

The Future of Kansas is Running on Fumes



Robbing the Kansas Department of Transportation (KDOT) Highway Fund to pay for Kansas' unaffordable tax cuts – including the governor's proposal to transfer nearly \$1.2 billion in the current and next two budget years – is taking a toll on the health of our highways and still fails to address Kansas' ongoing revenue problem.

KANSAS HIGHWAY FUND – WHAT IS IT AND WHERE DOES IT COME FROM?

When Kansas implemented the 10-year transportation plan in 2011, designed to create jobs and preserve highways, it was intended to make sure Kansas' transportation networks were "maintained at the performance level Kansans have come to expect." The 10-year plan, known as T-Works, is supported by the Highway Fund and backs three types of primary projects under the comprehensive

transportation plan: maintenance, preservation and expansion.

While we've maintained a commitment to the scheduled expansion plans – the projects that result in new bridges, roads, etc. – we have fallen behind on taking care of the roads and bridges that lead to the new expansion projects. KDOT announced that nearly \$300 million worth of projects intended to preserve Kansas bridges and roadways won't be carried out in the next two years.¹

Figure 1

Kansas Funding Comes from:

Fuel Tax
(24¢ per gallon)

Vehicle Registration Fees

Portion of Sales Tax

KDOT

Money Goes To:

Maintenance:

- Filling potholes
- Repairing bridges
- Debris removal

Preservation:

- Resurfacing roads
- Widening shoulders
- Reconstruction

Expansion:

- Lane additions
- New bridges
- New interchanges

GOVERNOR'S PROPOSALS FOR FISCAL YEARS 2015-17

Unfortunately, Kansas' self-created fiscal crisis driven by the 2012 and 2013 tax cuts are leaving us without the necessary support for maintaining strong roads throughout the state. In addition to unprecedented borrowing from the Highway Fund, a number of spending obligations unrelated to transportation have been transferred to the Highway Fund, including mental health grants, emergency communications, K-12 spending and Statehouse renovation debt.

And while we're transferring money out of transportation at unprecedented levels, we are turning around and borrowing money to plug some, but not nearly all, of the potholes left in our master transportation plan. This shell game is unsustainable and not without costs – the money we borrow must be repaid with interest, and the projects we are delaying indefinitely will be costlier to address as maintenance issues go unaddressed year after year. The current proposal from the governor collects more than \$1 billion for roads for each of the fiscal years – the current and next two – with less than 50 percent for the purpose intended: supporting Kansas' strong network of roads and highways.

The transportation plan for Kansas was never intended to support the mental health, educational or emergency communications needs of our state -- that's what the State General Fund is designed to do. Unfortunately, Kansas policymakers passed tax policy that has gutted the resources we have to prop up these services and it's coming at great cost to our roads and bridges.

Kansans – including business owners, commuters and schoolchildren – have long been able to count on this important network of bridges and roads to get their goods to market and get to work and school. The root of the problem – Kansas' unaffordable tax cuts – must be addressed or our exceptional transportation network remains in jeopardy indefinitely.

Figure 2

Transfers from Highway Fund Increasing Following the Tax Cuts (Dollars in Millions)

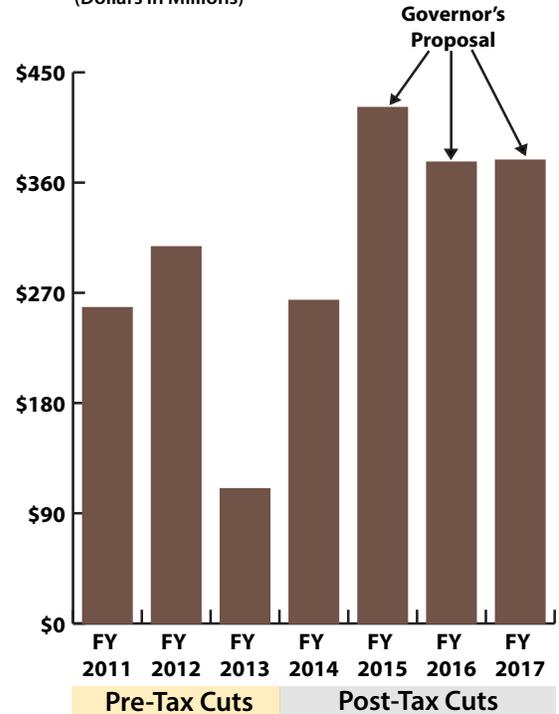


Figure 3

After Paying Debt and Transfers Out, Less Than Half of Total State Highway Fund Revenue Goes to Transportation

	FY 2015	FY 2016	FY 2017
Total State Revenue	1,046.8	1,064.0	1,087.6
Transfers Out	421.2	376.7	378.4
Debt Service	184.5	190.6	170.8
Amount of total state revenue going to Maintenance, Preservation, and Expansion after transfers and debt payments	441.1	496.7	538.4
	42.1%	46.7%	49.5%

(Dollars in Millions)

¹ See Brad Cooper, "In a budget move, Kansas plans to delay \$300 million in road upkeep." January 20, 2015. Available online: <http://www.kansascity.com/news/government-politics/article7765947.html>

Highway Fund state revenue figures from KCEG analysis of Kansas Legislative Research Department documents.