

## House Budget Committee Report

**Agency:** Kansas Department of Commerce    **Bill No.** House Sub. SB 161

**Bill Sec.** 34

**Analyst:** Mariani

**Analysis Pg. No.** 376

**Budget Page No.** 76

Expenditure Summary	Agency Estimate FY 2016	Governor Recommendation FY 2016	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	98,569,769	95,694,643	0
Subtotal	\$ 98,569,769	\$ 95,694,643	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	200,000	200,000	0
Subtotal	\$ 200,000	\$ 200,000	\$ 0
<b>TOTAL</b>	<b>\$ 98,769,769</b>	<b>\$ 95,894,643</b>	<b>\$ 0</b>
FTE positions	137.6	137.6	0.0
Non FTE Uncl. Perm. Pos.	134.8	134.8	0.0
<b>TOTAL</b>	<b>272.4</b>	<b>272.4</b>	<b>0.0</b>

\*NOTE: Includes GBA No. 1, Item 2 to delete \$127,547 from the Economic Development Initiatives Fund Operating Grant account in FY 2016.

### Agency Estimate

The **agency** requests a revised estimate in FY 2016 expenditures of \$98.8 million, including \$14.4 million from the Economic Development Initiative Fund (EDIF). The estimate is an all funds decrease of \$14.5 million, or 12.8 percent, and an EDIF increase of \$635,185, or 4.6 percent, above the amount approved by the 2015 Legislature. The EDIF increase was entirely due to a reappropriation of money that was not spent in FY 2015 and shifted to FY 2016. The all funds decrease is due largely to a change in accounting for \$10.5 million in the Kan-Grow Engineering Program as a non-expense item in this budget and an expenditure in the Regents Institutions where the funds are transferred and the program is administered; a decrease of \$4.2 million in the federal Community Development Block Grant; a decrease of \$1.1 million in federal Workforce Investment Act (WIA) funding for dislocated workers; and a reduction of \$1.6 million in the Small Business Credit Initiative. This was offset partially by an increase in WIA funding for adult education of \$1.1 million and an increase in funding for the Kansas Health Professional Opportunity Initiative of \$995,634. The budget includes 137.6 FTE positions, a decrease of 12.0 FTE positions below, and 134.8 non-FTE unclassified positions, an increase of 15.7 non-FTE unclassified positions above, the approved FY 2016 number. The agency states that due to the nature of its grant and federal funding it is replacing classified positions with non-FTE unclassified positions.

### **Governor's Recommendation**

The **Governor** recommends FY 2016 expenditures of \$96.0 million including \$11.6 million from the Economic Development Initiative Fund. The recommendation is \$2.7 million, or 2.8 percent, less than the agency request and includes the following adjustments:

- Delete \$2.0 million of the Economic Development Initiative Fund (EDIF) reappropriation;
- Delete the Economic Development Initiative Fund (EDIF) reappropriation funding of \$750,000 for the Rural Opportunity Zone (ROZ) Program which still has funding of \$1.0 million from EDIF to meet the the student loan forgiveness obligations for FY 2016;
- Transfer the balance of the Kansas Partnership Fund of \$3.7 million to the State General Fund; and
- Transfer the balance of the Kansas Existing Industry Expansion Fund of \$1.9 million to the State General Fund; and eliminate the planned \$3.5 million transfer to the Job Creation Program Fund which is estimated to have a balance of \$10.7 million at the end of FY 2016.

### **House Action**

There was no budgetary action taken during the Budget Committee meetings. The House Appropriations Committee and House Committee of the Whole concurred with the Governor's recommendation with no adjustments.

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## Senate Subcommittee Report

**Agency:** Kansas Department of Commerce    **Bill No.** Senate Sub. HB 2365    **Bill Sec.** 33

**Analyst:** Mariani    **Analysis Pg. No.** 376    **Budget Page No.** 76

Expenditure Summary	Agency Estimate FY 2016	Governor Recommendation FY 2016	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	98,569,769	95,694,643	0
Subtotal	\$ 98,569,769	\$ 95,694,643	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	200,000	200,000	0
Subtotal	\$ 200,000	\$ 200,000	\$ 0
 TOTAL	 \$ 98,769,769	 \$ 95,894,643	 \$ 0
 FTE positions	 137.6	 137.6	 0.0
Non FTE Uncl. Perm. Pos.	134.8	134.8	0.0
TOTAL	272.4	272.4	0.0

\*NOTE: Includes GBA No. 1, Item 2 to delete \$127,547 from the Economic Development Initiatives Fund Operating Grant account in FY 2016.

### Agency Estimate

The **agency** requests a revised estimate in FY 2016 expenditures of \$98.8 million, including \$14.4 million from the Economic Development Initiative Fund (EDIF). The estimate is an all funds decrease of \$14.5 million, or 12.8 percent, and an EDIF increase of \$635,185, or 4.6 percent, above the amount approved by the 2015 Legislature. The EDIF increase was entirely due to a reappropriation of money that was not spent in FY 2015 and shifted to FY 2016. The all funds decrease is due largely to a change in accounting for \$10.5 million in the Kan-Grow Engineering Program as a non-expense item in this budget and an expenditure in the Regents Institutions where the funds are transferred and the program is administered; a decrease of \$4.2 million in the federal Community Development Block Grant; a decrease of \$1.1 million in federal Workforce Investment Act (WIA) funding for dislocated workers; and a reduction of \$1.6 million in the Small Business Credit Initiative. This was offset partially by an increase in WIA funding for adult education of \$1.1 million and an increase in funding for the Kansas Health Professional Opportunity Initiative of \$995,634. The budget includes 137.6 FTE positions, a decrease of 12.0 FTE positions below, and 134.8 non-FTE unclassified positions, an increase of 15.7 non-FTE unclassified positions above, the approved FY 2016 number. The agency states that due to the nature of its grant and federal funding it is replacing classified positions with non-FTE unclassified positions.

## **Governor's Recommendation**

The **Governor** recommends FY 2016 expenditures of \$96.0 million including \$11.6 million from the Economic Development Initiative Fund. The recommendation is \$2.7 million, or 2.8 percent, less than the agency request and includes the following adjustments:

- Delete \$2.0 million of the Economic Development Initiative Fund (EDIF) reappropriation;
- Delete the Economic Development Initiative Fund (EDIF) reappropriation funding of \$750,000 for the Rural Opportunity Zone (ROZ) Program which still has funding of \$1.0 million from EDIF to meet the the student loan forgiveness obligations for FY 2016;
- Transfer the balance of the Kansas Partnership Fund of \$3.7 million to the State General Fund; and
- Transfer the balance of the Kansas Existing Industry Expansion Fund of \$1.9 million to the State General Fund; and eliminate the planned \$3.5 million transfer to the Job Creation Program Fund which is estimated to have a balance of \$10.7 million at the end of FY 2016.

## **Senate Action**

There was no budgetary action taken during the Subcommittee meetings. The Senate Ways and Means Committee and Senate Committee of the Whole concurred with the Governor's recommendation with no adjustments.

## **Conference Action House Sub. for SB 161 and House Sub. for SB 249**

The Conference Committee concurred with the Governor's Recommendation with the following adjustments:

1. Add language to prohibit the consideration, review, or approval of any STAR bond project in Wyandotte County except for refunding of existing bonds in Wyandotte County in FY 2016. If legislation is enacted during the 2016 Session which provides STAR bond reform which includes the 9 criteria listed in the 2015 Legislative Post Audit review of the STAR Bond Program then this proviso will become null and void. (House Sub. SB 161) (Vetoed)
2. Concur with GBA No. 1, Item 2, and delete \$127,547 from the Economic Development Initiatives Fund Operating Grant account in FY 2016. (Senate Sub. SB 249)

	Governor's Recommendation FY 2016	Legislative Action	Legislative Approved FY 2016	Governor's Veto FY 2016	Final Legislative Approved FY 2016
All Funds					
State Operations	\$ 25,611,102	\$ 0	\$ 25,611,102	\$ 0	\$ 25,611,102
Aid to Local Units	11,755,100	0	11,755,100	0	11,755,100
Other Assistance	58,328,441	0	58,328,441	0	58,328,441
Subtotal-Operations	\$ 95,694,643	\$ 0	\$ 95,694,643	\$ 0	\$ 95,694,643
Capital Improvements	200,000	0	200,000	0	200,000
TOTAL	\$ 95,894,643	\$ 0	\$ 95,894,643	\$ 0	\$ 95,894,643

State General Fund

State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Subtotal-Operating	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

FTE Positions	137.6	0.0	137.6	0.0	137.6
Non-FTE Unclass. Perm. Pos.	134.8	0.0	134.8	0.0	134.8
TOTAL	272.4	0.0	272.4	0.0	272.4