

## MINUTES

### JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

October 22, 2007  
Room 313-S—Statehouse

#### Members Present

Representative Lana Gordon, Chairperson  
Senator Nick Jordan, Vice-Chairperson  
Senator Jim Barone  
Senator Karin Brownlee  
Representative Barbara Craft  
Representative Terrie Huntington  
Representative Don Myers  
Representative Annie Tietze  
Representative Jerry Williams  
Representative Valdenia Winn

#### Members Absent

Senator Laura Kelly  
Senator David Wysong

#### Staff Present

Kathie Sparks, Kansas Legislative Research Department  
Reed Holwegner, Kansas Legislative Research Department  
Jason Long, Revisor of Statutes Office  
Duston Slinkard, Revisor of Statutes Office  
Ann Deitcher, Committee Secretary

#### Conferees

Rae Anne Davis, Deputy Secretary, Department of Commerce  
Keith Lawing, Executive Director, Workforce Alliance, South Central Kansas  
Bob Dalke, Executive Director, Workforce Investment Board, Western Kansas  
Kris Kitchen, Executive Director, Workforce Alliance, Northeast Kansas  
Scott Anglemyer, Executive Director, Workforce Investment Board, Kansas  
Renea Caveness, Executive Director, Workforce Investment Board, Southeast Kansas  
Sheila Frahm, Kansas Association of Community Colleges

Dr. Edward Berger, President, Hutchinson Community College CC/AVTS  
Dr. Terry Calaway, President, Johnson County Community College JCCC/AVTS

### **Morning Session**

Chairperson Gordon introduced Rae Anne Davis who offered a briefing on the Department of Commerce's recent workforce adjustments and its direction moving forward. She also provided an overview of recent activities and accomplishments ([Attachment 1](#)).

Ms. Davis said that reduced federal funds had necessitated a downward adjustment in the Department's workforce due to the loss of leveraged Workforce Investment Act (WIA) funds in Local Areas III and V. In these regions, the Department of Commerce is no longer the service provider of local WIA services. Because of operational changes in these areas, the Department of Commerce's operating budget is reduced by \$1.9 million. This reduction, combined with recent reductions in the Wagner-Peyser federal funding stream (the only funding remaining in the Department of Commerce's budget for Workforce Center operations), necessitated the staffing adjustments.

A total of 38 employees were laid off statewide, less than the 41 positions shifted to the new WIA service providers in Local Areas III and V. The Department was fortunate to be able to fill many of the vacancies created by the restructuring with existing employees. Every employee who applied for a position with the Department of Commerce in the new structure was offered one.

She said that the Department of Commerce will continue to administer a workforce development system that links businesses, job candidates, and educational institutions to ensure Kansas employers can find skilled workers.

Questions and answers followed.

Keith Lawing introduced Bob Dalke who offered testimony regarding the purpose of the Workforce Investment Board ([Attachment 2](#)).

The Local Area Board is involved in the following activities and strategies in response to issues brought up during the forums and from discussions as a result of the forums.

- Enhance connectivity between K-12 education and careers.
- Promote awareness of workforce preparation services and the workforce system.
- Increase labor force participation rates for cohorts such as older workers, offenders, and others not fully engaged.
- Create partnerships and leverage resources to ensure universal access to workforce services.
- Encourage labor force participants to increase their skill levels by participating in occupational training and credentialing programs and invest in innovative models which enable them to do so.
- Assist in upward mobility of the labor force and attainment of self-sufficiency for families by facilitating awareness and involvement in career ladders and by

increasing the focus on long term strategies leading to job retention and advancement.

Mr. Dalke said that the Local Area I Board currently also is involved in a Regional Partnership with Local Area IV in a Workforce Initiatives in Regional Economic Development Initiative (WIRED), for Advanced Manufacturing and Composites. Local Area I had established a goal of increasing the number of participants served with WIA Title IB Funds from PY 2005 to PY 2006 by 50 percent. The number of participants served increased from 598 to 1,078 yielding an 80 percent increase over the prior year.

Questions and answers followed.

Kris Kitchen explained the funding for Local Area II - Heartland Works ([Attachment 3](#)). She showed the expenditures for the PY 2006 (7/1/06-6/30/07) as well as for PY 2007 (7/1/07-6/30/08).

Scott Anglemeyer addressed the Committee regarding the regional activities in Local Area III which is comprised of Johnson, Leavenworth, and Wyandotte counties ([Attachment 4](#)).

Mr. Anglemeyer spoke of the physical changes they have made such as the renovation of the Wyandotte County Workforce Center in Kansas City, Kansas which created a new business services space, room for new workshops, and greater space for partners.

The Johnson County Workforce Center will soon be moving to new space that is significantly larger, more strategically located, and creates a more inviting image to both job seekers and businesses.

Recently, a 38-foot mobile career center was purchased which will be used to make workforce services even more accessible throughout the region.

Senator Jordan requested the figures for the purchase of "Workforce One" as well as the cost of the equipment it will provide. Mr. Anglemeyer said this information would be sent to him.

Questions and answers followed.

Renea Caveness reported on the changes that Local Area V has encountered since the last time she appeared before the Committee ([Attachment 5](#)).

She said they are in a state of transition and they recognize the growth potential of the system as policy, procedures, and programs change to meet the needs of the communities served. They feel that a program focus on business needs and job seekers will create a system more engaging to area employers. KansasWorks Local Area V will provide more than just training services to the communities of Southeast Kansas.

Questions and answers followed.

Appearing again was Keith Lawing, who spoke to the Committee on the regional update of Workforce Investment Act Funding and Performance ([Attachment 6](#)).

Mr. Lawing said that their vision is that there be an innovative and successful collaboration that is highly valued by the Kansas Workforce Boards, the public workforce system partners, and key stakeholders. Their mission is to collaborate within the public workforce system to strengthen

professional capabilities, expand resources, and advocate and facilitate communication, thereby revolutionizing the delivery of workforce services to business and job seekers in Kansas.

Questions and answers followed.

The Committee recessed the meeting until 1:45 p.m.

### **Afternoon Session**

The Committee meeting reconvened at 1:45 p.m.

Chairperson Gordon introduced Dr. Blake Flanders who gave a general overview of the workforce programs of the Kansas Board of Regents, including the current level of funding for FY 2007, a listing of programs offered, an explanation of how funding decisions are made, how they match businesses with skilled employees, how they assist businesses in retaining skilled employees, and how they are marketing these services (Attachment 7).

A workforce report recently was released, entitled "Positioning Kansas for Competitive Advantage - Aligning Key Industry Clusters and Occupations with Postsecondary Education and Workforce Development. Dr. Flanders said that the findings from this report were presented in an oral report to the Kansas Board of Regents at its October meeting. It provided information regarding the current system alignment to the workforce needs of the Kansas economy.

This report also addressed barriers in postsecondary education such as data tracking, accountability, dual enrollment, and incentives based on performance. A key finding in the report was that undersupply is more often related to technical occupations, including those occupations requiring less than four years of postsecondary education, as well as engineers of many types and computer systems analysts. It suggested setting numerical goals for resolving occupational shortages, similar to the recent initiative the Board implemented to address the shortage of nurses in Kansas.

In response to a Committee member's question as to whether he would describe the nursing profession as technical, Dr. Flanders said that he would.

Sheila Frahm introduced Dr. Edward Berger, who offered a power point presentation regarding Hutchinson Community College (Attachment 8).

Dr. Berger spoke of the need for technical training and the opportunity to provide experienced workers with skills necessary to stay in the workforce. Certificates offered at Hutchinson Community College are those in Manufacturing; Heating, Air Conditioning and Ventilation; Industrial Electronics; Computers; Customer Service; Allied Health; and Leadership.

The importance of work ethics also is stressed such as: attendance, character, teamwork, appearance, attitude, productivity, organizational skills, communication, cooperation, and respect.

Representative Huntington told Dr. Berger that she would be interested in the graduates' salaries percentages. Dr. Berger said this would be provided to her.

Dr. Calaway, Johnson County Community College (JCCC), offered a credit career and technical education (CTE) programming overview (Attachment 9).

Dr. Calaway said there are approximately 19,000 credit students at JCCC. Over one-fourth are in career and technical education courses, over 330,000 credit hours, approximately 80,000 in credit CTE, and of some 4,000 credit course sections, over 1,300 credit CTE courses.

The listing of CTE programs according to Kansas CTE Clusters are: Arts Communication and Information Cluster; Business, Marketing and Management Cluster; Health Sciences Cluster; Human Resources and Services Cluster; Industrial, Manufacturing and Engineering Systems Cluster; and Environmental and Natural Resources Cluster.

Non-Credit Highlights for FY 2006-07 were: 3,000 seminars and workshops; 93,600 participants; 400 contract training classes; and 482 businesses served.

Questions and answers followed.

Senator Barone made a request of Rae Anne Davis that a detail of funding as well as funding sources for the last five to seven years be provided to the Committee. He felt that this accounting would allow the Committee to become familiar with the changes that been taking place.

Ms. Davis said she would see that this information would be forwarded to the Committee.

The Chairman introduced Corey Peterson, who spoke to the Committee regarding the Associated General Contractors of Kansas, Inc. (AGC) and its commitment to developing the future workforce (Attachments 10 and 11).

Mr. Peterson said that the construction industry, as well as most other industries relying on a technically trained workforce, is facing a shortage at a time where numerous factors are stacked against it as it attempts to promote technical careers and technical education.

He asked the Committee if it could picture where Kansas would be without the workers to build and maintain its roads and highways. What would happen if Kansas did not have the workers to build schools, churches, offices, and retail stores? He asked them if Kansas could compete in a global economy without workers to build new manufacturing and distribution facilities. He said that similar questions may be asked by all other industries relying on technical trades as well.

Mr. Peterson closed by saying that Kansas desperately needs a coordinated, well funded, technical education system that is responsive to the industries that will eventually be providing jobs to the students graduating from these programs. This will be a main ingredient to economic development in Kansas.

Questions and answers followed.

Richard Cram offered discussion of refundable vs. non-refundable tax credits (Attachment 12), saying that most Kansas income tax credits are non-refundable. The Business and Job Development (B&J) and High Performance Incentive Program (HPIP) tax credits are by far the largest economic development tax credit programs involving non-refundable credits and carry forwards.

Over the past five process years, the average difference between allowed versus total HPIP and B&J credits generated per year is about \$50 million. Based on this average difference, the fiscal

impact to the State to make refundable any carry forward (unused) HPIP and B&J credits earned on a going forward basis would be a negative \$50 million per fiscal year. Of that \$50 million, about 90 percent represents unused HPIP credits and 10 percent represents unused B&J credits.

Questions and answers followed.

David Kerr addressed the Committee regarding people coming into the State and the total economic impact this number has. (No written testimony was provided).

Mr. Kerr said that any company considering a move into the State would be wise to look at the advantages as well as the disadvantages of doing business in Kansas. If they look at the tax climate in Kansas, they will find it to be fairly positive.

He said that the State should be thinking about companies already here as well as those looking to come into the State.

Questions and answers followed.

The Chairman called on Mark Burghart, who asked that the Committee to consider certain legislation that would clarify the Job Expansion and Investment Credit Act, KSA 79-32,153 *et seq.*, and the Kansas Enterprise Zone Act, KSA 79-32,160a, as these acts relate to capital expenditures and job creation by corporations in a unitary group. He said he believed that his attached clarification is entirely consistent with the intent accompanying the original enactment of the tax credit legislation which was to promote capital investment and job creation within the State of Kansas (Attachment 13).

Mr. Burghart said that corporations require a stable state tax environment. This legislation merely codifies what was once the Department's interpretation of the controlling statutes and provides needed stability to the Kansas income tax credit structure.

The meeting was adjourned at 4:25 p.m. The next meeting is scheduled for Tuesday, November 6, 2007.

Prepared by Ann Deitcher  
Edited by Kathie Sparks

Approved by Committee on:

November 6, 2007  
(date)