

House Budget Committee Report

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

Bill Sec. 35

Analyst: Mariani

Analysis Pg. No. 376

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Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	House Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 6,570,000	\$ 0
Other Funds	90,073,784	87,789,016	0
Subtotal	\$ 90,073,784	\$ 94,359,016	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	200,000	200,000	0
Subtotal	\$ 200,000	\$ 200,000	\$ 0
 TOTAL	 \$ 90,273,784	 \$ 94,559,016	 \$ 0
 FTE positions	 137.1	 137.1	 0.0
Non FTE Uncl. Perm. Pos.	134.8	134.1	0.0
TOTAL	271.9	271.2	0.0

*NOTE: Includes GBA No. 1, Item 5 to add \$6.6 million from the State General Fund for Kansas Bioscience Authority Grant Commitments for FY 2017.

Agency Request

The **agency** requests a revised estimate for FY 2017 expenditures of \$90.3 million, including \$13.7 million from the Economic Development Initiative Fund (EDIF). The revised estimate is an all funds decrease of \$16.9 million, or 15.8 percent, below the amount approved by the 2015 Legislature. The EDIF in the revised estimate is the same as the FY 2017 approved. 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 \$4.1 million in the federal Community Development Block Grant; a decrease of \$1.1 million in federal WIA funding for dislocated workers and a reduction of \$1.8 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 the Job Creation Program of \$1.1 million. The budget includes 137.1 FTE positions, a decrease of 12.4 FTE positions below, and 134.8 non-FTE unclassified positions, an increase of 16.7 non-FTE unclassified positions above, the approved FY 2017 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 2017 expenditures of \$88.0 million including \$11.4 million from the Economic Development Initiative Fund. The recommendation is \$2.3 million, or 2.5 percent, less than the agency request and includes the following adjustments:

- Reduce the Economic Development Initiative Fund (EDIF) funding of \$500,000 for the Rural Opportunity Zone (ROZ) Program which still has funding of \$1.2 million from EDIF to meet the student loan forgiveness obligations for FY 2017;
- Delete the Disability Employment Program funding of \$431,587 from Economic Development Initiative Fund (EDIF) as the program was eliminated in FY 2016 under the authority of the special authority given in 2015 HB 2135;
- Delete the Innovation Growth Program funding of \$1.4 million from the Economic Development Initiative Fund (EDIF) and eliminate the program; and
- Eliminate the planned \$3.5 million transfer to the Job Creation Program Fund which is estimated to have a balance of \$7.3 million at the end of FY 2017.

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.

Senate Subcommittee Report

Agency: Kansas Department of Commerce **Bill No.** Senate Sub. HB 2365 **Sec.** 34

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

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 6,570,000	\$ 0
Other Funds	90,073,784	87,789,016	0
Subtotal	\$ 90,073,784	\$ 94,359,016	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	200,000	200,000	0
Subtotal	\$ 200,000	\$ 200,000	\$ 0
TOTAL	\$ 90,273,784	\$ 94,559,016	\$ 0
FTE positions	137.1	137.1	0.0
Non FTE Uncl. Perm. Pos.	134.8	134.1	0.0
TOTAL	271.9	271.2	0.0

*NOTE: Includes GBA No. 1, Item 5 to add \$6.6 million from the State General Fund for Kansas Bioscience Authority Grant Commitments for FY 2017.

Agency Request

The **agency** requests a revised estimate for FY 2017 expenditures of \$90.3 million, including \$13.7 million from the Economic Development Initiative Fund (EDIF). The revised estimate is an all funds decrease of \$16.9 million, or 15.8 percent, below the amount approved by the 2015 Legislature. The EDIF in the revised estimate is the same as the FY 2017 approved. 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 \$4.1 million in the federal Community Development Block Grant; a decrease of \$1.1 million in federal WIA funding for dislocated workers and a reduction of \$1.8 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 the Job Creation Program of \$1.1 million. The budget includes 137.1 FTE positions, a decrease of 12.4 FTE positions below, and 134.8 non-FTE unclassified positions, an increase of 16.7 non-FTE unclassified positions above, the approved FY 2017 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 2017 expenditures of \$88.0 million including \$11.4 million from the Economic Development Initiative Fund. The recommendation is \$2.3 million, or 2.5 percent, less than the agency request and includes the following adjustments:

- Reduce the Economic Development Initiative Fund (EDIF) funding of \$500,000 for the Rural Opportunity Zone (ROZ) Program which still has funding of \$1.2 million from EDIF to meet the student loan forgiveness obligations for FY 2017;
- Delete the Disability Employment Program funding of \$431,587 from Economic Development Initiative Fund (EDIF) as the program was eliminated in FY 2016 under the authority of the special authority given in 2015 HB 2135;
- Delete the Innovation Growth Program funding of \$1.4 million from the Economic Development Initiative Fund (EDIF) and eliminate the program; and
- Eliminate the planned \$3.5 million transfer to the Job Creation Program Fund which is estimated to have a balance of \$7.3 million at the end of FY 2017.

Senate Action

There was no budgetary action taken during the subcommittee meetings. The Senate Ways and Means Committee and Senate Committee of the Whole on Senate Sub for HB 2365 concurred with the Governor's recommendation with the following adjustments:

1. Add language to prohibit the consideration, review, or approval of any newly proposed STAR bond projects or the expansion of any existing STAR bond projects in FY 2017 (Floor amendment). Add language to prohibit the consideration, review, or approval of

any newly proposed STAR bond projects or the expansion of any existing STAR bond projects in FY 2017 (Floor amendment).

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 for FY 2017. If legislation is passed during the 2016 Session enacted 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. Delete \$85,234, including \$43,174 from the Economic Development Initiatives Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017. (House Sub. SB 161)
3. Concur with GBA No. 1, Item 5, and add \$6.6 million, all from the State General Fund, for the Kansas Bioscience Authority (KBA) long term grant commitments to be transferred to the Department of Commerce for FY 2017 contingent on the sale of the KBA portfolio. (Senate Sub. SB 249)

	Governor's Recommendation FY 2017	Legislative Action	Legislative Approved FY 2017	Governor's Vetoed FY 2017	Final Legislative Approved FY 2017
All Funds					
State Operations	\$ 25,465,610	\$ (85,234)	\$ 25,380,376	\$ 0	\$ 25,380,376
Aid to Local Units	11,619,700	0	11,619,700	0	11,619,700
Other Assistance	57,273,706	0	57,273,706	0	57,273,706
Subtotal-Operations	\$ 94,359,016	\$ (85,234)	\$ 94,273,782	\$ 0	\$ 94,273,782
Capital Improvements	200,000	0	200,000	0	200,000
TOTAL	<u>\$ 94,559,016</u>	<u>\$ (85,234)</u>	<u>\$ 94,473,782</u>	<u>\$ 0</u>	<u>\$ 94,473,782</u>
State General Fund					
State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	6,570,000	0	6,570,000	0	6,570,000
Subtotal-Operating	\$ 6,570,000	\$ 0	\$ 6,570,000	\$ 0	\$ 6,570,000
Capital Improvements	0	0	0	0	0
TOTAL	<u>\$ 6,570,000</u>	<u>\$ 0</u>	<u>\$ 6,570,000</u>	<u>\$ 0</u>	<u>\$ 6,570,000</u>
FTE Positions	137.1	0.0	137.1	0.0	137.1
Non-FTE Unclass. Perm. Pos.	134.1	0.0	134.1	0.0	134.1
TOTAL	<u>271.2</u>	<u>0.0</u>	<u>271.2</u>	<u>0.0</u>	<u>271.2</u>