

Creating Demand-Driven Workforce Development in Kansas

Prepared by



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Enhanced Customized Training System

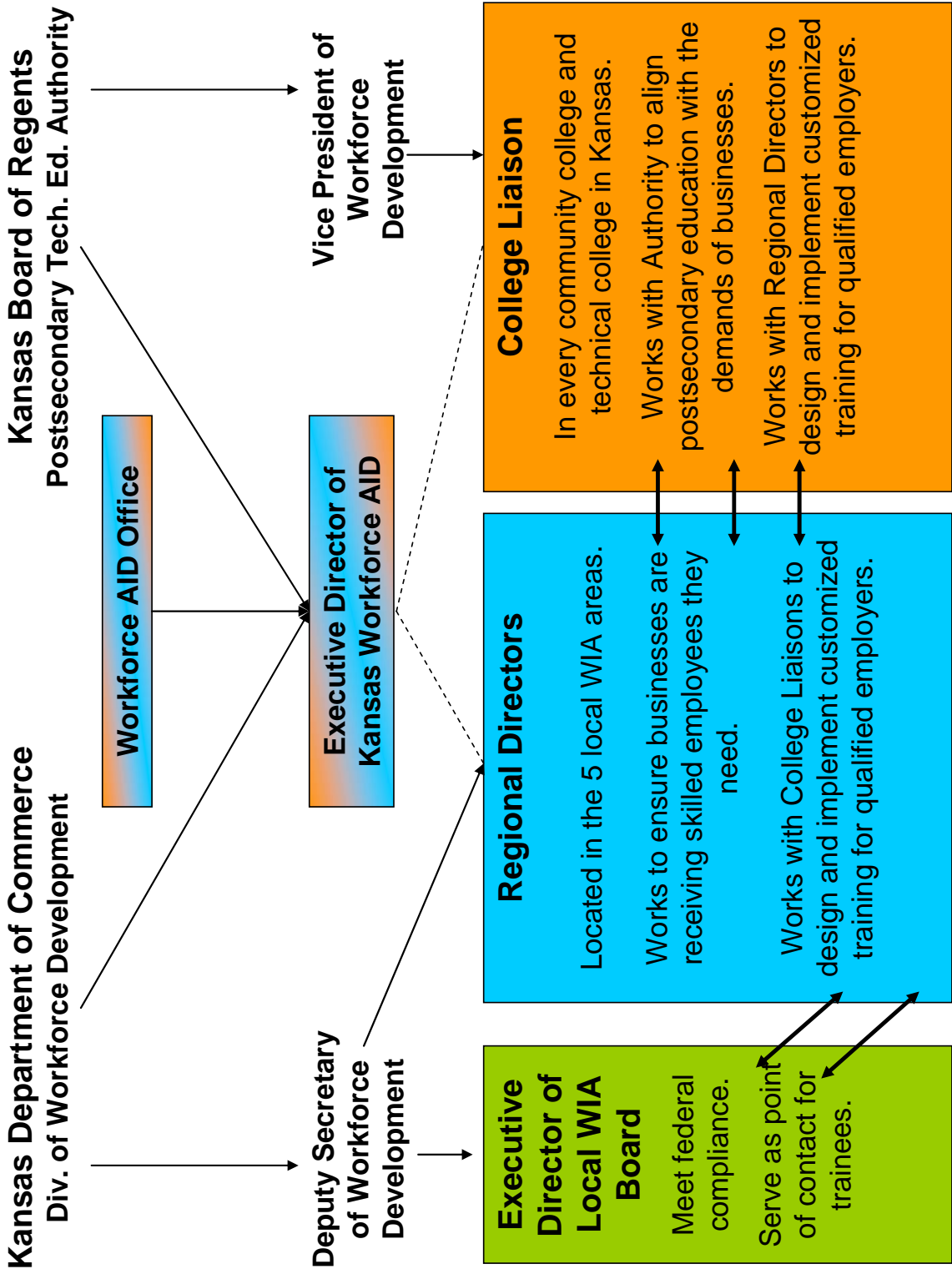


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Preface

Recognizing the importance of strategically addressing potential economic issues in the present, during a period of relatively positive economic conditions, the Kansas, Inc. Board of Directors recommended formulating a Strategic Plan to better prepare the state for future economic conditions. By design, this plan would be a grassroots effort, with creation and ownership by the citizens and leaders of Kansas, grounded in sound, fundamental research, and followed up with effective implementation and objective, unbiased evaluation and benchmarking.

Following 18 months of dedicated research to serve as the foundation for the Strategic Plan, the formal portion of the Strategic Planning process consisted of several meetings throughout the state with various stakeholders. The effort was highlighted by the leadership and expertise of three primary groups of individuals including the Strategic Steering Committee, Statewide Cell Chairs, and Academic and Policy Resource Team.

Cell meetings were held across the state in 17 geographically diverse areas. Communities were able to provide input through these Cells allowing business leaders and stakeholders, representing a diverse section of population, demographics and industries, to discuss issues affecting their local areas. These Geographic Cells provided the grassroots business input for the Strategic Plan.

From this process, participants identified the areas of focus for the Strategic Plan. Targeted in the plan are five inherent and emerging strengths and the environment for opportunity which are the supporting factors for each of these strengths.

Inherent and Emerging Strengths

- Manufacturing – Aerospace and General
- Rural Development and Agriculture
- Professional, Scientific, and Technical Services
- Energy and Natural Resources
- Bioscience

Environment for Opportunity

- Business and Tax Climate
- Workforce Development
- Technology and Innovation
- State Image/Branding
- Economic Development Funding and Benchmarking
- Transportation Infrastructure

Each of these sections include a mission, strategies, and recommendations to achieve the ultimate vision that ***Kansans will notably increase personal and business wealth and improve our quality of life by focusing on our inherent and emerging strengths.***

The Kansas Economic Development Strategic Plan can be accessed in entirety at: www.kansasinc.org

Executive Summary

The Kansas Economic Development Strategic Plan identified Workforce Development as one of the critical issues that face the State of Kansas. With a small population and fewer tax dollars, Kansas must target areas in which there is a competitive advantage. Workforce development is a critical issue across the state, and with refocused funds and efforts, Kansas has an opportunity to be competitively positioned for success. Kansas must create a demand-driven workforce development system that meets the needs of the business community.

Workforce development should focus on three areas: training (secondary, postsecondary and customized business training), attraction and retention, and portability and lifelong learning. Strategy 29 addresses enhancements to the structure of the customized training system to meet the immediate specialized needs of businesses. The system should use existing state resources to design and implement customized training programs that deliver skilled employees to qualified companies in a timely and cost effective manner. Strategy 30 focuses on aligning the education system with the needs of industry through funding incentives and the tangible partnering of state educational institutions with industry opportunities, accomplished through the work of the Kansas Postsecondary Technical Education Authority. Strategy 31 suggests building capacity by retaining and attracting a skilled and educated workforce. Graduates must be stimulated with business involvement in their educational process and students must be prepared for education and employment opportunities in Kansas. Strategy 32 suggests encouraging and providing lifelong learning opportunities that allow seamless transitioning through all levels of education and training.

Kansas can redesign and refocus its workforce development system to build an integrated system that leverages many available resources. By implementing these strategies Kansas can create a demand-driven workforce development system that meets the needs of the business community.

Introduction

There is a mismatch between what is coming out of our educational institutions and what is needed by the business community – there is also a systematic problem with individuals being educated in Kansas and then leaving the state. Business and industry will follow the talent – we must communicate with students and parents so they are aware of opportunities in Kansas.

- Statewide Cell Members, Strategic Planning process

Workforce development issues were heard in nearly every Cell meeting across the state. There appears to be a misalignment between supply and demand of educated workers. Forecasts predict a shortfall of workers in the coming years. Kansas must ensure a skilled pipeline of workers to fulfill employer needs, but people felt as though Kansas was losing its college graduates and educated workforce. It was repeatedly heard that we need to retain what we have and attract people to our state.

Three common themes and areas of focus were identified: training; attraction and retention; and lifelong learning and portability of education.

Training issues encompass the secondary educational system, postsecondary educational system (community colleges, technical colleges, and universities), and customized business training (non-credit training provided by state, federal, or business funded programs). A focus is placed on technical education as the undersupply of workers is more often related to technical occupations requiring less than four years of postsecondary education.¹

The state funded portion of customized training is specifically addressed in this plan. Though the federally funded Workforce Investment Act brings approximately \$20 million into the state each year, these programs are compliance-driven and lack the flexibility to differentiate our state. Alignment of the postsecondary education system with the demands of businesses is emphasized. Efforts to make seamless transitioning possible between secondary and postsecondary education and from institution to institution are supported.

Nationwide low unemployment indicates Kansas needs to attract and retain college graduates and workers. There should be a focus on potential non-traditional or alternative populations including military, immigrants, the aging population, and disabled citizens. Kansas exports workers, we need to be more creative and have the tools necessary to keep individuals in the state.

An increased focus on lifelong learning and portability of credits was also emphasized as workers require skills upgrades or pursue continued education or professional and advanced degrees. Students should be able to seamlessly transition through all levels of education to build upon their capacity.

The goal should not be to simply prepare people for the job openings of today and the next four to five years. The goals should be to ensure everyone has the foundational skills to enable them to engage in lifelong learning, prepare all learners and workers to be agile in the economy, and focus on certifying skill and knowledge sets.²

¹ *Positioning Kansas for Competitive Advantage, Aligning Key Industry Clusters and Occupations with Postsecondary Education and Workforce Development*, Corporation for a Skilled Workforce (CSW) for the Kansas Department of Commerce, Kansas, Inc., and the Kansas Board of Regents, September 2007.

² *Ibid.*

Mission, Strategies and Recommendations

The following section outlines the workforce development mission, strategies and recommendations provided in the *Kansas Economic Development Strategic Plan*. The numbering of strategies and recommendations corresponds to that provided in the Strategic Plan.

Mission – Create a demand-driven workforce development system that meets the needs of the business community.

Strategy 29 – Enhance the structure of the customized training system to meet the immediate specialized needs of businesses.

- 29-1 Use state resources to design and implement customized training programs that deliver skilled employees to qualified requesting companies in a timely and cost effective manner.
- 29-2 Establish an executive management position with administrative and oversight responsibilities to oversee specialized workforce training programs. Employment will be shared between the Department of Commerce and Board of Regents.
- 29-3 Approval for all viable workforce projects will come from the Secretary of Commerce and the President & CEO of the Board of Regents.
- 29-4 Create an executive management position over workforce development at each postsecondary technical education institution that reports directly to the President of the respective institution to design and implement customized workforce training.
- 29-5 Create an infrastructure that establishes a seamless partnership between the Regional Directors of Workforce Services (Commerce) and the executive management positions over workforce development at each postsecondary technical education institution.
- 29-6 Designate \$12-15 million in funding that supports the customized training for this strategy.

Strategy 30 – Align the education system with the needs of industry through funding incentives and the tangible partnering of state educational institutions with industry opportunities.

- 30-1 Support the Postsecondary Technical Education Authority in aligning community and technical college programs with the demands of businesses.
- 30-2 Encourage a structural funding change that provides incentives for colleges to offer high-demand, high-cost courses and special funds allowed for expensive equipment purchases.
- 30-3 Support the Kansas Technical College and Vocational School Commission.
- 30-4 Routinely study and benchmark the alignment of all levels of the educational system with the demands of businesses.

Strategy 31 – Build capacity by retaining and attracting a skilled and educated workforce.

- 31-1 Ensure the state equips primary and secondary students with the skills necessary to pursue education and employment opportunities, with the focus being on STEM (Science, Technology, Engineering, and Math) fields.
- 31-2 Support and facilitate business interaction with postsecondary students through scholarships, internships, and job shadowing. Businesses should be an active partner with educational institutions in regards to career curriculum, guidance, and opportunities and could be awarded with potential tax incentives or credits.
- 31-3 Provide incentives that encourage students to remain in Kansas for postsecondary education and careers.
- 31-4 Design a Leadership Kansas-type program that incorporates entrepreneurial and leadership experience into our educational system.
- 31-5 Market business and career opportunities in Kansas to all prospective individuals.
- 31-6 Market postsecondary technical education opportunities and careers by targeting students, parents, educators and counselors.
- 31-7 Study and develop workforce solutions for the aging population and immigrants.

Strategy 32 – Encourage and provide lifelong learning opportunities.

- 32-1 Provide an educational continuum that allows students of all ages to seamlessly transition through all levels of education and training.

Customized Business Training

Strategy 29 – Enhance the structure of the customized training system to meet the immediate specialized needs of businesses.

Customized business training for potential new employees of a business is specialized training designed to meet a specific need of a particular business. For that training to occur, the business must agree to hire trainees upon successful completion of the program.

Customized business training must be responsive, flexible and accountable. The training is responsive by meeting the specialized, immediate demands of the business. It must be flexible to meet the schedules and locality of the company and trainees. Customized business training must also be accountable to both the business to meet their given demand and to the state by using funds prudently to grow the Kansas economy.

Several states have repeatedly been recognized for having exceptional customized business training and workforce development programs. *Expansion Management*, a monthly business magazine covering economic development, site selection, business climate, and business relocation and expansion, annually has site location experts rank states with the best workforce training incentive programs. The magazine has routinely ranked several states in the top ten in the United States including Alabama, Georgia and North Carolina. Appendix A illustrates the top ten ranking states since 2000.

While each of these recognized states have different infrastructure and program organization, several commonalities exist. Each state has a highly visible “central clearinghouse,” which businesses know is the first point of contact. Another common component in each of these systems is the practice of taking the burden of sourcing employee training off the business. Once the clearinghouse is contacted and the business has made the commitment to locate or expand within the state (qualifications vary by state), training needs are assessed and customized training is designed and implemented with oversight provided by the state clearinghouse. Trained and capable workers are then delivered to the business without the worry of training details. The business is free from using its valuable resources to find, organize and implement training – it is left up to the state professionals. Figure 1 on the following page provides an example of the Alabama Industrial Development Training workforce development process.

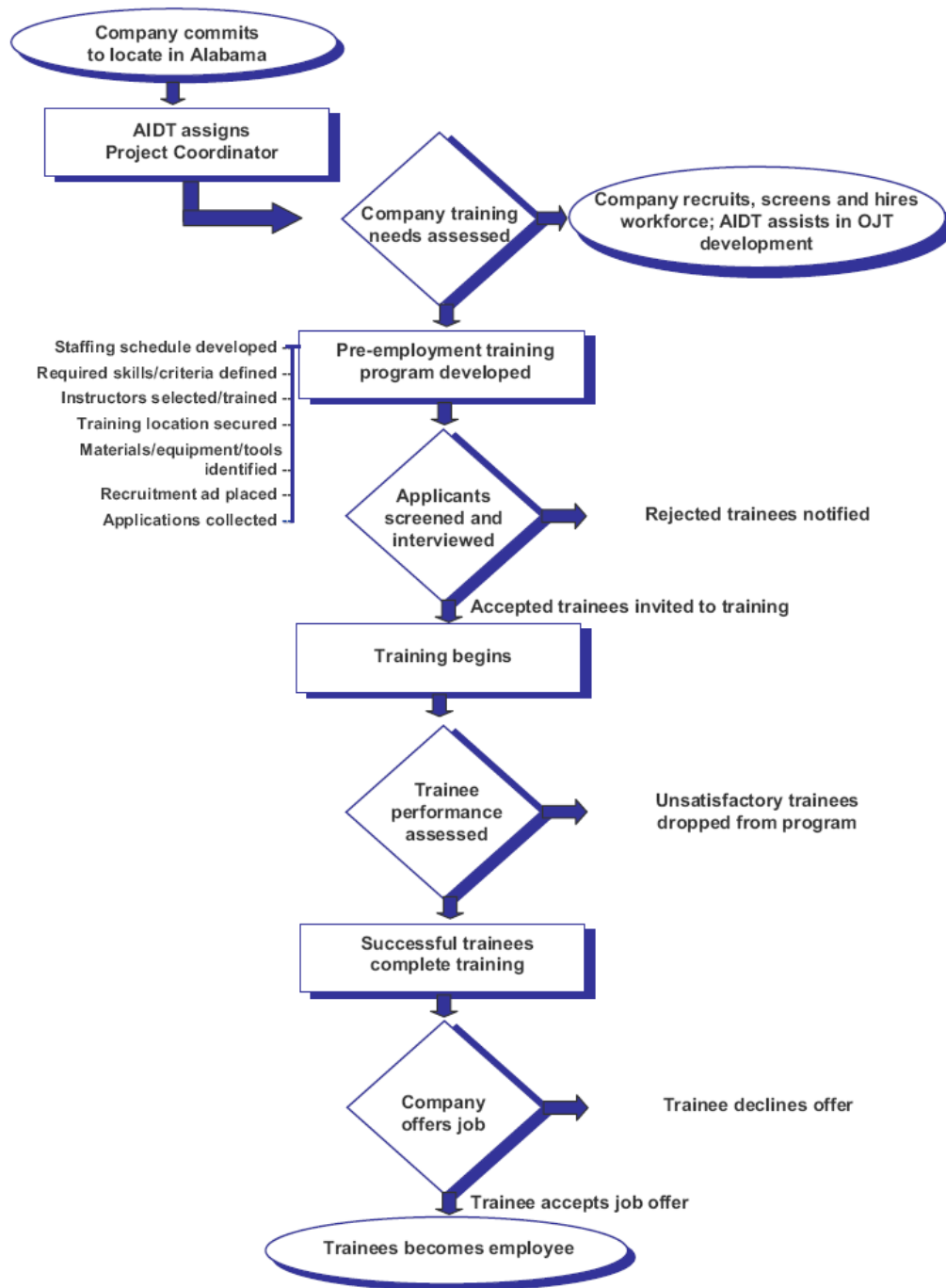
Based on best practice models seen in other states and utilizing the existing infrastructure and tools in Kansas, Strategy 29 was designed to enhance the structure of the current workforce training system to better meet the specialized needs of businesses while efficiently and cost effectively achieving the desired outcomes for the Kansas workforce.

To understand the model, first there must be a clear understanding of what the Kansas’ workforce development system currently encompasses. There are three facets of the Kansas workforce system, federally-funded programs, state-funded programs, and the Kansas educational system.

- The **Workforce Investment Act (WIA)** is supported through funds received by the federal government every year, averaging approximately \$20 million. The federal legislation is designed to give control to local Workforce Investment Boards, with oversight by a state board, which creates several layers of administration and high overhead costs. Program flexibility is restricted by federal legislation and programs are compliance-driven, as federal performance goals must be met to continue to receive funding.

Several changes have occurred in the Kansas WIA system during recent years. Each local area is now meeting federally determined performance goals, staff and board trainings are made available to the local and state boards, and policy changes have been made to ensure a certain percentage of funds are dedicated to training expenditures. There is also a statewide

Figure 1. Alabama Industrial Development Training Workforce Development Process³



³ Accessed at: <http://www.aidt.edu/pre-e.html>

branding/marketing campaign being implemented designating state and local WIA boards as part of the **KANSASWORKS** system. Part of the branding initiative is a newly renovated web portal that aims to better meet the needs of the consumer.

- Kansas has several state-funded workforce development programs to help businesses. **Kansas Industrial Training (KIT)** and **Kansas Industrial Retraining (KIR)** programs create performance training agreements or grants to train and hire a designated number of individuals. The Kansas Department of Commerce awards nearly \$3 million per year⁴ for KIT and KIR programs through the Economic Development Initiatives Fund (EDIF).

The **Investments in Major Projects and Comprehensive Training (IMPACT)** program is used for major project investments (MPI) to fund infrastructure needs or for state of Kansas investments in lifelong learning (SKILL) to train individuals. Originally, only 20 percent of funds could be utilized for MPI; however, this provision was suspended with legislation for several years and completely eliminated during 2007. There are no longer percentage limitations on amounts awarded for training (SKILL) or infrastructure (MPI). IMPACT is funded through bonds serviced with up to 2 percent of statewide income tax withholdings. The Kansas Department of Revenue estimates in 2009, \$41.6 million could be transferred to the Department of Commerce to service these bonds⁵ (actual awarded amount would be less due to the interest paid). IMPACT funds are reserved for projects involving at least 100 jobs at higher-than-average wages, which limits eligible companies. These and other eligibility requirements have limited the number of awards made in recent years. Appendix C illustrates IMPACT funds spent from 2003 through 2007.

- The Kansas educational system significantly contributes to workforce development. Specifically targeted for customized business training is postsecondary education that falls under the auspices of the **Postsecondary Technical Education Authority** (Authority). The Authority is housed in the Kansas Board of Regents. Created by the 2007 Legislature, the Authority is charged to coordinate and serve as accountability for postsecondary technical education programs comprised of community colleges and technical colleges. The Authority is to review existing programs, review and make recommendations for state funding, conduct studies to maximize resources in order to meet the needs of Kansas business and industry, and increase seamlessness between secondary and postsecondary educational institutions. The Authority has the unique opportunity to align the postsecondary technical education system with the needs of businesses.

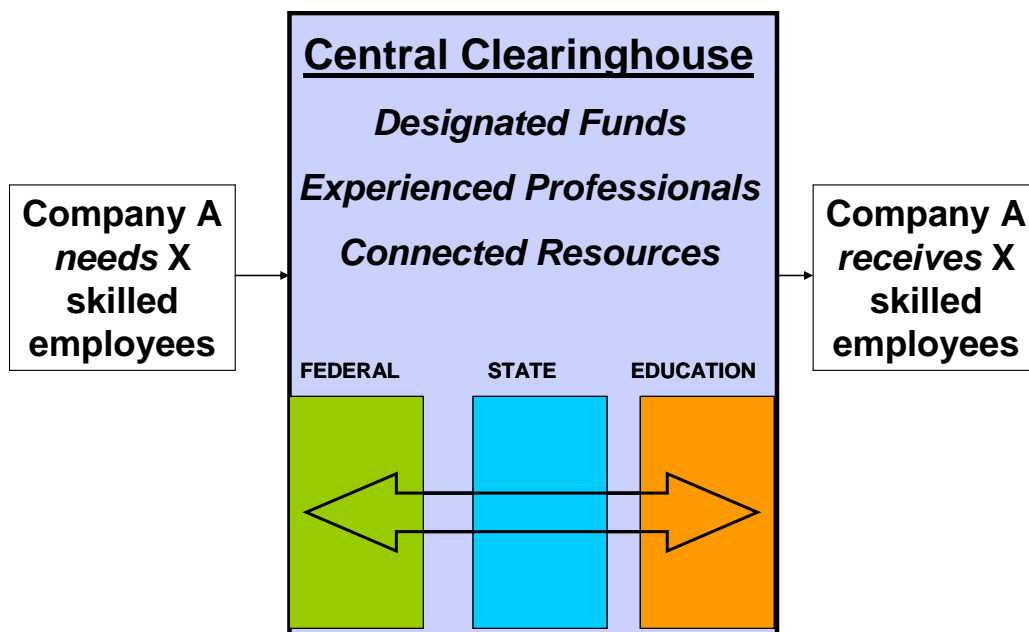
The three facets of the Kansas workforce development system – federally funded WIA, state funded KIT, KIR, and IMPACT, and postsecondary technical education – predominantly function as three separate linear components. There may be some integration, but not on a system-wide basis. Kansas must create an infrastructure that solidifies the relationship between these entities and creates a workforce development system that will help to grow the Kansas economy. Strategy 29 uses Kansas' strengths and resources of existing workforce development infrastructure to create an integrated system. Kansas must strive to truly create a demand-driven workforce development system that meets the needs of the business community.

The basic model for the enhanced customized business training system is shown in Figure 2 on the following page. If a company needs a certain number of trained employees, there should be "central clearinghouse" or point of contact. This clearinghouse or entity will have designated funds, experienced professionals, and connected resources to design and implement training. The enhanced structure connects pieces of existing systems including the federal Workforce Investment Act funds, state training funds, and the Kansas educational system to deliver the desired employees to the company in a timely and cost-effective manner.

⁴ State of Kansas Governor's Budget Reports, accessed at: <http://budget.ks.gov/>

⁵ Fiscal note to SB 525, 2008 Legislative Session, accessed at: <http://www.kslegislature.org/>

Figure 2. Basic Model for Enhanced Customized Business Training



The following recommendations describe how these facets of workforce development can be connected to create a solid workforce development infrastructure for Kansas to strategically build a skilled and qualified workforce.

29-1 Use state resources to design and implement customized training programs that deliver skilled employees to qualified requesting companies in a timely and cost effective manner.

Simplified, this system would take business input regarding training needs and the number of desired employees and utilize state resources to design and implement a training program. This would save the business from having to utilize valuable resources to investigate training options. The system would deliver the desired number of qualified employees to the business in a timely, cost effective manner.

A highly visible clearinghouse or point of entrance into the customized training system should be established separate from the Department of Commerce Workforce Development Division. A new entity, referred to in this report as the Workforce Aligned with Industry Demands (Workforce AID) Office, headed by an Executive Director is recommended. (Creation of the Executive Director position is addressed in 29-2.)

The Workforce AID Office would refer businesses to the Regional Directors of Workforce Services (existing Commerce positions) serving each of the five local areas. The Regional Directors would still be under the direct supervision of the Deputy Secretary of Workforce Development, however, in the new system would work closely with the Executive Director of the Workforce AID Office to administer workforce training programs.

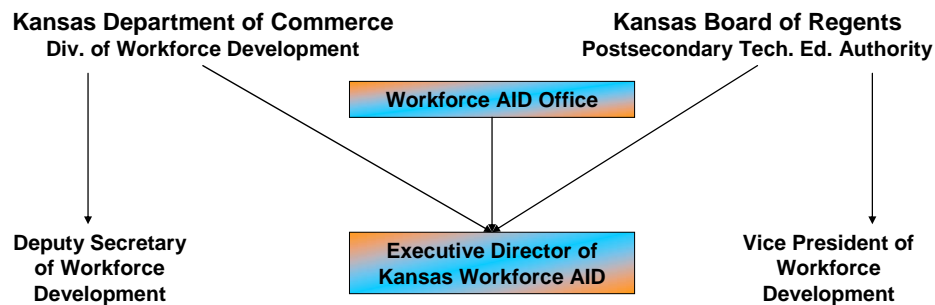
Regional Directors would work in concert with training partners to ensure businesses receive the quality and quantity of workers requested. Recommendation 29-5 further explains and illustrates this partnership. Training would be provided where available on the open market with an emphasis on partnering with Kansas postsecondary technical education institutions. Similar to current programs, there would be prerequisites for businesses qualifying to use the programs, but qualifications would be broadened beyond what is currently allowed by certain workforce development programs to ensure more companies could be served.

29-2 Establish an executive management position with administrative and oversight responsibilities to oversee specialized workforce training programs. Employment will be shared between the Department of Commerce and Board of Regents.

For coordination of the customized training system there must be an executive management position with administrative and oversight responsibilities regarding specialized workforce training programs. The Executive Director will oversee all Workforce AID Office training programs to ensure businesses workforce demands are being met. The Executive Director will ensure coordination between the existing Regional Directors of Workforce Services (Commerce) and the college liaison (community and technical colleges). (The relationship between the two positions is described and illustrated in recommendation 29-5.) The Executive Director will have oversight and authority of programs within the customized training system and will possess the skills necessary to assist in identifying the needs throughout the state.

The system will foster coordination and cooperation between the Department of Commerce and the Board of Regents, aligning business demands with workforce training. The position should be funded jointly and report directly to both agencies. The Executive Director of the Workforce AID Office could be created as a new position between Commerce and Regents or the responsibilities of the current liaison⁶ between the two agencies could be modified to accommodate this position. The Secretary of Commerce and the President & CEO of the Board of Regents will have direct oversight of the Executive Director of the Workforce AID Office. Figure 3 illustrates the relationship of the Executive Director of the Workforce AID Office with the Department of Commerce and Board of Regents.

Figure 3. Workforce Aligned with Industry Demands Office



29-3 Approval for all viable workforce projects will come from the Secretary of Commerce and the President & CEO of the Board of Regents.

Training can be offered through community colleges, technical colleges, in-house company training or third party vendors, so it is imperative both the Department of Commerce and Board of Regents agree regarding the training program design that most efficiently and effectively meets the needs of the business. Once a program has been designed by the Regional Director and college liaison and approved by the Executive Director of the Workforce AID Office, it should then be subject to approval by the Secretary of Commerce and the President & CEO of the Board of Regents.

29-4 Create an executive management position over workforce development at each postsecondary technical education institution that reports directly to the President of the respective institution to design and implement customized workforce training.

This position, referred to as the college liaison position could be created as a new position or could be accommodated by modifying the responsibilities of an existing position.⁷ Regardless, it is paramount this

⁶ The Director of Workforce Training and Education Services currently serves as a liaison jointly funded by Commerce and Regents.

⁷ In many institutions there may already exist a senior institutional official whose responsibility is focused on economic/workforce development.

liaison is positioned at the highest possible level in which they report directly to the President of the respective institution.

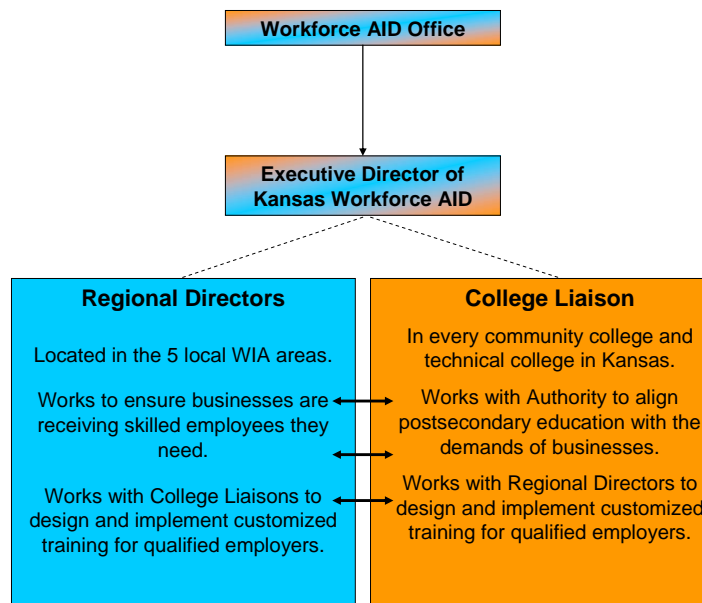
The college liaison will have two primary responsibilities: 1) work with the Regional Directors of Workforce Services to design and implement customized workforce training programs for businesses with the assistance of the Workforce AID Office and funds; and 2) ensure local industry training demands are being met.

The college liaison would have knowledge and expertise regarding all programs currently offered by the institution, including the institution’s capacity to alter programs to meet the specific needs of businesses. The college liaison would also be familiar with training options outside the institution if private industry offered a more suitable and cost-effective alternative. The college liaison would also work with the Vice President of Workforce Development (Executive Director of the Postsecondary Technical Education Authority) to align each institution to meet the ongoing needs of businesses.

29-5 Create an infrastructure that establishes a seamless partnership between the Regional Directors of Workforce Services (Commerce) and the executive management positions over workforce development at each postsecondary technical education institution.

Once the Regional Director of Workforce Services assesses the training needs of a business, they will determine the appropriate community or technical college that can most effectively provide the training. The Regional Director and college liaison will then provide a thorough assessment of the business’s training needs and design a workforce training program that meets the needs of the business to achieve the desired outcomes. Once the program has been approved by appropriate parties (including the Executive Director of the Workforce AID Office, the Secretary of Commerce and President & CEO of the Board of Regents), the Regional Director and college liaison will implement the training program and ensure the business receives the quantity and quality of trained workers in a timely, cost-effective manner. Figure 4 illustrates the seamless partnership between the Regional Directors and college liaisons.

Figure 4. Partnership between Regional Directors and College Liaison

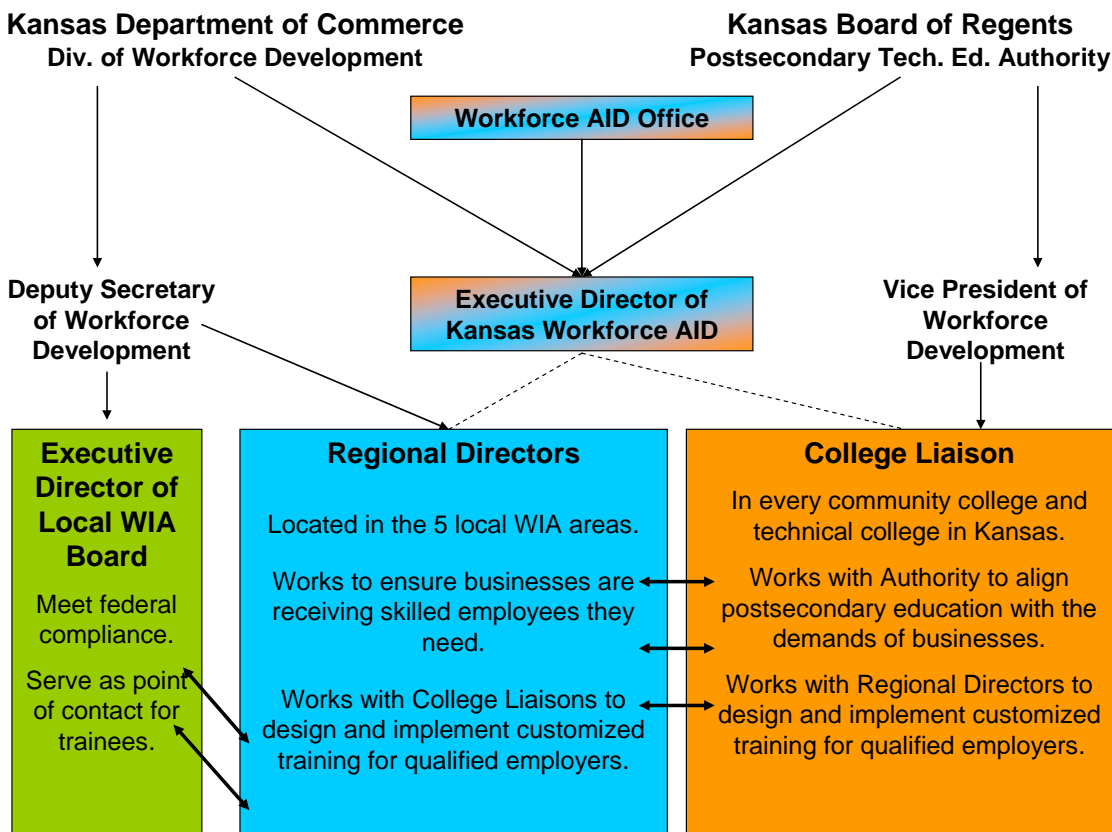


29-6 Designate \$12-15 million in funding that supports the customized training for this strategy.

A consistent funding stream must be present to ensure the system's success. A budget of approximately \$12-15 million is recommended, with a portion of funds designated specifically for state-implemented training programs. Administrative costs would be minimal, as several key personnel already exist in the current structure including Regional Directors and some college liaisons. The Executive Director of Workforce AID could potentially be created by adding responsibilities to the current liaison position funded jointly by Commerce and Regents. A portion of funding would be dedicated to marketing the programs to prospective businesses and potential trainees when the programs were being implemented. Workforce development programs are not new to Kansas. This model is a modification of the service delivery model, and it may be possible to use current workforce development funds. Appendix B illustrates the amount spent in recent years on these programs as well as the amount spent by other states on workforce development training.

Figure 5 illustrates the enhanced structure of the customized training system. The Workforce AID Office is headed by an Executive Director, funded and supervised jointly by the Kansas Department of Commerce and Kansas Board of Regents. Regional Directors still exist under the Department of Commerce, but will partner with the new college liaisons to design and implement customized training for qualified employers. College liaisons will exist at each postsecondary technical education institution and work with the Regional Directors to design and implement training programs while working with the Postsecondary Technical Education Authority to ensure local industry training demands are being met. The federal WIA program will serve a role in this integrated system. WIA should continue to meet federal compliance and make updates and changes as appropriate. WIA service providers may serve as the initial point of contact for many trainees and may be an important resource for pre-employment and screening of training candidates. This system will integrate existing resources and leverage Kansas' opportunities in regards to workforce development and customized business training.

Figure 5. Enhanced Customized Training System



Postsecondary Technical Training (*Technical and Community Colleges*)

Strategy 30 – Align the education system with the needs of industry through funding incentives and the tangible partnering of state educational institutions with industry opportunities.

30-1 Support the Postsecondary Technical Education Authority in aligning community and technical college programs with the demands of businesses.

The Postsecondary Technical Education Authority was created by recommendation of the Kansas Technical College and Vocational School Commission by the 2007 Legislature (Senate Substitute for House Bill 2556). The Authority is charged to provide accountability for the postsecondary technical education system and improve alignment between secondary and postsecondary educational institutions.

Comprised of 12 members, the Authority will: coordinate statewide planning for existing and new postsecondary technical education programs and contract training; review existing and proposed postsecondary technical education programs; review requests of state funding for postsecondary technical education and make recommendations to the State Board of Regents for funding amounts and distribution; develop benchmarks and accountability indicators for the program; develop and advocate annually a policy agenda for postsecondary technical education; and conduct studies of ways to maximize resources to best meet the needs of business and industry, making recommendations to the Kansas Board of Regents.

30-2 Encourage a structural funding change that provides incentives for colleges to offer high-demand, high-cost courses and special funds allowed for expensive equipment purchases.

Many technical occupations experiencing skill gaps require expensive equipment and small student to instructor ratios. Currently Kansas may provide limited, but not broad-based incentives for high-cost training in high-demand occupations. Adjusting the funding formulas for various programs and coursework, depending on the supply to demand ratios and restricting certain funds and scholarships to training high-demand occupations may address these shortages.⁸

The Kansas Technical College and Vocational School Commission studied this issue and recommended the addition of \$38.5 to \$41.5 million for technical education in 2008:

- \$16.5 million to support a new funding methodology to align rates with program delivery costs;
- \$5.0 to \$8.0 million for additional enrollments in technical education;
- \$8.0 million for technology and equipment funding for technical education;
- \$5.0 million for a start-up pool to fund new statewide priorities and initiatives as they emerge;
- \$3.0 million for a business and industry training pool for short-term (non-credit) training; and
- \$1.0 million to strengthen state support for technical education.

The full amount was not appropriated by the Legislature; however, the Postsecondary Technical Education Authority received \$4.0 million to be used for new technical equipment grants during 2008. The Authority will review and make recommendations on grant awards, subject to final approval from the Kansas Board of Regents.

Despite the allocation for equipment funds, there is still a structural funding issue in Kansas for high-cost technical education. The Commission and Authority should continue to pursue these issues and work to develop and implement a plan that will provide incentives to institutions to provide high-cost training for high-demand occupations.

⁸ See *Positioning Kansas*, p. 3.

30-3 Support the Kansas Technical College and Vocational School Commission.

The Kansas Technical College and Vocational School Commission (Commission) was formed by the 2006 Legislature to study the mission, governance and funding of Kansas technical colleges and vocational education schools.

The Commission recommended the mission for each postsecondary technical education institution should:

- Provide opportunities for students to attain their educational goals;
- Provide an educated workforce to meet the demands of the Kansas economy;
- Be responsive to the education and training needs of business and industry;
- Provide quality technical training, customized industry training, and continuing education; and
- Provide a totally integrated educational opportunity for students who matriculate from high school through certificate, associate, and baccalaureate programs.

It was recommended all postsecondary institutions receiving aid for technical education should merge with an existing institution or become an accredited college with an independent governing board (mandated through Senate Substitute for House Bill 2556). The Postsecondary Technical Education Authority was also created through the Commission's recommendations.

The 2007 Legislature extended the Commission until December 31, 2008 to serve as oversight to the newly created Authority. During 2007, the Authority reported its progress to the Commission. In the Commission's report to the 2008 Legislature they commended the work of the Authority and recommended the Authority work on standardization of curriculum, development of competency certifications, and development of programs to maintain skills in technical fields. The Commission also recommended that funds be appropriated for direct marketing programs, technology and equipment matching grant program, and additional funding for the Authority's 2009 budget.

30-4 Routinely study and benchmark the alignment of all levels of the educational system with the demands of businesses.

To align the education system with the needs of industry, it is necessary to first identify the needs of business and industry. The Kansas Department of Commerce, Kansas, Inc., Kansas Board of Regents, and the State WIA Board commissioned the report *Positioning Kansas for Competitive Advantage: Aligning Key Industry Clusters and Occupations with Postsecondary Education and Workforce Development* during 2007 to identify these needs.

The report identifies possible misalignments between the postsecondary system and business needs. According to the report, states that succeed in aligning supply with demand will be the most competitive in attracting, retaining and growing their competitive advantage nationally and globally. The dynamics of the Kansas job market are fluid and are continually changing, as supply and demand are not static in nature. These dynamics must be routinely studied and benchmarked to ensure the workforce demands of businesses can be met through the supply of workers provided by the Kansas educational system.

Attraction and Retention

Strategy 31 – Build capacity by retaining and attracting a skilled and educated workforce.

31-1 Ensure the state equips primary and secondary students with the skills necessary to pursue education and employment opportunities, with the focus being on STEM (Science, Technology, Engineering, and Math) fields.

To ensure a supply of educated workers in Kansas, our primary and secondary educational institutions must sufficiently prepare students for postsecondary education and career opportunities in Kansas. Educators must begin this process at a younger age. The focus of this process should be on future career opportunities and the best path to attain that goal. Student aptitudes and interests should be matched with business demands to ensure student success.

The Kansas Career Pipeline (KCP) is an online assessment tool intended to match aptitudes and interests with in-demand careers and postsecondary educational institutions providing the relevant curriculum. Students can also be matched with businesses through e-mentors, summer jobs, apprenticeships, job training, scholarships and eventual employment. During the 2007 Legislative Session, \$420,120 was appropriated for funding the KCP, contingent on a dollar-for-dollar match from business and industry partners. The sustainability of this program will depend on the long-term commitment of private industry and the state. Businesses must be encouraged to meet the match requirements. There must be widespread involvement from the private sector to highlight career opportunities throughout Kansas and match students with the needs of businesses.

Partnerships between businesses and secondary educational institutions can ensure students are prepared and informed regarding educational and career opportunities in Kansas. Programs that engrain businesses within the educational process ensure students are better prepared for the workforce. This also provides a connection between students and businesses, creating a relevancy between educational curriculum and real-world opportunities.

The Olathe 21st Century High Schools Program was designed to provide educational programs with business involvement and partnerships. The program was designed based on community input, national research and student interest. Programs are centered around the following criteria: making classroom learning relevant to the outside world, focusing on the global workplace, recognizing the broad-based role of technology, promoting the importance of citizenship and character, and providing flexibility of schedule and interactive instructional methodology. Program examples include: aerospace and engineering, biotechnology/life sciences, computer systems networking, health career sciences, culinary arts, e-communication and many others. With this program students have opportunities to complete internships with businesses and work with college professors on various projects. These types of programs should be further developed as a template for statewide application.

STEM (Science, Technology, Engineering and Math) fields are major drivers for the Kansas economy and should be a focus of the educational system. STEM fields are visible in the KCP, as it focuses on careers in healthcare, biotechnology, technology, energy and manufacturing. Several of the Olathe 21st Century High School Programs also focus on STEM fields. The Kansas Academy of Mathematics and Science (KAMS) is a new way of preparing students in STEM fields. Designed for high school juniors and seniors talented in science and math, pupils enroll in a two-year program of study culminating in both a high school diploma and college credits equivalent to an associate's degree.

Beyond these programs, businesses should be encouraged to interact with students in Kansas through various other internship and job shadowing programs, orchestrated through educational institutions or other programs. Business interaction with students is critical to building our future workforce.

31-2 Support and facilitate business interaction with postsecondary students through scholarships, internships, and job shadowing. Businesses should be an active partner with educational institutions in regards to career curriculum, guidance, and opportunities and could be awarded with potential tax incentives or credits.

Interaction between students and businesses must occur at the postsecondary level. To retain Kansas graduates they must have interaction with businesses to inform them of career opportunities. Businesses should partner with postsecondary educational institutions to ensure career curriculum alignment, guidance and opportunities are made available to students. Scholarships, internships and job shadowing are ways for businesses to interact with students. Programs such as the Kansas Career Pipeline can be used to connect postsecondary students with businesses using tools such as e-mentors, summer jobs, apprenticeships, job training, scholarships, and eventual employment.

31-3 Provide incentives that encourage students to remain in Kansas for postsecondary education and careers.

As an importer of postsecondary students, Kansas has the opportunity to build incentives into its education structure to retain a larger percentage of graduates in the state if they can be matched with desirable career opportunities.

To build a qualified workforce, Kansas must continue to attract and retain postsecondary graduates. Offering scholarships, loan repayment, in-state tuition, or other incentives may help retain more graduates. Offering in-state tuition to students from surrounding states or former residents could provide some incentive to come and potentially stay in Kansas. Research could provide further insight into incentives and other methods of attracting and retaining a larger percentage of Kansas graduates.

31-4 Design a Leadership Kansas-type program that incorporates entrepreneurial and leadership experience into our educational system.

Entrepreneurship and leadership are a few of the characteristics Kansas' youth should be exposed to at a younger age, and these types of opportunities should be built into our educational system. Programs that serve as catalysts for the continued development of entrepreneurship and leadership should be created to target Kansas youth. Existing program models, such as the Leadership Kansas Program could be utilized to accomplish this goal.

Leadership Kansas is a statewide program for adults designed to enhance and motivate current and future leaders from various communities. Participants engage in educational and informational training sessions in six Kansas communities over the course of a year, with discussion surrounding various topics including business, education, agriculture, public policy, societal health and development, economics, and government.

31-5 Market business and career opportunities in Kansas to all prospective individuals.

Many opportunities exist to market business and career opportunities in Kansas to specific groups including: graduates, older citizens, military, immigrants, and disabled citizens. Targeted marketing campaigns and programs, such as the Helmets to Hardhats program may make these populations aware of opportunities. Helmets to Hardhats is a national program that connects National Guard, Reserve and transitioning active-duty military members with quality career training and employment opportunities within the construction industry. Kansas should actively encourage participation in these types of programs.

Innovative concepts will help equip our students with the skills they need to succeed during their careers. Kansas exports workers; we need to be more creative and have the tools necessary to keep individuals within the state.

31-6 Market postsecondary technical education opportunities and careers by targeting students, parents, educators and counselors.

During 2007, the Kansas Technical College and Vocational School Commission submitted a report to the state legislature, stating that only 20 percent of current jobs require a four-year degree and there is an increased demand for skilled workers.⁹ There is a shortage of workers for jobs requiring only a technical degree.

The focus of high-school counselors seems to be on enrollment into four-year institutions. Students, parents, educators and counselors must be aware of the potential opportunities that exist with careers requiring technical degrees. We must market and educate these opportunities to help address our workforce shortages by developing a message campaign that highlights the importance of postsecondary technical education and specific skill sets.

31-7 Study and develop workforce solutions for the aging population and immigrants.

Workforce shortages are becoming an issue not only in Kansas, but throughout the U.S. Opportunities for recruiting alternative or non-traditional workers, such as the older population and immigrants may provide a solution to this issue. Workforce solutions must remain flexible enough to accommodate these workers. Further study of these issues may produce innovative ways to recruit and accommodate a non-traditional workforce in Kansas.

Portability and Lifelong Learning

Strategy 32 – Encourage and provide lifelong learning opportunities.

32-1 Provide an educational continuum that allows students of all ages to seamlessly transition through all levels of education and training.

A goal of the education system should be to ensure all individuals have the foundational skills to enable them to engage in lifelong learning. Aligning postsecondary education with K-12 education and workforce development helps address the disconnect among different levels and players to build a learning continuum.¹⁰ An important talent development strategy for Kansas should be to focus on an educational continuum that promotes seamlessness as an individual enters, transfers through and exits the educational system to encourage lifelong learning for all Kansans.

Individuals should be able to progress through the education system, entering and exiting as desired without substantial penalty, from K-12 to advanced degrees. High school graduates should be able to transition into postsecondary education (technical colleges, community colleges, universities) without the loss of any advanced or training credits earned. Customized training, non-credit short-term training to fulfill a specified need, should transfer into various certificate credits. Certificate credits should easily be transferable into associate's degrees, associate's degrees into four-year institutions, and on to advanced degrees. Credits should be easily transferable from institution to institution, which could be facilitated through a common course numbering system.

⁹ See *Positioning Kansas*, p. 3.

¹⁰ *Ibid.*

Conclusion

With a small population and fewer tax dollars Kansas must target areas in which there is a competitive advantage. Workforce development is a critical issue across the state and with refocused funds and efforts, Kansas has an opportunity to be strategically positioned for success. Kansas must create a demand-driven workforce development system that meets the needs of the business community.

Workforce development should focus on three primary areas: training (customized business training and postsecondary technical education), attraction and retention, and portability and lifelong learning. Four strategies within the Strategic Plan specifically address these issues.

Kansas must enhance the structure of the customized training system to meet the immediate specialized needs of businesses (Strategy 29). The system should use existing state resources, including funds and personnel, to design and implement customized training programs that deliver skilled employees to qualified companies in a timely and cost-effective manner. There must be state funds dedicated exclusively for customized business training. This strategy brings together various agencies and entities to increase the integration and effectiveness of each program, thus leveraging our resources to achieve complete integration.

Kansas must align the education system with the needs of industry through funding incentives and the tangible partnering of state educational institutions with industry opportunities (Strategy 30). This can be accomplished through the work of the Kansas Postsecondary Technical Education Authority. The Authority should develop and implement a structural funding change for postsecondary technical education courses and seek funds that can be distributed for expensive equipment purchases for high-demand, high-cost courses.

Kansas must build capacity by retaining and attracting a skilled and educated workforce (Strategy 31). Students can be retained by a grow-your-own mentality. Graduates must be stimulated with business involvement in their educational process and students must be prepared for education and employment opportunities in Kansas, focusing on STEM (science, technology, engineering and math) fields. Career and educational opportunities, including those within technical fields must be marketed to students, parents, educators, and counselors to encourage involvement. The use of incentives can also attract and retain postsecondary graduates.

Kansas must encourage and provide lifelong learning opportunities (Strategy 32). There must be an educational continuum that allows seamless transitioning through all levels of education and training, starting from various certificates, through associate's, bachelor's and advanced degrees.

Kansas can redesign and refocus its workforce development system to build an integrated system that leverages many available resources. By implementing these strategies Kansas will be able to create a demand-driven workforce development system that meets the needs of the business community.

Appendix A. State Workforce Training Rankings, 2000-2007¹¹

2007

1. Georgia
2. Alabama
3. Florida
4. South Carolina
5. Kentucky
6. North Carolina
7. Tennessee
8. Virginia
9. Maryland
10. Texas

2005

1. Georgia
2. Alabama
3. Kentucky
4. South Carolina
5. Indiana
6. Tennessee
7. Arizona
8. Colorado
9. Idaho
10. Maryland

2003

1. South Carolina
2. Georgia
3. North Carolina
4. Oklahoma
5. Virginia
6. Alabama
7. Tennessee
8. Kentucky
9. Michigan
10. Texas

2001

1. Georgia
2. North Carolina
3. Michigan
4. South Carolina
5. Kentucky
6. Wisconsin
7. Alabama
8. Tennessee
9. Virginia
10. Illinois (tie)
Oklahoma (tie)

2006

1. Alabama
2. Georgia
3. Texas
4. North Carolina
5. South Carolina
6. Colorado
7. Tennessee
8. Kentucky
9. Arizona
10. Florida

2004

1. Alabama
2. Georgia
3. Virginia
4. South Carolina
5. Kentucky
6. Maryland
7. New York
8. North Carolina
9. Indiana
10. Oklahoma

2002

1. South Carolina
2. Georgia
3. Virginia
4. Alabama
5. Oklahoma
6. North Carolina
7. Texas
8. New Mexico
9. Kentucky
10. Tennessee

2000

1. South Carolina
2. Oklahoma
3. Virginia
4. North Carolina (tie)
Georgia (tie)
6. Tennessee
7. Alabama
8. California
9. Kentucky
10. Delaware

¹¹Accessed at www.expansionmanagement.com

Appendix B. State Program Summaries

Alabama, Georgia and North Carolina have been repeatedly recognized for having the best workforce training programs in the nation. Each state's workforce programs are briefly described below including state appropriations and number of individuals trained for each program. State funds are listed as those expended, appropriated or recommended depending on data available for each year. Though some programs are able to leverage funds from other sources, only funds appropriated by the state are included and used to calculate the cost per trainee. Kansas is included for comparison purposes.

Alabama – Alabama Industrial Development Training¹²

Alabama's "number-one business incentive" is the Alabama Industrial Development Training Institute (AIDT). AIDT is housed under the Alabama College System and offers services to recruit, assess and train employees for jobs created in Alabama. AIDT works closely with the business to develop an effective process for selecting and training skilled and motivated workers. Once a relocation project has been identified, or a business contacts AIDT, a program coordinator is assigned to follow the project from start through finish to ensure the desired number of employees are trained and made available to the company.

Year	State Funds	Persons Trained	Cost / Trainee
2007	\$ 11,980,352	19,771	\$ 605.96
2006	7,024,057	13,147	534.27
2005	6,587,546	25,813	255.20
2004	6,657,087	14,382	462.88
2003	7,132,784	N/A	N/A

Georgia – Quick Start¹³

Georgia Quick Start is an economic development program that provides employee training to new and expanding businesses in Georgia. This program is a key component of the state's business recruitment and retention efforts. Quick Start is under the Georgia Department of Technical and Adult Education which oversees technical colleges and technical education centers. The Quick Start process includes a project study to learn about the company, a task analysis to identify the skills that will be needed, drafting of comprehensive training plan, production of training materials and training delivery.

Year	State Funds	Persons Trained	Cost / Trainee
2007	\$ 12,451,684	11,053	\$ 1,126.54
2006	11,859,910	10,330	1,148.10
2005	12,217,712	7,783/ 44,804 ¹⁴	1,569.79/ 272.69 ¹⁵
2004	12,829,311	42,998	298.37
2003	13,402,919	42,145	318.02

¹² Alabama State Education Trust Fund Appropriations, accessed at: <http://www.budget.state.al.us/appropetf.htm> and Alabama College System Annual Reports and State of the System Report, accessed at: <http://www.acs.cc.al.us/>

¹³ Georgia Budget Books, accessed at: <http://www.opb.state.ga.us/>

¹⁴ 2005 Budget Recommendations reported "number of employees trained" for 2003 through 2005. 2008 Budget Recommendations reported "jobs created" for 2005 through 2008 causing a discrepancy in 2005.

¹⁵ See footnote 14. The change in the way performance was reported alters the cost per trainee in subsequent years.

North Carolina – New and Expanding Industry Training¹⁶

The New and Expanding Industry Training Program (NEIT), housed in the North Carolina Community College System, is part of North Carolina's statewide economic development efforts. NEIT enhances the growth of potential companies and prepares the workforce with skills in emerging industries. Companies expanding or locating in North Carolina that create a certain number of net new jobs are eligible for services. The figure on the following page illustrates the NEIT process. Funds allocated are used exclusively for training programs. In 2007, nearly \$500,000 was also allocated for media development expenditures to market programs. Personnel are funded through other sources (Regional Customized Training Directors are employees of the state through the Department of Community Colleges and college NEIT Directors are employees of each community college.)

Year	State Funds	Persons Trained	Cost / Trainee
2007	\$ 8,980,239	19,380	\$ 463.38
2006	8,382,557	23,799	352.22
2005	5,484,064	12,398	442.33
2004	3,841,225	10,117	379.68
2003	4,005,105	10,610	377.48

Kansas – KIT, KIR, and IMPACT¹⁷

Kansas' three main employee training programs are Kansas Industrial Training (KIT), Kansas Industrial Retraining (KIR), and Investments in Major Projects and Comprehensive Training (IMPACT). KIT offers funds to help new and expanding companies train workers for new jobs. KIR provides grants for restructuring companies to upgrade employees' skills in order to retain current positions. For KIT and KIR funds can be used for instructor salaries, curriculum development, travel, materials, supplies, textbooks, minor training equipment and some facility costs. IMPACT is designed to respond to both training and capital requirements for major business expansions and locations in Kansas. Funds may be used to pay for expenses related to training new or existing employees or for expenses related to the project including equipment purchases, labor recruitment or building costs.

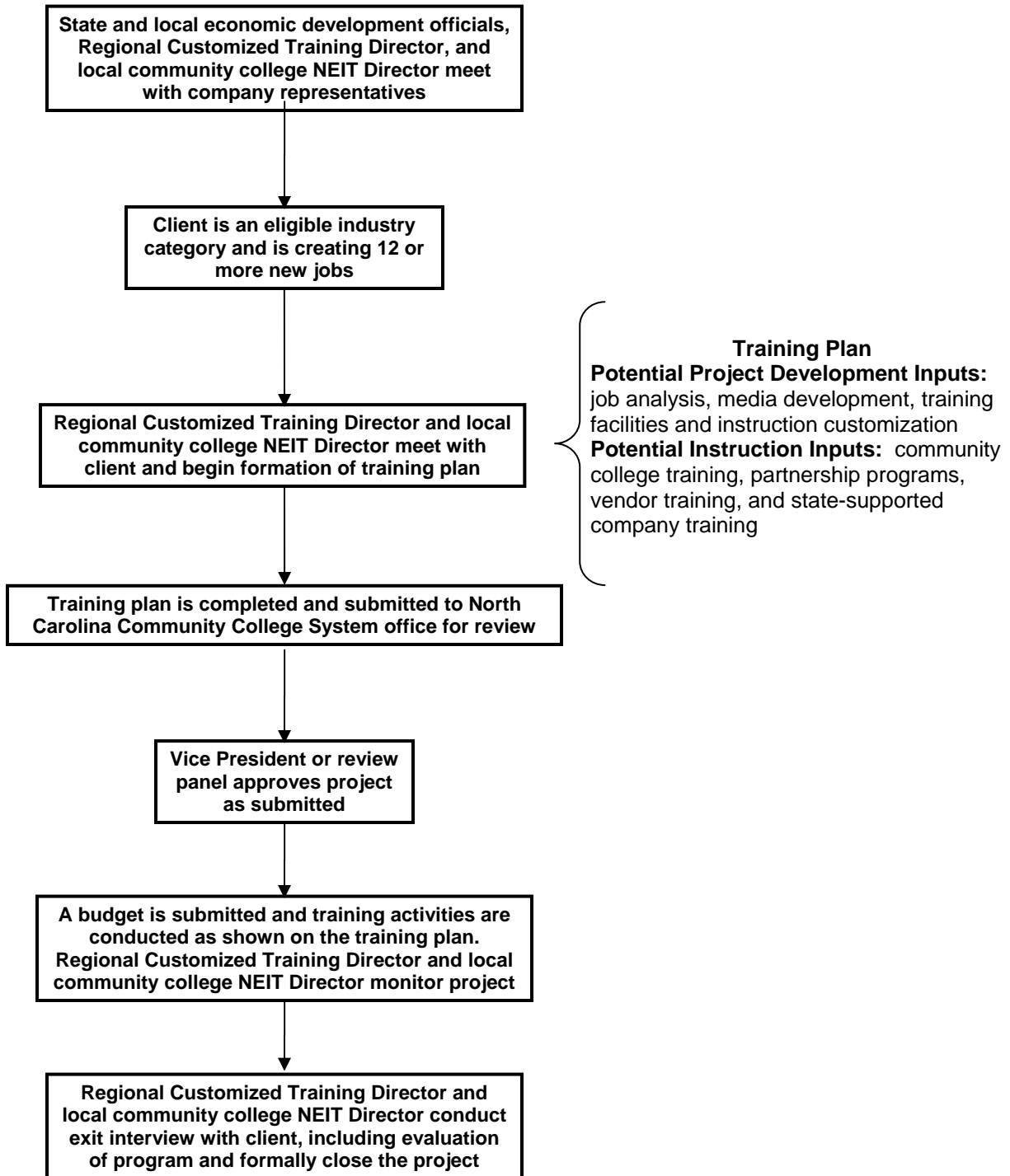
Year	State Funds	Persons Trained	Cost / Trainee
2007	\$ 18,300,000	9,769	\$ 1,873.27
2006	32,200,000	16,478	1,954.12
2005	21,000,000	12,000	1,750.00
2004	8,442,419	9,029	935.03
2003	9,179,739	9,663	949.99

¹⁶ North Carolina Community College System, Business and Industry Trends and Statistics, accessed at: http://www.ncccs.cc.nc.us/Business_and_Industry/neit.htm

¹⁷ Kansas Department of Commerce Annual Reports, 2005 Report, accessed at: <http://www.kansascommerce.com/Publications/PublicationsHome.aspx>

Figure 6. North Carolina New and Expanding Industry Training (NEIT) Process

This graph summarizes a two page flowchart produced by the North Carolina Community College System to explain the NEIT program.¹⁸



¹⁸ Accessed at: http://www.ncccs.cc.nc.us/Business_and_Industry/initiat0.htm

Appendix C. IMPACT Fund Expenditures

The following indicates how much has been awarded in the past several years for the Investments in Major Projects and Comprehensive Training (IMPACT) program.¹⁹ IMPACT funds can be used for major project investments (MPI) to fund infrastructure needs or for SKILL (state of Kansas investments in lifelong learning) to train individuals. A portion is also reserved for the Workforce Solutions fund which enables workforce training institutions throughout the state to respond more effectively to the needs of Kansas businesses.

	Total IMPACT	Total SKILL (Including Direct Training)	%	Total MPI	%	Workforce Solutions	%
FY 03	4,806,785	\$4,086,785	85.02%	\$720,000	14.98%	\$0.00	0.00%
FY 04	5,375,000	4,990,000	92.84%	385,000	7.16%	0.00	0.00%
FY 05	9,965,000	7,318,180	73.44%	1,762,320	17.69%	884,500	8.88%
FY 06	31,421,000	25,463,000	81.04%	3,219,500	10.25%	2,738,500	8.72%
FY 07	15,365,998	6,804,584	44.28%	7,185,000	46.76%	1,376,414	8.96%

Notes:

- July 2003 withholding cap increased from 1 percent to 1.5 percent
- July 2005 withholding cap increased from 1.5 percent to 2 percent; capital investment requirement removed; Workforce Solutions was created
- July 2007 MPI threshold suspended until FY 2009

¹⁹ Kansas Department of Commerce, Performance Training Services.



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