

Approved 3-22-90 Date

MINUTES OF THE Senate COMMITTEE ON Labor, Industry and Small Business

The meeting was called to order by Senator Alicia Salisbury at
Chairperson

1:30 ~~am~~/p.m. on March 15, 1990 in room 527-S of the Capitol.

All members were present except:

Senator Feleciano

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes Office
Phil Lowe, Committee Secretary

Conferees appearing before the committee:

Charles Henson, American Express Travel Services Co., Inc.
Bud Grant, Kansas Chamber of Commerce and Industry

The Chairman, Senator Salisbury, called the meeting to order and asked if there were any other conferees for HB 2581 which was heard by the committee at yesterday's meeting. There being none the hearing on HB 2581 was concluded. The Chairman asked the committee to turn its attention to HB 2736.

HB 2736 - concerning consumer protection; relating to presenting a credit card when writing a check.

Charles Henson, speaking on behalf of the American Express Travel Related Services Co., Inc., distributed copies of his testimony and also copies of a proposed amendment. (Amendment I). Mr. Henson said that American Express offers its cardholders an emergency personal check cashing service. He requested that HB 2736 be amended to allow the cardholder service to continue to be offered in Kansas.

Copies of written testimony from the Deputy Attorney General, Arthur R. Weiss, on behalf of Attorney General Robert T. Stephan, were distributed to members of the Committee. (See Attachment II). The letter stated that the Attorney General requested favorable consideration of HB 2736.

Bud Grant, Kansas Chamber of Commerce and Industry, appeared before the committee and offered a proposed amendment to HB 2736. The proposal would amend Section 1 (a), line 16, by inserting the words", unless such credit card is issued by the person requesting the information." (Attachment III)

Senator Petty moved to adopt the amendments offered by the Kansas Chamber of Commerce and Industry and also the amendment offered by the American Express Related Services Co., Inc. Senator Oleen seconded the motion.

There was a request from one of the members of the committee to vote on the two amendments separately.

Senator Petty withdrew her original motion and moved for the adoption of the amendment offered by the American Express Travel Related Services Co., Inc, which reads as follows: "In Section 1 following line 25, by inserting the following: (d) This section does not prohibit

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Labor, Industry and Small Business,
room 527-S, Statehouse, at 1:30 ~~am~~/p.m. on March 15, 1990

a person from recording a credit card number and expiration date as a condition for cashing a check or share draft where that person has agreed with the card issuer to cash checks and share drafts as a service to the issuer's cardholders and the issuer guarantees cardholder checks and share drafts cashed by that person. In line 26, by striking (d) and inserting in lieu thereof (e). In line 28, by striking (e) and inserting in lieu thereof (f)." Senator Oleen seconded the motion. Motion carried.

Senator Petty moved to adopt the amendment offered by the representative from the Kansas Chamber of Commerce in Section 1(a) by inserting before the period the words: "unless credit card is issued by the person requesting the information,". Senator Oleen seconded the motion. The motion carried.

Senator Oleen moved to recommend favorably the passage of HB 2736 as amended. Senator Daniels seconded the motion. The motion carried.

The Chairman asked and Senator Petty agreed to present the bill on the floor of the Senate under the heading of General Orders.

The Chairman stated that HB 2581 on which the committee had a hearing yesterday is a complicated issue and several amendments had been suggested, and a second subject may have been interjected into the bill by the House Committee of the Whole. She stated she would ask Senator Petty, The Ranking Minority Member, Senator Morris and any other member of the committee who had time to meet with her and a Representative from the Kansas Chamber of Commerce and Industry, and a Representative from the County Attorneys Association to determine what the implications are, determine the original intent of the bill and see if there is a solution which would be acceptable to the committee.

The meeting was adjourned by the Chairman.

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TO: Senate Committee on Labor, Industry and Small Business
FROM: American Express Travel Related Services Co., Inc.
DATE: March 14, 1990
RE: HB 2736

HB 2736 presently would prohibit any person from requiring, as a condition of acceptance of a check or share draft, that the person presenting the check or share draft provide a credit card number or expiration date or both.

American Express offers its cardholders an emergency personal check cashing service. A cardholder may present a personal check or share draft to any American Express office, or to any participating hotel, motel, airline, etc., and receive cash upon presenting their American Express card. American Express guarantees the check or share draft against dishonor. Its procedures require that the card be imprinted on the back of the instrument and that authorization be obtained from American Express, both of which involve provision of the cardholders' credit card number and the expiration date of the card.

We request that HB 2736 be amended to allow this cardholder service to continue to be offered in Kansas. A suggested amendment to that effect is attached.

Thank you for your consideration of this request.



Charles N. Henson, for
American Express Travel Related
Services Co., Inc.

CNH:mlh

Attachment I
3-15-90

Rationale. Business and industry representatives should identify the skills and principles that should be taught to ensure that the needs of the market place are met. In addition to teaching specific technical skills, a broader, discipline-oriented approach should be included so students can perform more than one job. Employability is improved by providing the student with knowledge and capability to perform skills across a broader range of closely-related jobs.

3. The State Department of Education should coordinate competency standards for all approved programs to insure statewide consistency and to maintain standards.

Rationale: The State Department of Education has provided a profile of tasks identified by business and industry that need to be trained for each approved vocational education instructional program to encourage statewide consistency in training. The profile is intended to provide a base for programs at secondary and postsecondary levels. It helps identify skills needed by workers in specific occupations and provide a guide upon which to base instruction. These profiles are an important step toward minimum program consistency and standards across institutions. Minimum standards need to be maintained across the state to assure that every program produces workers with minimum competencies in basic academic skills and technical skills.

Coordination of Technical Education Programs Across Training Institutions

GOAL:

A well coordinated training system should minimize duplication of training and should allow technical students to progress through multiple levels of training, receiving recognition for courses-hour-competencies already attained in the form of credit or advanced placement.

POLICY OPTIONS:

1. Coordinate secondary with postsecondary technical programs so students who obtain training at both levels receive credit or advanced placement (e.g. 2 + 2 programs).

Rationale: A well coordinated technical training system should encourage people to enter and leave as

appropriate to their individual needs. This means that students should not have to repeat training received at another institution or time if competency is demonstrated. A well coordinated system is one that minimizes duplication of material taught and builds upon what students already know.

To build a well coordinated system, vocational education institutions should link the final two years of secondary education with the first two years of postsecondary education, giving students an option to obtain a two-year degree or certificate. Students who have received training at the secondary level in a technical area should be able to progress through postsecondary training in the same field more rapidly by receiving advanced placement or credit for demonstrated competency than students who had not had secondary level technical training. This makes secondary vocational-technical training more attractive because the cost of postsecondary training is less because less time is spent in postsecondary training.

2. Require articulation agreements between all community colleges and AVTS' for post-secondary students in a service area.

Rationale: Because of competition for students and differences in program standards, AVTS' and community colleges are not always willing to grant credit or advanced placement for students receiving training at another institution. To improve coordination at the postsecondary level, to reduce duplication, and thus reduce cost of the system, AVTS' and community colleges should act as part of one well integrated system by entering into articulation agreements that enable students to move between the two types of schools and receive credit or advanced placement for prior training. Such coordination is important in attracting quality students into vocational-technical training by changing the "dead-end" image to one of open possibility for advanced training. Program quality issues must be addressed to enable receiving institutions (institution to whom student applies to have courses/program accepted for credit) to accept the students' prior training.

3. Establish mechanisms for AVTS' and community colleges to do joint regional planning to reduce number of duplicated programs and upgrade the level of remaining programs.

Rationale: To achieve a well coordinated system,

AVTS' and community colleges must do joint regional planning. Planning should be based upon knowledge of current and expected needs of the population and businesses in the service region. Unnecessary duplication should be eliminated based upon analysis of which programs are exemplary and which are weak, and based upon which programs will best serve the needs of a changing population and changing business-industry base. Schools should retain programs that are strong in quality of instruction and current and future work force need, and consolidate or eliminate duplicated programs that are weaker in academic quality and current-future work force need.

4. Encourage community colleges and Regents institutions to enter into articulation agreements covering students in technical programs.

Rationale: The expanding need for technologists requires that every avenue for advanced technical training be available as the need for life long training and learning increases. The technical training system must take advantage of Regents institutions to provide access to more advanced technical training, and ensure that students receive credit or advanced placement for previous training at community colleges. Thus, high school students should receive training in technical skills, basic academic skills, and technological principles that prepare them for current jobs and/or postsecondary training. Students at AVTS' and community colleges should be able to coordinate training between these institutions to add an Associate degree after receiving a certificate from an AVTS or to receive more technical training at an AVTS after receiving an Associate degree at a community college. Students attending community colleges should have the option to progress into baccalaureate programs at universities and receive credit for community college courses. All community colleges and Regent institutions have signed an articulation agreement that enables individual institutions and programs to apply to universities for acceptance of their credits, and community colleges should pursue articulation agreements for specific technical programs.

5. Broaden the availability of the Associate degree in Applied Engineering by linking institutions with such capability with community colleges and AVTS' to increase accessibility of training in major manufacturing and metropolitan centers.

Rationale: Manufacturers are being pressed to

improve efficiency and are investing in new technology to do that. Kansas manufacturers, 55 percent of whom are located in metropolitan areas, report their employees need to acquire technical skills to cope with technological changes. Programs that train the work force to cope with technological changes must be available. The availability of manufacturing-related programs at community colleges and AVTS' is very low (5 percent of all programs). However, enrollment in these programs has increased dramatically from 403 in 1984-85 to 1,298 in 1987-88, indicating the growth in demand for this type of training. One way to increase availability is for institutions to expand programs aimed at serving manufacturers training needs. Institutions, such as Kansas College of Technology, which have the capability to provide higher-level technical programs should cooperate closely with community colleges and AVTS' in major manufacturing and metropolitan centers to meet the need for business work force training. For example, the Kansas College of Technology could use Wichita AVTS facilities to offer high-level technical training needed by the aviation industry work force.

Kansas College of Technology, which is currently serving central Kansas around the Salina area, should expand to serve major metropolitan areas to fulfill its state-wide mission.

Coordination of Technical Education and Training Programs Across Agencies

GOAL:

The work force training programs of all state agencies should be coordinated to facilitate use by employees and employers and to ensure that all agencies are meeting state objectives.

POLICY OPTIONS:

1. The staff of the current KIT/KIR Training Program should be expanded and renamed as the Office of Work Force Training. This office should report to the Secretary of Commerce and should coordinate the training efforts of the Department of Human Resources, the Department of Education, the Department of Commerce, and SRS. This office should be the primary clearinghouse for firms with work force training needs.

Rationale: Coordination of training efforts of various state departments is currently the responsibility of

the manager of the KIT/KIR training program, which is part of the industrial recruitment division of the Department of Commerce. Because the coordination functions are difficult, if not impossible, to perform because of the expansion of KIT and addition of KIR, more administrative resources must be provided to ensure the coordination function is performed. An office should be established with sufficient staffing levels to be responsible for coordination and training program operation. Because work force training issues go beyond industrial recruitment but are critical to retention and growth of all businesses, the office should report directly to the Secretary of Commerce.

More than half the businesses surveyed for this study reported they were moderately to substantially interested in more information about available training programs and in state assistance in reducing the cost of training. A sufficiently staffed office dedicated to work force training in the Department of Commerce would be more visible as a clearing house for "one-stop shopping" for businesses seeking information regarding training resources in the state.

2. KTEC should coordinate with the Office of Work Force Training to insure that employee training/retraining is available to all companies introducing new technology or new products.

Rationale: Firms introducing new technology or new products often need work force retraining. When KTEC works with companies in this situation, the Office of Work Force Training should be informed and/or the firm should be introduced to the Office of Work Force Training to ensure training resource information is received. Likewise, community colleges and AVTS that are working with KTEC to establish Regional Technical Service Centers (centers designed to assist businesses with technical problems and training issues) should coordinate and consolidate training resources.

3. Develop a client-based coordinated information system for all training system participants.

Rationale: A person requiring training or retraining may have contact with more than one state agency in the process of acquiring information about and help with obtaining training. Movement of clients across agencies could be facilitated by having agencies involved in training issues (i.e., Department of Human Resources, Social and Rehabilitative Services, Department of Commerce, De-

partment of Education) develop a system to coordinate and share information so the client avoids repetition of the assessment and background data collection process. For example, if job skill competency information has been collected by one agency, that information should follow the client in his/her contact with other agencies requiring similar information. The Department of Human Resources currently has a system that does include performance-based assessment that is used to develop an individualized training plan for clients. This information could be useful to other agencies who provide training services. Besides skill competency, the system could include information regarding a clients education attainment, work history, training and employability plan in a readily accessible but confidential form such as Michigan's Smart Card system. This card, the size of a credit card, contains a microchip that stores client information and is carried by the client.

4. Develop a common set of intake and assessment methods for use by all agencies in the state employment and training system.

Rationale: As a starting point in the development of a system that enables clients to move across agencies with little or no repetition of testing or data collection, agencies should continue their efforts to develop a common set of intake and assessment methods for training and employment clients.

5. Develop one oversight body that reports to the Governor and coordinate state human resource and training agencies. Membership should include the heads of agencies as well as representatives from the private sector.

Rationale: Maine and Michigan have taken steps to improve coordination of state human resource activities by forming a group that develops policy and sets goals regarding employment and training. The group answers to the Governor and reviews agency programs and budgets to determine if state goals are being met. The Director or Secretary of relevant agencies (e.g., Department of Human Resources, Department of Education, Social and Rehabilitative Services, Department of Commerce) and high level representatives from the private sector (CEO, etc.) serve. Private sector representatives provide input on human capital and training needs and help tie the business community to the state's economic development activities.

Numerous state agencies (Department of Education, Department of Human Resources, Social and Reha-

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bilitative Services, Department of Commerce) are involved in training services in some form in the state of Kansas. The most recent addition, KanWork, has developed its own structure to deliver training services. Coordination is needed at a high level to ensure the state has a consistent strategy and does not develop duplicate systems that are not necessary.

6. The State Council on Vocational Education should be merged with the State Employment and Training Council to the extent allowed by federal law.

Rationale: To increase communication and coordination between the vocational-technical education system and JTPA, the State Council on Vocational Education (appointed by the State Board of Education) and the State Employment and Training Council (appointed by the Governor) should be merged, perhaps through overlapping membership. Currently, these two groups are separate, with no formal mechanism for coordination. Thus, the potential exists for the two major components of training in Kansas to be moving in different directions and have different priorities. The Governor and State Board of Education should work together to ensure that at least one member overlaps on each board with either full voting or ex officio status.

Program Funding

GOAL:

State funding of technical education should provide incentives for community colleges and AVTS' to provide programs needed by employers and students throughout their service areas.

POLICY OPTIONS:

1. Provide incentives for community colleges to offer technical programs by basing state aid for technical programs upon relative costs.

Rationale: The current state reimbursement formula funds community colleges' vocational programs at a rate that is 1.5 times higher than that of academic programs in recognition of the higher cost of offering vocational programs. Since highly technical programs (e.g., nursing, biomedical equipment technology) cost much more per credit hour than other programs (e.g., paralegal, accounting, business administration), colleges gain more finan-

cially by offering lower cost programs. This creates a disincentive for colleges to offer expensive programs even though such programs might contribute significantly to the economic development of the region and state.

By funding programs on a continuum defined by relative cost, colleges would have more incentive to continue offering or implement more costly, highly technical programs that could have a significant impact upon regional economies. For example, at Johnson County Community, the cost per credit hour for Interior Merchandising is approximately \$40.00, while the cost for Biomedical Equipment Technology is approximately \$373.00. State aid to community colleges for vocational enrollment is \$39,375 per credit hour, meaning the cost of the interior decorating program is almost totally covered by state aid and state aid covers only 10.5 percent of the biomedical equipment program. Undoubtedly the cost of equipment and perhaps of instructors accounts for the difference in program cost. State funding should reflect differences in program cost to ensure that costly programs that have positive economic impact are adequately funded. Illinois has differential funding of vocational education based upon the average cost of producing a credit hour in each of eight cost centers (baccalaureate transfer courses, technology, business, health, remedial, general studies, adult basic education, adult secondary education).

2. Support the increased cost of funding technical courses according to relative cost with a phased increase to 40 percent in the proportion of state funding for community colleges.

Rationale: State aid to community colleges was increased in FY 90. Community colleges serve a statewide training need. Therefore, phased increases in state aid should continue until 40 percent of operating costs of technical programs are covered. The level of state funding for school year 1988-89 was approximately 28 to 30 percent of operating budgets or \$38,336,590. Because 1989-90 enrollments at community colleges are up by over 10 percent, the Department of Education is requesting supplemental funding for 30.8 percent of operating budgets or \$45,711,457. The average level of state support for other public educational institutions is 40 percent of operating budgets. Thus, the level of support for community colleges should be increased to this average level. The increase would raise funding by approximately 10 percent over the 30.8 percent requested for 1989-90. This increase would

Policy Options

offset the loss of approximately \$7.7 million (1988-89 figures based upon \$24 reimbursed per credit hour) in revenues experienced from the elimination of outdistrict tuition (see Policy Option 3 below).

3. Eliminate outdistrict tuition.

Rationale: Outdistrict tuition is a form of taxation that counties outside the "home" county but within a community college's service area pay when persons residing in their county take courses at the community college. Outdistrict tuition creates tension between counties within a community college's service region. Counties paying outdistrict tuition resent this unpredictable obligation as they try to manage budgets. To increase the regional focus of community colleges, eliminate the divisive outdistrict tuition.

4. Extend the taxing authority of community colleges to all counties in their service area.

Rationale: Extending community colleges taxing authority to all counties in their service area will increase the colleges' willingness to serve all counties in their region and will give all counties a sense of ownership in the community colleges. Currently, 16 "home" counties support the community colleges with the other 89 providing support only through outdistrict tuition. By eliminating outdistrict tuition and replacing it with a community college tax, the counties would exchange an unpredictable expense (outdistrict tuition) for a predictable one.

5. State funding of AVTS' should be based upon student acquisition of technical and academic competencies as well as some minimum number of hours of attendance.

Rationale: The current state funding system encourages AVTS' to keep students in a program for the maximum number of hours, rather than individualizing training to enable students to develop competency regardless of the amount of time required. AVTS' are currently reimbursed at 85 percent of the local cost per instructional hour (i.e., time spent by student in class). This funding system needs to be changed. State reimbursement must be based as much upon the quality of training as upon the quantity (accumulation of hours). To provide business and industry with employees who are job ready, the vocational-technical education system must be changed from one that is reinforced (paid) for accumulation of hours to one that is

reinforced for results - demonstrated competency in technical and academic skills. Because a competency based system is so important to an effective vocational education system, the funding formula must be modified to allow AVTS' to allow a student to complete a course in less than the maximum number of hours and not suffer financial losses that seriously affect their ability to offer programs.

6. Establish a task force with members representing management, labor, and government to explore utilizing the unemployment insurance system in Kansas as a basis for supporting work force training/retraining.

Rationale: The current unemployment insurance system was established to respond to unemployment problems that were cyclical in nature. While unemployment still occurs because of recessions, unemployment is increasingly due to industry reaction to technological changes (e.g., robotics). Workers are not called back when such technological changes occur. In order to return to work, these workers must develop new skills to enable them to re-enter the rapidly changing, highly technical work place. A program based upon the unemployment insurance system could be used to assist worker retraining. Also, firms who do not qualify for KIT/KIR funds but need workers retrained as new technology and/or new products are introduced could use funds to pay for training. A system based upon a wage tax is paid for by the beneficiary of the training and not by the general public, as is the case when general funds are used.

Equipment Funding

GOAL:

Funding for equipment at community colleges and AVTS technical programs should be at a level to insure that training occurs on equipment comparable to that used or soon to be used by companies in their service area.

POLICY OPTIONS:

1. Provide state equipment funds consistently and at levels that insure program viability at AVTS'.

Rationale: Businesses report that it is important for vocational education institutions to have the most technically advanced equipment for training. Acquiring and maintaining technically advanced equipment is costly, too

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costly for the low level of current equipment budgets. Capital outlay funds that support instructional equipment have been appropriated for only three of the past eight fiscal years. Funds should be allocated yearly for equipment so schools can plan for and meet their programs' equipment needs.

2. Extend equipment funds to cover community colleges' vocational-technical programs.

Rationale: Community colleges currently receive no state funding for equipment. This makes it difficult for them to maintain and upgrade technical programs that require equipment. Because businesses report that it is important to have the most technically advanced equipment for training, state funding should be extended to community college vocational programs. In funding community college and AVTS equipment for vocational-technical programs, the Department of Education should not necessarily divide equipment funds evenly across all institutions, but rather should devise allocation procedures that distribute equipment funds on a competitive basis.

3. Continue KTEC Equipment Fund grants with FY91 funding at a level of \$250,000 to provide equipment funds for new, innovative programs that contribute to economic development.

Rationale: In FY 89, \$250,000 from EDIF was allocated for the KTEC Equipment Fund. KTEC was responsible for soliciting proposals from community colleges and AVTS' and allocating funds. KTEC worked with the Department of Education to develop procedures informing eligible institutions and establishing procedures for a Request for Proposal. Sixteen proposals were received, reviewed, and four were funded.

In FY 90, the program was not funded. The KTEC Equipment Fund grants are an excellent mechanism for providing seed money for innovative programs that contribute to economic development and for bringing the business and education sectors together to focus on the economic development needs of the state. Continuation of Equipment Fund grants is important to continue this collaboration and so new, innovative programs have a source of equipment funds. This funding mechanism ensures that business needs are being met because matching commitments from business are required. These grants allow schools to start new programs without depleting funds needed to maintain and upgrade existing programs' equipment.

Customized Training

GOAL:

Employers should have access to appropriate training for new employees and retraining for current employees that is customized for the needs of each employer. In some instances the training needs of companies can be met by enrolling employees in existing courses either on or off campus. In other instances unique courses designed in cooperation with the employer will need to be developed to train specific skills or capabilities.

POLICY OPTIONS:

1. Provide state support for a work force training coordinator at each community college and AVTS to market and coordinate customized training in a service area. State funds of approximately \$50,000 to \$60,000 per institution should be used to leverage the position with the state paying 50 percent of the salary and a portion of operating expenses. Funds should be provided only if 1,000 or more hours of customized training credit is generated.

Rationale: Businesses report that customized training is more cost effective than other forms of training. Vocational education institutions must meet business and industry's custom training needs, and Directors and Presidents of the institutions must provide leadership in this area. However, a person who is dedicated to marketing customized training is needed at institutions to contact businesses, assess training needs, identify faculty who can provide required training, prepare contracts, and help ensure that training is delivered in a way that meets the client's needs. This person should perform coordination and facilitation duties and would not personally deliver training.

2. Customized training through AVTS' should be financed by a separate state budget allocation.

Rationale: State aid for customized training comes out of allocations for postsecondary student training. AVTS' are currently reimbursed for 85 percent of the cost of customized training, IF sufficient funds are available. Unlike community colleges, eight of the 14 AVTS' have no access to supplemental funds that the legislature provides to cover unexpected expenses when demand for training (enrollment) exceeds levels planned for in the yearly budget. Since reimbursement does not occur until after the training is delivered, AVTS' never know until after the fact if they will receive reimbursement to cover the training. This

makes customized training a risky business for them, because they can easily be left with no state aid for customized training and only the student fees (15 percent of cost) to defray the costs. Thus, schools that are providing a lot of training and retraining to business and industry in their service area have to cover the shortfall from local school district sources (K through 12 budgets). As one AVTS administrator who is trying to meet the needs of businesses in his area said, "We can't afford much more success." For example, the Wichita AVTS cannot meet the needs of businesses in its region because of inadequate funding. Last year, they were \$2 million over budget as they struggled to meet the training needs of business and industry. To cover the cost of training workers for business and industry, funds were taken out of the Unified School District's K through 12 budget.

The current funding system creates a dilemma for AVTS' who are trying to meet the training needs of businesses and industry in their service area. Since business and industry has a significant interest in customized training as a cost effective method of training, AVTS' should be encouraged to provide customized training. A more stable mechanism for funding is needed. The state's cost for funding customized training would probably be recovered through increased sales and income taxes that would result from this investment in human capital.

3. The Business and Industry Service Program should be continued at AVTS' and community colleges as a way of providing partial state financing of customized training.

Rationale: The Business and Industry Service Program recently implemented by the State Department of Education is an excellent mechanism for providing support for customized training for any firm in the state. This program fills the gap in support for work force training for those firms who do not qualify for KIT-KIR funds. The mechanism for quick state approval provides a method for state oversight of training without hampering schools' ability to provide training quickly. It is a unique program that not only will help existing Kansas industry, but should make Kansas an even more attractive site for firms making location decisions.

4. Establish a two-year pilot program to encourage small companies to participate in customized training ("Small Business Customized Training").

Rationale: Small businesses, the backbone of Kansas' economy, must have access to training for their work force if they are to remain competitive. Unlike large companies, a small business usually does not have enough employees to justify offering a course to meet the needs of that one business. Because a business's size should not preclude participation in or access to customized training, vocational education institutions need to assess and coordinate the training needs of small businesses in their region so overlapping needs can be identified and met. If several businesses need employees trained in a common area, one class designed to meet the needs of the employees of those businesses could be offered. Ensuring that small companies participate in customized training should be an important part of the work force training coordinator (see policy option H.1.).

Innovative Technical Programs

GOAL:

Facilitate the development of innovative technical programs or courses that address skill shortages in the Kansas labor market.

POLICY OPTIONS:

1. Establish a Kansas Skills Program to provide start-up support for innovative technical courses/programs in emerging technologies, manufacturing, or in areas of skill shortages, with business providing in-kind support.

Rationale: Vocational education institutions cite lack of start-up funds as a major barrier to program development. Schools receive state aid based upon enrollment. Thus, an institution cannot receive state support for a program until after the first term has been completed. No funds are available to help defray the cost of starting a program - staff salary, equipment, supplies. Until a program is up and running, these expenses must be covered internally. This means schools must divert funds from existing programs to fund new programs. Schools currently solicit support from the industry that would gain from the new program. By combining the current practice of recruiting industry support for new programs with state seed money, programs that have important economic impact (e.g, manufacturing-related programs) would have a better chance of being developed and implemented.

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Program Information and Evaluation

GOAL:

Community Colleges and AVTS' should be held accountable for the quality of their programs as determined by (1) the ability of graduates to obtain employment in their area of training and (2) meeting performance standards for skill acquisition.

POLICY OPTIONS:

1. Expand the Training Information Program so wage and placement data are reported for every program at every institution providing postsecondary vocational technical training.

Rationale: The Training Information Program currently provides wage and placement data. Wage data are presented in the form of an average salary that graduates from approved vocational-technical programs earn upon completion of each program. Only state-wide, not school specific, data are reported, so students and parents interested in occupational data for their region have no readily available source of information. Wage and placement data should be reported for every program at every postsecondary vocational education institution to provide important data for students' making education decisions. These data will introduce a new dimension into the system and make it more market driven.

2. The Department of Education should establish a common methodology to be used by community colleges and AVTS' for wage and employment surveys and should ensure that community college and AVTS data are verified.

Rationale: Data are only as good as the methodology used to collect them. Currently, wage and placement data are collected by personnel associated with each vocational-technical programs. The data are difficult to collect, and instructors and schools use many different methods to collect the data. The Department of Education should establish procedures for institutions collecting the data to use. Using common methodology will make valid cross-institution comparisons of wage and placement data possible. The reliability of the data should be also be assessed. To verify the accuracy of the data collected by institutions, a state-wide independent random sample should be conducted by the Department of Education. Missouri uses their Department of Human Resources to verify employment and

wage data based upon random sampling by social security numbers. The Kansas Department of Human Resources could validate wage and employment data.

3. Performance standards for vocational programs should be set by the Department of Education in terms of competencies in basic academic skills, occupational skills and job placements.

Rationale: Having performance- or competency-based training is important in focusing training on skills that employers need in their work force. However, the best designed competency-based training system is only as good as the methods of measuring the quality of that training. Performance standards are used to measure quality. The Department of Education must see that the measurement system is uniform throughout the state. Employers need to know that a graduate of a vocational-technical program really can perform the skills trained, and that every institution defines the skill and measures it with similar rigor. Because of the growing importance of basic academic skills, performance standards should be set for these skills as well as technical skills.

Faculty/Staff Development

GOAL:

Faculty in vocational programs should have opportunities to upgrade their technical skills and knowledge of business practices on a regular basis.

POLICY OPTIONS:

1. The Department of Education should assess current opportunities and requirements for faculty and career counselor development at all community colleges and AVTS' and set guidelines for such development.

Rationale: Retraining and upgrading of instructors' and counselors' skills is a voluntary activity at most vocational education institutions. Few offer sabbatical leaves as a method for faculty to upgrade their skills. Most encourage faculty to attend professional conferences, although funding is not always available. Some faculty work in industry during the summer, and this link is critical and should be encouraged. The key point is that there is very little funding support and no consistency across the system for faculty development, and this needs to be addressed.

2. Some percentage (e.g., 2 percent) of each AVTS' and community college's instructional budget should be set aside to develop and fund programs for faculty development to be matched by state and business contributions.

Rationale: Only four institutions can afford to offer sabbatical leave programs. Many institutions cannot even afford to support faculty attendance at professional conferences. To ensure that faculty are up-to-date in their field, funds for faculty development should be available. Because upgrading faculty skills is so critical to the quality of training delivered, schools must make a significant effort to support faculty development. Some percentage of each institution's budget should be set aside for this purpose. In addition, matching funds from the state could be used to help support faculty and career counselors during summer internships in industry. Business contributions could provide faculty with opportunities to train on new equipment or other industry specific experiences that would broaden faculty knowledge and understanding of changes occurring in industry. Career counselors would benefit from spending time in Human Resource divisions working with those responsible for hiring AVTS and community college trainees.

3. State funds should be used to encourage technology and knowledge transfer from educational institutions to business and industry and from business and industry to educational institutions through exchange programs.

Rationale: Technology and knowledge are shared when faculty interact with industry, whether through faculty work in industry or industry employees work in educational settings. Programs that provide faculty with industrial experience on a regular basis (Internship Programs) are an excellent mechanism for keeping faculty up-to-date on changes in their field. Programs that encourage utilization of industry experts in education should also be examined. To help meet the growing crisis in faculty recruitment, especially in fields where faculty cannot be recruited because industry salaries cannot be matched by educational institutions, the state should provide a mechanism for allowing industrial experts to teach. While not certified, these experts may be effective as teachers, and the state should have some mechanism that allows technical education institutions to utilize them when needed.

4. Salaries for vocational-technical instructors at AVTS' should be based upon salaries paid to employees with comparable skills in the private sector rather than by school district salary schedules.

Rationale: Schools are facing a crisis in faculty recruitment, especially in highly technical fields (e.g., electronics) and fields where labor shortages exist (e.g., nursing). Since these are the very fields where training of the highest quality is crucial, the state cannot afford to let the programs collapse due to low faculty standards or lack of faculty because of noncompetitive wages. Salaries must be freed from salary schedules and allowed to reflect the value of the skill in the marketplace. If this is not done, programs that are essential to the state's economy will lose faculty to the private sector, will not be able to recruit qualified faculty, and will either be without instructors or will have to hire applicants whose skills are not sufficient for employment in industry. Low salaries are disastrous for the maintenance of quality in vocational-technical programs. At a time when industry needs a better trained work force, the quality of instructors of vocational-technical programs must be high.

Job Training Partnership Act (JTPA)

GOAL:

Programs funded through the Job Training Partnership Act (JTPA) should be an integral part of the state's economic development program. In particular, JTPA can expand the supply of labor by preparing disadvantaged persons for meaningful employment through technical training.

POLICY OPTIONS:

1. On-the-job-training (OJT) contracts should be coordinated with customized training contracts funded by KIT.

Rationale: JTPA can subsidize a client's salary (50 percent) for up to six months of training. This is an especially powerful incentive to new businesses which do not have a large human resource pool and are unfamiliar with Kansas labor market trends. Also, expanding businesses that prefer to do in-house training (a form of OJT) will find it economical to use JTPA funds. In either case, opportunities are created for the disadvantaged to make their way into new and expanding business. All five of the service delivery areas

WORKFORCE TRAINING

in Kansas have reported some JTPA/KIT coordination in the past, but the projects have not always involved new or expanding business/industry.

The Job Training Coordinator located in the Department of Commerce plays a vital role in the link between JTPA and economic development for Kansas. The still limited JTPA involvement (through OJT) with new business in Kansas is in large part due to the overwhelming task of coordinating the increasing number of Kansas Industrial Training (KIT) contracts. Whereas Kansas employs one person to perform the linkage between economic development and JTPA, other states employ entire offices of personnel to perform this coordination. Adequate staffing in the Office of Work Force Training is needed to ensure that OJT contracts are coordinated with customized training contracts funded by KIT.

2. All JTPA services should target development of technical job skill and basic academic skill competencies to prepare the person for meaningful employment.

Rationale: Meaningful employment results in economic self-sufficiency. Often those with the most barriers to employment also possess the least number of skills. Rather than offering remedial education with no guarantee of job placement, JTPA should focus on developing competencies so employers are assured of a labor force with levels of educational and vocational skills sufficient for today's jobs. JTPA can insure that every participant has achieved a given reading and reasoning level if the program uses demonstrated performance standards, not attendance records or placement quotas. This will reduce the tendency to cream, the practice of enrolling and placing participants who are nearly job-ready. Also, it can contribute to the effort to provide a flexible work force, one that can be trained and upgraded whenever necessary.

3. JTPA services should train for long-lasting jobs in new or expanding industries.

Rationale: To provide JTPA clients with long-term employment, training skills that result in placement in new or expanding industries increases the odds that these people will not lose jobs due to industry lay-offs, and will be better positioned to advance to higher level jobs as the industry grows. Because there is a serious shortage of client tracking data, it is difficult to determine if JTPA participants are indeed being placed in long-lasting jobs. Data gathered from Occupational Training Reports for Pro-

gram Year (PY) 88 and PY 89 suggests that most JTPA participants are trained in clerical, sales, service oriented (waiters/waitresses, janitors, hospital personnel, repairs) and light manufacturing jobs which may not lead to economic self sufficiency. Generic educational training was by far the largest single category. Even though these reports are not necessarily indicative of actual participant placement, the types of training necessary for placement in new business and industry, advanced technological training, computer training, reasoning skills and problem solving training, etc., were inadequately provided during these years.

4. Each SDA should establish an economic development set aside of \$50,000 to \$75,000 that can be committed by the Department of Commerce in connection with KIT for JTPA eligible individuals.

Rationale: Coordination of KIT and JTPA would enable firms that hire JTPA eligible persons to finance training with KIT funds and pay for half of the persons salary for six months. Enabling more complete training packages that cover initial training (KIT) and on-the-job training (JTPA) to be offered in a more efficient manner to prospective businesses and industries will benefit both the state and JTPA eligible individuals who are less job ready and need both types of support. Businesses willing to hire the disadvantaged could be more aggressively persuaded to locate in Kansas. Kansas SDAs II and V practice a formal set aside, while SDAs I and IV will provide funds if an appropriate project arises. All SDAs should set aside funds that can be committed to economic development. For example, these funds could be used to provide training for businesses willing to hire JTPA eligible persons during expansion phases.

It is very important for JTPA eligible persons to obtain job placements in new or expanding basic industries where prospects for long term employment and adequate earnings are often greatest. Such placements should have long term benefits to the JTPA client.

5. JTPA coordination with community colleges and AVTS' should be increased to insure JTPA clients can advance to higher level training programs.

Rationale: The purpose of JTPA is to meet the training needs of the disadvantaged. More and more, those needs include the correction of educational deficiencies. There are two populations of consequence: those who have

not received fundamental, remedial education, and those who have not received occupational or professional education. These two populations are by no means mutually exclusive; JTPA serves them both. (A third population - those who have received both remedial and occupational education but require upgrading to retain their employment, cannot be served by JTPA due to the prevailing placement orientation of the act.) By using community colleges and AVTS, the needs of these disadvantaged populations can be met. These schools are designed to educate both remedially and occupationally. Rather than "reinvent the wheel" as one SDA official put it, JTPA staff should make determined use of these institutions to help the disadvantaged populations.

6. JTPA staff or PIC members should serve on advisory committees for vocational/technical programs.

Rationale: Using PIC members on vocational institutions' strategic planning advisory committees would ensure increased coordination between JTPA and vocational education institutions. Close contact is needed to promote discovery of ways that the needs of JTPA clients can be met by training institutions.

Planning for Training Programs

GOAL:

Strengthen strategic planning for vocational education at the state and local levels to better anticipate and meet the needs of students and the business community.

POLICY OPTIONS:

1. The Department of Education's strategic plan for vocational-technical education should identify changing needs for skill training and how those needs can best be met as part of a statewide system.

Rationale: Programs in the current vocational-technical education system are enrollment driven. According to vocational education administrators and educators, student demand is the greatest determinant of what is offered. While student demand is an important variable in program definition, student demand may or may not reflect what jobs will be available in the near and/or distant future, especially if students do not have good information upon which to base career choice and training decisions. The

Department of Education must create an awareness of the business and employment trends in Kansas and the relationship between business and employment trends in Kansas and the world economy. Thus, the Department of Education should draw upon state, national, and global research data to identify emerging or changing occupations, and target businesses and industries that are undergoing rapid changes in technology and use this information to modify the training system. The system must anticipate and plan for these changes so programs that train for emerging or changing occupations and technologies are in place in time to meet the need. This may require the state to establish priorities for resource allocation. More programs may need to be phased out.

The state should also develop a plan to cope with the decreasing population in rural areas so the system can continue to provide adequate services. For example, the plan might address how to expand rural business-oriented programs such as new marketing and market research services, expanded small business management programs, and expanded farm business management programs. Planning efforts should also explore alternatives to make rural-based vocational education accessible and cost-effective. In an effort to increase class size, reduce overhead and travel costs, and to increase program diversity in rural areas, alternatives might include home-based education programs (video), in addition to the current development of telecommunication systems used to deliver programs.

2. Each vocational education institution's strategic planning process should position programs to anticipate and respond to population and industry changes in their service area.

Rationale: The Department of Education should provide regional research data needed to identify demographic changes, to identify emerging or changing occupations, and target regional businesses and industries that are undergoing rapid changes in technology for use by vocational education institutions within each region. Schools should use these data to guide program planning: what programs to phase out, what programs to implement, what programs to up-grade. Schools should extend services to industries undergoing changes in technology, redirect program offerings to reflect changes in technology, and delete programs that are projected to become obsolete or low-demand.

WORKFORCE TRAINING

3. Each vocational education institution should have a strategic planning advisory group consisting of top level business and industry leaders from the school's service region who would participate in strategic planning for the entire vocational program.

Rationale: Discussions with business leaders suggests that, in some regions, vocational education administrators and business leaders are developing independent plans for coping with current or anticipated labor shortages and skill deficits. Each education institution should include owners, CEO's, and top management-level people from key industries in their region on the school's strategic planning advisory group. The business advisors should participate in decisions regarding funding priorities for programs so the school is positioned to provide an adequately trained work force for current and anticipated needs of regional business and industry.

Existing program advisory committees are not in a position to do institution-wide strategic planning. The members of these committees are chosen for their technical skills and are not in positions that require strategic planning. Their positions on program advisory committees require them to focus on a single program, and does not require them to plan for multiple programs. The strategic planning advisory group, on the other hand, must have a broader view of training requirements. They should also be positioned within their firm to be able to commit their firm's resources or support to work with the institution in areas of program development, faculty development, equipment, etc.

4. The Department of Education should ensure that data collection systems support planning and accountability efforts by providing uniform measures across all vocational education institutions.

Rationale: The Department of Education should develop an evaluation process which measures and documents a program's quality and then analyze program evaluations to determine common needs for program improvement.

5. The Department of Education should establish a statewide program to provide information on technical career opportunities to students, their parents and the general public.

Rationale: Public awareness and appreciation of the vocational education system needs to be improved. The

public is not well informed about how the system contributes to the economy and well-being of the state. The system needs to improve its marketing so the public is aware of labor market information, the purposes and goals of vocational education, the accomplishments of vocational education graduates, and the potential for coordination and extension of training within and across regions, levels, and institutions. Students, parents, counselors, employees, and employers need to be informed that vocational education is not a dead-end track for those who cannot meet college entrance requirements, but rather a step in a life long learning process. The Department of Education should work closely with the State Occupation Information Coordination Committee in obtaining and disseminating career opportunity information.

Business Commitment and Partnership

GOAL:

Business-industry commitment and partnership in postsecondary technical education in Kansas should be increased to ensure that the system is market driven and responsive to work force training needs.

POLICY OPTIONS:

1. Businesses should play a substantial role in upgrading technical education by serving on high-level advisory committees, guiding the development of competencies, assisting with equipment decisions and acquisition, facilitating faculty development, and assisting with program design and evaluation.

Rationale: Each education institution should include owners, CEO's, and top management-level people from key industries in their region on the school's strategic planning advisory group. The business advisors should participate in decisions regarding funding priorities for programs so the school is positioned to provide an adequately trained work force for current and anticipated needs of regional business and industry.

2. Kansas businesses should be encouraged, through business organizations such as KCCI and Chambers of Commerce, to place a high priority on assessing the training needs of their employees and providing skill upgrade training directly or in cooperation with technical training institutions. Each firm should develop a human

capital strategy that plans for employees' skill upgrading.

Rationale. In a climate of impending labor shortages and rapid technological changes, human resource development can no longer be ignored or neglected by top-level managers. Because of labor shortages, companies will no longer be able to discard employees whose skills are obsolete. In addition, productivity payoffs from investment in new technology may be lost if companies under invest in training people. American businesses have not had a long-term commitment to human resource development, but that will have to change.

3. Kansas business and industry should keep vocational education institutions informed of anticipated labor force expansion and skill changes so program adjustments can occur in a timely fashion.

Rationale. Business and industry has not always had to do medium- or long-range planning in order to secure an adequate work force. However, with labor shortages anticipated in the 1990's, more preparation regarding human resource needs is important. Firms need to predict the number of employees needed in each skill area, as well as plan for retraining of current employees so they can cope with technology or production changes. Once firms have an idea of their human resource needs, sharing that information with regional vocational education institutions would help schools plan for and provide training in areas where it will be needed in a timely fashion. Such coordination would increase the probability that a work force prepared to meet the firms needs will be available when the firm needs it.

4. The role of program advisory committees should be strengthened to ensure meaningful responsibilities for program review and evaluation, equipment proposals, and faculty selection.

Rationale. A survey of program advisory committees revealed that these groups are not utilized as effectively as possible. While school administrators regard these committees as an important link for input from the business community, the committees need to be more involved and have more responsibility and influence in program design, review, and change, and in equipment decisions. Committee members should be in charge of meetings, not passive listeners to educators reports of program news.

WORKFORCE TRAINING

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- ¹Brody, Michael, "Helping Workers to Work Smarter," *Fortune*, June 8, 1987, pp. 86-88.
- ²Birch, David L. "Is Manufacturing Dead?" *Inc.*, June 1987, pp. 35-36.
- ³Reidenbach, R. Erik; and Festervand, Troy. "A Strategic Marketing Planning Approach to Economic Development and Industrial Policy Decision," *American Business Review*, January 1987, pp. 13-21.
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- ⁵Bureau of Labor Statistics. Proportion is calculated by dividing manufacturing employment by the number of employed persons.
- ⁶U.S. Bureau of Economic Analysis. "State personal income: 1929-1982," 1984.
- ⁷*The Economist*, August 23, 1986; McCracken, Paul W., "The Rust Belt's Coming Revival," March 30, 1987.
- ⁸Drucker, Peter F. "The New Realities: in government and politics, in economics and business, in society and world view," 1989, p. 188.
- ⁹Bureau of Labor Statistics. Employment in services divided by number of employed.
- ¹⁰Fourth quarter 1988 figures quoted from *Kansas Business Review*, Spring 1989, vol. 12, no. 3. Derived from the Bureau of Labor Statistics and the Kansas Department of Human Resources.
- ¹¹Ehrlich, Elizabeth. "America's Schools Still Aren't Making the Grade," *Business Week*, p. 129.
- ¹²Bernstein, Aaron. "Where the Jobs Are Is Where the Skills Aren't," *Business Week*, September 19, 1988, p. 104.
- ¹³*Ibid.*, p. 108.
- ¹⁴*Ibid.*, p. 108.
- ¹⁵U.S. Department of Labor, Employment and Earnings, January 1981.
- ¹⁶Bureau of the Census, General Social and Economic Characteristics: Kansas, 1970, 1980
- ¹⁷Sexton, Richard. "The Kansas High-Tech Labor Force: Trends and Projections," *Kansas Business Review*, 1983.
- ¹⁸Johnston, Workforce 2000, p. 97.
- ¹⁹Johnston, Workforce 2000, p. 99.
- ²⁰Task Force on Business Training, 1986.
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TABLE/FIGURE SOURCES:

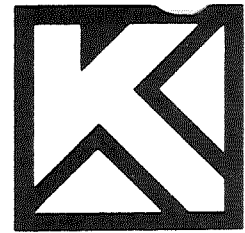
Figures:

- 1 Derived from U.S. Bureau of Economic Analysis, State Personal Income, 1929-82, 1984; and Local Area Personal Income: 1981-86, Vol. 3, 1988.
- 2 derived from U.S. Bureau of Labor Statistics, Employment and Earnings, 1987.
- 3 Hudson Institute.
- 4 Ibid.

Tables:

- 1 Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1985, Table 4, and Hudson Institute.
- 2 Kansas Department of Human Resources and U.S. Department of Labor.
- 3 U.S. Bureau of the Census and IPPBR Population Projections for 1990-2020.
- 4 National Association of Manufacturers, Small Manufacturers Operating Survey, 1989.
- 5 U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1985, Tables 4 & 5; unpublished data.
- 6 U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 1976,80,86.
- 7 Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1985, Table 4 & 5, and Hudson Institute.
- 8 U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 1976,80,86; U.S. Census of Population, 1970.
- 9 1987 Educational Statistic Digest and Bureau of the Census, 1980 Census
- 10 Grant Thornton Manufacturing Climate Studies, 1985-1988.
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- 12 Department of Human Resources, Outlook 1990.
- 13 Institute for Public Policy and Business Research (IPPBR), Business Survey, 1989.
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- 26 IPPBR, Advisory Committee Member Survey, June, 1989.
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- 29 Ibid.
- 30 Ibid.

LEGISLATIVE TESTIMONY



Kansas Chamber of Commerce and Industry

500 Bank IV Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321

A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

SB 698

February 27, 1990

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
Senate Labor, Industry and Small Business Committee

by

Jim Edwards
Director of Chamber and Association Relations

Madam Chairman and members of the Committee:

I am Jim Edwards and I appear before you today representing KCCI. KCCI has gone on record in endorsing the concepts of SB 698.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

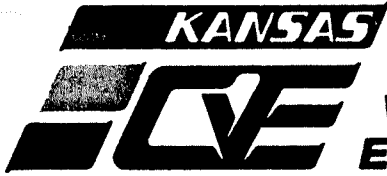
The outcome of this type of legislation, when combined with the already successful Kansas Industrial Training Program, should be a very positive one for both small and large

Attachment IV
2-27-90

business in Kansas. Rapid changes in the work force needs of business must be met if Kansas businesses are to remain competitive.

We encourage your support of this issue.

Thank you for the opportunity to appear before you today and I will stand for questions.



KANSAS COUNCIL ON VOCATIONAL EDUCATION

717 KANSAS AVE • TOPEKA, KANSAS 66603-3811
913-296-2451

Eddie Estes, Ph.D., Chair
President, Western Kansas
Manufacturers Association
Dodge City

M E M O R A N D U M

Dr. David L. DePue
Executive Director

Gary Withrow, Vice Chair
Employee Involvement Coordinator
Eaton Hydraulics Division
Hutchinson

TO: Members, Senate Committee on Labor, Industry, and
Small Business

Frances Graham
Executive Committee Member
Vocational Counselor
Johnson County AVTS
Olathe Center
Olathe

FROM: David L. DePue, Executive Director
Kansas Council on Vocational Education

DATE: February 27, 1990

RE: Comments on SB 698

J. C. "Cash" Bruner
Business Representative
International Assn. of Machinists
and Aerospace Workers
Wichita

The foremost mission of the Council on Vocational Education is to advise policymakers on issues and programs which affect our constituency.

Karen A. Conklin
Market & Survey Research Analyst
Johnson Co. Community College
Overland Park

This legislation focuses on training and upgrading workers. 80% of the jobs in Kansas are in existing businesses with fewer than 10 workers. Approximately 89% of the companies in western Kansas have fewer than 10 workers. These companies typically do not have a training department nor resources significant for staff development. They are not being adequately served by current economic development initiatives. This would provide for short-term training in critical skill areas like bookkeeping, data analysis, spread sheet formats, recordkeeping, etc. This needed instruction is less than a typical college course and not customized for a specific firm.

Janis Lee
State Senator
Farmer/Rancher
Kensington

D. Joe Mildrexiar
Dean of Community Services
Colby Community College
Colby

Jerrilee Mosier, Ed.D.
Vice President, Instruction
Allen County Community College
Iola

Carol Nigus
Director, Brown County
Kansas Special Education Cooperative
Hiawatha

Lee Reeve
Agribusiness Entrepreneur
Garden City

Dick Rogenmoser
Senior Vice President
Martin Tractor Company
Topeka

SB 698 would help many of our targeted populations; the single parent and the displaced homemaker, as well as the limited English speaking and minority worker. As the Kansas labor pool (our human capital) becomes upgraded, their income and the State's international competitiveness is improved. Demographics, the leveling off of the birthrate, and the graying of our population have taught us that we have no "throw away" workers. We must work with each individual to improve their skills, their productivity, and their competitiveness in our global economy.

Robert Thiry,
Coordinator
Ks. Carpentry Apprenticeship
Perry

Andrea Welborn
Coordinator, Turning Point-ALRC
University of Kansas
Lawrence

Lastly, this legislation would provide an appropriate match for precious federal funds, therefore, doubling the impact on Kansans. The education sector already has the staff and delivery capability in place. The program outlined in the Kansas Existing Industry Training Act fits what is currently being attempted but is dramatically under funded. Your committee's bill is a very appropriate use of economic development funds.

DLD:m

Attachment V

6

KANSAS ASSOCIATION OF AREA VOCATIONAL—TECHNICAL SCHOOLS

Eugene Lundgrin
President

Richard Kingston
President Elect

Robert Stinson
Secretary

Keith Stover
Treasurer

Date: February 27, 1990

To: Senate Committee on Labor, Industry and
Small Business

From: Kevin Robertson
Director of Governmental Affairs

Re: SB-698: Existing Industry Training Act

Madame Chairperson and members of the Committee, my name is Kevin Robertson. I am Director of Governmental Affairs for Barbee & Associates, and today I am appearing before you on behalf of the Kansas Association of Area Vocational-Technical Schools (KAAVTS).

KAAVTS supports SB-698.

In order to meet the rapid technological changes in the workplace, Kansas must be prepared to fund and deliver cost effective customized training to business and industry. Many businesses contract with AVT schools and community colleges to provide their employees with specialized or "customized" training which meet their specific needs. The stance most AVT schools take on providing business with customized training, however, is reactive rather than proactive because customized training is often times a financial burden.

Under the present system of reimbursement for AVT schools providing customized training to business and industry, the school does not receive funding confirmation until after the training has been provided - if at all. Since funding is not guaranteed, it makes customized training a risky business. If state aid is not approved, the AVT school is left with only the 15 percent tuition paid for by the student to defray the cost of the program. This leaves AVT schools administrators with an interesting dilemma - The more successful they are in promoting their schools to deliver customized training - the more money they will probably lose. AVT schools simply cannot afford to be successful when it comes to promoting their schools to deliver customized training.

Attachment VI
2-27-90

According to the recommendations of the Work Force Training study conducted by IPPBR for Kansas Inc. late in 1989, "Customized training through AVTS' should be financed through a separate state budget allocation." This would reduce the uncertainty surrounding funding, and therefore, encourage AVT schools to more actively pursue agreements with business and industry. Again quoting from the Work Force Training study,

"The current funding level creates a dilemma for AVTS' who are trying to meet the training needs of business and industry in their service area. Since business and industry has has a significant interest in customized training as a cost effective method of training, AVTS' should be encouraged to provide customized training. A more stable mechanism for funding is needed."

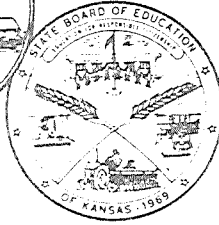
KA AVTS believes SB-698, by creating an alternate funding source and providing \$1.75 million to AVT schools and community colleges for existing industry training, is part of the solution to this dilemma.

7

Kansas State Board of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612-1103



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Paul D. Adams
District 3

February 27, 1990

Everett L. Johnson
District 10

TO: Senate Committee on Labor, Industry, and Small Business

FROM: State Board of Education

SUBJECT: 1990 Senate Bill 698

My name is Connie Hubbell, Chairman of the State Board of Education. I appreciate the opportunity to appear before this Committee on behalf of the State Board.

Senate Bill 698 provides an excellent opportunity for community colleges and area vocational schools/area vocational-technical schools to respond to the needs of business and industry. Statistics show that businesses in Kansas are in need of customized training. Currently, the community colleges and area schools do not have the fiscal resources available to meet these needs. For example, during the 1988-89 school year, the area schools exceeded their operating budgets by approximately \$3,300,000. The Wichita AVTS exceeded their operating budget by \$1,500,000. When an area school exceeds its operating budget, the money must be derived from the unified school district which governs the area school. In other words, the money is taken from regular education to meet the needs of business and industry.

There is also financial problems in the community colleges due to their limited tax base. For example, some community colleges have been requested to provide customized training outside their home county which has a direct impact on the property tax within the home county.

The State Board of Education supports the requirements of this bill for a 50 percent match by recipient businesses.

The community colleges and area vocational schools/area vocational-technical schools have made a concerted effort to provide customized training within the resources available. With the approval of Senate Bill 698, this type of training will become available to more business which should have a positive impact on the economic development of our state.

Attachment VII
2-27-90



KANSAS ASSOCIATION OF COMMUNITY COLLEGES

Columbian Title Bldg., 820 Quincy • Topeka 66612 • Phone 913-357-5156

W. Merle Hill
Executive Director

NEW ADDRESS
KANSAS ASSOCIATION
OF COMMUNITY COLLEGES
JAYHAWK TOWER, SUITE 901
700 S.W. JACKSON STREET
TOPEKA, KANSAS 66603

To: Senate Committee on Labor, Industry and Small Business

From: Merle Hill, Executive Director
Kansas Association of Community Colleges

Date: February 27, 1990

Subj: Senate Bill No. 698: An Act concerning the Kansas existing industry training act; making and concerning appropriations for the fiscal year ending June 30, 1991, for the Department of Education; imposing certain restrictions and limitations, and directing or authorizing certain disbursements and acts incidental to the foregoing.

Madame Chairman, members of the Committee, I am Merle Hill, executive director of the Kansas Association of Community Colleges. Thank you very much for giving me the opportunity to express the support of the Kansas Association of Community College for Senate Bill No. 698.

Even before the words economic development became watchwords at the Legislature, the community colleges were involved in training and retraining the Kansas work force. Since 1985, in fact, the Kansas Association of Community Colleges has requested legislation to do exactly what Senate Bill No. 698 proposes to do, to provide grants to community colleges to assist them in providing training and retraining for Kansans.

The 19 Kansas community college provide more than two million hours of education, training and retraining to Kansans each year, and that number is increasing. The major problem facing the community colleges is that they do not have the start-up funds necessary to assist many smaller businesses or to provide the kinds of equipment some businesses need for training/retraining.

Some examples of such training/retraining or economic development efforts of the community colleges are the following:

o Joint efforts of the Great Bend Chamber of Commerce and Barton County Community College have resulted in Audience Survey, Inc. moving to Great Bend. This telecommunications firm expects to employ about 300 people. Also, the community college is currently discussing with the Fuller Brush Company the possibility of a special training program.

o Coffeyville Community College's program in hazardous waste management will provide training for some 380 employees of Aptus, a firm which burns PCBs, the carcinogenic oil waste in electrical transformers. Plans are currently underway for Aptus to build a second plant to burn medical waste.

o Cowley County Community College and General Electric are partners in a program

Attachment VIII

to train mechanics for both piston and jet engines. General Electric is providing laboratory space and engines at Strother Field, located between Arkansas City and Winfield.

o Garden City Community College and Festo Didactic, a multi-national firm based in West Germany, and Kansas are partners in providing a training center for industrial hydraulics, pneumatics, electronics and robotics. Thanks to a \$70,000 K-Tech grant, \$80,000 from Festo Didactic, and college funds, a \$250,000 laboratory is now in place and is being used to train Kansans to work in the meatpacking industry. It is also possible that the community college will become a regional training center for John Deere.

o Labette Community College, thanks to a \$650,000 Department-of-Labor grant is assisting some 400 unemployed railword workers and 250 former employees of the Parsons ammunition plant with skills training, remedial courses, on-the-job training, job searches and job placements.

o Pratt Community College has been working with the city and Pratt USA, a firm planning to enter the airplane retrofit business. The city has given Pratt USA \$85,000 in start-up money, and the college has applied to the state for a \$200,000 grant to further assist the business in getting started with a training program.

o Johnson County Community College has many economic development efforts going. One of them, with Burlington Northern Railroad, is worthy of mention in terms of money brought to and spent in Kansas by the company. In 1989, Burlington Northern actually spent more than \$4 million in Kansas for lodging, food, training materials, etc., for its employees who received training at the college.

Whether it is programs like these or smaller ones - a government procurement program at Highland Community College, extensive health care training at Cloud County Community College, or KIT-grant efforts with some 15 businesses in the Independence Community College service area - all community colleges are doing whatever they can with limited funds to train and retrain the Kansas work force. With the type of grants that would be available through the Kansas Existing Industry Training Act espoused in Senate Bill No. 698, the 19 Kansas community colleges could do even more for Kansans and Kansas.

The members of the Kansas Association of Community College encourage you to report Senate Bill NO. 698 favorably for passage.

Thank you.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



5401 S. W. 7th Avenue Topeka, Kansas 66606
913-273-3600

TESTIMONY ON SENATE BILL NO. 698
BEFORE THE SENATE COMMITTEE ON LABOR, INDUSTRY & SMALL BUSINESS

By

NORMAN D. WILKS, LABOR RELATIONS SPECIALIST
Kansas Association of School Boards

February 27, 1990

Madam Chairman and members of the Committee, the Kansas Association of School Boards, which represents 302 of 304 Unified School District Boards of Education and several community colleges and vocational-technical schools would like to express its support for S.B. 698.

We are supportive of the bill provided the funding continues to come from the Economic Development Initiative Fund and not from the State General Fund. The program as proposed will support measures to expand educational opportunities in areas necessary for continued employment.

Attachment IX
2-27-90

SENATE COMMITTEE ON LABOR, INDUSTRY, AND SMALL BUSINESS
February 27, 1990

SB 698

My name is Bill Berry, and I am the Director of the Manhattan Area Vocational-Technical School. I served as an advisory committee member for the recently completed study entitled Work Force Training: The Challenge for Kansas.

I am here today to speak in favor of SB 698.

My reasons for supporting this bill are as follows:

- 1) The primary purpose of area vocational-technical schools in Kansas is to train people for employment and/or upgrade. Kansas business and industry are the recipients of this product.
- 2) 75% of the work force for the year 2000 has already graduated from high school. Therefore, retraining will be the key.
- 3) Businesses with fewer than 100 employees, and the least able to afford training programs, will be the major contributor to new job opportunities by 2000. The 50/50 shared cost between participating business and the State would provide employee training for the small employer at 50% of the total cost.

Manhattan Area Vocational-Technical School

Attachment X
2-27-90

4) The State funds that would be available to vo-tech schools and community colleges under SB 698 would be specifically for an "existing industry training program" and would allow the schools to enter into agreements to provide training assistance to existing and expanding Kansas businesses within the institutions service area.

5) SB 698 (Existing Industry Training Program) would differ from KIT (Kansas Industrial Training program) in that SB 698 would not be limited to new and/or expanding businesses, and SB 698 does not specify the number of trainees.

6) SB 698 would surely encourage and enable vocational-technical schools and community colleges to work more closely with existing area businesses. This would be in providing employee training/retraining at 1/2 the total cost to the business owner.

Thank you for the opportunity to appear before you. I support SB 698.

44-510. Medical compensation; powers of director; judgments for services stayed; hepatitis preventive care. Except as otherwise provided therein, medical compensation under the workers' compensation act shall be as follows:

(a) It shall be the duty of the employer to provide the services of a physician, and such medical, surgical and hospital treatment, including nursing, medicines, medical and surgical supplies, ambulance, crutches, and apparatus, and transportation to and from the home of the injured employee to a place outside the community in which such employee resides, and within such community if the director in the director's discretion so orders, as may be reasonably necessary to cure and relieve the employee from the effects of the injury. In every case, all fees, transportation costs and charges under this section and all costs and charges for medical records and testimony shall be subject to approval by the director and shall be limited to such as are fair, reasonable and necessary. The director shall have jurisdiction to hear and determine all disputes as to such charges and interest due thereon.

Amend HB 2736 as follows:

Following line 25, by inserting the following: (d) This section does not prohibit a person from recording a credit card number and expiration date as a condition for cashing a check or share draft where that person has agreed with the card issuer to cash checks and share drafts as a service to the issuer's cardholders and the issuer guarantees cardholder checks and share drafts cashed by that person.

In line 26, by striking (d) and inserting in lieu thereof (e).

In line 28, by striking (e) and inserting in lieu thereof (f).

(MH720)

Some questions Cardmembers frequently ask about this important insurance coverage are answered on page 23.

American Express® Card Baggage Insurance PlanSM*

This plan automatically provides coverage, at no extra charge, against loss or significant damage to your baggage when you're traveling as a passenger on a common carrier and have charged your tickets to the Card.

- **Checked baggage.** The Plan supplements the carrier's liability for checked baggage up to its full value, or \$500, whichever is lower.
- **Baggage transit.** When you are traveling directly to and from the terminal, your baggage is covered for up to \$1,250.
- **Carry-on baggage.** \$1,250 coverage.

Please note: A \$250 maximum applies to certain items, such as cameras and jewelry. Both checked and carry-on baggage are included in the above coverage limits.

Read Evidence of Coverage for details. For more information or to file a baggage claim, call this toll-free number: 1-800-645-9700.

Important Information for Both Plans:

- Insurance coverage through both policies is automatically activated every time you (or any Additional Cardmember included in your American Express account) charge land, sea or air tickets on a common carrier for yourselves, your spouse(s) or dependent children under age 23.
- Benefits are payable over and above any other insurance you may already have.
- If your tickets are charged to the Card in advance, coverage includes the period you spend in the terminal building for the purpose of boarding or alighting from a covered trip. It also includes your travel as a passenger directly to and from the terminal in a common carrier, such as a taxi, bus, airport limo, or scheduled helicopter. Rental cars and courtesy vehicles are excluded.

*The American Express® Card Baggage Insurance PlanSM is underwritten by Fireman's Fund American Insurance Company. Administrative Office: San Rafael, CA. Coverage is subject to the terms and conditions of the Policy.

**The American Express® Card:
Your Access To Cash**

Because of its unique worldwide acceptability, you can use the Card to get cash virtually anywhere in the world.

To use the Express Cash ATM network...

You can get up to \$500 in cash plus \$500 in American Express® Travelers Cheques virtually any hour of the day or night at over 8,000 automated teller machines (ATMs) across the country and in selected international locations.

Before you can participate in the Express Cash program, you must first enroll in the program and select a Personal Identification Number (P.I.N.). Then, just by inserting the American Express Card in the participating ATM and entering your P.I.N., you can withdraw up to \$1,000 a week in cash and Travelers Cheques.

Enrollment in the Express Cash Program costs you nothing, and is easy. Just call 1-800-CASH-NOW toll-free and ask for an enrollment form.

Funds are available virtually 24 hours a day from the ATMs of participating institutions located in key travel locations, as well as from American Express dispensers located in major airports, selected hotels and American Express Travel Service Offices in the U.S., Canada and Puerto Rico.

Cash withdrawals or Travelers Cheque purchases will be automatically debited to the bank account you designate. The charge for withdrawing cash is \$1.50 per transaction. There is a 1% commission for Travelers Cheque purchases.

Call 1-800-CASH-NOW¹ to locate the nearest Express Cash dispenser where you can obtain funds.

To Cash A Personal Check...

You can use your personal check and the Card to obtain emergency cash and American Express Travelers Cheques around the world.

- **At Hotels and Motels:** The Card guarantees

Optional Services and Insurance Plans

Card Basics

Questions and Answers

Toll-Free Numbers

your personal check for up to \$250 per stay at participating hotels and motels in the U.S. and Canada, and up to \$100 elsewhere (subject to cash availability, local regulations and establishment policy). All you have to do is present your check and the Card at the front desk. You must, of course, be a registered guest.

- **At Airline Counters:** The Card guarantees your personal check for up to \$50 at participating airline counters. Simply present the Card, your check, and flight ticket (valid within 48 hours of the time you wish to cash the check).
- **At American Express Travel Service Offices:** You can cash a check for up to \$1,000 (\$200 in cash and the balance in American Express Travelers Cheques) in over 1,400 places around the world. And you can do it once every 7 days in the country where your bank is located ...every 21 days outside the country (subject to cash availability and local regulations).

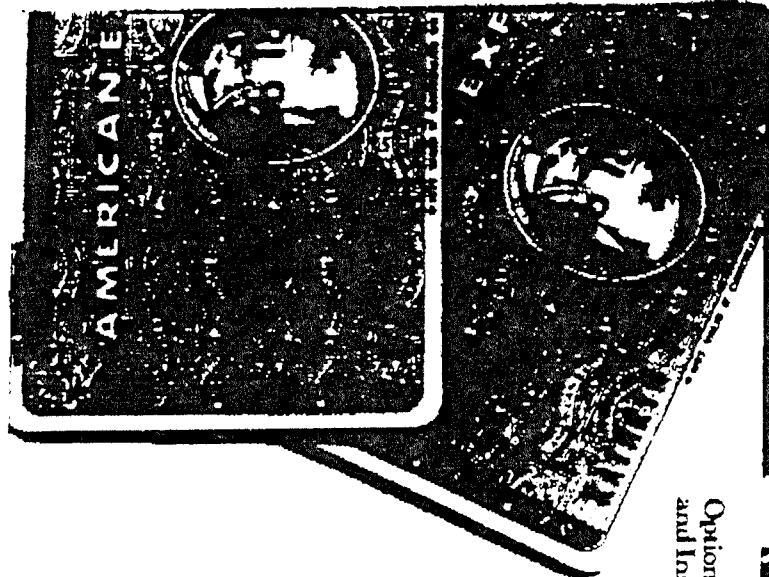
To Send Someone Emergency Funds...

You can forward up to \$1,000 to and from selected American Express Travel Service Offices across the U.S. and abroad through Emergency Funds Express™. There is a sliding scale of charges (up to a maximum of \$30), and payment can be in cash or by check.

For the phone number of the nearest Travel Service Office that provides this service call our toll-free Customer Service number 24 hours a day, 7 days a week: 1-800-528-4800.

Global Assist™

Global Assist is a worldwide 24-hour medical and legal referral service. If you're traveling more than 100 miles from home, a single toll-free call will provide you with a quick referral to an appropriate doctor, medical facility, or lawyer nearby. We'll even recommend a translator, if necessary. And we'll relay news of your situation to your family or office, as you request.



Optional Services And Insurance Plans

Optional Services and Insurance Plans

Additional Cardmembership*

A way to provide someone in your household with all the security, convenience and protection of the American Express Card.

Anyone over 18 years of age is eligible. And the cost is just \$25 for each Additional Card.

Whoever you add to your account will be issued a separate Card in his or her name. But there will be only one account. Yours. As the Basic Cardmember, you will have financial control of the Card—with all Additional Cardmember charges listed on your monthly statement separately from your own.

Why not fill out the enclosed coupon application now? For more information, call our 24-hour Customer Service number: 1-800-528-4800.

Card Basics

Questions and Answers

Toll-Free Numbers

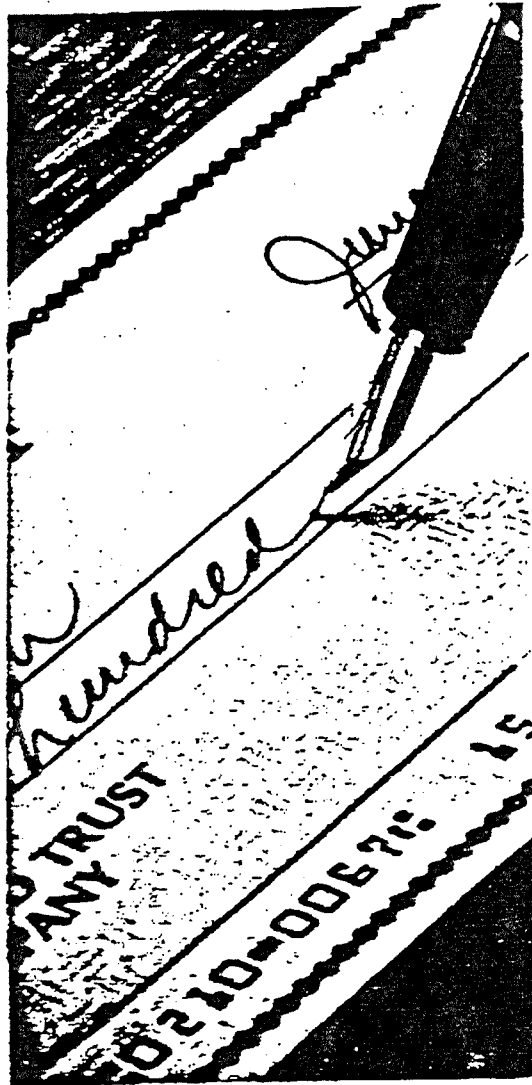
*Service requires additional fee.

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THE AMERICAN EXPRESS DIFFERENCE

EMERGENCY CHECK CASHING

An important service for your Cardmember guests
that can mean increased sales for you.



Check cashing in a strange town can be difficult. Research has shown that our Cardmembers have a great need for personal check cashing services. Often, their travel plans change, resulting in prolonged stays. They want the assurance of knowing they won't run out of money away from home.

THE AMERICAN EXPRESS ANSWER:
EMERGENCY CHECK CASHING.

To help solve the problem, we've worked with the lodging industry in developing Emergency Check Cashing, and surveys have shown it's one of our most popular services. Your Cardmember guests appreciate the convenience, it's a no-risk service for you, and it can result in increased sales for your property.

THE AMERICAN EXPRESS GUARANTEE.

With Emergency Check Cashing, American Express guarantees Cardmembers' personal checks up to \$250 when they're registered guests at your establishment, and use the American Express Card to pay their bills. Of course, the service is subject to cash availability.

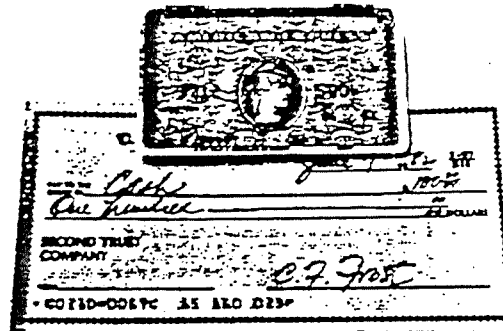
Our guarantee means that even if a check is dishonored, you'll be reimbursed for 100% of the check's value, providing simple procedures are followed. You're able to offer a valuable, desired service to your Cardmember guests, and your property is fully protected against possible loss.

EXTRA CASH CAN MEAN
EXTRA SALES.

With extra money available, your Cardmember guests can purchase more while traveling. Some of these purchases will probably be made at your property. That represents "plus" business —sales you might have missed without Emergency Check Cashing. Every Cardmember check you cash holds profit potential for your establishment.

FAST, SIMPLIFIED PROCEDURES
—AND TOTAL PROTECTION.

Procedures for handling Emergency Check Cashing are simple, straightforward, and won't upset your cashier's operation. Most transactions can be completed in little more than a minute.



To accept U.S. bank checks:

- Imprint the Card on the back of the check.
- Compare the check signature with the Card signature to verify that they're the same.
- Call American Express for authorization, using the Superphone® service or your Express Terminal.
- Write the approval code on the front of the check.

To accept foreign bank checks:

- Verify that the check is made out in the currency of the country where the bank is located.
- Imprint the Card on the back of the check.
- Call American Express for authorization. The authorizer will give you the latest exchange rate.
- Write the approval code, the exchange rate, and the U.S. dollar amount on the front of the check.

- To receive reimbursement for U.S. bank checks:
- Deposit checks in your local bank and allow them to clear through normal channels.

To receive reimbursement for foreign bank checks:

- Deposit checks in your local bank.

OR

- Send the checks to the American Express Card Division Cashier's Office. If the Cashier's Office receives the checks within seven days of the time they were approved, you'll be issued a dollar check for the face amount within two working days. If the checks are received after seven days, your dollar check will be at the exchange rate in effect the day your checks reach our office.

- To receive reimbursement for a dishonored check:
- Send the check to the Card Division Cashier's Office. Reimbursement will come directly from American Express.



TO PARTICIPATE,
CALL YOUR AMERICAN EXPRESS CARD
ACCOUNT REPRESENTATIVE.



3-15 (2)

STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

TESTIMONY OF
DEPUTY ATTORNEY GENERAL ARTHUR R. WEISS
ON BEHALF OF ATTORNEY GENERAL ROBERT T. STEPHAN
TO THE SENATE COMMITTEE ON LABOR, INDUSTRY
AND SMALL BUSINESS

RE: H. B. 2736

March 14, 1990

Madam Chairperson and Members of the Committee:

Attorney General Stephan offered House Bill 2736 to protect the integrity and privacy of Kansans' credit card numbers. Unscrupulous persons armed with a credit card number, expiration date and card holder's name are limited only by their greed in their ability to make unauthorized charges to consumer's credit cards.

Security experts consistently warn not to give anyone access to such credit card information. This bill is modeled after an Iowa law which prohibits the use of a credit card as a means of identification except under limited circumstances.

There is no need for a merchant to receive a customer's credit card information as identification when the customer writes a check. There are sufficient other forms of identification such as driver's licenses, employee identification cards, insurance cards, etc. which enable a

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merchant to locate the consumer in the event a check is not honored.

The use of a credit card number as identification for a check is really pointless. A merchant has no legal authority, in the event the check is not honored, to charge the purchase amount to that customer's credit card. If the merchant were to do so, and the customer disputed the charge, the credit card company would most assuredly remove the charge. Visa, Mastercard and American Express prohibit their merchant members from making such charges.

With other forms of identification available, and no legitimate need for the credit card information, it is pointless for such private and financially damaging information to be floating about in public.

This bill provides safeguards for businesses such as rental establishments who could request a credit card number in lieu of a security deposit to assure payment in the event of default, loss or damage.

A violation of this section would be an unconscionable act under the Kansas Consumer Protection Act and would allow the Attorney General's Office or private citizens to seek civil penalties or restitution from offender.

Thank you for this opportunity to appear. The Attorney General requests favorable consideration of House Bill 2736.

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HOUSE BILL No. 2736

By Committee on Agriculture and Small Business

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AN ACT concerning consumer protection; relating to presenting a credit card when writing a check.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) A person shall not require as a condition or acceptance of a check or share draft, or as a means of identification, that the person presenting the check provide a credit card number or expiration date, or both/

, unless such credit card is issued by the person requesting the information.

(b) This section does not prohibit a person from requesting a purchaser to display a credit card as indicia of credit worthiness and financial responsibility or as additional identification, but the only information concerning a credit card which may be recorded is the type of credit card so displayed and the issuer of the credit card.

(c) This section does not prohibit a person from requesting or receiving a credit card number or expiration date and recording the number or date, or both in lieu of a security deposit to assure payment in event of default, loss, damage, or other occurrence.

(d) Violation of this section shall be deemed an unconscionable act as defined by K.S.A. 50-627, and amendments thereto.

(e) This section shall be a part of and supplemental to the Kansas consumer protection act.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.