

Approved: May 22, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 9:26 AM on Thursday, May 3, 2012 in 548-S of the Capitol.

All members were present except Senator Emler who was absent.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Follow-up information:

Information was received from Secretary Ray Roberts, Secretary, Department of Corrections, concerning information requested regarding funding included in the Governor's Budget Amendment (GBA) No. 4 for the Topeka Correctional Facility. In addition, information was also received from Gary Haulmark, Department of Social and Rehabilitation Services, concerning accreditation surveys for State Hospitals. (Attachment 1)

Confirmation hearings for:

Andrew Wimmer, a nominee to the Board of Indigent Defense Services (BIDS) for a term to expire on January 15, 2014, opened with comments concerning his professional experiences and skills. His application was reviewed by committee members, and it was noted that a letter in support of Mr. Wimmer's nomination was submitted by Senator Ray Merrick (Attachment 2).

In response to questions, Mr. Wimmer responded:

- He was aware of the problems BIDS has experienced from lack of adequate funding and suggested evaluation of a long-term approach to eliminate addressing the same issue year after year.

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- Potential long-term solutions include investments in efficiencies and reducing redundancies for the provision of services for eligible individuals. There were no specific suggestions offered.
- When asked his position on the death penalty since the Governor has publicly expressed his opposition, Mr. Wimmer indicated from a moral standpoint, he favored the death penalty although he confirmed he had not considered the cost to house convicted felons for a lifetime. He indicated his commitment to the constitutional obligation of providing effective counsel to qualified individuals under BIDS.
- With regard to the optimal use of attorneys (in-house as opposed to contract attorneys), Mr. Wimmer responded the key is to reach a healthy, cost-effective balance; in his opinion, Mr. Wimmer indicated in-house representation is more economical.

Lee Borck, a nominee to the board of the Kansas Bioscience Authority (KBA) for a term to expire on March 15, 2016, opened with comments concerning the opportunity this appointment provides to participate in the improvement of the Kansas economy (Attachment 3). He provided committee members with a summary of his personal, educational and professional experiences; he also discussed the importance of return on bioscience investments not only for universities but also for other businesses, both large and small. Mr. Borck emphasized the importance of transparency in the evaluation of larger projects with greater impact and smaller projects with higher risk.

Committee members' questions follow:

- With regard to a question concerning whether or not Mr. Borck could wholeheartedly support the KBA mission as defined by the KBA; Mr. Borck confirmed his intention to create new entities and jobs that will benefit Kansas and its economy.
- A committee member expressed support for Mr. Borck and spoke briefly about his business expertise and agribusiness successes in western Kansas.
- A committee member indicated that the process for KBA funding awards to universities includes a peer review process by a panel of experts in the biosciences. In some instances, that peer review process has been circumvented and appropriations made through the legislature. The committee member inquired whether or not Mr. Borck, as a KBA board member, would support the peer review process. Mr. Borck responded that he had been a nominee for 45 days; he indicated he could not confirm support of a peer review process (at the current time) without further orientation to the Board, its responsibilities, and the application review process.

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- Mr. Borck confirmed that he no longer owned shares nor was a Board member of Heartland Plant Innovations, which had received a KBA funding award. A committee member inquired about the success of Heartland Plant Innovations; Mr. Borck indicated the business continues to grow and has succeeded in research for various strains of wheat.
- When asked concerning his opinion about the commercialization of agriculture, Mr. Borck responded that agriculture will continue to concentrate regardless of KBA. The need is to bring vendors, suppliers, and services to the area instead of transporting everything in.
- Mr. Borck indicated he had no experience with perennial grain crops.
- With regard to Question 41 on Mr. Borck's application, he indicated his "no" response was in error and requested that his response be revised to indicate "yes."

Senator Teichman moved to favorably recommend Lee Borck as a member of the Kansas Bioscience Authority Board; the motion was seconded by Senator Vratil and passed on a voice vote.

Senator Schodorf moved to favorably recommend Andrew Wimmer as a member to the Board of Indigent Services; the motion was seconded by Senator Masterson and passed on a voice vote.

Chairperson McGinn recessed the committee at 10:00 a.m.

The Senate Committee on Ways and Means was reconvened at 12:10 p.m.

Confirmation hearing for Dale A. Rodman to the Kansas Bioscience Board for a term expiring March 16, 2016.

At the current time, Dale A. Rodman serves as Secretary of the Kansas State Department of Agriculture, and provided information to committee members on his role as the person accountable for the KBA forensic audit, which was requested by the Governor. Secretary Rodman provided information to committee members concerning his professional background and agribusiness experience. (Attachment 4)

In response to questions, Secretary Rodman indicated:

- In response to clarifying the question concerning his purpose or mission as a member of the KBA, Mr. Rodman responded that while the KBA has had some success, the agency

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is in year eight of operations and has not fulfilled its jobs expectation. His role will be to evaluate investments in conjunction with the state's economic plan and to ensure funding actually is used by companies for identified projects rather than buildings, overhead, and other expenditures.

- A committee member inquired whether or not Secretary Rodman, as a KBA board member, would support and insist that all projects undergo the peer review process. Secretary Rodman indicated this is a technical issue requiring resolution. Every project should have outside experts review potential awards, and Secretary Rodman confirmed his support for the peer review process.
- In response to a question concerning Secretary Rodman's scathing review of the KBA during a Senate Commerce Committee hearing and why he desires to be a member of the KBA board, Secretary Rodman responded that he wants to participate in resolution to issues identified by the forensic audit and to contribute to the successful operations of the agency through collaboration with other board members.
- A committee member inquired what Secretary Rodman's vision is for the animal-health corridor in the state. Secretary Rodman indicated that Kansas has the base of technology and communities built around the animal-health industry to be extremely aggressive and successful; the KBA can contribute significantly to that success.
- Secretary Rodman committed to moving forward the KBA mission and to wholeheartedly cooperate, support, promote and defend KBA activities.
- A committee member discussed various communications from Secretary Rodman and Dan Watkins, Chairman of the KBA Board of Directors, concerning a summary of investment outcomes in late 2011. From the appearance of the communications, Secretary Rodman lacked faith in the KBA management and Board of Directors. Secretary Rodman affirmed his criticism of KBA's inefficiencies, excessive spending, poor investment returns, and self-expenditures, which allow conflicts of interest. The question was raised as to how Secretary Rodman can effectively relate to the current Board given those statements. Secretary Rodman indicated he could work effectively with current and future Board members.
- Secretary Rodman indicated he was a graduate from the Kansas State University with a bachelor's degree in agriculture. While the majority of his references are from the state of Minnesota (the location of Cargill, Incorporated), he was employed in Kansas on three different occasions.
- With regard to the circumvention of the peer review process previously discussed, a committee member inquired whether Secretary Rodman would intervene should the

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legislature attempt to interfere with the peer review process. Secretary Rodman indicated he would support the KBA process for peer review.

- Concerning funding to the KBA and the Governor's decision not to transfer appropriated funding as required by statute; Secretary Rodman could not speak to the Governor's rationale for withholding funding. It was noted that the lack of funding cripples the agency from operating properly.
- Secretary Rodman confirmed he owns homes in Kansas and Texas; he serves at the pleasure of the Governor in his role as Secretary of the Department of Agriculture. The KBA Board allows four out-of-state Board members. He indicated he does not intend to keep a residence in Kansas forever. Secretary Rodman is a registered voter in Kansas Congressional District 2.
- Regarding a question concerning whether Secretary Rodman approves of entering into memoranda of agreement that is contrary to statutes of the state of Kansas, Secretary Rodman indicated he did not approve.
- Secretary Rodman indicated it was his understanding that 450 jobs would be created with the construction of the National Bio and Agro-Defense Facility (NBAF) in Manhattan. With such bioscience industries coming to Kansas, other vendors, suppliers and services follow, which contribute to jobs creation and the Kansas economy as evidenced by the Johnson County Research Triangle (in anticipation of a National Cancer Institute designation for the Kansas University Medical Center).
- A committee member expressed appreciation to Secretary Rodman for accepting the nomination from the Governor to the KBA Board, particularly in light of recent controversy. Secretary Rodman suggested that diversity, differing opinions and perspectives often contribute to success.
- A committee member suggested the structure of the KBA reduces the opportunity to politicize decisions and asked how Secretary Rodman would deal with interference from the administration concerning KBA appropriations and funding that are contained in Kansas statute. Secretary Rodman indicated he could not respond to the Governor's unwillingness to transfer KBA funding; however, as a KBA Board member, he indicated withholding funding could be considered as interference.
- Secretary Rodman indicated he was unable to comment on perennial grains investments although he recognized the tremendous advancements in agribusiness technology and research.

Chairperson McGinn closed the confirmation hearing and indicated final action on the confirmation would occur at a later time. The meeting was adjourned at 1:25 p.m.

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