

**Silicon Prairie: Tech, Innovation and a High-Skilled Workforce in the Heartland**  
*Testimony by David Toland, Kansas Secretary of Commerce*

Good morning, Representative Davids and members of the Small Business Committee. Thank you very much for the invitation to testify before you today. I'm pleased to have the opportunity to talk with you this morning about the state of innovation and technology in Kansas, both where we've been and where we have the potential to go as a state.

Let's talk first about the state's early foray into the tech sector. In the years following the publication of the 1986 Redwood-Krider Report, the Kansas Legislature and the state moved boldly on a bipartisan basis to establish new, innovative tools for economic growth. Their extraordinary vision and action put Kansas on the map as a leader for advancing economic development efforts – including specifically in the areas of technology and innovation. Our state had tools that no other state had, which were truly the envy of economic development experts in other states.

The Kansas Technology Enterprise Corporation (KTEC) was established in 1986 to stimulate the start-up and advancement of technology companies in Kansas. KTEC's investment portfolio leveraged public and private dollars to invest early stage capital, facilitate programs to train and develop entrepreneurs and focus on innovations that prepared the next generation of jobs in the knowledge industry.

Drawing on those successes, the 2004 Kansas Economic Growth Act created the Kansas Bioscience Authority. At that time, the Legislature and the Governor—again, on a bipartisan basis—recognized another key opportunity.

Pulling from the strength of our agricultural heritage, the Kansas Bioscience Authority advanced solutions in agribusiness and helped Kansas establish and maintain the largest concentration of animal health companies in the world, now recognized as the heart of the Animal Health Corridor. By drawing from a world-class agricultural research institution in Kansas State University and world-class medical programs at the University of Kansas, researchers made breakthroughs in oncology, information technology, medical devices and other important areas of human and animal health.

These investments played a huge role in securing a home for the National Bio and Agro-Defense Facility in Manhattan, as well as securing the NCI Cancer Designation for KU Medical Center.

This work was truly ahead of its time, and the bold vision left behind a legacy of innovation and collaboration across our state's economic development efforts. Kansas continues to benefit today from the foresight and ambition of business and political leaders of the past thirty years.

But, the economic environment has changed. Nationally, technology growth, commerce and innovation are moving at unprecedented rates, and the job growth and economic impact associated with tech show no signs of slowing down.

There are reasons to be optimistic about the future of tech and innovation in Kansas. Just yesterday, the KC Tech Council released a comprehensive report on the current state of the region's tech industry. The median tech occupation wage in Kansas is higher than that of many other Midwest states. And, tech has permeated the Kansas City metro's employment base more than it has in peer cities, with 9.2 percent of Kansas-side of KC workers employed in tech

occupations, compared to cities like Indianapolis at 7 percent and Nashville 6.1 percent. In fact, Kansas City had the seventh-highest net gain for tech talent labor among the largest tech markets in North America over the past five years.

However, these positive developments are concentrated to only a few geographies, and the bigger picture creates reason for concern. Once a leader in technology and innovation, Kansas has sadly fallen behind in recent years. We have experienced a loss of both tech jobs and tech businesses. In 2018, the state of Kansas posted the second-highest amount of tech job losses among all 50 states and posted a net loss of total tech businesses operating in the state compared to the year prior.

Simply put, this is unacceptable. We have an obligation to the people of Kansas to understand what's driving this decline and to make the necessary adjustments to change the trajectory of tech and innovation in our state.

There are programs and incentives already in place that help address Kansas' challenges of attracting and retaining tech businesses and knowledge jobs. One example is the Angel Investor Tax Credit Program, which encourages investment in small businesses. Eligibility for the program requires a business demonstrate an innovative and proprietary technology – incentivizing tech startups in the state.

We've also implemented unique workforce development programs such as Workforce AID – or Workforce Aligned with Industry Demand. Workforce AID brings together stakeholders from government, business and higher ed to address very specific workforce needs with targeted job training, certification programs and paths to employment at Kansas businesses.

Last month, we made an important addition to our executive team at Commerce in hiring Trent Armbrust as director of strategy for technology and bioscience. This is a new leadership role and is critical to ensuring we rebuild relationships with private- and public-sector partners as Kansas seeks to help advance new technologies, support innovative research, create new jobs and further advance its leadership across key tech and bioscience sectors.

Our state universities are also engines of innovation and tech growth with institutions such as the National Bio and Agro-defense Facility at Kansas State University and the Bioscience and Technology Business Center at the University of Kansas.

Earlier this year, Governor Kelly announced the Department of Commerce would undertake an initiative to research and analyze the Kansas economy and deliver an economic development blueprint for the state – one with innovative strategies for business recruitment and retention. Just yesterday, we announced that work on the Kansas Framework for Growth had begun, kicking off the development of a comprehensive strategy to accelerate economic growth in Kansas.

The Kansas Framework for Growth marks the first time since 1986 that our state has taken a deep look at our economy and aligned our economic development tools with our state's strategic opportunities. A very important component to this plan is a special focus on what it will take to grow the tech sector of our economy, including partnering with businesses and higher education to address the development of a highly skilled workforce to fill the knowledge jobs we would like to recruit to our state.

These are just a few of the steps the state of Kansas has taken to begin regaining our position as a leader in technology and innovation, but we have a long, challenging road ahead. Technology is redefining our economy and our lives at a fundamental level, and we must find ways to make Kansas competitive again. The future of our economy depends on it.

I understand that I have a five-minute time limit this morning, so, at this time, I would like to thank you again for the opportunity to be here with you today, and I am happy to answer any questions you may have.