

Dale Goter: Today is August 23, 2019, and we're in the Senate Chamber of the Kansas State House. I'm Dale Goter, and I'm conducting one of the oral history interviews with legislators from the 1970s to the year 2000. Our guest today is former State Senator Dave Kerr from Hutchinson. Senator Kerr served from 1985 to 2004. He represented the Hutchinson district, District 34. He currently lives in Hutchinson. We'll find out what he's been doing and what he did before as we go through this bit of history. Senator, thanks for joining us.

Dave Kerr: Happy to do it.

DG: Let's start with the beginning. Tell me what you did for a living coming into this business and how you gave that up for this wonderful life.

DK: Oh, my. I started out after graduating from KU [Kansas University] with my MBA [Master of Business Administration], I started out with TransWorld Airlines [TWA]. I had an opportunity to do quite a little travel. I did audits in London, Paris, Rome, Athens, Cairo, and Hong Kong, and then was promoted to some other positions. I did that for a total of five years, and then I used my contacts in Saudi Arabia from TWA—TWA had the management contract from Saudi Arabian Airlines. So I went over to Saudi Arabia and started a landscape contracting company. I mean, what else would you do after you worked for five years for TWA but start a landscape contracting company in Saudi Arabia? I ended up doing a couple of the kings' palaces and other things. I put together a pretty decent company called Agronomics Arabia, Limited. It was located in Jetta, Saudi Arabia. I had a lot of interesting experiences, not all of them that I'd want to repeat.

Then I ended up buying a small manufacturing company that built recycling equipment and then in '84, I couldn't find anybody to run on the Republican ticket for opposition to the twelve-year incumbent Democrat who was representing Hutchinson in the Senate. On the last day, I leased a plane and flew up here to Topeka and got registered at ten minutes till noon. Noon was the cut-off. I ran for Senate myself.

DG: Who was that Senator?

DK: Bert Chaney.

DG: Bert Chaney, a legendary name in Kansas politics. We're going to get to your career, but since then, since you've left the Legislature, I want to bring people up to date on what you've

done with your time. I know you've been active in Hutchinson civic affairs and a little bit of political history that was added on at the end of your legislative career.

DK: Not a lot. I spent a couple of years putting together, along with a few others, some investment for an ethanol plant, and then I also did five years as the president of the Hutchinson Reno County Chamber. During that time, we recruited Siemens Wind Nacelle Manufacturing. That's their only North American plant. It employs about 300 people there in Hutchinson, a real good plant, and a few others. Those were kind of the highlights of that five-year stretch.

Since then, I'm still the chairman of the board of the ethanol plant, and I have quite a few other investments in the area as well as other places.

DG: You're still working on your golf game, I assume, along the way.

DK: I do play a couple of times a week. I have golf groups, and I do believe these are probably the crookedest games in the state of Kansas.

DG: I hope that doesn't reflect on your legislative history. Let's go back to the beginning. That was an interesting era. You said you came in in '85. We were talking earlier about that kind of kicked off a new era for Kansas on some of the social issues of the day, gambling, liquor. You were there at that cusp. Talk about what kind of an agenda that was and what you thought had to get done.

DK: It did dominate during that period. I was a little bit unusual for someone who had been supported by the Chamber of Commerce and other business people in that I had concluded that I wasn't going to be a part of voting for liquor by the drink. I opposed it, not vociferously, but I was on one side, and my brother Fred, who was in the Senate already, he had been there eight years, was on the other side of that issue. At the time, I thought that was kind of awkward. You know, it really paid dividends for me because people immediately came to the conclusion that I was not just Little Fred Kerr. I was actually my own person and would go my own way on issues. Having that liquor by the drink issue, and I do believe it probably came out the right way in the end—

DG: I was going to ask you, your opposition to it was based on personal conviction or political—

DK: No, it was personal conviction. I believe that we had more than enough traffic accidents due to liquor as it was, and that this would add to it. I'm not sure whether it has or not in the end.

DG: Looking back in your rear view mirror, it didn't play out as badly as the negatives said, but was it a positive thing for the state?

DK: I think probably it was. Our laws needed to be modernized. So it probably worked out favorably. We also, of course, had at that same time the horse racing issue. Our people in Hutchinson wanted to have racing in the fairgrounds. In the end, we were not one of the chosen sites for that, but that and the lottery, all those things were going on during that period. The gambling thing, states have become much too reliant upon gambling revenues. Still they have also provided some benefits as well. I was particularly interested in economic development, which I think we'll get to pretty soon. But that provided some funding for economic development.

DG: Kansans had an opinion obviously at that time, but it must have changed. Kansas became more liberal with regards to the social issues perhaps. We had an interview earlier with Senator Ed Reilly, the former senator from Leavenworth. We talked about the role that [Rev.] Richard Taylor played in that era. He was still functioning when you were there, a remarkable man. He led the United Methodist constituency. He could trigger a phone barrage in a minute. As I recall, they passed the bill when he was out of town, a kind of a convenient solution.

DK: I think that's true. Yes, he was colorful. He could be abrasive as well. I remember asking him, even though I was on the same side of the issue that he was, I can remember asking him to leave my office because he was just being—he was telling me how I had to do something, and I didn't think I had to do it, but I was willing to be convinced, but I was already convinced on that side. Even though we were on the same side, I found him a little difficult, but you're right. He commanded the forces, and he could cause some issues for you.

DG: He was the Twitter account of the day. Social media is a big deal now. Back then you didn't have that. How did you make sure you were on the same page as your constituents? How did you work at that kind of communication?

DK: People utilized the phone more at that time, not the phone in your pocket, but you're phoning to your office. I think that was part of it and then actual letters. But letters were so much more polite than emails are. When we finally got to emails and how really nasty the emails you would get were compared to a letter that they had to put down on paper, and

they'd see it and so forth, there was no comparison to the tone of letters that were written, and the emails that replaced them.

DG: That probably changed the way the debates were conducted up here. When that civility changes, that changes the way legislators react probably.

DK: It does some. I've always been a huge supporter of the tradition in the Senate of referring to other senators by their county. I think that lowers the tone some, too. You can say, as they do over in the House, "Tom, you're just full of it. You're way off. This is a terrible idea." When you have to say, "The Senator from Leavenworth is mistaken about this," it lowers the tone, and it keeps things on a more even keel. I've always believed that whoever came up with that among our forefathers was very insightful in coming up with that tradition.

DG: That's an interesting point about that change in the style from letters to email that people probably don't appreciate. That's the value of talking to people like you. Let's talk about the agendas that were important to you in that era. I was a reporter here at that time, even through public TV or the Hutchinson News, Harris News Service.

DK: And you did a good job by the way.

DG: Thank you, sir. I always associated you with economic development. That came on the stage in the mid-eighties. For reporters it was kind of a joke that every bill all of a sudden had an "eco-devo" tag, no matter what it was about.

DK: That's true.

DG: And eco-devo impact. What prompted you to go down that road and what did you get done?

DK: My friend, Senator Wint Winter [Winton "Wint" Winter, Jr.] was the initial—

DG: From Lawrence.

DK: From Lawrence, was the one who kind of got things started. It was my good fortune, Wint had been here I think just two years. He came in in a midterm. He'd been here two years, had a little bit of seasoning. Then I came in in '85, and he was wanting to gear up and do economic development. Well, I was certainly ready to do that. Let's go do economic development because I think we do a terrible job of economic development.

DG: What did that mean? When you say you were going to do economic development, what did you have in mind that would take place? What would be the result?

DK: In the big picture, it was that we just needed to be a lot more aggressive, a lot more attuned to that, to developing businesses, but also what I think we had completely ignored, and some states were benefiting from, was entrepreneurs and doing things that would make entrepreneurship easier and less perilous. Such a high percentage, I think we used to use the phrase that 80 percent of new businesses fail. That's not a good thing. They're not all that bad. It's that there's just a lot of impediments to making a new business work. We ought to make it easier.

A lot of them fail because they don't have the ability to raise money. Well, the ability to raise money, and the ability to operate a business may not be the same set of skills, and so we shouldn't let your inability to raise money—we should have maybe an industry of seed and venture capital, that kind of thing.

DG: You had to sell the concept that the government is going to play a role that it wasn't playing before in spurring that kind of economic activity. Was that the battle that you had to fight with your fellow senators?

DK: That surely was a part of it. You're right. Not everyone thought that government should be involved in these things. But they had to acknowledge that we're not being very successful right now. If this problem is going to get solved, who else is going to solve it? In the end, we were fortunate to be able to convince enough of our colleagues to get it to happen.

DG: We talk about what left a mark. That evolved into Kansas, Inc. There's been a huge battle in the Legislature here in the last few years. It got kind of a bad reputation. Some people got in charge of it. Did things go awry there?

DK: I didn't follow it all the way through after I left the Legislature. Kansas, Inc. was supposed to be kind of the planning, the big picture folks on economic development. And KTEC [Kansas Technology Enterprise Corporation] was much more of the tech, implies what it was doing. It was supposed to be supportive of technology companies, the development of new technologies, and I think it did that. I served on the board of KTEC for several years, and it's interesting that if you were to go around the economic development circles of Kansas City, well, the Johnson County side of Kansas City, perhaps even over in the Missouri side to some extent and Wichita, the people that you will find doing that today are people who were interns or staff

people for KTEC [or] Kansas, Inc. during the early days of the economic development effort here and successfully.

We have some nice and successful seed and venture capital operators in Kansas now. We did not have that industry, and that is resulting in some start-ups that are making a lot of sense and people making good money and becoming serial entrepreneurs, doing one project after another.

DG: I've been in Wichita since 1989, and I know down there, there were some folks there who thought that Wichita missed the boat in that era.

DK: They did a little.

DG: They just weren't aggressive about going after the money as the Johnson County folks were.

DK: I think there's some truth to that. I don't think it's that pronounced. I think Wichita has benefited, too. There's seed and venture capital down there as well.

DG: Other things that changed the face of Kansas? Education is something that happens every year, changes the face of Kansas every year. You were Chairman of the [Senate] Education Committee early on. The battle then is different than it is now. It's been in court forever now about funding education. What was the battle you were fighting then?

DK: A lot of it was the inequity that existed between wealthy districts and districts that were not wealthy at all. There was also the rural/urban component as well. Of course, rural areas thought that the urban schools were getting a lot more money, and certainly areas that had great wealth could have a small mill levy and still have plenty of money, and those areas that were poor would have a large mill levy, and it still wasn't enough to produce money enough to operate their schools.

It's not surprising that in, I believe it was '92, Judge Terry Bullock said, "Your school finance formula is not constitutional. It's not providing some degree of equal opportunity for education, and you need to correct it." That set off a huge amount of work, but in the end, I tend to think that we recognized most of the issues that were involved in coming up with a quality school finance program. You could talk about some tweaks that might make it better. But the fact that it has endured until now from '92 until 2019 and no signs of going away, I think that says you did a reasonably good job of recognizing the factors.

DG: And we talk about the things that had a big impact. You're right. The difference between the rich and the poor, at that time I was in public TV, and we did a documentary. We went to Galena, Kansas, which is in the southeast, horribly poor.

DK: Very poor.

DG: And you go to Johnson County, you go to Hugoton, where there's a lot of energy money and income money. When you go on campus, you've seen I assume a lot of spending in those lesser districts, and that equalization thing did take place to some extent.

DK: It did. We did a later tweak to that on capital improvements. I'm not sure that we didn't overdo that a little. I think it may have encouraged school districts to spend a little money that they didn't have to spend because when you would hear their pitch to their voters after that bill, they would say, "Oh, we really need to go get this because if we don't, somebody else will just get it. We need to go get this funding. It's going to be paid for 50 percent by the state." That isn't what you want to hear. You want to hear, "We've really got to have this. These are the problems that we've got today with our facilities, and we need to do this step."

That became not really the argument that took place. I don't know that we did that just right, but I think the overall school finance formula, just the base state aid per pupil and the enhanced budgets [local option budgets] that you were allowed to do and so forth, I think that made a lot of sense.

DG: In addition to changing the quality of education, it dramatically changed that concept, you pay for what you can afford. Poor districts couldn't afford much. They didn't have much. They had a huge bill levy. With that change, you really—that's a very, I want to say Socialistic thing, but it took the government collecting all the money and spreading it out more even.

DK: I'm glad you didn't say it was Socialistic.

DG: But in principle, that was a major change.

DK: It was a major change.

DG: The rich were going to help the poor.

DK: The areas that were more wealthy, such as Johnson County, there was a lot of resentment to what was done in that school finance formula in Johnson County. They didn't think they were allowed to spend what they wanted to spend on their schools. To their credit, they had built much of the attractiveness of Johnson County right there as a Kansas City suburb. They had been very successful in making their schools attractive and thereby developing. They had good reason to want to protect what they had done.

DG: That did fit into your economic development strategy that good schools in Johnson County meant money for the economy.

We mentioned briefly the multibank holding company. As a reporter, I barely understood it because it involved high finance and how banks are governed, but it was important at the time, and I know tremendously controversial in the industry. What happened there?

DK: It was. It allowed, for the first time, banks -- a bank-holding company-- to hold more than one bank, and thereby they could affiliate a lot easier. It wasn't possible for banks to affiliate under one corporate structure. Of course, the ones that wanted it were like Bank Four in Wichita, and the ones that didn't want it were largely the small community banks, the very small community banks who thought this would lead to more competition for them in this little town.

What really came out, and I won't use the name of the banking family that was so very opposed to it. They had the ear of the Chairman of the financial services committee, banking and financial services [Senate Committee on Financial Institutions and Insurance]. He was just so opposed to it because this would be just awful. They were among the first to sell out when the opportunity arose. They made many millions off of the change in the law. I think a lot of other people who were opposed to it ended up doing the same thing.

The banks were, many of them, simply too small to deal with the technology improvements that were going to have to be made. The investment in technology was going to be huge, and also the investment was going to have to be made to deal with the regulation because bank regulation has gotten tougher and tougher. I happen to sit on a bank board today. That regulation is just so costly. Some of it is very necessary, not all of it, but some of it is quite necessary, and small banks can't afford it.

DG: Let's step away from the hard-core issues and talk about the people at the time and the nature of leadership and how the institution was governed, what you did to get things passed. You've stayed fairly close to the process over the years. When you look back, people that stood



out, instances that stood out, we were talking earlier about the KU Hospital issue as one that, how people got things done on that one. Talk about how that happened and the players involved.

DK: That was an interesting one, the fact that the benefits of it are so evident today makes it a particularly satisfying project to have worked on.

DG: What was it, for the folks that don't remember it? What was on the table?

DK: What was there was the KU Hospital there in Kansas City—it's on the same campus as the medical center. The training, the university, KU University that has the training at the medical center and then the hospital, KU Hospital are on the same campus. Well, nobody had ever thought about, did they need to be under the same university's guidance, but I can remember being in the Ways and Means Committee, and they would come in and say, "We need to buy a lithotripter." I think it breaks up gallstones and so forth. We would sit there in Ways and Means and debate whether KU Hospital needed a lithotripter. We hadn't ever heard of a lithotripter five minutes earlier, but now we're the ones deciding whether KU Hospital should get a lithotripter. How ridiculous.

Chancellor Hemmenway came to me when I was chairman of Ways and Means, and he started describing spinning the hospital out from under the state and putting it under its own independent board. They would not need to have subsidy. They weren't getting subsidy, but they were about there. Everything was going downhill. The hospital was not clean. It wasn't up to date in equipment. They hadn't built any new buildings. It was just on the terrible decline. I'll throw this in. They employed about 3,000 people at that time. This was in 1997.

At the start of the '97 session, he came to me and said, "This is my suggested solution to this." He talked only for about a minute before I thought, "That's a great solution. I'm with you. Let's do this." In the Senate, I became the person that was going to help him carry this through. Well, we drafted the bill, and we got it through the Senate in good order, no amendments and so forth. People liked the idea. Then it went over to the House, and they attached three amendments that all of them were very offensive. The House just does that. One of them was an abortion amendment that didn't fit at all, and then the other two, I can still remember the two legislators that put them on. None of them were actually acceptable.

It gets down to the last night of the session, '97, and we've passed every other budget. We've passed the budget. We've done everything, and we're back in. Dick Bond, he was president of the Senate. We're back in there in his office, negotiating. We negotiated until 2:30 in the

morning. Those guys, none of them would back off of their crazy amendments. Dick finally said, "Dave, it's time to go home." I was so disappointed. I was going to stay there all night. I wasn't going to give up. It was a good bill.

We went home for the year, and to Chancellor Hemmenway's credit, during the summer, he went to those three guys, and worked and worked on massaging things that they could do to make those amendments somewhat acceptable. We passed it the next year, and today KU Hospital is recognized—every year they're on the US News and World Report Top 50 hospitals. They're among the top teaching hospitals. They have a better cancer record than M. D. Anderson. They have built numerous new buildings and just as a measure of how big they are now by comparison, they employ 11,000 people compared to the 3,000 they employed at that time. So it has been a huge success that that bill paved the way to do. That's one of our really big successes.

DG: One of the things that transpired in this era is the evolution of the conservative movement, ultraconservative. It evolved into three parties at that point, the Republicans on one side and the other Republicans and the Democrats. As you saw that unfold, what was on your mind? What did you see happening? What played out from that?

DK: I didn't think it would be as destructive to the Republican Party as it has been. It has truly become a major split, and for the last several years, the ultraconservative or the religious conservative or however you want to term it, has certainly been in charge, has run the Kansas Republican party. A lot of us thought we were good Republicans, and that we were conservative—I voted no on more spending than lots of people.

DG: I never thought of you as a liberal. I must tell you that.

DK: I still have people at home tell me, "I thought when I first got to know you that you were the most conservative guy I've ever met," but that's not how I'm viewed today. It's not really about spending. We could be conservative on spending and not be conservative on these social issues. That's what really changed, social issues, especially the issue of abortion, began to drive the Republican agenda and really created quite a split here in the Senate.

My observation would be that whereas we were competitive with the Democrats, and we certainly had the advantage number wise. We had a significant advantage. There wasn't animosity. For the most part, we got along very well. In fact, some of the people that I competed with are today some of my best friends from the Senate days, people like Mike Johnston who was the minority leader of the Senate and then Frank Gaines who is now

deceased. He is the one that I competed against in my first major bill that I carried for the—which I think was branch banking. Frank was very opposed to that, and we went toe to toe for hours and hours here on the Senate floor, and he became—he was the older Democrat. I was the young Republican in those days, and we became great friends.

DG: I got here in '82 as a reporter. There was a very strong social climate. People socialized a lot, the legislators that you mentioned. That seemed to change by the time ten or fifteen years later, pretty much after that conservative revolution. It didn't seem like as sociable a place at that time.

DK: That's the way it seems to me today, but I'm not here. I don't think the two parts of the Republican Party really even socialize very much.

DG: That movement you could say culminated with Sam Brownback in that he brings to the table a very ambitious tax package that's kind of on the backs of social conservatism. It seemed like maybe that was the plan in the beginning. You get social conservatives on board. It fits into a very specific tax policy. There's some merit to that observation.

DK: I think so. He was a disciple of Arthur Laffer. He even hired him as a consultant to come in and tell us how to cut taxes. I think his trickle-down theory might possibly work at the national level, but it makes no sense at a state level, no sense at all. They were going to cut their way and take money from everything, including highways, which we'd made quite an investment in, but in every other area, too. They dismantled all of our economic development efforts, and I'll even tell you one story that I became aware of because one of my sons worked for one of the companies involved. They wanted to sell off one of the companies that KTEC had invested in. This company was doing quite well. The other investors who had invested in that sold their stock at, I believe, eleven times what they had put into it. So a nice deal.

The state approached them and said, "We want to sell out. We want to sell it back to you." They said, "Our other investors had a nice gain." [The state said,] "We don't want that. We just want our money back." They didn't want it. They didn't want the deal to look like it had worked. They just wanted their money back. They didn't want to get eleven times their money because that would look like this program had worked, and here they were dismantling it. That's the kind of silly stuff that was going on at that period.

DG: The [Kansas Board of] Regents underwent considerable reform during that period of time. I know you're independently involved in that. That's another thing that you recognized today, the impact that you did then.

DK: Yes, one of the big things was that the community colleges that had been under the State Board of Education, it seemed to make sense to put them under the same entity that was managing or was overseeing, I should say, the university system so all higher education [postsecondary education] would be together. That really wasn't that difficult to do. At least I don't remember it as being all that difficult. I think that we were able to put that together. It made sense, and we did it.

DG: The number of community colleges was an issue back then. It still is. Is that something that you wish you might have got something done on? What do we have? Nineteen of them?

DK: Oh, yes. Consolidation of anything is difficult or involuntary consolidation. Yes, we have nineteen, I think, and it's too many. Some of them aren't thriving, and they probably won't ever thrive. But telling a community—in many ways, that's one of their biggest economic drivers is that is the community college, telling them they have to give that up because we're no longer going to support it, that's really hard to do, and I'm not sure that is the role of the state to make that statement.

DG: That plays out in public education, too, the fact that we had 300-and-some school districts.

DK: But it's fewer than it used to be.

DG: Not a lot fewer though. Do you see that as a missed opportunity along the way? Maybe something could have been done back then that can't be done now?

DK: No. As they've become completely unsupportable, just no longer a viable entity, they have closed. But that comes from someone who was in a graduating class of six in Coats, Kansas [town in Pratt County], back in 1963. It closed two years later. Coats [school] closed, and they're better off for it, for having done that. Now the consolidated school that they're in probably ought to be combined with the Pratt School District, all in one, but that hasn't happened yet, and I don't know that that's for us to decide.

DG: I don't want to one-up you, but I was in a graduating class of three in North Dakota.

DK: You're only the second person that has ever one-upped me on the size of the school graduating class. I didn't know that. I respect you even more now.

DG: Well, that's a lot of what I've got in mind. I guess if you're going to do your memoirs at some point and finish this off, what are you most proud of, looking back to that period of time that you had your name associated with that left a mark on Kansas?

DK: That's a difficult question because I really enjoyed my twenty years in the Senate. I felt like we were responsible. One of the things that I noted was that I didn't see anything that I would refer to as corruption. I don't think anybody was being paid for votes or anything like that. That's the way the system is supposed to work. I certainly was trying to advance that kind of public service for the benefit of our fellow citizens.

DG: That leads to the last point we want to make sure to be able to get to. Thank you for the reminder. The leadership role you played, how you developed it, what was necessary to be a good leader, and what allowed you to—you became a very influential senator. How did you make that work? What does it take to be a good legislative leader in that area?

DK: It's kind of the same things that it takes to be a community leader. It's being willing to listen to various points of view, and in the end, being both polite and willing to take the lead. You're going to take a few slings and arrows when you take the lead on issues. You need to be well grounded before you take that lead. You need to understand the issue well and be prepared to defend that position, not defend to the point where if you discover that there's new information that you should have taken into account that you're unwilling to come to a different conclusion, but you have to be willing to absorb a few slings and arrows and in the end, I didn't find it to be all that difficult. We had a couple of difficult senators that—

DG: I was going to ask, who did you admire in that era? Who did you look up to that was really effective as a leader?

DK: This is going to sound self-serving, but my brother Fred was one of the most—he was very good at not putting his interests first but actually listening to the people and what would be good for the state of Kansas. He was one of the best at putting the state of Kansas in its entirety ahead of what he personally might have wanted.

DG: I think that will do for now. I appreciate your sharing those stories. On behalf of the Oral History Project, I'm Dale Goter. [End of File]