

MINUTES OF THE HOUSE HIGHER EDUCATION COMMITTEE

The meeting was called to order by Chairman Tom Sloan at 3:30 P.M. on February 8, 2006 in Room 231-N of the Capitol.

All members were present except:

Representative Annie Kuether- excused  
Representative Carl Krehbiel- excused  
Representative Valdenia Winn- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research Department  
Deb Hollon, Kansas Legislative Research Department  
Art Griggs, Office of the Revisor  
Haley DaVee, Committee Secretary

Conferees appearing before the committee:

Representative Ed O'Malley  
Scott Gates, Kansas Treasurer's Office  
April Holman, Kansas Action for Children  
Senator Nick Jordan  
Jerry Magliano

Others attending:

See attached list.

Chairman Sloan opened the hearing on:

**HB 2722 - Postsecondary savings accounts; pilot program providing state matching of contributions by low-income participants.**

Representative Ed O'Malley was welcomed to the committee to testify as a proponent to **HB 2722**. He noted that this bill is an effort to help more low income Kansans utilize the Learning Quest 529 plan. Representative O'Malley argued that helping provide resources to increase access to higher education is perhaps the best step to economic development that the legislature can take. (Attachment 1)

Chairman Sloan welcomed Scott Gates, Kansas Treasurer's Office, to testify as a proponent on **HB 2722**. He noted that higher income Kansans already receive help saving for college through tax breaks associated with 529 plans. **HB 2722** would be an opportunity to help Kansans who do not have many resources to save for college. (Attachment 2)

April Holman, Kansas Action for Children, was welcomed to the committee. Holman provided earning statistics based on educational levels to show that matching state funds in 529 plans for low income Kansans can make a big difference to Kansas students. (Attachment 3)

Chairman Sloan directed the committee's attention to written testimony in favor of **HB 2722** submitted by Margaret Clancy, Washington University (Attachment 4), Gary Daniels, Secretary of the Kansas Department of Social and Rehabilitation Services (Attachment 5), and Reginald Robinson, President and CEO of the Kansas Board of Regents. (Attachment 6).

The floor was opened for questions and questions were asked by Representatives Phelps, Pottorf, Storm, Carlin, and Kelsey.

Chairman Sloan closed the hearing on **HB 2722** and opened the hearing on:

**SB 139 - Authorizing state board of regents to establish the Kansas academy of mathematics and science (KAMS).**

Senator Nick Jordan was welcomed to the committee to testify in support of **SB 139**. He noted that this bill

CONTINUATION SHEET

Minutes of the House Higher Education Committee at 3:30 P.M. on February 8, 2006 in Room 231-N of the Capitol.

would form a Kansas Academy of Math and Science. The Kansas Board of Regents would determine which university would host the academy. He provided information about fourteen other academies that are set up in other states and the benefits they have had on students. He argued that this is an important step that the state of Kansas can make for the future of the state's children and the future of the state and national economies.

Chairman Sloan welcomed Jerry Magliano to the committee to testify as a proponent to **SB 139**. Magliano suggested that Kansas students must be encouraged to study math and science. He believes that establishing math and science academy will provide this incentive to students. (Attachment 7)

Chairman Sloan directed the committee's attention to written testimony submitted by the Kansas Board of Regents (Attachment 8) before opening the floor for questions. Representatives Huff, Horst, Otto, and Carlin asked questions.

Chairman Sloan adjourned the meeting at 4:45 p.m. The next meeting is scheduled for February 13, 2006 at 3:30 p.m. in Rm. 231-N.

HOUSE HIGHER EDUCATION COMMITTEE GUEST LIST

DATE 2/8/06

NAME	REPRESENTING
John Peterson	American Century
JERRY MAGLIANO	Johnson County Community Coll
Reggie Robinson	KSBOA
Kip Peterson	KBOR
<del>John Peterson</del>	<del>Pine Bluff - Smith</del>
Paula Silson	SRS
John Dougherty	ESU
RUSSELL MILLS	GACHES BRADEN
<del>James Rose</del>	KACCT
ERIC Sexton	WSU
Keith Kelle	
Sheryl Mathis	KNSA
Scott GATES	State Treasurer
Peggy Hanna	" "

# Testimony in Support of HB 2722

Representative Ed O'Malley

February 8, 2006

Over the last few years the Legislature has passed numerous economic development initiatives, including:

- \$500 million bonding measure for Boeing,
- \$500 million life science initiative,
- tax credits for entrepreneurship,
- tax credits for rural economic development, and
- tax credits for downtown redevelopment.

I proudly supported those measures as did almost every legislator. I am here today to talk about economic development of a different kind. As this committee knows, there is no greater way to encourage the development of individuals than through education. While economic development is traditionally thought of as impacting companies, the bill before you is focused on impacting individuals.

**Kansas' Learning Quest program has been a valuable tool to help families save for higher education; however, the data suggests it has not necessarily had a great impact on low-income families.**

**In tax year 2004, 82% of participants in the Learning Quest program made over \$75,000 and 93% made over \$50,000. Only 3% of participants made less than \$25,000.**

In her paper titled "Who Benefits from the Education Saving Incentives?", Harvard professor Susan Dynarski states:

Education savers are 41 years old, on average, and their oldest child is nine. They have two children and are well-educated, with over 90 percent having at least 16 years of education. Their median income is \$91,000 and their median net worth is \$281,000.

The goal of HB 2722 is simply to encourage more **low-income** Kansans to save for college. Key aspects of the bill are as follows:

- A pilot program is created in which the state will match the savings of individuals in 529 plans.

- The match will be on a dollar for dollar basis and the total match for an individual will be capped at no more than \$600.
- The state treasurer is provided great flexibility to administer the pilot program.
- Only families with a household income not more than 200% of the federal poverty level may apply.
- Four-hundred accounts will be offered each year (100 for each of the four congressional districts).
- At the start of the 2009 legislative session the state treasurer will submit a report on the effectiveness of the pilot program.

As the legislature moves toward passage of additional economic development legislation, including passage of a significant tax cut for business machinery and equipment (which I support), I hope we can find the time and the resources to enact HB 2722. Providing resources to access higher education is perhaps the best economic development the legislature can do.

**Kansas Department of Revenue**  
**Learning Quest Modifications to FAGI**  
**Tax Year 2004**

<u>KAGI Bracket</u>	<u>Returns</u>	<u>arning Quest Amo</u>	<u>Percent of Total Amount</u>	<u>Average Modification</u>
Up To \$25,000	439	\$1,160,839	2.5%	\$2,644
\$25,000 - \$50,000	842	\$2,305,044	5.0%	\$2,738
\$50,000 - \$75,000	1,786	\$4,829,559	10.4%	\$2,704
\$75,000 - \$100,000	2,201	\$6,398,219	13.8%	\$2,907
\$100,000 Over	<u>5,585</u>	<u>\$31,634,314</u>	68.3%	\$5,664
Total	10,853	\$46,327,975	100.0%	\$4,269

**Table 1**  
**Characteristics of Education Savings Account Investor**  
**Households with Children**  
**2001 Survey of Consumer Finances**

	All Households w/ Children 16 and under	Education Savers (529 or ESA)	Retirement Savers (IRA or Keogh)	Education Savers vs. Retirement Savers	Education Savers vs. All Households
	(1)	(2)	(3)	(4)	(5)
Has 529 or ESA	3%	100%	5%	-	-
Has IRA or Keogh	38%	70%	100%	-	-
Median Income	50,000	91,000	75,000	16,000	41,000
Median Net Worth	61,830	281,200	227,600	53,600	219,370
Mean Balance in IRA accounts	20,132 (108,599)	89,400 (276,948)	56,523 (174,129)	32,877 (28,073)	69,268 (17,480)
Mean Balance in 529 Accounts	126 (2,239)	4,664 (12,951)	148 (3,045)	4,516 (694)	4,538 (465)
Age of Oldest Parent	38.78 (8.50)	40.98 (6.59)	41 (8.05)	-0.02 (1.22)	2.2 (1.26)
Age of Oldest Child	10.71 (5.88)	9.42 (5.23)	10.46 (5.74)	-1.04 (0.87)	-1.29 (0.88)
Number of Children	2.08 (1.05)	1.99 (0.86)	2.07 (0.99)	-0.08 (0.15)	-0.09 (0.16)
Highest Education of Parents	13.89 (2.49)	16.19 (1.18)	14.91 (2.30)	1.28 (0.34)	2.30 (0.37)
Parent BA or Higher	0.37 (0.48)	0.91 (0.29)	0.59 (0.49)	0.32 (0.07)	0.54 (0.07)
N	1533	46	588	-	-

Ntoes: Standard deviations in parentheses in first three columns. Standard errors in parentheses in last two columns.  
Imputation Two of SCF; weights used.



STATE OF KANSAS

**Lynn Jenkins, CPA**  
TREASURER

900 SW JACKSON ST, SUITE 201  
TOPEKA, KANSAS 66612-1235

PHONE: 785-296-3171  
FAX: 785-296-7950

**House Committee on Higher Education, February 8, 2006  
Testimony by Scott M. Gates, Director of Learning Quest, on H.B. 2722**

Thank you for the opportunity to address the Committee in support of House Bill 2722. We have designed Learning Quest, the state's 529 college savings plan, with features that appeal to all Kansans. From the beginning, we have kept the minimum monthly automatic investment to open an account at \$25 to ensure that all Kansas can afford to participate. We strive to create a plan with features for investors at all levels with a direct sold plan and a plan for investors using and investment advisor. I want to thank Representative O'Malley for introducing this Bill and giving us an opportunity to expand the benefits that Learning Quest provides to Kansans of more modest means.

I'd also like to take this opportunity to give you an update on the things we have accomplished this year with Learning Quest, our state's 529 education savings program. This past summer, we surpassed \$1 billion in assets, and we currently have over 84,000 accounts. Both Kansans and investors from across the country continue to choose our plan to save for their students' future. In April of 2005, we continued our trend of expanding investment options by adding four Vanguard indexed mutual funds after rolling out the Schwab 529 plan in 2003. We also added a customer loyalty program from Babymint that gives participants the ability to add rebates from everyday purchases into their account. In 2006, we will have our investment management contract with American Century out for bid. This process will help our plan respond to the many changes that have occurred in the 529 industry since our original contract was signed in 1999.

H.B. 2722 creates a pilot program in which up to 400 low income Kansans per year could receive up to \$600 in matching funds from the state for each dollar they contribute to their account. 200% of the poverty guidelines for a family of five would be \$46, 800. Approximately 500,000 Kansans are within 200% of the federal poverty guidelines for households with five or fewer members. When families save even a modest amount for a student's future it lets the student know that attending college is both expected and planned for. We should do anything we can to encourage Kansans at this income level to save for their children's future, and I can't think of a better way to provide hope to these families than to match their college savings with state funds.

Kansans who pay income taxes can receive a tax benefit of up to \$390 per beneficiary based on the maximum deduction of \$6,000 and the highest Kansas tax bracket of 6.45%. Adding a matching grant for lower income Kansans ensures that even those who pay little or no Kansas income tax can receive a benefit from this program.

I have attached the federal poverty guidelines, a report from Savingforcollege.com outlining the other states that provide matching grants, and a report from the Department of Revenue outlining the cost of the current deduction for tax year 2004. I'd be glad to answer any questions that you may have.

House Higher Education Committee

2-8-06

Attachment 2



## Plan Name

## Program Match on Contributions

<p><b><u>Direct Portfolio College Savings Plan</u></b> Colorado</p>	<p>Dollar-for-dollar match of up to \$500 in contributions from lower-income Colorado residents to accounts with an eligible beneficiary (a dependent under age 13 at the time of initial application); the match can extend for a maximum five years; matching grants for 2005 and future years are subject to continued funding by the sponsor</p>
<p><b><u>START Saving Program</u></b> Louisiana</p>	<p>The state provides an earnings enhancement equal to 2% to 14% (depending on income) of a Louisiana participant's contributions when the account is used for qualifying expenses</p>
<p><b><u>NextGen College Investing Plan - Client Direct Series</u></b> Maine</p>	<p>Matching grant program for Maine residents provides \$200 initial grant with a new account of at least \$50, and annual matching grants of 50% of contributions up to \$200 grant per beneficiary; requires that family adjusted gross income be below a certain level (2006 grants require 2005 AGI of \$54,500 or less)</p>
<p><b><u>Michigan Education Savings Program</u></b> Michigan</p>	<p>Michigan residents with adjusted gross income of \$80,000 or less and a beneficiary under seven years old may apply for a one-time matching grant of up to \$200</p>
<p><b><u>Minnesota College Savings Plan</u></b> Minnesota</p>	<p>Up to \$300 per year matching grant for Minnesota residents, subject to income limitations</p>
<p><b><u>TAP 529 Investment Plan (Direct-sold)</u></b> Pennsylvania</p>	<p>Match available for Pennsylvania low-income families (200% of the federal poverty level) participating in the Family Savings Account Program offered through the Pennsylvania Department of Community and Economic Development</p>
<p><b><u>CollegeBoundfund (Direct-sold, Alternative R)</u></b> Rhode Island</p>	<p>The program will annually match up to \$500 in contributions from low- and moderate-income Rhode Island residents to accounts opened before the beneficiary reaches age 11; the match can extend for a maximum five years; the match is either 1-for-1 or 2-for-1 depending on reported family income</p>
<p><b><u>Utah Educational Savings Plan (UESP) Trust</u></b> Utah</p>	<p>Pilot program matches contributions of low-income Utah participants, up to \$300 each year for four years</p>

Information found at: [www.SavingForCollege.com](http://www.SavingForCollege.com).

**2006 HHS Poverty Guidelines**

<b>Persons in Family or Household</b>	<b>48 Contiguous States and D.C.</b>	<b>Alaska</b>	<b>Hawaii</b>
1	\$ 9,800	\$12,250	\$11,270
2	13,200	16,500	15,180
3	16,600	20,750	19,090
4	20,000	25,000	23,000
5	23,400	29,250	26,910
6	26,800	33,500	30,820
7	30,200	37,750	34,730
8	33,600	42,000	38,640
For each additional person, add	3,400	4,250	3,910

Kansas Department of Revenue  
Learning Quest Modifications to FAGI  
Tax Year 2004

<u>KAGI</u>	<u>Bracket</u>	<u>Returns</u>	<u>Learning Quest Amount</u>	<u>Percentage of Total Amount</u>	<u>Average Modification</u>
Up To	\$25,000	439	\$1,160,839	2.5%	\$2,644
\$25,000	\$50,000	842	\$2,305	5.0%	\$2,738
\$50,000	\$75,000	1,786	\$4,829,559	10.4%	\$2,704
\$75,000	\$100,000	2,201	\$6,398,219	13.8%	\$2,907
\$100,000	Over	<u>5,585</u>	<u>\$31,634,314</u>	68.3%	\$5,664
	Total	10,853	\$46,327,975	100.0%	\$4,269



*Making a difference for Kansas children.*

April Holman  
Legislative Testimony  
House Bill 2722  
House Committee on Higher Education  
February 8, 2005

Kansas Action for Children Inc.  
720 SW Jackson | Suite 201  
Topeka, KS 66603

P 785-232-0550 | F 785-232-0699  
kac@kac.org | www.kac.org

Celebrating 25 years  
of child advocacy

Good afternoon, Chairman Sloan and members of the Committee. On behalf of Kansas Action for Children, I would like to thank you for this opportunity to testify in support of House Bill 2722.

Kansas Action for Children is an independent, nonpartisan, citizen-based corporation founded in 1979. We work on behalf of all children to ensure that their physical and emotional needs are met, and that they become healthy and contributing adults. In 2003, Kansas Action for Children began a new initiative called Fiscal Focus, the purpose of which is to improve the economic security of Kansas children and their families.

### **Importance of Higher Education in Breaking the Cycle of Poverty**

HB 2722 is a wonderful first step towards increasing educational attainment for low-income Kansans. This is an important tool for breaking the cycle of poverty. According to the National Center for Education Statistics (NCES), “the direct and indirect effects of family income constitute a dominant factor in the formation of an individual’s earning capacity.” However, the NCES also notes that “education is positively related to individual earnings” such that ten years after high school students with a bachelor’s degree are estimated to earn an average of 23 percent more than students with no college. Likewise, students with an associate degree earn an average of nine percent more than students with only a high school education.

### **Participation in 529 College Savings Programs by Income Level**

National research on 529 college savings programs shows that participation by low-income families is minimal. A 2004 report by Susan Dynarski of the Harvard University Kennedy School of Government and the National Bureau of Economic Research notes that the average education saver is 41 years old and their oldest child is nine. They have two children and are well-educated, with over 90 percent having at least 16 years of education. Their median income is \$91,000 and their median net worth is \$281,000.

Although fewer data are available about participants in the Kansas Learning Quest (529 College Savings) Program, the Kansas Department of Revenue reports that over half of the returns claiming a deduction for Learning Quest contributions in tax year 2004 were from taxpayers with a Kansas Adjusted Gross Income of \$100,000 or more.

### **Current Incentives to Participate in the Learning Quest College Savings Program**

Under the current system, apart from the obvious benefit of saving for college the major incentives for participation in the Learning Quest program are in the form of favorable tax treatment for investments. Among other things, taxpayers contributing to the Learning Quest program receive a tax deduction both at the federal and state level. At the state level,

**EXECUTIVE DIRECTOR**  
Gary Brunk

#### **BOARD OF DIRECTORS**

Pat Anderson  
Margot Breckbill  
Gui Burley  
Dennis Cooley, MD  
Carol Cowden  
Tina DeLaRosa  
Sue Evans  
Judy Frick  
Susan Garlinghouse  
Shirley Heintz  
Rebecca Holmquist  
Larry Kane  
Kandee Klein  
Martin Maldonado, MD  
Sarah Mays  
Bill McEachen, MD  
James McHenry, PhD  
Zenab Mebed  
Linda Newman  
Marge Petty  
Pam Shaw, MD

House Higher Education  
2-8-06  
Attachment 3

it is estimated that about \$46.3 million dollars in Learning Quest deductions were claimed in tax year 2004. Using an average tax rate of 5%, this translates into about 2.3 million dollars that the state indirectly paid to encourage participation in the Learning Quest program in 2004. Unfortunately, the benefit of this incentive went overwhelmingly to higher income taxpayers because unlike wealthier taxpayers, most low-income taxpayers do not itemize their deductions, but instead use the standard deduction. Tax deductions are of little use to a taxpayer that doesn't itemize deductions.

### **Benefits of HB 2722**

HB 2722 would create a three-year pilot program to provide a direct incentive for low-income Kansans to participate in the Learning Quest program. Our estimates indicate that the cost of the incentive provided through HB 2722 would be approximately \$1.4 million over the three-year period. When viewed in light of the \$2.3 million incentive for one year under the current incentive structure, this seems like a small investment in what will be a very important tool against poverty. We respectfully ask for your support of HB 2722.



### INCREASING PARTICIPATION IN COLLEGE SAVINGS ACCOUNTS BY LOW-INCOME FAMILIES

Publicly sponsored college savings accounts, commonly known as “529” accounts, are an effective means of promoting savings for higher education. However, these programs are underutilized by low-income families due to the structure of current program incentives. Kansas Action for Children supports a pilot program to provide a direct match of investments in Kansas “529” accounts for low-income Kansas children as a first step towards greater economic opportunities.

#### *Learning Quest “529” Education Savings Plan*

The Learning Quest program is administered by the office of the Kansas Treasurer. It is organized to take advantage of special tax treatment of child savings under the federal Internal Revenue Code section 529 and is among a group of similar programs provided by almost every state in the country. In addition to tax advantages at the federal level, investments under the Learning Quest program also receive tax advantages at the state level.

These include an annual adjusted gross income deduction of up to \$3,000 per student, per year (\$6,000 if married, filing jointly).

Aside from the obvious benefit of saving for a child’s education, the incentive to participate in 529 plans comes from the beneficial tax treatment provided by the state and federal governments.

One way to encourage low-income families to participate in Learning Quest is to offer a direct match to their investments as opposed to indirect benefits provided to higher-income families through the tax code.

However, this incentive does very little to encourage savings for low-income taxpayers who typically do not benefit from tax deductions.

While little data is available as to participation in the Learning Quest

program by income level, national research on 529 plans shows that participation in such programs by low-income families is minimal. One way to encourage low-income families to participate in Learning Quest is to offer a direct match to their investments as opposed to the indirect benefit provided to higher-income families through the tax code.

#### *Pilot Program*

Kansas Action for Children supports a pilot program that would assist low-income families in participating in the Learning Quest program. This pilot program would provide a dollar for dollar match of funds invested by qualified low-income families up to \$600 per year. The pilot program would be limited to 400 accounts, equally divided to participants in the four Kansas congressional districts. After three years, a report would be issued detailing the number of accounts that were established, the savings of matched participants, and the impact of the match on participation in the program and the amount saved.

**Kansas State House Committee on Higher Education**  
**February 8, 2006**  
**Margaret M. Clancy**  
**Center for Social Development, Washington University in St. Louis**

Thank you for allowing me to submit written testimony on this important topic. My current work includes a six-year national children and youth savings initiative, and researching features of 529 college savings plans as a possible model for inclusive asset-building policy. (By inclusive I mean saving policy that includes families of all income levels.) For 17 years prior to my employment at Washington University, I worked at a large Trust company in St. Louis administering corporate 401(k) and defined benefit pension plans.

At CSD we have been studying 529 college savings plans for several years through our interest in saving and asset accumulation. We are not interested in 529s per se, but in characteristics of 529s that can become building blocks for an inclusive children's savings policy. By inclusive I mean a saving policy that includes families of all income levels. It is the policy features of 529 savings plans, compared to available alternatives, that interest us.

To achieve inclusion, it is likely that state government will play the leading role in defining and overseeing the policy, because the private sector does not want to hold small, unprofitable accounts. And it is likely that private financial markets will manage assets, because they are much better at this than the government.

A major issue in access to higher education is accumulated assets to help pay costs. Available aid for college does not cover costs for most (or even many) low-income families. The College Board states that "financial barriers to college enrollment remain a particular issue for low-income families and students". Barriers are much higher for people of color. Low-income families without available assets may not be able to afford, and often do not believe they can afford, to send their children to college. This outlook limits future expectations, which in turn limits educational attainment. Thus, for both financial and behavioral reasons, saving for higher education increases access.

Participation in 529 savings plans may be a promising way to make this possible. The federal government allows for tax-free growth of earnings from these accounts when used to pay for qualified higher education expenses and many states offer additional incentives, such as tax deductions on contributions. Tax benefits go largely to middle- and upper-income households, where households with higher incomes and larger income tax liabilities are able to take advantage of savings incentives.

Yet, 529 savings plans offer a savings platform with several beneficial features that create the opportunity for families of various income levels to save. In many states, public sector oversight of 529 plans has included small minimum deposit requirements, a low-cost structure, and broad outreach efforts by state Treasurers or other state officials. Unlike IRAs and other non-plan financial products, 529 savings plans include the following features: (1) public sector oversight that allows incentives and coordination with other policy efforts; (2) centralized accounting functions; (3) viability of small accounts; and (4) a limited number of investment options.

**1) Public sector oversight and policy coordination.** As you know, states negotiate and control 529 plan features. By design, some plans have very low initial deposit requirements, much lower

than mutual funds offered by the same institution. The effect of this is to encourage participation in the state 529 savings plan by low- to moderate-income households.

CSD has compared minimum contribution levels for new accountholders and finds that 529 savings plans have much lower requirements than mutual funds offered by the same institution. For example, the initial deposit requirement in my home state's 529 plan, Missouri MOST, is \$25, compared to a \$2,000 minimum for an IRA offered by the current state provider, TIAA-CREF.

The state also has the ability to facilitate coordination with other plan efforts and policy objectives. Partnerships with public, private, and non-profit entities allow states to market the plans in non-traditional venues. Non-traditional marketing examples include school systems, public libraries, professional associations, community organizations, childcare centers, workplaces, and joint effort with the State Department of Health to provide 529 information to families of newborns based on birth records.

**2) Centralized system of accounting.** Each state is responsible for overseeing plan participation. To do this, states create a centralized system of account management through their financial provider. Thus, participants in a plan are in the same system.

This centralized accounting structure is similar to a 401(k) plan structure, the main difference being that the state instead of the employer is the plan administrator and coverage extends broadly rather than only to a particular employer's base. Most systems are capable of tracking contributions, investments, earnings, and some demographic information for all plan participants. Using this centralized savings information, some states are matching contributions for low-to moderate income families (see Table 1).

Other state providers report to the state regarding how many state residents are participating, where these families are located within the state and what is the age and gender of account owners and beneficiaries. This information, if accessed, enables states to ensure that the plan is reaching a variety of state residents.

**3) Viability of small accounts.** Centralizing administrative functions also create economies of scale. With large asset pools, states can negotiate a more competitive fee structure than would be offered to individual investors. And in many states, investment companies have departed from their normal business practices to offer pricing and minimum contribution concessions for 529 savings plans.

Moreover, there is potential to lower fees in each state's 529 savings plan as assets under management rise. Because large- and small-value accounts are held in the same plan, there is a natural cross-subsidy where the smaller accounts (which may be unprofitable) can be supported by the larger accounts (with higher profit margins). Since states negotiate and control the fee structure, there is an opportunity to support small accounts within the plan structure if high-value accounts are in the same plan.

This is not to say that all 529 plans have low fees. Indeed, many existing 529 plans have high costs and other undesirable features. It would be preferable for more state plans to have desirable 529 features (e.g., low costs, low minimum deposits, outreach to all state residents).

**4) Limited investment options.** In many 529 plans, there is simplicity in investment options. Typically a limited number of funds are offered that capture a range of risk and return characteristics. For example, plans may offer a conservative guaranteed-return fund, a managed allocation option based on the beneficiary's age, and an equity option. The notion is that a limited set of investment options provides account holders adequate investment choice in pursuing their investment strategies, reduces costs, and is often preferable to the information overload that may be experienced if choosing among an large number of investment options. Recent studies focusing on 401(k) plans have found that too many investment choices can lead to financial inertia, paralysis, and low participation—qualities to avoid in long-term investing.

Similar to the 529 plans, limited investment choice is typical for employees in a 401(k) or 403(b) plan. Just as the states subsidize contributions in their plans through state tax deductions, employers subsidize employees' 401(k) saving through matched dollars and participants are not allowed to choose investments outside of the plan. The federal government subsidizes in the form of tax free growth in 529s and tax deferral in 401(k)s.

**Summary** Through a combination of low-cost structure, low-minimum investment requirements, broad marketing campaigns, and limited investment options, some states are in the forefront in encouraging all state-resident families to save for post-secondary education. Are 529 savings plans owned by wealthy families who were already saving for education? Do low minimum investments and reasonable fees attract families who wouldn't save otherwise? What can be done to encourage saving among low to moderate-income families? CSD suggests the following recommendations to improve the effectiveness of this public policy in reaching Kansas state-resident families of all income levels to save for post-secondary education.

Recommendations for Kansas
<ul style="list-style-type: none"><li>• <b>Provide an initial state deposit to Kansas Learning Quest 529 Education Savings Program accounts for low-moderate income state-resident families (i.e. Maine's Initial Matching Grant in Table 1). The current initial minimum contribution of \$500 very likely prohibits low-income savers from opening accounts.</b></li><li>• <b>Provide annual matching grants for accounts set up for low-moderate income Kansas state-resident families.</b></li><li>• <b>Exclude 529 savings from consideration in state asset limit tests for programs such as TANF, food stamps, and other state benefits.</b></li><li>• <b>Collect data to evaluate participation in 529 savings plans by income, geographic area, or other variables to better target outreach.</b></li></ul>

As intended by Congress in the federal legislation authorizing 529 plans, this public policy should benefit residents of all states, not just the wealthy.

**Contact Information**

Margaret M. Clancy, MSW, Center for Social Development, Washington University in St. Louis  
314-935-8178 [mclancy@wustl.edu](mailto:mclancy@wustl.edu)



4-4

**Table 1: State-Funded Matching Grant Programs**

State and Plan Name	Funding	Match Criteria	Eligibility	Application Method	Matching Account	Distribution and Forfeiture Provisions
Colorado	Subject to annual appropriation, first come, first served	\$1 to \$1 match up to \$500/year for a maximum of 5 years	Income of up to 200% of poverty (see Table 3); dependent beneficiary must not be older than 12 at the time of initial application.	Application can be made February 1-May 15 <sup>th</sup> for the previous calendar year contributions. Must submit application and federal income tax return or similar evidence of income only in years which applicant wants to receive a match.	Matches go to separate account, owned by CollegeInvest and set up in the beneficiary's name.	CollegeInvest makes payment directly to a higher education institution based on beneficiary request. Matching funds will be revoked if beneficiary fails to make a qualified withdrawal by approximately age 22.
Louisiana	Subject to sufficient appropriations from the state legislature. The match rate may be reduced, if needed.	2%-14% match	All state residents are eligible for at least a 2% match, but the match rate is progressive (see Table 3)	The state reviews tax return filed for the prior year or the accountholder can submit their return. The accountholder can provide notarized proof of income and proof that tax filing was not required. Otherwise, accountholder will receive the minimum 2% match rate.	Earning enhancement is credited directly to the accountholder.	If savings used for a non-designated purpose, the state will recover the earning enhancements and the interest accrued from those matching funds.
Maine	User fees charged to national accountholders. Terms and availability can change at any time.	With \$50 deposit, \$200 Initial Match (provides \$250 initial deposit required to open account). With min. \$50 deposit in calendar year, Annual Match of 50% of contributions, up to \$200/year.	Family adjusted gross income of \$52,500 or less (adjusted annually through the Consumer Price Index)	Application for initial \$200 match can be made up to one full year after account opened. Application for annual match can be made through 12/31 for the previous calendar year. Participants self-certify income; the Finance Authority of Maine (FAME) audits income eligibility through Maine Revenue Services.	Matches go to participant account, although owned and invested by FAME, and set up in the beneficiary's name.	After waiting for at least twelve months from when the beneficiary receives an initial match, they may apply for initial matching funds to be used to pay for qualified expenses. There is no minimum waiting period to apply for use of annual matching funds.

State	Funding	Match Criteria	Eligibility	Application Method	Matching Account	Distribution and Forfeiture Provisions
Michigan	Annual state appropriation from tobacco funds settlement	\$1 to \$3 one-time match, up to \$200, within first year of account enrollment	Beneficiary must be no older than 6 years of age, and household adjusted gross income of \$80,000 or less	Application must be made by September 30 <sup>th</sup> for the previous year contribution. Documentation of income must be made available upon request, but not required with application.	Matches go to separate account, owned by the Michigan Education Savings Program. Matching funds invested in an institutional bond fund.	Payment sent directly to beneficiary's higher education institution. Any match funds remaining will be returned to the state when beneficiary turns 30 or if the beneficiary receives a full scholarship and the funds are no longer needed.
Minnesota	Subject to an annual appropriation. If total grants exceed the amount appropriated, awards will be proportionately reduced.	15% of contributions matched up to \$300/year if income \$50,000 or less; 5% of contributions matched up to \$300/yr if income \$50,01-80,000.	Must contribute at least \$200 during year and have a federal adjusted gross income that does not exceed \$80,000.	Application must be made by May 1st for the previous calendar year contributions. Must submit application and federal income tax return or similar evidence of income.	Matches go to separate account, owned by the state of Minnesota and linked to the beneficiary's account. Matching funds invested in a guaranteed return fund with a minimum return of 3% per annum.	Account must be open for at least three years before a beneficiary can receive a distribution of matching grant funds/
Rhode Island	User fees charged to national accountholders. If adequate funds are not available, the maximum amount to be matched would be reduced proportionally preserving the match ratios.	1:1 match up to \$500/year or 2:1 match up to \$1,000 /year for a maximum of 5 years	Account must be open for beneficiary at or before the age of 10. Families must be at or below the state median income to qualify, with progressive match structure (see Table 3). Applicant must be able to declare beneficiary as dependent for tax purposes	Application can be made January 2-April 30 <sup>th</sup> for the previous tax year. Must submit application with federal income tax return or similar evidence of income.	Matches go to separate account, owned by CollegeBound and set up in the beneficiary's name. Matching grant funds invested in a principal protection income portfolio.	CollegeBound makes payment directly to a higher education institution based on request from beneficiary. Match must be utilized within a reasonable time after the beneficiary is eligible for withdrawal or the funds will be revoked.

4-6

State	Funding	Match Criteria	Eligibility	Application Method	Matching Account	Distribution and Forfeiture Provisions
Utah*	State appropriation for matches to families participating in this pilot program	1:1 match up to \$300/year for a maximum of 4 years or until high school graduation, whichever comes first	Income up to 200% of poverty or eligible for TANF (see Table 3), must commit to saving at least \$25/month in an Option 1 UESP account (money market fund)	Must submit copies of past two income tax returns, proof of TANF participation (if applicable), or equivalent documentation.	Matches go to separate account owned by the Utah Educational Savings Plans and set up in the beneficiary's name.	Beneficiary gains access to matching funds once enrolled in college. Funds paid directly to the higher education institution.

\*This is currently a pilot demonstration project. In the first phase, 50 families will be able to take advantage of the match. Phase two will include 100 additional families. After this, an assessment will be conducted to determine whether to continue or expand the program.

Kansas Department of

# Social and Rehabilitation Services

Gary J. Daniels, Secretary

**Committee on Higher Education**

February 8, 2006

**HB - 2722**

**Post - Secondary Savings Accounts  
for Low-Income Families**

**Gary J. Daniels, Secretary**

**785-296-3271**

For additional information contact:  
Public and Governmental Services Division  
Kyle Kessler, Director of Legislative Affairs

Docking State Office Building  
915 SW Harrison, 6<sup>th</sup> Floor North  
Topeka, Kansas 66612-1570  
phone: 785.296.3271  
fax: 785.296.4685  
[www.srskansas.org](http://www.srskansas.org)

House Higher Education Committee  
2-8-06  
Attachment 5

**Kansas Department of Social and Rehabilitation Services  
Gary J. Daniels, Secretary**

Committee on Higher Education  
February 8, 2006

**HB 2722- Post-Secondary Savings Accounts for Low-Income Families**

Chairman Sloan and members of the committee, the Department of Social and Rehabilitation Services supports House Bill 2722, which seeks to establish a matchable savings program for post secondary school expenses for low-income individuals and families.

The lack of education among low-income people can significantly undermine their economic security and their opportunities for advancement. Low-income individuals and families often have little discretionary income and lack the opportunities upper-income people have to save money.

This proposed savings program will help low-income individuals and families achieve greater economic security and stability. Lack of access to post-secondary education is a critical barrier preventing low-income individuals from building the personal and financial resources needed to achieve and maintain self-sufficiency. Higher education results in increased personal income, greater earning potential, and contributes to continued economic growth in Kansas. Asset development programs, such as this savings plan, can help move families on a path of self-sufficiency, where they no longer need publicly-funded supports and services to help them make ends meet. This bill will enable individuals and families to save for the necessary education and training that will not only help them, but will pass on opportunities to future generations.

The Department of Social and Rehabilitation Services supports HB 2722 as a means to assist families to move out of poverty.

Thank you for the opportunity to provide this written testimony.



# KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421  
FAX – 785-296-0983  
[www.kansasregents.org](http://www.kansasregents.org)

February 8, 2006

Representative Tom Sloan  
Chairman  
House Higher Education Committee  
Statehouse, Room 446-N  
Topeka, KS 66612

Representative Sydney Carlin  
Ranking Member  
House Higher Education Committee  
DSOB  
Topeka, KS 66612

Dear Chairman Sloan and Ranking Member Carlin:

On behalf of the Board of Regents, I write to you to express the Board's support for House Bill 2722. This legislation would establish a pilot program to provide an incentive for low-income families to establish postsecondary savings accounts.

The Board has long-supported the state's Learning Quest Program. As an advocate for higher education in Kansas, the Board is pleased to support programs, such as Learning Quest, and legislation, such as House Bill 2722, that help Kansans to prepare for and pursue their higher education goals and dreams.

Thank you for the opportunity to share the Board's support for House Bill 2722.

Sincerely,

Reginald L. Robinson  
President and CEO

House Higher Education Committee  
2-8-06  
Attachment 6

**PROPOSAL FOR A KANSAS ACADEMY FOR MATH AND SCIENCE (KAMS)**  
**TESTIMONY BEFORE THE KANSAS HOUSE HIGHER EDUCATION COMMITTEE**  
**WEDNESDAY, FEBRUARY 8, 2006**

Good afternoon. My name is Jerry Magliano. I live in Lenexa and am a Professor in the Computer and Information Systems program at Johnson County Community College. Don Norwood regrets he could not attend today because of a prior commitment to visit his brother in Florida.

Last year, the National Governors Association convened a summit to discuss what they described as a crisis in American education. Bill Gates, Chairman of Microsoft, addressed the group and pointed out that math and science subject areas posed the greatest challenge, with American students slipping behind the rest of the world between the fourth and twelfth grades, starting among the top ranks and finishing near the bottom of industrialized nations. He further pointed out that, as a result, the nation's high schools are not preparing sufficient numbers of students equipped with the requisite skills in math and science skills to meet the national demand for engineers and scientists now and in the future.

In a speech on January 24, 2006, Martin C. Jischke, President of Purdue University, made the following comments. "We are at a crossroads in our nation as we enter a century that we know will be dominated by science, engineering, technology and education. A convergence of science, technology and engineering is taking place and this convergence is about to change the world. At a point in time when science, engineering and technology are opening incredible potentials, the United States is falling behind in the production of graduates in these fields. If current trends continue, by 2010, only four years from now, more than 90% of all scientists and engineers in the world will live in Asia. It is clear that American investments in higher education – and most especially in science, math, engineering and technology – played a major role in creating this great nation and all the comforts and benefits that we enjoy. But we have lapsed, and lapsed dramatically in a remarkably short period of time. Our middle school and high school students are unprepared in math and science and correspondingly uninterested in these careers. Of the nearly 1.1 million U.S high school students who took the college entrance exam in 2002, less than 6% percent had plans to study engineering. That is a 33 percent decrease from ten years earlier."

To underscore the concerns voiced earlier by Bill Gates and Martin Jischke, during his State of the Union speech on January 31st, President Bush gave prominence to this issue. Heeding dire reports from corporations, universities and scientific groups about slipping US competitiveness in math and science, he proposed \$50 billion be invested over ten years for more research and advanced courses in both fields to boost the nation's economic power. He also proposed new math and science programs for elementary and middle school students. The ability to succeed in math, science and engineering at the college level requires the building of a strong foundation at the K through 12 levels. During my generation, our nation was equally unprepared and was caught with a technology deficit. Our wake up call was the launching of Sputnik in 1958. In response, universities were flooded with applicants who wanted to become an engineer or scientist. Unfortunately, most did not have the educational foundation in math and science to succeed beyond their freshman year. I was fortunate enough to have gone through a rigorous science curriculum in high school and was able to attain a

Chemical Engineering degree. President Bush's proposals came mostly from "Rising Above the Gathering Storm", a sobering economic blueprint put together last Fall by an advisory panel at the request of Congress. That report warns that "for the first time in generations, the nation's children could face poorer prospects than their parents and grandparents did." Math, science and technology are considered the nation's economic backbone. They influence research, job creation, innovation and the ability of workers to handle blue-collar and white-collar jobs. The impact of not acting now will result in the continued outsourcing of high technology jobs to India, China and other parts of the world where math and science education is being participated in more fully. Worse than that, it will lead to the exportation of the economic security and standard of living of future generations of Kansans and all Americans. I don't think that is the kind of legacy our generation wants to leave for our children and grandchildren.

The problems, as well as the consequences of failure to address them, have been well documented. What is needed now is leadership and action. We firmly believe that part of the solution, which would be low cost, high return, is to follow the lead of fourteen other States in establishing a resident math and science academy, hosted by one of our great Universities, for high school students who are ready, willing and able to immerse themselves in college level courses in these subject areas.

Thanks to the leadership of Kansas Senator Nick Jordan and Representative Stephanie Sharp, we were able to present our proposal last year to create the Kansas Academy for Math and Science (KAMS) to both the Senate Commerce and House Higher Education Committees. The result was the writing of SB 139 which passed overwhelmingly in the Senate but failed by just six votes in the House for reasons I will address later. Among the many benefits of KAMS, we see the following as most important:

1. The image of Kansas as a provider of world class math and science education would be significantly enhanced and would attract high technology businesses and research. It is no coincidence that three of the states, North Carolina, Illinois and Texas, that established Math and Science Academies during the 1980's are now national leaders in attracting scientific research institutions and high technology businesses.
2. A diverse group of high school students from across the state, regardless of economic status, would be given the opportunity to reach their full potential in the study of math and science.
3. Students from smaller school districts in central and western Kansas, which lack the instructional resources of larger districts in the eastern part of the State, would have an equal opportunity for advanced math and science education.
4. Competition among students aspiring to attend KAMS would raise the overall level of interest in math and science education.
5. Schools with qualifying students would receive recognition for their excellence in preparing students for advanced study in math and science.



6. Talented high school students could be identified early and encouraged to remain in Kansas through scholarships and other incentives thereby reducing the "brain drain" to other states.
7. Opportunities for government grants and business/education partnerships would be created. For example, the Illinois Math and Science Academy secured \$5.75 million in federal grants and \$16 million in corporate, foundation and individual contributions.
8. Over time, an alumni base would be created which could provide valuable financial and public relations support.
9. A source of "home grown" talent would be created to support the initiative to make Kansas a "dynamo for research" in conjunction with the recently established Bioscience Authority.
10. Great dividends will be returned to Kansas and its high school students in return for a very small investment relative to total education funding. The Missouri Academy for Math, Science and Computing, for example, has a total budget of about \$2.3 million for 91 students and a staff of 16.

It was our understanding that SB 139 failed in the House last year primarily because some legislators were concerned it would not benefit students in the more rural parts of central and western Kansas as much as those in the more populous parts of the State. There were also questions about how well high school juniors and seniors would adjust to going off to college at an earlier age.

With regard to the first concern, benefits 2 and 3 listed above specify that there would be an equitable distribution of opportunity for students to attend from across the State and that no student would be denied the opportunity to attend because of economic status. Both of these are addressed in SB 139 which states the procedure for selection would be for 20 students to be selected on a Congressional District basis with no more than five pupils from each of the four districts and 20 other pupils selected on a statewide basis. Additionally, all selected students would be admitted to KAMS without charge for tuition, fees and books, but shall be responsible for room and board charges. Those who demonstrate financial need may be provided room and board without charge.

To address the second concern, it should be pointed out that resident academies for grades 11 and 12 have been working successfully for anywhere from five to over twenty years at fourteen of these institutions around the country. In fact, the Illinois Math and Science Academy in Aurora, which has been in existence since 1985, has 650 students from all corners of Illinois in residence from grades 10 through 12. The following are some of the reasons for this success:

1. The selection process includes input from school principles, counselors, teachers and parents to determine not only academic qualifications but also level of maturity of the students.
2. The students participate in a rigorous curriculum in which they are fully immersed with their fellow students mutually supporting each other.

3. There is zero tolerance for serious infractions of rules and regulations.
4. A staff of Student Life Counselors develops and supervises a comprehensive program of extra-curricular activities appropriate to the age group of the students.

The newest of the math and science academies is the Missouri Academy for Science, Math and Computing (MASMC) which we believe would be an excellent model to follow because they have learned well from the experiences of the other academies. In addition to materials sent to us by their staff, I have provided you with a letter from Lori Kelley, a Kansan who works as one of their Resident Counselors, as well as a copy of their budget. She contacted us a few months ago because of her strong belief that kids in Kansas deserve the same opportunities as those in Missouri and other states to realize their full potential in math and science education. She has seen first hand the benefits that have been realized with the MASMC and that could be realized with KAMS. For more information about the MASMC, I would recommend going to their excellent Web site at [www.nwmissouri.edu/MASMC](http://www.nwmissouri.edu/MASMC). Additionally, if you want to be amazed at what the Illinois Math and Science Academy has done for the state of Illinois, visit their web site at [www.imsa.edu](http://www.imsa.edu). It is an incredible success story.

Where do we go from here? A few weeks ago, we had the opportunity to speak to the Kansas State Board of Education about KAMS. As a result, we were invited to go back to meet with their Math and Science department on February 21<sup>st</sup> for further discussion. We are looking forward to their support along with that which has previously been voiced by Reggie Robinson, President of the Board of Regents. Last year, only six additional yes votes in the House would have resulted in KAMS being well under way. Hopefully, we have resolved the questions of those who voted no. As a House committee, you represent your fellow legislators on matters concerning higher education. Please help inform those who had doubts last year about the benefits of KAMS and urge them to vote yes for SB 139. Finally, Governor Sebelius attended the National Governors Association summit last year during which the crisis in math and science education was dealt with extensively. Encourage her to provide the leadership needed from the Governor's office to make KAMS a reality just as Governor Jim Thompson did in Illinois in 1985. If you have the wisdom to pass SB 139 this year, the next step would be for the Board of Regents to identify a host institution for KAMS and to work with the Kansas State Board of Education to develop a curriculum that will meet both high school graduation and college Associate of Science degree requirements. Please pass SB 139 this year for our kids, for Kansas and for our nation.

Thank you for allowing us to testify again this year and best wishes for a successful legislative session. We would be happy to answer any questions.

Donald C. Norwood, Ph.D.  
8137 Westgate Drive  
Lenexa, KS 66215  
913-894-8614

Jerry Magliano  
8127 Westgate Drive  
Lenexa, KS 66215  
913-541-8764

# MISSOURI ACADEMY

NORTHWEST MISSOURI STATE UNIVERSITY



## To Whom It May Concern:

What an awesome gift to bear witness to a flower blossom. This has been my experience in working with gifted and talented high school students in a residential program. Why create a math and science academy in Kansas? Statistics show that by 2010, more than 90% of all scientists and engineers in the world will be living in Asia if the current trends continue. In the United States, fourth graders score high in math and science when compared with other countries, but 12 graders score near the bottom. Why a Kansas Academy? In the words of Governor Matt Blunt: we owe it to our children to do everything we can to prepare them for the challenges that await in our global economy.

What are the benefits of a math and science academy? An academy, especially those on college campuses, offer gifted and talented high school students the opportunity to challenge the limits of their intellect, while earning college credit. Through a math and science academy students are well prepared academically. Purdue University expressed how impressed they were about the depth of knowledge an alumni student from the Missouri Academy had in the area of science. The University of Missouri-Kansas City has acknowledged that the Missouri Academy students are well prepared academy.

Gifted and talented high school students also benefit from the student development aspects of a math and science academy. In discussing with Missouri Academy students on their experience, most of the students express that the Academy feels like home. An academy offers students an environment in which it is ok to be different or labeled a nerd. It provides an atmosphere where it is perfectly normal to have philosophical conversations about life and death. The Missouri Academy does not have the typical high school cliques. The cliques existing here revolve around interests and personality. Students here are allowed the opportunity to show other students who they really are. Students can be themselves. A lot of gifted and talented students lack adequate social skills. An academy environment can enhance social skills and produce leaders. How? Students receive the opportunity to interact with others similar to themselves. Students gain confidence and social experiences through activities and community.

How do students adjust to residential living? Not all students adjust the same. Some students adjust faster than others. Yet, all students experience culture shock and homesickness. And of course apprehensions plague the minds of new students. How well or fast a student adjusts depends on three factors: involvement in community, involvement in activities and the relationship with a roommate. The Missouri Academy provides a living/learning environment. There are several strategies the Missouri Academy uses to assist students with adjustments to residential living: seminar, wing programming and community leaders. Seminar is a curriculum program used to provide support, interaction, activities and information for students to survive their first year at the Missouri Academy. Wing programming allows students the opportunity to interaction with other students on their wing as well as their residential counselor. And community leaders are group of chosen second year students who help support first year students as well as build community. Most of the students do adjust really well to residential living. Students enjoy living in the residence hall. Students learn responsibility and gain some independence. The students who have adjusted to residential living are involved in community, involved in activities and have a positive relationship with their roommate.

How is admission and eligibility determined? The eligibility requirements for the Missouri Academy consists of the following: completion of the 10 grade or equivalent, ACT Composite score of 23 and a Math score of 24, and students must have completed Algebra II and Geometry. The Admissions criteria are ACT scores, GPA, class rank, teacher evaluations and essays. Students are recruited from all over the state of Missouri. The Missouri Academy chooses the best possible candidates.

Gifted and talented students in the state of Kansas need an environment in which they can thrive academically and socially. Being a native of Kansas, there is nothing more that I would like to see happen than a Kansas Academy. It is time to put us on the map.

Lori Kelley

Residential Counselor

7-5

# MISSOURI ACADEMY



## NORTHWEST MISSOURI STATE UNIVERSITY Missouri Academy Summary Annual Budget

ITEMS		BUDGET	
<b>1. Personnel Services:</b>			
	a. Administration and Professional Staff (12 FTE)	375,000	
	b. Office Support (4 FTE)	92,000	
	<b>Sub-Total</b>		<b>467,000</b>
<b>2. Student Labor:</b>			
	Student Labor-Regular (3 work-study students)	15,000	
	<b>Sub-Total</b>		<b>15,000</b>
<b>3. Staff Benefits:</b>			
	a. Social Security	34,000	
	b. Missouri State Retirement	47,000	
	c. Parking	3,900	
	d. Life Insurance	1,300	
	e. Disability Insurance	1,300	
	f. Health Insurance	43,000	
	g. Tuition Remission	5,000	
	<b>Sub-Total</b>		<b>135,500</b>
<b>4. Operations:</b>			
	<b>a. General Administration:</b>		
	i. Major Equipment	77,000	
	ii. Office Supplies	40,200	
	iii. Mileage/Fuel	2,300	
	iv. Meals/Lodging	1,000	
	v. Airline Ticket/Travel	1,800	
	vi. Commencement	4,000	
	<b>Sub-Total</b>	126,300	
	b. Student Development	57,400	
	c. Enrollment	41,000	
	d. Academic Affairs	18,000	
	e. Counseling and Research	3,000	
	f. Tuition/Fees for Students <sup>1</sup>	752,000	
	g. Room/Board for Students <sup>1</sup>	522,000	
	h. Room/Board/Parking for Residential Counselors	40,000	
	i. Graduate Assistants (2 Graduate Assistants)	20,000	
	j. Professional Development for Staff	29,000	
	k. Advertising	50,000	
	l. Discretionary	20,000	
	<b>Sub-Total</b>		<b>1,678,700</b>
<b>TOTALS<sup>2</sup></b>			<b>2,296,200</b>

<sup>1</sup>This budget is based on 100% tuition scholarships 110 students and partial scholarships for room & board costs for 80 students for the 2005-2006 fiscal year.

<sup>2</sup>This budget does not include costs associated with maintaining the residential facility for students and administrative staff offices.

7-6

CONTACT US ON THE WEB:  
www.nwmissouri.edu/MASMC

CALL TOLL-FREE  
877-398-4615

**MISSOURI ACADEMY**

**SCIENCE** ♦ **MATHEMATICS** ♦ **COMPUTING**

# **DON'T MISS THE CHANCE TO CAPTURE YOUR DREAMS!**

## **The Missouri Academy is Guiding Students on the Path to a Bright Future**



- ◆ Earn an Associate of Science degree and a High School diploma simultaneously.
- ◆ Challenging courses are taught by University professors.
- ◆ The Missouri Academy is the only school that offers this opportunity for high school students in Missouri.
- ◆ Prepares students for continued success in our nation's best colleges and universities.

\*\*\*\*\*

Many of the Missouri Academy graduates have gone on to ...  
Boston University, Cornell University, Duke University, MIT, Illinois Institute of Technology, UM-Columbia, UM-Rolla, UC-Berkeley, Truman State University, University of Pennsylvania, Saint Louis University, University of Oklahoma, Washington University, AND MANY MORE ...

### **Academically Talented High School Sophomores with a Passion for Science, Mathematics, or Technology**

### **Apply Now!**

**Tuition-Free For Missouri Residents  
Scholarships available for non-Residents**

## What Is The Missouri Academy?

The Missouri Academy of Science, Mathematics and Computing (the Missouri Academy) is a two-year residential program for students academically talented in science, mathematics, or computing. It is located on the campus of Northwest Missouri State University in Maryville, Missouri. The program accepts students who have completed 10<sup>th</sup> grade at their traditional high school, and thus replaces the junior and senior years of high school. It is a challenging program of college coursework taught by professors at Northwest Missouri State University (i.e. Missouri Academy students sit in the same classrooms with traditional college students, and professors have the same high expectations of them as they do for traditional college students). Students who complete this program earn an Associate of Science degree and a high school diploma. This program is one of only 15 such programs in the nation and the only one in Missouri. It has been in existence since August 2000, and has been extremely successful by all measures.

- ✎ Students apply to the Missouri Academy during their 10<sup>th</sup> grade year in high school. However, to be eligible to apply, a student must have minimum ACT scores of 23 composite and 24 in mathematics. Based on ACT scores, grade point average during 8<sup>th</sup> - 10<sup>th</sup> grades, and class rank, students enrolling at the Missouri Academy are indeed some of the very top performing students in science and mathematics. For the majority of these students, their traditional high schools cannot offer them challenging academic work commensurate with their abilities. The Missouri Academy does provide the academic challenge.
- ✎ Missouri Academy graduates go on to complete their baccalaureate degrees at some of the finest colleges and universities in the country. Most of the credit hours earned during their two years at the Missouri Academy are transferable.
- ✎ It is an opportunity for exceptional students to live and work in a community of peers (Missouri Academy students live together in their own residential hall on campus).
- ✎ Missouri Academy students participate in numerous campus activities, intramural sports, clubs, and organizations. These students have performed extremely well at local, statewide and multi-state appearances in Model United Nations, Boys State and Girls State, Community Service projects, Northwest Musical Ensembles, and Theatre.
- ✎ All Missouri residents receive scholarships to cover 100% of tuition costs ( $\approx$  \$14,000 for two years). In addition, all students receive scholarships to cover 50% - 100% of the room and board costs, based on demonstrated need. Scholarships are also available for out-of-state or non-Missouri residents.

For more information about the Missouri Academy please call toll free at 877-398-4615 or visit our website at [www.nwmissouri.edu/MASMC](http://www.nwmissouri.edu/MASMC).



# KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421  
FAX – 785-296-0983  
www.kansasregents.org

February 8, 2006

Representative Tom Sloan  
Chairman  
House Higher Education Committee  
Statehouse, Room 446-N  
Topeka, KS 66612

Representative Sydney Carlin  
Ranking Member  
House Higher Education Committee  
DSOB  
Topeka, KS 66612

Dear Chairman Sloan and Ranking Member Carlin:

I thank you for this opportunity to share in writing my views regarding Senate Bill 139 as your committee considers this proposed legislation. I am pleased to offer my support for legislation that would create a Kansas Academy of Math and Science (KAMS).

Senate Bill 139 provides an exciting vehicle for building upon the momentum generated by the enactment of the Kansas Economic Growth Act and the creation of the Kansas Bioscience Authority in 2004. As we all recognize, this nation faces a serious challenge as it seeks to encourage some of its best and brightest high school students to consider further study in and careers related to math and/or science. This national challenge is one that plays out in our state as well. The proposed KAMS could do much to put Kansas at the forefront of those stepping up to address the challenge I have described.

As your Committee considers Senate Bill 139, my most significant concern is that the dollars necessary to establish and operate the KAMS in the right way will not flow as readily as has support for the concept and what it could achieve. I know that you, Chairman Sloan and Ranking Member Carlin, understand that it will take resources to build an effective Academy – one that meets the goals that have been outlined for it. I hope you believe, as I do, that such an investment of resources would be well-placed.

As you may recall, when your Committee debated this proposal last year, I indicated that the Board of Regents would oppose the enactment of legislation that required the Board to undertake this work without also providing the resources necessary to do this work effectively. I would like to thank your Committee for adding important “subject to appropriations” language to Senate Bill 139 thus avoiding what would have been a very expensive unfunded mandate.

The second general observation I would offer is my support for the approach to start-up that Don Norwood and Jerry Magliano have previously outlined in their testimony. The approach they have suggested would enable the Board to work collaboratively with key stakeholders to develop

House Higher Education Committee

2-8-06

Attachment 8

a plan for KAMS implementation that would meet the high expectations that we all would have for such an initiative.

Again, thank you for this opportunity to offer views on behalf of the Kansas Board of Regents. I hope this information is helpful and that you will not hesitate to contact me if I can provide additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "R. L. Robinson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Reginald L. Robinson  
President and CEO