

## MINUTES OF THE SENATE WAYS &amp; MEANS COMMITTEE.

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

All members were present except:

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

Conferees appearing before the committee:

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

Others attending: See attached list

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

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

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

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

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

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

Dr. Ed Berger, President of Hutchinson Community College, testified on behalf of the Kansas Association of Community College Trustees in support of **HB 2476**. (Attachment 4) Senator Ranson inquired whether

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it would be more beneficial to community colleges and vocational-technical schools if the gifts could be used for equipment. Dr. Berger stated that he believes the focus of this legislation is appropriate; there are other ways of securing equipment.

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

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

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

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

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

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

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

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

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

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

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

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