

## House Budget Committee Report

**Agency:** Kansas Department of Commerce    **Bill No.** HB 2396

**Bill Sec.** 23

**Analyst:** Dear

**Analysis Pg. No.** Vol. 2 p. 1418

**Budget Page No.** 76

Expenditure Summary	Agency Estimate FY 2021	Governor Recommendation FY 2021	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,877,926	\$ 11,877,926	\$ 0
Other Funds	262,976,694	306,963,327	0
<i>Subtotal</i>	\$ 269,854,620	\$ 318,841,253	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	225,000	225,000	0
<i>Subtotal</i>	\$ 225,000	\$ 225,000	\$ 0
<b>TOTAL</b>	<b>\$ 270,079,620</b>	<b>\$ 319,066,253</b>	<b>\$ 0</b>
FTE positions	296.3	296.3	0.0

### Agency Estimate

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 (CERF) 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.

### **Governor's Recommendation**

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.

### **House Budget Committee Recommendation**

The Budget Committee concurs with the Governor's recommendation in FY 2021.

### **House Committee Recommendation**

The Committee concurs with the Budget Committee recommendation in FY 2021.

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**Senate Subcommittee Report**

**Agency:** Kansas Department of Commerce **Bill No.** SB 268

**Bill Sec.** 23

**Analyst:** Dear **Analysis Pg. No.** Vol. 2 p. 1,418

**Budget Page No.** 76

Expenditure Summary	Agency Estimate FY 2021	Governor Recommendation FY 2021	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 6,877,926	\$ 11,877,926	\$ (1,292,926)
Other Funds	262,976,694	306,963,327	0
<i>Subtotal</i>	<u>\$ 269,854,620</u>	<u>\$ 318,841,253</u>	<u>\$ (1,292,926)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	225,000	225,000	0
<i>Subtotal</i>	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><b>\$ 270,079,620</b></u>	<u><b>\$ 319,066,253</b></u>	<u><b>\$ (1,292,926)</b></u>
FTE positions	296.3	296.3	0.0

**Agency Estimate**

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.

### **Governor's Recommendation**

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.

### **Senate Commerce Committee Recommendation**

The **Senate Commerce Committee** concurs with the Governor's recommendation with the following adjustments and notation:

1. Delete \$1.3 million, all from the Kansas Bioscience Authority Grant Commitments account of the SGF, in FY 2021. This deletion will leave \$100,000 in the account to continue to settle ongoing obligations of the KBA.
2. Add language authorizing transfers of monies from the SGF to the Kansas Bioscience Authority Grant Commitments account of the SGF, in the Department of Commerce, up to the amount necessary to meet Commerce contractual obligations if the funds in the account are inadequate in FY 2021. Transfers will be subject to approval of the Director of Budget with notification to the Director of Legislative Research.
3. The Senate Committee notes that the agency's budget submission does not fully comply with the performance based budgeting requirements contained in 2016 HB 2739. The agency should revise it's budget submission next year to include quality outcome measures and priorities with their budget submission.

### **Senate Committee Recommendation**

The **Committee** concurs with the Senate Commerce Committee recommendation.

### **Senate Committee of the Whole Recommendation (Sub. for SB 267)**

The **Committee of the Whole** concurs with the Committee recommendation in FY 2021.

**Conference Committee Recommendation (HB 2007)**

The **Conference Committee** concurs with the Governor's recommendation in FY 2021 with the following adjustments:

1. Add language authorizing transfers of moneys from SGF to the Kansas Bioscience Authority Grant Commitments account of SGF, up to the amount necessary to meet Commerce contractual obligations if the funds in the account are inadequate in FY 2021. Transfers will be subject to approval of the Director of the Budget with notification to the Director of Legislative Research.
2. Delete \$1.3 million, all from the Kansas Bioscience Authority (KBA) Grant Commitments account of SGF, in FY 2021. This deletion will leave \$100,000 in the account to continue to settle ongoing obligations of the KBA.
3. **VETOED** - Add language prohibiting grants of funds to any Public Broadcasting Station that has acquired a building or authorized a plan to acquire a building for FY 2021, FY 2022, FY 2023, or FY 2024.

**Conference Committee Recommendation (SB 159)**

1. Add language prohibiting grants of funds to any Public Broadcasting Station that has moved to a new city or plans to move to a new city for FY 2021, FY 2022, or FY 2023.

	Governor's Recommendation FY 2021	Legislative Action	Legislative Approved FY 2021	Governor's Vetoed FY 2021	Final Legislative Approved FY 2021
<b>All Funds</b>					
State Operations	\$ 32,881,270	\$ 0	\$ 32,881,270	\$ 0	\$ 32,881,270
Aid to Local Units	30,889,235	0	30,889,235	0	30,889,235
Other Assistance	255,070,748	(1,292,926)	253,777,822	0	253,777,822
<i>Subtotal - Operations</i>	\$ 318,841,253	\$ (1,292,926)	\$ 317,548,327	\$ 0	\$ 317,548,327
Capital Improvements	225,000	0	225,000	0	225,000
<b>TOTAL</b>	<b>\$ 319,066,253</b>	<b>\$ (1,292,926)</b>	<b>\$ 317,773,327</b>	<b>\$ 0</b>	<b>\$ 317,773,327</b>

**State General Fund**

State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	11,877,926	(1,292,926)	10,585,000	0	10,585,000
<i>Subtotal - Operating</i>	\$ 11,877,926	\$ (1,292,926)	\$ 10,585,000	\$ 0	\$ 10,585,000
Capital Improvements	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 11,877,926</b>	<b>\$ (1,292,926)</b>	<b>\$ 10,585,000</b>	<b>\$ 0</b>	<b>\$ 10,585,000</b>

FTE Positions	296.3	0.0	296.3	0.0	296.3
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