

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on February 12, 2003, in Room 514-S of the Capitol.

All members were present except: Representative JoAnn Pottorff - Excused

Committee staff present: Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy Deckard, Legislative Research Department
Amy VanHouse, Legislative Research Department
Debra Hollon, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Sue Fowler, Committee Secretary

Conferees appearing before the committee: Reginald Robinson, President & CEO, Board of Regents
Clay Blair, Chairman of University Research and Development Corporation

Others Attending: See Attached

Reginald Robinson, President and CEO of the State Board of Regents presented an overview regarding the research activities of the state's research universities (Wichita State University, Kansas State University and the University of Kansas) and a brief overview of the Board's efforts to implement the University Research and Development Act of 2002 (Attachment 1).

Clay Blair, Chairman of the University Research and Development Corporation, gave an update on the implementation of the University Research and Development Act and the achievements they have experienced this past year. Facilities are being built at Kansas State University for the food protection research project. Grants have been received and future funding from the federal government looks promising. Chairman Blair reviewed the building process adopted and the on-going relationship with the Department of Administration in this construction process. In viewing this as a partnership, the Committee requested progress reports and an opportunity to confer with the URDC before bonds are sold as well as being notified of any major changes, gifts, grants, or other items which would be of importance to the success of the projects.

Representative Bethell distributed copies of the encumbrances of the 7399 Underground Petroleum Storage Tank Trust Fund and explained its significance (Attachment 2).

HB 2225 and **SB 47** were referred to the Tax, Transportation, Judicial and Retirement Budget Committee.

Meeting was adjourned at 10:40 a.m. The next meeting is scheduled for February 13, 2003.



Melvin Neufeld, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: *February 12, 2003*

NAME	REPRESENTING
<i>Doug Bowman</i>	<i>Ks Coordinating Council on ^{Early} Childhood</i>
<i>Ron Seeber</i>	<i>Hein Law Firm</i>
<i>Steve Adams</i>	<i>Dept. of Wildlife + Parks</i>
<i>Judy Gross</i>	<i>Am. Inst. of Architects</i>
<i>[Signature]</i>	<i>KDFA</i>
<i>[Signature]</i>	<i>KDFA</i>
<i>Travis Sawyer</i>	<i>Intern Rep. McCreary</i>
<i>Jenni Rose</i>	<i>KACCT</i>
<i>Lorinda P. Phillips</i>	<i>KDWE</i>
<i>WARREN CORMAN</i>	<i>UNIV. OF KS</i>
<i>George Barbee</i>	<i>KCE</i>
<i>Barbara Meyer</i>	<i>no one</i>
<i>ERIC KING</i>	<i>KS. ED. RECENTS</i>
<i>CLAY BLAIR</i>	<i>RESEARCH CORPORATION</i>



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House Appropriations Committee

February 12, 2003

Reginald L. Robinson – President & CEO, Kansas Board of Regents

Good morning, Mr. Chairman, and members of the Committee. My name is Reggie Robinson, and I am President and CEO of the Kansas Board of Regents. I am pleased to have this opportunity to provide a brief overview regarding the research activities of the state's research universities – Wichita State University, Kansas State University and the University of Kansas. I'd also like to provide a brief overview of our efforts to implement the University Research and Development Act of 2002.

As we peer across the landscape that is the state's research universities, Mr. Chairman, the scene we observe as it relates to funded research at those universities is exceptionally strong and positive. Each of those universities reported significant increases in the levels of external funding they receive to support research, training, and service activities on their campuses.

Wichita State University reported recently that it had achieved record levels of external research funding for FY 2002, the most recent year for which data is available. During that year, WSU pulled more than \$30 million dollars of research funding on to its campus, an almost 18 % increase over the funding it attracted in the previous year. This marks the fifth straight year of increased research funding at Wichita State; that funding has nearly doubled during that five-year period.

Kansas State University also reported last month that its research funding had achieved record levels, with overall funding for research moving to an unprecedented \$177 million, up from \$171 million the previous year. This is the fourth straight year to witness an increase in this vital area of funding. In the competitive funding arena, Kansas State University attracted over 8 % more funding than it had in the previous year.

At the University of Kansas research funding for FY 2002 soared to \$243 million, an 8.4 % increase over the record-setting FY 2001 figure of \$224 million. This is the sixth straight year that research funding has increased at KU. In addition, research funding at the University has more than doubled since FY 1995.

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ATTACHMENT 1

Research activity at the state's research universities is stronger than ever. That is important for those universities, but it is also vitally important for the economic health for the state of Kansas because research funding is a powerful economic development engine for the state. The U.S. Department calculates that every \$1 million in university research funding adds more than 42 jobs to the state of Kansas.

But even though the state's universities have demonstrated their capacity to bring research dollars into the state, now is not the time to rest on our laurels or savor our successes. Even with the success that has been achieved, I know that each of those institutions wants to do even better. But the environment for research dollars is a competitive one, and these universities need the state to make investments in their research infrastructure to improve their capacity to compete in that tough research-funding environment. That is why legislative passage, last spring, of the University Research and Development Act was so important.

That legislation constitutes one of the most exciting and promising opportunities for economic enhancement in Kansas. The Act provides for the construction and equipping of modern research facilities at KU, KUMC, KSU and WSU. These facilities will put Kansas institutions on the cutting edge of research in life sciences, food safety and bio-terrorism and aviation—all vital to the economic stability and quality of life in Kansas.

I understand that you are to receive testimony from Clay Blair, the Chairman of the Board for the Corporation that has been created to oversee the development and construction of these research facilities. But let me provide a brief overview regarding this important legislation.

The Act authorizes the issuance of up to \$120 million in bonds for research facilities at state universities; directs the Board of Regents to create a subsidiary corporation to oversee implementation of the projects; and authorizes alternative procedures for acquiring construction services for the projects. The Act also authorizes separate bonding authority of \$13 million for additional projects in support of the National Institute for Aviation Research at Wichita State University.

The Act supports the enhancement of research and development capacity through four projects: (1) construction of the Food Safety and Security Research Facility at KSU; (2) construction of the Biomedical Research Facility at KU Medical Center; (3) expansion of the Aviation Engineering Complex at WSU; and (4) equipping the Biosciences Research Building at KU.

The KDFA is authorized to issue up to \$120 million in bonds to provide a portion of the financing for the projects, with the balance of funding to come from private donors and federal grants. The Act authorizes transfers from the state general fund for debt service payments, limited to not more than \$10 million annually and \$50 million in total, with such transfers to commence in FY 2005.

The Act directs the Board of Regents to form a subsidiary corporation to perform, or assist the Board in performing the powers, duties and functions under the Act. That corporation has been formed, and it is lead by a board of directors that includes seven voting members appointed by the Board of Regents and legislative leadership. In addition, the Secretary of Administration, or

the Secretary's designee, is to serve as a non-voting member. As I indicated earlier, Former Board of Regents Chair Clay Blair chairs the Board that directs that corporation.

Late last year, at its November meeting, the Kansas Board of Regents authorized, upon the recommendation of the Corporation Board, the issuance of \$85 million in bonds to support 12-24 months of construction and initial equipment purchases.

We continue to appreciate the legislative support for university research demonstrated most significantly with the passage of the Research and Development Act. That research is important for our universities, and with these new facilities, the universities will be able to capture federal research dollars that are crucially important for the economy of Kansas.

Thank you for that support, and for the opportunity to appear before you today. Mr. Chairman, that concludes my testimony. I would be happy to answer questions from the Committee.

**7399 Underground Petroleum Storage Tank Trust Fund
Firm Encumbrances By Fiscal Year**

	As of Dec 31	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
FY 2003	5,850,673.32							
FY 2002	5,531,635.72 69.65%	7,942,344.16						
FY 2001	1,366,678.38 30.62%	1,956,907.13 43.85%	4,462,979.78					
FY 2000	1,045,134.82 22.59%	1,280,392.19 27.68%	2,486,718.08 53.76%	4,625,956.52				
FY 1999	606,868.19 9.66%	1,729,014.35 27.52%	3,284,033.27 52.27%	4,295,760.39 68.37%	6,282,990.37			
FY 1998			4,093,497.48	5,440,521.27	6,862,419.62	10,926,743.37		
FY 1997			905,255.96	2,005,988.16	2,669,638.56	4,366,399.57	7,655,678.90	
FY 1996				1,160,354.72	1,631,734.86	2,313,566.87	4,098,601.31	7,257,819.29
FY 1995					1,629,192.46	1,845,550.86	2,516,480.74	3,580,530.85
FY 1994					1,110,558.84	1,220,708.72	1,421,663.15	1,876,018.96
FY 1993					322,285.54	407,122.34	589,618.53	866,517.28
FY 1992					202,291.36	235,467.08	265,475.18	299,724.45
FY 1991					45,513.33	52,718.49	66,970.28	76,995.08
Total	14,400,991.76	12,908,658.82	15,232,485.63	17,528,581.74	20,756,624.94	21,368,277.30	16,614,488.09	13,957,605.91

Firm Encumbrances Percent of Total

FY 2003	40.63%							
FY 2002	38.41%	61.53%						
FY 2001	9.49%	15.16%	29.30%					
FY 2000	7.26%	9.92%	16.33%	26.39%				
FY 1999	4.21%	13.39%	21.56%	24.51%	30.27%			
FY 1998			26.87%	31.04%	33.06%	51.14%		
FY 1997			5.94%	11.44%	12.86%	20.43%	46.08%	
FY 1996				6.62%	7.86%	10.83%	24.67%	52.00%
FY 1995					7.85%	8.64%	15.15%	25.65%
FY 1994					5.35%	5.71%	8.56%	13.44%
FY 1993					1.55%	1.91%	3.55%	6.21%
FY 1992					0.97%	1.10%	1.60%	2.15%
FY 1991					0.22%	0.25%	0.40%	0.55%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Firm Encumbrances - The amount of firm encumbrances recorded in the account. A firm encumbrance reserves both spending authority and cash at the time the encumbrance is recorded.

Contingent Encumbrances - The amount of contingent encumbrances recorded in the account. A contingent encumbrance reserves both spending authority but not cash.

	Months	Total Collections	No of Months 1 cent tax Collected Average Monthly Collections
FY 2002	7	7,299,323.01	1,042,760.43
FY 2001	0	-68,247.32	
FY 2000	5	8,108,514.65	1,621,702.93
FY 1999	5	9,387,538.81	1,877,507.76
FY 1998	9	14,422,257.34	1,602,473.04
FY 1997	2	3,159,021.90	1,579,510.95
FY 1996	3	6,850,030.15	2,283,343.38

No collections were received in FY 2001 because prior year firm encumbrances were canceled.

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ATTACHMENT 2