

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on February 7, 2006 in Room 526-S of the Capitol.

All members were present except:

Anthony Brown- Absent
Richard Carlson- Absent
John Grange- Excused

Committee staff present:

Audrey Dunkel, Kansas Legislative Research Department
Rena Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Blake Flanders, Director of Career and Technical Education, Kansas Board of Regents
Jim Garner, Secretary, Kansas Department of Labor

Others attending:

See attached list.

Chairperson Gordon welcomed Blake Flanders, Director of Career and Technical Education, Kansas Board of Regents to the Committee. Mr. Flanders gave a general overview of his unique role in workforce development, the partnership between the Board of Regents and Department of Commerce and examples of current workforce development projects.

The Kansas 1st Blueprint, Executive Reorganization Order (ERO) 31, and the Kansas Economic Growth Act (KEGA) all contributed to the establishment of the Kansas 1st Initiative.

As a liaison to Kansas 1st, it is the goal of Mr. Flanders to strengthen the linkage between business, the postsecondary education and the training system.

Prior to Kansas 1st, Commerce gave companies money to help offset the cost of training workers for new jobs and job retention. The state of Kansas paid repeatedly for the same curriculum for each company client. Under the direct training service model, Kansas will pay for curriculum one time and customize it for individual companies.

The Career and Technical Education unit leads a system of technical education, provides state administration for the federally funded Carl Perkins Grant, and strives to identify limitations to program capacity.

A nursing shortage exists in Kansas. Implementing nationwide strategies and initiatives within the state, Kansas has been successful in attracting individuals to careers in health care. (Attachment 1)

Mr. Flanders provided the Committee with a report which addressed the resources needed and a time line for rebuilding the infrastructure to accommodate up to 250 more nursing student admissions annually (Attachment 2)

Another area that represents a job shortage in Kansas is the gas and oil field. Unlike the nursing program, there are not people waiting in line to get into this field. It is thought a better job needs to be done to promote a career ladder in this field.

Workforce Development is a complex issue and will not be easy to solve.

Chairperson Gordon welcomed new committee member Representative Ann Mah. She will replace Representative Annie Kuether.

Secretary Jim Garner from the Kansas Department of Labor gave an overview of the Economic Growth in

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on February 7, 2006 in Room 526-S of the Capitol.

Kansas and an overview of the Kansas Labor Market in 2005.

The 2012 occupation project list will likely have nursing at the top of the job shortage list.

There are three tools used in gathering data.

- Survey of households
- Monthly survey of approximately 4,500 Kansas Employers
- Quarterly wage report

Workforce statistics have been collected in Kansas as early as 1890. The Bureau of Labor Statistics (BLS) provides financial support. BLS requirements ensure this information is unbiased and free from political interpretation.

The majority of surveys conducted are voluntary and have a return rate from 75 to 90%.

The overview of 2005 show the Kansas economy continued to recover from the recession that followed the terrorist attacks of 2001. The number of working Kansans reached a record level in July 2005. Kansas has had 22 consecutive months of job growth. There has been consistent growth in key sectors that create good paying, highly skilled jobs. Even though manufacturing employment is still below pre-recession levels, job numbers are rising in the industry.

In 2005, Kansas's unemployment rate was relatively stable ranging from a low of 4.3% in December to a high of 5.85% in January. Unemployment in December 2005 was the lowest since December 2001.

Improvements in the Kansas economy will result in a lower tax bill for many Kansas employers in 2006.

In assessing the economy, it is necessary to look at the number of jobs in Kansas. The highest number of jobs was recorded in November and December 2005. (Attachment 3)

Discussion followed the presentation.

A motion was made by Representative Hill and Seconded by Representative Wolf to approve the minutes from the meetings of January 24 and 26. A vote was taken, motion passed.

The meeting was adjourned at 4:40 pm. The next meeting is scheduled for February 9.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE GUEST LIST

DATE: 2-7-04

NAME	REPRESENTING
Jim GARNER	Secy KDOL
DOROTHY STITES	KDOL
Orval W. Weber	KDOL
HOWARD SMITH	PITTSBURG STATE UNIVERSITY
Blake Flanders	KBOR



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

House Economic Development Committee

February 7, 2006

Dr. Blake Flanders
Director of Career and Technical Education

Good afternoon Madam Chair and members of the committee. My name is Blake Flanders and I am here on behalf of the Kansas Board of Regents to discuss workforce development issues and the partnership between the Kansas Board of Regents and Kansas Department of Commerce.

General Overview

I have been asked by the committee chair, Representative Gordon, to discuss my unique role in workforce development, the partnership between the Board of Regents and Department of Commerce (Commerce), and examples of current workforce development projects.

The Kansas 1st Blueprint, Executive Reorganization Order (ERO) 31, and the Kansas Economic Growth Act (KEGA) all contributed to the establishment of the Kansas 1st Initiative. The Kansas 1st Blueprint provided the framework and the strategic plan to connect Kansas postsecondary schools to Kansas 1st. Among other things, it called for the establishment of a Kansas Board of Regent's Liaison to serve on the Kansas 1st Executive Team, outlined how to realign existing staff to support direct training services to Kansas businesses through our postsecondary schools and called for the establishment of a workforce solutions fund to help ensure postsecondary schools would remain relevant to business training needs. KEGA included legislation that established the Kansas 1st Workforce Solutions Fund, and ERO 31 merged the federally funded workforce development programs with the state funded workforce training programs Commerce historically administered. On July 1, 2004, I accepted the position of Director of Workforce Training and Education Services. In this position, I serve on the Kansas 1st Executive Team and as a liaison from the Kansas Board of Regents to the Kansas Department of Commerce.

As the Kansas Board of Regent's Liaison to Kansas 1st, my goal is to strengthen the linkage between business and our postsecondary education and training system. A key objective supporting this goal is the transition from a grant funded model to a direct training provider model.

Prior to Kansas 1st, Commerce simply gave companies money to help offset the cost of training workers for new jobs and job retention. The state of Kansas paid repeatedly for the same curriculum for each company client. Under the direct training service model, Kansas will pay

House Economic Development
Attachment 1
2-07-06

for curriculum one time and customize it for individual companies. As well, postsecondary educational institutions will form closer relationships with business and industry and build their training capacity. As an example, the Kansas Institute of Technical Excellence (KITE), a consortium of educational institutions including Butler Community College, Cowley Community College, Hutchinson Community College, and Wichita Area Technical College, along with Wichita State University will deliver direct training services to 2400 Learjet, Inc. employees. In the year prior to Kansas 1st, only 5.25% of training services were directly delivered by our public postsecondary institutions. Under this agreement, over 38% of the training services are provided by our educational institutions, which is more training than was delivered in the entire year prior to Kansas 1st.

As previously mentioned, the Kansas 1st Workforce Solutions Fund was created by the KEGA. This fund shifted resources previously used for administration to a fund which supports curriculum development, training programs and facilities at postsecondary institutions. Through this mechanism, Kansas 1st provided \$1.5 million to Johnson County Community College (JCCC) to establish a workforce training center for biosciences. Once operational, JCCC anticipates 300 bioscience workers will be trained each year for high skill, high wage jobs in bioscience firms, while increasing the number of students seeking degrees or certificates by 80 percent over a three year period.

In January 2005, I assumed the responsibilities of Director of Career and Technical Education for the Kansas Board of Regents, in addition to my duties on the Kansas 1st Executive Team. This unit leads a system of technical education consisting of 205 technical programs, delivered by 4 technical schools, 6 technical colleges, 19 community colleges, and 1 university. The types of programs include associate degree, technical certificate, adult short-term, apprenticeship, and business and industry training programs. In 2005, institutions reported over 13,000 postsecondary enrollments in career and technical education programs.

The unit also provides state administration for the federally funded Carl D. Perkins Grant. The basic grant award of almost 12 million dollars is divided between secondary and postsecondary career and technical education. These funds are used by institutions to purchase equipment, provide professional development for faculty, and other activities improving program quality.

In addition to federal grant administration, the Career and Technical Education Unit strives to identify limitations to program capacity. During the last session, the Legislative Budget Committee expressed concern over the shortage of registered nurses in Kansas and recognized that the problem will only become worse as the current workforce nears retirement. As a result, the committee recommended that the Board of Regents submit a report to the Governor and the 2006 Legislature addressing the resources needed to increase the capacity in the state's higher education system for educating registered nurses by 25 percent. It was also requested that the report include a timeline for rebuilding the infrastructure to accommodate up to 250 more nursing student admissions annually.

A nursing shortage exists in Kansas due to an increased utilization of the health care system by an aging population at the same time many existing nurses will be retiring. The Kansas Department of Labor has predicted a need for 6,890 new RN positions by 2010 to meet the

workforce need, in addition to 4,460 RN replacement positions needed due to retirements, for a total projected need of 11,350.

Implementing nationwide strategies and initiatives within the state, Kansas has been successful in attracting individuals to careers in health care. The issue now is no longer about filling the pipeline with students interested in nursing careers, but rather one of postsecondary program capacity. Virtually every nursing program has an extensive waiting list of qualified applicants. Increasing capacity in nursing programs is a complex process that includes the critical components of acquiring additional qualified nursing faculty, securing additional clinical instruction sites, and increasing classroom space and equipment.

Recommendations from KBOR with fiscal implications include the following:

	Year 1	Year 2
• increase the supply of nursing faculty through a ten-year tuition forgiveness program	\$ 135,000	\$2,016,552*
• modify facilities, provide equipment and supplies to accommodate increase in enrollments	1,490,000	682,000
• provide 6 patient simulation units, simulator maintenance and supplies, and supporting faculty	2,647,260	447,000
• increase the number of nursing program faculty by 25 to accommodate increase in enrollments	1,500,000	1,650,000.
• form statewide nursing workforce consortium	<u>25,000</u>	<u>25,000</u>
Total:	\$5,797,260	\$4,820,552

**includes year 2 through year 10*

Additional recommendations include the following:

- create a fast-track program to train masters prepared nurses
- share less-than-full-time clinical and classroom nursing faculty and equipment
- establish statewide database of clinical partnerships
- implement the use of nontraditional clinical and program schedules
- identify a Center of Excellence for Health Care Workforce Development

This report identifies the funding needed, as recommended by the Legislative Budget Committee. The Kansas 1st Executive Team, working in concert with other groups of stakeholders is identifying resources to help fund this initiative. This type of systemic workforce development will require the efforts of many stakeholders if we are to achieve success.

Thank you for the opportunity to comment. I will be happy to answer any questions.

A Report Addressing the Resources Needed to Increase the Capacity of the Kansas Board of Regents System for Educating Registered Nurses

Charge from the Legislative Budget Committee

The Legislative Budget Committee expressed concern over the shortage of nurses in Kansas and recognized that the problem will only become worse as the current workforce nears retirement. As a result, the committee recommended that the Board of Regents submit a report to the Governor and the 2006 Legislature addressing the resources needed to increase the capacity in the state's higher education system for educating registered nurses by 25 percent. It was also requested that the report include a timeline for rebuilding the infrastructure to accommodate up to 250 more nursing student admissions annually.

The Kansas Board of Regents appreciates the opportunity to respond to this issue. The report begins with a background of the nursing shortage drawing upon both national and Kansas studies. The next section, Filling the Pipeline, focuses on the successful efforts of various organizations in attracting more interest in the nursing profession. As a result of these efforts, a new problem has surfaced - postsecondary program capacity and growth, referred in the report as, Widening the Pipeline. The paper also addresses the various barriers to increasing capacity and growth. The report concludes with recommendations, projected costs, and a stated timeline for the project. For further information on the research and formulation of the report, see **APPENDIX**.

Background

The American Hospital Association's Commission on Workforce for Hospitals and Health Systems stated, "Among the many issues facing the field of health care, none is more important to its long-term future than solving the growing workforce crisis." Hospitals and other facilities that provide patient care in Kansas, as well as nationwide, are threatened by a long-term shortage of nurses. This demand for health care professionals, specifically registered nurses, is well documented. In the 2004 article by Bleich and Hewlett, entitled "Dissipating the 'Perfect Storm' – Responses from Nursing and the Health Care Industry to Protect the Public's Health," the authors use the metaphor of converging storms to describe the current nursing shortage. In essence, this long-term shortage is due to:

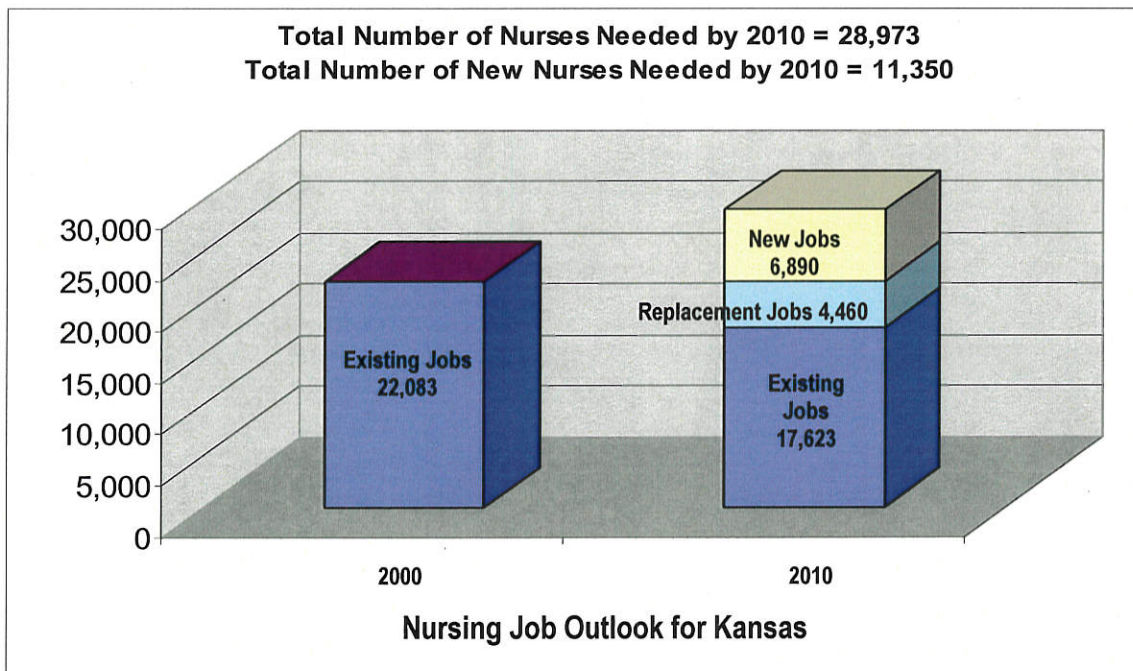
- An aging population that will require increased utilization of the health care system
- An increase in the number of retirements, in this case nurses and other health care professionals
- Fewer potential workers to replace those that are retiring
- Dissatisfaction of many in the current hospital workforce with their work due to the increasing workload and faster pace, which results in harried, dissatisfied caregivers with less time at the bedside and an increased fear of dire patient outcomes

In short, the aging population will be placing greater demands on the health care system at the same time many health professionals will be retiring. In addition, the population is becoming more ethnically diverse and minorities continue to be underrepresented in the health care workforce. This issue has become more prevalent in recent years with an increase in the Hispanic population, as well as the elderly in many rural areas of Kansas.

The U.S. Department of Labor has identified Registered Nursing as one of the top occupations in terms of job growth through the year 2012. According to a U.S. Department of Health and Human Services study, by 2010 the shortage of qualified health care workers is expected to reach 12 percent nationally, and by 2020 this shortage is projected to grow to 29 percent. This translates to a need for 1,101,000 more registered nurses nationally to meet the demand by the year 2012.

The outlook in Kansas is similar to the national trend. The Kansas Occupational Outlook, published by the Kansas Department of Labor in February 2005, identified the top 10 occupations for projected growth through 2010. Registered Nurse (RN) is listed second, with a projected growth of 31.2%, or 6,890 more RN positions needed by 2010 to meet the workforce demand at that time. Coupled with 4,460 RN replacements needed due to retirements in the same time-period, the total projected need for RNs will exceed 11,350. The need for Licensed Practical Nurses (LPN) for this same time-period is projected to be 3,370 (a number that does not include replacement positions needed due to retirements).

Although the focus of this report is to increase the capacity for educating RNs, it is also sensitive to the need of more LPNs. There are 10 generic LPN programs in Kansas and 70% of these students enter the workforce while 30% continue their education to become RNs. Obviously this benefits the RN pool; however, it reduces the supply of needed LPNs for long-term care. Long-term care is the major employer of the LPN and the LPN is the major health care provider for the growing population of elderly in Kansas.



The Kansas State Nurses Association (KSNA) conducted a study entitled, "Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas" estimating a projected need of 11,390 RNs over this same time-period, which varies less than one-half percent from the Department of Labor projections.

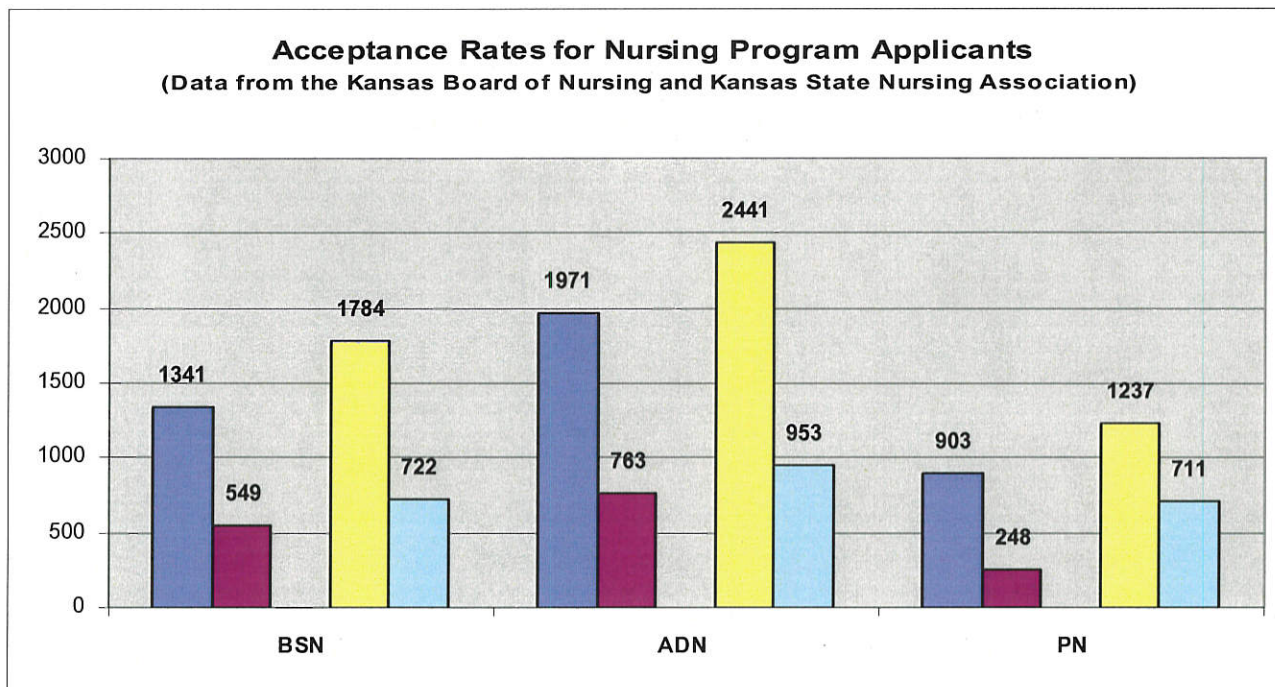
Filling the Pipeline

The good news is that recent efforts at both the national and state levels have been somewhat successful in attracting more people toward careers in health care. National recruitment campaigns and initiatives are currently being sponsored by the Health Professions Network (HPN), an affiliation of over thirty allied health professions, and by national health care providers such as Hospital Corporation of America (HCA), Kaiser Permanente, and others. The Kansas Department of Education reports that there are now over 40 Health Science Career Pathway programs in high schools across the state, which prepares students for careers in health care. These programs, many of which are fairly new, graduated over 150 seniors in 2005 that have decided on a career in health care and will enter postsecondary institutions to obtain the necessary education for these careers. The National Consortium for Health Science and Technology Education (NCHSTE) has taken a lead position in the development of a Health Science Career Cluster and the National Healthcare Foundation and Pathway Standards. Many Health Science Career Pathway programs in Kansas are in the process of adopting these national standards allowing students to participate in concurrent enrollment arrangements with postsecondary institutions and obtain certification as nursing assistants (CNA) as well as other entry-level positions. This process will facilitate a quicker, more “seamless” matriculation into professional health care programs. Kansas also has a very active affiliation with Health Occupations Students of America (HOSA), a national secondary/postsecondary student organization with over 87,500 members who are very committed toward careers in health care. The Kansas Nurse Practice Act has required Schools of Nursing to have articulation programs in place since the late 1970s. This process allows nurses to transition, at the undergraduate level, from Practical Nurse (PN) to an Associate Degree in Nursing (ADN) or a Bachelor Degree in Nursing (BSN) and, also facilitates registered nurses with an ADN to obtain a BSN without repeating content coursework. A statewide nursing articulation plan has been developed by program chairs of the PN, ADN, and BSN nursing programs in Kansas. These program chairs formed the Council for Nursing Articulation in Kansas (C-NAK) to oversee the process. The Kansas Board of Nursing (KSBN) is also represented on the council. In December 1995, a statewide articulation plan was adopted by all nursing programs in Kansas to make this transition and recognition of coursework more seamless.

Widening the Pipeline

As a result of the intensive on-going efforts to encourage students to pursue health care careers, the issue in Kansas, as well as in most states, has not been one of getting students interested, but rather, the issue is one of postsecondary program capacity and growth. Admission data for 2005 provided by KSBN indicates that almost all nursing programs have full admissions and waiting lists of potential students. Applicant data was obtained from the Kansas State Nurses Association (KSNA) study, “Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas,” published in August 2005 and revised in November 2005. The data from both of these entities includes information from both public and private nursing programs. The following graph and table depict that in the fall of 2004 the acceptance rate for nursing programs—BSN, ADN, and LPN—ranged from 27.5 percent to 40.9 percent of the applicants. In 2005, the acceptance rate for these same programs ranged from 39 percent to 57.5 percent of the applicants. The overall acceptance rate for all programs over this two year period is 40.8 percent. However, it must be noted that some students apply to more than one nursing

program, due to waiting lists. Therefore, application numbers may be somewhat inflated, as they do not differentiate duplicate admissions among institutions.



Fall 04 Applicants	1341	1971	903
Fall 04 Admissions	549	763	248
Total 05 Applicants	1784	2441	1237
Total 05 Admissions	722	953	711

Data reported by institutions responding to a community college nursing survey conducted by the Kansas Association of Community College Trustees (KACCT) also indicates that the number of applications consistently exceed the current admission capabilities of nursing programs in Kansas community colleges.

As the regulatory agency for nursing programs, KSBN approves the maximum enrollments requested by nursing programs based on resources such as the classroom size, equipment, the number of nursing faculty, clinical instructors, as well as clinical site availability for every nursing program. The number of actual enrollments has averaged 85% of the maximum allowed by KSBN over the last five years because of faculty, clinical site and resource limits.

On the bright side, Wichita State University recently announced that it will expand the baccalaureate nursing class from 80 to 120 students per year, a 50% increase, beginning in spring 2006. Fort Hays State University has redesigned its baccalaureate nursing program to be more accessible and flexible by providing students courses on campus, off campus, online or through a combination of instructional media.

In addition to looking at program application and admissions data, the number of nursing program graduates and National Council Licensure Examination (NCLEX) pass rates for both Registered Nursing and Practical Nursing students, depicted on the following tables, is also an

important factor when considering elements that impact the number of licensed nurses entering the workforce. It is understood that pass rates on the NCLEX are beyond the direct control of the various partners responsible for the reduction of the nursing shortage; however, it is important for the reader to understand that the NCLEX pass rate is an influence factor that must be addressed in the matrix that calculates the number of admissions, the number of graduates, and workforce needs. It should also be stated, the NCLEX may be repeated several times; therefore, the pass rates are variable. Additionally program graduates have up to two years to take the NCLEX examination, and not all graduates opt to take this exam at their first opportunity for various personal reasons. The length of time it takes for an individual to complete the nursing program curriculum also varies. Therefore an exact correlation between the year of admission and the year of graduation cannot be drawn. For this reason the examination candidate number may vary from the graduate number for a given year. Finally, the data are a representation of a point in time and are subject to variation by semester and by year.

New First Time NCLEX – RN Candidates Educated in Kansas

	2002	2003	2004	2005 (Through 9/30/05)
Total RN Candidates	1,000	1,015	1,057	1,300
Total Passing Exam	829	839	927	1,111
First-Time Pass Rate	82.9%	82.7%	87.7%	85.5%

New First Time NCLEX – LPN Candidates Educated in Kansas

	2002	2003	2004	2005 (Through 9/30/05)
Total PN Candidates	587	609	642	658
Total Passing Exam	518	534	584	627
First-Time Pass Rate	88.3%	87.7%	91.0%	95.3%

Using data provided by the Kansas State Board of Nursing, the five-year average of total Kansas annual RN program admissions from 2000 through 2004 is 1,331 students, the average number of students graduating RN programs is 1,213 and the average number of these graduates passing the NCLEX the first time during this same period is 851. These annual averages are reflected on the first line of the following chart. To meet the Department of Labor’s projected need of approximately 11,350 (from 2000 to 2010) would require an approximate increase of 1,135 more nurses per year entering the workforce.

Applying the five-year averages to each of the academic years 2000-2004 , the state began the 2005-2006 academic year with 1,420 fewer nurses than needed to meet projected number of 11,350 new nurses by 2010. Fall 2005 admissions to RN programs actually increased to 1,675 students. By applying the five year average NCLEX examination candidate rate (percentage of graduates that become examination candidates) of 85.2% and the five-year average NCLEX examination pass rate of 82.3%, it is estimated that approximately 1,071 nursing students will pass the NCLEX examination and be ready to enter the workforce in 2006. If the fall 2005 admission numbers can be sustained for 2006, allowing time for nursing program expansion recommendations to be implemented, and the additional 250 student admissions can be maintained for 2007, 2008, and 2009 the state will still be approximately 1,259 nurses short of the projected number of nurses needed by 2010 based on first time NCLEX pass rates. If repeat test takers (approximately 750 individuals over this same period) are factored into the equation, it is anticipated that the state will be 509 nurses short of meeting the goal of 11,350 nurses.

Academic Years	Number of Admissions	Number of Graduates	Number NCLEX Candidates	Number Passing NCLEX	Workforce Demand	Difference
2000-2004	6,653	6,066	5,171	4,255	5,675	-1,420
2005-2006	1,675	1,527	1,302	1,071	1,135	-64
2006-2007	1,675	1,527	1,302	1,071	1,135	-64
2007-2008	1,925	1,755	1,496	1,231	1,135	96
2008-2009	1,925	1,755	1,496	1,231	1,135	96
2009-2010	1,925	1,755	1,496	1,231	1,135	96
					11,350	-1,259
				<i>Estimated # of NCLEX Repeat Test Takers</i>		750
						-509

In a survey of the academic deans of institutions with nursing programs, the vast majority cannot accommodate more students unless more qualified nursing faculty are available, facilities expanded, and the issue of clinical access is addressed.

Barriers to Increasing Capacity

On September 15, 2005, an Innovation in Health Science Education Summit was held in Topeka. Ninety nursing and allied health care program directors, representing one-, two- and four-year programs, from across the state were asked to identify the barriers that currently prevent them from admitting additional students into the nursing and allied health programs in Kansas colleges and universities. Their primary responses included: (1) an insufficient number of qualified available faculty, (2) competition among programs for clinical placement sites, (3) classroom and laboratory space, and (4) additional equipment needs. Institutions responding to the KACCT community college nursing survey, likewise, identified these same issues as barriers to nursing program expansion.

Availability of Qualified Faculty

Nurse educators for BSN and ADN programs are required by the KSBN to possess at least a master's degree in nursing (MSN). Program administrators/directors for practical nurse programs are also required to possess an MSN. Nursing faculty responsible for course and/or clinical instruction in a practical nursing program must possess at least a baccalaureate nursing degree (BSN).

The KSNA surveyed deans and directors of nursing programs to project retirements based on their knowledge of individual faculty. The startling results indicate the median age of nursing faculty in Kansas is in the fifties, with a projected retirement of 32, of the 470, MSN and PhD prepared nursing faculty during the next three years. Additionally, 26, out of 65, of the PhD-prepared nursing faculty and 97, of the 317, MSN-prepared nursing faculty will retire within nine years. Fifty-five percent of nursing educators have an MSN, and 96 percent of these masters-prepared educators teach in BSN and ADN programs. Additionally, 34.7 percent of nurse educators teach only part-time. Recently, the School of Nursing at KU began offering an online Ph.D. program to address the needs of place-bound students and ideally, the faculty shortage issue.

Contributing to the shortage of nursing faculty is the salary disparity between nurse educators and advanced practice nurses. The salary issue is a common reason given by nurse educators leaving the classroom. Results of the KSNA study show that salaries of masters-prepared faculty, with a nine month contract pro-rated to twelve months, fall within a range of \$44,947 to \$60,000, which is well below the average masters-prepared nurse salary of \$70,642 in Kansas (American Academy of Nurse Practitioners, 2004). Calculating actual salaries, based on a nine-month contract, the disparity between nurse educators and advanced practice nurses can reach \$40,000 annually. KSBN has granted 12 faculty qualification exemptions this past year. These individuals are new faculty hires that do not currently possess the required qualifications. They have one academic year in which to prepare a faculty degree plan outlining their intent to obtain all the necessary qualifications. They then have a total of six years to obtain the required degree. These plans must be approved by KSBN.

Direct Program Costs

Nursing programs require concentrated faculty resources. For clinical education sites, the Kansas State Board of Nursing requires a maximum student-to-faculty ratio of 10 students to each clinical faculty member to ensure proper and safe oversight of students in the actual health care environment. The low student-to-clinical-faculty ratio, as compared to non-health care programs, and other costs associated with clinical education, such as travel, insurance, and extensive laboratory equipment needs, all contribute significantly to the delivery cost of nursing programs. In fact, these delivery cost are typically much higher than the revenue generated through student tuition, fees and state aid.

Clinical Access Issues

The limited availability of clinical education sites, as well as the competition among health care programs for the existing sites, is a critical issue that must be addressed if programs are to expand the number of students served. As a result of the limited number of both accessible clinical sites and clinical instructors, many professional nursing programs have not admitted the maximum number of students allowed by KSBN. Programs currently operating at full KSBN approved capacity also are unable to expand to accommodate additional students given the current status of clinical education site availability. Students in nursing programs in several rural areas of the state must drive significant distances, sometimes out of the state, to obtain the required clinical training component of the nursing program. Nursing education programs need to investigate the possibility of implementing alternative clinical education scheduling and to increase collaboration among peer nursing programs to maximize the available clinical sites. Recently, Washburn University School of Nursing announced the use of a Mobile Health Clinic van to provide students with the opportunity to deliver health care services to culturally diverse populations. This creative idea addresses clinical access and needed healthcare. Increased utilization of human patient simulation units (which include adult, child, and infant simulators) could also be a tool to reduce the burden on clinical sites by better preparing the students in specific techniques before they enter the clinical site, thus reducing the total time spent at clinical sites.

Classroom, Laboratory and Equipment Needs

Many of the nursing and allied health program directors attending the Education Summit in September voiced concerns regarding the lack of adequate physical space, both classroom and laboratory, that precludes them from increasing the capacity of the existing programs. Insufficient instructional space leads to the overcrowding of students and results in an inadequate

learning environment. Equipment concerns expressed by the Summit participants focused on the increased usage and demand that a larger student population would place on existing equipment.

Recommendations

Providing nursing education programs the capability to accommodate more students, specifically admitting (and graduating) up to 250 additional nursing (RN) students annually, will require multiple strategies, as there are multiple barriers to overcome.

Faculty Availability. Enrollment cannot be increased without sufficient qualified faculty to provide the education and training required.

- It is recommended that the legislature appropriate additional funds to support a Tuition Forgiveness Program targeted specifically toward BSN nurses willing to obtain a MSN degree, remain in Kansas, and become nurse educators in a postsecondary educational institution for a specified amount of time. Information provided by the School of Nursing at the University of Kansas indicates that it takes approximately two years, if attending full time, for an individual with a BSN to obtain an MSN degree; and the average cost of tuition, books, and fees for Kansas residents would be approximately \$15,000. The loan forgiveness program would be administered by KBOR.
- It is also recommended that Kansas universities, in conjunction with the Board of Nursing, investigate the creation of fast-track programs to train masters prepared nurses in a shorter period of time while maintaining quality standards. A fast-track program would need the approval of KSBN.
- Educational institutions should also investigate the “sharing” of less-than-full-time clinical and classroom nursing faculty and equipment, thus increasing utilization of scarce resources.
- Finally, masters-prepared nurses are not seeking teaching positions in significant numbers because faculty salaries are not competitive with the clinical salaries of nurse practitioners. A final recommendation in this area would be to conduct a salary review of nurse educators, with the intended outcome being a reduction in the salary disparity possibly through a legislative appropriation to supplement salaries of nurse educators.

Clinical Site Availability. Even with sufficient faculty, clinical site availability remains another critical issue among nursing programs.

- An ad hoc Clinical Site Availability Committee, comprised of clinical educators, should be established to investigate and recommend alternative clinical scheduling and other clinical options to the Nursing Workforce Consortium.
- To improve collaboration and sharing of resources among nursing programs, a statewide database of clinical partnerships needs to be developed and maintained to increase the transparency of clinical site usage and assist in identifying additional opportunities for clinical instruction.
- Nursing programs, working collaboratively with clinical education providers, should explore and implement the use of alternative (non-traditional) clinical and program schedules, such as weekend, evening and nighttime classes and clinical schedules, as long as these delivery models can remain educationally sound.
- The purchase and statewide strategic placement of six additional patient simulation units would provide students training and experience in working in a simulated health care environment which could be used to augment the time required at an actual clinical site.

- To expand the flexibility and utilization of existing clinical education sites, partnerships between clinical sites and educational institutions need to be explored and developed. These partnerships would focus on facilitating the training and preparation of hospital clinicians who then could become adjunct faculty, yet remain on the hospital's payroll. These types of partnerships have proven very beneficial in allowing more nursing students to be accommodated; however, these partnerships are currently limited to urban areas. By expanding these partnerships to more rural areas of the state, a comprehensive rural clinical education model could be developed that will help in meeting needs of both the educational institutions and the clinical sites.

Classroom, Laboratory and Equipment Needs.

- It is recommended that KBOR explore the possibility of addressing the projected funding needs to increase the number of nursing students through a special weighted funding formula for specific, high-cost, critical-need educational programs such as nursing.
- It is also requested that the legislature approve capital outlay expenditures of \$750,000 for nursing education programs needing facility renovations to accommodate an increase in nursing student enrollments as requested.
- Partnerships involving nursing programs, the health care industry, foundations and other health care related philanthropic organizations should be enhanced to provide financial assistance in the form of classroom and laboratory equipment.

Center of Excellence for Health Care Workforce Development.

- To assist educational institutions, health care professionals, health care industry and policymakers in responding to this and other challenges of educating and managing a health care workforce capable of meeting the needs of Kansas into the future, a center committed to health care workforce issues is recommended. The center should be established following the guidelines found in the Kansas Board of Regents Policy and Procedures Manual relative to Centers of Excellence for Workforce Development.

Managing Program Effectiveness and Funding Accountability.

- Studies focused on the projected job outlook for nursing through 2015 and 2020 should be conducted by the Kansas Department of Labor, and/or others, to document the on-going needs of the health care industry and outcomes of these studies could be utilized to monitor the effectiveness of nursing program expansion efforts in meeting the needs of the industry. In addition, a study of rural versus urban health care industry needs should be conducted to ensure funds and expansion efforts are distributed equitably throughout the state based on need.
- An accountability system would be created to ensure appropriated funds are utilized as intended to increase the capacity of nursing programs by 25 percent.

A Statewide Nursing Workforce Consortium.

- A statewide nursing workforce consortium led by KBOR Career and Technical Education and funded by the legislature should be formed to serve as an implementation task force to address these recommendations, formulate additional recommendations, and implement workable solutions with a designated timeline. This workforce consortium should be comprised of at least one representative from each of the following: Kansas Council of Licensed Practical Nurse Educators, The Kansas

Associate Degree Nurse Educators, the Kansas Association of Colleges of Nursing, Kansas State Board of Nursing, Kansas State Nurses Association, the Kansas Hospital Association, the Kansas Association of Homes and Services for the Aging, the Kansas Health Care Association, the Kansas Organization of Nurse Leaders, and KBOR. This workforce consortium will investigate the on-going workforce needs of the health care industry, as well as the educational capacity of our nursing programs, and will develop both short-term and long-term recommendations to ensure Kansas has an adequate supply of nurses well into the future.

Collaborative Partnerships. There are multiple barriers to be addressed if the capacity of the state's nursing programs is to be increased. There will also be obligations by multiple partners. These partners, along with their respective suggested obligations are:

- KBOR: KBOR should seek funding to support a loan forgiveness program for nurse educators and address immediate and sustainable funding issues for nursing and allied health programs, if these programs are to accommodate more students. KBOR should also encourage nursing and allied health educational programs to share resources, look at alternative educational and clinical scheduling, and expand the use of on-line programs.
- KSBN: The Kansas State Board of Nursing should assist with the collection and distribution of relevant data concerning nursing programs in Kansas and review faculty requirements and regulations as needed to assure accepted recommendations can be implemented. KSBN also may need to review the actual amount of clinical time required for specific nursing programs.
- Health Care Industry: The health care industry should identify funding sources for additional nursing program equipment and scholarship development to enable programs to accommodate more students, especially minorities. The industry should also assist with the identification and establishment of more clinical education sites and preceptors. Finally, the industry needs to address its health care retention issues.
- Educational Programs: The professional nursing programs should explore modifying and expanding clinical rotation schedules and investigate the possibility of utilizing non-traditional times such as weekends and evening and nighttime clinical rotations and class times. The programs should increase the sharing of clinical faculty, resources such as laboratory space, increase utilization of patient simulation units, and other (especially clinical) educational alternatives. Programs also should look at augmenting classroom education with more on-line education. Finally, programs need to increase recruitment efforts of non-white, Black and Hispanic students.

These recommendations are a series of initial suggestions based on preliminary work and available data. Additional time and input will be required to develop a comprehensive strategic plan, including timelines with specific responsibilities assigned, to ensure long-term sustainability in meeting the health care workforce needs of Kansas.

Projected Costs

The state currently has 18 public Associate Degree Nursing (ADN) programs, including satellite programs, and 6 public Baccalaureate Nursing degree (BSN) programs. Five institutions providing ADN instruction, representing urban and rural institutions, were surveyed to project a cost estimate for increasing the capacity of their nursing programs by 25 percent. Responses included one-time expenses such as facility modifications and additional classroom equipment purchases as well as on-going expenses for faculty salaries and other program costs such as supplies, insurance, and equipment maintenance.

Using the responses from this sampling of programs, the estimated projected cost to increase the capacity of all nursing programs by 250 students is approximately \$5,637,260 for the first year. Included in this amount are modest facility modifications and classroom equipment requests (\$870,000), the purchase of six patient simulation units (\$2,347,260), the cost for personnel dedicated to the operation of the simulators (\$300,000), salaries for an additional 25 nursing faculty (\$1,500,000), and other estimated program costs (\$620,000), such as classroom and laboratory supplies, insurance, clinical travel expenses, and equipment maintenance. (See ATTACHMENT)

Projected cost for the on-going expenses to maintain this level of program expansion after the first year is approximately \$2,779,000—for faculty and simulator personnel salaries, program supplies and expenses, and annual maintenance of the six patient simulation units.

In addition, another \$2,151,552 will be needed over the next ten years to fund a targeted tuition forgiveness program as an incentive to encourage current BSN prepared nurses and educators to obtain a master's in nursing degree. As a condition of participation in this program, recipients would agree to become nurse educators in Kansas postsecondary institutions for a specified period of time after obtaining their MSN degree.

Timeline

- | | |
|-------------|---|
| Spring 2006 | <ul style="list-style-type: none">• Convene statewide nursing workforce consortium and establish necessary subcommittees and partnerships• Legislature appropriates funding for nursing initiative• Implement an ad hoc Clinical Site Availability subcommittee to investigate and recommend alternative clinical scheduling and other clinical options |
| Summer 2006 | <ul style="list-style-type: none">• Market Nurse Educator Scholarships |
| Fall 2006 | <ul style="list-style-type: none">• Implement facility modifications where necessary• Purchase and install patient simulator units at designated institutions• Hire personnel to operate patient simulator units |
| Winter 2006 | <ul style="list-style-type: none">• Provide staff development/training on utilization of patient simulator units |
| Summer 2007 | <ul style="list-style-type: none">• Hire additional qualified nursing faculty as requested by institutions |
| Fall 2007 | <ul style="list-style-type: none">• Increase enrollment capacity of nursing programs by admitting an additional 250 students |
| Fall 2008 | <ul style="list-style-type: none">• Nursing programs maintain the 250 student increase in nursing program enrollments |

ATTACHMENT: Estimated Costs Required to Increase Capacity of Kansas Nursing Programs by 25%

Facilities-Equipment-Personnel-Supplies			
Year 1			
Salaries-Faculty	25	1,500,000	
Salaries-Simulators	6	300,000	
<i>Total Salaries</i>			1,800,000
Simulators/Initial Supplies	6	2,347,260	
Estimated Facility Modifications		750,000	
Estimated Additional Classroom Equipment		120,000	
Estimated Supplies/Other		620,000	
Total Estimated Costs for Year 1		\$5,637,260	
Year 2			
Salaries-Faculty	25	1,650,000	
Salaries-Simulators	6	330,000	
<i>Total Salaries</i>			1,980,000
Simulator Maintenance	6	117,000	
Supplies		682,000	
Total Estimated Continuing Costs for Year 2		\$2,779,000	

Nurse Educator Scholarships			
	Tuition/Fees	Recipients	Awards
Year 1	15,000	9	135,000
Year 2	16,500	9	148,500
Year 3	18,150	9	163,350
Year 4	19,965	9	179,685
Year 5	21,962	9	197,654
Year 6	24,158	9	217,419
Year 7	26,573	9	239,161
Year 8	29,231	9	263,077
Year 9	32,154	9	289,384
Year 10	35,369	9	318,323
Total Scholarship Awards		90	\$2,151,552

Statewide Nursing Workforce Consortium Leadership			
Year 1			
Salary	0.5		25,000
Year 2			
Salary	0.5		25,000
Total Estimated Cost			\$50,000

APPENDIX: Research and Formulation of Nursing Shortage Report for the Kansas Governor and the 2006 Legislature

In 2005, the Kansas Legislature asked the Kansas Board of Regents to submit a report to the Governor and the 2006 Legislature addressing the resources needed to increase the capacity in the state's higher education system for educating registered nurses by 25 percent. The report is to include a timeline for rebuilding the infrastructure to accommodate up to 250 more nursing student admissions annually.

The following is a description of the research and methodology used to construct the report entitled, "A Report Addressing the Resources Needed to Increase the Capacity of the Kansas Board of Regents System for Educating Registered Nurses."

During summer 2005, preliminary discussions between KBOR staff relative to the outline and format of the proposed paper determined that the report should include the following:

- Charge from the Legislature
- Background and current status of the problem
- Filling the pipeline
- Issue of capacity
- Barriers to increasing capacity
- Recommendations for implementation
- Projected costs
- Timeline

In developing the background, multiple sources addressing the nursing shortage were reviewed. These were both national as well as Kansas specific sources. Sources identified were:

- The American Hospital Association Commission on Workforce for Hospitals and Health System's 2002 publication entitled, *In Our Hands, How Hospital Leaders Can Build A Thriving Workforce*.
- The Bureau of Health Professions' HRSA publication entitled, *Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2010*.
- *Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas*. An article in *The Kansas Nurse*, August 2005, Vol. 80.
- The Kansas Department of Labor's *Kansas Occupational Outlook 2000-2010*.
- The Kansas Hospital Association's 2005 Annual STAT REPORT.
- The U.S. Department of Labor, Bureau of Labor Statistics, 2004 State Occupational Employment and Wage Estimates for Kansas.
- The Kansas Board of Nursing Annual Report for Fiscal Year 2004.

In addition, multiple professional journal articles pertaining to nursing shortages in general were reviewed by KBOR staff.

In August, a request was sent to five community colleges, ranging in location from urban to rural and in size from small to large. The request was designed to identify initial

estimates on what it would cost in faculty, space and supplies, to increase the respective institutions' nursing program by 25 percent per year. Responses from all five institutions were received and incorporated into this paper. A similar, but more expansive survey of Kansas community colleges was conducted by Sheila Frahm, Executive Director, Kansas Association of Community College Trustees (KACCT) and the responses from this survey were also reviewed and incorporated into this report.

In September, a one day nursing summit was conducted in Topeka, inviting nurse and allied health educators from all public and private one- through four-year nursing educational programs. At this summit, several nursing and allied health clinical scheduling models were described, a demonstration of the human patient simulator was given, and participants were led through several focused questions relative to barriers and what would be required for them to overcome these barriers in order to increase student capacity. Though serendipitous, these comments and suggestions were incorporated into this paper.

When reviewing the cost and resource data associated with providing enhanced patient simulators, Kathy Carver, nursing instructor at Johnson County Community College, the only nursing program in Kansas with a METI human patient simulator, and chair of the mid-west simulator trainer organization, served as a professional resource at the summit. Additional resources included the regional sales managers for the METI and Sim Man simulators, their pricing publications, and discussions with faculty from out-of-state colleges that extensively use patient simulators. This information was incorporated into the report.

As initial drafts of this paper were being formulated, Nancy Mosbaek, Education Specialist for the Kansas Board of Nursing, and Mary Blubaugh, Executive Director of the Kansas Board of Nursing agreed to review the initial drafts of the report for accuracy and to offer comments and suggestions. In addition, KBOR staff conducted face-to-face meetings with Nancy Mosbaek and Mary Blubaugh regarding this paper, and incorporated many of their suggestions into the report.

Terri Roberts, Executive Director of Kansas State Nurses Association (KSNA) and Melissa Hungerford, Executive Vice President of the Kansas Hospital Association provided professional insights and contributions to the report.

Since a problem uncovered during the study involved the apparent shortage of nursing instructors, KBOR staff made personal contact with the institutions that will prepare and supply future nursing faculty. On November 15, 2005, KBOR staff hosted a telephone conference call with the following academic nursing personnel from the state universities and Washburn University:

- Dean Karen Miller, University of Kansas Medical Center
- Chair Juanita Tate, Wichita State University
- Professor Sarah Tidwell, Emporia State University
- Chair Mary Carol Pomatto, Pittsburg State University

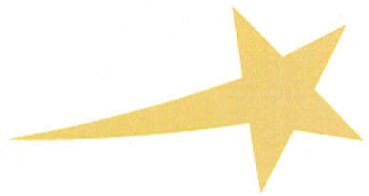
- Chair Liane Connelly, Fort Hays State University
- Dean Cynthia Hornberger, Washburn University

On November 16, staff provided an update on the progress of the nursing shortage study and report to the chief academic officers of the state universities and Washburn University.

Finally, a professional reviewer group was identified from the various Kansas professional health care associations that have a vested interest in the nursing shortage issue. These individuals were asked to serve as reviewers of the draft report and their comments and suggestions were considered in the final draft for the Governor and the Kansas Legislature. These individuals are:

- Ellen Carson, President, Kansas State Nurses Association
- Ann Hess, President, Practical Nurse Educators
- Patricia Hutchison, President, Associate Degree Nurse Educators
- Helen Connors, President, Baccalaureate Nurse Educators
- Deborah Stern, Vice President, Kansas Hospital Association
- Deborah Zehr, Executive Vice President, Kansas Association of Homes and Services for the Aging
- Jeff Barton, President, Kansas Organization of Nurse Leaders
- Judith Hiner, President, Kansas State Board of Nursing
- Jennifer Findley, Chair, Kansas Healthcare Education Council

KBOR staff wishes to thank all the health care professionals and other stakeholders for their time and contributions to this report.



The 2005 Kansas Labor Market



DEPARTMENT House Economic Development
Attachment 3
2-07-06

Table of Contents

Introduction	2
Kansas Department of Labor Employment and Jobs Data	3
The Value of Labor Market Information Services	4
Overview	5
Unemployment Rate	6
Unemployment Claims	8
Unemployment Insurance Trust Fund	9
Kansas Job Changes	10
Kansas Job Change by Industry	13
Industry Profile: <i>Government</i>	15
Kansas Wages	20
Appendix	21

Introduction

This publication is an overview of trends in the Kansas labor market during calendar year 2005. The data used in this publication is a summary of information released monthly by the Kansas Department of Labor, Labor Market Information Services.

Additional information concerning this publication may be obtained by contacting:

Dorothy D. Stites, Director
Labor Market Information Services
Kansas Department of Labor
401 SW Topeka Boulevard
Topeka, Kansas 66603-3182

Telephone: 785-296-5058

Fax: 785-296-5286

dorothy.stites@dol.ks.gov

Kansas Department of Labor Employment and Jobs Data

At the Kansas Department of Labor (KDOL), the Labor Market Information Services (LMIS) division produces a variety of data on the Kansas economy. This important information supports workforce development, business development and economic planning decisions across our state.

In this report, employment data has been produced using information collected from a survey of households in Kansas. Four types of employment information are produced using this household data:

1. Civilian Labor Force estimates
2. Employment estimates
3. Unemployment estimates
4. Unemployment rate

Jobs data in this report has been produced using a monthly survey of approximately 4,500 Kansas employers. The data collected from this survey includes:

1. Jobs
2. Worked hours
3. Earnings

The Value of Labor Market Information Services

Since as early as 1890, the State of Kansas has been collecting workforce statistics. This valuable data, now produced by LMIS, is valuable for many groups including businesses, educators, researchers, economic development professionals and students. Because this data is used for making important decisions, LMIS has high standards for the way it is collected and the reports produced.

LMIS statistical data is representative of the entire state and most of it is supported by the Bureau of Labor Statistics (BLS). This BLS support includes financial resources and process requirements involving set procedures for how data is compiled. The BLS requirements ensure this information is unbiased and free from political interpretation.

LMIS statistical data comes from a number of sources including national data made available to state research agencies. An example is the Current Population Survey (CPS). This survey includes 60,000 households containing 112,000 persons, age 16 and older.

There are approximately 70,000 employers subject to unemployment tax laws in the State of Kansas. A common LMIS survey of employers involves at least 4,500 contacts with employers.

Another source of LMIS information involves unemployment tax records, which all employers subject to unemployment tax law are required to report. Due to confidentiality laws, private survey companies do not have access to this information.

Finally, while a majority of surveys conducted by LMIS are voluntary, LMIS surveys have an impressive return rate, ranging from 75 to 90 percent. The LMIS staff work diligently with employers and others on completion of surveys.

Overview

In 2005, the Kansas economy continued to recover from the recession that followed the terrorist attacks of 2001. Looking back over the last 12 months, the economy was characterized by declining unemployment and steady, broad-based job growth.

When compared to previous years, the unemployment rate is declining and unemployment claims are dropping. The number of working Kansans reached a record level in July 2005.

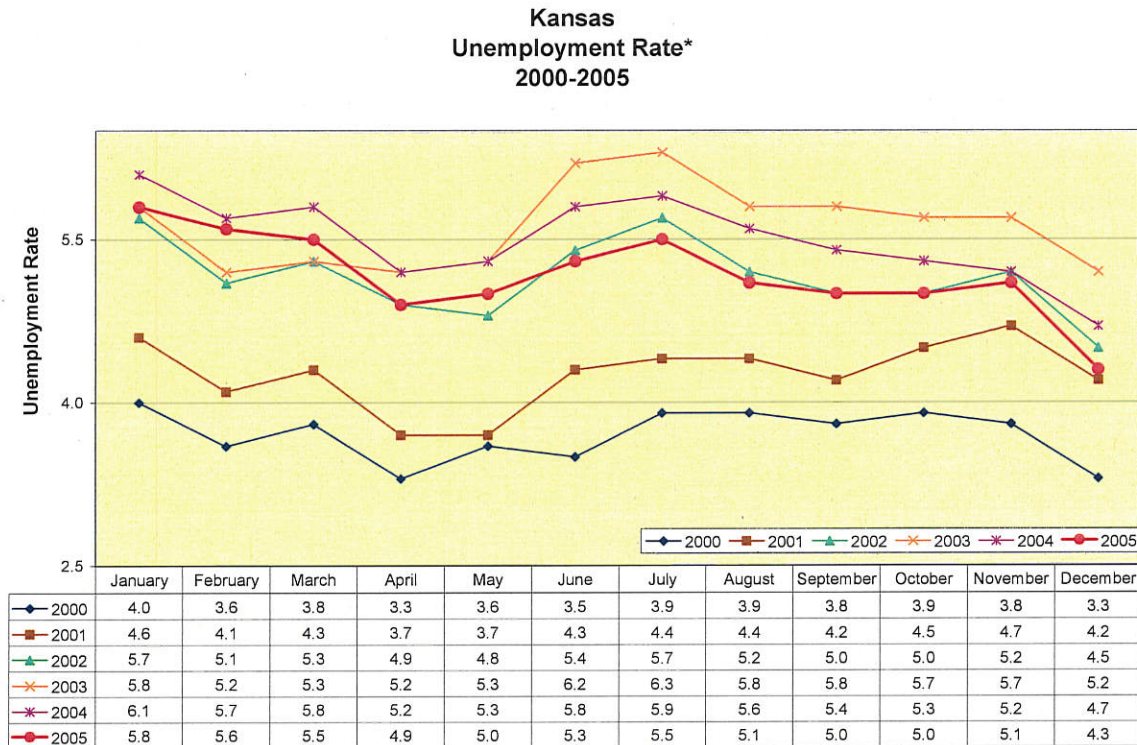
Steady growth in virtually all areas characterized the state's labor market. Kansas has had 22 consecutive months of job growth, when compared to the previous year. Not only is Kansas adding jobs, but the state has had consistent growth in key sectors that create good paying, highly skilled jobs. And in November, job totals reached their highest level since 1976 (LMIS began recording data in this manner in 1976). In particular, we have begun to steadily add manufacturing jobs. While manufacturing employment is still below pre-recession levels, job numbers are rising in the industry.

These are all positive signs as the Kansas economy continues a strong upward trend.

Unemployment Rate

In 2005, Kansas's unemployment rate was relatively stable, ranging from a low of 4.3 percent in December, to a high of 5.8 percent in January. *Figure 1* depicts the Kansas unemployment rate, month-by-month, for the past six years.

Figure 1



Kansas Department of Labor
Labor Market Information Services
February 2006

*This data is preliminary.

Unemployment in December 2005, at 63,600, was the lowest since December 2001. In addition, the state registered the highest employment on record in July 2005, reaching 1,413,202 employed Kansans.

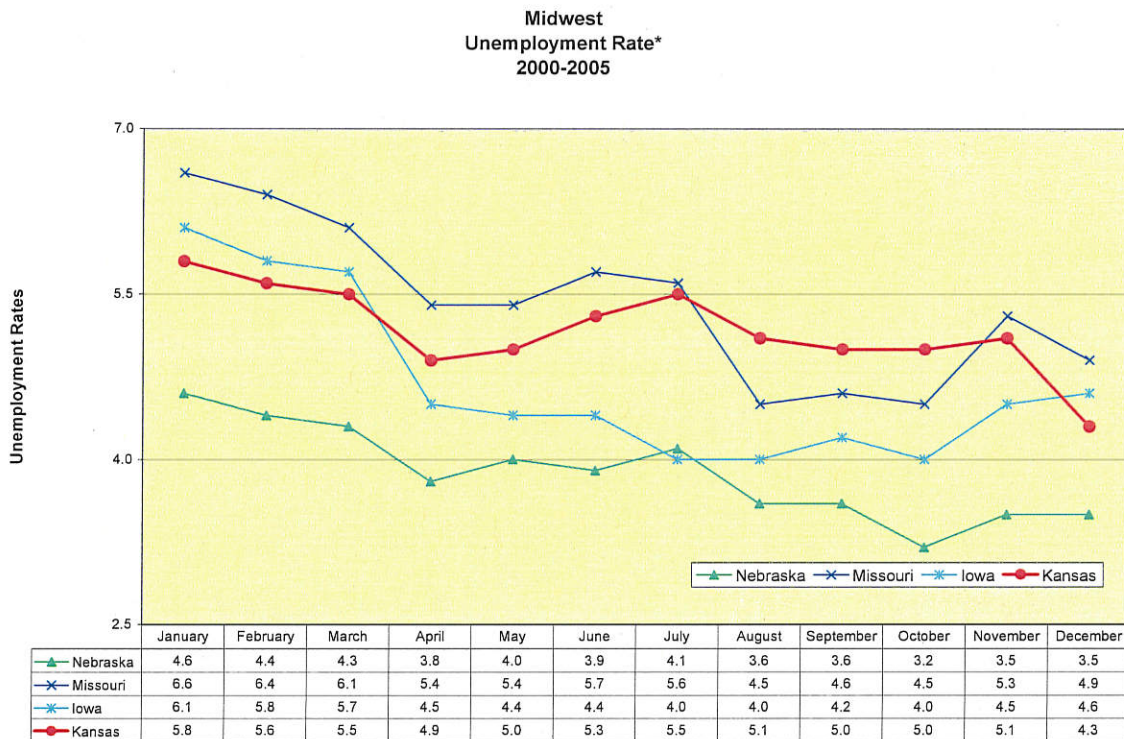
Most of the change in the Kansas unemployment rate throughout the year is due to seasonal influences in the labor market. Seasonal fluctuations typically occur at the same time each year.

For example, agricultural jobs are more plentiful in spring and summer, but tend to decline in the winter. In similar fashion, employment in education-related industries increases in the fall and typically declines in the summer.

When reviewing *Figure 1*, the seasonal changes in the Kansas economy are apparent. Each year, the unemployment trend follows a similar pattern, reflecting the annual seasonal changes in the Kansas economy.

As illustrated in *Figure 2*, Kansas unemployment generally follows a seasonal pattern similar to that of other states in the region. Kansas unemployment is typically higher than other states, averaging approximately 5.2 percent in 2005 compared to a regional average of 4.7 percent.

Figure 2



*This data is preliminary.

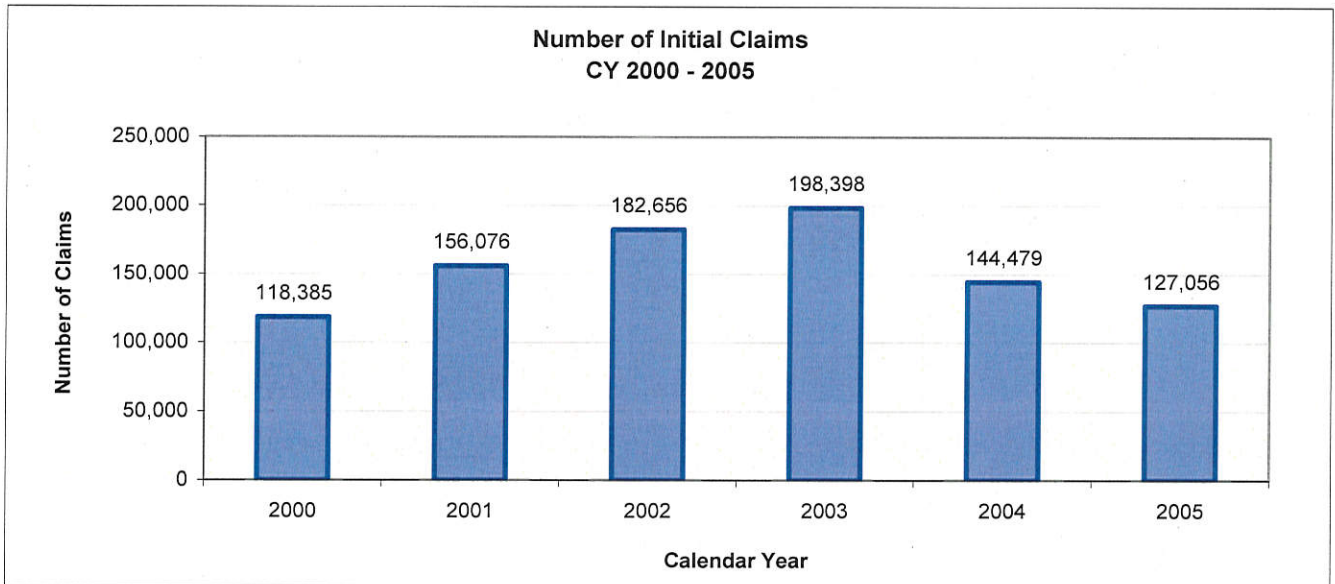
Kansas Department of Labor
Labor Market Information Services
February 2006

Unemployment Claims

Figure 3 details initial claims for unemployment by year for 2000 through 2005. These initial claims do not include claims for any temporary or extended benefit programs. During the six-year period, calendar year 2000 recorded the lowest number of initial claims.

Claims increased through 2003, peaking at 198,398, and have since decreased 36 percent.

Figure 3



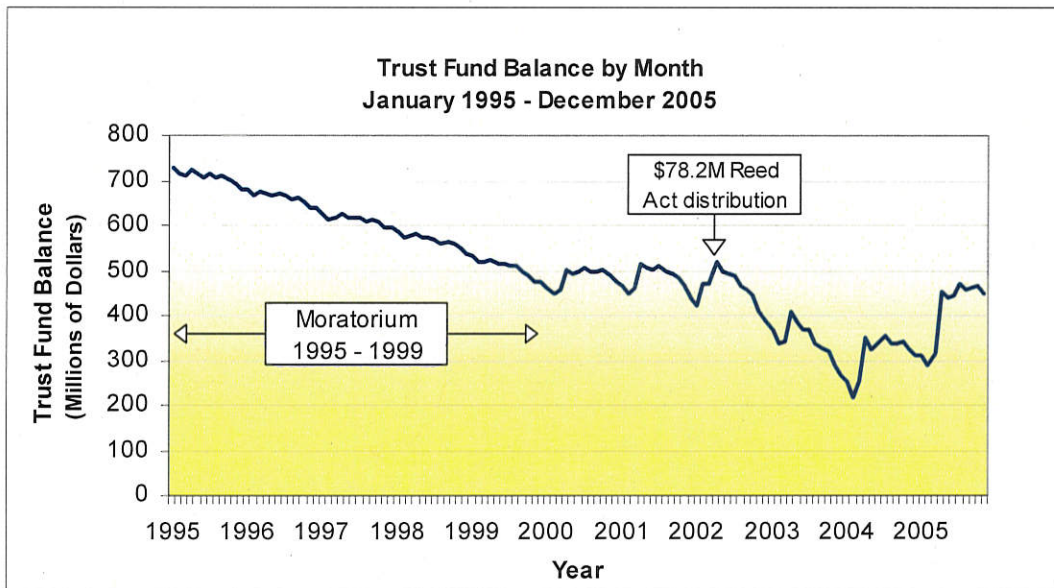
The increase in initial claims for unemployment insurance in 2003 reflects the full impact of the recession in Kansas. While the recession began in late 2001 and early 2002 in many states across the nation, Kansas was not fully affected until later in 2003. Kansas jobs declined later than other areas of the country primarily because manufacturing related industries responded more slowly to the economic downturn following the terrorist attacks of September 11, 2001. This is illustrated further in other areas of this report.

Unemployment Insurance Trust Fund

Kansas' unemployment tax system is designed to reduce tax collections as the Unemployment Insurance Trust Fund balance improves. KDOL carefully monitors the Trust Fund to ensure that adequate funds exist to pay benefits to all eligible claimants.

Figure 4 depicts the Unemployment Insurance Trust Fund balance from January 1995 through December 2005. As of December 2005, the Trust Fund balance was \$448.4 million. The balance dipped to \$217.6 million in March 2004. As unemployment claims declined in 2004 and 2005 and contribution levels increased, the Trust Fund balance began to recover, nearing the January 2000 level of \$476.7 million.

Figure 4

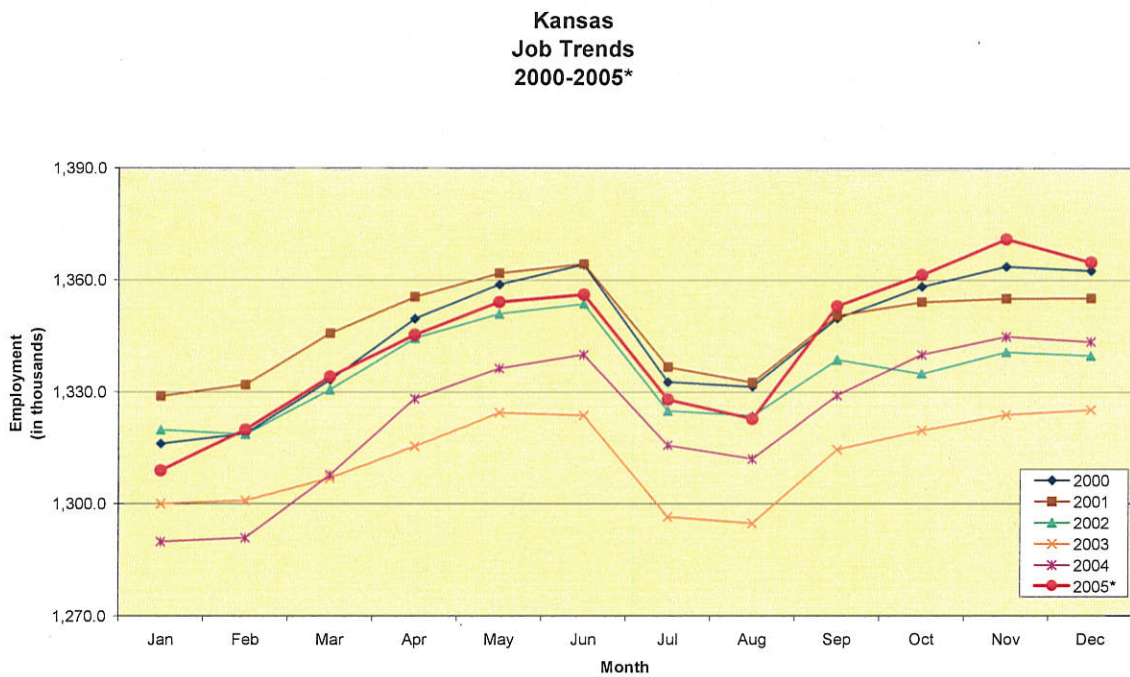


Improvements in the Kansas economy will result in a lower tax bill for many Kansas employers in 2006. Unemployment tax rates are down more than three-tenths of a percentage point, on average. The overall average unemployment tax rate for Kansas employers in 2006 will be 3.15 percent, down from 3.48 percent in 2005. Tax rates will range from .07 percent to 7.4 percent. Projected tax collections reflect \$61 million in savings to Kansas employers compared to 2005.

Kansas Job Changes

Kansas job numbers for the last five years, month-by-month, are reflected in *Figure 5*. This graph shows that the month-by-month trends for Kansas jobs are similar each year. During a typical 12-month period, there are periodic increases and declines due to seasonal hiring trends in the Kansas economy.

Figure 5



Not Seasonally Adjusted
Nonfarm Wage and Salary Employment
*2005 is preliminary

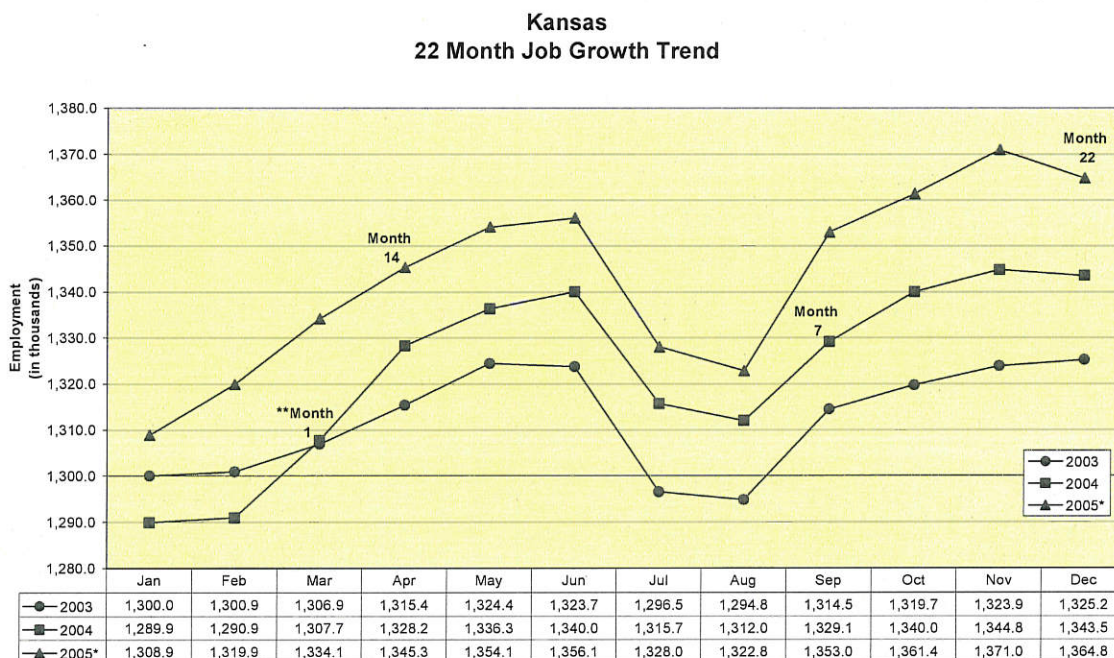
Kansas Department of Labor
Labor Market Information Services
February 2006

Over the last five years in Kansas, the highest number of jobs was recorded in November and December 2005. Prior to that, the highest points were in summer 2000 and summer 2001.

The full impact of the recession in Kansas was not felt until 2003, as evidenced by the decline in job numbers that year. As illustrated in *Figure 5*, job numbers “bottomed out”

in 2003 and began to improve in 2004. In 2005, the recovery continued for Kansas, as job numbers surpassed levels from 2003 and 2004. *Figure 6* depicts recent job growth in Kansas.

Figure 6



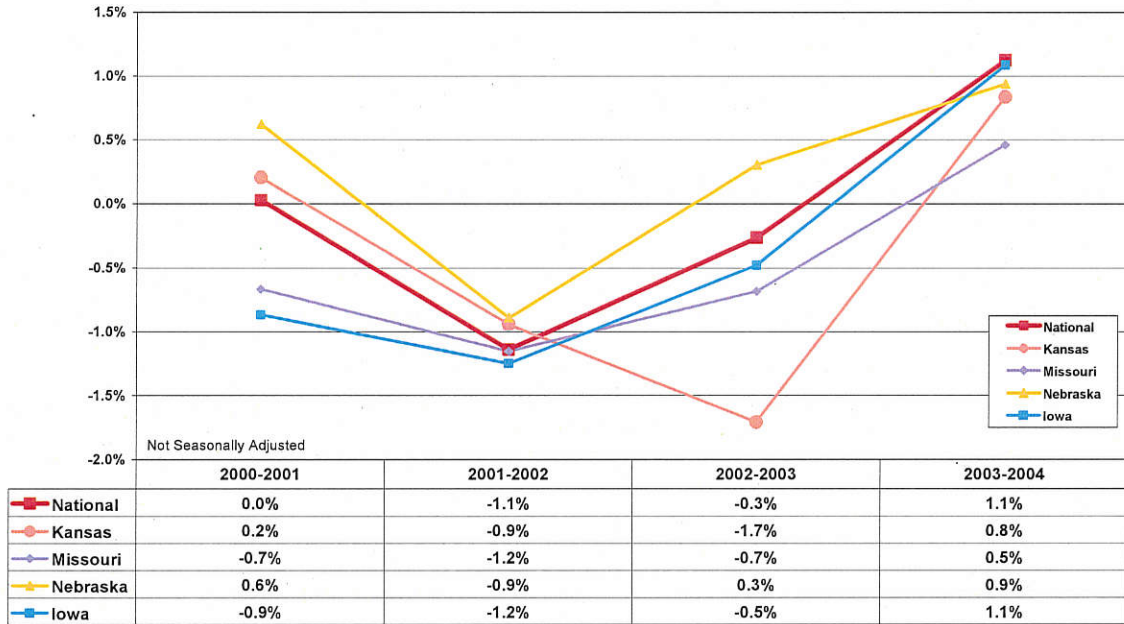
Not Seasonally Adjusted
 Nonfarm Wage and Salary Employment
 *2005 is preliminary
 **Month 1: Began surpassing 2003 levels.

Kansas Department of Labor
 Labor Market Information Services
 February 2006

Figure 7 shows the yearly percent change in jobs for Missouri, Iowa, Nebraska, Kansas and the nation from 2000-2004.

Figure 7

2000-2004 National vs Midwest States
 Job Changes
 (Yearly Percent Changes)



While many states experienced steep declines in jobs between 2001 and 2002, Kansas did not experience as steep a decline until 2003. As mentioned earlier, Kansas jobs declined later than other areas of the country. In 2003 and 2004, all the states presented in the chart experienced some job growth. In Kansas, growth still lags slightly behind the national trend and that of many Midwest states.

Kansas Job Changes by Industry

The changes in jobs between 2000 and 2005 for goods producing industries in Kansas are presented in *Figure 8*. Jobs in Natural Resources and Construction improved during this period, while Manufacturing declined. However, between 2003 and 2005, the state has begun to see growth in manufacturing jobs. Manufacturing jobs increased 2.35 percent between 2003 and 2005.

Figure 8

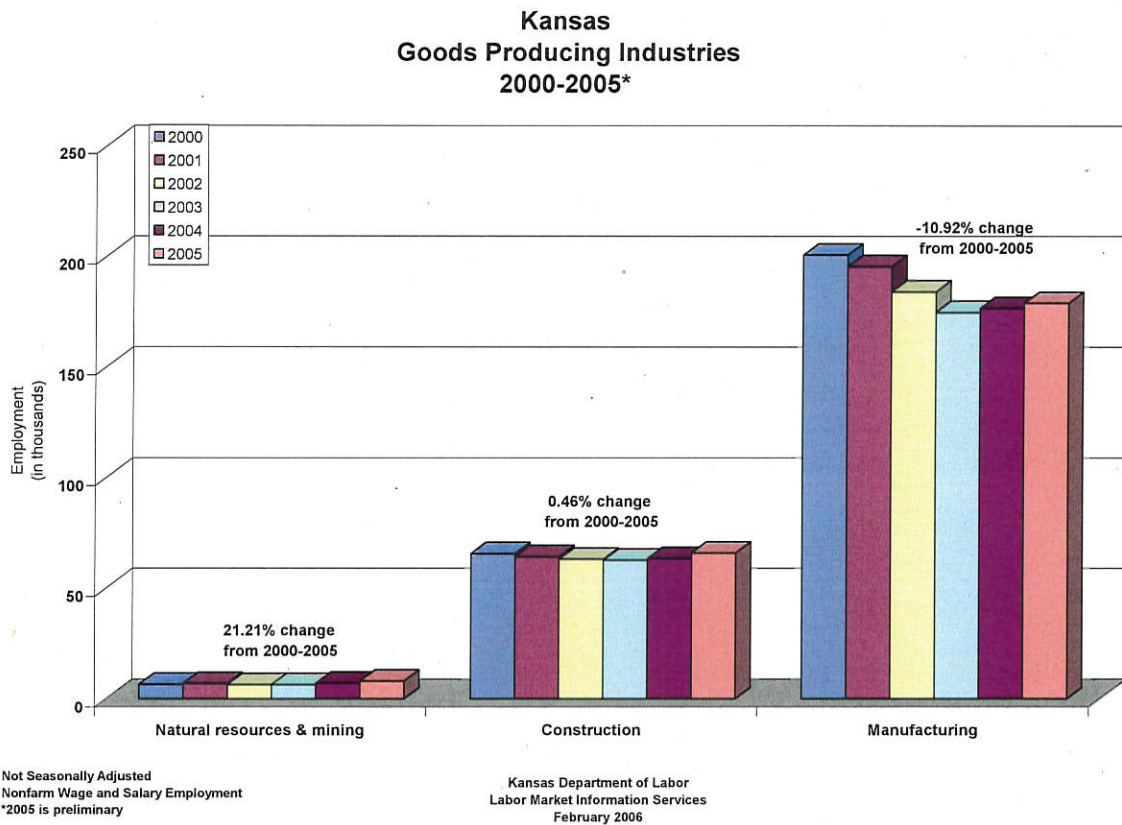
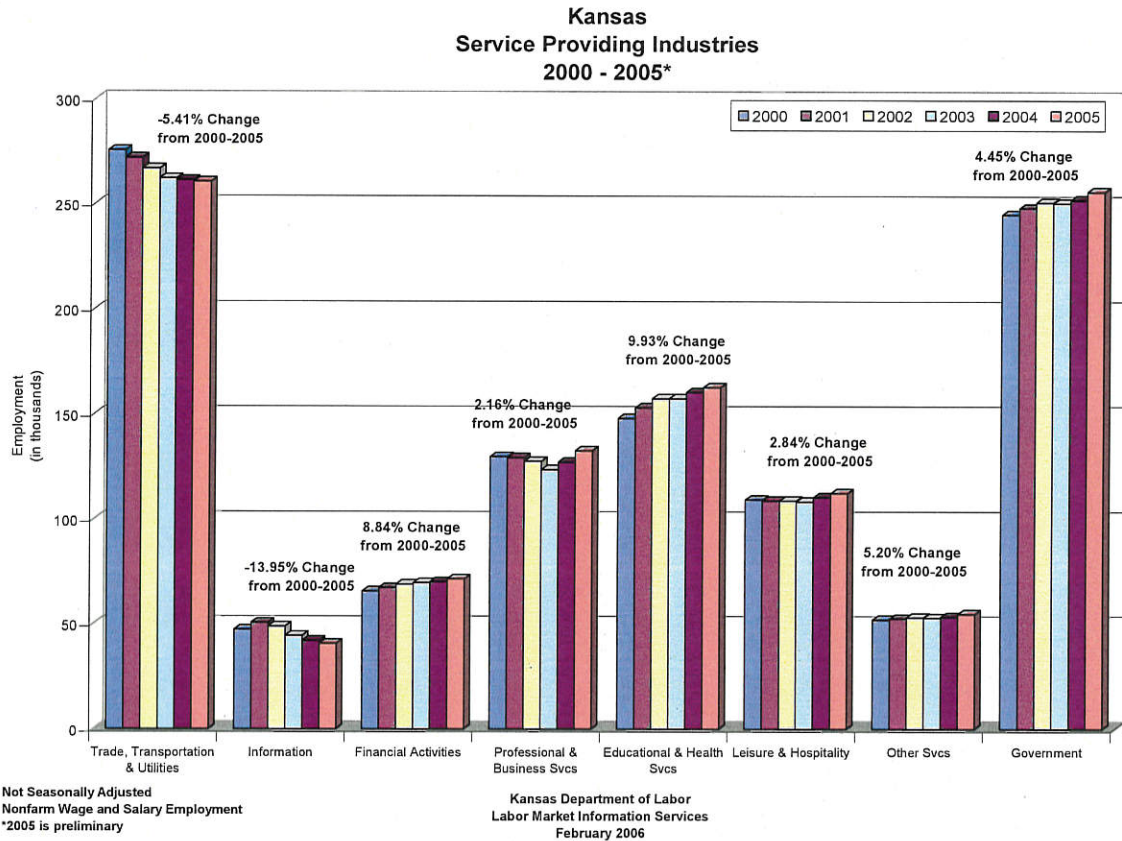


Figure 9 represents job changes between 2000 and 2005 for service providing industries in Kansas. In six of the eight industries classified as service providing, Kansas saw positive change. Two sectors (Trade, Transportation and Utilities and Information) declined during this period.

Figure 9



Overall, the state is experiencing job growth across most industry sectors.

Brief descriptions of each industry sector are in Appendix 1.

Industry Profile: *Government*

Government is one industry of the 11 major industries in the national and Kansas economies. The following is a profile of recent trends in government jobs.

The government sector includes jobs in local, state and federal government in the State of Kansas. Local employment consists of jobs in all city, county and township agencies, including but not limited to:

- Public schools – unified school districts and community colleges
- City and county hospitals
- Local fire departments and law enforcement
- Public transit, water and street departments
- Tribal councils (Casino employment also is reflected in local government jobs.)

State employment consists of jobs in all state agencies, including but not limited to:

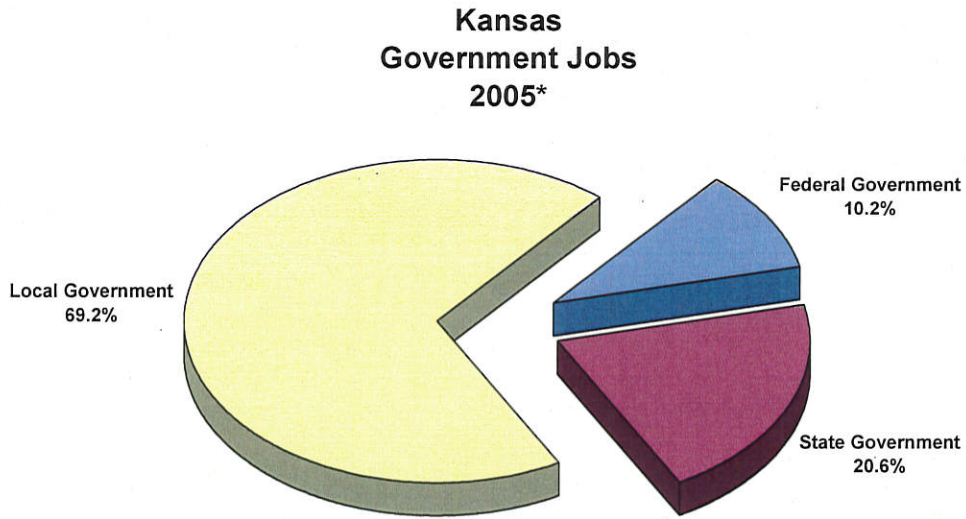
- Civil service, faculty and student-filled jobs at state educational facilities
- State judicial system and penitentiaries
- State-owned hospitals
- State highway system

Federal employment consists of jobs in all federal agencies in Kansas, including but not limited to:

- Postal Service
- Federal judicial system and penitentiaries
- Veterans hospitals
- Civilian jobs on military establishments
- Military positions not included

Figure 10 depicts the three sectors of the government industry, as a percentage of total government employment in 2005. Local government in Kansas accounts for more than two-thirds of the government sector. In other words, almost 70 percent of Kansas government jobs are at the local level.

Figure 10

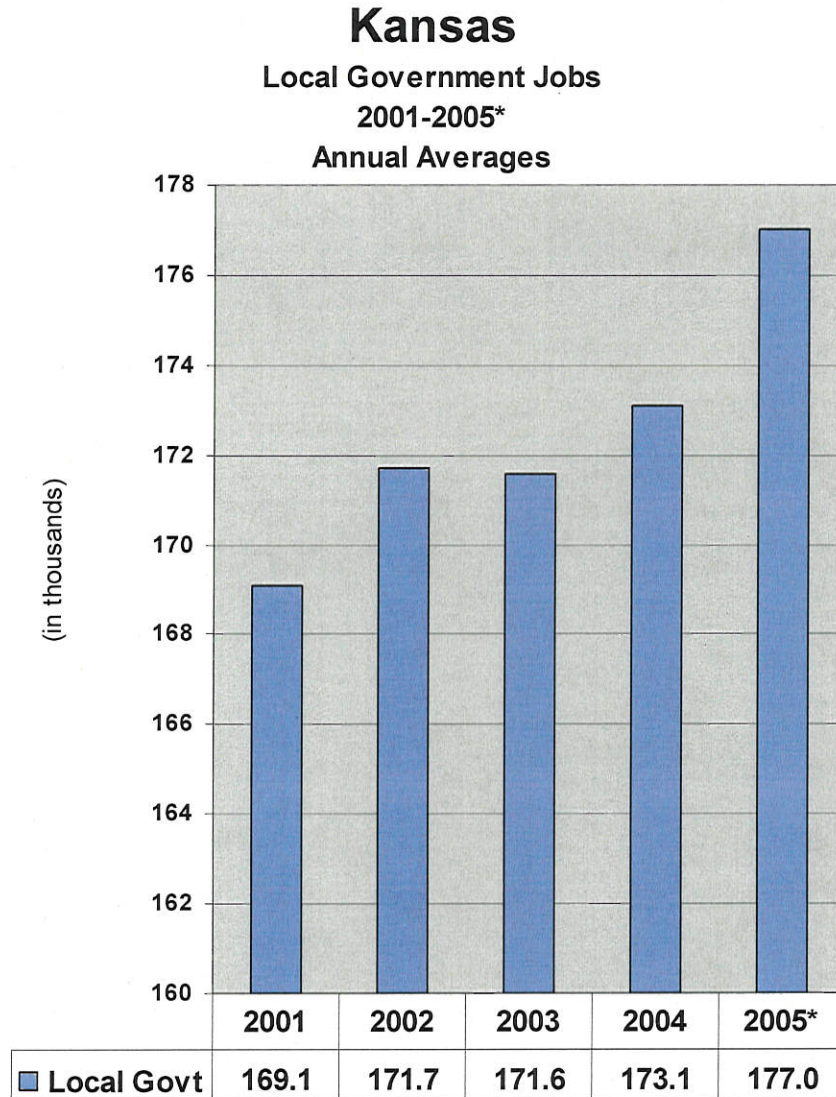


Not Seasonally Adjusted
Nonfarm Wage and Salary Employment
*2005 is preliminary

Kansas Department of Labor
Labor Market Information Services
February 2006

Figures 11, 12 and 13 represent the annual average number of government jobs in Kansas at the local, state and federal levels, respectively. Local government jobs have increased some over the last four years. Both state and federal jobs have fluctuated slightly, resulting in a small decline in federal jobs and a small increase in state jobs.

Figure 11

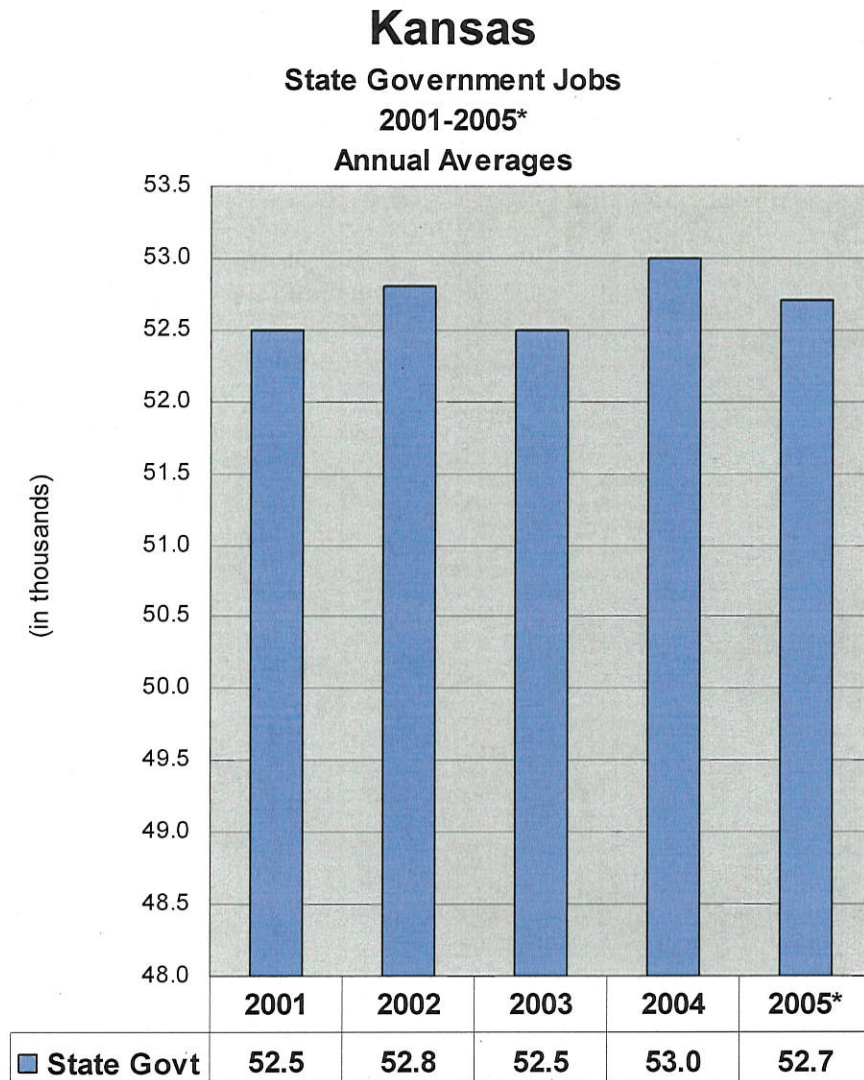


*2005 is preliminary.

Local government jobs consist of jobs in all city, county and township agencies including but not limited to:

- Public schools-unified school districts and community colleges
- City and county hospitals
- Local fire departments and law enforcement
- Public transit, water and street departments
- Tribal councils (Casino employment also is reflected in local government jobs.)

Figure 12

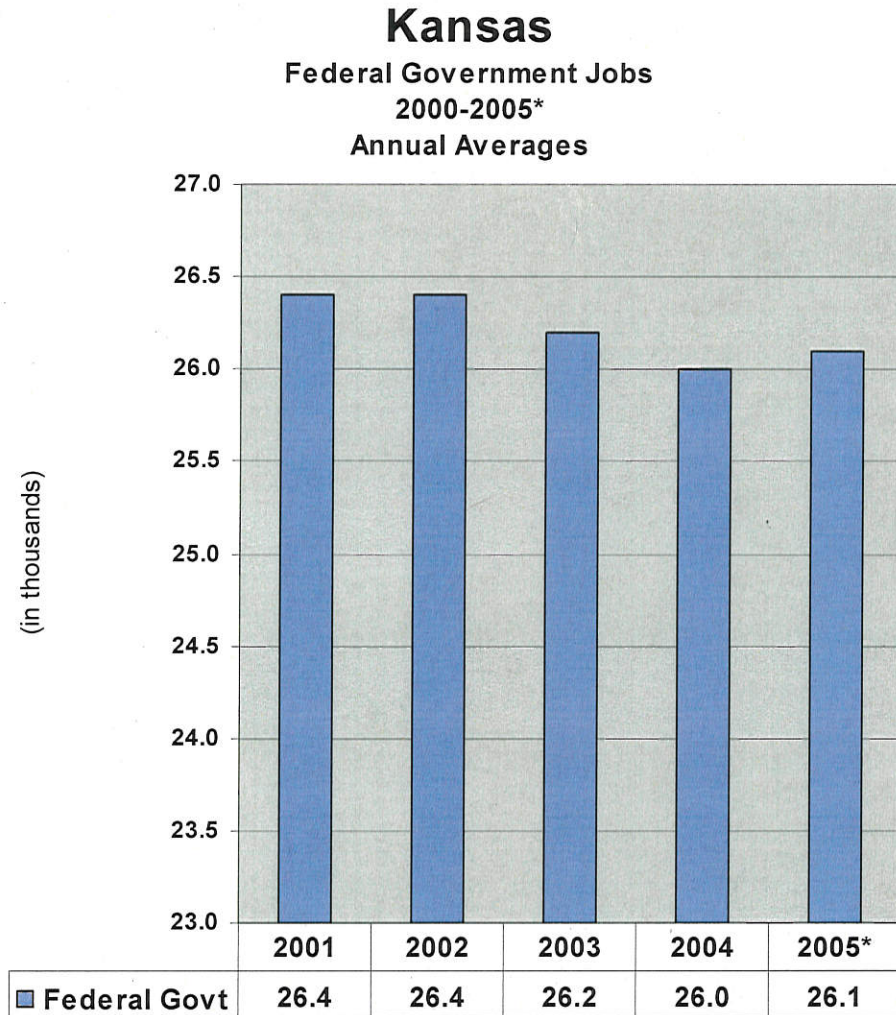


*2005 is preliminary.

State government jobs consist of all jobs in all state agencies including but not limited to:

- Civil service, faculty and student-filled jobs at state educational facilities (i.e., Regents institutions)
- State judicial system and penitentiaries
- State-owned hospitals
- State highway system

Figure 13



*2005 is preliminary.

Federal government jobs consist of jobs in all Federal agencies, including but not limited to:

- Postal Service
- Federal judicial system and penitentiaries
- Veterans hospitals
- Civilian jobs on military establishments
- Military positions not included

Kansas Wages

The three occupations with the highest employment in 2005 are listed in *Figure 14*. The 2005 average hourly wage for these three occupations is also listed.

Figure 14

2005 Employment and Average Hourly Wages by Occupation

Occupation	2005 Employment	2005 Average Hourly Wage
Retail Sales Clerks	38,510	\$10.24
General Office Clerks	26,830	\$10.01
Nursing Aides and Orderlies	22,180	\$9.78

Between 2000 and 2005, wages for all three of these occupations increased. However, fewer people are employed as Retail Sales Clerks and General Office Clerks today than in 2000.

With the continued rise in employment in all health-related fields, it is not surprising that Nursing Aides and Orderlies is the only occupation of those with the highest 2005 employment levels to show an increase in employment between 2000 and 2005.

In addition, between 2000 and 2005 the average hourly wage for nursing aides and orderlies increased \$2.16, more than 20 percent, the largest increase of the three occupational groups.

These occupational groups are based on the Standard Occupational Coding system. There are more than 800 occupations included in these groups. A brief explanation of the SOC system is available in Appendix 2.

Appendix 1

There are 11 major industry categories included in the nonfarm wage and salary estimates, also referred to as job numbers in this report. The major industry categories are listed below with examples of some activities included in each. The examples are not limited to those listed.

- Construction: construction of buildings or engineering projects such as highways and utility systems
- Manufacturing: production of materials and transformation of materials into products
- Natural Resources and Mining: extraction of solid and liquid minerals and gases, quarries and well operations
- Trade, Transportation and Utilities: wholesale and retail trade, warehousing, privately-owned utilities and all types of transportation
- Information: publishing, motion picture and sound recording, broadcasting and telecommunications
- Financial Activities: banking, insurance and real estate
- Professional and Business Services: management of companies and enterprises, administrative services, attorneys, accountants and consultants
- Educational and Health Services: private schools, health care and social service facilities
- Leisure and Hospitality: arts, entertainment and recreational facilities, lodging and food services
- Other Services: personal services including barber and beauty shops, funeral homes, membership organizations including unions and political organizations
- Government: all local, state and federal government establishments

Appendix 2

There are 22 major occupational groups used in the Standard Occupational Coding system. The major groups are listed below with examples of some of the occupations included in each group.

- Management: top and middle managers, administrators and executive occupations. Examples include Chief Executives and General Managers.
- Business and Financial Operations: business and financial occupations. Examples include Accountants, Auditors and Human Resource Specialists.
- Computer and Mathematical Science: computer applications specialists and math-related occupations. Examples include Database Administrators and Actuaries.
- Architecture and Engineering: engineering and professional design occupations. Examples include Civil Engineers and Architects.
- Life, Physical, and Social Science: science and biological-related occupations. Examples include Chemists and Geologists.
- Community and Social Services: social work and religious base occupations. Examples include Medical and Public Health Social Workers and Clergy.
- Legal: judicial and legal support occupations. Examples include Lawyers and Paralegals.
- Education, Training, and Library: primary, secondary and special education occupations. Examples include Computer Science Teacher, Postsecondary and Instructional Coordinators.
- Arts, Design, Entertainment, Sports, and Media: publicity, communication and entertainment occupations. Examples include Graphic Designers and Public Relations Specialists.
- Healthcare Practitioner and Technical: medical-related professional and technical occupations. Examples include Pharmacists and Registered Nurses.
- Healthcare Support: healthcare support occupations. Examples include Home Health Aides and Physical Therapist Assistants.
- Protective Service: protective service occupations. Examples include Police and Sheriff Patrol Officers and Fire Fighters.

- Food Preparation and Serving Related: food service-related occupations. Examples include Cooks, Waiters and Waitresses.
- Building and Grounds Cleaning and Maintenance: facilities maintenance occupations. Examples include Janitors and Landscaping and Groundskeeping workers.
- Personal Care and Service: non-tangible services occupations. Examples include Hairdressers and Personal and Home Care Aides.
- Sales and Related: persons selling goods or services and others directly related to sales occupations. Examples include Retail Salespersons and Cashiers.
- Office and Administrative Support: clerical support occupations. Examples include General Office Clerks and Bookkeepers.
- Farming, Fishing, and Forestry: agriculture related occupations. Examples include Agricultural Inspectors and Agricultural Equipment Operators.
- Construction and Extraction: building, road, and extraction occupations. Examples include Carpenters and Highway Maintenance Workers.
- Installation, Maintenance, and Repair: installation and repair service occupations. Examples include Aircraft Mechanics and Automotive Service Technicians and Mechanics.
- Production: manufacturing occupations. Examples include Team Assemblers and Welders, Cutters, Solders and Braziers.
- Transportation and Material Moving: transportation services related occupations. Examples include Heavy Truck drivers and Industrial Truck and Tractor Operators.