

KANSAS DEPARTMENT OF TRANSPORTATION

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	642,879,804	644,113,493	635,894,658	625,048,333	615,977,587	620,421,389	615,867,845
TOTAL	\$ 642,879,804	\$ 644,113,493	\$ 635,894,658	\$ 625,048,333	\$ 615,977,587	\$ 620,421,389	\$ 615,867,845
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,020,990,976	745,203,260	694,203,260	987,576,574	489,818,042	965,063,516	923,363,073
TOTAL	\$ 1,020,990,976	\$ 745,203,260	\$ 694,203,260	\$ 987,576,574	\$ 489,818,042	\$ 965,063,516	\$ 923,363,073
Non-reportable Expenditures	\$ 339,739,123	\$ 504,185,486	\$ 504,185,486	\$ 186,682,355	\$ 446,326,260	\$ 168,453,341	\$ 179,240,258
GRAND TOTAL	<u>\$ 2,003,609,903</u>	<u>\$ 1,893,502,239</u>	<u>\$ 1,834,283,404</u>	<u>\$ 1,799,307,262</u>	<u>\$ 1,552,121,889</u>	<u>\$ 1,753,938,246</u>	<u>\$ 1,718,471,176</u>
Percentage Change:							
Operating Expenditures							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	25.7	0.2	(1.1)	(3.0)	(3.1)	(0.7)	(0.0)
FTE Positions	2,302.5	2,139.5	2,139.5	2,139.5	2,139.5	2,139.5	2,139.5
Non-FTE Perm. Uncl. Pos.	435.0	598.0	598.0	598.0	598.0	598.0	598.0
TOTAL	<u>2,737.5</u>	<u>2,737.5</u>	<u>2,737.5</u>	<u>2,737.5</u>	<u>2,737.5</u>	<u>2,737.5</u>	<u>2,737.5</u>

AGENCY OVERVIEW

The Kansas Department of Transportation (KDOT) is a cabinet-level agency headed by a Secretary appointed by the Governor. The purpose of KDOT is to coordinate the planning, development, and operation of the various modes and systems of transportation within the state. KDOT has administrative and planning responsibilities for aviation, highways, public transportation, railroads, and waterways. However, the agency's efforts focus primarily on approximately 10,000 of the state highway system's 140,000 miles of public roads and highways. KDOT has four programs: Administration and Transportation Planning, Local Support, Maintenance, and Construction.

Reportable and Non-reportable Expenditures

In order to gauge the full magnitude of spending by KDOT, a number of tables include non-reportable expenditures including: bond payments (largest), inter-agency transfers, inter-agency motor fuel sales, payments for the Rail Loan program, and leasing of radios and tower space as part of KDOT's inter-operable 800 MHz communication system. However, for state budgeting and accounting purposes, an expenditure is categorized as reportable only when it is initially spent to avoid

MAJOR ISSUES FROM PRIOR YEARS

Comprehensive Transportation Program

The **1999 Legislature** enacted a 10-year Comprehensive Transportation Program (CTP) for FY 2000 through FY 2009. The CTP included maintenance and substantial maintenance; construction and reconstruction, with major modifications and priority bridges; system enhancement projects; and a highway

double counting. Consequently, when reviewing KDOT's budget, most tabular data (including those in the Governor's Budget Report) reflect reportable expenditures and exclude spending of non-reportable money. The magnitude of non-reportable spending by KDOT is significant: estimated at \$504.2 million in FY 2015, \$186.7 million for FY 2016, and \$168.5 million for FY 2017.

State Operations and Capital Improvements

In a state agency budget, state operations include agency operating costs for salaries and wages and other operating expenditures. Other operating expenditures include contractual services, commodities, and capital outlay. Agency budgets also include separate categories for aid to local units, other assistance, and capital improvements. The KDOT budget differs from other agency budgets in that expenditures typically considered state operations are included with budgeted capital improvements expenditures. For example, the Construction program includes capital improvements expenditures, but also contains expenditures classified as state operations.

demonstration project to evaluate pavement guarantees by the contractor. The CTP also provided enhanced assistance to local units of government and programs for other transportation elements, including rail, air, and public transit.

Total CTP expenditures of \$12.9 billion were proposed in 1999, with total revenues estimated at \$12.7 billion. To fund the

program, the Legislature included revenue enhancements totaling \$2.3 billion from motor fuels taxes, a State General Fund sales tax transfer, interest on funds, and bonds. With the completion of the CTP, actual revenues and expenditures from FY 2000 to FY 2009 totaled \$13.3 billion.

Adjustments made to the 1999 Comprehensive Transportation Program:

Beginning in the **2001 Session**, the Legislature made a series of adjustments to the financing of the CTP. The following describes the major revenue sources of the CTP, the original funding mechanisms, and the changes adopted by subsequent Sessions of the Legislature.

- **Motor Fuels Taxes.** The **1999 Legislature** authorized a four-cents-per-gallon increase in motor fuel taxes. The tax was implemented in phases, with a two-cent increase on July 1, 1999, a one cent increase on July 1, 2001, and the remaining one cent increase on July 1, 2003. The 2002 Legislature increased the motor fuel tax an additional two cents per gallon beginning on July 1, 2002, for a total increase of six cents between 1999 and July 1, 2003. The additional two-cent increase in 2002 was estimated to generate an additional \$253.7 million for the CTP from FY 2003 to FY 2009.
- **State General Fund Sales Tax Transfer.** Beginning in 1983, a portion of sales tax receipts were transferred from the State General Fund to the State Highway Fund. The 1999 Legislature approved the transfer of 7.628 percent of sales tax receipts from the State General Fund to the State Highway Fund for FY 2000 and FY 2001. The original intent was to increase the transfer over the next five fiscal years to a rate of 12.0 percent in FY 2005 and subsequent fiscal years.
- The **2000 Legislature** reduced the transfers in FY 2000 and FY 2001 by \$27.2 million and \$39.2 million, respectively. The 2001 Legislature approved a further reduction of \$3.0 million in the FY 2001 transfer and reduced the FY 2002 transfer by \$20.0 million. The 2002 Legislature eliminated the FY 2003 sales tax transfer, estimated at \$149.0 million. The 2003 Legislature eliminated the estimated \$128.0 million sales tax transfer in FY 2004. The sales tax transfer was eliminated for the remainder of the CTP by the 2004 Legislature.
- **Sales and Compensating Use Tax Direct Deposit.** In 1989, the Legislature increased the sales and compensating use tax from 4.0 percent to 4.25 percent, and directed that the additional 0.25 percent go to the State Highway Fund; the State Highway Fund also received a direct deposit attributable to this portion of all sales and use tax receipts. The 2004 Legislature increased the sales and use tax direct deposit to 0.38 percent beginning in FY 2007 and to 0.65 percent in FY 2008 and subsequent fiscal years.
- **Motor Vehicle Registration Fees.** Motor vehicle registration fees are deposited in the State Highway Fund. The 2002 Legislature increased motor vehicle registration fees for passenger automobiles and pickup trucks by \$5, and for other trucks in amounts ranging from \$2 to \$10, beginning July 1, 2002. The increases were

estimated to generate an additional \$84.6 million for the CTP from FY 2003 to FY 2009.

- **Federal Construction Reimbursement.** The 2004 Legislature included an estimated additional \$250.0 million in federal aid from FY 2005 to FY 2009.
- **Bonding Authority.** The 1999 Legislature authorized the issuance of CTP bonds of \$995.0 million, backed by the State Highway Fund. The 2001 Legislature authorized additional bond authority of \$277.0 million for the CTP. This additional bonding was authorized to offset the reduction in the sales tax transfer approved by the 2001 Legislature. To compensate for the elimination of the sales tax transfer, the 2004 Legislature authorized the issuance of \$150.0 million in State General Fund backed bonds with the proceeds deposited in the State Highway Fund. In addition, the 2004 Legislature authorized the issuance of up to an additional \$60.0 million in State General Fund bonds if the Federal Highway Trust Fund did not generate an additional \$50.0 million annually for the CTP. The agency reports that all the authorized CTP and State General Fund bonds have been issued. The debt service for the \$210.0 million in State General Fund bonds appears in the Department of Administration's budget.
- **Other Adjustments.** The 2002 Legislature transferred \$94.6 million from the State Highway Fund to the State General Fund. This funding was equal to the FY 2002 sales tax transfer amount and was considered a loan with

repayment scheduled in FY 2003. The 2003 Legislature delayed repayment until FY 2007 with the repayment to be spread over four fiscal years.

- The **2003 Legislature** transferred \$28.9 million from the State Highway Fund to the State General Fund to finance the Kansas Highway Patrol in FY 2004. This transfer was considered to be a loan with repayment scheduled each year from FY 2007 to FY 2010. The 2003 Legislature also transferred \$1.6 million from the State Highway Fund to the State General Fund to finance a portion of the Department of Revenue's Division of Vehicles. This loan was scheduled for repayment in FY 2007.
- The **2006 Legislature** approved a \$32.5 million transfer in FY 2007 from the State General Fund to the State Highway Fund for loan repayments. Payments of \$31.9 million annually were scheduled in fiscal years 2008, 2009, and 2010 (as noted later, Governor and Legislative action canceled both the FY 2009 and FY 2010 loan repayments to the State Highway Fund).

Other Major Issues

KDOT Communications System Project. The 2004 Legislature authorized KDOT to purchase, for lease to public safety, governmental, and non-governmental entities, communications equipment, including access to radio communication towers. The Legislature added 4.0 FTE positions and transferred \$385,184 from the State Highway Fund to the newly established Communication System

Revolving Fund for the program in FY 2005. Due to the nature of the fund, the Communications System Revolving Fund was considered “off-budget” for budgetary and accounting purposes. Federal funding for the project is considered “on-budget.”

On June 1, 2005, the agency began a project to upgrade its existing statewide 800 MHz communication system. The upgrade had two basic purposes. One was to provide statewide “interoperability” to public safety agencies and first responders. “Interoperability” would allow communications between various types of 800 MHz and non-800 MHz radio systems. The second purpose was to provide a “trunked” system which would allow seamless communication ability for KDOT, the Kansas Highway Patrol, first responders, and other emergency response and public safety agencies as they traveled from the area of one radio tower to the next. The system would utilize the 76 towers already owned and operated by KDOT.

The project was divided into several phases. Phase I involved 17 counties in southeast Kansas. Both interoperability and trunking have been completed in Phase I. Phase II was originally scheduled over a three-year period, with Phase II-A including towers along the Turnpike corridor and the tower north of Salina in Ottawa County; Phase II-B including the remaining towers in Northeast Kansas and the tower in Finney County; and Phase II-C including the remaining towers in South-central Kansas. Interoperability and trunking have been completed in all of the Phase II radio towers.

Phase III initially covered the remainder of Northwest Kansas, Phase IV, Southwest Kansas, and Phase V, North-central Kansas. Funding for these areas was not identified at the beginning of the project, so completion of sites in Phase III, Phase IV, and Phase V has been accomplished as funds have become available. This partial funding has come from federal monies received from the Public Safety Interoperable Communications (PSIC) Grant program, American Recovery

and Reinvestment Act (ARRA) funding, and Regional Homeland Security Grants, as well as from KDOT radio maintenance budgets for FY 2010 and 2011. To date, all tower sites in all of the remaining phases have been upgraded for interoperability, so, as of September 30, 2010, Kansas has achieved statewide interoperability for KDOT, the Kansas Highway Patrol, first responders, and other emergency response and public safety agencies. As part of Phase III, there were also an additional 16 of the 42 tower sites which were converted to the 800 MHz trunked radio system.

In FY 2011, Phase IV consisted of an additional eight tower sites that were converted to the 800 MHz trunked radio system. At the end of FY 2011, there were 14 tower sites remaining in both Northwest Kansas and Southwest Kansas that needed to be converted to the 800 MHz trunked radio system to complete the entire project statewide. The agency states that the project has been completed, and now the only ongoing expenditures are for continued operation and maintenance.

Subarea Shop Purchasing Contracts. Beginning in FY 2005, the Legislature authorized a proviso allowing KDOT subarea shops to opt out of existing purchasing contracts in those cases when the vendor’s prescribed in the existing state purchasing contracts are not located within the five-digit zip code of the shop.

Railroad Regulation. The 2005 Legislature transferred all powers, duties, and functions related to the regulation of railroads from the Kansas Corporation Commission to KDOT.

Affordable Airfare Fund. The 2006 Legislature created the State Affordable Airfare Fund in the Department of Commerce, funded through a transfer of \$5.0 million from the State Highway Fund annually from FY 2007 to FY 2011. In FY 2012 and FY 2013, this transfer was made from the Economic Development Initiatives Fund (EDIF), but is set to continue as a transfer from the State Highway Fund in FY 2014 and FY 2015.

Traffic Records Enhancement Fund. The 2007 Legislature created the Traffic Records Enhancement Fund in FY 2008 and directed the agency to report to the House Appropriations and Senate Ways and Means Committees on expenditures from the fund.

The **2008 Legislature** authorized in 2008 SB 359, up to \$1.0 million in FY 2009 and FY 2010 from the North Central Kansas Air Passenger Service Support Fund for the Manhattan, Kansas regional airport to secure passenger service, with reimbursements for any expenditures to be paid from the Economic Development Initiatives Fund in subsequent fiscal years.

The **2009 Legislature** approved the transfer of \$25,287,150, all from the State Highway Fund, to the State General Fund to reimburse the State General Fund in FY 2009 and FY 2010 for Comprehensive Transportation Plan bond payments.

The **2010 Legislature** approved expenditure reductions and transfers from the State Highway Fund to the State General Fund which totaled \$143.3 million in FY 2010, and included: (1) \$108.0 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; (2) \$25.3 million transferred to reimburse the State General Fund for debt service principal and interest payments on Comprehensive Transportation Plan (CTP) bonds (as part of 2009 Senate Sub. for HB 2373); and (3) \$10.0 million transferred as part of \$11.0 million in federal funding the agency is eligible to receive as part of the passage of HB 2130, the primary safety belt law.

In addition, the **2010 Legislature** approved expenditure reductions and transfers from the State Highway Fund to the State General Fund totaling \$149.3 million in FY 2011, which included: (1) \$124.3 million captured through reductions to agency operations, preservation lettings, and existing State

Highway Fund balance; and (2) \$25.0 million to reimburse the State General Fund for debt service principal and interest payments on Comprehensive Transportation Plan (CTP) bonds.

The **2010 Legislature** also approved cancellation of the transfer of \$10.1 million from the State General Fund to the Special City and County Highway Fund in FY 2011.

The **2010 Legislature** also approved cancellation of the FY 2011 loan repayment from the State General Fund to the State Highway Fund of \$30,896,209. The amount was originally delayed from FY 2010 to FY 2011.

In addition, the **2010 Legislature** added language that would repay the five previously underpaid counties a total of \$11.1 million from FY 2012 to FY 2016 from the Special City and County Highway Fund. The payments are deducted from the quarterly distributions from the Special City and County Highway Fund for five years from the 100 remaining counties that were overpaid from FY 2000 to FY 2009.

The **2010 Legislature** also enacted the ten-year T-WORKS transportation program (2010 Senate Sub. for Senate Sub. for HB 2650) for the period of FY 2011 to FY 2020. Expenditures for the period are estimated at \$8.2 billion. New revenue enhancements of \$2.7 billion during the period are authorized, including authority to issue new bonds up to an 18.0 percent debt service bonding cap (such that debt service on agency bonds owed in a year cannot exceed 18.0 percent of expected State Highway Fund revenues). It is estimated that \$1.7 billion in bonds will be issued over the 10-year period.

The **2011 Legislature** transferred \$205.0 million from the State Highway Fund to the State General Fund in FY 2012. In order to capture the necessary savings for the FY 2012 transfer, preservation projects were reduced by \$22.0 million in both FY 2011 and FY 2012. The additional \$5.0 million was to capture administrative savings experienced by the agency in FY 2011.

The **2013 Legislature** transferred \$3.5 million from the State Highway Fund to the new Municipal University Forensic Laboratory Fund in FY 2014 and added language to provide that the transfer shall be repaid in full by Washburn University before the end of FY 2015. And then added \$3.5 million, all from the new Municipal University Forensic Laboratory Fund in FY 2014, to provide funding for a new forensic science laboratory at Washburn University for use by the Kansas Bureau of Investigation.

The **2013 Legislature** (1) transferred \$6,751,952 from the State Highway Fund to the Department of Revenue's Division of Vehicles Modernization Fund in FY 2013; (2) transferred \$893,036 from the State Highway Fund to the Department of Education in FY 2013, \$143.5 million in FY 2014, and \$107.5 million in FY 2015; and (3) increased the transfer from the State Highway Fund to the Kansas Highway Patrol Operations Fund by \$315,986 in FY 2013.

The **2013 Legislature** deleted \$25,000 in FY 2013, \$321,267 and 3.0 FTE positions in FY 2014, and \$305,161 and 3.0 FTE positions in FY 2015, all from special revenue funds, to transfer certain emergency response responsibilities from the Department of Transportation to the Adjutant General.

The **2013 Legislature** approved direct transfers from the State Highway Fund to the Highway Patrol operations fund totaling \$55.1 million in FY 2014, and \$56.5 million for FY 2015, to support the operations of the Highway Patrol.

The **2013 Legislature** reduced the sales tax to 6.15 percent, effective July 1, 2013. This change in sales tax also led to a recalculation of the amount that the State Highway Fund receives, in order to keep them whole. It was estimated that KDOT would receive sales tax in the amount of \$478.5 million in FY 2014, and \$510.3 million in FY 2015.

The **2013 Legislature** enacted HB 2234 which names the Secretary of Transportation (Secretary) as the director of operations of the Kansas Turnpike Authority (KTA). The director of operations is responsible for the daily administration of the toll roads, bridges, structures and facilities constructed, maintained, or operated by the KTA and the director or the director's designee would have such powers as are necessary to carry out those responsibilities. This provision will expire July 1, 2016.

The bill provided that the KTA cannot use KTA toll or other revenue in ways other than those established in existing law: maintaining, repairing, and operating turnpike projects; paying principal and interest on bonds and creating reserves for the same; fixing and collecting tolls; and entering into certain types of contracts.

The bill changed authority for contracting between KTA and the Kansas Department of Transportation (KDOT) for three years. The bill adds an effective date of July 1, 2016, to provisions in existing law regarding contracting between the KTA and KDOT (generally, allowing KTA to contract with KDOT for use of KDOT resources for certain types of work related to KTA projects).

In a new section, the bill stated the KTA retains its separate identity, powers, and duties as an instrumentality of the state; however, the bill in this new section requires duplication of effort, facilities, and equipment between KDOT and the KTA be minimized in operation and maintenance of turnpikes and highways in the state. The KTA and the Secretary are authorized to take actions including the temporary transfer of personnel, property and equipment from the KTA to the Secretary and from the Secretary to the KTA. Further, the bill requires the integrity of the bonded indebtedness be maintained through the actions of the KTA. The provisions of this new section will expire July 1, 2016.

The **2014 Legislature** deleted \$4.8 million in FY 2014 and \$10.5 million in FY 2015 in debt service expenditures, based on the most recent estimates from the Highway Revenue Estimating Group.

The **2014 Legislature** deleted \$1.4 million in FY 2014 and \$1.7 million in FY 2015 in Special City and County Highway Fund expenditures, based on the most recent estimates from the Highway Revenue Estimating Group.

The **2014 Legislature** deleted \$3.5 million, all from the Municipal University Forensic Laboratory Fund, to reflect expenditures not made from the fund in FY 2014. These funds were later transferred to the State General Fund as part of 2014 HB 2506.

The **2014 Legislature** transferred \$7.5 million, all from the State Highway Fund to the State General Fund, to provide for statehouse grounds renovation and repair payments in FY 2014.

The **2014 Legislature** transferred \$20.0 million, all from the State Highway Fund to the Statehouse Debt Service account of the Department of Administration, to pay for Statehouse debt service payments for FY 2015.

The **2014 Legislature** added \$20,800, all from the State Highway Fund, from Sub. for 2014 HB 2424 which allows the agency to expend gifts and donations for designations and memorial signage for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised reportable estimate for FY 2015 totals \$1.4 billion, all from special revenue funds, which is an increase of \$76.2 million, or 5.8 percent, above the FY 2015 approved amount. The agency notes that the increase is largely due to ongoing projects that were delayed from FY 2014 into FY 2015. The agency states that this is the 5th year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let,

and subsequent funding streams for projects. The revised request includes 2,139.5 FTE positions, which is a decrease of 163.0 FTE positions from the number approved by the 2014 Legislature, but also includes a corresponding increase of 163.0 non-FTE positions. The agency states that it allowed several different classifications within the agency to go unclassified, which attributes for the shift from FTE to non-FTE positions, while still remaining at the approved positions level.

FY 2015 Governor Recommendation

The **Governor** recommends a reportable FY 2015 budget totaling \$1.3 billion, all from special revenue funds, which is a decrease of \$59.2 million, or 4.3 percent, below the agency's FY 2015 revised estimate. The difference from the agency's FY

2015 revised estimate, which was submitted before the December Allotment, is due to the following recommended adjustments: 1) a reduction of \$1,446,486, all from special revenue funds, reducing the Kansas Public Employer Regular

and School Member employer contribution rate, 2) a reduction of \$58.8 million, all from special revenue funds, which includes: a) \$51.0 million in reductions to capital improvements projects, b) \$7.8 million for a 3.0 percent allotment to expenditures, and 3) a transfer of \$103,479,087, from the State Highway Fund to

FY 2016 Agency Request

The **agency** requests a FY 2016 reportable budget of \$1.6 billion, all from special revenue funds, an increase of \$223.3 million, or 16.1 percent, above the FY 2015 revised estimate. The agency's FY 2016 budget reflects this being the 6th year of the T-WORKS program and the continuation of current and planned project expenditures, and reflects the agency's best estimate as to project expenditure schedules.

The FY 2016 request includes operating expenditures totaling \$625.0 million, which is a decrease of \$19.1 million, or 3.0 percent, below the FY 2015 revised operating budget. The FY 2016 request includes salaries and wages expenditures totaling \$159.5 million, which is an increase of \$173,571, or 0.1

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 reportable operating expenditures totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$506.8 million, or 31.4 percent, below the agency's FY 2016 request. The difference from the agency's FY 2016 request is due to the following recommended adjustments: 1) a reduction of \$1,784,965 to reduce employer contributions for state employee health insurance; 2) \$491.0 million in budget

the State General Fund, in FY 2015. The Governor's recommendation also includes an increase of \$1.0 million to FY 2015 State Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

percent, above the FY 2015 revised estimate. The agency states that the FY 2016 budget reflects a number of operating increases made to reflect increases for employee fringe benefits, Office of Information Technology Services expenditures, and inflation. The FY 2016 request includes 2,139.5 FTE and 598.0 non-FTE positions, which is no change from the FY 2015 revised estimate.

The agency's FY 2016 budget includes Federal and Local Aid reimbursement estimates totaling \$356.2 million. This is an increase of \$29.2 million, or 8.9 percent, above the FY 2015 revised estimate.

reductions, 3) \$13.3 million for a 5.0 percent allotment to expenditures, 4) a reduction of \$1.8 million in building projects from the agency's FY 2016 request. The Governor's recommendation also includes an increase of \$1.0 million to FY 2016 State Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

FY 2017 Agency Request

The **agency** requests a FY 2017 reportable budget of \$1.6 billion, all from special revenue funds, a decrease of \$27.1 million, or 1.7 percent, below the FY 2016 request. The agency's FY 2017 budget reflects this being the 7th year of the T-WORKS program and the continuation of current and planned project expenditures, and reflects the agency's best estimate as to project expenditure schedules.

The FY 2017 request includes operating expenditures totaling \$620.4 million, which is a decrease of \$4.6 million, or 0.7 percent, below the FY 2016 requested reportable operating budget. The FY 2017 request includes salaries and wages expenditures totaling \$166.5 million, which is an increase of

\$7.0 million, or 4.4 percent, above the FY 2016 request. The agency states that the FY 2017 budget reflects a number of operating increases made to reflect increases for employee fringe benefits, Office of Information Technology Services expenditures, and the 27 payroll period which occurs in that fiscal year. The FY 2017 request includes 2,139.5 FTE and 598.0 non-FTE positions, which is no change from the FY 2016 request.

The agency's budget submission notes Federal and Local Aid reimbursement estimates within the FY 2017 request totaling \$337.3 million. This is a decrease of \$19.0 million, or 5.3 percent, below the FY 2016 request.

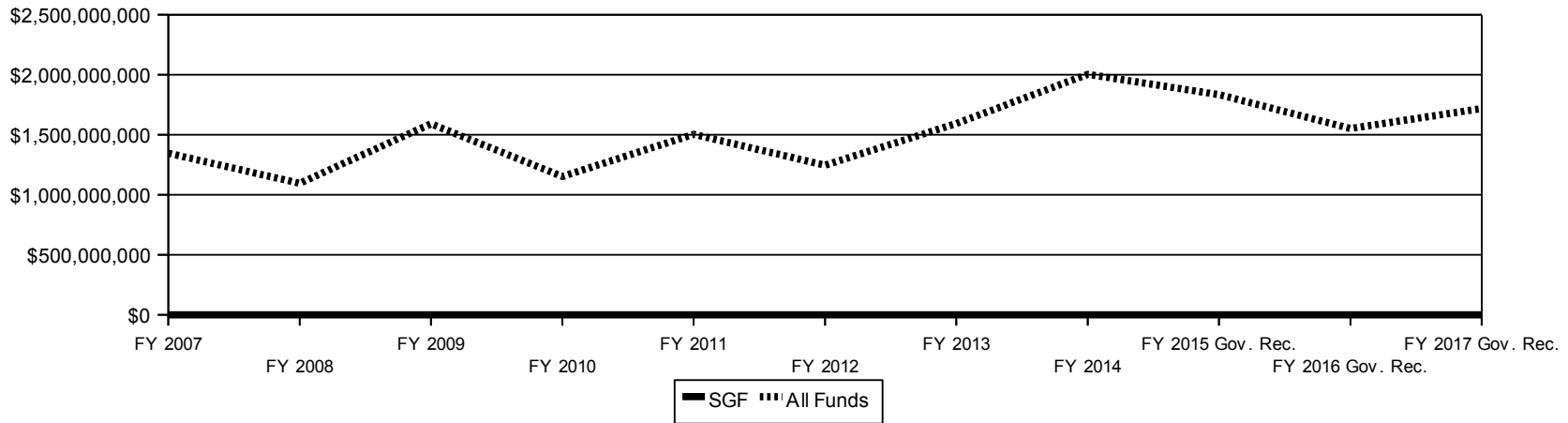
FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 reportable operating expenditures totaling \$1.5 billion, all from special revenue funds, which is a decrease of \$46.3 million, or 2.9 percent, below the agency's FY 2017 request. The difference from the agency's FY 2017 request is due to the following recommended adjustments: 1) a reduction of \$1,820,706 to reduce employer contributions for state employee health insurance, 2) \$30.0 million in budget

reductions, 3) \$13.8 million for a 5.0 percent allotment to expenditures, 4) a reduction of \$1.7 million in buildings projects from the agency's FY 2017 request. The Governor's recommendation also includes an increase of \$1.0 million to FY 2017 State Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	--%	\$ 1,346,322,290	(1.0)%	3,220.5
2008	0	--	1,095,844,109	(18.6)	3,201.5
2009	0	--	1,590,886,908	45.2	3,113.5
2010	0	--	1,152,389,464	(27.6)	3,113.5
2011	0	--	1,503,382,472	30.5	3,113.5
2012	0	--	1,246,526,150	(17.1)	2,916.5
2013	0	--	1,593,683,724	27.9	2,829.5
2014	0	--	2,003,609,903	25.7	2,302.5
2015 Gov. Rec.	0	--	1,834,283,404	(8.5)	2,139.5
2016 Gov. Rec.	0	--	1,552,121,889	(15.4)	2,139.5
2017 Gov. Rec.	0	--	1,718,471,176	10.7	2,139.5
Eleven-Year Change	\$ 0	--%	\$ 372,148,886	27.6 %	(1,081.0)

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration & Transportation Planning	\$ 48,741,880	\$ 54,282,727	\$ 61,388,868	\$ 7,106,141	13.1 %	\$ 53,491,052	\$ 58,972,021	\$ 5,480,969	10.2 %
Local Support	215,125,458	238,889,647	218,602,946	(20,286,701)	(8.5)	239,815,915	219,277,719	(20,538,196)	(8.6)
Maintenance	138,338,850	141,047,643	142,064,438	1,016,795	0.7	139,255,596	134,854,101	(4,401,495)	(3.2)
Construction	1,261,664,592	955,096,736	1,190,568,655	235,471,919	24.7	897,535,355	692,691,788	(204,843,567)	(22.8)
TOTAL - Reportable	\$ 1,663,870,780	\$ 1,389,316,753	\$ 1,612,624,907	\$ 223,308,154	16.1 %	\$ 1,330,097,918	\$ 1,105,795,629	\$ (224,302,289)	(16.9)%
Administration & Transportation Planning	\$ 83,247	\$ 7,250,500	\$ 250,500	\$ (7,000,000)	(96.5) %	\$ 7,250,500	\$ 250,500	\$ (7,000,000)	(96.5)%
Local Support	3,200,152	8,105,297	1,588,442	(6,516,855)	(80.4)	8,105,297	1,588,442	(6,516,855)	(80.4)
Maintenance	2,342,211	2,305,161	2,000,000	(305,161)	(13.2)	2,305,161	2,000,000	(305,161)	(13.2)
Construction	72,204,834	1,050,000	1,000,000	(50,000)	(4.8)	1,050,000	1,000,000	(50,000)	(4.8)
Transfers	261,908,679	485,474,528	181,843,413	(303,631,115)	(62.5)	485,474,528	441,487,318	(43,987,210)	(9.1)
TOTAL - Non-Reportable	\$ 339,739,123	\$ 504,185,486	\$ 186,682,355	\$ (317,503,131)	(63.0) %	\$ 504,185,486	\$ 446,326,260	\$ (57,859,226)	(11.5)%
GRAND TOTAL	\$ 2,003,609,903	\$ 1,893,502,239	\$ 1,799,307,262	\$ (94,194,977)	(5.0) %	\$ 1,834,283,404	\$ 1,552,121,889	\$ (282,161,515)	(15.4)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 147,648,007	\$ 159,335,078	\$ 159,508,649	\$ 173,571	0.1 %	\$ 150,095,162	\$ 144,400,073	\$ (5,695,089)	(3.8)%
Contractual Services	165,613,745	117,973,893	116,975,981	(997,912)	(0.8)	117,973,893	116,975,981	(997,912)	(0.8)
Commodities	40,936,350	40,533,516	41,292,277	758,761	1.9	40,533,516	41,292,277	758,761	1.9
Capital Outlay	16,630,470	15,490,387	16,593,537	1,103,150	7.1	15,490,387	16,593,537	1,103,150	7.1
Debt Service	60,417,707	78,010,845	77,366,204	(644,641)	(0.8)	78,010,845	82,366,204	4,355,359	5.6
Subtotal - Operations	\$ 431,246,279	\$ 411,343,719	\$ 411,736,648	\$ 392,929	0.1 %	\$ 402,103,803	\$ 401,628,072	\$ (475,731)	(0.1)%
Aid to Local Units	187,329,856	194,949,666	189,471,764	(5,477,902)	(2.8)	195,970,747	190,509,594	(5,461,153)	(2.8)
Other Assistance	24,303,669	37,820,108	23,839,921	(13,980,187)	(37.0)	37,820,108	23,839,921	(13,980,187)	(37.0)
Capital Improvements	1,020,990,976	745,203,260	987,576,574	242,373,314	32.5	694,203,260	489,818,042	(204,385,218)	(29.4)
TOTAL - Reportable	\$ 1,663,870,780	\$ 1,389,316,753	\$ 1,612,624,907	\$ 223,308,154	16.1 %	\$ 1,330,097,918	\$ 1,105,795,629	\$ (224,302,289)	(16.9)%
TOTAL - Non-Reportable	339,739,123	504,185,486	186,682,355	(317,503,131)	(63.0)	504,185,486	446,326,260	(57,859,226)	(11.5)
GRAND TOTAL	\$ 2,003,609,903	\$ 1,893,502,239	\$ 1,799,307,262	\$ (94,194,977)	(5.0) %	\$ 1,834,283,404	\$ 1,552,121,889	\$ (282,161,515)	(15.4)%

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
Financing:									
State Highway Fund	\$ 1,332,501,053	\$ 1,004,130,927	\$ 1,261,846,592	\$ 257,715,665	25.7 %	\$ 943,891,011	\$ 748,979,484	\$ (194,911,527)	(20.6)%
All Other Funds	331,369,727	385,185,826	350,778,315	(34,407,511)	(8.9)	386,206,907	356,816,145	(29,390,762)	(7.6)
Total - Reportable	\$ 1,663,870,780	\$ 1,389,316,753	\$ 1,612,624,907	\$ 223,308,154	16.1 %	\$ 1,330,097,918	\$ 1,105,795,629	\$ (224,302,289)	(16.9)%
State Highway Fund	\$ 181,297,089	\$ 196,783,434	\$ 184,426,155	\$ (12,357,279)	(6.3) %	\$ 196,783,434	\$ 194,070,060	\$ (2,713,374)	(1.4)%
All Other Funds	158,442,034	307,402,052	2,256,200	(305,145,852)	(99.3)	307,402,052	252,256,200	(55,145,852)	(17.9)
TOTAL - Non-Reportable	\$ 339,739,123	\$ 504,185,486	\$ 186,682,355	\$ (317,503,131)	(63.0) %	\$ 504,185,486	\$ 446,326,260	\$ (57,859,226)	(11.5)%
GRAND TOTAL	\$ 2,003,609,903	\$ 1,893,502,239	\$ 1,799,307,262	\$ (94,194,977)	(5.0) %	\$ 1,834,283,404	\$ 1,552,121,889	\$ (282,161,515)	(15.4)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration & Transportation Planning	\$ 61,388,868	\$ 63,026,890	\$ 1,638,022	2.7 %	\$ 58,972,021	\$ 60,526,586	\$ 1,554,565	2.6 %
Local Support	218,602,946	218,596,724	(6,222)	(0.0)	219,277,719	219,256,619	(21,100)	(0.0)
Maintenance	142,064,438	146,597,679	4,533,241	3.2	134,854,101	139,197,694	4,343,593	3.2
Construction	1,190,568,655	1,157,263,612	(33,305,043)	(2.8)	692,691,788	1,120,250,019	427,558,231	61.7
TOTAL - Reportable	\$ 1,612,624,907	\$ 1,585,484,905	\$ (27,140,002)	(1.7) %	\$ 1,105,795,629	\$ 1,539,230,918	\$ 433,435,289	39.2 %
Administration & Transportation Planning	\$ 250,500	\$ 250,500	\$ 0	0.0 %	\$ 250,500	\$ 250,500	\$ 0	0.0 %
Local Support	1,588,442	4,342,242	2,753,800	173.4	1,588,442	4,342,242	2,753,800	173.4
Maintenance	2,000,000	2,000,000	0	0.0	2,000,000	2,000,000	0	0.0
Construction	1,000,000	1,000,000	0	0.0	1,000,000	1,000,000	0	0.0
Transfers	181,843,413	160,860,599	(20,982,814)	(11.5)	441,487,318	171,647,516	(269,839,802)	(61.1)
TOTAL - Non-Reportable	\$ 186,682,355	\$ 168,453,341	\$ (18,229,014)	(9.8) %	\$ 446,326,260	\$ 179,240,258	\$ (267,086,002)	(59.8) %
GRAND TOTAL	\$ 1,799,307,262	\$ 1,753,938,246	\$ (45,369,016)	(2.5) %	\$ 1,552,121,889	\$ 1,718,471,176	\$ 166,349,287	10.7 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 159,508,649	\$ 166,517,730	\$ 7,009,081	4.4 %	\$ 144,400,073	\$ 150,926,355	\$ 6,526,282	4.5 %
Contractual Services	116,975,981	108,047,229	(8,928,752)	(7.6)	116,975,981	108,047,229	(8,928,752)	(7.6)
Commodities	41,292,277	42,601,152	1,308,875	3.2	41,292,277	42,601,152	1,308,875	3.2
Capital Outlay	16,593,537	16,658,738	65,201	0.4	16,593,537	16,658,738	65,201	0.4
Debt Service	77,366,204	73,288,790	(4,077,414)	(5.3)	82,366,204	83,288,790	922,586	1.1
Subtotal - Operations	\$ 411,736,648	\$ 407,113,639	\$ (4,623,009)	(1.1) %	\$ 401,628,072	\$ 401,522,264	\$ (105,808)	(0.0) %
Aid to Local Units	189,471,765	189,908,954	437,189	0.2	190,509,594	190,946,785	437,191	0.2
Other Assistance	23,839,921	23,398,796	(441,125)	(1.9)	23,839,921	23,398,796	(441,125)	(1.9)
Capital Improvements	987,576,574	965,063,516	(22,513,058)	(2.3)	489,818,042	923,363,073	433,545,031	88.5
Total - Reportable	\$ 1,612,624,908	\$ 1,585,484,905	\$ (27,140,003)	(1.7) %	\$ 1,105,795,629	\$ 1,539,230,918	\$ 433,435,289	39.2 %
Total - Non-Reportable	186,682,355	168,453,341	(18,229,014)	(9.8)	446,326,260	179,240,258	(267,086,002)	(59.8)
GRAND TOTAL	\$ 1,799,307,263	\$ 1,753,938,246	\$ (45,369,017)	(2.5) %	\$ 1,552,121,889	\$ 1,718,471,176	\$ 166,349,287	10.7 %

Summary of Operating Budget FY 2016 - FY 2017

Financing:

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
State Highway Fund	\$ 1,261,846,592	\$ 1,236,556,814	\$ (25,289,778)	(2.0) %	\$ 748,979,484	\$ 1,179,264,996	\$ 430,285,512	57.4 %
All Other Funds	350,778,315	348,928,091	(1,850,224)	(0.5)	356,816,145	359,965,922	3,149,777	0.9
Total - Reportable	\$ 1,612,624,907	\$ 1,585,484,905	\$ (27,140,002)	(1.7) %	\$ 1,105,795,629	\$ 1,539,230,918	433,435,289	39.2 %
State Highway Fund	\$ 184,426,155	\$ 163,443,341	\$ (20,982,814)	(11.4) %	194,070,060	174,230,258	(19,839,802)	(10.2)%
All Other Funds	2,256,200	5,010,000	2,753,800	122.1	252,256,200	5,010,000	(247,246,200)	(98.0)
TOTAL - Non-Reportable	\$ 186,682,355	\$ 168,453,341	\$ (18,229,014)	(9.8) %	\$ 446,326,260	\$ 179,240,258	\$ (267,086,002)	(59.8)%
GRAND TOTAL	\$ 1,799,307,262	\$ 1,753,938,246	\$ (45,369,016)	(2.5) %	\$ 1,552,121,889	\$ 1,718,471,176	\$ 166,349,287	10.7 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State Highway Fund	\$ 956,223,801	\$ 1,004,130,927	\$ 47,907,126	\$ 943,891,011	\$ (12,332,790)
All Other Funds	356,942,611	385,185,826	28,243,215	386,206,907	29,264,296
TOTAL	<u>\$ 1,313,166,412</u>	<u>\$ 1,389,316,753</u>	<u>\$ 76,150,341</u>	<u>\$ 1,330,097,918</u>	<u>\$ 16,931,506</u>
FTE Positions	2,302.5	2,139.5	(163.0)	2,139.5	(163.0)

The **agency's** revised reportable estimate for FY 2015 totals \$1.4 billion, all from special revenue funds, which is an increase of \$76.2 million, or 5.8 percent, above the FY 2015 approved amount. The agency notes that the increase is largely due to ongoing projects that were delayed from FY 2014 into FY 2015. The agency states that this is the 5th year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let, and subsequent funding streams for projects. The revised request includes 2,139.5 FTE positions, which is a decrease of 163.0 FTE positions from the number approved by the 2014 Legislature, but also includes a corresponding increase of 163.0 non-FTE positions. The agency states that it allowed several different classifications within the agency to go unclassified, which attributes for the shift from FTE to non-FTE positions, while still remaining at the approved positions level.

The **Governor** recommends a reportable FY 2015 budget totaling \$1.3 billion, all from special revenue funds, which is a decrease of \$59.2 million, or 4.3 percent, below the agency's FY 2015 revised estimate. The difference from the agency's FY 2015 revised estimate, which was submitted before the December Allotment, is due to the following recommended adjustments.

- A reduction of \$1,446,486, all from special revenue funds, reducing the Kansas Public Employer Regular and School Member employer contribution rate.
- A reduction of \$58.8 million, all from special revenue funds, which includes: a) \$51.0 million in reductions to capital improvements projects, b) \$7.8 million for a 3.0 percent allotment to expenditures.

- A transfer of \$103,479,087, from the State Highway Fund to the State General Fund, in FY 2015.

The Governor's recommendation also includes an increase of \$1.0 million to FY 2015 State Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,612,624,907	\$ 1,105,795,629	\$ (506,829,278)
FTE Positions	2,139.5	2,139.5	0.0
<i>Change from FY 2015:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	223,308,154	(224,302,289)	
TOTAL	<u>\$ 223,308,154</u>	<u>\$ (224,302,289)</u>	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	16.1	(16.9)	
TOTAL	<u>16.1 %</u>	<u>(16.9) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2016 reportable budget of \$1.6 billion, all from special revenue funds, an increase of \$223.3 million, or 16.1 percent, above the FY 2015 revised estimate.

The agency's FY 2016 budget reflects this being the 6th year of the T-WORKS program and the continuation of current and

planned project expenditures, and reflects the agency's best estimate as to project expenditure schedules.

The FY 2016 request includes operating expenditures totaling \$625.0 million, which is a decrease of \$19.1 million, or 3.0 percent, below the FY 2015 revised operating budget. The FY 2016 request includes salaries and wages expenditures totaling \$159.5 million, which is an increase of \$173,571, or 0.1 percent, above the FY 2015 revised estimate. The agency states that the FY 2016 budget reflects a number of operating increases made to reflect increases for employee fringe benefits, Office of Information Technology Services expenditures, and inflation. The FY 2016 request includes 2,139.5 FTE and 598.0 non-FTE positions, which is no change from the FY 2015 revised estimate.

The agency's FY 2016 budget includes Federal and Local Aid reimbursement estimates totaling \$356.2 million. This is an increase of \$29.2 million, or 8.9 percent, above the FY 2015 revised estimate.

Adjustments by program include the following.

Administration and Transportation Planning - an increase of \$7.1 million, or 13.1 percent, above the FY 2015 revised estimate. Most of the increase (\$4.7 million, or 25.1 percent) is in contractual services, followed by (\$2.4 million, or 7.9 percent) in salaries and wages.

Local Support - a decrease of \$20.3 million, or 8.5 percent, below the FY 2015 revised estimate. This decrease occurs within other assistance (\$14.0 million), aid to locals (\$5.5 million), contractual services (\$1.3 million) and commodities (\$538,595), partially offset by lesser increases in capital outlay (\$395,013) and salaries and wages (\$161,043).

Maintenance - an increase of \$1.0 million, or 0.7 percent, above the FY 2015 revised estimate. This increase occurs within commodities (\$993,066), capital outlay (\$920,117), and contractual services (\$191,165), partially offset by a decrease in salaries and wages (\$1.1 million).

Construction - an increase of \$235.5 million, or 24.7 percent, above the FY 2015 revised estimate. This increase primarily occurs within capital improvements (\$242.4 million), partially offset by decreases in salaries and wages (\$1.3 million) and contractual services (\$4.6 million).

The **Governor** recommends FY 2016 operating expenditures totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$506.8 million, or 31.4 percent, below the agency's FY 2016 request. The difference from the agency's FY 2016 request is due to the following recommended adjustments.

- A reduction of \$1,784,965 to reduce employer contributions for state employee health insurance.
- \$491.0 million in budget reductions.
- \$13.3 million for a 5.0 percent allotment to expenditures.
- A reduction of \$1.8 million in buildings projects from the agency's FY 2016 request.

The Governor's recommendation also includes an increase of \$1.0 million to FY 2016 State Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,585,484,905	\$ 1,539,230,918	\$ (46,253,987)
FTE Positions	2,139.5	2,139.5	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ --	\$ --	
All Other Funds	(27,140,002)	433,435,289	
TOTAL	<u>\$ (27,140,002)</u>	<u>\$ 433,435,289</u>	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	(1.7)	39.2	
TOTAL	<u>(1.7) %</u>	<u>39.2 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2017 reportable budget of \$1.6 billion, all from special revenue funds, a decrease of \$27.1 million, or 1.7 percent, below the FY 2016 request. The agency's FY 2017 budget reflects this being the 7th year of the T-WORKS program and the continuation of current and planned project expenditures, and reflects the agency's best estimate as to project expenditure schedules.

The FY 2017 request includes operating expenditures totaling \$620.4 million, which is a decrease of \$4.6 million, or 0.7 percent, below the FY 2016 requested reportable operating budget. The FY 2017 request includes salaries and wages expenditures totaling \$166.5 million, which is an increase of \$7.0 million, or 4.4 percent, above the FY 2016 request. The agency states that the FY 2017 budget reflects a number of operating increases made to reflect increases for employee

fringe benefits, Office of Information Technology Services expenditures, and the 27 payroll period. The FY 2017 request includes 2,139.5 FTE and 598.0 non-FTE positions, which is no change from the FY 2016 request.

The agency's budget submission notes Federal and Local Aid reimbursements estimates within the FY 2017 request totaling \$337.3 million. This is a decrease of \$19.0 million, or 5.3 percent, below the FY 2016 request.

Adjustments by program include the following.

Administration and Transportation Planning - an increase of \$1.6 million, or 2.7 percent, above the FY 2016 request. Most of the increase (\$1.5 million, or 4.6 percent) is in salaries and wages.

Local Support - a decrease of \$6,222, or less than 0.1 percent, below the FY 2016 request. This decrease occurs in capital outlay (\$400,475) and other assistance (\$441,125), partially offset by increases in salaries and wages (\$172,123), contractual services (\$125,960), commodities (\$100,105) and aid to local units (\$437,190).

Maintenance - an increase of \$4.5 million, or 3.2 percent, above the FY 2016 request. This increase occurs in salaries and wages (\$3.0 million, or 4.3 percent) and commodities (\$1.2 million, 3.0 percent).

Construction - a decrease of \$33.3 million, or 2.8 percent, below the FY 2016 request. This decrease primarily occurs within capital improvements (\$22.5 million), and contractual services (\$9.2 million). These decreases are partially offset by an increase to salaries and wages (\$2.3 million) and capital outlay (\$128,434).

The **Governor** recommends FY 2017 reportable operating expenditures totaling \$1.5 billion, all from special revenue funds, which is a decrease of \$46.3 million, or 2.9 percent, below the agency's FY 2017 request. The difference from the agency's FY 2017 request is due to the following recommended adjustments: 1) A reduction of \$1,820,706 to reduce employer contributions for state employee health insurance; 2) \$30.0 million in budget reductions, 3) \$13.8 million for a 5.0 percent allotment to expenditures, 4) a reduction of \$1.7 million in buildings projects from the agency's FY 2017 request. The Governor's recommendation also includes an increase of \$1.0 million to FY 2017 State Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$709,612, and affects 2,282 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$1,158,158, and FY 2017 longevity payments total \$1,235,853.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$1,784,965, for FY 2016. This is a reduction of \$1,820,706, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

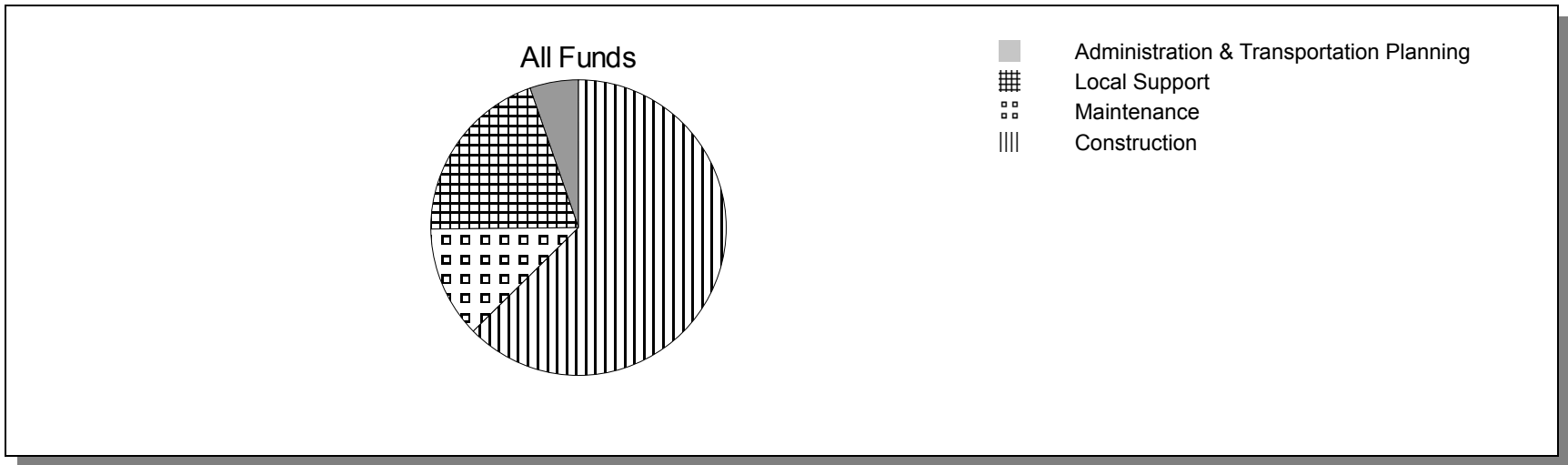
Funding Sources

<u>Reportable Funding Sources</u>	<u>Agency Req. Percent of Total FY 2016</u>	<u>Gov. Rec. Percent of Total FY 2016</u>	<u>Agency Req. Percent of Total FY 2017</u>	<u>Gov. Rec. Percent of Total FY 2017</u>
State Highway Fund	78.2 %	67.7 %	78.0 %	76.6 %
Highway Bonds Fund Debt Service	11.2	16.8	11.5	12.4
Special City and County Highway Fund	8.9	13.0	9.0	9.4
Coordinated Public Transportation Assistance	0.7	1.0	0.7	0.7
Rail Service Improvement Fund	0.3	0.5	0.1	0.1
All Other Funds	0.7	1.0	0.7	0.7
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Administration & Transportation Planning	\$ 58,972,021	5.3 %	\$ 0	-- %
Local Support	219,277,719	19.8	0	--
Maintenance	134,854,101	12.2	0	--
Construction	692,691,788	62.6	0	--
TOTAL	\$ 1,105,795,629	100.0 %	\$ 0	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Administration & Transportation Planning	304.5	223.0	223.0	223.0	223.0	223.0	223.0
Local Support	31.0	26.0	26.0	26.0	26.0	26.0	26.0
Maintenance	1,258.0	1,230.0	1,230.0	1,230.0	1,230.0	1,230.0	1,230.0
Construction	709.0	660.5	660.5	660.5	660.5	660.5	660.5
TOTAL	<u>2,302.5</u>	<u>2,139.5</u>	<u>2,139.5</u>	<u>2,139.5</u>	<u>2,139.5</u>	<u>2,139.5</u>	<u>2,139.5</u>

A. Administration & Transportation Planning

The goal of the Administration and Transportation Planning program is to “provide the direction, planning, coordination, communication, and administrative support that foster an integrated, multimodal transportation system to meet the needs of Kansas.” Management planning and goal and policy direction are included in this program. The program also provides administrative and management functions for the agency such as financial and human resource management, information technology, and inventory and procurement support. KDOT maintains a central office with the state divided into six districts.

This program is responsible for mapping and transportation data collection and analysis. The program includes planning support for highways, railroads, public transit, and general aviation. In addition, this program coordinates public outreach through media, legislative, and intergovernmental relations. To achieve these goals, the management program is comprised of the following subprograms: Administration; Office of the Secretary; Roads, Rail, and Water; Aviation Planning; and Operations Support.

**ADMINISTRATION & TRANSPORTATION PLANNING
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 30,112,476	\$ 30,655,283	\$ 29,863,608	\$ 33,085,951	\$ 30,669,104	\$ 34,604,982	\$ 32,104,678
Contractual Services	14,085,000	18,803,408	18,803,408	23,518,088	23,518,088	23,421,968	23,421,968
Commodities	594,045	820,810	820,810	806,437	806,437	823,827	823,827
Capital Outlay	1,508,246	3,403,226	3,403,226	3,378,392	3,378,392	3,576,113	3,576,113
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 46,299,767	\$ 53,682,727	\$ 52,891,052	\$ 60,788,868	\$ 58,372,021	\$ 62,426,890	\$ 59,926,586
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	2,442,113	600,000	600,000	600,000	600,000	600,000	600,000
Capital Improvements	0	0	0	0	0	0	0
Reportable Expenditures	\$ 48,741,880	\$ 54,282,727	\$ 53,491,052	\$ 61,388,868	\$ 58,972,021	\$ 63,026,890	\$ 60,526,586
Non-reportable Exp.	83,247	7,250,500	7,250,500	250,500	250,500	250,500	250,500
TOTAL	<u>\$ 48,825,127</u>	<u>\$ 61,533,227</u>	<u>\$ 60,741,552</u>	<u>\$ 61,639,368</u>	<u>\$ 59,222,521</u>	<u>\$ 63,277,390</u>	<u>\$ 60,777,086</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	48,741,880	54,282,727	53,491,052	61,388,868	58,372,021	63,026,890	60,526,586
Reportable Expenditures	\$ 48,741,880	\$ 54,282,727	\$ 53,491,052	\$ 61,388,868	\$ 58,372,021	\$ 63,026,890	\$ 60,526,586
Non-reportable Exp.	83,247	7,250,500	7,250,500	250,500	250,500	250,500	250,500
TOTAL	<u>\$ 48,825,127</u>	<u>\$ 61,533,227</u>	<u>\$ 60,741,552</u>	<u>\$ 61,639,368</u>	<u>\$ 58,622,521</u>	<u>\$ 63,277,390</u>	<u>\$ 60,777,086</u>
FTE Positions	304.5	223.0	223.0	223.0	223.0	223.0	223.0
Non-FTE Uncl. Perm. Pos.	152.0	240.0	240.0	240.0	240.0	240.0	240.0
TOTAL	<u>456.5</u>	<u>463.0</u>	<u>463.0</u>	<u>463.0</u>	<u>463.0</u>	<u>463.0</u>	<u>463.0</u>

* Includes non-reportable expenditures of \$7.0 million for capitol restoration in the FY 2015 revised estimate.

The **agency** requests FY 2016 operating expenditures totaling \$61.4 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds increase of \$7.1 million, or 13.1 percent, above the FY 2015 revised estimate. Most of the increase (\$4.7 million, or 25.1 percent) is in contractual services, followed by (\$2.4 million, or 7.9 percent) in salaries and wages.

- **Salaries and Wages.** The agency requests expenditures of \$33.1 million, all from special revenue funds, to fund 223.0 FTE and 240.0 non-FTE positions for FY 2016. The request is an all funds increase of \$2.4 million, or 7.9 percent, above the FY 2015 revised estimate. Increases from the FY 2015 revised estimate include: unclassified temporary pay (\$3.4 million), employer contributions to public employee retirement (\$497,740), group health and hospitalization (\$340,760), and medicare (\$116,315). These increases are partially offset by a decrease in classified regular pay (\$1.8 million).
- **Contractual Services.** The agency requests expenditures of \$23.5 million, all from special revenue funds, for FY 2016. This request is an increase of \$4.7 million, or 25.1 percent, above the FY 2015 revised estimate. Increases from the FY 2015 revised estimate include: accountants and auditors (\$3.4 million), state buildings operating charges (\$635,156), information systems consulting (\$328,511), other rentals (\$302,784), and job related training and conference regulations (\$190,165).

- **Commodities.** The agency requests expenditures of \$806,437, all from special revenue funds, for FY 2016. This request is a decrease of \$14,373, or 1.8 percent, below the FY 2015 revised estimate. Particular decreases from the FY 2015 revised estimate are in the categories of buildings and grounds materials (\$23,504), partially offset by increases in stationery and office supplies (\$6,064), and data processing supplies (\$3,380).
- **Capital Outlay.** The agency requests expenditures of \$3.4 million, all from special revenue funds, for FY 2016. This request is a decrease of \$24,834, or 0.7 percent, below the FY 2015 revised estimate. Particular decreases from the FY 2015 revised estimate are in the categories of passenger cars (\$143,478), microcomputers equipment (\$121,374), partially offset by increases in software expenditures (\$244,050).
- **Other Assistance.** The agency requests \$600,000, all from the State Highway Fund, for expenditures for property damage or loss claims for FY 2016.
- **Non-reportable expenditures.** The agency requests expenditures of \$250,500, which comes from two sources, expenditures from the conference fees account (\$250,000), and the remittance of collected sales tax (\$500).

The **Governor** recommends FY 2016 operating expenditures totaling \$59.0 million, all from special revenue funds, for the Administration and Transportation Planning

program. This is a decrease of \$2.4 million, or 3.9 percent, below the agency's FY 2016 request. The difference from the agency's FY 2016 request is due to the following recommended adjustments.

- A reduction of \$325,080 to reduce employer contributions for state employee health insurance.
- \$2.1 million in budget reductions.

The **agency** requests FY 2017 operating expenditures totaling \$63.0 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds increase of \$1.6 million, or 2.7 percent, above the FY 2016 request. Most of the increase (\$1.5 million, or 4.6 percent) is in salaries and wages.

- **Salaries and Wages.** The agency requests expenditures of \$34.6 million, all from special revenue funds, to fund 223.0 FTE and 240.0 non-FTE positions for FY 2017. The request is an all funds increase of \$1.5 million, or 4.6 percent, above the FY 2016 request. Increases from the FY 2016 request include: unclassified temporary pay (\$541,819), employer contributions to public employee retirement (\$408,811), classified regular pay (\$305,676), group health and hospitalization (\$76,579), and medicare (\$68,609).
- **Contractual Services.** The agency requests expenditures of \$23.4 million, all from special revenue funds, for FY 2017. This request is a decrease of \$96,120, or 0.4 percent, below the

FY 2016 request. Increases in other freight and express (\$192,469) are partially offset by decreases in accountants and auditors (\$395,000) and information systems consulting (\$26,703).

- **Commodities.** The agency requests expenditures of \$823,827, all from special revenue funds, for FY 2017. This request is an increase of \$17,390, or 2.2 percent, above the FY 2016 request. Particular increases from the FY 2016 request are in the categories of stationery and office supplies (\$6,605), data processing supplies (\$6,425), and gasoline (\$4,278).
- **Capital Outlay.** The agency requests expenditures of \$3.6 million, all from special revenue funds, for FY 2017. This request is an increase of \$197,721, or 5.9 percent, above the FY 2016 request. Changes from the FY 2016 request are in the category of professional and scientific equipment (\$200,000), partially offset by a decrease in telecommunications termination equipment (\$12,500).
- **Other Assistance.** The agency requests \$600,000, all from the State Highway Fund, for expenditures for property damage or loss claims for FY 2017.
- **Non-reportable expenditures.** The agency requests expenditures of \$250,500, which are from two sources, expenditures from the conference fees account (\$250,000), and the remittance of collected sales tax (\$500).

The **Governor** recommends FY 2017 operating expenditures totaling \$60.5 million, all from special revenue funds, for the Administration and Transportation Planning program. This is a decrease of \$2.5 million, or 4.0 percent, below the agency's FY 2017 request. The difference from the agency's FY 2017 request is due to the following recommended adjustments.

B. Local Support

The goal of the Local Support program is to "assist in providing safe, efficient, and reliable local multimodal transportation systems." This program provides planning and financial assistance to local governments and administers both state and federal funding for city and county roads, street, and bridge improvements, rural public transportation planning and assistance, transportation for the elderly and disabled, and highway safety plans and programs. The Local Support program includes aid to local units of government through the Special City and County Highway Fund (SCCHF). The SCCHF receives funding from motor fuel taxes and motor carrier property taxes. The funds are distributed quarterly, with 57.0 percent distributed to counties and 43.0 percent distributed to cities. Each county

- A reduction of \$331,588 to reduce employer contributions for state employee health insurance.
- \$2.2 million in budget reductions.

receives a base allocation of \$5,000 with the remainder distributed on a formula based on motor vehicle registration fees, average daily vehicle miles traveled, and total road miles within each county. The city distribution is based on population. This program includes safety programs targeting seat belt usage, drunk driving, underage drinking, and community awareness such as the "Click It or Ticket," and "You Drink, You Drive, You Lose," media campaigns. To achieve these goals, the local support program is comprised of the following subprograms: Special City and County Highway Aid; Traffic Safety; Local Projects; Public Transportation Assistance; and Categorical Aid.

LOCAL SUPPORT
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 3,388,831	\$ 3,547,938	\$ 3,453,125	\$ 3,708,981	\$ 3,345,924	\$ 3,881,104	\$ 3,503,168
Contractual Services	4,644,951	5,720,215	5,720,215	4,428,010	4,428,010	4,553,970	4,553,970
Commodities	243,777	631,058	631,058	538,595	538,595	638,700	638,700
Capital Outlay	269,128	180,662	180,662	575,675	575,675	175,200	175,200
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 8,546,687	\$ 10,079,873	\$ 9,985,060	\$ 9,251,261	\$ 8,888,204	\$ 9,248,974	\$ 8,871,038
Aid to Local Units	184,717,215	191,589,666	192,610,747	186,111,764	187,149,594	186,548,954	187,586,785
Other Assistance	21,861,556	37,220,108	37,220,108	23,239,921	23,239,921	22,798,796	22,798,796
Capital Improvements	0	0	0	0	0	0	0
Reportable Expenditures	\$ 215,125,458	\$ 238,889,647	\$ 239,815,915	\$ 218,602,946	\$ 219,277,719	\$ 218,596,724	\$ 219,256,619
Non-reportable Exp.	3,200,152	8,105,297	8,105,297	1,588,442	1,588,442	4,342,242	4,342,242
TOTAL	<u>\$ 218,325,610</u>	<u>\$ 246,994,944</u>	<u>\$ 247,921,212</u>	<u>\$ 220,191,388</u>	<u>\$ 220,866,161</u>	<u>\$ 222,938,966</u>	<u>\$ 223,598,861</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	215,125,458	238,889,647	239,815,915	218,602,946	219,277,719	218,596,724	219,256,619
Reportable Expenditures	\$ 215,125,458	\$ 238,889,647	\$ 239,815,915	\$ 218,602,946	\$ 219,277,719	\$ 218,596,724	\$ 219,256,619
Non-reportable Exp.	3,200,152	8,105,297	8,105,297	1,588,442	1,588,442	4,342,242	4,342,242
TOTAL	<u>\$ 218,325,610</u>	<u>\$ 246,994,944</u>	<u>\$ 247,921,212</u>	<u>\$ 220,191,388</u>	<u>\$ 220,866,161</u>	<u>\$ 222,938,966</u>	<u>\$ 223,598,861</u>
FTE Positions	31.0	26.0	26.0	26.0	26.0	26.0	26.0
Non-FTE Uncl. Perm. Pos.	20.0	25.0	25.0	25.0	25.0	25.0	25.0
TOTAL	<u style="text-align: center;">51.0</u>	<u style="text-align: center;">51.0</u>	<u style="text-align: center;">51.0</u>	<u style="text-align: center;">51.0</u>	<u style="text-align: center;">51.0</u>	<u style="text-align: center;">51.0</u>	<u style="text-align: center;">51.0</u>

The **agency** requests FY 2016 operating expenditures totaling \$218.6 million, all from special revenue funds, for the Local Support program. This is an all funds decrease of \$20.3 million, or 8.5 percent, below the FY 2015 revised estimate. This decrease occurs within other assistance (\$14.0 million), aid to locals (\$5.5 million), contractual services (\$1.3 million) and commodities (\$538,595), partially offset by lesser increases in capital outlay (\$395,013) and salaries and wages (\$161,043).

- **Salaries and Wages.** The agency requests expenditures of \$3.7 million, all from special revenue funds, to fund 26.0 FTE and 25.0 non-FTE positions for FY 2016. The request is an all funds increase of \$161,043, or 4.5 percent, above the FY 2015 revised estimate. Increases from the FY 2015 revised estimate primarily include: unclassified temporary pay (\$185,070), and employer contributions to public employee retirement (\$45,642). These increases are partially offset by decreases in classified regular pay (\$64,967) and unclassified regular pay (\$10,000).
- **Contractual Services.** The agency requests expenditures of \$4.4 million, all from special revenue funds, for FY 2016. This request is a decrease of \$1.3 million, or 22.6 percent, below the FY 2015 revised estimate. Decreases from the FY 2015 revised estimate include: other professional fees (\$1.6 million), repair and service building ground (\$330,000), partially offset by increases to computer software maintenance service (\$632,000, and outsourced program administration (\$77,629).

- **Commodities.** The agency requests expenditures of \$538,595, all from special revenue funds, for FY 2016. This request is a decrease of \$92,463, or 14.7 percent, below the FY 2015 revised estimate. The primary decrease from the FY 2015 revised estimate are in the category of other supplies and materials (\$93,228).
- **Capital Outlay.** The agency requests expenditures of \$575,675, all from special revenue funds, for FY 2016. This request is an increase of \$395,013, or 218.6 percent, above the FY 2015 revised estimate. The primary increase from the FY 2015 revised estimate are in the category of software (\$402,150), partially offset by decreases to microcomputer equipment (\$5,137) and professional and scientific equipment (\$3,000).
- **Aid to Local Units.** The agency requests expenditures of \$186.1 million, all from special revenue funds, for expenditures for Special City and County Highway Aid (\$145.4 million), State Aid (\$36.0 million), and Federal Aid (\$4.7 million) for FY 2016. The primary decreases from FY 2015 are in estimated State's Aid (\$5.5 million), followed by Federal Aid (\$685,000).
- **Other Assistance.** The agency requests \$23.2 million, all from special revenue funds, for expenditures for State assistance (\$5.0 million), and Federal assistance (\$18.2 million) for FY 2016.

- **Non-reportable expenditures.** Non-reportable expenditures total \$1.6 million, which include payments for the Rail Loan program and transfers to other state agencies for safety programs.

The **Governor** recommends FY 2016 operating expenditures totaling \$219.3 million, all from special revenue funds, for the Local Support program. This is an increase of \$674,773, or 0.3 percent, above the agency's FY 2016 request. The difference from the agency's FY 2016 request is due to the following recommended adjustments.

- A reduction of \$32,386 to reduce employer contributions for state employee health insurance.
- \$330,671 in budget reductions.
- An increase of \$1,037,830 to FY 2016 Special City and County Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

The **agency** requests FY 2017 operating expenditures totaling \$218.6 million, all from special revenue funds, for the Local Support program. This is an all funds decrease of \$6,222, or less than 0.1 percent, below the FY 2016 request. This decrease occurs in capital outlay (\$400,475) and other assistance (\$441,125), partially offset by increases in salaries and wages (\$172,123), contractual services (\$125,960), commodities (\$100,105) and aid to local units (\$437,190).

- **Salaries and Wages.** The agency requests expenditures of \$3.9 million, all from special revenue funds, to fund 26.0 FTE and 25.0 non-FTE positions for FY 2017. The request is an all

funds increase of \$172,123, or 4.6 percent, above the FY 2016 request. Increases from the FY 2016 request include: unclassified temporary pay (\$54,330), employer contributions to public employee retirement (\$46,863), classified regular pay (\$46,756), medicare (\$7,807), and group health and hospitalization (\$7,631).

- **Contractual Services.** The agency requests expenditures of \$4.6 million, all from special revenue funds, for FY 2017. This request is an increase of \$125,960, or 2.8 percent, above the FY 2016 request. Increases from the FY 2016 request include: advertising and marketing (\$123,928), and in-state meals and lodging (\$1,532).
- **Commodities.** The agency requests expenditures of \$638,700, all from special revenue funds, for FY 2017. This request is an increase of \$100,105, or 18.6 percent, above the FY 2016 request. This increase from the FY 2016 request is primarily in the category of other supplies and materials (\$100,016).
- **Capital Outlay.** The agency requests expenditures of \$175,200, all from special revenue funds, for FY 2017. This request is a decrease of \$400,475, or 69.6 percent, below the FY 2016 request. The primary decrease from the FY 2016 request are in the category of software (\$402,675), partially offset by an increase in microcomputer equipment (\$2,200).
- **Aid to Local Units.** The agency requests expenditures of \$186.5 million, all from special revenue funds, for expenditures for Special City

and County Highway Aid (\$145.9 million), State Aid (\$36.0 million), and Federal Aid (\$4.7 million) for FY 2017.

- **Other Assistance.** The agency requests \$22.8 million, all from special revenue funds, for expenditures for State assistance (\$2.2 million), and Federal assistance (\$20.6 million) for FY 2017.
- **Non-reportable expenditures.** The agency requests expenditures of \$4.3 million, which include payments for the Rail Loan program and transfers to other state agencies for safety programs.

C. Maintenance

The Maintenance program contains all regular highway and bridge maintenance functions performed by the state. Regular maintenance activities are designed to preserve, repair, and restore the roadway system to its designed or accepted standards. System elements include travel-way surfaces, shoulders, roadsides, drainage facilities, bridges, signs, and markings. Also included are such traffic services as lighting and signal operation, snow and ice removal, and operation of roadside rest areas.

Maintenance activities are undertaken to offset the effects of deterioration, damage, and vandalism. Deterioration includes the effects of aging, weather, material fatigue, and design and construction weaknesses. Activities also include repair of buildings and equipment essential to perform maintenance activities.

Funds are also provided to cities to assist in maintenance of routes designated as highway connecting links. Costs for

The **Governor** recommends FY 2017 operating expenditures totaling \$219.3 million, all from special revenue funds, for the Local Support program. This is an increase of \$659,895, or 0.3 percent, above the agency's FY 2017 request. The difference from the agency's FY 2017 request is due to the following recommended adjustments.

- A reduction of \$33,034 to reduce employer contributions for state employee health insurance.
- \$344,902 in budget reductions, partially offset by an increase of \$1,037,831 to FY 2017 Special City and County Highway Fund revenues estimated by the November 2014 Highway Consensus Revenue Estimating group.

maintenance of these links are apportioned between KDOT and the city as determined by agreement. KDOT reimburses cities and counties at the rate of \$3,000 per lane-mile for links maintained.

In addition, funds are available for substantial maintenance on city connecting links, costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. When cities enter into an agreement for the city connecting links to be maintained by the state, KDOT then become responsible for all maintenance on the connecting link. Agency leasing expenditures are included as non-reportable expenditures while federal funds for the program are included as reportable expenditures. To achieve these goals, the local support program is comprised of the following subprograms: Regular Maintenance, and Communications System - On Budget.

MAINTENANCE
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 64,667,962	\$ 70,678,737	\$ 68,886,690	\$ 69,591,184	\$ 62,380,847	\$ 72,586,855	\$ 65,186,870
Contractual Services	19,079,333	19,193,257	19,193,257	19,384,422	19,384,422	19,624,819	19,624,819
Commodities	37,930,286	37,530,229	37,530,229	38,523,295	38,523,295	39,680,947	39,680,947
Capital Outlay	14,048,513	10,285,420	10,285,420	11,205,537	11,205,537	11,345,058	11,345,058
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 135,726,094	\$ 137,687,643	\$ 135,895,596	\$ 138,704,438	\$ 131,494,101	\$ 143,237,679	\$ 135,837,694
Aid to Local Units	2,612,641	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000
Other Assistance	0	0	0	0	0	0	0
Capital Improvements	115	0	0	0	0	0	0
Reportable Expenditures	\$ 138,338,850	\$ 141,047,643	\$ 139,255,596	\$ 142,064,438	\$ 134,854,101	\$ 146,597,679	\$ 139,197,694
Non-reportable Exp.	2,342,211	2,305,161	2,305,161	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL	<u>\$ 140,681,061</u>	<u>\$ 143,352,804</u>	<u>\$ 141,560,757</u>	<u>\$ 144,064,438</u>	<u>\$ 136,854,101</u>	<u>\$ 148,597,679</u>	<u>\$ 141,197,694</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	138,338,735	141,047,643	139,255,596	142,064,438	134,854,101	146,597,679	139,197,694
Reportable Expenditures	\$ 138,338,850	\$ 141,047,643	\$ 139,255,596	\$ 142,064,438	\$ 134,854,101	\$ 146,597,679	\$ 139,197,694
Non-reportable Exp.	2,342,211	2,305,161	2,305,161	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL	<u>\$ 140,681,061</u>	<u>\$ 143,352,804</u>	<u>\$ 141,560,757</u>	<u>\$ 144,064,438</u>	<u>\$ 136,854,101</u>	<u>\$ 148,597,679</u>	<u>\$ 141,197,694</u>
FTE Positions	1,258.0	1,230.0	1,230.0	1,230.0	1,230.0	1,230.0	1,230.0
Non-FTE Uncl. Perm. Pos.	152.0	180.0	180.0	180.0	180.0	180.0	180.0
TOTAL	<u>1,410.0</u>	<u>1,410.0</u>	<u>1,410.0</u>	<u>1,410.0</u>	<u>1,410.0</u>	<u>1,410.0</u>	<u>1,410.0</u>

The **agency** requests FY 2016 operating expenditures totaling \$142.1 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$1.0 million, or 0.7 percent, above the FY 2015 revised estimate. This increase occurs within commodities (\$993,066), capital outlay (\$920,117), and contractual services (\$191,165), partially offset by a decrease in salaries and wages (\$1.1 million).

- **Salaries and Wages.** The agency requests expenditures of \$69.6 million, all from special revenue funds, to fund 1,230.0 FTE and 180.0 non-FTE positions for FY 2016. The request is an all funds decrease of \$1.1 million, or 1.5 percent, below the FY 2015 revised estimate. Decreases from the FY 2015 revised estimate primarily include: classified regular pay (\$1.4 million), group health and hospitalization (\$528,516), unclassified regular pay (\$301,000), and classified overtime pay (\$121,903). These decreases are partially offset by increases in unclassified temporary pay (\$824,624) and employer contributions to public employee retirement (\$507,051).
- **Contractual Services.** The agency requests expenditures of \$19.4 million, all from special revenue funds, for FY 2016. This request is an increase of \$191,165, or 1.0 percent, above the FY 2015 revised estimate. Increases from the FY 2015 revised estimate include: other fees (\$240,516), and electricity (\$178,894). These increases are partially offset by decreases to surety bond and insurance premiums (\$306,562), and computer software maintenance services (\$195,673).

- **Commodities.** The agency requests expenditures of \$38.5 million, all from special revenue funds, for FY 2016. This request is an increase of \$993,066, or 2.6 percent, above the FY 2015 revised estimate. The primary increases from the FY 2015 revised estimate are in the categories of highway glass beads (\$990,892), gasohol (\$878,739), professional scientific supply (\$592,956), highway signs (\$538,746), gasoline federal excise tax (\$397,305), and highway iron (\$308,900). These increases are partially offset by decreases which include: highway asphalt concrete (\$981,437), gasoline (\$586,843), other vehicle parts and supplies (\$544,794), diesel fuel (\$506,408), and highway rock salt (\$174,100).
- **Capital Outlay.** The agency requests expenditures of \$11.2 million, all from special revenue funds, for FY 2016. This request is an increase of \$920,117, or 8.9 percent, above the FY 2015 revised estimate. The primary increases from the FY 2015 revised estimate are in the categories of radio equipment fixed (\$978,000), trucks (\$575,079), shop and plant maintenance equipment (\$170,804), partially offset by decreases to radio equipment portable (\$515,000), self propelled equipment (\$195,764), and telecommunications transmission equipment (\$125,000).
- **Aid to Local Units.** The agency requests expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance for FY 2016.

- **Non-reportable expenditures.** Non-reportable expenditures total \$2.0 million for FY 2016, and are for inter-agency transfers, including motor fuel sales and radio purchases.

The **Governor** recommends FY 2016 operating expenditures totaling \$134.9 million, all from special revenue funds, for the Maintenance program. This is a decrease of \$7.2 million, or 5.1 percent, below the agency's FY 2016 request. The difference from the agency's FY 2016 request is due to the following recommended adjustments.

- A reduction of \$908,567 to reduce employer contributions for state employee health insurance.
- \$6.3 million in budget reductions.

The **agency** requests FY 2017 operating expenditures totaling \$146.6 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$4.5 million, or 3.2 percent, above the FY 2016 request. This increase occurs in salaries and wages (\$3.0 million, or 4.3 percent) and commodities (\$1.2 million, 3.0 percent).

- **Salaries and Wages.** The agency requests expenditures of \$72.6 million, all from special revenue funds, to fund 1,230.0 FTE and 180.0 non-FTE positions for FY 2017. The request is an all funds increase of \$3.0 million, or 4.3 percent, above the FY 2016 request. Increases from the FY 2016 request include: classified regular pay (\$1.34 million), employer contributions to public employee retirement (\$813,320), unclassified temporary pay (\$322,928), group health and

hospitalization (\$214,037), and medicare (\$131,591).

- **Contractual Services.** The agency requests expenditures of \$19.6 million, all from special revenue funds, for FY 2017. This request is an increase of \$240,397, or 1.2 percent, above the FY 2016 request. Increases from the FY 2016 request include: electricity (\$54,952), repair and service weed spraying (\$39,324), other professional fees (\$39,166), repair and service building ground (\$27,872), other contractual services (\$25,001), surety bond and insurance premiums (\$22,844) natural gas (\$21,011), equipment rental (\$14,328), self propeller repair (\$11,200), and repair of traffic lightening (\$10,310). These increases are partially offset by a decrease in other fees (\$65,219).
- **Commodities.** The agency requests expenditures of \$39.7 million, all from special revenue funds, for FY 2017. This request is an increase of \$1.2 million, or 3.0 percent, above the FY 2016 request. This increase from the FY 2016 request comes primarily in the categories of highway rock salt (\$197,978), highway aggregates (\$177,207), highway asphaltic concrete (\$165,457), among other materials, parts, supplies, and fuels increases (\$617,011).
- **Capital Outlay.** The agency requests expenditures of \$11.3 million, all from special revenue funds, for FY 2017. This request is an increase of \$139,521, or 1.2 percent, above the FY 2016 request. The primary increases from the FY 2016 request are in the categories of radio

equipment portable (\$124,000), internal equipment sales (\$118,800), partially offset by a decrease to radio equipment fixed (\$120,000).

- **Aid to Local Units.** The agency requests expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance for FY 2017.
- **Non-reportable expenditures.** Non-reportable expenditures total \$2.0 million for FY 2017, and are for inter-agency transfers, including motor fuel sales and radio purchases.

D. Construction

The Construction program includes functions and activities associated with constructing new highways and performing major renovations of existing state highways and facilities. The program is divided into seven subprograms: Debt Service, Design/Right of Way, Construction Inspection, State Projects, Buildings, Local Construction, and Preservation. Program activities include right-of-way purchase, design, construction supervision, materials testing, facilities construction and remodeling, debt service, and federal aid to local governments. Also included within this program are construction related transfers.

Highway construction projects are classified as Preservation, Modernization, and Expansion/Enhancement.

Preservation. This program includes maintenance activities completed by contract staff with selection based on statewide

The **Governor** recommends FY 2017 operating expenditures totaling \$139.2 million, all from special revenue funds, for the Maintenance program. This is a decrease of \$7.4 million, or 5.0 percent, below the agency's FY 2017 request. The difference from the agency's FY 2017 request is due to the following recommended adjustments.

- A reduction of \$529,324 to reduce employer contributions for state employee health insurance.
- \$6.5 million in budget reductions.

need, and includes the Priority Bridge program, which replaces or rehabilitates substandard bridges.

Modernization. The projects in this program are designed to improve the safety, and service of the existing roadway system by bringing it up to current design standards. Projects include widening or adding shoulders, flattening hills or removing curves in a road.

Expansion/Enhancement. This program is designed to improve safety, relieve congestion, improve access and enhance economic development. This includes corridor improvements, bypass construction, and interchange/separation improvements. The projects must be on the State Highway System or a logical addition to the State Highway System.

CONSTRUCTION
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 49,478,738	\$ 54,453,120	\$ 47,891,739	\$ 53,122,533	\$ 48,004,198	\$ 55,444,789	\$ 50,131,639
Contractual Services	127,804,461	74,257,013	74,257,013	69,645,461	69,645,461	60,446,472	60,446,472
Commodities	2,168,242	1,551,419	1,551,419	1,423,950	1,423,950	1,457,678	1,457,678
Capital Outlay	804,583	1,621,079	1,621,079	1,433,933	1,433,933	1,562,367	1,562,367
Debt Service	<u>60,417,707</u>	<u>78,010,845</u>	<u>78,010,845</u>	<u>77,366,204</u>	<u>82,366,204</u>	<u>73,288,790</u>	<u>83,288,790</u>
Subtotal - Operations	\$ 240,673,731	\$ 209,893,476	\$ 203,332,095	\$ 202,992,081	\$ 202,873,746	\$ 192,200,096	\$ 196,886,946
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
Capital Improvements	<u>1,020,990,976</u>	<u>745,203,260</u>	<u>694,203,260</u>	<u>987,576,574</u>	<u>489,818,042</u>	<u>965,063,516</u>	<u>923,363,073</u>
Reportable Expenditures	\$ 1,261,664,707	\$ 955,096,736	\$ 897,535,355	\$ 1,190,568,655	\$ 692,691,788	\$ 1,157,263,612	\$ 1,120,250,019
Non-reportable Exp.	<u>334,113,513</u>	<u>486,524,528</u>	<u>486,524,528</u>	<u>182,843,413</u>	<u>442,487,318</u>	<u>161,860,599</u>	<u>172,647,516</u>
TOTAL	<u>\$ 1,595,778,220</u>	<u>\$ 1,441,621,264</u>	<u>\$ 1,384,059,883</u>	<u>\$ 1,373,412,068</u>	<u>\$ 1,135,179,106</u>	<u>\$ 1,319,124,211</u>	<u>\$ 1,292,897,535</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>1,261,664,592</u>	<u>955,096,736</u>	<u>897,535,355</u>	<u>1,190,568,655</u>	<u>692,691,788</u>	<u>1,157,263,612</u>	<u>1,120,250,019</u>
Reportable Expenditures	\$ 1,261,664,592	\$ 955,096,736	\$ 897,535,355	\$ 1,190,568,655	\$ 692,691,788	\$ 1,157,263,612	\$ 1,120,250,019
Non-reportable Exp.	<u>334,113,513</u>	<u>486,524,528</u>	<u>486,524,528</u>	<u>182,843,413</u>	<u>442,487,318</u>	<u>161,860,599</u>	<u>172,647,516</u>
TOTAL	<u>\$ 1,595,778,105</u>	<u>\$ 1,441,621,264</u>	<u>\$ 1,384,059,883</u>	<u>\$ 1,373,412,068</u>	<u>\$ 1,135,179,106</u>	<u>\$ 1,319,124,211</u>	<u>\$ 1,292,897,535</u>
FTE Positions	709.0	660.5	660.5	660.5	660.5	660.5	660.5
Non-FTE Uncl. Perm. Pos.	111.0	153.0	153.0	153.0	153.0	153.0	153.0
TOTAL	<u>820.0</u>	<u>813.5</u>	<u>813.5</u>	<u>813.5</u>	<u>813.5</u>	<u>813.5</u>	<u>813.5</u>

The **agency** requests FY 2016 operating expenditures totaling \$1.19 billion, all from special revenue funds, for the Construction program. This is an all funds increase of \$235.5 million, or 24.7 percent, above the FY 2015 revised estimate. This increase primarily occurs within capital improvements (\$242.4 million), partially offset by decreases in salaries and wages (\$1.3 million) and contractual services (\$4.6 million).

- **Salaries and Wages.** The agency requests expenditures of \$53.1 million, all from special revenue funds, to fund 660.5 FTE and 153.0 non-FTE positions for FY 2016. The request is an all funds decrease of \$1.3 million, or 2.4 percent, below the FY 2015 revised estimate. Decreases from the FY 2015 revised estimate primarily include: classified regular pay (\$2.3 million), group health and hospitalization (\$525,997), classified overtime pay (\$188,800), and unclassified regular pay (\$173,000). These decreases are partially offset by increases in unclassified temporary pay (\$1.5 million), employer contributions to public employee retirement (\$325,966), and classified temporary pay (\$105,767).
- **Contractual Services.** The agency requests expenditures of \$69.6 million, all from special revenue funds, for FY 2016. This request is a decrease of \$4.6 million, or 3.9 percent, below the FY 2015 revised estimate. Decreases from the FY 2015 revised estimate primarily include: other professional fees (\$3.2 million), architects and engineers (\$1.0 million), and self prop repair other (\$300,280).

- **Commodities.** The agency requests expenditures of \$1.4 million, all from special revenue funds, for FY 2016. This request is a decrease of \$127,469, or 8.2 percent, below the FY 2015 revised estimate. The primary decreases from the FY 2015 revised estimate are in the categories of highway signs (\$170,000), and gasoline (\$21,455). These decreases are partially offset by increases which include: professional scientific supply other (\$54,896), and data processing supplies (\$8,355).
- **Capital Outlay.** The agency requests expenditures of \$1.4 million, all from special revenue funds, for FY 2016. This request is a decrease of \$187,146, or 11.5 percent, below the FY 2015 revised estimate. The primary decreases from the FY 2015 revised estimate are in the categories of trucks (\$287,075), and road/microcomputer/equipment/software (\$36,750). These decreases are primarily offset by increases to professional and scientific equipment (\$122,043), and self propelled equipment (\$27,275).
- **Capital Improvements.** The agency requests expenditures of \$987.6 million, all from special revenue funds, for FY 2016. This request is an increase of \$242.4 million, or 32.5 percent, above the FY 2015 revised estimate. This increase is primarily related to the shift of project expenditures between years.
- **Non-reportable expenditures.** The agency requests \$182.8 million, all from special revenue

funds, for interfund transfers (\$181.8 million), and traffic control expenditures for the Highway Patrol (\$1.0 million) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures totaling \$692.7 million, all from special revenue funds, for the Construction program. This is a decrease of \$497.9 million, or 41.8 percent, below the agency's FY 2016 request. The difference from the agency's FY 2016 request is due to the following recommended adjustments.

- A reduction of \$518,932 to reduce employer contributions for state employee health insurance.
- \$500.6 million in budget reductions.
- \$1.8 million less in buildings expenditures, partially offset by an increase of \$5.0 million to debt service interest expenditures related to the issuance of \$250.0 million in new debt.

The **agency** requests FY 2017 operating expenditures totaling \$1.16 billion, all from special revenue funds, for the Construction program. This is an all funds decrease of \$33.3 million, or 2.8 percent, below the FY 2016 request. This decrease primarily occurs within capital improvements (\$22.5 million), and contractual services (\$9.2 million). These decreases are partially offset by an increase to salaries and wages (\$2.3 million) and capital outlay (\$128,434).

- **Salaries and Wages.** The agency requests expenditures of \$55.4 million, all from special revenue funds, to fund 660.5 FTE and 153.0 non-FTE positions for FY 2017. The request is an all

funds increase of \$2.3 million, or 4.4 percent, above the FY 2016 request. Increases from the FY 2016 request primarily include: classified regular pay (\$977,527), public employee retirement (\$640,330), unclassified temporary pay (\$340,594), group health and hospitalization (\$122,258), and medicare expenditures (\$104,758).

- **Contractual Services.** The agency requests expenditures of \$60.4 million, all from special revenue funds, for FY 2017. This request is a decrease of \$9.2 million, or 13.2 percent, below the FY 2016 request. The primary decrease from the FY 2016 request includes: architects and engineers (\$9.5 million). This decrease is partially offset by increases in computer software rental (\$189,000), and professional and other fees (\$59,004).
- **Commodities.** The agency requests expenditures of \$1.5 million, all from special revenue funds, for FY 2017. This request is an increase of \$33,728, or 2.4 percent, above the FY 2016 request. This increase from the FY 2016 request comes primarily in the categories of professional and scientific supplies (\$13,340), gasoline (\$8,225), and materials/tools/parts (\$13,163).
- **Capital Outlay.** The agency requests expenditures of \$1.6 million, all from special revenue funds, for FY 2017. This request is an increase of \$128,434, or 9.0 percent, above the FY 2016 request. The primary increases from the FY 2016 request are in the categories of

professional and scientific equipment (\$203,310) and materials/software (\$10,750), partially offset by decreases to microcomputer equipment (\$45,555) and professional and scientific equip non-capital (\$34,271).

- **Capital Improvements.** The agency requests expenditures of \$965.1 million, all from special revenue funds, for FY 2017. This request is a decrease of \$22.5 million, or 2.3 percent, below the FY 2016 request. This decrease is primarily related to the best estimate for current and expected future project lettings.
- **Non-reportable expenditures.** The agency requests \$161.9 million, all from special revenue funds, for interfund transfers (\$160.9 million), and traffic control expenditures for the Highway Patrol (\$1.0 million) for FY 2017.

E. Debt Service

This section details principal, interest, and administrative costs related to bond debt for the Kansas Department of Transportation. These expenditures are included within the

The **Governor** recommends FY 2017 operating expenditures totaling \$1.1 billion, all from special revenue funds, for the Construction program. This is a decrease of \$37.0 million, or 3.3 percent, below the agency's FY 2017 request. The difference from the agency's FY 2017 request is due to the following recommended adjustments.

- A reduction of \$529,324 to reduce employer contributions for state employee health insurance.
- \$44.8 million in budget reductions.
- \$1.7 million less in buildings expenditures, partially offset by 4) an increase of \$10.0 million to debt service interest expenditures related to the issuance of new debt.

Construction program. The agency's budget request notes that as of July 2014, bond issuance for T-WORKS totals \$775.0 million.

**DEBT SERVICE
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Debt Service Interest	\$ 60,417,707	\$ 78,010,845	\$ 78,010,845	\$ 77,366,204	\$ 82,366,204	\$ 73,288,790	\$ 83,288,790
Debt Service Principal	103,310,000	113,405,000	113,405,000	102,670,000	102,670,000	107,310,000	107,310,000
Administrative Costs	3,011,839	2,711,859	2,711,859	919,000	919,000	919,000	919,000
TOTAL	<u>\$ 166,739,546</u>	<u>\$ 194,127,704</u>	<u>\$ 194,127,704</u>	<u>\$ 180,955,204</u>	<u>\$ 185,955,204</u>	<u>\$ 181,517,790</u>	<u>\$ 191,517,790</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	166,739,546	194,127,704	194,127,704	180,955,204	185,955,204	181,517,790	191,517,790
TOTAL	<u>\$ 166,739,546</u>	<u>\$ 194,127,704</u>	<u>\$ 194,127,704</u>	<u>\$ 180,955,204</u>	<u>\$ 185,955,204</u>	<u>\$ 181,517,790</u>	<u>\$ 191,517,790</u>

The **agency** requests debt service expenditures totaling \$181.0 million, all from special revenue funds, for FY 2016.

The **Governor** recommends debt service expenditures totaling \$186.0 million, all from special revenue funds, for FY 2016. This is an increase of \$5.0 million, or 2.8 percent, above the amount requested by the agency. As part of the Governor's allotment plan, which included transfers, the agency issued \$250 million in bonds to prevent cash flow issues. This increases the estimated debt service interest payment for FY 2016.

The **agency** requests debt service expenditures totaling \$181.5 million, all from special revenue funds, for FY 2017.

The **Governor** recommends debt service expenditures totaling \$191.5 million, all from special revenue funds, for FY 2017. This is an increase of \$10.0 million, or 5.5 percent, above the amount requested by the agency. As part of the Governor's allotment plan, which included transfers, the agency issued \$250 million in bonds to prevent cash flow issues.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS - BUILDING PROJECTS						
	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 2,914,154	\$ 2,914,154	\$ 2,832,239	\$ 2,832,239	\$ 2,911,647	\$ 2,911,647
Re-roof Buildings - Various Locations	762,634	762,634	563,684	563,684	532,570	532,570
Subarea Modernization - Various Locations	2,545,750	2,545,750	2,228,054	2,228,054	2,290,522	2,290,522
Purchase Land - Various Locations	206,896	206,896	60,000	0	105,000	0
Relocate Subareas	1,247,215	1,247,215	1,367,516	0	1,595,443	0
Remote Chemical Storage Bunkers	104,285	104,285	0	0	0	0
Vehicle Wash Bays	0	0	331,016	0	0	0
TOTAL	\$ 7,780,934	\$ 7,780,934	\$ 7,382,509	\$ 5,623,977	\$ 7,435,182	\$ 5,734,739
Financing:						
State Highway Fund	\$ 7,780,934	\$ 7,780,934	\$ 7,382,509	\$ 5,623,977	\$ 7,435,182	\$ 5,734,739
All Other Funds	0	0	0	0	0	0
TOTAL	\$ 7,780,934	\$ 7,780,934	\$ 7,382,509	\$ 5,623,977	\$ 7,435,182	\$ 5,734,739

Current Year Agency Estimate

FY 2015 – Current Year. The agency's FY 2015 revised estimate includes buildings expenditures totaling \$7.8 million, all from the State Highway Fund. This is an increase of \$925,247, or 13.5 percent, above the amount approved by the FY 2014 Legislature. The request includes \$4.9 million for projects and \$2.9 million for rehabilitation and repair. The agency states that

this increase is due to a reappropriation of the same amount for projects that were delayed from the previous fiscal year. The agency notes that they utilize the state architect and staff, and that priority for projects is given to those projects funded with State General Fund, and are subject to lapsing. Additionally, the agency notes that zoning and regulations can affect the

progress of a project. The agency's FY 2015 revised estimate includes estimated re-roofing expenditures for ten locations, subarea bay modernizations for four locations, and land

purchases totaling \$206,896, all from the State Highway Fund, for the acquisition of land to relocate a subarea in Lawrence.

Current Year Governor Recommendation

The **Governor** concurs with the agency's revised estimate for FY 2015.

Budget Year Agency Request

FY 2016 – Budget Year. The agency's FY 2016 request includes buildings expenditures totaling \$7.4 million, all from the State Highway Fund. This is a decrease of \$398,425, or 5.1 percent, below the FY 2015 revised estimate. The request includes \$4.6 million for projects and \$2.8 million for rehabilitation and repair. The agency's FY 2016 request includes estimated re-roofing expenditures for eleven locations, subarea

bay modernizations for three locations, and land purchases totaling \$60,000, all from the State Highway Fund. The agency's 5-year plan notes that the agency is looking to expand land ownership at two existing sites which include: Independence and Syracuse. These expansions are estimated at a cost of \$30,000 per site.

Budget Year Governor Recommendation

The **Governor** recommends buildings expenditures totaling \$5.6 million, all from the State Highway Fund, for FY 2016. This is a decrease of \$1.8 million, or 23.8 percent, below the agency's FY 2016 request. The reduction from the agency's

request is due to the Governor not recommending funding for the following requests: 1) land purchases (\$60,000), 2) to relocate subareas (\$1,367,516), and 3) for vehicle wash bays (\$331,016).

Budget Year Agency Request

FY 2017 – Budget Year. The agency's FY 2017 request includes buildings expenditures totaling \$7.4 million, all from the State Highway Fund. This is an increase of \$52,673, or 1.0 percent, above the FY 2016 request. The request includes \$4.5 million for projects and \$2.9 million for rehabilitation and repair. The agency's FY 2017 request includes estimated re-roofing expenditures for seven locations, subarea bay modernizations

for three locations, and land purchases totaling \$105,000, all from the State Highway Fund. The agency's 5-year plan notes that the agency is looking to expand land ownership at four existing sites which include: Garnett, Sublette, Iola, and Salina, as well as purchase land for the relocation of a subarea in Kinsley.

Budget Year Governor Recommendation

The **Governor** recommends buildings expenditures totaling \$5.7 million, all from the State Highway Fund, for FY 2017. This is a decrease of \$1.7 million, or 22.9 percent, below the agency's FY 2017 request. The reduction from the agency's

request is due to the Governor not recommending funding for the following requests: 1) land purchases (\$105,000), and 2) to relocate subareas (\$1,595,443).

State Funding Sources

The Kansas Department of Transportation receives revenue into the State Highway Fund from a number of sources. Three notable state sources of funding include: motor fuels taxes, the sales tax direct deposit, and vehicle registration fees. A history of revenue generated from these three sources from FY 2000 to FY 2017 estimate are included in the following table.

Motor Fuels Taxes. Motor fuels taxes are generated on a number of fuel types including: Gasoline and Gasohol, Diesel, E-85, Liquefied Petroleum, and other special fuels. The current fuel tax on gasoline is 24.0 cents per gallon, and the current tax on diesel is 26.0 cents per gallon.

Sales and Compensating Use Tax Direct Deposit. With the passage of 2013 House Bill 2059 the sales and compensating use tax, as of July 1, 2013, was increased from 5.7 percent to 6.15 percent; 17.073 percent of this tax is deposited directly into the State Highway Fund.

Vehicle Registration and Licensing Fees. The State Highway Fund receives revenues from vehicle registration and licensing fees on commercial class vehicles and commercial endorsements. These include the following:

- Type A - truck/tractor, trailer/semitrailer, and truck and trailer/semitrailer combinations over 26,000 pounds;
- Type B - trucks that weigh more than 26,000 pounds;
- Type C - trucks weighing 26,000 pounds or less, farm trucks, cars, and passenger vehicles; and
- Type M - for motorcycle licenses.

As part of the enhanced revenues for the T-WORKS program, Heavy Truck Registration increase \$100 in FY 2013, and is estimated to generate \$131.0 million over the life of the program.

**STATE FUNDING SOURCES FY 2000-FY 2017 ESTIMATE
(THOUSANDS)**

Fiscal Year	Motor Fuels Tax	Sales Tax Transfer Received	Revised Sales Tax Direct Deposit*	Vehicle Registration Fees	Totals
2000 Actual	\$ 356,069	\$ 62,240	\$ 88,598	\$ 134,289	\$ 641,196
2001 Actual	356,399	51,709	89,241	132,439	629,788
2002 Actual	371,201	94,288	91,611	132,969	690,069
2003 Actual	408,119	0	89,369	146,306	643,794
2004 Actual	420,353	0	90,137	149,369	659,859
2005 Actual	422,760	0	93,353	154,108	670,221
2006 Actual	424,666	0	98,914	155,834	679,414
2007 Actual	430,547	0	158,393	163,047	751,987
2008 Actual	427,808	0	273,293	162,100	863,201
2009 Actual	417,771	0	268,740	162,655	849,166
CTP TOTAL	\$ 4,035,693	\$ 208,237	\$ 1,341,649	\$ 1,493,116	\$ 7,078,695
2010 Actual	\$ 421,071	\$ 0	\$ 259,445	\$ 166,178	\$ 846,694
2011 Actual	432,730	0	292,641	167,386	892,757
2012 Actual	431,549	0	312,358	166,316	910,223
2013 Actual	411,852	0	319,382	186,962	918,196
2014 Actual	433,806	0	485,458	201,051	1,120,315
2015 Estimate	434,292	0	523,964	208,000	1,166,256
2016 Estimate	435,592	0	545,582	208,000	1,189,174
2017 Estimate	436,892	0	568,228	208,000	1,213,120

The **2013 Legislature** reduced the sales tax to 6.15 percent, effective July 1, 2013. This change in sales tax also led

to a recalculation of the amount that the State Highway Fund receives (17.073 percent), in order to keep them whole.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration and Transportation Planning:					
Percent of bridges on the state highway system with bridge health index of 88 or above	88.0%	87.0%	88.0%	88.0%	88.0%
Percent of roadway miles on the state highway system with desirable levels of service during peak hours of travel	95.0%	95.0%	95.0%	95.0%	95.0%
Percent of non-Interstate miles on the state highway system that are classified as "good" or "acceptable"	84.0%	85.0%	85.0%	84.0%	84.0%
Number of modernization miles programmed	44	90	63	70	69
Number of preservation miles programmed	1,953	1,745	2,359	2,119	2,267
Number of preservation bridges programmed	189	191	150	109	129
Number of public-use airports improved	40	45	25	25	25
Local Support:					
Percent of programmed local road and street projects contracted in the programmed year	125.0%	176.0%	180.0%	190.0%	190.0%
Annual ridership for rural public transportation operations	2,983,000	2,968,108	2,976,207	2,993,419	3,008,990
Average number of days to complete a road safety audit	450	450	450	450	450
Injuries per hundred million vehicle miles	59	52	51	50	49
Number of accidents related to alcohol	2,550	2,543	2,500	2,450	2,400
Maintenance:					
Percent of lane miles of connecting links maintained	71.0%	71.0%	71.0%	71.0%	71.0%
Percent of shoulder miles on the state highway system that are repaired	39.0%	32.0%	32.0%	32.0%	32.0%
Lane miles of state highway system repaired	1,351	1,500	1,500	1,500	1,500
Construction:					
Number of project miles designed	168	148	182	75	76
Number of bridge projects designed	67	46	40	30	20
Number of preservation projects	271	260	276	232	254
Number of preservation miles resurfaced	1,938	1,710	2,350	2,112	2,258
Number of bridges repaired and repainted	120	115	95	58	103