



212 SW EIGHTH AVENUE, SUITE #200 ■ TOPEKA, KANSAS 66603-3939
785-233-1903 ■ FAX 785-233-3518 ■ www.economiclifelines.com

**Testimony to House Appropriations Committee
on HB 2577
by Michael Johnston, CEO, Economic Lifelines
February 3, 2016**

Mr. Chairman and members of the Committee, I'm Michael Johnston and I am the Chief Executive Officer for Economic Lifelines, a statewide coalition dedicated to transportation improvements. Our organization dates back some 30 years and was instrumental in the passage of the Comprehensive Highway Plan in 1989, the Comprehensive Transportation Plan in 1999, and T-WORKS in 2010.

My objective today is to urge you to adjust the provision on page 22, line 20 in HB 2577 that would transfer \$25M from the highway fund to the general fund FY 17. Let me also acknowledge that transfers from the highway fund to the general fund or state agencies are not new, nor is this Governor the first to do so. But what started as a head cold, turned into the flu, has now morphed into a full blown epidemic through the pace and scope of these transfers.

Since T-WORKS passed in 2010, not counting this \$25M, the legislature and Governor have approved new or what KDOT calls extraordinary transfers of \$1.394B to help balance the state budget, \$867M over FY's 15, 16 and 17 alone. In addition, since 2010, KDOT has sold \$1.315B in new money bonds. As a result, the approved transfers to-date have been essentially debt funded by KDOT, who also is responsible to repay that debt. Moreover, it is interesting to note that with the 1989 and 1999 programs, the legislature limited KDOT's bonding by a specific statutory limit for each program.

These transfer/debt policies do have very negative implications for KDOT and its ability to keep our transportation system sound and strong. In fact, the transfers have already affected KDOT's ability to deliver T-WORKS since they "delayed" \$297M in lettings for FY's 15 and 16 to "accommodate" the transfers.

Finally, as a former legislator myself, I have a special respect for your prerogatives and the difficult choices you must make. At the same time, we believe that a strong transportation system is an indispensable element for future economic growth and the safety of our citizens. Continued transfers from KDOT will impair their ability to deliver the quality product the Kansas people expect and deserve.

Dwight D. Eisenhower State Office Building
700 S.W. Harrison Street
Topeka, KS 66603-3745

Mike King, Secretary
Keith Bradshaw, Director



Phone: 785-296-3640
Fax: 785-296-0287
Hearing Impaired - 711
publicinfo@ksdot.org
<http://www.ksdot.org>

Sam Brownback, Governor

October 22, 2015

Bob Totten
Executive Vice President
Kansas Contractors Association
800 SW Jackson, Suite 100
Topeka, KS 66603

Dear Bob,

In response to your October 14 request, please find enclosed a copy of the current bond schedule and an updated State Highway Fund Transfer summary. Regarding the agency's current bond situation, the Kansas Department of Transportation intends to issue bonds in December 2015, though no further details are available at this time.

Finally, in response to your request for the impact of a \$0.01 tax on dyed diesel, the Kansas Department of Revenue would be better suited for developing this estimate.

Sincerely,

Keith Bradshaw
Director of Fiscal and Asset Management

KB/kb

Encl:
SHF Principal Outstanding
SHF Transfers to SGF and Other State Agencies

SHF Transfers to SGF and Other State Agencies

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Approved	FY 2017 Approved	FY 2011-2017 Total
Extraordinary Transfers								
Education Technical Education Transportation	-	-	(600,000)	(650,000)	(650,000)	(650,000)	(650,000)	(3,200,000)
Education Transportation Weighting	-	-	-	(96,600,000)	(96,600,000)	(96,600,000)	(96,600,000)	(386,400,000)
Education Transportation of Special Ed Students	-	-	-	(43,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(73,000,000)
SGF Transfers	(149,592,584)	(205,000,000)	-	-	(150,679,087)	(116,000,000)	(117,000,000)	(738,271,671)
SGF Transfer - Agency Operations Reduction	-	-	-	-	(7,800,000)	(13,323,611)	(13,770,669)	(34,894,280)
SGF Transfer for IT Project Savings	-	-	-	-	(3,300,000)	-	-	(3,300,000)
SGF Transfer for KDOT/KTA formalized partnership savings	-	-	-	(15,000,000)	(15,000,000)	-	-	(30,000,000)
SGF Transfer HB 2135	-	-	-	-	-	(8,000,000)	-	(8,000,000)
Revenue Division of Vehicles Modernization Fund	-	-	(6,751,952)	-	-	-	-	(6,751,952)
Revenue KS Biodiesel Fuel Producer Incentive Fund*	-	-	-	(200,000)	-	(200,000)	-	(400,000)
Aging and Disability Services - Mental Health Grants	-	-	-	-	(9,750,000)	(9,750,000)	(9,750,000)	(29,250,000)
Adjutant General Office of Emergency Communications Fund	-	-	-	(270,690)	(270,690)	(270,690)	(270,690)	(1,082,760)
KBI - Uninterrupted Power Source Replacement Fund	-	-	-	-	(27,000)	-	-	(27,000)
Department of Administration - Statehouse Debt Service	-	-	-	-	(20,000,000)	(20,000,000)	(20,000,000)	(60,000,000)
Commerce Affordable Airfares	(5,000,000)	-	-	(5,000,000)	(5,000,000)	-	-	(20,000,000)
Total Extraordinary Transfers	<u>(154,592,584)</u>	<u>(205,000,000)</u>	<u>(7,351,952)</u>	<u>(160,720,690)</u>	<u>(319,076,777)</u>	<u>(279,794,301)</u>	<u>(268,041,359)</u>	<u>(1,394,577,663)</u>
Ordinary or Historically Routine Transfers								
Department of Administration SGF - Overhead Payments/Purchasing	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(1,470,000)
SGF Transfer to fund KHP	(36,000,000)	(32,760,399)	-	-	-	-	-	(68,760,399)
KHP Transfers**	(19,766,025)	(20,797,811)	(54,022,471)	(55,143,485)	(56,164,133)	(55,732,792)	(56,987,539)	(318,614,256)
Department of Agriculture - Water Structures State Highway Fund	(102,813)	(109,651)	(112,234)	(123,006)	(128,379)	(128,379)	(128,379)	(832,841)
Department of Education School Bus Safety Fund	(282,888)	(247,156)	(293,036)	(227,200)	(247,568)	(253,304)	(255,804)	(1,806,956)
Wildlife and Parks Department Access Road Fund	(1,849,819)	(2,755,458)	(2,804,195)	(2,235,885)	(2,591,432)	(3,317,268)	(3,304,247)	(18,658,304)
Wildlife and Parks Bridge Maintenance Fund	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(1,400,000)
Revenue Division of Vehicles Operating Fund	(45,066,388)	(45,506,388)	(45,102,831)	(44,967,704)	(45,927,136)	(45,927,136)	(45,927,136)	(318,424,719)
Total Ordinary Transfers	<u>(103,277,933)</u>	<u>(102,586,863)</u>	<u>(102,744,767)</u>	<u>(103,107,280)</u>	<u>(105,468,648)</u>	<u>(105,768,879)</u>	<u>(107,013,105)</u>	<u>(729,967,475)</u>
Grand Total SHF Transfers to SGF and Other State Agencies	(257,870,517)	(307,586,863)	(110,096,719)	(263,827,970)	(424,545,425)	(385,563,180)	(375,054,464)	(2,724,545,138)

* Please note in FY 2014 a total of \$400,000 was transferred to the Kansas Biodiesel Fuel Producer Incentive Fund due to an error in the bill posting. A total of \$200,000 was transferred back to the SHF in FY 2015 to correct the error. The number shown in this chart reflects the net result of this action and the legislative intent for this transfer.

** Please note the number shown for the FY 2015 Gov Rec transfer to KHP is net of a \$142,906 that is being transferred back from KHP under the Governor's Recommendations.

Eisenhower State Office Building
700 SW Harrison
Topeka, KS 66603



phone: 785-296-3585
fax: 785-296-0287
www.ksdot.org

Mike King, Secretary

Sam Brownback, Governor

FOR IMMEDIATE RELEASE

Jan. 16, 2015

News contact: Steve Swartz (785) 296-3585; cell (785) 221-5615;
stevesw@ksdot.org

Announced road/bridge projects will be built

All T-WORKS projects already scheduled for letting will be constructed under the budgets proposed by the Governor today.

Scheduled projects under T-WORKS, the state's 10-year transportation program, include both expansion and preservation projects and can be viewed on the T-WORKS website, www.ksdot.org.

Preservation projects include a variety of work ranging from light resurfacing and bridge repair to full pavement reconstruction and bridge replacement. Expansion projects add lanes or interchanges to a roadway.

Remaining available T-WORKS dollars will fund additional preservation projects to a level that allows KDOT to maintain a positive ending balance in the State Highway Fund.

"Anticipated year-end balances are very fluid," said Transportation Secretary Mike King.

"They are shaped by a number of ever-changing variables and assumptions. Based on KDOT's most current set of information and assumptions, the T-WORKS program can support funding projects at a level that achieves the performance targets for road and bridge conditions," Secretary King said.

Today's budget proposal adds \$55 million to transfers for FY 2015. Combined with allotments announced in December, along with legislatively approved transfers in 2014, the total FY 2015 transfer is \$421 million.

The Governor's budget recommendation proposes a transfer of \$377 million for FY 2016 and \$378 million for FY 2017. To accommodate these transfers, projected T-WORKS construction lettings will be as follows:

FY 2015	FY 2016	FY 2017
\$608 million	\$636 million	\$718 million

These numbers reflect a delay in lettings of \$297 million total for fiscal years 2015 and 2016.

"Future savings from lower-than-anticipated bids and other agency savings, combined with additional revenue sources, will go toward funding projects delayed to the latter years of the T-WORKS program," said Secretary King.

Planned anticipated lettings for FY 2017 won't change.

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700 SW Harrison St., 2nd Fl West, Topeka, KS 66603-3754 or phone 785-296-3585 (Voice)/Hearing Impaired – 711.

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