

An aerial night photograph of a city, likely Kansas City, showing a river on the left, snow-covered ground in the foreground, and city lights in the background. The sky is a deep blue with some clouds. The text 'Kansas Framework for Growth' is overlaid in a light blue font.

Kansas Framework for Growth

KACCT– January 16, 2020

Our objectives for today's workshop

1. **Review the process** for Kansas and the Framework for Growth effort
2. Share findings on **Kansas' key challenges and assets**
3. **Have an open discussion** on strategies to accelerate growth in Kansas and your community
4. **Share preliminary initiatives** that are emerging from the Framework for Growth



1. Process Overview

2. Findings from the economic assessment

3. Open discussion

4. Strategy pillars

5. Wrap up and next steps

Our approach to developing a comprehensive strategy will follow four phases

Phases

Activities

Stakeholder engagement

I

Assess Kansas' competitiveness

- Evaluate economic performance relative to peers and to baseline
- Identify potential target industry sectors / subsectors
- Assess competitiveness factors (e.g., innovation, talent and workforce)
- Determine key assets and challenges in Kansas and each of its distinct regions

II

Develop and prioritize potential initiatives

- Align on the portfolio of industry sectors and sub-sectors where KS has a competitive advantage
- Develop and prioritize initiatives that accelerate growth

III

Design action plan

- Develop action plans for prioritized initiatives
- Design appropriate operating model and governance structure

IV

Test and refine strategy

- Refine findings and strategies from feedback from diverse stakeholders
- Identify and engage partners for prioritized initiatives

Stakeholder interviews, workshops, and surveys to gather diverse perspectives

The strategy will be built from insights across regional leaders, expert interviews, and a mix of quantitative and qualitative research

Regional workshops



- **Seven regional workshops** across the state **engaging 250+ participants to date** across economic development, education, and industry leaders, reviewing Kansas' economic performance, the region's strengths and assets and discussing potential priority initiatives

Expert interviews



- **Targeted interviews of 50+ experts** supporting a range of analyses, including, but not limited to: KDC subject matter experts, Kansas thought leaders, business leaders, educators and reviewing best practice case studies
- **Thematic working sessions planned on priority topics** to engage subject experts in review of current context and initiative development

Macro-economic analysis



- **Analysis of macroeconomic data to assess current performance and competitiveness**, isolating priority opportunities statewide and regionally:
 - Benchmarking macroeconomic performance to peers
 - Sector-based target industry identification and cluster analysis
 - Assessment of enablers of growth (e.g., innovation, infrastructure, business climate, talent)
 - Identification of best practices and relevant case studies to inform strategies
 - Review and synthesis of existing plans and strategies

Public engagement



- **Engagement with broader public to gather diverse perspectives and generate momentum for the effort:**
 - Public survey and website to share progress and gather insights
 - Public townhalls to share findings on key strengths and challenges for the State
 - Strategy roadshow to gather feedback on strategy

Business and industry perspective



- **Business Council formed, consisting of 20+ business leaders** in Kansas to share diverse industry perspectives and help shape the strategy
- **Interviews with business leaders across industries** to discuss key trends, challenges, and opportunities for impact

1. Overview and Aspiration

2. Findings from the economic assessment

3. Open discussion

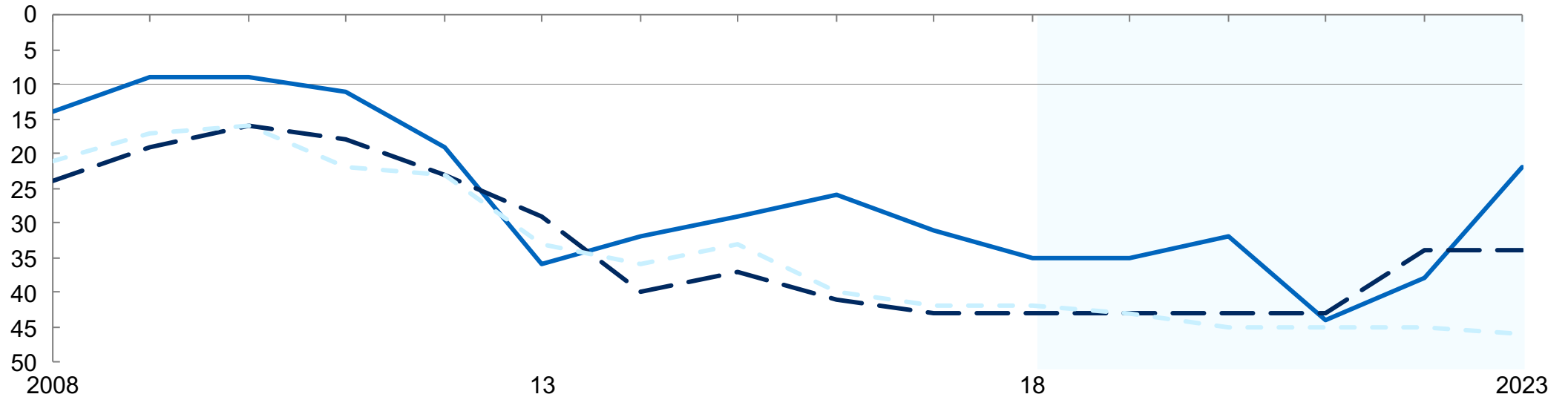
4. Strategy pillars

5. Wrap up and next steps

Over the past decade Kansas has fallen out of the top half of states, and is projected to continue struggling to keep pace with the nation

— GDP - - - Average wage Forecast
- - - Employment

Kansas' growth rankings, Rank



Employment growth rank	24	29	43	34
GDP growth rank	14	36	35	22
Average wage rank	21	33	42	46

The vision for the Kansas Framework is to promote sustained growth for Kansas

Aspiration for the Kansas economy:



Get Kansas punching above its weight again – accelerate job, wage, and GDP growth



Win the talent war – attract and retain our top talent



No region left behind - ensure shared prosperity across all regions



Build a “future-proof” economy – position the State for long-term growth and resilience



The level of ambition and outcomes will change over time:

15 years

Consistent top performer – “Kansas remains a top performer that has anchored itself in consistent economic performance”

10 years

Accelerated growth – “Kansas shocks the nation with tremendous growth and a plan for it to continue”

5 years

Stabilize and re-position – “Kansas has reversed decline and is on a clear growth trajectory”

Kansas has several significant strengths and a record of strong performance, but there are opportunities and emerging challenges



Strengths

11th in the country in graduate production

High quality of life in terms of affordability, safety, and schools

13th highest labor force participation in the nation

Location in the heart of the country and strong road systems

Increasing presence in the sectors driving growth (e.g. business services, logistics)

Efficient incentives program in both jobs and capital expenditure per dollar



Challenges

43rd in employment growth and **42nd** in wage growth in 2018

Rural Kansas faces more acute challenges than the rest of the state

44th in migration to the State

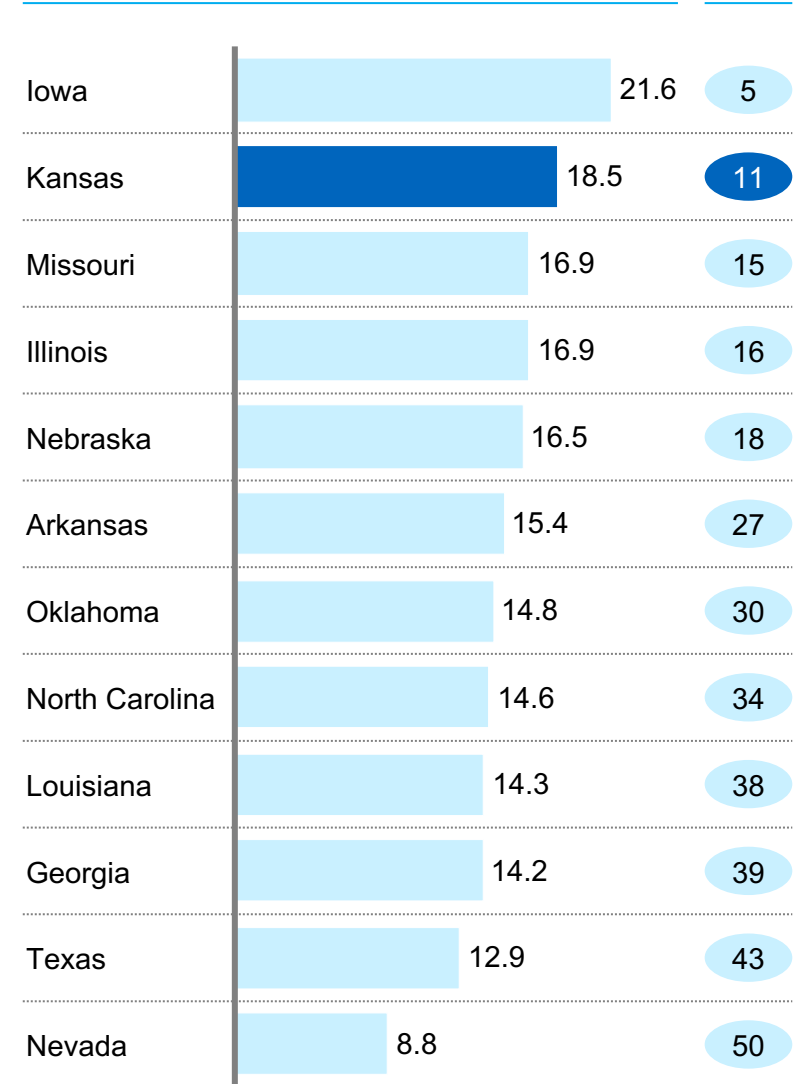
39th in retention of college graduates in the nation

22% job displacement expected from automation by 2030

38th in start up creation in the country

Kansas has strong performance across the education pipeline, particularly in pre-k and post-secondary education

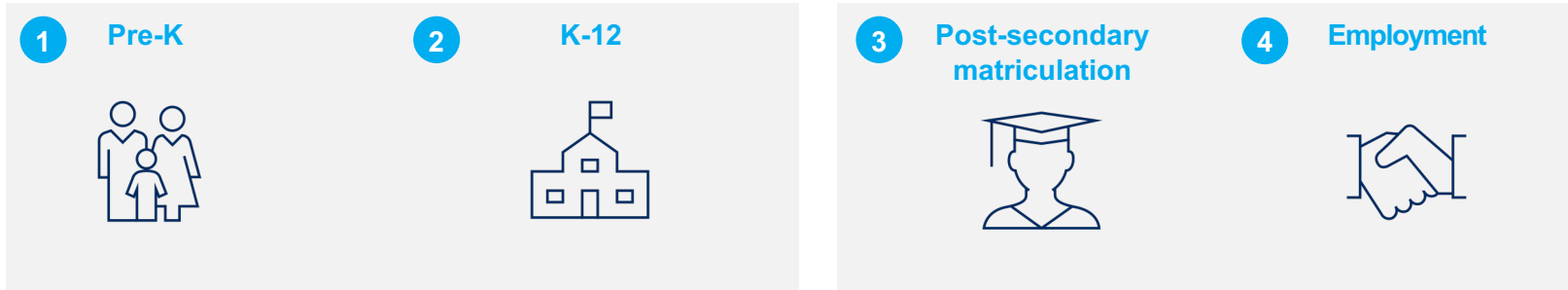
Total graduates per 1,000 people in Kansas, 2017 Rank



KS state rank in US

Top 15 # Middle 15 # Bottom 20

Kansas' performance compared to other states across the pipeline



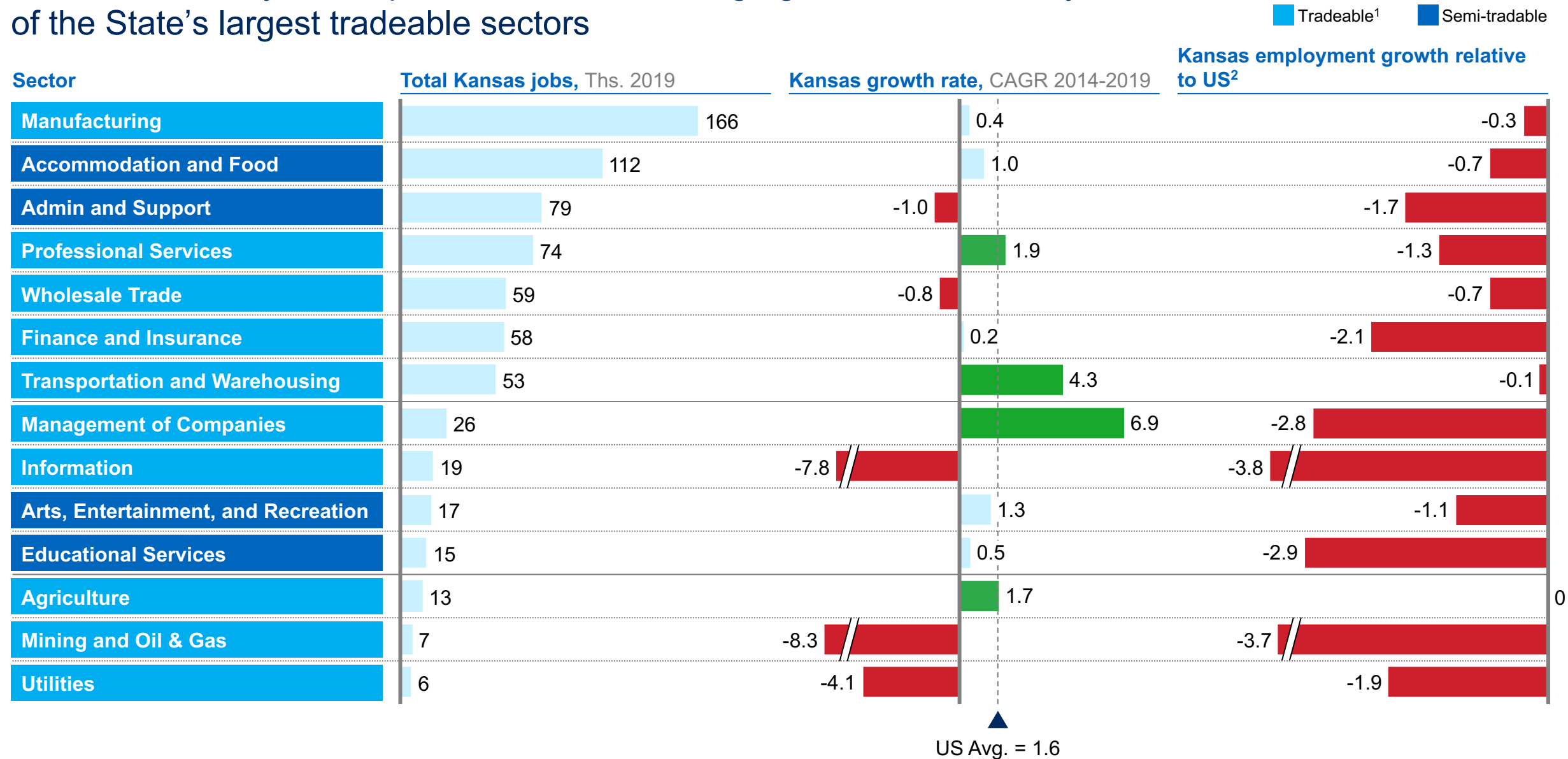
US Leading States Index: #15 for Preschool - 12

% of <5 year olds enrolled in pre K	3	On time graduation rates from secondary school	22
		% of students meeting college readiness standards ¹	36
NAEP Math scores	20		
NAEP Reading scores	20		

US Leading States Index: #13 for Higher Education

Graduation rates for bachelors degrees	29	Unemployment rate	17
Graduation rates for 2-year post secondary institutions	8	Labor force participation	13
Average student debt	22	Educational attainment	15
Average tuition	25		

Kansas' economy has experienced below average growth across many of the State's largest tradeable sectors

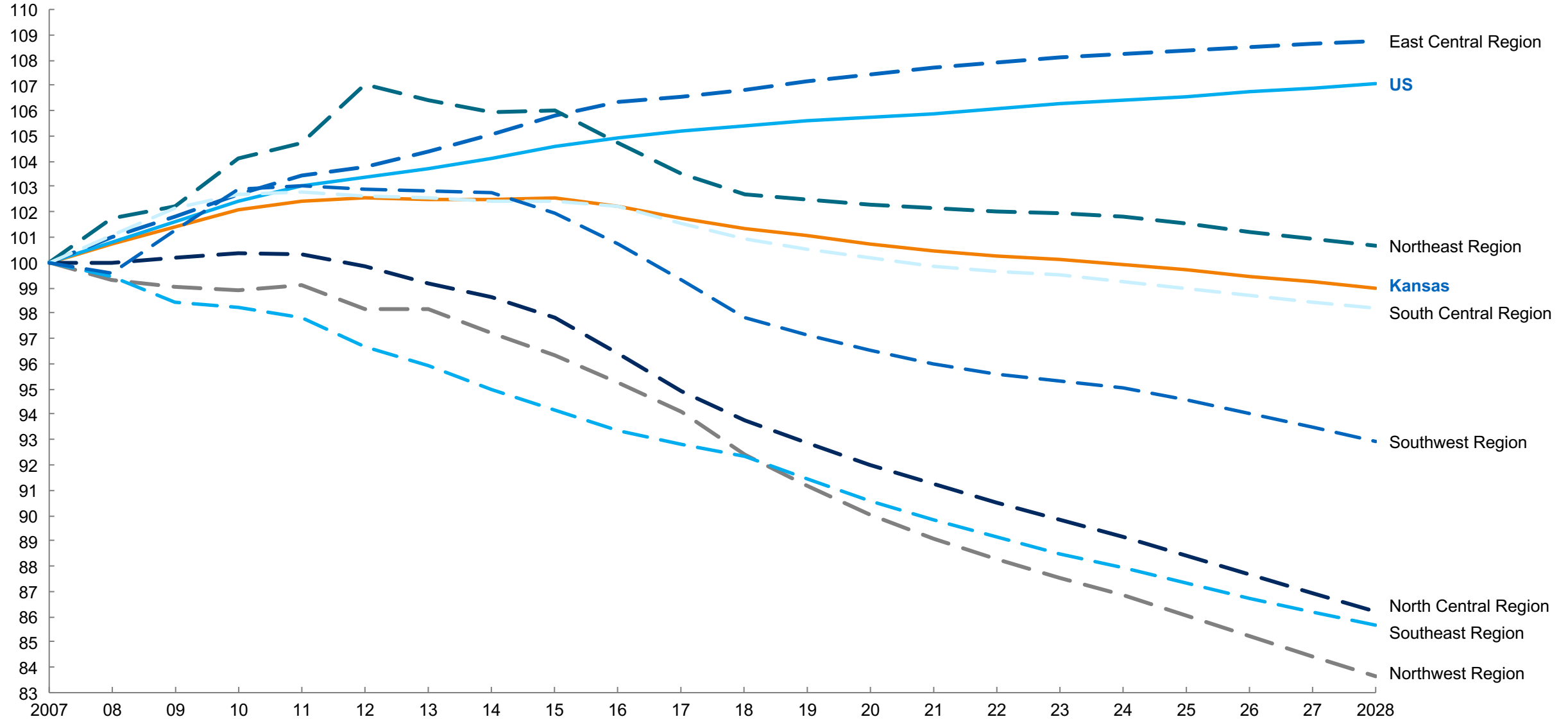


¹ Traded clusters are groups of related industries that serve markets beyond the region in which they are located. Local clusters, in contrast, consist of industries that serve the local market

² KS 5 year GDP CAGR minus US GDP CAGR

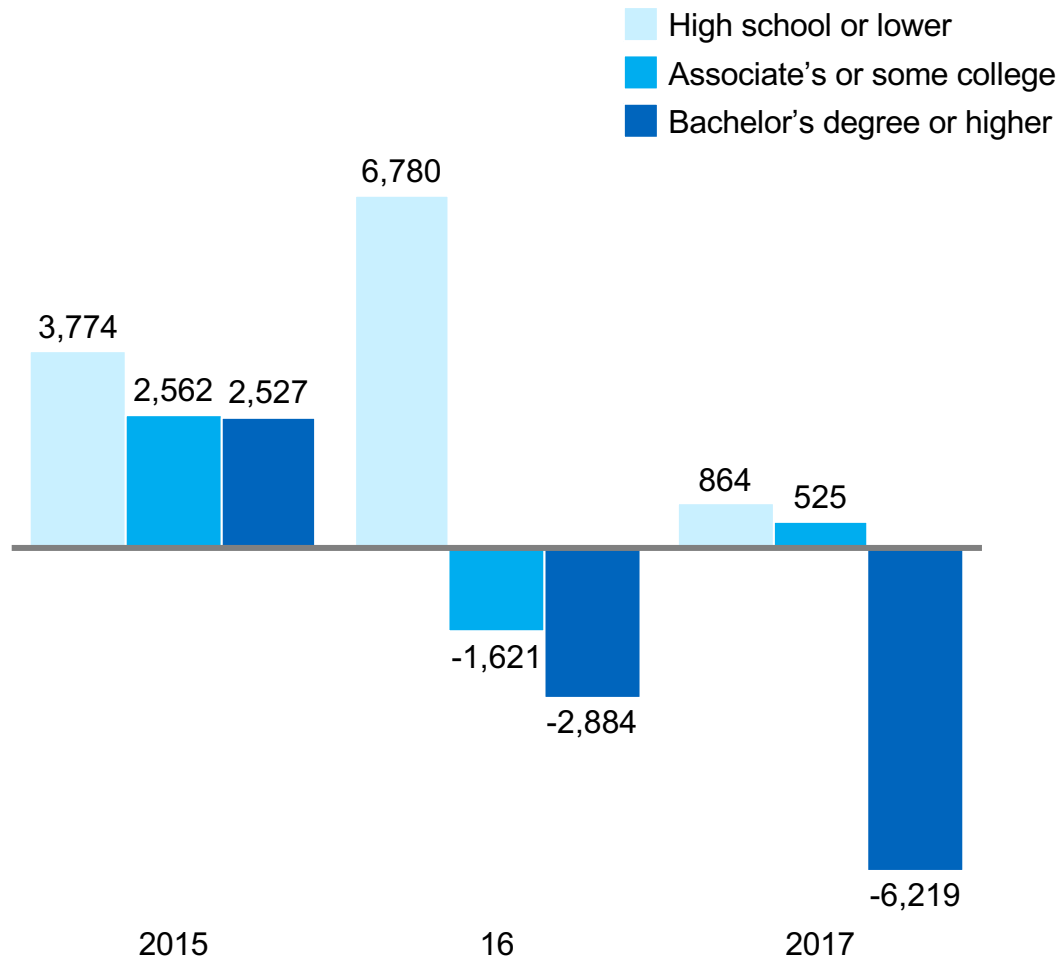
Kansas trails most peers in working age population, and it is expected to continue declining

Working age population over time, Indexed to 2007

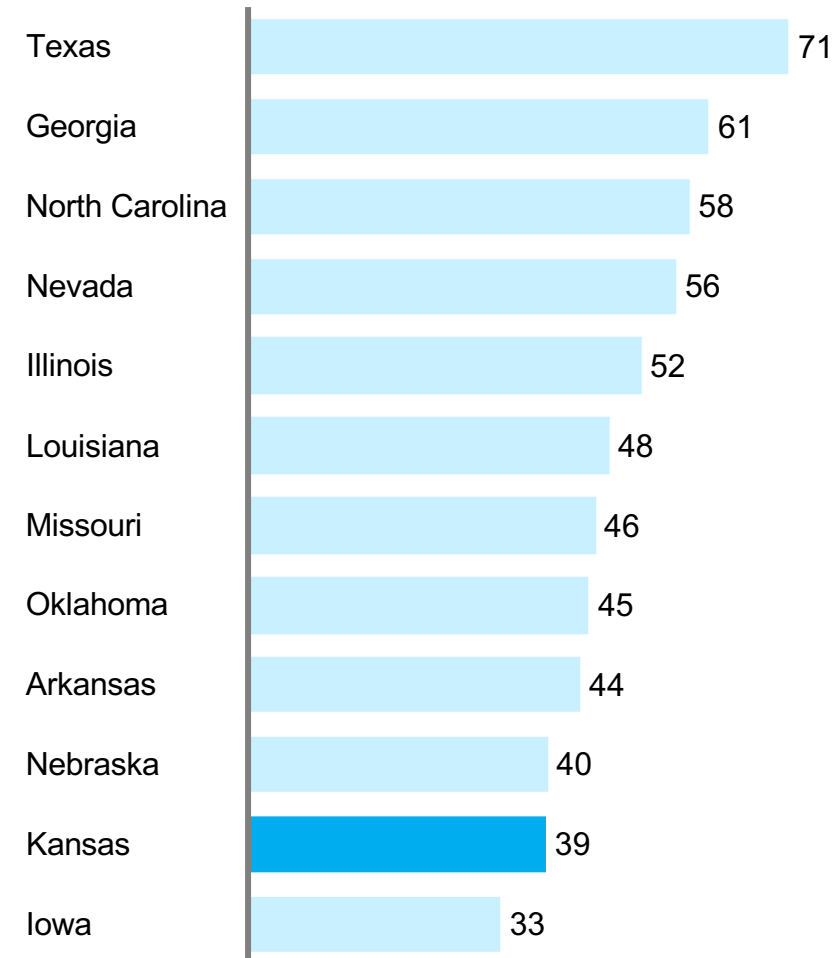


Over the past few years, Kansas has seen many of its higher-educated population leave the State

Net migration by educational attainment in Kansas,
Population age 25 years and over



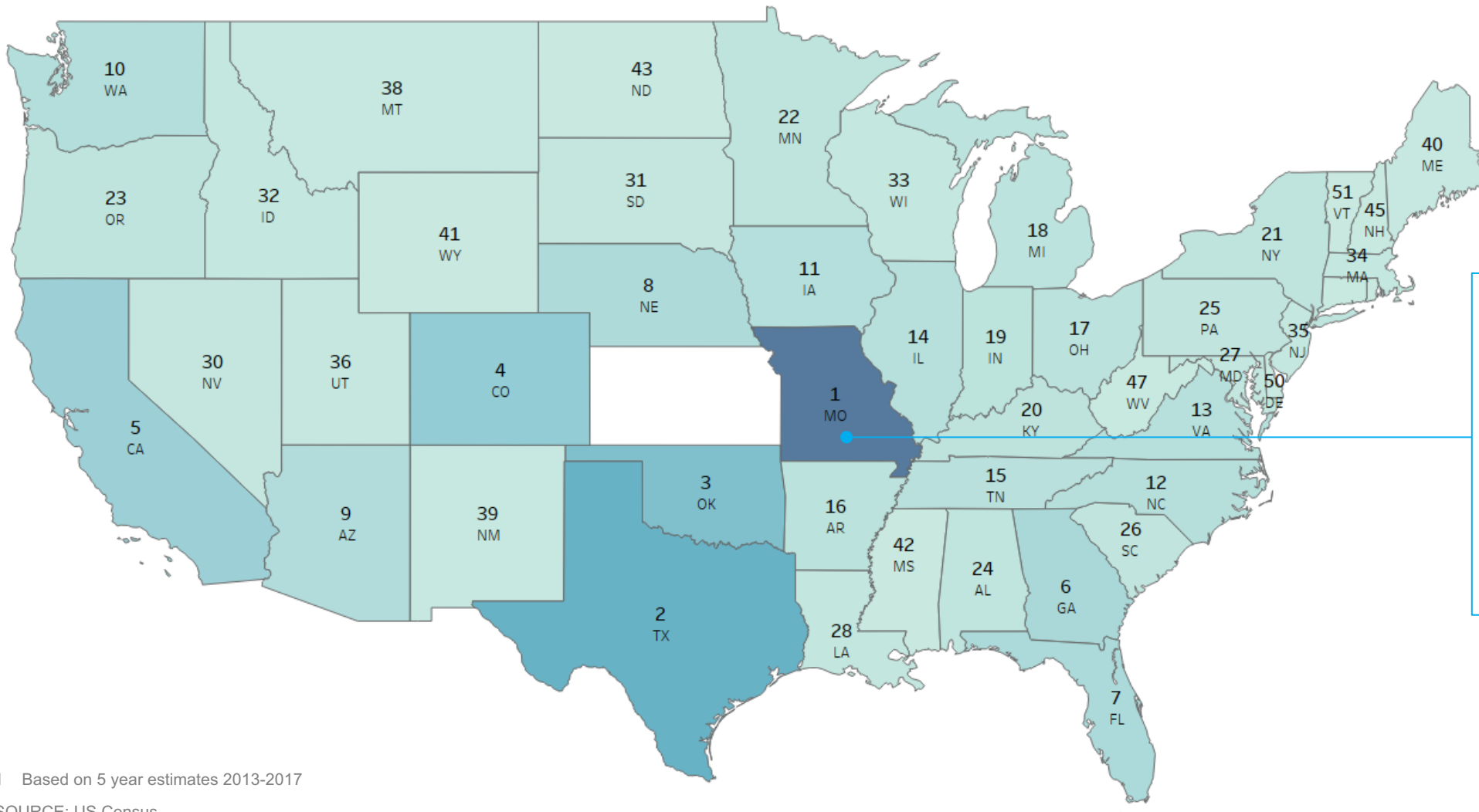
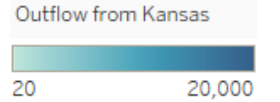
Graduates that live in state where they graduated,
Percent, 2018



~22% of Kansans are moving to Missouri, the vast majority moving to Kansas City, followed by Texas and Oklahoma

Where are Kansans moving?

2017¹ Kansas population outflow to other US States, Rank

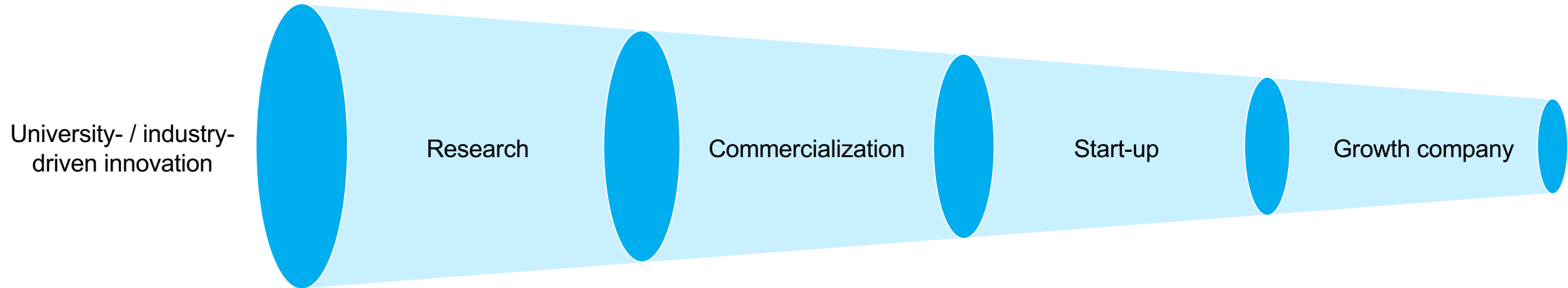


The majority of Kansans are moving to Missouri, driven by migration to **Kansas City** (~64% of the outflow to Missouri), followed by **Texas, Oklahoma, Colorado, and California**

¹ Based on 5 year estimates 2013-2017

Kansas has relatively poor outcomes across the innovation pipeline, particularly in research and start-up creation

Innovation Pipeline



Kansas rank

Academic science/engineering R&D, percent of GDP

26

Patents per 1m people

22

Rate of new entrepreneurs

23

Established small business density

19

Business R&D as % of private industry output

23

Startup density

31

High growth company density

25

Survival rate³

17

1 The number of jobs created in the first year of business

2 The percentage of new entrepreneurs who created a business out of choice instead of necessity

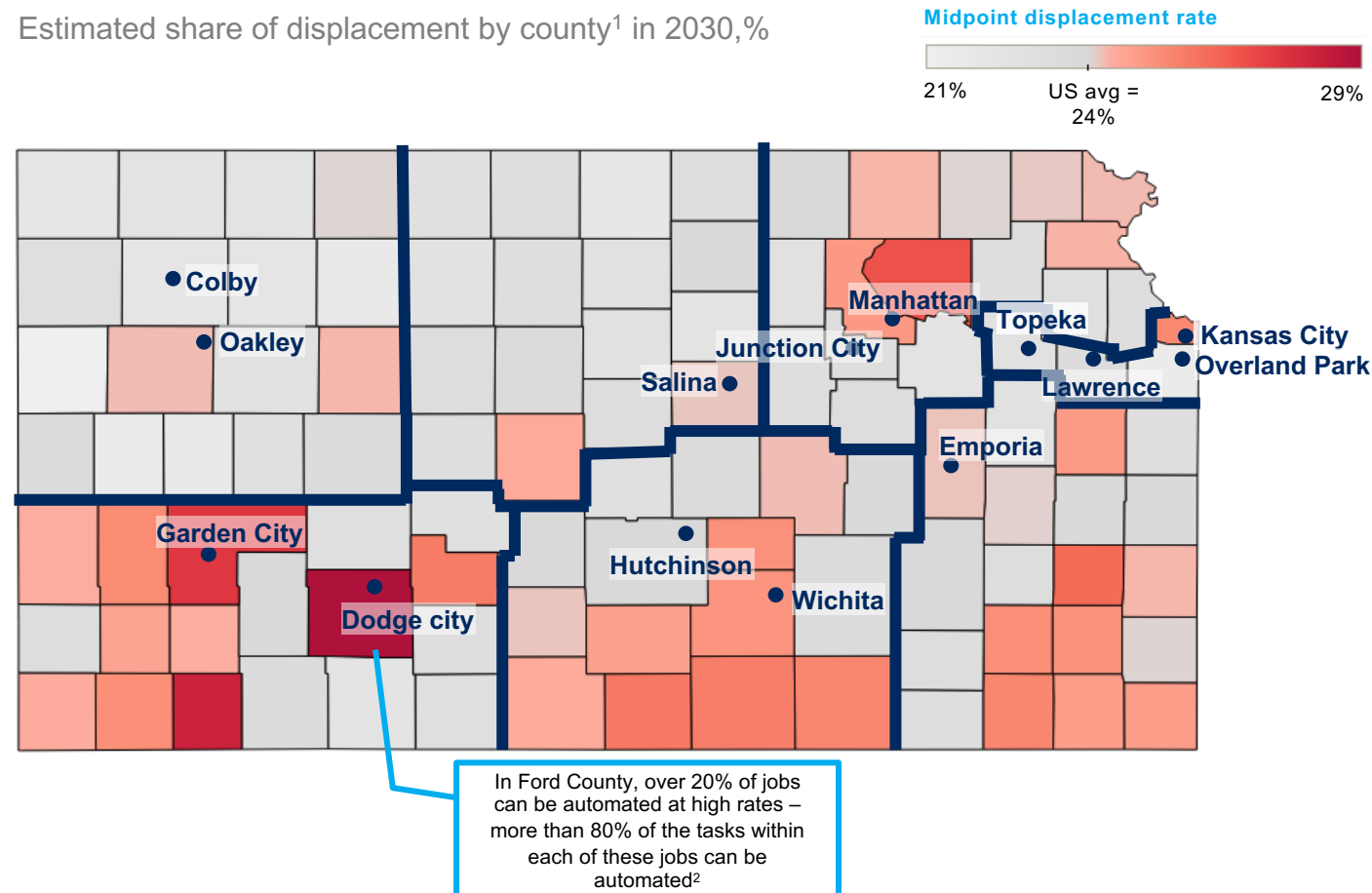
3 The rate of survival in the first year of business

SOURCE: Kauffman Foundation, National Science Foundation, US Census, US Patent and Trademark Office, Moody's Analytics, US Small Business Administration

Kansas is estimated to experience 22% displacement from automation, with some geographies and occupations hit harder than others

Midpoint displacement rate¹ for Kansas

Estimated share of displacement by county¹ in 2030, %



Jobs lost by occupation in Kansas – midpoint adoption scenario, (2017-30, K)

Displacement rate, %

Occupation	Jobs lost (midpoint)	Displacement rate, %
Secretaries and administrative assistants	10	30
Retail salespersons	10	23
Stock clerks and order fillers	9	46
Bookkeeping, accounting, and auditing clerks	9	49
Cashiers	9	24
Aircraft structure, surfaces, rigging, and systems assemblers	8	44
Office clerks, general	7	34
Combined food preparation and serving workers	7	22
Farmers, ranchers, and other agricultural managers	6	17
Waiters and waitresses	6	25

¹ Total jobs lost divided by total jobs 2030

² Jobs with the highest expected full time employee impact in Ford County, KS include: Meat, poultry and fish trimmers; Slaughterers and meatpackers; Helpers – production workers; Heavy & tractor-trailer truck drivers; and Packaging and filling machine operators

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Open discussion



Do these strengths and challenges resonate with you?
What are we missing?



What challenges exist in your districts.
What are its greatest assets?



What are recent successes in your district?



What are some potential strategies or initiatives
to accelerate growth?



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Key strategy pillars for the Framework for Growth

Empower individuals, businesses and communities to achieve prosperity in Kansas by...

Developing a portfolio of target sectors where Kansas has a competitive advantage:

-  Become a leader in **business services** to create more high wage jobs in a growing sector
-  Take advantage of geographical position to become a U.S. leader in **distribution, transportation, and e-commerce**
-  Maintain and grow expertise in the **aerospace sector**, particularly in disruptive technologies in the industry
-  Advance growth in innovative and thriving sub-sectors in the **food and agriculture industries**
-  Remain on the forefront of **advanced manufacturing** to build the goods, materials, and machines of the future
-  Push boundaries in promising **disruptive technologies** by capitalizing on unique assets¹



Win the talent war to attract and retain top talent and prepare our workforce for the jobs of the future



Build an innovation ecosystem to make Kansas a home for entrepreneurs, start-ups, and innovators



Invest in a rural “playbook” to revitalize rural communities and enable shared prosperity through collaboration



Promote placemaking and liveability to make Kansas’ cities great places to live, work, and play

1. Disruptive technologies covered within each relevant target sector

Potential initiatives

Talent



- **Find innovative incentives to attract and** retain top talent (e.g., housing solutions, ease licensing requirements)

- **Strengthen job pipeline** for Kansas graduates to keep more of the talent we produce

- **Bridge the skill gap** for in demand, critical needs and high wage positions (e.g., coding, automated machinery operation)

- **Develop innovation hubs** around Kansas' anchor universities to improve commercialization outcomes

- **Expand support services** and **access to capital** for Kansas entrepreneurs

- **Improve the culture of innovation** in Kansas through company sponsored innovation competition expansion of innovation classes

Innovation



- **Provide at-scale investment for rural clusters** to promote downtown revitalization, innovation, and education in in rural communities

- **Double-down on growing industries** where rural communities have a competitive advantage

- **Invest in physical and digital infrastructure** to improve connectivity rural communities (e.g., broadband)

Rural revitalization



- **Invest in the downtowns of the future** (e.g., walkability, micro-mobility, main street revitalization, lifestyle amenities, and technology solutions)

- Make a sustained and concerted effort to **develop a vibrant urban core** in Kansas that rivals the urban growth hubs of the U.S.

- **Collaborate with corporations, developers, localities, and state agencies** to promote vibrant placemaking

Placemaking



Potential initiatives

Business services



- **Become the home of corporate HQs in the nation** by attracting the U.S. locations of foreign companies
- Create **focused attraction efforts for computer services** through talent sourcing and financial incentives
- Build **business service Centers of Excellence** around key sectors in Kansas (e.g. advanced analytics for agriculture)
- Create a **business tech talent program** to attract talent for high-potential occupations

Aerospace



- Make **Kansas a best in class maintenance and repair provider**
- Expand the **State's aerospace training curricula and employer driven training programs**
- Expand Kansas' position as **a leader in aerospace innovation** by leveraging specialization and assets (e.g., NIAR)

E-commerce, transportation



- **Work with companies to retrain drivers** to manage autonomous vehicles and emerging forms of last-mile delivery
- Incentivize **logistics companies to offer internships** to students at four-year universities or technical schools
- **Bolster air transportation** to win multimodal logistics deals
- Work with developers to **invest in prospective site development** in highly connected areas

Food & agriculture



- Develop **the premier animal health services corridor** in the world by expanding business and research
- **Promote the development of ag-technology in Kansas** through increased research funding and support for ag-tech startups
- Become **a leader in sustainable agriculture** (e.g. improved water irrigation technologies) and **continue build trust and transparency** for Kansas' agriculture products

Advanced manufacturing



- **Support companies digitizing legacy systems** by helping to invest in the technology, facilitate the transition, and train employees
- **Incentivize out-of-state manufacturers developing innovative solutions** (e.g., advanced robotics) to relocate to Kansas
- **Create or expand partnerships between technical colleges and manufacturers** to give middle-skilled workers access to classes on basic coding and data analysis

Promising sectors

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Key next steps as the Framework for Growth continues

- 1 Continue engaging and gathering the perspectives of diverse stakeholders across the State**

- 2 Continue to develop and prioritize initiatives**

- 3 Develop more detailed action plans for prioritized initiatives**

- 4 Draft a public report with key findings and proposed strategies**

Stay in touch – reach out and find us on the Kansas for Growth website!

