetWork Kansas. Therefore, continuing to survey users every six months is a good practice.

Recommendations . . . (continued)

4. The StartUp Kansas grant and loan criteria are satisfactory. They should be refined to further include and consider the number of jobs retained and/or created.
5. The legislature needs to maintain the 75% Tax Credit level to ensure adequate funding is available for StartUp Kansas programs.
6. In the future, the following 11 evaluation criteria be formalized and incorporated into a more detailed evaluation:
 - a) Testimonials from community leaders where loans and grants are made
 - b) Number of businesses assisted (expansion / new / attracted)
 - c) Number of jobs created / retained
 - d) Property tax growth
 - e) Survey of local leaders
 - f) Track call center contact/activity levels
 - g) Networking / visioning / workshop attendance
 - h) News/media press coverage of program and businesses assisted
 - i) Job type/quality (created/retained)
 - j) Sales tax revenue generated or growth
 - k) Amount of capital raised/matched

. . . In conclusion, based on this independent evaluation and analysis of the tools and practices that NetWork Kansas has established

- NetWork Kansas and StartUp Kansas are effective and have been operated cost effectively,
- The program has complied with the letter and intent of the enabling legislation, and
- With continued oversight from the Board of Directors, Network Kansas will have successes going forward on behalf of the State of Kansas.

Thank you.

Questions and Answers . . .