

## **Kansas Department of Commerce Department Overview and Special Initiatives**

**Prepared for the House Taxation Committee  
Room 582-N, The Statehouse  
Jan. 23, 2013**

### **Overview**

As the state's lead economic development agency, the Kansas Department of Commerce strives to empower individuals, businesses and communities to achieve prosperity in Kansas. To this end, the Department comprises a variety of programs and services that create jobs, attract new investment, provide workforce training, encourage community development and promote the state as a great place to live and work. This is accomplished through the Department's two major Divisions:

- **Business and Community Development** focuses on growing the Kansas economy and strengthening the state's communities. This is done by:
  - The creation and retention of jobs and capital investment, through recruiting new companies and helping existing companies grow.
  - Using various community development programs (such as the Community Development Block Grant and the Rural Opportunity Zones program) to make Kansas communities, especially in rural areas, economically strong and vibrant.
  - Providing individualized counseling and expertise to Kansas companies expanding their export markets.
- **Workforce Services** links businesses, job candidates and educational institutions to ensure that employers can find skilled workers.

The Department also oversees two Commissions:

- The **Kansas Athletics Commission** promotes and regulates the state's combat sport industry by regulating and facilitating high-quality competitive sporting events.
- The **Kansas Creative Arts Industries Commission** merges the former Kansas Film Commission and Kansas Arts Commission into a new designated state arts agency designed to capitalize on the immense potential for the creative sector to drive economic growth in Kansas.

**Fiscal Year 2013 Budget**

<b>Revenue Sources</b>	<b>Governor's Recommendation (in millions)</b>
State General Fund	15.5
Economic Development Initiative Fund	19.1
Federal Funding	65.8
Special Revenue	53.5
<b>Total</b>	<b>153.9</b>

**Fiscal Year 2014 Budget**

<b>Revenue Sources</b>	<b>Governor's Recommendation (in millions)</b>
State General Fund	15.0
Economic Development Initiative Fund	14.1
Federal Funding	64.0
Special Revenue	52.4
<b>Total</b>	<b>145.5</b>

**Fiscal Year 2015 Budget**

<b>Revenue Sources</b>	<b>Governor's Recommendation (in millions)</b>
State General Fund	15.0
Economic Development Initiative Fund	14.1
Federal Funding	64.0
Special Revenue	52.4
<b>Total</b>	<b>145.5</b>

**Business Development Successful Projects – By Fiscal Year**

*(Capital Investment in millions; FY 2013 numbers year-to-date)*

<b>Year</b>	<b>Projects</b>	<b>Total Jobs</b>	<b>New Jobs</b>	<b>Retained Jobs</b>	<b>Capital Inv.</b>
2010	124	16,642	14,047	2,595	1,088.1
2011	115	11,874	5,805	6,069	542.6
2012	164	15,426	13,348	2,078	2,359.8
2013	114	9,766	7,819	1,947	140.2

**Top 10 Most Successful Projects (Jan. 2012-Jan. 2013)**

<b>Project</b>	<b>Jobs Created</b>	<b>Capital Inv. (in millions)</b>
Ascend Learning, Stilwell	150	22.3
Atkinson Industries, Pittsburgh	156	3
Bombardier/ Learjet, Wichita	450	52.7
Cimarron Windpower II, Cimarron	10	233.2
CivicPlus, Manhattan	220	5.8
Ironwood Windpower, Spearville	10	251.2
Netsmart Technologies, Overland Park	521	54.1
Quidsi, Lenexa	362	12.1
Select Energy Services, Anthony	215	10
Teva Pharmaceuticals, Overland Park	602	71
<b>Total</b>	<b>2,692</b>	<b>715.4</b>

**Media Accolades and Rankings**

The state’s recruitment and retention/expansion success earned the state wide media coverage and exposure among site location consultants nationwide. The state was recognized by several major media outlets, surveys or publications for business excellence in Fiscal Year 2012. Key media accolades and rankings include:

- According to Business Facilities Magazine, Kansas ranked first for Wind Projects under Construction, fifth for Biotechnology Strength, eighth as an Aerospace/Defense Industry Leader and 10<sup>th</sup> as an Alternative Energy Industry Leader.
- The state won *Area Development Magazine*’s Silver Shovel Award for 2012, which recognizes state economic development agencies that drive significant job creation through a variety of innovative policies. This is the fifth time in six years the state has won this award.
- Kansas ranked 12<sup>th</sup> on *Forbes*' new "Best States for Business" list. The state scored particularly well for its regulatory environment and economic climate, finishing 14<sup>th</sup> and 12<sup>th</sup>, respectively, in those categories.
- The state was ranked as the eighth best “Pro-Business State” by Pollina Corporate, a nationally recognized real estate company.
- Kansas was recognized as a Top Ten Most Innovative Economic Development Initiatives by Brookings Institution and Rockefeller Foundation. Kansas won the state award for Human Capital innovation for the Governor’s Career and Technical Education Initiative.

## **Kansas Exports Update**

Kansas exports for 2012 (through October) were \$9.7 billion, which is .22 percent ahead of the same period in 2011.

Export Assistance and Marketing continues to see a high volume of activity and requests for assistance from Kansas businesses and foreign companies looking to buy Kansas goods. The activity and requests cover various industries, including aviation, agriculture and alternative energy.

<b>Top Five Countries for Kansas Exports</b>	<b>Amount (in millions), 2011</b>
Canada	2,563
Mexico	1,625
Japan	665
China	642
Nigeria	593

<b>Top Five Export Products</b>	<b>Amount (in millions), as of Oct. 2012</b>
Aircraft, Spacecraft and Parts	1,662.0
Industrial Machinery (includes Computers)	1,141.0
Cereals	952.0
Meat and Edible Meat Offal	896.5
Electric Machinery and Parts	581.3

### **Successful International Investment Projects (Fiscal Year 2012)**

The Division continues its efforts to have foreign firms directly invest in the state by establishing new facilities or expanding existing operations. Results from Fiscal Year 2012 included four international projects resulting in 533 new and retained jobs, and \$62 million in capital investment. Those projects were as follows:

<b>Project Name/City</b>	<b>Total Jobs</b>	<b>Capital Investment (in millions)</b>
Bombardier Learjet, Wichita	450	52.7
WDS, Overland Park	52	2.8
Vitran, Kansas City	17	4.5
Parnell, Overland Park	14	2

## **Special Initiatives**

### **Broadband Outreach**

While Kansas ranks seventh in residential internet usage (based on data from the U.S. Commerce Department), the state continues to face challenges in coverage, speed and internet adoption. In order to address these challenges, the Department is partnering with communities, government officials, the private sector and the National Telecommunications and Information Administration to analyze the state's broadband footprint and to encourage Kansans to use the internet to help grow the state's economy.

### **Career and Technical Education**

The Department is working with other agencies and organizations to carry out the Brownback Administration's efforts to increase the percentage of students who are career and college ready upon high school graduation. An initiative to support industry credentialing is critical to CTE support. The initiative includes encouraging workers to obtain industry credentials and employers to recognize and use these credentials as part of the hiring process when appropriate. This effort is intended to support the growth of a highly qualified workforce equipped to compete and thrive in a global economy.

### **Industry Credentials Initiative**

In an effort to build a qualified workforce in Kansas, the Department and other organizations are encouraging the use of industry credentials by businesses. Industry credentials can help Kansans by providing workers and employers with the tools needed to compete and thrive in a global economy.

By 2018, more than 64 percent of Kansas jobs will require some level of college education. To ensure that Kansas is well equipped to meet this need, Gov. Sam Brownback is promoting the implementation of credentials, which provide a standardized metric for validating the skills and competencies needed to be productive and successful in entry level positions in an employer's work environment. Industry credentials use national standards developed by business, for business, and give employers a strong voice in ensuring the educational system is focused on their needs.

### **Keeping Kansas Competitive Engineering Initiative**

This initiative will be used by the state's professional engineering programs at Kansas State University, the University of Kansas and Wichita State University to address the need for more engineers by business and industry in the state. From 2012-2021, \$3.5 million per year in state funds will be provided for each engineering school, with a dollar-for-dollar match provided by the universities to ensure Kansas businesses have access to the engineering talent they need to fuel economic growth. The colleges will use this investment to implement plans to increase engineering graduates to 1,365 per year by 2021.

### **NGA Manufacturing Initiative**

The National Governors Association (NGA) has chosen Kansas as one of seven states selected to participate in the organization's Policy Academy on developing strategies to expand advanced manufacturing industries. The initiative is called "Making" our Future: Encouraging Growth Opportunities in Manufacturing through Innovation, Entrepreneurship and Investment. Kansas, through the Department and the Mid America Manufacturing Technology Center, applied to be considered for the initiative in fall 2011. The Department cited the state's immense opportunities for growth in advanced manufacturing and the efforts of the Brownback Administration to develop new tools and strategies for economic development.

### **Oil and Gas Activity in the Mississippian Lime Play**

The Department is part of an interagency working group to examine the opportunities and challenges presented by the Mississippian Lime Play. Other agencies in the working group are the Kansas Corporation Commission, Department of Agriculture, Kansas Water Office, Kansas Geological Survey, Department of Health and Environment, Department of Revenue, Department of Transportation and the Housing Resources Corp.

In November 2012, the Department hosted the Kansas Oil and Gas Small Business Opportunities Conference in Hutchinson. Gov. Sam Brownback and other state leaders joined industry representatives to get an update on current activity in the MLP and the road ahead, as well as discuss how Kansas small businesses could benefit from the oil and gas activity underway in the MLP.

Through the end of Sept. 30, 2012 (latest production data available), there were 126 active horizontal wells in Kansas, producing 133,000 barrels of oil per month and 1.1 million mcf per month of gas. Total oil production statewide is 3.4 million barrels per month and 23 million mcf per month of gas. In December 2012, the Kansas Corporation Commission approved 452 intent to drill notices, including 23 for horizontal wells. From Jan. 1-Dec. 31, 2012, the KCC approved 6,861 intent to drill notices, including 296 horizontal wells. For the same period last year, the KCC approved 5,441 intent to drill notices, including 76 horizontal wells.

#### **State Trade and Export Promotion (STEP) Grants**

The departments of Commerce and Agriculture completed the deployment of more than \$505,000 from the U.S. Small Business Administration (SBA) through STEP in year one of funding. The grants provide companies with assistance in expanding existing international markets or for entering into new export markets. In addition, the grant helped fund state led international trade missions, including the Department's exhibit at the 2012 Farnborough Air Show in England.

#### **Veterans Workforce Initiatives**

As many of our service personnel return home, the state should be prepared to help connect them directly to jobs, provide them with additional education and training for in-demand jobs, or provide them with additional workforce services as needed. The Department, along with other key agencies, is leading this effort. Key items include coordinating communication and marketing efforts between the multiple organizations that interact with veterans, working with the Board of Regents (Tech Ed Authority) to develop industry-led credentials and training to get veterans back to work more quickly.

###