

Approved:

March 1, 2000

Date

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 23, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD  
Rae Anne Davis, KS Legislative Research Department  
Debra Hollon, KS Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Asst. Revisor of Statutes  
Judy Bromich, Administrative Assistant to the Chairman  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

It was moved by Senator Feleciano and seconded by Senator Jordan that bill draft 9rs 2362 be introduced as requested by Senator Feleciano. The motion carried on a voice vote.

Senator Morris offered a motion which was seconded by Senator Feleciano to approve the minutes of the February 18 and 21 meetings. The motion carried on a voice vote.

The Senate subcommittee's recommendations for the **Kansas Department of Transportation** in FY 2001 were reviewed by Senator Lawrence. (Attachment 1) Members discussed at length the Department's concerns about how the overall revenues and expenditures for the Comprehensive Transportation Plan are reflected in charts by Legislative Research. Chairman Kerr commented that one issue contributing to the controversy has been how to show projects that are committed to contractually prior to the end of the program but not built out and not paid for until years eleven or twelve. He explained that the Department shows revenues on a 10 year basis and the expenditures are shown for 10 years plus the "build out". Therefore, the Department believes that including all build out and all commitments they'll have, if their assumptions hold true, they will be \$50 million short of completing the \$12 billion CTP.

Chairman Kerr explained that research staff tracks the inflow and outflow of cash and does not recognize the build out projects. In discussing the chart showing changes in the CTP projected revenues and expenditures (Attachment 1-7), it was noted that of the \$436 million difference between the approved expenditures and the Governor's recommendation for expenditures, \$202 million would be built out beyond the end of the 10 year program and \$200 million may be local demonstration projects.

Senator Petty inquired whether legislative intent is clear and whether KDOT uses legislative intent as their assumptions. The Chairman responded that the assumptions are not different, but the confusion has been over how to account for the numbers. He added that by working together, the two entities are getting closer to an agreement.

In answer to a question, Chairman Kerr defined "build out" as those projects that will be committed to prior to the end of the 10 year program, but constructed and paid for after that time frame. In response to Senator Petty's concern that the Legislature may have been unclear about "build out," the Chairman said it was part of the discussion during consideration of the CTP.

Chairman Kerr acknowledged Secretary Dean Carlson and asked if he wanted to address any of his concerns about how the Committee would interpret the tables in the subcommittee report. Secretary Carlson stated that he would recommend that the Committee concentrate on the table on page 7 of the

## CONTINUATION SHEET

### SENATE WAYS & MEANS COMMITTEE MINUTES

report because he believes it to be accurate. He stated that it is based on the assumptions the Department has used and takes into consideration the timing for the payout. He distributed copies of a letter he had sent to Ben Barrett, Director of the Legislative Research Department, in response to data that was submitted to the House subcommittee. (Attachment 2)

Chairman Kerr noted that the Department shows expenditures through 12 years including the build out, but shows revenues for only 10 years. He commented that, in itself, could be misleading to people and asked the Secretary to comment. Secretary Carlson stated that some of the revenue will be expended or will drop off, but the Department does not know the revenue picture after 2009 and has to have money in hand to pay contractors after 2009.

Chairman Kerr pointed out that the Legislature passed the CTP "in dollars" and did not identify specific projects. The Department converted the dollars to projects which they thought they could do within the dollars provided, but once they converted the projects back to dollars, the Department now claims that they will be \$50 million short. The Secretary stated that the Department has not added projects to the original list, but the cash flow tables change on a daily basis. He added that though the \$50 million is an unreliable number, it is the best estimate the agency can provide based on assumptions. In answer to the Chairman, he stated that the U.S. Department of Transportation has cut their obligation authority from 93% to 90% and said that the revenues that result in the \$50 million shortfall have been adjusted downward for the decrease in federal funding. He told Committee members that there is no extra money in the program.

Senator Lawrence moved, Senator Salmans seconded, that the FY 2001 subcommittee report on the Department of Transportation be adopted. The motion carried on a voice vote.

A table illustrating ending balances in the EDIF for FY 2000 and FY 2001 was distributed. (Attachment 3)

The Chairman adjourned the meeting at 11:45 a.m. The next meeting will be February 29, 2000.

# SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: February 23, 2000

NAME	REPRESENTING
Patrick Hurley	Economic Appeals
Bob Totten	Kansas Contractors Association
Scott Brynner	DoB
Nana Factor	Johnson County
Woody Maus	KAPA
Dean Carlson	KDOT
Nancy Boagna	KDOT
Bill Watts	KDOT
Marcia Doshier	USD 259 Colvin Elem.
Sandy Braden	McMill, Hakes & Assoc.
Alvin & Edna Andies	Teacher-senior
William Cole	Sen. Ag. on Office
Warren F. Suk	K.D.O.T.
Allen G. Giltner	K5. Good Roads
Bill Lenny	K5 Gov. Council

## Senate Subcommittee Report

**Agency:** Kansas Department of  
Transportation

**Bill No. 639**

**Bill Sec. 68, 69, 74, 75**

**Analyst:** Efird

**Analysis Pg. No. 1388**

**Budget Page No. 307**

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Subcommittee Adjustments
Agency Operations	\$ 221,789,367	\$ 210,875,792	\$ (3,269,289)
Debt Service	139,035,928	139,035,928	0
Other Operations	596,013,683	573,363,038	0
Subtotal—Reportable	\$ 956,838,978	\$ 923,274,758	\$ (3,269,289)
Nonreportable Expenses	403,960,385	403,960,385	0
Total—Operations	<u>\$ 1,360,799,363</u>	<u>\$ 1,327,235,143</u>	<u>\$ (3,269,289)</u>
 <u>Financing Summary</u> 			
State General Fund	\$ 102,095,084	\$ 61,661,111	\$ 0
State Highway Fund	557,669,065	556,165,776	(3,269,289)
All Other Funds	297,074,829	305,447,871	0
Subtotal—Reportable	\$ 956,838,978	\$ 923,274,758	\$ (3,269,289)
Nonreportable Funds	403,960,385	403,960,385	0
Total—All Funds	<u>\$ 1,360,799,363</u>	<u>\$ 1,327,235,143</u>	<u>\$ (3,269,289)</u>
FTE Positions	3,247.5	3,247.5	0.0
Unclassified Temp. Positions	3.0	3.0	0.0
TOTAL	<u>3,250.5</u>	<u>3,250.5</u>	<u>0.0</u>

**Note:** Includes a reduction of \$3,269,289 other funds for the Governor's employee salary plan adjustments. Absent the Subcommittee's adjustment to the Governor's salary plan, the total expenditure adjustment is a reduction of \$1,000,000 from the Agency Operations expenditure limitation in anticipation of using \$1,000,000 in the KSIP account for technology expenses.

### Agency Request/Governor's Recommendation

1. The agency's FY 2001 reportable budget reflects net increases in approved amounts of \$3,542,771 in agency operations, \$42,843,211 in debt service, and \$61,063,263 in other operations.

Senate Ways and Means Committee

Date *February 23, 2000*

Attachment #

*1*

2. For agency operations, the following FY 2001 items are noted when compared with the current fiscal year:
  - a. The agency requests an increase in salary expenditures from \$125,000,199 to \$127,961,129.
  - b. FY 2001 staffing is requested to increase 28.0 FTE positions in support of the CTP.
  - c. The agency requests an increase in other operating expenditures from \$91,906,496 to \$92,488,337, exclusive of any KSIP savings that might be available next fiscal year.
  - d. The agency requests an increase in the agency operations expenditure limitation from \$211,872,635 to \$220,449,466.
3. For debt service, an increase next fiscal year in payments from \$109,194,864 to \$139,035,928 is estimated by the agency.
4. For other operations, the following items in the budget are noted as changing from the current fiscal year:
  - a. The agency requests an increase in state construction projects from \$186,959,871 to \$232,047,000.
  - b. The agency estimates a decrease in Special City/County Highway aid payments from \$154,793,537 to \$159,886,826.
  - c. The agency requests an increase in substantial maintenance from \$12,928,289 to \$16,416,000.
  - d. The agency estimates an Increase in local construction from \$98,371,000 to \$102,681,700.
  - e. The agency budgets a decrease for building projects from \$10,884,012 to \$9,306,157.
  - f. The agency estimates an increase in categorical aid to local units from \$7,872,000 to \$8,907,000.

The Governor's recommendations modify the agency's FY 2001 budget request in the following manner:

- **Capital Outlay Reductions.** The Governor reduces capital outlay by 20.0 percent of the requested amount and identifies savings of \$5,644,402.



- **Increase Turnover Savings.** The Governor raises the shrinkage rate to 4.0 percent and reduces the base salary budget by \$1,456,917.
- **Reduce Travel.** The Governor reduces travel expenses by 10.0 percent of the requested amount and identifies savings of \$353,404.
- **Retirement Reductions.** The Governor reduces the agency salary base by \$322,588 due to FY 2000 retirement savings.
- **Reduce Workers Compensation.** The Governor reduces \$104,553 due to adjustment in the state's employer contribution rate.
- **Freeze KPERS Retirement Contribution.** The Governor assumes savings of \$390,677 based on freezing at the FY 2000 employer contribution rate and avoiding an FY 2001 increase of 0.39 percent in state payments to KPERS.
- **Eliminate KPERS Death and Disability Contribution.** The Governor assumes savings of \$601,049 to reflect a one-year moratorium on state contributions.
- **Reduce Request for Buildings.** The Governor recommends \$2,006,131 in building projects, or \$6,181,762 less than requested by the agency.
- **Eliminate New Technology Projects.** The Governor reduces the agency request by \$2,104,000 for computer programming contracts.
- **Construction Contract Cuts.** The Governor reduces \$12 million of \$46 million budgeted for design contracts associated with the CTP and indicates that this action will shift some of the work to state employees who will do the preliminary engineering for more projects. The *Governor's Budget Report* notes that the reduction may slow the start of some construction, but should not affect the number of projects completed by the 10-year CTP.
- **State Projects Delays.** The Governor recommends reducing the estimated expenditures for state construction from \$232,047,000 to \$229,047,000, or \$3 million in reportable funding. An additional \$250 million in nonreportable expenditures of bond money for construction also is included in the FY 2001 budget. The \$3 million reduction results from some local partnership railroad grade separation delays that the Governor recommends in FY 2001.
- **Reduce Local Aid.** The Governor proposes a 7.5 percent reduction in the excess motor carrier property tax transfer for savings of \$838,637. In addition, the Governor reduces \$630,246 due to a revised motor fuels tax

collection estimate that also provides aid through the Special City and County Highway Fund. This proposed FY 2001 reduction is implemented by section 74 in S.B. 693.

- **Reduce Net Revenue Change.** The Governor recommends a \$7,500,000 change in revenue projections for FY 2001 that is attributed to the difference between the revised state revenue estimates for motor fuels taxes and registration fees on the one hand (increased approximately \$200 million over 10 years) and KDOT revised estimates for federal funds (decreased approximately \$125 million over 10 years). The net change expected is \$75 million over 10 years, or \$7.5 million annually. The first \$7.5 million installment reduction was included in the Governor's recommended budget for FY 2000 adopted by the Legislature in S.B. 39. There is no corresponding reduction in recommended FY 2001 expenditures for this \$7.5 million financing adjustment. Although further reductions of \$7.5 million annual from FY 2002 to FY 2009 are recommended by the Governor, nothing in S.B. 693 provides for any subsequent reductions to demand transfers after FY 2001 which is addressed by section 75 in the bill.

## Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations in FY 2001 and makes the following additional adjustments and recommendation:

1. Reduce funding for the Governor's recommended pay plan adjustments that total \$3,269,289 and include the following: \$1,863,253 for classified step movement, \$1,385,414 for longevity, and \$20,622 for unclassified merit pay increases.
2. Reduce \$1,000,000 from the Agency Operations limited appropriation line item based on using \$1,000,000 of the Governor's recommended FY 2000 KSIP balance of \$3,025,927 that carries over to FY 2001 for financing technology purchases. In addition, half of any current Agency Operations savings in FY 2000 also would be available in FY 2001 for KSIP. None of the Governor's budget recommendations in FY 2001 address KSIP funding and how it should be spent. However, \$503,406 of FY 2000 KSIP expenditures for computer-related items was reduced by the Governor's FY 2000 recommendation and would be carried over to FY 2001 as part of the \$3 million balance in the KSIP account, absent any legislative action to lapse funding from the KSIP account. No such legislative action regarding the lapse of KSIP funds was reflected in S.B. 39 that passed or in the Governor's recommended FY 2000 appropriations bills.

**Additional Background on KSIP.** At the start of FY 2000, the agency had accumulated total savings of \$7,566,581 in its KSIP account, including

\$2,697,655 from FY 1999 savings and a reserve of \$4,868,926 from prior fiscal years. For FY 2000, KDOT proposed to spend \$5,034,060 of the available funding. The 1999 Legislature recommended using \$2,992,557 of KSIP funding in FY 2000 for computer and software purchases, and made a corresponding reduction in the Agency Operations expenditure limitation. Based on the agency's proposed FY 2000 KSIP expenditures, a reserve of \$2,532,521 would carry over to FY 2001. Any additional savings in FY 2000 also would be available in FY 2001 to supplement the reserve balance.

The Governor recommends a reduction in KSIP spending to \$4,530,654 because of 10 percent cuts recommended in the capital outlay budget for FY 2000. Funding of \$3,025,927 in the KSIP account would carry over to FY 2001 under the Governor's recommended plan for FY 2000 spending of KSIP money. The Legislature concurred with the Governor's FY 2000 recommendations by enacting S.B. 39 earlier this session.

3. Direct the agency to provide budget information for the Comprehensive Transportation Plan next session based on the budget format that is presented below and suggest that the Budget Director includes such formatted data as part of the Governor's *Budget Report*. The following table summarizes construction-related budget information from the *Governor's Budget Report*, Volume 1, page 121 for reportable expenditures. The *Governor's Budget Report*, Volume 1, page 122 also includes nonreportable bond expenditures that indicate the Governor's concurs with the agency's estimates in FY 2000 and FY 2001 for spending on CTP construction costs. Likewise, the same information on page 122 indicates that the Governor concurs with the FY 2000 and FY 2001 estimates for railroad loans which also are treated as nonreportable CTP expenditures. Information about other modes, namely public transit and general use aviation, were added to complete the review of the CTP modal elements.



**Comprehensive Transportation Plan  
Construction and Modal Costs in Billions**

	Gov. Rec. FY 2000	Gov. Rec. FY 2001
	<hr/>	<hr/>
<b>CTP Construction</b>		
Substantial Maintenance	\$ 12.928	\$ 16.416
Major Modification	298.108	416.316
Priority Bridges	49.660	47.734
System Enhancements	0	13.997
Subtotal—Reportable Construction	<hr/> \$ 360.696	<hr/> \$ 494.463
<b>CTP Modes</b>		
Public Transit Assistance	\$ 4.632	\$ 5.009
General Use Aviation	3.000	3.000
Subtotal—Reportable Modes	<hr/> \$ 7.632	<hr/> \$ 8.009
<b>Nonreportable</b>		
Substantial Maintenance—Bonds	\$ 150.000	\$ 150.000
Major Modification—Bonds	175.032	250.000
Railroad Assistance—Loans	3.866	3.750
Subtotal—Nonreportable	<hr/> \$ 328.898	<hr/> \$ 403.75
 TOTAL—All Funds	 \$ 697.226	 \$ 906.222

4. Strongly urge that future Legislatures be cautious about finance and budget reductions in order to protect the Comprehensive Transportation Plan (CTP) and to allow the full program to be implemented as authorized by the 1999 Legislature. The Governor's recommendations in FY 2000 and FY 2001 include finance and budget reductions. Additional recommendations by the Governor for FY 2002 to FY 2009 financing reductions are not being submitted to the 2000 Legislature in bill form, namely the \$7.5 million annual reductions in SGF transfers that would require statutory change to implement.

S.B. 39 as enacted this session includes the FY 2000 reduction of \$7.5 million, and the Governor's appropriations bills for FY 2001 include the next annual reduction of \$7.5 million. The future reductions totaling \$60.0 million are not included in legislation submitted to the 2000 Legislature. The Subcommittee suggests that during future sessions, budget committees and subcommittee should examine whether there is sufficient budgetary need that warrants making any other of these proposed annual reductions and what the impact would be on the CTP as approved by the 1999 Legislature. The recommendation in item 3 should facilitate and enhance future budgetary analysis of the CTP.

5. Note the following revised and updated information concerning the Comprehensive Transportation Plan and some of the material included in the KLRD's *Budget Analysis*, Fiscal Year 2001, Volume I, for KDOT, pages 4-6.

KDOT currently is implementing the 10-year CTP from FY 2000 through FY 2009. Enacting legislation was passed by the 1999 Legislature for a projected 10-year program. The CTP is presented in a revised 10-year plan for financing and spending that was included in the *Governor's Budget Report for FY 2001*. Included in the Governor's recommendations are revenue and expenditure adjustments for the CTP, including a recommendation to reduce State General Fund transfers by \$127 million over the 10 years. The Governor's recommendations anticipate that revenues will increase by \$397 million from the approved projection, and that expenditures will increase \$436 million from the approved projection. In the revised and update projections, a new category allowing for other commitments would require an increase in resources held in reserve from \$110 million for the approved CTP projections to \$120 million in the Governor's revised CTP projections.

**Revised and Updated (2/18/2000)  
Changes in CTP Projected Revenues and Expenditures  
(Budget Basis – In Billions)**

	<u>Approved</u>	<u>Gov. Rec.</u>	<u>Difference</u>
Revenues ( inc. carryover)	\$ 13.141	\$ 13.538	\$ 0.397
Expenditures <sup>(a)</sup>	<u>(12.970)</u>	<u>(13.406)</u>	<u>(0.436)</u>
Net Difference	\$ 0.171	\$ 0.132	\$ (0.039)
Other Commitments <sup>(b)</sup>	<u>(0.110)</u>	<u>(0.120)</u>	<u>(0.011)</u>
Available Resources	\$ 0.061	\$ 0.011	\$ (0.050)

a) Expenditures, net of federal aid, also include funding to complete system enhancements, major modifications and priority bridges after FY 2009.

b) Other Commitments include funding for daily operating expenses of the State Highway Fund, and anticipated June 30, 2009, balances in the Debt Service Fund, Special City and County Highway Fund and other funds.

**Note:** Row and column totals may not add due to rounding.

The preceding table is labeled budget basis in order to reflect program expenditures that extend over a period of time greater than 10 years and that also include projects from earlier periods that are being completed during the 10-year CTP. The following expenditure information will differ from the preceding table in the details and totals for program expenditures that reflect more of a cash basis for the 10-year CTP rather than the budget

basis shown previously. Revenues generally are treated the same under budget basis and cash basis in as much as the details and totals are equivalent amounts in each table.

**Revenues.** In order to finance the CTP, the Legislature approved new resources: \$995 million in bonds; a series of motor fuels tax increases totaling \$0.04 per gallon; and increased transfers of State General Fund receipts to the State Highway Fund. The Secretary of Transportation issued \$325 million in bonds during the current fiscal year. Additional bonds are anticipated to be issued in FY 2001 and FY 2002. Motor fuels taxes rose \$0.02 per gallon on July 1, 1999, and are scheduled to rise another \$0.01 on July 1, 2001 and again on July 1, 2003. The transfers from the State General Fund to the State Highway Fund are capped at 1.7 percent increases in FY 2000 and FY 2001. Beginning in FY 2002, the statutory transfer rate is scheduled to be raised from 7.628 percent to 9.5 percent on July 1, 2001. Additional increases are scheduled on July 1, 2002, to 11.0 percent; on July 1, 2003, to 11.25 percent; and on July 1, 2004, to 12.0 percent for the statutory rate of transfers from the State General Fund to the State Highway Fund.

**CTP FY 2000-2009 Revenue Summary**  
(In Thousands)

<u>Projected 10-Year Revenues</u>	<u>Approved</u>	<u>Agency's Revised<sup>(a)</sup></u>	<u>Governor's Revised<sup>(b)</sup></u>
Cash Beginning Balance	\$ 475,189	\$ 559,278	\$ 559,278
Motor Fuels Taxes	3,930,400	3,930,400	4,083,700
SGF Sales Tax Transfer	1,830,010	1,830,010	1,705,590
Quarter Cent	1,071,513	1,071,513	1,073,830
Registration Fees	1,315,000	1,315,000	1,355,000
Interest	251,900	342,291	331,265
Transfers in	156,762	156,296	155,457
Other Sources	117,608	128,390	128,390
Subtotal—State	<u>\$ 9,148,382</u>	<u>\$ 9,333,178</u>	<u>\$ 9,392,510</u>
Federal Payments	2,812,783	3,058,369	2,931,725
Local Payments	200,170	227,797	216,982
Subtotal—Nonstate	<u>\$ 3,012,953</u>	<u>\$ 3,286,166</u>	<u>\$ 3,148,707</u>
Bonds	980,075	996,450	996,450
Total Revenues	<u><u>\$ 13,141,410</u></u>	<u><u>\$ 13,615,794</u></u>	<u><u>\$ 13,537,667</u></u>

a) Source: KDOT: September 15, 1999.

b) Source: Governor's FY 2001 Budget Report, Vol. 1.

Additional revenues are anticipated in the revised KDOT budget for the 10-year CTP as reflected in the preceding table when compared with the estimates provided at the end of the 1999 Legislature. State revenue reflects a net increase in the Governor's recommendations of \$244.1 million, primarily due to \$153.3 million of additional motor fuels taxes; \$79.4 million of additional interest earnings attributed to selling the bonds earlier; and \$84.1 million of additional carryover cash balance at start of the CTP. Nonstate revenues are

projected by the Governor to increase \$135.6 million. Net bonds proceeds also are estimated to yield an additional \$16.4 million. The difference between the agency revised estimate and the Governor's estimate for nonstate revenue differs by \$137.5 million, principally federal receipts estimated \$126.6 million lower by the Governor. A change referred to as advance federal funding produces approximately \$101 million of this variance.

**Expenditures.** The CTP budget includes expenditures for maintenance, including regular and substantial maintenance; construction and reconstruction, including major modifications and priority bridges; system enhancement projects; and a highway demonstration project to evaluate guarantees by a contractor. The CTP budget also provides for enhanced assistance to local units of government and other entities, including increased aid from the Special City and County Highway Fund, increased state payments for city connecting links, new state assistance for communities with railroad crossings not on the state highway system, a railroad loan program with new state funding, state financing for general aviation airports, and additional state aid for public transit. Revisions in the proposed 10-year expenditures are noted in the following table.

**Revised and Updated  
CTP FY 2000-2009 Expenditure Summary  
(In Thousands)**

<u>Estimated 10-Year Expenditures</u>	<u>Approved</u>	<u>Agency's Revised<sup>(a)</sup></u>	<u>Governor's Revised<sup>(b)</sup></u>
Routine Maintenance	\$ 1,226,149	\$ 1,223,095	\$ 1,216,965
Substantial Maintenance	2,061,731	2,058,459	2,058,459
Major Modification and Bridges <sup>(c)</sup>	3,332,584	3,537,322	3,516,882
System Enhancements <sup>(c)</sup>	1,050,000	979,993	968,867
General Aviation	30,000	30,000	30,000
Public Transit	110,000	103,823	103,823
Rail Assistance	40,000	46,320	46,320
Special City/County Highway Fund	1,599,821	1,597,509	1,650,511
Local Aid	1,049,000	1,062,770	1,008,695
KLINK Payments	33,600	33,600	33,600
Management and Other	729,604	714,981	700,929
Transfers Out	489,312	492,952	492,952
Debt Service (Existing and New)	1,198,035	1,376,907	1,376,907
Total Expenditures	<u>\$ 12,949,836</u>	<u>\$ 13,257,731</u>	<u>\$ 13,204,910</u>

a) Source: KDOT: September 15, 1999.

b) Source: Governor's FY 2001 Budget Report, Vol. 1.


c) *Expenditures will extend beyond 10-year CTP, with \$81 million for system enhancements identified in the Governor's Budget Report to be expended in FY 2010 and FY 2011, bringing that category of expenditures to \$1,049,867 for the 10-year CTP period and the two-year period afterwards. Additional expenditures for major modifications and priority bridges also are anticipated after FY 2009.*

A number of adjustments in the CTP expenditures are reflected in the revised KDOT budget, most of which are adopted by the Governor's recommendations. Spending would increase from \$12.95 billion to \$13.26 billion, or a total of \$255.07 million. Two areas account for most of the Governor's increased estimate of spending. Debt service costs are projected to increase \$178.9 million, primarily for two reasons. First, it is anticipated that all bonds will be sold early in the program period rather than some being sold toward to end of the 10-year period and consequently, additional principal and interest payments must be made. Second, the interest rates for the bonds sold this year were higher than estimated earlier and the blended rate was 5.48 percent. The other area of significant change is major modifications and priority bridges where an increase of \$184.3 million is budgeted. Additional revenue for local units also is projected in the Governor's recommendation for the Special City and County Highway Fund distributions that total \$50.7 million more than the previous estimate.



  
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Senator Barbara Lawrence, Chairperson

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Senator Mark Gilstrap

  
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Senator Larry Salmans

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KANSAS DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY OF TRANSPORTATION

E. Dean Carlson  
Secretary of Transportation

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Bill Graves  
Governor

February 23, 2000

Ben F. Barrett, Director  
Kansas Legislative Research Department  
Statehouse – Room 545N  
Topeka, Kansas 66612-1504

Dear Mr. Barrett:

Subject: Rebuttal to the untitled spreadsheet identified as "18Feb2000.qpw"

The "18Feb2000.qpw" spreadsheet provides false and misleading "information" to the Legislature. It does not accurately report the understanding and agreement that resulted in our joint letter to the Legislature of February 18, 2000. This spreadsheet was distributed by Legislative Research Department staff in the February 22, 2000, meeting of the House Appropriations Subcommittee on the KDOT budget. There may have been further distribution.

The spreadsheet is constructed to give the false impression that the reason for our letter was to reflect revised estimates not to correct serious errors by Legislative Research Department staff. The tables are inaccurately labeled "January 2000 Est.," "Revised and Updated February 2000 Est.," and "Changes from Jan. to Feb. Est." rather than truthfully identifying that they are the original inaccurate Legislative Research Department presentation, the corrected table, and the changes in the correction. There are no January versus February issues and nothing was "updated" in our February 18 letter. The only changes were corrections to the Legislative Research Department presentation.

The spreadsheet inaccurately implies that the \$50 million reduction in available resources is a result of additional spending by KDOT. The statements "the revised February estimates include \$192 million of additional spending..." and that there "...is a shortfall of \$50 million needed to finance revised expenditures" are misleading. The three supposed categories of increased spending are also misleading. There is no additional spending. The Legislative Research Department table was corrected to consistently reflect the completion of the System Enhancements after the period; to recognize that funding will be required after the period to complete the Major Modification and Priority Bridge projects; and to reflect the June 30, 2009, balances in the Debt Service Fund, the Special City and County Highway Fund, and other funds.

Senate Ways and Means Committee

Date *February 23, 2000*

Attachment #

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Ben F. Barrett, Director  
Kansas Legislative Research Department  
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The spreadsheet creates the “red herring” that KDOT increased spending without an increase in revenues. Of course “no adjustments in revenues are found in the February estimates,” since the purpose of our February 18<sup>th</sup> letter was to correct the underreporting of commitments by the Legislative Research Department.

Despite the statements in the spreadsheet, there is no revised Governor’s recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Dean Carlson". The signature is fluid and cursive, with a long horizontal stroke at the end.

E. Dean Carlson  
Secretary of Transportation

Attachment

<b>January 2000 Est.</b>	<b>Gov. Rec.</b>		
	<u>Approved</u>	<u>Revised</u>	<u>Difference</u>
Revenues	13.141	13.538	0.397
Expenditures	<u>(12.950)</u>	<u>(13.204)</u>	<u>(0.254)</u>
Net Difference	0.191	0.334	0.143

<b>Revised and Updated February 2000 Est.</b>	<b>Gov. Rec.</b>		
	<u>Approved</u>	<u>Revised</u>	<u>Difference</u>
Revenues (incl. Beg. Bal.)	13.141	13.538	0.397
Expenditures a)	<u>(12.970)</u>	<u>(13.406)</u>	<u>(0.436)</u>
Net Difference	0.171	0.132	(0.039)
Other Commitments b)	<u>(0.110)</u>	<u>(0.120)</u>	<u>(0.011)</u>
Available Resources	0.061	0.011	(0.050)

**Changes from Jan. to Feb. Est.**

	<b>Gov. Rec.</b>		
	<u>Approved</u>	<u>Revised</u>	<u>Difference</u>
	0.000	0.000	0.000
	<u>(0.020)</u>	<u>(0.202)</u>	<u>(0.182)</u>
	(0.020)	(0.202)	(0.182)
	<u>(0.110)</u>	<u>(0.120)</u>	<u>(0.010)</u>
	(0.130)	(0.322)	(0.192)

a) Expenditures, net of federal aid, also include funding to complete system enhancements, major modifications and priority bridges after FY 2009.

b) Other Commitments include funding for daily operating expenses of the State Highway Fund, and anticipated June 30, 2009, balances in the Debt Service Fund, Special City and County Highway Fund and other funds.

Note: Row and column totals may not add due to rounding.

**Description of Changes from January to February Estimates, 2000**

1. The revised February estimates include \$192 million of additional spending compared with January 2000.
2. There is no increase in estimates for revenue from January to February 2000.
3. The net change in resources is a shortfall of \$50 million needed to finance revised expenditures.
4. Changes in expenditures are due to three categories:
  - a. A \$20 million increase in the "approved" base.
  - b. An increase of \$110 million to \$120 million for "Other Commitments" in the KDOT budget.
  - c. An increase of \$202 million in the Governor's revised estimated for expenditures.
5. The Governor's original revised recommendation included a revenue increase of approximately \$200 that was offset by a reduction of \$127 million in the SGF transfers. No adjustments in revenues are found in the February estimates.

# Economic Development Initiatives Fund

Agency/Program	Governor's Recommendation FY 2000	Senate Committee Adjustments FY 2000
<b>Department of Commerce and Housing<sup>(1)</sup></b>		
Agency Operations	\$ 7,006,215	
Small Business Development Centers	485,000	
Certified Development Companies	475,000	
Kansas Industrial Training/Retraining	3,600,000	
Trade Show Promotion Grants	150,000	
Community Capacity Building Grants	197,000	
Economic Opportunity Initiative Fund	5,000,000	
Existing Industry Expansion	800,000	
Tourism Promotion Grants	952,100	
Mid-America World Trade Center	41,889	
Mainstreet Grant and Development Prog.	216,800	
Agriculture Product Development	540,000	
Training Equipment Grants	300,000	
Travel Information Center Repairs	15,000	
Motion Picture and Television Rebate	75,000	
Kansas Sports Hall of Fame	0	
Eisenhower Museum Grant	300,000	
National Teachers Hall of Fame	0	
HOME Program	0	
Subtotal - KDOCH	\$ 20,154,004	
<b>Kansas Technology Enterprise Corporation <sup>(1)</sup></b>		
Agency Operations	\$ 1,338,486	
Centers of Excellence	3,552,640	
Research Matching Grants	969,196	
Business Innovative Research Grants	76,000	
State Small Business Innovation Research	440,000	
Special Projects	79,303	
Commercialization Grants	1,490,000	
Mid-America Manufact. Tech. Center	1,797,338	
EPSCoR	3,200,000	
Subtotal - KTEC	\$ 12,942,963	
<b>Kansas, Inc.</b>		
	\$ 189,563	
<b>Board of Regents</b>		
Matching Grants - AVTS	200,000	
Post-secondary Aid - AVTS	6,707,144	
Capital Outlay Aid - AVTS	2,000,000	
Subtotal - Education	\$ 8,907,144	
<b>Historical Society</b>		
	0	
<b>Department of Administration</b>		
Public TV Microwave Connection	0	
<b>State Water Plan Fund</b>		
	2,000,000	
<b>KSU -- Ag Extension</b>		
Ogalala Aquifer Study	0	
<b>Wildlife and Parks</b>		
Local Government Outdoor Recreation	500,000	
<b>State Fair</b>		
	35,000	
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 44,728,674</b>	<b>\$ 0</b>
 <b>EDIF Resource Estimate</b>		
	<b>Gov. Rec.</b>	<b>Senate Comm. Adj.</b>
	<b>FY 2000</b>	<b>FY 2000</b>
Beginning Balance	\$ 3,672,000	-
Gaming Revenues	42,500,000	-
Other Income <sup>(2)</sup>	800,182	-
Total Available	\$ 46,972,182	\$ 46,972,182
Less: Expenditures and Transfers	44,728,674	44,728,674
<b>ENDING BALANCE</b>	<b>\$ 2,243,508</b>	<b>\$ 2,243,508</b>

1) Does not include expenditures from prior year EDIF allocations.  
 2) This category includes interest income as well as amounts lapsed by the 2000 Legislature.



# Economic Development Initiatives Fund

Agency/Program	Governor's Recommendation FY 2001	Senate Committee Adjustments FY 2001
<b>Department of Commerce and Housing*</b>		
Agency Operations	\$ 8,592,909	
Small Business Development Centers	410,000	75,000
Certified Development Companies	400,000	
Kansas Industrial Training/Retraining	3,300,000	
Trade Show Promotion Grants	150,000	
Community Capacity Building Grants	197,000	
Economic Opportunity Initiative Fund	3,500,000	
Existing Industry Expansion	500,000	
Tourism Promotion Grants	852,100	
Mid-America World Trade Center	0	
Mainstreet Grant and Development Prog.	216,800	
Agriculture Product Development	540,000	
Training Equipment Grants	277,500	
Travel Information Centers	115,000	(100,000)
Motion Picture and Television Rebate	75,000	
Kansas Sports Hall of Fame	0	
Eisenhower Museum Grant	300,000	(200,000)
National Teachers Hall of Fame	300,000	(200,000)
HOME Program	533,022	
Challenger Learning Center	0	
Subtotal - KDCH	\$ 20,259,331	\$ (425,000)
<b>Kansas Technology Enterprise Corporation *</b>		
Agency Operations	\$ 1,305,499	
Centers of Excellence	4,325,000	
Research Matching Grants	1,246,000	
Business Innovative Research Grants	76,000	
State Small Business Innovation Research	440,000	
Special Projects	79,303	
Commercialization Grants	845,000	
Mid-America Manufact. Tech. Center	950,931	
EPSCoR	2,436,126	763,874
Subtotal - KTEC	\$ 11,703,859	\$ 763,874
<b>Kansas, Inc.</b>		
	\$ 336,137	
<b>Board of Regents</b>		
Matching Grants - AVTS	200,000	
Post-secondary Aid - AVTS	6,882,981	
Capital Outlay Aid - AVTS	2,200,000	
Subtotal - Education	\$ 9,282,981	
<b>Historical Society</b>		
	0	16,000
<b>Department of Administration</b>		
Public TV Microwave Connection	350,000	
<b>State Water Plan Fund</b>		
	2,000,000	
<b>Wildlife and Parks</b>		
Local Government Outdoor Recreation	475,000	(275,000)
<b>State Fair</b>		
	100,000	25,000
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 44,507,308</b>	<b>104,874</b>

### EDIF Resource Estimate

	Gov. Rec. FY 2001	Senate Comm. Adj. FY 2001
Beginning Balance	\$ 2,243,508	-
Gaming Revenues	42,500,000	-
Other Income	594,000	306,472
Total Available	\$ 45,337,508	45,643,980
Less: Expenditures and Transfers	44,507,308	44,612,182
<b>ENDING BALANCE</b>	<b>\$ 830,200</b>	<b>1,031,798</b>

\* - Does not include expenditures from prior year EDIF allocations.

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