

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 p.m. on February 9, 2009, in Room 711 of the Docking State Office Building.

All members were present.

Committee staff present:

Jason Long, Office of the Revisor of Statutes  
Doug Taylor, Office of the Revisor of Statutes  
Reed Holwegner, Kansas Legislative Research Department  
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Rae Anne Davis, Deputy Secretary, Department of Commerce

The Chair introduced Rae Anne Davis who offered an overview and update on Workforce Services. (Attachment 1). She told the Committee that Workforce Development was moved to Commerce from the Department of Labor in 2005. At that time, 300 positions transferred, bringing the total number of Commerce employees to 400. Since the transfer, Commerce staff has been reduced by 21% (87 positions), despite the addition of tens of millions of dollars in new programs.

Ms. Davis said that prior to their reorganization, the workforce system failed to meet minimum federal performance standards but in the past two years, Kansas has met or exceeded all standards and is poised to do so for a third consecutive year.

Ms. Davis stressed that there were companies still looking for people and that there were jobs here in Kansas. She told of the "come home" campaign where they had developed partnerships with state schools. Reaching out to those who had Kansas ties, employers from across the state met with retiring military who had served in the state and came away with 118 job offers.

Asked if the failure of work force to meet minimum standards referred to Commerce people, Ms. Davis said that it referred to employees of local boards.

Following a question and answer session, Representative Hill thanked Ms. Davis and Commerce Secretary David Kerr who was in attendance, for their impressive actions during the layoff of employees in Emporia following the closure of the Tyson Company. Secretary Kerr then announced Ms. Davis' departure from the Commerce Department and her move to the office of the Governor. He thanked her for her outstanding work for the Department and wished her well.

The Chair called the Committee's attention to the copies that had been distributed of the Legislative Post Audit's letter concerning the K-GOAL Audit of Commerce, Reviewing the Department's Management Staffing Levels. (Attachment 2).

The meeting was adjourned at 4:25 p.m. The next meeting is scheduled for February 11, 2009.



# **Workforce Services Overview and Update**

Testimony presented by Rae Anne Davis

**House Committee on Economic  
Development & Tourism**

February 9, 2009

# Commerce Mission Statement

To deliver the highest level of business development, workforce and marketing services that build a healthy and expanding Kansas economy.

## Critical Industry Focus

- Advanced Manufacturing/Aviation
- Biosciences - emphasis on animal health and plant science
- Energy
- Health Care
- Professional Services

# Workforce Services

In 2004, Workforce Development was moved to Commerce from the Department of Labor

- 300 positions transferred, bringing the total number of Commerce employees to 400
- Since the transfer, Commerce staff has been reduced by 21% (87 positions), despite the addition of tens of millions of dollars in new programs

Prior to Reorganization:

- The workforce system failed to meet minimum federal performance standards
- State workforce investment board was unable to muster a quorum

Currently:

- Kansas has met or exceeded all standards the past two years and is poised to do so for a third consecutive year
- State WIB is an active board that meets quarterly (with multiple subcommittees meeting regularly, too) and has developed a statewide brand (**KANSASWORKS**)

Investment in critical-industry training has increased from 48% in FY 2006 to 65% in FY08

Investment in non-metro area training has increased from 10% in FY 2006 to 37% in FY08

# KANSASWORKS System

1-4

Federal **Workforce Investment Act** - \$18 million

- 15% State Level
  - Oversight & Compliance; Statewide Policy; Respond to Layoffs & Economic Changes; Qualified Special Projects to Meet State Priorities
  - **KANSASWORKS** State Board (federally required)
    - Help Determine State Priorities; Provide Leadership to Statewide Workforce Investment System; Policy Development
- 85% Local Workforce Investment Areas
  - 5 Locally Appointed Boards
  - Operate Local Workforce Centers; Coordinate One-Stop Partners; Provide Training & Other Services to Adults, Dislocated Workers & Youth
- **Commerce's Role** at Local Level is as One-Stop Partner to Provide Job Matching Services

# KANSASWORKS System

- Our Focus Now is on Continuous Improvement of Customer Service at the Local Level to Meet the Needs of Kansans Statewide
  - Serve More People, Better
  - Focus on Meeting Needs of Unemployed
    - Job Training
    - Re-Employment
  - Anticipate Additional Funds to Kansas through Federal Stimulus Bill

# KANSASWORKS FY 2008 Highlights

1-6

- Services Provided to nearly 62,000 Kansans in Workforce Centers or Electronically
- 43,000 Kansans Placed in Employment
- 87% of Trainees Obtained Employment
- Kansas Met or Exceeded all Federal Performance Measures for Second Year in a Row
  - This is a first for Kansas!

# KANSASWORKS FY 2008 Highlights

- Provided \$16 million through KIT/KIR and IMPACT training programs to fund 162 projects (52 more than last year)
  - These projects resulted in:
    - \$20.8 million in private matching funds
    - 17,483 individuals trained with 40% of these in non-metro areas
    - 65% of training dollars were invested in critical industries
  
- Five Workforce Solutions Fund projects totaling \$1.2 million; \$8.6 million leveraged from four postsecondary institutions



# KANSASWORKS FY 2008 Highlights

8-1

- Registered Apprenticeship:
  - 792 new apprentices
  - Average starting wage of \$13.31 per hour
  - Average completion wage of \$23.33 per hour
  
- The Jobs for Veterans Grant received \$1.6 million to deliver services to 3,359 veterans, with an employment rate of 73 percent.

# Current Initiatives

- Working to **recruit workers to Kansas** to fill long-term workforce needs
  - focus on alumni and military families
  
- Commerce has received a federal **dislocated worker demonstration grant** to retrain laid-off workers through apprenticeships in manufacturing and wind energy
  
- Working with partners to provide Kansas employers with a **credentialed workforce** using the Kansas *WORKReady!* Certificate and the Manufacturing Skills Certificate
  
- FY 2009 YTD: 29 Kansas Industrial Training program (KIT) projects and 25 Kansas Industrial Retraining program (KIR) projects, training 3,877 employees
  - slightly more than half of the projects in metro areas
  - 69% of KIT/KIR workers and 87% of the dollars invested are invested in critical industries
  - 84% of KIT/KIR trainees and 93% of the funds have been invested in projects paying the state median wage or higher



LEGISLATURE OF KANSAS  
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February 4, 2009

Representative Lana Gordon  
Room 142-W, State Capitol  
Topeka, Kansas 66612

Dear Representative Gordon:

I am writing to provide information in response to questions raised during my recent presentation of our performance audit, *Department of Commerce: A K-GOAL Audit Reviewing the Department's Management Staffing Levels*.

Representative Furtado was interested in knowing the average salaries for public service executive and policy making managers for each of the agencies we reviewed. During the audit, we didn't collect detailed salary information for every agency; only for the Department of Commerce. However, we performed additional analysis that compared the percent of all staff (not just management) making more than \$60,000 annually for each of the agencies we reviewed, and have included it as *Attachment A*. I've also included a table showing the average salary amounts for each management position within the Department of Commerce.

Representative George asked about whether the Division of Budget had supported our recommendations that State agencies provide organizational chart data and actual staffing levels to the Division of Budget on a yearly basis. Duane Goosen, Budget Director, told us he generally agreed with our recommendations and thought they would improve future analyses of State agencies. He didn't say what specific actions the Division of Budget would take to implement our recommendations.

Representative Gordon asked whether non-salaried managers within the Department of Commerce received any overtime pay. We didn't look into this issue during the course of our audit work, but we will be receiving data from the Division of Personnel Services within the next few weeks that will allow us to calculate overtime for these positions. We will be happy to collect and provide the committee with this information once we have assembled it.

If you or the committee members have any further questions, please don't hesitate to call me or Justin Stowe, the audit supervisor, at 296-3792.

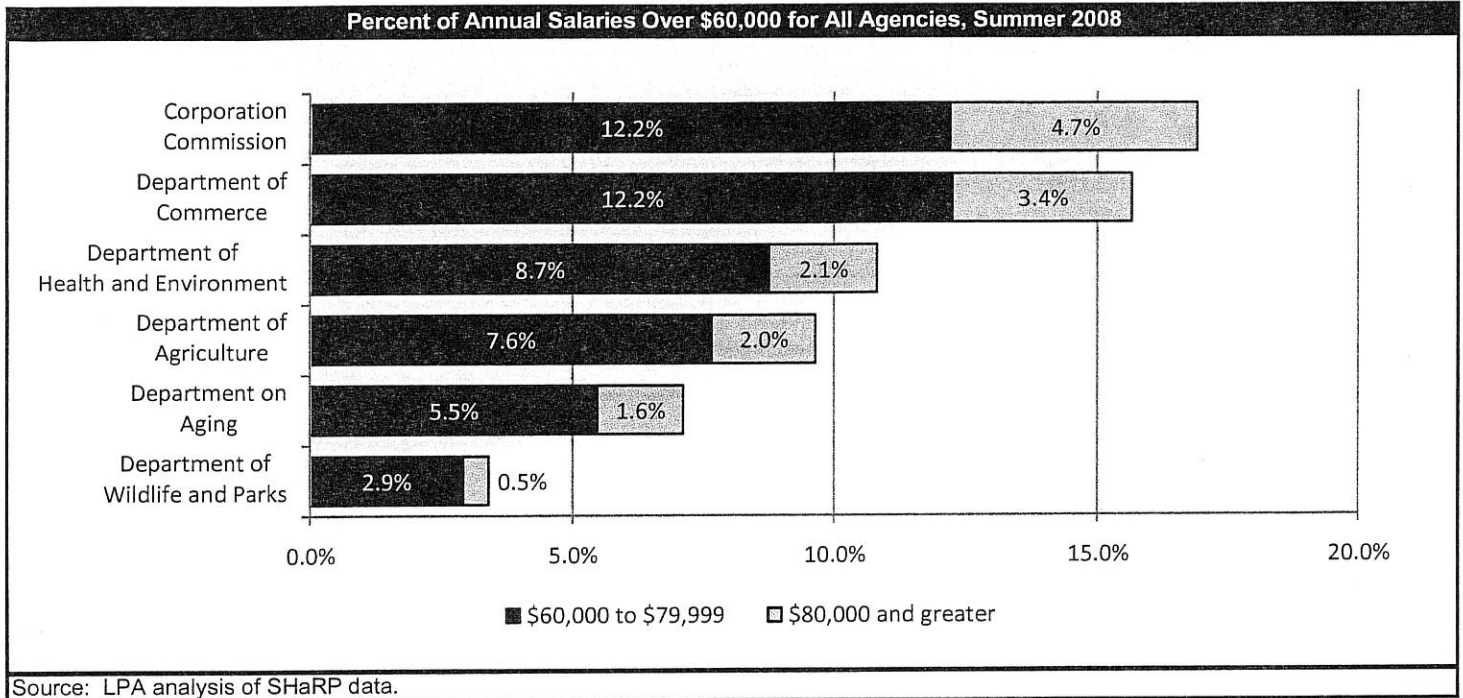
Sincerely,

Barbara J. Hinton  
Legislative Post Auditor

**Economic Development & Tourism**  
Date: 2-10-09  
Attachment # 2-1

## ATTACHMENT A

The following table shows the percentage of all staff (not just management) earning over \$60,000 a year for five Kansas agencies.



The following table shows the average salary amounts earned by each type of management position within the Department of Commerce.

<b>Average Salary for Commerce Management Positions, Fiscal Year 2009</b>		
Management Position Type	Average Budgeted Salary	Number of Positions
Public Service Executive	\$56,010	5
Public Service Executive I (a)	\$51,508	11
Public Service Executive II	\$60,433	10
Public Service Executive III	\$70,133	12
Public Service Executive IV	\$84,406	3
Policy Making Managers (b)	\$89,262	8
<b>All Management Positions</b>	<b>\$66,528</b>	<b>49</b>

(a) Excludes a single Public Service Executive position with no salary data.  
 (b) Excludes policy making managers with a Public Service Executive title.  
 Source: LPA analysis of Division of Budget data, fiscal year 2009.