

Other Viewpoints

Biodefense plant takes positive step

Reports that the federal Department of Homeland Security had awarded a \$40 million contract to build a utilities plant for a National Bio- and Agro-Defense Facility at Manhattan were good news for Kansas.

It would have been a great day had Congress and President Barack Obama also announced full funding for construction of the facility – now estimated to cost at least \$1 billion – had been appropriated.

That step should be taken as soon as possible but, for now, funding for the utilities plant represents a significant step forward in the process. It is another indication that the facility indeed will be built and will be built at Manhattan.

Despite all the assurances from Washington that Kansas would be the facility's home, the speed of progress on the project, or lack thereof, could have left some Kansans thinking federal officials were having second thoughts.

As soon as the selection process was completed and it was announced the facility would go to Kansas, objections and questions were raised by officials from states that had been rejected. After further rounds of review and additional study of the Manhattan site and plans for the lab, Kansas still had the nod.

That the money has been released at a trickle, however, was enough to make some Kansans wonder if the Department of Homeland Security really was going to dance with the girl it said it was taking to the ball.

Reports indicated Homeland Security had invested \$125 million in the project before this year, but that is pocket change to the federal government, especially when it's talking about a \$1 billion project.

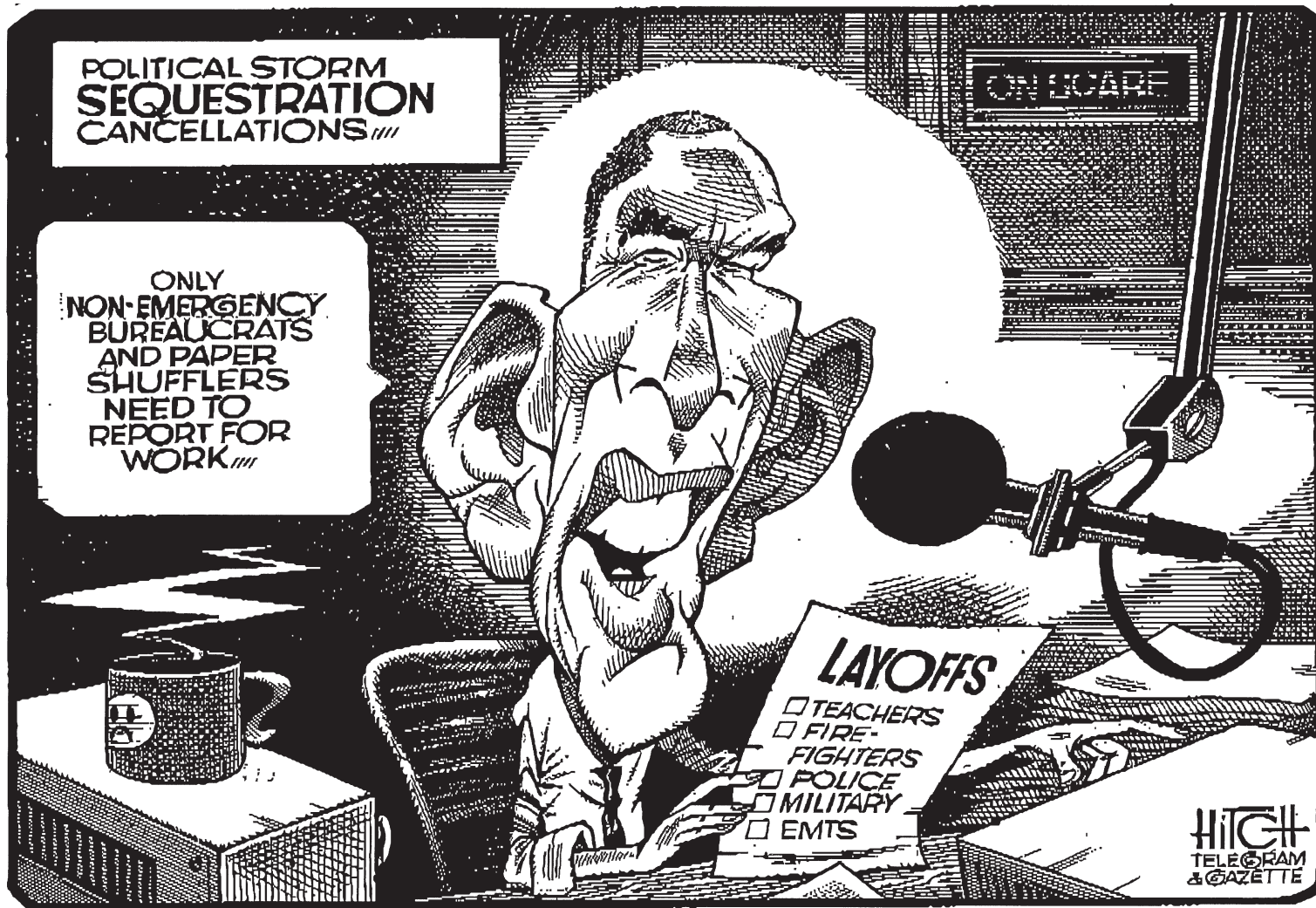
Earlier this year, however, Homeland Security acquired through a transfer agreement with the state 46 acres north of Kansas State University where the facility is to be built. Awarding the contract now for the utilities plant – for which construction bids were to expire at the end of February – is a vital bit of progress and further evidence this deal is going to be done.

Granted, it will take some time – the utilities plant won't be finished for 2 1/2 years – but the federal government isn't noted for its speed.

The national facility will replace a laboratory at Plum Island, N.Y., which was built in the 1950s and is no longer adequate for modern research on animal diseases that can be transmitted to humans. Diseases to be researched there include foot-and-mouth disease, strains of swine fever and encephalitis and bovine pleuropneumonia. Scientists will work to develop vaccines and treatments for those and other diseases.

That is important research that warrants the best laboratory that can be provided. Now that bids have been awarded on the utilities plant, Congress should move forward with appropriating full funding for the facility.

– *The Topeka Capital-Journal, via the Associated Press*



Statehouse reaches turnaround

Turnaround – Halfway Point

A real snowstorm and a blizzard of bills made the past two weeks very busy for the Senate. At least 32 pieces of legislation had been debated and voted on by Thursday evening, twice the usual amount. Monday and Tuesday of next week will be devoted to clerical staff shifting legislation from one chamber to the other. Beginning Wednesday, the Senate will focus primarily on bills that have passed the House. The focus will also continue on cutting the income tax and balancing the budget.

Major Pieces of Legislation

SB 199 established the Midwest Stem Cell Therapy Center. Here are some highlights: research on cord blood, stem cells and nonembryonic cell research, production of clinical-grade stem cells, conduct clinical trials, facilitate delivery of therapies, education training for physicians and keeping public informed of therapeutic options regarding stem cell advances. New money will attract federal grants, private money, gifts and other dollars covering the cost of the new facility, which will be governed by a 13-member board advised by the director of the facility, who will report to the Executive Vice Chancellor of the KU Medical Center. I supported this bill.

SB 149 requiring drug testing of welfare and unemployment recipients if there is reason-



Ralph Ostmeyer

• State Senator

able suspicion. Individuals who fail a drug test will have to complete treatment and job-skills training before their benefits will be reinstated. There are various steps in place to promote success, and Temporary Assistance for Needy Families money will be used.

Aid meant for children will be provided through drug-free third parties. With reasonable suspicion, through the Department of Administration, Division of Personnel Services, members of the Kansas Senate and the House of Representatives also may be required to submit to drug testing. I supported this bill.

Sub for SB 57. The major parts of the bill involve a new law regarding penalties and tests for chronic wasting disease, and makes it illegal for any person to "possess" domesticated deer without a permit, and allows the animal health commissioner to adopt regulations for permits; also makes the Kansas Department of Agriculture the official state agency for chron-

ic wasting disease testing.

It also amends existing law on the state Poultry Improvement Plan, giving responsibility to the Department of Agriculture rather than the state Poultry Improvement Association. I supported this bill.

SB 82 amends the state's renewable energy portfolio standard. Designated years could be used to meet a certain percentage of renewable energy as part of the requirement. Through an amendment, the Kansas Corporation Commission is instructed to initiate a study to determine the impact of projected retail rates for utility companies, and to examine electric rates of neighboring states, and the impact federal regulations and taxes have on utility rates. I voted against this bill.

The Town Hall Meetings in St. Francis, Atwood, Oberlin, Norton and Logan, scheduled for Feb. 23, were cancelled due to weather. I plan to reschedule these as soon as Reps. Cassidy and Lovelady and I can find a date that will work for us all.

I can be reached by writing to Sen. Ralph Ostmeyer, State Capitol, 300 SW 10th Street, Room 136-E, Topeka, Kan., 66612, or call (785) 296-7399. My e-mail address is Ralph.Ostmeyer@senate.ks.gov.

Bond ratings need to be honest

The U.S. is bringing a lawsuit against Standard & Poor's in civil court for failing to downgrade the inflated mortgage ratings that brought on the 2008 Great Recession.

S&P's defense is that no one saw the inflated and risky situation. It is true that other bonding services, including Moody's and Fitch, also continued to rate mortgages securities as AAA.

But it is not true that no one saw the mortgage bubble coming. The Dagong Global Credit Rating Co. in Beijing had downgraded the American credit rating from triple-A to double-A.

By 2010, Dagong also devalued other countries' credit ratings with scores that more closely matched the economic realities in Argentina, Portugal, Spain and Ireland. In most cases, Standard & Poor's, Moody's and Fitch finally paid attention and followed with altered credit ratings.

But the American reaction has been to disregard the upstart Dagong credit ratings. Dagong's application to become a Nationally Recognized Statistical Rating Organization in the U.S. was rejected by our Securities and Exchange Commission. Only ratings issued by companies approved by the commission can be used by banks and insurance companies to meet U.S. regulatory requirements.

So while the *New York Times* reports that "The Securities and Exchange Commission has also been investigating possible wrongdoing at Standard & Poor's," it is the commission itself that nixed approval of a rating company that did its job when no one else would.

Perhaps you do not personally buy bonds as part of your retirement funds. But most pension funds do. And government-based bonds, from local municipal bonds to Treasury bills have been considered triple-A. That means there should be virtually no risk for economically conservative investors who want to be sure



John Richard Schrock

• In the Public Good

they get their money back.

But in November 2010, the U.S. government began buying its own bonds, a process the Fed calls "quantitative easing." The Chinese recognize it from their history as another way of printing more money. Dagong downgraded U.S. government debt to a single A+ rating.

The debt ceiling debate of 2011 brought gridlock and the threat of default. In spite of a last minute resolution in August, Dagong further downgraded the U.S. to just an A, on par with Spain. Ironically, Standard & Poor's finally downgraded the U.S. to AA while Moody's and Fitch still rate it triple-A.

Our partisan battles again threaten to leave our government unable to pay its debts. That is a clear definition of "credit risk." Those actions – or really inactions – in Washington D.C. are direct evidence that Dagong's assessment of our U.S. credit rating has been far more correct than the inflated ratings professed by Moody's and Fitch. Our own government lawsuit is now affirming the inflated Western ratings, but unfortunately goes after the one U.S. agency that got our ratings half right.

Realizing that the West has flawed rating systems, the world needs an international credit rating agency. Dagong has established a joint venture with the U.S. Egan-Jones Ratings Co. and Russia's RusRating JSC to establish a new Universal Credit Rating Group to avoid entanglement with any nation or interest group and to provide impartial ratings. Of course,

our regulators ignore them.

China has no desire to see Western bonds collapse. China owns just a little more of the U.S. debt (22 percent) than does Japan (21 percent). A collapse of our economy from failure to pay our debt would cause a huge loss of investment for China as well as the even larger number of U.S. citizens who invest in U.S. securities.

If our politicians fail to end their gridlock over the debt ceiling, no Standard & Poor's or Moody's or Fitch can defend our credit rating. Such self-inflicted damage will be no less significant than a military defeat. And an upstart rating agency in China can say that they told us so.

John Richard Schrock, a professor of biology and department chair at a leading teacher's college, lives in Emporia. He emphasizes that his opinions are strictly his own.

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Mallard Fillmore

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