



Testimony for Joint Committee on State Building Construction

February 9, 2012

KDOL Deputy Secretary Kathie Sparks

KDOL CFO Rick Gudenkauf

Chairperson Pottorff and members of the committee: Thank you for this opportunity to discuss with you our Agency's Capital Improvements Budget.

DEBT SERVICE

The Capital Improvements budget contains Debt Service Principal along with planned capital improvement projects. The vast majority of expenses reported are debt service principal. There are scheduled repayments on outstanding bonds of \$2,384,625 in fiscal year 2012 and \$2,204,079 in fiscal year 2013. The largest bond payment is for the UI Modernization Bond with repayments of \$2,110,000 in fiscal year 2012 and \$2,000,205 in fiscal year 2013. The repayment of this bond is by Reed Act funds, which is federally funded.

CAPITAL IMPROVEMENTS

Kansas Department of Labor's Capital Improvements Budget only includes general rehabilitations and repairs for fiscal year 2012 of \$115,000, none of which are funded by State General Funds. The funding for rehabilitation and repairs are funded on a 50/50 split by Workers Compensation fee funds and Sale of Building Funds. The Sale of Building Fund contains \$1.2 million and represents the federal equity in buildings sold by the agency (primarily funded by the sale of the Wichita UI building that was sold several years ago). These funds have restricted use for building improvements on facilities used to support the Unemployment Insurance program.

The submitted budget contains an error and overstates the renovations by \$5,824 in fiscal year 2012 and by \$5,998 in fiscal year 2013. Legislative Research is aware of the error which will be corrected.

The fiscal year 2013 capital improvements includes \$115,000 in general rehabilitations and Repairs and deferred and needed maintenance on the Agency owned property at 1309 Topeka Boulevard and 427 Topeka Boulevard. The planned expenditures at 1309 include mechanical systems replacement and parking lot repairs. The agency owns property at 427 Topeka Boulevard that is not currently being used. The budgeted funds would be used to repair or dispose of the building in fiscal year 2013. Again, none of these budgeted items would be funded through State General Funds. These expenditures would be funded by Workers Compensation Fee Funds and Sale of Building Fund.

The following page details the Agency's proposed budget.

Attachment 2
JCSBC 2-9-12

Five-Year Capital Budget Plan--DA 418A

Division of the Budget

State of Kansas

Agency Name Kansas Department of Labor

Project Title	Estimated Project Cost	Prior Years	Current Year	FY2013	FY 2014	FY 2015	FY 2016	FY 2017	Subsequent Years
1. Rehabilitation and Repair Sale of Building and Program Funds	805,000		115,000	115,000	115,000	115,000	115,000	115,000	115,000
2. Renovation of 1309 SW Topeka Sale of Building and Program Funds	256,100			256,100					
3. Repaving of Parking Lot at 1309 SW Topeka Sale of Building and Program Funds	71,020			71,020					
4. Renovation of 427 SW Topeka Sale of Building and Program Funds	29,600			29,600					
Total	1,161,720		115,000	471,720	115,000	115,000	115,000	115,000	115,000

Funding:
 Reed Act - Building Sale: 57500 235860
 Work Comp FF: 57500 235860