

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Bob Mead at 3:30 p.m.. on January 27, 1994 in Room 423-S of the Capitol.

All members were present except:

Representative George Dean, excused.
Representative Gayle Mollenkamp, excused.
Representative Forrest Swall, excused

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Dr. Lisa Miller, Wichita State University
Dr. Marilyn Kourilsky, Kauffman Foundation
Marguerite Gardner
Anita Faber Spencer

Others attending: See attached list

Chairman Mead called on Representative Haulmark who introduced the conferees for the day and gave a brief background of the Center for Entrepreneurial Leadership and their partnership with the Kansas Council on Economic Education. (Attachment 1)

The first conferee was Dr. Lisa Miller, President/Executive Director of Economics America. She stated the Kansas Council on Economic Education is a not-for-profit organization designed with a mission to improve the knowledge about the economic system. She continued there is a Center for Economic Education located at each of the six Regents universities in Kansas and through these Centers they attempt to ensure that students gain an understanding of how our economic system functions and the importance of being a productive member of our society. (Attachment 2)

Dr. Marilyn Kourilsky, from the Kauffman Foundation, told the committee Mr. Kauffman established the Center for Entrepreneurial Leadership (CEL) in 1992 after realizing that young people graduating from high schools and colleges today may not be equipped with even the most basic knowledge and skills to be economically productive and self-sufficient citizens. She then showed a video which explained the entrepreneurial program and how it was integrated into the educational system.

Dr. Kourilsky called upon Marguerite Gardner, an inner-city elementary school teacher from Kansas City, Kansas. She explained how she had used the Mini-Society program in her classroom and concluded that this program provided the opportunity to bring the "real-world" into the classroom. (Attachment 3)

Anita Faber Spencer, a fourth grade teacher at Douglass School in Kansas City, Kansas spoke next to the committee. She stated she is an advocate for entrepreneurial education in the classroom because it integrates the teaching processes of reading, writing, arithmetic, social studies, sciences, economics and life skills into the new whole language teaching style of today. (Attachment 4)

Following these presentations Representative Haulmark made a motion to request staff to draft a resolution which would endorse this partnership between the Kauffman Foundation and the Kansas Council on Economic Education to provide this program to the students in Kansas, seconded by Representative Rutledge.

Staff informed the Committee they could not pass a "resolution" speaking for the Legislature, however they could draft a letter in the form of a resolution which would cover the motion by Representative Haulmark.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on January 27, 1994.

Chairman Mead opened the floor for discussion. Following discussion, Representative Mason called for the question. The Chair clarified the motion, with Representative Haulmark, to have staff draft a "resolution" to bring back to the committee for review, discussion and vote. The motion carried.

Chairman Mead adjourned the meeting at 5:05 p.m.

The next meeting is scheduled for January 31, 1994.

GUEST LIST

COMMITTEE: HOUSE ECONOMIC DEVELOPMENT DATE: January 27, 1994

[illegible]

GARY HAULMARK

REPRESENTATIVE, 30TH DISTRICT
JOHNSON COUNTY
8709 GALLERY
LENEXA, KANSAS 66215
(913) 894-2035

ROOM 181-W, CAPITOL BLDG.
TOPEKA, KANSAS 66612-1504
(913) 296-7636



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

VICE CHAIR: ECONOMIC DEVELOPMENT
MEMBER: TRANSPORTATION
RULES & JOURNAL
JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

Today we should count ourselves lucky. Through the cooperative efforts of the Kauffman Foundation (Center for Entrepreneurial Leadership) and the Kansas Council on Economic Education the state has a wonderful opportunity to promote economic education and literacy.

The Kauffman Foundation is dedicated to carrying out the vision of its founder, Ewing Kauffman, who exemplified the value that entrepreneurship brings to society. Mr Kauffman established the Center for Entrepreneurial Leadership (CEL) in February of 1992 and charged it with promoting entrepreneurship and increasing the number of entrepreneurs who succeed in developing productive businesses. Realizing that young people graduating from high schools and colleges today may not be equipped with even the most basic knowledge and skills to be economically productive and self-sufficient citizens, Mr. Kauffman designated that youth be a major constituency for CEL's resources. Marilyn Kourilsky, PH.D. was hired by CEL in July, 1993 from the University of California - Los Angeles, where she was the assistant dean, director of teacher education and professor in the Graduate School of Education.

Since 1959, the Kansas Council on Economic Education has fulfilled a mission to provide educational programs to ensure knowledge of economics and our economy. This has been accomplished through cooperation with the universities of Kansas, private business and individual citizens. The council is dedicated to its goal of increased economic literacy for Kansas students. We are fortunate to have Senator Don Steffes (Chairman) and Dr. Lisa Miller (E.D.) working on this important mission for Kansas students.

I feel very privileged to have played a small role in bringing these two great organizations together to work on behalf of our Kansas students.

*Economic Development
January 27, 1994
Attachment 1*

Economics America

Kansas Council on
Economic Education

CHAIRMAN

Don C. Steffes
State Senator
McPherson

PRESIDENT / DIRECTOR

Dr. Lisa Donnini Miller

SECRETARY

F. Tim Witsman
Wichita Chamber of Commerce
Wichita

TREASURER

Gary L. Sherrer
Fourth Financial Corporation
Wichita

PAST CHAIRMAN

Deryl K. Schuster
Emergent Business Capital, Inc.
Wichita

EXECUTIVE COMMITTEE

William Caton
Consumer Credit Commissioner
Topeka

Ted Haggart
Union National Bank & Trust
Manhattan

Denis Kurtenbach
PEMCO, Inc.
Paola

Dr. Dan Rupp
Center for Economic Education
Fort Hays State University

Donald J. Schepker
Security Benefit Group, Inc.
Topeka

DISTINGUISHED FELLOWS

Ross Beach
Kansas Natural Gas, Inc.
Hays

Al Campbell
A.A. Doerr Mercantile Co.
Larned

C. L. (Bud) Cray, Jr.
Midwest Grain Products, Inc.
Atchison

Richard Cray
The Cloud L. Cray Foundation
Kansas City

John R. Graham
Kansas Farm Bureau Insurance
Manhattan

Marynell Reece
Reece Construction Co.
Scandia

Harold Stones
Kansas Bankers Association
Topeka

**Kansas Council on
Economic Education**

W. Frank Barton School of Business
Devlin Hall
The Wichita State University
Wichita, KS 67260-0147

(316) 689-3000
(316) 689-3687 (FAX)

Preparing Kansas Students for the 21st Century

The Kansas Council on Economic Education is a 501(c)(3), not-for-profit, organization designed with a mission to improve the knowledge about the economic system in which we work, study, and live.

Through workshops, seminars, and graduate level courses, teachers receive training in educating our students in grades K-12. With the support of approximately 300 individuals, trade associations, corporations, and foundations the KCEE provides economic education programming that is not otherwise supported by public funding. The largest contributions come from the office of the Consumer Credit Commissioner and the Kansas Bankers Association.

There is a Center for Economic Education located at each of our six Regents universities in Kansas. Through these Centers we attempt to ensure that our students, our future decision makers, gain an understanding of how our economic system functions and the importance of being a productive member of our society. Our goal is to raise a generation that can make rational economic decisions in the workplace, in the election process, and in their daily lives.

*Economic Development
January 27, 1994
Attachment 2*

ECONOMIC LITERACY AND THE NATIONAL EDUCATION GOALS

Lisa Donnini Miller
President/Director
Kansas Council on Economic Education

An understanding of the basics of how our economy works is essential if our citizens are to understand and support rational economic policy and if our high school students are to graduate ready to be productive in our workforce.

A basic understanding of how the U.S. economy works and an ability to use fundamental economic analysis should be among the outcomes of American education.

Much is currently being done to enhance economic literacy among American school students. Those efforts are supported by educators, business, and labor.

Setting national goals and standards which include economics in a proper context will enhance the progress being made at the state and local levels.

If national goals and standards do not include economics, the local and state efforts and successes are very difficult to maintain.

Given the current emphasis on economic issues, attention to the economic literacy of future generations of students is a logical step.

The study of economics should be included:

- in the explicit definitions of our national education goals;
- in national standards and assessment; and
- in federal, state, and local teacher training and curriculum development programs.

The interest in the National Education Goals and the efforts to identify the best in school reform are all based on a concern with our economic ability as a nation to enhance living standards, to provide employment opportunities for all, and to generate enough resources to address our major economic problems. Economics is the primary cause; economic understanding is an important part of the solution.

An understanding of how our economic system functions and an ability to use basic economic reasoning and analysis are absolutely necessary if our students are to be prepared for responsible citizenship -- Goal Three of the National Education Goals -- and if every adult American is to exercise the rights and responsibilities of citizenship -- Goal Five.

An understanding of why education is so important to increased productivity and ultimately to income is an essential part of preparing our students for productive employment in our modern economy and our adults to compete in a global economy -- Goals Three and Five.

States have recognized the importance of basic economic understanding, and thus economics has been an increasingly important part of the elementary and secondary curriculum. Twenty-eight states, representing two-thirds of the nation's students, require infusion of economics throughout the kindergarten through twelfth grade curriculum. Sixteen states, representing 50 percent of the nation's students, require a semester-long separate course. Many more students attend schools and study in districts where economics is infused throughout the curriculum and where separate courses at the senior high, and in some cases junior high level, are offered and required.

The National Council for the Social Studies recognized the importance of economics in its most recent set of recommendations by proposing infusion and a one-year-long course of government and economics.

The College Board has recognized its importance by establishing two Advanced Placement examinations in economics.

The National Federation of Independent Business has stated that the basic core curriculum should include economics along with reading, writing, math, science, and history.

Last year's higher education bill specified economics as a key academic subject for the purposes of teacher training.

The National Assessment Governing Board has recently decided that economics will be included in the national assessment prior to the year 2000.

A recent Gallup survey showed that 96 percent of the American public believe we should do more in our schools to teach our youth about our economic system.

EconomicsAmerica

A National Imperative

Does America need economic education?

According to a recent survey by the Gallup Organization:

- *More than 6 out of 10 high school seniors don't know what a federal budget deficit is.*
- *More than 6 out of 10 high school seniors do not understand the purpose of profits.*
- *9 out of 10 high school seniors do not know the unemployment rate.*

Are these results surprising? Not when you consider that

- *Fewer than half of America's high school seniors have studied economics.*
- *Most rate their knowledge of economics as fair to poor.*

If today's students don't understand their economic world, they won't be prepared to make America competitive in the 21st century. Where will they get economic understanding?

- *Virtually all of those surveyed agree schools should teach more about how the economy works.*

EconomicsAmerica is the way to help students learn what they need to live and work in America.

Economic education for all students

An economically literate workforce is critical to the well-being of our nation. The purpose of EconomicsAmerica is to prepare students to become:

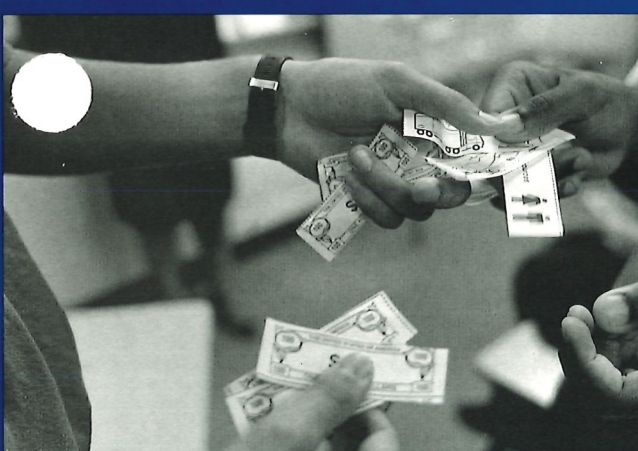
- *Productive members of the work force*
- *Responsible citizens*
- *Knowledgeable consumers*
- *Prudent savers and investors*
- *Effective participants in the global economy*
- *Competent decision makers throughout their lives*

Economic education in all schools

Effective economic education in America's schools is the key to preparing young people for their own—and for the country's—future.

- *Setting standards: what every student should know about economics.*
- *Training teachers: workshops and courses to improve student learning.*
- *Developing curriculum: comprehensive programs from kindergarten through 12th grade.*
- *Producing materials: guides and books containing proven strategies for teaching economics.*
- *Evaluating results: instruments for assessing student performance.*





"The need to help students become productive citizens in their adult lives spurred us to start an economic education program in our schools."

Peggy S. Hill, Lee Elementary School, Springdale, AR

"The most important thing I learned is that my future won't be an accident."

Christina, 9th grader, New Orleans, LA

EconomicsAmerica

National Council on
Economic Education

The National Council on Economic Education is a nonprofit partnership of leaders from education, business and labor dedicated to promoting economic literacy. Its mission is to prepare students to become fully participating citizens and productive members of society by providing them with an understanding of the American economic system and an ability to make sound economic decisions.

Founded in 1949 as the Joint Council, today the National Council is the premier source of teacher training, educational materials and curriculum reform in economics for America's schools. Through a nationwide network of state councils and 275 university centers, the National Council provides economic education for over 120,000 teachers serving 8 million students each year. More than 2,600 school districts, teaching about 40% of the nation's students, conduct comprehensive programs in economic education with assistance from the network.



A partnership
of education, business,
and labor

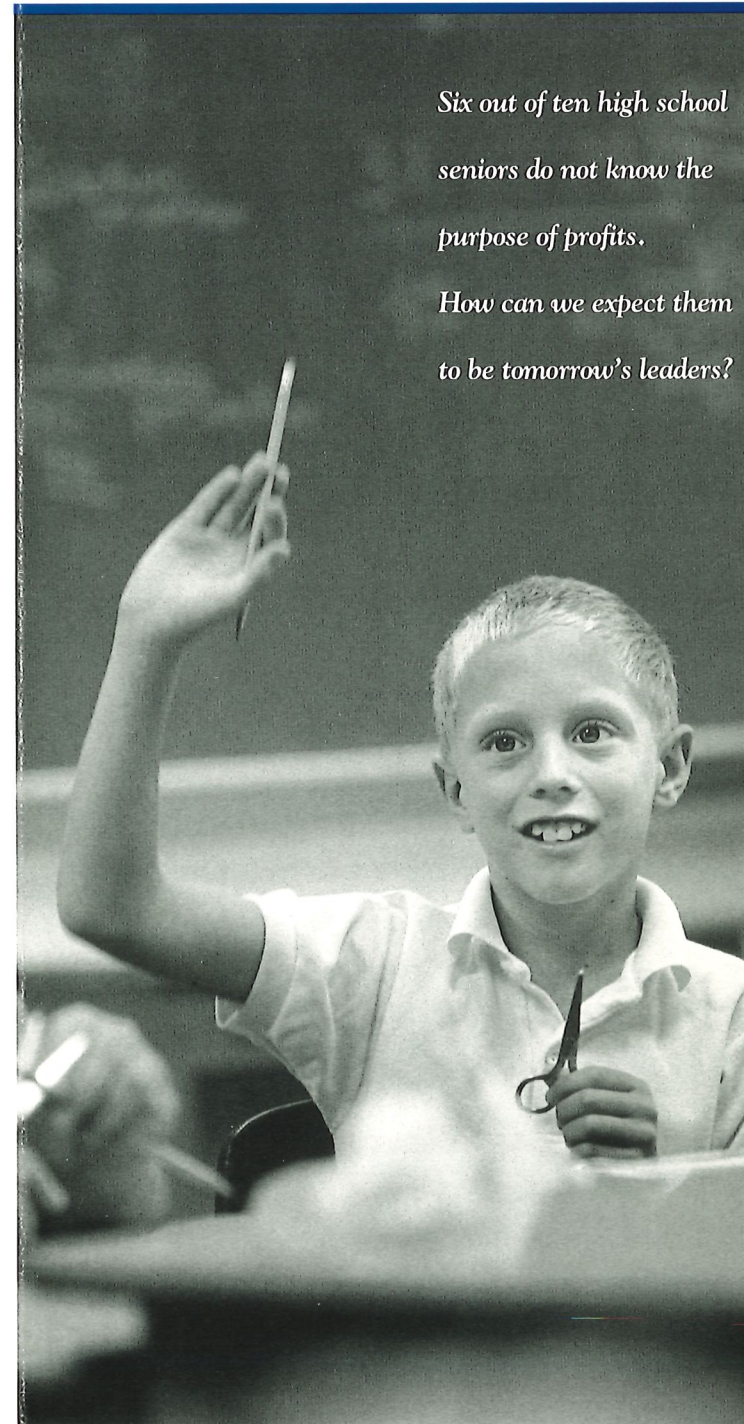
432 Park Avenue South
New York, NY 10016
phone: 212/685-5499
fax: 212/213-2872

EconomicsAmerica

National Council on
Economic Education

Six out of ten high school seniors do not know the purpose of profits.

How can we expect them to be tomorrow's leaders?



THE STOCK MARKET GAME™

A Brief Summary

The Stock Market Game™ is a classroom-based teaching tool designed to promote a better understanding of our economic system while stressing math, social studies and reading as they relate to the Game.

In conjunction with a carefully designed curriculum, teams of students in grades 5-8 and 9-12 compete by investing a hypothetical \$100,000 in common stocks over a ten-week period in fall and spring sessions. Student transactions are entered via optical scan sheets and processed weekly at various computer centers throughout the country. Teams are issued weekly statements on their portfolios, which include current holdings, brokerage fees, margin interest and team rankings. The competition is divided into elementary and secondary groups and also into geographic regions of the State.

The Game was originally developed by Dr. William Bennett, Director of the Buffalo State College Center for Economic Education, in 1976. The Securities Industry Association developed and organized a national structure to expand the Game's usage. Today, over 500,000 students in forty-four states participate on an on-going basis.

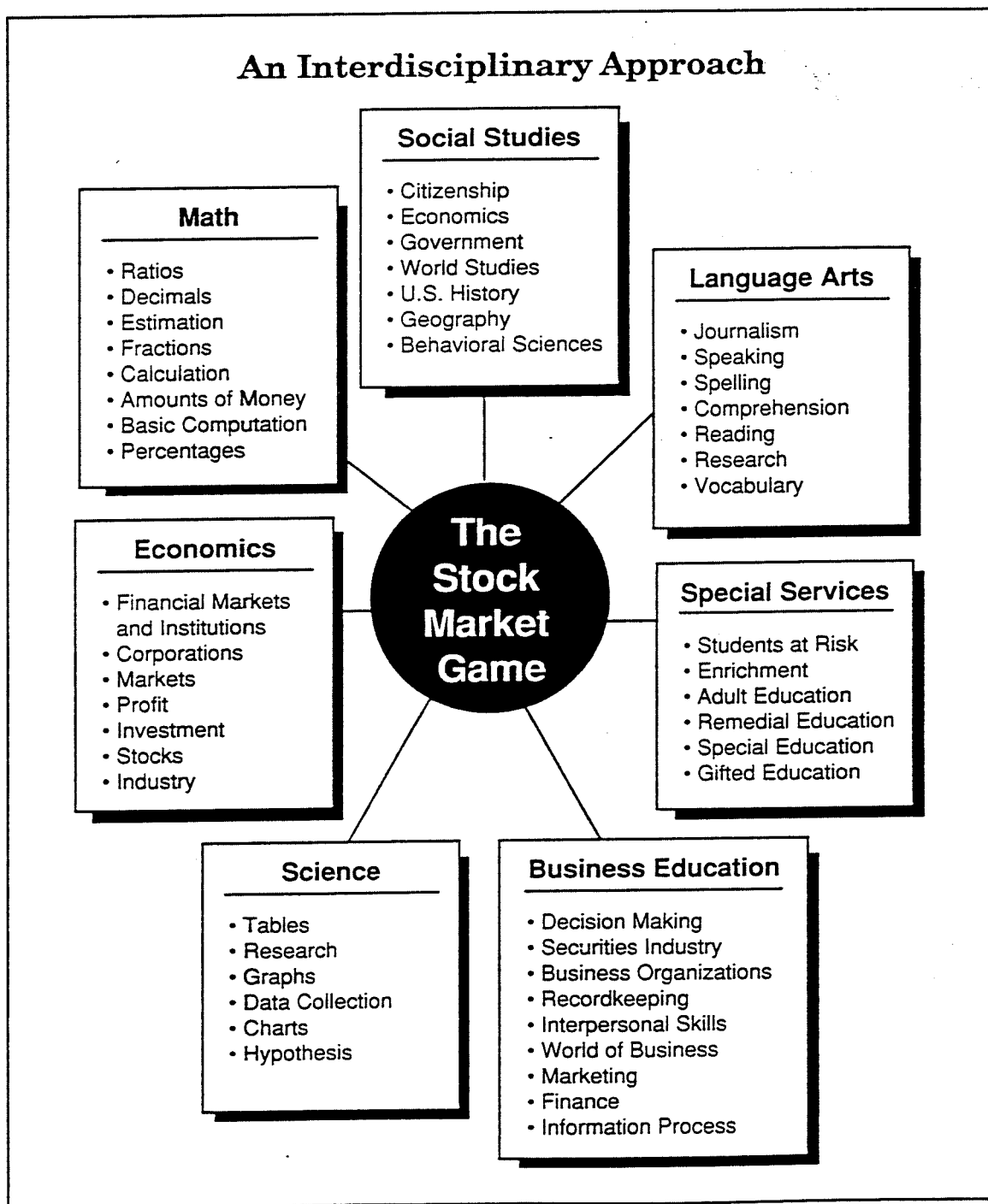
The importance of the Stock Market Game™ cannot be overstated. It is highly motivational and adaptable to all ability levels. Teachers are encouraged to use an interdisciplinary teaching approach. Along with placing emphasis on learner outcomes, the Stock Market Game™ becomes a timely and invaluable teaching tool.

The primary outcomes of the curriculum are as follows:

- an understanding of how basic economic and business concepts relate to market conditions
- an understanding of how political and economic events affect stock choices and prices
- an ability to integrate mathematics, social studies, and reading and apply these subjects to daily decisions
- an ability to work in groups to gather information and make decisions

The Stock Market Game™

The purpose of The Stock Market Game (SMG) is to provide teachers with a motivational tool to introduce students to basic principles of economics, finance and capital formation. It is intended to be a catalyst for further study of and interest in the American free enterprise system. It is being used as a simulation teaching exercise on economics within many subject areas. It is available for grades four through twelve.



YES/MINI-SOCIETY TESTIMONY

My name is Marguerite Gardner. I have been teaching school in inner-city Kansas City, Kansas for fourteen years -- 11 years with 5th grade students exclusively and three years with 4th and 5th grade children. A good part of my preparation time has been spent in finding better ways to teach students to relate to each other and the real world. While I try not to jump on every bandwagon, I do try to be a part of new programs that I believe will help accomplish these things. When asked if I wanted to be a part of the Kauffman Entrepreneurial Program for Elementary Students, YES (Youth Empowerment and Self-Sufficiency), I didn't hesitate although I did wonder about my ability to teach economics and entrepreneurship to nine and ten year olds or anyone else for that matter.

The vehicle for this program is called YES, a Mini-Society approach. In YES (as is often the case when teaching) I learned right along with my students. We met at least three times a week for ten weeks. The first two weeks we spent in establishing our society. We named our society, decided on a flag design, created our currency, voted on society officials and selected classroom jobs that students would be paid to perform. It was possible to earn as many as 100 units of our currency a week with those students holding official jobs earning slightly more. As soon as the currency had been printed and cut, our society took off on its own. The general store opened, businesses began to form, jobs opened up for those not interested in becoming entrepreneurs and for the most part I became an interested onlooker. I was hired occasionally as a business consultant and I conducted the debriefings.

Students conducted market surveys, made their own demand curves, learned the meaning of the terms, scarcity, opportunity cost, and supply and demand. If they had a burning desire to start a certain business they did it despite all negative research. Enthusiasm and good advertising sometimes proved the research wrong, but not often. Our bankers had such a great time setting

up their bank that it was a couple of weeks before they realized they weren't making a profit - a situation they soon corrected. Some students considered having a jail and appointing a sheriff, but gave up on the idea when the majority of the students refused to vote for funds to pay for either. Too few people were breaking the law. The closest thing we had to a court procedure was a debriefing. Debriefings were held when two students had a problem they couldn't solve between themselves. At this time all business dealings stopped for the entire class while the stories of the opposing sides were heard. The problem was discussed and a decision was brought down to the parties involved by their peers. There was never any question about the validity of the decisions made. As weeks passed students began to resent time spent in debriefings and usually opted to solve their own problems. Toward the end of our project when a debriefing was called, students groaned and began to realize that often the same people were the participants in these sessions.

The magic words YES, Mini-Society is in session: invoked a beehive of structured activity in the classroom. No one ever came to me and said "What shall I do now?" or "Do we have to do this?" It was as if they waited for "the words" to take up right where they had left off the time before. It was a joy to watch and I wanted to call people in off the streets to see what these wonderful children were doing. For them the society was real, it wasn't recess, or play, it was real life and they went about it with an intensity and a fervor impossible to describe.

In addition to the business skills the students learned they were using the basic skills of reading, writing, and arithmetic naturally throughout the entire time. Self esteem soared as others expressed appreciation for a product of their own making.

There were tears when we dismantled our society and only the prospect of spending their remaining earnings at an auction lifted the gloom on that final day.

When I told my students I was coming to talk to you about YES/Mini-Society, I asked them what I should tell you. The two excerpts that follow best describe what was expressed in all of their papers...

"To me YES is where you get to have your own business and manage your own money. If you need people to help you, you have to pay them for their work and if your business does not make enough money you have to take the money out of your own pocket."

"YES is fun and it lets your imagination go wild." We do feel empowered and self-sufficient.

I value my entrepreneurial training and will continue to use it. I would like others to have this opportunity to bring the "real world" into their classrooms as well.

YES/MINI-SOCIETY TESTIMONY

Mr. Chairman and members of the Kansas Legislature, my name is Anita Faber Spencer, a fourth grade teacher at Douglass School. My credentials include a Bachelor of Science degree in Education and Master degrees in Elementary Education and Public Administration. I have been in education for over twenty-five years. I am here today as a supporter and advocate for the implementation of the Ewing Marion Kauffman Foundation Center for Entrepreneurial Leadership Youth Empowerment and Self-Sufficiency Curriculum (YES) throughout the state of Kansas beginning in elementary school.

Research indicates to us that young people between the ages of nine and fourteen constitute over eighty billion dollars in buying power. It also suggests that crime and violence is running rampant in our communities beginning with elementary school children. Over 800 crimes were committed by juveniles in Wyandotte County in 1992.

YES/Mini-Society in public schools should be included and incorporated into the core curriculum. It should not be viewed as an isolated experience for students. It is and should be considered a collaborative model to teach students the methods of critical thinking and problem solving.

The Mini-Society approach (a core element of the YES curriculum) has the capability of decreasing the moral dismemberment that our society is facing today due to many of the social ills that lead to school dropouts and the loss of love ones to crime and violence.

It is very important that the legislature view YES/Mini-Society as a critical aspect of child development. This will serve to aid the financial reduction that is presently one-half trillion dollars that every citizen shares toward the expense of juvenile delinquency.

YES/Mini-Society in my class provided the students with an opportunity to make decisions. The students chose to name our mini-society "Our Little Society", which they perceived to be a smaller scale of our American society. They designed and made their flag and currency. Additionally, their choice in decision making was to use the democratic process. Just as in the American system, they operated using the three branches of government and officials were elected at each level. Some of their laws entailed time management, respect for self and others. Students were interviewed for civil service jobs and those selected performed tasks such as money cutter, treasurer and paymaster. The citizens of "Our Little Society" received points for obeying the laws. Many of them started businesses to meet the needs of the society. An example was the establishment of a bank and another was a dollar store.

As the school year is progressing and due to "Our Little Society", students have taken ownership in helping to reduce any conflict that may arise in our classroom. Many times I have watched as one of our conflict managers is handed a sheet and requested to assist with resolving a problem. They are able to talk it out and "SQUASH IT".

Special thanks to Dr. Marilyn Kourilsky and the Ewing Marion Kauffman Foundation Center for Entrepreneurial Leadership who had the vision to expand this opportunity to elementary students.

In conclusion, please understand:

I am an advocate for entrepreneurial education in the classroom because it integrates the teaching processes of reading, writing, arithmetic, social studies, sciences, economics and life skills into the new whole language teaching style of today.

I am an advocate of YES because students begin to function in real life situations such as using a budget, voting, doing market surveys, using a demand curve, understanding the process of money circulation and starting their own businesses.

I am an advocate of YES because scarcity and opportunity costs become real life experiences and students begin to take ownership in the process of problem solving.

And finally, I am an advocate of YES because it teaches the need for students to understand the importance of building coalitions as a key factor of survival in our American society as we move into the 21st century.