

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 2022-2025 STIP reflect an inflation and contingency rate of approximately 4.5 percent. 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 2022-2025 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 2022-2025 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 2025.

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 2022-2025 Estimated Apportionments & Obligations" table is based upon the federal fiscal year, which is from October 1

through September 30. 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 2022-2025 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 and associated with federal funding. The role of the Cash Flow is to predict how resources will flow into the agency 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 federal obligations KDOT currently has in place at the time of reporting for the same four-year period. In comparison, the Cash Flow has built-in forecasts allowing the Cash Flow to predict 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 2022-2025 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 the preparation of this document 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 all expected expenditures. The FFY 2022-2025 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. Provided in the project index list for each project is 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 state highway transportation 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 estimated funding at \$2.3 billion. 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 \$1.5 billion in the 10-year program.

In addition to these four core program categories, there are other program categories within the KDOT organization structure. One such program category, the Local Support program, includes the transportation modes of aviation, rail and transit and also includes smaller transportation related but not road specific subcategories (or groupings of similar projects) Like the four newly created Transporta-

tion Technology Development Program (ITP), Short Line Rail (RSF) Program, the Broadband Infrastructure Program (BIP) and the Driver's Education Scholarship Fund (DESF). Of the programs managed under the Local Support program category only the transit program is included in the STIP discussion since transit is covered under Title 23. Transit information is provided at the program level as required by the Federal Transit Administration (FTA) and is located in the Public Transit narrative of this document. In the ELTP, the four newly created programs along with the transportation modes combined will receive approximately \$332M in state funding, for the modes this is the same level of funding as received under T-WORKS. Transit funding is set at \$11 million per year for an estimated 10-year funding total of \$110 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.

Short Line Rail program is funded at \$5 million for each of the first three years of the ELTP for a total of \$15 million in funding. To delineate Short Line Rail from Rail funding a separate line was added to the Cash Flow expenditure under the Transportation Planning & Modal Support section. Since this program is only funded for the first three years of the ELTP, the expenditure line will be removed from the Cash Flow at the end of SFY 2023. Second, is the Broadband Infrastructure Fund that is an across agencies program

involving the Department of Commerce in partnership with KDOT. This funding program was created and funded over the 10-years of the ELTP with a total of \$85 million with \$5M in each of the first three years of the program and \$10M in the remaining seven years. Third is the Transportation Technology Development Fund which receives \$21 million for the next 10 years with \$3M in 2021 and \$2M in all other years. The fourth new funding program from the ELTP is the Driver's Education Scholarship Fund (DESF), and projects for this program will be funded using a combination of federal National Highway Traffic Safety Administration (NHTSA) grant funding of \$0.25M per year and \$0.1M of state funds per year. Projects funded through NHTSA like those that are funded with federal rail and federal aviation funds are not included in the STIP document as they are not covered under U.S.C. Title 23 and are not in KDOT's core program. All three, the Broadband Infrastructure Fund, the Transportation Technology Development Fund and the Driver's Education Scholarship Fund expenditures are included in the 'Other Planning Section' of the Transportation Planning and Modal Support section of the Cash Flow. Projects created in these new programs are not federally funded with the exception of the Driver's Education Scholarship Fund, and none of the projects related to these new funding programs will be added to the STIP listing of projects as they are neither covered by U.S.C. Title 23, are not part of KDOT's Core program of

construction projects and are not regionally significant.

The last new fund program designated in the ELTP, Preservation Plus (PPP), is unique in that it will be applied across all types of projects wherever sensible to increase safety or broadband in the state. For this reason, while a new subcategory was created for the program in the Preservation program category, there will be no projects associated with the subcategory itself. Instead as candidate projects are identified funding will be transferred from the Preservation Plus subcategory to the subcategory of the qualifying project. In the Cash Flow the expenditure related to Preservation Plus unprogrammed projects is carried in Preservation under the Construction section of the Cash Flow. Then as projects are developed using PP, the expenditure will be accounted in the Cash Flow in whichever construction program the new projects belong, whether that be Preservation, Modernization, Expansion or Local Construction.

These new programs emerged from needs identified during the local consult meetings held across the state when developing the ELTP. 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 preclude all but the Preservation Plus funded projects from being in-

cluded in the STIP document or added to the STIP through the amendment process.

The revenue sources that fund the ELTP are the same as those that funded 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.

Each of the revenues that KDOT anticipates receiving is itemized in the **Resources section** of the Cash Flow located at the end of this narrative. These revenue sources are, also, detailed in the "Estimated State Generated Revenues by Source" table on the following page. However, in the table several sources are grouped rather than itemizing each source as is done in the Cash Flow. 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 table provides estimates of the anticipated revenue by source per year of the next four years and provides a sum of the 4-year total revenue anticipated from each source.

Estimated State Generated Revenues by Source(\$ Millions)- as of 6/2021

*Some totals may not sum due to rounding of dollars.

Source	State Fiscal Years				Source 4-year Total
	2022	2023	2024	2025	
Motor Fuels Tax	437	439	441	443	1,760
Vehicle Registration Fees	212	212	212	212	848
Sales & Compensating Tax	597	614	632	651	2,494
Bond Proceeds (Net)	0	0	0	300	300
Driver's License Fees & Special Vehicle Permits	12	12	12	12	50*
Miscellaneous Revenues, Transfers & Interest	<u>18</u>	<u>15</u>	<u>15</u>	15	<u>64*</u>
Total Estimated State Revenues by Fiscal Year	<u>\$1,276</u>	<u>\$1,292</u>	<u>\$1,312</u>	<u>\$1,633</u>	<u>\$5,513</u>

Adjustments made to projections to the two largest sources of state transportation funding taken in the previous year in response to the COVID-19 pandemic have been ended as transportation funding levels have rebounded and stabilized in the months since the last STIP was prepared. Motor fuels tax (MFT) receipts are about 2-3 percent lower than pre-pandemic levels and projections for MFT are steady at this somewhat lower level. The lower MFT projections reflect the impact of the “new normal” of less overall state travel resulting in part from the hybrid work environment implemented by many businesses and elected to continue post pandemic. Projections for the State Sales and Compensating Tax (SS&C), the other major source of

transportation funding, exceeds pre-pandemic levels indicating that the state economy has rebounded and returned to capacity.

As the “Estimated State Generated Revenues by Source” table shows, motor fuels tax receipts and sales tax receipts provide most of the revenue with an estimated 32% and 45%, respectively of the four-year total SFY 2022 - 2025 state-generated funding. Vehicle registration fees and bond proceeds represent approximately 15% and 5% respectively. All remaining sources combined- Driver’s License Fees, Special Vehicle Permits and Interest-compose 2% of the four-year total.

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 significantly 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.)

Bond Sales is the final resource in the revenue section of the Cash Flow. Along with the other revenue streams identified, KDOT has been authorized by the Legislature to supplement the funding of the ELTP program with bonding. Authorized bonding is limited and is currently authorized for the last year (2025) only of this STIP.

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 continued impact on the national economy from 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 2022-2025 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 pending proposals for the new transportation program at the federal level all provide for funding increases above the 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 2022-2025 Estimated Apportionments & Obligations” table on page 58 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 manner 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, reauthori-

zation 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 2022-2025 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 2021 Carry-Over Apportionment by program. The FFY 2022 – 2025 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, of Kansas City and Wichita 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 in the Other grouping in each of the four years of the STIP is for small apportioned funds only.

In the obligation section, the 'Other' grouping is reserved for small miscellaneous discretionary funding,

ear mark funding-if applicable and allocated funding. OJT and DBE funds are allocated funds 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 DBE 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.

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.)

The Estimated Obligations for FFY 2022-2025 table presents anticipated obligation by year by core funding program groups and the ‘Other’ grouping for each of the four years of the STIP along with total estimated obligations for the four- year period by fund grouping and a four- year total. The groupings are the same as those described for the Estimated Apportionment table. Also, included is the FFY 2021 remaining obligations for projects anticipated to obligate through the remainder of FFY 2021 and the Advance Construction Conversions in place after FFY 2025 by year and funding program groups. Since Kansas is selecting and programming projects on a rolling two-year basis, the projects committed with planned obligations in the outer 2-years of this document have not been completely selected at this time while the first 2-years are more fully planned with generally only the annually selected projects remaining which will be added via the amendment process when created.

The **total** estimated obligations for the four FFY’s covered by this STIP are less than or equal to the expected **total** federal appropriations expected in the four-year period including FFY 2021 Carry Over. In the first year of this STIP, the estimated obligations for projects currently committed is slightly more than \$395M. This estimated obligation does not include all planned projects for the year as not all of the annually selected projects were

programmed at the time the STIP document was developed. While as a whole FFY 2022 is not overprogrammed, projections for several of the obligation groupings (STBG/ HSIP/ Railway/ and TA) are greater than their corresponding anticipated apportionment for the year. However, the anticipated Carry-Over from previous years is sufficient to cover the overage in projected obligations in these categories. When additional projects are added to FFY 2022, the projects will be funded with the advance construction mechanism for category groupings that have reached the appropriation limitation for the year.

Similarly, in FFY 2023 and 2024 some groupings are projecting obligations that exceed anticipated appropriations as well. In the case of the TA grouping in FFY 2023, the TA projected obligation is \$24,635 which is greater than the current estimated apportionment for the year of \$9,439. However, this is a conscious effort by KDOT to reduce the Carry Over funding in this grouping which is currently \$24,445. Also, the projected obligations for all the years in the STIP include projects with advance construction conversion (see Appendix C- Advance Construction Project Index). If needed the advance construction conversion years for projects with proposed conversions in FFY 2022 and FFY 2023 will be moved to future years to await such a time that obligation is available for conversion. The use of advance construction allows

flexibility in programming and ensures that KDOT always has projects available to meet our apportioned federal funds.

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 2022-2025 are \$1.233 billion and of this obligation total advance construction conversions anticipated for FFY 2022-2025 are approximately \$1.115 billion (as determined from Appendix C-the Advance Construction Project Index). Additionally, in the “Federal Fiscal Years 2022-2025 Estimated Apportionments & Obligations” table the “Advance Construction Conversions after 2025” column provides estimates for advance construction already in place for years that exceed the STIP range. For the years after 2025, the advance construction conversions are provided as lump sums by federal fund category and currently are estimated at a total of \$96 million.

An exception to MPO projects not being listed in the STIP is projects using advanced construction. MPO projects are a significant portion of the projects funded in the state. They are frequently of large scale and usually are programmed using the advance construction mechanism. Thus, including

the advance constructed MPO projects is a necessary measure taken to adequately illustrate fiscal constraint. MPO project information is included in Appendix C-Advanced Construction Index and their estimated obligations are included in the “Federal Fiscal Years 2022-2025 Estimated Apportionments & Obligations” table.

The Advance Construction in years after FFY 2025 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 ear mark 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 **total** federal appropriations expected in the four-year period including FFY 2021 Carry Over.

As discussed previously 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. However, KDOT uses two mechanisms to balance apportionments and obligations. One of these is the use of availa-

ble Carry Over apportionment. Carry-Over apportionment happens when 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. Most federal fund categories have an obligation ceiling lower than the apportionment and for this reason, the FFY 2022-2025 Apportionment and Obligations table includes a column for the anticipated carry-over apportionment from FFY 2021. Currently, every fund category grouping is anticipated to have apportionment carry-over and some of this will be used in years of this STIP in fund categories where projected obligations exceed apportionment. The second mechanism for balancing is the use of advance construction. In this mechanism KDOT reserves the right to request conversion for federal funds on a project in a year that obligations are available (not necessarily the same year the project is initiated) and this conversion year may be adjusted. Using advance construction provides KDOT flexibility to move projects to where obligation gaps exist due to timing of project development.

Finally, it must be noted that the inclusion of the anticipated advance construction conversions and MPO information in the “Federal Fiscal Years 2022-2025 Estimated Apportionments & Obligations” table precludes the total expected obligations in the table and the total expected obligations from Ap-

pendix 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 2022-2025 Estimated Apportionments & Obligations” table is broader and more encompassing than the information summarized in Appendix B and listed in Appendix A.

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.

Estimated Apportionments for FFY 2022-2025 STIP as of 07/07/2021

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

Apportionment Grouping	Anticipated Carryover from					FFY 2022-2025 Total
	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	
NHPP	\$253,347	\$235,545	\$235,545	\$235,545	\$235,545	\$942,180
STBG**	\$134,433	\$106,935	\$106,935	\$106,935	\$106,935	\$427,740
HSIP	\$12,003	\$19,403	\$19,403	\$19,403	\$19,403	\$77,612
Railway	\$9,821	\$6,549	\$6,549	\$6,549	\$6,549	\$26,196
CMAQ	\$24,445	\$9,938	\$9,938	\$9,938	\$9,938	\$39,752
TA	\$20,273	\$9,439	\$9,439	\$9,439	\$9,439	\$37,756
Freight***	\$14,126	\$13,949	\$13,949	\$13,949	\$13,949	\$55,796
Other****	\$21,170	\$2,765	\$2,765	\$2,765	\$2,765	\$11,060
Total	\$489,618	\$404,523	\$404,523	\$404,523	\$404,523	\$1,618,092

Notes:

* Anticipated Carryover from FFY 2021: 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 2022-2025 STIP as of 07/07/2021

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

Obligation Grouping	Advance Construction Conversion after FFY 2025	FFY 2021 Remaining to Obligate	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2022-2025 Total
STBG*	\$3,408	\$38,814	\$110,724	\$115,791	\$110,235	\$82,785	\$419,535
HSIP**	\$0	\$14,116	\$21,853	\$28,676	\$15,202	\$22,489	\$88,220
Railway	\$0	\$1,546	\$8,752	\$0	\$0	\$0	\$8,752
CMAQ	\$0	\$10,797	\$3,700	\$24,635	\$0	\$0	\$28,335
TA	\$0	\$8,064	\$16,498	\$2,016	\$500	\$0	\$19,014
Freight	\$0	\$14,126	\$12,472	\$0	\$0	\$0	\$12,472
Other***	\$0	\$15,763	\$1,160	\$0	\$0	\$0	\$1,160
Total	\$96,107	\$307,667	\$395,432	\$396,063	\$242,884	\$198,777	\$1,233,156

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.

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 <https://www.ksdot.org/bureaus/bur-LocalProj/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.

A newly established program of funding is the Cost Share program. In this program KDOT provides funding to LPAs for construction projects to improve safety and/or to improve the transportation system in rural and urban areas. All transportation projects are eligible including roadway, rail, airport, bicycle/pedestrian and public transit. A minimum of 15% non-state match is required with additional consideration given for larger LPA commitments. More information about this program is available at the following link: <https://www.ksdot.org/CostShare/CostShareProgram.asp>

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: <https://www.ksdot.org/bureaus/bur-LocalProj/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 was used to create the FFY 2022-2025 Estimated Apportionments and Obligations table, the FFY 2022-2025 Project Index- Appendix A, Project Index Summary- Appendix B, the Advance Construction Index- Appendix C, and aids in the generation of the expenditure information in the KDOT Cash Flow.

Expenditures in the KDOT Cash Flow may be divided into fixed costs and variable costs. Fixed costs repre-

sent 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, 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, along with Administration, and Debt Service. All other categories in the Cash Flow are variable costs.

Following is a brief description of the expenditures in the Cash Flow in the order of appearance beginning with the first section of expenditure- Maintenance.

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 groups from the

state budget: salary, contractual activities, commodities and capital outlay. The *salary* portion is the budgeted amount for positions in SFY 2022 and 2023 that are necessary to maintain the system. The outer years are based on the inflated 2023 estimated amount. (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 2022 and SFY 2023-2025 are percentage estimates based upon projected inflation. (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 1.7 percent. In the Cash Flow, the values for SFY 2022 are from the budget

submittal, while SFY 2023, 2024 and 2025 are percentage estimates based upon projected inflation. Also included in 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 that occurs 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. Rather than 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. As discussed previously a new Cash Flow line was not created for the Preservation Plus program. Instead, the expenditure for Preservation Plus unprogrammed dollars is included in the Preservation expenditure line of the Cash Flow. As projects are developed where Preservation Plus is being utilized, the expenditure will move to whichever construction program is associated with the project which may be any of the core programs of Preservation, Modernization, Expansion or Local Construction.

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 projects included in the forecast include KDOT let construction projects within MPO areas.
 - 4) 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 means that there are some differences in projects, revenues and expenditures captured by the two 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. In the Cash Flow CE and PE are grouped together. In Appendix A-the project index, PE & CE information is provided at the project level and in the manner that FHWA presents project information. CE costs are included with the Construction costs in the Appendixes to since this is how these costs are displayed by Federal Highway. PE expenditure is shown for each project in the appendixes to reflect how PE is displayed by Federal Highway while in the Cash Flow PE and CE expense are combined.

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 1.7%. 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 ELTP 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 <https://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 1.7%.

KDOT categorizes the other modes into four groups - **aviation, public transit, rail, and short line rail**. The expenditures for these four 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 the aviation, public transit and rail was increased under the T-WORKS

program and this level of funding is maintained under the ELTP. The Short Line Rail expenditure is for a three-year funding program created under the ELTP to encourage the extension, rehabilitation, and maintenance of short line rail track throughout the state. 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 where applicable. 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 IKE web site at <https://www.ksdotike.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. Also, included in this section are the Broadband Infrastructure Fund, the Transportation Technology Development Fund, and the Driver’s Education Scholarship Fund expenditures. Three new non-road related fund programs created in the ELTP.

The last two sections under expenditures 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 1.7%. **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 lo-

cal) 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 cash flows 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 incor-

porated 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 2022-2025 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 pro-

jections 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 Cash Flow is generated. Likewise, as information changes in KDOT's project management system, these changes are incorporated automatically into 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.

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KDOT Cash-Flow Worksheet

as of June 2021

KDOT - All Agency Funds

(\$000)	2022	2023	2024	2025	FY 2022-2025
	994,226	846,659	550,243	491,767	994,226
Resources					
Motor Fuel Taxes	437,038	439,018	440,998	442,978	1,760,032
Sales & Compensating Tax	597,377	614,225	631,957	650,637	2,494,196
Registration Fees	212,000	212,000	212,000	212,000	848,000
Drivers Licenses Fees	7,149	7,149	7,149	7,149	28,596
Special Vehicle Permits	5,305	5,305	5,305	5,305	21,220
Interest on Funds	1,390	663	503	402	2,958
Misc. Revenues	13,420	13,420	13,420	13,420	53,680
Transfers:	1,072	1,072	1,072	1,072	4,288
Motor Carrier Property Tax	-	-	-	-	-
Transfers Out	(207,363)	(142,640)	(144,810)	(147,023)	(641,836)
Subtotal	1,067,388	1,150,212	1,167,594	1,185,940	4,571,134
Federal and Local Construction Reimbursement					
Federal Reimbursement - SHF	397,192	311,708	309,070	301,357	1,319,327
Local Construction - Federal	66,705	73,396	66,789	64,815	271,705
Local Construction - Local	22,607	23,615	17,114	18,737	82,073
Miscellaneous Federal Aid	42,422	37,974	37,974	37,974	156,344
Subtotal Federal & Local	528,926	446,693	430,947	422,883	1,829,449
Total before Bonding	1,596,314	1,596,905	1,598,541	1,608,823	6,400,583
Bond Sales (par)					
Issue Costs/Premium/Discount/Acc Int.	-	-	-	300,000	300,000
Net from Bond Sales:	-	-	-	300,000	300,000
Net TRF Loan Transactions					
	2,348	148	139	129	2,764
TOTAL RECEIPTS	1,598,662	1,597,053	1,598,680	1,908,952	6,703,347
AVAILABLE RESOURCES	2,592,888	2,443,712	2,148,923	2,400,719	7,697,573

The following revenue estimates are currently being used:
 April 2021 State Consensus Revenue Estimating Group
 November 2020 Highway Revenue Estimating Group
 Debt Service updated August 2020

KDOT Cash-Flow Worksheet

as of June 2021

	2022	2023	2024	2025	FY 2022-2025
Maintenance					
Regular Maintenance	154,494	157,106	159,762	162,463	633,825
City Connecting Links	5,600	5,600	5,600	5,600	22,400
Total Maintenance	160,094	162,706	165,362	168,063	656,225
Construction					
Preservation	494,888	528,839	484,232	551,290	2,059,249
Modernization	144,740	152,308	31,442	28,018	356,508
Expansion & Enhancements	219,706	329,382	300,868	335,938	1,185,894
CE & PE	64,342	65,376	66,428	67,498	263,644
Local Federal Aid Projects	80,461	80,286	79,669	79,550	319,966
Buildings	15,006	10,000	10,250	10,506	45,762
Total Construction	1,019,143	1,166,191	972,889	1,072,800	4,231,023
Local Support					
Agency Operations	1,845	1,876	1,908	1,940	7,569
SC&CHF	146,965	147,631	148,297	148,963	591,856
Local Partnership Programs	35,955	40,328	22,157	27,697	126,137
Categorical Grants	28,000	28,000	28,000	28,000	112,000
Other					-
Total Local Support	212,765	217,835	200,362	206,600	837,562
Transportation Planning & Modal Support					
Agency Operations	13,281	13,507	13,737	13,970	54,495
Aviation	6,574	5,554	5,195	5,069	22,392
Public Transit	42,569	38,121	38,121	38,121	156,932
Rail	11,155	7,827	6,656	6,244	31,882
Short line Rail	5,000	5,000	-	-	
Other Planning	12,767	12,760	17,760	17,760	61,047
Total Planning & Modal Support	91,346	82,769	81,469	81,164	336,748
Administration					
	55,180	56,100	57,036	57,988	226,304
TOTAL before Debt Service	1,538,528	1,685,601	1,477,118	1,586,615	6,287,862
Debt Service					
	207,701	207,868	180,038	186,239	781,846
TOTAL EXPENDITURES	1,746,229	1,893,469	1,657,156	1,772,854	7,069,708
ENDING BALANCE	846,659	550,243	491,767	627,865	627,865
	2022	2023	2024	2025	FY 2022-2025

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.