

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:06 a.m. on February 13, 2002 in Room 521-S of the Capitol.

All members were present except: Broderick Henderson - excused
Gwen Welshimer - excused

Committee staff present: Jerry Donaldson, Legislative Research
Bob Nugent, Revisor of Statutes
Renae Jeffries, Revisor of Statutes
Carol Doel, Acting Secretary

Conferees appearing before the committee: Bill Jarell, Boeing Company
Ken Bell, Boeing Company
Doug Kinsinger, President, Topeka Chamber of Commerce

Others attending:

Action on HB 2676 - Electronically printed credit card receipts, restrictions

Representative Ruff made a motion that the bill be passed out favorably. Representative Levinson seconded and the motion passed.

Briefings by Kansas Businesses and others on the Business/Economic Climate in Kansas

Bill Jarell, Director of Government Relations for Boeing's Central Region of States, provided the committee with an update on the business environment at The Boeing Company, specifically at Boeing Wichita. Boeing continues to deal with the aftermath of the terrorist atrocities of September 11. Their airline customers are struggling to stay in business and significantly reduced their number of flights. New security procedures continue to evolve and many people are still nervous to fly. All of this in an already slowing global economy. He explained how these happenings and the economic downturn have affected their company, especially in Wichita. (Attachment 1)

Ken Bell, The Boeing Company, appeared before the committee to represent The Boeing Company and talk as Chair of the Workforce Network of Kansas Board (formerly known as KWIP). He was unable to attend the committee meeting of January 23 when we had the Workforce Board Presentation and Chairman Lane had asked him to attend later to answer questions. He provided the committee with a history of the Board, talked about the Quick Start Program of Georgia, and the accomplishments of the program and the strategic economic and workforce development goals for Kansas for the next five years. (Attachment 2) He answered questions from the committee.

Doug Kinsinger, President, Topeka Chamber of Commerce, appeared before the committee to talk about Topeka and its economy. Topeka is now competing for \$250 million in projects. It is very important for Topeka and Kansas that they be successful in winning those competitions. The community has been experiencing a number of layoffs recently. Topeka and its workforce are suffering in this economic downturn. There are, however, some positive indicators, such as the city's sales tax collections remaining relatively strong. He shared with us some ideas on how the Legislature could help businesses across the state, through tax decreases for businesses and more training for workers. He also shared his ideas about the Topeka State Hospital grounds, to create a "Redevelopment Zone" on the grounds, by giving special economic treatment to businesses moving onto the grounds such as a 10 year exemption from property taxes, sales tax on their purchases and an income tax credit. (Attachment 3) He answered many questions from the committee.

Chairman Lane introduced a letter to the committee from Jim Gregory, Raytheon, who testified on January 29, 2002 which he will send to each committee member and staff. (Attached to minutes of January 29, 2002)

Chairman Lane adjourned the meeting at 10:20 a.m.

The next meeting is scheduled for February 14, 2002.

**Comments to the Business, Commerce and Labor Committee
January 30, 2002
Bill Jarrell
The Boeing Company**

Mr. Chairman, members of the House Business, Commerce and Labor Committee, thank you for inviting me to provide an update on the business environment at The Boeing Company, specifically at Boeing Wichita. My name is Bill Jarrell and I am the Director of Government Relations for Boeing's Central Region of states.

Like so many others, Boeing continues to deal with the aftermath of the terrorist atrocities of September 11. Our airline customers are struggling to stay in business and have significantly reduced their number of flights. New security procedures continue to evolve and many people are still nervous to fly. All of this in an already slowing global economy.

Unfortunately, the airline customers who buy our products are unable to take delivery of some airplanes in the near term, and they are very unsure of their dynamic business plans. While Boeing delivered 527 commercial airplanes in 2001, deliveries are expected to be approximately 380 airplanes in 2002 and between 275-300 airplanes in 2003. As a direct result, Boeing announced last year significant reductions in its production rates – by as much as half in some programs. Clearly, building airplanes that no one is able to buy would further harm the industry by producing a glut and raising costs. We had no choice but to immediately try to size our business to support the near-term reductions in production levels, including a reduction in employment.

Last year, our Commercial Airplanes unit announced plans to reduce employment by up to 30,000 by mid-2002. This includes production and related support personnel. Some of the reductions will be through attrition, but most reductions will be achieved through layoffs. It is absolutely gut-wrenching for Boeing to lay off this number of employees, especially as the Commercial Airplanes team has made such extraordinary progress in turning around production problems in the latter part of 1998. Plus we have new airplanes on the drawing board, including the state-of-the-art sonic cruiser. The timing is terrible, and this is a tremendously difficult thing for us to do.

The impact was felt early in Wichita, where much of the initial production work is performed on commercial airplanes. The total layoff numbers announced by the company include between 5,000 and 5,200 employees in Wichita. Boeing Wichita employment, which was just over 17,000 in September, is estimated to be near 12,000 by the end of 2002 (based on current market conditions).

Boeing has a proven reputation of assisting employees who leave as the result of a layoff situation. The company, in conjunction with the KDHR, is providing a variety of career transition services, as well as organizational and individual counseling to help all employees – those who will be leaving and those who will remain – deal with this transition. Throughout the process, Boeing is committed to treat all of its team members with dignity and respect.

When this situation turns around certainly depends on the worldwide economy and a renewed demand for commercial airplanes. Our business depends on the health of our airline customers, and right now there is no question that they are suffering.

Most of you know that the motto of The Boeing Company is “working together,” and that is just what we are doing during this difficult situation – with our airline customers, with the U.S. Department of Transportation, with our employees and unions, and with the communities where we have operating locations. We are working together to do all we can to help protect the health and viability of the commercial airplanes business, and we genuinely appreciate the attention and support of the state of Kansas as we move forward.

I will be pleased to take comments and questions from the committee.

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	# Layoffs	% of Total Layoffs	Population at onset of Layoff
Hourly Represented	2604	80.0%	57.4%
Engineering (WEA) Represented	94	2.9%	8.0%
Tech & Professional (WTPU) Represented	507	15.6%	24.3%
Salary Non Repr.	48	1.5%	10.4%

3/2/02
Bill Jarrell
The Boeing Co.
ajf

*House Business, Commerce and
Labor Committee Presentation*

Concerning

*The Workforce Network of Kansas
Board*

*Ken Bell, Board Chair
January 30, 2002*

Contents

- Workforce Network of Kansas Board Composition
- Operating Procedures Guidelines
- Meeting Dates, 2002
- Vision and Mission
- Guiding Principles
- Operating Strategies – Task Forces
- Accomplishments
- Information on Georgia's Quick Start Program

Workforce Network of Kansas Board
 Primary (and secondary) Sector Representation
 01/25/02

Sector Represented	Member
Business 20 +(2)	(Jim Barone) Ken Bell (Karin Brownlee) Gerald Cook Val DeFever Eddie Estes Dave Foster Jerry Hiatt Dannette Jackson James Kessler Larissa Long Shirley Martin-Smith Tim McNally Arwayne Peters Lynn Peterson Donna Roush Candy Ruff Alicia Salisbury John Scheopner Curtis Stephens Stephen Waite Jack Wempe
Government 9 (+1)	Jim Barone Rick Beyer Karin Brownlee Robert Knight Al Lane David Moore (Lynn Peterson) Candy Ruff Candace Shively Jack Strukel
Education 1 (+6)	Ed Berger (Val DeFever) (Donna Roush) (John Scheopner) (Curtis Stephens) (Stephen Waite) (Jack Wempe)
Labor 5	C. B. Conder James Keele Lloyd Lavin William Moore Dwayne Peaslee
Community Based Organization 1 (+2)	(Jerry Hiatt) Marie Mareda (Jack Strukel)

Business 20 : Other Sectors 16 (with 10 members dual role)

Workforce Network of Kansas Board Operating Procedures Guidelines

Authorization

The Workforce Network of Kansas Board was established by Executive Order No. 01-06 to function as the State Workforce Investment Board called for within the Workforce Investment Act of 1998.

Purpose

The Board shall provide information to the Governor, Legislature, appropriate public and private agencies and the public on matters pertaining to employment and training programs, services, and facilities, serve as a reviewing board for employment and training program implementation plans, serve as the advisory board to the Workforce Network of Kansas and assist the Governor in implementation of the Workforce Investment Act of 1998. All plans, recommendations, and decisions of the Board shall be subject to approval by the Governor.

Meetings

- Meetings of the Board shall be held quarterly or as deemed necessary.
- Agenda items shall be submitted to the Chair or the Governor's Workforce Policy Liaison at least 21 days prior to the regularly scheduled meetings. Priority shall be given to items critical to the mission of the Council and tied to the purpose of providing strategic direction to employment and training issues.
- Meetings of the Board are open to the public and held in facilities accessible to people with disabilities.
- Notice of Board meetings shall be published.
- Notice shall also be provided to individuals indicating an interest. Individuals shall renew that request annually.
- Public comments shall be accepted within reasonable time constraints.
- Support materials for agenda items requiring Board action shall be submitted to the Coordinator at least 21 calendar days prior to the regularly scheduled Board meetings.
- Special meetings may be called by the Board Chair or by written request notice by a majority of the Board.

Structure

The Board shall function as a committee of the whole with a Chair and Vice-Chair, a leadership team and ad hoc task forces.

Board Chair

The Board Chair shall be from the business sector and be designated by the Governor.

Board Vice-Chair

The Board Vice-Chair shall be designated by the Governor.

Leadership Team

The Board Leadership Team shall consist of the Board Chair, the Board Vice-Chair, one representative from each of the classifications of membership: business, community based organizations, government, education, and labor. To ensure representation, an alternate member shall also be chosen from each of the classifications of membership. The Board Chair shall serve as Chair of the Leadership Team and shall convene this group to assist with guidance between regularly scheduled meetings of the Board.

Ad hoc Task Forces

Some topics for review or recommendation by the Board may require in-depth study and time commitment that exceeds what is available by general Board membership. To achieve that study, ad hoc Task Forces may be appointed by the Board Chair. One member will be selected as Chair of each ad hoc Task Force.

Parliamentary Procedures

As an extension of the State of Kansas, all Board meetings shall be governed by Robert's Rules of Order.

(Proposed) Meeting Dates 2002

Full KWIP Council	Local Area	Leadership Team
	III	Friday, January 4, 2002
Thursday, January 24, 2002	II Topeka	
	II	Friday, February 22, 2002
Friday, March 22, 2002	IV	
	IV	Friday, May 10, 2002
Friday, June 28, 2002	V	
	V	Friday, August 9, 2002
Friday, September 27, 2002	I	
	I	Friday, October 25, 2002
Friday, November 22, 2002	III	

WORKFORCE NETWORK of KANSAS BOARD

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VISION

WNKB will create and implement the finest workforce development system in the country - one that will be the standard against which others are measured.

MISSION

WNKB serves as a review board and change agent empowered with the responsibility of making recommendations to the Governor and to state agencies to drive economic development in the state by helping to produce:

- Lifelong learners
- Highly skilled and productive workforce
- Highly skilled and high wage jobs

GUIDING PRINCIPLES

- A successful Workforce Development System is key to Economic Development.
- Workforce Development is not just for the unemployed or under-employed.
- One Stop Centers should be based on “Partnerships” not just “Cohabitation”.
- The Baldrige Criteria will guide our continuous improvement of processes.
- Customer Service is about what can be done for a particular party at a particular time -- it is NOT about policies and procedures.
- Local Services are best directed at the Local Level.

WORKFORCE NETWORK of KANSAS BOARD

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WORKFORCE NETWORK of KANSAS BOARD

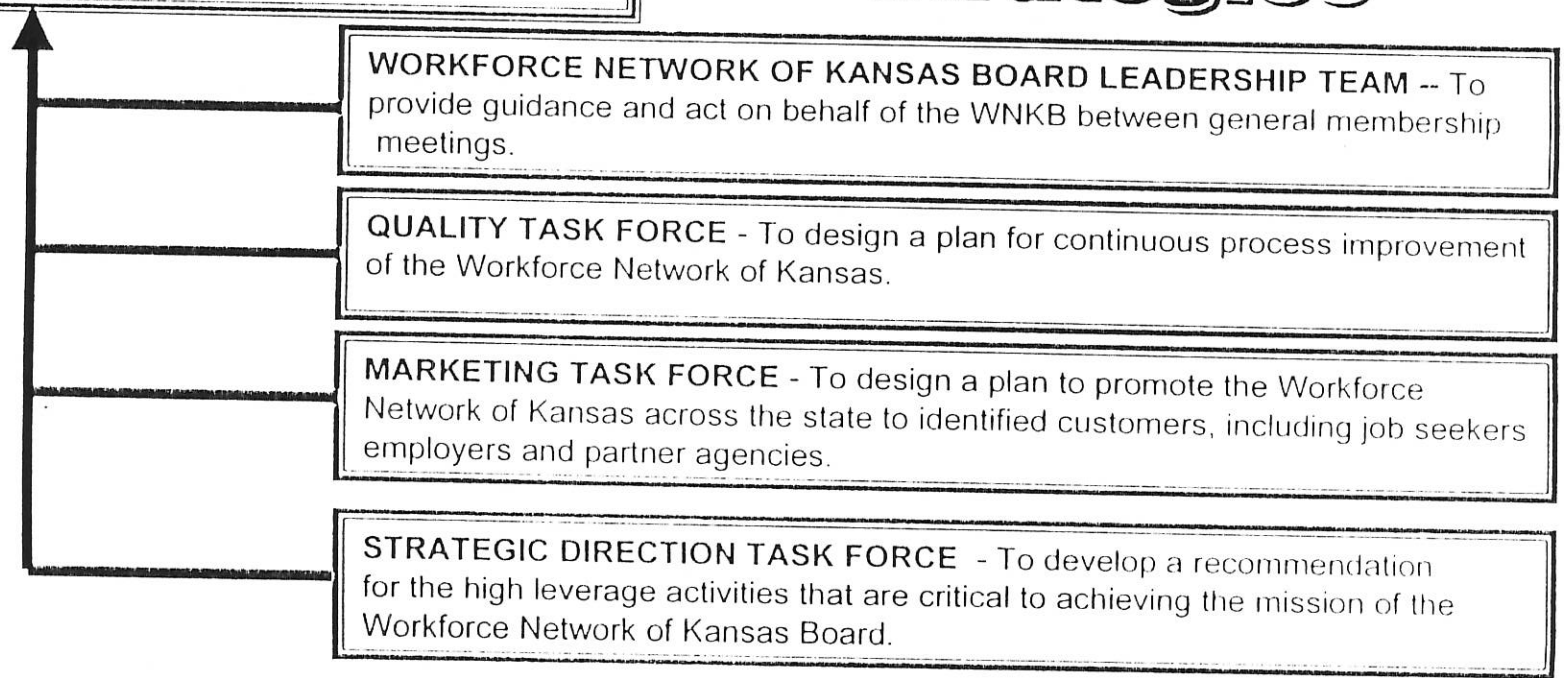
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Strategies



Workforce Network of Kansas Board Accomplishments

April 24, 2000 - October 31, 2001

System Influences

Oversaw revision of WIA 7/1/2000 Five-Year Strategic Plan for Kansas.

Determined a brand name for the workforce investment system that reflects the tie to the USDOL America's Workforce Network and the emphasis on the customers: Workforce Network of Kansas. Directed subsequent development of marketing plan, logo, style guide, how-to guide and training.

Resolved boundary issue concerning Reno and Harvey Counties—maintain boundary lines as defined in the Five-Year Strategic Plan.

Protected Kansas Job Link, the name of Kansas' information technology system for skills matching and service coordination, from private infringement through registry with the State of Kansas and US Trademark offices.

Expanded the Interagency Alliance for Planning and Policy Development (IAPPD) mission and scope from an emphasis on "Workforce Investment Act" to "workforce investment initiatives."

Structured Workforce Network Board task forces to include at least one representative from each local area, at least one from each state partner agency plus members of the Board.

Selected the Kansas Award for Excellence process and measures as the primary tool for continuous process improvement of the Workforce Network of Kansas.

Mapped Memoranda of Understanding (MOU) between Local Workforce Investment Area Boards and mandated and voluntary partners: within the possible 85 MOU's (17 mandated partners in each of five Areas), found only two at impasse, both of which have since been resolved. Four of the five Local Areas also have formal MOU's with voluntary partners.

Reviewed and endorsed State Plan for Senior Community Service Employment Program.

Approved definition for WIA Title I "substantially met performance."

Reviewed stated needs for system development; recommended expenditure of \$500,000 in WIA State Set Aside for local and state marketing and continuous process improvement.

Developed web site as information resource for state and local partners. Delivered training on web site maintenance.

Delivered learning opportunity on workforce trends and best practices to 200 participants.

Advisory Responsiveness

Prompted development of an outline of benefits and return on investment estimates to result from Kansas Job Link, the information technology system.

Mapped programs involved in employment and training, their respective federal and state funding trails, and their respective outcomes: 30 programs received \$116.3 million in 2001.

Educated Legislative Committees about the actual funding level to employment and training programs and the restrictions on those program dollars.

Workforce Network of Kansas Processes

Structured Board meeting agendas to include only mission-critical items with action items as first priorities.

Adopted simplified Operating Procedure Guidelines to replace formal bylaws.

Established practice of sending meeting background material 14 days in advance of each meeting.

Introduced electronic mail Board meeting notices and conference call meetings to reduce travel time and expense.

Future

Recommendations for Gubernatorial action

Comprehensive quality assurance plan for Workforce Network of Kansas

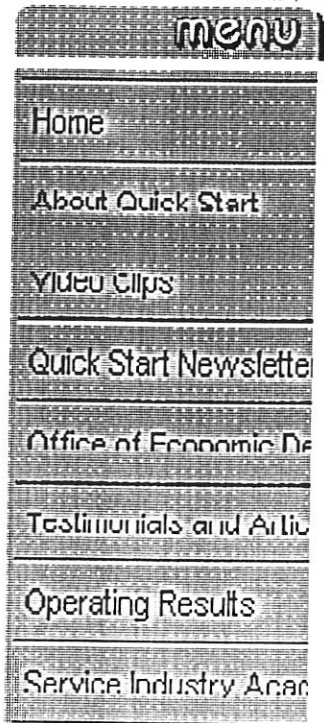
Continued increase in Board attendance and involvement

Plan for next year's use of WIA fifteen percent state set aside funds

QUICKSTART[®]

A UNIT OF THE GEORGIA DEPARTMENT OF TECHNICAL AND ADULT EDUCATION

1800 Century Place, Suite 300 Atlanta, Georgia 30345 404 679 1700 FAX 404 679 1710



Quick Start has been singled out by *Fortune*, as well as *Training*, and *Expansion Management* magazines for its effectiveness in providing the most comprehensive and advanced training in the nation.

Why did they write about us? Maybe it was because our programs are custom-designed. Or perhaps it was because our training is delivered through a network of 34 technical colleges, 16 satellite campuses and four associated university programs throughout the state. It might even have been because businesses such as General Mills, Johnson & Johnson and E*Trade have all used and recommend Quick Start training.

Whatever the reason, Quick Start gives employees the training they need to help Georgia's new and expanding businesses run more efficiently and profitably.



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You've heard the stories. A business moves to another part of the country and, before they know it, they're spending more time dealing with the bureaucracy than with their own business.

That's no problem with Quick Start. Our program is designed to be a partnership among your company, Quick Start and one of the 34 technical colleges and four associated university systems affiliated with our program.

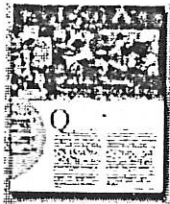
We've structured Quick Start to be flexible and to respond immediately to your needs. We accomplish this by assigning your company's training project to a Certified Economic Developer Trainer (CEDT) from the technical colleges.

Think of your CEDT as your local point of contact with Quick Start. Their job is to handle local project management, which includes supervising the training, coordinating programs and making sure everything takes place as scheduled.

Where does Quick Start training take place? Well, that depends. If your company's facilities are available, we'll work there. If not, we'll provide the space.

One other thing you should know about Quick Start is that our training schedules are flexible. We'll set up a schedule that works best for you — it might be Mondays through Fridays, or in the evening or maybe even over a weekend. It doesn't matter. The main thing is that the training we've set up fits into your schedule.

Now, you may think that once your initial training is completed, you won't hear from Quick Start again. Not a chance. Your local technical college is nearby, always ready to help if you ever need support. It's just one of the many things we do to make Georgia's training services the best in the nation.



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Newsletter
Fall 2001



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YOU CAN MANUFACTURE ANYTHING IN GEORGIA**

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If you'd like to find out why thousands of businesses have turned to Quick Start for their training, give us a call. We'll be happy to show you why peaches aren't the only things that grow well in Georgia. Businesses do, too!

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last updated on 1/13/02

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Kansas
WIA Five-Year Strategic Plan Deliverables
(Condensed)

The strategic economic and workforce development goals for Kansas are as follows:

Goal One - To develop a workforce development system where all employers, job seekers, and incumbent workers can conveniently access a network of information and services responsive to their individual needs.

Goal Two - To develop a state and local strategic planning, evaluation, and accountability system for the State's workforce development system programs and activities.

Goal Three - To assure all Kansans have access to the tools they need to develop literacy, basic education, and the workplace skills necessary for their educational and career advancement.

Goal Four - To provide access to training and education for all job seekers and workers to acquire the skills they need to meet the workplace requirements for long-term, sustaining employment in high-skill, high-wage occupational areas.

Goal Five - To assure all youth are prepared with the knowledge, skills, and behaviors necessary to make the transition from the education system into meaningful, challenging, and productive careers with high skills, high wages, and the opportunity for lifelong learning.

Expectations of Statewide Workforce Investment Board

- oversee the system
- provide advice to the Governor
- assure that Kansas has a workforce that can provide a competitive advantage to Kansas businesses, leading to higher wages and job creation, and that decisions are linked to current and projected market realities
- in consultation with KDHR, develop a voluntary de-obligation policy to allow Local Area to transfer funds to another Local Area that wishes to accept additional funds
- determine local area boundaries
- develop performance measures that will be meaningful, comprehensive and insure continuous improvement over time

The State has not yet developed common performance goals applicable to multiple programs; however, the need to develop a coordinated planning process to establish and measure goal attainment across the statewide system is a priority. Kansas envisions a coordinated planning and performance measurement process for the State's workforce development system lead by the SWIB. The process would coordinate planning across all aspects of the workforce development system in Kansas, to produce a comprehensive performance accountability system.

The process will begin with a statewide vision based on the ideas of citizens and business collected through public meetings, focus groups and interviews around the State. The process will continue to the development of system-wide goals and system-wide performance indicators that span multiple programs. The process can then be repeated through the LWIBs and the One-Stop Career Centers. The process is designed to accommodate the planning and performance measurement needs of the WIA from the basis for continuous improvement in State-level policies.

The SWIB will assume a proactive role in ensuring collaboration with key partners and continuous improvement of the statewide workforce development system. The SWIB will encourage the LWIBs to be actively engaged in an approach to the design, implementation, assessment, innovation, and continuous quality improvement of programs and services using the systematic Malcolm Baldrige model of leadership, strategic planning, customer focus, information and analysis, human resource management, process management, and results. The SWIB will review the annual Baldrige Criteria/WIA Issues Checklist and an annual Executive Summary of Program Year Accomplishments and Implementation Goals for Continuous Improvement submitted by the LWIBs. During the first three years of WIA implementation the SWIB will develop or designate a board of examiners to evaluate each LWIB using the Baldrige Scoring Guidelines as a framework. By Program Year 2003 an annual Governor's Award for Performance Excellence in Workforce Development Systems will be instituted.

The SWIB will assure all One-Stop partners and stakeholders have access to a fully developed system of performance accountability. Performance accountability will assure the workforce development system increases the occupational skill attainment, employment, retention, and earnings of participants. The result will be an improved workforce quality, reduced welfare dependency, and enhanced productivity and competitiveness.

- Address cost sharing arrangements for One-Stop Career Centers
- Determine use of 15% State Set Aside monies: Workforce Investment Act funds will be utilized at the State level to provide the following One-Stop development activities:
 - dissemination of eligible provider list;
 - conducting evaluations and developing reports;
 - adapting fiscal and program management for improved accountability;
 - providing technical assistance to Local Areas;
 - building staff and technological capacity; and
 - State administration

The SWIB, in consultation with KDHR, will determine the utilization of the State's 15 percent funds. Each year, the State may set-aside not more than 15 percent of the amounts allotted to the State for adults, dislocated workers, and youth to carry out mandated statewide workforce investment activities. The State may merge the 15 percent set-asides from the three separate funding streams dislocated workers, adults, and youth. The mandated statewide workforce investment activities include the following:

- consumer reports system;
- eligible training provider system;
- follow-up;
- incentive grants;
- individual training account system;
- labor market information;
- oversight and monitoring;
- participant tracking and reporting system;
- performance standards;
- program costs and evaluation information; and
- technical assistance and staff development.

KDHR will assist the State Workforce Investment Board

KDHR will provide technical assistance to the SWIB, focusing on the new adult and youth standards under WIA and customer satisfaction measures; training will include how data is derived under the new wage record system.

To ensure the high-level of service and continuous improvement of the Kansas workforce investment system, KDHR will collaborate with the SWIB to design an integrated approach to system-wide capacity building that goes beyond individual programs.

KDHR works closely with the SWIB to ensure that employment and training opportunities are accessible to all segments of the population. Significant segments of populations to be served through the Kansas One-Stop service delivery system include displaced homemakers, individuals training for nontraditional employment, low-income individuals including those that may currently receive public assistance, migrants and seasonal farm workers, minorities, veterans and women. Other individuals include those with multiple barriers to employment such as older workers, individuals with disabilities and persons with limited English-speaking ability.

The SWIB and the LWIBs will receive regular performance reports from KDHR Employment and Training Division.

State Workforce Investment Board relationship with LWIBs

LWIB representatives are encouraged to attend SWIB meetings as a forum to learn best practices from other LWIBs, solicit technical and practical assistance, exchange ideas, build cooperative efforts, and provide status reports. As needs are expressed by LWIBs, the SWIB may assist with or facilitate training, conference opportunities, or other technical support. This close working relationship will facilitate success in the Local Areas and with the statewide goals for workforce development.

Workforce Policy Liaison responsibilities

- assists the work of the SWIB to facilitate effective, efficient activities
- coordination among the myriad of education and training programs
- serve as a resource to LWIBs
- as needed, assist with resolution of local impasse situations

revised February 12, 2002



120 SE 6th Avenue, Suite 110 • Topeka, Kansas 66603-3515
(785) 234-2644 • FAX (785) 234-8656
www.topekachamber.org
email: topekainfo@topekachamber.org



Testimony before the House Business Commerce and Labor Committee
February 13, 2002
By Doug Kinsinger, President
Greater Topeka Chamber of Commerce

Chairman Lane and members of the committee, thank you for this opportunity to address the issue of the economic climate here in Topeka.

Mr. Chairman, the Topeka community has been experiencing a number of layoffs recently. The first major layoff resulted from the closing of the Essex plant with 245 jobs lost. Then in November 2001, Payless ShoeSource announce it was eliminating 81 jobs, many of which were senior level management in Topeka. Cargill Mill then closed its north Topeka facility, eliminating 20 jobs. The end of 2001 brought the announcement that Farmland Foods, a meat processing plant, was closing and approximately 200 workers would loose their jobs. Thirty managers with the Burlington Northern Santa Fe Railroad were laid off in November. And, two weeks ago Burlington Northern announced that they were moving their freight car repair operation to Nebraska, which will result in the elimination of 100 jobs. Over the last several months, Western Resources has let go a significant number of employees, many of which were upper management. Payless ShoeSource has had another round of layoffs reducing their workforce by another 70 employees. The Colmery O'Neil VA Hospital has lost a number of positions here in Topeka; and, we face the uncertain future of the VA Shared Services which employees 260 people. Mr. Chairman and Committee, Topeka and our workforce are suffering in this economic downturn.

There are, however, some positive indicators. The city's sales tax collections have remained relatively strong. Topekans, recognizing the urgency to create economic opportunity, have voted a quarter-cent county-wide sales tax dedicated to economic development and infrastructure improvement. The city and county governing bodies are working cooperatively with the private sector and together we are determined to work our way out of this current economic slump.

Mr. Chairman, we do have some thoughts on how we believe the legislature can assist in our economic turnaround; and, we believe assist other communities around the state as well. Topeka's situation is not unique; reductions in state revenues reflect the entire state's economic downturn. The challenge for all of us is finding the appropriate way to focus precious state resources to get the biggest bang for the taxpayer dollar.

Business machinery and equipment has been, and continues to be, taxed at a higher rate than our neighboring states and in the states throughout the country where we compete for expansions. The 15% income tax credit for machinery and equipment (M & E) taxes paid was a great beginning effort to address this inequity. However even with the tax credit, Kansas still has the highest M & E tax burden. You heard from Goodyear, two weeks ago, what a negative effect personal property tax has on our largest manufacturers. This tax is a disincentive for Kansas businesses. We loose, Kansas looses, when company expansions go to other states instead of here in Topeka or in your communities around the state. We loose, Kansas looses, when businesses compare Kansas taxes with other states when they narrow their site locations within our region. We loose, Kansas looses, when our small local businesses express frustration with paying sales tax on equipment they purchase and then pay year after year personal property taxes over the entire period of time they own that equipment. Increasing this tax credit will affect state

receipts, but gradually phasing up the M & E tax credit over several years is an investment in Kansas, one that economic developers across the state believe will result in job growth and increased investment in Kansas businesses.

Kansas people are great workers. They have a great work ethic. But if we cannot find a way to match training our states workers with the needs of Kansas businesses the skill gap that already exists will only grow wider. It will be another reason to bypass Kansas for new investment and business expansions. As a state, we need to take a look at all the dollars Kansas spends training people and be sure that those dollars are being directed to the most effective programs that have tangible results creating good paying jobs for Kansans. We also need to address the lack of funds for training equipment at our state's technical schools. KDOCH operates a technical assistance grant program with 50/50 matching dollars. That program has only \$277,500 yearly to assist with training needs in the entire state. Our Kaw Area Technical School has applied for some of those dollars and has used the funds to assist with training needs at companies like Heinz, Hills, Goodyear, Payless ShoeSource, Hallmark and Jostens. These dollars have been greatly appreciated and have helped fill some of the needs here, but they fall vastly short of meeting our requirements, let alone the needs of the state. We know there is a demand for trained maintenance mechanics here in Topeka at Goodyear, and very likely in manufacturing plants across the state. These are highly technical, well-paid jobs. Our technical school needs a million dollars to purchase the training equipment to train Kansans for these jobs. As a state, we need to address the technical training area and assure that our state is training for the jobs that Kansas business need now and into the future.

Mr. Chairman, a few years ago the state created the IMPACT (Investments in Major Projects and Comprehensive Training) program. The IMPACT program has two major components: the State of Kansas Investment in Lifelong Learning (SKILL) which funds workforce training programs and the Major Project Investment Fund (MPI) which covers other expenses associated with business expansions. The IMPACT program is funded through a diversion of a portion of the withholding taxes of the new jobs; public purpose bonds are issued as needed by the Kansas Development Finance Authority. Those bonds are then paid off by diverted withholding taxes. Approximately two years ago, this program was amended to allow for retraining of existing jobs, but the thresholds one must meet for the retraining are quite high: the training must be for 1000 employees and there must be more than \$250 million in capital investment. Very few companies across the state can qualify. In order to stimulate the economy, we believe the state should revise the thresholds to 250 jobs and \$50 million in capital investment. A bill has been requested in the House New Economy Committee; we would greatly appreciate your support of this legislation. As Larry Robbins, plant manager at Goodyear mentioned two weeks ago, the Goodyear plant is competing for \$100 million dollars in investment. Revising this program is critical to creating a package of incentives that will make the Topeka plant competitive with the other plants that are also competing for this investment. We want that investment and Goodyear to be in Topeka. If we are not successful in winning this investment, it is our concern that Goodyear, our largest and highest paying manufacturer, will have a gravestone on their front lawn with only the date waiting to be filled in.

Mr. Chairman, one final idea, the state has excess property sitting in the capital city. This non-operating closed facility is costing the state \$1.5 million a year, \$15 million over the next 10 years just for maintenance and insurance. I'm referring to the old state hospital grounds. There may be other facilities across the state that are owned by Kansas and are in similar circumstances. The state has retained Opus International, a commercial development firm, to work as their redevelopment partner to sell the site for commercial uses. This firm is well respected and works hard to achieve their goals. However, closed hospital grounds in an older residential area provides certain challenges that the state should realize.

We would like to offer the idea of a "Redevelopment Zone." New companies to Kansas locating on these excess state properties would receive special economic treatment. During a window of five years, companies who locate in a Redevelopment Zone would receive a 10-year exemption from property taxes, sales tax on their purchases and an income tax credit. The ten-year income tax credit would be capped at the dollar amount of capital investment that the company made. In my experience in the economic development field in Iowa, Nebraska, Texas and Florida, Kansas has not been bold in its creation of incentives; and, the incentives available are underfunded and narrowly regulated. My suggestion, in the creation of a "Redevelopment Zone" is to keep it simple. The idea is to attract new investment to our state. We believe this would transform any state excess property from a cash drain to productive economically growing sites with new jobs and a future tax base. We want Opus International and the State of Kansas to be successful in this venture. The city is investing local tax dollars in road construction around the facility. We believe a program such as the one I outlined would work and create wealth for Kansas's workers and the state. The House New Economy Committee has agreed to introduce a bill concerning this issue.

Mr. Chairman and Committee, we plan to work hard here in Topeka/Shawnee County to turn around our economy, to create and retain good-paying jobs. The city and county governments and the business community are working together to make this happen. We appreciate all the help the state has given us in the past. The capital city belongs to all of us. Our economy is not as strong as it should be. As Goodyear testified, we need to "seize the moment"! We urge you to be bold in your partnership with us, and other communities across the state. Together we must invest in our future growth; the opportunity is there for all of our interests to be satisfied.

Thank you for this opportunity to talk with you today. I will be happy to answer any questions.