



**KENTUCKY STRATEGIC PLAN
FOR ECONOMIC DEVELOPMENT**

2005 – 2009

Fall 2006 Update

KENTUCKY ECONOMIC DEVELOPMENT PARTNERSHIP

**Governor Ernie Fletcher
Chairman**

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

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I. Secretary's Overview

In 1992, the Kentucky General Assembly enacted HB 89, which created the Kentucky Economic Development Partnership Board to direct the state's economic development efforts. The Partnership is composed of thirteen members. Eight private sector members represent each of the state's congressional districts and different sectors of its economy. The secretaries of four Cabinets – Economic Development, Finance and Administration, Environmental and Public Protection, and Commerce – serve as public sector, ex-officio members. The Governor serves as chairman of the Partnership.

The Partnership initiated a strategic planning process to generate a dynamic plan of action to foster and focus Kentucky's economic development efforts. With the input and participation of hundreds of Kentuckians from varying parts of the state and its economy, the Commonwealth's economic development mission, values and broad goals were developed into a specific strategic plan.

The result was the Kentucky Strategic Plan for Economic Development first adopted in May 1994, with the mission, "To create more and higher quality opportunities for all Kentuckians by building an expanding sustainable economy." Teams involving Kentuckians from all geographic, demographic, and economic backgrounds were assembled to work on the plan. A revised Strategic Plan adopted in July 1997 reflected over 20 completed tactics and the need to consolidate efforts.

With the emergence of the knowledge-based economy, increased global competition, and challenges both new and old for Kentucky, the Board completely updated the original Strategic Plan for 2002-2006. The Partnership Board retained Paul Coomes, Ph.D., Professor of Economics, and National City Research Fellow, at the University of Louisville, and Michael Price, Kentucky State Demographer, of the University of Louisville to prepare a report on "The Recent Economic Performance of Regions in Kentucky." The report found that Kentucky's job growth has been strong, but earnings per job lagged behind the national average. The report cited low educational attainment levels as one of the "Causes of Differential Regional Economic Growth".

The Fall 2006 update to the Kentucky Strategic Plan for Economic Development was revised with input from staff, considering a review of the following documents: FY 2006 Strategic Plan Progress Reports and Governor Fletcher's Five Strategic Themes. The Cabinet's biennial budget for 2007-08 includes expansion items or new programs needing additional funds above FY 2006 funding identified as Objectives 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, and 4.3. None of the Objectives in the Strategic Plan impact the 6-Year Capital Plan.

II. 2006 Accomplishments

The revised Kentucky Strategic Plan for Economic Development 2005-2009 takes into consideration several accomplishments over the last year from the Strategic Plan adopted in October 2005.

Objective 2.1 Create a Certified Sites Marketing Program to highlight "shovel ready" industrial sites in Kentucky

As part of their meetings with consultants, the New Business Development staff discusses the available "shovel-ready" industrial sites and buildings in Kentucky. The Cabinet markets over 200 pre-screened "shovel-ready" sites with fully available infrastructure and over 200 quality industrial buildings. "Shovel-ready" industrial sites and buildings are now mentioned on the Cabinet's web site as one of the top 10 reasons to locate or expand in Kentucky. An article about the Cabinet's "shovel-ready" sites and buildings was mentioned in the Cabinet's April 2006 e-newsletter and in the May 2006 issue of Site Selection magazine.

Objective 2.2 Establish SBIR Phase I and Phase II State Matching Incentive Program.

The Department of Commercialization and Innovation (DCI) received funding to match all Phase 1 and Phase 2 federal awards received by Kentucky Businesses. This includes matching awards of up to \$100,000 to support Phase 1 exploration of the technical merit or feasibility of an idea or technology. Phase 2 federal awards, which support full-scale research and development, can be up to \$750,000, and would be matched by the Commonwealth up to the first \$500,000. Phase 1 is budgeted at \$2,050,000 for Fiscal Year 2007 and \$2,000,000 for Fiscal Year 2008. Phase 2 is budgeted at \$4,300,000 for Fiscal Year 2008.

Objective 2.3 Establish a Statewide Entrepreneur Business Plan Competition for Knowledge Based Companies

DCI developed an action plan and is conducting a review of best practices. Received funding of \$150,000 for fiscal 2007 and \$150,000 for fiscal 2008 for the competition.

Objective 2.4 Prepare a Statewide Database of New Economy Infrastructure Assets, which Includes Life Sciences, BioSciences and Nano Sciences.

DCI developed an action plan and received funding of \$300,000 for database development in fiscal 2007 and \$250,000 for database maintenance in fiscal 2008. The initial portion of the database (a searchable biosciences, life sciences, and biotechnologies assets database) will be constructed as part of the Community of Innovation portal being developed by New Economy Strategies, an economic development and strategy consulting firm.

Objective 2.5 Develop a Life Science Commercialization Program.

DCI is currently reviewing best practices and developing plans to implement a Kentucky Life Sciences Commercialization Program that will provide services and support to bioscience and life science companies

striving to bring innovative technologies to the market. Received funding of \$5,000,000 for fiscal 2007 and \$5,000,000 for fiscal 2008.

Objective 3.2 Enhance Kentucky Economic Development Information System by developing web search capability by geographic location and drive time.

Hardware, software and demographic data package have been purchased and installed. A map prototype is completed and staff is beginning integration of the GIS maps into EDIS site search page. Phase I online by October 2006.

Objective 3.4 Establish a trade office in China by 2007

The new biennial budget includes funding of \$300,000 in both FY 2007 and FY 2008 to operate a new trade office in China. Contract was awarded to Larkin International Trade Associates of Arlington, Virginia and the Beijing Center is operational as of July 2006.

Objective 4.3 Develop an online training provider directory and catalog of courses.

Online database developed by CED programming staff. BSSC staff populated the database with training providers and the online database is live as of September 2006.

Objective 4.5 Create new graphic look and feel for Cabinet's web site along with customer driven navigation system.

New graphic look and feel along with customer focused navigation system for the Cabinet's web site was launched in July 2006.

Objective 4.4 Complete a strategic analysis of the Five Priority Research Focus Areas from the Kentucky Innovation: A Strategic Plan for the New Economy to determine if they are still potential areas of economic growth.

A Strategic Analysis of Technologies will reevaluate Kentucky's top science and technology assets and capabilities (other than biosciences) as identified in the 2002 Strategic Plan. The budget for Fiscal Year 2007 is \$200,000 to complete the strategic analysis.

III. Statement of Alignment

The Kentucky Strategic Plan for Economic Development 2005-2009 (Fall 2006 Update) fully considers the Strategic Themes of Governor Ernie Fletcher and is supportive of Governor Fletcher's strategic vision for Kentucky to create "A Commonwealth of Opportunity". Two of the Governor's Five Strategic Themes are supported by objectives in the Kentucky Strategic Plan for Economic Development 2005-2009 (Fall 2006 Update). Every objective in the Strategic Plan supports at least one of the Five Strategic Themes of Governor Fletcher. Some objectives support more than one theme. Listed below are two of the Governor's Five Strategic Themes, along with objectives from the Strategic Plan that support the below Strategic Themes. A full description of each objective is listed under section V of this report.

I. Building Career and Economic Opportunities

Supportive Objectives: 2.1, 2.2, 2.3, 2.5, 2.7, 2.10, 3.1, 3.2, 3.6, 4.2, and 4.3.

II. Enhance Responsible Governance

Supportive Objectives: 1.1, 1.2, 1.3, 1.4, 1.5, 2.4, 2.6, 4.1, 4.2, and 4.3.

IV. Values, Vision, and Mission

The “visioning” process that the Economic Development Partnership Board undertook at the beginning of the planning effort in 1992 produced a set of five core values, a mission, and five goals for Kentucky. During the 2001 updating process, the values, mission and goals were reviewed, and a vision statement adopted. The Fall 2005 revisions left the values, vision, and mission unchanged.

Values: The five overriding values adopted by the Partnership are:

- 1. Openness and honesty**
- 2. Respect for people as individuals**
- 3. Being results oriented**
- 4. Innovation and risk**
- 5. A commitment to being the best**

Vision: Vision describes the Partnership’s aspirations and ideal future economic condition for the Commonwealth. The vision links with the Governor’s goal in his strategic initiative.

Achieve an economic standard of living for Kentucky above the national average by 2020

Mission: The mission statement reflects the broad perspective of the Board and is the fundamental purpose of the Kentucky Economic Development Partnership Board.

To Create More and Higher Quality Opportunities by Building an Expanding Sustainable Economy to Improve the Quality of Life for All Kentuckians

V. Goals, Objectives, and Performance Indicators

Goal 1: Manage Cabinet Resources More Efficiently & Effectively

Objective 1.1 **Recommend changes to the state personnel classifications as they apply to Cabinet positions to promote formal career paths**

Performance Indicator 1.1.1: Recommendations prepared by March 2007.

Responsible Party: Tom Hoehner

Objective 1.2 **Develop a Cabinetwide shared database for tracking companies and projects from initial contact, through financial incentives received until the end of the life of a located facility**

Performance Indicator 1.2.1: Database developed by October 2007.

Responsible Party: René True

Objective 1.3 **Implement professional development opportunities for Cabinet employees, including formal, on-the-job and cross-department assignments**

Performance Indicator 1.3.1: Professional development opportunities identified by March 2007.

Responsible Party: Tom Hoehner

Objective 1.4 **Develop a new BSSC web site with an online application and shop for service functionality for BSSC**

Performance Indicator 1.4.1: Online application process developed by October 2007.

Responsible Party: René True

Objective 1.5 **Develop online application process for Department of Financial Incentive tax incentive programs**

Performance Indicator 1.5.1: Online application process developed by October 2007.

Responsible Party: René True

Goal 2: Reduce Unemployment and Increase Per Capita Income

Objective 2.1 Create a micro-loan program to serve areas of the Commonwealth not currently served by such programs

Performance Indicator 2.1.1: Micro-loan program established by July 2007.

Responsible Party: J.R. Wilhite

Objective 2.2 Establish SBIR Phase I and Phase II State Matching Incentive Program

Performance Indicator 2.2.1: Phase I program implemented by November 2006.

Performance Indicator 2.2.2: Phase II program implemented by October 2007.

Responsible Party: Deborah Clayton

Objective 2.3 Establish a Statewide Entrepreneur Business Plan Competition for Knowledge-Based Companies

Performance Indicator 2.3.1: Statewide competition established by April 2007.

Responsible Party: Deborah Clayton

Objective 2.4 Conduct a statewide assessment of New Economy Infrastructure Assets for Life Sciences and Biosciences

Performance Indicator 2.4.1: Assessment completed by July 2007.

Responsible Party: Deborah Clayton

Objective 2.5 Develop a Life Sciences Commercialization Program

Performance Indicator 2.5.1: Commercialization program established by December 2006.

Responsible Party: Deborah Clayton

Objective 2.6 Conduct a statewide assessment of New Economy Infrastructure Assets for Nanosciences

Performance Indicator 2.6.1: Assessment completed by July 2007.

Responsible Party: Deborah Clayton

Objective 2.7 Prepare a Strategic Analysis of Technologies

Performance Indicator 2.7.1: Analysis completed by July 2008.

Responsible Party: Deborah Clayton

Objective 2.8 Develop a Statewide Science and Technology Assets Online Database

Performance Indicator 2.8.1: Database developed and accessible online by July 2008.

Responsible Party: Deborah Clayton

Objective 2.9 Facilitate the establishment of a statewide, member-supported organization to represent Kentucky's science community

Performance Indicator 2.9.1: New organization recognized as the Kentucky state-level representative by the Biotechnology Industry Organization (BIO) by January 2007.

Performance Indicator 2.9.2: New organization is fully member supported by July 2008.

Responsible Party: Deborah Clayton

Objective 2.10 Expand Kentucky's participation at high-tech trade shows, such as for nanotechnology

Performance Indicator 2.10.1: Participate in the Nano Science and Technology Institute annual trade show May 20-24, 2007.

Responsible Party: Deborah Clayton

Goal 3: Create a Globally Competitive Business Environment

Objective 3.1 Update the directory of Kentucky businesses engaged in international trade into a database to support further research and marketing efforts

Performance Indicator 3.1.1: Database completed by March 2007.

Responsible Party: J. R. Wilhite

Objective 3.2 Enhance Kentucky Economic Development Information System by developing web search capability by geographic location and drive time

Performance Indicator 3.2.1: New web search capability implemented by July 2007.

Responsible Party: René True

Objective 3.3 Support enactment of Right-to-Work legislation

Performance Indicator 3.3.1: Work with General Assembly to introduce legislation to the 2007 General Assembly.

Responsible Party: Hollie Spade

Objective 3.4 Develop criteria and implement plan to expand the sites and buildings for marketing by the Cabinet to include properties suitable for new economy operations

Performance Indicator 3.4.1: Criteria developed and implemented into existing work processes by January 2007.

Responsible Party: René True

Objective 3.5 Create a web-based searchable database of Kentucky businesses and industry

Performance Indicator 3.5.1: Database created by January 2007.

Responsible Party: René True

Objective 3.6 Implement a nationwide and international communications program conveying the benefits that Kentucky offers to high-tech companies

Performance Indicator 3.6.1: Communications program initiated by December 2006

Responsible Party: Deborah Clayton

Goal 4: Manage Resources to Maximize Return on Investment

Objective 4.1 Contract for an independent review and analysis of Kentucky's tax credit incentive programs and develop legislative recommendations for improvement

Performance Indicator 4.1.1: Study completed and legislative recommendations prepared by February 2007.

Responsible Party: Donna Duncan

Objective 4.2 Support the development of a database of Kentuckians that have achieved acceptable scores on employer recognized tests for use by employers to identify prospective employees

Performance Indicator 4.2.1: Database established by August 2006.

Responsible Party: Donna Duncan

Objective 4.3 Complete a strategic analysis of the Five Priority Research Focus Areas from the *Kentucky Innovation: A Strategic Plan for the New Economy* to determine if they are still potential areas of economic growth

Performance Indicator 4.3.1: Strategic analysis completed by January 2007.

Responsible Party: Deborah Clayton

Objective 4.4 Expand regulatory review process of Commission on Small Business Advocacy from new regulations (HB 609) to include the review of existing regulations

Performance Indicator 4.4.1: Establish system for review of existing regulations by January 2007.

Responsible Party: J. R. Wilhite