

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE
SPECIAL LEGISLATIVE SESSION - 2005

The meeting was called to order by Chairman Dwayne Umbarger at 10:20 A.M. on June 25, 2005 in Room 123-S of the Capitol.

All members were present except:

Senator Donald Betts- excused
Senator Mark Taddiken- excused

Committee staff present:

Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Senator Karin Brownlee

Others attending:

See attached list.

Chairman Umbarger explained to the Committee that the reason he called the meeting was that the Committee needs to consider action because the gaming bill did not pass. He further explained that from his perspective, the committed Senate position is \$160.8 million in new dollars for K - 12 school funding. The Chairman noted it affects ending balances in the next few years and puts the State way below the water line. He noted that additional revenue needs to be found either in gaming or taxes, or would need to look at across-the-board cuts which is something that no one is promoting, but the Committee needs to give consideration to it in order to give better understanding of what the fiscal outlook will be in the future. If nothing is done regarding school funding during the special session and nothing is done to address the revenue component it needs to be understood what it would do in FY 2006 and particularly in FY 2007, FY 2008 and FY 2009 with already committed future expenditures such as the bonds.

The Chairman presented information that he had asked Kansas Legislative Research Staff to prepare regarding potential budget amendments, the handout titled, Potential Budget Adjustments, prepared at the request and direction of Senator Dwayne Umbarger, and published by the Kansas Legislative Research Department ([Attachment 1](#)). Chairman Umbarger specifically noted that he is not supporting nor proposing these types of reductions and he only wanted to see what direction the Committee was willing to take regarding reductions. Senator Barone suggested that there may be a way to take a more specialized look at reductions where some entities would be better able to absorb a reduction than a flat across-the-board cut. General Committee questions and discussion followed regarding taxes, gaming and potential reductions across-the-board.

Chairman Umbarger acknowledged Alan Conroy, Director of the Kansas Legislative Research Department, who reviewed potential budget adjustments which looks at an alternative to finance the \$160.8 million dollars in terms of the Senate position regarding education spending and not getting that amount through gaming or

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taxes.

Staff explained additional information regarding potential reductions:

- State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2008, In Millions, Reflects FY 2005 and FY 2006 Expenditure Action by Legislature and April Consensus Revenue Estimates and June Updated Consensus Revenue Estimates, Plus Education Spending in **SB 3** (Attachment 2)
- Impact by Agency of Potential Across the Board of Reductions to Approved FY 2006 State General Fund Expenditures (Attachment 3).

Senator Emler moved, with a second by Senator Steineger, an immediate moratorium on any tax incentives on a go-forward basis with everything grand-fathered in and effective upon publication in the Kansas Register, and an 8.8 percent reduction across-the-board for state agencies to begin January 1, 2006, through FY 2007. Committee questions and discussion followed. Chairman Umbarger held the motion on the floor and mentioned that the vote on this motion would be held until later in the afternoon so the Committee would be able to consider it and give more thought to it. The Committee was awaiting clarification on the motion regarding the effective date and the amount of the reductions because the amount would have to be doubled if for a full year. Senator Emler withdrew his motion, with consent from Senator Steineger, who had provided the second to the motion.

The Chairman called the Committee's attention to discussion of the Senate Resolution by Senator Karin Brownlee:

SR 1804 - Augenblick & Myers school funding study

Staff briefed the Committee on the bill and it was explained that since it was only a Senate Resolution, it would not be going over to the House of Representatives, if passed, and would be considered as a Senate position rather than an House position. Committee questions and discussion followed. The Committee suggested toning down the wording in the Senate Resolution.

Written testimony was submitted by Senator Karin Brownlee on **SR 1804** (Attachment 4).

An amendment was proposed by Senator Kelly regarding **SR 1804** (Attachment 5). Following committee discussion, Senator Wysong moved, with a second by Senator McGinn, to take no action on SR 1804. Motion carried on a voice vote.

Chairman Umbarger turned the Committee's attention to further discussion of the proposed budget adjustments.

Senator Emler requested information from Staff showing various profiles of what the budget adjustments will look like. Senator Emler moved, with a second by Senator Schodorf, to introduce a bill for proposed budget adjustments addressing those items in the motion earlier in the meeting which includes an immediate moratorium on any tax incentives programs on a go-forward basis with existing programs grand-fathered in and effective upon publication in the Kansas Register, and an 8.8 percent reduction across-the-board for state agencies to begin January 1, 2006 and goes through FY 2007 (as discussed earlier in the meeting). Motion carried on a voice vote.

The meeting recessed at 11:50 a.m. and reconvened at 1:15 p.m.

Chairman Umbarger turned the Committee's attention to discussion of **SR 1804**. Senator Schodorf moved, with a second by Senator Kelly, to reconsider the previous action on SR 1804 taken earlier in the day. Motion carried on a voice vote.

An amendment was proposed by Senator Schodorf regarding **SR 1804** (Attachment 6) and discussion followed. Senator Emler moved, with a second by Senator Schodorf, to adopt the amendment proposed by

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Senator Schodorf and recommend **SR 1804** favorable for passage as amended. Motion carried on a roll call vote. Senator Wysong explained his vote of "Pass" on **SR 1804** to allow the full Senate to vote on the Resolution.

Chairman Umbarger turned the Committee's attention back to discussion of the proposed budget adjustments in regard to reductions. In response to Committee requests during discussion, Staff presented the following information to the Committee:

- State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2008, In Millions, Reflects FY 2005 and FY 2006 Expenditure Action by Legislature and April Consensus Revenue Estimates and June Updated Consensus Revenue Estimates, Plus Education Spending in **SB 3**, and 8.8 Percent Across-the-Board Reduction - Full Year (Attachment 7)
- Impact by Agency of Potential Across the Board Reductions to Approved FY 2006 State General Fund Expenditures (Attachment 8)
- State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2008, In Millions, Reflects FY 2005 and FY 2006 Expenditures Action by Legislature and April Consensus Revenue Estimates and June Updated Consensus Revenue Estimates, Plus Education Spending in **SB 3**, and 8.8 Percent Across-the-Board Reduction - Half-Year (Attachment 9)
- Impact by Agency of Potential Across the Board Reductions to Approved FY 2006 State General Fund Expenditures (Attachment 10)
- State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2008, In Millions, Reflects FY 2005 and FY 2006 Expenditure Action by Legislature and April Consensus Revenue Estimates and June Updated Consensus Revenue Estimates, Plus Education Spending in **SB 3** and 8.8 Percent Across-the-Board Reduction - 9 Months (Attachment 11)
- Impact by Agency of Potential Across the Board Reductions to Approved FY 2006 State General Fund Expenditures (Attachment 12)

Senator Teichman moved, with a second by Senator Schodorf, to clarify the bill introduction and give further directions to Staff for the proposed budget adjustments for a full twelve months, not six months, and add in all of the transfers across-the-board into what was already proposed in the earlier motion. Motion carried on a voice vote.

The meeting adjourned at 2:00 p.m. The next meeting was scheduled for the morning of June 27, 2005.