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Date

BL 3/18/99

MINUTES OF THE SENATE EDUCATION COMMITTEE.

The meeting was called to order by Chairperson Senator Barbara Lawrence at 9:00 a.m. on March 3, 1999 in Room 313-S of the Capitol.

All members were present except:

Committee staff present: Avis Swartzman - Revisor
 Ben Barrett - Legislative Research
 Carolyn Rampey - Legislative Research
 Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee: Elizabeth Koch, Chairman of the Board,
 Youth Entrepreneurs of Kansas
 Shelly Chenoweth, Executive Director,
 Youth Entrepreneurs of Kansas
 Sheila Heine, YEK instructor/Chairman,
 Business Dept., Topeka High School
 Janelle Wright, YEK student, Topeka High School
 Paul Wemmer, YEK graduate, Wichita North High School

Others attending: See attached list

Chairperson Lawrence called the meeting to order and welcomed Elizabeth Koch, Chairman of the Board, Youth Entrepreneurs of Kansas, as the opening speaker. Ms. Koch presented copies of her testimony to the joint committees (Attachment 1) She asked the committees not to be confused with Y2K, as YEK is here to solve problems, not create them. YEK uses market principles to solve the social problems society is facing. This is why YEK was started in Kansas in 1991.

Ms. Koch told of the progress made in the program. Last fall the YEK program came to Topeka High School. Where they expected about 50 students to express an interest, more than 200 signed up. Add this total to the Wichita program and it makes 450 student in Kansas involved in YEK. She made it clear that YEK is not asking for money, only help in getting people to talk about the benefits of the program. Another way of helping is to encourage school districts to welcome programs such as this one and to help them realize all they have to offer. She praised Topeka high school Principal, Dr. Patty Pressman for the help and open-mindedness, as well as Winston Brooks from Wichita.

After further comments, Ms. Koch deferred to Shelly Chenoweth, Executive Director, for more information about specific details of YEK. Ms. Chenoweth stated that what they want for the youth in the program is to become self sufficient, productive and have the desire to start their on businesses. They want them to continue in higher education. They need to have the appropriate tools to continue their goals. She showed the joint committees a 'biz bag'. Every student who completes the program gets one of the bags. The curriculum that is used comes from the National Foundation for Teaching Entrepreneurship. The curriculum is only as good as the people who deliver the message. The public school teachers are employed by the district in which they teach, but YEK pays them an additional stipend. They also have a potential for a bonus based on performance. This is quite a new concept for a public school teacher.

Ms. Chenoweth continued with basic skills that a student learns such as reading the Wall Street Journal and understanding the value of the information contained in it. They also discuss negotiating skills, economic thinking skills, research, investing and all it involves, and marketing. To complete the program, all students must write a viable business plan. She gave the example of a student who wants to start a catalogue for left-handed people. The students learn about what permits it will take, return on investment, cost per unit sold and how to raise capital; every aspect of the business.

Some statistics quoted by Ms. Chenoweth from a study conducted by a foundation in New York included 93% of the YEK students have improved business skills, 80% would like to start their own businesses, and 62% believe YEK has improved their future job or school plans.

CONTINUATION SHEET

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Another interesting statistic from a recent Gallup poll taken showed that 26% of the people nationally felt they knew what it would take to start a business.

Ms. Chenoweth stated a lot of YEK students have experienced the vicious cycle of welfare. Seventy-five percent of the respondents saw business ownership as a way out of poverty. Eighty-seven percent of the students thought that YEK did impact their lives in a very significant way. Ninety-nine percent of the respondents said they would recommend the program to others. The program has been in effect since 1991 and a lot of the students are now in college. They went to keep in touch with them so it can be a continual study to track their progress. Five to ten years from now they will get a better picture of the overall impact of the program.

Another component of the YEK program is the scholarship component. A scholarship program is established in Wichita and the same thing will be done with the Topeka program and will expand it throughout the state. Another exciting area for YEK is the venture capital grants and loans. Students take the program from Freshman through the Senior year. There are some seventh and eighth graders. An ambassadors association has been started for graduates of the program. Business partnerships have been established with companies such as Cessna, Solomon Smith Barney, Pizza Hut, Dillons and others.

Ms. Chenoweth said that the final component that wraps everything up and brings YEK to a close is the community involvement. They also work with other educational organizations such as the YMCA in Wichita. They have talked with Junior Achievement in Topeka and Wichita. They do not feel as if they are competitors with these organizations. They are all working for the same goal. YEK is also in the process of formalizing partnerships with Washburn University and Wichita State, where it can be shown at the university level the kinds of things available that entrepreneurship is a vital option for success. She ended her talk by stating that they were not present today to ask for money, but for support.

Sheila Heine, Chairman, Business Department, Topeka High School and YEK instructor, appeared to speak to the joint committees about her school's role in YEK. She stated that it was very exciting to be present and to bring a student from Topeka High School to see what is going on in education and have an opportunity to present what is being done for some of these students. She expressed her appreciation to the YEK program and, particularly, Charles and Elizabeth Koch for bringing this idea to Topeka High School. She also included Dr. Patty Pressman, Principal of Topeka High School who told Ms. Heine to take a look at the program to see if it was something they could do at the school. She gave her the opportunity to go to Wichita and get into the schools to see what the students were doing. The thing that sold her on the idea was the enthusiasm of the students. They told her it was real, real people doing real things. Ms. Heine had been teaching marketing, sales and advertising in Topeka High School and she had hopes for that kind of enthusiasm for several years and had never seen it. She saw an ingredient in the program that made it work. It is not make believe; the students have to put a business idea together that is real. Something that a 15, 16 and 17 year-old student can do today.

Ms. Heine stated that the first thing a student has to do is to become a believer because there are young entrepreneurs out there in the world that have made a lot of money with their ideas. That leads them to believe that there is something out there for them. The attendance in Ms. Heine's entrepreneurship classes is the best attendance she has had in any of the classes for a number of years that she has taught there. It is the fact that each day there will be incentives and concepts to keep them involved. There is someone else out there who really cares about what they are doing, whether it is Charles and Elizabeth Koch, YEK or any of the 27 mentors, which is the number that they had at Topeka High School last year. They were sharing all their business ideas and concepts.

When these students got down to actual competition and they stood before the judge who was with the Small Business Administration and presented their plans in the classroom, every student had to put a business idea together. Then they were judged on who was the best. From then the winners went on into the competition. There is actual scholarship money, money for either schooling or venture capital. One winner is running a computer business. When these students see the support and interest, that is the magic. The most exciting thing is that it is a workable program. There are 240 students enrolled in the program. She was not quite sure how everything would be coordinated, but YEK is there. The other concept the students learned was profit before taxes and what taxes are and what profits after taxes are.

CONTINUATION SHEET

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Janelle Wright, Junior, Topeka High School was the next speaker. She stated that she first heard about Youth Entrepreneurs through a teacher, Mr. Haskins. He informed the class that it would give students a better understanding of the business world. He was so convincing that day that many of the students agreed to take the class. He told them that they would have hands on training with marketing, selling, record keeping and money making. Youth Entrepreneurs has changed the way she thinks. It has given her many ideas on how to start a business. At the beginning of the class, there was an informational movie that showed YEK in action. Young students were working with businessmen and women. The students were not actors, but real.

Ms. Wright stated that a year ago, a one dollar bill would have been a snack in the vending machine, but now it is a part of her business. Her goal is to graduate from high school and attend college on an athletic scholarship. She plans to be an outstanding student athlete and major in architectural design. Her goals include a major in business and a minor in architectural design. She plans to have her business operating by the time she graduates and have opened a business in another city. YEK has impacted her life a great deal. Her business skills have improved by meeting other business leaders. By having opportunities such as this one today, it has gotten her name out as an entrepreneur.

Paul Wemmer, Senior, Wichita North High School, appeared to tell his YEK story. He graduated from the entrepreneurship program in the spring of 1997. He learned about the various aspects of business, the stock market and, at the end of the year, came up with a business plan. At first he did not have an idea of what he was going to do, but then it came to him, fishing equipment. He really enjoys fishing and that was something that he knew about and enjoyed. He worked out the statements and advertising. With hard work, the dream of owning his own business became a reality. Different students from various high schools in Wichita competed to see who had developed the best business program. To his surprise he won a thousand dollar grant to buy merchandise for his business. During the summer of 1997 he participated in a Salomon Smith Barney partnership. Often they would have guest speakers. One of his favorites was on the topic of surrounding oneself with positive people. In order to be successful, there must be positive influences from ones peers. He spoke of a group of young people with whom he traveled to New York. The group met with business leaders and went to the New York Stock Exchange. They witnessed many cultural celebrations. They went to Times Square and stood atop the Empire State Building, watching the sun set over the Hudson. He stated that if it had not been for the many volunteers, the trip to New York City would not have been possible.

After relating further advantages that he has experienced, Paul stated that he is going on to college; the opportunity is there, one just has to open the door.

Chairperson Lawrence thanked the two youth entrepreneurs and expressed the hope that they would stay in Kansas.

Several questions and comments were directed to Janelle and Paul on the YEK program and on their accomplishments and to Ms. Heine, about the makeup of her classes. Janelle stated the name of her business is Party Palace. Others also injected their comments.

Chairperson Lawrence thanked all present and adjourned the Senate portion of the meeting.

**Testimony to the Committees on Education,
Kansas Senate and House of Representatives**

Elizabeth Koch

March 3, 1999 - 9 a.m.

Good morning. I am Liz Koch, and I would like to thank you for this opportunity to talk to you about a program that is close to my heart, Youth Entrepreneurs of Kansas, otherwise known as YEK. I know there is a lot of fervor right now about Y2K - that's not us! We are solving problems, not creating them!

YEK uses market principles to solve social problems. We develop new skills, but we also provide fundamental lessons important for life - that you can do well by doing good.

This organization is a great example of the private sector coming together with a public entity, in this case the public schools, forming a partnership, and providing a market solution to problems our society is facing. This is what Charles and I believe, and why we helped bring YEK to Kansas in 1991.

Representatives from YEK had the chance to address this group a few years ago, and we are thrilled with the growth of our program since that time. Let me share with you some of the progress we've made since then.

YEK came to Topeka High School last fall. We expected about 50 students. More than 200 signed up. Once we got over the initial shock, we worked with the leaders at the school to accommodate all of the students who expressed an interest in YEK. Added to the program in Wichita, we have 450 students in Kansas involved in YEK.

When it comes to YEK, I'm often asked, "What can I do to help?" Well, let me make it clear, I'm not asking for money. What we need are champions - someone who will stand up and talk about the benefits of this program. A number of companies now provide help -- Cessna, Boeing, Salomon Smith Barney, among others. We need more. You know the leaders in the communities you represent. Tell them about YEK, and other similar programs that provide valuable skills to our children. Encourage the businesses in your communities to take a serious look at the ways they can support education, either financially, or through the commitment of time.

As evidence of the support that continues to build, we have a special announcement this morning. We are thrilled to say we can now name a Topeka company as a YEK supporter - Hill's Pet Nutrition has awarded YEK a gift of \$19,000, to be directed toward scholarships and venture capital grants.

With your help, this can just be the start of companies in this area who will make a public commitment to teaching students about business and entrepreneurship, and who see that a little extra effort with our students reaps benefits far beyond the investment.

Another way we can use your help is by encouraging your school districts to welcome these programs, and to realize all they have to offer.

Acceptance by school administrators is a crucial link to YEK's success, and we have nothing but praise for the open-mindedness and flexibility we found at Topeka High. Dr. Patty Pressman and her staff have been incredibly helpful as we launch our program for the first time outside of Wichita. Winston Brooks from Wichita has given us the same kind treatment, and we express our gratitude for their acceptance.

*Senate Education
Attachment 1
3-3-99*

We understand federal and state funding for education is and will remain a volatile subject with many points of view. We appreciate this chance to highlight a program that has relied on other sources of funding to add value to the school systems.

As I have met these students in groups or one-on-one, I must admit I haven't seen the bad kids that everyone seems to talk about. I have met kids who need guidance and some help focusing on what is truly important, but they are all hungry for learning and ways to improve their own situations.

Until now, we have had only anecdotal evidence of the effectiveness of this program in changing the lives of students today – including at risk youth. We can now move beyond the stories to hard evidence, thanks to the results of a new study.

For some highlights of the study and more information about specific details of YEK, I will defer to our executive director, Shelly Chenoweth. We'll also hear a teacher's perspective, and then let you hear directly from some students involved in this program.

A study of impact and effectiveness



Three-region study

- YEK, Wichita
- NFTE, New York City
- NFTE, Washington, D.C.

**YEK is doing a good job...
we can do more
and we can improve.**

Demographics

- | | |
|------------------|---------------------|
| ■ 251 YEK Alumni | ■ 251 Control group |
| ■ 50% white | ■ 83% white |
| ■ 38% minority | ■ 14% minority |
| ■ 12% unknown | ■ 3% unknown |

Increase business ownership & entrepreneurial potential?

- 80% of YEK alumni want to start business (53% of control)
- 8 in 10 alumni said YEK increased desire to be entrepreneur
- For career choice, 61% of alumni said business ownership (47% control)

Advance job, education, income, life outcomes?

- 62% believe YEK improved their future job or school plans
- Half of alumni over 21 had attended college (79% of control)
- YEK alumni more likely to return to college

Greater understanding of free market economy?

- 92% have a more positive view of business after YEK course
- Three-fourths of alumni see business ownership as a way out of poverty (40% control)
- Did not demonstrate a convincing attitude toward appropriate role of government in economy

Improve knowledge, confidence in business issues?

- 93% said improved business skills
- Eight times as many alumni reported learning "a lot" about starting a business when compared to control
- 61% of alumni feel confident in ability to start a business (61% of control said not confident; U.S. only 26% had knowledge)

Enhance vision with entrepreneurial options?

- For 82%, YEK increased their desire to go into business
- A majority of alumni who now run a business did not have an entrepreneurial parent or family
- Three times more likely than control to predict business ownership in 5 years

Positive, long-term effects?

- Nearly 2/3 retained course materials
- 87% of graduates said YEK had an impact on their life; some said dramatic
- Nearly half (48%) want to meet with YEK staff to discuss starting a business
- Virtually all graduates (99%) would recommend the program to others

High school completion/college attendance

Concern

- 13% of alumni dropped out of high school (2% control)
- 2% have graduated from college (7% control)

Solution

- Increase support for college-bound alumni (mentoring, counseling)
- Provide resources by working with area high schools, universities and colleges

Alumni understanding of taxes, regulation

Concern

- Message retention
- Theoretical comprehension compared to practical application

Solution

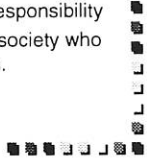
- Review teacher training - focus more on economic thinking principles
- Work with teachers and outside groups to develop delivery techniques

YEK's proposed vision

To develop in students the passion and skills to succeed in the marketplace and life, by

- stimulating economic thinking skills
- encouraging creative, intelligent risk-taking
- providing practical business experience
- instilling independence and personal responsibility

So participants are productive members of society who improve their lives and the lives of others.





Youth Entrepreneurs of Kansas

Program At-a-Glance

- Teaches free enterprise fundamentals through hands-on experiences
- Encourages students to:
 - Start their own business
 - Enhance their business skills for future career opportunities
 - Continue into higher education
- Serving approximately 500 students in the 1998 - 1999 academic year
- YEK locations using NFTE curriculum, spanning full academic year:
 - West High School
 - Northwest High School
 - Heights High School
 - Campus High School - Haysville
 - North High School
 - South High School
 - Augusta High School
- YEK locations using NFTE curriculum designed for one semester:
 - Central YMCA - Wichita
 - Topeka High School
- Established in 1991 by the Charles G. Koch Foundation
- A public non-profit organization
- A licensed program of NFTE (National Foundation for Teaching Entrepreneurship)
- School counselors and teachers direct students to the YEK course
- Open to all students, targeted toward at-risk youths
- Each student writes a business plan, participates in classroom competitions, and receives credit for successfully meeting graduation requirements
- Venture Capital Grants for business start-up or post-secondary education in excess of \$8000.00 awarded in the 1997-98 academic year
- Over \$15,000 in scholarships awarded in the 1997-98 academic year
- Scholarships provided for promising students
- More than 1700 students have graduated from YEK
- Graduates' involvement maintained through YEK's Ambassador Club, which promotes continued learning opportunities and community service
- Encourages community involvement with business professionals volunteering as mentors, guest speakers, and judges
- Partnerships with local businesses, including Cessna Aircraft, Pizza Hut, and Salomon Smith Barney to provide summer training programs
- Located at Devlin Hall, Wichita State University. Shares facility with the Center for Entrepreneurship