

Kansas Department of Commerce

Expenditure	Actual FY 2021	Approved FY 2022	Approved FY 2023
All Funds:			
State Operations	\$ 34,587,943	\$ 36,970,100	\$ 30,098,536
Aid to Local Units	42,650,714	16,000,000	21,000,000
Other Assistance	201,328,696	83,530,935	91,545,631
<i>Subtotal - Operating</i>	<u>\$ 278,567,353</u>	<u>\$ 136,501,035</u>	<u>\$ 142,644,167</u>
Capital Improvements	125,000	230,000	100,000
TOTAL	<u>\$ 278,692,353</u>	<u>\$ 136,731,035</u>	<u>\$ 142,744,167</u>
State General Fund:			
State Operations	\$ -	\$ 10,000	\$ -
Aid to Local Units	-	-	-
Other Assistance	4,011,013	26,573,987	(42,380)
<i>Subtotal - Operating</i>	<u>\$ 4,011,013</u>	<u>\$ 26,583,987</u>	<u>\$ (42,380)</u>
Capital Improvements	-	-	-
TOTAL	<u>\$ 4,011,013</u>	<u>\$ 26,583,987</u>	<u>\$ (42,380)</u>
Percent Change:			
Operating Expenditures			
All Funds	128.3 %	(51.0)%	4.5 %
State General Fund	--	562.8	(100.2)

FTE Positions 323.5 323.5 336.0
Note - The negative SGF appropriation in FY 2023 is a result of the deletion of funding from the KBA Grant Commitments Fund. Offsetting shifts between categories of expenditures are not displayed in the above table.

The approved operating budget for the Kansas Department of Commerce in FY 2022 is \$136.5 million, including \$26.6 million SGF. The operating budget is an all funds decrease of \$142.1 million, or 51.0 percent, and an SGF increase of \$22.6 million, or 562.8 percent, from FY 2021 actual expenditures. The decrease in all funds expenditures is due to a reduction in available federal COVID-19 pandemic relief funds (\$186.2 million) and the phasing out of the Kansas Health Professional Opportunity Project (\$2.9 million) and other federal programs. There is also a reduction in funding for the Creative Arts Industries Commission (\$526,319).

The SGF increase is due to the Moderate Income Housing Program and \$5.0 million to be transferred to the Job Creation Program Fund (JCPF) for economic development. The special revenue fund decreases are partially offset by an additional \$2.4 million in Economic Development Initiative Fund (EDIF) reappropriations primarily for operations (\$865,442), the Main Street Program (\$519,158), the Rural Opportunity Zones Program (\$429,973) and Community Development (\$277,804). There were also expansions to several federal programs, including Community Development Block Grants (CDBG) (\$2.0 million), Federal Trade Adjustment Assistance (\$4.0 million), remaining spending from Round 3 of the Coronavirus Relief Fund (CRF) awards (\$800,000), and apprenticeship programs (\$488,938).

The FY 2022 capital improvements budget for the Kansas Department of Commerce is \$230,000, all from special revenue funds. This is an increase of \$105,000, or 84.0 percent, above the FY 2021 actual expenditures. The increase is attributable to the Garden City reroof and facade project, and the Topeka Workforce Center plumbing project.

The approved budget for the Kansas Department of Commerce for FY 2023 is \$142.7 million, including a negative \$42,380 from the SGF. The budget is an all funds increase of \$6.0 million, or 4.4 percent, and an SGF decrease of \$26.6 million, or 100.2 percent, from the FY 2022 approved budget. Major reductions include the elimination of \$6.6 million in reappropriated SGF moneys, which are budgeted for job creation in FY 2022, \$2.5 million in EDIF reappropriations, and \$4.8 million in debt service for the Impact Program Service Bonds, which were paid off in FY 2022. Various federal programs reduced spending as the grant periods ran out but are likely to be replaced with extended or new grants as those grant periods are reached.

The decreases are partially offset by 13 enhancement requests totaling \$6.9 million and 12.0 FTE positions. The enhancements are focused on expansion of the Kansas Industrial Training and Kansas Industrial Retraining (KIT/KIR) programs, additional staff for the Office of Innovation and Broadband Development, Workforce Development investments, and investments in data tracking and analysis.

In addition to the enhancement requests, the Legislature approved \$2.5 million EDIF for the Build Up Kansas Program, \$5.0 million EDIF for a new Housing Grant program in Saline County, funding and 1.0 FTE position for the Semiquincentennial Celebration, and the appropriation of various funds. In addition to the expenditure adjustment, the Legislature increased the transfer from the SGF to the JCPF from \$3.5 million to \$20.0 million for FY 2023.

The FY 2023 capital improvements budget for the Kansas Department of Commerce is \$100,000, all from special revenue funds. This is a decrease of \$130,000, or 56.5 percent, below the FY 2022 approved budget. The decrease is due to a reduction in projects for FY 2023. The only project planned for FY 2023 is updating the Topeka Workforce Center HVAC controls.

Kansas Department of Commerce

	FY 2022			FY 2023		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate	\$ 6,583,987	\$ 110,731,035	323.5	\$ -	\$ 98,882,051	323.0
Governor's Changes:						
1. Pathway Home 2 Grant	\$ -	\$ 500,000	-	\$ -	\$ 700,000	-
2. Moderate Income Housing	20,000,000	20,000,000	-	-	-	-
3. GBA No. 1, Item 1 - Moderate Housing	-	-	-	50,000,000	50,000,000	-
4. Job Creation Fund	-	5,000,000	-	-	27,942,079	-
5. KIT/KIR Programs	-	-	-	-	2,000,000	-
6. Agency Grant Writer	-	-	-	-	93,427	1.0
7. Registered Apprenticeship	-	-	-	-	500,000	--
8. Broadband Development	-	-	-	-	1,000,000	--
9. Kansas Tourism	-	-	-	-	1,000,000	5.0
10. Office of Innovation	-	-	-	-	125,522	2.0
11. Salesforce Data Integrity	-	-	-	-	99,547	1.0
12. Small Business R&D Grants	-	-	-	-	1,000,000	-
13. Lead Research Analyst	-	-	-	-	81,161	1.0
14. Cybersecurity Program Manager	-	-	-	-	105,693	1.0
15. Salesforce Software Update	-	-	-	-	200,000	-
16. Work Based Learning	-	-	-	-	714,000	-
17. Grants for Higher Education	-	-	-	10,000,000	10,000,000	-
18. University Challenge Grants	-	-	-	195,000,000	195,000,000	-
19. Advantage Kansas	-	-	-	125,000	125,000	1.0
Subtotal - Governor's Recommendation	\$ 26,583,987	\$ 136,231,035	323.5	\$ 255,125,000	\$ 389,568,480	335.0
Change from Agency Est.	\$ 20,000,000	\$ 25,500,000	-	\$ 255,125,000	\$ 290,686,429	12.0
Percent Change from Agency Est.	303.8 %	23.0 %	0.0 %	100.0 %	294.0 %	3.7 %
Legislative Action:						
20. Build Up Kansas	\$ -	\$ 500,000	-	\$ -	\$ 2,500,000	-
21. University Challenge Grants	-	-	-	(195,000,000)	(195,000,000)	-
22. Grants for Higher Education	-	-	-	(10,000,000)	(10,000,000)	-
23. GBA No.1 Item 1 - Rural Housing	-	-	-	(50,000,000)	(50,000,000)	-
24. Job Creation Program Fund	-	-	-	-	-	-
25. KBA Grant Commitments	-	-	-	(240,880)	(240,880)	-
26. New Housing Grant	-	-	-	-	5,000,000	-
27. APEX JCPF Transfer	-	-	-	-	-	-
28. Semiquincentennial	-	-	-	73,500	73,500	1.0
29. Appropriate APEX Funds	-	-	-	-	-	-
30. APEX Contingent Funds Transfer	-	-	-	-	-	-
31. Appropriate Attracting Professional Sports to Kansas Fund	-	-	-	-	-	-
32. Salary Increase	-	-	-	-	843,067	-
TOTAL APPROVED	\$ 26,583,987	\$ 136,731,035	323.5	\$ (42,380)	\$ 142,744,167	336.0
Change from Gov. Rec.	\$ -	\$ 500,000	-	\$ (255,167,380)	\$ (246,824,313)	1.0
Percent Change from Gov. Rec.	-- %	0.4 %	0.0 %	(100.0)%	(63.4)%	0.3 %
Change from Agency Est.	\$ 20,000,000	\$ 26,000,000	-	\$ (42,380)	\$ 43,862,116	13.0
Percent Change from Agency Est.	303.8 %	23.5 %	0.0 %	-- %	44.4 %	4.0 %

1. The Governor added \$500,000 in FY 2022 and \$700,000 for FY 2023, all from federal funds, for the Pathway Home 2 grant. The purpose of this pilot program is to provide eligible incarcerated individuals in state correctional facilities or local or county jails with workforce services prior to release and to continue services after release by transitioning the participants into reentry programs in the communities to which they will return. The agency notes these grants are job-driven and build connections to local employers that will enable transitioning offenders to secure employment.
2. The Governor added \$20.0 million SGF in FY 2022 to enhance funding for moderate-income housing programs. The expenditures will appear in the Kansas Department of Commerce, however, according to the agency, the

intent is to transfer the funds to the Kansas Housing Resources Corporation for deposit into the State Housing Trust Fund.

3. The Governor added \$50.0 million SGF for rural housing in Governor's Budget Amendment (GBA) No. 1, Item 1 for FY 2023.
4. The Governor added \$5.0 million in FY 2022 and \$27.9 million for FY 2023, all from the Job Creation Program Fund (JCPF), for economic development. The revenue to the JCPF is a transfer from the SGF. The approved budget for FY 2023 raises the annual cap on transfers to the JCPF.
5. The Governor added \$2.0 million, all EDIF, to increase funding for Kansas Industrial Training and Retraining (KIT/KIR) programs for FY 2023.
6. The Governor added \$93,427, all EDIF, and 1.0 FTE position for a grant writer position in the Office of Innovation for FY 2023.
7. The Governor added \$500,000, all EDIF, for the Registered Apprenticeship (RA) program for FY 2023.
8. The Governor added \$1.0 million, all EDIF, to support the Office of Broadband Development for FY 2023.
9. The Governor added \$1.0 million, all EDIF, and 5.0 FTE positions to increase support for the Kansas Tourism Division for FY 2023.
10. The Governor added \$125,522, all EDIF, and 2.0 FTE position for salaries and benefits for a program manager and an administrative assistant in the Office of Innovation for FY 2023.
11. The Governor added \$99,547, all EDIF, and 1.0 FTE position for salaries and benefits for a salesforce data integrity analyst to manage the agency's customer relationship management software for FY 2023.
12. The Governor added \$1.0 million, all EDIF, to support Small Business R&D Acceleration grants in the Office of Innovation for FY 2023.
13. The Governor added \$81,161, all EDIF, and 1.0 FTE position for a lead research analyst in a new Data and Research Unit for FY 2023.
14. The Governor added \$105,693, all EDIF, and 1.0 FTE position for salaries and benefits for a cybersecurity program manager in the Office of Innovation for FY 2023.
15. The Governor added \$200,000, all EDIF, to upgrade the agency customer relationship management software for FY 2023.
16. The Governor added \$714,000, all EDIF, to support Work Based Learning Intermediaries and expand existing working relationships between education, business , industry, and economic development entities for FY 2023.
17. The Governor added \$10.0 million, all SGF, for higher education grants for FY 2023. The grants will be focused on economic development for FY 2023.
18. The Governor added \$195.0 million SGF for University Challenge Grant Projects for FY 2023. The recommendation was for these funds to require a \$1 to \$1 match of new funds. Additionally, \$20.0 million of the Governor's recommendation would be designated for the Wichita State University National Institute for Aviation Research (NIAR) program for FY 2023.
19. The Governor added \$125,000 SGF and 1.0 FTE position for a project director for Advantage Kansas for FY 2023. The purpose of the Advantage Kansas Coordinating Council is to help align education with state agencies and business needs.
20. The Legislature added \$500,000 EDIF in FY 2022 and \$2.5 million EDIF for FY 2023 for the Build Up Kansas program. The Associated General Contractors of America operate the program to recruit high school students and recent graduates into the building trades with a particular emphasis on road construction.
21. The Legislature deleted \$195.0 million SGF for University Challenge Grant Projects for FY 2023 and deleted language requiring funding for National Institute for Aviation Research (NIAR) from this source for FY 2023.
22. The Legislature deleted \$10.0 million SGF for University Grants for FY 2023.

23. The Legislature did not adopt GBA No. 1, Item 1, and deleted \$50.0 million SGF for rural housing for FY 2023.
24. The Legislature reduced the transfer from the SGF to the Job Creation Program Fund by \$15.0 million, from \$35.0 million to \$20.0 million for FY 2023.
25. The Legislature deleted \$240,880 from the KBA Grant Commitments account of the SGF for FY 2023.
26. The Legislature added \$5.0 million in federal ARPA funds for FY 2023 to support a new housing grant requiring a \$1 to \$1 match of non-state funding to accommodate recent economic expansion. The grant must be to a Kansas county with a population of less than 60,000 and more than 40,000 as of the 2020 federal census. The total capital investment for the housing project must exceed \$50.0 million and the number of new jobs caused by the economic development is required to exceed 500.
27. The Legislature transferred \$4.0 million from the SGF to the JCPF to prepare land for economic development and added language requiring approval of the State Finance Council for the transfer contingent upon an APEX agreement being signed in FY 2022.
28. The Legislature added \$73,500 SGF and 1.0 FTE position to support the Kansas Commission for the United States Semiquincentennial established by HB 2712 for FY 2023, and appropriated the Kansas Commission for the United States Sesquicentennial Gifts and Donations Fund.
29. The Legislature appropriated the APEX Payroll Incentive Fund, APEX New Employee Training and Education Fund, and APEX Kansas Residency Incentive Fund created in House Sub. for SB 347 for FY 2023.
30. The Legislature added language allowing the State Finance Council to approve the transfer of up to \$19.0 million from the JCPF to the APEX Payroll Incentive Fund, APEX New Employee Training and Education Fund, and APEX Kansas Residency Incentive Fund created in House Sub. for SB 347 for FY 2023.
31. The Legislature appropriated the Attracting Professional Sports to Kansas Fund contingent upon the passage of House Sub. for Sub. for SB 84 for FY 2023.
32. The Legislature added \$843,067, all from special revenue funds, for a 5.0 percent salary increase for most state employees for FY 2023. This adjustment excludes statewide elected officials, current beneficiaries of the 24/7 pay plan, with other specific limitations for employees who receive salary adjustments in other portions of the appropriations bill.