

KANSAS DEPARTMENT OF TRANSPORTATION

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	611,580,217	629,527,432	640,580,759	617,538,062	626,603,350
TOTAL	\$ 611,580,217	\$ 629,527,432	\$ 640,580,759	\$ 617,538,062	\$ 626,603,350
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	544,070,331	590,469,257	490,469,257	1,023,585,507	1,024,178,807
TOTAL	\$ 544,070,331	\$ 590,469,257	\$ 490,469,257	\$ 1,023,585,507	\$ 1,024,178,807
Non-Reportable Expenditures	\$ 860,343,777	\$ 494,439,524	\$ 606,530,157	\$ 179,767,179	\$ 187,829,824
GRAND TOTAL	<u>\$ 2,015,994,325</u>	<u>\$ 1,714,436,213</u>	<u>\$ 1,737,580,173</u>	<u>\$ 1,820,890,748</u>	<u>\$ 1,838,611,981</u>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	0.6	2.9	4.7	(1.9)	(2.2)
FTE Positions	2,139.5	1,899.0	1,899.0	1,899.0	1,899.0
Non-FTE Perm. Uncl. Pos.	598.0	616.6	616.6	616.6	616.6
TOTAL	<u>2,737.5</u>	<u>2,515.6</u>	<u>2,515.6</u>	<u>2,515.6</u>	<u>2,515.6</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 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. Within the **agency's** revised budget submission non-reportable expenditures include: \$860.3 million in FY 2015, \$494.4 million for FY 2016, and \$179.8 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.

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 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; and
- 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).

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.

The **2015 Legislature** approved reductions to preservation projects and lettings of \$51.0 million in FY 2015, \$491.0 million for FY 2016, and \$30.0 million for FY 2017; reductions to agency operations of \$7.8 million in FY 2015, \$13.3 million for FY 2016, and \$13.8 million for FY 2017. These approved reductions helped achieve savings for various transfers including those to the State General Fund as follows: \$158.5 million in FY 2015 as part of 2015 House Sub. for SB 4, and \$129.3 million for FY 2016, and \$130.8 million for FY 2017 as part of 2015 House Sub. for SB 112. 2015 House Sub. for SB 112 also included language suspending the restriction capping bond debt service expenditures to 18% of projected state highway fund revenues for both FY 2016 and FY 2017.

Additional legislation affecting the agency passed during the 2015 Session and effective in FY 2016 includes:

- **2015 HB 2085** removed the sunset on the Kansas Department of Transportation and Kansas Turnpike Authority partnership. Additionally, the legislation designated the Secretary of Transportation as the Director of the Kansas Turnpike Authority. The Secretary had previously been designated the Director of Operations for the Kansas Turnpike Authority;

- **2015 SB 270** made several changes to tax law including raising the state sales tax rate from 6.15 percent to 6.5 percent. The bill requires 16.226 percent in FY 2016 and 16.154 percent beginning July 1, 2016 of state sales tax collections to be deposited in the State Highway Fund. The overall portion of state sales tax receipts directed to the State Highway Fund remains at four-tenths above the Comprehensive Transportation Program level;
- **2015 SB 127** requires the Secretary of Transportation, prior to installing any memorial signs, to have received donations that cover the costs associated with designing and installing the signs plus 50.0 percent to help defray future maintenance costs;
- **2015 HB 2391** provides state agencies the authority to hire and promote individuals into regular unclassified positions; and
- The **2015 Legislature**, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. Transfers in relation to this agency under this authority are detailed within the Governor's Allotment section.

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, FY 2015, and FY 2016. The program is scheduled for elimination for FY 2017.

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.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The *agency's* revised reportable estimate for FY 2016 totals \$1.2 billion, all from special revenue funds, which is an increase of \$115.9 million, or 10.5 percent, above the FY 2016 approved amount. The agency notes that the increase is largely due to ongoing projects that were delayed from FY 2015 into FY 2016. The agency states that this is the 6th 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 or added, projects being pushed forward into FY 2016, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency's originally submitted budget included the issuance of an additional \$300.0 million for the T-WORKS Program in FY 2016.

Changes from the FY 2016 approved budget include the following adjustments:

- \$110.8 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2016;
- \$5.7 million reduction to revise debt service expenditures in FY 2016;
- \$10.1 million in additional special revenue fund receipt expenditures in FY 2016; and
- \$700,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA) in FY 2016.

The FY 2016 revised estimate includes salaries and wages expenditures totaling \$142.6 million, which is no change from the FY 2016 approved amount. Salaries and wages in the FY 2016 revised reportable estimate support 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed and/or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2016 revised estimate 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 estimate.

The **Governor** recommends FY 2016 operating expenditures totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$88.9 million, or 7.3 percent, below the agency's FY 2016 revised estimate. The difference from the agency's FY 2016 revised estimate is due to the following adjustments included within the Governor's Recommendation:

- Adjustments related to the agency's December issuance of \$400.0 million in bonds (\$100.0 million above revised budget submission);
 - A decrease of \$100.0 million, all from the State Highway Fund, to adjust expenditures for the additional amount issued in bonds;
 - An increase of \$10.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in FY 2016; and
- The addition of \$741,687, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group in FY 2016.

The **Governor** announced a FY 2016 transfer of \$2.1 million, from the State Highway Fund to the State General Fund, would be included within a 2016 Rescission Bill to be introduced during the 2016 Session.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 estimate totaling \$1.6 billion, all from special revenue funds, an increase of \$105.1 million, or 6.8 percent, above the FY 2017 approved amount. The agency's FY 2017 budget reflects this being the 7th 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 or added, projects being pushed forward into FY 2017, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects.

Changes from the FY 2017 approved budget include the following adjustments:

- \$101.1 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2017;
- \$595,973 in additional debt service expenditures;
- \$1.1 million in additional special revenue fund receipt expenditures;
- \$900,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA); and
- \$1.4 million, all from the State Highway Fund, to relocate the Concordia Subarea.

The revised FY 2017 request includes 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2017 revised estimate includes Federal and Local Aid reimbursement estimates totaling \$337.3 million. This is an decrease of \$19.0 million, or 5.3 percent, below the FY 2016 revised estimate.

The **Governor** recommends FY 2017 operating expenditures totaling \$1.65 billion, all from special revenue funds, which is a increase of \$9.7 million, or 0.6 percent, above the agency's FY 2017 revised estimate. The difference from the agency's FY 2017 revised estimate is due to the following adjustments included within the Governor's Recommendation:

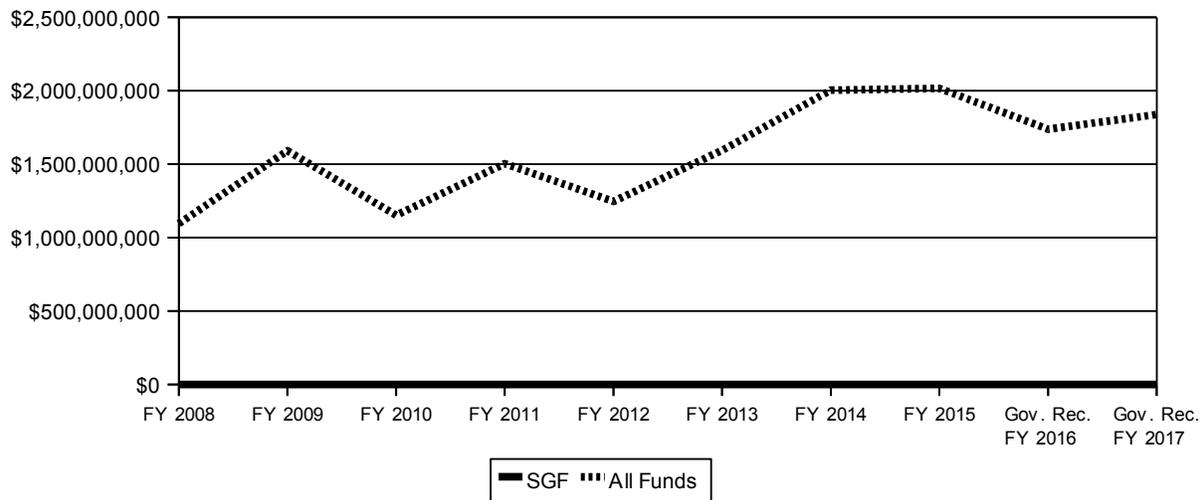
- An increase of \$8.3 million, all from special revenue funds, to reflect additional debt service interest expenditures for FY 2017;
- The addition of \$753,648, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group for FY 2017;
- The addition of \$593,300, all from the State Highway Fund, to the agency's supplemental request to relocate the Concordia Subarea. This amount

incorporates the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017; and

- The transfer of \$25.0 million from the State Highway Fund to the State General Fund as part of: 1) \$10.0 million in projected savings to occur as part of efficiency study recommendations, and 2) \$15.0 million from the leasing of excess bandwidth on KDOT's communications system.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	0	--	2,015,994,325	0.6	2,139.5
2016 Gov. Rec.	0	--	1,737,580,173	(13.8)	1,899.0
2017 Gov. Rec.	0	--	1,838,611,981	5.8	1,899.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 742,767,872	67.8 %	(1,302.5)

Summary of Operating Budget FY 2015 - FY 2017

Kansas Department of Transportation

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate 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	\$ 48,366,595	\$ 57,765,018	\$ 58,059,811	\$ 294,793	0.5 %	\$ 57,765,018	\$ 58,059,811	\$ 294,793	0.5 %
Local Support	228,971,655	236,246,155	225,214,450	(11,031,705)	(4.7)	236,987,842	225,968,098	(11,019,744)	(4.6)
Maintenance	133,942,473	134,946,022	139,595,226	4,649,204	3.4	134,946,022	139,595,226	4,649,204	3.4
Construction	744,369,825	791,039,494	1,218,254,082	427,214,588	54.0	701,351,134	1,227,159,022	525,807,888	75.0
TOTAL - Reportable	\$ 1,155,650,548	\$ 1,219,996,689	\$ 1,641,123,569	\$ 421,126,880	34.5 %	\$ 1,131,050,016	\$ 1,650,782,157	\$ 519,732,141	46.0 %
Administration & Transportation Planning	\$ 3,106,486	\$ 250,500	\$ 250,500	\$ 0	0.0 %	\$ 250,500	\$ 250,500	\$ 0	0.0 %
Local Support	3,506,711	5,149,236	4,269,250	(879,986)	(17.1)	5,149,236	4,269,250	(879,986)	(17.1)
Maintenance	1,940,165	2,000,000	2,000,000	0	0.0	2,000,000	2,000,000	0	0.0
Construction	851,790,415	487,039,788	173,247,429	(313,792,359)	(64.4)	599,130,421	181,310,074	(417,820,347)	(69.7)
TOTAL - Non-Reportable	\$ 860,343,777	\$ 494,439,524	\$ 179,767,179	\$ (314,672,345)	(63.6) %	\$ 606,530,157	\$ 187,829,824	\$ (418,700,333)	(69.0) %
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,820,890,748	\$ 106,454,535	6.2 %	\$ 1,737,580,173	\$ 1,838,611,981	\$ 101,031,808	5.8 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 148,631,115	\$ 142,623,902	\$ 147,705,639	\$ 5,081,737	3.6 %	\$ 142,623,902	\$ 147,705,639	\$ 5,081,737	3.6 %
Contractual Services	115,178,165	121,778,217	106,857,977	(14,920,240)	(12.3)	121,778,217	106,857,977	(14,920,240)	(12.3)
Commodities	36,540,400	41,249,585	42,508,693	1,259,108	3.1	41,249,585	42,508,693	1,259,108	3.1
Capital Outlay	13,112,375	16,017,193	15,858,369	(158,824)	(1.0)	16,017,193	15,858,369	(158,824)	(1.0)
Debt Service	74,142,562	76,428,069	84,145,605	7,717,536	10.1	86,739,709	92,457,245	5,717,536	6.6
Subtotal - Operations	\$ 387,604,617	\$ 398,096,966	\$ 397,076,283	\$ (1,020,683)	(0.3) %	\$ 408,408,606	\$ 405,387,923	\$ (3,020,683)	(0.7) %
Aid to Local Units	203,507,999	203,365,325	195,906,950	(7,458,375)	(3.7)	204,107,012	196,660,598	(7,446,414)	(3.6)
Other Assistance	20,467,601	28,065,141	24,554,829	(3,510,312)	(12.5)	28,065,141	24,554,829	(3,510,312)	(12.5)
Capital Improvements	544,070,331	590,469,257	1,023,585,507	433,116,250	73.4	490,469,257	1,024,178,807	533,709,550	108.8
TOTAL - Reportable	\$ 1,155,650,548	\$ 1,219,996,689	\$ 1,641,123,569	\$ 421,126,880	34.5 %	\$ 1,131,050,016	\$ 1,650,782,157	\$ 519,732,141	46.0 %
TOTAL - Non-Reportable	\$ 860,343,777	\$ 494,439,524	\$ 179,767,179	\$ (314,672,345)	(63.6) %	\$ 606,530,157	\$ 187,829,824	\$ (418,700,333)	(69.0) %
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,820,890,748	\$ 106,454,535	6.2 %	\$ 1,737,580,173	\$ 1,838,611,981	\$ 101,031,808	5.8 %
Financing:									
State Highway Fund	\$ 802,494,079	\$ 858,065,447	\$ 1,279,786,674	\$ 421,721,227	49.1 %	\$ 758,065,447	\$ 1,280,379,974	\$ 522,314,527	68.9 %
All Other	353,156,469	361,931,242	361,336,895	(594,347)	(0.2)	372,984,569	370,402,183	(2,582,386)	(0.7)
TOTAL - Reportable	\$ 1,155,650,548	\$ 1,219,996,689	\$ 1,641,123,569	\$ 421,126,880	34.5 %	\$ 1,131,050,016	\$ 1,650,782,157	\$ 519,732,141	46.0 %
State Highway Fund	\$ 344,779,643	\$ 187,510,188	\$ 173,717,829	\$ (13,792,359)	(7.4) %	\$ 199,600,821	\$ 181,780,474	\$ (17,820,347)	(8.9) %
All Other Funds	515,564,134	306,929,336	6,049,350	(300,879,986)	(98.0)	406,929,336	6,049,350	(400,879,986)	(98.5)
TOTAL - Non-Reportable	\$ 860,343,777	\$ 494,439,524	\$ 179,767,179	\$ (314,672,345)	(63.6) %	\$ 606,530,157	\$ 187,829,824	\$ (418,700,333)	(69.0) %
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,820,890,748	\$ 106,454,535	6.2 %	\$ 1,737,580,173	\$ 1,838,611,981	\$ 101,031,808	5.8 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$1.1 billion, all from Special Revenue Funds, for the Department of Transportation in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- A FY 2016 transfer of \$8.0 million, from the State Highway Fund to the State General Fund, announced July 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135; and
- A FY 2016 transfer of \$47.9 million, from the State Highway Fund to the State General Fund, announced November 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135.

The agency’s budget was submitted after the Governor’s July allotment, but prior to the November allotment, so the agency’s revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State Highway Fund	\$ 747,230,833	\$ 858,065,447	\$ 110,834,614	\$ 758,065,447	\$ 10,834,614
All Other Funds	356,816,145	361,931,242	5,115,097	372,984,569	16,168,424
TOTAL	\$ 1,104,046,978	\$ 1,219,996,689	\$ 115,949,711	\$ 1,131,050,016	\$ 27,003,038
FTE Positions	2,139.5	1,899.0	(240.5)	1,899.0	(240.5)

The **agency’s** revised reportable estimate for FY 2016 totals \$1.2 billion, all from special revenue funds, which is an increase of \$115.9 million, or 10.5 percent, above the FY 2016 approved amount. The agency notes that the increase is largely due to ongoing projects that were delayed from FY 2015 into FY 2016. The agency states that this is the 6th 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 or added, projects being pushed forward into FY 2016, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency’s originally submitted budget included the issuance of an additional \$300.0 million for the T-WORKS Program in FY 2016.

Changes from the FY 2016 approved budget include the following adjustments:

- \$110.8 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2016;
- \$5.7 million reduction to revise debt service expenditures in FY 2016;
- \$10.1 million in additional special revenue fund receipt expenditures in FY 2016; and
- \$700,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA) in FY 2016.

The FY 2016 revised estimate includes salaries and wages expenditures totaling \$142.6 million, which is no change from the FY 2016 approved amount. Salaries and wages in the FY 2016 revised reportable estimate support 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed and/or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2016 revised estimate 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 estimate.

The **Governor** recommends FY 2016 operating expenditures totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$88.9 million, or 7.3 percent, below the agency's FY 2016 revised estimate. The difference from the agency's FY 2016 revised estimate is due to the following adjustments included within the Governor's Recommendation:

- Adjustments related to the agency's December issuance of \$400.0 million in bonds (\$100.0 million above revised budget submission);
 - A decrease of \$100.0 million, all from the State Highway Fund, to adjust expenditures for the additional amount issued in bonds;
 - An increase of \$10.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in FY 2016;
- The addition of \$741,687, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group in FY 2016; and
- In November 2015 the Governor announced an additional FY 2016 transfer of \$2.1 million, from the State Highway Fund to the State General Fund, would be included within a 2016 Rescission Bill to be introduced during the 2016 Session.

Supplemental Detail

Supplementals	FY 2016 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
\$100.0 million Additional Bond Issuance - Debt Service Interest Expenditures	\$ --	\$ --	--	\$ 0	\$ 10,311,640	0.0
Bond Issuance Expenditure Adjustment	--	--	--	0	(100,000,000)	0.0
November 2015 Consensus Revenue Estimating Group	--	--	--	0	741,687	0.0
TOTAL	\$ 0	\$ 0	0.0	\$ 0	\$ (88,946,673)	0.0

The **agency** did not request any supplemental funding in FY 2016.

The **Governor** recommends the following adjustments to the agency's FY 2016 budget:

- **\$100.0 million Additional Bond Issuance — Debt Service Interest Expenditures:** The Governor's Recommendation includes an increase of \$10.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in relation to the agency's December 2015 \$400.0 million bond issuance (\$100.0 million more than was included in the FY 2016 revised estimate);
- **Bond Issuance Expenditure Adjustment:** The Governor's Recommendation includes the reduction of \$100.0 million, all from special revenue funds, in FY 2016 expenditures in order to adjust for the additional issuance; and
- **November 2015 Consensus Revenue Estimating Group:** The addition of \$741,687, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating Group in FY 2016.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital

improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
State Highway Fund Transfer	\$ 0	\$ 0	0.0
November Allotment			
State Highway Fund Transfer	\$ 0	\$ 0	0.0
TOTAL	\$ 0	\$ 0	0.0

- **July 2015:** A FY 2016 transfer of \$8.0 million, from the State Highway Fund to the State General Fund, announced July 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135; and
- **November 2015:** A FY 2016 transfer of \$47.9 million, from the State Highway Fund to the State General Fund, announced November 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135.

B. FY 2017 – Budget Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$1.5 billion, all from Special Revenue Funds, for the Department of Transportation for FY 2017. No adjustments have subsequently been made to that amount.

The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State Highway Fund	\$ 1,176,044,280	\$ 1,279,786,674	\$ 103,742,394	\$ 1,280,379,974	\$ 104,335,694
All Other Funds	359,965,922	361,336,895	1,370,973	370,402,183	10,436,261
TOTAL	<u>\$ 1,536,010,202</u>	<u>\$ 1,641,123,569</u>	<u>\$ 105,113,367</u>	<u>\$ 1,650,782,157</u>	<u>\$ 114,771,955</u>
FTE Positions	2,139.5	1,899.0	(240.5)	1,899.0	(240.5)

The **agency's** reportable FY 2017 revised estimate totals \$1.6 billion, all from special revenue funds, an increase of \$105.1 million, or 6.8 percent, above the FY 2017 approved amount. The agency's FY 2017 budget reflects this being the 7th 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 or added, projects being pushed forward into FY 2017, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects.

Changes from the FY 2017 approved budget include the following adjustments:

- \$101.1 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2017;
- \$595,973 in additional debt service expenditures;
- \$1.1 million in additional special revenue fund receipt expenditures;
- \$900,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA); and
- \$1.4 million, all from the State Highway Fund, to relocate the Concordia Subarea.

The revised FY 2017 request includes 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether

the positions duties could be redistributed or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The FY 2017 revised estimate includes salaries and wages expenditures totaling \$147.7 million, which is no change from the FY 2017 approved amount. Salaries and wages in the FY 2017 revised reportable estimate support 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2017 revised estimate includes Federal and Local Aid reimbursement estimates totaling \$337.3 million. This is an decrease of \$19.0 million, or 5.3 percent, below the FY 2016 revised estimate.

The **Governor** recommends FY 2017 operating expenditures totaling \$1.65 billion, all from special revenue funds, which is a increase of \$9.7 million, or 0.6 percent, below the agency's FY 2017 revised estimate. The difference from the agency's FY 2017 revised estimate is due to the following adjustments included within the Governor's Recommendation:

- Adjustments related to the agency's December 2015 issuance of \$400.0 million in bonds (\$100.0 million above revised budget submission);
 - An increase of \$8.3 million, all from special revenue funds, to reflect additional debt service interest expenditures for FY 2017;
- The addition of \$753,648, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group for FY 2017;
- The addition of \$593,300, all from the State Highway Fund, to the agency's supplemental request to relocate the Concordia Subarea. This amount incorporates the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017; and
- The transfer of \$25.0 million from the State Highway Fund to the State General Fund as part of: 1) \$10.0 million in projected savings to occur as part of efficiency study recommendations, and 2) \$15.0 million from the leasing of excess bandwidth on KDOT's communications system.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Relocate Subarea - Concordia	\$ 0	\$ 1,392,900	0.0	\$ 0	\$ 1,986,200	0.0
Debt Service Interest Expenditures	\$ --	\$ --	--	\$ 0	\$ 8,311,640	0.0
November 2015 Consensus Revenue Estimating Group	--	--	--	0	753,648	0.0
TOTAL	\$ 0	\$ 1,392,900	0.0	\$ 0	\$ 11,051,488	0.0

Relocate Subarea — Concordia: The agency requests \$1.4 million, all from the State Highway Fund, to relocate the Subarea in Concordia, for FY 2017. The agency states that it has already purchased the land for the new facility, and that expenditures would be for construction of the following: a building to house the Concordia subarea crew and the area crew, equipment storage, a wash bay building, a chemical storage dome, and a salt/sand bunker. The agency states that the existing building was built in the 1940's, the land is limited in expansion by surrounding commercial development and being split by 17th Street right-of-way, and that the purchase of adjacent property is financially unreasonable.

The Governor recommends \$2.0 million, all from the State Highway Fund, for the agency's FY 2017 supplemental request to relocate the Concordia Subarea. This would provide an additional \$593,300, all from the State Highway Fund, to the agency's supplemental request and incorporate the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017.

The Governor recommends the following additional adjustments to the agency's FY 2017 budget:

Debt Service Interest Expenditures: The Governor's Recommendation includes an increase of \$8.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in relation to the agency's December 2015 \$400.0 million bond issuance (\$100.0 million more than was included in the FY 2017 revised estimate).

November 2015 Consensus Revenue Estimating Group: The Governor's Recommendation includes the addition of \$753,648, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating Group for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State Highway Fund	78.0 %	77.6 %
Highway Bonds Fund Debt Service	11.7	12.1
Special City and County Highway Fund	8.8	8.8
Coordinated Public Transportation Assistance	0.7	0.7
Rail Service Improvement Fund	0.1	0.1
All Other Funds	0.7	0.7
TOTAL	100.0 %	100.0 %

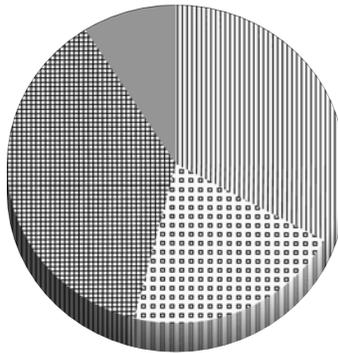
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Reportable Operating Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Administration & Transportation Planning
 Local Support
 Maintenance
 Construction

**Pie chart does not include capital improvements expenditures*

Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration & Transportation Planning	\$ 57,765,018	9.0 %	\$ 0	-- %
Local Support	236,987,842	37.0	0	--
Maintenance	134,946,022	21.1	0	--
Construction	210,881,877	32.9	0	--
TOTAL	\$ 640,580,759	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration & Transportation Planning	223.0	188.5	188.5	188.5	188.5
Local Support	26.0	18.0	18.0	18.0	18.0
Maintenance	1,230.0	1,138.5	1,138.5	1,138.5	1,138.5
Construction	660.5	554.0	554.0	554.0	554.0
TOTAL	2,139.5	1,899.0	1,899.0	1,899.0	1,899.0

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 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 29,613,458	\$ 28,653,271	\$ 28,653,271	\$ 29,669,351	\$ 29,669,351
Contractual Services	16,939,780	23,986,432	23,986,432	24,093,006	24,093,006
Commodities	733,459	824,422	824,422	837,025	837,025
Capital Outlay	1,036,027	3,700,893	3,700,893	2,860,429	2,860,429
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 48,322,724</i>	<i>\$ 57,165,018</i>	<i>\$ 57,165,018</i>	<i>\$ 57,459,811</i>	<i>\$ 57,459,811</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Capital Improvements	43,871	600,000	600,000	600,000	600,000
Reportable Expenditures	\$ 48,366,595	\$ 57,765,018	\$ 57,765,018	\$ 58,059,811	\$ 58,059,811
Non-Reportable Exp.	3,106,486	250,500	250,500	250,500	250,500
TOTAL	\$ 51,473,081	\$ 58,015,518	\$ 58,015,518	\$ 58,310,311	\$ 58,310,311
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	48,366,595	57,765,018	57,765,018	58,059,811	58,059,811
Reportable Expenditures	\$ 48,366,595	\$ 57,765,018	\$ 57,765,018	\$ 58,059,811	\$ 58,059,811
Non-Reportable Exp.	3,106,486	250,500	250,500	250,500	250,500
TOTAL	\$ 51,473,081	\$ 58,015,518	\$ 58,015,518	\$ 58,310,311	\$ 58,310,311
FTE Positions	223.0	188.5	188.5	188.5	188.5
Non-FTE Uncl. Perm. Pos.	240.0	227.6	227.6	227.6	227.6
TOTAL	463.0	416.1	416.1	416.1	416.1

The **agency's** revised estimate includes FY 2017 expenditures of \$58.3 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds decrease of \$1.8 million, or 3.0 percent, below the FY 2017 approved amount. Most of the decrease (\$1.7 million, or 3.0 percent) is in salaries and wages.

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$29.7 million, all from special revenue funds, to fund 188.5 FTE and 227.6 non-FTE positions for FY 2017. The request is an all funds decrease of \$1.7 million, or 5.5 percent, below the FY 2017 approved amount. Primary

decreases from the FY 2017 approved amount include: classified regular pay (\$1.6 million), group health and hospitalization (\$261,014), and medicare (\$188,901). These decreases are offset by primary increases from the FY 2017 approved amount which include: unclassified regular (\$491,675), and unclassified temporary (\$106,773). This a decrease of 34.5 FTE, and 12.4 non-FTE from the approved amount;

- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$24.1 million, all from special revenue funds, for FY 2017. This request is an increase of \$671,038, or 2.9 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: state buildings operating charge (\$1.4 million), and computer programming operations DISC (\$1.2 million), and intergovernmental local communications service, operations DISC (\$319,199), and repair and service of equipment - furniture (\$43,759). These increases are offset by primary decreases from the FY 2017 approved amount which include: state buildings capital charge (\$1.2 million), computer software maintenance and service (\$839,439), staffing and recruiting services (\$195,656), and repair and service of computer equipment (\$77,444). The agency states that Office of Information Technology Services rates have changed for some services, and that new to the indices this cycle were charges for Cloud and E-mail services;
- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$837,025, all from special revenue funds, for FY 2017. This request is an increase of \$13,198, or 1.6 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: gasoline (\$22,219), other supplies and materials (\$22,208), and aircraft fuel (\$5,660). These increases are offset by primary decreases from the FY 2017 approved amount which include: stationery and office supplies (\$18,312), data processing supplies (\$16,943);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$2.9 million, all from special revenue funds, for FY 2017. This request is a decrease of \$715,684, or 20.0 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: microcomputer equipment (\$357,554), and software (\$357,554);
- **Other Assistance.** The agency's FY 2017 revised estimate includes expenditures of \$600,000, all from the State Highway Fund, for expenditures for property damage or loss claims for FY 2017. This is no change from the FY 2017 approved amount; and
- **Non-reportable expenditures.** The agency's FY 2017 revised estimate includes 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** concurs with the agency's revised FY 2017 estimate for the Administration & Transportation Planning Program.

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 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 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,322,211	\$ 3,210,306	\$ 3,210,306	\$ 3,324,674	\$ 3,324,674
Contractual Services	3,771,248	4,444,163	4,444,163	4,563,180	4,563,180
Commodities	274,871	544,545	544,545	646,117	646,117
Capital Outlay	214,801	576,675	576,675	178,700	178,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,583,131</i>	<i>\$ 8,775,689</i>	<i>\$ 8,775,689</i>	<i>\$ 8,712,671</i>	<i>\$ 8,712,671</i>
Aid to Local Units	200,964,794	200,005,325	200,747,012	192,546,950	193,300,598
Other Assistance	20,423,730	27,465,141	27,465,141	23,954,829	23,954,829
Capital Improvements	0	0	0	0	0
Reportable Expenditures	\$ 228,971,655	\$ 236,246,155	\$ 236,987,842	\$ 225,214,450	\$ 225,968,098
Non-Reportable Exp.	3,506,711	5,149,236	5,149,236	4,269,250	4,269,250
TOTAL	\$ 232,478,366	\$ 241,395,391	\$ 242,137,078	\$ 229,483,700	\$ 230,237,348
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	228,971,655	236,246,155	236,987,842	225,214,450	225,968,098
Reportable Expenditures	\$ 228,971,655	\$ 236,246,155	\$ 236,987,842	\$ 225,214,450	\$ 225,968,098
Non-Reportable Exp.	3,506,711	5,149,236	5,149,236	4,269,250	4,269,250
TOTAL	\$ 232,478,366	\$ 241,395,391	\$ 242,137,078	\$ 229,483,700	\$ 230,237,348
FTE Positions	26.0	18.0	18.0	18.0	18.0
Non-FTE Uncl. Perm. Pos.	25.0	27.0	27.0	27.0	27.0
TOTAL	51.0	45.0	45.0	45.0	45.0

The agency’s revised estimate includes FY 2017 expenditures of \$229.5 million, all from special revenue funds, for the Local Support program. This is an all funds increase of \$6.0 million, or 2.7 percent, above the FY 2017 approved amount. This increase occurs in aid to locals (\$5.0 million) and other assistance (\$1.2 million), partially offset by decreases in salaries and wages (\$101,119).

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$3.3 million, all from special revenue funds, to fund 18.0 FTE and 27.0 non-FTE positions for FY 2017. The request is an all funds decrease of \$101,119, or 3.0 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: classified regular pay (\$507,916), medicare (\$20,905), and group health and hospitalization (\$19,964). These decreases are offset by primary increases from the FY 2017 approved amount which include: unclassified temporary (\$433,308), classified overtime pay (\$7,498). The FY 2017 revised estimate is a decrease of 8.0 FTE, and an increase of 2.0 non-FTE from the approved amount;
- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$4.6 million, all from special revenue funds, for FY 2017. This request is an increase of \$9,210, or 0.2 percent, above the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: advertising and marketing (\$104,959), outsourced program administration (\$70,142), and meals and lodging in state (\$11,610). These decreases are offset by primary increases from the FY 2017 approved amount which include: computer software rental (\$108,248), other fees (\$49,700), and advertising (\$26,000);
- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$646,117, all from special revenue funds, for FY 2017. This request is an increase of \$7,417, or 1.2 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: gasoline (\$5,700), and data processing supplies (\$2,450). These decreases are offset by a primary decrease from the FY 2017 approved amount which includes: stationary and office supplies (\$1,845);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$178,700, all from special revenue funds, for FY 2017. This request is an increase of \$3,500, or 2.0 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: microcomputer equipment non-capital (\$2,500), and books and library materials non-capital (\$1,000);
- **Aid to Local Units.** The agency's FY 2017 revised estimate includes expenditures of \$192.5 million, all from special revenue funds, for expenditures for Special City and County Highway Aid (\$146.9 million), and other State Aid (\$45.6 million). This is an increase of \$4.96 million, or 2.6 percent, above the FY 2017 approved amount. The agency states that this increase is due to revised estimates for the Federal Fund Exchange Program available to locals;
- **Other Assistance.** The agency's FY 2017 revised estimate includes expenditures of \$24.0 million, all from special revenue funds, for expenditures for State assistance (\$41.0 million), and Federal assistance (\$4.6 million) for FY 2017. This is an increase of 1.2 million, or 5.1 percent, above the FY 2017 approved amount. The agency states that this is reflective of an increase in anticipated federal funds receipts; and
- **Non-reportable expenditures.** The agency's FY 2017 revised estimate includes expenditures of \$4.3 million, which include payments for the Rail Loan program

(\$2.5 million) and transfers to other state agencies for safety programs (\$1.8 million).

The **Governor** concurs with the agency's revised estimates in FY 2016 and for FY 2017, and includes an increase to aid to local units expenditures by \$741,687 in FY 2016, and \$753,648 for FY 2017. This increase adjusts Special City and County Highway Fund expenditures to reflect the estimates of the November 2015 Highway Consensus Revenue Estimating group.

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 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 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 67,065,296	\$ 63,211,743	\$ 63,211,743	\$ 65,502,417	\$ 65,502,417
Contractual Services	20,453,703	19,614,230	19,614,230	19,861,153	19,861,153
Commodities	33,384,924	38,426,572	38,426,572	39,525,078	39,525,078
Capital Outlay	10,495,345	10,333,477	10,333,477	11,346,578	11,346,578
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 131,399,268</u>	<u>\$ 131,586,022</u>	<u>\$ 131,586,022</u>	<u>\$ 136,235,226</u>	<u>\$ 136,235,226</u>
Aid to Local Units	2,543,205	3,360,000	3,360,000	3,360,000	3,360,000
Other Assistance	0	0	0	0	0
Capital Improvements	0	0	0	0	0
Reportable Expenditures	<u>\$ 133,942,473</u>	<u>\$ 134,946,022</u>	<u>\$ 134,946,022</u>	<u>\$ 139,595,226</u>	<u>\$ 139,595,226</u>
Non-Reportable Exp.	<u>1,940,165</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
TOTAL	<u>\$ 135,882,638</u>	<u>\$ 136,946,022</u>	<u>\$ 136,946,022</u>	<u>\$ 141,595,226</u>	<u>\$ 141,595,226</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>133,942,473</u>	<u>134,946,022</u>	<u>134,946,022</u>	<u>139,595,226</u>	<u>139,595,226</u>
Reportable Expenditures	<u>\$ 133,942,473</u>	<u>\$ 134,946,022</u>	<u>\$ 134,946,022</u>	<u>\$ 139,595,226</u>	<u>\$ 139,595,226</u>
Non-Reportable Exp.	<u>1,940,165</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
TOTAL	<u>\$ 135,882,638</u>	<u>\$ 136,946,022</u>	<u>\$ 136,946,022</u>	<u>\$ 141,595,226</u>	<u>\$ 141,595,226</u>
FTE Positions	1,230.0	1,138.5	1,138.5	1,138.5	1,138.5
Non-FTE Uncl. Perm. Pos.	<u>180.0</u>	<u>172.0</u>	<u>172.0</u>	<u>172.0</u>	<u>172.0</u>
TOTAL	<u>1,410.0</u>	<u>1,310.5</u>	<u>1,310.5</u>	<u>1,310.5</u>	<u>1,310.5</u>

The **agency's** revised estimate includes FY 2017 expenditures of \$141.6 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$1.8 million, or 1.3 percent, above the FY 2017 approved amount. This increase occurs in salaries and wages (\$1.7 million, or 2.6 percent) and contractual services (\$236,334, or 1.2 percent).

- Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$65.5 million, all from special revenue funds, to fund 1,138.5 FTE and 172.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$1.7 million, or 2.6 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: unclassified temporary pay (\$2.1 million), OASDI (\$279,823), public employee retirement system (\$176,363), and workers compensation (\$38,066). These increases are offset by primary decreases from the FY 2017 approved amount which include: classified regular (\$415,300), medicare (\$168,699), classified longevity pay (\$155,290), classified shift differential (\$143,368), and classified overtime pay (\$139,772). The FY 2017 revised estimate is a decrease of 91.5 FTE, and a decrease of 8.0 non-FTE from the approved amount;
- Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$19.9 million, all from special revenue funds, for FY 2017. This request is an increase of \$236,334, or 1.2 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: surety bond and insurance premiums (\$478,150), staffing and recruiting services (\$149,000), self-propelled service other (\$42,383), repair and service highway

bridge other (\$37,000), repair and service building ground (\$26,000), water (\$22,366), and repair and service weed spraying (\$20,000). These increases are offset by primary decreases from the FY 2017 approved amount which include: other contractual services (\$470,027), other fees (\$46,547), and natural gas (\$26,486);

- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$39.5 million, all from special revenue funds, for FY 2017. This request is a decrease of \$155,869, or 0.4 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: gasohol (\$2.9 million), highway glass beads (\$996,379), professional scientific supply other (\$606,074), highway signs (\$547,879), gasoline federal excise tax (\$407,638), highway iron (\$301,438), bio-diesel (\$164,221), highway aggregate for ice control (\$161,269), and antifreeze (\$144,580). These decreases are offset by primary increases from the FY 2017 approved amount which include: gasoline (\$2.5 million), highway asphaltic concrete (\$966,891), other vehicle parts and supplies (\$620,253), diesel fuel (\$532,380), highway rock salt (\$505,429), highway white traffic paint (\$329,941), highway aggregates (\$283,016), other equipment materials parts (\$202,385), and tires (\$166,079);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$11.3 million, all from special revenue funds, for FY 2017. This request is an increase of \$1,520, or less than 0.1 percent, above the FY 2017 approved amount. The increase from the FY 2017 approved amount includes: professional and scientific equipment non-capital (\$1,530). This increase is offset by the decrease from the FY 2017 approved amount which includes: office furniture non-capital (\$10);
- **Aid to Local Units.** The agency's FY 2017 revised estimate includes expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance for FY 2017; and
- **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.

The **Governor** concurs with the agency's revised FY 2017 estimate for the Maintenance Program.

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 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 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 48,630,150	\$ 47,548,582	\$ 47,548,582	\$ 49,209,197	\$ 49,209,197
Contractual Services	74,013,434	73,733,392	73,733,392	58,340,638	58,340,638
Commodities	2,147,146	1,454,046	1,454,046	1,500,473	1,500,473
Capital Outlay	1,366,202	1,406,148	1,406,148	1,472,662	1,472,662
Debt Service	74,142,562	76,428,069	86,739,709	84,145,605	92,457,245
<i>Subtotal - Operations</i>	<u>\$ 200,299,494</u>	<u>\$ 200,570,237</u>	<u>\$ 210,881,877</u>	<u>\$ 194,668,575</u>	<u>\$ 202,980,215</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Capital Improvements	544,070,331	590,469,257	490,469,257	1,023,585,507	1,024,178,807
Reportable Expenditures	<u>\$ 744,369,825</u>	<u>\$ 791,039,494</u>	<u>\$ 701,351,134</u>	<u>\$ 1,218,254,082</u>	<u>\$ 1,227,159,022</u>
Non-Reportable Exp.	<u>851,790,415</u>	<u>487,039,788</u>	<u>599,130,421</u>	<u>173,247,429</u>	<u>181,310,074</u>
TOTAL	<u>\$ 1,596,160,240</u>	<u>\$ 1,278,079,282</u>	<u>\$ 1,300,481,555</u>	<u>\$ 1,391,501,511</u>	<u>\$ 1,408,469,096</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>744,369,825</u>	<u>791,039,494</u>	<u>701,351,134</u>	<u>1,218,254,082</u>	<u>1,227,159,022</u>
Reportable Expenditures	<u>\$ 744,369,825</u>	<u>\$ 791,039,494</u>	<u>\$ 701,351,134</u>	<u>\$ 1,218,254,082</u>	<u>\$ 1,227,159,022</u>
Non-Reportable Exp.	<u>851,790,415</u>	<u>487,039,788</u>	<u>599,130,421</u>	<u>173,247,429</u>	<u>181,310,074</u>
TOTAL	<u>\$ 1,596,160,240</u>	<u>\$ 1,278,079,282</u>	<u>\$ 1,300,481,555</u>	<u>\$ 1,391,501,511</u>	<u>\$ 1,408,469,096</u>
FTE Positions	660.5	554.0	554.0	554.0	554.0
Non-FTE Uncl. Perm. Pos.	<u>153.0</u>	<u>190.0</u>	<u>190.0</u>	<u>190.0</u>	<u>190.0</u>
TOTAL	<u>813.5</u>	<u>744.0</u>	<u>744.0</u>	<u>744.0</u>	<u>744.0</u>

The **Governor** recommends FY 2016 operating expenditures totaling \$1.3 billion, all from special revenue funds, for the Construction program. This is an increase of \$22.4 million, or 1.8 percent, above the agency's revised FY 2016 estimate. The difference from the agency's revised FY 2016 estimate is due to the following recommended adjustments: A) An increase of \$112.1 million to off-budget bond debt service expenditures; B) An increase of \$10.3 million in debt service interest payments related to the \$100.0 million in additional bonding in December 2015; and C) A decrease of \$100.0 million, all from the State Highway Fund, to adjust expenditures for the additional amount issued in bonds.

The **agency's** FY 2017 revised estimate includes expenditures of \$1.39 billion, all from special revenue funds, for the Construction program. This is an all funds increase of \$100.7

million, or 7.8 percent, above the FY 2017 approved amount. This increase primarily occurs within capital improvements (\$100.2 million).

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$49.2 million, all from special revenue funds, to fund 554.0 FTE and 190.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$161,396, or 0.3 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: unclassified temporary pay (\$4.3 million), unclassified regular (\$223,736), OASDI (\$208,426), group health and hospitalization (\$121,717), and unclassified overtime pay (\$120,760). These increases are offset by primary decreases from the FY 2017 approved amount which include: classified regular (\$4.1 million), classified overtime pay (\$430,261), medicare (\$180,816), and classified longevity pay (\$94,182);
- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$58.3 million, all from special revenue funds, for FY 2017. The revised estimate is a decrease of \$2.1 million, or 3.5 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: architects and engineers (\$6.8 million), and repair and service other (\$43,650). These decreases are offset by primary increases from the FY 2017 approved amount which include: information systems consulting (\$3.8 million), other professional fees (\$758,764), intergovernmental local communication service operations DISC (\$116,570), and staffing and recruiting services (\$75,000);
- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$1.5 million, all from special revenue funds, for FY 2017. The revised estimate is an increase of \$42,795, or 2.9 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: gasoline (\$31,174), other equipment materials and parts (\$5,414), and buildings and grounds materials (\$5,000). These increases are offset by primary decreases from the FY 2017 approved amount which include: household supplies (\$1,985), and tires (\$1,000);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$1.5 million, all from special revenue funds, for FY 2017. The revised estimate is an decrease of \$89,705, or 5.7 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: professional and scientific equipment (\$67,470), and microcomputer equipment non-capital (\$34,200). These decreases are offset by primary increases from the FY 2017 approved amount which include: software non-capital (\$11,900), and professional and scientific equipment non-capital (\$5,915);
- **Capital Improvements.** The agency's FY 2017 revised estimate includes expenditures of \$1.0 billion, all from special revenue funds, for FY 2017. This request is an increase of \$100.2 million, or 10.9 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: highway bridge construction contracts (\$96.8 million), buildings (\$1.4 million), land and interest in land (\$1.3 million), and highway bridge utility adjustments (\$758,470). This increase is primarily related to the best estimate for current and expected future project lettings; and

- **Non-reportable expenditures.** The agency's FY 2017 revised estimate includes expenditures of \$173.2 million, all from special revenue funds, for interfund transfers (\$172.2 million), and traffic control expenditures for the Highway Patrol (\$1.0 million) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures totaling \$1.4 billion, all from special revenue funds, for the Construction program. This is an increase of \$17.0 million, or 1.2 percent, above the agency's revised FY 2017 estimate. The difference from the agency's revised FY 2017 estimate is due to the following recommended adjustments: A) An increase of \$8.1 million to off-budget bond debt service expenditures; B) An increase of \$8.3 million in debt service interest payments related to the \$100.0 million in additional bonding in December 2015; and C) An increase of \$593,300, all from the State Highway Fund, due to the Governor recommending the agency's FY 2017 supplemental request to relocate the Concordia Subarea, as well as incorporate the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures 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 as part of the Construction program, the following table is provided as a breakout for additional detail on debt service expenditures. As of December 2015, bond issuance for T-WORKS totals \$1.2 billion.

- The agency originally submitted budget planned on issuing an additional \$300.0 million for the T-WORKS Program in FY 2016. As of December 2015 the agency issued \$400.0 million.

Note: 2015 House Sub. for SB 112 included language suspending restrictions capping bond debt service expenditures to 18.0 percent of projected state highway fund revenues for both FY 2016 and FY 2017. (As of November 2015, with inclusion of the \$400.0 million bonded, this places the agency at 20.3 percent debt service to projected revenues.)

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Debt Service Interest	\$ 74,142,562	\$ 76,428,069	\$ 86,739,709	\$ 84,145,605	\$ 92,457,245
Debt Service Principal	113,405,000	102,670,000	102,670,000	107,310,000	107,310,000
Administrative Costs	2,652,955	1,132,583	1,132,583	658,158	658,158
TOTAL	\$ 190,200,517	\$ 180,230,652	\$ 190,542,292	\$ 192,113,763	\$ 200,425,403
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	190,200,517	180,230,652	190,542,292	192,113,763	200,425,403
TOTAL	\$ 190,200,517	\$ 180,230,652	\$ 190,542,292	\$ 192,113,763	\$ 200,425,403

The **agency** requests debt service expenditures totaling \$180.2 million, all from special revenue funds, in FY 2016.

The **Governor's** recommendation includes debt service expenditures totaling \$190.5 million, all from special revenue funds, in FY 2016. This increase is reflective of the agency's FY 2016 bond issuance of \$400.0 million. The agency states that in review of cash flow needs and favorable market rates, this amount was determined upon. The Governor's recommendation includes increased expenditures in order to provide for additional debt service expenditures related to the issuance.

The **agency** requests debt service expenditures totaling \$192.1 million, all from special revenue funds, for FY 2017.

The **Governor's** recommendation includes debt service expenditures totaling \$200.4 million, all from special revenue funds, for FY 2017. This increase is reflective of additional debt service interest expenditures related to the agency's FY 2016 bond issuance of \$400.0 million.

CAPITAL IMPROVEMENTS

This section further details capital improvements buildings projects for the Kansas Department of Transportation. These expenditures are included as part of the Construction program, the following table is provided as a breakout with additional detail on buildings projects expenditures included within the agency's budget.

CAPITAL IMPROVEMENTS - BUILDINGS PROJECTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 2,846,023	\$ 2,846,023	\$ 2,911,647	\$ 2,911,647
Re-roof Buildings - Various Locations	796,464	796,464	532,570	532,570
Subarea Modernization	2,539,413	2,539,413	2,290,522	2,290,522
Relocate Subarea - Concordia	0	0	1,392,900	1,986,200
Purchase Land - Various Locations	5,696	5,696	0	0
TOTAL	<u>\$ 6,187,596</u>	<u>\$ 6,187,596</u>	<u>\$ 7,127,639</u>	<u>\$ 7,720,939</u>
Financing:				
State Highway Fund	\$ 6,187,596	\$ 6,187,596	\$ 7,127,639	\$ 7,720,939
All Other Funds	0	0	0	0
TOTAL	<u>\$ 6,187,596</u>	<u>\$ 6,187,596</u>	<u>\$ 7,127,639</u>	<u>\$ 7,720,939</u>

FY 2016 – Current Year. The agency's FY 2016 revised estimate includes buildings expenditures totaling \$6.2 million, all from the State Highway Fund. This is an increase of \$563,619, or 10.0 percent, above the FY 2016 approved amount. The request includes \$3.3 million for projects and \$2.8 million for rehabilitation and repair. The agency's FY 2016 revised estimate includes estimated re-roofing expenditures for eleven locations, subarea bay modernizations for three locations, and land purchases totaling \$5,696, all from the State Highway Fund.

The **Governor** concurs with the agency's revised FY 2016 estimate for buildings expenditures.

FY 2017 – Budget Year. The agency's FY 2017 revised estimate includes buildings expenditures totaling \$7.1 million, all from the State Highway Fund. This is an increase of \$1.4 million, or 24.3 percent, above the FY 2017 approved amount. The request includes \$4.2 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 the relocation of the Concordia Subarea, all from the State Highway Fund. The reason for the increase from the 2017 approved amount is attributable to the agency's supplemental request for additional expenditures to relocate the Concordia Subarea.

The agency requests \$1.4 million, all from the State Highway Fund, to relocate the Subarea in Concordia, for FY 2017. The agency states that it has already purchased the land (20 acres in June 2009) for the new facility, and that expenditures would be for construction of the following: a building to house the Concordia subarea crew and the area crew, equipment storage, a wash bay building, a chemical storage dome, and a salt/sand bunker. The agency notes that the existing building was built in the 1940's, the land is limited in expansion by surrounding commercial development and being split by 17th Street right-of-way, and that the purchase of adjacent property is financially unreasonable.

The **Governor** recommends FY 2017 buildings expenditures of \$7.7 million, all from the State Highway Fund, which is an increase of \$593,300, or 8.3 percent, above the agency's revised FY 2017 estimate. The increase provides for the most recent revised estimates for the relocation efforts which will involve the co-location of Kansas Highway Patrol trooper operations which increases the costs of the relocated facility (which is located north of Concordia along Union Road, and approximately ½ mile east of US-81).

F. 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 revised 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 2015 House Sub. for Senate Bill 270 the sales and compensating use tax, as of July 1, 2015, was increased from 6.15 percent to 6.50 percent. The State Highway Fund is set to receive a direct deposit of 16.226 percent of this tax in FY 2016, and 16.154 for FY 2017.

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 \$132.0 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 Actual	436,058	0	511,724	208,935	1,156,717	
2016 Estimate*	437,833	0	518,115	206,000	1,161,948	
2017 Estimate*	439,133	0	534,639	206,000	1,179,772	

*Note: 2016 and 2017 estimates are the most recent projections provided by the November 2015 consensus revenue estimating group.

The **2015 Legislature** increased the sales tax to 6.50 percent, effective July 1, 2015. This change in sales tax also led to a recalculation of the amount that the State Highway Fund receives from 17.073 percent to 16.226 in FY 2016, and 16.154 for FY 2017, in order to keep them whole.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual 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%	86.0%	86.0%	86.0%
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%
Percent of non-Interstate miles on the state highway system that are classified as "good" or "acceptable"	85.0%	89.0%	86.0%	83.0%
Number of modernization miles programmed	63	9	14	112
Number of preservation miles programmed	2,359	1,474	517	1,379
Number of preservation bridges programmed	150	100	77	39
Number of public-use airports improved	25	28	22	25
Local Support:				
Number of programmed local road and street projects contracted in the programmed year	N/A	168	190	190
Annual ridership for rural public transportation operations	2,976,207	3,026,841	3,094,597	3,139,468
Average number of days to complete a road safety audit	450	450	450	450
Injuries per hundred million vehicle miles	51	50	48	47
Number of accidents related to alcohol	2,500	2,300	2,275	2,250
Maintenance:				
Percent of lane miles of connecting links maintained	71.0%	71.0%	71.0%	71.0%
Percent of shoulder miles on the state highway system that are repaired	32.0%	35.0%	35.0%	35.0%
Lane miles of state highway system repaired	1,500	1,339	1,400	1,400
Construction:				
Number of project miles designed	182	135	142	112
Number of bridge projects designed	40	33	31	25
Number of preservation projects	276	249	112	188
Number of preservation miles resurfaced	2,350	1,474	517	1,379
Number of bridges repaired and repainted	95	51	25	17