

Approved

April 26, 1991  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at  
Chairperson

3:35 ~~xx~~ p.m. on Tuesday, February 19, 1991 in room 423-S of the Capitol.

All members were present except:

Representatives Bishop, Dean, Love, Wagnon and Wisdom. Excused.

Committee staff present:

Lynne Holt, Research  
Betty Manning, Secretary

Conferees appearing before the committee:

Paul West, Fiscal Analyst with Legislative Research

Chairperson Gjerstad called the meeting to order at 3:35 p.m.

The Chair recognized Representative Baker who distributed correspondence relating to the Lane Marketing issue brought about by Mr. Greg Gilstrap's testimony on February 18, 1991. Representative Baker has asked for a scope statement to be drawn up requesting a legislative post audit on the Department of Travel and Tourism regarding letting of contracts and whether the state competitive bidding guidelines have been followed, particularly into the matter of the Lane Marketing contract. Chairperson Gjerstad stated she would forward copies of the correspondence to Secretary Nicholl with a cover letter.

The Chair welcomed Paul West, Fiscal Analyst with Legislative Research, who presented an overview of the economic development initiatives fund. Attachment 1. The Chair invited questions to be asked during, rather than at the conclusion of the presentation.

Mr. West is in his seventh year of handling the budgets of the Department of Commerce and what is now KTEC and Kansas, Inc. The overview was to be on the governor's recommendations for economic development initiatives fund for FY 1992, however, there are no funds for EDIF in 1992. Mr. West discussed the EDIF comparing the cash flow in the current year, approved FY 1991 budget, and the governor's recommended budget. It was suggested that due to the complex nature of the information presented that a comparative sheet showing the side by side 1990-91 budget figures as opposed to the 1992 budget to provide a follow-through of where the actual changes are taking place. Mr. West stated he did have a four page sheet already prepared that he would make available to the committee. Lynne Holt distributed a sheet showing the economic development initiatives fund for amounts for special projects approved in FY 1991 and the governor's recommendations for FY 1991. Attachment 2.

Chairperson Gjerstad asked if the centers of excellence would remain at the same level of funding as the current year. The answer was yes. The Chair also questioned if the training equipment grants such as the one in Garden City relating to the meat packing industry was done with matching private sector funds. Mr. West responded that yes, all these programs require private sector matches except the centers of excellence do not formally require a match. He further stated the industrial liaison program is designed to bring together the expertise

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT  
room 423-S, Statehouse, at 3:35 ~~a.m.~~/p.m. on Tuesday, February 19, 1991

of the regents institutions and the private business sector. When questioned about Department of Commerce field offices, Mr. West stated these offices are an outreach of the department to handle all their programs. These offices are currently in Hill City, Garden City, Beloit, Pittsburg, Wichita, Salina, Emporia and Overland Park, usually staffed by one or two persons.

One comment by Mr. West was that to achieve the governor's recommended funding level, there would have to be a 10 percent cut in the employees by the first day of the fiscal year or a 20 percent cut by the middle of the fiscal year. This would be in keeping with the Governor's recommendation that the agency be downsized.

Regarding the \$1 million cut in the KIT program, it was asked if they are recommending a change in the businesses that KIT target or are they saying too much money is being spent in KIT? Mr. West said he believed there are several reasons associated with the reduction. There seems to be some perception that too much money was going to large businesses. It was pointed out that the committee might want to think about how that money is spent and direction it is being spent, not just to cut the funds first. Chairperson Gjerstad stated there is a list available broken down by size of business and cost per capita on trainees. It must be remembered that big business is not always bad, especially if you look at the 24,000 employees working at Boeing who are helping to support the central part of Kansas.

Mr. West indicated there was another item that might affect the training programs - Nebraska has figured a way to use the CDBG monies. You still have to have the overall 51 percent of the monies benefiting the low or moderate incomes. It was brought out that the application for CDBG monies is rather lengthy making it inaccessible to certain businesses, whereas the KIT application was kept relatively simple.

Chairperson Gjerstad appointed a sub-committee to study the governor's budget request for economic development initiatives, prioritizing programs, given scarce resources and the policy options faced with this session. Representative Weimer will chair the sub-committee and other members include Chairperson Gjerstad, Vice-Chairperson Sader, Representatives Mead, Samuelson, Sluiter and Wempe. The mix of three each democrats and republicans is in keeping with the historical bipartisan support of economic development initiatives. The meeting will be publicized and anyone wanting to attend may, or if they would also like to be on the committee are to advise the Chair. Christy Russell will also be in attendance.

The meeting adjourned at 4:30 p.m.

D: Feb 19, 1991

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Curt Carpenter Centel Great Bend

JEFF RUSSELL UNITED TEL. TOPEKA

BOB GRANT KCEL TOPEKA

ERIC SEXTON WISN WICHITA

Pammy Miller KDOC TOPEKA

BOB MURRAY MURRAY & ASSOC. TOPEKA

Kristy Koscielny Governor's Leg Affairs TOPEKA

Lindy Diehl KTEC "

Chris Cooper KTEC "

Judy Frost City of Topeka Topeka, Ks.

Homer Bair SCKEED Wichita

# MEMORANDUM

## Kansas Legislative Research Department

Room 545-N -- Statehouse  
Topeka, Kansas 66612-1586  
(913) 296-3181

February 14, 1991

**To:** Senate Economic Development Committee  
**From:** Paul R. West, Senior Fiscal Analyst  
**Re:** Requests for Further Information on the Department of Commerce and the Kansas Technology Enterprise Corporation

1. **Special Project Positions.** The Department of Commerce currently has 3.5 special project positions budgeted. These positions are in addition to the FTE positions reported to the Committee previously, although the funding for the special project positions is included within the budget figures reported to the Committee. The budgeted special project positions and the associated program is listed below:

<u>Program</u>	<u>No.</u>	<u>Purpose</u>
National Institute for Rural Development	1.0	Director
Office of Housing	1.0	Planner
Office of Housing	0.5	Accountant
Minority Business Operations	1.0	Program Manager

2. **Summary of Major Budget Changes.** The following table reviews changes in excess of \$100,000 between the agencies' FY 1991 budget estimates and the Governor's recommended FY 1992 budget for the Department of Commerce and programs currently under KTEC.

<u>Item</u>	<u>Agency Est. FY 91</u>	<u>Governor's Rec. FY 92</u>	<u>Difference</u>
Department of Commerce:			
Computer Acquisition	\$ --	\$ 127,365	\$ 127,365
Tourism Communications	75,319	201,319	126,000
Tourism Promotions	1,024,328	497,182	(527,146)
Industrial Advertising	409,080	200,000	(209,080)
Special Projects	250,000	--	(250,000)
Overseas Offices	390,000	190,000	(200,000)

*Eco-Devo  
Attachment #1  
02-19-91*

<u>Item</u>	<u>Agency Est. FY 91</u>	<u>Governor's Rec. FY 92</u>	<u>Difference</u>
Industrial Training	2,750,000	1,750,000	(1,000,000)
Salaries and Wages	4,171,958	3,906,354	(265,604)
Partnership Fund Loans	1,250,000	500,000	(750,000)
CDBG Grants	15,447,905	14,617,883	(830,022)
Subtotal -- Commerce	<u>\$ 25,768,590</u>	<u>\$ 21,990,103</u>	<u>\$ (3,778,487)</u>
KTEC Programs:			
KTEC Salaries	\$ 346,678	\$ 139,606	(207,072)
KTEC OOE	337,332	137,785	(199,547)
Special Projects	574,402	100,000	(474,402)
KVAC Grants	466,475	200,000	(266,475)
Research Matching Grants	2,127,485	900,000	(1,227,485)
Training Equipment Grants	150,000	--	(150,000)
Industrial Liaison Program	300,000	--	(300,000)
Seed Capital	200,000	--	(200,000)
Subtotal -- KTEC	<u>\$ 4,502,372</u>	<u>\$ 1,477,391</u>	<u>\$ (3,024,981)</u>
TOTAL -- Commerce and KTEC	<u>\$ 30,270,962</u>	<u>\$ 23,467,494</u>	<u>\$ (6,803,468)</u>

## KANSAS, INC.

Expenditure	Actual FY 90	Agency Est. FY 91	Governor's Rec. FY 91	Agency Req. FY 92	Governor's Rec. FY 92*
All Funds	\$ 482,632	\$ 421,379	\$ 419,778	\$ 475,374	\$ 420,877
State General Fund	294,687	282,324	281,251	318,501	281,988
Economic Development Initiatives Fund	50,000	--	--	--	--
Percentage Change:					
All Funds	(6.7)%	(12.7)%	(13.0)%	12.8%	0.3%
State General Fund	1.0	(4.2)	(4.6)	12.8	0.3
FTE Positions	4.0	4.0	4.0	4.0	4.0

\* Excludes amounts reserved for employee compensation.

## BUDGET SUMMARY

A. **FY 1991.** The agency's current year estimate of \$491,379 reflects a decrease of \$2,477 from donations and an increase of \$1 from the State General Fund from the budget approved by the 1990 Legislature. The State General Fund estimate supports 67 percent of the agency's budget and is used for salaries and operating expenditures as provided by 1990 S.B. 652. The agency's estimate of State General Fund expenditures would be matched by \$139,055 from private sources.

The Governor recommends an FY 1991 budget of \$419,788, a reduction of \$1,601 from the agency's estimate for salaries. State General Fund financed other operating expenses are increased by \$528 with an offsetting decrease in contributions to maintain State General Fund financing of 67 percent. The Governor's State General Fund recommendation would be matched by \$138,527 from private sources.

B. **FY 1992.** The agency requests an FY 1992 budget of \$475,374, including \$318,501 from the State General Fund. Total expenditures are requested to increase by \$53,995, reflecting increases for salaries (\$4,600), contractual research (\$10,945), and capital outlay (\$4,373) and the addition of \$25,000 to allow the agency to contract with a person to assist with fund raising and public relations activities. Net other changes increase total expenditures by \$9,077. Kansas, Inc. reports that the State General Fund request would be matched by \$156,873 from private sources.

The Governor recommends an FY 1992 budget of \$420,877, including \$281,888 from the State General Fund. Total expenditures are recommended to increase by \$1,099, reflecting an increase of \$3,704 for salaries and a decrease of \$7,627 for capital outlay. Net other changes increase total expenses by \$5,022. The Governor's State General Fund recommendation would be matched by \$138,889 from private sources.

## STATE OPERATIONS

Item	Governor's Recommendation
<p>A. <b>Salaries and Wages.</b> Kansas, Inc. requests \$201,420 for salaries and wages in FY 1992, an increase of \$4,600 from the current year estimate of \$198,820. The request would continue the agency's current staffing of 4.0 FTE positions. Actual FY 1990 expenditures totaled \$187,331. Salaries of Kansas, Inc. employees are set by the Corporation's Board of Directors.</p>	<p>A. The Governor recommends \$198,923 for salaries and wages in FY 1992, an increase of \$3,704 from the current year recommendation of \$195,219. The recommendation continues the agency's current staffing with 4.0 FTE positions. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency.</p>
<p>B. <b>Contractual Research.</b> Kansas, Inc. requests \$150,000 in FY 1992 to support contractual research designed to coordinate and evaluate economic development efforts in the state. The agency reports that individual research projects are initiated by the requests of legislative committees, the Governor, the Corporation's Board of Directors, and the Corporation's staff. The FY 1992 request represents an increase of \$10,945 from the current year estimate of \$139,055. Actual FY 1990 expenditures totaled \$203,468.</p>	<p>B. The Governor recommends \$140,000 for contractual research in FY 1992 and concurs with the agency's current year estimate of \$139,055.</p>
<p>C. <b>Development Contract.</b> The agency requests \$25,000 in FY 1992 to contract for a person to serve as a development professional. The requested person would assist with the organization's fund raising and public relations activities, allowing the President to devote more time to agency operations.</p>	<p>C. The Governor does not recommend funding for the requested development contract.</p>
<p>D. <b>Rents.</b> The Corporation requests \$31,854 in FY 1992 for rental of equipment and office space at Capitol Towers, a slight increase from the current year estimate of \$30,977. The request provides \$30,904 for 1,709 square feet of office space, \$500 to lease equipment for temporary staff and interns, and \$450 for storage space. Actual FY 1990 expenses totaled \$30,415.</p>	<p>D. The Governor concurs with the amounts requested for rents for both years.</p>
<p>E. <b>Printing.</b> The agency requests \$20,000 for printing expenses in FY 1992, a \$3,000 increase from the current year estimate of \$17,000. The request provides funding for contractual printing of reports and studies, a quarterly newsletter, an annual report, and fund raising and promotional materials. Actual FY 1990 expenditures totaled \$28,067.</p>	<p>E. The Governor recommends \$17,000 for printing in FY 1992 and concurs with the agency's current year estimate of \$17,000.</p>

Item	Governor's Recommendation
<p><b>F. Travel.</b> Kansas, Inc. requests \$11,000 for travel and subsistence expenses in FY 1992, a slight increase from the current year estimate of \$10,000. The request includes \$3,908 for out-of-state travel, \$5,092 for in-state travel, and \$2,000 for miscellaneous travel expenses. Actual FY 1990 expenditures totaled \$9,693.</p>	<p>F. The Governor recommends \$10,000 for travel expenses in FY 1992 and concurs with the agency's current year estimate of \$10,000.</p>
<p><b>G. All Other Expenditures.</b> Kansas, Inc. requests \$36,100 for all other FY 1992 expenditures. The request includes \$11,600 for communications; \$12,000 to acquire a fourth workstation to be used by student interns, Governor's Fellows, or other temporary employees, \$2,950 for supplies; and \$9,550 for other contractual services. The request represents an increase of \$8,563 from the current year estimate of \$27,537. The major change from the current year estimate is an increase of \$4,373 for capital outlay. Net other changes increase total expenses by \$4,190. Actual FY 1990 expenses totaled \$23,658.</p>	<p>G. The Governor recommends \$23,100 for all other FY 1992 expenditures. The recommendation includes \$11,100 for communications, \$3,250 for supplies, and \$8,750 for other contractual services. The FY 1992 recommendation is a decrease of \$4,437 from the current year recommendation of \$27,537. The major change is a decrease in capital outlay of \$7,627. Net other changes increase total expenses by \$3,190.</p>



## KANSAS TECHNOLOGY ENTERPRISE CORPORATION

Expenditure	Actual FY 90	Agency Est. FY 91	Governor's Rec. FY 91	Agency Req. FY 92	Governor's Rec. FY 92
<b>All Funds:</b>					
State Operations	\$ 790,832	\$ 1,115,286	\$ 1,071,585	\$ 1,071,261	\$ --
Other Assistance	4,779,654	6,892,762	5,992,762	8,933,739	--
Total	<u>\$ 5,570,486</u>	<u>\$ 8,008,048</u>	<u>\$ 7,064,347</u>	<u>\$ 10,005,000</u>	<u>\$ --</u>
<b>State General Fund:</b>					
State Operations	\$ 521,625	\$ 237,175	\$ 237,175	\$ 880,000	\$ --
Other Assistance	495,344	--	--	620,000	--
Total	<u>\$ 1,016,969</u>	<u>\$ 237,175</u>	<u>\$ 237,175</u>	<u>\$ 1,500,000</u>	<u>\$ --</u>
<b>Economic Development Initiatives Fund:</b>					
State Operations	\$ 268,703	\$ 878,111	\$ 834,410	\$ 191,261	\$ --
Other Assistance	4,284,310	6,892,762	5,992,762	8,313,739	--
Total	<u>\$ 4,553,013</u>	<u>\$ 7,770,873</u>	<u>\$ 6,827,172</u>	<u>\$ 8,505,000</u>	<u>\$ --</u>
<b>Percentage Change:</b>					
All Funds	62.7%	43.8%	26.8%	24.9%	(100.0)%
State General Fund	295.9	(76.7)	(76.7)	532.4	(100.0)
EDIF	43.8	70.7	38.1	9.4	(100.0)
FTE Positions	10.0	11.0	11.0	12.0	0.0

### BUDGET SUMMARY

A. **FY 1991.** The Kansas Technology Enterprise Corporation (KTEC) estimates that current year expenditures will total \$8,008,048, including \$237,115 from the State General Fund and \$7,770,873 from the Economic Development Initiatives Fund (EDIF). The current year estimate includes \$2,152,691 reappropriated from FY 1990.

The Governor recommends current year expenditures of \$7,064,347, including \$237,175 from the State General Fund and \$6,827,172 from the EDIF. The Governor's recommendation represents a decrease of \$943,701 in EDIF financing from the agency's estimate.

1. **State Operations.** The FY 1991 estimate for state operations is \$1,115,286 and is financed by \$237,175 from the State General Fund and \$878,111 from the EDIF. The estimate includes \$806,010 for KTEC operations, \$87,776 in state operation expenses through the Special Projects program, and \$221,500 for the state operations expenses of the Kansas Agricultural Value Added Processing Center (KVAC).

The Governor's FY 1991 recommendation for state operations is \$1,071,585 and is financed by \$237,175 from the State General Fund and \$834,410 from the EDIF. The recommendation includes \$774,243 for KTEC operations, \$87,776 in state operations expenses through the Special Projects program, and \$209,566 for the state operations expenses of KVAC. The recommendation reflects a decrease of \$43,701 from the agency's estimate,

including salary reductions of \$41,536 from KTEC operations (\$29,612) and KVAC (\$11,934) and a reduction of \$2,155 in other operating expenses for KTEC.

2. **Other Assistance.** The FY 1991 estimate for other assistance totals \$6,892,762. The estimate, financed entirely from the EDIF, includes funding for the Centers of Excellence (\$3,215,000), Research Matching Grants (\$2,127,485), Small Business Innovation Research (SBIR) Grants (\$66,501), Research (\$80,175) and Training (\$150,000) Equipment Grants, the Industrial Liaison program (\$300,000), and for assistance provided through the Special Projects (\$486,626) and the KVAC (\$466,975) programs.

The Governor concurs with the agency's estimate for other assistance except for a reduction of \$900,000 in funding for the Research Matching Grant program to \$1,227,485.

3. **Seed Capital.** In addition to the expenditures noted above, KTEC proposes to invest \$200,000 from the EDIF in a new program designed to provide seed capital to firms located in small business incubators. The Governor recommends no funding for seed capital.

B. **FY 1992.** The Corporation requests an FY 1992 budget of \$10,005,000, including \$1,500,000 from the State General Fund and \$8,505,000 from the EDIF.

The Governor recommends that KTEC and its Board of Directors be abolished. Under the Governor's current resources budget, the programs now operated by KTEC would be unfunded. The EDIF is abolished and its resources are transferred to the General Fund. Under the Governor's recommended budget certain of KTEC's programs, KVAC, and KVAC's Leadership Council would be shifted to the Department of Commerce. The Governor's recommended budget for the Department of Commerce includes \$4,891,366 from the State General Fund to support the Technology Enterprises program (\$4,542,391) and KVAC (\$348,975).

1. **State Operations.** KTEC requests an FY 1992 state operations budget of \$1,071,261, including \$880,000 from the State General Fund and \$191,261 from the EDIF. The request reflects an increase of \$642,825 from the State General Fund and a decrease of \$686,850 from the EDIF from the current year estimate. The request includes \$780,000 for KTEC operations, \$212,500 for KVAC operations, and an estimated \$78,761 in state operations expenditures through the Special Projects program. The request for KTEC operations includes \$19,392 for a new receptionist position.

The Governor's recommended budget for the Department of Commerce in FY 1992 includes \$551,366 for state operations expenses of the Technology Enterprises program (\$402,391) and KVAC (\$148,975). The recommendation would support 6.0 FTE positions for Technology Enterprises (4.0) and KVAC (2.0), a decrease of 5.0 FTE positions from the number currently authorized. The recommendation for the Technology Enterprises program includes \$100,000 to support special projects begun under KTEC.

2. **Other Assistance.** KTEC requests \$8,933,739, including \$620,000 from the State General Fund, for several assistance programs in FY 1992. The requested State General Fund financing is for the Centers of Excellence. EDIF financing of \$8,313,739 is requested for additional support for the Centers of Excellence (\$4,480,000), Research Matching Grants (\$1,250,000), SBIR Grants (\$75,000), Research (\$700,000) and Training (\$250,000) Equipment Grants, the Industrial Liaison program (\$500,000), and \$808,739 for grants and assistance provided through the Special Projects (\$421,239) and KVAC (\$387,500) programs.

The Governor's recommended FY 1992 budget for the Department of Commerce includes \$4,340,000 from the State General Fund to continue Center of Excellence grants (\$3,215,000), Research Matching Grants (\$900,000), SBIR grants (\$25,000), and grants and assistance through KVAC (\$200,000).

3. **Seed Capital.** In addition to the expenditures noted above, KTEC requests \$500,000 from the EDIF in FY 1992 to provide seed capital to firms located in small business incubators. The Governor recommends no funding for seed capital.

**Summary of Operating Budget Changes  
FY 1991-FY 1992**

Item	Agency Request	Current Resources*	Governor's Recommendation*
KTEC Operations	\$ (26,010)	\$ (774,243)	\$ 302,391
Centers of Excellence	1,885,000	(3,215,000)	3,215,000
Research Matching Grants	(627,485)	(1,227,485)	900,000
Industrial Liaison Program	200,000	(300,000)	--
SBIR Grants	8,499	(66,501)	25,000
Research Equipment Grants	619,825	(80,175)	--
Training Equipment Grants	100,000	(150,000)	--
Special Projects	(74,402)	(574,402)	100,000
Ag. Value Added Center	(88,475)	(676,541)	348,975
Total	<u>\$ 1,996,952</u>	<u>\$ (7,064,347)</u>	<u>\$ 4,891,366</u>
<b>Financing</b>			
State General Fund	\$ 1,262,825	\$ (237,175)	\$ 4,891,366
EDIF	734,127	(6,827,172)	--
Total	<u>\$ 1,996,952</u>	<u>\$ (7,064,347)</u>	<u>\$ 4,891,366</u>

\* Under the current resources budget the Governor recommends the elimination of KTEC and its programs. Under the Governor's recommended budget KTEC would still be abolished but certain of KTEC's programs would be funded through the Department of Commerce. The amounts listed under the Governor's Recommendation reflects the total amount included for these programs in the Department of Commerce's recommended FY 1992 budget.

**BUDGET DETAIL**

Item	Governor's Recommendation
<p><b>A. KTEC Operations.</b> KTEC requests \$780,000, including \$730,000 from the State General Fund and \$50,000 from the EDIF, to support FY 1992 corporate operations. The request represents a net decrease of \$26,010 from the current year estimate of \$806,010. The current year estimate is financed by \$215,608 from the State General fund and \$590,402 from the EDIF. The FY 1992 State General Fund request would support all corporate operations with the exception of \$50,000 to maintain the Kansas Technology Resource database. Actual FY 1990 expenditures were \$564,799, including \$393,544 from the State General Fund, \$170,751 from the EDIF, and \$504 from other sources.</p> <p>1. <b>Salaries.</b> The Corporation requests \$399,146 from the State General Fund in FY 1992 for salaries for nine employees. The request represents increases of \$52,468 and 1.0 FTE position from the current year</p>	<p><b>A.</b> The Governor's recommendation for the Department of Commerce in FY 1992 includes \$302,391 from the State General Fund for operational expenditures in support of the programs transferred from KTEC. For the current year the Governor recommends \$774,243, financed by \$215,608 from the State General Fund and \$558,635 from the EDIF, a reduction of \$31,767 in EDIF financing from the agency's estimate.</p> <p>1. The Governor's recommendation for the Department of Commerce for FY 1992 includes \$139,606 and 4.0 FTE positions to support the KTEC programs transferred to the Department. For the</p>

KTEC

Item	Governor's Recommendation
<p>estimate of \$346,678. The current year estimate is financed from the EDIF. The FY 1992 request includes \$1,872 for board member compensation, \$28,325 for employee pay raises averaging 8.6 percent (including benefits), \$349,557 for existing employee salaries, and \$19,392 (including benefits) for a new receptionist position. The agency reports that the requested new position would assist with the increased workload resulting from increased public awareness of KTEC's programs and services. Salaries for KTEC's employees are set by the Corporation's Board of Directors. Actual FY 1990 expenditures totaled \$295,700 from the State General Fund.</p>	<p>current year, the Governor recommends \$317,066, a decrease of \$29,612 from the agency's estimate of \$346,557, for 8.0 FTE positions.</p>
<p><b>2. Professional Services.</b> The Corporation requests \$175,448 for professional fees in FY 1992, a decrease of \$55,253 from the current year estimate of \$230,701. The request includes \$50,000 for maintenance of the Kansas Technology Resource database, \$7,976 for the services of advertising agencies, \$8,735 for accounting fees, \$21,380 for legal fees, and \$87,357 for miscellaneous professional fees, such as market research and conference speakers. Revisions from the current year estimate include a net decrease of \$72,000 in the cost of developing and maintaining the database, a decrease of \$12,133 in legal fees, and an increase of \$27,197 in miscellaneous fees. Net other changes increase total expenses by \$1,683. Actual expenditures in FY 1990 totaled \$93,963.</p>	<p>2. The Governor's recommendation for the Department of Commerce includes \$65,000 for professional fees in FY 1992 to support KTEC's programs transferred to the Department. The Governor concurs with KTEC's current year estimate of \$230,701.</p>
<p><b>3. Printing and Advertising.</b> The agency requests \$50,402 for printing and advertising fees in FY 1992, an increase of \$13,672 from the current year estimate of \$36,730. The request includes \$26,232 for printing and \$24,170 for advertising, increases of \$11,475 and \$2,197, respectively. KTEC reports that \$10,000 of the requested increase for printing is associated with developing a set of brochures on each Center of Excellence which highlights its resources and capabilities. Actual FY 1990 expenditures included \$13,415 for printing and \$19,975 for advertising fees, a total of \$33,390.</p>	<p>3. The Governor's recommendation for the Department of Commerce for FY 1992 includes \$15,000 for printing to support the programs transferred from KTEC. For the current year, the Governor recommends \$35,226, a slight decrease from the agency's estimate of \$36,730.</p>
<p><b>4. Rents.</b> KTEC requests \$36,785 for rent expenses in FY 1992, a slight increase from the current year estimate of \$34,446. The request includes \$29,305 for office rent, \$4,180 for equipment rent, and \$3,000 for rental of booth space and other miscellaneous rents. Actual FY 1990 expenditures totaled \$33,196.</p>	<p>4. The Governor's recommendation for the Department of Commerce for FY 1992 includes \$36,785 for rents to support the programs transferred from KTEC. The Governor concurs with KTEC's current year estimate of \$34,446.</p>
<p><b>5. Travel.</b> KTEC requests \$36,495 for travel expenses in FY 1992, a slight increase from the current year estimate of \$33,186. The request includes \$7,543</p>	<p>5. The Governor's recommendation for the Department of Commerce for FY 1992 includes \$5,000 for travel to support the programs transferred from</p>

Item	Governor's Recommendation
<p>for Board member travel, \$15,531 for mileage expenses, and \$13,431 for subsistence expenses. Actual FY 1990 expenditures totaled \$30,168.</p>	<p>KTEC. The Governor concurs with KTEC's current year estimate of \$33,186.</p>
<p><b>6. Communications.</b> The agency requests \$31,148 for communication expenses in FY 1992, a slight increase from the current year estimate of \$28,316. The request includes \$13,545 for central mail (\$11,624) and other postage (\$1,921) expenses, \$10,781 for local telephone service, and \$6,822 for long distance communication expenses. Actual expenditures in FY 1990 were \$26,057.</p>	<p>6. The Governor's recommendation for the Department of Commerce for FY 1992 includes \$15,000 for communication expenses to support the programs transferred from KTEC. The Governor concurs with KTEC's current year estimate of \$28,316.</p>
<p><b>7. All Other Expenditures.</b> KTEC requests \$50,576 for all other expenditures in FY 1992. The request includes \$14,954 for official hospitality, \$14,049 for supplies, \$8,433 for dues and subscriptions, \$6,640 for honorariums and other service fees, \$3,150 for equipment acquisition, and \$3,350 for other contractual services. The request represents a decrease of \$45,377 from the current year estimate of \$95,953, which includes \$39,521 for the biennial peer review of the Centers of Excellence. The other major change from the current year estimate is a decrease of \$9,987 in equipment acquisition. Net other changes increase total expenses by \$4,131. Actual FY 1990 expenditures totaled \$52,325.</p>	<p>7. The Governor's recommendation for the Department of Commerce for FY 1992 includes \$26,000 for all other expenditures to support the programs transferred from KTEC. The recommendation includes \$15,000 for hospitality and subscriptions, \$6,000 for supplies, \$3,000 for honorariums and other service fees, and \$2,000 for repairs and maintenance contracts. For the current year the Governor recommends \$95,302, a reduction of \$651 from KTEC's estimate for supplies.</p>
<p><b>B. Centers of Excellence Grants.</b> KTEC requests \$5,100,000, including \$620,000 from the State General Fund, in FY 1992 to provide support for the state's five Centers of Excellence. The request represents an increase of \$1,885,000 from the current year estimate of \$3,215,000. The current year estimate is financed entirely by the EDIF. Actual FY 1990 expenditures totaled \$2,450,000, including \$394,620 from the State General Fund. KTEC indicates that the State General Fund request for FY 1992 would be utilized for salaries for permanent full-time center employees.</p>	<p>B. The Governor recommends \$3,215,000 from the State General Fund in FY 1992 for Centers of Excellence grants in the budget for the Department of Commerce. The Governor concurs with KTEC's current year estimate of \$3,215,000 from the EDIF.</p>
<p><b>C. Research Matching Grants.</b> KTEC requests \$1,500,000 in FY 1992 from the EDIF for new projects under the Research Matching Grant program. This program, which started in FY 1984, provides grants to finance up to 40 percent of the cost of applied technology research at the state's educational institutions. Funds for research projects which have been approved remain in a restricted account until the required private sector match is received. The total amount available in FY 1991 for the program is \$2,127,485, which includes \$1,327,485 reappropriated from FY 1990. Of the amount</p>	<p>C. The Governor recommends \$900,000 from the State General Fund in FY 1992 for Research Matching Grants in the budget for the Department of Commerce. For the current year the Governor recommends \$1,227,485 from the EDIF, a reduction of \$900,000 from the agency's estimate.</p>

KTEC

Item	Governor's Recommendation
<p>reappropriated from FY 1990, \$907,597 is for approved prior year projects which are awaiting the receipt of matching funds. Actual FY 1990 expenditures for the program totaled \$778,230.</p>	
<p><b>D. Small Business Innovation Research Grants.</b> KTEC requests \$75,000 from the EDIF in FY 1992 to assist small Kansas firms in preparing proposals for federal SBIR grants. The federal grants are used for developing high technology products and processes which have significant potential for market penetration and job creation. KTEC's program provides matching funds of up to \$5,000 for proposal development. The current year estimate for the program is \$66,501, including \$16,657 reappropriated from FY 1990. Actual FY 1990 expenditures totaled \$6,471.</p>	<p>D. The Governor recommends \$25,000 from the State General Fund in FY 1992 for SBIR grants in the budget for the Department of Commerce. The Governor concurs with KTEC's current year estimate of \$66,501 from the EDIF.</p>
<p><b>E. Research Equipment Grants.</b> The Corporation requests \$700,000 from the EDIF in FY 1992 to provide grants to state educational institutions to purchase research equipment. Grants would be made available on a competitive basis and selected from proposals received from the institutions, with an emphasis on allowing institutions to remain competitive in key areas of research relative to Kansas industry. The FY 1991 budget estimate provides \$80,175 reappropriated from FY 1990 for research equipment grants. Actual FY 1990 expenditures for this program totaled \$850,354.</p>	<p>E. The Governor recommends no funding for research equipment grants in FY 1992 and concurs with KTEC's current year estimate of \$80,175.</p>
<p><b>F. Training Equipment Grants.</b> The Corporation requests \$250,000 from the EDIF in FY 1992 to provide grants for the acquisition of training equipment. The grants are provided on a competitive basis to educational institutions for business training equipment directly related to economic development and job creation. The current year estimate includes \$150,000 for this program. Actual FY 1990 expenditures totaled \$179,517.</p>	<p>F. The Governor recommends no funding for training equipment grants in FY 1992 and concurs with KTEC's current year estimate of \$150,000.</p>
<p><b>G. Industrial Liaison Program.</b> KTEC requests \$500,000 from the EDIF in FY 1992 to continue the Industrial Liaison Program begun in FY 1990. The program provides financial support to two technical assistance centers (located in Great Bend and Lenexa) which provide assistance to area business concerns on advanced production techniques, identifying and solving production and other technical problems, and improving production processes. The FY 1992 request reflects a \$200,000 increase from the current year estimate of \$300,000. Actual FY 1990 expenditures totaled \$300,000.</p>	<p>G. The Governor recommends no funding in FY 1992 to continue industrial liaison grants. The Governor concurs with the current year estimate of \$300,000.</p>

Item	Governor's Recommendation
<p><b>H. Special Projects.</b> The Corporation requests \$500,000 from the EDIF in FY 1992 to continue the Special Projects program. The program was established for the purpose of addressing special economic development opportunities that do not fit into other KTEC programs. Special projects currently supported by KTEC include an Intellectual Property program, the Invention Development Assistance Pilot (IDAP) project, the Kansas Telecommunications Consortium, establishment of a Kansas Patent Depository Library, creation of a Quality Improvement Network (QIN), and the development of a return on investment model to evaluate KTEC's other programs. Specific projects to be supported in FY 1992 would be determined by KTEC's Board of Directors. The request represents a decrease of \$74,402 from the current year estimate of \$574,402. The current year estimate includes \$427,402 reappropriated from FY 1990. Actual FY 1990 expenditures for the Special Projects program totaled \$74,391.</p>	<p>H. The Governor's recommendation for FY 1992 includes \$100,000 from the State General Fund in the Technology Enterprises program of the Department of Commerce to support special projects begun under KTEC. The Governor concurs with KTEC's current year estimate of \$574,402 from the EDIF.</p>
<p><b>I. Agricultural Value Added Processing Center.</b> The Leadership Council of the Kansas Agricultural Value Added Processing Center (KVAC) requests \$600,000, including \$150,000 from the State General Fund and \$450,000 from the EDIF, to support KVAC and its programs in FY 1992. The request represents a decrease of \$88,475 from the current year estimate of \$688,475. Actual FY 1990 expenditures totaled \$366,712.</p>	<p>I. The Governor recommends an FY 1992 budget for KVAC in the Department of Commerce of \$348,975 from the State General Fund. For the current year, the Governor recommends \$676,541, a reduction of \$11,934 from KVAC's estimate for salaries.</p>
<p><b>1. KVAC Operations.</b> The FY 1992 request includes \$212,500 to support the operations of the Center. Financed by \$150,000 from the State General Fund and \$62,500 from the EDIF, the request includes \$150,000 for salaries for the three existing employees, \$3,000 for equipment rental, \$12,000 for travel, \$10,000 to provide training courses and seminars, \$20,000 for consultant's services, \$9,500 for equipment acquisition, and \$8,000 for other expenses. The requested State General Fund financing would be used for salaries. The FY 1992 request represents a decrease of \$9,000 from the current year estimate of \$221,500, financed by \$21,567 from the State General Fund and \$199,933 from the EDIF. The major revision between the current year and FY 1992 is a decrease of \$25,000 in consultant fees due to the completion of a nutritional labeling project in the current year. Other revisions include increases of \$5,000 each for salaries and training courses and \$2,000 each for equipment rental, travel, and equipment acquisition. Actual FY 1990 expenditures</p>	<p>1. In the FY 1992 budget for the Department of Commerce the Governor recommends \$148,975 for the operations of KVAC. The salary recommendation of \$95,975 allows for the continuation of 2.0 FTE positions (with the elimination of a vacant Program Manager position) and provides for turnover savings of \$10,498 (10.0 percent). Recommended other operating expenses of \$53,000 reflects a decrease of \$9,500 from KVAC's request for equipment acquisition. The current year recommendation of \$209,566 reflects a decrease of \$11,934 from KVAC's estimate for salaries.</p>

Item	Governor's Recommendation
<p>totaled \$158,642, including \$101,303 for the salaries of two employees.</p>	
<p>2. <b>KVAC Grants.</b> The Leadership Council requests \$387,500 from the EDIF for grants and assistance in FY 1992, a decrease of \$79,475 from the current year estimate of \$466,975. KVAC proposes to allocate the funding for research and grants for small food processing concerns (\$110,500), the meat industry (\$73,700), the grain industry (\$73,700), development of specialty foods (\$36,850), and fruit and vegetable processing (\$36,850). In addition, \$36,850 would be reserved for new opportunities which might develop during FY 1992 and \$19,000 would be transferred to Kansas State University for reimbursement of expenses and services. Actual expenditures for grants and assistance in FY 1990 totaled \$208,700.</p>	<p>2. The Governor recommends \$200,000 from the State General Fund in FY 1992 for the Department of Commerce to continue KVAC's grants and assistance programs. The Governor concurs with KVAC's current year estimate of \$466,975.</p>
<p>J. <b>Seed Capital Funds.</b> KTEC requests \$500,000 from the EDIF in FY 1992 to continue a program planned for FY 1991 to provide seed capital to firms located in small business incubators. The agency reports that specific details of the program are still under development but that preliminary plans call for KTEC to provide matching grants to local units of government that establish seed capital pools for small business incubators. The local seed capital pool could then provide investments of \$20,000 to \$40,000 to firms located in small business incubators. The current year estimate includes \$200,000 for this program. In FY 1990, KTEC invested \$440,000 in the Ad Astra seed capital fund. (Staff Note: KTEC categorizes expenditures for seed capital as non-expense items which are not included in total expenditures. If the proposed program is developed as preliminarily outlined, then expenditures for incubator seed capital should be classified as aid to local units of government.)</p>	<p>J. The Governor recommends that no funds be invested for seed capital in either FY 1991 or FY 1992.</p>



## DEPARTMENT OF COMMERCE

Expenditure	Actual FY 90	Agency Est. FY 91	Governor's Rec. FY 91	Agency Req. FY 92	Current Resources FY 92**
<b>All Funds:</b>					
State Operations	\$ 7,817,281	\$ 8,363,071	\$ 8,239,984	\$ 12,327,526	\$ 7,418,897
Local Aid	13,180,093	17,825,905	17,075,905	17,150,329	16,245,883
Other Assistance	3,510,531	5,400,474	5,400,474	6,129,021	4,404,021
Total	<u>\$ 24,507,905</u>	<u>\$ 31,589,450</u>	<u>\$ 30,716,363</u>	<u>\$ 35,606,876</u>	<u>\$ 28,068,801</u>
<b>State General Fund:</b>					
State Operations	\$ 6,278,320	\$ 3,636,355	\$ 3,504,084	\$ 4,200,913	\$ 6,013,376
Local Aid	--	--	--	--	945,000
Other Assistance	1,785,617	--	--	--	2,700,000
Total	<u>\$ 8,063,937</u>	<u>\$ 3,636,355</u>	<u>\$ 3,504,084</u>	<u>\$ 4,200,913</u>	<u>\$ 9,658,376</u>
<b>Economic Development Initiatives Fund:*</b>					
State Operations	\$ 482,547	\$ 3,358,218	\$ 3,370,164	\$ 6,696,762	\$ --
Local Aid	556,453	1,695,000	945,000	1,849,446	--
Other Assistance	1,724,914	3,850,000	3,850,000	4,425,000	--
Total	<u>\$ 2,763,914</u>	<u>\$ 8,903,218</u>	<u>\$ 8,165,164</u>	<u>\$ 12,971,208</u>	<u>\$ --</u>
<b>Percentage Change:</b>					
All Funds	(1.4)%	28.9%	25.3%	12.7%	(8.6)%
State General Fund	22.6	(54.9)	(56.5)	15.5	175.6
EDIF	(24.4)	222.1	197.2	45.7	(100.0)
<b>FTE Positions</b>	112.0	114.0	114.0	132.0	113.0

\* The Governor recommends the elimination of the Economic Development Initiatives Fund.

\*\* Excludes amounts reserved for employee compensation. The Governor also recommends additional expenditures which are summarized as follows:

Expenditure	Additions to Current Resources	Governor's Rec. FY 92	% Change From FY 91
<b>All Funds:</b>			
State Operations	\$ 551,366	\$ 7,970,263	(3.3)%
Local Aid	--	16,245,883	(4.9)
Other Assistance	4,340,000	8,744,021	61.9
Total	<u>\$ 4,891,366</u>	<u>\$ 32,960,167</u>	<u>7.3%</u>
<b>State General Fund:</b>			
State Operations	\$ 551,366	\$ 6,564,742	87.3%
Local Aid	--	945,000	--
Other Assistance	4,340,000	7,040,000	--
Total	<u>\$ 4,891,366</u>	<u>\$ 14,549,742</u>	<u>315.2%</u>
<b>FTE Positions</b>	6.0	119.0	

## BUDGET SUMMARY

### A. FY 1991.

1. **State Operations.** The Department of Commerce proposes an FY 1991 state operations budget for 114.0 FTE positions of \$8,363,071, including \$3,636,355 from the State General Fund, \$3,358,218 from the Economic Development Initiatives Fund (EDIF), and \$1,368,498 from other funding sources. The estimate represents a net decrease of \$11,886 from the budget approved by the 1990 Legislature, including a decrease of \$5,491 in State General Fund expenditures and a net decrease of \$6,395 in special revenue fund expenditures. The Department requests an expenditure limitation increase on the State Operations account of the EDIF of \$1,851 to \$3,358,218.

The Governor recommends an FY 1991 state operations budget for 114.0 FTE positions of \$8,239,884, including \$3,504,084 from the State General Fund, \$3,370,164 from the EDIF, and \$1,365,636 from other funding sources. The current year recommendation reflects a net decrease of \$123,187, including decreases of \$132,271 from the State General Fund and \$2,862 from other funding sources and an increase of \$11,946 from the EDIF, when compared to the agency's estimate. The major revisions from the agency's estimate include a decrease of \$135,133 in salaries associated with reduced temporary employment (\$33,626), revised fringe benefits (\$47,532), and an increase in estimated turnover savings from the agency's estimate of 4.0 percent (\$173,310) to 5.3 percent (\$227,285). Other changes include an increase of \$50,000 in capital outlay for the down payment on a new computer system and decreases in travel (\$4,400), services fees (\$15,800), communications (\$1,354), and other contractual services (\$16,500). The Governor recommends an expenditure limitation increase on the State Operations account of the EDIF of \$13,797 to \$3,370,164.

2. **Local Aid.** The Department of Commerce estimates that payments to local units of government will total \$17,825,905 in FY 1991, a net increase of \$683,000 from the budget approved by the 1990 Legislature. Changes include an increase of \$1,233,800 in Small Cities Community Development Block Grants (CDBG), an \$800 decrease in Emergency Shelter Grants, and a decrease of \$550,000 as a budget adjustment to reflect that payments under the Rental Rehabilitation program go directly from the U.S. Department of Housing and Urban Development to local units of government.

The Governor concurs with the agency's estimate of aid to local units of government with the exception of a reduction in funding for the Kansas Partnership Fund from \$1,250,000 to \$500,000.

3. **Other Assistance.** The Department estimates other assistance payments of \$5,400,474 for Housing Assistance Payments (\$1,550,474), the Industrial Training programs (\$2,750,000), Trade Show Assistance (\$150,000), Certified Development Company grants (\$475,000), Small-Business Development Center grants (\$275,000), and special projects (\$250,000), amounts unchanged from the budget approved by the 1990 Legislature.

The Governor concurs with the agency's estimate for other assistance payments of \$5,400,474.

### B. FY 1992.

1. **State Operations.** The Department requests \$12,327,526, including \$4,200,913 from the State General Fund, \$6,696,762 from the EDIF, and \$1,429,851 from other funding sources, for FY 1992 state operations. The request represents an increase of \$3,964,455 from the current year estimate, including \$564,558 from the State General Fund, \$3,338,544 from the EDIF, and \$61,353 from other funding sources. Changes from the current year estimate include \$492,384 for 18.0 new FTE positions, \$18,160 to reclassify eight positions, \$453,881 to purchase a computer system, \$1,008,861 to expand the industrial marketing campaigns, and \$838,040 to expand the tourism promotion campaigns.

The Governor's recommended budget for the Department of Commerce includes state operations expenses of \$7,970,263, including \$6,013,376 from the State General Fund. The Governor recommends that the EDIF be abolished effective at the end of FY 1991. The recommendation would support 119.0 FTE positions, a net increase of 5.0 FTE positions from the current year. The Governor recommends the abolishment of the Kansas Technology Enterprise Corporation (KTEC) and the transfer of six of the 11 employees authorized for KTEC to the Department of Commerce. The Governor also recommends the elimination of an Economic Development Representative IV position from the National Marketing program. Recommended salaries of \$4,141,935 reflect a net increase of \$105,109 from the current year recommendation, including the addition of \$261,757 for the positions transferred from KTEC and a decrease of \$232,931 associated with increased turnover savings from an average of 5.3 percent (\$227,285) to an average of 10.0 percent (\$460,935). Net other changes increase salaries by \$76,283. The Governor does not recommend the new positions requested by the Department. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. Other operating expenditures in FY 1992 are recommended to be \$3,828,328, a decrease of \$374,730 from the current year recommendation of \$4,203,058. Major changes from the current year estimate include an increase of \$315,785 associated with the new Technology Enterprises (\$262,785) and Kansas Value Added Agricultural Processing Center (KVAC) (\$53,000) programs, decreases in industrial marketing (\$209,080), tourism marketing (\$540,146), and foreign offices (\$200,000), and an increase of \$147,070 in communications. Net other changes increase total expenses by \$111,641. The current resources budget submitted by the Governor reflects a decrease of \$551,366 in state operations expenses from the recommended budget. The decrease is associated with funding for the Technology Enterprises (\$402,391) and KVAC (\$148,975) programs, which are not funded.

2. **Local Aid.** The Department requests \$17,150,329 for payments to local units of government in FY 1992. The request includes federal financing of \$15,300,883 for grants under the Small Cities CDBG program (\$14,617,883) and Emergency Shelter Grant (\$683,000) program. EDIF financing of \$1,849,446 is requested for loans through the Partnership Fund program (\$1,404,446) and grants through the Community Strategic Planning Assistance program (\$445,000).

The Governor recommends FY 1992 payments to local units of government of \$16,245,883. The Governor concurs with the agency's estimate of \$15,300,883 from federal funds for CDBG payments (\$14,617,883) and Emergency Shelter Grants (\$683,000), and recommends \$945,000 from the State General Fund for loans through the Kansas Partnership Fund program (\$500,000) and grants through the Community Strategic Planning Assistance program (\$445,000).

3. **Other Assistance.** The Department requests \$6,129,021 in FY 1992 for other assistance. The request includes federal financing of \$1,704,021 for Housing Assistance Payments and \$4,425,000 from the EDIF for grants to Certified Development Companies (CDCs) (\$600,000) and Small Business Development Centers (SBDCs) (\$400,000) and other assistance under the Trade Show Assistance program (\$175,000), the Industrial Training programs (\$3,000,000), and special projects (\$250,000).

The Governor recommends \$8,744,021 for FY 1992 other assistance payments. The Governor concurs with the agency's estimate of \$1,704,021 from federal funds for Housing Assistance Payments and recommends \$7,040,000 from the State General Fund for CDC grants (\$425,000), SBDC grants (\$275,000), Trade Show Assistance (\$250,000), the Industrial Training programs (\$1,750,000), and \$4,340,000 for programs transferred from KTEC. The Governor recommends no funding for the Department's Special Project Fund. Recommended funding for programs transferred from KTEC includes \$3,215,000 for Center of Excellence grants, \$900,000 for Research Matching Grants, \$25,000 for Small Business Innovative Research Grants, and \$200,000 for grants and assistance through KVAC. The current resources budget submitted by the Governor omits funding for programs transferred from KTEC.

**Summary of Operating Budget Changes  
FY 1991-FY 1992**

Item	Agency Request	Current Resources	Governor's Recommendation
General Administration	\$ 698,859	\$ 40,080	\$ 40,080
Small Business Operations	136,347	(1,814)	(1,814)
Field Office Operations	71,695	(5,511)	(5,511)
National Industrial Marketing	1,303,496	(237,694)	(237,694)
Trade Service Operations	72,026	(27,845)	(27,845)
International Industrial Development	227,812	(197,515)	(197,515)
Tourism General Promotion	964,452	(393,442)	(393,442)
Visitor Information Centers	41,480	5,713	5,713
Film Services	100,196	(1,533)	(1,533)
KANSAS! Magazine	76,741	55,557	55,557
Community Assistance	162,677	(13,563)	(13,563)
Rural Assistance Center	61,119	(16,256)	(16,256)
CDBG Grants	(830,022)	(830,022)	(830,022)
Partnership Fund Loans	154,446	--	--
Training Programs	250,000	(1,000,000)	(1,000,000)
CDC Grants	175,000	--	--
SBDC Grants	125,000	--	--
Housing Assistance Payments	153,547	153,527	153,527
Special Projects Fund	--	(250,000)	(250,000)
Trade Show Assistance	25,000	100,000	100,000
Technology Enterprises	--	--	402,391
Ag. Value Added Center	--	--	348,975
Center of Excellence Grants	--	--	3,215,000
Research Matching Grants	--	--	900,000
SBIR Grants	--	--	25,000
Net Other Changes	47,555	(27,144)	(27,144)
<b>Total</b>	<b>\$ 4,017,426</b>	<b>\$ (2,647,462)</b>	<b>\$ 2,243,904</b>
<b>Financing:</b>			
State General Fund	\$ 564,558	\$ 6,154,292	\$ 11,045,658
EDIF	4,067,990	(8,165,164)	(8,165,164)
Federal Funds	(668,305)	(707,346)	(707,346)
Other Funds	53,183	70,756	70,756
<b>Total</b>	<b>\$ 4,017,426</b>	<b>\$ (2,647,462)</b>	<b>\$ 2,243,904</b>

**STATE OPERATIONS**

**Item**

**A. General Administration.** The agency requests \$1,975,526 for the General Administration program in FY 1992, an increase of \$698,859 from the current year estimate of \$1,276,667. Major changes from the current year estimate include increases of \$157,024

**Governor's Recommendation**

**A.** The Governor recommends \$1,321,845 for the General Administration program in FY 1992, an increase of \$40,080 from the current year recommendation of \$1,281,765. The FY 1992 recommendation is financed by \$1,227,840 from the State General

Item	Governor's Recommendation
<p>for 5.0 new FTE positions (\$141,724 including benefits for salaries, \$8,300 for operating expenditures, and \$7,000 for office equipment), \$23,931 for office and equipment rental, \$22,851 for promotions and economic development studies, and \$453,881 to complete the purchase of a minicomputer acquired in the current year. Net other changes increase total expenses by \$41,172. The FY 1992 request is financed by \$808,225 from the State General Fund, \$1,073,266 from the EDIF, and \$94,005 from other funding sources. The FY 1992 request reflects increases of \$143,480 from the State General Fund and \$591,707 from the EDIF and a decrease of \$36,278 from other funding sources when compared to the current year estimate. The current year estimate reflects the shift of \$390,000 in EDIF financing to the International Development program for costs associated with the agency's foreign trade offices. Actual FY 1990 expenditures were \$1,511,866, including \$393,476 for the foreign trade offices.</p>	<p>Fund and \$94,005 from other funding sources. The current year recommendation is financed by \$619,843 from the State General Fund, \$531,559 from the EDIF, and \$130,363 from other funding sources.</p>
<p>1. <b>Salaries and Wages.</b> The agency requests \$882,260 for salaries and wages for 23.0 FTE positions in FY 1992, an increase of \$156,218 and 5.0 FTE positions from the current year estimate of \$726,042. The request includes \$729,082 for current employees, \$48,215 for temporary employees, \$141,724 (including benefits) for the requested new positions, and allows for turnover savings of \$36,760 or 4 percent. The requested new positions include an unclassified Chief of Legal Services (\$46,554), a Computer Operator II (\$22,836) to serve as a night system operator for the agency's computer system, a Computer Operations Specialist (\$33,620) to analyze and maintain computer system hardware and software and train remote site personnel, and \$38,714 for two Office Assistant II positions. Actual FY 1990 expenditures were \$583,775 for 16.0 FTE positions.</p>	<p>1. The Governor recommends \$660,060 for salaries and wages for 18.0 FTE positions in FY 1992, a decrease of \$21,080 from the current year recommendation of \$681,140. The FY 1992 recommendation includes \$710,235 for current employees, \$23,165 for temporary employees, and assumes turnover savings will be \$73,340 or 10.0 percent. The Governor does not recommend the requested new positions. The current year recommendation is a decrease of \$44,902 from the agency's estimate associated with a reduction of \$33,626 for temporary employment, recalculated fringe benefits, and an increase in assumed turnover savings from 3.8 percent (\$28,287) to 4.8 percent (\$33,968).</p>
<p>2. <b>New Computer System.</b> The agency requests \$453,881 from the EDIF in FY 1992 to complete the purchase of a new computer system acquired in the current year. The agency reports that the existing System 36 computer system became loaded to capacity and that an AS/400 Model 50 was acquired at a cost of \$495,398. The vendor allowed the agency a \$25,500 credit from the sale of the old computer system and a \$50,000 down payment is to be made in the current year. The purchase agreement with the vendor allows the agency to pay the balance in four annual installments of \$127,365 (including interest at the rate of 8.49 percent) or to pay the balance at any</p>	<p>2. The Governor recommends \$127,365 from the State General Fund in FY 1992 for the first of four annual installments to purchase the computer system. For the current year, the Governor's recommendation includes \$50,000 from the EDIF for the down payment on the system.</p>

Item	Governor's Recommendation
<p>time. The requested amount of \$453,881 would be the balance owed in July, 1991. (Staff Note: While the agency has indicated that a \$50,000 down payment is required in the current year, the budget estimate does not include the funding.)</p>	
<p>3. <b>Rents.</b> The agency requests \$259,820 for office and other rent expenses in FY 1992, an increase of \$23,931 from the current year estimate of \$235,889. The request includes \$251,700 for the rental of 16,780 square feet of office space, \$5,303 for copier rental, \$2,337 for storage space, and \$480 for parking space for the agency van. The agency reports that the current office lease will expire in December, 1991 and has budgeted for a \$3 per square foot increase in the cost of space, from \$13.50 to \$16.50 per square foot. Actual FY 1990 rent expenditures were \$233,823.</p>	<p>3. The Governor concurs with the amounts requested for rents for both years.</p>
<p>4. <b>All Other Expenditures.</b> The agency requests \$379,205 for all other expenses in FY 1992, an increase of \$64,469 from the current year estimate of \$314,736. The request includes \$88,400 for postage and telephone expenses; \$60,500 for in-state (\$30,929), out-of-state (\$25,572), and new position (\$4,000) travel; \$46,300 for printing expenses; \$42,165 for supplies; \$40,000 for promotions and economic development studies; \$31,500 for equipment for the requested new position (\$7,000), audio visual equipment (\$4,500), and computer equipment (\$20,000); \$26,000 for official hospitality; \$14,000 for memberships and subscriptions; \$15,000 for the agency's share of the Washington liaison contract (\$10,000) and the Governor's satellite offices (\$5,000); and \$15,340 for other contractual services. Major revisions from the current year estimate include increases for promotions and economic development studies (\$29,931), equipment acquisition (\$20,257), supplies (\$10,765), and travel (\$8,189). Net other changes increase total expenses by \$2,407. The requested new positions are associated with \$15,300 of the requested increase. Actual FY 1990 expenditures were \$300,792.</p>	<p>4. The Governor recommends \$274,600 for all other expenses in FY 1992 and concurs with the agency's current year estimate of \$314,736. The FY 1992 recommendation includes \$85,600 for postage and telephone expenses, \$56,500 for in-state (\$30,929) and out-of-state (\$25,572) travel, \$40,900 for printing expenses, \$31,400 for supplies, \$30,000 for official hospitality, \$15,000 for the agency's share of the Washington liaison contract (\$10,000) and the Governor's satellite offices (\$5,000), and \$15,200 for other contractual services.</p>
<p>B. <b>Small Business Operations.</b> The agency requests \$410,642, including \$229,179 from the State General Fund and \$181,463 from the EDIF, for the Small Business Operations program in FY 1992. The request includes \$229,179 for salaries for the 6.0 existing FTE positions, \$60,000 for a financial resources study, \$55,173 to print program materials, \$26,400 for in-state (\$11,400) and out-of-state (\$15,000) travel, \$22,220 for postage (\$6,720) and telecommunication (\$15,500) expenses, \$6,500 to redesign <i>Steps to Success: A Guide to Starting a</i></p>	<p>B. The Governor recommends \$268,410 from the State General Fund in FY 1992 to support the Small Business Operations program. Recommended salaries of \$208,412 include \$231,569 for the 6.0 FTE existing positions and an estimated \$23,157 (10.0 percent) in turnover savings. The Governor does not recommend the requested reclassification. Recommended other operating expenses of \$60,398 include \$22,220 for communications, \$18,810 to print program materials, \$16,868 for travel, and \$2,500 for other expenses. The current year recommendation of</p>

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<p><i>Business in Kansas</i>, and \$11,170 for other expenses. The requested financial resources study would identify the possible gaps in the array of financing resources available in the state for small businesses and recommend a program structure if significant gaps exist. The FY 1992 request represents an increase of \$136,347 from the current year estimate of \$274,295. In addition to the requested study (\$60,000), changes from the current year estimate include increases for travel (\$10,200), printing (\$36,363), salaries (\$14,018), and redesign work (\$6,500). Net other changes increase total expenses by \$9,266. The agency reports that \$20,000 of the requested increase for printing would allow for free distribution of <i>Steps to Success</i> (\$10,000) and provide for a limited promotional campaign (\$10,000). Actual FY 1990 expenditures totaled \$316,356.</p>	<p>\$270,624 reflects a decrease of \$3,671 from the agency's estimate for salaries.</p>
<p><b>C. Field Office Operations.</b> The agency requests \$524,274, including \$432,558 from the State General Fund and \$91,716 from the EDIF, to operate the agency's eight field offices. The request represents an increase of \$71,695 and 1.0 FTE position from the current year estimate of \$452,579. Actual FY 1990 expenditures were \$414,614.</p>	<p>C. The Governor recommends \$438,497 from the State General Fund in FY 1992 to continue the operations of the agency's field offices. The Governor recommends \$444,008 for the current year, a reduction of \$8,371 from the agency's estimate for salaries.</p>
<p><b>1. Salaries.</b> The agency requests \$432,558 for salaries for 12.0 FTE positions in FY 1992, an increase of \$36,368 and 1.0 FTE position from the current year estimate of \$387,189. The request includes \$419,181 for existing personnel, \$31,399 (including benefits) for a new Economic Development Representative (EDR) II position for the Wichita office, and an estimated \$27,023 (6 percent) in turnover savings. Actual FY 1990 expenditures were \$343,255 for 11.0 FTE positions.</p>	<p>1. The Governor recommends \$367,129 for salaries in FY 1992, a decrease of \$11,689 from the current year recommendation of \$378,818. The FY 1992 recommendation includes \$407,921 for existing personnel and assumes turnover savings of \$40,792 (10.0 percent). The Governor does not recommend the requested new position. The current year recommendation reflects recalculated fringe benefits and increased turnover savings from the agency's estimate of 3.8 percent (\$15,294) to 4.8 percent (\$18,891).</p>
<p><b>2. Other Operating Expenses.</b> The agency requests \$91,716 from the EDIF for other operating expenses in FY 1992, including \$54,256 for in-state (\$40,556) and out-of-state (\$10,500) travel, \$18,660 for communications expenses, \$6,000 for computer software, \$4,800 for printing, \$2,600 for temporary clerical help, and \$5,400 for other expenses. The request represents an increase of \$26,526 from the current year estimate of \$65,190. Operating expenses for the requested new position are responsible for \$7,506 of the requested increase. Other revisions include the requested software (\$6,000) and increases for travel (\$4,200), printing (\$3,000), and communications (\$2,370). Net other changes increase total expenses by \$3,450. Actual FY 1990 expenses were \$71,358.</p>	<p>2. The Governor recommends \$71,368 from the State General Fund for other operating expenses in FY 1992, a reduction of \$20,348 from the agency's requests for travel (\$10,498), communications (\$650), software (\$6,000), printing (\$3,000), and supplies (\$200). The Governor concurs with the agency's current year estimate of \$65,190.</p>

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<p><b>D. Minority Business.</b> The agency requests \$140,775, including \$104,845 from the State General Fund and \$35,930 from the EDIF, for the Minority Business program in FY 1992, an increase of \$14,162 from the current year estimate of \$126,613. Actual FY 1990 expenditures were \$134,310.</p>	<p>D. The Governor recommends \$118,515 from the State General Fund in FY 1992, a decrease of \$5,386 from the current year recommendation of \$123,901. The current year recommendation reflects a decrease of \$2,712 from the agency's estimate for salaries.</p>
<p>1. <b>Salaries.</b> The agency requests \$104,845 to support 3.0 FTE positions in FY 1992, an increase of \$4,345 and 1.0 FTE position from the current year estimate of \$100,500. The request includes \$640 for the net cost of converting the special project Minority Business Program Manager to a classified EDR II position and assumes turnover savings of \$4,369 or 4 percent. Actual FY 1990 expenditures were \$99,534.</p>	<p>1. The Governor recommends \$94,485 for salaries in FY 1992, a decrease of \$3,303 from the current year recommendation of \$97,788. The FY 1992 recommendation includes \$104,983 to continue the current staffing of 2.0 FTE and 1.0 special projects positions, and assumes turnover savings of \$10,498 (10.0 percent). The current year recommendation reflects an increase in assumed turnover savings from 3.7 percent (\$3,915) to 4.8 percent (\$4,877).</p>
<p>2. <b>Other Operating Expenditures.</b> The agency requests \$35,930 from the EDIF in FY 1992 for other operating expenses of the Minority Business program. The request includes \$10,780 for in-state (\$4,580) and out-of-state (\$6,200) travel, \$10,830 for printing and advertising expenses, \$5,660 for communication expenses, \$3,000 for conference speakers, and \$5,660 for other expenses. The request is an increase of \$9,817 from the current year estimate of \$26,113. Major changes from the current year estimate include increases for travel (\$4,533), design work for the <i>Directory of Minority-Owned and Women-Owned Businesses</i> and conference materials (\$2,000), and printing (\$1,830). Net other changes increase total expenses by \$1,454. Actual FY 1990 expenditures were \$34,776.</p>	<p>2. The Governor recommends \$24,030 from the State General Fund in FY 1992 for travel (\$4,580), printing and advertising (\$7,380), communications (\$4,860), conference speakers (\$3,000), and \$4,210 for other expenses. The Governor concurs with the current year estimate of \$26,113.</p>
<p><b>E. National Marketing.</b> The agency requests \$2,270,309, including \$529,358 from the State General Fund and \$1,740,951 from the EDIF, to locate new industries from outside the state in to Kansas communities. The request represents increases of \$156,225 from the State General Fund and \$1,147,271 from the EDIF from the current year estimate of \$966,813. Actual FY 1990 expenditures were \$941,564.</p>	<p>E. The Governor recommends \$665,805 from the State General Fund in FY 1992, a decrease of \$237,694 from the current year recommendation of \$903,499. The current year recommendation reflects decreases of \$26,560 in State General Fund financing and \$36,754 from the EDIF from the agency's estimate.</p>
<p>1. <b>Salaries.</b> The agency requests \$529,358 from the State General Fund in FY 1992 to support 13.0 FTE positions, an increase of \$156,495 and 4.0 FTE positions from the current year estimate of \$372,863. The request includes \$395,243 for current employees, \$6,698 for temporary employment, \$1,845 to reclassify the Job Training Coordinator position from an EDR III to EDR IV, \$3,054 to reclassify the Kansas Cavalry Coordinator from an EDR I to EDR II,</p>	<p>1. The Governor recommends \$323,213 in FY 1992 from the State General Fund to support 8.0 FTE positions, a decrease of \$23,360 and 1.0 FTE position from the current year recommendation of \$346,573. The Governor does not recommend the requested new positions or reclassifications. In addition, the Governor recommends that a vacant EDR IV position be eliminated. The FY 1992 recommendation includes \$352,428 for the currently filled positions,</p>



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<p>\$145,541 (including benefits) for the requested new positions, and an estimated \$23,023 (4.2 percent) in turnover savings. The requested new positions include \$32,168 for an EDR II position to assist the Job Training Coordinator in implementing the Kansas Industrial Training and Retraining programs and \$113,373 for three EDR IV positions (\$37,791 each) to do industrial prospect marketing. Actual FY 1990 expenditures were \$344,214.</p>	<p>\$6,698 for temporary employment, and an estimated \$35,913 (10.0 percent) in turnover savings. The current year recommendation reflects a decrease of \$26,290 from the agency's estimate associated with revised fringe benefits and an increase in turnover savings from the agency's estimate of 3.8 percent (\$14,803) to 10.4 percent (\$36,135).</p>
<p>2. <b>Professional Services.</b> The agency requests \$1,417,941 from the EDIF in FY 1992 for professional services associated with recruiting industries to Kansas. The request represents an increase of \$1,008,861 from the current year estimate of \$409,080. Actual FY 1990 expenditures were \$428,355. Elements of the FY 1992 request include \$459,941 to continue the current promotional campaign, \$400,000 for a national media advertising campaign, \$300,000 to establish field offices in the west coast, northeast, and midwest regions of the country, \$50,000 to prepare additional feasibility briefs on targeted industries to outline the advantages of locating a business in Kansas, \$93,000 to promote the results of target industry briefs, \$75,000 to help defray the expenses for local developers and business executives involved in prospect marketing, \$20,000 to develop new marketing materials, and \$20,000 to update promotional videos.</p>	<p>2. The Governor recommends \$200,000 in FY 1992 for promotional activities to recruit industries to Kansas and concurs with the current year estimate of \$409,080.</p>
<p>3. <b>Travel.</b> The agency requests \$106,060 for travel expenses in FY 1992, an increase of \$51,060 from the current year estimate of \$55,000. Actual FY 1990 expenditures were \$52,301. The request includes \$63,500 for out-of-state travel associated with prospect trips (\$60,000) and staff training (\$3,500) and \$42,560 for in-state travel associated with prospect visits (\$24,195), community contacts (\$6,600), the training programs (\$6,705), and miscellaneous air trips (\$5,000). The agency reports that \$51,355 of the request is associated with the new employees for prospect marketing (\$48,610) and the training programs (\$2,745).</p>	<p>3. The Governor recommends \$46,200 for travel expenses in FY 1992, a decrease of \$4,400 from the current year recommendation of \$50,600. The current year recommendation is a reduction of \$4,400 from the agency's estimate.</p>
<p>4. <b>Communications.</b> The agency requests \$64,000 for communication expenses in FY 1992, an increase of \$30,000 from the current year estimate of \$34,000. Actual expenditures in FY 1990 were \$33,927. The request includes \$24,000 for telephone expenses and \$40,000 for postage. The agency reports that the requested \$30,000 increase is for postage costs associated with expanded recruiting efforts.</p>	<p>4. The Governor recommends \$30,292 for communication expenses in FY 1992, a slight reduction from the current year recommendation of \$32,646.</p>

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<p><b>5. All Other Expenditures.</b> The agency requests \$152,950 in FY 1992 for all other expenditures. The request includes \$37,200 to participate in four trade shows (\$28,000) and membership fees (\$9,200), \$36,750 to print nine issues of <i>Developing Kansas</i> and other miscellaneous printing, \$32,000 to purchase reference materials (\$16,000) and official hospitality while hosting industrial prospects (\$16,000), \$18,400 for office furniture and equipment for the requested new positions, \$11,000 for shipping expenses, \$9,000 for supplies, and \$8,600 for other contractual services. The request represents an increase of \$57,350 from the current year estimate of \$95,600. Major changes from the current year estimate include the acquisition of office furniture and equipment (\$18,400) and increases in printing (\$18,750), membership and trade show participation (\$15,200), and shipping expenses (\$3,000). Net other changes increase total expenses by \$2,000.</p>	<p>5. The Governor recommends \$66,100 for all other FY 1992 expenditures, including \$7,500 for trade show participation and membership fees, \$18,000 for printing, \$16,000 for reference materials and official hospitality, \$7,000 for shipping expenses, \$9,000 for supplies, and \$8,600 for other supplies. The FY 1992 recommendation is a slight increase from the current year recommendation of \$64,200. The current year recommendation is a decrease of \$30,000 from the agency's estimate for membership and trade show fees (\$14,500) and reference materials and official hospitality (\$16,500).</p>
<p><b>F. International Marketing.</b> The agency requests \$96,382, including \$76,378 from the State General Fund and \$20,004 from the EDIF, to support the International Marketing program in FY 1992. The request represents an increase of \$8,004 in EDIF financing and a decrease of \$553 in State General Fund financing from the current year estimate of \$88,931. The agency reports that effective in the current year the responsibility for recruiting industrial prospects who are located overseas has been transferred to the newly created International Development program. The International Marketing program will remain responsible for recruiting foreign based firms which already have subsidiaries in the United States. Actual FY 1990 expenditures were \$182,039.</p>	<p>F. The Governor recommends \$83,021 from the State General Fund in FY 1992 to support the International Marketing program, a slight decrease from the current year recommendation of \$85,646. The current year recommendation is a decrease of \$3,285 from the agency's estimate.</p>
<p><b>1. Salaries.</b> The agency requests \$76,378 from the State General Fund in FY 1992 for salaries for the 2.0 FTE positions supporting the International Development program. The request includes \$79,561 for the two positions and assumes \$3,183 (4 percent) in turnover savings. The request reflects a decrease of \$553 from the current year estimate of \$76,931. The primary reason for the requested decrease is that the current year estimate includes \$3,272 associated with the EDR IV position which was transferred to the International Development program. Actual FY 1990 expenditures were \$106,397 for 3.0 FTE positions.</p>	<p>1. The Governor recommends \$71,417 from the State General Fund in FY 1992 for salaries for 2.0 FTE positions. The recommendation includes \$79,352 for the two positions and assumes \$7,935 (10.0 percent) in turnover savings. For the current year, the Governor recommends \$74,946, a reduction of \$1,985 from the agency's estimate. The reduction is associated with revised fringe benefits and an increase in turnover savings from the agency's estimate of 3.5 percent (\$2,791) to 4.8 percent (\$3,737).</p>
<p><b>2. Other Operating Expenses.</b> The agency requests \$20,004 from the EDIF for other operating expenses for the program in FY 1992, an increase of \$8,004</p>	<p>2. The Governor recommends \$11,604 from the State General Fund for other operating expenses in FY 1992, including \$9,204 for travel. For the current</p>

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<p>from the current year estimate of \$12,000. The request includes \$9,204 for in-state (\$3,304) and out-of-state (\$5,900) travel, \$3,000 to develop promotional brochures, and \$7,800 for other contractual services. The agency reports that \$8,000 of the requested increase is associated with a scheduled in-state industrial tour involving international pharmaceutical companies. Net other changes increase total expenses by \$4. Actual FY 1990 expenditures were \$75,642.</p>	<p>year the Governor recommends \$10,700, a reduction of \$1,300 from the agency's estimate.</p>
<p><b>G. Trade Services, Marketing, and Promotions.</b> The agency requests \$770,204, including \$389,526 from the State General Fund and \$380,678 from the EDIF, to support the Trade Services, Marketing, and Promotions program in FY 1992. The program, responsible for the development of markets and demands for Kansas products and services worldwide, was created in the current year through the merger of the Trade Services and the Marketing and Promotions programs. The request represents increases of \$14,600 in State General Fund financing and \$57,426 in EDIF financing from the current year estimate of \$698,178. Actual FY 1990 expenditures were \$708,900.</p>	<p>G. The Governor recommends \$664,627 from the State General Fund in FY 1992 to support the Trade Services, Marketing, and Promotions program in FY 1992. The FY 1992 recommendation reflects a decrease of \$27,845 from the current year recommendation of \$692,474. The current year recommendation is a reduction of \$5,706 from the agency's estimate for salaries.</p>
<p>1. <b>Salaries.</b> The agency requests \$389,526 from the State General Fund for salaries in FY 1992, an increase of \$14,600 from the current year estimate of \$374,926. The request continues the program's staffing at 10.0 FTE positions and allows for turnover savings of \$8,665 or 2.2 percent. Actual FY 1990 expenditures were \$384,152 for 11.0 FTE positions. (Staff Note: Due to a calculation error, the agency's request is understated by \$10,116.)</p>	<p>1. The Governor recommends \$356,949 for the salaries of 10.0 FTE positions in FY 1992, including \$396,610 for the existing positions and estimated turnover savings of \$39,661 (10.0 percent). For the current year, the Governor recommends \$369,220, a reduction of \$5,706 from the agency's estimate.</p>
<p>2. <b>Trade Representative Contracts.</b> The agency requests \$173,000 in FY 1992 to contract with Trade Service representatives in nine countries around the world. The request represents an increase of \$63,500 and one country from the current year estimate of \$109,500. The agency requests \$50,000 to establish a trade representative in Canada. The balance of the requested increase would permit increases for the trade representative contracts in Korea, Taiwan, Paraguay, Mexico, Australia, Venezuela, and the Philippines. Actual FY 1990 expenditures were \$84,500 for trade representatives in seven countries.</p>	<p>2. The Governor recommends \$100,000 for trade service representative contracts in FY 1992 and concurs with the current year estimate of \$109,500.</p>
<p>3. <b>All Other Expenditures.</b> The agency requests \$207,678 for all other FY 1992 expenses, a decrease of \$6,074 from the current year estimate of \$213,752. The request includes \$87,617 for in-state (\$16,744), out-of-state (\$7,750), and international (\$63,123)</p>	<p>3. The Governor concurs with the amounts requested for all other expenses for both years.</p>

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travel; \$59,865 for other expenses associated with attending trade shows; \$34,203 for communication expenses; \$17,253 for printing; and \$8,740 for other expenses. Changes from the current year estimate are an increase of \$6,603 in communication expenses and a decrease of \$12,677 in travel. Actual FY 1990 expenditures were \$213,158.

**H. International Industrial Development.** The agency requests \$671,093 in FY 1992 for the International Industrial Development program. The new program is responsible for recruitment of overseas firms to locate businesses in Kansas and administration of the state's foreign offices in Japan and Germany. The request for salaries of \$77,343 from the State General Fund (including benefits) includes \$41,047 for the existing position and \$36,296 for a new EDR III position to support the program's efforts. Other operating expenses of \$593,750 from the EDIF are requested for the two foreign offices (\$536,000); communication expenses (\$5,000); equipment acquisition (\$5,000); in-state (\$3,150), out-of-state (\$1,200), and international (\$11,300) travel; printing updated Japanese (\$25,000) and German (\$5,000) information brochures; and \$2,100 for other expenses. The request represents an increase of \$227,812 from the current year estimate of \$443,281. Increases from the current year estimate include \$146,000 for the two foreign offices; \$46,046 for the salary (\$36,296), operating expenses (\$4,750), and capital outlay (\$5,000) for the requested new position; and \$30,000 to print updated information brochures. Net other changes increase total expenses by \$5,766.

**I. Export Finance.** The agency requests \$98,507 in FY 1992 to continue the Export Finance program created by the 1989 Legislature. The State General Fund request of \$75,507 for salaries includes \$78,653 for the program's Director and 1.0 FTE secretary and an estimated \$3,146 (4 percent) in turnover savings. EDIF financed other operating expenses of \$23,000 include \$11,700 for in-state (\$7,700) and out-of-state (\$4,000) travel, \$4,000 for printing expenses, \$3,000 for communication expenses, \$3,000 for database access fees (\$2,300) and tuition fees (\$700), and \$1,300 for other expenses. The request represents an increase of \$5,916 from the current year estimate of \$92,591, reflecting increases for salaries (\$2,916), database access fees (\$2,000), and communication expenses (\$1,000). Actual FY 1990 expenditures were \$41,990. The agency reports that the program became fully operational with the publication of rules and regulations in October, 1990.

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**H.** The Governor recommends \$243,912 from the State General Fund in FY 1992 to support the International Industrial Development program. Recommended salaries of \$35,412 includes \$39,347 for the current position and an estimated \$3,935 (10.0 percent) in turnover savings. The Governor does not recommend the requested new position. Recommended other operating expenses of \$208,500 includes \$190,000 for foreign offices in Japan (\$140,000) and Germany (\$50,000); \$12,800 for in-state (\$2,500) and out-of-state (\$600) and international (\$9,700) travel; \$3,600 for communication; and \$2,100 for other expenses. For the current year, the Governor recommends \$441,427, a reduction of \$1,854 from the agency's estimate for salaries.

**I.** The Governor recommends \$91,744 from the State General Fund in FY 1992 to support the Export Finance program. Recommended salaries of \$68,744 includes \$76,382 for the program's Director and 1.0 FTE secretary and an estimated \$7,638 (10.0 percent) in turnover savings. The Governor concurs with the agency's request of \$23,000 for other operating expenses but recommends financing from the State General Fund in lieu of the EDIF. The current year recommendation of \$91,262 reflects a decrease of \$1,329 from the agency's estimate for salaries.

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<p><b>J. Tourism General Promotion.</b> The agency requests \$2,351,480 in FY 1992 for the Tourism General Promotion program, an increase of \$964,452 from the current year estimate of \$1,387,028. The request is financed by \$228,944 from the State General Fund, \$1,832,487 from the EDIF, \$200,000 from the Greyhound Tourism Fund, and \$90,049 from other funding sources. The request reflects increases of \$71,431 in State General Fund and \$893,021 in EDIF financing from the current year estimate. Actual FY 1990 expenditures were \$1,233,833. (Staff Note: The agency's current year estimate may be overstated. The current year estimate includes \$200,000 from the Greyhound Tourism Fund. This fund receives 15 percent of the unclaimed winning tickets from Greyhound races. However, K.S.A. 1990 Supp. 74-8831(b)(1) states that the transfer of these funds from the Racing Commission shall occur on June 30 each year. A total of \$19,215 was transferred to the fund on June 30, 1990. Absent a change in the statute, no additional transfers will be made to the fund until the last day of the fiscal year.)</p>	<p>J. The Governor recommends \$993,586 for the Tourism General Promotion program in FY 1992. The recommendation is financed by \$665,537 from the State General Fund, \$200,000 from the Greyhound Tourism Fund, and \$128,049 from other funding sources. The Governor concurs with the agency's current year estimate of \$1,387,208, financed by \$157,513 from the State General Fund, \$908,716 from the EDIF, \$200,000 from the Greyhound Tourism Fund, and \$90,049 from other funding sources.</p>
<p>1. <b>Salaries.</b> The agency requests \$228,944 from the State General Fund in FY 1992 for the salaries of 8.0 FTE positions, an increase of \$71,431 and 3.0 FTE positions from the current year estimate of \$157,513. The request includes \$178,639 for current employees, \$57,345 (including benefits) for three new employees, and allows for turnover savings of \$7,040 or 3 percent. The requested new positions include \$29,471 for an EDR I to assist with the program's marketing programs and promotions, \$21,005 for a Secretary I to assist with the increased workload resulting from the marketing programs, and \$6,869 for the net cost of converting temporary clerical assistance to a full-time Office Assistant I position. Actual FY 1990 expenditures were \$159,494.</p>	<p>1. The Governor recommends \$163,586 from the State General Fund in FY 1992 for salaries and wages for 5.0 FTE positions. The recommendation includes \$170,861 for current employees, \$10,901 for temporary employment, and assumes turnover savings of \$18,176 (10.0 percent). The Governor does not recommend the requested new employees. The Governor concurs with the agency's current year estimate of \$157,513.</p>
<p>2. <b>Advertising and Promotions.</b> The agency requests \$1,612,687 in FY 1992 for tourism related advertising and promotions. The request represents an increase of \$588,359 from the current year estimate of \$1,024,328. The request includes \$625,000 to produce and place radio and television ads, \$228,100 for print ads, \$200,000 for greyhound related advertising, \$140,000 to continue a matching grant program to promote interaction between local communities in tourism promotion, \$49,000 for special advertising with the Kansas City Royals, \$36,000 for public relations activities, \$30,000 to continue the contract with the Kansas Association of Broadcasters, \$20,000 for continuation of the Wildlife Art program, and</p>	<p>2. The Governor recommends \$487,182 in FY 1992 for tourism related advertising and promotions and concurs with the agency's current year estimate of \$1,024,328.</p>

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<p>\$284,587 for other tourism promotion activities. Actual FY 1990 expenditures were \$735,941, including \$100,000 for a special tourism marketing study.</p>	
<p><b>3. Communications.</b> The agency requests \$325,000 in FY 1992 for communication expenses, an increase of \$249,681 from the current year estimate of \$75,319. The agency reports that a nation wide toll-free number will be implemented in late FY 1991 to allow consumers to request information on Kansas visitor destinations. The request includes \$255,000 to fulfill an estimated 150,000 requests for information, \$11,400 to mail a monthly newsletter, and \$58,600 for other communication expenses. Actual FY 1990 expenditures were \$94,599, including \$71,167 for postage and \$23,432 for telephone expenses.</p>	<p>3. The Governor recommends \$201,319 in FY 1992 for communication expenses and concurs with the current year estimate of \$75,319. The FY 1992 recommendation would permit \$178,000 to fulfill 100,000 requests for information, \$11,400 to mail a monthly newsletter, \$3,600 for general telephone expenses, and \$8,319 for other communication expenses.</p>
<p><b>4. All Other Expenditures.</b> The agency requests \$194,849 for all other FY 1992 expenditures, including \$68,049 to purchase tourism promotional items for resale, \$40,000 for printing, \$35,000 for travel, \$16,000 for office furniture and equipment for the requested new positions, \$10,000 for memberships and subscriptions, \$8,300 for supplies, and \$17,500 for other expenses. The request represents an increase of \$54,981 from the current year estimate of \$129,868. Major revisions from the current year include increases for printing (\$20,000), furniture and equipment (\$16,000), travel (\$12,346), memberships (\$5,785), and supplies (\$3,600). Net other changes decrease total expenses by \$2,750. Actual FY 1990 expenditures were \$243,798.</p>	<p>4. The Governor recommends \$131,499 for all other FY 1992 expenditures, including \$68,049 to purchase tourism promotional items for resale, \$20,000 for printing, \$25,000 for travel, \$5,000 for memberships and subscriptions, \$4,700 for supplies, and \$8,750 for other expenses. The Governor concurs with the agency's current year estimate of \$129,868.</p>
<p><b>K. Visitor Information Centers.</b> The agency requests \$375,429, including \$289,217 from the State General Fund and \$86,212 from the EDIF, to operate the state's visitor information centers in FY 1992. State General Fund financed salaries of \$289,217 include \$250,035 to continue the program's 11.5 FTE positions, \$51,235 for temporary employment, and an estimated \$12,053 (4 percent) in turnover savings. EDIF financed other operating expenses of \$86,212 include \$24,000 for subsidies to six locally owned visitor centers, \$15,700 for utility expenses at three state-owned centers, \$19,814 for janitorial and carpet cleaning services at state-owned centers, \$6,425 for supplies, \$6,000 for repairs to the state-owned centers, \$4,993 for travel, \$4,112 for communication expenses, and \$5,168 for other expenditures. The request represents an increase of \$41,480 from the current year estimate of \$333,949. Major changes from the current year estimate include increases for salaries (\$10,917), janitorial services and carpet</p>	<p>K. The Governor recommends \$336,174 from the State General Fund in FY 1992 to operate the state's visitor information centers. Recommended salaries and wages of \$264,010 include \$259,610 for 11.5 FTE positions, \$51,235 for temporary employment, and an estimated \$29,336 (10.0 percent) in turnover savings. Recommended other operating expenses of \$72,164 includes \$21,600 for visitor center subsidies, \$15,700 for utility expenses, \$18,924 for janitorial and carpet cleaning services, \$6,000 for repairs, \$1,200 for travel, \$3,916 for supplies, \$3,424 for communications, and \$1,400 for other expenses. The current year recommendation of \$330,461 reflects a decrease of \$3,488 from the agency's estimate for salaries.</p>

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cleaning (\$11,642), repairs (\$4,431), travel (\$3,745), supplies (\$3,739), and \$2,400 to increase the average subsidy to state subsidized centers to \$4,000 each. Net other changes increase total expenses by \$4,606. Actual FY 1990 expenditures were \$305,155, including \$248,103 for salaries, \$9,120 for subsidies, and \$47,932 for other operating expenses.

**L. Film Services.** The agency requests \$312,380, including \$125,080 from the State General Fund and \$187,300 from the EDIF, to promote Kansas as a location for production of films and commercials. State General Fund financed salaries of \$125,080 includes \$130,733 for the current 4.0 FTE positions and an estimated \$5,653 (4.3 percent) in turnover savings. EDIF financed other operating expenses of \$187,300 includes \$95,000 to market the state as a location to the film industry, \$29,000 for travel expenses, \$17,500 to process film, \$9,700 for supplies, \$9,000 to rent space at trade shows, \$8,500 to print the *Kansas Film Directory*, \$7,200 for memberships and official hospitality, \$7,000 for communication expenses, and \$4,400 for other contractual services. The request represents an increase of \$100,196 from the current year estimate of \$212,184. Major changes from the current year estimate include increases for salaries (\$4,996), marketing expenses (\$40,000), film processing (\$14,500), travel (\$9,300), trade show space (\$9,000), memberships and official hospitality (\$6,950), and printing \$6,800. Net other changes increase total expenses by \$8,650. Actual FY 1990 expenditures were \$227,752.

**M. KANSAS! Magazine.** The agency requests \$480,000, all from the Publications and Other Sales Fee Fund, to support the publication of *KANSAS!* and *KANSAS TOO!* magazines in FY 1992. Requested salaries of \$85,632 includes \$63,924 for the current 2.0 FTE positions, \$7,473 for temporary employment, \$17,081 (including benefits) for a new Office Assistant I position to assist with processing subscriptions, and an estimated \$2,846 (3.2 percent) in turnover savings. Requested other operating expenses of \$394,368 include \$200,000 to print (\$186,555) and promote (\$13,445) the magazines; \$100,000 for professional services such as editors (\$37,140), layout and design (\$30,000), and freelance writers and photographers (\$32,860); \$55,000 to mail magazines and subscription renewal notices, \$32,368 for mailing (\$13,143) and data processing (\$19,225) services, and \$7,000 for supplies. The request is an increase of \$76,741 from the current year estimate of \$403,259. Increased expenditures requested for FY

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L. The Governor recommends \$208,099 from the State General Fund to support the Film Services program in FY 1992. Recommended salaries of \$113,099 include \$125,666 to support the current 4.0 FTE positions and assumes turnover savings of \$12,567 (10.0 percent). Recommended other operating expenses of \$95,000 include \$43,480 for marketing expenses, \$21,700 for travel, \$6,570 for film processing, \$5,700 for supplies, \$2,500 to rent space at trade shows, \$2,500 for printing, \$2,500 for memberships and official hospitality, \$7,000 for communications, and \$3,050 for other contractual services. The Governor's current year recommendation of \$209,632 reflects a decrease of \$2,552 from the agency's estimate for salaries.

M. The Governor recommends \$457,688 from the Publications and Other Sales Fee Fund to support the publication of *KANSAS!* and *KANSAS TOO!* magazines in FY 1992. Recommended salaries of \$63,320 includes \$62,209 for the current 2.0 FTE positions, \$8,146 for temporary employment, and an estimated \$7,036 (10.0 percent) in turnover savings. The Governor does not recommend the requested new position. The Governor concurs with the agency's request of \$394,368 for other operating expenses. For the current year, the Governor recommends \$402,131, a reduction of \$1,128 from the agency's estimate for salaries.

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<p>1992 include \$18,816 for salaries, \$18,000 for professional services, \$13,803 for printing and promotional expenses, \$12,368 for mailing and data processing services, \$10,104 for postage, and \$3,650 for supplies. Actual FY 1990 expenditures were \$391,447.</p>	
<p><b>N. Community Assistance.</b> The agency requests \$663,717, including \$350,733 from the State General Fund, \$276,059 from the EDIF, and \$36,925 from other funding sources, to support the Community Assistance program in FY 1992. The request represents increases of \$60,067 from the State General Fund, \$91,479 from the EDIF, and \$11,131 from other funding sources from the current year estimate of \$501,040. Actual FY 1990 expenditures were \$457,743.</p>	<p><b>N.</b> The Governor recommends \$479,920, including \$442,995 from the State General Fund and \$36,925 from other funding sources to support the Community Assistance program in FY 1992. The FY 1992 recommendation is a decrease of \$13,563 from the current year recommendation of \$493,483. The current year recommendation is a decrease of \$7,557 from the agency's estimate of \$501,040.</p>
<p><b>1. Salaries.</b> The agency requests \$377,658 for salaries for 10.0 FTE positions in FY 1992, an increase of \$71,198 and 2.0 FTE positions from the current year estimate of \$306,460. The request includes \$333,315 for current employees, \$1,828 to reclassify an EDR III to EDR IV, \$32,167 (including benefits) for a Historic Preservation Specialist II to provide design assistance to cities in the Main Street program, \$29,471 for an EDR I to support the increased workload in the Technical Assistance and Main Street programs, and allows for turnover savings of \$19,123 or 4.8 percent. Actual FY 1990 expenditures were \$248,460 for 8.0 FTE positions.</p>	<p><b>1.</b> The Governor recommends \$294,145 for salaries in FY 1992, including \$326,828 for the current 8.0 FTE positions and an estimated \$32,683 (10.0 percent) in turnover savings. The Governor does not recommend the requested reclassification or new positions. The current year recommendation of \$298,903 is a reduction of \$7,557 from the agency's estimate.</p>
<p><b>2. National Main Street Contract.</b> The agency requests \$100,000 to contract with the National Main Street Center to provide assistance to cities enrolled in the Main Street program. The request represents an increase of \$15,000 from the current year estimate of \$85,000. Actual FY 1990 expenditures were \$38,054.</p>	<p><b>2.</b> The Governor recommends \$85,000 in FY 1992 for the National Main Street Center contract and concurs with the current year estimate of \$85,000.</p>
<p><b>3. Main Street Assistance.</b> The agency requests \$51,000 in FY 1992 to provide professional assistance, such as architects and engineers, to cities enrolled in the Main Street program. The request is unchanged from the current year estimate. Actual FY 1990 expenditures were \$50,750, including \$26,750 for professional services and \$24,000 in direct grants to local units of government.</p>	<p><b>3.</b> The Governor concurs with the amounts requested for Main Street assistance for both years.</p>
<p><b>4. All Other Expenditures.</b> The agency requests \$135,059 for all other expenditures for the Community Assistance program in FY 1992. The request includes \$50,734 for in-state (\$13,950), out-of-state (\$3,584), and undesignated (\$33,200) travel; \$22,500</p>	<p><b>4.</b> The Governor recommends \$49,775 for all other FY 1992 expenses, including \$33,200 for travel, \$7,720 for printing, \$5,000 for communications, \$2,00 for supplies, and \$1,855 for other contractual services.</p>



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<p>for printing expenses; \$17,000 for communication expenses; \$16,200 for office furniture and equipment for the requested new positions; \$15,120 for other service fees; \$7,500 for supplies; and \$6,005 for other contractual services. The request represents an increase of \$76,479 from the current year estimate of \$58,580. Increased funding is requested for equipment acquisition (\$16,200), \$17,534 for in-state (\$13,950) and out-of-state (\$3,584) travel, \$12,720 for other service fees to allow for a 4 percent increase over FY 1990 actual expenditures of \$14,539, \$12,000 to bring the request for communication expenses (\$17,000) more in line with FY 1990 actual expenditures (\$15,244), \$7,500 to print an updated Enterprise Zone manual, and \$5,500 for supplies. Net other changes increase total expenses by \$5,025. Actual FY 1990 expenditures totaled \$110,479.</p>	<p>The Governor concurs with the agency's current year estimate of \$58,580.</p>
<p><b>O. Federal Aid.</b> The agency requests \$594,008 (financed by \$132,345 from the State General Fund, \$31,463 from the EDIF, and \$430,200 from federal sources) to administer the Small Cities Community Development Block Grant (CDBG) and Rental Rehabilitation programs in FY 1992. The salary and wage request of \$475,230 (financed by \$132,345 from the State General Fund and \$342,885 from federal funds) includes \$493,194 for the 13.5 FTE existing positions, \$1,838 to reclassify an EDR III to EDR IV, and assumes turnover savings of \$19,802 or 4 percent. The request for other operating expenses of \$118,778 (financed by \$31,463 from the EDIF and \$87,315 from federal funds) includes \$43,675 for office and equipment rental associated with the program, \$31,328 for in-state (\$28,334) and out-of-state (\$2,994) travel, \$18,740 for postage (\$3,125) and telephone (\$15,615) expenses, \$10,620 for printing and advertising expenses, \$5,790 for supplies, and \$8,625 for other contractual services. The request represents an increase of \$20,173 from the current year estimate of \$573,835, reflecting increases in salaries (\$18,041), rents (\$1,675), and printing (\$457). The request represents increases of \$31,463 from the EDIF and \$8,530 from federal sources and a decrease of \$19,820 from the State General Fund when compared to the current year estimate. Actual FY 1990 expenditures were \$558,330, including \$440,831 for salaries and \$117,499 for other operating expenses.</p>	<p>O. The Governor recommends \$544,228, including \$149,313 from the State General Fund and \$394,915 from federal sources, to support the Federal Aid program in FY 1992. Recommended salaries of \$425,450 (financed by \$117,850 from the State General Fund and \$307,600 from federal funds) includes \$472,722 for the 13.5 FTE existing positions and an estimated \$47,272 (10.0 percent) for turnover savings. The Governor does not recommend the requested reclassification. The Governor concurs with the agency's request of \$118,778 for other operating expenses and recommends financing of \$31,463 from the State General Fund and \$87,315 from federal funds. The Governor's current year recommendation of \$560,484 reflects a decrease of \$13,351 from the agency's estimate for salaries.</p>
<p><b>P. Partnership Fund.</b> The agency requests \$78,306 to administer the Kansas Partnership Fund program in FY 1992. Requested State General Fund salaries of \$70,576 include \$71,601 for the 2.0 FTE existing positions, \$1,916 to reclassify the Secretary I position</p>	<p>P. The Governor recommends \$65,848 to administer the Kansas Partnership Fund program in FY 1992. Recommended salaries of \$58,118 include \$68,168 for the salaries of the 2.0 FTE existing positions and an estimated \$10,051 (14.8 percent) in turnover savings.</p>

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<p>to Secretary II, and an estimated \$2,941 (4 percent) in turnover savings. The salary request represents an increase of \$4,318 from the current year estimate of \$66,258. EDIF financed other operating expenses of \$7,730 reflect an increase of \$100 from the current year estimate. Actual FY 1990 expenditures were \$75,623, including \$62,260 for salaries and \$13,363 for other operating expenses.</p>	<p>The FY 1992 salary recommendation represents a decrease of \$5,469 from the current year recommendation of \$63,587, which in turn is a decrease of \$2,671 from the agency's estimate. The Governor concurs with the amounts requested for other operating expenses for both years.</p>
<p><b>Q. Rural Assistance.</b> The agency requests \$309,888, including \$186,235 from the State General Fund and \$123,653 from the EDIF, to provide economic development assistance to rural communities in FY 1992. The salary request of \$186,235 includes \$192,195 for the 5.0 FTE existing positions, \$1,957 to reclassify the Secretary I position to Secretary II, and an estimated \$7,758 (4 percent) in turnover savings. Other operating expenses requested for FY 1992 include \$35,000 for data processing services to create a database of state economic development programs and services, \$32,000 to print promotional materials, \$31,320 for communication expenses, \$13,000 for travel, \$9,783 for supplies, \$2,500 for equipment acquisition, and \$50 for shipping charges. The request represents an increase of \$61,119 from the current year estimate of \$248,769. Major revisions from the current year estimate include increases for salaries (\$8,331), data processing services (\$35,000), printing (\$6,000), supplies (\$5,033), travel (\$3,000), and equipment acquisition (\$2,500). Net other changes increase total expenses by \$1,255. Actual FY 1990 expenditures were \$271,367, including expenses associated with the National Institute for Rural Development.</p>	<p><b>Q.</b> The Governor recommends \$244,333 for the Rural Assistance program in FY 1992. Recommended salaries of \$167,181 include \$185,756 for the 5.0 existing FTE positions and an estimated \$18,756 (10.0 percent) in turnover savings. The Governor does not recommend the requested reclassification. Recommended other operating expenses of \$77,153 include \$31,320 for communications, \$26,000 for printing, \$10,000 for travel, \$9,783 for supplies, and \$50 for shipping expenses. The current year recommendation of \$244,375 reflects a reduction of \$4,394 from the agency's estimate of salaries.</p>
<p><b>R. National Institute for Rural Development.</b> The agency requests \$105,934, including \$94,834 from the State General Fund and \$11,100 from the EDIF, to support the National Institute for Rural Development in FY 1992. The Institute, identified by the agency as a separate program in the current year, serves to identify the needs of rural Kansas and promote inter-agency cooperation to solve rural problems. The State General Fund financed request for salaries of \$98,785 includes \$94,834 for the program's special project Director and 1.0 FTE Secretary II and an estimated \$3,951 (4 percent) in turnover savings. EDIF financed other operating expenditures of \$11,100 include \$7,500 for travel and \$3,600 for communication expenses. The FY 1992 request reflects a net decrease of \$5,874 from the current year estimate of \$111,808, including an increase of \$3,026 for salaries and a decrease of \$8,900 for capital outlay. Actual FY 1990 expenditures for the</p>	<p><b>R.</b> The Governor recommends \$98,316 from the State General Fund to support the National Institute for Rural Development in FY 1992. recommended salaries of \$87,216 include \$96,907 for the Director and Secretary and an estimated \$9,691 (10.0 percent) in turnover savings. The Governor concurs with the amounts requested for other operating expenses for both years. The current year recommendation of \$110,840 reflects a decrease of \$968 from the agency's estimate.</p>

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Institute are included within the Rural Assistance program.

**S. Office of Housing.** The agency requests \$98,672 from federal and special revenue funds to support the Office of Housing in FY 1992. The Office, created by the 1990 Legislature in May of 1990 by the passage of S.B. 427, is responsible for developing a state housing plan and the administration of four federally funded housing assistance programs. Requested salaries of \$89,152 include \$94,082 for the existing 1.0 FTE, 1.0 special project, and temporary staff and an estimated \$4,930 (5.2 percent) in turnover savings. Other operating expenses of \$9,520 include \$5,800 for travel, \$1,050 for communications, and \$2,670 for other expenses. The FY 1992 request represents a net increase of \$1,309 from the current year estimate of \$97,363, including increased salaries of \$2,479 and decreased other operating expenses of \$1,170. Actual FY 1990 expenditures in the Department of Commerce for the Office were \$51,324. In addition, the Department of Social and Rehabilitation Services reports actual FY 1990 expenditures of \$49,337 to administer those programs which were transferred to the Department of Commerce by S.B. 427.

**T. Technology Enterprises.** The requested FY 1992 budget for KTEC includes \$1,280,000 to support KTEC operations (\$780,000) and special projects (\$500,000). The request is financed by \$730,000 from the State General Fund and \$550,000 from the EDIF. The current year estimate of \$1,380,412 for KTEC operations (\$806,010) and special projects (\$574,402) is financed by \$215,608 from the State General Fund and \$1,164,804 from the EDIF. Actual FY 1990 expenditures were \$639,190, including \$564,799 for KTEC operations (financed by \$393,544 from the State General Fund, \$170,751 from the EDIF, and \$504 from other sources) and \$74,391 from the EDIF for special projects.

**1. Salaries.** The requested FY 1992 budget for KTEC includes \$399,146 from the State General Fund in FY 1992 for salaries for nine employees. The request represents increases of \$52,468 and 1.0 FTE position from the current year estimate of \$346,678. The current year estimate is financed from the EDIF. The FY 1992 request includes \$1,872 for board member compensation, \$28,325 for employee pay raises averaging 8.6 percent (including benefits), \$349,557 for existing employee salaries, and \$19,392 (including benefits) for a new receptionist position. The agency reports that the requested new position

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**S.** The Governor recommends \$93,929 from federal and special revenue funds in FY 1992 to support the Office of Housing. Recommended salaries of \$84,409 include \$90,194 for existing personnel and estimated turnover savings of \$5,785 (6.4 percent). The Governor concurs with the amounts requested for other operating expenses for both years. The current year recommendation of \$95,629 reflects a decrease of \$1,734 from the agency's estimate for salaries.

**T.** The Governor's recommended FY 1992 budget for the Department of Commerce includes \$402,391 from the State General Fund for the new Technology Enterprises program. The Governor's current year recommendation for KTEC includes \$774,243 for KTEC operations (financed by \$215,608 from the State General Fund and \$558,635 from the EDIF) and \$574,402 from the EDIF for special projects. The current resources budget submitted by the Governor for FY 1992 includes no funding for the Technology Enterprises program or KTEC.

**1.** The Governor's recommended FY 1992 budget for the Department of Commerce includes \$139,606 and 4.0 FTE positions to support the KTEC programs transferred to the Department. The Governor's current year recommendation for KTEC includes \$317,066 from the EDIF (a reduction of \$29,612 from KTEC's estimate) to support 8.0 FTE positions.

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<p>would assist with the increased workload resulting from increased public awareness of KTEC's programs and services. Salaries for KTEC's employees are set by the Corporation's Board of Directors. Actual FY 1990 expenditures totaled \$295,700 from the State General Fund.</p>	
<p><b>2. Professional Services.</b> The requested FY 1992 budget for KTEC includes \$175,448 for professional fees, a decrease of \$55,253 from the current year estimate of \$230,701. The request includes \$50,000 for maintenance of the Kansas Technology Resource database, \$7,976 for the services of advertising agencies, \$8,735 for accounting fees, \$21,380 for legal fees, and \$87,357 for miscellaneous professional fees, such as market research and conference speakers. Revisions from the current year estimate include a net decrease of \$72,000 in the cost of developing and maintaining the database, a decrease of \$12,133 in legal fees, and an increase of \$27,197 in miscellaneous fees. Net other changes increase total expenses by \$1,683. Actual expenditures in FY 1990 totaled \$93,963.</p>	<p>2. The Governor's FY 1992 recommended budget for the Department of Commerce includes \$65,000 for professional fees. The Governor's current year recommendation for KTEC includes \$230,701 for professional fees as requested by the agency.</p>
<p><b>3. Other Operating Expenditures.</b> The requested FY 1992 budget for KTEC includes \$205,406 for other corporate expenses, a decrease of \$23,225 from the current year estimate of \$228,631. The FY 1992 request includes \$50,402 for printing (\$26,232) and advertising (\$24,170) expenses, \$36,785 for office and equipment rental, \$36,495 for travel expenses, \$31,148 for postage (\$13,545) and telecommunication (\$17,063) expenses, \$24,565 for memberships and hospitality, \$14,049 for supplies, \$6,640 for honorariums and service fees, \$3,150 for capital outlay, and \$2,172 for other contractual services. Major changes from the current year estimate include decreases of \$39,521 associated with the biennial peer review of the Centers of Excellence and \$9,987 in capital outlay and increases of \$13,672 in printing (of which \$10,000 would be for a set of brochures highlighting each Center of Excellence), \$3,09 for travel, and \$2,832 for communications. Net other changes increase total expenditures by \$6,470. Actual FY 1990 expenditures were \$175,136.</p>	<p>3. The Governor's recommended FY 1992 budget for the Department of Commerce includes \$97,785 for other expenses for the Technology Enterprise program. The recommendation includes \$15,000 for printing, \$36,785 for rents, \$5,000 for travel, \$15,000 for communication expenses, \$15,000 for memberships and hospitality, \$6,000 for supplies, and \$5,000 for other expenses. The Governor's current year recommendation for KTEC includes \$226,476 for other operating expenditures, a reduction of \$2,155 from KTEC's estimate for supplies (\$651) and printing (\$1,504).</p>
<p><b>4. Special Projects.</b> The requested FY 1992 budget for KTEC includes \$500,000 from the EDIF to continue the Special Projects program. The program was established for the purpose of addressing special economic development opportunities that do not fit into other KTEC programs. Special projects currently supported by KTEC include an Intellectual</p>	<p>4. The Governor's recommended FY 1992 budget for the Department of Commerce includes \$100,000 in the Technology Enterprises program to support special projects begun under KTEC. The Governor's current year recommendation for KTEC includes \$574,402 for special projects, as requested by the agency.</p>

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Property program, the Invention Development Assistance Pilot (IDAP) project, the Kansas Telecommunications Consortium, establishment of a Kansas Patent Depository Library, creation of a Quality Improvement Network (QIN), and the development of a return on investment model to evaluate KTEC's other programs. Specific projects to be supported in FY 1992 would be determined by KTEC's Board of Directors. The request represents a decrease of \$74,402 from the current year estimate of \$574,402. The current year estimate includes \$427,402 reappropriated from FY 1990. Actual FY 1990 expenditures for the Special Projects program totaled \$74,391.

**U. Agricultural Value Added Processing Center.** The FY 1992 budget request for KTEC includes \$212,500 to support the operations of the Kansas Value Added Agricultural Processing Center (KVAC). Financed by \$150,000 from the State General Fund and \$62,500 from the EDIF, the request includes \$150,000 for salaries for the three existing employees, \$3,000 for equipment rental, \$12,000 for travel, \$10,000 to provide training courses and seminars, \$20,000 for consultant's services, \$9,500 for equipment acquisition, and \$8,000 for other expenses. The requested State General Fund financing would be used for salaries. The FY 1992 request represents a decrease of \$9,000 from the current year estimate of \$221,500, financed by \$21,567 from the State General Fund and \$199,933 from the EDIF. The major revision between the current year and FY 1992 is a decrease of \$25,000 in consultant fees due to the completion of a nutritional labeling project in the current year. Other revisions include increases of \$5,000 each for salaries and training courses and \$2,000 each for equipment rental, travel, and equipment acquisition. Actual FY 1990 expenditures totaled \$158,642, including \$101,303 for salaries of two employees.

U. The Governor's recommended FY 1992 budget for the Department of Commerce includes \$148,975 from the State General Fund for the operations of KVAC. The salary recommendation of \$95,975 allows for the continuation of 2.0 FTE positions (with the elimination of a vacant program manager position) and allows for turnover savings of \$10,498 (10.0 percent). Recommended other operating expenses of \$53,000 reflects a decrease of \$9,500 from the request for equipment acquisition. The current resources budget submitted by the Governor includes no funding for KVAC in FY 1992. The Governor's current year recommendation for KTEC includes \$209,566 for KVAC operations, a reduction of \$11,934 from the agency's estimate for salaries.

#### AID TO LOCAL UNITS

**A. Community Development Block Grant Program.** The agency estimates expenditures of \$14,617,883 in federal funds for the FY 1992 Small Cities Community Development Block Grant (CDBG) program, a decrease of \$830,022 from the current year estimate of \$15,447,905. Actual grant expenditures in FY 1990 totaled \$12,544,528.

A. The Governor concurs with the amounts requested for CDBG grants for both years.

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**B. Emergency Shelter Grants.** The agency estimates expenditures of \$683,000 from federal funds in FY 1992 for Emergency Shelter Grants. The grants are awarded to local units of government to improve the quality and quantity of emergency shelters for the homeless, as well as assisting with the operating expenses of those shelters. The 1990 Legislature transferred responsibility for this program to the Department of Commerce from the Department of Social and Rehabilitation Services (SRS) effective May 17, 1990, by the passage of S.B. 427. Current year expenditures for this program are estimated to be \$683,000. Actual FY 1990 expenditures totaled \$79,112, all through the Department of Commerce.

**C. Kansas Partnership Fund.** The Department requests \$1,404,446 from the EDIF in FY 1992 to continue the revolving loan program to assist local units of government in financing public infrastructure improvements. The agency indicates that this program is designed to fulfill a part of the unmet need faced by local units of government for funding infrastructure improvements. The loans under this program reportedly would be targeted for projects with specific economic development objectives. The agency's current year estimate includes \$1,250,000 from the EDIF for this program. Actual FY 1990 loans totaled \$532,453. (Staff Note: The agency's current year estimate may be understated. The 1990 Legislature authorized the reappropriation of any uncommitted FY 1990 funding for this program to FY 1991. A total of \$1,517,547 is currently authorized for FY 1991.)

**D. Strategic Planning Grants.** The agency requests \$445,000 from the EDIF in FY 1992 for grants to local units of government for the formulation and implementation of city-county economic development strategic plans. The Community Strategic Planning Assistance program was created by the 1990 Legislature by the passage of Sub. H.B. 2603. City-county economic development organizations in non-metropolitan counties (all counties in Kansas excluding Douglas, Johnson, Leavenworth, Sedgwick, Shawnee, and Wyandotte) are eligible for planning grants of up to \$25,000 to develop county wide economic development strategic plans and action grants of up to \$40,000 to implement the plans. Planning grants require matching funds of 25 percent while action grants require a 100 percent match. The agency's current year estimate includes \$445,000 for the first year of planning and action grants.

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**B.** The Governor concurs with the amounts requested for emergency shelter grants for both years.

**C.** The Governor recommends \$500,000 from the State General Fund in FY 1992 for Partnership Fund loans. For the current year, the Governor recommends \$500,000 from the EDIF, a decrease of \$750,000 from the agency's estimate.

**D.** The Governor recommends \$445,000 from the State General Fund in FY 1992 for strategic planning grants and concurs with the agency's current year estimate of \$445,000 from the EDIF.

## OTHER ASSISTANCE

**A. Training Programs.** The Department requests \$3,000,000 from the EDIF for the Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) programs in FY 1992. The current year estimate includes \$2,750,000 from the EDIF for the programs. The KIT program provides pre-employment training for future employees of new and expanding businesses. The KIR program, authorized by the 1988 Legislature with the passage of H.B. 2515, provides training to employees of existing Kansas firms which are restructuring their operations through the incorporation of new technologies or products. Actual FY 1990 expenditures were \$1,425,000 from the EDIF and \$1,285,617 from the State General fund for a total of \$2,710,617. (Staff Note: Subsequent to the submission of the budget, the agency was informed that federal adult education vocational aid would no longer be available to supplement the training programs.)

**B. Grants for Certified Development Companies.** The Department requests \$600,000 from the EDIF in FY 1992 to provide grants for eligible Certified Development Companies (CDCs), an increase of \$175,000 from the current year estimate of \$425,000. Actual FY 1990 expenditures totaled \$425,000, financed by \$325,000 from the State General Fund and \$100,000 from the EDIF.

**C. Grants for Small Business Development Centers.** The agency requests \$400,000 from the EDIF in FY 1992 to provide grants for Small Business Development Centers (SBDCs), an increase of \$125,000 from the current year estimate of \$275,000. Actual FY 1990 expenditures totaled \$275,000, including \$175,000 from the State General Fund and \$100,000 from the EDIF.

**D. Trade Show Assistance.** The agency requests \$175,000 from the EDIF in FY 1992 for the third year of a program designed to offer direct state support for companies which have been unable to participate in trade shows or exhibitions. The Trade Show Assistance program provides financing of up to 50 percent of the costs associated with a company's attendance at trade fairs and exhibitions approved by the Trade Development Division, with a maximum of \$3,500 per show and \$7,000 per year. The agency reports that the program would increase the number

A. The Governor recommends \$1,750,000 from the State General Fund in FY 1992 for the industrial training programs and concurs with the current year estimate of \$2,750,000 from the EDIF.

B. The Governor recommends \$425,000 from the State General Fund for CDC grants in FY 1992 and concurs with the current year estimate of \$425,000 from the EDIF.

C. The Governor recommends \$275,000 from the State General Fund for CDC grants in FY 1992 and concurs with the current year estimate of \$275,000 from the EDIF.

D. The Governor recommends \$250,000 from the State General Fund in FY 1992 for the Trade Show Assistance program and concurs with the current year estimate of \$150,000 from the EDIF.

Item	Governor's Recommendation
<p>of smaller Kansas firms engaged in international trade. The current year estimate includes \$150,000 from the EDIF for the program. Actual FY 1990 expenditures totaled \$99,914.</p>	
<p><b>E. Special Projects.</b> The agency requests \$250,000 from the EDIF in FY 1992 to continue a Special Projects Fund. The 1990 Legislature appropriated \$250,000 from the EDIF in FY 1991 for a Special Projects Fund to allow the agency flexibility to respond to economic development opportunities which arise outside of the scope of current programs or to provide enhanced funding for existing programs. Examples of projects funded in the current year include support for Meeting for Peace (\$80,000), \$50,000 to help establish a guide dog training facility, and \$100,000 to match federal funds of \$400,000 to provide training to persons with disabilities to assist their employment.</p>	<p><b>E.</b> The Governor recommends no funding for a Special Projects Fund in FY 1992 and concurs with the current year estimate of \$250,000.</p>
<p><b>F. Housing Assistance Payments.</b> The agency estimates federal funds of \$1,704,021 will be available in FY 1992 to provide assistance to seven low income housing projects. State oversight of the seven projects was assumed in 1981 because there were no housing authorities in the communities where the projects were developed. The 1990 Legislature transferred responsibility for this program to the Department of Commerce from SRS effective May 17, 1990, by the passage of S.B. 427. Current year expenditures for this program are estimated to be \$1,550,474. Actual FY 1990 expenditures through the Department of SRS were \$1,479,413.</p>	<p><b>F.</b> The Governor concurs with the amounts requested for Housing Assistance payments in both years.</p>
<p><b>G. Centers of Excellence.</b> The requested FY 1992 budget for KTEC includes \$5,100,000, financed by \$620,000 from the State General Fund and \$4,480,000 from the EDIF, for grants to support the state's Centers of Excellence. KTEC's current year estimate for the grants is \$3,215,000 from the EDIF. Actual FY 1990 grants were \$2,450,000 including \$394,620 from the State General Fund.</p>	<p><b>G.</b> The Governor's recommended FY 1992 budget for the Department of Commerce includes \$3,215,000 from the State General Fund for the Centers of Excellence. The current resources budget submitted by the Governor includes no funding for Center of Excellence grants. The Governor's current year recommendation for KTEC includes \$3,215,000 from the EDIF for the grants.</p>
<p><b>H. Research Matching Grants.</b> The requested FY 1992 budget for KTEC includes \$4,500,000 from the EDIF for new projects under the Research Matching Grants program. KTEC's current year estimate for the program is \$2,127,485. Actual FY 1990 expenditures were \$778,230.</p>	<p><b>H.</b> The Governor's recommended FY 1992 budget for the Department of Commerce includes \$900,000 from the State General Fund for Research Matching grants. The current resources budget submitted by the Governor includes no funding for the grants. The Governor's current year recommendation for KTEC includes \$1,227,485 from the EDIF for the grants, a reduction of \$900,000 from KTEC's estimate.</p>



Item	Governor's Recommendation
<p><b>I. Small Business Innovation Research Grants.</b> The requested FY 1992 budget for KTEC includes \$75,000 from the EDIF for SBIR grants. KTEC's current year estimate for the grants is \$66,501 from the EDIF. Actual FY 1990 expenditures were \$6,471.</p>	<p>I. The Governors recommended FY 1992 budget for the Department of Commerce includes \$25,000 from the State General Fund for SBIR grants. The current resources budget submitted by the Governor includes no funding for the grants. The Governor's current year recommendation for KTEC includes \$66,501 from the EDIF for SBIR grants.</p>
<p><b>J. KVAC Grants.</b> The requested FY 1992 budget for KTEC includes \$387,500 from the EDIF for grants and assistance provided through KVAC, a decrease of \$79,475 from the current year estimate of \$466,975. Actual expenditures for grants and assistance in FY 1990 were \$208,700.</p>	<p>J. The Governor's recommended budget for the Department of Commerce includes \$200,000 from the State General Fund for grants and assistance provided through KVAC. The current resource budget submitted by the Governor includes no funding for KVAC grants. The Governor's current year recommendation for KTEC includes \$466,475 from the EDIF for KVAC grants.</p>

### OTHER INFORMATION

**Export Loan Guarantee Fund.** In FY 1990, \$500,000 was transferred from the EDIF in order to capitalize the Export Loan Guarantee Fund. Under the provisions of K.S.A. 1989 Supp. 74-5069 *et seq.*, the fund is to be used to guarantee up to 90 percent of the pre-export and post-export credit risks for Kansas export transactions. The aggregate amount of outstanding guarantees is limited to 400 percent of the fund's balance. Expenditures from the fund would only occur in the case of a claim against the state's guarantee. The agency experienced no claims against the fund in FY 1990 and does not anticipate any claims in FY 1991 or FY 1992. No additional capitalization of the fund is requested in FY 1991 or FY 1992, pending the determination of the need for additional guarantees above the \$2,000,000 that the current funding would allow.

The Governor concurs with the agency's estimate for both years.

**ECONOMIC DEVELOPMENT INITIATIVES FUND**

The following table summarizes the FY 1992 resources, demands, and balances in the Economic Development Initiatives Fund (EDIF) if no changes are made in the current law governing the distribution of the State Gaming Revenues Fund receipts and if the current law was amended to reduce the EDIF share from 90 percent of gaming revenues to 60 percent. The Governor recommends the abolishment of the EDIF effective July 1, 1991. Authorized demands reflect current statutory transfers.

	<u>FY 1992 Current Law</u>	<u>FY 1992 60%</u>
<b>AVAILABLE RESOURCES</b>		
Beginning Balance*	\$ 1,504,019	\$ 1,504,019
Lottery Transfers	17,982,000	11,988,000
Racing Transfers	6,649,629	4,433,086
Interest Earnings	175,000	116,667
<b>TOTAL AVAILABLE</b>	<u>\$ 26,310,648</u>	<u>\$ 18,041,772</u>
<b>AUTHORIZED DEMANDS</b>		
State Water Plan Fund	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
<b>TOTAL DEMANDS</b>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
 Ending Balance	 <u>\$ 24,310,648</u>	 <u>\$ 16,041,772</u>

\* Based on the revised estimate of resources available in FY 1991 reported in Volume I of *The Governor's Budget Report* less currently authorized expenditures and transfers.

## ECONOMIC DEVELOPMENT INITIATIVES FUND

	Approved FY 1991	Governor's Rec. FY 1991
Available Resources		
Beginning Balance	\$ 3,486,753	\$ 3,470,447
Lottery Transfers	18,900,000	17,577,000
Racing Transfers	3,765,299	6,419,603
Interest Earnings	85,570	192,787
TOTAL AVAILABLE	<u>\$ 26,237,622</u>	<u>\$ 27,659,837</u>
Transfers and Expenditures		
Department of Commerce	\$ 9,168,914	\$ 8,165,164
KTEC	5,850,904	4,694,338
Arts Commission	450,000	450,000
Historical Society	310,000	310,000
Board of Agriculture	180,000	180,000
State Fair	100,000	100,000
School for the Visually Handicapped	75,000	75,000
Department of Wildlife and Parks	687,500	687,500
State Water Plan Fund	2,000,000	2,000,000
Department of Revenue*	5,000,000	5,000,000
Wichita State University	105,000	105,000
University of Kansas Medical Center	250,000	250,000
Board of Regents	253,500	253,500
Department of Education	1,675,000	1,675,000
Broadcasting Commission	50,000	50,000
TOTAL DEMANDS	<u>\$ 26,155,818</u>	<u>\$ 23,995,502</u>
Ending Balance	<u>\$ 81,804</u>	<u>\$ 3,664,335</u>

\* The Governor recommends the transfer of \$1,288,557 of this amount from the Department of Revenue to the State General Fund effective July 1, 1991. This amount is included within the \$21.4 million identified in Volume 1 of the *Governor's Budget Report* as FY 1992 state gaming revenue receipts to the State General Fund.