

Approved: SRB 2/12/09
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Vice Chairman John Grange at 9:04 a.m. on February 5, 2009, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Scott Schwab- absent

Committee staff present:

Renae Jefferies, Office of the Revisor of Statutes

Daniel Yoza, Office of the Revisor of Statutes

Jerry Donaldson, Kansas Legislative Research Department

Dennis Hodgins, Kansas Legislative Research Department

Stephen Bainum, Committee Assistant

Conferees appearing before the committee:

Blake Flanders, Kansas Board of Regents

Others attending:

See attached list.

The meeting was called to order by Vice Chairman John Grange at 9:04 a.m. The minutes of January 27, January 28, January 29 and February 3 were approved.

Blake Flanders, Kansas Board of Regents, gave the Committee an update on the Kansas Workforce (Attachment 1). He gave an overview of the changing workforce and the needs for increased talent development for the innovation economy in Kansas. Our current workforce must have higher skills to be successful participants in the Kansas economy. The new Kansas economy demands that workers have postsecondary education and training beyond a high school diploma. Kansas has shortages in jobs requiring baccalaureate degrees and technicians.

He also gave a synopsis of the economic downturn and the opportunities it presents. Layoffs have increased fourfold over last year at this time. However, workforce issues continue to be a challenge to businesses. We have an opportunity to educate and train the workforce with the right skills. Kansas has a high college going rate and ranks 6th among the 50 states for credentials/degrees awarded by community/technical colleges.

Finally he summarized the Technical Education Authority's strategic priorities and accomplishments. The Authority has invested a great deal of time to guide policy decisions and drive success for our postsecondary technical education system. Career technical education provides for a healthy Kansas economy. Career technical education helps address the financial barrier to college participation as well as the increasing levels of student debt. The Authority has implemented a statewide framework to align technical programs to the needs of business and industry by establishing standards of excellence for each program area and utilizing the business community to identify appropriate industry-based certifications and program outcomes. Another benefit of the program alignment process is that it provides a systematic pathway for a true seamless transition from high school to college. Finally the Authority has developed a new funding/cost model for technical education which is tiered to recognize cost differentials in high demand/high tech training and is responsive to program growth.

The next meeting is scheduled for February 9, 2009.

The meeting was adjourned at 10:25 a.m.

COMMERCE & LABOR COMMITTEE

DATE: 2-5-09

NAME	REPRESENTING
Rita Johnson	KBOR
Kristin Black	Federico Consulting
Tony A. Scott	KSCPA
Susan Somers	KS Board of Accountancy
Deby Stoph	KS Inc
N. De. Reed	Hocher Braden
Jason Norland	Pinegar + Smith
Cindy Hoss	KBOR
Connie Hunsicker	KAMU
Natalie Buglio	Bright: Carpenter
KOD MEALY	REARNEY + Assoc.
Derick Helm	Helm Law Firm
Eric Stafford	AGC of KS



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February 5, 2009

Workforce Development Update

Blake Flanders, Ph.D.
Vice President for Workforce Development

Good morning Chairman Brunk and members of the Committee. My name is Blake Flanders and I am the Vice President for Workforce Development with the Kansas Board of Regents, and provide executive support to the Kansas Postsecondary Technical Education Authority. I am here at your request to provide an update on a critical element of Kansas economic vitality - workforce. Kansas' economic growth rests largely on the quality of our human resources; productivity of Kansas' companies depends on their employees' skills and educational attainment. In my remarks, I will provide a brief overview of the changing workforce and needs for increased talent development for the innovation economy in Kansas, a synopsis of the economic downturn and the opportunities it presents, and finally, a summary of the Technical Education Authority's strategic priorities and accomplishments.

Our current and future workforce must have higher skills to be successful participants in the Kansas economy. Many companies report the only way they can remain competitive is with a continued investment in talent development and training. Employers require higher performing workers whether they are manufacturing composite aircraft components, providing highly technical health care assessments, or installing and maintaining industrial wind turbines.

The new Kansas economy demands that workers have postsecondary education and training beyond a high school diploma. In the past, many good quality, "blue collar" or unskilled manufacturing jobs, routinely required only a high school diploma and provided families sufficient income. Today, these jobs either don't exist, or do not pay wages to support a family. The fastest growing jobs in Kansas paying high wages require technical skills earned at the postsecondary level. National experts provide data that indicates about 20 percent of today's jobs require a baccalaureate degree or higher. This has been consistent over the last fifty years. The remaining 80 percent of the jobs have flipped from 20 percent skilled (and 60 % non-skilled) to approximately 60 percent skilled (and 20 % non-skilled).

Kansas has specific shortages in jobs requiring baccalaureate degrees (engineers, occupational therapists, etc.), but for every engineer, we need 15 to 30 technicians with technical certificates or associate degrees to support each engineer's work. At a recent health employers committee meeting, members reported they have more trouble recruiting and hiring Physical Therapy Assistants (2-year associate degree) than Physical Therapists (doctorate).

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Attachment # 1

A few months ago, Kansas supported full employment in most counties and we have watched in dismay as those numbers have recently changed. Layoffs in Kansas have increased four-fold over last year at this time. Despite the recent downturn, workforce issues continue to be a challenge for all businesses. While the pressure to find qualified employees to support companies' decisions to locate and/or expand in Kansas has slightly abated with the economic contraction, the need to match applicants skills to the talent required in the workplace is still a significant challenge.

The unemployment numbers on the national stage and in Kansas are bleak and painful; however, now is the time for Kansas to be proactive and respond to this opportunity to re-tool and up-skill our workforce for a more competitive Kansas. We know from history that as our state and national economy rebound after this downturn, the bounce is likely to be even higher than pre-recession highs. Using the aviation industry as an example, Cessna has shown a stronger recovery after each economic slowdown. While we are in this trough or dip, we must actively train and re-train our Kansas citizens so they are prepared with the right skills to help our Kansas companies in the rebound.

Despite current economic concerns, Kansas is in a unique position to respond. We have an opportunity now to educate and train the workforce with the right skills. Compared to other states, Kansas currently has a high college-going rate, produces an above average number of associate degree graduates, and ranks 6th among the 50 states for credentials/degrees awarded by community/technical colleges per 1,000 adults. Our Economic Development experts inform us that site selection consultants use this favorable education data, plus our reputation of a workforce with strong work habits, to recruit companies to Kansas. Yet, underneath these numbers there are significant opportunities for improvement.

However, through the creation of the Kansas Postsecondary Technical Education Authority (Authority), the legislature has provided a vehicle to enhance our technical training programs to ensure economic prosperity for all Kansans.

With this backdrop, the Authority, within the Kansas Board of Regents, has set a rapid pace on the road toward the improvement of the postsecondary technical education system. The Authority members represent a good cross section of business and industry, have invested considerable time to guide policy decisions, and drive success for our postsecondary technical education system.

During the first year of operation priorities were identified to respond to the legislative direction and support the Authority's mission to:

Drive the advancement of a robust technical education system in Kansas through immediate and long-term technical training recommendations based on data-driven factors that ensure the delivery model matches a skilled workforce with business demands.

The Authority has developed and implemented a set of on-going, solid strategic priorities to continually strengthen and enhance career technical education for the state in the future. The first priority is to raise the awareness and image of career technical education.

Kansas has nearly one half a million citizens who have completed high school but never entered college. We have an additional 450,000 who have started college but not finished a credential or degree. These individuals need to be encouraged to complete the right technical training programs that will allow them to enter work sooner and enter well-paying jobs. The Authority began implementation of a marketing or outreach initiative for technical education, including a component to evaluate the success of the plan. In addition to adults, the plan targets high school students as they plan their career and educational goals.

Solid career planning supported by the appropriate education provides a strong benefit to individual Kansans and our state. Kansas citizens with a college degree earn, over a lifetime, twice as much as those with less than a high school diploma. There is substantial personal benefit as well as benefit to the state with respect to more taxable resources. An individual in Kansas with an associate degree will have lifetime earnings on average of \$1.6 million, or more than \$341,000 than a person with only a high school diploma. Citizens with higher education levels also suffer fewer health problems, lower rates of crime and greater levels of civic engagement.

Career technical education provides immediate and long-term financial rewards. As an example, for an investment of approximately \$3,000 in tuition, an individual with a high school education can increase earnings by approximately \$4,000 per year by completing postsecondary training and becoming a Licensed Practical Nurse (\$34,500 average for LPN vs. \$30,500 average income for high school diploma only). Investing in an additional year of education will enable a student to advance to the Associate Degree Nurse level and additional earnings of almost \$18,000 per year.

Technical training also provides significant pay off to the state. Kansas citizens with higher levels of education have higher labor participation rates, are less likely to be unemployed, and are better prepared to weather lay-offs and economic downturns.

Career technical education provides for a healthy Kansas economy. Individuals with high levels of technical skills not only provide higher levels of profitability for their employers, but they also pump more money into the Kansas economy. The state enjoys increased income tax revenue plus more wage dollars re-circulate in the economy. Even more significant, 89% of the technical program graduates continue to live and work in Kansas after graduation.

During tight economic times, students and their families are looking closely at the return on investment and earnings gains. Career technical education provides a cost effective pathway to advanced degrees. Career technical education helps address the financial barrier to college participation as well as the increasing levels of student debt. A student can first complete targeted training in a high demand/high wage technical skill area such as manufacturing and then enter immediate employment while advancing his/her college education. This encourages that same student to earn and learn and potentially benefit from employer tuition reimbursement.

Another strategic priority of the Authority is to enhance standards of excellence through program alignment.

The Authority implemented a statewide framework to align technical programs to the needs of business and industry by establishing standards of excellence for each program area and utilizing the business community to identify appropriate industry-based certifications and program outcomes. While we are now at the beginning of the alignment process, the model allows for continuous improvement and updates to keep pace with industry changes in a variety of program areas. Many of these assessments will be administered by an industry-based unbiased third party that adds to the credibility of the evaluation and verifies the skills of program graduates.

Business and industry committees are also requesting the Kansas WORKReady! Certificate which measures foundational skills in reading, math, and interpreting charts/gauges. The certificate is powered by ACT's WorkKeys assessments and follows the national Career Readiness Certificate used in many states. The certificate ensures that future job candidates possess the skills required to be successful on the job and to keep learning as industry changes.

The response from business and industry members has been very positive. Business leaders are eager to provide their input and support. They are pleased that education is listening to their input and ready to make use of their suggestions.

Another benefit of the program alignment process is that it provides a systematic pathway for a true seamless transition from high school to college. High school seniors are more engaged when they see relevance and relationship between what they are learning in high school courses and real world skills needed in their future. Aligned curriculum allows state-wide articulation agreements and more opportunities for meaningful electives while in high school.

The Authority has identified the need to improve articulation between secondary and postsecondary. While we have some good examples of college education taking place in high schools, it is usually only general education. Program alignment will, for the first time, take technical education systematically into the high school. In today's economy, it is imperative to help students choose a path and make significant advancements toward a career goal in the most efficient manner possible. Alignment will help contain college costs for the individual and the state.

A third priority for the Authority is to develop a new approach to funding career technical education.

A new funding/cost model has been developed for technical education which is tiered to recognize cost differentials in high demand/high tech training and is responsive to program growth. The existing funding framework reimburses colleges at the same rate, whether the course is a low-cost math class or a high cost nursing course. The new framework will utilize a national cost study and three components to determine the reimbursement rate—tiered costs, extraordinary costs, and indirect costs.

We are currently in the process of moving the model to a prototype with planned implementation for FY 2011. The examples demonstrate the correlation between many high cost technical training programs and the high wage careers for which they prepare individuals.

The Authority has also recommended updates in current statutes related to career technical education.

A process was developed and implemented to review and propose recommended changes in statutes to ensure smooth transitions from secondary to postsecondary education and encourage the production of skilled workers. The proposed changes outlined in the current HB 2003 reflect the initial phase of this project.

Career technical education provides a skilled and trained workforce to ensure Kansas companies remain successful and profitable. We need strong career technical education if Kansans are to overcome the current economic challenges and prepare for advanced employment.

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