



KANSASBIO

KANSAS BIOSCIENCE ORGANIZATION

Comments prepared for the members of the Kansas Legislative Post Audit Committee by Kansas Bioscience Organization (KansasBio), representing more than 100 bioscience industry companies, partners, and research organizations throughout Kansas. These remarks are to be presented to the Committee on Tuesday, August 26, 2008, at 10:00am in Room 142-N of the Statehouse in Topeka, regarding results of economic development in the state of Kansas.

This year, 2008, is a banner year for our state with regard to the amount of job and investment growth generated, as well as the amount of national recognition given to Kansas as the state continues to invest resources in the key industry sectors of bioscience and technology. A large part of Kansas' success has culminated from the diligence that our legislature has exhibited.

During the last twenty years Kansas has placed a focus on economic development in high technology fields through the formation of the Kansas Technology Enterprise Corporation working in partnership with the Kansas Department of Commerce to grow, attract, and retain high technology jobs and companies through entrepreneurship, commercialization, industrial attraction, and industrial expansion.

Our legislature further accelerated that investment during the last 4 years, supporting even more targeted investments in growth and diversification of the Kansas economy within the bioscience industry, with formation of the Kansas Bioscience Authority. We expect today's proceedings will reflect how significantly these investment have paid off in terms of creating thousands of jobs and additional opportunities for wealth generation.

This diligence has resulted in true success for Kansas. In the recent issue of *Business Facilities* magazine, the nation's premier site relocation resource, Kansas ranked in the Top 10 states in the nation in several categories:

- 4th in bioscience investments
- 5th in bioscience research funding
- 10th in education climate
- 13th in educated work force
- And the highest concentration of employment in research, testing and medical laboratories

The list of other states ranked in the Top 10 includes many states of which we think to be the preeminent research states in the country:

1. Pennsylvania
2. California, Massachusetts (tie)

4. Ohio, Texas (tie)
6. Illinois
7. New Jersey
8. New York
9. Florida
10. Kansas, Minnesota (tie)

Furthermore, this year's 2008 *Battelle Report*, which compares and ranks bioscience initiatives in all the states, had only great things to say about Kansas' efforts:

- Agricultural feedstock and chemicals subsector
 - Total employment of more than 9,400 jobs
 - 3 percent growth in business establishments from 2001 to 2006
- Research, testing, and medical laboratories subsector
 - 241 companies established in 2006
 - Increase of 46.2 percent over 2001, the greatest growth rate of all states
- Pharmaceuticals subsector
 - Average annual wage of more than \$63,000
 - Highest of any bio industry subsector in Kansas
- Academic R&D expenditures and NIH funding
 - Increased 15.5 percent and 12.7 percent respectively since 2002
- Over the past six years, Kansas attracted \$117 million in bioscience venture capital
 - Reaching nearly \$62 million in 2007 alone

The good news keeps coming with the 2008 *Milken Institute* report released earlier this summer, which ranks our state's technology and science index:

- Kansas ranks 24th in the nation
 - Up from 26th in 2004 (very statistically significant considering that Kansas ranks only 39th in the country in terms of population)
 - Based on inventory of technology and science assets
- Kansas ranked ahead of states such as Ohio, Georgia, and Florida
- 77 indicators including:
 - research and development capabilities that can be commercialized;
 - entrepreneurial capacity and risk capital infrastructure;
 - human capital;
 - intensity of states' technology and science work force;
 - technology concentration and dynamism
- Kansas ranked 18th in technology concentration and dynamism
 - Cluster of tech companies in northeast Kansas and the Wichita region
- Kansas ranked 19th in the subcategory of human capital investment
 - KTEC Pipeline entrepreneur mentor program
- Kansas ranked 23rd in the subcategory of technology and science
 - 54,000 high-wage technology jobs in Kansas

- Formation of the Software and Information Technology Association (SITAKS)

Finally, the AeA, the United States largest high-tech trade association, recently looked at the growth of high-tech wages throughout the country and released these findings:

- Kansas is 3rd in the nation in high-tech wage growth
- Kansas' tech wages have grown 15.5 percent
 - During the five year period from 2001 to 2006

As you can see the reason for this laundry list of reports and rankings is three-fold.

- First, let it be plainly said that KansasBio and its 100+ members believe that the economic development efforts that the Kansas legislature has invested in over the last several years, including its continued support of the Kansas Technology Enterprise Corporation, the Department of Commerce and the Kansas Bioscience Authority, is working.
- Second, we believe a large part of this success has come from the concerted efforts of our legislators who are aware of the successes and great accolades hard work generates.
- Third, we feel it is important for this momentum to continue, and the only way we can ensure that our efforts don't get reversed is for our legislature to continue to support the successful programs that support our state's economic development, specifically those carried out by the Kansas Technology Enterprise Corporation, the Kansas Department of Commerce and the Kansas Bioscience Authority.