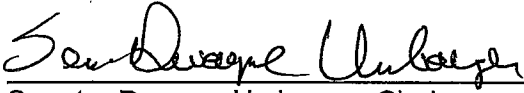


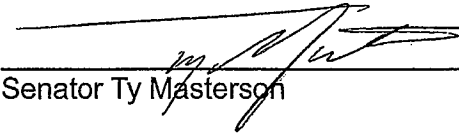
FY 2013

Senate Ways and Means Subcommittee

Kansas Department of Transportation




Senator Dwayne Umbarger, Chair



Senator Ty Masterson



Senator Kelly Kuitala



Senator Ruth Teichman

Senate Subcommittee Report

Agency: Kansas Department of
Transportation

Bill No. --

Bill Sec. --

Analyst: Klaassen

Analysis Pg. No. --

Budget Page No. 470

<u>Expenditure Summary</u>	<u>Agency Request FY 2013</u>	<u>Governor Recommendation FY 2013</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State Highway Fund	\$ 400,807,248	\$ 391,885,870	\$ 3,519,774
Other Funds	347,422,761	340,810,540	0
Subtotal	<u>\$ 748,230,009</u>	<u>\$ 732,696,410</u>	<u>\$ 3,519,774</u>
Capital Improvements:			
State Highway Fund	\$ 652,238,478	\$ 645,780,481	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 652,238,478</u>	<u>\$ 645,780,481</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 1,400,468,487</u></u>	<u><u>\$ 1,378,476,891</u></u>	<u><u>\$ 3,519,774</u></u>
FTE positions	2,916.5	2,818.5	0.0
Non FTE Uncl. Perm. Pos.	51.0	51.0	0.0
TOTAL	<u><u>2,967.5</u></u>	<u><u>2,869.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2013 reportable budget of \$1.4 billion, which is a decrease of \$219.4 million, or 13.6 percent, below the FY 2012 revised estimate. Reportable expenditures from the State Highway Fund total \$1.1 billion, which is a decrease of \$204.0 million, or 16.2 percent, below the FY 2012 revised estimate. All funds non-reportable expenditures total \$445.2 million, including \$194.0 million from the State Highway Fund, which is an all funds decrease of \$68.2 million, or 13.3 percent, and a State Highway Fund decrease of \$2.7 million, or 1.4 percent, below the FY 2012 revised estimate. The request includes one enhancement request for \$3.5 million, all from the State Highway Fund, to replace 173 vehicles that will have met or exceeded KDOT's replacement criteria in hours, miles, or age. The request includes a total of 2,916.5 FTE positions and 51.0 non-FTE unclassified permanent positions, the same as the FY 2012 revised estimate.

For FY 2013, the **agency** requests expenditures of \$13.2 million, all from the State Highway Fund, for building projects. Expenditures include \$9.8 million for projects and \$3.4 million for rehabilitation and repair.

Governor's Recommendation

The **Governor** recommends a FY 2013 reportable budget of \$1.4 billion, which is a decrease of \$237.3 million, or 14.7 percent, below the FY 2012 recommendation, and a decrease of \$22.0 million, or 1.6 percent, below the agency's FY 2013 request. Reportable expenditures from the State Highway Fund total \$1.0 billion, which is a decrease of \$219.3 million, or 17.4 percent, below the FY 2012 recommendation, and a decrease of \$15.4 million, or 1.5 percent, below the agency's FY 2013 request. The Governor's recommendation includes:

- A reduction to building project expenditures by \$6.5 million (described later);
- Continuation of funding for the Kansas Highway Patrol Operations for FY 2013 through a transfer to the Highway Patrol Operations Fund from the State Highway Fund (\$52.7 million);
- Special revenue fund expenditure reductions totaling \$5,401,604 and 98.0 FTE positions for the Voluntary Retirement Incentive Program (VRIP); and
- Decreases made to reflect decreases in consensus revenue estimates (\$3,014,167) and debt service adjustments (\$3,598,054).

The **Governor** recommends FY 2013 capital improvement building project expenditures totaling \$6.8 million, all from the State Highway Fund, a reduction of \$6.5 million, or 48.8 percent, below the agency's request. The difference is due to the Governor not recommending \$6.5 million in building projects, for: vehicle wash bays (\$605,359); Concordia Subarea relocation (\$1,771,288); Relocate Subarea/Regional Materials Lab - Wichita Hillside (\$2,014,877); Relocate Subarea - Newton (\$1,886,473); and the purchase of land in various locations (\$180,000).

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following addition and notations:

1. Add \$3.5 million, all from the State Highway Fund, to replace 173 vehicles. The recommendation includes funding for 46 passenger cars and 127 pickups or vans. All vehicles have met or exceeded KDOT's replacement criteria in hours, miles, or age (Passenger vehicles are 100,000 miles or seven years; Pickup trucks are 140,000 miles or nine years).
2. The Subcommittee notes that, for this agency, 98.0 FTE positions participated in the Voluntary Retirement Incentive Program with a savings total of \$5,401,604, all from special revenue funds. The Subcommittee further notes that GBA #1 adds 11.0 FTE positions.
3. The Subcommittee notes the Governor's recommendation includes and continues the funding for the Kansas Highway Patrol through a transfer from the State Highway Fund.
4. The Subcommittee notes the uncertain nature of federal funding and legislative action that may affect the agency through policy or funding changes, can have a long term affect as KDOT plans out projects and their funding well in advance of actually implementing a project.
5. The Subcommittee includes attachment A to this report which is information provided by Northern Flyer Alliance (NFA) in regards to the TIGER Federal Grant Pre-application process for passenger rail improvements projects.



Northern Flyer Alliance, Inc.

February 14, 2012

Senator Dwayne Umbarger
 Cc: Senator Kelly Kultala
 Cc: Senator Ruth Teichman
 Cc: Senator Ty Masterson

Subject: Request for TIGER Grant Pre-application and Ways and Means budgetary referral

Senator Umbarger,

The following is a compilation of information for use in a directive for budget referral (if this is the proper nomenclature). I have listed each element in what should be a logical flow of steps, as follows:

1. Tiger IV Pre-application is on DOT TIGER website. KDOT is familiar with the process.
2. Kansas project eligibility for TIGER IV is affirmed by other successful railroad project grants that may be found on the KDOT website. Ongoing and future projects that potentially could be funded under TIGER are also on the KDOT website. A number of these are in progress while others are pending or "scheduled." These appear to be "shovel ready" and a number of these are situated on the subject corridor. Some projects on this list, although not identified with the subject corridor also support passenger rail service and could be added/incorporated into the grant proposal.
3. TIGER IV rules require an assessment of "ability to complete or begin by 2013" as a criterion. Projects included in the proposal should be considered on the basis of meeting this requirement. Most would appear to satisfy this requirement.
4. The minimum threshold is a \$10 million request. I am not sure if that means \$10 million total (and this is probable) or \$10 from TIGER Federal alone. If so, there are potentially more crossing and safety projects that KDOT has on their crossing inventory and prioritization schedule and could be proposed for grant funding that are located on the subject corridor.
5. TIGER rules require a statement of project costs (the level of detail is not available to me), but information appears generally present in the KDOT rail infrastructure improvement plan. The published list has a very broad range of railroad projects that include cost elements.
6. **SPECIFICALLY:** 1) Senate Transportation Committee directive that KDOT identify a number of grade crossing and signal projects, and also, additional railroad projects that are essentially shovel ready and that do not require NEPA studies or extensive preliminary engineering, and selected from the KDOT prioritization model; 2) Senate Transportation recommendation and commitment of \$10 million for: 50/50 TIGER match signal and crossing projects on BNSF Mid-Con and portions of the Trans-Con route where passenger rail service currently operates or potentially will operate.

Sincerely,

Mark A. Corriston

Secretary

Northern Flyer Alliance, Inc.

KANSAS DEPARTMENT OF TRANSPORTATION

Expenditure	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Operating Expenditures:					
State Highway Fund	\$ 363,375,011	\$ 414,223,526	\$ 414,223,526	\$ 400,807,248	\$ 391,885,870
Other Funds	380,625,841	362,879,251	358,790,248	347,422,761	340,810,540
TOTAL	\$ 744,000,852	\$ 777,102,777	\$ 773,013,774	\$ 748,230,009	\$ 732,696,410
Capital Improvements:					
State Highway Fund	\$ 759,381,620	\$ 842,789,479	\$ 842,799,479	\$ 652,238,478	\$ 645,780,481
Other Funds	0	0	0	0	0
TOTAL	\$ 759,381,620	\$ 842,789,479	\$ 842,799,479	\$ 652,238,478	\$ 645,780,481
Nonreportable Expenditures	220,197,799	513,421,517	463,421,517	445,245,547	445,245,547
TOTAL - Reportable and Nonreportable Expenditures	\$ 1,723,580,271	\$ 2,133,313,773	\$ 2,079,234,770	\$ 1,845,714,034	\$ 1,823,722,438
Percentage Change:					
Operating Expenditures					
State General Fund	6.6 %	12.0 %	12.0 %	(16.2) %	(17.4) %
All Funds	30.5	7.7	7.5	(13.5)	(14.7)
FTE Positions	3,113.5	2,916.5	2,916.5	2,916.5	2,818.5
Non-FTE Perm.Uncl.Pos.	51.0	51.0	51.0	51.0	51.0
TOTAL	3,164.5	2,967.5	2,967.5	2,967.5	2,869.5

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: Management, Local Support, Maintenance, and Construction.

Reportable and Nonreportable Expenditures

In order to gauge the full magnitude of spending by KDOT, a number of tables include nonreportable 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 800MHz communication system. However, for state budgeting and accounting purposes, expenditures are categorized as reportable only when they are 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 nonreportable money. The magnitude of nonreportable spending by KDOT is significant: \$513.4 million in FY 2012, and \$445.2 million for FY 2013.

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 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 for 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 for 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 for 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 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 (SGF) 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 SGF bonds have been issued. The debt service for the \$210.0 million in SGF 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 for FY 2003. The **2003 Legislature** delayed repayment until FY 2007, with the repayment to be spread over four fiscal years.

The **2003 Legislature** transferred \$28.9 million from the State Highway Fund to the State General Fund to finance the Kansas Highway Patrol in FY 2004. This transfer was

considered to be a loan with repayment scheduled each year from FY 2007 to FY 2010. The 2003 Legislature also transferred \$1.6 million from the State Highway Fund to the State General Fund to finance a portion of the Department of Revenue's Division of Vehicles. This loan was scheduled for repayment in FY 2007.

The **2006 Legislature** approved a \$32.5 million transfer in FY 2007 from the State General Fund to the State Highway Fund for loan repayments. Payments of \$31.9 million annually are scheduled for fiscal years 2008, 2009, and 2010 (as noted later, Governor and Legislative action canceled both the FY 2009 and FY 2010 loan repayments to the State Highway Fund).

Other Major Issues:

KDOT Communications System Project. The **2004 Legislature** authorized KDOT to purchase, for lease to public safety, governmental, and non-governmental entities, communications equipment, including access to radio communication towers. The Legislature added 4.0 FTE positions and transferred \$385,184 from the State Highway Fund to the newly established Communication System Revolving Fund for the program in FY 2005. Due to the nature of the fund, the Communications System Revolving Fund was considered "off-budget" for budgetary and accounting purposes. Federal funding for the project is considered "on-budget."

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

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

Phase III initially covered the remainder of Northwest Kansas, Phase IV, Southwest Kansas, and Phase V, North-Central Kansas. Funding for these areas was not identified at the beginning of the project, so completion of sites in Phase III, Phase IV, and Phase V has been accomplished as funds have become available. This partial funding has come from federal monies received from the Public Safety Interoperable Communications (PSIC) Grant program, 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 30th, 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 8 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 for FY 2005, the Legislature authorized a proviso allowing KDOT subarea shops to opt out of existing purchasing contracts in those cases when the vender'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.

Kansas Highway Patrol Operations. The 2005 Legislature transferred \$32.3 million from the State Highway Fund to the State General Fund to finance Kansas Highway Patrol operations in FY 2006. The 2006 Legislature deleted a \$34.6 million transfer from the State Highway Fund to the State General Fund for Kansas Highway Patrol operations in FY 2007. The 2007 Legislature reinstated \$30.0 million of the transfer from the State Highway Fund to the State General Fund to support Kansas Highway Patrol operations in FY 2007. The 2007 Legislature approved a \$5.0 million reduction in the FY 2008 transfer, providing a transfer of \$30.3 million for Kansas Highway Patrol operations.

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.

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

The 2008 Legislature:

- Added \$2.3 million, all from the State Highway Fund, for the replacement of 123 light trucks and vehicles in FY 2009, and required that any sales proceeds from the used vehicles replaced be remitted to the State General Fund;
- Approved the FY 2009 transfer of \$5.5 million, all from the State Highway Fund, to the Department of Administration to finance the continued development of the Statewide Financial Management System;
- 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; and
- Added \$45,920, all from the State Highway Fund in FY 2009 for installing and maintaining roadside signs mandated by 2008 legislation (2008 SB 523, HB 2071, HB 2659, and HB 2708).

The 2009 Legislature:

- The Governor recommended that the transfer of \$10.1 million not be made from the State General Fund to the Special City and County Highway Fund in FY 2009 and FY 2010. The Legislature recommended that \$6.6 million be transferred from

the State General Fund to the Special City and County Highway Fund in FY 2009, and directed that funds be distributed to cities and counties affected by the last three years of errors in the distribution from the Highway Equalization Fund; and that the transfer in FY 2010 be \$5.0 million coming from the State Highway Fund to the Special City and County Highway Fund;

- The Governor also recommended the cancellation of the remaining FY 2009 and FY 2010 loan repayments to the State Highway Fund of \$30,896,209. The Legislature recommended that the FY 2009 repayment not be canceled, but be delayed until FY 2011;
- Appropriated the Intermodal Transportation Revolving Fund, created in House Bill 2131, as a no-limit fund in FY 2009 and FY 2010. House Bill 2131 creates the Intermodal Transportation Revolving Fund to be administered by the agency and used to assist government units with intermodal transportation projects in excess of \$150.0 million;
- The Governor recommended and the Legislature concurred with funding Kansas Highway Patrol Operations through a transfer from the State Highway Fund to the State General Fund in FY 2009 and FY 2010;
- Added \$27,040, all from the State Highway Fund, for sign creation and pamphlets related to requirements of newly passed bills in FY 2010. Bills include: 2009 Senate Bill 5 (newly designated 1011th Quartermaster Co. U.S. Army Reserve Memorial Highway); 2009 House Bill 2045 (newly designated Veterans Memorial Bridge); and 2009 House Bill 2147 (which requires that the driver or owner of a vehicle involved in a non-injury, non-fatal accident make every reasonable effort to move their vehicle out of the roadway);
- Approved the transfer of \$25,287,150, all from the State Highway Fund, to the State General Fund to reimburse the State General Fund for FY 2009 and FY 2010 Comprehensive Transportation Plan bond payments; and
- Added \$521,726, all from the State Highway Fund, in FY 2010 for undermarket pay adjustments for positions that had recommended pay adjustments in the Hay group study on Kansas state employee compensation. The study was completed in FY 2008.

The 2010 Legislature:

- The Governor recommended and the 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 Substitute for House Bill 2373); (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 House Bill 2130, the primary safety belt law;
- The Governor recommended and the Legislature approved expenditure reductions and transfers from the State Highway Fund to the State General Fund totaling \$149.3 million for FY 2011, which includes: (1) \$124.3 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; (2) \$25.0 million to reimburse the State General Fund for debt service principal and interest payments on Comprehensive Transportation Plan (CTP) bonds;

- Added \$21,340, all from the State Highway Fund, for FY 2011, to allow for the expenditure of donations received for signage marking memorial highways and bridges designated in the following 2010 bills that have been signed into law: House Bill 2555, House Bill 2436, House Bill 2678 and House Bill 2535;
- The Governor recommended and the Legislature approved that Kansas Highway Patrol Operations continue to be funded with a transfer from the State Highway Fund to the State General Fund in FY 2011;
- The Governor recommended and the Legislature approved cancellation of the transfer of \$10.1 million from the State General Fund to the Special City and County Highway Fund for FY 2011;
- The Governor recommended and the Legislature 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;
- 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 would be 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.
- Enacted a 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; and
- Enacted Senate Sub. for HB 2360 which increases the sales and compensating use tax from 5.3 percent to 6.3 percent, and for which estimated receipts to the State Highway Fund include \$20.4 million in FY 2011, \$21.0 million for FY 2012, and \$21.0 million for FY 2013. Beginning in FY 2014 the rate will drop back to 5.7 percent, and the State Highway Fund will receive all excess above 5.3 percent.

The 2011 Legislature:

- Added \$1.75 million, all from the State Highway Fund, to provide half of the remaining \$3.5 million necessary to complete the Interoperable Communications System Project for FY 2012. \$875,000 of this amount is from the State Highway Fund with an additional \$875,000 being transferred into the State Highway Fund from the Kansas Highway Patrol from federal forfeiture funds. This \$1.75 million will match \$1.75 million in homeland security funding being provided by the homeland security regions in order to provide a total of \$3.5 million to complete the project for FY 2012;
- Added \$15,560, all from the State Highway Fund, for FY 2012, to allow for the expenditure of donations received for signage marking memorial highways and bridges designated in the following 2011 bills: HB 2003 and HB 2172;
- Approved reducing the agency's FTE limitation by 197.0 vacant FTE positions, from 3,113.5 to 2,916.5 FTE positions for FY 2012;
- Added \$2.7 million, all from the State Highway Fund, for replacement of approximately 140 agency vehicles for FY 2012; and
- Transferred \$205.0 million from the State Highway Fund to the State General Fund for FY 2012. The Governor's FY 2012 recommendation included the

transfer of \$200.0 million from the State Highway Fund to the State General Fund. 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.

BUDGET SUMMARY AND KEY POINTS

FY 2012 – Current Year. The **agency** requests a revised reportable FY 2012 budget totaling \$1.6 billion, an increase of \$192.5 million, or 13.5 percent, above the amount approved by the 2011 Legislature. Estimated reportable expenditures from the State Highway Fund total \$1.3 billion, which is a decrease of \$23.7 million, or 1.9 percent, below the approved amount. The agency's revised estimate includes one supplemental request for \$2.0 million, all from the State Highway Fund, for increases in fuel prices. The agency's revised estimate includes 2,916.5 FTE positions, the same as the approved amount.

For FY 2012, the **agency** estimates expenditures of \$8.8 million, all from the State Highway Fund, for building projects. Expenditures include \$4.9 million for projects and \$3.9 million for rehabilitation and repair.

The **Governor** recommends a FY 2012 reportable budget of \$1.6 billion, which is an increase of \$188.5 million, or 13.2 percent, above the amount approved by the 2011 Legislature, and a decrease of \$4.1 million, or 0.3 percent, below the agency's FY 2012 revised estimate. This includes reportable expenditures from the State Highway Fund totaling \$1.3 billion, which is a decrease of \$23.7 million, or 1.9 percent, below the amount approved by the 2011 Legislature, but no change from the agency's FY 2012 revised estimate. The all other funds decrease from the agency's request is due to adjustments made to reflect a decrease in consensus revenue estimates (\$2,356,497) and debt service adjustments (\$1,732,506). The Governor's recommendation includes \$50.0 million less in non-reportable debt service expenditures which were originally included to advance bonds as part of the 2011 Session's transfer of \$205.0 million from the Highway Fund to the State General Fund in FY 2011. The Governor concurs with the agency's supplemental request for additional fuel costs (\$2,000,000), and the agency's request for shifts in construction expenditures and FTE positions.

The **Governor** concurs with the agency's request for FY 2012 for capital improvements building projects.

FY 2013 – Budget Year. The **agency** requests a FY 2013 reportable budget of \$1.4 billion, which is a decrease of \$219.4 million, or 13.6 percent, below the FY 2012 revised estimate. Reportable expenditures from the State Highway Fund total \$1.1 billion, which is a decrease of \$204.0 million, or 16.2 percent, below the FY 2012 revised estimate. All funds non-reportable expenditures total \$445.2 million, including \$194.0 million from the State Highway Fund, which is an all funds decrease of \$68.2 million, or 13.3 percent, and a State Highway Fund decrease of \$2.7 million, or 1.4 percent, below the FY 2012 revised estimate. The request includes one enhancement request for \$2.3 million, all from the State Highway Fund, to replace 173 vehicles that will have met or exceeded KDOT's replacement criteria in hours, miles, or age. The request includes a total of 2,916.5 FTE positions and 51.0 non-FTE unclassified permanent positions, the same as the FY 2012 revised estimate.

For FY 2013, the **agency** requests expenditures of \$13.2 million, all from the State Highway Fund, for building projects. Expenditures include \$9.8 million for projects and \$3.4 million for rehabilitation and repair.

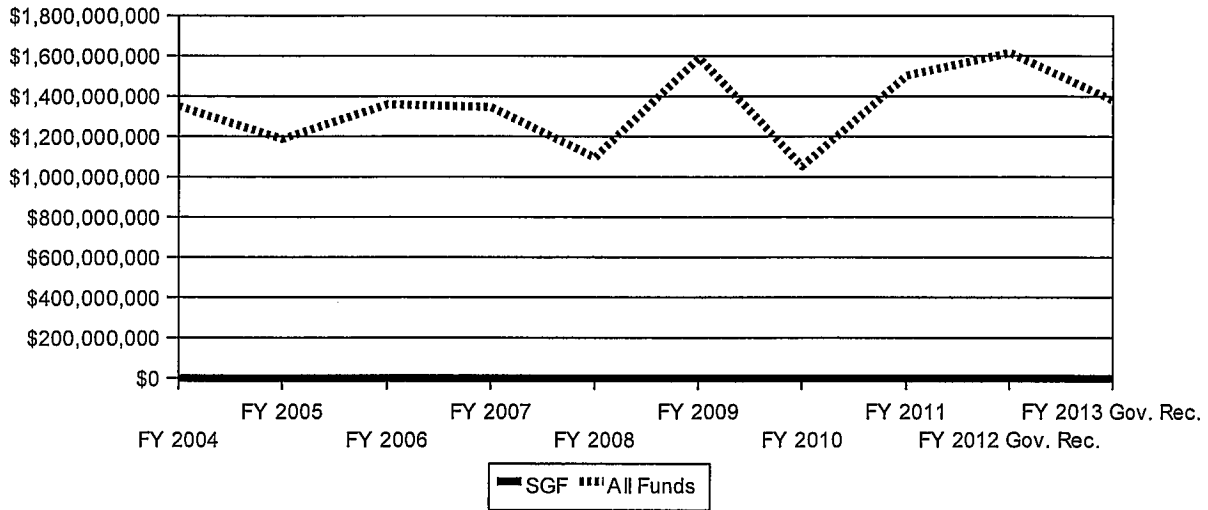
The **Governor** recommends a FY 2013 reportable budget of \$1.4 billion, which is a decrease of \$237.3 million, or 14.7 percent, below the FY 2012 recommendation, and a decrease of \$22.0 million, or 1.6 percent, below the agency's FY 2013 request. Reportable expenditures from the State Highway Fund total \$1.0 billion, which is a decrease of \$219.3 million, or 17.4 percent, below the FY 2012 recommendation, and a decrease of \$15.4 million, or 1.5 percent, below the agency's FY 2013 request. The Governor's recommendation includes:

- A reduction to building project expenditures by \$6.5 million (described later);
- Continuation of funding for the Kansas Highway Patrol Operations for FY 2013 through a transfer to the Highway Patrol Operations Fund from the State Highway Fund (\$80.6 million);
- Special revenue fund expenditure reductions totaling \$5,401,604 and 98.0 FTE positions for the Voluntary Retirement Incentive Program (VRIP); and
- Decreases made to reflect decreases in consensus revenue estimates (\$3,014,167) and debt service adjustments (\$3,598,054).

The **Governor** recommends FY 2013 capital improvement building project expenditures totaling \$6.8 million, all from the State Highway Fund, a reduction of \$6.5 million, or 48.8 percent, below the agency's request. The difference is due to the Governor not recommending \$6.5 million in building projects, for: vehicle wash bays (\$605,359); Concordia Subarea relocation (\$1,771,288); Relocate Subarea/Regional Materials Lab - Wichita Hillside (\$2,014,877); Relocate Subarea - Newton (\$1,886,473); and the purchase of land in various locations (\$180,000).

BUDGET TRENDS

REPORTABLE EXPENDITURES - OPERATING AND CAPITAL IMPROVEMENTS FY 2004 – FY 2013



REPORTABLE EXPENDITURES - OPERATING AND CAPITAL IMPROVEMENTS FY 2004 – FY 2013

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2004	\$ 0	--%	\$ 1,350,052,319	4.2 %	3,247.5
2005	0	--	1,187,718,619	(12.0)	3,251.5
2006	0	--	1,359,842,416	14.5	3,237.5
2007	0	--	1,346,322,290	(1.0)	3,220.5
2008	0	--	1,095,844,109	(18.6)	3,201.5
2009	0	--	1,590,886,908	45.2	3,113.5
2010	0	--	1,152,389,464	(27.6)	3,113.5
2011	0	--	1,503,382,472	30.5	3,113.5
2012 Gov. Rec.	0	--	1,615,803,253	7.5	2,916.5
2013 Gov. Rec.	0	--	1,378,476,891	(14.7)	2,818.5
Ten-Year Change Dollars/Percent	\$ 0	--%	\$ 28,424,572	2.1 %	(429.0)

- In FY 2005, \$347.0 million in State Highway Fund financed bonds were issued, resulting in off-budget expenditures.
- In FY 2006, 12.0 vacant FTE positions were eliminated and 2.0 FTE positions shifted to the Kansas Corporation Commission.
- In FY 2009, a decrease of 88.0 FTE positions as part of the forfeiture plan regarding positions originally approved for the Comprehensive Transportation Program (CTP).
- The 2011 Legislature reduced the agency's FTE positions by 197.0 vacant FTE positions from 3,113.5 to 2,916.5 for FY 2012.
- The 2013 Governor's recommendation reduces the agency's FTE positions by 98.0 FTE positions from 2,916.5 to 2,818.5 for FY 2013 related to the Voluntary Retirement Incentive Program.

Summary of Operating Budget FY 2011 - FY 2013

	Agency Request				Governor's Recommendation				
	Actual 2011	Estimate FY 2012	Request FY 2013	Dollar Change from FY 12	Percent Change from FY 12	Rec. FY 2012	Rec. FY 2013	Dollar Change from FY 12	Percent Change from FY 12
By Program:									
Management	\$ 58,041,470	\$ 64,585,995	\$ 66,065,901	\$ 1,479,906	2.3 %	\$ 64,585,995	\$ 63,655,922	\$ (930,073)	(1.4)%
Local Support	228,153,256	212,008,440	197,675,290	(14,333,150)	(6.8)	209,651,943	194,567,274	(15,084,669)	(7.2)
Maintenance	143,625,516	157,448,219	156,762,406	(685,813)	(0.4)	157,448,219	153,202,898	(4,245,321)	(2.7)
Construction	1,073,562,230	1,185,849,602	979,964,890	(205,884,712)	(17.4)	1,184,117,096	967,050,797	(217,066,299)	(18.3)
TOTAL - Reportable	\$ 1,503,382,472	\$ 1,619,892,256	\$ 1,400,468,487	\$ (219,423,769)	(13.5) %	\$ 1,615,803,253	\$ 1,378,476,891	\$ (237,326,362)	(14.7)%
Management	\$ 39,918	\$ 251,500	\$ 251,500	\$ 0	0.0 %	\$ 251,500	\$ 251,500	\$ 0	0.0 %
Local Support	2,114,455	4,697,500	1,375,000	(3,322,500)	(70.7)	4,697,500	1,375,000	(3,322,500)	(70.7)
Maintenance	1,476,620	1,000,000	1,000,000	0	0.0	1,000,000	1,000,000	0	0.0
Construction	216,566,806	507,472,517	442,619,047	(64,853,470)	(12.8)	457,472,517	442,619,047	(14,853,470)	(3.2)
TOTAL - Nonreportable	\$ 220,197,799	\$ 513,421,517	\$ 445,245,547	\$ (68,175,970)	(13.3) %	\$ 463,421,517	\$ 445,245,547	\$ (18,175,970)	(3.9)%
GRAND TOTAL	\$ 1,723,580,271	\$ 2,133,313,773	\$ 1,845,714,034	\$ (287,599,739)	(13.5) %	\$ 2,079,224,770	\$ 1,823,722,438	\$ (255,502,332)	(12.3)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 158,156,493	\$ 171,850,116	\$ 174,408,781	\$ 2,558,665	1.5 %	\$ 171,850,116	\$ 169,007,177	\$ (2,842,939)	(1.7)%
Contractual Services	110,401,103	147,544,514	131,831,358	(15,713,156)	(10.6)	147,062,014	131,831,358	(15,230,656)	(10.4)
Commodities	40,327,882	43,795,295	44,132,922	337,627	0.8	43,795,295	44,132,922	337,627	0.8
Capital Outlay	27,468,021	27,145,574	25,308,310	(1,837,264)	(6.8)	27,145,574	21,788,536	(5,357,038)	(19.7)
Debt Service	183,920,190	180,829,827	181,491,006	661,179	0.4	179,579,821	177,892,952	(1,686,869)	(0.9)
Subtotal - Operations	\$ 520,273,689	\$ 571,165,326	\$ 557,172,377	\$ (13,992,949)	(2.4) %	\$ 569,432,820	\$ 544,652,945	\$ (24,779,875)	(4.4)%
Aid to Local Units	170,672,176	175,246,466	175,895,917	649,451	0.4	172,889,969	172,881,750	(8,219)	(0.0)
Other Assistance	53,054,987	30,690,985	15,161,715	(15,529,270)	(50.6)	30,690,985	15,161,715	(15,529,270)	(50.6)
Capital Improvements	759,381,620	842,789,479	652,238,478	(190,551,001)	(22.6)	842,789,479	645,780,481	(197,008,998)	(23.4)
TOTAL - Reportable	\$ 1,503,382,472	\$ 1,619,892,256	\$ 1,400,468,487	\$ (219,423,769)	(13.5) %	\$ 1,615,803,253	\$ 1,378,476,891	\$ (237,326,362)	(14.7)%
TOTAL - Nonreportable	\$ 220,197,799	\$ 513,421,517	\$ 445,245,547	\$ (68,175,970)	(13.3) %	\$ 463,421,517	\$ 445,245,547	\$ (18,175,970)	(3.9)%
GRAND TOTAL	\$ 1,723,580,271	\$ 2,133,313,773	\$ 1,845,714,034	\$ (287,599,739)	(13.5) %	\$ 2,079,224,770	\$ 1,823,722,438	\$ (255,502,332)	(12.3)%
Financing:									
State Highway Fund	\$ 1,122,756,631	\$ 1,267,013,005	\$ 1,053,045,726	\$ (203,967,279)	(16.2) %	\$ 1,257,013,005	\$ 1,037,666,351	\$ (219,346,654)	(17.4)%
All Other Funds	380,625,841	362,879,251	347,422,761	(15,456,490)	(4.3)	358,790,248	340,810,540	(17,979,708)	(5.0)
TOTAL - Reportable	\$ 1,503,382,472	\$ 1,619,892,256	\$ 1,400,468,487	\$ (219,423,769)	(13.5) %	\$ 1,615,803,253	\$ 1,378,476,891	\$ (237,326,362)	(14.7)%
State Highway Fund	115,889,698	196,559,314	193,895,547	(2,663,767)	(1.4) %	196,559,314	193,895,547	(2,663,767)	(1.4)%
All Other Funds	104,308,101	316,862,203	251,350,000	(65,512,203)	(20.7)	266,862,203	251,350,000	(15,512,203)	(5.8)
TOTAL - Nonreportable	\$ 220,197,799	\$ 513,421,517	\$ 445,245,547	\$ (68,175,970)	(13.3) %	\$ 463,421,517	\$ 445,245,547	\$ (18,175,970)	(3.9)%
GRAND TOTAL	\$ 1,723,580,271	\$ 2,133,313,773	\$ 1,845,714,034	\$ (287,599,739)	(13.5) %	\$ 2,079,224,770	\$ 1,823,722,438	\$ (255,502,332)	(12.3)%

BUDGET OVERVIEW

A. FY 2012 – Current Year

	CHANGE FROM APPROVED BUDGET				
	Approved 2011 Legislature	Agency Estimate FY 2012	Agency Change from Approved	Governor Rec. FY 2012	Governor Change from Approved
State Highway Fund	\$ 1,280,738,935	\$ 1,257,013,005	\$ (23,725,930)	\$ 1,257,013,005	\$ (23,725,930)
All Other Funds	146,613,376	362,879,251	216,265,875	358,790,248	212,176,872
TOTAL	\$ 1,427,352,311	\$ 1,619,892,256	\$ 192,539,945	\$ 1,615,803,253	\$ 188,450,942
FTE Positions	2,916.5	2,916.5	0.0	2,916.5	0.0

The **agency** estimates a revised reportable FY 2012 budget totaling \$1.6 billion, an increase of \$192.5 million, or 13.5 percent, above the amount approved by the 2011 Legislature. Estimated reportable expenditures from the State Highway Fund total \$1.3 billion, which is a decrease of \$23.7 million, or 1.9 percent, below the approved amount. This decrease is primarily due to global operating reductions and preservation projects funding that was reduced in order to provide for a State Highway Fund balance to accommodate the \$205.0 million transfer to the State General Fund in FY 2012. The all other funds increase is attributable to the shift of capital improvements project expenditures from prior fiscal years. The agency's revised estimate includes one supplemental request for \$2.0 million, all from the State Highway Fund, for increases in fuel prices. The agency's revised estimate includes 2,916.5 FTE positions, the same as the approved amount.

For FY 2012, the **Governor** recommends a reportable budget of \$1.6 billion, an increase of \$188.5 million, or 13.2 percent, above the amount approved by the 2011 Legislature, and a decrease of \$4.1 million, or 0.3 percent, below the agency's FY 2012 revised estimate. This includes reportable expenditures from the State Highway Fund totaling \$1.3 billion, which is a decrease of \$23.7 million, or 1.9 percent, below the amount approved by the 2011 Legislature, but no change from the agency's FY 2012 revised estimate. The all other funds decrease from the agency's request is due to adjustments made to reflect a decrease in consensus revenue estimates (\$2,356,497) and debt service adjustments (\$1,732,506). The Governor's recommendation includes \$50.0 million less in non-reportable debt service expenditures which were originally included to advance bonds as part of the 2011 Session's transfer of \$205.0 million from the Highway Fund to the State General Fund in FY 2011. The Governor concurs with the agency's supplemental request for additional fuel costs (\$2,000,000), and the agency's request for shifts in construction expenditures and FTE positions.

Enhancements	FY 2012 SUPPLEMENTAL					
	Agency Request			Governor's Recommendation		
	SHF	All Funds	FTE	SHF	All Funds	FTE
Maintenance -- Regular Maintenance	\$ 2,000,000	\$ 2,000,000	0.0	\$ 2,000,000	\$ 2,000,000	0.0

Supplemental Detail

The **agency** requests \$2.0 million, all from the State Highway Fund, for fuel costs in FY 2012. The agency states that when the original FY 2012 budget was constructed, diesel prices averaged \$2.43 per gallon, and gasoline averaged \$2.32 per gallon. However, as the FY 2013 budget was constructed prices averaged \$3.62 per gallon for diesel, and \$3.50 per gallon for gasoline. The agency states that this supplemental should provide for these higher fuel costs for the remainder of FY 2012.

The **Governor** recommends the supplemental funding in FY 2012.

B. FY 2013– Budget Year

FY 2013 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,400,468,487	\$ 1,823,722,438	\$ 423,253,951
FTE Positions	2,916.5	2,818.5	(98.0)
<i>Change from FY 2012:</i>			
<i>Dollar Change:</i>			
State Highway Fund	\$ (203,967,279)	\$ (219,346,654)	
All Other Funds	(15,456,490)	(17,979,708)	
TOTAL	<u>\$ (219,423,769)</u>	<u>\$ (237,326,362)</u>	
<i>Percent Change:</i>			
State Highway Fund	(16.2) %	(17.4) %	
All Other Funds	(4.3)	(5.0)	
TOTAL	<u>(13.5) %</u>	<u>(14.7) %</u>	
Change in FTE Positions	0.0	(98.0)	

The **agency** requests a FY 2013 reportable budget of \$1.4 billion, which is a decrease of \$219.4 million, or 13.5 percent, below the FY 2012 revised estimate. Reportable expenditures from the State Highway Fund total \$1.1 billion, a decrease of \$204.0 million, or 16.2 percent, below the FY 2012 revised estimate. All funds non-reportable expenditures total \$445.2 million, including \$194.0 million from the State Highway Fund, an all funds decrease of \$68.1 million, or 13.3 percent, and a State Highway Fund decrease of \$2.7 million, or 1.4 percent, below the FY 2012 revised estimate. The request includes one enhancement request for \$3.5 million, all from the State Highway Fund, to replace 173 vehicles that have met or exceeded KDOT's replacement criteria in hours, miles, or age. The request includes a total of 2,916.5 FTE positions and 51.0 non-FTE unclassified permanent positions, the same as the FY 2012 revised estimate.

Adjustments by program include:

1) **Management** -- An increase of \$1.5 million, or 2.3 percent, above the FY 2012 revised estimate. Increases in this program from the FY 2012 revised estimate include: \$488,256 in salaries and wages, or 1.3 percent; \$296,909 in contractual services, or 1.4 percent; \$42,917 in commodities, or 3.0 percent; and \$651,824 in capital outlay, or 15.3 percent. The FY 2013 request includes 494.5 FTE positions, no change from the FY 2012 revised estimate.

2) **Local Support** -- A decrease of \$14.3 million, or 6.8 percent, below the FY 2012 revised estimate. The Local Support Program request includes funding for 55.0 FTE positions and 4.0 non-FTE unclassified permanent positions, no change from the FY 2012 revised estimate;

3) **Maintenance** -- A decrease of \$685,813, or 0.4 percent, below the FY 2012 revised estimate. Increases in this program from the FY 2012 revised estimate include: \$1.2 million in salaries and wages, or 1.7 percent; \$1.1 million in contractual services, or 5.6 percent; \$270,275 in commodities, or 0.7 percent. These increases are offset by a decrease of \$3.3 million in capital outlay, or 15.7 percent, below the FY 2012 revised estimate; and

4) **Construction** -- A decrease of \$205.9 million, or 17.4 percent, below the FY 2012 revised estimate. Adjustments in this program from the FY 2012 revised estimate include: An increase of \$780,632 in salaries and wages, or 1.4 percent; a decrease of \$17.4 million in contractual services, or 17.1 percent; an increase of \$42,677 in commodities, or 2.5 percent; an increase of \$552,115 in capital outlay, or 27.6 percent; and a decrease of \$190.6 million in capital improvements, or 22.6 percent. The FY 2013 request includes 869.0 FTE positions, no change from the FY 2012 revised estimate.

For FY 2013, the **Governor** recommends a reportable budget of \$1.4 billion, a decrease of \$237.3 million, or 14.7 percent, below the FY 2012 recommendation, and a decrease of \$22.0 million, or 1.6 percent, below the agency's FY 2013 request. Reportable expenditures from the State Highway Fund total \$1.0 billion, which is a decrease of \$219.3 million, or 17.4 percent, below the FY 2012 recommendation, and a decrease of \$15.4 million, or 1.5 percent, below the agency's FY 2013 request. The Governor's recommendation includes:

- A reduction to building project expenditures by \$6.5 million (described later);
- Continuation of funding for the Kansas Highway Patrol Operations for FY 2013 through a transfer to the Highway Patrol Operations Fund from the State Highway Fund (\$80.6 million);
- Special revenue fund expenditure reductions totaling \$5,401,604 and 98.0 FTE positions for the Voluntary Retirement Incentive Program (VRIP); and
- Decreases made to reflect decreases in consensus revenue estimates (\$3,014,167) and debt service adjustments (\$3,598,054).

FY 2013 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	State Highway Fund	All Funds	FTE	State Highway Fund	All Funds	FTE
Management – Operations Support	\$ 1,109,200	\$ 1,109,200	0.0	\$ 0	\$ 0	0.0
Maintenance – Regular Maintenance	1,281,150	1,281,150	0.0	0	0	0.0
Construction – Construction Inspection	1,129,424	1,129,424	0.0	0	0	0.0
TOTAL	\$ 3,519,774	\$ 3,519,774	0.0	\$ 0	\$ 0	0.0

Enhancements Detail

The **agency** requests \$3.5 million, all from the State Highway Fund, to replace 173 vehicles. The request includes 46 passenger cars and 127 pickups or vans. All vehicles will have met or exceeded KDOT's replacement criteria in hours, miles, or age, specific to the type of vehicle; Passenger vehicles are 100,000 miles or seven years; Pickup trucks are 140,000 miles or nine years. Replacement vehicles are requested for the following subprograms:

Management -- Operations Support - The agency requests \$1.1 million, all from the State Highway Fund, to replace 46 cars and 15 pickups/vans for the Operations Support subprogram for FY 2013.

The **Governor** does not recommend the enhancement.

Maintenance -- Regular Maintenance - The agency requests \$1.3 million, all from the State Highway Fund, to replace 48 pickups/vans for the Regular Maintenance subprogram for FY 2013.

The **Governor** does not recommend the enhancement.

Construction -- Construction Inspection - The agency requests \$1.1 million, all from the State Highway Fund, to replace 64 pickups/vans for the Construction subprogram for FY 2013.

The **Governor** does not recommend the enhancement.

FY 2013 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
This agency is not required to submit reduced resources.						

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The Governor's FY 2013 recommendation does not include a base salary adjustment for state employees.

Classified Employee Pay Plan. During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor, Chief Justice of the Supreme Court and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The time frame to fully implement the recommended plan was five years. Under the plan, the classified employees were divided into three groups to first address those with the greatest salary disparity to the market rate. The 2008 Legislature appropriated \$8.5 million from the State General Fund for FY 2009, the first year of the program. The 2008 Legislature also appropriated \$8.5 million from the State General Fund for each year from FY 2010 through FY 2013 to the State Finance Council. The 2011 Legislature, however, lapsed the \$8.5 million which had been previously appropriated for both FY 2012 and FY 2013. To date, not action has been taken to implement the new pay plans or the evaluation provisions of the pay plans.

Longevity Bonus Payments. For FY 2013, the Governor recommends the continuation of the current "temporary" longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2013 payments is \$12.0 million, including \$4.9 million from the State General Fund. **For this agency, longevity payments total \$1,575,892, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS) Rate Adjustments. A total of \$26.1 million, including \$22.2 million from the State General Fund, is included in the Governor's FY 2013 recommendations for KPERS adjustments. The FY 2013 rate for KPERS regular and school members will increase by 0.6 percent, from 8.77 percent to 9.37 percent, when compared to FY 2012. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERS fund.

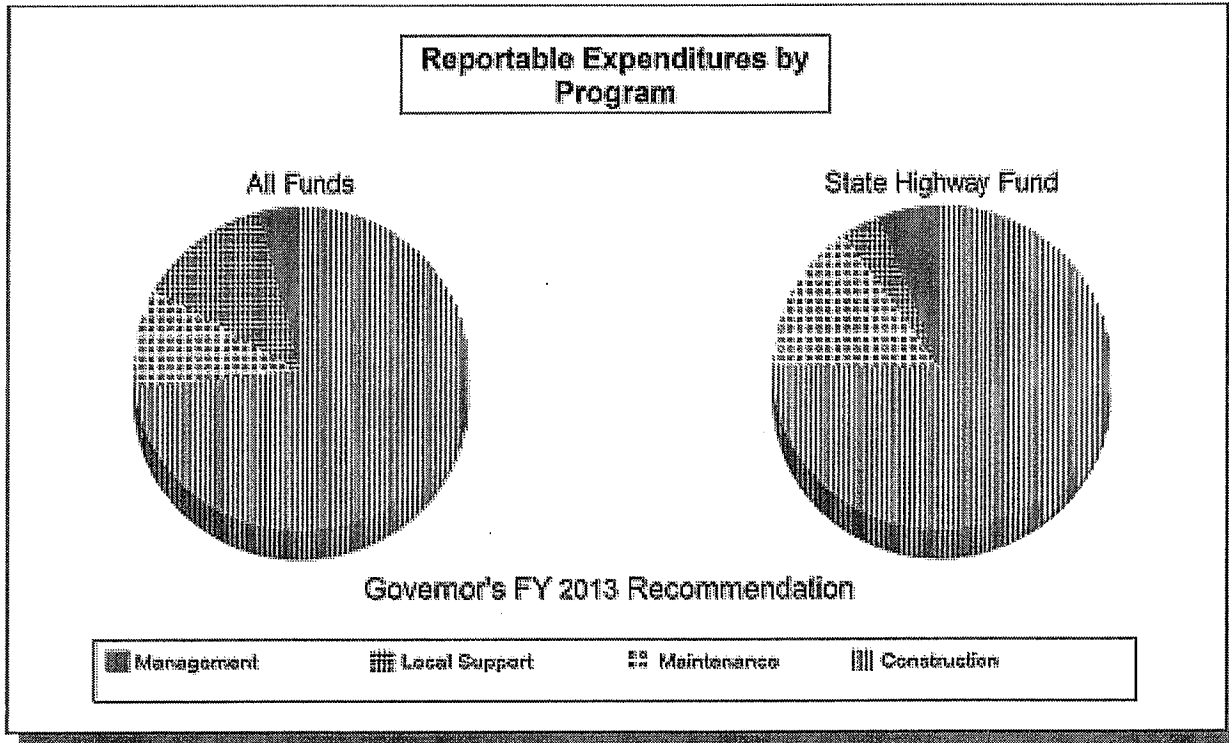
Voluntary Retirement Incentive Program. On August 2, 2011, a Voluntary Retirement Incentive Program was announced that provided incentives to eligible State of Kansas employees in the Executive Branch who elected to retire between August 2, 2011 and October 31, 2011. The intent was to provide incentives for employees to retire in order to generate salary and benefit savings in agency budgets. A total of 1,027 employees participated in the program. Employees were given two incentive options under the program. One was a one-time \$6,500 cash payment at the time of retirement that was not factored into final average salary for KPERS benefit calculations. This option was chosen by 214 employees. The second option, accepted by the other 813 employees, was a health insurance subsidy for up to 60 months of employee only coverage or up to 42 months for employee and dependent coverage. All coverage ceases once the former employee reaches 65 years of age. Agencies were advised they could refill only a portion of the positions vacated by the program. The refilled positions, however, were not to exceed 25.0 percent of the salaries of the vacant positions. Some exceptions were made to this limitation in order to ensure agencies continued to provide acceptable levels of service. After 651 selected positions (63.4 percent) were restored, 376.0 FTE positions (36.6 percent), and estimated savings of \$22.0 million, including \$6.6 million from the State General Fund, were deleted from agency budgets. **For this agency, 98.0 positions participated with the savings total \$5,401,604, all from special revenue funds, and deleted 98.0 positions.**

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2013	Gov. Rec. Percent of Total FY 2013
State Highway Fund	75.2 %	63.7 %
Other Federal Grants Fund	0.2	0.2
Special City and County Highway Fund	10.4	8.7
Highway Bonds Debt Service	13.4	11.3
All Other Funds	0.9	16.2
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2013	Percent of Total	Gov. Rec. SHF FY 2013	Percent of Total
Management	\$ 63,655,922	4.6 %	\$ 63,204,672	6.09%
Local Support	194,567,274	14.1	38,005,859	3.66
Maintenance	153,202,898	11.1	153,202,898	14.76
Construction	967,050,797	70.2	783,252,922	75.48
TOTAL	\$ 1,378,476,891	100.0 %	\$ 1,037,666,351	100.0 %

FTE POSITIONS BY PROGRAM – FY 2011 - FY 2013

Program	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Management	568.0	494.5	494.5	494.5	461.5
Local Support	63.0	55.0	55.0	55.0	53.0
Maintenance	1,566.0	1,498.0	1,498.0	1,498.0	1,459.0
Construction	916.5	869.0	869.0	869.0	845.0
TOTAL	3,113.5	2,916.5*	2,916.5	2,916.5	2,818.5

* The 2011 Legislature reduced the agency's FTE positions by 197.0 vacant FTE positions from 3,113.5 to 2,916.5 for FY 2012.

A. Management

The goal of the Management program is to “provide the direction, planning, coordination, communication, and administrative support that foster an integrated, multimodal transportation system meeting 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

MANAGEMENT SUMMARY OF EXPENDITURES FY 2011 - FY 2013					
Item	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Expenditures:					
Salaries and Wages	\$ 35,493,695	\$ 36,564,676	\$ 36,564,676	\$ 37,052,932	\$ 35,752,153
Contractual Services	17,248,601	21,948,319	21,948,319	22,245,228	22,245,228
Commodities	832,271	1,423,932	1,423,932	1,466,849	1,466,849
Capital Outlay	3,568,083	4,249,068	4,249,068	4,900,892	3,791,692
Subtotal - Operations	<u>\$ 57,142,650</u>	<u>\$ 64,185,995</u>	<u>\$ 64,185,995</u>	<u>\$ 65,665,901</u>	<u>\$ 63,255,922</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	897,661	400,000	400,000	400,000	400,000
Capital Improvements	1,159	0	0	0	0
Reportable Expenditures	<u>\$ 58,041,470</u>	<u>\$ 64,585,995</u>	<u>\$ 64,585,995</u>	<u>\$ 66,065,901</u>	<u>\$ 63,655,922</u>
Non-reportable Expenditures	<u>\$ 39,918</u>	<u>\$ 251,500</u>	<u>\$ 251,500</u>	<u>\$ 251,500</u>	<u>\$ 251,500</u>
TOTAL	<u><u>\$ 58,081,388</u></u>	<u><u>\$ 64,837,495</u></u>	<u><u>\$ 64,837,495</u></u>	<u><u>\$ 66,317,401</u></u>	<u><u>\$ 63,907,422</u></u>
Financing:					
State Highway Fund	\$ 57,544,284	\$ 64,134,745	\$ 64,134,745	\$ 65,614,651	\$ 63,204,672
All Other Funds	497,186	451,250	451,250	451,250	451,250
Reportable Expenditures	<u>\$ 58,041,470</u>	<u>\$ 64,585,995</u>	<u>\$ 64,585,995</u>	<u>\$ 66,065,901</u>	<u>\$ 63,655,922</u>
Non-reportable	<u>\$ 39,918</u>	<u>\$ 251,500</u>	<u>\$ 251,500</u>	<u>\$ 251,500</u>	<u>\$ 251,500</u>
TOTAL	<u><u>\$ 58,081,388</u></u>	<u><u>\$ 64,837,495</u></u>	<u><u>\$ 64,837,495</u></u>	<u><u>\$ 66,317,401</u></u>	<u><u>\$ 63,907,422</u></u>
FTE Positions	568.0	494.5	494.5	494.5	461.5
Non-FTE Uncl. Perm. Pos.	38.0	38.0	38.0	38.0	38.0
TOTAL	<u><u>606.0</u></u>	<u><u>532.5</u></u>	<u><u>532.5</u></u>	<u><u>532.5</u></u>	<u><u>499.5</u></u>

For FY 2012, the **agency** requests reportable expenditures of \$64.6 million for the Management Program, which is an increase of \$6.6 million, or 11.3 percent, above FY 2011 actual expenditures. Nonreportable expenditures total \$251,500, and include expenditures from the conference fees account (\$250,000) and the remittance of collected sales tax (\$1,500), no

change from the FY 2011 actual expenditures. The request includes \$64.6 million from the State Highway Fund and \$251,500 from all other funds. The agency's FY 2012 revised estimate includes a supplemental request for \$2.0 million, all from the State Highway Fund, for increases in fuel costs.

The **Governor** concurs with the agency's revised estimate for the Management Program.

For FY 2013, the **agency** requests reportable expenditures of \$66.3 million for the Management Program, which is an increase of \$1.5 million, or 2.3 percent, above the FY 2012 revised estimate. Nonreportable expenditures total \$251,500, and include expenditures from the conference fees account (\$250,000) and the remittance of collected sales tax (\$1,500), no change from the FY 2012 revised estimate. The request includes \$65.6 million from the State Highway Fund and \$251,500 from all other funds. Increases in this program from the FY 2012 revised estimate include: \$488,256 in salaries and wages, or 1.3 percent; \$296,909 in contractual services, or 1.4 percent; \$42,917 in commodities, or 3.0 percent; and \$651,824 in capital outlay, or 15.3 percent. The agency requests enhanced capital outlay funding of \$1.1 million, all from the State Highway Fund, in the Operations Support subprogram for 46 replacement passenger cars and 15 pickups or vans for FY 2013, all of which will have met KDOT's replacement criteria (Passenger vehicles - 100,000 miles or seven years; Pickup trucks - 140,000 miles or nine years). The FY 2013 request includes 494.5 FTE positions, no change from the FY 2012 revised estimate.

For FY 2013, the **Governor** recommends reportable expenditures of \$63.7 million for the Management Program, which is a decrease of \$930,073, or 1.4 percent, below the FY 2012 recommendation, and a decrease of \$2.4 million, or 3.6 percent, below the agency's FY 2013 request. The Governor concurs with the agency's non-reportable budget of \$251,500, but recommends reducing the FTE positions in this program by 33.0 FTE positions, from 494.5 to 461.5 FTE positions, related to the Voluntary Retirement Incentive Program. Expenditure reductions from the agency's request are due to not recommending enhancement funding for replacement vehicles (\$1.1 million), and the voluntary retirement incentive program expenditure reductions (\$1.3 million).

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 "Care/Call," "Click It or Ticket," and "Drunk Driving, Over the Limit, Under Arrest" 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 2011 - FY 2013					
Item	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Expenditures:					
Salaries and Wages	\$ 3,580,571	\$ 3,958,534	\$ 3,958,534	\$ 4,010,404	\$ 3,916,555
Contractual Services	3,110,339	5,279,141	5,279,141	5,587,698	5,587,698
Commodities	216,993	392,698	392,698	374,456	374,456
Capital Outlay	1,097,087	187,050	187,050	405,100	405,100
Subtotal - Operations	\$ 8,004,990	\$ 9,817,423	\$ 9,817,423	\$ 10,377,658	\$ 10,283,809
Aid to Local Units	167,990,940	171,900,032	169,543,535	172,535,917	169,521,750
Other Assistance	52,157,326	30,290,985	30,290,985	14,761,715	14,761,715
Capital Improvements	0	0	0	0	0
Reportable Expenditures	<u>\$ 228,153,256</u>	<u>\$ 212,008,440</u>	<u>\$ 209,651,943</u>	<u>\$ 197,675,290</u>	<u>\$ 194,567,274</u>
Non-reportable Expenditures	\$ 2,114,455	\$ 4,697,500	\$ 4,697,500	\$ 1,375,000	\$ 1,375,000
TOTAL	<u><u>\$ 230,267,711</u></u>	<u><u>\$ 216,705,940</u></u>	<u><u>\$ 214,349,443</u></u>	<u><u>\$ 199,050,290</u></u>	<u><u>\$ 195,942,274</u></u>
Financing:					
State Highway Fund	\$ 30,719,511	\$ 36,864,189	\$ 36,864,189	\$ 38,099,708	\$ 38,005,859
All Other Funds	197,433,745	175,144,251	172,787,754	159,575,582	156,561,415
Reportable Expenditures	\$ 228,153,256	\$ 212,008,440	\$ 209,651,943	\$ 197,675,290	\$ 194,567,274
Non-reportable	\$ 2,114,455	\$ 4,697,500	\$ 4,697,500	\$ 1,375,000	\$ 1,375,000
TOTAL	<u><u>\$ 230,267,711</u></u>	<u><u>\$ 216,705,940</u></u>	<u><u>\$ 214,349,443</u></u>	<u><u>\$ 199,050,290</u></u>	<u><u>\$ 195,942,274</u></u>
FTE Positions	63.0	55.0	55.0	55.0	53.0
Non-FTE Uncl. Perm. Pos.	4.0	4.0	4.0	4.0	4.0
TOTAL	<u><u>67.0</u></u>	<u><u>59.0</u></u>	<u><u>59.0</u></u>	<u><u>59.0</u></u>	<u><u>57.0</u></u>

For FY 2013, the **agency** requests reportable expenditures of \$197.7 million for the Local Support Program, which is a decrease of \$14.3 million, or 6.8 percent, below the FY 2012 revised estimate. The request includes expenditures of \$38.1 million from the State Highway Fund and \$159.6 million from all other funds. Nonreportable expenditures total \$1.4 million, which include payments for the Rail Loan Program and transfers to other state agencies for safety programs.

For FY 2013, the **Governor** recommends reportable expenditures of \$194.6 million for the Local Support Program, which is a decrease of \$15.1 million, or 7.2 percent, below the FY 2012 recommendation, and a decrease of \$3.1 million, or 1.6 percent, below the agency's FY 2013 request. The Governor concurs with the agency's non-reportable budget of \$1.4 million, but recommends reducing the FTE positions in this program by 2.0 FTE positions, from 55.0 to 53.0 FTE positions, related to the Voluntary Retirement Incentive Program. Expenditure reductions from the agency's request are due to the voluntary retirement incentive program expenditure reductions (\$93,849).

C. Maintenance

The Maintenance Program contains all regular and substantial highway and bridge maintenance performed by the state. Regular maintenance includes activities designed to preserve and repair the roadway system to its designed or accepted standards, including road surfaces, shoulders, roadsides, drainage facilities, bridges, signs, and markings. Traffic services such as lighting, signal operation, snow and ice removal, and roadside rest areas are also included. Substantial maintenance projects are completed by contract and are based on statewide need. Substantial maintenance includes projects such as resurfacing, bridge and culvert repair, bridge painting, emergency repair, signing, pavement marking, lighting, and small safety projects. This program includes expenditures for the agency's interoperable communications towers. Agency leasing expenditures are included as nonreportable expenditures while federal funds for the program are included as reportable expenditures.

Funding to assist cities in the maintenance of highway connecting links is also provided. KDOT reimburses cities and counties \$3,000 per lane-mile for links they maintain. In addition, funds are available for substantial maintenance on city connecting links through a matching program on either a 50/50 or 25/75 basis, depending on city size, and up to \$200,000 per resurfacing project.

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 2011 - FY 2013					
Item	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Expenditures:					
Salaries and Wages	\$ 68,163,703	\$ 74,270,851	\$ 74,270,851	\$ 75,508,758	\$ 73,230,400
Contractual Services	16,359,631	18,824,947	18,824,947	19,876,639	19,876,639
Commodities	35,941,491	40,296,960	40,296,960	40,567,235	40,567,235
Capital Outlay	20,479,436	20,709,027	20,709,027	17,449,774	16,168,624
Subtotal - Operations	\$ 140,944,261	\$ 154,101,785	\$ 154,101,785	\$ 153,402,406	\$ 149,842,898
Aid to Local Units	2,681,236	3,346,434	3,346,434	3,360,000	3,360,000
Other Assistance	0	0	0	0	0
Capital Improvements	19	0	0	0	0
Reportable Expenditures	<u>\$ 143,625,516</u>	<u>\$ 157,448,219</u>	<u>\$ 157,448,219</u>	<u>\$ 156,762,406</u>	<u>\$ 153,202,898</u>
Non-reportable Expenditures	\$ 1,476,620	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
TOTAL	<u><u>\$ 145,102,136</u></u>	<u><u>\$ 158,448,219</u></u>	<u><u>\$ 158,448,219</u></u>	<u><u>\$ 157,762,406</u></u>	<u><u>\$ 154,202,898</u></u>
Financing:					
State Highway Fund	\$ 142,175,350	\$ 155,698,219	\$ 155,698,219	\$ 156,762,406	\$ 153,202,898
All Other Funds	1,450,166	1,750,000	1,750,000	0	0
Reportable Expenditures	\$ 143,625,516	\$ 157,448,219	\$ 157,448,219	\$ 156,762,406	\$ 153,202,898
Non-reportable	\$ 1,476,620	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
TOTAL	<u><u>\$ 145,102,136</u></u>	<u><u>\$ 158,448,219</u></u>	<u><u>\$ 158,448,219</u></u>	<u><u>\$ 157,762,406</u></u>	<u><u>\$ 154,202,898</u></u>
FTE Positions	1,566.0	1,498.0	1,498.0	1,498.0	1,459.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	<u><u>1,567.0</u></u>	<u><u>1,499.0</u></u>	<u><u>1,499.0</u></u>	<u><u>1,499.0</u></u>	<u><u>1,460.0</u></u>

For FY 2013, the **agency** requests reportable expenditures of \$156.8 million for the Maintenance Program, which is a decrease of \$685,813, or 0.4 percent, below the FY 2012

revised estimate. The request is entirely funded from the State Highway Fund. Increases in this program from the FY 2012 revised estimate include: \$1.2 million in salaries and wages, or 1.7 percent; \$1.1 million in contractual services, or 5.6 percent; \$270,275 in commodities, or 0.7 percent. These increases are offset by a decrease of \$3.3 million in capital outlay, or 15.7 percent below the FY 2012 revised estimate. The agency's request includes enhanced capital outlay funding of \$1.3 million, all from the State Highway Fund, to purchase 48 pickups or vans for the regular maintenance subprogram for FY 2013, all of which will have met KDOT's replacement criteria (Passenger vehicles - 100,000 miles or seven years; Pickup trucks - 140,000 miles or nine years). Nonreportable expenditures total \$1.0 million for interagency transfers, including motor fuel sales and for radio purchases. The FY 2013 request includes 1,498.0 FTE positions, no change from the FY 2012 revised estimate.

For FY 2013, the **Governor** recommends reportable expenditures of \$153.2 million for the Maintenance Program, which is a decrease of \$4.2 million, or 2.7 percent, below the FY 2012 recommendation, and a decrease of \$3.6 million, or 2.3 percent, below the agency's FY 2013 request. The Governor concurs with the agency's non-reportable budget of \$1.0 million, but recommends reducing the FTE positions in this program by 39.0 FTE positions, from 1,498.0 to 1,459.0 FTE positions, related to the Voluntary Retirement Incentive Program. Expenditure reductions from the agency's request are due to not recommending enhancement funding for replacement vehicles (\$1.3 million), and the voluntary retirement incentive program expenditure reductions (\$2.3 million).

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 six subprograms: Design/Right of Way, Construction Inspection, State Projects, Buildings, Local Construction, and Preservation. These subprograms include right-of-way purchase, design, construction supervision, materials testing, facilities construction and remodeling, debt service, and federal aid to local governments. 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 2011 - FY 2013**

Item	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Expenditures:					
Salaries and Wages	\$ 50,918,524	\$ 57,056,055	\$ 57,056,055	\$ 57,836,687	\$ 56,108,069
Contractual Services	73,682,532	101,492,107	101,009,607	84,121,793	84,121,793
Commodities	3,337,127	1,681,705	1,681,705	1,724,382	1,724,382
Capital Outlay	2,323,415	2,000,429	2,000,429	2,552,544	1,423,120
Debt Service	183,920,190	180,829,827	179,579,821	181,491,006	177,892,952
Subtotal - Operations	\$ 314,181,788	\$ 343,060,123	\$ 341,327,617	\$ 327,726,412	\$ 321,270,316
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Capital Improvements	759,380,442	842,789,479	842,789,479	652,238,478	645,780,481
Reportable Expenditures	<u>\$ 1,073,562,230</u>	<u>\$ 1,185,849,602</u>	<u>\$ 1,184,117,096</u>	<u>\$ 979,964,890</u>	<u>\$ 967,050,797</u>
Non-reportable Expenditures	\$ 216,566,806	\$ 507,472,517	\$ 457,472,517	\$ 442,619,047	\$ 442,619,047
TOTAL	<u><u>\$ 1,290,129,036</u></u>	<u><u>\$ 1,693,322,119</u></u>	<u><u>\$ 1,641,589,613</u></u>	<u><u>\$ 1,422,583,937</u></u>	<u><u>\$ 1,409,669,844</u></u>
Financing:					
State Highway Fund	\$ 892,317,486	\$ 1,000,315,852	\$ 1,000,315,852	\$ 792,568,961	\$ 783,252,922
All Other Funds	181,244,744	185,533,750	183,801,244	187,395,929	183,797,875
Reportable Expenditures	<u>\$ 1,073,562,230</u>	<u>\$ 1,185,849,602</u>	<u>\$ 1,184,117,096</u>	<u>\$ 979,964,890</u>	<u>\$ 967,050,797</u>
Non-reportable	<u>\$ 216,566,806</u>	<u>\$ 507,472,517</u>	<u>\$ 457,472,517</u>	<u>\$ 442,619,047</u>	<u>\$ 442,619,077</u>
TOTAL	<u><u>\$ 1,290,129,036</u></u>	<u><u>\$ 1,693,322,119</u></u>	<u><u>\$ 1,641,589,613</u></u>	<u><u>\$ 1,422,583,937</u></u>	<u><u>\$ 1,409,669,874</u></u>
FTE Positions	916.5	869.0	869.0	869.0	845.0
Non-FTE Uncl. Perm. Pos.	8.0	8.0	8.0	8.0	8.0
TOTAL	<u><u>924.5</u></u>	<u><u>877.0</u></u>	<u><u>877.0</u></u>	<u><u>877.0</u></u>	<u><u>853.0</u></u>

For FY 2013, the **agency** requests reportable expenditures of \$980.0 million for the Construction Program, which is a decrease of \$205.9 million, or 17.4 percent, below the FY 2012 revised estimate. The request includes expenditures of \$792.6 million from the State Highway Fund and \$187.4 million from all other funds. Adjustments in this program from the FY 2012 revised estimate include: an increase of \$780,632 in salaries and wages, or 1.4 percent; a decrease of \$17.4 million in contractual services, or 17.1 percent; an increase of \$42,677 in commodities, or 2.5 percent; an increase of \$552,115 in capital outlay, or 27.6 percent; and a decrease of \$190.6 million in capital improvements, or 22.6 percent. The agency's request includes enhanced capital outlay funding totaling \$1.1 million, all from the State Highway Fund, to replace 64 pickups or vans for the construction inspection subprogram for FY 2013, all of which will have met KDOT's replacement criteria (Passenger vehicles - 100,000 miles or seven years; Pickup trucks - 140,000 miles or nine years). Nonreportable expenditures total \$442.6 million for reimbursements to the Kansas Department of Revenue, enhanced traffic control with the Kansas Highway Patrol, and bond proceeds and debt service. Bond proceeds and debt service make up the majority of the nonreportable category in this program totaling \$441.6 million. The FY 2013 request includes 869.0 FTE positions, no change from the FY 2012 revised estimate.

For FY 2013, the **Governor** recommends reportable expenditures of \$967.1 million for the Construction Program, which is a decrease of \$217.1 million, or 18.3 percent, below the FY 2012 recommendation, and a decrease of \$12.9 million, or 1.3 percent, below the agency's FY 2013 request. The Governor concurs with the agency's non-reportable budget of \$442.6 million, but recommends reducing the FTE positions in this program by 24.0 FTE positions, from 869.0 to 845.0 FTE positions, related to the Voluntary Retirement Incentive Program. Expenditure reductions from the agency's request are due to not recommending enhancement funding for

replacement vehicles (\$1.1 million), the voluntary retirement incentive program expenditure reductions (\$1.7 million), and non-recommended buildings projects (\$6.5 million).

E. Debt Service

This program contains principal, interest, and administrative costs related to bond debt for the Kansas Department of Transportation. As of December 2011, debt outstanding totals \$2.4 billion (\$1.78 billion in principal and \$664.2 million in interest). Current outstanding debt is scheduled out to FY 2036.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2011 - FY 2013					
Item	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Expenditures:					
Debt Service Interest	\$ 79,035,190	\$ 70,859,827	\$ 69,609,821	\$ 72,596,006	\$ 70,507,952
Debt Service Principal	104,885,000	109,970,000	109,970,000	108,895,000	107,385,000
Administrative Costs*	9,731,003	5,074,423	4,591,923	5,964,923	5,964,923
TOTAL	<u>\$ 193,651,193</u>	<u>\$ 185,904,250</u>	<u>\$ 184,171,744</u>	<u>\$ 187,455,929</u>	<u>\$ 183,857,875</u>
Financing:					
State Highway Fund	\$ 12,406,449	\$ 370,500	\$ 370,500	\$ 60,000	\$ 60,000
All Other Funds	181,244,744	185,533,750	183,801,244	187,395,929	183,797,875
TOTAL	<u>\$ 193,651,193</u>	<u>\$ 185,904,250</u>	<u>\$ 184,171,744</u>	<u>\$ 187,455,929</u>	<u>\$ 183,857,875</u>
* Includes issuance costs, discounts, bond counsel, remarketing agent, liquidity providers, rating agencies, escrow agent, registrar, financial advisor, and legal counsel.					

The **agency** estimates debt service expenditures totaling \$185.9 million in FY 2012, and \$187.5 million for FY 2013.

The **Governor** recommends reducing debt issuance in FY 2012 by \$50.0 million, and reduces associated debt service expenditures by \$1,732,506 in FY 2012 (\$1,250,006 debt service interest, \$482,500 administrative costs), and \$3,598,054 for FY 2013 (\$2,088,054 debt service interest, \$1,510,000 debt service principal) to reflect the recommended reduction.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Re-roof Buildings - Various Locations	\$ 508,917	\$ 508,917	\$ 368,826	\$ 368,826
Equipment Storage Sheds	603,119	603,119	0	0
Subarea Bay Modernization	3,130,688	3,130,688	2,998,184	2,998,184
Chemical Storage Facilities	506,079	506,079	0	0
Remote Chemical Storage Bunkers	144,055	144,055	33,248	33,248
Vehicle Wash Bays	0	0	605,359	0
Relocate Subarea - Concordia	0	0	1,771,288	0
Relocate Subarea/Regional Materials Lab - Wichita Hillside	0	0	2,014,877	0
Relocate Subarea - Newton	0	0	1,886,473	0
Purchase Land - Various Locations	6,028	6,028	180,000	0
Rehabilitation and Repair	3,861,003	3,861,003	3,374,157	3,374,157
TOTAL	\$ 8,759,889	\$ 8,759,889	\$ 13,232,412	\$ 6,774,415
Financing:				
State Highway Fund	\$ 8,759,889	\$ 8,759,889	\$ 13,232,412	\$ 6,774,415
All Other Funds	0	0	0	0
TOTAL	\$ 8,759,889	\$ 8,759,889	\$ 13,232,412	\$ 6,774,415

FY 2012 – Current Year. For FY 2012, the **agency** estimates expenditures of \$8.8 million, all from the State Highway Fund, for building projects. Expenditures include \$4.9 million for projects and \$3.9 million for rehabilitation and repair.

The **Governor** concurs with the agency's request in FY 2012 for capital improvements building projects.

FY 2013– Budget Year. For FY 2013, the **agency** requests expenditures of \$13.2 million, all from the State Highway Fund, for building projects. Expenditures include \$9.8 million for projects and \$3.4 million for rehabilitation and repair.

The **Governor** recommends FY 2013 capital improvement building project expenditures totaling \$6.8 million, all from the State Highway Fund, a reduction of \$6.5 million, or 48.8 percent, below the agency's request. The difference is due to the Governor not recommending \$6.5 million in building projects, for: vehicle wash bays (\$605,359); Concordia Subarea relocation (\$1,771,288); Relocate Subarea/Regional Materials Lab - Wichita Hillside (\$2,014,877); Relocate Subarea - Newton (\$1,886,473); and the purchase of land in various locations (\$180,000).

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 2013 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 2010 Senate Sub. for HB 2360 the sales and compensating use tax was increased from 5.3 percent to 6.3 percent; 0.65 percent of this tax is deposited directly into the State Highway Fund. The increase in the sales and compensating use tax from 5.3 percent to 6.3 percent in turn increases receipts to the State Highway Fund, which are estimated to be \$20.4 for FY 2011, \$21.0 for FY 2012, \$21.0 for FY 2013. Beginning in FY 2014 the rate will drop back to 5.7 percent, and the State Highway Fund will receive all revenue in excess of 5.3 percent.

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: 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 will increase \$100 in FY 2013, and is estimated to generate \$131.0 million over the life of the program.

STATE FUNDING SOURCES FY 2000 - FY 2012 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	292,640	167,386	892,756	
2012 estimate	434,012	0	301,611	171,500	907,123	
2013 estimate	440,412	0	311,420	181,000	932,832	

*Prior to FY 2007 the Sales and Compensating Use Tax Direct Deposit was 0.25 percent, in 2007 it was increased to 0.38 percent, and then increased again in FY 2008 to 0.65 percent. The FY 2011 estimated Sales and Compensating revenues to the State Highway Fund are increased by \$19.3 million to reflect action taken in 2010 Senate Sub. for HB 2360. 2010 Senate Sub. for HB 2360 increases the sales and compensating use tax from 5.3 percent to 6.3 percent, for which estimated receipts to the State Highway Fund include \$20.4 for FY 2011, \$21.0 for FY 2012, \$21.0 for FY 2013. Beginning in FY 2014 the rate will drop back to 5.7 percent, and the State Highway Fund will receive all excess above 5.3 percent.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2011	Actual FY 2011	Gov. Rec. FY 2012	Gov. Rec. FY 2013
Management				
Percent of bridges on the state highway system that are safe	94.0%	94.0%	94.0%	94.0%
Percent of roadway miles on the state highway system with desirable levels of service during peak hours of travel	94.0%	95.0%	95.0%	95.0%
Percent of non-Interstate miles on the state highway system that are classified as "good" or "acceptable"	86.0%	84.0%	84.0%	84.0%
Number of modernization miles programmed	18	17	133	129
Number of preservation miles programmed	2,224	2,641	2,340	2,339
Number of preservation bridge projects programmed	73	120	124	140
Number of public-use airports improved	32	48	31	30
Local Support				
Percent of programmed local road and street projects contracted in the programmed year	70.0%	75.0%	75.0%	75.0%
Annual ridership for rural public transportation operations	3,000,000	2,796,751	2,825,000	2,900,000
Average number of days to complete a road safety audit	365	500	500	500
Injuries per hundred million vehicle miles	69	61	60	60
Number of accidents related to alcohol	3,250	3,080	3,018	2,958
Maintenance				
Percent of lane miles of asphalt roadway on the state highway system that are repaired during the year	15.0%	12.0%	12.0%	12.0%
Percent of shoulder miles on the state highway system that are repaired	36.0%	35.0%	35.0%	35.0%
Lane miles of state highway system repaired	3,261	2,806	2,806	2,806
Construction				
Number of projects miles designed	55	71	122	66
Number of bridge projects designed	53	127	78	84
Number of preservation projects	160	241	310	293
Number of substantial maintenance miles resurfaced	1,295	2,041	1,498	1,497
Number of priority bridge projects completed	38	73	79	76