

MINUTES

JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

September 18-19, 2008
Room 145-N—Statehouse

Members Present

Senator Karin Brownlee, Chairperson
Representative Lana Gordon, Vice-Chairperson
Senator Jim Barone
Senator Laura Kelly
Senator Jean Schodorf
Representative Barbara Craft
Representative Don Hill
Representative Terri Huntington
Representative Don Myers
Representative Annie Tietze
Representative Jerry Williams
Representative Valdenia Winn

Member Absent

Senator Nick Jordan

Staff Present

Kathie Sparks, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Jerry Donaldson, Kansas Legislative Research Department
Jason Long, Revisor of Statutes Office
Renaë Jefferies, Revisor of Statutes Office
Jackie Lunn, Committee Secretary

Conferees

Dick Carter, Travel Industry Association of Kansas
Judy Billings, President, Destination Marketing Inc.
Marci Penner, Director, Kansas Sampler Foundation
Jerry Cook, President, Overland Park Convention and Visitors Bureau
Dick Koerth, Assistant Secretary for Administration, Kansas Department of Wildlife
and Parks

Richard Dykstra, Assistant Director, Geary County Convention and Visitors Bureau
Jason Long, Assistant Director, Assistant Revisor of Statutes
David Kerr, Secretary, Kansas Department of Commerce
Tom Thornton, CEO, Kansas Bioscience Authority
Paula Greathouse, Director, Division of Workers Compensation, Kansas Department
of Labor
Robert Martin, Wichita Area Workers Compensation Task Force District
Representative Charles Roth, 71st District
Candy Shively, Deputy Secretary, Kansas Department of Social and Rehabilitation
Services
Wayne Maichel, Director, Unemployment Insurance, Kansas Department of Labor
John Meetz, Kansas Insurance Department
John Ostrowski, Attorney, AFL-CIO
Donald Fritschie, Kansas Chamber of Commerce
Larry Karns, Board Member, Kansas Self-Insurers Association
Delbert Young, Injured Worker
Tim Power, Kansas Association for Justice
Tim Short, Kansas Coalition for Workplace Safety
Doug Allen-Injured Worker
Sharon Wenger, Principal Analyst, Kansas Legislative Research Department
Gardner/Edgerton High School
Paola Panther Robotics Team
Olathe Northwest High School Science and Engineering Program
Shirley Antes-Wichita Area Technical College
Dr. Gary Alexander, Vice-President for Academic Affairs, Kansas Board of Regents
Dr. Stuart Bell, Dean of Engineering, University of Kansas
Dr. John English, Dean of Engineering, Kansas State University
Dr. Zulma Toro-Ramos, Dean of Engineering, Wichita State University
David Brant, Senior Vice-President of Product Engineering, Cessna Aircraft
Dr. Sam Bruner, Chief Scientist, Hawker Beechcraft Corporation
Jennifer Mehnert, Recruiting Manager -Engineering/IT, Garmin International, Inc.
Christopher Price, Vice-President, HTNB Corporation
Kathie Sparks, Principal Analyst, Kansas Legislative Research Department
Richard Cram, Director of Research and Policy, Kansas Department of Revenue
Allison Felix, Economist, Federal Reserve Bank of Kansas City
Stan Ahlerich, President, Kansas, Inc.

**Thursday, September 18
Morning Session**

Chairperson Brownlee called the meeting to order at 10:10 a.m. and announced the Committee would be reviewing various options for the most effective structure for a travel and tourism agency, reviewing the possibilities of how travel and tourism efforts may be enhanced when combined with the programs and activities of the Department of Wildlife and Parks, and studying other states that have created free-standing travel and tourism organizations and how the organizations function. She introduced Dick Carter, Jr., representing the Travel Industry Association of Kansas (TIAK). Mr. Carter presented written testimony ([Attachment 1, 1-a, 1-b](#)).

Mr. Carter stated it has been two years of research, planning, and advocating for a more effective structure for state travel and tourism. He explained SB 501 which was introduced in the

legislature last fall, to create a travel and tourism agency. He reviewed changes made in the original bill and how it passed the Senate but not the House. In closing he thanked the Committee for its interest in how to make Kansas a more attractive state to tourists and said he would respectfully request that the Committee recommend introduction of legislation similar to SB 501 or Senate Substitute for HB 2827, which were introduced in the last session.

Chairperson Brownlee stated the Committee would hold questions until a later time and introduced Judy Billings, President, Destination Marketing, Inc., to give her testimony in support of the Kansas Tourism Initiative. Ms. Billings presented written testimony ([Attachment 2](#)). She explained that years ago, the Convention and Visitors Bureau separated from the Lawrence Chamber of Commerce with both the support of the City of Lawrence and the Chamber. Ms. Billings outlined how their organization operates:

- They still budget with the City of Lawrence to receive funding from bed tax collections;
- While they have the freedom to make decisions within their budget, they are fully accountable to a Board of Directors for Destination Marketing, Inc.
- The entire staff of the CVB made the move to the newly formed organization and their positions remained the same;
- The CVB has the ability to make decisions in a business environment where tourism promotion is the only focus;
- As a professional tourism marketing staff, they believe that it is impossible to refine and effectively execute a marketing campaign without the ability to plan strategically. They are able to work strategically within their annual budget with a strong sense of what the future holds in terms of budgeting; and
- Their independence allows them to react more quickly to advertising offers outside their strategic plan that provide unique opportunities to promote the community.

In closing, Ms. Billings stated the Lawrence CVB believes the Kansas Tourism Initiative by far is the most complete proposal to come before this body and proposes more investment in product development and marketing, along with more accountability for the dollars invested. She believes that the tourism industry offers a return on investment that few industries can and that this organizational structure is a way to maximize that investment. She urged the Committee to make an investment in an industry that brings new dollars to our state and tells the world what a great place Kansas is.

Upon the conclusion of Ms. Billings' testimony, Chairperson Brownlee introduced Marci Penner, Director, Kansas Sampler Foundation, to give her testimony in support of the Kansas Tourism Initiative. Ms. Penner presented written testimony ([Attachment 3](#)). Ms. Penner stated that tourism is very important to the viability of rural communities in Kansas. She also stated that it is not realistic to expect each small town to do all its own tourism marketing. A marketing plan for rural communities as a whole that integrates with the traditional tourism plan is the key and something needs to be done soon. She believes that funding tourism in this state has always been a low priority and forming the Kansas Tourism Initiative would help solve this problem. She stated that everyday she looks at rural communities and sees opportunities and decline all in the same view. Today we have a chance to advance the potential of rural communities through tourism. In closing, Ms. Penner

stated the Legislature needs to make a decision and execute the strategy as quickly as legislative action will allow.

Upon the conclusion of Ms. Penner's testimony, Chairperson Brownlee introduced Jerry Cook, President of the Overland Park Convention and Visitors Bureau, to give his testimony in support of the Kansas Tourism Initiative. Mr. Cook presented written testimony ([Attachment 4](#)) and stated that the Overland Park CVB believes that the Kansas Tourism Initiative provides the best organizational structure in which to advance local, regional, and state tourism initiatives to all corners of Kansas. Mr. Cook stated the Kansas Tourism Initiative will provide an operational culture for timely, yet well conceived reactions to the market place.

With the completion of Mr. Cook's testimony, Chairperson Brownlee opened the floor for questions and discussion by the Committee of the conferees that had testified thus far.

There was some concern regarding the timely manner in which travel and tourism receives the information regarding its budget. Mr. Cook stated that the lag time would be less because the Board of Directors will be making the decisions.

There were questions regarding marketing and promoting of small towns and rural communities. The stability of the Kansas Tourism and Travel Initiative was also discussed and why there was a need for another state agency. It was noted by Mr. Carter, TIAK, that the present set up with travel and tourism being the responsibility of the Department of Commerce, TIAK is not always consulted when there is an initiative involving travel and tourism. He also added that sometimes the response time for the Department of Commerce is not prompt enough. With the set up it is proposing, it would not only be directly involved in the travel and tourism marketing throughout the state, it would also be involved with the travel and tourism initiatives across the state. The discussion continued regarding the present setup of having travel and tourism in the Department of Commerce and the possibility of putting it with Wildlife and Parks. There are concerns that the Department of Wildlife and Parks would not be a good fit for Travel and Tourism. It would possibly cause the fees to go up and there had been complaints from constituents that the fees were already too high. The present overhead of travel and tourism as it is in the Department of Commerce and what it would be if it formed a separate agency. The budget for travel and tourism was also discussed.

With no further questions or discussion, Chairperson Brownlee introduced Dick Koerth, Assistant Secretary for Administration, Kansas Department of Wildlife and Parks, to give his testimony regarding travel and tourism. Mr. Koerth presented written testimony ([Attachment 5](#)). Mr. Koerth stated Wildlife and Parks utilizes efforts with the Division of Travel and Tourism, Department of Commerce, in promoting hunting, fishing, state park visitation, and boating in Kansas.

Upon the conclusion of Mr. Koerth's testimony, Chairperson Brownlee opened the floor for questions and discussion. There was some interest from the Committee in putting the Kansas Travel and Tourism Initiative with the Wildlife and Parks Department and to include the State Historical Society. Wildlife and Parks fees were discussed and it was noted that fees charged are for the maintenance and upkeep of the state parks.

Upon the conclusion of the discussion, Chairperson Brownlee introduced Rick Dykstra, Assistant Director, Geary County Convention and Visitors Bureau. Mr. Dykstra presented his written testimony along with a packet of information ([Attachments 6](#)). Mr. Dykstra stated that Geary County Convention and Visitors Bureau stands neutral regarding the creation of the Kansas Tourism Initiative, but does agree that changes need to take place in the tourism industry of Kansas. He reviewed the State of Oklahoma's Department of Tourism and Recreation and encouraged the Committee to check further into its operation. He stated that it is vital for Kansas to be promoted as

a tourist destination at consumer outdoor trade shows and similar events. In closing, he stated that in these tough times the State should strive to get more for less. Kansas should strive to have fair and balanced representation in all aspects of the tourism industry.

With no questions or discussion, Chairperson Brownlee introduced Jason Long, Assistant Revisor of Statutes, to outline statutes for the Division of Travel and Tourism located within the Kansas Department of Commerce. Mr. Long presented written testimony ([Attachment 7](#)) and stated that the Division of Travel and Tourism is headed by a Director appointed by the Secretary of the Department of Commerce. A short discussion followed regarding the statutes and the authority the Secretary of the Department has regarding the Division of Travel and Tourism.

Upon the conclusion of the discussion, Chairperson Brownlee called on Secretary Kerr, Department of Commerce. Secretary Kerr presented written testimony ([Attachment 8](#)) and reviewed the flow chart on the organization structure of the Department of Commerce. Secretary Kerr had discussion regarding the division of travel and tourism and how much importance it holds within the Department of Commerce. Secretary Kerr noted that about a year ago the Division of Travel and Tourism was moved from the Deputy Secretary to the Senior Deputy of Marketing and Sales. It was noted that Secretary Fricke had moved travel and tourism under the Deputy Secretary but before that, it was directly under the Secretary of the Department of Commerce.

A discussion followed with the Committee and Secretary Kerr. Senator Schordorf agrees that the tourism industry needs to be fixed and stated that the Committee needs to make a recommendations. She suggested that the Committee look at how some of the other states handle travel and tourism and at the meeting scheduled in November they could review their findings and be able to make a recommendation at that time. She also stated that Wildlife and Parks needs money and also needs help. Representative Gordon joined the discussion stating that she and some of the other House members have concerns with creating a new agency. She is concerned that some of the smaller counties will get overlooked and the larger counties will get the money. She also stated she has concerns with the structure of the Kansas Tourism Initiative.

Before closing the discussion, Chairperson Brownlee stated there was some question of accountability and asked the staff to check on that and she moved the Committee's attention to STAR Bonds. Chairperson Brownlee called on Secretary Kerr, Department of Commerce, to give his testimony regarding STAR Bond projects. Secretary Kerr presented a written copy of testimony ([Attachment 9](#)) and highlighted the following:

- The Mission Gateway Project being located in Mission, Kansas; and
- The Schlitterbahn Project being located in Wyandotte County.

Upon the conclusion of the Secretary's testimony, Chairperson Brownlee opened the floor for questions and discussion.

The Committee has concerns what impact the fall of Lehman Brothers will have on the Schlitterbahn project. Chairperson Brownlee called on Secretary Kerr and he stated he did not have that information. She asked the Secretary to check with Schlitterbahn and report back to the Committee.

The discussion moved to the gambling facilities proposed in Wyandotte County and the land being acquired by eminent domain. Chairperson Brownlee stated that using that land would be illegal. Secretary Kerr joined the discussion, stating he wrote a letter to the Mayor voicing the concerns of the Department of Commerce and as a result of the letter, there was a meeting with

Secretary Kerr, his staff, and Wyandotte. There was some indication by Wyandotte County that it was not doing anything illegal regarding STAR Bond statutes.

The discussion concluded and Chairperson Brownlee introduced Tom Thornton, President and Chief Executive Officer, Kansas Bioscience Authority, to give his testimony reviewing the new report on Bioscience in Kansas. Mr. Thornton presented written copies and also information on the Kansas Bioscience Index ([Attachment 10](#)). Mr. Thornton stated Kansas is purposefully building its national leadership in bioscience research and industry which is resulting in new jobs, significant capital expenditures, and new research and private investment funding. Mr. Thornton reviewed *State Bioscience Initiatives 2008*, a report highlighting the following:

- Kansas has an industry specialization significantly above the national average in the agricultural feedstock and chemicals subsector, with total employment impact of more than 9,400 jobs and 13 percent growth in business establishments from 2001 to 2006;
- Kansas has an industry concentration above the national average in the research, testing, and medical laboratories subsector, with 241 companies established in 2006, an increase of 46.2 percent over 2001, the greatest growth rate of all states;
- Research and Development (R&D) and testing labs in the physical and life sciences in Kansas have 3,300 employees and \$500 million in annual sales;
- Jobs in the drugs and pharmaceuticals subsector have an average annual wage of more than \$63,000;
- Academic R&D expenditures and National Institutes of Health (NIH) funding in the state are up 15.5 percent and 12.7 percent since 2002; and
- Over the past six years, Kansas has attracted \$117 million in bioscience venture capital, reaching nearly \$62 million in 2007 alone.

Mr. Thornton directed the Committee's attention to a new data tool that will help the Kansas Bioscience Authority more finely track its progress in the business sector, the *Kansas Bioscience Index*. This index will provide baseline data regarding bioscience industry and research in our state and will be an important tool to monitor the growth of the biosciences in Kansas. He stated that the Bioscience Authority will produce this index on an annual basis and will share it with the Senate Commerce Committee and the House Travel and Tourism Committee. Mr. Thornton stated that the number of private bioscience companies in Kansas are on the rise and research and development spending is growing at a steady pace. In closing, he stated that the Bioscience Authority will be one of the keys to helping the Kansas economy thrive.

Upon the conclusion of Mr. Thornton's testimony, Chairperson Brownlee opened the floor for questions and discussion.

Chairperson Brownlee asked if he has more current information for the years 2006 and 2007. Mr. Thornton stated he would have more current information in October of this year and would provide that to the Committee. It was noted that the data supplied by Mr. Thornton indicated Kansas was doing very well when compared with other states. The return on the investment of the Bioscience Authority was discussed and it was noted by Chairperson Brownlee it is very impressive.

Upon the conclusion of the questions and discussion, Chairperson Brownlee stated the Committee would break for lunch and would be back by 1:30 p.m.

Afternoon Session

Subject of Meeting

To conduct a comprehensive study of the current workers compensation law, including the Kansas Supreme Court's 2007 decision in *Casco v. Armour Swift-Eckrich*, in order to determine the effectiveness of the Workers Compensation Act to provide adequate indemnity medical and vocational rehabilitation compensation to injured workers to active employment. Also, review whether current workers compensation policies have resulted in cost shifts away from private insurance companies to government-funded public assistance programs and any corresponding fiscal impact to the state.

Chairperson Brownlee called the meeting to order at 1:30 p.m. and called on Kathie Sparks, Legislative Research, asking what she had handed out regarding the Bioscience Authority. Ms. Sparks explained it was the data which Mr. Thornton referred to during his testimony regarding the Bioscience Authority's return on investment (see Attachment 10).

Chairperson Brownlee introduced Jason Long, Revisors Office, to give a brief overview of the Workers Compensation Act. Mr. Long presented written testimony ([Attachment 11](#)). Mr. Long stated the Workers Compensation Act is intended to provide compensation for personal injuries caused by accident "arising out of and in the course of employment" Workers Compensation is in essence insurance for the worker in the event he is injured and unable to earn his average wage. Mr. Long continued and highlighted the following:

- The procedure for claiming workers compensation:
 - A claim for workers compensation begins with notifying the employer of the accident and of the claim for workers compensation. There are limitations on when the claimant must notify the employer of an accident.
- The calculation of Workers Compensation award:
 - There are four different types of workers compensation: compensation for the death of a worker; compensation when the worker suffers permanent or temporary total disability; compensation for permanent partial specific disability; and compensation for permanent partial general disability. Workers Compensation also provides that workers are entitled to medical compensation for the care of the treatment of the injury.
- Payment of Workers Compensation Award:
 - Workers Compensation payments are made at the same time, place, and in the same manner as normal wages are paid to the worker. Under certain circumstances a workers compensation award may be paid as a lump-sum payment.
- Acts of fraud and abuse:
 - There are two types of fraud – civil and criminal.
- Administrative matters:
 - The Workers Compensation Act contains numerous provisions relating to administrative matters necessary for implementing and enforcing the Act. The Act governs the appointment of administrative laws judges, the membership

and duties of the Board, sets forth the duties of the Director of the Department of Labor in regard to the Workers Compensations Act, the Workers Compensation Advisory Council, the Work Comp fund, SWCSIF which is administered by the Secretary of Administration, and group-funded workers compensation pools; and establishes requirements for worker safety programs.

Upon the conclusion of Mr. Long's overview of the Workers Compensation Act, he moved to a review of the *Casco v. Armour Swift-Eckrich*, 283 Kan. 508 (2007). Mr. Long presented written testimony ([Attachment 12](#)). Mr. Long stated the injured worker, Alejandro Casco, suffered his first injury in June of 2000 when he was diagnosed with a torn rotator cuff in his left shoulder. He underwent surgeries to repair the shoulder in 2001 and 2002. During this time he began using only his right arm to perform all his work duties. In 2003, Casco was diagnosed with an injury to his right shoulder, which according to undisputed medical testimony was due to overcompensating for the loss of the use of his left arm. Armour Swift-Eckrich initially denied treatment for the right shoulder. After a formal hearing, the administrative law judge found that Casco's right shoulder injury was the "natural probable consequence" of his left shoulder injury and ordered an award for permanent partial general disability, which was statutorily capped at \$100,00.

Armour appealed the award to the Workers Compensation Board. The Board disagreed with the administrative law judge findings that the right shoulder injury was a new and separate injury and therefore, compensation should be calculated according to the specific injury schedule under KSA 44-510d. This resulted in a reduction of the amount of compensation awarded to Casco.

Casco appealed the Board's ruling to the Court of Appeals. The Court of Appeals reversed the ruling and stated that the parallel injury rule applied and that Casco's award should be calculated as a permanent partial general disability just as the Administrative Law Judge had ruled. Armour appealed the decision to the Supreme Court. The Supreme Court disagreed with the Court of Appeals and stated that the secondary injury rule should apply.

Chairperson Brownlee introduced Parula Greathouse, Director, Division of Workers Compensation, Kansas Department of Labor, to discuss the *Casco v. Armour* case and benefit comparisons with other states; and to also briefly cover the rankings for a maximum benefit levels by state and the activity of the vocational rehabilitation section at the Division of Workers Compensation. Director Greathouse presented her written testimony and referred the Committee to a small card (and stated it gives information regarding the filing of work comp claims along with a table of maximum benefits and also a booklet entitled *Workers Compensation Information for Kansas Employers and Employees*. She also referred to documentation entitled Scheduled, General Body and Work Disability and stated it will give more information on work comp disability benefits. Next, Director Greathouse referred the Committee to written copy regarding the Kansas Supreme Court rulings on *Casco v. Armour* and *Hall v. Dillion* and then referred the Committee to the written copy of Maximum Benefits by State 2008, stating that Kansas ranked 42nd by state for maximum benefits, and adding that some states do not have a maximum on benefits. Kansas ranks 40th in maximum death benefits. In closing, Director Greathouse referred the Committee to written copy entitled Vocational Rehabilitation ([Attachment 13](#)). Director Greathouse stated the rehabilitation unit has the responsibility of coordinating the vocational rehabilitation services for injured workers when the insurance company/employer elects to provide services. This unit also reviews medical management closures to determine the need for referral to other vocational programs and services when the insurance company/employer elects not to provide services. Monitoring and providing technical assistance for both public and private vocational rehabilitation providers is also a part of the responsibilities of this unit. In FY 2007, 12 referred injured workers were involved with Kansas Rehabilitation Services, and out-of-state vocational rehabilitation agencies, with four injured workers currently in a rehabilitation plan.

Upon the conclusion of Director Greathouse's testimony, Chairman Brownlee opened the floor for questions and discussion. Representative Myers asked if there was any documentation available that would correlate the average wages and cost of living compared to other states. Director Greathouse stated they did not have access to that information but in October, the State of Oregon annually puts out a study with some comparisons and with that information, Kansas generally ranks around 43rd. Representative Myers stated that the information on the spreadsheet she handed out makes Kansas look stingy in our Workers Compensation Report.

The weekly benefits and indemnity payments were discussed in regard to the spreadsheets and it was noted that typically, a work comp case could be open 415 weeks. It was also noted that there are small numbers of injured workers that use vocational rehabilitation. Director Greathouse stated she felt that was because it was voluntary.

With no further questions or discussion, Chairperson Brownlee introduced Robert Martin, Wichita Area Workers Compensation Task Force. Mr. Martin presented written testimony (Attachment 14). He stated his testimony would be on the current Kansas Workers Compensation Law from a respondent's (employer's) perspective. He stated with the increasing price of health care services, the employers are opting for higher deductibles with the burden being shifted to the employee causing employees to claim some injuries that were not qualified to be work comp as work comp injuries that occurred on the job.

A discussion followed regarding the statement that claims were being made that were not work comp and if there was any documentation to back his statements. He was asked to provide the Committee with information by Senator Barone.

Mr. Martin continued with his testimony stating because of the increase of the average age of the employee, there is an aggravation of pre-existing conditions which are degenerative and covered under work comp and employers seem to be denied pre-existing credit because it is difficult to meet all the requirements. He feels that there will be increases in these degenerative conditions as the years go by.

A short discussion followed regarding pre-employment physicals that would discover some of the pre-existing conditions.

Mr. Martin continued, stating the work comp premiums and the fact that the excess of this money it gets is put in the General Fund. He feels that money should stay in work comp. Chairperson Brownlee stated she would have staff check on that.

Mr. Martin continued with the effect of the *Casco v. Armour* case and referred the Committee to Page 3, top two full sentences in the testimony (see Attachment 12) of Mr. Long, Revisor's Office. He stated that is the best and correct explanation of the *Casco* case. In closing, he stated that medical benefits are unlimited and that is better than some states. He stated that Kansas is more on the conservative side on indemnity benefits and that is not a bad thing. He also said the state cap affects the higher wage earner.

A short discussion followed, with the Committee regarding the cap which affects high-income employees.

Upon the completion of Mr. Martin's testimony and discussion, Chairperson Brownlee introduced Representative Roth, 71st District. Mr. Roth presented written testimony (Attachment 15). Representative Roth stated the current conditions of the work comp system require action by the Legislature to update the Act and provide better solutions for Kansas workers and employers. He previewed the four major points that the Legislature should address as follows:

- Caps on benefits for permanent partial, permanent total, and death benefits;
- Liability of employers for exacerbation, acceleration, and aggravation of pre-existing conditions;
- Limitations on the recovery of work disability benefits for workers displaced from their jobs as the result of bilateral extremity injuries: and
- Lifetime liability of Kansas employers for future medical.

In closing, Representative Roth suggested the Committee send his list with any additions which they deemed necessary to the work comp advisory committee and take this opportunity to update all aspects of the Workers Compensation Act.

Chairperson Brownlee opened the floor for questions and discussion. There was a short discussion on the burden of proof and what could be done. Chairperson Brownlee noted that Director Greathouse is doing a wonderful job with the Work Comp Advisory Committee. She also stated that there is a need for the employee side and the employer side to be in balance in the Workers Compensation Act.

Chairperson Brownlee introduced Delbert Young, an injured worker. Mr. Young presented written copy ([Attachment 16](#)). Mr. Young stated he received an injury on his job site when he fell off a company bicycle, the company's mode of transportation from one building to another. At the time of the fall he hit his head and shoulder on the cement and found it difficult to walk and he also had pain in his neck while working with monitors. He received onsite first aid and was sent back to work. His condition was getting worse and he went to see his family doctor. Due to the company's lack of concern he was forced to hire an attorney to receive the proper medical care. His injury resulted in surgery on his neck and he has been permanently totally disabled since that time. Mr. Young was unable to finish his testimony and his wife finished for him and stated the Young family has fallen on hard times because of the decrease in salary and the work comp is running out. Mrs. Young encouraged the Committee to extend the pay benefits longer than the five years and \$125,000 cap that they are being held to and change the schedules for the next family.

With no comments or questions, Chairperson Brownlee introduced Candy Shively, Deputy Secretary, Kansas Department of Social and Rehabilitation Services to give her testimony. Deputy Secretary Shively presented written testimony regarding cost shifting between Workers Compensation Insurance and State Assistance Programs ([Attachment 17](#)). Deputy Secretary Shively stated when someone makes application for State Assistance and Vocational programs they must look at eligibility. In the case where workers compensation is involved, they include the Workers' Compensation Insurance when determining eligibility for these programs. Deputy Secretary Shively reviewed the programs they offer that would sometimes benefit someone with workers compensation claims which are: Food Assistance; Temporary Assistance to Families; Child Care Subsidy; General Assistance; and the Kansas Rehabilitation Services.

Upon the completion of Deputy Secretary Shively's testimony, Chairperson Brownlee stated that according to annual reports, the number of work comp injuries versus the few that qualified for SRS assistance is very small.

Chairperson Brownlee introduced Wayne Maichel, Director of Unemployment Insurance, Kansas Department of Labor, to give his testimony on the impact of the workers compensation policies of the unemployment insurance program. Director Maichel presented written copy of his

testimony ([Attachment 18](#)). He stated that one area of the unemployment insurance program deals with workers who have had a workers compensation injury. This section of law deals with employees who have been laid off work for an extended period of time because of work comp injury. When an employee is released for work, if the employer does not allow them to return to work and the employee does not have sufficient wages in their wage base to qualify for the unemployment insurance program, this allows the Department of Labor to establish an alternative wage base to help the employee qualify for the unemployment insurance program. The alternative wage base is the last four completed quarters immediately preceding the date the qualifying injury occurred. In closing, Director Maichel stated since the time these provisions were passed in 2002, the Department of Labor has paid unemployment insurance to 79 claimants.

Upon the completion of his testimony, Chairperson Brownlee opened the floor for questions and a short discussion.

Chairperson Brownlee introduced John Meetz, Kansas Insurance Department, to give his testimony regarding the equalization of responsibility for the workers compensation assigned risk plan. Mr. Meetz presented a written copy of his testimony ([Attachment 19](#)) and opened by stating there are two reasons why the Kansas Insurance Department wishes to repeal this section of the Workers Compensation Act.

- Basing rates for the assigned risk pool on rates for the voluntary market is the equivalent of comparing apples to oranges. When workers compensation was reformed in 1993 the National Council on Compensation Insurance filed rates for both the assigned risk plan and the voluntary market. As of 1995, however, the rating mechanism for the voluntary market was altered by the loss of multipliers which promoted a more competitive voluntary market. Thus, capping off premiums in the assigned risk pool using rates in the voluntary market as a benchmark is fundamentally flawed.
- The assigned risk pool is funded by premiums of its own plans, but when it runs a deficit the difference is picked up through an assessment of the plans in voluntary market. The provisions potentially hold down the premiums paid by those in the assigned risk pool and shift that cost to the voluntary marketplace. This section needs to be repealed to make sure that workers compensation plans in the assigned risk pool will be paying a fair share of the premiums.

In closing, Mr. Meetz urged the Committee to repeal the Workers Compensation Act.

A short discussion followed and it was noted that his testimony was regarding insurance issues only.

Chairperson Brownlee introduced John Ostrowski, Attorney, AFL-CIO, to give his testimony regarding the present workers compensation law. Mr. Ostrowski presented a written copy of his testimony ([Attachment 20](#)). In opening, Mr. Ostrowski stated that it is a misconception that employees “fake injuries” or “game the system” for work comp benefits. The truth is that most employees despise the system. He went on to say that he has heard workers state if they ever get another injury on the job they will say it happened at home and go to their doctor.

Mr. Ostrowski stated that the AFL-CIO is pleased the legislation is focusing on potential workers compensation legislation and they would like to present the following to be considered:

- Prompt and competent medical care;

- Prompt and adequate compensation for workers when recovering from an on-the-job injury;
- Incentives to return the injured workers to employment at their highest possible post injury wage;
- Concerns in the way rates are established in Kansas;
- Residual market reform;
- Increased penalties against insurance carriers; and
- Issues of hiring illegal workers.

In closing, he urged the Committee to consider the suggestions of the AFL-CIO and reform the Workers Compensation Act.

Questions and discussion followed regarding the work comp cap on benefits. It was noted the weekly rates may increase but that just puts the worker to the cap sooner. The promptness of processing claims was also discussed. Chairperson Brownlee pointed out that not every work comp injury goes to an attorney. The problem with the insurance companies and insurance adjusters was discussed. The discussion moved to pre-existing conditions and the offsets provided to the employer.

Chairperson Brownlee introduced Donald Fritschie, Kansas Chamber of Commerce. Mr. Fritschie presented written copy of his testimony ([Attachment 21](#)). He stated that the area of workers compensation is a growing concern to many Chamber members. These are Kansas employers and their employees. The Chamber members would like to restore the original legislative intent of the 1993 workers compensation reform bill as it relates to pre-existing conditions. It is nearly impossible for an employer to receive credit for an employee's pre-existing condition and when they do obtain a credit, it only applies to permanent impairment. The Kansas Chamber members also would like work disability rules addressed and changed so that employees will receive compensation under a supplemental income formula instead of the current disability formula. In closing, Mr. Fritschie stated the Kansas Chamber fully supports the decision by the Kansas Supreme Court in *Casco v Swift Armour*. He stated this decision is sound in that the courts did apply the language of the statute as written, which is the best way to ascertain the intent of the Legislature.

Upon the conclusion of Mr Fritschie's testimony, Chairperson Brownlee announced that questions and discussion would be held until all testimonies were given. She then introduced Tim Power, Kansas Association for Justice, to give his testimony. Mr. Power presented written copy of his testimony ([Attachment 22](#)). Mr. Power stated the Workers Compensation Fund was enacted by the Kansas Legislature with a specific purpose: to encourage employers to hire persons with a handicap or pre-existing disability. In 1993, when the Workers' Compensation Act was changed, the Workers' Compensation Fund was initially funded by monies from the general fund and assessments to all insurance carriers and/or self-insured so that the risk was spread among all carriers and the Fund was phased out. In closing, Mr. Fritschie encouraged the Committee to bring back the Second Injury Fund.

Next, Chairperson Brownlee introduced Tim Short, Kansas Coalition for Workplace Safety. Mr. Short presented written copy of his testimony ([Attachment 23](#)). Mr. Short stated Workers Compensation insurance premiums paid by Kansas employers are among the lowest in the nation,

despite the fact that the profit margins earned by workers compensation insurers in Kansas are among the highest in the nation. This is due primarily to the extremely low workers compensation benefits paid to Kansas workers when they are injured on the job. He went on to say the Kansas Coalition for Workplace Safety believes that, given the extremely low cost of workers compensation insurance in Kansas, an increase in insurance premiums to pay for an increase in benefits for injured workers would not unduly burden Kansas employers. In closing, Mr. Short stated the Kansas Coalition for Workplace Safety believes the Legislature should also restore the pre-Casco rule, that workers suffering injuries to bilateral body parts should be compensated for the resulting work disability or permanent impairment to the body as a whole.

Chairperson Brownlee introduced Doug Allen, an injured worker. Mr. Allen presented written copy of his testimony (Attachment 24). Mr. Allen stated he was injured while on the job, which resulted in permanent impairment. As a claimant, a business owner, and employer in Kansas he understands how important it is for his perspective to be heard. He went on to say after he was injured on the job in the fall of 2004 and again in 2005 more seriously, with multiple injuries, he was forced to retain an attorney due to the lack of medical treatment provided by the work comp insurance carrier and his previous employer. The work comp insurance carrier was successful in dragging out its approval for treatment, so he agreed to a settlement. During this process, he became very frustrated and could see that some changes need to be made in the workers compensation program. He stated that Kansas Unemployment Compensation should be available during the time injured workers receive rehab.

Mr. Allen also stated that as a small business owner, he would like to see his risk reduced with insurance policies that work during normal hours of a day. In closing, he stated he proposes a committee which consists of people from:

- Kansas Department of Labor, Division of Workers Compensation;
- Kansas Insurance Department;
- Kansas Association for Justice;
- Kansas Self-Insurance Association; and
- Doug Allen, injured worker and business owner.

The findings of this Committee should be reported to the legislators and a new work comp bill should be introduced.

Chairperson Brownlee introduced Larry Karns, Kansas Self-Insured Association, to give his testimony. Mr. Karns presented written copy of his testimony (Attachment 25). Mr. Karns stated in Kansas employers generally insure coverage for workers compensation claims by purchasing insurance in one form or another, or if financially secure, by being approved by the State of Kansas as a self insured. He stated that the definition of work-related accident should require a more direct connection between the injury and the employment before the employer is liable for benefits, and cited the case of *McCurdy v. Payless*. During Mr. Karns's testimony, he stated that the *Casco v. Armour Swift* decision by the Kansas Supreme Court is a legally sound decision. He also stated bringing back the fund would be a mistake. In closing, Mr. Karns stated the primary concerns of self insureds are the rising costs and liability of injuries and conditions not caused by the employee's work.

Chairperson Brownlee opened the floor for questions and discussion. The discussion turned to the amount of the work comp caps and the fact they have not been changed since 1987. Reinstating the fund was also discussed. It was noted that employers with at least a \$20,000 payroll or if they are incorporated, no matter how much the payroll is, it is required by Kansas law to carry

work comp insurance. The penalty for not following the law is a \$25,000 fine or double the annual premium.

As the discussion moved on it was noted that if the employer does not have a job that accommodates the injured worker's restrictions, he does not have to create one. In these cases the injured worker gets work disability. If the employer can bring the employee back to work at 90 percent of wages, the injured worker does not qualify for work disability. Scheduled injuries were also a topic of the discussion.

Chairperson Brownlee asked if anyone had any additional comments on *Casco* they could come forward at this time. A short discussion followed with pro and cons of the *Casco* ruling.

Chairperson Brownlee stated workers compensation is too big an issue to have final conclusions tomorrow, but the Committee can discuss it again tomorrow afternoon. She also called the Committee's attention to the "written only" testimony of the Kansas Restaurant Hospitality Association (Attachment 26).

Chairperson Brownlee called on Kathie Sparks, Legislative Research. Ms. Sparks stated she had the answer to the question Representative Winn asked earlier regarding Schlitterbahn and if their bonds would be affected by the fall of Lehman Brothers. Ms. Sparks contacted Bob North, Legal Counsel, Kansas Department of Commerce, and he stated Schlitterbahn had only talked to Lehman Brothers and decided to front the money themselves at this time and later down the road they would be looking at bonds.

Chairperson Brownlee adjourned the meeting at 5:45 p.m. with the next scheduled meeting tomorrow, September 19, 2008, at 9:00 a.m. in room 143N.

Friday, September 19 Morning Session

Subject of meeting

Study the impact on the Kansas economy of the shortage of engineers and review the current and projected need of engineers across the Kansas economy. The review should include potential impact on such economic sectors as transportation, aerospace, and biosciences. Also, study various options to attract and retain aerospace engineers within Kansas.

Chairperson Brownlee called the meeting to order at 9:00 a.m. and introduced Sharon Wenger, Principal analyst, Kansas Legislative Research Department, to present the Report of the Math and Science Education Advisory Committee. Ms. Wenger presented written copy (Attachment 27). She also presented a printed booklet entitled *The Talent Imperative* (Attachment 28). Ms. Wenger stated the Math and Science Advisory Committee was created at the request of Representative Winn and Senator Jordan. She stated in order to create and maintain the competitive advantage with other states, Kansas must produce a deeper pool of technically skilled workers, while at the same time building capacity in frontier research and product development in selected fields.

She stated that improving Kansas' capacity in mathematics, engineering, technology, and science is vital if Kansas is to remain nationally as well as internationally competitive. Improving this capacity will increase awareness of the issue among students and parents, improving the salary and benefits of the state's teachers, aligning classroom learning with the requirements of the marketplace, and keeping the state at the cutting edge of innovation in math and science teacher preparation and education.

In acknowledgment of this, the Math and Science Advisory Committee developed the following recommendations:

- To raise public awareness;
- Teacher preparation strategies such as giving higher pay;
- Develop teacher recruitment and retention strategies;
- Develop alignment strategies; and
- Coordinate activities statewide through a METS Education Innovation Council.

Upon the conclusion of Ms. Wenger's testimony, she stood for questions. Being none, Chairperson Brownlee stated next the Committee will be hearing from some of the Kansas schools regarding special programs that encourage math and science.

Chairperson Brownlee stated she had attended a Robotics meet and she was very impressed. She introduced the Paola Panther Robotics Team and the team advisor, Kathy Shirk, to give their presentation. They presented written copies of the "Panther Robotics 2008 Chairman's Award;" a written copy of "More than Robots: An Evaluation of the First Robotics Competition Participant and Institutional Impacts, Executive Summary;" a written copy of "Kansas First Robotics Team;" and "Building for the Future" ([Attachment 29](#)) and began their presentation. Over the past two years, Paola has sponsored 15 Robotics teams in Kansas and has also won awards in the Robotics competitions. First Robotics has been a part of Paola High School for the past six years. First Robotics is a national organization that promotes teamwork and interpersonal skills; learning problem solving and time management skills; how to apply traditional academic skills in real-world settings; and promoting math, science, and engineering. They obtain financial support from student fund raisers, grants, and financial awards. They establish partnerships with engineers in the community that mentors them. They give back to the community by doing workshops and presentations to younger local students, promoting First Robotics. Their program has doubled in size since the first year. They believe First Robotics is a great program for students to find their talents and skills and is a positive investment in Kansas youth. The team explained the process when competing. Each team builds a robot and each year it is a different task the robot must do. It was noted that some of the other states have funding for their First Robotics team. The team showed the Committee by way of computer and screen what the competitions are like through their website. It was noted that there are 21 First Robotics teams in Kansas. Usfirst.org is the national website and offers information on how to get started in this program.

The Chairperson introduced David Kling for the Gardner-Edgerton National Engineer Design Challenge Team to give their presentation. They won 1st place in a national competition with their own design. This is a joint venture with the Junior Engineering Technical Society. This program is to help promote and encourage students to consider careers in engineering. The Gardner-Edgerton National Engineer Design Challenge team is challenged to design and build an assistive technology device to help a person with severe disabilities succeed in his or her workplace. Students must work together using their creativity, problem solving, math, science, research, writing, presentation, drafting, and design skills to advance through three rounds of competition. Due to problems with the computer and screen, Chairperson Brownlee asked the Gardner-Edgerton Team if they would like to work on it and finish their presentation after Olathe Northwest. They decided that would be best.

With that, Chairperson Brownlee called on the Olathe Northwest Aerospace and Engineering Team and introduced Dr. Gwen Poss, Principal, Olathe Northwest High School, to begin their

presentation which starts with a power-point program (Attachment 30) on their program and what makes their program successful:

- Supportive and engaged community and a qualified staff;
- Motivation of students;
- Students can earn college credits with online courses;
- Aerospace and Engineering students participate in other math and science activities;
- Students have access to industry and its current technology and software
- Aerospace and Engineering core subjects are made up of both core and elective courses, allowing a more in-depth understanding of the subject matter; and
- By developing relationships, students learn key 21st century skills.

A short discussion followed regarding the online college credits these students can get from the University of Utah while attending high school and if these credits will transfer to Kansas colleges and universities. The discussion continued with what preparation teachers needed to be a part of this program. It was noted they had gone to some outside training, mostly at conferences, but have not received any formal training. The cost of the program was also discussed and the funding stream.

Upon the conclusion of the discussion, Chairperson Brownlee called the Committee's attention to the packet of information presented by Olathe Northwest Aerospace and Engineering team.

Chairperson Brownlee called on Gardner-Edgerton to complete their presentation. They presented written testimony (Attachment 31) and stated in the essence of the time they would show a short video of the students using the product they produced last year. They designed a device for someone with use of only one arm working as a custodian, who was unable to tie trash bags to the trash can and also tie up full trash bags. The video showed how he could take a trash bag off the roll of bags, open it up and put it into the trash can and tie it off. When the bag was full it showed how he could tie it up.

Upon completion of the presentation there was a question-and-discussion session regarding patents and if the authority had applied. It was noted they had not and it is an expensive process.

Chairperson Brownlee introduced Shirley Antes, Wichita Area Technical College, who presented written testimony (Attachment 32). Ms. Antes stated her testimony was regarding the efforts of Wichita Area Technical College and the National Center for Aviation Training in expanding educational opportunities for students in the field of engineering. The National Center for Aviation Training will offer a number of two-year degrees in Engineering Technology, Aviation Maintenance, and Avionics. The Sedgwick County Technical Education Authority was established by Sedgwick County to oversee the effort. She also stated that Wichita Area Technical College and the National Center for Aviation Training are committed to developing this innovative new approach to develop new engineering opportunities. This partnership, along with the inclusion of the National Institute for Aviation Research in the National Center for Aviation Training, will provide opportunities for the industry and students never before seen in education.

A short discussion followed regarding the courses offered and having a bachelors degree available.

Chairperson Brownlee announced that next on the agenda would be a panel discussion with the Kansas Board of Regents. The following is a list of the members of the panel:

- 1) Dr. Gary Alexander, Vice-President of Academic Affairs, Board of Regents;
- 2) Dr. Stuart Bell, Dean of Engineering, University of Kansas;
- 3) Dr. John English, Dean of Engineering, Kansas State University; and
- 4) Dr. Zulma Toro-Ramos, Dean of Engineering, Wichita State University.

Dr. Gary Alexander, Vice-President of Academic Affairs, Board of Regents, was the first to speak. Dr. Alexander presented written copy of his testimony ([Attachment 33](#)). He stated he was pleased to join the Deans of Kansas' three Schools of Engineering in discussing strategies for responding to the state's shortage of engineers. He stated the Board of Regents, in consultation with the Deans, invited a group of industry representatives to meet in Topeka for the purpose of discussing strategic responses to the engineering shortage. He stated they are working on a strategic plan and will present that to the Committee when it is finished, which should be in a couple of months. In closing, he stated the Schools of Engineering are committed to developing and implementing a strategic plan in collaboration both with each other and their industry partners. Dr. Alexander also presented written copy of a power-point presentation entitled "More Engineers for Kansas."

The Chairperson called on Dr. John English, Dean of Engineering, K-State, to offer his comments. Dr English presented written copy ([Attachment 34](#)). He stated that all the panel members are unified and recognize the state crisis in the shortage of engineers in the state. He touched on the following:

- A need to recruit and retain diverse, highly qualified academic achievers;
- Provide outstanding and diverse faculty and technical facilities;
- Establish focused, high impact, nationally recognized research programs;
- Prepare students and faculty for the changing global environment; and
- Disseminate new knowledge to a global society and the citizens of Kansas.

Chairperson Brownlee introduced Dr. Zulma Toro-Ramos, Dean of Engineering, Wichita State University, to give her testimony regarding the Engineering crisis. Dean Toro-Ramos presented written copy of her testimony ([Attachment 35](#)). She stated that Wichita State University, College of Engineering, will be recognized nationally and internationally for its: experience-based undergraduate and graduate degree programs; collaborative efforts with industry; and research programs to support the economic development and global competitiveness of the Wichita metropolitan area, the State of Kansas, and the nation. She stated there is a need for engineers in the Wichita area and they will need to collaborate with the community and work closely with industry in an effort to help elevate this problem.

Chairperson Brownlee introduced Dr. Stuart Bell, Dean of Engineering, University of Kansas to give his testimony regarding the shortage of engineers in Kansas. Dr. Bell produced written copy ([Attachment 36](#)). Dean Bell stated that the University of Kansas School of Engineering works to serve Kansas by providing exceptionally qualified graduates to companies and agencies throughout the state, as well as graduates who have started new companies in Kansas. Engineering graduates have literally been built, fueling and moving the world, beginning right here in Kansas. In closing, he stated the school stands ready to expand its programs and help the state as it looks to strengthen

opportunities for economic development by providing excellent graduates and by serving the needs of companies through its visionary research and service programs.

“A white Paper on Increasing the Engineering BS Graduates in the State of Kansas” was presented to the Committee as a collaborative effort of the Kansas State University, the University of Kansas, and the Wichita State University Schools of Engineering (Attachment 37).

Chairperson Brownlee announced that next there would be an Industry Panel Discussion. The Panel members were:

- David Brant, Senior Vice-President of Product Engineering, Cessna Aircraft Company;
- Dr. Sam Bruner, Chief Scientist, Hawker Beechcraft Corporation;
- Jennifer Mehnert, Recruiting Manager, Engineering/IT, Garmin International Inc.;
and
- Christopher Price, Vice-President, HNTB Corporation.

The panel did not submit any written testimony. The discussion started with Mr. Brant, Senior Vice-President of Product Engineering, Cessna Aircraft Company, stating there is a shortage of engineers in Kansas at the present time. This shortage must be addressed and we must find a solution to our problem because the need for engineers will be even greater in the near future. He stated during the years 1999 through 2005 the number of foreign students growth in Kansas has peaked in the areas of math and science, yet we still have a shortage of engineers in Topeka. We must develop a program of incentives that will entice these graduates to live and work in Kansas. Cessna is offering scholarship programs and also works with First Robotics as mentors. They also mentor at elementary schools to try to keep young students engaged in math and science.

Next, Mr. Sam Bruner, Chief Scientist, Hawker Beechcraft Corporation, joined the discussion stating aviation has made a great contribution to the economy of Kansas, especially the Wichita and Olathe areas. The shortage of engineers in the aerospace industry affects the ability to produce new products. If this shortage continues then we will be forced to go out of state to contract work. We must take action to retain Kansas as the Aeronautics Capital of the world. This issue must be addressed in K-12 to attract students to the engineering fields. Mr. Bruner stated that Hawker Beechcraft Corporation has developed strong partnerships with the universities in Kansas, especially in Pittsburgh and Salina.

Jennifer Mehnert, Recruiting Manager-Engineering/IT, Garmin International, Inc., entered the discussion, saying Garmin has an interest in retaining engineers in Kansas. It is being pro-active by providing scholarships to K-State University. She believes they must start at K-12 to encourage a career in engineering and offer incentives to keep engineers in Kansas. They must form partnerships with the schools and get the word out to the parents as well as their children. Ms. Mehnert stated they are only taking interns from Olathe schools. They are also active in First Robotics.

Next, Christopher Price, Vice-President, HNTB Corporation, joined the discussion stating they have recognized the shortage of engineers becoming greater for the past 20 years. They feel that more youths need to be recruited into various programs for engineering. The state needs more outreach so that children and parents understand the skills best suited for engineers. He stated that HNTB has several mentoring programs with young professionals and they also are working with middle school areas in the Kansas City areas.

Upon the conclusion of the panel discussion, Chairperson Brownlee adjourned for lunch and stated the afternoon session would start at 1:45 p.m.

Afternoon Session

Chairperson Brownlee called the meeting to order at 1:45 p.m. and introduced Kathie Sparks, Principal Analyst, Kansas Legislative Research Department, to review the Oklahoma Conference Committee Substitute for Engrossed House Bill No. 3239 (Tax Credit for Hiring Engineers) Ms. Sparks presented written testimony ([Attachment 38](#)).

Ms. Sparks stated the bill was enacted in July 2008 and provides three new tax credits for the aerospace industry in Oklahoma. She went on to say that a qualified employer in the aerospace industry would receive a maximum of 50 percent tax credit against tuition reimbursement to qualified employees who have been awarded an undergraduate or graduate degree within one year of commencing employment with the employer.

A short discussion followed.

Chairperson Brownlee introduced Richard Cram, Director of Research and Policy, Kansas Department of Revenue, to give a fiscal note of the Oklahoma Aerospace Engineering Tax Credits if they were implemented in Kansas. Mr. Cram presented written copy ([Attachment 39](#)). By gathering data from the Engineering Schools located at K-State University, Kansas University, and Emporia State University, Mr. Cram estimated the total Fiscal Note for 2010 would be \$11.5 million.

A short discussion followed regarding having an engineering incentive for all engineers. It was noted that there was presently a federal deduction for college.

Chairperson Brownlee introduced Alison Felix, Economist, Federal Reserve Bank of Kansas, to give the Committee an update on the Kansas economy. Ms. Felix presented written copy of testimony ([Attachment 40](#)) and stated the views expressed today were her own and not necessarily those of the Federal Reserve Bank. Ms. Felix stated the national economy has slowed the last two years due to mortgage loans. The world economy is also beginning to slow but the U.S. dollar is strengthening overseas and by 2010, she felt things would be back to normal.

In her update Ms. Felix stated the economy is failing in some states on the East and West Coasts and slowing in others areas of the United States. In almost every area Kansas is faring better than most states.

A discussion followed regarding the economy and the present situation with financial institutions failing all across the United Stated. Ms. Felix stated the hardest hit area due to the financial institutions was in the eastern part of the United States. She stated the failing mortgage loans which were having a negative effect on the economy were rippling into other parts of the economy. The value of the dollar overseas was also discussed.

Upon the conclusion of the discussion, Chairperson Brownlee introduced Stan Ahlerich, President, Kansas, Inc., to give an update on Kansas, Inc. Mr. Ahlerich presented written copies of information on the *2007 Kansas Economic Development Strategic Plan of Kansas, Inc.* and the *2007 Kansas Economic Development Strategic Plan* ([Attachment 41](#)).

Mr. Ahlerich stated the combined efforts of many Kansans provided the input and the expertise necessary to develop a statewide vision for economic development. Kansans will notably increase personal and business wealth and improve our quality of life by focusing on our inherent and emerging strengths. He stated that the 2007 Economic Development Strategic Plan includes 43 strategies accomplished through 98 recommendations. He went on to highlight a few of the recommendations. He stated they were in the process of evaluating the Kansas Bioscience Authority and also K-TEC and would make those available to the Committee when completed.

A short discussion followed and upon the conclusion of Mr. Ahlerich's testimony. Chairperson Brownlee stated it was time to move to the Recommendations and conclusions of the Committee. A discussion followed with the Committee and the following recommendations were made:

Representative Gordon made a motion to recommend the introduction of a bill by the Insurance Department for technical cleanup. Representative Huntington seconded. Motion carried.

Representative Don Hill made a motion for the Workers Compensation Advisory Board to study the impact of the Casco case, caps, pre-existing conditions, benefits, promptness of care but not limited to these topics, to improve the Workers Compensation Act and bring the recommendations back to the Legislature. Representative Craft seconded the motion. Motion carried.

- The Committee wishes to express its satisfaction with the fine job the public high schools are doing to prepare students for careers in math and sciences, especially engineering.
- The Committee encourages the Kansas Board of Regents to consider providing college credit for high school programs in CAD for engineering and related fields. Currently, one Johnson County High School is receiving college credits for its CAD classes through a university in Utah.
- The Committee encourages the collaboration be expanded between the Kansas Board of Regents, Technical Colleges, Kansas High Schools, and Kansas business communities with K-8 schools.
- The Committee encourages Kansas public schools to adopt the Johnson County High School model for math and science across the state.
- The Committee encourages the higher education institution to expand programs for engineers in the energy fields.

Upon the conclusion of discussion and recommendations and motions, Chairperson Brownlee called the Committee's attention to a handout entitled "Bio-Medicine" (Attachment 42) and the "written only" testimony of John Pilla, Senior Vice-President and Chief Technology Officer, Spirit AeroSystems (Attachment 43), regarding the engineering shortage in Kansas.

Chairperson Brownlee Adjourned the meeting at 4:45 p.m. with the next scheduled meeting being November 17 and 18, 2008.

Prepared by Jackie Lunn
Edited by Kathie Sparks

Approved by Committee on:

November 18, 2008

(date)