

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman David Wysong at 8:30 a.m. on January 20, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Jean Schodorf- excused

Committee staff present:

Ms. Margaret Cianciarulo, Administrative Assistant
Mr. Norm Furse, Kansas Legislative Revisor
Mr. Ken Wilke, Kansas Legislative Revisor Department
Mr. Reed Holwegner, Kansas Legislative Research Department
Mr. Julian Efird, Kansas Legislative Research

Conferees appearing before the Committee:

Mr. David Kerr, Secretary, Kansas Department of Commerce
Mr. Stan Ahlerich, President, Kansas, Inc.

Others attending:

Please see attached list.

Overview of the Department of Commerce's view on the Kansas economy

Upon calling the meeting to order, Chairman Wysong introduced Mr. David Kerr, Secretary, Kansas Department of Commerce, who offered an overview of things that are going on around the State from a Commerce perspective including:

- information taken out of the Eco Devo Audit from LPA published in the last six months -
- for FY 2003-2007, administered 37 state and federally funded programs classified as economic development totaling \$121M, creating 25,320 new jobs and retaining 40,564. (five are primary programs utilized for business recruitment, expansion and retention ex. KEIEP, KIT, KIR trained 3,544 new employees and retrained 38,743 existing employees).
- moved workforce development from the Department of Labor to Commerce in 2004, meeting or exceeding all federal performance standards the past two years and poised to for a third (before migration, failed to meet the minimum standards)
- key findings from the evaluation of the Commerce Department presented to Kansas, Inc. Board of Directors November 13, 2007.
- what they see happening regarding: aviation (Cessna and Spirit having made the commitment to stay), energy (oil prices down 75% and natural gas prices down 50% since July 2008); and what other states are doing
- and lastly, what was up (retail sales tax & individual income tax receipts) and what was down (corporate income and use taxes).

A copy of Secretary Kerr's testimony is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

Chairman Wysong thanked him and then asked the Committee for comments or questions which came from Senators Wysong, Reitz, Faust-Goudeau, and Holland including: at what point in time will we see the bad numbers, (ref. Pg.3); have you been called upon by the Department of Labor to help with the overload of calls regarding unemployment (ex. not being able to get through), efforts to retain/recruit retirees from Fort Riley, do you think that when the stimulus plan is put out you will have federal communications about what will be in that plan for Kansas and will you share that with us, how is our state doing in providing entry level jobs

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 a.m. on January 20, 2009, in Room 545-N of the Capitol.

for the kids who have graduated from technical schools, etc. in Kansas, and, referring to page 3, are these new jobs state wide or in populated areas?

Overview of Kansas, Inc.

Chairman Wysong then called on Mr. Stan Ahlerich, President, Kansas, Inc. who:

1) stated that their testimony is structured around the various aspects of Kansas, Inc.'s mission of economic development strategic planning, research & analysis and bench marking & evaluation;

2) covered the concept of Kansas Inc. stating that throughout their 20+ years of existence, they have leveraged public funds with more than \$1.5 million in other funds from individual or corporate donors & grants to enhance both strategic planning and research efforts; .

3) provided an overview of several of Kansas, Inc.'s efforts using their current strategic plan (See page 2 of his testimony);

4) offered a brief description of several aspects & accomplishments in regards to Kansas, Inc. Strategic planning, research and evaluation; lastly

5) concluded by offering six guiding principles articulated throughout the strategic planning process in regards to economic development efforts.

A copy of Mr. Alerich's testimony is (Attachment 2) attached and incorporated into the Minutes as referenced. Following is a list of binders and a brochure he also provided entitled:

- A) Kansas Inc. Strategic Plan Bench marking
- B) Research Report
- C) Kansas Inc. Evaluation
- D) HIGH SCHOOLS - A Comprehensive High School Experience Plus Much More

The above is filed in Senator Wysong's office.

The Chair thanked Mr. Ahlerich and asked for questions and/or comments from the Committee which came from Senator Lynn who asked, in regards to the Governor's budget ruling out KTEC and moving Kansas, Inc. into the Department of Labor, what are your thoughts on this?

Adjournment

As there were no more questions of Mr. Ahlerich the Chair adjourned the meeting. The next meeting is scheduled for Thursday, January 22, 2009.

The meeting was adjourned at 9:30 a.m.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Tuesday, January 20, 2009

NAME	REPRESENTING
Dan Korber	Kansas, Inc.
Stan Ahlerich	Kansas, Inc.
DAVID KERR	Commerce
Rae Anne Davis	Commerce
Caleb Asher	Commerce
Bob North	"
Steve Kelly	" "
MARK BORANYAK	Capitol Strategies
Ashley Sherard	Lenexa Chamber
JEFF CONWAY	COMMERCE
Paul Johnson	Ks. Cath. Conf
Sean Tomb	Division of The Budget
Tom Riedinger	Su. Johnson County EDC
Dave Holtwick	Overland Park Chamber
Lavern Squier	" " "
Kevin Carr	KTCR
Adam Chingren	Sen. Julia Lynn
Jason Darland	Pinegar + Smith
Tyler Bindrum	Sen Holland

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DEPARTMENT OF COMMERCE OVERVIEW

**Testimony presented by David D. Kerr, Secretary
Kansas Department of Commerce
January 20, 2009**

Senate Commerce Committee

Date: January 20, 2009

Attachment 1

Kansas Department of Commerce

Presentation to the
Senate Commerce Committee

COMMERCE OVERVIEW

For FY 2003-2007, Commerce administered more than 37 state and federally funded programs that could be considered economic development, totaling \$121.3 million.

Primary programs utilized for business recruitment, expansion and retention include:

- Investments in Major Projects and Comprehensive Training (IMPACT)
- Kansas Existing Industry Expansion Program (KEIEP)
- Kansas Economic Opportunity Initiatives Fund (KEOIF)
- Kansas Industrial Training Program (KIT)
- Kansas Industrial Retraining Program (KIR)

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Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

COMMERCE OVERVIEW

For the five-year period of 2003-2007:

- Through IMPACT, KEIEP, KEOIF, KIT and KIR, the state provided more than \$76 million.
- 25,320 new jobs were created, generating \$3.576 billion in new payroll and \$104 million in new employee withholding taxes.
- 40,564 jobs were retained, generating \$7.67 billion in retained payroll and \$222 million in withholding taxes from retained employees.
- 23,544 new employees were trained, and 38,743 existing employees were retrained.

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Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

COMMERCE OVERVIEW

For the five-year period of 2003-2007:

- Ag marketing: State funds of more than \$2 million generated nearly \$5 million for program applicants.
- Attraction Development Grants: State invested nearly \$2.6 million and leveraged nearly \$7.3 million locally. Travel-generated payroll increased from \$881 million to \$931 million, and tax revenues grew 11 percent.
- Community Development Block Grants: More than \$17 million in federal funds resulted in 1,683 jobs created and company and community investment of \$122 million.

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Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

COMMERCE OVERVIEW

In 2004, Workforce Development was moved to Commerce from the Department of Labor.

- 300 positions transferred, bringing the total number of Commerce employees to 400.
- Since the transfer, Commerce staff has been reduced by 21% (87 positions), despite the addition of tens of millions of dollars in new programs.

Prior to Migration:

- The workforce system failed to meet minimum federal performance standards.
- State workforce investment board was unable to muster a quorum.

Currently:

- Kansas has met or exceeded all standards the past two years and is poised to do so for a third consecutive year.
- State WIB is an active board that meets quarterly (with multiple subcommittees meeting regularly, too) and has developed a statewide brand (**KANSASWORKS**).
- Investment in critical-industry training has increased from 48% in FY 2006 to 65% in FY08.
- Investment in non-metro area training has increased from 10% in FY 2006 to 37% in FY08.

Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

COMMERCE OVERVIEW

Kansas, Inc. Statutory Evaluation

- "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."
- "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."
- "In the aggregate, our findings suggest Commerce generally achieves its mission and makes effective use of public dollars. We recommend no major changes in structure, organization or objectives at this time."

Evaluation of the Kansas Department of Commerce, presented to Kansas, Inc. Board of Directors, November 13, 2007.

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Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Aviation

- **Cessna** (12,000 in workforce):
 - 500 laid off in December 2008
 - 1,000 more layoffs expected in January 2009
- **Hawker Beechcraft** (9,800 in workforce; 7,700 in Wichita):
 - 490 laid off in November 2008; perhaps 500 more to be let go
- **Boeing Wichita** (2,400 in workforce):
 - 800 expected to be laid off
- **Cessna and Spirit** have made the commitment, and other industry partners have pending projects to build next-generation aircraft in Kansas.

Oklahoma: an engineer hired by an Oklahoma aerospace company is eligible for a \$5,000 tax credit per year for up to five years.



Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Energy

- Global economic downturn has eroded demand for oil and natural gas. Credit crunch will slow capital expenditures by Kansas oil and gas companies.
- Oil prices are down 75%, and natural gas prices are down 50% since July 2008.
- Drilling and completion costs in Kansas are up more than 100% over the past 3 years.
- Kansas oil and gas companies are cutting back on 2009 budgets and drilling plans, even though 2008 production growth was around 8%.
- Many predict low crude prices due to weak global economic outlook, financial market turmoil and the strengthening dollar.

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Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC SNAPSHOT

- Retail sales tax receipts for July-Dec FY09 [at \$863M] were up nearly \$3M dollars over the same period last year, an increase of 1.3%.
- Individual income tax receipts [at \$1.276 B] were up 2.7% over last year. Severance taxes [at \$90 M] were up almost 45% over last year.

BUT:

- Corporate income taxes [at \$148 M] were down almost 23% over last year.
- Use taxes [at \$115M] were down more than 15% over last year.



Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Business Recruitment:

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009 (YTD)</u>
Total Projects	43	34	31
Jobs	6,880	5,905	4,290
New	6,698	4,341	3,643
Retained	182	1,534	647
Capital Investment	\$780 million	\$1,100 million	\$731 million

Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Business Recruitment:

• Some significant projects in **FY 2008:**

- Abengoa biodiesel plant in Hugoton
- U.S. Bank Data Center project in Olathe
- Embarq in Overland Park (Pre-merger)
- Cessna Aircraft in Wichita
- Kiewit Engineering in Lenexa
- Hill's Pet Food manufacturing in Emporia
- Kimberly Clark distribution center in Olathe

Capital Investment/Jobs

\$313 M / 120 new
\$100 M / 46 new
\$96 M / 1,100 retained
\$200 M / 1,009 new
\$32 M / 378 new / 362 retained
\$160 M / 150 new
\$20 M / 60 new

• Some significant projects in **FY 2009:**

- Spirit Aircraft in Wichita
- Coleman distribution plant in Gardner
- FlightSafety facility in Wichita
- Premiere Global customer service in Lenexa
- Johnson Controls manufacturing in Wichita
- National Bio and Agro-Defense Facility

\$300M / 700 new
\$43 M / 110 retained/80 new
\$148 M / 253 new
\$43.5 M / 232 retained / 218 new
\$11 M / 200 new
\$451 M / 300 new



Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Business Recruitment:

- Projects on indefinite hold:
 - Two financial/credit projects
 - Fort Dodge Animal Health's move to the Kansas Bioscience Park in Olathe
 - Other projects that had a drop in earnings per share
- Trends
 - FY 2008: manufacturing
 - FY 2009: office/service sector and manufacturing
 - Average wage per hour is up; currently \$25/hour.
 - Fewer call center projects now (lower wages, but increase in jobs per project)
 - Interest in alternative energy (solar, wind, electric vehicle, etc.); other states using "green" incentives.
 - Preference for direct cash assistance over tax credits.

Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Workforce Development:

Workforce is the single largest and most significant issue facing business.

	<u>Nov. 2007</u>	<u>Nov. 2008</u>
Statewide Unemployment	3.8%	4.8%*
Number of Kansas Counties		
Less than 4%	84	52**
4.0% - 4.9%	17	25
5.0% - 5.9%	3	14
6.0% or greater	1	14

* The national unemployment rate in December 2008 was 7.2%

**44 of the 52 counties with an unemployment rate of less than 4% are west of Geary County



Kansas Department of Commerce

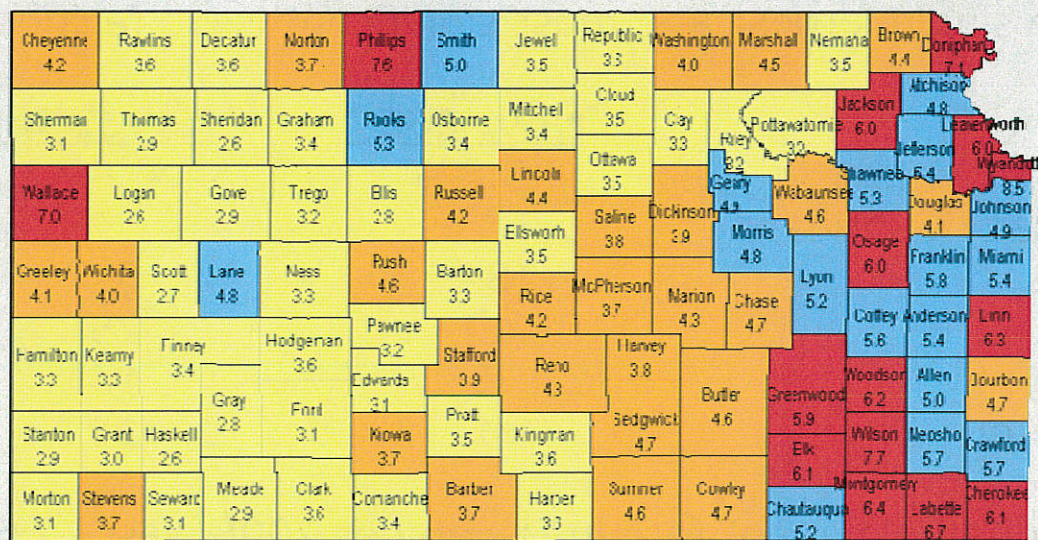
Presentation to the Senate Commerce Committee

ECONOMIC OUTLOOK

UNEMPLOYMENT RATES FOR NOVEMBER 2008
State Rate = 4.8%

KS_County by Rate

- 2.6 to 3.6
- 3.7 to 4.7
- 4.8 to 5.8
- 5.9 to 6.5



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Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Workforce Development:

- Working to recruit workers to the state; focus on alumni and military families.
- Commerce works with Local Area One-Stops to provide rapid response for layoffs.
- Commerce has received a federal grant to retrain laid-off workers through apprenticeships in manufacturing and wind energy.
- Commerce is working with partners to provide Manufacturing Skills Certificates for entry level workers.



Kansas Department of Commerce
Presentation to the
Senate Commerce Committee

ECONOMIC OUTLOOK

Workforce Development:

- FY 2009 YTD: 29 Kansas Industrial Training program (KIT) projects and 25 Kansas Industrial Retraining program (KIR) projects, training 3,877 employees.
- Only slightly more than half of the projects are in metro areas.
- 69% of the workers and 87% of the dollars are invested in critical industries — advanced manufacturing/aviation, professional services, bioscience and health care.
- 84% of the trainees and 93% of the funds have been invested in projects paying the state median wage or higher.

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**Kansas, Inc. Testimony
Senate Commerce Committee
January 20, 2009
Stan R. Ahlerich, President**

Introduction

Chairman Wysong, Vice-Chairperson Lynn, members of the Senate Commerce Committee, Kansas, Inc. appreciates the opportunity to address your Committee today and stands ready to provide assistance to the Legislature as you attempt to strategically address the economic issues that Kansas faces during these challenging economic times.

Our testimony is structured around the various aspects of Kansas, Inc.'s mission of economic development **strategic planning, research & analysis and benchmarking & evaluation.** While I will briefly touch on several of these initiatives, time permitting we can provide further information on any or all of these topics, and look forward to providing information to your Committee throughout the year.

The Kansas, Inc. Concept

Kansas, Inc. is an independent, objective, and non-partisan instrumentality of state government designed to conduct economic development research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing strategic competitiveness for economic growth. Through analysis and open dialogue, Kansas, Inc. identifies policy options and builds the consensus essential for concerted action on vital economic issues. Kansas, Inc. is designed to be a public/private partnership with expectations that state investments are leveraged with other funds to maintain a strong research portfolio. **Throughout our 20+ years of existence, we have leveraged public funds with over \$1.5 million in other funds from individual or corporate donors and grants to enhance both strategic planning and research efforts.**

Co-Chaired by the Governor, Kansas, Inc. is governed by a 17-member Board of Directors. Board members, as mandated by legislation, include four members of Legislative leadership, a representative from the Board of Regents, the Secretary of Commerce, the Commanding General of the Kansas Cavalry, a representative from labor, and eight members from the private sector representing key Kansas industrial sectors. Private sector members are appointed by the Governor and confirmed by the Kansas Senate.

The unique design of Kansas, Inc. ultimately provides a structure for the exchange of pertinent information from core business sectors and other key stakeholders directly to the Governor and Legislative leadership. This structure also affords the unique opportunity for the Administration and Legislative leadership to share their current priorities and focus directly with business leaders. This "think-tank" component of Kansas, Inc. continues to be one of the most important functions of the Board's tenure and experience.

An Overview of Kansas, Inc. Efforts

What I would like to do today is provide you with an overview of several Kansas, Inc. efforts, and rather than divide this discussion into our three core areas of strategic planning, research & analysis, and evaluation & benchmarking, I would like to present them in a manner that overlays and connects these core activities to the original concept behind Kansas, Inc. in order to stress the importance and relationships between each of these roles.

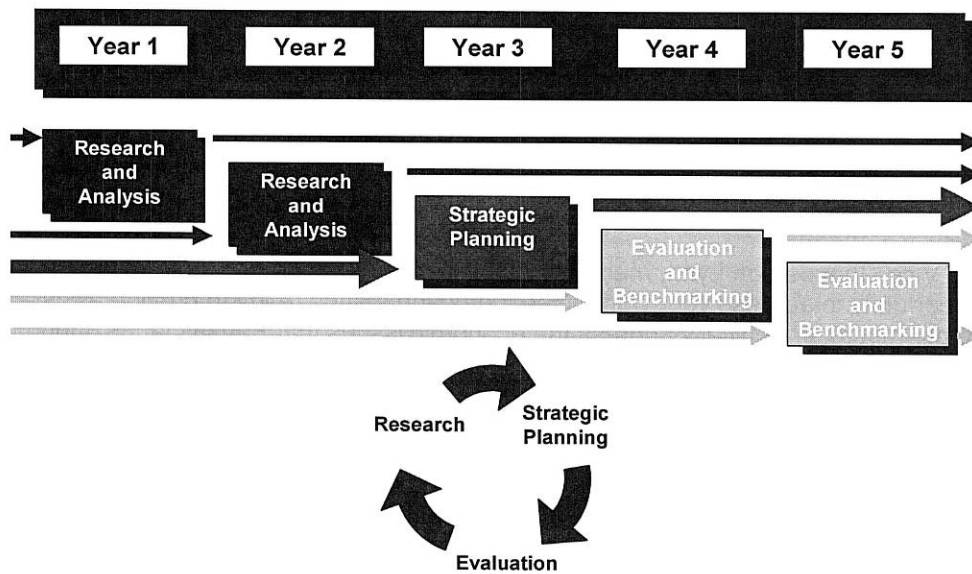
The importance of a focused, strategic economic approach to counter the unprecedented economic and financial challenges faced by the state is critical to positioning Kansas for future opportunities.

Relative to strategic planning efforts, Kansas, Inc. attempts to formulate the strategic plan approximately every five years. While strategic planning is the agency's core mission, both research and evaluation roles are equally important to this process. Many circumstances can cause these roles to overlap, and Kansas, Inc. was designed as a public private instrumentality of state government; well-equipped with the flexibility and expertise to adapt to these situations and provide economic development strategic planning, research and analysis, or evaluation and benchmarking at any time during this cycle. **The following figure provides a visual representation of these roles.**

Senate Commerce Committee

Date: January 20, 2009

Attachment 2



The current strategic plan provides 43 strategies accomplished through 98 recommendations that are driven by sound research and tested with state-wide business input to bring focus to economic development efforts. This was a grassroots effort to bring forth an economic development vision for Kansas by its **citizens, business and industry leaders, legislative members, policymakers and stakeholders from state agencies, institutions and organizations for the betterment of all Kansans**. Since the beginning of the strategic planning process, nearly a thousand Kansans have provided direct and indirect input to this plan throughout the state, from Kansas City to Goodland, from Atchison to Parsons, from Garden City to Topeka, numerous meetings and presentations were held to gather the grassroots input from the citizens of Kansas.

By design, the strategic plan is a "living document," intended to be benchmarked and revised to meet the changing needs of the Kansas economy and more importantly the citizens of Kansas.

Articulated from the discussion and concepts presented throughout the strategic planning process, the vision of the plan was simply –

Kansans will notably increase personal and business wealth and improve our quality of life by focusing on our inherent and emerging strengths.

Essentially, Kansas has inherent and emerging strengths – aerospace and general manufacturing; rural development and agriculture; energy and natural resources; professional, scientific and technical services; and biosciences. These core competencies, set within an environment for opportunity focused on entrepreneurship, business and tax climate, workforce development, technology and innovation, education, infrastructure and state image can contribute to the sustainability and growth of our economy, allowing us to transcend economic cycles.

The following is a brief discussion of several aspects and accomplishments in regards to Kansas, Inc. strategic planning, research and evaluation:

Manufacturing – Aerospace and General – Whether small-, medium- or large-sized firms, the overwhelming sentiment was that every business matters and the state must provide an environment to thrive and prosper. Specific to strategies – remaining competitive through trained talent, continued commitment to research and understanding the needs of the sector were key parts of several strategies. **The 2008 Legislature addressed several of these issues with various actions, including \$5.0 million for support of the National Center for Aviation Training and \$5.0 million for the support of the National Institute for Aviation Research.** While it will be difficult, the time is now to build upon and promote our inherent talents within the aerospace industry. In regards to understanding the needs of the sector, **Kansas, Inc. commissioned a study to better understand the historical dynamics of growth and change in manufacturing,** of which we have provided you a copy of today.

Rural Development and Agriculture – To enhance the prosperity of rural Kansas, there is not a one-size-fits-all solution to address rural economic development issues. Through the strategic planning process, a rural development model that provides a holistic, integrated approach based on four key pillars (capital, access, leadership, and benchmarking), with incentives as the engine that drives integration was designed. **Kansas, Inc. further developed this conceptual model with a report and input from stakeholders throughout the state. The 2008 Legislature also addressed part of this strategy by creating the Kansas Commission on Rural Policy, and during September 2008, based on a Kansas, Inc. recommendation the Governor announced the new Division of Rural Development within the Kansas Department of Commerce.**

Professional, Scientific and Technical Services – It is clear our metropolitan areas and the services they provide are major economic drivers of the state, and we must ensure that what they are doing right continues to be done right. Several strategies and industries highlighted in the strategic plan stressed the importance of STEM (science, technology, engineering and math) fields for our graduates. **The 2008 Legislature recognized the importance of this strategy and passed legislation regarding the Kansas Academy of Mathematics and Science (KAMS), and appropriating funding to the Board of Regents for this important program.**

Energy and Natural Resources – We must use our current energy assets to build a bridge to future energy opportunities, while factoring in global economic forces, alternative and renewable energies, conservation, environmental concerns, societal factors and other issues that continue to shape our energy needs. In regards to water resources, we must be responsible stewards of this resource, as without it, we won't have economic development.

Bioscience – One of the centerpieces of the 2004 Kansas Economic Growth Act was the creation of the Kansas Bioscience Authority (KBA), designed to strategically guide the state's investment in the biosciences. The Governor and Legislature recognized the opportunities of building this industry and just four years into its existence, **Kansas is already seeing major results from the KBA – during December 2008 Kansas was awarded the National Bio- and Agro- Defense Laboratory.** The KEGA Act also provided for an objective assessment of its initiatives, and **Kansas, Inc. completed an evaluation of the Center for Entrepreneurship (NetWork Kansas) during 2007 and recently completed an evaluation of the KBA,** which we have provided in your materials.

Business and Tax Climate – Every business matters, we need a tax and regulatory structure that is competitive and conducive for the growth of existing and new businesses of all sizes. The state has made strides towards these strategies in recent years with legislation **phasing out the franchise tax and the machinery and equipment exemption.** Also, during the 2008 Legislative session, based on a **Kansas, Inc. proposal, a bill was introduced in regards to expensing, or 100 percent accelerated depreciation.** From a strategic standpoint, implementing and following through with these concepts can provide a long-term benefit to the economy and position Kansas for future opportunities.

Workforce Development – Create a demand-driven workforce development system that meets the needs of the business community. Workforce development is critical to the future of Kansas. **Kansas, Inc. provided a report further outlining the concepts behind the enhanced customized training system proposed during the strategic planning process.** Another program of interest relative to workforce development is the **Olathe 21st Century High Schools program,** which was designed to provide educational programs with business involvement and partnership. We have provided information on this program, and implementing this concept on a statewide basis would work towards several strategies outlined in the strategic plan.

Technology and Innovation – Technology is no longer an enterprise in and of itself, it is a thread that must be woven through the entire economy with innovation. Several strategies within the strategic plan recognize the importance of technology in today's integrated global economy. Public/private collaboration in regards to entrepreneurship and commercialization are priorities for the state. Initiatives such as the **Connected Nation Model,** which develops a comprehensive, statewide broadband expansion strategy can be used to create economic growth throughout Kansas. We have provided information regarding this model within your materials. Another example of utilizing technology to reach beyond traditional barriers is the **Kansas Business Center,** an application created through the **Information Network of Kansas (kansas.gov)** to provide a one-stop shop for information needed to do business in Kansas. Technology can expand opportunities on a much broader scale throughout cities, counties and the state.

Economic Development Funding and Benchmarking – Value can be created and measured in several ways – tell us how to measure it and we will tell you how to perform. The strategic planning process recognized the importance of understanding economic development expenditures. **A Kansas, Inc. study depicted economic development funding in Kansas at \$98.7 million during FY 2007. Over the period of 1989-2007 Kansas ranks towards the middle in terms of state economic development funding, ranking as high as second during 2005.** Benchmarking is a critical role of Kansas, Inc. and while we are in the initial stages of this process, we must measure the progress towards our overall economic vision.

Conclusion

I would like to finish my discussion with six guiding principles articulated throughout the strategic planning process in regards to economic development efforts:

- Pay attention to existing businesses, as they are already here and will continue to be an important part of the current and future Kansas economy
- From a local perspective, hold the cities and counties harmless in regards to state economic development initiatives. State initiatives must not shift the burden to local government, unless the shift has been requested.
- The state must be business and capital friendly to encourage growth and investment in Kansas.
- Every business matters in Kansas, whether small or large, the economic development strategy must recognize and assist all types of businesses.
- Limited economic development resources require focused efforts with measurable results.
- With limited resources, focus on the high-value targets through prioritization and addressing the most important issues first.

Reminiscent of the troubled economic times during the mid-1980's in Kansas, the economic development study known as the Redwood-Krider report provided 50 recommendations addressing the totality of Kansas' economic development programs. From this plan arose a vision for economic development with many specific recommendations, including the formalization of the Kansas Department of Commerce, the creation of Kansas Technology Enterprise Corporation to foster innovation and technology development, and the creation of Kansas, Inc. to institutionalize the Redwood-Krider process used to create the state's strategic vision. Now, as then, a strategically focused long-term plan can provide the roadmap to a bright future in Kansas. Viewing this economic period as an opportunity to position the state will set Kansas apart from other states and allow us to aggressively rebound from these events.

Now, more than ever, is the time for Kansans to be mindful of where we have been, where we are currently, and where we want to go.