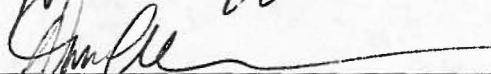


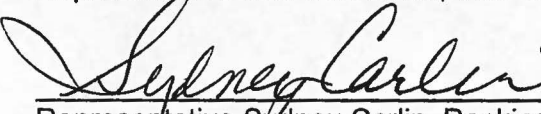
FY 2015, FY 2016, and FY 2017

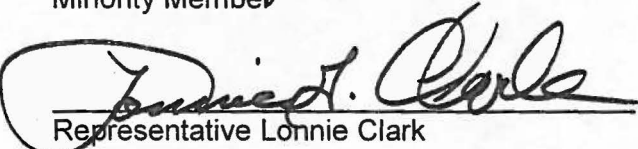
Agriculture and Natural Resources Budget Committee


Kansas Department of Commerce



Representative Kyle Hoffman, Chair

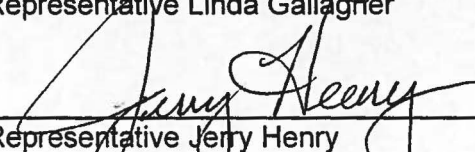

Representative Don Schroeder, Vice-Chair

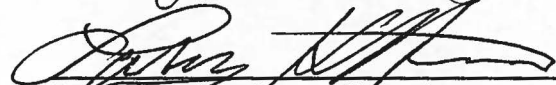

Representative Sydney Carlin, Ranking
Minority Member

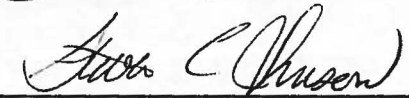

Representative Lonnie Clark


Representative Stephanie Clayton


Representative Linda Gallagher


Representative Jerry Henry


Representative Larry Hibbard


Representative Steven Johnson

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No.** House Sub. SB 4

Bill Sec. 35

Analyst: Mariani

Analysis Pg. No. 1457

Budget Page No. 72

Expenditure Summary	Agency Estimate FY 2015	Governor Recommendation FY 2015	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 250,000	\$ 245,000	\$ 0
Other Funds	127,251,793	125,985,198	(3,250,000)
Subtotal	\$ 127,501,793	\$ 126,230,198	\$ (3,250,000)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	195,000	195,000	0
Subtotal	\$ 195,000	\$ 195,000	\$ 0
 TOTAL	 \$ 127,696,793	 \$ 126,425,198	 \$ (3,250,000)
 FTE positions	 149.6	 149.6	 0.0
Non FTE Uncl. Perm. Pos.	119.1	119.1	0.0
TOTAL	268.7	268.7	0.0

Agency Estimate

The **agency** requests a revised estimate for FY 2015 operating expenditures of \$127.5 million, including \$250,000 from the State General Fund and \$19.3 million from the Economic Development Initiative Fund (EDIF). The estimate is an all funds increase of \$5.6 million, or 4.6, percent, and an EDIF increase of \$5.5 million, or 40.1 percent, above the amount approved by the 2014 Legislature. The State General Fund amount is an increase of \$5,000, or 2.2 percent, above the approved amount adjusted by the Governor's December 9th allotment. The EDIF increase was due entirely to a appropriation of money that was not spent in FY 2014 and shifted to FY 2015. The EDIF reappropriated funding will be largely used for agency operations (\$1.5 million), Rural Opportunity Grants (\$3.3 million), and Medicaid Reform Employment Incentives (\$448,128). The budget includes 149.6 FTE positions, a decrease of 14.6 FTE positions below, and 119.1 non-FTE unclassified positions, an increase of 14.1 non-FTE unclassified positions above, the approved FY 2015 number. The agency states that due to the nature of its grant and federal funding it is replacing classified positions with non-FTE unclassified positions.

The Governor's December 9th allotment, which was applied after the agency submitted its budget, reduced agency's FY 2015 approved amount for the State General Fund by \$5,000 in the other assistance expenditures for the Global Trade Services grants.

Governor's Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$126.9 million, including \$18.8 million from EDIF and \$245,000 from the State General Fund. The recommendation is an all funds decrease of \$571,595, or 0.4 percent, an EDIF decrease of \$446,893, or 2.3 percent, and a State General Fund decrease of \$5,000, or 2.0 percent, below the agency's revised estimate.

The Governor concurs with the agency request with the following exceptions.

- Reduction of \$153,304, all from special revenue funds including \$33,602 from the Economic Development Initiatives Fund (EDIF) as a result of the Governor's State General Fund allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.
- Reduction of \$5,000, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by a reduction in the grants for the Global Trade Services program in FY 2015.
- Reduction of \$274,000 from the EDIF as a result of the Governor's allotment plan. This reduces the agency's operating grant from EDIF and will result in a decrease in administrative expenditures.
- Reduction of \$139,291, all from reappropriated EDIF, for the Innovation Growth Program.

House Sub. for Senate Bill 4

House Sub. for SB 4 adopted the Governor's recommendation for FY 2015.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following notation:

1. The Committee recommends a decrease of \$3.0 million in the Rural Opportunity Zones and a decrease of \$250,000 in Department of Commerce operating grant, all from the Economic Development Initiatives Fund (EDIF), from the reappropriated funds in FY 2015. This action will increase the amount anticipated for the ending balance in the Economic Development Initiatives Fund. The Committee notes the agency reappropriated a total of \$5.5 million in EDIF funding for those two program areas (\$1.2 million operating grant and \$3.5 million Rural Opportunity Zones) of FY 2014 funding which was not expended and shifted to FY 2015. The Committee also notes its understands that both programs are not anticipated to need the full amount reappropriated in FY 2015.

The Committee further notes the EDIF ending balance is decreasing and would be negative in FY 2017 with the currently proposed appropriations for the fund. The Committee further notes that the Rural Opportunity Zones Program and the agency operating grant, or any other programs funded from EDIF, could still be funded from the EDIF ending balance in FY 2016 and FY 2017 if the need was demonstrated.

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No. --**

Bill Sec. --

Analyst: Mariani

Analysis Pg. No. 1457

Budget Page No. 72

Expenditure Summary	Agency Request FY 2016	Governor Recommendation FY 2016	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 5,000,000	\$ 0	\$ 0
Other Funds	108,353,269	112,234,369	1,100,000
Subtotal	\$ 113,353,269	\$ 112,234,369	\$ 1,100,000
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	200,000	200,000	0
Subtotal	\$ 200,000	\$ 200,000	\$ 0
 TOTAL	 \$ 113,553,269	 \$ 112,434,369	 \$ 1,100,000
 FTE positions	 149.6	 149.6	 0.0
Non FTE Uncl. Perm. Pos.	119.1	119.1	0.0
TOTAL	268.7	268.7	0.0

Agency Request

The **agency** requests operating expenditures for FY 2016 of \$113.4 million, including \$5.0 million from the State General Fund and \$13.8 million from the Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$14.1 million, or 11.1 percent, from the FY 2015 agency request and is largely due to a decrease in funding from the EDIF and a shift in funding for the Affordable Airfare program. The request is an increase of \$4.8 million, or 1,900.0 percent, from the State General Fund and is largely attributable to a desire to shift the funding source for the existing Affordable Airfare program to the State General Fund. This program has historically been funded with transfers from other special revenue funds. The budget includes 149.6 FTE positions and 119.1 non-FTE unclassified positions, the same as the number requested for FY 2015.

Governor's Recommendation

The **Governor** recommends FY 2016 operating expenditures of \$112.2 million, including \$13.8 million from the EDIF and no funding from the State General Fund. The recommendation is an all funds decrease of \$1.1 million, or 1.0 percent, an EDIF decrease of \$19,292, or 0.1 percent, and a State General Fund decrease of \$5.0 million, or 100.0 percent, from the agency request. The recommendation is an all funds decrease of \$14.7 million, an EDIF decrease of \$5.0 million and a State General Fund decrease of \$245,000 from the FY 2015 Governor's Budget Recommendation.

The Governor concurs with the agency request with the following exceptions.

- Reduction of \$1.0 million in funding for the Affordable Airfare Program and a shift in funding from the State General Fund to the State Highway Fund.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from the Department of Administration to the Department of Commerce.
- Reduction of \$548,000 from the EDIF for the agency operating grant.
- Reduction of \$170,900, including \$32,708 from the EDIF, to reduce employer contributions for state employee health insurance.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. Add \$1.0 million, all from the Affordable Airfares Fund, for total program expenditures of \$5.0 million in FY 2016.
2. Add \$100,000, all from the Economic Development Initiatives Fund, for Public Broadcasting for total program expenditures of \$600,000 in FY 2016.

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No. --**

Bill Sec. --

Analyst: Mariani

Analysis Pg. No. 1457

Budget Page No. 72

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 5,000,000	\$ 0	\$ 0
Other Funds	107,506,732	110,385,216	(2,900,000)
Subtotal	\$ 112,506,732	\$ 110,385,216	\$ (2,900,000)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	200,000	200,000	0
Subtotal	\$ 200,000	\$ 200,000	\$ 0
 TOTAL	 \$ 112,706,732	 \$ 110,585,216	 \$ (2,900,000)
FTE positions	0.0	0.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0

Agency Request

The **agency** requests operating expenditures of \$112.5 million, including \$5.0 million from the State General Fund and \$13.8 million from the Economic Development Initiative Fund (EDIF). The request is an all fund decrease of \$846,537, or 0.7 percent, from the FY 2016 agency request and is largely due to a decrease in funding for other assistance of \$1.2 million partially offset by an increase in the request for salaries and wages of \$690,668 due to the 27th payroll expenditures which occur in FY 2017. The State General Fund amount is the same as the FY 2016 agency request but reflects an increase of \$4.8 million, or 1,900.0 percent from the FY 2015 approved budget due to a desire to shift the funding source for the existing Affordable Airfare program to the State General Fund for FY 2016 and FY 2017. This program has historically been funded with transfers from other special revenue funds. The EDIF amount is the same as the FY 2016 agency request. The budget includes 149.5 FTE positions and 118.1 non-FTE unclassified positions, a decrease of 0.1 FTE position and 1.0 non-FTE unclassified positions from the FY 2016 agency request.

Governor's Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$110.4 million, including \$13.8 million from the EDIF and no funding from the State General Fund. The recommendation is an all funds decrease of \$2.1 million, or 1.9 percent, an EDIF increase of \$18,640, or 0.1

percent, and a State General Fund decrease of \$5.0 million, or 100.0 percent, from the agency request.

The Governor concurs with the agency request with the following exceptions.

- Reduction of \$2.0 million in funding for the Affordable Airfare Program and a shift in funding from the State General Fund to the State Highway Fund.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from the Department of Administration to the Department of Commerce.
- Reduction of \$548,000 from the EDIF for the agency operating grant.
- Reduction of \$173,516 all funds, including \$33,360 from the EDIF, to reduce employer contributions for state employee health insurance.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. Delete \$3.0 million, all from the Affordable Airfares Fund, in FY 2017, due to the elimination of the program.
2. Add \$100,000, all from the Economic Development Initiatives Fund, for Public Broadcasting for total program expenditures of \$600,000 in FY 2017.