

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Julia Lynn at 8:30 am on Thursday, March 23, 2017, in room 548-S of the Capitol.

All members were present except:

Senator Barbara Bollier – Excused
Senator Robert Olson – Excused

Committee staff present:

Chuck Reimer, Office of Revisor of Statutes
Debbie Bartuccio, Kansas Legislative Committee Assistant
Edward Penner, Legislative Research Department

Conferees appearing before the Committee:

Secretary Soave, Kansas Department of Commerce
Gary Westerman, State Manager, Veteran Employment Services and Registered
Apprenticeship, Kansas Department of Commerce
Robert North, Chief Attorney, Kansas Department of Commerce

Others in attendance:

[See Attached List](#)

Senator Alley moved, seconded by Senator Baumgardner, to approve the minutes for the March 8, 2017, March 14, 2017, March 15, 2017, and March 16, 2017, meetings. The motion passed.

Military Workforce Update by Secretary Soave, Kansas Department of Commerce

Chairperson Lynn recognized Secretary Soave, Kansas Department of Commerce (KDOC), who provided a military workforce update. He said the Kansas Department of Commerce has enhanced efforts to assist transitioning soldiers with finding valuable employment in the state of Kansas. He referred to the four pillars of economic development: 1) continuous investment in research and development and innovation, 2) quality of life, 3) entrepreneurship and 4) workforce. He expressed his confidence in the empirical information contained in the Kansas economic data book, published by the Federal Reserve Bank of Kansas City. Recent data from the Federal Reserve Bank of Kansas City showed an unemployment rate in Kansas of 4.2 percent in December, and a nominal personal income growth of 2.6 percent as compared to third quarter of 2016. Workplace earnings are up 2.6 percent. KDOC utilizes this data to arrive at solutions and strategies. ([Attachment 1](#))

Secretary Soave said there are two key areas of workforce development. One area is education and how to retain university students in Kansas and involve them in meaningful internships. The second area involves the transitioning of military members and their families to reside in Kansas. At this time, Kansas is retaining approximately 25 to 26 percent of military members. Efforts have included

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meeting with leadership from major military installations in Kansas, including the U.S. Army Installations at Fort Riley and Fort Leavenworth, and McConnell Air Force Base. The goal in the next 12 to 18 months is to achieve above a 50 percent military transition rate in Kansas.

Efforts have involved the Transitioning Services Offices and the Soldier for Life staff at the installations, allowing for KANSASWORKS staff to engage with transitioning soldiers more efficiently and effectively. These efforts have aided the work already being done for veterans.

Leadership meetings and follow-up conversations have resulted in the involvement of KDOC in the military communities, including assistance with planning events with the local civilian communities, summits designed to engage employers and transitioning veterans, efforts to employ spouses and the opportunity for businesses to exclusively have an audience with transitioning service-members that may benefit their company.

KDOC has had the honor of building on an already-established practice conducted by Fort Riley. Employer Days allow companies and businesses in Kansas to gain access to the post and an exclusive audience with transitioning service-members. KDOC has served as a conduit between these companies and the military transition offices. Companies involved with Employer Days have included: Parker Hanifan Manhattan, Dairy Farmers of America, MMT Millenium, Creekstone, GARMIN, Wescon Industries, Aerotek Manhattan, Southwood Associates, Trinity Precision, Nitride Solutions, Parsons KDC, Excel Industries, CAMSO, Strategic Data Systems Virginia FC, Meadow Lark Manhattan, GE Aviation KDC, Texas Department of Public Safety, Riley County, M&M / MARS, Dillons, BNSF Kansas City, Wal-Mart Junction City and Manhattan, US Department of Veteran Affairs Topeka, General Electric, Union Pacific Wichita, Caterpillar Wamego, Rothwell Landscaping Manhattan, Girton Propane Clay Center, Hostess Brands, Kansas State Troopers, Geary County Human Resource, Brown Industries Topeka, Evergreen Fire and Security Fort Riley, Russell Stovers Warehouse Abilene, Bayer Construction Manhattan, Fort Riley AAFES, Florence Corporation Manhattan.

On May 19, 2017, a Military Workforce Summit will be hosted by KDOC, in partnership with the Junction City Chamber of Commerce, as well as the state's military installations. General Patrick Frank will be the Keynote Speaker during lunch, in addition to Secretary Soave's comments. The summit will serve as a networking event between employers and transitioning service-members, as well as a forum to address topics relating to military service-member's transition into civilian life. Panel topics include:

- Military Skillset Compatibility
- Employment and Social Media
- Employing the Military Spouse

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- Setting Realistic Employment Expectations
- Transition Concerns Facing Service-members and Employers
- Benefits of Hiring a Veteran

The KANSASWORKS statewide job fair gives preference to veterans by allowing veterans to visit the job fair before it opens to the general public. In 2016, the number of veterans who attended the job fair was 282. At the 2017 job fair, the number in attendance was 204.

The KANSASWORKS Veterans Program offers employment and training service to eligible veterans, transitioning soldiers, spouses and dependents. Skill assessment, job preparation and job placement assistance are provided. These services are provided through the Workforce Centers and satellite offices located on Fort Riley and McConnell Airforce Base.

These programs have a significant impact by partnering with Fort Riley Soldier for Life and McConnell Air Force Base Airman and Family Readiness Center counselors. Over the past four years, Workforce Centers across the state have been assisting with Career Fairs and Employer Showcases, to aid transitioning service-members and their families with locating new employment upon their return to civilian life.

- 7,932 veterans from Fort Riley, Fort Leavenworth, and McConnell Air Base entered one of the Workforce Centers across the state in 2016.

- 4,305 services were provided by Veteran Employment Representatives in 2016, including assessments, coaching, counseling, employment readiness and follow up.

- 7,423 employers were assisted by Workforce Centers across Kansas on posting positions emphasizing the hiring of veterans in 2016.

Between January 2016 and November 2016, 642 veterans were employed. While these numbers seem low, some of the transitioning service-members have returned to their home state or decided to pursue other goals, such as education or on-the-job training.

Workshops were provided by Workforce Center staff to assist transitioning service-members from Fort Riley succeed at the Manhattan Statewide Career Fair on March 9, 2017 and the April 26, 2017 Hiring Heroes Career Fair at Fort Riley. Topics included: Job Search and Job Fair Prep, LinkedIn, and Federal Resume Class.

Secretary Soave explained each of the Kansas military installations has different dynamics at play.

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Referring to the goal of retaining 50 percent of the transitioning military-members over the next 12 to 18 months, Chairperson Lynn requested Secretary Soave to report the results of KDOC's efforts toward this goal to the Committee in 2018. She asked for his comments concerning the availability of affordable housing for veterans. He referred to housing issues in Ford County and Cowley County. He told Committee members about a new alternative for housing which involves the use of Structural Insulated Panels (SIP). These panels are less expensive and have energy credits attached to them. Use of these panels results in more affordable housing. KDOC is looking toward solutions which result in quality, affordable housing.

Senator Pilcher-Cook asked what was the criteria for military veterans to receive assistance. She referred to a veteran who has been out of the military for 10 years, but continues to struggle with the transition.

Chairperson Lynn recognized Gary Westerman, State Manager, Veteran Employment Services and Registered Apprenticeship, Kansas Department of Commerce. Mr. Westerman responded there are many veterans over the age of 50 who are going on to their second and third careers. More emphasis is being placed on working with these veterans. Counseling from the Veterans Administration is also being utilized.

Senator Pilcher-Cook asked how the veterans find out about the workforce assistance programs. Mr. Westerman responded many times it is via word-of-mouth. He said it is very difficult to transition from military to civilian life, especially if the veteran has been in the military for over ten years. Assistance is provided to the veterans to help them understand how to apply the soft skills they learned in the military to the career opportunities available outside of the military.

Senator Faust-Goudeau asked if there were any job fairs planned for Wichita. Secretary Soave responded the Wichita job fair was very successful, and KDOC would provide that information to her. She asked for the definition of a transitioning veteran. He replied it would include those leaving the military and entering civilian life, as well as those who remain active in the Reserves.

Senator Faust-Goudeau said she was a member of a pilot program in Wichita called My VA. It was her intent to share job fair information with members of the pilot program.

Secretary Soave said, in working with veterans, KDOC has found lack of self-esteem and morale to be issues that need to be addressed. Veterans often understate their capabilities, which results in their resumes being passed over. Chairperson Lynn related she has also found this to be true, in her experience working with veterans searching for a new career path.

Senator Alley asked if there was a way for KDOC to work with the Veterans Administration to promote the availability of housing in bedroom communities. Secretary Soave responded KDOC works with

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the Veterans Administration, and serves as a conduit for programs coming from the Veterans Administration.

Senator Faust-Goudeau asked whether transitioning military members are allowed to carry their military card and receive any of its benefits. Mr. Westerman responded if the veteran is retired, medical insurance and the benefits of being on the military installation are available. For those service members who served for 4 years, they are considered in inactive status for 8 years and receive a military identification card. There are some medical benefits available at the Veterans Administration for post-911 and Desert Storm veterans.

There were no other questions.

Chairperson Lynn opened the meeting for follow up questions concerning STAR (Sales Tax Revenue) Bonds, PEAK (Promoting Employment Across Kansas) and HPIP (High Performance Incentive Program).

Chairperson Lynn confirmed the Senate Commerce Committee would have some dates during the Interim Session to review STAR Bonds, PEAK and HPIP.

Secretary Soave reviewed suggestions for reform of the programs. Concerning STAR Bonds, he said it must be an absolute requirement to follow the statutory language intent, and that the STAR Bond project must be a major regional attraction. What constitutes a major regional attraction is dependent upon the proposed area for the development of the attraction. Second, he suggested a requirement of a third party feasibility study commissioned by KDOC. Third, there should be proof of private funds.

Chairperson Lynn requested Secretary Soave to review an example of how private funding works in a STAR Bond project.

Senator Holland asked Chairperson Lynn if she had any plans to do anything with the STAR Bond, PEAK and HPIP bills. She responded she did not.

Concerning STAR Bonds, Senator Holland indicated he wanted to be sure the portion of a STAR Bond project that the State was contributing to, was truly for infrastructure related to the regional attraction, and not for infrastructure that would be expected to be developed by a private developer. He said KDOC needs to be accountable, and take ownership, to assure STAR Bond funds are used appropriately.

Senator Holland said he did not understand why the State has continued to finance add-on projects in Wyandotte County. The original project was the major attraction, and the reason subsequent projects have followed. It would seem these projects would have followed naturally, without the additional

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STAR Bond funding.

Senator Holland said he was shocked the State was contributing funds toward the National Training Center, which Sporting KC was using as a training facility. Secretary Soave responded if the State had not become involved with the NASCAR and Village West projects, there would not be a major regional attraction that pulls in new money. He confirmed KDOC is committed to these projects, and has escalated the scrutiny and evaluation of performance numbers, compared to what has been done in the past. With respect to whether or not the funds are used on infrastructure, he said the money is permitted to go to the underlying infrastructure development. Funds can also be spent on part of the vertical construction for a major, multi-sport complex, as well as a museum.

Secretary Soave said KDOC has learned that a static museum does not drive the desired level of traffic, as compared to an interactive museum which refreshes itself on a regular basis. Science City is an example of a successful, interactive museum.

Concerning the National Soccer Training Complex project, the goal is to stimulate peripheral growth. Those attending the training complex or sporting facility will spend dollars on retail sales, food and lodging, which is exponential growth stemming from the ancillary development around the STAR Bond district.

Senator Holland conveyed his expectation that Secretary Soave and KDOC closely analyze new STAR Bond proposals to assure they meet the intent of the legislation.

Senator Holland referred to a spreadsheet, which he had received from KDOC, concerning PEAK awards. He asked what was being done to tamp down the border war. He questioned whether some sort of barrier, such as within 50 miles of the state border, needed to be instituted for out-of-state relocations, so as not to further erode each other's tax base.

Senator Soave referred to testimony on March 9, 2017, from Blake Schreck, President, Lenexa Chamber of Commerce, and President of Team Kansas, who indicated the border war is a nonissue. There has been no considerable loss to either area, when reviewing the data over a period of time. Secretary Soave said the relocation activity is competitive and friendly in nature, rather than adversarial.

Senator Holland reiterated his concern about companies relocating back and forth across the state borders, and the potential unintended consequences of this activity.

Senator Holland asked Secretary Soave for his thoughts on the retention cap going forward. Secretary Soave requested Robert North, Chief Attorney, Kansas Department of Commerce, to address the question. Mr. North said the retention cap would sunset in 2018, and was currently at \$1.2 million.

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He said retention is an issue, so he believed the retention funds are a valuable tool. There are safeguards in the PEAK statute requiring the KDOC Secretary to confirm the company being considered for a retention award has a competitive offer from another state.

Senator Alley questioned how out-of-state visitors are tabulated, particularly for cities along the I-70 corridor, who may only stop for a quick meal and then travel on their way. Secretary Soave responded every effort is made to determine the out-of-state visitor counts, required in the legislation, relate to the visitation at the STAR Bond project in the area.

Chairperson Lynn expressed her appreciation to Committee members for their work during this Session. The meeting was adjourned at 9:29 a.m. There are no meetings scheduled.