

Approved: February 2, 2006
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on January 11, 2006, in Room 123-S of the Capitol.

All members were present except:

Senator Jim Barone- excused
Senator Vicki Schmidt- excused
Senator David Wysong- excused

Committee staff present:

Jill Wolters, Revisor of Statutes Office
Michael Corrigan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee: none

Others attending:

See attached list.

Chairman Umbarger welcomed Alan Conroy, Director, Kansas Legislative Research Department, who presented an overview of the Status of the State General Fund, In-Brief, (Attachment 1). Mr. Conroy distributed copies of the following information:

- A letter addressed to Governor Kathleen Sebelius and the Legislative Budget Committee from the Kansas Legislative Research Department and the Kansas Division of the Budget regarding the State General Fund Receipts for FY 2006 (Revised) and FY 2007 (Attachment 2).
- A letter addressed to the Legislative Budget Committee regarding the State General Fund (SGF) Receipts, July through December, FY 2006 (Attachment 3).
- State General Fund Receipts, Expenditures and Balances as Projected FY 2004 - FY 2008, in millions, (Reflects the Estimates of the Consensus Revenue Estimating Group as of November 3, 2005) (Attachment 4).
- State General Fund Receipts, Expenditures and Balances as Projected FY 2004 - FY 2008, in millions, (Reflects the Estimates of the Consensus Revenue Estimating Group as of November 3, 2005) (Attachment 5).

Mr. Conroy made a note that the information he was presenting focused on State General Fund Receipts rather than the expenditure side, nor on the Governor's Budget Recommendations that came out the day before which will be available in the coming weeks. He mentioned that FY 2005 actual ending balance was \$478.7 million, or 10.2 percent of expenditures.

In the memorandum addressed to the Legislative Budget Committee, Mr. Conroy provided details regarding Kansas personal income, employment, agriculture, oil and gas, inflation rates and interest rates.

Mr. Conroy detailed information regarding the FY 2006 profile expenditure adjustments:

- Allowing for revised Aging and Social and Rehabilitation Services caseload estimates and school finance estimates are projecting savings (mainly due to less-than-anticipated military dependents and higher-than-anticipated valuation increases); Projected ending balance of \$488.8 or 9.5 percent of expenditures.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on January 11, 2006, in Room 123-S of the Capitol.

and, FY 2007 profile expenditure adjustments:

- Allowing for previously authorized demands (KPERs, Comprehensive Transportation Plan, Aging and Social and Rehabilitation Services caseload estimates; annualization of FY 2006 State employee salary increase, etc.), but no Local Ad Valorem Tax Reduction Fund or County-City Revenue Sharing Fund payments; and
- If a 7.5 percent ending balance is maintained (\$396.4 million) then all other expenditures could be increased by \$68.0 million; or
- If the 7.5 percent ending balance is not satisfied then the ending balance would be \$283.4 million or 5.2 percent of expenditures, which would be an additional spending of \$181.0 million, but your projected ending balance in FY 2008 would be zero.

Mr. Conroy noted that K-12 and other demands on the State General Fund are still there. The Chairman thanked Mr. Conroy for his presentation before the Committee. Concern was expressed regarding agriculture in that predictions are that there may be an increase in farm foreclosures.

The meeting adjourned at 11:20 a.m. The next meeting was scheduled for January 12, 2006.