

House Budget Committee Report

Agency: Kansas Department of Commerce **Bill No.** HB 2588

Bill Sec. 27

Analyst: Dear

Analysis Pg. No. 455

Budget Page No. 78

Expenditure Summary	Agency Request FY 2023	Governor Recommendation FY 2023	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 205,125,000	\$ 0
Federal Funds	46,353,997	47,053,997	0
Other Funds	59,347,404	87,289,483	0
<i>Subtotal</i>	\$ 105,701,401	\$ 339,468,480	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	100,000	100,000	0
Other Funds	0	0	0
<i>Subtotal</i>	\$ 100,000	\$ 100,000	\$ 0
TOTAL	\$ 105,801,401	\$ 339,568,480	\$ 0
FTE positions	323.5	335.0	0.0

Agency Request

The **agency** requests FY 2023 expenditures of \$105.8 million, all from special revenue funds, which is a decrease of \$4.9 million, or 4.5 percent, below the FY 2022 revised estimate. The request includes 334.0 FTE positions, which is an increase of 10.5 FTE positions due to enhancement requests.

Major reductions in the request 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.

The decreases are partially offset by 13 enhancement requests totaling an increase of \$6.9 million and 10.5 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. Additionally, the agency added \$4.3 million in JCPF dollars due to the exhaustion of SGF moneys. 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.

Governor's Recommendation

The **Governor** recommends expenditures totaling \$339.6 million, including \$205.1 million SGF, for FY 2023. The recommendation is an increase of \$233.8 million, including \$205.1 million SGF, above the FY 2023 agency request. The increase is attributable to \$195.0 million SGF for University matching grants, \$10.0 million SGF for higher education grants, \$27.9 million from the JCPF for economic development, \$125,000 for the executive director for Advantage Kansas, and further extension of the federal Pathway Home 2 Grant (\$700,000).

The recommendation includes 335.0 FTE positions, which is an increase of 1.0 FTE position above the agency request due to Advantage Kansas.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2023 with the following adjustment:

1. Add language to increase the amount reserved for the National Institute for Aviation Research (NIAR) from \$20.0 million to \$35.0 million SGF of the \$195.0 million appropriated for University Matching Grants for FY 2023.

House Committee Recommendation

The **House Committee** concurs with the Budget Committee recommendation for FY 2023 with the following adjustment:

1. Add \$2.5 million, SGF, for the Build Up Kansas program for FY 2023.
2. Add language to increase the amount reserved for the National Institute for Aviation Research (NIAR) from \$20.0 million to \$35.0 million SGF of the \$195.0 million appropriated for University Matching Grants for FY 2023.
3. Add \$2.5 million SGF for the Build Up Kansas program for FY 2023.
4. Reduce the transfer from the SGF to the Job Creation Program Fund by \$20.0 million, from \$35.0 million to \$15.0 million for FY 2023.
5. Add \$6.8 million SGF for Cloud Community College provided the college provides a one-to-one match and completes the following projects: building a technical education and innovation center to house academic programs of Renewable Energy, Nursing & Allied Health, Agriculture, & Industrial Technology to meet regional workforce needs for FY 2023.
6. Add \$5.2 million SGF for Cowley Community College provided the college provides a one-to-one match and completes the following project: building a Build a Career and Technical Education facility in Arkansas City to expand Carpentry/Construction Trades, Welding, Electromechanical Maintenance, and other high-wage high-demand careers for FY 2023.
7. Add \$800,103 SGF for Fort Scott Community College provided the college provides a one-to-one match and completes the following project: establish a training program for heavy equipment operators in partnership with industry to serve multiple southeast Kansas counties and school districts to meet this critical workforce shortage for industry for FY 2023.
8. Add \$1.5 million SGF for Garden City Community College provided the college provides a one-to-one match and completes the following projects: build and 8,000 square-foot

facility expansion to increase Agricultural Technology, Farm Equipment Mechanic, Industrial Machinery Mechanic, and Welding programs to serve significantly more students and better meet local industry workforce demand for FY 2023.

9. Add \$425,375 SGF for Highland Community College provided the college provides a one to one match and completes the following project; expansion of welding program in Atchison and equipment to start computer support specialist and other high-wage high-demand information technology programs in the Highland service territory for FY 2023.
10. Add \$999,786 SGF for Hutchinson Community College provided the college provides a one-to-one match and completes the following project: build a facility expansion to allow for additional lab space to create 20 additional registered nursing education spots for students for FY 2023.
11. Add \$2.5 million SGF for Johnson County Community College provided the college provides a one-to-one match and completes the following project; expansion of Commercial Driving License-A Program to aid the supply chain and logistics workforce shortage facing all industries due to lack of CDL drivers and the difficulty of receiving low-cost CDL training locally. This will allow for significantly more course offerings at differing times for students including day, night, and weekends for FY 2023.
12. Add \$18.0 million SGF for Kansas City Kansas Community College
13. provided the college provides a one-to-one match and completes the following project: Construction and outfitting of the Kansas City Community College Community Education Health and Wellness Center, a 130,000 square-foot, \$70.0 million multi-level education, workforce, behavioral, and physical health center to house programs that currently do not exist in downtown Kansas City Kansas for FY 2023.
14. Add \$1.5 million SGF for Neosho Community College provided the college provides a one-to-one match and completes the following project: expansion of the technical education center to house various technical education programs from health care to new Aerostructures, Electrical Technology, and industrial maintenance technology programs for FY 2023.
15. Add \$778,445 SGF for Pratt Community College provided the college provides a one to one match and completes the following project: welding program expansion to serve more students. Purchase of additional robotic welding equipment, a pipe fab welding system, laser cuttingwater jet cutting table, and a live axis computer numerical control machine for FY 2023.
16. Delete \$160.0 million SGF for University Challenge Grants and review at Omnibus for FY 2023.
17. Delete \$10.0 million SGF for University Grants and review at Omnibus for FY 2023.
18. Add language requiring the Department of Commerce to expend funds to consult with the State Finance Council regarding the interest rate, financing terms, development agreement and sources and uses of the multi sport athletic complex and attraction in the Bluhawk STAR Bond district. Additionally, prior to proceeding with the Bluhawk STAR Bond district the Department of Commerce will be required to receive approval of the Governor and a majority of the members of the State Finance council for FY 2023.
19. Add \$50.0 million SGF for the rural housing program for FY 2023.
20. Did not consider adopting GBA No. 1, Item 1, and delete \$50.0 million SGF for rural housing for FY 2023.

House Committee of the Whole Recommendation

The **Committee** concurs with the House Appropriations Committee recommendation for FY 2023.

Senate Subcommittee Report

Agency: Kansas Department of Commerce **Bill No.** SB 422

Bill Sec. 27

Analyst: Dear

Analysis Pg. No. Vol. 1, p. 457

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The recommendation includes 335.0 FTE positions, which is an increase of 1.0 FTE position above the agency request due to Advantage Kansas.

Senate Committee on Commerce Recommendation

The **Senate Committee** concurs with the Governor's recommendation for FY 2023 with the following adjustment:

1. Add language to increase the amount reserved for the National Institute for Aviation Research (NIAR) from \$20.0 million to \$35.0 million SGF of the \$195.0 million appropriated for University Matching Grants for FY 2023.

Senate Committee on Ways and Means Recommendation

The **Senate Committee on Ways and Means** concurs with the Senate Committee on Commerce recommendation for FY 2023 with the following adjustments:

1. Delete \$35.0 million SGF for University Challenge Grants for FY 2023 and delete language requiring funding for National Institute for Aviation Research (NIAR) from this source.
2. Adopt in part GBA No. 1, Item 1 that adds \$50.0 million SGF and delete \$20.0 million SGF and add language lapsing the funds if federal ARPA money is available from the SPARK Advisory Panels.

Senate Committee of the Whole

The **Senate Committee** concurs with the Senate Committee on Ways and Means recommendation for FY 2023 with the following adjustment:

1. Delete \$240,880 from the KBA Grant Commitments account of the SGF for FY 2023.