

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on March 12, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator Jay Emler- excused
Senator Pete Brungardt- excused
Senator Susan Wagle- excused

Committee staff present:

Kathie Sparks, Legislative Research
Susan Kannarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Clay Blair III
Thomas S. Harvath, Associate Principle for Science Technology, Cannon Design Group
Jesse Shaver, Student, Vanderbilt University School of Medicine

Others attending:

See Attached List.

Chairperson Brownlee continued the hearing on:

Sub HB 2647--An act concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding

Mr. Blair presented testimony in favor of the bill. (Attachment 1) He stated that intellectual property is valuable, but it should be driven by marketing, and take into consideration its acceptance in the marketplace. He said it is not enough to just do research; we need to be able to commercialize it and have it ultimately lead to income and taxes from applied science that will go to our state. He said that this bill seeks to integrate the training from our universities with business professionals. Mr. Blair went on to say that researchers at our university submit grants to large bureaucratic organizations, and funding largely comes from the idea of research for the sake of research rather than that of economic viability. He stated that this bill will help to fund research that will result in economic viability. Mr. Blair stated that the intellectual cream of the Kansas crop is being swept away to the East or West coast as successful students take their skills and Kansas' investment in their education with them. He said that it is one thing to generate an idea in Kansas, but another thing to have an environment that allows these ideas to be commercialized; if skills and ideas are not put to use in Kansas, they will go elsewhere.

Mr. Harvath presented testimony in favor of the bill. (Attachment 2) He stated that in the field of science and technology, successful projects are program driven, meaning that there is first the idea, then facilities to develop that idea. He pointed out recent examples of research facilities that have received millions of dollars in research funding. He emphasized that success stories are based on innovation and entrepreneurs, including a skilled, educated workforce and available facilities in business friendly environment. At the Illinois Institute of Technology, the facility changes involved the renovation of 2 existing warehouse buildings; their target for next year is 50 million dollars of research funding. Mr. Harvath made recommendations to the committee of particularly viable and expanding scientific areas of research and development. He concluded by stating that it would be important to focus on interdisciplinary approaches, as well as public and private industry collaboration; Kansas must build on existing strengths and making itself a location that will attract and retain those high-skill professionals, as well as growing them here.

Mr. Blair stated that there are currently two worlds: entrepreneurship and academics. He said that each world looks at the other with some confusion, academics often looking down at applied research, and entrepreneurs who see developments they would like to market. He stated that our challenge would be how to marry these two interests. Mr. Blair then introduced Mr. Shaver.

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Mr. Shaver presented testimony in favor of the bill. (Attachment 3) Mr. Shaver detailed his unique biography to the committee ranging from a childhood in a small Kansas town to medical school at Vanderbilt University where he is currently, and has developed and patented a unique medical device. He stated that federally funded research is an area in which Kansas needs to become more competitive. He stated that the bioscience authority would be able to reallocate funds to technology transfer; this is a balancing act, but an independent authority would be able to act in a way that could bring strategic planning to the table, and this new approach will help Kansas be ahead of the pack. He stated that small businesses create jobs and wealth, and that it would be crucial to leverage the expertise of our entrepreneurs and use collaborative research as a tie between business and academic facilities. Although grants are great, they are a trickle compared to what is out there from job creation.

Chairperson Brownlee noted that Mr. Shaver had a perfect score on the SAT.

Senator Kerr stated that he noticed that Mr. Shaver was strongly endorsing the bioscience authority versus working through the universities, and he would like more information on that. Mr. Shaver stated that he was once the student body president at Ft. Hays University, and through that position, he interacted with the University system and got a taste of how complex that is. He stated that a university can be a hole in the ground where you throw money, but if the economic potential there is optimized, it would be possible to utilize the success of our own graduates. To make the most of the limited resources available, we can't expect money to just fall out of the education system. He stated that the educational system in Kansas is working so well that students have to leave the state to find work. He concluded by saying that if you charge the university system with the responsibility of the Bioscience Authority, it could get lost in the shuffle.

Senator Kerr stated that it is a unique individual who is both a top flight researcher and entrepreneur, and asked if it isn't our need to help people who can develop those products connect with those who have the ability/expertise to exploit the work of the researcher. Mr. Shaver agreed, stating that he understood from his own experience that he is not an expert in all areas; in a lot of academic environments, they turn up their noses at practical or applied research, acting as if it is somehow tainted if it is practical, and that idea burns him. He stated that this kind of research should not be something that is looked down upon, and that a cultural change can happen. He stated that it would be great to keep our own graduates, but if the state succeeded in making an environment like that, then creative people from all over the country will come here.

Chairperson Brownlee commented that we have compartmentalized our society so that pieces like these do not work together. Mr. Shaver called this a silo mentality and said that while government may touch upon it, academics have perfected it.

Senator Steineger asked for further elaboration on Mr. Shaver's comment about colossal infrastructures in the state. Mr. Shaver replied with an example of crop tracking and hybrid tracking as a technology that has already been implemented in Kansas while other states have had real trouble with such a system. He stated that in a hypothetical example of crop that might produce insulin for diabetics, this system would be great to assure crop purity for production. He stated that another example is the K-12 education system and the university system in Kansas; at the end of these processes, students are ready and prepared to move on, but they have to go elsewhere to find those high end jobs for which they are qualified. He stated that Kansas needs to light a match at the end to start the fire of economic development.

Senator Steineger questioned the creation of a new authority that is large and very powerful and dealing with a lot of money. He stated that while there may be qualified people with the best intentions at first in this position at first, he wondered if five or ten years from now, when the new has worn off, if perhaps the money may be siphoned off into other areas. He concluded by asking how can we make sure that money gets into classrooms and research rooms.

Mr. Blair stated that originally, he thought that this bill had a brick and mortar orientation, but he had since learned that this should be program driven. He stated that brick and mortar can be something done later, but the initial attitudes will set the tone for the future. He stated that what motivates the people they are trying to recruit is different than what motivates ordinary people. He stated that Kansas may not need all of that brick and mortar, but, rather, just focus on getting good minds to sit and collaborate.

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Senator Steineger stated that he just wanted to be sure we concentrate on gray matter, not concrete.

In reference to discussion of the Stowers Institute, Mr. Blair stated that it was a project specific facility, and, while that is an option, there are others out there.

The committee discussed the outflow of Kansas students to universities and jobs out of state.

Senator Jordan stated that he wanted to keep in mind that the intent of this bill would be to create a new industry in the state. He stated that this is an opportunity for the state, and the goal would be for the infrastructure to drive the industry's development without micro-managing. Attracting eminent scholars and rising stars is the driving force.

Chairperson Brownlee stated that they did not want to get caught up in what was said before and what had just been said, but Kansas would need every piston firing to succeed, and it would be important not to get stuck on who is getting to do what, or, as Mr. Shaver explained, we may get so mired down that we do not get to move forward.

The meeting adjourned at 9:30 a.m. The next meeting will be at 8:15 a.m. on March 13, 2004 in Room 123-S of the Capitol.