

10 **KANSAS, INC.**
ANNUAL REPORT

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MESSAGE FROM KANSAS, INC.

Recently, the state's economy has started to show some signs of improvement from the economic recession that began during late 2007, and while recent data does suggest we have started to emerge, this event has been one of both unique challenges and opportunities.

With signs of improvement – increasing state revenues; unemployment levels below their peak; businesses cautiously beginning to hire, etc – opportunities for economic growth exist. However, we must be realistic with our approach to economic development, as economic headwinds suggest a sluggish economy still persists. Given this environment, we may be living in a new economic reality, where many of the economic benchmarks that have traditionally defined economic growth have changed. For example, annual GDP growth in the range of 1.5 to 2.5 percent rather than 3.5 to 4.5 percent; unemployment levels remaining at 7 to 9 percent rather than 4 to 5 percent; the housing market remaining sluggish in the near term, etc. In time, we will know if this is a short-term phenomena or a long-term reality, but in the meantime, as a state, there are opportunities for success if we focus on our inherent and emerging economic strengths.

As outlined in the state's economic development strategic plan – **Strength Through Aligned Resources – can provide opportunities for economic growth in Kansas, essentially by surrounding our core business sectors with an economic environment for opportunity that will help foster and create business success in Kansas.** This concept was illustrated within the latest economic downturn, as several sectors, including oil and gas, energy and agriculture continued to thrive, despite the economic challenges that were faced on a broader scale. By focusing on the economic environment that surrounds our inherent and emerging strengths, we can create more opportunities in Kansas. As a state we must remain focused on the **business and tax climate, workforce development, entrepreneurship, technology and innovation, state image, education, and infrastructure** to help all businesses and citizens succeed in their efforts.

While ultimately it is difficult to predict with certainty what our economic future is, we must remain vigilant and focused on our inherent and emerging strengths, and use this time as an opportunity to create an environment for businesses to sustain, thrive and expand.



Stan Ahlerich
President

Fellow Kansans:

Over the last few years, we have faced one of the most challenging economic times since the Great Depression. During this time of economic struggle, it has been important that we focus our energies on putting Kansans back to work and getting our economy back on track. A critical component of this effort is our ability, as a state, to encourage business creation, retention and growth.

Kansas, Inc.'s Fiscal Year 2010 Annual Report highlights strategic actions to build a strong, diversified economy that promotes new and existing industries in Kansas. Kansas, Inc. compiles information that can help our state's leaders make decisions on important economic issues.

Through calculated planning, research and evaluation, Kansas, Inc. provides strategies and recommendations intended to position the state for long-term economic growth. As we work toward a better future, I appreciate the work of Kansas, Inc. to help create opportunities for Kansas.

Sincerely,



Mark Parkinson
Governor of the State of Kansas



MESSAGE FROM THE CO-CHAIR

Kansas, Inc. is pleased to present the 2010 Annual Report to the Governor, Legislature and fellow Kansans. Designed as an independent, objective and non-partisan instrumentality of state government, Kansas, Inc. identifies policy options and builds consensus essential for concerted action on vital economic issues. The Kansas, Inc. Board also serves a critical function to the Governor and Legislature, providing a structure for the exchange and transfer of pertinent and timely information between the private sector and state leadership.

This year highlighted the completion of several research projects, as well as strides towards accomplishing several of the strategies and recommendations brought forth in the statewide economic development strategic plan, *Leveraging our Foundations and Designing the Future: A Kansas Economic Renaissance*.

Recognizing the importance of a focused, strategic approach to economic development, the Kansas, Inc. Board formulated research based on critical issues relative to the strategic plan, including:

- Technology-Based Economic Development – An analysis of technology-based economic development in Kansas, including issues, opportunities and strategies;
- Economic Impact of the Military – An analysis of the fiscal and economic impact of military activity on the state, including employment, wages and contracts, as well as its impact on gross state product;
- Economic Dynamism – An analysis of state-level economic development policy and structure with respect to business dynamism and economic trends;
- Government Tax/Charge – An analysis of government taxes and charges and how Kansas compares to other states;
- Advanced Computing Technology – An analysis of the application of advanced computing technology from a government, university and business perspective.

Beyond the research, Kansas, Inc. continued collaborative efforts to educate and advance concepts brought forth in the strategic plan, including: developing broadband infrastructure throughout the state; enhancing the state's workforce development efforts; understanding the impact of regional rural development efforts' analyzing aspects of the state's business and tax climate; plus, a myriad of other concepts pertinent to the Kansas economy.

While we remain in uncertain economic times, the concepts and discussions brought forth by the Kansas, Inc. Board illustrate several issues and opportunities that may exist in Kansas. An in-depth discussion and understanding of these is critical to moving the state forward.

In closing, we would like to thank the many individuals, organizations, and entities that have assisted us in our efforts to strategically position the Kansas economy. Once again, we are grateful for the opportunity to serve the State of Kansas and its citizens.

A handwritten signature in blue ink, appearing to read "Donna Johnson".

Donna Johnson
Co-Chair

Kansas, Inc. Board of Directors

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 other members from the private sector representing key Kansas industrial sectors. Private sector members are appointed by the Governor and confirmed by the Kansas Senate.



Gov. Mark Parkinson
Co-Chair
Topeka



Donna Johnson, Co-Chair
Pinnacle Technology
Lawrence



Gene Argo
Mid-America Rodeo Company
Hays



Patti Bossert
Key Staffing
Topeka



Tom Burroughs
State Representative
Kansas City



Lana Gordon
State Representative
Topeka



Tom Holland
State Senator
Baldwin City



Don Landoll
Kansas Cavalry
Marysville



Lawrence McCants
First National Bank
Goodland



John Pilla
Spirit AeroSystems
Wichita



Roger Reitz
State Senator
Manhattan



Donald P. Schnacke
P.A.
Topeka



William Thornton
Secretary of Commerce
Atchison



Stephen Waite
Waiteco
El Dorado

KANSAS, INC. STAFF



Stan R. Ahlerich
President

(Not pictured)

Debby Fitzhugh
Director of Operations



Dan Korber
Sr. Research Analyst

Board Highlights

INCOMING BOARD MEMBERS



Roger Reitz, State Senator, Manhattan – Senator Reitz was appointed to the Kansas, Inc. Board during 2010. Senator Reitz has served in the Kansas Legislature since 2002 as State Representative, and as State Senator since 2005. Senator Reitz serves on several Committees, including: Local Government (Chair); Federal and State Affairs (Vice-Chair); Business and Labor; Joint Committee on Children’s Issues; Commerce; Joint Committee on Energy and Environmental Policy; Ethics and Elections; Joint Committee on Health Policy Oversight; Utilities; and Special Committee on Education. Senator Reitz previously served as Mayor/Commissioner of the Manhattan City Commission, and President and member of the USD 383 School Board. Senator Reitz is currently a Physician and is a graduate of the University of Kansas Medical Center.



William Thornton, Secretary of Commerce, Atchison – Secretary Thornton was appointed to the Kansas, Inc. Board during 2009 as the Secretary of Commerce. As the Secretary of Commerce, Thornton oversees the state’s efforts to create jobs through business recruitment and expansion, agriculture marketing, workforce development, community development, international trade, and travel and tourism. Prior to his appointment, Thornton served in leadership roles with MGP Ingredients, Hallmark Cards, and as an attorney with Duncan-Senecal Law Offices. Thornton also served on the Kansas Chamber of Commerce as Chairman and member of its Executive Committee, and was appointed to the Kansas Board of Regents in 2007. Thornton is a graduate of Benedictine College and the Washburn University School of Law.

OUTGOING BOARD MEMBERS



David Kerr, Secretary of Commerce, Topeka – Secretary Kerr served on the Kansas, Inc. Board from 2007 to 2009 as the Secretary of Commerce. Prior to his appointment Kerr served as President of AT&T Kansas, where he was responsible for all regulatory, legislative, governmental and external affairs activities in the state. Prior to being President, Kerr also served several other roles within AT&T. A committed volunteer and leader, Kerr has served on several Boards and Advisory Councils. Kerr attended Fort Hays State University and holds a B.S. in both economics and business administration from Avila University in Kansas City.



Wil Leiker, AFL-CIO, Topeka – Mr. Leiker served on the Kansas, Inc. Board from 2004 to 2009. Prior to serving as Executive Vice-President of the Kansas AFL-CIO, Leiker held various roles with Goodyear Tire & Rubber and served as President of USWA Local 307. Leiker has also served on several Boards and Councils, including the Kansas State Industrial Union Council, Shawnee County Industrial Union Council, Preferred Care Board, Topeka Community Development Council and the Delta Dental Plan of Kansas Board. Leiker is a graduate of Hutchinson Community College.



Reginald Robinson, Board of Regents, Topeka – Mr. Robinson served on the Kansas, Inc. Board from 2002 to 2010. Robinson previously served as President and CEO of the Board of Regents, Chief of Staff for the University of Kansas Chancellor, and as a Visiting Associate Professor in the University of Kansas School of Law. Prior to this, Robinson served as a White House Fellow, and worked five years with the U.S. Department of Justice in a variety of senior management positions. Robinson also served four years as a Field Artillery Officer in the U.S. Army. Robinson currently serves as the Director of the Center for Law and Government at the Washburn University School of Law. Robinson is a graduate of the University of Kansas and the University of Kansas School of Law.



David Wysong, State Senator, Mission Hills – Senator Wysong served on the Kansas, Inc. Board from 2007 to 2009. Senator Wysong served in the Kansas Legislature from 2005 to 2009. Senator Wysong previously served as President of Wysong, Quimby, & Jones Advertising and served on the Johnson County Board of Commissioners. Senator Wysong has served on several Boards and Foundations and currently manages Wysong Capital Management and the Wysong Family Foundation. Senator Wysong is a graduate of the University of Kansas.

Strategic Planning

K.S.A. 74-8002 – Kansas, Inc. shall oversee the formulation of economic development policy and strategic planning for the state. . .

Created by the Legislature in 1986, Kansas, Inc. is an independent, objective, and non-partisan organization 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. To attain our mission, Kansas, Inc. undertakes these primary activities:

- 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;
- 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 DEVELOPMENT EFFORTS IN THE STATE OF KANSAS.

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.

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.

STRATEGIC PLANNING OVERVIEW

In accordance with K.S.A. 74-8002, the economic development strategic plan, entitled *Leveraging our Foundations and Designing the Future: A Kansas Economic Renaissance*, provided 43 strategies addressed through 98 recommendations intended to strategically position Kansas for long-term economic growth. The strategic plan was a result of a yearlong process, driven by sound, fundamental research and tested with business input throughout the state.

The vision of the plan was simple –

“KANSANS WILL NOTABLY INCREASE PERSONAL AND BUSINESS WEALTH AND IMPROVE OUR QUALITY OF LIFE BY FOCUSING ON OUR INHERENT AND EMERGING STRENGTHS.”

- Working towards this long-term vision will prove to be rewarding, yet challenging, given our current economic situation.

THE KANSAS ECONOMY – THEN AND NOW

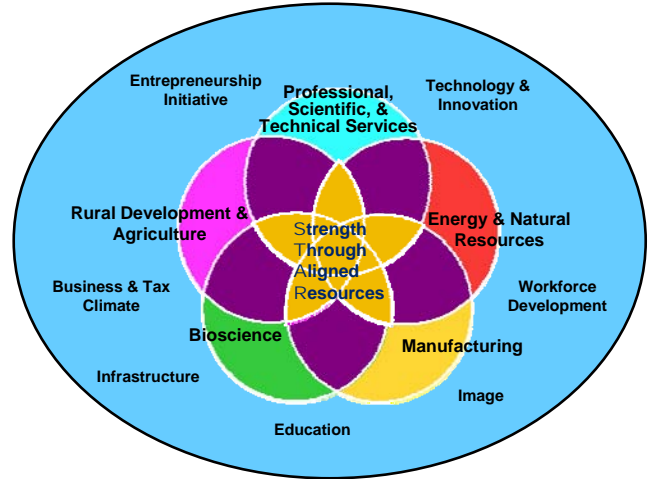
Historically, the Kansas economy was built on three primary industries that drove the state’s economy – **agriculture, oil and gas, and aviation**. These primary industries built the foundation of the Kansas economy, and while they remain inherent strengths, they are ever changing as we transition into an integrated global economy. In essence, these industries represented a preverbal three-legged stool; however, Kansans must change their mindset, as the current economy has evolved into an incredibly dynamic five-legged table. In many ways, today’s global economy is increasingly reflected by the characteristics that make up the Kansas economy, which are inherent and emerging strengths – **Rural Development and Agriculture; Energy and Natural Resources; Manufacturing – Aerospace and General; Professional, Scientific and Technical Services; and Biosciences**.

STRENGTH THROUGH ALIGNED RESOURCES

While all economies are cyclical by nature, a focused and well-planned framework that recognizes our inherent and emerging strengths within an environment for opportunity will help foster and create business success in the state.

Surrounding the state's core competencies with an environment for opportunity that focuses 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.

A strategic approach to this goal will allow Kansans to take hold of our competitive advantages and truly be positioned to compete in a dynamic global economy.



MISSIONS WITHIN THE STRATEGIC PLAN

Specific to the state's inherent and emerging strengths and the economic environment for opportunity, the following missions were defined during the strategic planning process to provide focus and direction within each area. Ultimately, the recommendations, strategies and missions brought forth during the process work towards the overall vision of the plan.

Manufacturing – Aerospace and General – Promote the ongoing competitiveness and growth of the manufacturing industry in Kansas.

Rural Development and Agriculture – Enhance the prosperity of rural Kansas by developing innovative solutions that recognize local and regional strengths to ensure the quality of life in rural areas.

Professional, Scientific and Technical Services – Recognize and support the role of services as a core industry in growing the Kansas economy.

Energy and Natural Resources – Implement a state energy plan that emphasizes growth value to producers and consumers, promotes energy efficiency and conservation, and promotes research and development for alternative energy technology. Implement a state water plan that coordinates the management, conservation and development of water resources by providing recommendations on how the state can best achieve the proper use and control of water resources.

Bioscience – Make Kansas the most desirable state to conduct, facilitate, support, fund and perform bioscience research, development and commercialization, to make Kansas a national leader in bioscience, create new jobs, foster economic growth, advance scientific knowledge and improve the quality of life for the citizens of the State of Kansas.

Business and Tax Climate – Create a tax and regulatory structure that is competitive and conducive for the growth of existing and new businesses of all sizes.

Workforce Development – Create a demand-driven workforce development system that meets the needs of the business community.

Technology and Innovation – Utilize science and technology to leverage and support existing and new economic opportunities.

State Image/Branding – Enhance the marketing/branding of Kansas.

Research and Analysis

K.S.A. 74-8002 – Kansas, Inc. shall undertake ongoing strategic analysis in order to determine the state’s areas of potential and continuing competitive economic advantage and disadvantage. . .

Kansas, Inc. maintains an aggressive research agenda designed to provide the groundwork for its strategic planning and evaluation functions. The following section highlights several reports produced during FY 2010. The information highlights several industries and issues pertinent to the Kansas economy.

IN-HOUSE RESEARCH

Economic Development Legislation in Kansas: A Chronological History from Fiscal Year 1986 - 2009

This publication, updated annually, provides a historical perspective of legislation that has directly or indirectly influenced economic development in Kansas. The current report includes the 2009 Legislative Session update as an addendum to the full report.

County Economic Vitality and Distress, 2008 Report Update

Since 1989, Kansas, Inc. has prepared an annual update on statewide economic vitality and distress. This report is based on data from several economic indicators combined into a statistical formula to produce an overall assessment score. The top ten economically vibrant counties during 2008 included: 1-Johnson, 2-Pottawatomie, 3-Haskell, 4-Riley, 5-Miami, 6-Wabaunsee, 7-Pratt, 8-Coffey, 9-Butler and 10-Geary. Within the top ten counties, four were Metropolitan, three were Micropolitan, and three were Rural. Of these counties, two are located in the East Central Region, two in the Southwest Region, four in the North Central Region, and one each in the Southeast Region and the South Central Region. It should be noted that overall rankings rely on percentage changes in certain variables, which may overemphasize small numerical changes in less populated counties. The table to the right highlights average county rank by size and region:

County Designation	Counties	Average Rank
Metropolitan	17	35
Micropolitan	19	50
Rural	69	58
East Central	6	26
North Central	19	45
Northeast	8	58
Northwest	18	60
South Central	14	59
Southeast	12	71
Southwest	28	46

Grants and Loans: Report for Fiscal Year 2009

Since 1990, Kansas, Inc. has prepared an annual report detailing the statewide allocation of grants and loans awarded by state agencies. This report details grants and loans activity in four categories, including: Economic Development, Community Development, Community Development Block Grants and Natural Resources. During FY 2009 the following amounts were reported:

Category	Awarded Statewide	Per Capita
Economic Development	\$255.9 million	\$ 91.33
Community Development	\$171.7 million	\$ 61.27
Small Cities CDBG	\$16.1 million	\$ 5.73
Direct Entitlement CDBG	\$10.6 million	\$ -
Natural Resources	\$15.3 million	\$ 5.46

Indicators of the Kansas Economy (IKE)

Published quarterly, this report provides a single source of objective and consistent information that allows public and private leadership, as well as all interested Kansans to better understand the economy and enhance decision-making capacity. The Indicators of the Kansas Economy (IKE) project has the goal of identifying critical variables that explain the current condition of the Kansas economy relative to its surrounding states and the U.S.

Based on information in the IKE report, the Kansas economy tends to track with both surrounding states and the national economy; however, several indicators illustrate trends where the Kansas economy has lagged or outpaced other states and the national economy, which can have a considerable impact over time. Information from the IKE report is used to produce the Economic Overview provided later in this publication.

Full reports are available at:
www.kansasinc.org

IN-HOUSE RESEARCH (Continued)

A General Overview of Advanced Computing Technology Issues and Opportunities

The Kansas, Inc. strategic planning process identified technology and innovation as a critical part of the framework that must surround the state's inherent and emerging strengths in order to contribute to the sustainability and growth of our economy.

TECHNOLOGY IS NO LONGER AN ENTERPRISE IN AND OF ITSELF, IT IS THE THREAD THAT MUST BE WOVEN THROUGH THE ENTIRE ECONOMY WITH INNOVATION.

- KANSAS, INC. STRATEGIC PLANNING

Based on this premise, technologies such as advanced computing may provide the means to increase business innovation and competitiveness for small-, medium- and large-sized firms throughout Kansas; and where many businesses may not have access to the resources or expertise to utilize such infrastructure; the state may be able to provide the link between businesses, universities and advanced computing opportunities. When considering advanced computing technologies, it is important to realize that the true value in having a high performance computing facility is not merely having the hardware, but rather having the staff with the needed unique skill sets available to support all users.

Research has show that a strategic investment in advanced computing technology would have the potential to create innovative opportunities that would otherwise likely be unattainable for business and industry, as well as universities and government, that could ultimately contribute to the economic growth of the state.

Assessing Kansas' Tax Burden and Government Charge Burden Among the Fifty States

Since its inception, Kansas, Inc. has provided extensive research in the area of business taxes, costs and regulatory structure, comparing Kansas to other states in the region and the U.S. to provide background information relative to state and local tax structure, and to assess the relative cost competitiveness of Kansas as a location for doing business.

WE HAVE TO RECOGNIZE WHAT WE CAN AND CANNOT DO, AND FOCUS ON THE AREAS WHERE WE CAN MAKE AN IMPACT. REMEMBER WHO AND WHAT GOT US HERE – EVERY BUSINESS MATTERS.

- KANSAS, INC. STRATEGIC PLANNING

These reports seek to examine state and local government taxes and charges in an effort to provide an understanding of Kansas revenues and how they compare to other states. While these figures reflect only a portion of state and local government revenue, this information provides valuable insight into the role that taxes and charges have in providing services for the state's citizens, and ultimately what their impact is on the overall business climate in the state.

Excerpt from *Business Taxes and Costs, A Cross-State Comparison* –

Since the early 1980's, the responsibility for the provision of many goods and services has shifted from the federal government to state and local agencies. Accompanying this shift has been an increase in state and local taxes. These taxes grew much faster than personal income during the 1980's and slightly faster during the 1990's. In the early 2000's, a recession and corresponding slow recovery also placed substantial stress on state and local fiscal structures.

Thus, state and local governments have had to perform a difficult balancing act to meet revenue needs, preserve tax systems that are considered "fair" by citizens, and maintain a business climate that is attractive, or at least not discouraging, to businesses. In many states, (not including Kansas), these pressures were relieved temporarily by budget surpluses of the late 1990's; however, the underlying challenge remains, and an economic slowdown can put most states under pressure again.

Full reports are available at:
www.kansasinc.org

OUTSOURCED RESEARCH

Technology-Based Economic Development in Kansas: Issues, Opportunities, and Strategies

Kansas, Inc. contracted with the Center for Applied Economics, University of Kansas to analyze technology-based economic development issues, opportunities, and strategies in Kansas.

ENHANCED PROSPERITY THROUGH ENHANCED BUSINESS-SECTOR PRODUCTIVITY DEFINES A CORE GOAL OF TECHNOLOGY-BASED ECONOMIC DEVELOPMENT.

Based on the study, Kansas has performed well in the growth of high-tech businesses – following the recession of 1991, the rate of growth has exceeded that of the U.S. and the Plains states. However, the study also stressed that technology-based economic development is primarily an urban phenomenon.

Volume matters, as innovation is a “numbers game” because it is an inherently risky enterprise that requires much trial and error. Success is the goal, but failure is a key aspect of the overall discovery process.

Density matters, as dense populations and dense commercial activity help support volume. More importantly, they assist the innovation process by making it less costly to experiment. A key virtue of density related to innovation is the ease with which diverse groups of individuals can interact face-to-face.

Kansas has a natural disadvantage in regards to volume and density, except for the Kansas City and Wichita areas. Dealing with this disadvantage can be an appropriate focus of state policy – by thinking bigger, a new strategic vision can expand our potential. A comprehensive state policy must find a way to replicate the synergies of volume and density found in urban areas to the less populated areas of Kansas.

THE VISION THAT INFORMS KANSAS POLICY MUST COME TO TERMS WITH THE DRIVERS OF TECHNOLOGY-BASED ECONOMIC DEVELOPMENT: COMPLEXITY FED BY A HIGH VOLUME OF EXPERIMENTATION THAT TYPICALLY ACCOMPANIES THE DENSE POPULATIONS AND COMMERCIAL ACTIVITY CHARACTERISTIC OF CITIES.

Volume and density are key themes in this report. The recommendations below seek to channel resources toward policies that promote and leverage volume and the virtues of density. They focus on value-added roles related to technology-based economic development that the state government of Kansas can potentially execute better than any other organization.

Recommendation 1 – Build world-class discovery platforms to simulate across the State of Kansas the “knowledge spillover,” collaboration, and increased opportunity awareness that comes from urban density. Economic research clearly reveals that large cities promote innovation because the density associated with cities facilitates experimentation and knowledge spillover that comes with frequent face-to-face interaction. Kansas faces natural disadvantages with regard to density, and few entities other than the state have an incentive to simulate the general economic benefits that result from density-driven knowledge spillover. The goal is easy to state: maximize the potential for Kansas businesspeople and scholars to communicate and interact with each other—and their peers from around the world—on a regular and consistent basis to motivate high-levels of regular face-to-face interaction as a means of cross-pollinating ideas related to innovation.

Recommendation 2 – Link state research and development support more tightly to the acquisition of federal research and development funding and strive to increase the number of Kansas-based researchers competing for all manners of science- and engineering-related federal funding. Federal funding dominates the areas of basic research and university-related applied research. The state can work to expand the overall diversity of its research base by building broad-based grant programs to underwrite the process of Kansas scholars competing for all manner of federal grants. The goal is to substantially expand, without bias, the diversity and volume of basic and applied technology-related research. Economic research shows that universities can simulate the virtues of density in smaller-size cities, like those characteristic of much of Kansas.

Recommendation 3 – The State of Kansas should maximize the resources directed to building the research infrastructure and collaborative business environment related to technology-based economic development and minimize the resources directed to investments in individual business ventures. Only the state government has the incentive and ability to build a competitive business platform. Networks of businesspeople and scholars have a superior ability and incentive to manage a large—and highly distributed—volume of technology-related experimentation. State resources spent on building strong networks to match private investors with new or mature Kansas-based companies creates superior potential for handling volume and complexity.

Recommendation 4 – Leverage the network of regional technology centers (business incubators) to help build more volume and critical mass. The regional technology centers (business incubators) spread throughout Kansas (Great Bend, Hutchinson, Lawrence, Lenexa, Manhattan, Pittsburg, and Wichita) can play a strong facilitation role in the process related to Recommendation #1. Business incubators play an important role in the technology-based economic development value chain. First, scientists or other inventors may have poor business training or acumen. Incubators that provide competent business and legal assistance help lower the cost of starting new enterprises and allow the individuals involved to focus on their relative strengths. Second, incubators can offer expert services that might not have commercial viability in the many thin markets of Kansas.

OUTSOURCED RESEARCH (Continued)

Kansas Military Analysis: Fiscal and Economic Impact of Military Activity in Kansas

A source of economic development often overlooked is the contribution of the military to the Kansas economy. Recognizing the importance of the military's contribution to the state's economy, the Governor's Military Council and Kansas, Inc. commissioned a study to analyze the fiscal and economic impact of military activity on the state of Kansas. The study was conducted by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University. The objective was to determine the fiscal and economic impact from military employment, wages and contracts, as well as assess the impact to Kansas Gross State Product (GSP).

Statewide Impact – Military activity in the state of Kansas includes contracts awarded to companies in Kansas, and a portion of payments to retired individuals, and active duty civilian, reserve and National Guard personnel. **The combined total impact to GSP (output) was at least \$7.7 billion, or 7 percent of Kansas GSP in 2006.**

The military directly and indirectly supported nearly 170,000 jobs (9.4 percent of total employment), paying a total of \$5.7 billion in wages (5.8 percent of state earnings in 2006). Of the 170,000 jobs created by military activity, military contracts support an estimated 49,000 jobs in Kansas with an impact of \$1.9 billion to wages.

Output, employment and earnings create fiscal impacts, or tax revenues to cities, counties and the state of Kansas. **The total fiscal impact from military activity to Kansas contributed \$49.9 million to city/county revenues, \$73.5 million to region (multiple counties) revenues and \$270.2 million to state revenues. Total tax revenue collections attributable to military activity was estimated to be \$393.6 million.**

Installation Impact – The study also calculated the fiscal and economic impact of Kansas military installations on their respective counties, regions and the state.

(Note on comparisons between statewide and installation data: The installation impact does not provide a complete summary of the data used to create the statewide impact, thus the summation of the installation data will not equal the statewide data. This discrepancy is due to several factors, including: 1) The installation impact does not capture the additional military activity that may occur outside of their respective regions; 2) For analysis purposes, the statewide impact includes 2006 employment figures, while installation impact includes 2008 employment figures, and 3) Double counting may exist in the installation impact due to the overlap of installation regions.)

Output, employment and earnings create fiscal impacts, or tax revenues, to cities, counties and the state of Kansas. **The total fiscal impact from military activity to Kansas contributed \$49.9 million to city/county revenues, \$73.5 million to region (multiple counties) revenues and \$270.2 million to state revenues. Total tax revenue collections attributable to military activity was estimated to be \$393.6 million.**

Category	State of Kansas
Output	\$7.7 billion
Employment	169,500
Earnings	\$5.7 billion
Tax/Fiscal Impact	
City/County	\$49.9 million
Region	\$73.5 million
State	\$270.2 million
Total Revenue	\$393.6 million

* State figures consist of 2006 employment data, 2007 retiree data and 2006 contract data

Category	Forbes Field	Fort Leavenworth	Fort Riley	McConnell Air Force Base	Smoky Hills Air National Guard
Output	\$20.5 million	\$146.2 million	\$82.7 million	\$1.8 billion	\$4.6 million
Employment	13,930	28,930	58,490	27,640	1,719
Earnings	\$357.2 million	\$985 million	\$2.1 billion	\$1.0 billion	\$15.6 million
Tax/Fiscal Impact					
City/County	\$6.5 million	\$7.0 million	\$15.5 million	\$9.5 million	\$ 323,000
Region	\$6.6 million	\$7.9 million	\$12.6 million	\$11.2 million	\$ 795,200
State	\$13.8 million	\$37.0 million	\$115.0 million	\$53.9 million	\$ 990,200
Total Revenue	\$26.9 million	\$51.9 million	\$143.1 million	\$74.6 million	\$2.1 million

** Installation figures consist of 2008 employment data, 2007 retiree data and 2006 contract data. Economic regions include the five largest employee-contributing counties to the home county of each installation.

Impact of a Gain or Loss of 1,000 Military Personnel – Assuming that all military contracts would continue at a constant rate, the loss of 1,000 military personnel would lead to a negative economic impact, and the gain of 1,000 military personnel would lead to an equal, but positive economic impact. **The net annual fiscal impact of a gain or loss of 1,000 military personnel in Kansas would be \$461,000 on all cities, \$673,000 on all counties, and \$916,000 on the state, for a total net annual fiscal impact of \$2.1 million. The total public benefits annually of a gain or loss of 1,000 military personnel would be \$4.4 million.**

OUTSOURCED RESEARCH (Continued)

Embracing Dynamism: The Next Phase in Kansas Economic Development Policy

Kansas, Inc. contracted with the Center for Applied Economics, University of Kansas to analyze aspects of business dynamism applied to economic development policy. The Kansas, Inc. Strategic Plan stressed the importance of creating a tax and regulatory structure that is competitive and conducive for the growth of existing and new businesses of all sizes. *“We have to recognize what we can and cannot do, and focus on the areas where we can make a difference – every business matters.”* Based on this premise, Kansas, Inc. examined aspects of business dynamism applied to economic development policy. Dynamism in this context simply refers to business churn (business births and deaths, business expansions and contractions).

Throughout history and still today, the Kansas economy continues to transform – through existing trends such as urbanization and globalization that contribute to the geographic and compositional shifts in the economy – to natural economic dynamism, that continues to evolve the state’s economy in ways that may not be fully appreciated at the time. **Embracing dynamism** provides the theme for this research in describing the next phase of economic development policy in Kansas. 1) Embracing dynamism suggests an economic development model that works with the mega-trends that continue to shape the Kansas economy. 2) Embracing dynamism suggests that economic development efforts discard the traditional industry-centric focus and replace it with a region-centric focus.

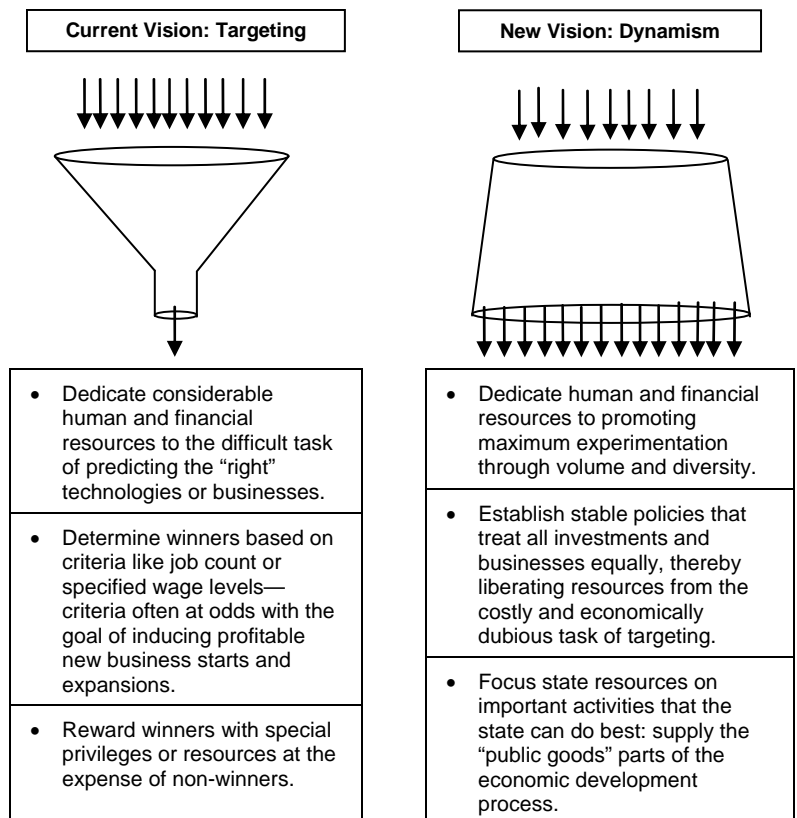
A state-level economic development model that embraces dynamism should create a set of policies that work well across the whole array of regions, regardless of their development stage. In brief, state-level policies should: 1) treat all business and investment opportunities equally, 2) facilitate business development in the unique context of the regional economy, and 3) embrace rather than impede the continuing patterns of structural change.

Almost every state offers economic development incentives. Yet, in general, benchmarking literature suggests that these incentives do not have a significant impact on economic growth. Benchmarking literature also suggests that states must continue to offer such incentives to remain competitive. This report challenges key elements of that conclusion: Kansas can break out of the benchmarking race by developing a strategy built on embracing dynamism. Such a strategy can distinguish itself by building unique capabilities that create a different mix of value to all businesses seeking to thrive in Kansas – a mix of value that can enhance the probability of long-term economic success through enhanced opportunity. Embracing **dynamism can change how Kansas plays the economic development game.**

The goal of embracing dynamism is simply stated: **Create the conditions necessary to induce as much commercial experimentation as possible on Kansas soil.** Proper execution of the embracing dynamism strategy will create an environment where all manner of people – inside and outside the state – feel motivated to commit their time and treasure to Kansas soil. The policy challenge centers on promoting dynamism by establishing a business environment that induces business birth and expansion without bias related to the size or type of business. **Every business matters.**

Embracing dynamism starts with a change in vision. The State should consider examining its prevailing policy of the State as an active investor in targeted businesses or industries and instead adopt the policy vision of the State as a caretaker of a competitive platform that seeks to induce as much commercial experimentation as possible. This vision implies the state government need not commit scarce resources to the enormously difficult task of predicting the outcome of competition if it focuses on the much more manageable task of creating the platform on which the competition takes place.

A Profile of Two Visions for Kansas Economic Development Policy



Evaluation and Assessment

K.S.A. 74-8010 – Kansas, Inc. shall review and evaluate the effectiveness of economic development programs and activities within the state. . .

A major component of Kansas, Inc.'s statutory requirements is the periodic assessment of the effectiveness of economic development initiatives throughout Kansas. During the past few years, Kansas, Inc. has completed evaluations of the Kansas Department of Commerce, Kansas Technology Enterprise Corporation, Kansas Bioscience Authority, and NetWork Kansas. Recent evaluations are available on the Kansas, Inc. website.

KANSAS DEPARTMENT OF COMMERCE

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, Commerce 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 wonderful place to live, work and play. This is accomplished through Commerce's five divisions: Business Development, Rural Development, Trade Development, Workforce Services and Travel & Tourism.



KANSAS TECHNOLOGY ENTERPRISE CORPORATION



KTEC is a public/private partnership established by the state to promote technology-based economic development. KTEC assists Kansas entrepreneurs and technology companies by supporting the development and commercialization of new technologies through a statewide network designed and built to support researchers, entrepreneurs, and technology companies through each phase of the technology life cycle.

KANSAS BIOSCIENCE AUTHORITY

In Kansas, bioscience researchers and businesses have a partner dedicated to their success: the Kansas Bioscience Authority. The KBA is investing \$581 million to advance Kansas' national bioscience leadership by stimulating job growth, attracting private venture capital, and increasing research and business investments in the state. The KBA focuses resources in sectors in which Kansas has national leadership and expertise, including animal health, bioenergy, biomaterials, human health, and plant biology. And it is investing in bioscience growth throughout the business cycle – from research and development to commercialization to expansion and attraction.



NETWORK KANSAS



NetWork Kansas is devoted to the growth of entrepreneurship and small businesses throughout the state of Kansas. Its mission is to promote an entrepreneurial environment by providing a central portal that connects entrepreneurs and small business owners with the right resources—Expertise, Education and Economic Resources—when they are needed most. In pursuit of this mission, NetWork Kansas partners with well-respected business development organizations and educational institutions that work with entrepreneurs and small business owners who have the vision and potential to succeed. The result is a seamless system that helps to accelerate economic and community development in Kansas. The NetWork Kansas statewide portal enables entrepreneurs and small business owners to connect with more than 450 NetWork Kansas partners throughout the state.

Economic Overview

Economies are cyclical by nature and an understanding of the major trends that impact the economy is essential to enhance decision-making capacity. Small variances can have long-term impacts, and an understanding of the data underlying these trends can provide decision-makers with the necessary tools to strategically address economic issues.

The following section provides a brief overview of several economic indicators, compared on a one-, five-, and ten-year basis to capture trends over each specific period. Kansas is compared to both the U.S. and the 6-State Region surrounding Kansas, consisting of: Arkansas, Colorado, Iowa, Missouri, Nebraska and Oklahoma. Information is primarily sourced from the Indicators of the Kansas Economy Report (IKE).

POPULATION

Population, 1999 – 2009

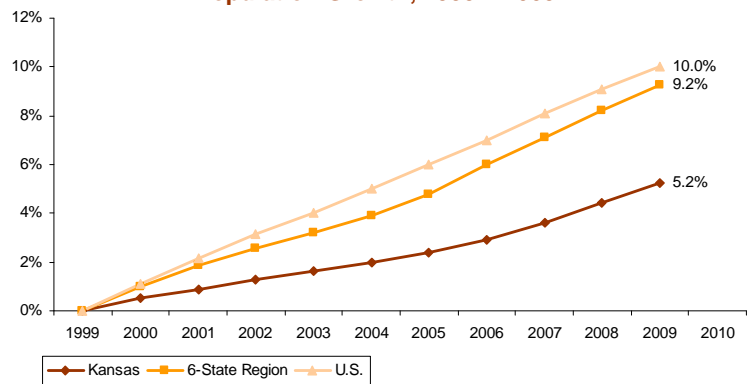
	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,818,747	2,797,375	2,730,765	2,678,338	0.8%	3.2%	5.2%
6-State Region	22,393,303	22,179,273	21,302,277	20,499,371	1.0%	5.1%	9.2%
U.S.	307,006,550	304,374,846	293,045,739	279,040,168	0.9%	4.8%	10.0%

During 2009 the U.S. Census Bureau estimated the Kansas population to be 2,818,747, an increase of 0.8 percent over 2008 and an increase of 5.2 percent over 1999. During the 10-year period Kansas has lagged both the 6-State Region and the U.S. in population growth.

While the population of Kansas has increased overall since 1999, several rural counties have experienced a population decrease while more urban counties have experienced a population increase. During 2009 there were 30 counties that gained population compared to 2008. Of these counties, 9 were Metropolitan, 6 were Micropolitan, and 15 were Rural.

Source: U.S. Census Bureau – www.census.gov

Population Growth, 1999 – 2009



GROSS DOMESTIC PRODUCT BY STATE (GSP)

Gross Domestic Product by State (millions of current dollars), 1999 – 2009

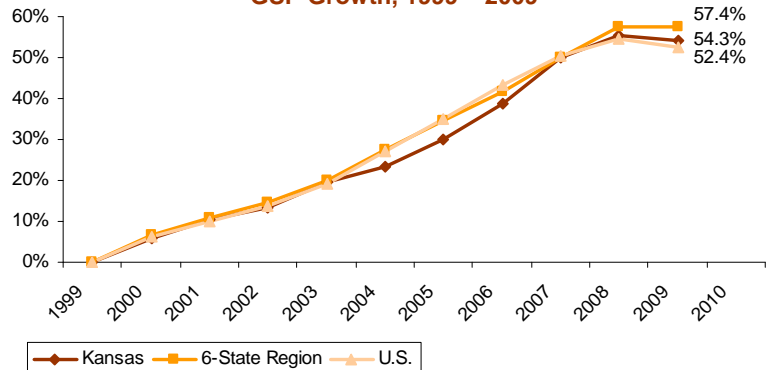
	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	124,921	125,876	99,974	80,968	-0.8%	25.0%	54.3%
6-State Region	976,726	976,998	792,022	620,543	0.0%	23.3%	57.4%
U.S.	14,150,826	14,343,954	11,788,909	9,286,858	-1.3%	20.0%	52.4%

GSP captures state economic growth, providing an overall analysis of the performance of the economy. GSP is the value-added in production by the labor and property located in the state. All GSP data is displayed in current dollars and are not adjusted for inflation.

During 2009 Kansas reported GSP at \$124,921 million, a decrease of -0.8 percent over 2008 and an increase of 54.3 percent over 1999. Over a one-year period, Kansas has experienced negative GSP growth; while over a 10-year period Kansas has lagged the 6-State Region and has outpaced the U.S. in GSP growth.

Source: Bureau of Economic Analysis – www.bea.gov

GSP Growth, 1999 – 2009



PER CAPITA PERSONAL INCOME (PCPI)

Per Capita Personal Income (dollars), 1999 – 2009

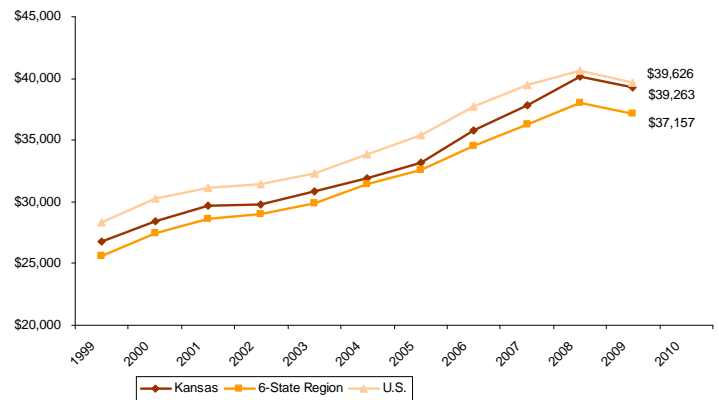
	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	39,263	40,134	31,924	26,826	-2.2%	23.0%	46.4%
6-State Region	37,157	38,038	31,434	25,668	-2.3%	18.2%	44.8%
U.S.	39,626	40,673	33,881	28,333	-2.6%	17.0%	39.9%

PCPI is the income received by all persons from all sources, divided by the population. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts. Personal income is measured before the deduction of personal income taxes and other personal taxes. Personal income is reported in current dollars.

During 2009 Kansas reported PCPI at \$39,263, a decrease of -2.2 percent over 2008 and an increase of 46.4 percent over 1999. Over a 1-, 5- and 10-year period Kansas has outpaced the U.S. in PCPI growth. When comparing actual levels of PCPI, Kansas has lagged the U.S. and outpaced the 6-State Region.

Source: Bureau of Economic Analysis – www.bea.gov

Per Capita Personal Income, 1999 – 2009



WAGES

The average level of wages within major industry sectors may illustrate the impact industries can have on the economy and provide insight into how each sector is performing within the overall economy.

During 2009 the average annual wage for all industries was \$38,168. Compared to 2008, eleven industry sectors experienced an increase in average annual wages. The Utilities sector experienced the highest increase, at 3.5 percent, to \$75,608. The highest wages were in the Management of Companies and Enterprises sector, while the lowest wages were in the Accommodation and Food Services sector.

Industry	2009 Average Wages	2008 Average Wages	Percent Change
Agriculture, Forestry, Fishing, Hunting	33,124	32,656	1.4%
Mining	48,152	51,636	-6.7%
Utilities	75,608	73,060	3.5%
Construction	43,264	43,524	-0.6%
Manufacturing	48,776	48,412	0.8%
Wholesale Trade	55,692	55,536	0.3%
Retail Trade	23,036	23,088	-0.2%
Transportation and Warehousing	37,492	37,492	0.0%
Information	61,152	63,960	-4.4%
Finance and Insurance	53,820	54,236	-0.8%
Real Estate and Rental and Leasing	32,032	32,292	-0.8%
Professional and Technical Services	55,172	54,860	0.6%
Management of Companies and Enterprises	77,376	82,992	-6.8%
Administrative and Waste Services	31,408	31,252	0.5%
Educational Services	30,784	30,524	0.9%
Health Care and Social Assistance	37,180	36,348	2.3%
Arts, Entertainment and Recreation	15,028	14,976	0.3%
Accommodation and Food Services	12,740	12,532	1.7%
Other Services, except Public Administration	25,532	25,948	-1.6%
Government	36,608	35,672	2.6%
State Average	38,168	38,168	0.0%

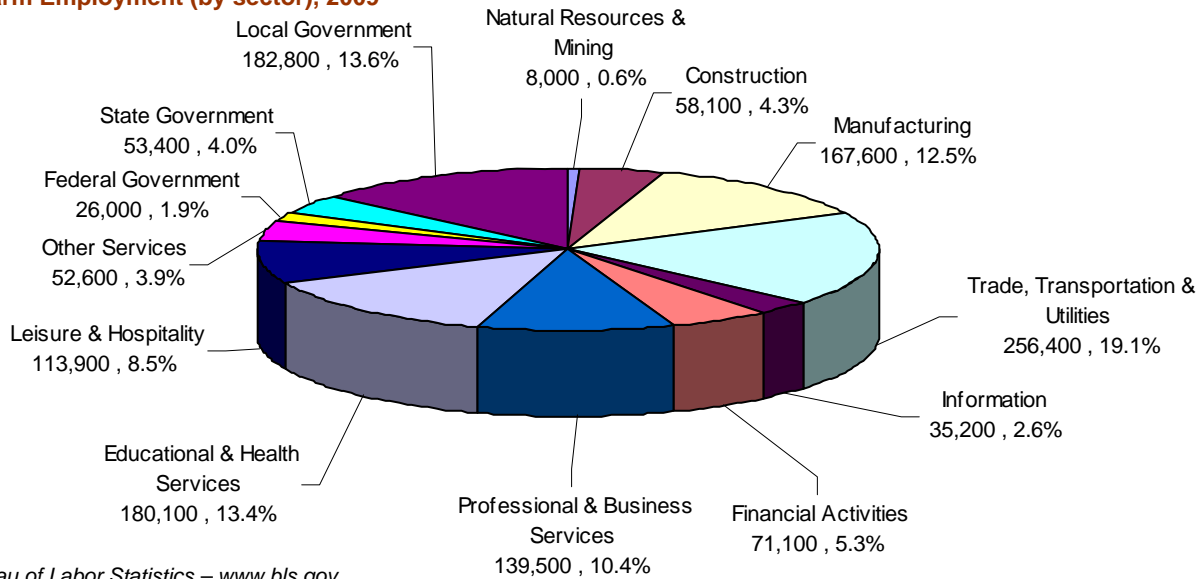
Source: Kansas Labor Market Information – www.dol.ks.gov

INDUSTRY COMPOSITION

Total nonfarm employment represents 13 major nonfarm sectors measured by the Bureau of Labor Statistics.

During 2009 the largest sector was Trade, Transportation and Utilities, comprising 19.1 percent of total nonfarm employment. Other major sectors comprising more than 10 percent of total nonfarm employment included: Manufacturing (12.5 percent), Local Government (13.6 percent), Education and Health Services (13.4 percent), and Professional and Business Services (10.4 percent).

Total Nonfarm Employment (by sector), 2009

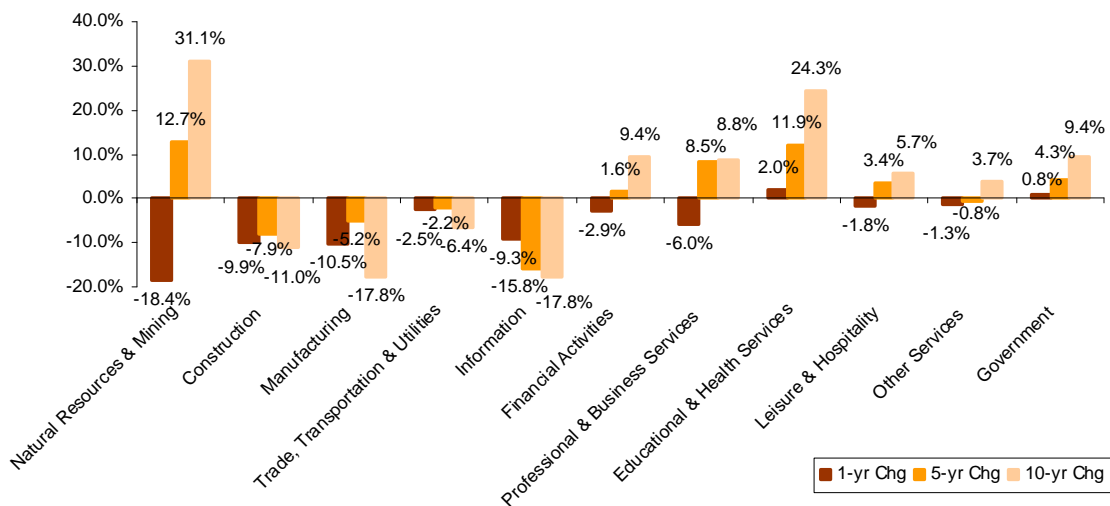


Source: Bureau of Labor Statistics – www.bls.gov

Within total nonfarm employment, few sectors within Kansas have experienced growth over a one-year period, with only Educational and Health Services experiencing a 2.0 percent increase and Government experiencing a 0.8 percent increase. All other sectors have experienced a decline in growth.

Over a ten-year period, all sectors except Construction (-11.0 percent), Manufacturing (-17.8 percent), Trade, Transportation, & Utilities (-6.4 percent) and Information (-17.8 percent) have experienced growth. Over a 10-year period, the highest growth has occurred in the Natural Resources and Mining sector (31.1 percent)

Employment Growth by Sector in Kansas, 1999 – 2009



Source: Bureau of Labor Statistics – www.bls.gov

EMPLOYMENT

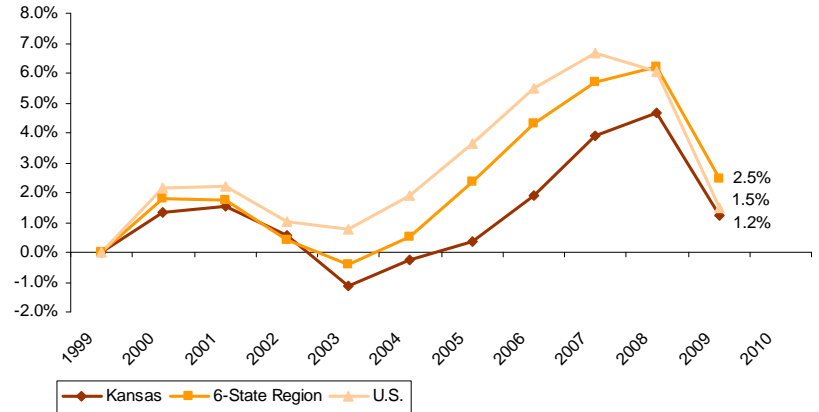
Total Nonfarm Employment Growth (all employees, thousands), 1999 – 2009

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,344.6	1,390.6	1,325.0	1,328.4	-3.3%	1.5%	1.2%
6-State Region	10,058.6	10,424.0	9,868.6	9,816.6	-3.5%	1.9%	2.5%
U.S.	130,920.0	136,790.0	131,435.0	128,993.0	-4.3%	-0.4%	1.5%

During 2009 Kansas reported total nonfarm employment at 1,344.6 thousand, a decrease of -3.3 percent compared to 2008 and a 1.2 percent increase compared to 1999. Over a 10-year period Kansas total nonfarm employment has trended similar to both the 6-State Region and the U.S.; however, Kansas has lagged both the 6-State Region and the U.S. in total nonfarm employment growth.

Source: Bureau of Labor Statistics – www.bls.gov

Total Nonfarm Employment Growth, 1999 – 2009



UNEMPLOYMENT

Unemployment Rate (%), 1999 – 2009

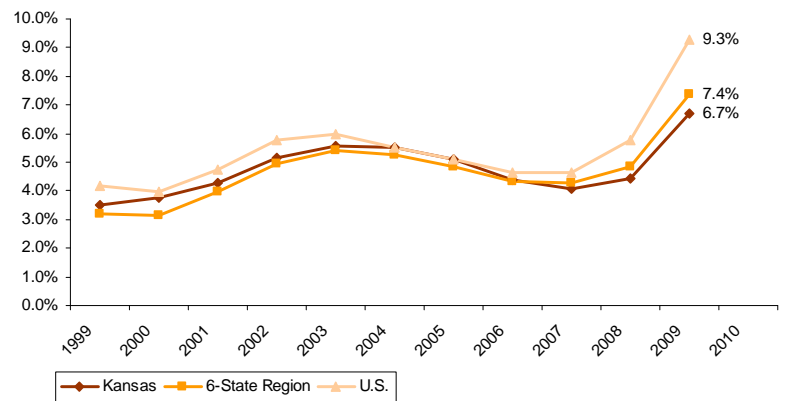
	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	6.7%	4.4%	5.5%	3.5%	2.3%	1.2%	3.2%
6-State Region	7.4%	4.8%	5.3%	3.2%	2.6%	2.1%	4.2%
U.S.	9.3%	5.8%	5.5%	4.2%	3.5%	3.8%	5.1%

The unemployment rate represents the number of unemployed individuals as a percent of the labor force. The three factors that determine the unemployment rate are: the number of individuals employed, unemployed and the size of the labor force. Therefore, a shift in any of these factors may influence the unemployment rate.

During 2009 Kansas reported an annual unemployment rate of 6.7 percent, an increase of 2.3 percent compared to 2008 and an increase of 3.2 compared to 1999. Over a ten-year period Kansas unemployment levels have trended similar to both the 6-State Region and the U.S.

Source: Bureau of Labor Statistics – www.bls.gov

Unemployment Rate (%), 1999 – 2009



CONSUMER PRICE INDEX (CPI)

Consumer Price Index, 1999 – 2009

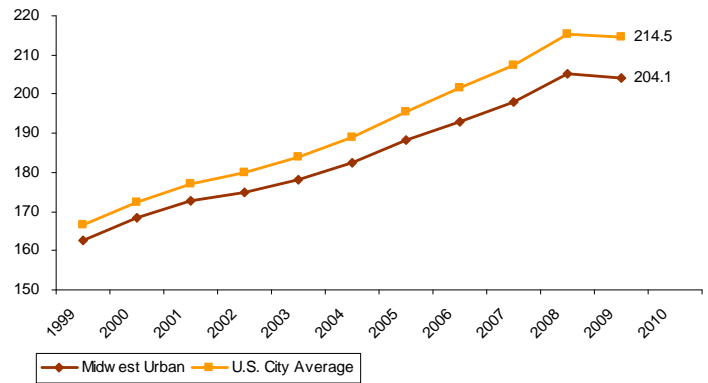
	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	204.1	205.4	182.6	162.7	-0.6%	11.8%	25.4%
U.S. City Average	214.5	215.3	188.9	166.6	-0.4%	13.6%	28.8%

The CPI program produces data on changes in the prices paid by urban consumers for a representative basket of goods and services. It is the most widely used measure of inflation.

The U.S. City Average is a measure of the average change over time in the prices paid by urban consumers throughout the United States for a market basket of consumer goods and services. It is adjusted to equal 100 during the base period of 1982-1984. The U.S. City Average CPI reflects spending patterns for all urban consumers, who represent about 87 percent of the total U.S. population. The Midwest Urban Consumer Price Index is calculated in the same way as the U.S. City Average CPI, however, the Midwest CPI is limited to urban consumers within the Midwest Census region.

During 2009 the Midwest Urban CPI level was 204.1, a decrease of -0.6 percent over 2008 and an increase of 25.4 percent over 1999. During 2009 the U.S. City Average CPI level was 214.5, a decrease of -0.4 percent over 2008 and an increase of 28.8 percent over 1999.

Consumer Price Index, 1999 – 2009



Source: Bureau of Labor Statistics – www.bls.gov

KANSAS SALES TAX COLLECTIONS

Sales Tax Collections (dollars), 1999 – 2009

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	\$ 1,866,223,078	\$ 1,990,655,688	\$ 1,691,289,972	\$ 1,456,121,970	-6.3%	10.3%	28.2%

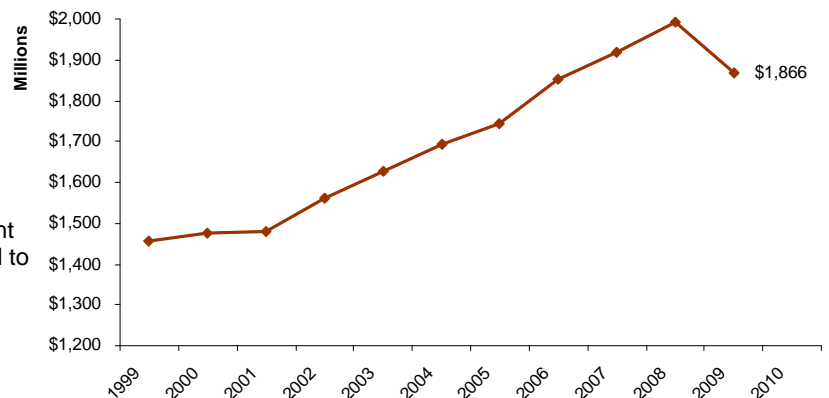
Monthly sales tax collections have trended higher as the economy has grown and three sales tax rate increases have been enacted. Annually, December typically collects the highest sales tax revenue, with January and February collecting the least. Consumers tend to delay purchases during a downturn in the economy, which can be reflected in lower sales tax collections in months proceeding and during a recession. Monthly sales tax collections tend to increase as the economy improves and consumer spending increases.

Tracking sales tax collections in Kansas gives insight into consumer behavior and demand. Sales tax collections can fluctuate widely from month to month. Since January 1990, state sales tax rates have increased on three occasions. In June 1992, the state sales tax rate increased from 4.25 percent to 4.90 percent; in July 2002 the state sales tax rate increased to 5.30 percent; and in July 2010 the state sales tax rate increased to 6.30 percent.

Source: Kansas Department of Revenue – www.ksrevenue.org

During 2009 Kansas collected approximately \$1.9 billion in sales tax revenue, a decrease of -6.3 percent over 2008 and an increase of 28.2 percent over 1999.

Kansas Sales Tax Revenue, 1999 – 2009



Financial Report

	FY 2010	FY 2009
Revenue		
Economic Development Initiatives Fund (EDIF)	\$ 354,858	\$ 394,882
Kansas, Inc. Operations Fund	22,234	--
Total Revenue	\$ 377,092	\$ 394,882

Expenditures

Salaries and Fringes	\$ 145,563	\$ 149,284
Communications	6,885	8,565
Freight and Express	--	21
Printing and Advertising	6,284	17,623
Rents	27,301	27,241
Repair and Servicing	975	910
Travel and Subsistence	2,939	2,185
Fees - Other Services	64,843	61,853
Fees - Professional Services	119,566	120,804
Other Contractual Services	1,256	1,657
Maintenance, Materials, Supplies, Parts	16	--
Motor Vehicle Parts, Supplies, and Accessories	152	114
Professional and Scientific Supplies	421	209
Office Supplies	883	4,404
Other Supplies	8	12
Capital Outlay	--	--
Total Expenditures	\$ 377,092	\$ 394,882

Partnership Opportunities

KANSAS, INC. PARTNERS (2007 – 2010)

AT&T	FHLBank Topeka	Midway Wholesale
Applebee's	Gene Argo	Paul Stephenson – PDS Company
Bayer HealthCare LLC	Goodyear Tire & Rubber	Richard Miller
Blue Cross & Blue Shield of Kansas	Hill's Pet Nutrition	Spirit AeroSystems, Inc.
Burns & McDonnell	INTRUST Bank, Wichita	Stan Ahlerich
Cessna	John Pilla	Stephen L. Waite
CoreFirst Bank & Trust	Kansas Bankers Association	The Peoples Bank – Pratt
Donald Schnacke	Kansas Farm Bureau	Westar Energy
Donna Johnson	Key Staffing	

KANSAS ECONOMIC DEVELOPMENT INSTITUTE

Kansas, Inc. receives contributions through the Kansas Economic Development Institute (KEDI), a 501(c)(3) non-profit established solely for research and educational purposes.

The purpose of KEDI is to advance the knowledge and understanding of economic development, business, and public policy issues in the State of Kansas through the conduct and sponsorship of research, analysis, and educational programs. KEDI was created to support the mission and objectives of Kansas, Inc., a quasi-public instrumentality established by the State of Kansas.

Kansas, Inc. is a public-private partnership that receives financial support from state government and the business community. KEDI serves as the private sector entity in that partnership. The private dollars received are managed by KEDI and are dedicated to research and educational activities.

KEDI is designed to support the mission of Kansas, Inc. and to provide research support to Kansas businesses, industries, and statewide associations. The KEDI research program focuses on economic policy in areas directed by the Kansas, Inc. Board of Directors and the Kansas Legislature.

KEDI contracts with the institutes and faculty of the Regents Universities for specific research projects, and with private consultants or firms with particular expertise. KEDI serves regional and local economic development entities in Kansas that wish to engage in special research projects and studies.

Support of Kansas, Inc. is directed into KEDI to make the research work possible. As defined by the foundation, support cannot be used to cover operations or administration expenses.

Pledges or inquiries can be made to ksinc@ink.org and an invoice will be provided. Contributions can also be sent to:

Kansas Economic Development Institute - 632 SW Van Buren, Suite 100 - Topeka, KS 66603

For further details on the Kansas Economic Development Institute, please visit our website

www.kansasinc.org or contact us at (785) 296-1460

2010 ANNUAL REPORT



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