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MINUTES OF THE SENATE COL	MMITTEE ON <u>LABOR</u> ,	INDUSTRY & SMALL	BUSINESS	
The meeting was called to order by	Senator Alicia Salisb	oury Chairperson		at
1:35 axm./p.m. onJanuary 25		, 19 <u>89</u> in room	527-S of the Capito	ol.
All members were present except:				
Senator Dan Thiessen - Excus	ed			

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department Gordon Self, Revisor of Statutes Office Mary Allen, Committee Secretary

Conferees appearing before the committee:

Rita Wolf, Department of Human Resources Steven Jack, Kansas Department of Commerce

The meeting was called to order by the Chairman, Senator Alicia Salisbury.

Senator Strick moved that the minutes of the January 18, 1989, and January 19, 1989, meetings of the Committee be approved. Senator Sallee seconded the motion. The motion carried.

Rita L. Wolf, Director of the Division of Policy and Management Analysis for the Kansas Department of Human Resources (KDHR), briefed the Committee on the major job training programs in Kansas which are administered by the KDHR: the Job Training Program Act (JTPA), the Rural Employment Assistance Program (REAP), and the Work Incentive Program/KanWork Program (WIN/KANWORK). (See Attachment I for a copy of her testimony.) Ms. Wolf said that the JTPA program is federally funded and state administered and has as its purpose to prepare youth and unskilled adults for entry into the labor force. She pointed out that resources are targeted to the economically disadvantaged, dislocated workers and others who face serious barriers to employment. Ms. Wolf spoke of the administration of the program and called the attention of the Committee to a map showing "Employment & Training Service Delivery Areas (SDA's) (Attachment II) which help with this administration. distributed and discussed charts showing JTPA Funding Levels - Program Year 88 -July 1, 1988 - June 30, 1989 (Attachment III); JTPA Service Levels to Welfare Recipients - State Fiscal Year 1988 - July 1, 1988 - June 30, 1989 (Attachment IV); and JTPA Service Levels to Welfare Recipients - State Fiscal Years 1987 & 1988 (Attachment V).

Ms. Wolf told the Committee that the REAP program serves the special training needs of those rural Kansans who have left or are in the process of leaving farming as their primary source of income. She noted that the KanWork program is primarily administered by the Department of Social and Rehabilitation Services (SRS) and has as its purpose to provide services to public assistance recipients which they need to move from financial dependency to financial self-sufficiency. She observed that the WIN program has a similar purpose and is jointly administered by the KDHR and SRS.

Ms. Wolf noted that, at the recommendation of the Governor, pilot KanWork projects in Butler, Ford and Wyandotte counties are added in the fiscal 1990 budget. Senator Feleciano requested input from the Governor's Office concerning how and why the decision was made to expand the number of counties in the KanWork program and how the decision was made as to which counties would be added. He also asked Ms. Wolf to provide a breakdown of the \$524,746.00 administration cost shown in Attachment III under Title IIA of JTPA Funding Levels - Program Year 88.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY & SMALL BUSINESS, room 527-S, Statehouse, at 1:35 XXX./p.m. on January 25, 19.89

Ms. Wolf distributed a booklet entitled "Economic Development: A Rural Perspective - Issues in Training and Employment" (Attachment VI)

Chairman Salisbury called on Steven Jack, Job Training Coordinator for the Kansas Department of Commerce (KDOC), to brief the Committee on the Kansas Industrial Training Program (KIT) and the Kansas Industrial Retraining Program (KIR). (See Attachment VII) for his testimony.)

Mr. Jack said that the KDOC, the Kansas State Department of Education, and the KDHR work together in an effort to invest in human capital by providing customized job training programs for companies wanting to locate new facilities in Kansas or expand or restructure existing businesses. He described the KIT program and noted that it is designed to meet the specialized training needs of new and expanding companies adding ten or more new jobs to the Kansas economy. He noted that KIT, which is state funded, tends to work primarily in the areas of manufacturing and service.

Mr. Jack told the Committee that KIR is a new training program designed to provide customized retraining to employees of restructuring industries who are likely to be displaced because of obsolete or inadequate job skills and knowledge. He observed that the KIR program brings more flexibility to the industrial training efforts of the KDOC by broadening the focus of those efforts to include job retention as well as job creation. Mr. Jack distributed copies of a booklet entitled "Training Kansas" (Attachment VIII).

The meeting was adjourned at 2:25 p.m. by the Chairman.

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KDOC

DIVISION OF POLICY AND MANAGEMENT ANALYSIS

401 S.W. Topeka Boulevard, Topeka, Kansas 66603-3182 (913) 296-3588

Mike Hayden, Governor

Dennis R. Taylor, Secretary

MEMORANDUM

January 25, 1989

TO:

Members of the Senate Labor, Industry

and Small Business Committee

FROM:

Rita L. Wolf, Director

Division of Policy and Management Analysis

SUBJECT:

Briefing on Major Job Training Programs

Traditionally on-going training and retraining programs are administered through area vocational-technical schools and community colleges by the Kansas State Department of Education. The following programs identified are those that vary from these traditional activities as a result of different goals and objectives, different services provided and different populations targeted. The overall issue of job training is, therefore, addressed from a variety of angles. Because there tends to be overlap, a concerted effort is made to eliminate duplication of services by clearly defining specific agency roles. Coordination mechanisms such as cooperative agreements and advisory bodies like the Kansas Council on Employment and Training and the KanWork inter-agency coordinating committee are crucial elements. Summarized below are the most visible training programs:

JOB TRAINING PARTNERSHIP ACT - JTPA

The JTPA program is federally funded and state administered, the purpose of which is to prepare youth and unskilled adults for entry into the labor force. Resources are targeted to the economically disadvantaged, dislocated workers and others who face serious barriers to employment. In Kansas, JTPA is primarily administered by the Kansas Department of Human Resources (KDHR) in cooperation with the private industry councils (PICs) of the state's five service delivery areas (SDA's). This is in keeping with the strong emphasis of the Act on the service delivery partnership between the public and private sectors. The Departments of Education and Aging also administer a portion of the funds.

The coordination of employment and training programs is a very important initiative in KDHR as demonstrated in the reorganization of the agency. As a result, the Inter-Agency Programs Unit was established. This section includes WIN/KanWork, 8% JTPA Coordination and Grants, 3% JTPA Older Worker Program and Apprenticeship. Inter-Agency Programs is a section of the Division of Policy and Management Analysis, the organizational unit responsible for the management of these programs. REAP is administered by the Division of Program and Support Services which is responsible for the management of JTPA Title III programs.

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Memorandum January 25, 1989 Page Two

RURAL EMPLOYMENT ASSISTANCE PROGRAM - REAP

The REAP program serves the special training needs of those rural Kansans who have left or are in the process of leaving farming as their primary source of income. REAP, administered by KDHR, began in PY 1986 and has been funded through a JTPA discretionary grant from the U.S. Department of Labor. In PY 1988, funding approved by the state legislature is supplemented by JTPA formula funds.

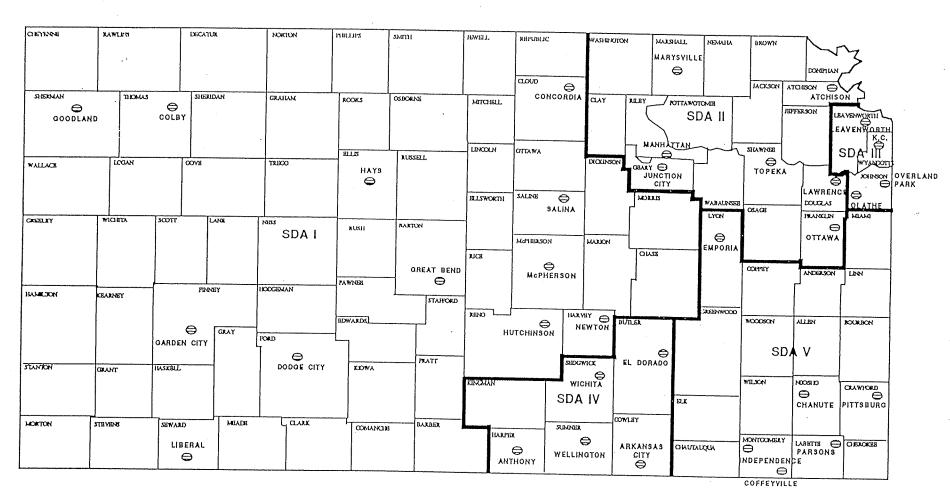
WORK INCENTIVE PROGRAM/KANWORK PROGRAM - WIN/KANWORK

Both of these programs have the same purpose: to provide services to public assistance recipients, such as recipients of Aid to Families with Dependent Children (AFDC), which they need to move from financial dependency to financial self-sufficiency.

The WIN program which is now in its 22nd year is jointly administered in Kansas by the Department of Human Resources (KDHR) and social and Rehabilitation Services (SRS). It is federally funded, with a 10 percent state match and has experienced a significant reduction of funds since 1981. Only two offices remain open, one in Topeka (Shawnee County) and the other in Wichita (Sedgwick County). Services provided are: labor market exposure, job counseling, job development, referral and placement. Emphasis for the past several years has been placed on assisting clients in obtaining Adult Basic Education, GED, basic skills and other skill training when and where needed. Other services such as On-The-Job-Training (OJT), classroom training, etc. have been discontinued because of reduced funding levels.

The KanWork program is the result of recently passed state welfare reform legislation, HB-2644 which expands services provided by WIN with strong components of evaluation and initial assessment, support and transitional services. The program is administered by SRS which is responsible for pilot programs. Implementation occurred in Shawnee, Finney and Barton counties on August 1, 1988 and in Sedgwick County on October 1, 1988. Key factors in this program are provision of transitional services after employment; child care for a maximum of six months, transportation for six months and medical care not to exceed 12 months. Unique features are establishment of state operated child care centers, family mentor services provided by volunteers and a one-time allowance for special needs such as car repair, uniforms, special tools or books, etc.

EMPLOYMENT & TRAINING SERVICE DELIVERY AREAS



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JTPA Funding Levels Program Year 88 July 1, 1988 - June 30, 1989

Title IIA - \$10,494,920

78%	_	SDAs -	\$8,186,038
5%		Administration-	524,746
6 ક	_	Awards & TA -	629,695
88	_	Education -	839,594
3%	_	Older Workers -	314.848

Title IIB - Summer Youth Program - \$4,166,613

Title III - Dislocated Worker Program - \$1,316,042

SDA Allocations

SDA	Title IIA Allocation	Title IIB Allocation
I	\$1,781,235	\$962,483
II	\$1,537,805	\$756 , 647
III	\$1,339,942	\$563,468
IV	\$1,965,213	\$1,043,730
V	\$1,561,843	\$840,285
тотат.	\$8.186.038	\$4.166.613

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JTPA SERVICE LEVELS TO WELFARE RECIPIENTS

STATE FISCAL YEAR 1988 July 1, 1987 - June 30, 1988

STATEWIDE

Total JTPA Clients Served: 5124

JTPA Clients by Welfare Category	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	1066 (21%) 142 (3%) 347 (7%) 659 (13%) 1417 (28%)

Service Delivery Area I (western and central Kansas)

Total JTPA Clients Served: 1052

JTPA Clients by Welfare Category	# & % Served in SFY 88
ADC	119 (11%)
GA/Refugee	32 (3%)
WIN	NA
Single Parent	79 (8%)
Food Stamps	199 (19%)

Service Delivery Area II (northeast Kansas)

Total JTPA Clients Served: 1278

JTPA Clients by Welfare Category	# & % Served in SFY 88
ADC	308 (24%)
	, ,
GA/Refugee	44 (3%)
NIN	89 (7%)
Single Parent	201 (16%)
Food Stamps	396 (31%)

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Service Delivery Area III (Wyandotte, Johnson & Leavenworth counties)

Total JTPA Clients Served: 812

JTPA Clients by	# & % Served
Welfare Category	in SFY 88
ADC	185 (23%)
GA/Refugee	11 (1%)
WIN	23 (3%)
Single Parent	76 (9%)
Food Stamps	195 (24%)

Service Delivery Area IV (Sedgwick & five adjacent counties)

Total JTPA Clients Served: 950

JTPA Clients by Welfare Category	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	292 (31%) 39 (4%) 235 (25%) 211 (22%) 389 (41%)

Service Delivery Area V (southeast Kansas)

Total JTPA Clients Served: 1032

JTPA Clients by	# & % Served
Welfare Category	in SFY 88
ADC	162 (16%)
GA/Refugee	16 (2%)
WIN	NA
Single Parent	92 (9%)
Food Stamps	238 (23%)

JTPA SERVICE LEVELS TO WELFARE RECIPIENTS STATE FISCAL YEARS 1987 & 1988

	SFY 87	SFY 88
STATEWIDE		
Total JTPA Clients Serve	ed: 4117	5124
JTPA Clients by Welfare Category	# & % Served in SFY 87	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	628 (15%) 172 (4%) 121 (3%) 407 (10%) 864 (21%)	1066 (21%) 142 (3%) 347 (7%) 659 (13%) 1417 (28%)
SDA I		
Total JTPA Clients Serve	ed: 830	1052
JTPA Clients by Welfare Category	# & % Served in SFY 87	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	66 (8%) 33 (4%) NA 39 (5%) 111 (17%)	119 (11%) 32 (3%) NA 79 (8%) 199 (19%)
SDA II		
Total JTPA Clients Serve	ed: 716	1278
JTPA Clients by Welfare Category	# & % Served in SFY 87	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	129 (18%) 15 (2%) 44 (6%) 83 (12%) 171 (24%)	308 (24%) 44 (3%) 89 (7%) 201 (16%) 396 (31%)

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	SFY 87	SFY 88
SDA I	II	
Total JTPA Clients	Served: 574	812
JTPA Clients by Welfare Category	# & % Served in SFY 87	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	120 (21%) 10 (2%) 22 (4%) 84 (15%) 128 (22%)	185 (23%) 11 (1%) 23 (3%) 76 (9%) 195 (24%)
SDA I	V	
Total JTPA Clients	Served: 955	950
JTPA Clients by Welfare Category	# & % Served in SFY 87	# & % Served in SFY 88
ADC GA/Refugee WIN Single Parent Food Stamps	190 (19.9%) 74 (7.7%) 26 (2.7%) 139 (14.6%) 259 (27.1%)	292 (31%) 39 (4%) 235 (25%) 211 (22%) 389 (41%)
SDA '	J	
Total JTPA Clients	Served: 835	1032
JTPA Clients by Welfare Category	# & % Served in SFY 87	# & % Served in SFY 88
ADC GA/Refugee	119 (14.2%) 41 (4.9%)	162 (16%) 16 (2%) NA

NA

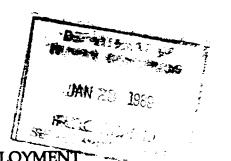
60 (7.2%) 190 (22.8%)

Single Parent Food Stamps

WIN

NA

92 (9%) 238 (23%)



ISSUES IN TRAINING AND EMPLOYMENT

ECONOMIC DEVELOPMENT: A RURAL PERSPECTIVE

Judy Kuhlman

Linda Odum

Roberta Volker-Foreman

introduction by Jerald T. McNeil



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ISSUES IN TRAINING AND EMPLOYMENT

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published by

The National Association of Counties

January 1989

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ECONOMIC DEVELOPMENT: A RURAL PERSPECTIVE

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The Marriage of JTPA and Economic Development in Rural Northern Michigan, by Roberta Volker-Foreman	21

ECONOMIC DEVELOPMENT: A RURAL PERSPECTIVE

Preface

The National Association of Counties (NACo) is pleased to publish this *Issue Paper* entitled "Economic Development: A Rural Perspective". Recently, much discussion has focused on the plight of rural America. There has been little discussion about the solutions which must be implemented to revive rural areas. This paper offers three different perspectives on improving conditions in rural areas. However, all of these perspectives share common themes: a belief in the ability of rural areas to recover economically, a commitment to insuring that this occurs and the use of job training programs as a major component of that activity.

The National Association of Counties has a long standing commitment to the survival and ultimate development of rural areas of this nation. We are exploring various methods of addressing the problems of rural areas through our economic development, aging, mental health, public health and job training efforts. We believe that this paper by Judy Kuhlman, Linda Odum and Roberta Volker-Foreman, service delivery area administrators from rural areas in the midwest, south and upper midwest, and Jerald T. McNeil, director of NACo's Training and Employment Programs, provides important information on how local Job Training Partnership Act (JTPA) programs are addressing this pressing need.

This paper was sponsored by NACo's Training and Employment Programs, through a grant from the United States Department of Labor Employment and Training Administration. This paper is meant to stimulate discussion within the employment and training community. We would appreciate your comments. Please address your comments to Neil E. Bomberg, Research Associate and Editor, Issue Papers Series, National Association of Counties, 440 First Street, NW, Washington, DC 20001.

INTRODUCTION: THE RURAL DILEMMA

Jerald T. McNeil Director

National Association of Counties' Training and Employment Programs

"Why should we train people for jobs that do not exist?"

"Why should we try to attract new businesses to our area if we can't keep our young people here to fill the new jobs?"

"Why should we try to improve our rural economy when we know that business and employment opportunities will continue to move out of rural areas and into this nation's urban areas?"

These questions are heard time and time again in rural America. The answers which these questions generate, all too often, reflect a view that the economic future of rural America is beyond the control of those who reside there and that its destiny is based on what someone from the outside brings its way.

Is this view correct? As with any generalization, it overstates and oversimplifies a problem. Rural America is as heterogeneous as its urban counterpart. What is a problem in one area may prove a benefit in another area. While it is true that much of rural America is facing significant economic and social problems and hardships, it is also true that many rural communities continue to have or are developing strong, viable and vibrant economies. Rural America, in spite of or because of its many successes and problems, continues to be a major political, social and economic force in this nation.

Why then have we heard, during this decade especially, discouraging voices emerging from and about rural America? Why have we heard futurists, economists, politicians and others argue that rural America can no longer offer rural Americans good jobs, good wages and a quality life style? We have heard these arguments made because so much of rural America is experiencing

deteriorating tax bases, failing public schools, decreasing numbers of young and working-age residents and increasing numbers of senior citizens and, of late, devastating effects of the 1988 drought.

We have heard these arguments made because rural America, like urban America, has experienced, during this decade, a major economic transformation which has affected the political, social and economic fabric of this nation. As our nation's manufacturing sector is transformed and replaced by an economy based on services; as the strength of basic rural industries — farming, agriculture-based industries and mining — decreases; as hundreds of thousands of rural Americans leave their small towns and head for urban areas in search of job opportunities and a "better quality of life" it is inevitable that conclusions will be drawn about the survivability of rural America.

Why are we so concerned about the fate of rural America? Rural communities, historically, have been an important element in a strong America. They have provided balanced and diverse opportunities and living experiences for their residents. These opportunities have included affordable housing, adequate health care, quality education, a healthy environment, recreation, and above all, jobs. Jobs are what sustain a community and provide an identity for that community and its residents. Without jobs, no community can survive.

The presence of these opportunities within a community cannot be guaranteed. No one has patented a no risk or fool proof method for insuring that these opportunities exist. In rural communities, the ability to provide these opportunities is hampered by such factors as isolation, infrastructure problems and the like. Yet if rural communities want to survive, they must provide these opportunities.

In the articles that follow, Linda Odum, director of the Bay Area Consortium Private Industry Council (Virginia), Judy Kuhlman, director of the Western Missouri Private Industry Council and Roberta Volker-Foreman, director of the Region 7B Consortium (Michigan) provide different but important perspectives on how to address the economic problems which confront rural America. As Job Training Partnership Act (JTPA) program administrators, they share a common view: that job training is an important component of any effort to increase the quality and quantity of jobs within their service delivery areas (SDAs). That is, however, where the similarities end. Each comes from a uniquely different part of the country, with very different problems and different traditions to address those problems. In turn, each offers different solutions to the problems at hand. Judy Kuhlman offers a very specific proposal around customized training. She urges its use because it allows local job training programs the flexibility which they need to respond to the specific job training needs of employers. Roberta Volker-Foreman reviews the programmatic outcomes which emerged through local efforts to link economic development and job training activities. These include a Local Procurement Office, a Small Business Center and an Area Development Office. Linda Odum offers a broad outline which presents the approaches to economic development activities developed by her Board of Directors to achieve a rural renaissance in the Northern Neck of Virginia.

As we move toward a global economy, there will be increased competition among communities, counties, states and regions for business and industry. It will also mean increased competition between nations, and may mean the continued export of jobs from this nation to third world nations. Decisions will be made by those businesses and industries to locate where profits can be maximized. The impact of those decisions will be reflected in the quantity and quality of jobs within the area.

Our search for jobs will force us to be competitive. However, the answer for rural America does not lie in trying to compete directly with third world countries. For example, America should not attempt to compete with those counties on the basis of low wages. Our

competitive edge lies in our ability to provide a workforce which is significantly more educated and better trained than those of third world countries. Our competitive edge rests in our capacity to produce specialty goods which require technology and a workforce capable of using that technology which is not available to third world countries. Our competitive edge exists because we control technology and related change and can develop job training and educational programs which respond to the technology and change which we — and not third world countries — are developing and implementing.

We must view change as an opportunity which may require substantial investments in our community's infrastructure and people, but which can prove very beneficial to communities willing to make those investments. JTPA cannot build new bridges, roads, water systems, electric plants and other infrastructure items of importance to rural areas. But it can provide a mechanism by which:

- o to train unskilled workers to become skilled and productive workers, and
- o to foster positive change by establishing strong partnerships between elected officials and business and community leaders.

JTPA can be the vehicle by which community leaders come together, through the private industry council system, to develop consensus about the directions local economies should take. JTPA can convene those who can develop the economic development strategy so that job growth and job development can take place.

JTPA can play a significant role in this process. JTPA program administrators can work closely with state and local economic development agencies to supply the training resources and related services to insure a well-educated and well-trained workforce for new or expanding businesses. JTPA program staff can work with the private sector to develop customized training packages which insure an employer that he or she will have the workers they need. JTPA can provide a wide range of services from basic job placement to sophisticated classroom training depending on the specific needs of the employer and the types of jobs which must be filled.

JTPA provides, as Linda Odum, Judy Kuhlman and Roberta Volker-Foreman demonstrate,

an important tool to accomplish a wide range or goals and objectives to benefit their communities.

ECONOMIC DEVELOPMENT THROUGH CUSTOMIZED TRAINING

by Judy Kuhlman, PhD Director Western Missouri Private Industry Council

Fundamental changes occurred in rural America during the 1980s. Farm foreclosures, a growing federal deficit, bank and business failures created new problems for rural employment and training systems. Financially stressed state and local governments lacked the resources to fund new programs or initiatives to address these problems. Responses to rural problems also expanded beyond agricultural revival solutions. The local role in economic development became increasingly important for Job Training Partnership Act (JTPA) programs.

The Job Training Partnership Act was formed on the premise that employment and training programs can aid the economically disadvantaged, the unemployed and the underemployed if programs prepare participants to meet the employer's needs. Customized training as an economic development tool can successfully assist in job creation and economic development.

The recent report, Building a Quality Workforce, a joint initiative of the U.S. Departments of Labor, Education and Commerce, states "Employers are practically unanimous in their concern that competencies of entry level workers are deficient."

As business people, private industry council (PIC) members share Secretary of Commerce C. William Verity's concern about achieving higher productivity when, all too often, it is difficult to hire new employees that are capable of completing the work they were hired to do. Even employers who are willing to do on-the-job training (OJT) for specialized skills are often confronted by workers who do not have the basic skills needed to learn a job and peform basic tasks. This is especially true among youth. This skills gap is increasing. Reports from all sources paint a bleak picture of how well employer requirements meet potential employee skill levels.

Changing career patterns occur parallel to technological change. No occupational skill will last a lifetime. The trend is to eliminate the less skilled jobs in business and industry and place a higher emphasis on basic skills and abstract knowledge such as problem solving. Most adults have not taken training like correspondence courses, on-the-job training or adult education courses. Adapting to the needs of these workers as they change career paths and need to retrain is a high priority in customized training.

Human resource development can be enhanced by formal and informal education programs. We are at a period when continuing education is not only desirable, it is a necessity for many if they intend to remain in the labor force.

Since 1986, the United States Department of Labor, the National Association of Counties, the National Alliance of Business, and others involved with employment and training have been taking a concentrated, critical look at America's work force for the year 2000. The results are raising many concerns.

They have found that we are going to be faced with significant education, training and retraining needs that cannot be met with most current systems, unless we make changes.

"In rural America, small businesses provide rural communities with their lifeblood," said James Abdnor, Administrator of the Small Business Administration, while testifying before the Senate Small Business Subcommittee on Rural Economies and Family Farming. Small business created 94 percent of the new jobs begun in the U.S. from 1980 to 1986. "Yet, very small firms employing 20 employees or less were responsible for almost two-thirds of all rural jobs growth," he said. Ironically, the number of small businesses

in rural communities grew by only 8.5 percent between 1980 and 1986, while the number of small firms in urban areas grew 18 percent. Serving the needs of these small businesses requires spending time determining their specific training needs.

The Council on Competitiveness recently released a report calling for major new investments in education and university research and for policies to diminish the lag time between lab discoveries and production of new products. Much of this is based on the idea of a shrinking domestic market. The study challenges the belief in high technology as the way to economic gains. But, the point here is missed if we do not look to economic development simultaneously.

Loss of jobs in large companies from 1974-1984 reached 1.4 million. At the same time 41,000 new industries focused on basic products. There is a greater shift from large manufacturing to small business than from manufacturing to high technology.

Small businesses — those most often found in rural areas — frequently have trouble surviving their first two years. JTPA- sponsored OJTs can dramatically reduce some of the start-up costs which small businesses experience by assisting with training of their workforce, until they become productive employees.

Our economy, over the next twelve years, has the potential to create over 16 million jobs. It is estimated that the work force, however, will only increase by 14 million individuals. This means that the supply of labor will grow more slowly than at any other time since World War II. That is at half the rate of the 1970s. In addition, the work force will average 39 years of age by 2000. Women will make up 47 percent of the work force and 60 percent of working age women will be at work. Necessity will require the employment of many currently defined "high-risk" individuals.

In 1984, Madeline Hemmings, National Alliance of Business, discussed The New Job Training Partnership: Designed to Serve Small Business. She emphasized how the employment and training system works with and trains the same types of people small business is now

hiring: teenagers, first time job holders, people with lower levels of education, disadvantaged minorities, mature, experienced workers and women. Through customized training these individuals are prepared to specifically meet employers' needs.

Customized training places small and large businesses, alike, in a position to assure themselves of a steady supply of prepared, productive workers. Employers know the exact level and type of training the participants have had because they created the program. In addition, the business can be assured of quality programs because the program is performance driven.

At the same time, JTPA operators meet their goal of moving disadvantaged individuals to permanent unsubsidized employment. The participants become productive, contributing members of society and in turn more satisfied people. After all, we know that work can be tedious, unpleasant or demoralizing . . . or challenging, meaningful and satisfying. Participation in work affects almost every aspect of a person's life.

Customized training plays an important role in answering the economic development needs of SDA 4 — Western Missouri Private Industry Council — in Sedalia, Missouri. By contributing as an economic catalyst and aiding business and industry by supplying a steady source of prescreened and trained workers, customized training provides support to long term economic and business development.

The Western Missouri Private Industry Council realized the importance of customized training to develop a skilled workforce for meeting the needs of new and expanding industries early in JTPA's transition year (October 1983 to June 1984).

Service Delivery Area 4 consists of 13 counties in western Missouri. One county, Lafayette, was added to the Kansas City Metropolitan Statistical Area (MSA) after the 1980 census; otherwise, there are no MSAs in the SDA. The largest cities are Sedalia, Warrensburg, Marshall, Nevada, Clinton, and Lexington. Twelve communities have a population over 2,300; two are located in one county.

Although agriculture is important in this predominately rural SDA, there is also a relatively large non agricultural industrial base. Food products, garments, footwear and electrical goods are the largest manufacturing industries. The most important non-manufacturing industries are wholesale and retail trade, banking, medical care and education. The recent completion of the Harry S. Truman Dam Reservoir has created some new jobs in recreational services, but restrictions on commercial development of the lake have prevented any major growth in tourism.

Within this framework of diversity, a full menu of program options are available to assist participants. We seek to meet our goal of opportunity for everyone through training and program strategies designed to meet the needs of the business community.

Economic growth has been bleak in most rural communities of the nation. The Annual Average Employment Growth Rate for Missouri's SDAs from 1984 to 1986 ranged for 6.22 percent to. 01 percent. Service Delivery Area 4 had the lowest at .01 percent according to University of Missouri data. Within this framework, the Western Missouri Private Industry council wished to create economic growth.

The workforce available is easily motivated and possesses excellent work ethics. Yet, few have the skills and technical knowledge required by modern industries. Therefore, human resource development was necessary, for company employees required for area industries to develop and maintain competitiveness in the global market.

According to the Missouri Department of Economic Development, last year more than 60 percent of the new jobs created by new and expanding manufacturers in the state were in companies employing less than 50 employees at start-up or adding no more than 50 employees in an expansion. Through the Division of Job Development and Training, funds are available from both JTPA sources and the Missouri Job Development Fund to provide customized training. The combination of federal, state and local funds available to Missouri employers assures industry of an educated, trained workforce, and we save

employers time and money.

Starting, expanding or improving a business is not an easy task. It requires a search for qualified employees, teaching them new skills and sometimes large capital expenditures. Regardless of the need, the customized training program makes building a competent and talented work force easier and more cost effective.

Through the cooperative effort of combined resources, employers have access to a wide range of training services designed for their business and their employees. With a minimal amount of paperwork, they receive financial assistance and tax credits to offset the cost of those services.

Customized training involves skills training in a classroom setting, on the job training, or both. Employers get a program designed to meet their specific training objectives. And most importantly, they play a significant role in the development of the program. A business can utilize customized training: when it is new or expanding and creating new jobs; when it needs to retrain existing employees as a result of substantial new capital investment; or when it needs to retrain existing employees as a result of substantial new capital investment; but as a result of the introduction of new products or services or to upgrade quality and to improve productivity.

We cut employer training costs. Customized training offers a reimbursement program which may include: instructors' salaries; instructional supplies (textbooks, workbooks, audio visual tapes, etc.); vendor trainers (used in curriculum development or as instructors); and training wages (up to a maximum of 50 percent for all eligible trainees).

We also help employers save on their taxes. Employers may be eligible for these federal and state job tax credits: a maximum federal tax credit of \$4,500 for each trained individual you hire who meets guidelines under the Targeted Jobs Tax Credit Program and state-sponsored new job tax credits for new or expanding businesses. In Missouri, credits of \$75 per new business employee and \$100 per expanding business employee for ten consecutive years once claimed. The amount may vary from year to year depend-

mig on the number of jobs maintained throughout the period. In Missouri, additional tax credits are available through Missouri's Enterprise Zone Program. New and expanding businesses located in an Enterprise Zone may receive a \$1,200 credit for each new employee and up to a \$400 training credit for each new trainee who is a Zone resident or is considered unemployable.

Depending on the type of training and funding source, the employer may be asked to contribute to the total program cost, either directly or through in-kind contributions. Contributions may include: the value of training space or equipment; salaries and benefit for professional, clerical or service personnel; supplies and raw materials used during training; or wages and benefits for trainees.

While we maintain an open arms attitude toward business, there are certain criteria which must be met for project approval. Upon receipt of an application, projects are reviewed for the number of jobs created, the number of jobs retained, the cost effectiveness of the program and the impact on employee wages and capital investments.

To promote customized training in SDA 4, a "one stop concert" has been developed where a representative of customized training visits with potential business industry customers to determine their training needs.

Customized training is a program specifically designed to prepare employees to meet the requirements of a job or group of jobs within a company. To participate in this type of program, a business must agree to hire those individuals who satisfactorily complete the training designed to meet the employers specifications. This training may be done at the business site by one of the company staff or may be provided by a qualified outside service provider, often one of the education consortium members including seven vocational technical schools one community college or a state university.

Once a training need has been established, sources of funding are secured to complete the actual training. Services offered include classroom training, on the job training, and mediate

productions of industrial process; development and delivery of specialized program training is the key to success. The Western Missouri Private Industry Council, economic development personnel, chambers of commerce, vocational technical schools, and college combine efforts to serve participants and business industry. This program is successful because of the flexibility which allows it to meet the needs of industry.

To create the strong local economic development linkages, the Western Missouri Private Industry Council belongs to every chamber of commerce in our 213 county seats. Staff members attend meetings and serve on local business committees, including a military affairs committee or a local air force base linkage. Economic development and industrial development boards and directors are visited by staff of contracted service providers which are community action agencies, education institution representatives along with Western Missouri Private Industry Council members. Everyone promotes the program from the same conceptual base, and the Council has the leadership role. Networking occurs at its best because everyone has something to gain from the system, including economic development.

During the past three years, the Council has developed and delivered training to 113 industries over 7,600 employees for a total of \$2,798,625 at an average cost of \$368.24 per employee in all types of business. Since PY 84 the program has placed 1,967 individuals in customized on the job training for new or expanding business. As a part of the Western Missouri Private Industry Council local support, each year since 1984, more than 20 percent of the Title IIA training budget has been allocated for custom training support.

In PY 87, 286 participants were trained through customized on the job training and placed in unsubsidized employment while assisting 37 businesses with their training requirements. The entered employment rate was 80 percent in PY 87, attesting to the high quality of customized on the job training developed by the Western Missouri Private Industry Council.

Customized training provided through the Department of Elementary and Secondary

Education assisted 14 businesses while providing customized classroom training for 1,936 individuals in PY 87. Most of these are expanding businesses in need of assistance with training to remain competitive. Seven customized training programs provide a combination of classroom and on the job training.

Through the efforts of Western Missouri Private Industry Council, SDA 4 began a special customized training effort in JTPA Program Year 1986 (July 1986 through June 1987). An industry was chosen that had a successful on-the-job training program and wished to create a more tightly structured competency-based training effort. This company became one of the two pilot sites in Missouri. Funds for the program were provided by the Department of Elementary and Secondary Education through a Division of Job Development and Training contract.

With the help of the Instructional Material Laboratory at the University of Missouri, the Western Missouri Private Industry Council staff, and the local vocational technical school, a competency-based quality assurance program began in Program Year 1987 (July 1987 through June

1988). A competency-based program for customized training will be completed soon and available to support business and economic development throughout Missouri.

The State of Missouri has recognized this program on three occasions as exemplary. Since the inception of a Customized Training Award in 1986, this program has won that award in 1986, 1987 and 1988.

The Job Training Partnership Act created the opportunity for employment and training programs for employers to significantly influence how the program works, its quality and its usability for local employers. Customized training allows the private industry council to provide appropriate, timely and valuable skill training programs to a wide range of participants and businesses. The cooperative effort, linkage and support have insured consistently high quality, labor market sensitive and business need driven programs. Customized Western Missouri Private Industry Council Training makes a difference to rural economic development.

STRENGTHENING A RURAL ECONOMY

by Linda Odum, PhD* Director

Bay Area Consortium Private Industry Council (Virginia)

"...as we engage in the future, we must never forget that America was born on a farm in Virginia."

 Virginia Governor Baliles speaking before "agribusiness" representatives.

To obtain an accurate picture of the importance of agriculture, to Virginia, in general, and Warsaw, Virginia's Bay Consortium Private Industry Council, specifically, one must begin with:

- o the production capabilities of our family farms:
- o employment and revenues that are generated by farm expenditures; and
- economics involved in supplying consumers with quality nutritious food items as well as wood and fiber products.

But one also must examine non-farm employment and income which is linked directly and indirectly to production in Virginia's farm, forest, and seafood sectors. Non-farm activities linked to farm, forest and seafood production provide the basis for jobs in fuel, fertilizer, feed, seed, machinery, chemicals, transportation, credit and finance, among others. Moreover, processing, transforming and m ving raw farm, forest and seafood products to market for the basis for jobs in such industries as transportation, food and fiber, wood pr cessing and manufacturing, retail, wholesale, and warehousing.

In response to the wide ranging impact which agricultural production has on a wide range of industries and businesses, the Board of Directors of the Bay Consortium Private Industry Council resolved, in 1986, to:

1) define the crisis within agriculture in terms

- which were specific to our service delivery area:
- identify the problems which confront our local rural economy; and
- 3) identify and implement solutions to these problems.

We found that:

- o ten to 15 percent of all farmers have incurred debt equal to 100 percent of the asset value of their farms; and
- o as more and more farms and related businesses face bankruptcy, an already fragile economic base is further threatened by declining land values, decreased employment opportunities, and elevated unemployment rates.

The policy decisions to pursue long-term solutions were guided by the view that:

- homegrown or "value added" businesses compatible with the area's natural resources and the needs or desires of local officials and residents must be explored and supported;
- o farm to non-farm linkages must be strengthened; and
- capital formation and growth should be supported by the private sector with minimum government subsidies.

The next task for the Board was to identify the strength of businesses operating in the 16 rural jurisdictions that comprise the Bay Job Training Consortium. It was learned that the strength of businesses within the service delivery area vary dramatically, but that three basic levels of strength could be identified. They are:

- o businesses that are stable, strong and ready to expand:
- o businesses that straddle the fence between

survival and bankruptcy; and o businesses that are embryonic.

In reviewing the needs peculiar to each of the three types of businesses, the Board created a matrix that cross-referenced the strength of firms by needs.

Strength

of Business

Need

Strong

technical assistance for expansion:

capital

trainedlabor force

Fragile

technical assistance for survival:

assistance out of business

capital

Embryonic

technical assistance for

development:

entrepreneurial training

capital

trained labor force support/mentoring/ technical assistance

It was quickly apparent that the needs were not so different, as much as the content of the need differed dramatically. That is, each business group needed technical assistance. However, the technical assistance one would offer an expanding business would be unlike the assistance one would offer a brand new business.

The Board of Directors concluded that it was not their role to bring businesses to the area. Their responsibility, they concluded, was to provide the kind of support necessary for existing and emerging businesses to retain those jobs which already exist and create new ones to increase the availability of jobs.

To date, very specific steps have been taken by the Private Industry Council to implement solutions. The steps have included establishing a procurement assistance center, technical assistance, assistance to emerging businesses, assistance raising capital including development of a community development corporation and identifying and assisting with labor force needs. The steps taken by the Bay Area Consortium Private Industry Council have been strategic, measured and chosen to become a permanent and consistent part of the total economic solution. This has not been an easy process. While it is possible to outline the steps taken, it must be understood that implementation of any one or all of these initiatives is a slow and often painstaking process.

The steps taken by the Bay Area Consortium PIC are outlined below:

Procurement Assistance Center — The Private Industry Council was successful in responding to a Solicitation for a Cooperative Agreement Proposal led by the Department of Defense, Defense Logistics Agency. The Center is in its first year. During the first months, the Center acquired a library of Federal documents and computerized search equipment, established an advisory council, and received the necessary training for the utilization of the computerized search methodology. The provision of services to business to assist in the acquisition of government contracts is now beginning.

It is expected that the Procurement Assistance Center will become self-supporting in the near future. In keeping with the PIC's philosophy which favors minimal government subsidy, the Defense Department and Bay Area Consortium Private Industry Council funds will be reduced substantially as the Procurement Assistance Center becomes self-supporting.

Technical Assistance — The Private Industry Council perceives its role as one of brokering technical assistance to business. There are numerous sources of excellent technical assistance available. Community colleges, small business assistance centers, peers, and retired business owners, colleges and universities, and state offices are some of the excellent sources of technical assistance.

The difficulty seems to be in having enough time to keep the business alive and find appropriate assistance. In responding to this need, the Bay Area Consortium Private Industry Council has authorized one new staff position—Business Development Director — who will

devote significant attention to brokering technical assistance to businesses.

Emerging Businesses — with additional financial assistance from the Levi Strauss Foundation, the Bay Area Consortium Private Industry Council has initiated an entrepreneurial training program entitled Opportunities Unlimited. The program's thrust is to provide adequate training for potential entrepreneurs. A small loan fund (maximum loan not to exceed \$2,500.00) has been established. A board of directors and set of committees made up of local business owners has been established. They will guide the program and act as mentors to the new entrepreneurs.

What is especially unique about this effort is that the target group for Opportunities Unlimited are those who cannot obtain loans and financial assistance because they lack the collateral, credit, or credibility with the lending community.

Capital — The Bay Area Consortium Private Industry Council is in the process of establishing a community development corporation (CDC). The CDC would include a for-profit venture capital subsidiary and is developing a portfolio of possible ventures to attract local investors. In order to accomplish this task, a Producers Cooperative is being planned. To demonstrate

its commitment to the project, an additional statr position of Producers Co-op Manager has been established. The PIC is in the process of soliciting start-up funds from a variety of sources.

Labor Force Needs — Tied to its on-going state and federal mandates to provide training to economically disadvantaged persons, the Bay Area Consortium Private Industry Council is continuing to expand the scope and direction of its job training and placement activities. Among the methods used to increase the Bay Area Consortium's influence over job training and hiring within the area are up-grade training for existing employees, first source hiring agreements and employee owned business training.

We at the Bay Area Consortium Private Industry Council believe that the opportunities for job training and related activities are limited only by the failure of our vision. The problems which rural areas face are complex. They are made so, in large part, by a faltering farm economy. However, the complexity and extent of our problems in the Bay Area cannot be allowed to constrain our goals and objectives — to insure the continued growth and expansion of our economy; to insure that there are enough good jobs for each and every person desiring one; and to insure that there are enough well-trained individuals to fill those jobs.

^{*}The author wishes to thank Dr. Berkwood Farmer, Executive Director, Rural Virginia Development Foundation and H. Earl Longest, President, Farm Credit Service, for their knowledge, expertise, and written materials from which I have liberally borrowed.

THE MARRIAGE OF JTPA AND ECONOMIC DEVELOPMENT IN RURAL NORTHERN MICHIGAN

by Roberta Volker-Foreman Director Region 7B Consortium (Michigan)

The Region 7B Consortium service delivery area (SDA) is comprised of six rural counties in the east central portion of the state, encompassing approximately 3,086 square miles. The total population is 128,100; with an average of 42 persons per square mile. The largest community within the service delivery area had a 1980 population of 3,300.

Region 7B is the beginning of Michigan's "up north" vacationland and the local industrial structure is heavily weighted toward the retail trade, government and service's sectors of the economy. Manufacturing comprised only 13 percent of total employment in the region in 1984 compared to a statewide average of 28 percent. Civilian government employment makes up a full 30 percent of total employment in the region compared to a state-wide average of only 18 percent. The earnings of 13 percent of the civilian labor force are not sufficient to raise their families above the poverty level.

The regional economy is a network of small labor markets clustered around the towns and cites in the six-county area. There is a certain amount of commuting for work between towns and counties and the driving time between corners of the region is three hours.

With an average residency adjusted per capita income of \$8,480 in 1982, Region 7B is one of the poorest areas in the state. Two major contributing factors are that the region has the lowest average wage in the state at \$13,000 per year and has one of the highest rates of transfer payments as a percentage of personal income.

Statistical data for the population show that 74 percent are 14 or more years of age, and of this group 19 percent are economically disadvantaged, 42 percent are teenage parents, 21 percent have limited English proficiency and 58 percent are

displaced homemakers. In addition, high school dropouts age 16 to 21 make up 27 percent of the region's disadvantaged youth and as many as 46.3 percent of disadvantaged adults age 22 to 64 have not received a diploma or equivalent.

It is estimated that 8,305 persons aged 22 to 54 and 1,400 persons aged 16 to 21 are eligible for JTPA.

Because of the high percentage of residents with incomes below poverty who are unskilled and the lack of public transportation, and relatively non-existent industrial growth; coupled with seasonal, low wage employment opportunities, Region 7B recognized the need for strong economic development efforts to be coordinated with local officials.

The infusion of public dollars for employment and training in an area such as Region 7B must be coupled with economic development for job creation — at a viable wage — if we are to realize the best use of public funds and create a climate for positive economic growth.

The emphasis on economic development in Region 7B actually started under the Comprehensive Employment and Training Act (CETA) programs which served this area; with the private industry council establishing a Local Procurement Center to assist private businesses secure federal government contracts. In exchange, the businesses receiving contracts resulting in a need to increase their work force agreed to hire CETA eligible individuals.

With the introduction of JTPA and the reduction in available funding, the need to further economic growth became a priority issue. The private industry council and staff of Region 7B facilitated meetings with community leaders, Department of Social Services, community

ges, Vocational Rehabilitation, Michigan Employment Security Commission and other interested individuals to discuss combining resources—both financial and professional—to address the overall picture. The private industry council committed employment generating activities (EGA) monies towards the effort, assuring that job placements supported expenditures.

In 1984, the Michigan Department of Commerce, frustrated with their efforts at trying to assist with overall economic growth-especially in rural areas, met with local officials and SDA administrators to discuss the formation of Community Growth Alliances (CGA's) throughout the state to provide a link between the Michigan Department of Commerce and the local communities. These CGA's would, encompass a multi-county geographic area; and work with local governmental units as well as Industrial Development Corporations (IDC's) and Economic Development Corporation (EDC's). The three components of the CGA would be a Local Procurement Office (LPO), a Small Business Center (SBC) and an Area Development Office (ADO). Partial funding would be provided through the Michigan Department of Commerce, using a combination of Federal and State funds.

This marriage of JTPA and Economic Development took place in Region 7B in June 1985.

Since our Local Procurement Office was already operating, the infusion of funds allowed for expansion of services. The new components, the Small Business Center and the Area Development Office received support funding from JTPA EGA monies and local community colleges.

The Small Business Center is designed to provide assistance to small business owners and potential business owners in the areas of business planning, financial planning, market research and training. The staff work with the community colleges, Chambers of Commerce, local business organizations and Service Corps of Retired Executives (SCORE) as well as private individuals such as accountants, attorneys, personnel directors and established business owners to

provide training seminars, one-on-one counseling and related services. In 1987, an Entrepreneurship Club was formed to allow small business an informal information sharing structure.

In the past 11 months, the Small Business Center has provided over 1,000 counseling hours to 442 clients. They have provided 70 program hours of training seminars; assisted in 17 new small business start-ups. These activities have resulted in 64 new jobs being created —87 percent filled with JTPA clients — and 65 jobs retained.

The Area Development Office is charged with the responsibility of working with the local IDC's and EDC's to assist in retention, expansion and new industrial growth. In addition, the ADO is responsible for marketing our six county area throughout the country as a good place to do business. The development of new brochures and participation at trade shows throughout the country are an important part of the overall responsibility. The ADO personnel work handin-hand with the Michigan Department of Commerce in putting together financial packages for business expansion and new business as well as assisting local communities in infrastructure financial packaging to meet the needs of the manufacturing growth.

The Area Development Offices in rural northern Michigan have formed an alliance — North Force — to promote the area as a positive climate in which to do business. This group publishes a quarterly magazine, distributed nationwide, shares costs and space at trade shows, and has the enthusiastic support of the business community.

In the previous 11 month period, the Region 7B ADO personnel have been instrumental in assisting with 4 new large business start-ups and 14 large business expansions resulting in 123 new jobs, with a potential of an additional 100 to 150 within the next eight months. In addition, jobs retained exceeded 380. Public investment in these projects is approximately \$350,000 as compared with private investment of \$2,308,000.

On-going projects, such as formation of cooperatives for bee keepers, pallet manufacturers and agricultural products, as well as the current expansions and new start-ups in the works, have a potential for upwards of an additional 150 to 200 jobs in the next 12 months.

The Local Procurement Office services have brought in \$7,532,405.00 in new federal and state contracts to local manufacturers in the past 11 month period. This effort has resulted in 28 new jobs, rehiring of approximately 20 workers and retention of between 35 and 40 workers.

Tying the above services with JTPA clients has provided Region 7B with additional opportunities to reduce the welfare dependency, increase skill levels, provide living wages and improve the economic growth of our area. Many new hires are direct placements, thus freeing up JTPA dollars for serving additional clients.

The referral network for JTPA job ready clients has been enhanced by the arrangements stipulated with employers who receive assistance from our economic development center. Having both components under one agency provides a continuity of information flow among staff personnel, other agencies, and the private business community.

The private industry council, provides the catalyst for bringing the communities together. The members are active in their local community organizations, both public and private; strongly support the activities of Region 7B Consortium; and encourage local public and private participation in this regional effort.

Since no marriage is perfect, this one also has problems. The continual on-going problem of convincing local communities that their neighbor's economic growth will have a positive impact on their area has been the most difficult to overcome. With the infusion of new industry, and the benefits derived; the old "action speaks louder than words" has proven beneficial.

Due to size of the rural geographic area of Region 7B and the numerous small pots of money

given to various agencies for economic development and employment and training — i.e., cooperative extension, community colleges, Department of Social Services, Employment Service, Vocational Rehabilitation, community-based organizations, unions, utility companies and others — the coordination of resources and services is an on-going process which is still somewhat fragmented.

The current clouds of concern deal with withdrawal of funding support from the Michigan Department of Commerce due to lack of a state legislature appropriation. To cover this deficit, Region 7B is working on a fee for service structure, as well as exploring private sources of financial assistance. Consumers Power Company has already made a financial contribution and Michigan Bell Telephone provided support for purchase of computer equipment. In addition, these two companies provide economic feasibility studies for our area and provide staff expertise.

The positives of this marriage — job creation at a viable wage, job retention and retraining, welfare dependency reduction, positive economic growth for distressed communities, increased training opportunities for economically disadvantaged individuals, better utilization of financial resources — are better cooperative efforts in providing services to clients and business, along with recognition of Region 7B as an organization of innovative, progressive professionals. The positives far outweigh the negatives.

We firmly believe that job training and economic development must work hand-in-hand in rural areas; that one without the other is a waste of time and money. If the rural areas of this country are to survive, we must educate our people and provide them adequate training; but most of all we must provide a climate for positive economic growth which will allow them the opportunity to utilize their skills earning a wage adequate to maintain a comfortable standard of living.

National Association of Counties Training and Employment Programs 440 First Street NW Washington, DC 20001 First Class U.S. POSTAGE PAID Washington, D.C. 20001 Permit No. 9968

Mr. Dennis Taylor State Program Planning And Development Department Of Human Resources 401 S.W. Topeka Avenue Topeka. KS 66603 Briefing on
The Kansas Industrial Training Program
and
The Kansas Industrial Retraining Program

Presented to Senate Labor, Industry and Small Business Committee

by
Steven A. Jack
Job Training Coordinator
Kansas Department of Commerce

January 25, 1989

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Business
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The Kansas Department of Commerce, the Kansas State Department of Education, and the Kansas Department of Human Resources work together in an effort to invest in human capital by providing customized job training programs for companies wanting to locate new facilities in Kansas or expand or restructure existing facilities. Through this coordinated effort, the Kansas Department of Commerce packages federal and state dollars in a streamlined process designed to cut red tape, minimize paperwork, and respond quickly to the training needs of Kansas employers.

This effort also represents a strong commitment by the State of Kansas to provide our labor force with new and appropriate skills for the job market.

Kansas Industrial Training Program (KIT)

The Kansas Department of Commerce coordinates a new and expanding industry training program with the Kansas State Department of Education, Division of Community Colleges and Area Vocational—Technical Schools. The Kansas Industrial Training (KIT) program is designed to meet the specialized training needs of new and expanding companies adding 10 or more new jobs to the Kansas economy. Companies that are eligible for training assistance include, but are not limited to, manufacturing, warehousing/distribution, and some regional service—related operations. Eligible service businesses include loan processing, financial services, telemarketing, and other operations with major markets beyond the state's borders. Retail establishments are not eligible. Most jobs in Kansas are in the manufacturing and service sectors of the economy. KIT, therefore, tends to work primarily in these areas (see attachment 1).

Skills currently being taught through the KIT program are in a variety of occupational training areas. These include: aircraft assembly, aircraft engine mechanics, telemarketing, metal fabrication, woodworking, printing, garment construction, welding, electronics, food processing, and others.

The KIT program will pay the negotiated cost of pre-employment, on-thejob, and classroom training expenses that include instructor salaries;

travel; videotapes, training manuals and textbooks; supplies and materials;

minor equipment; certain utility costs; and curriculum planning and

development.

The KIT program has been funded through annual appropriations and administered through the general authority given to the Kansas Department of Commerce since FY1973. On July 1, 1981, the Kansas Department of Commerce (then-Kansas Department of Economic Development) and the Kansas State Department of Education entered into a memorandum of understanding, in which both agencies agreed to coordinate and provide occupational skills training to meet the emerging needs of industries in Kansas (see attachment 2). The coordinated effort brought together the state-funded KIT program administered by Commerce and federal funds (Carl Perkins Vocational Education Act) administered by Education.

Since FY1982, Commerce and Education have cooperated in funding 131 training projects involving 11,433 trainees. Total training funds contracted are \$6,655,102. The average cost per trainee is \$582 over the past eight years. Factoring out the program's only major retraining project (General Motors - 3,911 trainees over three fiscal years), the average cost per trainee is \$759.

Demand on KIT program funds has been extraordinarily high this year as many existing businesses have increased employment levels and several companies have decided to locate new facilities in Kansas. The demand is also the result of increased importance placed on training by business and industry and more aggressive marketing of this economic development tool both to prospects as well as to existing Kansas firms with the potential of adding jobs to the state's economy.

As evidence of the increased awareness of the KIT program, requests for information during the entire 1987 calendar year from companies and economic development and educational entities on behalf of companies totaled 47. Requests during 1988 totaled 100. The result of this increase in awareness is increased utilization of the program, more jobs added to the state's workforce, and better trained and more productive employees.

Because of increased demand, all of FY1989 appropriations for KIT were obligated in the first six months of the fiscal year. Through the last six months, the Kansas Department of Commerce and Kansas State Department of Education have co-funded 31 KIT projects totaling \$1,900,000. Commerce has utilized \$1,200,000 of Economic Development Initiative Funds (EDIF), while Education has utilized \$700,000 of Carl Perkins Vocational Education dollars (see attachment 3).

The fiscal situation of the KIT program is occurring despite efforts to administer the program in a conservative and efficient manner. This year, the cost to the state per new job created has averaged \$742, and companies are routinely requested to assist with resources of their own. More than \$800,000 has been committed by those businesses working with the KIT program this year to assist in training new employees.

The Governor has recommended \$800,000 in supplemental funds for this current fiscal year for additional industrial training projects. The Governor has also recommended \$2,450,000 in appropriations for FY1990. \$1,025,000 would come from State General Funds, and \$1,425,000 would come from the EDIF.

In addition to the combined efforts of Commerce and Education, increased coordination has taken place with the Job Training Partnership Act (JTPA) program. In order to develop a more coordinated human resources strategy focused on economic development and to leverage resources from a variety of programs, a model employment and training/economic development initiative was implemented in FY1986 with the creation of a "Job Training Coordinator" position. This position is located in the Industrial Development Division of the Kansas Department of Commerce and is funded by JTPA Education Coordination (8%) Funds through a cooperative agreement between the Kansas Department of Human Resources and Kansas State Department of Education and a memorandum of understanding between Education and Commerce. Training Coordinator (acting as a "one-stop shop") is responsible for the administration and management of the KIT program as well as the coordination of Carl Perkins funds and JTPA resources, including those from the Rural Employment Assistance Program (REAP), used in conjunction with KIT projects.

Unlike Commerce and Education monies which are committed up front and combined in a single KIT contract, JTPA on-the-job training (OJT) funds are committed by the Kansas Department of Human Resources through Private Industry Council's (PIC) on an individual trainee basis as JTPA-eligible employees are hired during the training period. In FY1988, all five PICs

set-aside at least \$50,000 to be utilized for new and expanding industry in each Service Delivery Area (SDA).

Several PICs have invested even greater amounts toward economic development and the creation of new jobs. The Private Industry Council serving the Wichita area (SDA IV) currently has 49 JTPA on-the-job training contracts with Beech Aircraft, Learjet, and Best Western Reservation Center totaling \$174,228. In addition, each PIC works with a variety of companies, large and small, to develop new jobs for JTPA participants.

The Department of Commerce also coordinates with other Department of

Human Resources programs and services available through Job Service. These

include testing, referral, and placement services as well as certification

for the Targeted Jobs Tax Credit program.

Kansas Industrial Retraining Program (KIR)

House Bill 2515, passed into law during 1988 legislative session, not only statutorily established the KIT program, which has been administered previously through the general authority given to the Kansas Department of Commerce, it also established the Kansas Industrial Retraining program.

This new training program is designed to provide customized retraining to employees of restructuring industries. A restructuring industry is defined as an industry which is located in Kansas and is restructuring its operations through incorporation of existing technology, development and incorporation of new technology, diversification of production, or development and implementation of new production. The KIR program is designed to provide retraining to those employees of restructuring

industries who are likely to be displaced because of obsolete or inadequate jobs skills and knowledge.

While demand for KIT assistance has been very high this year, only one formal application for assistance for the KIR program has been received. This is due, in part, to the newness of the program. Awareness of KIR has, however, been increasing as the Department of Commerce markets the program to existing industry.

Business and industry do receive retraining assistance at area vocational-technical schools and community colleges utilizing state formula funding and through the Kansas State Department of Education's Adult Short-Term Training Program utilizing Carl Perkins funds. The Department of Commerce has regularly referred companies to these resources - particularly, those companies that may not meet KIR's very specific mission of retraining employees who are "likely to be displaced" without additional job skills and knowledge.

The KIR program does bring more flexibility to the industrial training efforts of the Department of Commerce by broadening the focus of those efforts to include job retention as well as job creation.

Program Survey of Fiscal Year 1987

The Department of Commerce has instituted a formal evaluation system to measure the effectiveness of the KIT program. The survey instrument was based, in part, on one used by the Legislative Division of Post Audit in a July, 1987, report on job training programs in Kansas.

Of the 18 companies surveyed, 17 were still in business. Thirteen of those 17 companies responded to the survey. 4,514 employees of the 13

responding companies were trained through the use of \$1,068,630 of KIT funds (\$741,485 of state resources from Commerce; \$327,145 of federal dollars from Education). 3,911 of the employees were involved in a major retraining effort at General Motors in Kansas City, Kansas. The remaining 603 trainees represent new jobs at twelve companies. The cost of training employees for the newly created jobs averaged \$724.

The average starting salary for new employees trained by the KIT program was \$5.23 an hour. Seventy-nine percent of the trainees are still employed and have received an average salary increase of 21 percent to \$6.34 an hour. In every case, company officials considered these employees' performance to be at least comparable to other employees' performance. Forty percent of the respondents rated these employees' performance as above average.

Eight companies indicated that they had utilized their local Job Service office for testing, screening, and referral services for the new employees.

Nine companies utilized the JTPA program. JTPA participants represented 18 percent of the workforces of those companies utilizing JTPA programs.

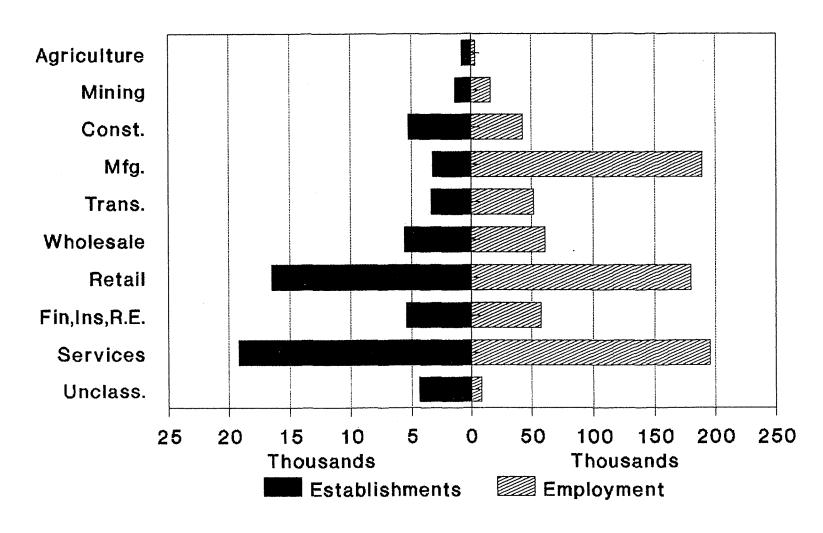
Seven percent of all new jobs created went to JTPA participants.

All of the companies rated the assistance provided by the KIT officials as good to excellent. Assistance provided by JTPA representatives was rated as good to excellent by 90 percent of the respondents. The local educational agencies were rated good to excellent by 83 percent of the companies. Seventy-two percent of the respondents rated assistance from Job Service as good to excellent. Quality and content of training were rated good to excellent by eighty-eight percent of the companies.

Eighty-three percent of the companies responded that the KIT program was "important" or "very important" in the decision to expand, relocate, or start their business. Fifty-eight percent described the assistance as "very important." All of the companies said they would recommend the program to other new or expanding businesses.

Many companies outlined specific areas of savings and benefits from the KIT program including increased production, better quality, and reduced operating costs. One company utilized savings in training costs for higher starting salaries to attract higher quality workers. Another company responded that "employees graduating from the training have stated that they have experienced self worth, seeing themselves as important to the success of the operation."

KANSAS INDUSTRIES



County Business Patterns - 1986 (5/88)

MEMORANDUM OF UNDERSTANDING between THE KANSAS DEPARTMENT OF COMMERCE and THE KANSAS STATE DEPARTMENT OF EDUCATION

This Memorandum of Understanding is made and entered into this lst day of July, 1988, between the Kansas Department of Commerce and the Kansas State Department of Education.

WHEREAS, the parties to this Agreement have established a structure to coordinate and to provide customized occupational training in meeting the needs of new, expanding and restructuring business and industry through the Kansas Industrial Training Program and the Kansas Industrial Retraining Program, and

WHEREAS, this interagency agreement will facilitate the provision of training to promote new and expanding business/industry or assist in the restructuring of business/industry for economic development enhancement in Kansas; and

WHEREAS, the parties desire to continue to cooperate in this collaboration.

NOW, THEREFORE, the parties do hereby agree as follows:

Kansas State Department of Education/Division of Community Colleges and Vocational Education will:

- Based on the availability of funds, provide federal Carl Perkins and other state or federal funding as agreed by both parties.
- Conduct business and industry training needs assessments jointly with the Kansas Department of Commerce.
- 3. Assist in drafting training contracts to be funded jointly with the Kansas Department of Commerce.
- 4. Negotiate funding of contracts with business and industry in cooperation with the local education sponsor.
- 5. Provide presentations to prospective companies at Commerce's request.
- Select local education sponsor who will provide funding, reporting and/or training in cooperation with the business or industry.
- 7. Provide annual report and technical assistance.

The Kansas Department of Commerce will:

- Provide coordination to the Kansas State Department of Education on training needs assessment and meetings with prospective companies.
- Assist in drafting training contracts to be funded jointly by 2. both state agencies.
- Based on the availability of funds, provide state monies to fund training contracts jointly with the Kansas State Department of Education (50% match required statewide).
- Provide technical assistance and coordination of the Joba Training Partnership Act with respective training contracts where applicable.
- Coordinate and approve training contracts with business and industry, Kansas State Department of Education and local business agencies.
- Implement a follow-up system to review results of the Kansas Industrial Training Program and the Kansas Industrial Retraining Programs.
- Provide annual reporting and other technical assistance. 7.

The parties further agree that this Memorandum of Understanding shall be in effect for a two-year period from July 1; 1988 through June 30,

Cansas Department of Commerce,

Secretary

Kansas State Department of Éducation,

Commissioner

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KANSAS INDUSTRIAL TRAINING FY89

	Company	Community	Product	Expanding	# Trainees	Commerce	<u>Voc-Ed</u>	Tota.
89-1	W.A. Krueger	Olathe	Printing	Expanding	90	\$ 34,666	\$ 47,260	\$ 81,926
89-2	Chanute Mfg. Co.	Chanute	Metal Fabrication	Expanding	*	. *	19,441	19,441
89-3	Learjet Corp.	Wichita	Aircraft	Expanding	**	**	53,276	53,276
89-4	Beech Corp.	Wichita	Aircraft	Expanding	350	201,800	113,871	315,671
89-5	Broderick Co.	Parsons	Garment Const.	Expanding	35	14,520	20,272	34,792
89-6	Woodtech Inds.	Independence	Wood Products Mfg.	Expanding	25	10,000	10,800	20,800
89-7	Olsburg Apparel	Olsburg	Garment Const.	New	40	8,500	7,063	15,563
89-8	AFG Industries	Spring Hill	Glass Mfg.	New	300	152,790	151,308	304,098
89-9	Fermenta	Elwood	Animal Health Products	Expanding	40	16,000	23,602	39,602
89-10	Goldblatt	Junction City	Dry Wall Tape	New	20	10,148	8,100	18,248
89-11	Sunny Development	Parsons	Medical Supplies	New	35	23,555	24,619	48,174
89-12	Idelman	Wichita	Telemarketing	New	100	11,500		11,500
89-13	Dina	Pittsburg	Plastics	Expanding	18	8,280	6,540	14,820
89-14	Brackett, Inc.	Topeka	Automated Padding Machine Mfg.	Expanding	15	3,000	22,488	25,488
89-15	Future Forms	Pittsburg	Business Forms	New	30	13,800	14,580	28,380
89-16	Sallie Mae	Lawrence	Loan Processing	Expanding	75	22,300	14,580	36,880
89-17	Gragg Cabinet	Cherryvale	Cabinet Mfg.	Expanding	30	13,650	14,742	28,392
89-18	Teledyne	Independence	Aircraft Engines	Expanding	25	20,500	22,040	42,540
89-19	UARCO	Eudora	Printing	New	75	100,000	13,716	113,716
89-20	Ace Electric	Columbus	Auto Parts Mfg.	Expanding	30	29,075	5,307	34,382
89-21	Entertel	Topeka	Telemarketing	New	50	11,770	5,940	17,710
89-22	Dillards	Olathe	Distribution	New	240	176,960	24,883	201,843
89-23	P.C. Boards	Chanute	Printed Circuits	Expanding	17	15,500	4,860	20,260
89-24	U.S. Sprint	Lenexa	Telemarketing	Expanding	300	51,550	5,832	57,382
89-25	Labconco	Fort Scott	Science Lab Equip.	New	15	17,900	6,048	23,948
89-26	Yuasa-Exide	Hays	Batteries	New	70	60,000	5,400	65,400
89-27	Alaniz & Sons	Hays	Direct Mail/ Printing	New	100	50,997	7,569	58,566
89-28	Martin Gillet & Co.	K.C., KS	Salad Dressing	New	50	39,375	17,550	56,925
89-29	ASC, Inc.	K.C., KS	Auto Con- vertibles &	New	60	30,734	9,681	41 7
9-,			Turbo Charger	S				

	Company	Community	Product	Expanding	# Trainees	Commerce	<u>Voc-Ed</u>	<u>Total</u>
89-30	ASI Market Research	Great Bend	Communications Research	New	300	39,800	8,316	48,116
89-31	L.A., Inc.	Liberal	Voltage Monitors/ Jump Start Systems	New	24	11,330	10,316	21,646
				TOTALS	2,559	\$1,200,000	\$700,000	\$1,900,000

Average Cost Per Trainee = \$742

^{*} Carryover Project - 87 trainees; Commerce obligation in FY88 = \$ 30,704

^{**} Carryover Project - 300 trainees; Commerce obligation in FY88 = \$271,798

Training

The Kansas Department of Commerce, the Kansas State Department of Education, and the Kansas Department of Human Resources work together to provide customized job training programs for companies wanting to locate new facilities in Kansas or expand or restructure existing facilities. Through this coordinated effort, the Kansas Department of Commerce packages federal and state dollars in a streamlined process designed to cut red tape, minimize paperwork, and respond quickly to the training needs of Kansas employers.

Kansas Industrial Training Program

The Kansas Department of Commerce coordinates a new and expanding industry training program with the Kansas State Department of Education. The program is designed to meet the specialized training needs of new and expanding companies. The Kansas Industrial Training Program (KIT) involves a comprehensive and flexible approach to industrial training.

Development of Master Training Plan

Company representatives and state vocational training specialists conduct training needs assessment and analyze the initial production schedule to design a training program geared to the company's specifications.

Special Training Needs

Pre-Employment Training - Prospective employees are provided the specific skills and knowledge necessary for job entry. Trainees usually attend on their own time and without pay. Pre-Employment Training allows the company and prospective employees an opportunity to look each other over thoroughly prior to any employment commitment.

On-the-Job Training - This type of training is provided after employment. Trainees receive instruction on production equipment on the actual production floor. The trainees are paid by the company during this training.

Classroom Training - Employees may receive skill training on production equipment in the classroom. Specialized classroom training is also available in areas such as job safety, computers and management training.

Pre-Employment, On-the-Job, and Classroom Training may be used individually or in combination depending on the company's needs.

Oualified Instructors

Instructors are obtained from either the company's production supervisory staff, the state vocational-technical schools, or other sources.

Trainee Selection

The Kansas Department of Human Resources will assist in recruiting, testing, and screening potential trainees in accordance with the company's hiring specifications. The company makes the final selection of the trainees.

Training facilities may be set up in area vocationaltechnical schools, community colleges, in the plant, or in temporary rental facilities.

Supervision and Evaluation

Both company representatives and state and local personnel supervise training activities and make adjustments as necessary. The training program is evaluated jointly by the company and the state and local training agencies at the program's completion.

Cost of Training

The Kansas Department of Commerce and the Kansas State Department of Education pay the negotiated cost for the training. Examples of typical training costs provided are: instructor salaries; travel, lodging and meals; video tapes, training manuals and textbooks; supplies and materials; minor equipment; certain utility costs; curriculum planning and development

Kansas JTPA

The Kansas Job Training Partnership Act Program (JTPA) is the \$16 million statewide arm of the Federal Job Training Partnership Act administered by the Kansas Department of Human Resources.

A primary feature of JTPA is the forging of a public/private partnership to conduct job training programs. JTPA enlists business leaders, representatives of labor, education, rehabilitation, and non-profit community groups to find the best way to use public funds for the greatest local benefit.

Eligibility for Services

The Kansas JTPA is designed to meet the specific labor skill needs of Kansas employers. JTPA serves the economically disadvantaged, dislocated workers, and those who face serious barriers to employment. The

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Kansas Department of Human Resources certifies the eligibility of potential trainees. The company retains full control over the interviewing and hiring of the JTPA-eligible persons.

Training Cost Reimbursement

Like KIT, JTPA funds may be used to pay for classroom and work place skill training. JTPA also offers training cost reimbursement of up to 50 percent of the employee's wages during the training period.

The Kansas Industrial Training Program and JTPA may be used together or individually to develop a training program designed to meet the specific needs of each new or expanding industry in Kansas.

Kansas Industrial Retraining Program

The Kansas Department of Commerce also administers the Kansas Industrial Retraining Program (KIR) in cooperation with the Kansas State Department of Education. The KIR program is designed to provide customized retraining assistance to employees of restructuring industries who are likely to be displaced because of obsolete or inadequate job skills and knowledge. Eligible industries include those that are restructuring their operations through incorporation of existing technology, development and incorporation of new technology, diversification of production, or development and implementation of new production. Training programs carried out through the KIR program must be on a shared-cost basis with industry.

State Training Institutions

The vocational education and training needs of Kansans are served by a system of 16 area vocational-technical schools, 19 community colleges, and 2 vocational-technical institutes. This network of training institutions plays a vital role in the state's economic development through its close relationship with business and industry. In the 1986-87 school year, community colleges and area vocational-technical schools provided over one million hours of training to 40,000 employees from 1,600 businesses.

Area Vocational-Technical Schools

Area vocational-technical schools (AVTSs) are institutions created specifically to provide occupational training for secondary, post secondary, and adult students. Many programs are necessarily offered on a semester-oriented, credit-bearing basis for secondary students. The area that AVTSs have the most direct impact on business and industry is in the many short-term training programs offered to adults. Many of these programs are competency-based and proficiency-oriented, providing the student and the employer with skill standards and an evaluation

measure. The state's AVTSs are designed to react quickly to industry-specific training requests.

Community Colleges

The traditional role of community colleges in the state has been as an option for the first two years of college for students seeking a liberal arts, sciences, and humanities education before a transfer to a four-year school or employment consideration. Over the past five years, however, the total enrollment in vocational programs offered by community colleges has increased by 10 percent. Currently, one-third of the community college student population is enrolled in vocational programs.

Vocational-Technical Institutes

Kansas' two vocational-technical institutes are located in Pittsburg and Salina.

Pittsburg State University's Technical Education Center offers a variety of vocational programs. The plastics technology program in the Department of Engineering Technology and the wood technology program in the Department of Industrial Arts and Technology are each nationally recognized and accredited.

The Kansas College of Technology, located in Salina, provides education of technicians and technologists in the fields of engineering, information, and applied science technology. The college also provides training in related technical and occupational fields through special institutes, seminars, short courses, and workshops throughout Kansas.

Training Curriculum and Expertise

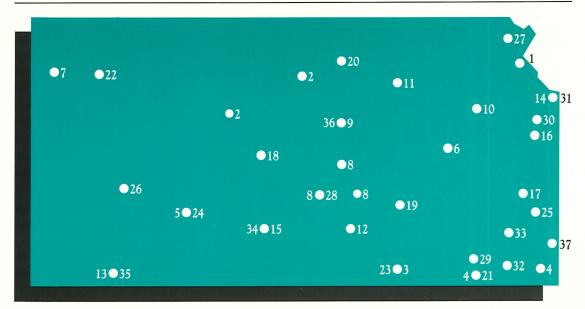
The network of vocational training institutions in Kansas offers an array of programs and expertise to business and industry.

Industrial Education courses include training in areas such as: civil technology, electrical technology, electronic technology, machine shop, machine tooling, printing, technical drafing, warehousing/distribution, and welding. Office Education courses cover areas that include: accounting, computer operations, computer programming, data processing, and management training.

Many community colleges and AVTSs also offer instruction in Statistical Process Control (SPC). The Transformation of American Industry-SPC training program follows a 12-step plan to improve quality, productivity, and teamwork in the workplace. This step-by-step process includes statistical techniques which are implemented in an environment where management and employees work together as a team to meet consumer demands for better and more consistent standards of quality.

The expertise and courses offered through the 37 vocational training institutions in Kansas may be customized for business and industry and may be utilized in any KIT or KIR training program.

Training Programs Available -16 Area Vocational-Technical Schools, 19 Community Colleges and 2 Vocational-Technical Institutes in Kansas.



Area Vocational-Technical Schools

- 1. Northeast Kansas AVTS—Atchison
- 2. North Central Kansas AVTS—Beloit, Hays
- 3. Cowley Co. AVTS—Arkansas City
- 4. Southeast Kansas AVTS—Coffeyville, Columbus
- 5. Southwest Kansas AVTS—Dodge City
- 6. Flint Hills AVTS—Emporia
- 7. Northwest Kansas AVTS—Goodland
- 8. Central Kansas AVTS—Hutchinson, Newton, McPherson
- 9. Salina AVTS—Salina
- 10. Kaw AVTS—Topeka
- 11. Manhattan AVTS-Manhattan
- 12. Wichita AVTS—Wichita
- 13. Liberal AVTS—Liberal
- 14. Kansas City AVTS—Kansas City
- 15. Pratt AVTS—Pratt
- 16. Johnson County AVTS—Olathe

Community Colleges

- 17. Allen Co. C.C.—Iola
- 18. Barton Co. C.C.—Great Bend
- 19. Butler Co. C.C.—El Dorado
- 20. Cloud Co. C.C.—Concordia
- 21. Coffeyville C.C.—Coffeyville
- 22. Colby C.C.—Colby

- 23. Cowley Co. C.C.—Arkansas City
- 24. Dodge City C.C.—Dodge City
- 25. Ft. Scott C.C.—Ft. Scott
- 26. Garden City C.C.—Garden City
- 27. Highland C.C.—Highland
- 28. Hutchinson C.C.—Hutchinson
- 29. Independence C.C.—Independence
- 30. Johnson Co. C.C.—Overland Park
- 31. Kansas City, KS C.C.—Kansas City
- 32. Labette Co. C.C.—Parsons
- 33. Neosho Co. C.C.—Chanute
- 34. Pratt Co. C.C.—Pratt
- 35. Seward Co. C.C.—Liberal

Vocational-Technical Institutes

- 36. Kansas College of Technology—Salina
- 37. Pittsburg State University—Pittsburg

For Full Details Contact:

KANSAS DEPARTMENT OF COMMERCE

Industrial Development Division

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