Approved: 2/1/96
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES.

The meeting was called to order by Chairman Ben Vidricksen at 9:00 a.m. on January 31, 1996 in Room 254-E of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Legislative Research Department
Ben Barrett, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Martha Ozias, Committee Secretary

Conferees appearing before the committee:
Terry Heidner - KDOT Chief of Transportation Planning
Dean Carlson - Secretary of Transportation

Others attending:

SB 493 - AMENDING THE KANSAS COORDINATED TRANSIT DISTRICTS ACTS

Terry Heidner appeared before the Committee to provide testimony in support of this bill. This proposed legislation would amend the statutory language and clarify the roles between the Coordinated Transit Districts and the Department of Transportation and would include a revision of terms and references that have resulted from changes in the Federal Transit Act. (Attachment 1)

Senator Jones made a motion to pass this bill favorably. This was seconded by Senator Harrington. Motion carried.

Secretary Carlson then presented charts and graphs to explain KDOT Funding (Attachment 2) in response to an Editorial that was in The Wichita Eagle on January 12, 1996. (Attachment 3)

A motion was made by Senator Papay to approve the minutes of the January 30th meeting. This was seconded by Senator Lawrence and the motion carried.

There being no further discussion the meeting was adjourned by the Chairman at 9:45 a.m.

The next meeting will be on February 1, 1996.

STATE OF KANSAS

KANSAS DEPARTMENT OF TRANSPORTATION
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E. Dean Carlson
Secretary of Transportation

Bill Graves
Governor of Kansas

TESTIMONY BEFORE THE
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES
REGARDING SENATE BILL 493

January 31, 1996

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to provide testimony supporting Senate Bill 493.

The proposed legislation amends the statutory language in K.S.A. 75-5051 et seq., regarding the Coordinated Transit Districts (CTDs). The amendments include:

1. A clarification of the roles between the CTDs and the Kansas Department of Transportation; and

2. A revision of terms and references that has resulted from changes in the Federal Transit Act and its codification into U.S. Law.

Specifically, the amendment in this proposed legislation clarifies that the establishment of Coordinated Transit Districts is not intended to create an employment relationship between the Coordinated Transit Districts or individual transportation service providers and the State of Kansas. At present, the Kansas Department of Transportation administers the distribution of grant monies from the Federal Transit Administration for their Section 16 program (49 U.S.C. #5310), which provides transportation services to elderly or disabled passengers; and for their Section 18 program (49 U.S.C. #5311), which provides public transportation services to the general public in non-urbanized areas of the state. This amendment clarifies the role of the Kansas Department of Transportation to be a conduit for the distribution of Federal funds rather than an employer.

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 1-1

In order for a public body to receive Section 18 funds from the Federal Transit Administration, there is a labor protection agreement with the U.S. Department of Labor pursuant to Section 13(c) of the Federal Transit Act, commonly referred to as "13c" that the public body has to sign. This agreement basically places the public body in the status of an employer just like the "Greyhound Corporation", and makes the public body liable for the provisions afforded to the transit unions operating in Kansas. States have generally removed themselves from the employer status by obtaining a waiver to this agreement since the transit service areas of the individual providers of these transportation services are in relatively small rural areas where there are no, or almost no transit union employees.

We believe that this amendment is needed to restore the Department to the same legal position it held prior to the passage of the Kansas Law establishing the CTDs, since the operational relationship between the Department and its providers has not changed.

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 1-2

KDOT FUNDING

Presentation to the

Senate Committee on Transportation and Utilities

January 31, 1996

Kansas Department of Transportation

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-1

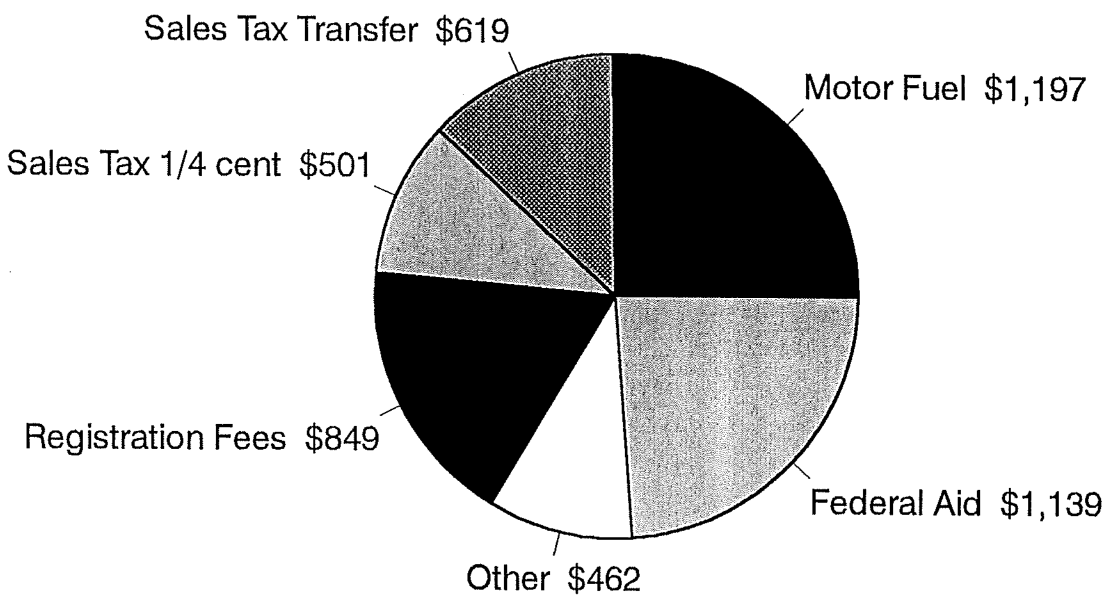
Revenues, Expenditures, and Program Commitments 1990 - 1997 1998 - 2000

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-2

State Highway Fund Revenues Including Federal-Aid

Kansas Department of Transportation

FY 1990 - 1997



Anticipated Cash Flow

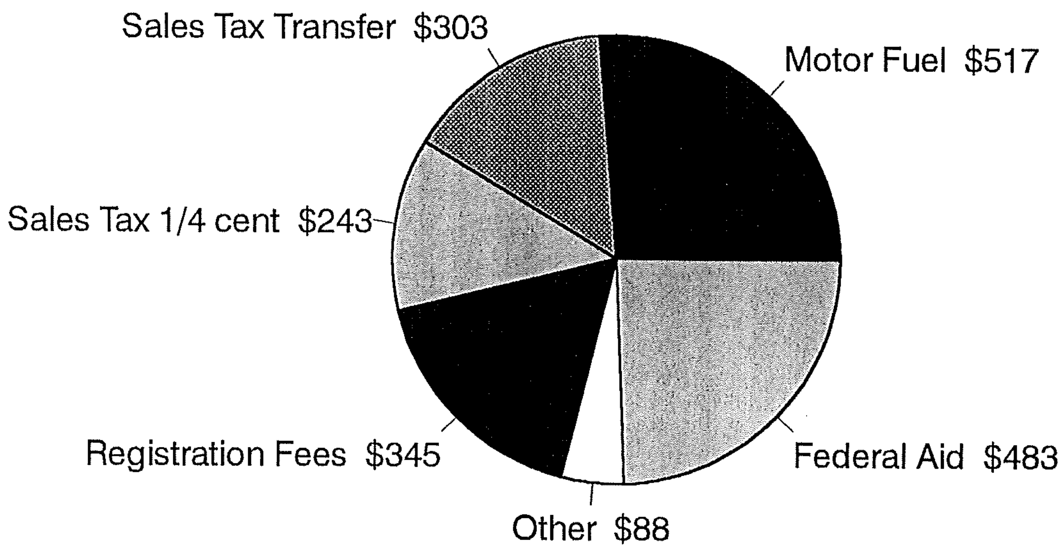
Excludes local projects (Federal & local portion)

1/9/1996

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-3

State Highway Fund Revenues
Including Federal-Aid
Kansas Department of Transportation
FY 1998 - 2000

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-4



Anticipated Cash Flow

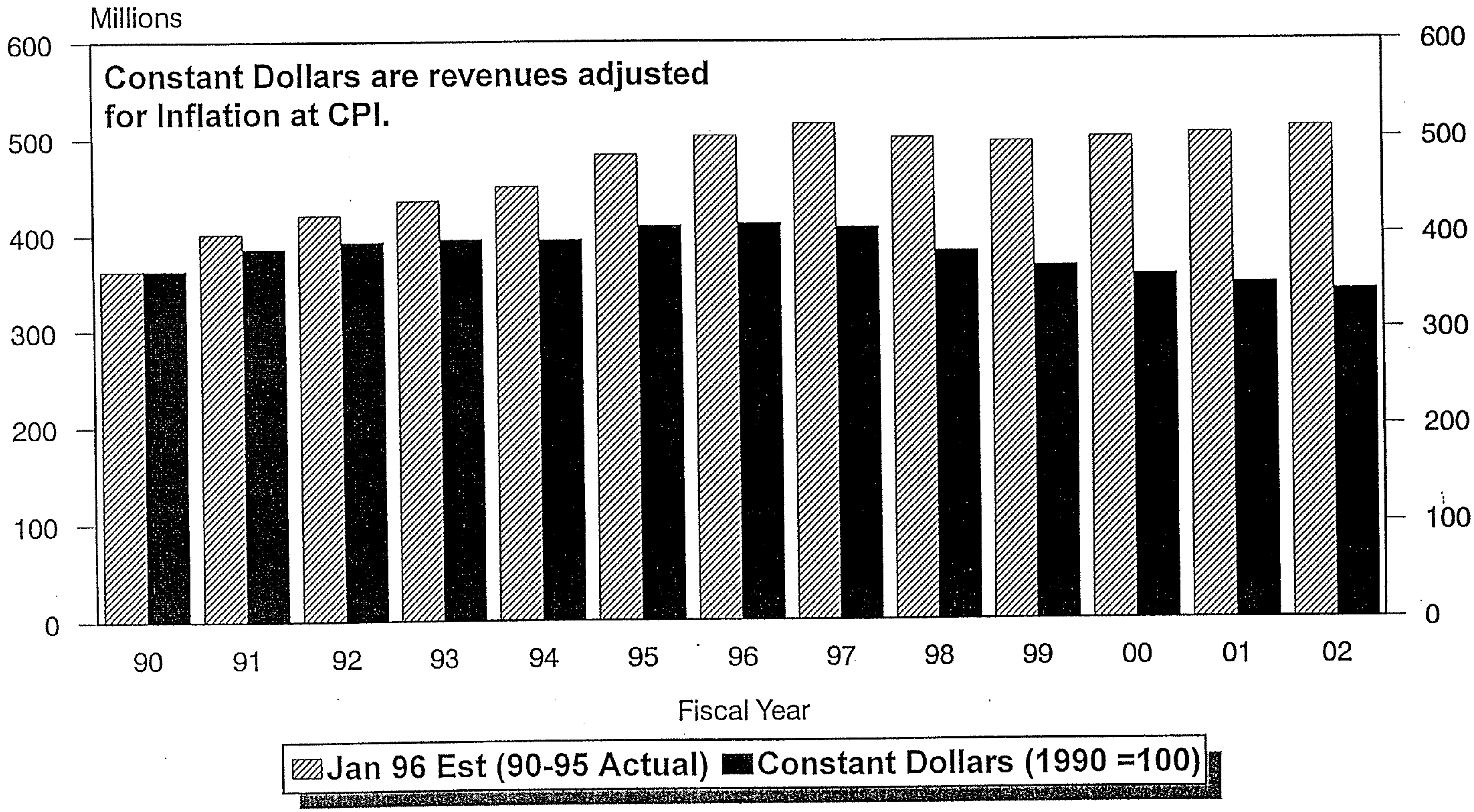
Excludes local projects (Federal & local portion)

1/9/1996

State Revenues

Before Federal Reimbursements & Bond Sales

STATE HIGHWAY FUND



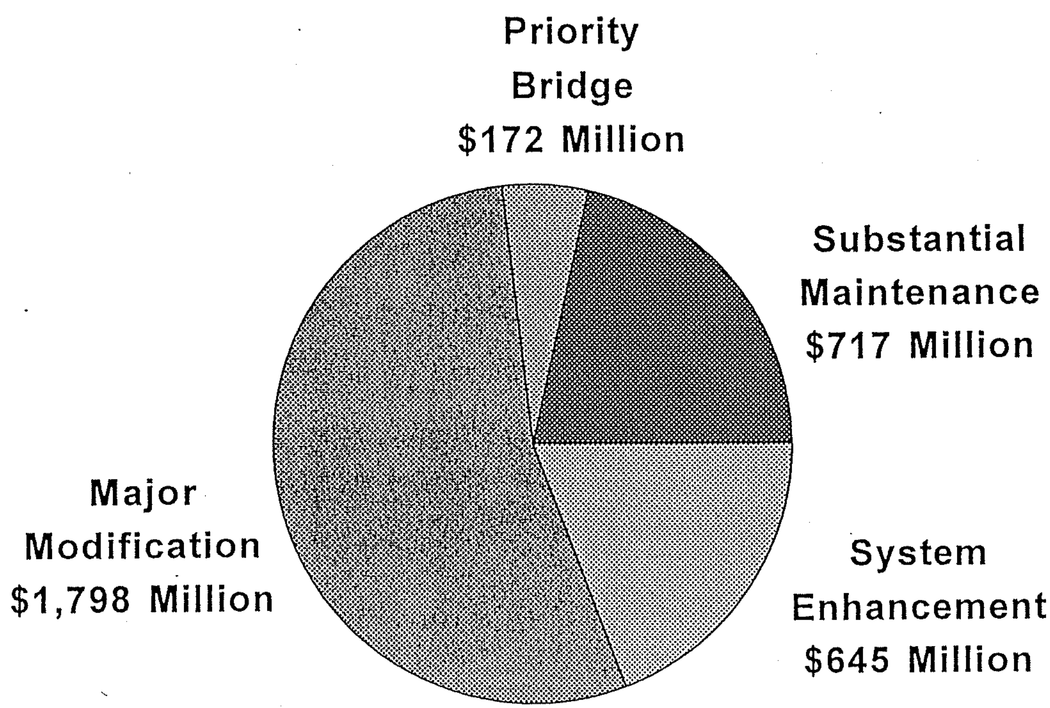
Excludes Federal & Local Reimbursements and Federal Aid to Locals in the Restricted Fees Fund
Includes Motor Fuel Taxes deposited in the State Freeway Fund

1/9/1996

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-5

Kansas Comprehensive Highway Program

Estimated Construction Cost
FY 1990 - 1997

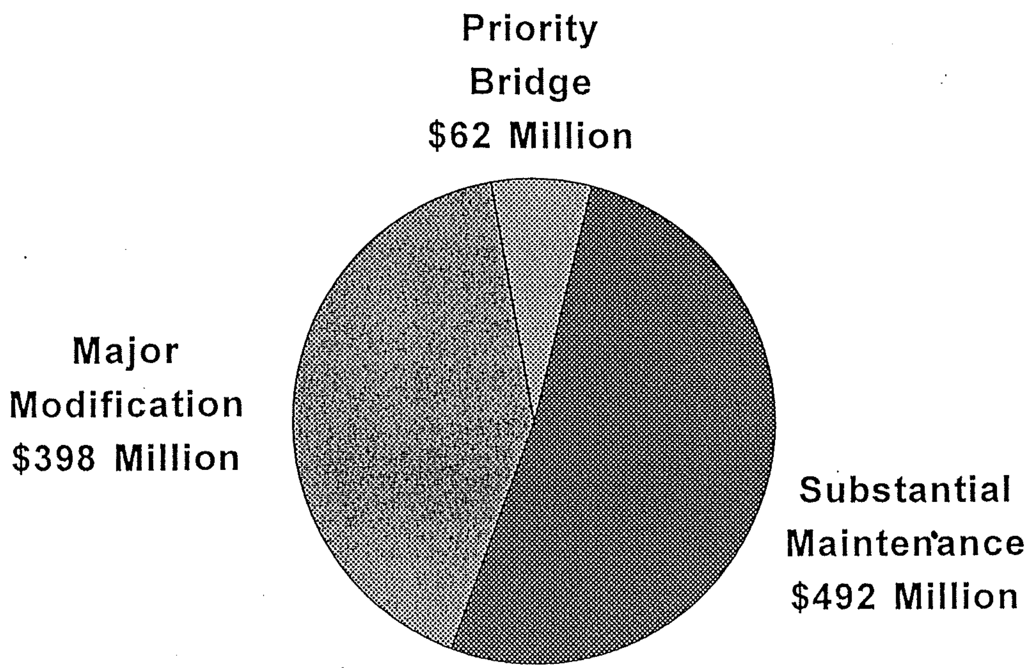


Total - $3.33 Billion

5/31/1995

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-6

Interim Highway Projects
Estimated Construction Cost
FY 1998 - 2000

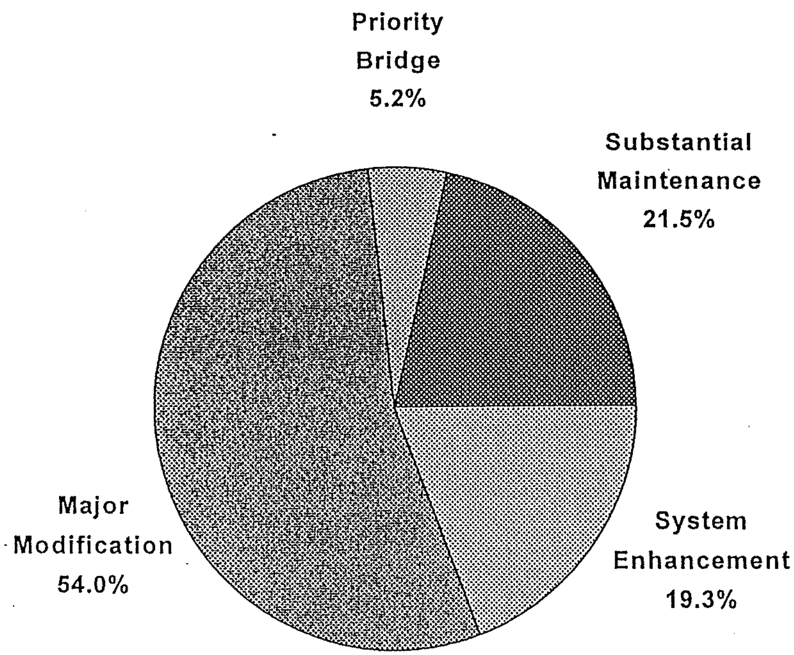


Total - $952 Million

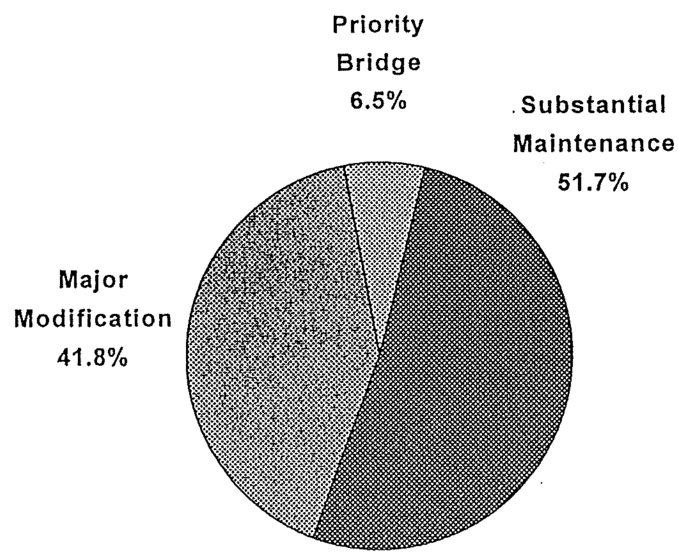
5/31/1995

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-7

Comparison of Estimated Construction FY 1990-2000



1990-1997 Annual Average
$362.9 Million Constant Dollars



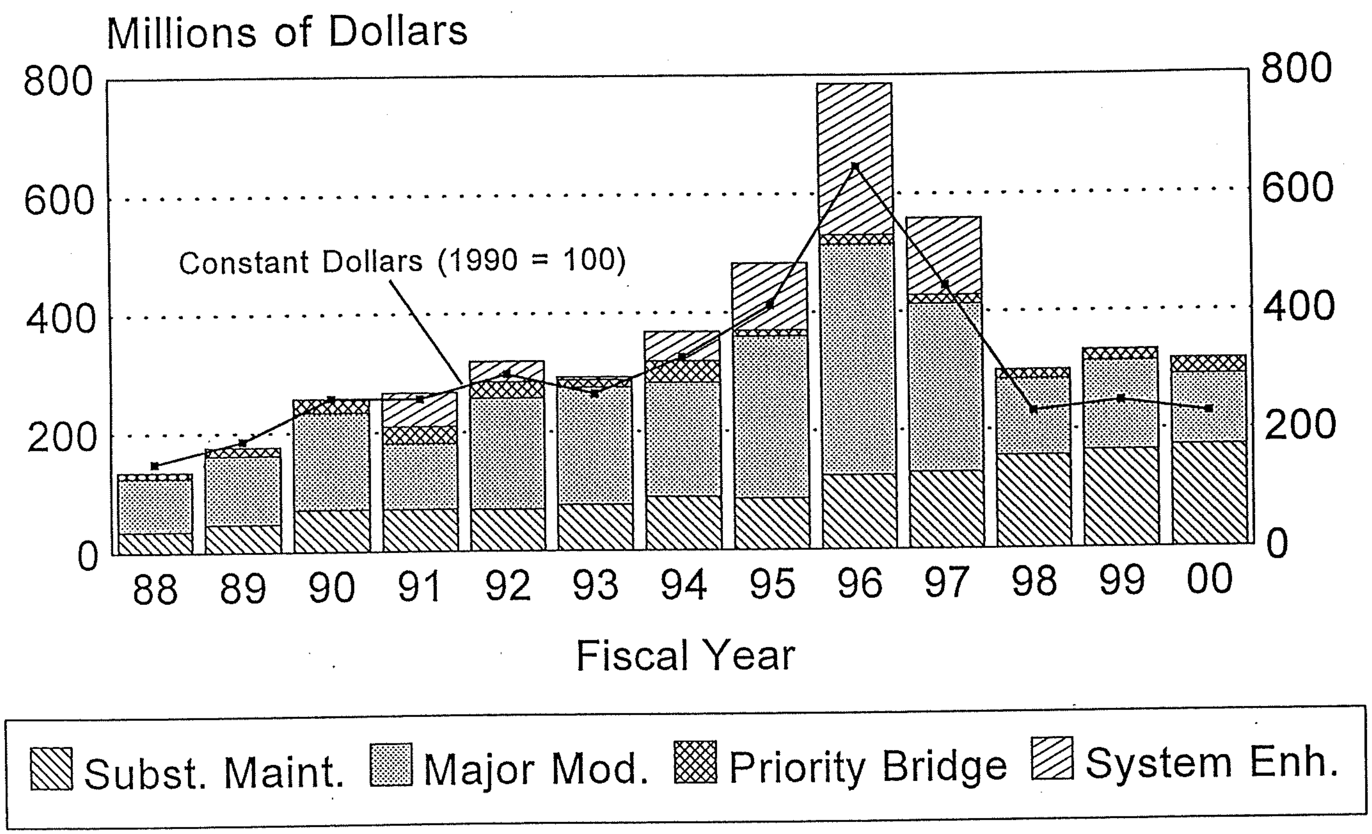
1998-2000 Annual Average
$235.5 Million Constant Dollars

5/31/1995

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-8

Comparison of Total Construction

FY 1988-2000

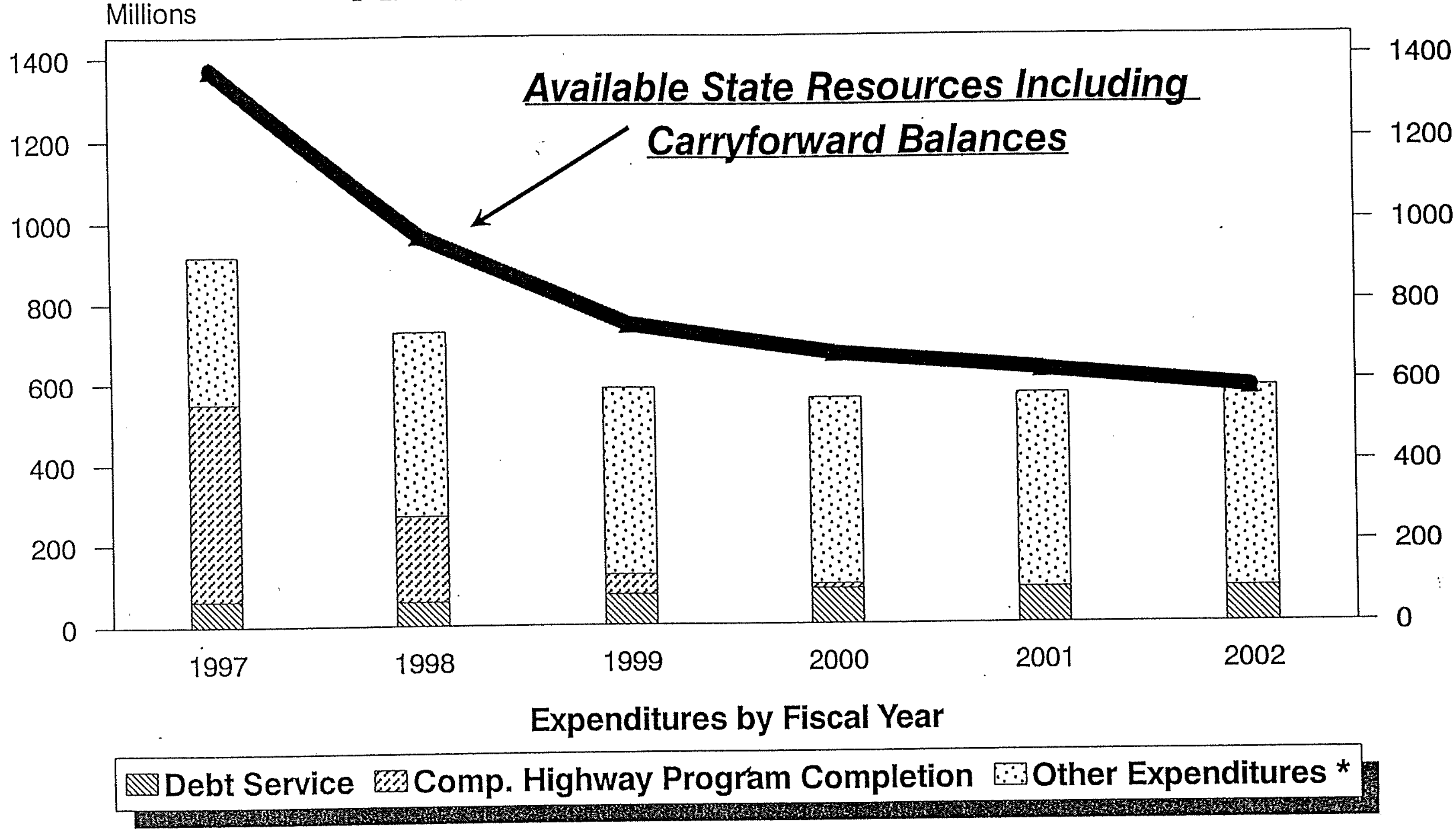


5/31/1995

Constant Dollars are revenues adjusted for inflation at CPI.

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-9

Projected
KDOT Resource Utilization



SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-10

* Other Expenditures includes Agency Operations, Transfers and Buildings for FY 1997 and subsequent years; Substantial Maintenance Contracts let in FY 1998 and thereafter and State funds required to match Federal Aid on projects let in FY 1998 and subsequent years.

Note: Federal Reimbursement has been netted against construction expenditures.

1/9/1996

Revenues, Expenditures, and Ending Balances

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-11

Additional KDOT Expenditures
(In Millions)

Project Expenditures	$130			
Agency Operations (including agency local support and buildings expenditures	$(56)			
Total Program Expenditures (represents approximately a 1.5% increase over 1989 projections)	$74		$74	
Transfer to Freeway Fund to Provide Early Retirement of Freeway Bonds		$92		
Additional Transfers to Others		$33		
Debt Service for Early Bonding (This expenditure is essentially cancelled out by additional Interest earnings)		$115		
Unanticipated/rescheduled financial transactions		$240	$240	
Total Increase in Agency-related Expenditures			$314	$314
Payments for Local Construction Projects. Represents an increase due to a change in method of accounting for such projects				$259
Total additional expenditures identified by Legislative Post Audit				$573

SENATE TRANSPORTATION
DATE: 1/31/94
ATTACHMENT: 2-12

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-13

Use of Additional Revenues

(In Millions)

Spent on agency-related expenditures	$314	
Spent on Local Construction Projects (Now reflected as an expenditure because a change in the method of accounting reflects local funds as receipts)	$259	
Total expended through June 30, 1997	$573	$573
Increase in ending balance as of June 30, 1997		$322
Total additional revenues identified by Legislative Post Audit		$895

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-14

Ending Balance as of June 30, 1997

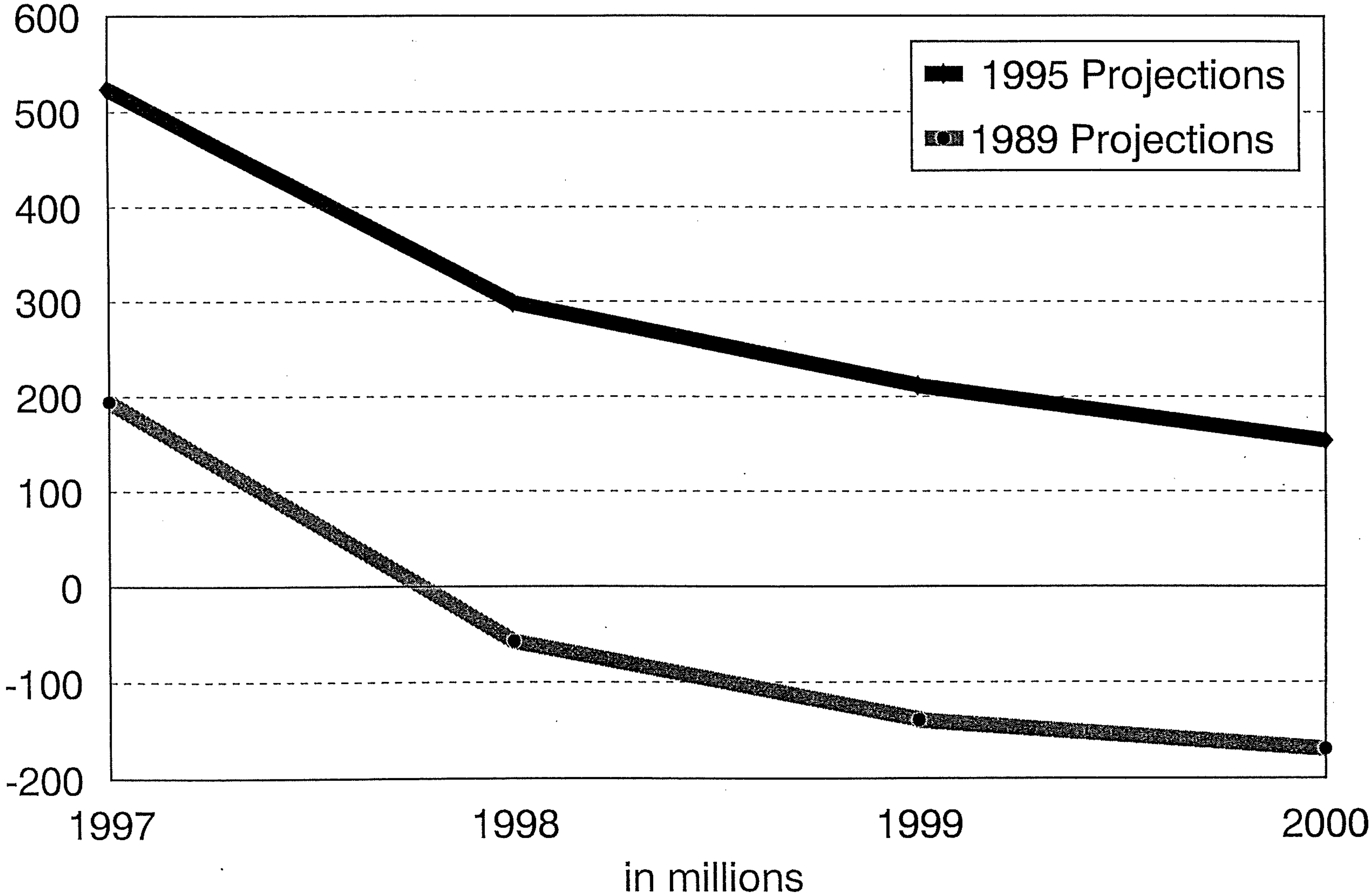
(In Millions)

Ending Balance -- Projected in 1989	$194
Increase in Revenues over Expenditures	$322
Change in Originally Projected Beginning Balance ($6) and rounding differences	$8
Ending Balance*	$524

*as projected at the time of the Legislative Post Audit Report

Cumulative Excess/Revenues over Expenditures

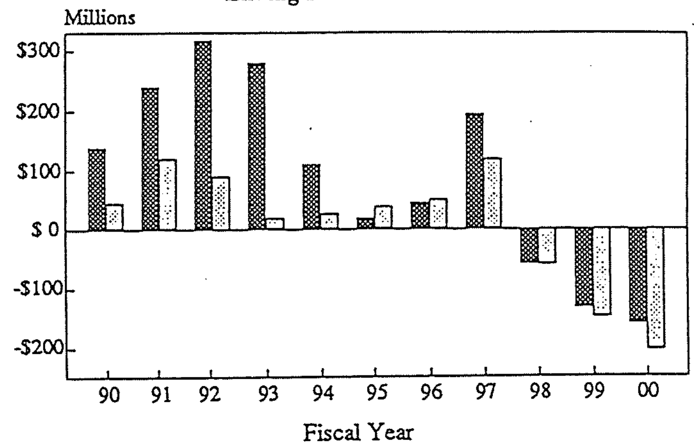
1989 vs 1995 Projections



SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-15

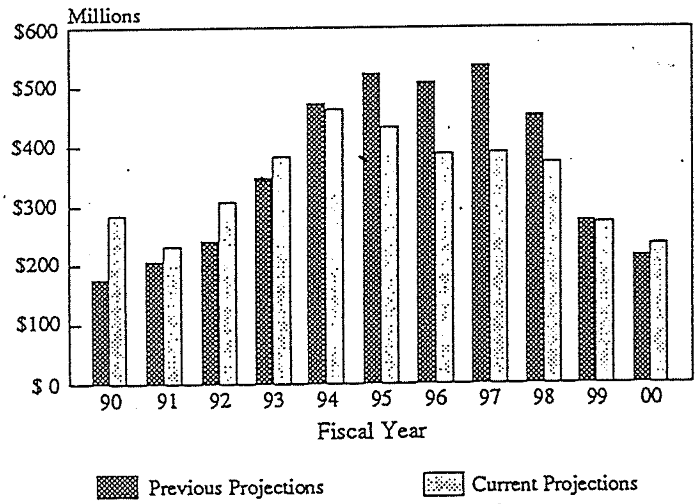
this ongoing evaluation as well as the previously discussed "fast track" projects is reflected in the revised construction expenditure estimates. The following chart compares the previous projections with the current projections and as can be seen shows the smoothing of construction expenditures that have been discussed.

Current projections for anticipated revenues and agency expenditures continue to indicate that the agency is fully funded through FY1997 and that sufficient funds will be available to complete all projects initiated under the Comprehensive Highway Program.



State Highway Fund
Ending Fund Balances

Assumes continued matching of Federal Aid, Substantial Maintenance and Agency Operations



State Highway Fund
Construction and Substantial Maintenance Expenditures

Includes Contract Design and Inspection

ENDING BALANCES

Previously anticipated build up in cash balances are currently not anticipated to occur because of lowered revenue expectations and the smoothing of construction through the identification of "fast track" projects as well as earlier letting of future projects. The lower cash balances do not indicate an inability to complete the contemplated program rather indicate shifts within the program time frame.

REQUIRED LEGISLATION

The agency, in order to complete the comprehensive highway program at the lowest possible cost to the citizens of the State of Kansas, has a need for the following legislation.

Utility Relocation Assistance

The agency requests the ability, under certain circumstances, to provide financial assistance to public utilities in the relocation of facilities due to a highway project. Such authority should be limited to not more than $20,000 per utility for any single project and a utility should be required to demonstrate a need for such assistance. The funds would constitute a loan and would be subject to interest charges pursuant to K.S.A. 16-204. Frequently, small utilities do not have the resources to relocate utility facilities due to a highway project and such projects are delayed until the utility is able to make the necessary relocation.

Enhanced Authority To Acquire Fee Simple Title By Eminent Domain

The agency is requesting legislation to allow the agency to acquire property for highway projects by condemnation in fee simple title. The Interim Committee concurred with the request but limited the concurrence to properties within the boundaries of a city. KDOT also would have the authority to dispose of all or part of the acquired property, under certain residual rights of the previous owner, when the agency determines that the land is no longer required.

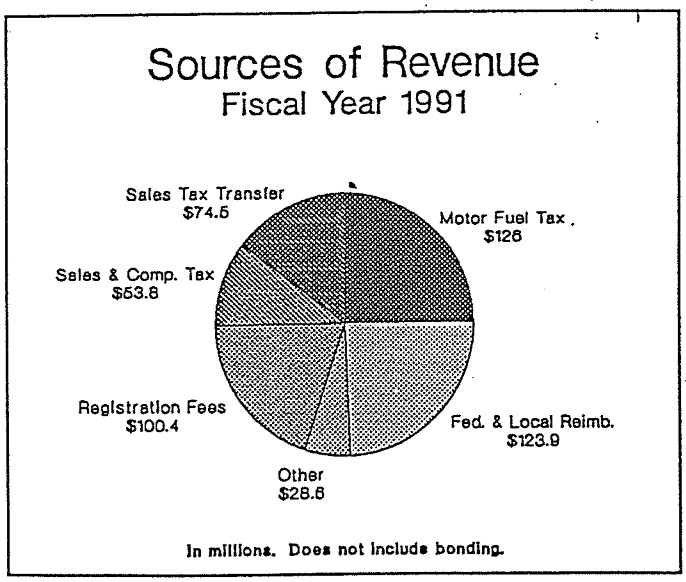
SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-16

shifted $131 million more to finance the selected system enhancement projects, bringing the total to approximately $703 million.

In June of 1990, the selected system enhancement projects were announced. Thirty-three projects were selected from the eligible applications. The chart on page 2 shows the number and value of the selected system enhancement projects by project category. An estimated $201 million of local funds will be committed along with state funds.

PROGRAM FUNDING

The major sources of funds for the State Highway System are federal highway trust funds, state motor fuel tax revenue, state vehicle registration fees, the transfer from the State General Fund of a portion of the sales tax revenue representing the sale of new and used vehicles, and a sales and compensating use tax of .25 percent. Taken together, revenues from the sales tax transfer and the sales and compensating tax are expected to provide 25 percent of the funds available to finance the Comprehensive Highway Program in FY 1991.



Petroleum Prices

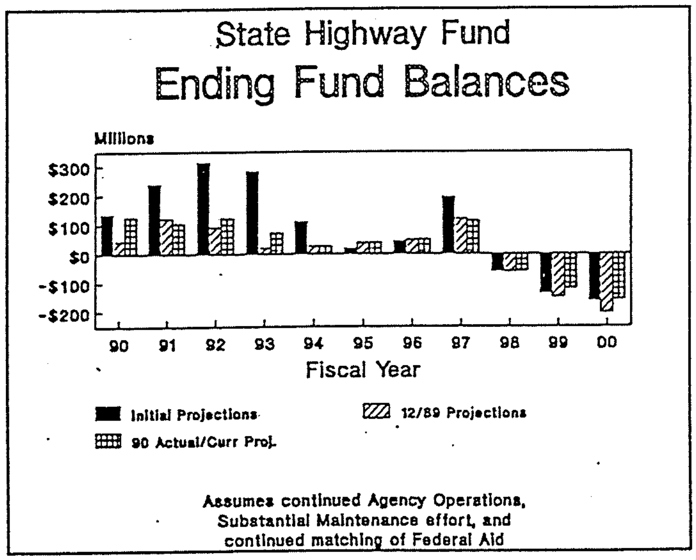
Kansas crude oil and natural gas production and prices will be strongly influenced by OPEC's efforts to manage production and price levels and by the added cost that may result from shortages arising from the Middle East situation. A shooting war could significantly alter any current projections concerning project costs and revenues. When additional information about long-term oil prices is available, it may be necessary to revise the current projections.

Bonding

K.S.A. 1990 Supp. 68-2320 authorizes the Secretary of Transportation to issue bonds, not to exceed a principal amount of $890 million, for needs associated with the highway program. The agency's current analysis and projections are based on bonding when the cash is required for the program. Although this is an obvious approach, it is not necessarily the only advantageous way bonding authority might be used. The agency is continuing to evaluate other possible bonding alternatives. The projected cash flows have taken debt service needs into consideration, and current projections indicate that adequate money will be available for debt service payments.

Projected Ending Cash Balances

The accompanying chart compares the current projections with the original ones and those made in December of 1989. As the chart shows, the acceleration of the program reduced early cash balances. Funds are still adequate to finance agency operations and all program components through FY 1997. Construction contracts let in Fiscal Year 1997 are expected to be completed and paid for by the end of FY 2000. Although the revenue sources continue after FY 1997, they are not adequate to address the funding needs of the transportation system after that date. At some point, consideration will have to be given to either providing additional revenue or reducing the level of service provided.



Forecasted Revenues

The chart on the next page shows that revenues are currently projected at a slightly higher level than the December 1989 estimate. This increase, which amounts to $6.9 million or 1.8 percent for FY 1991, occurred primarily because the projection for motor fuel tax receipts was decreased in late 1989, then increased in April 1990 to nearly the original level. Current projections are based on the assumption that motor fuel consumption will remain flat for the next ten years.

The projected growth rate in sales tax collections for FY 1993 and thereafter was maintained at 3.75 percent. No change was made in the estimates for vehicle registration fees, which were increased on January 1, 1990. Those projections will be reviewed after the statistics on a full calendar year's experience at the new rates become available.

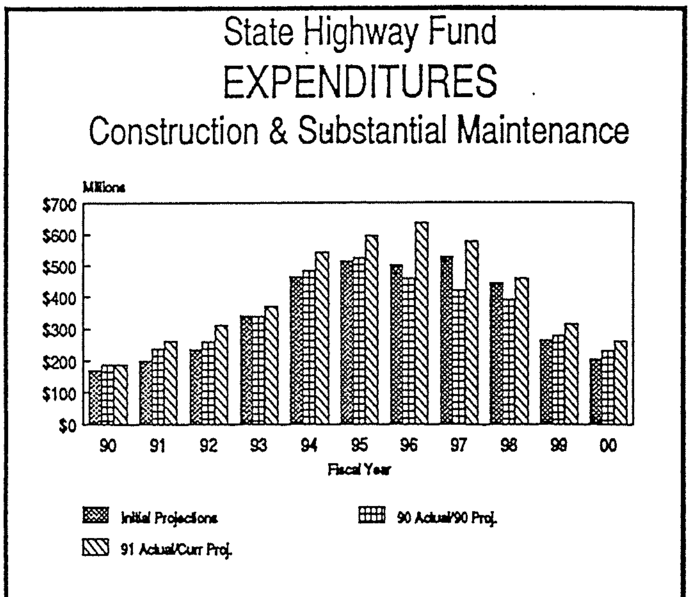
SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-17

the result of increased interest earning on higher state highway fund balances. The total increase in estimated revenues for FY 1992 is $3.6 million or 0.9 percent.

The estimates for motor fuel taxes have been reduced by approximately four percent. This reduction reflects reduced consumption of motor fuels in the last 12 months. The consumption of motor fuels is expected to remain at approximately the current level for the balance of the Comprehensive Highway Program. The agency continues to closely monitor motor fuel consumption for indications of future changes in consumption. The estimate for vehicle registration fees was increased by $1.6 million to reflect actual collections at the new rates. The amount collected per year is expected to remain stable at the revised estimate.

Forecasted Expenditures

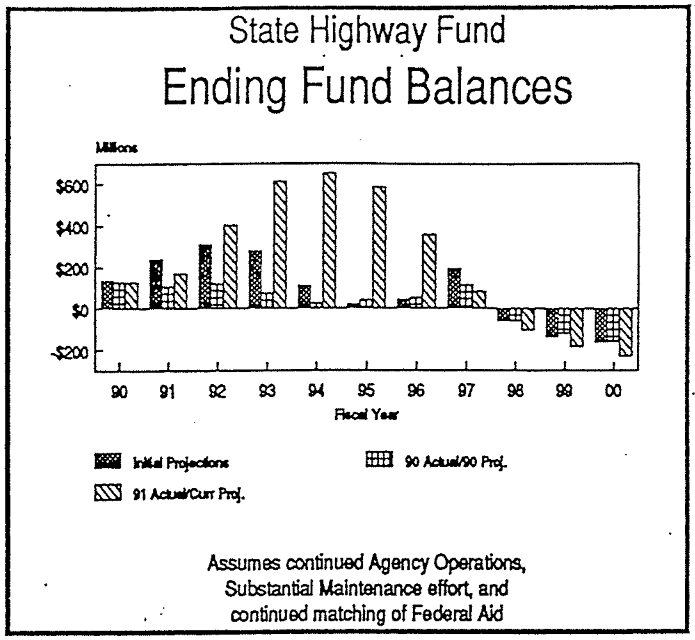
The agency continues to refine its expenditure estimates as projects are scheduled and work progresses. The current projections, with slight refinements, are consistent with last year's projections. The increase in expenditures between the current estimate and the prior year's estimate is primarily due to the passage of the Intermodal Surface Transportation Efficiency Act of 1991. The availability of additional federal dollars and the designated expenditure requirements result in higher expenditures in the later years of the program.



Includes Contract Design and Inspection

Projected Ending Cash Balances

The Comprehensive Highway Program was enacted in such a manner that all Major Modification projects were to be let to construction contract by the end of FY 1997 and adequate funding was provided for the actual construction. Substantial Maintenance and agency operations were only funded through FY 1997. Adequate revenue sources were provided to pay the debt service on the authorized bonds through their life. Although the revenue sources continue, they were not anticipated to be adequate to address the funding needs of the transportation system after FY 1997.



Assumes continued Agency Operations, Substantial Maintenance effort, and continued matching of Federal Aid

Funds are still anticipated to be adequate to finance agency operations and all program components through FY 1997. The major change in the projected ending balances shown in the chart at right is the result of the change in financial strategy for bond sales. At some point, consideration will still have to be given to either providing additional revenue or reducing the level of service provided beginning in FY 1998.

AGENCY ADMINISTRATION

The ability of the agency to actually produce the Comprehensive Highway Program is a major concern. In order to produce the program, adequate staffing must be provided and productivity must be increased.

Staffing

In prior years the Department successfully reduced staffing. Because of this past efficiency effort, it was necessary to increase staffing by approximately five percent in the first two years. An additional increase of 30 construction inspectors is required in FY 1993. The agency has only requested 15 new positions based on its commitment to allocate half of the positions from lower priority activities within the Department.

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-18

slight refinements for lowered expectations in federal trust fund dollars, are consistent with last year's projections.

Inflation estimates continue to be a major factor in determining the long-range forecast. The actual rate of inflation can have a significant effect on the amount of work that can be accomplished during the Comprehensive Highway Program. The Department continues to closely monitor forecasts of long-term inflation rates and the potential impact on the Program. At a recent meeting, the Highway Revenue Consensus Estimating Group reviewed the future inflation estimates and retained the estimate for highway construction at the current 5.2 percent annual rate. The inflation rate for agency salaries and operating expenditures was lowered by the State Consensus Revenue Estimating Group for FY 1993 and FY 1994. Future inflation rates for salaries and operating expenditures were also lowered to reflect current long-term estimates of inflation.

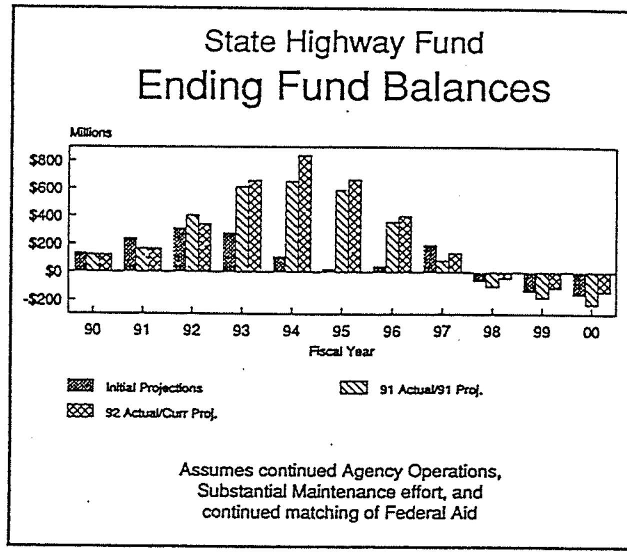
Projected Ending Cash Balances

The Comprehensive Highway Program provided that all Major Modification projects were to be let to construction contract by the end of FY 1997 and adequate funding was included for their actual construction. Substantial maintenance and agency operations were only funded through FY 1997.

Adequate revenue sources were provided to pay the debt service on the authorized bonds through their life. Although the revenue sources continue past FY 1997, they were not anticipated to be adequate to address the funding needs of the transportation system after FY 1997.

Funds are still expected to be adequate to finance agency operations and all program components through FY 1997. The major change in the projected ending balances shown in the chart at right is the result of the actual and anticipated bond sales, the inclusion of motor fuel revenues previously flowing to the State Freeway Fund, and the lowering of inflation estimates for agency salaries and operating expenditures.

At some point, consideration will still have to be given to either providing additional revenue or reducing the level of service provided to the traveling public beginning in FY 1998.



Investment Program

The investment strategy of the Kansas Department of Transportation is based on the premise of the Department achieving its four main objectives: 1)Preservation of principal, 2) Maintenance of liquidity, 3) Maximization of return on investment, and 4) Maintenance of public trust.

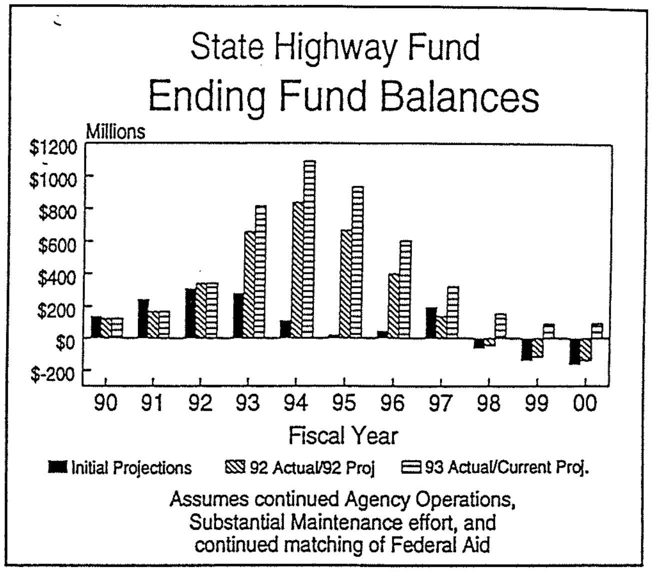
As a result of the actual project scheduling of the Comprehensive Highway Program, it is anticipated that the Department will accumulate substantial cash and investment balances through Fiscal Year 1995. Accumulated funds reflect construction commitments and are required to pay for the Comprehensive Highway Program as work progresses. Successful cash and investment management is considered to be crucial to the success of the Program and to the Department. The Department expects to reduce investment-related risk through a balance of quality and diversification within its investment portfolio. KDOT has contracted with an outside financial advisor to perform various investment-related duties, such as: investment and market research,

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-19

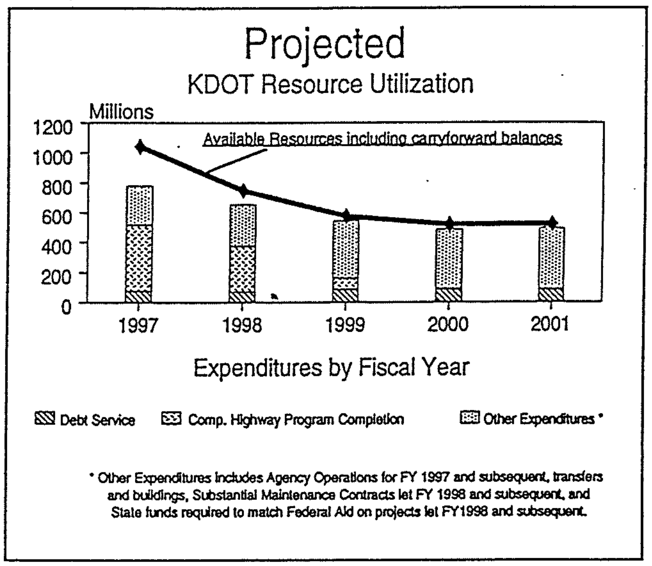
Projected Ending Cash Balances

The CHP provided that all Major Modification projects were to be let to construction contract by the end of FY 1997 and as shown in the chart below, adequate funding was included for their actual construction. Substantial Maintenance and agency operations were only funded through FY 1997.

Adequate revenue sources were provided to pay the debt service on the authorized bonds through their life. Although the revenue sources continue past FY 1997, they were not anticipated to be adequate to address the funding needs of the transportation system after FY 1997.



Assumes continued Agency Operations, Substantial Maintenance effort, and continued matching of Federal Aid



* Other Expenditures includes Agency Operations for FY 1997 and subsequent, transfers and buildings, Substantial Maintenance Contracts let FY 1998 and subsequent, and State funds required to match Federal Aid on projects let FY1998 and subsequent.

Funds are still expected to be adequate to finance agency operations and all program components through FY 1997. The major change in the projected ending balances shown in the following chart in the next column is the result of the actual and anticipated bond sales, the estimated increase in motor fuel taxes and registration fees, increased interest revenues because of delays in anticipated construction expenditures and the continued low inflation rates for agency salaries and operating expenditures. Consideration will still have to be given to either providing additional revenue or reducing the level of service provided to the traveling public.

Investment Program

The investment strategy of the Department is based on the premise of the Department achieving its four main investment objectives: 1) preservation of principal, 2) maintenance of liquidity, 3) maximization of return on investment and 4) maintenance of public trust.

As a result of the actual project scheduling of the CHP, it is anticipated that the Department will accumulate substantial cash and investment balances through FY 1995. Accumulated funds reflect construction commitments and are required to pay for the CHP as work progresses. Successful cash and investment management is considered to be crucial to the success of the Program and to the Department. The Department expects to reduce investment-related risk through a balance of quality and diversification within its investment portfolio.

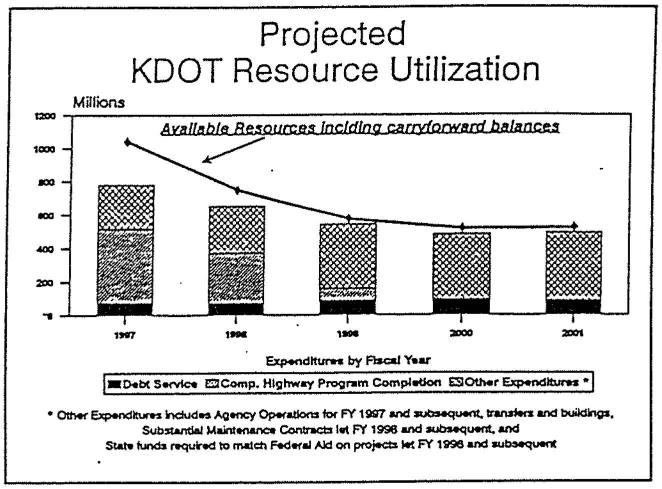
AGENCY ADMINISTRATION

The ability of the agency to actually produce the CHP remains a major concern. In order to produce the program, adequate staffing must be provided and productivity must be increased.

Staffing

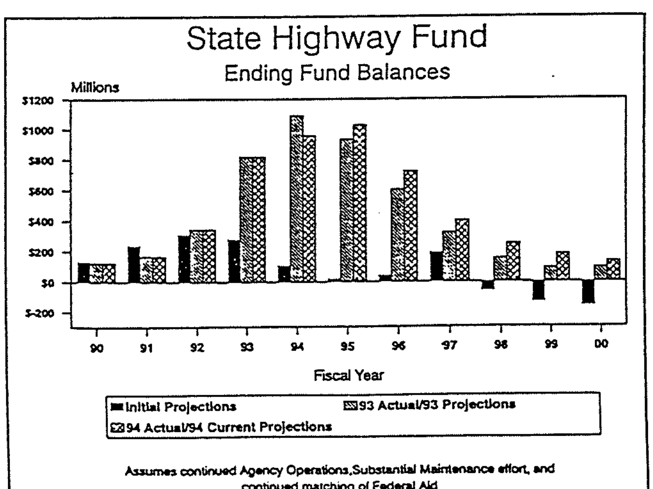
In years prior to the CHP, the Department successfully reduced staffing. Because of this past

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2 - 20



Funds are still expected to be adequate to finance agency operations and all program components through FY 1997. The major change in the projected ending balances shown in the chart below is the result of the actual bond sales, the estimated increase in motor fuel taxes and sales and compensating use tax receipts and the continued low inflation rates for agency salaries and operating expenditures.

The balance shown for FY 2000 exceeds the amount required to pay the bond debt and provide for the orderly payment of agency expenditures. Projected construction expenditures for FY 1998 and subsequent are based on a minimum program which only matches available federal aid and provides an orderly transition from the CHP. Since this level of construction is considered inadequate to maintain the State Highway System, at some point consideration will still have to be given to either providing additional revenue or reducing the level of service provided to the traveling public.



Investment Program

The investment strategy of KDOT is based on the premise of the Department achieving its four main investment objectives: 1) preservation of principal, 2) maintenance of liquidity, 3) maximization of return on investment and 4) maintenance of public trust.

As a result of the actual project scheduling of the CHP, the Department has accumulated and will continue to accumulate substantial cash and investment balances through FY 1995. Accumulated funds reflect construction commitments and are required to pay for the CHP as work progresses. Successful cash and investment management is considered to be crucial to the success of the Program and to the Department. The Department expects to reduce investment-related risk through a balance of quality and diversification within its investment portfolio. KDOT has contracted with an outside financial advisor to perform various investment-related duties, such as: investment and market research, investment strategy development and cash flow forecasting.

AGENCY ADMINISTRATION

The ability of the agency to actually produce the CHP remains a major concern. In order to produce the program, adequate staffing must be provided and productivity must be increased.

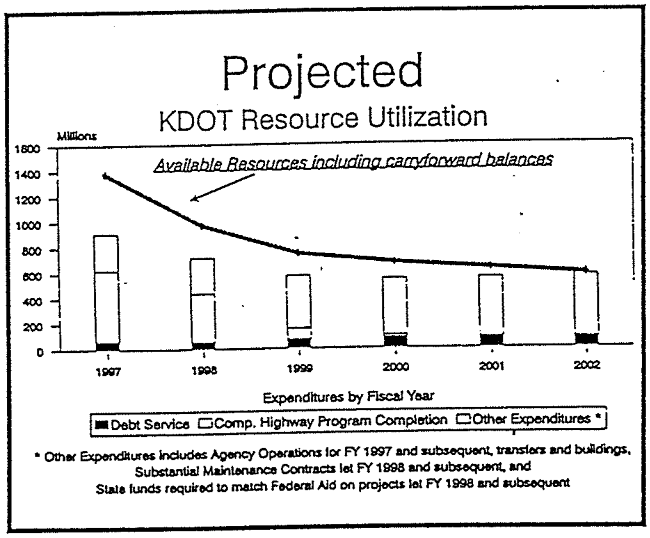
Staffing

In years prior to the CHP, the Department successfully reduced staffing. In FY 1971, KDOT had 4,652 positions. A total of 448 positions were transferred to other agencies. At the beginning of the CHP in FY 1989, KDOT had reduced staffing to 3,140 positions. The Department's strategy has been to add staff only as required. To date, the program has been directly responsible for the addition of 108 FTE, an increase of 3.4 percent from the Department's pre-Program head count. The agency's actual workload will continue to increase because more projects will be under construction in FY 1995 and FY 1996. No new positions were requested for FY 1994, FY 1995 or FY 1996.

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-21

Projected Ending Cash Balances

The CHP provided that all Major Modification projects were to be let to construction contract by the end of FY 1997 and adequate funding was included for their actual construction and payment which will extend to FY 2000. Substantial maintenance and agency operations were only funded through FY 1997.

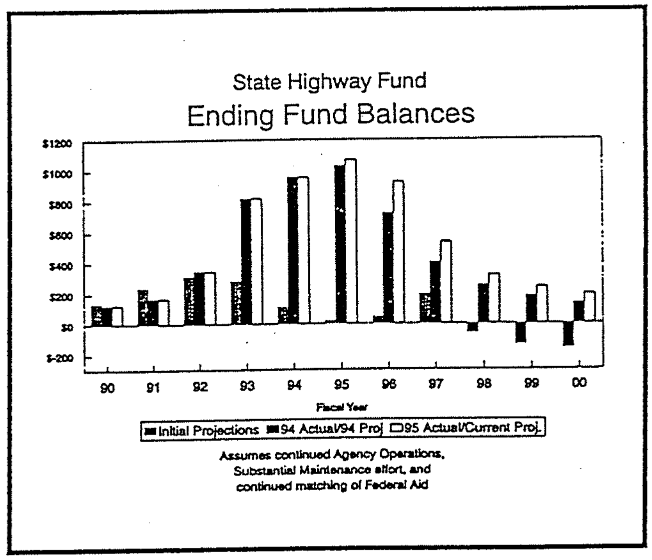


Adequate revenue sources were provided to pay the debt service on the authorized bonds through their entire life. Although the revenue sources continue past FY 1997, they were not anticipated to be adequate to address the funding needs of the transportation system after FY 1997.

Funds are still expected to be adequate to finance agency operations and all program components through FY 1997. The major change in the projected ending balances shown in the chart at right is the result of the actual bond sales, the estimated increase in motor fuel taxes, registration fees and sales and Compensating Use Tax receipts, and the continued low inflation rates for agency salaries and operating expenditures.

As a result, the need for additional revenues is not as urgent as previously projected (see above chart). The balance shown for FY 2000 exceeds the amount required for the bond debt and provides for the orderly payment of agency expenditures. Adequate balances, given the projected construction expenditures, are currently projected through approximately FY 2002.

Projected construction expenditures for FY 1998 and subsequent are based on a minimum program which only matches the estimated available federal aid and maintains an adequate level of substantial maintenance. Since this level of construction is considered inadequate to fully maintain a declining State Highway System, at some point, consideration will still have to be given to either providing additional revenue or reducing the level of service provided to the traveling public.



Investment Program

The investment strategy of the KDOT is designed to permit the Department to achieve its four main investment objectives of: 1) preservation of principal, 2) maintenance of liquidity, 3) maximization of return on investment, and 4) maintenance of public trust.

As a result of the actual project schedule of the CHP and the sale of bonds during periods of historically low interest rates, the Department has accumulated substantial cash and investment balances through FY 1995. Accumulated funds reflect construction commitments and are required to pay for the CHP as work progresses. Successful cash and investment management is considered to be crucial to the success of the program and to the Department. The Department expects to continue to reduce investment-related risk through a balance of quality, diversification and the matching of investment maturities with the anticipated cash

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 2-22

Who says state has no cash to spare?

CHP/BUDGET/EDITORIAL
THE WICHITA EAGLE
FRIDAY, JAN. 12, 1996

Gov. Bill Graves says the Kansas budget he presented last week is so tight that it squeaks. There's not one cent of extra money, he says, for Kansas legislators to spend on election-year theatrics for the voters.

Not to make trouble, but I have found — in that same budget — $120 million for Kansas legislators to play with. Some or all of this money might be used for tax cuts, or to beef up popular programs that are likely to be strapped for cash.

Mr. Graves this week proposed minimal increases, and in some cases cuts, for the state programs that Kansans consider most important. He has asked students, old people, poor people, parole officers, professors, prison guards and sundry other state clients and employees to "do more with less."

The $120 million could be used to ease a lot of the pain that ordinary Kansans — especially the poor and the elderly — would feel if the 1996 Legislature adopts the governor's recommendations. Or, should legislators feel like enriching the rest of us a bit, up to two-thirds of this money could go for a tax cut.

Better yet, the $120 million will be available every year and might even grow with inflation. So this isn't one of those tricky, smoke and mirrors, one-time-money deals that would make the voters happy in an election year but force a future tax increase. The money could be the basis for permanent tax cuts and/or spending increases.

'Welfare for Republicans'

There is, of course, a catch. Reallocating this particular $120 million would entail stepping on some well-shod toes, as that money is now spent on what cynics might call "welfare for Republicans." The sources of the $120 million are:

- The quarter-cent state sales tax, enacted in 1989, that supports the state highway program. The Kansas Department of Transportation estimates that this tax will raise about $75 million in fiscal 1997, which begins this July 1.
- The state lottery and racing-tax receipts sent to the Economic Development Initiative Fund to support several dozen economic development programs. EDIF receipts will total nearly $45 million in fiscal 1997.

As some of the aforementioned Republicans would surely howl, it's heresy even to imagine reallocating this money.

Ever since 1989, it's been gospel that the eight-year highway program could not possibly survive without the revenue from the quarter-cent sales tax. As for the economic development programs, there's all manner of testimonial evidence — though little proof — that they have contributed to the creation of thousands of jobs since the late 1980s.

Nonetheless, there are good arguments to be made for reallocation.

The highway fund is awash with money. Just two months ago, a state audit of the highway program found that KDOT "now expects to receive $900 million more than it originally anticipated" when the eight-year highway program began in 1990.

Attribute this embarrassment of riches to Uncle Sam, who in the past few years sent Kansas more money than KDOT imagined would be coming at the beginning of the program. Moreover, the state audit found that KDOT has underestimated the revenue it will be receiving from another principal funding source for the highway program: the nickel-a-gallon gasoline tax increase that kicked in in 1990. So the highway fund excess could grow even larger.

DENNEY CLEMENTS

EDITORIAL WRITER

Indeed, KDOT has so much excess money on hand that its planners envision using it to fund new highway projects — projects that weren't part of the original highway plan — beginning in 1998.

The Eagle was one of the many voices that advocated the quarter-cent sales tax for the highway program — even though many non-highway users pay the tax when they buy groceries or other taxable items. The Eagle was one of many voices that protested various proposals over the years to divert highway money to social programs.

Special protection

But that was before Kansans learned of the highway fund windfall. It's now fair to wonder whether continuing to devote the quarter-cent sales-tax to highways is a good idea. (It's also fair to deem KDOT guilty of the sin of pride for planning to use its unanticipated riches for projects that the Legislature has not yet approved.)

The Economic Development Initiatives Fund is equally hard to defend at a time when other programs are hurting for money. Welfare clients, students, judges, parole officers, old folks, juvenile workers and others who depend on state programs don't begin each budget year secure in the knowledge that their sources of funding are guaranteed.

It's a much nicer world for those who benefit from economic development programs — which focus on technology development, worker training and retraining, promotion of private businesses and promotion of trade. They begin each budget year knowing that they have a source of money dedicated exclusively to them: most of the state's lottery and racing money.

Some or all of these economic development programs may be worth preserving. But if they are such good programs, why can't they compete with other state programs for scarce state dollars?

It's pretty hard to justify protecting highways and economic development from cold budgetary winds when folks are getting kicked off welfare; when professors, teachers and state workers face raises below the rate of inflation; when desperately needed juvenile justice reform is put on hold for lack of cash; when there is no money to build new prison space; and when the state can't scrape up enough money to mount credible inspections of commercial scales and gasoline pumps.

If there is a case to be made for socking away millions in the highway fund and for protecting economic development from justifying its existence, I, for one, would like to hear it. The hope must be that legislators would like to hear it, too.

SENATE TRANSPORTATION
DATE: 1/31/96
ATTACHMENT: 3