

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 15, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
 Rae Anne Davis, KS Legislative Research Department
 Debra Hollon, KS Legislative Research Department
 Norman Furse, Revisor of Statutes
 Michael Corrigan, Asst. Revisor of Statutes
 Judy Bromich, Administrative Assistant to the Chairman
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Bill Docking, Chairman of the Kansas Board of Regents
 Dr. Jerry Farley, President, Washburn University
 Dr. Ed Berger, President, Hutchinson Community College, representing
 Kansas Association of Community College Trustees
 Mr. Fran Jabara, Chairman of Jabara Ventures Group
 Marvin Burris, Board of Regents

Others attending: See attached list

HB 2476: Kansas partnership for faculty of distinction program, state educational institutions

Paul West, Legislative Research Department, explained that **HB 2476** would create the Kansas Partnership for Faculty of Distinction Program, and the state would match interest earnings for endowments on qualifying private gifts. Jim Wilson, Office of the Revisor of Statutes, distributed and reviewed copies of a balloon. (Attachment 1) He told members that the balloon

- expands the definition of "eligible educational institutions"
- redefines "endowment association"
- denotes qualifying gifts for specific institutions based on aggregate amounts
- caps the amount of transfers from the state at \$5 million for a fiscal year
- provides that the transfer from the state occur once a year and be considered a demand transfer
- provides for an ongoing assessment by the Board of Regents

It was noted that adoption of the balloon would require revision of the fiscal note. Marlin Rein, University Director of Budget and Governmental Relations, KUMC, told members that if this bill is passed with amendments as proposed, gifts could be certified after July 1, 2000 and the first payout by the state would be July 1, 2001 for FY 2002. The first payout would be prorated because there won't be multiple transfer dates and the fiscal impact in FY 2002 would be less than \$1 million.

Bill Docking, Chairman of the Kansas Board of Regents, testified in support of **HB 2476** and reviewed his written testimony. (Attachment 2) There were no questions.

Dr. Jerry Farley, President of Washburn University, appeared before the Committee in support of **HB 2476** and reviewed his written testimony. (Attachment 3) Dr. Farley commented about the 1:1 matching program which the states of Oklahoma and Florida have. He stated that though the proposed Kansas program matches only interest earnings, institutions will explain to potential donors that they will receive the same income as if it were a 1:1 match because they will be using only the income from the endowment.

Dr. Ed Berger, President of Hutchinson Community College, testified on behalf of the Kansas Association

CONTINUATION SHEET

SENATE WAYS & MEANS COMMITTEE MINUTES

of Community College Trustees in support of **HB 2476**. (Attachment 4) Senator Ranson inquired whether it would be more beneficial to community colleges and vocational-technical schools if the gifts could be used for equipment. Dr. Berger stated that he believes the focus of this legislation is appropriate; there are other ways of securing equipment.

Mr. Fran Jabara, Chairman of Jabara Venture Group of Wichita, appeared before the Committee in support of **HB 2476**. He told members that he had been a university professor and had served as Dean of the College of Business at Wichita State University. He said that throughout his career, it has been a struggle to provide salaries that attract professors, and testified that a program of this type would have been invaluable in the recruitment of qualified faculty in order to offer programs that also attract students. He told members that the ability of donors to leverage a gift would also carry a high priority in their commitment to higher education. He encouraged the Committee's support of this bill, noting that the state needs private assistance which **HB 2476** would provide. In answer to a question, he stated that the endowment does not need the principal, just the income.

Written testimony in support of **HB 2476** from Joe Lieber representing the Kansas Cooperative Council was distributed to members. (Attachment 5)

It was noted that the income on the endowment monies will exceed the state's contribution because the corpus of the endowment will grow and because the state's contribution is limited by the income growth in the PMIB. Senator Salisbury expressed support of the bill, but pointed out that demand transfers have been subject to adjustment over the past few years.

Chairman Kerr stated that **HB 2476** would be held in Committee to give members time to review the balloon.

SB 380: Kansas ethnic minority scholarship program, definition of institution, award amounts

Paul West, KLRD, explained that **SB 380** incorporates three changes in the Ethnic Minority Scholarship Program:

- expands the list of eligible institutions
- codifies financial need
- changes the capped amount of the award from \$1,500 to 75% of the average amount of tuition

He added that the program would be subject to appropriations and does not change the burden on the State General Fund.

Marvin Burris, Director of Fiscal Affairs for the Board of Regents, reviewed his written testimony in support of **SB 380** as amended by Senate Committee. (Attachment 6) There were no questions.

The Chairman stated that **SB 380** would be held in Committee for consideration at a later date.

It was moved by Senator Morris and seconded by Senator Feleciano that bill draft 9rs 2309 be introduced as requested by Senator Morris. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:00 noon. The next meeting will be February 16, 2000.

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: February 15, 2000

NAME	REPRESENTING
Andy Sanchez	KAPE
Jerry Cleaver	W E A
Hebea Trideaux	FHSU
Bill Henry	KS Gov. Consulting
Joe Rossillon	ESU
Jeff Botzborg	KPOA / KSA
Don Cowley	DOB
Jim Kinnelly	Coffeyville Penn. College
Sheila Fahn	KACCT
Jim Stinger	Coffeyville Com. College
Jon Josseland	CU
Rela Breedb	KPERS
Meredit Williams	"
Robert Woodard	"
Jack Hawn	"
Gory Hellebust	KSU Foundation
NC Pomatto	Wabash State U.
Kim Wilcox	K Bd of Regents
ERIC Sexton	WSU
Mike Matzen	KBOR

HOUSE BILL No. 2476

By Representatives J. Peterson, Adkins, Ballard, Boston, Campbell, Farmer, Findley, Glasscock, Henderson, McKechnie, Phelps, Pottorff, Reinhardt, Stone, Storm and Wagle

2-10

PROPOSED AMENDMENTS

For Consideration by Senate Committee on Ways and Means
February 15, 2000

Senate Ways and Means Committee
Date February 15, 2000
Attachment # 1

11 AN ACT concerning ~~state educational institutions~~; enacting the Kansas
12 partnership for faculty of distinction program; prescribing certain pow-
13 ers, duties and functions and guidelines therefor; transfers from the
14 state general fund.
15

educational institutions governed or coordinated by the state board of regents

16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. As used in this act:

18 (a) "State educational institution" means Fort Hays state university,
19 Kansas state university of agriculture and applied science, Emporia state
20 university, Pittsburg state university, the university of Kansas, the uni-
21 versity of Kansas medical center and Wichita state university.

22 (b) "Endowment association" means:

23 (1) The Fort Hays Kansas state university endowment association for
24 Fort Hays state university;

25 (2) the Kansas state university foundation for the Kansas state uni-
26 versity of agriculture and applied science;

27 (3) the Emporia state university foundation, inc., for Emporia state
28 university;

29 (4) the Pittsburg state university foundation, inc., for Pittsburg state
30 university;

31 (5) the Kansas university endowment association for the university of
32 Kansas;

33 (6) the Kansas university endowment association for the university of
34 Kansas medical center; and

35 (7) the Wichita state university endowment association for Wichita
36 state university.

37 (c) "Qualifying gift" means a monetary donation which (1) is a single
38 monetary donation from a single donor or entity or is a joint monetary
39 donation from or on behalf of two or more donors or entities that are
40 directly related or associated or that otherwise are determined by the
41 state board of regents to have common characteristics or similarities such
42 that the joint monetary donation conforms with the purposes of the pro-
43 gram, (2) is made ~~at one time~~ in cash or the equivalent of cash, (3) has

(a) "Eligible educational institution" means any state educational institution, municipal university, community college, technical college or vocational education school under the governance or coordination of the state board of regents.

(b) "Endowment association" means a not-for-profit endowment association or foundation that is organized and operated exclusively to receive, hold invest and administer moneys and property as a permanent fund for the support and sole benefit of an eligible educational institution.

1 been received by the endowment association of a state educational insti-
2 tution from a single donor or entity for the purpose of endowing a pro-
3 fessorship at the state educational institution in accordance with the pro-
4 gram, and (4) is:

an eligible

eligible

(B) 5 ~~(A)~~ For Fort Hays state university, Emporia state university and Pitts-
6 burg state university, an aggregate amount of at least \$200,000;

(A) For community colleges, technical colleges and vocational
education schools, an aggregate amount of at least \$50,000;

(C) 7 ~~(B)~~ for Wichita state university, an aggregate amount of at least
8 \$350,000; and

(D) 9 ~~(C)~~ for the university of Kansas, the university of Kansas medical
10 center and Kansas state university of agriculture and applied science, an
11 aggregate amount of at least \$500,000.

and Washburn university

12 (d) "Endowed professorship" means the position of a professor of the
13 faculty of a state educational institution for which a qualifying gift is re-
14 ceived by the endowment association of the state educational institution
15 in accordance with the Kansas partnership for faculty of distinction pro-
16 gram.

an eligible

eligible

17 (e) "Program" means the Kansas partnership for faculty of distinction
18 program established by this act.

19 Sec. 2. (a) The Kansas partnership for faculty of distinction program
20 is hereby established to encourage gifts by private donors to enhance the
21 ability of state educational institutions to attract and retain faculty of dis-
22 tinction. The program shall be administered by the state board of regents
23 in accordance with this act. Under the Kansas partnership for faculty of
24 distinction program, the state shall contribute income earnings equivalent
25 awards in accordance with this act to supplement endowed professorships
26 at state educational institutions for which qualifying gifts have been re-
27 ceived by endowment associations.

(f) "State educational institution," "municipal university,"
"community college," "technical college," "vocational education school" and
"state board of regents" have the meanings respectively ascribed thereto by
K.S.A. 74-3201b and amendments thereto.

eligible

28 (b) ~~There is hereby established a faculty of distinction matching fund~~
29 ~~at each state educational institution. The state educational institution shall~~
30 establish an endowed professorship account in the faculty of distinction
31 matching fund for each endowed professorship established under the
32 Kansas partnership for faculty of distinction program. All expenditures
33 from the faculty of distinction matching fund shall be for one or more
34 endowed professorships to supplement salary and to provide additional
35 operating support for assistants, travel, equipment or other expenses of
36 the endowed professorships.

Each eligible educational institution shall establish within the general budget
of the eligible educational institution a faculty of distinction matching fund.
The eligible

37 (c) The ~~president or chancellor of a state~~ educational institution shall
38 notify the state board of regents of the receipt of a qualifying gift under
39 the Kansas partnership for faculty of distinction program. Upon receiving
40 such notice, the state board of regents shall determine if the donation is
41 a qualifying gift ~~for such state educational institution~~. Upon determining
42 that a qualifying gift has been received by the endowment association for
43 ~~the state~~ educational institution, the state board of regents shall certify to

chancellor, president, director or other chief executive officer of an eligible

an eligible

1 the director of accounts and reports the amount and date of receipt of
2 the qualifying gift under the program and the endowed professorship
3 account established in the faculty of distinction matching fund therefor.

4 (d) No moneys committed or pledged to be given to an endowment
5 association prior to the effective date of this act shall be included as part
6 of any qualifying gift under the program, notwithstanding the date when
7 such moneys were actually received by the endowment association.

8 Sec. 3. ~~(a) Subject to the other provisions of this act, on the first day
9 of the first month commencing 12 months after the date of receipt of the
10 certification of receipt of a qualifying gift under section 3 and amend-
11 ments thereto, and on the first day of the month each 12 months there-
12 after, the director of accounts and reports shall transfer from the state
13 general fund to the endowed professorship account of the faculty of distinction
14 matching fund of the state educational institution the amount
15 determined by the director of accounts and reports to be the earnings
16 equivalent award for such qualifying gift for such twelve-month period.~~

17 ~~(b) The earnings equivalent award for an endowed professorship for
18 a twelve-month period shall be determined by the director of accounts
19 and reports and shall be the amount of interest earnings that the amount
20 credited to the endowed professorship account of the endowment asso-
21 ciation would have earned at the average monthly net earnings rate of
22 the pooled money investment board portfolio for such preceding twelve
23 month period.~~

24 ~~(c) The total amount of new qualifying gifts which may be certified
25 to the director of accounts and reports under this act during any state
26 fiscal year for all state educational institutions shall not exceed
27 \$30,000,000. The total amount of new qualifying gifts which may be cer-
28 tified to the director of accounts and reports under this act during any
29 state fiscal year for any individual state educational institution shall not
30 exceed \$10,000,000.~~

31 ~~(a) Sec. 4. The president or chancellor of the state educational institu-
32 tion for which a qualifying gift has been received by the endowment
33 association shall provide from the institution's operating budget a salary
34 and full-time position for the endowed professorship. In the manner pre-
35 scribed by policies adopted by the state board of regents, the president
36 or chancellor of each state educational institution having an endowed
37 professorship under this program shall report annually to the state board
38 of regents a full accounting of the amounts and purposes of all expendi-
39 tures of the moneys transferred to the faculty of distinction matching fund
40 of the state educational institution under this act and the moneys realized
41 from the interest earned on the qualifying gift held in trust by the en-
42 dowment association for such endowed professorship during the preced-
43 ing state fiscal year.~~

(a) Subject to the other provisions of this act, on the first day of the first state fiscal year commencing after receiving a certification of receipt of a qualifying gift under section 2 and amendments thereto, the director of accounts and reports shall transfer from the state general fund the amount determined by the director of accounts and reports to be the earnings equivalent award for such qualifying gift for the period of time between the date of certification of the qualifying gift and the first day of the ensuing state fiscal year to either (1) the endowed professorship account of the faculty of distinction matching fund of the eligible educational institution, in the case of a certification of a qualifying gift to an eligible educational institution that is a state educational institution, or (2) the faculty of distinction program fund of the state board of regents, in the case of a certification of a qualifying gift to an eligible institution that is not a state educational institution. Subject to the other provisions of this act, on each July 1st thereafter, the director of accounts and reports shall make such transfer from the state general fund of the earnings equivalent award for such qualifying gift for the period of the preceding state fiscal year. All transfers made in accordance with the provisions of this subsection shall be considered demand transfers from the state general fund.

(b) There is hereby established in the state treasury the faculty of distinction program fund which shall be administered by the state board of regents. All moneys transferred under this section to the faculty of distinction program fund of the state board of regents shall be paid to eligible educational institutions that are not state educational institutions for earnings equivalent awards for qualifying gifts to such eligible educational institutions. The state board of regents shall pay from the faculty of distinction program fund the amount of each such transfer to the eligible educational institution for the earnings equivalent award for which such transfer was made under this section.

the period for which the determination is being made

eligible

No additional qualifying gifts shall be certified by the state board of regents under this act when the total of all transfers from the state general fund for earnings equivalent awards for qualifying gifts pursuant to section 3 and amendments thereto for a fiscal year is equal to or greater than \$5,000,000.

chancellor, president, director or other chief executive officer of an eligible

eligible educational

chancellor, president, director or other chief executive officer of an eligible

eligible

1 Sec. 5. This act shall take effect and be in force from and after its
2 publication in the statute book.

7-4
1-1

(b) The state board of regents shall develop and conduct an ongoing assessment of the Kansas partnership for faculty of distinction program which shall be commenced on or before the first day of the first state fiscal year during which the total of all transfers from the state general fund for earnings equivalent awards for qualifying gifts pursuant to section 3 and amendments thereto is equal to or greater than \$4,000,000. The assessment shall include evaluations of (1) the effectiveness of the program to increase private gifts and to attract and retain professors of distinction for eligible educational institutions, (2) the economic impact of the program on eligible educational institutions and the state, and (3) other appropriate factors specified by the state board of regents. After commencing the assessment of the program, the state board of regents shall annually present a report on the assessment to the legislature at the beginning of each regular session.



KANSAS BOARD OF REGENTS

700 SW HARRISON • SUITE 1410 • TOPEKA, KS 66603-3760

GENERAL ADMINISTRATION - 785-296-3421
STUDENT FINANCIAL AID - 785-296-3517
GED TESTING SERVICES - 785-296-3191
FAX - 785-296-0983
www.kansasregents.org

KANSAS BOARD OF REGENTS
TESTIMONY to SENATE WAYS AND MEANS COMMITTEE
on HOUSE BILL 2476
BY
REGENT BILL DOCKING, CHAIRMAN

February 15, 2000

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you in support of House Bill 2476. My name is Bill Docking, and I am Chairman of the Kansas Board of Regents. As you're aware, this is a measure, which passed the House last year, but we simply ran out of time for it to be given a hearing in the Senate, so on behalf of the Board of Regents, I wish to extend thanks to you, Mr. Chairman, for scheduling this hearing on the measure.

I appear today to express our strong support for House Bill 2476 and to seek your favorable consideration. I would like to begin by very briefly outlining the provisions of the measure:

- The bill establishes the Kansas Partnership for Faculty Distinction Program to encourage gifts by private donors to enhance the ability of our public institutions of postsecondary education to recruit top-notch faculty.
- The state would contribute income earnings equivalent awards to supplement endowed professorships at our institutions for which qualifying gifts have been received.
- The institution would commit from its operating budget to provide a full-time faculty position and salary for the endowed professorship.

Senate Ways and Means Committee

Date *February 15, 2000*

Attachment # *2*

- The earnings equivalent from the private gift would be used to supplement salary and/or support costs.
- The state's income equivalent award would be based on the state's idle funds investment rate.

A couple of significant things have happened in higher education since passage in the House last year of this bill.

As you know, the historic Higher Education Coordination Act of 1999 brought all aspects of public postsecondary education under the same roof. Since July 1, the new Board of Regents has tackled not only all of the responsibilities of the previous board as it relates to governance of the state universities, but also shouldered the added task of coordination and supervision of our 19 community colleges and 11 technical schools. In addition, we have enhanced the Board's already productive working relationship with Washburn University.

It seemed to us a logical and common sense move to add the community colleges, technical schools and Washburn to the mix in this bill.

The quality of our Kansas institutions is a direct reflection of the quality of the faculty, which our institutions are able to recruit and retain. To that end the Board of Regents remains concerned about a number of issues related to the recruitment and retention of high quality faculty.

As you know, the Higher Education Coordination Act enacted last year provides roughly \$8.4 million specifically earmarked for faculty salaries at our state universities and we are grateful to the Legislature for their ongoing efforts to honor the commitment made in Senate Bill 345.

At the same time, it is unreasonable to expect total state support to finance the level of quality, which we endeavor to achieve and maintain. For this, we must depend on the generosity of individuals who have strong allegiances to an institution. In addition, there are businesses that look for opportunities to encourage a particular area of study or research. Many times, these sources do not have a particular allegiance to an institution, or even a state.

Through these private donations, our institutions are sometimes able to provide an extra increment of funding which allows for creation of a distinguished chair in an area of interest to the donor. Although these situations are not frequent, these public-private partnerships have the ability to fund the extra increment of salary, which can make a faculty position competitive to attract national and international-class scholars and researchers.

If you will, think of it as a way to provide 'value-added faculty.'

Frankly, Kansas is not keeping up with the competition. Many other states have enacted programs to leverage private resources and as a result have stimulated private giving and the creation of endowed and distinguished chairs.

We need look no further than our neighbors. In Missouri, a program started in 1995 has resulted in the supplementing of more than 50 faculty positions. For a decade, Oklahoma has had a program matching dollar for dollar private giving for endowed chairs, distinguished professorships and artists-in-residence, adding value to more than 200 positions.

The proposal you have before you is a modest one, and it only commits the state to match the income produced by a private donation. As an example, if we would have the good fortune to find an individual willing to donate a million dollars to support a position, the state would

commit to match the income produced by that million. Assuming Pooled Money Investment Board investments are yielding five percent, the fiscal impact to the state would be \$50,000 annually. In addition, there are thresholds and caps included in the proposal.

In closing, we are confident House Bill 2476 provides the Board of Regents another creative, innovative tool in our ongoing efforts to reward the best and brightest in our institutions – and in so doing, enhance the value of the education our students receive.

Thank you for the opportunity to appear in support of this measure.



WASHBURN UNIVERSITY

Office of the President

MEMORANDUM

TO: Senate Committee on Ways and Means
FROM: Jerry B. Farley, President
DATE: February 15, 2000
RE: House Bill 2476 and Amendments

Mr. Chairman, Members of the Committee:

It is a pleasure to appear before you today to support the amendments being proposed for House Bill 2476, the Kansas Partnership for Faculty of Distinction Program. The bill as amended will make Kansas more competitive in attracting private gifts, more competitive in attracting and retaining qualified faculty and provide greater leverage of state resources in financing higher education.

There are over 3,000 colleges and universities in the United States competing for the private gift dollar. Anything that makes us more distinctive in the highly competitive fund raising arena will be of benefit to the state and its institutions. By providing initial matching funds to endowment size gifts, the state can ensure that we can compete with anyone in the country in attracting private support. A number of states have already implemented similar matching grant programs and have seen private support increase significantly.

My experience before coming to Kansas with a very similar program is a good example. It has been extremely successful and made a huge difference in fund raising for institutions in that state. I also can tell you, from first-hand experience, that a Washburn alum residing in Florida for an extended period of time has been torn between providing gifts to his alma mater and those institutions in Florida with whom he has become associated. Florida has such a matching program, Kansas does not, and this alum recognizes that the benefits of his gift will be virtually doubled if provided to a Florida institution. We hope, with passage of an amended version of House Bill 2476, we will be able to convince this individual that his gift would be equally as beneficial in either state and that providing those dollars to his alma mater will have a significant impact.

Senate Ways and Means Committee

Date *February 15, 2000*

Attachment # *3*



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

700 SW Jackson, Suite 401 • Topeka, KS 66603-3757 • 785-357-5156 • FAX 785-357-5157
Sheila Frahm, Executive Director • E-mail: frahmkaacct@cjnetworks.com

Senate Ways & Means Committee

Testimony on **HB 2476** and Proposed Amendments

Dr. Ed Berger, President Hutchinson Community College/Area Vocational School

February 15, 2000

Chairman Kerr and Members of the Committee: My name is Ed Berger and I am President of Hutchinson Community College/Area Vocational School. I thank you for the opportunity to testify in support of HB 2476 and the proposal for inclusion of any public university, community college or vocational school governed or coordinated by the Kansas Board of Regents.

The benefits of this legislation to community colleges and area vocational schools are numerous. Virtually every community college and area vocational school has a nonprofit endowment association or foundation that has been created for the sole benefit of the educational institution. With the increasing demand for private support these fund raising entities have become more active and successful in identifying available private resources to support educational excellence.

Typically the focus for community college foundations and endowment associations has been fund raising for scholarships, equipment, and facilities. As these organization have improved their success at fund raising they have discovered an interest in donors supporting a variety of institutional needs including faculty positions.

Although community colleges/area vocational schools typically do not have faculty research positions, they do have the need to recruit individuals with outstanding teaching credentials and in some cases unique technical skills and abilities. It is difficult for community colleges with limited resources to compete with the private sector for individuals with strong technical skills; there are limited resources to fund positions in new and exciting curricular areas; and it is becoming increasingly difficult to keep faculty who have outstanding talent and expertise.

Senate Ways and Means Committee

Date *February 15, 2000*

Attachment # *4*

With these needs established, endowment associations and foundations are discovering that donors are becoming more sophisticated and selective when making contributions. It is not unusual for a donor to ask for the rate of return on endowed funds and some degree of assurance that the foundation or endowment association has an aggressive investment strategy that still protects the corpus.

The expansion of HB 2476 provides incentives for community colleges and area vocational schools to respond to the following needs:

1. funding specific high demand faculty positions,
2. improving the retention of outstanding faculty,
3. recruiting faculty to enhance and create unique curricula,
4. assuring donors that their contributions are being maximized by leveraging state money and
5. enhancing the quality of academic and technical instruction.

I encourage the Senate Ways & Means Committee to support HB 2476 and the amendments which include any public university, community college or area vocational school coordinated by the Kansas Board of Regents. It will be another vehicle for enhancing quality at our institutions.

Once again, I thank the Senate Ways & Means Committee for allowing me the opportunity to testify before the committee.

Testimony on HB 2476
Senate Ways and Means Committee
February 15, 2000
Prepared by Joe Lieber
Kansas Cooperative Council

Mr. Chairman and members of the Committee, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council has a membership of over 200 cooperative businesses, who have a combined membership of nearly 200,000 Kansans. The Council supports HB 2476.

In 1984, an endowment fund was established at Kansas State University to create, support and operate a Center of Excellence in cooperative education. The Center was named after Arthur Capper, a former Senator from Kansas. It is called the Arthur Capper Cooperative Center.

The endowment fund is held by the Kansas State University Foundation and is managed in accordance with the Memorandum of Financial Agreement between the Foundation, the Kansas Cooperative Council and the Department of Agricultural Economics at K-State. The interest from the endowment supports the Arthur Capper Cooperative Center. The Kansas Cooperative Council is responsible for fund raising.

Our goal was to raise one million dollars from cooperatives and individuals.

As of December, 1999, the cash contributions stood at \$781,603.20 and the remaining unpaid pledges of \$175,100, suggests that if all current pledges are paid, the total contributions will be \$956,703.20.

Once the Center started receiving interest, it began operation. The projected net income from the endowment for fiscal year 1999 was \$49,704. The four key components of the Center's education programs are:

Senate Ways and Means Committee

Date *February 15, 2000*

Attachment # *5*

Student Education

- Scholarships
- Internships
- Education work assignments
- Field trips
- Cooperative lecture series
- Course materials

Annual Symposium

- High priority cooperative issues for directors and managers on topics such as:
 - Equity Management
 - Cooperative Restructuring
 - Strategies for Profitability

Annual CEO Roundtable

As a joint venture with CoBank, the Roundtable focuses on the following:

- Developing leadership skills
- Developing management strategies dealing with cooperative issues in the next century.

Research & Projects

- Critical issues are researched and seminars are conducted on topics such as:
 - Cooperative finance
 - Equity management
 - Business development
 - Leadership performance and compensation

The Center also houses a library that has a collection of hundreds of books, pamphlets, films, videos and papers dealing with cooperatives.

Even though we have collected a good percentage of our funds, we believe if we would have had HB 2476 when we started, we would have reached our goal of one million dollars several years ago.

The reason we believe this is that the Oklahoma cooperatives started a program just a few years ago and it has already received contributions of over one million dollars. Much of that can be attributed to the fact that the dollars given were matched by the state. Missouri also has a matching fund program. If Kansas wants to strengthen their academic programs at the University level and be able to compete, Kansas needs the provisions of HB 2476.

Even though, as it is currently written, the Arthur Capper Cooperative would not greatly benefit from HB 2476, we support it because it may help others.

Again, we ask you to support HB 2476. Thank you for your time. I would be happy to answer questions.

**SENATE WAYS AND MEANS COMMITTEE
TESTIMONY ON SENATE BILL 380**

Presented by Marvin Burris, Director of Fiscal Affairs
Kansas Board of Regents
February 15, 2000

ETHNIC MINORITY SCHOLARSHIP PROGRAM

The Ethnic Minority Scholarship Program was established by the 1989 Legislature to encourage continuous college enrollment immediately following high school graduation. The scholarship is academically competitive, need-based and provides up to \$1,500 for each of four years of full-time college enrollment. During the 1998-99 academic year, a total of \$364,452 was awarded to 267 students from a pool of 565 initially eligible applicants.

A minority student is defined as an American Indian or Alaskan Native, Asian or Pacific Islander, Black, or Hispanic person. To qualify for scholarship consideration, a student must meet a combination of the following five criteria: (1) complete the Regents Recommended Curriculum and have a 3.0 cumulative high school GPA; (2) receive an ACT Composite of 21 or greater; (3) rank in the top one-third of his/her high school class; (4) be recognized by the National Merit Corporation or Hispanic Scholar designation by the College Board; and (5) receive an SAT score of 816 or greater. From this pool, recipients are selected for funding.

Senate Bill 380 incorporates three changes to the program which were recommended by the Legislative Educational Planning Committee during the 1999 Interim:

- Expand the list of eligible institutions in which a recipient may enroll to include area vocational technical schools and technical colleges.
- Change the criteria for determining an applicant's financial need to be consistent with the federal methodology for need analysis.
- Change the maximum award from \$1,500 to 75 percent of the average amount of tuition and required fees of full-time, in-state students at the state educational institutions.

In addition to the amendments recommended by the LEPC, the Board of Regents request attached amendment to recognize the need to enhance the diversity of student population at the institutions. This amendment was adopted by the Senate Education Committee.

Senate Ways and Means Committee

Date *February 15, 2000*

Attachment # *6*

In FY 1990, initial funding for the program was \$150,000 to fund 100 scholarships. For FY 2001, the Governor recommends \$360,000 to fund 240 scholarships at \$1,500 each. The proposed new maximum of 75 percent of average state university tuition and fees is projected to be about \$1,900 in FY 2001. The impact of this change would be to require an increase in funding of \$96,000 or a reduction in the number of maximum awards to about 190.

The stated purpose of the program is to respond to concerns over the loss of ethnic minority students to other states and barriers to enrollment in postsecondary institutions by ethnic minority students. While we cannot assess the impact of this relatively small program, national comparison data shows that from 1991 to 1995, Kansas experienced a higher increase in college enrollment of Asian and Hispanic students and comparable increase for American Indian and Black students. Data from the state universities show that from the program's inception to fall 1998, total ethnic minority enrollment increased by 27 percent.

The Board of Regents endorses the proposed changes to expand access to the program and to provide flexibility for the program by allowing the maximum award to increase as costs increase, thus benefiting students. The amendments to index the maximum award and provide for use of the federal need analysis methodology were also recommended by the LEPC for the State Scholarship Program. Such consistency among the programs will facilitate their administration at the state and institutional level, which again will be beneficial to students.

The Board of Regents supports passage of SB 380, with the amendment it has requested, and urges the Committee to pass the bill out favorably.



brought to you by the Information Network of Kansas

[INK Home](#) > [Government](#) > [Legislative](#) > [Full Text of Bills](#) > Senate Bill No. 380

As Amended by Senate Committee

Session of 2000

SENATE BILL No. 380

By Legislative Educational Planning Committee

12-15

10 AN ACT concerning the Kansas ethnic minority scholarship program;
11 revising the definition of eligible institution; affecting the amount of
12 awards made under the program; amending K.S.A. 74-3284, 74-3287,
13 74-3288 and 74-3289 and K.S.A. 1999 Supp. 74-3286 and repealing
14 the existing sections.

15
16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. K.S.A. 74-3284 is hereby amended to read as follows: 74-
18 3284. As used in this act:

19 (a) "Kansas ethnic minority scholarship program" means a program
20 under which the state, in response to growing concerns over loss of scho-
21 lastically talented ethnic minority students to colleges and universities
22 institutions of postsecondary education in other states, **the need to en-**
23 **hance the diversity of the student population at Kansas institutions**
24 **of postsecondary education**, and the barriers to ethnic minority student
25 enrollment at Kansas colleges and universities institutions of postsecon-
26 dary education and for the purpose of enabling and encouraging scho-
27 lastically talented ethnic minority students to remain in Kansas for the
28 attainment of educational goals and fulfillment of career aspirations, pro-
29 vides financial assistance through the award of Kansas ethnic minority
30 scholarships to Kansas ethnic minority scholars.

31 (b) "Kansas ethnic minority scholarship" means a financial award by
32 this state under this act to a Kansas ethnic minority scholar.

33 (c) "Kansas ethnic minority scholar" means a person who: (1) Is a
34 resident of Kansas; (2) is a member of an ethnic minority group; (3) has
35 been accepted for admission to or is enrolled full time in a degree an
36 educational program at an eligible educational institution; (4) has estab-
37 lished financial need; and (5) has qualified for the award of a Kansas
38 ethnic minority scholarship on the basis of having demonstrated scholastic
39 educational ability, or who has previously so qualified and remains qual-
40 ified for the renewal of a Kansas ethnic minority scholarship on the basis
41 of maintaining full-time enrollment in a degree an educational program
42 at an eligible educational institution, remaining in good standing, and
43 making satisfactory progress toward completion of the requirements for

6-3