

Program Financing



PROGRAM FINANCING

FUNDING

The funding of highway improvements is based upon criteria established by state and federal law for the use of those funds. Highway projects may be financed entirely by state funds, by a combination of federal and matching state funds, by a combination of federal and matching local funds; or by a combination of all three- federal, state and local funds. Estimates for project cost in the FFY 2021-2024 STIP reflect an inflation and contingency rate of approximately 4.5 percent per year. KDOT's historical cost trends and future cost expectations were used to develop this rate. Cost trend information is based upon reasonable financial principles developed cooperatively by KDOT, the MPO's and experts from the public and private sector.

A key federal requirement of the STIP is the demonstration of fiscal constraint. Fiscal constraint of only federal funds is demonstrated in the Federal Funds section of this narrative in the "Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations" table. This table provides a breakout by apportionment grouping of the federal apportionments and obligations anticipated in the next four federal fiscal years. The federal apportionments by

year represent the federal funds the state of Kansas reasonably expects to be available in the next four fiscal years. While the obligations estimated, demonstrate the projects currently programmed and anticipated to obligate in some phase in the next four fiscal years- including projects anticipated to obligate in the MPO areas. To stay within limitation on obligations imposed by Congress, KDOT strives to maintain obligations of not more than approximately 93% of apportionment.

In addition to the "Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations" table for federal funds, at the end of this discussion is a KDOT Cash-Flow Worksheet, which provides a broader picture of KDOT funding, by itemizing all anticipated resources- state, federal and local and all anticipated expenditures in the upcoming four years. Assuming that funding and expenditures continue at levels estimated, the Cash-Flow Worksheet provided demonstrates that KDOT is funded through 2024.

The reporting period for the KDOT Cash-Flow Worksheet is based upon the state fiscal year (SFY) which is from July 1 through June 30 while the "Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations" table is based upon the federal

fiscal year, which is from October 1 through September 30. The difference in reporting periods reflects the timing of when each type of funding is received—federal funds are distributed on the FFY while state funds are distributed on the SFY. It is important to recognize this difference when comparing the information in this narrative. The federal funding estimated in the KDOT Cash-Flow Worksheet is the funding estimated based on the state fiscal year and is not the same as that reported in the “Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table. In addition to the difference in timing, other fundamental differences exist between the KDOT Cash Flow and the Apportionment and Obligations table. The KDOT Cash Flow reports all sources of revenues (not just federal) and all expenditures not just those associated with the Core program. The role of the Cash Flow is to predict how resources will flow in over a period time and how expenditures will flow out in the same period. Whereas the Federal Apportionment & Obligation Tables is a static table that reports the estimated apportionments that will be available to the State of Kansas as their share of the federal transportation funding over the four-year period of the STIP. This estimated federal apportionment (or funding to be available to be used by KDOT over the 4 years of the STIP) is compared to the estimated obligations KDOT currently has in place at the time of reporting for the same four-year period. In comparison, the Cash Flow has forecasts built

into it predicting the projects that will be in place in future years that are not currently built. The KDOT Cash Flow provides a broad view of the financial status of KDOT while the FFY 2021-2024 Estimated Apportionments & Obligations” table provides a detail of federal funding planned to be obligated versus the apportionment available at the time this document was prepared and does not forecast expected future expenditure (additional obligations) as does the Cash Flow. Rather, future expenditures are added to the STIP through an amendment process where projects created after this document was prepared are added to the STIP. The two financial tools answer different questions and combine to provide information about KDOT’s fiscal constraint. The Cash Flow answers the question, is the KDOT revenue stream large enough to meet the expected expenditures. The FFY 2021-2024 Estimated Apportionments & Obligations” table answers in what federal fund categories does KDOT currently have projects programmed and of the apportionment available to KDOT how much in estimated obligations does KDOT have in place at the time of the STIP. Further is the amount of anticipated obligation less than the estimated apportionment available (including carry-over apportionment) in each federal fund category and as a whole.

To further illustrate financial constraint all core program projects in place to date and administered by KDOT that are anticipated to have one

or more work phase(s) obligated regardless of funding source (meaning not just federally funded projects) in the years of the STIP are listed in the project index, Appendix A. Appendix A, provides all KDOT administered projects programmed at the time the STIP was developed that are anticipated to have at least one work phase obligate during the four federal fiscal years of the STIP. Provided in the project index list for each project are work phase estimates for work phases already obligated, estimates for work phase(s) anticipated to obligate in the years of the STIP and the estimated total project cost (included in this total project cost may be the estimates for work phases that extend outside the STIP years and are not shown in the current project information). Appendix B provides a summary by year of the information provided in Appendix A. The third appendix, Appendix C, lists projects using Advanced Construction and provides the year(s) in which conversions are expected to occur and the total estimated conversion amount for each year of conversions. Also, the amount(s) of anticipated conversion by project for each year of anticipated conversion is provided as well as a total anticipated conversion amount per project. The information provided in these indexes along with the information in the finance section illustrates the fiscal constraint the State of Kansas has in place.

STATE FUNDS

A new state highway program—the Eisenhower Legacy Transportation Program (ELTP) was passed by the 2020 State legislative session. The ELTP is a 10-year program in effect from July 1, 2020, the beginning of SFY 2021 through SFY 2030 which ends June 30, 2030. Revenue levels in the ELTP are maintained at the same level as the previous highway program, T-WORKS. Along with outlining the revenue levels, the ELTP provides guidelines for how the funding from the program is to be distributed. The ELTP is a \$9.9 billion program that is slated to invest a minimum of \$8 million in each of the state’s 105 counties over the course of the 10-year program. Preservation is a primary focus of the program and 100 percent of the highway system’s preservation needs will be met. To achieve this goal, an estimated \$5 billion in funding will go towards the preservation of the existing highway system over the next ten years. Furthermore, funding was provided for projects that enhance and modernize the highway system with an estimated range of funding set between an upper limit of \$2.3 billion to a minimum of \$1.1 billion. Initially, the funding provided to the enhancement and modernization programs is set at the minimum level of \$1.1 billion with more funding to be added over the course of the ELTP. This phasing of funding over time for projects in the expansion and modernization programs

provides the State with flexibility and responsiveness to changes in the financial environment. The other core program funded in the ELTP is the local program which is funded through the Special City -County Highway (SCCH) fund. The SCCH (which receives 1/3 of all motor fuel taxes) is estimated to receive approximately \$1.6 billion in the 10-year program.

In addition to these four core areas of programming, there are other transportation modes and smaller transportation related programs that combined will receive about \$2.6 billion in funding. The other modes of transportation will continue to be funded at the same levels as in T-WORKS with transit funding remaining at \$11 million per year for an estimated 10-year funding total of \$111 million. The aviation and rail modes will both continue to be funded at \$5 million per year for an estimated 10-year total of \$50 million each. While the other modes enhance transportation in Kansas, only the transit mode is reported in the STIP as transit is covered under the USC Title 23 code.

While many of the smaller transportation programs are ones continued from T-WORKS and funded at the same levels in the ELTP, there are, also newly created funding programs. These new funding programs emerged from needs identified during the local consult meetings held across the state when developing the ELTP. Funding for the first of these newly created

funding programs the Preservation Plus program, has not been finalized at the time this document was prepared but is anticipated to be in the range of \$10-\$20 million per year over the 10-years of the ELTP. A Short Line Rail program was created which is funded at \$5 million for each of the first three years of the ELTP for a total of \$15 million in funding but where this program will be managed has not been established at the preparation of this document. A Broadband Infrastructure Fund that is an across agencies program that will involve the Department of Commerce in partnership with KDOT was created and funded over the 10-years of the ELTP with \$85 million. The management details of this new program have yet to be decided. Management of the newly designated Transportation Technology Development Fund which receives \$20 million for the next 10 years is still being established. Finally, the last new fund is the Driver's Education Scholarship Fund for which funding nor fund management decisions have been decided at the time of this document's preparation. In many cases, the new funding programs and their management will be outside the core programs of Preservation, Expansion, Modernization and Local Construction and the projects created will not involve federal funding. These two factors will preclude the projects from these programs being included in the STIP document. When details concerning the new programs have been finalized, the information presented in this

document will be updated via the STIP amendment process.

The revenue sources that fund the ELTP are the same as those under T-WORKS. These funding sources include motor fuels tax, sales and compensating tax, vehicle registration fees, bond proceeds, driver's license fees, special vehicle permit fees and several miscellaneous fees such as mineral royalties, publications and sale of usable condemned equipment. Some of these revenue sources are dedicated in nature and are reserved solely for KDOT to use on the highways while other sources are designated at the discretion of the Kansas Legislature.

In response to the COVID-19 pandemic, at their April 2020 meetings, the two estimating groups in the State of Kansas, the Consensus Estimating Group (CEG) and the Highway Revenue Estimating Group (HREG) made recommendations for changes in the State Sales and Compensating Tax forecast. Acting on this recommendation, the State of Kansas officially reduced their State Sales and Compensating Tax forecast. KDOT's share of the Sales and Compensating Tax revenue reduction was \$111M over four years. These reductions are reflected in the KDOT Cash Flow provided at the end of this discussion. Specifically, the estimate for FY 2021 was reduced by approximately \$26M, FY 2022 was lowered by approximately \$27M and FY's 2023 and 2024 were each reduced by approximately \$28M. No other official

changes in funding source estimates were recommended by the estimating groups or acted upon by the State of Kansas in April. However, in addition to this official reduction, KDOT's Finance and Budget Office responding to the noticeable reduction in vehicle traffic related to the COVID-19 pandemic made the decision to adjust the FY 2021 Motor Fuels Taxes (MFT) Estimate. The FY 2021 estimate was reduced by approximately \$118M and this reduction is reflected in the KDOT Cash Flow provided at the end of this discussion. Although KDOT lowered the current FY estimate for MFT, outer year estimates were maintained at the levels provided by the HREG. Outer year estimates were left unchanged since all funding sources will be officially addressed again in November when the HREG and CEG meet again for the fall meeting. If recommendations for further reductions are made and approved, they will be included in the next official Cash Flow prepared after the meeting. Additionally, any further changes, will be updated in this discussion. Even with these reductions in place, KDOT's fiscal constraint remains intact and funding is available to meet the level of projects currently programmed.

Along with the revenue streams discussed, KDOT has also been authorized by the Legislature to supplement the funding of the ELTP program with bonding. However, the bonding will be limited and is not currently authorized or anticipated for the four years of this

STIP. The current Official Cash Flow Worksheet provided at the end of this narrative does not include bonding.

Each of the revenues that KDOT anticipates receiving is itemized in the **Resources section** of the Cash-Flow Worksheet located at the end of the Fiscal Constraint section of this narrative. These revenue sources are, also, listed in the “Estimated State Generated Revenues by Source” table on the following page. However, in the “Estimated State Generated Revenues by Source” table rather than itemizing each source as is done in the Cash-Flow Worksheet, groups several of the sources together. Specifically, Miscellaneous fees (Revenues), Transfers, Motor Carrier Property Tax and Interest (on funds) are grouped together and Driver’s License Fees and Special Vehicle Permits are

combined. The “Estimated State Generated Revenues by Source” table provides estimates of the anticipated revenue by source per year for the next four years and provides a sum of the 4-year total revenue anticipated from each source.

As the “Estimated State Generated Revenues by Source” table on the following page illustrates, motor fuels tax receipts and sales tax receipts provide most of the revenue with an estimated 36% and 45%, respectively of the four-year total SFY 2021 - 2024 state-generated funding. Vehicle registration fees and bond proceeds represent approximately 17% and 0% respectively. All remaining sources combined- Driver’s License Fees, Special Vehicle Permits and Interest-compose 2% of the four-year total.

Estimated State Generated Revenues by Source(\$ Millions)					
Some totals may not sum due to rounding of dollars.					
Source	State Fiscal Years				Source 4-year Total
	2021	2022	2023	2024	
Motor Fuels Tax	347	468	470	472	1,758
Vehicle Registration Fees	212	212	212	212	848
Sales & Compensating Tax	534	548	563	578	2,222
Bond Proceeds (Net)	0	0	0	0	0
Driver’s License Fees & Special Vehicle Permits	14	14	14	14	57
Miscellaneous Revenues, Transfers & Interest	<u>18</u>	<u>17</u>	<u>15</u>	<u>14</u>	<u>64</u>
Total Estimated State Revenues by Fiscal Year	<u>\$1,125</u>	<u>\$1,260</u>	<u>\$1,274</u>	<u>\$1,290</u>	<u>\$4,949</u>

The estimates for KDOT revenues come from three main sources- the CEG, the HREG and agency staff in the Office of Finance and Budget (OFAB). The CEG includes staff from the State Division of the Budget, the Department of Revenue, Legislative Research, as well as several consulting economists. Each member of the CEG prepares independent estimates of receipts for the State General Fund and then the CEG meets as a group to arrive at a consensus. Although the primary emphasis of the CEG group is on the State General fund receipts, the group also prepares estimates for the growth rate of personal income, inflation, interest rates, and fuel prices and production. These factors all affect state revenues and ultimately the revenues KDOT receives from taxes and fees. The CEG provides estimated revenue growth from **sales and compensating use taxes** for two years.

The HREG group is composed of representatives from the State Department of Revenue, Legislative Research, Division of the Budget and KDOT. Typically, this group meets shortly after the CEG meets. The primary function of the HREG is to prepare forecasts for the **motor vehicle registration fees and motor fuels tax** that will be collected. Since these revenues do not flow into the State General Fund, the CEG does not prepare these estimates. In addition, since the CEG only estimates a growth rate of revenues for two years, the HREG agrees

on a long-term growth rate of revenues for the latter years.

KDOT's OFAB estimates the remaining KDOT revenues in the Cash-Flow Worksheet Resources group. **Miscellaneous revenues, Drivers Licenses Fees and Special Vehicle Permits** are estimated based upon historical data and the previous year's actual revenues. **Transfers** are determined by review of applicable statute and **Interest on Funds** is determined by staff projected interest rates. **Transfers (Out)** include resources that are transferred to other state agencies for transportation-related functions performed by these agencies but financed by the State Highway Fund and transfers designated by the Legislature at their discretion. For transportation related functions, KDOT transfers funds to agencies to finance salary and operating costs of these functions. The Department of Revenue, for example, receives state highway funds for activities related to the collection and enforcement of vehicle registrations, titles, driver licensing and motor fuel tax. Estimates for 'transfers out' are from the State budget and are modified after each legislative session to reflect appropriations set by the legislature.

The second revenue section of the Cash-Flow Worksheet is the **Federal and Local Construction Reimbursement** section. While this group is not "revenue" in the traditional sense, the section estimates the receipt of the federal share and local share of project costs. The federal-aid program

is a reimbursement program, which means funding received from FHWA is reimbursement for monies already spent. In the case of the local share, these are monies received from locals in advance of a project using local funds being let. The local share is the LPA estimated portion of projects programmed. After construction is completed for projects with LPA participation, a final accounting of cost is done. This final accounting is to determine if the local share received prior to construction was less than or greater than the actual local share of actual project costs. Any overage is returned to the LPA and reimbursements for shortages are requested from the LPA. Since the establishment of the Federal Fund Exchange program, the amount of LPA funding received by KDOT has decreased because most counties are electing to participate in the Federal Fund Exchange program. (For a fuller discussion of the Federal Fund exchange program refer to page 59.)

FEDERAL FUNDS

With the expiration of the federal transportation program, Fixing America's Surface Transportation Highway act (FAST Act) on September 30, 2020, with the uncertainty in anticipated funding created by the COVID-19 pandemic and without a new federal program or reauthorization in place at the time this draft was prepared, the four years of this STIP are estimated at the 2020 actual funding levels. The FFY 2021-2024 Kansas STIP funding

information reflects the funding and fund programs as outlined in the FAST Act. Using the funding level actually received in 2020 for estimating the four- years of this STIP assures that programming is based upon reasonably expected sources and ensures that the State of Kansas does not over program. These funding levels are deemed reasonable because the pending proposal at the federal level, "America's Transportation Infrastructure Act", if passed, would increase funding levels by greater than 27% above Fast Act levels. For this reason, maintaining the federal funding level estimates in this document at 2020 levels, the last year of the Fast Act is, a conservative and responsible assumption.

The changes and structure established in the FAST Act are assumed to continue and are maintained in this STIP. The FAST Act maintained a total of six core programs with some additional smaller programs and allocations that are estimated to continue. The two discretionary programs from the FAST Act were made by award only and as such, their dollars were not included in the apportioned funding tables and are not include as a part of this STIP and apportionment tables, either.

The first of the core programs assumed to continue is the National Highway Performance program (NHPP), and is designed to provide support for the condition and performance of the National Highway System

(NHS), for the construction of new facilities on the NHS and to ensure that funds used in highway construction support the newly established performance targets established in each state's asset management plan for the NHS.

The second core program, under the FAST Act was the Surface Transportation Block Grant Program (STBG). The STBG program included as a set-aside, the Transportation Alternatives (TA) program. . The STBG program has the greatest flexibility in eligibility among all Federal fund programs and is intended to provide funding to address transportation needs at the State and local levels. To achieve this goal, the STBG program sub-allocates funds by population to areas with populations greater than 200,000, to areas with populations greater than 5,000 but not more than 200,000 and to areas with populations of 5,000 or less. The percentage of funding to be sub-allocated is maintained at the level of the last year of the Fast Act with the STBG allocation estimated at 55%. The portion of STBG funds remaining after all set-asides and sub-allocations are applied may be used in any area of the State.

The Transportation Alternatives (TA) set aside of the STBG program, provides funds that encompass a variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to

school projects, community improvements and is estimated at the 2020 levels in this STIP

Recreational Trails (RT) funding is assumed to remain a set-aside of the TA fund and funding is set at 2020 levels, the last year of the FAST Act . Since the RT program is administered by the Kansas Department of Wildlife, Parks and Tourism (KDWP&T) as directed by the Governor, the portion of federal funding designated for RT is transferred to KDWP&T. Therefore, since these funds are not part of the federal funding at KDOT's disposal and are never obligated by KDOT, they are not included in the KDOT funding tables of apportionment and obligation that follow this discussion. For more information about the RT program including funding and projects, refer to the RT narrative section of this document .

Congestion Mitigation and Air Quality program (CMAQ) is assumed to remain a part of any interim act or reauthorization and is designed to provide funding for projects or programs that alleviate congestion to improve air quality in areas of nonattainment or in areas of former nonattainment.

The fourth core program under the FAST Act that is expected to continue in the next reauthorization or act is the Highway Safety Improvement program (HSIP). The goal of this program is to achieve a significant reduction in traffic fatality and serious injury

accidents nationally on all public roads including Federal, State and non-State-owned public roads and roads on tribal lands. The approach to achieving the goals of this program and the newly created performance measures are data driven and strategic in nature. To be eligible under HSIP, projects must be for safety activities and must be consistent with each State's strategic highway safety plan.

A set-aside of the HSIP, the Railway-Highway Crossings program, is expected to continue and provides funding for safety related improvements to reduce fatal and serious injury accidents at public railway-highway grade crossings. Funds set-aside for this program are not eligible for transfer to other apportioned programs.

The fifth core program, the National Highway Freight Program (NHFP) was established under the FAST ACT to promote the efficient transport of freight on the National Freight Network (NHFN) by investing in infrastructure and operational improvements. This program is estimated at the 2020 level in this STIP. To be eligible for funding States are required to have a freight plan and a freight investment plan in place. The State of Kansas Freight Plan was approved by FHWA on November 22, 2017 and the plan may be viewed at the following link: <https://www.ksdot.org/bur-Rail/Rail/default.asp>

Metropolitan Planning (MP) is the sixth and final core program from the FAST Act and is expected to continue with funding estimated at the 2020 levels. The focus of this program is the establishment of a cooperative comprehensive framework for decision making concerning transportation issues and investments in metropolitan areas of the state. The MP program funds are transferred to the FTA and are managed jointly by FTA, FHWA, the Kansas MPOs and KDOT. Since these funds are transferred from KDOT and are never obligated by KDOT, they are not included in the funding tables of apportionment and obligation that follow this discussion.

The discretionary programs that remained a part of the FAST Act-had funds that were allocated on a yearly basis without guarantees that the level of funding or frequency of funding would remain in place from one year to the next. Generally, KDOT receives some allocated funding from the On-the-Job Training Support Services program and Disadvantaged Business Enterprise (DBE) Support Services program but the amounts received have varied greatly from one year to the next. Due to the variation in funding and the uncertainty that exists without a program, KDOT is not estimating the allocated funding in the federal funding apportionment table.

The apportionment and obligations that Kansas anticipates for the years of this STIP are presented in the

“Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table on page 57 of this section. The funding tables establish the fiscal constraint KDOT has in place at the federal fund level for the years of the STIP and are organized by the apportioned funding categories just described with two exceptions. The HSIP and STBG set aside programs of Railway Grade Crossings (Railway) and Transportation Alternatives (TA) have been split out from their core programs and reported independently. The funding table is arranged in this way to match how funding is distributed to the States by FHWA and reflects how information concerning these funds must be reported to FHWA.

As with past transportation acts, some provisions in the FAST Act were comprehensive applying to all projects that use federal funding, while other provisions were program specific. For a project to be eligible to use a specific program’s funding, the project must meet the conditions identified within the program in addition to meeting the broader requirements laid out in the act itself. The contents of this STIP reflect the requirements that were laid out by the FAST Act and assume these requirements are in effect until such time that a new federal program, reauthorization or extension changes these requirements.

In addition to apportioning funds to the states, Congress annually sets an

upper limit, termed an obligation ceiling on the total amount of obligations that each state may incur. This limit is used as a means of controlling budget outlays to improve the federal-aid highway programs’ responsiveness to the nation’s current economic and budgetary conditions. The obligation limitation is typically less than the amount of federal aid apportioned to the states and is determined and approved by Congress on an annual basis. Since this “ceiling” is unknown when the STIP is prepared, KDOT limits total estimated obligations for the four years of the STIP at approximately 93% of the total expected four-year contract authority. This percentage approximates the average obligation ceiling that Kansas has historically received.

The apportionment section of the “Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table provides the total apportionments anticipated to be received in each of the four years of the STIP and the anticipated FFY 2020 Carry-Over Apportionment by program. The FFY 2021 – 2024 apportionments reflect levels specified in the FAST Act with all years estimated at 2020 Fast Act actual levels. Furthermore, the table displays how the funding is anticipated to be distributed by year in the core funding programs. The funds estimated in the program groups are those that are at KDOT’s discretion to use apart from STBG and CMAQ. A portion of each of these program funds is shared. The

STBG funding as specified in the program guidelines must be divided into three portions, one for local entities, one for MPOs and the remaining portion is at KDOT's discretion to use. As specified in the CMAQ funding guidelines portions of the funding are reserved for the two larger MPO areas, the Kansas City area and the Wichita area, and for State planning and research activities with the remaining to be used at KDOT's discretion. As discussed in the program descriptions, neither the MP program nor the RT program funding is shown in the tables as the funding for each is transferred to the FTA and the KDWP&T, respectively.

Currently, within the apportionments section of the federal finance table the 'Other' grouping is reserved for small discretionary programs and the redistribution of miscellaneous allocated funds like OJT and DBE. However, because the OJT and DBE funding has been so irregular in recent years, KDOT has elected not to estimate allocated funding for these categories in the apportionment table. Thus, the apportionment shown each of the four years of the STIP for the Other grouping is for a small apportioned fund only.

The estimates presented within the apportionment and obligation table capture all projects within the boundaries of the state including estimates for projects located within MPO areas.

However, the actual projects that comprise the estimates that fall within MPO areas are not listed in the project index – Appendix A-of this document. Rather, MPO project information is provided in the STIP by reference only. Specific projects in MPO areas may be viewed in each MPO's Transportation Improvement Program (TIP), a document like the STIP that covers an MPO area program of projects. (For more information concerning MPOs and their TIPs, and links to these documents please refer to the Metropolitan Transportation Improvement Program section of this document.)

Following the apportionment section of the table is the estimated obligation section that provides the total estimated obligations for FFY 2021-2024 at the time this document was prepared. In addition to the current total obligations anticipated in each of the four years, the table displays the anticipated obligations in each of the core funding program groups and the 'Other' grouping. Since Kansas is selecting and programming projects on a rolling two-year basis, there are only a few projects committed with planned obligations in the outer 2-years of this document while the first 2-years are more fully planned. In the first year of this STIP, the estimated obligations for projects currently committed are \$382M. While this estimated obligation is lower than the estimated apportionment to be received, not all planned projects are yet reflected. Projects selected on an annual basis especially in

the Preservation program were not fully developed when this STIP document was prepared. The remaining planned projects total approximately \$10-20M in additional obligation. When developed, these projects will be added to the STIP document through the amendment process. The additional projects will bring the obligation total of the first year of the STIP in line with the anticipated available apportionment while staying at or under the obligation ceiling Kansas anticipates for the year. The total planned obligation of the second year of the STIP does not include obligations for projects that are selected and programmed on a yearly basis and is why anticipated obligations are lower than the anticipated apportionment.

In the obligation section, the ‘Other’ grouping is reserved for small miscellaneous discretionary funding, earmark funding-if applicable and allocated funding. Specifically, in FFY 2021, the ‘Other’ Grouping is composed of all (DBE, OJT, ER and BUILD funds) awarded or allocated funding. While the OJT and DBE funds are allocated, unlike BUILD and ER, the funding is usually distributed on a yearly basis. However, distribution is not guaranteed in each year and past amounts received have varied greatly from one year to the next. For these reasons, Kansas does not estimate DE and OJT funds in the apportionment tables and does not develop projects and corresponding obligation for these funds except for the current year to be awarded plus one year. In this

way, KDOT ensures that the risk of over programming without available funding is low.

For each year in the table, the estimated obligations for each grouping is composed of the expected advance construction conversion projects including projects within MPO areas- if any, and the obligation of non-advance construction committed projects including projects within MPO areas. From the table, the total estimated obligations for FFY 2021-2024 are \$761 million and of this obligation total advance construction conversions anticipated for FFY 2021-2024 are approximately \$583 million (as determined from Appendix C-the Advance Construction Project Index). Additionally, in the “Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table the “Advance Construction Conversions after 2024” column provides estimates for advance construction already in place for years that exceed the STIP range. For the years after 2024, the advance construction conversions are provided as lump sums by federal fund category and currently are estimated at a total of \$132 million.

An exception to MPO projects not being listed in the STIP is projects using Advanced Construction. Since MPO projects are a significant portion of the projects funded in the state and further, since these projects are usually constructed using the advance construction mechanism, to adequately illustrate fiscal constraint would not be possible

without their inclusion. Thus, MPO project information is included in Appendix C-Advanced Construction and in the estimated obligations for advanced construction in the “Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table.

This inclusion facilitates the demonstration of fiscal constraint in federal funding. The Advance Construction in years after FFY 2024 column is included to clarify that the State does have conversions planned outside the years of this STIP document and that total planned advance construction is within the policy for advance construction outlined under 23 U.S.C. 420.115 and part 630, sub part G and to further aid in demonstrating fiscal constraint. Excluding the Other grouping which estimates obligation for projects using allocated or special earmark-funding for which apportionment is not received, the total estimated obligations for the four FFY’s covered by this STIP are less than or equal to the federal appropriations expected in the four-year period (including FFY 2020 Carry Over). When comparing estimated apportionments for an individual grouping with the estimated obligations for that grouping, there may be instances where obligations are greater than the apportionments estimated to be available. There may be several reasons for the apparent disparity. The most common reason is Carry-Over apportionment. Frequently, the federal obligation ceiling is set lower than the apportionment for a given year. The

difference between the two amounts is “carried-over” to the next fiscal year as part of the estimated obligation. For this reason, the FFY 2021-2024 Apportionment and Obligations table includes a column for the anticipated carry-over apportionment from FY 2020 and every fund category grouping is anticipated to have apportionment carry-over. Finally, it must be noted that the inclusion of the anticipated advance construction conversions and MPO information in the “Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table precludes the total expected obligations in the table and the total expected obligations from Appendix B-Summary of State Transportation Improvement Program Project Index from matching. The table and the appendix do not share the same source data. Appendix B summarizes, Appendixes A which does not include the MPO projects or advance construction information. MPO project information is available in the individual MPO TIPs and a link for each TIP is provided in the Metropolitan Transportation Improvement Programs narrative section and advance construction conversion information is listed separately in Appendix D. In general, the information presented within the “Federal Fiscal Years 2021-2024 Estimated Apportionments & Obligations” table is broader and more encompassing than the information summarized in Appendix B and listed in Appendix A.

Estimated Apportionments for FFY 2021-2024 STIP as of 07/10/2020

All dollar amounts in \$1,000's - Dollar amounts may be rounded

Apportionment Grouping	Anticipated Carryover from					FFY 2021-2024
	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	Total
NHPP	\$167,807	\$237,014	\$237,014	\$237,014	\$237,014	\$948,056
STBG**	\$143,576	\$107,675	\$107,675	\$107,675	\$107,675	\$430,700
HSIP	\$36,916	\$21,000	\$21,000	\$21,000	\$21,000	\$84,000
Railway	\$11,178	\$6,510	\$6,510	\$6,510	\$6,510	\$26,040
CMAQ	\$21,597	\$10,001	\$10,001	\$10,001	\$10,001	\$40,004
TA	\$19,724	\$9,439	\$9,439	\$9,439	\$9,439	\$37,756
Freight***	\$177	\$14,037	\$14,037	\$14,037	\$14,037	\$56,148
Other****	\$19,590	\$2,356	\$2,356	\$2,356	\$2,356	\$9,424
Total	\$420,565	\$408,032	\$408,032	\$408,032	\$408,032	\$1,632,128

Notes:

* Anticipated Carryover from FFY 2020: is the amount of available apportionment unused from prior years available for use in the years of this STIP if/when obligation in a year exceeds the available apportionment for that year.

Carryover apportionment is anticipated to be used in the HSIP grouping in FFY 2021 since planned obligations exceed available HSIP apportionment in that year. There is sufficient Carryover available to meet the amount that obligations are anticipated to exceed the estimated apportionment for the year.

** STBG is the former STP grouping- this apportionment grouping was renamed under the FAST Act and the Transportation Alternative (TA) program was merged into the group as a set-aside. However, a separate row for TA remains in both the apportionment and obligation tables as the federal funds are distributed in this manner to the States.

*** A new fund grouping authorized under the FAST Act and is estimated to continue in the 4-years of this STIP.

****The Other grouping is used by KDOT to capture miscellaneous funding types some of which are apportioned funds while others are allocated (funds are not part of the apportioned funding). The apportionment estimated in the four -years of this STIP are for the funding types with apportioned funds in the Other grouping.

Estimated Obligations for FFY 2021-2024 STIP as of 07/10/2020

All dollar amounts in \$1,000's - Dollar amounts may be rounded

Obligation Grouping	Advance	FFY 2020	FFY 2021-2024				
	Construction Conversion after FFY 2024	Remaining to Obligate	FFY 2021	FFY 2022	FFY 2023	FFY 2024	Total
NHPP	\$106,206	\$119,379	\$182,994	\$203,416	\$15,864	\$1,463	\$403,737
STBG*	\$25,633	\$91,412	\$102,957	\$83,660	\$43,953	\$5,000	\$235,570
HSIP**	\$0	\$20,851	\$35,506	\$18,066	\$6,946	\$0	\$60,518
Railway	\$0	\$5,780	\$4,054	\$0	\$0	\$0	\$4,054
CMAQ	\$0	\$2,042	\$3,576	\$0	\$0	\$0	\$3,576
TA	\$0	\$8,861	\$12,789	\$878	\$0	\$0	\$13,667
Freight	\$0	\$0	\$12,285	\$0	\$0	\$0	\$12,285
Other***	\$0	\$7,776	\$27,501	\$0	\$0	\$0	\$27,501
Total	\$131,839	\$256,101	\$381,662	\$306,020	\$66,763	\$6,463	\$760,908

Notes:

* STBG is the former STP grouping- this apportionment grouping was renamed under the FAST Act when the Transportation Alternative (TA) program was merged into the group as a set-aside. However, a separate row for TA is maintained in both the apportionment and obligation tables as the federal funds are distributed in this manner to the States.

** In some years, the estimated obligation groupings may include obligations for funds apportioned in prior years (carry-over) resulting in the anticipated obligations being greater than the corresponding apportionments for the year in that grouping.

*** The Other grouping captures a mixture of small unrelated funding and allocations of which only a small portion is related to apportioned funding. The majority of the estimated obligation in this grouping is for allocated funds and other special funds that are **not apportioned** like emergency funding. For this reason, in this table the Other grouping estimated obligation reported for the first year of this STIP is greater than the corresponding Other grouping apportionment reported for the first year.

Estimated obligations may include advance construction projects that are anticipated to be converted in the year.

LOCAL FUNDS

Local government sources of transportation funds include state motor fuels tax revenue received through the Special City and County Highway Fund, federal-aid funds received through KDOT, state funds through partnership with KDOT on certain projects or through the local federal fund exchange program, property taxes, local option sales taxes, and bond issues. Of these transportation funding sources the largest portion is provided by property taxes. Most of this revenue is spent on maintenance rather than new construction.

The funds are distributed to cities and counties with respect to all applicable federal laws, state statutes, and/or KDOT policies and these funds comprise the “obligation authority” or “allocation” that is distributed to each Local Public Authority (LPA). County funding is allocated in accordance with K.S.A. 68-402(b) and funding to cities is allocated based upon the proportion each cities population is to the total population of all eligible cities. Only cities with a population between 5,000 and less than 200,000, not within an urbanized area are eligible for funding. Cities with a population of 200,000 or greater fall within the urbanized classification and funding for these cities is outlined in the requirements in place for Metropolitan Planning Organizations (MPOs).

In addition to the funding reserved solely for local construction that goes directly to cities and counties under the ELTP, there are other sources of funding for local projects. KDOT offers funding through partnership programs like the City Connecting Link Program (CCLIP) a partnership program between LPAs and KDOT. In this program, the state participates in a portion of the project cost. CCLIP includes the KLINK Surface Preservation (K1R), the newly created KLINK Pavement Restoration (K2R) and the KLINK Geometric Improvement (K3R) subcategories. For more information about this program’s requirements, refer to the “Project Selection Criteria” section of this document or visit KDOT’s BLP webpage at <http://www.ksdot.org/burlocalproj/default.asp>

A recently reinstated option available to LPAs is the Local Bridge Improvement (LBT) program which was restored in 2020 and continued in the new state transportation program, the ELTP. This source of funding is reserved for projects that address low volume roads with local bridges that are in disrepair.

Also available is the City Connecting Link Payments program. In this option, cities through an agreement with KDOT take responsibility for maintaining the city connecting link and in return receive payments from KDOT to assist in the cost of the maintenance.

Finally, a very popular LPA funding option is the Federal Fund Exchange (FFE) program which was implemented under T-WORKS and continues under the ELTP. This is a voluntary program and by electing to participate in the FFE program, a Local Public Authority (LPA) agrees to trade all or a portion of their federal fund allocation in a specific federal fiscal year with KDOT, in exchange for state transportation dollars or with another LPA in exchange for their local funds. Under this program, the LPA may utilize the funds in a project following its own procedures, criteria, and standards. All work performed shall be consistent with the Kansas Statutes, applicable regulations, and normal engineering practices. Any work performed on the state highway or city connecting link will require coordination with the local KDOT Area Office.

Only LPAs eligible to receive a federal fund allocation may participate in the federal fund exchange program. Eligible LPAs include all counties in the state and cities with populations greater than 5,000 that are not located in a Transportation Management Area (TMA). Currently the only TMAs in Kansas are the Mid-America Regional Council (MARC – Kansas City Region) and the Wichita Metropolitan Planning Organization (WAMPO).

This optional program provides LPAs more flexibility when planning their programs and when deciding how to fund them. Eligible LPAs may elect

to exchange their federal funding, or they may use the funds to develop a federal-aid project following the established procedures. If exchanged, the exchange rate for the program is \$0.90 of state funds for every \$1.00 of local federal obligation authority exchanged. For more information about this program, visit KDOT's Bureau of Local Projects website at the following link: <http://www.ksdot.org/burlocalproj/default.asp>

STATE EXPENDITURES

Sources used to forecast expenditures are more varied than those used for revenues. Primary sources for expenditure forecasting are the agency's budget and two computer information systems- the Comprehensive Program Management System (WinCPMS) and the Contract Management System (CMS). These two computer systems are used to maintain program information and specific project and contract information. Data generated from these two computer programs are used to create the FFY 2021-2024 Estimated Apportionments and Obligations table, FFY 2021-2024 Project Index- Appendix A, Project Index Summary- Appendix B and the Advance Construction Index- Appendix C, and aids in the generation of the expenditure information in the KDOT Cash-Flow Worksheet.

Expenditures in the KDOT Cash-Flow Worksheet may be divided into fixed costs and variable costs. Fixed costs represent the expense of

KDOT's daily operation and costs such as debt service and transfers to other agencies. Variable costs are expenses that change in proportion to the magnitude of the work being done. For KDOT, variable costs are those associated with the preservation, modernization and expansion of the highway infrastructure and those associated with modal support. Specifically, in the Cash-Flow Worksheet, the fixed costs are the following categories: from the Maintenance section - Regular Maintenance (state roads) and City Connecting Links (local roads); from the Construction section - Buildings; from the Local Support section - Agency Operations; from the Transportation Planning and Modal Support section - Agency Operations and Other Planning, Administration, and Debt Service. All remaining categories in the Cash-Flow Worksheet are variable costs.

The Cash Flow provided in this document does not have expenditure lines created for all of the new programs established under the ELTP, as the details had not finalized at the time this STIP was prepared. In the interim, in the Cash Flow provided in this document, the expenditure estimated for these new transportation program categories is included in the Preservation Expenditure line. Approximately \$5 million is attributable to the new programs of the total estimated Preservation expenditure of \$500.4 M in SFY 2021. While in the SFYs 2022-2024 the expenditure estimated for the new program increases to \$20 million per

year of the total estimated Preservation expenditure for each year. When the management of these funds is finalized and updates to the Cash Flow program that is used to generate the Cash Flow document are in place, these expenditures will be moved to the appropriate Cash Flow locations. Then, a revised Cash Flow will be amended to this STIP and the information pertaining to the Cash Flow will be updated in this document to reflect the changes for the new transportation funding programs and their management established under the ELTP.

Regular Maintenance, a fixed cost, is the first category under the Maintenance expenditure section of the Cash-Flow Worksheet. Regular Maintenance is defined as expenditures on equipment, staff salaries, and materials used in snow/ice removal, mowing and minor roadway repair necessary to preserve the State Highway System. This Cash-Flow Worksheet expenditure is a summation of four budgeted groups: salary, contractual activities, commodities and capital outlay. The *salary* portion is the budgeted amount for positions in SFY 2021 & 2022 that are necessary to maintain the system. (Included are the salaries for the district, area and subarea maintenance personnel as well as some headquarter positions that provide policy and planning support.). *Contractual activities* are the portion budgeted for equipment repair that exceeds the capabilities of the KDOT shops or repairs that are more cost effective to be contracted. The

commodities portion represents the materials necessary to accomplish the work anticipated in SFY 2021 & 2022. (This is a large and varied group composed of items like fuels-unleaded, ethanol, diesel, equipment repair parts, signing materials, motor oil, propane gas, rock salt and traffic paint.) *Capital outlay* is the last group included in regular maintenance and is for the purchase of heavy equipment to maintain the system, vehicles to transport the personnel to the work sites, shop tools, equipment and computers used in the support of these maintenance activities. Regular maintenance is typically done entirely by KDOT forces. The long-term projected need for this expense is calculated by inflating historical actual expenditures for the above four groupings using a standard inflation rate of 2.5 percent. In the Cash-Flow Worksheet, the values for SFY 2021 are from the budget submittal, while SFY 2022, 2023 and 2024 are percentage estimates based upon projected inflation. Recently rolled into this category are the expenses associated with the network of 76 communication towers KDOT operates across the state. Expenditures are for maintenance to keep the towers operational and for the purchase of 800 MHz digital trunked radio system to replace the current antiquated conventional MHz radio towers.

City Connecting Links is the second expense category under Maintenance. The expense associated with this activity is routine maintenance in nature even though occurring on local

roads. The expenditure is for payments from KDOT to Local Public Authorities (LPA) that have elected to maintain the City Connecting Links within their boundaries. Instead of KDOT, the LPAs oversee the maintenance of these roads and KDOT pays for a share of the cost of the maintenance. The expenditure for this category is calculated based on formula as outlined in state statute and is set at a rate of \$5,000 dollars per lane mile with a total estimated number of city-connecting link miles of 1,120 miles.

Construction is the second category under expenditures and is divided into six categories of expense. The first three of these categories **Preservation, Modernization, and Expansion and Enhancement**, are the anticipated construction work phase expenditures for KDOT projects and are the three ‘Core’ program groups KDOT uses to organize similar work. (For a discussion of the core KDOT programs and subcategories within, refer to the preceding Project Selection Criteria narrative.) The expenditures for these three categories pertain to road system infrastructure on state roads. The expenditure amount for the unprogrammed portion of each category is determined by the current state program and estimated revenues from all sources. Project expenditures prior to letting are based on engineers’ estimates and the post construction letting expenditures are based on the encumbered construction contract amount and actual payments to contractors.

The construction expenditure information presented here is provided at the project work phase level in Appendix A for projects KDOT has programmed. However, the total of the projects programmed will not equal the Cash-Flow Worksheet forecasts. There are three reasons for the difference:

- 1) The Cash-Flow Worksheet forecasts the entire program including the unprogrammed portion, while the Appendixes only provide information about projects created and committed for some phase at the time of STIP preparation (4-year period).
- 2) The Cash-Flow Worksheet includes projections for projects that have all work phases obligated and underway; these projects are not part of Appendix A which only has those projects anticipated to have a phase obligate for the first time in the years of the STIP. Projects that have all phases obligated are dropped from STIP reporting and are tracked through different methods for FHWA.
- 3) The Cash Flow Worksheet is developed on the State Fiscal Year, which is from July 1 through June 30, while the STIP is based upon the Federal Fiscal Year which is from October 1 through September 30. This difference means some different projects,

revenues and expenditures are captured by the documents.

Construction engineering and preliminary engineering (CE & PE) categories are expenditures for the design aspect of KDOT projects on state roads. The expenses in this category are a combination of agency CE & PE work and projected contracted CE & PE work. For the agency engineering salary portion, the first two years of the Cash-Flow Worksheet expenditure are taken directly from the budget and the last two years are determined by inflating the budgeted amounts. For the contracted CE & PE, estimates are provided by the Bureau of Design and are adjusted for inflation. CE & PE information is provided at the project level in Appendix A for projects KDOT has programmed. However, CE costs are rolled into the Construction costs in the Appendixes to display the costs in the manner preferred by Federal Highway, since construction and CE expenditure are not separated at the federal level.

Local Federal Aid expenditures, the fifth expenditure in the Construction section, deals with road infrastructure improvements on local roads. Specific project information programmed for LPAs during the STIP years is in the STIP appendixes, except for those projects being completed by LPAs using the Federal Fund Exchange program. The expenditure estimated for the unprogrammed portion is determined by the current state program and estimated revenues from all sources.

Project expenditures prior to letting are based on engineers' estimates and the post construction letting expenditures are based on the encumbered construction contract amount and actual payments to contractors. Since the initiation of the Federal Fund Exchange program, the number of LPA projects funded with federal dollars has diminished greatly. Currently, most LPAs elect to trade their federal funds with KDOT for state funds. For more information about the Federal Fund Exchange program, see the Project Selection Criteria section of this document and the following Local Support section of the Cash-Flow Work Sheet Expenditure.

Buildings expense is the only fixed cost reported under the Construction section of the Cash-Flow Worksheet and is for the purchase, maintenance and repair of KDOT-owned buildings. These buildings are located throughout the state in the district, areas and subareas of KDOT and are used for offices, equipment storage and material storage. Estimates for this expenditure are from the Capital Improvement Plan, a five-year request adjusted each year to reflect the Governor's budget.

The expenditures in the Local Support grouping of the Cash-Flow Worksheet are for improvements on city or county roads. This section is composed of Agency Operations, Special City & County Highway Fund

(SC&CHF), Local Partnership Programs and the new Categorical Grants (which was formerly reported as part of the Local Partnership Program) categories.

The first two expense categories under Local Support, **Agency Operations and SC&CH** are fixed costs. Agency Operations are for salaries for administrative and support personnel dedicated to the support of local planning activities. This expenditure is projected by growing the historical expenditures using an inflation rate of 2.5%. The SC&CH expenditure is a pass through of funds designated for use by LPAs as directed by State law. Thus, although the funds are in the transportation T-WORKS program, they are not KDOT's to use. The expenditure is based upon expected tax receipts and the disbursement is calculated and made by the State Treasurer.

The **Local Partnership Programs category expenditure** consists of the Pavement Restoration and Geometric Improvement expenditures. Pavement Restoration projects are designed to address severe deficiencies in road surface. Geometric Improvement projects are designed to address upgrades like pavement widenings, adding or widening shoulders, eliminating steep hills and/or sharp Curves and adding acceleration and deceleration lanes. The work involved with these projects encompasses more than maintenance but unlike the construction group of expenditure categories the

work occurs on local roads. The expenditure for this category is determined based on where a project is in its life cycle. For the unprogrammed portion of this category, expenditure is determined by the current state program and estimated revenues from all sources (projects have not been created yet, so the dollars are not captured in the STIP appendixes). The category expenditure portion related to projects selected and not yet let are based on engineers' estimates. This portion of the expenditure correlates to the projects listed in the STIP appendixes. Finally, the portion of category expenditure associated with projects that are post construction letting is based on the encumbered construction contract amount and actual payments to contractors. (These projects are already obligated and underway and are not in the STIP document).

The final category in the Local Support section is **Categorical Grants**, which report the KDOT funds being given to the LPAs under the Federal Fund Exchange program. The expense for this program was formerly included with the Local Partnership Program expenditure. However, since this expense is not directly related to work on roads but is rather a fixed cost for the exchange of cash for federal dollars, the expense has been broken out into its own category. The current exchange rate for this program is \$0.90/\$1.00. The expenditure amount is calculated based on this exchange rate and the number of LPAs who have entered into

a fund exchange agreement with the State. For more information about this program visit the KDOT Bureau of Local Projects web at <http://www.ksdot.org/bureaus/bur-localproj/default.asp>.

The Transportation Planning and Modal Support section of the Cash-Flow Worksheet focuses on the planning needed to meet the transportation needs of the state and the modal transportation forms such as transit, rail and aviation. As with the **Agency Operations** category in Local Support section, this first category of the Transportation Planning and Modal Support section comprises the salaries for the administration and support personnel dedicated to transportation planning functions and modal activities throughout the state. This is a fixed cost that is projected by growing the historical expenditures using an inflation rate of 2.5%.

KDOT categorizes the other modes into three groups - **aviation, public transit and rail**. The expenditures for these three categories are for the ongoing activities and functions undertaken by KDOT throughout the state - from rail improvements, to airport and runway expansion, repair and maintenance, to transit aid throughout the state. The funding for these three modes was increased under the T-WORKS program and this level of funding is maintained under the ELTP. The expenditures forecasted in the Cash-Flow Worksheet for the three

modes are provided by the Division of Planning and Development and the Division of Aviation and are adjusted for inflation. While the modes are a part of the Cash-Flow Worksheet, except for public transit, the projects that compose the modal group are not represented in the STIP. For STIP requirements, the public transit mode is the only mode required to be reported in the STIP document. The public transit information is presented in its own narrative and is presented at the program level rather than the project level as the FTA has requested. Since the other modes are outside the “Core” programs required by federal law to be in the STIP and because the modes (except for public transit) do not receive federal funding from FHWA or FTA, they are not included in this document. The intent of this document is to meet the requirements for the STIP as outlined in law. To learn more about the modes in Kansas, visit the KDOT T-WORKS web site at <http://T-WORKS.ksdot.org/> .

The last category in the Transportation Planning and Modal Support section is **Other Planning**. This category is for the debt services related to the Transportation Revolving Fund and for federal expenses that do not pass through the State Highway Fund, such as the National Highway Traffic Safety Administration (NHTSA) and Federal Aviation Administration (FAA) expenses. The costs associated with this category are fixed in nature.

The last two sections under ex-

penditures in the Cash-Flow Worksheet are **Administration and Debt Service**. Administration expenditure encompasses salaries for administrative and support personnel for the continued function of the agency and the daily operation costs like utilities. The administration expenditure is a fixed cost projected by growing the historical expenditure using an inflation rate of 2.5%. **Debt Service** reflects the expense related to the repayment of highway bonds. Since the bonds are fixed rate, the expenditures are a fixed cost.

FISCAL CONSTRAINT

In accordance with 23 CFR 450.216(a)(5), the STIP is required to be financially constrained by year, and this fiscal constraint must be demonstrated in the STIP. To be fiscally constrained by year, the demand on total available funding (state, federal and local) for each STIP year must not exceed the funding that is available for that year. To assure fiscal constraint, KDOT’s OFAB maintain a Cash-Flow Worksheet that summarizes agency revenue and expenditure projections. The agency’s most recent Cash-Flow Worksheet follows this discussion. The Cash-Flow Worksheet is reviewed and updated as needed at key times during the SFY in:

- September during budget preparation
- January after the Governor’s budget is presented, as needed
- May/June at the end of the legislative session, as needed

-
- And as changes to programs and projects warrant.

The Cash Flow Worksheet is projecting positive ending balances in all four years of the STIP, providing a reasonable expectation of fiscal constraint.

As discussed in this finance section, the sources of information and data used to compile and maintain the Cash-Flow Worksheet are many and varied. In addition to the methods already described, the OFAB uses a Cash-Flow computer system, Cash Availability and Forecasting Environment (CAFE). CAFE maintains the cash-flow data and models cashflows in and out of the agency. CAFE is compatible with and interacts with KDOT's other computer systems, which greatly automates cash-flow modeling and allows project data from the project management system, WinCPMS, to be incorporated into the modeling. In addition, CAFE can store assumptions such as inflation factors for motor fuel taxes for use in modeling. CAFE allows for efficient and effective cash management by KDOT.

The Cash-Flow Worksheet forecasts all anticipated revenues (state, federal and local) and all anticipated expenditures in the next four years. The federal reimbursement estimates in the Cash-Flow Worksheet, while based on the level of federal funding KDOT expects to receive (the obligation limit) as outlined in the recently passed FAST Act, do not correlate exactly. Since

federal aid is a reimbursement program, funds must be expended and then requests for reimbursement made. The federal reimbursement for the years of the cash-flow is composed of three parts: 1) underway projects with outstanding reimbursement expected to be received in the 2021-2024 SFYs; 2) the reimbursement from new projects that are anticipated to obligate and reimburse in the four years of this STIP; 3) projects advanced constructed and anticipated to be converted in each of the four years. To estimate state and local revenues that will be available for the agency's use, KDOT uses information from both the CEG and the HREG. Whenever, the CEG and/or HREG issue revised information, usually in April, November and September, KDOT reviews the new data to determine whether the new information continues to support current revenue projections in the cash-flow modeling. If KDOT's OFAB determines the new information warrants an adjustment to the state and local funding projections, then changes are made to CAFE and a revised the Cash-Flow Worksheet is generated. Likewise, as information changes in KDOT's project management system, these changes are incorporated automatically to CAFE since the two systems interact. Finally, the OFAB staff continually monitors and reviews the data relevant to revenue and expenditure. In this way, the Cash-Flow Worksheet generated from CAFE is timely and provides the information KDOT needs to be fiscally constrained.

KDOT Cash-Flow Worksheet

as of April 2020

KDOT - All Agency Funds

(\$000)	2021	2022	2023	2024	FY 2021-2024
	957,989	728,693	614,423	412,808	957,989
Resources					
Motor Fuel Taxes	346,786	468,448	470,428	472,408	1,758,070
Sales & Compensating Tax	533,818	547,959	562,592	577,737	2,222,106
Registration Fees	212,000	212,000	212,000	212,000	848,000
Drivers Licenses Fees	8,872	8,872	8,872	8,872	35,488
Special Vehicle Permits	5,305	5,305	5,305	5,305	21,220
Interest on Funds	2,388	2,011	1,431	855	6,685
Misc. Revenues	11,966	11,966	11,966	11,966	47,864
Transfers:	1,072	1,072	1,072	1,072	4,288
Motor Carrier Property Tax	-	-	-	-	-
Transfers Out	(265,149)	(200,871)	(136,657)	(139,360)	(742,037)
Subtotal	857,058	1,056,762	1,137,009	1,150,855	4,201,684
Federal and Local Construction Reimbursement					
Federal Reimbursement - SHF	336,311	307,606	309,064	309,706	1,262,687
Local Construction - Federal	75,934	86,705	66,918	57,195	286,752
Local Construction - Local	29,685	22,607	18,396	16,510	87,198
Miscellaneous Federal Aid	49,145	37,941	37,941	37,941	162,968
Subtotal Federal & Local	491,075	454,859	432,319	421,352	1,799,605
 Total before Bonding	 1,348,133	 1,511,621	 1,569,328	 1,572,207	 6,001,289
Bond Sales (par)					
Issue Costs/Premium/Discount/Acc Int.	-	-	-	-	-
Net from Bond Sales:	-	-	-	-	-
 Net TRF Loan Transactions	 2,674	 2,348	 148	 139	 5,309
 TOTAL RECEIPTS	 1,350,807	 1,513,969	 1,569,476	 1,572,346	 6,006,598
 AVAILABLE RESOURCES	 2,308,796	 2,242,662	 2,183,899	 1,985,154	 6,964,587

The following revenue estimates are currently being used:
 November 2019 State Consensus Revenue Estimating Group
 November 2019 Highway Revenue Estimating Group
 Debt Service updated August 2019

KDOT Cash-Flow Worksheet

as of April 2020

	2021	2022	2023	2024	FY 2021-2024
Maintenance					
Regular Maintenance	162,161	165,566	169,043	172,593	669,363
City Connecting Links	5,600	5,600	5,600	5,600	22,400
Total Maintenance	167,761	171,166	174,643	178,193	691,763
Construction					
Preservation	500,427	465,500	497,779	514,189	1,977,895
Modernization	81,666	111,133	78,732	31,521	303,052
Expansion & Enhancements	140,977	150,818	325,038	378,917	995,750
CE & PE	58,397	59,551	60,730	61,933	240,611
Local Federal Aid Projects	95,030	105,101	69,666	69,981	339,778
Buildings	11,122	10,340	10,599	10,863	42,924
Total Construction	887,619	902,443	1,042,544	1,067,404	3,900,010
Local Support					
Agency Operations	2,031	2,073	2,117	2,161	8,382
SC&CHF	117,275	157,528	158,194	158,860	591,857
Local Partnership Programs	30,825	33,802	32,060	27,642	124,329
Categorical Grants	28,000	28,000	28,000	28,000	112,000
Other					-
Total Local Support	178,131	221,403	220,371	216,663	836,568
Transportation Planning & Modal Support					
Agency Operations	13,832	14,122	14,419	14,721	57,094
Aviation	6,512	5,532	5,187	5,066	22,297
Public Transit	49,292	38,088	38,088	38,088	163,556
Rail	10,292	7,647	6,716	6,388	31,043
Other Planning	5,553	5,546	5,539	5,539	22,177
Total Planning & Modal Support	85,481	70,935	69,949	69,802	296,167
Administration					
	53,510	54,612	55,737	56,885	220,744
TOTAL before Debt Service	1,372,502	1,420,559	1,563,244	1,588,947	5,945,252
Debt Service					
	207,601	207,680	207,847	180,017	803,145
TOTAL EXPENDITURES	1,580,103	1,628,239	1,771,091	1,768,964	6,748,397
ENDING BALANCE	728,693	614,423	412,808	216,190	216,190
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>FY 2021-2024</u>

Required Ending Balances reflect:

1. Amounts required to satisfy bond debt service requirements.
2. Funds allocated by statute for distribution to specific programs.
3. An amount necessary to provide for orderly payment of agency bills.