

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairman Mason at 3:35 p.m. on March 7, 2002 in Room 522-S of the Capitol.

All members were present except:

Representative Long - E
Representative Novascone - E
Representative Winn - E
Representative Welshimer - E

Committee staff present:

April Holman, Legislative Research Department
Deb Hollon, Legislative Research Department
Rena Jefferies, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list

Representative Compton moved, seconded by Representative Beggs that the February 21 and 26 minutes be approved. The motion carried.

The Chairman called attention to a letter from Representative Wilks requesting that the New Economy Committee conduct an in-depth policy study of the structure and organization of economic development in Kansas (Attachment 1). He referred to actions taken by the Joint Committee on New Economy during the interim session and asked staff to review details of those meetings.

Staff briefed the Committee on the broad topic of the Kansas Strategic Plan and possible restructuring of the State Economic Development Agencies (Attachment 2). A review followed including; recommendations from the Governor's Vision 21st Century Task Force (December 2000), findings from the Legislative Division of Post Audit, (January 2001), five policy recommendations from the strategic plan and the strategic initiatives of the Department of Commerce and Housing. Conclusions and Recommendations from the Committee included; a recommendation that funding for non-economic development items and the operating expenses of the economic development agencies be shifted over a three year time frame to other funding sources and that there be an increase in the statutory cap on receipts to the State Gaming Revenue Fund at a rate of at least \$2 million per year with the cap being completely removed at the end of three years.

The Chairman stated that there was no interest from the Committee for any of the previous plans presented, however they recommended that the coordination aspect (oversight of the three agencies) that was originally in the Kansas, Inc. Charter, be removed. He referred to a Senate bill that addresses the reorganization issue.

He stated that Chairman Wilks is looking for help from agencies in areas in which dollars could be held over for a year, using those much needed dollars in other areas of the budget. He explained that Mr. Ranson is away on a family emergency and has assured him that upon his return he will turn his attention to an evaluation process to assess ways of saving money.

Discussion followed regarding concern over the budget decreases already in place for the three economic development agencies. The Budget Sub-Committee for General Government were very explicit in their recommendation to the full appropriations committee that Kansas, Inc. remain a free standing institution. All agreed that the Appropriations Committee faced a grave challenge to find money for the upcoming year and whatever Committees could do to assist them in their efforts, without damaging overall operations, is an appropriate action.

Staffed reviewed a packet of budgetary items including: a FY 2003 budget summary sheet for the three

CONTINUATION SHEET

Economic Development agencies, the detailed budget write-ups for those agencies and a breakdown on the EDIF funds listing the 2002 Legislative Approved Budget and the Governor's Recommendation for 2002 and 2003 (Attachment 3). A figure on the summary page, under Kansas, Inc. was changed from \$319,292 to \$375,000.

There was a Committee request for an information sheet detailing EDIF Resource Estimate and expenditure sheet. Staff agreed to provide that breakdown. Discussion followed regarding various expenditures from the fund.

The Chairman stated that the intent of the budget information was for their review and formulation of questions. They may be able to find dollars that, although not be taken out of the budget, may be held for a year, such as some existing grants.

The next meeting will be on Tuesday, March 12, 2002 at which they will hear SB 565.

The meeting adjourned at 4:30 p.m.

ECONOMIC DEVELOPMENT
COMMITTEE GUEST LIST

DATE: March 7, 2002

NAME	REPRESENTING
Stephanie Buchanan	DOB
P. McWhirter	KDOT
RaeAnne Davis	KDOCH
Stephanie Neal	KS Governmental Consulting

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

KENNY A. WILK
715 Cottonwood Drive
Lansing, Kansas 66043
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*State Representative
42nd District
State Capitol, Room 514-S
Topeka, Kansas 66612-1504
(785) 296-7660*

CHAIRMAN
House Appropriations Committee

February 27, 2002

Representative William Mason, Chair
House New Economy Committee
446-N
Fourth Floor – Statehouse
BUILDING MAIL

Dear Representative Mason:

During its deliberations of the FY 2003 budgets of Kansas, Inc., the Kansas Technology Enterprise Corporation, and the Department of Commerce and Housing, the Appropriations Committee began discussing the policy of the current structure of economic development in Kansas. The Committee realized that the topic requires a more in-depth study than time allows in the budget process.

On behalf of the Appropriations Committee, I respectfully request that the New Economy Committee and the Kansas Futures Committee conduct an in-depth policy study of the structure and organization of economic development in Kansas with a focus on the policy of having three separate agencies as well as the funding of those agencies. The Committee also requests a report on the topic before first adjournment of the Legislature as the overall policy issue greatly influences the budget policy for these agencies.

Thank you very much for your assistance on this topic.

Sincerely;

Representative Kenny Wilk, Chair
House Appropriations Committee

KW/aem

35955(2/26/2(4:47PM))

NEW ECONOMY
3-7-02
ATTACHMENT 1

Joint Committee on Economic Development

KANSAS STRATEGIC PLAN AND POSSIBLE RESTRUCTURING OF STATE ECONOMIC DEVELOPMENT AGENCIES

CONCLUSIONS AND RECOMMENDATIONS

The Committee is very concerned about the diversion of economic development funds to non-economic development projects. This situation is especially critical given that the pool of available funds is limited by statute. The Committee recommends that funding for non-economic development items, *e.g.* the Corrections Institutions Building Fund, the Juvenile Detention Facilities Fund, and the operating expenses of the economic development agencies, be shifted over a three year time frame to other funding sources. This recommendation follows the original intent for the use of racing and gaming proceeds which was economic development initiatives.

The Committee also recommends an increase in the statutory cap on receipts to the State Gaming Revenue Fund at a rate of at least \$2 million per year with the cap being completely removed at the end of three years. Current statute stipulates that the first \$50 million in racing and gaming revenue is credited to the State Gaming Revenue Fund. Any additional revenue is credited to the State General Fund (approximately \$10 million in FY 2001). The Committee believes that the additional funding for economic development would generate long-term benefits which would far outweigh any short-term reduction in the State General Fund.

Proposed Legislation: The Committee recommends one bill.

BACKGROUND

By statute (KSA 74-8001 *et seq.*), Kansas, Inc. is required to conduct strategic analysis and planning in the area of economic development and report its findings to the Governor and Legislature. During 2001, the agency developed a strategic plan for the state's economy. The state's last strategic plan was published in 1997.

In reviewing this topic, the Committee heard testimony on the strategic plan developed by Kansas, Inc.; the report of the Governor's Vision 21st Century Task Force; the review by the Legislative Division of Post Audit; and the strategic initiatives developed by the Department of Commerce and Housing.

KANSAS, INC.

At the Committee's October meeting, Kansas, Inc. presented an overview of the draft strategic plan which is to provide

COMMITTEE ACTIVITIES

overall, long-term direction for the state including 47 specific steps to strengthen the economy. The analysis of the current state of the economy was based upon data covering such things as employment rates, demographic information, education, manufacturing and research and development statistics, and tax rates. Comparisons were made to both national figures and those of competitor states.

The testimony noted a number of general findings. Among these was good cooperation at the program level of the three state agencies responsible for economic development: Kansas, Inc.; Kansas Technology Enterprise Corporation (KTEC); and the Department of Commerce and Housing, but that same cooperation was lacking at the leadership level. One reason given for the inter-agency competitiveness was the fixed pool of resources from which all three agencies are funded. The first \$50 million in racing and gaming revenue is credited to the State Gaming Revenue Fund. Of that amount, 85 percent (\$42.5 million) is transferred to the Economic Development Initiatives Fund (EDIF). The agency recommended that the entire \$50 million be available for economic development and that non-economic development programs not be funded through the EDIF.

The specific policy recommendations to be included in the strategic plan covered five general areas:

- Integrated statewide efforts;
- Workforce development;
- Development and commercialization of technology;
- Improvements in rural, environmental, and natural resource utilization;

and

- Competitiveness of Kansas industries and communities.

OTHER ANALYSES

The Committee also examined the analyses conducted by other agencies and entities of the state's economy and economic development infrastructure. The Governor's Vision 21st Century Task Force (December 2000) recommended that the Economic Development Initiatives Fund be eliminated and that economic development be funded through the State General Fund at a rate of one-tenth of 1 percent of the Kansas economy. The recommendations of the Task Force also included a restructuring of the economic development agencies to bring them under the umbrella of the Department of Commerce and Housing as well as a heightened budgetary priority of tourism advertising and facilities.

The Legislative Division of Post Audit conducted a review in January 2001, of the coordination and effectiveness of the economic development agencies. Its findings included an overall lack of inter-agency coordination due to competition for funding and a lack of statutory authority for any one agency to assume the lead in economic direction. The report specified several statutory changes which could be made to address some of the problems.

The Committee also received testimony on the strategic initiatives of the Department of Commerce and Housing which were based upon the Kansas, Inc. strategic plan. It was noted that funding for several of the items was requested as part of the agency's FY 2003 submitted budget. The testimony also included the recommendation that the entire \$50 mil-

lion in the State Gaming Revenue Fund be transferred to the Economic Development Initiatives Fund. The strategic initiatives covered the following areas:

- Rebuilding rural areas;
- Globalization;
- Workforce development;
- Creation of incentives and policies; and
- Tourism promotion.

CONCLUSIONS AND RECOMMENDATIONS

The Committee is very concerned about the diversion of economic development funds to non-economic development projects. This situation is especially critical given that the pool of available funds is limited by statute. The Committee recommends that funding for non-economic development items, *e.g.* the Corrections Institutions Building Fund,

the Juvenile Detention Facilities Fund, and the operating expenses of the economic development agencies be shifted over a three year time frame to other funding sources. This recommendation follows the original intent for the use of racing and gaming proceeds which was economic development initiatives.

The Committee also recommends an increase in the statutory cap on receipts to the State Gaming Revenue Fund at a rate of at least \$2 million per year with the cap being completely removed at the end of three years. Current statute stipulates that the first \$50 million in racing and gaming revenue is credited to the State Gaming Revenue Fund. Any additional revenue is credited to the State General Fund (approximately \$10 million in FY 2001). The Committee believes that the additional funding for economic development would generate long-term benefits which would far outweigh any short-term reduction in the State General Fund.

**ECONOMIC DEVELOPMENT AGENCIES
FY 2003 BUDGET SUMMARY**

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

The agency requests operating expenditures of \$39,039,762 of which \$15,896,177 is from the Economic Development Initiatives Fund and \$20,000,000 is from the State General Fund. The request includes enhancements totaling \$22,937,000 listed below. Absent enhancements, the agency's request is \$16,102,262 (\$12,959,177 EDIF). The agency's requested enhancements are:

- Strategic Technologies Initiative - \$20,000,000 SGF;
- Commercialization Pre-seed Capital - \$2,000,000 EDIF;
- Applied Research Matching Grant - \$500,000 EDIF;
- Centers of Excellence - \$187,500 EDIF; and
- MAMTC - \$250,000 EDIF.

The Governor recommends operating expenditures of \$15,351,133 of which \$12,207,251 is from the Economic Development Initiatives Fund. The Governor does not recommend any of the enhancement requests.

KANSAS, INC.

The agency requests operating expenditures of \$416,333 of which ~~\$313,292~~ ^{\$375,000} is from the Economic Development Initiatives Fund. The agency requests an enhancement of \$30,000 EDIF to fund the Annual Survey of Kansas Manufacturers and Exporters.

The Governor recommends operating expenditures of \$354,444 of which \$313,292 is from the Economic Initiatives Fund. The Governor does not recommend the requested enhancement.

DEPARTMENT OF COMMERCE AND HOUSING

The agency requests operating expenditures of \$125,571,813 of which \$200,000 is from the State General Fund and \$18,965,061 is from the Economic Development Initiatives Fund. The agency requests enhancements totaling \$2,788,000 EDIF including:

- Lewis and Clark Bicentennial Commemoration - \$150,000 EDIF; and
- Strategic Initiative Package - \$2,638,000 EDIF.

The Governor recommends operating expenditures of \$121,981,486 which includes \$15,338,185 from the Economic Development Initiatives Fund. The Governor does not recommend either of the requested enhancements.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

Expenditure	Actual FY 01	Agency Est. FY 02	Gov. Rec. FY 02	Agency Req. FY 03	Gov. Rec. FY 03
All Funds:					
State Operations	\$ 2,718,363	\$ 2,625,021	\$ 2,573,360	\$ 2,521,180	\$ 2,380,051
Aid to Local Units	0	0	0	0	0
Other Assistance	15,223,329	13,620,163	13,620,163	36,518,582	12,971,082
TOTAL	<u>\$ 17,941,692</u>	<u>\$ 16,245,184</u>	<u>\$ 16,193,523</u>	<u>\$ 39,039,762</u>	<u>\$ 15,351,133</u>
State General Fund:					
State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	20,000,000	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000,000</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:					
State Operations	\$ 1,360,253	\$ 1,387,840	\$ 1,341,174	\$ 1,438,374	\$ 1,291,549
Aid to Local Units	0	0	0	0	0
Other Assistance	11,725,807	11,555,303	11,555,303	14,457,803	10,915,702
TOTAL	<u>\$ 13,086,060</u>	<u>\$ 12,943,143</u>	<u>\$ 12,896,477</u>	<u>\$ 15,896,177</u>	<u>\$ 12,207,251</u>
Other Funds:					
State Operations	\$ 1,358,110	\$ 1,237,181	\$ 1,232,186	\$ 1,082,806	\$ 1,088,502
Aid to Local Units	0	0	0	0	0
Other Assistance	3,497,522	2,064,860	2,064,860	2,060,779	2,055,380
TOTAL	<u>\$ 4,855,632</u>	<u>\$ 3,302,041</u>	<u>\$ 3,297,046</u>	<u>\$ 3,143,585</u>	<u>\$ 3,143,882</u>
Percentage Change:					
Operating Expenditures:					
All Funds	(3.4)%	(9.5)%	(9.7)%	140.3%	(5.2)%
State General Fund	0.0	0.0	0.0	—	0.0
EDIF	(2.8)	(1.1)	(1.4)	22.8	(5.3)
FTE Positions					
FTE Positions	19.0	30.0	29.0	30.0	29.0
Non-FTE Unclass. Perm.	14.0	1.0	1.0	1.0	1.0
TOTAL	<u>33.0</u>	<u>31.0</u>	<u>30.0</u>	<u>31.0</u>	<u>30.0</u>

AGENCY OVERVIEW

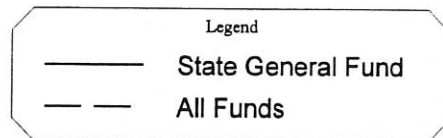
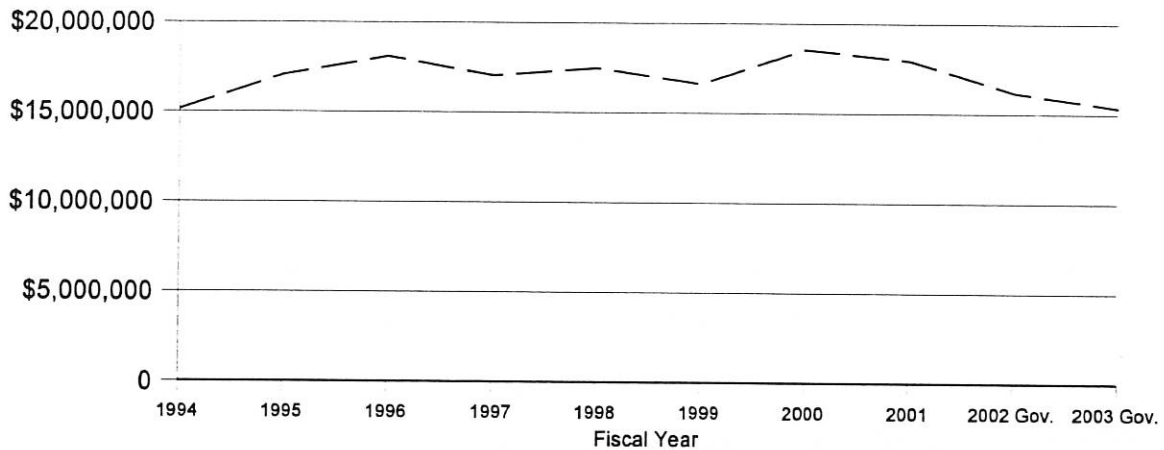
The Kansas Technology Enterprise Corporation (KTEC) was created by the 1986 Legislature and is, by statute, a public entity. It is governed by a 20-member Board of Directors. Its statutory purpose is to foster innovation in existing and developing businesses, especially the creation, growth and expansion of Kansas enterprises in a diversified range of primary sectors, which develop value-added products, processes and services through technological innovation.

BUDGET TRENDS

OPERATING EXPENDITURES FY 1994-FY 2003

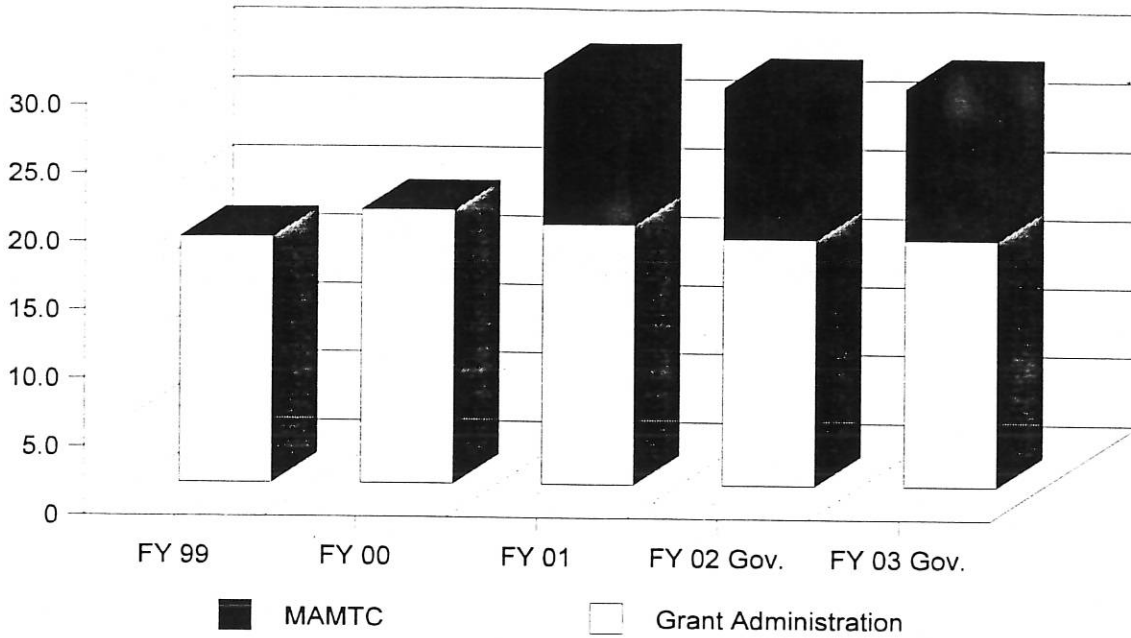
Fiscal Year	SGF	% Change	All Funds	% Change	FTE
1994	\$ 0	0.0%	\$ 15,152,942	47.8%	11.0
1995	0	0.0%	17,069,541	12.6%	11.0
1996	0	0.0%	18,104,475	6.0%	18.0
1997	0	0.0%	17,047,842	(5.8)%	19.0
1998	0	0.0%	17,492,607	2.6%	18.0
1999	0	0.0%	16,629,102	(4.9)%	18.0
2000	0	0.0%	18,564,699	11.6%	20.0
2001	0	0.0%	17,941,692	(3.4)%	29.0
2002 Gov. Rec.	0	0.0%	16,193,523	(9.7)%	29.0
2003 Gov. Rec.	\$ 0	0.0%	\$ 15,351,133	(5.2)%	29.0
Ten-Year Change Dollars/Percent	\$ 0	0.0%	\$ 198,191	1.3%	18.0

OPERATING EXPENDITURES FY 1994-FY 2003



Full-Time Equivalent (FTE) Positions by Program. The following graph and table reflect FTE positions authorized for the agency by program from FY 1999 through FY 2003.

FTE Positions by Program—FY 1999-FY 2003



Program	FY 99	FY 00	FY 01	FY 02 Gov.	FY 03 Gov.
Grant Administration	18.0	20.0	19.0	18.0	18.0
Mid-America Manufacturing Technology Center (MAMTC) ¹⁾	0.0	0.0	11.0	11.0	11.0
TOTAL	18.0	20.0	30.0	29.0	29.0

Staff Note: The agency's request and the Governor's recommendation includes the conversion of Unclassified Temporary positions to FTE positions. The agency does not have an FTE limitation and does not need Legislative approval to make the change. The positions are in the Mid-America Manufacturing Technology Center (MAMTC).

BUDGET OVERVIEW

A. FY 2002—Current Year

CHANGE FROM APPROVED BUDGET					
	Approved 2001 Legislature	Agency Est. FY 02	Agency Change From Approved	Gov. Rec. FY 02	Gov. Change From Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EDIF	12,943,143	12,943,143	0	12,896,477	(46,666)
All Other Funds	4,881,887	3,302,041	(1,579,846)	3,297,046	(1,584,841)
TOTAL	\$ 17,825,030	\$ 16,245,184	\$ (1,579,846)	\$ 16,193,523	\$ (1,631,507)
FTE Positions	19.0	30.0	11.0	29.0	10.0

The agency's estimate for FY 2002 operating expenditures of \$16,245,184 is a decrease of \$1,579,846 (8.9 percent) from the approved budget. The decrease is due primarily to a restructuring of the Kansas award of MAMTC federal contracts. Kansas will no longer be managing the grants for Missouri.

The agency's request includes the conversion of 11.0 Unclassified Temporary positions to FTE positions. The agency does not have an FTE limitation and does not need Legislative approval to make the change. The 11.0 positions are in the Mid-America Manufacturing Technology Center (MAMTC).

The Governor's recommendation for FY 2002 operating expenditures is \$16,193,523 which is a decrease of \$1,631,507 (9.2 percent). The recommendation reflects the restructuring of the MAMTC award and also includes a reduction of \$46,666 EDIF due to the delay in filling the Executive Director position.

The recommendation includes the conversion of 10.0 Unclassified Temporary positions to FTE positions. The reduction of 1.0 position from the agency's request reflects a vacant position within the agency.

Kansas Savings Incentives Program (KSIP) Expenditures.				
Program	Salary Bonuses	Professional Dev. Training	Technology Equipment	TOTAL
There are no KSIP expenditures for this agency.				

B. FY 2003—Budget Year

CHANGE FROM FY 2002		
	Agency Request	Governor's Recommendations
Dollar Change:		
State General Fund	\$ 20,000,000	\$ 0
EDIF	2,953,034	(689,226)
All Other Funds	(158,456)	(153,164)
TOTAL	<u>\$ 22,794,578</u>	<u>\$ (842,390)</u>
Percent Change:		
State General Fund	- %	0.0%
EDIF	22.8	(5.3)
All Other Funds	(4.8)	(4.6)
TOTAL	<u>140.3%</u>	<u>(5.2)%</u>
FTE Positions	0.0	0.0

The agency request for FY 2003 operating expenditures funding of \$39,039,762 is an increase of \$22,794,578 (140.3 percent) from the FY 2002 estimate. Absent enhancements, the request is \$16,102,262 which is a decrease of \$142,922 (0.9 percent) from the FY 2002 estimate. The request includes:

- **State General Fund**
 - \$20,000,000 or 51.2 percent of the FY 2003 operating request
 - Requested solely as part of an enhancement package detailed below
- **Economic Development Initiatives Fund**
 - \$15,896,177 or 40.7 percent of the FY 2003 operating request
 - Increase of \$2,953,034 (22.8 percent) from the FY 2002 estimate
- **Salaries and Wages**
 - \$1,889,407 to fund 30.0 FTE positions and 1.0 Non-FTE Unclassified Permanent position
 - Increase of \$9,466 (0.5 percent) from the FY 2002 estimate
 - Does not include funding for an unclassified merit pool
- **Other Operating Expenditures**
 - \$631,773
 - Decrease of \$113,307 (15.2 percent) from the FY 2002 estimate
- **Other Assistance**
 - \$36,518,582
 - Increase of \$22,898,419 (168.1 percent) from the FY 2002 estimate
 - Includes requested enhancements of \$22,937,500 detailed below

The Governor recommends FY 2003 operating expenditures of \$15,351,133 which is a decrease of \$842,390 (5.2 percent) from the FY 2002 recommendation. The recommendation includes:

- **State General Fund** - The Governor does not recommend any funding from the State General Fund.

- **Economic Development Initiatives Fund**
 - \$12,207,251 or 79.5 percent of the FY 2003 operating recommendation
 - Decrease of \$689,226 (5.3 percent) from the FY 2002 recommendation
- **Salaries and Wages**
 - \$1,857,365 to fund 29.0 FTE positions and 1.0 Non-FTE Unclassified Permanent position
 - Increase of \$24,090 (1.3 percent) from the FY 2002 recommendation
 - Includes pay plan adjustments of:
 - \$19,568 for group health insurance increases; and
 - (\$4,707) for a six-month moratorium on employer contributions to the KPERS Death and Disability Fund
- **Other Operating Expenditures**
 - \$522,686
 - Decrease of \$217,399 (29.4 percent) from the FY 2002 recommendation
- **Other Assistance**
 - \$12,971,082
 - Decrease of \$649,081 (4.8 percent) from the FY 2002 recommendation

FY 2003 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Strategic Technologies Initiative	\$ 20,000,000	\$ 20,000,000	0.0	\$ 0	\$ 0	0.0
Commercialization Pre-seed Capital	0	2,000,000	0.0	0	0	0.0
Applied Research Matching Fund	0	500,000	0.0	0	0	0.0
Centers of Excellence	0	187,500	0.0	0	0	0.0
MAMTC	0	250,000	0.0	0	0	0.0
TOTAL	\$ 20,000,000	\$ 22,937,000	0.0	\$ 0	\$ 0	0.0

Enhancement Detail

- **Strategic Technologies Initiative - \$20,000,000 SGF.** The agency requests the additional funding for the first year of a five-year plan for investment in the research infrastructure of Kansas. The funding would be divided among various institutions as follows:

<u>Institution</u>	<u>Program</u>	<u>Amount</u>
Kansas State University	Agricultural Biotechnology	\$ 5,000,000
Wichita State University	Aerospace	\$ 5,000,000
University of Kansas	Information Technology	\$ 4,900,000
University of Kansas Medical Center	Human Biosciences	\$ 4,500,000
Kansas State University	Nanotechnology	\$ 400,000
Pittsburg State University	Polymers	\$ 200,000

The Governor does not recommend this enhancement.

- **Commercialization Pre-seed Capital - \$2,000,000 EDIF.** The additional funding is requested to increase the access to seed capital for small technology companies.

The Governor does not recommend this enhancement.

- **Applied Research Matching Fund - \$500,000 EDIF.** The agency requests the additional funding to increase the size of the maximum allowable grant in any given year.

The Governor does not recommend this enhancement.

- **Centers of Excellence - \$187,500 EDIF.** The enhancement is requested to provide an increase for the Centers of Excellence program. According to the agency the budget for this program has been essentially flat over the past six fiscal years.

The Governor does not recommend this enhancement.

- **Mid-America Manufacturing Technology Center (MAMTC) - \$250,000 EDIF.** The agency requests the additional funds in order to meet federal match requirements.

The Governor does not recommend this enhancement.

FY 2003 Reduced Resources Packages							
Item	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
Agency Operations	\$ 0	\$ (23,078)	0.0	\$ 0	\$ (155,990)	0.0	
Centers of Excellence	0	(169,715)	0.0	0	(222,500)	0.0	
Centers - MAMTC	0	(34,785)	0.0	0	0	0.0	
Intern Program	0	(10,000)	0.0	0	0	0.0	
Innovation Research	0	(116,000)	0.0	0	(126,000)	0.0	
EPSCoR	0	(160,000)	0.0	0	(241,500)	0.0	
Special Projects	0	(20,303)	0.0	0	(20,000)	0.0	
TOTAL - Reduced Resources	\$ 0	\$ (533,881)	0.0	\$ 0	\$ (765,990)	0.0	

FY 2003 Reduced Resources Packages

The agency's submitted budget includes reduced resources packages involving various programs which total \$533,881 (4.1 percent). The funding associated with the reductions is entirely from the Economic Development Initiatives Fund.

The Governor's recommendation includes reductions of \$765,990 (5.9 percent) from the Economic Development Initiatives Fund.

Governor's Recommended Salary and Wage Adjustments.

Under the Governor's FY 2003 salary and wage recommendations:

- Funding is provided to **annualize the FY 2002 salary increase** which provided for a 3.0 percent base salary adjustment with 1.5 percent effective at the beginning of the fiscal year and 1.5 percent effective halfway through the fiscal year. Funding is provided in FY 2003 for annualization of the second 1.5 percent increase for the entire fiscal year.
- **No classified step movement, base salary adjustments or unclassified merit pool** increases are recommended for FY 2003.
- Full funding is provided for **longevity bonus payments** in FY 2003.
- The Governor recommends full funding for the **group health insurance rate increases** certified by the Health Care Commission for FY 2003.
- The Governor's FY 2003 recommendation includes a six-month moratorium for the first half of the fiscal year on employer contributions to the **KPERS Death and Disability Fund**.

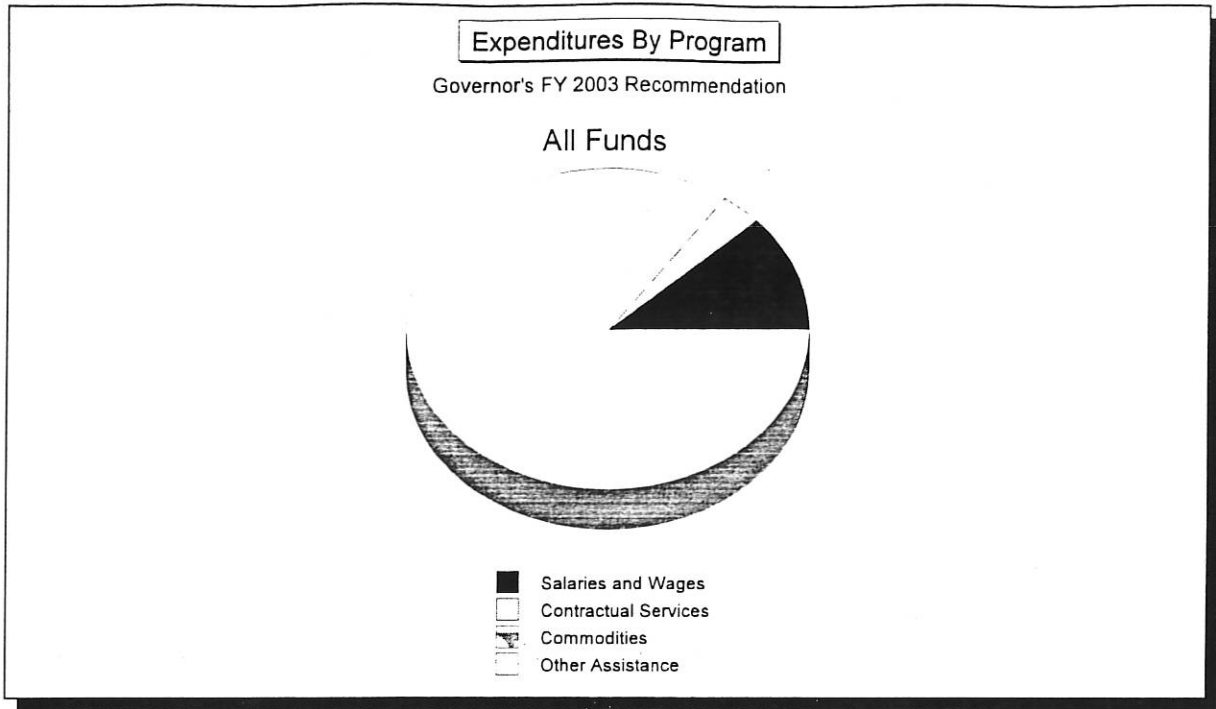
Of the total recommended salaries and wages of \$1,857,365, the Governor's recommended FY 2003 salary and wage adjustments total \$14,861 and are reflected in the table below:

Program	Annualization of FY 2002 Salary Increase	Longevity	Group Health Insurance Increases	Death and Disability Adjustment
Grant Administration	\$ 0	\$ 0	\$ 12,245	\$ (2,783)
MAMTC	0	0	7,323	(1,924)
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,568</u>	<u>\$ (4,707)</u>

Summary of Operating Budget FY 2001-FY 2003

	Actual FY 2001	Agency Request				Governor's Recommendation			
		Revised FY 02 Estimate	FY 03 Request	Dollar Change From FY 02	Percent Change From FY 02	Revised FY 02 Rec.	FY 03 Rec.	Dollar Change From FY 02	Percent Change From FY 02
By Program:									
Grant Administration	\$ 11,573,970	\$ 12,358,087	\$ 34,902,665	\$ 22,544,578	182.4%	\$ 12,306,426	\$ 11,458,637	\$ (847,789)	(6.9)%
MAMTC	6,347,980	3,887,097	4,137,097	250,000	6.4%	3,887,097	3,892,496	5,399	0.1%
KVAC/Industrial Ag.	19,742	0	0	0	0.0%	0	0	0	0.0%
TOTAL	\$ 17,941,692	\$ 16,245,184	\$ 39,039,762	\$ 22,794,578	140.3%	\$ 16,193,523	\$ 15,351,133	\$ (842,390)	(5.2)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,816,584	\$ 1,879,941	\$ 1,889,407	\$ 9,466	0.5%	\$ 1,833,275	\$ 1,857,365	\$ 24,090	1.3%
Contractual Services	840,012	714,780	608,663	(106,117)	(14.8)%	709,785	499,576	(210,209)	(29.6)%
Commodities	31,822	30,300	23,110	(7,190)	(23.7)%	30,300	23,110	(7,190)	(23.7)%
Capital Outlay	29,945	0	0	0	0.0%	0	0	0	0.0%
Subtotal - Operations	\$ 2,718,363	\$ 2,625,021	\$ 2,521,180	\$ (103,841)	(4.0)%	\$ 2,573,360	\$ 2,380,051	\$ (193,309)	(7.5)%
Other Assistance	15,223,329	13,620,163	36,518,582	22,898,419	168.1%	13,620,163	12,971,082	(649,081)	(4.8)
TOTAL	\$ 17,941,692	\$ 16,245,184	\$ 39,039,762	\$ 22,794,578	140.3%	\$ 16,193,523	\$ 15,351,133	\$ (842,390)	(5.2)%
Financing:									
State General Fund	\$ 0	\$ 0	\$ 20,000,000	\$ 20,000,000	----	\$ 0	\$ 0	\$ 0	0.0%
EDIF	13,086,060	12,943,143	15,896,177	2,953,034	22.8%	12,896,477	12,207,251	(689,226)	(5.3)%
Other Funds	4,855,632	3,302,041	3,143,585	(158,456)	(4.8)%	3,297,046	3,143,882	(153,164)	(4.6)%
TOTAL	\$ 17,941,692	\$ 16,245,184	\$ 39,039,762	\$ 22,794,578	140.3%	\$ 16,193,523	\$ 15,351,133	\$ (842,390)	(5.2)%

BUDGET DETAIL



Expenditure by Object	FY 03 Gov. Rec. All Funds
Salaries and Wages	\$ 1,857,365
Contractual Services	499,576
Commodities	23,110
Other Assistance	12,971,082
TOTAL	\$ 15,351,133

A. Grant Administration

KTEC is charged with oversight of the Centers of Excellence, administration of Applied Research Matching Grants, seed and venture capital financing for commercialization of newly-developed technologies, small business innovation research and a comprehensive technology clearinghouse.

SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 1,002,883	\$ 1,126,559	\$ 1,079,893	\$ 1,131,944	\$ 1,094,503
Contractual Services	722,586	596,925	591,930	490,808	381,721
Commodities	31,822	30,300	30,300	23,110	23,110
Capital Outlay	29,945	0	0	0	0
Other Assistance	9,786,734	10,604,303	10,604,303	33,256,803	9,959,303
Total-Oper. Expend.	\$ 11,573,970	\$ 12,358,087	\$ 12,306,426	\$ 34,902,665	\$ 11,458,637
FTE Positions	19.0	19.0	18.0	19.0	18.0
Non-FTE Unclass. Perm.	3.0	1.0	1.0	1.0	1.0
TOTAL	22.0	20.0	19.0	20.0	19.0

All Funds Five-Year Expenditures (Actual or Gov. Rec.)

Fiscal Year	Expenditure (\$)
FY 99	13,500,000
FY 00	13,000,000
FY 01	11,800,000
FY 02 Gov.	12,500,000
FY 03 Gov.	11,500,000

Important Issues in This Program

- ◆ **The agency** requests funding of \$34,902,665 for FY 2003 which is an increase of \$22,544,578 (182.4 percent) from the FY 2002 estimate.
- ◆ **The Governor** recommends funding for FY 2003 of \$11,458,637 which is a decrease of \$847,789 (6.9 percent) from the FY 2002 recommendation.
- ◆ **State General Fund** - \$20,000,000 or 57.3 percent of the FY 2003 program request.
- ◆ **The Governor** does not recommend any funding from the State General Fund.
- ◆ **Economic Development Initiatives Fund** - \$14,746,177 or 42.2 percent of the FY 2003 program request.
- ◆ **Economic Development Initiatives Fund** - \$11,301,852 or 98.6 percent of the program recommendation.

- ◆ **Salaries and wages** in the FY 2003 request total \$1,131,944 which is an increase of \$5,385 (0.5 percent) from the FY 2002 estimate.

- ◆ **Other operating expenditures** in the FY 2003 request total \$513,918 which is a decrease of \$113,307 (18.1 percent) from the FY 2002 estimate. The request includes:
 - \$145,500 - Attorney fees; and
 - \$126,900 - Rent.

- ◆ **Other assistance** in the FY 2003 request totals \$33,256,803 which is an increase of \$22,652,500 (213.6 percent) from the FY 2002 estimate. The request includes an enhancement of \$22,687,500. The requested funds will be used for grants in several areas, including the following:
 - Centers for Excellence
 - Innovation Research, and
 - Commercialization.

- ◆ **The Governor** recommends FY 2003 salaries and wages of \$1,094,503 which is an increase of \$14,610 (1.4 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$37,441 (3.3 percent) from the agency request.

- ◆ **The Governor** recommends FY 2003 other operating expenditures of \$404,831 which is a decrease of \$217,399 (34.9 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$109,087 (21.2 percent) from the agency request.

- ◆ **The Governor** recommends FY 2003 other assistance expenditures of \$9,959,303 which is a decrease of \$645,000 (6.1 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$23,297,500 (70.1 percent) from the agency request due mainly to not recommending the requested enhancement.

B. Mid-America Manufacturing Technology Center (MAMTC)

Mid-America Manufacturing Technology Center (MAMTC) is a wholly-owned non-profit subsidiary of KTEC. MAMTC is operated under a cooperative agreement between the National Institute of Standards and Technology (NIST) and KTEC.

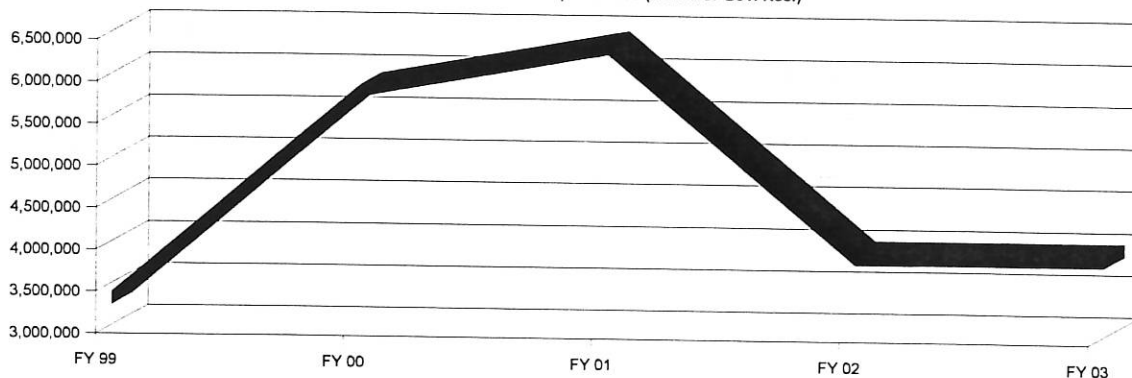
MAMTC helps small and medium sized manufacturers improve their competitiveness by assisting them in modernizing their operations and adopting appropriate technologies, as well as management, marketing and business practices. MAMTC divides its services into three types: (1) one-on-one client consultation, assessment and information searches; (2) programs for groups of manufacturers, such as seminars/workshops, round table discussion groups and cooperative networks; and (3) equipment and software for demonstration, testing and developing product prototypes. All services are provided in eight core areas: quality, manufacturing process, business systems, marketing, information systems, human resources, product development and testing, and company assessment.

MAMTC has 7 regional offices, with a total of 19 locations in Kansas, Colorado and Wyoming to provide technical assistance to 13,000 small manufacturers in the three-state area. Each regional office employs several "Field Engineers" who can solve problems "on-the-factory-floor," help firms adopt new techniques and machinery to modernize plants, establish company networks to share information and develop beneficial relationships, and connect companies to training programs and business and financial consultation.

SUMMARY OF EXPENDITURES FY 2001-FY 2003

Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 813,701	\$ 753,382	\$ 753,382	\$ 757,463	\$ 762,862
Contractual Services	117,426	117,855	117,855	117,855	117,855
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Other Assistance	5,416,853	3,015,860	3,015,860	3,261,779	3,011,779
Total-Oper. Expend.	\$ 6,347,980	\$ 3,887,097	\$ 3,887,097	\$ 4,137,097	\$ 3,892,496
FTE Positions	0.0	11.0	11.0	11.0	11.0
Non-FTE Uncl. Perm. Pos.	11.0	0.0	0.0	0.0	0.0
TOTAL	11.0	11.0	11.0	11.0	11.0

All Funds Five-Year Expenditures (Actual or Gov. Rec.)



Important Issues in This Program

- ◆ **The agency** requests funding of \$4,137,097 for FY 2003 which is an increase of \$250,000 (6.4 percent) from the FY 2002 estimate.
- ◆ **Economic Development Initiatives Fund** - \$1,150,000 or 27.8 percent of the FY 2003 program request.
- ◆ **Salaries and wages** in the FY 2003 request total \$757,463 which is an increase of \$4,081 (0.5 percent) from the FY 2002 estimate.
- ◆ **Other operating expenditures** in the FY 2003 request total \$117,855 which is equal to the amount in the FY 2002 estimate.
- ◆ **Other assistance** in the FY 2003 request totals \$3,261,779 which is an increase of \$245,919 (8.2 percent) from the FY 2002 estimate. The request includes an enhancement of \$250,000. The requested funding is to be used for grants to small and medium-sized manufacturers.
- ◆ **The Governor** recommends funding for FY 2003 of \$3,892,496 which is an increase of \$5,399 (0.1 percent) from the FY 2002 recommendation.
- ◆ **Economic Development Initiatives Fund** - \$905,399 or 23.3 percent of the FY 2003 recommendation.
- ◆ **The Governor** recommends FY 2003 salaries and wages of \$762,862 which is an increase of \$9,480 (1.3 percent) from the FY 2002 recommendation. The recommendation is an increase of \$5,399 (0.7 percent) from the agency request.
- ◆ **The Governor** concurs with the agency's request.
- ◆ **The Governor** recommends FY 2003 other assistance expenditures of \$3,011,779 which is a decrease of \$4,081 (0.1 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$250,000 (7.7 percent) from the agency request due to not recommending the requested enhancement.

Selected Performance Measures			
	<u>Actual</u> <u>FY 2001</u>	<u>Gov.</u> <u>Rec.</u> <u>FY 2002</u>	<u>Gov.</u> <u>Rec.</u> <u>FY 2003</u>
Dollars leveraged (millions):			
Federal	\$ 33.8	\$ 35.0	\$ 35.0
Private	\$ 32.6	\$ 35.0	\$ 35.0
Jobs created or saved	881	500	500
Increased sales of client companies (millions)	\$ 53.6	\$ 55.0	\$ 55.0

KANSAS, INC.

Expenditure	Actual FY 01	Agency Est. FY 02	Gov. Rec. FY 02	Agency Req. FY 03	Gov. Rec. FY 03
All Funds:					
State Operations	\$ 468,622	\$ 385,706	\$ 384,102	\$ 416,333	\$ 354,444
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 468,622	\$ 385,706	\$ 384,102	\$ 416,333	\$ 354,444
State General Fund:					
State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Economic Development Initiatives Fund:					
State Operations	\$ 379,772	\$ 344,706	\$ 343,102	\$ 375,181	\$ 313,292
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 379,772	\$ 344,706	\$ 343,102	\$ 375,181	\$ 313,292
Other Funds:					
State Operations	\$ 88,850	\$ 41,000	\$ 41,000	\$ 41,152	\$ 41,152
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 88,850	\$ 41,000	\$ 41,000	\$ 41,152	\$ 41,152
Percentage Change:					
Operating Expenditures:					
All Funds	23.9%	(17.7)%	(18.0)%	7.9%	(7.7)%
State General Fund	(100.0)	0.0	0.0	0.0	0.0
EDIF	93.9	(9.2)	(9.7)	8.8	(8.7)
FTE Positions					
FTE Positions	4.0	4.0	4.0	4.0	4.0
Non-FTE Unclass. Perm.	0.0	0.0	0.0	0.0	0.0
TOTAL	4.0	4.0	4.0	4.0	4.0

AGENCY OVERVIEW

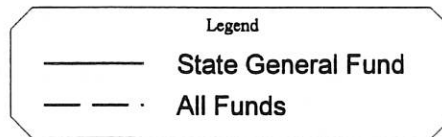
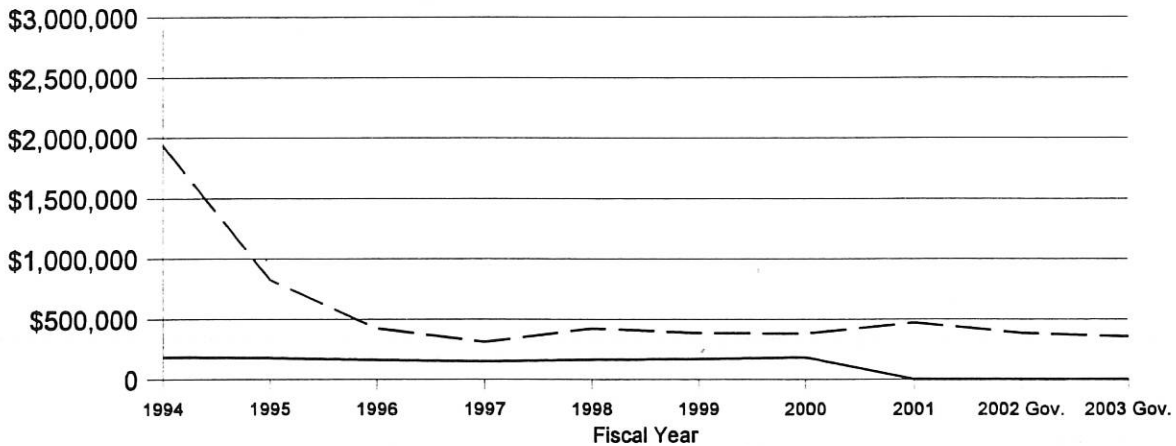
Kansas, Inc. was created by the 1986 Kansas Legislature to provide analysis, coordination, and direction to the state's economic development activities. The corporation is governed by a 17-member Board of Directors. Four Board positions are held or appointed by majority and minority leadership of the Legislature. The Board of Regents appoints one member from a state university. The Governor and a private sector member serve as co-chairs. The Secretary of Commerce and Housing and the Commanding General of the Kansas Calvary are also members of the Kansas, Inc. Board of Directors. The private sector is represented by recognized leaders in major Kansas industries and one from organized labor.

The agency's mission is to conduct strategic planning for the economic development of the State of Kansas, to evaluate state economic development policies and programs and to oversee the formulation and implementation of economic development policy for the state. The agency's activities include, among other things, strategic planning, economic and policy research, evaluation of state economic development, and private sector partnership and communications.

OPERATING EXPENDITURES
FY 1994-FY 2003

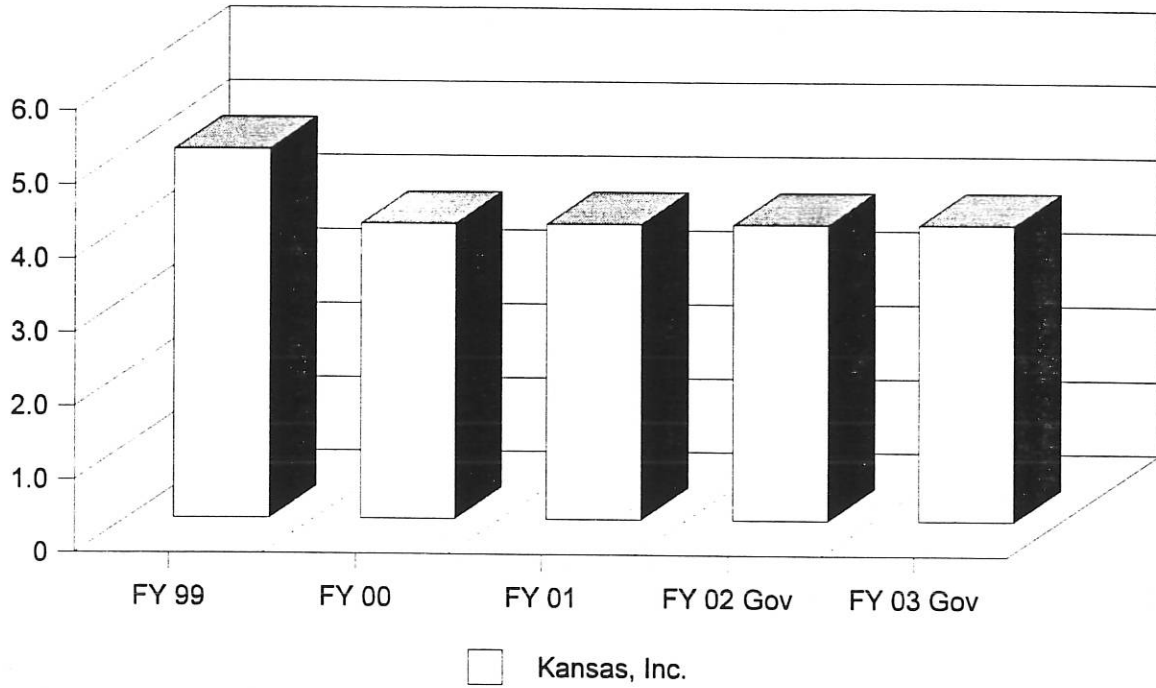
Fiscal Year	SGF	% Change	All Funds	% Change	FTE
1994	\$ 187,319	(0.1)%	\$ 1,941,502	(1.8)%	4.5
1995	178,011	(5.0)%	828,944	(57.3)%	5.0
1996	161,946	(9.0)%	421,655	(49.1)%	5.0
1997	150,231	(7.2)%	310,607	(26.3)%	5.0
1998	164,194	9.3%	421,893	35.8%	5.0
1999	169,626	3.3%	385,753	(8.6)%	5.0
2000	182,353	7.5%	378,196	(2.0)%	4.0
2001	0	(100.0)%	468,622	23.9%	4.0
2002 Gov. Rec.	0	0.0%	384,102	(18.0)%	4.0
2003 Gov. Rec.	0	0.0%	354,444	(7.7)%	4.0
Ten-Year Change Dollars/Percent	\$ (187,319)	(100.0)%	\$ (1,587,058)	(81.7)%	(0.5)

OPERATING EXPENDITURES
FY 1994-FY 2003



Full-Time Equivalent (FTE) Positions by Program. The following graph and table reflect FTE positions authorized for the agency by program from FY 1999 through FY 2003.

FTE Positions by Program—FY 1999-FY 2003



Program	FY 99	FY 00	FY 01	FY 02 Gov.	FY 03 Gov.
Kansas, Inc.	5.0	4.0	4.0	4.0	4.0

A. FY 2002—Current Year

CHANGE FROM APPROVED BUDGET					
	Approved 2001 Legislature*	Agency Est. FY 02	Agency Change From Approved	Gov. Rec. FY 02	Gov. Change From Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EDIF	343,267	344,706	1,439	343,102	(165)
All Other Funds	0	41,000	41,000	41,000	41,000
TOTAL	\$ 343,267	\$ 385,706	\$ 42,439	\$ 384,102	\$ 40,835
FTE Positions	4.0	4.0	0.0	4.0	0.0

* Includes \$342,663 which was approved by the 2001 Legislature and \$604 which was inadvertently included in the appropriations bill.

The agency's estimate for FY 2002 operating expenditures of \$385,706 is an increase of \$42,439 (12.4 percent) from the approved budget. The increase is due primarily to increased salaries and wages and includes \$12,987 for the addition of a non-FTE unclassified permanent position and \$23,195 previously considered off-budget. The increase of \$1,439 (0.4 percent) from the Economic Development Initiatives Fund is due to KSIP expenditures.

The Governor's recommendation for FY 2002 operating expenditures of \$384,102 is an increase of \$40,835 (11.9 percent) from the approved budget. The increase is funded through the agency's private account and is due primarily to the addition of the non-FTE unclassified permanent position and the previously off-budget items. The recommendation includes EDIF reductions of \$1,000 in contractual services and \$604 to reflect the 2001 Legislature's intent. The EDIF reductions are off-set by \$1,439 in KSIP expenditures.

Kansas Savings Incentives Program (KSIP) Expenditures.				
Program	Salary Bonuses	Professional Dev. Training	Technology Equipment	TOTAL
Operations	\$ 0	\$ 1,439	\$ 0	\$ 1,439

B. FY 2003—Budget Year

	CHANGE FROM FY 2002	
	Agency Request	Governor's Recommendations
Dollar Change:		
State General Fund	\$ 0	\$ 0
EDIF	30,475	(29,810)
All Other Funds	152	152
TOTAL	\$ 30,627	\$ (29,658)
Percent Change:		
State General Fund	0.0%	0.0%
EDIF	8.8	(8.7)
All Other Funds	0.4	0.4
TOTAL	7.9%	(7.7)%
FTE Positions	0.0	0.0

The agency request for FY 2003 operating expenditures funding of \$416,333 is an increase of \$30,627 (7.9 percent) from the FY 2002 estimate. The agency requests:

- **Economic Development Initiatives Fund**
 - \$375,181 or 90.1 percent of the FY 2003 operating request
 - Increase of \$30,475 (8.8 percent) from the FY 2002 estimate
 - Absent enhancements, the request is an increase of \$475 (0.1 percent).
- **Other Funds**
 - \$41,152 from the Kansas, Inc. private account
- **Salaries and Wages**
 - \$281,883 to fund 4.0 FTE positions and 0.5 non-FTE unclassified permanent position
 - Increase of \$1,218 (0.4 percent) from the FY 2002 estimate
 - Does not include funding for an unclassified merit pool
- **Other Operating Expenditures**
 - \$134,450
 - Increase of \$29,409 (28.0 percent) from the FY 2002 estimate
 - Includes an enhancement request of \$30,000 detailed below

The Governor recommends FY 2003 operating expenditures of \$354,444 which is a decrease of \$29,658 (7.7 percent) from the FY 2002 recommendation. The recommendation includes:

- **Economic Development Initiatives Fund**
 - \$313,292 or 88.4 percent of the FY 2003 recommendation
 - Decrease of \$29,810 (8.7 percent) from the FY 2002 recommendation
- **Other Funds**
 - \$41,152 from the Kansas, Inc. private account
- **Salaries and Wages**
 - \$284,801 to fund 4.0 FTE positions and 0.5 non-FTE unclassified permanent position

- Increase of \$4,136 (1.5 percent) from the FY 2002 recommendation
- Includes pay plan adjustments of:
 - \$3,583 for health insurance increases; and
 - (\$665) for the six-month moratorium on employer contributions to the KPERS Death and Disability Fund
- **Other Operating Expenditures**
 - \$69,643 requested in FY 2003
 - Decrease of \$33,794 (32.7 percent) from the FY 2002 recommendation

FY 2003 Enhancements							
Enhancement	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
Annual Survey of Kansas Manufacturers and Exporters	\$ 0	\$ 30,000	0.0	\$ 0	0	0.0	

Enhancement Detail

The agency requests an additional \$30,000 EDIF to conduct the Annual Survey of Kansas Manufacturers and Exporters. This survey measures growth in export market share, investment and employment dependent on export sales, and confidence in future growth of export markets as well as establishes benchmarks for utilization of Kansas trade promotion programs. The survey has not been conducted since FY 1999.

Staff Note: The agency has stated that the survey could be conducted at the Current Services funding level with resulting information provided only to policymakers. Full publication and distribution would not be possible.

The Governor does not recommend the requested enhancement.

FY 2003 Reduced Resources Packages							
Item	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
Reduction in operating expenditures	\$ 0	\$ (13,807)	0.0	\$ 0	\$ (34,807)	0.0	

FY 2003 Reduced Resources Packages

The agency's submitted reduced resources budget includes an operating expenditures reduction package of \$13,807 (4.0 percent) from the Current Services funding level and is to be funded through the Economic Development Initiatives Fund.

The Governor recommends a reduction in operating expenditures of \$34,807 (10.1 percent) from the Current Services funding level. The entire reduction would be from the Economic Development Initiatives Fund.

Governor's Recommended Salary and Wage Adjustments. Under the Governor's FY 2003 salary and wage recommendations:

- Funding is provided to **annualize the FY 2002 salary increase** which provided for a 3.0 percent base salary adjustment with 1.5 percent effective at the beginning of the fiscal year and 1.5 percent effective halfway through the fiscal year. Funding is provided in FY 2003 for annualization of the second 1.5 percent increase for the entire fiscal year.
- **No classified step movement, base salary adjustments or unclassified merit pool** increases are recommended for FY 2003.
- Full funding is provided for **longevity bonus payments** in FY 2003.
- The Governor recommends full funding for the **group health insurance rate increases** certified by the Health Care Commission for FY 2003.
- The Governor's FY 2003 recommendation includes a six-month moratorium for the first half of the fiscal year on employer contributions to the **KPERS Death and Disability Fund**.

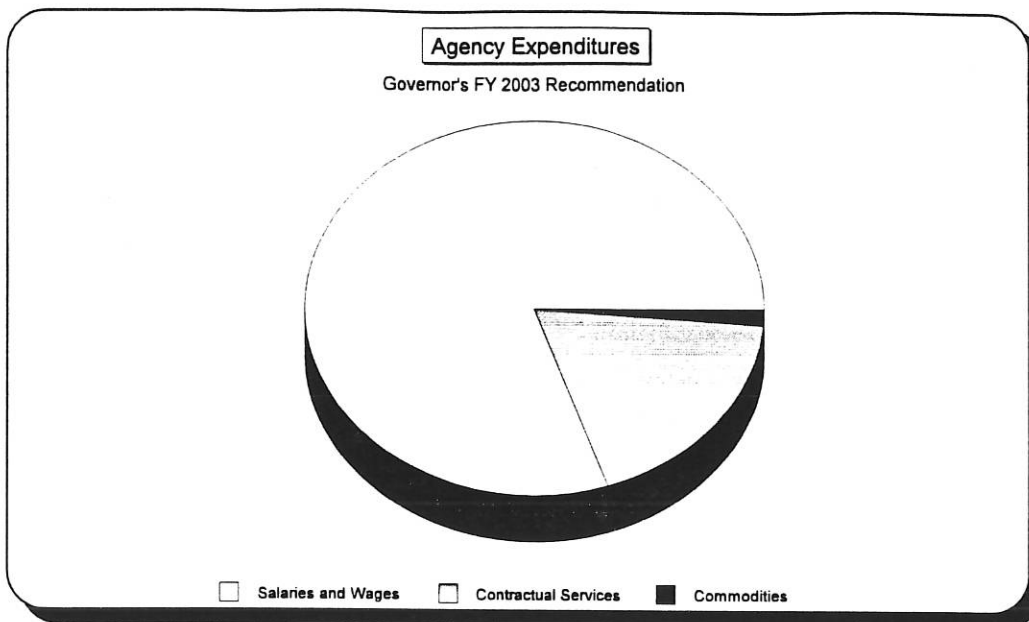
Of the total recommended salaries and wages of \$284,801, the Governor's recommended FY 2003 salary and wage adjustments total \$2,918 and are reflected in the table below:

Program	Annualization of FY 2002 Salary Increase	Longevity	Group Health Insurance Increases	Death and Disability Adjustment
Operations	\$ 0	\$ 0	\$ 3,583	\$ (665)

Summary of Operating Budget FY 2001-FY 2003

	Actual FY 2001	Agency Request				Governor's Recommendation			
		Revised FY 02 Estimate	FY 03 Request	Dollar Change From FY 02	Percent Change From FY 02	Revised FY 02 Rec.	FY 03 Rec.	Dollar Change From FY 02	Percent Change From FY 02
By Program:									
Operations	\$ 468,622	\$ 385,706	\$ 416,333	\$ 30,627	7.9%	\$ 384,102	\$ 354,444	\$ (29,658)	(7.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 216,645	\$ 280,665	\$ 281,883	\$ 1,218	0.4%	\$ 280,665	\$ 284,801	\$ 4,136	1.5%
Contractual Services	240,321	100,541	129,950	29,409	29.3%	98,937	65,143	(33,794)	(34.2)%
Commodities	7,851	4,500	4,500	0	0.0%	4,500	4,500	0	0.0%
Capital Outlay	3,805	0	0	0	0.0%	0	0	0	0.0%
TOTAL	\$ 468,622	\$ 385,706	\$ 416,333	\$ 30,627	7.9%	\$ 384,102	\$ 354,444	\$ (29,658)	(7.7)%
Financing:									
EDIF	379,772	344,706	375,181	30,475	8.8%	343,102	313,292	(29,810)	(8.7)%
Other Funds	88,850	41,000	41,152	152	0.4%	41,000	41,152	152	0.4%
TOTAL	\$ 468,622	\$ 385,706	\$ 416,333	\$ 30,627	7.9%	\$ 384,102	\$ 354,444	\$ (29,658)	(7.7)%

BUDGET DETAIL



<u>Expenditure by Object</u>	<u>FY 03 Gov. Rec. All Funds</u>
Salaries and Wages	\$ 284,801
Contractual Services	65,143
Commodities	4,500
TOTAL	<u>\$ 354,444</u>

A. Agency Operations

SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 216,645	\$ 280,665	\$ 280,665	\$ 281,883	\$ 284,801
Contractual Services	240,321	100,541	98,937	129,950	65,143
Commodities	7,851	4,500	4,500	4,500	4,500
Capital Outlay	3,805	0	0	0	0
Total-Oper. Expend.	<u>\$ 468,622</u>	<u>\$ 385,706</u>	<u>\$ 384,102</u>	<u>\$ 416,333</u>	<u>\$ 354,444</u>
FTE Positions	4.0	4.0	4.0	4.0	4.0
Non-FTE Unclass. Perm.	0.0	0.5	0.5	0.5	0.5
TOTAL	<u>4.0</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>

All Funds -- Five-Year Expenditures (Actual or Gov. Rec.)

Fiscal Year	Expenditure (Approximate)
FY 99	400,000
FY 00	390,000
FY 01	490,000
FY 02 Gov	400,000
FY 03 Gov	380,000

Important Issues in This Program

- ◆ **The agency requests** funding of \$416,333 for FY 2003 which is an increase of \$30,627 (7.9 percent) from the FY 2002 estimate.
- ◆ **The Governor** recommends FY 2003 funding of \$354,444 which is a decrease of \$29,658 (7.7 percent) from the FY 2002 recommendation.

- ◆ **Economic Development Initiatives Fund** - \$375,181 or 90.1 percent of the FY 2003 request.
- ◆ **Economic Development Initiatives Fund** - \$313,292 or 88.4 percent of the FY 2003 recommendation.

- ◆ **Salaries and wages** in the FY 2003 request total \$281,883 which is an increase of \$1,218 (0.4 percent) from the FY 2002 estimate. The request does not fund an unclassified merit pool.
- ◆ **Salaries and wages** in the FY 2003 recommendation total \$284,801 which is an increase of \$4,136 (1.5 percent) from the FY 2002 recommendation. The recommendation is an increase of \$2,918 (1.0 percent) from the agency request.

◆ **Other operating expenditures** in the FY 2003 request total \$134,450 which is an increase of \$29,409 (28.0 percent) from the FY 2002 estimate. The request includes an enhancement of \$30,000 for the Annual Survey of Kansas Manufacturers and Exporters. The request includes:

- \$56,150 - Fees-Other Services; and
- \$32,000 - Rents.

◆ **Other operating expenditures** in the FY 2003 recommendation total \$69,643 which is a decrease of \$33,794 (32.7 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$64,807 (48.2 percent) from the agency request.

SELECTED PERFORMANCE MEASURES

	<u>FY 2001</u>	<u>Agency Est. FY 2002</u>	<u>Agency Est. FY 2003</u>
Number of special research reports produced	7	8	8
Percentage of persons rating the value of Kansas, Inc. research and research and reports as high	NA	90.0%	90.0%
Level of private financial support	\$ 71,417	\$ 50,000	\$ 40,000

DEPARTMENT OF COMMERCE AND HOUSING

Expenditure	Actual FY 01	Agency Est. FY 02	Gov. Rec. FY 02	Agency Req. FY 03	Gov. Rec. FY 03
All Funds:					
State Operations	\$ 20,637,998	\$ 24,489,703	\$ 24,489,703	\$ 26,436,849	\$ 24,154,896
Aid to Local Units	59,652,141	70,255,929	70,255,929	88,425,241	87,708,041
Other Assistance	12,535,605	10,384,723	10,379,723	10,709,723	10,118,549
Subtotal - Operating	\$ 92,825,744	\$ 105,130,355	\$ 105,125,355	\$ 125,571,813	\$ 121,981,486
Capital Improvements	19,060	115,000	115,000	15,000	15,000
TOTAL	\$ 92,844,804	\$ 105,245,355	\$ 105,240,355	\$ 125,586,813	\$ 121,996,486
State General Fund:					
State Operations	\$ 5,014	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	200,000	200,000	200,000	200,000
Subtotal - Operating	\$ 5,014	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Capital Improvements	0	0	0	0	0
TOTAL	\$ 5,014	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Economic Development Initiatives Fund*:					
Operating Expenditures	\$ 16,006,640	\$ 16,019,951	\$ 16,014,951	\$ 18,965,061	\$ 15,338,185
Capital Improvements	9,510	115,000	115,000	15,000	15,000
TOTAL	\$ 16,016,150	\$ 16,134,951	\$ 16,129,951	\$ 18,980,061	\$ 15,353,185
Other Funds:					
Operating Expenditures	\$ 76,814,090	\$ 88,910,404	\$ 88,910,404	\$ 106,406,752	\$ 106,443,301
Capital Improvements	9,550	0	0	0	0
TOTAL	\$ 76,823,640	\$ 88,910,404	\$ 88,910,404	\$ 106,406,752	\$ 106,443,301
Percentage Change:					
Operating Expenditures:					
All Funds	6.8%	13.3%	13.3%	19.4%	16.0%
State General Fund	(99.8)	3,888.8	3,888.8	0.0	0.0
EDIF	12.0	0.1	0.1	18.4	(4.2)
FTE Positions					
FTE Positions	136.0	149.0	149.0	149.0	148.0
Non FTE Perm. Uncl. Pos.	4.0	4.0	4.0	4.0	4.0
TOTAL	140.0	153.0	153.0	153.0	152.0

* Does not include expenditures from the Kansas Economic Opportunity Initiatives Fund or the Kansas Existing Industry Expansion Fund. Funding for these two programs is transferred from the EDIF to the respective funds from which expenditures are made. The expenditures are accounted for under all other funds.

AGENCY OVERVIEW

The Department of Commerce and Housing is the lead agency for economic development through the promotion of business, industry, trade and tourism within the state. The Department's overall effort is to assist in the efficient use of the state's labor, capital and land resources and to foster the availability of affordable housing in the state.

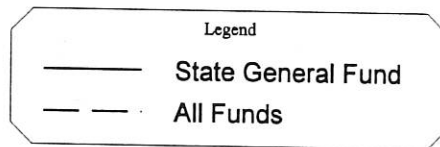
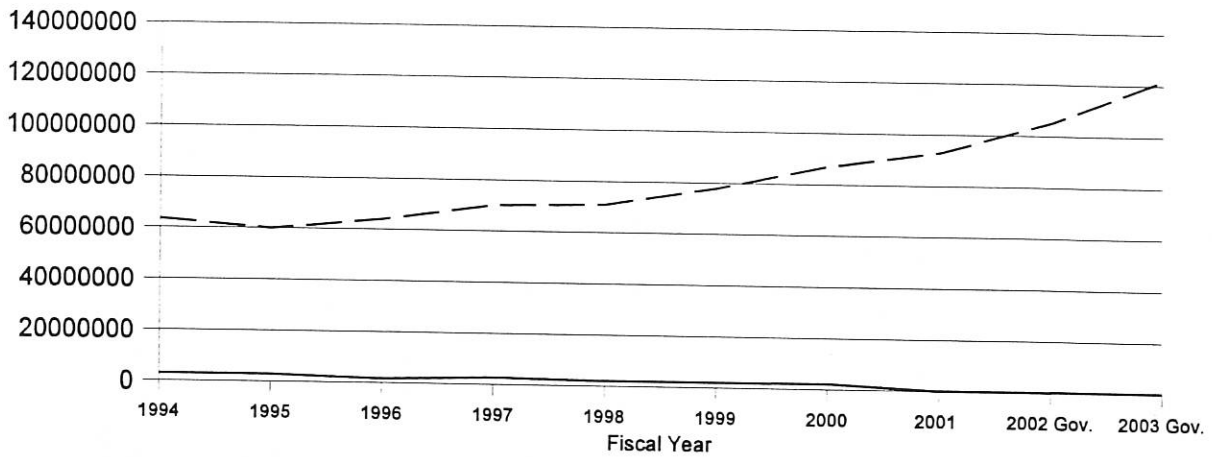
The Department operates through seven divisions. The Administration Division is responsible for the centralized administrative operations of the Department. The Agriculture Products Development Division assists in the development, marketing and promotion of value-added agriculture products, processed food products, and agriculture commodities of Kansas. The Business Development Division is charged with the responsibility of attracting new businesses to Kansas and aiding the development of existing Kansas businesses. The Trade Development Division creates opportunities for Kansas businesses to market their products internationally and domestically. The Travel and Tourism Development Division promotes the attractions of Kansas and provides information to travelers in the state. The Community Development Division provides technical and development assistance to communities to stimulate economic development. The Division of Housing designs and administers programs which foster the availability of affordable housing and assist homeless citizens.

BUDGET TRENDS

OPERATING EXPENDITURES FY 1994-FY 2003

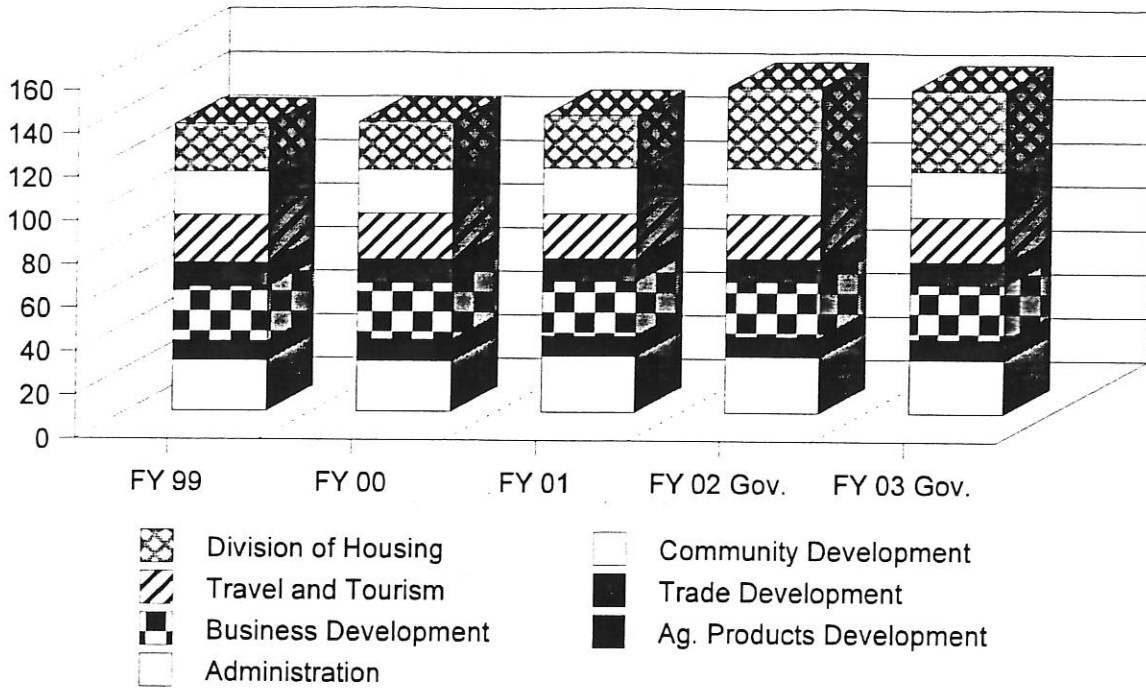
Fiscal Year	SGF	% Change	All Funds	% Change	FTE
1994	\$ 2,795,434	2.1%	\$ 63,433,679	34.0%	114.5
1995	2,862,710	2.4%	59,877,992	(5.6)%	116.5
1996	1,650,187	(42.4)%	63,909,092	6.7%	124.0
1997	2,727,990	65.3%	70,095,846	9.7%	134.0
1998	2,028,338	(25.6)%	70,914,526	1.2%	133.0
1999	1,964,177	(3.2)%	77,811,573	9.7%	132.0
2000	2,220,099	13.0%	86,928,910	11.7%	133.0
2001	5,014	(99.8)%	92,825,744	6.8%	136.0
2002 Gov. Rec.	200,000	3,888.8%	105,125,355	13.3%	149.0
2003 Gov. Rec.	200,000	0.0%	121,981,486	16.0%	148.0
Ten-Year Change Dollars/Percent	\$ (2,595,434)	(92.8)%	\$ 58,547,807	92.3%	33.5

OPERATING EXPENDITURES FY 1994-FY 2003



Full-Time Equivalent (FTE) Positions by Program. The following graph and table reflect FTE positions authorized for the agency by program from FY 1999 through FY 2003.

FTE Positions by Program—FY 1999-FY 2003



Program	FY 99	FY 00	FY 01	FY 02 Gov.	FY 03 Gov.
Administration	23.0	23.0	25.5	25.5	24.5
Ag. Products Development	9.0	10.0	9.5	9.5	9.5
Business Development	25.0	26.0	25.0	25.0	25.0
Trade Development	11.0	11.0	10.5	10.5	10.5
Travel and Tourism	22.0	21.0	20.5	20.5	20.5
Community Development	20.0	20.0	21.0	21.0	21.0
Division of Housing	22.0	22.0	24.0	37.0	37.0
TOTAL	132.0	133.0	136.0	149.0	148.0

BUDGET OVERVIEW

A. FY 2002—Current Year

CHANGE FROM APPROVED BUDGET					
	Approved 2001 Legislature	Agency Est. FY 02	Agency Change From Approved	Gov. Rec. FY 02	Gov. Change From Approved
State General Fund	\$ 200,000	\$ 200,000	\$ 0	\$ 200,000	\$ 0
EDIF	15,983,157	16,019,951	36,794	16,014,951	31,794
All Other Funds	107,826,809	88,910,404	(18,916,405)	88,910,404	(18,916,405)
TOTAL	\$ 124,009,966	\$ 105,130,355	\$ (18,879,611)	\$ 105,125,355	\$ (18,884,611)
FTE Positions	149.0	149.0	0.0	149.0	0.0

The agency's estimate for FY 2002 operating expenditures of \$105,130,355 is a decrease of \$18,879,611 (15.2 percent) from the approved budget. The decrease is in federal funds and is due to a delay in shifting the administration of Section 8 housing contracts from the US Department of Housing and Urban Development to this agency.

The Governor recommends \$105,125,355 for FY 2002 operating expenditures which is a decrease of \$18,884,611 (15.2 percent) from the approved budget. The decrease is in federal funds and is associated with the delay in transferring the administration of the Section 8 housing contracts.

Kansas Savings Incentives Program (KSIP) Expenditures.				
Program	Salary Bonuses	Professional Dev. Training	Technology Equipment	TOTAL
Administration	\$ 0	\$ 0	\$ 46,500	\$ 46,500

B. FY 2003—Budget Year

CHANGE FROM FY 2002		
	Agency Request	Governor's Recommendations
Dollar Change:		
State General Fund	\$ 0	\$ 0
EDIF	2,945,110	(676,766)
All Other Funds	17,496,348	17,532,897
TOTAL	<u>\$ 20,441,458</u>	<u>\$ 16,856,131</u>
Percent Change:		
State General Fund	0.0%	0.0%
EDIF	18.4	(4.2)
All Other Funds	19.7	19.7
TOTAL	<u>19.4%</u>	<u>16.0%</u>
FTE Positions	0.0	(1.0)

The agency request for FY 2003 operating expenditures of \$125,571,813 is an increase of \$20,441,458 (19.4 percent) from the FY 2002 estimate. The agency requests:

- **State General Fund** - \$200,000 or 0.2 percent of the FY 2003 operating request
- **Economic Development Initiatives Fund**
 - \$18,965,061 or 15.1 percent of the FY 2003 operating request
 - Increase of \$2,945,110 (18.4 percent) from the FY 2002 estimate
 - Includes requested enhancements of \$2,788,000 detailed below
- **All Other Funds**
 - \$106,406,752 or 84.6 percent of the FY 2003 operating request
 - Increase of \$17,496,348 (19.7 percent) from the FY 2002 estimate
- **Salaries and Wages**
 - \$7,296,741 to fund 149.0 FTE positions and 4.0 Non-FTE Unclassified Permanent positions
 - Increase of \$193,717 (2.7 percent) from the FY 2002 estimate
 - Does not include funding for step movement or an unclassified merit pool

Staff Note: The 2001 Legislature added 13.0 FTE positions in connection with the administration of the Section 8 housing contract and specified that the positions be unclassified. The agency's request shifts the positions to the classified service. The agency has stated that because the positions were specified as unclassified in an appropriations bill proviso, they would convert to classified positions in FY 2003 based upon KSA 75-2935(1)(z). The Division of Personnel Services states that the positions remain as unclassified whether continued in proviso in this Legislative session or not.

- **Other Operating Expenditures**
 - \$19,290,108
 - Increase of \$1,903,429 (10.9 percent) from the FY 2002 estimate
- **Aid to Local Units and Other Assistance**

- \$99,134,964
- Increase of \$18,494,312 (22.9 percent) from the FY 2002 estimate

The Governor recommends \$121,981,486 for FY 2003 operating expenditures which is an increase of \$16,856,131 (16.0 percent) from the FY 2002 recommendation. The Governor recommends:

- **State General Fund** - \$200,000 or 0.2 percent of the FY 2003 operating expenditures recommendation
- **Economic Development Initiatives Fund**
 - \$15,338,185 or 12.6 percent of the FY 2002 operating expenditures recommendation
 - Decrease of \$676,766 (4.2 percent) from the FY 2002 recommendation
- **All Other Funds**
 - \$106,443,301 or 87.3 percent of the FY 2003 operating expenditures recommendation
 - Increase of \$17,532,897 (19.7 percent) from the FY 2002 recommendation
- **Salaries and Wages**
 - \$7,233,600 to fund 148.0 FTE positions and 4.0 Non-FTE Unclassified Permanent positions
 - Increase of \$130,576 (1.8 percent) from the FY 2002 recommendation
 - Includes the conversion of 13.0 FTE positions from unclassified to classified as well as the reduction of 1.0 FTE position as part of the reduction package detailed below
 - Includes pay plan adjustments of :
 - \$101,124 for the annualization of the FY 2002 salary increase;
 - \$41,320 for longevity bonus payments;
 - \$115,196 for group health insurance increases; and
 - (\$17,612) for a six-month moratorium on employer contributions to the KPERS Death and Disability Fund
- **Other Operating Expenditures**
 - \$16,921,296
 - Decrease of \$465,383 (2.7 percent) from the FY 2002 recommendation
- **Aid to Local Units and Other Assistance**
 - \$97,826,590
 - Increase of \$17,190,938 (21.3 percent) from the FY 2002 recommendation

Economic Development Initiatives Fund Block Grant

As part of its report to the 2002 Legislature, the Legislative Budget Committee recommended that funding from the Economic Development Initiatives Fund be appropriated as a block grant rather than as individual line items. The recommendation included a requirement that the budget submission and appropriation bills are to include specific and measurable outcomes. The performance measures listed below are based upon the Governor's recommended budget. Additional performance measures are included with the enhancement package detail.

Measure	FY 2001 Actual	FY 2002 Estimate	FY 2003 Projection
Jobs created by projects utilizing KDOC&H assistance	7,226	7,034	6,718
Jobs retained by projects utilizing KDOC&H assistance	6,483	6,224	5,975
Payroll generated by projects utilizing KDOC&H assistance	\$ 418,438,934	\$ 402,936,127	\$ 386,675,162
Capital investment in Kansas resulting from projects utilizing KDOC&H assistance	\$ 1,111,764,518	\$ 1,016,609,783	\$ 976,281,392
Funds leveraged through match in projects utilizing KDOC&H assistance	\$ 28,213,467	\$ 38,878,900	\$ 38,630,900
Individuals trained through workforce development programs	11,800	11,100	10,600
Sales generated by projects utilizing KDOC&H assistance	\$ 83,742,680	\$ 67,145,000	\$ 66,780,000
Increase in visitation resulting from KDOC&H tourism promotion efforts	398,916	299,250	319,463
Tourism revenue generated as a result of KDOC&H tourism promotion	\$ 39,248,968	\$ 35,577,285	\$ 28,461,828
Kansans served with counseling, technical assistance, or business services	5,067	5,627	5,362
Number of communities receiving community assistance services	238	349	334
Number of Kansans with improved housing situations resulting from KDOC&H assistance	347	425	417
Number of businesses receiving indirect economic benefits resulting from KDOC&H activities	NA*	NA*	NA*

* This is not a measure presently tracked by the KDOC&H. The agency is currently exploring ways to track such information, and proposes to include such data in future reporting.

FY 2003 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Lewis and Clark Bicentennial Commemoration	\$ 0	\$ 150,000	0.0	\$ 0	\$ 0	0.0
Strategic Initiative Package	0	2,638,000	0.0	0	0	0.0
TOTAL	\$ 0	\$ 2,788,000	0.0	\$ 0	\$ 0	0.0

Enhancement Detail

- Lewis and Clark Bicentennial Commemoration** - \$150,000 EDIF. The agency requests the additional funding to promote the anniversary of the Lewis and Clark expedition. The National Council of the Lewis and Clark Bicentennial has designated *A Journey Fourth* to be held in Atchison and Kansas City July 3 and 4, 2004, as one of the national signature events of the commemoration.

The Governor does not recommend this enhancement. However, the Governor's recommendation for the State Historical Society does include \$250,000 SGF for expenditures related to the commemoration.

- **Strategic Initiative Package - \$2,638,000 EDIF.** The agency requests the additional funding to increase its ability to market the state to prospective businesses, investors, consumers, and tourists. The performance measures associated with the additional funding are outlined below. The performance measures reflect only the first year of a four-year plan.

Measure	FY 2003 Projection
Jobs created by projects utilizing KDOCH assistance	250
Jobs retained by projects utilizing KDOCH assistance	90
Payroll generated by projects utilizing KDOCH assistance	\$ 5,200,000
Capital investment in Kansas resulting from projects utilizing KDOCH assistance	\$ 10,000,000
Sales generated by projects utilizing KDOCH assistance	\$ 5,200,000
Number of Kansans with improved housing situations resulting from KDOCH assistance	21

The Governor does not recommend this enhancement.

FY 2003 Reduced Resources Packages						
Item	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduction in EDIF Block Grant	\$ 0	\$ (814,705)	(1.0)	\$ 0	\$ (899,911)	(1.0)

FY 2003 Reduced Resources Packages

The agency's reduced resources package includes a reduction of \$814,705 (4.9 percent) from the Current Services level of the Economic Development Initiatives Fund Block Grant as well as the elimination of 1.0 FTE position.

The Governor recommends a reduction of \$899,911 (5.5 percent) from the Current Services level of the Economic Development Initiatives Fund Block Grant and concurs with the elimination of 1.0 FTE position.

Governor's Recommended Salary and Wage Adjustments. Under the Governor's FY 2003 salary and wage recommendations:

- Funding is provided to **annualize the FY 2002 salary increase** which provided for a 3.0 percent base salary adjustment with 1.5 percent effective at the beginning of the fiscal year and 1.5 percent effective halfway through the fiscal year. Funding is provided in FY 2003 for annualization of the second 1.5 percent increase for the entire fiscal year.
- **No classified step movement, base salary adjustments or unclassified merit pool** increases are recommended for FY 2003.
- Full funding is provided for **longevity bonus payments** in FY 2003.
- The Governor recommends full funding for the **group health insurance rate increases** certified by the Health Care Commission for FY 2003.
- The Governor's FY 2003 recommendation includes a six-month moratorium for the first half of the fiscal year on employer contributions to the **KPERS Death and Disability Fund**.

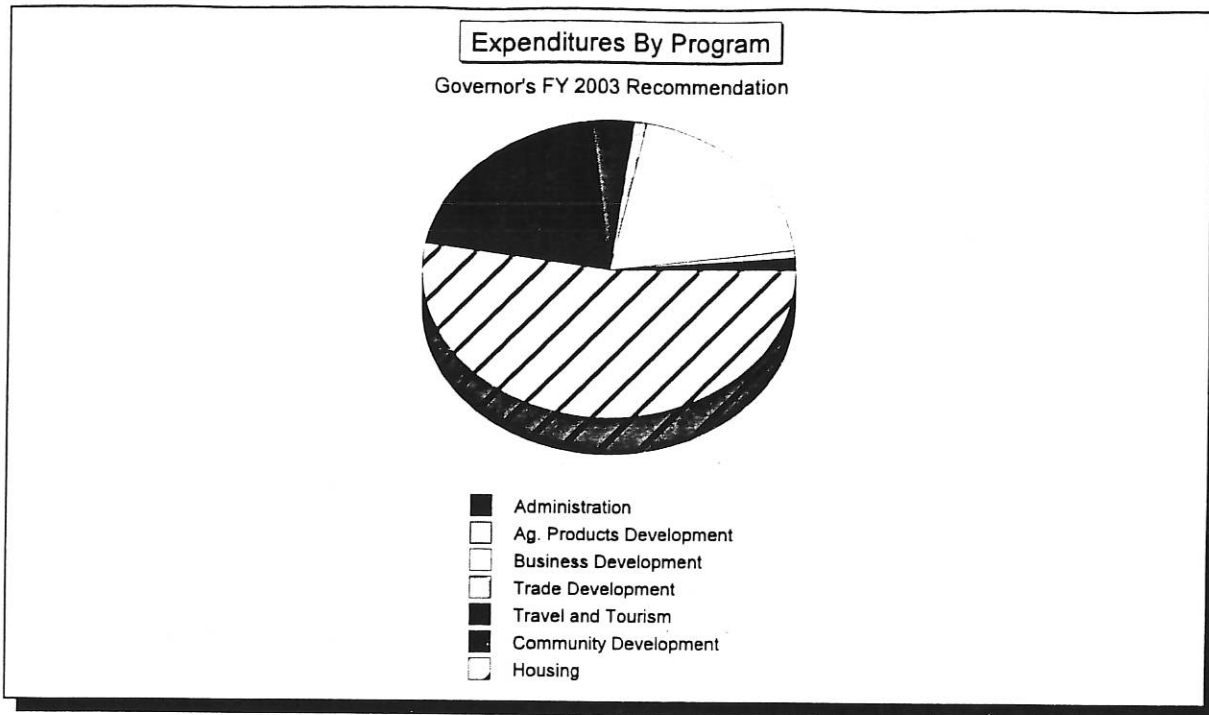
Of the total recommended salaries and wages of \$7,233,600, the Governor's recommended FY 2003 salary and wage adjustments total \$240,028 and are reflected in the table below:

<u>Program</u>	<u>Annualization of FY 2002 Salary Increase</u>	<u>Longevity</u>	<u>Group Health Insurance Increases</u>	<u>Death and Disability Adjustment</u>
Administration	\$ 17,522	\$ 6,160	\$ 18,072	\$ (2,754)
Agricultural Products	6,618	1,400	7,894	(1,169)
Business Development	20,138	10,360	20,867	(3,575)
Trade Development	8,147	1,480	8,051	(1,423)
Travel and Tourism	10,565	5,000	14,278	(1,804)
Community Development	14,555	6,800	17,284	(2,581)
Housing	23,579	10,120	28,750	(4,306)
TOTAL	\$ 101,124	\$ 41,320	\$ 115,196	\$ (17,612)

Summary of Operating Budget FY 2001-FY 2003

	Actual FY 2001	Agency Request				Governor's Recommendation			
		Revised FY 02 Est.	FY 03 Request	Dollar Change From FY 02	Percent Change From FY 02	Revised FY 02 Rec.	FY 03 Rec.	Dollar Change From FY 02	Percent Change From FY 02
By Program:									
Administration	\$ 1,806,052	\$ 1,830,624	\$ 2,182,734	\$ 352,110	19.2%	\$ 1,830,624	\$ 1,704,658	\$ (125,966)	(6.9)%
Agricultural Products	908,067	\$ 1,490,483	1,303,476	(187,007)	(12.5)%	1,485,483	1,262,458	(223,025)	(15.0)
Business Development	37,050,969	26,741,579	24,917,070	(1,824,509)	(6.8)%	26,741,579	23,895,091	(2,846,488)	(10.6)
Trade Development	1,685,171	1,702,684	1,866,286	163,602	9.6%	1,702,684	1,510,914	(191,770)	(11.3)%
Travel and Tourism	4,649,865	4,368,676	5,641,862	1,273,186	29.1%	4,368,676	4,370,033	1,357	0.0%
Community Development	20,649,838	25,151,124	25,314,849	163,725	0.7%	25,151,124	25,139,552	(11,572)	0.0%
Housing	26,075,782	43,845,185	64,345,536	20,500,351	46.8%	43,845,185	64,098,780	20,253,595	46.2%
TOTAL	\$ 92,825,744	\$ 105,130,355	\$ 125,571,813	\$ 20,441,458	19.4%	\$ 105,125,355	\$ 121,981,486	\$ 16,856,131	16.0%
By Major Object of Expenditure:									
Salaries and Wages	\$ 6,139,726	\$ 7,103,024	\$ 7,296,741	\$ 193,717	2.7%	\$ 7,103,024	\$ 7,233,600	\$ 130,576	1.8%
Contractual Services	6,518,207	6,741,937	8,509,894	1,767,957	26.2%	6,741,937	6,352,282	(389,655)	(5.8)%
Commodities	216,756	236,905	291,687	54,782	23.1%	236,905	233,487	(3,418)	(1.4)%
Capital Outlay	338,853	372,654	154,345	(218,309)	(58.6)%	372,654	151,345	(221,309)	(59.4)%
Debt Service	7,424,456	10,035,183	10,184,182	148,999	1.5%	10,035,183	10,184,182	148,999	1.5%
Subtotal - State Operations	\$ 20,637,998	\$ 24,489,703	\$ 26,436,849	\$ 1,947,146	8.0%	\$ 24,489,703	\$ 24,154,896	\$ (334,807)	(1.4)
Aid to Local Units	59,652,141	70,255,929	88,425,241	18,169,312	25.9%	70,255,929	87,708,041	17,452,112	24.8
Other Assistance	12,535,605	10,384,723	10,709,723	325,000	3.1%	10,379,723	10,118,549	(261,174)	(2.5)
TOTAL	\$ 92,825,744	\$ 105,130,355	\$ 125,571,813	\$ 20,441,458	19.4%	\$ 105,125,355	\$ 121,981,486	\$ 16,856,131	16.0%
Financing:									
State General Fund	\$ 5,014	\$ 200,000	\$ 200,000	\$ 0	0.0%	\$ 200,000	\$ 200,000	\$ 0	0.0%
EDIF	16,006,640	16,019,951	18,965,061	2,945,110	18.4%	16,014,951	15,338,185	(676,766)	(4.2)%
Other Funds	76,814,090	88,910,404	106,406,752	17,496,348	19.7%	88,910,404	106,443,301	17,532,897	19.7%
TOTAL	\$ 92,825,744	\$ 105,130,355	\$ 125,571,813	\$ 20,441,458	19.4%	\$ 105,125,355	\$ 121,981,486	\$ 16,856,131	16.0%

BUDGET DETAIL

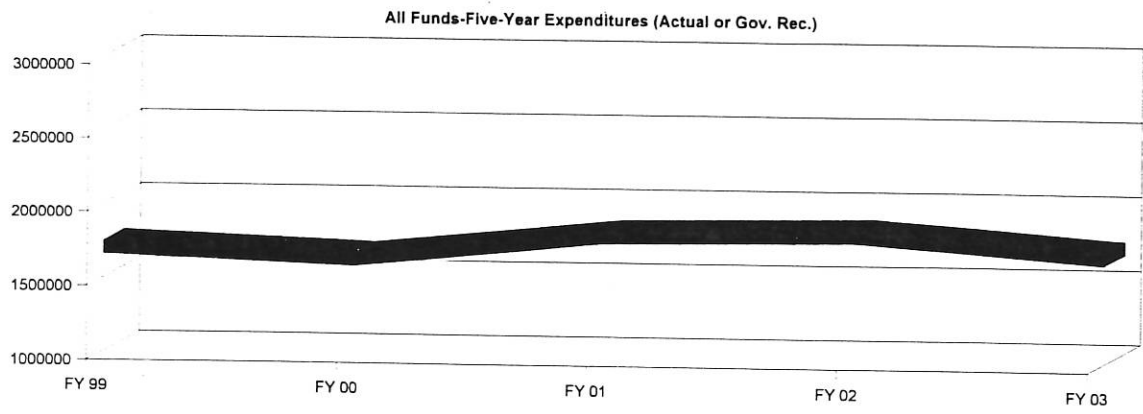


<u>Expenditure by Program</u>	<u>FY 03 Gov. Rec. All Funds</u>
Administration	\$ 1,704,658
Agricultural Products	1,262,458
Business Development	23,895,091
Trade Development	1,510,914
Travel and Tourism	4,370,033
Community Development	25,139,552
Housing	64,098,780
TOTAL	<u><u>\$ 121,981,486</u></u>

A. Administration Division

This division provides support services, such as fiscal and accounting services, data management services, office management services and personnel services, for all divisions of the agency. The Division is also the central source for economic analysis, research and public information.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 1,163,527	\$ 1,231,883	\$ 1,231,883	\$ 1,368,151	\$ 1,226,249
Contractual Services	455,642	502,524	502,524	691,141	404,967
Commodities	52,116	46,041	46,041	91,142	41,142
Capital Outlay	134,767	50,176	50,176	32,300	32,300
Total-State Operations	<u>\$ 1,806,052</u>	<u>\$ 1,830,624</u>	<u>\$ 1,830,624</u>	<u>\$ 2,182,734</u>	<u>\$ 1,704,658</u>
FTE Positions	23.5	25.5	25.5	25.5	24.5
Non FTE Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>23.5</u>	<u>25.5</u>	<u>25.5</u>	<u>25.5</u>	<u>24.5</u>



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

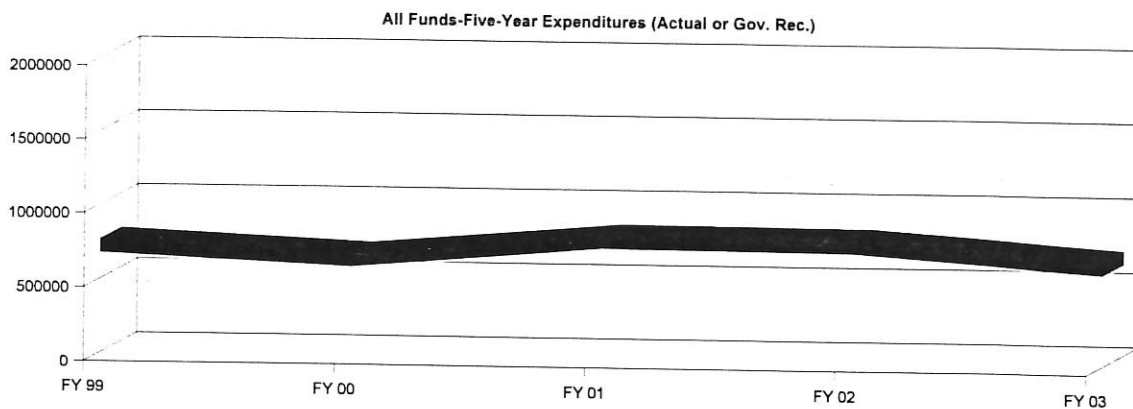
Important Issues in This Program

- ◆ **The agency requests** funding of \$2,182,734 for FY 2003 which is an increase of \$352,110 (19.2 percent) from the FY 2002 estimate.
- ◆ **Salaries and Wages** in the FY 2003 request total \$1,368,151 for 25.5 FTE positions which is an increase of \$136,268 (11.1 percent) from the FY 2002 estimate. The request does not fund step movement or an unclassified merit pool.
- ◆ **Other Operating Expenditures** in the FY 2003 request total \$814,583 which is an increase of \$215,842 (36.0 percent) from the FY 2002 estimate. The request includes:
 - \$278,535—rent; and
 - \$95,139—Other Professional Fees.
- ◆ **The Governor recommends** funding for FY 2003 of \$1,704,658 which is a decrease of \$125,966 (6.9 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$1,226,249 for 24.5 FTE positions which is a decrease of \$5,634 (0.5 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$141,902 (10.4 percent) from the agency request. The recommendation also includes the elimination of 1.0 FTE position related to the overall reduction package.
- ◆ **Other Operating Expenditures** in the FY 2003 recommendation total \$478,409 which is a decrease of \$120,332 (20.1 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$336,174 (41.3 percent) from the agency request.

B. Agricultural Products Development Division

This division assists in the development, marketing, and promotion of value-added agricultural products, processed food products, and agricultural commodities of Kansas for the purpose of expanding the economic opportunities of Kansas' agricultural industry. To accomplish these tasks, the Division administers two major program areas: Market Development and Promotion of Food Products and Commodities; and Value-Added Development of Food/Feed and Industrial Agriculture.

AGRICULTURAL PRODUCTS DEVELOPMENT SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 421,925	\$ 457,808	\$ 457,808	\$ 463,016	\$ 466,236
Contractual Services	304,258	286,125	286,125	173,410	164,043
Commodities	27,281	21,550	21,550	17,050	17,050
Capital Outlay	31,420	10,000	10,000	10,000	10,000
Total-State Operations	\$ 784,884	\$ 775,483	\$ 775,483	\$ 663,476	\$ 657,329
FTE Positions	9.5	9.5	9.5	9.5	9.5
Non FTE Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	9.5	9.5	9.5	9.5	9.5



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

Important Issues in This Program

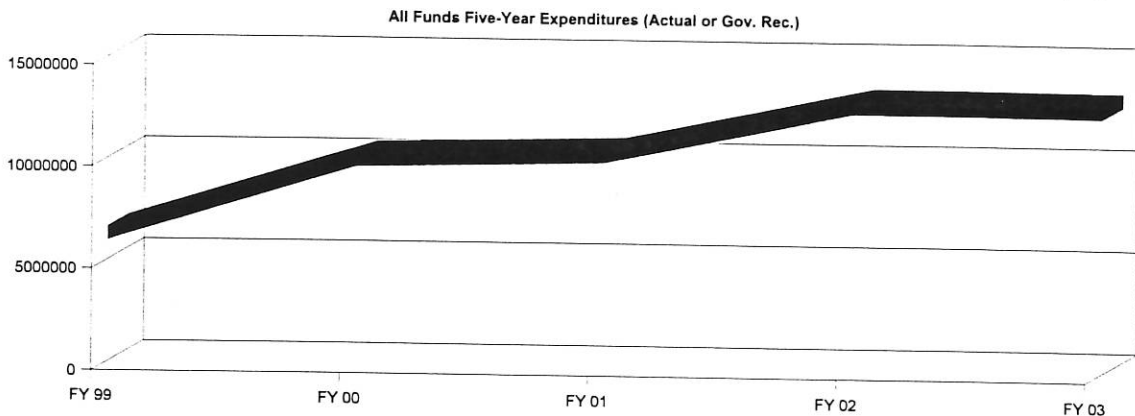
- ◆ **The agency requests** funding of \$663,476 for FY 2003 which is a decrease of \$112,007 (14.4 percent) from the FY 2002 estimate.
- ◆ **Salaries and Wages** in the FY 2003 request total \$463,016 for 9.5 FTE positions which is an increase of \$5,208 (1.1 percent) from the FY 2002 estimate. The request does not fund step movement or an unclassified merit pool.
- ◆ **Other Operating Expenditures** in the FY 2003 request total \$200,460 which is a decrease of \$117,215 (36.9 percent) from the FY 2002 estimate. The request includes:
 - \$60,510—Travel; and
 - \$31,500—Other Professional Fees.
- ◆ **The Governor recommends** funding for FY 2003 of \$657,329 which is a decrease of \$118,154 (15.2 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$466,236 for 9.5 FTE positions which is an increase of \$8,428 (1.8 percent) from the FY 2002 recommendation. The recommendation is an increase of \$3,220 (0.7 percent) from the agency request.
- ◆ **Other Operating Expenditures** in the FY 2003 recommendation total \$191,093 which is a decrease of \$126,582 (39.8 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$9,367 (4.7 percent) from the agency's request.

C. Business Development Division

The Business Development Division contributes to the Kansas economy through the creation/retention of jobs and increased capital investment. The Division administers four programs. The National Marketing program establishes and implements programs to market Kansas and its communities to domestic manufacturing, distribution and service operations. The Workforce Training program manages training programs designed to help new and expanding Kansas companies offset the costs of training workers for new jobs and retrain existing workers who would otherwise be displaced without state assistance. The Business Assistance program works to retain and expand businesses throughout the state through technical and marketing assistance. The Business Finance program provides financial and technical assistance to Kansas businesses.

BUSINESS DEVELOPMENT SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 1,334,954	\$ 1,373,445	\$ 1,373,445	\$ 1,388,558	\$ 1,405,850
Contractual Services	1,424,488	1,401,588	1,401,588	1,328,574	1,161,303
Commodities	41,761	48,646	48,646	49,007	46,007
Capital Outlay	93,650	9,500	9,500	9,500	6,500
Debt Service*	7,424,456	10,035,183	10,035,183	10,184,182	10,184,182
Total—State Operations	<u>\$ 10,319,309</u>	<u>\$ 12,868,362</u>	<u>\$ 12,868,362</u>	<u>\$ 12,959,821</u>	<u>\$ 12,803,842</u>
FTE Positions	26.0	25.0	25.0	25.0	25.0
Non FTE Perm. Uncl. Pos.	3.0	3.0	3.0	3.0	3.0
TOTAL	<u>29.0</u>	<u>27.0</u>	<u>28.0</u>	<u>27.0</u>	<u>28.0</u>

* By statute, up to 1 percent of state withholding tax revenue from the new jobs in companies receiving the training assistance may be used to pay principal and interest on IMPACT bonds and/or finance program costs. Debt service payments comprise approximately 95 percent of workforce training program expenditures. The agency states that the cost of other operating expenses for the entire workforce training function is financed through the IMPACT program.



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

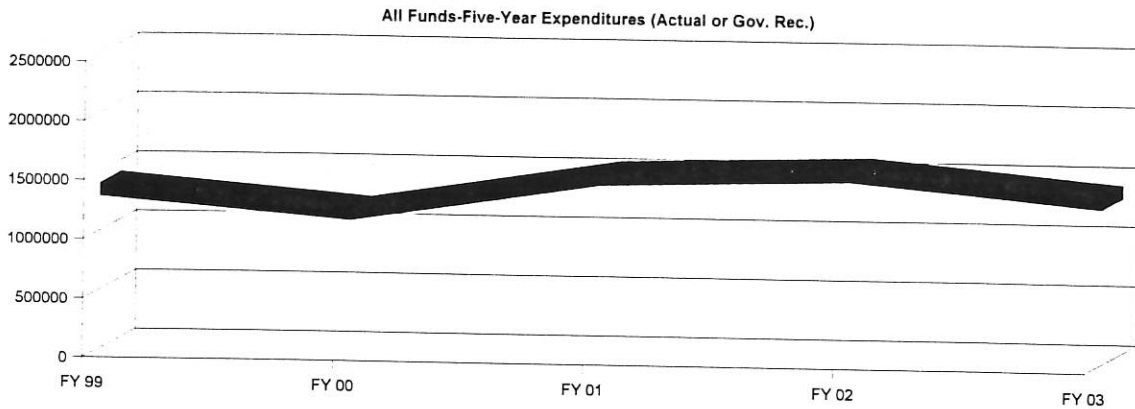
Important Issues in This Program

- ◆ **The agency requests** funding of \$12,959,821 for FY 2003 which is an increase of \$91,459 (0.7 percent) from the FY 2002 estimate.
- ◆ **Salaries and Wages** in the FY 2003 request total \$1,388,558 for 25.0 FTE positions and 3.0 Non-FTE Unclassified Permanent positions. This is an increase of \$15,113 (1.1 percent) from the FY 2002 estimate. The request does not fund step movement or an unclassified merit pool.
- ◆ **Other Operating Expenditures** in the FY 2003 request total \$1,387,081 which is a decrease of \$72,653 (5.0 percent) from the FY 2002 estimate. The request includes:
 - \$754,532—Other Professional Fees (operation of regional business recruitment offices); and
 - \$85,000—Official Hospitality.
- ◆ **Debt Service** payments in the FY 2003 request total \$10,184,182 which is an increase of \$148,999 (1.5 percent) from the FY 2002 estimate. The debt service is on bonds issued for the Investments in Major Projects and Comprehensive Training (IMPACT) Program.
- ◆ **The Governor recommends** funding for FY 2003 of \$12,803,842 which is a decrease of \$64,520 (0.5 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$1,405,850 for 25.0 FTE positions and 3.0 Non-FTE Unclassified Permanent positions. This is an increase of \$32,405 (2.4 percent) from the FY 2002 recommendation. The recommendation is an increase of \$17,292 (1.2 percent) from the agency request.
- ◆ **Other Operating Expenditures** in the FY 2003 recommendation total \$1,213,810 which is a decrease of \$245,924 (16.8 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$173,271 (12.5 percent) from the agency request.
- ◆ **The Governor** concurs with the agency's request.

D. Trade Development Division

This Division provides leadership and expertise to small and medium sized Kansas companies developing or expanding export markets, and to Kansas communities recruiting foreign investment. Over half of the non-salary allocation to the Division is for contractual services. Expenditures for communication, travel, and professional services allow the Division to assist Kansas companies in expanding markets and sales worldwide and to recruit foreign companies into Kansas.

TRADE DEVELOPMENT SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 509,733	\$ 554,540	\$ 554,540	\$ 554,806	\$ 561,434
Contractual Services	960,986	990,000	990,000	1,155,700	793,700
Commodities	7,791	8,144	8,144	5,780	5,780
Capital Outlay	17,138	0	0	0	0
Total—State Operations	\$ 1,495,648	\$ 1,552,684	\$ 1,552,684	\$ 1,716,286	\$ 1,360,914
FTE Positions	11.0	10.5	10.5	10.5	10.5
Non FTE Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	11.0	10.5	10.5	10.5	10.5



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

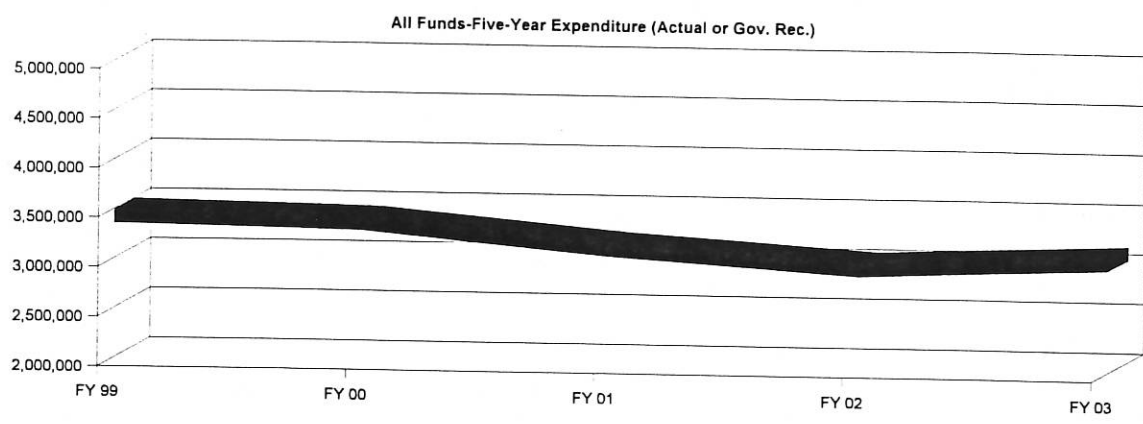
Important Issues in This Program

- ◆ **The agency requests** funding of \$1,716,286 for FY 2003 which is an increase of \$163,602 (10.5 percent) from the FY 2002 estimate.
- ◆ **Salaries and Wages** in the FY 2003 request total \$554,806 for 10.5 FTE positions which is an increase of \$266 from the FY 2002 estimate.
- ◆ **Other Operating Expenditures** in the FY 2003 request total \$1,161,480 which is an increase of \$163,336 (16.4 percent) from the FY 2002 estimate. The request includes:
 - \$920,000 for Other Professional Fees (operation of foreign offices).
- ◆ **The Governor recommends** funding for FY 2003 of \$1,360,914 which is a decrease of \$191,770 (12.4 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$561,434 for 10.5 FTE positions which is an increase of \$6,894 (1.2 percent) from the FY 2002 recommendation. The recommendation is an increase of \$6,628 (1.2 percent) from the agency request.
- ◆ **Other Operating Expenditures** in the FY 2003 recommendation total \$799,480 which is a decrease of \$198,664 (19.9 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$362,000 (31.2 percent) from the agency request.

E. Travel and Tourism Division

The Division's goal is to increase travel, tourism and film expenditures throughout the state. The Division administers four programs. The Tourism Promotion program conducts leisure marketing campaigns by creating an image of Kansas as a desirable travel destination; placing advertisements in print, radio, and TV; and printing a new travel guide annually. The Travel Information Centers (TICs) encourage visitors passing through Kansas to stop and take advantage of Kansas' special events, promotions, attractions, cultural activities, and our numerous parks and open spaces. Currently, there are four state-owned and operated centers in operation: Goodland, Kansas City, South Haven, and the Capitol building. Six other TICs located in Liberal, Fort Scott, Atchison, Abilene, Coffeyville, and Belleville are privately owned and state-subsidized. The Film Production Services program promotes film production in the state through trade shows, aggressive advertising and public relations, and marketing trips to meet with producers. Films which are produced on location spend between 25 to 50 percent of the total film budget locally. *KANSAS!* Magazine has been published since 1945 by the Kansas Department of Commerce and Housing. Approximately 50,000 people per year to subscribe to *KANSAS!* - nearly one-third of these subscribers live outside of the state. Since 1983, the magazine has been supported solely with subscription and newsstand revenues. Its primary editorial focus is on encouraging travel within the State of Kansas.

TRAVEL AND TOURISM SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 647,377	\$ 732,309	\$ 732,309	\$ 737,472	\$ 749,946
Contractual Services	2,425,174	2,187,944	2,187,944	3,450,475	2,267,675
Commodities	42,206	42,500	42,500	50,592	45,392
Capital Outlay	35,009	28,000	28,000	25,400	25,400
Total-State Operations	<u>\$ 3,149,766</u>	<u>\$ 2,990,753</u>	<u>\$ 2,990,753</u>	<u>\$ 4,263,939</u>	<u>\$ 3,088,413</u>
FTE Positions	20.5	20.5	20.5	20.5	20.5
Non FTE Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>20.5</u>	<u>20.5</u>	<u>20.5</u>	<u>20.5</u>	<u>20.5</u>



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

Important Issues in This Program

- ◆ **The agency requests** funding of \$4,263,939 for FY 2003 which is an increase of \$1,1,273,186 (47.6 percent) from the FY 2002 estimate.
- ◆ **Salaries and Wages** in the FY 2003 request total \$737,472 for 20.5 FTE positions which is an increase of \$5,163 (0.7 percent) from the FY 2002 estimate. The request does not fund step movement or an unclassified merit pool.
- ◆ **Other Operating Expenditures** in the FY 2003 request total \$3,526,467 which is an increase of \$1,268,023 (56.1 percent) from the FY 2002 estimate. The request includes:
 - \$1,301,841—Advertising; and
 - \$1,130,000—Advertising Agencies.
- ◆ **The Governor recommends** funding for FY 2003 of \$3,088,413 which is an increase of \$97,660 (3.3 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$749,946 for 20.5 FTE positions which is an increase of \$17,637 (2.4 percent) from the FY 2002 recommendation. The recommendation is an increase of \$12,474 (1.7 percent) from the agency request.
- ◆ **Other Operating Expenditures** in the FY 2003 recommendation total \$2,338,467 which is an increase of \$80,023 (3.5 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$1,338,000 (36.4 percent) from the agency request.

F. Community Development Division

The Division assists in the development and improvement of communities by providing grants, loans, technical assistance, and information, and by developing programs to help communities gain greater self-sufficiency. Programs included within the division are Kansas Main Street, Kansas PRIDE, Kansas Partnership Fund, and Community Strategic Planning.

A brief description of each program follows.

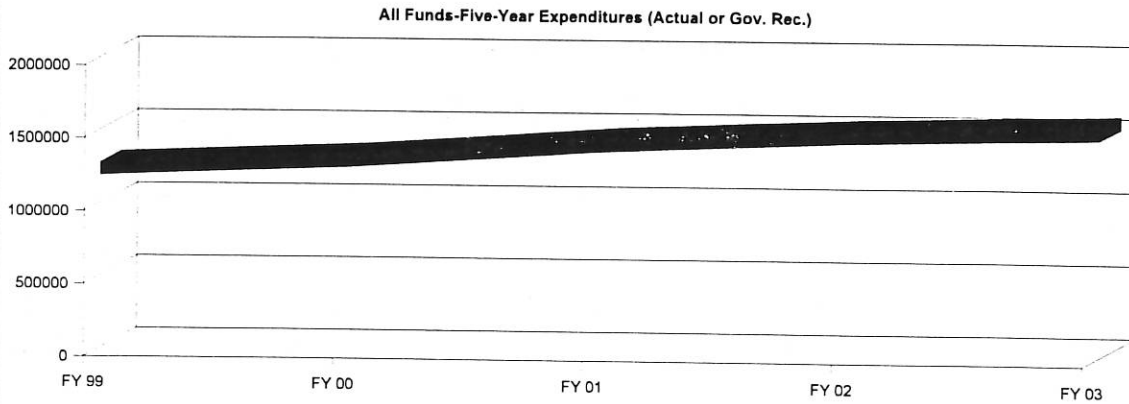
Kansas Main Street Program. This program is a self-help and technical assistance program available to communities with populations of less than 50,000. The program provides management training, consultation visits, local program evaluation, design assistance, and other technical assistance requested by the community. The goal is to bring about improvements that contribute to a healthy, revitalized downtown by integrating historic preservation principles with sound economic development strategies.

PRIDE. PRIDE is a community initiated effort that allows for self-assessment in many areas of community development including planning, community services, housing, and community enrichment. The program is co-administered by KDOC&H and the Cooperative Extension Service at Kansas State University. The PRIDE program staff works in communities to provide assistance with organization and training. Communities compete for recognition and cash awards provided by private sector sponsors in the Community Achievement Competition.

Strategic Planning Program. This program provides both funds and technical assistance to nonmetropolitan counties and blighted areas in cities in metropolitan counties in Kansas to develop county economic development strategic plans. The focus of each strategic plan is community development with emphasis in the metropolitan areas on revitalization. Issues cover a broad spectrum including housing, education, community leadership, health care, recreation, business development, and quality of life. Once the plan is complete, participants are eligible to apply for action grants to provide initial funding to put the plan in effect using both local and state resources.

**COMMUNITY DEVELOPMENT
SUMMARY OF EXPENDITURES FY 2001-FY 2003**

Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 967,982	\$ 999,321	\$ 999,321	\$ 1,010,469	\$ 1,025,172
Contractual Services	413,310	454,406	454,406	614,844	464,844
Commodities	16,956	16,799	16,799	16,891	16,891
Capital Outlay	18,543	18,378	18,378	20,145	20,145
Total-State Operations	<u>\$ 1,416,791</u>	<u>\$ 1,488,904</u>	<u>\$ 1,488,904</u>	<u>\$ 1,662,349</u>	<u>\$ 1,527,052</u>
FTE Positions	21.0	21.0	21.0	21.0	21.0
	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

Important Issues in This Program

- ◆ **The agency requests** funding of \$1,662,349 for FY 2003 which is an increase of \$173,445 (11.6 percent) from the FY 2002 estimate.
- ◆ **The Governor recommends** funding for FY 2003 of \$1,527,052 which is an increase of \$38,148 (2.6 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 request total \$1,010,469 for 21.0 FTE positions which is an increase of \$11,148 (1.1 percent) from the FY 2002 estimate. The request does not fund step movement or an unclassified merit pool.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$1,025,172 for 21.0 FTE positions which is an increase of \$25,851 (2.6 percent) from the FY 2002 recommendation. The recommendation is an increase of \$14,703 (1.5 percent) from the agency request.

◆ **Other Operating Expenditures** in the FY 2003 request total \$651,880 which is an increase of \$162,297 (33.2 percent) from the FY 2002 estimate. The request includes:

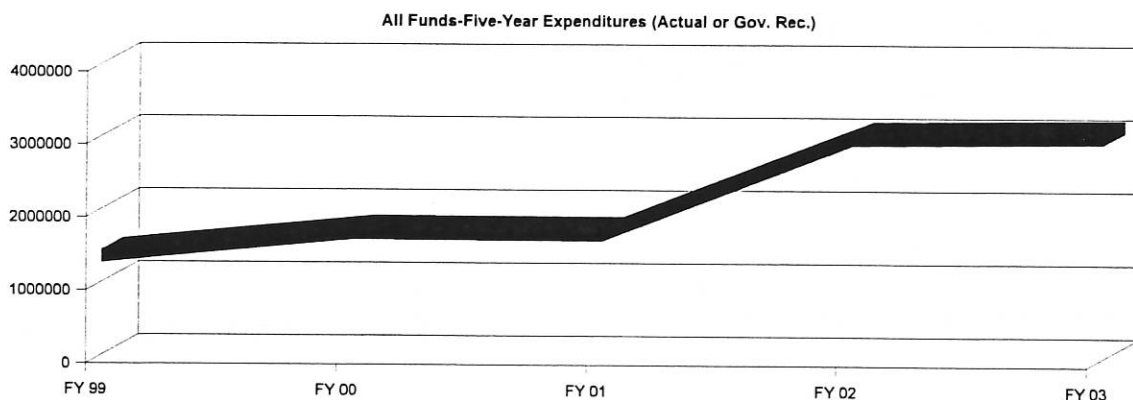
- \$388,150—Other Professional Fees (assistance to designated Main Street communities); and
- \$81,017—Travel.

◆ **Other Operating Expenditures** in the FY 2003 recommendation total \$501,880 which is an increase of \$12,297 (2.5 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$150,000 (23.0 percent) from the agency request.

G. Housing Division

The Division strives to provide support to cities, counties, and private or public nonprofit agencies which render housing services to the citizens of Kansas. The Division manages programs which allow development, acquisition and/or rehabilitation of owned or rental housing, supportive services to enable low-income Kansans to attain and maintain housing, and shelter for homeless individuals and families. The Division also serves outreach and clearinghouse functions for statewide activities.

HOUSING SUMMARY OF EXPENDITURES FY 2001-FY 2003					
Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 1,094,228	\$ 1,753,718	\$ 1,753,718	\$ 1,774,269	\$ 1,798,713
Contractual Services	534,349	919,350	919,350	1,095,750	1,095,750
Commodities	28,645	53,225	53,225	61,225	61,225
Capital Outlay	8,326	256,600	256,600	57,000	57,000
Total—State Operations	<u>\$ 1,665,548</u>	<u>\$ 2,982,893</u>	<u>\$ 2,982,893</u>	<u>\$ 2,988,244</u>	<u>\$ 3,012,688</u>
FTE Positions	24.0	37.0	37.0	37.0	37.0
Non FTE Perm. Uncl. Pos.	0.0	1.0	1.0	1.0	1.0
TOTAL	<u>24.0</u>	<u>37.0</u>	<u>38.0</u>	<u>37.0</u>	<u>38.0</u>



Note: Listed expenditures reflect only State Operations and do not include Aid to Local Units or Other Assistance due to the decision of the Legislative Budget Committee to appropriate a block grant from the Economic Development Initiatives Fund on a trial basis beginning with FY 2003.

Important Issues in This Program

- ◆ **The agency requests** funding of \$2,988,244 for FY 2003 which is an increase of \$5,351 (0.2 percent) from the FY 2002 estimate.
- ◆ **Salaries and Wages** in the FY 2003 request total \$1,774,269 for 37.0 FTE positions and 1.0 Non-FTE Unclassified Permanent position. This is an increase of \$20,551 (1.2 percent) from the FY 2002 estimate. The request does not fund step movement or an unclassified merit pool.
- ◆ **Other Operating Expenditures** in the FY 2003 request total \$1,213,975 which is a decrease of \$15,200 (1.2 percent) from the FY 2002 estimate. The request includes:
 - \$450,100—Other Professional Fees (subcontracts for housing inspections); and
 - \$232,100—Travel.
- ◆ **The Governor recommends** funding for FY 2003 of \$3,012,688 which is an increase of \$29,795 (1.0 percent) from the FY 2002 recommendation.
- ◆ **Salaries and Wages** in the FY 2003 recommendation total \$1,798,713 for 37.0 FTE positions and 1.0 Non-FTE Unclassified Permanent position. This is an increase of \$44,995 (2.6 percent) from the FY 2002 recommendation. The recommendation is an increase of \$24,444 (1.4 percent) from the agency request.
- ◆ **The Governor** concurs with the agency's request.

Aid to Local Units

The agency requests FY 2003 funding for Aid to Local Units of \$88,425,241 which is an increase of \$18,169,312 (25.9 percent) from the FY 2002 estimate. The increase is due primarily to an increase in the Division of Housing caused by the transfer of the administration of Section 8 housing contracts from the US Department of Housing and Urban Development to this agency and is partially offset by decreases in other aid programs. The request includes:

- Division of Housing - \$61,357,292; and
- Community Development - \$23,430,700.

The Governor recommends FY 2003 funding for Aid to Local Units of \$87,708,041 which is an increase of \$17,452,112 (24.8 percent) from the FY 2002 recommendation. The increase is due primarily to an increase in the Division of Housing caused by the transfer of the administration of Section 8 housing contracts from the US Department of Housing and Urban Development to this agency and is partially offset by decreases in other aid programs.

Other Assistance

The agency requests FY 2003 funding for Other Assistance of \$10,709,723 which is an increase of \$325,000 (3.1 percent) from the FY 2002 estimate. The request includes:

- Kansas Industrial Training/Kansas Industrial Retraining (KIT/KIR) Program - \$3,600,000; and
- Kansas Economic Opportunity Initiatives Fund (KEOIF) Program - \$3,500,000.

The Governor recommends FY 2003 funding for Other Assistance of \$10,118,549 which is a decrease of \$261,174 (2.5 percent) from the FY 2002 recommendation.

CAPITAL IMPROVEMENTS

Project	Revised Agency Est. FY 2002	Revised Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
TIC Repair and Rehabilitation	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Construction of Goodland TIC	100,000	100,000	0	0
TOTAL	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Financing:				
EDIF	\$ 115,000	\$ 115,000	\$ 15,000	\$ 15,000

ECONOMIC DEVELOPMENT INITIATIVES FUND

<u>Agency/Program</u>	<u>2001 Legislative Approved FY 2002</u>	<u>Governor's Recommendation FY 2002</u>
Department of Commerce and Housing ⁽¹⁾		
Agency Operations	\$ 8,459,757	\$ 8,450,051
Small Business Development Centers	485,000	485,000
Certified Development Companies	400,000	400,000
Kansas Industrial Training/Retraining	3,600,000	3,600,000
Trade Show Promotion Grants	150,000	150,000
Community Capacity Building Grants	197,000	197,000
Kansas Economic Opportunity Initiative Fund	3,500,000	3,500,000
Kansas Existing Industry Expansion Program	500,000	500,000
Tourism Promotion Grants	1,052,100	1,052,100
Mainstreet Grant and Development Prog.	216,800	216,800
Agriculture Product Development	540,000	535,000
Training Equipment Grants	277,500	277,500
Travel Information Centers	115,000	115,000
Motion Picture and Television Rebate	75,000	75,000
HOME Program	530,000	530,000
Subtotal - KDCH	<u>\$ 20,098,157</u>	<u>\$ 20,083,451</u>
Kansas Technology Enterprise Corporation ⁽¹⁾		
Agency Operations	\$ 1,331,781	\$ 1,341,174
Centers of Excellence	4,350,000	4,350,000
Research Matching Grants	1,216,000	1,260,000
Business Innovative Research Grants	76,000	516,000
State Small Business Innovation Research	440,000	-
Special Projects	79,303	79,303
Commercialization Grants	1,450,000	1,450,000
Mid-America Manufact. Tech. Center	1,000,059	900,000
EPSCoR	3,000,000	3,000,000
Subtotal - KTEC	<u>\$ 12,943,143</u>	<u>\$ 12,896,477</u>
Kansas, Inc. ⁽¹⁾	\$ 343,267	\$ 341,663
Board of Regents		
Matching Grants - AVTS	\$ 166,855	\$ 166,855
Post-secondary Aid - AVTS	6,916,110	6,882,981
Capital Outlay Aid - AVTS	2,700,000	2,700,000
Comprehensive Grant Program	250,000	250,000
Subtotal - Regents	<u>\$ 10,032,965</u>	<u>\$ 9,999,836</u>
State Water Plan Fund ⁽²⁾	\$ 2,000,000	\$ 2,000,000
Adjutant General - Kansas National Guard Educational Asst.	\$ 250,000	\$ 250,000
Death and Disability Transfer	\$ 16,412	\$ 10,308
TOTAL TRANSFERS AND EXPENDITURES	<u>\$ 45,683,944</u>	<u>\$ 45,581,735</u>
EDIF Resource Estimate		
Beginning Balance	\$ 1,976,476	\$ 1,868,022
Gaming Revenues	42,500,000	42,432,000
Other Income ⁽³⁾	1,000,000	1,108,253
Total Available	<u>\$ 45,476,476</u>	<u>\$ 45,408,275</u>
Less: Expenditures and Transfers	45,683,944	45,581,735
ENDING BALANCE	<u>\$ (207,468)</u>	<u>\$ (173,460)</u>

1) Does not include expenditures from prior year EDIF allocations.

2) The Legislature approved a transfer of \$1,638,180 in FY 2002. Due to a technical error, \$2,000,000 was actually transferred.

3) Other Income includes interest earnings and released encumbrances.

ECONOMIC DEVELOPMENT INITIATIVES FUND

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2003</u>
Department of Commerce and Housing ⁽¹⁾	
Operating Grant	\$ 15,320,885
Kansas Economic Initiatives Opportunity Fund	3,500,000
Kansas Existing Industry Expansion Program	500,000
Subtotal - Commerce and Housing	<u>\$ 19,320,885</u>
 Kansas Technology Enterprise Corporation ⁽¹⁾	
Agency Operations	\$ 1,291,549
Centers of Excellence	3,925,000
Research Matching Grants	1,260,000
Business Innovative Research Grants	396,000
Special Projects	79,303
Commercialization Grants	1,350,000
Mid-America Manufact. Tech. Center	905,399
EPSCoR	3,000,000
Subtotal - KTEC	<u>\$ 12,207,251</u>
 Kansas, Inc. ⁽¹⁾	 \$ 313,292
 Board of Regents	
Matching Grants - AVTS	\$ 200,000
Post-secondary Aid - AVTS	6,467,660
Capital Outlay Aid - AVTS	2,700,000
Subtotal - Regents	<u>\$ 9,367,660</u>
 State Water Plan Fund	 \$ 2,000,000
 TOTAL TRANSFERS AND EXPENDITURES	 <u>\$ 43,209,088</u>
 EDIF Resource Estimate	
Beginning Balance	\$ (173,460)
Gaming Revenues	42,432,000
Other Income ⁽²⁾	1,032,300
Total Available	<u>\$ 43,290,840</u>
Less: Expenditures and Transfers	43,209,088
ENDING BALANCE	<u>\$ 81,752</u>

- 1) Does not include expenditures from prior year EDIF allocations.
2) Other Income includes interest earnings and released encumbrances.