

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on January 12, 2005 in Room 123-S of the Capitol.

All members present.

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee: none

Others attending: See attached list

Bill Introductions

Senator Schodorf moved, with a second by Senator Barone, introduction of the Governor's Budget Bills. Motion carried on a voice vote.

Chairman Umbarger referred the following bills to the KPER's Issues Subcommittee:

SB 20--KPERs, calculation and certification of employer rates of contribution

SB 21--Payment to KPERs claimants on canceled warrants

SB 22--KPERs, affiliation date for certain employers to provide death benefits for employees

The Chairman introduced Alan Conroy, Director, Kansas Legislative Research Department, who presented a staff overview of:

Consensus Revenue Estimating Process

Mr. Conroy distributed a memorandum addressed to the Senate Ways and Means Committee members regarding the State General Fund Consensus Revenue Estimating and was reviewed with the committee (Attachment 1). He explained that the consensus estimators are always wrong and that needs to be accepted because it is only an estimate and it is a best guess in terms of the different factors and variables that go into the estimate including a great range of differences. Since 1974 and every year since then there has been an informal consensus approach involving the legislative and executive branches (Division of the Budget, Legislative Research Department, Department of Revenue, along with one consulting economist each from the University of Kansas, Kansas State University and Wichita State University) for estimating revenue to the State General Fund (SGF). The consensus estimates have been used by both the Governor and the Legislature.

The following information was explained and distributed by staff:

- State General Fund Revenue Estimates In Millions (Attachment 2).
- Memorandum addressed to Governor Kathleen Sebelius, and the Legislative Budget Committee, dated November 4, 2004, from the Kansas Division of the Budget and Kansas Legislative Research Department regarding State General Fund Receipts for FY 2005 (Revised) and FY 2006 (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on January 12, 2005 in Room 123-S of the Capitol.

- State General Fund (SGF) Receipts, July through December, FY 2005 (Attachment 4).

Committee questions and discussion followed. Mr. Conroy addressed the Kansas economy and mentioned that it is expected to continue the trend of subdued, but positive growth through calendar year 2006. In regard to the inflation rate, Mr. Conroy noted that the inflation rate is anticipated to drop back to 2.1 percent in 2005 and remain at that level through 2006. Kansas Legislative Research Department provides a monthly report that can be mailed out to members that compares how SGF receipts are doing compared to the estimates every month.

Major Issues Included in the Governor's Budget Recommendations

Mr. Conroy mentioned that the Governor's Budget Report for FY 2006 was presented to the 2005 Legislature on Tuesday, January 11, 2005. He provided an Appropriations Update, Overview of FY 2006 Recommendation, Kansas Legislative Research Department, dated January 11, 2005, (Attachment 5). Committee questions and discussion followed.

The meeting adjourned at 11:35 a.m. The next meeting is scheduled for January 13, 2005.