

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:35 a.m. on January 30, 2003, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Martha Dorsey, Kansas Legislative Research Department  
Melissa Calderwood, Kansas Legislative Research Department  
Robert Waller, Kansas Legislative Research Department  
Michael Corrigan, Assistant Revisor of Statutes  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Deb Miller, Secretary, Kansas Department of Transportation

Others attending: See attached list

**Bill Introduction**

Senator Salmans moved, with a second by Senator Bunten, to introduce a bill relating to the state board of healing arts; providing for the granting of certain licenses. Motion carried on a voice vote.

Chairman Morris welcomed Deb Miller, Secretary, Kansas Department of Transportation (KDOT), who presented an update on the Kansas Department of Transportation Comprehensive Transportation Program (CTP) program and funding issues (Attachment 1).

In her testimony, Secretary Miller explained the following regarding the Governor's Recommended Budget Reductions impact:

- The Comprehensive Transportation Program is more than a construction program.
- It reflects all of KDOT's revenue and expenditures.
- This means any reduction in funding (revenues) must be reflected in a reduction in activities (expenditures).
- The question is not whether to cut, but what to cut.

Secretary Miller mentioned that their program perspective is to:

- Maintain commitment to the core of the CTP
- Core of the CTP:
  - “Red Map”
  - System Enhancement projects
- Also maintain system

In her testimony, Secretary Miller explained that the reasons to maintain the Core Program are for safety, credibility (KDOT and state), preserve investments made and economic impact.

Staff distributed copies of the Comprehensive Transportation Program (Attachment 2).

CONTINUATION SHEET

Copies of the "Red Map" Comprehensive Transportation Program FY 2000-2009, Major Modification Interstate and Non-Interstate and Priority Bridge Only, Assumes Funding as per HB 2071 as Passed 4-30-99 and HB 3011 5-02, by the Kansas Department of Transportation (Attachment 3).

The Kansas Department of Transportation also distributed copies of the Preliminary KDOT Cash Flow reflecting Governor's Budget Submission for FY 2004 (Attachment 4).

Committee questions and discussion followed.

The meeting adjourned at 11:40 a.m. The next meeting is scheduled for January 31, 2003.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE January 30, 2003

NAME	REPRESENTING
Anton Dunkel	DTD
Keel JAVIS	KDOT
Deb Miller	KDOT
Nancy Bogena	KDOT
Bill Watts	KDOT
John St. Clair	City of Fairway
SCOTT MANN	CITY OF FAIRWAY
Mike Wildgen	City of Lawrence
Janet McPherson	Kansas Farm Bureau
RON LACHES	KSPE
Wade Culwell	KAPA
Wendy Harms	KAPA - KEMCA
Wendy Harms	KEMCA
Scott Heidner	KS Consulting Engineers
Bob Tolson	Ky Contractors Association
Patrick Husley	Economic Profiles
Pete Brungardt	Senate District # 34
Amber Kjelhus	Sen. Brungardt's Intern
Tom Whitaker	KS Motor Carriers Assn
Bill Henny	KS Credit Union Assn
Mike Kuttles	KS Governmental Consulting

**The Kansas Department of  
Transportation (KDOT)**

**COMPREHENSIVE  
TRANSPORTATION  
PROGRAM (CTP)**

**Program and Funding Issues**

**Presentation to the  
Senate Ways and Means Committee  
January 30, 2003**

**Deb Miller, Secretary of Transportation**

*Senate Ways and Means  
1-30-03  
Attachment 1*

## **CTP Funding Reduction Summary Through 2002 Session**

- **\$291.1 Million Reduction in CTP Funding**
  - **\$238.3 million from FY 2000-2003 Sales Tax Demand Transfer**
  - **\$0.5 million transferred from the Coordinated Public Transportation Assistance Fund in FY 2003**
  - **\$5.8 million unanticipated transfers to other agencies in FY 2000-2003**
  - **\$37.5 million in actual Motor Fuels Tax collections for FY 2000-2002**
  - **\$9.0 million actual Quarter-Cent Sales Tax collections for FY 2000-2002**

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## **2002 Actions**

### **2002 House Bill 3011**

- **\$338 million package (total FY 2003-2009)**
  - **Motor Fuels Tax increase**
    - **2 cents per gallon**
    - **Effective July 1, 2002**
  - **Registration Fee increase**
    - **\$5 for cars and pickups**
    - **\$2 to \$10 for trucks**
    - **Effective July 1, 2002**

### **State General Fund Loan**

- **\$95 million was borrowed from the State Highway Fund for the State General Fund in FY 2002 and was scheduled to be repaid in FY 2003**

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## CTP Funding Outlook

- **At the end of the 2002 session**
  - Funding was adequate to complete the CTP as originally envisioned by HB2071
  - This assumed all statutory revenue and repayment of the loan to the SGF

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## CTP Funding Outlook

### **FY 2004 Budget and November 2002 Consensus Revenue Estimate**

- **September 2002 Budget Submittal**
  - **FY 2004 Sales Tax Demand Transfer estimate**
    - \$128 million used per budget instructions
    - \$156 million had been used by KDOT during 2002 Legislative debate
- **November 2002 Consensus Revenue Estimate**
  - Revenue projections were adjusted downward to reflect deteriorating economy

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**Future Statutory Sales Tax  
Demand Transfer for CTP**

**1999 Legislation (HB 2071)**

- **FY 2004**
  - 11.25% of the net State General Fund sales tax collections
- **FY 2005 and thereafter**
  - 12.0% of the net State General Fund sales tax collections

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**Governor's Budget Recommendations**

- Assumes \$95 million loan is not repaid in FY 2003
- Zeroes out FY 2004 Sales Tax Demand Transfer
- Additional transfers to KHP above regularly budgeted transfers
- 1.5% base salary adjustment
- \$5 million transfer from SHF to SGF
- Eliminate Motor Carrier Property Tax Transfer to Special City County Highway Fund in FY03 & FY04

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## **Governor's Recommended Budget Reductions Impact**

- The CTP is more than a construction program.
- It reflects all of KDOT's revenue and expenditures.
- This means any reduction in funding (revenues) must be reflected in a reduction in activities (expenditures).
- The question is not whether to cut, but what to cut.

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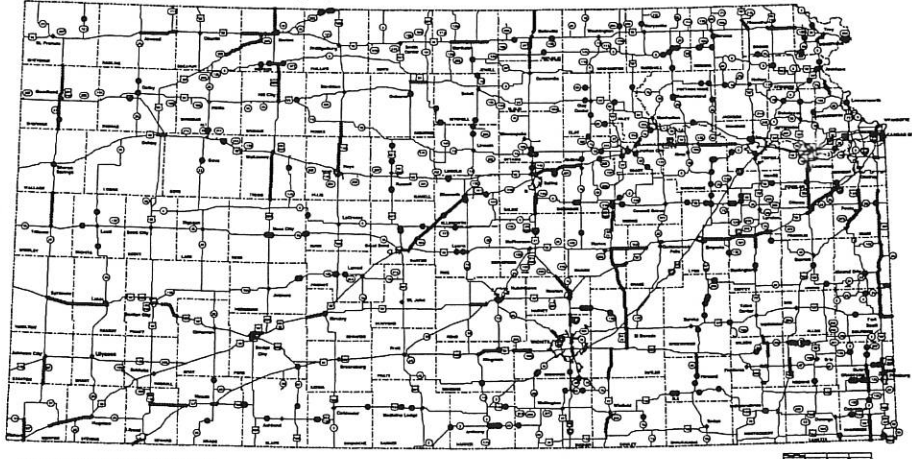
## **Program Perspective**

- Maintain commitment to the core of the CTP
- Core of the CTP:
  - “Red Map”
  - System Enhancement projects
- Also maintain system

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COMPREHENSIVE TRANSPORTATION PROGRAM FY 2000-2009  
 Major Modification Interstate and Non-Interstate and Priority Bridge Only  
 Assumes Funding as per HB2071 as Passed 4-30-99 and HB 3011 5-02



See project list for more specific project information.  
 See separate list for explanation of changes from  
 2002 annual report map.

Bridge •  
 Roadway —

STATE OF KANSAS  
 KANSAS DEPARTMENT OF TRANSPORTATION  
 BUREAU OF TRANSPORTATION PLANNING  
 MAP DESIGN AND PREPARATION  
 DATE: 08/01/00  
 BY: GUY AND SONS  
 THIS MAP IS UNWARRANTED AS TO ACCURACY AND THE STATE  
 OF KANSAS IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS.

## **System Enhancement Projects**

(in route order)

- **US-24/40 State Avenue Corridor** - US-24/40 (State Avenue) from K-7 to 118th Street
- **87th Street Interchange** - I-35 and US-69 with 87th Street in Johnson County
- **Lawrence Corridor** - US-40 (6th Street) from K-10 (SLT) through Wakarusa Drive
- **Garden City West** - US-50 from Kearny/Finney County line east to US-83 junction
- **Newton Interchange** – West junction of US-50 & K-15
- **South Hutchinson Interchange** – East junction of US-50 & K-96
- **Woodlawn Interchange** - US-54 (Kellogg) & Woodlawn Road in Wichita
- **Rock Road Interchange** - US-54 (Kellogg) & Rock Road in Wichita

## **System Enhancement Projects**

(in route order)

- ***Goddard Bypass*** - US-54 bypass north of Goddard
- ***US-54 Corridor*** - US-54/400 from Mullinville to east of Kingman
- ***Atchison River Bridge*** - US-59 at the Amelia Earhart Bridge over the Missouri River
- ***K-61 Corridor*** - K-61 from Hutchinson to McPherson
- ***US-69 Corridor*** - US-69 from 119th Street north to 75th Street in Johnson County
- ***Junction City Interchange*** - I-70 & Exit 298 (East Street)
- ***Lansing Corridor*** - US-73/K-7 (Main Street) from Gilman Road to Connie Street
- ***Jackson County Interchange*** - US-75 & County Road 150
- ***Arkansas City Bypass*** - US-77 and US-166 bypasses

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## **System Enhancement Projects**

(in route order)

- ***47th Street Study*** - US-81 (47th Street) from Broadway Avenue to I-135 in Wichita
- ***Salina Interchange*** - I-135 & Waterwell Road
- ***Coffeyville Corridor*** - US-169 from US-166 junction north to County Road 2800
- ***Hays Corridor*** - US-183 from I-70 north to 55th Street
- ***Northwest Bypass*** - K-254 from US-54 to K-96 west and north of Wichita
- ***Dodge City Bypass*** - US-400 bypass southwest of town
- ***Parsons Bypass*** - US-400 bypass north of town
- ***US-400 Study*** - US-400 from Garden City east to Mullinville
- ***Antioch Interchange*** - I-435 & Antioch in Overland Park

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## Why Maintain Core Program?

- **Safety**
- **Credibility**
  - KDOT and State
- **Preserve investments made**
- **Economic impact**

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## CHP Economic Impact

- **The Benefit-Cost ratio was conservatively estimated to be at least 3, meaning the program returned at least three dollars' worth of value to Kansans for every dollars' worth of cost to Kansans.**
  - Source: Burress, David, et al. Benefits and Costs of the Kansas Comprehensive Highway Program. University of Kansas, 1999.
- **Economic multiplier of 2.6 for every dollar spent**
- **An increase of nearly 118,000 private sector jobs statewide**
- **\$1.4 billion increase in statewide income**
  - Source: Babcock, Michael W., et al. Economic Impacts of the Kansas Comprehensive Highway Program. Kansas State University, 1997.

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## Highway Program Economic Impact

- From an October 12, 1992 *U.S. News and World Report* article discussing states faced with a downturn in their economic fortunes...
  - “As the nation slid into recession during the second half of 1990, highway money began to course through the Kansas economy. Road expenditures leapt from 293 million dollars in 1989 to 429 million in 1991, sending a torrent of dollars through checkbooks and cash registers. In what economists call the multiplier effect, construction workers started buying tools, contractors leased new equipment, and engineering firms started placing help-wanted ads. As highway money worked its way through Kansas’s economic bloodstream, personal income climbed at 2.4 percent, more than twice the national average (in 1991).”

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## How to Maintain Core?

- Consider:
  - Looking at all of the agency’s activities for improved efficiency
  - Revisiting assumptions we use in our cash-flow projections
  - Extending the program by one or two years
  - Cutting funds not yet assigned to specific projects
  - Reducing project scopes
  - Implementing the Transportation Revolving Fund with less capitalization

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## **Improve Agency Efficiency**

- Ongoing effort
- Will continue to look for ways to improve
- Agency operations are relatively small percentage of total CTP
- Even remarkable results would have minor impact

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## **Review Assumptions**

- Cash flow contains many assumptions
  - Bond issues
  - Federal funds
  - Inflation
- We will review all of these to assure they accurately reflect current conditions

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## **Extend the Program?**

- **Extend the CTP for an additional two years to FY 2011**
- **Projects currently scheduled for contract letting in the remaining six years (FY 2004 through FY 2009) would instead be spread over eight years (FY 2004-FY2011)**
- **No new projects would be added to the highway improvement program in FY 2010 or FY 2011**
- **Assumes all future statutory funding**

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## **Extend the Program** **Caution!**

- **Deferring highway projects :**
  - **Means current highway needs are not addressed when needed and delays addressing future needs**
  - **Results in an even larger “pool” of future unmet highway needs and increased costs**
  - **Means deferred projects cost more due to inflation**
  - **Means deferred projects would use FY 2010 and FY 2011 project funds, which reduces funds available to meet future transportation project demands**

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## **Cut Funds Not Yet Assigned to Specific Projects**

- Funds are set aside each year for specific needs
- Projects are determined based on objective selection criteria
- Generally have a one-to-three-year planning horizon
- Many of the projects are selected based on applications and priorities submitted by local units of government

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## **Reduce Project Scopes**

- Project scopes define the work to be done
  - Based on existing condition and what is required to upgrade to modern standards
- KDOT must balance current and future project needs against design life and cost
- Initial cost of some projects may be decreased by reducing project scopes (“downscoping”), but:
  - Results in shorter design life
  - Increases costs later when additional work is required

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## **“Downscoping” Risks**

- Overall costs increase when needed work is deferred
  - Inflation
  - Duplication of effort
  - Inconvenience to the traveling public.
- May not address reason project was identified as a priority

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## **Transportation Revolving Fund**

- CTP legislation authorized creation of a Transportation Revolving Fund
- Local governments able to borrow from fund for transportation projects
- We will review possibility of implementing the TRF with less capitalization

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## **Overall Considerations**

- **Safety of the traveling public**
- **Preserve and protect the state's multi-billion dollar investment in its infrastructure**
- **Economic impact of projects and the economic stimulus they provide**

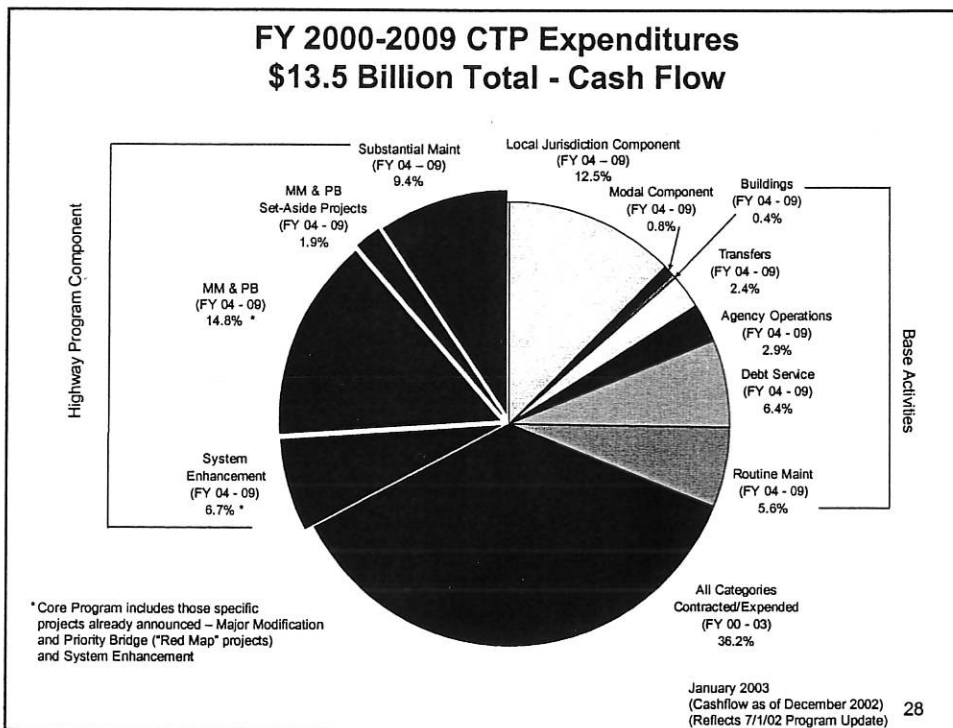
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## **Overall Considerations**

- **No “painless” solutions**
- **Every option means a cut that will affect somebody**
- **Every dollar deducted diminishes the number and type of safety and economic improvements that can be made**

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## FY 2000-2009 CTP Expenditures \$13.5 Billion Total - Cash Flow



## Ten-Year Focus for CTP

- **A large part of the agency's business is capital improvements.**
  - They take years to develop, design, and construct.
  - They are funded with money anticipated to be available a number of years out into the future.
- **Highway construction cost estimates are dynamic**
  - Engineering factors, project issues, costs, and tradeoffs must be considered.
  - Current and future project needs must be balanced against design life and cost.

## Governor's Budget Recommendations

### Recap

- Assumes \$95 million loan is not repaid in FY 2003
- Zeroes out FY 2004 Sales Tax Demand Transfer
- Additional transfers to KHP above regularly budgeted transfers
- 1.5% base salary adjustment
- \$5 million transfer from SHF to SGF
- Eliminate Motor Carrier Property Tax Transfer to Special City County Highway Fund in FY03 & FY04

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## Summary

- Recommended budget reduces funds to the CTP
- However, preliminary analysis leads us to believe we can maintain commitment to announced projects
- Not "painless." Every funding reduction has an effect
- Future revenue reductions may require reduction in announced projects
- Economic uncertainty is also a factor

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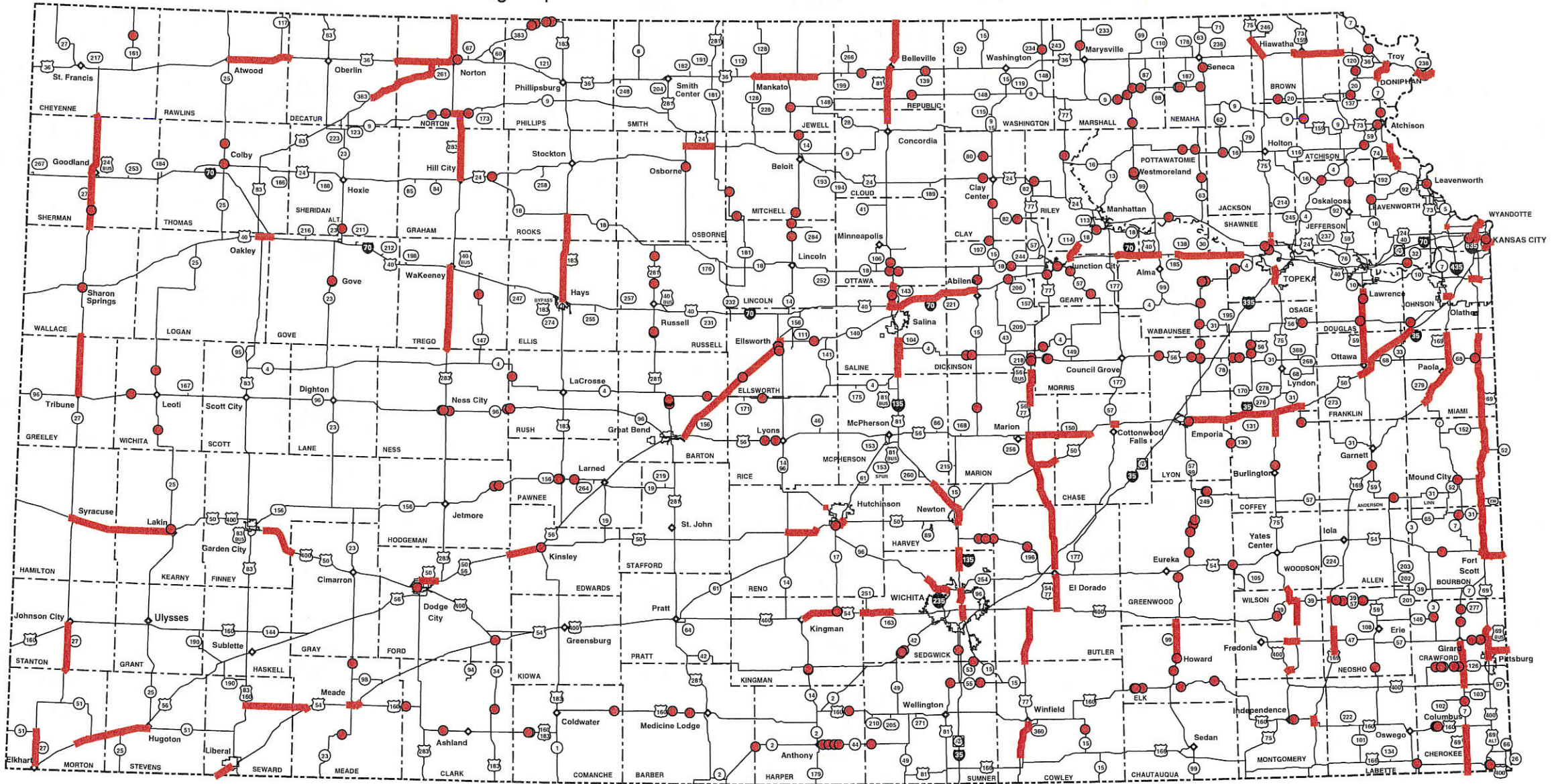
**COMPREHENSIVE TRANSPORTATION PROGRAM**

	Original Estimate HB 2071	Agency Revised Sept 2002	Dollar Change from Original	Percent Change from Original	November Estimate (Nov. 2001 )	Dollar Change from Original	Percent Change from Original	2002 HB 3011	Dollar Change from Original	Percent Change from Original	Governor's Rec. FY 2004	Dollar Change from Original	Percent Change from Original
	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009	FY 2000-2009
<b>BEGINNING BALANCE</b>	475,189	559,875	84,686	17.8%	559,875	84,686	17.8%	559,875	84,686	17.8%	559,875	84,686	17.8%
<b>RESOURCES</b>													
Motor Fuel Taxes	3,930,400	4,171,066	240,666	6.1%	3,919,286	(11,114)	-0.3%	4,172,947	242,547	6.2%	4,258,865	328,465	8.4%
SGF (Sales Tax) Transfer	1,830,010	1,270,385	(559,625)	-30.6%	1,435,482	(394,528)	-21.6%	1,298,083	(531,927)	-29.1%	1,090,278	(739,732)	-40.4%
Sales & Compensating T ax	1,071,513	1,029,179	(42,334)	-4.0%	1,018,093	(53,420)	-5.0%	1,025,008	(46,505)	-4.3%	968,400	(103,113)	-9.6%
Registration Fees	1,315,000	1,457,302	142,302	10.8%	1,370,728	55,728	4.2%	1,455,333	140,333	10.7%	1,459,696	144,696	11.0%
Other Revenues	526,270	575,916	49,646	9.4%	532,269	5,999	1.1%	542,519	16,249	3.1%	405,240	(121,030)	-23.0%
Total State Revenues	8,673,193	8,503,848	(169,345)	-2.0%	8,275,858	(397,335)	-4.6%	8,493,890	(179,303)	-2.1%	8,182,479	(490,714)	-5.7%
Reimbursement	3,012,953	3,520,248	507,295	16.8%	3,528,848	515,895	17.1%	3,528,848	515,895	17.1%	3,520,248	507,295	16.8%
Bond Sales (net)	980,075	1,277,298	297,223	30.3%	1,277,298	297,223	30.3%	1,277,298	297,223	30.3%	1,277,298	297,223	30.3%
<b>TOTAL RESOURCES</b>	13,141,410	13,861,269	719,859	5.5%	13,641,879	500,469	3.8%	13,859,911	718,501	5.5%	13,539,900	398,490	3.0%
<b>EXPENDITURES</b>													
Maintenance	3,287,880	3,072,045	(215,835)	-6.6%	3,057,136	(230,744)	-7.0%	3,058,768	(229,112)	-7.0%	3,072,947	(214,933)	-6.5%
Construction	4,301,451	5,049,417	747,966	17.4%	5,078,250	776,799	18.1%	5,078,818	777,367	18.1%	5,053,045	751,594	17.5%
Modes	178,233	176,584	(1,649)	-0.9%	179,706	1,473	0.8%	179,706	1,473	0.8%	176,584	(1,649)	-0.9%
Local Support	2,675,288	2,599,765	(75,523)	-2.8%	2,699,443	24,155	0.9%	2,699,564	24,276	0.9%	2,691,613	16,325	0.6%
Management	729,604	744,955	15,351	2.1%	667,766	(61,838)	-8.5%	668,080	(61,524)	-8.4%	670,823	(58,781)	-8.1%
Transfers Out	489,312	534,016	44,704	9.1%	517,928	28,616	5.8%	517,928	28,616	5.8%	582,928	93,616	19.1%
Debt Service	1,198,035	1,324,714	126,679	10.6%	1,295,923	97,888	8.2%	1,295,923	97,888	8.2%	1,343,549	145,514	12.1%
<b>TOTAL EXPENDITURES</b>	12,859,803	13,501,496	641,693	5.0%	13,496,152	636,349	4.9%	13,498,787	638,984	5.0%	13,591,489	731,686	5.7%
<b>ENDING BALANCE</b>	281,607	359,773	78,166	27.8%	145,727	(135,880)	-48.3%	361,124	79,517	28.2%	(51,589)	(333,196)	-118.3%
Minimum Ending Balance Requirement	220,237	492,637	272,400	123.7%	441,555	221,318	100.5%	441,559	221,322	100.5%	467,710	247,473	112.4%
<b>AVAILABLE ENDING BALANCE</b>	61,370	(132,864)	(194,234)	-316.5%	(295,828)	(357,198)	-582.0%	(80,435)	(141,805)	-231.1%	(519,299)	(580,669)	-946.2%

1. Based on the agency 's September 2002 revised estimate for FY 2004
2. Based on November estimates conducted by Estimating Group
3. HB 3011, increase motor fuels by 2 cents per gallon on July 1, 2002 and motor vehicle registration tax es increased for automobiles/trucks by \$5, and trucks amounts ranging from \$2 to \$10 effective July 1, 2002
4. Based on Governor's FY 2004 recommendation. Included is the non-repay ment of the \$94.5 million, suspension of Motor Carrier Property Taxes in 03 and 04, and transfers of \$13.1 and \$30.8 to KHP in 03 and 04

Senate ways and Means  
1-30-03  
Attachment 2

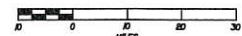
COMPREHENSIVE TRANSPORTATION PROGRAM FY 2000-2009  
 Major Modification Interstate and Non-Interstate and Priority Bridge Only  
 Assumes Funding as per HB2071 as Passed 4-30-99 and HB 3011 5-02



Senate Ways and Means  
 1-30-03  
 Attachment 3

See project list for more specific project information.  
 See separate list for explanation of changes from  
 2002 annual report map.

Bridge ●  
 Roadway —



PREPARED BY THE  
 KANSAS DEPARTMENT OF TRANSPORTATION  
 BUREAU OF TRANSPORTATION PLANNING  
 MAP2.IT02.DGN NOVEMBER 7, 2002  
 USING CANYS DATABASE BPM CTP DATA 7/01/02

KDOT MAKES NO WARRANTIES, GUARANTEES, OR REPRESENTATIONS FOR ACCURACY  
 OF THIS INFORMATION AND ASSUMES NO LIABILITY FOR ERRORS OR OMISSIONS.

KDOT  
All Agency Funds

PRELIMINARY

KDOT Cash Flow reflecting Governor's Budget Submission for FY 2004  
and the Nov 2002 State Consensus Estimates and Highway Revenue Estimates  
Includes debt refundings for Fall 2002

See the notes at the bottom of the sheet

(\$ millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL FY 00-2009
<b>BEGINNING BALANCE</b>	560	782	996	827	483	342	312	282	200	128	560
<b>Resources</b>											
Motor Fuel Taxes	356	356	371	419	446	453	457	462	467	472	4,259
SGF (Sales Tax) Transfer	62	52	94	-	-	164	170	176	183	190	1,090
Sales & Compensating Tax	89	89	92	91	93	96	100	103	106	110	968
Registration Fees	134	132	133	145	147	149	151	154	156	158	1,460
Other State Revenues including Interest	79	78	85	48	35	41	40	36	33	33	508
Loan to State General Fund	-	-	(95)	-	-	-	95	-	-	-	-
Subtotal	720	708	680	702	722	903	1,013	930	945	962	8,285
Federal and Local Construction Reimbursement	326	305	371	329	358	334	366	345	424	362	3,520
Net from Bond Sales	325	355	-	-	350	247	-	-	-	-	1,277
<b>TOTAL RECEIPTS</b>	1,372	1,368	1,052	1,031	1,430	1,484	1,379	1,275	1,369	1,324	13,082
<b>AVAILABLE RESOURCES</b>	1,932	2,150	2,048	1,857	1,913	1,826	1,691	1,556	1,569	1,452	13,642
<b>EXPENDITURES:</b>	2,000	2,001	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009	FY 00-2009
Routine Maintenance	102	106	108	111	121	121	124	128	132	135	1,188
Substantial Maintenance	172	146	150	153	210	197	201	209	218	228	1,885
Construction including Major Modification, Priority Bridge and System Enhancement	409	440	473	571	675	633	495	428	489	440	5,053
Modes	11	12	19	19	16	19	19	19	21	21	177
Local Support	259	244	255	257	272	267	277	284	286	287	2,688
Management & Buildings	52	53	54	64	60	78	77	79	79	79	675
Transfers Out	50	43	49	76	87	53	54	56	57	59	583
Debt Service (CHP & CTP)	94	110	114	124	129	146	160	154	159	153	1,344
<b>TOTAL EXPENDITURES</b>	1,150	1,154	1,221	1,374	1,571	1,514	1,409	1,356	1,440	1,401	13,591
<b>ENDING BALANCE</b>	782	996	827	483	342	312	282	200	128	51	51
<b>Minimum Ending Balance Requirement</b>	245	346	369	425	491	466	356	414	441	468	468
<b>AVAILABLE ENDING FUND BALANCE:</b>	537	650	458	57	(149)	(154)	(75)	(214)	(312)	(417)	(417)

Sales Tax Transfer estimates are calculated with the following assumptions:  
 The transfer is reduced FY 2002 to FY 2009 by \$20 million per year to reflect the agreement with the 2001 Legislature on additional bonding.  
 Changes in the Sales Tax laws by the 2002 Legislature are assumed to not provide any additional revenue through the sales tax transfer.  
 Adjustment in FY 2008 & FY 2009 for \$40 million reduction in set aside.  
 Revenue Reduction from the November 2002 consensus estimates including interest loss reduced available funds by approximately \$43 million.  
 Updated construction program expenditures as of 7/1/2002 update.  
 Bond sales advanced from FY 2005 & FY 2006 to FY 2004 and FY 2005.

**Required Ending Balances reflect:**

1. Amounts required to satisfy bond debt service requirements.
2. Funds allocated by statute for distribution to specific programs.
3. A calculation of a necessary reserve to complete CTP projects.
4. An amount necessary to provide for orderly payment of agency bills.

**Governor's recommendations:**

\$94.6 million loan is not repaid in FY 2003, FY 2004 Sales Tax Transfer is zero.  
 Motor Carrier Property Taxes transfers to SC&CHF suspended for balance of FY 03 and FY 04.  
 KDOT pays an additional \$11.1 million in FY 2003 and \$30.8 million in FY 2004 to the Highway Patrol.  
 \$5 million is transferred to General Fund in FY 2004.  
 Maintenance purchases of trucks have been reduced in FY 2004 and restored in FY 2005.  
 Buildings have been reduced in FY 2004 and restored in FY 2005.  
 Salaries have been reduced for shrinkage in FY 2004, shrinkage has been reduced to agency expected in FY 2005

**Assumptions:**

\$94.6 million loan is repaid in FY 2006.

Numbers may not add due to rounding

As of January 30, 2003

Senate Ways and Means  
1-30-03  
Attachment 4

**Notes**  
**Revised Cash Flow**  
**Reflecting Governor's Budget Submission for FY 2004**

Revised cash flow does not reflect KDOT's proposed strategy to deal with recommended cuts, which may include such items as:

1. Looking at agency activities for improved efficiency
2. Revisiting assumptions used in cash flow projections
3. Extending the program by one or two years
4. Cutting funds not yet assigned to specific projects
5. Reducing project scopes
6. Implementing Transportation Revolving Fund with less capitalization

**Summary of Impacts of the recommendations:**

- Recommended budget reduces funds to the CTP
- However, preliminary analysis leads us to believe we can maintain commitment to announced projects
- Not "painless." Every funding reduction has an effect
- Future revenue reductions may require reduction in announced projects
- Economic uncertainty is also a factor

\* The core of the CTP is considered to be the projects on the "red map," and the System Enhancement Projects.