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Neutral TESTIMONY Before the House Appropriations Committee

Concerning Transportation / FORWARD program
House Bill 2588

Chairman Waymaster & members of the House Appropriations Committee, I appreciate the opportunity to address this committee on this very important issue.

I am Kip Spray, Chairman of Venture Corporation and representing the Kansas Asphalt Pavement Association, its 16 producer members and 50 associate members. Venture Corporation is a prime (general) contractor who specializes in heavy highway contracting for the Department of Transportation.

Venture is a family owned business in Great Bend, Kansas and employs approximately 175 employees during construction season. These employees are the life blood for our company. We employ personnel with Engineering degrees and Business degrees from major colleges. However, the overwhelming majority of our workers are trained on the job & take years to acquire the skills needed. Because of this special training, promotion within our company is very strong.

In 2011, right after the signing of HB 2650 on May 25, 2010, 258 million dollars was immediately transferred from the state highway fund. The transfers steadily increased up to 530 million dollars annually. We had a decision to make as a company: either migrate south to Oklahoma and keep our trained employees, hoping transfers would be eliminated, or downsize & release many people. We chose to go south hoping stable funding would return. However, stable

funding has yet to occur. During the peak transfer years, Venture Corporation was doing over 30% of our work in Oklahoma. We currently have one plant located in Oklahoma and plan on it staying until mid-August.

FORWARD is the fourth comprehensive transportation program in the last 30 years:

1989 CHP (Kansas Comprehensive Highway Program)

- Start of CHP	Ordinary transfers (yearly)	\$26,378,429	4 depts
- End of CHP	Ordinary transfers (yearly)	\$35,642,735	7 depts

1999 CTP (Kansas Comprehensive Transportation Program)

- Start of CTP	Ordinary transfers (yearly)	\$45,072,334	8 depts
- During CTP	In 2001 - Started Extra-Ordinary transfers		
- End of CTP	Ordinary transfers (yearly)	\$103,836,474	9 depts
- End of CTP	Extra-Ordinary transfers (program)	\$122,167,136	5 depts

2010 T-Works (Transportation Works for Kansas)

- Start T-Works	Ordinary transfers (yearly)	\$103,277,933	8 depts
- Start T-Works	Extra-Ordinary transfers (yearly)	\$154,592,810	2 depts
- End T-Works	Ordinary transfers (yearly)	\$106,186,397	7 depts
- End T-Works	Extra-Ordinary transfers (yearly)	\$423,770,627	7 depts

SUMMARY

Transfers started in 1988 at approximately \$25,800,000 per year to 3 departments

1988-2010 22 Years

• Total Extra-Ordinary transfers	\$260,116,246	6 depts
• Total Ordinary transfers	<u>\$509,034,066</u>	11 depts
• Total transferred 1988-2010	\$769,150,311	

T-WORKS 2011-2020

• Total Extra-Ordinary transfers	\$2,729,156,447	12 depts
• Total Ordinary transfers	<u>\$1,047,738,044</u>	8 depts
• Total transferred 2011-2020	\$3,776,894,491	

T-WORKS was a 10 year, 8.2 billion dollar program and 3.8 billion dollars total was transferred to 20 different departments both extra-ordinary and ordinary. Approx. 4.4 billion dollars was left to build the program. FORWARD is starting with 2010 revenues and has to finish fulfilling the promise of T-WORKS of 436 million dollars.

The governor stated in her State of the State she is committed to closing down the bank of KDOT in her first term, however it comes with one critical caveat, "stable state revenues." FORWARD has no new funding mechanisms, only a promise to stop the transfers in a few years. Our company has been trying to return employees back to Kansas for the past 9 years, and has not been successful because of the 3.8 billion in total transfers over the T-Works program.

I had the honor to serve on the Joint Legislative Transportation Vision Task Force, and travel throughout Kansas listening to the needs of communities, (18 Billion in total funding needs). Now it's up to the people that represent those communities, to make a guarantee, not another promise that their needs will be met.

The guarantee needs to be stable funding, with some mechanism such as a trigger to protect it. This is necessary not only so industry can retain the employees to deliver the program, but also so KDOT has the steady funding to deliver the promise set forth in the bill. Without funding being protected, history tends to repeat itself and we will likely end up where we are with T-WORKS. A broken promise.