

Fiscal Year 2009
Grants and Loans Report

Prepared by



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Kansas, Inc. Board of Directors

Created by the Legislature in 1986, Kansas, Inc. is an independent, objective, and non-partisan organization designed to conduct economic development research and analysis with the goal of developing policies and recommendations to ensure the state's ongoing competitiveness for economic growth. To attain our mission, Kansas, Inc. undertakes these primary activities: 1) Identifying, building, and promoting a Strategic Plan for economic development efforts in the State of Kansas; 2) To complement the Strategic Plan, Kansas, Inc. develops and implements a proactive and aggressive research agenda, which is used to identify and promote sound economic development strategies and policies; 3) Through collaboration and outreach with economic development entities and other potential partners, Kansas, Inc. conducts evaluation reviews and provides oversight of economic development programs to benchmark development efforts in the State of Kansas.

Co-Chaired by the Governor, Kansas, Inc. is governed by a 17-member Board of Directors. Board members, as mandated by legislation, include four members of Legislative leadership, a representative from the Board of Regents, the Secretary of Commerce, the Commanding General of the Kansas Cavalry, a representative from labor, and eight other members from the private sector representing key Kansas industrial sectors. Private sector members are appointed by the Governor and confirmed by the Kansas Senate.

Through analysis and open dialogue, Kansas, Inc. identifies policy options and builds the consensus essential for concerted action on vital economic issues. Kansas, Inc. is designed to be a public-private partnership with expectations that state investments are leveraged with other funds to maintain a strong research portfolio.

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Executive Summary

The FY 2009 Grants and Loans Report contains information on awards made by state agencies for economic and community development purposes. The following agencies have provided information on grants and loans for this report:

- Kansas Arts Commission (KAC)
- Kansas Bioscience Authority (KBA)
- Kansas Board of Regents (KBOR)
- Kansas Department of Commerce (Commerce)
- Kansas Department of Wildlife & Parks (KDWP)
- Kansas Housing Resource Corporation (KHRC)
- Kansas Technology Enterprise Corporation (KTEC)
- Kansas Water Authority (KWO)
- NetWork Kansas
- State Conservation Commission (SCC)

Funding sources for grants and loans include the Economic Development Initiatives Fund (EDIF), state, and federal funds.

This report summarizes several programs to provide an overview of the grants and loans activities throughout Kansas. To achieve specific objectives, each program has specific guidelines for implementation and the award process. Project eligibility and awards are subject to program-specific requirements determined either on a local, state, or federal basis. Several programs are awarded on a competitive basis, while others may be on a first-come/first-serve basis, or an as-needed basis. Ultimately, all programs are subject to funding limitations and there may be more requests than funds available during any given period. While grants and loans are assigned to specific counties in this report, the impact of these initiatives may reach beyond those borders.

This report provides an overview of FY 2009, and it is important to understand the information provided can be influenced by both specific objectives and guidelines of each program and by awards made in previous years. The information within this report is directly from agencies who have been assigned to provide assistance within the defined categories. Kansas, Inc. has limited influence on the collection and reporting of the information provided by these agencies, and therefore this report relies heavily on the data that is provided.

Analysis of FY 2009 Grants and Loans

Within the Economic Development category, approximately \$255.9 million was awarded statewide; this amounts to \$91.33 on a per capita basis. Riley County received the highest amount of funding, with approximately \$100.4 million. Based on the analysis, typically Metropolitan counties and counties with major universities received higher amounts of funding. Based on region, counties in the East Central Region (\$106.3 million) received the highest amount of funding.

Within the Community Development category, approximately \$171.7 million was awarded statewide; this amounts to \$61.27 on a per capita basis. Sedgwick County received the highest amount of funding, with approximately \$16.8 million. Based on the analysis, Rural counties received higher amounts of funding than both Metropolitan and Micropolitan counties. Based on region, the South Central Region (\$38.7 million) received the highest amount of funding.

Within the Small Cities CDBG category, approximately \$16.1 million was awarded statewide; this amounts to \$5.73 on a per capita basis. Neosho County received the highest level of funding, with approximately \$795,000. Based on the analysis, Rural counties (\$10.6 million) received considerably higher total amounts of funding than Metropolitan (\$2.9 million) and Micropolitan (\$2.6 million) counties. Based on region, the North Central Region (\$4.6 million) received the highest amount of funding.

Within the Direct Entitlement Communities CDBG category, approximately \$10.6 million was awarded to eight Metropolitan entitlement communities during FY 2009, including: Lawrence (\$808,000), Johnson County (\$1.2 million), Overland Park (\$652,000), Shawnee (\$229,000), Leavenworth (\$361,000), Wichita (\$2.8 million), Topeka (\$2.0 million), and Kansas City, KS (\$2.5 million).

Within the Natural Resources category, approximately \$15.3 million was awarded statewide; this amounts to \$5.46 on a per capita basis. Sedgwick County received the highest level of funding, with approximately \$1.3 million. Based on the analysis, Rural counties (\$8.6 million) received higher total amounts than Metropolitan (\$3.7 million) and Micropolitan (\$2.9 million) counties. Based on region, the North Central Region (\$4.2 million) received the highest amount of funding.

Introduction

Since 1990, Kansas, Inc. has prepared an annual report detailing the statewide allocation of grants and loans awarded by state agencies. This report details grants and loans activity in four categories, including: Economic Development, Community Development, Community Development Block Grants, and Natural Resources. This report can provide insight when considering issues such as targeting scarce resources to geographic regions, areas of economic distress, or for specific policy goals.

K.S.A. 74-8015. Reports of community and economic development grants or loans.

(a) As used in this section "state agency" means any state office or officer, department, board, commission, institution, bureau, or any agency, division or unit within any office, department, board, commission or other state authority or any person requesting a state appropriation.

(b) On October 1, 1990, and annually thereafter, state agencies making community and economic development grants or loans shall submit to Kansas, Inc., in a form prescribed by Kansas, Inc., reports detailing community and economic development grants or loans made by such state agencies. Such reports shall include the identity of the recipient of such loans or grants. Kansas, Inc., shall provide annually, to the governor and the legislature, a compilation of such reports.

Methodology

Categories – Within this analysis, grants and loans administered by several state agencies are grouped into four categories:

1. **Economic Development** – This category includes programs administered by the Kansas Department of Commerce, Kansas Technology Enterprise Corporation, Kansas Bioscience Authority, Kansas Board of Regents, and NetWork Kansas.
2. **Community Development** – This category includes programs administered by the Kansas Department of Commerce, Kansas Housing Resource Corporation, and Kansas Arts Commission.
3. **Community Development Block Grants (CDBG)**
 - a. **Small Cities Program** – This category includes the Small Cities program administered by the Kansas Department of Commerce by an annual appropriation through the U.S. Department of Housing and Urban Development (HUD). Communities with a population of less than 50,000 are eligible to apply for funding on a competitive basis.
 - b. **Direct Entitlement Communities** – This category includes HUD funding issued directly to Entitlement Communities. Entitlement Communities that receive annual grants are central cities of Metropolitan Statistical Areas (MSA's); other metropolitan cities with populations of at least 50,000; and qualified urban counties with population of at least 200,000 (excluding the population of entitled cities).
4. **Natural Resources** – This category includes programs administered by the Kansas Department of Wildlife and Parks, Kansas Water Office and the State Conservation Commission.

(The Kansas State Department of Education received a survey and reported they did not award economic or community development grants and loans during FY 2009.)

The information within this report is directly from agencies who have been assigned to provide assistance within the defined categories. Kansas, Inc. has limited influence on the collection and reporting of the information provided by these agencies, and therefore this report relies heavily on the data that is provided.

The grants and loans information for each category – Economic Development, Community Development, Community Development Block Grants, and Natural Resources are summarized and analysis is based on three defined groups, including: County Economic Vitality and Distress, County Size (Metropolitan, Micropolitan, Rural), and Kansas Department of Commerce Regions. These groups are defined on the following pages.

County Economic Vitality and Distress

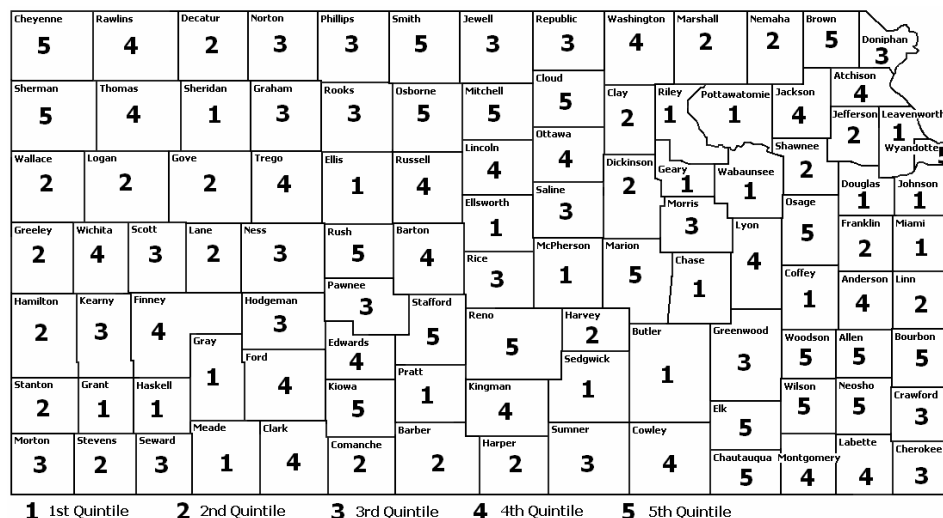
Since 1989, Kansas, Inc. has prepared an annual update on overall county economic vitality and distress. This report is based on data from several economic indicators that are combined into a statistical formula to produce an overall assessment score. The scores are then ranked to provide an overall comparison of the vitality and distress of each county in Kansas. The 2008 report update provides the latest complete data for each economic indicator and calculates assessment scores for each county by size and region.

The vitality and distress formula ranks counties according to their overall health in comparison with other Kansas counties. The counties are separated into five categories, according to their rank: **Low, Marginally Low, Medium, Marginally High, and High**. The most economically vibrant counties are found in the Low category, while the most economically distressed counties are found in the High category. The following table and figure provide vitality and distress rankings for 2008. Further information regarding this report is available at: www.kansasinc.org

Table 1. Vitality and Distress Rankings, 2008

	1st Quintile (Low)	2nd Quintile (Marginally Low)	3rd Quintile (Medium)	4th Quintile (Marginally High)	5th Quintile (High)
1	Johnson	22 Hamilton	43 Ness	64 Barton	85 Kiowa
2	Pottawatomie	23 Logan	44 Scott	64 Montgomery	85 Neosho
3	Haskell	23 Shawnee	45 Seward	64 Wichita	87 Reno
4	Riley	25 Franklin	46 Saline	67 Jackson	88 Wyandotte
5	Miami	25 Marshall	47 Kearny	68 Ford	89 Wilson
6	Wabaunsee	27 Stevens	47 Pawnee	68 Lincoln	90 Brown
7	Pratt	28 Nemaha	49 Hodgeman	70 Edwards	91 Mitchell
8	Coffey	29 Barber	50 Rice	70 Finney	91 Osage
9	Butler	29 Decatur	51 Crawford	70 Russell	93 Marion
10	Geary	31 Comanche	52 Morris	73 Atchison	94 Cheyenne
11	Meade	32 Lane	52 Phillips	74 Anderson	94 Sherman
12	Sheridan	33 Harvey	54 Doniphan	74 Ottawa	94 Stafford
13	Ellsworth	34 Clay	55 Morton	74 Trego	97 Bourbon
14	Gray	34 Greeley	56 Cherokee	77 Kingman	98 Smith
14	Sedgwick	36 Dickinson	56 Rooks	77 Lyon	99 Allen
16	Ellis	36 Stanton	58 Greenwood	77 Rawlins	99 Cloud
17	McPherson	36 Wallace	58 Jewell	80 Labette	101 Osborne
18	Chase	39 Jefferson	58 Republic	81 Clark	102 Chautauqua
18	Douglas	40 Gove	61 Graham	82 Thomas	103 Woodson
20	Grant	40 Harper	62 Norton	83 Cowley	104 Elk
20	Leavenworth	42 Linn	62 Sumner	84 Washington	105 Rush

Figure 1. Vitality and Distress Rankings, 2008



Metropolitan, Micropolitan and Rural Counties¹

The United States Office of Management and Budget (OMB) defined Metropolitan and Micropolitan statistical areas according to published standards that are applied to Census Bureau data. The general concept of a Metropolitan or Micropolitan Statistical Area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Currently defined Metropolitan and Micropolitan statistical areas are based on application of the 2000 standards.

Core Based Statistical Areas (CBSA) are defined as a statistical geographic entity consisting of the county or counties associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties containing the core. Metropolitan and Micropolitan Statistical Areas are the two categories of Core Based Statistical Areas.

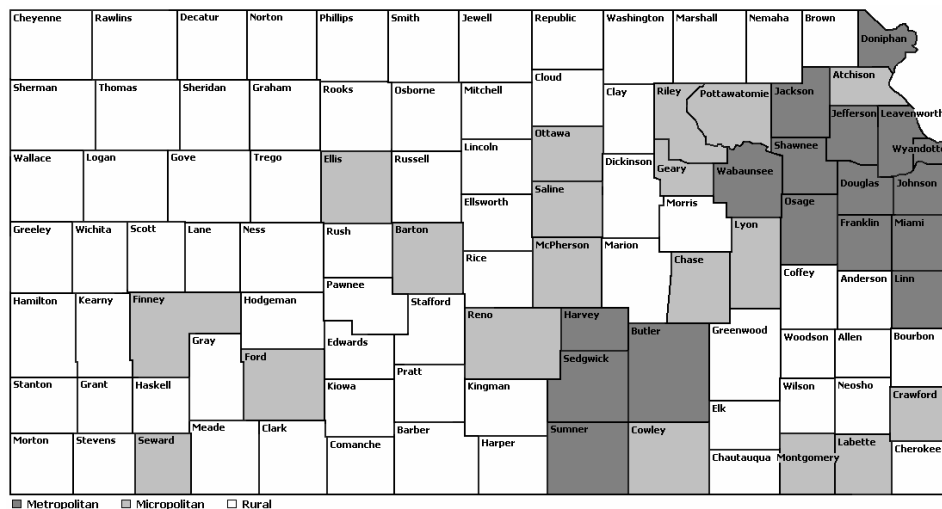
Metropolitan Statistical Area – A Core Based Statistical Area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Micropolitan Statistical Area – A Core Based Statistical Area associated with at least one urbanized cluster that has a population of at least 10,000, but less than 50,000. The Micropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Rural counties are counties that are not designated as Metropolitan and Micropolitan.

The purpose of the Standards for Defining Metropolitan and Micropolitan Statistical Areas is to provide nationally consistent definitions for collecting, tabulating, and publishing Federal statistics for a set of geographical areas. However, OMB cautions that Metropolitan Statistical Area and Micropolitan Statistical Area Definitions should not be used to develop and implement Federal, state, and local non-statistical programs and policies without full consideration of the effects of using these definitions for such purposes. Metropolitan and Micropolitan Statistical Areas should not serve as a general purpose geographic framework for non-statistical activities and may or may not be suitable for use in program funding formulas. The Metropolitan and Micropolitan Statistical Area Standards do not equate to an urban-rural classification; all counties included in Metropolitan and Micropolitan Statistical Areas and many other counties contain both urban and rural territory and populations. Programs that base funding levels or eligibility on whether a county is included in a Metropolitan or Micropolitan Statistical Area may not accurately address issues or problems faced by local populations, organizations, institutions, or governmental units. OMB urges agencies, organizations, and policy makers to review carefully the goals of non-statistical programs and policies to ensure that appropriate geographic entities are used to determine eligibility for and the allocation of Federal funds.

Figure 2. Metropolitan, Micropolitan and Rural Counties



¹ Federal Register, United States Office of Management and Budget (OMB), December 27, 2000.

Kansas In-State Business/Economic Development Regions²

As the state's lead economic agency, the Kansas Department of Commerce has a clear mission:

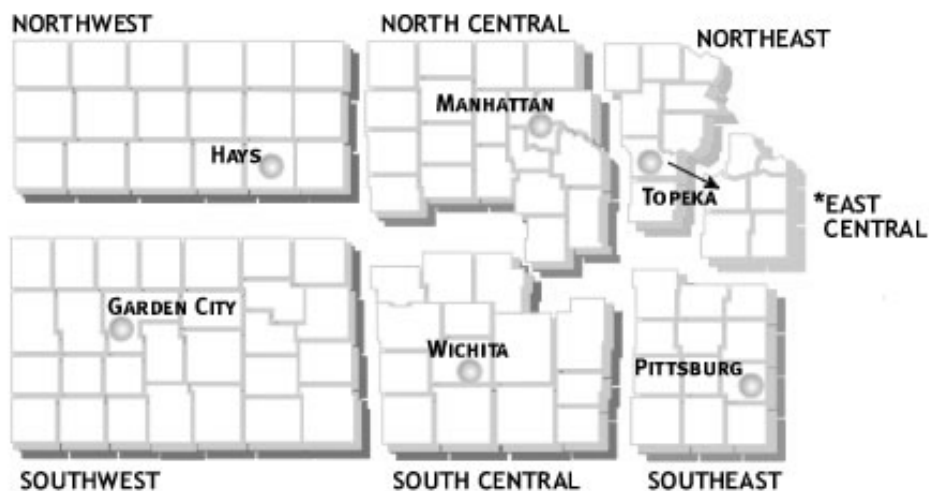
"To empower individuals, businesses, and communities to realize prosperity in Kansas."

To this end, Commerce comprises a variety of programs and services that create jobs, attract new investment, provide workforce training, encourage community development, and sell the state as a wonderful place to travel, live, and do business.

Commerce delivers its programs through the following divisions: Agriculture Marketing, Business Development, Community Development, Trade Development, Travel & Tourism, and Workforce Development. While the existence of separate divisions allows staff members to become specialists in their fields, collaboration between the entities allows Commerce to best administer its programs and serve its customers.

The efforts of the professionals staffing Kansas' seven regional field offices bring the Kansas Department of Commerce programs and activities to communities and business throughout the state. The field staff works with both communities and private businesses acting as a conduit to identify and provide assistance that benefits and promotes the growth of all Kansas regions. Offices are located in and serve the regions surrounding the following cities: Garden City, Wichita, Hays, Pittsburg, Topeka, and Manhattan.

Figure 3. Kansas In-State Business/Economic Development Regions



² Kansas Department of Commerce.

Section 1. Economic Development Grants and Loans

The Economic Development category includes grants and loans programs administered by the Kansas Department of Commerce, Kansas Technology Enterprise Corporation, Kansas Board of Regents, Kansas Bioscience Authority, and NetWork Kansas. These programs are designed to promote the retention and expansion of existing Kansas businesses, aid in the attraction of new business and investment, and enhance the Kansas economy through technology development and commercialization. Major emphases of programs include: workforce training, business finance, entrepreneurship, export development, tourism, and technology development and commercialization.

The Economic Development Initiatives Fund (EDIF), state, and federal funds are the primary source of funding for programs in this area. Specific programs include:

Kansas Department of Commerce

- Agriculture Value-Added Loan
- Business Enhancement
- Kansas Economic Opportunities Initiatives Fund
- Kansas Industrial Training/Retraining
- Tourism/Marketing Grants
- Workforce Solutions
- Investments in Major Projects and Comprehensive Training

Kansas Technology Enterprise Corporation

- Investment Program
- Centers of Excellence
- Commercialization
- Experimental Program to Stimulate Competitive Research
- Mid-America Manufacturing Technology Center

Kansas Board of Regents

- Perkins Grant/State Leadership
- Kansas Innovative Technology Grants
- KAN-ED Grant Programs
- Kansas Nursing Initiative Grants

Kansas Bioscience Authority

- Kansas Bioscience Matching Fund Program
- Kansas R&D Voucher Program
- Bioscience Tax Investment Incentive Program
- Kansas Bioscience Eminent Scholars Program
- Kansas Bioscience Rising Star Program
- Bioscience Expansion and Attraction Program
- Collaborative Cancer Research Initiative Program
- Collaborative Biosecurity Research Initiative Program
- Kansas Bioscience Centers of Innovation Program

NetWork Kansas

- Startup Kansas

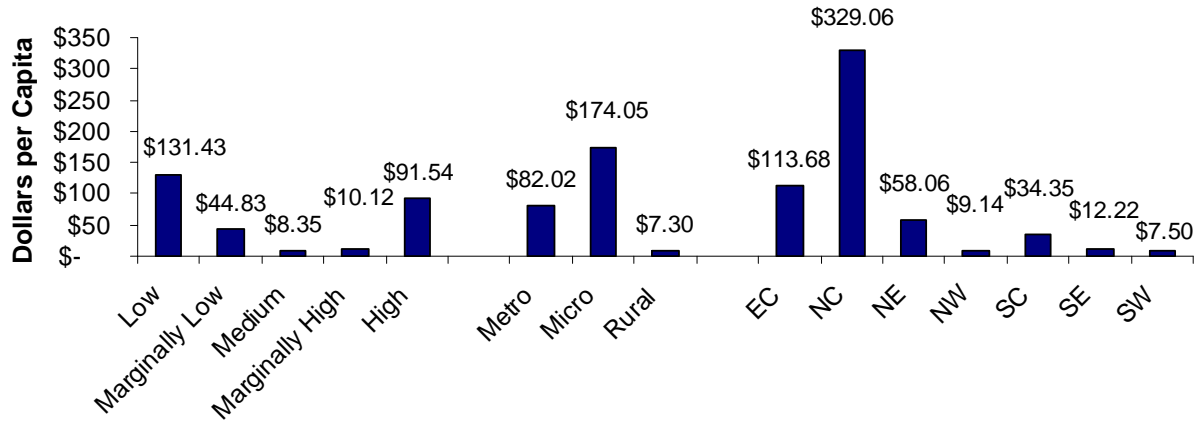
Per Capita Allocations

Figure 4 illustrates the per capita distribution of Economic Development grants and loans according to the level of economic distress, county size, and region.

Based on economic distress, the highest level of funding on a per capita basis was within the Low category (\$131.43) and the lowest level of funding on a per capita basis was within the Medium category (\$8.35). Based on county size, the highest level of funding on a per capita basis was within Micropolitan counties (\$174.05) and the lowest level of funding on a per capita basis was within Rural counties (\$7.30). Metropolitan counties had a funding level of \$82.02 on a per capita basis. Based on region, the highest level of funding on a per capita basis was within the North Central Region (\$329.06) and the lowest level of funding was within the Southwest Region (\$7.50).

Riley County received the highest amount of funding, with approximately \$100.4 million. Based on the analysis, typically Metropolitan counties and counties with major universities received higher total amounts of funding.

Figure 4. Economic Development Grants and Loans Per Capita Allocations

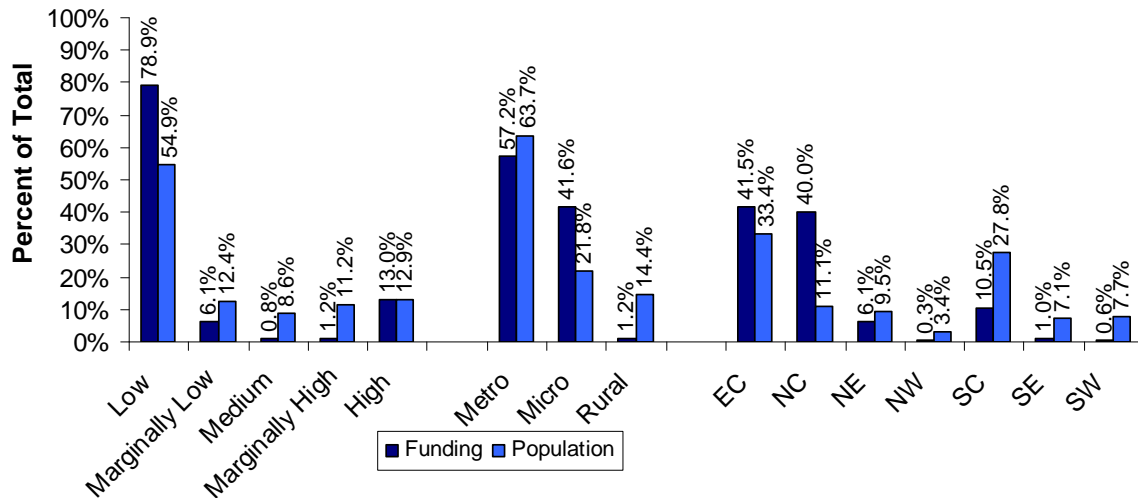


Percentage Allocations (Comparisons illustrated by: Percentage of Funds/Percentage of Population)

Figure 5 illustrates the percentage allocations of Economic Development grants and loans according to the level of economic distress, county size, and region compared to each category's share of the state's population.

Based on economic distress, counties within the Low (78.9%/54.9%) and High (13.0%/12.9%) categories received a higher percentage of funds compared to their share of the state's population, while counties in all other categories received a lower percentage of funds compared to their share of the state's population. Based on county size, Micropolitan (41.6%/21.8%) counties received a higher percentage of funds compared to their share of the state's population, while Metropolitan (57.2%/63.7%) and Rural (1.2%/14.4%) counties received a lower percentage of funds compared to their share of the state's population. Based on region, the East Central Region (41.5%/33.4%) and the North Central Region (40.0%/11.1%) received a higher percentage of funds compared to their share of the state's population, while all other regions received a lower percentage of funds compared to their share of the state's population.

Figure 5. Economic Development Grants and Loans Percentage Allocations



State Allocations

During FY 2009 state agencies awarded approximately \$255.9 million in Economic Development grants and loans throughout the state; this amounts to \$91.33 on a per capita basis. Based on the analysis, typically Metropolitan and counties with major universities received higher amounts of funding. Several factors that may not be illustrated within the context of this report can influence the award process, including: projects meeting specific program requirements; awards from previous years; limited funding on a competitive basis; lack of qualified applications; and various other factors.

Table 2 summarizes FY 2009 Economic Development grants and loans funding by vitality and distress, county size, and region.

Table 2. Economic Development Grants and Loans, FY 2009

Category	Total Funding	2008 Population	Percent of Population	Funding Per Capita	Percent of Funding
Vitality and Distress					
Low	\$ 202,006,566	1,536,978	54.9%	\$131.43	78.9%
Marginally Low	15,520,508	346,242	12.4%	44.83	6.1%
Medium	2,013,296	241,239	8.6%	8.35	0.8%
Marginally High	3,189,385	315,030	11.2%	10.12	1.2%
High	33,195,752	362,645	12.9%	91.54	13.0%
County Size					
Metro	146,465,832	1,785,659	63.7%	82.02	57.2%
Micro	106,506,531	611,946	21.8%	174.05	41.6%
Rural	2,953,143	404,529	14.4%	7.30	1.2%
Commerce Region					
East Central (EC)	106,285,223	934,955	33.4%	113.68	41.5%
North Central (NC)	102,440,432	311,309	11.1%	329.06	40.0%
Northeast (NE)	15,504,579	267,052	9.5%	58.06	6.1%
Northwest (NW)	858,714	93,968	3.4%	9.14	0.3%
South Central (SC)	26,780,550	779,664	27.8%	34.35	10.5%
Southeast (SE)	2,438,597	199,601	7.1%	12.22	1.0%
Southwest (SW)	1,617,411	215,585	7.7%	7.50	0.6%
State Total	\$ 255,925,507	2,802,134		\$91.33	

Section 2. Community Development Grants and Loans

The Community Development category includes grants and loans programs administered by the Kansas Department of Commerce, Kansas Housing Resources Corporation, and the Kansas Arts Commission. These programs are designed to target the development of cultural, historic, and community services resources. Economic development benefits are usually a factor in the selection of Community Development grants and loans; however, they are of secondary significance.

Programs operated by Commerce are funded through EDIF and federal funds. The Kansas Arts Commission is funded through the State General Fund. Programs funded by KHRC are funded through state and federal funds. Specific programs include:

Kansas Department of Commerce

- Incentives Without Walls

Kansas Housing Resources Corporation

- First Time Homebuyers Program
- State Housing Trust Fund
- Low Income Housing Tax Credit
- Homeowner Rehabilitation
- Tenant Based Rental Assistance
- HOME Rental Development
- Weatherization Assistance
- Community Services Block Grant
- Emergency Shelter Grant
- Kansas Accessibility Modifications Program
- Emergency Repair Program
- Housing Development Grant Program
- Housing Tax Credit Exchange Program
- Kansas Energy Efficiency Loan Program

Kansas Arts Commission

- Arts in Education Projects
- Arts in Communities Projects
- Arts Infrastructure Support
- Cooperative Agreements
- Kansas Arts on Tour Program
- Kansas Visual Arts Program
- Artist Fellowships and Awards
- Operational Support for Arts and Cultural Organizations
- American Masterpieces

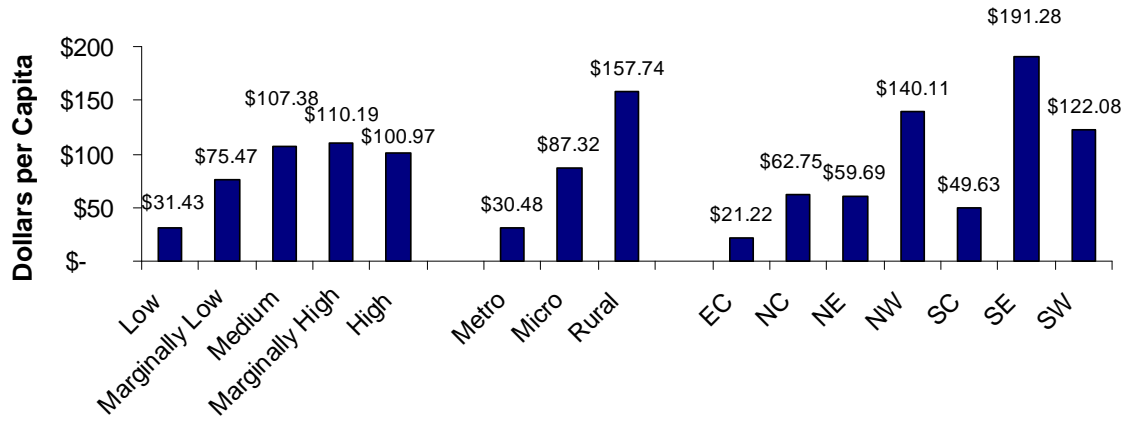
Per Capita Allocations

Figure 6 illustrates the per capita distribution of Community Development grants and loans according to the level of economic distress, county size, and region.

Based on economic distress, the highest level of funding on a per capita basis was within the Marginally High category (\$110.19) and the lowest level of funding on a per capita basis was within the Low category (\$31.43). Based on county size, the highest level of funding on a per capita basis was within Rural counties (\$157.74) and the lowest level of funding on a per capita basis was within Metropolitan counties (\$30.48). Micropolitan counties had a funding level of \$87.32 on a per capita basis. Based on region, the highest level of funding on a per capita basis was within the Southeast Region (\$191.28) and the lowest level of funding was within the East Central Region (\$21.22).

Sedgwick County received the highest amount of funding, with approximately \$16.8 million. Based on the analysis, Rural counties (\$63.8 million) received higher a higher total amount of funding than both Metropolitan (\$54.4 million) and Micropolitan (\$53.4 million) counties.

**Figure 6. Community Development Grants and Loans
Per Capita Allocations**

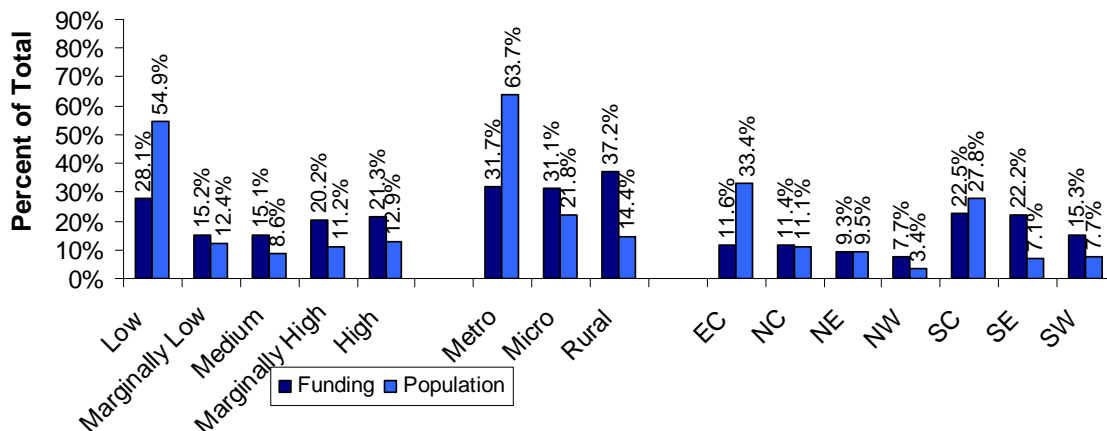


Percentage Allocations (Comparisons illustrated by: Percentage of Funds/Percentage of Population)

Figure 7 illustrates the percentage allocations of Community Development grants and loans according to the level of economic distress, county size, and region compared to each category's share of the state's population.

Based on economic distress, counties within the Low category (28.1%/54.9%) received a lower percentage of funds compared to their share of the state's population. Based on county size, Micropolitan (31.1%/21.8%) and Rural (37.2%/14.4%) counties received a higher percentage of funds compared to their share of the state's population, while Metropolitan (31.7%/63.7%) counties received a lower percentage of funds compared to their share of the state's population. Based on region, the North Central Region (11.4%/11.1%), Northwest Region (7.7%/3.4%), Southeast Region (22.2%/7.1%) and Southwest Region (15.3%/7.7%) received a higher percentage of funds compared to their share of the state's population, while all other regions received a lower percentage of funds compared to their share of the state's population.

**Figure 7. Community Development Grants and Loans
Percentage Allocations**



State Allocations

During FY 2009, state agencies awarded approximately \$171.7 million in Community Development grants and loans throughout the state; this amounts to \$61.27 on a per capita basis. Based on the analysis, Rural counties received a higher amount of funding than both Metropolitan and Micropolitan counties. Several factors that may not be illustrated within the context of this report can influence the award process, including: projects meeting specific program requirements; awards from previous years; limited funding on a competitive basis; lack of qualified applications; and various other factors.

Table 3 summarizes FY 2009 Community Development grants and loans funding by vitality and distress, county size, and region.

Table 3. Community Development Grants and Loans, FY 2009

Category	Total Funding	2008 Population	Percent of Population	Funding Per Capita	Percent of Funding
Vitality and Distress					
Low	\$ 48,309,873	1,536,978	54.9%	\$31.43	28.1%
Marginally Low	26,131,496	346,242	12.4%	75.47	15.2%
Medium	25,904,235	241,239	8.6%	107.38	15.1%
Marginally High	34,713,775	315,030	11.2%	110.19	20.2%
High	36,615,825	362,645	12.9%	100.97	21.3%
County Size					
Metro	54,432,617	1,785,659	63.7%	30.48	31.7%
Micro	53,434,124	611,946	21.8%	87.32	31.1%
Rural	63,808,464	404,529	14.4%	157.74	37.2%
Commerce Region					
East Central (EC)	19,840,244	934,955	33.4%	21.22	11.6%
North Central (NC)	19,535,936	311,309	11.1%	62.75	11.4%
Northeast (NE)	15,940,410	267,052	9.5%	59.69	9.3%
Northwest (NW)	13,165,556	93,968	3.4%	140.11	7.7%
South Central (SC)	38,695,436	779,664	27.8%	49.63	22.5%
Southeast (SE)	38,178,752	199,601	7.1%	191.28	22.2%
Southwest (SW)	26,318,870	215,585	7.7%	122.08	15.3%
State Total	\$ 171,675,205	2,802,134		\$61.27	

Section 3a. CDBG – Small Cities Program (State Administered)

The Community Development Block Grant (CDBG) program is funded by an annual appropriation through the U.S. Department of Housing and Urban Development (HUD). Since 1984, the Kansas Department of Commerce has administered the Small Cities CDBG program in Kansas. Communities with a population of less than 50,000 are eligible to apply for funding on a competitive basis.

The Community Development Block Grant Program allows Commerce to distribute **federal funds** to Kansas communities looking to improve their community.

One of three National objectives must be met in order to receive funds: 1) benefit to low- and moderate-income (LMI) individuals, 2) removal or prevention of slum or blight condition, 3) elimination of an urgent need created by a severe natural or other disaster when local funds are not available.

CDBG funds may be used for a variety of activities that expand or develop community capacity. Commerce has allocated funding into the following categories:

Water/Sewer Grants (29.28%) – This category includes improvements to water and sewer systems. Applicants for these grants are encouraged to appear before the Kansas Interagency Advisory Committee (KIAC) prior to application submittal. These grants are awarded on a competitive basis once per year.

Community Facilities (22.41%) – This category includes projects consisting of: fire protection, bridges, community/senior centers, streets, architectural barrier removal, natural gas and electrical systems, health, mental health, and other public facilities projects. These grants are awarded on a competitive basis once per year.

Economic Development (16.66%) – This category includes grants to cities or counties to provide gap financing for private businesses that create or retain permanent jobs. Eligible activities include: infrastructure, land acquisition, fixed assets, and working capital. Within this category, at least 51 percent of the jobs created or retained by the for-profit entity must meet HUD's low and moderate-income (LMI) standard. Some repayment is required for all economic development categories. Some repayment is required for all economic development categories. These funds are distributed annually in six competitive rounds.

KAN STEP (13.37%) – The Kansas Small Towns Environment Program is an ongoing, non-competitive, self-help program for communities to address water, sewer, and public building needs through greater initiative and fewer dollars. Communities must demonstrate readiness, capacity, and documented cost savings. These grants require the use of volunteers to match CDBG funds. To be eligible, these projects must demonstrate a 40 percent savings. The funding for this program is on an open cycle.

Housing Rehabilitation (10.26%) – This category includes projects awarded through an annual competition. Projects support rehabilitation of owner- and renter-occupied residences within targeted areas to encourage neighborhood revitalization. The Neighborhood Development Category allows public infrastructure to be addressed along with the housing rehabilitation.

Urgent Need (4%) – This category includes projects that address an immediate threat to health or safety resulting from a sudden and severe emergency. These awards assist in meeting community needs created by a severe natural or other disaster. The need must be certified by the state agency that has oversight. Applications are reviewed on an as-needed basis throughout the year.

Technical Assistance (1%) & General Administration (2%+\$100,000) – Within the CDBG program, technical assistance accounts for one percent and state administration accounts for two percent of the funding allocation.

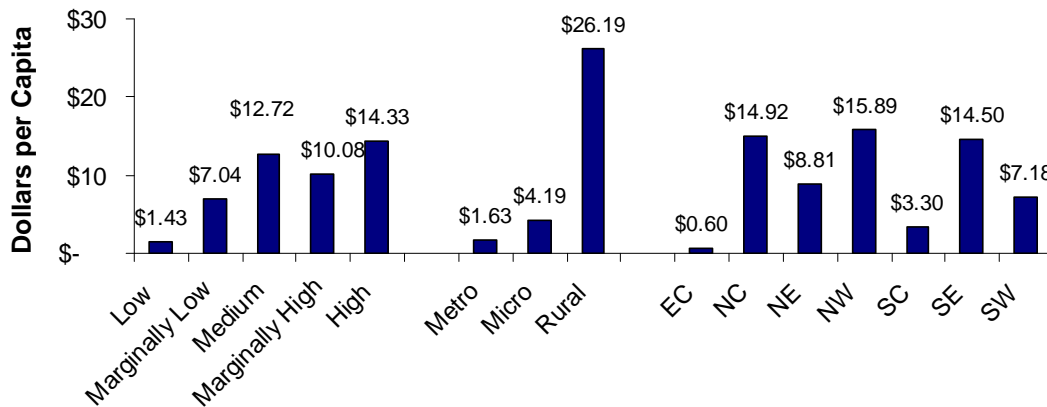
Per Capita Allocations

Figure 8 illustrates the per capita distribution of Small Cities CDBG funding according to the level of economic distress, county size, and region.

Based on economic distress, the highest level of funding on a per capita basis was within the High category (\$14.33) and the lowest level of funding on a per capita basis was within the Low category (\$1.43). Based on county size, the highest level of funding on a per capita basis was within Rural counties (\$26.19) and the lowest level of funding on a per capita basis was within Metropolitan counties (\$1.63). Micropolitan counties had a funding level of \$4.19 on a per capita basis. Based on region, the highest level of funding on a per capita basis was within the Northwest Region (\$15.89) and the lowest level of funding was within the East Central Region (\$0.60).

Neosho County received the highest level of funding, with approximately \$795,000. Rural (\$10.6 million) counties received considerably higher total amounts of funding than Metropolitan (\$2.9 million) and Micropolitan (\$2.6 million) counties. Counties receiving higher levels of funding (greater than \$500,000) included: Osage (\$683,000), Ellsworth (\$663,000), Republic (\$627,000), Kiowa (\$520,000), and Marion (\$509,000).

**Figure 8. Small Cities CDBG Grants and Loans
Per Capita Allocations**

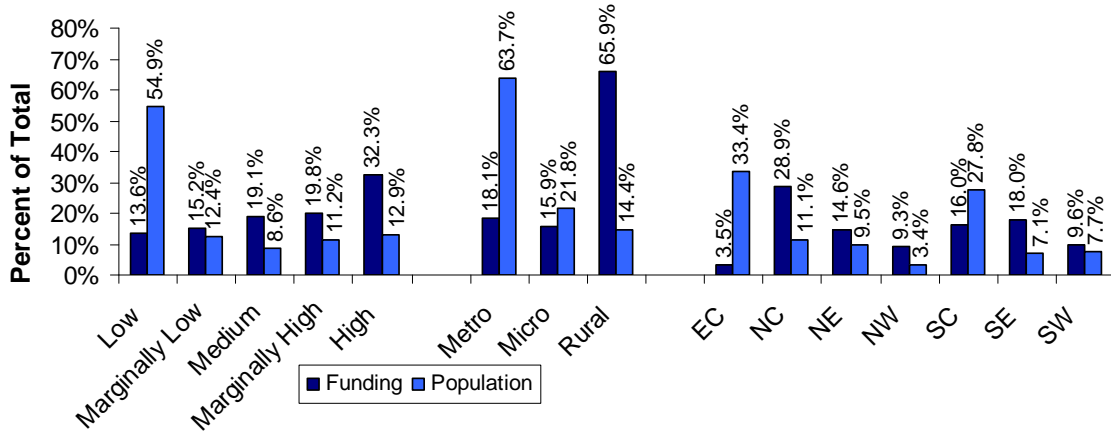


Percentage Allocations (Comparisons illustrated by: Percentage of Funds/Percentage of Population)

Figure 9 illustrates the percentage allocations of Small Cities CDBG funding according to level of economic distress, county size, and region compared to each category's share of the state's population.

Based on economic distress, only counties within the Low (13.6%/54.9%) category received a lower percentage of funds compared to their share of the state's population. Based on county size, Rural (65.9%/14.4%) counties received a higher percentage of funds compared to their share of the state's population, while Metropolitan (18.1%/63.7%) and Micropolitan (15.9%/21.8%) counties received a lower percentage of funds compared to their share of the state's population. Based on region, the East Central Region (3.5%/33.4%) and the South Central Region (16.0%/27.8%) received a lower percentage of funds compared to their share of the state's population.

**Figure 9. Small Cities CDBG Grants and Loans
Percentage Allocations**



State Allocations

During FY 2009, approximately \$16.1 million was awarded in Small Cities CDBG funds throughout the state; this amounts to \$5.73 on a per capita basis. Similar to previous years, during FY 2009 several counties did not receive CDBG funding; however, several factors not within the context of this report can influence the award process, including: projects meeting specific program requirements; awards from previous years; limited funding on a competitive basis; lack of qualified applications and various other factors. Table 4 summarizes FY 2009 Small Cities CDBG funding by vitality and distress, county size, and region.

Table 4. Small Cities CDBG, FY 2009

Category	Total Funding	2008 Population	Percent of Population	Funding Per Capita	Percent of Funding
Vitality and Distress					
Low	\$ 2,190,305	1,536,978	54.9%	\$1.43	13.6%
Marginally Low	2,437,165	346,242	12.4%	7.04	15.2%
Medium	3,067,653	241,239	8.6%	12.72	19.1%
Marginally High	3,175,870	315,030	11.2%	10.08	19.8%
High	5,196,935	362,645	12.9%	14.33	32.3%
County Size					
Metro	2,912,963	1,785,659	63.7%	1.63	18.1%
Micro	2,561,667	611,946	21.8%	4.19	15.9%
Rural	10,593,298	404,529	14.4%	26.19	65.9%
Commerce Region					
East Central (EC)	563,327	934,955	33.4%	0.60	3.5%
North Central (NC)	4,644,259	311,309	11.1%	14.92	28.9%
Northeast (NE)	2,351,726	267,052	9.5%	8.81	14.6%
Northwest (NW)	1,492,835	93,968	3.4%	15.89	9.3%
South Central (SC)	2,573,606	779,664	27.8%	3.30	16.0%
Southeast (SE)	2,893,605	199,601	7.1%	14.50	18.0%
Southwest (SW)	1,548,570	215,585	7.7%	7.18	9.6%
State Total	\$ 16,067,928	2,802,134		\$5.73	

Section 3b. CDBG – Direct Entitlement Communities

The CDBG Entitlement Program directly allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons. Entitlement community grantees utilize funding to carry out a wide range of community development activities directed towards revitalizing neighborhoods, economic development, and providing improved community facilities and services. Entitlement Communities develop their own programs and funding priorities. CDBG funds may not be used for activities that do not meet broad national objectives.

Eligible grantees include: principle cities of Metropolitan Statistical Areas, other Metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). **Within Kansas, eight Entitlement Communities received approximately \$10.6 million during FY 2009, including: Lawrence (\$808,000), Johnson County (\$1.2 million), Overland Park (\$652,000), Shawnee (\$229,000), Leavenworth (\$361,000), Wichita (\$2.8 million), Topeka (\$2.0 million), and Kansas City, KS (\$2.5 million).**

Within this category, Metropolitan counties within the East Central, Northeast, and South Central Regions received funding; therefore information presented in this category should be taken in the context of the eight Entitlement Communities.

Based on economic distress, the highest level of funding on a per capita basis was within the High category (\$6.85) and the lowest level of funding on a per capita basis was within the Low category (\$3.95). Metropolitan counties had a funding level of \$5.91 on a per capita basis. Based on region, the highest level of funding on a per capita basis was within the Northeast Region (\$7.48) and the lowest level of funding on a per capita basis was within the South Central Region (\$3.65).

Based on economic distress, counties within the Low (57.5%/54.9%), Marginally Low (18.9%/12.4%), and High (23.5%/12.9%) categories received a higher percentage of funds compared to their share of the state's population. Table 5 summarizes the FY 2009 Direct Entitlement CDBG funding by vitality and distress, county size, and region.

Table 5. Direct Entitlement CDBG, FY 2009

Category	Total Funding	2008 Population	Percent of Population	Funding Per Capita	Percent of Funding
Vitality and Distress					
Low	\$ 6,072,165	1,536,978	54.9%	\$3.95	57.5%
Marginally Low	1,996,378	346,242	12.4%	5.77	18.9%
Medium	-	241,239	8.6%	-	0.0%
Marginally High	-	315,030	11.2%	-	0.0%
High	2,484,326	362,645	12.9%	6.85	23.5%
County Size					
Metro	10,552,869	1,785,659	63.7%	5.91	100.0%
Micro	-	611,946	21.8%	-	0.0%
Rural	-	404,529	14.4%	-	0.0%
Commerce Region					
East Central (EC)	5,708,131	934,955	33.4%	6.11	54.1%
North Central (NC)	-	311,309	11.1%	-	0.0%
Northeast (NE)	1,996,378	267,052	9.5%	7.48	18.9%
Northwest (NW)	-	93,968	3.4%	-	0.0%
South Central (SC)	2,848,360	779,664	27.8%	3.65	27.0%
Southeast (SE)	-	199,601	7.1%	-	0.0%
Southwest (SW)	-	215,585	7.7%	-	0.0%
State Total	\$ 10,552,869	2,802,134		\$3.77	

Section 4. Natural Resources Grants and Loans

The Natural Resources category includes grants and loans programs administered by the State Conservation Commission, Kansas Department of Wildlife and Parks and the Kansas Water Office. Several of the programs target achieving objectives of the State's Water Plan and are based on geographical and geological priority, rather than the presence of certain economic or social conditions. Other programs target implementing local water plan initiatives, such as wildlife habitat development or the enhancement of local drinking water supplies. The economic distress of a county is not a factor in making grant awards in this category; however it is still useful to both policy makers and to program administrators to understand the distribution pattern of the awards of these programs. Therefore, this report performs an analysis of funding level by economic distress that is presented for the information of the reader only. It does not attempt to judge the appropriateness of awarding grants according to levels of economic distress.

Specific programs include:

Kansas Department of Wildlife and Parks

- Partnerships for Wildlife (OWLS)
- National Recreational Trails Program
- Community Fisheries Assistance Program
- Shooting Ranges Program
- Landowner Incentive Program Grant
- State Wildlife Grants

State Conservation Commission

- Water Resources Cost-Share Program
- Non-Point Source Pollution Cost-Share Program
- Non-Point Source Pollution – Technical Assistance
- Non-Point Source Pollution – No Till
- Aid to Conservation Districts
- Watershed Dam Construction Program
- Water Quality Buffer Initiative
- Water Quality Buffer Initiative – Technical Assistance
- Riparian Wetland and Protection Cost Share Program
- Multi-Purpose Small Lakes Program
- Lake Restoration
- Natural Resources Conservation Service Contribution Agreement

Kansas Water Office

- Public Water Supply System GIS Mapping Assistance Program
- Aquifer Storage and Recovery

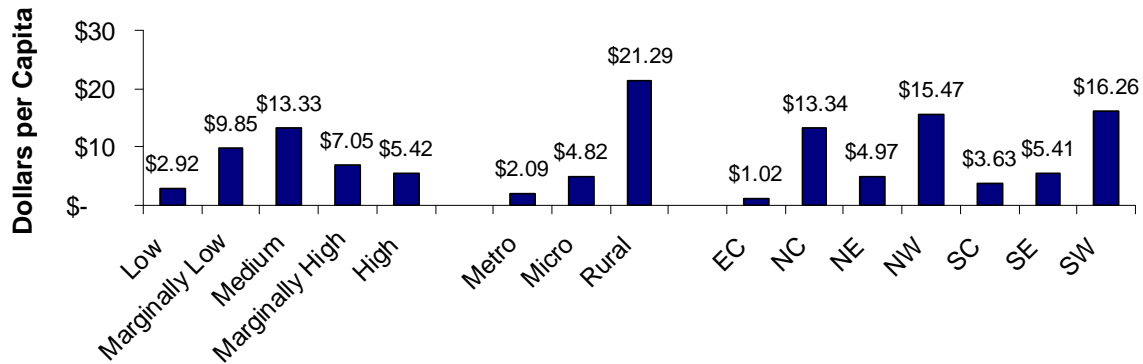
Per Capita Allocations

Figure 10 illustrates the per capita distribution of Natural Resources grants and loans according to the level of economic distress, county size, and region.

Within this category, funding is primarily based on environmental considerations; therefore the distribution of grants and loans according to the level of economic distress is for informational purposes only. Based on economic distress, the highest level of funding on a per capita basis was within the Medium category (\$13.33) and the lowest level of funding on a per capita basis was in the Low category (\$2.92). Based on county size, the highest level of funding on a per capita basis was within the Rural counties (\$21.29) and the lowest level of funding on a per capita basis was within Metropolitan counties (\$2.09). Micropolitan counties had a funding level of \$4.82 on a per capita basis. Based on region, the highest level of funding on a per capita basis was within the Southwest Region (\$16.26) and the lowest level of funding was within the East Central Region (\$1.02).

Sedgwick County received the highest level of funding, with approximately \$1.3 million. Based on the analysis, Rural counties (\$8.6 million) received considerably higher total amounts of funding than both Metropolitan (\$3.7 million) and Micropolitan (\$2.9 million) counties.

**Figure 10. Natural Resources Grants and Loans
Per Capita Allocations**

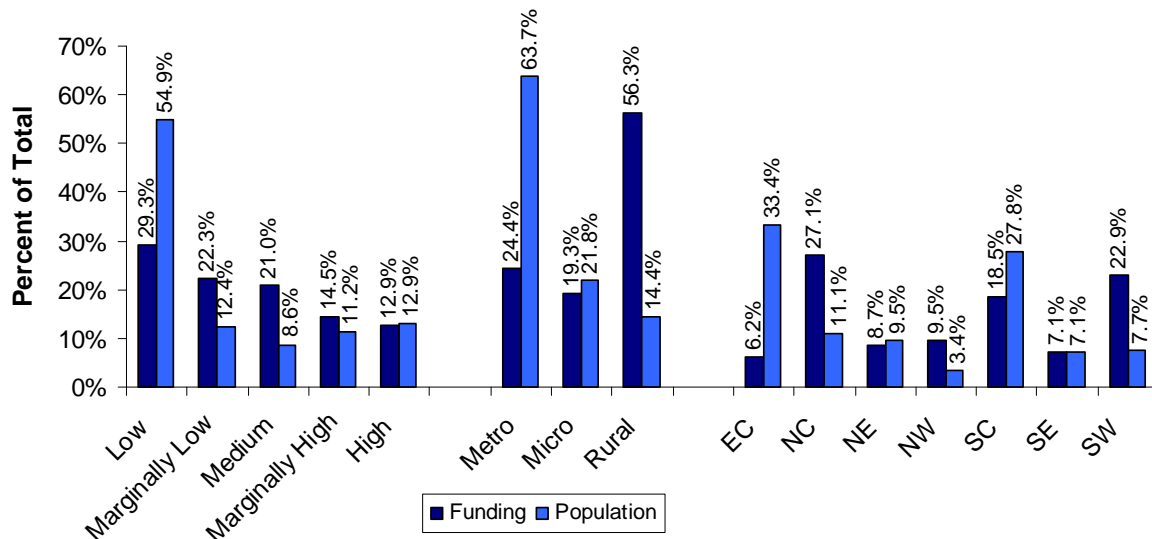


Percentage Allocations (Comparisons illustrated by: Percentage of Funds/Percentage of Population)

Figure 11 illustrates the percentage allocations of Natural Resources grants and loans according to the level of economic distress, county size, and region compared to each category’s share of the state’s population.

Within this category, funding is based primarily on environmental considerations; therefore the distribution of grants and loans according to level of economic distress is for informational purposes only. Based on economic distress, counties within the Low category (29.4%/54.9%) received a lower percentage of funds compared to their share of the state’s population, while all other categories received a higher percentage of funds compared to their share of the state’s population. Based on county size, Rural (56.3%/14.4%) counties received a higher percentage of funds compared to their share of the state’s population, while both Metropolitan (24.4%/63.7%) and Micropolitan (19.3%/21.8%) counties received a lower percentage of funds compared to their share of the state’s population. Based on region, the East Central Region (6.2%/33.4%), Northeast Region (8.7%/9.5%), and the South Central Region (18.5%/27.8%) received a lower percentage of funds compared to their share of the state’s population, while all other regions received a higher percentage of funds compared to their share of the state’s population.

**Figure 11. Natural Resources Grants and Loans
Percentage Allocations**



State Allocations

During FY 2008, State agencies awarded approximately \$15.3 million in Natural Resources grants and loans throughout the state; this amounts to \$5.46 on a per capita basis. During FY 2009, all counties received funding in the Natural Resources category. Several factors that may not be illustrated within the context of this report can influence the award process, including: projects meeting specific program requirements, awards from previous years, limited funding on a competitive basis; lack of qualified applications, and various other factors.

Table 6 summarizes FY 2009 Natural Resources grants and loans funding by vitality and distress, county size, and region.

Table 6. Natural Resources Grants and Loans, FY 2009

Category	Total Funding	2008 Population	Percent of Population	Funding Per Capita	Percent of Funding
Vitality and Distress					
Low	\$ 4,481,331	1,536,978	54.9%	\$2.92	29.3%
Marginally Low	3,411,922	346,242	12.4%	9.85	22.3%
Medium	3,215,051	241,239	8.6%	13.33	21.0%
Marginally High	2,220,684	315,030	11.2%	7.05	14.5%
High	1,967,057	362,645	12.9%	5.42	12.9%
County Size					
Metro	3,734,885	1,785,659	63.7%	2.09	24.4%
Micro	2,948,521	611,946	21.8%	4.82	19.3%
Rural	8,612,639	404,529	14.4%	21.29	56.3%
Commerce Region					
East Central (EC)	951,757	934,955	33.4%	1.02	6.2%
North Central (NC)	4,151,432	311,309	11.1%	13.34	27.1%
Northeast (NE)	1,327,543	267,052	9.5%	4.97	8.7%
Northwest (NW)	1,454,145	93,968	3.4%	15.47	9.5%
South Central (SC)	2,826,565	779,664	27.8%	3.63	18.5%
Southeast (SE)	1,080,052	199,601	7.1%	5.41	7.1%
Southwest (SW)	3,504,551	215,585	7.7%	16.26	22.9%
State Total	\$ 15,296,045	2,802,134		\$5.46	



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