

## MINUTES

### JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

September 20-21, 2001  
National Institute for Aviation Research  
on the Campus of Wichita State University

#### Members Present

Representative Bill Mason, Chairman  
Senator Karin Brownlee  
Senator U. L. "Rip" Gooch  
Senator Lynn Jenkins  
Senator Nick Jordan  
Representative Jerry Aday  
Representative Carol Beggs  
Representative Mary Compton  
Representative Annie Kuether  
Representative Margaret Long  
Representative Vern Osborne  
Representative Valdenia Winn

#### Staff Present

April Holman, Kansas Legislative Research Department  
Mike Heim, Kansas Legislative Research Department  
Bob Nugent, Revisor of Statutes Office  
Mike Corrigan, Revisor of Statutes Office  
Rose Marie Glatt, Committee Secretary

#### Conferees

Steve Jack, Kansas Department of Human Resources  
Cal Roberts, President, Cal Roberts and Associates and Chair, Governor's Vision  
21<sup>st</sup> Century Task Force  
Barb Reavis, Workforce Policy Liaison, Governor's Office  
Steve Kelly, Kansas Department of Commerce and Housing  
David Moore, Manager, Workforce Development Program, Kansas Department of  
Commerce and Housing  
John Moore, Cessna

Bill Jarrell, Director of Government Relations, Boeing Company  
Robert J. Waner, Director of Engineering, Boeing Company  
Camille Kluge, President, Wichita Area Technical College  
Rick Beyer, Secretary of Human Resources  
Dr. Pat McAtee, President, Cowley County Community College, Arkansas City  
Bill Lays, Department of Human Resources  
Terry Leatherman, Vice President—Legislative Affairs, KCCI  
James D. Mendenhall, Private Citizen

### **Written Testimony Only**

Johnson County Community College—The JCCC/BNSF Partnership

### **Thursday, September 20**

The meeting was called to order by Chairman Mason at 10:10 a.m., on September 20, 2001 at the National Institute for Aviation Research (NIAR) on the campus of Wichita State University. The Chairman advised the Committee of the importance of the topic being addressed during the two-day meeting—the role of workforce development in Kansas. The Chairman spoke of the gravity of the World Trade Center tragedy for the United States of America, for Kansas, and Wichita, a city that plays a key role in the field of aviation. He thanked NIAR for the meeting facilities, lunches provided by NIAR and WSU, and dinner sponsored by the aviation companies. The Chairman noted that the October 11-12 meeting will deal with the Strategic Plan for Economic Development, while the October 25-26 meeting will be canceled. There will be two meetings in November. Senator Gooch officially welcomed the Committee to Wichita.

Steve Jack, Kansas Department of Human Resources, told the Committee that the main state agencies for workforce development in Kansas include the Kansas Department of Human Resources (KDHR), the Kansas Department of Commerce and Housing (KDOC&H), the Kansas Department of Social and Rehabilitation Services (SRS), the Kansas Department of Education (KSDE), the Kansas Board of Regents (KBOR), and the Kansas Department of Corrections (KDOC) (Attachment 1). He reviewed the history of workforce development programs in Kansas, noting that the Wagner-Peyser Act of 1933 created a labor exchange system that matched qualified workers to potential employment opportunities. This year, Kansas received \$6.5 million in federal funding to operate facilities in 24 communities.

After a review of the various acts over the years, he summarized the Workforce Investment Act (WIA) passed by Congress in 1998, that was designed to keep workers out of poverty. Title V of the act authorizes, but does not require, any state to develop and submit for approval a state unified plan covering nearly every federally-funded

employment, training, and public assistance program, thereby promoting coordination across and among these programs. In addition, the legislation:

- Provides for individual training accounts, potentially allowing individuals to choose from among a wider array of services and service providers;
- Spreads nationwide the concept of one-stop career centers, until now available primarily on a pilot project basis in a few states;
- Encourages the design of a more comprehensive and coordinated employability development system for out-of-school youth and young adults and provides substantial funding for exemplary programs on behalf of out-of-school and at-risk youth and young adults;
- Calls for more rigorous and systematic measurement of program outcomes under Titles I and II of the Act; and
- Provides for negotiated state and local performance measures, potentially providing for sharper and more meaningful focus on local outcomes.

Mr. Jack noted that the act focuses on meeting the needs of businesses for skilled workers and for the training, education, and employment needs of individuals. Key components of the act enable customers to easily access the information and services they need through the One-Stop system, empower adults to obtain the training they find most appropriate through individual training accounts, and ensure that all state and local programs meet customer expectations.

He reviewed four programs currently in operation in Kansas.

### **One-Stop Career Centers**

A new system that is based on the "One-Stop" concept, where information about and access to a wide array of job training, education, and employment services is available for customers at a single neighborhood location. In 1997, Kansas was awarded a three-year U.S. Department of Labor One-Stop implementation grant totaling \$6.7 million. With this money, in cooperation with the Kansas Workforce Investment Partnership (KWIP) Council, Kansas has been pursuing two major courses of action: (1) establishing a State Workforce Development System, and (2) implementing locally planned One-Stop system projects through a competitive Request for Proposal process. As a result of this project a total of seven One-Stop grants were initially awarded in five regions of the state. They continue to expand this program with focuses on development of centers in strategic locations with mandatory and volunteer partner agencies and service integration, with an emphasis on building and strengthening partner relations.

### **Welfare to Work**

Three billion dollars was allocated through the Balanced Budget Act of 1997 to help with the employment of long-term welfare recipients. Congress felt it was critical for states to focus on employing those who remained on the welfare rolls and who were within two years of exhausting their five-year minimum of Temporary Assistance for Needy Families (TANF). The program is scheduled to run through 2004; however, all local areas will be out of Welfare to Work funds well in advance of the expiration of the program. Services will continue to be provided through TANF and through One-Stops. Continued close coordination with SRS will be required to identify welfare recipients who are receiving TANF and in need of Welfare to Work and One-Stop services.

### **Kansas Schools-to-Careers**

The goal of Kansas Schools-to-Careers is to encourage local partnerships between businesses and schools in providing an education which empowers students to make choices that will ensure economic independence and a successful career. Over 100 school districts have been awarded funds through this program to develop school to career activities like job mentoring programs and integrated curriculum development. The federal dollars will end on June 2002 and the state and/or local school districts will need to decide in what form this important initiative will continue.

### **Kansas Job Link**

The Kansas Job Link is the backbone of the One-Stop workforce development system. Since operation began on September 11, 2000, its suite of products has provided universal access to customers, employers, and workforce professionals through a single integrated database. The roll out of the program was not without its problems, therefore it was determined less than two months ago that KDHR would establish a maintenance and support team in lieu of vendor support at an estimated savings of \$1,200,000 per year. There have been significant improvements in response time since that change.

Mr. Jack told the Committee that there is no integrated workforce development "system" in Kansas. However, there is a "network" of workforce development programs and services with linkages between programs. He gave examples of networking done through the Kansas Interagency Resource Network for Workforce Development (KIRNWD) and a coordination initiative between KDOC&H and KDHR. He identified the following future workforce development needs: developing system enhancements, making the electronic system accessible to those with special needs, increasing funding and effort in marketing workforce development services and programs, and making the system relevant and responsive to the needs of business and industry.

Discussions following the presentation included:

- Questions regarding the feasibility study for the Kansas Job Link project (Mr. Jack agreed to provide a list of the nine states participating in a Job Link Alliance);
- Concern over the decline of federal dollars in existing programs, the flow of money to companies or individuals, and how money will be budgeted for future needs and programs;
- The security of data in the computer system for all state-administered programs;
- Concern as to whether money for workforce development programs is being used efficiently and in coordinated effort between agencies; and
- A request was made for a list providing a breakdown on how money is spent on buildings used to house the state agencies overseeing the workforce development programs throughout the state (Mr. Jack agreed to provide the list for the Committee).

Cal Roberts, Chairman of the Governor's Vision 21<sup>st</sup> Century Task Force on Workforce Development presented a summary of the issues and recommendations of the task force ([Attachment 2](#)). The study addressed increasing concern about the quantity and quality of Kansas' workforce.

The charge to the task force was to assess the needs of employers and employees, review the structure and resources available, and make recommendations for how best to employ those resources to prepare Kansans for the jobs of the 21<sup>st</sup> Century.

Mr. Roberts reported that the Kansas workforce development system is not turning out the quality of skill sets required by today's private and public sector employers. He noted that there is a tremendous shortage of skilled employees in the workforce and Kansas must now enter crisis management to prepare our students for the future.

The report identified several workforce-related concerns including the following:

- Inadequate career preparation of youth in K-12;
- Inadequate access to adult basic education;
- Lack of a truly organized system for professional, technical, and continuing education; and
- A shortage of skilled workers in nearly all fields.

The Governor's Vision 21<sup>st</sup> Century Task Force developed and submitted five policy recommendations for consideration to improve the workforce training available to citizens of the state and to attract new workers into Kansas. The recommendations are as follows:

- An advisory or oversight committee should be recognized to advise the Governor, Legislature, Board of Education, and Board of Regents on the current and future employment needs of the public and private sectors.
- The Kansas education delivery system must be reviewed to incorporate performance-based standards that help students develop employability skills required by Kansas employers.
- The State of Kansas must embark on an aggressive campaign to develop, recruit, and retain human capital within the state.
- The State of Kansas must create a responsive postsecondary education system and make needed policy changes to enhance "just-in-time" workforce training opportunities.
- The importance of technical education must be elevated and technical education must be enhanced and better integrated into the school system.

In conclusion, Mr. Roberts noted that these recommendations are the beginning of necessary debate, not the end. While the Kansas education system has traditionally focused on academic standards, Kansas must move toward a unified system that focuses on skill standards as well as academics. Included in the report were lists of the Workforce Development Task Force members and presenters during their meetings.

Discussions followed regarding the lack of statewide advertisement of Kansas' training programs, the need for enhanced cooperation between agencies overseeing training programs, and concerns of employers regarding the lack of work ethic and basic life skills in newly hired employees.

The Committee requested information regarding the Oregon technical education system.

The meeting recessed at 12:20 p.m., for the lunch break. The meeting reconvened at 1:05 p.m.

### **Afternoon Session**

Barb Reavis, Workforce Policy Liaison, Governor's Office, addressed the Committee about the Kansas Workforce Investment Partnership (KWIP) and its current

focus (Attachment 3). She called the Committee's attention to a Kansas Academy on Workforce Excellence conference, to be held on October 17-18, 2001, in Wichita and encouraged Committee member's participation.

Ms. Reavis reviewed the history of KWIP, a 35 member statewide board established by Executive No. Order 99-6. The board is comprised of members from the business sector, education, labor, community-based organizations, and government, who meet five times a year.

She reviewed the following materials which were distributed to the Committee:

- **Workforce Network of Kansas:** including the Governance Structure, Service Delivery, Programs, Public Administration and Public Funding Sources.
- **Employment and Training Program Descriptions with Outcome Measures:** including 34 Agency/Programs Names, Funding for 2001, Program Descriptions, and Outcome Measurements.
- **Spreadsheet reflecting the Funding Streams for Employment and Training in State Agencies (revised 3/28/2001)** including Program name, KWIP Research 2001 and Legislative Research 2000, and the Funding Source.
- **WIP Employment and Training Programs and Agency Explanations for Differences Greater than 10 percent between Legislative Research 2000 and KWIP Research 2001:** including KDHR Alien Labor Certification, NAFTA Transitional Adjustment and Trade Adjustment Assistance, Older Kansas Employment Program, Senior Community Services Employment, Work Opportunity Tax Credit, Kansas Department of Corrections Offender Programs, KDOC&H Impact, SRS Kansas Works, Vocational Rehabilitation, Kansas Board of Education Learn and Serve and Americorps and Carl Perkins Leadership Funds. She provided figures on various programs administered by various Kansas agencies and institutions.

Ms. Reavis explained that KWIP plans to address two issues of interest to the Committee at its next meeting. These are the development of a marketing program for training opportunities at the local level and creation of standards to measure success of workforce training investments.

To answer a previous question Ms. Reavis stated that KWIP is reviewing the possibility of studying whether services such as the KIT/KIR programs are being delivered in the most effective and appropriate way. She understands there have been discussions regarding the possibility of combining all employment training programs in one agency and that issue will also be discussed at next week's meeting. She explained the differences in KWIP, strictly an advisory group looking at long-term strategic planning and KIRNWD, made up of managers of programs, involved in the writing of regulations.

She stated the two boards are not duplicating services, but complementing each other's work. In response to the question on the status of recommendations from the Workforce Development Taskforce, she stated that the Board of Regents has been conducting a study on technical education and community colleges and recommendations may be forthcoming concerning restructuring of the education system.

The Chairman requested more specific information regarding the funding dollars for various programs, such as the Kansas Works programs. He asked about how the federal dollars are spent, what control mechanisms are in place, and the measurement tools used to evaluate the success of the programs. She agreed to provide the information, however, she added that people that work through the Kansas Works and Welfare-To-Work programs may have multiple barriers to work, thus requiring extensive staff time, therefore those programs and the KIT/KIR programs may not be comparable.

Discussions continued including the following:

- Who will take the lead in workforce development for the state? Will KWIP drive the workforce development issues in the future and coordinate the efforts of the various agencies? Is there a meeting planned to develop a Legislative agenda that will be presented to the Legislature next year? She responded that the Governor is responsible and that title can be left to multiple definitions. She noted that KWIP is in a better position now to be able to assume a leadership role and recommendations regarding the other issues raised will be forthcoming after next week's meeting. It was suggested that perhaps the Committee should ask the Governor for specific delegation of leadership responsibility for this important workforce development issue.
- How much money is being spent on service delivery as related to the success of the programs? Ms. Reavis stated that is the next phase to be reviewed. They have a clear picture of the programs and where the money is being spent so they can now gather additional data. They now understand what is being measured and can build a picture of what the results are and where they fit on a continuum for people. Those reports will be forthcoming.

Steve Kelly, KDOC&H, introduced David Moore, Manager of the Workforce Development Program, who provided the Committee an overview of the workforce training programs in KDOC&H as well as the role of the Governor's Council on Workforce Training and Investment (Attachment 4).

Mr. Moore reviewed the following three programs:

- Kansas Industrial Training Program (KIT) and Kansas Industrial Retraining Program (KIR) are funded through EDIF, with a current funding level of \$3.6 million. The programs provide training annually to



between 100–120 companies and have assisted 800 Kansas companies since their inception.

- Training Equipment Grant Program (TEG) is funded through EDIF with a current appropriation of \$277,500. This program provides funds to community colleges and area schools and colleges to purchase equipment to train Kansas workers. The average number of awards has been 3-6, annually.
- Investments in Major Projects and Comprehensive Training Program (IMPACT) is bond funded with a total state investment of \$95 million. This program has created over 33,000 jobs and 59 projects.

Mr. Moore described the Governor's Council On Workforce Training and Investment. The seven-member council was created by statute in 1991. Their roles and responsibilities include the review and approval of all proposed IMPACT program agreements, following specific criteria. This is to be completed before the Secretary of Commerce and Housing may obtain financing for any project. Also the Council acts in an advisory role as to all other aspects concerning the proper functioning of the IMPACT Act. This council meets four to five times, annually.

Discussions following his presentation included:

- Geographic disbursement of programs throughout the state followed by a request for a map showing the KIT/KIR programs statewide. Mr. Kelly agreed to provide the map. The definition of the term "basic industry" that is used in the statute was given.
- The size of companies receiving grants and the criteria for funding. In response to a question on total expenditures, Mr. Moore stated that since 1992 the state has spent \$55 million, with an obligation of an additional \$40 million for projects in process. He agreed to provide a list of projects and expenditures to the Committee.

In conclusion Mr. Moore stated that the *Expansion Management* magazine, just announced its 4<sup>th</sup> Annual workforce training Survey and has ranked Kansas 10<sup>th</sup> in the nation in Workforce Training. Their survey is based on responses by consultants who evaluated the states' programs on value and ease of access.

John Moore, Cessna, spoke to the Committee regarding the Wichita Area Learning and Career Institute (Attachment 5). This project is currently in Phase I, Design Alternatives of a Three-Phase project. Phase II is the Business Case Development, followed by Phase III, Implementation.

Mr. Moore's presentation highlighted the following areas:

- **History of Development.** The four aerospace manufacturers in Wichita determined that there was an insufficient labor pool as well as an inadequate infrastructure for workforce development to meet growth predictions. A critical requirement for continued aviation expansion in Wichita and Kansas requires expansion of the labor pool and establishment of a new industrial workforce infrastructure. The key components to achieving these goals are attracting individuals, aptitude and skill assessment capability, training programs, assistance to individuals, and guaranteed employment.
- **Potential Program Process.** Interested parties formed a partnership to facilitate development of a career and continuing education center. Under the proposed procedure, after the initial phase of assessment, applicants outside of Wichita would be pre-screened. Those selected would be placed in training programs with a broad curriculum to meet the needs of aerospace manufacturing. A technical certificate or credit would be awarded upon completion and the graduates would be offered employment with one or more of the partnership businesses.
- **Success Factors.** Four factors contributing towards successful trainees include: guaranteed employment, continuing education, part-time employment and continuing education, and full-time employment for a specified period and then continuing education. Assistance would be provided for trainees outside the area. The program would be benchmarked with five existing programs.
- **Partnership Commitments.** Participation in the partnership and financial commitments have been confirmed. The partners include: Cessna, Boeing—Wichita, Bombardier Lear Jet, Raytheon Aircraft, the State of Kansas, the City of Wichita, Sedgwick County, and Unified School District No. 259.

In summary, Mr. Moore stated that as the project has evolved, it has become evident that Kansas has not leveraged workforce development as an economic tool when compared to other states. The economy has turned down; however all major partners remain committed to build a strong foundation for the Wichita Area Learning and Career Institute. The partners believe a strong educational foundation for workforce development is a basic prerequisite for economic development, not only in aviation but also throughout the industry.

Discussions following his presentation included:

- Governance, maintenance, and operation of the institute have yet to be determined. However, Mr. Moore opined that this should fall to the State of Kansas.

- The project vision should be refined and completed, ready to proceed to Phase II, by the beginning of the 2002 Legislative Session.
- Mr. Moore noted that governance and funding of workforce training in Kansas are a disadvantage in competition of Kansas technical training programs with those in other states, such as Georgia's Quick Start Program.
- 21st Street Facility program opened December 1990 with 300 graduates becoming employed. The curriculum is broad enough that other local manufacturing plants hire those not going to aerospace manufacturing jobs. Senator Gooch encouraged Committee members to visit or drive by the 21<sup>st</sup> Street Facility.
- Compatibility of the Wichita Area Learning and Career Institute with other state-run programs was discussed as well as the importance of training and retaining employees and the issue of capped tuition at vocational technical colleges in Kansas.

Bill Jarrell, Director of Government Relations, Boeing Company, introduced Robert J. Waner, Director of Engineering, Boeing, who presented an update to the Aviation Industry Clusters of Innovation (Attachment 6). Randy Nelson and Bruce Peterman, Cessna introduced themselves, joining Mr. Waner to answer questions from the Committee.

Highlights of Mr. Waner's presentation included:

- **Review of the Current Situation.** The aviation industry is a major contributor to the economic vitality of Kansas and has the potential for significant growth as a cluster of innovation. He provided data on the number of employees, annual payroll, and taxes paid, and listed the essential elements such as research funding, workforce development, and the highest quality engineering education system, that are required to realize the potential for economic growth for Kansas.
- **Urgency.** The aviation industry in Kansas must be able to compete in a global economic environment, far different than the past. In 1980 approximately 25 aerospace companies existed, while today there are only a handful. Research and development budgets are 60 percent less than in 1988 and the number of engineers, ranging in age from 25-34 has decreased from 27 percent in 1992 to the current level of 17 percent. Since the mid 1980's the U.S. manufacturing share of the global commercial transport market has declined from 70 percent to 50 percent. With state support, the aviation cluster can provide significant economic growth to fuel the critical ingredients: research, workforce development, and engineering education.

- **Proposal.** Provide the necessary state funding for research relevant to current and future industry needs, well integrated with seven educational programs at all levels for aviation-related research at NIAR. He requested the support of an annual appropriation of \$5 million from the State of Kansas to act as seed money to attract federal and private funds. During the next decade over \$60 million will be required to help ensure that state-of-the-art wind tunnels (\$22 million), laboratories (\$14.4 million), and technical research (\$24 million) are available to meet projected needs.

He concluded by saying that Kansas has the best people, processes, and products in the world. The aviation cluster is committed to the continued economic development of the State of Kansas and the state's commitment of seed money is imperative if they are to sustain and grow this powerful economic base.

Discussions followed regarding the amount of money requested from the state and how it relates to the budget submitted by the Board of Regents, utilization of NIAR facilities to seek additional funding sources, comparable commercial and research wind tunnels and their locations, and aviation briefings planned for the 2002 Session.

Mr. Jarrell summarized the funding request by stating that NIAR will need over \$60 million for aviation-related research during the next decade to help ensure that state-of-the-art wind tunnels, laboratories, and technical research are available to meet the projected needs of the Kansas Aviation Industry. State funding of \$20 million is needed during FY 2003-2006 to help address immediate technical thrusts for identified near-term projects. A significant funding commitment by the state of \$5 million, annually, will be key to help leverage additional federal and private funds in the future. He acknowledged the poor timing of the funding requests, however, pointed out that if Kansas does not move ahead with these changes, we will slowly lose this economic base that is so important to the state.

Dick Zeigler, representing Boeing, spoke to the Committee about Boeing's position since September 11, 2001. He confirmed there will be fairly large lay-offs at Boeing, nationally. However, he did not know how many of those lay-offs would be in Kansas yet. He reported that there are skill and professional teams working at the plant trying to determine where and what positions will be eliminated (no written testimony).

The Chairman recognized Dr. Beggs, President of WSU and Representative Steve Huebert in the audience.

*Senator Jordan moved that the minutes from the Joint Committee on Economic Development meeting on August 16-17, 2001 be approved. Representative Kuether seconded and the motion carried.*

The meeting was adjourned at 4:05 p.m.

## Friday, September 21

The meeting was called to order by Chairman Mason, at 9:10 a.m., at the National Institute for Aviation Research on the Campus of Wichita State University.

Camille Kluge, President, Wichita Area Technical College, addressed the Committee on behalf of the 16 technical school and colleges in Kansas. The role the technical colleges play is one piece of the workforce development that can also be defined as economic development. She gave a brief history of vocational technical schools as well as her background. She spoke about the variances and similarities in technical schools and colleges across the state.

She expressed concern over the differences in funding availability between metropolitan and urban communities, thus, resulting in dependence on industry contributions. She spoke of the current funding formula comprised of 85 percent from the state and 15 percent from the student, which over time has been eroded due to increased costs. A more accurate formula would reflect an allocation of 50 percent from the state and 15 percent from the students resulting in a shortfall of 35 percent. The colleges try to make up that difference by providing projects such as customized training to bring in the needed revenue.

The technical schools and colleges requested authority to charge variable/flexible tuition, putting more of the burden on student tuition. Programs are not determined by whether the schools make money or not and she cited various programs in which schools lose significant money. The class size in a vocational technical school is around 15-20, thus, making it impossible to gain additional funds from larger classes with one instructor, as they are able to do at the Regents universities. They are also handicapped by the fact that if vocational technical schools offer programs that are not approved by the state, then state money is not forthcoming. There are currently several programs being taught that are critical to workforce development in communities without the aid of state or federal moneys. Those expenses are taken from the operating budget, which is already short.

She discussed other areas of concern relative to the local school board governance of some technical schools and colleges including the need for standardized clock hour and credit hour conversion, status of current facilities, and the need for a state advocate for vocational-technical schools.

A reference sheet providing the data on the 1999-2000 enrollment at 11 technical schools was distributed to the Committee (Attachment 7).

Rick Beyer, Secretary of Human Resources, spoke about workforce development in Kansas (Attachment 8). He noted that in some instances, Kansas is providing good training to support the workplace environment. However, Mr. Beyer told the Committee that Kansas needs a formal, more structured system of funding for workforce development.

There are an estimated 100,000 unfilled jobs throughout Kansas. Lack of funding and insufficient human capital is the biggest constraint on business growth and one of KDHR's agency objectives is to cultivate a job-ready supply of talent to fuel commerce and economic growth in Kansas. Secretary Beyer addressed this issue by recently instigating brainstorming sessions with staff, hosting informal small gatherings, as well as a good-sized, broad-based consensus-building session with business, labor, and government leaders from across the state, resulting in a list of eight proposals to be used for serious legislative deliberation.

The eight proposals include:

- Recruit a large supply of talent from outside the State of Kansas, and in the case of aerospace engineers into other countries. This advertising campaign would be targeted to areas of high unemployment.
- Offer incentives for talent with the right skill sets to move (e.g. relocation bonuses, mortgage subsidies, search fees, etc.).
- Advertise job opportunities across the state, nationally, and internationally through [kansasjoblink.com](http://kansasjoblink.com), which is recognized as our nation's best electronic job exchange.
- Train existing workers for changing skills within existing jobs, offering currently employed workers easy access to developmental opportunities in their current jobs.
- Train for jobs now, for newly created positions in Kansas as well as brand new career fields just coming into existence.
- Educate youth for jobs that will develop in existing careers and also for jobs in brand new career fields that are currently being created.
- Match the existing labor supply to existing demand by improving the system to better serve the incumbent workforce.
- Prepare, compile, and know the data because currently there are significant gaps in the knowledge. Once they know these gaps, the system must then develop a statewide strategic employment plan that identifies specific gaps and targets specific needs and prioritizes expenditures.

He stated that today, unemployment means a disconnect between the new jobs our economy is producing and the current skill levels of Americans in the workforce. The "skill gap" is too wide for too many Americans and he presented a four-step plan to close the gap:

- Assessment and training to determine where people are in the work preparation continuum and to move them farther along;

- Support packages to move a person into employment, including health care, childcare, transportation, workplace supervision, and moving expenses/tax credits when appropriate;
- Employer subsidies or tax credits when they attract and retain the hard to employ; and
- Recruit efforts to attract students to attend Kansas higher education institutions, retaining graduates in Kansas, attracting former Kansans to return home, targeted recruiting of specific careers and of people in specific areas of higher unemployment, and retention of older workers.

The kind of program being proposed would require legislative, KWIP, and LWIP leadership. The following are the central themes;

- Make attracting and retaining workers the policy of Kansas;
- Generate new statewide and regional data that will show the gaps between available work and numbers of workers;
- Focus resources on closing the gap;
- Increase the capacity of our state training programs to attract more trainees;
- Recruit out of state to attract a skilled workforce;
- Retool those who are out of work because of outdated skill sets;
- Force resource allocation; and
- Identify critical needs and then offer spot injections of capital to recruit, train, and retain.

Under the state plan, funding should first be focused on creating an ability to view and evaluate the system. Filling the gaps in the system may be a \$30-50 million a year or more proposition; however, the return on investment is significant. If the current 100,000 jobs could be filled through enhanced programs, the state could see an additional \$500 million a year in tax revenues. Attached to Secretary Beyer's testimony is a conceptual list of 41 specific things that could be executed in a state plan. In conclusion, he stated that Kansas will not see significant results until they have a complete and comprehensive workforce development system and subsequent state employment plan.

Dr. Pat McAtee, President, Cowley County Community College, Arkansas City, testified in support of the KIT/KIR and IMPACT programs and recommended expanding these programs. He noted that they meet the needs of Cowley County industries. He

talked about successful programs of the college, such as charging fees for value added services that teach specific work skills needed by specific industry. He introduced Gene Cole, who continued the presentation.

Gene Cole, Associate Dean, Business and Industry Institute, Cowley County Community College discussed programs offered at the college (Attachment 9). He listed the industries in Cowley County that have benefited from the KIT/KIR and IMPACT grants. He described the success of the Workforce Development Centers, located at Strother Field, with satellite computer centers located at Wellington, Winfield, and Arkansas City Chamber of Commerce. In conclusion, he noted that as of January 1, 2002, Cowley County Community College would become a partner with the City of Winfield and the City of Arkansas City to fund the budget of the Cowley County Economic Development Agency.

The Committee recessed to tour laboratories located at NIAR. The federal government and industry fund most of the research and testing conducted in these laboratories. Laboratories toured were (1) Crash Dynamics, (2) Composite and Advanced Materials, (3) Structure, and (4) Aerodynamics (Walter Beech Memorial Wind Tunnel).

After lunch, the meeting reconvened at 1:07p.m.

Dr. Rick Beyer, Secretary of Human Resources, testified about the TARGET fund. TARGET is an initiative of KDHR and other workforce development partner agencies to close the gaps in the Kansas workforce development system. Creation of the TARGET fund would provide resources for TRAINING, ASSESSMENT, RECRUITING, a GATEWAY to services, EMPLOYMENT centers, and TRANSITION support for employers and employees. He reviewed in detail each component of the acronym with the Committee (Attachment 10).

The TARGET bill addresses the issue of funding to build a system that matches the supply of labor to the demand of business in critical occupational and geographic areas. Currently, employee payroll taxes go into the federal treasury in Washington, D.C. and Kansas receives only 43 cents on the dollar from the federal government. These dollars are underutilized and are not used for their intended purpose. He explained the TARGET initiative listing eight critical features:

- A significant portion of the unemployment insurance benefits tax from the federal government should be channeled into the TARGET trust fund in the Kansas treasury.
- A four-year diversion would create a TARGET fund of about \$40 million.
- Interest of about \$20-30 million a year would be available for TARGET investments.
- A sunset would be in place after which state trust funds would return to the federal trust fund. The legislation would also contain a trigger to cease the diversion if trust fund balances fell unexpectedly to an unsatisfactory level.



- TARGET initiatives advised by business, labor and civic leader panels and then subject to formal appropriations processes.
- TARGET funds not available for general state government.
- Kansas joins 29 other states already using a state trust fund.
- TARGET provides essential funding for business-focused, local control of workforce development.

He noted that there is resistance to the proposal from some elements of the business community.

In conclusion, he stated that the TARGET initiative is a complex proposal and additional information was distributed for clarification purposes (Attachment 11).

After a discussion regarding the experiences of other states using similar initiatives, Secretary Beyer and staff were asked to provide more specific information relating to the history, success, and failures of some of those programs currently being utilized in 29 states. He agreed to provide that information.

The subject of the governance of the TARGET funds was discussed. The proposal recommends that the Governor appoint an 11-member board made up of business-focused representatives from all sizes of companies, which would serve as stewards in administering the funds. This board would be composed of key business, labor, and civic leaders and it was suggested that perhaps KWIP might be able to fill this role.

Bill Layes, Department of Human Resources, answered questions referring to statutory requirements for Kansas' unemployment compensation taxes. He noted that, although there are no statutory requirements of a specific dollar amount in the unemployment trust fund, there are guidelines set forth by the Department of Labor that have been closely followed in Kansas. He discussed where Kansas might be after three years of a TARGET initiative and described the processes used for funding of the program. It was suggested that perhaps a pilot program might be an appropriate way to start the project.

The Chairman suggested that if any member would like additional information on the subject, please contact staff with the request.

Terry Leatherman, Vice President of Legislative Affairs, Kansas Chamber of Commerce and Industry (KCCI) expressed KCCI's concern about the implications of the TARGET initiative proposal (Attachment 12).

Mr. Leatherman stated that Kansas employers have the following concerns about the proposal:

- There are troubling indicators regarding the solvency of the Kansas Employment Security Trust Fund.

- The TARGET initiative is contrary to the fundamental purposes of unemployment compensation.
- Use of TARGET generated funds might significantly change in future years.
- Kansas businesses would shoulder total financial responsibility for TARGET.

In 1999, the issue was of such concern that KCCI formed a special task force of its members. There were a number of workforce development concepts, which constantly surfaced during their discussions and the following are some of the areas that they urge the Committee to pursue:

- Coordination of state workforce development efforts;
- Technical education coordination with business needs to be advanced;
- Support for the Centers of Excellence at Regents institutions;
- Promoting the need for the “new” Kansas workforce; and
- Business solutions to today’s workforce challenges.

The Committee asked KCCI to prepare and present a specific plan that can serve as an alternative to the TARGET initiative.

Richard Brown representing Technical Applications Group, a group consisting of retired and semi-retired engineers and other technical disciplines, requested support from the Committee (Attachment 13).

James D. Mendenhall, private citizen, spoke to the Committee about three ideas for economic development for NIAR and Wichita: (1) aviation re-marketing, a program that would place NIAR in a marketing program promoting travel by airplanes, (2) airline safety security, a program that would provide training for personnel necessary in the security of air travel and air terminals; and (3) Wichita should be promoted as a cargo relief airport, a program that would separate cargo from passengers. He provided a map reflecting a proposed air industrial park (Attachment 14).

The Chairman closed the public hearing on Workforce Development.

Written testimony was distributed from Johnson County Community College (JCCC) regarding the partnership between JCCC and Burlington Northern Santa Fe Railroad (BNSF) (Attachment 15). The report gives history of the college, purpose, funding, and expenses of the partnership. It provides information on instructional design and support, cost for credit instruction to JCCC, student scholarships through the JCCC

Foundation, gifts and donations from BNSF to JCCC, economic benefit to Johnson County, and the impact and reflections of the partnership.

The next meeting was announced for October 11 and 12 in Topeka, regarding the new state strategic plan. The meeting was adjourned at 2:40 p.m.

Prepared by Rose Marie Glatt  
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Approved by Committee on:

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