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KANSAS
**FRAMEWORK
FOR GROWTH**

FEBRUARY 2021



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LETTER FROM THE GOVERNOR

As our children and grandchildren, along with our friends and other family members, leave Kansas to enjoy greater pay and career opportunities, we face a struggling economy, threatening our collective quality of life for generations to come. This is not acceptable. The world is changing and accelerating every day, and therefore with urgency, we too must change. It is time for Kansas to once again “punch above our weight class.”

Recognizing the decline in our state, our local economic development professionals asked for a new economic development strategy to build upon the legacy of the Redwood-Krider report, our last comprehensive economic development strategy, published in 1986. My administration, through the leadership at the Kansas Department of Commerce, made developing a Framework for Growth, a top priority. We also wanted to make sure this is a Kansas strategy and we were successful by using a public process where over 2,000 Kansans were engaged to help guide the direction of the Framework for Growth.

The world is changing —
and accelerating every day,
and therefore with urgency,
we too must change.

Our great people, communities, educational system and unique assets give Kansas a solid foundation for growth. While our sector mix is not aligned for future growth and resilience, with intentional action and investment, we can leverage our sectors into new opportunities through the development of modern skills and innovation. The Framework for Growth is grounded in four pillars:

TALENT | INNOVATION | COMMUNITY ASSETS | POLICY

The Framework for Growth is a guide for our actions today and into the future. To help set the Framework into action, two exciting initiatives will be developed by the Department of Commerce. Kansas Competitiveness Project, a cross-cutting competency development effort built on advanced skills, knowledge, and innovation, will position Kansas as a leader and future-proof our economy. The Regional Excellence Initiative will help communities work together to leverage their collective assets and creativity to further develop their region for global economic competition. These initiatives combined with other actions will position our economy for success.

Join me as we stabilize and strengthen our economy and “punch above our weight class” in a robust Kansas economy built on advanced skills, innovation, and outstanding community assets. Through bold action we will win the talent war and enjoy a prosperous future together. It is with this vision and collective effort we can welcome new friends, reunite with old friends, and enjoy time with our families, children, and grandchildren, in Kansas.

Sincerely,

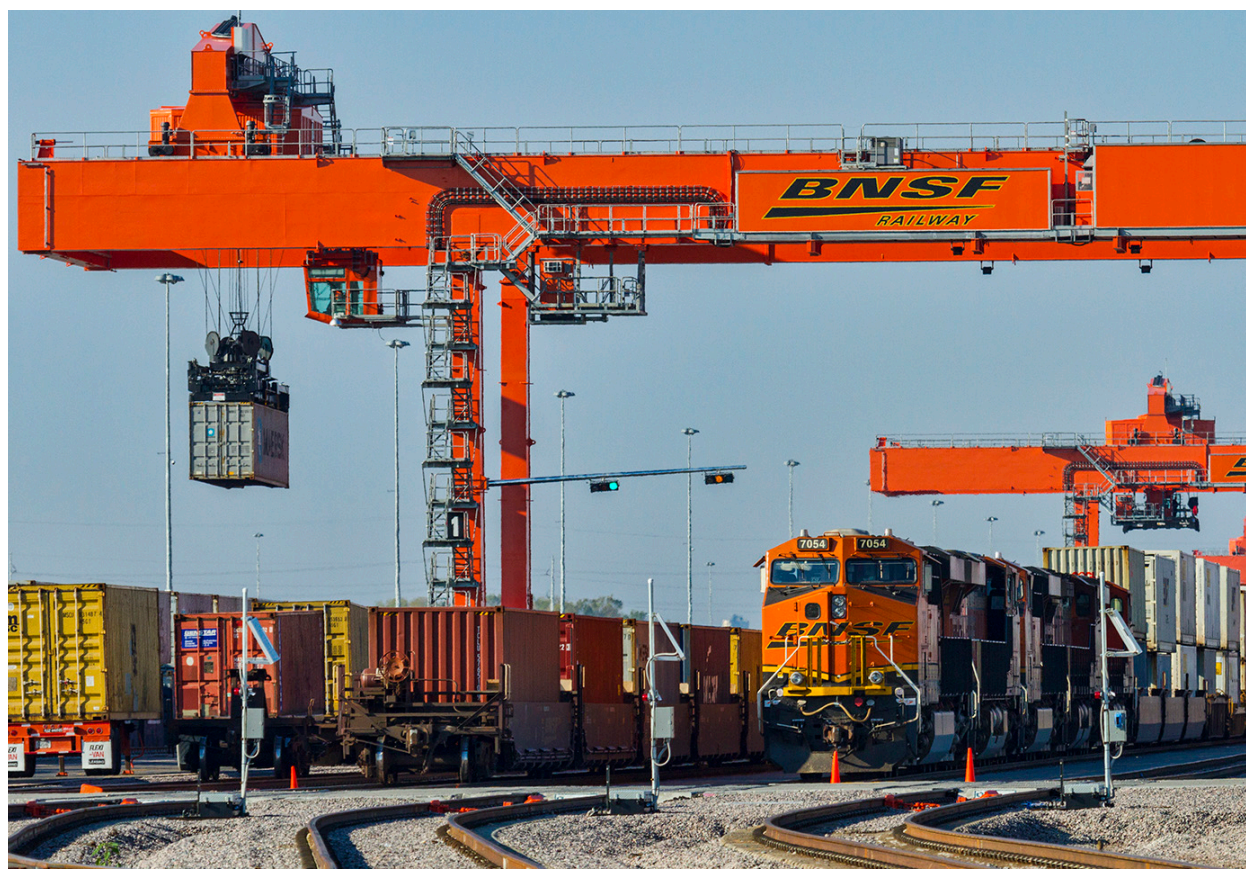
A handwritten signature in black ink that reads "Laura Kelly". The signature is written in a cursive, flowing style.

Governor
Laura Kelly

OUR COMPETITIVE POSITION

In an increasingly competitive and rapidly changing environment for economic development, Kansas has fallen behind. The future of our state and the prosperity of our residents are at stake.

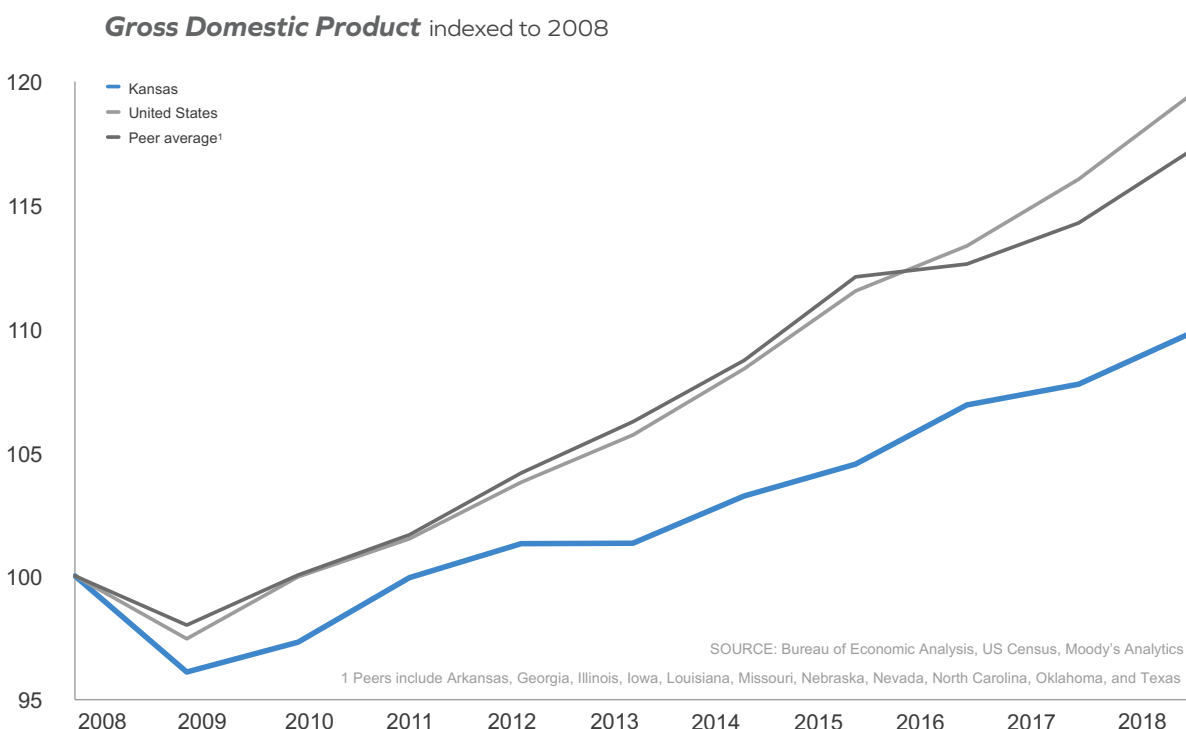
Disruptive forces are changing the competitive landscape for our state's economy and its businesses, and a variety of trends are rapidly accelerating and changing the economic geography of various sectors of economic activity. Automation is fundamentally reshaping manufacturing processes, warehouse operations, and other activities. New technologies are emerging and rendering once competitive products obsolete. Consumer preferences are ever-changing and creating new markets every day. Global wealth is expanding, opening up new trade and export opportunities. Global pandemics and other emerging threats challenge the resiliency of our economies, and our preparation for the future.



ECONOMIC OVERVIEW

In Kansas we take pride in our great people and strong communities. Our state has a history of steady economic performance enabled by our unrivaled talent and strong network of businesses.

In 2008, Kansas was performing in the top half of U.S. states in terms of employment growth (24th), GDP growth (14th), and average wage growth (21st), and even had several years of sustained GDP growth that ranked in or near the top 10 in the U.S. (from 2009-2011).



In recent years, however, Kansas has slipped, our advantages have eroded and a gap is widening with our peers.

By 2018, our state had fallen from its position among the top half of states in core economic outcomes, ranking 43rd in employment growth, 35th in GDP growth, and 42nd in average wages. Compared to peer states Kansas has experienced slower growth since the recession with 0.9% GDP growth per year in Kansas since 2008 vs. 1.6% growth for peers.

ECONOMIC OVERVIEW (CONTINUED)

Fortunately, our state has core assets that we can leverage to catalyze future growth.

Kansas outperforms peers in several key areas that are critical to driving economic growth. For us to achieve our aspiration, it will be essential for Kansas to build upon its strengths, including but not limited to:

- ✓ A robust education pipeline from kindergarten to higher-ed that outperforms peers.
- ✓ A favorable business climate and efficient incentives programs.
- ✓ A competitive advantage in certain high growth sectors.
- ✓ A central location and strong transportation system.
- ✓ A high quality of life and affordable living for residents.

U.S. LEADING STATES INDEX RANKINGS



#15 for Preschool - 12

#3 Percent of <5 year-olds enrolled in pre-K

#22 On-time graduation rates from secondary school

#36 Percent of student meeting college readiness standards

#20 NAEP Math scores



#13 for Higher Education

#22 Average student debt

#25 Average tuition

#29 Graduation rate for bachelors degree

#8 Graduation rate for 2-year post secondary institutions



#7 Unemployment rate

#13 Labor force participation

#15 Educational attainment

Despite these strengths, Kansas is facing a unique set of challenges that are hindering our state's ability to prosper and grow.

Our sector mix is not aligned for future growth and resilience. Kansas is highly specialized in industries that are experiencing stagnant growth and under indexed in high growth industries in the U.S. (i.e., tech, biosciences). Absent intervention, many of Kansas' regions will remain dependent on one to two sectors, leaving them vulnerable to a downturn or loss of a major company anchor.

Kansas has a stifled innovation ecosystem that has limited the opportunities for Kansas based start-ups. Kansas underperforms the U.S. across the innovation pipeline, falling the most behind in start-up creation and patent commercialization. We rank 38th in startup job creation and 22nd in patents granted in the country.

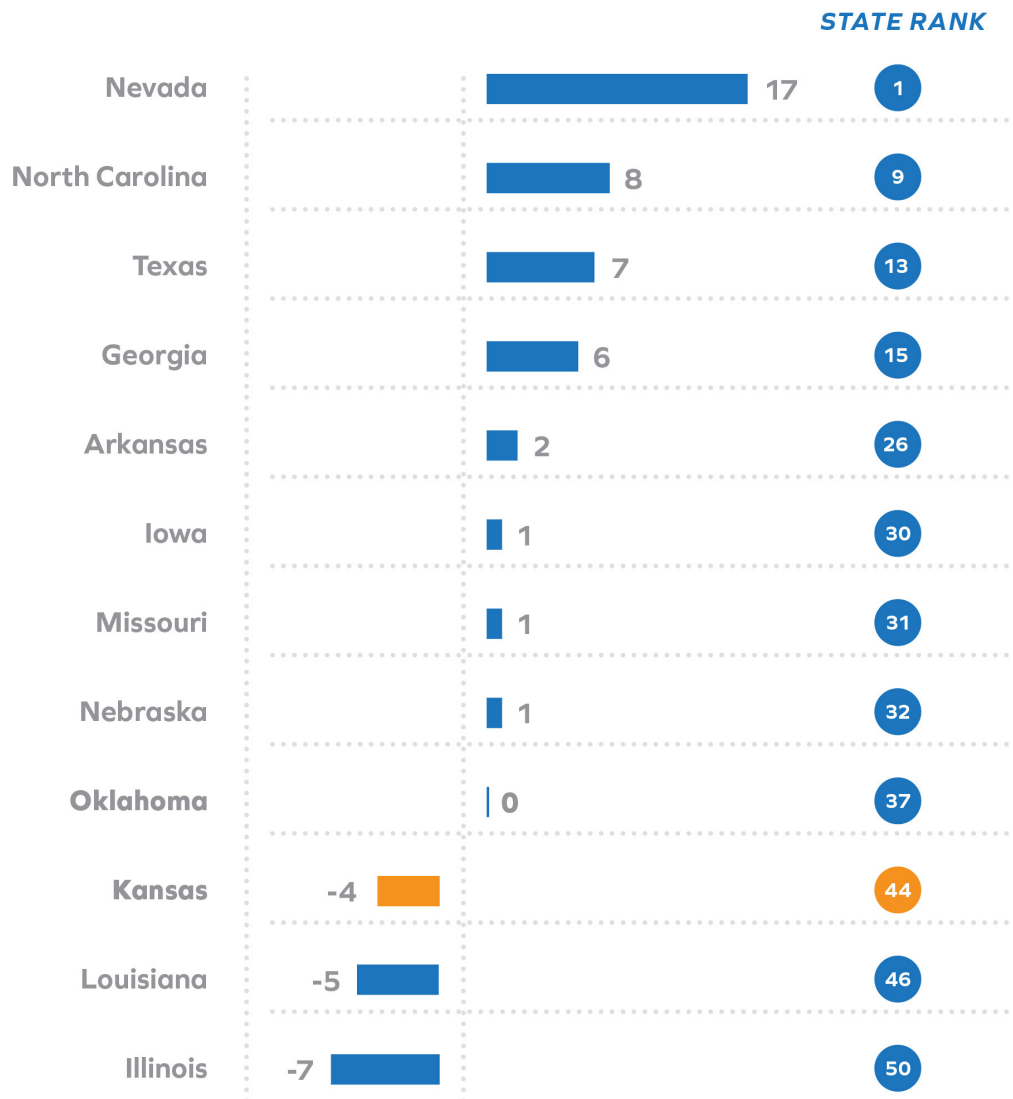
Population decline and the widening talent gap are immediate threats facing our economy. Kansas has experienced severe net outmigration in the past five years (44th in the country in net migration). The working population is projected to decline 2.3% by 2028. There is also a widening skill gap in high skilled professions. Our state has few high-skill opportunities for workers with a bachelor's degree or higher (~32% of the population has a bachelor's degree or above, and only ~24% of the current jobs require this level of skill). Absent shared commitment and collective action, these skill gaps will grow as the impacts of automation and the knowledge economy make skilled work even more valuable.

Certain regions in Kansas are experiencing greater challenges related to population loss, unemployment, and GDP growth. Some communities have faced such severe population loss that they have lost critical mass for key social services (i.e., schools, hospitals). Some are less connected to the higher growth markets and have lagging outcomes in physical and digital connectivity (i.e., broadband). Others face a disproportionate risk of job displacement from automation due to the industry mix (i.e., manufacturing, office support, food services).

ECONOMIC OVERVIEW (CONTINUED)

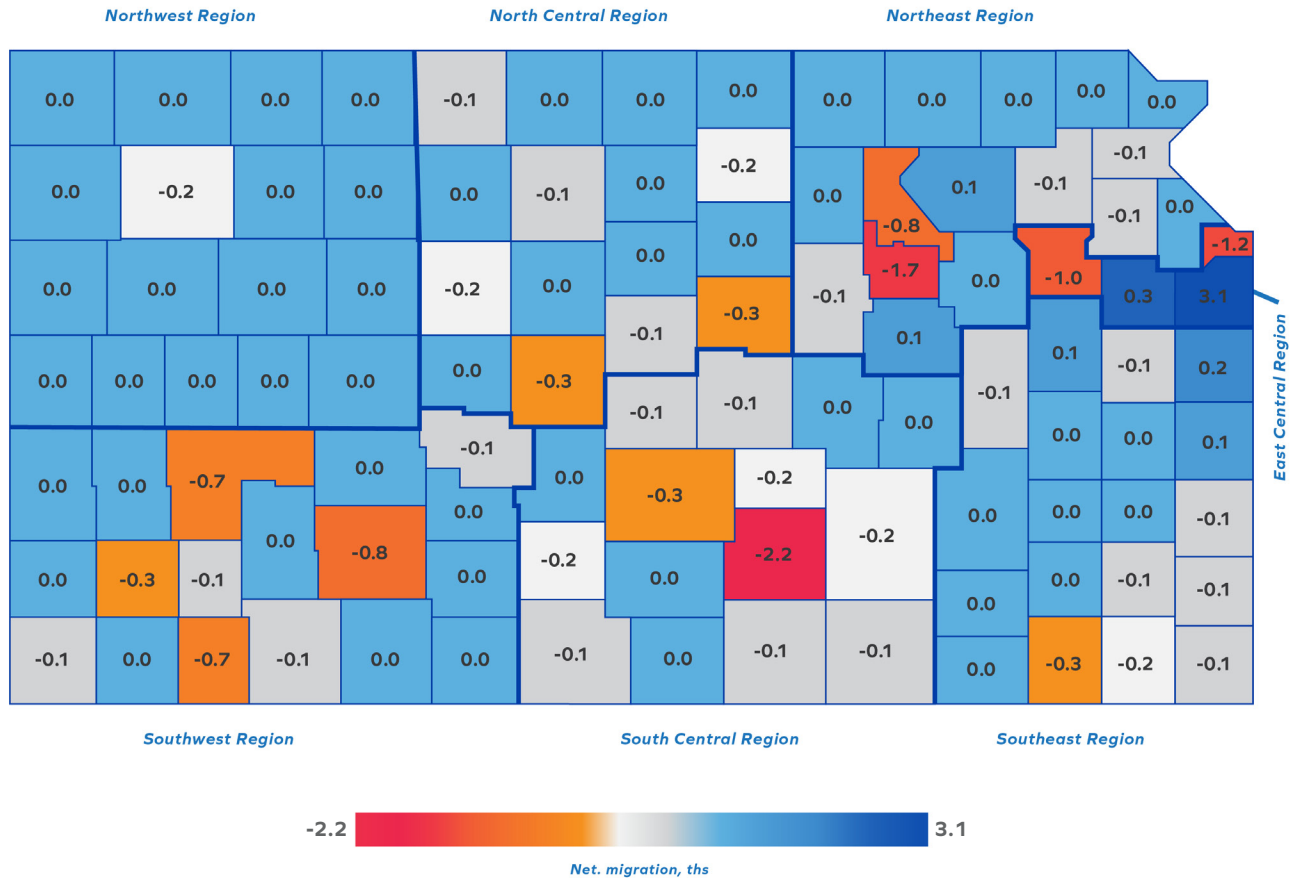
2018 Net Migration Per 1,000 People

SOURCE: US Census Bureau, Moody's Analytics



Net Migration by County in Kansas, 2018

SOURCE: US Census Bureau, Moody's Analytics



These trends and their implications for our state's future cannot be accepted. Individually and collectively, these issues cannot be confronted in isolation. We will not elevate our competitive position working in silos. Doing so will require coordinated action supporting the pillars of our state's Framework for Growth, and the unique needs of our target sectors and economic regions.

TARGET SECTORS

Kansas has a portfolio of concentrated industry sectors (clusters) that are readily identifiable and reflect the unique competitive advantages of the region. A cluster is a geographically proximate group of companies and associated institutions in a field, linked by their shared workforce, supply chain, customers or technologies. Economic clusters are an essential tool to help drive our state's regional competitiveness and economic growth by improving productivity, fostering innovation, and facilitating commercialization of new ideas.

The United States and Kansas economies can be characterized by two kinds of industries: tradable and non-tradable. Traded industries sell products or services across regions and countries. Non-tradeable industries, on the other hand, serve almost exclusively the local market and are not exposed to cross-regional competition. These tradeable sectors have a greater "multiplier effect," creating multiple jobs in the economy for every job they create through the adjacent impacts and spillovers in the economy.

Looking ahead to Kansas' future, the Framework for Growth identifies a set of tradable target sectors that will create a balanced portfolio of growth opportunities for which Kansas is effectively positioned to capture. These clusters were prioritized based on the future growth projections, level of specialization (or "comparative advantage") Kansas has in the sector, and the potential impact on the aspiration across employment growth, wage growth, and impacts on lagging regions. The target sectors identified are areas that the state can and should play a more active role in supporting and promoting through implementation of the Framework for Growth:

Advanced Manufacturing

Aerospace

Distribution, Logistics, and Transportation

Food and Agriculture

Professional and Technical Services

Advanced Manufacturing

Turn headwinds into tailwinds and become a Manufacturing 4.0 hub by embracing digital manufacturing.

Increasing global competition is creating challenges for North American manufacturers. In recent years, new players in Asia have entered the market with competitive prices and innovations, hardware is becoming commoditized as digital technologies have become capable of producing more complex products at a faster rate, and manufacturers' business models are shifting from hardware-centric to the software and services domain. The growth of digital manufacturing (i.e. the use of big data, Internet of Things (IoT) and Industrial Internet of Things (IIoT), cloud technology, advanced analytics, advanced robotics and other digital tools in traditional manufacturing processes) also has implications for labor. Manufacturing is the sector with the highest share of activities that can be automated, which has the potential to create both job displacement and higher-wage jobs.

Given these headwinds, we need to prepare our manufacturing businesses for digitalization and prepare our workers for the manufacturing jobs of tomorrow. Kansas is specialized in several major advanced manufacturing subsectors and is forecasted to have a higher five-year employment growth than both peers and the U.S. in all the major advanced manufacturing subsectors. We should leverage our existing specialization in major subsectors to help transition local manufacturers to digital manufacturing, attract high-tech players that could bring high-wage jobs and invest in local innovators who will become the next-generation digital manufacturers. Moreover, given that these subsectors are labor-intensive industries, we need to give our workers the knowledge and skills necessary for the transition into digital manufacturing.

STRATEGIC OPPORTUNITIES INCLUDE

- ✓ Create a manufacturing 4.0 program for companies**
- ✓ Offer new incentives to businesses to encourage digital manufacturing transformation**
- ✓ Develop new programs to effectively train workers with Manufacturing 4.0 skills**
- ✓ Develop and expand apprenticeship programs**
- ✓ Help recruit tech talent to the state and its manufacturers**
- ✓ Support the establishment of incubators that advance new technology development**
- ✓ Improve financing and capital access to support innovative research and development activity**

TARGET SECTORS (CONTINUED)

Aerospace

Build on existing foundations to expand the value chain, drive innovation, and capture projected growth.

Kansas has a proud history as an aerospace manufacturing leader. Some of the industry's earliest pioneers, including Clyde Cessna and Walter Beech, made Kansas their home. During the 1940's, Boeing's B-29 Superfortresses rolled off Wichita's assembly lines. In 1954, Wichita began producing the iconic B-52 bombers, aircraft that are still in service today. More than 106 years since the first plane was built in Kansas, the state remains a vibrant hub for aviation manufacturing. Manufacturers in the state leverage low operating costs, a skilled workforce and world-class research institutions to build some of the most iconic planes and aerospace technologies in the world.

Looking ahead, Kansas has an opportunity to better align its world-class assets and competitive advantage in the aerospace industry with the subsectors that anticipate the most growth. Emerging technology is creating shifts in the aerospace value chain. More specifically, within aerospace manufacturing, guided missile and space vehicles (2.3% annual growth since 2013) and aircraft engine parts (1.8% annual growth) have driven the most growth the past five years. Despite this fast growth, Kansas has currently overinvested its existing workforce in sub-clusters that are in fact more at risk of slowed growth through 2023.

STRATEGIC OPPORTUNITIES INCLUDE

- ✓ **Double down on our competitive advantages to capture projected growth in MRO opportunities**
- ✓ **Scale existing aerospace assets (i.e. research centers) into new arenas of the value chain**
- ✓ **Promote cross-sectors applications such as unmanned aerial systems (UAS)**
- ✓ **Better connect aerospace anchors and OEMs to smaller manufacturers and researchers**
- ✓ **Commit Kansas to being a customer for disruptive aerospace technologies**
- ✓ **Double down on attracting new locations for OEMs and Tier 1 suppliers/vendors**
- ✓ **Expand the state's resources into aerospace industry conferences and events**
- ✓ **Increase student exposure to innovation and new technologies in aerospace**
- ✓ **Promote contracting opportunities and federal military spend in the state**

Distribution, Logistics and Transportation

Leverage location, transportation networks and investments to solidify status as a national logistics hub.

Kansas has experienced strong recent growth across distribution, logistics and transportation keeping pace with high growth sector and capturing our fair share of U.S. growth. The relative specialization, alongside our beneficial location, support the large employment share and above average growth projection. Kansas, however, needs to prepare for the global trends in evolving consumer preferences, automation and data-driven solutions that are impacting the distribution, transportation and E-Commerce market. The E-Commerce market has been growing every year since 2000 and is projected to reach \$8 trillion by 2025 as E-Commerce customers want things faster and cheaper. Automation – which will impact our low- and middle-skilled workers – is also expected to play a bigger role in the competitive landscape: by 2021, there could be over \$1 billion in annual warehouse automation installation investments from just the top 50 grocers globally. The increase in the use of data-driven innovations, such as analytics and Internet of Things (IoT) and Industrial Internet of Things (IIoT), will also fundamentally change every step of the logistics chain, from warehousing to last-mile delivery.

Kansas has a high level of employment and specialization in major subsectors such as trucking and warehousing, and we need to stay on the forefront of these global trends to continue capturing growth and providing jobs for our logistics workers. Kansas is projected to outperform the U.S. in employment growth for warehousing, wholesale, and ground transportation support activities – subsectors where advanced analytics and automation would increase operational efficiency and create high-wage jobs. Our central geographic location and urban cores could also help win logistics deals that could attract businesses and jobs.

STRATEGIC OPPORTUNITIES INCLUDE

- ✓ **Encourage companies and developers to prepare warehouses and spaces for automation**
- ✓ **Partner with logistics companies to host innovation competitions**
- ✓ **Incentivize logistics companies to retrain workers to manage automated solutions**
- ✓ **Provide forums to enable industry collaboration on solutions for workers at risk of automation**
- ✓ **Invest in innovative logistics solutions through a logistics center of excellence**
- ✓ **Offer grants for startups to adopt innovative third-party analytical tools**
- ✓ **Help partners establish accelerators and/or incubators supporting logistics technology startups**
- ✓ **Bolster air transportation connectivity and infrastructure to win multimodal logistics deals**
- ✓ **Incentivize prospective site development for logistics and distribution centers**

TARGET SECTORS (CONTINUED)

Food and Agriculture

Support the resilience of our agriculture sector and solidify our status as a global leader and innovator.

According to the Kansas Department of Agriculture, the sixty-six agriculture and food sectors provide nearly \$68 billion in total economic contribution to Kansas. Eighty-eight percent of all Kansas land (over 46 million acres) is farmland with another 16 million acres serving as pastureland for grazing animals. Kansas is twice as specialized in Agriculture than the national average. Technology, consumer demands, alternative proteins, geopolitical changes, trade policy changes, sustainability, and many other factors pose challenges to our Agriculture industry, but they also provide an opportunity for growth.

Kansas is globally recognized as a premier region for cattle production, but this heavy reliance on a single industry poses natural risks to our state. Consumer preferences are rapidly shifting with American consumers eating a third less beef today, eating double the amount of chicken and many are seeking alternative protein choices; these changing preferences present an opportunity for Kansas. In order to generate more security for our economy, Kansas must explore opportunities for further economic diversification while supporting the vibrancy and competitiveness of its Food and Agriculture sector.

Additionally, technology adoption continues to transform agriculture and food manufacturing at an incredibly rapid pace. New technology is increasing farm and processing productivity, generating higher crop yields and securing our livestock's health. The state must prepare and equip Kansas farmers and food manufacturing workers with new skills to succeed, including technical and analytical expertise.

Kansas – with our leading higher education institutions, extension system and research facilities – is a natural home for these developments and should align itself as a world-class home to research, development, and testing of new technologies in animal health, crop science, ag-tech and data analytics.

STRATEGIC OPPORTUNITIES INCLUDE

- ✓ **Provide technical assistance to support the growth of small businesses**
- ✓ **Ensure consistent, reliable broadband access so producers can integrate new technologies**
- ✓ **Create nontraditional lending sources to support startups and succession planning for family farms**
- ✓ **Strengthen relationships with and access to export markets for food and agricultural products**
- ✓ **Establish a center of excellence for alternative crop development and value-added opportunities**
- ✓ **Strengthen the premier animal health services corridor in the world by expanding the value chain**
- ✓ **Develop centers of excellence for ag tech innovation and applications**
- ✓ **Encourage sustainability initiatives that aid operations**



TARGET SECTORS (CONTINUED)

Professional and Technical Services

Double down on headquarters growth, strengthen regional service hubs and build centers of excellence.

While more traditionally known for industries such as agriculture and manufacturing, Kansans have developed a comparative advantage and experienced growth in the professional and technical services industries in recent decades. Of the identified target sectors, the professional and technical services sector currently comprises the largest workforce, with over 87,000 Kansans employed in 2019 (nearly 6% of Kansas' total employment). And by 2029, this figure is expected to top over 102,000 employees. In addition to nearly doubling the state's average annual wage (\$83,000 compared to Kansas' average of \$46,000), every job created in the professional and technical services cluster adds an additional 2.4 jobs to the local economy by increasing demand for supporting services. To maintain and accelerate our growing leadership in this high-opportunity cluster, there are three broad approaches that Kansas can pursue:

- 1. doubling-down on headquarters opportunities,***
- 2. supporting regional service hubs and centers of excellence,***
- 3. and strengthening the digital backbone and talent pipeline.***

Headquarters comprise the largest employment base (over 25,000 jobs in 2018) and created the greatest outperformance compared to the U.S. (over 8,000 jobs more than what would have been expected if Kansas had grown at the same rate as U.S. average in the sector). Kansas' competitive labor costs for headquarters (\$14,000 less than peer average) also makes it an attractive destination for companies that need access to an educated workforce.

Within the business and technical services industries, company trends are increasingly moving toward more automated solutions and higher-skilled "centers of excellence" enabled by computer services. Kansas' strong talent pipeline and growing computer services industries will help support and sustain digitally-enabled business processes, automation and business tourism in the state.

STRATEGIC OPPORTUNITIES INCLUDE

- ✓ **Attract the U.S. headquarters of foreign companies through targeted international recruitment efforts**
- ✓ **Attract computer services and consulting companies through CEO networks**
- ✓ **Improve air service connectivity at Kansas' major airports**
- ✓ **Develop incentives to encourage investments in process digitalization**
- ✓ **Invest in developing vibrant business districts to attract employers and talent**
- ✓ **Attract data center investment in areas with strong broadband connectivity**
- ✓ **Strengthen relationships and partnerships between MBA and computer science programs**
- ✓ **Invest in centers of excellence to drive growth in niche technologies**



Kansas' strong talent pipeline and growing computer services industries will help support and sustain digitally-enabled business processes, automation and business tourism.

OUR VISION FOR THE FUTURE

We are at a critical juncture in our state's history. Now is the time for Kansans to come together and be bold as we contemplate our vision and strategies to enable growth and prosperity in our state. As we look to the future, it is critical for us to ensure that we continue to harness the strengths in Kansas and address our challenges head on. Accordingly, the Framework for Growth incorporates a bold vision that is defined in key increments to be achieved over time.

5 YEARS▶

Stabilize and reposition (2021 – 2025)

Reverse negative trends and set a clear growth trajectory by building a foundation through initiation of new programs, policies, and investments.

10 YEARS▶

Punch above our weight (2026 – 2030)

As investments begin to yield substantive gains, they drive our competitive position in key economic outcomes to the top half of all states.

15 YEARS▶

Realize a “future proof” economy (2031 – 2035)

New approaches will have become ingrained, effects will be compounded and the return on investment will be evident as our state emerges with a reputation as a disruptor rather than the disrupted.

As we look to the future, it is critical for us to ensure that we continue to harness the strengths in Kansas and address our challenges head on.

OUR FRAMEWORK FOR GROWTH

Achieving the vision of a “future proof” Kansas economy will require aggressive yet flexible investment; the Framework for Growth will help guide this investment. Specifically, four strategic pillars provide the foundation for our state’s Framework for Growth.

TALENT

INNOVATION

COMMUNITY ASSETS

POLICY

These four pillars support the competitiveness and resilience of our state’s target sectors and economic regions. Target sectors reflect those areas of our state’s economy that are most competitive, and which hold the strongest prospects for employment and income growth, and accordingly, merit focused investment to support their development. Our state’s economic regions have distinct assets, opportunities and needs, and accordingly, deserve focused investment to support their prosperity. Supporting our target sectors, economic regions and the four pillars are our excellent public-school systems and higher education institutions. Specifically, our Kansas Board of Regents schools will be critical in driving job growth and capital investment in Kansas through cutting-edge research and talent development.

The Framework for Growth presents a set of objectives and outcomes and a complementary set of priority and potential initiatives and investments for each pillar and each sector. Objectives and outcomes will guide the development of new initiatives and investments by state agencies each year, initiatives and investments that are expected to align with the Framework for Growth, its strategic pillars and its target sectors. Initiatives and investments reflect new or augmented programs, policies and expenditures proposed by various state agencies as they fulfill a mandate to align budgeting and operations with the Framework for Growth. In this regard, the Framework for Growth is not a static strategy with a discrete budget; it is a framework that enables flexibility and responsiveness in our efforts to support economic growth.

Kansas Framework for Growth Model

Target Sectors

Advanced
Manufacturing

Aerospace

Distribution,
Logistics, and
Transportation

Food and
Agriculture

Professional
and Technical
Services

Strategic Pillars



Economic Regions

As a result, the Framework reflects an enduring, guiding structure for our state's economic growth – one that will appropriately and proactively respond to new challenges and opportunities confronting the state, its target sectors and its economic regions. In order to address these challenges and reverse certain trends related to our state's competitive position and achieve our vision of a "future proof" economy, the Framework cannot simply exist as a set of objectives and potential initiatives. Objectives will only become outcomes and initiatives will only become investments if necessary and sufficient resources are dedicated. Accordingly, the Framework's implementation and operationalization will be supported by the establishment of two new programs: the Kansas Competitiveness Project (KCP) and the Regional Excellence Initiative (REI), supported by a new Chief Strategy Officer.

STRATEGIC PILLAR: TALENT

Objectives and Outcomes

Bridge the skills gap for in-demand and high-wage occupations in target sectors.

Attract and retain top talent across the state's economic regions.

Strengthen graduate retention from our state's institutions of higher education.

Rise to the top of Midwestern states with respect to educational and workforce outcomes.

Attract jobs in target sectors that align with the skills of our workforce.

Set annual targets for the retention of graduates in the state of Kansas.

Priority Initiatives and Investments

Kansas Talent Enterprise: Establish a new partnership to modernize state approaches to workforce development; create synergy between education and economic systems; empower business and industry to drive results; and align systems toward a shared, transformative vision.

Quick Work Kansas: Launch a comprehensive, rapid-response, workforce development program to provide new or expanding employers with a flexible, customized training solution.

“Elevate Kansas” Talent Attraction Marketing Campaign: Implement a robust and targeted talent attraction effort that effectively promotes employment opportunities in our state’s economic regions and target sectors, and which welcomes former residents and alumni back to the state, through investments that promote and strengthen our image and brand identity.

Potential Future Initiatives and Investments

Employer Engagement and Work-Based Learning: Deploy Employer Engagement representatives and/or Work-Based Learning intermediaries in each of the state’s economic regions to develop partnerships with industry that support applied learning and job placement.

Align “Excel in Career Technical Education Initiative” Outcomes: Establish regional advisory boards in each of the state's economic regions to align credentials with skills demanded by target sectors.

Amplify Apprenticeships: Strengthen the Registered Apprenticeship Program through a series of coordinated investments that incentivize employer engagement, nurture new partnerships, promote equity in access and accelerate the number of registered apprentices.

Kansas Completes Scholarship: Design a new scholarship program to complement existing aid and provide gap financing to help students graduate with 24-30 hours of college credit.

Welcome to Kansas: Building on the successes seen with such efforts in Dodge City and Garden City, launch a campaign to attract and support immigrant communities in Kansas through marketing, funding to resettlement agencies and services such as ESL and career placement.

Revolving Talent Fund: Work with private employers to establish a self-sustained resource for training and workforce development through interest-free loans for education and training.

STRATEGIC PILLAR: INNOVATION

Objectives and Outcomes

Foster a vibrant innovation ecosystem within and across economic regions.

Improve commercialization outcomes that drive innovation and job creation.

Support research and development of disruptive technologies that define future growth prospects.

Ensure that entrepreneurs are afforded with adequate access to capital.

Invest in the retention, expansion and attraction of innovative companies in target sectors.

Set annual targets for new business creation for each university.

Establish “front doors” at each state university to create easy access points for partnerships with the private sector to encourage new business and product development.

Priority Initiatives and Investments

Accelerating Innovation: Accelerate and focus state investment in the research, development, and commercialization of emerging and niche technologies that can “future proof” our economy by way of new programs such as the Kansas Competitiveness Project (KCP).

"Elevate Kansas" Corporate Recruitment Marketing Campaign: Implement a robust and targeted corporate recruitment effort that supports the state’s vision to “stabilize and reposition” our economy, and which promotes the advantages that support our competitiveness in target sectors, through investments that promote and strengthen our image and brand identity,

Innovation Network: Create a new statewide network to provide resources for entrepreneurs, services for investors and coordinated matchmaking (i.e., mentorship, connections to investors and capital for entrepreneurs, and concierge service for investors).

Potential Future Initiatives and Investments

Corporate Accelerators and Innovation Competitions: Partner with and incentivize companies to establish accelerators and/or innovation competitions that provide industry-specific innovation ecosystems to entrepreneurs and/or incentivizes to address a specific corporate challenge.

College and University Entrepreneurship Tracks: Establish entrepreneurship-focused courses and concentrations across STEM disciplines that encourage students to combine academic and entrepreneurial interests and provide resources to support potential endeavors and enterprises.

"Invest in Kansas" Marketing Campaign: Implement a highly focused, relationship-based campaign to encourage venture capital investment in the state’s target sectors.

High-Tech Research and Development Loan Program: Develop a new research and development loan program that partners with and incentivizes lenders to provide low-interest loans to small and mid-sized companies to support technology improvements.

Innovation Centers: Invest in industry-serving, university innovation centers to develop cutting-edge technology using cross-cutting advanced competencies such as AI, data analytics, robotics and automation.

STRATEGIC PILLAR: COMMUNITY ASSETS

Objectives and Outcomes

Empower our regions to develop the infrastructure that will help “future proof” their economies.

Rise to the top of Midwestern states with respect to broadband connectivity and access.

Maintain and enhance transportation networks that solidify our position as a distribution hub.

Improve multi-modal infrastructure in strategic locations throughout the state.

Promote vitality, livability and quality of place in our state’s economic regions.

Priority Initiatives and Investments

Office of Broadband Development: Provide capacity and resources to support our economic regions and their collaborative yet differentiated approaches to broadband technology deployment through a coordinated Office of Broadband Development.

Sites and Buildings: Direct state resources to economic regions seeking to improve the attractiveness and preparation of sites and buildings that can support economic development by way of the Regional Excellence Initiative and other programs.

Runway to Recovery: Provide targeted support to regional partners and their airports to promote the recovery of passenger traffic and economic activities that are critical to the prosperity of our economic regions (i.e. aerospace and aerospace maintenance, overhaul and repair; transportation, logistics and distribution).

Potential Future Initiatives and Investments

Anchor Institutions and Regional Revitalization: Develop a partnership program to incentivize and encourage anchor investment strategies that spur revitalization and placemaking.

Quality of Place: Provide resources to help communities create housing solutions (i.e., co-living for young graduates), overcome connectivity issues (i.e. public transportation and walkability), and develop compelling places (i.e. Main Street revitalization).

Enabling Infrastructure: Expand state investment in infrastructure that enables competitiveness in emerging technologies and core competencies supporting target sectors (i.e. unmanned aerial systems, smart grids and technologies, driverless vehicles, etc.).

Air Service Connectivity: Work with regional and state partners to align marketing efforts and expenditures that help attract new nonstop destinations and improve passenger air connectivity.

Multi-Modal Logistics: Support the sustainability of existing logistics parks and the intentional establishment of new logistics parks by incentivizing and investing in the adoption of the latest multi-modal capabilities and technologies.

State Energy Plan: Develop a long-term, statewide energy plan to ensure the infrastructure is developed to maintain and grow our energy producing sectors including oil & gas, and renewables.

Rail Service: Help communities prepare and promote rail-served sites that leverage our network.

STRATEGIC PILLAR: POLICY

Objectives and Outcomes

Align economic development policies and incentives with target sectors.

Promote transparency through processes to evaluate the return on investments and incentives.

Provide stable and at-scale funding for economic development incentives.

Ensure that state policy supports objectives and outcomes in other strategic pillars.

Regularly evaluate state regulations policies, and incentives relative to peers and competitors.

Priority Initiatives and Investments

Modernize Incentive Programs: Adjust eligibility requirements and award amounts associated with the state's primary economic development incentive programs, Promoting Employment Across Kansas (PEAK) and the High-Performance Incentive Program (HPIP), to improve their applicability to and outcomes within economic regions and target sectors.

Funding for Incentives: Enable consistent, stable, multi-year funding streams to support the implementation of economic development programs and the provision of competitive economic development incentives (i.e. JobsOhio's monetization of state liquor licenses).

Transparency in Operations: Maintain and update the state's database to improve transparency into incentives awarded and support regular, in-depth evaluation of return on investment using economic and fiscal impact multipliers (i.e., Virginia's ROI calculator).

Potential Future Initiatives and Investments

Innovation Incentives: Support the attractiveness of our innovation ecosystem by ensuring that incentives for innovation are constantly evaluated and updated, including updates to incentives for research and development activity, angel investment and other activities.

Regulatory Alignment: Regularly convene stakeholders from target sectors and economic regions to evaluate state regulations and policies, and their impact on our economic regions and target sectors, providing necessary feedback to legislators.

Purchasing Power: Utilize state purchasing power to support the state's target sectors and economic regions abilities to be early adopters of disruptive technologies (i.e. UAS, VTOL, etc.)

Incentivizing the Supply Chain: Develop new, highly-targeted incentives that seek to incentivize the attraction of suppliers/vendors supporting existing supply- and value-chains, and/or new incentives to encourage employers to source products and services from local suppliers/vendors.

Export Promotion: Establish new policies and programs that support and promote the exportability of products manufactured in the state.

OUR COMMITMENT TO IMPLEMENTATION

OPERATIONALIZING THE FRAMEWORK

The Kansas Framework for Growth is intended to be a flexible and responsive model to guide our state's investments in a manner that supports its long-term growth and competitiveness.

In doing so, it provides strategic guidance to the state's agencies regarding the ways in which they can and should support the state's growth objectives in their annual planning and budgeting. It guides us by way of core principles but does not prescribe our actions by way of specific tactics. Rather, it recognizes that strategic challenges and opportunities emerge every day, and that specific tactics and investments should be derived over time in alignment with guiding principles.

A new Chief Strategy Officer (see next section) will coordinate with state entities as they develop and implement programs, ensuring that the Framework for Growth is a model that permeates all state operations rather than a strategy siloed within its Department of Commerce. Proposed initiatives and investments that align with the state's Framework and its strategic pillars will be integrated into the Framework for Growth; initiatives and investments that have been appropriated or are underway will also be incorporated. In this regard, the Framework for Growth remains a dynamic document, updated annually to "tell a story" about the state and the fulfillment of its vision to "future proof" the economy.



CAPACITY SUPPORTING THE FRAMEWORK

Chief Strategy Officer

The Chief Strategy Officer (CSO) is a new position within the Department of Commerce which serves a critical function as the organizational backbone to the Framework for Growth, and a resource to various state agencies, regional partners and private industry to help accelerate and align the state's investments around the Framework for Growth. The CSO is responsible for oversight and administration of two new programs – the Kansas Competitiveness Project (KCP) and the Regional Excellence Initiative (REI) – to direct state investments to develop the state's target sectors and regions in a manner that aligns with the Framework's pillars and associated principles. In addition to administering these two programs, the CSO serves as an internal strategic resource within state government, tasked with supporting each agency or department's mandate to demonstrate alignment in annual budgets and operations with the pillars and principles of the Framework for Growth.

CAPACITY SUPPORTING THE FRAMEWORK

(CONTINUED)

Regional Excellence Initiative (REI)

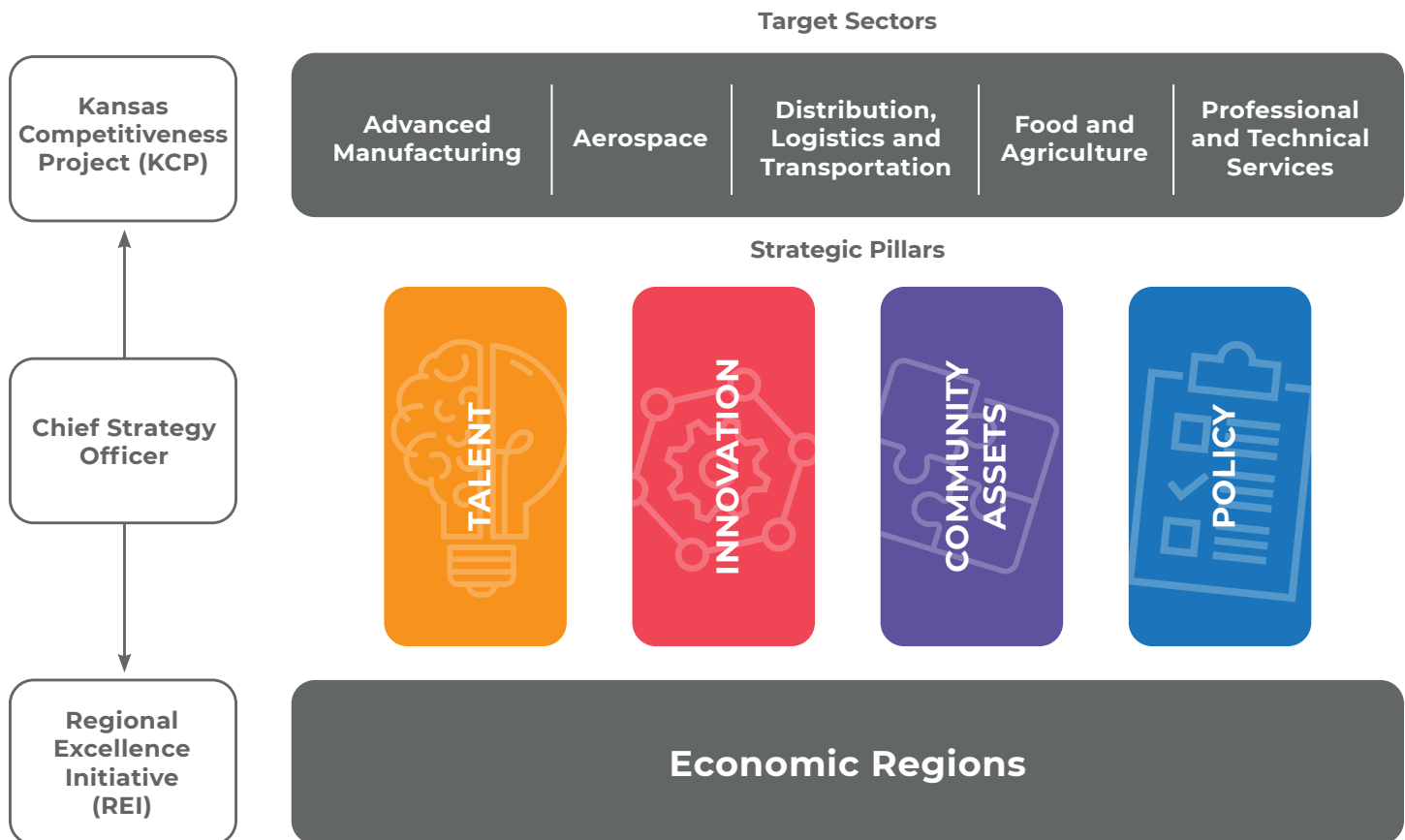
The Regional Excellence Initiative (REI) is a new effort to direct state resources and technical assistance in support of regional planning efforts that align with the Framework for Growth. The REI is intended to help regional partners assess their specific needs and opportunities, develop proactive plans to accelerate their competitiveness in alignment with the Framework for Growth and afford resources to aid their implementation. Specifically, the REI would provide regions with a set of planning and implementation grants, as well as technical assistance from the Chief Strategy Officer, to support regional strategic planning in alignment with the Framework. The Initiative should support our transition away from a fragmented system of local-level planning and rigid definitions of economic regions that often fail to reflect regional economies and clustered activities. It recognizes the reality that regional economies and clustered sectors have little regard for jurisdictional borders; accordingly, the REI will allow grant applicants to self-define their region for planning purposes.

The Initiative supports the Framework in three primary ways. First, regional planning processes serve as a regular source of strategic input that informs annual updates to the Framework for Growth. Second, regional planning processes allow regions to identify priority projects and investments that can and should be eligible for REI implementation grants, Kansas Competitive Project (KCP) grants or a variety of other state funding opportunities that can and should be aligned with the Framework for Growth. And third, regional planning processes afford an opportunity for Commerce to remain engaged with regional partners, ensuring that relationships fundamental to economic development service delivery are nurtured and respected.

Kansas Competitiveness Project (KCP)

The Kansas Competitiveness Project (KCP) is an aggressive new program to focus and direct state resources toward the development of new skills and technologies that can drive our performance in the state's target sectors. The initiative is intended to help accelerate the development of core competencies embedded in the state's workforce, institutions of higher education, research centers and elsewhere that have the potential to support a more resilient, "future-proof" economy. Specifically, KCP directs state resources by way of matching grants to institutions and organizations in the state that are working to develop new skills and technologies by way of education, research and development that align with and support the state's performance in target sectors.

Kansas Competitiveness Project & Regional Excellence Initiative Model



The model is similar to the South Carolina SmartState Centers of Excellence program in that it directs resources to support cluster-focused research and development. However, rather than investing in the establishment of a series of new “centers of excellence” at specific institutions in specific regions, the Kansas Competitiveness Project will direct resources to a variety of existing institutions that have established and continue to develop competencies in the forms of applied research, education, training and a variety of public-private partnerships. Grants could be applied to a variety of eligible uses provided matching funds from the private sector are received, from support for existing research, establishment of new research centers, endowment of researchers and scholars, establishment of new training programs and so on. The premise of KCP is to accelerate knowledge and innovation that contributes to sector performance and competitiveness.

MEASURING PERFORMANCE AND PROGRESS

A new interactive dashboard will be developed to illustrate the state's competitive position with respect to key outcomes that we wish to influence related to our strategic pillars and vision to "future proof" our economy. This dashboard will be updated annually and will benchmark the state's competitive position relative to all states and a subset of peer Midwestern states that reflect our aspiration to achieve premier status within our region. Rather than prescribing specific, measurable goals associated with various economic outcomes – measurables influenced by a variety of exogeneous factors – we intend to measure our relative competitiveness and its change over time.

Rather than prescribing specific, measurable goals associated with various economic outcomes, we intend to measure our relative competitiveness and its change over time.

The interactive dashboard will be accompanied by the aforementioned annual update to the Framework for Growth and its component initiatives and investments. In this regard, the Framework for Growth not only serves as a living strategy but also a historical record on progress. It will incorporate annual reporting on operational benchmarks related to economic development program (i.e. grant awards) and project activity (i.e. jobs, capital investment, wages, etc.).

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