

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 20, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Norm Furse, Office of the Revisor of Statutes
Ken Wilke, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:

Bill Thornton, Acting Secretary of Commerce
Caleb Ashley, Deputy Secretary Workforce Services

Others attending:

See attached list.

Chairperson Brownlee welcomed Bill Thornton, Acting Secretary of Commerce to the meeting. Secretary Thornton presented an Overview of the Department of Commerce (Attachment 1) and he began with the Department of Commerce Mission Statement, "To deliver the highest level of business development, workforce and marketing services to build a healthy and expanding Kansas economy." The Divisions of the Department are Business Development, Rural Development, Trade Development, Travel and Tourism, and Workforce Services. Kansas Athletic Commission, Kansas Commission on Disability Concerns, Kansas Film Commission and the Office of Minority and Women Business Development are also under the direction of the Commerce Department. There are Field Offices located over the State of several kinds: Business Development, Office of Rural Opportunity, Travel Information, Trade Development and KANSASWORKS. There are also offices in Los Angeles, Chicago, New York and Overland Park as well as international offices in Tokyo, Mexico City and Beijing. The Department is also looking at establishing offices in Brazil, India and Taiwan and would eventually like to have offices in 6 different countries. The London, England, office has been shut down.

The revenue for the Department comes from several sources: Federal funding-57.1%; Special revenue funds-26.8%; Economic Development Initiative Fund-15.6%; and State General Fund-0.5%. The Economic Development Fund comes mainly from the Kansas Lottery. The expenditures for the Department mostly go for Grants and other assistance-71.6%. Contractual expenditures are 12%, Salaries are 14.3% and Capital, Debt Service, Non-Expense items and Commodities are 2%. The majority of expense for the Divisions goes for Workforce Services.

The Department works to grow all sectors of the economy, with a focus on the following sectors: Advanced Manufacturing, Agriculture, Bioscience, Energy and Professional Services. The Department has 7 publications to help the Kansas citizen. Seven thousand jobs have been added this (fiscal) year from the Department's efforts.

The Workforce Services and Rural Development used most of the resources from the Federal Stimulus Act in Kansas. Something very valuable to the State is Connect Kansas which will bring high-speed Internet to the underserved areas in rural Kansas. \$500,000 has been allocated for the mapping to accomplish this.

Chairperson Brownlee would like for the Committee to evaluate all of our incentives in the areas of jobs created, capital investment and other meaningful outcomes. This information should be collected and presented on a regular basis so we can evaluate whether or not our programs work and if not, the programs eliminated and the resources redirected.

Workforce Development Overview was given by Caleb Ashley, Deputy Secretary of Workforce Services (Attachment 2) Workforce is a federally funded program with several key partners: Kansas Department of Commerce, State Workforce Board, Local Workforce Investment Boards, Kansas Department of Labor,

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on January 20, 2010, in Room 548-S of the Capitol.

Kansas Board of Regents, Kansas Department of Education and other State Agencies.

There are more Workforce Centers to aid citizens with job postings and resume postings. Unemployment offices are more versatile. Kansas Works Virtual Service has 19 conference centers linked to community colleges and libraries which is a way to reach out and also reduce costs. Kansas Workforce has a mobile service that is a workforce center on wheels that has about 12 computer stations and goes to various cities. It went to Greensburg to help with recovery and also goes where there are big layoffs to help individuals decide what they will need to do for the future whether it is another job or training. Workforce has been trying to get a Workforce brand that is unified across the State. KANSASWORKS has its own logo to establish broad awareness.

Requests for information by Committee members were: Senator Holland would like to see a breakout of the last five years of programs such as jobs created, returns and some specific examples of businesses to the programs; Senator Lynn is interested in the Main Street project. She ask if historical tax credit has lost momentum because of 10% haircut. Senator Schodorf said it had amounted to more than the 10% cut. The Department of Revenue had recognized those projects that had been approved and those that were in the first phase, but still projects were cut; Senator Faust-Goudeau asked about the success of Neighborhood Stabilization Program and the CDBG-R Program and what areas benefitted from these. Secretary. Thornton will look up this information

The next meeting is scheduled for January 21, 2010.

The meeting was adjourned at 09:30 a.m.

COMMERCE COMMITTEE GUEST LIST

DATE: 1-20-2010

NAME	REPRESENTING
Bob North	Commerce
DE MONACO	COMMERCE
Bob Juras	Fedrico Consulting
Bernie Koch	KEPC
Dick CARTER	TRAVEL INDUSTRY OF KS
Jackson Conbey	Hein Law
Sean Miller	CAPITOL STRATEGIES
Lindsay Holwick	Kansas Bioscience Authority



Agency Overview Fiscal Year 2009

Senate Commerce Committee
By William R. Thornton,
Acting Secretary of Commerce
January 20, 2010

Mission Statement

To deliver the highest level of business development, workforce and marketing services to build a healthy and expanding Kansas economy.

2

Divisions

- Business Development
- Rural Development
 - Agriculture Marketing Development
 - Community Development
 - Office of Rural Opportunity
- Trade Development
- Travel & Tourism
- Workforce Services

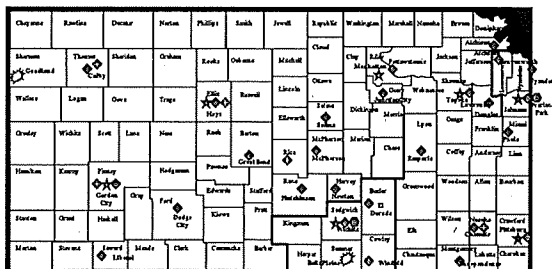
3

Commissions and Offices

- Kansas Athletic Commission
- Kansas Commission on Disability Concerns
- Kansas Film Commission
- Office of Minority and Women Business Development

4

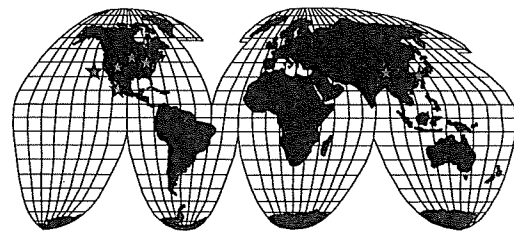
In-State Field Offices



★ Business Development Field Office (7) ⬠ Office of Rural Opportunity Field Offices (4)
 ✪ Travel Information Center (2) ⬠ Trade Development Field Office (2)
 ◆ KANSASWORKS Center (26)

5

National and International Offices



- West Coast Office – Los Angeles
- Great Lakes Office – Chicago
- East Coast Office – New York
- Mid-Central Office – Overland Park
- Japan Office – Tokyo
- Mexico Office – Mexico City
- China Office – Beijing

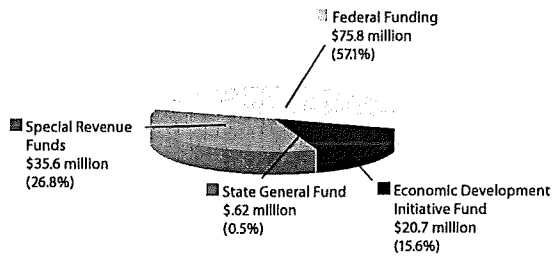
6

Senate Commerce Committee

Date: January 20, 2010

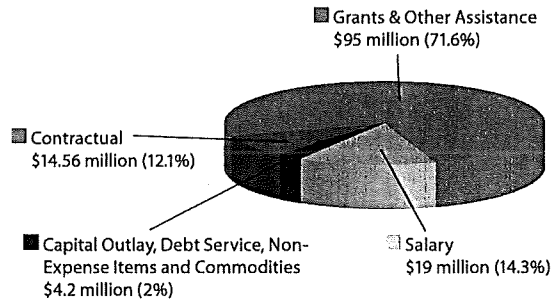
Attachment # 1-1

Revenue Sources



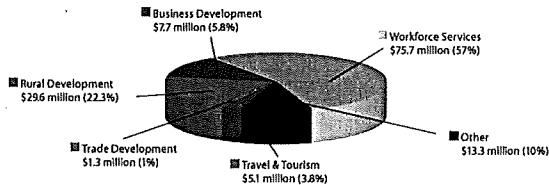
7

Expenditures by Object



8

Expenditures by Division



9

Priority Economic Industries

The Department works to grow all sectors of the economy, with a focus on the following sectors:

- Advanced Manufacturing (aviation, etc.)
- Agriculture
- Bioscience (animal science, pharmaceuticals, etc.)
- Energy (traditional and renewable sources)
- Professional Services

10

Publications

The Department publishes various guides, resource directories, magazines and brochures, including:

- Agency Annual Report
- Business Development Resource Directory
- Kansas Business Incentives Brochure
- Kansas Data Book
- KANSAS! magazine
- Kansas Visitors Guide
- Rural Development Resource Directory

11

Federal Stimulus Act Activities

The Department assumed new duties this year as required by the American Reinvestment and Recovery Act:

- Workforce Services administered an extra \$18.4 million to address various labor-related issues.
- Rural Development administered two new federal programs - the Neighborhood Stabilization Program and the CDBG-R Program - to help communities hit hardest by the housing crisis.
- Rural Development Division began Connect Kansas, an initiative to bring high-speed Internet to underserved areas in rural Kansas.

12

Business Development

Goal:

- To encourage job creation and capital investment in Kansas through the recruitment of out-of-state firms, the expansion of existing Kansas companies and the creation of new companies.

Products and services:

- Direct financial incentives, including various tax credits and low-interest loans
- Site location consultation and cost-benefit analysis
- Assistance in working with State regulatory agencies and local community organizations

13

Business Development

Fiscal Year 2009 highlights:

- Involved in 40 recruitment projects in which Kansas was competing with out-of-state locations. These projects resulted in:
 - 8,401 jobs created/retained
 - \$534 million in capital investment
- Major new recruitment successes include:
 - Johnson Controls (Wichita)
 - Siemens (Hutchinson)
 - Garmin (Olathe)
 - Black & Veatch (Overland Park)

14

Business Development

Fiscal Year 2009 highlights (continued):

- Involved in 150 expansions of existing Kansas companies. These projects resulted in:
 - 3,921 retained jobs at \$16.38 per hour
 - \$1 billion in capital investment
- Major expansions include:
 - Goodyear (Topeka)
 - Gates Corporation (Iola)
 - Deluxe Corporation (Lenexa)
 - Systemair Manufacturing (Lenexa)
 - Neodesha Plastics (Neodesha)

15

Business Development

Combined Fiscal Year 2009 Results:

- 190 companies recruited/expanded
- 12,322 jobs created/retained
- \$1.53 billion in capital investment

16

Business Development

Fiscal Year 2009 Media Accolades:

- **CNBC** ranks Kansas No. 7 for business (July '09)
- **Business Facilities** magazine ranks Kansas No. 9 for biotechnology (July '09)
- **Pollina** names Kansas a Top 10 state for business (June '09)
- **Trade & Industry Development** ranks two Kansas projects among nation's best (March '09)
- **Area Development** awards Kansas third straight Silver Shovel (May '08)
- **Site Selection** names Kansas a Top 10 state for capital investment (May '08)

17

Rural Development

Goal:

- To elevate the focus on rural development and encourage collaboration among rural groups.

Sub-Divisions:

- Agriculture Marketing
- Community Development
- Office of Rural Opportunity

Programs and services:

- Simply Kansas
- Value Added Loan
- CDBG programs
- Agritourism development
- Main Street
- And others...

18

Rural Development: Agriculture Marketing

Goal:

- To enhance the value of Kansas agriculture products through new uses and marketing, providing greater returns to Kansas producers and rural communities.

Programs and services:

- Simply Kansas trademark program
- International trade assistance
- Value Added Loan program
- Agritourism assistance

19

Rural Development: Agriculture Marketing

Fiscal Year 2009 highlights:

- Fully staffed the Office of Rural Opportunity.
- Awarded \$264,600 in Value Added Grants/Loans to eight groups, which totaled \$128 million in sales.
- Registered dozens of new agritourism vendors, bringing the total number to 274.
- Assisted in the establishment of four wineries, bringing the total number of wineries to 19.
- Registered more than 100 new members in the Simply Kansas trademark program.

20

Rural Development: Agriculture Marketing

Fiscal Year 2009 highlights (continued):

- Continued to facilitate the development of renewable energy production facilities throughout Kansas. By year's end, Kansas had:
 - Eleven ethanol plants combining for 495 million gallons in total annual output
 - Two biodiesel production facilities with an annual output of 6.2 million gallons

21

Rural Development: Community Development

Goal:

- To preserve and enhance the quality of life in Kansas communities by increasing their capacity to meet development and revitalization needs.

Programs and services:

- Grants through the Community Development Block Grant program and Main Street program
- Technical and planning assistance
- Tax credits for community development projects
- Development of community volunteer programs

22

Rural Development: Community Development

Fiscal Year 2009 highlights:

- Provided \$18.4 million in federal Community Development Block Grant funds to 57 projects, producing \$181.5 million in private investments, benefiting 85,440 Kansans and creating 154 jobs.
- Assisted 25 Main Street cities, resulting in:
 - 201 new or expanded businesses in downtown districts (64 more than last year)
 - 386 new jobs
 - \$25 million reinvested in downtown districts

23

Rural Development: Community Development

Fiscal Year 2009 highlights (continued):

- Per the federal stimulus bill, the Division administered two new federal programs – the Neighborhood Stabilization Program and the CDBG-R Program – designed to help communities hit hardest by the housing crisis.
- Per the stimulus bill, the Division unveiled Connect Kansas, an initiative to bring high-speed Internet to underserved areas in rural Kansas.

24

Trade Development

Goal:

- To help Kansas companies expand sales to overseas markets and to recruit foreign companies to set up facilities in Kansas.

Programs and services:

- Organize trade delegations to foreign countries
- Provide export data and foreign market research
- Provide funds for firms to attend trade shows
- Connect Kansas companies with foreign buyers through our international trade offices
- Recruit international companies to locate in Kansas

25

Trade Development

Fiscal Year 2009 highlights:

- Helped Kansas businesses achieve record-high export totals – \$12.47 billion – for the fourth straight year.
- Facilitated international investment projects that created 1,190 Kansas jobs and \$348 million in capital investment.
- Announced Cereal Ingredients Inc. as the winner of the 2009 Governor's Exporter of the Year Award for excellence in international marketing.

26

Travel & Tourism

Goal:

- To increase tourism expenditures in Kansas

Programs and services:

- Attraction Development Grant program
- Product development
- Marketing grants
- Group tour development
- *KANSAS!* magazine
- Travel Information Centers

27

Travel & Tourism

Fiscal Year 2009 highlights:

- Promoted the Flint Hills by assisting with the *Flint Hills Visitors Guide*, the annual Symphony in the Flint Hills and the Flint Hills Heritage Conference.
- Partnered with Department of Transportation to expand road signage in the Flint Hills.
- Awarded \$129,670 in Attraction Development Grants to six tourism projects, which produced \$257,500 in matching funds.
- Unveiled the Take Kansas Home project to promote Kansas products to tourists.

28

Workforce Development

Goal:

- To link businesses, job seekers and educational institutions to ensure a pool of skilled Kansas labor

Programs and services:

- KIT, KIR and IMPACT programs
- Workforce Centers
- KANSASWORKS.com
- Registered Apprenticeship
- Trade Adjustment Assistance and Rapid Response

29

Workforce Development

Fiscal Year 2009 highlights:

- Administered \$18.4 in federal ARRA funds to create jobs and address workforce needs.
- Provided \$62.5 million through the KIT, KIR and IMPACT training programs to fund 112 projects.
- These projects resulted in:
 - \$276.2 million in private matching funds
 - 16,455 individuals trained
- Partnered with the Kansas Department of Labor to streamline registration for Unemployment Insurance and job-search services.

30

Kansas Athletic Commission

Fiscal Year 2009 highlights:

- Sanctioned dozens of events, including boxing, wrestling and mixed martial arts contests.
- Hosted events in Kansas City, Lawrence, Dodge City, Fort Scott, Pittsburg, Topeka, Wichita and Junction City.
- Continued to certify fighters, promoters, referees, judges and ringside doctors.

31

Kansas Commission on Disability Concerns

Fiscal Year 2009 highlights:

- Continued to grow the Americans with Disabilities Act Information Network to provide information, updates and resources to ADA coordinators in all 105 Kansas counties and all State agencies.
- Continued to grow the Emergency Preparedness Information Network to provide people with disabilities, service providers and emergency managers with information and training announcements for service providers and the people with disabilities with whom they work.

32

Kansas Film Commission

Fiscal Year 2009 highlights:

- Helped create \$25 million in film production spending.
- Provided assistance to:
 - Independent features
 - *Earthwork*
 - Cable television shows
 - History Channel, Discovery Channel
 - Commercials
 - Hy-Vee
 - Documentaries
 - *Dirt! The Movie*

33

Commerce on the Web

KansasCommerce.com

- Main Agency page

ThinkKansas.com

- Brand Image and state image enhancement

TravelKS.com

- Main site for travel and tourism in Kansas

34


KANSAS
DEPARTMENT OF COMMERCE
KansasCommerce.com



State of Kansas Workforce System **Putting Kansas to Work**

Senate Commerce Committee
By Caleb D. Asher, Deputy Secretary
of Workforce Services
Kansas Department of Commerce
January 20, 2010

KANSASWORKS.com

Key Workforce Partners

- Kansas Department of Commerce
 - Workforce Development (State Administrator)
- State Workforce Board
- Local Workforce Investment Boards (LWIBs)
- Kansas Department of Labor
- Other State Agencies
- Kansas Board of Regents
 - Technical Education Authority
- Kansas Department of Education

KANSASWORKS.com

Service Delivery

- Five Local Workforce Investment Boards
- 25 Workforce Centers
- KANSASWORKS.com (online services)
 - Job Postings (More than 13,000 jobs now posted)
 - Upload Resumes
 - Assessments
 - Training Options
- KANSASWORKS Virtual Services
- KANSASWORKS Mobile Center

KANSASWORKS.com

Workforce System Branding

- In April 2008, the KANSASWORKS State Board approved a state brand to be used by all local workforce operators, boards and locations –
- The purpose is to establish and sustain broad awareness in the marketplace with effective outreach and customer relations throughout the workforce system.

KANSASWORKS.com

Integration and Functional Management

- Eliminate the program and staffing silos between Wagner Peyser and WIA program funding sources.
- Provide seamless services for business and job seeker customers.
- Functional management allows one person to direct daily operations of the workforce center without program silo barriers.
- Increase responsiveness to customer needs.

KANSASWORKS.com

Goals of Integration

- Reduce administrative overhead costs associated with duplicative programs/services.
- Allow staff flexibility to provide services that better match the needs of businesses.
- Increase the quality and number of services, which will increase the numbers served.
- Assist businesses and recruit skilled workers by increasing the number of job candidates who receive training services (demand-driven).

KANSASWORKS.com

Senate Commerce Committee

Date: January 20, 2010

Attachment # 2-1

Greater Training Capacity

- Continue to build on strong relationship with Board of Regents
 - Share employee between the two organizations
 - Support the work of the Technical Education Authority
 - Program Alignment
 - Industry Credentials
 - Marketing Initiatives
- Demand Driven Training and Workforce System

KANSASWORKS.com

7

Connecting Online Services

- In an effort to better serve customers, various online resources are being connected.
- The following Web services will be folded into KANSASWORKS.com:
 - Unemployment Insurance – online claimants
 - Kansas Career Pipeline – career assessment
 - Career Zoom – technical training locations in Kansas
 - Coalition for Kansas Careers – course catalog of online technical courses from public colleges

KANSASWORKS.com

8

Successful Outcomes

- More Kansans are using the KANSASWORKS system today than ever before due in-part to branding and integration.
 - In December 2009, 170,371 Kansans used the system over 107,638 during December of last year.
 - In October 2009, 192,000 Kansans used the system over 104,999 during the same time last year (largest number in the system's history).

KANSASWORKS.com

9

Successful Outcomes (continued)

- State has met or exceeded USDOL performance measures past three years
 - These measures examine adults, dislocated workers and youth who get jobs, retain jobs and how much they earn.
 - WIA and Adult Education performance was met for first time resulting in an \$788,000 grant from USDOL

KANSASWORKS.com

10

American Reinvestment and Recovery Act

- Kansas received nearly \$20 million for Workforce Services from the Recovery Act, with most dollars distributed to local area partners.
- Remaining funds were used to reinvest in areas where economic recovery is needed most, and used for statewide infrastructure improvements.
- Summer Youth Program
- The state applied for \$10 million in funding from USDOL and is awaiting a decision.

KANSASWORKS.com

11

Going Green

- Reached out to local areas to better understand types of local green jobs.
- KDOL "Green Jobs Survey"
- Formed the State Energy Sector Partnership
- Energy Policy Subcabinet
- Technical and Community College System

KANSASWORKS.com

12