

MINUTES

JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

December 17, 2001
Room 519-S—Statehouse

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 Annie Kuether
Representative Margaret Long
Representative Vern Osborne
Representative Valdenia Winn

Members Absent

Senator Jim Barone
Representative Mary Compton

Staff Present

April Holman, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Mike Heim, Kansas Legislative Research Department
Russell Mills, Kansas Legislative Research Department
Rose Marie Glatt, Committee Secretary

Conferees

Don Moler, League of Kansas Municipalities
Rob Hodges, Kansas Telecommunications Industry
Richard E. Beyer, Secretary, Kansas Department of Human Resources
Barb Reavis, KWIP
Sandra Hazlett, Director of Economic and Employment Support, Department of Social
and Rehabilitation Services

Monday, December 17

The meeting was called to order by Chairman Mason at 9:20 a.m., on December 17, 2001 in Room 519-S, Statehouse. The Chairman reviewed the history of previous hearings on the Telecommunication Providers and City Franchise and Right-of-Way topic. He asked Don Moler and Ron Hodges to give their third and final report, as charged by the Legislative Coordinating Council (LCC), to the Committee.

Don Moler, Executive Director, League of Kansas Municipalities, reviewed recent activities between the telecommunications industry representatives and the representatives of cities in Kansas ([Attachment 1](#)). Attached to his testimony was a copy of the proposed bill for the Committee's review.

Mr. Moler reported that the telecommunications industry and the Kansas municipalities had reached an agreement on language concerning franchise agreements and the use of the public rights-of-way, that provided a foundation for legislation, that, if left unmodified, would finish the issue in the 2002 Session. Negotiations were completed on December 3 and on December 13, the League of Kansas Municipalities, through the action of their governing body, unanimously voted to support the compromises and language contained in the bill that is now before the Committee. The League suggested that the Committee consider introducing the draft bill as a pre-filed Committee bill. He described the tremendous amount of effort put forth by both parties and staff to bring forth the new piece of legislation. The bill contains a very delicate balance between the parties and he cautioned that if sections are added, deleted, or changed in any significant way, that one or both parties would probably withdraw their support. He expressed the League's hope that the Legislature will embrace the work that has been done and pass it through in an unaltered fashion.

Rob Hodges, President of the Kansas Telecommunications Industry Association (KTIA) confirmed that the parties had completed their negotiations and have reached a compromise on the differences in the franchising authority of municipalities and how and at what cost telecommunications companies would continue to occupy certain public rights-of-way ([Attachment 2](#)). He asked that the Committee take action to have it introduced in the 2002 Session. He supported Mr. Moler's statement of caution regarding making any changes to the piece of legislation, stating any revisions would upset the delicate balance they have worked hard to achieve. Discussions regarding the specific language in Section 2 and how the compromise had been reached followed their presentations.

Staff briefed the Committee on the draft of the final report on the topic of Telecommunication Providers and City Franchise and Rights-of-Way ([Attachment 3](#)). At the suggestion of Committee members, all references to SB 306 have been deleted from the new draft report. The background of the topic was reviewed, followed by the Committee activities. The Committee requested the addition of language noting that the compromise represented a delicate balance of interests and if any evidence of substantive nature were made, one or both parties may withdraw their support.

A summary of the bill listing the amendments to the city franchise law and the law dealing with telecommunication services and transmission lines were described. The bill stipulates that if any provision of the act is held invalid or unconstitutional, the entire act is presumed to be invalid or unconstitutional.

The Committee questioned the importance of the last paragraph to the bill, which refers to the legislative intent that if any part of the act is held unconstitutional, the entire act is presumed to be unconstitutional. Both representatives agreed that was an important part of the bill.

Kim Gulley, League of Kansas Municipalities, answered questions involving definitions and terminology on page 4 of the bill.

The Chairman asked for action on the topic. *Senator Gooch moved that the proposed bill on the telecommunications providers and city franchise and rights-of-way be introduced as a Committee bill, and pre-filed for the 2002 session. Senator Brownlee seconded the motion, requesting that it be introduced in the Senate. The motion carried.*

Senator Brownlee moved that the Committee approve the final report, with the suggested changes. Representative Kuether seconded and the motion carried.

The Chairman asked staff to review the final report of the topic of Aviation Research (Attachment 4). At the previous meeting, staff had presented the background and Committee activities. Thus, only the conclusions and recommendations were reviewed. In conclusion the Committee acknowledges the importance of the National Institute of Aviation Research (NIAR), located on the campus of Wichita State University, to the state's economy and that improvement of the NIAR facilities is vital to meet competition and attract research projects. KTEC's projection of a 13:1 return on investment was noted. The Committee supports funding for improvements at the NIAR facility at \$5 million annually over four years and recommends that the Institute investigate various options to generate additional revenue.

Discussion followed regarding the importance of the \$5 million as leverage to be used to attract federal dollars. Staff was directed to include a statement with a stronger emphasis on the federal and industry dollars that would be gained through the state's contribution. *Senator Gooch moved that the final report be accepted with the suggested additions. Representative Kuether seconded and the motion carried.*

Staff briefed the Committee on the topic regarding Incorporation of Cities Within Five Miles of Existing City (Attachment 5). After a brief history of the bill, staff reviewed the conclusions and recommendations. Several technical corrections were suggested. Discussion followed regarding the number of county commissioners (between 3 and 11) and their responsibilities across the state. *Representative Osborne moved that the Committee accept the report and recommend the introduction of the proposed legislation as a Senate bill. The motion carried.*

Staff reviewed the topic of the Kansas Strategic Plan and Possible Restructuring of the State Economic Development Agencies (Attachment 6). The background and Committee activities had been discussed at the previous meeting thus staff reviewed only the conclusions and recommendations portion of the report.

Discussion followed regarding the use of the term economic development in the draft report. A suggestion was made to clarify in the report that the Economic Development Initiative Fund (EDIF) funds are to be used for economic development purposes and not for administrative expenses of nonrelated departments. Staff was directed to make those changes. The issue of future revenue from new gaming sources was discussed.

Representative Beggs moved that the final report be accepted, seconded by Representative Aday and the motion carried.

The Chairman asked for a review and approval of the final draft of the interim Committee report on the Creation of the Target Fund (Attachment 7). Staff reviewed the conclusions and recommendations, the only changes in the report from the previous meeting.

Copies of a letter from the Kansas Chamber of Commerce and Industry (KCCI) were distributed to the Committee (Attachment 8). The letter was in response to a request by the Committee for KCCI to provide an alternative funding source for workforce development programs that the KCCI would support. It was noted that they made no recommendations. The Chairman urged the members to review the letter. *Senator Jenkins moved for approval of the final report, seconded by Representative Beggs. The motion carried.*

Richard E. Beyer, Secretary of the Kansas Department of Human Resources (KDHR), spoke to the Committee regarding the activities of the Department (Attachment 9). He reviewed the changes that had occurred since 1998 in the Kansas Unemployment Insurance Program service delivery model. In six years the program has progressed from operating seven local offices, statewide, that handled all unemployment insurance benefits, face-to-face, to opening three Call Centers in 1999. He described the benefits, challenges, and funding for those centers. He introduced William Sanders, Director of Unemployment Insurance Operations and Chief Information Officer, and Marc Lowe, Deputy Director of Employment Security who joined him to answer questions.

Discussion followed regarding the issue of a flat-funding source versus increased operating costs. In response to a question about the increased operating costs, in view of technology advances, the Secretary described the service delivery program in use today. Today they are serving more people, more cost effectively than they could a year ago; however, the number of unemployed continues to rise and to meet their needs staff needs to provide help in varying degrees to assist those people. The differences of call and career centers as well as the process of meeting special needs of people not comfortable with advanced technology were explained.

The estimated number of openings for employment was compared to the number of unemployed in Kansas. The Secretary stressed that no one knows the actual number of employment openings that exist in Kansas and the figures used are based on reasonable assumptions. At this time there are approximately 50,000 unemployed in Kansas. The state system has approximately 4,000 to 10,000 jobs posted on their electronic site, representing a small percentage of the approximately 75,000 to 100,000 jobs available in the state. At this time the limited funding sources preclude an aggressive education and marketing program; however, it is KDHR's goal to eventually have all jobs available in Kansas posted in the system, taking guesswork out of the equation. The process of updating the files was described.

The marketing program, which is comprised of the Kansasjoblink.com system, billboards, TV ads, radio spots, brochures, and other collateral materials that are targeted to the unemployed in Kansas, was described. Mr. Sanders gave specific details on the objectives of the current marketing program. Concern was expressed that the needs were not being met for people that are not computer literate.

The meeting recessed at 11:55 a.m., for the lunch break. The meeting reconvened at 1:35 p.m.

Afternoon Session

Sandra Hazlett, Director of Economic and Employment Support, Department of Social and Rehabilitation Services (SRS), spoke to the Committee regarding the issue of SRS spending millions for workforce development (Attachment 10). She reviewed the background on the Temporary Assistance for Needy Families (TANF) Block Grant created in 1996. She described the confusion over a table appearing in the Governor's 1997

Budget. It was incorrectly implied that \$214 million was spent for workforce development, while that table contained revenue and expenditure projections for both TANF and child care. She compared the original budget to how those funds are being used today.

She outlined early projections for the use of TANF and child care funds and gave a detailed accounting of the state and federal revenue sources totaling \$216.3 million. She listed the following eight programs as receiving TANF and child care funds:

- Temporary Assistance for Families (TAF);
- Employment Services (transportation assistance, contract for life skills, remedial and basic skills training, and supports such as tools, clothing, or other supplies needed for work or training);
- Child Care;
- Program Staff, Administration and Information Systems;
- Children's Crisis Fund;
- Head Start/Early Head Start;
- Alcohol and Drug Abuse Services; and
- Earned Income Tax Credits.

The federal requirements for use of Child Care and TANF funds were delineated. Information was given on the eligibility requirements for use of the Vocational Rehabilitation Funds as well as the services available.

In conclusion, Ms. Hazlett stated that there is no flexibility in the use of Child Care funds or Vocational Rehabilitation funds; however, there is some flexibility in using the TANF funds. That flexibility may not exist when the program is reauthorized in 2002, but early indications are that there will be greater attention paid to poverty reduction, child well being, and family formation. To address the confusion over the term "workforce development" a task force comprised of Barb Reavis and the interagency committee that coordinates workforce development activities in Kansas have begun work to develop a statewide definition for workforce development.

Discussion followed regarding the complexity of the issue of workforce development and the eligibility requirements for the child care programs. In response to the explanation of the variety of services that are covered under the Head Start program, more detailed expense information was requested on those programs covered under the Head Start program. The issue relating to the definition and expenses listed under workforce development was discussed. Ms. Hazlett described activities that SRS considers workforce development versus job readiness. The issue of services covered under childcare and the children's crisis fund were described and the reasons behind the differences in the estimated and actual expenditures.

The Chairman expressed concern over the amount of money the figures in the report represent, while the state continues to look for money to fund the much needed workforce development programs. He suggested that more time be spent reviewing the workforce development programs to verify that the state is providing the most beneficial programs to the appropriate recipients. The quality assurance and disbursement process of funds for

the childcare program was outlined. Ms. Hazlett described what is reflected in the budget line item for expenditures for the program staff.

The Chairman addressed the issue of developing a standard definition of "workforce development" and asked Barb Reavis to update the Committee on any recent activities. She responded that the Workforce Network of Kansas, a group that works on coordinating policies and programs pertaining to workforce development, has been circulating an email definition, and is close to a final definition. When completed, that definition would be presented to the state board for their endorsement and then to the Legislature. Ms. Reavis was hopeful that this would occur by the beginning of the 2002 Legislative Session. The challenge is to develop a definition that is broad enough to encompass all the programs but not so broad as to be overly vague.

Staff presented the draft interim Committee report on Workforce Development (Attachment 11). Also distributed at this time were copies of four maps reflecting data on the Kansas Department of Commerce and Housing (KDOCH) workforce training grants for 1999, 2000, 2001, and a combined chart from 1999-2001. The data cover grants for IMPACT, KIR, KIT and TEG. This information was provided in response to the Committee's request, at a previous meeting, for a breakdown of where workforce development grants are being distributed in the state.

Staff reviewed two changes in the report where additional language has been inserted to the report given last month. These included a description of TANF Employment Services and an updated "Committee Activities" section to include the Committee's November meeting.

The Chairman noted that a Committee member had expressed concern over the lack of overall coordination of the workforce development for the state. The issue of whether there is duplication and overlap in the programs was questioned. Discussion followed regarding the perceived discrepancies between benefits for different groups of recipients and programs to fill the gap between the end of formal education and acquisition of skills necessary in today's marketplace.

The issue of current barriers to receive additional training, such as the cap on the amount of tuition a vocational school can charge for specific courses was discussed. It was suggested that the Legislature should remove all barriers for technical school training. Steve Jack, KDHR, confirmed there are funding barriers at the vocational schools on tuition fees. A Committee member stated that the entire issue of workforce development should be addressed and reviewed by more joint committees, bringing more expertise and experience to the subject. Perhaps through those efforts a new program could be developed that fits the needs of workforce development in the State of Kansas. Other members of the Committee agreed with that suggestion. The chairman suggested that perhaps the Committee should recommend a post audit to look at the funding mechanisms and how they are being utilized.

The Committee discussed various issues that might be included in the Committee report. It was decided that the statement should encourage Public/Private partnerships that provide the needed skill training as well as support for the philosophy of providing the necessary help for individuals identified by SRS as having more than one barrier to enter the workplace.

Chairman Mason moved that the conclusions and recommendations of the Committee report be drafted to recommend that any barriers in the education process that restrict the number of students trained and ready for the workforce should be searched out and eliminated. The Committee would work with all appropriate committees to make the appropriate changes. Representative Beggs seconded and the motion carried.

The issue of the need or perceived need for one person or department to be in charge of workforce development was discussed. The reason, time frame, and process to craft the language for a request for a post audit report to investigate the money trail for the programs deemed workforce development was discussed.

The Chairman suggested that the Committee formulate a list of questions during the first two weeks of the session. That list would be forwarded to staff and after compilation the list would be sent to all respective committees for any additions or recommendations.

Senator Brownlee moved the Committee recommend a post audit on funding of workforce development and potential overlap of agency efforts in this area. Seconded by Representative Aday. The motion carried.

The Chairman reminded the Committee members that the final interim reports are due by December 28. Any reports that are not completed now will be mailed to Committee members for any revisions. He advised Committee members to notify staff immediately if discrepancies are found.

Senator Brownlee made the motion that the Committee concludes that the National Conference of State Legislatures' figure of \$400 million in federal funding for workforce development in Kansas was apparently incorrect. Staff noted that statement was part of the conclusion, so a motion was not necessary.

Senator Brownlee moved that the Committee recommend that appropriate standing committees work jointly on the issue of workforce development and recommend appropriate policies. Representative Kuether seconded and the motion carried.

Staff presented the draft report on the Housing Finance Issue Topic (Attachment 12). The background information was reviewed, followed by Committee activities of the 1999 Interim study. Recent legislative proposals were reviewed that included the introduction of HB 2971 during the 2000 Session that would create the Kansas Housing Development Corporation. It was noted that during the 2001 Session, a similar bill, HB 2205, failed on Final Action in the House. The interim testimony during the 2001 Interim Session, which included the Director of Business Development, KDOCH, the Director of Housing Development of KDOCH, and the Director of the Sedgwick County Division of Community Development, was reviewed.

Discussion followed regarding the need for a new housing agency in rural communities in Kansas. The Chairman stated that if any Committee member wanted to bring forth recommendations or statements based on the testimony they had heard, it would be discussed and stated in the final report. Hearing none, he stated that the conclusion section of the report should reflect no recommendations or conclusions.

Staff reminded Committee members that their notebooks could be taken with them or stored in the Legislative Research Department until the beginning of the session. If they have not picked up their notebook by Friday of the first week of the new session, staff will recycle the material.

An error in the November 8-9 minutes was noted. On page 14 of the minutes, Senator Brownlee instead of Representative Aday made the second motion. Representative Aday seconded the motion.

Representative Kuether moved that the minutes be approved as amended to read that Senator Brownlee moved that the Committee make a statement that after a period of three years, the EDIF would be used solely for economic development initiatives or

activities, and that all other programs currently funded with EDIF moneys be removed over a three-year period. Representative Aday seconded. The motion carried.

The Chairman commended the Committee for their work on the difficult issues they had addressed during the interim session.

The meeting was adjourned at 3:30 p.m.

Prepared by Rose Marie Glatt
Edited by April Holman

Approved by Committee on:

January 30, 2002