

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Representative Kenny Wilk at 9:00 a.m. on January 29, 2002, in Room 514-S of the Capitol.

All members were present except: Representative Cindy Hermès, Excused
Representative Doug Spangler, Excused

Committee staff present: Alan Conroy, Legislative Research
Amy Kramer, Legislative Research
Paul West, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Clay Blair, Board of Regents
Pete Levi, Greater Kansas City Chamber of Commerce
Bill Jarrell, Wichita
Leslie Kaufman, Farm Bureau
Mike Beam, Kansas Livestock Association
Jewel Scott, Civic Counsel of Greater Kansas City
Mike Lackey, Kansas Society of Professional Engineers
Trudy Aron, American Institute of Architects
George Barbee, Kansas Consulting Engineers
Corey Peterson, Kansas Association of General Contractors

Others attending: See Attached

Janet Schalansky, Secretary of SRS, requested the introduction of three pieces of legislation (Attachment 1):

- Statutory changes that would allow SRS to use additional tools to manage increasing drug costs.
- Authorization for SRS to fix and collect fees from parents or other legally responsible individuals for services SRS provides to their children.
- Permit the Secretary of SRS to add designated types of medical professionals to the list of unclassified positions for easier recruitment of staff.

Representative Bethell moved for the introduction of legislation in compliance with the stated requests of Secretary Schalansky. Motion was seconded by Representative Neufeld. Motion carried.

Representative Campbell moved for the introduction of legislation which would establish uniform firefighter training in Kansas. Motion was seconded by Representative Stone. Motion carried.

Hearing on HB 2690 – Regents research and development facilities

Clay Blair, President of the Board of Regents, presented testimony supporting their request which would empower the Board of Regents to develop the research infrastructure at the University of Kansas, Wichita State University, and Kansas State University (Attachment 2). Within his presentation, Mr. Blair used examples of well-known and successful researchers leaving the state due to the lack of facilities. Along with their leaving, millions of dollars in research money has left the institutions. He assured the Committee that if the federal funding for the purposed research institutions was to “dry up,” the money for research would come from the schools which had benefitted in the past from the research funding. In discussing future tuition plans, the Committee was assured that there would be six different tuition plans developed, one for each Regents school, rather than one uniform plan for all schools.

Mr. Blair pointed out that the priorities of the Board of Regents in the following order:

- Priority 1: Restoration of the base budget
- Priority 2: Full funding for 1999's **SB 345**
- Priority 3: Research and development

Mr. Blair introduced Lew Ferguson, newest member of the Board, and Dr. Kim Wilcox, Executive Director of the Board.

Jim Wilson, Revisor of Statutes, provided a memorandum explaining the exemptions from several statutes concerning procurement and technical procedures when acting under the authority of the university research and development enhancement act found in Section 10 of the bill ([Attachment 3](#)).

Peter S. Levi, President of the Greater Kansas City Chamber of Commerce, explained their support and enthusiasm for the proposed research and development facilities ([Attachment 4](#)). He emphasized the necessity for funding research facilities if the universities are to attract world class researchers. He equated the funding of this project to having a positive impact on economic development. The implementation of this bill would make the Kansas City area a great place for research and life sciences, it would attract quality people from all over the world to make their homes in the Kansas City area, and the time to act is now. The legislature of Missouri has granted \$21 million for biomedical research.

Bill Jarrell, The Boeing Company, Wichita, urged the Committee to look to the future and include research in development in the overall plan for Kansas economic development ([Attachment 5](#)).

Written testimony supporting the passage and implementation of the research and development initiatives for the Regents was received from:

Bernie Koch, Wichita Area Chamber of Commerce ([Attachment 6](#)).

Mike Taylor, Government Relations Director, city of Wichita ([Attachment 7](#)).

Leslie Kaufman, Associate Director, Public Policy Division, Kansas Farm Bureau, urged a strong commitment by the Legislature for the support and construction of a food safety and security center at Kansas State University ([Attachment 8](#)).

Mike Beam, Public Affairs Staff, Kansas Livestock Association, stated their support of the Kansas Board of Regents' proposal to enhance biosecurity research facilities at Kansas State University ([Attachment 9](#)).

Jewel Scott, Executive Director of the Civic Council of Greater Kansas City, explained the integral relationship between the Stowers Institute and the research universities in the state of Kansas ([Attachment 10](#)). The Institute is currently attracting internationally-recognized scientists which in turn helps the universities in the recruitment of top-notch research persons and students.

Mike Lackey, Chairman of the Legislative Affairs Committee of the Kansas Society of Professional Engineers, spoke in support of the proposed funding of the research and development facilities ([Attachment 11](#)). These facilities would contribute to broadening and strengthening the economic infrastructure of Kansas as well as employ leading engineers in addition to other scientists and technical professionals. Mr. Lackey said he was sympathetic to the Regents wanting the authority to negotiate regarding the building of the facilities, but he urged modification of the bill in order to maintain the oversight of the Department of Administration.

Trudy Aron, Executive Director of American Institute of Architects in Kansas, spoke in opposition to the portion of the bill which would exempt Kansas statutes that relate to the selection of architects, engineers, and other design professionals ([Attachment 12](#)). She also voiced objection to the elimination of the responsibilities of the Division of Architectural Services in the Division of Facilities Management.

George Barbee, Executive Director of the Kansas Consulting Engineers, urged the Committee to not open the door to a process that does not follow the time-proven method that exists for the purpose of providing quality at fair and reasonable prices for Kansans ([Attachment 13](#)).

Corey Peterson, Executive Vice President of the Associated General Contractors of Kansas, Inc., opposed the exemptions outlined in Section 10 of the bill as being a dramatic deviation from current public policy regarding competitive bidding ([Attachment 14](#)).

The hearing for **HB 2690** was continued.

Chairman Wilk adjourned the meeting at 10:45 a.m. The next meeting is scheduled for Wednesday, January 30, 2002.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 1/29

NAME	REPRESENTING
Pat Lehman	KS FIRE SERVICE ALLIANCE
Mike Beam	Ks. Livestock Ann.
MIKE LUCKEY	KB, SR, P&S ENGRS.
George Barbee	KS CONSULTING ENGRS
JOE FRITTON	DOFA / DFM
Dan Etzel	DOFA / DFM
Leslie Kaufman	Ks Farm Bureau
Theresa Klinkenberg	Univ. of Kansas
Brian Lawrence	BOEING
JACK FORNER	KANSAS DEBT FINANCE AUTHORITY
Jammy Dushman	KDFA
STEVE MOHAN	MOHAN CONSTRUCTION
COREY PETERSON	ASSOCIATED GENERAL CONTRACTORS OF KS
Cindy Denton	DOB
Melinda Gaul	DOB
Ben Brough	KTEC
MIKE HUFFLES	Ks. Governmental Consulting
Mark Burrus	KBOR
ERIC KING	KBOR



KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

915 SW HARRISON STREET, TOPEKA, KANSAS 66612

JANET SCHALANSKY, SECRETARY

January 29, 2002

Representative Kenny A. Wilk, Chair
House Appropriations Committee
Room 514-S, Statehouse
Topeka, Kansas 66612

Dear Chairman Wilk:

I would like to request the introduction of three legislative proposals. The first of these contains statutory changes that would allow SRS to use additional tools to manage continually increasing drug costs. These tools would ensure the appropriate use of drugs and allow for exceptions when the physician/prescriber designates that the prescription must be dispensed as written.

The second proposal would authorize SRS to fix and collect fees from parents or other legally responsible individuals for services the Department provides to their children. Both proposals are intended to provide additional flexibility needed to manage through these difficult financial times.

The third proposal would permit the Secretary of SRS to add designated types of medical professionals to the list of unclassified positions, to allow for easier recruitment of essential staff in our state hospitals.

I appreciate your Committee's introduction of these bills, and will be glad to testify or provide additional information as requested.

Sincerely,

A handwritten signature in cursive script that reads "Janet Schalansky".

Janet Schalansky, Secretary

cc: Alan D. Conroy, KLRD
James A. Wilson III, Revisor of Statutes Office
Michael K. Corrigan, Revisor of Statutes Office

HOUSE APPROPRIATIONS

DATE 1/29/02

ATTACHMENT 1



KANSAS BOARD OF REGENTS

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

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

House Appropriations Committee
January 29, 2002

Clay C. Blair, III
Chair, Board of Regents

I am here on behalf of the Board of Regents to support H.B. 2690. This request is consistent with the changing culture at the Board. That culture focuses on:

- Accountability
- Strategic Investment
- Building a Brighter Future for Kansas

Specifically, we are asking the legislature to empower the Board to develop the research infrastructure at our state universities. As many of you heard in Manhattan earlier this month, that investment will begin with four projects:

- Food Safety Facility – KSU
- Bioscience Research – KUMC & KU-Lawrence
- Aviation Research – WSU

I can attempt to answer questions on three projects if needed. But today I would like to share with you the partnership that we are proposing. There are four primary means to increasing funding for higher education

- State Tax Dollars
- Student Tuition
- Private Giving
- Research Support

The Board has challenged the six university CEO's to focus on all four of these propose strategies for increasing revenue in a manner appropriate to the campus, the state, and the students. We know that the state is facing difficult financial times and that the prospects of significant increases in state support are limited. We are concerned that the inability of the state to support higher education might shift those costs to the students, but we are also committed to charging a fair and appropriate tuition at each of our campuses. Private giving is up across the system. Today, I come before you to ask your assistance with the last of these, research funding.

We are proposing a state, federal, university, private partnership. Where the state will create the mechanism to construct facilities, the university and its supporters in the private sector will pay the preponderance of the construction costs, and the federal government will supply new research dollars to expand the economic development and educational activities of the state. For your part, we ask the legislature to:

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1. Grant the Board, through a semi-independent construction authority, the authority to offer state-backed construction bonds
2. To provide \$50M over 6 years (no more than \$10M/year) toward P&I payments
3. Free the Board and its construction authority of several regulatory restrictions to maximize cost-savings

As your partners in this endeavor, the Board of Regents promises that for any construction project commenced under this bill:

1. Carefully review all proposals prior to approval
2. Scrutinize and monitor all construction costs
3. Ensure sufficient revenue streams to cover all P&I costs after the fifth year

To ensure compliance, the Board guarantees that they will not request any additional state funding for the construction costs after the fifth year of any project.

This is a difficult time for our state. You are being asked to make a number of difficult budget decisions. Many of the requests that you will face are worthy. This request, however, is one of the few that does not cost; it pays.

Before I close, I must emphasize one other important point. As important as this initiative is for higher education and the state of Kansas, it only moves us ahead if we ensure adequate operational support for our institutions. The Senate is presently debating a bill that would cut over \$20M from the Regents budget over the next two years. These proposed cuts are in addition to a delay of funding of the third of four years of the Higher Education Coordination Act of 1999, including the cessation of performance funding grants for all 36 schools. The cuts are also in face of no other increases in funding for any of our schools including the 10 technical schools and colleges in the state that already face serious funding needs. Kansans would NOT be well-served by this or any other initiative, regardless of its vision, the core operations of higher education are systematically dismantled at the same time.

I hope that you accept our request to create a partnership that serves Kansas for years to come.

4/30/02

Regents proposal set back

Research centers: Board wants facilities built at major universities

By Jim McLean
The Capital-Journal

A Kansas Board of Regents proposal to build three new research centers at the state's three largest universities was knocked off the legislative fast track on Tuesday.

But a key lawmaker predicted it still could be sent to the House for a vote by next week.

Representatives of several statewide professional associations said that while they supported the \$115 million initiative, they didn't support an attempt by the regents to exempt the construction projects from a long list of state rules and regulations.

"These statutes are in place to provide assurances that the taxpayer is being best served and that politics remain out of the selection process for contractors and other construction related professionals," Corey Peterson, a lobbyist for a statewide association of general contractors, said to members of the House Appropriations Committee.

The regents are asking lawmakers to exempt the research center projects from statutory requirements governing everything from the selection of architectural services to the pre-qualification of potential contractors.

"The exemptions allow the Board of Regents to move forward more quickly and more efficiently," said Clay Blair, the board's chairman.

Blair said a separate board would be created to oversee construction of the research centers, and it would include people with engineering, architectural and construction experience.

"All we are doing is asking to vary from what we think has become a restrictive, cumbersome system that's been functioning for 37 years," he said.

One of the regulations that the board is seeking to be exempted from was put on the books just two years ago. It was passed at least partially in response to Attorney General Carla Stovall's decision to hire her former Topeka law firm to represent the state in tobacco litigation. The law requires that state agencies negotiate bids for professional services.

"We must have struck a nerve when we passed that bill because all the bureaucrats are constantly attempting to get out from under it," said Rep. Tony Powell, R-Wichita, the primary sponsor of the bidding bill.

The measure being considered by the Appropriations Committee would authorize the Kansas Development Finance Authority to issue bonds to pay for the research centers at The University of Kansas, Kansas State University and Wichita State

What would we get:

The \$115 million in state-backed bonds would provide:



■ \$65 million to build a biomedical research facility at The University of Kansas School of Medicine and equip a research complex in Lawrence



■ \$40 million to construct a food safety and bio-security research center on the Kansas State University campus in Manhattan



■ \$10 million to enhance the research capabilities at the National Institute for Aviation Research at Wichita State University

Exemptions

The Board of Regents is requesting that it be exempt from the following:

- A law requiring that professional services contracts be finalized through a negotiated bidding process.
- A law requiring the secretary of administration to establish criteria for evaluating the qualifications of architectural, engineering and construction firms.
- A law requiring the attorney general to approve lease and procurement contracts.
- A law requiring agencies to consult the state director of purchases in pre-qualifying contractors.
- A law requiring establishment of a construction defects recovery fund.

University. It would obligate the state to make the first six years of payments on the bonds at an estimated cost of \$50 million. After that, the schools would make the payments using money generated by research grants secured by scientists at the centers.

Rep. Kenny Wilk, R-Lansing, chairman of the Appropriations Committee, said he planned to ask regents officials to meet with representatives of the objecting professional associations and work out a compromise by next week.

Some lawmakers are concerned about authorizing a bond issue to build new buildings at a time when the state's \$426 million budget shortfall has forced them to consider cuts in the universities' budgets. But Wilk and other supporters of the initiative say that with interest rates low and the federal government increasing its commitment to funding research, the state can't afford to wait.

"It's a \$50 million investment over six years, and I'm cautiously optimistic," Wilk said. "I'm not one to prognosticate on the Legislature, but this one feels like it has got some pretty strong support."

Online

Hear state officials discuss a proposal that would provide additional funds to the state's research universities.

www.cjonline.com

Memorandum

TO: Committee on Appropriations
FROM: Jim Wilson, First Assistant Revisor
DATE: January 28, 2002
SUBJECT: HB2690 – **University Research and Development Enhancement Act**
Section 10 – Exemption from certain statutory provisions

Section 10 of 2002 House Bill No. 2690 exempts the state board of regents from several statutes concerning procurement and technical procedures when acting under the authority of the university research and development enhancement act:

Sec. 10. The board of regents is exempt from the provisions of K.S.A. 75-430a, 75-1250 through 75-1270, 75-3738 through 75-3741b, 75-3742 through 75-3744, 75-3776 through 75-3789, 75-3799 through 75-37,104, 75-4101 through 75-4114, and 75-5801 through 75-5807 and amendments thereto, and K.S.A. 2001 Supp. 75-37,130 through 75-37,132, and amendments thereto, when acting under authority of this act. No contract entered into by the board of regents under authority of this act shall be subject to approval under any other statute. No bidding, notice, award, negotiation or other procurement procedures under any other statute shall apply to any contracts or negotiations entered into by the board of regents under authority of this act.

The following listing sets forth short descriptions of each of the statutes specified as not applicable to the activities of the state board of regents when acting under the act.

K.S.A. 75-430a	Publication of notice negotiations for certain contracts, sales of property
K.S.A. 75-1250 thru 75-1270	Architectural Services - negotiations for architects - fee limits - construction management services
K.S.A. 75-3738 thru 75-3741b	Division of Purchases - bidding, capital improvements, contract guidelines, restrictions procedures, change orders
K.S.A. 75-3742	Division of Architectural Services - assistance in preparing written program statements
K.S.A. 75-3743 and 75-3744	Leases, procurement contracts, Attorney General approval as to contract form; execution and other approvals
K.S.A. 75-3776 through 75-3779	Reorganization of Architectural Services [1978 act] -Transfer of powers, duties and functions to Secretary of Administration

K.S.A. 75-3780 through 75-3782	State Building Advisory Commission; recommends architects or engineers qualified for particular projects for negotiating committees; advises Secretary of Administration on related matters
K.S.A. 75-3783	Secretary of Administration to establish criteria and procedures for evaluating the qualifications and performance of architectural, engineering and construction services contractors for state capital improvement projects; issue stop work orders; adopt standards for inspection of building projects and qualifications for inspectors; and establishing standards for planning, design and construction of and improvements to buildings for state agencies
K.S.A. 75-3784	Negotiation for ancillary technical services
K.S.A. 75-3785	Construction defects recovery fund
K.S.A. 75-3786, 75-3787	Repealed statutes
K.S.A. 75-3789	1953 reorganization provision, penalties, violations of 1953 "act"
K.S.A. 75-3799	Financial services for state agencies, negotiations
K.S.A. 75-37,100	Contracts for credit cards, negotiations
K.S.A. 75-37,101	Certificates of participation financing personal property
K.S.A. 75-37,102	Procurement of services or technical products, negotiations
K.S.A. 75-37,103	Debarment of contractors by Secretary of Administration
K.S.A. 75-37,104	Prequalification of contractors in cooperation with the Director of Purchases
K.S.A. 75-4101 through 75-4114	Committee on Surety Bonds and Insurance, purchase of insurance for state agencies
K.S.A. 2001 Supp 75-37,130 through 75-37,135	Professional services sunshine act
K.S.A. 75-5801 through 75-5807	Negotiations for engineering services

Testimony of Peter S. Levi
President of the Greater Kansas City Chamber of Commerce
To the Kansas House Appropriations Committee
January 30, 2002

Supporting House Bill 2690
Regarding issuance of bonds to finance construction of scientific and research facilities

Chairman Wilk and members of the committee, thank you for the opportunity to appear before you in support of House Bill 2690. I am here today representing the Greater Kansas City Chamber of Commerce with approximately 800 Kansas member businesses.

The Life Sciences initiative is a top Chamber priority. The board is comprised of the leaders of business in the metropolitan area who recognize the importance of the issue to the future economic health of Kansas and the entire region and we strongly support House Bill 2690.

For this region to remain competitive into the future, we must increase the investment in biotechnology research and development such as neighboring states are doing. For example, Missouri is spending \$21 million for biomedical research, Iowa is investing \$27 million towards new biomedical research building and Kentucky has allocated \$39 million for new biomedical research building at the University of Kentucky. Indiana has spent \$37.8 million since 1999, and Nebraska is investing \$10 to \$14 million a year for five years for biomedical research.

House Bill 2690 provides the necessary funding for new research facilities that are vital if the universities are to attract world class researchers and thus realize the commercialization of discoveries that results from the research. In order to have high quality life science research, it is necessary to have high quality facilities benefiting not only the universities but the entire region.

Passage of this bill will improve the quality of health care for Kansans as health care professionals will most certainly be attracted to the area due to first class research institution. This investment will eventually keep more health care dollars in the state, as state resident stay closer to home for the highest quality health care.

House Bill 2690 will have a positive impact on economic development. One Chamber board member puts it like this: "So we as a community, we as a state and we as two states have to create an economic environment that makes it attractive to do that kind of work here. We have to nurture those types of businesses. We have to recruit then here."

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**Testimony for the House Appropriations Committee
January 29, 2002**

**Bill Jarrell
The Boeing Company**

Mr. Chairman and distinguished committee members, my name is Bill Jarrell and I am the Regional Director of Government Relations for The Boeing Company. I am pleased to appear before the committee today representing the aviation industry in Kansas to underscore the importance of research and development (R&D) in our state.

First let me tell you what I will not be discussing. I am not here today to review the request by the aviation industry for R&D funding for the WSU National Institute for Aviation Research (NIAR). That request (for a \$5 million annual appropriation) is for technical research and state-of-the-art laboratories and equipment at NIAR to help ensure Kansas remains competitive to meet existing and future needs of the aviation industry. It is a separate request that is not included in HB 2690 before you today. However, the proposals by the Kansas Board of Regents and the aviation industry are complementary and together should lead to increased federal funding for research at Kansas universities.

Mr. Chairman, our industry is pleased that the legislature has maintained its focus on economic growth in Kansas. Boeing, Bombardier, Cessna Aircraft and Raytheon Aircraft account for ten percent of the net income of our state, and we have a vested interest in initiatives that help us to maintain that important impact on the state economy. Every 1,000 Kansas aircraft manufacturing jobs create an additional 2,300 jobs, generating a total of \$23 million in federal taxes and \$9 million in state and local taxes annually.

Our industry, along with so many others in our nation, is still dealing with the aftermath of September 11 and a slowing global economy. Difficult times require difficult decisions for business and state government alike. Yet even with so much attention on surviving the downturn in our economy (and industry), we cannot afford to take our eyes off of the future and what it takes to reach our vision. Consistent, targeted investment in research and development is undisputedly a requirement to be competitive in the world today.

The deliberations of this committee and the legislature to ensure Kansas maintains a stable and growing economy are noteworthy. On behalf of the aviation industry, we appreciate your serious consideration of R&D and other initiatives directed at strengthening the economic vitality and competitiveness of our state.

Mr. Chairman, thank you for the invitation to appear before the committee. I am pleased to take questions and comments.

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Submitted Testimony on H.B. 2690

January 29, 2002

Bernie Koch

Wichita Area Chamber of Commerce

Mr. Chairman, members of the House Appropriations Committee, thank you for the opportunity to submit written testimony in support of H.B. 2690, particularly Wichita State University's proposal for \$10 million to build an engineering research laboratory facility.

I apologize that I am unable to be present for the hearing as I am scheduled to testify in the House Business Commerce and Labor Committee at the same time.

The Wichita Area Chamber of Commerce supports the efforts of WSU to improve engineering research. The plans for the laboratories are well thought out and the needs are well understood by the business community.

Wichita has long been recognized as a leader in the development of composite materials, particularly those used in aircraft construction. Facilities to study composites will help continue that leadership role.

It goes without saying that the Manufacturing laboratory will be very useful to our community, where over 25% of the workforce is engaged in manufacturing.

The Aircraft Icing Lab and the High Temperature Materials Lab are significant to a healthy aircraft industry in the Wichita Area. Our companies have made it clear that research facilities such as these are necessary to the economic health of the industry.

State government in Kansas has not been as close a partner with the aircraft industry as other sectors of the economy, despite the strong performance and contribution of aircraft and manufacturing to the state's revenues. The Wichita Area Chamber urges you to strengthen these bonds with approval of House Bill 2690.

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TESTIMONY

City of Wichita
Mike Taylor, Government Relations Director
455 N Main, Wichita, KS. 67202
Phone: 316.268.4351 Fax: 316.268.4519
Taylor_m@ci.wichita.ks.us

House Bill 2690

Regents Research and Development Facilities Proposal

Delivered January 29, 2002
House Appropriations Committee

The City of Wichita strongly supports investment in Research and Development for the aviation industry and Wichita State University, which plays a crucial role in the success of the aviation industry.

Wichita is the "Aviation Capital of the World." Boeing, Bombardier/Learjet, Cessna and Raytheon all call Wichita home. Wichita's early day aviation pioneers accomplished things no one thought possible. Their work made modern aviation and air travel possible. It is a tradition modern day residents of Wichita proudly carry on. It is a tradition the Kansas Legislature should willingly and eagerly support for the benefit of all Kansans.

From commercial jetliners, to mid-size business jets, to general aviation and military aircraft, the finest airplanes in the world are conceived, designed and built by Wichita's aviation and aerospace companies. Wichita's economy is diverse, but aviation is the economic backbone of our community, employing in the neighborhood of 30,000 people directly and thousands of others in subcontracting and related work. Wichita and its aviation industry are in the heartland of America, but are major players in international business and the global economy.

Mayor Bob Knight and the four aviation-manufacturing companies last year celebrated the announcement that Wichita had won the prestigious "Quality Center Award" from *Aviation Week & Space Technology*. According to the magazine, this award recognizes "superior quality and management in civil, military and space organizations and facilities, as well as the geographic regions that support their operations." This is only the second time a city has been named with such an honor. In 1999, Toulouse, France was also awarded with the honor as the home base of Airbus and several space technology centers. In making the award, Kenneth Gazzola, Executive Vice President & Publisher of *Aviation Week* said:

"Few regions of the world have had a greater impact on aerospace than Wichita. It is one of the top breeding grounds for some of the most significant developments in aeronautics."

Now, hearing all of this, you might say, what's the problem, sounds like everything is fine. Until recently, we have enjoyed what is arguably the strongest economic growth in a generation, but as we've learned, circumstances can change with disconcerting swiftness. We went from a softening of the economy to what now seems to be a full blown recession.

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It is the time for renewed vigilance and commitment to further strengthen our economic base. Now is the time to make sure our aviation industry and Wichita State University stay ahead of the competition instead of fall behind. Investing in aviation research and higher education institutions not only creates jobs now, but paves the way for economic success in the future.

The Council on Competitiveness in conjunction with Harvard University Business School recently examined the Wichita Aviation Cluster as part of a national study. The research effort was led by one of the foremost economic thinkers of our time. Professor Michael Porter currently holds the Bishop William Lawrence chair at the Harvard Business School, where he heads up the Institute for Strategy and Competitiveness. He is the author of 16 books and numerous articles focusing on competitive strategy and international competitiveness. The five regional economies studied were: Atlanta, Georgia; Pittsburgh, Pennsylvania; the Research Triangle area of North Carolina; San Diego California; and Wichita, Kansas.

Professor Porter found some interesting, but not surprising things about Wichita and the aviation industry in Kansas. The study says:

“Regions built on research and development have a competitive advantage, but Wichita universities’ federal research and development expenditures were roughly 25 percent of the national average in 1998. Wichita is also well below the national average in patents per 10,000 employees in 1999. To boost innovation, the Harvard study recommends strengthening academic and research institutes. In particular, the report highlights the importance of a major investment in WSU as well as its National Institute of Aviation Research.”

But the City of Wichita, its aviation industry and Wichita State University can not accomplish it alone. The Kansas Legislature needs to be, and should be, willing and aggressive partners in economic development and academic advancement efforts.

How you fund research and development facilities at Wichita State and other universities is your decision. How you fund advanced aviation research is your decision. The important thing, from the City of Wichita’s standpoint, is that you realize the importance of these proposals to the State of Kansas and find a way to address them.



Kansas Farm Bureau

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PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON APPROPRIATIONS

**RE: HB 2690 – Regarding Regent’s Institutions Science and Research
Facilities (KSU’s Food Safety and Security Center)**

**January 29, 2002
Topeka, Kansas**

**Presented by:
Leslie Kaufman, Associate Director
Public Policy Division
Kansas Farm Bureau**

Chairman Wilk and members of the House Appropriations Committee, thank you for the opportunity to appear today in qualified support for HB 2690, as it pertains to the proposed Food Safety and Security Center at Kansas State University (KSU). I am Leslie Kaufman, and I serve Kansas Farm Bureau as the Associate Director of Public Policy.

Kansas Farm Bureau has long supported enhancing the agricultural related research components at K-State. *As the major industry in Kansas, agriculture must have the highest priority at Kansas State University. We urge a strong commitment by the Kansas Legislature, Regents and University Administration to the land grant tradition of teaching, research and extension.*

This past November, at our 83rd Annual Meeting, the farmer and rancher members of Kansas Farm Bureau reaffirmed existing policy regarding Kansas State University and adopted new language regarding biosecurity and the Food Safety and Security Building at KSU. Our agricultural producers know the importance sound, quality research has in helping assure that Kansas farmers and ranchers, along with producers across the United States, are raising the safest, most abundant and most affordable food and fiber supply in the world. As

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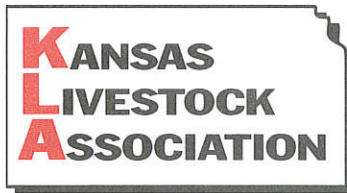
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such, we encourage federal, state and local units of government, research institutions and the agricultural industry to make every reasonable effort to protect livestock and crop production in Kansas from the threat of bioterrorism or from introduction through accidental infestation by animal and plant pests or diseases. One asset for helping carry forward this endeavor is the construction of the Food Safety and Security Center at KSU.

We support the construction of a Food Safety and Security Center at Kansas State University. Funding for such a center should be broad based. The benefits of such a facility would reach beyond agriculture, and would benefit consumers within our nation's borders and, potentially, worldwide. Therefore, our members believe that the funding of such a facility should be borne by a broader constituency than property owners in Kansas. The bonding proposal within HB 2690 would help accomplish this by infusing funds from diverse sources to support the facility at K-State. Funding for the center and its programs should be in addition to and not jeopardize other programs and research projects beneficial to production agriculture.

Our policies related to the construction of such a research facility are limited to Kansas State University. As such, we will not expand our comments to address facilities beyond the Food Safety and Security Center. Additionally, our policy does not address the mechanisms for carrying out the project, such as the establishment of a subsidiary corporation that transcends the construction of the three facilities (KU, WSU, KSU) that have been the focus of the dialogue, up to this point. Again, we appreciate the opportunity to appear today and ask the Committee to pass a reasonable, workable proposal for advancing biosecurity research in Kansas through the construction of the Food Safety and Security Center at Kansas State University. Thank you.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.



Since 1894

To: House Appropriations Committee
Representative Kenny Wilk, Chairman

From: Mike Beam, Public Affairs Staff

Subject: Testimony in support of HB 2690 – University Research & Development Enhancement Act

Date: January 29, 2002

Kansas Livestock Association (KLA) members have chosen to support the Kansas Board of Regents proposal and legislative efforts to enhance biosecurity research facilities at Kansas State University (KSU). While we are not intimately familiar with the important policy issues surrounding the issuance of bonds or other evidences of indebtedness by state agencies, our members believe a Biosafety Level-3 (BSL-3) research facility at KSU is imperative for our industry and the health and safety of consumers.

There are many risks associated with livestock production. Much can be done by individuals to insure against acts of nature and to hedge against rapid increases in input costs and/or an unexpected plunge in commodity prices. Several events of the past year, however, have opened our members' eyes to the risks Kansas agriculture producers would face were there an intentional or unintentional release and spread of dangerously infectious disease(s).

We watched with fear as animal health officials and livestock owners in Europe attempted last spring to contain Foot and Mouth Disease. When it was all done, Great Britain reported their officials depopulated four million head of livestock in an effort to eradicate this highly contagious disease. It's chilling to think about the economic impact the outbreak of a disease like Foot and Mouth would have on our state's producers, allied businesses, and overall economy. Research at a BLS-3 lab could help us avoid, or at least prepare for, a dangerous disease outbreak.

A BSL-3 facility also offers unlimited potential for research in finding more economical and successful methods for controlling or eliminating naturally occurring food pathogens. Food safety research has long been a priority of the beef industry. We are hopeful that an enhanced research facility at KSU will be an important aspect of pushing the limits of such research.

KLA supports the effort to build a BSL-3 facility in Kansas and encourages the Kansas legislature to give KSU and other Board of Regents institutions the tools necessary to enhance important research efforts in this state.

Thank you!

HOUSE APPROPRIATIONS

DATE 1/29/02
ATTACHMENT 9

**TESTIMONY OF JEWEL D. SCOTT
EXECUTIVE DIRECTOR
CIVIC COUNCIL OF GREATER KANSAS CITY**

**SUPPORTING HOUSE BILL 2690
REGARDING THE ISSUANCE OF BONDS TO FINANCE CONSTRUCTION OF
SCIENTIFIC & RESEARCH FACILITIES**

**SUBMITTED TO THE HOUSE APPROPRIATIONS COMMITTEE
KENNY A. WILK, CHAIR
TUESDAY, JANUARY 29, 2002**

CHAIRMAN WILK AND MEMBERS OF THE COMMITTEE:

MY NAME IS JEWEL SCOTT. I AM THE EXECUTIVE DIRECTOR OF THE CIVIC COUNCIL OF GREATER KANSAS CITY, A MEMBERSHIP ORGANIZATION OF THE CHIEF EXECUTIVE OFFICERS OF 80 OR SO OF THE LARGER COMPANIES IN THE KANSAS CITY METROPOLITAN AREA. I ALSO SERVE AS THE TREASURER OF THE KANSAS CITY AREA LIFE SCIENCES INSTITUTE ASSOCIATION BOARD OF DIRECTORS.

I AM HERE TODAY ON BEHALF OF THE CIVIC COUNCIL TO SHARE WITH YOU WHY WE SUPPORT HOUSE BILL 2690.

THE CEOs WHO LEAD OUR MEMBER COMPANIES HAVE MADE THE GROWTH OF THE QUALITY AND QUANTITY OF LIFE SCIENCES RESEARCH AND DEVELOPMENT IN THE REGION ONE OF THEIR PRIORITY INITIATIVES. THEIR DECISION TO MAKE IT A PRIORITY CAME OUT OF A 1998 STRATEGIC PLANNING EFFORT FOCUSED ON IDENTIFYING THE THREE OR FOUR STRATEGIES THAT COULD ENSURE A STRONG ECONOMIC FUTURE AND A HIGH QUALITY OF LIFE FOR THE KANSAS CITY REGION IN THE 21ST CENTURY.

WE RECOGNIZED EARLY IN THE DISCUSSIONS ABOUT LIFE SCIENCES THAT WE HAD ADVANTAGES ON WHICH TO BUILD AND DISADVANTAGES TO OVERCOME.

ON THE POSITIVE SIDE, WE WERE BLESSED WITH THE MULTI-MILLION DOLLAR INVESTMENT THAT JIM AND VIRGINIA STOWERS WERE MAKING IN THE STOWERS INSTITUTE FOR MEDICAL RESEARCH. OF MAJOR SIGNIFICANCE TO OUR DECISION WAS KU'S STRONG COMMITMENT TO STRENGTHEN ITS LIFE SCIENCES RESEARCH EFFORT AT THE MEDICAL CENTER IN KANSAS CITY, KANSAS, AND ON THE LAWRENCE CAMPUS. WE ALSO WERE THE HOME OF THE HIGHLY REGARDED MIDWEST RESEARCH INSTITUTE AND OF THE UNIVERSITY OF MISSOURI-KANSAS CITY, AS WELL AS CHILDREN'S MERCY HOSPITAL, THE MID-AMERICA HEART INSTITUTE AND THE UNIVERSITY OF HEALTH SCIENCES. ALTHOUGH NONE OF THESE INSTITUTIONS INDIVIDUALLY GENERATED ENOUGH LIFE SCIENCES RESEARCH TO PLACE THEM AMONG THE LEADERS NATIONWIDE, THEY EACH HAD A SOLID BASE OF RESEARCH ON WHICH TO BUILD.

AS A RESULT OF OUR EFFORTS TO ASSESS INSTITUTIONAL STRENGTHS AND TO IDENTIFY THE REQUIREMENTS FOR BUILDING OUR LIFE SCIENCES STRATEGY, WE DETERMINED TO FOCUS ON RESEARCH ON HUMAN DEVELOPMENT AND AGING, CANCER, CARDIOVASCULAR DISEASE, NEUROLOGICAL DISEASE AND INFECTIOUS DISEASE.

WE RECOGNIZED THAT IN ORDER FOR OUR RESEARCH INSTITUTIONS TO BE COMPETITIVE IN THESE AREAS OF RESEARCH, WE ALSO WOULD HAVE TO ENHANCE OUR CAPACITY IN CORE ENABLING TECHNOLOGIES, SUCH AS PROTEOMICS, GENOMICS, BIOINFORMATICS AND OTHER INFORMATION TECHNOLOGY, AND IMAGING.

WE ACKNOWLEDGED THAT AN UNPRECEDENTED EFFORT WOULD BE REQUIRED TO EXPAND THE RESEARCH BASE INTO ONE THAT WOULD PLACE THE REGION AMONG THE TOP 10 REGIONS IN LIFE SCIENCES RESEARCH NATIONALLY. WE RECOGNIZED TWO FACTORS WOULD BE KEY TO OUR SUCCESS:

- THE INVESTMENT OF MONEY---WE ESTIMATED IT WOULD TAKE \$300 MILLION OVER A 10-YEAR PERIOD FOR FACILITIES, PEOPLE AND TECHNOLOGY TO INCREASE THE RESEARCH EXPENDITURES IN THE REGION TO \$500 MILLION ANNUALLY; AND,**
- THE CREATION OF A HIGHLY COLLABORATIVE ENVIRONMENT THAT BROUGHT TOGETHER OUR BEST SCIENTISTS FROM ACROSS INSTITUTIONS AND DISCIPLINES TO ENGAGE IN HIGH QUALITY, CUTTING-EDGE RESEARCH.**

MORE THAN ONE CRITIC SUGGESTED THAT THE LIFE SCIENCES INITIATIVE WAS NO MORE THAN A PIPE DREAM, DESTINED TO FAIL WHEN THE DOLLARS DID NOT MATERIALIZE, THE COLLABORATION FELL APART AND THE COMMUNITY LOST INTEREST.

SINCE OUR INITIAL DISCUSSIONS, THAT PIPE DREAM HAS INCREASINGLY BECOME A REALITY.

THE STOWERS INSTITUTE FOR MEDICAL RESEARCH NOT ONLY IS UP AND RUNNING, BUT HAS ATTRACTED INTERNATIONALLY RECOGNIZED SCIENTISTS. THE STOWERS FAMILY IS NOW DISCUSSING CONSTRUCTION OF A SECOND FACILITY IN THE NEAR FUTURE. WHETHER THAT NEW FACILITY IS CONSTRUCTED IN THIS REGION WILL DEPEND ON THE

INVESTMENTS MADE IN BUILDING AND SUSTAINING THE LIFE SCIENCES RESEARCH CAPACITY IN KANSAS CITY'S RESEARCH INSTITUTIONS, INCLUDING THE KU MEDICAL CENTER AND THE UNIVERSITY OF KANSAS, LAWRENCE. JUST AS OUR STATE UNIVERSITIES ARE ABLE TO USE THE INTERNATIONAL REPUTATION OF THE STOWERS INSTITUTE'S SCIENTISTS AS A RECRUITMENT TOOL FOR FACULTY AND STUDENTS, THE STOWERS INSTITUTE MUST BE ABLE TO SELL ITS RECRUITS ON THE QUALITY AND QUANTITY OF RESEARCH AT THE UNIVERSITIES AND THE POTENTIAL FOR COLLABORATIVE OPPORTUNITIES.

AS YOU HEARD IN EARLIER PRESENTATIONS AT K-STATE, THE LIFE SCIENCES RESEARCH COMMITMENT AND THE LEVERAGING OF FEDERAL RESEARCH FUNDS AT KU AND K-STATE ALREADY HAVE INCREASED DRAMATICALLY. THE INTRA-STATE AND INTER-STATE AGREEMENTS AMONG THE REGION'S LIFE SCIENCES RESEARCH INSTITUTIONS ALREADY ARE PLAYING A ROLE IN BRINGING TOGETHER RESEARCHERS AND IN CREATING GREATER OPPORTUNITIES FOR LEVERAGING FEDERAL GRANTS AND CONTRACTS. IN ADDITION, THE NEW FEDERAL BUDGET CONTAINS SOME INITIAL EARMARKED FUNDS FOR BUILDING THE REGION'S PROTEOMICS RESEARCH CAPACITY. ACROSS THE STATE LINE IN MISSOURI, A \$21.6 MILLION APPROPRIATION FROM THE STATE'S TOBACCO SETTLEMENT DOLLARS WILL SOON BE AWARDED TO MISSOURI RESEARCH INSTITUTIONS TO BUILD LIFE SCIENCES RESEARCH CAPACITY, AND THE GOVERNOR INCLUDED ANOTHER \$21.6 MILLION IN HIS 2003 BUDGET PROPOSAL, DESPITE A PROJECTED MULTI-MILLION DOLLAR SHORTFALL IN REVENUES.

IN KANSAS CITY, OUR KANSAS CITY AREA LIFE SCIENCES INSTITUTE IS FULLY FUNDED FOR THREE YEARS. WE HAVE PROVIDED SEED FUNDING FOR RESEARCH PROPOSALS. THE INSTITUTE HAS WORKED WITH ITS PARTICIPATING INSTITUTIONS TO SUBMIT COLLABORATIVE PROPOSALS FOR MORE THAN \$26 MILLION IN FEDERAL GRANTS, NOT INCLUDING A \$50 MILLION, FIVE-YEAR PROPOSAL TO FUND OUR PROTEOMICS CONSORTIUM OR PROPOSALS FOR THE MISSOURI TOBACCO FUNDS. THESE JOINT EFFORTS ALREADY HAVE RESULTED IN BOTH FEDERAL AND PHILANTHROPIC FUNDING.

THE COMMUNITY HAS BEGUN TO FOCUS ON CREATING A SUPPORT STRUCTURE THAT ENCOURAGES AND NURTURES THE FURTHER DEVELOPMENT AND COMMERCIALIZATION OF RESEARCH DISCOVERIES.

OUR ECONOMIC DEVELOPMENT LEADERS, SUCH AS THE KANSAS CITY AREA DEVELOPMENT CORPORATION, HAVE BECOME KNOWLEDGEABLE ABOUT THE OPPORTUNITIES TO ATTRACT AND RETAIN BIOTECHNOLOGY AND RELATED BUSINESSES AND ARE ACTIVELY WORKING TO PUT THE REGION ON THE MAP AS AN EXCITING HOME FOR BOTH MATURE AND YOUNG COMPANIES.

SO, WHY DOES THIS MATTER TO US, AND WHY DOES IT MATTER TO YOU AND YOUR CONSTITUENTS, MANY OF WHOM ARE EMPLOYEES AND SHAREHOLDERS IN CIVIC COUNCIL COMPANIES?

NOT TO SOUND ALARMIST, BUT WE BELIEVE THIS REGION'S FUTURE WILL IN MANY WAYS BE TIED TO ITS ABILITY TO COMPETE IN AN ECONOMY THAT IS INCREASINGLY BIOTECHNOLOGY ORIENTED.

RICHARD W. OLIVER, PROFESSOR AT THE OWEN GRADUATE SCHOOL OF MANAGEMENT AT VANDERBILT UNIVERSITY AND AUTHOR OF THE COMING BIOTECH AGE, HAS WRITTEN THAT THE COMBINATION OF BIOTECHNOLOGY AND NEW MATERIALS TECHNOLOGY WILL DRIVE THE 21ST CENTURY ECONOMY. WE NEED ONLY LOOK AT THE RUST BELT OF THE NORTHEAST TO UNDERSTAND WHAT HAPPENS WHEN A REGION FAILS TO SHIFT ITS ECONOMY AND AGGRESSIVELY INCORPORATE LEADING EDGE TECHNOLOGIES INTO ITS ECONOMIC DEVELOPMENT STRATEGIES. IT IS INSTRUCTIVE TO NOTE THAT MANY OF THE RUST BELT STATES LEARNED THEIR LESSON. MICHIGAN, OHIO AND PENNSYLVANIA WERE EARLY LEADERS IN INVESTING STATE FUNDS IN LIFE SCIENCES RESEARCH AND DEVELOPMENT.

THAT IS WHY, DESPITE THE TOUGH DECISIONS THAT MUST BE MADE AS THE STATE LOOKS AT ITS BUDGET, IT IS IMPORTANT TO CONTINUE THE INVESTMENT IN BUILDING RESEARCH CAPACITY IN KANSAS. IT IS ALSO IMPORTANT TO UNDERSTAND THE SHORT- AND THE LONG-TERM BENEFITS TO BE DERIVED FROM THAT INVESTMENT.

IN THE SHORT-TERM, HOUSE BILL 2690 PROVIDES THE FUNDS TO BUILD BADLY NEEDED RESEARCH FACILITIES. INTELLECT ATTRACTS INTELLECT. WITHOUT THESE FACILITIES, THE UNIVERSITIES WILL BE HARD-PUT TO HIRE THE RESEARCHERS WHO ULTIMATELY CAN LEVERAGE EVEN GREATER AMOUNTS OF FEDERAL AND PRIVATE GRANTS AND CONTRACT DOLLARS. WITHOUT THE RESEARCH, THE STATE WILL NOT BENEFIT FROM

THE COMMERCIALIZATION OF DISCOVERIES THAT COME OUT OF RESEARCH. AND, IT WILL BE HARD TO ATTRACT AND RETAIN THE KINDS OF COMPANIES THAT LIKE TO BE LOCATED CLOSE TO WHERE THE RESEARCH IS DONE.

WE HAVE ALL HEARD THE PHRASE, "DEMOGRAPHY IS DESTINY," AND WORRIED ABOUT THE FUTURE OF THE STATE'S ABILITY TO ATTRACT AND RETAIN YOUNG, TALENTED TECHNOLOGY WORKERS AND THEIR FAMILIES. DEMOGRAPHIC TRENDS, SUCH AS THE OUT-MIGRATION OF YOUNG PEOPLE, CAN BE REVERSED IF THE WILL EXISTS TO MAKE INVESTMENTS THAT ATTRACT AND RETAIN YOUNG PEOPLE IN THE STATE. BUILDING THE RESEARCH CAPACITY AND THE TALENT POOL AT THE STATE'S UNIVERSITIES WILL PROVIDE OUTSTANDING OPPORTUNITIES FOR THE BEST AND BRIGHTEST YOUNG PEOPLE IN KANSAS TO STAY IN KANSAS FOR THEIR EDUCATION, AND TO FIND JOBS IN KANSAS WHEN THEY GRADUATE.

FINALLY, WE BELIEVE THE QUALITY OF HEALTH CARE WILL IMPROVE, AS CLINICIANS WHO WANT TO BE NEAR RESEARCH INSTITUTIONS ARE ATTRACTED TO THE REGION. EACH OF US COULD NAME FRIENDS OR FAMILY WHO HAVE TRAVELED LONG DISTANCES FOR THE TREATMENT OF LIFE-THREATENING DISEASES. AS WE BUILD OUR RESEARCH CAPACITY IN THIS REGION, WE ALSO INCREASE THE OPPORTUNITIES FOR KANSANS TO FIND CUTTING-EDGE TREATMENTS CLOSER TO HOME. THAT NOT ONLY MEANS LESS STRESS AND COST FOR PATIENTS AND THEIR FAMILY, BUT ALSO MORE HEALTH CARE DOLLARS RETAINED IN THE STATE, RATHER THAN BEING EXPORTED TO BOSTON OR HOUSTON.

TO SUMMARIZE, YOUR INVESTMENT IN RESEARCH FACILITIES AT THE STATE'S UNIVERSITIES IS NOT JUST ABOUT ERECTING BUILDINGS. IT IS ABOUT BUILDING A 21ST CENTURY ECONOMY FOR KANSAS, IMPROVING THE CHANCES THAT THE TREATMENTS AND CURES FOR DISEASES WILL BE DEVELOPED AND MADE AVAILABLE HERE IN THE REGION, AND ENSURING THAT YOUNG KANSANS HAVE ACCESS TO HIGHER EDUCATION OPPORTUNITIES IN SCIENCE AND TECHNOLOGY THAT CAUSE THEM TO CHOOSE TO STAY IN KANSAS.

BEFORE FINALIZING PLANS TO PROCEED WITH THE LIFE SCIENCES INITIATIVE IN KANSAS CITY, WE COMPLETED AN ECONOMIC IMPACT STUDY. THAT STUDY FOUND THAT IF WE INVESTED \$300 MILLION AS WE

SAID WE INTENDED, AND IT RESULTED IN \$500 MILLION IN RESEARCH EXPENDITURES IN THE REGION, OVER 10 YEARS WE WOULD SEE THE CREATION OF 14,562 PERMANENT JOBS AND A POSITIVE ANNUAL IMPACT ON THE GROSS REGIONAL PRODUCT OF \$654 MILLION.

WHEN WE BEGAN OUR DISCUSSIONS IN 1998, THE ANNUAL LIFE SCIENCES RESEARCH EXPENDITURES IN THE REGION TOTALED ABOUT \$100 MILLION. LAST YEAR THE TOTAL WAS \$180 MILLION, AND REFLECTED 16 PERCENT GROWTH FROM THE PRIOR YEAR.

THE ABILITY TO GROW THESE NUMBERS AT A FASTER PACE CURRENTLY IS HINDERED BY THE NEED FOR NEW, STATE-OF-THE ART UNIVERSITY RESEARCH FACILITIES. WE KNOW FROM TALKING WITH MAJOR RESEARCH UNIVERSITIES THAT THERE IS A DIRECT RELATIONSHIP BETWEEN THE SPACE AVAILABLE FOR NEW RESEARCHERS AND THE GROWTH IN FEDERAL RESEARCH DOLLARS GENERATED. THERE IS A LIMIT TO HOW MANY GRANT DOLLARS A SINGLE RESEARCHER, EVEN THE BEST RESEARCHERS, CAN GENERATE.

THIS IS THE TIME, AS NEW FEDERAL DOLLARS ARE BEING TARGETED FOR RESEARCH, TO MAKE THE INVESTMENTS THAT CAN PROPEL KANSAS AHEAD OF OTHERS WHO ARE TOO TIMID OR TOO CAUGHT UP IN THEIR PAST TO SEE THEIR WAY TO THE FUTURE.

WE BELIEVE HOUSE BILL 2690 IS NECESSARY AND TIMELY, AN OPPORTUNITY FOR YOU AS LEGISLATORS TO LEAVE A LEGACY THAT WILL BENEFIT KANSANS FOR GENERATIONS TO COME.



Kansas Society of Professional Engineers

A state society of the National Society of Professional Engineers

**Statement of Kansas Society of Professional Engineers
In support of HB 2690-Authorizing Funding for Construction of
Research and Development Facilities at Regents Institutions
Presented to House Appropriations Committee
Submitted by Mike Lackey, P.E.
Tuesday, January 29, 2002**

Thank you Chairman Wilks for this opportunity to appear in support of House Bill 2690, a proposal to authorize the issuance of bonds for construction of new research and development facilities at Kansas State University, University of Kansas and Wichita State University.

I am Mike Lackey, Chairman of the Legislative Affairs Committee of the Kansas Society of Professional Engineers (KSPE). KSPE is the leading professional society of the Kansas engineering community. An affiliate of the National Society of Professional Engineers, KSPE has nearly 900 members throughout the state of Kansas, including Professional Engineers employed in virtually all of the major industries of our state.

This proposal was discussed in detail at the January 18th meeting of the Board of Directors of the Kansas Society of Professional Engineers and received unanimous support of all Board members in attendance. I mention our Board's consideration, because our Board is comprised of engineers from all geographic regions of the state and from all aspects of engineering, consultants, major industries, state and local units of government and higher education.

Our Board recognizes the importance of making targeted investments in the research and development facilities of our universities in order to ensure Kansas can capture our share of federal and private sector funding for R & D facilities.

Although the new facilities envisioned by this bill are diverse in their missions, they have at least two characteristics in common. First, they will contribute to broadening and strengthening the economic infrastructure of our state. And second, they will all employ leading engineers in addition to other scientists and technical professionals.

At Wichita State University, the engineering school and National Institute for Aviation Research operate hand-in-hand to make air travel safer and to strengthen the high-tech manufacturing capabilities of our state. At the University of Kansas, the engineering school is already hiring additional bio-engineers to work complimentary with medical researchers at the University of Kansas Medical School to protect and enhance the lives of Kansans and others. And at Kansas State University, a growing number of agricultural engineers are prepared to work with other scientists and technical professions to ensure the U.S. has the safest source of food anywhere in the world. These investments will provide valuable contributions to our quality of life and strengthen our economy for decades to come.

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KSPE is well aware of the revenue constraints confronting the legislature this session. As difficult as they are, we believe they represent short-term challenges and urge you to look at the long-term benefits of investment in these important R & D opportunities.

Before I close, I want to draw your attention to one other very important issue contained in this bill. Section 10 of the bill would exempt the Board of Regents from compliance with any or all of the design and construction contracting provisions of the State of Kansas. We are strongly opposed to this provision. The contracting statutes of the state are intended to ensure that taxpayer dollars are spent wisely, and they have done so.

Many of you have heard about the failed opening of the University of Georgia Animal Health Research Center, which was completed two years ago but has failed to open because of apparent design and construction defects. Instead, all parties are involved in expensive litigation and the State of Georgia will need to spend millions more before the facility will be ready for use.

Our Kansas contracting laws for state facilities are intended to prevent just this kind of problem from occurring. Because the state is being asked to fund the first five year of bonded indebtedness for these infrastructure improvements, we believe it is appropriate to follow current state contracting laws.

In closing, KSPE strongly endorses the research and development facility investments that are envisioned in HB 2690. However, we urge you to eliminate Section 10 of the bill and provide for the current state contracting statutes to be followed in selection of the design and construction firms for these facilities.

Thank you for your time and consideration.

January 29, 2002



TO: Chairman Wilk and Members of the House Appropriations Committee
FROM: Trudy Aron, Executive Director
RE: Opposition to Provision in HB 2690

President
Nancy L. Steele, AIA
Wichita
President Elect
Robert D. Fincham, AIA
Topeka
Secretary
Matthew D. Werner, AIA
Topeka
Treasurer
Richard Bartholomew, AIA
Overland Park

Directors
Ron Brown, Allied Member
Wichita
Ken Conrad, P.E.
Leawood
John Gaunt, FAIA
Lawrence
Georgia Gavito, AIA
Lawrence
Dale Glenn, AIA
Meriden
Eric Linebarger, AIAS
Manhattan
Peter Maass, AIAS
Lawrence
Julia Mathias, Assoc. AIA
Lawrence
Torgier Norheim, AIA
Manhattan
Wendy Ornelas, AIA
Manhattan
Katie Perkins, AIAS
Lawrence
Daniel R. Rowe, AIA
Topeka
Michael M. Seiwert, AIA
Wichita
Scott A. Stauffer, AIA
Andover
Richard K. Tilghman, AIA
Topeka
Bruce Wrightsman, AIA
Manhattan
E. Eugene Young, AIA
Shawnee Mission

Executive Director
Trudy Aron, Hon. AIA, CAE
aron@aiaks.org

Good Morning, Mr. Chairman and Members of the Committee. I am Trudy Aron, Executive Director, of the American Institute of Architects in Kansas.

AIA Kansas is a statewide association of architects and intern architects. Most of our 700 members work in over 100 private practice architectural firms designing a variety of project types for both public and private clients including justice facilities, schools, health facilities, industrial buildings, offices, recreational facilities, housing, and much more. The remainder of our members work in industry, government and education where many manage the facilities of their employers and hire private practice firms to design new buildings and to renovate or remodel existing buildings.

We are here today to oppose many of the exemptions allowed in HB 2690. First, I want it to be clear that we support the development of facilities for the performance of scientific research in Kansas at our existing universities.

Our opposition is to the exemption of Kansas statutes that relate to the selection of architects, engineers, and other design professionals. Furthermore, we object to the elimination of the responsibilities of the Division of Architectural Services (DoAS), now the Division of Facilities Management (DFM). In the remainder of my testimony I will use DFM as synonymous with DoAS.

For those of you who are not familiar with the procurement of architectural services for the design and construction of buildings, I would like to walk you quickly through the process that has been successfully used on all state buildings for over thirty-five years.

75-1250 **“State policy.** The legislature hereby declares it to be the policy of this state to announce publicly all requirements for architectural services, and to negotiate contracts for architectural services on the basis of demonstrated competence and qualification for the type of professional services required and at fair and reasonable prices.”

DFM announces all architectural projects by listing a “Notice of Commencement of negotiations for architectural services” in the *Kansas Register*. Any firm seeking consideration on the project will submit the required information to DFM. DFM will forward the submitted information to the State Building Advisory Commission. This commission is made up of seven individuals; the chair of the commission is the Secretary of Administration or their designee; the dean or head of the architecture program at KU or K-State (who serve rotating 2-year terms) with the remaining five members being appointed by the governor. After looking at the submitted information, the advisory committee selects up to five firms it believes to be qualified for the project and recommends them to the Negotiating Committee for interview. The negotiating committee is made up of a representative from DFM, the agency or institution for which

the construction will be provided and the state agency that supervises the operations and management of the institution for which the building is being designed.

The negotiating committee ranks the firms and commences negotiations with their first choice. These negotiations include discussions on the project requirements and the fee required by the architect and their design team to do the work. If the negotiating committee cannot reach an agreement, the committee terminates their discussions and begins negotiations with their second choice firm.

Our other major concern in this legislation is the elimination of the services provided by DFM. The Division of Facilities Management provides these services:

- Announcement of projects
- Negotiation of services and fee for architect and design team (as stated above)
- Development and execution of contracts for design and construction
- Development, management and oversight of the policies and procedures for design and construction
- Code administration, review and inspection for design and construction
- Coordination between the agencies, institutions, design team and construction team

Each new building, even the most modest, is a once in-a-lifetime creation. The more complex the building is, the more we need to follow proven methods for their design and construction. Scientific research and development facilities are very complex projects that will require architects and engineers with the necessary qualifications to design them.

While we wholeheartedly support the development of scientific research and development facilities at our universities, we cannot support setting aside our proven methods for their design and construction. These projects are estimated to cost taxpayers \$100 million for their design and construction. Over the next 30 years of their life, these building will cost taxpayers approximately \$2 billion to maintain, clean, heat, cool, and staff. Good design and good documents minimize the operating cost over the life of the building.

Should one state agency have complete control of the design; construction; code compliance; and administration of all aspects of these extraordinarily complex and sophisticated buildings? We think not and urge you to continue our well-documented procedures for the design and construction of these facilities.

Thank you. I'll be glad to answer any questions you may have.

Statement to the House Appropriations
Committee on HB – 2690
January 29, 2002

Mr. Chairman, members of the committee, my name is George Barbee, Executive Director of the Kansas Consulting Engineers.

Kansas Consulting Engineers (KCE) is an association with membership made up of approximately 60 firms performing design services in Kansas. These services vary in scope, but are generally publicly funded projects such as water and sewer treatment plants and distribution systems, gas distribution systems, electric power plants, roads, bridges, highways and we hope scientific research and development facilities for educational institutions. The firms serve private sector clients and local units of government but the state of Kansas remains one of the largest clients due to the obligation of the state to provide safe and efficient transportation systems, state buildings and many other public work facilities. Firms within the membership of the Kansas Consulting Engineers (KCE) are fully capable of designing the necessary buildings to reach the objective of HB – 2690. KCE fully supports the idea that Kansas can be a leader in the research efforts that would be possible with these necessary facilities. We are simply here today to oppose this bill in its current form. The focus of our concern is on page 7, section 10 where the Board of Regents is exempt from the provision of the statutes that have been carefully crafted and time proven to deliver quality public buildings for the people of Kansas.

Trudy Aron has done a more than an adequate job of explaining the process that exist for the procurement of professional design services as well as the important role played by the Division of Facilities Management (DFM). She also explained the important role of DFM in the oversight and coordination of projects built with Kansas tax dollars.

Please let me focus on why KCE believes you are about to deviate from a course of quality in the selection process that since 1977 has centered on quality and competence in the selection of design professionals. Does KCE agree with the need for the ability to issue bonds for construction of a new research and development facilities at Kansas State University, the University of Kansas and Wichita State University? Yes. Do we need to demand that quality is foremost in the design and construction of these facilities? Yes. But, let me share with you the consequences of turning away from the path of quality that has been and is an important part of the design in Kansas projects. Let me share with you the attachment that is from the Atlanta Journal – Constitution dated December 13, 2001. Last month.

See Attachment

Now let me provide you with the other attachment which follows the provisions of quality-based selection (QBS) as called for in KSA 75-5801.

See QBS Attachment

Kansas needs these research facilities but only if they function as expected. Please do not open the door to a process that does not follow the time proven method that exists for the purpose of providing quality at fair and reasonable prices for Kansans. Please delete Section 10 and move forward with this important project.

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ATTACHMENT 13

Special

Looking west at the Animal Health Research Center on the corner of Carlton and East Campus at UGA.

Delays keep doors shut at state-of-art UGA lab

By REBECCA MCCARTHY

Atlanta Journal-Constitution Staff Writer

Athens -- It was to be a state-of-the-art laboratory where researchers from the University of Georgia College of Veterinary Medicine and other institutions could safely study dangerous organisms.

But two years after it was supposed to open, the 70,000-square-foot Animal Health Research Center sits idle. The \$19 million building has been closed to everyone but inspection teams who are determining why it failed its safety evaluations.

Now, state officials plan to ask the General Assembly for at least \$1.8 million to upgrade the facility, which doesn't meet new federal standards that have gone into effect during the delay. State officials, the architect and the contractor have filed lawsuits and countersuits over who is responsible.

Delay frustrating

"It took a long time to get the base funding in place for this building, and 20 years ago, it was difficult to get people's attention on the threat of exotic diseases," said Keith Prasse, dean of the Veterinary College. "Today, the whole society is concerned about exotic diseases. Everybody sees the value of the capability to respond to these threats, and without this building, we're not ready."

The delay has frustrated veterinary scientists and thwarted research discoveries.

A researcher from the Southwest Foundation for Biomedical Research in San Antonio planned to come to Athens to work with UGA scientists to study Venezuelan equine encephalitis, a life-threatening disease infecting humans as well as horses. But without the center, the project could not proceed.

A UGA scientist planned to use the center for his tuberculosis research. Pathologists were set to go forward with more experiments on the deadly bacteria *E. coli* O157:H7, which killed one child and made 25 others ill at Cobb County's White Water park in 1998, but haven't been able to do so.

"You put such research on hold, and other institutions do the work," said UGA veterinary pathologist Corrie Brown. "Georgia has been denied big opportunities to make significant contributions utilizing our expertise."

Lawsuits filed

Though closed to scientists, the bunkerlike building has been open to lawsuits, said Walt Fairchild of the Georgia State Financing and Investment Commission, which owns the building while it's under construction. The state agency will turn the center over to the university once all work has been

completed.

The project's contractor, Ellis-Don Construction Co., a Canadian firm, is demanding \$8.4 million from the state, alleging construction delays. The state has issued a counterclaim for \$6.5 million, saying that the company's work is defective.

According to Fairchild, the project's design team, Rosser International, has condemned the work which Ellis-Don did, while the contractor has said that the architect's design is unbuildable.

"We're trying to determine where the fault really lies," Fairchild said. "And we're hoping to resolve the problems. We've had settlement meetings with the architect and the designers."

The Animal Health Research Center included safeguards designed to capture, contain, decontaminate and sterilize everything coming out of it, including the waste water, air and incinerator ash.

It's the country's only non-government facility built to accommodate a wide range of animals of different species and sizes. With special gates, tie-rings and high ceilings, the animal rooms are large enough for horses, cows and pigs, as well as for rodents and birds. The necropsy--animal autopsy--room is large enough to handle an elephant, though such an expensive undertaking isn't likely.

Inspectors found problems with the computerized controls of the heating-ventilation-air-conditioning system and the waste water system, Fairchild said. The repairs are estimated at \$3-\$6 million, "depending on what we find once we get in there," he said.

Officials are also consulting with a scholar in vaccinology, who will be hired by UGA with help from the Georgia Research Alliance, to see what changes that scientist may want in the building. There's the potential for such a scholar to generate \$1 million a year in outside funding, said Dean Prasse, and other researchers already on staff could generate at least another \$1 million.

Even though the lawsuits aren't likely to be resolved for months, if not years, the state wants to go ahead with needed improvements so that the building can be ready for occupancy by 2003.

"We can't turn it over to the university until we're 110 percent sure that it's a safe facility," Fairchild said. "And until you start taking things apart, you don't know what you've got to deal with."

**TESTIMONY OF
ASSOCIATED GENERAL CONTRACTORS OF KANSAS
BEFORE HOUSE COMMITTEE ON APPROPRIATIONS
ON HB 2690**

January 29, 2002

By Corey D Peterson, Associated General Contractors of Kansas, Inc.

Mr. Chairman and members of the committee, my name is Corey D Peterson, Executive Vice President of the Associated General Contractors of Kansas, Inc. The AGC of Kansas is a trade association representing building general contractors and subcontractors throughout Kansas (with the exception of Johnson and Wyandotte counties).

First of all, I would like to make it perfectly clear that the Associated General Contractors of Kansas is in full support of building research and development facilities at Board of Regents institutions. We applaud these efforts to bring Kansas to the forefront in the area of scientific research.

The AGC of Kansas is, however, opposed to the exemptions outlined in Section 10 of House Bill 2690 (page 7, Lines 16-26) which is a dramatic deviation from current public policy regarding competitive bidding.

Section 10 would exempt the Board of Regents from adhering to all notification and bidding statutes, statutes that have served the State of Kansas well for decades and which all other State agencies must follow. These statutes are in place to provide assurances that the taxpayer is being best served and that "politics" remain out the selection process for contractors and other construction related professionals. Having no limits or guidelines placed on the selection process for current and future projects would be an extraordinary change that should not be made without careful consideration and evaluation.

Again, AGC of Kansas fully supports the construction of research and development facilities at our fine Board of Regents institutions. However, because of the reasons stated above, AGC of Kansas suggests that House Bill No. 2690 be amended by deleting Section 10 from Page 7 (lines 16-26).

Thank you for your consideration.

HOUSE APPROPRIATIONS
DATE 1/29/02
ATTACHMENT 14