



## FUNDING FOR IKE

The Governor's Budget Report identified the project categories where funding for IKE is allocated:

- Regular Maintenance activities are designed to preserve, repair, and restore the roadway system to accepted standards. These activities are typically performed by the Department's workforce.
- Preservation projects protect the public's investment in the state highway system by undertaking improvements that preserve the original condition for as long as possible.
- Modernization projects improve the safety and service of the existing system. Modernization projects include activities which bring a roadway or intersection up to current design standards.
- Expansion/Enhancement projects include additions to the state highway system or projects which substantially improve safety, relieve traffic congestion, and improve access. The table on the previous page summarizes the Governor's budget recommendations by major classification of construction expenditure.

The 2020 Legislature passed legislation establishing the Eisenhower Legacy Transportation (IKE) Program. This passage marked the fourth ten-year transportation plan establishing the IKE Program to continue improvements to transportation systems in Kansas, including local roads, airports, railroads, and public transportation. IKE is estimated to total \$9.9 billion over ten years and includes three new transfers for innovative technology grants (\$2M), broadband infrastructure funding (\$5M), and short line rail improvements (\$5M). The Governor has affirmed her commitment to funding IKE and closing the bank of KDOT.

IKE Construction & Maintenance Costs <i>(State Highway Fund Only --Dollars in Thousands)</i>		
	FY 2021	FY 2022
Regular Maintenance	\$ 151,246	\$ 153,322
Preservation*	475,245	510,881
Modernization	226,573	134,037
Expansion/Enhancement*	158,979	631,847
Total	\$ 1,012,043	\$ 1,430,087

*\*Excludes bond proceeds*

### IKE FINANCING

**Sales & Compensating Use Taxes** A primary source of revenue for the former T-WORKS Program, which will continue with IKE, was included in 2010 HB 2360 which raised the state sales and compensating use tax rates from 5.3 percent to 6.3 percent beginning on July 1, 2010. While no modifications are recommended to the percentage share of sales and compensating use tax remitted to the State Highway Fund, the Governor recommends continuing certain transfers of portions of the sales tax from the State Highway Fund to the State General Fund for FY 2021 and FY 2022.

**Bonding.** Another key financing mechanism of IKE is the authority of KDOT to issue bonds. The traditional statutory cap on debt service is 18.0 percent of State Highway Fund revenues. Over the life of the IKE Program, KDOT estimates issuing \$1.2 billion in bonds. For FY 2021, total debt service is \$207.6 million with \$121.4 million for principal and \$86.3 million for interest. All debt service is paid from the Highway Bonds Debt Service Fund.

**Cash Flow.** The IKE Program cash flow reflects the financing changes that have been made since FY 2012 and estimates for FY 2021 and FY 2022. The table below highlights the agency's projected cash flow for all its major funding sources in fiscal years.