

## **Testimony of Commerce Secretary Pat George on the Kansas Main Street Program**

**Interim Budget Committee**  
9:30 a.m., Wednesday, Oct. 10, 2012  
Room 548S, The Statehouse

Good afternoon, Madam Chairwoman, and members of the Committee. I am here to discuss the Department of Commerce's decision to end the Kansas Main Street program.

On Sept. 20, the Department announced a restructuring that resulted in 18 Commerce positions being eliminated, some Departments and Divisions being moved or downsized; and the elimination of state funding for the Kansas Main Street program.

This was not an easy decision, nor was it a decision made in haste. For the past 18 months I have assessed what the agency does best and how we can give our citizens the most value. Through all my years of management the most difficult days are when positions are eliminated as these positions represent people and families. We are expecting smaller state and federal budgets going forward. Approximately nine months ago we were notified that federal funding for administration of our Workforce Division would be decreased by approximately 60%. All of this led me to take the actions we did recently. Our decisions were based on how to provide the greatest help to the most communities and the most Kansans.

I want to stress that Commerce is not abandoning its commitment to Kansas communities. The Department continues to have other programs dedicated to helping rural communities with substantial resources, including (with FY 2013 budgets):

- Rural Opportunity Zones (ROZ) -- \$2.7 million
- Community Development Block Grant -- \$25.9 million
- NetWork Kansas -- \$300,000
- Kansas Small Business Development Centers -- \$800,000
- Mid-America Manufacturing Technology Center (MAMTC) -- \$950,000

In addition to these programs, the Department continues to focus on the number one priority that will help communities over the long term – creating private-sector jobs. Over the past 19 months, Commerce has helped recruit and/or expand businesses that have created more than 1,500 jobs in small, rural communities. These businesses have made more than \$1 billion in capital investment.

Commerce and the Administration continue to help all communities thrive through recruiting businesses, capital and people to live and work in Kansas. Commerce has decided to honor its current financial obligations to Main Street communities until those are fulfilled. In addition, the agency is encouraging the 25 currently operating Main Street programs to continue. We have met several times over the past couple of weeks and I am very encouraged with their attitude to continue. With most of their operating budgets supplied locally, many do not see an insurmountable challenge and actually hope to grow the Main Street Program by adding other cities. Commerce also agreed to meet obligations that had been anticipated for this current year as well as allow revolving loan funds to continue to be used by the Main Street cities for their intended purposes.

For Immediate Release  
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## **'Spirit of Cooperation' dominates Kansas Main Street, Commerce Department negotiations**

In the days since the Kansas Department of Commerce announced the closing of the Kansas Main Street program as part of its reorganization strategy, negotiations between the two organizations began almost immediately to assure that local programs maintained the necessary tools to continue revitalization efforts in their communities.

"Initially, there was disbelief followed by anger then some anxiety about the future of key program elements, namely the Incentives Without Walls (IWW) program, and the Main Street Symposium," said Beverly Schmitz Glass, PhD, Garden City Downtown Vision executive director. "But within a few days, there were representatives from the KMS program in constant communication with Secretary Pat George and members of his leadership team working out the details that impact our programs the most."

Working continually via conference calls, emails, and text messaging since the September 20<sup>th</sup> announcement, the Commerce Department and local Main Street program representative were able to work out the details of the IWW program that would allow participating communities to maintain their source of reinvestment dollars. Those funds, combined with local private monies, will remain active so that revitalization efforts can continue. The loans will be administered locally and will continue to adhere to current policies and procedures.

"In the eight years Garden City has been a member of Kansas Main Street, we have utilize those IWW funds to launch 28 different projects that reflect over \$181,000 in zero interest loans", said Glass. "Add to that number the over \$1.2 million in matching private funds, and you can begin to see how important it was to Downtown Vision, as well as other Main Street cities and ultimately to the Commerce Department, that those IWW funds stay in play."

In addition to the IWW funding, Main Street directors and Commerce leadership worked to restore the 2012 KMS Symposium that had been cancelled. The two-day meeting also housed the Main Street awards banquet where communities competed for top honors in 11 Awards of Excellence categories ranging from outstanding historical preservation to outstanding promotions and five state designated awards including Director of the Year and Main Street Leadership Award. Working closely with host city Emporia's Main Street director Casey Woods, both organizations contributed to the reinstatement of

the symposium, including bringing in all guest speakers, break-out sessions, and the awards ceremony.

“The Symposium represents a year-end celebration of sorts in that we usually have outstanding speakers, pertinent break-out sessions, and of course the awards banquet where all of the Main Street communities get to showcase their best efforts from the previous year,” said Glass. “We became eligible in 2005 and with the wins we scored this year, our trophy case will hold 31 awards. Garden City has reason to be proud of its Main Street efforts.”

Other areas of cooperation and compromise between the Main Street communities and the Commerce Department include:

- Fulfillment of outstanding design assistance contracts held by four communities
- Fulfillment of four outstanding Kansas Department of Transportation design and infrastructure partnership projects
- Ongoing dialogue and cooperation in helping establish a new state organization; in order for local Main Street programs to retain their National Main Street membership and certified Main Street status, they have to be part of a state organization that meets established National Trust for Historic Preservation guidelines

“Because the majority of our funding comes from memberships, sponsorships, and a grant from the City of Garden City, Downtown Vision remains a very viable and active organization,” said Glass. “But since the September announcement, Commerce Department Secretary George and his staff have been available and open to our issues and concerns and it has been through this spirit of cooperation that we have been able to sustain the key program elements that are vital to our own Main Street. We know they will be there to help and support us as we form a new state organization that can continue the revitalization of downtowns across Kansas.”

The 27-year old Kansas Main Street program helped pump over \$556, 857,000 in public/private reinvestment in over 50 communities throughout the state. Those dollars in turn helped open or expand 3,678 new businesses which in turn created 8,518 new jobs for Kansans.