

## **Vision 2020 Committee: Economic Development**

Rep. Tom Sloan, Chairman

Economic Development is a term that many people use, but few understand what it means. It can mean increasing the number of jobs available, increasing productivity of the workforce, increasing educational opportunities, and increasing employee wages and benefits. In other words, economic development can mean anything – and hence very little. But all of us embrace the notion that we want and need economic development.

The subject has become even more arcane when the discussion turns to specific policies to promote economic development. Should tax credits, refunds, or exemptions be awarded; should school finance dollars be spent on vocational-technical training or basic math and reading programs; how do you know when an incentive will result in investment that would not otherwise occur versus simply rewarding companies for making investments that they already intended to make?

How do we measure success? Is it total number of jobs, is it average pay rate, is it unemployment percentage, or is it something else?

The Vision 2020 Committee heard presentations from the leaders of Kansas, Inc.; KTEC; Kansas Bio-Science Authority; Department of Commerce; KU faculty; and a former Secretary of Commerce about their visions for the future. The goal was for Committee members to learn what programs are in place, how well they are working, and, most importantly, how do we continue to position ourselves for the future. As a state, we are heavily invested in helping the bioscience research and development community succeed. KU's efforts to secure designation of the KU Medical Center and Hospital as a National Cancer Center is an example of our commitment to investing in projects that will produce jobs and innovation within the bioscience arena. Should we make equivalent investments in information technology, energy, or some other research arena? What is the best policy for our state – now and for the next 10 years?

\* Dept. of Commerce – Fiscal Year 2008 – assisted in creating 4,341 new jobs and retaining 1,534 jobs

\* December 2008 – National unemployment rate = 7.2%; Kansas statewide unemployment rate = 4.9%; Douglas County = 4.0%

\* Kansas Center for Entrepreneurship – 1990–2004 New Jobs: 3.2% created by companies moving to Kansas; 39.8% were due to expansion of existing businesses; 57% were startup businesses; in 15 years, 96.8% of new jobs were due to startups or expansion of existing businesses

\* 11–14% of Kansas taxpayers (households) move between counties or out-of-state each year

The Committee directed the State economic development agencies to address the following “charges” during the summer and fall and report back to us in January with a “road map of next steps.”

Under Kansas, Inc.'s leadership in facilitating coordination that will result in the development in 2010 of a 10-year road map for economic development policies and programs:

1. Examine the existing structure and coordination processes between the agencies and other Kansas stakeholders and make any appropriate recommendations for the development of a more comprehensive "umbrella" policy coordinating body;
2. Evaluate the effectiveness of existing business incentives (both from strategic and component perspectives) and recommend enhancements, restructuring, rescinding, or alternatives;
3. The State has made bio-science research and development a very high priority. Evaluate alternative sector targets (e.g., energy, information technologies) so that state policies support a larger number of Kansans' economic development initiatives;
4. Evaluate whether gaps in state agency support businesses (e.g., trying to grow from 10-50 employees) exist and should policies be adopted to address identified "gaps;"
5. Evaluate whether the concept of "one stop shopping/coordination" for economic development can be developed and implemented, and should it include regulatory agencies; and
6. Evaluate such other topics as may assist the Legislature in developing a progressive, innovative economic development strategy that capitalizes on our strengths.