

KANSAS DEPARTMENT OF COMMERCE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 25,000	\$ 6,877,926	\$ 11,877,926	\$ 0	\$ 10,000
Other Funds	116,114,901	262,976,694	306,963,327	95,869,343	99,445,857
<i>Subtotal</i>	<i>\$116,139,901</i>	<i>\$ 269,854,620</i>	<i>\$318,841,253</i>	<i>\$ 95,869,343</i>	<i>\$ 99,455,857</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	225,000	225,000	330,000	330,000
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 225,000</i>	<i>\$ 225,000</i>	<i>\$ 330,000</i>	<i>\$ 330,000</i>
TOTAL	<u>\$ 116,139,901</u>	<u>\$ 270,079,620</u>	<u>\$ 319,066,253</u>	<u>\$ 96,199,343</u>	<u>\$ 99,785,857</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(96.2) %	27,411.7 %	47,411.7 %	(100.0) %	(99.9) %
All Funds	24.8	132.4	174.5	(64.5)	(68.8)
FTE Positions	296.3	296.3	296.3	296.3	308.3

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

AGENCY OVERVIEW

The Kansas Department of Commerce (Commerce) is a cabinet-level agency with a mission to empower businesses and communities through bold leadership using strategic resources to realize prosperity in Kansas. The agency serves as the lead agency for economic development through the promotion of business, industry, trade, and workforce training within the state. The Department operates through the following three divisions:

- The Administration Division is composed of the Office of the Secretary, Human Resources, Public Affairs and Marketing, Information Technology, Fiscal Services, Building Services, Governor's Economic Council of Advisors, Legal, Regulatory Compliance, and the Athletic Commission;
- The Business and Community Development Division grows the Kansas economy through the creation and retention of jobs and increased capital investment. This division works to bring new business opportunities to Kansas and assist Kansas companies interested in opportunities to grow and expand. The Division also works with Kansas communities by helping them find solutions to various infrastructure and other community needs in order to make them stronger, more

viable places to live and work. Financial incentives and programs the Division administers for businesses and communities include the following:

- Promoting Employment Across Kansas Program;
 - High Performance Incentive Program;
 - Community Service Tax Credits;
 - Angel Investor Tax Credits;
 - Rural Opportunity Zones;
 - State Small Business Credit Initiative;
 - Community Development Block Grant;
 - Neighborhood Stabilization Program;
 - Wind and Solar Bond Financing;
 - Sales Tax and Revenue (STAR) Bonds; and
- The Workforce Services Division links businesses, job candidates, and educational institutions to ensure employers can find skilled workers. The Division accomplishes this by partnering with local workforce investment boards and other state agencies. In addition, a robust partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses. The result is an integrated, demand-driven statewide network in which workers receive job-specific training and Kansas businesses can find the well-trained employees they need. Employment services are provided to employers and job candidates through the state's 23 workforce centers, online or virtual services, and the mobile workforce center. These employer-driven services include recruiting skilled workers, screening and assessing job candidates, and identifying individuals needing skill enhancement. The Division has two main organizational units: Training Services and Employment Services.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** deleted \$500,000, all from the Economic Development Initiatives Fund (EDIF), for (fiscal year) FY 2012 for competitive grants to community colleges and shifted the funding to the Kansas Board of Regents.

The **2011 Legislature** added language requiring the Regional Economic Area Partnership (REAP) to submit an annual report to the Legislature before May 1, 2012.

The **2011 Legislature** also added language requiring the Kansas Department of Commerce to conduct an independent review of the financial reports submitted by REAP and report to the Legislature before May 1, 2012.

In addition, the **2011 Legislature** added language prohibiting the Kansas Department of Commerce from charging or assessing any fees for administering the research grants for the University of Kansas, Kansas State University, and Wichita State University.

The **2012 Legislature** added \$700,000, all from the EDIF, and 3.0 FTE positions to fund the Kansas Creative Arts Industries Commission. The Creative Arts Industries Commission replaces the Kansas Arts Commission and the Kansas Film Commission and is administered by the Kansas Department of Commerce.

The **2012 Legislature** deleted \$25,000, all from the EDIF, for the State Fair Study and added the same amount to the State Fair's budget to provide matching money for the State Fair's centennial celebration for FY 2013.

The **2012 Legislature** added \$500,000, all from the State General Fund (SGF), for a new program to provide incentives for companies to employ and train individuals with disabilities.

The **2012 Legislature** deleted \$500,000, all SGF, for the Project 17 economic development initiatives projects in Southeast Kansas.

The **2013 Legislature** deleted \$50,000, all from the EDIF, for the Medicaid Reform Employment Incentive program for FY 2014 and FY 2015. This reduced the amount of grants available for employers that employ and train individuals with disabilities.

The **2013 Legislature** also deleted \$275,000, all from the EDIF, for the Accelerate Entrepreneurship program for FY 2014 and FY 2015. This program is designed to increase the number of entrepreneurs in the state by providing incentives to Kansas educational institutions for each student or faculty member who starts a new company with at least one full-time employee besides themselves.

The **2013 Legislature** transferred \$1.0 million for FY 2014 and \$500,000 for FY 2015 from the Reimbursement and Recovery Fund to the SGF.

The **2013 Legislature** deleted \$1.5 million, all from the EDIF, in the Kansas Department of Commerce operating grant and increased the transfer from the EDIF to the SGF for FY 2014 by that same amount.

The **2013 Legislature** added language directing any appropriated funds for the Kansas Creative Arts Industries Commission in FY 2013 be reappropriated for FY 2014. The recommendation for the Kansas Creative Arts Industries Commission is \$699,467 in FY 2013 and \$200,000 for FY 2014.

The **2013 Legislature** reduced the limit on SGF transfers to the Job Creation Fund by \$2.5 million from \$10.0 million to \$7.5 million. The reduction increased revenue to the SGF for FY 2014 by \$2.5 million.

The **2013 Legislature** directed the \$5.0 million for the Affordable Airfares program be directed to the counties rather than REAP for FY 2014.

The **2014 Legislature** deleted \$15.0 million, all SGF, for the animal health research grant (\$5.0 million), aviation research grant (\$5.0 million), and cancer center research grant (\$5.0 million) for FY 2015 (HB 2506). These grants were appropriated directly to Kansas State University, Wichita State University, and the University of Kansas, respectively.

The **2014 Legislature** added \$250,000 SGF for global trade services grants to be awarded in FY 2015.

The **2015 Legislature** deleted \$250,000 for the operating grant and \$2.0 million for the Rural Opportunity Zone (ROZ) program from the EDIF in FY 2015.

The **2015 Legislature** added \$1.0 million, all from special revenue funds, for the Affordable Airfares Program for FY 2016. This resulted in total program expenditures of \$5.0 million and also shifted funding from the SGF to the State Highway Fund. The Legislature deleted \$3.0 million from special revenue funds to eliminate the Affordable Airfares Program for FY 2017.

The **2016 Legislature** deleted \$2.0 million of the EDIF reappropriation in FY 2016 and also reduced \$750,000 for the ROZ program in FY 2016 and \$500,000 for FY 2017.

The **2016 Legislature** transferred the balance of the Kansas Partnership Fund of \$3.7 million and the Kansas Existing Industry Expansion Fund of \$1.9 million to the SGF in FY 2016.

The **2016 Legislature** eliminated the planned \$3.5 million transfer to the Job Creation Program Fund in FY 2016 and FY 2017.

The **2016 Legislature** deleted the Innovation Growth Program funding of \$1.4 million from the EDIF and eliminated the program for FY 2017. The Legislature also deleted the Disability Employment Program funding of \$431,587 from the EDIF as the program was eliminated in FY 2016 under the special authority given in 2015 Senate Sub. for HB 2135.

The **Governor** transferred \$455,581, all from the EDIF operating account, to the SGF for FY 2017 as part of the May 18, 2016, SGF allotment.

The **2016 Legislature** concurred with the Governor's Budget Amendment No. 1, Item 5, and added \$6.6 million, all SGF, for the Kansas Bioscience Authority (KBA) long-term grant commitments to be transferred to the Kansas Department of Commerce for FY 2017, contingent on the sale of the KBA portfolio.

The **2016 Legislature** passed two major bills, as follows:

- Senate Sub. for HB 2509 granted the Secretary of Commerce discretionary authority to assess and collect fees for the administration of various economic development programs and deposit in administrative funds the bill creates for each program; and
- HB 2632 authorized the State Finance Council to oversee the sale of the KBA or substantially all of its assets. The bill also revised provisions of the Sales Tax and Revenue (STAR) Financing Act pertaining to the annexation of area into a STAR Bond district, pledges for future financial support from the State, an "eligible area," and annual reporting to legislative committees.

The **2017 Legislature** added \$1.2 million, all SGF, for credit counseling for clients affected by the America's Job Link Alliance data breach in FY 2017.

In addition, the **2017 Legislature** added \$750,000 for FY 2018 and \$1.6 million for FY 2019 from the EDIF for the ROZ program for additional student loan forgiveness payments and reduced the EDIF agency operating grant by \$375,000 for FY 2018 and \$805,000 for FY 2019 to partially fund the ROZ increase.

The **2019 Legislature** added \$2.0 million to establish the Office of Rural Prosperity, increased the funding for the Creative Arts Industries Commission to \$500,000 per year and restarted the Kansas Main Street Program. The Legislature also directed the Department of Commerce in HB 2223 to establish a database of information on economic development programs that was available to the public.

The **2020 Legislature** added \$644,061, all from the EDIF, to expand and staff the Community Development Division and \$575,000, all from the EDIF, to expand the Main Street program in FY 2021.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests \$270.1 million, including \$6.9 million SGF, for FY 2021. The request is an all funds increase of \$162.8 million, or 151.1 percent, and an SGF decrease of \$5.0 million, or 42.1 percent, from the approved amount. The SGF decrease is attributable to \$5.0 million in funding approved by the Legislative Coordinating Council for the Job Creation Program Fund subsequent to submission of the budget. The special revenue fund increase is attributable to \$138.6 million received from the federal Coronavirus Relief Fund, which supports the Connectivity Emergency Response Grants (CERG) program, Business Retention and Expansion grants, Local Food Service Grants, and cybersecurity and advanced manufacturing grants. The increase is also attributable to \$18.3 million in Community Development Block Grants of which \$16.9 million is from federal CARES Act funding. In addition to the federal funding increases, the agency also requests an additional \$2.9 million in operating funds. The operating funds increases are for information technology expenditures related to the incentive database and website updates (\$1.9 million) and salaries and wages increases of \$959,815 from filling vacant positions in the Administration Program, the new federal Federal Employment Data Exchange System (FEDES) Grant, as well as hiring in the Main Street and Strong Military Bases programs.

The agency requests a revised estimate for capital improvements of \$225,000, all from special revenue funds, in FY 2021. The agency request is a decrease of \$100,000, or 30.8 percent, below the FY 2021 approved budget. The reduction is attributable to delaying all capital improvement projects for one year.

The request includes 296.3 FTE positions, an increase of 3.3 FTE above the FY 2021 approved FTE number. The revised estimate is not due to new positions but reflects the FY 2020 actual FTE count.

The **Governor** recommends expenditures of \$319.1 million, including \$11.9 million SGF, an all funds increase of \$49.0 million, or 18.1 percent, and an SGF increase of \$5.0 million, or 72.7 percent, above the agency's FY 2021 request. The SGF increase is attributable to the addition of \$5.0 million allocated by the State Finance Council for the Job Creation Program Fund. The other funds increase totals \$44.0 million and is attributable to an additional \$40.0 million for small business assistance and \$5.0 million from CRF funds. The increases are partially offset by a reduction of \$1.0 million to refinance the Investments in Major Projects and Comprehensive Training (IMPACT) bonds.

The Governor concurs with the agency's FY 2021 capital improvements estimate.

FY 2022 – Budget Year. The **agency** requests \$96.2 million, all from special revenue funds, for FY 2022. The **agency** request includes \$95.9 million in operating expenditures for FY 2022. The operating request is an all funds decrease of \$174.0 million, or 64.5 percent, from the FY 2021 revised estimate. The decrease is primarily attributable to one-time federal funds expenditures in FY 2021 for COVID-19 pandemic relief, including the Community Development Block Grant (CDBG) - CARES Act (\$16.9 million), CERG Program, Business Retention and Expansion grant program, local food systems grants, Information Technology grants, and other programs totaling \$138.6 million, and expanded National Endowment for the Arts funding (\$342,600). The agency also estimates reductions in other assistance of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the EDIF due to exhaustion of funding sources and a reduction of \$550,000 from the IMPACT Program Services fund due to exhaustion of funding.

The agency requests capital improvement expenditures of \$330,000, all from special revenue funds, for FY 2022. The agency request is an increase of \$105,000, or 46.7 percent, above the FY 2021 agency request. The increase is attributable to the cost of replacing the elevator at the Topeka Workforce Center relative to roof and facade repairs in FY 2021.

The agency requests 296.3 FTE positions, the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$99.8 million, including \$10,000 SGF, an all funds increase of \$3.6 million, or 3.7 percent, above the FY 2022 agency request. The Governor also recommends the addition of \$10,000 SGF for moving expenditures. The increase is attributable to the recommendation to move the Tourism Division from the Kansas Department of Wildlife, Parks, and Tourism to Commerce. The move includes \$3.0 million from the Tourism and Travel Fee Fund, \$1.6 million from EDIF, and 12.0 FTE positions. The increase is partially offset by a reduction of \$1.0 million, all from special revenue funds, to refinance the IMPACT bonds.

The Governor concurs with the agency's FY 2022 capital improvements request.

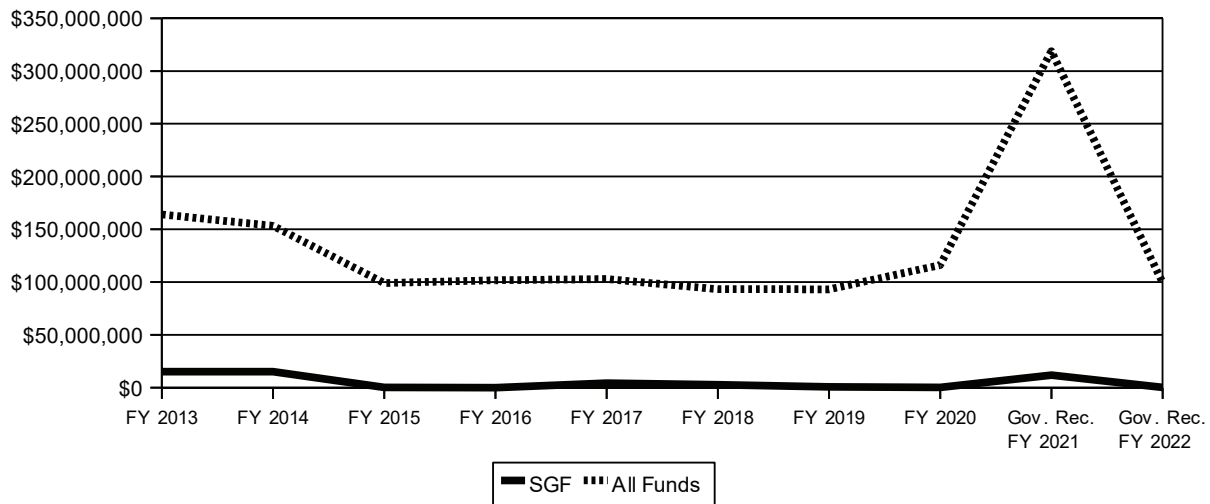
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Athletic Commission Events	84	94	95	57	50	75
Number of Fighters, Promoters, Referees, Judges, and Doctors Certified	551	511	550	486	500	600
Jobs Created or Retained through Business Development	19,072	25,458	12,000	12,349	13,584	14,942
Private Capital Investment in Kansas through Commerce Programs (Dollars in Billions) *	\$ 2.645	\$ 1.422	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.800
Projects Opened by Business Development Staff *	140	165	120	324	350	375
Jobs Created or Retained through Business Recruitment Efforts *	771	8,998	7,500	2,855	8,000	10,000
Jobs Created or Retained through Retention/Expansion Efforts *	16,408	16,460	12,000	11,126	12,000	13,000
Face-to-face Business Contacts through Business Retention and Expansion *	891	806	900	540	600	800
Business Recruitment Projects Opened *	79	108	75	142	150	175
Percent of Business Recruitment Projects Approved *	42.0 %	36.0 %	40.0 %	15.0 %	15.0 %	15.0 %
Jobs Created or Retained through Workforce Services	16,645	15,238	16,609	12,349	13,584	14,942
Individuals Trained through Workforce Services	9,302	13,545	19,640	7,909	8,700	9,570
Kansas Served with Job Search Counseling, Resume Writing, and Other Services	44,283	63,397	90,658	42,722	46,994	51,694
Percent of community development block grants applications approved	70.0 %	53.0 %	N/A	71.0 %	70.0 %	70.0 %
Number of Community Service Tax Credit Program applications received	39	50	N/A	53	56	61
Housing units rehabbed from CDBG	27	19	N/A	45	40	40
Number of KITSAP applications received	21	21	N/A	22	10	30
Percent of KITSAP applications approved	95.0 %	86.0 %	N/A %	86.0 %	95.0 %	95.0 %
Total dollar amount of approved KITSAP agreements *	\$ 53,180	\$ 54,375	\$ N/A	\$ 52,038	\$ 35,000	\$ 90,000
Return on Investment rate **	1:508	1:284	N/A	1:64	1:300	1:400
Statewide transient guest tax (in millions)	N/A	N/A	N/A	N/A	N/A	\$ 50.7
Number of hotel night demands (in millions)	N/A	N/A	N/A	N/A	N/A	10
Visitors to Kansas per calendar year (in millions)	N/A	N/A	N/A	N/A	N/A	39.0
<i>* Performance Measures not used by the Governor for estimation purposes.</i>						
<i>** The ROI reflects the first seven trades shows completed before Covid-19. All other trades shows were canceled after January 2020.</i>						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 93.3	\$ 93.1	\$ 172.6	\$ 116.1	\$ 318.8	\$ 99.5
FTE Positions	282.5	291.0	293.0	296.3	296.3	308.3

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 15,001,308	0.0 %	\$ 164,030,681	11.5 %	258.0
2014	15,031,976	0.2	153,298,521	(6.5)	272.8
2015	245,000	(98.4)	99,053,735	(35.4)	268.7
2016	0	(100.0)	101,679,847	2.7	272.5
2017	4,263,537	--	102,871,294	1.2	277.2
2018	2,716,870	(36.3)	93,260,009	(9.3)	282.5
2019	655,429	(75.9)	93,091,390	(0.2)	291.0
2020	25,000	(96.2)	116,139,901	24.8	296.3
2021 Gov. Rec.	11,877,926	47,411.7	318,841,253	174.5	296.3
2022 Gov. Rec.	10,000	(99.9)	99,455,857	(68.8)	308.3
Ten-Year Change					
Dollars/Percent	\$ (14,991,308)	(99.9)%	\$ (64,574,824)	(39.4)%	50.3

Staff Notes:

- SGF Funding from FY 2017 through FY 2020 reflect Kansas Bio Science Authority expenditures to wind down operations;
- Increase in All Fund in FY 2021 reflects federal COVID-19 Relief Funds; and
- Increase in SGF funding in FY 2021 includes \$10.5 million in SGF funding for transfer to the Job Creation Program Fund.

Summary of Operating Budget FY 2020 - FY 2022

	Agency Estimate			Governor's Recommendation					
	Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 19,214,646	\$ 155,664,571	\$ 14,812,094	\$ (140,852,477)	(90.5)%	\$ 200,681,800	\$ 14,812,094	\$ (185,869,706)	(92.6)%
Business Development	42,214,296	23,756,027	8,462,067	(15,293,960)	(64.4)	28,756,027	8,462,067	(20,293,960)	(70.6)
Workforce Services	54,695,319	53,142,102	52,966,365	(175,737)	(0.3)	52,111,506	51,936,665	(174,841)	(0.3)
Community Development	0	36,459,042	18,885,232	(17,573,810)	(48.2)	36,459,042	18,885,232	(17,573,810)	(48.2)
International Division	0	823,325	740,357	(82,968)	(10.1)	823,325	740,357	(82,968)	(10.1)
Tourism	0	0	0	0	--	0	4,616,214	4,616,214	100.0
Debt Service	15,640	9,553	3,228	(6,325)	(66.2)	9,553	3,228	(6,325)	(66.2)
TOTAL	\$ 116,139,901	\$ 269,854,620	\$ 95,869,343	\$ (173,985,277)	(64.5)%	\$ 318,841,253	\$ 99,455,857	\$ (219,385,396)	(68.8)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 18,222,839	\$ 21,453,685	\$ 21,619,698	\$ 166,013	0.8%	\$ 21,453,685	\$ 22,483,935	\$ 1,030,250	4.8%
Contractual Services	11,523,372	10,642,948	9,730,208	(912,740)	(8.6)	10,656,177	13,294,662	2,638,485	24.8
Commodities	225,558	213,255	211,700	(1,555)	(0.7)	217,255	250,597	33,342	15.3
Capital Outlay	688,741	544,600	541,326	(3,274)	(0.6)	544,600	546,952	2,352	0.4
Debt Service	15,640	9,553	3,228	(6,325)	(66.2)	9,553	3,228	(6,325)	(66.2)
<i>Subtotal - Operations</i>	<i>\$ 30,676,150</i>	<i>\$ 32,864,041</i>	<i>\$ 32,106,160</i>	<i>\$ (757,881)</i>	<i>(2.3)%</i>	<i>\$ 32,881,270</i>	<i>\$ 36,579,374</i>	<i>\$ 3,698,104</i>	<i>11.2%</i>
Aid to Local Units of Government	30,250,300	30,889,235	14,000,000	(16,889,235)	(54.7)	30,889,235	14,143,000	(16,746,235)	(54.2)
Other Assistance	55,213,451	206,101,344	49,763,183	(156,338,161)	(75.9)	255,070,748	48,733,483	(206,337,265)	(80.9)
TOTAL	\$ 116,139,901	\$ 269,854,620	\$ 95,869,343	\$ (173,985,277)	(64.5)%	\$ 318,841,253	\$ 99,455,857	\$ (219,385,396)	(68.8)%
Financing:									
State General Fund	\$ 25,000	\$ 6,877,926	\$ 0	\$ (6,877,926)	(100.0)%	\$ 11,877,926	\$ 10,000	\$ (11,867,926)	(99.9)%
EDIF	12,829,663	15,405,757	13,092,811	(2,312,946)	(15.0)	15,405,757	14,694,387	(711,370)	(4.6)
CDBG Funds	30,743,808	31,408,137	14,522,206	(16,885,931)	(53.8)	31,408,137	14,522,206	(16,885,931)	(53.8)
Coronavirus Relief Fund	67,203	138,600,000	0	(138,600,000)	(100.0)	183,617,229	0	(183,617,229)	(100.0)
All Other Funds	72,474,227	77,562,800	68,254,326	(9,308,474)	(12.0)	76,532,204	70,229,264	(6,302,940)	(8.2)
TOTAL	\$ 116,139,901	\$ 269,854,620	\$ 95,869,343	\$ (173,985,277)	(64.5)%	\$ 318,841,253	\$ 99,455,857	\$ (219,385,396)	(68.8)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$0 for the Department of Commerce in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$1,402,926, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$5,500,000, based on the supplemental appropriation of funding from the Legislative Coordinating Council to reimburse expenditures from the Job Creation Program Fund and has shifted to FY 2021; and
- An increase of \$5,000,000, based on the supplemental appropriation of funding from the Legislative Coordinating Council to increase support for the Job Creation Program Fund that has shifted to FY 2021.

These adjustments change the FY 2021 approved SGF amount to \$11,877,926. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 11,877,926	\$ 6,877,926	\$ (5,000,000)	\$ 11,877,926	\$ 0
All Other Funds	95,353,638	263,201,694	167,848,056	307,188,327	211,834,689
TOTAL	\$ 107,231,564	\$ 270,079,620	\$ 162,848,056	\$ 319,066,253	\$ 211,834,689
FTE Positions	293.0	296.3	3.3	296.3	3.3

The **agency** requests \$270.1 million, including \$6.9 million SGF, for FY 2021. The request is an all funds increase of \$162.8 million, or 151.1 percent, and an SGF decrease of \$5.0 million, or 42.1 percent, from the approved amount. The SGF decrease is attributable to \$5.0 million in additional funding approved by the Legislative Coordinating Council for the Job Creation Program Fund subsequent to submission of the budget. The special revenue fund increase is attributable to \$138.6 million received from the federal Coronavirus Relief Fund, which supports the Connectivity Emergency Response Grants (CERG) program, Business Retention and Expansion grants, Local Food Service Grants, and cybersecurity and advanced manufacturing grants. The increase is also attributable to \$18.3 million in Community Development Block Grants of which \$16.9 million is from federal CARES Act funding. In addition to the federal funding increases, the agency also requests an additional \$2.9 million in operating funds. The operating funds increases are for information technology expenditures related to the

incentive database and website updates (\$1.9 million) and salaries and wages increases of \$959,815 from filling vacant positions in the Administration Program, the new federal Federal Employment Data Exchange System (FEDES) Grant, as well as hiring in the Main Street and Strong Military Bases programs.

The request includes 296.3 FTE positions, an increase of 3.3 FTE above the FY 2021 approved FTE amount. The revised estimate is not due to new positions but reflects the FY 2020 actual FTE count.

- **Salaries and Wages** - The agency requests \$21.5 million, all from special revenue funds, for salaries and wages in FY 2021. The request is an increase of \$959,815, or 4.7 percent, above the FY 2021 approved budget. The increases are attributable to filling vacant positions in the Administration Program (\$316,623), hiring a full-time staff member for the Strong Military Bases Program (\$127,199), filling vacant positions in the Main Street Program (\$176,689), and staffing costs to administer the new FEDES grant (\$439,655). The increases were partially offset by slight funding changes in several other federal programs;
- **Contractual Services** - The agency requests \$10.6 million, all from special revenue funds, for contractual services in FY 2021. The request is an increase of \$1.9 million, or 22.1 percent, above the FY 2021 approved budget. The increase is largely funded by a \$1.3 million increase in the EDIF operating grant for development of the economic incentives database and updates to the Department of Commerce website. The agency also increased contractual services funding from the EDIF for the Main Street program by \$344,900, or 230.1 percent. The agency reduced the EDIF expenditures for the Community Development Division by \$200,760 as more of the development work was brought in-house. In addition to these EDIF adjustments, the agency revised the estimate for America's Job Link Alliance subscription fees by an increase of \$624,950 to match the FY 2020 actual amount, which was offset by a reduction in the projected application fees for a variety of tax incentive programs such as the High Performance Incentive Program, Kansas Industrial Training/Kansas Industrial Retraining, Promoting Employment Across Kansas (PEAK), and STAR Bonds;
- **Commodities** - The agency requests \$213,255, all from special revenue funds, for commodities in FY 2021. The request is a decrease of \$56,845, or 21.0 percent, below the FY 2021 approved budget. The decrease is attributable to lower-than-anticipated startup costs in the Community Development Division (\$36,900) from the EDIF and small adjustments in anticipated expenditures from various federal funds;
- **Capital Outlay** - The agency requests \$544,600, all from special revenue funds, for capital outlay in FY 2021. The request is an increase of \$97,297, or 21.8 percent, above the FY 2021 approved budget. The increase is for software purchases and computers in the Administration program;
- **Aid to Local Units of Government** - The agency requests \$30.9 million, all from special revenue funds, for aid to local units of government in FY 2021. The request is an increase of \$18.3 million, or 146.0 percent, above the FY 2021 approved budget. \$16.9 million of the increase is attributable to Community Development Block Grant (CDBG) - federal CARES Act expenditures. The additional federal funding was split between two programs. One was for CDBG Economic Development Grants. The Economic Development Grants were for small businesses and had a maximum of

\$50,000 per company and \$300,000 per community. The grants can be used for operating costs such as wages, utilities, rent, or inventory. The remaining half of the CDBG-CARES Act funds were used for meal program grants for programs such as Meals on Wheels. The maximum amount a community could receive was \$100,000. The remaining increase is attributable to a \$500,000 increase in regular CDBG funding and a \$965,800 increase in the CDBG revolving loan program;

- **Other Assistance** - The agency requests \$206.1 million, all from special revenue funds, for other assistance in FY 2021. The request is an increase of \$141.4 million, or 218.4 percent, above the FY 2021 approved budget. The majority of the increase (\$138.6 million) is from the federal Coronavirus Relief Fund (CRF):
 - \$50.0 million of the funding was used for Connectivity Emergency Response Grants (CEREG). The grants are to improve internet connectivity and have a 20.0 percent match requirement. The maximum grant amount is \$10.0 million, and 67 projects are included;
 - \$61.5 million of the funding was used for Business Retention and Expansion grants. The small business grants averaged \$18,954 for 1,982 businesses;
 - \$9.0 million of the funding was used for grants to secure local food systems. The funding was used for meat processing plants, food banks, and producers. The program was housed in the Department of Commerce, but technical review was managed by the Kansas Department of Agriculture;
 - \$8.1 million of the funding was used for workforce training and retraining. The grants were for information technology cybersecurity and project management and advanced manufacturing;
 - The remaining \$10.0 million was reallocated for COVID-19 testing;
 - A decrease of \$5.0 million, all from the SGF, due to additional funding for the Job Creation Program Fund allocated by the Legislative Coordinating Council subsequent to submission of the budget; and
 - In addition to the federal CRF funds, the agency is requesting an increase of \$8.0 million from the Job Creation Program Fund, mostly to reimburse expenditures for the HIRE program, which provided small grants to individuals in the hospitality industry negatively impacted by the COVID-19 pandemic and increased estimated grants to encourage companies to invest in Kansas.

The **Governor** recommends expenditures of \$319.1 million, including \$11.9 million from the SGF, which is an all funds increase of \$49.0 million, or 18.1 percent, and an SGF increase of \$5.0 million, or 72.7 percent, above the FY 2021 agency request. The SGF increase is attributable to recommending the additional \$5.0 million allocated by the State Finance Council for the Job Creation Program Fund. The other funds increase totals \$44.0 million and is attributable to an additional \$40.0 million for small business assistance and \$5.0 million for CRF funds. The increases are partially offset by a reduction of \$1.0 million to refinance the IMPACT bonds.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 95,869,343	\$ 99,455,857	\$ 3,586,514
FTE Positions	296.3	308.3	12.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ (6,877,926)	\$ (11,867,926)	
All Other Funds	(167,107,351)	(207,517,470)	
TOTAL	\$ (173,985,277)	\$ (219,385,396)	
<i>Percent Change:</i>			
State General Fund	(100.0) %	(99.9) %	
All Other Funds	(63.5)	(67.6)	
TOTAL	(64.5) %	(68.8) %	
Change in FTE Positions	0.0	12.0	

The **agency** requests \$95.9 million in operating expenditures for FY 2022. The request is an all funds decrease of \$174.0 million, or 64.5 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to one-time federal funds expenditures in FY 2021 for COVID-19 pandemic relief, including the Community Development Block Grant (CDBG) - federal CARES Act (\$16.9 million), CERG Program, Business Retention and Expansion grant program, local food systems grants, information technology grants and other programs totaling \$138.6 million, and expanded National Endowment for the Arts funding (\$342,600). The agency also estimates reductions in other assistance of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the EDIF due to exhaustion of funding sources, and a reduction of \$550,000 from the IMPACT Program Services fund due to exhaustion of funding.

The agency requests 296.3 FTE positions, the same as the FY 2021 revised estimate.

- **Salaries and Wages** - The agency requests \$21.6 million, all from special revenue funds, for salaries and wages in FY 2022. The request is an increase of \$166,013, or 0.8 percent, above the FY 2021 revised estimate. The increase is attributable to employer contributions for the Kansas Public Employees Retirement System (KPERs) (\$119,949) and group health insurance (\$70,557). The increases are partially offset by a reduction in workers' compensation fees (\$28,438);
- **Contractual Services** - The agency requests \$9.7 million, all from special revenue funds, for contractual services in FY 2022. The request is a decrease of \$912,740, or 8.6 percent, below the FY 2021 revised estimate. The reduction is attributable to reduced travel (\$130,182), advertising (\$115,493), and other professional fees (\$579,706) that were allocated from reappropriations;

- **Commodities** - The agency requests \$211,700, all from special revenue funds, for commodities in FY 2022. The request is a decrease of \$1,155, or 0.7 percent, below the FY 2021 revised estimate. The decrease is attributable to vehicle fuel and paper supply costs and partially offset by increased food purchases for staff;
- **Capital Outlay** - The agency requests capital outlay expenditures of \$541,326, all from special revenue funds, for FY 2022. The request is a decrease of \$3,274, or 0.6 percent, below the FY 2021 revised estimate. The decrease is attributable to one-time software purchases in FY 2021 that do not reoccur in FY 2022;
- **Debt Service** - The agency requests \$3,228, all from special revenue funds, for debt service interest in FY 2022. The request is a decrease of \$6,325, or 66.2 percent, below the FY 2021 revised estimate. The debt service payments are interest on the IMPACT bonds, which will be retired at the end of FY 2022;
- **Aid to Local Units of Government** - The agency requests \$14.0 million, all from special revenue funds, for aid to local units of government in FY 2022. The request is a decrease of \$16.9 million, or 54.7 percent, below the FY 2021 revised estimate. The decrease is attributable to the absence of CDBG - federal CARES Act funding in FY 2022; and
- **Other Assistance** - The agency requests \$49.8 million, all from special revenue funds, for other assistance in FY 2022. The request is a decrease of \$156.3 million, or 75.9 percent, below the FY 2021 revised estimate. The decrease is attributable to the elimination of SGF moneys in FY 2022 that are used to settle KBA Grant Commitments (\$6.9 million), no federal Coronavirus Relief Fund moneys (\$138.6 million), the end of the Registered Apprenticeship Program expansion (\$300,000), a reduction of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the EDIF due to exhaustion of funding sources, and a reduction of \$550,000 from the IMPACT Program Services fund due to a lack of funding.

The **Governor** recommends expenditures of \$99.8 million, including \$10,000 SGF, which is an all funds increase of \$3.6 million, or 3.7 percent, above the FY 2022 agency request. The Governor recommends \$10,000 SGF for moving expenditures. The increase is mainly attributable to the recommendation to move the Tourism Division from the Kansas Department of Wildlife, Parks, and Tourism to Commerce. The move includes \$3.0 million from the Tourism and Travel Fee Fund, \$1.6 million from EDIF, and 12.0 FTE positions. The increase is partially offset by a reduction of \$1.0 million, all from special revenue funds, to refinance the IMPACT bonds.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Grant	\$ 0	\$ (261,507)	0.0	\$ 0	\$ 0	0.0
Office of Rural Prosperity	0	(43,217)	0.0	0	0	0.0
Older Kansans Employment Program	0	(50,316)	0.0	0	0	0.0
Rural Opportunity Zone Program	0	(100,858)	0.0	0	0	0.0
Strong Military Bases Program	0	(19,588)	0.0	0	0	0.0
Governor's Economic Council of Advisors	0	(193,795)	0.0	0	0	0.0
Build Up Kansas	0	(125,000)	0.0	0	0	0.0
Mani Street Program	0	(400,000)	0.0	0	0	0.0
Community Development Division	0	(115,000)	0.0	0	0	0.0
TOTAL	\$ 0	\$ (1,309,281)	0.0	\$ 0	\$ 0	0.0

The **agency** submits a reduced resource proposal totaling \$1.9 million, all EDIF, for FY 2022. The proposal includes the following:

- 3.63 percent reduction to the operating grant;
- 10.0 percent reductions to the Older Kansas Employment Program, Rural Opportunity Zone Program, and Strong Military Bases Program;
- 17.9 percent reduction to Community Development;
- 48.5 percent reduction to the Main Street Program; and
- 100.0 percent reduction to the Governor's Council of Economic Advisers and Build Up Kansas.

The **Governor** does not recommend adoption of the agency reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$19,719, all from special revenue funds, and FY 2022 longevity payments total \$21,519, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERs). The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERs Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

<u>Funding Source</u>	<u>Agency Req. Percent of Total FY 2022</u>	<u>Gov. Rec. Percent of Total FY 2022</u>
Economic Development Initiatives Fund	13.7 %	14.8 %
Community Development Block Grant	15.1	14.6
All Other Funds	71.2	70.6
TOTAL	100.0 %	100.0 %

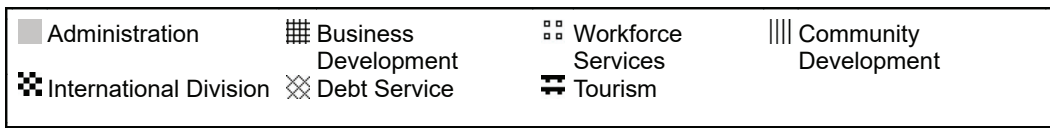
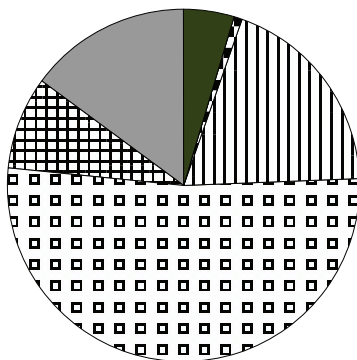
(Note: Totals may not add due to rounding.)

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation

All Funds



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 14,812,094	14.9 %	\$ 10,000	100.0 %
Business Development	8,462,067	8.5	0	0.0
Workforce Services	51,936,665	52.2	0	0.0
Community Development	18,885,232	19.0	0	0.0
International	740,357	0.7	0	0.0
Tourism	4,616,214	4.6	0	0.0
Debt Service	3,218	0.0	0	0.0
TOTAL	\$ 99,455,847	100.0 %	\$ 10,000	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	95.2	95.2	95.2	95.2	95.2
Business Development	28.9	28.9	28.9	28.9	28.9
Workforce Services	148.8	148.8	148.8	148.8	148.8
Community Development	18.0	18.0	18.0	18.0	18.0
International	5.4	5.4	5.4	5.4	5.4
Tourism	0.0	0.0	0.0	0.0	12.0
TOTAL	296.3	296.3	296.3	296.3	308.3

(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)

A. Administration

The Administration Division is comprised of the Office of the Secretary, Human Resources, Marketing and Communications, Information Technology, Fiscal Services, Building Services, Legal, Regulatory Compliance, the Governor’s Economic Council of Advisors, Workforce AID, the Athletic Commission, Kansas Bioscience Authority, Office of Rural Prosperity, and America’s Job Link Alliance.

The goals and objectives of the Administration Division are to provide leadership, communication, and an overall high level of customer service to the agency in support of its broader mission of economic development in the state. The Division strives to use progressive technology to improve productivity and efficiency in support of quality business processes.

Responsibilities within the Division include managing the recruitment process for the agency, including the associates located in the various workforce centers across the state; distributing press releases and developing marketing efforts for the numerous business development and workforce services events; supporting information technology infrastructure and software; and timely and accurate processing of all fiscal-related documents, including all fiscal federal reporting, budget preparation, and monitoring.

This division also is responsible for building services management for the seven State-owned workforce centers; legal review and direction on the numerous contracts for leases, State-funded grants, and federal-funded grants; and performing the audit and compliance function for the federal grants administered through the Workforce Services Division.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Events sanctioned by the Athletic Commission	84	94	95	57	50	75
Number of Fighters, Promoters, Referees, Judges, and Doctors Certified	551	511	550	486	500	600
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 7.5	\$ 10.8	\$ 7.1	\$ 19.2	\$ 200.7	\$ 14.8
FTE Positions	46.4	49.4	50.4	95.2	95.2	95.2

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 6,782,831	\$ 8,314,852	\$ 8,314,852	\$ 8,372,278	\$ 8,372,278
Contractual Services	5,933,480	5,539,020	5,552,249	4,754,566	4,754,566
Commodities	80,271	54,250	58,250	48,800	48,800
Capital Outlay	344,289	247,400	247,400	244,650	244,650
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,140,871</i>	<i>\$ 14,155,522</i>	<i>\$ 14,172,751</i>	<i>\$ 13,420,294</i>	<i>\$ 13,420,294</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,073,775	141,509,049	186,509,049	1,391,800	1,391,800
TOTAL	<u>\$ 19,214,646</u>	<u>\$ 155,664,571</u>	<u>\$ 200,681,800</u>	<u>\$ 14,812,094</u>	<u>\$ 14,812,094</u>
Financing:					
State General Fund	\$ 25,000	\$ 1,377,926	\$ 1,377,926	\$ 0	\$ 0
All Other Funds	19,189,646	154,286,645	199,303,874	14,812,094	14,812,094
TOTAL	<u>\$ 19,214,646</u>	<u>\$ 155,664,571</u>	<u>\$ 200,681,800</u>	<u>\$ 14,812,094</u>	<u>\$ 14,812,094</u>
FTE Positions	95.2	95.2	95.2	95.2	95.2

The **agency** requests for FY 2022 expenditures of \$14.8 million, all from special revenue funds, for FY 2022. The request is a decrease of \$140.9 million, or 90.5 percent, below the FY 2021 revised estimate. The decrease is attributable to one-time expenditures from federal Coronavirus Relief Fund moneys and KBA grant commitments expenditures from the SGF in FY 2021. The agency also reduced expenditures from contractual services by \$784,454, or 14.2 percent, below the FY 2021 revised estimate due to decreased travel and other professional fees. The Administration program also includes 95.2 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022.

B. Business Development

The Business Development Division plays a lead role in promoting economic and rural development for Kansas. The Division works with existing Kansas companies and out-of-state

companies to attract new jobs and investment to the state. The program also assists city and county governments and small businesses in rural communities.

Some of the tools offered to businesses by this program are not direct expenditures from this program, but are tax credits and reduced financing options.

Recruitment

In FY 2020, the business recruitment team worked on 142 project leads and facilitated corporate relocations and expansions, resulting in 2,855 jobs and more than \$839 million in capital investment. These results also include the international business recruitment projects. Retention of jobs in the state was also a significant part of the reported results.

Business Finance and Incentives

The Business Finance unit offers a diverse portfolio of financial incentives for rural and urban communities and businesses looking to locate or expand in Kansas. Programs include retention of withholding taxes, investment tax credits, sales tax project exemptions, and revolving loan funds for local infrastructure projects, as well as loans and grants to assist rural communities in improving infrastructure, housing, and urgent needs to maintain and grow. Each specific program is outlined below.

Promoting Employment Across Kansas

The Promoting Employment Across Kansas (PEAK) Act (KSA 74-50,210 through 74-50,219) was created by the 2009 Kansas Legislature. The 2010 and 2011 Legislative Sessions passed subsequent changes to the PEAK Act to broaden the eligibility criteria to increase the companies that can apply. The Legislature passed the PEAK Act to encourage economic development in Kansas by incentivizing companies to relocate, locate, expand, or retain a business facility/operations and related jobs. The Secretary of Commerce has the discretion to approve applications of qualified companies and to determine the benefit period. During the benefit period, participating PEAK companies may retain or be refunded 95.0 percent of the payroll withholding tax of PEAK-eligible employees/jobs that pay at or above the county median wage where the qualified function(s) are located. Depending on the number of PEAK jobs/employees to be hired in Kansas and their wage levels, the Secretary can approve benefit periods for up to ten years.

In FY 2020, 71 applications were received for review and approval (a 3.0 percent increase above FY 2019). These applications generated \$53,250 in application fees, and 62 agreements were signed with companies to participate in PEAK (a 230.0 percent increase above FY 2019). The agreements project 9,200 new jobs (a 178.0 percent increase above FY 2019) and more than \$284 million in additional annual payroll (a 63 percent decrease below FY 2018) across a five- to ten-year period. In FY 2020, there were 203 active agreements (a 1.0 percent decrease below FY 2019) to maintain, including review of quarterly and biennial compliance reports.

High Performance Incentive Program

The Kansas High Performance Incentive Program (HPIP) is an incentive program providing tax benefits to businesses who, in return, are willing to expand the scope of their

capital investments, pay a higher-than-average wage, and make a significant investment in employee training.

During FY 2020, the HPIP program certified or recertified 304 worksites, a slight increase over the prior year. Of these 304 certifications, 35, or 11.5 percent, were first-time certifications indicating new worksites. During this fiscal year, the HPIP program acknowledged receipt of 247 project description forms that pre-identified anticipated future capital investment. The total anticipated capital investment pre-identified on these forms, going out three years, was approximately \$2.1 billion. The expected new jobs because of these new projects totaled 4,423 jobs with a projected additional new payroll of \$274 million, or about \$61,972 average wage per new job. During FY 2020, HPIP program application fees generated \$115,000 in program fee income.

Job Creation Fund

The Job Creation Fund Program was created for the purposes of promoting job creation and economic development projects. Funding is awarded at the discretion of the Secretary of Commerce for projects engaged in one or more of the following activities:

- Major expansion of an existing Kansas commercial enterprise;
- Potential location in Kansas of the operations of a major employer;
- Award of a significant federal or private sector grant that has a financial matching requirement;
- Potential departure from Kansas or the substantial reduction of the operations of a major Kansas employer;
- Training or retraining activities for employees in Kansas companies;
- Potential closure or substantial reduction of the operations of a major state or federal institution;
- Projects in counties with at least a 10 percent population decline during the period from 2000 to 2010; or
- Other unique economic development opportunities.

Office of Minority and Women Business Development

The Office of Minority and Women Business exists to assist small minority- and women-owned businesses in their business development activities by providing resources to include technical, financial, business management, certification and procurement information.

The Office of Minority and Women Business Development maintains an online directory of certified minority- and women-owned businesses, which can be accessed from the Kansas Department of Commerce website. There are currently 492 companies listed.

Private Activity Bonds

Qualified Private Activity Bonds (PABs) are federally tax-exempt bonds. Under the federal volume cap, Kansas had a 2020 bond authority of \$321,775,000 to allocate for this purpose. The types of bonds qualifying for such tax-exempt status are: 1) Exempt facility bonds; 2) Qualified mortgage bonds; 3) Qualified veterans' mortgage bonds; 4) Qualified small issue bonds; 5) Qualified student loan bonds; 6) Qualified redevelopment bonds; and 7) Qualified 501(c)(3) bonds. The role of the Department of Commerce is to ensure that these

bonds are being used for a Qualified Purpose and that the State does not exceed the maximum capacity set forth by the federal government for Tax Exempt Bonds.

Kansas Industrial Training and Kansas Industrial Retraining (KIT & KIR) Programs

The KIT and KIR programs help eligible employers train workers for new jobs and retrain existing workers who would otherwise be displaced due to obsolete job skills or knowledge. The KIT and KIR programs are funded through the Economic Development Initiatives Fund.

Accessing Training Assistance

A company representative must notify agency field representatives or central office workforce training staff of its need for training assistance. This procedure provides an opportunity for the potential client to be screened against eligibility criteria to ensure it is qualified to receive assistance. After the project has been qualified, a training needs analysis is completed and a training agreement is developed. Once the proposed agreement is approved by the company and Commerce, the training plan is executed.

Workforce Training Program Eligibility Requirements

Depending on the program, companies must be a Kansas Basic Enterprise or priority is given to Kansas Basic Industries. Non-basic industries are eligible under KIT and KIR only if compelling economic benefit to the state can be shown. A company must be adding at least one new position and pay an average wage that meets the median wage for the county in which the project is located. Companies with similar training needs may submit a joint proposal with other companies.

In order to qualify for job retention/retraining assistance, companies must meet the requirements stated above and they must:

- Retrain at least one existing position at an average wage that meets the median wage for the county in which the project is located;
- Show that they are restructuring their business operations through incorporation of existing technology, development and incorporation of new technology, diversification of production, or development and implementation of new production; and
- Show that employees to be trained are likely to be displaced due to obsolete or inadequate job skills or knowledge.

Program guidelines set forth limits on the number of times companies can access retraining/job retention assistance and matching requirements.

In FY 2020, KIT and KIR combined to fund 90 projects involving 83 companies in 19 counties. Funding of these projects totaled \$1,336,503. These funds leveraged \$4,926,574 in private sector matching funds. Once training is complete, these projects will result in the training of 6,160 individuals. The KIT program will cover the training of 2,746 newly created jobs. Through the KIR program, 3,414 will be retrained and the positions retained.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Jobs Created or Retained through Business Development	19,072	25,458	12,000	14,458	20,000	23,000
Private Capital Investment in Kansas through Commerce Programs (Dollars in Billions) *	\$ 2.645	\$ 1.422	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.800
Projects Opened by Business Development Staff	140	165	120	324	350	375
Jobs Created or Retained through Business Recruitment Efforts *	771	8,998	7,500	2,855	8,000	10,000
Jobs Created or Retained through Retention/Expansion Efforts *	16,408	16,460	12,000	11,126	12,000	13,000
Face-to-face Business Contacts through Business Retention and Expansion Staff *	891	806	900	540	600	800
Business Recruitment Projects Opened *	79	108	75	142	150	175
Percent of Business Recruitment Projects Approved *	42.0 %	36.0 %	40.0 %	15.0 %	15.0 %	15.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 21.6	\$ 19.8	\$ 29.2	\$ 42.2	\$ 28.8	\$ 8.5
FTE Positions	41.2	45.8	47.8	28.9	28.9	28.9

*The Governor's Office does not utilize this measure for evaluation purposes.

BUSINESS DEVELOPMENT PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 3,626,698	\$ 2,528,487	\$ 2,528,487	\$ 2,547,663	\$ 2,547,663
Contractual Services	1,980,276	1,300,350	1,300,350	1,232,050	1,232,050
Commodities	51,456	57,800	57,800	62,300	62,300
Capital Outlay	198,298	109,500	109,500	109,500	109,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,856,728</i>	<i>\$ 3,996,137</i>	<i>\$ 3,996,137</i>	<i>\$ 3,951,513</i>	<i>\$ 3,951,513</i>
Aid to Local Units	30,250,300	0	0	0	0
Other Assistance	6,107,268	19,759,890	24,759,890	4,510,554	4,510,554
TOTAL	\$ 42,214,296	\$ 23,756,027	\$ 28,756,027	\$ 8,462,067	\$ 8,462,067
Financing:					
State General Fund	\$ 0	\$ 5,500,000	\$ 10,500,000	\$ 0	\$ 0
All Other Funds	42,214,296	18,256,027	18,256,027	8,462,067	8,462,067
TOTAL	\$ 42,214,296	\$ 23,756,027	\$ 28,756,027	\$ 8,462,067	\$ 8,462,067
FTE Positions	28.9	28.9	28.9	28.9	28.9

The **agency** requests \$8.5 million, all from special revenue funds, for FY 2022. The request is a decrease of \$15.3 million, or 64.4 percent, below the FY 2021 revised estimate. The decrease is attributable to a one-time expenditure of \$5.5 million appropriated for FY 2021 from the SGF for deposit in the Job Creation Program Fund. The agency also requests expenditures of \$3.1 million from the Job Creation Program Fund in FY 2022, a reduction of \$8.8 million, or 73.8 percent, below the FY 2021 revised estimate. The decrease is attributable to

reimbursement of HIRE fund expenditures in FY 2021. The Business Development program request also includes 28.9 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

C. Workforce Services Division

The Workforce Services Division links businesses, job candidates and educational institutions to ensure that employers can find skilled workers. The Division accomplishes this by partnering with Local Workforce Development Boards (LWDB) and other state agencies. In addition, a robust partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses.

Wagner-Peyser Act

For federal fiscal year (FFY) 2020, Kansas received \$5,473,903 from the U.S. Department of Labor to provide Wagner-Peyser services. The Wagner-Peyser Act establishes a national employment system to provide workforce services including assessment, testing, counseling, occupation and labor market information, referral to job openings, employment services for groups with special needs, and recruitment services and special technical services for employers. Customers seek services electronically or receive staff assistance by visiting a workforce center.

Registered Apprenticeship Program

Registered Apprenticeship is a structured system for training employees in a variety of occupations that require a wide range of skills and knowledge. It is an ideal way for employers to build and maintain a skilled workforce. It combines full-time employment through on-the-job learning, under the supervision of experienced journey-level workers and related technical instruction. The related instruction may be provided through community or technical colleges, correspondence, online, distance learning, contract vendors or apprenticeship training centers to both educate and develop business and industries' workforce.

In FY 2020, the Kansas Registered Apprenticeship Program registered 643 new apprentices at an average starting wage of \$17.45 per hour - a decrease of \$2.43 from previous years, FY 2018 and FY 2019 results. Additionally, 18 new employers and two existing program sponsors registered a program. During FY 2020, 493 people completed apprenticeships, with 12.3 percent being women, 12.5 percent veteran, and 11.9 percent being minorities at an average wage of \$21.98 per hour.

Currently all five Local Workforce Development Boards (LWDB)s throughout Kansas have funding from FFY 2020, which ended on October 31, 2020. Additional funding for FFY 2021 has been awarded to three of the five LWDBs. The Registered Apprenticeship State Expansion Grant initiative will end on June 30, 2022.

Reemployment Services and Eligibility Assessment (RESEA)

Studies have shown that an unemployment insurance claimant's efforts to find new employment and awareness of their reemployment service needs result in shorter claim

durations and fewer erroneous payments by utilizing the RESEA program. The reemployment of unemployment insurance claimants and the reduction of erroneous payments are high priorities for Kansas, and the RESEA initiative addresses both these priorities. Kansas received an allotment of \$1,076,364 in FFY 2020 to provide RESEA services through December 2020. RESEA allows flexibility for grant-funded staff to provide reemployment services to eligible claimants and includes Unemployment Compensation for ex-service members claimants in the queue for services.

Jobs for Veterans Grant (JVSG)

For FY 2020, Commerce received \$1,466,450 from the U.S. Department of Labor to administer the JVSG, in support of the Jobs for Veterans Act. This funding supports the State Veteran Services Manager, the Intensive Services Coordinator, the Local Veterans' Employment Representatives (LVERs), and the Disabled Veterans Outreach Program (DVOP) Specialists. Some support services are also paid through this grant for the U.S. Department of Labor Director of Veterans' Employment and Training Service. During program year 2019, the JVSG staff consisted of 16 full-time and three half-time DVOPs and four full-time and two half-time LVERs.

During program year 2020, there were approximately 6,291 new veterans KANSASWORKS.com accounts created. Additionally, approximately 4,223 veterans and 2,068 transitioning service members received staff-assisted services from veteran representatives, located across the state. Approximately 2,254 veterans and transitioning service members of the 6,291 required additional assistance due to their significant barriers to employment such as long term-unemployment, locality, homelessness, disabilities, and non-job ready skills.

Older Kansans Employment Program (OKEP)

The Older Kansans Employment Program provides specialized training, career assessment, job-matching, and job search assistance to Kansans age 55 and older regardless of their income and facilitates the development of job opportunities for older Kansans in private industry. This funding is provided to nonprofit 501(c)3s and other community-based, nonprofit organizations who administer the program. During FY 2020, OKEP served a total of 2,826 participants and placed 974 into full-time or part-time, private sector employment at an average wage of \$12.33 per hour for an average of 25 hours per week, resulting in \$15,011,775 in wages paid, over 30 times the amount expended on the program.

Senior Community Services Employment Program (SCSEP)

The federal Senior Community Services Employment Program provides a four-year skills training program through subsidized part-time employment to older Kansans who live at or below 125 percent of the federal poverty level. SCSEP served 92 participants, placing them in community organizations for work-based training. Commerce paid just over \$757,171.00 in federal aid payments contributing to case management, service delivery, and participant wages while the participants completed on-the-job training.

Workforce Innovation and Opportunity Act (WIOA)

Workforce services in WIOA administered by Commerce are funded through four separate programs: Adult Program, Dislocated Worker Program, Youth Program and Wagner-

Peyser Labor Exchange. Nearly all the Adult, Dislocated Worker, and Youth funds are allocated by statutory formula to the Local Workforce Development Boards for direct service delivery to eligible individuals per the requirements of the Act. Kansas is divided into five Local Workforce Development Areas, each overseen by a separate Local Board and guided by the state Workforce Development Board comprised of individuals appointed by the Governor.

Rapid Response Program

During the past calendar year, the Department of Commerce received 62 Worker Adjustment and Retraining Notification Act of 1988 (WARN) notices impacting 13,994 workers and 51 non-WARN notices impacting 2,846 workers. The Rapid Response Program is designed to respond to layoffs and plant closings by quickly coordinating services and providing immediate aid to companies and their affected workers.

Trade Adjustment Assistance Program

The Trade Adjustment Assistance (TAA) Program provides reemployment services to U.S. workers who are threatened or have lost their job as a result of foreign trade. Worker groups are identified within a certified TAA Petition. In addition to reemployment services provided through the Workforce Centers, they receive individualized assistance from TAA case managers who provide in-depth benefit details, enroll them in services, and provide counseling and assistance throughout their TAA enrollment. The TAA program provides trade-affected workers an opportunity to update their skills to increase their marketability for the ever-changing competitive workforce. In addition to training benefits, workers may be eligible for income support in the form of Trade Readjustment.

During FY 2020, Kansas served 498 customers, 271 new customers with 126 of them enrolling during the 4th quarter of FY 2020; issued 28 new waivers from training; approved 21 customers for RTAA; and approved 81 new training plans.

Work Opportunity Tax Credit Program (WOTC)

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment. This allows the individual to move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers. An employer can receive a federal tax credit that varies between \$2,400 to \$9,600 per applicant.

In FY 2020, 135,015 certification requests were received, resulting in 4,673 eligible for tax credits; 7,428 requests were denied. This is a federal tax savings to Kansas businesses of almost \$12.8 million. The largest numbers of workers certified as eligible were recipients of Supplemental Nutrition Assistance Program (SNAP) assistance, followed by Designated Community Residents, Ex-felons, Unemployed Veterans, and recipients of Temporary Assistance for Needy Families (TANF) assistance.

Kansas Health Profession Opportunity Project (KHPOP)

The Kansas Department of Commerce was awarded \$3.0 million in FY 2020, through the Health Profession Opportunity Project to continue the Kansas Health Profession Opportunity Project (KHPOP). KHPOP provides job-driven health care education, training and employment

to TANF and SNAP recipients, youth aging out of foster care, recently separated or disabled veterans, high school dropouts pursuing GED completion, and other low-income individuals at or below 200 percent of the federal poverty level.

RETAIN

In September 2018, Commerce received a \$1.9 million grant from the US Department of Labor, Office of Disability Employment Policy to establish relationships between the workforce system and medical service delivery system to develop processes to help individuals who have suffered a debilitating illness or injury stay at or return to work. The program period of performance and subsequent funding has been extended an additional 12 months, from April 1, 2020, through March 31, 2021, with total funding increased to \$2.3 million. Kansas was one of only eight states to successfully compete for the funding and is working with Ascension Via Christi Health System to continue pilot activities of the project. Kansas will compete for a second round of funding in late 2020 to be one of only four states to receive a multi-year, multi-million-dollar award to expand the project to additional rural areas and at least one urban area of the state.

Workforce Center Operations

The federally funded workforce development programs are delivered in part through workforce centers, some of which meet the definition of “one-stop” centers located across the Kansas. The one-stop centers provide job candidates all necessary job search services in one location. All Kansans may access various labor exchange and assessment services free of charge. Qualified Kansans may access intensive training and related services. Services for Kansas employers include recruitment, assessment, testing, and screening of qualified employees.

Partners in the centers include representatives from the Kansas Department for Children and Families for the TANF and Vocational Rehab programs and the Kansas Department of Labor with unemployment insurance information. The one-stop centers and workforce centers are divided into five different regions. The West Region has full-time or part-time staff located in Dodge City, Garden City, Great Bend, Hays, Hutchinson, Newton, Colby, Goodland, and Salina. The Northeast Region has locations in Junction City, Lawrence, Manhattan, and Topeka. The Greater Kansas City Region Workforce Centers are in Kansas City, Leavenworth, and Overland Park. The South Central offices are located in Wichita, Butler, Sumner, and Cowley counties. The Southeast Region staff is located in Chanute, Independence, Emporia, Paola and Pittsburg. There are a total of 27 full- or part-time locations across the state delivering services to Kansas job candidates and employers. The major program administered by the Department of Commerce through field operations is the Wagner-Peyser program, which is focused on providing labor exchange services to help Kansas businesses find qualified workers and job candidates to find quality employment opportunities.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Jobs Created or Retained through Workforce Services	16,645	15,238	16,609	12,349	13,584	14,942
Individuals Trained through Workforce Services	9,302	13,545	19,640	7,909	8,700	9,570
Kansas Served with Job Search Counseling, Resume Writing, and Other Services	44,283	63,397	90,658	42,722	46,994	51,694
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 64.1	\$ 62.5	\$ 62.7	\$ 54.7	\$ 52.1	\$ 51.9
FTE Positions	194.9	195.8	195.8	148.8	148.8	148.8

WORKFORCE SERVICES DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 7,813,310	\$ 8,546,435	\$ 8,546,435	\$ 8,620,376	\$ 8,620,376
Contractual Services	3,609,616	2,602,200	2,602,200	2,664,250	2,664,250
Commodities	93,831	88,350	88,350	87,950	87,950
Capital Outlay	146,154	150,350	150,350	150,150	150,150
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 11,662,911	\$ 11,387,335	\$ 11,387,335	\$ 11,522,726	\$ 11,522,726
Aid to Local Units	0	0	0	0	0
Other Assistance	43,032,408	41,754,767	40,724,171	41,443,639	40,413,939
TOTAL	\$ 54,695,319	\$ 53,142,102	\$ 52,111,506	\$ 52,966,365	\$ 51,936,665
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	54,695,319	53,142,102	52,111,506	52,966,365	51,936,665
TOTAL	\$ 54,695,319	\$ 53,142,102	\$ 52,111,506	\$ 52,966,365	\$ 51,936,665
FTE Positions	148.8	148.8	148.8	148.8	148.8

The **agency** requests \$53.0 million, all from special revenue funds, for FY 2022, a decrease of \$175,737, or 0.3 percent, below the FY 2021 revised estimate. The decrease is attributable to a reduction of \$311,128, or 0.7 percent, in other assistance primarily due to the end of the registered apprenticeship expansion federal program. The decrease is partially offset by an increase of \$73,941 in salaries and wages for fringe benefit costs and \$62,050 in contractual services, primarily for the Trade Adjustment Assistance program, management costs, and rehabilitation and repair for the Workforce Development program. The Workforce Services Division request also includes 148.8 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$51.9 million, all from special revenue funds, which is a decrease of \$1.0 million, or 1.9 percent, from the FY 2022 agency request. The decrease is attributable to refinancing the IMPACT bonds.

D. Community Development Division

In FY 2020, the Community Development Division was re-established at the Department of Commerce in collaboration with the Lt. Governor's Office of Rural Prosperity under Commerce. The existing Community Development Programs and personnel were separated from Business Development to form the new Community Development Division. With the restoration of the division, Kansas Main Street was re-established as a program within the division, a division director was hired to provide oversight and coordination among the programs and services for maximum effectiveness, and additional staff is being added to support the Office of Broadband Development.

Kansas Main Street

The Kansas Main Street program had a 27-year history beginning in 1985 and ending in 2012. During that time, dozens of communities in Kansas worked to revitalize their downtown districts and make the heart of their communities viable and strong. More than \$600 million in reinvestment took place in participating communities, and more than 3,800 small businesses were started or expanded, creating over 8,600 new jobs. In the last year of the program, 25 designated communities established 194 new and expanded businesses, created 568 new jobs, and generated \$18 million in reinvestment. With the relaunch of the state program in late 2019, those 25 communities have been grandfathered back into the program.

Beginning in FY 2020, the state provided on-site and virtual assistance to these 25 communities and helped them build back their local programs. This included technical training in retail promotions to more than 70 people in Independence in March, organizational training, leadership, and new director orientation and board development in July. Additional virtual training on the topic of historic preservation is scheduled in September and economic vitality training is scheduled in October. During November and December, virtual year-end evaluations will be conducted in each of these 25 communities to help successfully move their programs into calendar year 2021.

Office of Broadband Development

During the 2020 Legislative Session, resources were allocated to make grants for construction projects that expand and improve broadband service in Kansas, as part of the Kansas Department of Transportation Eisenhower Legacy Transportation Program (IKE) 10-year plan. The Broadband Infrastructure Construction Grant Fund allows reimbursement to grant recipients for up to 50.0 percent of actual construction costs in expanding and improving broadband service. Statute specifies that \$5.0 million is allocated on July 1, 2020, 2021, and 2022 and each July 1 thereafter, through July 1, 2030, and the bill requires the transfer to be \$10.0 million. The Office of Broadband Development in the Department of Commerce will administer the grant, creating program guidelines, application materials, and processes. A grant program manager will be added to support the program, and the director of the Office of Broadband Development and a data analyst with geographic information system and planning experience will provide technical assistance to create a statewide broadband plan for maximum efficiency of deploying the Broadband Infrastructure Grant Fund. The analyst position will also provide technical support to the Community Development Division as needed. Commerce will manage all aspects of the program and there will be inter-agency coordination with the Department of Transportation.

Individual Development Account Program

The Individual Development Account (IDA) program (KSA 74-50,201 - 74-50,208) facilitates self-sufficiency for low-income Kansans through asset development in a matched savings program. The Department of Commerce administers the IDA program and allocates up to \$500,000 in state income tax credits each calendar year. The tax credits are valued at 75.0 percent of the contribution amount and are used to leverage donations that serve as a match for individual savings in a development account. Program participants can use the accrued savings: for the purchase of a first home; to make repairs and improvements to their existing homes; for small business capitalization; and to pay for post-secondary education or specialized skills training. In 2009, Commerce designated Interfaith Housing Services (IHS), a community-based organization located in Hutchinson, as the sole provider of IDAs in Kansas due to their demonstrated ability in administering IDAs and utilizing the necessary tax credits. In 2015, the Kansas Legislature reauthorized individual donors to receive tax credits that resulted in full utilization of available tax credits in 2015, 2016, 2017, 2018, and 2019 calendar years. It is estimated that all available tax credits will also be utilized in calendar year 2020 as well as in calendar year 2021.

Angel Investor Tax Credit Program

The purpose of the Kansas Angel Investor Tax Credit (KAITC) Act (KSA 74-8131 - 74-8137) is to facilitate the availability of equity investment in businesses in the early stages of commercial development and to assist in the creation and expansion of Kansas businesses, which are job- and wealth-creating enterprises, by granting tax credits against Kansas income tax liability of investors investing in these businesses. The KAITC program is administered by the Department of Commerce with the primary goal of encouraging qualified investors to provide seed capital financing for emerging Kansas businesses engaged in the development, implementation, and commercialization of innovative technologies, products, and services.

The KAITC program provides tax credits to qualified Kansas startups that they may, in turn, offer to potential angel investors. Credits are valued at 50.0 percent of the eligible investment, and each qualified investor may receive up to \$50,000 in tax credits for investment in a single Kansas business and up to \$250,000 in total Angel tax credits per taxable year. These credits help reduce the inherent risk and encourage investment in potentially high-growth companies.

\$6.0 million in tax credits are offered annually on a calendar year basis. Any unused credits may roll over to the next year. In calendar year 2019, \$7.0 million tax credits were allocated to 35 companies with 385 registered qualified investors. Interest in the program has grown from previous years, and it is estimated that the amount of tax credits for calendar year 2020 has increased by \$500,000.

Rural Opportunity Zones

The Rural Opportunity Zones (ROZ) Program (KSA 74-50,222 - 74-50,223 and 79-32,267) was designed to stem outmigration in rural Kansas communities in 77 counties designated as a ROZ through the use of tax relief and student loan repayment assistance.

Commerce only manages the student loan repayment assistance portion of the ROZ program. The tax credit portion of the ROZ program is administered by the Department of Revenue.

Qualified individuals establishing new residency in one of the participating Kansas ROZ counties after July 1, 2011, and on or after the date on which the county opts-in may receive student loan repayments in equal shares over a maximum term of five years. The annual payments will be equal to 20.0 percent of the individual's outstanding student loan balance up to a maximum of \$15,000 over five years. In 2013, the program began allowing employers to directly sponsor ROZ applicants. In FY 2020, 517 qualified resident individuals received student loan repayment benefits with the state's portion of the ROZ payments equaling \$708,439.

Community Development Block Grant

The Small Cities Community Development Block Grant (CDBG) program currently receives approximately \$14.5 million in federal funds annually for competitive application for cities and counties in rural areas of Kansas. The state's allocation has continually decreased or stayed the same from the high of \$20.1 million in 2004. Awards made through this program help pay for water and sewer systems, bridges, roads, community facilities, housing rehabilitation, commercial rehabilitation, and economic development loans for businesses. Awards build vital infrastructure and serve all areas of Kansas, except the entitlement zones of Topeka, Kansas City, Wichita, Lawrence, Leavenworth, Manhattan, Overland Park, and all of Johnson County. Unlike other states, Kansas does not provide state funds for the administration of this program.

The U.S. Department of Housing and Urban Development (HUD) provides federal funds to states who fund local units of government. One of three objectives must be met: 1) benefit to low- and moderate-income individuals; 2) removal or prevention of slum or blighted conditions; or 3) resolution of an urgent need or immediate threat to health or safety where local funds are not available.

These funds are used for a wide variety of activities. The CDBG program awards grants in six categories: 1) economic development; 2) water/sewer; 3) community facilities; 4) urgent need; 5) housing; and 6) commercial rehabilitation. Cities and counties may apply for these funds at announced application rounds. In the urgent need category, funds can be accessed anytime during the year depending on need and availability of funds. These awards allow a community to replace local capacity destroyed by an unforeseen disaster.

A total of 34 project applications were funded in FY 2019. Contract administration has increased, with current statewide open projects currently at 217 requiring technical training and assistance, contract administration, on-site compliance monitoring, and progress reporting and tracking in a federal database to meet established federal guidelines. The number of housing units for rehabilitation decreased in FY 2019. There is an overall issue in rural areas of experienced contractors available to perform housing work per federal CDBG standards.

CDBG staff also administer 34 state and local revolving loan funds across Kansas used by rural cities and counties to help fund startups and business expansions in their respective service area. These local revolving funds require CDBG staff to review semi-annual activity reports and perform periodic on-site monitoring and tracking to ensure federal guidelines are being followed.

Neighborhood Stabilization Program

The federal Neighborhood Stabilization Program 1 (NSP1) was established to stabilize communities suffering from foreclosures and abandonment. Through the purchase, rehabilitation, and redevelopment of foreclosed and abandoned homes and residential

properties, the goal of the program is being realized. The State of Kansas was issued \$21.0 million in NSP1 funding from HUD, which administers the program at the federal level. Contracts were signed with nine counties and ten cities to invest these dollars to stabilize their neighborhoods.

As of August 2016, the State of Kansas NSP1 program has generated \$7.7 million in program income that brings the total investment of \$28.7 million into the State. To date, 15 additional allocations have been made to NSP1 sub-grantees. The NSP1 program will not receive any new allocations after October 31, 2018; however, Commerce will still be responsible for the ongoing management of the program income.

The Neighborhood Stabilization Program 3 (NSP3) was established in fiscal year 2011 to stabilize and revitalize communities that have been most severely impacted by foreclosure and abandoned properties. The most severe communities impacted are identified by a Census Tract Score. The State of Kansas was allocated \$5.0 million in NSP3 funding by HUD. Due to their high Census Tract Score, the primary recipient of NSP3 funds is the Unified Government of Wyandotte County. The NSP3 program will not receive any new allocations after October 31, 2018; however, Commerce will still be responsible for the ongoing management of the program income.

Community Service Tax Credit Program

This program encourages cash and non-cash contributions to nonprofit organizations for certain community service activities. Kansas income tax credits are awarded yearly on a competitive basis for nonprofits to use as a fundraising tool to encourage individuals, businesses, financial institutions, and insurance companies to donate. Nonprofit recipients must provide services for children, health care, and for nongovernmental crime prevention. A tax credit of 70.0 percent is allowed in communities of fewer than 15,000 residents and 50.0 percent in communities greater than 15,000. The minimum donation is \$250. The program builds nonprofit community capacity to serve the needs of the targeted Kansas recipients.

The application requests for Community Service tax credits are always greater than the annual allocation. FY 2021 resulted in a total of 53 applications, and the project awards for this round were announced in July 2020. For FY 2021, 25 nonprofits (of which 12 were in communities with populations less than 15,000, and 13 were in communities with populations more than 15,000) were awarded the maximum available tax credits of \$4.1 million.

Kansas Creative Arts Industries Commission

The Kansas Creative Arts Industries Commission (KCAIC) is focused on the creative industries sector of the Kansas economy. The advisory board is dedicated to measuring, promoting, supporting, and expanding the creative industries to grow the state's economy and create creative industry-related jobs. KCAIC also takes advantage of the state's natural landscape to attract film crews to Kansas. Assistance often includes location scouting, serving as a liaison or facilitator, and lending support during production. KCAIC provides direct assistance to film companies in finding appropriate Kansas locations, identifying available industry professionals and services, and works to promote Kansas to the film industry concentrated in out-of-state locales. Benefits of filming in Kansas include diverse natural scenery and architecture, a cooperative KCAIC staff, and a knowledgeable crew of industry professionals. KCAIC also supports and encourages the local film industry through participation in film industry events.

In FY 2020, KCAIC aided several productions, including: independent features, cable television shows, commercials, documentaries, and shorts/music videos. KCAIC also administered several programs through its partnership with the National Endowment for the Arts. Under several grant programs, KCAIC has administered 211 new grants to arts organizations in communities across Kansas totaling approximately \$2.0 million in addition to existing grants associated with previous NEA awards.

PRIDE

PRIDE is a community-initiated effort to help local leaders prepare for and manage change through hands-on assistance with a focus on community self-improvement. This is a cooperative program with Kansas State University Research and Extension and the Department of Commerce. PRIDE's mission is to promote an enhanced quality of life for the citizens of Kansas communities through education, leadership development, and recognition.

There currently are 75 PRIDE communities in Kansas, and the program has served over 400 since 1970. The program addresses areas such as planning, housing, community services, and community enrichment. Communities develop and implement a citizen-initiated plan of action to create or build upon community assets. The PRIDE planning approach assists smaller communities without resources to expand their community economic capacities. The Business and Community Development Regional Project Managers provide additional manpower to better assist the PRIDE communities.

In 2019, 75 Kansas PRIDE communities engaged in 1,181 projects, 244 of which included youth assistance. Volunteers donated over 79,000 hours of labor, which amounts to over \$1.8 million in value (as calculated by the Independent Sector of Volunteer Time) and raised over \$604,000 in public and private dollars to reinvest back into their communities. These communities also engaged in 643 partnerships at the local level. More on the works of these communities is available in the Kansas PRIDE Annual Review.

In FY 2020, Commerce had 162 contacts with PRIDE communities; 20 meetings with local PRIDE teams; four presentations for communities interested in the program; and four First Impressions (community assessments), assisting program partners with the Kansas PRIDE Community Toolkit that aids communities in identifying, training, and supporting community leaders. The Toolkit has been placed online to improve accessibility and reach. Commerce also serves as a go-to for economic development efforts in Kansas PRIDE Communities and has access to the Kansas PRIDE Database regularly to review community needs. Regional Project Managers present program awards for Communities of Growth, Communities of Action, and Communities of Excellence. The Commerce Community Development Division Director is a member of the PRIDE Board of Directors.

With the addition of Kansas Main Street this year, Commerce expects to have additional contact with PRIDE communities through training opportunities.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of community development block grants applications approved	70.0 %	53.0 %	N/A %	71.0 %	70.0 %	70.0 %
Number of Community Service Tax Credit Program applications received	39	50	N/A	53	56	61
Total number of housing units rehabbed from CDBG funds*	27	19	N/A	45	40	40
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 36.5	\$ 18.9
FTE Positions	0.0	0.0	0.0	18.0	18.0	18.0

* The Governor's Office does not utilize this measure for evaluation purposes.

COMMUNITY DEVELOPMENT DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 1,544,524	\$ 1,544,524	\$ 1,556,085	\$ 1,556,085
Contractual Services	0	1,010,540	1,010,540	975,131	975,131
Commodities	0	12,005	12,005	12,050	12,050
Capital Outlay	0	25,100	25,100	24,776	24,776
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 2,592,169</i>	<i>\$ 2,592,169</i>	<i>\$ 2,568,042</i>	<i>\$ 2,568,042</i>
Aid to Local Units	0	30,889,235	30,889,235	14,000,000	14,000,000
Other Assistance	0	2,977,638	2,977,638	2,317,190	2,317,190
TOTAL	\$ 0	\$ 36,459,042	\$ 36,459,042	\$ 18,885,232	\$ 18,885,232
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	36,459,042	36,459,042	18,885,232	18,885,232
TOTAL	\$ 0	\$ 36,459,042	\$ 36,459,042	\$ 18,885,232	\$ 18,885,232
FTE Positions	18.0	18.0	18.0	18.0	18.0

The Community Development Program is broken out as a separate program from the Workforce Services Division for the first time in FY 2021.

The **agency** requests for \$18.9 million, all from special revenue funds, FY 2022, which is a decrease of \$17.6 million, or 48.2 percent, below the FY 2021 revised estimate. The decrease is attributable to a reduction in aid to local units of government of \$16.9 million, or 54.7 percent, due to one-time expansion of the Community Development Block Grant program from federal CARES Act funds, which were used for Business Assistance grants and meal delivery programs described earlier. The decrease is also attributable to a reduction in other assistance of \$660,448, or 22.2 percent, in the expanded National Endowment for the Arts grants from federal CARES Act funds (\$342,600) and projected expenditures for the Rural Opportunity Zones program (\$311,037). The decrease also includes a slight reduction in contractual services costs for the Main Street program (\$29,950) from one-time costs due to program expansion in FY

2021. The Community Development Division request also includes 18.0 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

E. International Division

The International Division works with Kansas companies to help them sell their products and services in international markets. The Division also works to recruit international businesses to establish facilities and create jobs in Kansas. These two goals comprise the agency's overall mission – to help Kansas capitalize on opportunities in the global economy.

The International Division became a standalone division within the Department in FY 2021 after having been eliminated as a separate business unit in FY 2013. During these last eight years, the international export promotion and international business recruitment functions were managed by a much smaller staff operating out of the Business Development Division. In preparation for the reemergence of the International Division in FY 2021, several administrative actions were taken. These included the hiring of a new Division Director as well as the hiring of two other professional staff to enable the Division to better address its main mission.

Kansas Exports

Kansas exports totaled \$11.6 billion in CY 2019. Compared with the previous year's data, exports increased by \$76 million, representing a 0.66 percent increase. On the national level, U.S. exports experienced a 1.35 percent decline during the same period. The combined value of the Top 10 exported commodities was \$9.0 billion, which increased by 0.84 percent since 2018. The largest gains were seen in the cereals category, the electric machinery category, and the vehicle and parts category, which increased by \$92 million, \$91 million, and \$80 million respectively. On the contrary, the meat and edible meat offal category decreased by \$110 million, and the aircraft and parts category decreased by \$70 million.

In the five-state region that includes Kansas, Colorado, Missouri, Nebraska, and Oklahoma, the average export value was \$9.4 billion, which is \$2.3 billion less than Kansas. Once again, Kansas companies delivered a strong performance in CY 2019. The international team provides market resources to Kansas companies to help them navigate the licensure, certifications and risk involved in entering the export market. Staff directly helps Kansas businesses by:

- Gathering export data and foreign market research;
- Coordinating with local, state, federal and foreign agencies;
- Collaborating on export seminars;
- Recruiting and assisting company participation in international trade shows;
- Hosting foreign delegations to Kansas; and
- Assisting with required international documentation.

International Trade/Investment Marketing Activity

In FY 2020, Kansas continued administering the federal State Trade Expansion Program (STEP) to provide assistance to Kansas companies to market and sell their products and

services internationally. The total award amount was \$200,000. The purpose of the STEP Grant is to assist eligible small businesses in starting exporting or expanding into additional foreign markets. Every year, U.S. states and territories submit proposals to compete for limited federal funds. The matching-fund grant program is administered by the U.S. Small Business Administration's Office of International Trade. It requires a 25.0 percent match from the State. On the local level, services were managed and provided by the Kansas Department of Commerce in conjunction with the Kansas Department of Agriculture. Funds were used to assist eligible small businesses with their export training, trade missions and trade shows, and market entry support needs.

During FY 2020, the Kansas team provided 31 STEP assistance grants to 27 Eligible Small Business Concerns. Award recipients reported \$4.0 million in actual sales and \$ 48.8 million in a three-year sales projection. The international team also participated in several other marketing events during the fiscal year, including a joint visit to Montreal with the Wyandotte Economic Development Council, as well as an event in Mexico.

Kansas International Trade Show Assistance Program

The Kansas International Trade Show Assistance Program (KITSAP) helps introduce Kansas companies to foreign markets by funding their participation in international trade shows. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In FY 2020, the International Development Division received 22 applications overall. Among them, KITSAP awarded a total of \$52,038.00 to 19 applications for 19 Kansas companies to attend a total of 19 international trade shows. However, due to the COVID-19 pandemic, most of the international trade shows were canceled after January 2020; as a result, only seven KITSAP-funded trade show were completed by seven companies respectively. To date, those seven companies have reported estimated sales of more than \$1.0 million, which translates to a return on investment of \$64 for every \$1 in KITSAP funding to these seven companies. Importantly, as a result of their international trade show participation, five of these seven companies also found new foreign agents or distributors, and one company signed a joint-venture agreement with a new foreign partner.

Kansas Mexico Office

The Kansas Mexico Office (KMO) provides many valuable services to Kansas companies that are interested in exporting to Mexico. These services include business partner searches, market studies, customized in-country visits, trade lead sharing, and individual trade counseling. In the FY 2020, KMO successfully executed two business partner searches that identified more than ten sales agents and distributors, facilitated one business recruitment delegation visit to Mexico, and planned a visit for the Commerce Secretary which, unfortunately, had to be postponed due to the impact of COVID-19 pandemic on travel to Mexico.

Governor's Exporter of the Year

Each year, the Governor's Exporter of the Year Award is presented to a single Kansas company for exceptional international marketing success. This award encourages the growth of the state's international commerce by showcasing successful exporters as role models to the Kansas business community. The recipients are prime examples of how exporting is a significant catalyst for company growth and diversification.

Export Promotion/Outreach

The Commerce international team presented at several export training events hosted by partner organizations during FY 2020. These included events in Parsons, Dodge City, and Wichita, and at Sterling College in the city of Sterling.

The Kansas Department of Commerce also partnered with Kansas Global Trade Services (KGTS), a nonprofit based in Wichita, to promote the economic benefits of exporting and sharing information about resources available to assist Kansas companies that are new to exporting or looking for opportunities to expand their exports. KGTS completed 124 Kansas company export outreach meetings.

Renewable Energy

Kansas has seen significant growth in renewable energy, especially in wind energy, as over 3,000 wind turbines have been constructed in the state, producing enough energy to power nearly 2 million homes. In 2019, wind energy surpassed coal for the first time as the largest energy source for generating electricity in Kansas. Wind energy provided 41 percent of electricity generation in Kansas, the second-largest share for any state. With over 6,500 megawatts of wind energy in operation, Kansas currently ranks 4th for installed wind capacity.

Biofuels are also making an important contribution to the state's economy. There are 12 operating biofuel facilities (ethanol and biodiesel) operating in Kansas with a total production capacity of over 600 million gallons per year. The newest investment is a \$175 million project to produce 70 million gallons of ethanol annually while also having the lowest annual carbon footprint of any ethanol plant now operating. Kansas' ethanol plants bring millions of dollars of revenue and economic development to Kansas and the rural communities where they are located.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Kansas International Trade Show Assistance Program applications received	21	21	N/A	22	10	30
Percent of Kansas International Trade Show Assistance Program applications approved	95.0 %	86.0 %	N/A %	86.0 %	95.0 %	95.0 %
Total dollar amount of approved KITSAP agreements *	\$ 53,180	\$ 54,375	\$ N/A	\$ 52,038	\$ 35,000	\$ 90,000
Return on Investment rate *	1:508	1:284	N/A	1:64	1:300	1:400
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 823.3	\$ 740.4
FTE Positions	0.0	0.0	0.0	0.0	5.4	5.4
* The ROI reflects the first seven trades shows completed before Covid-19. All other trades shows were canceled after January 2020. Performance Measures not used by the Governor for estimation purposes.						

INTERNATIONAL DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 519,387	\$ 519,387	\$ 523,296	\$ 523,296
Contractual Services	0	190,838	190,838	104,211	104,211
Commodities	0	850	850	600	600
Capital Outlay	0	12,250	12,250	12,250	12,250
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 723,325</i>	<i>\$ 723,325</i>	<i>\$ 640,357</i>	<i>\$ 640,357</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	100,000	100,000	100,000	100,000
TOTAL	\$ 0	\$ 823,325	\$ 823,325	\$ 740,357	\$ 740,357
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	823,325	823,325	740,357	740,357
TOTAL	\$ 0	\$ 823,325	\$ 823,325	\$ 740,357	\$ 740,357
FTE Positions	5.4	5.4	5.4	5.4	5.4

The International Division is broken out from the Business Development Division as a separate program for the first time in FY 2021.

The **agency** requests for \$740,357, all from special revenue funds, for FY 2022, a decrease of \$82,968, or 10.1 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to a reduction in contractual services expenditures of \$30,077 in travel costs and \$50,000 in other professional fees. The International Division request includes 5.4 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

F. Tourism Division - Currently Part of Kansas Department of Wildlife, Parks and Tourism

The Tourism Division markets all the state's travel and tourism opportunities to the general public. The Division's efforts also include promotion to travel media and specific niche markets such as group tour leaders, sports event coordinators, and meeting planners. Primary focus is placed on increasing out-of-state visitation. Secondary focus is placed on building state pride for Kansans' by encouraging them to travel throughout the state. Marketing initiatives include platforms such as TravelKS.com, travel publications, multiple social media sites, print advertising, digital advertising, e-newsletters, photography, and videography. Travel Information Centers in Goodland and Belle Plaine are operated by the Tourism Division. These centers serve an important role in welcoming and orienting visitors to Kansas and by showcasing Kansas experiences & opportunities. The Tourism Division produces a lifestyle magazine, *KANSAS!*, which is geared toward creating state pride among Kansans. The Kansas Tourism Division is also responsible for the Kansas Byways program and the Kansas Agritourism program.

Another vital function of the Kansas Tourism Division is to provide support to Kansas Tourism Industry Partners, by providing information and education, grants, financial support, engagement, and promotion. Tourism Industry Partners are a diverse mix of tourism businesses, representing all 105 counties in Kansas, including destination marketing organizations such as convention and visitors bureaus, chambers of commerce, cities or counties, lodging facilities, attractions, museums and historical sites, event organizers, and other tourism-related organizations. A close relationship and effective communication with each of these entities improves the overall Kansas tourism product and experience for visitors. The Division provides specific grants to enhance the tourism product, such as Attraction Development Grants, Marketing Grants, and Education Grants.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Statewide Transient Guest Tax (in millions)	N/A	N/A	N/A	N/A	N/A	\$ 50.7
Number of Hotel Night Demands (in millions)	N/A	N/A	N/A	N/A	N/A	10
Visitors to Kansas as per End of Current Calendar Year (in millions)	N/A	N/A	N/A	N/A	N/A	39.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 4.6
FTE Positions	0.0	0.0	0.0	0.0	0.0	12.0

TOURISM DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 864,237
Contractual Services	0	0	0	0	3,564,454
Commodities	0	0	0	0	38,897
Capital Outlay	0	0	0	0	5,626
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 4,473,214</i>
Aid to Local Units	0	0	0	0	143,000
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,616,214
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000
All Other Funds	0	0	0	0	4,606,214
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,616,214
FTE Positions	0.0	0.0	0.0	0.0	12.0

The **Governor** recommends that the Tourism Division be moved from Kansas Department of Wildlife, Parks, and Tourism (KDWPT) to the Department of Commerce along with \$4.6 million and 12.0 FTE positions. The Governor recommends expenditures of \$4.6 million, all from special revenue funds. This is an increase of \$2,358, or 0.1 percent, above the FY 2021 revised estimate in KDWPT's request. This increase is entirely due to increased expenditures on salaries and wages fringe benefits.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Reroof and Facade Replacement - Garden City	\$ 100,000	\$ 100,000	\$ 0	\$ 0
Topeka Workforce Center Elevator Improvement	0	0	200,000	200,000
Topeka Workforce Center Debt Service	125,000	125,000	130,000	130,000
TOTAL	\$ 225,000	\$ 225,000	\$ 330,000	\$ 330,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	225,000	225,000	330,000	330,000
TOTAL	\$ 225,000	\$ 225,000	\$ 330,000	\$ 330,000

FY 2021 – Current Year. The agency requests a revised estimate of \$225,000, all from special revenue funds, in FY 2021. The agency request is a decrease of \$100,000, or 30.8 percent, below the FY 2021 approved budget. The reduction is attributable to delaying all capital improvement projects for one year. The request includes:

- **Reroof and Facade Replacement in Garden City Workforce Center** - The agency requests \$100,000, all from the sublease income, to replace the existing roof. The current roof does not have a positive slope, creating ponding on the roof. The project would replace the existing facade and framing with a durable, maintenance-free material due to weathering and deterioration. Roof and facade projects require an exterior asbestos removal project because the facade panels have tested positive for asbestos; and
- **Debt Service Principal** - The agency requests \$125,000, all from sublease income, to pay debt service principal on the Topeka Workforce Center. The bonds will be retired at the end of FY 2022.

The **Governor** concurs with the agency's FY 2021 capital improvements request.

FY 2022 – Budget Year. The agency requests \$330,000, all from special revenue funds, for FY 2022. The agency request is an increase of \$105,000, or 46.7 percent, above the FY 2021 agency revised estimate. The increase is attributable to the cost of replacing the elevator at the Topeka Workforce Center relative to roof and facade repairs in FY 2021. The request includes:

- **Topeka Workforce Center Elevator Upgrade** - The agency requests \$200,000, all from the sublease income, to upgrade the elevator at the Topeka Workforce Center; and

- **Debt Service Principal** - The agency requests \$130,000, all from sublease income, to pay debt service principal on the Topeka Workforce Center. The bonds will be retired at the end of FY 2022.

The **Governor** concurs with the agency's FY 2022 capital improvements request.