

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 a.m. on January 29, 2004 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department  
Norm Furse, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Jim DeHoff, Executive Secretary Treasurer, AFL/CIO  
Martha Gabehart, Kansas Commission on Disabilities  
Shari Coatney, Statewide Independent Council of Kansas  
Elias Garcia, Director, Kansas Advisory on Hispanic Affairs  
Danielle Dempsey-Swopes, Executive Director, Kansas African American Affairs Division  
Ami Hyten, Topeka Independent Resource Center  
Representative Patricia Barbier-Lightner  
Representative Dale Swenson  
Marlee Carpenter, KCCI  
Matt Jordan, Governor's Office  
Jeff Kniep, Grow Kansas

Others attending:

See Attached List.

The Chairman opened the meeting at 9:00 a. m. and asked if there was anyone wishing to request bill introductions.

Representative Johnson moved and Representative Novascone seconded to introduce legislation adding licensing to manufactured housing installers. The motion carried.

The Chairman announced there would be a tour of the Customer Service Center, Kansas Department of Human Resources on Monday, February 3<sup>rd</sup>. The Trolley would arrive at 8:45 a.m. at the South Steps and the tour would depart at 9:00 a.m.

The Chairman opened the hearing on **HB 2435 - Transfer of the Advisory Committee on Hispanic Affairs.**

Staff gave a briefing on **HB 2435.**

Representative Ruff commented that she had met with some of the conferees that asked for some revisions and she advised that a Substitute Bill would be cleaner and clearer. Mr. Garcia would present a Substitute Bill.

Martha Gabehart, Executive Director, Kansas Commission on Disabilities (KCDC), testified as a proponent to **HB 2435.** **ERO 31** moves the Division of Employment and Training and KCDC out of the Kansas Department of Commerce. Because of KCDC's employment focus and current close relationship with the Division of Employment and Training, KCDC respectfully requests striking all references to the KCDC concerns from **HB 2435 (Attachments 1 & 2).**

Shari Coatney, Statewide Independent Living Council of Kansas, (SILCK), testified as a proponent to **HB 2435.** As mandated by the federal Rehabilitation Act as amended, the SILCK is governor appointed, consumer controlled and comprised of statewide and cross-disability representation. The Council continually seeks input from Kansans with disabilities on how the landscape of Kansas public policy can change so that people with disabilities are less dependent on public assistance. SILCK's primary purpose is to facilitate and promote the independent living philosophy, freedom of choice and equal access to all

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE at 9:00 a.m. on January 29, 2004 in Room 241-N of the Capitol.

facets of community life for people with disabilities through systems change activities. SILCK supports the amendments that would transfer duties and resources to SILCK (Attachment 3).

Ami Hyten, Assistant Executive Director, Topeka Independent Resource Center, testified as a proponent to **HB 2435** with amendments relating to the proposal to move KCDC out of the Department of Human Resources and into the Governor's office. In essence, these amendments would bring into state law existing federal authority for the SILCK, and propose to move the functions of the KCDC within SILCK (Attachments 4&5).

Elias L. Garcia, Executive Director, Kansas Advisory Committee on Hispanic Affairs (KACHA), testified in support of **HB 2435** with proposed changes. The proposed changes would: (1) move KACHA out of the Department of Human Resources and under the auspices of the Governor's office where the framers of this legislation originally intended it to be. (2) change the name of this agency from KACHA to Kansas Hispanic and Latino American Affairs Commission (KHLAAC) and (3) changing the word committee to a commission which would make KACHA consistent with our fellow commissions (Attachment 6).

Danielle Dempsey-Swopes, Executive Director of Kansas African American Affairs Division (KAAAD), unanimously supports **HB 2435** with amendments. It is strongly believed that organizational restructuring is needed to enhance their ability to carry out the responsibilities as mandated by state statute. It is believed the removal of KAAAD from the Division of Human Resources (DHR) and placed under the authority of the Office of the Governor, would give the commission the appropriate standing to carry out KAAAD's strategic plan and to fully serve all citizens of the state (Attachment 7).

The Chairman closed the hearing on **HB 2435**.

The Chairman opened the hearing on **HB 2524 - Enacting the American Jobs Act, restricting contracts to foreign contractors**.

Staff gave a briefing on **HB 2524**.

Representative Dale Swenson testified as a proponent to **HB 2524**. States are contracting out work typically performed by state residents to companies that ship the jobs overseas. A study done by the University of California-Berkeley, said the United States could lose as many as 14 million white-collar jobs as a result of the new outsourcing trend. **HB 2524** would ensure that state tax dollars are used to create state jobs and stabilize the state tax base by prohibiting Kansas from contracting with companies that ship work offshore. Vendors submitting a bid or contract to provide services for the state shall certify that the services covered by the bid or contract would be performed in the United States. If, during the life of the contract, the contractor or subcontractor shifts work overseas, the agency shall require the contractor or subcontractor to pay damages in an amount equal to the amount paid by the agency for the percentage of outsourced work. The agency shall also terminate the contract for noncompliance. The agency shall be entitled to bring a civil action in state or federal court to compel enforcement under this statute. The court shall award reasonable attorney's fees and costs to the agency (Attachment 8).

Representative Patricia Barbieri-Lightner testified in support of **HB 2524** stating the bill simply provides that when our state agencies and its subdivisions want to contract for services with private vendors that those services, including any subcontract services, would not be outsourced internationally (Attachment 9).

Jim DeHoff, Executive Secretary Treasurer, AFL/CIO, testified in support of **HB 2524** because of major outsourcing to countries outside the United States. This makes a statement to retain jobs in Kansas (Attachment 10).

Jeff Kniep, Coordinator, Grow Kansas, testified in support of **HB 2524**. It is believed that **HB 2524** is going in the right direction of addressing outsourcing and taking jobs away from Kansas residents (Attachment 11).

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MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE at 9:00 a.m. on January 29, 2004 in Room 241-N of the Capitol.

Marlee Carpenter, Vice President of Government Affairs, Kansas Chamber of Commerce and Industry, testified in opposition of **HB 2524**. The Kansas Chamber believes that to grow the Kansas economy an environment needs to be created where businesses can grow. Kansas needs to focus on the underlying costs, not penalties for businesses that make business decisions (Attachment 12).

Denise Moore, Director, Department of Administration, Division of Information Systems and Communications, testified on the affect **HB 2524** would have on information technology in the state. While the state may not directly contract with an offshore company, the state does contract with companies likely to have some portion of their operations in a foreign country. It is difficult to know if a vendor subcontracts part of their development or support work outside the United States. Even when application software is purchased from a vendor who certifies that they do not engage in international outsourcing at the time of the purchase, it might be difficult to determine if the vendor later shifts work outside the United States. Because **HB 2524** has the potential to affect all information technology related products and services procured by the State of Kansas, she would encourage the committee to act with care when considering this bill (Attachment 13).

Matt Jordan, Director of Community Development, Kansas Department of Commerce, shared the Department's concerns with respect to the current version of **HB 2524** and how it could limit the ability to attract new companies and jobs to Kansas. The bill precludes state agencies from engaging the services of private contractors from a location outside the United States (Attachment 14).

The Chairman closed the hearing on **HB 2524**.

Written testimony was provided by Trudy Aaron, Executive Director, American Institute of Architects in Kansas (Attachment 15).

The meeting adjourned at 10:40 a.m. and the next meeting will be January 30.





# KANSAS

DEPARTMENT OF HUMAN RESOURCES  
Jim Garner, Secretary

KATHLEEN SEBELIUS, Governor

Testimony on HB 2435 by  
Martha K. Gabehart, Executive Director  
Kansas Commission on Disability Concerns  
House Commerce and Labor Committee  
January 29, 2004

Thank you Representative Dahl and members of the committee for this opportunity to testify on HB 2435. The Kansas Commission on Disability Concerns (KCDC) is currently in ERO 31 which moves the Division of Employment and Training and KCDC out of the Kansas Department of Human Resources and into the Kansas Department of Commerce. The focus of our work for the last four years has been on improving employment opportunities for Kansans with disabilities. We have a grant with the U.S. Department of Labor Employment and Training Administration to help the workforce centers in northeast Kansas improve their service to job seekers with disabilities. Also, we are educating Kansans with disabilities about the services of workforce centers and encouraging them to access those centers for employment services.

Because of our employment focus and current close relationship with the Division of Employment and Training, we respectfully request striking all references to the Kansas Commission on Disability Concerns from the HB 2435.

Thank you again for this opportunity.

KANSAS COMMISSION ON DISABILITY CONCERNS

1430 SW Topeka Boulevard, Topeka, KS 66612-1819 • voice 785-296-1722 • TTY 785-296-5044 • fax 785-296-0466  
toll free 800-295-5232 (voice) • toll free 877-340-5874 (TTY) • [adabbs.hr.state.ks.us/dc](http://adabbs.hr.state.ks.us/dc)

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# Kansas Commission on Disability Concerns



✚ 1430 SW Topeka Blvd., Topeka, KS 66612  
✚ 785-296-1722 or 800-295-5232 (Voice), 785-296-5044 or 877-340-5874 (TTY),  
✚ Web site: <http://adabbs.hr.state.ks.us/dc>

**Martha Gabehart, Executive Director**

Randy Fisher, Employment & Training Liaison \* Kerrie Bacon, Legislative Liaison \* Cheryl Patrick, Secretary

## The Last 25+ Years...

- ✚ Participated in the first White House Conference on Handicapped Individuals in Washington, DC (1977).
- ✚ Successfully advocated for changes in the Kansas law to help people with disabilities:
  - The requirement that newly constructed federal and state buildings and facilities was extended to include privately owned buildings, structures, recreational areas, streets, curbing or sidewalk. Also included was a requirement that 10% of rental apartment complexes and temporary lodging facilities with 20 or more units be made accessible. (KSA 58-1301 – now known as the Architectural Accessibility Act)
  - Established the Kansas income tax credit for making a person's home or business accessible. (KSA 79-32, 175 to 79-32, 180)
  - Established the state's first requirements for accessible parking. (KSA 58-1311)
  - Established accessible parking permits in the form of license plates and placards to be suspended from the rear view mirror. (KSA 40-2, 109)
  - Prohibited insurance companies from charging unfair discriminatory rates for, or refusing to provide life or disability insurance solely because a person has a disability. (KSA 40-2, 109)
  - Amendments to the Nurse Practice Act to allow for self-directed attendant care. Allows non-medical persons to perform self-care procedures which are prescribed by a medical person for a person with a disability.
  - Amendments to the Kansas Act Against Discrimination to include all people with disabilities.
  - Amendments to the Kansas Workers Compensation Act to restrict access to records. Allows only those with a legal need to have access to injured workers' records.
  - Amendments to KSA 39, Article 11, to update disability language and define types of assistance dogs covered under the bill. Clarifies that people with disabilities using assistance dogs have the same right of access to public facilities and housing as people without disabilities, along with clarification of penalties for denying these rights or harming assistance dogs.
  - Point of contact for Kansans regarding the Americans with Disabilities Act (ADA) since 1992.

- Provided more than 100 training sessions on the ADA requirements to employers, businesses, government, consumers, and service providers.

## **Did you know? Fun facts about KCDC...**

- ✚ Trained the Workforce Development Center staff from Local Areas II and III about serving job seekers with disabilities and how to use the available equipment. Also created a resource Web site.
- ✚ Created a training manual notebook and provided training across Kansas on the Legislative process and advocacy.
- ✚ Published a Legislative update during each session and interim, tracking over 30 bills and many interim hearings that could have an impact on people with disabilities.
- ✚ Played key role in passage of the Assistance Dog Bill in 2003 (Sub HB2197).
- ✚ Increased state participation of Disability Mentoring Day (DMD) from 15 to 28 counties/cities and 222 participants to 468. (2002 vs. 2003)
- ✚ Recommended Ollie Cantos, the National Coordinator for DMD from Washington D.C., as a speaker for the Kans-Tran Conference in March 2004. He will be the keynote luncheon speaker.
- ✚ Provided advice, consultation, or referrals for several hundred people with disabilities each year.
- ✚ Partnered with the Secretary of State's Election Office to coordinate a state-wide review of all polling places to ensure access to voting sites.
- ✚ Created a new disability support on the KCDC Web site. Maps that show Kansas Disability Support groups and how to contact them along with the Web site. <http://adabbs.hr.state.ks.us/dc> (see maps).
- ✚ Supported the Big Tent Coalition activities during 2003.

## **KCDC - formerly known as...**

- ✚ 1947 - Executive Order establishing the Governor's Committee on Employment of the Physically Handicapped.
- ✚ 1949 - Governor's Committee on Employment of the Physically Handicapped (KSA 44-413-417).
- ✚ 1968 - Governor's Committee on Employment of the Handicapped.
- ✚ 1976 - Advisory Committee on the Employment of the Handicapped (KSA 74-6701-6708).
- ✚ 1989 - Commission on Disability Concerns (KSA 74-6701).

## **2004 Legislative Session - KCDC will:**

- ✚ Monitor progress of the Kansas Plan of the Help America Vote Act.
- ✚ Support funding for programs helping people and youth with disabilities (e.g., special education programming, home based community service programs, Olmstead funding for Kansas.)
- ✚ Support of parents with disabilities through regulation or legislative changes.
- ✚ Member of Big Tent Coalition.

**KCDC - 57 years of service to  
Kansas!**

**TESTIMONY TO HOUSE  
COMMERCE & LABOR COMMITTEE  
Concerning HB 2435  
by  
SHARI COATNEY  
JANUARY 29, 2004**

Thank you for this opportunity to testify before you today. My name is Shari Coatney. I am the Chairperson for the Statewide Independent Living Council of Kansas (SILCK). As mandated by the federal Rehabilitation Act as amended, the SILCK is governor appointed, consumer controlled and comprised of statewide and cross-disability representation. Our Council continually seeks input from Kansans with disabilities on how the landscape of Kansas public policy can change so that people with disabilities are less dependent on public assistance. This input is used as our roadmap to develop the State Plan for Independent Living. Our primary purpose is to facilitate and promote the independent living philosophy, freedom of choice and equal access to all facets of community life for people with disabilities through systems change activities.

I am here today to support the amendments offered to HB 2435 that would transfer duties and resources to the SILCK. In addition, we support the new language defining the Statewide Independent Living Council of Kansas and Center for Independent Living. We fully support the reorganization concept in HB 2435 to provide more responsive, reliable and cost effective services for the citizens of Kansas.

In my capacity as Chairperson of the SILCK and as past chair of the Kansas Commission on Disability Concerns, it appears both the SILCK and KCDC have similar duties. Yet it is the SILCK's position and the disability community's opinion that the SILCK is better equipped to respond and achieve outcomes to further the freedom and independence of seniors and Kansans with disabilities. By transferring the duties and resources from KCDC to the SILCK, we can eliminate any duplication of effort. The SILCK appears to be a natural fit and only wants to expand its influence to advance the freedom and independence of individuals with disabilities.

The SILCK, as an autonomous, not-for-profit entity is best situated to respond to the needs of seniors and disabled Kansans. As an entity located outside of state government the SILCK has demonstrated for the past ten years its capacity to truly impact the lives of people with disabilities in Kansas.

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As highlighted below, the SILCK has been most effective in producing substantial outcomes due to it's autonomy.

Since 1994, the SILCK has:

- Been responsible for the passage and subsequent implementation of the Medicaid Buy-in program, benefiting people with disabilities who want to work
- Collaborated with SRS on several successful federal grant applications (Medicaid Infrastructure Grant & Real Choice Systems Change grant) to support the long term care needs of seniors and people with disabilities
- Advocated for increased funding for all home and community based services waivers (development disabilities, physical disabilities, head injured and frail /elderly) which has resulted in millions of dollars in cost savings to the state. Because Kansans prefer to have their long term care needs met in the their own home rather than a nursing home, Kansas now ranks 48<sup>th</sup> in Medicaid spending due in large part to the cost effectiveness of these programs.
- Collaborated with other disability groups for the passage of Kansas Visitability bill to provide more accessible public housing stock for people with disabilities and increased funding for home modifications.
- Increased federal funding for Kansas Centers for Independent Living and successfully advocated for two new Centers.
- Spearheaded and organized the Big Tent Coalition efforts to restore allotments to many Medicaid program affecting the poor, working families, seniors and people with disabilities.
- Sponsored and organized the Kansas Disability Caucus and the Independent Living Summit attracting over 600 Kansans each year to teach leadership skills and how to make system change.
- Actively participated in the Kansas Youth Leadership Forum, Kansas Action Network (KAN) and the Disabled, Elderly and Workers (DEW)Coalition.

- **Provided many trainings and to various senior and disability groups regarding their civil rights in housing, employment, transportation and basic access under the Americans with Disabilities Act.**
- **Been instrumental in Kansas acquiring over \$10 million dollars in federal grant funds to be used for an Alternative Finance Program that allows individuals to purchase assistive technology through low interest loans.**
- **Ongoing relationships at the national level to advocate on behalf of Kansans with disabilities for freedom and independence for federal legislation such as Mi CASSA.**
- **Continually cooperate and collaborate with multiple state agencies, labor and religious organizations, community based organizations and others who may have a direct impact on the lives of persons with disabilities.**

**In conclusion, the SILCK does not wish to reflect negatively upon the Kansas Commission on Disability Concerns, but merely seeks to maximize the SILCKs ability to respond to Kansans with disabilities. As highlighted above, this is better accomplished through an agency located outside state government.**

**We urge you to support those amendments to HB2453 that will transfer duties and resources to the Statewide Independent Living Council of Kansas.**

**I would be happy to stand for any questions.**



Offices located in  
the Historic Crawford Building

# Topeka Independent Living Resource Center

785-233-4572 V/TTY • FAX 785-233-1561 • TOLL FREE 1-800-443-2207  
501 SW Jackson Street • Suite 100 • Topeka, KS 66603-3300

## Testimony Before the House Committee on Commerce and Labor January 29, 2004

To the Honorable Representative Dahl;

Thank you for the opportunity to appear before you today. My name is Ami Hyten, and I am the Assistant Executive Director of Topeka Independent Living Resource Center, Inc. Our agency is a civil and human rights organization, with a mission to advocate for Justice, Equality and essential services for a fully integrated and accessible society for all people with disabilities.

Topeka Independent Living Resource Center was founded in 1981, and across the past 20 years we have had many opportunities to work with state partners such as the Kansas Commission on Disability Concerns. We support the proposition that a statewide agency should represent the interests of people with disabilities, forging a path to create a fully accessible society where all people can live, learn, work and participate in community life.

Attached to this testimony are a series of proposed amendments relating to the proposal to move KCDC out of the Department of Human Resources and into the Governor's office. In essence, these amendments would bring into state law existing federal authority for the Statewide Independent Living Council, and propose to move the functions of the Kansas Commission on Disability Concerns within the Statewide Independent Living Council of Kansas, an independent organization.

We believe that this move brings with it several advantages:

- Consolidating SILCK and KCDC avoids duplication of effort and resources toward the same goal.
- The state of Kansas can take advantage of SILCK's federal funding to leverage state funding for the programs.
- SILCK is a cross-age, cross-disability organization, which addresses all aspects of consumers' lives.

*Advocacy and services provided by and for people with disabilities.*

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- SILCK is a consumer-run organization, with at least 51% of their governing board made up of people with disabilities who are not state or center for independent living employees.
- SILCK has an existing relationship with public and private partners, including Centers for Independent Living.
- The agenda and activities of the SILCK are directed by a State Plan for Independent Living (SPIL), which is developed with the input from consumers, advocates and designated state entities.

We have proposed these amendments because we believe that they embody the principles of good government: economy of resources, constituent involvement, and coordination of public and private efforts.

Thank you again for allowing me the time to speak with you today.

In Justice and Equality,



Ami S. Hyten, Esq.  
Assistant Executive Director

HOUSE BILL No. 2435

By Committee on Appropriations

3-11

AN ACT concerning the governor's office; relating to dislocated workers; transferring the advisory committee on Hispanic affairs; the commission on disability concerns and the advisory commission on African-American affairs to the governor's office; amending K.S.A. 74-6509, 74-6708, 74-6709, 74-9901, 74-9904 and 74-9906, repealing K.S.A. 74-6701, 74-6702, 74-6703, 74-6704, 74-6705, 74-6706, and 74-6707, and repealing the existing sections.

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

New Section 1. The governor shall set the limits for funding amounts for the dislocated workers program.

New Sec. 2. The advisory committee on Hispanic affairs, ~~the commission on disability concerns~~ and the advisory commission on African-American affairs shall be located within the office of the governor and be a part thereof.

Sec. 3. K.S.A. 74-6509 is hereby amended to read as follows: 74-6509. The executive director of the advisory committee may appoint, subject to the approval of the advisory committee and the ~~secretary of human resources~~ *governor*, technical advisors and assistants to develop, assist and cooperate with local commissions on Hispanics.

Sec. 4. K.S.A. 74-6701 is hereby repealed. ~~74-6701. (a) There is hereby established within and as a part of the department of human resources~~ *governor* ~~the commission on disability concerns.~~  
(b) ~~All budgeting, purchasing and related management functions of the commission shall be administered under the direction of the secretary of human resources~~ *governor* ~~state independent living council of Kansas~~  
~~All vouchers for expenditures and all payrolls of the commission~~ *council* shall be approved by the chairperson of the commission, or by a person or persons designated by the chairperson, and by the secretary of human resources *governor*.

Sec. 5. K.S.A. 74-6702 is hereby ~~repealed~~ *amended to read as follows:* 74-6702. Subject to the provisions of K.S.A. 74-6709, ~~and amendments thereto~~, the commission shall be composed of 30 members, 15 of whom shall be appointed by the secretary of human resources *governor*. Of the members appointed by the secretary *governor*, preference shall be shown for Kansans representing each of the following:  
(a) Industry;  
(b) labor;  
(c) community-based independent living programs;  
(d) rehabilitation programs;  
(e) education programs;  
(f) ~~disability or rehabilitation research programs; and~~  
(g) ~~private, nonprofit organizations serving Kansans with disabilities.~~  
At least eight of the members appointed by the secretary *governor* shall be Kansans with disabilities.

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Sec. 6. K.S.A. 74-6703 is hereby repealed: ~~74-6703. In addition to the members appointed by the secretary of human resources *governor* under K.S.A. 74-6702 and amendments thereto, the following persons, or the designees of such persons, shall serve as members ex officio of the commission:~~

- ~~(a) The secretary of health and environment;~~
- ~~(b) the chairperson of the Kansas planning council on developmental disabilities services;~~
- ~~(c) the commissioner of mental health and developmental disabilities of the department of social and rehabilitation services;~~
- ~~(d) the commissioner of rehabilitation services of the department of social and rehabilitation services;~~
- ~~(e) the secretary of commerce *and housing*;~~
- ~~(f) the director of special education of the state board of education;~~
- ~~(g) the secretary of transportation;~~
- ~~(h) the secretary of aging;~~
- ~~(i) the secretary of human resources;~~
- ~~(j) the secretary of administration;~~
- ~~(k) the secretary of social and rehabilitation services;~~
- ~~(l) the president of the Kansas senate;~~
- ~~(m) the minority leader of the Kansas senate;~~
- ~~(n) the speaker of the Kansas house of representatives; and~~
- ~~(o) the minority leader of the Kansas house of representatives.~~

Sec. 7. K.S.A. 74-6704 is hereby repealed. ~~74-6704. Same; terms of appointive members; vacancies. Appointive members of the commission shall serve for a term of three years from and after their appointment. Vacancies on the commission shall be filled for the remainder of the term of the original appointment. Members whose terms expire may be reappointed.~~

Sec. 8. K.S.A. 74-6705 is hereby repealed. ~~74-6705. Same; officers; expenses of appointive members. The appointive members of the commission shall elect a chairperson and a vice chairperson and such other officers as the commission deems necessary. Only appointive members shall be eligible to serve as officers of the commission. Appointive members of the commission attending meetings of the commission, or attending a subcommittee meeting thereof authorized by the commission, shall be paid amounts provided in subsection (c) of K.S.A. 75-3223 and amendments thereto.~~

Sec. 9. K.S.A. 74-6706 is hereby repealed. ~~74-6706. The commission shall consult with and advise the secretary of human resources *governor* on all commission *council* activities and shall:~~

- ~~(a) Carry on a continuing program to promote a higher quality of life for people with disabilities;~~
- ~~(b) cooperate with all public and private agencies interested in independent living by people with disabilities;~~
- ~~(c) cooperate with all agencies responsible for or interested in the rehabilitation and employment of people with disabilities;~~
- ~~(d) encourage the organization of community-based programs and work closely with such programs in promoting independence of people with disabilities;~~
- ~~(e) assist in developing societal acceptance of people with disabilities;~~
- ~~(f) inform individuals with disabilities of specific facilities available for increasing their independence;~~

- ~~(g) conduct such educational programs as members deem necessary;~~  
and  
~~(h) report annually to the governor and legislature on commission activities and submit any recommendations believed necessary in promoting the independence of people with disabilities.~~

Sec. 10. K.S.A. 74-6707 is hereby repealed. ~~74-6707. The secretary of human resources governor shall appoint an executive director of the commission and the commission shall designate the duties of the position. The secretary of human resources governor shall provide office space and such clerical and other personnel as may be necessary for the efficient performance of the duties prescribed by this act. All personnel serving the commission shall be in the classified service.~~

Sec. 11. K.S.A. 74-6708 is hereby amended as follows: 74-6708. ~~(a) The commission~~ *statewide independent living council* is authorized to receive any gifts, grants, or donations made for any of the purposes of its program and to disburse and administer all such gifts, grants and donations and moneys appropriated to the ~~commission council~~ in accordance with the terms thereof.

~~(b) The commission council~~ is authorized to fix and collect reasonable fees for services and materials provided by the commission. *council*.

~~(c) There is hereby established the commission on disability concerns statewide independent living council fee fund. The commission shall remit all moneys received by or for it from fees to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. Twenty percent of each such deposit shall be credited to the state general fund and the balance shall be credited to the commission on disability concerns statewide independent living council fee fund. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission on disability concerns statewide independent living council, or by a person or persons designated by the chairperson and secretary of human resources governor.~~

*New section 12: 74-6709 is hereby amended as follows;*

Article 67.-- ~~COMMISSION ON DISABILITY CONCERNS~~ 74-6709.

~~Same; advisory committee on employment of the handicapped abolished; certain members of advisory committee to serve as members of commission; continuation of employees and benefits; commission successor to property and records of advisory committee; fee fund abolished.~~

~~(a) The advisory committee on employment of the handicapped is hereby abolished. The Commission on Disability Concerns is hereby abolished.~~

~~(b) (c) Members serving on the advisory committee on employment of the handicapped on June 30, 1989, under appointment by the president or minority leader of the Kansas senate or the speaker or minority leader of the Kansas house of representatives shall continue to serve as members of the commission on disability concerns, in lieu of four of the members provided to be appointed by the secretary of human resources, until expiration of their terms. Vacancies created by the expiration of such terms shall be filled by appointments by the secretary of human resources.~~

~~(e) On July 1, 1989, 2004 employees who, immediately prior to such date were serving the advisory committee on employment of the handicapped commission on disability concerns and who, in the opinion of the secretary of human resources governor, are necessary to achieve the goals of the statewide independent living council of Kansas the performance of the duties of the commission on disability~~

~~concerns, shall continue to serve the statewide independent living council of Kansas. such commission. Any such employee shall retain all retirement benefits and all rights of civil service which had accrued to or vested in such employee before July 1, 1989, 2004. The service of each such employee shall be deemed to have been continuous.~~

~~—(d) On and after July 1, 1989, 2004 whenever any statute, contract or other document refers to the advisory committee on employment of the handicapped, commission on disability concerns, such reference shall be deemed to refer to the commission on disability concerns statewide independent living council of Kansas.~~

~~(e) The commission on disability concerns statewide independent living council of Kansas shall succeed to all property, property rights and records of the advisory committee on employment of the handicapped. commission on disability concerns.~~

~~(f) On July 1, 1989, 2004 the director of accounts and reports shall transfer all moneys in the advisory committee on employment of the handicapped commission on disability concerns fee fund to the commission on disability concerns statewide independent living council of Kansas fee fund. On July 1, 1989, 2004 all obligations of the advisory committee on employment of the handicapped commission on disability concerns fee fund are hereby transferred to and imposed on the commission on disability concerns statewide independent living council of Kansas fee fund, and the commission on disability concerns advisory committee on employment of the handicapped commission on disability concerns fee fund is hereby abolished.~~

New Section 13. As used in this act, unless the context otherwise requires:

(a) "Center for independent living" means a private, nonprofit, nonresidential organization in which at least 51% of the principal governing board, management and staff are individuals with disabilities and that:

- (1) Is a community based organization designed and operated by individuals with disabilities;
- (2) provides an array of independent living services and programs, including the five core services; and
- (3) is cross disability.

(b) "Consumer control" means a condition under which power and authority are vested in individuals with disabilities. When applied to a center for independent living, means that at least 51% of the principal governing board, management and staff are individuals with disabilities and the recipients of services determine the scope, purpose, extent and type of services provided.

(c) "Council" means the statewide independent living council established by this act.

(d) "Designated state unit" means agencies designated to administer programs funded under the rehabilitation act of 1973, (29 U.S.C. 701 *et seq.*).

(e) "Disability" means with respect to an individual:

- (1) A physical or mental impairment that substantially limits one or more of the major life activities of the individual;
- (2) a record of such impairment; or
- (3) being regarded as having such an impairment.

(f) "Independent living core services" means information and referral services, independent living skills training and services, peer counseling and support services, de-institutionalization and individual and systems advocacy. These services include but are not limited to:

- (1) services related to securing housing or shelter;
- (2) assistive technology;
- (3) interpreter and reader services;



- (4) personal assistance services, including attendant care and the training of personnel providing personal assistance services;
  - (5) surveys, directories and other activities to identify appropriate housing, recreation opportunities, accessible transportation and other support services;
  - (6) benefit counseling;
  - (7) services and technical assistance related to the implementation of the Americans with disabilities act of 1990, (42 U.S.C. 12101 *et seq.*) as amended, and other related federal and state laws;
  - (8) activities supporting, assisting or maintaining life in the community;
  - (9) transportation, including referral for and assistance with transportation;
  - (10) individual and group community integration activities;
  - (11) training to develop skills which promote self-awareness and esteem, develop advocacy and self-empowerment skills and explore career options;
  - (12) appropriate preventive services to decrease the needs of individuals assisted under this act for services in the future;
  - (13) community awareness programs to enhance the understanding and integration into society of individuals with disabilities;
  - (14) communicating the programmatic needs and civil rights of persons with disabilities to state and local planners responsible for community services; and
  - (15) such other services, not inconsistent with the provisions of this act, as may be necessary.
- (g) "Rehabilitation act of 1973" means 29 U.S.C. 701 *et seq.*
- (h) "Major life activities" means the term includes but is not limited to communication, learning, seeing, hearing, self-care, mobility, employment, parenting and self-direction.

Sec. 14. (a) There shall be established the statewide independent living council, which shall be the same council established under Title VII of the rehabilitation act of 1973, as amended. The council shall:

- (1) Be independent of any state agency;
  - (2) be incorporated as a nonprofit organization under section 501 (c)(3) of the federal internal revenue code of 1986;
  - (3) adopt bylaws and policies governing its operation;
  - (4) meet at least quarterly; and
  - (5) conduct quarterly meetings and additional meetings deemed necessary.
- (b) Members of the council shall be appointed by the governor, shall serve at the pleasure of the governor and may be removed for cause. The governor shall make appropriate provisions for the rotation of membership on the council. The council shall be composed of members who provide statewide representation, represent a broad range of disabilities and are knowledgeable about centers for independent living, independent living philosophy and independent living services and programs.
- (c) At least 51% of the membership of the council shall consist of persons who are individuals with disabilities who are not employed by any state agency or center for independent living:
- (1) At least one member shall be a director of a center for independent living within Kansas, chosen by the directors of centers for independent living in Kansas; and
  - (2) ex officio, nonvoting members shall consist of a representative from the designated state units and representatives from other state agencies

that provide services for individuals with disabilities and at least on one director of a Kansas Native American Indian vocational rehabilitation program.

- (d) In addition to the members provided for in subsections (a) and (b), the governor may appoint additional members who are:
- (1) Other representatives from centers for independent living;
  - (2) parents and guardians of individuals with disabilities;
  - (3) representatives of advocacy organizations;
  - (4) representatives from private enterprise;
  - (5) representatives from organizations that provide services for individuals with disabilities;
  - (6) representatives of youth; and
  - (7) other appropriate individuals.
- (e) The council shall select annually a chairperson from among the membership of the council.

Sec. 15. The council shall consult with and advise the governor on all council activities and shall:

- (1) Assess the need for services for Kansans with disabilities and advocate with decision makers.
- (2) Jointly develop and submit, in conjunction with the designated state units, the state plan for independent living (SPIL).
- (3) Monitor, review and evaluate implementation of the state plan.
- (4) Supervise and evaluate such staff and other personnel as may be necessary to carry out the functions of the council.
- (5) Coordinate activities with other state advisory and policy making entities that address the needs of specific disability populations and related issued under federal and state laws.
- (6) Ensure that all regularly scheduled meetings of the council are open to the public and that sufficient advance notice of meetings is provided.
- (7) Prepare reports and make recommendations, as necessary.

Sec. 16. (a) The council and the designated state units shall jointly develop a state plan.

(b) The plan shall provide for review and revision of the plan, not less than once every three years, to ensure the existence of appropriate planning, financial support and coordination and other assistance to appropriately address on a statewide and comprehensive basis the needs of the state for the following:

- (1) Development and support of a statewide network of centers for independent living.
- (2) Establishment of working relationships among the following:
  - (A) Programs providing independent living services and centers for independent living; and
  - (B) the vocational rehabilitation program established under Title I of the rehabilitation act of 1973 and other programs providing services to individuals with disabilities.
- (c) The state plan shall:
  - (1) Specify the objectives to be achieved under the plan and establish timetables for the achievement of the objectives.
  - (2) Set forth a strategy for the expansion and enhancement of the statewide network of centers for independent living.
  - (3) Describe the purpose, extent and scope of independent living services and programs.
  - (d) The plan shall establish a method for the periodic evaluation of

the effectiveness of the plan in meeting the objectives established, including evaluation of satisfaction by individuals with disabilities.

Sec. 17. (a) Within the limits of appropriations therefor each fiscal year, the designated state agencies shall allocate to the state independent living council, Title VII, part B funds to support the council's activities, including personnel, operating, capital outlay and, as outlined under the state plan, funds for the following purposes:

- (1) Demonstrate ways to expand and improve independent living services.
  - (2) Support the operation of centers for independent living.
  - (3) Support activities to increase the capacities of centers for independent living to develop comprehensive approaches or systems for providing independent living services.
  - (4) Conduct studies and analyses, gather information, develop model policies and procedures and present information, approaches, strategies, findings, conclusions and recommendations to local, state and national policy makers in order to enhance independent living services for individuals with disabilities.
  - (5) Train individuals with disabilities and individuals providing services to individuals with disabilities and other persons regarding the philosophy of independent living.
  - (6) Provide outreach to populations that are unserved or underserved by programs under this act, including minority groups and urban and rural populations.
- (b) The state independent living council shall be solely responsible for its budget and for the approval of expenditures.

Sec. 18. (a) Under applicable provisions of the state plan, the council shall designate centers for independent living within this state eligible to receive funds allotted by the state independent living council and the legislature for the operation and establishment of centers for independent living.

- (b) The council may make a grant under this section to any designated eligible organization that:
- (1) Has the power and authority to carry out the purposes of this act;
  - (2) meets the definition of a center for independent living; and
  - (3) submits an application to the council at a time and in such manner and containing such information as the council may require.

Sec. 19. K.S.A. 74-9901 is hereby amended to read as follows: 74-9901. There is hereby established the advisory commission on African-American affairs hereinafter referred to as the advisory commission. The advisory commission shall be advisory to the ~~secretary of human resources~~ *governor*.

Sec. 20. K.S.A. 74-9904 is hereby amended to read as follows: 74-9904. (a) The advisory commission may appoint, subject to the approval of the ~~secretary of human resources~~ *governor*, an executive director who shall be qualified by education and experience to assume the responsibilities of such office.

(b) The executive director shall be the administrative officer of the advisory commission and shall serve the advisory commission by gathering information, disseminating findings of fact and other information, forwarding proposals and evaluations to the secretary of human resources,

the governor, the legislature and various state agencies, carrying out public education programs, conducting hearings and conferences and performing other duties necessary for the proper operation of the advisory commission.

Sec. ~~12~~ 21. K.S.A. 74-9906 is hereby amended to read as follows: 74-9906. The executive director of the advisory commission may appoint, subject to the approval of the advisory commission and the ~~secretary of human resources~~ *governor*, technical advisors and assistants to develop, assist and cooperate with local organizations and associations on African-American concerns.

Sec. ~~13~~ 22. K.S.A. 74-6509, 74-6701, 74-6702, 74-6703, 74-6706, 74-6707, 74-6708, ~~74-6709~~, 74-9901, 74-9904 and 74-9906 are hereby repealed.

Sec. 14 23. This act shall take effect and be in force from and after its publication in the statute book.

House Commerce and Labor Committee Testimony

**HB 2435**

Elias L. Garcia, Executive Director, Ks. Advisory Committee on Hispanic Affairs

January 27, 2004

Mr. Chairman and honorable members of the Committee, my name is Elias L. Garcia, Executive Director of the Kansas Advisory Committee on Hispanic Affairs and I thank you for the opportunity to speak in support of HB 2435. This legislation proposes positive changes to the Hispanic Affairs and African American Affairs advisory committees that would significantly add to the viability of our agencies in serving the needs of our respective constituencies. I will tailor my remarks specific to the Hispanic Advisory Committee and leave remarks regarding African American Affairs to my colleague.

Honorable members of the committee, in 1974, this legislative body passed Kansas Statute 74-6504, a bill that created the Kansas Mexican American Affairs Advisory Committee, antecedent to the Kansas Advisory Committee on Hispanic Affairs. Briefly let me say that this committee was created to serve as the state governmental liaison between the Kansas Hispanic community and state government. Also, fundamental to its charge was/is "serving the needs the Kansas Hispanic community".

The proposed changes we submit today are totally consistent with the vision and original intent in which these committees were created. In respect to Hispanic Affairs, the proposals would also serve to bring us into the 21<sup>st</sup> century. Further, we have canvassed the leadership of Kansas Hispanic community and I can assure you that these proposed changes are supported wholeheartedly by the Kansas Hispanic and Latino community, many feel that they are long overdue. Proposed changes include:

- o Moving Hispanic Affairs out of the Department of Human Resources and under the auspices of the Governors office takes us back to the beginning, back to where the frame-workers of this legislation originally intended. Affording Hispanics a place at the table and an opportunity to have a voice in central government was the original intent of the frame-workers.
- o Also, changing the name of this agency from the Kansas Advisory Committee on Hispanic Affairs (KACHA) to Kansas Hispanic and Latino American Affairs Commission (KHLAAC) is a simple, developmental name change. This identifies this agency in contemporary terms, permits us to be more inclusive of the 28 different cultures found under the Latino umbrella and allows us to relate to the total Latino population that resides in the state of Kansas. This process is exactly the same as the one that was followed to rename Mexican American Affairs to Hispanic Affairs.
- o And finally, changing us from a committee to a commission makes us consistent with our fellow commissions.

As we discuss the history of the Kansas Advisory Committee on Hispanic Affairs and proposed changes to the legislation, I will tell you that, since inception, I have had a close and longstanding relationship with this office. In 1974, I was part of the Hispanic movement that led to the creation of this committee. In 1982 I was a staff member and educational specialist (and at that time organized the first Hispanic Day on the Hill) with Mexican American Affairs, in 1995 I organized and led the successful state wide Hispanic community legislative effort to overturn a Governors ERO 28 (to abolish this office), and today, it is a privilege for me to serve as this committee's executive director. Ladies and gentlemen, I have grown up with this office and have witnessed the state of flux it has experienced with each changing political season and administration.

Since its creation, this committee has traveled many paths. As one might expect, changes in administrations also brought about changes in this agencies programmatic direction. Dating back to 1974, emphasis in agency operations ranged from cultural awareness and education programs, to economic development initiatives, interpreter certifications and services. Still in other years, this office was nothing more than a referral agency. Yet, over the years, what has not changed is our communities perception of this State government Hispanic icon that is recognized as the Hispanic communities governmental liaison and voice regarding state policies.

Honorable committee-members in 1974 in the creation of this committee, it was about acknowledging and recognizing that Kansas had a formidable Hispanic population that merited direct representation and interface with state government leaders. In 2004, it continues to be about having a Vision for Kansas, more importantly, a "collective vision" for Kansas. Its about acknowledging and realizing the intregal role that the Hispanic population is going to play in the future of Kansas. Our states population and demographic projections paints a very clear picture of what our collective future and reality holds in store for ALL of us.

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What we know is that the Kansas population landscape is changing and changing dramatically. Bottom-line, is that the native Kansas populations are rapidly in the decline? Prime example is Graham County (Western Kansas) who leads the nation in population reduction/depletion. Other important statistics shows that the total child population declined in 66 Kansas counties (Graham-Ness by 25%). Twenty seven (27) counties have less than 1000 children and in 79 Kansas counties the number of children younger than age of 5 has decreased.

On the other hand, non-native populations are increasing in leaps and bounds and the challenge for all segments of society, including government, is how do we assist these non-native populations in assimilating and contributing into Kansas communities. Consider that in the 2000 Census data, the Kansas Hispanic population doubled between 1990 – 2000. The increase in the Kansas Hispanic Child population (1990-2000) is more than twice the rate of increase for the nation as a whole with the heaviest concentration is in ages Birth to 9. In 13 Kansas counties, more than 20 percent of the child population is Hispanic. One-half of Kansas' 712,993 children live in 5 counties (SG, JO, WY, SN, DG). Thirty percent (30%) of the Kansas children's population reside in 9 Southwest Kansas counties (more racially diverse cluster in rural SW and urban NW)

The reality is that native Kansas' native populations are experiencing and will continue to experience a rise in death rates, drop in birth rates, zero population growth throughout the vast majority of Kansas communities. Conversely, the Kansas (and U.S.) Hispanic population will continue its rapid growth rate, see tremendous rise in birth rates, and maintain its active influx in immigration. In effect, our Kansas, and indeed our U.S. society is witnessing the development of a young vibrant Hispanic/Latino population that will reside in Kansas (and U.S.) for many, many years to come.

Presently there are over 200,000 Hispanics and Latinos that call Kansas their home. The 2000 Census also tells us that there are 47,000 additional undocumented residents. Nationally, we know that Hispanics are the largest ethnic minority in the United States representing 13 percent of the population. Latino/immigrants permeate this society with our cultural influences and talents in all areas and when it comes to our labor we represent 34% of U.S. Domestic workers, 23% of farmers and fisherman, 21% of assembly line workers, and 18 % of service industry workers. The President of the United States Chamber of Commerce recently was quoted as saying that "...if all the immigrant labor in this country decided to pack up and go home, the United States would have to shut down..."

It is clear that if Kansas' cities and communities are going to continue to maintain the quality of life of which they have become accustomed, non-native populations are going to have to assimilate into local communities and contribute into that economy in the same fashion as the declining native Kansas populations. Communities and government alike are going to have to learn to adapt, to change, and most importantly to appreciate the fact that although differently, Kansas can continue to thrive and grow.

Honorable committee members, in effecting the proposed changes contained in HB 2435, both the Kansas Hispanic and Latino American Affairs Commission and the Kansas African American Affairs Commission, will be strategically positioned and systemically empowered to effectively serve, not just Democrats or Republicans, not just people of color, but all Kansans. We are here to serve you as well and to be a partner, that conduit between state government and all Kansans, especially the Kansas Hispanic, Latino, and African American communities that collectively comprise our respective constituencies.

In respect to the Hispanic and Latino Affairs Commission, we look forward to the challenges of our collective future and the opportunity to positively bridge and connect Kansas government with the Hispanic and Latino community and to partner in our efforts toward, assimilation, acculturation, education and contribution to our beloved Kansas communities. Thank you for your support of HB 2435.

**State of Kansas**  
**House Committee on Commerce and Labor**  
**Testimony in Support of Amendments to HB2435**

**Danielle Dempsey-Swopes, Executive Director**  
**Kansas African American Affairs Commission**  
**January 29, 2004**

Chairman Dahl, members of the committee,

As Executive Director, I represent the members of the African American Affairs Commission (KAAAC) who unanimously support the attached proposed amendments to HB2435. We strongly believe that organizational restructuring is needed to enhance our ability to carry out our responsibilities as mandated by state statute. We believe that our removal from the Division of Human Resources (DHR) and placement under the authority of the Office of the Governor, will give the commission the appropriate standing to carry out our strategic plan and to fully serve all citizens of the state.

The Division of Human Resources is primarily engaged in managing federal workforce services programs. While African Americans are concerned with workforce issues and the economic well being of the state, the statutory mandate for the work of the KAAAC is significantly broader. KAAAC could continue its work from the Division of Human Resources. However, it is most reasonable for KAAAC to be located within an agency that also has the responsibility and flexibility to respond to numerous statewide issues and concerns in African American communities.

The KAAAC has a statutory mandate to address issues of health, housing, public education, social services, and culture, as well as employment and economic development.<sup>1</sup> Most of the issues addressed by KAAA Commissioners are unrelated to the mission and the responsibilities of the DHR. During the fiscal year 2003, the KAAA Commissioners conducted town hall meetings to discuss issues of concern with its constituency. As a result, the Commission concluded that African Americans in Kansas are most concerned with 1.) education and education policy, 2.) corrections policies and the judicial system, 3.) health care and 4.) employment opportunities.

As a Commission, we are striving to serve as a liaison between the African American community and the policy makers who will significantly impact the lives of African Americans in Kansas. It is our belief that state dollars can be saved and communities will be better served if we can provide greater input into the process of creating state policy. We feel this can be more effectively done operating within the Office of the Governor. The 2000 Census reports that African Americans comprised the highest share of the minority population in 16 Kansas

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<sup>1</sup> See K.S.A. § 74-9905

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counties, including Wyandotte, Leavenworth, Geary, Sedgwick and Shawnee.<sup>2</sup> The 2000 Census also reports that African Americans comprised 5.3% of the population of the state, age 18 years and older.<sup>3</sup> However, the Department of Corrections reports in 2002 that 34.7% of the male inmate population is identified as African American.<sup>4</sup> Therefore, we must appreciate the issues of race and culture in any development of changes to our judicial system. Our Commission is mandated, as well as committed to providing assistance to address this kind of concern. Our involvement with corrections issues does not correlate with the mission or the mandates for the work of the Division of Human Resources.

Just as lawmakers must often consider that the impact of initiatives will be different for rural Kansans than for urban Kansans, lawmakers must also consider that the solutions to many of the states concerns will impact people differently because of race and culture. Education in Kansas is another area where race still matters. The KAAAC will focus on education in FY04/05, and work to address such issues as the disparity among racial and ethnic groups in school achievement and standardized tests.

In 2003, African American students had an average composite score of 18.4 on the ACT College Entrance Exam, compared to a score of 22.8 for white students, and 20.4 for Hispanic students.<sup>5</sup> The commission will work with educators and community members to investigate innovative ways that we might raise the ACT scores in our community. A myriad of strategies should be considered to assist students with different learning challenges. Helping the students who have the biggest obstacles to overcome when taking standardized tests improves the overall ACT composite for all students in our state. Our most significant role for the future is to gather and disseminate information and to conduct special studies on problems and programs that affect African Americans throughout the state. This work is only marginally related to the mission of the Division of Human Resources.

These proposed changes are the result of thorough and thoughtful deliberation. Feedback from African American community leaders throughout the state indicates strong support for this proposal. Leaders who participated in the creation of the commission have been overwhelmingly supportive of this proposal. African American community leaders have indicated that placement within the Office of the Governor has been their desire for the Commission since its inception.

Finally, the Kansas African American Affairs Commissioners also support the proposed changes to the Kansas Advisory Committee on Hispanic Affairs. We look forward to sharing information and working in partnership with them on many issues. We feel that our collaboration and coordination, within the Office of the Governor, is the most reasonable and efficient way that we can serve all Kansans.

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<sup>2</sup> Kansas Health Statistics Report, Kansas Department of Health and Environment – Center for Health and Environmental Statistics, February 2002

<sup>3</sup> US Census Bureau, Census 2000 Redistricting Data Summary File, Tables PL1, PL2, PL3 and PL4

<sup>4</sup> Kansas Department of Corrections Statistical Profile, FY 2002 Offender Population, September 2002

<sup>5</sup> Kansas State Department of Education, 2003 ACT Assessment – Kansas Highlights



HOUSE OF  
REPRESENTATIVES

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COMMITTEE ASSIGNMENTS

COMMERCE & LABOR  
CORRECTIONS & JUVENILE JUSTICE  
JUDICIARY  
JOINT COMMITTEE ON CORRECTIONS  
& JUVENILE JUSTICE  
SPECIAL CLAIMS AGAINST THE STATE

DALE A. SWENSON

TESTIMONY ON HB 2524  
TO HOUSE COMMERCE & LABOR COMMITTEE  
JANUARY 29, 2004

Increasingly, states are contracting out work typically performed by state residents to companies that ship the jobs overseas. According to a new study by University of California-Berkeley, the United States could lose as many as 14 million white-collar jobs as a result of the new outsourcing trend. The study also finds that the jobs that remain in the United States will suffer from the downward pressures to decrease wages and benefits in order to keep pace with low-wage countries.

HB 2524 will ensure that state tax dollars are used to create state jobs and stabilize the state tax base by prohibiting KS from contracting with companies that ship work offshore. Vendors submitting a bid or contract to provide services for the state shall certify that the services covered by the bid or contract will be performed in the United States.

If, during the life of the contract, the contractor or subcontractor shifts work overseas, then the agency shall require the contractor or subcontractor to pay damages in an amount equal to the amount paid by the agency for the percentage of outsourced work. The agency shall also terminate the contract for noncompliance.

The agency shall be entitled to bring a civil action in state or federal court to compel enforcement under this statute. The court shall award reasonable attorney's fees and costs to the agency.

A number of state legislatures have considered bills that would end the outsourcing of state contracts by prohibiting the employment of non-U.S. citizens in the performance of these contracts. While this formulation does prohibit overseas outsourcing, it also raises complicated issues about the employment of immigrants by state contractors inside the U.S. These issues can divide representatives otherwise sympathetic to an outsourcing ban, and can complicate and ultimately derail the passage of any outsourcing legislation.

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New Jersey is one state where this has happened already. It is possible to avoid these divisive issues and still effectively prohibit overseas outsourcing of state contracts by instead promoting legislation that prohibits the performance of state contracts outside of the U.S. By focusing on the location of the work rather than the immigration status of the workers, labor unions and state legislatures will improve their chances of passing legislation that bars the outsourcing of state jobs.

State agencies and subdivisions procure services in part through contracts with private vendors. Increasingly private vendors carry out these services, or subcontract or otherwise procure these services from a location outside the United States.

Such international outsourcing exacerbates unemployment and workforce dislocation, and deprives Kansas residents of job opportunities including industries and jobs. This state may be expending resources to attract international outsourcing, eroding state and local revenues by drawing jobs and income away from the state.

International outsourcing additionally may provide less privacy protections for state residents whose personal information may, in the course of service delivery, be transmitted to locations outside the United States.

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COMMITTEE ASSIGNMENTS  
EDUCATION  
GENERAL GOVERNMENT AND HUMAN  
RESOURCES BUDGET  
CHILDREN'S ISSUES

PATRICIA BARBIERI-LIGHTNER  
29TH DISTRICT  
CHAIR, INSURANCE COMMITTEE

TO: House Commerce and Labor  
Chairman, Representative Don Dahl

FROM: Kansas State Representative - 29<sup>th</sup> District  
Patricia Barbieri-Lightner *PB-L*

RE: House Bill 2524

DATE: January 29, 2004

Thank you Chairman Dahl and committee members for allowing me to appear before you today in support of HB 2524, otherwise known as the American Jobs Act.

HB 2524 simply provides that when our state agencies and its subdivisions want to contract for services with private vendors that those services including any subcontract services will not be outsourced internationally.

The bill further provides that should work be outsourced to work outside the U.S. during the contract then the contract will be terminated and damages paid to the state agency for that work outsourced internationally.

As we all know, through the years, American companies have been shifting jobs off to foreign countries for cheaper labor.

This constant shifting away from our American shores has left us with unstable employment and thousands of Americans left to take lower paying jobs just to get by.

While we cannot be totally protectionist and prevent American companies from seeking a greater profit on their returns. In the matter of our state government which is run by Kansas taxpayer dollars, we should be cognizant of whose dollars we are spending to run our government and keep those dollars here.

I respectfully submit this testimony for your consideration.

*Patricia Barbieri-Lightner*  
Patricia Barbieri-Lightner  
KS State Representative - 29<sup>th</sup> District

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American companies  
are cutting costs by shifting  
work overseas

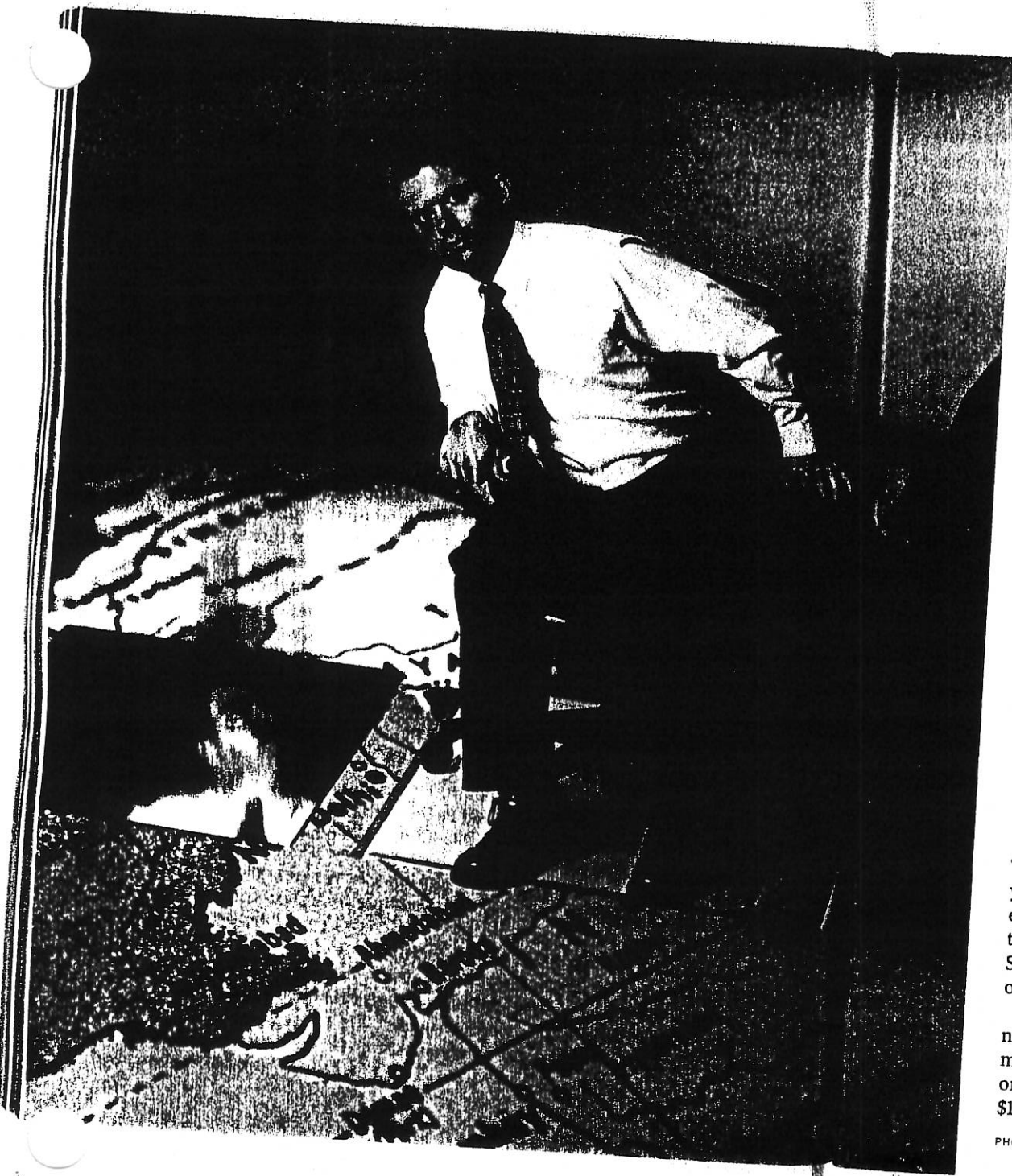
# Is Your Job Next?

BY PETE ENGARDIO, AARON BERNSTEIN,  
AND MANJEET KRJPALANI FROM BUSINESSWEEK

THE SENSE OF RESIGNATION inside Bank of America is clear. Three years ago, the Charlotte, N.C.-based bank needed technology talent so badly it had to outbid rivals. But in the fall of 2002, the entire 15-engineer team was told their jobs "wouldn't last through September." In the past year, Bank of America has slashed 4,700 of its 25,000 tech and back-office jobs.

Corporate downsizings are part of the ebb and flow of business. These layoffs, though, aren't just happening because demand has dried up. Former Bank of America managers say one-third of those jobs are headed to India, where work that costs \$100 an hour here gets done for \$20. Bank of America acknowl-

PHOTO-ILLUSTRATION BY STEPHEN WEBSTER



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edges it will outsource up to 1,100 jobs to India this year, but it insists not all of those jobs are leading to layoffs.

Cut to India. In dazzling new technology parks on the outskirts of major cities, no one's talking about job losses. Inside the Infosys Technologies impeccably landscaped campus in Bangalore, 250 engineers develop IT (information technology) applications for Bank of America. Elsewhere, staffers process home loans for Green-Point Mortgage in California.

Near Bangalore's airport, at the offices of Wipro Spectramind, five radiologists interpret 30 CT scans a day for Massachusetts General Hospital. Not far away, 26-year-old engineer Dharin Shah talks excitedly about his \$10,000-a-year job designing mobile-phone chips at the Texas Instruments research center. Five years ago, an engineer like Shah would have made a beeline for Silicon Valley. Now, he says, "the sky is the limit here."

About 1,000 miles north, on a site outside New Delhi, all four floors of Wipro are buzzing at midnight with 2,500 young college-educated men and women. They are processing claims for a major American insurance company and providing help-desk support for a big U.S. Internet service provider—all at a cost of up to 60 percent less than in the United States. Since U.S. customers like a familiar accent on the other end of the line,

Wipro voice coaches drill the staff on how to speak American English.

CUT TO MANILA, Shanghai, Budapest or San José. These cities and dozens more are the new back offices for U.S. companies. It's globalization's next wave—and one of the biggest trends reshaping the global economy.

The first wave started two decades ago with the exodus to developing countries of jobs making shoes, cheap electronics and toys. After that, simple work like processing credit-card receipts, and mind-numbing digital toil, such as writing software code, fled high-cost countries.

Now, all kinds of knowledge work can be done almost anywhere, thanks to digitization, the Internet and high-speed data networks that girdle the globe. "You will see an explosion of work going overseas," says Forrester Research analyst John C. McCarthy. He goes so far

as to predict at least 3.3 million white-collar jobs and \$136 billion in wages will shift from the United States to low-cost countries by 2015.

That's why Intel and Texas Instruments are hiring Indian and Chinese engineers to design chip circuits. Consumer-electronics giant Philips has shifted research and development on most televisions, cell phones and audio products to Shanghai. And Microsoft senior vice president Brian Valentine recently urged managers to

**Aerospace Engineer:**  
**\$650**  
a month in  
Russia  
**a month in  
the U.S.**

## OUTSOURCING U.S.A.

### MEXICO

A favorite IT and engineering outsourcing haven for U.S. companies that want to keep work close to home.

### COSTA RICA

Cheap telecom and an educated work force make San José ideal for call centers targeting Spanish-speaking consumers in the United States.

SOURCE: BusinessWeek

### INDIA

IT services, chip design, call centers and business back-office work generate \$10 billion in exports—and could hit \$57 billion by 2008!

PHILIPPINES More than 8,000 foreign companies do source work here, thanks to a huge supply of English-speaking accountants, software writers and telemarketers.

CHINA is becoming a key product-development center for GE, Intel, Microsoft and other electronics giants.

RUSSIA Some 100 local software service exporters employ up to 10,000 engineers specializing in complex projects. Boeing, Motorola and Intel have small research and development centers

ILLUSTRATED BY SW INFOGRAPHIC

"pick something to move offshore today." In India, he said, "you can get two heads for the price of one."

Even Wall Street jobs paying \$80,000 and up are getting easier to replicate. Brokerage firms like Lehman Brothers are starting to use Indian financial analysts to crunch numbers.

"Things go to the areas where there is the best cost of production," says Ann Livermore, head of services at Hewlett-Packard, which has 3,300 software engineers in India. "Now you're going to see the same trends in services that happened in manufacturing."

WHAT THIS MEANS for skilled labor in the United States is unclear. At the least, many white-collar workers may be headed for a tough readjustment.

The unprecedented hiring binge in Asia, Eastern Europe and Latin America comes at a time when companies are downsizing at home. In Silicon Valley, employment in IT is down by 20 percent since 2001, according to Joint Venture: Silicon Valley Network.

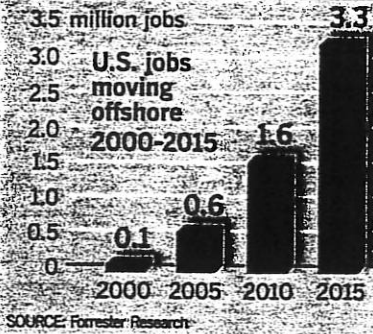
Should the United States panic? So far, only a tiny portion of U.S. white-collar work has jumped overseas. And many jobs can't go anywhere because they require face-to-face contact with customers. Americans will continue to deliver medical care, negotiate deals, audit local companies and wage legal battles. Talented, innovative people will adjust as they always have.

Indeed, a case can be made that the United States will see a net gain from this shift—as with previous globaliza-

## GOING GLOBAL

IS YOUR JOB NEXT?

ILLUSTRATED BY SW INFOGRAPHIC



the explosion of college graduates in low-wage nations. The Philippines churns out 380,000 college grads annually. There's now an oversupply of accountants. And though U.S. schools produce 35,000 mechanical engineers a year, China graduates twice as many.

Bill Gates, for one, is dipping into that pool. Last November, Microsoft's chairman announced his company will invest \$400 million in India over the next three years. That's on top of the \$750 million targeted for China.

This is no sweatshop work. Gaurav

Daga, 22, is a project manager for Microsoft, earning \$11,000 a year—a princely sum in a nation with a per capita annual income of \$500, where a two-bedroom flat goes for \$125 a month. Microsoft is adding 10 Indians a month to its 150-engineer center.

The job migration has just begun. Frances Karamouzis, a research director at Gartner, expects 40 percent of top U.S. companies will at least have an overseas pilot project underway within a year.

If big layoffs result at home, Washington may have to brace for a backlash. Already, New Jersey legislators are pushing a bill that would block the state from outsourcing public jobs overseas. At Boeing, an anxious union is trying to ward off more job shifts to the aircraft maker's new research and development center in Moscow.

The rise of the global knowledge industry is so recent that, in the West, it's not clear who will be the big winners and losers. But we'll soon find out.

### SEE ME AFTER CLASS

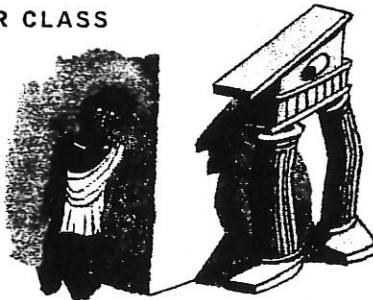
Professors have discovered that college students can have an interesting view of history. A few examples:

"The Sumerian culture began about 3,500 years before Christmas."

"Around the year 1000, people were afraid that an Acropolis was lurking around the corner."

"Men on both sides would have gotten to know each other better if they didn't have to wear uniforms."

"The Confederates were greatly damaged by navel blockage."



ANDERS HENRIKSSON in Non Campus Mentis (Workman)

9-4

tion waves. In the 1990s, corporations had to import hundreds of thousands of immigrants to ease engineering shortages. Now, by sending routine service and engineering tasks to nations with a surplus of educated workers, U.S. labor can be redeployed and capital invested in new innovations.

Globalization should also keep the prices of services in check, just as it did when clothes, appliances and home tools went offshore. And that means consumers will benefit.

- Buying a new dream home? San Francisco architect David N. Marlatt fires off two-dimensional layouts on houses selling for \$300,000 to \$1 million in Northern California, to architect Balazs Zimay's PC in Budapest. Days later, Marlatt gets back blueprints and 3-D computer models. Zimay charges \$18 an hour versus the up to \$65 Marlatt would pay in America—a savings he passes on.

- Stuck with a crashed computer at midnight? Dell and other companies now offer round-the-clock customer care from overseas offices in Ireland, India and the Philippines.

- Worried about the quality of treatment you're getting for a nasty neck injury? GE integrates diagnostic imaging technologies from labs in China, Israel, Hungary, France and India in everything from its new X-ray devices to its \$1 million CT scanners.

That's the good side of the coming realignment. A thornier question: What happens to all those displaced

white-collar workers? Even if they do find jobs, it's possible that lower salaries for skilled work will outweigh the gains in corporate efficiency.

Consider America's 10-million-strong IT work force. In 2000, senior software engineers were offered up to \$130,000 a year, says Matt Milano, a sales manager for placement firm Atlantis Partners. The same job now pays no more than \$100,000. Entry-level help-desk staffers would get about \$55,000 then. Now it's \$35,000.

"If foreign countries specialize in high-skilled areas where we have an advantage, we could be worse off," says

Harvard University economist Robert Z. Lawrence, a free-trade advocate. "I still have faith that globalization will make us better off, but it's no more than faith."

WHEN IT COMES to developing nations, however, it's hard to see a downside. Outsourced white-collar work

will likely contribute to economic development even more than new factories making sneakers or phones. By 2008, IT work and other service exports in India could generate \$57 billion in revenues, employ 4 million people and account for 7 percent of gross domestic product, predicts a joint study by McKinsey & Co. and Nasscom, an Indian software association. By spurring development in nations such as India, U.S. firms will have bigger markets for our goods and services.

What makes this trend so viable is

**Architect:**  
**\$250**  
a month  
in the  
Philippines

a month in  
the U.S.

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004

YO

es your story brought  
CONNIE OLIVER, Delhi, La.

with a ski pole in hand, but I was always thrilled to hear this wild creature's howling cry.

Now I live east of the city. I would trade my daily encounter with "man-eating" traffic on Highway 36 for a mountain lion visit anytime.

CINDY BEDELL, Louisville, Colo.

posed is the tip of a  
-sized problem. But  
California alone  
complaints filed against  
2002. Yet, out of all  
e judge was removed  
body is stopping the  
the so-called name  
EVEN GRACE, Santa Rosa, Calif.

The National Park Service gives this advice if you are confronted by a cougar: Wave your arms to appear larger; pick up any big branch to use as a weapon; try to remain on your feet; always continue to fight—never play dead; and try to stay in a group.

ROY MONTGOMERY, Henderson, Ky.

EL YEARS I lived in  
a few miles away  
re Lynda Walters  
a tree by two cougars  
One day a neighbor  
dragging his large  
t porch. The cougar  
dog survived. After  
I'll admit to jogging

### \*Going Global

**I**S YOUR JOB NEXT?" made my blood boil. In writing about the loss of work to companies overseas, the writers said, "Talented,

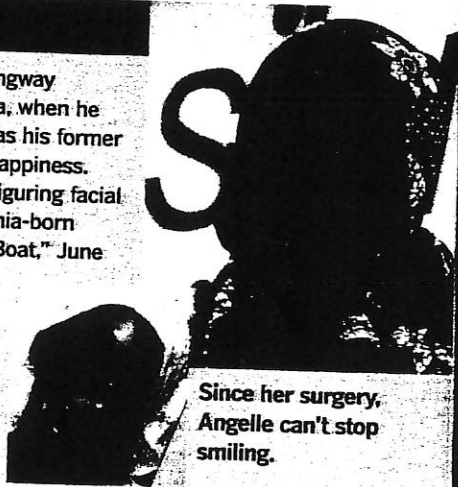
PHOTOS: © MERCY SHIPS INTERNATIONAL

### ed Up

alking to patients near the gangway  
Anastasis in Togo, West Africa, when he  
gen by a striking woman. It was his former  
in crying with laughter and happiness.  
of a return of the grossly disfiguring facial  
gifted her life until the California-born  
t aboard the ship. (See "Life Boat," June  
the hospital ship and its  
e carried out 2,671 surgical  
ple in three more West

to Benin, we'll tidy up the  
e left eye," says Parker.  
velous, and her life has

JOHN DYSON



Since her surgery, Angelle can't stop smiling.

innovative people will adjust as they always have." Indeed!

My husband is a white-collar casualty. He is "adjusting" by taking a \$12-per-hour job that's not even in his field, just to make ends meet. How can our economy be sustained by tens of thousands of workers now earning \$20,000 to \$70,000 less than before? What about the drain on unemployment funding? What about restaurants, charities and other activities we can no longer support?

Instead, ask U.S. workers to take a pay cut. Many would welcome a chance to receive a lower wage rather than have a career disappear.

LISA CHARBONNEAU, Ypsilanti, Mich.



My employer informed us we'd get our walking papers by the end of the year. (The jobs are going abroad.) So after 36 years, I'll be out of a job and won't likely find a new one. I'm behind the New Jersey legislature for trying to keep jobs from going out of country. The federal government should try this too.

GRETCHEN VANPELT, Brazil, Ind.

### Animal Friendly

**W**HAT A THRILL: The American Kidney Fund is rated one of "The Best Charities." I give to them not only because of what they do (aid kidney patients), but also for what they don't do: fund animal experiments. Go to HumaneSeal.org for similar charities.

LACEY MULLINS, Norfolk, Va.

### Brown-Bagging

**A**FTER FIXING holiday for years and not er it like I thought I sh was liberated by C. F. Payne "Thanksgiving" illustration back cover. The pre-made being pulled from paper b From now on, I'll order my and the fixings with no gui enjoy my family—instead c exhausted.

I cut out Payne's picture have it on my fridge every

SANDRA POWELL.

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*Wilma Ventura*

*Betty Vines*

*Dan Woodard*

House Commerce & Labor Committee

Representative Don Dahl, Chairman

9:00 AM January 29, 2004

HB 2524

Chairman Dahl & Committee Members,

I am Jim DeHoff, Executive Secretary Treasurer of the Kansas AFL CIO. We are in support of HB 2524 because of major outsourcing to countries outside the United States.

HB 2524 makes a statement that government is concerned about the job loses and the business climate in Kansas. Most of you are very familiar with the race to export US jobs overseas, for cheap labor and increased profits. It is estimated that within the next few years 14 million jobs are at risk of being shipped overseas.

In December of 2003 it was estimated that in the previous 39 months, 2.8 million jobs were shifted overseas. I have attached an article about the shrinking manufacturing environment in the United States that appeared in the Lawrence Journal World Newspaper, that I hope you will read. It tells about the major shift of jobs.

The Kansas AFL CIO has met with Lew Ebert, with the State Chamber and offered to work with them to find ways of keeping and attracting good quality jobs in Kansas. We do not agree with the need to change workers compensation laws or the need to weaken unemployment benefits. We believe a positive plan developed by the state, businesses and working people would attract new business to our state. We look forward to working with all of you to obtain that goal. The Kansas AFL CIO's number one priority is economic development. We urge you to consider helping slow down the outward flow of jobs to foreign countries by passing HB 2524.

Thank you.



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# OPINION

THE JOURNAL-WORLD/WWW.IJWORLD.COM/Monday, September 1, 2003

## Shrinking manufacturing threatens U.S.

WASHINGTON — The economy is getting better, so the experts say. But this is anything but a joyful Labor Day for the 9 million Americans without jobs, or for the businesses that once employed many of them. As the union-backed Economic Policy Institute pointed out in a report last week, “in terms of employment growth, the current recovery is the worst on record since the Bureau of Labor Statistics began tracking employment in 1939.”

Instead of the job picture improving as economic activity has accelerated, more than 1 million jobs have disappeared since the recession officially ended. The reason is clear: The manufacturing sector has hit the skids. The number of factory workers has declined every month for three years. From July of 2000 until last month, industrial jobs fell from 17.3 million to 14.6 million — a loss of almost one job in six. And these were, for the most part, good jobs, averaging \$54,000 a year.

It has taken a while for this problem to penetrate the consciousness of official Washington. Even now, despite the warnings from both labor and management, many seem to think that the economic recovery now under way will itself restore a healthy labor market and bring back the vanished jobs.

Governors, who live closer to the everyday lives of their constituents, know better. The issue of industrial job loss was very much on the

David Broder



davidbroder@washpost.com

“From July of 2000 until last month, industrial jobs fell from 17.3 million to 14.6 million — a loss of almost one job in six. And these were, for the most part, good jobs, averaging \$54,000 a year.”

met in Indianapolis last month. Indiana’s retiring Gov. Frank O’Bannon briefed his colleagues on his ambitious plan to stimulate four industrial sectors, with hopes of creating 200,000 new high-wage jobs. The plan was whittled down in the Legislature — and now the jobs issue dominates the campaign to choose his successor.

No state has felt the loss of manufacturing jobs more than Indiana, but from South Carolina to Washington state, other governors cited examples of whole communities devastated by plant closings.

To many of them, the future appears bleak. “The manufacturing jobs are gone, and they’re not coming back,” South Carolina Republican Gov. Mark Sanford

cost of labor in India.” Others think something can be salvaged. Mitt Romney, the Republican governor of Massachusetts, said: “Manufacturing has been in decline in our state for over 10 years now. Most of what can be done in China is already being done there. We’re pursuing the kind of manufacturing that needs to be done in a high-tech state.”

But even high-end manufacturing jobs are facing increased competition, as foreign countries build up their work force skills. The National Association of Manufacturers (NAM), for example, noted last week that “more than a quarter (28 percent) of the U.S. China trade deficit is now in computers and electronics, the fastest growing manufacturing industry in the 1990s.”

Foreign competition is one big piece of the problem. The NAM’s president, Jerry Jasinowski, cautions against “a protectionist impulse that would shut us off from the world,” but says, “It is time for the administration to get tough with the Chinese.”

Rep. Vern Ehlers, a Michigan Republican whose Grand Rapids district has been shedding furniture and auto parts jobs, said that “the refrain at my district meetings has been uniform: China. Jobs. Will the work come back?”

Even free-traders such as Jasinowski and Ehlers complain that the Chinese enjoy a 40 percent competitive advantage because they won’t let their currency

But not all the problems originate abroad. Jasinowski says regulatory and litigation costs and the ever-rising expense of health insurance are squeezing domestic producers who cannot raise their own prices. And government policies designed to help one set of producers harm others. Sugar duties have driven candy manufacturers from the U.S. into Canada and Ehlers says the administration’s decision to impose steel tariffs has added to the woes of his industrial constituents, who are steel consumers.

Secretary of Commerce Don Evans is scheduled to announce a Bush initiative for manufacturing at a Sept. 15 speech in Detroit. Meantime, the Democratic presidential candidates are zeroing in on the issue. Sen. Joe Lieberman has been out front in proposing a mix of possible approaches, and Rep. Dick Gephardt has used the crisis to spotlight his record as a longtime opponent of the free-trade agreements with Mexico and China.

The United States and its economy have a large stake in international trade — one that could be lost if policy took a turn toward the sort of short-term protectionism embodied in the steel tariffs. But the wasting of the manufacturing sector is a large fact of life, far too important to be ignored in pursuit of some economic theory. It is a problem crying out for a solution.

— David Broder is a columnist for



## Grow Kansas

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Fax: 316-522-7989

[www.growkansas.com](http://www.growkansas.com)

January 29, 2004

### **Re: Address to the House Committee on Commerce and Labor House Bill #2524**

Chairman Dahl and members of the committee, my name is Jeff Kniep and I am the Coordinator of Grow Kansas. On behalf of my organization I want to take this opportunity to thank you for bearing with me again within such a short period of time. I also would like to thank Mr. DeHoff and the Kansas AFL-CIO for asking that Grow Kansas come before you to give testimony about this very important bill.

Mr. Chairman, if I can, I would like to go back in time to exactly one week ago today. You asked me a question that I think was a very important question and one that is pertinent today. You asked me if I had any ideas as to how to fix the situation of outsourcing and the increased loss of jobs in our state. I truly believe that House Bill #2524 is a step in the right direction to addressing this problem. The American Jobs Act would begin to address the issue that outsourcing erodes our state and local revenues by drawing jobs and income away from our state. As I said last week I believe that our main focus should be on job retention right now. Our state has the high paying, high skilled jobs right now to support our communities. The problem once again is that multi-national corporations are just giving them away. In Wichita alone, our economy has lost almost \$40 million in revenues due to tax abatements and all we have to show for it is a shrinking manufacturing industry.

Last week we all heard that we should be focusing on making our state more competitive with other states like North Carolina in order to attract new business. I said last week that I believed we should focus first on maintaining the high skilled, high paying jobs we already have here before focusing all of our attention on attracting new business. I still believe that. I also believe that our state can benefit greatly from attracting new jobs and businesses. I would challenge this committee to look further into the reasons why North Carolina has had its business climate rated number one by Site Selection Magazine for the past three years. As I told you last week, I believe that Government plays a large role in whether there is job creation or job loss in our communities. I believe that North Carolina understands that concept and has created a business-government partnership that has created legislation that provides a business friendly tax environment with tax credits, grants, incentives, and loans that are granted to those employers that create good paying jobs with benefits. By doing this they have been able to create new jobs, attract new businesses to their state, and provide more revenue to their communities. I believe that by enacting this bill into law and others like it, we can begin the process of responsible economic development and that before long we will begin to see our job situation improve. I thank you for your time.

# LEGISLATIVE TESTIMONY

## HB 2524

January 29, 2004

By Marlee Carpenter, Vice President of Government Affairs  
Kansas Chamber of Commerce and Industry

Chairman Dahl and members of the committee;

I am Marlee Carpenter with the Kansas Chamber here to testify in opposition to HB 2524. The Kansas Chamber believes that to grow the Kansas economy we need to create an environment where businesses can grow and expand.

A recent Pollina Study looked at keeping jobs in America and found that there are many things that can be done to save US jobs. The study states that "many jobs leaving our shores are savable, especially those in manufacturing." Specifically, "[I]f a business weighs whether to stay or ship jobs abroad, they are going to consider a state or region's effective business tax rate, workers compensation laws, "right-to-work" laws, human resources, energy costs and infrastructure spending."

There are many things that Kansas can do as a state to become more competitive and save many Kansas jobs. All of the items listed above deal with the cost of doing business in Kansas. To save jobs in the state, we need to focus on the underlying costs, not penalties for businesses that make business decisions. The Pollina Study also ranks 10 states that should be models for the rest of the country. Kansas is not one of the top 10 states pro-business states. Not surprisingly, most of these states rank high on the *Site Selection* magazine Top 25 Business Climate Survey.

Last week your committee was presented the Kansas Chamber's Annual Competitiveness Index. With indicators from 13 different studies, Kansas ranks "average" or in the middle of the pack compared to other states. Though not everything can be done at the state level to help curb outsourcing, there are many

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things that can be done to lower the cost of doing business, including reducing workers compensation costs, health care costs, unemployment compensation costs, tort reform and business tax costs. We need to create ways to encourage businesses to come to Kansas, not discourage them. Additionally, we need to find ways for the state of Kansas to become more competitive, not less competitive.

Thank you for your time and I will be happy to answer any questions.

**About the Kansas Chamber of Commerce and Industry**

The Kansas Chamber of Commerce and Industry is the leading broad-based business organization in Kansas. The Kansas Chamber is dedicated to the promotion of economic growth and job creation and to the protection and support of the private competitive enterprise system.

The Kansas Chamber is comprised of nearly 7,500 businesses, which includes 200 local and regional chambers of commerce and trade organizations that represent more than 161,000 business men and women. The organization represents both small, medium and large employers in Kansas. The Kansas Chamber receives no government funding.

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# Overseas Job Outsourcing Can Be Cut, Says Pollina Study

07:30 EST Friday, November 21, 2003



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Print this article

CHICAGO, Nov. 21 /PRNewswire/ -- With American jobs flying out the door to lands far away, a new report-Top 10 Pro-Business States: Keeping Jobs In America-authored by Dr. Ronald R. Pollina, a leading corporate location expert -- concludes that millions of Americans are unnecessarily losing their jobs overseas because of the failed policies of the Federal Government and four out of five state governments.

"Don't bash China or India - they are doing their job - we as a nation are not," says Dr. Pollina, president of Chicago-based Pollina Corporate Real Estate. "Few US elected officials are doing their jobs to retain high tech and manufacturing jobs. To save US jobs, government dollars must be directed to stimulate technology investment and worker training and address the layers of Federal, state and local bureaucracy that stifle economic growth."

"The Federal Government and most states must provide the training, capital investment, incentives and general positive business environment that key businesses and industries need to compete in the global marketplace, and they are failing," the Pollina report observes. Says Dr. Pollina, "State and Federal political leaders should school themselves in what it takes for a business to survive and thrive in cutthroat global competition. Many jobs leaving our shores are savable, especially those in manufacturing."

"A company that can replace an aging factory with an efficient, automated plant is better positioned to keep its manufacturing jobs here, and the states that have provided assistance in this area have been more successful at retaining jobs for Americans," says Dr. Pollina. "If a business weighs whether to stay or ship jobs abroad, they are going to consider a state or region's effective business tax rates, worker compensation laws, "right-to-work" laws, human resources, energy costs and infrastructure spending. State and Federal officials must address these realities rather than allow a relentless march of manufacturing jobs go to China

### Your Call

What are the chances Conrad Black will regain his status as a media baron?

- Zero  
 Fair  
 Good

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PRNEWS (Friday, January 23, 2004 at 15:28)

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PRNEWS (Friday, January 23, 2004 at 15:23)

**'In Wine Country' Makes Debut on NBC 11 Sunday, January 25** ✪

PRNEWS (Friday, January 23, 2004 at 15:20)

**Nationwide Financial to Present at NYSSA 8th Annual Insurance Industry Conference** ✪

PRNEWS (Friday, January 23, 2004 at

unchallenged, or let engineering, finance and service sector jobs go to India unchallenged."

15:19)

**Simon Property  
Group Management  
Presentation At CSFE  
REIT Conference to  
be Webcast\***

"We have singled out ten states that should serve as models for the rest of the country and Washington," explains Dr. Pollina:

PRNEWS (Friday,  
January 23, 2004 at  
15:18)

- |                   |                   |
|-------------------|-------------------|
| 1. Virginia       | 6. South Dakota   |
| 2. North Carolina | 7. Michigan       |
| 3. Oklahoma       | 8. South Carolina |
| 4. Alabama        | 9. Georgia        |
| 5. Wyoming        | 10. Delaware      |

SOURCE Pollina Corporate Real Estate

CONTACT: Aaron Biller of Biller Communications, +1-212-663-9319, [abiller@BillerPR.com](mailto:abiller@BillerPR.com), for Pollina Corporate Real Estate

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K A N S A S

DENISE MOORE, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR  
HOWARD R. FRICKE, SECRETARY

DEPARTMENT OF ADMINISTRATION  
DIVISION OF INFORMATION SYSTEMS AND COMMUNICATIONS

**Testimony to the  
House Committee on Commerce and Labor  
Presented by Denise Moore  
Director, Department of Information Systems and Communications  
January 29, 2004**

Representative Dahl, and members of the House Committee on Commerce and Labor, I am pleased to appear before you today to discuss HB2524 and the affect it would have on information technology in the State.

The following examples paint a pretty good picture of global world trade in the IT industry:

- All the major components in a Dell computer come from foreign sources.
- Compaq laptops are made in Taiwan, as are Sharp calculators.
- Intel, AMD and Motorola computer processors are made in Malaysia.
- Computer memory typically comes from Korea, Japan, Malaysia, the Philippines, and recently, from China.
- IBM has extensive overseas manufacturing operations. The most widely sold IBM PC ever (the PC/XT) had components from Canada, El Salvador, Japan, Malaysia, Mexico, and the Philippines.
- IBM storage area network equipment is made in Canada.
- IBM monitors are made in Mexico and other foreign countries.
- Nortel digital phones are manufactured in Australia and Mexico.
- Seagate, one of the world's largest makers of disk drives has manufacturing plants in Thailand, Malaysia, Korea, the Philippines and other Asian countries.
- Many of Hewlett-Packard's components come from their plant in Singapore.
- Motorola cell phones and radios are made in China and other places.
- IBM, Toshiba, Dell and HP notebook computers are manufactured in Taiwan.

Companies supporting some of the state's critical business functions include:

- ASTRAC - Maintenance for mainframe software (United Kingdom)
- Avotus - Maintenance for call records storage unit (Canada)
- Hummingbird - Maintenance for KANWIN network monitoring software (Canada)

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- LBM Systems - Maintenance for functions of the State human resources and payroll system (United Kingdom)
- SPL Worldgroup - Maintenance for mainframe software (Israel)
- Tec Computer Alliance - HP Netserver hardware for delivering email (Canada)
- Software AG - Maintenance for mainframe software (Has offices located in the United States but is primarily a European company.)
- CISCO - Helpdesk support for telecommunications products (Australia). The state has over 700 CISCO routers supporting the KANWIN telecommunications data network. Cisco runs a helpdesk around the clock and as such rotates between three helpdesks around the world. Not having this support would be a major problem for the state.
- Other companies such as Gateway, Peoplesoft, Oracle, Computer Associates, Cingular, Sun Microsystems, Apple, Microsoft, EDS, Accenture, Deloitte & Touche, SBC, and AT&T also have offshore facilities.

Besides using offshore facilities for manufacturing and support, companies are using offshore facilities for IT operations such as application management and data center management. Companies are also adopting an overseas strategy for business process outsourcing, which involves turning over tasks such as billing and call center operations, help desk support and IT infrastructure management.

While the state may not directly contract with an offshore company, the state does contract with companies likely to have some portion of their operations in a foreign country. It is difficult to know if a vendor subcontracts part of their development or support work outside the US. Even when application software is purchased from a vendor who certifies that they do not engage in international outsourcing at the time of the purchase, it might be difficult to determine if the vendor later shifts work outside the United States.

Because HB 2524 has the potential to affect all IT-related products and services procured by the State of Kansas, I would encourage the committee to act with care when considering this bill. We all agree the topic of American jobs is a very sensitive and a very important one. However, consideration must be given to the contracts and relationships entered into while building and developing support for our state's mission-critical IT infrastructure - an infrastructure that in some cases protects both the lives and livelihood of Kansan citizens - as they were not designed to include a preference such as the one outlined in this bill. Legislation that requires all services procured by the State to be performed on US soil could have a negative effect on the State's IT operations. If the State is not allowed to do business with IT companies that have development and support functions offshore then it is possible that some of the State's critical systems could be put at risk.

January 28, 2004

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It is highly unlikely that the State could find comparable systems from vendors that exclusively use US-based IT resources. If that becomes the State's goal, it will be necessary to devote significant effort to research and structure to manage that transition, and it is possible that this may result in additional costs to supply the level of information technology services required to support the State's operations and initiatives.

Thank you for your time and attention. I would be happy to answer any questions you may have.

**Testimony on House Bill 2524**  
**to**  
**The House Committee on Commerce and Labor**

**by Matt Jordan**  
**Director of Community Development**  
**Kansas Department of Commerce**

**January 29, 2004**

Mr. Chairman and members of the Committee, I am Matt Jordan and serve as the Director of Community Development for the Department of Commerce. I appear before you today on behalf of Commerce to share our concerns with respect to the current version of House Bill 2524 and how it could limit the ability to attract new companies and jobs to Kansas. We appreciate the intent behind this bill and work diligently to provide economic opportunities through job creation and retention.

In our view, the bill precludes state agencies from engaging the services of private contractors from a location outside the United States. We believe this provision would have a negative impact on the department's ability to recruit international companies to Kansas. The following points highlight how such a measure would limit the ability to attract new jobs:

- The Trade Division requires market information from foreign nationals to supply recommendations to Kansas small business exporters. We have under contract foreign nationals who staff and administer the Kansas International Offices. The Division maintains offices in key strategic markets including Tokyo, Mexico City and London. We also have a network of market research experts in Chile, Argentina, Brazil and South Korea. Eliminating business advisory from the offices will mean the loss of export sales to Kansas companies and the loss of international investment for Kansas. End result is the loss of Kansas jobs.
- The aforementioned business advisors are all foreign nationals and not state employees. Proposed legislation would significantly limit our ability to support Kansas small business in expanding their market opportunities through providing good business intelligence. We believe the current system is the best approach to providing market research to Kansas companies and wish to retain it in the future.
- Commerce actively recruits international investment through the international offices. The more than 80 investments in Kansas by international companies translate into thousands of jobs for Kansans. For example, the Kansas European Office was directly involved in recruiting UPU Industries Ltd. to Junction City. When it opens later this year, the UPU facility will employ 70 Kansans and will have generated a capital investment in excess of \$7 million.

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Again, we understand the concern about the loss of jobs, including those lost to global outsourcing. However, the department wishes to make the Committee aware of the negative implications the current version of the bill would have on the State's ability to recruit jobs from international markets.

**Kansas Department of Administration**

**Howard Fricke, Secretary**

1000 SW Jackson, Suite 500

Topeka, Kansas 66612-1268

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**House Commerce and Labor Committee**

**H.B. 2524 Prescribing Restrictions on Foreign Contractors**

**D. Keith Meyers, Director**

**Divisions of Facilities, Printing, and Purchases**

**January 29, 2004**

Thank you for this opportunity to provide written testimony regarding H.B. 2524.

The total state spend on goods and services approximates \$1.6 billion. As of April 2003, the Division of Purchases managed contracts with 1831 vendors. 60% of those businesses maintained locations within Kansas, 38.8% provided addresses in states other than Kansas, and 0.2% were located in Canada. While these numbers give the immediate appearance that this legislation would have limited impact on the contracting practices of the state, the fact is that we do not know the extent to which our vendors have subcontracted work outside of the United States. Our focus has been on obtaining competitively priced goods and services for the State of Kansas without causing vendors to demonstrate where those goods and services are produced.

The broad nature of Section 3 (a) of the bill raises a question about whether this legislation would apply to goods as well as services. While service providers are broadly available in the United States, many goods producers outsource part or all of their production processes to contractors outside of the country. While a vendor and commodity analysis would be needed to prove the extent of the potential impact, close consideration should be given about how to address the foreign content issue. For example, how would the state appropriately procure personal computers if all the manufacturers subcontract components outside of the United States?

With regard to services, there may be areas where firms the state contracts with in this country have a legitimate need to contract work overseas. For example, KPERS money managers that work with foreign equity markets may need to contract for services or have offices in those countries. The legislation does not provide latitude for this type of situation.

The biggest question to ask about this legislation is regarding the potential impact it would have on the cost of goods and services procured by state agencies. The trend is for our vendors to try and take advantage of the availability of lower cost subcontractors. The issue before us now is to find a balance between the potential savings and cost control this trend may offer and this legislation's alternative of a potential job protection measure.

January 29, 2004



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Overland Park

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TO: Representative Dahl and Members of House  
Committee on Commerce and Labor

FROM: Trudy Aron, Executive Director

RE: **OPPOSITION FOR HB 2524**

Good morning, Representative Dahl and members of the Committee. I am Trudy Aron, executive director, of the American Institute of Architects in Kansas (AIA Kansas.) I am unable to present this testimony in person as I am in Washington, DC. We appreciate the opportunity to present our concerns on HB 2524.

AIA Kansas is a statewide association of architects and intern architects. Most of our 700 members work in over 100 private practice architectural firms designing a variety of project types for both public and private clients including justice facilities, schools, hospitals and other health facilities, industrial buildings, offices, recreational facilities, housing, and much more. The rest of our members work in industry, government and education where many manage the facilities of their employers and hire private practice firms to design new buildings and to renovate or remodel existing buildings.

Today's buildings are sophisticated and complex. They often require multiple consultants for specialty services such as security, acoustics, lighting, biological containment, etc. The design for most buildings comes from the coordinated team effort of architects, engineers and specialty consultants.

Most of the architecture firms that provide design services to the state and subdivisions are local, homegrown Kansas firms. However, a small but growing number of firms work internationally and may have offices and employees outside the US. We do not believe other governments, foreign or domestic, should place restrictions on Kansas firms doing public work in their state or country. Likewise, we do not believe that Kansas should place similar restrictions on our projects. If there is a need, we suggest language similar to that currently in 75-3740a be modified to reflect that a level playing field be assured by applying the same preferences to Kansas firms that the foreign government would apply.

When the playing field is level, we believe Kansas firms can compete with the best – be it foreign or domestic.

AIA Kansas does not support HB2524. We think it will harm, more than protect, Kansas firms in our global economy. Thank you.

*Executive Director*

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